Capital adequacy and risk management 2024

Pillar 3 of the CRR regulations

SCBC!
Covered bonds of SBAB

Contents

Not applicable disclosure requirements

Heading		Reason
EU CCR4	IRB approach – CCR exposures by exposure class and PD scale	SCBC uses the standardised approach for calculating counterparty credit risk.
EU CCR6	Credit derivatives exposures	SCBC has no credit derivative exposures.
EU CCR7	RWEA flow statements of CCR exposures under the IMM	SCBC does not use the IMM for calculating RWEA's.
EU CR2-A	Changes in the stock of non-performing loans and advances and related net accumulated recoveries	SCBC's NPL ratio is below 5%.
EU CQ2	Quality of forbearance	SCBC's NPL ratio is below 5%.
EU CQ6	Collateral valuation loans and advances	SCBC's NPL ratio is below 5%.
EU CQ7	Collateral obtained by taking possession and execution processes	SCBC does not have any collateral which has been obtained by taking posessions or through execution processes.
EU CQ8	Collateral obtained by taking possession and execution processes – vintage breakdown	SCBC does not have any collateral which has been obtained by taking posessions or through execution processes.
EU CR10	Specialised lending and equity exposures under the simple riskweighted approach	SCBC does not conduct any specialised lending nor are equity exposures calculated under the simple risk weighted approach.
EU CR7	IRB approach – Effect on the RWEAs of credit derivatives used as CRM techniques	SCBC does not use credit derivatives for credit risk mitigation.
EU CR9.1	IRB approach – Back testing of PD per exposure class (only for PD estimates according to point (f) of Article 180(1) CRR)	SCBC not subject to Article
EU LIQB	Qualitative information on LCR, which complements template EU LIQ1	SCBC is treated as a single liquidity sub-group, together with SBAB Bank AB, according to Article 8 (CRR) and a decision by the Swedish FSA.
EU LIQ1	Quantitative information of LCR	SCBC is treated as a single liquidity sub-group, together with SBAB Bank AB, according to Article 8 (CRR) and a decision by the Swedish FSA.
EU LIQ2	Net Stable Funding Ratio	SCBC is treated as a single liquidity sub-group, together with SBAB Bank AB, according to Article 8 (CRR) and a decision by the Swedish FSA.
EU MR2-A	Market risk under the internal Model Approach (IMA)	SCBC does not use the internal model approach.
EU MR2-B	RWA flow statements of market risk exposures under the IMA	SCBC does not use the internal model approach.
EU MR3	IMA values for trading portfolios	SCBC does not use the internal model approach.
EU MR4	Comparison of VaR estimates with gains/losses	SCBC does not use the internal model approach.
EU MRB	Qualitative disclosure requirements for institutions using the internal Market Risk Models	SCBC does not use the internal model approach.
EU SECA	Qualitative disclosure requirements related to securitisation exposures	SCBC has no securitised loans of its own and has not contributed to any other institution's securitisation.
EU SEC1	Securitisation exposures in the non trading book	SCBC has no securitised loans of its own and has not contributed to any other institution's securitisation.
EU SEC2	Securitisation exposures in the trading book	SCBC has no securitised loans of its own and has not contributed to any other institution's securitisation.
EU SEC3	Securitisation exposures in the non-trading book and associated regulatory capital requirements - institution acting as originator or as sponsor	SCBC has no securitised loans of its own and has not contributed to any other institution's securitisation.
EU SEC4	Securitisation exposures in the non-trading book and associated regulatory capital requirements - institution acting as investor	SCBC has no securitised loans of its own and has not contributed to any other institution's securitisation.
EU SEC5	Exposures securitised by the institution - Exposures in default and specific credit risk adjustments	SCBC has no securitised loans of its own and has not contributed to any other institution's securitisation.
EU INS1	Insurance participations	SCBC does not hold any own fund instruments in insurance, re-insurance undertakings or insurance holding companies. SBAB does not offer any insurance services.
EU INS2	Financial conglomerates information on own funds and capital adequacy ratio	SCBC is not a financial conglomerate.
EU REM3	Deferred remuneration	SCBC does not use a payment scheme with deferred remuneration.
EU REM4	Remuneration of 1 million EUR or more per year	SCBC does not pay to any single person equaling or over EUR 1 million per year.

Glossary

Additional Tier 1 capital
Additional Tier 1 capital generally comprises perpetual subordinated loans that meet the requirements in Article 52 of the CRR.

Asset and Liability Committee (ALCO)
The committee that handles matters relating to risk and capital planning, which are then addressed by Executive Management and the Board.

Capital requirements under Pillar 1
Refers to the minimum amount of capital required in accordance with the CRR and CRD IV, the Special Supervision of Credit Institutions -and Investment Firms Act (2014:968), the Capital Buffers Act (2014:966) and the Swedish FSA's regulations regarding prudential requirements and capital buffers (FFFS 2014:12).

Capital requirements under Pillar 2
The assessment is based on economic capital which, in combination with capital based on stress tests and capital for further risk, comprises the company's own assessment of the appropriate scope of risk capital. Under Pillar 2, the capital requirement may not be less than the capital metric under Pillar 1 for each risk type.

Common Equity Tier 1 (CET1) capital
Common Equity Tier 1 capital is one of the components of own funds and primarily consists of equity. Deductions are made for dividends generated, intangible assets as well as the difference between expected losses and provisions made for probable loan losses.

Credit conversion factor (CCF)
The percentage of an off-balance sheet item that is expected to be utilised before a possible future default.

Credit Support Annexe (CSA)
Supplement to the ISDA Master Agreement that regulates the provision of collateral in connection with a derivative transaction.

Credit valuation adjustment risk (CVA risk)
CVA is defined as the risk of a downgrade in the credit quality of SBAB's OTC derivative counterparties, higher exposure and/or longer average duration of derivatives. Transactions with a central counterparty (CCP) should be excluded from the capital requirement for CVA risk.

Directive 2013/36/EU — CRD IV of the European Parliament and of the Council on authority to conduct operations in credit institutions and on the supervision of credit institutions and securities companies
Common European regulations on risk management and capital adequacy.

Economic capital
Economic capital is based on models in which SBAB assesses quantifiable risks. This constitutes an important component in, for example, pricing, financial control and in assessment of the requisite scope of risk capital.

ESG factors
Environmental , social or governance matters that may have a positive or negative impact on the financial performance or solvency of an entity, sovereign or individual.

ESG risk
Environmental risk, social risk, governance risk. ESG risk are the risks of any negative financial impact on the institution stemming from the current or prospective impacts of ESG factors on its counterparties or invested assets.

Expected loss (EL)
The calculated EL must be covered by earnings from operating activities, while unexpected losses must be covered by the company's equity. EL is arrived at by calculating the risk associated with each individual loan using a statistical model based on a longer time horizon. EL is measured through the formula EL = PD*LGD*EAD.

Exposure at default (EAD)
Exposure at the time of default. Calculating the EAD for off-balance- sheet items entails multiplying the unutilised amount by a credit conversion factor (CCF).

Green asset ratio (GAR)
Shows the proportion of exposures related to Taxonomy-aligned activities compared to the total assets, according to Delegated Regulation (EU) 2021/2178.

Global Master Repurchase Agreement (GMRA)
International standardised agreement for repurchases.

Interest rate risk in the banking book(IRRBB)
Interest rate risk in the banking book (IRRBB) refers to the current or prospective risk to the bank´s capital and earnings arising from adverse movements in interest rates that affect the bank´s banking book position.

Internal capital adequacy assessment process (ICAAP)
Process according to Article 73 of CRD IV for continuously calculating and maintaining capital in an amount, type and distribution that is sufficient to cover the risks to which the bank is or will become exposed.

Internal ratings-based approach (IRB approach)
The IRB approach is used to calculate the regulatory capital requirements for credit risk. The foundation IRB (FIRB) approach entails that the institution is only to estimate the PD parameter. In the advanced IRB (AIRB) approach, the institution is to estimate, in addition to PD, one or several of the parameters CCF, LGD and M (maturity).

International Swaps and Derivatives Association (ISDA) Master Agreement
Framework agreement that regulates the rights and obligations between the parties to a derivative transaction, primarily the netting of debt in the event of insolvency.

Liquidity coverage ratio (LCR)
The LCR is a liquidity risk metric that measures the relation between liquid assets and a 30-day net cash outflow in a stressed scenario.

Loan-to-value (LTV)
The loan-to-value ratio expresses the extent of a loan in relation to the value of pledged collateral.

Loss given default (LGD)
Loss amount in the event of default.

Minimum capital requirement
The lowest amount that the company is permitted to have as own funds.

Net stable funding ratio (NSFR)
NSFR is a metric that captures the structural liquidity risk and reflects the stability of the group's funding in relation to its assets.

Non-performing loans (NPL)/ Non-performing exposures (NPE)
Non-performing loans/exposures are defined as defaulted exposures plus forborne exposures. A default shall be considered to have occurred when the obligor is unlikely to pay its credit obligation to the institution or the obligor is past due more than 90 days on any material credit obligation.

NPL ratio
The computation of the NPL ratio is defined by the EBA and consists of gross carrying amount of non-performing loans and advances divided by the gross carrying amount of total loans and advances subject to the NPL/NPE definition.

Off-balance-sheet items
A commitment, pledged collateral or similar item that is not recognised in the balance sheet because it is unlikely that it will be necessary to realise or utilise it, or because, due to its nature, it cannot be calculated with sufficient reliability. Contingent liabilities may also comprise possible commitments, meaning it is uncertain whether or not the commitment exists.

Own funds
Own funds consist primarily of equity and subordinated loans and act as a buffer against unexpected losses.

Perpetual subordinated loans
Perpetual subordinated loans have a maturity that is essentially unlimited, but they can be repurchased with the permission of Finansinspektionen (the Swedish FSA/SFSA).

Probability of default (PD)
Probability of default of a customer or counterparty within one year.

Risk and Capital Committee
The Committee's principal task is to prepare issues within the risk and capital area and address them to the Board.

Regulation (EU) No. 575/2013 of the European Parliament and of the Council on prudential requirements for credit institutions and investment firms (CRR)
Common European regulations on risk management and capital adequacy.

Repo transaction
A repo transaction (repurchase agreement) is a short-term borrowing arrangement where one party sells securities to another with an agreement to repurchase them at a later date for a predetermined price.

Risk weighted exposure amount (RWEA or REA) under CRR
The CRR regulations permit the use of the IRB approach, within the Pillar 1 framework, to establish RWEAs for balance-sheet and off-balance sheet exposures based on SBAB's own models for credit risk and operational risk. The risk weightings of other exposures are determined on a standardised basis, in appropriate cases based on the counterparty's rating.

Risk-weight floor, Residential mortgages, Pillar 1
The addition of a risk exposure amount (REA) calculated based on Swedish residential mortgage exposures, which entail a risk weight for these exposures of at least 25%. The supplement only applies for credit institutions that apply the IRB approach. The requirement of a risk-weight floor for Swedish residential mortgages has been moved from Pillar 2 to Pillar 1 and entered into force 31th of December 2018.

Survival horizon
Measurement of the number of days over which liquidity needs can be met in a stressed scenario without access to new liquidity.

Tier 1 capital
Tier 1 capital mainly comprises equity and additional Tier 1 capital.

Tier 2 instruments
Subordinated loans that meet the requirements in Article 63 of the CRR may be included in own funds.

Total capital ratio
Own funds divided by the risk exposure amount.

Value at Risk (VaR)
A statistical metric of the maximum expected loss at a given level of security and over a defined time period.

1 Introduction

In this report, AB Sveriges Säkerställda Obligationer (publ) (Swedish Covered Bond Corporation – SCBC) discloses information in compliance with Part Eight of Regulation (EU) No 575/2013 (CRR) and the Swedish Financial Supervisory Authority's (SFSA) regulations (FFFS 2014:12) regarding prudential requirements and capital buffers.

1.1 ABOUT SCBC

AB Sveriges Säkerställda Obligationer (publ) (Swedish Covered Bond Corporation – SCBC) is a wholly-owned subsidiary of SBAB Bank AB (publ) (SBAB). SBAB is the parent company of the SBAB Group and is owned by the Swedish state. The primary operations within SCBC comprise the issue of covered bonds in accordance with the Swedish Covered Bonds (Issuance) Act (2003:1223) and the Swedish FSA's regulation FFFS 2013:1. Issues are conducted in both Swedish and international capital markets.

SCBC is well capitalised. The CET1 capital ratio as of December 31, 2024 was 16.4% (16.7%). The decrease was primarily attributable to an increase in risk weighted exposure amount (REA). Total credit risk has increased over the year, partly due to negative risk class migrations in the lending portfolio within business area Corporates & Associations. In addition, a positive risk class migrations in the lending portfolio within business area Retail contributed to a decrease in REA, however the effect from the risk-weight floor contributed to a net increase in total REA.

1.2 REGULATORY FRAMEWORK FOR PILLAR 3 REPORT

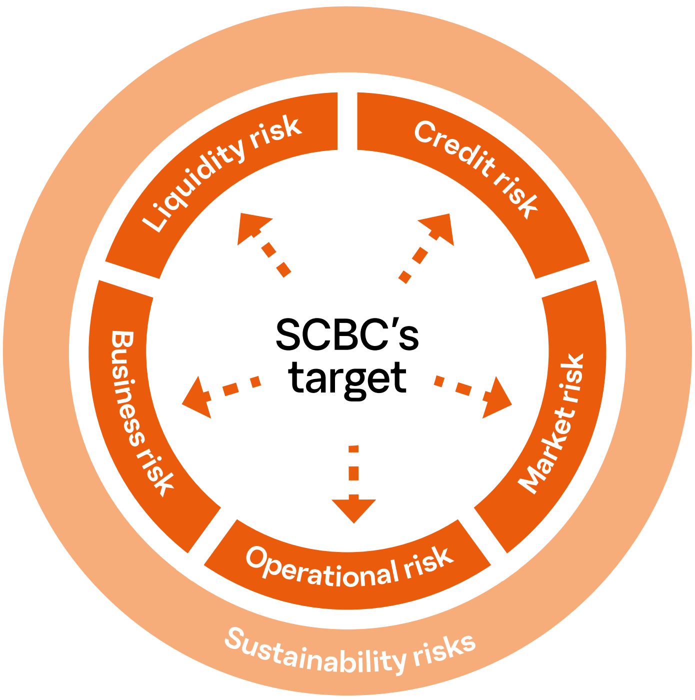
This report refers to the conditions prevailing on 31 December 2024. For periodic information, please refer to the quarterly reports "Disclosure of capital and leverage ratio" at www.sbab.se.

Pillar 3 entails extended disclosures by banks with regard to their capital position, risk exposures and risk management processes. Pillar 3 requires all material risks to be disclosed, for investors and other market participants to assess the risk profile of individual banks.

The Pillar 3 report is prepared in accordance with the requirements of EU and Swedish regulation, in particular the CRR, Part Eight. The CRR mandates the EBA, in Article 434a, to develop draft implementing technical standards (ITS) specifying uniform disclosure formats, and associated instructions in accordance with which the disclosures required under Titles II and III of Part Eight of the CRR shall be made. The EBA Final draft implementing technical standards (ITS) has been adopted by EU Commission in implementing Regulation (EU) 2021/637) entered into force from 28 June 2021. The regulation which entails a consistent and complete Pillar 3 disclosure framework with uniform formats for both qualitative and quantitative information within a wider scope of risk information.

In addition, the SBAB Pillar 3 report is prepared according to the Swedish Financial Supervisory Authority's regulations on prudential requirements and capital buffers (FFFS 2014:12). Changes in the SFSA's regulation FFFS 2014:12 has been considered in this report. Environmental, social and governance (ESG) disclosure regulation under Pillar 3 is since end of 2022 implemented in this report in the section "Sustainability risks"

This report shows the significant risks for SCBC broken down by risk type in the table Significant risks.



SCBC'S RISK APPETITE

Read more on page 13.

For information about Sustainability risks, refer to Chapter 9 in this Report and to SBAB's Annual Report.

2 The Board's statement on risk management and a brief risk declaration

The Board of Directors of the Swedish Covered Bond Corporation (SCBC) supports the risk management described in this document and considers that it meets the requirements in it in relation to SCBC's risk profile and the adopted short and long-term strategic, capital and financial plans.

RISK APPETITE AND RISK PROFILE

	RISK APPETITE		RISK PROFILE	
Risk type	**Classification**	**Level**	**Limit utilisation**	**Proportion of economic capital, %**
Credit risk in lending operations	Wanted risk	Medium	Medium	90
Credit risk in treasury operations	Necessary risk	Low	Low	–
Market risk	Necessary risk	Low	Low	6
Operational risk	Necessary risk	Low	Low	3
Business risk	Necessary risk	Low	Low	–
Liquidity risk	Necessary risk	Low	Low	–
Sustainability risk	Necessary risk	Low	Low	–

SBAB CLASSIFIES RISKS AS WANTED OR NECESSARY:

- Wanted risks comprise those directly related to the business concept.
- Necessary risks are those arising from activities that are regarded as a direct prerequisite for being able to implement the business concept efficiently and competitively, whereby a certain level of risk is accepted.

Credit risk is central to SCBC's business model and is considered to be the dominant risk in SCBC's operations. Credit risk directly related to SCBC's business operations qualifies as a wanted risk, while credit risk related to liquidity investments or in the form of counterparty credit risk is classified as necessary risk that is acceptable, but where the level of risk should be limited.

Market risk and its components are primarily considered a necessary risk. Market risk should be kept at a low level and not be a predominant risk.

Operational risk is defined as a necessary risk, which means that both expected and unexpected losses must be optimised based on the expected positive effects to be achieved in the form of anticipated revenues, cost savings or reductions in other risk.

Business risk is defined as a necessary risk. Changes in the form of new products or new markets may only constitute a small part of SCBC's activities and must be implemented at such a pace that SCBC does not substantially jeopardise its earnings level and with great probability avoids pressure on its own funds. The quantifiable portion of business risk is included in the evaluation of the capital situation in a normal economic downturn.

Liquidity risk is defined as a necessary risk and must be maintained at such a level that SCBC can manage a period of acute liquidity crisis without depending on the capital market. Liquidity risk is not managed by capital provisions but by maintaining a liquidity reserve. Liquidity risk management for SCBC is performed as an integral part of the Group's overarching management.

Sustainability risk is a general risk and there are elements of sustainability risks across SCBC's entire operations. Sustainability risk is classified as a necessary risk and consists of three components; environmental, social and governance risk.

3 Risk management approach and governance

SCBC's operations are to be conducted so that risks are adapted to SCBC's risk-bearing capacity. Risk-bearing capacity primarily refers to the capacity to manage expected and unexpected losses by means of own funds or ongoing earnings capacity and, secondly, the capacity to minimize unwanted risks by means of appropriate functions, strategies, processes, procedures, internal rules, limits and controls. Certain risks cannot be quantified and compared with the risk-bearing capacity. In such cases, the cost of mitigating the risk should be weighed against the desired level of risk and the change in the level of risk achieved through a particular measure. SCBC's risk strategy involves managing and evaluating risks that the operations are or may be exposed to, through:

- Clear and documented internal procedures and control systems.
- An appropriate and transparent organisational structure with clearly defined and documented roles and responsibilities.
- Current and documented decision-making procedures that clearly state the reporting structure.
- Risk evaluation methods and system support that are adapted to the operations' requirements, complexity and size.
- Sufficient resources and competence to achieve the desirable quality in both business and control activities.
- Regular incident reporting by the operations according to a documented process.
- Documented and communicated contingency and continuity plans.
- Clear instructions on internal capital adequacy assessments, credit risk, operational risk, liquidity risk and market risk, which are updated annually and adopted by the CEO or, if required, by the Board of Directors.
- All significant risks for SCBC are limited by the Board and are compatible with the pre-determined risk appetite.

3.1 RISK MANAGEMENT

INSTITUTION RISK MANAGEMENT APPROACH (EU OVA)
SCBC classifies risks as wanted or necessary. Wanted risks comprise those directly related to the business model. Necessary risks are those arising from activities that are regarded as a direct prerequisite for being able to implement the business model efficiently and competitively, whereby a certain level of risk is accepted.

SCBC should only deliberately expose itself to risks directly attributable or necessary to SCBC's business operations. Such risks primarily encompass credit risk, liquidity risk, market risk, business risk, operational risk and sustainability risk.

Declaration approved by the management body on the adequacy of the risk management arrangements *(Point (e) of Article 435(1) CRR)*
The Board of Directors of SCBC assures that the risk management arrangements and measurement systems described in this document are transparently and truthfully disclosed and that they meet the requirements in relation to SCBC's risk profile and adopted short and long-term strategic, capital and financial plans. *See Chapter 2 for the Board's statement on risk management and a brief risk declaration.*

Disclosure of concise risk statement approved by the management body *(Point (f) of Article 435(1) CRR)*
SCBC's Board has the ultimate responsibility for the company's total risk exposure and determines the risk policy, capital policy and risk appetite. The Board assures that all relevant risks have been holistically evaluated and that appropriate limits and escalation processes are in place to monitor and control the risks that SCBC is exposed to. Additionally, all exposures exceeding 2% of own funds are identified and analysed for the purpose of deciding whether they fall within the framework of large exposures in relation to a group of connected customers or clients. Furthermore, key ratios and figures that show how the risk profile of the institution interacts with the risk tolerance set by the management body are disclosed in the table significant risks. *See Chapter 2 for the Board's statement on risk management and a brief risk declaration.*

Information on the risk governance structure for each type of risk *(Point (b) of Article 435(1) CRR)*
When the Board determines the business strategy, it takes into account the risks that SCBC is and may be exposed to as well as the capital required to cover SCBC's risks. The Board or its committees are to approve all significant methods, models and processes used in risk management. For more information regarding the Board's committees, see the Corporate Governance Report in SCBC's Annual Report.

Information on the overall internal control framework and how its control functions are organised (authority, resources, statute, independence), the major tasks they perform, and any actual and planned material changes to these functions;

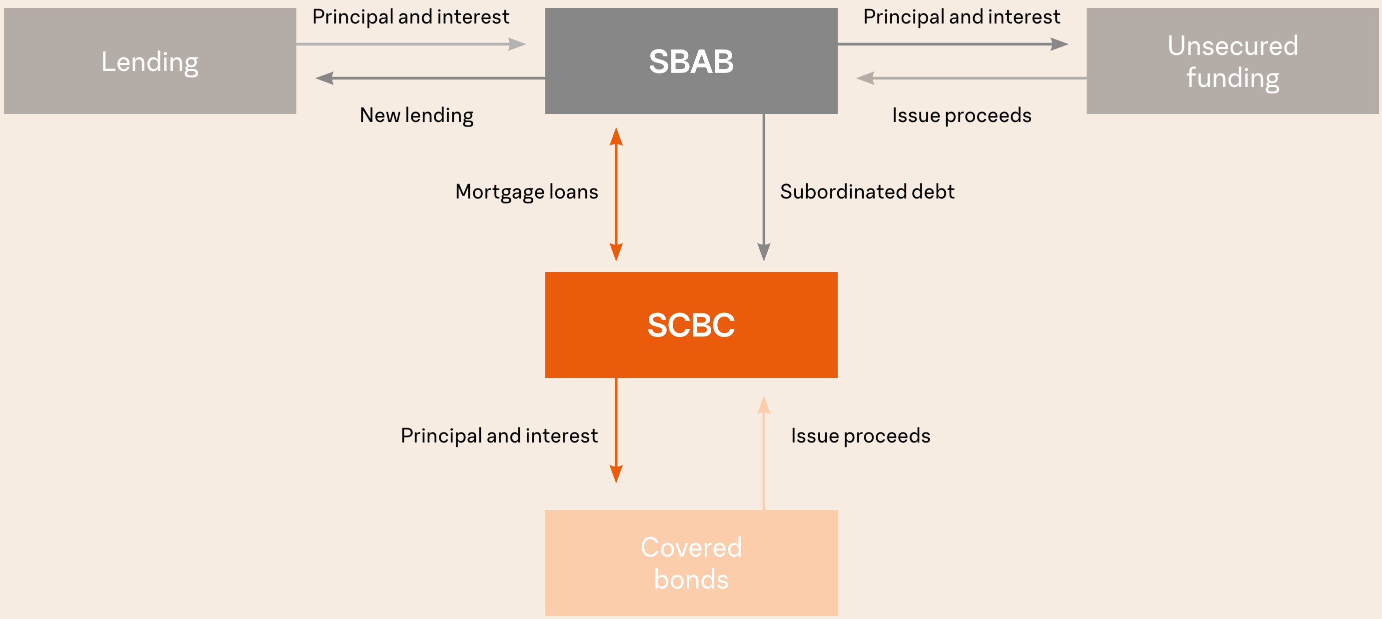
The Board and CEO have a sound overall comprehension of SCBC's risk profile and a detailed understanding of the content of the risk reports submitted to them. Some operations are outsourced to the parent company SBAB Bank AB (publ) and SBAB's CRO is also appointed CRO in SCBC. The CRO ensures that the Board and CEO receives ongoing training in risk-related issues and that new members are trained within two months of commencing their appointment. The CEO is responsible for ongoing administration in accordance with the strategies, guidelines and governance documents adopted by the Board. The CEO is to ensure that the methods, models and processes of the internal measurement and control systems of identified risks function as intended and are approved by the Board. In ALCO (Asset & Liability Committee), issues concerning capital management, liquidity preparedness, overall strategy regarding market risk and limit issues are discussed. In addition, issues related to finance strategy, balance sheet planning and internal pricing are discussed with the CEO. The CEO also ensures, on an ongoing basis, that reporting to the Board by each unit, including the Risk Control function, is conducted in accordance with the relevant instructions. The CRO is responsible for the independent Risk Control function, which comprises identification, quantification, analysis, follow-up and reporting of all risks. The CRO is directly subordinate to the CEO and reports to the CEO and Board of Directors of SCBC.

SCBC does not conduct any proprietary new lending operations. Instead, it acquires loans from the parent company on a regular basis. The parent company receives in turn cost efficient funding for its operations by transferring mortgages to SCBC's cover pool. The covered bonds are issued by SCBC on the Swedish and international capital markets, which enables diversified funding in terms of geographical location, different currencies, maturities and investor sentiment. SCBC's funding is managed by Treasury, within the Accounting & Treasury department of the parent company.

SCBC's principal activity is to acquire and manage mortgage loans for residential properties and tenant-owners' rights located in Sweden against collateral in the form of mortgage deeds and shares in tenant-owners' associations and, to a limited extent, to finance commercial properties.

Information about the Board of Directors, the recruitment policy, the diversity policy and the risk committee are included in the Corporate Governance Report in SCBC's Annual Report. For information about related parties, please refer to Note G:2 of SCBC's Annual Report.

SCBC'S ROLE IN THE SBAB GROUP



The primary operations of AB Sveriges Säkerställda Obligationer (publ) (Swedish Covered Bond Corporation – SCBC) comprise the issue of covered bonds to fund the lending of the SBAB Group. SBAB Bank AB (publ), (SBAB), is the parent company of the SBAB Group and is wholly owned by the Swedish state. The Swedish Covered Bond Corporation (SCBC), Corp. Reg. No. 556645-9755, is a wholly-owned subsidiary of SBAB, Corp. Reg. No. 556253-7513. SCBC is a credit market company and is regulated by the Swedish Banking and Financing Business Act (2004:297) and subject to supervision by the Swedish FSA (Sweden's financial supervisory authority). The primary operations within SCBC comprise the issue of covered bonds in accordance with the Swedish Covered Bonds (Issuance) Act (2003:1223) and the Swedish FSA's regulation FFFS 2013:1. Issues are conducted in both Swedish and international capital markets. SCBC complies with and reports to the European Covered Bond Council's (ECBC) "Labelling Initiative," and reports on a monthly basis in line with "National templates" as published by the Association of Swedish Covered Bond issuers (ASCB). SCBC is domiciled in Solna and its operating activities are mainly outsourced to the parent company.

SIGNIFICANT RISKS

The table significant risks disclose all the relevant risks for SCBC and the table Risk appetite and risk profile how they interact with the risk tolerance approved by the board of directors.

Risk type	Risk appetite		Risk profile	Risk management
	Classification	Level		
Credit risk in lending operations The risk that the counterparty does not fulfil its payment obligations towards SCBC. Credit risk arises in conjunction with loans and loan commitments, as well as in connection with value changes in pledged assets entailing that these no longer cover the Group's receivables. The credit risk also includes concentration risk, which refers to the increase in credit risk that arises in large exposures to individual counterparties, or in the case of concentrations toward specific regions or industries. *Read more in chapter* 5	Wanted risk	Medium	SCBC primarily offers housing mortgages to consumers, tenant-owners' associations and property companies where collateral comprises mortgage deeds in immovable property or rights-of-use. The majority of SCBC's customer base is concentrated to major metropolitan areas.	Credit risk is central to SCBC's business model and it is considered to be the dominant risk in operations. SCBC manages credit risk in a consistent manner and the analysis of risk level is conducted on a regular basis and reported to the Board, the CEO and the Executive Management. Acquisition conditioned by initial granting is characterised by responsible credit granting considering the customer's long-term repayment capacity and resilience as well as the value of posted collateral. Credit rules and credit management are continuously analysed, processed and improved. Corporate clients are processed individually while retail customers are analysed using a structured process in conjunction with the credit approval process. Concentration risk and major exposures are carefully monitored and followed up.
Credit risk in treasury operations Defined as the total of counterparty risk and investment risk. Counterparty risk is defined as credit risk in derivatives that arises when the value of the instrument is affected by, for example, changes in interest rates and/or currency exchange rates, which means SCBC receives a claim against the counterparty. In addition, counterparty risk entails that SCBC's financial counterparties cannot meet their commitments under repo contracts. Investment risk is defined as credit risk in financial investments and entails the risk that a debtor does not fulfil its payment obligations. Financial investments are incorporated in liquidity management, which aims to reduce liquidity risk and utilise surplus capital to contribute to increased profitability. *Read more in chapter* 5	Necessary risk	Low	SCBC's counterparty risks and investment risks are low and are not considered dominant risks.	SCBC manages counterparty risk in a consistent manner and the analysis of risk level is conducted on a regular basis and reported to the Board, the CEO and the Executive Management. Counterparty-risk exposure is primarily covered through collateral agreements in which the counterparty provides collateral in an effort to reduce exposure. Investment risk is mitigated as SCBC only invests in interest-bearing bonds with high credit ratings.
Market risk In SCBC's operations, the risk of loss or reduced future income due to market fluctuations comprises interest-rate, currency, credit spread, basis and pension risk. Interest-rate risk pertains to interest rate variations that lead to losses or lower future income as assets and liabilities have different fixed-interest periods and/or interest terms. Currency risk refers to the risk of changes in SEK exchange rates leading to losses or lower future income. Credit spread risk pertains to an exposure to changing conditions between an issuer's interest expense in comparison with a reference rate. Basis risk refers to the risk associated with deposits and lending that are fixed to different interest bases. Pension risk pertains to the risk arising from value changes in the portfolio intended to cover the bank's pension commitments. *Read more in chapter* 7	Necessary risk	Low	SCBC's market risk is low and is not considered a dominant risk.	SCBC manages market risk in a consistent manner and the analysis of risk level is conducted on a regular basis and reported to the Board, the CEO and the Executive Management. Interest-rate risk is to be mitigated through direct funding in matched currencies and tenors or the use of derivatives. Currency risks are mitigated as funding in international currency is hedged through currency swaps or matched against assets in the liquidity portfolio in the same currency.
Operational risk The risk of losses due to inadequate or failed internal processes, human error, faulty systems or from external events, including legal risks. Legal risk pertains to the risk of legal sanctions or failure to discharge legal undertakings. The category also includes compliance risks. Regulatory compliance is essential in maintaining confidence in SCBC's operations, but market practice and ethical guidelines also impact SCBC's approach to employees and customers. *Read more in chapter* 8	Necessary risk	Low	Operational risk is a natural part of all business. SCBC aims to optimise the relationship between costs for reducing risk and any of its potential outcomes. Operational risk is a prerequisite for implementing the business concept efficiently and competitively, taking into account operations, strategy, risk appetite and the macro environment.	SCBC manages operational risk in a consistent manner and the analysis of risk level is conducted on a regular basis and reported to the Board, the CEO and the Executive Management. Self-evaluation of material processes is performed annually. Changes with potential to affect the bank's risk level together with related risks are identified at an early stage and, prior to decision on implementation, the second line of defence submits a report. Unexpected events that can negatively affect the bank are to be reported as incidents and managed according to pre-determined instructions.
Business risk The risk of declining earnings due to harsher competition, inappropriate strategies or erroneous decisions. SCBC differentiates business risk between strategic risk, the risk of weaker earnings and reputational risk. Strategic risk pertains to the risk of a loss arising, for example, due to unfavourable business decisions, erroneous implementation of strategic decisions or changes in the political environment. The risk of weaker earnings encompasses the risk arising from, for example, more expensive financing or more intense competition. Reputational risk pertains to the risk of loss of reputation as a result of the failure to manage the above risks as well as other events. *Read more in chapter* 2	Necessary risk	Low	SCBC's business risk is low and is not considered a dominant risk.	SCBC manages business risk in a consistent manner and the analysis of risk level is conducted on a regular basis and reported to the Board, the CEO and the Executive Management. Risks related to strategy and earnings are evaluated on an ongoing basis over the year within the first line's strategy work. Strategically important decisions are managed within the framework for material changes. The Board receives an annual evaluation of the material risks that addresses strategic business risk and the bank's overall earnings. Moreover, business risk is evaluated in SCBC's stress tests.
Liquidity risk The risk of being unable to meet its payment obligations without the cost of obtaining funds increasing significantly. Short-term liquidity risk pertains to the risk of being impacted in the short term by a lack of liquidity, while structural liquidity risk arises from differences between assets and liabilities in terms of maturities, which risks leading to a lack of liquidity in the longer term. *Read more in chapter* 6	Necessary risk	Low	SCBC has a low liquidity risk and diversified funding. Securities that are part of the liquidity reserve have high credit ratings and are eligible as collateral with either the Riksbank or the European Central Bank, to guarantee liquidity.	SCBC's liquidity strategy includes proactive and continuous liquidity planning, active debt management and an adequate liquidity reserve. SCBC manages liquidity risk in a consistent manner and the analysis of risk level is conducted on a regular basis and reported to the Board, the CEO and the Executive Management. The funding strategy takes into consideration the expected maturity on the asset side. On this basis, SCBC limits its structural liquidity risk by maintaining diversified funding with sufficiently long maturities. SCBC has several liquidity metrics, for which limits apply, most of which are monitored and reported on a daily basis.
Sustainability risks Sustainability risks pertain to the risk of loss or reduced future income due to sustainability-related events. These include events in three categories: i) climate; ii) social aspects; and iii) governance. *Read more in chapter* 9	Necessary risk	Low	SCBC defines sustainability risk as a necessary risk that should be held at a level that does not materially jeopardise SCBC's assets, resources or reputation.	The assessment of whether the Group's level of sustainability risk is within the defined risk appetite is primarily performed through the monitoring and analysis of key risk indicators, scenario analyses outcomes, monitoring of the bank's strategic work with sustainability.

The approved limits of risks to which the institution is exposed;
See Chapter 2 for the Board's statement on risk management and a brief risk declaration.

Changes of the heads of internal control, risk management, compliance and internal audit.
During the year, a new head of internal audit and chief risk officer was appointed.

Channels to communicate, decline and enforce the risk culture within the institution;
To define the division of responsibilities between the business operations, risk control and compliance, as well as internal audit, SCBC applies the division of roles and responsibilities resulting from the three lines of defence principle:

- The first line of defence refers to the day-to-day management of risks performed by the business operations that incur and own the risks.
- The second line of defence refers to the risk control (comprising the units for market and liquidity risk, credit risk modelling, credit risk validation, credit risk framework, project and regulatory office and operational risk) and compliance functions. The risk control units are to ensure that risk awareness and acceptance are sufficient to be able to manage risks on a daily basis. They also have a supportive role in ensuring that the business operations have the procedures, systems and tools required to maintain the daily management of risks. Compliance is responsible of veriying that the business operations adhere to laws and regulations and support the business operations within its area of responsibility.
- The third line of defence refers to the internal audit, which reviews and regularly assesses whether the company's organisation, governance processes, IT systems, models and procedures are appropriate and effective, and whether the company's internal controls are appropriate and effective. The internal audit is also tasked with reviewing and regularly assessing the company's risk management based on its adopted risk strategy and risk appetite.

THE THREE LINES OF DEFENCE

Disclosure on the scope and nature of risk disclosure and/or measurement systems *(Point (c) of Article 435(1) CRR)*
SCBC uses both qualitative and quantitative risk measurement systems. For the estimation of credit risk sophisticated statistical models are used to determine the risk weighted exposure amounts complemented with qualitative analysis. For market risk different risk quantification and measurement systems are in use. Interest rate risk in the banking book is measured by fulfilling the requirements laid down by the EBA and the SFSA. A value at risk approach is used, both to estimate the total market risk and separately for the different sub-categories within market risk. The measurement of liquidity risk is strictly regulated and SCBC complies with the regulation for short-term liquidity risk, LCR and structural liquidity risk, NSFR. SCBC is treated as a single liquidity sub-group, together with SBAB Bank AB (publ), according to Article 8 (CRR) and a decision by Swedish FSA. Therefore, Liquidity information is disclosed on a consolidated basis. Operational risk is primarily measured as the cost of incidents during a rolling 12-month time horizon. In addition, incidents are recorded and processed according to pre-defined routines, which gives a solid understanding of the number of incidents and a structured approach for analysis and mitigation techniques. Sustainability risks are considered from a holistic perspective and continuous development is in process to design realistic quantification approaches.

Disclose information on the main features of risk disclosure and measurement systems *(Point (c) of Article 435(1) CRR)*
The parent company's Risk and Capital Committee regularly evaluates the effectiveness and suitability of the established risk measurement and reporting processes and takes mitigating actions in case deficiencies are found. This includes issues which can also encompass or be relevant for SCBC. The Board evaluates recurrently the suitability of established risk management policies. The risk reporting structure is presented in the figure Risk reporting in SBAB Pillar 3 report, see chapter 3.1, since SCBC operations is outsourced to the parent company.

Strategies and processes to manage risks for each separate category of risk *(Point (a) of Article 435(1) CRR)*
When capital planning, SCBC utilizes a scenario-based approach, reflecting the most probable economic development according to internal forecasts, to estimate needed capital. Economic events not reflected in the scenario which may negatively affect the institution's lending portfolio are also considered when capital planning. In addition, stress tests and scenario analyses are performed, evaluating the development of the lending portfolio and capital requirements during severe but not implausible financial stress.

SCBC uses statistical models for the risk dimensions PD and LGD to forecast credit risk. The PD and LGD models rely on explanatory variables specifically adapted to the exposure type and risk dimension. Exposures are assigned a rating grade for each risk dimension depending on the output of the PD and LGD models. When stress testing credit risk, the relationship between changes in credit risk and changes to relevant macroeconomic variables is utilized. For the PD dimension, a model predicting rating grade migrations depending on macroeconomic variables is used when stress testing. For the LGD dimension, the loan-to-value ratio (LTV), one of the primary explanatory variables in SCBC's LGD model, is adjusted using stressed market values when stress testing.

The starting point for stress tests is an assumed macroeconomic scenario, either estimated or based on a historical outcome. In an adverse scenario, characterized by unfavorable economic conditions, the stress test for credit risk will result in migrations towards worse rating grades, leading to higher economic capital, higher risk exposure amounts and larger expected losses. Stress tests are performed based on an observation of the lending portfolio at a particular date. The lending portfolio is subjected to stress over a period of three years, taking the planned volume development within different portfolio segments into account, after which the economic conditions are assumed to return to normal. A scenario from macroeconomic forecasts by SBAB's Chief Economist, describing a severe economic decline, is used for stress testing credit risk in the ICAAP.

Stressed scenario
In this scenario, a set of external shocks, in combination with internal vulnerabilities, lead to a rapid recession and problems in the Swedish banking system. Scenario consist of severe but not implausible financial stress. Historically, this kind of scenario has occurred approximately every twenty-five years.

- The previously high inflation has increased cost of production and eroded household real consumption..
- Low demand of goods causes companies to have profitability problems. Particularly hard hit are property companies, housing developers and construction companies. Financial turbulence and credit tightening lead to many companies ending up insolvent or going bankrupt and unemployment rising.
- The Swedish krona weakens, which contributes to keeping up inflation during the first half of 2025 despite weak domestic demand.
- Foreign confidence in the banks´ financial strength is eroding because of imbalances in the housing and mortgage markets. Central government's finances deteriorate because of stabilisation measures and confidence in economic policy is eroded, leading to rising risk premiums and interest rates. The banking system is coming under pressure. The Riksbank tries but fails in stimulating the economy because of the initial relatively low interest rate level and the rising risk premiums.
- The fall in housing prices cannot be fully explained by the development of the household income and mortgage rates but is also pushed down by difficulties in taking out mortgages and gloomy future expectations of the housing market. The housing prices are expected to fall between 10-16 percent during 2025-2026 before increasing again in 2027.

SCBC's process of stress testing credit risk comprises:

- Determination of a macroeconomic scenario for the stress test
- Estimating impact on credit risk in the assumed macroeconomic scenario
- Assumptions regarding new sales and loan redemption
- Calculation of expected losses and capital requirements
- Calculation of profit and own funds

In addition to credit losses and capital requirements related to credit risk, the stress tests also simulate the effect of a deterioration in SCBC's credit rating and the effect of a decline in property prices on SCBC's scope for funding by means of covered bonds. These are expected to lead to increased funding costs, resulting in weaker net interest income and lower earnings, and consequently also to reduced own funds. Finally, realised losses related to operational risks are also brought out by applying an operational scenario independent of the macro scenarios, thus leading to further deterioration in earnings and decreased own funds.

Information on the strategies and processes to manage, hedge and mitigate risks, as well as on the monitoring of the effectiveness of hedges and mitigants. (*Points (a) and (d) of Article 435(1) CRR)*

SCBC assesses the prevailing risk spectrum constantly and if significant changes occur or are likely to occur in the future, the banks risk management governance, measurement, hedging, controlling and reporting mechanisms are updated to match the requirements of the new risk spectrum. The second line of defense monitors the banks risk profile dailu to make sure that the risk appetite is not exceeded.

Credit risk is a wanted risk and is primarily mitigated by high quality collateral and by credit granting criterias. Credit derivatives are not used for hedging. Credit risk is mainly monitored by conducting continuous assessments on the credit quality in the lending portfolios.

Market risk is actively mitigated by asset & liability management and by using derivatives to hedge both currency and interest rate risk. The monitoring of market risk is done using risk-specific metrics for IRRBB, CSRBB, FX risk, and basis risk, complemented by dynamic balance sheet management tools.

Operational risk is mitigated by educating the staff on relevant subjects and by continuously improving internal processes. The monitoring is conducted by measuring the number of incidents over a chosen measurement period. Operational risk is not hedged by using derivatives.

Business risk is mitigated by analyzing the market environment, global trends and regulatory development in order to form sound strategies for the bank. The monitoring is primarily done by forecasting future earnings and by following the current development of the cost-to-income ratio. The earnings volatility is partly hedged by controlling the exposure to market risks.

SCBC liquidity management is a part of the liquidity group and hence is liquidity risk mitigated by the groups proactive forecasting methods and asset & liability management. The effectiveness is measured by comparing forecasted values against realized values – if the deviation increases, the forecasting methods are improved. Additionally, thoroughly assessed limits on the liquidity portfolio are in place to mitigate the risk of quality issues in case of market turbulence.

The group has an integrated approach regarding sustainability. This means that the group is regularly assessing risks and factors associated with its activities and from the outside world and aims to integrate the outcome of the analysis into its business planning. For instance, SBAB parent company has conducted a double materiality assessment for the group to identify material risks and opportunities, both in how the group impact the environment and society through their operations (impact materiality) but also how the outside world impacts the group (financial materiality). The assessment has been approved by the senior management and the board of the parent company. The outcome of the assessment, together with the group's target on reduced financed emission to reach net zero, have impacted the group's metrics, targets and strategic work concerning sustainability. Furthermore, to better understand potential climate related risks, the group applies different time horizons when identifying and analysing future climate risks (e.g., increased sea levels). No derivative instruments are used to hedge sustainability risks.

DISCLOSURE ON GOVERNANCE ARRANGEMENTS (EU OVB)

Well-functioning corporate governance, risk management and internal governance are essential for SCBC to reach set targets and maintain the confidence of its stakeholders. In addition to corporate governance in the traditional sense, which describes the system by which a company is governed and controlled, SCBC's vision, mission, business idea and values are important elements in SCBC's governance model. In the same way as is information, transparency, corporate culture, leadership and the long-term sustainable conduct of operations important elements in SCBC´s governance model. This, together with corporate governance, means that we can maintain a high level of confidence in SCBC's operations. Confidence forms the basis of all banking operations.

The number of directorships held by members of the management body. (*Point (a) of Article 435(2) CRR)*

Significant directorships

Board of Directors

Name	Title	Significant directorships
Jan Sinclair	Chairman of the Board	SBAB Bank AB (publ) (Board Member, Chairman of the Board), STS Alpresor AB (Board Member), Almi AB (Board Member), Bipon AB (Board Member), Jan M.L. Sinclair AB (Board Member), Tenant-owner association Victorhuset (Board Member, Chairman of the Board), German honorary consul, Industrial advisor (own business).
Jane Lundgren Ericsson	Board Member	SBAB Bank AB (publ) (Board Member), Visma Finance Solutions AB (Board Member), Inyett AB (Board Member), Gruvaktiebolaget Viscaria AB (publ) (Board Member), Bokio AB (Board Member), Flex Services Sverige AB (Deputy Board Member), Flex Applications Stockholm AB (Deputy Board Member), Miskatonic Ventures AB (Deputy Board Member), Flex Applications Sverige AB (CEO), Flex Applications Stockholm AB (CEO), Flex Services Sverige AB (CEO), Bagarmossen Kärrtorp Bollklubb (Chairman of the Board)
Mikael Inglander	Board Member	SBAB Bank AB (publ) (CEO), Booli Search Technologies AB (Board Member), Swedish Bank Association (Board Member)
Synnöve Trygg	Board Member	SBAB Bank AB (publ) (Board Member), Ziklo Bank AB (Board Member, Vice Chairman of the Board)

Executive management

Name	Significant directorships
Fredrik Jönsson	-
Sara Davidgård	-
Nils Rydberg	–
Marko Ivanic	-
Marie Brommesson	–
Ellinore Pujol	–
Lisa Strandorff	–
Kristian André	–
Sofia Blomgren	–
Stefan Andersson	–
Deniz Güler	–

Information regarding the recruitment policy for the selection of members of the management body and their actual knowledge, skills and expertise(*Point (b) of Article 435(2) CRR)*

At SCBC's Annual General Meeting (AGM), four members were elected to SCBC's Board. At the end of the year, SCBC's Board comprises of these four members elected by the AGM. The CEO is not a member of the Board. None of the Board members or the CEO hold shares or financial instruments issued by SCBC, since SCBC is wholly owned by the parent company.

In state-owned companies, uniform and shared principles are applied to achieve a structured nomination process for the appointment of Board members. The objective is to ensure an adequate supply of competence for the Boards of directors of these companies. The Board nomination process at the Government Offices of Sweden is coordinated by the Swedish Ministry of FInance. For each company, competence needs are analysed on the basis of the company's business, circumstances and future challenges, as well as the composition of the Board of Directors and the Board assessments that have been conducted. Recruitment requirements are then established and work commences. Members are selected from a broad recruitment base in order to draw on the expertise of both women and men, as well as individuals with different backgrounds and experience.

Information on the diversity policy with regard of the members of the management body (*Point (c) of Article 435(2) CRR)*

Equality and diversity are two of the most important issues of our time. We also know that demographically diverse organisations perform better. SCBC has set a target that at least 45% of management positions should be held by the underrepresented gender. SCBC met the target during the last financial year by a good margin.

The Board has adopted a policy on diversity in the Board and an instruction for eligibility assessments for Board members, the CEO and senior executives. The diversity policy includes statements that the composition of the Board should be such that a balance is achieved with regard to background, areas of competence, experience and gender. The eligibility instruction states that the eligibility assessment of the Board, the CEO and the senior executives should take into account the individual's skills, experience, reputation and judgement.

Information whether or not the institution has set up a separate risk committee and the frequency of the meetings. *(Point (d) of Article 435(2) CRR)*
SCBC has not established any Credit committee, Risk and Capital Committee or any Remuneration Committee. The parent company's committees deals with questions about SCBC that are relevant at group level and integrated into its work.
The Board of the parent company has established four committees to prepare matters ahead of the Board's decisions. The parent company's Risk and Capital Committee prepares matters which can also encompass or be relevant for SCBC. The Risk and Capital Committee prepares matters concerning the group's treasury operations, matters related to risk and capital and the use of new financial instruments. The Committee also prepares issues for resolution by the Board of Directors concerning objectives, strategies and control documents within the areas of risk and capital. The Committee approves changes in the forward-looking assumptions in the financial reporting used to estimate credit losses. The Committee consists of at least three members (currently five) appointed by the Board. The Risk and Capital Committee is the statutory Risk Committee of the SBAB Group. The Risk and Capital Committee held twelve meetings during the year.

Description on the information flow on risk to the management body.(*Point (e) Article 435(2) CRR)*
A quarterly report on the overall risk situation and capital adequacy ratios is made available by risk control to the Board, the CEO and Executive Management. In addition, a daily report on current risk levels in relation to granted limits is presented to the CEO, CFO and CRO. SCBC's Board and Executive Management are thereby provided with a relevant overview of the Group's risk exposure on a continuous basis. The risk owners, i.e. the business operations, must, without delay, inform risk control of occurrences of significant events that could entail an increased risk. Clear ownership of risk and compliance applies in the first line of defense at SCBC. This is secured through an organization comprised of risk and compliance coordinators in the first line of defense, who support the respective business managers with a focus on risk management, process mapping, internal controls, incident management and regulatory compliance.

3.2 REMUNERATION

REMUNERATION POLICY (EU REMA)

Information relating to the bodies that oversee remuneration *(Point a of Article 450(1) CRR)*

Name, composition and mandate of the main body (management body and remuneration committee where established) overseeing the remuneration policy and the number of meetings held by that main body during the financial year;
The General Meeting of SCBC's parent company SBAB decides on the overall guidelines for remuneration and other employment terms for senior executives (members of SBAB's and SCBC's Executive Management). SCBC has not established an own Remuneration Committee. The parent company's Remuneration Committee also address issues concerning SCBC that are relevant at Group level as part of their work. The Remuneration Committee is tasked with preparing remuneration issues for decision by the Board and for conducting an independent assessment of policy documents pertaining to remuneration issues and remuneration systems.
The Board is to ensure that the appropriate control functions participate in the independent assessments. The Board of Directors decides on:

- Remuneration policy, risk analysis regarding remuneration systems and other policy documents for remuneration issues
- Remuneration and other employment benefits for Executive Management and the heads of the control functions (the CRO and the heads of Internal Audit and Compliance)
- Follow-up on the application of SCBC's control documents regarding remuneration issues
- The Remuneration committee held 5 meetings during 2024.

External consultants whose advice has been sought, the body by which they were commissioned, and in which areas of the remuneration framework;
No external consultants have been hired for re-designing the remuneration framework during the financial year. However, external advice is sought from time to time for specific tasks i.e., for taxation, recruitment channels and legal advice.

A description of the scope of the institution's remuneration policy (eg by regions, business lines), including the extent to which it is applicable to subsidiaries and branches located in third countries;
The overarching steering policy for remuneration is the State Ownership Policy and principles for state-owned enterprises 2020. No significant differences exist between the parent company and the subsidiary remuneration policies. Furthermore, SCBC does not have foreign branches. Employees working with matters related to SCBC are remunerated by SBAB and the employment contract is between the employee and SBAB. Hence, SCBC is not considered an employer.

A description of the staff or categories of staff whose professional activities have a material impact on institutions' risk profile; (identified staff).
SCBC has a CEO and 47 employees who handle the ongoing administration in consultation with the management of the parent company. No salary or other remuneration is paid by the company to the CEO or the employees, since the parent company is responsible for the ongoing administrative services in accordance with the outsourcing agreement signed between SBAB and SCBC. Since there are no employees with remuneration in SCBC, there is no staff whose professional activities have a material impact on the institutions' risk profile.

Information relating to the design and structure of the remuneration system for identified staff. *(Point b of Article 450(1) CRR)* **Disclosures shall include:**

An overview of the key features and objectives of remuneration policy, and information about the decision-making process used for determining the remuneration policy and the role of the relevant stakeholders (e.g. the shareholders' meeting);
According to the Remuneration Policy there is no staff employed in SCBC. Therefore, SCBC only accounts for fees and remuneration to the Board Members. For the design and structure, see table REMA in Section 3.2 in SBAB 's Pillar 3 report.

Information on the criteria used for performance measurement and ex ante and ex post risk adjustment;
For information, see table REMA in SBAB 's Pillar 3 report.

Whether the management body and the remuneration committee, where established, reviewed the institution's remuneration policy during the past year, and if so, an overview of any changes that were made, the reasons for those changes and their impact on remuneration;
For information, see table REMA in SBAB 's Pillar 3 report.

Information of how the institution ensures that staff in internal control functions are remunerated independently of the businesses they oversee;
For information, see table REMA in SBAB 's Pillar 3 report.

Policies and criteria applied for the award of guaranteed variable remuneration and severance payments;
For information, see table REMA in SBAB 's Pillar 3 report.

Description of the ways in which current and future risks are taken into account in the remuneration processes. *(Point c of Article 450(1) CRR)* **Disclosures shall include an overview of the key risks, their measurement and how these measures affect remuneration.**
For information, see table REMA in SBAB 's Pillar 3 report.

The ratios between fixed and variable remuneration set in accordance with point (g) of Article 94(1) of Directive 2013/36/EU. *(Point d of Article 450(1) CRR)*
Not applicable.

Description of the ways in which the institution seeks to link performance during a performance measurement period with levels of remuneration. *(Point e of Article 450(1) CRR)* **Disclosures shall include:**

An overview of main performance criteria and metrics for institution, business lines and individuals.
Not applicable.

An overview of how amounts of individual variable remuneration are linked to institution-wide and individual performance.
Not applicable.

Information on the criteria used to determine the balance between different types of instruments awarded including shares, equivalent ownership interest, options and other instruments
Not applicable.

Information of the measures the institution will implement to adjust variable remuneration in the event that performance metrics are weak, including the institution's criteria for determining performance metrics when the performance metrics are considered 'weak'. In accordance with point (n) of Article 94(1) CRD, to be paid or vested the variable remuneration has to be justified on the basis of the performance of the institution, the business unit and the individual concerned. Institutions shall explain the criteria/ thresholds for determining that the performance is weak and that does not justify that the variable remuneration can be paid or vested.
Not applicable.

Description of the ways in which the institution seeks to adjust remuneration to take account of long-term performance. (*Point f of Article 450(1) CRR)* **Disclosures shall include:**
An overview of the institution's policy on deferral, payout in instrument, retention periods and vesting of variable remuneration including where it is different among staff or categories of staff.
Not applicable.

Information of the institution' criteria for ex post adjustments (malus during deferral and clawback after vesting, if permitted by national law).
Not applicable.

Where applicable, shareholding requirements that may be imposed on identified staff.
Not applicable.

The description of the main parameters and rationale for any variable components scheme and any other non-cash benefit, as referred to in point (f) of Article 450(1) CRR.
(Point (f) of Article 450(1) CRR)
For information, see table REMA in SBAB 's Pillar 3 report.

Upon demand from the relevant Member State or competent authority, the total remuneration for each member of the management body or senior management, as referred to in point (j) of Article 450(1) CRR *(Point (j) of Article 450(1) CRR)*
For information, see table REMA in SBAB 's Pillar 3 report.

Information on whether the institution benefits from a derogation laid down in Article 94(3) CRD, as referred to in point (k) of Article 450(1) CRR. *(Point k of Article 450(1))*
Not applicable as SCBC does not have any elements of variable remuneration.

Large institutions shall disclose the quantitative information on the remuneration of their collective management body, differentiating between executive and non-executive members, as referred to in Article 450(2) *(CRR. Article 450(2)*
Not applicable since there is no staff employed in SCBC according to the Remuneration Policy.

REMUNERATION AWARDED FOR THE FINANCIAL YEAR (EU REM1)

			MB Supervisory function	MB Management function	Other senior management	Other identified staff
			a	b	c	d
1	**Fixed remuneration**	Number of identified staff	–	–	–	–
2		Total fixed remuneration	–	–	–	–
3		Of which: cash-based	–	–	–	–
4		(Not applicable in the EU)				
EU-4a		Of which: shares or equivalent ownership interests	–	–	–	–
5		Of which: share-linked instruments or equivalent non-cash instruments	–	–	–	–
EU-5x		Of which: other instruments	–	–	–	–
6		(Not applicable in the EU)				
7		Of which: other forms	–	–	–	–
8		(Not applicable in the EU)				
9	**Variable remuneration**	Number of identified staff	–	–	–	–
10		Total variable remuneration	–	–	–	–
11		Of which: cash-based	–	–	–	–
12		Of which: deferred	–	–	–	–
EU-13a		Of which: shares or equivalent ownership interests	–	–	–	–
EU-14a		Of which: deferred	–	–	–	–
EU-13b		Of which: share-linked instruments or equivalent non-cash instruments	–	–	–	–
EU-14b		Of which: deferred	–	–	–	–
EU-14x		Of which: other instruments	–	–	–	–
EU-14y		Of which: deferred	–	–	–	–
15		Of which: other forms	–	–	–	–
16		Of which: deferred	–	–	–	–
17	**Total remuneration (2 + 10)**		–	–	–	–

SPECIAL PAYMENTS TO STAFF WHOSE PROFESSIONAL ACTIVITIES HAVE A MATERIAL IMPACT ON INSTITUTIONS' RISK PROFILE (IDENTIFIED STAFF) (EU REM2)

		MB Supervisory function	MB Management function	Other senior management	Other identified staff
		a	b	c	d
	Guaranteed variable remuneration awards				
1	Guaranteed variable remuneration awards - Number of identified staff	–	–	–	–
2	Guaranteed variable remuneration awards -Total amount	–	–	–	–
3	Of which guaranteed variable remuneration awards paid during the financial year, that are not taken into account in the bonus cap	–	–	–	–
	Severance payments awarded in previous periods, that have been paid out during the financial year				
4	Severance payments awarded in previous periods, that have been paid out during the financial year - Number of identified staff	–	–	–	–
5	Severance payments awarded in previous periods, that have been paid out during the financial year - Total amount	–	–	–	–
	Severance payments awarded during the financial year				
6	Severance payments awarded during the financial year - Number of identified staff	–	–	–	–
7	Severance payments awarded during the financial year - Total amount	–	–	–	–
8	Of which paid during the financial year	–	–	–	–
9	Of which deferred	–	–	–	–
10	Of which severance payments paid during the financial year, that are not taken into account in the bonus cap	–	–	–	–
11	Of which highest payment that has been awarded to a single person	–	–	–	–

INFORMATION ON REMUNERATION OF STAFF WHOSE PROFESSIONAL ACTIVITIES HAVE A MATERIAL IMPACT ON INSTITUTIONS' RISK PROFILE (IDENTIFIED STAFF) (EU REM5)

		Management body remuneration			Business areas						
	Category level AVA	MB Supervisory function	MB Management function	Total MB	Investment banking	Retail banking	Asset management	Corporate functions	Independent internal control functions	All other	Total
		a	b	c	d	e	f	g	h	i	j
1	Total number of identified staff										–
2	Of which: members of the MB	–	–	–							
3	Of which: other senior management				–	–	–	–	–	–	
4	Of which: other identified staff				–	–	–	–	–	–	
5	Total remuneration of identified staff	–	–	–	–	–	–	–	–	–	
6	Of which: variable remuneration	–	–	–	–	–	–	–	–	–	
7	Of which: fixed remuneration	–	–	–	–	–	–	–	–	–	

4 Capital adequacy

The size of SCBC's capital requirements depends on laws and regulations, the company's internal assessment based on approved strategies, the assessments of investors and rating agencies, and the evaluations made by the owner, the Board and Executive Management. SCBC continuously evaluates and adjust its capital targets when necessary.

Capital in accordance with Pillar 1, refers to the minimum amount of capital that the company is required to have in

accordance with the CRR and CRD, the EU's technical standards and delegated acts, the Special Supervision of Credit Institutions and Investment Firms Act (2014:968), the Capital Buffers Act (2014:966), EU Regulation (2019/2033) on the prudential requirements of investment firms and the Swedish FSA's regulations regarding prudential requirements and capital buffers (FFFS 2014:12).

4.1. CAPITAL REQUIREMENTS AND BUFFERS

The rules in the CRR and CRD IV entail, among other things, requirements in the Pillar 1 for a minimum level of own funds and regulations regarding capital requirements. According to the requirements, the bank must have a CET1 capital ratio of at least 4.5%, a Tier 1 capital ratio of at least 6.0% and a total capital ratio at least equal to 8.0% of the total risk exposure amount for credit risk, market risk and operational risk.

In addition to a total capital ratio of 8.0%, the bank must maintain CET1 capital to meet the combined buffer requirements, which in Sweden is the sum of a capital conservation buffer of 2.5% of the risk exposure amount, a countercyclical buffer of up to 2.5% and buffers for systemic risk of up to 4.0%.

The SFSA has decided that, in addition to a capital conservation buffer of 2.5%, a countercyclical buffer will also apply for Swedish exposures. The countercyclical buffer for Swedish exposures amounts to 2.0%. The SFSA has also decided to recognise countercyclical buffer values of up to 2.5% set by a competent authority in another EEA country. Furthermore, banks considered systemically important are subject to an additional capital requirement of 4.0% to be covered by CET1 capital, which is not applicable for SCBC.

The buffer values are presented in table Amount of institution-specific countercyclical capital buffer (EU CCyB2), with risk exposure amounts and capital requirements. More detailed information of the countercyclical buffer rates is disclosed in the table the geographical distribution of credit exposures relevant for the calculation of the countercyclical buffer (EU CCyB1).

When calculating capital requirements, each exposure is allocated to an exposure class, either using the standardised or the IRB approach. Table Overview of risk exposure amount (EU OV1) shows the individual risk exposure amounts distributed by exposure class compared to previous quarter. The increase in total REA during the fourth quarter refer to credit risk IRB, partly due to negative risk class migrations in the lending portfolio within business area Corporates & Associations. In addition, a positive risk class migrations in the lending portfolio within business area Retail contributed to a decrease in REA, however the effect from the risk-weight floor contributed to a net increase in total REA.

Risk-weight floor for Swedish mortgages

In 2018, the Swedish FSA decided to amend the method for applying the risk weight floor under Pillar 2 and replace it with a Pillar 1 requirement in accordance with Article 458 of the CRR. The amendment entered into force in 2018 and applied for two years. The Swedish FSA has extended the capital requirement, and it is currently in force until 30 December 2025.

KEY METRICS (EU KM1)

		SCBC				
	SEK million	31 Dec 2024	30 Sep 2024	30 Jun 2024	31 Mar 2024	31 Dec 2023
		a	b	c	d	e
	Available own funds (amounts)					
1	Common Equity Tier 1 (CET1) capital	24 140	23 904	23 742	23 544	23 326
2	Tier 1 capital	24 140	23 904	23 742	23 544	23 326
3	Total capital	24 144	23 910	23 748	23 552	23 328
	Risk-weighted exposure amounts					
4	Total risk-weighted exposure amount	147 471	143 669	144 216	142 206	139 506
	Capital ratios (as a percentage of risk-weighted exposure amount)					
5	Common Equity Tier 1 ratio (%)	16,4	16,6	16,5	16,6	16,7
6	Tier 1 ratio (%)	16,4	16,6	16,5	16,6	16,7
7	Total capital ratio (%)	16,4	16,6	16,5	16,6	16,7
	Additional own funds requirements to address risks other than the risk of excessive leverage (as a percentage of risk-weighted exposure amount)					
EU 7a	Additional own funds requirements to address risks other than the risk of excessive leverage (%)	1,2	1,2	1,2	1,2	1,2
EU 7b	of which: to be made up of CET1 capital (percentage points)	0,7	0,7	0,7	0,7	0,7
EU 7c	of which: to be made up of Tier 1 capital (percentage points)	0,9	0,9	0,9	0,9	0,9
EU 7d	Total SREP own funds requirements (%)	9,2	9,2	9,2	9,2	9,2
	Combined buffer requirement (as a percentage of risk-weighted exposure amount)					
8	Capital conservation buffer (%)	2,5	2,5	2,5	2,5	2,5
EU 8a	Conservation buffer due to macro-prudential or systemic risk identified at the level of a Member State (%)	–	–	–	–	–
9	Institution specific countercyclical capital buffer (%)	2,0	2,0	2,0	2,0	2,0
EU 9a	Systemic risk buffer (%)	–	–	–	–	–
10	Global Systemically Important Institution buffer (%)	–	–	–	–	–
EU 10a	Other Systemically Important Institution buffer	–	–	–	–	–
11	Combined buffer requirement (%)	4,5	4,5	4,5	4,5	4,5
EU 11a	Overall capital requirements (%)	13,7	13,7	13,7	13,7	13,7
12	CET1 available after meeting the total SREP own funds requirements (%)	7,1	7,4	7,2	7,3	7,5
	Leverage ratio					
13	Total exposure measure	524 312	515 689	509 360	502 897	494 306
14	Leverage ratio (%)	4,6	4,6	4,7	4,7	4,7
	Additional own funds requirements to address the risk of excessive leverage (as a percentage of total exposure measure)					
EU 14a	Additional own funds requirements to address the risk of excessive leverage (%)	–	–	–	–	–
EU 14b	of which: to be made up of CET1 capital (percentage points)	–	–	–	–	–
EU 14c	Total SREP leverage ratio requirements (%)	3.0	3.0	3.0	3.0	3.0

	SEK million	SCBC 31 Dec 2024	30 Sep 2024	30 Jun 2024	31 Mar 2024	31 Dec 2023
		a	b	c	d	e
	Leverage ratio buffer and overall leverage ratio requirement (as a percentage of total exposure measure)					
EU 14d	Leverage ratio buffer requirement (%)	–	–	–	–	–
EU 14e	Overall leverage ratio requirements (%)	3.0	3.0	3.0	3.0	3.0
	Liquidity Coverage Ratio [1]					
15	Total high-quality liquid assets (HQLA) (Weighted value - average)	–	–	–	–	–
EU 16a	Cash outflows - Total weighted value	–	–	–	–	–
EU 16b	Cash inflows - Total weighted value	–	–	–	–	–
16	Total net cash outflows (adjusted value)	–	–	–	–	–
17	Liquidity coverage ratio (%)	–	–	–	–	–
	Net Stable Funding Ratio [1]					
18	Total available stable funding	–	–	–	–	–
19	Total required stable funding	–	–	–	–	–
20	NSFR ratio (%)	–	–	–	–	–

[1] AB Sveriges Säkerställda Obligationer (publ) is treated as a single liquidity sub-group, together with SBAB Bank AB(publ), according to Article 8 (CRR) and a decision by Swedish FSA. Therefore, Liquidity information is only regarded material on a consolidated basis.

The identified changes since the previous reporting period is an increase total risk weighted exposure amounts that refer to credit risk IRB, partly due to negative risk class migrations in the lending portfolio within business area Corporates & Associations. In addition, a positive risk class migrations in the lending portfolio within business area Retail contributed to a decrease in REA, however the effect from the risk-weight floor contributed to a net increase in total REA.

OVERVIEW OF RISK WEIGHTED EXPOSURE AMOUNTS (EU OV1)

	SEK million	Risk weighted exposure amounts (RWEAs) 31 Dec 2024	30 Sep 2024	Total own funds requirements 31 Dec 2024
		a	b	c
1	**Credit risk (excluding CCR)**	**140,154**	**136,499**	**11,212**
2	Of which the standardised approach	17	162	1
3	Of which the foundation IRB (FIRB) approach	49,467	47,167	3,958
5	Of which the advanced IRB (AIRB) approach	16,904	18,441	1,352
6	**Counterparty credit risk - CCR**	**877**	**914**	**70**
7	Of which the standardised approach	122	123	10
8	Of which internal model method (IMM)	–	–	–
EU 8a	Of which exposures to a CCP	–	–	–
EU 8b	Of which credit valuation adjustment - CVA	717	749	57
9	Of which other CCR	38	41	3
20	**Position, foreign exchange and commodities risks (Market risk)**	**469**	**286**	**38**
21	Of which the standardised approach	469	286	38
23	**Operational risk**	**5,971**	**5,971**	**478**
EU 23b	Of which standardised approach	5,971	5,971	478
29	**Total**	**147,471**	**143,669**	**11,798**

The increase in total risk weighted exposure amounts during the fourth quarter 2024 refer to credit risk IRB, partly due to negative risk class migrations in the lending portfolio within business area Corporates & Associations. In addition, a positive risk class migrations in the lending portfolio within business area Retail contributed to a decrease in REA, however the effect from the risk-weight floor contributed to a net increase in total REA.

GEOGRAPHICAL DISTRIBUTION OF CREDIT EXPOSURES RELEVANT FOR THE CALCULATION OF THE COUNTERCYCLICAL BUFFER(EU CCYB1)

		General credit exposures		Relevant credit exposures – Market risk				Own fund requirements						
010	Breakdown by country	Exposure value under the standardised approach	Exposure value under the IRB approach	Sum of long and short positions of trading book exposures for SA	Value of trading book exposures for internal models	Securitisation exposures Exposure value for non-trading book	Total exposure value	Relevant credit risk exposures - Credit risk	Relevant credit exposures – Market risk	Relevant credit exposures – Securitisation positions in the non-trading book	Total	Risk-weighted exposure amounts	Own fund requirements weights (%)	Countercyclical buffer rate (%)
		a	b	c	d	e	f	g	h	i	j	k	l	m
	Sweden	11	521,560	–	–	–	521,571	5,310	–	–	5,310	66,373	100.0	2.0
	Norway	–	–	–	–	–	–	–	–	–	–	–	–	2.5
	Denmark	–	–	–	–	–	–	–	–	–	–	–	–	2.5
	Other	–	–	–	–	–	–	–	–	–	–	–	–	–
020	**Total**	**11**	**521,560**	**–**	**–**	**–**	**521,571**	**5,310**	**–**	**–**	**5,310**	**66,373**	**–**	

No changes in the countercyclical buffer rate for Swedish exposures since June 30, 2024, but a decrease in REA for Swedish exposures affected the own fund requirements.

AMOUNT OF INSTITUTION-SPECIFIC COUNTERCYCLICAL CAPITAL BUFFER (EU CCYB2)

		a
1	Total risk exposure amount	147,471
2	Institution specific countercyclical capital buffer rate, %	2.00
3	Institution specific countercyclical capital buffer requirement	2,949

No major changes have been noted since previous reporting on June 30, 2024.

4.2 OWN FUNDS

SCBC's own funds consist of Common Equity Tier 1 Capital. SCBC's own funds amounted to SEK 24,144 million on 31 December 2024, (detailed information of the own funds composition can be found in table EU CC1). Over the year, CET1 capital was affected by the fact that net profit/loss for the period was added. The surplus has been verified by the company's auditors, in accordance with Article 26, item 2, of the CRR. According to Article 35 of the CRR, the institution shall, except in the case of the items referred to in Article 33, not make adjustments to remove from own funds unrealised gains or losses on assets or liabilities recognised at fair value. According to this Article, SEK 2,954 million have been withdrawn from CET1 capital.

According to Article 33, item 1, of the CRR, the part of the fair-value reserves related to gains or losses on cash-flow hedges of financial instruments that are not valued at fair value, including projected cash flows is not to be included in own funds. The CET1 capital has been adjusted for cash-flow hedges amounting to SEK 2,954 million.

Changes in fair value that depend on the institution's own credit standing and that are related to derivatives had a limited impact on CET1 capital, in accordance with Article 33, item 1b.

With reference to Articles 34 and 105 of the CRR, SEK 18 million has been deducted from CET1 capital due to the requirements for prudent valuation, which is disclosed in table EU PV1. A deduction of SEK 313 million from the calculation of expected loss amounts were made in accordance with Article 36 of the CRR. An addition of SEK 4 million for IRB surplus, under Article 62, item d ,of the CRR, has been made for own funds in December 2024. A small deduction from CET1 capital has been made due to the NPL backstop, pursuant to Article 36, point 1, item m, of the CRR. No risk exposures have been deducted from own funds.

DISCLOSURE OF OWN FUNDS (EU CC1)

	SEK million	31 Dec 2024
		a
	Common Equity Tier 1 (CET1) capital: instruments and reserves	
1	Capital instruments and the related share premium accounts	50
2	Retained earnings	23,595
3	Accumulated other comprehensive income (and other reserves)	–2,954
EU-5a	Independently reviewed interim profits net of any foreseeable charge or dividend	827
6	**Common Equity Tier 1 (CET1) capital before regulatory adjustments**	**21,518**
	Common Equity Tier 1 (CET1) capital: regulatory adjustments	
7	Additional value adjustments (negative amount)	–18
8	Intangible assets (net of related tax liability) (negative amount)	–
10	Deferred tax assets that rely on future profitability excluding those arising from temporary differences (net of related tax liability where the conditions in Article 38 (3) are met) (negative amount)	–
11	Fair value reserves related to gains or losses on cash flow hedges of financial instruments that are not valued at fair value	2,954
12	Negative amounts resulting from the calculation of expected loss amounts	–313
14	Gains or losses on liabilities valued at fair value resulting from changes in own credit standing	–
27a	Other regulatory adjustments	–1
28	**Total regulatory adjustments to Common Equity Tier 1 (CET1)**	**2,622**
29	**Common Equity Tier 1 (CET1) capital**	**24,140**
	Additional Tier 1 (AT1) capital: instruments	
30	Capital instruments and the related share premium accounts	–
31	of which: classified as equity under applicable accounting standards	–
32	of which: classified as liabilities under applicable accounting standards	–
33	Amount of qualifying items referred to in Article 484 (4) and the related share premium accounts subject to phase out from AT1 as described in Article 486(3) of CRR	–
36	**Additional Tier 1 (AT1) capital before regulatory adjustments**	**–**
	Additional Tier 1 (AT1) capital: regulatory adjustments	
43	**Total regulatory adjustments to Additional Tier 1 (AT1) capital**	**–**
44	**Additional Tier 1 (AT1) capital**	**–**
45	**Tier 1 capital (T1 = CET1 + AT1)**	**24,140**
	Tier 2 (T2) capital: instruments	
46	Capital instruments and the related share premium accounts	–
50	Credit risk adjustments	4
51	**Tier 2 (T2) capital before regulatory adjustments**	**4**
	Tier 2 (T2) capital: regulatory adjustments	
57	**Total regulatory adjustments to Tier 2 (T2) capital**	**–**
58	**Tier 2 (T2) capital**	**4**
59	**Total capital (TC = T1 + T2)**	**24,144**
60	**Total risk exposure amount**	**147,471**
	Capital ratios and requirements including buffers	
61	Common Equity Tier 1	16.4
62	Tier 1	16.4
63	Total capital	16.4
64	Institution CET1 overall capital requirement	9.7
65	of which: capital conservation buffer requirement	2.5
66	of which: countercyclical buffer requirement	2.0
67	of which: systemic risk buffer requirement	–
EU-67a	of which: Global Systemically Important Institution (G-SII) or Other Systemically Important Institution (O-SII) buffer	–
EU-67b	of which: additional own funds requirements to address the risks other than the risk of excessive leverage	0.7
68	**Common Equity Tier 1 available to meet buffer (as a percentage of risk exposure amount)**	**7.1**
	Applicable caps on the inclusion of provisions in Tier 2	
76	Credit risk adjustments included in T2 in respect of exposures subject to standardised approach (prior to the application of the cap)	–
77	Cap on inclusion of credit risk adjustments in T2 under standardised approach	2
78	Credit risk adjustments included in T2 in respect of exposures subject to internal ratings-based approach (prior to the application of the cap)	–
79	Cap for inclusion of credit risk adjustments in T2 under internal ratings-based approach	398

Since June 30, 2024, total capital was affected by added net profit/loss for the period. The increase in total risk weighted exposure amounts is explained in table KM1.

MAIN FEATURES OF REGULATORY OWN FUNDS INSTRUMENTS AND ELIGIBLE LIABILITIES INSTRUMENTS (EU CCA)[1]

1	Issuer	AB Sveriges Säkerställda Obligationer (publ)
2	Unique identifier (e.g. CUSIP, ISIN or Bloomberg identifier for private placement)	N/A
2a	Public or private placement	N/A
3	Governing law(s) of the instrument	Swedish
3a	Contractual recognition of write down and conversion powers of resolution authorities	N/A
Regulatory treatment		
4	Current treatment taking into account, where applicable, transitional CRR rules	Common Equity Tier 1
5	Post-transitional CRR rules	Common Equity Tier 1
6	Eligible at solo/(sub-)consolidated/solo & (sub-)consolidated	Solo
7	Instrument type (types to be specified by each jurisdiction)	Share capital as published in Regulation (EU) No 575/2013 article 28
8	Amount recognised in regulatory capital (currency in million, as of most recent reporting date)	SEK 50m
9	Nominal amount of instrument	SEK 50m
EU-9a	Issue price	N/A
EU-9b	Redemption price	N/A
10	Accounting classification	Shareholder's equity
11	Original date of issuance	24-jun-03
12	Perpetual or dated	Perpetual
13	Original maturity date	No maturity
14	Issuer call subject to prior supervisory approval	N/A
15	Optional call date, contingent call dates, and redemption amount	N/A
16	Subsequent call dates, if applicable	N/A
Coupons / dividends		
17	Fixed or floating dividend/coupon	N/A
18	Coupon rate and any related index	N/A
19	Existence of a dividend stopper	N/A
EU-20a	Fully discretionary, partially discretionary or mandatory (in terms of timing)	N/A
EU-20b	Fully discretionary, partially discretionary or mandatory (in terms of amount)	N/A
21	Existence of step up or other incentive to redeem	No
22	Noncumulative or cumulative	Noncumulative
23	Convertible or non-convertible	Nonconvertible
24	If convertible, conversion trigger(s)	N/A
25	If convertible, fully or partially	N/A
26	If convertible, conversion rate	N/A
27	If convertible, mandatory or optional conversion	N/A
28	If convertible, specify instrument type convertible into	N/A
29	If convertible, specify issuer of instrument it converts into	N/A
30	Write-down features	No
31	If write-down, write-down trigger (s)	N/A
32	If write-down, full or partial	N/A
33	If write-down, permanent or temporary	N/A
34	If temporary write-down, description of write-up mechanism	N/A
34a	Type of subordination (only for eligible liabilities)	N/A
EU-34b	Ranking of the instrument in normal insolvency proceedings	1
35	Position in subordination hierarchy in liquidation (specify instrument type immediately senior to instrument)	Additional Tier 1
36	Non-compliant transitioned features	No
37	If yes, specify non-compliant features	N/A
37a	Link to the full term and conditions of the intrument (signposting)	N/A

1) 'N/A' inserted if the question is not applicable

RECONCILIATION OF REGULATORY OWN FUNDS TO BALANCE SHEET IN THE AUDITED FINANCIAL STATEMENTS (EU CC2)

		Balance sheet as in published financial statements	Under regulatory scope of consolidation
		31 Dec 2024	31 Dec 2024
		a	b
	Assets - Breakdown by asset classes according to the balance sheet in the published financial statements		
1	Cash and balances at central banks	–	–
2	Treasury bills, etc,	–	–
3	Lending to credit institutions	1,538	1,538
4	Lending to the public (Note 5)	520,771	520,771
5	Value changes of interest-rate-risk hedged items in macro hedges	–357	–357
6	Bonds and other interest-bearing securities	–	–
7	Derivatives (Note 6)	9,526	9,526
8	Shares and participations in Group companies	–	–
9	Shares and participations in subsidiaries	–	–
10	Deferred taxes	772	772
11	Intangible assets	–	–
12	Property, plant and equipment	–	–
13	Other assets	187	187
14	Prepaid expenses and accrued income	312	312
	Total assets	**532,749**	**532,749**
	Liabilities - Breakdown by liability clases according to the balance sheet in the published financial statements		
15	Liabilities to credit institutions	1	1
16	Deposits from the public	–	–
17	Debt securities issued, etc,	305,210	305,210
18	Derivatives (Note 6)	8,516	8,516
19	Other liabilities	45	45
20	Accrued expenses and deferred income	3,391	3,391
21	Deferred tax liabilities	–	–
22	Provisions	–	–
23	Subordinated debt	193,488	193,488
	Total liabilities	**510,652**	**510,652**
	Shareholders' Equity		
24	Share capital	50	50
	Shareholder contribution	16,350	16,350
26	Reserves/Fair value reserve	–2,954	–2,954
27	Additional Tier 1 instruments	–	–
28	Retained earnings	7,245	7,245
29	Net profit for the period	1,406	1,406
	Total equity	**22,097**	**22,097**
	Liabilities and Equity		
	TOTAL LIABILITIES AND EQUITY	**532,749**	**532,749**

Since June 30, 2024, total assets increased mainly due to increased lending to the public.

PRUDENT VALUATION ADJUSTMENTS (PVA) (EU PV1)

		Risk category					Category level AVA - Valuation uncertainty		Total category level post-diversification		
	Category level AVA	Equity	Interest Rates	Foreign exchange	Credit	Commodities	Unearned credit spreads AVA	Investment and funding costs AVA		Of which: Total core approach in the trading book	Of which: Total core approach in the banking book
		a	b	c	d	e	EU e1	EU e2	f	g	h
1	Market price uncertainty	–	–	–	–	–	–	–	–	–	–
3	Close-out cost	–	–	–	–	–	–	–	–	–	–
4	Concentrated positions	–	–	–	–	–			–	–	–
5	Early termination	–	–	–	–	–			–	–	–
6	Model risk	–	–	–	–	–	–	–	–	–	–
7	Operational risk	–	–	–	–	–			–	–	–
10	Future administrative costs	–	–	–	–	–			–	–	–
12	**Total Additional Valuation Adjustments (AVAs)**								**18**	**–**	**–**

Prudent validation has decreased from 24 to 18 SEK million since December 31, 2023. The reason for the decrease is a change in derivative liabilities. SCBC applies the Simplified Approach.

4.3 SCOPE OF APPLICATION

OTHER QUALITATIVE INFORMATION ON THE SCOPE OF APPLICATION (EU LIB)

Impediment to the prompt transfer of own funds or to the repayment of liabilities within the group *(Article 436 (f) CRR)*
There are no ongoing or foreseen material obstacles or other legal barriers to a rapid transfer of funds from own funds other than what is stipulated in the terms and conditions governing subordinated loans or what generally applies under the Companies Act (2005:551).

The starting capital required for the parent company in accordance with the Act on Banking and Financing Activities (2004:297) equaled SEK 45.9 million. The corresponding capital requirement for SCBC amounted to SEK 47.0 million.

Subsidiaries not included in the consolidation with own funds less than required *(Article 436 (g) CRR)*
No subsidiaries in SCBC.

Use of derogation referred to in Article 7 CRR or individual consolidation method laid down in Article 9 CRR *(Article 436(h) CRR)*
Not applicable.

Aggregate amount by which the actual own funds are less than required in all subsidiaries that are not included in the consolidation *(Article 436(g) CRR)*
Not applicable.

EXPLANATIONS OF DIFFERENCES BETWEEN ACCOUNTING AND REGULATORY EXPOSURE AMOUNTS (EU LIA)

Disclose the differences between columns (a) and (b) in template EU LI1 *(Article 436 (b) CRR)*
Not applicable.

Qualitative information on the main sources of differences between the accounting and regulatory scope of consolidation shown in template EU LI2 *(Article 436 (d) CRR)*
The main sources of differences between the regulatory exposure amounts and carrying values in the financial statements are the the differences due to the reporting of derivative expsoures and the netting rules according to the counterparty credit risk framework.

DIFFERENCES BETWEEN ACCOUNTING AND REGULATORY SCOPES OF CONSOLIDATIONS AND THE MAPPING OF FINANCIAL STATEMENT CATEGORIES WITH REGULATORY RISK CATEGORIES (EU LI1)[1]

	Balance sheet, SEK million	Carrying values as reported in published financial statements	Carrying values under scope of regulatory consolidation	Carrying values of items: Subject to the credit risk framework	Subject to CCR framework	Subject to the market risk framework[2]	Not subject to capital requirements or subject ot deduction from capital base[3]
		a	b	c	d	e	f
	Assets						
1	Cash and balances at central banks	–	–	–	–	–	–
2	Treasury bills	–	–	–	–	–	–
3	Lending to credit institutions	1,538	1,538	10	1,528	–	–
4	Lending to the public	520,771	520,771	520,771	–	–	–
5	Value changes of interest-rate -risk hedged items in macro hedges[4]	–357	–357	0	–	–	–
6	Bonds and other interest-bearing securities	–	–	–	–	–	–
7	Derivatives	9,526	9,526	–	9,526	–	–
	Shares in associated companies and joint ventures	–	–				
8	Shares and participati in subsidiaries	–	–	–	–	–	–
	Deferred tax assets	772	772				772
9	Intangible assets	–	–	–	–	–	–
10	Property,plant and equipment	–	–	–	–	–	–
11	Other assets	187	187	187	–	–	–
12	Prepaid expenses and accrued income	312	312	312	–	–	–
	Total assets	**532,750**	**532,750**	**521,280**	**11,054**	–	**772**
	Liabilities	**–**	**–**	**–**	**–**	–	–
1	Liabilities to credit institutions	1	1	–	1	–	–
2	Deposits from the public	–	–	–	–	–	–
3	Debt secuties issued	305,210	305,210	–	–	–	–
4	Derivatives	8,516	8,516	–	8,516	–	–
5	Other liabilities	45	45	–	–	–	–
6	Accrued expenses and deferred income	3,391	3,391	–	–	–	–
7	Deferred tax liabilites	–	–	–	–	–	–
8	Provisions	–	–	–	–	–	–
9	Subordinated debt	193,488	193,388	–	–	–	–
	Total liabilities	**510,652**	**510,652**	**–**	**8,517**	–	–

1) The table does not include operational risk or CVA risk.

2) Following the implementation of IFRS 9, SBAB no longer has any interest-rate risk and only has currency risk. The table does not specify carrying values for currency risk.

4) Value changes of interest rate risk hedged in macro hedges is negative as of year-end 2024. The negative amount effects carrying amount for scope of regulatory consolidation and credit risk but is not subject to calculation of exposure amounts.

5) Deferred tax assets consist of temporary differences cashflow hedges and is not subject to deduction from own funds nor subject to own funds requirements.

Since December 31, 2023 the lending to the public has increased from 493,220 to 520,771.

MAIN SOURCES OF DIFFERENCES BETWEEN REGULATORY EXPOSURE AMOUNTS AND CARRYING VALUES IN FINANCIAL STATEMENTS (EU LI2)

			Items subject to			
	SEK million	Total	Credit risk framework	Securisation framework	CCR framework	Market risk framework
		a	b	c	d	e
1	Assets carrying value amount under the scope of prudential consolidation (as per template LI1)	532,333	521,280	–	11,054	–
2	Liabilities carrying value amount under the scope of prudential consolidation (as per template LI1)	–8,517	–	–	–8,517	–
3	Total net amount under the scope of prudential consolidation	523,816	521,280	–	2,536	–
4	Off-balance-sheet amounts	–	–	–	–	
5	*Differences in valuations*	–	–	–	–	
6	*Differences due to different netting rules, other than those already included in row 2*	–	–	–	–	
7	*Differences due to consideration of provisions*	291	291	–	–	
8	*Differences due to the use of credit risk mitigation techniques (CRMs)*	_	–	–	–6	
9	*Differences due to credit conversion factors*	–	–	–	––	
10	*Differences due to Securitisation with risk transfer*	–	–	–	–	
11	*Other differences*	7,530	26	–	7,504	
12	**Exposure amounts considered for regulatory purposes**	**531,637**	**521,597**	**–**	**10,040**	–

1) Deferred tax assets are included in the total amount.

Since year end 2023 the exposure amounts subject to Credit risk framework has increased from 493,912 to 521,597 mainly due to increased lending to the public.

4.4 LEVERAGE RATIO

DISCLOSURE OF LR QUALITATIVE INFORMATION (EU LRA)

The leverage ratio is a measure of solvency. Compared with the capital adequacy requirement, assets are not risk weighted but rather the same amount of capital is required, regardless of what risk is associated with the assets. According to the European Commission's delegated regulation ((EU) 2015/62), the leverage ratio is calculated as Tier 1 capital divided by the total exposure amount, where off-balance sheet exposures are assigned CCFs. The leverage ratio became a binding requirement during 2021 with the requirement of 3%. The consolidated situation also has a Pillar 2 Guidance of 0,5%. The tables EU LR1, EU LR2 and EU LR3 discloses detailed information of the leverage ratio.

Description of the processes used to manage the risk of excessive leverage *(Article 451(1) CRR)*

The leverage ratio is included in SCBC's forward looking capital planning to enable proactive management of the risk of the leverage ratio becoming too low. The target for the measure is set in SCBC's capital policy, and therefore its outcome and development is followed up and reported monthly to the CEO and Board. In a situation with excessive debt and an inadequate leverage ratio that needs to be addressed, the requisite measures can include a lower dividend, additional capital from the owner or alternatively an issue of additional Tier 1 capital. Moreover, balance sheet measures may need to be applied to reduce SCBC's exposure. Under normal conditions, the leverage ratio should be at least 0.2 percentage points above the capital requirements communicated by the SFSA.

Description of the factors that had an impact on the leverage ratio during the period to which the disclosed leverage ratio refers *(Article 451(1) CRR)*

The Leverage ratio amounted to 4.60% as per December 2024, which is lower than a year earlier when it amounted to 4.72%. The year-on-year change in the leverage ratio was due to:

- Tier 1 capital increased due to accrued earnings, which had a positive impact on the leverage ratio by 0.16%
- The effect of the exposure measure attributable to SFTs increased slightly, which had a negative impact on leverage ratio by 0.02%.
- The effect of the exposure measure attributable to lending increased, which entailed a negative impact by 0.26%.

SUMMARY RECONCILIATION OF ACCOUNTING ASSETS AND LEVERAGE RATIO EXPOSURES (EU LR1)

	SEK million	Applicable amount 2024
		a
1	Total assets as per published financial statements	532,749
2	Adjustment for entities which are consolidated for accounting purposes but are outside the scope of prudential consolidation	–
3	(Adjustment for securitised exposures that meet the operational requirements for the recognition of risk transference)	–
4	(Adjustment for temporary exemption of exposures to central banks (if applicable))	–
5	(Adjustment for fiduciary assets recognised on the balance sheet pursuant to the applicable accounting framework but excluded from the total exposure measure in accordance with point (i) of Article 429a(1) CRR)	–
6	Adjustment for regular-way purchases and sales of financial assets subject to trade date accounting	–
7	Adjustment for eligible cash pooling transactions	–
8	Adjustments for derivative financial instruments	–8,910
9	Adjustment for securities financing transactions (SFTs)	2,371
10	Adjustment for off-balance sheet items (ie conversion to credit equivalent amounts of off-balance sheet exposures)	–
11	(Adjustment for prudent valuation adjustments and specific and general provisions which have reduced Tier 1 capital)	–18
EU-11a	(Adjustment for exposures excluded from the total exposure measure in accordance with point (c) of Article 429a(1) CRR)	–10,722
EU-11b	(Adjustment for exposures excluded from the total exposure measure in accordance with point (j) of Article 429a(1) CRR)	–
12	Other adjustments	8,843
13	**Total exposure measure**	**524,312**

Identified changes since the last quarter is primarily due to an increase in total assets. The increase in total asset loans is attributed to lending to the public.

LEVERAGE RATIO COMMON DISCLOSURE (EU LR2)

		CRR leverage ratio exposures	
	SEK million	31 Dec 2024	30 Sep 2024
		a	b
	On-balance sheet exposures (excluding derivatives and SFTs)		
1	On-balance sheet items (excluding derivatives, SFTs, but including collateral)	530,520	520,317
2	Gross-up for derivatives collateral provided where deducted from the balance sheet assets pursuant to the applicable accounting framework	–	6
3	(Deductions of receivables assets for cash variation margin provided in derivatives transactions)	–	–
4	(Adjustment for securities received under securities financing transactions that are recognised as an asset)	–	–
5	(General credit risk adjustments to on-balance sheet items)	–	–
6	(Asset amounts deducted in determining Tier 1 capital)	–	–
7	**Total on-balance sheet exposures (excluding derivatives and SFTs)**	**530,520**	**520,322**
	Derivative exposures		
8	Replacement cost associated with SA-CCR derivatives transactions (ie net of eligible cash variation margin)	602	602
EU-8a	Derogation for derivatives: replacement costs contribution under the simplified standardised approach	–	–
9	Add-on amounts for potential future exposure associated with SA-CCR derivatives transactions	14	15
EU-9a	Derogation for derivatives: Potential future exposure contribution under the simplified standardised approach	–	–
EU-9b	Exposure determined under Original Exposure Method	–	–
10	(Exempted CCP leg of client-cleared trade exposures) (SA-CCR)	–	–
EU-10a	(Exempted CCP leg of client-cleared trade exposures) (simplified standardised approach)	–	–
EU-10b	(Exempted CCP leg of client-cleared trade exposures) (original exposure method)	–	–
11	Adjusted effective notional amount of written credit derivatives	–	–
12	(Adjusted effective notional offsets and add-on deductions for written credit derivatives)	–	–
13	**Total derivatives exposures**	**616**	**617**

		CRR leverage ratio exposures	
	SEK million	31 Dec 2024	30 Sep 2024
		a	b
	Securities financing transaction (SFT) exposures		
14	Gross SFT assets (with no recognition of netting), after adjustment for sales accounting transactions	3,893	4,108
15	(Netted amounts of cash payables and cash receivables of gross SFT assets)	5	5
16	Counterparty credit risk exposure for SFT assets	–	0
EU-16a	Derogation for SFTs: Counterparty credit risk exposure in accordance with Articles 429e(5) and 222 CRR	–	–
17	Agent transaction exposures	–	–
EU-17a	(Exempted CCP leg of client-cleared SFT exposure)	–	–
18	**Total securities financing transaction exposures**	**3,898**	**4,114**
	Other off-balance sheet exposures		
19	Off-balance sheet exposures at gross notional amount	–	–
20	(Adjustments for conversion to credit equivalent amounts)	–	–
21	(General provisions deducted in determining Tier 1 capital and specific provisions associated with off-balance sheet exposures)	–	–
22	**Off-balance sheet exposures**	**–**	**–**
	Excluded exposures		
EU-22a	(Exposures excluded from the total exposure measure in accordance with point (c) of Article 429a(1) CRR)	–10,722	–9,364
EU-22b	(Exposures exempted in accordance with point (j) of Article 429a (1) CRR (on and off balance sheet))	–	–
EU-22c	(Excluded exposures of public development banks (or units) - Public sector investments)	–	–
EU-22d	(Excluded exposures of public development banks (or units) - Promotional loans): - Promotional loans granted by a public development credit institution - Promotional loans granted by an entity directly set up by the central government, regional governments or local authorities of a Member State - Promotional loans granted by an entity set up by the central government, regional governments or local authorities of a Member State through an intermediate credit institution)	–	–
EU-22e	(Excluded passing-through promotional loan exposures by non-public development banks (or units): - Promotional loans granted by a public development credit institution - Promotional loans granted by an entity directly set up by the central government, regional governments or local authorities of a Member State - Promotional loans granted by an entity set up by the central government, regional governments or local authorities of a Member State through an intermediate credit institution)	–	–
EU-22f	(Excluded guaranteed parts of exposures arising from export credits)	–	–
EU-22g	(Excluded excess collateral deposited at triparty agents)	–	–
EU-22h	(Excluded CSD related services of CSD/institutions in accordance with point (o) of Article 429a(1) CRR)	–	–
EU-22i	(Excluded CSD related services of designated institutions in accordance with point (p) of Article 429a(1) CRR)	–	–
EU-22j	(Reduction of the exposure value of pre-financing or intermediate loans)	–	–
EU-22k	**(Total exempted exposures)**	**–10,722**	**–9,364**
	Capital and total exposure measure		
23	Tier 1 capital	24,140	23,904
24	**Total exposure measure**	**524,312**	**515,689**

	SEK million	CRR leverage ratio exposures 31 Dec 2024	30 Sep 2024
		a	b
	Leverage ratio		
25	Leverage ratio (%)	4.60	4.64
EU-25	Leverage ratio excluding the impact of the exemption of public sector investments and promotional loans) (%)	4.60	4.64
25a	Leverage ratio (excluding the impact of any applicable temporary exemption of central bank reserves)	4.60	4.64
26	Regulatory minimum leverage ratio requirement (%)	3.00	3.00
EU-26a	Additional own funds requirements to address the risk of excessive leverage (%)	–	–
EU-26b	of which: to be made up of CET1 capital (percentage points)	–	–
27	Leverage ratio buffer requirement (%)	–	–
EU-27a	Overall leverage ratio requirement (%)	3.00	3.00
	Choice on transitional arrangements and relevant exposures		
EU-27b	Choice on transitional arrangements for the definition of the capital measure	–	–
	Disclosure of mean values		
28	Mean value of gross SFT assets, after adjustment for sale accounting transactions and netted of amounts of associated cash payables and cash receivables	2,658	2,919
29	Quarter-end value of gross SFT assets, after adjustment for sale accounting transactions and netted of amounts of associated cash payables and cash receivables	3,898	4,113
30	Total exposure measure (including the impact of any applicable temporary exemption of central bank reserves) incorporating mean values from row 28 of gross SFT assets (after adjustment for sale accounting transactions and netted of amounts of associated cash payables and cash receivables)	523,071	514,495
30a	Total exposure measure (excluding the impact of any applicable temporary exemption of central bank reserves) incorporating mean values from row 28 of gross SFT assets (after adjustment for sale accounting transactions and netted of amounts of associated cash payables and cash receivables)	523,071	514,495
31	Leverage ratio (including the impact of any applicable temporary exemption of central bank reserves) incorporating mean values from row 28 of gross SFT assets (after adjustment for sale accounting transactions and netted of amounts of associated cash payables and cash receivables)	4.61%	4.65%
31a	Leverage ratio (excluding the impact of any applicable temporary exemption of central bank reserves) incorporating mean values from row 28 of gross SFT assets (after adjustment for sale accounting transactions and netted of amounts of associated cash payables and cash receivables)	4.61%	4.65%

Identified changes since the last quarter is primarily due to an increase in on-balance sheet exposures. The increase is attributed to lending to the public.

SPLIT-UP OF ON BALANCE SHEET EXPOSURES (EXCLUDING DERIVATIVES, SFTS AND EXEMPTED EXPOSURES) (EU LR3)

	SEK million	CRR leverage ratio exposures 2024
		a
EU-1	**Total on-balance sheet exposures (excluding derivatives, SFTs, and exempted exposures), of which:**	**521,329**
EU-2	Trading book exposures	–
EU-3	Banking book exposures, of which:	521,329
EU-4	*Covered bonds*	–
EU-5	*Exposures treated as sovereigns*	*267*
EU-6	*Exposures to regional governments, MDB, international organisations and PSE not treated as sovereigns*	–
EU-7	*Institutions*	*4*
EU-8	*Secured by mortgages of immovable properties*	*520,566*
EU-9	*Retail exposures*	–
EU-10	*Corporates*	–
EU-11	*Exposures in default*	*482*
EU-12	*Other exposures (eg equity, securitisations, and other non-credit obligation assets)*	*11*

Identified changes since the last quarter is primarily attributed to lending to the public.

4.5 ICAAP

ICAAP INFORMATION (EU OVC)

The internal capital adequacy assessment aims to ensure that SCBC has adequate capital under normal circumstances and in the event of financial problems. The Board of Directors and Executive Management are responsible for the internal capital adequacy assessment. Within the framework of the internal capital and liquidity adequacy assessment processes (ICLAAP), SCBC applies an economic capital model for its internally assessed capital requirement. Liquidity risk does not directly lead to capital requirements, instead it entails needs in form of a liquidity reserve and active debt management. The ICAAP is designed to ensure an equal balance between risk, capital and liquidity. Refer to Chapter 6 for more information on liquidity risk. The table internally assessed capital discloses the amount of economic capital.

INTERNALLY ASSESSED CAPITAL REQUIREMENT

	SCBC	
	2024-12-31	2023-12-31
	Internally assessed capital requirement	
	mnkr	mnkr
Creditrisk	5,372	5,405
Market risk	495	795
Operational risk	478	433
Concentration risk	1,124	1,029
Sovereign risk	–	–
CVA	57	65
Other risks[1]	–	–
Total	**7,526**	**7,727**
Total own funds	**24,144**	**23,328**

[1] This includes pension and business risk.

Approach to assessing the adequacy of the internal capital *(Article 438(a) CRR)*
As a part of SCBC's process for establishing internally assessed capital requirements, the risks generated in the operations are identified initially. Risk Control is responsible for the quantification of all risks. Various models are used depending on the risk to be measured. The economic capital model is used to calculate capital requirements for quantifiable risks. SCBC uses internal stress tests to assess the impact on the capital ratios and requirements during a normal economic downturn and during severe but not improbable financial stress.
The combined results are followed up and analysed, for both short and long-term effects, in terms of capital planning and forecasts. The compiled result of the internal capital adequacy assessment is reported to the Board and CEO. Finally, the Board establishes the process and the results of the company's internal capital adequacy assessment.

5 Credit risk

Credit risk is defined as the risk of loss due to the borrower's inability to make interest and loan repayments or otherwise fulfil the loan agreement.

5.1 CREDIT QUALITY

GENERAL QUALITATIVE INFORMATION ABOUT CREDIT RISK (EU CRA)

In the concise risk statement in accordance with point (f) of Article 435(1) CRR, how the business model translates into the components of the institution's credit risk profile *(Point (f) of Article 435(1) CRR)*

SCBC conducts customer-centric credit operations based on professionalism, simplicity and quality, which creates the conditions for profitability and long-term customer relations.

This means that the credit operations are denoted by high credit quality, efficient decision-making processes, and understanding of the customer's situation. This also entails customer-oriented procedures and balanced risk taking in the lending portfolio.

For a loan to be acquired and managed by SCBC, adequate collateral must be provided. When lending to private individuals, adequate collateral primarily refers to mortgage deeds on residential property or shares in tenant-owners' associations with a maximum loan amount of 85% of the market value (loan-to-value ratio or LTV). When lending to real estate companies and tenant-owners' associations, adequate collateral refers to mortgage deeds on immovable property with the maximum LTV governed by the borrower's repayment capacity, usually between 50-75%. In general, credit granting requires that collateral is obtained with first lien and that the borrower is creditworthy according to the internal rating grades for PD used within the IRB system. Creditworthy borrowers refer to the rating grades P1–P8 for private individuals, F1–F7 for real estate companies and B1–B8 tenant-owners' associations.

Credit risk in the lending operations is also mitigated by credit limits determined for a customer or group of customers. Large exposures, meaning those amounting to 10% or more of eligible capital, are managed based on internal credit instructions and external regulations. All exposures exceeding 2% of own funds are identified and analysed for the purpose of deciding whether they fall within the framework of large exposures in relation to a group of connected customers or clients.

When discussing their strategies and processes to manage credit risk and the policies for hedging and mitigating that risk in accordance with points (a) and (d) of Article 435(1) CRR, the criteria and approach used for defining the credit risk management policy and for setting credit risk limits *(Points (a) and (d) of Article 435(1) CRR)*

SCBC's Board and Executive Management are actively involved in the design of the institution's risk management system and the follow-up of credit risks. The Board of Directors or its committees approve all significant methods, internal models and processes related to credit risk.

When informing on the structure and organisation of the risk management function in accordance with point (b) of Article 435(1) CRR, the structure and organisation of the credit risk management and control function *(Point (b) of Article 435(1) CRR)*

Each business area deals with the operational management of credit risk during the lifecycle of the loan whereas the Risk control unit in the second line of defense is responsible for monitoring, controlling and measuring credit risk on a regular basis.

When informing on the authority, status and other arrangements for the risk management function in accordance with point (b) of Article 435(1) CRR, the relationships between credit risk management, risk control, compliance and internal audit functions *(Point (b) of Article 435(1) CRR)*

The reporting structure is designed for the Board of the parent company and the Executive Management to receive reports on the development and current levels of the credit risk. Procedures are in place for managing and acting on changes in credit risk levels, based on the information provided in the reports.

ADDITIONAL DISCLOSURE RELATED TO THE CREDIT QUALITY OF ASSETS (EU CRB)

The scope and definitions of 'past-due' and 'impaired' exposures used for accounting purposes and the differences, if any, between the definitions of past due and default for accounting and regulatory purposes in accordance with Article 178 CRR *(Points (a) and (b) of Article 442 CRR)*

An obligor is defined to be in default if the obligor is more than 90 days past due (for outstanding amounts exceeding 1% of total debt and a threshold of SEK 1,000 or SEK 5,000 for retail exposures and corporate exposures respectively) or if the obligor is assessed as unlikely to pay its credit obligations.

Loans subject to specific impairment requirements refer to exposures where individual provisions have been posted, meaning that there is an increased credit risk for future payments and the collateral no longer covers the amount of the claim. The size of individual provisions is determined by comparing the payment obligations according to the loans' terms and conditions with the expected future payment capacity of the customer, in combination with a valuation of the collateral.

The extent of past-due exposures (more than 90 days) that are not considered to be impaired and the reasons for this *(Points (a) and (b) of Article 442 CRR)*
An exposure can be past-due more than 90 days and still not in default according to the internal definition of default, compliant with article 178 CRR, if the materiality thresholds are not exceeded. However, for calculation of expected credit losses according to IFRS 9, a loan will be allocated to stage 3 automatically when 90 days past-due is exceeded.

Description of methods used for determining general and specific credit risk adjustments *(Points (a) and (b) of Article 442 CRR)*

For calculation of expected credit losses according to IFRS 9, loans are assigned to one of three stages according to their credit risk relative to initial recognition. Credit impaired loans, which are either defaulted according to the internal default definition or 90 days past due, are allocated to stage 3. Loans with a significant increase in credit risk are allocated to stage 2. All other loans are allocated to stage 1.

Assignment of individual and model-based loss provisions is carried out pursuant to the current accounting standard IFRS 9. On 31 December 2024, the total provisions, with deductions for guarantees, amounted to 21% of the total exposure for defaulted loans.

All provisions have been assessed to constitute specific credit risk adjustments based on Article 1, item 5, of the EBA's Regulatory Technical Standards on specific and general risk regarding Article 110, item 4 of the CRR. EBA's Guidelines on disclosures of non-performing exposures includes a set of common templates applicable to all banks and additional templates applicable only to significant credit institutions with a gross NPL ratio of 5% or above. SCBC has a gross NPL ratio below 5%.

The institution's own definition of a restructured exposure used for the implementation of point (d) of Article 178(3) CRR specified by the EBA Guidelines on default in accordance with Article 178 CRR when different from the definition of forborne exposure defined in Annex V to Commission Implementing Regulation (EU) 680/2014 *(Points (a) and (b) of Article 442 CRR)*
SCBC does not use an own definition for the implementation of point (d) of Article 178(3) CRR specified by the EBA Guidelines on default in accordance with Article 178 CRR. SCBC complies fully with the definition of forborne exposures defined in Annex V to Commission Implementing Regulation (EU) 680/2014, later repealed by (EU) 2015/227, which again has been implicitly repealed by (EU) 2021/451.

PERFORMING AND NON-PERFORMING EXPOSURES AND RELATED PROVISIONS (EU CR1)

		Gross carrying amount/nominal amount						Accumulated impairment, accumulated negative changes in fair value due to credit risk and provisions							Collaterals and financial guarantees received	
		Performing exposures			Non-performing exposures			Performing exposures - Accumulated impairment and provisions			Non-performing exposures - Accumulated impairment, accumulated negative changes in fair value due to credit risk and provisions			Accumulated partial write-off	On performing exposures	On non-performing exposures
	SEK million		of which stage 1	of which stage 2		of which stage 2	of which stage 3		of which stage 1	of which stage 2		of which stage 2	of which stage 3			
		a	b	c	d	e	f	g	h	i	j	k	l	m	n	o
005	Cash balances at central banks and other demand deposits	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–
010	Loans and advances	521,738	488,158	33,580	828	–	828	-89	-29	-60	-179	–	-179	–	–	–
020	*Central banks*	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–
030	*General governments*	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–
040	*Credit institutions*	*1,528*	*1,528*	–	–	–	–	–	–	–	–	–	–	–	–	–
050	*Other financial corporations*	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–
060	*Non-financial corporations*	*158,437*	*148,063*	*10,374*	*40*	–	*40*	*-21*	*-6*	*-15*	*-19*	–	*-19*	–	–	–
070	*Of which: SMEs*	*79,335*	*72,013*	*7,321*	*40*	–	*40*	*-16*	*-2*	*-14*	*-19*	–	*-19*	–	–	–
080	*Households*	*361,774*	*338,568*	*23,206*	*788*	–	*788*	*-68*	*-23*	*-45*	*-160*	–	*-160*	–	–	–
090	Debt Securities	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–
100	*Central banks*	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–
110	*General governments*	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–
120	*Credit institutions*	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–
130	*Other financial corporations*	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–
140	*Non-financial corporations*	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–
150	Off-balance sheet exposures	–	–	–	–	–	–	–	–	–	–	–	–		–	–
160	*Central banks*	–	–	–	–	–	–	–	–	–	–	–	–		–	–
170	*General governments*	–	–	–	–	–	–	–	–	–	–	–	–		–	–
180	*Credit institutions*	–	–	–	–	–	–	–	–	–	–	–	–		–	–
190	*Other financial corporations*	–	–	–	–	–	–	–	–	–	–	–	–		–	–
200	*Non-financial corporations*	–	–	–	–	–	–	–	–	–	–	–	–		–	–
210	*Households*	–	–	–	–	–	–	–	–	–	–	–	–		–	–
220	**Total**	**521,738**	**488,158**	**33,580**	**828**	**–**	**828**	**-89**	**-29**	**-60**	**-179**	**–**	**-179**	**–**	**–**	**–**

No major changes have been noted since previous reporting on June 30, 2024.

MATURITY OF EXPOSURES (EU CR1-A)

		Net exposure values					
	SEK million	On demand	<= 1 year	> 1 year <= 5 years	> 5 years	No stated maturity	Total
		a	b	c	d	e	f
1	Loans and advances	–	384,424	122,357	13,980	68	520,829
2	Debt securities	–	–	–	–	–	–
3	**Total**	**–**	384,424	122,357	13,980	68	520,829

No major changes have been noted since previous reporting on June 30, 2024. SCBC do not have a liquidity portfolio, hence debt securities is zero.

CHANGES IN THE STOCK OF NON-PERFORMING LOANS AND ADVANCES (EU CR2)

	SEK million	Gross carrying amount
		a
010	**Initial stock of non-performing loans and advances**	**522**
020	Inflows to non-performing portfolios	414
030	Outflows from non-performing portfolios	–108
040	Outflows due to write-offs	–5
050	Outflow due to other situations	–103
060	**Final stock of non-performing loans and advances**	**828**

An increased inflow during 2024 of non-performing loans due to market situation.

CREDIT QUALITY OF FORBORNE EXPOSURES (EU CQ1)

		Gross carrying amount/ Nominal amount of exposures with forbearance measures				Accumulated impairment, accumulated negative changes in fair value due to credit risk and provisions		Collaterals received and financial guarantees received on forborne exposures	
			Non-performing forborne						
	SEK million	Performing forborne		Of which defaulted	Of which impaired	On performing forborne exposures	On non-performing forborne exposures		Of which: Collateral and financial guarantees received on non-performing exposures with forbearance measures
		a	b	c	d	e	f	g	h
005	Cash balances at central banks and other demand deposits	–	–	–	–	–	–	–	–
010	Loans and advances	10	87	87	87	0	-21	76	–
020	*Central banks*	–	–	–	–	–	–	–	–
030	*General governments*	–	–	–	–	–	–	–	–
040	*Credit institutions*	–	–	–	–	–	–	–	–
050	*Other financial corporations*	–	–	–	–	–	–	–	–
060	*Non-financial corporations*	–	*1*	*1*	*1*	–	*-1*	*0*	–
070	*Households*	*10*	*86*	*86*	*86*	*0*	*-21*	*76*	–
080	Debt Securities	–	–	–	–	–	–	–	–
090	Loan commitments given	–	–	–	–	–	–	–	–
100	**Total**	**10**	**87**	**87**	**87**	**0**	**-21**	**76**	**–**

No major changes have been noted since previous reporting on June 30, 2024.

CREDIT QUALITY OF PERFORMING AND NON-PERFORMING EXPOSURES BY PAST DUE DAYS (EU CQ3)

		Gross carrying amount/nominal amount											
		Performing exposures			Non-performing exposures								
	SEK million		Not past due or past due ≤ 30 days	Past due > 30 days ≤ 90 days		Unlikely to pay that are not past due or past due ≤ 90 days	Past due > 90 days ≤ 180 days	Past due > 180 days ≤ 1 year	Past due > 1 years ≤ 2 years	Past due > 2 years ≤ 5 years	Past due > 5 years ≤ 7 years	Past due > 7 years	Of which defaulted
		a	b	c	d	e	f	g	h	i	j	k	l
005	Cash balances at central banks and other demand deposits	–	–	–	–	–	–	–	–	–	–	–	–
010	Loans and advances	521,738	521,406	332	828	420	180	109	98	21	–	–	828
020	*Central banks*	–	–	–	–	–	–	–	–	–	–	–	–
030	*General governments*	–	–	–	–	–	–	–	–	–	–	–	–
040	*Credit institutions*	*1,528*	*1,528*	–	–	–	–	–	–	–	–	–	–
050	*Other financial corporations*	–	–	–	–	–	–	–	–	–	–	–	–
060	*Non-financial corporations*	*158,437*	*158,437*	–	*40*	*40*	–	–	–	–	–	–	*40*
070	*Of which SMEs*	*79,335*	*79,335*	–	*40*	*40*	–	–	–	–	–	–	*40*
080	*Households*	*361,774*	*361,442*	*332*	*788*	*380*	*180*	*109*	*98*	*21*	–	–	*788*
090	Debt Securities	–	–	–	–	–	–	–	–	–	–	–	–
100	*Central banks*	–	–	–	–	–	–	–	–	–	–	–	–
110	*General governments*	–	–	–	–	–	–	–	–	–	–	–	–
120	*Credit institutions*	–	–	–	–	–	–	–	–	–	–	–	–
130	*Other financial corporations*	–	–	–	–	–	–	–	–	–	–	–	–
140	*Non-financial corporations*	–	–	–	–	–	–	–	–	–	–	–	–
150	Off-balance sheet exposures	–			–								–
160	*Central banks*	–			–								–
170	*General governments*	–			–								–
180	*Credit institutions*	–			–								–
190	*Other financial corporations*	–			–								–
200	*Non-financial corporations*	–			–								–
210	*Households*	–			–								–
220	**Total**	**521,738**	**521,406**	**332**	**828**	**420**	**180**	**109**	**98**	**21**	**–**	**–**	**828**

No major changes have been noted since previous reporting on December 31, 2023.

QUALITY OF NON-PERFORMING EXPOSURES BY GEOGRAPHY (EU CQ4)

		Gross carrying/nominal amount						
			of which: non-performing					
	SEK million			of which: defaulted	of which: subject to impairment	Accumulated impairment	Provisions on off-balance sheet commitments and financial guarantee given	Accumulated negative changes in fair value due to credit risk on non-performing exposures
		a	b	c	d	e	f	g
010	**On balance sheet exposures**	**521,046**		**828**		**–268**		**–179**
020	Sweden	521,046		828		–268		–179
080	**Off balance sheet exposures**	**–**		**–**			**–**	
090	Sweden	–		–			–	
150	**Total**	**521,046**		**828**		**–268**	**–**	**–179**

No major changes have been noted since previous reporting on June 30, 2024.

CREDIT QUALITY OF LOANS AND ADVANCES TO NON-FINANCIAL CORPORATIONS BY INDUSTRY (EU CQ5)

	SEK million	Gross carrying amount	Of which non-performing	Of which defaulted	Of which loans and advances subject to impairment	Accumulated impairment	Accumulated negative changes in fair value due to credit risk on non-performing exposures
		a	b	c	d	e	f
010	Agriculture, forestry and fishing	4		–		0	–
020	Mining and quarrying	–		–		–	–
030	Manufacturing	–		–		–	–
040	Electricity, gas, steam and air conditioning supply	31		–		0	–
050	Water supply	–		–		–	–
060	Construction	1,255		–		0	–
070	Wholesale and retail trade	–		–		0	–
080	Transport and storage	505		–		0	–
090	Accommodation and food service activities	–		–		–	–
100	Information and communication	–		–		–	–
110	Real estate activities	155,854		40		-39	–
120	Financial and insurance actvities	524		–		0	–
130	Professional, scientific and technical activities	206		–		0	–
140	Administrative and support service activities	–		–		–	–
150	Public administration and defense, compulsory social security	–		–		–	–
160	Education	–		–		–	–
170	Human health services and social work activities	97		–		0	–
180	Arts, entertainment and recreation	–		–		–	–
190	Other services	–		–		–	–
200	**Total**	**158,477**		**40**		**–40**	**–**

No major changes have been noted since previous reporting on June 30, 2024.

5.2 CREDIT RISK MITIGATION TECHNIQUES

QUALITATIVE DISCLOSURE REQUIREMENTS RELATED TO CRM TECHNIQUES (EU CRC)

A description of the core features of the policies and processes for on- and off-balance sheet netting and an indication of the extent to which institutions make use of balance sheet netting *(Article 453 (a) CRR)*
Close-out netting agreements are used for derivative and repo transactions, which allows SCBC to net positive and negative market values on contracts within the same agreement in the event of default of the counterparty. ISDA master agreement is used for derivatives and the global master repurchase agreement (GMRA) is used for repurchase agreements.

The core features of policies and processes for eligible collateral evaluation and management *(Article 453 (b) CRR)*
SCBC acquires loans provided that collateral can be obtained with first lien and that the customer in general has an internal PD rating grade of P1-P8 for private individuals, F1-F7 for real estate companies and B1-B8 for tenant-owners' associations (defaulted rating grades are P11, F11 and B11). For details on how the internal ratings compare with external ratings for corporate customers, refer to the table "The mapping between external and internal rating for corporates". When lending to private individuals, the market value of the collateral is generally determined by using an approved automated valuation model (AVM) and approved by a mortgage specialist. If the market value cannot be computed or is not approved by the mortgage specialist, it is determined by an internal property appraiser or an external property appraiser.

When lending to corporate customers such as tenant-owners' associations and real estate companies, the market value of the collateral is determined by internal property appraisers.

External valuations can form the basis of valuations made by internal property appraisers. For houses, holiday homes and tenant-owners' rights, the market values are updated at least twice a year. Market values on multi-family dwellings, e.g. owned by real estate companies or tenant-owners' associations, are updated at least every third year but verified on an annual basis. For other properties, the market values are updated at least annually. If there are major changes in macroeconomic factors that affect the Swedish property market, the market value is verified more often.

THE MAPPING BETWEEN INTERNAL AND EXTERNAL RATING FOR CORPORATES

Rating grade	Standard & Poor's rating
B1	AAA to A-
B2	BBB+
B3	BBB
B4	BBB
B5	BBB-
B6	BB+
B7	BB
B8	BB-
B9	B+ to B-
B10	CCC to C

Rating grade	Standard & Poor's rating
F1	AAA to BBB+
F2	BBB
F3	BBB-
F4	BB+
F5	BB
F6	BB
F7	BB-
F8	B+ to B
F9	B-
F10	CCC to C

A description of the main types of collateral taken by the institution to mitigate credit risk *(Article 453 (c) CRR)*
Acquisition of new loans requires that adequate collateral is provided, usually in the form of mortgage deeds on immovable property or a share in a tenant-owners' association where the LTV does not exceed 75–85%. When calculating the prudent value of the securities included in the liquidity reserve, SCBC applies the haircuts issued in accordance with the Riksbank's Guidelines for Collateral Management in the regulatory framework for RIX and monetary policy instruments as well as the ECB list of eligi- ble marketable assets.

In addition to collateral in immovable property or tenant-owners' rights, it is possible to acquire loans against, inter alia, collateral in the form of a government guarantee, municipal guarantee, securities, bank guarantees and deposits in a Swedish bank. To a limited extent, equities corresponding up to 85% of the market value of the properties can be approved as collateral in conjunction with a property purchase through a company transaction. SCBC does not hold any collateral that has been repossessed.

For guarantees and credit derivatives used as credit protection, the main types of guarantor and credit derivative counterparty and their creditworthiness used for the purposes of reducing capital requirements, excluding those used as part of synthetic securitisation structures *(Article 453 (d) CRR)*
SCBC does not use credit derivatives to mitigate credit risk.

Information about market or credit risk concentrations within the credit mitigation taken *(Article 453 (e) CRR)*
SCBC's credit exposure is concen- trated in Sweden. In the liquidity reserve there are some exposures to other countries in Europe, Canada and the US due to the funding of the Swedish lending operations. SCBC's lending portfolio is mainly secured by properties for housing in the Stockholm area. SCBC's credit exposure to economically weak regions in Sweden is below 1%.

CRM TECHNIQUES OVERVIEW: DISCLOSURE OF THE USE OF CREDIT RISK MITIGATION TECHNIQUES (EU CR3)

	Exposure classes, SEK million	Unsecured carrying amount[1]	Secured carrying amount	Of which secured by collateral	Of which secured by financial guarantees	Of which secured by credit derivatives
		a	b	c	d	e
1	Loans and advances	43	520,786	520,542	244	–
2	Debt securities	–	–	–	–	–
3	**Total**	**43**	**520,786**	**520,542**	**244**	**–**
4	Of which non-performing exposures	13	556	556	–	–
EU-5	Of which defaulted	13	488	488	–	–

[1] Unsecured exposures consist of exposures that are not pledged in real estate.

No major changes have been noted since previous reporting on June 30, 2024. SCBC do not have a liquidity portfolio, hence debt securities is zero.

5.3 CREDIT RISK STANDARDISED APPROACH

QUALITATIVE DISCLOSURE REQUIREMENTS RELATED TO STANDARDISED MODEL (EU CRD)

Names of the external credit assessment institutions (ECAIs) and export credit agencies (ECAs) nominated by the institution, and the reasons for any changes over the disclosure period *(Article 444 (a) CRR)*

SCBC uses information from all three major rating agencies – Standard & Poor's, Moody's and Fitch. No changes occurred during the disclosure period.

The exposure classes for which each ECAI or ECA is used *(Article 444 (b) CRR)*

Credit institutions, exposures to institutions and corporates with a short-term credit assessment and covered bonds.

A description of the process used to transfer the issuer and issue credit ratings onto comparable assets items not included in the trading book *(Article 444 (c) CRR)*

Not applicable.

The association of the external rating of each nominated ECAI or ECA (as referred to in row (a)) with the risk weights that correspond with the credit quality steps as set out in Chapter 2 of Title II of Part Three CRR (except where the institution complies with the standard association published by the EBA) *(Article 444 (d) CRR)*

SCBC complies with the standard association published by EBA.

STANDARDISED APPROACH - CREDIT RISK EXPOSURE AMOUNT AND CRM EFFECTS (EU CR4)

		Exposures before CCF and CRM		Exposures post CCF and CRM		RWAs and RWAs density	
	Exposure classes, SEK million	On-balance-sheet amount	Off-balance sheet amount	On-balance-sheet amount	Off-balance sheet amount	RWEA	RWEA density (%)
		a	b	c	d	e	f
1	Central governments or central banks	22	–	45	–	14	64.2
2	Regional government or local authorities	1	–	245	–	–	0.0
4	Multilateral development banks	–	–	–	–	–	–
5	International organisations	–	–	–	–	–	–
6	Institutions	4	–	4	–	1	20.0
7	Corporates	–	–	–	–	–	–
8	Retail	–	–	–	–	–	–
10	Exposures in default	–	–	–	–	–	–
12	Covered bonds	–	–	–	–	–	–
13	Institutions and corporates with a short-term credit assessment	10	–	10	–	2	20.0
15	Equity	–	–	–	–	–	–
16	Other items	0	–	0	–	0	100.0
17	**Total**	**37**	**–**	**281**	**–**	**17**	**6.0**

No major changes have been noted since previous reporting on June 30, 2024.

STANDARDISED APPROACH (EU CR5)

		Risk weight										
	Exposure class, SEK million	0%	10%	20%	50%	75%	100%	150%	250%	Others	Total	Of which, unrated
		a	d	e	g	i	j	k	n	o	p	q
1	Central governments or central banks	16	–	–	–	–	–	–	6	–	22	–
2	Regional government or local authorities	245	–	–	–	–	–	–	–	–	245	–
4	Multilateral development banks	–	–	–	–	–	–	–	–	–	–	–
5	International organisations	–	–	–	–	–	–	–	–	–	–	–
6	Institutions	–	–	5	–	–	–	–	–	–	5	–
7	Corporates	–	–	–	–	–	–	–	–	–	–	–
8	Retail	–	–	–	–	–	–	–	–	–	–	–
10	Exposures in default	–	–	–	–	–	–	–	–	–	–	–
12	Covered bonds	–	–	–	–	–	–	–	–	–	–	–
13	Institutions and corporates with a short-term credit assessment	–	–	10	–	–	–	–	–	–	10	–
15	Equity	–	–	–	–	–	–	–	–	–	–	–
16	Other items	–	–	–	–	–	0	–	–	–	0	–
17	**Total**	**261**	**–**	**15**	**–**	**–**	**0**	**–**	**6**	**–**	**282**	**14**

No major changes have been noted since previous reporting on June 30, 2024.

5.4 CREDIT RISK IRB APPROACH

QUALITATIVE DISCLOSURE REQUIREMENTS RELATED TO IRB APPROACH (EU CRE)

The competent authority's permission of the approach or approved transition *(Article 452 (a) CRR)*
The advanced IRB approach (AIRB), requiring own estimates of PD and LGD, has been used since 2007 for measuring credit risk for the retail exposure class consisting of loans to private individuals secured by mortgage deeds on residential property or shares in tenant-owners' associations. The foundation IRB approach (FIRB), only requiring own estimates of PD, has been used since 2007 for measuring credit risk for the corporate exposure class consisting of loans to real estate companies and tenant-owners' associations secured by mortgage deeds on immovable property. In 2013, permission to include tenant-owners' associations with a turnover of less than EUR 50 million in the retail exposure class was received from the SFSA. TIn 2015, SCBC furthermore received permission to use IRB for excess exposures that are not fully covered by mortgage deeds, property financing using collateral other than directly pledged mortgage deeds and building credits. Previously, the standardized approach was used for these exposures. In 2023, SCBC received permission to move tenant-owners' associations with a turnover of less than EUR 50 million from the retail exposure class to the corporate exposure class.

The control mechanisms for rating systems at the different stages of model development, controls and changes, which shall include information on *(Article 452 (c) CRR)***:**
The relationship between the risk management function and the internal audit function;
The third line of defense, Internal audit, performs annual reviews of the IRB system and its underlying models. The primary focus of the internal audit is changed from year to year, to ensure both that the review is done based on the most recent risk assessment and that the IRB system is thoroughly reviewed covering possible changes. Additionally, Internal audit reviews all applications related to the IRB system submitted to the SFSA for approval. The second line of defense, the risk control unit led by the CRO, performs independent validation of the credit risk models and communicates possible deficiencies and action plans to address findings to senior management and the Board. Thus, the relationship between the risk management function and the internal audit function follows the general principle of segregation of duties, where the third line of defense safeguards that the second line of defense has performed its duties following sound governance principles.

The rating system review;
The credit risk models used for calculation of own funds requirements within the IRB system are reviewed at least annually through the separate processes of validation and review of estimates.

Procedure to ensure the independence of the function in charge of reviewing the models from the functions responsible for the development of the models;
SCBC has a separate validation team that works continuously with review and validation of the credit risk models, which are developed, changed or improved by the model development team. The validation team does not under any circumstances participate in the development of the models. Thus, the full ownership of the models resides within the model development team.

The procedure to ensure the accountability of the functions in charge of developing and reviewing the models;
The separate teams responsible for model development and model validation are led by two different managers, ensuring accountability of the functions. Both teams are within the risk control unit.

The role of the functions involved in the development, approval and subsequent changes of the credit risk models *(Article 452 (d) CRR)*
All changes that may affect the IRB system must be classified according to degree of materiality and handled accordingly. Material changes must be internally endorsed by the CRO, the CEO and the Board, before the application for permission to implement the change is submitted to the SFSA for approval. Changes not considered material must be internally approved by the CRO and lead to a notification to the SFSA either two months before or after implementation. Non-material changes requiring a pre-notification to the SFSA are more material than those requiring only a post-notification.

All internal stakeholders are required to notify the risk control unit of upcoming changes that could affect the IRB system, e.g. changes in lending products and markets, credit granting processes, system support and data relevant for the IRB models. The model development team is responsible for performing classification of materiality and implementation of changes to the IRB system.

The scope and main content of the reporting related to credit risk models *(Article 452 (e) CRR)*
The quarterly risk report, which is sent by the CRO to the CEO and the Board, provides relevant information about the IRB system. The report is structured to allow a third party to easily evaluate changes in credit risk exposure and the associated explanatory factors. The main content of the report includes, among other things, estimates of the risk parameters (PD and LGD) and realised outcomes per rating grade, initiated changes or extensions that affect the IRB system, including classification of materiality and implementation date, validation findings and accompanied actions plans.

A description of the internal ratings process by exposure class, including the number of key models used with respect to each portfolio and a brief discussion of the main differences between the models within the same portfolio, covering *(Article 452 (f) CRR)***:**
Exposures are assigned an exposure class in conjunction with calculation of own funds requirements according to the IRB framework. The AIRB approach is used for the retail exposure class while the FIRB approach is used for the corporate exposure class. The table Loan portfolios and exposure classes for which the IRB approach is applied, shows the distinction between retail exposures, corporate exposures and their respective approach.

LOAN PORTFOLIOS AND EXPOSURE CLASSES FOR WHICH THE IRB APPROACH IS APPLIED

Portfolio	Property	Exposure class	Method	PD model	LGD model
Corporates	Private properties	Corporate exposures	Foundation IRB approach	"Private individuals"	Standardised values
Corporates	Tenant-owner associations	Corporate exposures	Foundation IRB approach	"ToA"	Standardised values
Corporates	Commercial properties	Corporate exposures	Foundation IRB approach	"Real Estate companies"	Standardised values
Retail	Houses and holiday homes	Retail exposures	Advanced IRB approach	"Private individuals"	"Private individuals"
Retail	Tenant-owners´ rights	Retail exposures	Advanced IRB approach	"Private individuals"	"Private individuals"

The definitions, methods and data for estimation and validation of PD, which shall include information on how PDs are estimated for low default portfolios, whether there are regulatory floors and the drivers for differences observed between PD and actual default rates at least for the last three periods;

The table Realised outcome in the PD and LGD dimensions shows the average PD and LGD estimates as of 31 December 2023 and the realised outcomes for 2024. Default rates for 2024 are low and the PD estimates exceed realised outcomes for both retail and corporate exposures.

There are three different credit risk models in the PD dimension. The retail PD model is based on logistic regression with a target to predict a default outcome over a time horizon of one year. The real estate companies and tenant-owners' association PD models are hybrid models based on a combination of regression models of default outcomes and expert judgement. The models are distinguished mainly by the type of customer and the setup of relevant risk factors. Both internal and external data sources are used to identify appropriate risk factors in the PD models. Internal data consists of customer information, loan information, default outcomes and internal payment behavior. Data obtained externally includes income data, financial statements, external payment behavior, market value of the property and macroeconomic factors. The scoring models for PD are based on empirical data from the end of the 1990s to the present day. All three PD models are calibrated to conservative through-the-cycle estimates by extrapolating default frequencies to the Swedish housing market crisis during the mid-1990s using macroeconomic data.

REALISED OUTCOME IN THE PD AND LGD DIMENSIONS

Exposure class	PD estimate[2], %	Realised outcome[1], %	LGD estimate[2], %	Realised outcome[1], %
Corporate exposures	0.34	0.00	35.0	0.0
Retail exposures	0.81	0.18	10.0	2.8

[1] For PD the outcomes are based on defaults that have occurred during the year, whereas for LGD the outcomes are based on resolved defaults during the year.

[2] The estimates and outcomes subject to LGD are exposure-weighted.

Where applicable, the definitions, methods and data for estimation and validation of LGD, such as methods to calculate downturn LGD, how LGDs are estimated for low default portfolio and the time lapse between the default event and the closure of the exposure;

Credit losses during 2024 were very low with LGD estimates exceeding realised outcomes. The LGD estimate for retail exposures is restricted by the limitation rule according to Article 164 (4) CRR, which requires a lowest average LGD estimate of 10% for all retail exposures secured by residential property. The LGD model for retail exposures is based on a structural approach with separate statistical models to predict the cure rate and the loss rate given cure or liquidation. The component for loss given liquidation within the LGD model is largely based on the LTV. A rise in the LTV implies an increase in the probability of a liquidation and thus the level of credit losses. The LGD models are primarily based on internal data consisting of default outcomes, credit losses in terms of write offs and succeeding recoveries, and LTV of the borrowers. As for the PD models, external loss data from the 1990s housing crisis on the Swedish mortgage market is also included to calibrate the LGD value towards downturn periods with the aim of ensuring conservative estimates.

Where applicable, the definitions, methods and data for estimation and validation of credit conversion factors, including assumptions employed in the derivation of those variables;

The CCF model previously applied to loan commitments in the retail exposure class was discontinued during 2023 after advice from the SFSA. Since 30 September 2023, CCF-estimates according to the standardised approach (Annex I CRR) are applied instead of own estimates for loan commitments.

IRB APPROACH – CREDIT RISK EXPOSURES BY EXPOSURE CLASS AND PD RANGE (EU CR6)

Exposure Class	PD scale	On-balance sheet exposures	Off-balance-sheet exposures pre-CCF	Exposure weighted average CCF	Exposure post CCF and post CRM	Exposure weighted average PD (%)	Number of obligors	Exposure weighted average LGD (%)	Exposure weighted average maturity (years)	Risk weighted exposure amount after supporting factors	Density of risk weighted exposure amount (%)	Expected loss amount	Value adjustments and provisions
	a	b	c	d	e	f	g	h	i	j	k	l	m
A-IRB													
	0.00 to <0.15	–	–	–	–	–	–	–	–	–	–	–	–
	0.00 to <0.10	–	–	–	–	–	–	–	–	–	–	–	–
	0.10 to <0.15	–	–	–	–	–	–	–	–	–	–	–	–
	0.15 to <0.25	–	–	–	–	–	–	–	–	–	–	–	–
	0.25 to <0.50	–	–	–	–	–	–	–	–	–	–	–	–
	0.50 to <0.75	–	–	–	–	–	–	–	–	–	–	–	–
	0.75 to <2.50	–	–	–	–	–	–	–	–	–	–	–	–
Of which, Retail SME	0.75 to <1.75	–	–	–	–	–	–	–	–	–	–	–	–
	1.75 to <2.5	–	–	–	–	–	–	–	–	–	–	–	–
	2.50 to <10.00	–	–	–	–	–	–	–	–	–	–	–	–
	2.5 to <5	–	–	–	–	–	–	–	–	–	–	–	–
	5 to <10	–	–	–	–	–	–	–	–	–	–	–	–
	10.00 to <100.00	–	–	–	–	–	–	–	–	–	–	–	–
	10 to <20	–	–	–	–	–	–	–	–	–	–	–	–
	20 to <30	–	–	–	–	–	–	–	–	–	–	–	–
	30.00 to <100.00	–	–	–	–	–	–	–	–	–	–	–	–
	100.00 (Default)	–	–	–	–	–	–	–	–	–	–	–	–
Subtotal (exposure class)		**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**
	0.00 to <0.15	267,999	–	–	267,999	0.07	127,071	9.58	–	4,949	1.85	18	5
	0.00 to <0.10	267,999	–	–	267,999	0.07	127,071	9.58	–	4,949	1.85	18	5
	0.10 to <0.15	–	–	–	–	–	–	–	–	–	–	–	–
	0.15 to <0.25	–	–	–	–	–	–	–	–	–	–	–	–
	0.25 to <0.50	42,954	–	–	42,954	0.27	24,394	10.43	–	2,354	5.48	12	6
	0.50 to <0.75	32,575	–	–	32,575	0.57	21,823	11.64	–	3,439	10.56	22	11
	0.75 to <2.50	10,542	–	–	10,542	2.37	6,871	10.90	–	2,640	25.04	27	11
	0.75 to <1.75	–	–	–	–	–	–	–	–	–	–	–	–
Of which, Retail non-SME	1.75 to <2.5	10,542	–	–	10,542	2.37	6,871	10.90	–	2,640	25.04	27	11
	2.50 to <10.00	5,672	–	–	5,672	5.22	3,983	9.55	–	1,932	34.06	28	11
	2.5 to <5	–	–	–	–	–	–	–	–	–	–	–	–
	5 to <10	5,672	–	–	5,672	5.22	3,983	9.55	–	1,932	34.06	28	11
	10.00 to <100.00	2 ,330	–	–	2,330	39.00	1,223	10.91	–	1,516	65.08	99	37
	10 to <20	–	–	–	–	–	–	–	–	–	–	–	–
	20 to <30	–	–	–	–	–	–	–	–	–	–	–	–
	30.00 to <100.00	2,330	–	–	2 ,330	39.00	1,223	10.91	–	1,516	65.08	99	37
	100.00 (Default)	608	–	–	608	100.00	376	14.63	–	74	1.,14	147	147
Subtotal (exposure class)		**362,680**	**–**	**–**	**362,679**	**0.70**	**185,741**	**9.92**	**–**	**16,904**	**4.66**	**354**	**228**

Exposure Class	PD scale	On-balance sheet exposures	Off-balance-sheet exposures pre-CCF	Exposure weighted average CCF	Exposure post CCF and post CRM	Exposure weighted average PD (%)	Number of obligors	Exposure weighted average LGD (%)	Exposure weighted average maturity (years)	Risk weighted exposure amount after supporting factors	Density of risk weighted exposure amount (%)	Expected loss amount	Value adjustments and provisions
	a	b	c	d	e	f	g	h	i	j	k	l	m
F-IRB													
	0.00 to <0.15	39,319	–	–	39,146	0.10	1 432	35.01	2.5	5,742	14.67	14	0
	0.00 to <0.10	25,765	–	–	25,648	0.08	965	35.00	2.5	3,309	12.90	7	0
	0.10 to <0.15	13,555	–	–	13,497	0.13	467	35.01	2.5	2,433	18.02	6	0
	0.15 to <0.25	11,962	–	–	11,951	0.19	329	35.01	2.5	2,632	22.02	8	0
	0.25 to <0.50	15,461	–	–	15,459	0.31	472	35.01	2.5	4,307	27.86	17	0
	0.50 to <0.75	7,955	–	–	7,955	0.63	164	35.05	2.5	3,199	40.21	17	2
	0.75 to <2.50	3,156	–	–	3,156	0.97	81	35.29	2.5	1,507	47.77	11	2
	0.75 to <1.75	2,986	–	–	2,986	0.88	78	35.29	2.5	1,396	46.74	9	1
Of which, Corporate SME	1.75 to <2.5	170	–	–	170	2.48	3	35.30	–	112	65.72	1	1
	2.50 to <10.00	755	–	–	707	3.84	33	35.19	2.5	463	65.43	10	1
	2.5 to <5	506	–	–	458	2.66	31	35.00	2.5	273	59.55	4	0
	5 to <10	249	–	–	249	6.00	2	35.55	2.5	190	76.23	5	1
	10.00 to <100.00	872	–	–	871	20.84	9	35.00	2.5	1,057	121.41	64	10
	10 to <20	2	–	–	2	17.19	2	35.00	2.5	2	113.12	0	0
	20 to <30	870	–	–	869	20.85	7	35.00	2.5	1,056	121.43	63	10
	30.00 to <100.00	–	–	–	–	–	–	–	–	–	–	–	–
	100.00 (Default)	40	–	–	40	100.00	1	35.00	2.5	–	–	14	19
Subtotal (exposure class)		**79,520**	**–**	**–**	**79,285**	**0.55**	**2,521**	**35.02**	**2.5**	**16,128**	**23,85**	**153**	**35**
	0.00 to <0.15	26,961	–	–	26,961	0.13	107	35.03	2,5	7,551	28,01	12	0
	0.00 to <0.10	3	–	–	3	0.06	3	35.00	2,5	1	18,13	0	0
	0.10 to <0.15	26,958	–	–	26,958	0.13	104	35.03	2,5	7,550	28,01	12	0
	0.15 to <0.25	15,570	–	–	15,570	0.18	78	35.04	2,5	5,301	34,05	10	0
	0.25 to <0.50	28,141	–	–	28,134	0.28	207	35.02	2,5	12,222	43,44	28	2
	0.50 to <0.75	7,862	–	–	7,862	0.59	79	35.14	2,5	4,857	61,78	16	2
	0.75 to <2.50	826	–	–	825	1.00	7	35.00	2,5	628	76,20	3	0
Of which. Corporate Other	0.75 to <1.75	824	–	–	824	1.00	5	35.00	2,5	628	76,20	3	0
	1.75 to <2.5	2	–	–	0	2.37	2	35.00	2,5	0	99,29	0	0
	2.50 to <10.00	0	–	–	–	–	1	–	–	–	–	–	–
	2.5 to <5	–	–	–	–	–	–	–	–	–	–	–	–
	5 to <10	0	–	–	–	–	1	–	–	–	–	–	–
	10.00 to <100.00	–	–	–	–	–	–	–	–	–	–	–	–
	10 to <20	–	–	–	–	–	–	–	–	–	–	–	–
	20 to <30	–	–	–	–	–	–	–	–	–	–	–	–
	30.00 to <100.00	–	–	–	–	–	–	–	–	–	–	–	–
	100.00 (Default)	–	–	–	–	–	–	–	–	–	–	–	–
Subtotal (exposure class)		**79 ,360**	**–**	**–**	**79,351**	**0.25**	**479**	**35.04**	**2,5**	**30,560**	**38,51**	**69**	**5**
Total (all exposures classes)		**521,560**	**–**	**–**	**521,316**	**0.61**	**188,741**	**17.56**		**66,371**	**12,73**	**576**	**268**

No major changes have been noted since reporting in June, 2024.

SCOPE OF THE USE OF IRB AND SA APPROACHES (EU CR6-A)

	SEK million	Exposure value as defined in Article 166 CRR for exposrues subject to IRB approach	Total exposure value for exposures subject to the Standardised approach and to the IRB approach	Percentage of total exposure value subject to the permanent partial use of the SA (%)	Percentage of total exposure value subject to IRB Approach (%)	Percentage of total exposure value subject to a roll-out plan (%)
		a	b	c	d	e
1	Central governments or central banks	–	22	100.00	–	–
1,1	*Of which Regional governments or local authorities*		*245*	*100.00*	–	–
1,2	*Of which Public sector entities*		–	*100.00*	–	–
2	Institutions	–	10,044	100.00	–	–
3	Corporates	158,880	158,636	–	100.00	–
3,1	*Of which Corporates - Specialised lending. excluding slotting approach*		–	–	–	–
3,2	*Of which Corporates - Specialised lending under slotting approach*		–	–	–	–
4	Retail	362,680	362,679	–	100.00	–
4,1	*of which Retail – Secured by real estate SMEs*		–	–	–	–
4,2	*of which Retail – Secured by real estate non-SMEs*		*362,679*	–	*100.00*	–
4,3	*of which Retail – Qualifying revolving*		–	–	–	–
4,4	*of which Retail – Other SMEs*		–	–	–	*100.00*
4,5	*of which Retail – Other non-SMEs*		–	–	–	*100.00*
5	Equity	–	–	100.00	–	–
6	Other non-credit obligation assets	–	–	–	–	–
7	**Total**	**521,560**	**531,381**	**2.0**	**98.0**	–

No major changes have been noted since reporting in December, 2023

IRB APPROACH – DISCLOSURE OF THE EXTENT OF THE USE OF CRM TECHNIQUES (EU CR7-A)

	A-IRB		Credit risk Mitigation techniques											Credit risk Mitigation methods in the calculation of RWEAs	
			Funded credit Protection (FCP)									Unfunded credit Protection (UFCP)			
				Part of exposures covered by Other eligible collaterals (%)				Part of exposures covered by Other funded credit protection (%)							
	SEK million	Total exposures	Part of exposures covered by Financial Collaterals (%)		Part of exposures covered by Immovable property Collaterals (%)	Part of exposures covered by Receivables (%)	Part of exposures covered by Other physical collateral (%)		Part of exposures covered by Cash on deposit (%)	Part of exposures covered by Life insurance policies (%)	Part of exposures covered by Instruments held by a third party (%)	Part of exposures covered by Guarantees (%)	Part of exposures covered by Credit Derivatives (%)	RWEA without substitution effects (reduction effects only)	RWEA with substitution effects (both reduction and substitution effects)
		a	b	c	d	e	f	g	h	i	j	k	l	m	n
1	Central governments and central banks	–	–	–	–	–	–	–	–	–	–	–	–	–	–
2	Institutions	–	–	–	–	–	–	–	–	–	–	–	–	–	–
3	Corporates	–	–	–	–	–	–	–	–	–	–	–	–	–	–
3,1	*Of which Corporates – SMEs*	–	–	–	–	–	–	–	–	–	–	–	–	–	–
3,2	*Of which Corporates – Specialised lending*	–	–	–	–	–	–	–	–	–	–	–	–	–	–
3,3	*Of which Corporates – Other*	–	–	–	–	–	–	–	–	–	–	–	–	–	–
4	Retail	362,679	–	99.98	99.98	–	–	–	–	–	–	0.00	–	16,904	16,904
4,1	*Of which Retail – Immovable property SMEs*	–	–	–	–	–	–	–	–	–	–	–	–	–	–
4,2	*Of which Retail – Immovable property non-SMEs*	*362,679*	–	99.98	*99.98*	–	–	–	–	–	–	*0.00*	–	*16,904*	*16,904*
4,3	*Of which Retail – Qualifying revolving*	–	–	–	–	–	–	–	–	–	–	–	–	–	–
4,4	*Of which Retail – Other SMEs*	–	–	–	–	–	–	–	–	–	–	–	–	–	–
4,5	*Of which Retail – Other non-SMEs*	–	–	–	–	–	–	–	–	–	–	–	–	–	–
5	**Total**	**362,679**	–	99.98	**99.98**	**–**	–	–	–	–	–	**0.00**	–	**16,904**	**16,904**

F-IRB			Credit risk Mitigation techniques											Credit risk Mitigation methods in the calculation of RWEAs	
			Funded credit Protection (FCP)									Unfunded credit Protection (UFCP)			
				Part of exposures covered by Other eligible collaterals (%)				Part of exposures covered by Other funded credit protection (%)							
	SEK million	Total exposures	Part of exposures covered by Financial Collaterals (%)		Part of exposures covered by Immovable property Collaterals (%)	Part of exposures covered by Receivables (%)	Part of exposures covered by Other physical collateral (%)		Part of exposures covered by Cash on deposit (%)	Part of exposures covered by Life insurance policies (%)	Part of exposures covered by Instruments held by a third party (%)	Part of exposures covered by Guarantees (%)	Part of exposures covered by Credit Derivatives (%)	RWEA without substitution effects (reduction effects only)	RWEA with substitution effects (both reduction and substitution effects)
		a	b	c	d	e	f	g	h	i	j	k	l	m	n
1	Central governments and central banks	–	–	–	–	–	–	–	–	–	–	–	–	–	–
2	Institutions	–	–	–	–	–	–	–	–	–	–	–	–	–	–
3	Corporates	158,636	–	99.68	99.68	–	–	–	–	–	–	0.15	–	49,527	46,467
3,1	*Of which Corporates – SMEs*	*79,285*	–	99.77	99.77	–	–	–	–	–	–	0.30	–	18,963	18,907
3,2	*Of which Corporates – Specialised lending*	–	–	–	–	–	–	–	–	–	–	–	–	–	–
3,3	*Of which Corporates – Other*	79,351	–	99.58	99.58	–	–	–	–	–	–	0.01	–	30,564	30,560
4	**Total**	**158,636**	–	99,68	**99.68**	**–**	–	–	–	–	–	**0.15**	–	**49,527**	**46,467**

No major changes have been noted since reporting on June 30, 2024.

RWEA FLOW STATEMENTS OF CREDIT RISK EXPOSURES UNDER IRB (EU CR8)

	SEK million	Risk weighted exposure amount
		a
1	**Risk weighted exposure amount as at the end of the previous reporting period**	**65,608**
2	Asset size (+/-)	2,142
3	Asset quality (+/-)	–1,394
4	Model updates (+/-)	–
5	Methodology and policy (+/-)	–
6	Acquisitions and disposals (+/-)	–
7	Foreign exchange movements (+/-)	–
8	Other (+/-)	15
9	**Risk weighted exposure amount as at the end of the reporting period**	**66,371**

No major changes have been noted since previous reporting on September 30, 2024.

IRB APPROACH – BACK-TESTING OF PD PER EXPOSURE CLASS (FIXED PD SCALE) (EU CR9)

A-IRB		Number of obligors at the end of previous year					
Exposure class	PD range		Of which number of obligors which defaulted in the year	Observed average default rate (%)	Exposures weighted average PD (%)	Average PD (%)	Average historical annual default rate (%)
a	b	c	d	e	f	g	h
Of which, Retail SME	0.00 to <0.15	–	–	–	–	–	–
	0.00 to <0.10	–	–	–	–	–	–
	0.10 to <0.15	–	–	–	–	–	–
	0.15 to <0.25	–	–	–	–	–	–
	0.25 to <0.50	–	–	–	–	–	–
	0.50 to <0.75	–	–	–	–	–	–
	0.75 to <2.50	–	–	–	–	–	–
	0.75 to <1.75	–	–	–	–	–	–
	1.75 to <2.5	–	–	–	–	–	–
	2.50 to <10.00	–	–	–	–	–	–
	2.5 to <5	–	–	–	–	–	–
	5 to <10	–	–	–	–	–	–
	10.00 to <100.00	–	–	–	–	–	–
	10 to <20	–	–	–	–	–	–
	20 to <30	–	–	–	–	–	–
	30.00 to <100.00	–	–	–	–	–	–
	100.00 (Default)	–	–	–	–	–	–
Of which, Retail non-SME	0.00 to <0.15	114,623	2	0.0	0.1	0.1	0.0
	0.00 to <0.10	71,803	1	0.0	0.1	0.1	0.0
	0.10 to <0.15	42,820	1	–	–	0.1	–
	0.15 to <0.25	–	–	–	–	–	–
	0.25 to <0.50	23,423	6	0.0	0.3	0.3	0.0
	0.50 to <0.75	27,102	14	0.1	0.6	0.7	0.1
	0.75 to <2.50	–	–	–	–	–	0.2
	0.75 to <1.75	–	–	–	–	–	0.2
	1.75 to <2.5	–	–	–	–	–	–
	2.50 to <10.00	11,800	36	0.3	5.2	4.2	0.5
	2.5 to <5	8,183	19	0.2	–	3.1	0.5
	5 to <10	3,617	17	0.5	5.2	6.8	0.5
	10.00 to <100.00	1,382	27	2.0	39.0	41.8	3.1
	10 to <20	–	–	–	–	–	–
	20 to <30	–	–	–	–	–	3.4
	30.00 to <100.00	1,382	27	2.0	39.0	41.8	–
	100.00 (Default)	269	8	3.0	100.0	100.0	7.6

F-IRB		Number of obligors at the end of previous year					
Exposure class	PD range		Of which number of obligors which defaulted in the year	Observed average default rate (%)	Exposures weighted average PD (%)	Average PD (%)	Average historical annual default rate (%)
a	b	c	d	e	f	g	h
Of which, Corporate SME	0.00 to <0.15	1,440	–	–	0.1	0.1	–
	0.00 to <0.10	985	–	–	0.1	0.1	–
	0.10 to <0.15	455	–	–	0.1	–	–
	0.15 to <0.25	351	–	–	0.2	0.2	–
	0.25 to <0.50	383	–	–	0.3	0.3	1.8
	0.50 to <0.75	101	–	–	0.6	0.5	–
	0.75 to <2.50	79	–	–	1.0	0-8	–
	0.75 to <1.75	79	–	–	0.9	0.8	–
	1.75 to <2.5	–	–	–	–	–	–
	2.50 to <10.00	34	–	–	3.8	2.7	–
	2.5 to <5	33	–	–	2.7	2.6	–
	5 to <10	1	–	–	6.0	5.8	–
	10.00 to <100.00	12	–	–	20.8	17.5	–
	10 to <20	10	–	–	17.2	17.0	–
	20 to <30	2	–	–	20.9	20.1	–
	30.00 to <100.00	–	–	–	–	–	–
	100.00 (Default)	3	–	–	100.0	100.0	–
Of which, Corporate Other	0.00 to <0.15	122	–	–	0.1	0.1	–
	0.00 to <0.10	9	–	–	0.1	0.1	–
	0.10 to <0.15	–	–	–	0.1	0.1	–
	0.15 to <0.25	113	–	–	0.2	0.2	–
	0.25 to <0.50	200	–	–	0.3	0.4	–
	0.50 to <0.75	40	–	–	0.6	0.6	–
	0.75 to <2.50	22	–	–	1.0	1.3	–
	0.75 to <1.75	16	–	–	1.0	0.8	–
	1.75 to <2.5	6	–	–	2.4	2.4	–
	2.50 to <10.00	6	–	–	–	2.8	–
	2.5 to <5	6	–	–	–	2.8	–
	5 to <10	–	–	–	–	–	–
	10.00 to <100.00	3	–	–	–	19.1	–
	10 to <20	1	–	–	–	17.0	–
	20 to <30	2	–	–	–	20.1	–
	30.00 to <100.00	–	–	–	–	–	–
	100.00 (Default)	–	–	–	–	–	–

Within the portfolio Retail non-SME, 93 obligors have defaulted in year 2024.

5.5 COUNTERPARTY CREDIT RISK

QUALITATIVE DISCLOSURE RELATED TO CCR (EU CCRA)
Description of the methodology used to assign internal capital and credit limits for counterparty credit exposures, including the methods to assign those limits to exposures to central counterparties *(Article 439 (a) CRR)*
SCBC applies the Standardised Approach for Counterparty Credit Risk (SA-CCR) for capital adequacy purposes.

In accordance with the credit instruction adopted by the Board, credit risk limits are established by SBAB's Credit Committee for all counterparties in the treasury operations. The utilised limit is calculated as the market value of financial derivatives, repos and investments. For derivative and repo contracts, the effect of collateral pledged or received under CSAs and GMRAs is included in the total net exposure. Moreover, for derivatives, an add-on amount is also calculated for future risk-related changes according to SA-CCR. The credit risk limit may be established for a period of no longer than one year, following which a new assessment must be conducted. The decisions of the Credit Committee are reported to the Board at the following Board meeting.

Description of policies related to guarantees and other credit risk mitigants, such as the policies for securing collateral and establishing credit reserves *(Article 439 (b) CRR)*
To limit the potential counterparty credit risk associated with derivative transactions involving non-standardised

derivatives that are not cleared through a central clearing counterparty (CCP) approved by the competent authority (in accordance with Regulation (EU) No 648/2012), a framework agreement must have been concluded with the counterparty. In most cases, the framework agreement, an ISDA Master Agreement or similar agreements with terms for final settlement, have been supplemented with a credit support annex (CSA).

Description of policies with respect to Wrong-Way risk as defined in Article 291 of the CRR *(Article 439 (c) CRR)*
The ISDA Master Agreement entails, inter alia, that netting is regulated in the event of bankruptcy. A CSA means that the parties have agreed in advance to transfer collateral if the exposure exceeds a specified threshold amount. The threshold amount and the minimum amount to be transferred to or from the counterparty can vary depending on the parties' ratings.

GMRAs are used to limit the counterparty risk associated with repo transactions. GMRAs also minimize wrong-way risk (WWR), which arises when the exposure to a counterparty increases together with the risk of the counterparty's default. These agreements control aspects such as the transfer of collateral to or from the counterparty.

CSAs are reconciled on a daily basis or on a weekly basis. When CSAs are in place, collateral is pledged to reduce net exposures. Wherever applicable, the posted and received collateral takes the form of cash with a transfer of title, which entitles the party that receives the collateral to use the collateral in its operations. This way of handling CSA minimizes WWR in derivatives.

Any other risk management objectives and relevant policies related to CCR *(Article 431 (3) and (4) CRR)*
All the relevant risk management objectives and policies related to CCR are described under Article 439 (a,b,c and d).

The amount of collateral the institution would have to provide if its credit rating was downgraded *(Article 439 (d) CRR)*
A decline in SCBC's rating would not result in the need for SCBC to provide extra collateral to any external counterparty.

ANALYSIS OF CCR EXPOSURE BY APPROACH (EU CCR1)

	SEK million Exposure class	Replacement cost (RC)	Potential future exposure (PFE)	EEPE	Alpha used for computing regulatory exposure value	Exposure value pre-CRM	Exposure value post-CRM	Exposure value	RWEA
		a	b	c	d	e	f	g	h
EU1	EU - Original Exposure Method (for derivatives)	–	–		1.4	–	–	–	–
EU2	EU - Simplified SA-CCR (for derivatives)	–	–		1.4	–	–	–	–
1	SA-CCR (for derivatives)	1,454	5,545		1.4	9,799	9,799	9,799	122
2	IMM (for derivatives and SFTs)			–	–	–	–	–	–
2a	*Of which securities financing transactions netting sets*			–		–	–	–	–
2b	*Of which derivatives and long settlement transactions netting sets*			–		–	–	–	–
2c	*Of which from contractual cross-product netting sets*			–		–	–	–	–
3	Financial collateral simple method (for SFTs)					–	–	–	–
4	Financial collateral comprehensive method (for SFTs)					241	241	241	38
5	VaR for SFTs					–	–	–	–
6	**Total**					**10,040**	**10,040**	**10,040**	**160**

Compared to end of June 2024, the increased numbers is due to change in market values and collateral.

TRANSACTIONS SUBJECT TO OWN FUNDS REQUIREMENTS FOR CVA RISK (EU CCR2)

	SEK million Exposure class	Exposure value	RWEA
		a	b
1	Total transactions subject to the Advanced method	–	–
2	(i) VaR component (including the 3× multiplier)		–
3	(ii) stressed VaR component (including the 3× multiplier)		–
4	Transactions subject to the Standardised method	9,799	717
EU4	Transactions subject to the Alternative approach (Based on the Original Exposure Method)	–	–
5	**Total transactions subject to own funds requirements for CVA risk**	**9,799**	**717**

Compared to end of June 2024, the change in numbers is due to change in market values and collateral.

STANDARDISED APPROACH – CCR EXPOSURES BY REGULATORY EXPOSURE CLASS AND RISK WEIGHTS (EU CCR3)

	SEK million Exposure class	Risk weight 0%	2%	4%	10%	20%	50%	70%	75%	100%	150%	Others	Total exposure value
		a	b	c	d	e	f	g	h	i	j	k	l
1	Central governments or central banks	–	–	–	–	–	–	–	–	–	–	–	–
2	Regional government or local authorities	–	–	–	–	–	–	–	–	–	–	–	–
3	Public sector entities	–	–	–	–	–	–	–	–	–	–	–	–
4	Multilateral development banks	–	–	–	–	–	–	–	–	–	–	–	–
5	International organisations	–	–	–	–	–	–	–	–	–	–	–	–
6	Institutions	9,242	–	–	–	798	–	–	–	–	–	–	10,040
7	Corporates	–	–	–	–	–	–	–	–	–	–	–	–
8	Retail	–	–	–	–	–	–	–	–	–	–	–	–
9	Institutions and corporates with a short-term credit assessment	–	–	–	–	–	–	–	–	–	–	–	–
10	Other items	–	–	–	–	–	–	–	–	–	–	–	–
11	**Total exposure value**	**9,242**	**–**	**–**	**–**	**798**	**–**	**–**	**–**	**–**	**–**	**–**	**10,040**

SCBC has one derivative that isn't internal and it has not changed significantly since June 2024.

COMPOSITION OF COLLATERAL FOR CCR EXPOSURES (EU CCR5)

		Collateral used in derivative transaction				Collateral used in SFTs			
		Fair value of collateral received		Fair value of posted collateral		Fair value of collateral received		Fair value of posted collateral	
	SEK million Collateral type	Segregated	Unsegregated	Segregated	Unsegregated	Segregated	Unsegregated	Segregated	Unsegregated
		a	b	c	d	e	f	g	h
1	Cash – domestic currency	–	–	–	–	–	–	–	–
2	Cash – other currencies	–	–	–	–	–	–	–	–
3	Domestic sovereign debt	–	–	–	–	–	–	–	–
4	Other sovereign debt	–	–	–	–	–	–	–	–
5	Government agency debt	–	–	–	–	–	–	–	–
6	Corporate bonds	–	–	–	–	–	3,775	–	2,219
7	Equity securities	–	–	–	–	–	–	–	–
8	Other collateral	–	–	–	–	–	–	–	–
9	**Total**	**–**	**–**	**–**	**–**	**–**	3,775	**–**	2,219

SCBC only have one external derivate, an IRS.

EXPOSURES TO CCPS (EU CCR8)

	SEK million	Exposure value	RWEA
		a	b
1	**Exposures to QCCPs (total)**		**–**
2	Exposures for trades at QCCPs (excluding initial margin and default fund contributions); of which	–	–
3	*(i) OTC derivatives*	–	–
4	*(ii) Exchange-traded derivatives*	–	–
5	*(iii) SFTs*	–	–
6	*(iv) Netting sets where cross-product netting has been approved*	–	–
7	Segregated initial margin	–	
8	Non-segregated initial margin	–	–
9	Prefunded default fund contributions	–	–
10	Unfunded default fund contributions	–	–
11	**Exposures to non-QCCPs (total)**		**–**
12	Exposures for trades at non-QCCPs (excluding initial margin and default fund contributions); of which	–	–
13	*(i) OTC derivatives*	–	–
14	*(ii) Exchange-traded derivatives*	–	–
15	*(iii) SFTs*	–	–
16	*(iv) Netting sets where cross-product netting has been approved*	–	–
17	Segregated initial margin	–	
18	Non-segregated initial margin	–	–
19	Prefunded default fund contributions	–	–
20	Unfunded default fund contributions	–	–

6 Liquidity risk & Funding

Liquidity risk is defined as the risk that SCBC is not able to meet its payment obligations without the related cost of obtaining liquidity increasing significantly. Liquidity risk is recognized by SCBC as a necessary risk and shall be maintained at such a level that SCBC can manage a period of acute liquidity crisis without relying on the capital market. SBAB and SCBC are managed collectively as a single liquidity group according to Regulation (EU) No. 575/2013 of the European Parliament and of the Council, which among others requires free movement of funds within the liquidity group. SCBC has a liquidity facility agreement with the parent company, SBAB, under which SCBC can borrow money for its operations from the parent company when necessary.

6.1 LIQUIDITY RISK

As the liquidity risk in SCBC is managed in cooperation with SBAB, the following table contains answers for the group.

LIQUIDITY RISK MANAGEMENT (EU LIQA)

Strategies and processes in the management of the liquidity risk, including policies on diversification in the sources and tenor of planned funding *(Article 451a(4))*

SBAB has maintained an active international capital market presence since 1989. Short-term, mid-term and long-term funding take place on a global basis. Moreover, the SBAB Group has access to the covered bond market, both in Sweden and internationally, through SCBC. In addition to issuing bonds, SBAB is funded by deposits.

Structure and organisation of the liquidity risk management function (authority, statute, other arrangements) *(Article 451a(4))*

The liquidity risk team reports to the manager of liquidity and market risk, whom in turn reports to the CRO. The organisational structure enables quick and adequate identification and reporting of any changes in the banks liquidity risk profile.

A description of the degree of centralisation of liquidity management and interaction between the group's units *(Article 451a(4))*

The group has a central liquidity management function through which the Group's entire liquidity in all currencies is forecasted and managed in a shared Group account structure. The overall aim of SBAB's liquidity strategy is to ensure SBAB's survival in terms of liquidity and that the company can effectively meet its payment obligations. Key features of the strategy are proactive and continuous liquidity planning, active debt management and the scope, content and management of SBAB's liquidity reserve.

Scope and nature of liquidity risk reporting and measurement systems *(Article 451a(4))*

The liquidity coverage ratio is defined by SBAB in accordance with the European Commission delegated regulation (EU) 2015/61. This is a metric of the degree to which the liquidity reserve covers a 30-day net cash outflow in a stressed scenario. Under the regulation, the metric must amount to not less than 100% aggregated over all currencies. Furthermore, the net stable funding ratio (NSFR) is calculated according to Regulation (EU)2019/876 of the European Parliament and the Council.

In addition to regulatory liquidity risk metrics, SBAB has a number of internal metrics. These include the measurement and stress testing of the liquidity risk by predicting the cumulative liquidity needs for each coming day, referred to as the survival horizon. The calculations are based on a crisis scenario where all lending is assumed to be extended on maturity, meaning that no liquidity is added through loan redemption, and where no extra market financing is available. A conservative assumption is applied to predictions on the deposits from which withdrawals are made over time. The distribution of the withdrawals is built on historical data. Thereafter, the maximum need for liquidity can be identified on a daily level for any given future period, which indicates the amount of required liquidity reserve. The survival horizon is the number of days for which all outflows can be covered by the liquidity reserve without the need for additional funding. According to SBAB's Internal limit, the survival horizon must at least amount to 180 days at the consolidated currency level. In addition to the above-mentioned metrics, the short-term liquidity risk is also followed-up through other internal metrics, for which limits apply.

Liquidity risk reporting is divided into three categories based on disclosure frequency. The daily report includes quantitative information on limits and crucial liquidity data – this report is sent to the relevant internal stakeholders and the CRO. The monthly report includes the same information as the daily report, however, with additional qualitative information briefly describing the changes in the risk metrics. The monthly report is sent to the CRO, executive management and the Board members. The quarterly report contains a comprehensive analysis on the banks liquidity risk profile and is also sent to the CRO, executive management and the Board members.

Policies for hedging and mitigating the liquidity risk and strategies and processes for monitoring the continuing effectiveness of hedges and mitigants *(Article 451a(4))*
Historically there have been good possibilities to mitigate concentration, liquidity and refinancing risks through bond repurchasing and maturity extension on the Swedish covered bond market. Another key element of the SBAB Group's funding strategy is to achieve an even maturity profile over time. This is achieved by actively choosing maturities during the issuing process to avoid excessive concentrations of future maturities and by continuously repurchasing and exchanging outstanding debt (active debt management). Compared with the European covered bond market, the Swedish covered bond market has relatively large outstanding volumes for individual loans.

An outline of the bank's contingency funding plans *(Article 451a(4))*
SBAB has a contingency plan for the management of liquidity crises. The contingency plan contains a clear delegation of responsibility for the personnel concerned as well as instructions for the company to rectify potential liquidity deficits. The plan also contains definitions of various events that can cause and escalate the contingency plan and stipulates suitable actions to handle these crisis events. The contingency plan is regularly tested and updated based on, for example, the results of stress tests.

An explanation of how stress testing is used *(Article 451a(4))*
SBAB performs stress tests of liquidity risk regularly as one of the internal requirements to analyze and perform contingency management of liquidity risk. The stress test models have been designed in line with the Swedish FSA's regulations on liquidity management, which impose general requirements on stress tests (FFFS 2010:7). The models analyze SBAB's capacity to meet the need for cash and cash equivalents in various market scenarios and assess the effect of protracted stress on SBAB's ability to finance its operations. The scenarios are designed based on SBAB's specific risk profile and cover both company-specific and market-related scenarios that cause difficulties in financing.

The stress tests are under continuous development and the assumptions made in various scenarios are assessed regularly. The stress tests are conducted and reported quarterly, with results assessed against SBAB's established risk appetite.

A declaration approved by the management body on the adequacy of liquidity risk management arrangements of the institution providing assurance that the liquidity risk management systems put in place are adequate with regard to the institution's profile and strategy *(Article 451a(4))*
Liquidity risk is recognized by SBAB as a necessary risk and shall be maintained at such a level that SBAB can manage a period of acute liquidity crisis without relying on the capital market. SBAB assures that that liquidity risk management systems put in place are adequate with regard to the institution's risk profile and strategy. *See Chapter 2 for the Board's statement on risk management and a brief risk declaration.*

A concise liquidity risk statement approved by the management body succinctly describing the institution's overall liquidity risk profile associated with the business strategy. This statement shall include key ratios and figures (other than those already covered in the EU LIQ1 template under this ITS) providing external stakeholders with a comprehensive view of the institution's management of liquidity risk, including how the liquidity risk profile of the institution interacts with the risk tolerance set by the management body *(Article 451a(4))*
The overall aim of SBAB's liquidity strategy is to ensure SBAB's survival in terms of liquidity and that the company can effectively meet its payment obligations. Key features of the strategy are proactive and continuous liquidity planning, active debt management and the scope, content and management of SBAB's liquidity reserve. SBAB limits its dependence on market financing by applying a limit on the ratio between deposits and lending to the public. On 31 December 2024, the ratio was 48% compared with the limit of 28%. SBAB also measures its structural liquidity risk through a metric for maturity matching that captures the relationship between the maturities of assets and liabilities from a liquidity perspective at various points in the future. This can be viewed as SBAB's internal version of the NSFR. *See Chapter 2 for the Board's statement on risk management and a brief risk declaration.*

6.2 ENCUMBERED AND UNENCUMBERED ASSETS

ACCOMPANYING NARRATIVE INFORMATION (EU AE4)
(Article 443, CRR)
General narrative information on asset encumbrance
As a part of SBAB's operations, residential mortgages are transferred to the subsidiary SCBC. These residential mortgages can include credits pledged against mortgages in real estate intended for residential purposes, against tenant-owners' rights or credits that otherwise qualify for inclusion in the cover pool for covered bonds. Derivative contracts may be used to hedge interest rate risk and currency risks. Through derivatives, SCBC is able to convert assets with a fixed interest rate profile to floating rate payments linked to 3-month STIBOR. For liabilities, SCBC are using cross currency swaps and interest rate swaps to hedge interest rate risks and currency risks arising from funding in foreign currencies.

An explanation of any difference between the regulatory consolidation scope used for the purpose of the disclosures on asset encumbrance and the scope retained for the application of the liquidity requirements on a consolidated basis as defined in Chapter 2 of Title I of Part Two CRR, which is used to define (E)HQLA eligibility;
There is no difference between the regulatory consolidation scope used for the purpose of the disclosures on asset encumbrance and the scope retained for the application of the liquidity requirements on a consolidated basis as defined in Chapter 2 of Title I of Part Two CRR, which is used to define (E)HQLA eligibility.

An explanation of any difference between, on the one hand, pledged and transferred assets in accordance with the applicable accounting frameworks and as applied by the institution and, on the other hand, encumbered assets and an indication of any difference of treatment of transactions, such as when some transactions are deemed to lead to pledge or transfer of assets but not to encumbrance of assets, or vice versa;
There is a difference between the expressions. Encumbered assets is a narrower term that refers to the assets that are only used for the covered pool and covered bonds. Pledged / transferred assets also include a number of different situations where the Group sends assets / securities to borrow money or cover an exposure (e.g., sell-buy-back repurchase agreements, collateral management and securities transfers to the Bank of Sweden for credit utilization / borrowing). The outlining difference in the concepts is that encumbered assets are found in the Group's accounts, while transferred/pledged assets are held in the counterparty's custodian accounts outside of the banks' control. There are therefore situations where certain transactions are considered to lead to a pledge or transfer of assets, however, not to encumbrance.

The exposure value used for the purposes of disclosure and how median exposure values are derived;
The exposure value used for the purposes of disclosure is based on a point-in-time value derived from the balance sheet, thus no median values are calculated.

Narrative information relating to the impact of the institution's business model on its level of encumbrance and the importance of encumbrance on the institution's funding model
The cover pool assets consist mainly of loans to the public in the form of loans against mortgages of immovable property intended for residential use or against pledged tenant-owners' rights. The cover pool may also include substitute collateral, and it is consequently possible to include derivatives or securities in the cover pool.

The main sources and types of encumbrance, detailing, where applicable, encumbrance due to significant activities with derivatives, securities lending, repos, covered bonds issuance and securitization;
The main source of encumbrance stems from covered bond issuances conducted by SCBC.

The structure of encumbrance between entities within a group, and especially whether the encumbrance level of the consolidated group stems from particular entities and whether there is significant intragroup encumbrance;
No material intragroup encumbrance exists.

Information on over-collateralisation, especially regarding covered bonds and securitisations, and the incidence of over-collateralisation on the levels of encumbrance;
SCBC exceeds by a significant margin the over-collateralisation requirements set by the national Swedish legislation and the external credit rating agencies. Therefore, even in the event of impactful market disturbances, SCBC is well equipped to maintain sufficient collateralisation levels.

Additional information on encumbrance of assets, collateral and off-balance sheet items and the sources of encumbrance by any significant currencies other than the reporting currency as referred to in Article 415(2) CRR;
SCBC does not have materially encumbered assets in any other currency than SEK.

A general description of the proportion of items included in column 060 'Carrying amount of unencumbered assets' in template EU AE1 that the institution would not deem available for encumbrance in the normal course of its business (e.g. intangible assets, including goodwill, deferred tax assets, property, plant and other fixed assets, derivative assets, reverse repo and stock borrowing receivables);
The proportion of items, which are not deemed available for encumbrance in the normal course of business (e.g. intangible assets, including goodwill, deferred tax assets, property, plant and other fixed assets, derivative assets, reverse repo and stock borrowing receivables) included in column 060 'Carrying amount of unencumbered assets' in Template EU AE1 equals SEK 223,855 million and is comprised mainly by loans and advances not encumbered for covered bonds.

The amount of underlying assets and of cover pool assets of retained securitisations and retained covered bonds, and whether those underlying and cover pool assets are encumbered or unencumbered, along with the amount of associated retained securitisations and retained covered bonds;
Nor SBAB or SCBC has any retained securitisations or retained covered bonds.

Where relevant for explaining the impact of their business model on their level of encumbrance, details (including quantitative information if relevant) on each of the following:
i) the types and amounts of encumbered and unencumbered assets included in row 120 of template EU AE1;
ii) the amounts and types of encumbered assets and off-balance sheet items included in row 010 of template EU AE3 that are not associated with any liabilities;
It is not considered relevant for either SBAB or SCBC to disclose the impact on the business model the types and amounts of encumbered and unencumbered assets included in row 120 of template EU AE1 or the amounts and types of encumbered assets and off-balance sheet items included in row 010 of template EU AE3 that are not associated with any liabilities.

Where relevant in the context of their use of encumbrance in relation to their business model, additional information on the breakdown of the following rows in the templates EU AE1, EU AE2 and EU AE3:
i. Row 120 of template EU AE1 - 'Other assets',
ii. Row 230 of template EU AE2 'Other collateral received',
iii. Row 010 of template EU AE3 - 'Carrying amount of selected financial liabilities' (especially if part of the encumbrance of assets is associated with liabilities and another part is not).
It is not considered relevant in the context of the use of encumbrance in relation to SCBC's or SCBC's business model, to provide additional information on the breakdown of row 120 of template EU AE1, row 230 of template EU AE2 or row 010 of template EU AE3.

ASSET ENCUMBERED DISCLOSURES (EU AE1)

		Carrying amount of encumbered assets		Fair value of encumbered assets		Carrying amount of unencumbered assets		Fair value of unencumbered assets	
			of which notionally eligible EHQLA and HQLA		*of which notionally eligible EHQLA and HQLA*		*of which EHQLA and HQLA*		*of which EHQLA and HQLA*
		010	035	040	055	060	085	090	105
010	**Assets of the reporting institution**	308,894	–			223,855	–		
030	Equity instruments	–	–	–	–	–	–	–	–
040	Debt securities	–	–	–	–	–	–	–	–
050	*of which: covered bonds*	–	–	–	–	–	–	–	–
060	*of which: securitisations*	–	–	–	–	–	–	–	–
070	*of which: issued by general governments*	–	–	–	–	–	–	–	–
080	*of which: issued by financial corporations*	–	–	–	–	–	–	–	–
090	*of which: issued by non-financial corporations*	–	–	–	–	–	–	–	–
120	Other assets	308,894	–			223,855	–		

No significant changes since previous reporting period are identified.

COLLATERAL RECEIVED (EU AE2)

		Fair value of encumbered collateral received or own debt securities issued		Unencumbered: Fair value of collateral received or own debt securities issued available for encumbrance	
			of which notionally eligible EHQLA and HQLA		*of which EHQLA and HQLA*
		010	035	040	065
130	**Collateral received by the reporting institution**	–	–	–	–
140	Loans on demand	–	–	–	–
150	Equity instruments	–	–	–	–
160	Debt securities	–	–	–	–
170	*of which: covered bonds*	–	–	–	–
180	*of which: securitisations*	–	–	–	–
190	*of which: issued by general governments*	–	–	–	–
200	*of which: issued by financial corporations*	–	–	–	–
210	*of which: issued by non-financial corporations*	–	–	–	–
220	Loans and advances other than loans on demand	–	–	–	–
230	Other collateral received	–	–	–	–
240	**Own debt securities issued other than own covered bonds or securitisations**	–	–	–	–
245	**Own covered bonds and asset-backed securities issued and not yet pledged**			–	–
250	**TOTAL ASSETS, COLLATERAL RECEIVED AND OWN DEBT SECURITIES ISSUED**	–	–		

No significant changes since previous reporting period are identified.

SOURCES OF EMCUMBRANCE (EU AE3)

		Matching liabilities, contingent liabilities or securities lent	Assets, collateral received and own debt securities issued other than covered bonds and ABSs encumbered
		010	030
010	Carrying amount of selected financial liabilities	308,894	308,894

No significant changes since previous reporting period are identified.

7 Market risk

Market risk is the risk of loss or reduced future income due to market fluctuations.

7.1 MARKET RISK

QUALITATIVE DISCLOSURE REQUIREMENTS RELATED TO MARKET RISK (EU MRA)
When disclosing information on the risk management objectives and policies to manage market risk, institutions shall include *(Points (a) to (d) of Article 435(1) CRR)***:**

An explanation of their management's strategic objectives in undertaking trading activities;
The governing principle of SCBC's exposure to market risk is that the level of risk taking should be low. SCBC does not have a trading book.

The processes implemented to identify, measure, monitor and control the institution's market risks;
Treasury owns the risk and manages the market risks in its daily work. Treasury monitors its operations, its consequences on market risk, and its compliance with limits in real time.

Risk Control identify, measure, monitor and control market risk and its compliance with current risk levels and limits on a daily basis. The Board of SCBC determines the overall risk appetite and setting the limits related to market risk. In addition, a number of supplementary risk-based metrics set by the CEO of SCBC are also subject to limitation.

The policies for hedging and mitigating risk;
Funding in international currencies are hedged through currency swaps or invested in matching currencies to mitigate currency risk. Basis risk is considered low as the degree of hedging imperfection is very low.

Strategies and processes for monitoring the continuing effectiveness of hedges;
All of the risk measurements are part of monitoring the effectiveness of hedges. The risk measuring stresses the market conditions, which reveals imbalanced hedging.

When disclosing information on the structure and organisation of the market risk management function, institutions shall include *(Point (b) of Article 435 (1) CRR)***:**

A description of the market risk governance structure established to implement the strategies and processes of the institution discussed in row (a) above;
SCBC is characterised by low risk taking, with the Board determining the overall risk appetite and setting the limits related to market risk. In addition to the Board decided limits, a number of supplementary risk-based metrics set by the CEO of SCBC are also subject to limitation. Risk Control identifies, measures, controls, analyses, consolidates and reports market risk. Risk control shall also, when necessary, suggest updates of the risk management. Risk control checks market risk's compliance with current risk levels and limits on a daily basis. Treasury owns the risk and manages the market risk in its daily work.

A description of the relationships and the communication mechanisms between the different parties involved in market risk management;
Each year a baseline scenario is established in co-operation with internal stakeholders, which represents the most plausible development of the business activities. The asset & liability team models in close co-operation with the treasury team, according to the chosen inputs, the bank's balance sheet and forecasts the funding needs. Throughout the year, the actual development is mirrored against the forecasted development and corrections are made if necessary. Additionally, if the market sentiment and the macro-economic factors change significantly due to unforeseen circumstances, the baseline scenario is updated accordingly. The development of the bank's balance sheet and off-balance sheet commitments in combination with market rates and prices is what keeps the bank's market risk under a constant change – however, the fluctuation is modest under normal market conditions, as SCBC's market risk exposure is low. The market risk team follows daily the bank's risk profile and if unanticipated events occur that affect the risk profile, the pre-defined escalation process is followed, which ensures efficient information transferring to all relevant stakeholders. To ensure efficient and reliable planning and a thorough assessment of the future development of market risks, a proactive method of working has been established in terms of a quaterly internal risk forum, which strives to continuously challenge the established routines of forecasting, measuring, controlling and reporting of market risks.

When disclosing information on the scope and nature of market risk disclosure and measurement systems, institutions shall provide a description of the scope and nature of market risk disclosure and the measurement systems *(Point (c) of Article 435 (1) CRR)*;
In addition to the limits determined by the Board, the CEO has set a number of supplementary risk metrics for different kind of market risks to which SCBC is exposed.
Interest rate risk is controlled by measuring the effect on economic value of equity when it's exposed to different stress scenarios. The scenarios consist of parallel shifts and turnings scenarios of interest curves. Currency risk is controlled by measuring the effect on present value when currency exchange rates change. Basis risk is controlled by stressing the future floating cash flows with a stress connected to their underlying reference rates.

The market risk reporting follows the same structure as the liquidity risk reporting disclosed in chapter 6.1. The market risk team validates the results each day in the daily report.

MARKET RISK UNDER THE STANDARDISED APPROACH (EU MR1)

		RWEAs
		a
	Outright products	
1	Interest rate risk (general and specific)	–
2	Equity risk (general and specific)	–
3	Foreign exchange risk	469
4	Commodity risk	–
	Options	
5	Simplified approach	–
6	Delta-plus approach	–
7	Scenario approach	–
8	**Securitisation (specific risk)**	**–**
9	**Total**	**469**

SCBC uses the standardised approach to quantify capital requirements for market risk in Pillar 1. The regulatory capital requirements for market risk is shown in the table. Since June 30, 2024 the foreign exchange risk has increased further from low levels.

7.2 IRRBB

INTEREST RATE RISK ON POSITIONS NOT HELD IN THE TRADING BOOK (EU IRRBBA)

A description of how the institution defines IRRBB for purposes of risk control and measurement *(Point (e) of Article 448 (1) CRR)*
Interest-rate risk is defined as the risk that interest rate variations lead to losses or lower future income as assets and liabilities have different fixed-interest periods and/or interest terms.

A description of the institution's overall IRRBB management and mitigation strategies *(Point (f) of Article 448 (1) CRR)*
Interest rate risk is mitigated by matching the tenors and reference rate on both the liability and asset side of the balance sheet. This is achieved by active debt management and by using derivatives. Pre-defined limits are in place to continuously monitor that interest rate risk is kept within the bank's risk appetite. The limits are defined by the Board of Directors and by the CEO and they are all monitored daily.

The periodicity of the calculation of the institution's IRRBB measures, and a description of the specific measures that the institution uses to gauge its sensitivity to IRRBB *(Point (e (i) and (v)) of Article 448 (1) and Article 448(2) CRR)*
Interest rate risks for the economic value of equity arising from parallel move and twist of the curve is calculated daily based on the six different shock scenarios defined by the SFSA. It is also calculated according to EBA guidelines. The calculations for the capital requirement, information collection and semiannual risk meetings with the SFSA are performed according to the method described in FI Dnr 24-4186.

During 2024, SBAB and SCBC has reported quarterly interest rate risk in the banking book according to the method defined in FFFS 2007:4. That reporting requirement has at the end of 2024 been replaced.

A description of the interest rate shock and stress scenarios that the institution uses to estimate changes in the economic value and in net interest income (if applicable) *(Point (e (iii)) of Article 448 (1) and Article 448(2) CRR)*
Not applicable. SCBC complies with the requirements laid down in article 448(2) CRR.

A description of the key modelling and parametric assumptions different from those used for disclosure of template EU IRRBB1 (if applicable) *(Point (e (ii)) of Article 448 (1) and Article 448(2) CRR)*
Not applicable. SCBC complies with the requirements laid down in article 448(2) CRR.

A high-level description of how the Institution hedges its IRRBB, as well as the associated accounting treatment (if applicable) *(Point (e (iv)) of Article 448 (1) and Article 448(2) CRR)*
Not applicable. SCBC complies with the requirements laid down in article 448(2) CRR.

A description of key modelling and parametric assumptions used for the IRRBB measures in template EU IRRBB1 (if applicable) *(Point (c) of Article 448 (1) and Article 448(2) CRR)*
Not applicable. SCBC complies with the requirements laid down in article 448(2) CRR.

Explanation of the significance of the IRRBB measures and of their significant variations since previous disclosures *(Point (d) of Article 448 (1) CRR)*
SCBC calculates IRRBB according to the EBA guidelines and the specific instructions disclosed by the SFSA; FI dnr 24-4186.

Any other relevant information regarding the IRRBB measures disclosed in template EU IRRBB1 (optional)
None.

Disclosure of the average and longest repricing maturity assigned to non-maturity deposits *(Point (g) of Article 448 (1) CRR)*
All of the non-maturing deposits are in SBAB.

INTEREST RATE RISKS OF NON-TRADING BOOK ACTIVITIES (EU IRRBB1)

	Supervisory shock scenarios	Changes of the economic value of equity		Changes of the net interest income	
		31 Dec 2024	30 Jun 2024	31 Dec 2024	30 Jun 2024
		a	b	c	d
1	Parallel up	–177	–43	-312	1,519
2	Parallel down	94	26	4	–1,519
3	Steepener	13	-84		
4	Flattener	-64	37		
5	Short rates up	-131	25		
6	Short rates down	69	-44		

"Parallel up" is the driving shock scenario for both reporting dates; December 31, 2024 and June 30, 2024.

8 Operational risk

Operational risk is defined as the risk of losses stemming from inadequate or failed internal processes and systems, human error or from external events. Operational risk includes legal risks but excludes reputational risk and is embedded in all banking products and activities.

8.1 OPERATIONAL RISK

QUALITATIVE INFORMATION ON OPERATIONAL RISK (EU ORA)

Disclosure of the risk management objectives and policies **(***Points (a), (b), (c) and(d) of Article 435(1) CRR)*

Strategies and processes;
The basis of an operational risk management process is a continuous identification, analysis and assessment, management and monitoring of risks.

Structure and organization of risk management function for operational risk;
The second line of defense (Risk) has an overall responsibility for the methods and procedures used to manage operational risks. The management of operational risks is conducted based on SCBC's risk appetite and the business essential processes. This involves continuous work on developing employees' risk awareness and the bank's risk culture, improving processes, routines and providing tools for efficient and proactive management in daily work.

Risk measurements and control;

- Risk and Control Self-Assessment (RCSA)

The RCSA-process includes the identification and evaluation of operational risks in all essential processes. The self-assessment is carried out using a common method and is documented in the joint GRC-system. The results of the RCSA are reported annually to the Board, the CEO and the management body.

- Incident management

SCBC has routines for reporting and following up incidents. The Risk department supports the business with analysis of reported incidents to ensure that root causes are identified and that appropriate measures are taken. Incidents that have not caused any direct damage or financial loss are also reported to promote proactive risk management.

- Control of new products and significant changes

SCBC's process for managing new products and significant changes addresses the development of new products, markets and services, and significant changes to existing ones. The process also encompasses material changes to processes, systems and organization. The purpose of the process is to ensure that changes are consistent with the risk strategy and risk appetite.

- Business continuity management

SCBC works to prevent incidents that may affect the company's ability to conduct operations. A crisis organization responsible for crisis and disaster management as well as communication is established and tested regularly in collaboration with external crisis management experts.

Significant operational risks
The bank has identified a set of risks that, if they occur, could have a greater impact on the bank's operations than other risks. For additional information, see SBAB Capital adequacy and risk management report 2024.

Operational risk reporting;
An analysis of the overall risk level is regularly reported to the Board of Directors, the CEO and the management body.

Policies for hedging and mitigating operational risk.
As part of strengthening SCBC's risk culture Risk and Regulatory Coordinators (RRS) are established in the first line of defense. The role of the RRS is to act as support to the business managers, focusing on risk management, process mapping, internal controls, incident management and compliance. SCBC does not use any derivative instruments to hedge operational risk.

Disclosure of the approaches for the assessment of minimum own funds requirements *(Article 446 CRR)*
SCBC applies the standardised approach for capital adequacy for operational risk under Pillar 1. This approach calculates the capital requirement based on the beta factors 12% and 15%, respectively of the business area's average operating income over the past three years. SCBC does not identify any additional amount under Pillar 2 for operational risk.

Description of the AMA methodology approach used (if applicable) *(Article 446 CRR)*
Not applicable.

Disclose the use of insurance for risk mitigation in the Advanced Measurement Approach (if applicable) *(Article 454 CRR)*
Not applicable.

OPERATIONAL RISK OWN FUNDS REQUIREMENTS AND RISK-WEIGHTED EXPOSURE AMOUNTS (EU OR1)

	Banking activities	Relevant indicator			Own funds requirements	Risk exposure amount
		Year-3	Year-2	Last year		
		a	b	c	d	e
1	**Banking activities subject to basic indicator approach (BIA)**	–	–	–	–	–
2	Banking activities subject to standardised (TSA) / alternative standardised (ASA) approaches	3,418	3,661	3,962	478	5 971
3	*Subject to TSA:*	3,418	3,661	3,962		
4	*Subject to ASA:*	–	–	–		
5	Banking activities subject to advanced measurement approaches AMA	–	–	–	–	–

9 Sustainability risk

ESG disclosure in Pillar 3 follows the implementing technical standards (ITS) defined by the EBA. In line with the EBA report on prudential disclosures on ESG risks this section has been included in this report in accordance with Article 449a in CRR. The requirements issued by the regulator entered into force June 28,2022, with first discloures provided on a yearly basis. For December 31,2024, a total of 9 quantitative templates are required. The section with qualitative information is split into three parts; Business strategy and processes, Governance and Risk management. Each part compiles questions and answers to the acronym Environmental, Social and Governance respectively.

9.1 QUALITATIVE INFORMATION ON ENVIRONMENTAL, SOCIAL AND GOVERNANCE RISK

BUSINESS STRATEGY AND PROCESSES

Institution's business strategy to integrate environmental factors and risks, taking into account the impact of environmental factors and risks on institution's business environment, business model, strategy and financial planning (Article 449a in conjunction with Article 435(1), points (a) and (e) CRR)

Adjustment of the institution's business strategy to integrate social factors and risks taking into account the impact of social risk on the institution's business environment, business model, strategy and financial planning (Article 449a in conjunction with Article 435(1), points (a) and (e) CRR))

In 2023, SBAB conducted a double materiality assessment aligned with CSRD requirements. The outcome of the assessment was approved by the board of SBAB during 2024 and it resulted in nine identified sustainability areas that are considered material for the group where both environmental and social factors and risks are included. These sustainability areas are taken into consideration when the Group adjusts its business strategy and model to achieve the organization's set sustainability goals, which impact SCBC. SBAB revisits its double materiality assessment at least once a year to make sure that the sustainability topics still have relevance for the group´s and SCBC´s operations and strategic goals. The steering model, the strategies and governing documents (e.g risk policy, sustainability policy, risk strategy) set the foundation for the group's and SCBC's annual business planning process.

Furthermore, SCBC monitors developments on the regulatory landscape in terms of external regulations and guidelines concerning environmental and social factors and risks, and what impact these develop-ments have in terms of business strategy. Examples of external regulations and guidelines concern:, The state ownership policy, Annual Accounts Act, Agenda 2030, European Sustainability Reporting Standards, Global Compact, and EU Taxonomy.As part of maintaining SCBC's risk culture, SCBC has risk and compliance coordinators (RCCs) in the first line. For further information on three lines of defense see page 14 in the report. The RCC support the business managers with a focus on risk management, process mapping, internal controls, incident management and regulatory compliance, where sustainable finance is included.

The group (including SCBC) wants to contribute to an inclusive, fair and safe real estate market for customers, tenants and homebuyers, where social factors and risks are considered. The group's activities within this area are described on page 168 in the annual report for 2024. To better understand and estimate SCBC's impact on climate in terms of financed emissions,

The group has has joined the Partnership for Carbon Accounting Financials (PCAF), a partnership between financial institutions aimed at creating a standardized methodology for measuring GHG emissions tied to lending and investment portfolios.

The financed emissions and climate target is also published externally for full transparency in the group´s report on sbab.se. Integration of environmental risks in the group´s and SCBC operations are described in the risk strategy, risk policy and risk appetite. SCBC applies a risk-based approach and ensures that environmental and social risks and factors are not overlooked when assessing its business model, governing documents or strategies.

Objectives, targets and limits to assess and address environmental and social risks in short-, medium-, and long-term, and performance assessment against these objectives, targets and limits, including forward-looking information in the design of business strategy and processes (Article 449a in conjunction with Article 435(1) points (a), (c) to (f).

In 2023, the parent company of SCBC conducted a double materiality assessment in line with CSRD requirements, and the outcome of the assessment was approved by the board of the parent company in 2024. The assessment resulted in nine identified sustainability areas that are considered material for the entire group of which SCBC is included, where both environmental and social factors and risks are considered. Identified areas related to environmental factors and risks includes, but is not limited to, reduction of negative climate impact, both from SCBC's own operations and in the portfolio (financed emissions) as well as contribute to a more energy efficient society. One key climate target for the group concerns the reduction of financed emissions. See more details in the group's annual report, p.32. Furthermore, the group updated its Green Bond framework during 2024 with the purpose of making it more aligned with the EU taxonomy. To understand how the Green Bond framework is designed, how it relates to SCBC's operations and how the framework contributes to the green transition, see SBAB's Green Bond Framework 2024 on sbab.se, Investor relations. To better monitor SCBC's exposure to physical climate risk, the group acquired during 2024 more granular data regarding risk of flooding, which provides a flood risk classification (both acute and chronic) on property level. The acquired data enabled an update of an existing Key Risk Indicator (KRI). Previously, the KRI was measuring risk of flooding in certain geographic areas while the updated KRI provides granular data on property level. The updated KRI covers collaterals assessed to have an elevated risk of being flooded and it monitors the share of capital tied to these collaterals. The KRI have a set limit and during 2024 the level of exposure was well within the set limits. Furthermore, three addtional KRI:s was also added: (1) monitors capital tied to collaterals with higher risk of being flooded broken down to specific geographic areas (concentration risk), (2) the share of valid Energy Performance Certificate (EPC) in the portfolio which facilitate the calculation of financed emissions (transition risk) and (3) share of lending products with conditions supporting a green transition. Climate risk is mainly managed through data analysis and monitoring, broadened customer dialogue, internal training, product development, accessing relevant sustainability data, system development and customer communication. In the credit granting process for property companies and tenant-owners' associations, certain sustainability criteria are considered as a part of the overall assessment. The parent company has completed an analysis of how the future physical climate risks could impact the mortgage portfolio. The analysis indicates that rises in sea levels and the risk of flooding have a limited impact on SCBC's portfolio and risk appetite, but it is a risk that is continuously monitored through the above mentioned KRI. Going into 2025, the group's financed emission reduction target is updated to a 50% financed emission reduction by 2030 compared to emission levels of 2022 (with the previous target being a 30% reduction by 2030). The financed emission target is based on the second version of the Carbon Risk Real Estate Monitor (CRREM) pathway which, if accomplished, results in a net-zero emission real estate sector by 2050. The target states that the SCBC aims to reduce its emissions related to its lending portfolio which includes households, tenant owner associations and commercial clients with 50% by 2030 and be net-zero by 2050 at the latest. The targets are in line with PCAF standardized methodology for measuring GHG emissions tied to lending and investment portfolios. The financed emissions and climate target for the group is published externally for full transparency in the annual report on sbab.se, page 91 and 92.

Current investment activities and (future) investment targets towards environmental objectives and EU Taxonomy-aligned activities (Article 449a in conjunction with Article 9 of Regulation (EU 2020/852))

The group's current investment activities and targets towards environmental objectives and EU Taxonomy-aligned activities are focused on financing customers' acquisition and ownership of buildings, construction of new buildings, renovation of existing buildings and installation, maintenance and repair of energy efficiency equipment/renewable energy technologies. SCBC's primary function as a subsidiary within the group and its operations concern issuance of covered bonds, bond or other comparable full-recourse debt instruments secured by a pool of mortgage credits ("cover pool"). Hence, the group's business model, strategies and steering model impact SCBC's operations and the covered bonds within SCBC. Furthermore, SCBC adopts, where applicable, the group's strategies, policies and steering model. SCBC has a green bond framework with short term volume targets. The group's work on climate change mitigation is described in the Green Bonds Impact report and in the annual report on sbab.se.

Policies and procedures relating to direct and indirect engagement with new or existing counterparties on their strategies to mitigate and reduce environmental risks and social harmful activities(Article 449a in conjunction with Article 435(1) point (d) CRR)

The group has several different policies and procedures relating to direct and indirect engagement with counterparties concerning environmental and social risks. However, SCBC's, which is a subsidiary within the group, primary operations comprise the issuance of covered bonds, bonds or other comparable full-recourse debt instruments secured by a pool of mortgage credits ("cover pool"), in the Swedish and international funding markets. SCBC does not pursue lending activities but instead acquires loans that meet certain criteria from SBAB on a regular basis. SCBC does not have any direct engagement with counterparties. Indirectly, SCBC contributes to engagement mitigating environmental risks and impact. Since 2018, the parent company has provided Green Mortgages to retail customers who live in single-family homes or apartments that have a valid energy performance certificate with energy class A, B or C, that is, in line with or above the energy requirements for new builds in Sweden. The better the energy class, the greater the reduction to the mortgage rate. SCBC acquire the Green Mortgages from SBAB parent company and manage them by issuing covered bonds with the mortgages as collateral .

GOVERNANCE

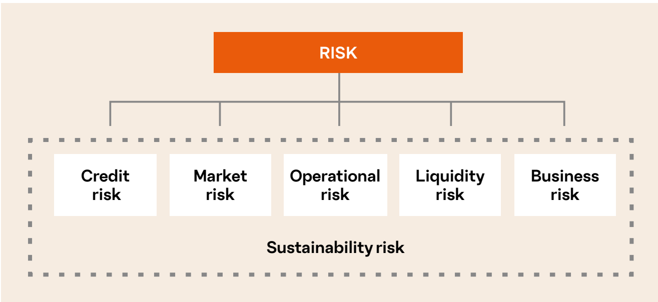
Responsibilities of the management body for setting the risk framework, supervising and managing the implementation of the objectives, strategy and policies in the context of environmental risk management covering relevant transmission channels (Article 449a in conjunction with Article 435(1), point (b), and Article 435(2), points (a), (b), (c) CRR)

The management body is responsible for the overall governance structure of the organization, including management of environmental risks. These risks are described in different governing documents, e.g. the Risk policy, Risk appetite and the climate risk instruction, which are all assessed and approved by higher management. The management body is regularly informed through internal reporting and quarterly meetings on the progress of different objectives and outcomes of commitments stated in strategies and policies. Based on the reported outcomes of objectives and strategies, the management body of the group, together with the management of SCBC , take an active part in deciding the direction for SCBC's work with sustainability, including environmental risks. Furthermore, the management body is also involved in the annual review process of the parent company's double materiality assessment valid for the entire group where environmental risks are identified. The assessment considers a short-, medium- and long-term perspective. The review of the assessment is ultimately approved by the board of the parent company and it applies for SCBC as well.

Responsibilities of the management body for setting the risk framework, supervising and managing the implementation of the objectives, strategy and policies in the context of social risk management covering counterparties' approaches to activities towards the community and society, employee relationships and labour standards, customer protection and product responsibility and human rights (Article 449a in conjunction with Article 435(1), point (b) and Article 435(2), points (a), (b), (c) CRR)
The group has determined a long-term, focused and extended HR strategy and has clear goals to support equality and diversity to ensure positive employee experience and high employee commitment. However, SCBC's, which is a subsidiary within the group, primary operations comprise the issuance of covered bonds, bonds or other comparable full-recourse debt instruments secured by a pool of mortgage credits ("cover pool"), in the Swedish and international funding markets. SCBC does not pursue lending activities but instead acquires loans that meet certain criteria from SBAB on a regular basis. Furthermore, employees from the parent company are outsourced to SCBC to fill all the positions necessary to carry out its operations. The outsourced employees from the parent company to SCBC are covered by the parent company's equality and diversity policy, which emphasizes the value of promoting diversity with employees of different backgrounds and a culture to support inclusion. All employees have the same rights, obligations and opportunities in every aspect related to the workplace and SCBC wants to be an equal and inclusive workplace with a high level of integrity that encourages difference. Furthermore, the group has a Code of Conduct, which includes SCBC, providing guidance on how employees should act and conduct themselves in various situations based on SCBC's values and the inherent responsibilities of being an employee and aims to manage risks linked to personnel, social conditions, and human rights in lending through in-depth customer dialogues and industry collaboration. In addition, the group has a Supplier Code that addresses the group's human and labout rights standards, and it clearly defines the standards and principles that suppliers must adhere and comply with. Furthermore, the group developed Respekttrappan (Respect Ladder). Respekttrappan is a tool available for all subsidiaries, including SCBC, which provides systematic guidance to enhance and promote respect and inclusion for everyone in the workplace and in society. The tool has been implemented within the entire organization. Respekttrappan has thereafter been introduced to more than 200 companies and organizations as a tool for their continuous work on respect, inclusion, and equality.

Management body's integration of short-, medium- and long-term effects of environmental factors and risks, organisational structure both within business lines and internal control functions (Article 449a in conjunction with Article 435(2), point (d) CRR)
SCBC has a risk framework described in the Risk policy which states that the risk management system should be well integrated in the organizational structure and hierarchy of decision-making. The group conducts a climate risk identification workshop annually where environmental risks are considered according to IPCC's RCP 4.5 and 8.5 and the workshop applies a short-, medium- and long-term perspective. The climate risk workshop is defined in a governing document within the Risk department and engages representatives from several different parts of the organization. The business implemented an annual review of possible risk-limiting measures and procedures in essential processes. Both business lines, i.e the private market area and the market area for commercial and tenant-owner´s association clients, are obligated to conduct risk mitigating actions by following the set frameworks in governing documents for the credit process, i.e., from credit policy with underlying documents. When significant climate risks are identified and assessed, the Risk department must also evaluate how the risk is to be monitored and reported. In addition to the risk-limiting measures and procedures described above, SCBC is not carrying out the activities mentioned above as the structure and integration of short-, medium- and long-term effects of environmental factors and risks into the management body and the organization in large. However, as SCBC acquire loans granted by the parent company to customers, the mandate and operations are set and designed to feed into the sustainability work carried out in greater detail within the group.

Integration of measures to manage environmental and social factors and risks in internal governance arrangements, including the role of committees, the allocation of tasks and responsibilities, and the feedback loop from risk management to the management body covering relevant transmission channels (Article 449a in conjunction with Article 435(2), points (a), (b), (c) CRR)
Sustainability risk reporting is integrated throughout the group with clear responsibilities within committee and management assignment. Sustainability risks are integrated in the parent companys Board committees' assignment description. The Audit and Compliance Committee's principal task is to examine SCBC's governance, internal controls, sustainability reporting and financial information. SCBC has not established any Credit Committee, Risk and Capital Committee or its own Remuneration Committe e. The Parent Company's committees also address issues concerning SCBC that are relevant at group level as part of their work. The Credit Committee's principal task is to decide on loans and credit limits. The Risk and Capital Committee's principal task is to prepare issues within the risk and capital area. Every committee receives a quarterly report with relevant integrated ESG-risks on a group level.



Institution's integration in their governance arrangements of the governance performance of the counterparty, including committees of the highest governance body, committees responsible for decision-making on economic, environmental, and social topics (Article 449a in conjunction with Article 435(2) CRR)
The majority of the group's corporate counterparties consist of construction and real estate companies. A significant number of counterparties are listed on the stock exchange, i.e., they have a high degree of transparency in their operations and routines are established to handle conflicts of interest as well as

sensitive internal communication on critical challenges. The group's counterparties are reviewed based on the money laundering and financing of terrorism regulations where customer knowledge is obtained, and the real principal(s) are carefully mapped to ensure who is the group's counterparty. SCBC does not have any direct engagement with customers as their primary function as a subsidiary within the group concern operations on issuance of covered bonds, bond or other comparable full-recourse debt instruments secured by a pool of mortgage credits ("cover pool"). Indirectly, SCBC are impacting both society and the environment through its business activities which in turn to a great extent is being managed by the group.

Institution's accounting of the counterparty's highest governance body's role in non-financial reporting
SCBC has no direct interaction with counterparties and therefore has no data on their governance structure. However, the parent company, who provides the loans to its commercial counterparties, accounts and documents the counterparties' highest governance body as part of the credit granting process for the counterparties.

Institution's integration in governance arrangements of the governance performance of their counterparties including ethical considerations, strategy and risk management, inclusiveness, transparency, management of conflict of interest and internal communication on critical concerns (Article 449a in conjunction with Article 435(2) CRR)
The majority of the parent company's corporate counterparties consist of construction and real estate companies. A significant number of counterparties are listed on the stock exchange, i.e., they have a high degree of transparency in their operations and processes and routines are in place to handle conflicts of interest as well as sensitive internal communication around on critical challenges. The parent company's counterparties are reviewed based on the regulations for money laundering and financing of terrorism, where customer knowledge is obtained, and the real principal(s) are carefully mapped to determine if there is any risk for money laundering or financing of terrorism. SCBC have no direct interaction with customers. However, the parent company's policy on anti-money laundering applies for SCBC as well. Furthermore, both the parent company and SCBC apply a risk-based approach to counteract products and services being used for illegal purposes. At least once a year, both companies conduct a risk assessment (more often if deemed necessary) where they map and assess the risk of money laundering and financing of terrorism occurring. Additionally, the customer is evaluated by the parent company based on sustainability risks including the ethical perspective before a loan is granted. There is an ongoing process of improving the parent company's follow-up on its client's corporate governance performance and structure.

Lines of reporting and frequency of reporting relating to environmental and social risk (Article 449a in conjunction with Article 435(2), points (e) CRR)
The first, second and third lines of defense reports quarterly to the management body and the Board committees of the parent company. Additionally, the Risk department reports on KRIs related to environmental risks on a quarterly basis. For further information on three lines of defense see page 13 in the report.

Alignment of the remuneration policy with institution's environmental and social risk-related objectives (Article 449a in conjunction with Article 435(2), points (e) CRR)
SCBC is committed to the State Ownership Policy and principles for state-owned enterprises 2020 , which also encompasses the Guidelines for external reporting in state-owned enterprises and Guidelines for remuneration and other terms of employment for senior executives in state-owned enterprises. In accordance with the relevant policy, the organization's remuneration is to be competitive, capped and appropriate, moderate, reasonable, well considered and not salary leading. It should also contribute to high ethical standards and a good corporate culture. The remuneration policy encompasses all employees, regardless of position. All employees in SCBC are outsourced from the parent company and receive compensation in accordance with the renumeration policy.

RISK MANAGEMENT

Integration of short-, medium- and long-term effects of environmental factors and risks in the risk framework (Article 449a in conjunction with Article 435(1), points (f) CRR)
Climate risk is divided into physical risks and transition risks. Physical risks encompass the direct effects of climate change that give rise to financial costs and risks, for example the physical impact on properties resulting from climate change. Transition risks encompass financial risks related to the transition to a less fossil-based economy. The physical climate risk linked to SCBC's assets primarily pertains to the risk of increased damage and value declines in assets and collateral due to climate change. SCBC's operations are exposed to transition risks in cases where SCBC does not succeed in adapting operations to the higher environmental and climate requirements set by tomorrow's sustainable economy. Future climate changes could affect the value of collaterals as well as customers' capacity to pay on their mortgages, which ultimately impact SCBC's operations as the loans given to customers for collaterals by the parent company are acquired by SCBC. For that reason, climate risks are relevant for SCBC even though the company itself has no direct interaction with the customers of the parent company. Physical climate risks encompass, for instance, higher sea levels, extreme weather as well as collapses and landslides. The parent company has identified two main climate related risks that are essential to consider in the credit assessment: risk of flooding (physical risk) and risk of increased energy prices (transition risk). To integrate the short-, medium- and long-term effects of environmental risks into the risk tolerance framework, climate-related time horizons have been defined in the climate risk instruction. Short term: <1 year, medium term: from 1-10 years and long term: >10years. The different time horizons are being considered for different purposes, e.g. when conducting the annual climate risk workshop or when reviewing the double materiality assessment, which currently is being conducted on group level.

Definitions, methodologies, and international standards on which the environmental and social risk management framework is based. (Article 449a in conjunction with Article 435(1), points (a) CRR)
The definition used for environmental risk and social risk management risks primarily refers to the CSRD framework and to the EBA report on management and supervision of ESG risks for credit institutions and investment firms. During 2024,

the parent company conducted an extensive analysis on the upcoming guidelines from EBA on the management of ESG risks, which will be, when entered into force, integrated in the structure of the group's ESG risk management framework, which will impact SCBC. The definition used for social risks also refers to the framework The United Nations Sustainable Development Goals (SDGs) and the International Sustainability Standards Boards (ISSB) the EU Corporate Sustainability Reporting Directive (CSRD), and UN 2030 agenda for sustainable development and the SDGs. SCBC follows the State Ownership Policy and principles for state-owned enterprises 2020, which also encompasses the Guidelines for external reporting in state-owned enterprises and Guidelines for remuneration and other terms of employment for senior executives in state-owned enterprises. The state's ownership policy states that SCBC, as a state-owned company, must act exemplary in sustainable business, and work strategically to integrate issues into the business strategy and set strategic sustainability goals.

Processes to identify, measure and monitor activities and exposures (and collateral where applicable) sensitive to environmental and social risks, covering relevant transmission channels (Article 449a in conjunction with Article 435(1), points (a) CRR)

In the process of identifying climate risks a matrix is created illustrating what sustainability topics the parent company needs to prioritize according to the findings of the climate risk workshop applying a short, medium- and long-term horizon (where the RCP 4.5 and 8.5 is considered). The 2024 workshop indicated that two climate related risks for the group's collaterals concern the risk of collaterals being flooded (physical risk) and volatile and increased energy prices (transition risk) causing financial difficulties for the parent company's customers. Negative impact caused by climate-related issues on the customers of the parent company will negatively impact SCBC's operations. Floods have both a chronic and acute risk aspect. The chronic aspect relates to rising sea levels and the acute aspect concern floods from waterways (e.g. bodies of water, lakes, rivers) caused by extreme weather events. The parent company monitors risks related to both physical climate risks and transition risks through Key Risk Indicators (KRI). These KRIs are reported quarterly to the management of the parent company. Social risks encompass the risk of the parent company's services and products not being available to all members of society. Accessibility pertains to equality and non-discrimination and is a crucial prerequisite for people with disabilities to be able to exercise their human rights and fundamental freedoms. Since SCBC acquire loans provided by the parent company, this risk can be considered as an indirect risk for SCBC.

Activities, commitments, and exposures contributing to mitigate environmental and social risks (Article 449a in conjunction with Article 435(1), points (a) and (d) CRR).

In 2023, the parent company of SCBC conducted a double materiality assessment aligned with CSRD requirements. The assessment resulted in nine identified overarching sustainability areas that are considered material for the institution. The assessment identified sustainability risks and possibilities of varying scope. The activities, commitments, and exposures SCBC have in place to mitigate environmental risks relates to inter alia acquiring Green Mortgage loans from the parent company's retail customers. All employees in SCBC are outsourced from the parent company to SCBC and the HR strategy, equality policy and renumeration policy of the parent company also applies for SCBC.

Implementation of tools for identification, measurement and management of environmental and social risks respectively (Article 449a in conjunction with Article 435(1), points (a) and (f) CRR)

The parent company has implemented Key Risk Indicators (KRI) covering both physical and transition aspects of environmental risks. The KRIs covers the portfolio's exposure to flooding (chronic and acute risk), regions with a higher concentration risk of flooding in relation to the collaterals exposed in that region (chronic and acute risk), ratio of Green loan products compared to the total lending portfolio, and ratio of valid Energy Performance Certificates in the portfolio. The KRIs are followed up quarterly. As SCBC acquire loans with collaterals, it is of relevance to monitor the degree of risk exposure the collaterals are exposed to in terms of physical or transition risk. To better monitor the collaterals' progress towards reducing its negative climate footprint, the parent company joined the Partnership for Carbon Accounting Financials (PCAF), a partnership between financial institutions aimed at creating a standardized methodology for measuring Greenhouse gas emissions (GHG emissions) tied to lending and investment portfolios. Additionally, to achieve full transparency when it comes to financed emissions and climate targets, the group (which includes SCBC) publish its progress in the annual report available on sbab.se . Tools implemented for identification, measurement and management of social risks are key performance indicators such as personnel turnover, sick leave, and wellness. The group, also reports in its annual report on equality for e.g., share of females in management positions or Board of Directors.

Results and outcome of the risk tools implemented and the estimated impact of environmental risk on capital and liquidity risk profile (Article 449a in conjunction with Article 435(1), points (a) and (f) CRR)

The results of the key risk indicators (KRI) related to environmental risks are reported quarterly to the Board and the CEO of the parent company. The Risk department shall facilitate identification of risks, evaluate, and monitor the outcome from the KRIs within decided limits. The outcome from the KRIs indicates a limited impact on the portfolio's collaterals and the risk level has currently no impact on the capital and liquidity profile. Within the ICAAP process for 2024, the parent company conducted a stress test where energy prices were increased with the purpose of investigating how increased household costs would impact the parent company's capital situation. Furthermore, a flooding scenario was created where collaterals with heightened risk of flooding were exposed to severe floodings which ultimately impacted the exposed collaterals' market value. Since SCBC acquires loans from the parent company, this exercise is highly relevant when analyzing SCBC's risk profile in relation to flooding scenarios or drastically increased energy prices. The purpose of the scenario was to assess the parent company's financial resilience under such an adverse scenario. The results of the tests showed that both the stress test and the flooding scenario have limited impact on the group's overall capital and liquidity risk profile.

Data availability, quality and accuracy, and efforts to improve these aspects (Article 449a CRR).

The parent company uses data from The Swedish Geotechnical Institute (SGI) and the Swedish Civil Contingencies Agency (MSB). They have developed a list of areas that are particularly vulnerable to flooding, collapse and landslides. Regarding risk of flooding, the parent company also uses data from a third-party vendor, providing granular data on risk of flooding. The data is based on scenarios and simulations conducted by national agencies (MSB) and the data provides information on property level. The data is also aligned with the IPCC's RCP 8.5 scenario and provides information on whether a property is exposed to risk of flooding from nearby bodies of water, lakes or rivers (acute climate risk) or risk of flooding caused by rising sea levels (chronic climate risk). The granularity of the data provides the opportunity of conducting quality assessments of the portfolio's risk exposure towards flooding, which is considered as a risk for SCBC as they acquire loans for collaterals from the parent company. During 2024, the parent company acquired data on synthetic Energy Performance Certificates (EPC) from a third-party vendor. The vendor has developed a method to establish an estimated EPC for buildings lacking a valid certificate. The data set provides the possibility for SCBC to get a greater understanding of its impact in terms of financed emissions as the parent company uses proxies when accurate data is missing. The synthetic EPCs are proxies, but more granular in their method providing an estimation closer to the reality than other conventional proxies provided by, for instance Swedish Energy Agency (Energimyndigheten). The synthetic EPCs are currently not used for external reporting on financed emissions. In general, valid EPCs are an important cornerstone when calculating financed emissions stemming from collaterals in the portfolio. The methodology the group uses to measure the portfolio emissions is based on the PCAF global standard for the financial industry's accounting and reporting of GHG emissions related to loans and investments. PCAF supported the process with feedback on the parent company's application of the methodology. The data was compiled from the Swedish National Board of Housing, Building and Planning and the Swedish Energy Agency, see more information in the annual report on sbab.se . To meet new and upcoming requirements regarding ESG-related data, the group has identified a need for a common climate data source. The access to data is currently limited. To obtain this data and make it available, the parent company has initiated a climate data project. Since 2023, an enterprise-wide project has been working on building up an infrastructure to collect climate-related data linked to the parent company's lending and evaluation of existing collaterals, which could pose as a risk to SCBC's operations if damaged or negatively impacted by climate-related occurrences. The project's goal is to harmonize climate data and integrate it within the group, including SCBC.

Description of limits to environmental risks (as drivers of prudential risks) that are set, and triggering escalation and exclusion in the case of breaching these limits (Article 449a in conjunction with Article 435(1), points (f) CRR)
The KRI monitoring the risk of flooding in the entire portfolio is considered as a prudential risk. The risks defined as a value and if the limit is breached, the parent company will have a change in climate risk profile which will have an impact on SCBC as they acquire the loans with collateral provided by the parent company.

Description of setting limits to social risk and cases to trigger escalation and exclusion in the case of breaching these limits (Article 449a in conjunction with Article 435(1), point (f) CRR)
In the pursuit of being an appreciated employer, the parent company has a KRI measuring personnel turnover with a desired limit to balance the maintenance of existing competence as well as attracting expertise externally. All employees in SCBC are outsourced from the parent company to SCBC. The HR strategy and goals set for the parent company also applies for SCBC, where it is relevant. An increase in personnel turnover can indicate staff being discontented as employees. Therefore, it is important to monitor and, if the turnover is high, investigate the reasons behind the turnover.

Description of the link (transmission channels) between environmental and social risks with credit risk, liquidity and funding risk, market risk, operational risk and reputational risk in the risk management framework (Article 449a CRR)
Significant impacts of risk drivers for SCBC are energy costs (transition risk) and the impact of floods (physical climate risk) on real estate value and household wealth which may result in e.g. higher credit risk in the forthcoming years.

Institution's integration in risk management and arrangements the governance performance of their counterparties considering ethical considerations, strategy and risk management, inclusiveness, transparency, management of conflict of interest, internal communication on critical concerns (Article 449a in conjunction with article 435 (1) CRR)

The parent company of SCBC provides household mortgages to private customers, tenant-owners' associations and loans to construction and real estate companie s. A significant number of the parent company's corporate counterparties are listed on the stock exchange, i.e., they have a high degree of transparency in their operations and processes and routines are in place to handle conflicts of interest as well as sensitive internal communication around on critical challenges. The counterparties are reviewed by the parent company based on the regulations for money laundering and financing of terrorism, where customer knowledge is obtained, and the real principal(s) are carefully mapped to ensure the legitimacy of the counterparties. Additionally, the corporate customers are evaluated based on sustainability risks including the ethical perspective. There is an ongoing improvement within the parent company's business lines regarding how the parent company integrates and collects information on counterparties' governance set-up and performance in relation to ethical considerations and social risks and factors. All these risks have bearing on SCBC's operations as they acquire the loans provided by the parent company. SCBC are obligated to contribute to the parent company's sustainability goals and the board of SCBC receives internal reporting on a quarterly basis.

BANKING BOOK- CLIMATE CHANGE TRANSITION RISK: CREDIT QUALITY OF EXPOSURES BY SECTOR, EMISSIONS AND RESIDUAL MATURITY

		Gross carrying amount (SEKmillion)					Accumulated impairment, accumulated negative changes in fair value due to credit risk and provisions (SEKmillion)			GHG financed emissions (scope 1, scope 2 and scope 3 emissions of the counterparty) (in tons of CO2 equivalent) [3]							
	Sector/subsector		*Of which exposures towards companies excluded from EU Paris-aligned Benchmarks in accordance with points (d) to (g) of Article 12.1 and in accordance with Article 12.2 of Climate Benchmark Standards Regulation [1]*	*Of which environmentally sustainable (CCM) [2]*	*Of which stage 2 exposures*	*Of which non-performing exposures*		*Of which Stage 2 exposures*	*Of which non-performing exposures*		*Of which Scope 3 financed emissions*	*GHG emissions (column i): gross carrying amount percentage of the portfolio derived from company-specific reporting*	*<= 5 years*	*> 5 year <= 10 years*	*> 10 year <= 20 years*	*> 20 years*	*Average weighted maturity*
		a	b	c	d	e	f	g	h	i	j	k	l	m	n	o	p
1	**Exposures towards sectors that highly contribute to climate change***	**157,649**	**–**	**94**	**10**	**40**	**–40**	**–15**	**–19**	**43,810**	**–**	**94.7**	**144,618**	**12,543**	**7**	**481**	**2.5**
2	A - Agriculture, forestry and fishing	4	–	–	–	–	0	–	–	2	–	16.3	4	0	–	–	0.9
3	B - Mining and quarrying	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–
4	B.05 - Mining of coal and lignite	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–
5	B.06 - Extraction of crude petroleum and natural gas	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–
6	B.07 - Mining of metal ores	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–
7	B.08 - Other mining and quarrying	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–
8	B.09 - Mining support service activities	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–
9	C - Manufacturing	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–
10	C.10 - Manufacture of food products	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–
11	C.11 - Manufacture of beverages	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–
12	C.12 - Manufacture of tobacco products	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–
13	C.13 - Manufacture of textiles	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–
14	C.14 - Manufacture of wearing apparel	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–
15	C.15 - Manufacture of leather and related products	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–
16	C.16 - Manufacture of wood and of products of wood and cork, except furniture; manufacture of articles of straw and plaiting materials	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–
17	C.17 - Manufacture of pulp, paper and paperboard	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–
18	C.18 - Printing and service activities related to printing	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–
19	C.19 - Manufacture of coke oven products	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–
20	C.20 - Production of chemicals	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–
21	C.21 - Manufacture of pharmaceutical preparations	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–
22	C.22 - Manufacture of rubber products	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–
23	C.23 - Manufacture of other non-metallic mineral products	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–
24	C.24 - Manufacture of basic metals	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–
25	C.25 - Manufacture of fabricated metal products, except machinery and equipment	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–
26	C.26 - Manufacture of computer, electronic and optical products	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–
27	C.27 - Manufacture of electrical equipment	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–
28	C.28 - Manufacture of machinery and equipment n.e.c.	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–
29	C.29 - Manufacture of motor vehicles, trailers and semi-trailers	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–
30	C.30 - Manufacture of other transport equipment	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–
31	C.31 - Manufacture of furniture	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–
32	C.32 - Other manufacturing	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–
33	C.33 - Repair and installation of machinery and equipment	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–
34	D - Electricity, gas, steam and air conditioning supply	31	–	–	–	–	0	–	–	6	–	100.0	23	8	–	–	1.9
35	D35.1 - Electric power generation, transmission and distribution	31	–	–	–	–	0	–	–	6	–	100.0	23	8	–	–	1.9
36	D35.11 - Production of electricity	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–
37	D35.2 - Manufacture of gas; distribution of gaseous fuels through mains	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–
38	D35.3 - Steam and air conditioning supply	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–

	Sector/subsector	Gross carrying amount (SEKmillion)					Accumulated impairment, accumulated negative changes in fair value due to credit risk and provisions (SEKmillion)			GHG financed emissions (scope 1, scope 2 and scope 3 emissions of the counterparty) (in tons of CO2 equivalent) 3)							
			Of which exposures towards companies excluded from EU Paris-aligned Benchmarks in accordance with points (d) to (g) of Article 12.1 and in accordance with Article 12.2 of Climate Benchmark Standards Regulation 1)	*Of which environmentally sustainable (CCM) 2)*	*Of which stage 2 exposures*	*Of which non-performing exposures*		*Of which Stage 2 exposures*	*Of which non-performing exposures*		*Of which Scope 3 financed emissions*	*GHG emissions (column i): gross carrying amount percentage of the portfolio derived from company-specific reporting*	*<= 5 years*	*> 5 year <= 10 years*	*> 10 year <= 20 years*	*> 20 years*	*Average weighted maturity*
		a	b	c	d	e	f	g	h	i	j	k	l	m	n	o	p
39	E - Water supply; sewerage, waste management and remediation activities	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–
40	F - Construction	1,255	–	–	329	–	0	0	0	80	–	35.8	1,255	–	–	–	1.9
41	F.41 - Construction of buildings	1,227	–	–	629	–	0	0	0	37	–	34.3	1,227	–	–	–	1.9
42	F.42 - Civil engineering	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–
43	F.43 - Specialised construction activities	28	–	–	–	–	0	–	–	43	–	100.0	28	–	–	–	0.4
44	G - Wholesale and retail trade; repair of motor vehicles and motorcycles	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–
45	H - Transportation and storage	505	–	–	–	–	0	–	–	52	–	100.0	505	–	–	–	0.9
46	H.49 - Land transport and transport via pipelines	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–
47	H.50 - Water transport	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–
48	H.51 - Air transport	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–
49	H.52 - Warehousing and support activities for transportation	505	–	–	–	–	0	–	–	52	–	100.0	505	–	–	–	0.9
50	H.53 - Postal and courier activities	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–
51	I - Accommodation and food service activities	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–
52	L - Real estate activities	155,854	–	94	9,973	40	–39	–15	–19	43, 670	–	95.2	143,831	12,535	7	–	2.4
53	**Exposures towards sectors other than those that highly contribute to climate change***	**827**	–	**–**	73	–	**0**	0	–				**827**	**–**	**1**	–	**2.0**
54	K - Financial and insurance activities	524	–	–	–	–	0	–	–				524	–	–	–	2.7
55	Exposures to other sectors (NACE codes J, M - U)	303	–	–	73	–	0	0	–				302	–	1	–	1.0
56	**Total**	**158,477**	–	**94**	**10,374**	**40**	**–40**	**–15**	**–19**	**43, 923**	**–**	**94.8**	**145,445**	**12,543**	**8**	481	**2.5**

1) In accordance with the Commission delegated regulation EU) 2020/1818 supplementing regulation (EU) 2016/1011 as regards minimum standards for EU Climate Transition Benchmarks and EU Paris-aligned Benchmarks -Climate Benchmark Standards Regulation - Recital 6: Sectors listed in Sections A to H and Section L of Annex I to Regulation (EC) No 1893/2006. SBAB does not have exposures that are excluded from the Paris Aggrement.

2) This disclosure requirement enter into force as of of December 2023.

3) This disclosure requirement enter into force as of June 2024. SCBC work with data development regarding GHG-financed emissions is ongoing and will be published on required level of details as soon as the data is assured, not later than June 2024.

The template includes assets in the banking book representing loans and advances to non financial counterparties. Construction loans is included in the NACE distribution and consequently in the total. Loans to credit institutions and households are excluded.
The gross carrying amount is aligned with the valued reported in Finrep. Maturity is defined as residual contractual maturity and is calculated with remaining days to final payment date. Exposures within the first two buckets is represented by floating rate notes (FRN-loans) and property loans. FRN-loans has a maturity period that is equal to the condition period, with possible maturity up to 10 years, most common maturity of 5 years. Property loans is a form of "until further notice" and although the maturity period is reported equal to the condition perod. Bucket 10 years or longer is represented by property loans.

Since June 30, 2024, the lending to sector Real estate activities has increased which also affected the outcome of GHG financed emissions.

BANKING BOOK - CLIMATE CHANGE TRANSITION RISK: LOANS COLLATERALISED BY IMMOVABLE PROPERTY - ENERGY EFFICIENCY OF THE COLLATERAL

		Total gross carrying amount amount (SEKmillion)															
			Level of energy efficiency (EP score in kWh/m² of collateral)						Level of energy efficiency (EPC label of collateral)							Without EPC label of collateral	
	Counterparty sector		0; <= 100	> 100; <= 200	> 200; <= 300	> 300; <= 400	> 400; <= 500	> 500	A	B	C	D	E	F	G		*Of which level of energy efficiency (EP score in kWh/m² of collateral) estimated*
		a	b	c	d	e	f	g	h	i	j	k	l	m	n	o	p
1	**Total EU area**	**521,072**	**288,338**	**218,709**	**12,496**	**1,257**	**156,158**	**116,432**	**3,009**	**45,864**	**76,814**	**86,560**	**116,673**	**62,709**	**16,649**	**112,794**	**112,794**
2	Of which Loans collateralised by commercial immovable property	10,732	9,627	996	109	–	–	–	269	6,079	2,890	1,028	183	65	109	108	108
3	Of which Loans collateralised by residential immovable property	510,340	278,711	217,713	12,387	1,257	156,158	116,432	2,740	39,784	73,924	85,532	116,490	62,644	16,540	112,686	112,686
4	Of which Collateral obtained by taking possession: residential and commercial immovable properties	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–
5	Of which Level of energy efficiency (EP score in kWh/m² of collateral) estimated	112,794	99,228	13,566	–	–	–	–								112,794	112,794
6	**Total non-EU area**	–	–	–	–	–	–	–	–	–	–	–	–	–		–	–
7	Of which Loans collateralised by commercial immovable property	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–
8	Of which Loans collateralised by residential immovable property	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–
9	Of which Collateral obtained by taking possession: residential and commercial immovable properties	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–
10	Of which Level of energy efficiency (EP score in kWh/m² of collateral) estimated	–	–	–	–	–		–								–	–

The template includes loans collateralised by commercial and residential immovable property. Construction loans is excluded. The gross carrying amount is aligned with the valued reported in Finrep. Energy Performance Certificates are applied where available. Where unavailable, emissions factors from the Swedish Energy Agency database estimates are used. The availability of EPC labels for the real estate portfolio is limited due to the fact that energy declarations are not compulsory and is generally required only when selling property. Since June 30, 2024, there is a migration of collaterals to the better EPC labels and therefore to the lower levels of energy efficiency prestanda. Since June SCBC has changes source when estimating level of energy efficiency for collaterals without EPC label from PCAF to Swedish Energy Agency database. The outcome of the change of source has resulted in a positive migration to bucket > 100; <= 200 and 0; <= 100 in column b and C respectively.

BANKING BOOK - CLIMATE CHANGE TRANSITION RISK: ALIGNMENT METRICS

	Sector	NACE Sectors (a minima)	Portfolio gross carrying amount (Mn EUR)	Alignment metric**	Year of reference	Distance to IEA NZE2050 in % ***	Target (year of reference + 3 years)
	a	b	c	d	e	f	g
1	Power	–	–	–	–	–	–
2	Fossil fuel combustion	–	–	–	–	–	–
3	Automotive	–	–	–	–	–	–
4	Aviation	–	–	–	–	–	–
5	Maritime transport	–	–	–	–	–	–
6	Cement, clinker and lime production	–	–	–	–	–	–
7	Iron and steel, coke, and metal ore production	–	–	–	–	–	–
8	Chemicals	–	–	–	–	–	–
9a	Commecial Real Estate	–	–	–	–	–	–
9b	Residential Real Estate	–	–	–	–	–	–

*** PiT distance to 2030 NZE2050 scenario in % (for each metric)

Calculation made only at group level.

BANKING BOOK - CLIMATE CHANGE TRANSITION RISK: EXPOSURES TO TOP 20 CARBON-INTENSIVE FIRMS

	Counterparty	Gross carrying amount (aggregate)	Gross carrying amount towards the counterparties compared to total gross carrying amount (aggregate)*	Of which environmentally sustainable (CCM)	Weighted average maturity	Number of top 20 polluting firms included
		a	b	c	d	e
1		**N/A**	**N/A**	**N/A**	**N/A**	**N/A**

* For counterparties among the top 20 carbon emitting companies in the world

Not applicable. As of 31 December, 2024, SCBC had no exposures to the top 20 most carbon-intensive companies in the world, listed in the EU and the Swedish Environmental Protection Agency.

BANKING BOOK - CLIMATE CHANGE PHYSICAL RISK: EXPOSURES SUBJECT TO PHYSICAL RISK

		Gross carrying amount (SEKmillion)													
			of which exposures sensitive to impact from climate change physical events												
			Breakdown by maturity bucket										Accumulated impairment, accumulated negative changes in fair value due to credit risk and provisions		
	Variable: Geographical area subject to climate change physical risk - acute and chronic events		<= 5 years	> 5 year <= 10 years	> 10 year <= 20 years	> 20 years	Average weighted maturity	of which exposures sensitive to impact from chronic climate change events	of which exposures sensitive to impact from acute climate change events	of which exposures sensitive to impact both from chronic and acute climate change events	Of which Stage 2 exposures	Of which non-performing exposures		of which Stage 2 exposures	Of which non-performing exposures
	a	b	c	d	e	f	g	h	i	j	k	l	m	n	o
1	A - Agriculture, forestry and fishing	4	–	–	–	–	–	–	–	–	–	–	–	–	–
2	B - Mining and quarrying	–	–	–	–	–	–	–	–	–	–	–	–	–	–
3	C - Manufacturing	–	–	–	–	–	–	–	–	–	–	–	–	–	–
4	D - Electricity, gas, steam and air conditioning supply	31	–	–	–	–	–	–	–	–	–	–	–	–	–
5	E - Water supply; sewerage, waste management and remediation activities	–	–	–	–	–	–	–	–	–	–	–	–	–	–
6	F - Construction	1,255	–	–	–	–	–	–	–	–	–	–	–	–	–
7	G - Wholesale and retail trade; repair of motor vehicles and motorcycles	–	–	–	–	–	–	–	–	–	–	–	–	–	–
8	H - Transportation and storage	505	–	–	–	–	–	–	–	–	–	–	–	–	–
9	L - Real estate activities	155,854	2,436	354	–	–	2.5	1,566	1,644	284	154	–	0	0	–
10	Loans collateralised by residential immovable property	510,340	2,125	120	243	5,749	25.0	3,878	5,467	732	549	22	–9	–1	–7
11	Loans collateralised by commercial immovable property	10,732	347	253	–	–	4.6	472	128	–	–	–	0	–	–
12	Repossessed colalterals	–	–	–	–	–	–	–	–	–	–	–	–	–	–
13	Other relevant sectors (breakdown below where relevant)	–	–	–	–	–	–	–	–	–	–	–	–	–	–

The gross carrying amount (GCA) column includes exposures to non-financial counterparties and exposures to households regardless of exposures sensitive to impact from physical events. The exposures are sorted by NACE sector and by the loans collateralised by residential and commercial immovable property respectively. Construction credit loans are included in the total. The subsequent columns includes only exposures sensitive to physical events. SCBC has in the regularly climate risk process identified floods accompanied by sea level rise (chronical) and floods in lakes and waterways (acute) as the main and most comparable physical risks. Since June 2024 SCBC has compiled and calculated the climate risk with data from UC.
No major changes have been noted since previous reporting on June 30, 2024.

SUMMARY OF GAR KPIS

		KPI			
		Climate change mitigation	Climate change adaptation	Total (Climate change mitigation + Climate change adaptation)	% coverage (over total assets)*
		a	b	c	d
1	GAR stock	7.6	0.0	7.6	100.0
2	GAR flow	16.2	0.0	16.2	100.0

* % of assets covered by the KPI over banks' total assets.

Since June 30,2024, the green asset ratio (GAR) for stock and flow and for % coverage (over total assets) has been revised and therefore aligned with the regulatory requirements on group level according to the EU Taxonomy (Regulation (EU) 2021/2178).

MITIGATING ACTIONS: ASSETS FOR THE CALCULATION OF GAR

		Disclosure reference date T															
			Climate Change Mitigation (CCM)					Climate Change Adaptation (CCA)					TOTAL (CCM + CCA)				
			Of which towards taxonomy relevant sectors (Taxonomy-eligible)					*Of which towards taxonomy relevant sectors (Taxonomy-eligible)*					*Of which towards taxonomy relevant sectors (Taxonomy-eligible)*				
				Of which environmentally sustainable (Taxonomy-aligned)					*Of which environmentally sustainable (Taxonomy-aligned)*					*Of which environmentally sustainable (Taxonomy-aligned)*			
	Million EUR	*Total gross carrying amount*			*Of which specialised lending*	*Of which transitional*	*Of which enabling*			*Of which specialised lending*	*Of which adaptation*	*Of which enabling*			*Of which specialised lending*	*Of which transitional/ adaptation*	*Of which enabling*
		a	b	c	d	e	f	g	h	i	j	k	l	m	n	o	p
	GAR - COVERED ASSETS IN BOTH NUMERATOR AND DENOMINATOR																
1	Loans and advances, debt securities and equity instruments not HfT eligible for GAR calculation	374,915	373,388	40,299	–	0.0	–	–	0.0	–	–	–	373,387	40,299	–	0.0	0.0
2	**Financial corporations**	**1,528**	0.0	0.0	–	0.0	–	–	0.0	–	–	–	0.0	0.0	–	0.0	0.0
3	Credit institutions	1,528	0.0	0.0	–	0.0	–	–	0.0	–	–	–	0.0	0.0	–	0.0	0.0
4	Loans and advances	1,528	0.0	0.0	–	0.0	–	–	0.0	–	–	–	0.0	0.0	–	0.0	0.0
5	Debt securities, including UoP	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–
6	Equity instruments	–	–	–		–	–	–	–		–	–	–	–		–	–
7	Other financial corporations	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–
8	of which investment firms	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–
9	Loans and advances	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–
10	Debt securities, including UoP	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–
11	Equity instruments	–	–	–		–	–	–	–		–	–	–	–		–	–
12	of which management companies	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–
13	Loans and advances	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–
14	Debt securities, including UoP	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–
15	Equity instruments	–	–	–		–	–	–	–		–	–	–	–		–	–
16	of which insurance undertakings	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–
17	Loans and advances	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–
18	Debt securities, including UoP	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–
19	Equity instruments	–	–	–	–	–	–	–	–		–	–	–	–		–	–
20	**Non-financial corporations (subject to NFRD disclosure obligations)**	**10,818**	**10,818**	94	–	–	–	–	–	–	–	–	**10,818**	94	–	–	–
21	Loans and advances	10,818	10,818	94	–	–	–	–	–		–	–	10,818	94	–	–	–
22	Debt securities, including UoP	–	–	–	–	–	–	–	–				–	–	–	–	–
23	Equity instruments	–	–	–	–	–	–	–	–				–	–		–	–
24	**Households**	**362,569**	**362,569**	**40,205**	–	–							**362,569**	**40,205**	–	–	–
25	of which loans collateralised by residential immovable property	362,482	362,482	40,205	–	–	–						362,482	40,205	–	–	–
26	of which building renovation loans	88	88	–	–	–	–						88	–	–	–	–
27	of which motor vehicle loans	–	–	–	–	–	–						–	–	–	–	–
28	**Local governments financing**	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–
29	Housing financing	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–
30	Other local governments financing	–	–		–	–	–	–	–	–	–	–	–		–	–	–
31	Collateral obtained by taking possession: residential and commercial immovable properties	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–
32	**TOTAL GAR ASSETS**	**374,915**	**373,388**	**40,299**	–	0.0	–	–	–	–	–	–	**373,388**	**40,299**	–	**0.0**	**0.0**

			Disclosure reference date T														
			Climate Change Mitigation (CCM)					Climate Change Adaptation (CCA)					TOTAL (CCM + CCA)				
			Of which towards taxonomy relevant sectors (Taxonomy-eligible)					*Of which towards taxonomy relevant sectors (Taxonomy-eligible)*					*Of which towards taxonomy relevant sectors (Taxonomy-eligible)*				
				Of which environmentally sustainable (Taxonomy-aligned)					*Of which environmentally sustainable (Taxonomy-aligned)*					*Of which environmentally sustainable (Taxonomy-aligned)*			
	Million EUR	*Total gross carrying amount*			*Of which specialised lending*	*Of which transitional*	*Of which enabling*			*Of which specialised lending*	*Of which adaptation*	*Of which enabling*			*Of which specialised lending*	*Of which transitional/ adaptation*	*Of which enabling*
		a	b	c	d	e	f	g	h	i	j	k	l	m	n	o	p
	ASSETS EXCLUDED FROM THE NUMERATOR FOR GAR CALCULATION (COVERED IN THE DENOMINATOR)																
33	**EU Non-financial corporations (not subject to NFRD disclosure obligations)**	**147,658**															
34	Loans and advances	147,658															
35	Debt securities	–															
36	Equity instruments	–															
37	**Non-EU Non-financial corporations (not subject to NFRD disclosure obligations)**	**–**															
38	Loans and advances	–															
39	Debt securities	–															
40	Equity instruments	–															
41	Derivatives	9,169															
42	On demand interbank loans	10															
43	Cash and cash-related assets	–															
44	Other assets (e.g. Goodwill, commodities etc.)	1,271															
45	**TOTAL ASSETS IN THE DENOMINATOR (GAR)**	**533,024**															
	OTHER ASSETS EXCLUDED FROM BOTH THE NUMERATOR AND DENOMINATOR FOR GAR CALCULATION																
46	Sovereigns	–															
47	Central banks exposure	–															
48	Trading book	–															
49	**TOTAL ASSETS EXCLUDED FROM NUMERATOR AND DENOMINATOR**	**–**															
50	**TOTAL ASSETS**	**533,024**															

Since June 30,2024, there is increased volumes mainly in the household portfolio for loans collateralised by residential immovable property. Also increased volumes has been noted in the households portfolio related to the taxonomy alignment sectors.

GAR (%)

	% (compared to total covered assets in the denominator)	Disclosure reference date T: KPIs on stock															
		Climate Change Mitigation (CCM)					Climate Change Adaptation (CCA)					TOTAL (CCM + CCA)					
		Proportion of eligible assets funding taxonomy relevant sectors					*Proportion of eligible assets funding taxonomy relevant sectors*					*Proportion of eligible assets funding taxonomy relevant sectors*					*Proportion of total assets covered*
			Of which environmentally sustainable					*Of which environmentally sustainable*					*Of which environmentally sustainable*				
				Of which specialised lending	*Of which transitional*	*Of which enabling*			*Of which specialised lending*	*Of which adaptation*	*Of which enabling*			*Of which specialised lending*	*Of which transitional/ adaptation*	*Of which enabling*	
		a	b	c	d	e	f	g	h	i	j	k	l	m	n	o	p
1	**GAR**	**70.1**	**7.6**	–	0.0	0.0	0.0	0.0	–	–	0.0	**70.1**	**7.6**	–	0.0	–	**100.0**
2	Loans and advances, debt securities and equity instruments not HfT eligible for GAR calculation	99.6	10.7	–	0.0	0.0	0.0	0.0	–	–	0.0	99.6	10.7	–	0.0	–	70.4
3	Financial corporations	0.0	0.0	–	0.0	0.0	0.0	0.0	–	–	0.0	0.0	0.0	–	0.0	–	0.0
4	Credit institutions	0.0	0.0	–	0.0	0.0	0.0	0.0	–	–	0.0	0.0	0.0	–	0.0	–	0.0
5	Other financial corporations	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–
6	of which investment firms	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–
7	of which management companies	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–
8	of which insurance undertakings	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–
9	Non-financial corporations subject to NFRD disclosure obligations	100.0	0.9	–	–	–	–	–	–	–	–	100.0	0.9	–	–	–	2.0
10	Households	100.0	11.1	–	–	–						100.0	11.1	–	–	–	68.0
11	of which loans collateralised by residential immovable property	100.0	11.1	–	–	–						100.0	11.1	–	–	–	68.0
12	of which building renovation loans	100.0	–	–	–	–						100.0	–	–	–	–	0.0
13	of which motor vehicle loans	–	–	–	–	–						–	–	–	–	–	–
14	Local government financing	–	–	–	–	–						–	–	–	–	–	–
15	Housing financing	–	–	–	–	–						–	–	–	–	–	–
16	Other local governments financing	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–
17	Collateral obtained by taking possession: residential and commercial immovable properties	–	–	–	–	–						–	–	–	–	–	–

	% (compared to total covered assets in the denominator)	Disclosure reference date T: KPIs on flows															
		Climate Change Mitigation (CCM)					Climate Change Adaptation (CCA)					TOTAL (CCM + CCA)					
		Proportion of new eligible assets funding taxonomy relevant sectors					*Proportion of new eligible assets funding taxonomy relevant sectors*					*Proportion of new eligible assets funding taxonomy relevant sectors*					*Proportion of total new assets covered*
			Of which environmentally sustainable					*Of which environmentally sustainable*					*Of which environmentally sustainable*				
				Of which specialised lending	*Of which transitional*	*Of which enabling*			*Of which specialised lending*	*Of which adaptation*	*Of which enabling*			*Of which spe-cialised lending*	*Of which transitional/ adaptation*	*Of which enabling*	
		a	b	c	d	e	f	g	h	i	j	k	l	m	n	o	*p*
1	**GAR**	75.3	16.2	–	–	–	–	–	–	–	–	75.3	16.2	–	–	–	100.0
2	Loans and advances, debt securities and equity instruments not HfT eligible for GAR calculation	88.2	19.0	–	–	–	–	–	–	–	–	88.2	19.0	–	–	–	75.5
3	Financial corporations	12.4	0.4	–	–	–	–	–	–	–	–	0.0	0.0	–	–	–	1.6
4	Credit institutions	12.4	0.4	–	–	–	–	–	–	–	–	0.0	0.0	–	–	–	1.6
5	Other financial corporations	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–
6	of which investment firms	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–
7	of which management companies	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–
8	of which insurance undertakings	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–
9	Non-financial corporations subject to NFRD disclosure obligations	100.0	100.0	–	–	–	–	–	–	–	–	100.0	100.0	–	–	–	0.2
10	Households	100.0	21.7	–	–	–						100.0	21.7	–	–	–	73.7
11	of which loans collateralised by residential immovable property	100.0	21.7	–	–	–						100.0	21.7	–	–	–	73.7
12	of which building renovation loans	–	–	–	–	–						–	–	–	–	–	–
13	of which motor vehicle loans	–	–	–	–	–						–	–	–	–	–	–
14	Local government financing	–	–	–	–	–						–	–	–	–	–	–
15	Housing financing	–	–	–	–	–						–	–	–	–	–	–
16	Other local governments financing	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–
17	Collateral obtained by taking possession: residential and commercial immovable properties	–	–	–	–	–						–	–	–	–	–	–

Since June 30,2024 the calculation of GAR ratio stock and flow, row 1 has been revised and based on the information in template 7, row 45 (used as denominator) and therefore aligned with the regulatory requirements according to the EU Taxonomy (Regulation (EU) 2021/2178). In addition also calculation of % coverage (over total assets) row 1 in column p and af has been revised and aligned with the regulatory requirements on group level according to the EU Taxonomy (Regulation (EU) 2021/2178)

MITIGATING ACTIONS: ASSETS FOR THE CALCULATION OF BTAR

			Disclosure reference date T: KPIs on stock															
			Climate Change Mitigation (CCM)						Climate Change Adaptation (CCA)					TOTAL (CCM + CCA)				
			Of which towards taxonomy relevant sectors (Taxonomy-eligible)						*Of which towards taxonomy relevant sectors (Taxonomy-eligible)*					*Of which towards taxonomy relevant sectors (Taxonomy-eligible)*				
				Of which environmentally sustainable (Taxonomy-aligned)						*Of which environmentally sustainable (Taxonomy-aligned)*					*Of which environmentally sustainable (Taxonomy-aligned)*			
	Million EUR	*Total gross carrying amount*			*Of which specialised lending*	*Of which transitional*	*Of which enabling*			*Of which specialised lending*	*Of which adaptation*	*Of which enabling*			*Of which specialised lending*	*Of which transitional/ adaptation*	*Of which enabling*
		a	b	c	d	e	f	g	h	i	j	k	l	m	n	o	p
1	**Total GAR Assets**	**374,915**	**373,388**	**40,299**	–	0	–	–	0	–	–	–	373,388	40,299	–	0	0
	Assets excluded from the numerator for GAR calculation (covered in the denominator) but included in the numerator and denominator of the BTAR																
2	**EU Non-financial corporations (not subject to NFRD disclosure obligations)**	**147,658**	**147,658**	**25,762**	–	–	–	–	–	–	–	–	**147,658**	**25,762**	–	–	–
3	Loans and advances	147,658	147,658	25,762	–	–	–	–	–	–	–	–	147,658	25,762	–	–	–
4	of which loans collateralised by commercial immovable property	10,732	10,732	2,455	–	–	–						10,732	2,455	–	–	–
5	of which building renovation loans	2	2	2	–	–	–						2	2	–	–	–
6	Debt securities	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–
7	Equity instruments	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–
8	**Non-EU Non-financial corporations (not subject to NFRD disclosure obligations)**	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–
9	Loans and advances	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–
10	Debt securities	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–
11	Equity instruments	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–
12	**TOTAL BTAR ASSETS**	**522,574**	**521,046**	**66,061**	–	0	–	–	–	–	–	–	**521,046**	**66,061**	–	0	0
	Assets excluded from the numerator of BTAR (covered in the denominator)																
13	Derivatives	9,169															
14	On demand interbank loans	10															
15	Cash and cash-related assets	–															
16	Other assets (e.g. Goodwill, commodities etc.)	1,271															
17	**TOTAL ASSETS IN THE DENOMINATOR**	**533,024**															
	Other assets excluded from both the numerator and denominator for BTAR calculation																
18	**TOTAL ASSETS EXCLUDED FROM NUMERATOR AND DENOMINATOR**	**–**															
19	**TOTAL ASSETS**	**533,024**															

BTAR (%)

		Disclosure reference date T: KPIs on stock															
		Climate Change Mitigation (CCM)					Climate Change Adaptation (CCA)					TOTAL (CCM + CCA)					
		Proportion of eligible assets funding taxonomy relevant sectors					*Proportion of eligible assets funding taxonomy relevant sectors*					*Proportion of eligible assets funding taxonomy relevant sectors*					
			Of which environmentally sustainable					*Of which environmentally sustainable*					*Of which environmentally sustainable*				
	% (compared to total covered assets in the denominator)			*Of which specialised lending*	*Of which transitional*	*Of which enabling*			*Of which specialised lending*	*Of which adaptation*	*Of which enabling*			*Of which specialised lending*	*Of which transitional/ adaptation*	*Of which enabling*	*Proportion of total assets covered*
		a	b	c	d	e	f	g	h	i	j	k	l	m	n	o	p
1	**BTAR**	**97.8**	**12.4**	–	–	–	–	–	–	–	–	**97.8**	**12.4**	–	–	–	**100.0**
2	**GAR**	**70.1**	**7.6**	–	**0.0**	**0.0**	**0.2**	**0.0**	–	**0.0**	**0.0**	**70.1**	**7.6**	–	–	–	**100.0**
3	EU Non-financial corporations not subject to NFRD disclosure obligations	100.0	17.4	–	–	–	–	–	–	–	–	100.0	17.4	–	–	–	27.7
4	of which loans collateralised by commercial immovable property	100.0	22.9	–	–	–						100.0	22.9	–	–	–	3.0
5	of which building renovation loans	100.0	100.0	–	–	–						100.0	100.0	–	–	–	0.0
5	Non-EU country counterparties not subject to NFRD disclosure obligations	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–

		Disclosure reference date T: KPIs on flows															
		Climate Change Mitigation (CCM)					Climate Change Adaptation (CCA)					TOTAL (CCM + CCA)					
		Proportion of new eligible assets funding taxonomy relevant sectors					*Proportion of new eligible assets funding taxonomy relevant sectors*					*Proportion of new eligible assets funding taxonomy relevant sectors*					
			Of which environmentally sustainable					*Of which environmentally sustainable*					*Of which environmentally sustainable*				
	% (compared to total covered assets in the denominator)			*Of which specialised lending*	*Of which transitional*	*Of which enabling*			*Of which specialised lending*	*Of which adaptation*	*Of which enabling*			*Of which spe-cialised lending*	*Of which transitional/ adaptation*	*Of which enabling*	*Proportion of total new assets covered*
		q	r	s	t	u	v	w	x	y	z	aa	ab	ac	ad	ae	af
1	**BTAR**	**89.9**	**23.9**	–	–	–	–	–	–	–	–	**90.1**	**23.3**	–	–	–	**100.0**
2	**GAR**	**75.3**	**16.2**	–	**0.0**	**0.0**	**0.0**	**0.0**	–	**0.0**	**0.0**	**75.5**	**16.2**	–	–	–	**100.0**
3	EU Non-financial corporations not subject to NFRD disclosure obligations	100.0	48.3	–	–	–	–	–	–	–	–	100.0	48.3	–	–	–	**14.6**
4	of which loans collateralised by commercial immovable property	100.0	94.0	–	–	–						100.0	94.0	–	–	–	**3.6**
5	of which building renovation loans	–	–	–	–	–						–	–	–	–	–	–
5	Non-EU country counterparties not subject to NFRD disclosure obligations	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–

BTAR (%)

	KPI			
	Climate Change Mitigation (CCM)	Climate Change Adaptation (CCA)	TOTAL (CCM + CCA)	% coverage (over total assets)
BTAR stock	12.4	0.0	12.4	100.0
BTAR flow	23.3	0.0	23.3	100.0

OTHER CLIMATE CHANGE MITIGATING ACTIONS THAT ARE NOT COVERED IN THE EU TAXONOMY

Type of financial instrument	Type of counterparty	Gross carrying amount (SEK-million)	Type of risk mitigated (Climate change transition risk)	Type of risk mitigated (Climate change physical risk)	Qualitative information on the nature of the mitigating actions
Bonds (e.g. green, sustainable, sustainability-linked under standards other than the EU standards	Financial corporations	–	–	–	
	Non-financial corporations	–	–	–	
	Of which Loans collateralised by commercial immovable property	–	–	–	
	Other counterparties	–	–	–	
Loans (e.g. green, sustainable, sustainability-linked under standards other than the EU standards)	Financial corporations	–	–	–	SCBC:s Green Loans with reduction for the amount that is covered in the EU Taxonomy and classified as environmentally sustainable. SBAB Green Loans includes the loans associated with EPC labels A,B and C.
	Non-financial corporations	2,237	Yes	No	
	Of which Loans collateralised by commercial immovable property	–	–	–	
	Households	32,201	Yes	No	
	Of which Loans collateralised by residential immovable property	32,201	Yes	No	–
	Of which building renovation loans	–	–	–	
	Other counterparties	–	–	–	
Total		**49,981**			

Since June 2024 minor changes accompanied by increased EU green loans and by reinterpretations of the regulations

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