

Q1 2025

Investor Presentation

SBAB Bank AB (publ)

SBAB!

Executive summary

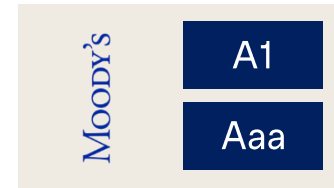
- Founded in 1985 & 100% owned by the Kingdom of Sweden
- Swedish mortgage portfolio, predominantly residential mortgages (5th largest mortgage player in Sweden)
- Financial targets from owner covering profitability, capitalisation & dividend
- Increased funding needs in 2025 (approximately SEK 90 bn)

Total lending (SEK bn)

540

Total deposits (SEK bn)

255



10.1%
Return on equity
Q1 2025

14.4%
CET1 capital ratio
31 Mar 2025

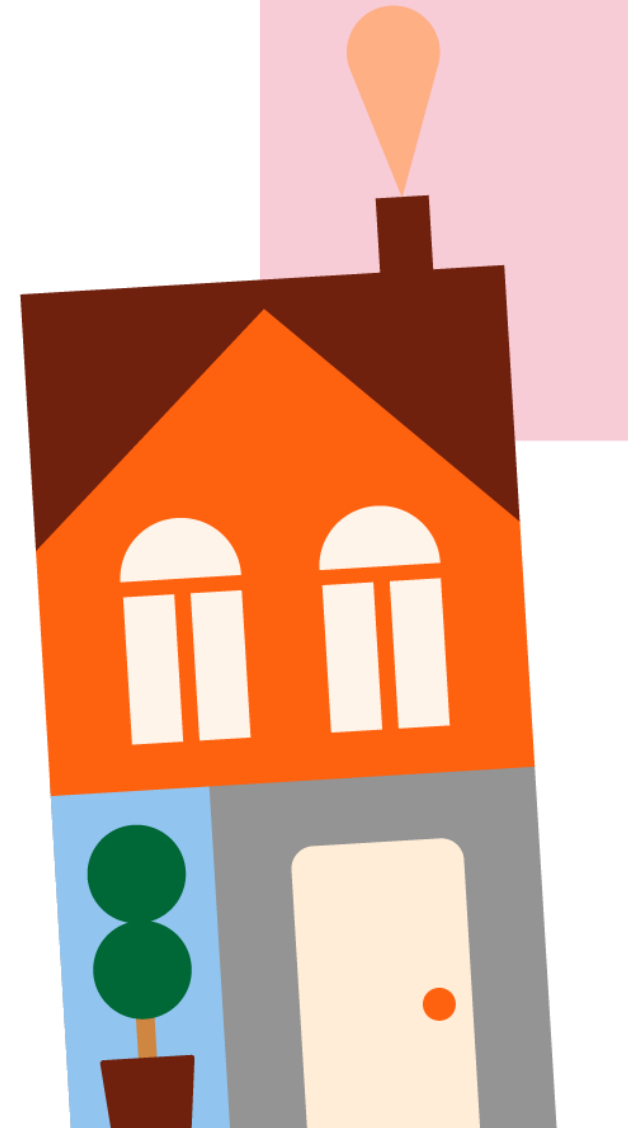
0.00%
Credit loss level
Q1 2025

35.4%
C/I ratio
Q1 2025



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



Straightforward business model

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

RETAIL LENDING

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



CORPORATE LENDING

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



	Volume (SEK)	Market share
Residential Mortgages	369 bn	8.82%
Consumer Loans	2 bn	0.51%
Retail Deposits	201 bn	7.54%

	Volume (SEK)	Market share
Property Companies (resident.)	105 bn	18.18%
Tenant-Owners' Associations	64 bn	11.05%
Corporate Deposits	54 bn	3.96%



Financial targets and strategic goals

– Long-term ambitious strategic management goals spanning towards 2030

Financial targets from the owner

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

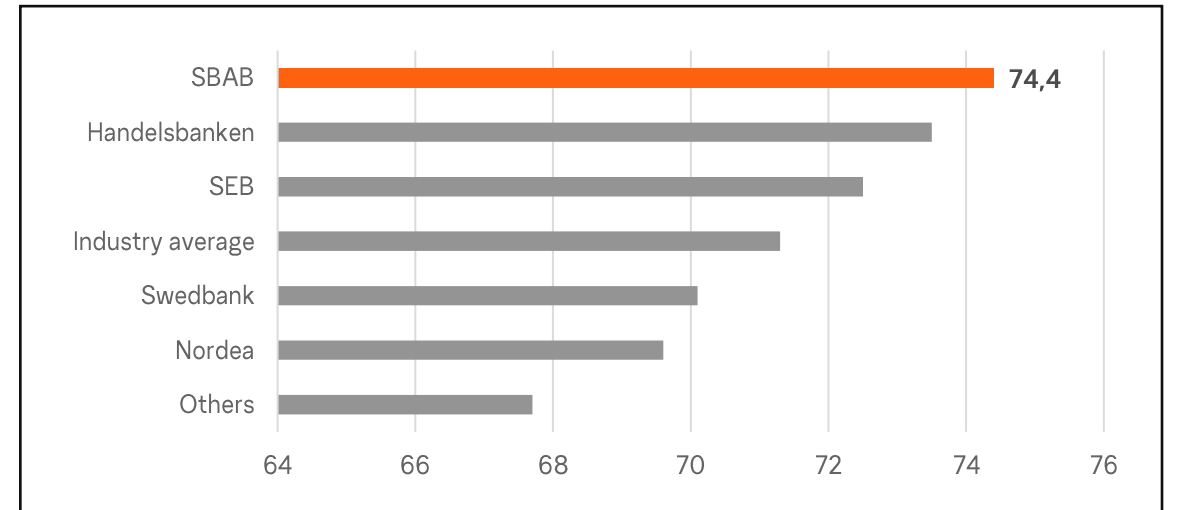
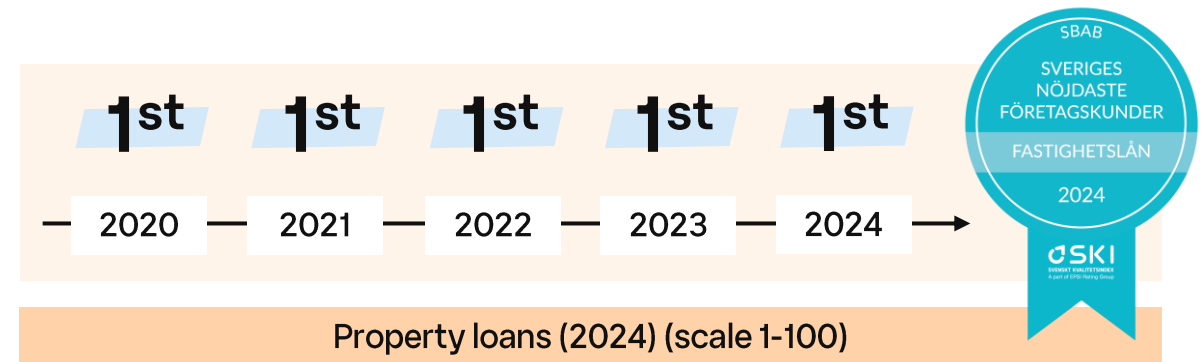
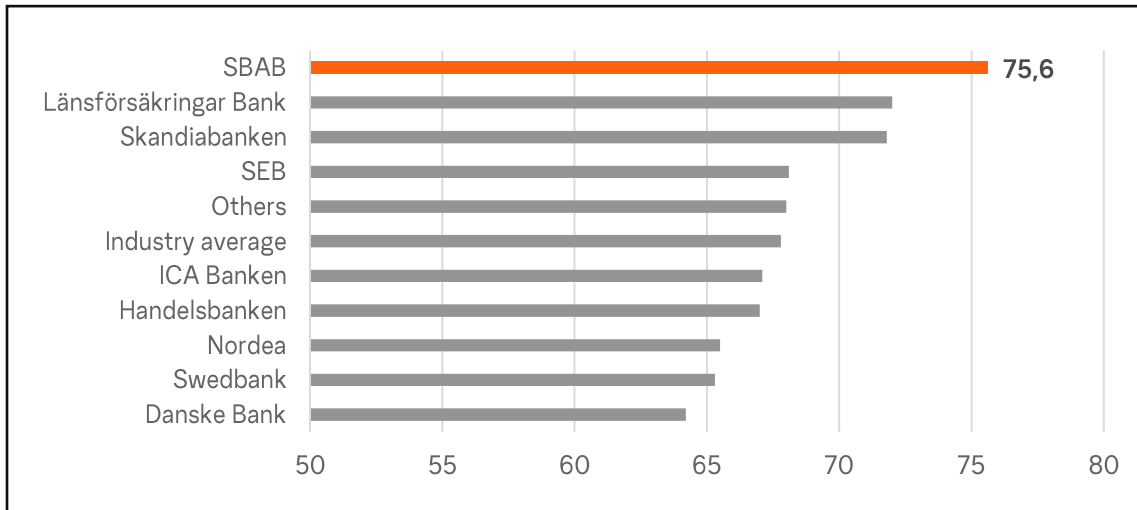
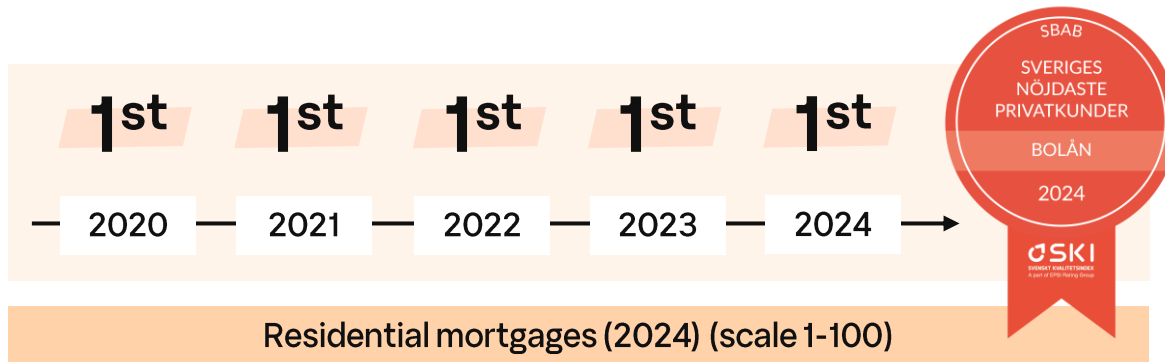
Long-term strategic management goals

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



Customer satisfaction

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



Key success factors

SBAB's value proposition



ACCESSIBILITY

Residential mortgages online and over the phone, seven days a week, covering all circumstances.



TRANSPARENCY

Fair prices and appropriate terms and conditions from the start.



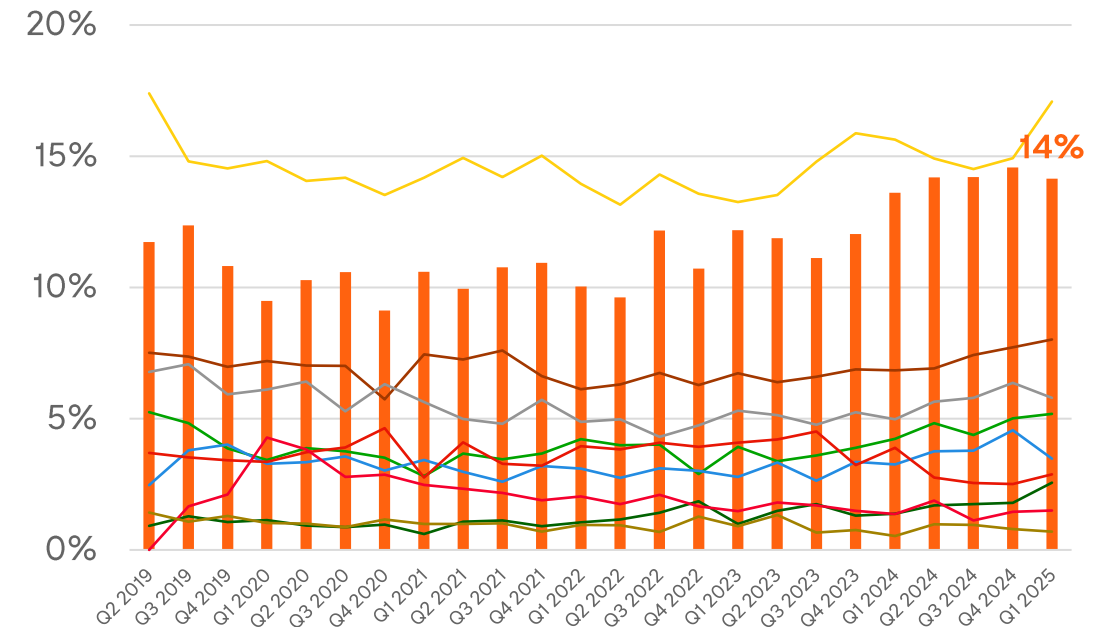
CONSIDERATION

Housing specialists who care.

Strong brand awareness

Top of Mind Q1 2025*

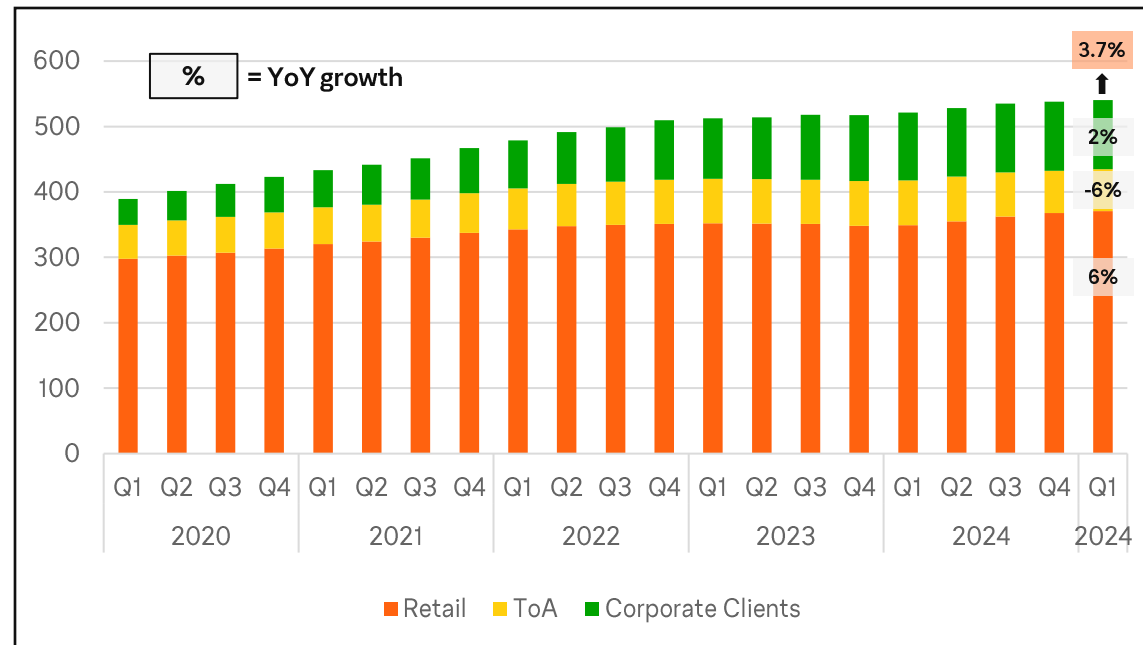
"What companies offering mortgages have you heard of?" (First mentioned)



Overview of lending development

– Continued strong growth trend for mortgages despite challenging market conditions

Lending (SEK bn)

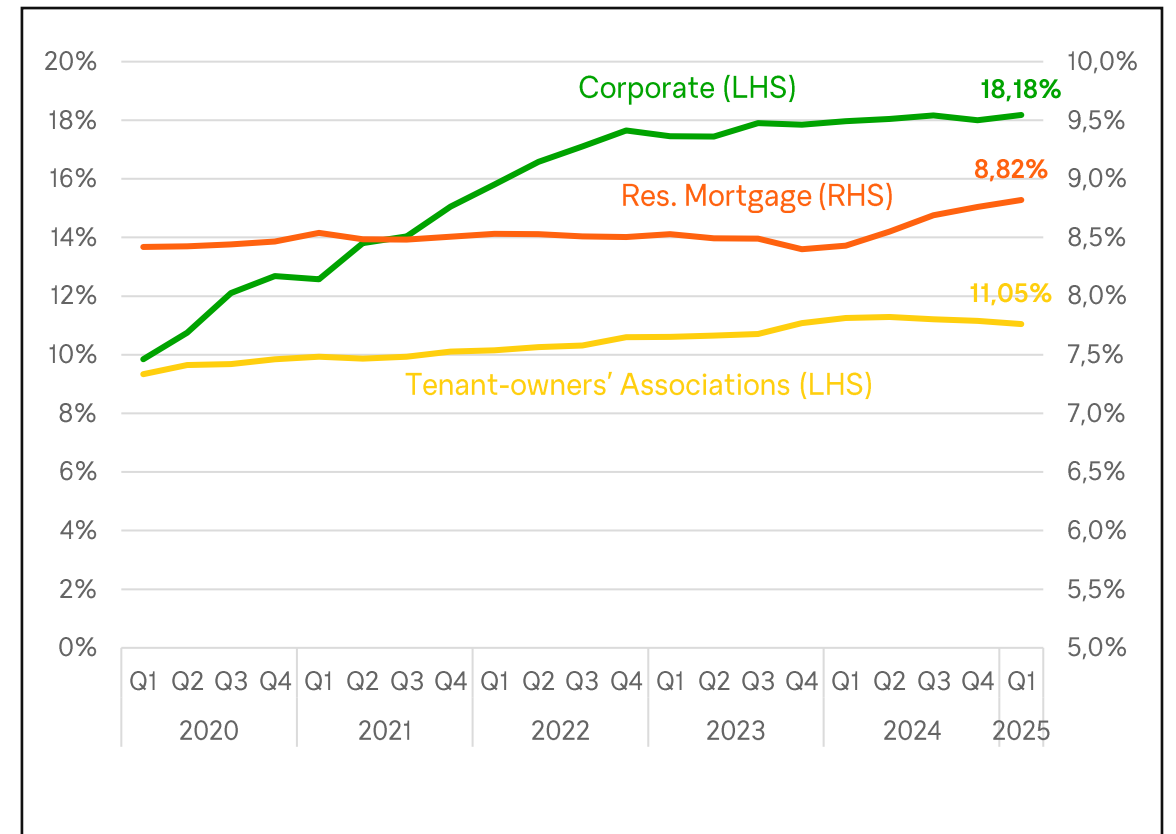


Growth in lending
(QoQ / YoY)

+0.5%

+3.7%

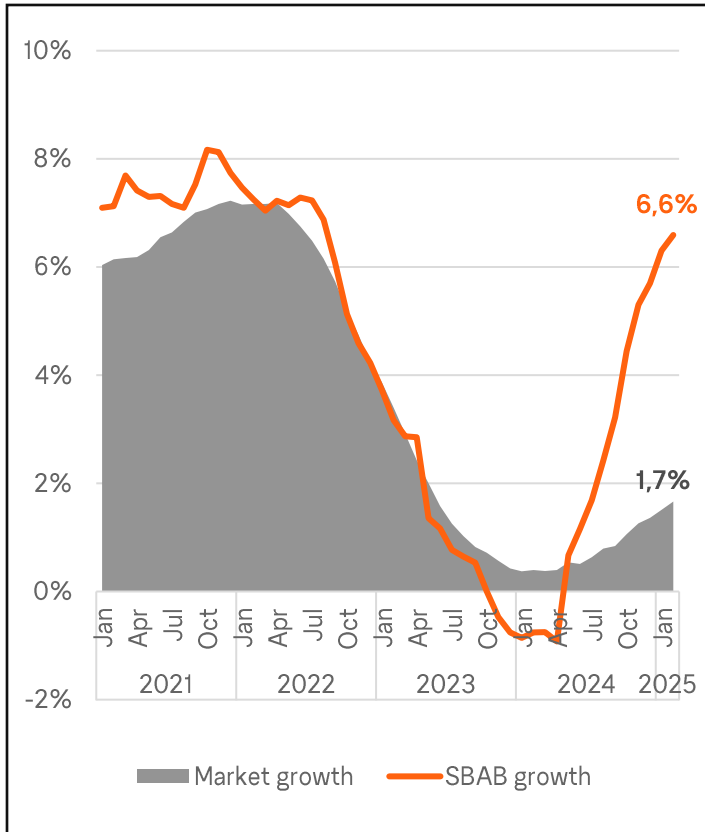
Market shares (%)



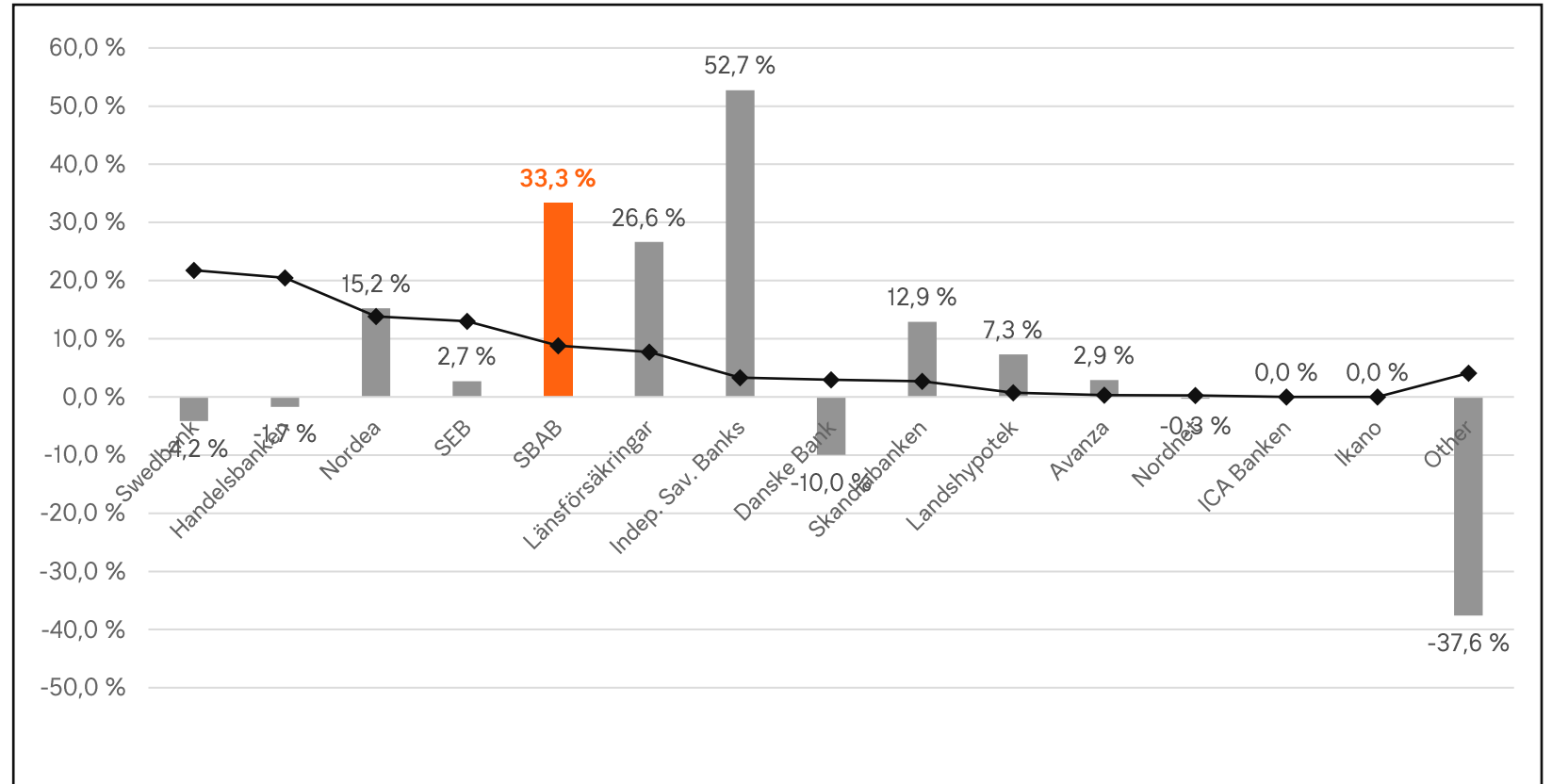
Mortgage market dynamics

– SBAB performs well in a market characterized by tough competition, compressed margins and muted credit growth

Total market growth

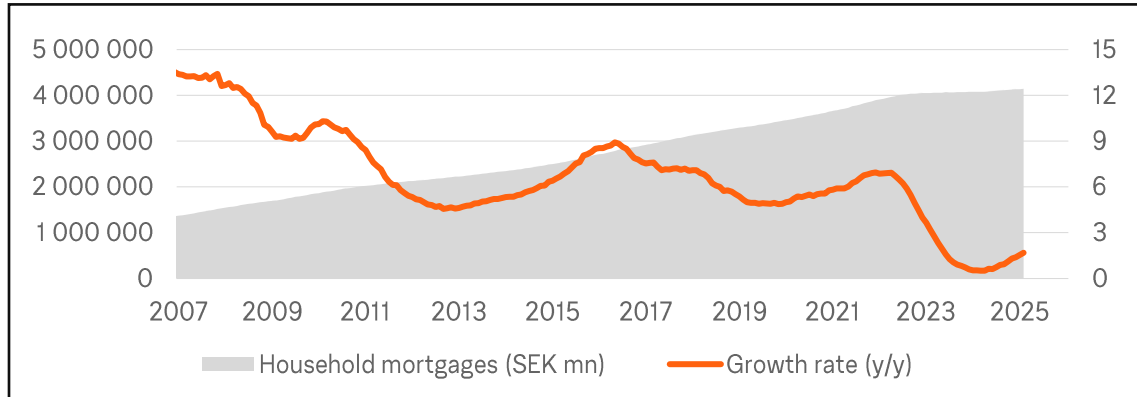


Share of net market growth (R12) vs back book market share

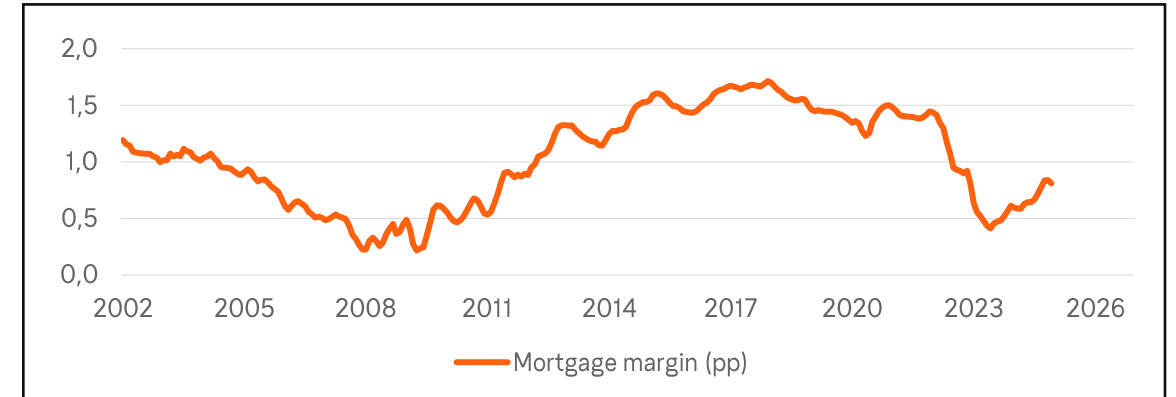


Mortgage market dynamics

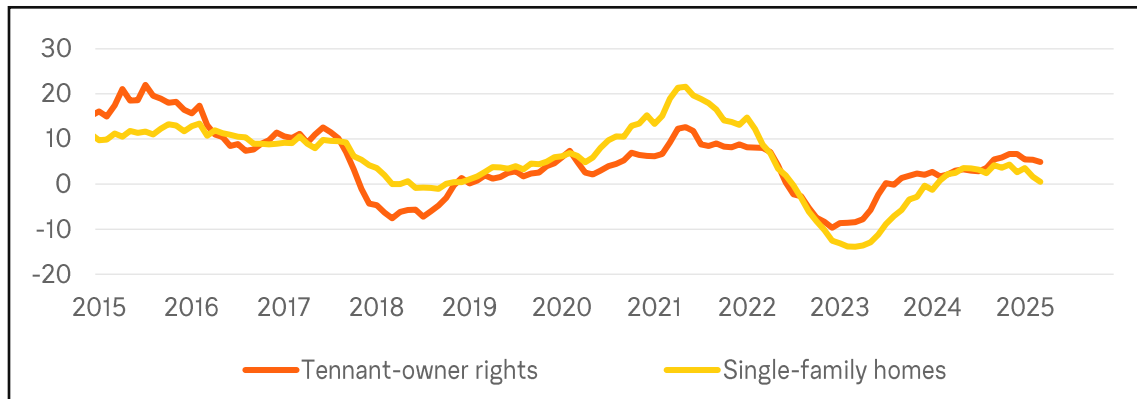
Swedish household lending (MFI) (February 2025)



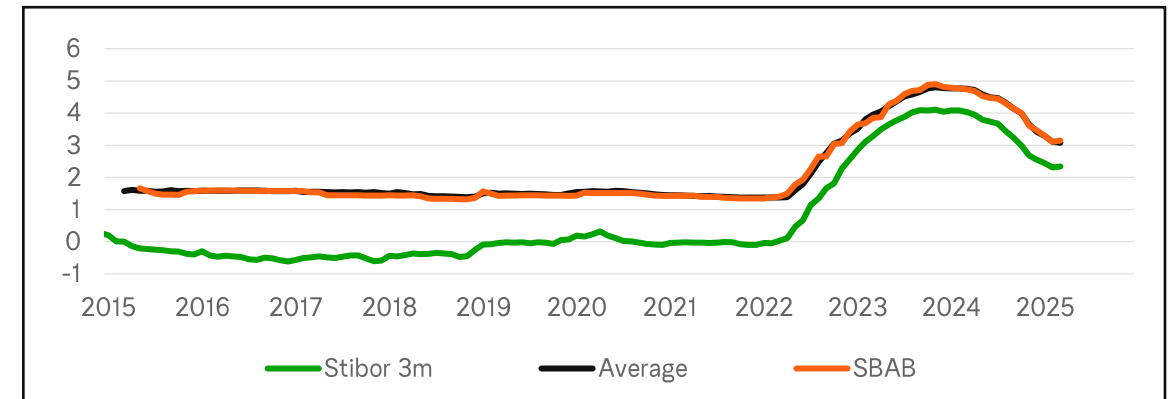
Gross margins on Swedish household mortgages (S-FSA) (Q4 2024)



Swedish housing price growth rate (y/y) (March 2025)



Development of actual 3M mortgage rate (March 2025)



Overview of deposit development

– Strong growth in 2022, 2023 and 2024 following regained strategic focus on growing share of deposits in funding mix

Deposits (SEK bn)

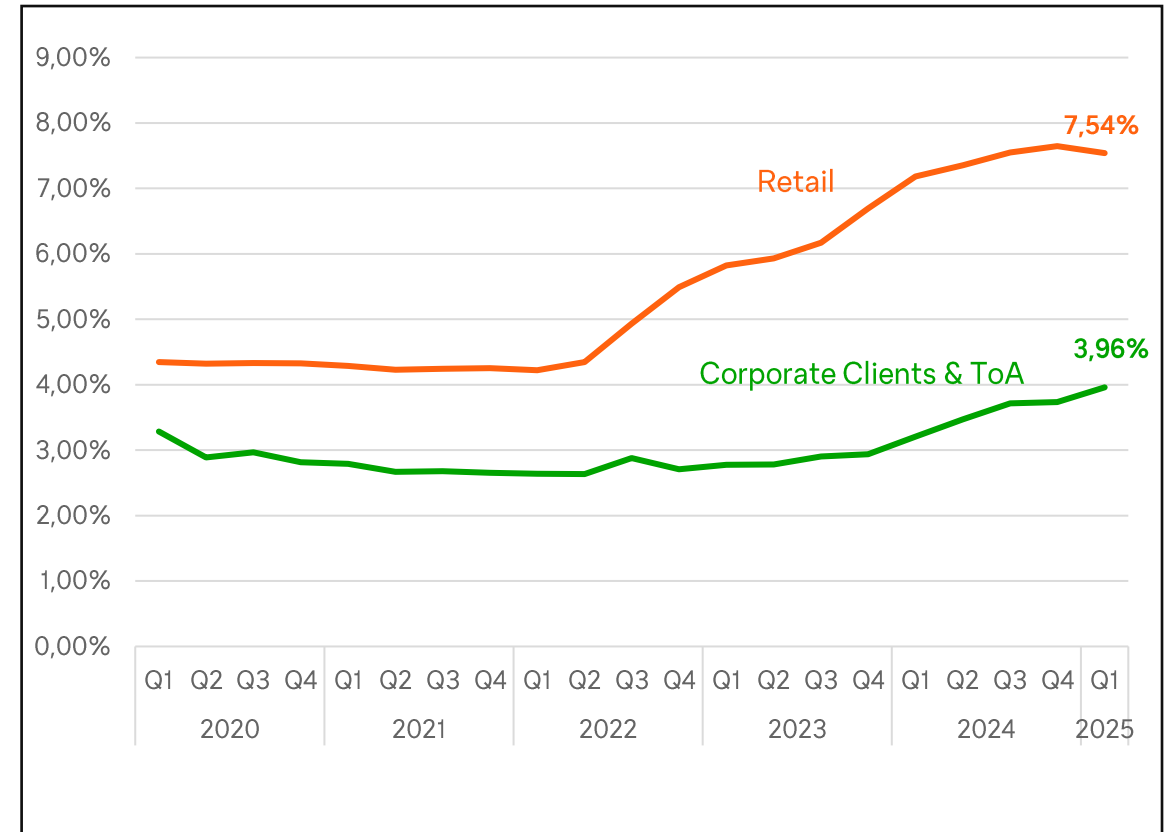


Growth in deposits
(QoQ / YoY)

-0.3%

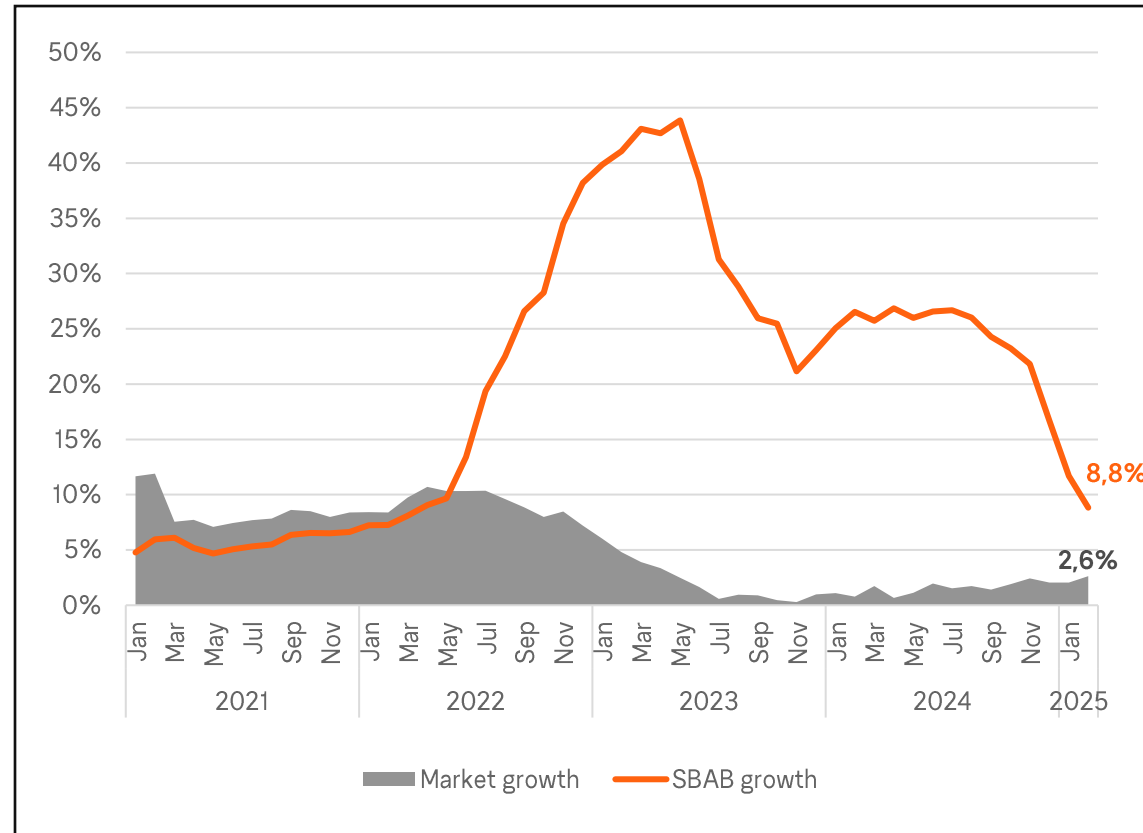
+10.5%

Market shares (%)

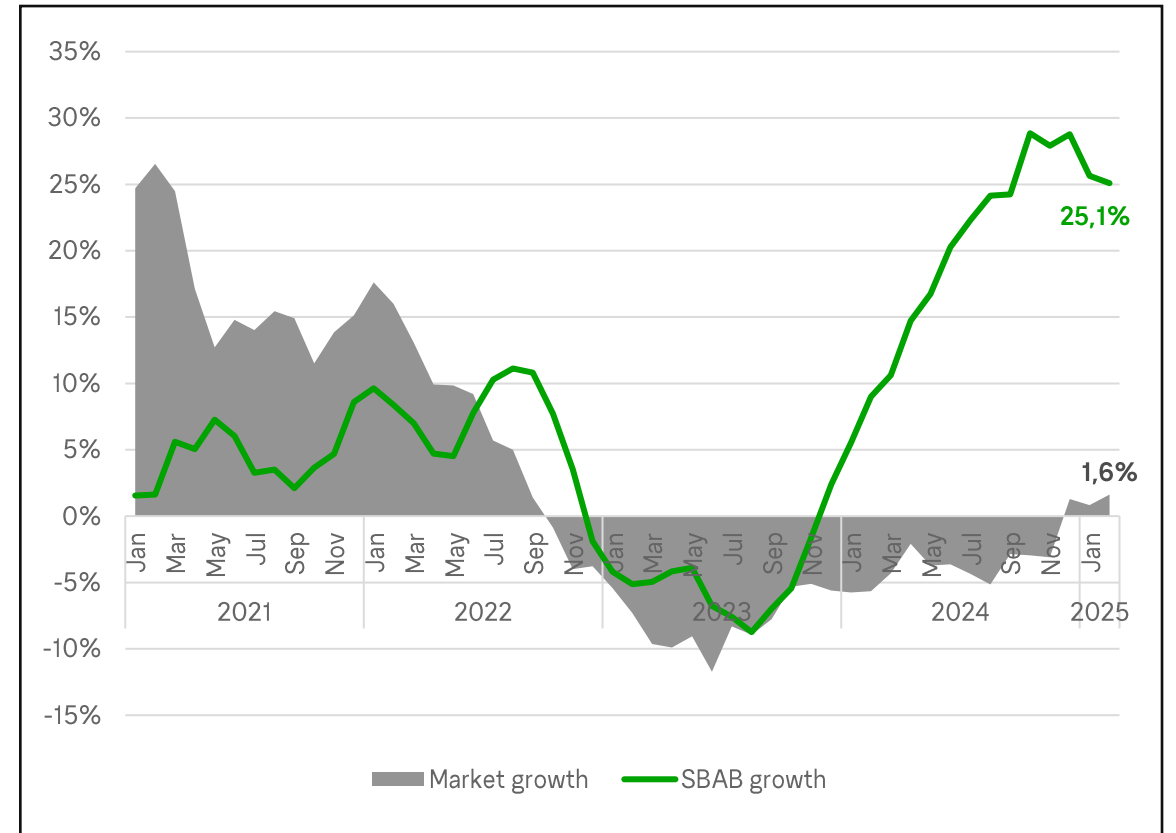


Deposit growth vs. market

SBAB growth vs. market growth (Retail deposits)

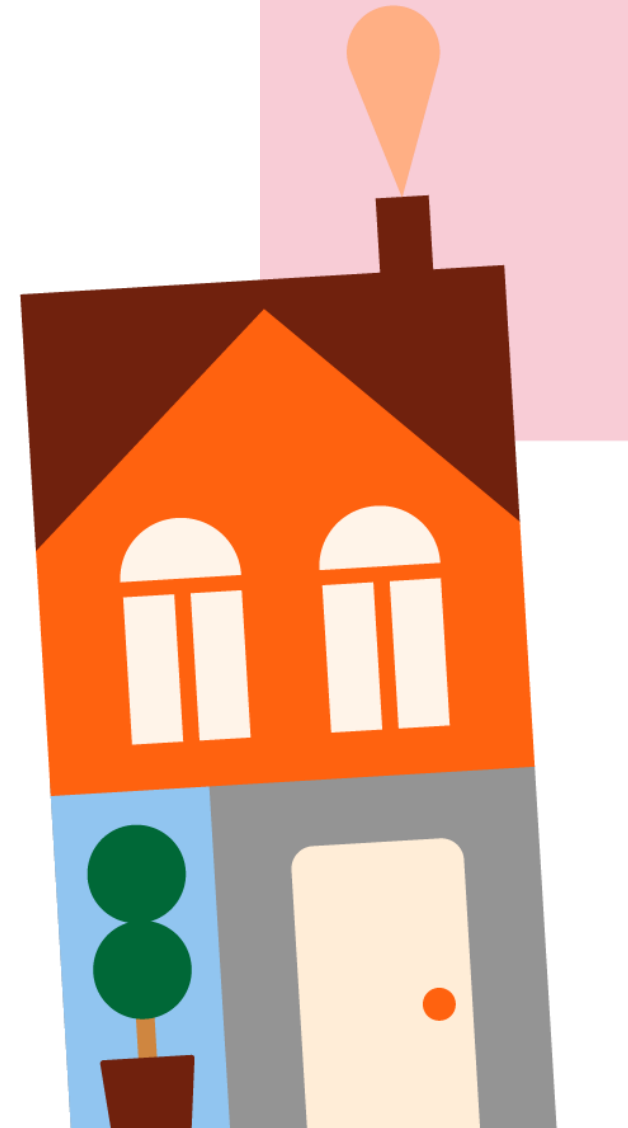


SBAB growth vs. market growth (Corporate deposits)



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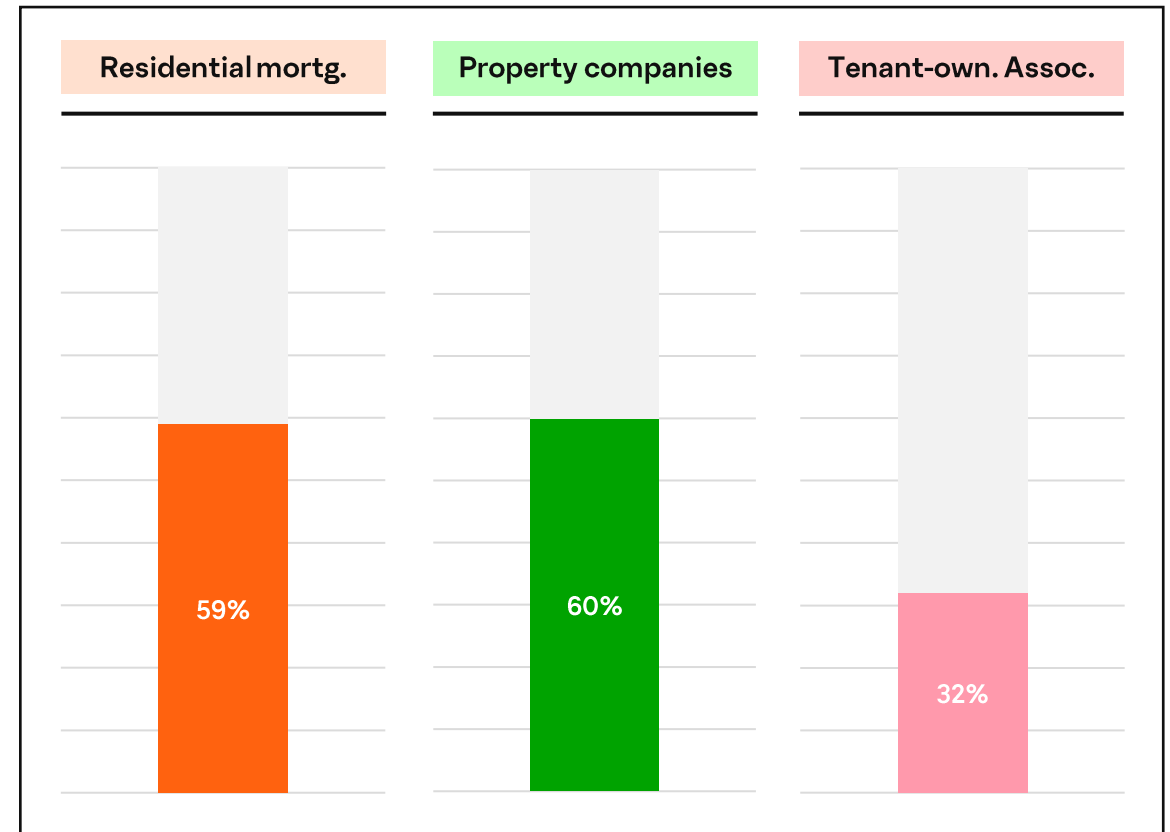
Lending focused on housing in Sweden

Lending composition

	SEK bn	% of lending	Average LTV
Residential mortgages	369.2	68.3%	59%
Consumer loans	1.6	0.3%	
Property companies	105.4	19.4%	60%
– (Of which, commercial lending)	(12.6)	(2,3% ¹⁾)	
– (Of which, construction loans)	(4.3)	(0.8%)	
Tenant-owners' associations	64.2	11.9%	32%
Total lending	540.4	100%	

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

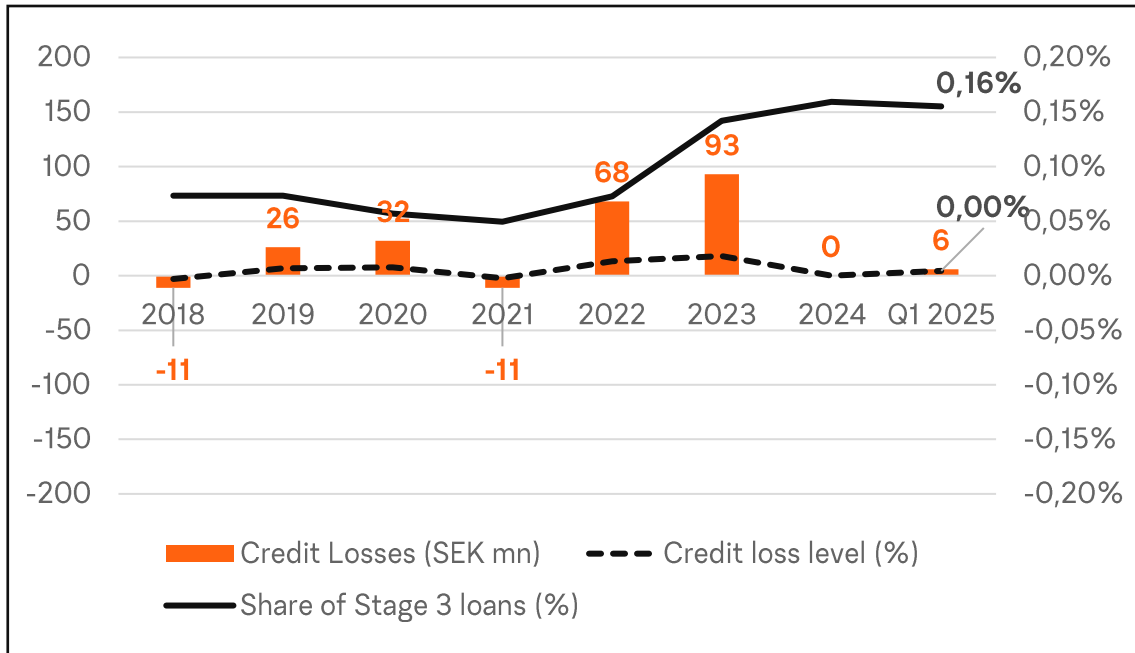
LTV ratios in loan book



Asset quality over time

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

Credit quality metrics



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

6 MSEK

Credit losses
Q1 2025

7 MSEK

Confirmed credit losses
Q1 2025

0.00%

Credit loss ratio
Q1 2025

0.16%

Share of stage 3 loans
31 Mar 2025

LTV

Res. mortgages

59%

Property companies

60%

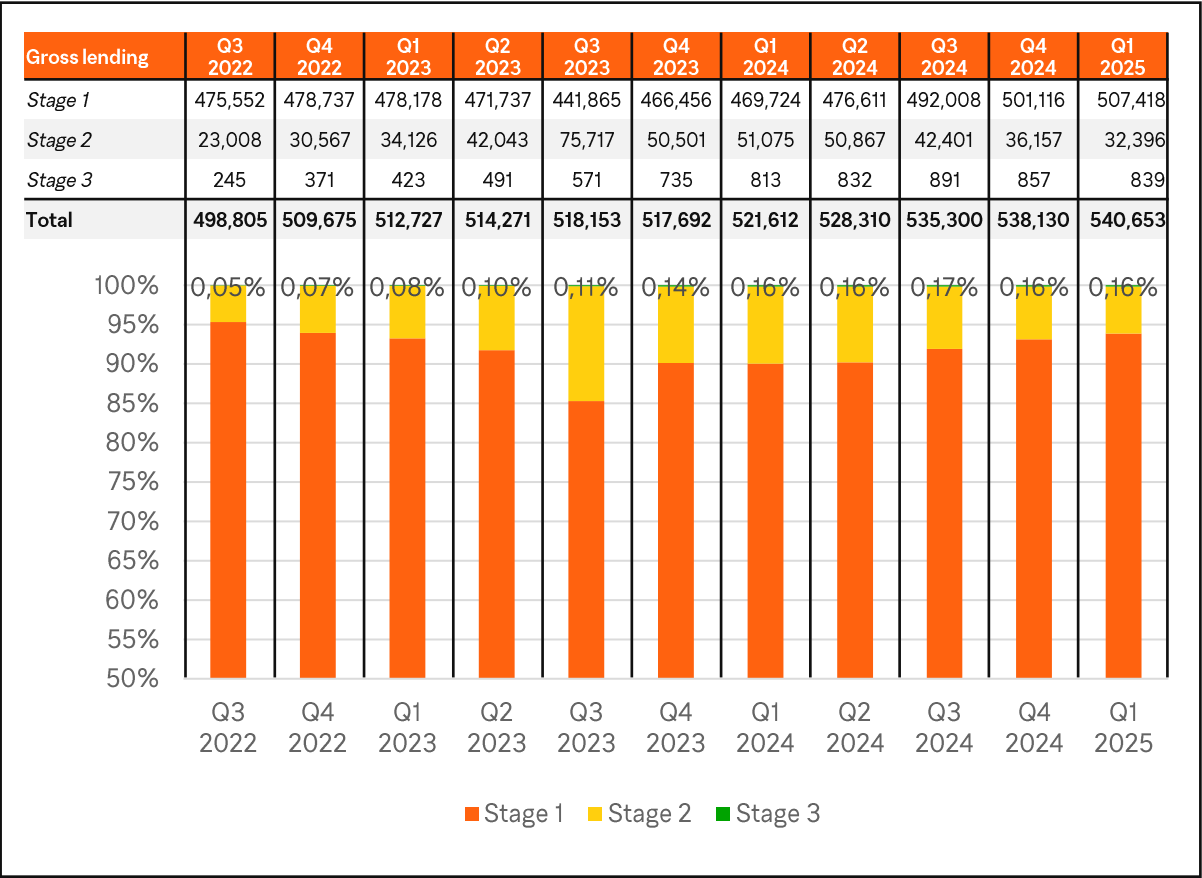
Tenant-own. assoc.

32%

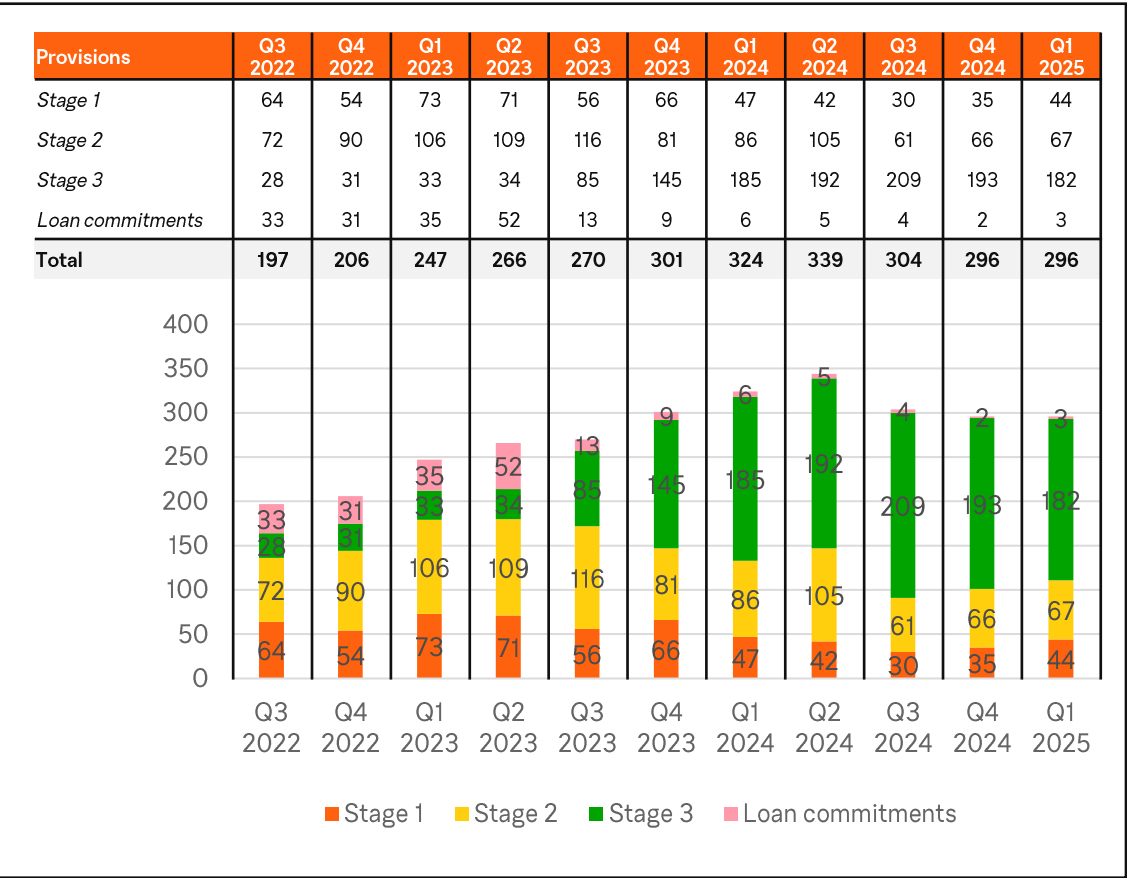


Development of provisions

Lending to the public by credit stage (gross)



Development on provisions

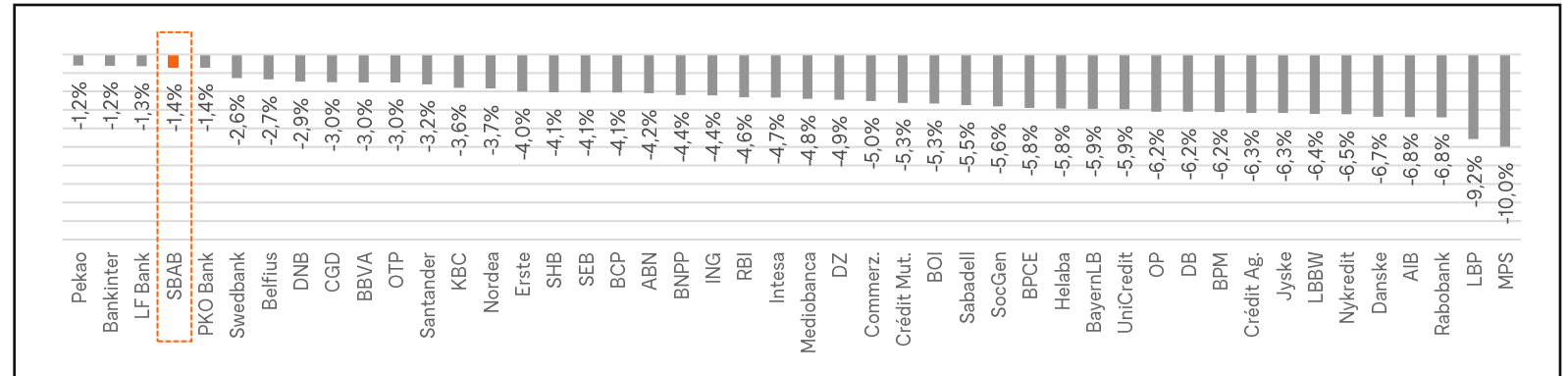


Strong resilience confirmed by EBA

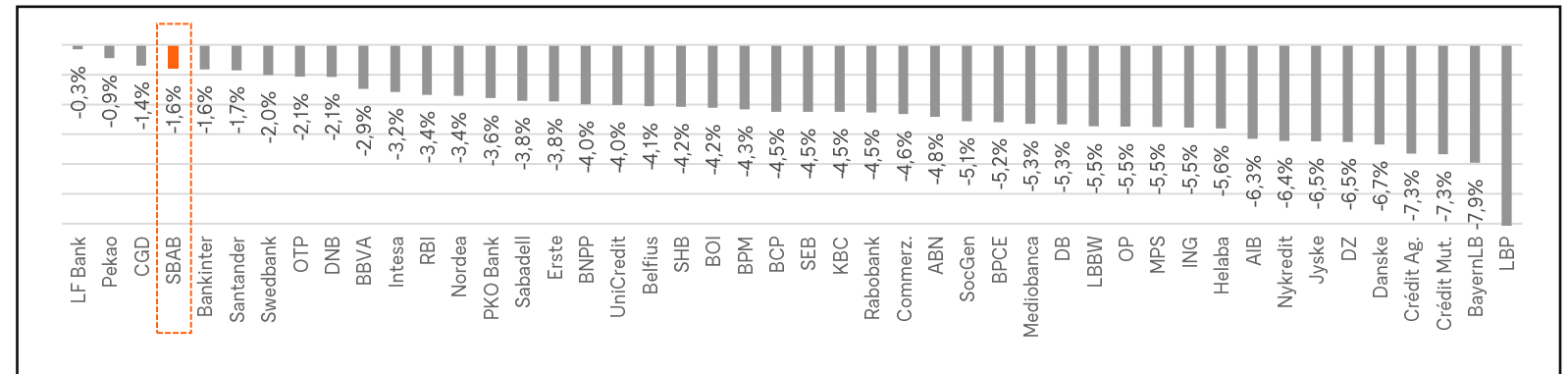
– SBAB's robust business and resilient capital position confirmed in EBA stress test

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

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



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



Overview of Cover Pool

Overall key metrics

420_{bn}

Cover Pool (SEK)

430,235

No. of loans

972,147

Average loan size

25.7%

OC

53.9%

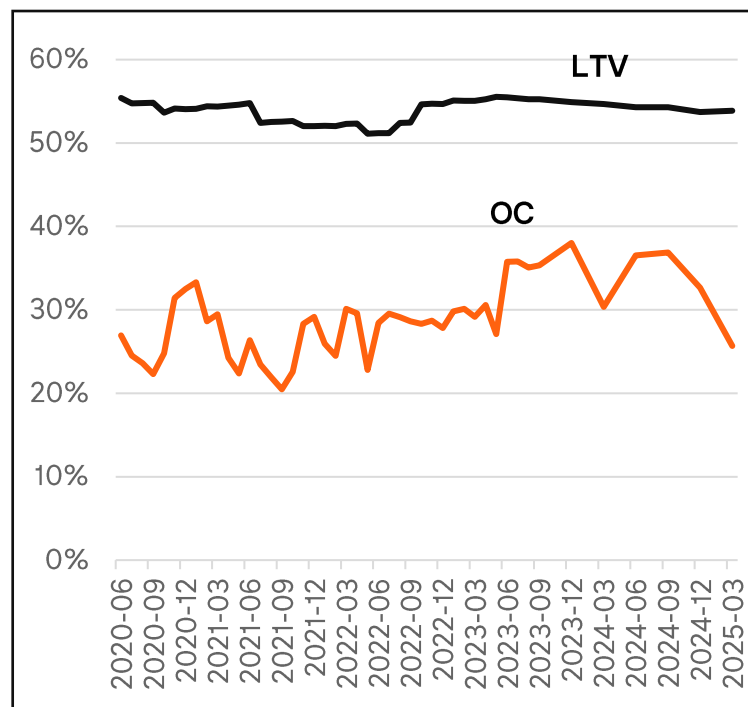
WA LTV

6.0

WA seasoning

- Assets spread throughout Sweden; concentrated to economic hubs
- 66.7% floating, 33.3% fixed
- 51.7% amortising, 48.3% interest only

Development of OC and WA LTV



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

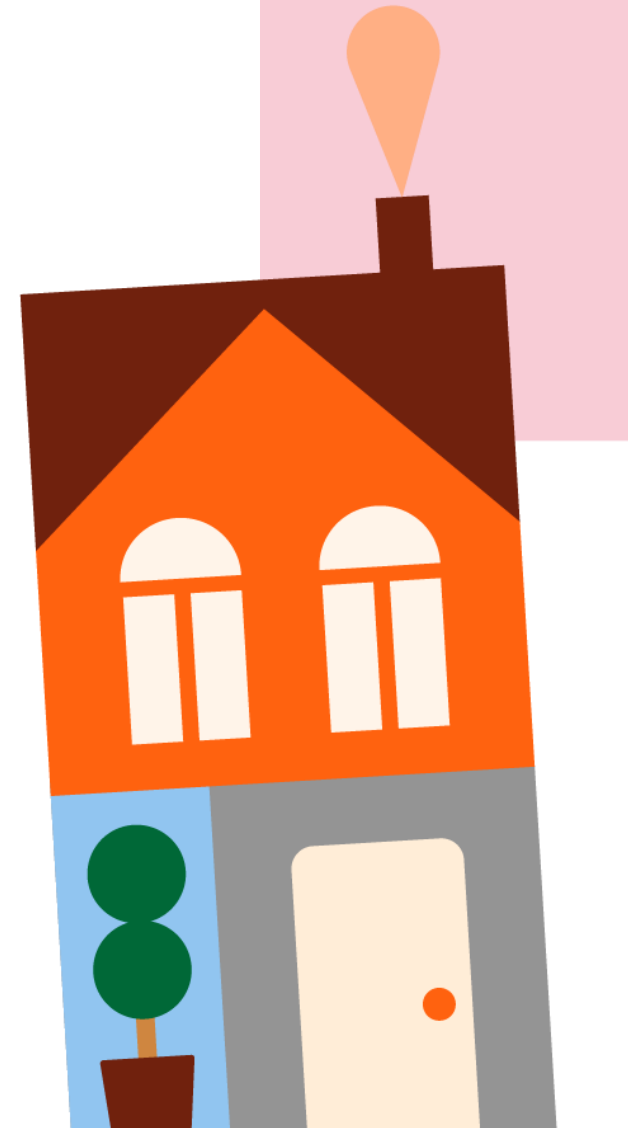
Simulation of decline in house prices

House-price change	Mortgage assets in cover pool (SEK bn)	WA LTV (%)	OC* (%)
0%	418.3	53.8	25.7
-5%	416.2	56.1	25.1
-10%	412.8	58.3	24.1
-15%	407.7	60.5	22.5
-20%	400.9	62.6	20.5
-25%	391.3	64.6	17.7
-30%	377.6	66.3	13.6

** OC calculated in accordance with requirements from the Swedish FSA*

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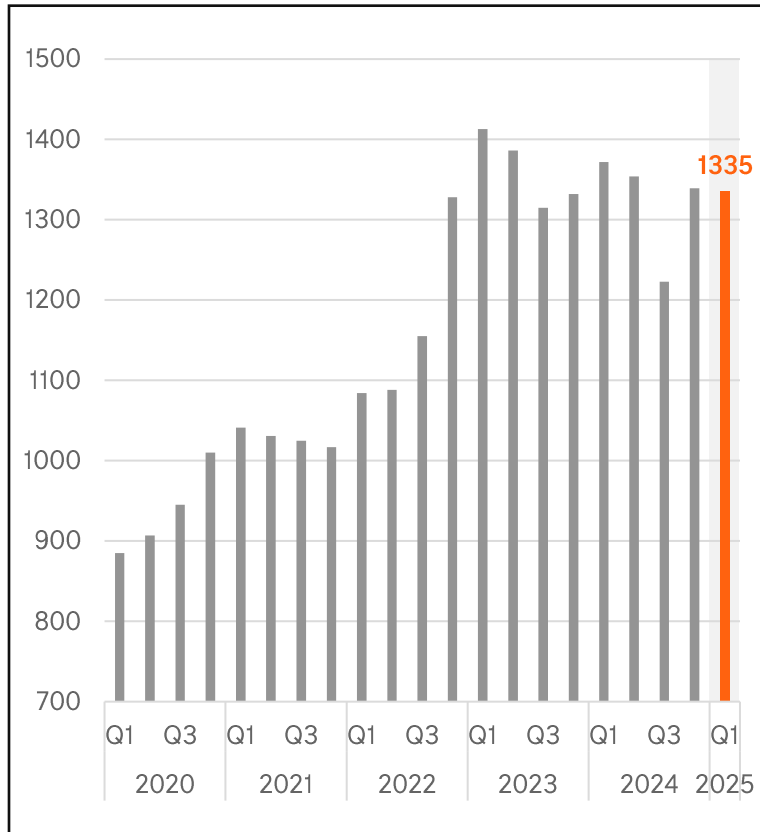
Financial development Q1 2025

SEK mn	Q1 2025	Q4 2024	▲	Q1 2025	Q1 2024	▲	FY 2024
Lending (SEK bn)	540.4	537.8	+0.5%	540.4	521.3	+3.7%	537.8
Deposits (SEK bn)	255.0	255.9	-0.3%	255.0	230.7	+10.5%	255.9
Net interest income	1,335	1,339	-0.3%	1,335	1,372	-2.7%	5,288
Net commission	-16	-13	-3 mn	-16	-17	+1 mn	-54
Net result financial transactions	-3	73	-76 mn	-3	40	-43 mn	86
Costs	-473	-545	-13.2%	-473	-439	+7.7%	-1,907
Loan losses	-6	5	-11 mn	-6	-23	+17 mn	0
Imposed fees (risk tax and resolution fee)	-146	-143	-3 mn	-146	-142	-4 mn	-570
Operating profit	710	731	-2.9%	710	805	-11.8%	2,900
C/I ratio (%)	35.4%	38.5%	-3.1 pp	35.4%	31.2%	+4.2 pp	35.5%
Return on equity (%)	10.1%	10.1%	0 pp	10.1%	11.9%	-1.8 pp	10.4%
Loan loss ratio (%)	0.00%	0.00%	0 pp	0.00%	-0.02%	+0.02 pp	0.00%

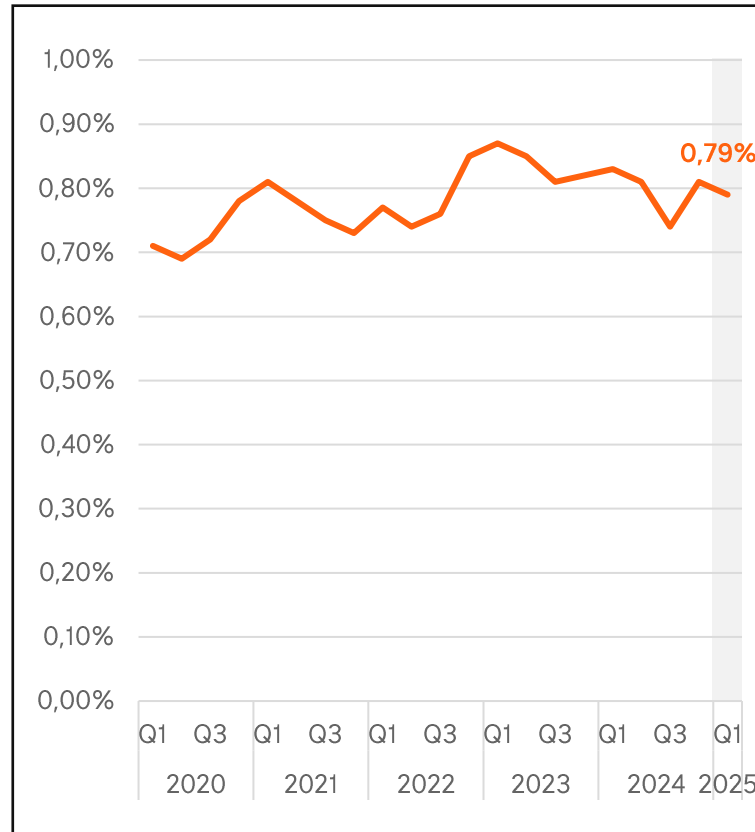


NII & NIM development

Net Interest Income (NII) YoY (SEK mn)



Net Interest Margin* (NIM) YoY (%)



* Calculated as NII in relation to total assets in balance sheet

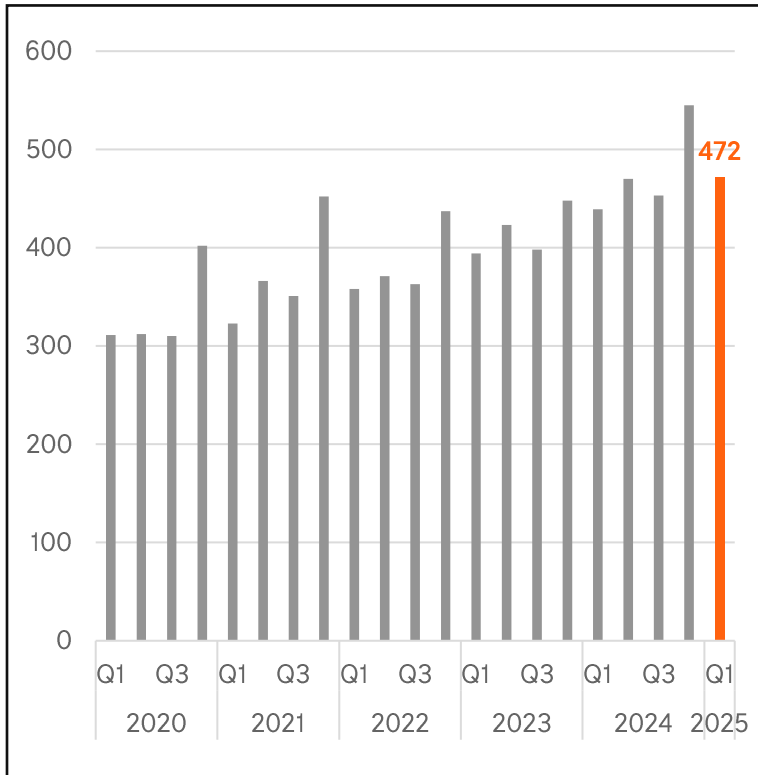
Comments

- NII marginally down QoQ, mainly due to a quarter-on-quarter increase in expenses linked to the national deposit guarantee (non-recurring reversal of SEK 8 million in Q4 2024)
- After adjustment for the above, the trend for underlying NII was positive, mainly driven by marginally higher deposit margins, partly offset by slightly lower lending margins.

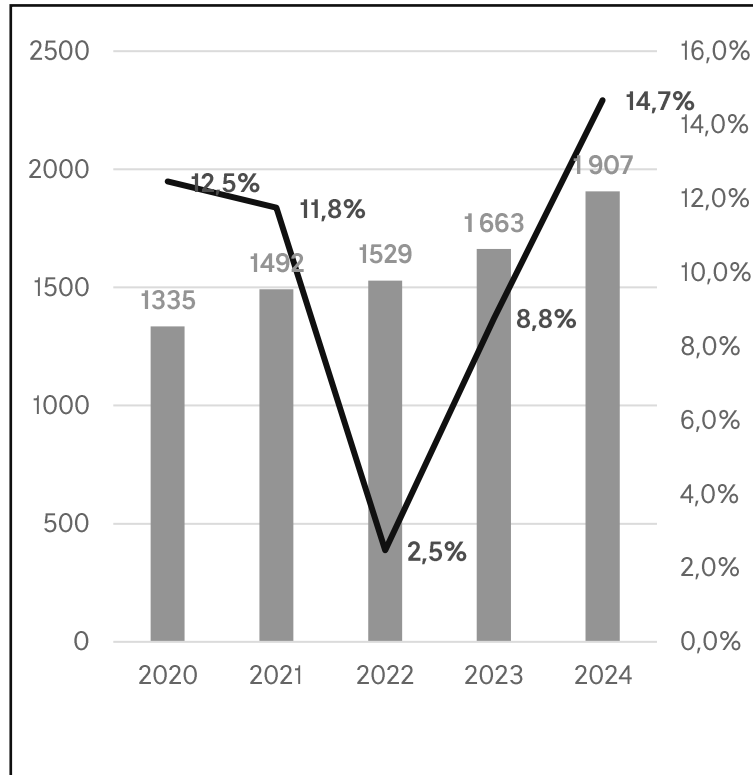


Continued investments for future competitiveness

Cost development QoQ (SEK mn)



Cost development YoY (SEK mn)



Comments

Overall trend of increased costs mainly attributable to investments for future competitiveness:

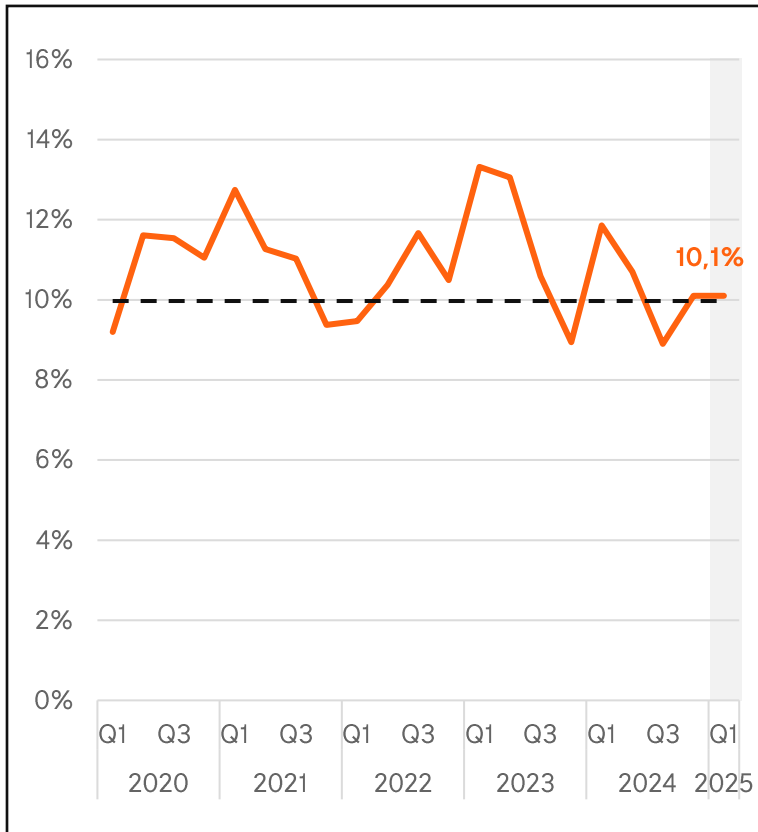
- Increased number of employees
- Replacement of IT-infrastructure
- Regulatory compliance
- Digitalisation & customer offering (incl. increased distribution power, customer service & customer experience)



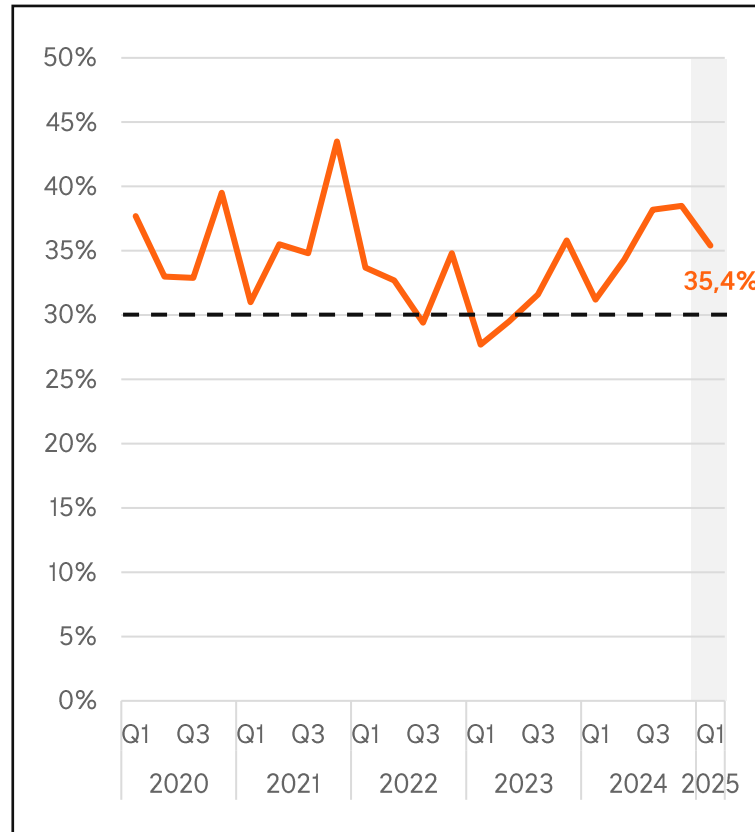
Financial KPIs

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

Return on equity, %



C/I-ratio, %



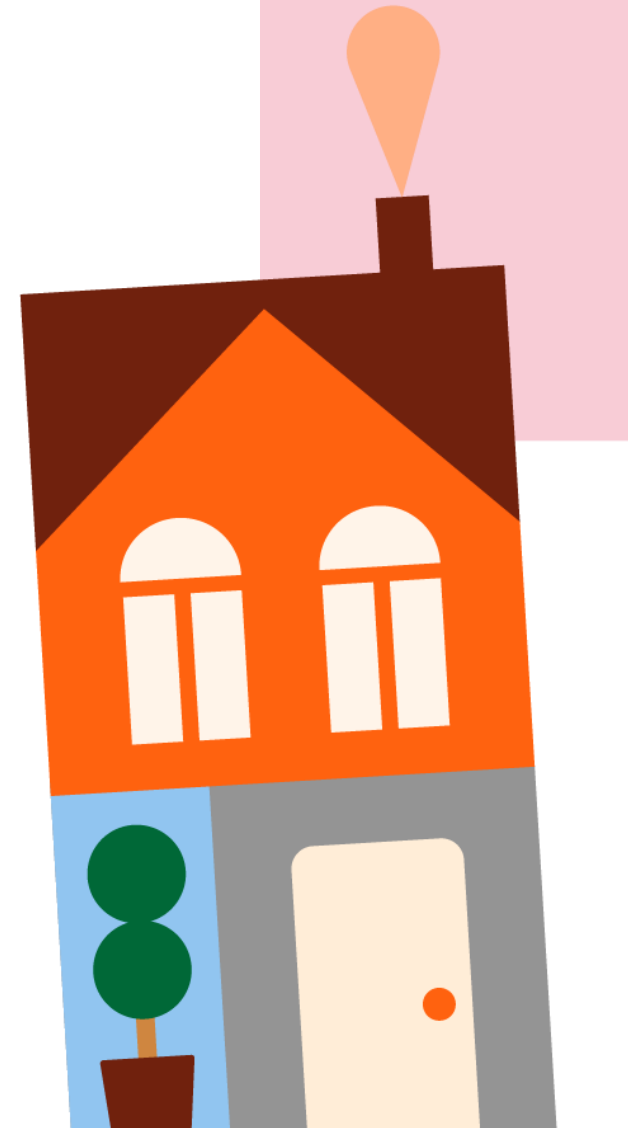
Comments

- Competitive profitability and returns given SBAB's low risk business. Target from owner to achieve a RoE of at least 10% over time
- Highly competitive cost efficiency attributable to SBAB's digital business model. Long-term management cost efficiency target to 2030 to achieve a C/I-ratio below 30%



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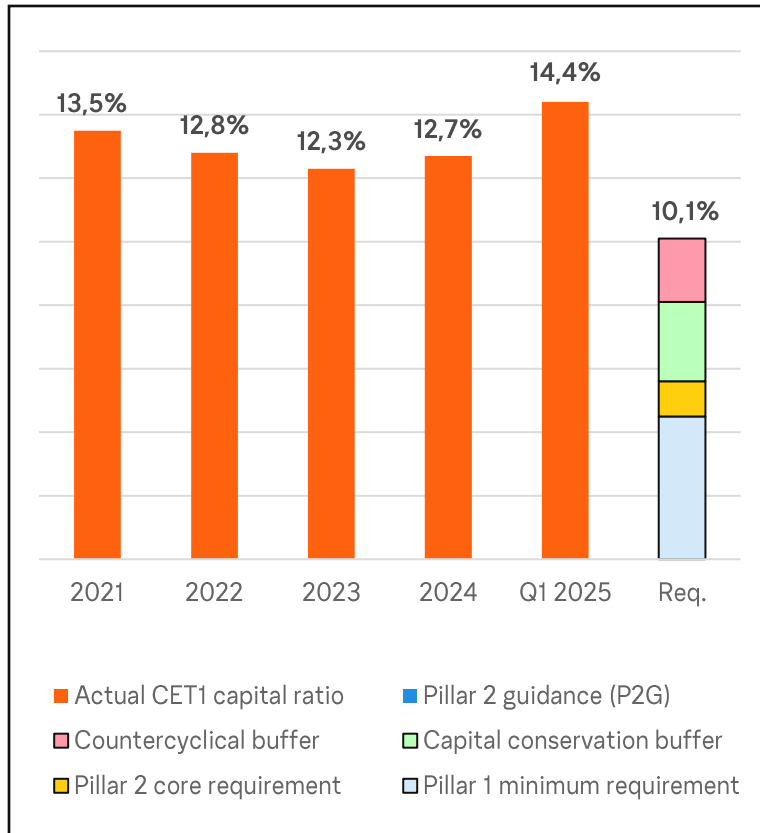
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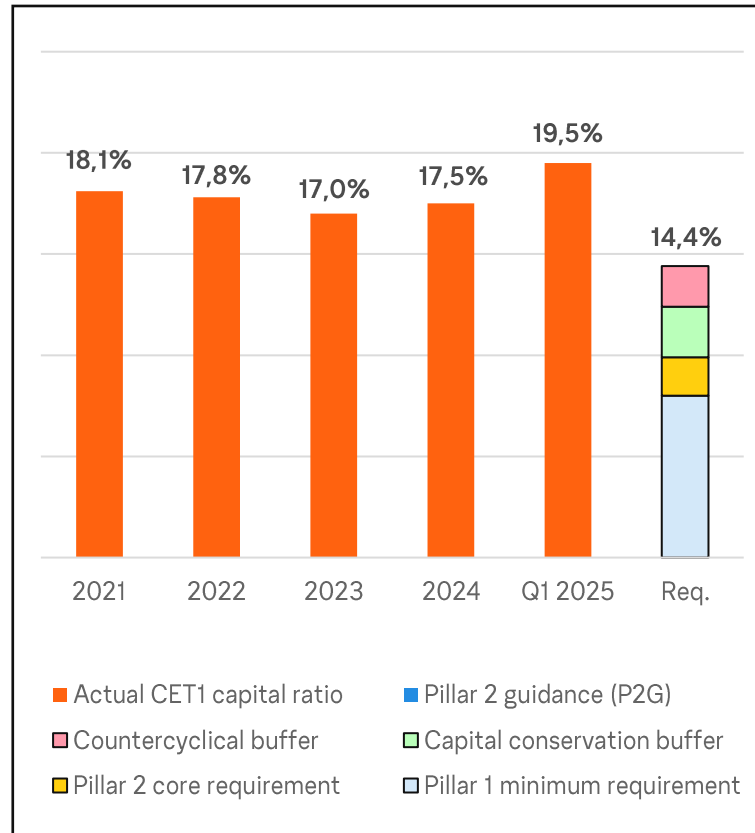
Capital position

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

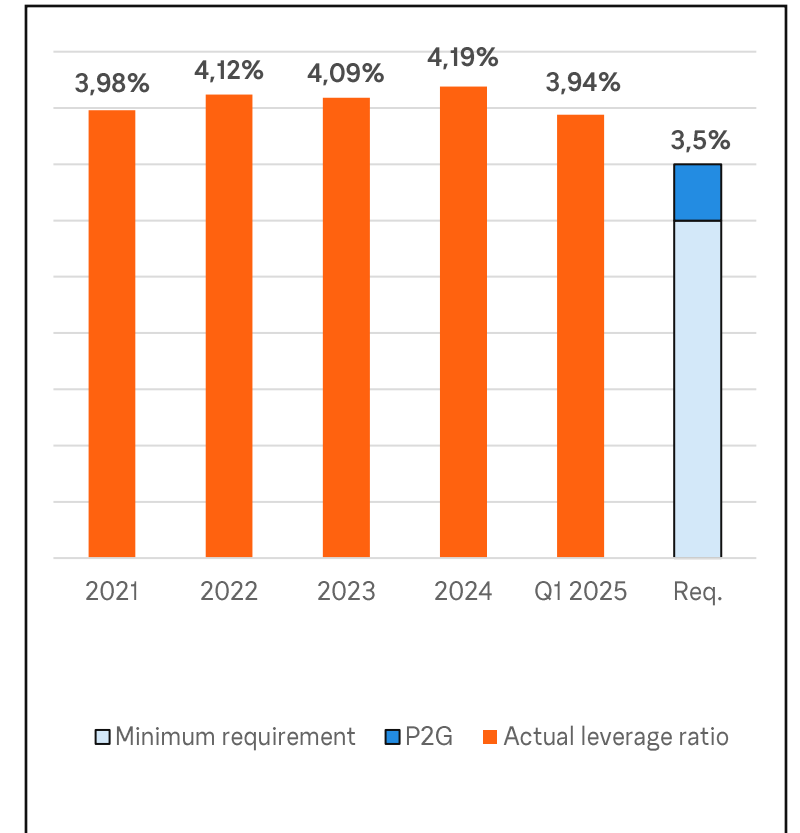
CET1 capital ratio vs. requirement



Total capital ratio vs. requirement

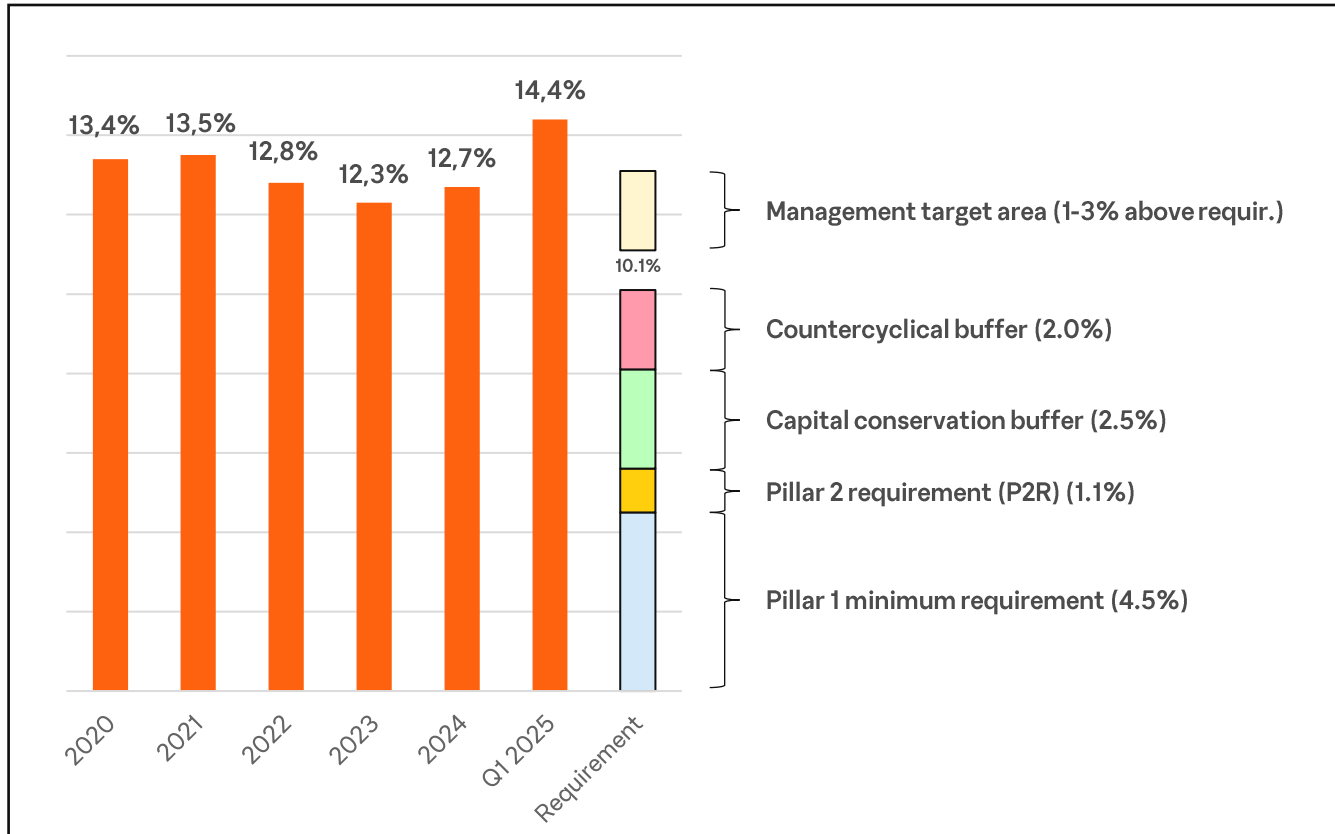


Leverage ratio vs. requirement



SBAB's capital targets

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



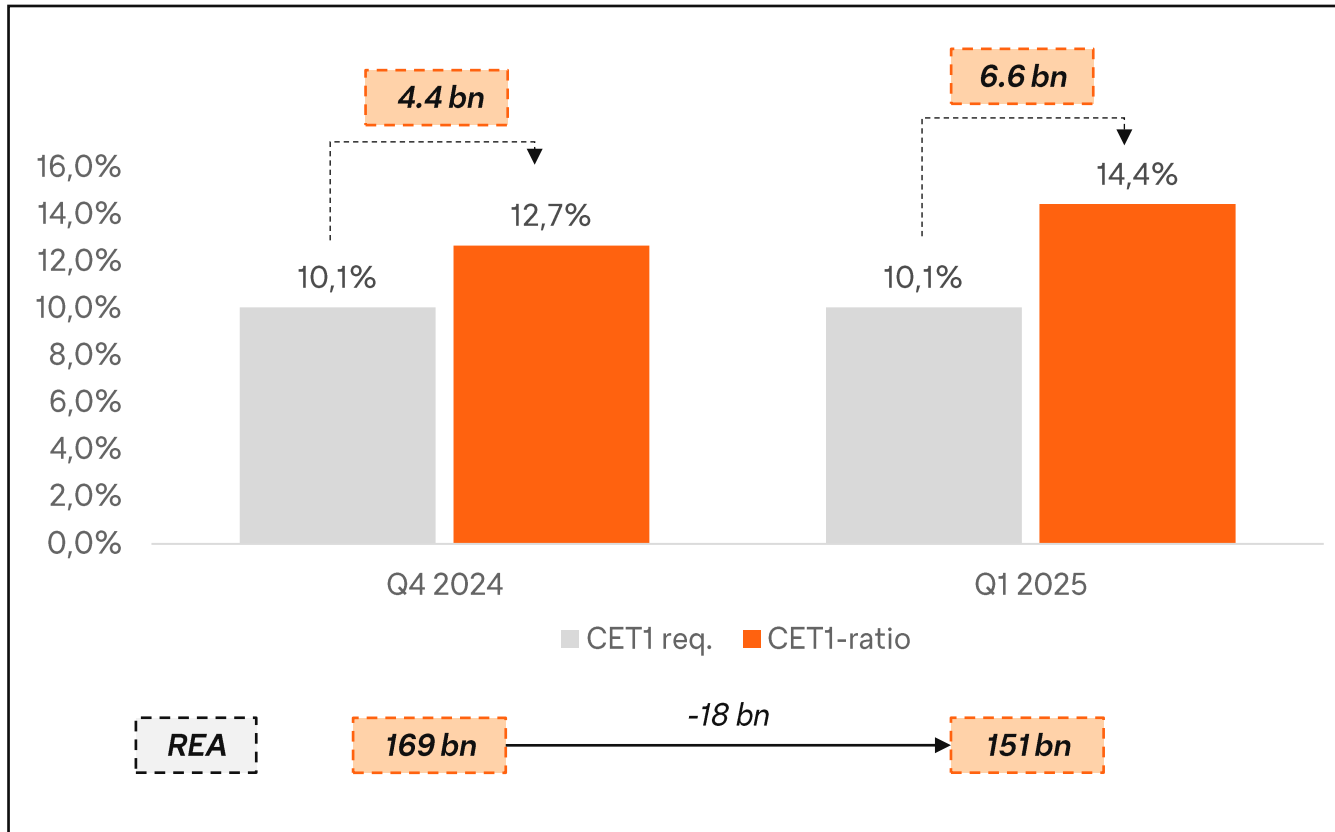
Comments

- CET1 capital ratio management target of 1-3% above regulatory requirement from the Swedish FSA. The margin to the requirement was 4.3% at Q1 2025
- Increased CET1 capital ratio Q1 2025 vs. Q4 2024 mainly attributable decreased risk weights for exposures to corporate and tenant-owners' associations in conjunction with the implementation of the new Banking Package (the CRR 3 regulations). Please see additional information on the following slide
- Risk weighted Pillar 2 guidance for SBAB set at 0%, significantly below peers, reflecting SBAB's robust and low-risk business model



CRR 3 effects on capital position

Impact on REA and CET1 capital ratio



Comments

- Changes in the standardised values for loss given default (LGD) in CRR 3 significantly improve SBAB's risk weights for corporates and tenant-owners' associations, owing primarily to lower standardised LGD values for exposures secured by immovable property
- Since Q4 2024, REA has decreased by SEK 17.6 bn
- SBAB is not bound by the aggregated output floor, due to the current risk weight floors in Sweden (Article 458)
- In summary, the above has resulted in a significant improvement in margin to CET1 requirement (approx. 1.7 percentage points or SEK 2.2 bn)
- Due to the relief in REA from CRR 3, leverage ratio will be the requirement with the lowest CET1 headroom going forward



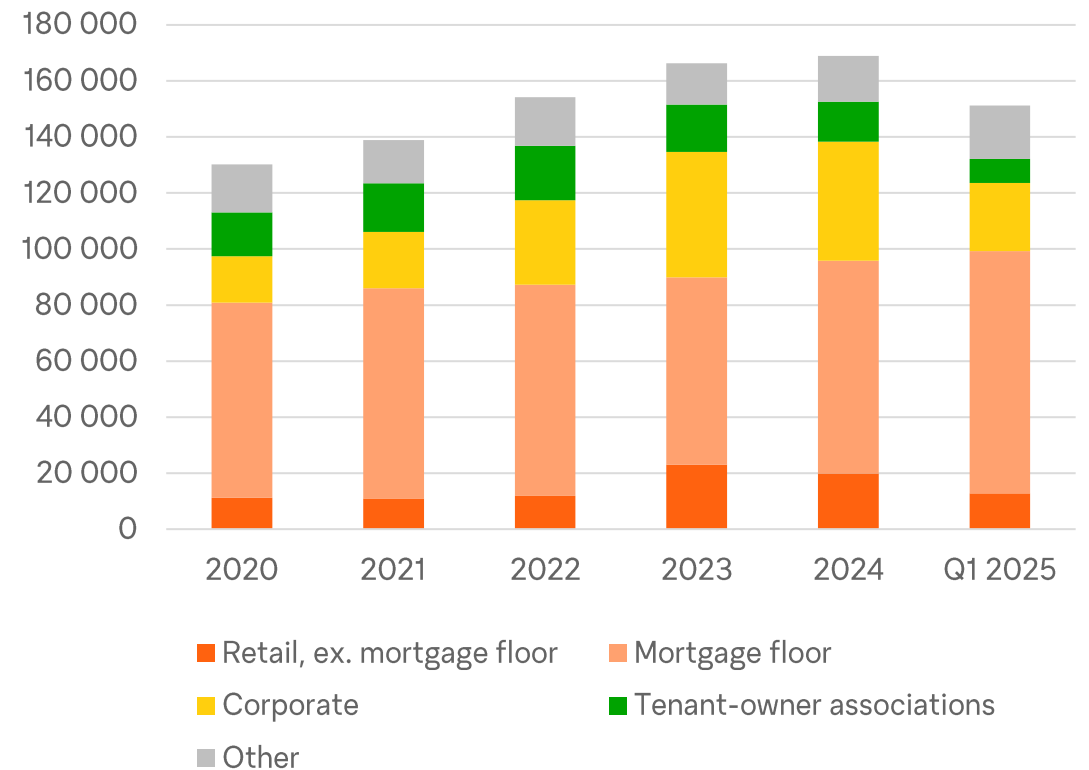
Development in REA

– More than 10% decrease in REA in Q1 2025 due to lower LGD values for corporates and tenant-owners' associations

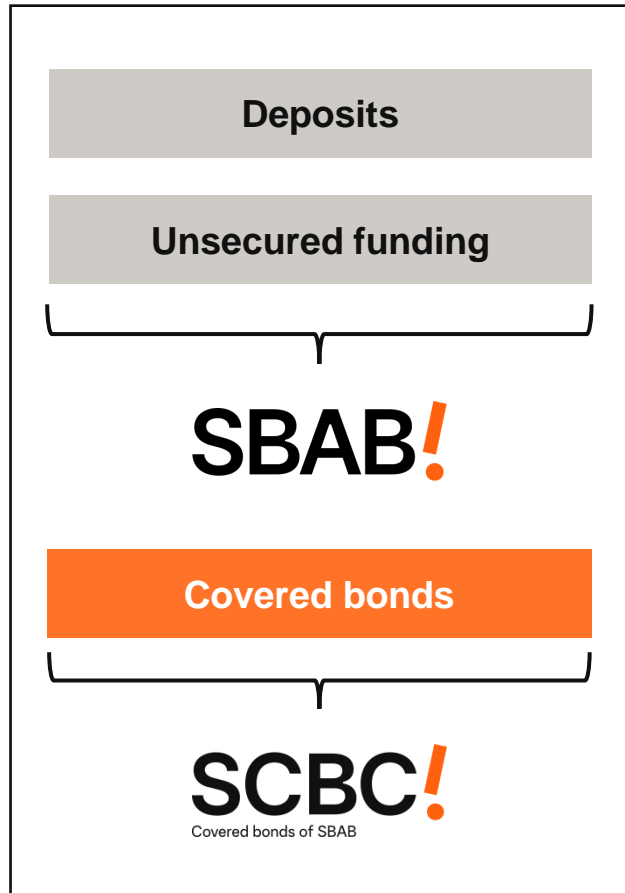
Comments

- True risk weights (internally calculated) far lower than mandatory risk weight floor applied by the Swedish FSA of 25% for Swedish residential mortgages (article 458). Mortgage portfolio, representing ~68% of total lending, thus contributes to stability in REA
- Decrease in REA during Q1 2025, mainly attributable to lower standardised LGD values for corporates and tenant-owners' associations following the implementation of the Banking Package. REA for retail (excl. mortgage floor), decreased due to lower LGD floor, however offset by a corresponding increase in REA from the mortgage floor. Other regulatory changes in CRR 3 have had a minor impact on REA
- Factors behind REA growth in 2024 include growth in lending, increased covered bond holdings and yearly update of operational risk quantification. Development partly offset by decreased risk weights for non-retail exposures. Up to 2023, strong growth in lending (retail and non-retail) was the main driver behind the increase in REA

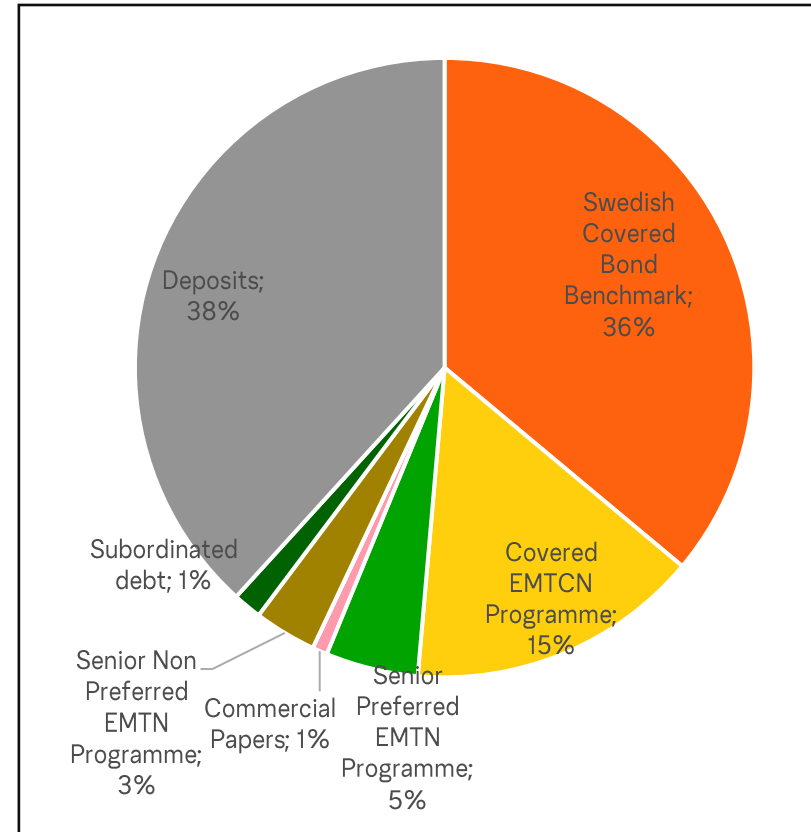
Development and composition of REA (SEK mn)



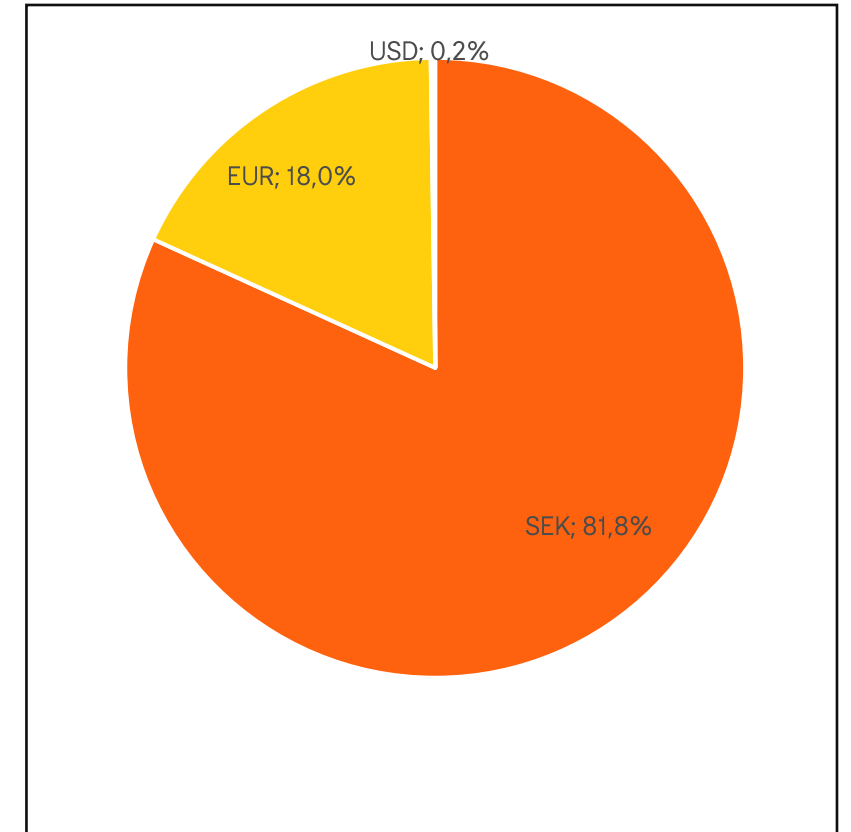
Overview of funding



Funding sources



Funding currencies

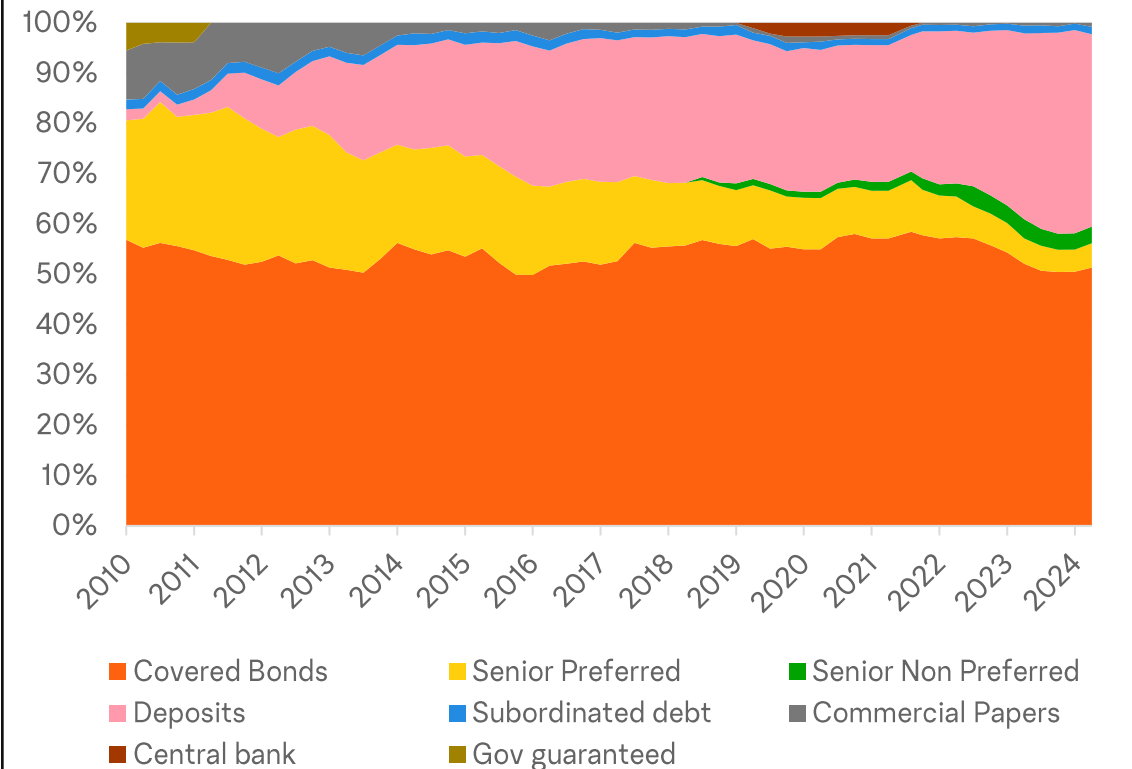


Funding strategy & development

Funding strategy

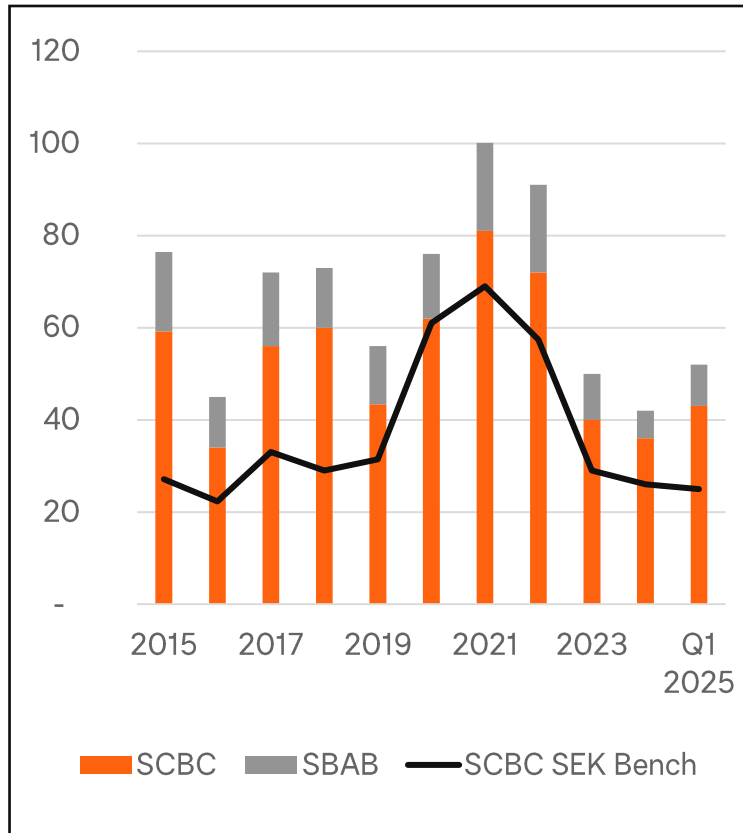
- Mortgage lending primarily funded by covered bonds and to a growing extent deposits from the public. Efficient use of CB funding (~50% of total funding), utilizing the depth and stability of the Swedish CB market
- Strategy to maintain access to core funding markets; SEK- and EUR-market. Regular benchmark issuance in CB, SP and SNP in both SEK and EUR. Capital issuance (AT1 & T2) predominately in SEK. Private placements in SEK and other currencies as a complement
- Increased funding needs in 2025, approximately SEK 90 bn vs. SEK 35 bn in 2024
- Dedicated green bond issuer subject to eligible green lending volumes
- Limited use of short dated funding through CP-programs, interbank funding and central bank facilities. Liquidity risk mitigated through buy-backs of maturing bonds

Development of funding sources over time

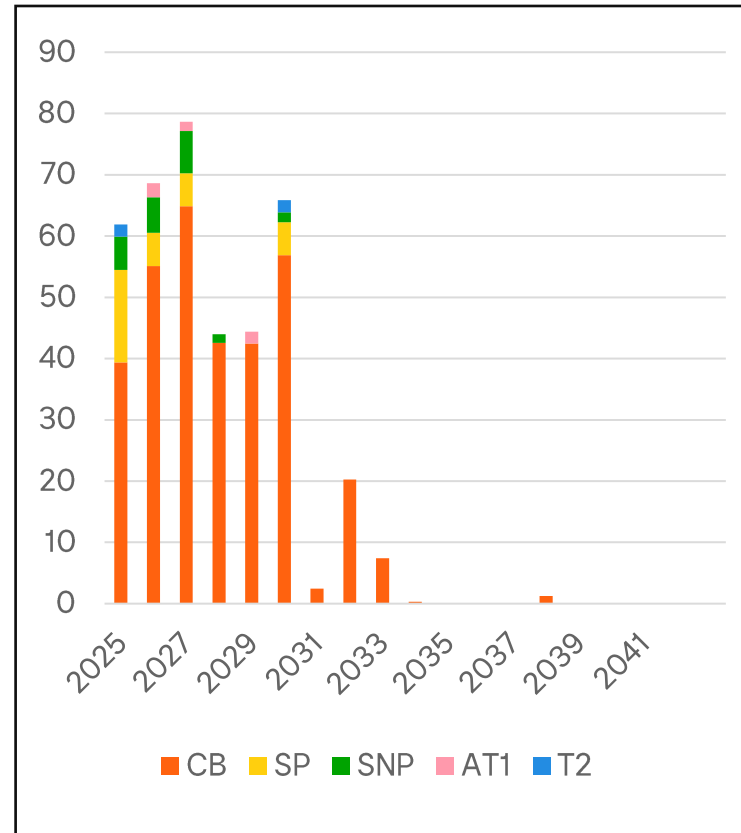


Future funding activity

Annual issuance, SEK bn



Maturity profile (SEK bn)



Future issuance

- Regular benchmark issuance in CB (through subsidiary SCBC) and SP/SNP (through SBAB) in SEK and EUR. Private placements as a complement
 - Regular issuance from the domestic CB programme (including one new SEK covered bond benchmark per year)
 - One to two public EUR transactions (CB/SP/SNP) in international funding markets per year
 - SNP issuance predominately in SEK, EUR as a complement
 - Capital issuance (AT1 & T2) predominately in SEK
- SBAB's focus is to use intermediate (5y+) tenors to support duration in covered bonds and mainly short to intermediate (3 to 5y) in the senior and subordinated formats



Regular presence in EUR market



Update on MREL

- As per Q1 2025, both the total requirement and the subordinated requirement for SBAB amounted to 6% of LRE (incl. the ban on double counting), corresponding to SEK 41.9 billion
- Ample buffers to both requirements and internal targets
- SNP issuance predominately in SEK, EUR as a complement
- Two SNP transactions during 2024: (1) SEK 2.5 bn 4nc3 in January and (2) SEK 1.5 bn 4nc3 in August

MREL requirement (Q1 2025)

	%	SEK bn
REA	26.7%	40.5
LRE	6%	41.9
Buffer		23.0

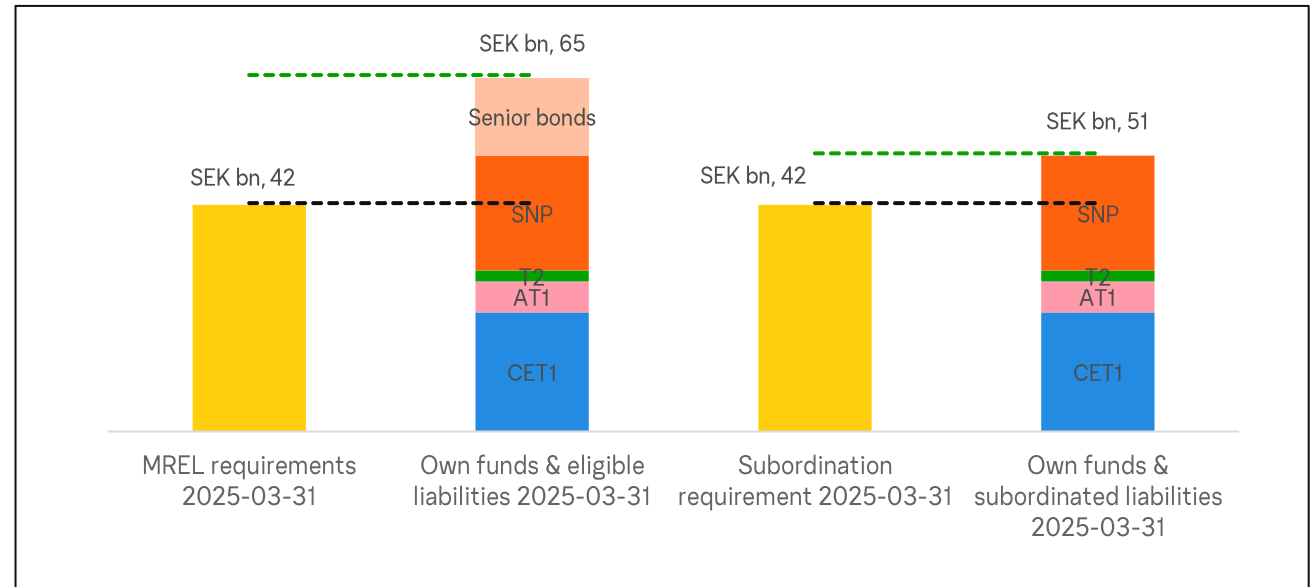
Subordination requirement (Q1 2025)

	%	SEK bn
REA	24.2%	36.6
LRE	6%	41.9
Buffer		8.7

Own funds & eligible liabilities (Q1 2025)

	SEK bn
CET1	21.8
AT1	5.7
T2	2.0
SNP	21.1
Senior bonds	14.3
Total	64.9

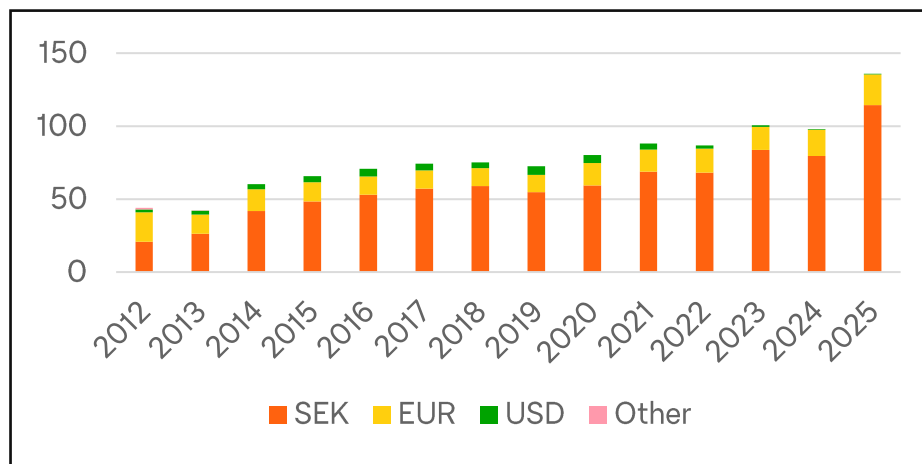
51



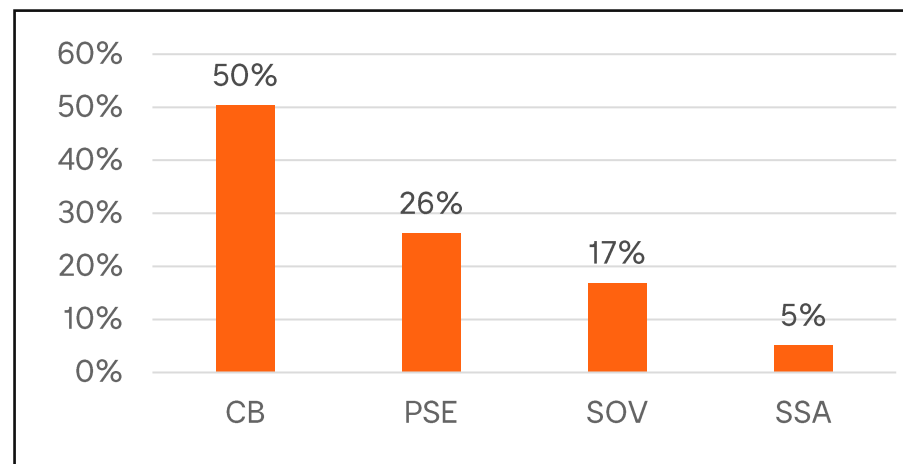
Liquidity position

- At the end Q1 2025, the market value of the assets in the liquidity reserve amounted to SEK 130.1 billion. Taking the Riksbank's and the ECB's haircuts into account, the liquidity value of the assets was SEK 126.6 billion
- LCR and NSFR well above regulatory requirements. Survival horizon implies liquidity need coverage for 442 days under stressed scenario (unchanged lending portfolio, severe deposit outflow and no new funding added)
- High quality and diversified liquidity portfolio within relevant currencies (95% AAA rated)

Total liquidity reserve* (Currency distribution)



Total liquidity reserve* (Securities type)



Key metrics

127 bn

Liquidity reserve (LCR)

309%

LCR

132.3%

NSFR

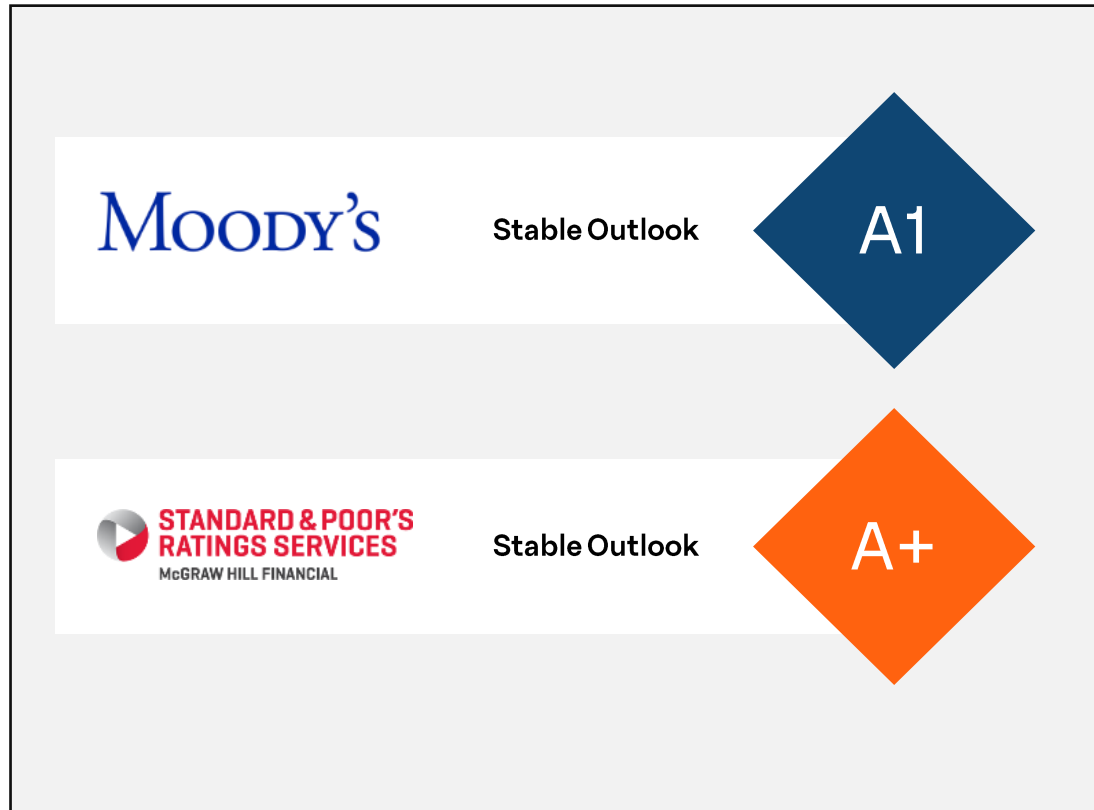
442 days

Survival horizon



Rating overview

Senior Unsecured Rating

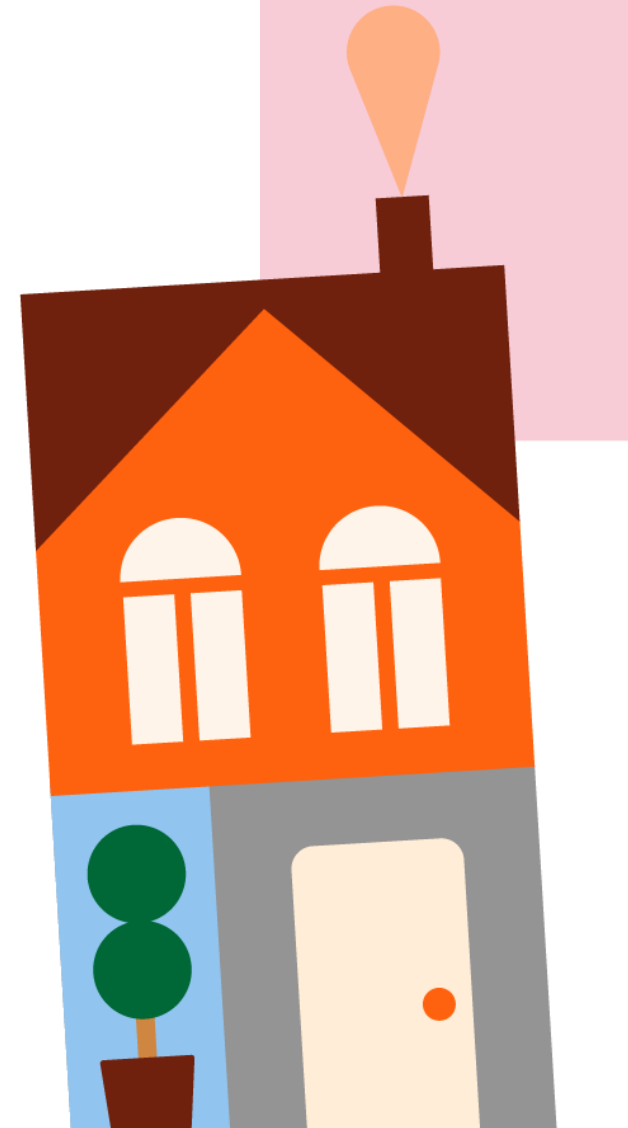


Moody's		STANDARD & POOR'S RATINGS SERVICES McGraw Hill Financial	
Investment Grade	Aaa Sov. rating Aa1 Aa2 Aa3 A1 Senior Preferred A2 A3 Baa1 BCA and SNP Baa2 T2 Baa3		AAA Sov. rating AA+ AA AA- A+ Senior Preferred A A- SACP BBB+ SNP BBB T2 BBB-
Non Investment Grade	Ba1 AT1 Ba2 [...]		BB+ BB AT1 [...]



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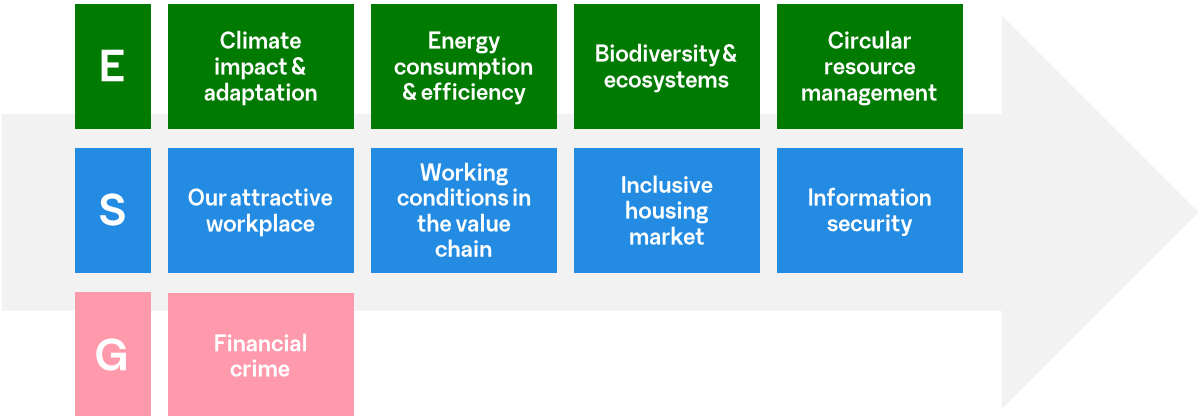
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SBAB's overall approach to sustainability



- As of the 2024 financial year, SBAB reports in accordance with the CSRD and the ESRS. As a basis for the reporting, the ESRS require companies to perform a double materiality assessment. In SBAB's double materiality assessment, conducted in 2023, a total of 25 material sustainability topics were identified in nine overarching sustainability areas, all important for the overall governance and strategies of SBAB



Five target areas

SBAB has decided on five targets areas and seven long-term strategic goals extending to 2030 (including a long-term climate goal) that form the basis of a common approach to SBAB's contribution to sustainable societal development

Read more in SBAB's Annual Report 2024

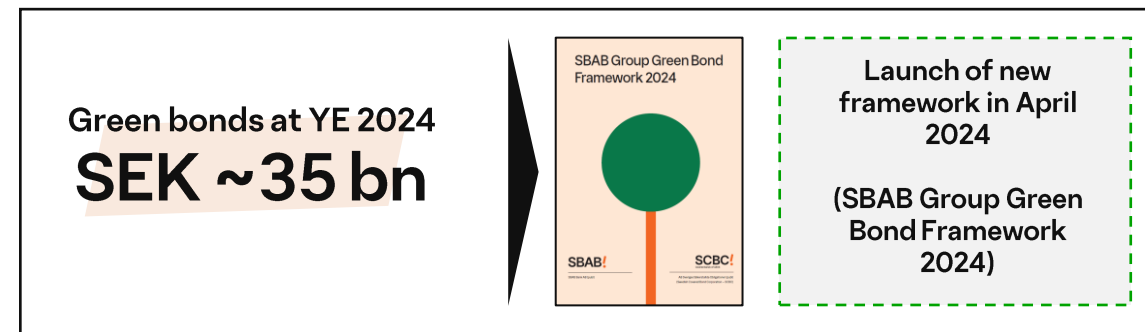


Recent sustainability developments

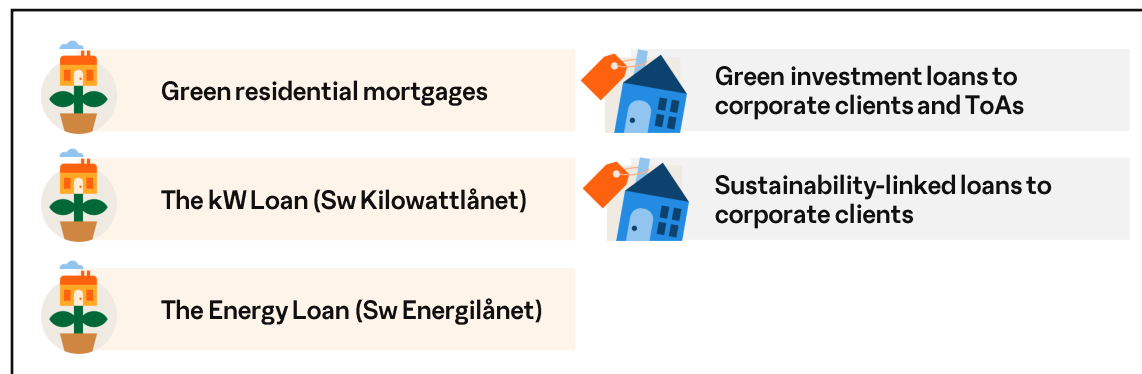
SBAB joins the Net-Zero Banking Alliance



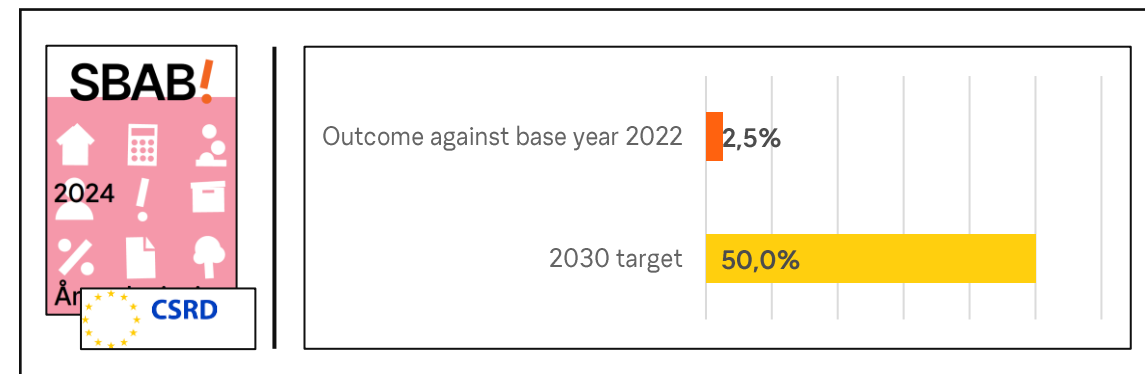
Recurrent Green Bond issuer



Sustainable lending products



CSRD/ESRS reporting & more ambitious climate target



Long-term climate goal

- At the end of 2022, SBAB adopted a new long-term climate goal to reduce the company's emissions intensity (kgCO₂e per m²) from the lending portfolio by 50% by 2038, including a milestone of 30% by 2030
- In 2024, the target was revised following updated calculation methods and a new decarbonisation pathway (specific for the property sector) from CRREM. The revised target is to reduce the emissions intensity from the lending portfolio by 50% by 2030

Target 2030 vs. base year 2022	Outcome 2024 vs. base year 2022	Outcome 2024 (financed kgCO ₂ e/m ²)	Outcome base year 2022 (financed kgCO ₂ e/m ²)
-50%	-2,5%	3.84	3.93

Scope 3

CO₂e CO₂e CO₂e

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

Scope 2

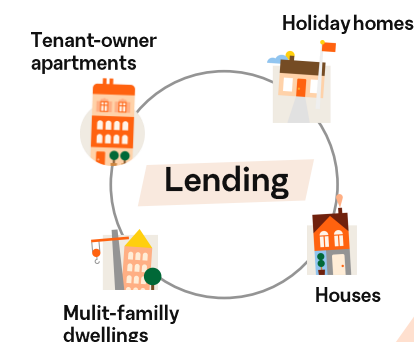
- Energy use, district heating/cooling at our offices

Upstream

Scope 3

CO₂e CO₂e CO₂e CO₂e

SBAB!



Total Co₂e emissions
(existing buildings)

62,388
tCO₂e

Total Co₂e emissions
(new construction)

80,165
tCO₂e

Downstream

Sustainable lending products



Green Residential Mortgages

Launched 2018

SEK 74 bn at YE 2024

Res. mortgage

- Targeting retail customers who lives in houses or apartments in buildings with a valid EPC with energy class A, B or C
- Deduction of the mortgage interest rate for energy class A & B by 10 bps and energy class C by 5 bps
- Automatically updated for all customers (API connected to database from National Board of Housing, Building and Planning)



The kW Loan

Launched 2024

SEK 87.5 mn at YE 2024

Res. mortgage

- Targeting retail customers who want to increase their existing mortgage (provided scope is available) to finance renovations in their homes that improve energy efficiency
- Deduction of the mortgage interest rate (20 bps) for the next ten years, starting from the date the loan is granted



Green Investment Loans

Launched 2015

SEK 110 mn at YE 2024

Property loan

- Loans targeting corporate clients and tenant-owners' associations who wants to implement energy efficiency measures at their properties. e.g. replacing windows or investing in a new, fossil-free heating source



Sustainability Linked Loans (SLLs)

Launched 2023

4 loans disbursed at YE 2024

Property loan

- Loans targeting corporate clients used to accomplish a transition within sustainability. The customer receives somewhat lower interest in exchange for a promise to deliver improvements. Conversely, if the agreed-upon progress is not made, the customer needs to pay a somewhat higher interest rate



Sustainable guides and tools

Kilowatt Calculation

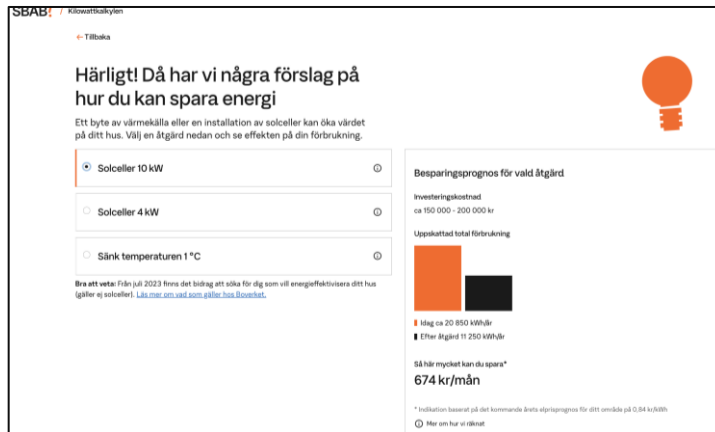
- Advice (based on user input) on measures to reduce energy consumption. Including cost of investment and potential savings in SEK & kW
- **Target group:** All Swedish homeowners

Energy consultancy

- Free expert advice on potential energy saving measures via business partner (Anticimex)
- **Target group:** Res. mortgage customers (houses)

Construction advice

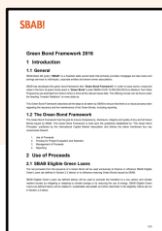
- Free expert advice for well-informed renovations via business partner (Anticimex)
- **Target group:** Res. mortgage customers (houses and apartments)



Timeline for Green Bonds

2016

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



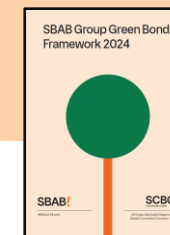
2019

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



2024

- In 2024, SBAB published its third and latest framework ("SBAB Group Green Bond Framework 2024") to more closely align with best market practices and regulatory developments (e.g. the latest ICMA Green Bond Principles and the EU Taxonomy)
- At the end of Q1 2025, five green bonds had been issued under this framework (total volume of SEK ~21 billion)

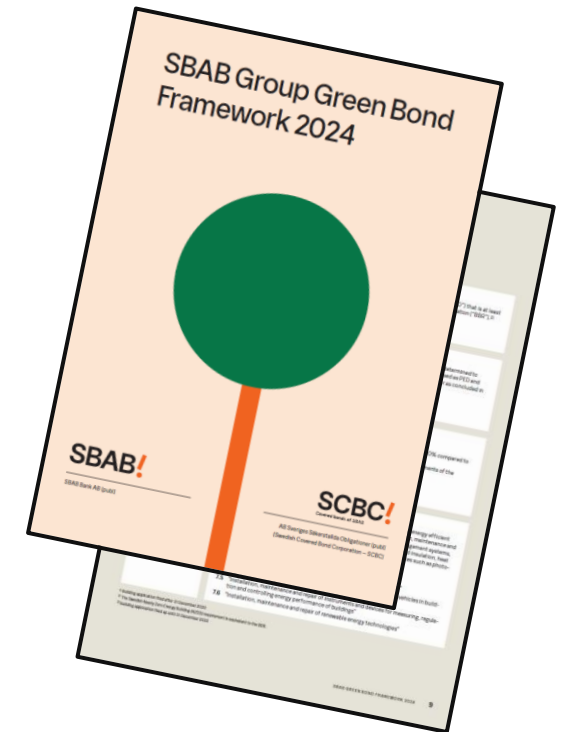


Overview of updated framework

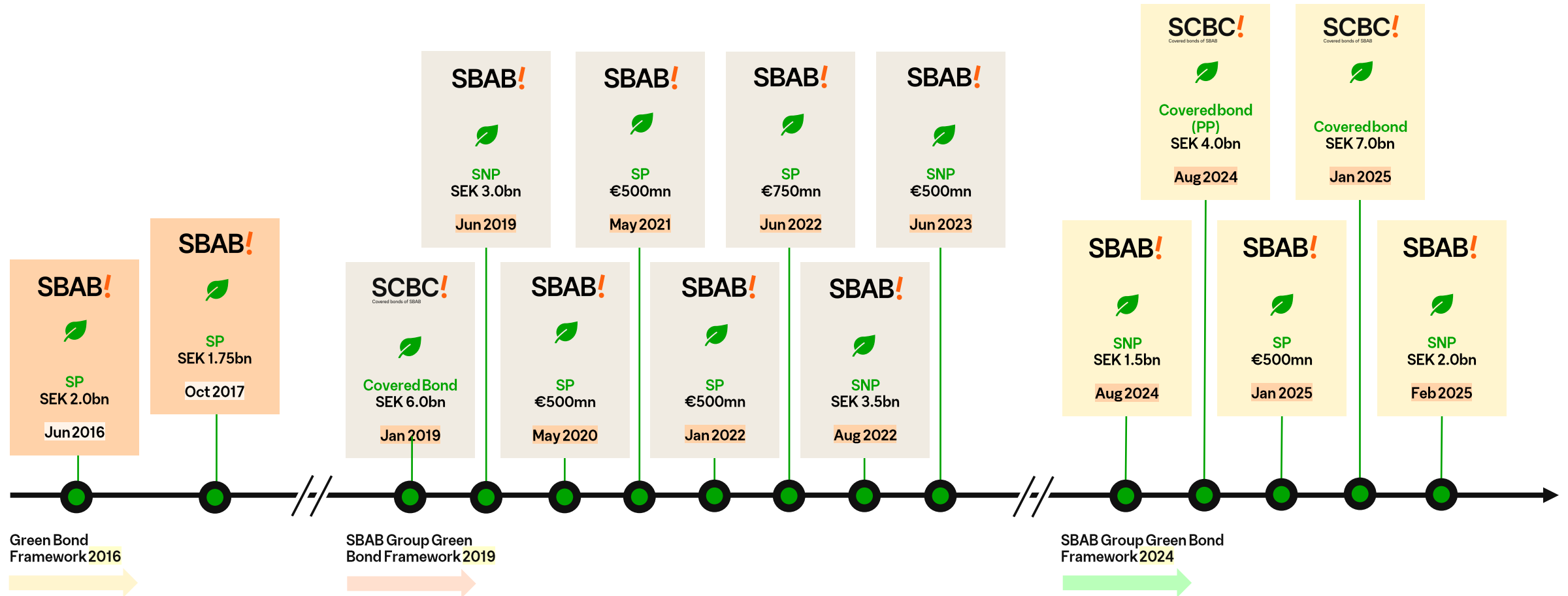
– Updated framework (SBAB Group Green Bond Framework 2024) to align with best market practices as well as regulatory developments

Overview of Green Loan Categories included in framework

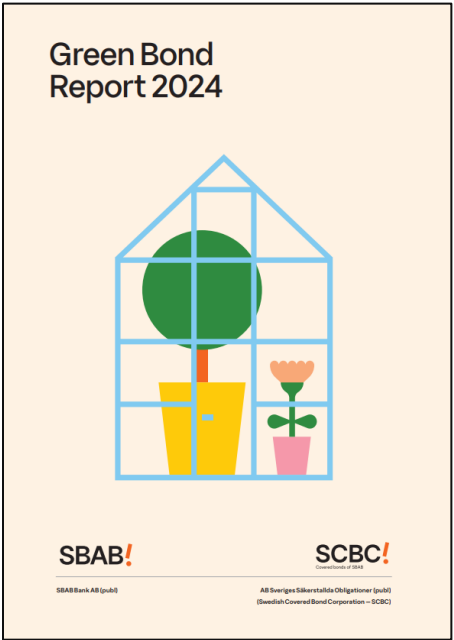
- 1 • **New buildings** (built after 2020): Primary Energy Demand (PED) 10% lower than the level required by the Swedish building regulation ("BBR")
- 2 • **Existing buildings** (built before 2021): EPC A or top 15% of the national or regional building stock
- 3 • **Major renovations**: Meets minimum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



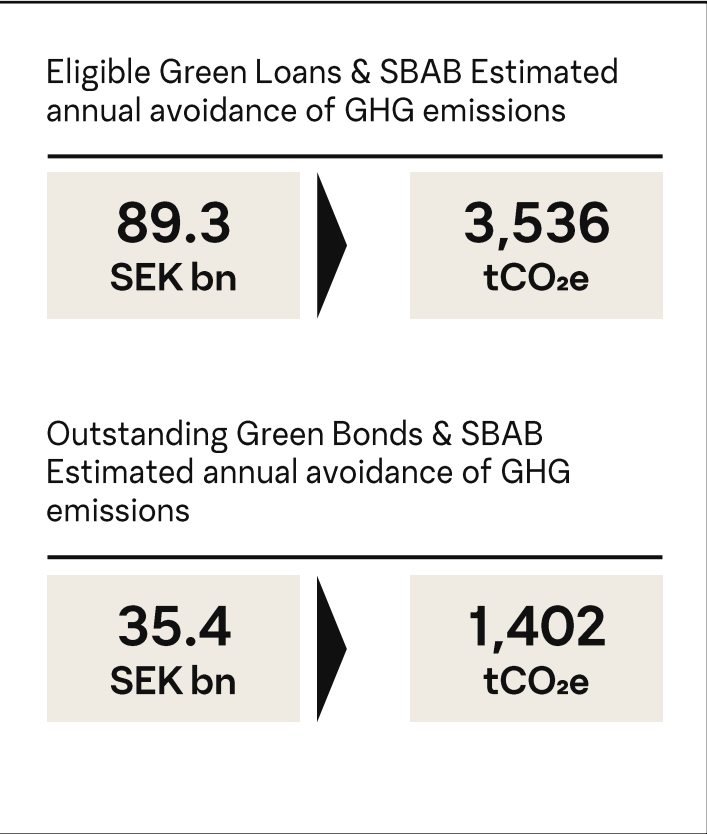
Recurrent issuer since the inaugural Green Bond back in 2016



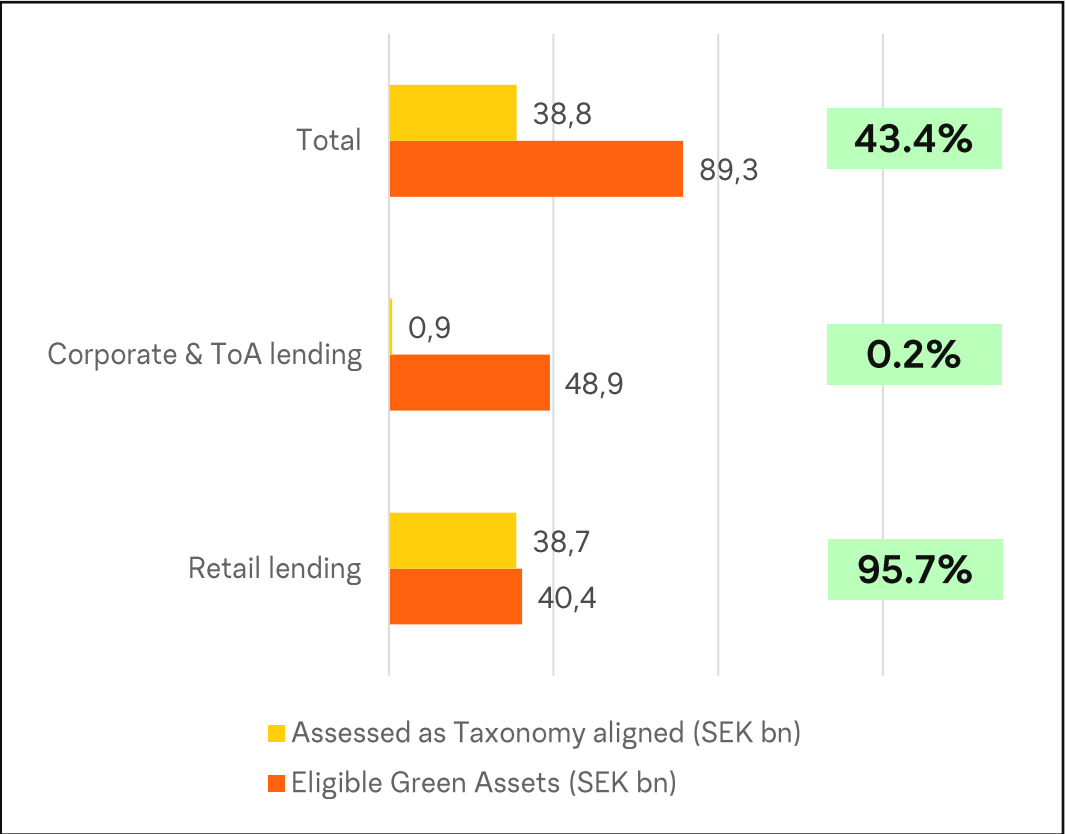
Summary of Green Bond Report 2024



Impact reporting



Alignment with the EU Taxonomy




Excerpts from the Sustainability Report



6.11%

At the end of 2024, SBAB's green asset ratio (**GAR**) amounted to 6.11%, both for the turnover KPI and for the CapEx KPI.

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Climate stress tests

The overall stressed outcome for flood risk assessed as limited.


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Sustainable Construction Industry

Collaboration (initiated by SBAB 2018 and launched 2023) between six banks with the aim of countering tax avoidance and criminality in the construction industry

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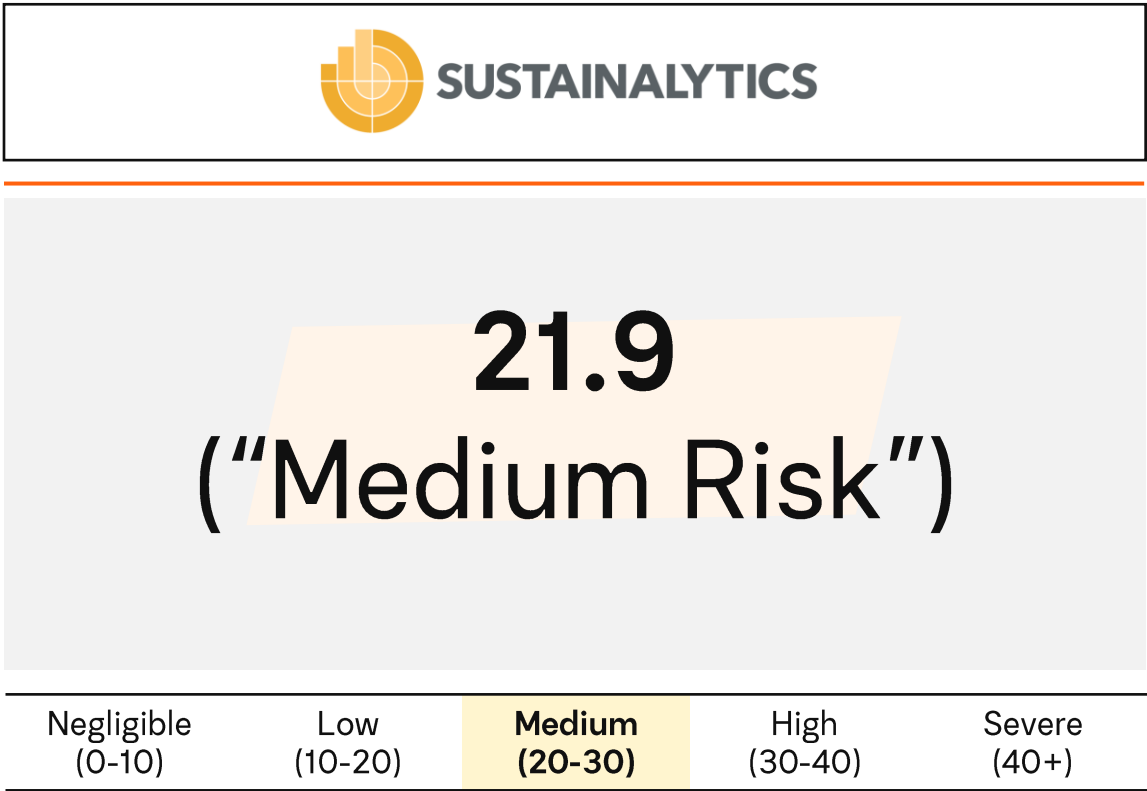
Combating financial crime

Anti Financial Crime unit to protect the bank's customers from crime, such as fraud, and to identify perpetrators of crimes like money laundering.

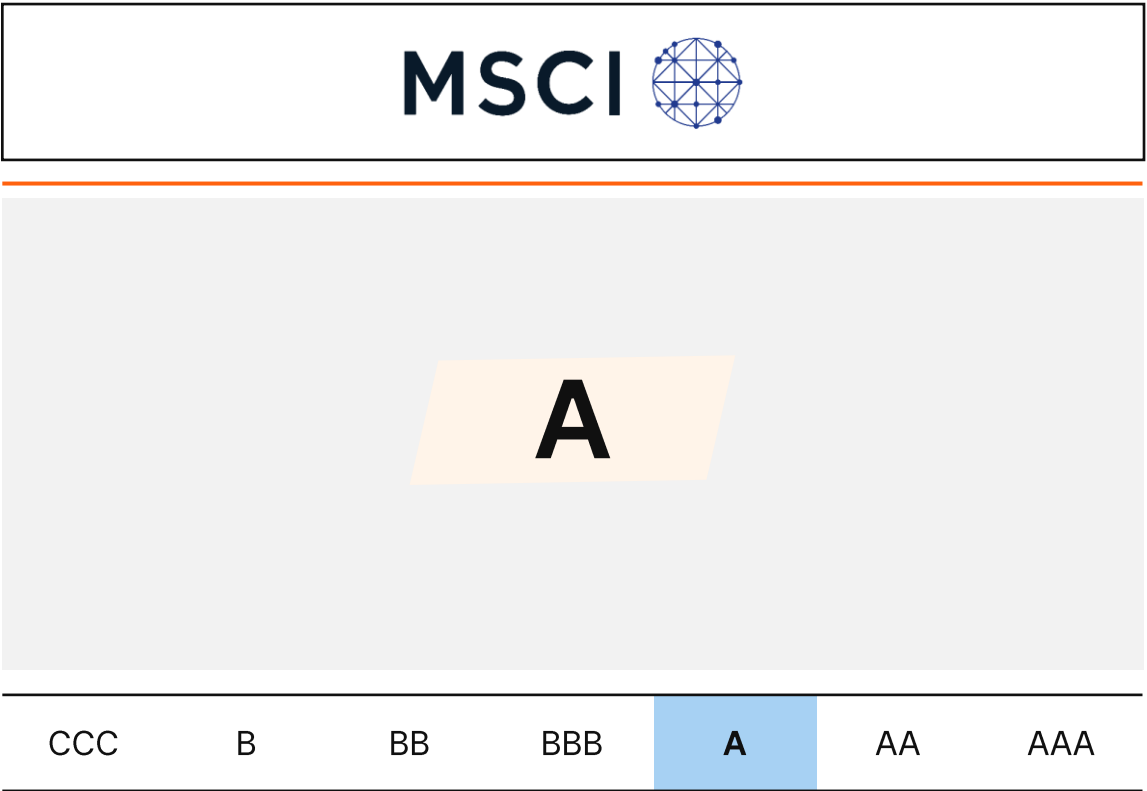
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Sustainability ratings



** Latest update in 2024*

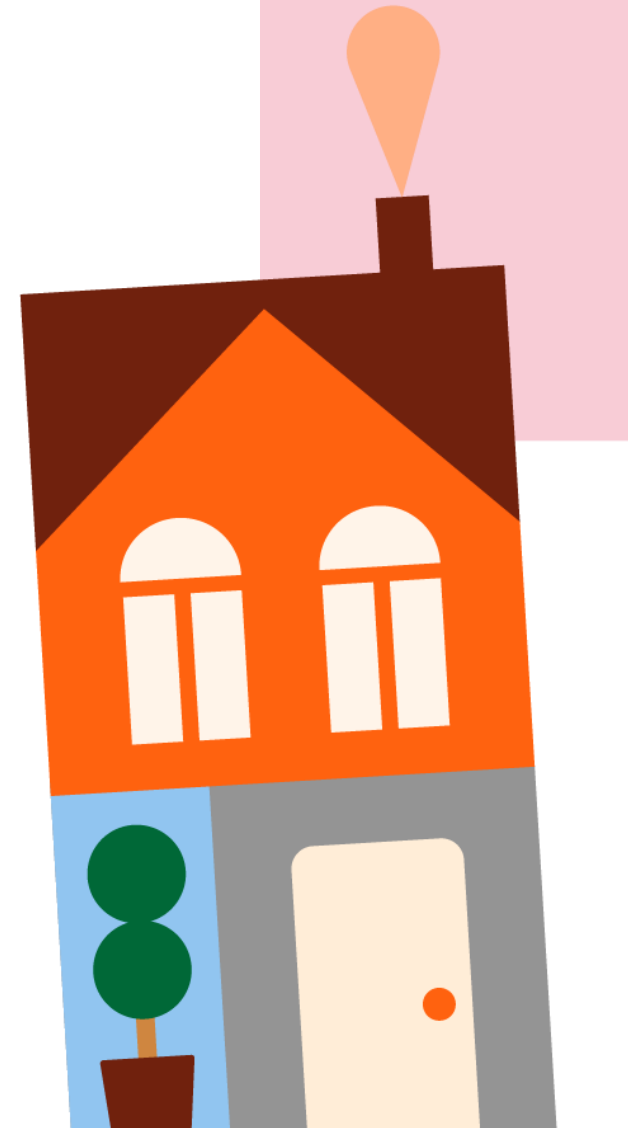


** Latest update in 2025 (April)*



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The Swedish economy

Forecast key figures Sweden

	2024	2025	2026	2027
Real GDP, actual	1.0 (0.5)	1.4 (1.8)	2.7 (3.0)	2.7 (2.7)
Household consumption	0.3 (0.2)	1.1 (2.1)	3.2 (3.4)	3.5 (4.0)
Public consumption	1.2 (1.3)	1.3 (1.5)	2.1 (1.7)	1.3 (1.2)
Investments	0.2 (-1.4)	2.2 (0.5)	5.0 (4.8)	4.7 (4.5)
Net export, GDP-contribution (pp)	0.4 (0.4)	0.0 (0.3)	-0.5 (-0.1)	-0.4 (-0.5)
Employment	-0.5 (-0.6)	0.4 (0.2)	0.9 (1.0)	1.0 (1.2)
Unemployment rate (%)	8.4 (8.4)	8.6 (8.4)	8.3 (8.1)	7.9 (7.6)
Inflation, CPIF growth	1.5 (1.5)	2.9 (1.9)	2.0 (2.0)	2.0 (2.0)
Policy rate, yearly average (%)	3.62 (3.62)	2.19 (2.19)	2.00 (2.00)	2.00 (2.00)
KIX-index, yearly average (-)	125.9 (125.9)	120.0 (125.8)	119.5 (123.4)	119.0 (122.0)

Note: Annual percentage growth unless indicated otherwise. Light orange background indicates SBAB Q2 forecast in April 2025. Figures in brackets are SBAB Q1 forecast in February 2025

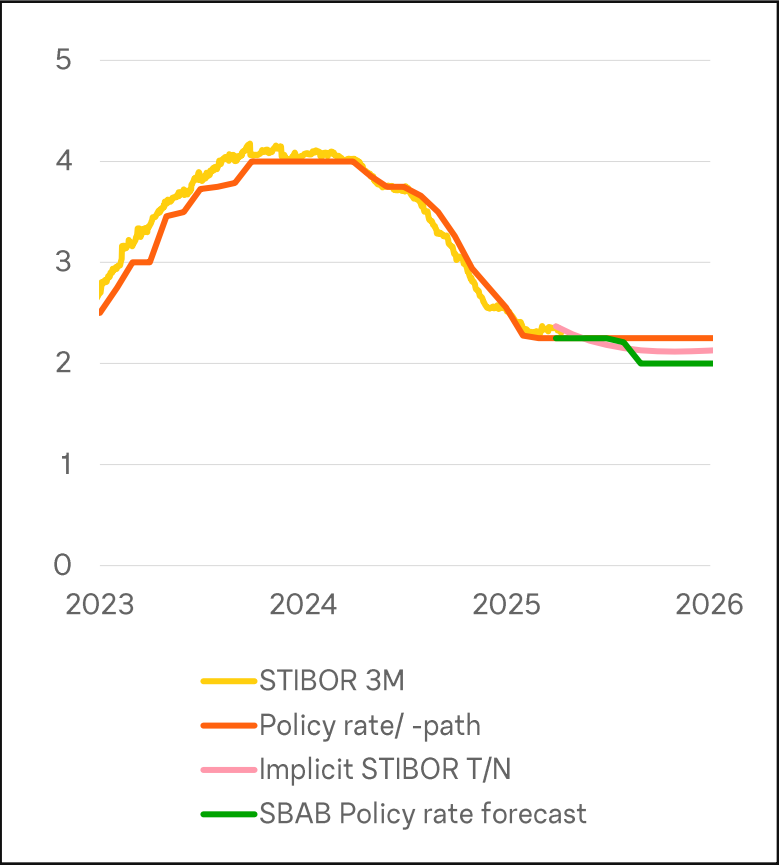
Comments

- Swedish GDP grew unexpectedly rapidly towards the end of 2024. It has slowed down in early 2025 but is still estimated to surpass 2024 for the full year. Swedish GDP is expected to grow faster in 2026 and 2027 as household consumption picks up
- Inflation in Sweden was below the Riksbank's target at 2% from June to December 2024. The high outcomes in Q1 2025 are considered temporary, but will affect 12-month figures in the near term
- The Riksbank has lowered the policy rate to 2.25%. SBAB expects an additional cut to 2.00% in August based on inflation being under control and the economy being weak
- Some characteristics of the Swedish economy include a growing population, strained housing markets in metropolitan areas & households with large mortgages but high savings
- Public finances are sound and central government debt is low



Interest rate development

Interbank rates and policy rate (%)



Mortgage rates (%)

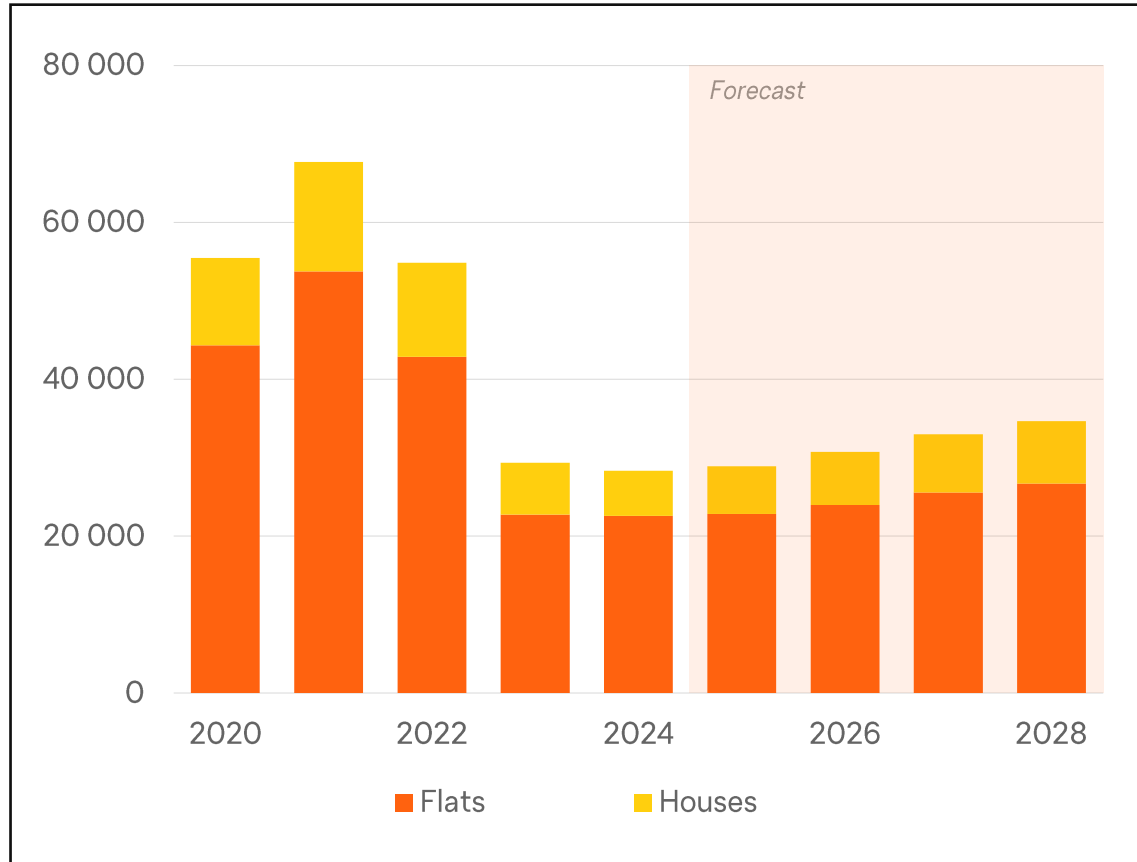
	Length of fixed interest period					
	3 Months	1 Year	2 Years	3 Years	4 Years	5 Years
May 2025	3.2%	3.2%	3.2%	3.3%	3.4%	3.4%
Jan 2026	3.1%	3.2%	3.3%	3.4%	3.5%	3.7%
Jan 2027	3.2%	3.4%	3.5%	3.6%	3.7%	3.8%
Jan 2028	3.3%	3.4%	3.6%	3.7%	3.8%	3.9%
Jan 2029	3.3%	3.5%	3.6%	3.7%	3.8%	3.9%

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



Low rate of new housing construction

Housing construction (number of homes)



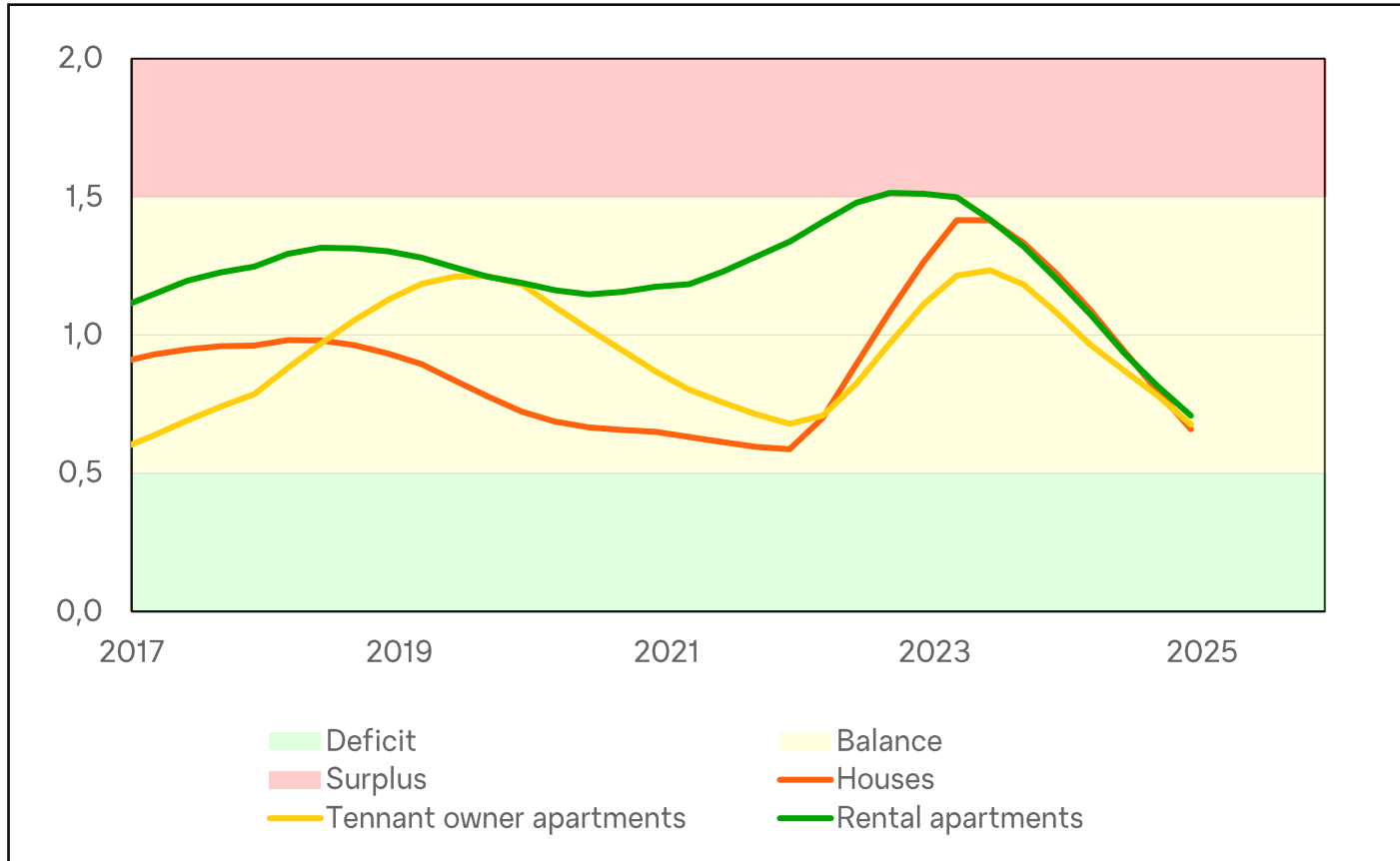
Rapid deceleration to a lower normal level

- Housing construction has declined rapidly, from about 68,000 housing starts in 2021, to about 28,000 housing starts in 2024
- Housing construction is expected to remain at about 30,000 housing starts this year and next, and then slowly increase to around 35,000 starts per year from 2027 and onwards
 - The situation for housing construction is expected to improve with lower interest rates and stronger demand from households
- There is currently a housing deficit in Sweden. The purchasing power-based housing shortage is estimated to be around 25,000 homes at the end of 2025
- The need for housing increases by around 25,000–30,000 homes per year as a result of population growth



Overall balance in housing construction

SBAB Booli Housing Market Index (HMI) 2024 Q4 (index)



The market is currently in balance

- Currently, there is an overall balance in the market for newly produced housing, which applies to all forms of housing
- Rising interest rates in 2022 dampened the demand for housing and resulted in a rapid trend towards a surplus of newly produced houses and tenant-owners' rights (apartments)
- The lower demand for housing was quickly met by a falling construction rate in 2023 and 2024, which caused the overall trend to turn around towards a deficit
- If the HMI-trend continues to fall at the same pace, deficits could occur towards the beginning of 2026
- There are local differences with both surpluses and deficits



Still difficult to sell homes

SBAB Booli Housing market temperature (standard score)



Pause in improvement in the housing market

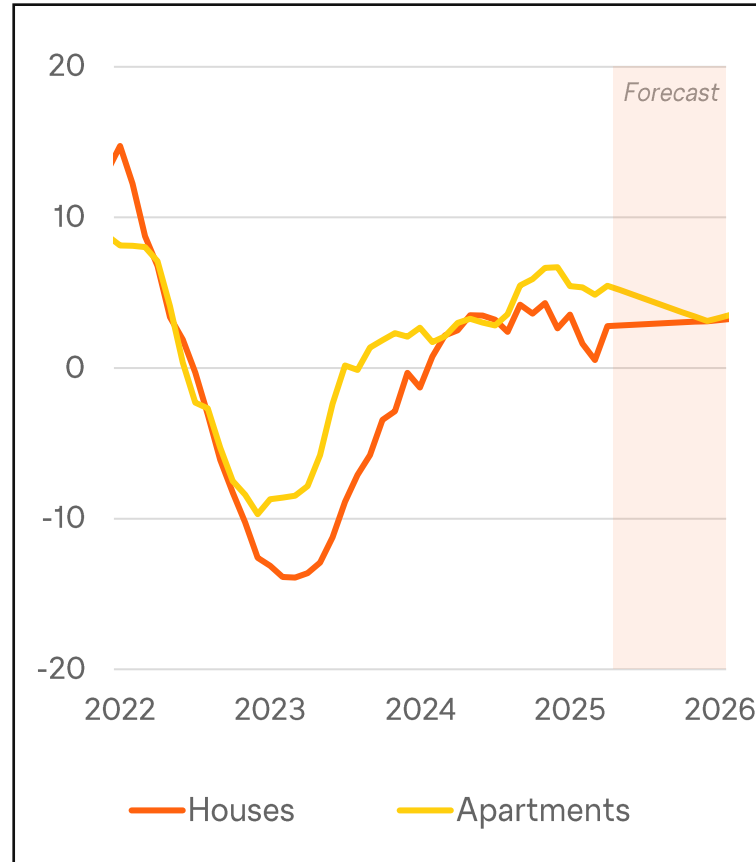
- Starting in the fall of 2022, the conditions for selling homes changed dramatically following rising mortgage rates and increased living costs
- In 2023 and 2024, the situation improved, although fluctuating up and down for apartments, approaching more normal levels
- During the beginning of 2025,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



Housing prices are rising slowly

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

	Index Mar-25	Change since		
		1M	3M	12M
Sweden (HPI)	1.88	+0.2%	+2.9%	+2.0%
Flats	1.96	+0.9%	+4.1%	+4.9%
Stockholm	1.82	+0.3%	+3.5%	+3.8%
Gothenburg	1.93	+3.1%	+6.1%	+6.9%
Malmö	2.10	+1.5%	+4.7%	+5.6%
Houses	1.84	+0.4%	+2.3%	+0.5%
Stockholm	1.78	+0.9%	+1.2%	+2.1%
Gothenburg	1.77	-1.3%	+1.1%	+3.0%
Malmö	1.92	+1.6%	+5.1%	+5.5%



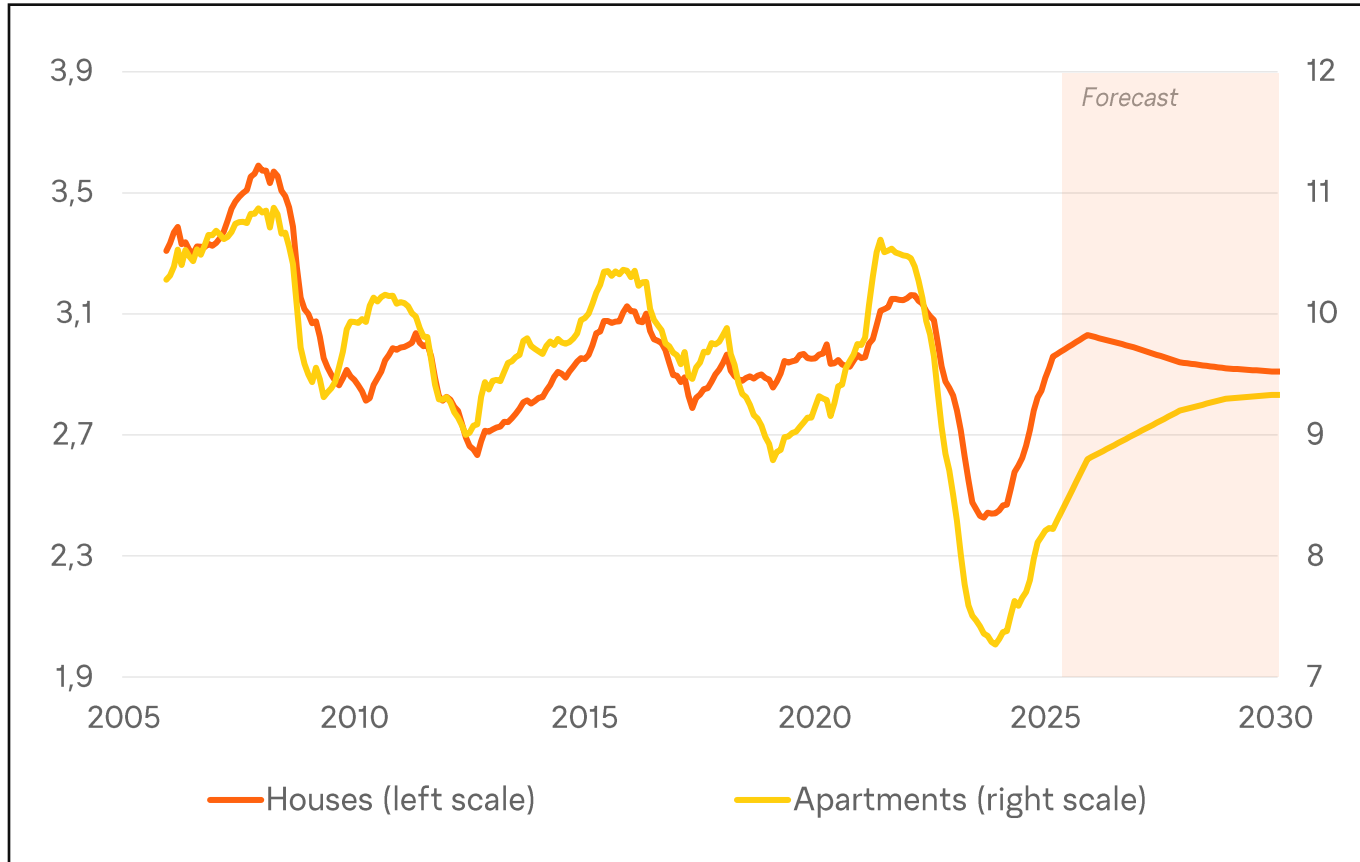
Slowly rising housing prices

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



Dampened housing turnover in recessions

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



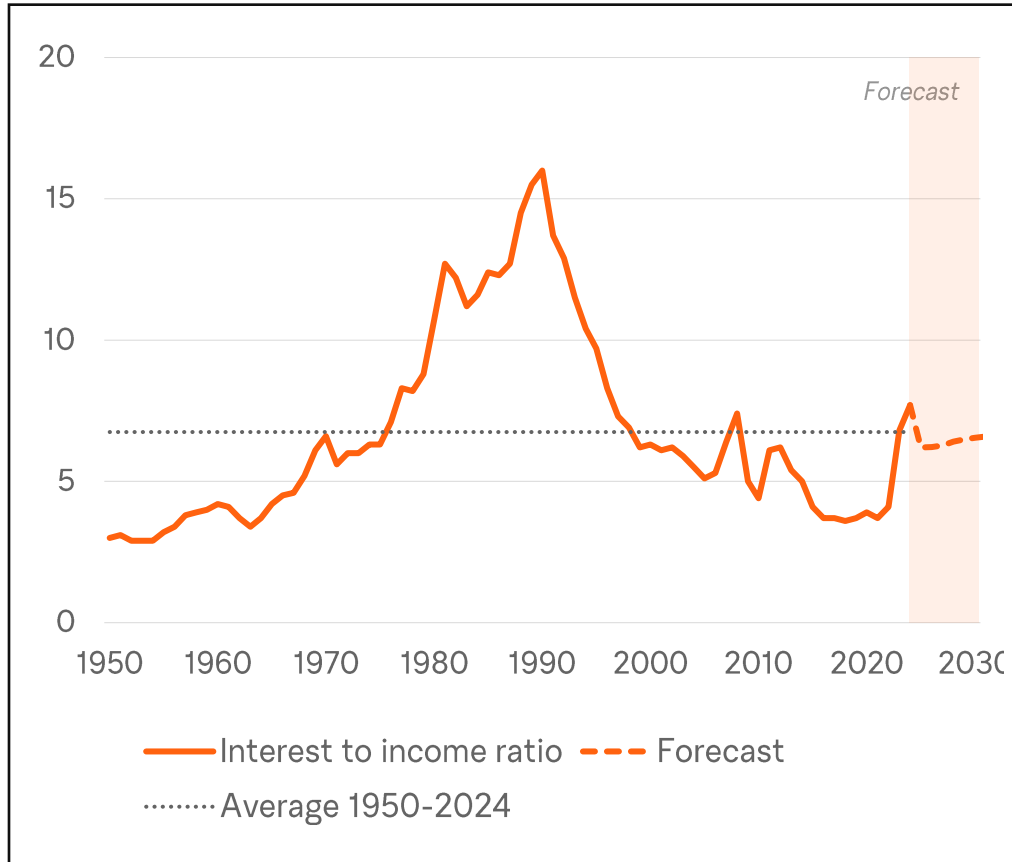
Prolonged low turnover rate for apartments

- Housing turnover increased steadily in 2024 after the record steep decline in 2022 and 2023
- The average turnover rate in 2024 was 2.8% for houses and 8.2% for apartments, which is below the estimated long-term/normal levels at about 2.9% per year for houses and 9.2% per year for apartments
- In March 2025, the seasonally adjusted trend turnover rate was 3.0% per year for houses and 8.0% per year for apartments. Thus, only apartments are currently experiencing a lower turnover
- The housing turnover for apartments is expected to recover further in 2025 and to reach normal levels in 2026
- There is a clear historical pattern with high turnover during booms and low turnover during recessions



Interest expenditures at a normal level

Gross interest expenditure (% of disposable income)



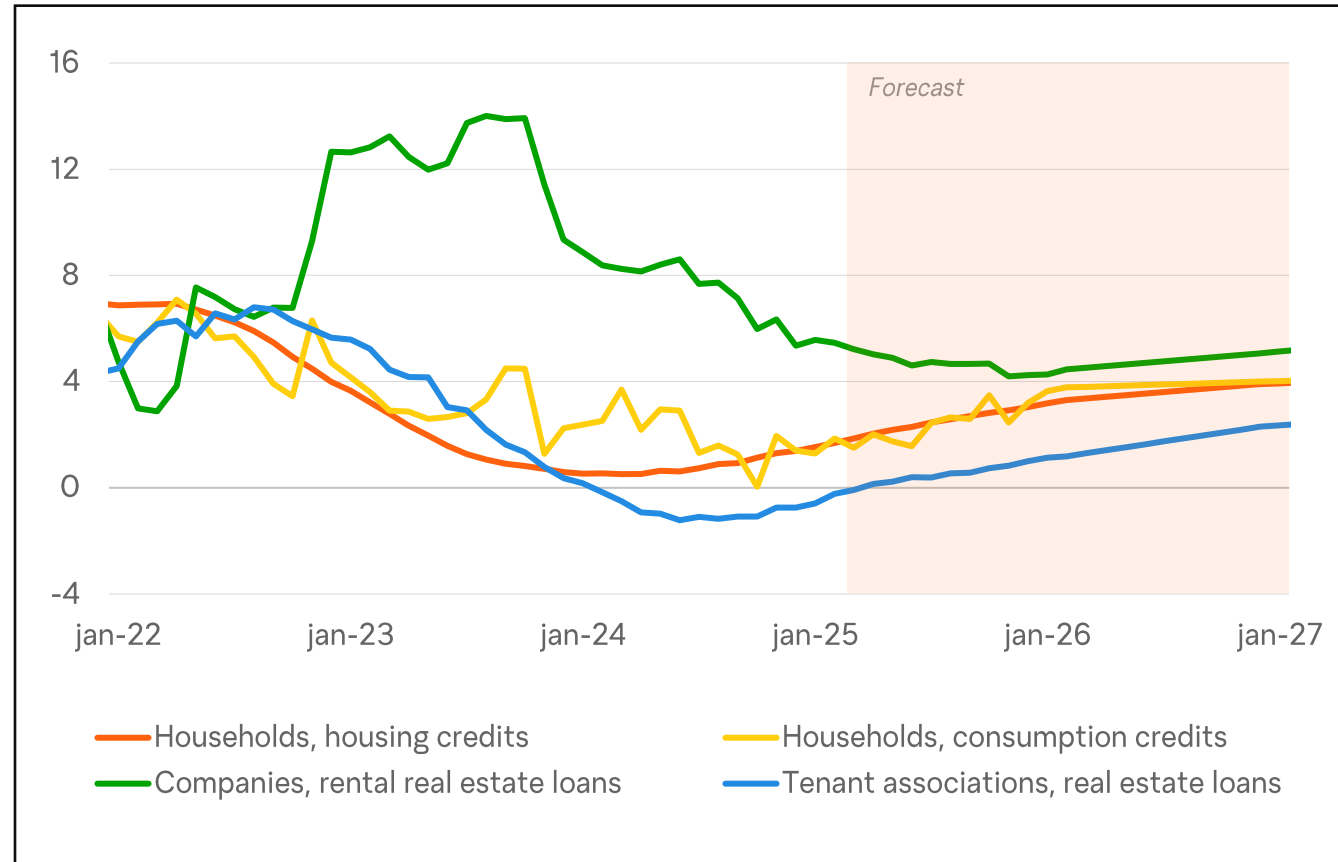
Interest expenditures at the historically normal level

- Rising debt-to-income ratio over the years, but due to long-term falling interest rates relatively stable interest-to-income ratio
- Despite higher interest rates, interest expenditures are currently roughly in line with the historical average based on annual data up to and including 2024
- Interest expenditures in relation to disposable income at 6.8% in 2023, which is close to the historical average of 6.7%, despite a steep rise in mortgage rates
- The interest-to-income ratio increased to 7.7% in 2024 but is expected to fall in 2025 to around 6.1% before tax deductions (about 4.3% after tax deductions)
- Factors to consider regarding the interest expenses ratio:
 - Interest expenses are, compared to early years, distributed amongst more households
 - Interest expenses as a share of income differs between younger and older homeowners, and between households in metropolitan areas and sparsely populated areas



Credit growth development

Credit growth, YoY growth rates (%)



A steady recovery in credit growth to households

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



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Appendix



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



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

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

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

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



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

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

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

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



Frequent update of macro scenarios in impairment model

(x) = YE 2024

Comments

Factors	Scenario 1 (40%)			Scenario 2 (10%)			Scenario 3 (25%)			Scenario 4 (25%)		
	2025	2026	2027	2025	2026	2027	2025	2026	2027	2025	2026	2027
GDP ¹⁾ , Δ	+1.5%	+2.7%	+2.7%	+1.9%	+4.4%	+3.8%	-3.2%	+0.3%	+4.7%	-1.3%	-2.2%	+1.0%
Repo rate	2.2%	2.1%	2.2%	2.1%	2.1%	2.4%	2.4%	2.5%	2.5%	2.6%	3.2%	3.2%
Unemployment	8.4%	8.1%	7.7%	8.3%	7.4%	6.5%	8.9%	11.3%	10.2%	8.6%	9.7%	10.2%
House prices, Δ	+3.1%	+3.6%	+6.8%	+6.2%	+1.0%	+7.4%	-6.3%	-6.8%	+3.3%	-7.2%	-13.5%	-5.4%
Prices of tenant-owners' rights, Δ	+4.7%	+4.6%	+3.6%	+8.1%	+1.3%	+4.1%	-5.8%	-9.3%	-1.5%	-8.2%	-16.5%	-7.8%
Property prices, Δ	+0.1%	+2.4%	+5.2%	+3.1%	+1.3%	+3.9%	-6.1%	-4.7%	-5.2%	-7.9%	-7.3%	-10.9%
ECL	SEK 166 million (165)			SEK 159 million (158)			SEK 336 million (344)			SEK 519 million (513)		
Weighted ECL ²⁾	SEK 296 million (296)											

- The bank conducts stress tests on its loans, considering severe scenarios like high interest rates, high unemployment, and sharp property price drops. It requires significant stress (i.e. a combination of several deteriorating factors in impairment model) to see any dramatic effects in ECL
- At Q1 2025, total weighted ECL stood at SEK mn, unchanged compared with Q4 2024

1) Not included in the ECL calculation

2) Of which, SEK 293 million was attributable to lending to the public and SEK 3 million to off-balance-sheet items linked to loan commitments and building credits



Overview of mortgage lending

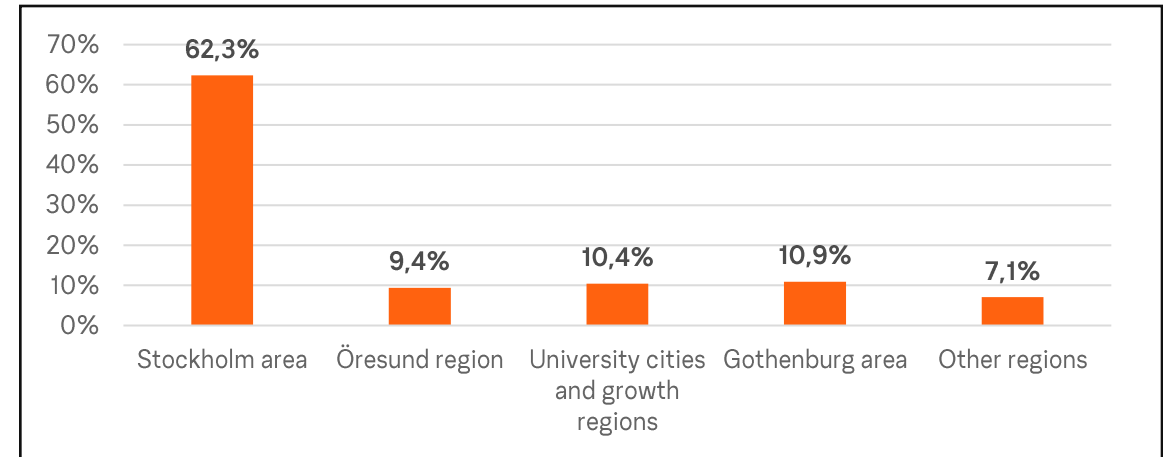
Regulatory requirements:

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

SBAB underwriting criteria:

- Credit granting based on an affordability assessment, i.e. funds left to live on post interest payments (including stressed interest rate), housing expenses and other general living expenses
- Affordability assessment (KALP) revised frequently to factor in changes in general living- and housing expenses
- Credits granted to at most a DTI of 5.5x (irrespective of LTV)
- At Q1 2025, the average LTV ratio in the mortgage portfolio amounted to 59%. At the same date, the average residential mortgage loan amounted to SEK 1.9 million. LTV and DTI for new lending during Q1 2025 was 68% and 3.4x respectively

Geographical distribution (%)



59%

Average
LTV

SEK 1.9 mn

Average
loan



Mortgage pricing

Risk-based and transparent pricing model

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

List rate



Discount

(LTV)

(Size of loan)

(Energy class)



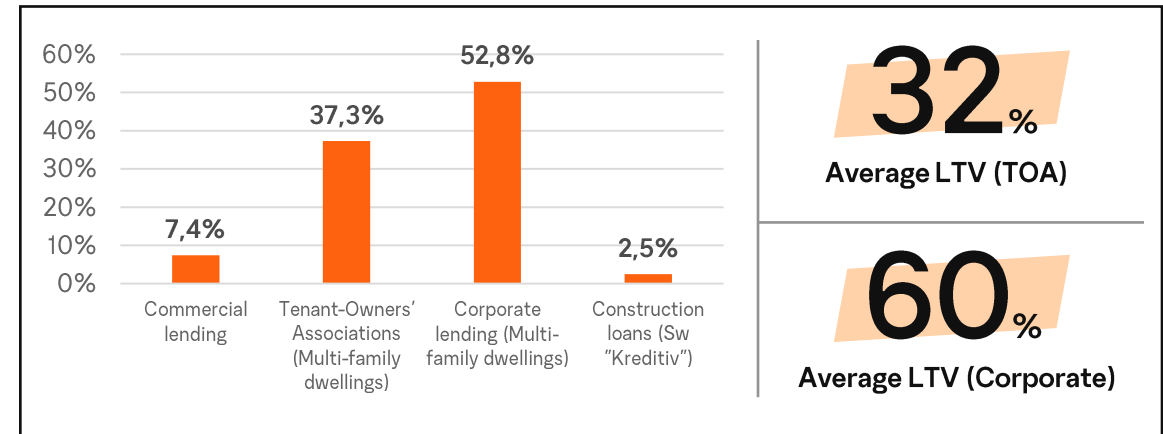
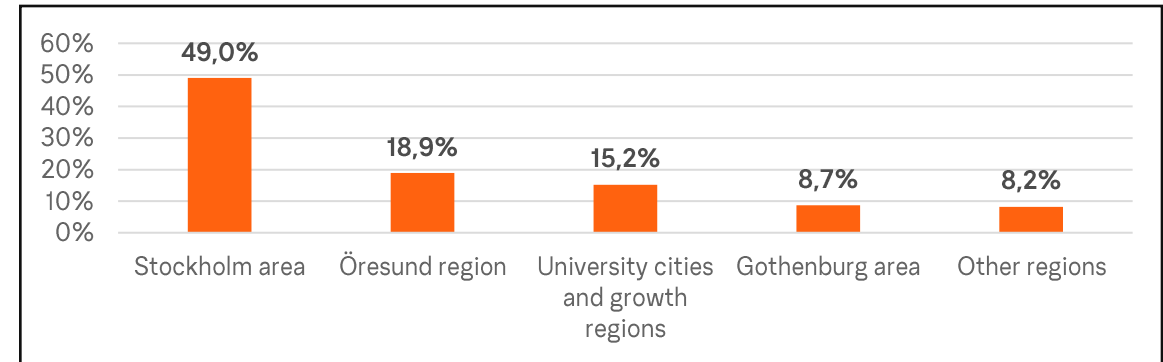
Actual rate



Corporate & TOA lending

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

Geographical distribution (%)

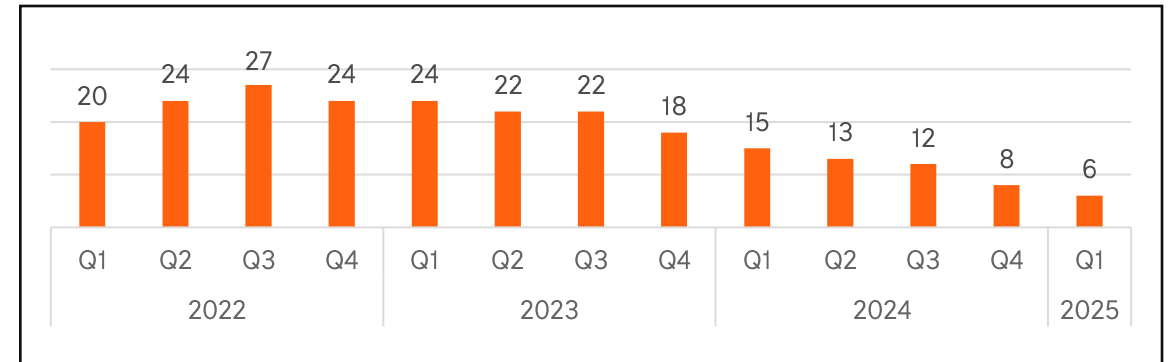


Construction loans

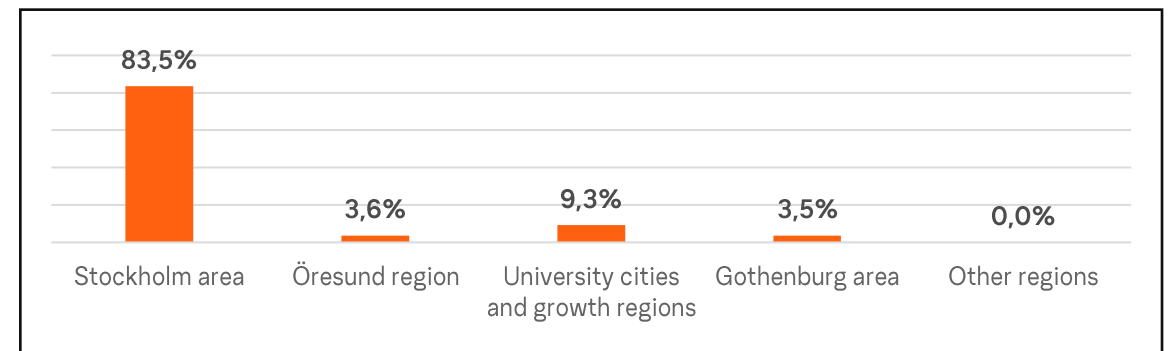
Comments

- Rapid fall in new construction (i.e. existing projects being finalised but low inflow of new projects)
- 37 outstanding construction loans (13 properties) totalling SEK 6 billion (of which 73% disbursed)
- Focus on major residential developers and existing relationships with solid track records
- Most of the construction loans are to companies with diversified revenue streams (i.e not only from real estate development, but from rental apartments, infrastructure projects and real estate management)
- Prudent acceptance levels for smaller residential developers, e.g., higher levels of equity, number of sales agreements
- Analysis of the construction loan portfolio is carried out on an ongoing basis

Development of construction loan portfolio (SEK bn)

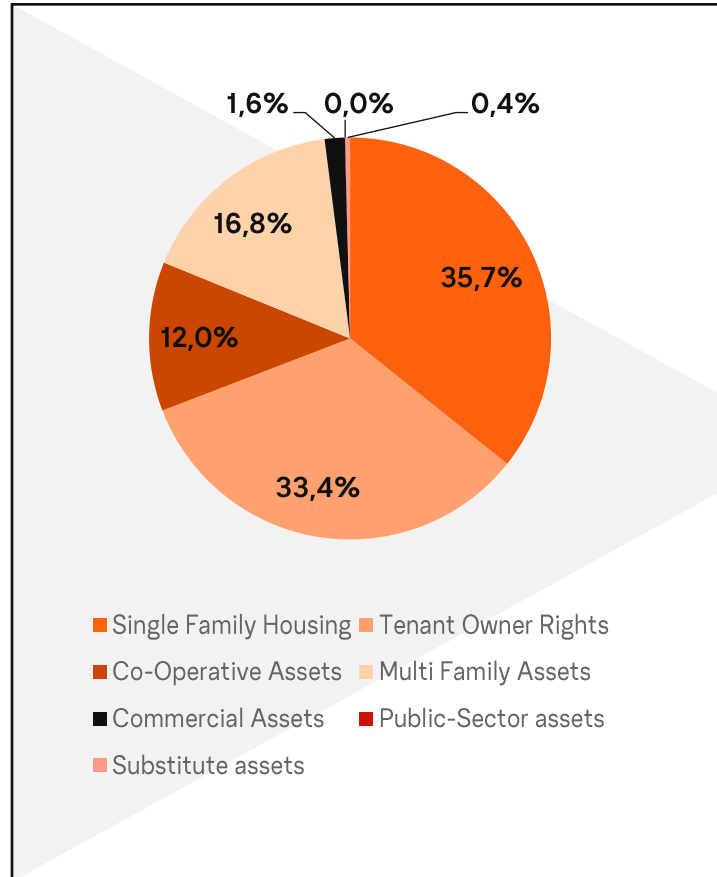


Geographical distribution (%)

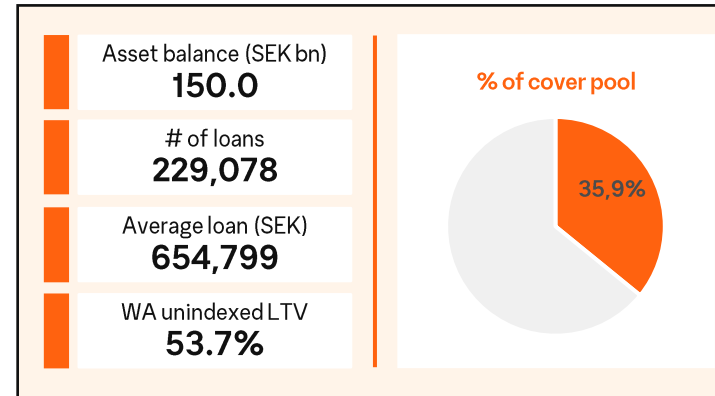


Cover Pool composition

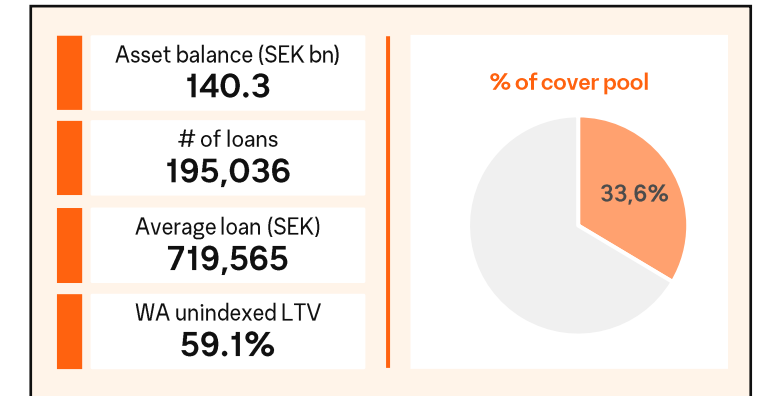
Asset types in cover pool



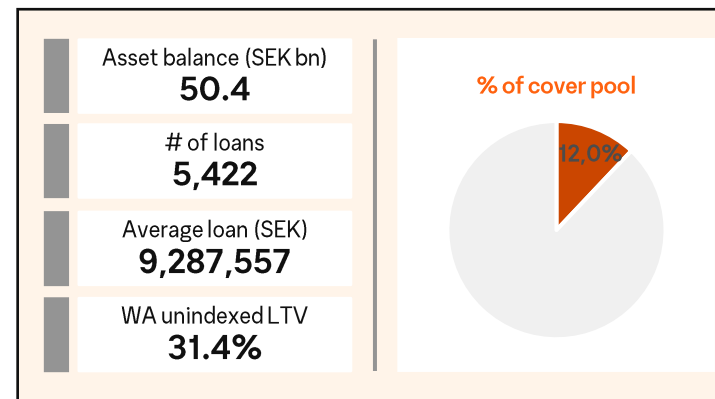
Cover Pool Information - Single Family Housing



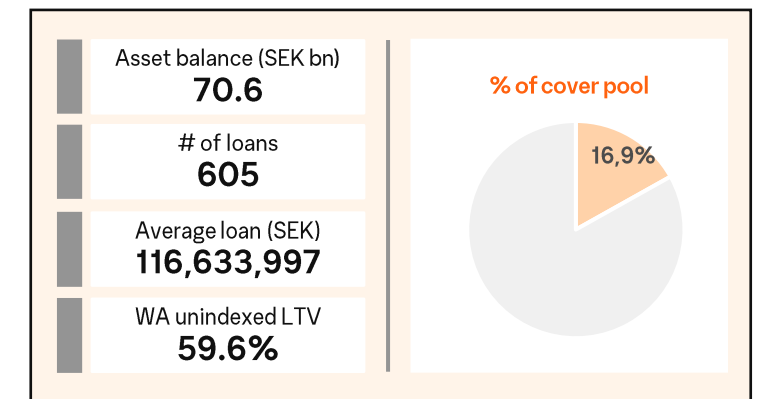
Cover Pool Information - Tenant Owner Rights



Cover Pool Information - Co-Operative Assets



Cover Pool Information - Multi Family Assets



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



Rating composition for senior debt

MOODY'S

Stand-alone rating	Macro profile	Strong+
	Financial profile	a3
	Qualitative	-1
	- <i>Opacity and complexity / Corporate Beh.</i>	0
	- <i>Diversification</i>	-1
	Baseline Credit Assessment (BCA)	baa1
Notching	Loss Given Failure (LGF)	+2
	Government Support	+1
	Total notching	+3
Rating	Rating	A1
	Outlook	STABLE



Stand-alone rating	Anchor	a-
	Business Position	-1
	Capital and Earnings	+1
	Risk Position	0
	Funding & liquidity	0
	Stand-Alone Credit Profile (SACP)	a-
Notching	ALAC Support	+2
	GRE Support	0
	Group Support	0
	Sovereign Support	0
	Total notching	+2
Rating	Rating	A+
	Outlook	STABLE



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