

SBAB!

Investor Presentation (light version)

SBAB Bank AB (publ)

Q4 2024

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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



Straightforward business model

– Focus on collateralized lending in Sweden, lending portfolio predominantly residential mortgages

RETAIL LENDING

- Core product residential mortgages (5th largest player in Sweden) complemented with savings accounts
- No traditional retail bank branches, products and services offered online or by telephone
- Lending geographically concentrated to metropolitan areas in Sweden, including Stockholm, Gothenburg and Malmö, as well as university cities and growth regions
- Platform with value adding services relating to housing and household finances (through subsidiary Booli)



CORPORATE LENDING

- Lending to property companies, housing developers and tenant-owners' associations (ToA) as well as savings to corporates and organisations
- Multi-family dwellings, existing buildings or new construction, both privately owned and owned by ToAs
- Personal service from offices in Stockholm, Gothenburg and Malmö (credit granting concentrated to growth regions surrounding these three offices)
- Primarily target larger customers



	Volume (SEK)	Market share
Residential mortgages	366 bn	8.76%
Consumer loans	2 bn	0.52%
Retail deposits	202 bn	7.65%

	Volume (SEK)	Market share
Property companies (resident.)	105 bn	18.00%
Tenant-owners' Associations	65 bn	11.15%
Corporate deposits	54 bn	3.73%



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

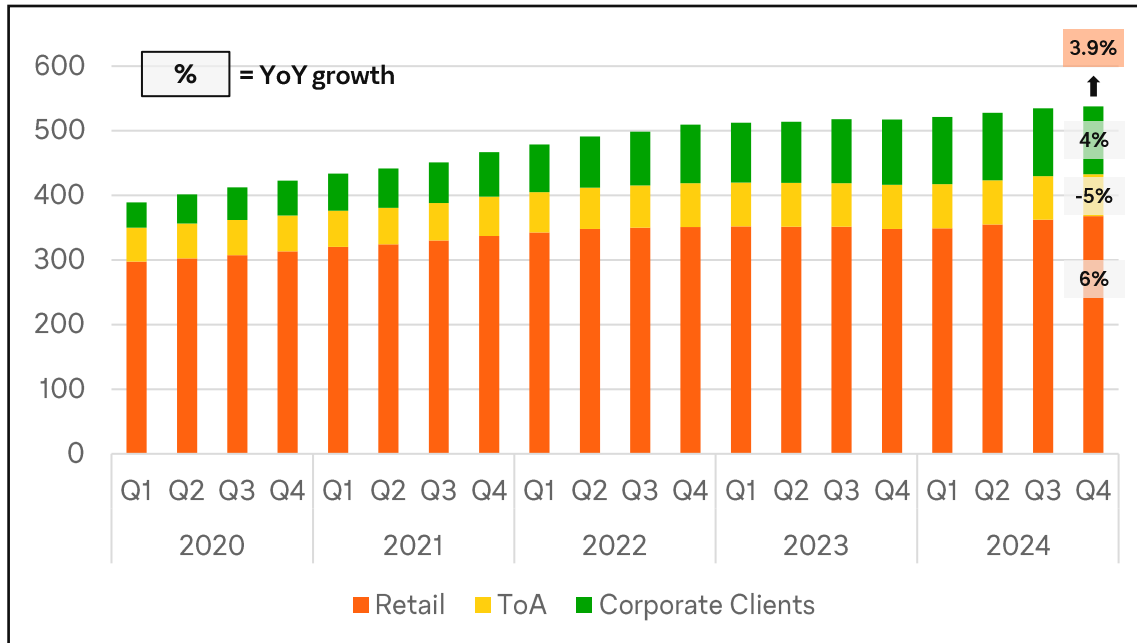
Target area	Target 2030
Long-term Value Creation	<ul style="list-style-type: none"> Return on Equity: ≥10%
Sustainable Society	<ul style="list-style-type: none"> Emission Reduction: -30% (-50% to 2038)
Customer Satisfaction	<ul style="list-style-type: none"> Market Share Residential Mortgages: 10% Market Share Corporates: 20% Market Share Tenant-Owners' Associations: 15%
Efficient Operations	<ul style="list-style-type: none"> Cost/Income Ratio: <30%
Attractive Workplace	<ul style="list-style-type: none"> Commitment: ≥4 (on a scale of 1-5)



Business development

– SBAB’s business model has delivered profitable growth for a sustained period of time

Lending development (SEK bn)



Deposit development (SEK bn)



Lending growth
(QoQ / YoY)

+0.5%

+3.9%

Deposit growth
(QoQ / YoY)

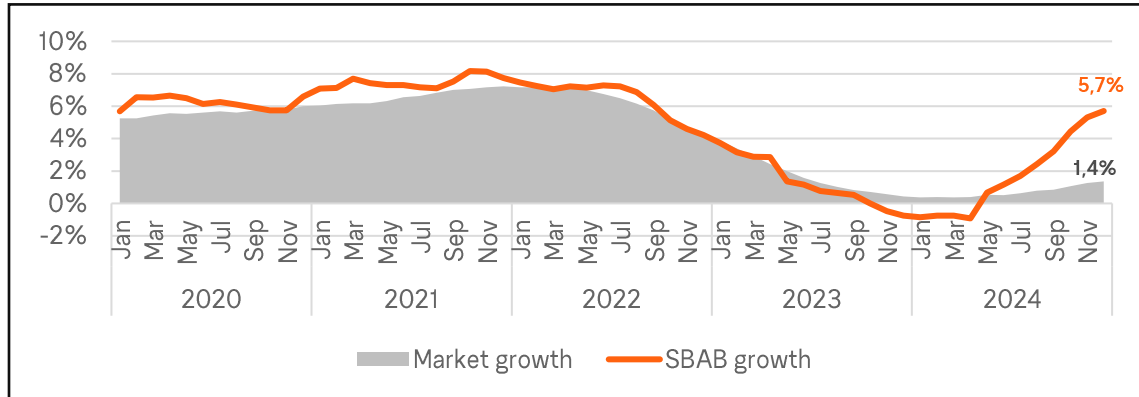
+3.1%

+18.9%

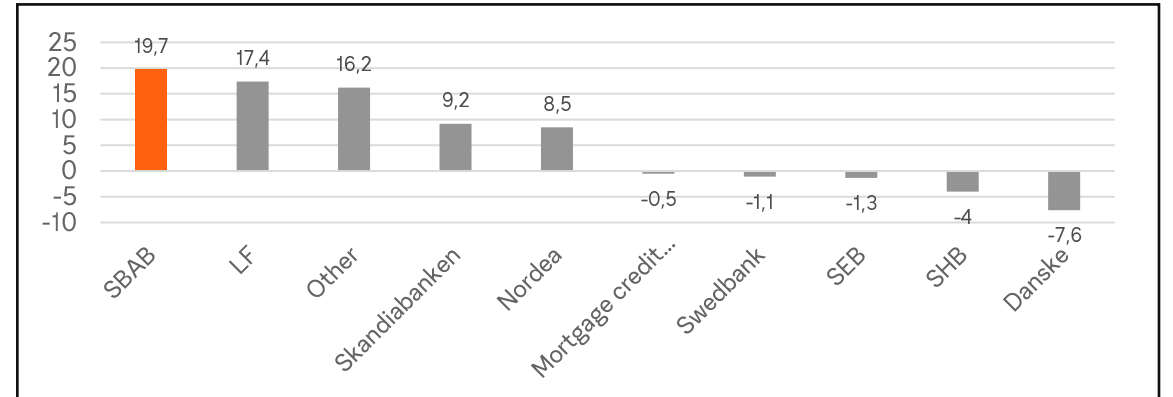


SBAB vs market growth

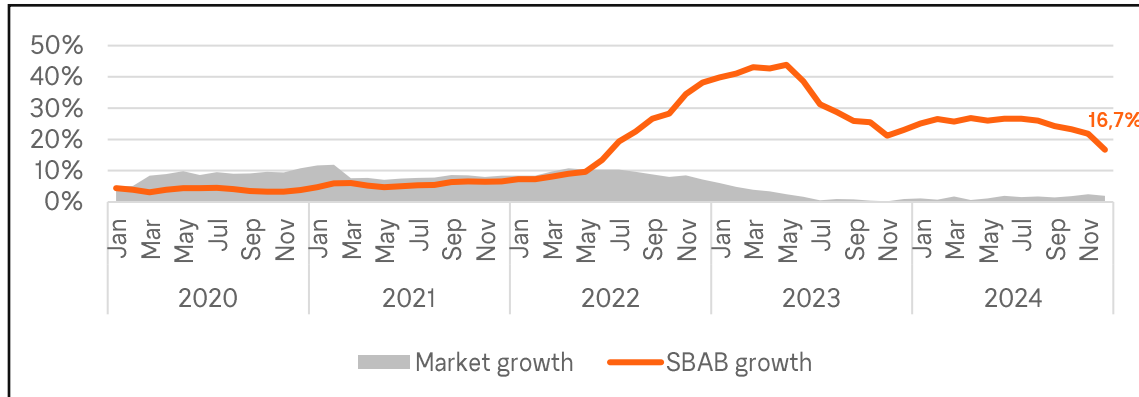
Mortgages: Market growth vs. SBAB growth (YoY)



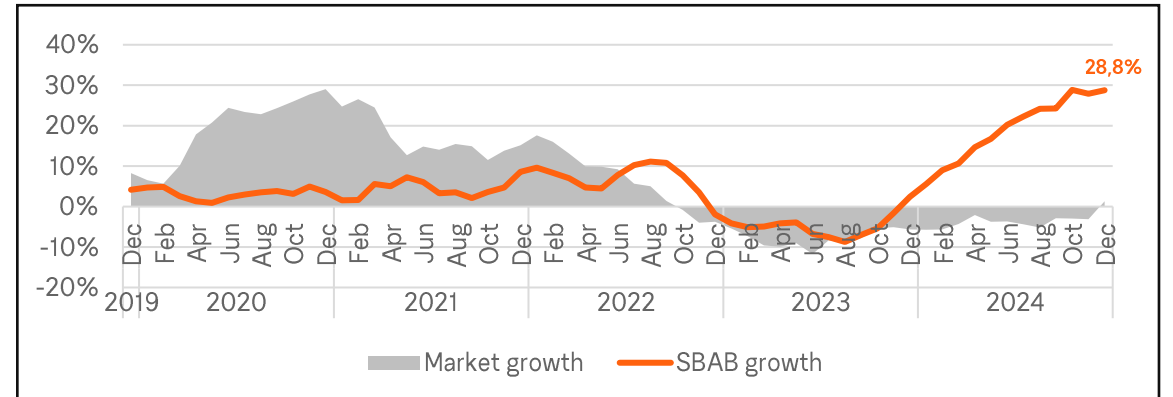
Mortgages: Volume change 2024 (SEK bn)



Retail deposits: Market growth vs. SBAB growth (YoY)



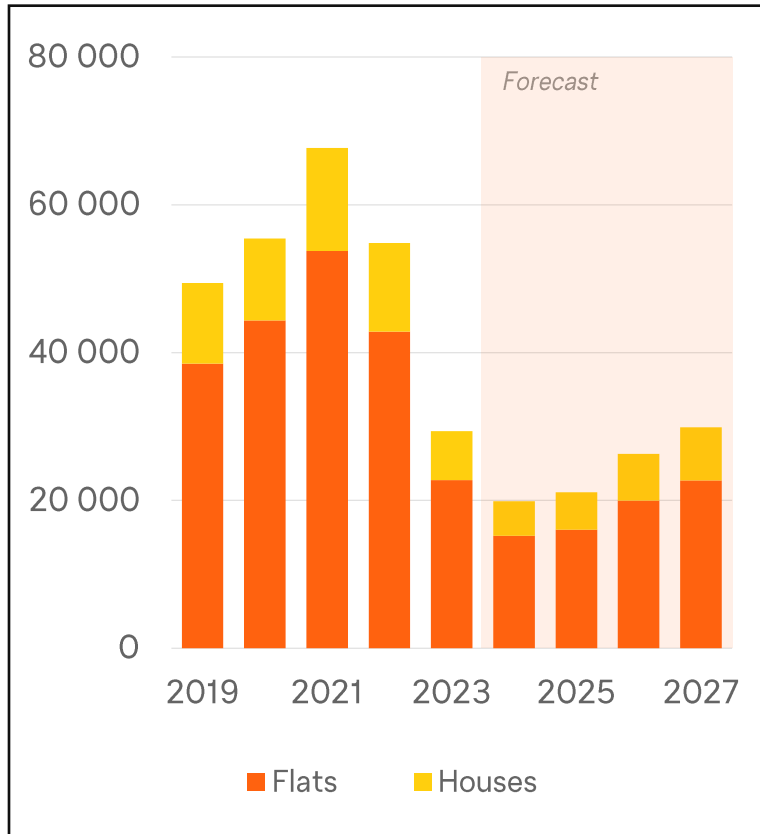
Corporate deposits: Market growth vs. SBAB growth (YoY)



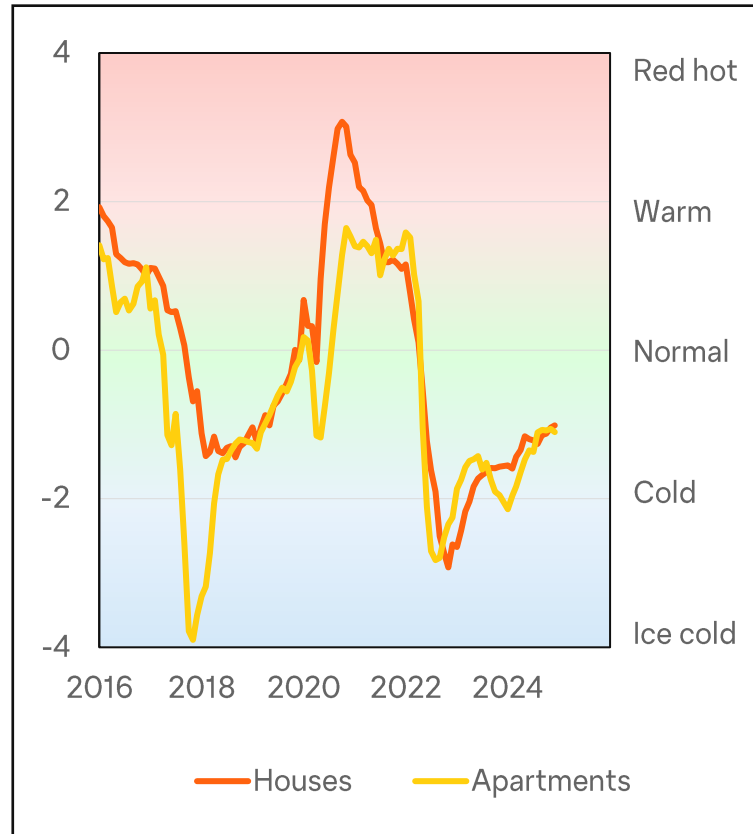
Housing market dynamics

– Some positive signs on the back of continued rate cuts from the Riksbank

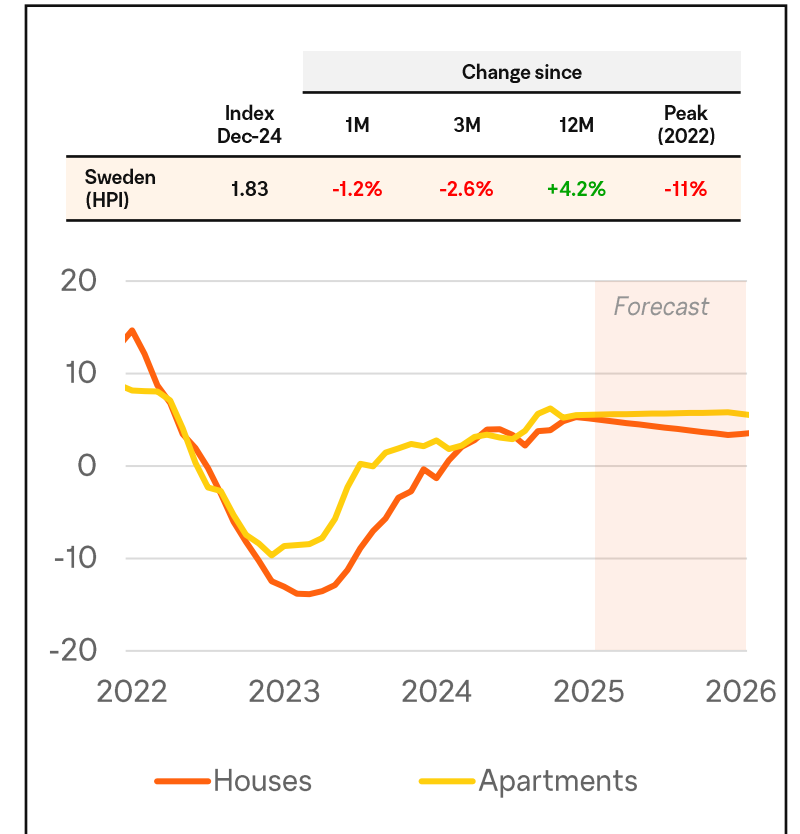
Housing construction



SBAB Booli Housing market temperature

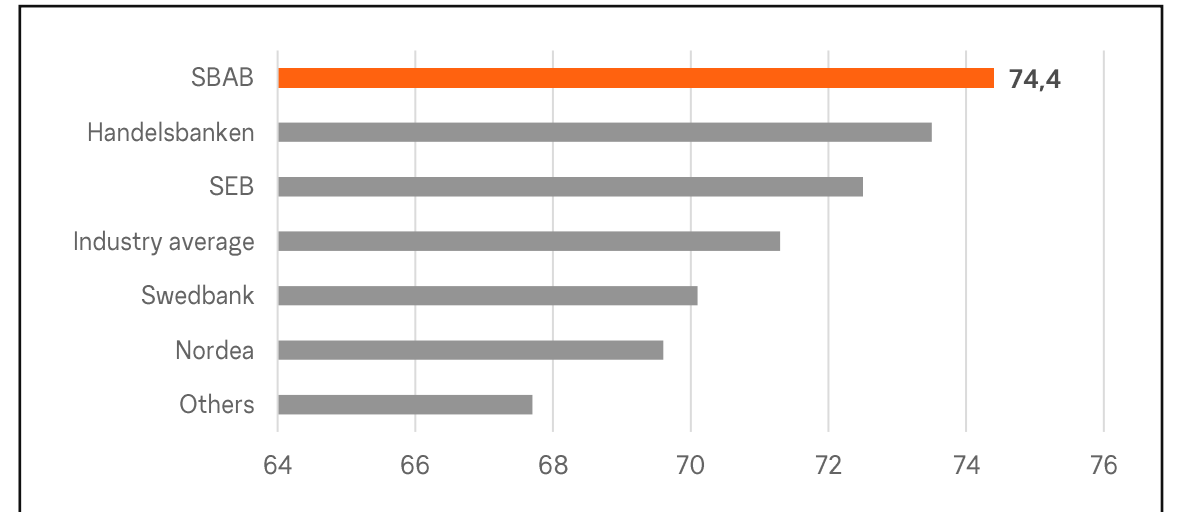
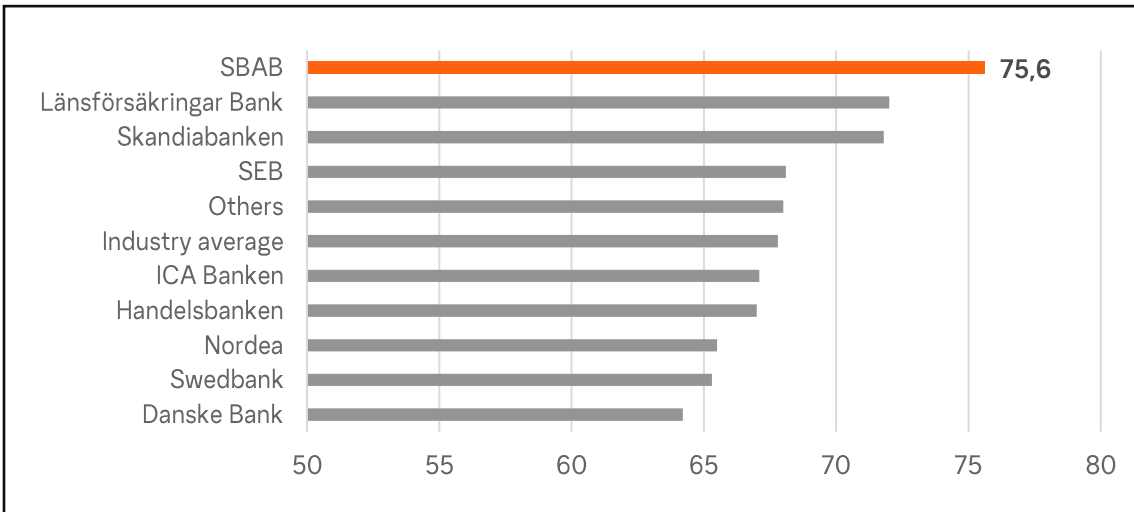
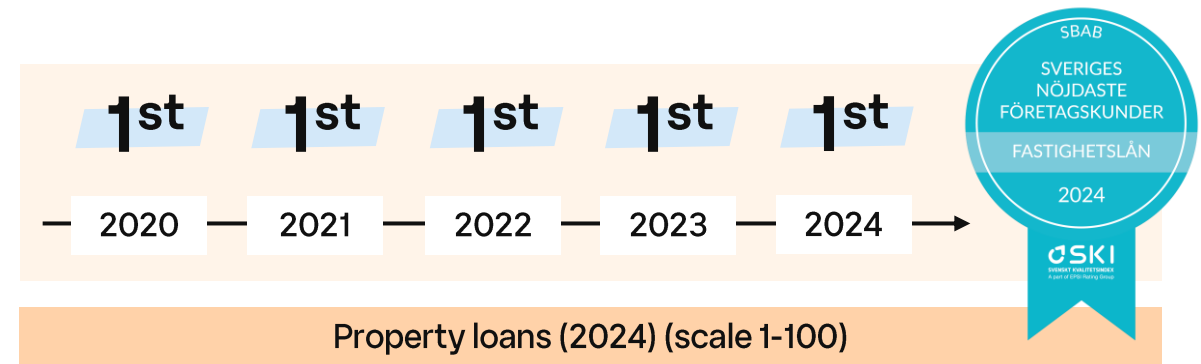
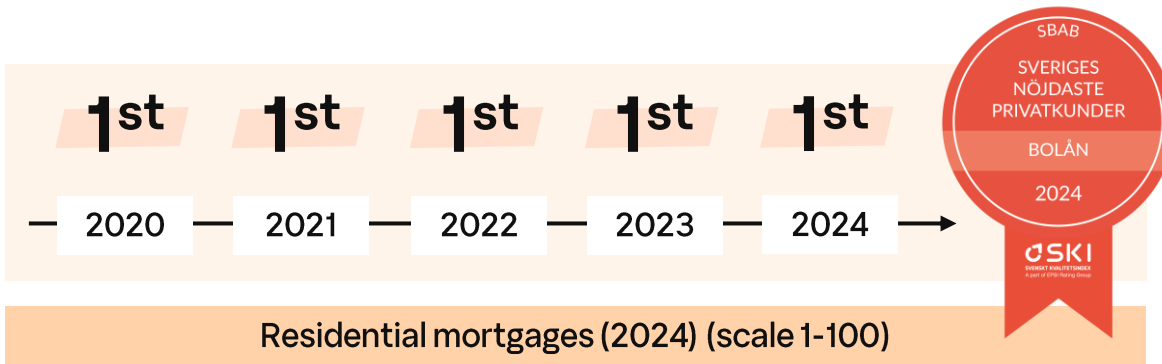


Housing price development



Customer satisfaction

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

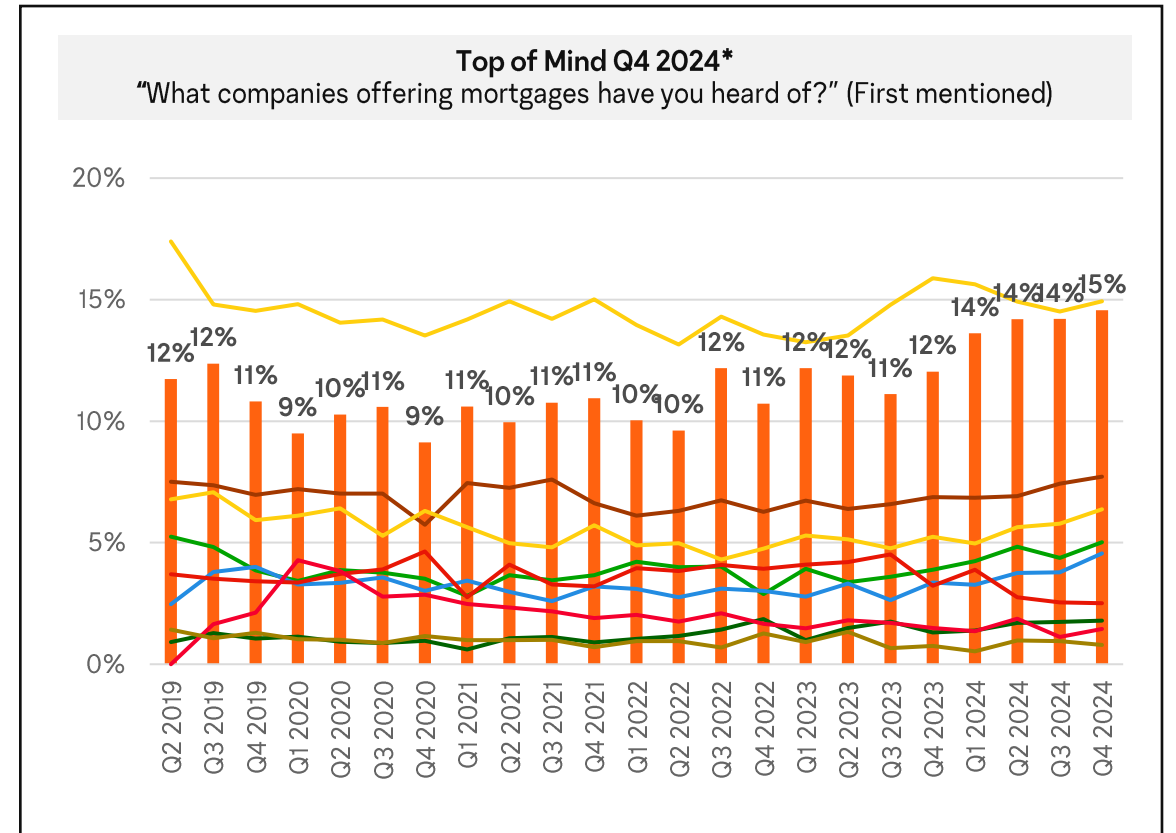


Key success factors

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>

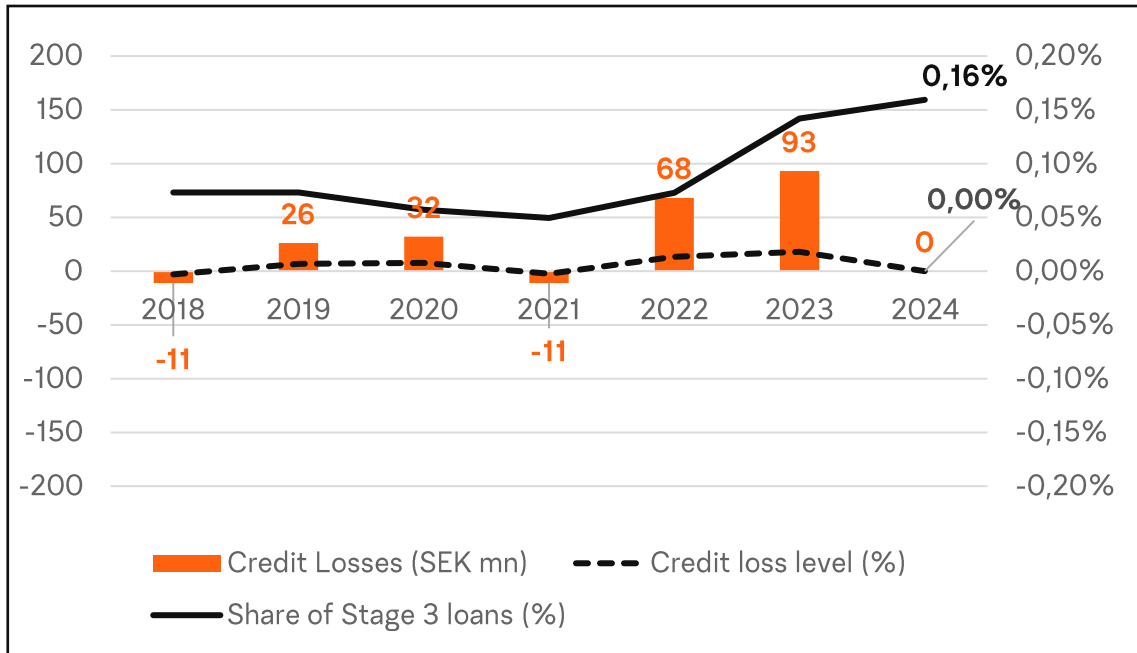
Strong brand awareness



Asset quality

– 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%

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 (Sw 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



Financial development

– Continued strong deposit inflow supportive for short-term NII development and profitability

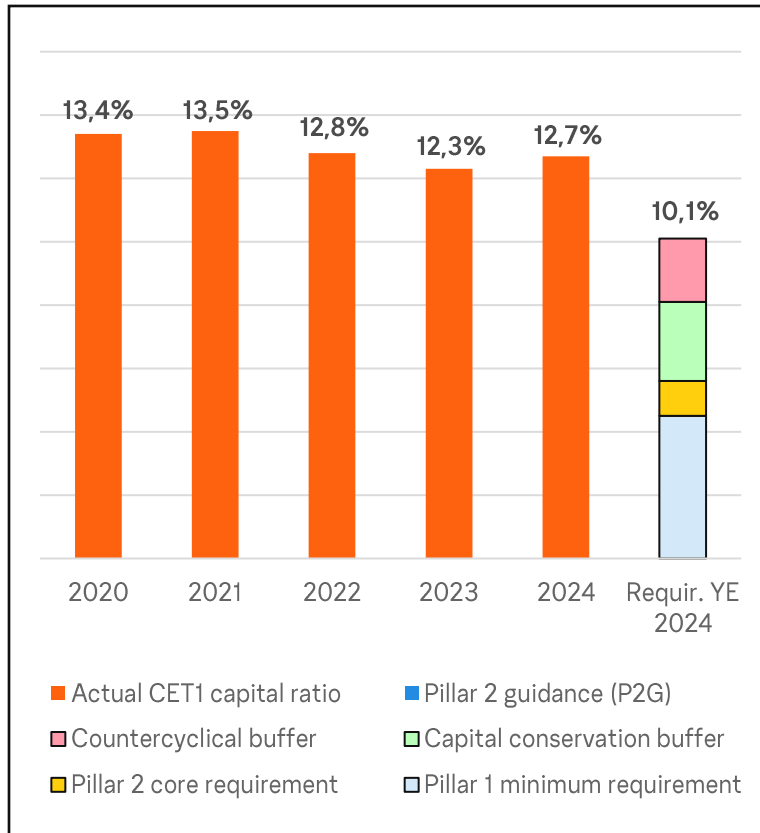
SEK million	2024	2023	▲	2022	2021	2020
Lending (SEK bn)	537.8	517.4	+3.9%	509,5	467.0	422,8
Deposits (SEK bn)	255.9	215.2	+18.9%	182.4	145.0	135.7
Net interest income	5,288	5,446	-2.9%	4,655	4,114	3,747
Net commission	-54	-34	-20 mn	12	29	-24
Net result financial transact.	86	-95	+181 mn	-35	-71	-38
Costs	-1,907	-1,663	+14.7%	-1,529	-1,492	-1,335
Loan losses	0	-93	-93 mn	-68	11	-32
Imposed fees (risk tax and resolution fee)	-570	-541	+29 mn	-445	-	-
Operating profit	2,900	3,070	-5.5%	2,639	2,641	2,361
C/I ratio (%)	35.5%	31.0%	+4.5 pp	32.7%	36.2%	35.8%
Return on equity (%)	10.4%	11.5%	-0.9 pp	10.5%	11.1%	10.8%
Loan loss ratio (%)	0.00%	-0.02%	+0.02 pp	-0,01%	0,00%	-0,01%



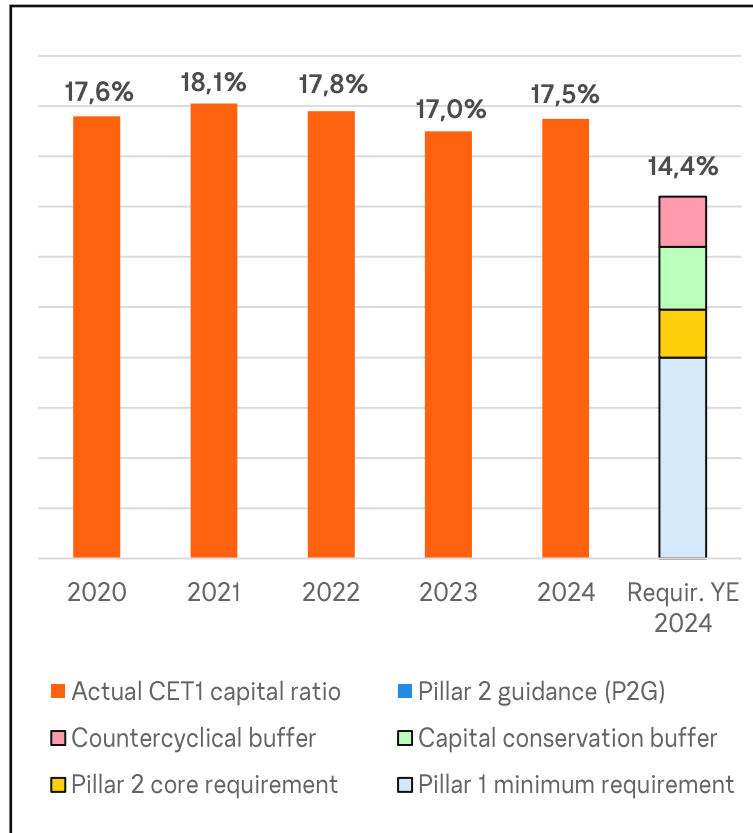
Capital position

- Well within range of management CET1 capital target of 1-3% above regulatory requirement

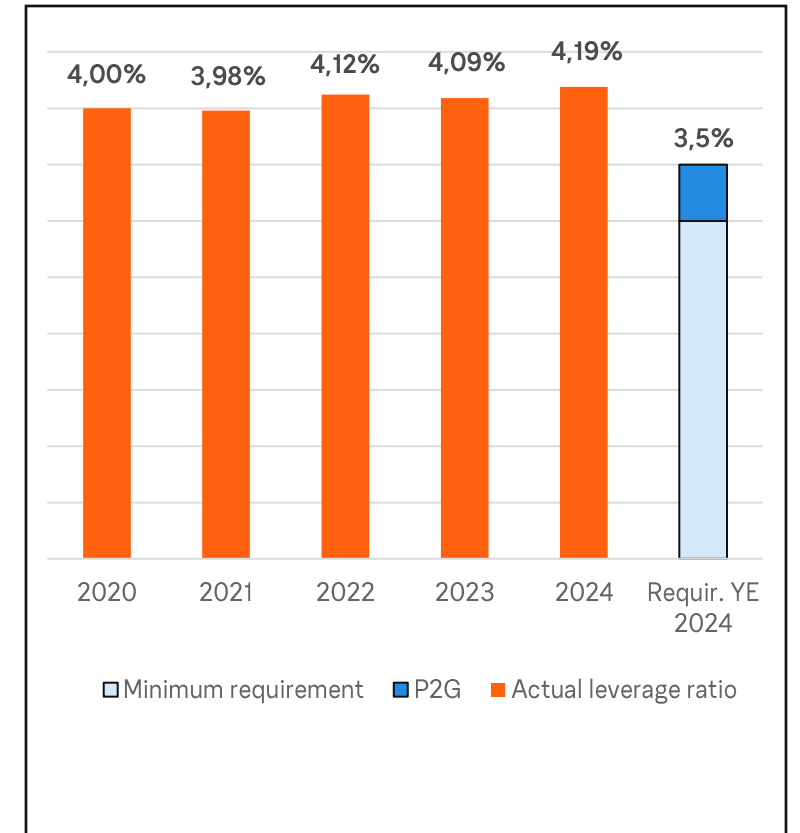
CET1 capital ratio vs. requirement



Total capital ratio vs. requirement



Leverage ratio vs. requirement

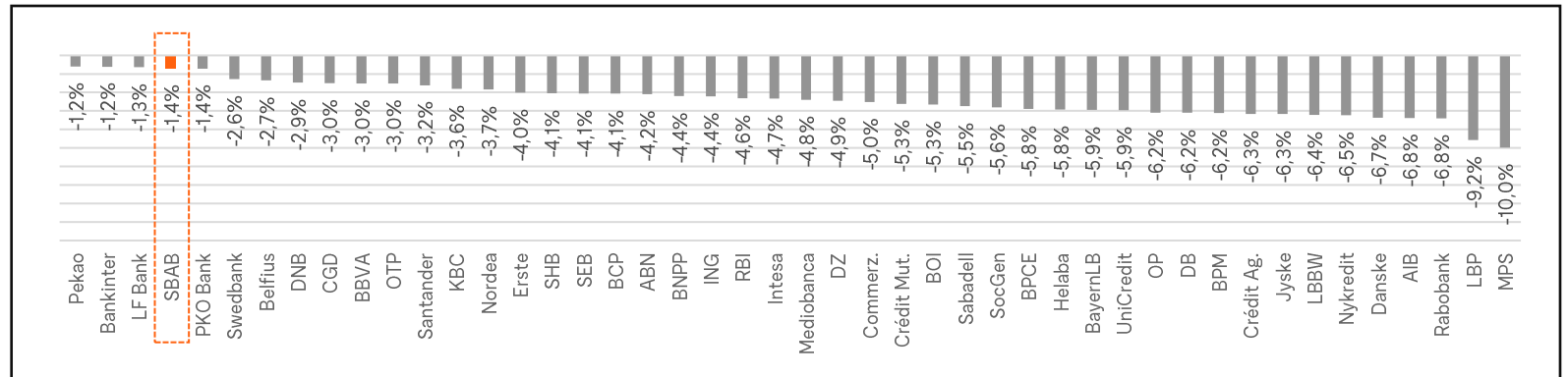


Strong resilience confirmed by EBA

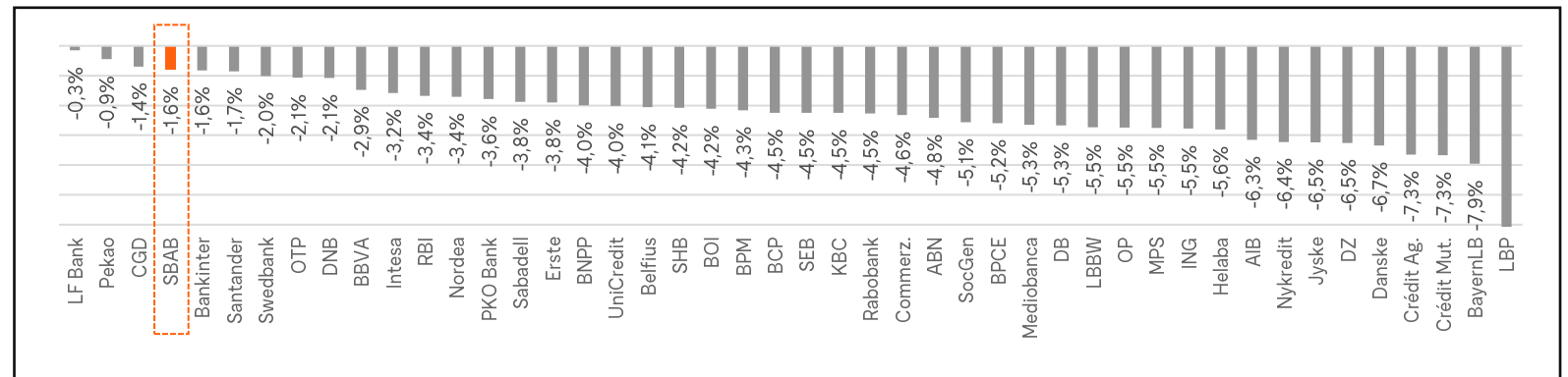
– SBAB’s robust business and resilient capital position confirmed in EBA stress test

- 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)



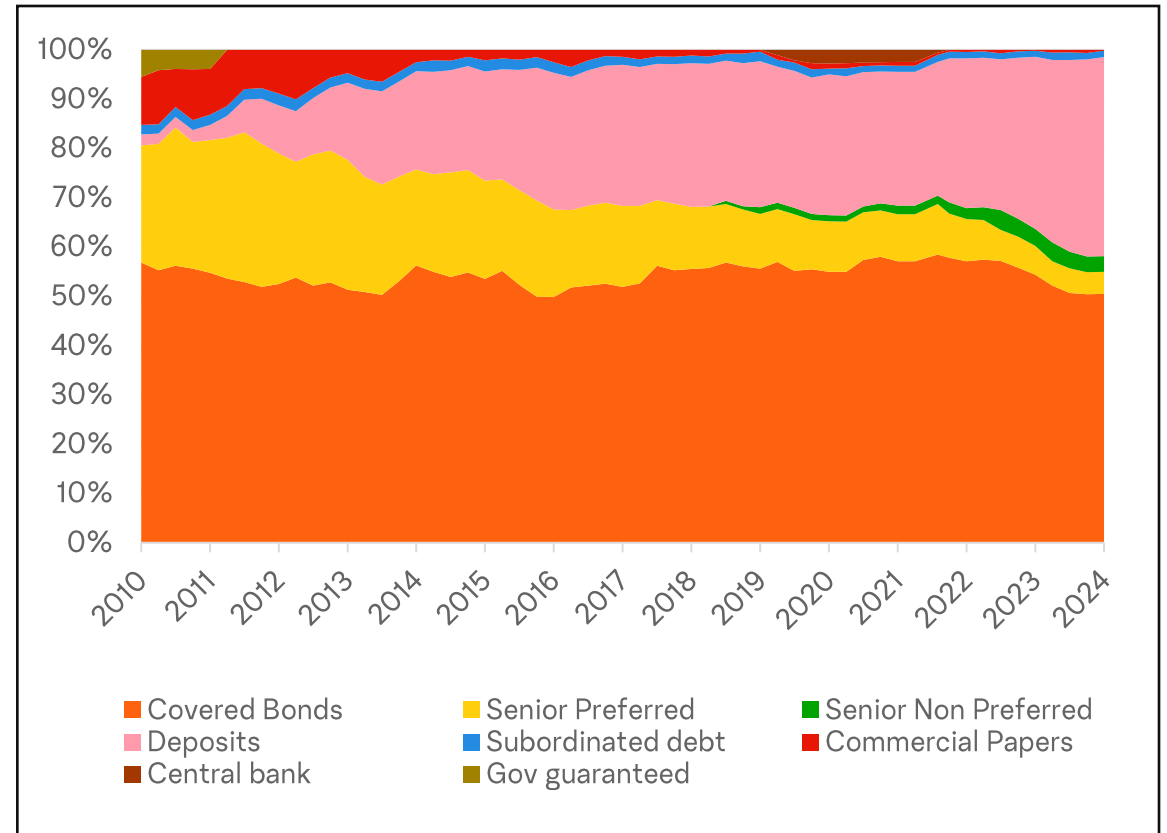
Overview of funding

– Resilient funding model with a stable investor base

Overview of funding & funding strategy

- Mortgage lending primarily funded by covered bonds and to a growing extent deposits from the public
- Increased funding needs in 2025 (approximately SEK 85 bn vs. SEK 35 bn in 2024)
- Strategy to maintain access to core funding markets; SEK- and EUR-market (current split 82% SEK and 18% EUR). Regular benchmark issuance in both CB (through subsidiary SCBC) and senior format. Private placements as a complement
- Capital issuances (AT1 & T2) predominately in SEK
- SBAB's focus is to use intermediate (5y+) tenors to support duration in CB and mainly short to intermediate (3-5y) in senior format
- Limited use of short dated funding through CP-programs, interbank funding and central bank facilities. Liquidity risk mitigated through buy-backs of maturing bonds

Development of funding sources over time





SBAB's commitment to sustainability


Ambitious (science-based) long-term climate target

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

-50%

Signatory to Principles for Responsible Banking 

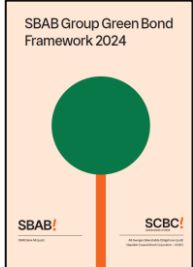
Signatory to Partnership for Carbon Accounting Financials (PCAF) 

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

Recurrent Green Bond issuer (YE 2024)

Green bonds


SEK ~35 bn




Launch of new framework in April 2024

(SBAB Group Green Bond Framework 2024)


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")

Sustainability ratings



Negligible (0-10)	Low (10-20)	Medium (20-30)	High (30-40)	Severe (40+)
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CCC	B	BB	BBB	A	AA	AAA
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