Annual Report 2024

SCBC!
Covered bonds of SBAB

Contents

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The sustainability information for The Swedish Covered Bond Corporation (SCBC) is included in the 2024 Annual Report for the Parent Company, SBAB Bank AB (publ).

Financial calendar

Annual General Meeting	30 April 2025
Interim report Jan–Jun 2025	16 July 2025
Year-end report 2025	13 February 2026

The year in brief

Overview – SCBC

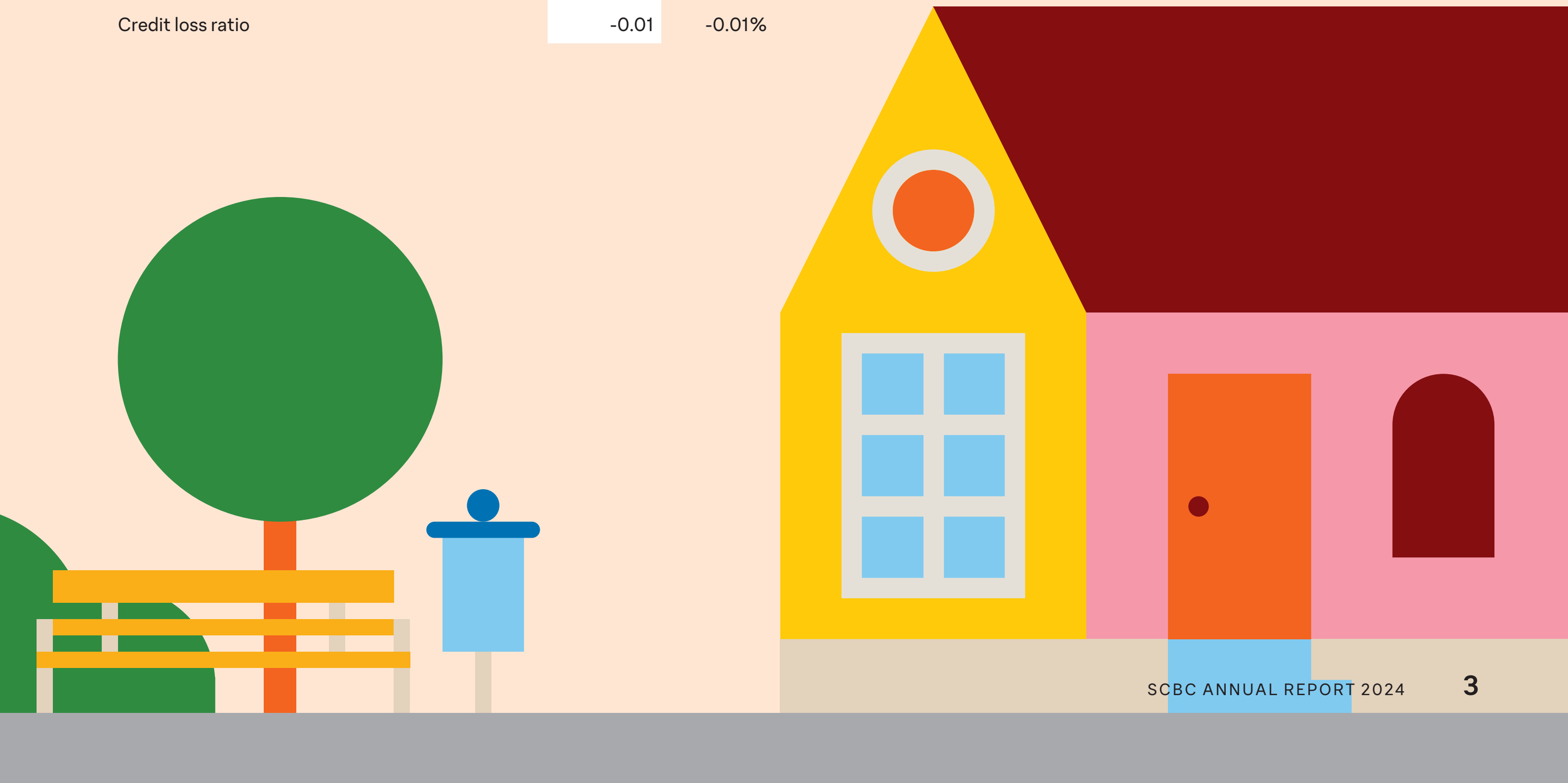
SEK million	2024	2023
Income-statement items		
Net interest income, SEK million	3,673	4,041
Operating profit, SEK million	1,771	2,073
Profit after tax, SEK million	1,406	1,646
Balance-sheet items		
Lending to the public, SEK billion	520.8	493.2
Key metrics		
Credit loss ratio, %	-0.01	-0.01
Capital adequacy		
CET1 capital ratio, %	16.4	16.7
Tier 1 capital ratio, %	16.4	16.7
Total capital ratio, %	16.4	16.7
Rating, long-term funding		
Moody's	Aaa	Aaa
Estimate		
Credit losses	-46	-73
Credit loss ratio	-0.01	-0.01%

Net interest income, SEK million

2024	2023
3,673	4,041

Operating profit, SEK million

2024	2023
1,771	2,073

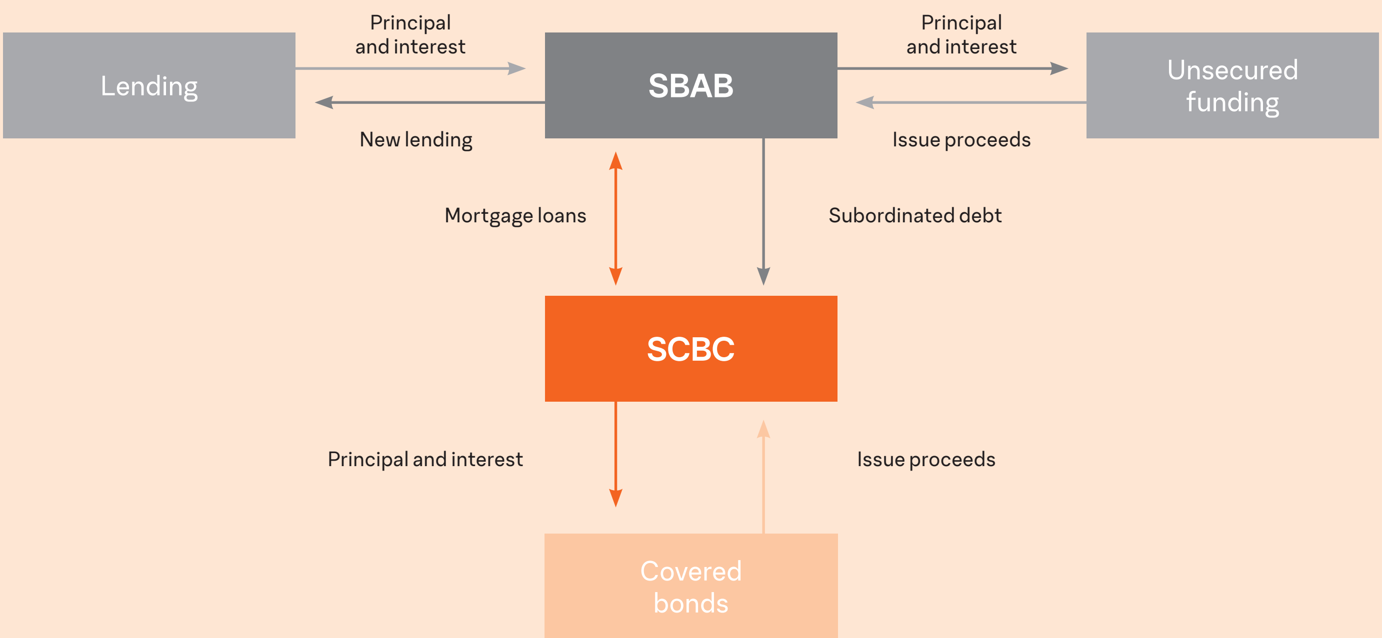


Operations

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 both in Swedish and in 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.

SCBC's role in the SBAB Group



Lending

SCBC does not conduct any new lending itself, but instead acquires loans from SBAB Bank on an ongoing basis. The aim of securing these loans is to include the loans, in part or in full, in the assets that comprise collateral for holders of SCBC's covered bonds and derivative counterparties.

Credit portfolio
As of 31 December 2024, lending to the public amounted to SEK 520.8 billion (493.2). SCBC's portfolio mainly comprises loans for residential mortgages, with the retail market as the largest segment. The underlying collateral consists primarily of mortgage deeds in houses and multi-family dwellings, and of collateral in tenant-owners' rights. All provision of credit is conducted in the Swedish market and is geographically concentrated to the metropolitan areas, university cities and growth regions.

Cover pool
SCBC's total credit portfolio consists to around 96.7% (97.1) of assets that qualify for inclusion in the cover pool for the issuance of covered bonds. Of SCBC's credit portfolio, 77.4% (91.9) is included in the cover pool. Of the loans in the cover pool, approximately 99.9% (99.9) consist of loans against collateral in mortgage deeds or tenant-owners' rights. In calculating the loan-to-value (LTV) ratio for these loans, the upper limit of the loans' (or group of loans) LTV ratio in the collateral used – is known as the Max LTV.

Credit quality
The overall credit quality in SCBC's credit portfolio continues to be assessed as very good and the credit risk in each business area (Private and Corporates & Associations) as low. SCBC only lends against pledged collateral and the granting of loans to retail customers, tenant-owners' associations and property companies is based on a sound credit approval process. In 2024, expected credit loss allowances (ECLs) increased and risk exposure amounts (REAs) decreased in SCBC's portfolio. The ECL increase was mainly attributable to a rise in defaults in the Retail business area due to high interest rates. An ECL management overlay to account for ECL model changes due to upcoming updates in the PD and LGD models within the IRB framework also gave rise to an increase in provisions. The decrease in REA was mainly attributable to positive rating grade migrations for customers with healthy conditions in both business areas.

SCBC continues to maintain a high follow-up frequency for customers in Corporates & Associations who have a high share of market financing and who require refinancing over the short and long term. For more information on credit risk in lending operations, please refer to Note RC 1.

Key metrics, cover pool

	31 Dec 2024	31 Dec 2023
Total cover pool, SEK million	404,936	454,572
Credit portfolio, SEK million	520,771	493,220
Weighted average max LTV, %	53.7	54.9
Average loan amount, SEK thousand	966	971
Weighted average seasoning, years	6.0	6.4
Average remaining maturity, years [1]	1.2	1.3
Exposures to credit institutions, SEK million	1,528	1,369

[1] Regarding maturity until the next date for changes in terms for all borrower categories.

LTV breakdown

	Credit volume			
	31 Dec 2024		31 Dec 2023	
LTV, %	SEK million	%	SEK million	%
-20	172,905	46.6	187,787	41.4
20–30	72,324	19.8	79,970	17.7
30–40	59,339	16.6	66,760	14.7
40–50	45,044	13.0	52,241	11.5
50–60	30,173	9.0	36,226	8.0
60–70	16,353	5.1	20,678	4.6
70–75	4,432	1.5	5,851	1.3
75–70	2,633	0.9	3,620	0.8
80–	0	0.0	0	0.0
Total	**403,204**	**100**	**453,134**	**100**

Financial performance

Operations continue to develop favourably. Operating profit for 2024 totalled SEK 1,771 million (2,073) and net interest income amounted to SEK 3,673 million (4,041).

Development of operations
SCBC's operating profit decreased slightly to SEK 1,771 million (2,073).

Net interest income
SCBC's net interest income decreased to SEK 3,673 million (4,041), largely due to higher financing costs following refinancing.

Net commission expense
The net commission expense was SEK 44 million (expense: 52). The decrease was primarily attributable to lower costs linked to funding operations and lower costs for the credit facility to SBAB.

Net result of financial transactions
The net result of financial transactions amounted to income of SEK 28 million (expense: 27). The difference was primarily due to the revaluation of derivatives not covered by hedge accounting.

Expenses
SCBC's expenses rose to SEK 1,470 million (1,469), and mainly comprised fees to SBAB for administrative services in line with the applicable outsourcing agreements. At Group level, the increase in costs was mainly driven by an increased number of employees and higher costs linked to IT and marketing. The cost trend is progressing according to plan and tracks the operations' development and investment strategy for long-term competitiveness.

Credit losses
Net credit losses totalled SEK 47 million (loss: 73). Loss provisions increased during the year due to an increased number of customers with payment problems, adjustment of the PD estimates in the ECL model and a management overlay for future revisions to the same model given expected updates in 2025. This was partly offset by the unwinding of loss provisions due to the update of the forward-looking information used in the impairment model together with positive rating grade migrations. Confirmed credit losses totalled SEK 6 million (4). For more information on credit losses, please refer to Note IC 5.

Imposed fees
Imposed fees includes Sweden's risk tax and the resolution fee. Imposed fees totalled SEK 368 million (347), of which the risk tax amounted to SEK 197 million (199) and the resolution fee to SEK 171 million (149).

Capital adequacy and liquidity risk
SCBC primarily recognises credit risk under the internal ratings-based approach (IRB approach) and operational and market risk using the standardised approach. SCBC's total capital ratio and CET1 capital ratio amounted to 16.4% (16.7) on 31 December 2024. Net profit for the year is included in own funds.

The internally assessed capital requirement amounted to SEK 7,526 million (7,727) on 31 December 2024. For more information on capital adequacy, please refer to Note RC 8.

The management of liquidity risks for SCBC is integrated with SBAB. 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.

Dividend policy and appropriation of profits
SCBC has no established dividend policy. Dividends are proposed by the Board in accordance with the provisions of the Companies Act and are resolved by the Annual General Meeting. All shares are owned by the Parent Company, SBAB. The full proposed appropriation of profits can be found on page 14.

Group contributions
In December 2024, a decision was taken to distribute a Group contribution of SEK 10 million from SCBC to fellow Group company Booli Search Technologies AB.

Updates pertaining to the MREL
A new MREL liability of SEK 5 billion was taken up in SCBC during the year. As of 31 December, total senior non-preferred debt amounted to SEK 24 billion (24). MREL is a requirement from the Swedish National Debt Office to ensure that there is sufficient capital and eligible liabilities in the event of a crisis.

Corporate Governance Report
SCBC's Corporate Governance Report is included in this Annual Report, see page 10. Information regarding the most important aspects of the company's system for internal governance and control can be found in the aforementioned report.

Events after the balance-sheet date
Information about events after the balance sheet date is available in Note G 4.

Funding

SCBC operates primarily in the Swedish and European covered bond markets. The issue of covered bonds through SCBC is one of the SBAB Group's key sources of funding.

The annual funding requirement is influenced both by lending and by deposit volumes. SCBC does not conduct any lending activities itself, but instead acquires loans from SBAB, with the aim that these are included wholly or in part in the cover pool that serves as collateral for SCBC's covered bonds.

In general, in the markets in which SCBC is active, investor demand for SCBC's bonds was healthy during the year. Even if SCBC continued to consistently issue bonds in the Swedish market, the healthy inflow of deposits resulted in a somewhat limited funding requirement in 2024. The gradual decline in central bank interest rates dominated financial markets around the world during the year. Moreover, continued geopolitical uncertainty, a weaker economy in Europe and the US election have caused credit spreads to diverge, resulting in higher funding costs for SCBC during the year. Credit spreads declined at the beginning of the year and then rose in the second half of the year.

A SEK 4.0 billion green covered bond was issued during the year, which comprised the second transaction under the new SBAB Group Green Bond Framework 2024 that was published in the beginning of the year.

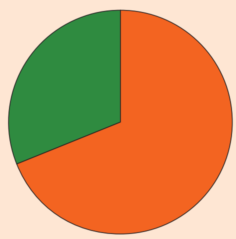
Funding programmes

SCBC's primary operations comprise the issue of covered bonds in the Swedish and international capital markets. To this end, the company makes use of funding programmes. A covered funding programme with no fixed limit is used in Sweden, while in the international market, a EUR 16 billion EMTCN programme (Euro Medium Term Covered Note Programme) is primarily used. On 31 December 2024, the total value of issued debt securities outstanding under SCBC's lending programme was SEK 305.2 billion (326.2), distributed as follows: Swedish covered bonds SEK 210.5 billion (219.6) and the Euro Medium Term Covered Note Programme SEK 94.8 billion (106.6). During the period, issued securities amounted to SEK 31 billion (39.5). At the same time, securities amounting to SEK 27.1 billion (17.2) were repurchased, while securities amounting to SEK 29.3 billion (32.7) matured. Alongside changes in premiums/discounts and changes in SEK exchange rates, this resulted in a decrease in issued debt securities of SEK 21 billion (decrease: 2.7) in the period.

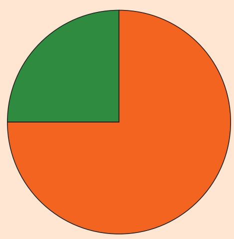
Rating

All of SCBC's funding programmes have received the highest possible credit rating of Aaa from the rating agency Moody's.

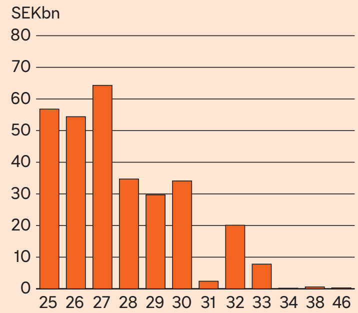
Funding – Debt outstanding, 31 December 2024: SEK 328.9 billion (326.2)



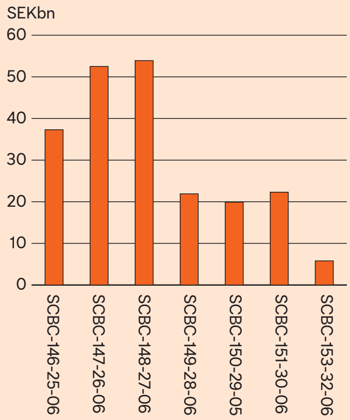
Funding — Currency breakdown, debt outstanding 31 December 2024: SEK 328.9 billion (326.2)



Total funding – maturity profile



Volume outstanding for SCBC's Swedish covered bonds



Risk and capital management

SCBC's risk and capital management is tasked with ensuring SCBC's resilience in terms of managing existing risks and with identifying emerging risks. The risk framework is continuously developed to reflect the risks linked to, inter alia, market trends and changes in the operating environment. For further information about SCBC's risk management and capital adequacy, refer to the RC notes or visit SBAB's website: www.sbab.se.

SCBC's risks and risk management
Risk is defined as a potentially negative impact that may arise due to ongoing or future internal or external events. The definition of risk includes the likelihood that an event occurs as well as the impact the event could have on SCBC's earnings, capital, liquidity or value. SCBC's risk management framework comprises a risk strategy, a risk policy, a capital policy and a risk appetite. The risk policy sets out SCBC's risk management objectives and defines the risks to which SCBC's operations are or could be exposed. SCBC's risk taking is low and is kept at a level commensurate with financial targets for return and the scope of own funds. SCBC's risks consist mainly of credit risk through its lending operations.

Risk governance
SCBC's Board of Directors bears the ultimate responsibility for the company's total risk exposure. It is the Board's responsibility to ensure that operations can be conducted with good internal controls. SCBC's function for independent risk control is outsourced to the Parent Company SBAB Bank AB (publ) and SBAB's CRO also acts as the CRO of SCBC. The CEO is responsible for day-to-day administration in accordance with the strategies, guidelines and policies adopted by the Board of Directors. The CEO also ensures, on an ongoing basis, that each unit, including Risk, reports in accordance with the relevant instructions to the Board. Risk is tasked with the identification, quantification, analysis and reporting of all risks. The CRO, who reports directly to SCBC's CEO and Board, is responsible for Risk.

Risk strategy
SCBC is tasked with identifying, measuring, governing, reporting internally and maintaining control of the risks to which SCBC is or may become exposed. The Board adopts the strategic direction and the overarching risk level that SCBC's operations are willing to accept, based on the company's business and how value is created for our customers. This means SCBC is to consciously expose itself only to risks that are directly connected to or are regarded as necessary for its operations. It is also about maintaining sufficient liquidity and capital to meet unforeseen events. Knowledge and awareness of any risks that SCBC may be exposed to, together with the right expertise to estimate the size of existing and potential risks, is absolutely necessary for our operations. All risks must be evaluated based on the risk appetite decided by the Board.

Risk taking
SCBC's risk taking is kept at a level consistent with our short-term and long-term plans for strategy, capital and financial stability. An important part of SCBC's

Risk	Description
Credit risk	The counterparty is unable to fulfil its payment obligation.
Market risk	The risk of losses or reduced future income due to market fluctuations.
Operational risk	The risk of losses due to inappropriate or unsuccessful processes, human error, faulty systems or external events, including legal risks.
Business risk	The risk of declining earnings due to difficult competitive conditions or an incorrect strategy or decision.
Liquidity risk	The risk of being unable to meet payment obligations on due dates without the cost of raising funds for that purpose increasing significantly.
Sustainability risk	Sustainability risks pertain to the risk of loss or reduced future income due to sustainability-related events. In the sustainability matters framework, the bank works with three categories: environment (E); social (S); and governance (G).

business model is that the risks to which SCBC is exposed are low and predictable. This does not mean that each individual credit exposure has very low risk; rather, that SCBC's total lending portfolio consists largely of low-risk loans and every loan's internal risk effect is such that the total risk is limited. The basis for SCBC's appetite for risk is that it should fit within the company's risk-bearing capacity. Risk-bearing capacity refers to the capacity to cover expected and unexpected losses without breaching the established capital requirements. The scope of acceptable risks is clearly linked to how important these are to SCBC's business model, in other words the positive effects anticipated to be achieved in the form of expected revenue, cost savings or the mitigation of other risks. SCBC minimises undesired risks through appropriate functions, strategies, processes, procedures, internal rules, limits and controls.

Risks and uncertainties

The Swedish economy is susceptible to global economic developments and to conditions in the international financial markets. The economic trend in Sweden is the primary risk factor for SCBC's future earnings capacity, and the quality of our assets is mainly exposed to credit risk in the Swedish housing market. The management of interest-rate and currency risks entails some exposure to price risks.

Population growth has outpaced housing construction for quite some time, which has contributed to a strong demand for housing and a housing shortage. Recent years' high construction rates and lower population growth have reduced the housing shortage, though some shortages remain. The high rate of construction in combination with a growing proportion of homeowners and rising housing prices have led to higher levels of private indebtedness, including some highly indebted households. However, housing costs as a percentage of household income are generally low, especially among homeowning households, which is attributable to relatively higher incomes. However, higher interest rates have led to higher housing costs for many of these households.

Previous high inflation means that a large part of household consumption is now significantly more expensive, thereby applying pressure on household finances. In 2024, restrictive monetary policy helped bring inflation down to target and the Riksbank implemented a series of policy rate cuts. However, the impact on household borrowing rates has a certain lag, particularly for loans with longer fixed-interest periods, which means that household finances have also been affected by relatively high interest rates in 2024. Moreover, households may perceive interest expenses as high going forward, given that they have long become accustomed to very low mortgage rates and have interpreted this as normal.

Lower housing prices and higher interest rates a burden on households

Falling policy rates and declining market interest rates also brought down mortgage rates in 2024. This trend is expected to continue until mid-2025. Since the majority of households own their own home and due to many mortgages being subject to variable interest, the Swedish economy is sensitive to interest rate movements. While this is positive for the monetary policy's impact, there is a risk of indebted households with tight margins experiencing temporary difficulty coping with ongoing payments on their mortgages as a result of rising interest rates. In the near future, the situation is the opposite. In general, however, stress tests indicate that risks are low in the event of moderately rising interest rates.

Falling mortgage rates have contributed to rising housing prices, albeit nowhere near the housing price decline triggered by the earlier rise in interest rates. House prices remained 12% below their spring 2022 peak, and apartment prices were 4% below. At present, price developments are being held back by a weak labour market and high unemployment. Looking ahead, housing prices are expected to rise moderately in pace with growth in household incomes. Risks linked to rising interest rates could be increased by falling housing prices and rapidly rising unemployment. The risk largely pertains to the degree to which a fundamental downturn in prices leads to behaviour changes that trigger a larger price downturn, and how uncertainty over future housing prices impacts turnover for existing housing and building new housing units.

Falling interest rates relieve pressure on property companies

Many property companies have loans, and higher interest rates reduce their profits and the value of their properties. Higher interest rates can also put pressure on property companies with tight margins. This includes problems maintaining a sufficiently high cash flow to meet current interest expenses or to refinance maturing bonds.

International economy and financial markets

Any disruption in the international financial markets or in the global economy entails a risk for SCBC both as a participant in the Swedish market and as an issuer in the international capital market. These disruptions could be caused, for example, by global political and macroeconomic events, changes in the monetary policies of central banks or extraordinary events such as pandemics, wars and acts of terrorism. Widening credit spreads on interest-bearing assets and stock market volatility are other factors.

Geopolitical uncertainty and armed conflicts

Above all, armed conflict leads to a great deal of human suffering. However, it also affects economic performance and the financial markets, not just locally but often globally. Russia's war with Ukraine has led to extensive sanctions against Russia, to which Russia has responded by cutting off gas supplies to Europe. Israel's war against the terrorist organisations Hamas and Hezbollah has not yet had any clear economic consequences, though it risks leading to higher oil prices. Although SCBC has no presence in the war- or sanction-affected areas, the company is indirectly affected by the unrest through its impact on the global economy. War can lead to high inflation, uncertainty about the future and volatility in the financial markets.

Corporate Governance Report

SCBC is domiciled in Solna. Owner governance of SCBC is exercised through general shareholder meetings, the Board of Directors and CEO in accordance with the Companies Act, the Articles of Association, and internal policies and instructions adopted by SCBC. SCBC's objective is to broaden the SBAB Group's funding opportunities and decrease its funding costs through the issuance of covered bonds.

SCBC's operations

SCBC's operations comprise the issuance of covered bonds and associated activities. In addition to the policies and instructions that have been developed especially for SCBC, each year, the Board of SCBC also adopts the policies and instructions that apply both to the Parent Company and to SCBC. This approach is suitable since SCBC's business operations are essentially conducted by the Parent Company on assignment from SCBC and SCBC's operations serve as an instrument for the Group's funding. SCBC's targets and strategies form part of the Parent Company's funding strategy and are included in the Parent Company's business plan and the business plan adopted by SCBC.

Articles of Association

SCBC's Articles of Association govern items such as SCBC's business objectives. The Articles of Association do not include any provisions regulating the appointment or removal of Board Members, with the exception of the provision on the minimum and maximum number of Board Members. The Articles of Association require that notification of an Extraordinary General Meeting convened to address amendments to the Articles of Association must be issued not earlier than six weeks and not later than four weeks prior to the meeting.

Annual General Meeting

SCBC's Annual General Meeting was held on 24 April 2024 in Solna. The Meeting re-elected Board members Jan Sinclair (who was also elected Chairman of the Board), Jane Lundgren Ericsson, Synnöve Trygg and Mikael Inglander. The AGM passed resolutions regarding the discharge from liability for the Board of Directors and the CEO, the appropriation of profits and the adoption of the annual accounts for 2023, and fees to the Board Members who are not employees of the SBAB Group. The AGM elected Deloitte AB, with Malin Lüning as the auditor-in-charge, as SCBC's auditor until the close of the 2025 AGM. The AGM resolved to adopt a set of owner instructions for the company, which clarify SBAB's intentions regarding business concept, strategic direction, governance and guidelines for the company's operations.

The General Meeting did not authorise the Board of Directors to issue new shares or buy back the company's shares.

The Board of Directors and the Board's work

The Articles of Association stipulate that the Board of Directors is to comprise not fewer than three and not more than seven members, with no more than six alternates.

The members are normally elected at the Annual General Meeting for the period until the next Annual General Meeting. The CEO of SCBC is not a member of the Board. SCBC's Board of Directors comprises the Parent Company's CEO and members of the Board of Directors of the Parent Company.

The Board of Directors bears ultimate responsibility for the company's organisation and administration. The Board is also responsible for continuously assessing SCBC's financial position and for ensuring that the organisation is structured in a manner that enables the accounting, asset management and the company's other financial circumstances to be controlled in a satisfactory manner.

The work of the Board complies with the formal work plan adopted annually at the Board's statutory meeting immediately after the Annual General Meeting. The working procedures address summonses, agendas and quorums for Board meetings, as well as the division of duties between the Board and the CEO.

SCBC's Board makes decisions on matters relating to SCBC's strategic direction, financing, policies, and certain instructions. The Board addresses the company's year-end report, Annual Report and six-month reports, and determines their adoption and publication. The Board's measures to follow up internal control of financial reporting include the Board's regular follow-up of SCBC's performance and key performance indicators, but also include the Board's review and follow-up of the auditor's review reports. At least once annually, the Board receives reports from the independent inspector appointed by the Swedish FSA, independent risk control, compliance and internal audit regarding observations from performed reviews and assessments, as well as assessments of how well control and regulatory compliance are upheld within the company.

The names, ages, main qualifications, work experience and other assignments of the Board members and their attendance at Board meetings and its committees are detailed on page 13. None of the Board members or the CEO hold shares or financial instruments issued by SCBC. All of the shares in SCBC are held by the Parent Company.

Diversity and eligibility policies

The Board has adopted a policy pertaining to Board diversity and an instruction for fit and proper assessments of Board members, the CEO and senior executives. The diversity policy includes a prohibition against discrimination based on gender, transgender identity or expression, ethnicity, religion or other beliefs, disabilities, sexual orientation or age. 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.

The Board's committees

Audit Committee

During the year, SCBC's Board of Directors established an audit committee to replace the previously established Audit and Compliance Committee. The Committee's main task is, based on the assignment and the applicable regulations, to examine the company's governance, internal controls, financial information and the sustainability reporting, and to prepare issues in these areas for decision by the Board.

The Audit Committee is also tasked with monitoring the reliability of the financial and sustainability reporting. Moreover, the Committee is also responsible for evaluating the external auditing work, informing the owner of the results of this work and assisting in the drafting of proposals for auditors. The Committee is also tasked with reviewing and monitoring the auditor's impartiality and independence. The Committee is composed of members of SCBC's Board of Directors.

Credit Committee, Risk and Capital Committee and Remuneration Committee

SCBC has not established any Credit Committee, Risk and Capital Committee or an own Remuneration Committee. The Parent Company's committees also address issues concerning SCBC in areas that are relevant at Group level as part of their work.

The principal task of the Parent Company's Credit Committee is to decide on credits and limits in the Group's lending and funding operations. The Parent Company's Credit Committee also has the task of preparing matters involving changes in the credit policy and credit instructions, the assessment of portfolio strategies, the transparency of the credit portfolio, the evaluation of existing or proposed portfolio strategies, the evaluation of existing or new delegation rights and the Board's annual review of regulatory frameworks, models for granting credits and outcomes in terms of retail credit granting. The Credit Committee is the Parent Company's Board entity for all matters relating to credit risk, including the approval of new IRB models or significant changes to existing models.

The Parent Company's Risk and Capital Committee prepares matters regarding the Parent Company's treasury operations and matters involving risk and capital, which can also encompass or be relevant for SCBC. The Parent Company's Risk and Capital Committee also prepares issues concerning objectives, strategies and governance documents within the areas of risk and capital.

The principal task of the Parent Company's Remuneration Committee is to prepare issues regarding principles for remuneration and other employment terms and conditions for senior executives for resolution by the Board.

The above committees include members of the Board of Directors of the Parent Company. Matters addressed by the Board committees of the Parent Company are reported in conjunction with the meetings of SCBC's Board. At SCBC, the Board is responsible for managing the issues handled within the framework of the respective committees' assignments for the Parent Company.

CEO

The Board has adopted an instruction governing the role and duties of the CEO. The CEO bears responsibility for the day-to-day administration of operations in accordance with the Board's issued guidelines, established policies and instructions and reports on an ongoing basis to the Board. The CEO has established a management group to assist in the operational management and governance of SCBC.

Remuneration of Board of Directors and senior executives

Information regarding the remuneration of the Board is presented in Note IC 4 in the Annual Report. No remuneration was paid to Board members employed by the Parent Company or to the CEO of SCBC. Any matters pertaining to the remuneration of SCBC's senior executives are addressed by the Board of SCBC. The Board of Directors has established a remuneration policy, under which if the Board determines that salary or other remuneration is to be paid to employees within SCBC, the remuneration policy is to be updated in accordance with the directives issued by the Swedish FSA regarding remuneration structures in credit institutions. With regard to issues pertaining to the remuneration and other terms of employment for senior executives, SCBC is to adhere to the guidelines adopted by the general meeting and pursuant to the government's guidelines for remuneration and other terms of employment for senior officers of state-owned enterprises as applicable at any given time.

Control functions

SCBC has three independent control functions:

- a Risk Function;
- a Compliance Function (Compliance); and
- an Internal Audit Function.

The Risk and Internal Audit functions have been outsourced to the Parent Company in accordance with the outsourcing agreement. Compliance is executed by SCBC through one employee. The operations requiring licences to issue covered bonds under the Covered Bonds (Issuance) Act (2003:1223) are conducted by SCBC through its employees, mainly those in the Legal, Accounting and Treasury functions. Furthermore, SCBC has outsourced parts of its operations to the Parent Company in accordance with the outsourcing agreement; these parts include the administration of credits and collateral as well as IT services.

Risk

Certain tasks within the risk function are performed directly within SCBC, including the CRO. However, SCBC has engaged the Parent Company to discharge SCBC's Risk function and to conduct the requisite tasks for ensuring independent risk control in the company. Risk is responsible for maintaining SCBC's risk management framework and for monitoring and checking risk management. The function is also responsible for checking that the risk management framework is efficient and for identifying, measuring, checking, analysing and reporting all of SCBC's risks and risk developments. It is also responsible for identifying new risks that could arise as a result of changed circumstances. The CRO reports directly to SCBC's CEO and Board.

Compliance

SCBC's Compliance function is executed through one employee. The function is independent of the business operations and is directly subordinate to the CEO. The Compliance function is tasked with, inter alia, identifying which risks exist that would prevent SCBC from discharging its duties in accordance with laws, regulations and other provisions that govern operations requiring licences, and checking that these risks are managed by the affected functions. Compliance is primarily active in the areas of internal governance and control, customer protection and market conduct. The function is also tasked with providing advice and support on compliance matters. Compliance reports on an ongoing basis to the CEO and through a quarterly written report to the CEO and Board. The scope and focus of the work of Compliance is established in an annual plan following decision by the CEO. The Board of SCBC is informed about the annual plan.

Internal Audit
The Parent Company conducts SCBC's Internal Audit function in accordance with the outsourcing agreement. Internal Audit comprises an internal, independent review function pursuant to the Swedish FSA's regulations and general guidelines for governance, risk management and control in credit institutions. The function is directly subordinate to the Board. Internal Audit conducts its work according to best practices for internal audits, established by the International Professional Practices Framework (IPPF). One of Internal Audit's primary assignments is to review and evaluate internal governance and control as well as to create value and improvements within operations. Internal Audit's review work is conducted according to a plan annually decided by the Board. The Head of Internal Audit reports orally and in writing to the Board. The responsibilities, work assignments and work and reporting procedures of Internal Audit are determined by the policy decided annually by the Board.

Independent inspector
According to the Swedish Covered Bond Issuance Act, the Swedish FSA is to appoint an independent inspector for each issuing institution. The inspector's duties include overseeing that the register that issuing institutions are obliged to maintain listing the covered bonds, cover pool and derivatives contracts is properly maintained and in accordance with the provisions of the Act.

The Swedish FSA's regulations describe the independent inspector's role and tasks in greater detail. The independent inspector reports regularly to the Swedish FSA, and these reports are also addressed to SCBC's Board. The Swedish FSA has appointed Authorised Public Accountant Håkan Thorsell at Advisense, as the independent inspector for SCBC.

Auditors
From the 2016 AGM, Deloitte AB has been appointed as auditor, with Malin Lüning as the auditor-in-charge since the 2024 AGM. A presentation of the auditor-in-charge's fees and expenses paid is provided in Note IC 4 of this Annual Report. The auditors are responsible for examining the Annual Report and accounts, and also the Board's and CEO's administration of the company. Moreover, the auditor reviews SCBC's six-month and year-end reports.

Internal control over financial reporting

Internal control over financial reporting at SCBC is primarily aimed at ensuring an effective and reliable process is in place for SCBC's financial reporting, and that internal and external reporting are both correct and accurate. Internal control over financial reporting primarily comprises the following internal control components.

Control environment
The internal control of financial reporting uses SCBC's organisational structure, governance documents, process maps and valuations.

Risk measurement
Each respective responsible function at SCBC identifies, measures, manages and assesses its own risks. An analysis of risk levels in all operations, including financial reporting, is conducted on a regular basis and reported to the Board, the CEO and the Executive Management. Risk measurement is carried out each year through a self-assessment of material business processes, including financial reporting, and is managed and reported using a separate risk tool.

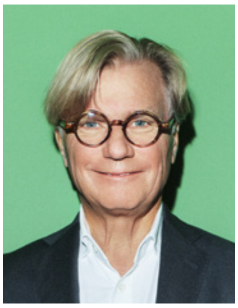
Control activities
Control activities for financial reporting include an internal set of rules, including planning and reporting procedures as well as identifying key control activities in operations. Key controls are identified through a quarterly internal risk assessment, which is based on the items with the greatest impact on the balance sheet and profit or loss. Assessment is also based on factors such as historical errors, manual elements, complexity and the risk of fraud, and then used to identify the business processes that provide data to the financial statements. The key controls that are flagged for financial reporting are reviewed and assessed based both on the basis of the risk assessment conducted in the first line and the control testing performed in the second line. The results of the internal risk assessment and the assessment of key controls are reported the Board's Audit and Compliance Committee, which supervises the financial reporting as well as the management of internal control.

Information and communication
Employees, primarily within the accounting and treasury units, ensure that instructions pertaining to accounting financial reporting are updated, communicated and available to those units that need this data for their operations.

Follow-up
The Board's measures to follow up internal control of financial reporting include the Board's regular follow-up of SCBC's financial position and performance, but also include the Board's review and follow-up of the auditor's review reports.

Updated as of 31 December 2024

The Board of Directors and CEO


Jan Sinclair


Jane Lundgren Ericsson


Mikael Inglander


Synnöve Trygg


Fredrik Jönsson

Jan Sinclair

Chairman

Master of Business Administration and Economics. Born in 1959. Elected in 2018.

Board assignments: SBAB Bank AB (publ) (Chairman of the Board), Almi AB (Board Member), STS Alpresor AB (Board Member), Bipon AB (Board Member) and Jan M.L. Sinclair AB (Board Member).

Other assignments: Tenant-owners' association Victorhuset (Board Member, Chairman of the Board), German honorary consul, Industrial advisor (own business).

Previous assignments: Acting CEO Almi AB, CEO SEB A.G, Group Treasurer as well as other senior positions within SEB, Board assignments within the FCG-group, Nilsson Energy AB and Hydri AB.

Board attendance: 12/12.

Attendance at meetings of the Audit and Compliance Committee: 6/6.

Jane Lundgren Ericsson

Board Member

Master of laws, LL.M (London). Born in 1965. Elected in 2017.

Board assignments:SBAB Bank AB (publ) (Board Member), Visma Finance Solutions AB (Board Member), nyett 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 Aktiebolag (Deputy Board Member).

Other assignments: CEO of Flex Applications Sverige AB, Flex Applications Stockholm AB and Flex Services Sverige AB. Chairman of Bagarmossen Kärrtorp Bollklubb

Previous assignments: CEO of SEK Securities, Executive Director & Head of Lending Svensk Exportkredit AB, CEO and General Counsel Visma Finance AB, Board assignments within Visma Group.

Board attendance: 12/12.

Attendance at meetings of the Audit and Compliance Committee: 6/6.

Mikael Inglander

Board Member

Master of Business Administration and Economics. Born 1963. Year of employment: 2014.

Board assignments: Board member of Booli Search Technologies AB and Finance Sweden.

Other assignments: CEO of SBAB Bank AB (publ).

Previous assignments: CFO SBAB, CEO of Lindorff Sverige AB, Executive Vice President and CFO of Swedbank AB, Regional Manager and Executive Vice President of ForeningsSparbanken AB, Board member of ICA Banken, OK-Q8 Bank AB, Hansa-Bank Group AS, CEO of AB Sveriges Säkerställda Obligationer (publ) and others.

Board attendance: 12/12.

Attendance at meetings of the Audit and Compliance Committee: 6/6.

Synnöve Trygg

Board Member

Degree in Economics Stockholm University, Advanced Management Program Stockholm School of Economics. Born in 1959. Elected in 2021.

Board assignments: SBAB Bank AB (publ) (Board member), Ziklo Bank AB (Board member and deputy Chairman).

Other assignments: –

Previous assignments: CEO of SEB Kort AB, Eurocard AB and Diners Club Nordic AB. Board Member of Nordax Bank AB, Trygg Hansa AB, Mastercard Europe Board and Valitor Hf.

Board attendance: 12 of 12.

Attendance at meetings of the Audit and Compliance Committee: 6/6.

Fredrik Jönsson

CEO

MSc in Business Administration, BSc in Economics Born in 1976. Employed: 2021.

Board assignments: –

Other assignments: Head of Treasury of SBAB Bank AB (publ).

Previous assignments: Numerous assignments at SBAB Bank AB (publ)'s treasury function, assignments at Länsförsäkringar Bank AB's treasury function.

Auditors

Malin Lüning

Deloitte AB

Auditor in Charge at SCBC since 2023.

Proposed appropriation of profits

SCBC posted a net profit for the year after tax of SEK 1,405,770,446. Pursuant to approval by the AGM, Group contributions have been distributed of SEK 10,000,000 to fellow Group company Booli Search Technologies AB. According to the balance sheet, SEK 22,047,402,840 is at the disposal of the Annual General Meeting.

Shareholder contribution	16,350,000,000
Fair value reserve	-2,953,694,277
Retained earnings	7,245,326,681
Net profit for the year	1,405,770,446
Total earnings according to the balance sheet as per 31 December 2023	**22,047,402,840**
The Board proposes that the earnings be appropriated as follows:	
A dividend distribution of SEK 1,158 per share, in totalt	579, 000,000
Carried forward to next year	21,468, 402, 840
Total	**22,047,402,840**

The proposed dividend has been proposed with consideration for the rules on buffer capital, risk limitation and transparency under the Banking and Financing Business Act. Unrealised changes in value on assets and liabilities measured at fair value had a net negative impact on equity for SCBC of SEK 2,975 million. The applicable regulations on capital adequacy mean that the company's own funds at any given time are to correspond to not less than the total capital requirement, which encompasses Pillar 1 capital requirements, Pillar 2 capital requirements, buffer requirements and any Pillar 2 guidance. After the proposed appropriation of profits, own funds amounted to SEK 24,144 million (23,328) and the total capital requirement amounted to SEK 20,263 million (19,168).

The consolidated situation, SCBC and SBAB, must always comply with the applicable regulations for capital adequacy and major exposures. This means that sufficiently large own funds and Tier 1 capital must always be accessible in each legal entity. The Group's dividends to the owner are distributed by the Parent Company, while the overwhelming majority of earnings are within SCBC, which holds the majority of the assets and accordingly, is where interest income arises.

In light of the above, it is the board's assessment that the proposed dividend is justified considering the requirements that the nature, scope and risks of the operations impose on the scale of equity in the Company, as well as on the needs of the Company in terms of consolidation, liquidity and position. Furthermore, the Board assesses that the Company's financial position does not give rise to any assessment other than that the Company are expected to fulfil its obligations in the short and long term.

Financial statements and notes

Income statement

SEK million	Note	2024	2023
Interest income [1)]	IC 1	21,784	19,423
Interest expense	IC 1	-18,111	-15,382
Net interest income		**3,673**	**4,041**
Commission income	IC 2	9	7
Commission expense	IC 2	-53	-59
Net result of financial transactions	IC 3	28	-27
Other operating income		-1	0
Total operating income		**3,656**	**3,962**
General administrative expenses	IC 4	-1,455	-1,456
Other operating expenses		-15	-13
Total costs before credit losses and imposed fees		**-1,470**	**-1,469**
Profit before credit losses and imposed fees		**2,186**	**2,493**
Net credit losses	IC 5	-47	-73
Imposed fees: Risk tax and resolution fee	IC 6	-368	-347
Operating profit		**1,771**	**2,073**
Tax	TX 1	-365	-427
Net profit for the year		**1,406**	**1,646**

[1)] Interest income on financial assets measured at amortised cost calculated using the effective-interest method amounted to SEK 20,223 million (16,383).

Statement of comprehensive income

SEK million	Note	2024	2023
Net profit for the year		**1,406**	**1,646**
Other comprehensive income			
Components that will be reclassified to profit or loss			
Changes related to cash-flow hedges, before tax	EQ 1	901	3,556
Tax attributable to components that will be reclassified to profit or loss		*-186*	*-732*
Other comprehensive income, net of tax		715	2,824
Total comprehensive income for the year		**2,121**	**4,470**

Balance sheet

SEK million	Note	31 Dec 2024	31 Dec 2023
ASSETS			
Lending to credit institutions	A 1	1,538	1,379
Lending to the public	A 2	520,771	493,220
Value changes of interest-rate-risk hedged items in macro hedges		-357	-1,565
Derivatives	A 3	9,526	10,122
Deferred tax assets	TX 2	772	961
Other assets	A 4	187	179
Prepaid expenses and accrued income	A 5	312	322
TOTAL ASSETS		**532,749**	**504,618**
LIABILITIES AND EQUITY			
Liabilities			
Liabilities to credit institutions	L 1	1	0
Issued debt securities, etc.	L 2	305,210	326,176
Derivatives	A 3	8,516	12,380
Other liabilities	L 3	46	232
Accrued expenses and deferred income	L 4	3,391	3,057
Subordinated debt to the Parent Company	L 5	193,488	137,789
Total liabilities		**510,652**	**479,634**
Equity			
Share capital		50	50
Shareholder contribution		16,350	16,350
Fair value reserve	EQ 1	-2,954	-3,669
Retained earnings		7,245	10,607
Net profit for the year		1,406	1,646
Total equity	EQ 1	**22,097**	**24,984**
TOTAL LIABILITIES AND EQUITY		**532,749**	**504,618**

Statement of changes in equity

SEK million	Note	Restricted equity	Unrestricted equity				
		Share capital	Fair value reserve	Shareholder contribution	Retained earnings	Net profit for the year	Total equity
Opening balance, 1 Jan 2024		**50**	**-3,669**	**16,350**	**12,253**	**-**	**24,984**
Dividends paid		-	-	-	-5,000	-	-5,000
Group contribution paid after tax [1)]		-	-	-	-8	-	-8
Other comprehensive income	EQ 1	-	715	-	-	-	715
Net profit for the year		-	-	-	-	1,406	1,406
Comprehensive income for the year		**-**	**715**	**-**	**-**	**1,406**	**2,121**
Closing balance, 31 Dec 2024		**50**	**-2,954**	**16,350**	**7,245**	**1,406**	**22,097**
Opening balance, 1 Jan 2023		**50**	**-6,493**	**9,550**	**10,631**	**-**	**13,738**
Shareholder contribution received [1)]		-	-	6,800	-	-	6,800
Group contribution paid after tax [1)]		-	-	-	-24	-	-24
Other comprehensive income	EQ 1	-	2,824	-	-	-	2,824
Net profit for the year		-	-	-	-	1,646	1,646
Comprehensive income for the year		**-**	**2,824**	**-**	**-**	**1,646**	**4,470**
Closing balance, 31 Dec 2023		**50**	**-3,669**	**16,350**	**10,607**	**1,646**	**24,984**

[1)] The Swedish Covered Bond Corporation (publ) (SCBC) paid a Group contribution of SEK 10 million (30) to fellow Group company Booli Search Technologies AB. The shareholder contributions that were paid prior to 2024 were conditional and the Parent Company, SBAB Bank AB (publ) (SBAB), is entitled to reimbursement for these contributions from SCBC's distributable earnings, with the proviso that the Annual General Meeting grants approval thereof. The Board of SCBC has decided to grant an anticipated dividend to SBAB of SEK 579 million. The final decision on dividends will be taken at the General Meeting in 2025.

Cash-flow statement

SEK million	2024	2023
Opening cash and cash equivalents	**1,379**	**983**
OPERATING ACTIVITIES		
Interest received	21,778	19,214
Commission received	14	12
Interest paid	-17,770	-13,883
Commission paid	-53	-59
Outflows to suppliers	-1,838	-1,816
Income tax paid	-611	-500
Change in lending to the public	-27,598	-9,555
Change in liabilities to credit institutions	1	-1
Change in issued debt securities, etc.[2]	-23,726	6,309
Change in other assets and liabilities	737	-16,408
Cash flow from operating activities	**-50,540**	**-16,687**
INVESTING ACTIVITIES		
Cash flow from investing activities	**-**	**-**
FINANCING ACTIVITIES		
Dividends paid[1]	-5,000	-
Shareholder contributions received	-	6,800
Subordinated debt issued	55,699	10,283
Cash flow from financing activities	**50,699**	**17,083**
Increase/decrease in cash and cash equivalents	**159**	**396**
Closing cash and cash equivalents	**1,538**	**1,379**

[1] Pertains to the cash settlement of anticipated dividends in 2023

[2] During the year SCBC had lower issuance volumes compared to previous year due to higher volume of deposits in SBAB

Comments to the cash-flow statement
The cash-flow statement is reported in accordance with IAS 7 and cash and cash equivalents are defined as lending to credit institutions.

Change in liabilities attributable to financing activities

SEK million	Opening balance, 1 Jan 2024	Cash flow	Non-cash items: Fair value	Non-cash items: Other	Closing balance, 31 Dec 2024	Opening balance, 1 Jan 2023	Cash flow	Non-cash items: Fair value	Non-cash items: Other	Closing balance, 31 Dec 2023
Subordinated debt	137,789	55,699	-	-	193,488	127,506	10,283	-	-	137,789
Total	**137,789**	**55,699**	**-**	**-**	**193,488**	**127,506**	**10,283**	**-**	**-**	**137,789**

Financial notes

G General information and overriding accounting policies

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G:1 Accounting policies

The Swedish Covered Bond Corporation (SCBC) (in Swedish: AB Sveriges Säkerställda Obligationer (publ)) is a wholly-owned subsidiary of SBAB Bank (publ) ("SBAB"). SCBC is a credit market company whose operations focus on the issuance of covered bonds.

Operations commenced in 2006, when the company was granted a licence by Finansinspektionen (the Swedish FSA) to issue covered bonds. The Parent Company, SBAB Bank, is a Swedish public limited banking company domiciled in Solna, Sweden. The address of the Head Office is SBAB Bank AB (publ), Box 4209, SE-171 04 Solna, Sweden.

This Annual Report has been prepared in accordance with the Swedish Annual Accounts Act for Credit Institutions and Securities Companies. SCBC applies IFRS ® Accounting Standards, which means that the Annual Report has been prepared in compliance with IFRS Accounting Standards subject to the additions and exceptions that ensue from the Swedish Corporate Reporting Board's recommendation RFR 2 Accounting for Legal Entities and Finansinspektionen's (the Swedish FSA) regulations and general guidelines on annual accounts for credit institutions and securities companies (FFFS 2008:25).

The Annual Report has been prepared in accordance with the cost method, apart from derivatives, and financial assets and liabilities measured at fair value through profit or loss (FVTPL), and hedge-accounted items.

On 18 March 2025, the Board of Directors approved the financial statements for publication. The statements were adopted by the Annual General Meeting (AGM) on 29 April 2025.

These financial statements have been prepared on a going concern basis. On 18 March 2025, the Board of Directors approved the financial statements for publication.

Introduction of new and amended accounting standards, 2024

There are no new or amended accounting standards with any material impact on the SCBC's accounting and financial statements in 2024.

Forthcoming amendments that enter force 2025 or later

IFRS 18 Presentation and Disclosure in Financial Statements will replace IAS 1 Presentation of Financial Statements. The standard enters force for financial years beginning on or after 1 January 2027. An analysis is in progress of the effect of the new standard on the SCBC's accounting and financial statements.

Other amended accounting policies that enter force in 2025 or later, such as the IASB's published amendments regarding classification and measurement of financial instruments in IFRS 9 and IFRS 7, are assessed as having no material impact on SCBC's accounting and financial statements.

Financial instruments

Recognition in and derecognition from the balance sheet

Financial instruments are recognised when the company is involved with the instrument's contractual terms. Issued securities, including all derivatives, are recognised on the trade date, meaning the date on which the significant risks and rights are transferred between the parties. Other financial instruments are recognised on the settlement date. A financial asset is derecognised from the balance sheet when the contractual rights to receive cash flows from the financial asset expire and the company has transferred essentially all of the risks and rewards of ownership of the asset. A financial liability is derecognised from the balance sheet when it is extinguished, meaning when the obligation specified in the contract is fulfilled, cancelled or has expired.

Offsetting

Financial assets and financial liabilities are to be offset and recognised at net amounts only where the recognised amounts may legally be offset and the intention is to settle the items with a net amount or to simultaneously realise the asset and settle the liability.

Recognition of income and expense

Interest income and interest expense (including interest income from impaired receivables) are recognised using the effective-interest method. The calculation of the effective interest rate includes all fees paid or received between the parties to the contract, including transaction costs.

Since transaction costs in the form of remuneration to business partners or issue expenses attributable to the acquisition of loans constitute part of the acquisition cost of the loan, these costs are recognised in the balance sheet and recognised in profit or loss under net interest income over the expected tenor of the loan.

IFRS 15 – Revenue from Contracts with Customers is applied for various types of services that are mainly recognised in profit or loss as Commission income.

Commission income from lending is primarily recognised when the service is provided, in other words at a specific date. Commission expenses are included in profit or loss continuously in accordance with the contractual terms. In the event of premature redemption of loans, the customer pays interest compensation intended to cover the cost that arises for SCBC. This compensation is recognised as income directly under the "Net result of financial transactions." Other items under this heading are described in the "Classification" section.

Classification

All financial instruments covered by IFRS 9 are classified pursuant to this standard in the following categories:

- Financial assets measured at amortised cost
- Financial assets measured at FVTPL
- Financial liabilities measured at FVTPL
- Financial liabilities measured at amortised cost

SCBC has no assets under the classifications "Investments measured at FVTOCI." The instruments in the respective categories are valued in the following reporting, and where applicable, together with the required adjustments under the hedge accounting rules.

Financial assets measured at amortised cost

Assets in this category are recognised at cost, defined as fair value plus transaction costs, on the acquisition date and thereafter at amortised cost after application of the effective-interest method. This category consists of assets that are held within the framework of a business model where the objective is to hold financial assets in order to collect contractual cash flows solely comprised of capital and interest. The assets in this category encompass lending and other assets that meet the above terms. Impairment losses are recognised in profit or loss under "Net credit losses," while the effective interest rate is recognised as interest income. Refer also to the "Credit losses and impairment of financial assets" section. Realised gains or losses from the sale of assets are recognised directly in profit or loss under "Net result of financial transactions."

Financial assets measured at FVTPL

On initial recognition, assets in this category are recognised at fair value, while related transaction costs are recognised in profit or loss. Changes in fair value and realised gains or losses for these assets are recognised directly in profit or loss under the heading "Net result of financial transactions," while the effective interest rate is recognised as interest income. This category includes assets that do not meet the definitions for other valuation categories and, accordingly, are measured at FVTPL. (For example, assets with cash flows other than capital and interest on capital). At SCBC, these assets consist exclusively of Derivatives.

Financial liabilities measured at FVTPL

On initial recognition, liabilities in this category are recognised at fair value, while related transaction costs are recognised in profit or loss. The category is divided into financial liabilities held for trading and financial liabilities that Executive Management has designated as such upon initial recognition. All of the company's liabilities in this category consist of derivatives that are used to hedge financial risk and which have been defined as held for trading in the financial reporting. Changes in fair value and realised gains or losses for these liabilities are recognised in profit or loss under "Net result of financial transactions," while the effective interest rate is recognised as interest expense.

Financial liabilities measured at amortised cost

Financial liabilities that are not classified as "Financial liabilities measured at FVTPL" are initially recognised at fair value with an addition for transaction costs and are subsequently recognised at amortised cost using the effective-interest method. This category consists mainly of issued securities and liabilities to credit institutions. Realised gains or losses from the buyback of own debt affects net profit for the year when incurred and are recognised under the heading "Net result of financial transactions," while the effective interest rate is recognised as interest expense.

Repos
Repos are agreements where the parties have reached agreement on the sale and repurchase of a particular security at a pre-determined price. Securities that have been provided or received under these repo agreements are not derecognised from or not recognised in the balance sheet, respectively. Payments received are recognised in the balance sheet as liabilities to credit institutions and payments made are recognised as lending to credit institutions. The impact on profit or loss is attributable to the difference between sale and repurchase prices and is recognised as interest income or interest expense, respectively.

Fair value measurement
Fair value is defined as the price that would be received on the valuation date on the sale of an asset or the price that would be paid to transfer a liability in an orderly transaction between market participants. Fair value measurement of financial instruments measured at fair value and traded on an active market is based on quoted prices (Level 1). If the market for a financial instrument is not active, the fair value is established on the basis of generally accepted measurement methods (Level 2). As far as possible, calculations made in conjunction with measurement are based on observable market data. The main tools used are models based on discounted cash flows. In individual cases, the calculations may also be based on assumptions or estimates (Level 3).

Derivatives and hedge accounting
Derivatives are used primarily to manage interest-rate and currency risk in the company's assets and liabilities. The derivatives are recognised at fair value in the balance sheet. For economic hedges where the risk of a significant fluctuation in profit or loss is the greatest and that meet the formal hedge accounting criteria, SCBC has chosen to apply hedge accounting for the hedging of interest-rate and currency risk. There are also other economic hedges for which hedge accounting is not applied. For hedge accounting, the carve-out version of IAS 39 is applied, as adopted by the EU.

Fair value hedges
In the case of fair value hedges, the derivative hedging instrument is measured at fair value at the same time as the hedged asset or liability is measured with an addition for accumulated changes in fair value attributable to the hedged risk associated with the hedged item. Changes in fair value are recognised directly in profit or loss under the "Net result of financial transactions." The effective interest rate of the hedge is recognised in net interest income.

If hedging relationships are terminated, the cumulative gains or losses are accrued in profit or loss, after adjustment of the carrying amount of the hedged item. The accrual extends over the remaining maturity of the hedged item. Both the accrual and the realised gain or loss arising from premature closure of a hedging instrument are recognised in profit or loss under "Net result of financial transactions."

Macro hedges
In this type of hedging, derivatives are used at an aggregated level to hedge structured interest-rate risks. In the financial statements, derivatives designated as macro hedges are treated in the same way as other fair-value hedging instruments.

In fair value hedges of portfolios of assets, the gain or loss attributable to the hedged risk is recognised under "Value changes of interest-rate-risk hedged items in macro hedges" in the balance sheet. The hedged item is a portfolio of lending transactions based on the next contractual renewal date. The hedging instrument used is a portfolio of interest-rate swaps grouped in accordance with renewal intervals based on conditions in the fixed leg of the swap.

Cash-flow hedges
In the case of cash-flow hedges, the hedging instrument (the derivative) is valued at fair value. The effective part of the total change in value is reported as a component in other comprehensive income and accumulated in a separate reserve (hedge reserve) in equity. The accumulated amount is reversed in the income statement in periods where the hedged item affects the profit or loss. The ineffective part of the derivative's change in value is transferred to the income statement under "Net result of financial transactions," where the realised gain or loss arising at the end of the hedging relationship is recognised. The effective interest rate of the derivative is recognised in net interest income.

Credit losses and impairment of financial assets

Changes in expected credit losses (ECL) during the year, together with deductions for guarantees expected to be utilised or that have been utilised plus any recoveries, are recognised as credit losses in the income statement. The term "confirmed credit losses" refers to losses where the amounts are definite or established with a high level of probability and have thus been derecognised from the balance sheet.

Impairment – expected credit losses (ECL)
Where in the balance sheet a loss allowance is recognised depends on the classification of the exposure under IFRS 9 and the cash flow characteristics:
- For financial assets measured at amortised cost, the loss allowance is recognised as a deductible item together with the asset in the balance sheet.
- For financial assets measured at FVTOCI, the loss allowance is recognised in equity in the balance sheet.
- For exposures that are not recognised in the balance sheet (for example, loan commitments and building credits), the loss allowance is recognised as a provision under liabilities in the balance sheet

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ECL for lending portfolio
Under IFRS 9, following initial recognition, financial assets in lending operations are divided into three credit stages according to their relative credit risk:

	Change in credit risk		
	Stage 1	Stage 2	Stage 3
Timing	From initial recognition	On a significant increase in credit risk following initial recognition	On default
Loss allowance	12-month ECL	Lifetime ECL	Lifetime ECL
Interest income	Based on gross carrying amount	Based on gross carrying amount	Based on net carrying amount

Depending on the credit stage, the loss allowance is determined by calculating the ECL for the next 12-month period or the remaining expected lifetime of the loan. Loans can migrate between credit stages from one balance-sheet date to another, which is decided based on changes in the credit risk on the balance-sheet date compared with on initial recognition. Interest income for loans in credit stage 3 is based on the net carrying amount after deduction of the loss allowance, while interest income for the other credit stages is based on the gross carrying amount.

Calculation of the ECL mainly takes into account the product of the three risk parameters probability of default (PD), loss given default (LGD) and exposure at default (EAD).

Credit stage 1
For loans where the credit risk has not increased significantly since initial recognition, the loss allowance will correspond to a 12-month ECL. Since the ECL for credit stage 1 loans reflects a 12-month period, PD is measured over 12 months. To calculate the ECL, SCBC uses its credit risk models under the internal ratings-based approach (IRB) which are intended for capital adequacy purposes, but where adjustments have been made to ensure an accurate and point-in-time value of the ECL that takes account of both the prevailing economic conditions as well as the forward-looking information. The adjustments include the removal of margins of conservatism and through-the-cycle calibration of the risk parameter estimates as stipulated in the Capital Requirements Regulation (CRR). This way, the ECL reflects the actual credit risk. Moreover, the effects of macroeconomic factors, which constitute the forward-looking information, are applied to the risk parameter estimates to capture variations of possible outcomes in ECL. The same procedure for adjusting the risk parameters from IRB is also applied in credit stages 2 and 3. For more information on credit risk models under the IRB framework; please refer to Note RC 1.

Credit stage 2
For loans where the credit risk has increased significantly since initial recognition, the loss allowance will correspond to a lifetime ECL. Since the ECL for credit stage 2 loans reflects the remaining lifetime of the loan, PD is measured over the remaining term. The assessment of whether a significant increase in credit risk has occurred is performed by comparing the credit risk of the loan on the balance-sheet date with the initial credit risk, as measured by the rating grade of the loan on initial recognition. Each initial rating grade is associated with a PD threshold that determines whether a significant increase in credit risk has taken place. In addition to measurement of the change in PD, overdue payments by more than 30 days is also applied as a criterium for significant increase in credit risk. In addition, a qualitative indicator is applied to

assess the significant increase in credit risk for consumer loans due to amortisation exemptions, whereby a consumer loan with an amortisation exemption is moved to credit stage 2. No further qualitative indicators are applied for the assessment of a significant increase in credit risk, given that qualitative factors are already taken into account when estimating PD in the Business Area Corporates & Associations. Qualitative factors capture customer aspects such as maintenance needs and management of properties as well as the financial stability of the borrowers. Furthermore, credit experts within this business area may manually adjust the rating grade for the PD if justified.

Credit stage 3
Credit impaired loans should be assigned a loss allowance that corresponds to a lifetime ECL. The PD for credit impaired loans is defined as equal to 1. To determine whether a loan has suffered credit deterioration, the internal default definition is primarily applied, which entails all loans to the borrower in default being classified as credit impaired and being allocated to credit stage 3. In addition to the internal definition of default, the IFRS 9 assumption that a loan is credit impaired when more than 90 days past due is also applied. Unlike the internal default definition where both relative and absolute thresholds are applied, this assumption does not take into account any relative thresholds for past-due amounts, meaning that credit stage 3 includes more loans than just those that are credit impaired solely due to default.

SCBC applies a default definition whereby a borrower is considered to be in default if any of the following criteria are met:
- The borrower has loans due for payment with material amounts that are overdue by more than 90 consecutive days.
- It is unlikely that the borrower will fulfil its credit obligations to SCBC (unlikeliness to pay).

A number of events are considered by the bank when assessing unlikeliness to pay, including:
- The loan has been restructured and the borrower has been granted significant forbearance measures.
- The borrower is categorised as insolvent based on expert judgements for unlikeliness to pay.

Measuring significant increases in credit risk
To measure significant increases in credit risk, historical data for the lending portfolio has been analysed with regard to default and the PD trend over time given the original rating grades at initial recognition. The thresholds have been determined through analysis of confidence intervals for the PD of a given loan in the historical portfolio and its original rating grades. The thresholds encompass PD deviations that exceed the third percentile for the Private business area and the fourth percentile for the Corporates & Associations business area. These correspond to confidence levels of 97 and 96%. The loan then migrates to credit stage 2 and remains there for as long as its PD, measured over 12 months, is above the threshold. The thresholds are calibrated with a statistical test using correlation coefficients where the PD levels are based on the maximised identification of future confirmed credit losses for non-credit-impaired loans (not belonging to stage 3), while the identified proportion that does not lead to a confirmed credit loss is minimised. Migration from credit stage 2 to credit stage 1 is controlled exclusively by the PD threshold and the assumption of payments more than 30 days past due, as prescribed in IFRS 9. No probation period is applied for migrations back to credit stage 1. The bank has not deemed this necessary since PD is largely based on the borrower's payment history, which entails a certain time delay.

Forward-looking information
Forward-looking information is used to account for future cyclical fluctuations in the economy when calculating ECL. The forward-looking information comprises forecasts of macroeconomic factors that are highly significant for the Swedish housing market and that strongly correlate with default rates and confirmed credit losses in lending. The forward-looking information extends 36 months forward in time and is aligned with the forecast period applied in SCBC's Internal Capital and Liquidity Adequacy Assessment process (ICLAAP). Moreover, 36 months is considered to encompass the effective period of an economic downturn (or upturn). After 36 months, the bank assumes that the economy will return back to the baseline as per the balance-sheet date, which will thereafter apply for the remaining time until maturity for the loans. The assumption has been assessed as reasonable since loans have relatively limited expected maturities – less than ten years – and the occurrence of several consecutive major economic fluctuations over the remaining maturity is deemed unlikely. The policy rate and unemployment are both factors with strong correlations to PD and default rates in the Swedish housing market. Changes in the policy rate and hence market rates will indirectly affect borrowers' interest expenses, while changes in employment will directly impact their capacity to pay. To measure the effect on PD, a model has been estimated that explains the bank's default frequencies through the two macroeconomic factors. For LGD, housing prices have been used as macroeconomic factors to explain the changes in loss rates. As credit losses on secured lending are largely attributable to the loan-to-value (LTV) ratio and thereby to market values of collateral, a perfect correlation with the LGD is assumed to exist here. Therefore, a simple scaling of the LGD is carried out to reflect the effect of this factor. In the deteriorated scenarios, which are intended to reflect financial crises, downward adjusted LGD estimates are used without margins of conservatism from the IRB framework, unlike the other scenarios where the LGD estimates reflect the current business cycle.

The forward-looking information is used to adjust the two risk parameters, PD and LGD, which impact both the allocation of credit stages and the level of the ECL. In the identification of the macroeconomic factors, correlations between the factors were also analysed to secure reasonable scenarios. The amortisation schedule is used to project cash flows for EAD. An early redemption factor is applied to take into account the expected remaining duration of the loan. The same macroeconomic factors and their effects are applied consistently for all exposure types in the bank's lending portfolio.

Currently, four scenarios are modelled, in which relatively positive and negative forecasts of the above macroeconomic factors are evaluated. These scenarios are assessed to be sufficient to capture the range of possible outcomes in ECL based on prevailing economic conditions. The final ECL is then weighted according to the likelihood that SCBC will experience credit losses of the scale envisaged in the respective scenarios. Internal data of experienced default and credit loss rates, on which PD and LGD are based, together with forward-looking information, ensures that SCBC obtains an objective and probability-weighted ECL pursuant to IFRS 9.

Time value of money
Under IFRS 9, the ECL for loans with variable interest rates should be discounted with the effective interest rate. All loans in SCBC's lending portfolio have variable interest rates with different maturities. When discounting ECLs to present value, the nominal interest rate of the loan according to actual terms and conditions has been used as an approximation of the effective interest rate. Since no arrangement fees are charged to borrowers and invoicing charges only arise to a limited extent, this is assessed to be a reasonable approximation.

Modification of financial assets
If the contractual cash flows from a loan are renegotiated or otherwise modified, SCBC assesses whether the change will result in a modification gain or loss and whether the amount is significant to the extent that the modification will lead to derecognition from the balance sheet. The change is deemed material when the renegotiated terms and conditions entail that the discounted present value of cash flows differs more than 10% from the present value according to original terms and conditions. The 10% threshold for materiality is decided based on a qualitative assessment of what is considered a reasonable level. Moreover, this level corresponds to the materiality threshold in terms of the modification of debt instruments pursuant to IFRS 9. A significant modification that leads to derecognition, will lead to the loan receiving a new initial recognition and thus a new original rating grade. Amortisation exemptions will be classified as modifications in the event they result in changes of the loans' terms and conditions.

Other

Functional currency
The functional currency is the currency used in the primary economic environments in which SCBC operates. SCBC's functional currency and presentation currency is SEK.

Foreign currency translation of receivables and liabilities
Foreign currency transactions are recognised by applying the exchange rate on the transaction date, and foreign currency receivables and liabilities are translated using the closing-date rate. Foreign exchange gains or losses resulting from settlements of foreign currency transactions and from the translation of monetary assets and liabilities in foreign currency are recognised in profit or loss under "Net result of financial transactions."

Tax
Total tax consists of current tax and deferred tax. Current tax comprises tax that is to be paid or received for taxable earnings during the current year and adjustments of current tax for previous years. Accordingly, for items recognised in profit or loss, the related tax effects are also recognised in profit or loss. The tax effects of items recognised in other comprehensive income or directly in equity are recognised in other comprehensive income or directly in equity.

Deferred tax assets and tax liabilities are measured according to the balance sheet method on the basis of temporary differences that arise between the carrying amount and the tax base of an asset or liability. Deferred tax assets are recognised for unutilised tax losses to the extent that it is probable that the carry-forwards can be used to offset future taxable profit. Deferred tax is calculated in accordance with the tax rate applicable at the time of taxation.

Cash and cash equivalents
Cash and cash equivalents are defined as lending to credit institutions.

Segment reporting
An operating segment is a part of a business for which independent financial information is available, that conducts business operations from which income can be generated and expenses incurred and whose operating profits are regularly assessed by the company's chief operating decision maker as a basis for decisions regarding the allocation of resources to segments and an assessment of the segment's profit or loss. SCBC's operations consist primarily of investments in loan receivables with a risk level permitting the issue of covered bonds. Consequently, only a single segment is reported, SCBC as a whole.

Measurement in relation to the assumption of receivables
SBAB is the initial lender for all residential mortgages provided by the SBAB Group. Loan receivables, which meet the regulatory requirements for inclusion in the cover pool that provides security for the covered bonds issued by SCBC, are transferred on a daily basis from the Parent Company SBAB to the subsidiary, SCBC. The transfers are conducted at fair value.

Dividend
Dividends to the Parent Company are recognised in the balance sheet when the dividend has been approved by the Annual General Meeting.

Group contributions
Group contributions paid or received are recognised as a decrease or increase in unrestricted equity after adjustments for estimated tax, in accordance with the principal rule in RFR 2 IAS 27, p2.

Critical accounting estimates and judgements

Critical assumptions
To prepare the annual accounts in compliance with statutory IFRS accounting standards, it is required that Executive Management use estimates and judgements based on historical experience and assumptions that are considered to be reasonable and fair. No critical assumptions have been made over and above those that entail estimates. These estimates have a material impact on the carrying amounts of assets, liabilities and off-balance sheet exposures, as well as income and expenses presented in the Annual Report. Subsequently, the actual outcome may differ to some extent from the estimates made.

Measurement of loan receivables
The transition to IFRS 9 entails basing the valuation of all loan receivables on the ECL. The ECL must either relate to a 12-month period or the remaining maturity of the receivable if a significant increase in credit risk has occurred. When estimating credit losses, previously observable data is used together with assumptions pertaining to macroeconomic trends. As with all estimates of future outcomes, ECL assessment is uncertain, not least in terms of loan receivables that show a significant increase in credit risk, which may lead to asset adjustments. Moreover, an individual expert assessment for credit impaired loan receivables is carried out where the risk of loss is imminent, which in itself gives rise to considerable uncertainty. Transfers of loan receivables within the Group are conducted at fair value.

For more information, see also the "Credit losses and impairment of financial assets" section.

Financial instruments measured at fair value
The valuation is made based on observable market data, in part through the direct application of market prices, and in part through generally accepted measurement methods. Critical estimates and judgements in conjunction with fair value measurement are made in the choice of which valuation technique and market data to use. In both cases, judgements are made with regard to how the valuation techniques and market data used comprise a good estimate of the fair value.

G:2 Related party disclosures

SCBC is a wholly-owned subsidiary of SBAB Bank AB (publ) with the Corp. Reg. No. 556253-7513. Booli Search Technologies AB with the Corp. Reg. No. 556733-0567 comprises a fellow Group company.
Related-party transactions are conducted at market terms.

Group	SBAB		SCBC		BOOLI	
SEK million	2024	2023	2024	2023	2024	2023
Assets						
Lending to credit institutions	194,067	142,789	1,528	1,369	-	-
Derivatives	8,500	12,377	9,526	10,122	-	-
Accrued income and prepaid expenses	790	772	4	-9	-	-
Other assets	0	3	-	-	-	-
Shareholder contributions received	-	-	-	6,800	-	-
Total	**203,357**	**155,941**	**11,058**	**12,282**	**-**	**-**
Liabilities and equity						
Liabilities to credit institutions	1,528	1,369	193,488	137,789	-	-
Derivatives	9,526	10,122	8,500	12,377	-	-
Accrued expenses and deferred income	4	-9	790	772	-	-
Other liabilities	-	-	0	3	-	-
Group contribution paid	-	-	10	30	-	-
Shareholder contribution paid	-	6,800	-	-	-	-
Total	**11,058**	**18,282**	**202,788**	**150,971**	**-**	**-**

Group	SBAB		SCBC		BOOLI	
SEK million	2024	2023	2024	2023	2024	2023
Income and expenses						
Interest income	5,183	1,213	6,310	6,921	-	-
Interest expense	-6,310	-6,921	-5,183	-1,213	-	-
Group contributions received	-	-	-	-	10	30
Commission income	21	31	-	-	-	-
Commission expense [1]	-	-	-21	-31	-	-
Other operating income	1,451	1,452	-	-	-	-
Other administrative expenses [2]	-	-	-1,451	-1,452	-	-

[1] SCBC compensates the Parent Company, SBAB, for allowing SCBC to utilise a liquidity facility at the Parent Company, refer to Note IC 4.
[2] SCBC pays a fee for administrative services provided by the Parent Company, SBAB, refer to Note IC 4.

Loans to key personnel

	2024		2023	
SEK million	Lending	Interest income	Lending	Interest income
CEO	-	-	-	-
Board of Directors	-	-	-	-
Other key senior executives	23	0	6	0
Total	**23**	**0**	**6**	**0**

Deposits from key personnel

SEK million	2024		2023	
	Deposits	Interest expense	Deposits	Interest expense
CEO and other key senior executives	1	0	1	0
Board of Directors	0	0	0	0
Total	**1**	**0**	**1**	**0**

The Parent Company has lending to key personnel at SCBC via SCBC. Loans to key personnel at SCBC are not permitted on terms that are not available to other personnel. The ceiling for total capital debt on preferential terms is SEK 3,000,000 per household on the condition that the loan is within 85% of the property's LTV. On preferential loans of up to SEK 3,000,000, a 2-percentage point discount is given against SBAB's current list rate.

The preferential loan is a taxable benefit. The interest rate received after the discount must not be less than 0.25%.

The Parent Company has deposits from key personnel at SCBC. Deposits from key personnel are made on the same terms and conditions as other deposits at SBAB.

G:3 Proposed appropriation of profits

SCBC posted a net profit for the year after tax of SEK 1,405,770,446. Pursuant to approval by the AGM, Group contributions have been distributed of SEK 10,000,000 to fellow Group company Booli Search Technologies AB.

According to the balance sheet, SEK 22,047,402,840 is at the disposal of the Annual General Meeting.

Shareholder contribution	16,350,000,000
Fair value reserve	-2,953,694,287
Retained earnings	7,245,326,681
Net profit for the year	1,405,770,446
Total earnings according to the balance sheet as per 31 December 2024	**22,047,402,840**

The Board proposes that the earnings be appropriated as follows:

A dividend distribution of SEK 1,158 per share, in totalt	579, 000,000
Carried forward to next year	21,468, 402, 840
Total	**22,047,402,840**

The proposed dividend has been proposed with consideration for the rules on buffer capital, risk limitation and transparency under the Banking and Financing Business Act. Unrealised changes in value on assets and liabilities measured at fair value had a net negative impact on equity for SCBC of SEK 2,975 million. The applicable regulations on capital adequacy mean that the company's own funds at any given time are to correspond to not less than the total capital requirement, which encompasses Pillar 1 capital requirements, Pillar 2 capital requirements, buffer requirements and any Pillar 2 guidance. After the proposed appropriation of profits, own funds amounted to SEK 24,144 million (23,328) and the total capital requirement amounted to SEK 20,263 million (19,168).

The consolidated situation, SCBC and SBAB, must always comply with the applicable regulations for capital adequacy and major exposures. This means that sufficiently large own funds and acceptable capital must always be accessible in each legal entity. The Group's dividends to the owner are distributed by the Parent Company, while the overwhelming majority of earnings are within SCBC, which holds the majority of the assets and accordingly, is where interest income arises.

In light of the above, it is the board's assessment that the proposed dividend is justified considering the requirements that the nature, scope and risks of the operations impose on the scale of equity in the Company, as well as on the needs of the Company in terms of consolidation, liquidity and position. Furthermore, the Board assesses that the Company's financial position does not give rise to any assessment other than that the Company are expected to fulfil its obligations in the short and long term.

G:4 Events after the balance-sheet date

Nothing to report.

RC Risk management and capital adequacy

pp. 27–46

RC:1 Credit risk in lending operations

Credit risk in lending operations is defined as the risk that the customer is unable to fulfil its credit obligations, and is measured based on the customer's repayment capacity and the LTV ratio (value of pledged collateral in relation to the size of the loan). Credit risk also arises in treasury operations, refer to Note RC 2.

Measurement of credit risk within lending operations
SCBC does not conduct its own lending operations — instead, all loans are acquired from the Parent Company SBAB, which analyses customers' repayment capacity when granting a loan as part of the credit granting process.

Measurement of credit risk within IRB
The credit risk is managed using an internal ratings-based approach (IRB) according to the Capital Requirements Regulation[1)] (CRR). The IRB approach is mainly used for capital requirement calculations as well as for the control and follow-up of the credit risk for customers in the lending portfolio. SCBC applies advanced IRB approach (AIRB) for retail mortgages to private individuals within retail exposures and foundation IRB approach (FIRB) for property loans to property companies and tenant-owners' associations within corporate exposures[2)]. IRB has been used since 2007 for assessing credit risk in lending operations for loans where a property deed or a tenant-owners' right is used as collateral. In 2015, SCBC also received permission to use IRB for excess exposures that are not fully covered by property deeds, property financing using other collateral than directly pledged deeds and building credits.

The credit risk models in the IRB framework that are applied by SCBC deal with the following risk parameters:

- Probability of default by the customer — PD (Probability of Default)
- Loss in the event of default — LGD (Loss Given Default)

Based on the risk parameters, customers can be ranked by credit risk, and the respective expected credit losses (EL) and risk exposure amounts (REA) are calculated, with REA used in capital adequacy to account for unexpected credit losses. To estimate the PD and thus the repayment capacity, the borrower is assigned one of 11 rating grades for private individuals, tenant-owners´ associsations and property companies, where the highest rating grade comprises defaults. Trends for exposures in worse (higher) rating grades are closely monitored and managed actively, when necessary, by credit experts in the bank's insolvency team. The expected credit loss EL under IRB differs from the expected credit loss ECL that constitutes the loss allowance and thus the credit loss provisions pursuant to IFRS 9. The calculation of EL and REA according to Pillar 1 under the Basel framework is regulated by the CRR. According to the CRR, the measurement of credit risk should be based on historical default rates and credit losses over a longer period of time and must include economic downturn periods. For the calculation of ECL in accordance with the accounting standard IFRS 9, the measurement of credit risk must be based both on historical data but also on forward-looking information to predict any negative impact on future cash flows. For capital adequacy purposes, IRB separates non-performing loans from other loans when calculating EL. A positive difference when EL exceeds ECL reduces the CET1 capital by the corresponding amount. For more information on impairment of financial assets, please refer to Note G 1. Total EL for SCBC's lending under the IRB approach amounted to SEK 576 million (525) at the end of 2024. Total ECL in accordance with IFRS 9, reduced for guarantees, amounted to SEK 268 million (224).

Changes to the IRB models
The models in the IRB framework are validated annually by an independent validation unit and adjusted when needed. In 2024, the completed validations of the existing models did not lead to any changes.

Each year, the model development unit reviews the IRB framework models through the estimation process, which includes evaluation of risk differentiation capability and calibration of the estimates. In 2024, the first estimation process using the IRB models for PD was performed, taking into account the recommendations from the Swedish FSA and the validation unit. The review of the PD model for private individuals led to calibration of the PD estimates for the existing model and an application for updates to the model, which was sent to the Swedish FSA in December 2024. The updated PD estimates for private individuals were applied for capital adequacy as of 30 June 2024. The review of the PD models for property companies and tenant-owners' associations led to calibration of PD estimates and minor updates to the calibration process that were pre-notified to the Swedish FSA in autumn 2024. Work is ongoing to respond to the Swedish FSA's comments on the changes, which have therefore yet to be implemented in the IRB framework. In 2024, the 2021 applications for new LGD models were withdrawn following feedback from the Swedish FSA. As a result, a new LGD model for private individuals has been developed with the aim of addressing the shortcomings identified by the Swedish FSA. The application for a new LGD model for private individuals was sent to the Swedish FSA in December 2024.

Collateral for lending
Loans granted by SBAB require the borrower must be creditworthy according to the rating grades provided by the PD models and on the provision of adequate collateral. Adequate collateral primarily refers to deeds for real estate property or shares in tenant-owners' associations with a primary lien within a maximum of 75–85% of the market value. Creditworthy borrowers refer to the rating grades P1–P8 for private individuals, F1–F7 for property companies and B1–B8 tenant-owners' associations. When it comes to lending to property companies and tenant-owners' associations, it is the borrowers' repayment capacity together with the market value of the property that governs the loan-to-value ratio[3)] (LTV) that is granted, usually between 50 and 75%. SCBC has not repossessed any collateral to protect loans. Lending to the public accounts for 98% (98) of SCBC's overall assets. The table below presents lending in relation to the market value of underlying collateral. As the majority of SCBC's lending has an LTV below 70%, the portfolio is assessed to be well-covered and its credit quality as very high.

1) CRR refers to Regulation (EU) No. 575/2013 of the European Parliament and of the Council on prudential requirements for credit institutions and investment firms.

2) Retail exposures within the existing IRB framework pertain to residential mortgages to private individuals with collateral consisting of loans for houses, holiday homes and tenant-owners' rights. Corporate exposures pertain to loans to property companies and tenant-owners' associations; building credits are also included.

3) The loan-to-value ratio is defined as the size of a loan in relation to the market value of pledged collateral. The reported average is the weighted average. Where applicable, the calculation takes into consideration contributory factors such as guarantees and the collateral's lien priority. SCBC verifies property values on a regular basis. For residential properties and tenant-owners' rights, the property value is verified at least every third year.

Loan amounts broken down by LTV interval

	2024			2023		
SEK million	Residential mortgages	Corporates & Associations	Total	Residential mortgages	Corporates & Associations	Total
Lending to the public						
LTV <50%	115,250	72,997	188,247	104,145	71,152	175,297
LTV 50–69%	128,917	68,310	197,227	120,200	60,094	180,294
LTV >69%	118,167	17,130	135,297	119,222	18,631	137,853
Total	**362,334**	**158,437**	**520,771**	**343,567**	**149,877**	**493,444**

ECL and forward-looking information

	2024											
	Scenario 1 (40%)			Scenario 2 (10%)			Scenario 3 (25%)			Scenario 4 (25%)		
Factors	**2025**	**2026**	**2027**	**2025**	**2026**	**2027**	**2025**	**2026**	**2027**	**2025**	**2026**	**2027**
GDP [1]	+2.2%	+5.3%	+7.4%	+3.3%	+8.1%	+11.2%	-6.8%	-0.6%	+2.2%	-2.9%	-3.7%	-2.3%
Policy rate (proxy STIBOR)	2.2%	2.1%	2.2%	2.1%	2.1%	2.4%	2.4%	2.5%	2.5%	2.7%	3.2%	3.2%
Unemployment	8.3%	7.9%	7.5%	8.1%	7.1%	6.3%	8.7%	11.1%	10.0%	8.5%	9.4%	10.1%
House prices, Δ	+2.0%	+4.5%	+3.6%	+6.6%	+1.3%	+3.2%	-7.3%	-5.9%	+0.3%	-8.2%	-12.7%	-8.2%
Prices of tenant-owners' rights, Δ	+4.0%	+4.5%	+4.1%	+9.4%	+0.5%	+3.5%	-6.4%	-9.4%	-1.0%	-8.8%	-16.6%	-7.3%
Property prices, Δ	-0.1%	+1.2%	+4.0%	+2.5%	+1.4%	+2.8%	-6.3%	-5.8%	-6.3%	-8.1%	-8.4%	-11.9%
ECL	**SEK 145 million**			**SEK 141 million**			**SEK 309 million**			**SEK 475 million**		
Weighted ECL	**SEK 268 million**											

[1] Not included in the ECL calculation.

	2023											
	Scenario 1 (40%)			Scenario 2 (20%)			Scenario 3 (20%)			Scenario 4 (20%)		
Factors	**2024**	**2025**	**2026**	**2024**	**2025**	**2026**	**2024**	**2025**	**2026**	**2024**	**2025**	**2026**
GDP [1]	-0.6%	+2.7%	+3.0%	+4.4%	+3.8%	+3.8%	-9.4%	+6.3%	+3.9%	-5.6%	-1.6%	+3.0%
Policy rate (proxy STIBOR)	3.2%	2.2%	2.2%	2.4%	2.4%	+2.4%	3.5%	2.6%	2.5%	4.2%	3.3%	3.2%
Unemployment	8.4%	8.0%	7.5%	6.9%	6.4%	+6.6%	11.4%	10.8%	9.6%	9.4%	10.3%	10.4%
House prices, Δ	+2.5%	+4.0%	+4.3%	+0.6%	+4.8%	+4.3%	-6.7%	-3.3%	+3.4%	-12.4%	-13.8%	-3.3%
Prices of tenant-owners' rights, Δ	+1.0%	+7.8%	+7.2%	+3.5%	+7.8%	+7.2%	-12.5%	-5.3%	+4.5%	-14.5%	-10.9%	-0.3%
Property prices, Δ	-3.7%	-1.7%	-0.2%	-2.5%	-1.5%	-3.8%	-11.6%	-14.7%	-7.1%	-12.4%	-18.9%	-11.8%
ECL	**SEK 105 million**			**SEK 93 million**			**SEK 279 million**			**SEK 539 million**		
Weighted ECL	**SEK 224 million**											

[1] Not included in the ECL calculation.

ECL and forward-looking information
Given the prevailing economic downturn with continued high interest rates and unemployment and low housing production, SCBC has continuously evaluated the macroeconomic situation during the year. Following the preparation of updated macroeconomic scenarios at the end of each quarter, SCBC has revised the forward-looking information applied in the impairment model to calculate ECL (ECL model). The forward-looking information comprises four scenarios: A base scenario and three alternative scenarios, where the base scenario (scenario 1) is currently positive and describes a normal recovery from the current recession and represents the bank's expectations for Sweden's economy. The three alternative scenarios comprise one positive (scenario 2) and two negative (scenarios 3 and 4) relative to the base scenario. The most recent forward-looking information indicates lower interest rates going forward and price increases for housing and properties in the positive scenarios, while price decreases for housing and properties and rising unemployment dominate the negative scenarios. In conjunction with the first quarter revision of the forward-looking information, the scenario weights were adjusted, with 10 percentage points moving from scenario 2 to scenarios 3 and 4, thus taking into account the continued near-term economic uncertainty in Sweden. In 2024, the revision of the forward-looking information led to the unwinding of loss provisions, mainly due to milder PD effects arising from interest rate cuts during the year. The table above presents the forward-looking information consisting of the four scenarios with forecasts of the macroeconomic factors and their corresponding weight applied in the ECL model.

To take into account higher consumer default frequencies over the past year, which led to increased loss provisions, the PD estimates in the ECL model were calibrated in the second quarter. As of December, a SEK 30 million management overlay was recognised for ECLs to take into account upcoming updates to the PD and LGD models for private individuals within the IRB framework, which the Bank intends to introduce into the ECL model in 2025. The management overlay was attributable to slightly more conservative baseline estimates from the models. The overlay only pertains to credit stages 1 and 2 within Private and will apply until the ECL model has been adapted. The management overlay was applied to the entire SBAB Group, of which the portion allocated to SCBC amounted to SEK 29 million.

Within business area Private more customers have been experiencing payment difficulties resulting in defaults, and more individually assessed provisions during the year have contributed to an inflow of exposures to credit stage 3, and consequently contributed to increased loss provisions. However, this trend stopped in the fourth quarter. While rating grade migrations were negative in the beginning of 2024, they have been overall positive during the year for both business areas, which has led to reduced loss allowances.

On 31 December 2024, the loss allowances amounted to SEK 268 million, compared with SEK 224 million on 31 December 2023. The bank is comfortable with the scope of the loss allowances.

Decisions on forward-looking information and management overlays. The Chief Risk Officer (CRO), supported by the Chief Economist and credit risk experts, submits proposals for updates in the forward-looking information. The proposal is presented to the Assets and Liabilities Committee (ALCO), which takes decisions regarding the forecasts of macroeconomic factors and the weighting of ECL in the respective scenario. The decision from ALCO also needs to be approved by relevant board members of the Risk and Capital Committee.

In the event of larger shocks to the housing or financial markets, manual adjustment in the form of management overlays of the ECL may be necessary. As for the forward-looking information, proposals are submitted to ALCO for decision which subsequently are to be approved by the Risk and Capital Committee. Management overlays may involve add-ons to both PD and LGD and should be managed in the same way as the forward-looking information. Where adjustments are to be made within geographical areas or certain product types that are particularly affected by the shocks, a manual allocation of ECL to affected loans may be necessary.

Uncertainty in calculating ECL

The primary source of uncertainty in calculating the ECL is the forward-looking information. SCBC simulates ECL in several scenarios that are both positive and negative in nature to capture the variation in the outcome for future expected credit losses. The macroeconomic factors impact the risk parameters PD and LGD and have in turn a significant impact on the final ECL. The estimate of the ECL varies depending on the choice of weights assigned to the forward-looking scenarios.

Another source of uncertainty is the thresholds for PD, which are used to measure a significant increase in credit risk. The thresholds have a direct impact on the size of the credit loss provisions. The following table presents how the lending exposure is allocated over the credit stages for various PD thresholds and the impact on ECL based on the current threshold, corresponding to deviations in PD at the third percentile for the Private business area and the fourth percentile for the Corporates & Associations business area.

Sensitivity analysis of PD thresholds

Allocation of EAD over credit stage and change in ECL	Percentile		
	5	4/3	1
Credit stage 1	89.7%	93.4%	97.8%
Credit stage 2	10.1%	6.4%	2.1%
Credit stage 3	0.2%	0.2%	0.2%
Δ ECL	**12.3%**	**0.0%**	**-14.7%**

Changes to the ECL model

To take into account higher consumer default frequencies observed over the past year, the PD estimates in the ECL model were calibrated in the second quarter. A management overlay was implemented for ECLs in December to take into account upcoming updates to the PD and LGD models for private individuals within the IRB framework, which the Bank intends to introduce into the ECL model in 2025. The management overlay was attributable to slightly more conservative baseline estimates from the models. The overlay only pertains to credit stages 1 and 2 within Private and will apply until the ECL model has been adapted.

The first scheduled validation of the current ECL model was completed in 2024. The validation unit's overall assessment of the ECL model is that it is fit for purpose and leads to appropriate ECL calculations and thus loss provisions.

Overall credit quality

The credit quality of SCBC's lending portfolio remains good and the credit risks associated with lending to private individuals within Private are low. SBAB's granting of loans, from which SCBC acquires loans, to retail customers is based on a sound credit approval process that determines whether customers have the financial capacity required to meet their commitments. The Swedish FSA's annual mortgage market survey, with data from 2023, found that overall, new residential mortgage customers continue to have healthy margins to cover repayment of their mortgages even in a worse economic climate. At the end of 2024, the average LTV ratio in the mortgage portfolio was 59% (60).

The credit quality of SCBC's lending to corporate customers, which comprise property companies, property developers and tenant-owners' associations is also assessed as good. The average LTV for property companies and tenant-owners' associations at the end of 2024 were 60% (61) and 31% (33), respectively. In Corporates & Associations, SBAB's granting of loans is based on an assessment of customers' ability to generate stable cash flows over time and on whether adequate collateral can be provided. The current economic downturn in Sweden, following a previous period of high interest rates and high inflation, has resulted in the bank working proactively to identify customers who are, or who could become, particularly financially exposed.

The bank's assessment is that credit risks may be higher for property companies and property developers that are more dependent on capital markets and who have a refinancing need in the near future. The same applies for tenant-owners' associations with significant revenue from commercial properties. Only a limited portion of SCBC's lending exposures is subject to this possibly raised credit risk. Additionally, more frequent evaluation of customers' rating grades is conducted through expert assessment. No new individual provisions have been deemed necessary in this business area in 2024.

Climate risk when measuring credit risk

The credit risk models used within the IRB framework and in the ECL model do not involve any risk factors which are directly linked to climate risks. However, there are explanatory variables that reflect the consequences of realized climate risks, such as the market values of collaterals and consequently the LTVs related to physical risks, as well as payment discipline in relation to repayment capacity linked to transition risks. Moreover, possibilities exist for the inclusion of macroeconomic forecasts specific to climate risks in the ECL model, which has yet to be deemed necessary. As additional climate data becomes available, the bank will continue to identify and evaluate materiality of risk factors directly linked to climate risk in the regular review of the models within the IRB framework and in the review of the ECL model.

Since SCBC's business model focuses exclusively on financing housing, flood and energy price transition risks have been identified as the two primary climate risks in the lending portfolio. During the year, the bank has implemented new disclosure requirements within ESG about collateral classification based on energy efficiency as well as the lending portfolio's sensitivity to potential impact of physical risks. Only a limited part of the portfolio is assessed to be sensitive to the physical impact of floods In addition, stress tests have been conducted on climate risk through stressed energy prices and market values of collateral and their impact on the repayment capacity and loss given default rates for customers.

In summary, SCBC has not observed any impact on credit quality, credit-risk exposures or customers' repayment capacity as a consequence of either physical climate risks or transition risks in 2024.

Lending to the public broken down by rating grade

As per 31 December 2024, lending to the public amounted to SEK 521 billion (493). Every borrower is assigned a rating grade. Each borrower is assigned one of eleven-grade rating scales (P1–P11 for private individuals, B1–B11 for tenant owners' associations and F1–F11 for property companies), with the eleventh grade reserved for defaulted borrowers.

Positive rating grade migrations have been observed during the year within the Private and the Corporates & Associations business areas. Falling interest rates have contributed to positive rating grade migrations within Private as this impacts the PD model for private individuals. Within Corporates & Associations, individual counterparties have been upgraded to better rating grades during the year. Furthermore, an individual provision for an exposure to one property company with building credits was settled by another bank at the end of the year.

Lending to the public TOTAL	2024							
	Credit stage 1		Credit stage 2		Credit stage 3		Total	
SEK million	Gross lending	Provision	Gross lending	Provision	Gross lending	Provision	Gross lending	Provision
B1/F1/P1	45,110	0	0	0	0	0	45,110	0
B2/F2/P2	58,056	0	0	0	0	0	58,056	0
B3/F3/P3	128,791	-2	33	0	0	0	128,824	-2
B4/F4/P4	84,380	-2	1,113	0	0	0	85,493	-2
B5/F5/P5	84,777	-3	3,772	0	0	0	88,549	-3
B6/F6/P6	47,568	-7	6,924	-3	0	0	54,492	-10
B7/F7/P7	29,819	-9	8,225	-5	0	0	38,044	-14
B8/F8/P8	6,526	-4	5,691	-8	6	0	12,223	-12
B9/F9/P9	1,507	-1	4,894	-9	21	-1	6,422	-11
B10/F10/P10	97	-1	2,928	-35	169	-12	3,194	-48
B11/F11/P11	0	0	0	0	632	-166	632	-166
Total	**486,631**	**-29**	**33,580**	**-60**	**828**	**-179**	**521,039**	**-268**
Guarantees [1]	–	0	–	0	–	–	–	0
Total lending after provisions and guarantees	**486,631**	**-29**	**33,580**	**-60**	**828**	**-179**	**521,039**	**-268**

Lending to the public TOTAL	2023							
	Credit stage 1		Credit stage 2		Credit stage 3		Total	
SEK million	Gross lending	Provision	Gross lending	Provision	Gross lending	Provision	Gross lending	Provision
B1/F1/P1	52,083	-1	94	–	–	–	52,177	-1
B2/F2/P2	41,347	-1	0	–	–	–	41,347	-1
B3/F3/P3	110,998	-5	53	–	–	–	111,051	-5
B4/F4/P4	69,307	-10	1,060	–	–	–	70,367	-10
B5/F5/P5	87,740	-6	6,692	-1	–	–	94,432	-7
B6/F6/P6	43,371	-9	5,430	-1	–	–	48,801	-10
B7/F7/P7	35,789	-8	12,444	-8	–	–	48,233	-16
B8/F8/P8	7,536	-5	10,518	-21	3	-1	18,057	-27
B9/F9/P9	1,467	-2	4,380	-7	19	-1	5,866	-10
B10/F10/P10	95	-1	2,392	-23	192	-15	2,679	-39
B11/F11/P11	–	0	0	0	434	-98	434	-98
Total	**449,733**	**-48**	**43,063**	**-61**	**648**	**-115**	**493,444**	**-224**
Guarantees [1]	–	0	–	0	–	–	–	0
Total lending after provisions and guarantees	**449,733**	**-48**	**43,063**	**-61**	**648**	**-115**	**493,444**	**-224**

RESIDENTIAL MORTGAGES	2024							
	Credit stage 1		Credit stage 2		Credit stage 3		Total	
SEK million	Gross lending	Provision	Gross lending	Provision	Gross lending	Provision	Gross lending	Provision
P1	2,766	0	–	–	–	–	2,766	0
P2	26,994	0	–	–	–	–	26,994	0
P3	94,402	-1	33	0	–	–	94,435	-1
P4	65,785	-1	1,113	0	–	–	66,898	-1
P5	74,167	-2	2,674	0	–	–	76,841	-2
P6	39,567	-5	3,374	-1	–	–	42,941	-6
P7	27,167	-8	5,398	-4	–	–	32,565	-12
P8	6,227	-4	4,304	-7	6	0	10,537	-11
P9	1,396	-1	4,251	-8	21	-1	5,668	-10
P10	97	-1	2,059	-25	169	-12	2,325	-38
P11	–	–	–	–	592	-147	592	-147
Total	**338,568**	**-23**	**23,206**	**-45**	**788**	**-160**	**362,562**	**-228**
Guarantees [1]	–	0	–	–	–	–	–	0
Total lending after provisions and guarantees	**338,568**	**-23**	**23,206**	**-45**	**788**	**-160**	**362,562**	**-228**

RESIDENTIAL MORTGAGES	2023							
	Credit stage 1		Credit stage 2		Credit stage 3		Total	
SEK million	Gross lending	Provision	Gross lending	Provision	Gross lending	Provision	Gross lending	Provision
P1	7,633	0	–	–	–	–	7,633	0
P2	14,955	0	–	–	–	–	14,955	0
P3	82,140	-2	53	–	–	–	82,193	-2
P4	49,596	-2	1,060	–	–	–	50,656	-2
P5	78,368	-4	4,995	–	–	–	83,363	-4
P6	37,957	-6	4,605	-1	–	–	42,562	-7
P7	32,793	-6	8,614	-4	–	–	41,407	-10
P8	7,235	-5	5,370	-6	3	–	12,608	-11
P9	1,317	-1	3,882	-6	19	-1	5,218	-8
P10	95	-1	2,301	-22	192	-15	2,588	-38
P11	–	–	–	–	383	-79	383	-79
Total	**312,089**	**-27**	**30,880**	**-39**	**597**	**-95**	**343,566**	**-161**
Guarantees [1]	–	0	–	0	–	–	–	0
Total lending after provisions and guarantees	**312,089**	**-27**	**30,880**	**-39**	**597**	**-95**	**343,566**	**-161**

[1] Guarantees are included in the balance-sheet item “Prepaid expenses and accrued income.”

CORPORATES	2024							
	Credit stage 1		Credit stage 2		Credit stage 3		Total	
SEK million	Gross lending	Provision	Gross lending	Provision	Gross lending	Provision	Gross lending	Provision
F1	28,754	0	–	–	–	–	28,754	0
F2	18,918	0	–	–	–	–	18,918	0
F3	22,720	-1	–	–	–	–	22,720	-1
F4	10,066	-1	–	–	–	–	10,066	-1
F5	4,070	-1	1,098	0	–	–	5,168	-1
F6	4,560	-2	2,887	-2	–	–	7,447	-4
F7	958	-1	1,333	-1	–	–	2,291	-2
F8	2	0	170	-1	–	–	172	-1
F9	1	0	248	-1	–	–	249	-1
F10	–	–	867	-10	–	–	867	-10
F11	–	–	–	–	–	–	–	–
Total	**90,049**	**-6**	**6,603**	**-15**	**–**	**–**	**96,652**	**-21**
Guarantees [1]	–	0	–	–	–	–	–	0
Total lending after provisions and guarantees	**90,049**	**-6**	**6,603**	**-15**	**–**	**–**	**96,652**	**-21**

CORPORATES	2023							
	Credit stage 1		Credit stage 2		Credit stage 3		Total	
SEK million	Gross lending	Provision	Gross lending	Provision	Gross lending	Provision	Gross lending	Provision
F1	29,031	-1	–	–	–	–	29,031	-1
F2	13,350	-1	–	–	–	–	13,350	-1
F3	17,112	-3	–	–	–	–	17,112	-3
F4	11,441	-8	–	–	–	–	11,441	-8
F5	3,066	-2	1,697	-1	–	–	4,763	-3
F6	3,048	-3	138	0	–	–	3,186	-3
F7	1,651	-2	2,627	-4	–	–	4,278	-6
F8	19	0	4,226	-16	–	–	4,245	-16
F9	1	0	116	-1	–	–	117	-1
F10	0	0	3	0	–	–	3	0
F11	–	–	–	–	–	–	–	–
Total	**78,719**	**-20**	**8,807**	**-22**	**–**	**–**	**87,526**	**-42**
Guarantees [1]	–	0	–	0	–	–	–	0
Total lending after provisions and guarantees	**78,719**	**-20**	**8,807**	**-22**	**–**	**–**	**87,526**	**-42**

[1] Guarantees are included in the balance-sheet item “Prepaid expenses and accrued income.”

TENANT-OWNERS' ASSOCIATIONS	2024							
	Credit stage 1		Credit stage 2		Credit stage 3		Total	
SEK million	Gross lending	Provision	Gross lending	Provision	Gross lending	Provision	Gross lending	Provision
B1	13,590	0	0	0	–	–	13,590	0
B2	12,144	0	–	–	–	–	12,144	0
B3	11,669	0	0	0	–	–	11,669	0
B4	8,529	0	–	–	–	–	8,529	0
B5	6,540	0	0	0	–	–	6,540	0
B6	3,441	0	663	0	–	–	4,104	0
B7	1,694	0	1,494	0	–	–	3,188	0
B8	297	0	1,217	0	–	–	1,514	0
B9	110	0	395	0	–	–	505	0
B10	–	–	2	0	–	–	2	0
B11	–	–	–	–	40	-19	40	-19
Total	**58,014**	**0**	**3,771**	**0**	**40**	**-19**	**61,825**	**-19**
Guarantees [1]	–	0	–	–	–	–	–	0
Total lending after provisions and guarantees	**58,014**	**0**	**3,771**	**0**	**40**	**-19**	**61,825**	**-19**

TENANT-OWNERS' ASSOCIATIONS	2023							
	Credit stage 1		Credit stage 2		Credit stage 3		Total	
SEK million	Gross lending	Provision	Gross lending	Provision	Gross lending	Provision	Gross lending	Provision
B1	15,419	0	94	–	–	–	15,513	0
B2	13,042	0	0	–	–	–	13,042	0
B3	11,746	0	0	–	–	–	11,746	0
B4	8,270	0	0	–	–	–	8,270	0
B5	6,306	0	0	–	–	–	6,306	0
B6	2,366	0	687	–	–	–	3,053	0
B7	1,345	0	1,203	–	–	–	2,548	0
B8	282	0	922	–	–	–	1,204	0
B9	149	-1	382	–	–	–	531	-1
B10	–	–	88	-1	–	–	88	-1
B11	–	–	–	–	51	-19	51	-19
Total	**58,925**	**-1**	**3,376**	**-1**	**51**	**-19**	**62,352**	**-21**
Guarantees [1]	–	0	–	–	–	–	–	0
Total lending after provisions and guarantees	**58,925**	**-1**	**3,376**	**-1**	**51**	**-19**	**62,352**	**-21**

[1] Guarantees are included in the balance-sheet item "Prepaid expenses and accrued income."

Loans with unpaid amounts (more than five days past due)[1]
The table describes loans with a past-due amount. All amounts are distributed by segment. Loans with past-due amounts in several time intervals are shown in full in the oldest time interval. At year-end 2024, 99.9% (99.9) of lending had no past-due unpaid amounts and was not assessed as doubtful.

	2024			2023		
SEK million	Residential mortgages	Corporates & Associations	Total	Residential mortgages	Corporates & Associations	Total
Past-due 6–33 days	297	–	297	316	95	411
Past-due 34–63 days	80	–	80	106	–	106
Past-due 64–93 days	67	–	67	98	–	98
Past-due 94–183 days	97	–	97	96	–	96
Past due >184 days	432	–	432	264	–	264
Total	**974**	**–**	**974**	**880**	**95**	**975**

Lending to the public

The following tables present changes in gross lending and credit loss provisions during the period for the respective segment. Refer to Note A 2 for more information.

A brief description of the reported items:

- Moved to credit stage – Movements between credit stages show opening balances for the period for migrated loans.
- Remeasurement of provision – Net changes of provisions for each credit stage. This includes changes due to movements between credit stages.
- Repayment and redemption – Loans that have been derecognised from the balance sheet during the period and which have not been written off due to confirmed credit losses.
- Write-offs due to confirmed credit losses – Confirmed credit losses during the reporting period.
- Other – Residual items.

	2024							
TOTAL	Credit stage 1		Credit stage 2		Credit stage 3		Total	
SEK million	Gross lending	Provision	Gross lending	Provision	Gross lending	Provision	Gross lending	Provision
Opening balance	**449,733**	**-48**	**43,063**	**-61**	**648**	**-115**	**493,444**	**-224**
Migrated to credit stage 1	22,782	-39	-22,744	32	-38	7	0	0
Migrated to credit stage 2	-18,774	5	18,886	-15	-112	10	0	0
Migrated to credit stage 3	-193	0	-345	2	538	-2	0	0
Remeasurement of provision	1,445	55	-401	-12	-8	-125	1,036	-82
Transferred to/from Group companies, net [1]	68,945	-7	373	-3	9	-3	69,327	-13
Repayment of borrowings	-690	0	-87	0	-3	0	-780	0
Redemption	-36,595	7	-5,165	6	-200	25	-41,960	38
Write-offs due to confirmed credit losses	0	0	0	0	-6	5	-6	5
Change in model/method [2]	–	-2	–	-9	–	19	–	8
Other	-22	–	–	–	–	–	-22	–
Closing balance	**486,631**	**-29**	**33,580**	**-60**	**828**	**-179**	**521,039**	**-268**

	2023							
TOTAL	Credit stage 1		Credit stage 2		Credit stage 3		Total	
SEK million	Gross lending	Provision	Gross lending	Provision	Gross lending	Provision	Gross lending	Provision
Opening balance	**455,239**	**-53**	**28,309**	**-79**	**346**	**-24**	**483,894**	**-156**
Migrated to credit stage 1	16,784	-39	-16,756	37	-28	2	0	0
Migrated to credit stage 2	-37,522	7	37,584	-9	-62	2	0	0
Migrated to credit stage 3	-194	0	-359	4	553	-4	0	0
Remeasurement of provision	200	18	-558	-61	-6	-17	-364	-60
Transferred to/from Group companies, net [1]	44,050	-8	548	0	7	-3	44,605	-11
Repayment of borrowings	-742	0	-132	0	-2	0	-876	0
Redemption	-28,074	5	-5,573	9	-156	10	-33,803	24
Write-offs due to confirmed credit losses	–	–	–	–	-4	3	-4	3
Change in model/method [2]	–	22	–	38	–	-84	–	-24
Other	-8	–	–	–	–	–	-8	–
Closing balance	**449,733**	**-48**	**43,063**	**-61**	**648**	**-115**	**493,444**	**-224**

[1] Net amount is the loan's total amount less any internal transfers from other loans.
[2] Also includes changes in forward-looking information.

RESIDENTIAL MORTGAGES	2024							
	Credit stage 1		Credit stage 2		Credit stage 3		Total	
SEK million	Gross lending	Provision	Gross lending	Provision	Gross lending	Provision	Gross lending	Provision
Opening balance	**312,089**	**-27**	**30,880**	**-39**	**597**	**-95**	**343,566**	**-161**
Migrated to credit stage 1	15,144	-19	-15,108	14	-36	5	0	0
Migrated to credit stage 2	-12,241	2	12,353	-12	-112	10	0	0
Migrated to credit stage 3	-193	0	-345	2	538	-2	0	0
Remeasurement of provision	-5,893	26	-379	-5	-8	-114	-6,280	-93
Transferred to/from Group companies, net [1)]	56,474	-5	466	-3	9	-3	56,949	-11
Repayment of borrowings	-580	0	-76	0	-3	0	-659	0
Redemption	-26,224	4	-4,585	6	-191	20	-31,000	30
Write-offs due to confirmed credit losses	0	0	0	0	-6	5	-6	5
Change in model/method [2)]	–	-4	–	-8	–	14	–	2
Other	-8	–	–	–	–	–	-8	–
Closing balance	**338,568**	**-23**	**23,206**	**-45**	**788**	**-160**	**362,562**	**-228**

RESIDENTIAL MORTGAGES	2023							
	Credit stage 1		Credit stage 2		Credit stage 3		Total	
SEK million	Gross lending	Provision	Gross lending	Provision	Gross lending	Provision	Gross lending	Provision
Opening balance	**320,596**	**-47**	**24,758**	**-78**	**327**	**-16**	**345,681**	**-141**
Migrated to credit stage 1	15,225	-39	-15,197	37	-28	2	0	0
Migrated to credit stage 2	-26,259	6	26,321	-8	-62	2	0	0
Migrated to credit stage 3	-155	0	-359	4	514	-4	0	0
Remeasurement of provision	-6,931	22	-660	-50	-6	-15	-7,597	-43
Transferred to/from Group companies, net [1)]	33,566	-4	340	0	6	-2	33,912	-6
Repayment of borrowings	-699	0	-84	0	-2	0	-785	0
Redemption	-23,253	5	-4,239	9	-148	3	-27,640	17
Write-offs due to confirmed credit losses	–	–	–	–	-4	3	-4	3
Change in model/method [2)]	–	30	–	47	–	-68	–	9
Other	-1	–	–	–	–	–	-1	–
Closing balance	**312,089**	**-27**	**30,880**	**-39**	**597**	**-95**	**343,566**	**-161**

[1)] Net amount is the loan's total amount less any internal transfers from other loans. 2) Also includes changes in forward-looking information.
[2)] The change in risk parameters during the period also includes changes in forward-looking information.

CORPORATES & ASSOCIATIONS	2024							
	Credit stage 1		Credit stage 2		Credit stage 3		Total	
SEK million	Gross lending	Provision	Gross lending	Provision	Gross lending	Provision	Gross lending	Provision
Opening balance	**137,644**	**-21**	**12,183**	**-22**	**51**	**-19**	**149,878**	**-62**
Migrated to credit stage 1	7,638	-20	-7,636	18	-2	2	0	0
Migrated to credit stage 2	-6,533	3	6,533	-3	–	–	0	0
Migrated to credit stage 3	0	0	0	0	0	0	0	0
Remeasurement of provision	7,338	29	-22	-7	0	-11	7,316	11
Transferred to/from Group companies, net [1]	12,471	-2	-93	–	–	–	12,378	-3
Repayment of borrowings	-110	–	-11	–	–	–	-121	–
Redemption	-10,371	3	-580	0	-9	5	-10,960	8
Write-offs due to confirmed credit losses	–	–	–	–	–	–	–	–
Change in model/method	–	2	–	-1	–	5	–	6
Other	-14	–	–	–	–	–	-14	–
Closing balance	**148,063**	**-6**	**10,374**	**-15**	**40**	**-18**	**158,421**	**-40**

CORPORATES & ASSOCIATIONS	2023							
	Credit stage 1		Credit stage 2		Credit stage 3		Total	
SEK million	Gross lending	Provision	Gross lending	Provision	Gross lending	Provision	Gross lending	Provision
Opening balance	**134,643**	**-6**	**3,551**	**-1**	**19**	**-8**	**138,213**	**-15**
Migrated to credit stage 1	1,559	0	-1,559	0	0	0	0	0
Migrated to credit stage 2	-11,263	1	11,263	-1	0	0	0	0
Migrated to credit stage 3	-39	0	0	0	39	0	0	0
Remeasurement of provision	7,131	-4	102	-11	0	-1	7,233	-16
Transferred to/from Group companies, net [1]	10,484	-4	208	0	1	-1	10,693	-6
Repayment of borrowings	-43	0	-48	0	0	0	-91	0
Redemption	-4,821	0	-1,334	0	-8	7	-6,163	7
Write-offs due to confirmed credit losses	–	–	–	–	–	–	–	–
Change in model/method	–	-8	–	-9	–	-16	–	-33
Other	-7	–	–	–	–	–	-7	–
Closing balance	**137,644**	**-21**	**12,183**	**-22**	**51**	**-19**	**149,878**	**-63**

[1] Net amount is the loan's total amount less any internal transfers from other loans.
[2] The change in risk parameters during the period also includes changes in forward-looking information.

Modified loans, loans with renegotiated terms and conditions
In exceptional cases, loans may be renegotiated outside of the loan's terms and conditions due to a deterioration of the customer's financial position or because the customer has encountered other financial problems. Such loans are specifically monitored and are referred to as modified financial assets in accordance with IFRS 9. In 2023, no modified loans were assessed as material and therefore have not led to derecognition and new recognition.

Modified loans, modified loans in credit stages 2 and 3 (that have not led to derecognition)

	2024			2023		
SEK million	Residential mortgages	Corporates & Associations	Total	Residential mortgages	Corporates & Associations	Total
Amortised cost prior to modification	1,379	–	**1,379**	1,739	–	**1,739**
Modification gain/loss, net	-1	–	**-1**	0	–	**0**
Amortised cost after modification	1,378	–	**1,378**	1,739	–	**1,739**
Of which, carrying amount prior to provision for assets migrated from credit stage 2 or 3 to credit stage 1.	*642*	–	*642*	*1,019*	–	*1,019*

RC:2 Credit risk in treasury operations

Credit risk in treasury operations comprises the risk of the counterparty being unable to fulfil its payment obligations. In treasury operations, credit risk arises in the form of counterparty risk for the derivative and repo contracts entered into by SCBC to manage its financial risks.

Limit utilisation per rating category

SEK million	2024 Limit	2024 Utilised limit	2023 Limit	2023 Utilised limit
AAA	–	–	–	–
AA- to AA+	9,200	16	8,400	–
A- to A+	15,800	622	15,800	616
Lower than A-	1,000	–	1,000	–
Total	**26,000**	**638**	**25,200**	**616**

The "Limit utilisation per rating category" table shows the limits and the utilised limits, respectively, for SCBC's derivative counterparties. The limits for each derivative counterparty are proposed by SBAB's Treasury and adopted by the Board's Credit Committee within the confines of the framework adopted by the Board of Directors. The values in the table comprise an aggregate of individual derivative counterparty's total exposure and the limits for the respective rating category. The exposure in the summary includes external derivative and repo contracts entered into by SCBC and which were outstanding as of 31 December 2024. At Group level, limits for each counterparty are set for all investments, and derivative and repo contracts. The table shows the limits for the SBAB Group.

As per the credit instruction, the limits are set by SBAB's Credit Committee within the confines of the framework adopted by the Parent Company's Board of Directors. The utilised limit is calculated as the exposure from financial derivatives, repos and investments. For derivatives and repos, the effect of collateral pledged or received under CSAs or GMRAs is included in the total limit. Moreover, for derivatives, an add-on amount is also calculated for future risk-related changes. The limit is coordinated with the credit limit for counterparties who also are loan customers. Limits may be established for a period of not longer than one year, after which a new assessment must be conducted. The decisions of the Credit Committee are reported to the Board at the following Board meeting.

Counterparty risk

Counterparty risk at SCBC comprises exposures to well-reputed, major banks as well as the Parent Company SBAB as counterparties, which is hedged entirely through unilateral collateral agreements in which the counterparty pledges collateral by transferring funds or securities with the aim of reducing net exposure — known as a Credit Support Annex (CSA). Posted and received collateral for variation margins takes the form of cash, and for initial margin collateral can also comprise securities. Posted and received collateral entails a transfer of title, which entitles the party that receives the collateral to use the collateral freely in its operations.

To limit the potential counterparty credit risk associated with derivative transactions involving non-standardised derivatives that are not cleared by clearing organisations approved by the competent authority (in accordance with Regulation (EU) No 648/2012), a framework agreement is to be entered into with the counterparty. Where appropriate, the framework agreement, an ISDA Master Agreement or equivalent agreement, has been supplemented with an associated collateral agreement, CSA. A CSA must always be established for counterparties entering into derivative contracts with SCBC. The framework agreements entitle the parties to offset receivables against debt in the event of a payment default.

Counterparty risk is reconciled on a daily basis for all counterparties. When entered into, CSAs are reconciled on a daily basis or on a weekly basis. Derivative contracts entered into with external counterparties are mostly entered into with the Parent Company as the counterparty. The effects of posted and received collateral are shown in greater detail in Note FI 3.

Credit-risk limits are established by SBAB's Credit Committee for all counterparties in treasury operations. In the table "Maximum credit-risk exposure in treasury operations," the maximum credit-risk exposure is shown with and without taking collateral received or other credit enhancements into account.

Maximum credit-risk exposure in treasury operations

SEK million	Without taking into account collateral received or other credit enhancements 2024	Without taking into account collateral received or other credit enhancements 2023	Taking into account collateral received or other credit enhancements 2024	Taking into account collateral received or other credit enhancements 2023
Lending to credit institutions	1,538	1,379	1,538	1,379
Chargeable treasury bills, etc.	–	–	–	–
Bonds and other interest-bearing securities	–	–	–	–
Derivatives	9,526	10,122	9,526	10,122
Total	**11,064**	**11,501**	**11,064**	**11,501**

Collateral posted and received under collateral agreements, 31 Dec 2024

SEK million, Company	Collateral pledged	Collateral received
SCBC	–	–

Lending to credit institutions

	2024		2023	
	Financial assets measured at amortised cost		Financial assets measured at amortised cost	
	Credit stage 1		Credit stage 1	
SEK million	Securities, gross	Provision	Securities, gross	Provision
Opening balance	**1,379**	**–**	**982**	**–**
Change in cash balances	0	–	-21	–
Purchases	9,881	–	9,000	–
Sales	–	–	–	–
Maturity	-9,722	–	-8,582	–
Write-offs, redemption, etc.	–	–	–	–
Change in risk parameters during the period	–	–	–	–
Change in model/method	–	–	–	–
Currency revaluation	–	–	–	–
Other	–	–	–	–
Closing balance	**1,538**	**–**	**1,379**	**–**

RC:3 Liquidity risk

Liquidity risk is defined as the risk that the company will not be able to meet its payment obligations on the date of maturity without the related cost increasing significantly. Liquidity risk management for SCBC is performed as an integral part of the Group's overarching management. Moreover, access to funding from covered bonds is secured by monitoring that the over-collateralisation (OC level) in the cover pool at each point in time, including in stressed circumstances, exceeds Moody's requirements for Aaa ratings. On 31 December 2024, the OC level was 30%. SCBC has an agreement regarding a liquidity facility with the Parent Company, SBAB. The aim of the agreement is to allow SCBC to obtain support with liquidity from the Parent Company in the event that SCBC is unable to pay bond holders when SCBC's bonds mature. For more information; please refer to Note RC 3 in the SBAB Group's Annual Report.

Maturities of financial assets and liabilities (amounts refer to contractual, undiscounted cash flows)

	2024							2023						
SEK million	No maturity	<3 months	3–6 months	6–12 months	1–5 years	>5 years	Total	No maturity	<3 months	3–6 months	6–12 months	1–5 years	>5 years	Total
ASSETS														
Lending to credit institutions	–	1,021	517	–	–	–	1,538	–	1,365	–	–	–	–	1,365
Lending to the public	–	1,671	25,529	1,667	3,317	488,908	521,091	–	1,601	1,597	3,178	24,479	462,598	493,453
Derivatives	–	949	1,923	-169	3,371	3,320	9,394	–	1,590	1,236	-385	5,048	2,937	10,426
Other assets	195	–	–	–	–	–	195	201	–	–	–	–	–	201
Total financial assets	**195**	**3,641**	**27,969**	**1,498**	**6,688**	**492,228**	**532,218**	**201**	**4,556**	**2,833**	**2,793**	**29,527**	**465,535**	**505,445**
LIABILITIES														
Liabilities to credit institutions	–	–	–	–	–	–	–	–	–	–	–	–	–	–
Debt securities issued, etc.	–	11,561	42,170	7,779	196,982	70,350	328,842	–	17,596	24,292	705	237,889	72,082	352,564
Derivatives	–	1,200	175	1,406	5,225	1,007	9,013	–	1,426	676	3,811	5,576	1,729	13,218
Other liabilities	3,437	–	–	–	–	–	3,437	3,289	–	–	–	–	–	3,289
Subordinated debt	164,276	–	–	–	–	–	164,276	127,448	–	–	–	–	–	127,448
Total financial liabilities	**167,713**	**12,761**	**42,345**	**9,185**	**202,207**	**71,357**	**505,568**	**130,737**	**19,022**	**24,968**	**4,516**	**243,465**	**73,811**	**496,519**

The fixed-interest periods for the capital repayments for amortised receivables and liabilities has been calculated as the period up to the date of maturity of the respective amortisation. Foreign currency cash flows have been converted using the closing rate on 31 December 2024. Future interest-rate cash flows with floating interest rates are estimated using forward interest rates based on the actual interest base, usually the three-month STIBOR.

Maturities of hedged cash flows in cash-flow hedges

SEK million	No maturity	<3 months	3–6 months	6–12 months	1–5 years	>5 years	Total
Interest-rate-hedged	–	369	498	57	2,786	1,196	4,906
Currency-hedged	–	-8,584	-858	-7,439	-25,752	-34,142	-76,775
Net, 31 Dec 2024	**–**	**-8,215**	**-360**	**-7,382**	**-22,966**	**-32,946**	**-71,869**
Net, 31 Dec 2023	**–**	**-10,786**	**556**	**54**	**-32,616**	**-37,195**	**-79,987**

RC:4 Market risk

Market risk is the risk of loss or reduced future income due to market fluctuations. SCBC is characterised by low risk taking that is managed within the framework of SCBC's risk appetite and limits determined by the Board. Through daily reports, Risk Control checks compliance with current risk levels and limits. The management of SCBC's risks is outsourced to the Parent Company, SBAB, where they are followed up and managed at company and Group levels.

The basic objective for SBAB's management of SCBC's market risk is to minimise market risk in the cover pool, with the overriding aim of meeting the requirements for matching rules as expressed in the Covered Bonds Issuance Act (2003:1223).

The general principle governing SCBC's exposure to market risk is that the level of risk taking should be low. As a general principle, interest-rate risk is to be mitigated through direct funding or the use of derivatives. SCBC's interest-rate structure as of 31 December 2024 is shown in the table "Fixed-interest periods for financial assets and liabilities." Currency risks are mitigated as funding in international currency is hedged through currency swap contracts. The total effect per currency is reported in the table "Nominal amounts for assets, liabilities and derivatives in foreign currency."

Value at Risk

VaR is a comprehensive portfolio measurement expressing the potential loss that could occur given a certain level of probability and holding period. The model is a historical model and applies percentiles in historical market data from the past two years. Since the model is based on historical data there is a degree of inherent inertia and the model could underestimate the risk in a rapidly changing market. Due to the above and that the model is based on several assumptions, the model is validated daily using back testing analysis, in other words a check of VaR against actual outcomes.

Interest-rate risk in the banking book

SCBC covers interest-rate risk in the banking book pursuant to the Swedish FSA's methodology as described in FI Ref. 24-4186. This showed that on 31 December 2024, the scenario with the greatest impact on the banking book was "Parallel up," which is reported in the variable ""ΔEVE" in the "Interest-rate risk in the banking book" table. ΔEVE is limited by Board limits.

The net interest income effect is measured to capture the impact of changes in interest rates on profit or loss. The metric reflects the differences in volume and fixed-interest periods between assets, liabilities and derivatives in other operations. The net interest income effect is calculated pursuant to the instructions stated in EBA/GL/2018/02 and is based on an instantaneous parallel shift of one percentage point up and down over a 12-month period. The value is reported in the variable "ΔNII" in the "Interest-rate risk in the banking book" table.

Supplementary risk metrics

In addition to the overall ΔEVE limits determined by the Board, the CEO has set a number of supplementary risk metrics for different kinds of risks to which the SBAB Group and SCBC are exposed. For interest-rate risk, there are limits for parallel shifts, where the effect on the present value of a one percentage point shift in the yield curve is measured, and curve risk where the effect on the present value is measured in different scenarios, in which the short end of the yield curve is adjusted down (up) and the long end is adjusted up (down). Currency risk is controlled by measuring the effect on present value when currency exchange rates change compared to SEK.

In addition to the above-mentioned supplementary risk metrics, a number of sensitivity analyses are performed using stressed interest rates, currency rates and credit spreads together with their effect on the company's Tier 1 capital requirement.

Interest Rate Benchmark Reform

The Interest Rate Benchmark Reform (IBOR transition) replaces existing benchmark interbank offered rates (IBORs) with alternative risk-free rates. STIBOR and EURIBOR are still used as reference rates in SEK and EUR, respectively, as SBAB uses the possibility of an exemption regarding changes in hedged risk, hedging instruments and hedged items, which was introduced as a result of the Interest Rate Benchmark Reform. This means that the bank is not forced by a change in the alternative benchmark interest rate in the hedge documentation to discontinue hedge accounting. The bank has ensured compliance pursuant to the Benchmarks Regulation (BMR), which affects SBAB both as a user of benchmarks and as a reporter of input data for benchmarks.

Nominal amounts for assets, liabilities and derivatives in foreign currency

	2024		2023	
SEK million	Assets and liabilities	Derivatives	Assets and liabilities	Derivatives
EUR	-76,765	76,775	-85,656	85,666
GBP	0	0	0	0
NOK	0	0	0	0
USD	0	0	0	0
Total	**-76,765**	**76,775**	**-85,656**	**85,666**

Interest-rate risk in the banking book

	2024		2023	
SEK million	ΔEVE	ΔNII	ΔEVE	ΔNII
Parallel up	-177	-312	-774	1,310
Parallel down	94	-4	858	-1,310
Short rate up	-131		-425	
Short rate down	69		453	
Steepening	13		-64	
Flattening	-64		-113	
Worst outcome	**-177**	**-312**	**-774**	**-1,310**
Own funds	**24,144**		**23,328**	

Fixed-interest periods for financial assets and liabilities, carrying amounts

	2024							2023						
SEK million	Without interest period	<3 months	3–6 months	6–12 months	1–5 years	>5 years	Total	Without interest period	<3 months	3–6 months	6–12 months	1–5 years	>5 years	Total
ASSETS														
Lending to credit institutions	–	1,024	514	–	–	–	1,538	–	1,379	–	–	–	–	1,379
Lending to the public	–	382,798	7,619	20,057	108,740	1,557	520,771	–	334,899	19,446	25,874	103,219	9,782	493,220
Change in fair value of interest-rate-hedged loan receivables	–	-14	-7	-66	-113	-157	-357	–	-50	-127	-275	-937	-176	-1,565
Derivatives	–	2,603	104	-21	6,216	624	9,526	–	4,352	-79	-114	5,414	549	10,122
Other assets	500	–	–	–	–	–	500	501	–	–	–	–	–	501
Total financial assets	**500**	**386,411**	**8,230**	**19,970**	**114,843**	**2,024**	**531,978**	**501**	**340,580**	**19,240**	**25,485**	**107,696**	**10,155**	**503,657**
LIABILITIES														
Liabilities to credit institutions	–	-1	–	–	–	–	-1	–	–	–	–	–	–	–
Debt securities issued, etc.	–	-13,116	-38,227	-7,431	-180,986	-65,450	-305,210	–	-22,537	-20,512	–	-216,279	-66,848	-326,176
Derivatives	–	-12,508	-50	-45	-320	4,407	-8,516	–	-17,753	-53	-1,226	2,085	4,567	-12,380
Other liabilities	-3,437	–	–	–	–	–	-3,437	-3,289	–	–	–	–	–	-3,289
Subordinated debt	–	193,488	–	–	–	–	-193,488	–	-137,789	–	–	–	–	-137,789
Total financial liabilities	**-3,437**	**-219,113**	**-38,277**	**-7,476**	**-181,306**	**-61,043**	**-510,652**	**-3,289**	**-178,079**	**-20,565**	**-1,226**	**-214,194**	**-62,281**	**-479,634**
Difference assets and liabilities	**-2,937**	**167,298**	**-30,047**	**12,494**	**-66,463**	**-59,019**	**21,326**	**-2,788**	**162,501**	**-1,325**	**24,259**	**-106,498**	**-52,126**	**24,023**

RC:5 Operational risk

Operational risk pertains to the risk of losses caused by people, inadequate or failed systems and processes, and external events including, but not limited to, legal risks, model risks (including AI model risk) and information and communication technology (ICT) risks.

Risk management

The process for managing operational risk is based on the continuous identification, analysis and assessment of risks as well as their management and follow-up. An analysis of risk levels is reported to the Board, the CEO and the Executive Management. The Risk department has overall responsibility for the methods and procedures used in the management of operational risk. The work with managing operational risk is conducted based on SCBC's risk appetite and the significant processes for the business. This entails constant efforts to develop employees' risk awareness and the bank's risk culture, to improve processes and procedures as well as to provide tools to efficiently and proactively manage day-to-day operational risk.

Self-evaluation

The self-evaluation process encompasses the identification and evaluation of operational risks across the entire bank. Self-evaluation is carried out using a shared method and documented in the shared system support. The result of the self-evaluation is reported annually to the Board, the CEO and the Executive Management.

Incident management

SCBC has procedures and system support intended to facilitate the reporting and follow-up of incidents. The Operational Risk function supports the operations with the analysis of reported incidents to ensure that root causes are identified and suitable measures are implemented. Even incidents that have not caused direct damage or financial loss are reported, to promote proactive risk management.

Management of material changes

SCBC's process for the management of material changes is applied for new or significantly altered products, services, markets, processes and ICT systems as well as in the event of major operational and organisational changes at SCBC. The aim of the process is to evaluate any potential risks related to the change and to draw attention to any impact the change may have on capital position.

Continuity management

SCBC works in a pre-emptive manner to prevent events that may affect the company's ability to conduct operations. A contingency organisation has been established that is responsible for crisis and catastrophe management, and communication in case of serious incidents, crises or disasters. This organisation is tested regularly in collaboration with external crisis management experts.

Capital requirements for operational risks

SCBC uses the standardised approach to calculate capital requirements for operational risk within the Pillar 1 framework. The capital requirements for operational risk are presented in the Risk Exposure Amounts and Capital requirements table (Note RC 8).

RC:6 Business risk

SBAB differentiates its business risk between strategic risk, the risk of weaker earnings and reputational risk.
Strategic risk is defined as the risk of a loss arising due to unfavourable business decisions, erroneous implementation of strategic decisions or a lack of sensitivity to changes in the industry, the political environment or legal circumstances. The risk of weaker earnings encompasses the risk of, for example, reduced margins, which in turn may arise due to more expensive financing or more intense competition. Reputational risk is defined as the risk arising as a result of the failure to manage the above risks as well as due to failures in internal governance, control or management of other events.

RC:7 Concentration risk

Concentration risk arises when exposures are concentrated to certain counterparties, regions or types of businesses/industries. Through a direction decision as part of the business planning, SCBC's Board has established the concentration of risk based on the actual conditions for SCBC. The Board's risk appetite sets the framework for concentration risk, which is calculated based on the size of the exposures, industry and geographical concentration.

SCBC is primarily considered to be exposed to credit-risk related concentration risk in its lending operations. The risk department continuously monitors and analyses concentration in the lending portfolio based on, inter alia, geographical area, collateral, segment and product type. SCBC's portfolio is concentrated to the housing and property market. For more information on the breakdown of SCBC's secured and unsecured lending, refer to the Loan amounts broken down by LTV interval table in Note RC 1. Moreover, large exposures to single counterparties are monitored on an ongoing basis.

SCBC also evaluates the ongoing capital requirement for concentration risk and quantifies the economic capital risk for credit-risk exposures, see Note RC 9.

RC:8 Capital adequacy analysis

Regulatory framework

The capital adequacy is based on the consolidated version of the Capital Requirements Regulation and the Capital Requirements Directive, which have been adapted to the Banking Package adopted on 7 June 2019. The information in this note refers to the minimum capital requirements according to Pillar 1 and corresponds to the disclosure requirements in the Capital Requirements Regulation, part eight and the Swedish FSA regulation FFFS 2014:12.

In June 2024, amendments to the Capital Requirements Regulation and the Capital Requirements Directive were adopted and published in the Official Journal of the EU, finalising the last parts of the Basel 3 framework (the so-called Basel IV framework).

The amendments will improve comparability of risk-based capital measures between banks within the EU. The measures include changes to the standardised approach and the internal ratings-based (IRB) approach used to calculate capital requirements for credit risk. Over and above the changes to the calculation of credit risk, changes also affected CVA and operational risk. The IRB approach introduces several limiting factors, including the introduction of an output floor for IRB calculations of capital requirements, where risk exposure amounts (REA) are not permitted to fall under 72.5% of what is given in the standardised approach. This will be phased in during a transition period from 2025–2030. While the rules will largely apply from 1 January 2025, transitional rules will apply for several years.

The countercyclical capital buffer requirement for Swedish exposures amounts to 2%. At the end of 2024, the Swedish FSA announced its intent to leave the countercyclical buffer value unchanged. The countercyclical buffer values for Danish and Norwegian exposures are unchanged at 2.5%. The Danish government and Norges Bank (the central bank of Norway) have not announced any change in the values. .

SCBC primarily recognises credit risk in accordance with the internal ratings-based (IRB) approach, and operational and market risk in accordance with the standardised approaches. SCBC's own funds consist solely of CET1 capital. Net profit/loss for the period is included in the calculation of own funds. The surplus has been verified by the company's auditors, in accordance with Article 26, item 2, of the CRR. The deduction that forms the basis of "Additional value adjustments" in the "Own funds" table emanate from the rules on a prudent valuation of assets.

Note RC 9 contains a summary of the method used to assess the internal capital requirement.

The Swedish National Debt Office (SNDO) has decided a minimum requirement for own funds and eligible liabilities (MREL) for SCBC that applies with full implementation from 2025. The new MREL is expressed as risk-weighted and as non risk-weighted requirements. The MREL with full implementation, for SCBC amounts to 20.98% of total REA and 6.00% of the total leverage ratio exposure (LRE). SCBC fulfils the requirements.

There are no on-going or unforeseen material obstacles or legal barriers to a rapid transfer of funds from own funds other than what is generally stipulated by the Companies Act.

Capital adequacy – KPIs

SEK million	31 Dec 2024	30 Sep 2024	30 Jun 2024	31 Mar 2024	31 Dec 2023
Available own funds (amount)					
CET1 capital	24,140	23,904	23,742	23,544	23,326
Tier 1 capital	24,140	23,904	23,742	23,544	23,326
Total capital	24,144	23,910	23,748	23,552	23,328
Risk exposure amount (REA)					
Total REA	147,471	143,669	144,216	142,206	139,506
Capital ratios (as a percentage of REA)					
CET1 capital ratio (%)	16.4	16.6	16.5	16.6	16.7
Tier 1 capital ratio (%)	16.4	16.6	16.5	16.6	16.7
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 REA)					
Additional own funds requirements to address risks other than the risk of excessive leverage (%)	1.2	1.2	1.2	1.2	1.2
of which: to be made up of CET1 capital (percentage points)	0.7	0.7	0.7	0.7	0.7
of which: to be made up of Tier 1 capital (percentage points)	0.9	0.9	0.9	0.9	0.9
Total SREP own funds requirements (%)	9.2	9.2	9.2	9.2	9.2
Combined buffer and overall capital requirements (as a percentage of REA)					
Capital conservation buffer (%)	2.5	2.5	2.5	2.5	2.5
Capital conservation buffer due to macro-prudential or systemic risk identified at the level of a Member State (%)	–	–	–	–	–
Institution-specific countercyclical capital buffer (%)	2.0	2.0	2.0	2.0	2.0
Systemic risk buffer (%)	–	–	–	–	–
Global Systemically Important Institution buffer (%)	–	–	–	–	–
Other Systemically Important Institution buffer (%)	–	–	–	–	–
Combined buffer requirement (%)	4.5	4.5	4.5	4.5	4.5
Overall capital requirements (%)	13.7	13.7	13.7	13.7	13.7
CET1 capital available after meeting the total SREP own funds requirements (%)	7.1	7.4	7.2	7.3	7.5
Leverage ratio					
Total exposure measure	524,312	515,689	509,360	502,897	494,306
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)					
Additional own funds requirements to address the risk of excessive leverage (%)	–	–	–	–	–
of which: to be made up of CET1 capital (percentage points)	–	–	–	–	–
Total SREP leverage ratio requirements (%)	3.0	3.0	3.0	3.0	3.0
Leverage ratio buffer and overall leverage ratio requirement (as a percentage of total exposure measure)					
Leverage ratio buffer requirement (%)	–	–	–	–	–
Overall leverage ratio requirement (%)	3.0	3.0	3.0	3.0	3.0

SEK million	31 Dec 2024	30 Sep 2024	30 Jun 2024	31 Mar 2024	31 Dec 2023
Liquidity coverage ratio [1]					
Total high-quality liquid assets (HQLA) (weighted value – average)					
Cash outflows – total weighted value					
Cash inflows – total weighted value					
Total net cash outflows (adjusted value)					
Liquidity coverage ratio (%)					
Net Stable Funding Ratio[1]					
Total available stable funding					
Total required stable funding					
NSFR (%)					

[1] AB Sveriges Säkerställda Obligationer (SCBC) together with SBAB Bank AB (publ) are treated as one liquidity sub-group pursuant to Article 8 of the CRR and as per the decision by the Swedish FSA. For this reason, disclosure of the liquidity coverage ratio and the net stable funding ratio is not assessed as material at company level. For outcomes at the consolidated level, see SBAB's annual report.

Risk exposure amounts and capital requirements

SEK million	2024 Risk exposure amount	2024 Capital requirement	2023 Risk exposure amount	2023 Capital requirement
Credit risk recognised in accordance with IRB approach				
Exposures to corporates	49,467	3,958	49,961	3,757
Retail exposures	16,904	1,352	20,436	1,635
of which, exposures to SMEs	–	–	–	–
of which, retail exposures secured by immovable property	*16,904*	*1,352*	*20,436*	*1,635*
Total exposures recognised with IRB approach	**66,371**	**5,310**	**67,397**	**5,392**
Credit risk recognised with the standardised approach				
Exposure to governments and central banks [1)]	14	1	23	2
Exposures to regional governments or local authorities or agencies	0	0	0	0
Exposures to institutions [2)]	161	13	123	10
of which, derivatives according to CRR, Appendix 2	*122*	*10*	*123*	*10*
of which, repos	*38*	*3*	–	–
of which other	*1*	*0*	–	–
Exposures to institutions and corporates with a short-term credit rating	2	0	2	0
Other items	0	0	14	1
Total exposures recognised with standardised approach	**177**	**14**	**162**	**13**
Market risk	**469**	**38**	**267**	**21**
Of which, currency risk	*469*	*38*	*267*	*21*
Operational risk	**5,971**	**478**	**5,414**	**433**
Credit valuation adjustment risk	**717**	**57**	**813**	**65**
Additional requirements under Article 458 of the CRR	**73,766**	**5,901**	**65,454**	**5,236**
Total risk exposure amount and minimum capital requirements	**147,471**	**11,798**	**139,506**	**11,161**
Capital requirements for capital conservation buffer		**3,687**		**3,488**
Capital requirements for countercyclical buffer		**2,949**		**2,790**
Total capital requirement		**18,435**		**17,438**

1) The risk exposure amount for central governments and central banks amounts to SEK 14 million (23) as a result of deferred tax pursuant to Article 48(4) of the CRR.
2) The risk-weighted amount for counterparty risk according to Article 92(3)(f) of the CRR, amounts to SEK 160 million (123).

Own funds SEK million	2024	2023
CET1 capital: Instruments and reserves		
Capital instruments and the related share premium accounts	50	50
Retained earnings	23,595	26,957
Accumulated other comprehensive income (and other reserves)	-2,954	-3,669
Independently verified net profit for the year net of any foreseeable charge or dividend [1]	827	-3,354
CET1 capital before regulatory adjustments	**21,518**	**19,984**
CET1 capital: Regulatory adjustments		
Additional value adjustments (negative amount)	-18	-24
Fair value reserves related to gains or losses on cash-flow hedges of financial instruments that are not valued at fair value	2,954	3,669
Negative amounts resulting from the calculation of expected loss amounts	-313	-302
Gains or losses on liabilities valued at fair value resulting from changes in own credit standing	–	–
Other regulatory adjustments [2]	-1	-1
Total regulatory adjustments to CET1 capital	**2,622**	**3,342**
CET1 capital	**24,140**	**23,326**
Additional Tier 1 capital		
Additional Tier 1 capital before regulatory adjustments	–	–
Additional Tier 1 capital: regulatory adjustments		
Total regulatory adjustments to Additional Tier 1 capital	–	–
Additional Tier 1 capital	–	–
Tier 1 capital (Tier 1 capital = CET1 + Additional Tier 1 capital)	**24,140**	**23,326**
Tier 2 capital		
Capital instruments and the related share premium accounts	–	–
Credit risk adjustments	4	2
Tier 2 capital before regulatory adjustments	–	2
Tier 2 capital: Regulatory adjustments		
Total regulatory adjustments to Tier 2 capital	–	–
Tier 2 capital	4	2
Total capital (Total capital=Tier 1 capital + Tier 2 capital)	**24,144**	**23,328**
Total risk-weighted exposure amount	**147,471**	**139,506**
Capital ratios and requirements including buffers, %		
CET1 capital	16.4	16.7
Tier 1 capital	16.4	16.7
Total capital	16.4	16.7
Institution – CET1 overall capital requirements	9.7	9.7
of which, capital conservation buffer requirement	*2.5*	*2.5*
of which, countercyclical buffer requirement	*2.0*	*2.0*
of which, systemic risk buffer requirement	–	–
of which, G-SII buffer and O-SII buffer	–	–
of which, additional own funds requirements to address risks other than the risk of excessive leverage	*0.7*	*0.7*
Common Equity Tier 1 capital (as a percentage of risk exposure amount) available after meeting the minimum capital requirements	7.1	7.5

[1] Net profit for the year was reduced by the expected dividend of SEK 579 million. The results have been verified by Deloitte AB pursuant to Article 26, Point 2a of the Capital Requirements Regulation.

[2] A marginal deduction has been made from own funds for the NPL backstop, in accordance with CRR Article 36, Point 1m.

Average risk weight for credit risk recognised using the IRB approach

SEK million	2024 Exposure before credit risk hedge	2024 Exposure after CCF	2024 Risk exposure amount	2024 Capital requirement	2024 Average risk weight, %	2023 Exposure before credit risk hedge	2023 Exposure after CCF	2023 Risk exposure amount	2023 Capital requirement	2023 Average risk weight, %
Credit risk in lending portfolio recognised under the IRB approach										
Exposures to corporates	158,880	158,636	49,467	3,957	31.2	150,283	149,988	46,961	3,757	31.3
Retail exposures	362,680	362,679	16,904	1,352	4.7	343,559	343,559	20,436	1,635	5.9
of which, single-family dwellings and holiday homes	*185,936*	*185,935*	*6,549*	*524*	*3.5*	*175,041*	*175,041*	*7,977*	*638*	*4.6*
of which, tenant-owners' rights	*176,744*	*176,744*	*10,355*	*828*	*5.9*	*168,518*	*168,518*	*12,459*	*997*	*7.4*
of which, tenant-owners' associations	–	–	–	–	–	–	–	–	–	–
Total credit risk under the IRB approach	**521,560**	**521,316**	**66,371**	**5,310**	**12.7**	**493,842**	**493,547**	**67,397**	**5,392**	**13.7**

RC:9 Internally assessed capital requirement

Within the framework of Pillar 2, the Basel regulations impose the requirement that banks' management and assessment of risks must be satisfactory to ensure that the banks can fulfil their obligations. To meet this requirement, the banks must have methods that enable them to continuously evaluate and uphold capital in an amount, type and distribution sufficient to cover the risks to which they are or will become exposed. This is known as the company's internal capital adequacy assessment process (ICAAP), which is part of SCBC's internal capital and liquidity adequacy assessment process. At present, liquidity risk does not give rise to any actual capital requirement for SCBC. Refer to Note RC 3 for more information about liquidity risk.

However, if the economic capital for risks included in Pillar 1 is less than the capital requirements under Pillar 1 for a given type of risk, the capital requirements under Pillar 1 are applied. The internally assessed capital requirement for SCBC amounted to SEK 7,526 million (7,727) on 31 December 2024. The internal capital requirement is assessed with the help of SCBC's internal models for economic capital and is not fully compatible with the capital requirements published by the Swedish FSA. SCBC estimates that the Swedish FSA's expected capital requirement as of 31 December 2024 amounts to SEK 20,262 million, of which SEK 1,829 million is the capital requirement under Pillar 2.

SCBC quantifies the internal capital requirement within the framework of the internal capital adequacy assessment process (ICAAP). The internal capital requirement is defined as the higher of economic capital and the regulatory capital requirement based on Pillar 1 and Pillar 2, and buffer requirements for each risk class. Additional information on the internal capital requirement can be found in the report "Capital Adequacy and Risk Management (Pillar 3)," which is published on www.sbab.se.

	SCBC 31 Dec 2024 Internally assessed capital requirement SEK million	SCBC 31 Dec 2023 Internally assessed capital requirement SEK million
Credit risk	5,372	5,405
Market risk	495	795
Operational risk	478	433
Concentration risk	1,124	1,029
Sovereign risk	0	0
CVA risk	57	65
Other risks [1]	0	0
Total	**7,526**	**7,727**
Total own funds	**24,144**	**23,328**

[1] Includes pension risk and business risk.

IC Income and expenses

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IC:1 Net interest income

SEK million	2024	2023
Interest income		
Lending to credit institutions	56	42
Lending to the public	20,167	16,340
Derivatives	1,561	3,041
Total	**21,784**	**19,423**
of which, interest income from financial assets that is not measured at FVTPL	*20,223*	*16,382*
Interest expense		
Liabilities to credit institutions	-5	-4
Issued debt securities	-4,983	-4,153
Subordinated debt[1]	-6,799	-4,293
Derivatives	-6,324	-6,932
Total	**-18,111**	**-15,382**
of which, interest expense from financial liabilities that is not measured at FVTPL	-11,787	*-8,450*
Net interest income	**3,673**	**4,041**

[1] The subordinated debt is issued by the Parent Company.

IC:2 Commission

SEK million	2024	2023
Commission income		
Commission on lending [1]	9	7
Total	**9**	**7**
Commission expense		
Commission on securities	-32	-43
Other commissions [2]	-21	-16
Total	**-53**	**-59**
Net commission	**-44**	**-52**

[1] Commission on lending is primarily recognised when the service is provided, in other words at a specific date.

[2] Other commissions are mainly recognised when these services are rendered, in other words, in a straight line over time.

IC:3 Net result of financial transactions

SEK million	2024	2023
Gains/losses on interest-bearing financial instruments		
Change in value of hedged items in hedge accounting	-1,551	-4,109
Derivatives in hedge accounting	1,536	4,123
Other derivatives	-255	-294
Realised gain/loss from financial liabilities at amortised cost	284	300
Loan receivables at amortised cost	14	-47
Currency translation effects	0	0
Total	**28**	**-27**

SCBC mainly uses derivatives to manage interest-rate and currency risk in the company's assets and liabilities. The derivatives are recognised at fair value in the balance sheet.

SCBC's policies for risk management and hedge accounting entail variations in results as a consequence of changed market interest rates, which can arise between periods for individual items in the above presentation. These are generally offset by variations in the results in other items. Variations in results that are not neutralised through risk management and hedge accounting are commented in the administration report.

IC:4 General administrative expenses

SEK million	2024	2023
Outsourcing expenses [1]	-1,451	-1,452
Other administrative expenses [2]	-4	-4
Total	**-1,455**	**-1,456**

[1] SCBC employs a CEO and 43 employees (44) 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.

[2] Fees and remuneration to the Board have been paid by SBAB and the expense then invoiced for to SCBC. The Board of Directors consists of four Board members and no remuneration was paid to Board members employed by the Parent Company. See page 46.

Fees and expenses to the elected auditors

SEK million	2024	2023
Audit assignment	-1.9	-2.0
Audit tasks in addition to audit assignment	-0.2	-0.2
Total	**-2.1**	**-2.2**

The AGM on 29 April 2024 appointed Deloitte as SCBC's auditors. The audit assignment includes examination of the annual report, the accounting records and the administration by the Board and CEO. The audit assignment also includes other assistance resulting from such examination.

Audit tasks in addition to the audit assignment pertain to the examination of interim reports/year-end report and such other duties that may only be performed by the signing-off auditor, such as the preparation of various types of certificates.

Remuneration to the Board

SEK thousand	Period	2024 Board of Directors	2024 Audit and Compliance Committee
Jan Sinclair, Chairman of the Board [1]	1 Jan–31 Dec 2024	208	-
Jane Lundgren Ericsson, Board Member [2]	1 Jan–31 Dec 2024	149	-
Synnöve Trygg, Board Member [3]	1 Jan–31 Dec 2024	149	-
Mikael Inglander, Board Member	1 Jan–31 Dec 2024	-	-
Total Fees & Remuneration 2024		**506**	-

SEK thousand	Period	2023 Board of Directors	2023 Audit and Compliance Committee
Jan Sinclair, Chairman of the Board [1]	1 Jan–31 Dec 2023	200	-
Jane Lundgren Ericsson, Board Member [2]	1 Jan–31 Dec 2023	144	-
Synnöve Trygg, Board Member [3]	1 Jan–31 Dec 2023	144	-
Mikael Inglander, Board Member	1 Jan–31 Dec 2023	-	-
Total Fees & Remuneration 2023		**488**	-

[1] Jan Sinclair also receives Board fees and fees for work on committees from SBAB of SEK 583 thousand (563) and SEK 174 thousand (170) respectively.
[2] Jane Lundgren Ericsson also receives Board fees and fees for work on committees from SBAB of SEK 281 thousand (270) and SEK 183 thousand (176) respectively.
[3] Synnöve Trygg also receives Board fees and fees for work on committees from SBAB of SEK 281 thousand (270) and SEK 156 thousand (150) respectively.

No remuneration was paid to Board members employed by the Parent Company or to the CEO of SCBC.

IC:5 Net credit losses

SEK million	2024	2023
Lending to the public		
Confirmed credit losses	-6	-4
Recoveries of previously confirmed credit losses	-	-
Adjustment of interest, written down loans	3	2
Change in provision for the year – credit stage 1	19	5
Change in provision for the year – credit stage 2	1	18
Change in provision for the year – credit stage 3	-64	-91
Guarantees	0	-3
Total	**-47**	**-73**

IC:6 Imposed fees

SEK million	2024	2023
Risk tax	-197	-199
Resolution fee	-171	-149
Total	**-368**	**-347**

TX Tax

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TX:1 Tax

SEK million	2024	2023
Current tax	-362	-430
Deferred tax on changes in temporary differences	-3	3
Total	**-365**	**-427**
The effective tax rate differs from the nominal tax rate in Sweden as below		
Profit before tax	1,770	2,073
Nominal tax rate in Sweden 20.6%	-365	-427
Total tax	**-365**	**-427**
Effective tax rate, %	20.6	20.6

TX:2 Deferred tax

SEK million	2024	2023
Deferred tax assets (+)/tax liabilities (-) for temporary differences in:		
Stock of financial instruments	6	9
Hedging instruments	766	952
Total	**772**	**961**
Change in deferred tax		
Deferred tax in the income statement	-3	3
Deferred tax attributable to items recognised directly against other comprehensive income	-186	-732
Total	**-189**	**-729**
Deferred tax distributed by expected maturity date, carrying amount		
More than 1 year	772	961
Total	**772**	**961**

A Assets

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A:1 Lending to credit institutions

SEK million	2024	2023
Lending in SEK	1,528	1,369
Lending in foreign currency	10	10
Total	**1,538**	**1,379**
of which, repos	*1,528*	*1,369*

Interest-bearing securities that SCBC purchases with an obligation to sell at a predetermined price are not recognised in the balance sheet, while the purchase price paid is recognised in the balance sheet under Lending to credit institutions. The securities are regarded as collateral received and can be pledged or sold by SCBC. In the event that the counterparty is unable to meet its repurchase obligation, SCBC is entitled to keep the security. The fair value of collateral received was SEK 1,523 million (1,405), of which SEK – (1,405) was pledged or sold.

A:2 Lending to the public

SEK million	2024	2023
Opening balance	**493,220**	**483,738**
Transferred to/from Group companies	71,756	46,457
Repayment of borrowings	-881	-936
Redemption	-43,274	-35,967
Confirmed credit losses	-6	-4
Change in provision for expected credit losses [1)]	-44	-68
Closing balance	**520,771**	**493,220**

[1)] For more information, please refer to Note IC 5.

Distribution of lending, including provisions, SEK million	2024	2023
Lending, Residential mortgages	362,334	343,405
Lending, Corporate Clients & Tenant-Owners' Associations	158,437	149,815
Total	**520,771**	**493,220**

Lending to the public by credit stage – compared with opening balance

SEK million	31 Dec 2024	31 Dec 2023
Credit stage 1		
Gross lending	486,631	449,733
Provision	-29	-48
Total	**486,602**	**449,685**
Credit stage 2		
Gross lending	33,580	43,063
Provision	-60	-61
Total	**33,520**	**43,002**
Credit stage 3		
Gross lending	828	648
Provision	-179	-115
Total	**649**	**533**
Total gross lending	**521,039**	**493,444**
Total provisions	**-268**	**-224**
Total	**520,771**	**493,220**

For more information regarding changes pertaining to gross lending and loss allowances for the respective credit stages and segments, please refer to Note RC 1.

A:3 Derivatives and hedge accounting

	2024				2023			
SEK million	Assets measured at fair value	Liabilities measured at fair value	Nominal amount	Year's value change on hedge ineffectiveness	Assets measured at fair value	Liabilities measured at fair value	Nominal amount	Year's value change on hedge ineffectiveness
Derivatives in fair value hedges								
Interest-rate-related	2,247	5,076	255,507	1,536	2,885	7,140	273,425	4,143
Currency-related	-	-	-	-	-	-	-	-
Total	**2,247**	**5,076**	**255,507**	**1,536**	**2,885**	**7,140**	**273,425**	**4,143**
Derivatives in cash-flow hedges								
Interest-rate-related	469	3,440	76,397	1,373	416	4,952	85,299	3,855
Currency-related	6,810	-	69,219	-472	6,821	256	78,795	-299
Total	**7,279**	**3,440**	**145,616**	**901**	**7,237**	**5,208**	**164,094**	**3,556**
Other derivatives								
Interest-rate-related	-	-	-	-	0	32	13,000	-
Currency-related	-	-	-	-	-	-	-	-
Total	**-**	**-**	**-**	**-**	**0**	**32**	**13,000**	**-**

Currency interest-rate swaps are classified as currency-related.

Derivatives allocated by remaining maturity, carrying amounts

	2024		2023	
SEK million	Fair value	Nominal amount	Fair value	Nominal amount
Maximum 3 months	1,180	23,064	1,509	37,440
3–12 months	626	47,645	131	67,250
1–5 years	670	237,027	-794	246,305
Longer than five years	-1,466	93,387	-3,105	99,524
Total	**1,010**	**401,123**	**-2,259**	**450,519**

Hedged items in fair value hedges:

SEK million	2024 Carrying amount	Revaluation for the period of hedged items in fair value hedges	Accrued value adjustment from fair value hedges	Gain/loss on terminated hedges	Remaining accrued value adjustment on terminated hedges
Assets					
Lending to the public	78,639	-	-	-	-
Value changes of interest-rate-risk hedged items in macro hedges	-357	1,208	-357	-	-
Total assets	**78,282**	**1,208**	**-357**	**-**	**-**
Liabilities					
Issued debt securities, etc.	171,142	2,742	-3,625	17	-
Total liabilities	**171,142**	**2,742**	**-3,625**	**17**	**-**
Net assets – liabilities	**-92,860**	**-1,534**	**3,268**	**-17**	**-**
Hedging instruments		1,536			
Ineffectiveness		2			

SEK million	2023 Carrying amount	Revaluation for the period of hedged items in fair value hedges	Accrued value adjustment from fair value hedges	Gain/loss on terminated hedges	Remaining accrued value adjustment on terminated hedges
Assets					
Lending to the public	78,639	-	-	-	-
Value changes of interest-rate-risk hedged items in macro hedges	-357	1,208	-357	-1	-
Total assets	**78,282**	**1,208**	**-357**	**-1**	
Liabilities					
Issued debt securities, etc.	174,572	7,484	-6,367	3	-17
Total liabilities	**174,572**	**7,484**	**-6,367**	**3**	**-17**
Net assets – liabilities	**-84,808**	**-4,104**	**4,802**	**-4**	**17**
Hedging instruments		4,143			
Ineffectiveness		39			

Hedged items in cash-flow hedges

SEK million	2024 Revaluation for the period of hedged items in cash-flow hedges	Accrued value adjustment from cash-flow hedges	Gain/loss on terminated hedges reclassified to Net result of financial transactions	Remaining accrued value adjustment on terminated hedges
Hedged items in cash-flow hedges:				
Hedged items/Hypothetical derivatives	-901	3,720	-	-
Total	**-901**	**3,720**	**-**	**-**
Hedging instruments	901			
Ineffectiveness	0			
Hedge reserve	901	-3,720	-	-

SEK million	2023 Revaluation for the period of hedged items in cash-flow hedges	Accrued value adjustment from cash-flow hedges	Gain/loss on terminated hedges reclassified to Net result of financial transactions	Remaining accrued value adjustment on terminated hedges
Hedged items in cash-flow hedges:				
Hedged items/Hypothetical derivatives	-3,556	4,621	-	-
Total	**-3,556**	**4,621**	**-**	**-**
Hedging instruments	3,556			
Ineffectiveness	0			
Hedge reserve	**3,556**	**-4,621**	**-**	**-**

Hedge ineffectiveness recognised in profit or loss:

SEK million	2024 Hedging gains and losses recognised in "Net result of financial transactions"	2023 Hedging gains and losses recognised in "Net result of financial transactions"
Fair value hedges	2	39
Cash-flow hedges	0	0
Total	**2**	**39**

The accounting policies for hedge accounting are described in Note G 1.
The Group's liquidity and market risks are described in notes RC 3 and RC 4.

A:4 Other assets

SEK million	2024	2023
Tax assets	-	-
Interest receivables	187	179
Total	**187**	**179**
Other assets distributed by remaining maturity, carrying amount		
Maximum 1 year	187	179
Total	**187**	**179**

A:5 Prepaid expenses and accrued income

SEK million	2024	2023
Accrued interest income	304	298
Other accrued income	8	24
Total	**312**	**322**
Prepaid expenses and accrued income distributed by remaining maturity, carrying amount		
Maximum 1 year	312	322
More than 1 year	0	0
Total	**312**	**322**

L Liabilities

L:1 Liabilities to credit institutions

SEK million	2024	2023
Liabilities in SEK	1	0
Liabilities in foreign currencies	0	0
Total	**1**	**0**
of which, repos	*1*	*0*

L:2 Issued debt securities, etc.

SEK million	2024	2023
Bond loans		
Bond loans in SEK		
– at amortised cost	57,674	66,392
– in fair value hedges	171,142	174,572
Bonds loans in foreign currency		
– at amortised cost	76,394	85,212
– in fair value hedges	-	-
Total issued debt securities	**305,210**	**326,176**
of which, covered bonds	*305,210*	*326,176*

See also the Funding section, page 7.

L:3 Other liabilities

SEK million	2024	2023
Liabilities to employees	23	34
Other	23	198
Total	**46**	**232**
Other liabilities distributed by remaining maturity, carrying amount		
Maximum 1 year	46	232
Total	**46**	**232**

L:4 Accrued expenses and deferred income

SEK million	2024	2023
Accrued interest expense	3,317	2,976
Other accrued expenses[1)]	74	81
Total	**3,391**	**3,057**
Accrued expenses and deferred income distributed by remaining maturity, carrying amount		
Maximum 1 year	3,391	3,057
Total	**3,391**	**3,057**

1) SCBC paid a Group contribution of SEK 10 million (30) to fellow Group company Booli Search Technologies AB.

L:5 Subordinated debt to the Parent Company

SEK million	2024	2023
Subordinated debt to the Parent Company	193,488	137,789
– Of which, internal Group MREL instruments	*24,000*	*24,000*
Total	**193,488**	**137,789**

Terms and conditions governing subordination
The subordinated debt is issued by the Parent Company. The subordinated debt is subordinate to the company's other liabilities in the event of receivership or liquidation, which means that it carries an entitlement to payment only after other claimants have received payment.

Internal Group MREL instruments
Of the subordinated debt to the Parent Company SBAB Bank AB (publ), which amounts to SEK 193,488 million (137,789), SEK 24,000 million (24,000) comprises internal Group debt instruments (senior non-preferred notes) that were issued by SCBC to the Parent Company for the purpose of meeting the minimum requirement for own funds and eligible liabilities (MREL) announced by the Swedish National Debt Office in SCBC. The internal Group MREL instruments are subordinate to other subordinated debt to the Parent Company.

EQ Equity p. 54

EQ:1 Equity

The share capital amounted to SEK 50,000,000. On 31 December 2024, the number of shares was 500,000 (500,000), each with a quotient value of SEK 100. All shares are held by the Parent Company, SBAB Bank AB (publ), Corp. Reg. No. 556253-7513. Unrestricted equity in SCBC amounts to SEK 22,047 million (24,934).

Group contributions are proposed by the Board in accordance with the provisions of the Companies Act and are resolved by the Annual General Meeting, refer to Note G 3.

Further information on changes in equity is provided on page 18.

Specification of changes in the fair value reserve

SEK million	2024	2023
Cash-flow hedges, opening balance	**-3,669**	**-6,493**
Unrealised change in value over the year	901	1,265
Reclassified to profit or loss during the year	-414	2,291
Tax attributable to the change	-186	-732
Cash-flow hedges, closing balance	**-2,954**	**-3,669**
Total	**-2,954**	**-3,669**

AC Assets pledged for own liabilities p. 54

AC:1 Assets pledged for own liabilities

SEK million	2024	2023
Loan receivables	403,067	453,203
Repos	1,528	1,369
Total	**404,595**	**454,572**

Of the total lending portfolio, see Note A 1 and Note A 2 “Lending to credit institutions,” the values reported above represent the carrying amount for the cover pool for covered bonds, which amounted to SEK 305.2 billion (362.2).

Loan receivables pledged as collateral mainly consist of the registered cover pool benefiting holders of covered bonds issued by SCBC and SCBC’s covered derivative counterparties. In the event that the company becomes insolvent, the holders of the covered bonds and the covered derivative counterparties have priority rights to the pledged assets under the Covered Bonds Issuance Act and the Rights of Priority Act.

Further information on loan receivables and repos is given in Note G 1.

FI Financial instruments

pp. 55-57

FI:1 Classification of financial instruments

Financial assets

SEK million	31 Dec 2024 Financial assets measured at FVTPL Derivatives in hedge accounting	Other (Obligatory) classification	Financial assets measured at amortised cost	Total	Total fair value
Lending to credit institutions	-	-	1,538	1,538	1,538
Lending to the public	-	-	520,771	520,771	519,265
Value changes of interest-rate-risk hedged items in macro hedges	-	-	-357	-357	-
Derivatives	9,526	-	-	9,526	9,526
Other assets	-	-	171	171	171
Prepaid expenses and accrued income	-	-	312	312	312
Total	**9,526**	-	**522,435**	**531,961**	**530,812**

Financial liabilities

SEK million	31 Dec 2024 Financial liabilities measured at FVTPL Derivatives in hedge accounting	Held for trading	Financial liabilities measured at amortised cost	Total	Total fair value
Liabilities to credit institutions	–	–	1	1	1
Issued debt securities, etc.	–	–	305,210	305,210	301,249
Derivatives	8,516	–	–	8,516	8,516
Other liabilities	–	–	46	46	46
Accrued expenses and deferred income	–	–	3,391	3,391	3,391
Subordinated debt to the Parent Company	–	–	193,488	193,488	193,488
Total	**8,516**	–	**502,136**	**510,652**	**506,691**

Financial assets

SEK million	31 Dec 2023 Financial assets measured at FVTPL Derivatives in hedge accounting	Other (Obligatory) classification	Financial assets measured at amortised cost	Total	Total fair value
Lending to credit institutions	-	-	1,379	1,379	1,379
Lending to the public	-	-	493,220	493,220	486,713
Value changes of interest-rate-risk hedged items in macro hedges	-	-	-1,565	-1,565	-
Derivatives	10,122	0	-	10,122	10,122
Other assets	-	-	179	179	179
Prepaid expenses and accrued income	-	-	321	321	321
Total	**10,122**	**0**	**493,534**	**503,655**	**498,714**

Financial liabilities

SEK million	31 Dec 2023 Financial liabilities measured at FVTPL: Derivatives in hedge accounting	Held for trading	Financial liabilities measured at amortised cost	Total	Total fair value
Liabilities to credit institutions	-	-	0	0	0
Issued debt securities, etc.	-	-	326,176	326,176	318,285
Derivatives	12,354	26	-	12,380	12,380
Other liabilities	-	-	70	70	70
Accrued expenses and deferred income	-	-	3,057	3,057	3,057
Subordinated debt to the Parent Company	-	-	137,789	137,789	137,789
Total	**12,354**	**26**	**467,092**	**479,472**	**471,581**

Fair value measurement of financial instruments
The measurement policies for financial instruments recognised at fair value in the balance sheet are provided in Note G 1. In the Total fair value column above, information is also provided on the fair value of financial instruments that are recognised at amortised cost in the balance sheet. The carrying amounts for current receivables and liabilities, including subordinated debt to the Parent Company, have been assessed as equal to their fair values. For Lending to the public, the fair value of issued debt securities is established based on generally accepted valuation techniques. Calculations made in conjunction with measurement are based on observable market data with the exception of the credit margin when valuing lending to the public. The models are based on discounted cash flows. Issued securities are measured at the current borrowing interest rate, Level 2. For lending to the public, where no observable credit margin data is available at the time of measurement, the credit margin on the most recent stipulated date of expiry is applied to set the discount rate, Level 3.

FI:2 Fair value disclosures

SEK million	2024 Quoted market prices (Level 1)	2024 Other observable market data (Level 2)	2024 Unobservable market data (Level 3)	2024 Total	2023 Quoted market prices (Level 1)	2023 Other observable market data (Level 2)	2023 Unobservable market data (Level 3)	2023 Total
Assets								
Derivatives	-	9,526	-	9,526	-	10,122	-	10,122
Total	-	**9,526**	-	**9,526**	-	**10,122**	-	**10,122**
Liabilities								
Derivatives	-	8,516	-	8,516	-	12,380	-	12,380
Total	-	**8,516**	-	**8,516**	-	**12,380**	-	**12,380**

In the table, financial assets and liabilities recognised at fair value in the balance sheet are divided on the basis of the measurement methods used.

No transfers were made between levels in 2023 and 2024.

Quoted market prices (Level 1)
Measurement at quoted prices in an active market for identical assets and liabilities. A market is deemed to be active if the price data is easily accessible and corresponds to actual regularly occurring transactions. This measurement method is currently not used on any asset or liability.

Measurement based on observable market data (Level 2)
Measurement aided by external market information other than quoted prices included in Level 1, such as quoted interest rates or prices for closely related instruments. The main tools used are models based on discounted cash flows. This group includes all non-quoted derivatives.

Measurement based in part on unobservable market data (Level 3)
Measurement whereby a material input in the model is based on estimates or assumptions that do not originate directly from the market. This method is currently not used on any asset or liability.

FI:3 Offsetting disclosures

Financial instruments offset in the balance sheet or encompassed by netting agreements

2024

SEK million	Amounts reported in the balance sheet		Related amounts not offset in the balance sheet				
	Amounts subject to offsetting	Amounts not offset in the balance sheet	Amounts reported in the balance sheet	Financial instruments	Provided (+)/ Received (-) collateral – securities	Provided (+)/ Received (-) cash collateral	Net amount
Assets							
Derivatives	9,526	-	9,526	-8,500	-	-	1,026
Repos	3,893	-2,365	1,528	-	-1,524	-	4
Liabilities							
Derivatives	-8,516	-	-8,516	8,500	-	-	-16
Repos	-2,366	2,365	-1	0	1	-	0
Total	**2,537**	**0**	**2,537**	**0**	**-1,523**	0	**1,014**

2023

SEK million	Amounts reported in the balance sheet		Related amounts not offset in the balance sheet				
	Amounts subject to offsetting	Amounts not offset in the balance sheet	Amounts reported in the balance sheet	Financial instruments	Provided (+)/ Received (-) collateral – securities	Provided (+)/ Received (-) cash collateral	Net amount
Assets							
Derivatives	10,122	-	10,122	-10,122	-	-	0
Repos	1,369	0	1,369	-	-1,369	-	0
Liabilities							
Derivatives	-12,380	-	-12,380	10,122	-	-	-2,259
Repos	0	0	0	-	0	-	0
Total	**-899**	**0**	**-899**	**0**	**-1,369**	-	**-2,259**

To limit the potential counterparty risk associated with derivative transactions involving non-standardised derivatives that are not cleared by clearing organisations approved by the competent authority (in accordance with Regulation (EU) No 648/2012), a framework agreement is to be entered into with the counterparty. Where appropriate, such framework agreements, which are known as ISDA Master Agreements or similar agreements, have been supplemented with associated collateral agreements, known as a Credit Support Annex (CSA).

A CSA must always be established for counterparties entering into derivative contracts with SCBC.

Counterparty risk is reconciled on a daily basis for all counterparties. Reconciliation is performed on a daily basis or on a weekly basis if a CSA has been entered into. 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. Repos are recognised in the balance sheet under the headings Lending and Liabilities to credit institutions, respectively.

For further information on offsetting, see Note RC 2, in the section on Counterparty risk.

The Board of Directors' signatures

The Board and the CEO certify that the annual accounts were prepared in accordance with the Swedish Annual Accounts Act for Credit Institutions and Securities Companies and in accordance with generally accepted accounting practices for credit market companies, and provide a true and fair view of the company's position and earnings. In accordance with Chapter 6, Section 2, Item 2 of the Annual Accounts Act for Credit Institutions and Securities Companies, the Board considers the company's equity to be sufficient in relation to the scope and risks of the operations.

The administration report provides an accurate overview of the operations, financial position and performance of the company, and describes the significant risks and uncertainties faced by the company.

Solna, 18 March 2025

Jan Sinclair
Chairman of the Board

Jane Lundgren Ericsson
Board Member

Mikael Inglander
Board Member

Synnöve Trygg
Board Member

Fredrik Jönsson
CEO

Our audit report was submitted on 18 March 2025

Deloitte AB
Malin Lüning
Authorised Public Accountant

Auditor's Report

To the general meeting of the shareholders of AB Sveriges Säkerställda Obligationer (publ) corporate identity number 556645-9755

Report on the annual accounts

Opinions
We have audited the annual accounts of AB Sveriges Säkerställda Obligationer (publ) ("SCBC") for the financial year 2024-01-01 - 2024-12-31 except for the corporate governance statement on pages 10-13. The annual accounts of the company are included on pages 4-58 and 15-55 in this document.

In our opinion, the annual accounts have been prepared in accordance with the Annual Accounts Act for Credit Institutions and Securities Companies and present fairly, in all material respects, the financial position of the company as of 31 December 2024 and its financial performance and cash flow for the year then ended in accordance with the Annual Accounts Act for Credit Institutions and Securities Companies. Our opinions do not cover the corporate governance statement on pages 10-13. The statutory administration report is consistent with the other parts of the annual accounts.

We therefore recommend that the general meeting of shareholders adopts the income statement and balance sheet for the company.

Our opinions in this report on the annual accounts are consistent with the content of the additional report that has been submitted to the company's audit committee in accordance with the Audit Regulation (537/2014) Article 11.

Basis for Opinions
We conducted our audit in accordance with International Standards on Auditing (ISA) and generally accepted auditing standards in Sweden. Our responsibilities under those standards are further described in the Auditor's Responsibilities section. We are independent of the company in accordance with professional ethics for accountants in Sweden and have otherwise fulfilled our ethical responsibilities in accordance with these requirements. This includes that, based on the best of our knowledge and belief, no prohibited services referred to in the Audit Regulation (537/2014) Article 5.1 have been provided to the audited company or, where applicable, its parent company or its controlled companies within the EU.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinions.

Key Audit Matters
Key audit matters of the audit are those matters that, in our professional judgment, were of most significance in our audit of the annual accounts of the current period. These matters were addressed in the context of our audit of, and in forming our opinion thereon, the annual accounts as a whole, but we do not provide a separate opinion on these matters.

Judgments and estimates with respect to valuation of loan receivables
Recognition and measurement of financial instruments as regulated in IFRS 9 is a complex area with significant impact on SCBC's business and financial reporting. IFRS 9 is a complex accounting standard which requires significant judgment to determine the loan loss provision.

Key areas of judgment include:

- The interpretation of the requirements to determine loan loss provisions under application of IFRS 9, which is reflected in the Bank's expected credit loss model.
- The identification of exposures with a significant deterioration in credit quality.
- Assumptions used in the expected credit loss model such as the financial condition of the counterparty, expected future cash flows and forward-looking macroeconomic factors (unemployment rates, interest rates and property prices).

At December 31, 2024, loans to the public amounted to 520 771 million SEK, with loan loss provisions of 268 million SEK. Given the significance of loans to the public (representing c. 98% of total assets), the impact from the inherent uncertainty and subjectivity involved in assessing loan loss provisions, as well as the extensive disclosures required under IFRS 9, we consider this to be a key audit matter for our audit.

Refer to critical judgments and estimates in note G:1 in the financial statements and related disclosures of credit risk in note RC:1.

Our audit procedures included, but were not limited to:

- We evaluated relevant controls within the loan loss provision process to verify if they are appropriately designed and implemented during the year. We also obtained an understanding of the process for key decisions from management and committee meetings that form part of the approval process for loan loss provisions.
- We obtained an understanding of system-based and manual controls over the recognition and measurement of loan loss provisions and for key controls designed tests to verify if the controls were implemented during the year.
- We assessed, supported by our credit risk modelling specialists, the modelling techniques and model methodologies against the requirements of IFRS 9.
- We assessed the sufficiency of the underlying models developed for implemented loan loss provisions.
- We have audited a selection of loans with identifiable worsened credit to evaluate the reasonableness in the bank's judgement of the loan loss provision for these loans.
- Finally, we assessed the completeness and accuracy of the disclosures relating to loan loss provision to assess compliance with disclosure requirements included in IFRS accounting standards.

IT-systems that support complete and accurate financial reporting
SCBC is dependent on IT-systems to ensure complete and accurate processing of financial transactions and support the overall internal control framework. Many of SCBC's internal controls over financial reporting are dependent upon automated application controls and completeness and integrity of reports generated by the IT-systems. Given the high dependency on technology, we consider this to be a key audit matter for our audit.

The following risks that could affect the financial reporting were identified:

- Incorrect and unauthorized changes to the IT environment
- Lack of operational and monitoring routines for the IT environment
- Incorrect and inadequate configuration of information security

Our audit procedures included, but were not limited to:

- We have audited the management's tests and controls in connection with changes in the IT environment.
- We have examined the process for monitoring the IT-System.
- We have reviewed the process of identity and access management, including assignment, change and removal of access rights.
- We have evaluated that processes and tools for ensuring access to information based on user needs and operational requirements, including back-up of information and restoring routines, are appropriately designed.

Other information than the annual accounts and consolidated accounts
This document also contains other information than the annual accounts and consolidated accounts and is found on pages 3 and 62-63. The Board of Directors and the Managing Director are responsible for this other information.

Our opinion on the annual accounts and consolidated accounts does not cover this other information and we do not express any form of assurance conclusion regarding this other information.

In connection with our audit of the annual accounts and consolidated accounts, our responsibility is to read the information identified above and consider whether the information is materially inconsistent with the annual accounts and consolidated accounts. In this procedure we also take into account our knowledge otherwise obtained in the audit and assess whether the information otherwise appears to be materially misstated.

If we, based on the work performed concerning this information, conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of the Board of Directors and the Managing Director

The Board of Directors and the Managing Director are responsible for the preparation of the annual accounts and that they give a fair presentation in accordance with the Annual Accounts Act for Credit Institutions and Securities Companies. The Board of Directors and the Managing Director are also responsible for such internal control as they determine is necessary to enable the preparation of annual accounts that are free from material misstatement, whether due to fraud or error.

In preparing the annual accounts, The Board of Directors and the Managing Director are responsible for the assessment of the company's ability to continue as a going concern. They disclose, as applicable, matters related to going concern and using the going concern basis of accounting. The going concern basis of accounting is however not applied if the Board of Directors and the Managing Director intends to liquidate the company, to cease operations, or has no realistic alternative but to do so.

The Audit Committee shall, without prejudice to the Board of Director's responsibilities and tasks in general, among other things oversee the company's financial reporting process.

Auditor's responsibility

Our objectives are to obtain reasonable assurance about whether the annual accounts as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinions. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs and generally accepted auditing standards in Sweden will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these annual accounts.

A further description of our responsibilities for the audit of the annual accounts is located at the Swedish Inspectorate of Auditors website: www.revisorsinspektionen.se/revisornsansvar. This description forms part of the auditor´s report".

From the matters communicated with the Board of Directors, we determine those matters that were of most significance in the audit of the annual accounts, including the most important assessed risks for material misstatement, and are therefore the key audit matters. We describe these matters in the auditor's report unless law or regulation precludes disclosure about the matter.

Report on other legal and regulatory requirements

Opinions
In addition to our audit of the annual accounts, we have also audited the administration of the Board of Directors and the Managing Director of AB Sveriges Säkerställda Obligationer (publ) for the financial year 2024-01-01 - 2024-12-31 and the proposed appropriations of the company's profit or loss.

We recommend to the general meeting of shareholders that the profit to be appropriated in accordance with the proposal in the statutory administration report and that the members of the Board of Directors and the Managing Director be discharged from liability for the financial year.

Basis for Opinions
We conducted the audit in accordance with generally accepted auditing standards in Sweden. Our responsibilities under those standards are further described in the Auditor's Responsibilities section. We are independent of the company in accordance with professional ethics for accountants in Sweden and have otherwise fulfilled our ethical responsibilities in accordance with these requirements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinions.

Responsibilities of the Board of Directors and the Managing Director
The Board of Directors is responsible for the proposal for appropriations of the company's profit or loss. At the proposal of a dividend, this includes an assessment of whether the dividend is justifiable considering the requirements which the company's type of operations, size and risks place on the size of the company's equity, consolidation requirements, liquidity and position in general.

The Board of Directors is responsible for the company's organization and the administration of the company's affairs. This includes among other things continuous assessment of the company's and the financial situation and ensuring that the company's organization is designed so that the accounting, management of assets and the company's financial affairs otherwise are controlled in a reassuring manner. The Managing Director shall manage the ongoing administration according to the Board of Directors' guidelines and instructions and among other matters take measures that are necessary to fulfill the company's accounting in accordance with law and handle the management of assets in a reassuring manner.

Auditor's responsibility
Our objective concerning the audit of the administration, and thereby our opinion about discharge from liability, is to obtain audit evidence to assess with a reasonable degree of assurance whether any member of the Board of Directors or the Managing Director in any material respect:

- has undertaken any action or been guilty of any omission which can give rise to liability to the company, or
- in any other way has acted in contravention of the Companies Act, the Annual Accounts Act for Credit Institutions and Securities Companies or the Articles of Association.

Our objective concerning the audit of the proposed appropriations of the company's profit or loss, and thereby our opinion about this, is to assess with reasonable degree of assurance whether the proposal is in accordance with the Companies Act.

Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with generally accepted auditing standards in Sweden will always detect actions or omissions that can give rise to liability to the company, or that the proposed appropriations of the company's profit or loss are not in accordance with the Companies Act.

As part of an audit according to generally accepted auditing standards in Sweden we use professional judgement and have a professional sceptical attitude throughout the whole audit. The audit of the company's administration and proposal for appropriations of the company's profit or loss is based mainly on the audit of the financials. What other additional audit procedures that is performed is based on our professional judgement and stems from risk and materiality. This means our main focus in the audit are procedures, areas and conditions in which are material for the operations and where deviations would have material impact on the company's situation. We asses made decisions, underlying documentation for decisions, taken measures and other conditions relevant for our opinion about discharge from liability. As grounds for our opinion of the Board of Directors proposed appropriations of the company's profit or loss we have audited the Board's motivation and a selection of the underlying documentation in regards to this in order to be able to asses if the proposal is in accordance with the Companies Act.

The auditor's examination of the corporate governance statement
The Board of Directors is responsible for that the corporate governance statement on pages 10-13 has been prepared in accordance with the Annual Accounts Act.

Our examination of the corporate governance statement is conducted in accordance with FAR´s standard Rev 16 The auditor´s examination of the corporate governance statement. This means that our examination of the corporate governance statement is different and substantially less in scope than an audit conducted in accordance with International Standards on Auditing and generally accepted auditing standards in Sweden. We believe that the examination has provided us with sufficient basis for our opinions.

A corporate governance statement has been prepared. Disclosures in accordance with chapter 6 section 6 the second paragraph points 2-6 of the Annual Accounts Act and chapter 7 section 31 the second paragraph the same law are consistent with the other parts of the annual accounts and are in accordance with the Annual Accounts Act for Credit Institutions and Securities Companies.

Deloitte AB, was appointed auditor of AB Sveriges Säkerställda Obligationer by the general meeting of the shareholders on the 2024-04-24 and has been the company's auditor since 2016-04-28.

Stockholm 18 March 2025
Deloitte AB

Signature on Swedish original

Malin Lüning
Authorised Public Accountant

Five-year overview

Income-statement items

SEK million	2024	2023	2022	2021	2020
Interest income	21,784	19,423	8,376	5,517	5,550
Interest expense	-18,111	-15,382	-4,589	-1,995	-2,396
Net interest income	**3,673**	**4,041**	**3,787**	**3,522**	**3,154**
Other operating income[1]	-17	-79	-126	-105	-146
Total operating income	**3,656**	**3,962**	**3,661**	**3,417**	**3,008**
Operating expenses	-1,470	-1,469	-1,344	-1,305	-1,190
Total operating expenses	**-1,470**	**-1,469**	**-1,344**	**-1,305**	**-1,190**
Profit before credit losses	2,186	2,493	2,317	2,112	1,818
Net credit losses	-47	-73	-39	7	-21
Imposed fees: Risk tax and resolution fee	-368	-347	-300	-	-
Operating profit	**1,771**	**2,073**	**1,978**	**2,119**	**1,797**

Balance-sheet items

SEK million	2024	2023	2022	2021	2020
Lending portfolio	520,771	493,220	483,738	442,067	398,029
Deferred tax assets	772	961	1,690	0	0
Other assets	11,206	10,437	8,885	5,507	9,794
Total assets	**532,749**	**504,618**	**494,313**	**447,574**	**407,823**
Issued debt securities, etc.	305,210	326,176	328,881	300,913	263,863
Other liabilities	11,954	15,669	24,188	19,191	14,616
Deferred tax liabilities	-	-	-	225	586
Subordinated debt to the Parent Company	193,488	137,789	127,506	107,718	109,515
Equity	22,097	24,984	13,738	19,527	19,243
Total liabilities and equity	**532,749**	**504,618**	**494,313**	**447,574**	**407,823**

Key metrics

%	2024	2023	2022	2021	2020
Net interest margin	0.71	0.81	0.80	0.82	0.81
Credit loss ratio	-0.01	-0.01	-0.01	0.00	-0.01
C/I ratio	40	37	37	38	40
Return on assets	0.3	0.3	0.3	0.4	0.4
Return on equity	5.8	6.7	8.1	9.4	8.5
CET1 capital ratio without transitional rules	16.4	16.7	15.9	16.3	16.3
Tier 1 capital ratio without transitional rules	16.4	16.7	15.9	16.3	16.3
Total capital ratio without transitional rules	16.4	16.7	15.9	16.3	16.3
Total capital ratio with transitional rules	16.4	16.7	15.9	16.3	16.3
Equity ratio	4.1	5.0	2.8	4.4	4.7
Consolidation ratio	4.1	5.0	2.8	4.4	4.9
Number of employees	44	45	40	40	36

[1] The item includes net commission, the net result of financial transactions and other operating income.

Alternative performance measures

Alternative performance measures (APMs) are financial metrics of historical or future performance, financial position or cash flows that are not defined in the applicable rules for financial reporting (for example, IFRS and the Swedish Annual Accounts Act) or in the EU's Capital Requirements Directive (CRD IV)/ Capital Requirements Regulation (CRR).

SCBC uses APMs when these are relevant for the presentation and follow-up of the Group's financial position and when these metrics are deemed to provide additional valuable information to readers of the financial reports. SCBC has also chosen to present the APMs as they are in common use within the industry. APMs can be calculated with various approaches and, accordingly, SCBC's metrics are not directly comparable with similar metrics presented by other companies.

Credit loss ratio

Definition: Credit losses in relation to total lending (closing balances).

The APM aims to provide the reader with further information regarding the relative ratio of credit losses to total lending.

SEK million	2024	2023
Credit losses	-46	-73
Lending to the public	520,771	493,220
Credit loss ratio, %	**-0.01**	**-0.01**

Return on equity

Definition: Profit after tax in relation to average (calculated using the opening and closing balances) equity, after adjustment for value changes in financial assets recognised in equity.

The APM aims to provide the reader with further information regarding SCBC's profitability.

SEK million	2024	2023
Profit after tax	1,406	1,646
Average equity	24,352	24,442
Return on equity, %	**5.8**	**6.7**

Net interest margin

Definition: Net interest income in relation to average (calculated using the opening and closing balances for the reporting period) total assets.

The APM aims to provide the reader with further information regarding SCBC's profitability.

SEK million	2024	2023
Net interest income	3,673	4,041
Average total assets	518,684	499,466
Net interest margin, %	**0.71**	**0.81**

C/I ratio

Definition: Total operating expenses, before credit losses, in relation to total operating income.

The APM aims to provide the reader with further information regarding SCBC's cost/efficiency.

SEK million	2024	2023
Total operating expenses, excluding credit losses, SEK million	-1,471	-1,469
Total operating income	3,656	3,962
C/I ratio, %	**40**	**37**

Definitions of other key performance indicators

Number of employees	Number of employees
Return on assets	Net profit for the period after tax in relation to average total assets
CET1 capital ratio	CET1 capital in relation to risk-weighted assets
Total capital ratio	Own funds in relation to risk-weighted assets
Tier 1 capital ratio	Tier 1 capital in relation to risk-weighted assets
Equity ratio	Equity in relation to total assets at year end
Consolidation ratio	Equity and deferred tax in relation to total assets at year end

SCBC!

Covered bonds of SBAB