

SBAB!

Investor Presentation

SBAB Bank AB (publ)

Q4 2024

1 | 2

3 | 4

!

Executive summary

- Founded in 1985 & 100% owned by the Kingdom of Sweden
- Swedish mortgage portfolio, predominantly residential mortgages (5th largest mortgage player in Sweden)
- Financial targets from owner covering profitability, capitalisation & dividend
- Increased funding needs in 2025 (approximately SEK 85 bn)

Total lending (SEK bn)

538

Total deposits (SEK bn)

256



10.4%
Return on equity
FY 2024

12.7%
CET1 capital ratio
31 Dec 2024

0.00%
Credit loss level
FY 2024

35.5%
C/I ratio
FY 2024



Contents

1	Business update
2	Credit portfolio and asset quality
3	Financial update
4	Capital, funding & liquidity
5	SBAB's commitment to sustainability
6	Macro development



Business overview

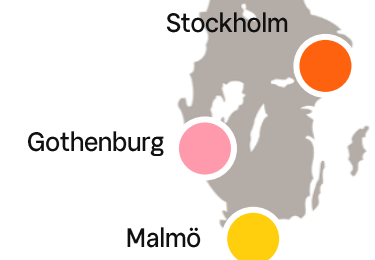


SBAB!



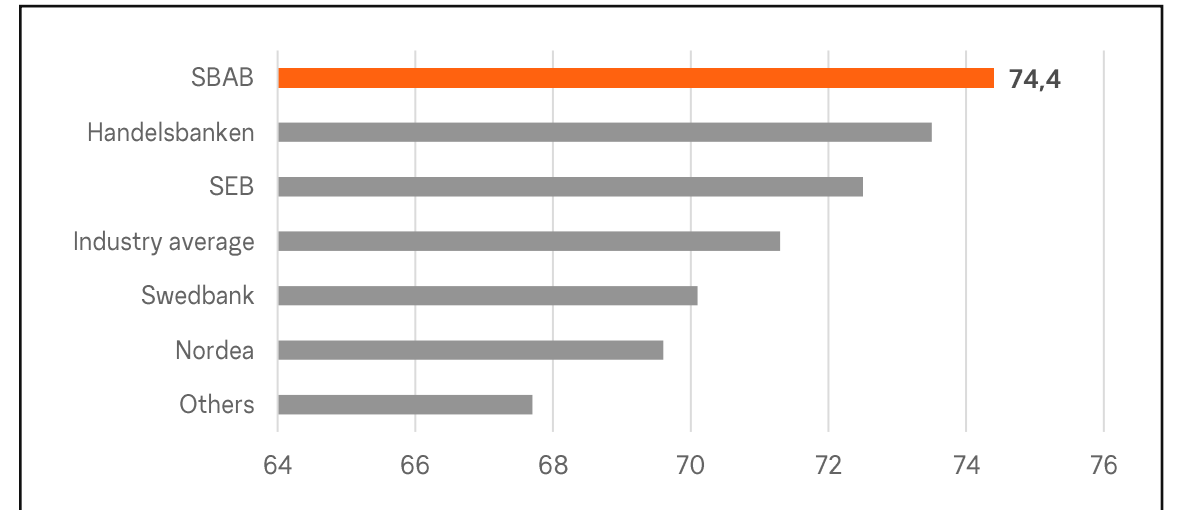
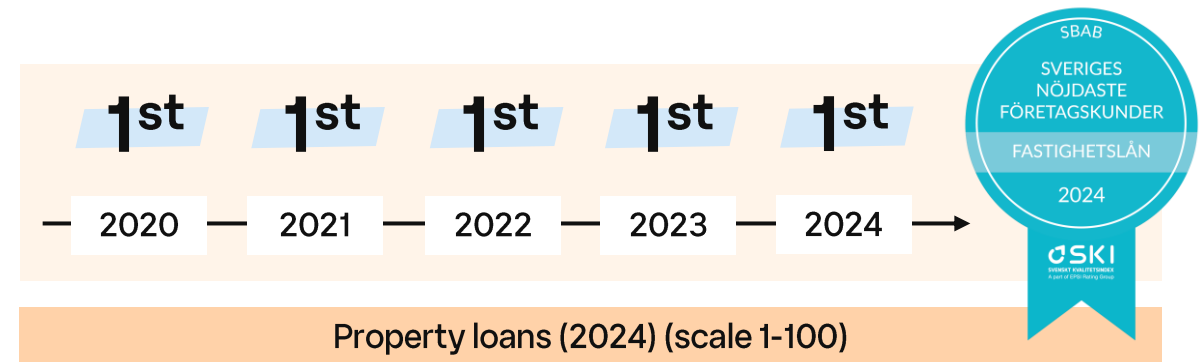
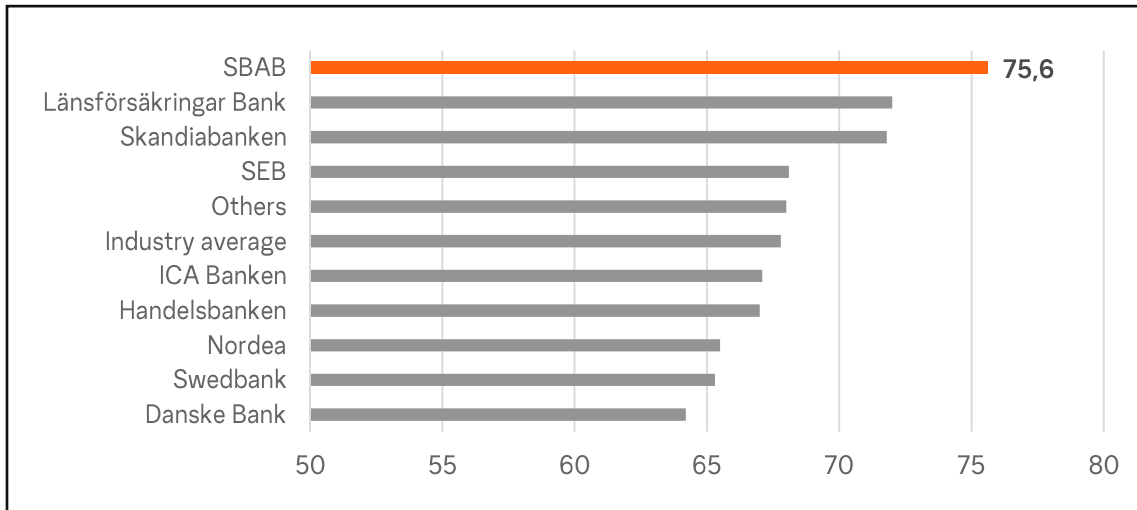
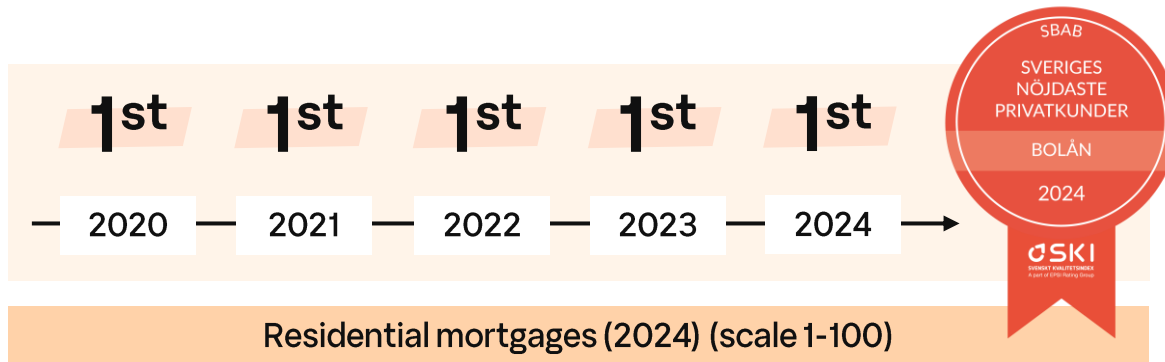
- Founded in 1985 & 100% owned by the Kingdom of Sweden
- Mortgage bank with vast majority collateralized lending (total lending of SEK 538 billion) & operations only in Sweden
- 1,082 employees in five offices
- Two business areas;
 - Retail
 - Corporate Clients & Tenant-owners' Associations
- For retail customer, no traditional bank branches, products and services offered online or by telephone

SBAB's lending is geographically concentrated to the economic hubs in Sweden (metropolitan areas including Stockholm, Gothenburg and Malmö as well as other university cities and growth regions). Lending is only offered in Sweden and in Swedish Kronor (SEK).



Customer satisfaction

– Very strong client appreciation over time (number 1 in SKI survey for 6 and 7 years consecutively in respective lending segment)

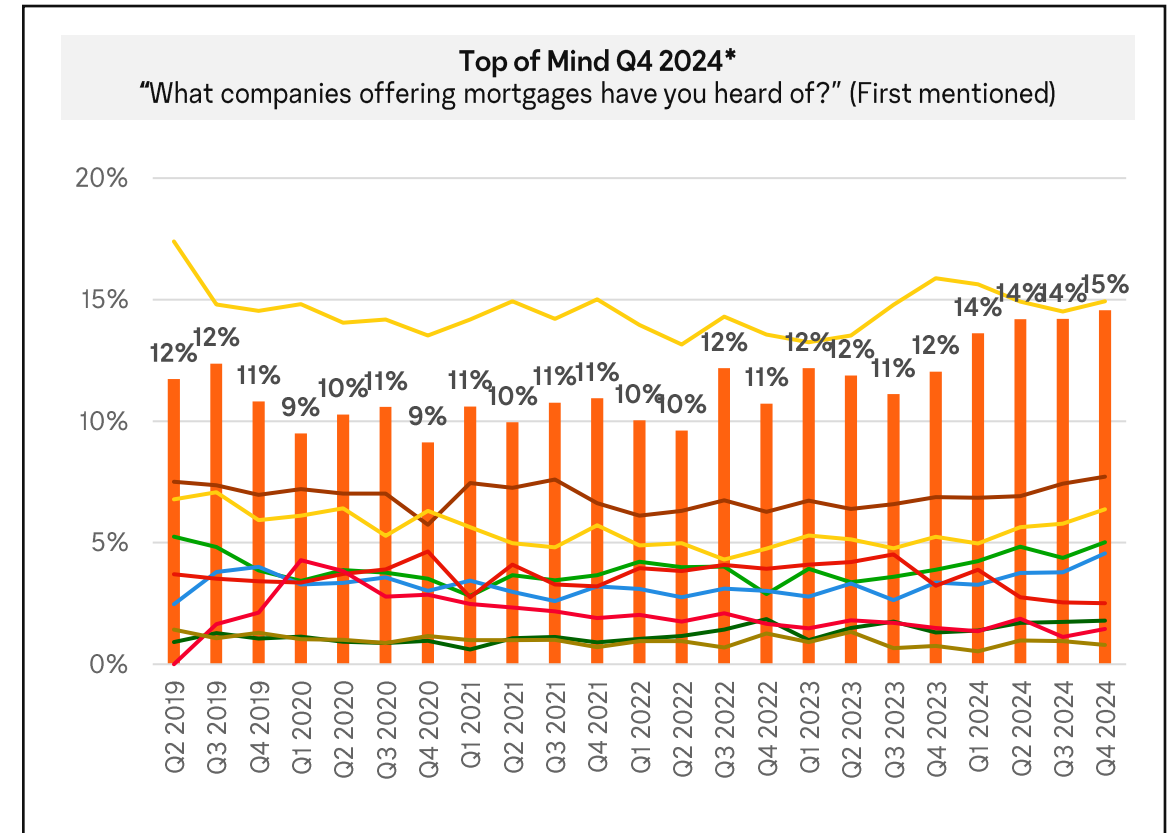


Key success factors

SBAB's value proposition

	<h3>ACCESSIBILITY</h3> <p>Residential mortgages online and over the phone, seven days a week, covering all circumstances.</p>
	<h3>TRANSPARENCY</h3> <p>Fair prices and appropriate terms and conditions from the start.</p>
	<h3>CONSIDERATION</h3> <p>Housing specialists who care.</p>

Strong brand awareness



Financial targets and strategic goals

– Long-term ambitious strategic management goals spanning towards 2030

Financial targets from the owner

Profitability	≥10%
Return on equity over time	
Capitalisation	>0.6%
CET1 capital ratio and total capital ratio above regulatory requirement communicated by the Swedish FSA *	
Dividend	≥40%
Ordinary dividend based on profit for the year after tax, taking the Group's capital structure into account	

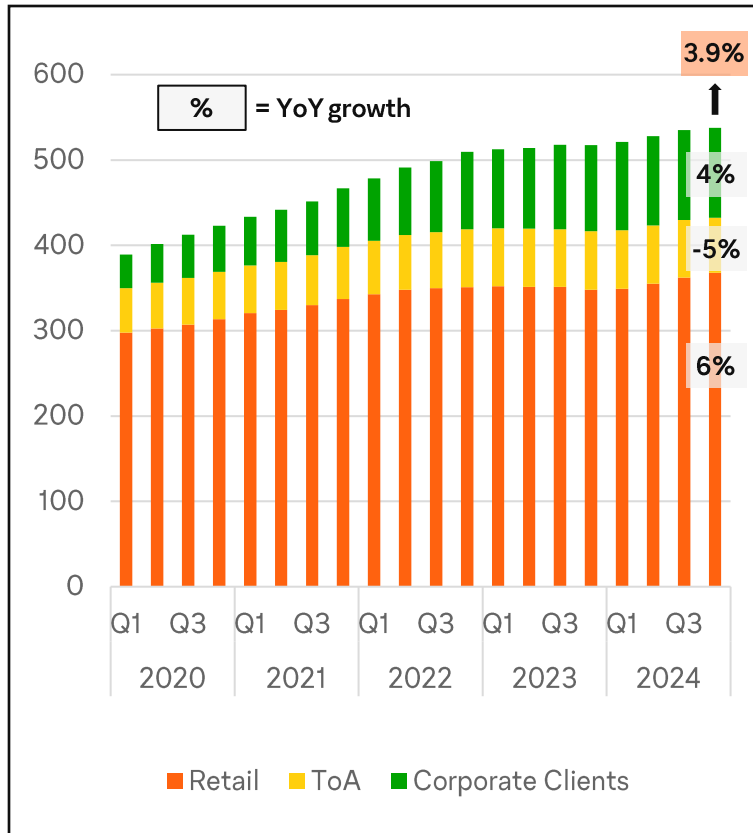
Long-term strategic management goals

Target area	Target 2030
Long-term Value Creation	• Return on Equity: ≥10%
Sustainable Society	• Emission Reduction: –30% (–50% to 2038)
Customer Satisfaction	• Market Share Residential Mortgages: 10% • Market Share Corporates: 20% • Market Share Tenant-Owners' Associations: 15%
Efficient Operations	• Cost/Income Ratio: <30%
Attractive Workplace	• Commitment: ≥4 (on a scale of 1-5)

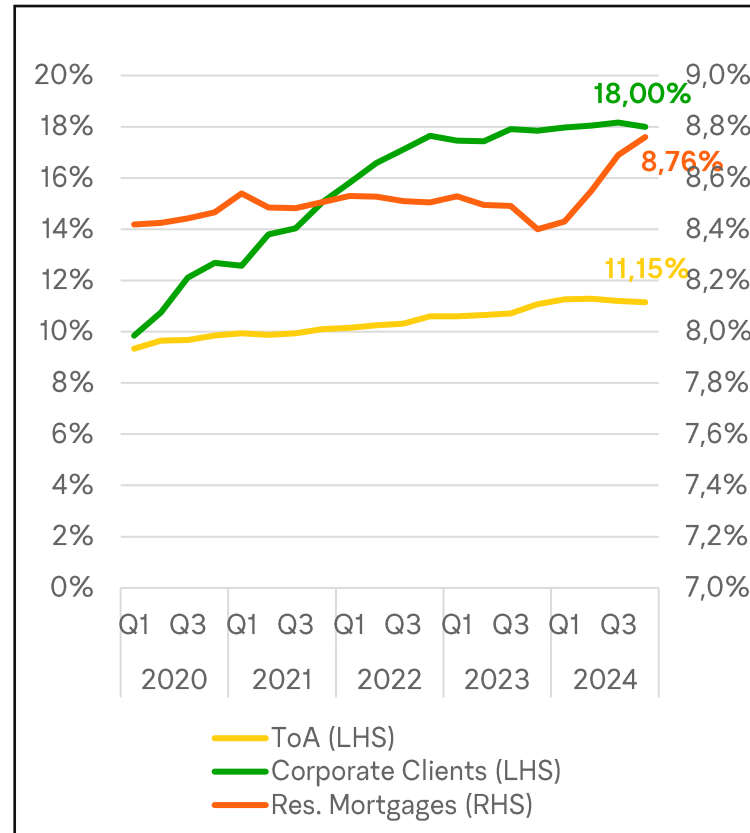


Overview lending development

Lending (SEK bn)



Market shares (%)



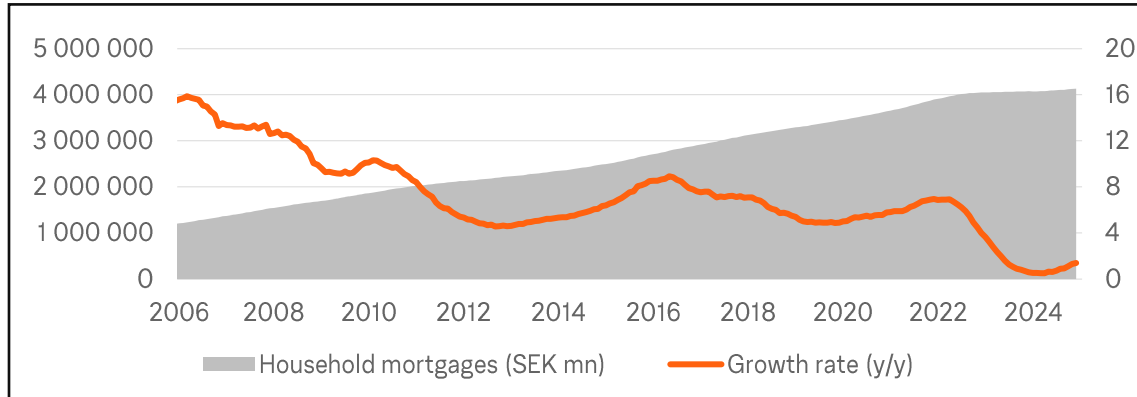
Comments

- Total lending stood at 537.8 bn at the end of 2024, up 3.9% YoY
- The overall market growth for residential mortgages has begun to increase slightly from historically low levels (1.4% YoY in Dec '24). SBAB continues to do well despite challenging market conditions & gaining market share
- For lending to property companies, a positive trend was noted in Q4 in terms of the number of transactions, albeit from low levels, particularly for small and medium-sized property companies (market growth 5.3% YoY in Dec '24). Competition remains tough. Bond market once again a financing alternative for larger players in the market
- The market for lending to tenant-owners' associations continues to be characterized by intense competition and low margins

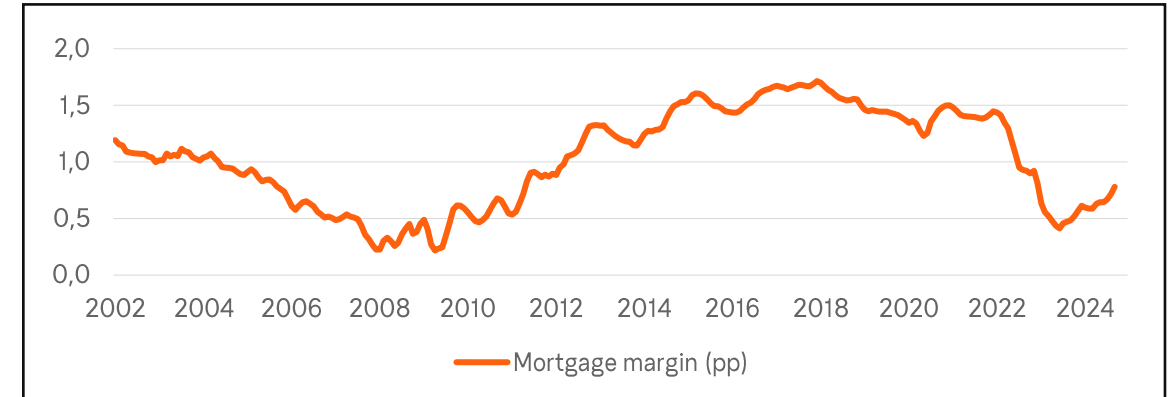


Mortgage market dynamics

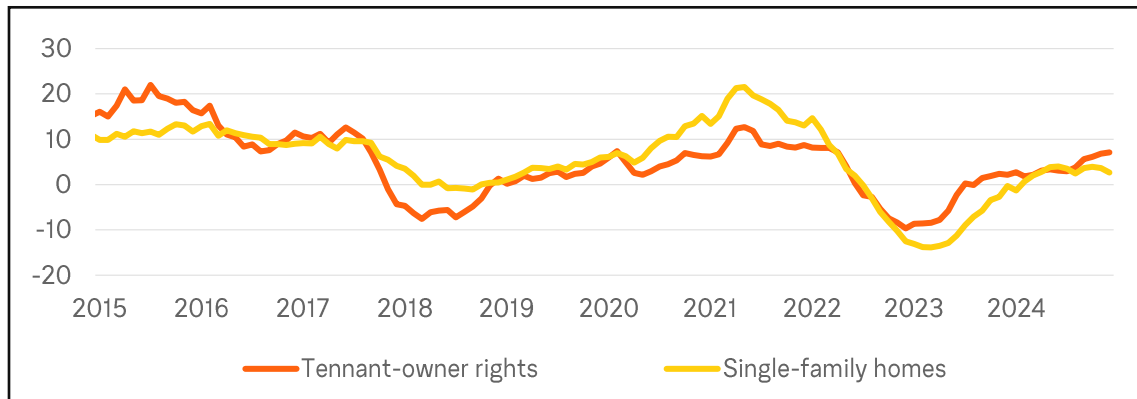
Swedish household lending (MFI) (December 2024)



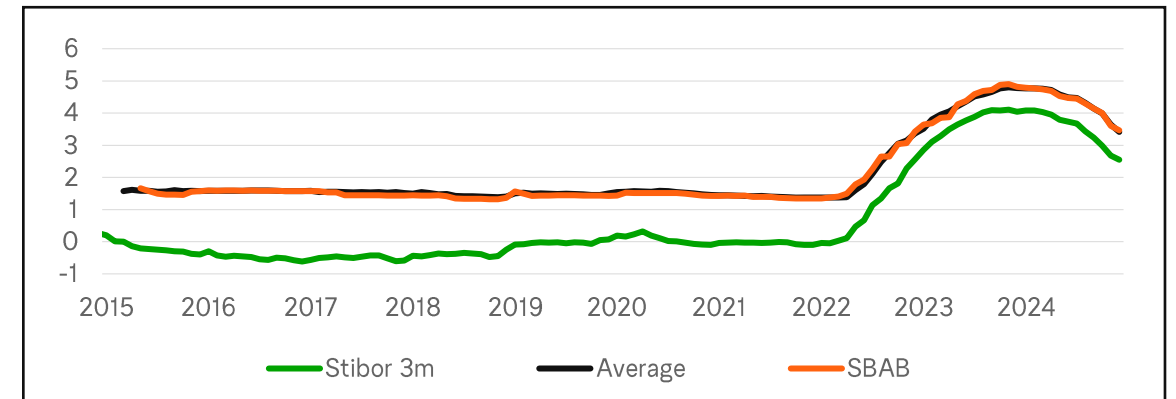
Gross margins on Swedish household mortgages (S-FSA) (Q3 2024)



Swedish housing price growth rate (y/y) (December 2024)

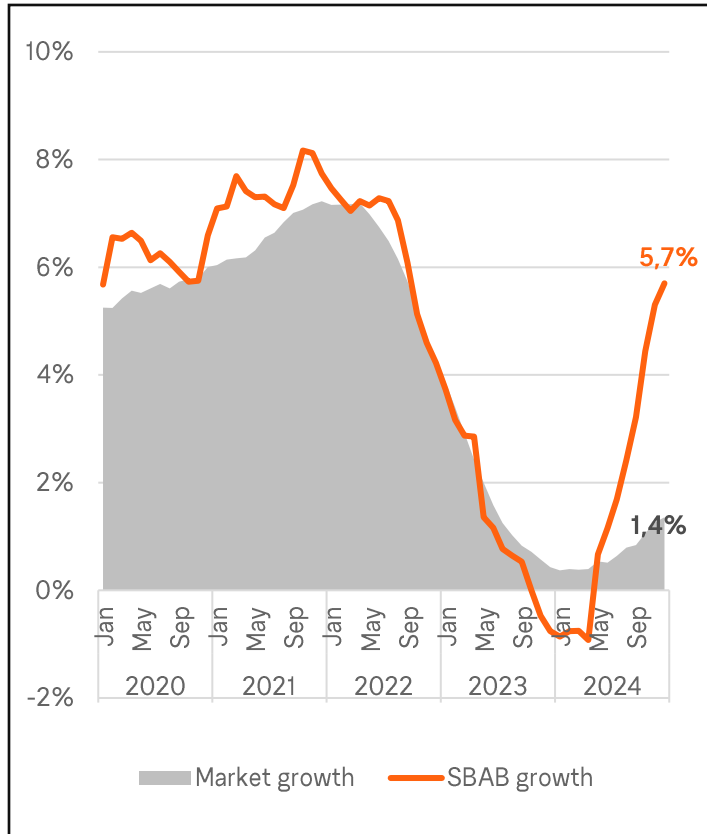


Development of actual 3M mortgage rate (December 2024)

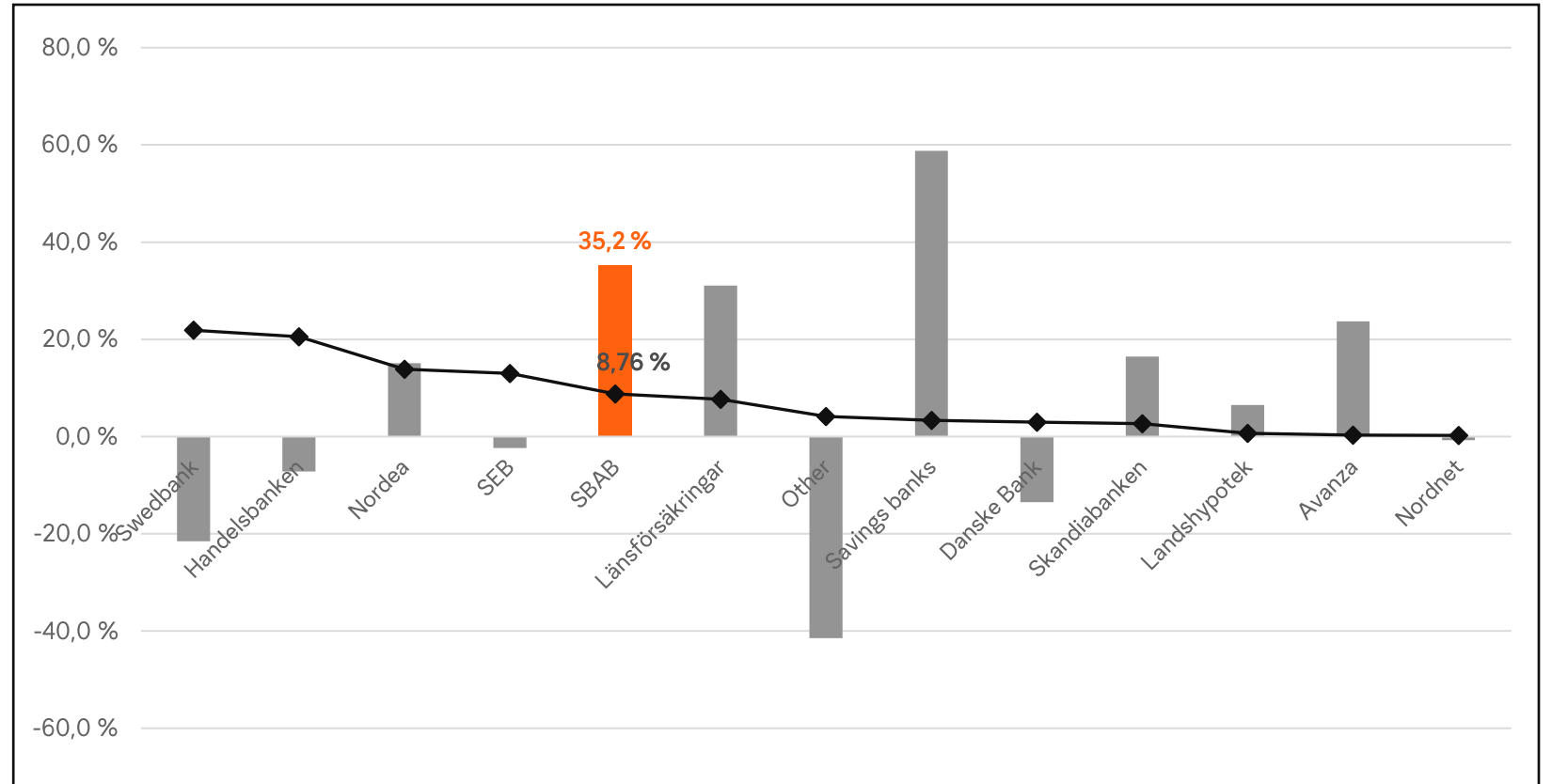


The mortgage landscape

Total market growth

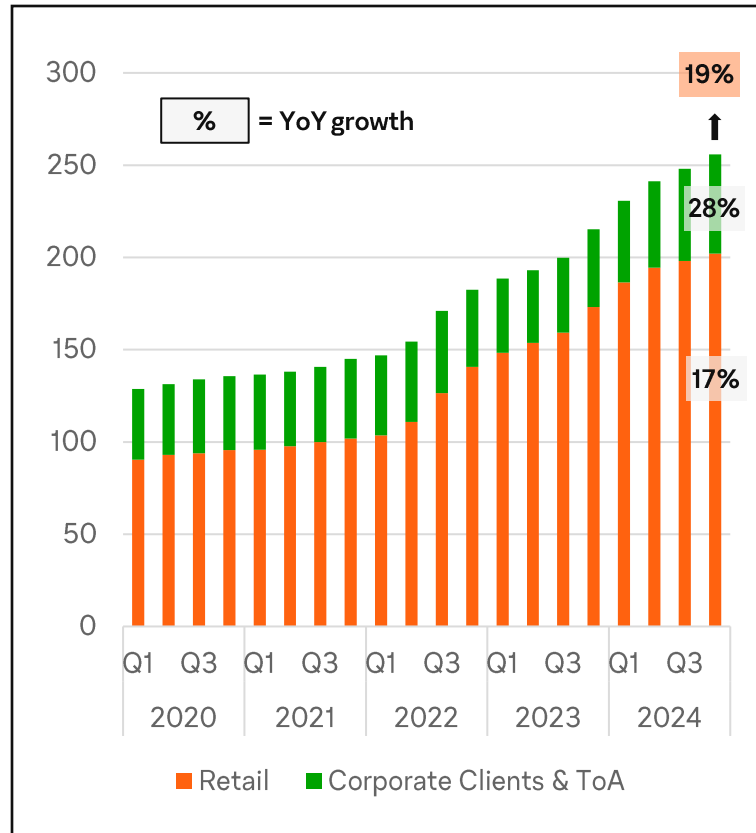


Share of net market growth (R12) vs back book market share (Dec 2024)

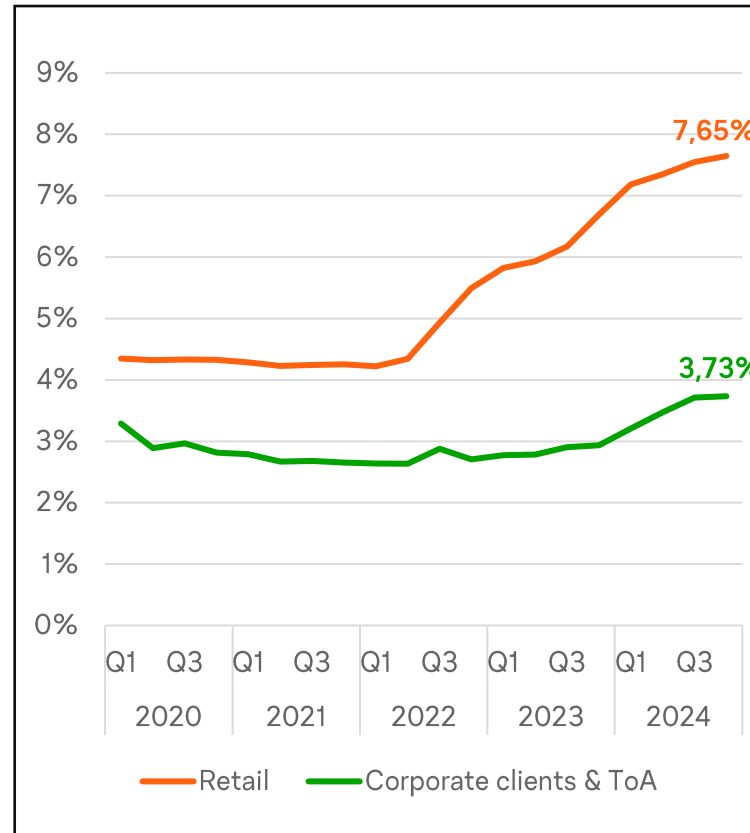


Overview deposit development

Deposits (SEK bn)



Market shares (%)



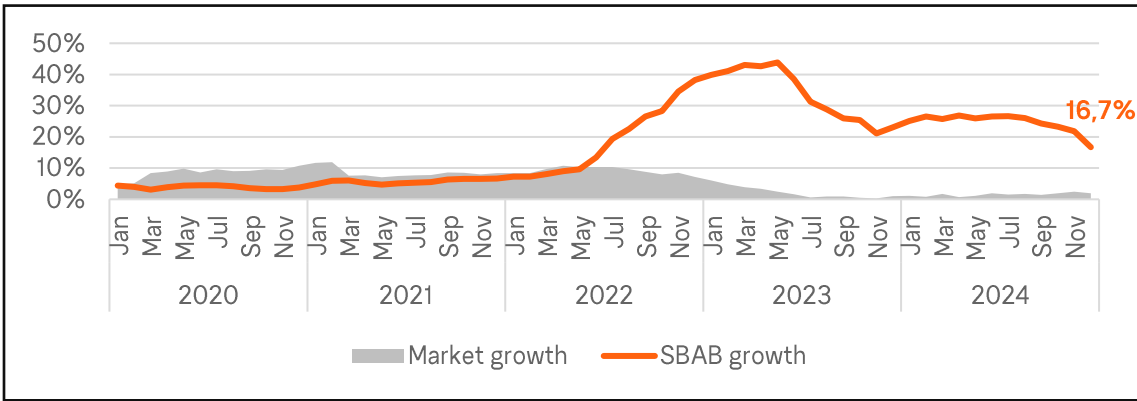
Comments

- Strong growth in 2022, 2023 and 2024 following regained strategic focus on growing share of deposits in funding mix. Total deposits stood at SEK 255.9 bn at end of 2024, up 19% YoY. 66% of total deposits under Swedish deposit guarantee scheme
- Success attributable to competitive pricing, simple terms and conditions and efficient marketing
- Product development, e.g. fixed-term deposits for Retail customers & improved digital offering for corporate clients
- Deposit-to-loan ratio has increased to 47.6% at YE 2024 vs. 41.6% at YE 2023

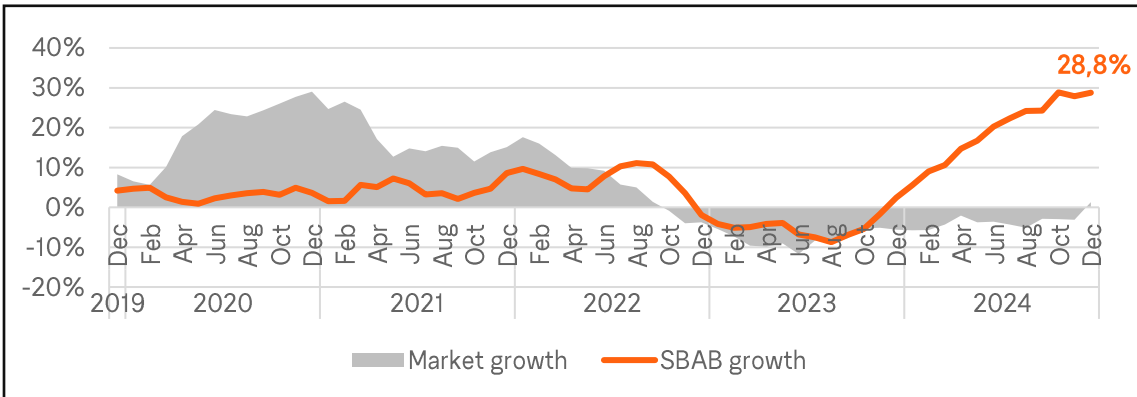


The deposit landscape

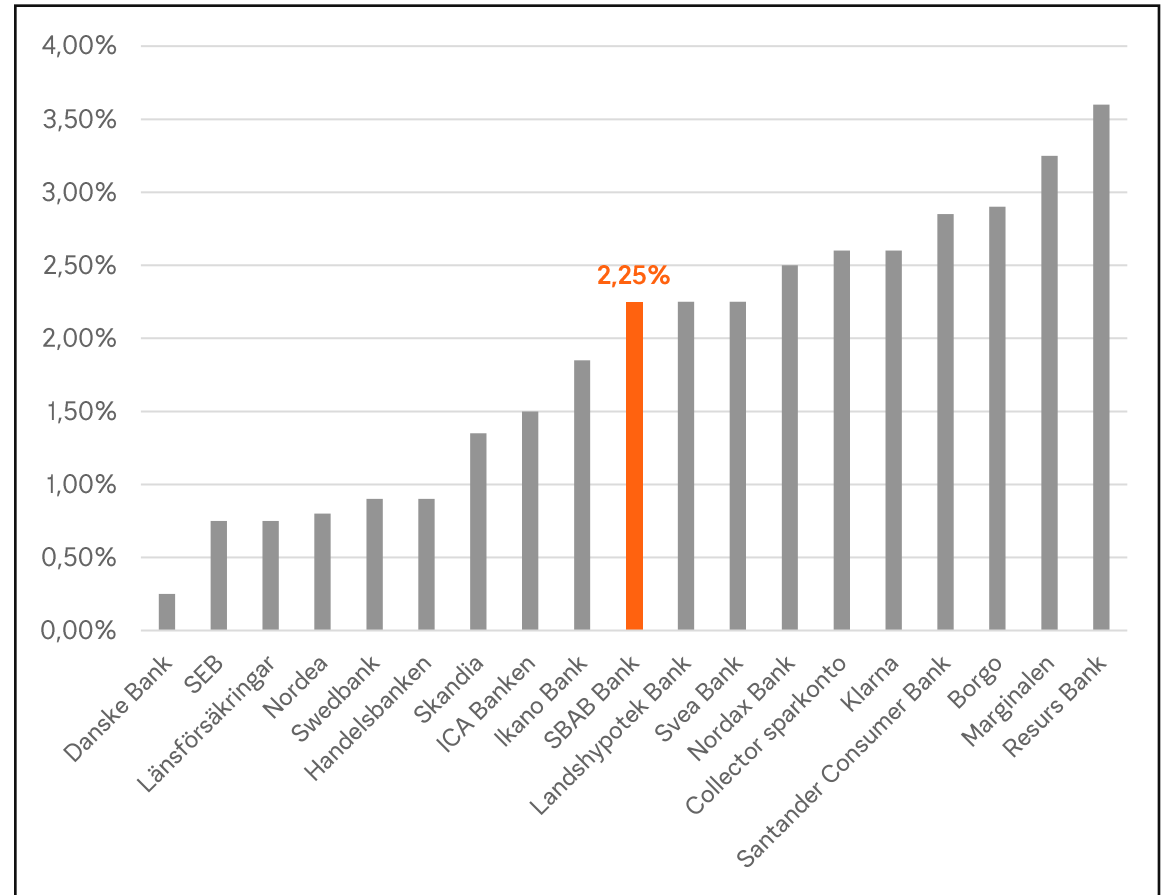
SBAB growth vs. market (Retail YoY growth)



SBAB growth vs. market (Corporate clients YoY growth)

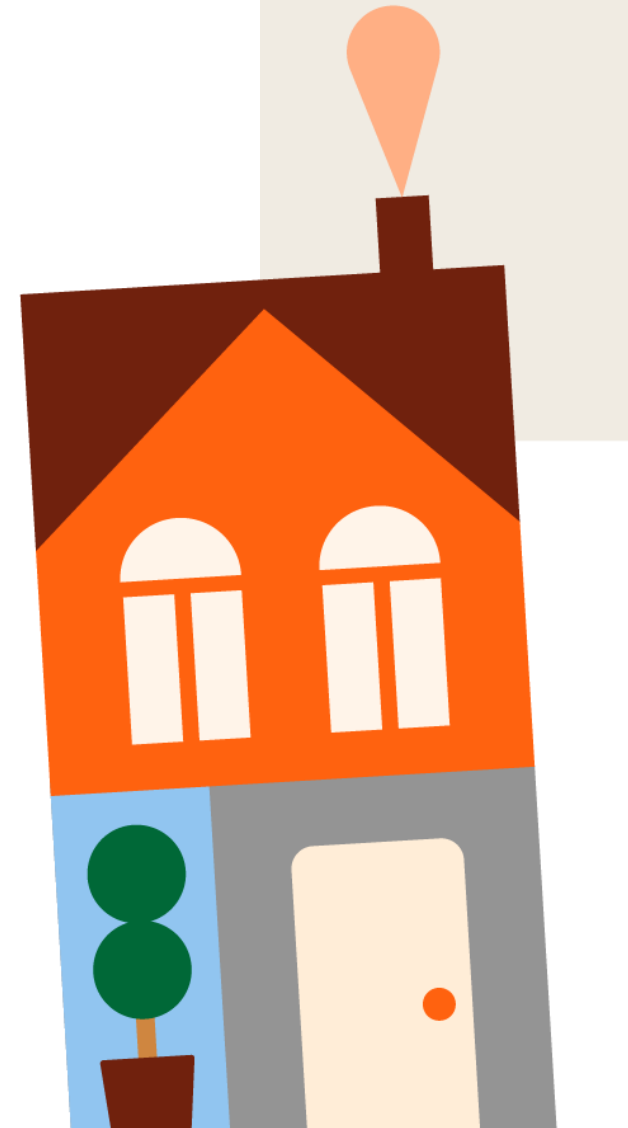


Retail deposit pricing, variable on-demand (Dec 2024)



Contents

- | | |
|----------|---|
| 1 | Business update |
| 2 | Credit portfolio and asset quality |
| 3 | Financial update |
| 4 | Capital, funding & liquidity |
| 5 | SBAB's commitment to sustainability |
| 6 | Macro development |



Lending mix

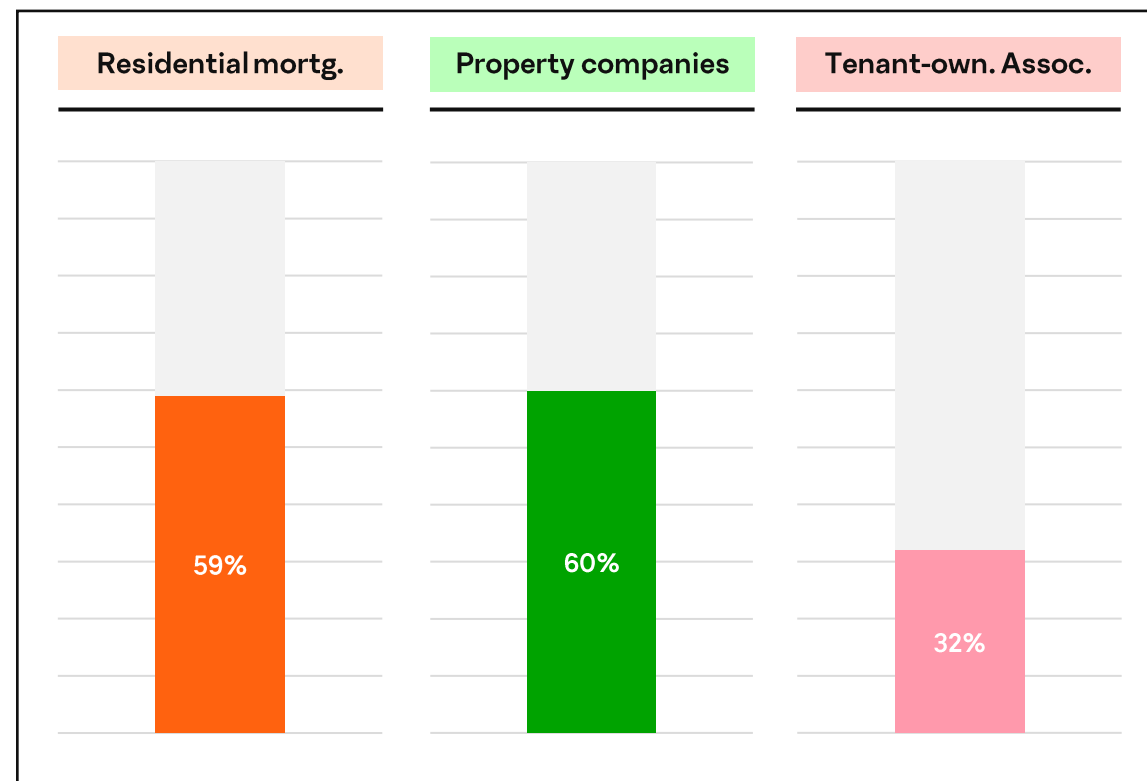
Lending composition

	SEK billion	% of total lending	Average LTV
Residential mortgages	366.0	68.1%	59%
Consumer loans	1.7	0.3%	
Property companies	105.3	19.6%	60%
– (Of which, commercial lending)	(12.4)	(2.3% ¹⁾)	
– (Of which, construction loans)	(6.3)	(1.2%)	
Tenant-Owners' Associations	64.8	12.0%	32%
Total lending	537.8	100%	

>99%
related to
residential
property

1) Revised internal definition of commercial lending during Q3 2022 (the corresponding figure for Q2 2022 was 0.3%)

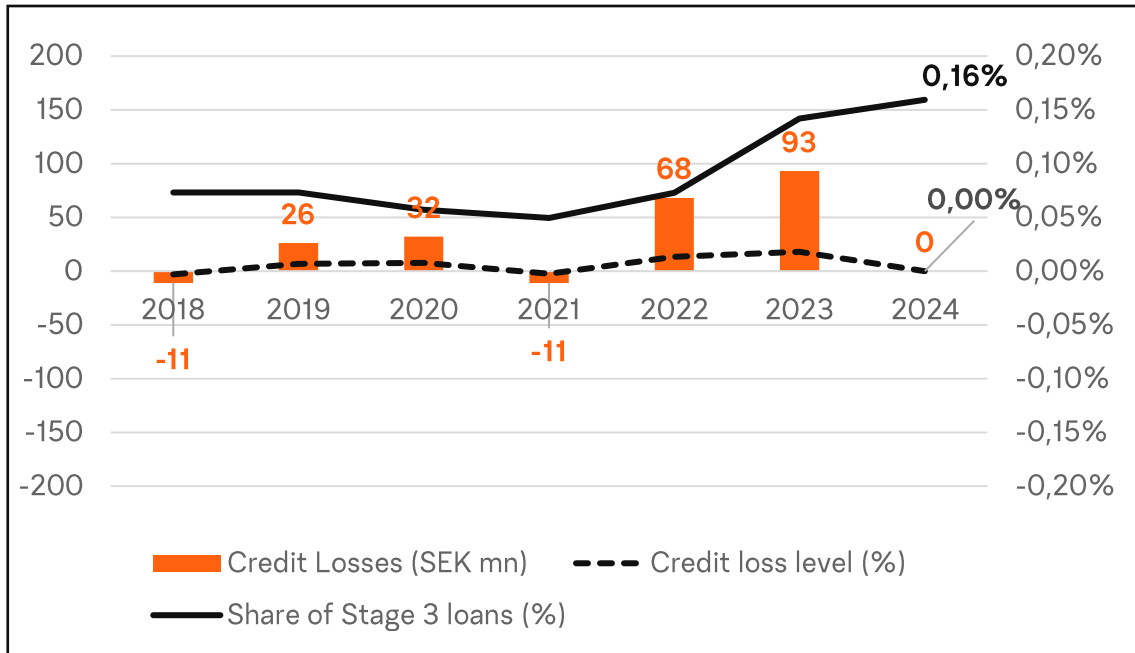
LTV ratios in loan book



Very strong asset quality over time...

– High concentration on Swedish residential lending – very low loan losses/problem loans over time

Credit quality metrics



- Low-risk loan portfolio focused on collateralised residential lending in Sweden
- Prudent underwriting criteria (incl. affordability assessment with stressed interest rate)
- Proven track record over time & strong resilience towards economic downturns

0 MSEK

Credit losses
FY 2024

14 MSEK

Confirmed credit losses
FY 2024

0.00%

Credit loss ratio
FY 2024

0.16%

Share of stage 3 loans
31 Dec 2024

LTV

Res. mortgages

59%

Property companies

60%

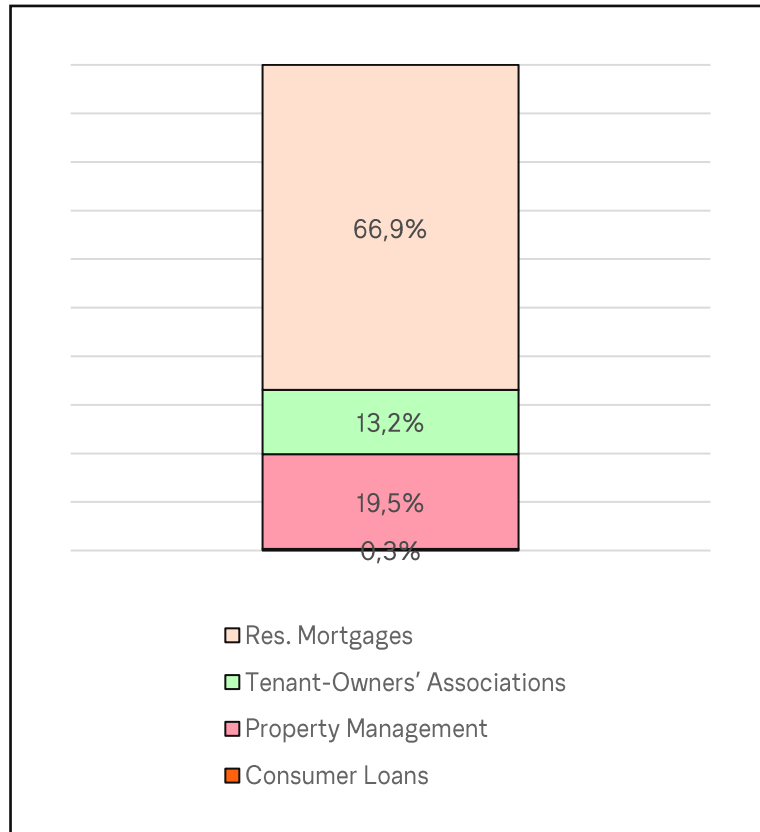
Tenant-own. assoc.

32%

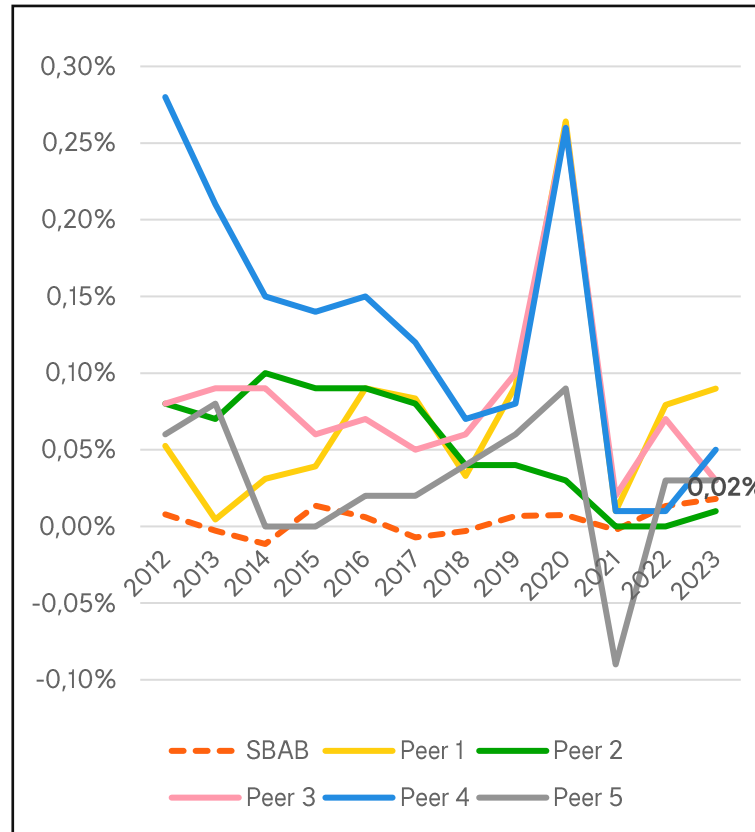


...also when comparing with peers

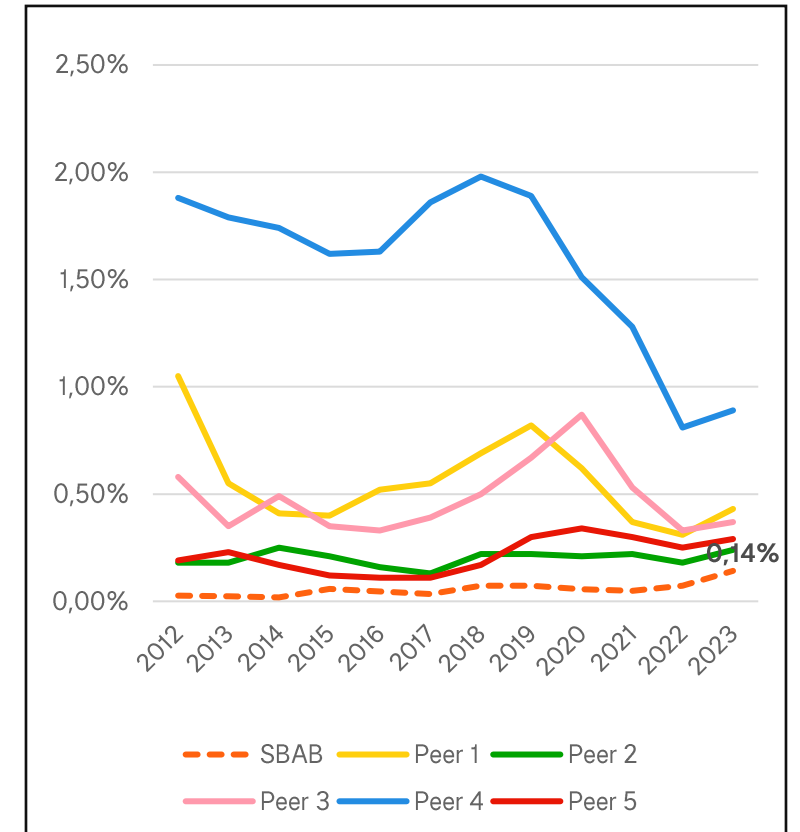
Loan portfolio split YE 2023



Credit losses 2012-2023



Impaired loans 2012-2023

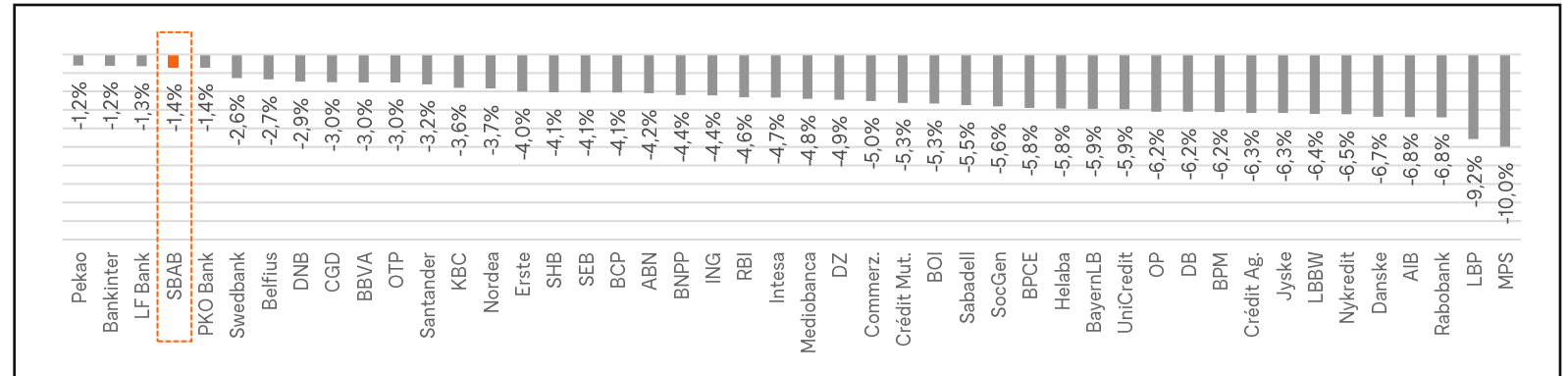


Strong resilience confirmed by EBA

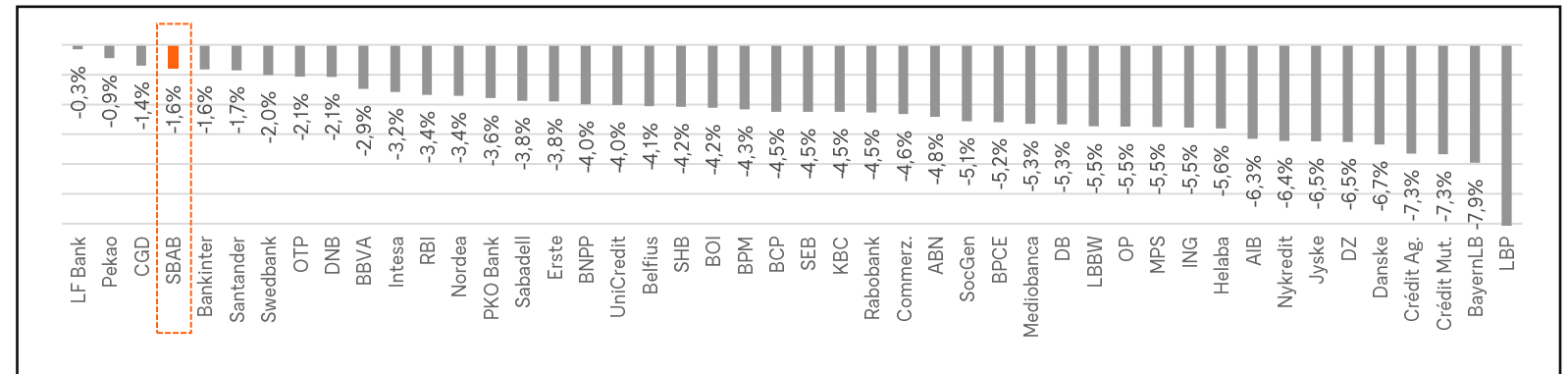
– SBAB's robust business and resilient capital position confirmed in EBA stress test

- On 28 July 2023, the EBA published the results of its EU-wide stress test. The forward-looking analysis covers the period 2023-2025 and considers the resilience of financial institutions to adverse shocks to the economy
- As in 2021, SBAB once again showcased strong resilience under the adverse scenario, with very tough and conservative assumptions for Sweden
- SBAB's robust business model (low-risk lending portfolio with focus on residential mortgages) as well as 25% risk-weight floor for mortgage lending in Sweden important factors for the strong results

Maximum negative CET1 ratio impact in adverse scenario (%) (2021)



Maximum negative CET1 ratio impact in adverse scenario (%) (2023)



Overview of Cover Pool

Overall key metrics

405_{bn}

Cover Pool (SEK)

417,518

No. of loans

966,206

Average loan size

32.6%

OC

53.7%

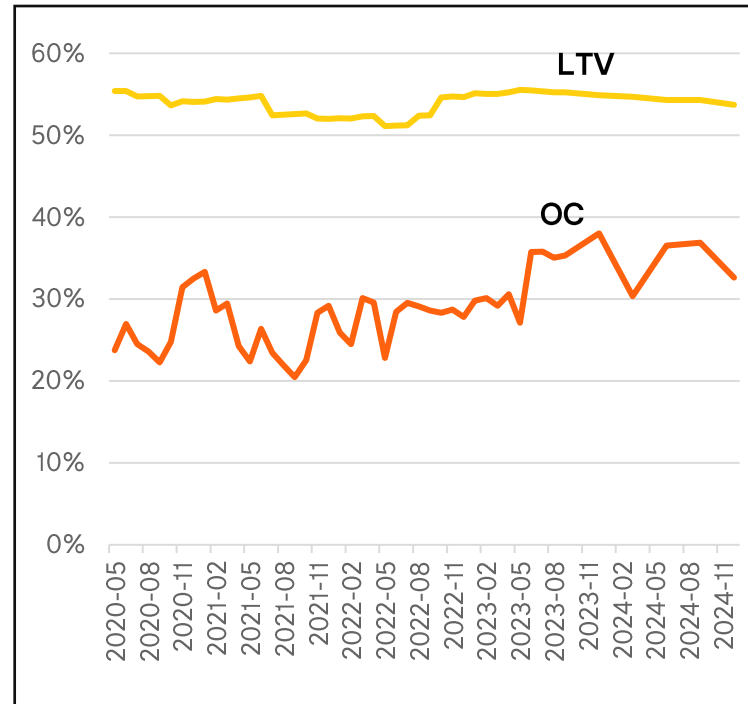
WA LTV

5.9

WA seasoning

- Assets spread throughout Sweden; concentrated to economic hubs
- 65.2% floating, 34.8% fixed
- 51.7% amortising, 48.3% interest only

Development of OC and WA LTV



Additional lending that qualifies for the cover pool, but is not included in the cover pool, amounts to approx. SEK 100.4 bn. Lending that can be transferred into the cover pool if needed

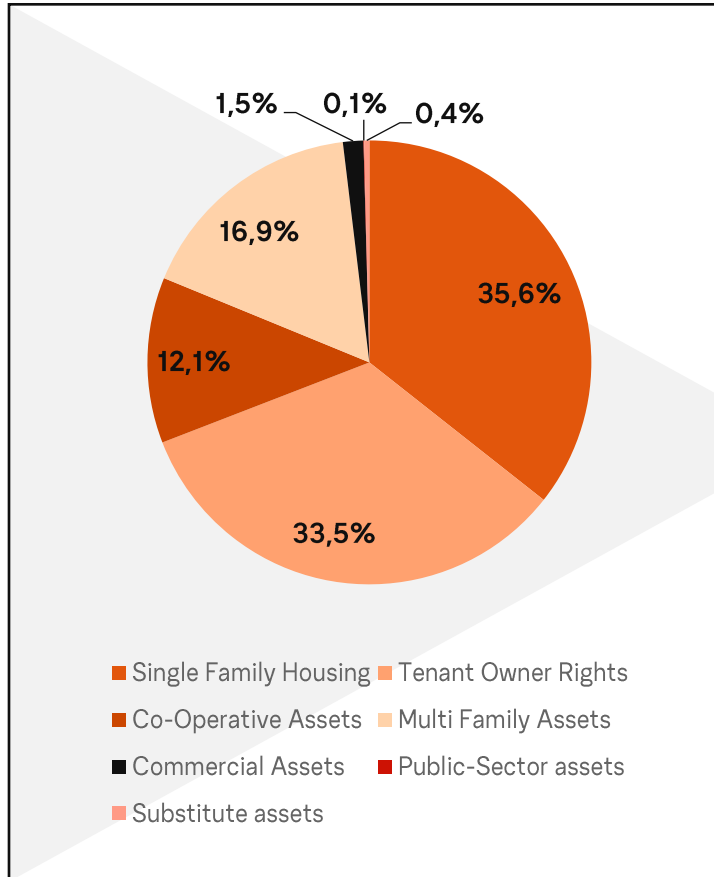
Simulation of decline in house prices

House-price change	Mortgage assets in cover pool (SEK bn)	WA LTV (%)	OC* (%)
0%	403.4	53.7	32.6
-5%	401.3	55.9	32.0
-10%	398.2	58.2	31.0
-15%	393.5	60.4	29.5
-20%	387.1	62.5	27.4
-25%	378.0	64.5	24.5
-30%	364.8	66.2	20.3

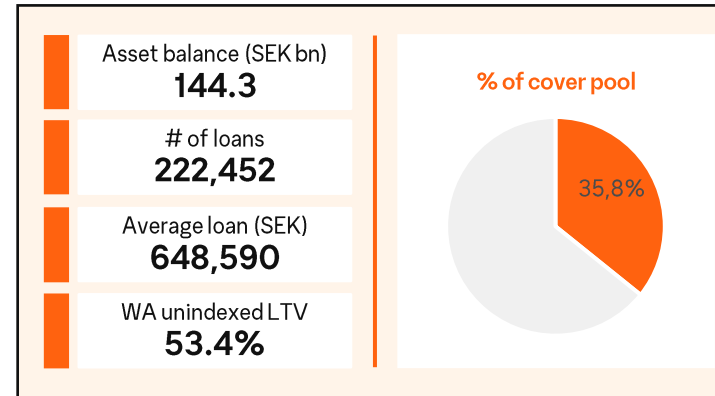
* OC calculated in accordance with requirements from the Swedish FSA

Cover Pool composition

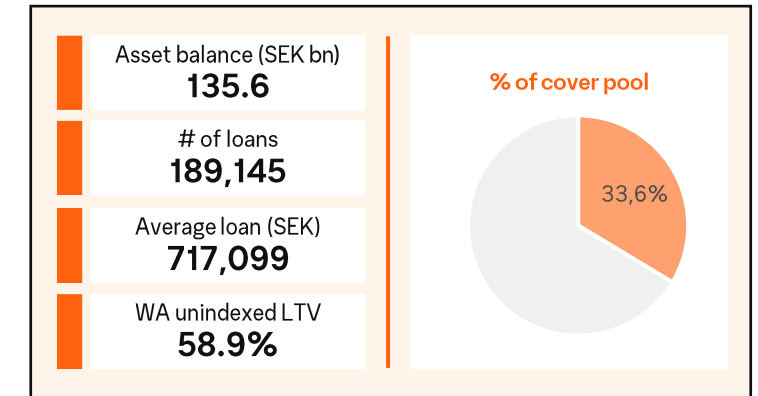
Asset types in cover pool



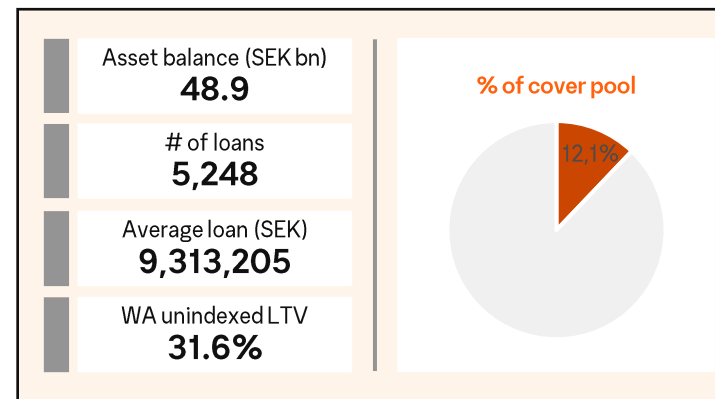
Cover Pool Information - Single Family Housing



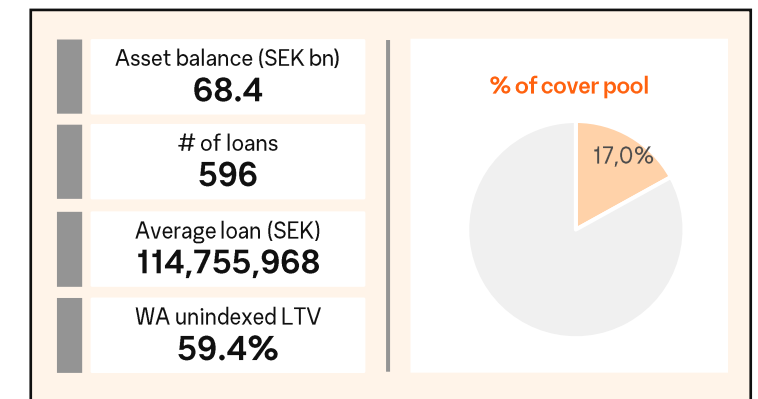
Cover Pool Information - Tenant Owner Rights



Cover Pool Information - Co-Operative Assets



Cover Pool Information - Multi Family Assets

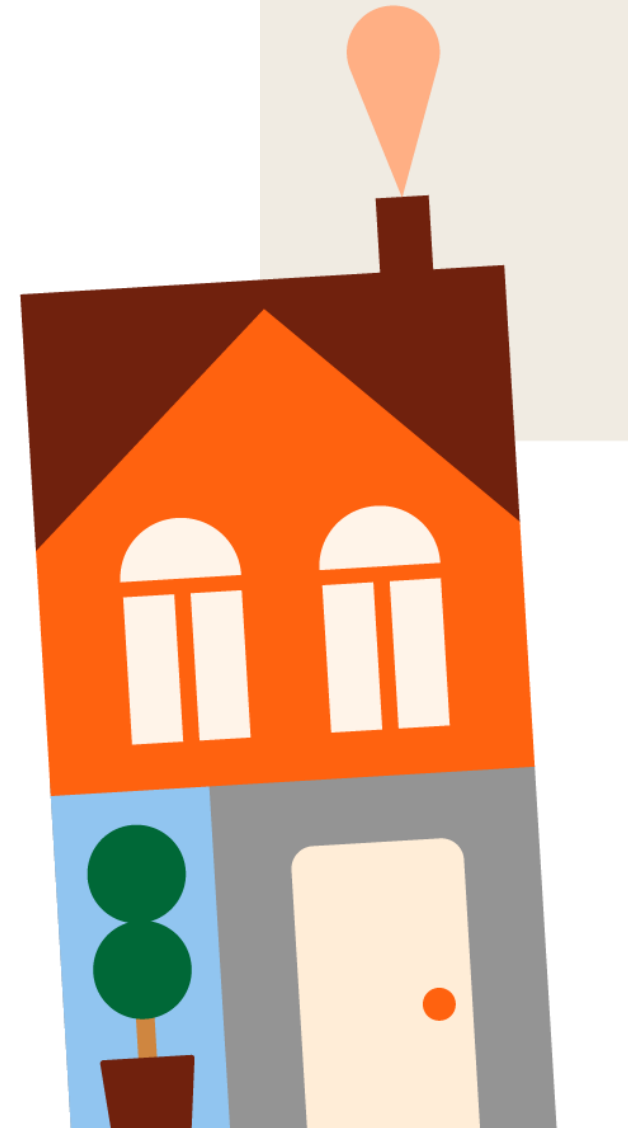


Percentage of loan portfolio in the cover pool (not including Substitute assets and Public-Sector assets)



Contents

- | | |
|----------|-------------------------------------|
| 1 | Business update |
| 2 | Credit portfolio and asset quality |
| 3 | Financial update |
| 4 | Capital, funding & liquidity |
| 5 | SBAB's commitment to sustainability |
| 6 | Macro development |



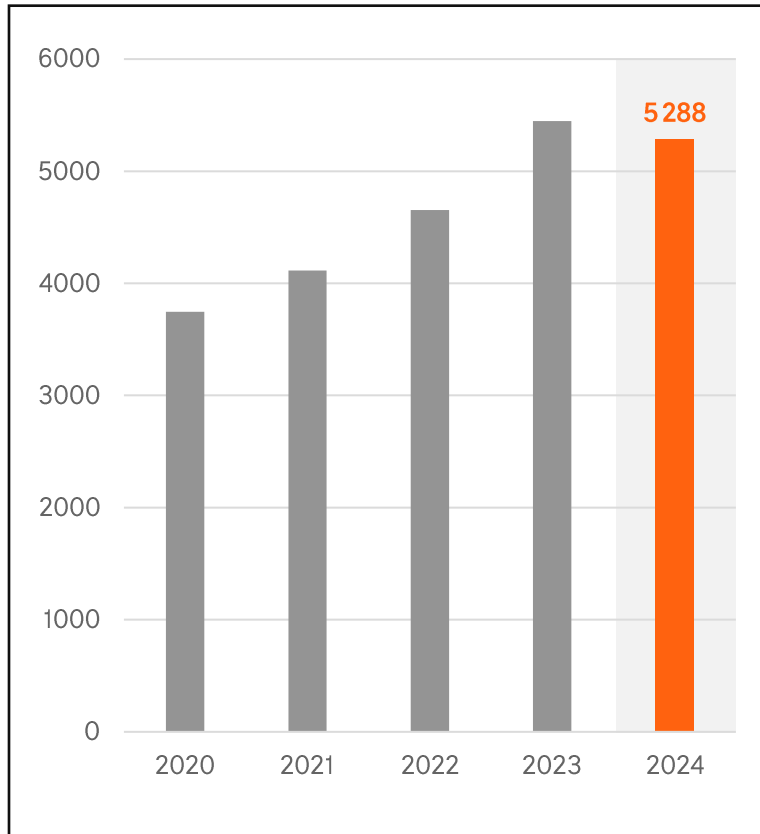
Overview of Q4 & FY 2024 results

SEK million	Q4 2024	Q3 2024	▲	FY 2024	FY 2023	▲
Lending (SEK bn)	537.8	535.0	+0.5%	537.8	517.4	+3.9%
Deposits (SEK bn)	255.9	248.1	+3.1%	255.9	215.2	+18.9%
Net interest income	1,339	1,223	+9.5%	5,288	5,446	-2.9%
Net commission	-13	-10	-3 mn	-54	-34	-20 mn
Net result financial transact.	73	-43	+116 mn	86	-95	+181 mn
Costs	-545	-453	+20.3%	-1,907	-1,663	+14.7%
Loan losses	5	39	+34 mn	0	-93	-93 mn
Imposed fees: Risk tax and res. fee (new row 2022)	-143	-143	0 mn	-570	-541	+29 mn
Operating profit	731	628	+16.4%	2,900	3,070	-5.5%
C/I ratio (%)	38.5%	38.2%	+0.3 pp	35.5%	31.0%	+4.5 pp
Return on equity (%)	10.1%	8.9%	+1.2 pp	10.4%	11.5%	-0.9 pp
Loan loss ratio (%)	0.00%	0.03%	-0.03 pp	0.00%	-0.02%	+0.02 pp
CET1 capital ratio (%)	12.7%	12.4%	+0.3 pp	12.7%	12.3%	+0.4 pp

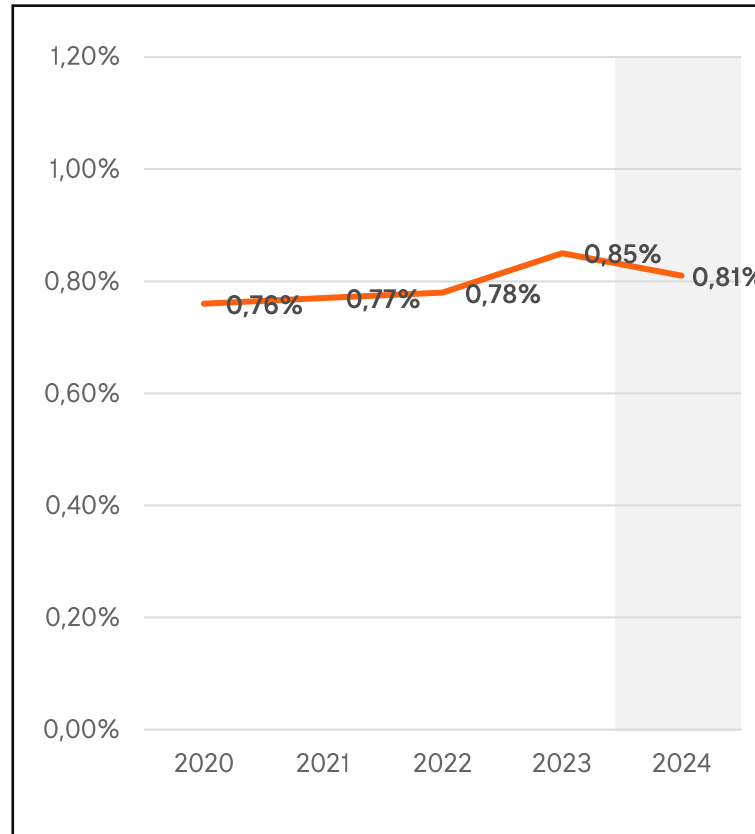


NII & NIM development

Net Interest Income (NII) YoY (SEK mn)



Net Interest Margin* (NIM) YoY (%)



Calculated as NII in relation to total assets in balance sheet

Comments

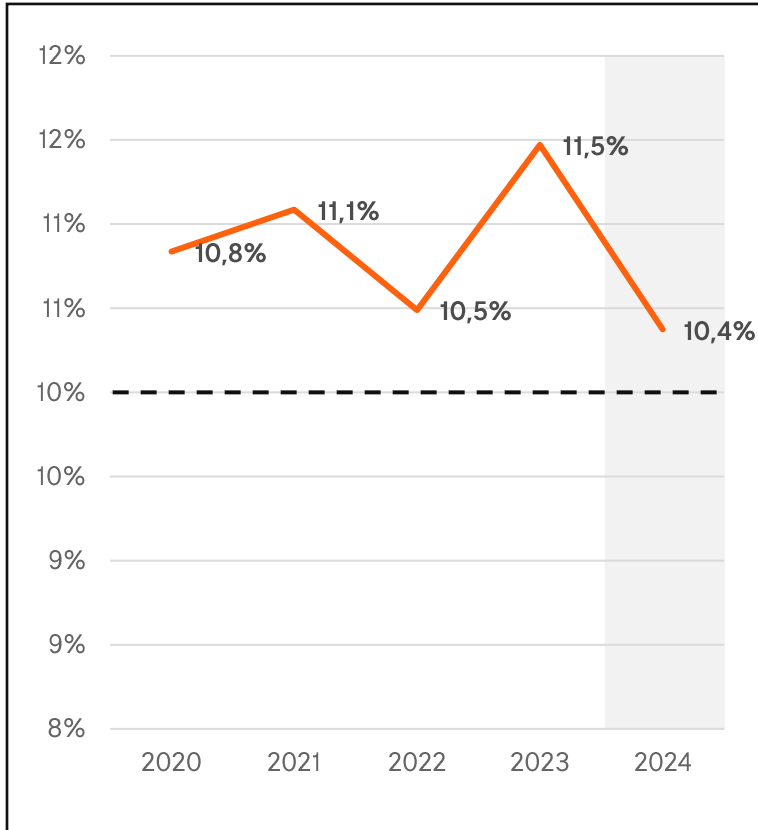
- Lower NII mainly due to decreasing deposit margins (negatively affected by falling market interest rates). Strong volume growth in both lending and deposits positive for long-term NII development
- Mortgage margins still on very low levels (although growing slightly since mid-2024 and expected to continue to grow going forward)
- Stable margin development for RRE lending
- Market for lending to tenant-owners' associations continues to be characterized by intense competition & low margins



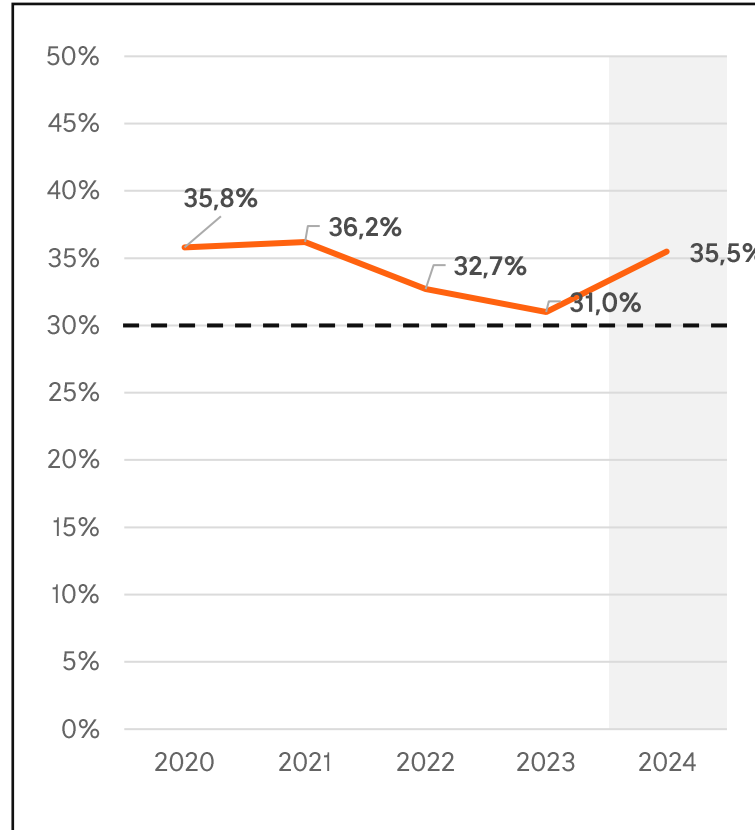
Financial KPIs

– Continued high-cost efficiency & competitive returns given SBAB's low risk business

Return on equity, %



C/I-ratio, %



Comments

- Competitive profitability and returns given SBAB's low risk business. Well above RoE target (>10%) last 5 years
- Highly competitive cost efficiency in line with long-term target of C/I-ratio of <30%

The as per 2022 implemented risk tax negatively impacts RoE with approximately 1% (RoE excl. risk tax for FY 2023 was 12.7% vs. published figure of 11.5%). Move of resolution fee from NII to new row in the income statement ("Imposed fees") in conjunction with the implementation of the risk tax in Jan 2022 positively impacts C/I ratio with approximately 1% (C/I ratio excl. move of resolution fee was 32.1% for FY 2022 vs. published figure of 31.0%)



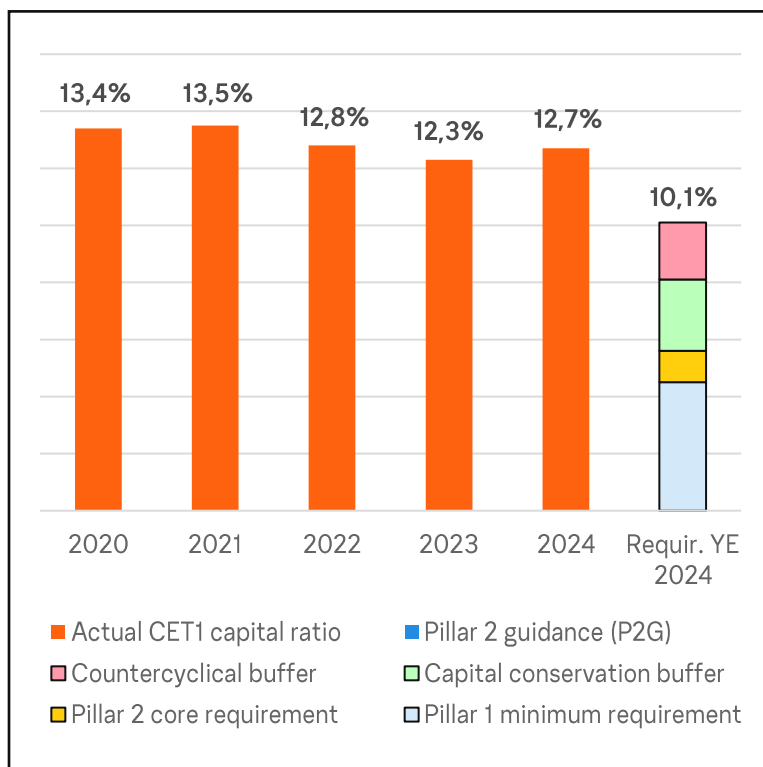
Contents

- | | |
|----------|---|
| 1 | Business update |
| 2 | Credit portfolio and asset quality |
| 3 | Financial update |
| 4 | Capital, funding & liquidity |
| 5 | SBAB's commitment to sustainability |
| 6 | Macro development |

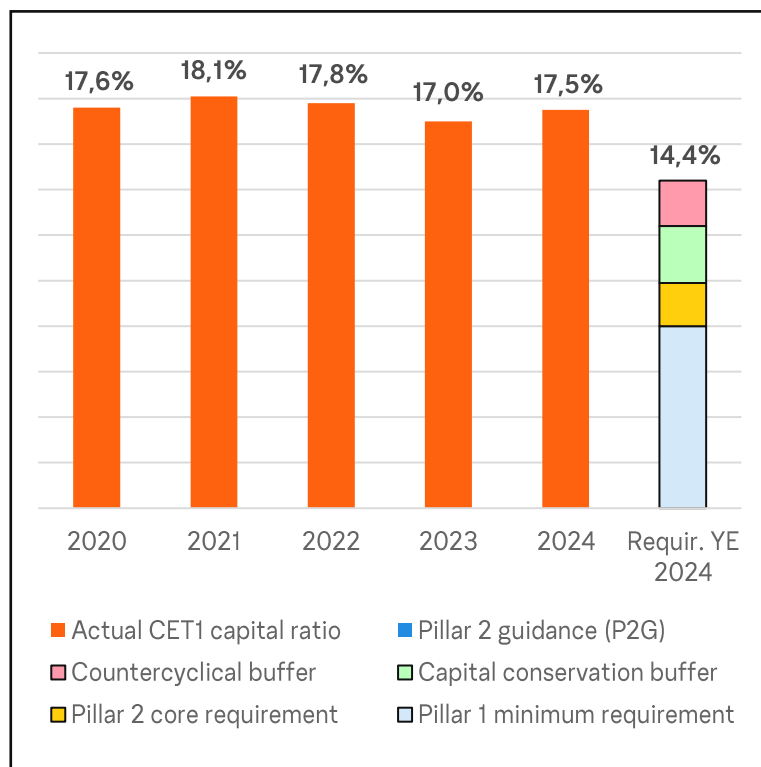


Overview capital position

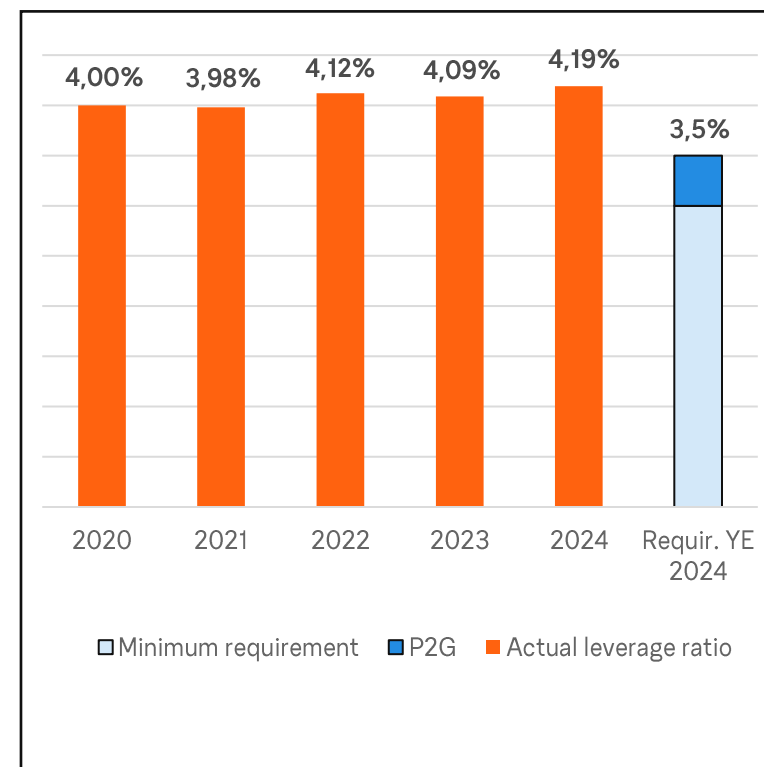
CET1 capital ratio vs. requirement



Total capital ratio vs. requirement

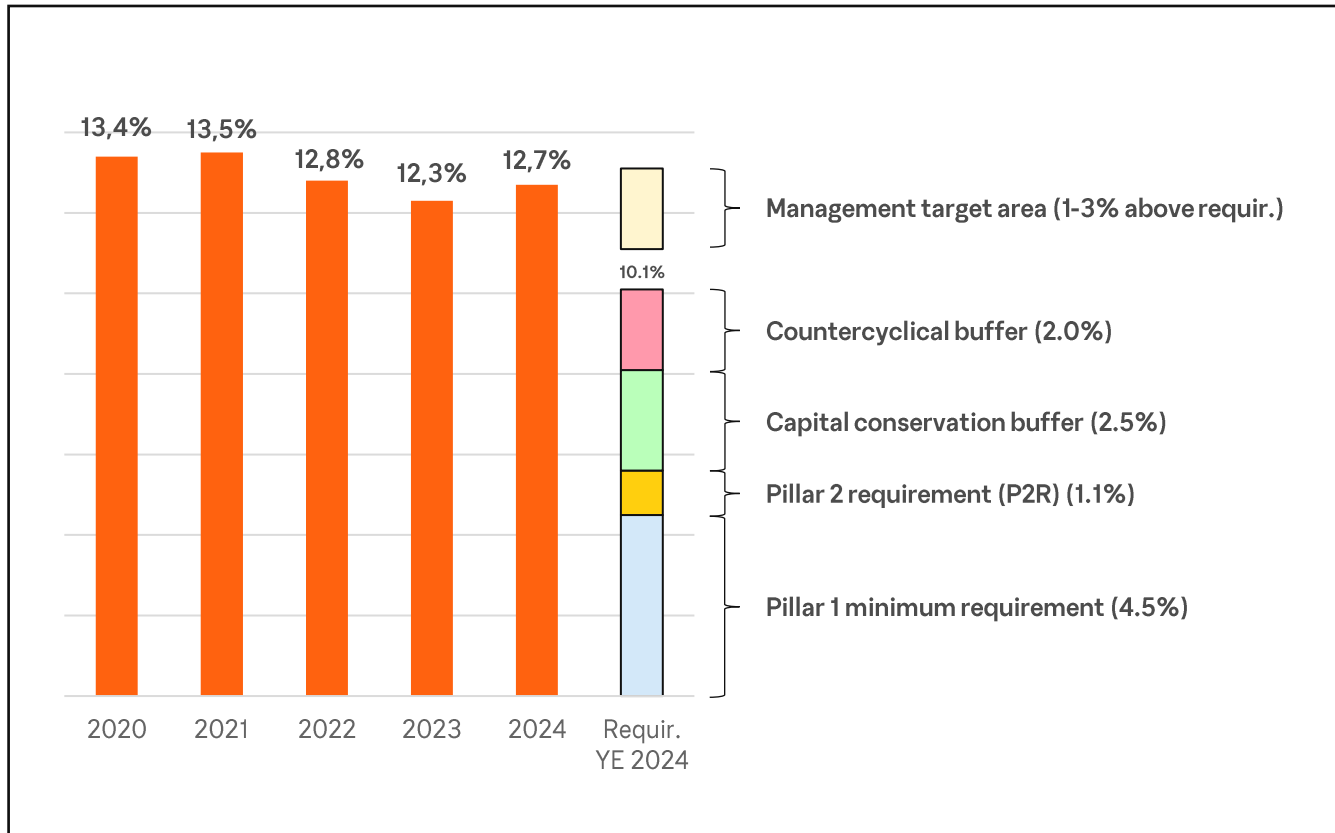


Leverage ratio vs. requirement



SBAB's capital targets

Components of SBAB's CET1 capital target & actual CET1 capital ratio



Comments

- Margin to requirement of 2.6% at YE 2024 – well within range of management target of 1-3% above regulatory requirement
- Risk weighted Pillar 2 guidance for SBAB set at 0%, significantly below peers, reflecting SBAB's robust and low-risk business model
- Risk weights for corporate and tenant-owners' associations exposures expected to decrease in conjunction with the implementation of the new Banking Package (the Basel IV framework), which enters force on 1 January 2025, and which comprises lower standardised LGD values for exposures secured by collateral in properties. The new Banking Package is expected to positively impact SBAB's overall capital situation and capital ratios



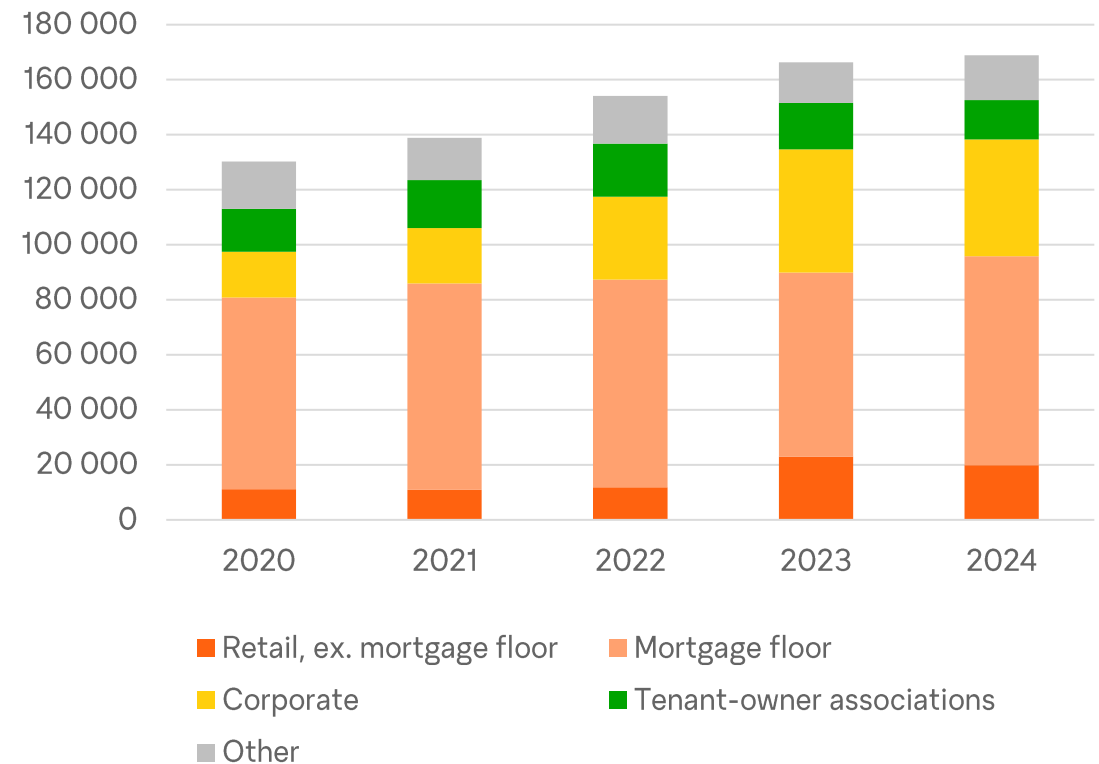
Development in REA

– 25% risk-weight floor on Swedish mortgages contributes significantly to REA

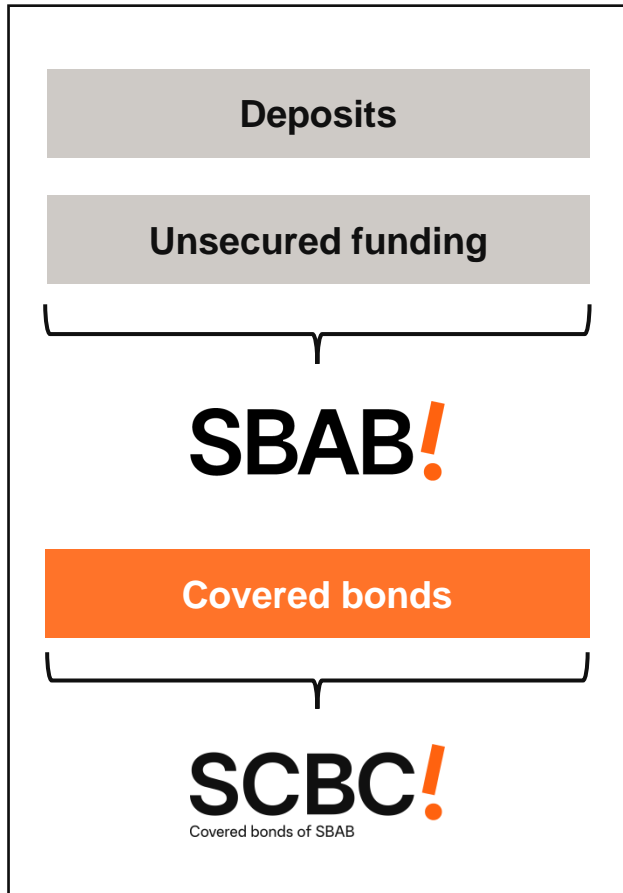
Comments

- True risk weights (internally calculated) far lower than mandatory/restricting risk weight floor applied by the Swedish FSA of 25% for Swedish residential mortgages (article 458). Mortgage portfolio (representing ~68% of total lending) thus contributes to stability in REA
- Strong growth in lending (retail and non-retail) has contributed to growth in REA up to 2023. Implementation of new PD models for corporate exposures (non-retail) increased REA in 2023 (as per Q3)
- Factors behind REA growth in 2024 include growth in lending, increased covered bond holdings and yearly update of operational risk quantification. Development partly offset by decreased risk weights for non-retail exposures

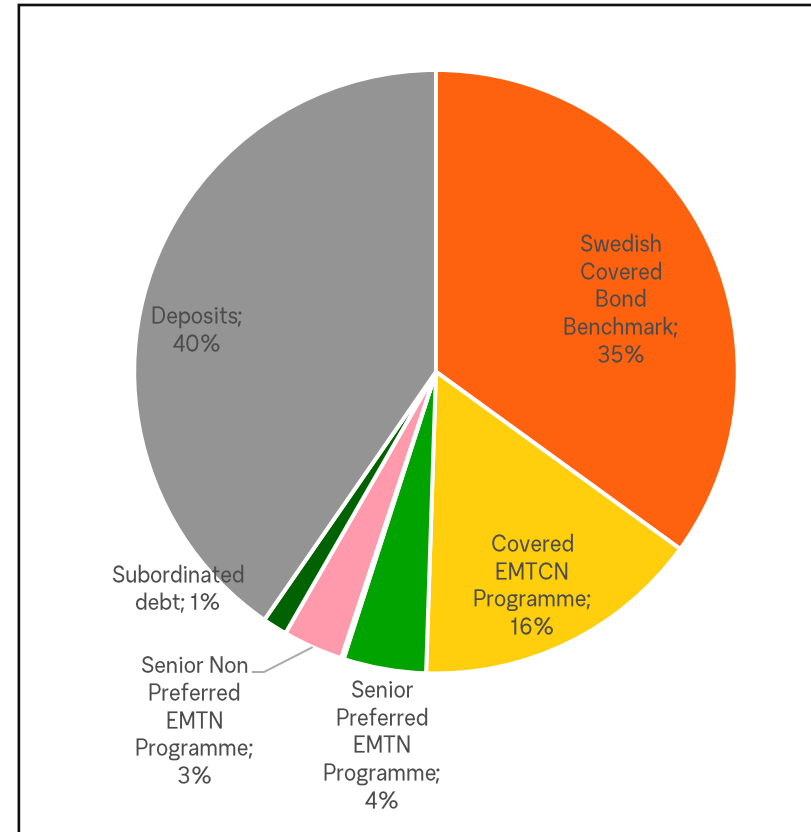
Development and composition of REA (SEK mn)



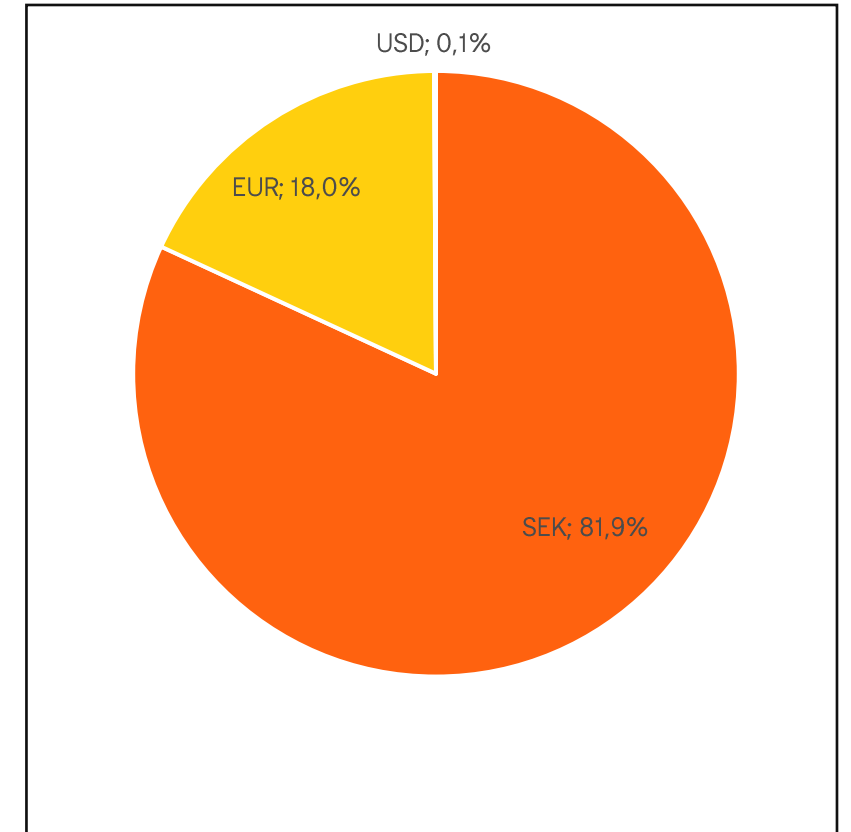
Overview of funding



Funding sources

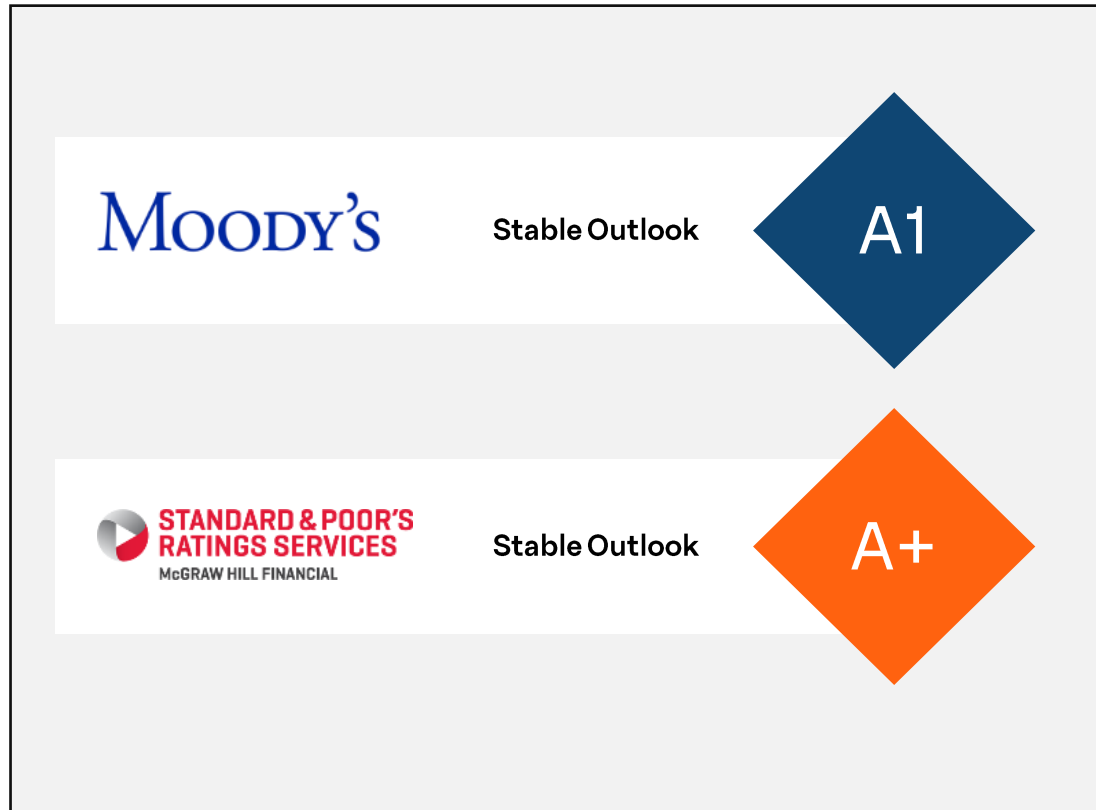


Funding currencies



Rating overview

Senior Unsecured Rating



Moody's		STANDARD & POOR'S RATINGS SERVICES McGraw Hill Financial	
Investment Grade	Aaa Sov. rating Aa1 Aa2 Aa3 A1 Senior Preferred A2 A3 Baa1 BCA and SNP Baa2 T2 Baa3		AAA Sov. rating AA+ AA AA- A+ Senior Preferred A A- SACP BBB+ SNP BBB T2 BBB-
Non Investment Grade	Ba1 AT1 Ba2 [...]		BB+ BB AT1 [...]

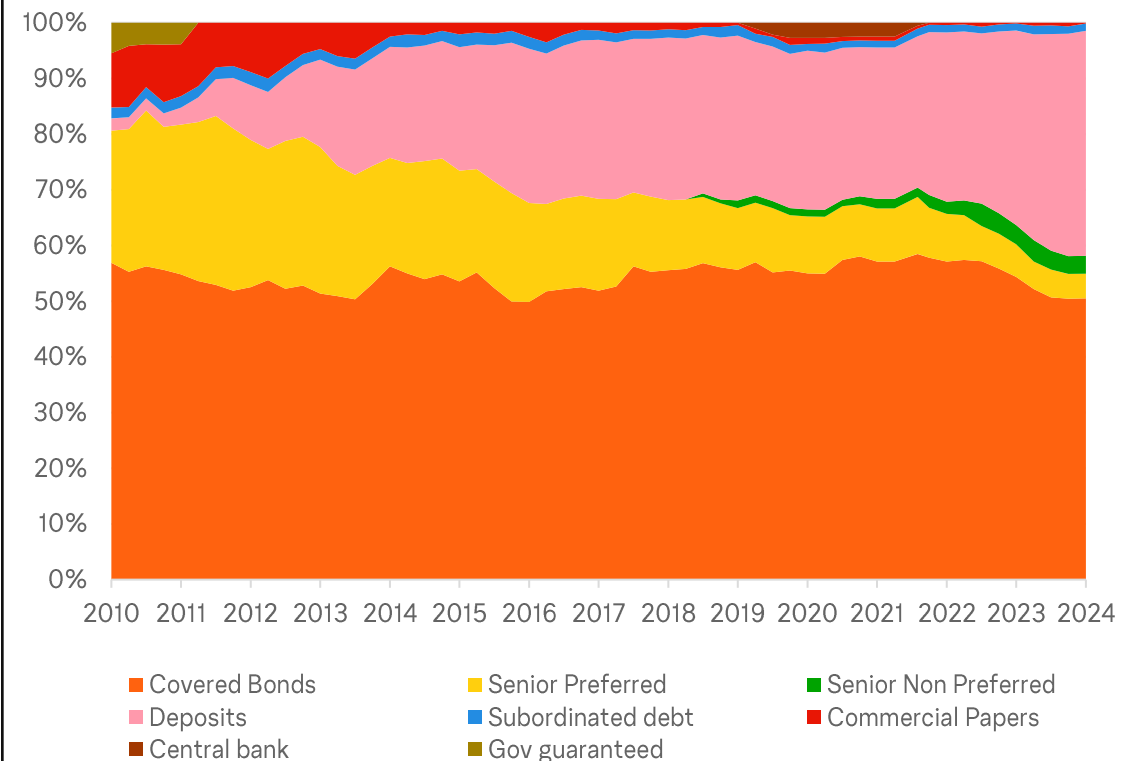


Funding strategy & development

Funding strategy

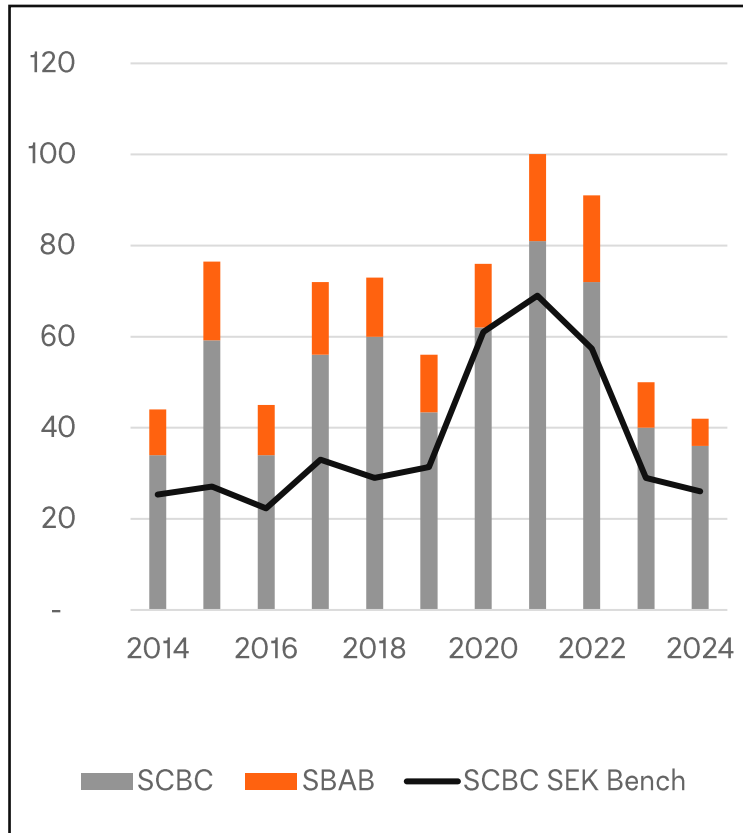
- Maintain access to core funding markets; SEK- and EUR-market
- Regular benchmark issuance in both covered and unsecured format. Private placements as a complement.
- Reduced wholesale funding reliance due to growing deposit volumes
- Efficient use of CB funding (~50% of total funding). Utilizing the depth and stability of the Swedish CB market
- Limited use of short dated funding through CP-programs, interbank funding and central bank facilities
- Dedicated green bond issuance subject to green lending volumes
- Committed to capital issuance in SEK
- Liquidity risk mitigated through buy-backs of maturing bonds

Development of funding sources over time

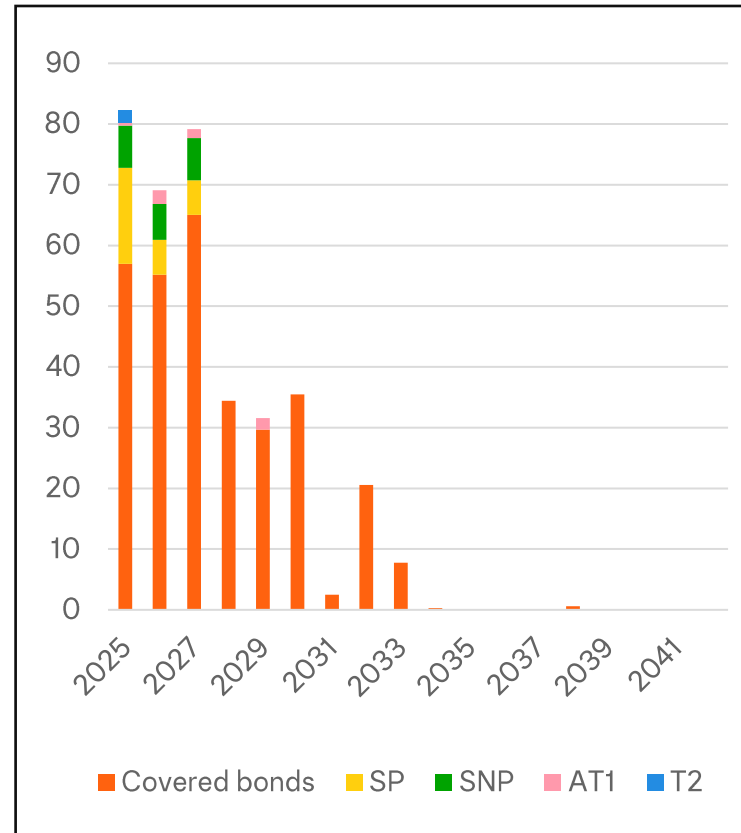


Future funding activity

Annual issuance, SEK bn



Maturity profile (SEK bn)

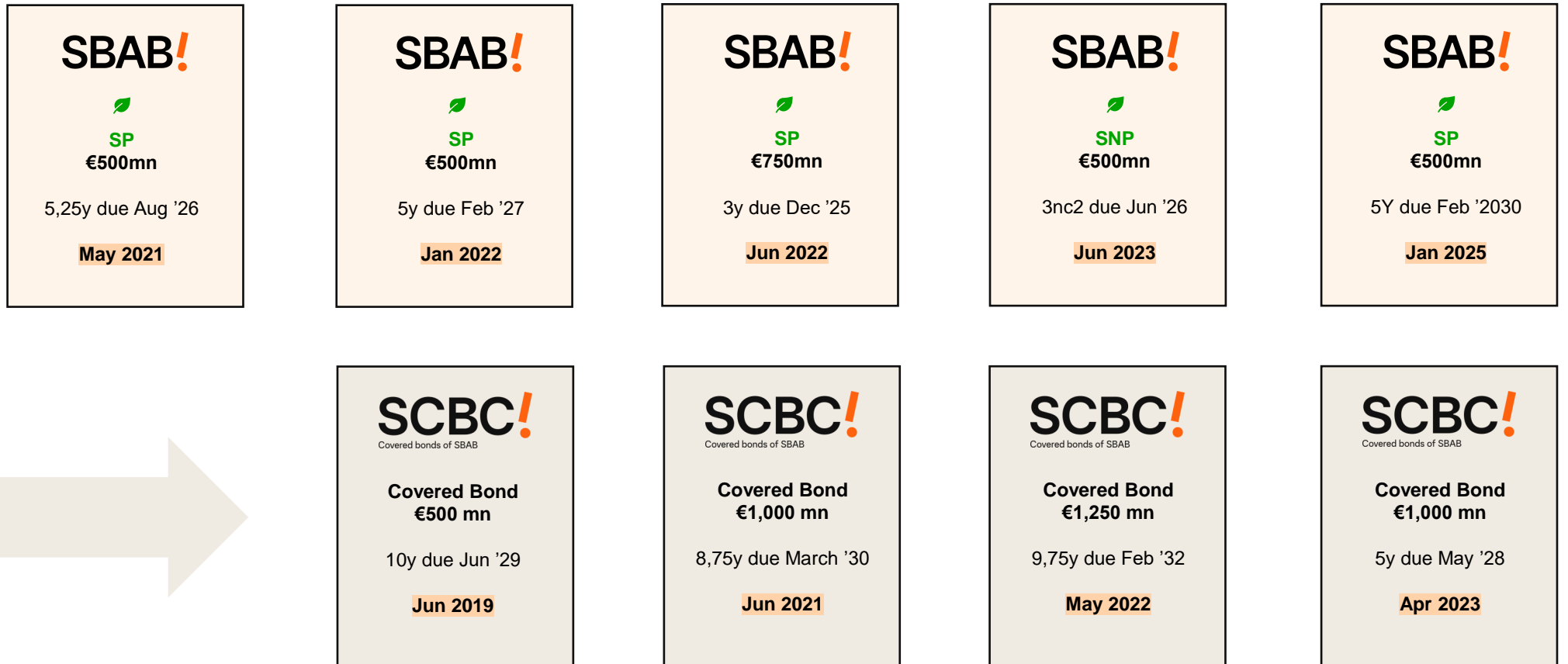


Future issuance

- Maintain presence and regularity in core funding markets (predominantly EUR and SEK):
 - New SEK covered bond benchmark/benchmarks per year
 - One to two public EUR transactions in international funding markets per year
 - Private placements in SEK and international funding markets
- SNP issuance preferably in SEK
 - EUR and other currencies as a complement
- Capital issuances (AT1 & T2) predominately in SEK
- SBAB's focus is to use intermediate (5y+) tenors to support duration in covered bonds and mainly short to intermediate (3 to 5y) in senior format



Regular presence in EUR market



Update on MREL

- On 1 January 2024, the final MREL requirement entered force
- As per the end of 2024, the total requirement for SBAB amounted to 26.75% of REA (incl. the ban on double counting), corresponding to SEK 45.2 billion. On the same date, the subordinated requirement amounted to 24.2% of REA, corresponding to SEK 40.9 billion
- Two SNP transactions during 2024; (1) SEK 2.5 bn 4nc3 in January and (2) SEK 1.5 bn 4nc3 in August (green format)

MREL requirement (Dec 2024)

	%	SEK bn
REA	26.7%	45.2
LRE	6%	39.4
Buffer		13.6

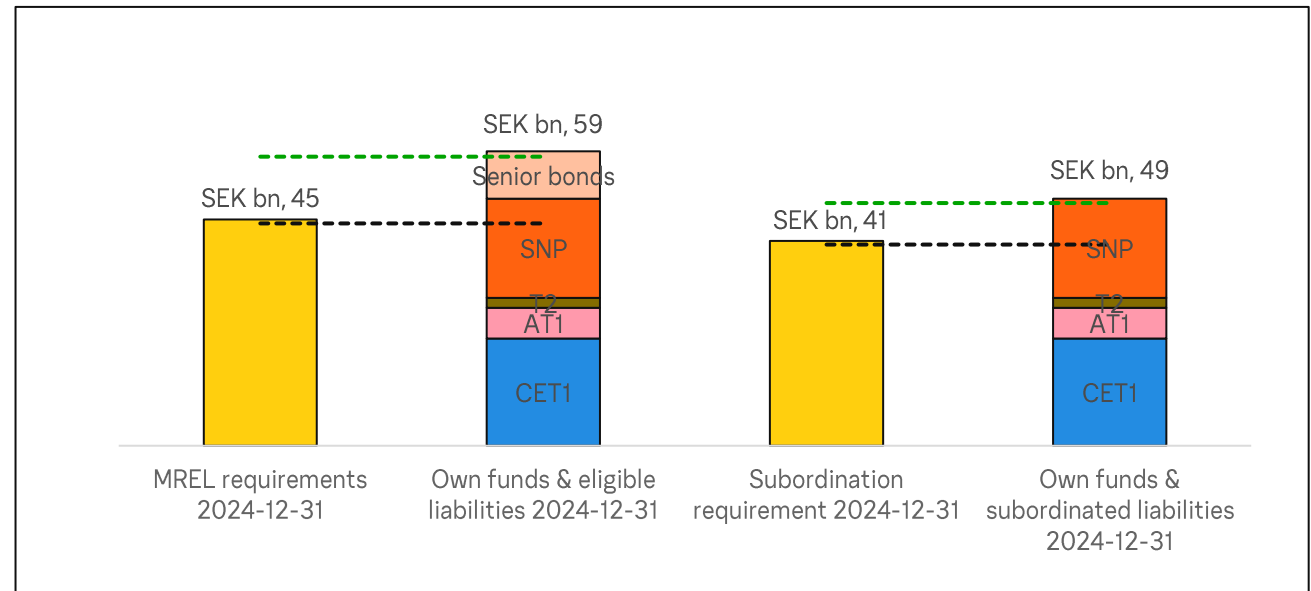
Subordination requirement (Dec 2024)

	%	SEK bn
REA	24.2%	40.9
LRE	6%	39.4
Buffer		8.4

Own funds & eligible liabilities (Dec 2024)

	SEK bn
CET1	21.4
AT1	6,1
T2	2.0
SNP	19.8
Senior bonds	9.4
Total	58.7

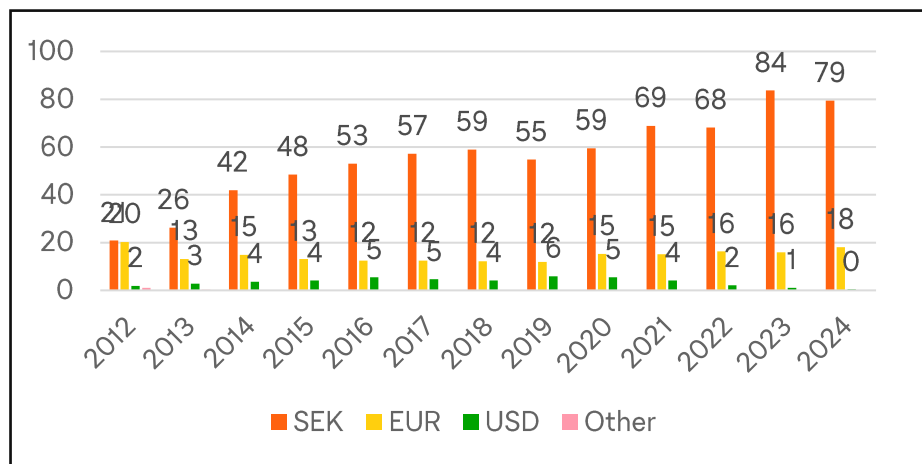
49



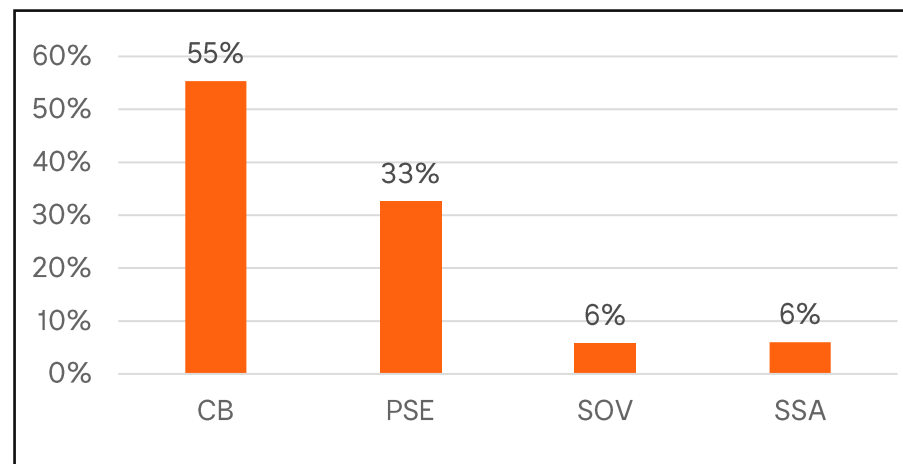
Liquidity position

- High quality and diversified liquidity reserve within relevant currencies with 95% AAA rated. Liquidity reserve amounting to 94 billion
- LCR and NSFR well above regulatory requirements. Survival horizon implies liquidity need coverage for 532 days under stressed scenario (unchanged lending portfolio, severe deposit outflow and no new funding added)

Liquidity portfolio (Currency distribution)



Liquidity portfolio (Securities type)



Key metrics

94^{bn}

Liquidity reserve

201%

LCR

126.3%

NSFR

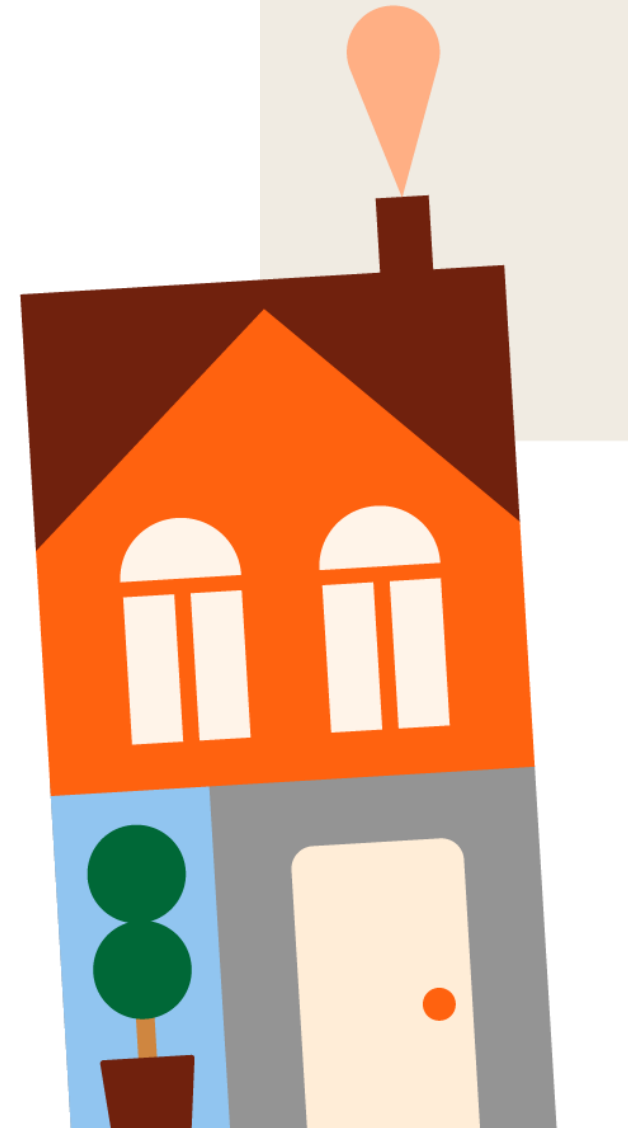
532^{days}

Survival horizon



Contents

- | | |
|----------|--|
| 1 | Business update |
| 2 | Credit portfolio and asset quality |
| 3 | Financial update |
| 4 | Capital, funding & liquidity |
| 5 | SBAB's commitment to sustainability |
| 6 | Macro development |



Overview of sustainability

Ambitious (science-based) long-term climate target

Target towards 2038 to
reduce emission intensity
in lending portfolio
(kg CO_{2e}e)

-50%

Signatory to Principles for Responsible
Banking



Signatory to Partnership for Carbon
Accounting Financials (PCAF)



Signatory to UN Global Compact,
Communication on Progress (COP)



Green lending products (YE 2023)



Green residential mortgages
(SEK ~44 bn)



Green investment loans to ToA
and corporates (SEK ~148 mn)



The Kilowatt Loan (Sw
"Kilowattlånet")



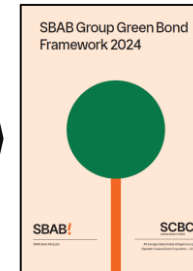
Sustainability-linked loans to
corporate clients



The Energy Loan (Sw
"Energilånet")

Recurrent Green Bond issuer (YE 2024)

Green bonds
SEK ~35 bn



Launch of new
framework in April
2024

(SBAB Group Green
Bond Framework
2024)

Sustainability ratings



Negligible (0-10)	Low (10-20)	Medium (20-30)	High (30-40)	Severe (40+)
----------------------	----------------	---------------------------	-----------------	-----------------



CCC	B	BB	BBB	A	AA	AAA
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SBAB's timeline on climate change mitigation



Long-term climate target

Long-term science-based climate target* to reduce emission intensity (kg CO₂e)

Target 2030:

-30%

Target 2038:

-50%

Carbon Risk Real Estate Monitoring (CRREM)

Target set based on country and branch specific decarbonisation pathway (kg CO₂e per m²)

Building type	Financed Emissions Baseline (2022)	Financed Emission intensity (2023)	Pathway
Single family houses	3.4	3.24	CRREM
Holiday homes	3.52	3.27	CRREM
Apartments	5.14	5.12	CRREM
Multi-family dwellings	3.54	3.49	CRREM
Commercial real estate	8.69	7.47	CRREM
Total	4.28	4.21	CRREM

Scope 3

CO2

CO2

CO2

- IT equipment
- Copy paper
- Waste
- Work trips
- Data center energy usage
- Etc.

Scope 2

- Energy use, district heating/cooling at our offices

Upstream

Scope 3

CO2

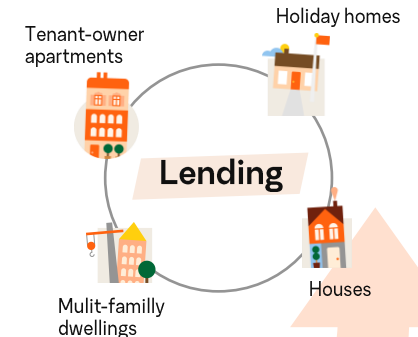
CO2

CO2

CO2

SBAB!

Lending



**Total Co2 emissions
58,969 tonnes Co2**

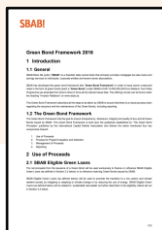
Downstream



Timeline for Green Bonds

2016

- In 2016, SBAB became the first bank in Sweden to issue a Green Bond (after the publishing of its inaugural Green Bond Framework ("Green Bond Framework 2016"))
- Two green bonds issued under this framework (total volume of SEK 3.75 billion)



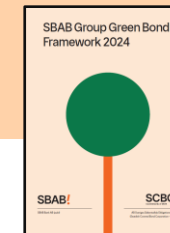
2019

- In early 2019, SBAB published a new, updated framework for issuing green bonds ("SBAB Group Green Bond Framework 2019") to align with green product offerings (e.g. green residential mortgages) and to enable SCBC to issue covered bonds in the form of green bonds
- To this end, in 2019, the SBAB Group became the first institution in Sweden to issue a green covered bond backed by residential mortgages and property loans
- Eight green bonds issued under this framework (total volume of SEK ~42 billion)



2024

- Publishing of its third Green Bond Framework ("SBAB Group Green Bond Framework 2024")
- A further step towards increasing the SBAB Group's engagement and investments in a more sustainable direction and align with best market practices as well as regulatory developments (e.g. the latest ICMA Green Bond Principles and the EU Taxonomy)
- At YE 2024, two green bond issued under this framework (total volume of SEK 5.5 billion)

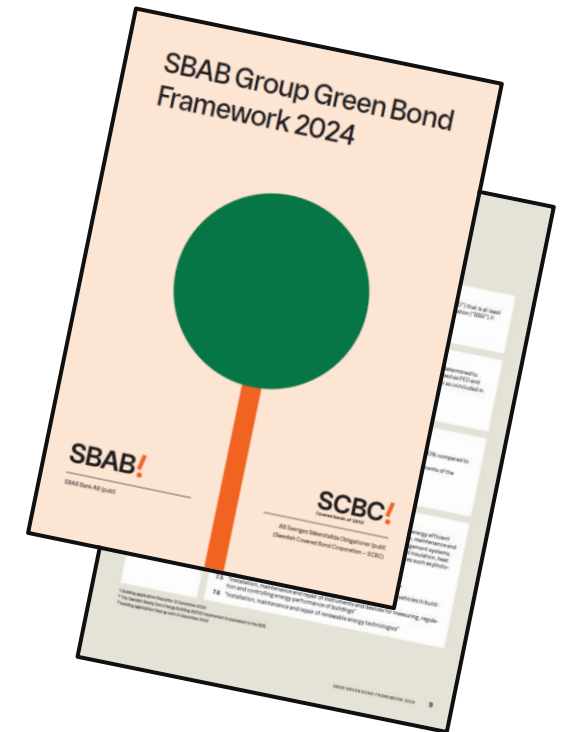


Overview of updated framework

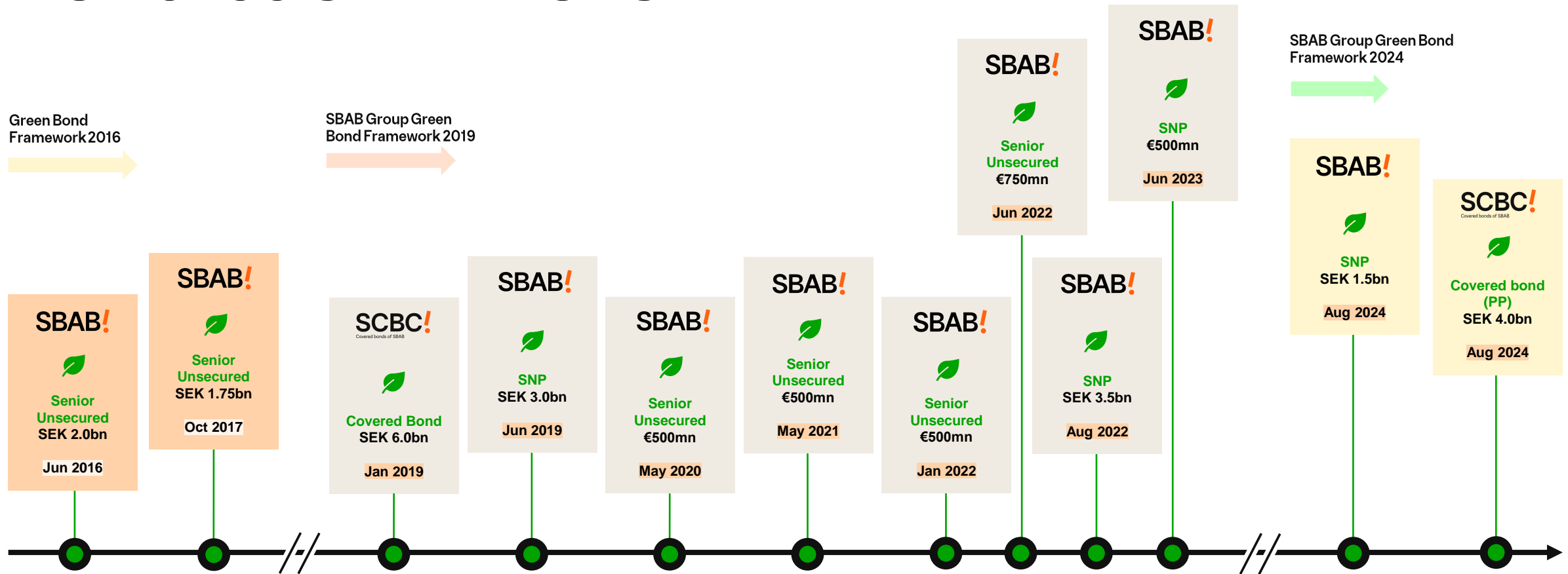
– Updated framework (SBAB Group Green Bond Framework 2024) to align with best market practices as well as regulatory developments

Overview of Green Loan Categories included in framework

- 1 • **New buildings** (built after 2020): Primary Energy Demand (PED) 10% lower than the level required by the Swedish building regulation ("BBR")
- 2 • **Existing buildings** (built before 2021): EPC A or top 15% of the national or regional building stock
- 3 • **Major renovations**: Meets minimum energy performance requirements of the national building regulation or a reduction in energy use of at least 30%
- 4 • **Building energy efficiency measures**: Direct costs (e.g. material, installation and labour costs) for installing energy efficient technologies or other energy saving measures during the construction, maintenance and service phase of a building



Recurrent issuer since the inaugural Green Bond back in 2016



INSIGHT: Impact reporting

Green Bond Impact Report 2023

Issuer	Issue date	Amount issued	Format	Maturity	Coupon	ISIN	Framework
SCBC	23 January, 2019	SEK 6.0 bn	Covered bond	28 March, 2024	0.75%	XS1943443769	SBAB Group GBF 2019
SBAB	13 June, 2019	SEK 2.25 bn	Senior Non-Preferred	06 June, 2024	3M Stibor +90 bps	XS2015229516	SBAB Group GBF 2019
		SEK 750 mn		06 June, 2024	1.0%	XS2015229862	
SBAB	6 May, 2020	EUR 500 mn (equiv SEK 5.3 bn)	Senior Unsecured	13 May, 2025	0.50%	XS2173114542	SBAB Group GBF 2019
SBAB	20 May 2021	EUR 500 mn (equiv SEK 5.1 bn)	Senior Unsecured	27 August, 2026	0.125%	XS2346986990	SBAB Group GBF 2019
SBAB	31 January, 2022	EUR 500 mn (equiv SEK 5.2 bn)	Senior Unsecured	8 February, 2027	0.50%	XS2441055998	SBAB Group GBF 2019
SBAB	1 June, 2022	EUR 750 mn (equiv SEK 7.9 bn)	Senior Unsecured	10 December, 2025	1.875%	XS2489627047	SBAB Group GBF 2019
SBAB	25 August, 2022	SEK 1.9 bn	Senior Non-Preferred	2 September, 2025	3M Stibor + 95 bps	XS2527964873	SBAB Group GBF 2019
		SEK 0.6 bn		2 September, 2025	3.873%	XS2527964956	
		SEK 1.0 bn		2 September, 2027	4.20%	XS2527965177	
SBAB	26 June, 2023	EUR 500 mn (equiv SEK 5.8 bn)	Senior Non-Preferred	26 June, 2026	4.88%	XS2641720987	SBAB Group GBF 2019
TOTAL		SEK 41.8bn					

SBAB Group Green Bond Framework 2019

SEK 74.5bn → 4,125tCO_{2e}

Eligible Green Loans & Estimated annual avoidance of GHG emissions



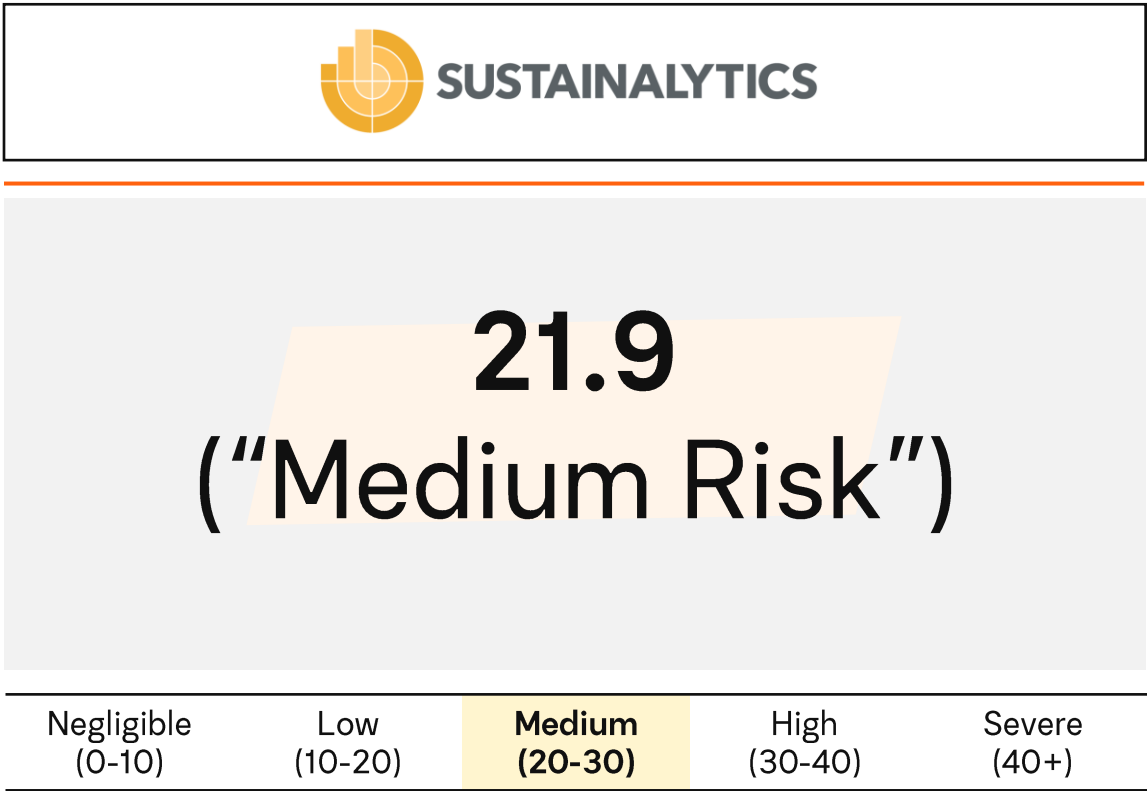
SBAB!

SBAB Bank AB (publ)

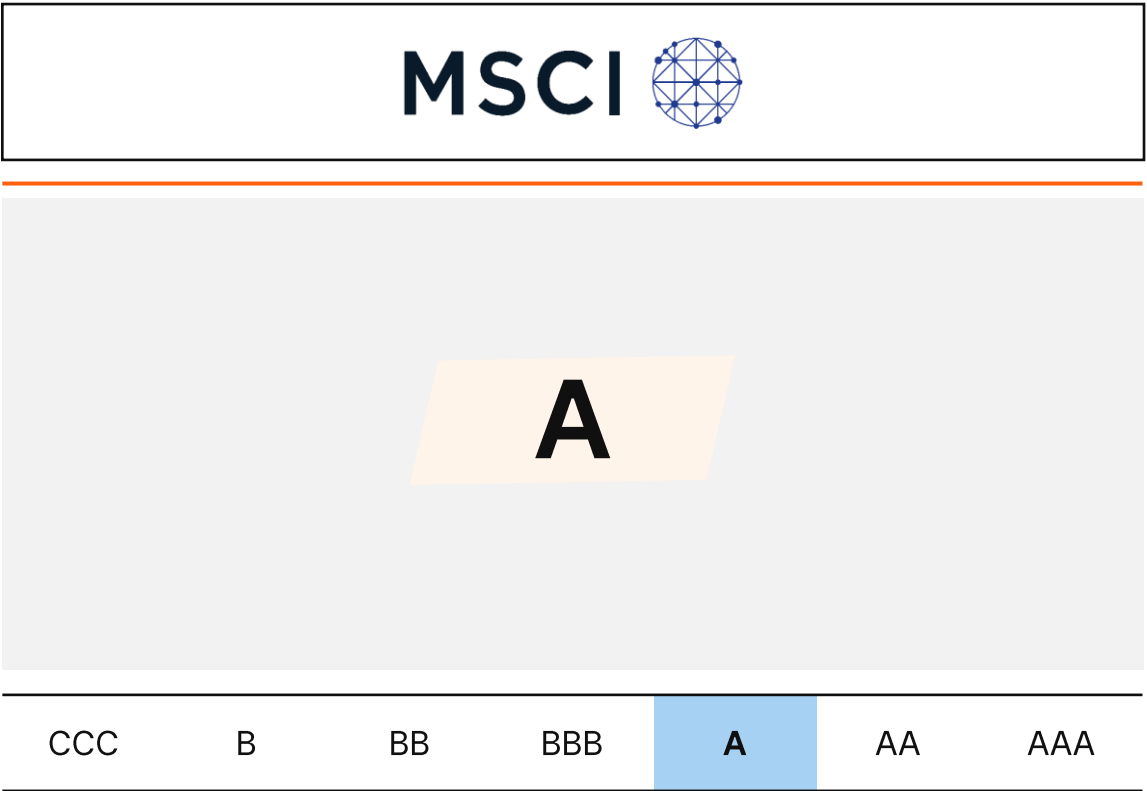
SCBC!
Covered bonds of SBAB

AB Sveriges S kerst llda Obligationer (publ)
(Swedish Covered Bond Corporation – SCBC)

Sustainability ratings



* Latest update in 2024

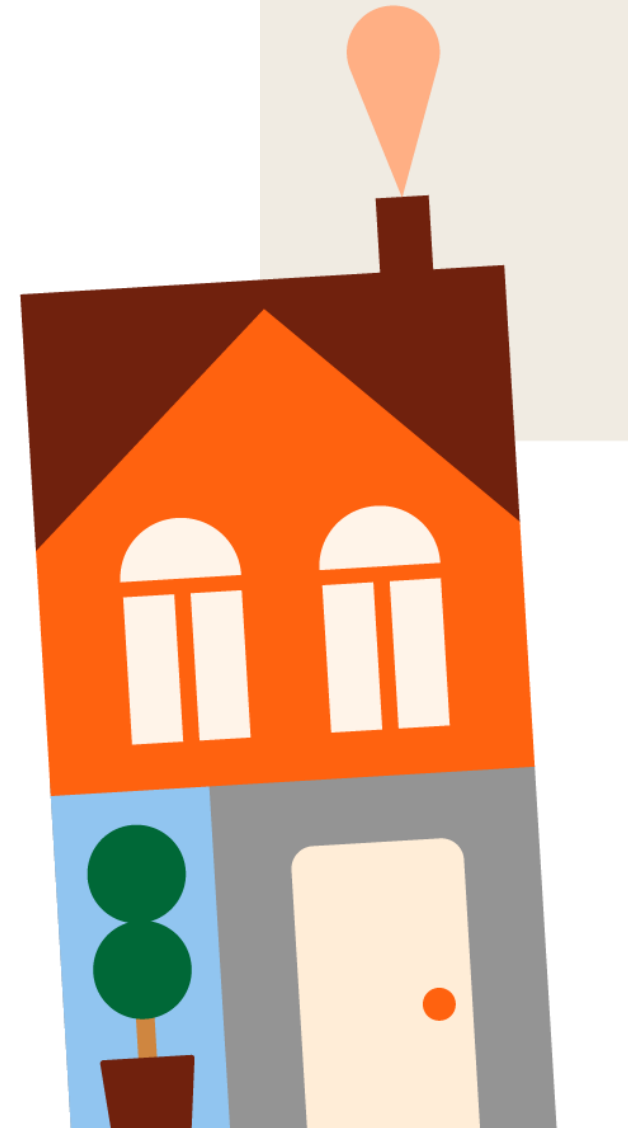


* Latest update in 2024



Contents

- | | |
|----------|-------------------------------------|
| 1 | Business update |
| 2 | Credit portfolio and asset quality |
| 3 | Financial update |
| 4 | Capital, funding & liquidity |
| 5 | SBAB's commitment to sustainability |
| 6 | Macro development |



The Swedish economy

Forecast key figures Sweden

	2023	2024	2025	2026
Real GDP, actual	-0.3 (-0.2)	0.5 (0.6)	2.2 (2.3)	2.9 (3.0)
Household consumption	-2.3 (-2.3)	0.0 (0.5)	3.1 (2.9)	3.7 (3.4)
Public consumption	0.7 (1.0)	1.2 (1.0)	1.4 (1.3)	1.3 (1.1)
Investments	-6.5 (-6.3)	-2.8 (-3.0)	1.7 (2.7)	5.1 (5.4)
Net export, GDP-contribution (pp)	2.2 (2.3)	0.9 (0.8)	0.1 (0.0)	-0.3 (-0.1)
Employment	1.4 (1.4)	-0.4 (-0.4)	0.7 (0.8)	1.2 (1.1)
Unemployment rate (%)	7.7 (7.7)	8.4 (8.4)	8.2 (8.2)	7.7 (7.7)
Inflation, CPIF growth	2.3 (2.3)	1.8 (1.8)	1.9 (1.9)	1.8 (2.0)
Policy rate, yearly average (%)	3.46 (3.46)	3.62 (3.66)	2.11 (2.29)	2.00 (2.00)
KIX-index, yearly average (-)	127.5 (127.5)	126.5 (126.0)	124.3 (124.0)	122.2 (122.0)

Note: Annual percentage growth unless indicated otherwise. Light orange background indicates SBAB Q4 forecast in November 2024. Figures in brackets are SBAB Q3 forecast in September 2024

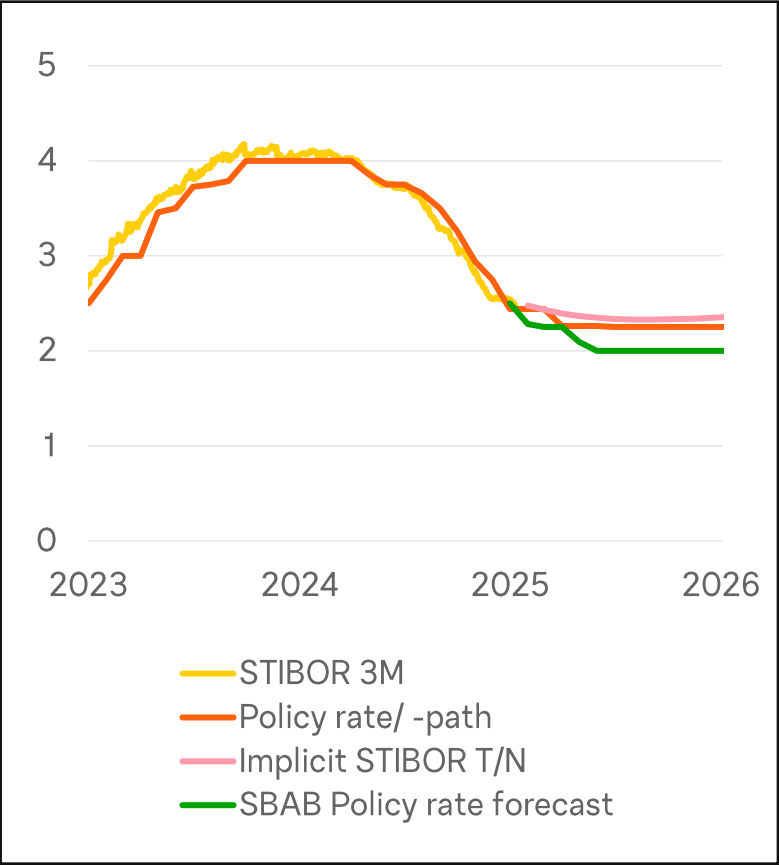
Comments

- Swedish GDP is expected to have grown somewhat in 2024, and to grow increasingly faster in 2025 and 2026 as household consumption picks up
- Inflation in Sweden began to fall back in 2023, and the monthly inflation rate has been below the Riksbank's target at 2% every month since June 2024
- The Riksbank has lowered the policy rate from 4.00% in May to 2.50% in December 2024
- Some characteristics of the Swedish economy include a growing population, strained housing markets in metropolitan areas & many households with large mortgages, but also high savings
- Public finances are sound and central government debt is low



Interest rate development

Interbank rates and policy rate (%)



Mortgage rates (%)

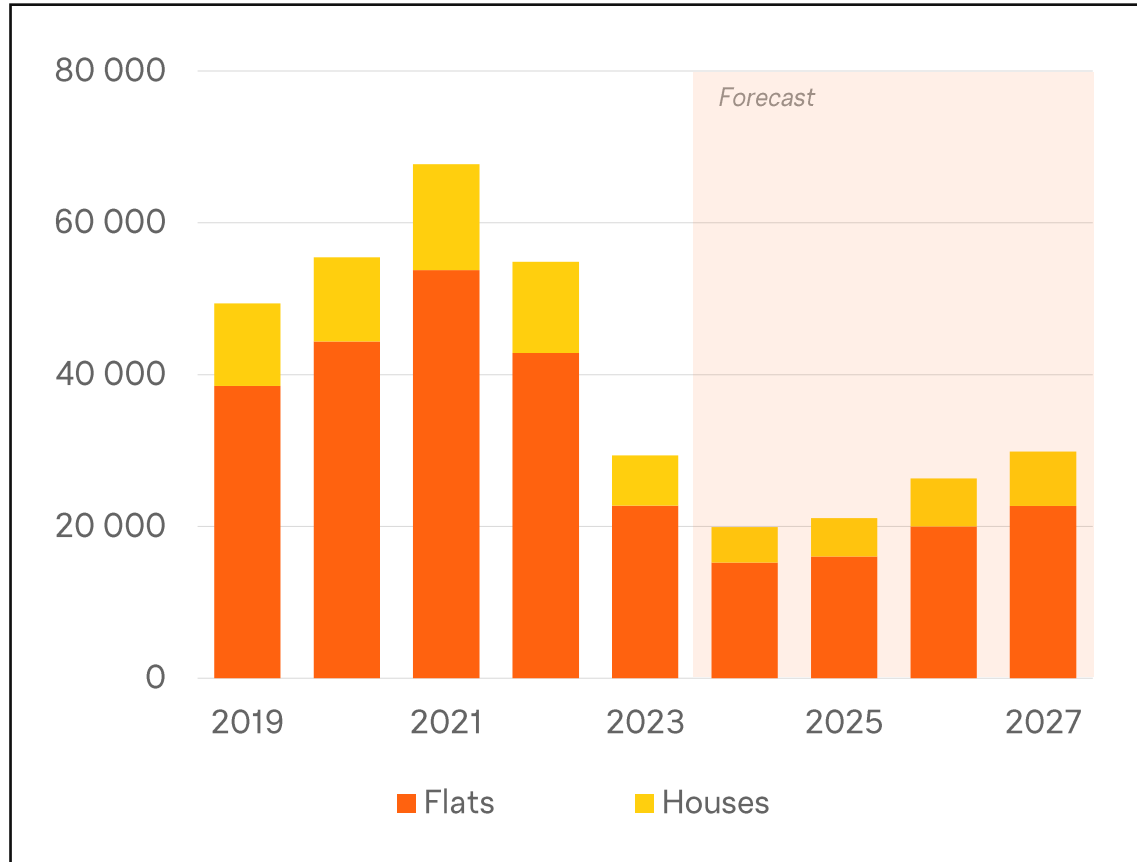
	Length of fixed interest period					
	3 Months	1 Year	2 Years	3 Years	4 Years	5 Years
Feb 2025	3.1%	3.1%	3.1%	3.1%	3.3%	3.3%
Jan 2026	3.1%	3.2%	3.3%	3.4%	3.6%	3.6%
Jan 2027	3.2%	3.3%	3.4%	3.5%	3.7%	3.7%
Jan 2028	3.2%	3.3%	3.4%	3.6%	3.7%	3.8%
Jan 2029	3.2%	3.4%	3.5%	3.6%	3.8%	3.8%

Note: Refers to average interest rates on the mortgage market, not SBAB's list or average interest rates



Low rate of new housing construction

Housing construction (number of homes)



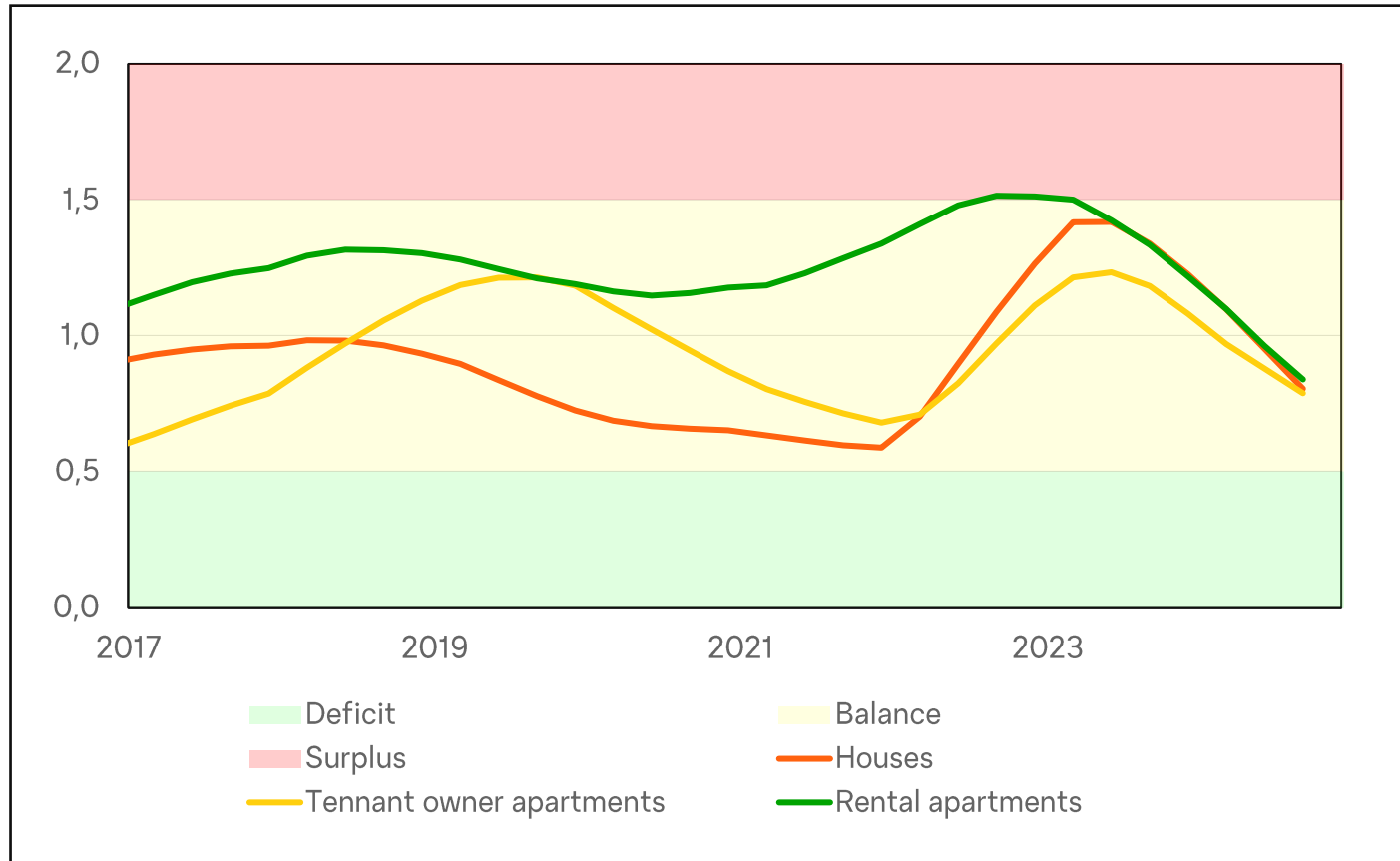
Rapid deceleration - still need for new housing

- Housing construction has declined rapidly, from about 68,000 housing starts in 2021 to about 29,000 housing starts in 2023
- A further decline is expected in 2024 followed by a roughly equally low level of construction starts in 2025 of about 20,000 homes. Thereafter, a moderate increase in the pace of construction is expected
 - The situation for housing construction is expected to improve with lower interest rates and stronger demand from households
- There is currently a housing deficit in Sweden. The purchasing power-based housing shortage is estimated to be under 20,000 homes at the end of 2024
- The need for housing increases by around 20,000–30,000 homes per year because of population growth



Overall balance in housing construction

SBAB Booli Housing Market Index (HMI) 2024 Q3 (index)



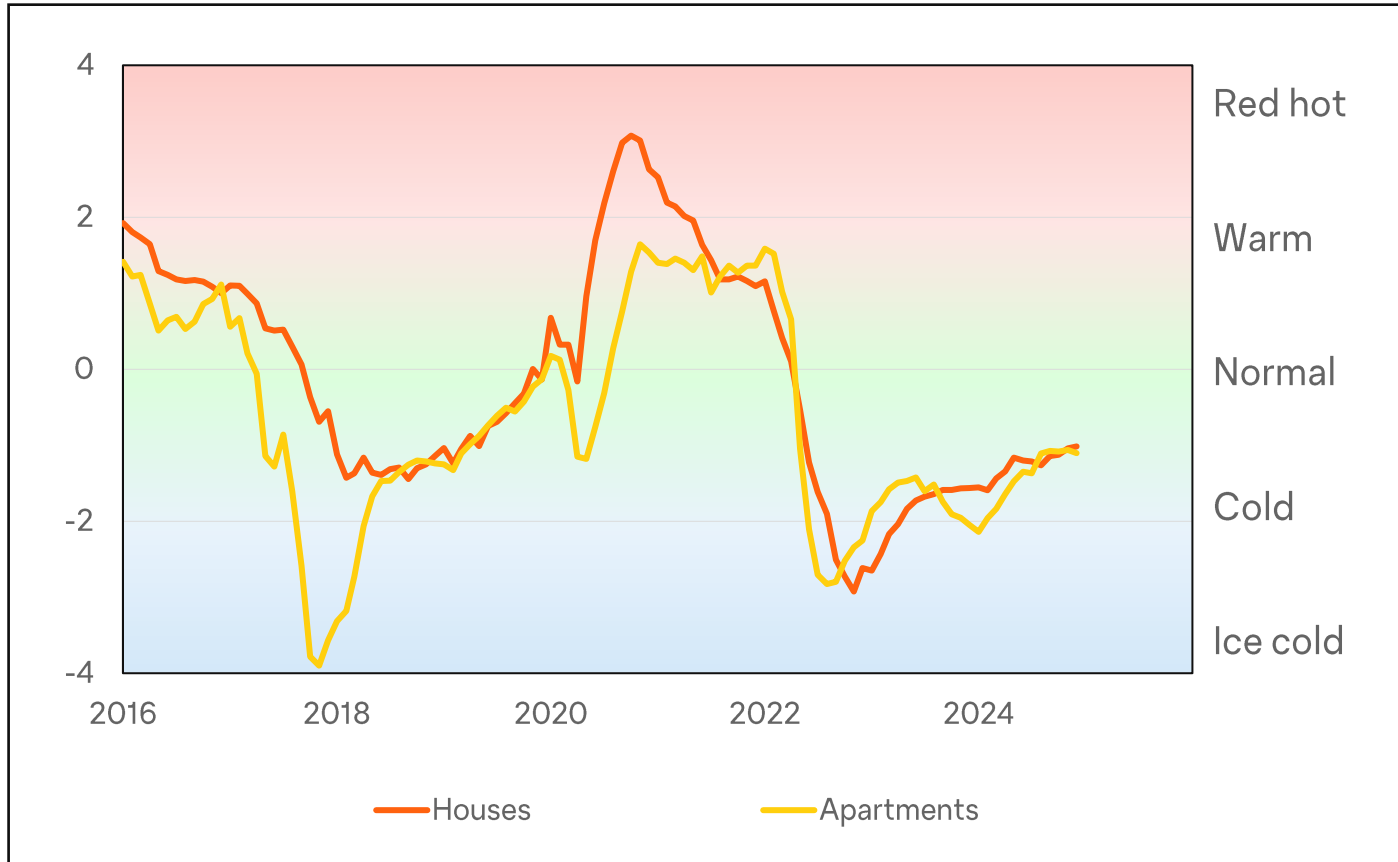
Changes in trends to balance

- Currently, there is an overall balance in the market for newly produced housing, which applies to all forms of housing
- Rising interest rates in 2022 dampened the demand for housing and resulted in a rapid trend towards a surplus of newly produced houses and tenant-owners' rights (apartments)
- The lower demand for housing was quickly met by a falling construction rate in 2023 and 2024, which caused the overall trend to turn around towards a deficit
- If the HMI-trend continues to fall at the same pace, deficits could occur towards the end of 2025
- There are local differences with both surpluses and deficits



Still partly difficult to sell homes

SBAB Booli Housing market temperature (standard score)



Slow improvement in the housing market

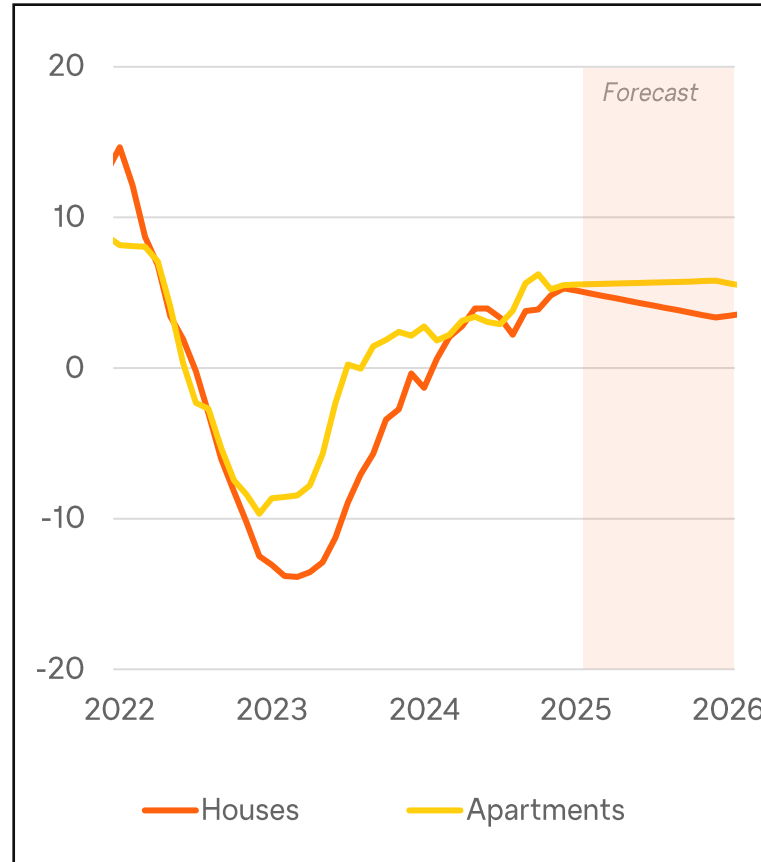
- Starting in fall of 2022, the conditions for selling homes changed dramatically following rising mortgage rates and increased living costs
- In 2023 and 2024, the situation improved, although fluctuating up and down for apartments, approaching more normal levels
- At the beginning of 2025, the conditions are between cold and normal for Sweden as a whole, but normal for apartments in the inner cities for metropolitan areas
- The conditions are measured as standardized scores for six variables: housing supply, number of days at Booli, number of republished homes, proportion reduced-price homes, number of bidders, and average bid premium



Housing prices are increasing as expected

Housing price index (January 2013=1) and Housing price development, YoY (%)

	Index Dec-24	Change since		
		1M	3M	12M
Sweden (HPI)	1.83	-1.2%	-2.6%	+4.2%
Flats	1.89	-1.1%	-2.0%	+7.1%
Stockholm	1.76	-2.0%	-2.2%	+6.4%
Gothenburg	1.83	-0.9%	-3.1%	+8.6%
Malmö	2.00	-1.4%	-2.2%	+6.8%
Houses	1.80	-1.3%	-3.0%	+2.7%
Stockholm	1.76	+0.3%	-2.0%	+6.1%
Gothenburg	1.74	-0.3%	-2.5%	+2.2%
Malmö	1.89	+1.3%	+1.0%	+10.0%



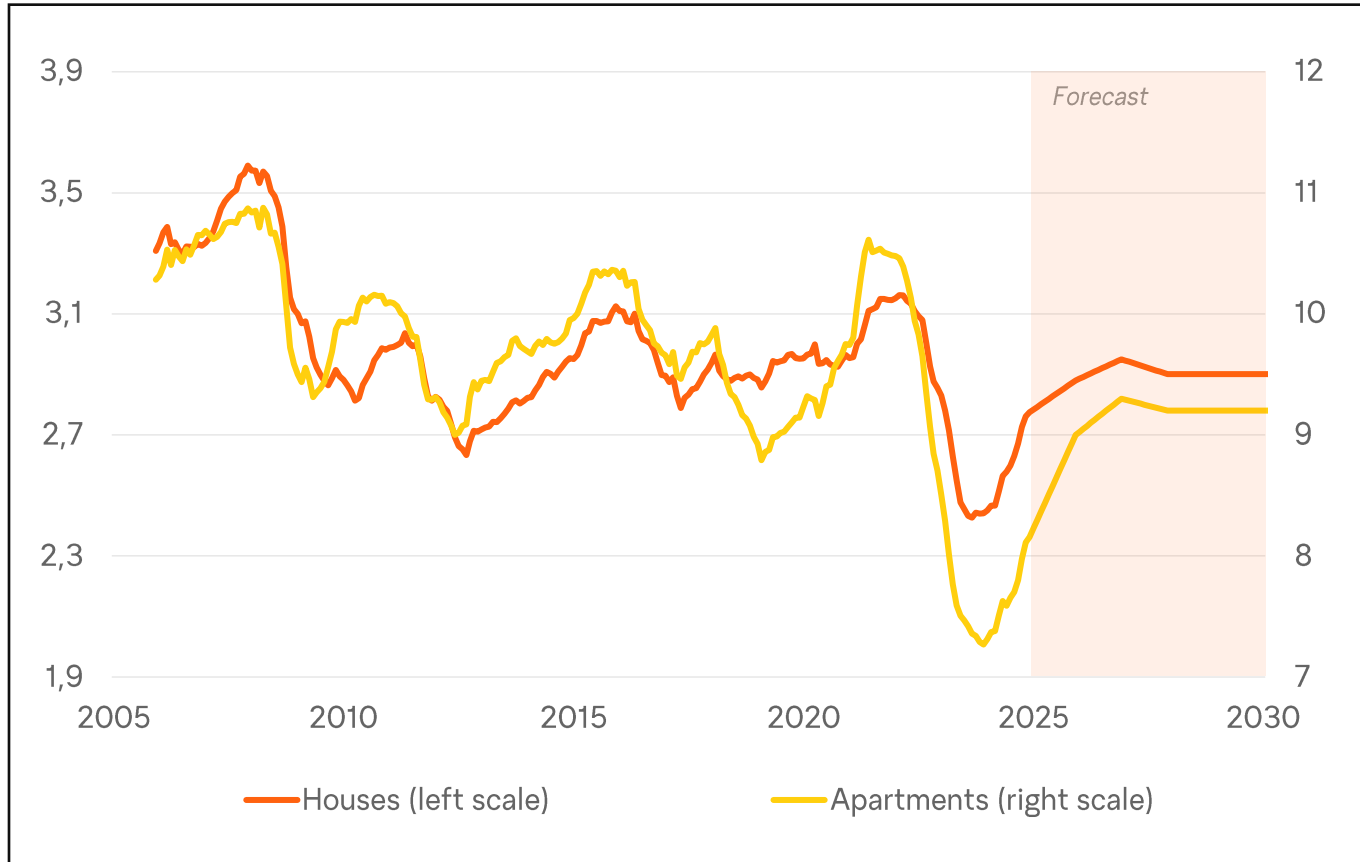
Rising housing prices again

- Housing prices have increased by an average of 4.5% over the past ten years, including 2024
 - History indicates that peak years with housing prices rising more than 15%, and bottom years with falls below -5% are common
 - The recent bottom has been somewhat deeper than normal
- SBAB's forecast is that housing prices will increase by 4–5% per year in 2025 and 2026, and then increase by around 3% per year
 - The forecast is based on a user cost of housing model; apparent deviations from this may occur in the short term, e.g. as a result of a mismatch between supply and demand or rapid changes of households' expectations on future factors



Dampened housing turnover in recessions

Housing turnover rate (share per twelve months of each stock (%))



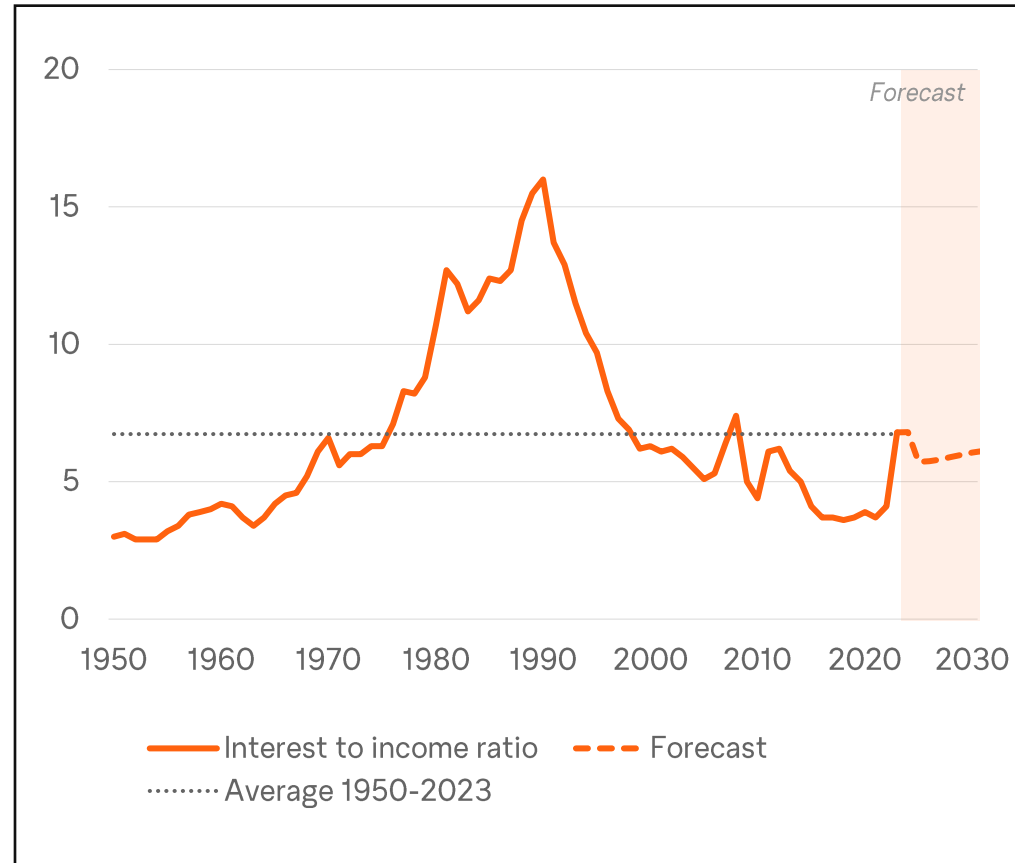
Differences in the normalization of turnover rates

- Housing turnover increased steadily in 2024 after the record steep decline in 2022 and 2023
- The average turnover rate in 2024 was 2.8% for houses and 8.2% for apartments, which is below the estimated long-term/normal levels at about 2.9% per year for houses and 9.2% per year for apartments
- In December 2024, the seasonally adjusted trend turnover rate was 2.9% per year for houses and 8.6% per year for apartments. Thus, only apartments are currently experiencing a lower turnover
- The housing turnover for apartments is expected to recover further in 2025 and to reach normal levels in 2026
- There is a clear historical pattern with high turnover during booms and low turnover during recessions



Interest expenditures at a normal level

Gross interest expenditure (% of disposable income)



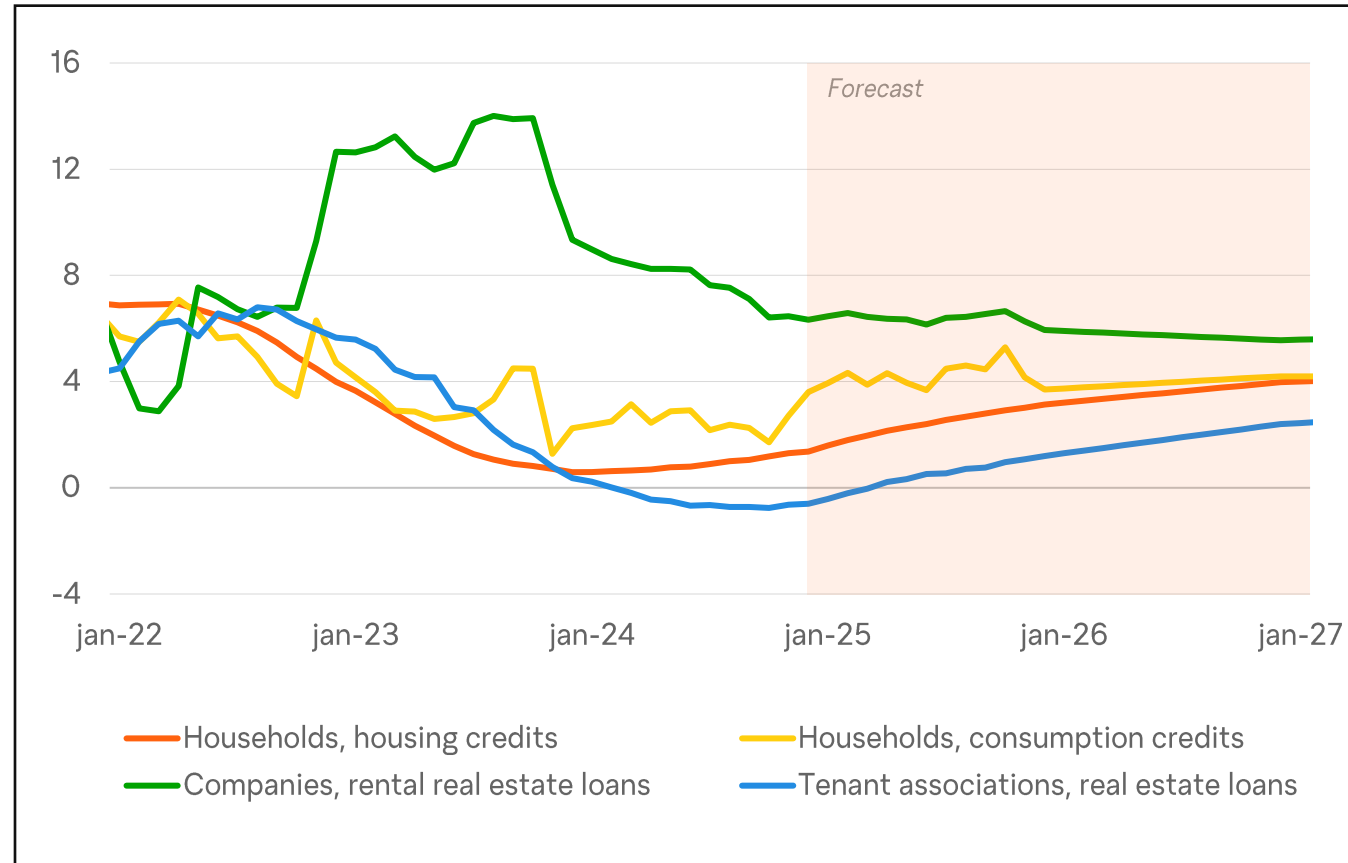
Interest expenditures at the historically normal level

- Rising debt-to-income ratio over the years, but due to long-term falling interest rates relatively stable interest-to-income ratio
- Despite higher interest rates, interest expenditures are in line with the historical average based on annual data up to and including 2023
- Interest expenditures in relation to disposable income at a normal level in 2023, despite a steep rise in mortgage rates compared to the beginning of 2022
- The interest-to-income ratio is expected to remain at 6.8% in 2024, before falling back in 2025 to around 5.7% before tax deductions (about 4.0% after tax deductions)
- Factors to consider regarding the interest expenses ratio:
 - Interest expenses are, compared to early years, distributed amongst more households
 - Interest expenses as a share of income differs between younger and older homeowners, and between households in metropolitan areas and sparsely populated areas



Credit growth development

Credit growth, YoY growth rates (%)



A fragile recovery in credit growth to households

- The growth rate of household mortgages has averaged over the past ten year to over 5% per year
- According to SBAB's forecast, the growth rate of household housing credits is expected to continue to rise during 2025, approaching 3% per year at the end of the year, and then continue to increase to about 4% per year in 2026
 - The forecast considers e.g. the developments of household income, mortgage rates, housing prices and turnover
- Credit growth for non-financial companies' real estate loans has slowed in 2024 compared to the unusually high growth rate in the previous year. This year, the growth rate is expected to fall to just under 6%
- Credit growth for tenant-owners' associations was negative in august 2024 at -1.2%, but has since turn around and is expected to increase to slightly over 1% in 2025



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Appendix



Financial targets from owner

	Target	Results 2024	2023	2022	2021	2020
<u>Profitability:</u> Return on equity over time	≥10%	10.4%	11.5%	10.5%	11.1 %	10.8%
<u>Dividend:</u> Ordinary dividend based on profit for the year after tax, taking the Group's capital structure into account	≥40%	n/a	40%	40%	40%	0%
<u>Capitalisation:</u> CET1 capital ratio and total capital ratio above regulatory requirement communicated by the Swedish FSA *	CET1 capital ratio: >0.6%	2.6%	2.2%	2.6%	4.3%	5.4%
	Total capital ratio: >0.6%	3.1%	2.6%	3.0%	4.2%	5.4%



Overview of mortgage lending

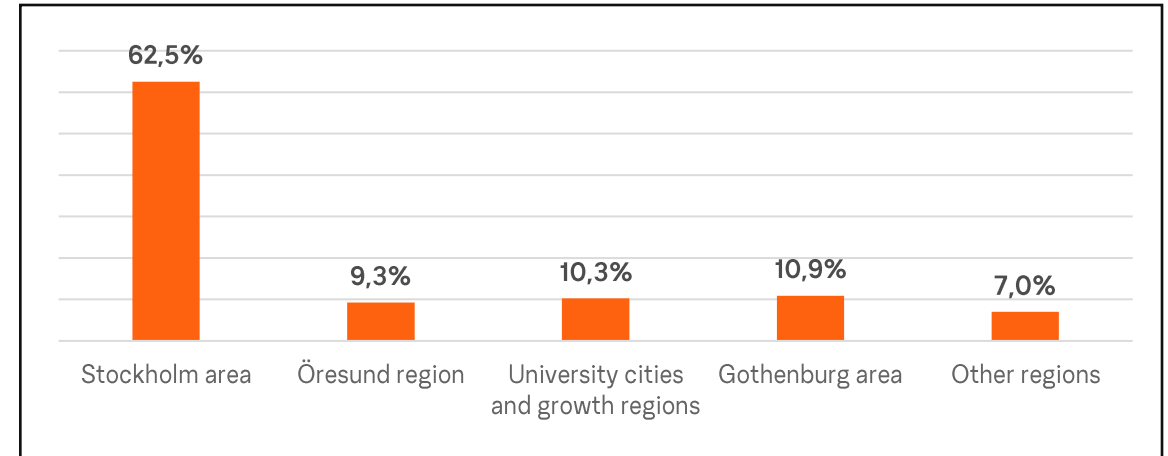
Regulatory requirements:

- Regulatory maximum LTV of 85% since 2010
- Regulatory amortization requirements since 2016 (amortization of 2% per year if LTV = 70-85% and 1% per year if LTV = 50-70%)
- Additional amortization requirement from 2018 (additional 1% amortization on top of the original requirement if DTI > 4.5x)
- Exemption from amortization requirement during April 2020 until August 2021 due to Covid-19

SBAB underwriting criteria:

- Credit granting based on an affordability assessment, i.e. funds left to live on post interest payments (including stressed interest rate), housing expenses and other general living expenses
- Affordability assessment (KALP) revised frequently to factor in changes in general living- and housing expenses
- Credits granted to at most a DTI of 5.5x (irrespective of LTV)
- At YE 2024, the average LTV ratio in the mortgage portfolio amounted to 59%. At the same date, the average residential mortgage loan amounted to SEK 1.9 million (1.9). LTV and DTI for new lending during Q4 was 68% and 3.7x respectively

Geographical distribution (%)



59%

Average
LTV

SEK 1.9 mn

Average
loan



Mortgage pricing

– Small differences in mortgage rates between market participants & continued pressure on margins

Risk-based and transparent pricing model

- Our mortgage rates are based on the current list interest rates for the respective fixed interest period, which are published on sbab.se. The customer's specific interest rate is presented as a deviation from the list rate. The deviation is based on the LTV ratio, i.e. the proportion of the mortgage in relation to the market value of the home, the home's energy class and the size of the mortgage
- Lower risk = better price
- No negotiation & no time-limited discounts
- Focus on transparent pricing with low differences between list rates and actual mortgage rates
- The share of SBAB's mortgage lending with a three-month fixed-interest period amounted to 84.9% at YE 2024

List rate



Discount

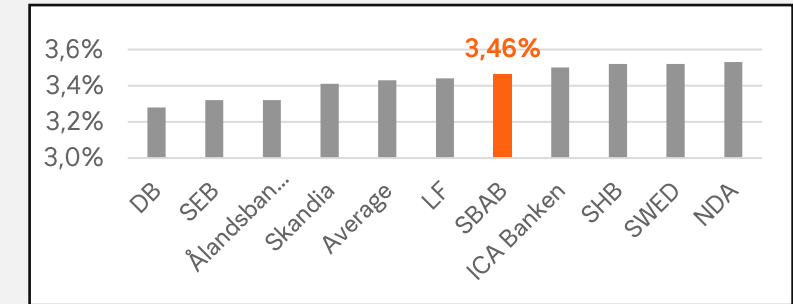
(LTV)

(Size of loan)
(Energy class)

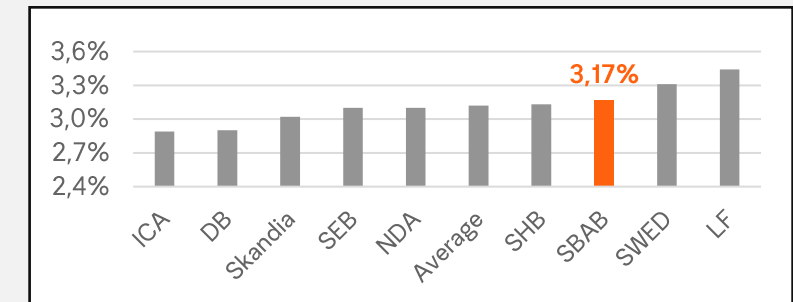


Actual rate

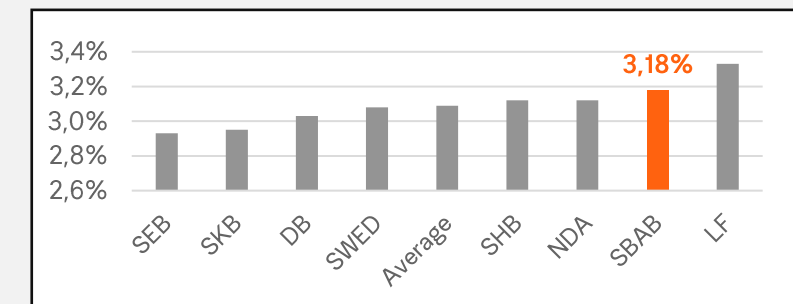
Average mortgage rates(variable 3M) (Dec 2024)



Average mortgage rates (1Y) (Dec 2024)



Average mortgage rates (5Y) (Dec 2024)



Mortgage lending in Sweden – a low-risk business for several structural reasons



1 **Personal Liability:** A borrower is personally liable even after a default and foreclosure procedure, i.e., full and personal recourse

2 **Affordability Assessment:** Mortgage lending in Sweden is based on household affordability in the long term, i.e. funds left to live on after interest payments (including stressed interest rate), housing expenses and other general living expenses

1 **“Originate and hold” model:** No “originate to distribute” model, no subprime lending

2 **Restricted Buy-to-Let Market:** Restricted buy-to-let market due to regulated rental market and tenant owner subletting restrictions



1 **Social Security:** Well developed welfare system raising households’ ability to service debt even during times of unemployment

2 **Mortgage Deed System:** A Mortgage Deed for every house is registered and controlled by the Swedish mapping, cadastral and land registration authority (Lantmäteriet)

3 **Credit Information Agency:** National computerized data base with information regarding civil status, income and changes in income, assets, debt, payment complaints and recent inquiries at the agency. Used in every credit process regarding loans

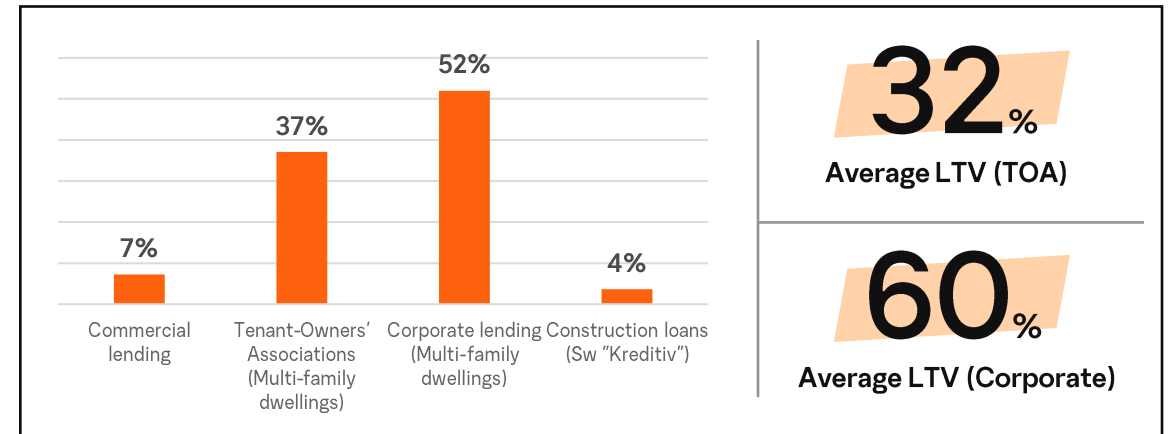
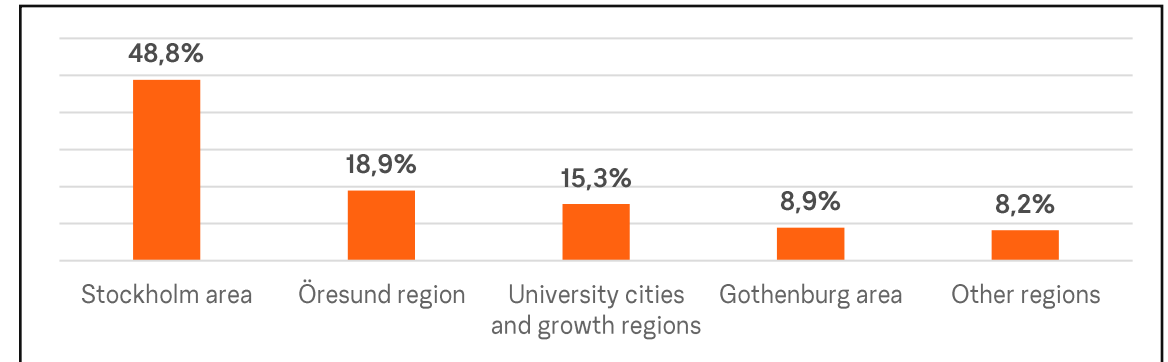
4 **Enforcement Authority:** Lender can initiate an enforcement order with this office to enforce his claim, this process normally takes up to 90 days



Deep dive: Corporate & TOA lending

- Primary focus is on financing multi-family dwellings ("housing"/"residential") in geographies with strong demand. Focus on large and experienced property companies/groups with strong balance sheet
- More conservative underwriting standards implemented during recent years (e.g. regarding LTV, amortization and occupancy levels) in parallel with decreasing yields and increased indebtedness in the market
- Internal limits for construction loans (Sw "kreditiv") vs. total lending and commercial lending vs. total lending
- Strong volume growth but no significantly increased asset risk in line with long-term strategy of growing with selected reputable and financially strong customers
- Increased frequency of monitoring of property companies/groups with high share of capital market financing and/or customers with construction loans (which could be negatively impacted by rising interest rates and increased prices of input goods and construction material)

Geographical distribution (%)

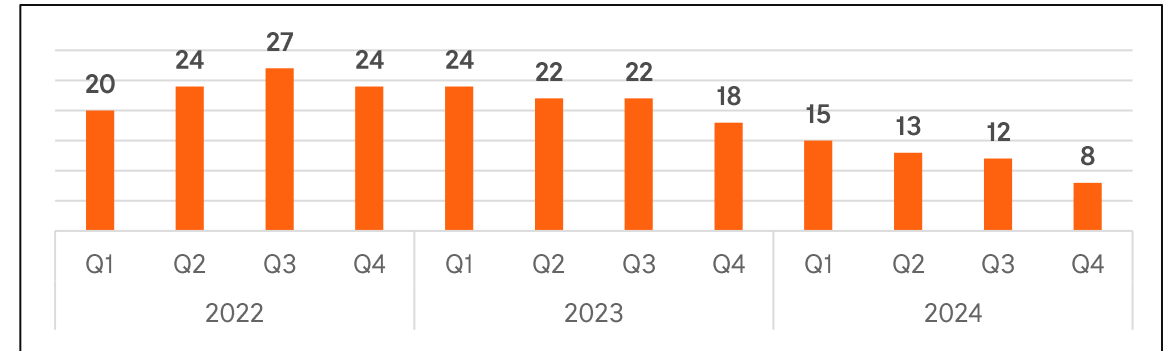


Deep dive: Construction loans

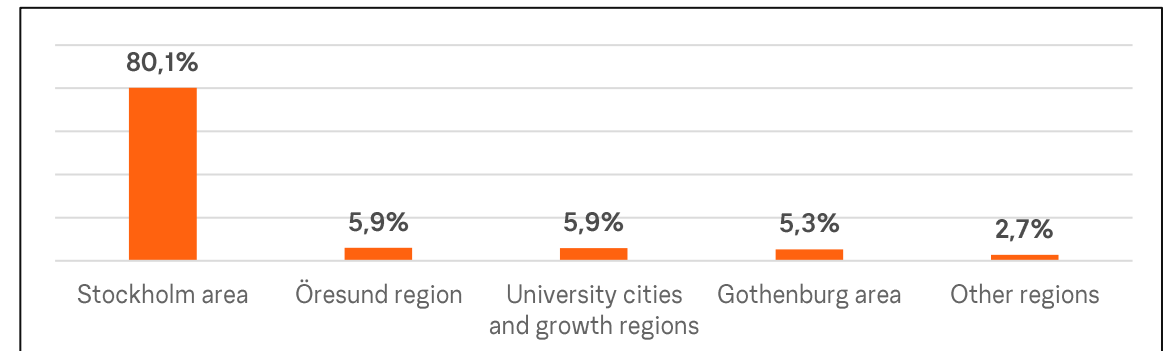
Comments

- Rapid fall in new construction (i.e. existing projects being finalised but low inflow of new projects)
- 44 outstanding construction loans (43 properties) totalling SEK 8.0 billion (of which 77% disbursed)
- Focus on major residential developers and existing relationships with solid track records
- Most of the construction loans are to companies with diversified revenue streams (i.e not only from real estate development, but from rental apartments, infrastructure projects and real estate management)
- Prudent acceptance levels for smaller residential developers, e.g., higher levels of equity, number of sales agreements
- Analysis of the construction loan portfolio is carried out on an ongoing basis

Development of construction loan portfolio (SEK bn)

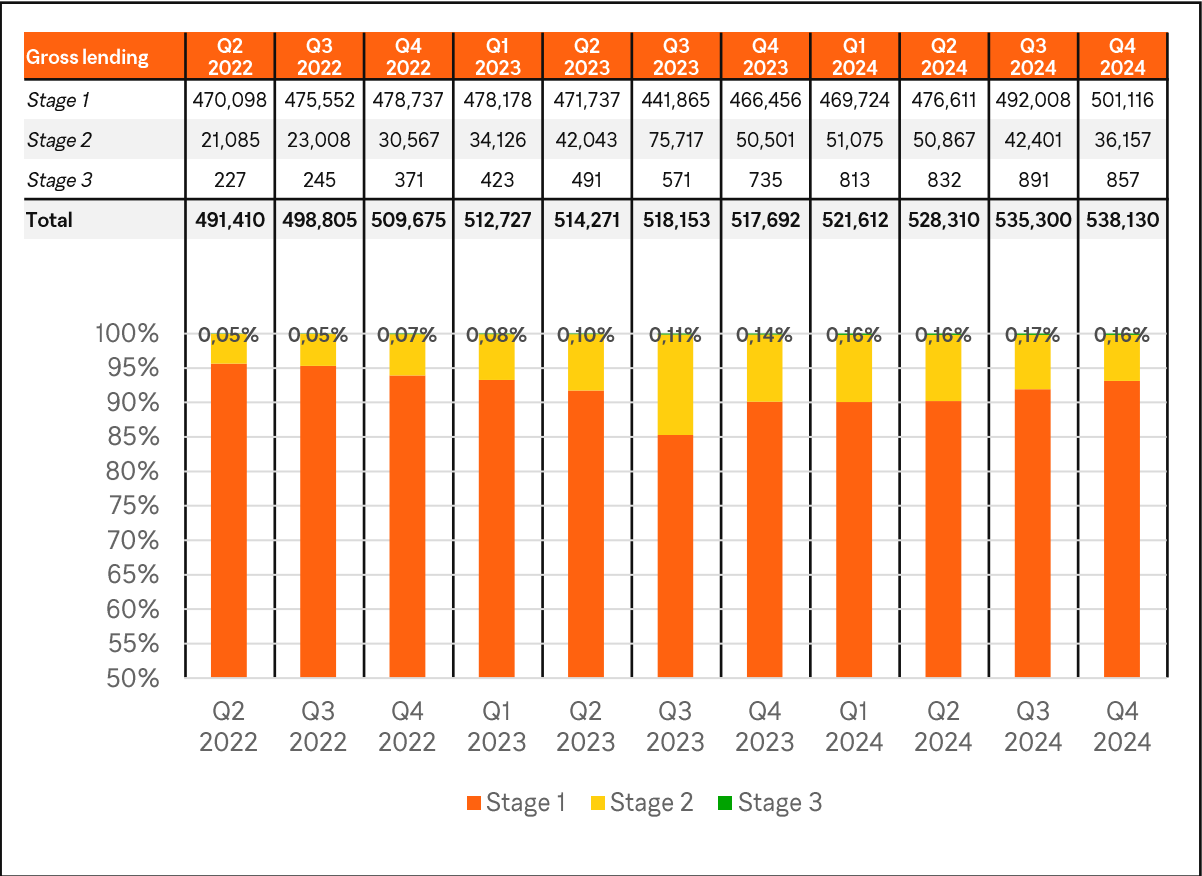


Geographical distribution (%)

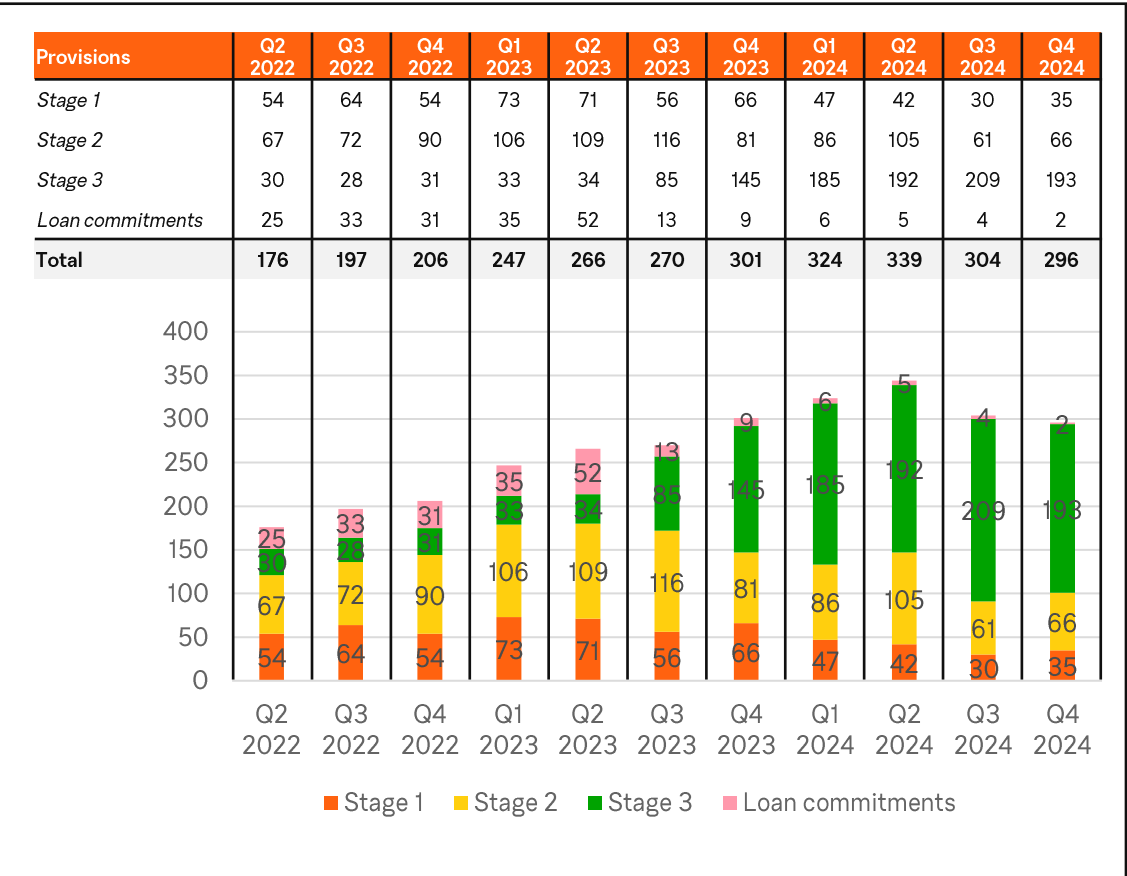


Development of provisions

Lending to the public by credit stage (gross)



Development on provisions



Frequent update of macro scenarios in impairment model

(x) = YE 2023

Comments

Factors	Scenario 1 (40%)			Scenario 2 (10%)			Scenario 3 (25%)			Scenario 4 (25%)		
	2025	2026	2027	2025	2026	2027	2025	2026	2027	2025	2026	2027
GDP ¹⁾ , Δ	2.2%	5.3%	7.4%	3.3%	8.1%	11.2%	-6.8%	-0.6%	2.2%	-2.9%	-3.7%	-2.3%
Repo rate	2.2%	2.1%	2.2%	2.1%	2.1%	2.4%	2.4%	2.5%	2.5%	2.7%	3.2%	3.2%
Unemployment	8.3%	7.9%	7.5%	8.1%	7.1%	6.3%	8.7%	11.1%	10.0%	8.5%	9.4%	10.1%
House prices, Δ	2.0%	4.5%	3.6%	6.6%	1.3%	3.2%	-7.3%	-5.9%	0.3%	-8.2%	-12.7%	-8.2%
Prices of tenant-owners' rights, Δ	4.0%	4.5%	4.1%	9.4%	0.5%	3.5%	-6.4%	-9.4%	-1.0%	-8.8%	-16.6%	-7.3%
Property prices, Δ	-0.1%	1.2%	4.0%	2.5%	1.4%	2.8%	-6.3%	-5.8%	-6.3%	-8.1%	-8.4%	-11.9%
ECL	SEK 165 million (156)			SEK 158 million (137)			SEK 344 million (391)			SEK 513 million (666)		
Weighted ECL ²⁾	SEK 296 million (301)											

- At the end of 2024, total weighted ECL stood at SEK 296 mn, compared with SEK 301 mn at the end of 2023
- The bank conducts stress tests on its loans, considering severe scenarios like high interest rates, high unemployment, and sharp property price drops. It requires significant stress (i.e. a combination of several deteriorating factors in impairment model) to see any dramatic effects in ECL
- Strengthened ECL metrics in Q3 and Q4 on the back of a more positive macro development

1) Not included in the ECL calculation

2) Of which, SEK 300 million (292) was attributable to lending to the public and SEK 4 million (9) to off-balance-sheet items linked to loan commitments and building credits



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