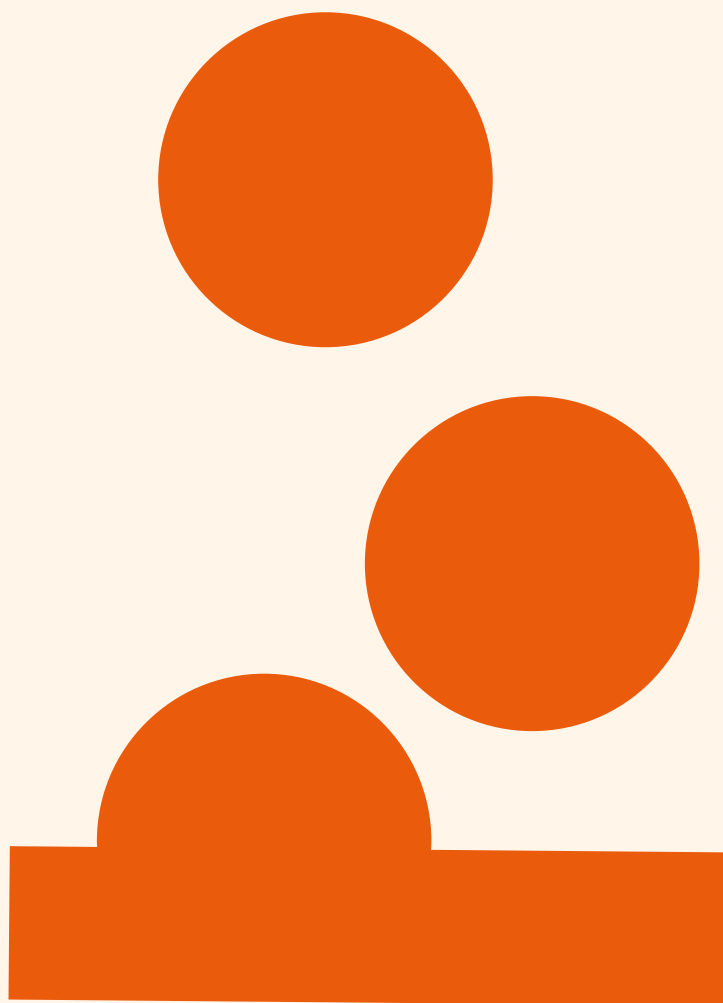


# Interim report

January–March 2022



# The quarter in brief

## Q1 2022

(Q4 2021)

- The quarter was largely dominated by geopolitical concerns arising from Russia's invasion of Ukraine. Moreover, the latter part of the quarter was marked by expectations of higher key interest rates as a result of rising inflation. ➔ [Read more on pages 4, 7, 17 & 19](#)
- Total lending increased 2.5% to SEK 478.7 billion (467.0). Total deposits increased 1.4% to SEK 147.0 billion (145.0). ➔ [Read more on page 11](#)
- Net interest income rose to SEK 1,084 million (1,017). The resolution fee was moved from net interest income to a new line in the income statement (imposed fees) in the first quarter. After adjustment for the resolution fee, which amounted to SEK 48 million (43) for the first quarter, net interest income increased SEK 19 million, mainly driven by lower funding costs. ➔ [Read more on page 14](#)
- The risk tax was introduced during the quarter. For SBAB, the tax entails an additional cost (reported together with the resolution fee on a separate line in the income statement) of about SEK 261 million in the current year and thereafter around SEK 332 million in 2023. ➔ [Read more on pages 4 & 14](#)
- Operating profit decreased 2.6% to SEK 573 million (588), primarily due to the introduction of the risk tax, which amounted to SEK 65 million for the quarter. Lower expenses positively impacted the item. ➔ [Read more on page 14](#)
- Credit losses amounted to SEK 17 million (recoveries: 1), primarily due to increased loss allowances of SEK 16 million resulting from increased concerns in the operating environment and higher interest rates. Confirmed credit losses remained low and totalled SEK 2 million (2). ➔ [Read more on page 14](#)
- The return on equity amounted to 9.5% (9.4) and the C/I ratio was 33.7% (43.5). Return on equity, excluding the risk tax, amounted to 10.5%. ➔ [Read more on page 14](#)

Total lending Q1 2022, SEK bn

479

Total deposits Q1 2022, SEK bn

147

9.5%

Return on equity, Q1 2022

-0.01%

Credit loss ratio, Q1 2022

10.5%

Return on equity, excl. risk tax, Q1 2022

33.7%

C/I ratio, Q1 2022

### Selected key metrics

	GROUP					
	2022	2021	Change	2022	2021	Change
	Q1	Q4		Jan-Mar	Jan-Mar	
Total lending, SEK bn	478.7	467.0	+2.5%	478.7	433.5	10.4%
Total deposits, SEK bn	147.0	145.0	+1.4%	147.0	136.5	7.7%
Net interest income, SEK million	1,084	1,017	+6.6%	1,084	1,041	4.1%
Net result of financial transactions, SEK million	-49	-3	-46 mn	-49	-15	-34 mn
Expenses, SEK million	-358	-452	-20.8%	-358	-323	+10.8%
Credit losses, SEK million	-17	1	+18 mn	-17	9	+26 mn
Operating profit, SEK million	573	588	-2.6%	573	728	-21.3%
Return on equity, %	9.5	9.4	+0.1 pp	9.5	12.7	-3.2 pp
C/I ratio, %	33.7	43.5	-9.8 pp	33.7	31.0	+2.7 pp
CET1 capital ratio, %	13.1	13.5	-0.4 pp	13.1	13.1	0 pp

# This is SBAB

Our business idea is to be innovative and considerate in our offering of loans and savings products and other services for better housing and household finances to private individuals, tenant-owner associations and property companies in Sweden.



## Vision

To offer the best residential mortgages in Sweden



## Mission

To contribute to better housing and household finances

## Retail business area

The Retail business area offers services within housing and household finances, such as savings and loan products, insurance mediation, and housing search engine and real estate agent services. The core product is residential mortgages. Activities are operated under the SBAB, Booli, HittaMäklare and Boappa brands. We meet our customers and users digitally or by telephone. Our market share in terms of residential mortgages amounted to 8.53% on 28 February 2022, which makes us the fifth-largest residential mortgage bank in Sweden. Booli.se has Sweden's largest offering of homes for sale.

→ Read more on page 12

**SBAB!**

**hittamäklare!**

A service by SBAB

**booli!**

A service by SBAB

**boappa!**

A service by SBAB

## Corp. & ToA business area

The Corporate Clients & Tenant-Owners' Associations business area offers savings and property financing solutions to property companies, housing developers and tenant-owners' associations as well as savings to companies and organisations. We finance multi-family dwellings, existing as well as new buildings. We offer personal service to our customers, who are concentrated in growth regions surrounding our offices in Stockholm, Gothenburg and Malmö. The market share for lending to companies (residential properties) was 16.67% on 28 February 2022. At the same time, the market share for lending to tenant-owners' associations was 10.17%.

→ Read more on page 13



**SBAB assigns priority to four Sustainable Development Goals**

Annual Report 2021 **SBAB!**

**What does your mortgage have to do with climate risks, community, homelessness, illegal employment, carbon emissions, exclusion, respect and equality?**



**Read more about our sustainability agenda in SBAB's Annual Report 2021**

# Statement from the CEO



**SBAB's healthy business performance continued through the first quarter of the year and once again we have posted stable financial results and good volume growth. The outbreak of war in Ukraine dominated the quarter and gave rise to increased uncertainty and a deteriorating outlook.**

Russia is continuing its invasion of Ukraine. The situation amounts to a humanitarian tragedy, which is causing tremendous human suffering. It is distressing that people are being forced to abandon homes and families; meanwhile, the economic consequences of the war are becoming increasingly apparent. The situation is unparalleled in modern times and impacts all of us – not least those of SBAB's employees with close family ties to Ukraine. In addition to offering support and various external contributions, we also support our employees in helping new arrivals – for example, by allowing them to use their volunteer days for this purpose.

## **Continued strong lending trend**

2022 had a challenging start. Rising inflation, the after-effects in the wake of the coronavirus pandemic and rising uncertainty in the fixed-income market have created a new reality for us to contend with. Even though it has been pushed into the background by other events, naturally, the crisis in Ukraine also entails some economic consequences, both globally and in Sweden. Sharp price rises have been noted in recent months for electricity, fuel and food. Electricity costs have started to be factored into new home purchases in some parts of the country (a factor we highlighted during the quarter, including in one [analysis](#)).

Sweden's economy remains strong, however, and housing turnover and time

taken to complete a sale remain at high levels. We are growing and capturing market shares. SBAB's total lending increased to SEK 479 billion during the quarter. An increase of 3% on the previous quarter and up 10% year-on-year. Retail lending increased 2% in the quarter to a total of SEK 343 billion, of which SEK 341 billion comprised residential mortgages and SEK 2 billion consumer loans. Lending to corporates and tenant-owners' associations continues to perform well and increased in the quarter, from SEK 130 billion at the start to SEK 136 billion at the end of the quarter. This corresponds to an increase of 5% on the previous quarter and a full 20% year-on-year. The growth is a clear signal that our customers appreciate the service we provide and our competitive offering.

Western central banks have clearly announced future increases in market interest rates, which has led to raised funding costs for us and other banks. Due to the above, we have raised mortgage rates for essentially all maturities during the quarter. Transparency and attractive terms and conditions represent central components of our customer offering and we continuously adjust our interest rates to reflect the prevailing market circumstances.

## **Stable financial performance despite rising uncertainty**

The underlying earnings trend for the quarter was good and profitability re-

mained at a stable level. However, as a result of increased competition from new and existing mortgage providers, higher market interest rates and the introduction of the new risk tax, we believe that mortgage margins and therefore profitability may decline going forward. For SBAB, the tax alone entails an additional cost (reported together with the resolution fee on a separate line in the income statement) of about SEK 261 million in the current year and thereafter around SEK 332 million in 2023. SBAB has previously highlighted how inappropriate the new tax is since it risks creating unfair competition in the market and raising borrowing costs for households and companies. Costs developed as planned and amounted to SEK 358 million for the first quarter of the year. We are investing in new technology to enhance our customer offering and to increase cost efficiency in our operations. As previously communicated, my objective is for us to become even better at prioritising and reaching goals in various development and investment initiatives.

**Finally**, I would like to give my sincere thanks to all employees for performing so well during the quarter.

Mikael Inglander  
Acting CEO, SBAB





## Our climate impact is measured – all the way

Homes account for a large proportion of the total energy consumption in Sweden. Our financing and credit granting enables us to influence the housing market through requirements, terms and dialogue with the aim of reducing energy consumption and our carbon footprint. We want to leverage this opportunity.

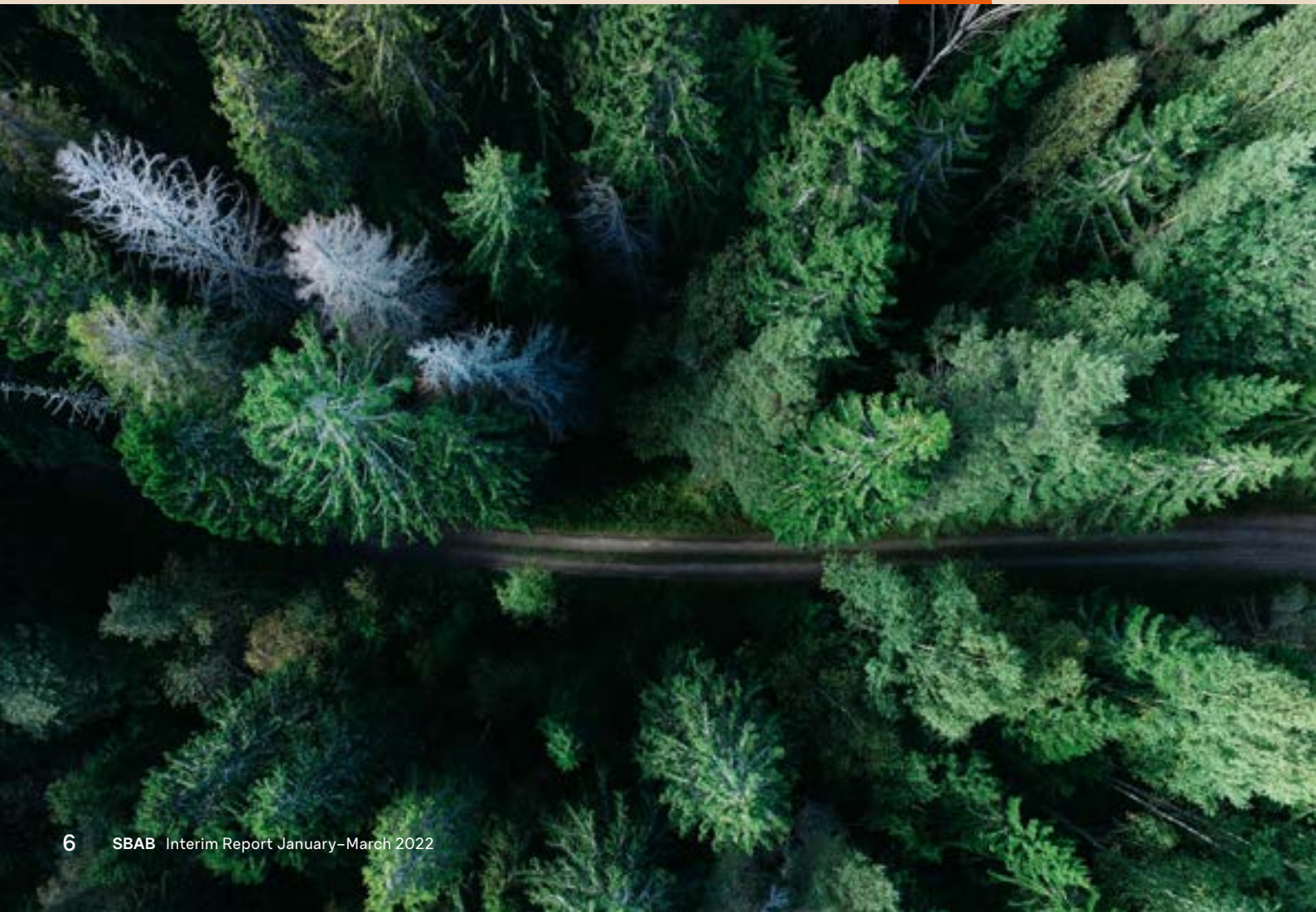
To this end we have a systematic project to reduce our climate impact and a goal to reduce our emissions 15% by 2025. Whatever we cannot reduce, we will climate compensate.

In 2021, we also started measuring carbon emissions from our own portfolio, meaning our indirect climate impact. Read more in SBAB's Annual Report 2021, available [here](#). Knowing the volume of emissions generated by our portfolio allows us to work more specifically on reducing it.

## Improved sustainability ratings

Many investors who purchase sustainable bonds place great importance on the sustainability rating of the companies they are investing in. In 2021, SBAB received upgraded sustainability ratings:

- MSCI gave us an AA rating on a scale from CCC to AAA. Only 2% of companies have a better rating than us.
- Sustainalytics lowered our risk level (low risk) and increased our ESG management rating (from medium to strong). Only 3% of companies have a better rating than us.



# Market overview

## Swedish economy

Economic conditions remain favourable despite the dramatic developments with a war in Ukraine, far-reaching sanctions against Russia and the renewed spread of infection in China. The growth rate of Sweden's economy is expected to be around 3% in 2022, which is above normal but down on 2021. Moreover, employment is expected to rise and unemployment to fall, partly because labour-intensive industries will pick up further as restrictions in the wake of the outbreak of the coronavirus pandemic are lifted. The relatively strong economic trend can largely be attributed to strong domestic demand, primarily in terms of household consumption.

Alongside the strong economic trend, prices for many goods, including energy and food, have risen rapidly, which is expected to result in a year-on-year decline in households' real scope for consumption. The price developments mainly arise from events abroad and not from the conditions in Sweden's business sector or labour market. Industry confidence indicators remain high, while household confidence indicators have slumped to their lowest level since the financial cri-

sis. Household pessimism is partly due to the price increases taking place for goods that are perceived as necessary and difficult to replace, and due to people being reluctant to change their behaviour by changing their shopping basket.

Read more about the forecasts for Sweden's economy and the housing market in the latest edition of SBAB Bomarknadsnytt (in Swedish), available [here](#).

## Fixed-income market

In many cases, market interest rates rose rapidly during the year's first quarter. This was mainly as a consequence of unusually high inflation outcomes both in Sweden and in the rest of the world since the end of 2021, and as a result of subsequent hikes in key interest rates by many countries' central banks. From a longer historical perspective, while interest rates remain low, the current levels have generally not been seen since 2019. The rises mainly pertained to long-term rates.

The Swedish Riksbank's key interest rate remained at 0% in the first quarter. However, the Riksbank is expected to raise the key interest rate this year, in all likelihood twice, thereby also raising short-term interest rates. This will dis-

courage excessive resource utilisation in the economy in the future and help to contain inflation. Going forward, the Riksbank is expected to raise the key interest rate twice a year, leading to a faster rise in mortgage rates than previously expected. However, this is expected to be mainly a faster rise than previously projected, with the long-term mortgage rates expected to remain around 4%.

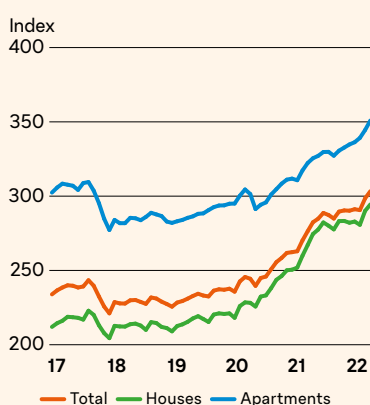
Read about forecasts of the mortgage rate trends in the latest edition of SBAB Boräntnytt (in Swedish), available [here](#).

## Housing prices

The growth rate for housing prices continued to slow in the first quarter of 2022. The price trend was just below the historical average. In the light of rising housing costs, due to higher energy prices and mortgage rates, the housing market has demonstrated considerable resilience. Admittedly, many homes are heated by district heating, for example, and have thus been affected in terms of rising housing costs. Moreover, many households may already have expected higher mortgage rates and therefore not changed their view of the value of their homes. The long-term housing price

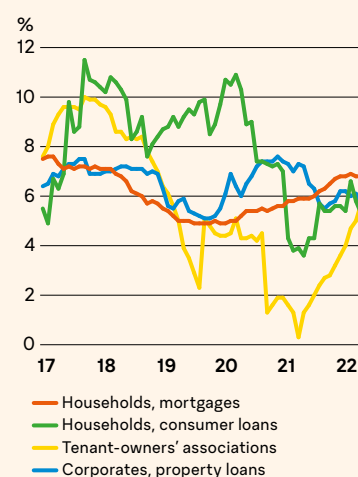
## Housing price trend

(HOX index 2005=100)



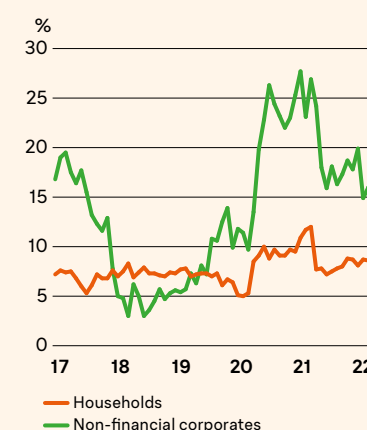
## Lending growth

(Percentage, 12-month change)



## Deposit growth

(Percentage, 12-month change)



trend depends on a range of structural factors, including household incomes and mortgage rates.

Read more projections of housing price trends in the latest issues of SBAB Boprisindikator (in Swedish), available [here](#), and SBAB Bomarknadsnytt (in Swedish), available [here](#).

### Housing market

The turnover of existing homes remains high but continued to gradually slow during the beginning of the year. Over the last 12 months, 59,000 houses and 132,000 apartments were sold. Essentially the same as for the full-year 2021. Apartment sales are in line with previous boom periods. However, turnover of houses is down slightly compared with a normal boom. Otherwise, short advertising periods and low supply has characterised the housing market. Objects continue to have a high number of bidders and prices continued to rise, albeit at a slower pace. The current price trend is just below the historical average.

Similar to the market for existing housing stock, the market for new housing production has fared well in the beginning of 2022. The supply of housing, advertising times and the share of price-reduced properties remain low. Given the increase in the number of housing starts in recent years, it is reasonable to expect some increase in the supply of newly built housing in the future.

For Sweden as a whole, the SBAB Booli Housing Market Index (HMI, [available here](#)) indicates balanced conditions for supply and demand for new housing in different ownership forms. HMI also indicates balanced conditions for supply and demand in our three major metropolitan areas in terms of the total amount of new housing production in the respective areas. However, a clear shortage exists in terms of the new production of houses in, for example, Stockholm region.

### Market for deposits and lending

In the beginning of the year, lending to households continued to grow at a healthy pace. In February, the 12-month growth rate for lending on housing was 6.8%. While the growth rate has risen over the last two years, it is expected to fall back slightly this year, due in part to slower house price growth but also to lower turnover. Based on historic experience, there is no strong connection between housing credit growth and, for example, GDP growth. Lending for household consumption grew at a rolling-12-month rate of 5.3% in February, up on the beginning of last year but significantly lower than in the pre-coronavirus pandemic years.

Deposits from households and corporates have continued to post healthy growth. The rolling-12-month increase in February was 8.5% for households and 14% for non-financial corporates. In

particular, the development of corporate deposits has not declined to levels historically consistent with a strong business cycle, which may reflect continued high uncertainty and bottlenecks, and hence restrained investment. In pace with conditions improving, growth in deposits from non-financial corporates is expected to decline to under 10% per year.





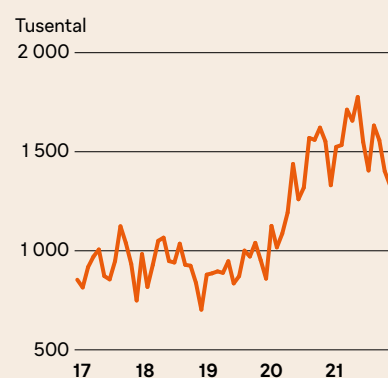
## Booli has Sweden's largest offering of homes for sale

Large quantities of data and knowledge are accumulated in our operations about how the housing and residential mortgage markets work. We use this data to improve the customer experience by refining existing services as well as developing new ones. Booli is a content-rich service with many users who search for homes, make housing valuations and follow housing price trends, among other things.

➔ [Read more about Booli on page 12](#)

**booli!**  
A service by SBAB

### Number of unique visitors to Booli.se



Data per 31 December 2021

# An ecosystem of services

With our ecosystem housing and household finances, we want to create Sweden's best customer experience through services from SBAB, Booli, HittaMäklare, Boappa and our business partners. Our services help our customers throughout the entire housing journey, making it easier and safer.

## Selling – our services

- Estate agent recommendations
- Housing valuations
- Housing advertisements

### Business partner services

- Tax declaration help

**hittamäklare!**

A service by SBAB

**booli!**

A service by SBAB

## Buying – our services

- Refinancing
- Consumer loans
- Communication and administration service for tenant-owners' associations and their residents
- Board tools

### Business partner services

- Construction advice
- Interior design

**booli!**

A service by SBAB

**SBAB!**

**boappa!**

A service by SBAB

## Dream & Search – our services

- Housing advertisements
- Housing market information
- Saving

**SBAB!**

**booli!**

A service by SBAB

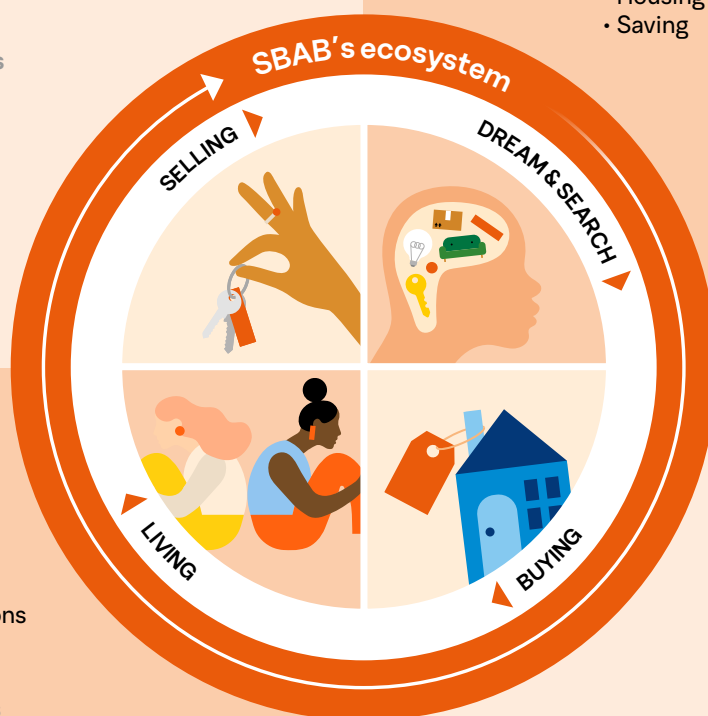
## Buying – our services

- Residential mortgages & housing financing

### Business partner services

- Home insurance
- Life insurance
- Legal advice
- Electricity agreements

**SBAB!**



# Building blocks for our offering

## Financial capital & lending

We receive our financial capital from three different sources: equity from owners, funding via the capital market and deposits from the public. In return, we pay interest and dividend. We convert this financial capital to different types of loans and financing for our customers.

## Data

In our operations, we collect and process large amounts of information and data about housing and household finances, which we transparently and responsibly convert to knowledge and services that improve the customer offering and experience.

# Business development



## Volume trends

	GROUP				
	2022	2021	2021	2022	2021
	Q1	Q4	Q1	Jan-Mar	Jan-Mar
New lending for the period, SEK bn	26.7	31.3	25.1	26.7	25.1
Net change in lending for the period, SEK bn	11.6	15.8	10.6	11.6	10.6
<b>Total lending, SEK bn</b>	<b>478.7</b>	<b>467.0</b>	<b>433.5</b>	<b>478.7</b>	<b>433.5</b>
No. of deposit accounts, thousand	473	465	444	473	444
Net change in deposits, SEK bn	2.0	4.3	0.8	2.0	0.8
<b>Total deposits, SEK bn</b>	<b>147.0</b>	<b>145.0</b>	<b>136.5</b>	<b>147.0</b>	<b>136.5</b>
Deposits/lending, %	30.7	31.0	31.5	30.7	31.5
<b>Retail business area</b>					
No. of mortgage customers, thousand	292	291	289	292	289
No. of mortgage objects financed, thousand	187	186	185	187	185
New lending, SEK bn	18.4	20.8	20.0	18.4	20.0
Net change in lending for the period, SEK bn	5.5	7.1	7.2	5.5	7.2
<b>Total lending, Retail, SEK bn</b>	<b>342.7</b>	<b>337.2</b>	<b>320.5</b>	<b>342.7</b>	<b>320.5</b>
Residential mortgages, SEK bn	340.4	334.9	318.0	340.4	318.0
Consumer loans, SEK bn	2.3	2.3	2.5	2.3	2.5
Market share, Residential mortgages, % <sup>1)</sup>	8.53	8.51	8.52	8.53	8.52
Market share, Consumer loans, % <sup>1)</sup>	0.77	0.78	0.87	0.77	0.87
<b>Total deposits, Retail, SEK bn</b>	<b>103.6</b>	<b>101.8</b>	<b>95.8</b>	<b>103.6</b>	<b>95.8</b>
No. of retail customers with savings accounts, thousand	409	402	386	409	386
Market share deposits, Retail, % <sup>1)</sup>	4.23	4.30	4.30	4.23	4.30
<b>Corporate Clients &amp; Tenant-Owners' Associations business area</b>					
No. of housing financing customers	2,672	2,588	2,363	2,672	2,363
New lending, SEK bn	8.3	10.5	5.1	8.3	5.1
Net change in lending for the period, SEK bn	6.1	8.6	3.5	6.1	3.5
<b>Total lending, Corp. Clients &amp; Tenant-Own. Asso., SEK bn</b>	<b>135.9</b>	<b>129.8</b>	<b>113.0</b>	<b>135.9</b>	<b>113.0</b>
Lending, Corporate clients, SEK bn	73.4	68.7	57.1	73.4	57.1
Lending, Tenant-owners' associations, SEK bn	62.5	61.1	55.9	62.5	55.9
Market Share Corporate Clients (multi-family dwellings), % <sup>1)</sup>	16.67	16.17	13.13	16.67	13.13
Market share, Tenant-owners' associations, % <sup>1)</sup>	10.17	10.14	10.12	10.17	10.12
<b>Total deposits, Corp. Clients &amp; Orgs. SEK bn</b>	<b>43.4</b>	<b>43.2</b>	<b>40.7</b>	<b>43.4</b>	<b>40.7</b>
No. of customers with savings accounts, Corp. clients and Orgs.	12,200	12,200	12,400	12,200	12,400
Market share deposits, Corp. clients and organisations, % <sup>1)</sup>	2.30	2.25	2.42	2.30	2.42

1) Source: Statistics Sweden. The figures in the columns for Q1 2022 and Jan-Mar 2022 correspond with the market share as of 28 February 2022. The figures in the columns for Q1 2021 and Jan-Mar 2021 correspond with the market share as of 31 March 2021. The figures in the column for Q4 2021 correspond with the market share as of 31 December 2021.

2) Comparative data from Statistics Sweden has been updated retroactively. In the table, historical figures are adjusted according to updated comparative data.

# Retail business area

## Trend for Q1 2022 compared with Q4 2021

The Retail business area offers services within housing and household finances, such as savings and loan products, insurance mediation, and housing search engine and real estate agent services. The core product is residential mortgages. Activities are operated under the SBAB, Booli, HittaMäklare and Boappa brands. We meet our customers and users digitally or by telephone.

## Lending

Lending growth in the first quarter decreased slightly compared with the previous quarter. Activity in the housing market and among our customers remained high, both for purchases and for sales of housing as well as for mortgage loans for customers wishing to renovate. The rise in inflation that began in the autumn, partly due to pandemic effects, has been further accelerated by Russia's invasion of Ukraine. Fuel and electricity prices have risen substantially. This prompted the Riksbank in March to announce an earlier than planned hike in the repo rate, which impacted clearly on market interest rates. Banks' borrowing costs have risen by around one percentage point since the turn of the year and all mortgage providers have raised their rates to customers. Altogether, this has contributed to many customers wanting to fix their mortgage rates, and there has been a clear shift from variable to fixed maturities. During the quarter, SBAB raised the listed rates for fixed-interest periods

on three occasions. Five-year fixed-rate residential mortgages rose in total by 0.82 percentage points. Mortgages with three-month fixed-interest periods had the lowest listed rates at the end of the first quarter. The share of total lending with a 3M fixed-interest period amounted to 52.3% (59.7) at the end of the quarter. The decline was due to new and existing customers choosing to allocate larger portions of their loans to fixed-interest periods, primarily one to three years.

SBAB offers simple and straightforward terms and conditions, transparent mortgage rates, high availability through digital and telephone services, and mindful service. New lending in the quarter amounted to SEK 18.4 billion (20.8). Total retail lending increased to SEK 342.7 billion (337.2), of which SEK 340.4 billion (334.9) comprised residential mortgages and SEK 2.3 billion (2.3) consumer loans. The number of residential mortgage customers amounted to 292,000 (291,000) distributed over 187,000 (186,000) mortgage objects. On 28 February 2022, the market share of residential mortgages was 8.53% (8.51). At the same date, the market share for consumer loans was 0.77% (0.78).

## Savings accounts (deposit)

SBAB's retail savings accounts are characterised by competitive savings rates and simple product terms and conditions. Retail deposits increased during the quarter to SEK 103.6 billion (101.8). At the end of the quarter, approximately 409,000 (402,000) retail customers

held savings accounts with SBAB. On 28 February 2022, the market share of retail deposits was 4.23% (4.30).

## User trends

Every month, many people visit SBAB's, Booli's, HittaMäklare's and Boappa's websites and apps to manage mortgages and savings or to find inspiration about housing and household finances. The number of unique visitors per month to www.sbab.se averaged around 483,000 (478,000) in the quarter. The average number of unique users of the SBAB app per month totalled around 131,000 (125,000) for the same period. Booli is a popular platform for finding information about supply, demand and price trends for housing. Booli.se offers services including housing searches and valuations. The number of unique visitors per month to www.booli.se averaged around 1,385,000 (1,311,000) during the quarter. Booli's monthly property valuation email had more than 667,000 subscribers at the end of the first quarter of 2022. The real estate agent service HittaMäklare is part of Booli. HittaMäklare's service for locating estate agents has been used at some time by about 92% of the registered estate agents in Sweden. At the end of the fourth quarter, Boappa had over 3,000 tenant-owners' associations signed up.

# Sweden's most satisfied residential mortgage customers

In 2021, for the third consecutive year, SBAB had Sweden's most satisfied residential mortgage customers according to Swedish Quality Index (Swe: Svenskt Kvalitetsindex (SKI)), which measures customer satisfaction in the banking and finance sector each year. SBAB received a customer satisfaction score of 76.1 out of 100, which is well above the industry average of 72.0. The driving factors behind these strong results comprise reliability, simplicity and caring about our customers. We are simple and transparent in our interaction with customers. At SBAB, customers don't need to negotiate their mortgage rate or buy extra services to obtain favourable terms.





# Corporate Clients & Tenant-Owners' Associations business area

## Trend for Q1 2022 compared with Q4 2021

The Corporate Clients & Tenant-Owners' Associations business area offers savings and property financing solutions to property companies, housing developers and tenant-owners' associations as well as savings to companies and organisations. We finance multi-family dwellings, existing as well as new buildings. We offer personal service to our customers, who are concentrated in growth regions surrounding our offices in Stockholm, Gothenburg and Malmö. Activities are operated under the SBAB and Boappa brands.

## Housing financing (lending)

SBAB has had notable success in the multi-family housing market, which has remained stable despite the consequences of the coronavirus pandemic and the Russia-Ukraine crisis, which are making the supply of building materials more difficult and more expensive. Growth in corporate business remained strong in the first quarter and helped

SBAB to strengthen its market positions. However, the market for new lending to tenant-owners' associations remains dominated by intense price competition. In the first quarter, new lending totalled SEK 8.3 billion (10.5), which was higher than estimated for all areas.

Total lending increased to SEK 135.9 billion (129.8), of which SEK 73.4 billion (68.7) comprised lending to corporates and SEK 62.5 billion (61.1) lending to tenant-owners' associations.

The market share of corporate lending (multi-family dwellings) was 16.67% (16.17) on 28 February 2022. At the same date, the market share for lending to tenant-owners' associations was 10.17% (10.14). The number of housing financing customers continued to increase and was 2,672 (2,588) at the end of the quarter.

## Savings accounts (deposit)

Deposits from corporate clients and organisations increased marginally during the quarter and totalled SEK 43.4 billion (43.2). At the end of the quarter, approx-

imately 12,200 (12,200) customers held savings accounts with SBAB. The market share of deposits from corporate clients and organisations increased during the quarter and amounted to 2.30% (2.25) on 28 February 2022.

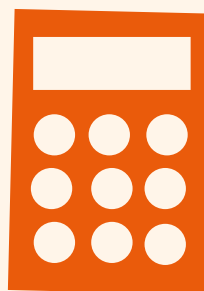
## Sweden's most satisfied corporate customers

In 2021, for the fourth consecutive year, SBAB had Sweden's most satisfied property loan customers according to SKI. SBAB received a customer satisfaction score of 77.2 out of 100, which is well above the industry average of 72.0. Our corporate customers, in the form of tenant-owners' associations, property companies and construction companies, particularly appreciate our competence, our treatment and our service.





# Financial performance



## Income statement overview

SEK million	GROUP						
	2022	2021	2021	2021	2021	2022	2021
	Q1	Q4	Q3	Q2	Q1	Jan-Mar	Jan-Mar
Net interest income	1,084	1,017	1,025	1,031	1,041	1,084	1,041
Net commission	13	13	2	11	3	13	3
Net result of financial transactions (Note 3)	-49	-3	-32	-21	-15	-49	-15
Other operating income	13	12	13	12	13	13	13
<b>Total operating income</b>	<b>1,061</b>	<b>1,039</b>	<b>1,008</b>	<b>1,033</b>	<b>1,042</b>	<b>1,061</b>	<b>1,042</b>
Expenses	-358	-452	-351	-366	-323	-358	-323
<b>Profit before credit losses and impairments</b>	<b>703</b>	<b>587</b>	<b>657</b>	<b>667</b>	<b>719</b>	<b>703</b>	<b>719</b>
Net credit losses (Note 4) <sup>1)</sup>	-17	1	5	-4	9	-17	9
Imposed fees; Risk tax and resolution fee <sup>2)</sup>	-113	-	-	-	-	-113	-
<b>Operating profit</b>	<b>573</b>	<b>588</b>	<b>662</b>	<b>663</b>	<b>728</b>	<b>573</b>	<b>728</b>
Tax	-121	-131	-137	-140	-152	-121	-152
<b>Net profit for the period</b>	<b>452</b>	<b>457</b>	<b>525</b>	<b>523</b>	<b>576</b>	<b>452</b>	<b>576</b>
Return on equity, % <sup>3)</sup>	9.5	9.4	11.0	11.3	12.7	9.5	12.7
C/I ratio, %	33.7	43.5	34.8	35.5	31.0	33.7	31.0
Credit loss ratio, %	-0.01	0.00	0.00	0.00	0.01	-0.01	0.01
Share of Stage 3 loans, gross, %	0.05	0.05	0.05	0.05	0.06	0.05	0.06
Net interest margin, %	0.77	0.73	0.77	0.78	0.81	0.77	0.81
Number of employees (FTEs)	818	839	797	811	777	818	777

1) Including impairment and reversals of impairment of financial assets.

2) From January 2022, the resolution fee is reported under the same line item as the newly introduced risk tax. Previously, the resolution fee was reported as part of net interest income. For the first quarter of 2022, the resolution fee for the Group amounted to SEK 48 million and for the corresponding period last year to SEK 42 million. For the fourth quarter of 2021, the resolution fee amounted to SEK 43 million. The risk tax amounted to SEK 65 million in the first quarter 2022.

3) When calculating return on equity "Q1 2022" and "Jan-Mar 2022", average equity has been adjusted for adopted dividend for 2021.

### Trend for Q1 2022 compared with Q4 2021

Operating profit was down slightly on the previous quarter and amounted to SEK 573 million (588), primarily due to the negative outcome for the net result of financial transactions, higher loss allowances and increased imposed fees in the form of the risk tax introduced in the quarter. The return on equity amounted to 9.5% (9.4) and the C/I ratio was 33.7% (43.5). Return on equity, after adjustment for the risk tax, amounted to 10.5%.

### Net interest income

Net interest income rose to SEK 1,084 million (1,017). The resolution fee was moved from net interest income to imposed fees in the first quarter. After adjustment for the resolution fee, which amounted to SEK 48 million (43) for the first quarter, net interest income increased SEK 19 million. Interest income was somewhat lower than the previous quarter, despite increased lending volumes since income was counteracted by a certain pressure on the margins.

Interest expenses decreased slightly between quarters to SEK 413 million (483), mainly due to lower costs for issued debt securities.

### Net commission

Net commission income was unchanged in the quarter and totalled SEK 13 million (13). Marginal increases were noted in both income and expenses, which were linked to slightly higher commission income for corporate business and to slightly higher funding-related costs.

### Net result of financial transactions

The net result of financial transactions was an expense of SEK 49 million (expense: 3). The difference was mainly due to value changes in hedging instruments and hedged items. For more information, please refer to [Note 3](#).

### Expenses

Expenses decreased during the quarter and amounted to SEK 358 million (452). The decrease was primarily due to lower development costs for regulatory adaptations, lower marketing costs and lower personnel costs. Depreciation, amortisation and impairment also decreased during the quarter. There was a temporary reduction in FTEs in the quarter down to 818 (839), but FTEs are expected to increase gradually again over the year.

### Credit quality and credit losses

Net credit losses totalled SEK 17 million (recoveries: 1) in the first quarter of 2022. Confirmed credit losses totalled SEK 2 million (2) and recoveries for previous confirmed credit losses amounted to SEK 1 million (1). Total credit loss allowances increased SEK 16 million during the quarter. Credit loss allowances for credit stage 1 increased SEK 9 million (increase: 1) and rose SEK 1 million (increase: 3) for credit stage 2. Provisions for credit stage 3 loans decreased SEK 1 million (decrease: 3). Credit loss allowances for

loan commitments and building credits increased SEK 7 million (decrease: 3). Guarantees that can be utilised remained unchanged (unchanged) in the quarter. The increased credit loss allowances were mainly attributable to a revision of the forward-looking information taking into account rising interest rates and uncertainty in the global economy resulting from the war in Ukraine. For more information on credit loss allowances and changes in the forward-looking information in the impairment model, please refer to [Note 4](#).

The credit quality of SBAB's lending is healthy and credit risk in the two business areas: Retail, and Corporate Clients & Tenant-Owners' Associations, remains low. The bank's granting of credit to consumers is based on a sound credit approval process that determines whether customers have the financial capacity required to meet their commitments. Overall, new customers continue to have healthy margins to cover repayment of their mortgages even in a worse economic climate.

### Imposed fees

During the quarter, a new line item was added in the income statement, imposed fees, placed after the item net credit losses. Imposed fees includes Sweden's new risk tax as well as the resolution fee that was previously reported in net inter-

est income. This impacts the comparability of net interest income with previous years.

On 14 December 2021, the Swedish parliament adopted a new risk tax for banks that was introduced 1 January 2022. The risk tax is payable by credit institutions that, at the start of the fiscal year, have a debt threshold in excess of SEK 150 billion. For Swedish institutions, the debt threshold is calculated based on debt attributable to their operations in Sweden but also includes debt attributable to operations at branches abroad. For foreign credit institutions, the threshold is only calculated based on debt attributable to their operations at branches in Sweden. The tax will be levied at a rate of 0.05% of the credit institution's liabilities in 2022, and increase to 0.06% in 2023. For SBAB, the risk tax amounted to SEK 65 million in the first quarter.

The resolution fee, which moved from net interest income during the quarter, was SEK 48 million (43).

### Other comprehensive income

The other comprehensive income amounted to a loss of SEK 2,171 million (loss: 415). The difference is primarily due to the increase in EUR interest rates, which were larger on average during the quarter. For more information, please refer to [page 21](#).

### January–March 2022 compared with January–March 2021

Operating profit decreased to SEK 573 million (728). The return on equity amounted to 9.5% (12.7) and the C/I ratio was 33.8% (31.0).

Net interest income rose to SEK 1,084 million (1,041). The resolution fee was moved from net interest income to imposed fees in the first quarter. After adjustment for the resolution fee, which amounted to SEK 48 million (42), net interest income decreased SEK 5 million. Despite healthy volume growth, interest income was down slightly on last year due to pressure on margins. Interest expense was lower, which was mainly due to lower costs for issued debt securities. The fee for the national deposit guarantee amounted to SEK 14 million (10) for the period.

Net commission income increased during the period to SEK 13 million (3). The increase was attributable to a higher commission income from corporate business.

The net expense from financial transactions was SEK 49 million (expense: 15). The difference was mainly due to value changes in hedging instruments and hedged items. For more information, please refer to [Note 3](#).

Other comprehensive income amounted to a loss of SEK 2,171 million (loss: 483) for the period. The item was negatively impacted primarily by rising EUR interest rates. For more information, please refer to [page 21](#).

Expenses grew to SEK 358 million (323), driven by increased investments in terms of the number of employees, development of new regulatory adaptations and investments in digitalisation and IT systems. The replacement of SBAB's core bank platform is ongoing. The new bank platform is being implemented gradually in separate phases. The majority of the remaining phases will be implemented in 2022. Modern, flexible system support comprises a key component for strengthening SBAB's future competitiveness,

and its ability to develop digital services and enhance the digital customer interface. The number of FTEs increased to 818 (777) during the period.

Net credit losses totalled SEK 17 million (recoveries: 9). The change between the periods was mainly attributable to updated macroeconomic projections for the forward-looking information applied in the impairment model, which has taken into consideration the changed operating environment and increased interest rates. The positive outcome last year was due to a revision of the forward-looking information in conjunction with the noted price increase in the housing market and the improvement in the risk scenario for building credits, which resulted in a lower need for provisions. Confirmed credit losses totalled SEK 2 million (loss: 2) for the period. For more information on credit losses and credit quality, please refer to [Note 4](#) and [Note 5](#).

## Balance sheet overview

SEK million	GROUP		
	31 Mar 2022	31 Dec 2021	31 Mar 2021
<b>ASSETS</b>			
Cash and balances at central banks	2,500	10,100	450
Chargeable treasury bills, etc.	25,511	22,549	10,232
Lending to credit institutions	8,100	643	762
Lending to the public (Note 5)	478,658	467,041	433,479
Bonds and other interest-bearing securities	50,469	50,254	60,215
Total other assets in the balance sheet	6,762	7,750	13,599
<b>TOTAL ASSETS</b>	<b>572,000</b>	<b>558,337</b>	<b>518,737</b>
<b>LIABILITIES AND EQUITY</b>			
<b>Liabilities</b>			
Liabilities to credit institutions	14,011	16,372	20,277
Deposits from the public	146,976	144,950	136,500
Issued debt securities, etc. (funding)	372,634	364,364	327,944
Subordinated debt	1,997	1,996	1,996
Total other liabilities in the balance sheet	13,220	5,709	6,038
<b>Total liabilities</b>	<b>548,838</b>	<b>533,392</b>	<b>492,755</b>
<b>Total equity</b>	<b>23,162</b>	<b>24,945</b>	<b>25,982</b>
– of which reserves/fair value reserve	–1,252	919	1,838
– of which, Tier 1 capital instruments	4,300	4,300	5,800
<b>TOTAL LIABILITIES AND EQUITY</b>	<b>572,000</b>	<b>558,337</b>	<b>518,737</b>
CET1 capital ratio, %	13.1	13.5	13.1
Tier 1 capital ratio, %	16.1	16.6	16.2
Total capital ratio, %	17.5	18.1	17.7
Leverage ratio, % <sup>1)</sup>	3.97	3.98	4.10
Liquidity coverage ratio (LCR), %	191	228	226
Net Stable Funding Ratio (NSFR), %	129	129	134

1) Calculated pursuant to Article 429 in Regulation (EU) No. 575/2013 of the European Parliament and of the Council.

## Trend for Q1 2022 compared with Q4 2021

### Balance sheet comments

During the quarter, chargeable treasury bills increased to SEK 25.5 billion (22.5), primarily due to an increase in surplus liquidity deposited with the Riksbank via commercial paper. This decreased the need to deposit surplus liquidity in the Riksbank's RIX account, upon which the item Cash and balances at central banks decreased to SEK 2.5 billion (10.1). Lending to credit institutions increased to SEK 8.1 billion (0.6). The increase was attributable to outflows of securities linked to derivatives (CSAs), which are mainly impacted by changes in interest and exchange rates. The above changes were within the scope of the normal short-term liquidity management. Bonds and other interest-bearing securities amounted to SEK 50.5 billion (50.3). The change was primarily due to new bond purchases within the scope of the normal management of the liquidity reserve. Lending to the public increased to SEK 478.7 billion (467.0), of which SEK 340.4 billion comprised residential mortgages, SEK 2.3 billion consumer loans, SEK 73.5 billion lending to property companies and SEK 62.5 billion lending to tenant-owners' associations. For more information on lending to the public, please refer to [pages 12–13](#) and [Note 5](#).

Liabilities to credit institutions decreased in the quarter to SEK 14.0 billion (16.4) due to SBAB's repayment of SEK 5 billion linked to the Riksbank's programme for onward lending to companies via the banks, whereupon the debt outstanding now amounts to SEK 8.0 billion (13.0). In addition to the above, repo volumes have increased within the scope of the normal short-term liquidity management. Deposits from the public increased to SEK 147.0 billion (144.9), of which 81% comprised retail deposits and the remainder non-operational deposits pursuant to the liquidity coverage regulations. For more information on deposits from the public, please refer to [pages 12–13](#). For information about issued debt securities, please refer to the "Funding" section. Subordinated debt totalled SEK 2.0 billion (2.0). The quarter saw no new issues, repurchases or maturities. Equity amounted to SEK 23.2 billion (24.9) and was mainly affected by value changes linked to cash-flow hedges and net profit for the period.

### Funding

The quarter was largely dominated by geopolitical concerns arising from Russia's invasion of Ukraine and, more recently, by a changed outlook on central bank actions due to persistently high inflation. Stock markets posted negative trends for much of the quarter before recovering slightly in the second half of March as concerns receded regarding the spread of the war in Ukraine. In the wake of the conflict in Ukraine, uncertainty has arisen, inter alia, about future economic developments and energy supplies. Commodity prices were volatile during the quarter, but with a generally rising trend, which helped boost inflation figures. There is uncertainty regarding if the current high rate of inflation and the high commodity prices will lead to rising wage demands and thus a more sustained rate of price increases, but the response of central banks has been, and is expected to remain, to raise key interest rates and taper quantitative easing.

The period noted substantial interest rate movements and, overall, long- and short-term rates rose in line with increased expectations of key interest rate hikes by the Riksbank and leading international central banks. The Swedish and German government bond curves steepened slightly, whereas the US government bond curve flattened, and the slope between 2- and 10-year US government yields was negative for a short period. During the first quarter of the year, the Riksbank continued to purchase securities, albeit at a slower pace than in previous quarters. Sweden's central bank bought, inter alia, Swedish covered bonds corresponding to more than SEK 12 billion (50) during the period. General increases were noted for credit spreads on Swedish covered bonds during the quarter, due to factors including reduced central bank support and weaker risk sentiment as a result of the conflict in Ukraine. After significant declines in activity in the primary market in the period from late February to early March, the pace of issues picked up again to return to more normal volumes toward the end of the quarter.

During the quarter as a whole, issued debt securities totalled SEK 29.1 billion (13.4) and included the unsecured public issue of a EUR 500 million five-year green bond completed in January. In parallel, repurchases in the period totalled SEK 4.2 billion (12.7) and securities amounting to SEK 9.8 billion (12.5) matured. Along-

side changes in premiums/discounts and changes in SEK exchange rates, this resulted in an increase in issued debt securities outstanding of SEK 8.3 billion to a total of SEK 372.6 billion (364.4). In total, the SBAB Group has issued bonds corresponding to SEK 29.1 billion in 2022 (of which SEK 21.5 billion comprised covered bond funding and SEK 7.6 billion unsecured funding), which can be compared with the total bonds maturing in 2022 of about SEK 9.8 billion.

At the end of the quarter, unsecured funding amounted to SEK 63.8 billion (63.5), of which SEK 9.5 billion (9.2) comprised senior non-preferred bonds, SEK 52.1 billion (50.0) other senior unsecured bonds and SEK 2.2 billion (4.2) commercial paper.

Funding through the issue of covered bonds is carried out by the wholly-owned subsidiary, SCBC. Total covered bond funding amounted to SEK 308.8 billion (300.9) at the end of the quarter, of which SEK 239.6 billion was in SEK and SEK 69.2 billion was in foreign currencies.

### Liquidity

SBAB's liquidity reserve primarily comprises liquid, interest-bearing securities with high ratings.<sup>1)</sup> At the end of the quarter, the market value of the assets in the liquidity reserve amounted to SEK 76.0 billion (82.3). Taking the Riksbank's and the ECB's haircuts into account, the liquidity value of the assets was SEK 73.7 billion (78.4).

SBAB measures and stress-tests liquidity risk, for example, by calculating the survival horizon. The survival horizon at the end of the quarter totalled 383 days (254), which the company deems satisfactory.

According to the European Commission's Delegated Regulation with regard to liquidity coverage requirements, on 31 March 2022, the LCR was 191% (228) in all currencies combined, which exceeds the minimum requirement of 100%. Measured in SEK, the LCR was 147% (184). The net stable funding ratio (NSFR) amounted to 128.5% (128.6) according to Regulation (EU) 2019/876 of the European Parliament and the Council.

For more information on SBAB's liquidity, please refer to [Note 10](#).

1) Also encompasses non-HQLA (high quality liquid assets) classified assets included in the Riksbank's or the ECB's lists of assets eligible as collateral.

### Capital position

At the end of the quarter, SBAB's CET1 capital amounted to SEK 18.9 billion (18.8). The increase was mainly attributable to earnings for the year<sup>1)</sup> after deduction of the expected dividend. The risk exposure amount (REA) increased during the first quarter to SEK 144.0 billion (138.9), where the majority was driven by the increase in mortgage lending and lending to corporates as well as the effects of the risk-weight floor. Moreover, the annual calculation of operational risk resulted in an increased REA. The REA for counterparty risk increased as a result of higher derivative exposures. On 31 March 2022, SBAB's CET1 capital ratio amounted to 13.1% (13.5) and the total capital ratio was 17.5% (18.1). This provides a comfortable margin both to internal targets and to external regulatory requirements.

On 24 September 2021, SBAB received an SREP decision from the Swedish FSA which entails an increased own funds requirement. The CET1 capital ratio as per 31 March 2022 is calculated to correspond to 9.2% and the total capital ratio to 13.9% according to internal estimates by SBAB. SBAB's capital targets are thus expected to correspond to a CET1 capital ratio of not less than 10.2% and a total capital ratio of not less than 14.5% as of 31 March 2022.

SBAB has previously identified faults with the internal models used to cover capital requirements for credit risk and SBAB has therefore, voluntarily applied an Article 3 surcharge on capital adequacy and in its reporting, and has also

completed efforts to update the internal ratings-based models. SBAB's assessment is that the implementation of the updated models, following approval from the Swedish FSA, should rectify the identified faults and therefore lead to a lowered Pillar 2 requirement. In October 2021, the Board of SBAB decided to remove the voluntarily applied Article 3 surcharge following the Pillar 2 surcharge announced by the Swedish FSA.

The leverage ratio decreased marginally during the first quarter and amounted to SEK 3.97% (3.98) on 31 March 2022, primarily due to a higher exposure amount. For more information on SBAB's capital position, please refer to [Note 11](#) and [Note 12](#).

The Basel Committee has decided to extend implementation of the outstanding elements of the Basel 3 reform. Standards to complement Basel 3 standards that were decided in 2017 (completion of Basel 3), the market risk framework decided in 2019 and implementation of Pillar 3 decided in 2018 have been postponed by one year and will now enter force on 1 January 2023.

In the current year, capital requirements have changed as a result of regulatory changes in the CRR and CRD. The Swedish FSA has decided on regulatory amendments and a change in the application of capital requirements for Swedish banks in order to adapt them to the EU's banking package. This pertains primarily to the introduction of a tightened leverage ratio requirement of 3%, changes in the application of Pillar 2 requirements as

well as the Swedish FSA's position related to the implementation of Pillar 2 guidelines and the application of the capital buffers.

Legislative amendments linked to the Capital Requirements Directive entered force on 29 December 2020. Binding leverage ratio requirements of 3% entered force on 28 June 2021. The Swedish FSA has also proposed a new method for assessing additional capital charges within Pillar 2 for market risks in other operations. This change in method will apply from 2021. The Swedish FSA has previously announced that it expects Swedish banks to analyse and update their current risk classification systems to be able to meet the new EBA guidelines. SBAB has therefore, over an extended period, worked on preparing new internal risk classification models, which are expected to be implemented in 2022. Overall, the above changes are expected to increase the future capital adequacy requirements for banks in Sweden, including SBAB. In September 2021, the Swedish FSA communicated one expected effect from the Pillar 2 guidance for SBAB: 0 percentage points on the risk-weighted capital requirement and about 0.3 percentage points on the leverage ratio, equivalent to SEK 1.7 billion.

1) In a decision by the Swedish FSA, subject to the company's auditors being able to confirm the surplus and that deductions for any dividends and foreseeable costs have been carried out pursuant to the Regulation on Prudential Requirements for Credit Institutions and Investment Firms and that these calculations have been conducted in compliance with the Commission Delegated Regulation (EU) No 241/2014, SBAB received approval for using the full-year surplus in own-funds calculations. Deloitte AB conducted the above review for 31 December 2021. This means that net profit for the year has been included in own funds and that expected dividends have reduced own funds.

## Components of the capital target

SEK million	CONSOLIDATED SITUATION			
	31 Mar 2022			
	Total capital	%	CET1 capital	%
<b>Internally assessed capital requirement from the Swedish FSA</b>	<b>19,990</b>	<b>13.9</b>	<b>13,270</b>	<b>9.2</b>
– of which, Pillar 1 minimum requirement	4,318	3.0	2,429	1.7
– of which, Pillar 1 risk-weight floor, Swedish mortgages (Art. 458 CRR)	7,219	5.0	4,061	2.8
– of which, Pillar 2 requirement (P2R)	4,831	3.4	3,158	2.2
– of which, Capital conservation buffer	3,606	2.5	3,605	2.5
– of which, Countercyclical buffer	16	0.0	16	0.0
– of which, Pillar 2 guidance (P2G)	–	–	–	–
<b>SBAB's capital target</b>	<b>20,855</b>	<b>14.5</b>	<b>14,712</b>	<b>10.2</b>
<b>SBAB's actual capital</b>	<b>25,215</b>	<b>17.5</b>	<b>18,920</b>	<b>13.1</b>



# Other information



## SBAB's financial targets

- **Profitability:** A return on equity of no less than 10% over a business cycle.
- **Capitalisation:** The CET1 capital ratio and total capital ratio should be at least 0.6 percentage points higher than the requirements communicated by the Swedish FSA. In January 2022, the CEO decided to introduce a supplementary capital target for CET1 capital. The target has applied since 28 February and entails, under normal circumstances, SBAB maintaining a buffer equivalent to 1–3 percentage points above the Swedish FSA's communicated requirements over time. The new target is a complement to the lower limit of 0.6 percentage points decided by the Board.
- **Dividend:** Ordinary dividend of at least 40% of profit for the year after tax, taking the Group's capital structure into account.

## Termination of partnerships

In the fourth quarter of 2019, SBAB and Sparbanken Syd entered into an amended agreement relating to the parties' partnership agreement regarding the mediation of mortgage loans (SEK 6.5 billion on 31 March 2021). According to the amended agreement, Sparbanken Syd is entitled to

acquire the entire residential mortgage stock mediated by Sparbanken Syd, or parts thereof, until 31 December 2023.

## Events after the end of the period

### *Changes in Executive Management*

Marko Ivanic, who has held the position as CTO since 2021, became a new member of the Executive Management in April 2022. In connection therewith, Robin Silfverhielm returned to his Customer Experience Officer role. During the quarter, Kristina Frid stepped down as Head of Customer Service and member of the Executive Management and entered the role as Operating Chief Retail Business Area, a function which is incorporated in the Business Area Private under Johan Prom moving forward.

After the above adjustments, the Executive Management comprise the following people: Mikael Inglander (acting CEO and Head of Corporate Clients and Tenant-Owners' Associations), Sara Davidgård (Chief Risk Officer, CRO), Carl Olsson (acting Chief Financial Officer, CFO), Carina Eriksson (Chief Human Resources Officer, CHRO), Robin Silfverhielm (Customer Experience Officer, CXO), Marko Ivanic (Chief Technology Officer, CTO), Andras Valko (Chief Data Science Officer, CDSO), Malou Sjörin (Head

of Sustainability, Marketing & Communication), Kristina Tänneryd (acting Head of Business Specialists) and Johan Prom (Head of Business Area Private).

### *Annual General Meeting*

SBAB held its Annual General Meeting on 27 April 2022. The AGM resolved to elect the following Board members: Jan Sinclair (Chairman, re-elected), Lars Börjesson (re-elected), Jenny Lahrin (newly elected), Wenche Martinussen (newly elected), Jane Lundgren Ericsson (re-elected), Synnöve Trygg (re-elected), Leif Pagrotsky (re-elected), Inga-Lill Carlberg (re-elected). The local trade unions appointed Karin Neville and Margareta Naumburg as employee representatives on the Board of Directors, with Therese Sandberg and David Larsson as alternates.

The AGM resolved to distribute a dividend of 40% of net profit for the year, corresponding to SEK 832 million, for 2021. Full details of the proposed appropriation of earnings are available from SBAB's 2021 Annual Report, on page 95.

### **Auditors' review report**

This report has not been subject to review by the Group's auditors.

## Risks and uncertainties

The Swedish economy is susceptible to global economic developments and to conditions in the international financial markets. Since imports and exports are both large relative to the GDP, the Swedish economy is also sensitive to disruptions in international trade and to sanctions against Russia following the invasion of Ukraine. However, the Swedish economy is marginally dependent on Russian oil and gas, and otherwise has little trade with Russia. The economic trend in Sweden is the primary risk factor for SBAB's future earnings capacity, and the quality of our assets is mainly exposed to credit risks in the Swedish housing market. The management of interest-rate and currency risks entails some exposure to price risks. A housing market with soaring prices over an extended period, in parallel with rising household debt, has resulted in the Swedish economy becoming sensitive to rapid changes in interest rates and housing prices. High inflation both abroad and in Sweden can affect the value of the Swedish krona, reduce households' real income and increase their housing costs. The risks linked to these factors could be amplified if many households have high

levels of debt in relation to their disposable incomes. For additional information on forecasts for economic development, interest rates and housing prices, refer to [page 7](#).

The extensive regulatory changes in the residential mortgage market comprise a further uncertainty factor. Moreover, political decisions, for example changed tax rules, could have major consequences on households' solvency and property values. In time, increasing competition in the residential mortgage market could affect the market and mortgage margins. Increased competition arises, inter alia, from the Mortgage Business Act (2016:1024), which allows residential mortgages to be provided by companies other than banks and which are thus not encompassed by the same extensive regulations nor by the rules for capital requirements that apply to banks. Such regulatory differences risk not being understood by customers and therefore creating unfair competition in the market, a point that SBAB has conveyed to the Swedish FSA. For further information about risks and risk management, please refer to SBAB's [2021 Annual Report](#).

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# Condensed income statement

SEK million	GROUP				
	2022	2021	2021	2022	2021
	Q1	Q4	Q1	Jan-Mar	Jan-Mar
Interest income	1,497	1,500	1,501	1,497	1,501
Interest expense	-413	-483	-460	-413	-460
<b>Net interest income</b>	<b>1,084</b>	<b>1,017</b>	<b>1,014</b>	<b>1,084</b>	<b>1,014</b>
Commission income	33	31	24	33	24
Commission expense	-20	-18	-21	-20	-21
Net result of financial transactions (Note 3)	-49	-3	-15	-49	-15
Other operating income	13	12	13	13	13
<b>Total operating income</b>	<b>1,061</b>	<b>1,039</b>	<b>1,042</b>	<b>1,061</b>	<b>1,042</b>
Personnel costs	-201	-223	-185	-201	-185
Other expenses	-122	-166	-122	-122	-122
Depreciation, amortisation and impairment of PPE and intangible assets	-35	-63	-16	-35	-16
<b>Total expenses before credit losses and imposed fees</b>	<b>-358</b>	<b>-452</b>	<b>-323</b>	<b>-358</b>	<b>-323</b>
<b>Profit before credit losses and imposed fees</b>	<b>703</b>	<b>587</b>	<b>719</b>	<b>703</b>	<b>719</b>
Net credit losses (Note 4) <sup>1)</sup>	-17	1	9	-17	9
Imposed fees: Risk tax and resolution fee <sup>2)</sup>	-113	-	-	-113	-
<b>Operating profit</b>	<b>573</b>	<b>588</b>	<b>728</b>	<b>573</b>	<b>728</b>
Tax	-121	-131	-152	-121	-152
<b>Net profit for the period</b>	<b>452</b>	<b>457</b>	<b>576</b>	<b>452</b>	<b>576</b>

1) Including impairment and reversals of impairment of financial assets.

2) From January 2022, the resolution fee will be booked on the same legal line as the recently introduced risk tax. The resolution fee has in previous years been booked within net interest income. The resolution fee for the Group during the first quarter of 2022 amounts to SEK 48 million, and for the corresponding period the following year to SEK 41.5 million. For the fourth quarter of 2021, the resolution fee amounted to SEK 43 million.

In Q1 2022, interest income on financial assets measured at amortised cost, calculated using the effective-interest method, amounted to SEK 1,618 million (1,590) for the Group.

# Condensed statement of comprehensive income

SEK million	GROUP				
	2022	2021	2021	2022	2021
	Q1	Q4	Q1	Jan-Mar	Jan-Mar
<b>Net profit for the period</b>	<b>452</b>	<b>457</b>	<b>576</b>	<b>452</b>	<b>576</b>
<b>Other comprehensive income</b>					
<i>Components that will be reclassified to profit or loss</i>					
Financial assets measured at FVTOCI	-88	32	-25	-88	-25
Changes related to cash-flow hedges, before tax	-2,700	-521	-681	-2,700	-681
Tax attributable to components that will be reclassified to profit or loss	574	101	145	574	145
<i>Components that will not be reclassified to profit or loss</i>					
Revaluation effects of defined-benefit pension plans, before tax	54	-34	98	54	98
Tax attributable to components that will not be reclassified to profit or loss	-11	7	-20	-11	-20
<b>Other comprehensive income/loss, net of tax</b>	<b>-2,171</b>	<b>-415</b>	<b>-483</b>	<b>-2,171</b>	<b>-483</b>
<b>Total comprehensive income/loss for the period</b>	<b>-1,719</b>	<b>42</b>	<b>93</b>	<b>-1,719</b>	<b>93</b>

The Group's financial position and development is reflected in the income statement and balance sheet. Moreover, the applied accounting policies give certain revaluation effects, among other effects, that are recognised in other comprehensive income.

Other comprehensive income includes changes in cash-flow hedges that consist of unrealised value changes from derivatives used for hedging cash flows in the Group's funding in foreign currencies. Underlying funding is measured at amortised cost, where value changes are not recognised while derivatives that hedge borrowing are marked to market. This means that changes in rates, primarily in euro, can lead to volatility during the term, even if the long-term result is zero. The line item is normally affected positively by a decline in interest rates and negatively by a rise in interest rates.

Financial assets measured at FVTOCI consist of unrealised value changes in securities (classified according to certain principles) in the liquidity reserve. The line item is primarily affected by changes in credit spreads in bond holdings.

The item revaluation effects of defined-benefit pension plans includes actuarial gains and losses where changes in the discount rate and inflation are the assumptions that have the strongest impact on the item.

For further information, refer to SBAB's 2021 Annual Report, [Note G 1](#). See also the Financial development section for comments on the outcome of the period.

# Condensed balance sheet

SEK million	GROUP		
	31 Mar 2022	31 Dec 2021	31 Mar 2021
<b>ASSETS</b>			
Cash and balances at central banks	2,500	10,100	450
Chargeable treasury bills, etc.	25,511	22,549	10,232
Lending to credit institutions	8,100	643	762
Lending to the public (Note 5)	478,658	467,041	433,479
Value changes of interest-rate-risk hedged items in macro hedges	-2,689	-563	-89
Bonds and other interest-bearing securities	50,469	50,254	60,215
Derivatives (Note 6)	7,309	6 920	9,782
Deferred tax assets	322		
Intangible assets	468	460	377
Property, plant and equipment	268	274	106
Other assets	632	249	2,890
Prepaid expenses and accrued income	452	410	533
<b>TOTAL ASSETS</b>	<b>572,000</b>	<b>558,337</b>	<b>518,737</b>
<b>LIABILITIES AND EQUITY</b>			
<b>Liabilities</b>			
Liabilities to credit institutions	14,011	16,372	20,277
Deposits from the public	146,976	144,950	136,500
Issued debt securities, etc.	372,634	364,365	327,944
Derivatives (Note 6)	9,449	2,844	2,475
Other liabilities	980	532	506
Accrued expenses and deferred income	2,640	1,886	2,407
Deferred tax liabilities	56	304	532
Provisions	95	143	118
Subordinated debt	1,997	1,996	1,996
<b>Total liabilities</b>	<b>548,838</b>	<b>533,392</b>	<b>492,755</b>
<b>Equity</b>			
Share capital	1,958	1,958	1,958
Reserves/Fair value reserve	-1,252	919	1,838
Additional Tier 1 instruments	4,300	4,300	5,800
Retained earnings	17,704	15,687	15,810
Net profit for the period	452	2,081	576
<b>Total equity</b>	<b>23,162</b>	<b>24,945</b>	<b>25,982</b>
<b>TOTAL LIABILITIES AND EQUITY</b>	<b>572,000</b>	<b>558,337</b>	<b>518,737</b>



# Condensed statement of changes in equity

SEK million	GROUP				
	Share capital	Reserves	Additional Tier 1 instruments	Retained earnings and net profit for the year <sup>1)</sup>	Total equity
<b>Opening balance, 1 January 2022</b>	<b>1,958</b>	<b>919</b>	<b>4,300</b>	<b>17,768</b>	<b>24,945</b>
Additional Tier 1 instruments	-	-	-	-	-
Additional Tier 1 instruments, dividend	-	-	-	-64	-64
Other comprehensive income, net of tax	-	-2,171	-	-	-2,171
Net profit for the period	-	-	-	452	452
<b>Comprehensive income for the period</b>	<b>-</b>	<b>-2,171</b>	<b>-</b>	<b>452</b>	<b>-1,719</b>
<b>Closing balance, 31 March 2022</b>	<b>1,958</b>	<b>-1,252</b>	<b>4,300</b>	<b>18,156</b>	<b>23,162</b>
<b>Opening balance, 1 January 2021</b>	<b>1,958</b>	<b>2,321</b>	<b>3,500</b>	<b>15,860</b>	<b>23,639</b>
Additional Tier 1 instruments	-	-	2,300	-	2,300
Additional Tier 1 instruments, dividend	-	-	-	-50	-50
Other comprehensive income, net of tax	-	-483	-	-	-483
Net profit for the period	-	-	-	576	576
<b>Comprehensive income for the period</b>	<b>-</b>	<b>-483</b>	<b>-</b>	<b>576</b>	<b>93</b>
<b>Closing balance, 31 March 2021</b>	<b>1,958</b>	<b>1,838</b>	<b>5,800</b>	<b>16,386</b>	<b>25,982</b>
<b>Opening balance, 1 January 2021</b>	<b>1,958</b>	<b>2,321</b>	<b>3,500</b>	<b>15,860</b>	<b>23,639</b>
Additional Tier 1 instruments	-	-	800	-	800
Additional Tier 1 instruments, dividend	-	-	-	-173	-173
Other comprehensive income, net of tax	-	-1,402	-	-	-1,402
Net profit for the period	-	-	-	2,081	2,081
<b>Comprehensive income for the period</b>	<b>-</b>	<b>-1,402</b>	<b>-</b>	<b>2,081</b>	<b>679</b>
<b>Closing balance, 31 December 2021</b>	<b>1,958</b>	<b>919</b>	<b>4,300</b>	<b>17,768</b>	<b>24,945</b>

1) Retained earnings includes the Parent Company's statutory reserve, which is not distributable.

# Condensed cash-flow statement

SEK million	GROUP		
	2022	2021	2021
	Jan-Mar	Jan-Mar	Jan-Dec
Opening cash and cash equivalents	10,742	7,475	7,475
<b>OPERATING ACTIVITIES</b>			
Interest and commissions paid/received	1,786	1,526	4,252
Outflows to suppliers and employees	-437	-307	-1,375
Taxes paid/refunded	-207	-185	-782
Change in assets and liabilities of operating activities	-1,243	-9,533	604
<b>Cash flow from operating activities</b>	<b>-101</b>	<b>-8,499</b>	<b>2,699</b>
<b>INVESTING ACTIVITIES</b>			
Change in property, plant and equipment	-4	-4	-36
Change in intangible assets	-27	-53	-130
Acquisition of subsidiaries	-	-	-31
<b>Cash flow from investing activities</b>	<b>-31</b>	<b>-57</b>	<b>-197</b>
<b>FINANCING ACTIVITIES</b>			
Change in Tier 1 capital instrument	-	-2,300	800
Change in subordinated loan	-	-	-
Repayment of lease liabilities	-10	-8	-35
<b>Cash flow from financing activities</b>	<b>-10</b>	<b>2,292</b>	<b>765</b>
<b>Increase/decrease in cash and cash equivalents</b>	<b>-142</b>	<b>-6,264</b>	<b>3,267</b>
<b>Closing cash and cash equivalents</b>	<b>10,600</b>	<b>1,212</b>	<b>10,742</b>

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

## Change in liabilities attributable to financing activities

SEK million	GROUP									
	Non-cash items					Non-cash items				
	Opening balance 1 Jan 2022	Cash flow	Fair value	Other	Closing balance 31 Mar 2022	Opening balance 1 Jan 2021	Cash flow	Fair value	Other	Closing balance 31 Mar 2021
Subordinated debt	1,996	-	-	1	1,997	1,995	-	-	1	1,996
Lease liabilities	208	-10	-	5	203	69	-8	-	-	62
Additional Tier 1 instruments	4,300	-	-	-	4,300	3,500	2,300	-	-	5,800
<b>Total</b>	<b>6,504</b>	<b>-10</b>	<b>-</b>	<b>6</b>	<b>6,500</b>	<b>5,564</b>	<b>2,292</b>	<b>-</b>	<b>1</b>	<b>7,858</b>

## Note 1 Accounting policies

The SBAB Group applies the International Financial Reporting Standards (IFRS) as adopted by the EU. In addition to these accounting standards, Finansinspektionen's (the Swedish FSA) regulations and general guidelines on annual accounts for credit institutions and securities companies (FFFS 2008:25), the Swedish Annual Accounts Act for Credit Institutions and Securities Companies and the Swedish Financial Reporting Board's recommendation RFR 1 Supplementary Accounting Rules for Groups were taken into consideration. The Group's interim report fulfils the requirements stipulated under IAS 34, Interim Financial Reporting.

Statutory IFRS is applied for the Parent Company, which means that this interim report has been prepared in compliance with IFRS subject to the additions and exceptions that ensue from the Swedish Financial Reporting Board's recommendation RFR 2 Accounting for Legal Entities, the Swedish FSA's regulations and general guidelines on annual accounts for credit institutions and securities companies (FFFS 2008:25) and the Swedish Annual Accounts Act for Credit Institutions and Securities Companies.

### Introduction of new and changed accounting standards 2022

Accounting principles and calculation methods are unchanged compared with the annual report for 2021. The financial statements in summary are produced on the basis of an assumption about the company's survival. The financial reports in summary was approved by the board for publication on 27 April 2022.

## Note 2 Changes in risks

### Credit risk in lending operations

No increase in realised credit risk was noted in lending operations during the first quarter of 2022. Despite the prevailing circumstances with the war in Ukraine and increasing interest rates, neither an increased tendency of delayed payments nor turbulence in the real estate market leading to falling housing prices have been observed. The forward-looking information in the impairment model have been revised during March, as a consequence of continual evaluation of the war in Ukraine along with the global economic development. This has resulted in an increase in credit loss provisions due to the forward looking-information taking into consideration a more negative macroeconomic outlook.

Total credit loss allowances amount to SEK 165 million per 31 of March 2022, compared to SEK 149 million per 31 of December 2021. The loan-to-value (LTV) for private individuals, property companies and tenant-owners' associations amount to 55, 63 and 35% respectively per 31 of March 2022, compared to 55, 63 and 36% respectively per 31 of December 2021. For more information regarding credit losses, credit loss allowances, credit risk and quality, please see [Note 4](#).

### Counterparty credit risk in treasury operations

SBAB models counterparty credit risk according to CRR II Standardised Approach (SA-CCR). Total usage of SBAB's limits to transactional counterparties decreased to SEK 4,966 million as of March 31, 2022 compared to SEK 6,158 million as of December 31, 2021. The change is explained by decrease in both repo and derivatives.

### Liquidity risk

SBAB's liquidity positions remained strong during the first quarter of 2022. LCR by end of first quarter 2022 falls short of LCR level for turn of 2021, mostly because of a decreasing liquidity reserve due to maturing debt. The survival horizon has increased in comparison with the turn of 2021 because of passed bond maturities and issuance covered bonds. The over collateralization level (OC-level) has increased slightly in comparison with the turn of 2021. The deposit-to-loan ratio has decreased slightly during first quarter of 2022 as the loan growth rate exceeded the deposit growth rate. See [Note 10](#) for more information regarding liquidity risk.

### Market risk

SBAB uses Value at Risk (VaR) to quantify market risk. VaR is a comprehensive portfolio measurement expressing the potential loss that could occur given a certain level of probability and holding period. SBAB's model is a historical model and applies percentiles in historical market data from the past two years. At 31 March 2022, SBAB's VaR amounted to SEK 249 million, compared to SEK 221 million at 31 December 2020 due to higher volatility. The limit for VaR is changed to SEK 1,200 million from the previous SEK 1,450 million. The reason for the reduction was that the margin to the limit has historically been large and is forecast to remain so in the coming years.

### Operational risk

The change of SBAB's core IKT-system is ongoing and complex. Therefore, the project is still a source to exposure for operational risks

### Business risk

Looking at the state of financial markets, and for SBAB, uncertainty related to the corona pandemic has decreased significantly since 2021. Financial markets have however been impacted by the current geopolitical situation and Russia's attack on Ukraine. The impact on SBAB's financial position is nevertheless moderate. Business risk is therefore considered to be at a low level. No material changes in the competitive landscape were observed during the year and SBAB has not entered any new, or exited any existing, markets or segments.

### Concentration risk

In the first quarter of 2022, the lending to the ten largest costumer groups accounted for 6 percent of total lending volume, which is unchanged compared to 31 December 2021. For more information on the geographical distribution of the lending portfolio, please refer to [Note 5](#). SBAB also evaluates the capital requirement for concentration risk on a regular basis and quantifies the risk with economic.

### Note 3 Net result of financial transactions

SEK million	GROUP					
	2022	2021	2021	2022	2021	2021
	Q1	Q4	Q1	Jan-Mar	Jan-Mar	Jan-Dec
<b>Gains/losses on interest-bearing financial instruments</b>						
– Change in value of hedged items in hedge accounting	3,934	523	813	3,934	813	1,876
– Derivatives in hedge accounting	–3,996	–507	–836	–3,996	–836	–1,885
– Other derivatives	33	–10	17	33	17	4
– Interest-bearing securities, Fair Value Option	–13	–6	–12	–13	–12	–35
– Interest-bearing securities at fair value through other comprehensive income	2	0	6	2	6	6
– Interest-bearing securities at amortised cost	0	0	0	0	0	0
– Realised gain/loss from financial liabilities at amortised cost	–13	–7	–9	–13	–9	–64
– Loan receivables at amortised cost	5	6	6	5	6	29
Currency translation effects	–1	–2	0	–1	0	–2
<b>Total</b>	<b>–49</b>	<b>–3</b>	<b>–15</b>	<b>–49</b>	<b>–15</b>	<b>–71</b>

SBAB uses derivatives to manage interest-rate and currency risk in the Group's assets and liabilities. Derivatives are recognised at fair value in the balance sheet. SBAB's risk management and hedge accounting strategies entail that profit variations between periods may arise for individual items in the table above, as

a result of changes in market interest rates, but that they are in general offset by profit variations in other items. Profit variations not neutralised through risk management and hedge accounting are commented on in the administration report.

### Note 4 Net credit losses

SEK million	GROUP					
	2022	2021	2021	2022	2021	2021
	Q1	Q4	Q1	Jan-Mar	Jan-Mar	Jan-Dec
<b>Lending to the public</b>						
Confirmed credit losses	–2	–2	–2	–2	–2	–13
Recoveries of previously confirmed credit losses	1	1	1	1	1	4
Change in provision for the period – credit stage 1	–9	–1	3	–9	3	0
Change in provision for the period – credit stage 2	–1	–3	3	–1	3	11
Change in provision for the period – credit stage 3	1	3	1	1	1	2
Guarantees <sup>1)</sup>	0	0	0	0	0	–2
<b>Net credit losses for the period – lending to the public</b>	<b>–10</b>	<b>–2</b>	<b>6</b>	<b>–10</b>	<b>6</b>	<b>2</b>
<b>Loan commitments<sup>2)</sup></b>						
Change in provision for the period – credit stage 1	–7	3	0	–7	0	–1
Change in provision for the period – credit stage 2	0	0	3	0	3	10
Change in provision for the period – credit stage 3	0	0	0	0	0	0
<b>Net credit losses for the period – loan commitments</b>	<b>–7</b>	<b>–3</b>	<b>3</b>	<b>–7</b>	<b>3</b>	<b>9</b>
<b>Other financial instruments</b>						
Change in provision for the period – credit stage 1	0	0	0	0	0	0
<b>Net credit losses for the period – other financial instruments</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>
<b>Total</b>	<b>–17</b>	<b>1</b>	<b>9</b>	<b>–17</b>	<b>9</b>	<b>11</b>

1) The item includes guarantees for loan commitments.

2) Credit provisions for loan commitments are included in the "Provisions" item in the balance sheet

## Note 4 Net credit losses, Cont.

During the first quarter of 2022 total credit loss provisions increased by SEK 16 million (decreased by 2). Loss provisions for loans allocated to credit stage 1 increased by SEK 9 million (increased by 1) and increased by SEK 1 million (increased by 3) for loans allocated to stage 2. Loss provisions for loans allocated to credit stage 3 decreased by SEK 1 million (decreased by 3). The changes in credit loss provisions subject to loans in stage 1 and 2 are attributed to updated forward looking information. The revised forward-looking information indicates increased interest rates and cooling of the Swedish housing market, which

indicates higher credit risk in the impairment model. The changes in credit loss provisions subject to loans in stage 3 are explained by lower exposure, removal of some individual loss provisions, as well as write offs, which together contributed to the decrease. Credit loss provisions for off-balance items consisting of loan commitments and building credits increased by SEK 7 million (decreased by 3), also due to updates in the forward-looking information. Guarantee amount that can be utilised to cover credit losses was unchanged (unchanged) during the quarter.

## Sensitivity analysis of forward-looking information

### Lending to the public and loan commitments

	Scenario 1 (40%)			Scenario 2 (20%)			Scenario 3 (25%)			Scenario 4 (15%)		
Factors	2022	2023	2024	2022	2023	2024	2022	2023	2024	2022	2023	2024
GDP <sup>1)</sup>	2.9%	2.2%	1.7%	1.7%	0.5%	1.2%	-7.1%	5.7%	2.2%	-3.1%	-0.8%	1.7%
Repo rate	0.4%	1.0%	1.5%	0.3%	0.9%	1.4%	0.8%	1.5%	1.8%	1.8%	2.3%	2.5%
Unemployment	7.5%	6.8%	6.7%	7.8%	7.7%	7.9%	9.8%	9.8%	8.9%	8.0%	8.7%	9.5%
House prices, Δ	-1.4%	-5.7%	-3.1%	-1.0%	-4.5%	-1.5%	-11.2%	-13.5%	-1.9%	-15.9%	-20.2%	-6.6%
Prices of tenant-owners' rights, Δ	-0.1%	-7.1%	-4.7%	+0.5%	-6.0%	-3.0%	-11.9%	-15.9%	-4.5%	-19.3%	-25.3%	-8.9%
Property prices, Δ	-0.1%	-7.1%	-4.7%	+0.7%	-6.2%	-3.2%	-6.9%	-17.9%	-7.5%	-10.3%	-27.3%	-13.9%
ECL	SEK 90 million			SEK 87 million			SEK 177 million			SEK 437 million		
Weighted ECL <sup>2)</sup>	SEK 165 million											

1) Not included in the ECL calculation

2) Of which, SEK 147 million was attributable to lending to the public and SEK 17 million to off-balance-sheet items linked to loan commitments and building credits.

### Impairment model and credit loss provisions

During the quarter SBAB has evaluated the macroeconomic outlook due to the war in Ukraine as well as rising inflation, which has a broad effect on interest-rates. As a result of this, the forward-looking information has been revised with an updated macroeconomic forecast. The forward-looking information is applied in the impairment model and thus used to calculate expected credit losses (ECL). The updated macroeconomic forecasts are based on a slightly more negative outlook on the recovery from the coronavirus pandemic given the uncertainty of the economy in general with an ongoing war and increased interest rates. The Swedish economy is in general expected to experience limited effects due to the war in Ukraine but is still sensitive to increasing interest-rates and broader global economic uncertainty. As such, the scenario 2 entailed in the forward-looking information is switched from a slightly positive scenario to a slightly negative scenario. Additionally, there is an update to the scenario weights, which correspond to the probabilities of experience credit losses in respective magnitudes, to reflect the more negative economic outlook. All scenarios do take into account increasing interest-rates and an expected cooling on the Swedish housing market.

The revision of the forward-looking information during the first quarter preceded an increase in credit loss provisions of SEK 16. As per 31 of March credit loss provisions amount to SEK 165 million, compared to SEK 149 million per 31 of December 2021. The abovementioned updates to the forward-looking information explains an increase of SEK 14 million whilst the remaining increase can be attributed to increased volume in the Corporate Clients & Tenant-Owners'

Associations business area, along with slightly higher credit risk for unsecured loans in the Retail business area. Throughout 2022, SBAB has frequently tracked credit risk in lending portfolio given the macroeconomic developments. The underlying credit risk models in the impairment model, which are largely based on customers' payment behavior along with market values of collateral, show still no sign of deterioration in credit risk since the start of the coronavirus pandemic 2020 up until the war in Ukraine at the beginning of 2022. SBAB is comfortable with the size of the credit loss provisions, totaling SEK 165 million (149) as per 31 of March 2022.

### Overall credit quality

Despite the prevailing circumstances, the credit quality of SBAB's lending portfolio remains good and the risks entailed in the lending to private individuals are low. SBAB's granting of credit to 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 2021, found that overall, new residential mortgage customers continue to have healthy margins to manage repayment of their mortgages even in a worse economic climate. At the end of the first quarter 2022, the average loan-to-value (LTV) ratio<sup>3)</sup> in the mortgage portfolio was 55% (55). At the same date, the average residential mortgage to customers amounted to SEK 1.9 million (1.8). During the quarter, the LTV for new lending was 68% (68) and the debt-to-income ratio was 3.9 (3.9).



## Note 4 Net credit losses, Cont.

The credit quality of SBAB's lending to property companies, property developers and tenant-owners' associations is also considered good. The average LTV for property companies and tenant-owners' associations at the end of the quarter was 63 (63) and 35% (36) respectively. In this business area, the granting of credit is based on an assessment customers' ability to generate stable cash flows over time and on whether adequate collateral can be provided. Due to the pandemic which has been closely followed by the war in Ukraine, the bank is working proactively to identify customers who are or could become particularly financially affected. Since customers' underlying cash flows primarily derive from housing units, they are expected to be less affected, or affected at a later stage. SBAB has evaluated risks and demand for actions that can be related to the war in Ukraine. Therefore, SBAB's assessment is that risks may be elevated for construction and project development property companies

with demand for construction material in production, and property companies that are more dependent on capital markets with refinancing needed in the near future, along with companies with exposures in eastern Europe or Russia. Only a limited portion of the exposures in SBAB's lending portfolio is subject to this potentially higher credit risk. No individual loss provisions or further manual adjustments of counterparties' rating grades in the business area have been proved necessary during the first quarter.

3) The loan-to-value (LTV) 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. SBAB verifies property values on a regular basis. For residential properties and tenant-owners' rights, the property value is verified at least every third year.

## Note 5 Lending to the public

SEK million	GROUP		
	31 Mar 2022	31 Dec 2021	31 Mar 2021
Opening balance, per year	467,041	422,835	422,835
New lending for the period	26,697	107,076	25,070
Amortisation, repayments	-15,069	-62,870	-14,431
Confirmed credit losses	-2	-13	-2
Change in provision for expected credit losses <sup>1)</sup>	-9	13	7
Closing balance, per year/period	478,658	467,041	433,479

1) For further information, refer to Note 4 ("Change in provision for the period – credit stages 1, 2 and 3").

### Distribution of lending, including provisions

SEK million	GROUP		
	31 Mar 2022	31 Dec 2021	31 Mar 2021
Lending, Residential mortgages	340,435	334,873	318,034
Lending, Corporate Clients & Tenant-Owners' Associations	135,927	129,830	113,008
Lending, Consumer loans	2,296	2,338	2,437
Total	478,658	467,041	433,479

### Geographical composition

	GROUP			
	Lending, Residential mortgages %		Lending, Corporate Clients & Tenant-Owners' Associations %	
	2022	2021	2022	2021
	Kv 1	Kv 4	Kv 1	Kv 4
Stockholm area	62.9	63.0	48.5	47.3
Öresund region	10.2	10.2	18.5	19.0
University cities and growth regions	10.3	10.1	17.5	17.4
Gothenburg area	10.6	10.6	8.7	9.1
Other regions	6.0	6.0	6.8	7.2

## Note 5 Lending to the public, Cont.

### Lending to the public by credit stage

SEK million	GROUP		
	31 Mar 2022	31 Dec 2021	31 Mar 2021
<b>Credit stage 1</b>			
Gross lending	458,765	446,264	414,679
Provision	-54	-45	-42
<b>Total</b>	<b>458,711</b>	<b>446,219</b>	<b>414,637</b>
<b>Credit stage 2</b>			
Gross lending	19,825	20,684	18,694
Provision	-63	-62	-69
<b>Total</b>	<b>19,762</b>	<b>20,622</b>	<b>18,625</b>
<b>Credit stage 3</b>			
Gross lending	215	231	249
Provision	-30	-31	-32
<b>Total</b>	<b>185</b>	<b>200</b>	<b>217</b>
<b>Total gross lending</b>	<b>478,805</b>	<b>467,179</b>	<b>433,622</b>
<b>Total provisions</b>	<b>-147</b>	<b>-138</b>	<b>-143</b>
<b>Total</b>	<b>478,658</b>	<b>467,041</b>	<b>433,479</b>

### Lending to the public and provisions

SEK million	GROUP							
	Credit stage 1 Capital	Provision	Credit stage 2 Capital	Provision	Credit stage 3 Capital	Provision	Capital	Provision
<b>Opening balance, 1 January 2022</b>	<b>446,264</b>	<b>-45</b>	<b>20,684</b>	<b>-62</b>	<b>231</b>	<b>-31</b>	<b>467,179</b>	<b>-138</b>
Moved to credit stage 1	3,491	-7	-3,490	7	-1	0	0	0
Moved to credit stage 2	-3,898	2	3,911	-3	-13	1	0	0
Moved to credit stage 3	-6	0	-20	1	26	-1	0	0
Volume change*	13,455	-8	-1,478	4	-24	2	11,953	-2
Revaluation**	-541	4	218	-10	-2	-2	-325	-8
Confirmed credit losses	0	0	0	0	-2	1	-2	1
<b>Closing balance, 31 March 2022</b>	<b>458,765</b>	<b>-54</b>	<b>19,825</b>	<b>-63</b>	<b>215</b>	<b>-30</b>	<b>478,805</b>	<b>-147</b>

\*Refers to new lending, amortizations, redemptions and loan transfers between SBAB and SCBC.

\*\*Refers to revaluation of ECL as well as changes in transaction and modification costs.

SEK million	GROUP							
	Credit stage 1 Capital	Provision	Credit stage 2 Capital	Provision	Credit stage 3 Capital	Provision	Capital	Provision
<b>Opening balance, 1 January 2021</b>	<b>403,531</b>	<b>-45</b>	<b>19,214</b>	<b>-73</b>	<b>241</b>	<b>-33</b>	<b>422,986</b>	<b>-151</b>
Moved to credit stage 1	11,444	-29	-11,419	28	-25	1	0	0
Moved to credit stage 2	-9,548	3	9,578	-4	-30	1	0	0
Moved to credit stage 3	-52	0	-90	2	142	-2	0	0
Volume change*	39,206	-12	3,475	-5	-80	4	42,601	-13
Revaluation**	1,683	38	-74	-10	-4	-8	1,605	20
Confirmed credit losses	0	0	0	0	-13	6	-13	6
<b>Closing balance, 31 December 2021</b>	<b>446,264</b>	<b>-45</b>	<b>20,684</b>	<b>-62</b>	<b>231</b>	<b>-31</b>	<b>467,179</b>	<b>-138</b>

\*Refers to new lending, amortizations, redemptions and loan transfers between SBAB and SCBC.

\*\*Refers to revaluation of ECL as well as changes in transaction and modification costs.

## Note 6 Derivatives

SEK million	GROUP					
	31 Mar 2022			31 Dec 2021		
	Assets measured at fair value	Liabilities measured at fair value	Total nominal value	Assets measured at fair value	Liabilities measured at fair value	Total nominal value
Interest-rate-related	4,050	9,107	505,703	3,950	2,173	466,040
Currency-related	3,259	342	81,524	2,970	671	83,819
<b>Total</b>	<b>7,309</b>	<b>9,449</b>	<b>587,227</b>	<b>6,920</b>	<b>2,844</b>	<b>549,859</b>

Cross-currency interest-rate swaps are classified as currency-related derivatives.

## Note 7 Operating segments

SEK million	GROUP					
	Jan–Mar 2022					
	Follow-up of operations			Reconciliation against the statutory income statement		
	Retail	Corporate Clients & Tenant-Owners' Associations	Total	Administrative consultants	IFRS 16 Leasing <sup>1)</sup>	Statutory profit
Net interest income	819	265	1,084	–	–	1,084
Commission income	15	18	33	–	–	33
Commission expense	–16	–4	–20	–	–	–20
Net result of financial transactions	–42	–7	–49	–	–	–49
Other operating income	12	1	13	–	–	13
<b>Total operating income</b>	<b>788</b>	<b>273</b>	<b>1,061</b>	<b>–</b>	<b>–</b>	<b>1,061</b>
Salaries and remuneration	–100	–25	–125	–	–	–125
Other personnel costs	–63	–18	–81	5	–	–76
Other expenses	–106	–21	–127	–5	10	–122
Depreciation, amortisation and impairment of PPE and intangible assets	–19	–6	–25	–	–10	–35
Net credit losses	–13	–4	–17	–	–	–17
Imposed fees: Risk tax and resolution fee	–91	–22	–113	–	–	–113
<b>Operating profit</b>	<b>396</b>	<b>177</b>	<b>573</b>	<b>0</b>	<b>0</b>	<b>573</b>
Tax	–84	–37	–121	–	–	–121
<b>Profit after standardised tax</b>	<b>312</b>	<b>140</b>	<b>452</b>	<b>0</b>	<b>0</b>	<b>452</b>
Return on equity, %	9.0	10.8	9.5	–	–	9.5

1) Depreciation charge for right-of-use assets of office premises.

## Note 7 Operating segments, Cont.

GROUP						
Jan-Mar 2021						
SEK million	Follow-up of operations			Reconciliation against the statutory income statement		
	Retail	Corporate Clients & Tenant-Owners' Associations	Total	Administrative consultants	IFRS 16 Leasing <sup>1)</sup>	Statutory profit
Net interest income	811	230	1,041	–	–	1,041
Commission income	12	12	24	–	–	24
Commission expense	–17	–4	–21	–	–	–21
Net result of financial transactions	–12	–3	–15	–	–	–15
Other operating income	13	0	13	–	–	13
<b>Total operating income</b>	<b>807</b>	<b>235</b>	<b>1,042</b>	<b>–</b>	<b>–</b>	<b>1,042</b>
Salaries and remuneration	–95	–24	–119	–	–	–119
Other personnel costs	–56	–15	–71	5	–	–66
Other expenses	–104	–21	–125	–5	8	–122
Depreciation, amortisation and impairment of PPE and intangible assets	–6	–2	–8	–	–8	–16
Net credit losses	5	4	9	–	–	9
<b>Operating profit</b>	<b>551</b>	<b>177</b>	<b>728</b>	<b>0</b>	<b>0</b>	<b>728</b>
Tax	–115	–37	–152	–	–	–152
<b>Profit after standardised tax</b>	<b>436</b>	<b>140</b>	<b>576</b>	<b>0</b>	<b>0</b>	<b>576</b>
Return on equity, %	13.1	11.7	12.7	–	–	12.7

1) Depreciation charge for right-of-use assets of office premises.

All expenses and revenues are fully allocated to the segments Retail and Corporate Clients & Tenant-Owners' Associations. In relation to the statutory income statement, an expense of SEK –5 million (5) was transferred between the rows "Other expenses" and "Other personnel costs." The cost refers to administrative consultants, which pertain to "Other personnel costs" in the internal monitoring. IFRS 16 is not taken into account in the follow-up of

operations. All expenses identified in IFRS 16, with the exception of the interest component, are to be considered as costs for premises. The effect of IFRS 16 on the Group is recognised in the reconciliation against the statutory income statement. For more information on IFRS 16, please refer to [Note G 1](#) in SBAB's 2021 Annual Report.

## Note 8 Classification of financial instruments

### Financial assets

GROUP							
31 Mar 2022							
SEK million	Financial assets measured at FVTPL			Financial assets measured at FVTOCI	Financial assets measured at amortised cost	Total	Total fair value
	Fair value option	Derivatives in hedge accounting	Other (Obligatory) classification				
Cash and balances at central banks	–	–	–	–	2,500	2,500	2,500
Chargeable treasury bills, etc.	640	–	–	22,481	2,390	25,511	25,509
Lending to credit institutions	–	–	–	–	8,100	8,100	8,100
Lending to the public	–	–	–	–	478,658	478,658	478,237
Value changes of interest-rate-risk hedged items in macro hedges	–	–	–	–	–2,689	–2,689	–
Bonds and other interest-bearing securities	214	–	–	26,609	23,646	50,469	50,170
Derivatives	–	7,182	127	–	–	7,309	7,309
Other assets	–	–	–	–	418	418	418
Prepaid expenses and accrued income	13	–	–	166	219	398	398
<b>Total financial assets</b>	<b>867</b>	<b>7,182</b>	<b>127</b>	<b>49,256</b>	<b>513,242</b>	<b>570,674</b>	<b>572,641</b>

### Financial liabilities

GROUP					
31 Mar 2022					
SEK million	Financial liabilities measured at FVTPL		Financial liabilities measured at amortised cost	Total	Total fair value
	Derivatives in hedge accounting	Held for trading			
Liabilities to credit institutions	–	–	14,011	14,011	14,011
Deposits from the public	–	–	146,976	146,976	146,976
Issued debt securities, etc.	–	–	372,634	372,634	368,620
Derivatives	9,374	75	–	9,449	9,449
Other liabilities	–	–	1,029	1,029	1,029
Accrued expenses and deferred income	–	–	2,604	2,604	2,604
Subordinated debt	–	–	1,997	1,997	1,997
<b>Total financial liabilities</b>	<b>9,374</b>	<b>75</b>	<b>539,251</b>	<b>548,700</b>	<b>544,686</b>



## Note 8 Classification of financial instruments, Cont.

### Financial assets

SEK million	GROUP						
	31 Dec 2021						
	Financial assets measured at FVTPL			Financial assets measured at FVTOCI	Financial assets measured at amortised cost	Total	Total fair value
	Fair value option	Derivatives in hedge accounting	Other (Obligatory) classification				
Cash and balances at central banks	-	-	-	-	10,100	10,100	10,100
Chargeable treasury bills, etc.	644	-	-	18,165	3,740	22,549	22,548
Lending to credit institutions	-	-	-	-	643	643	643
Lending to the public	-	-	-	-	467,041	467,041	465,691
Value changes of interest-rate-risk hedged items in macro hedges	-	-	-	-	-563	-563	-
Bonds and other interest-bearing securities	215	-	-	25,619	24,420	50,254	50,384
Derivatives	-	6,586	334	-	-	6,920	6,920
Other assets	-	-	-	-	51	51	51
Prepaid expenses and accrued income	9	-	-	126	227	362	362
<b>Total financial assets</b>	<b>868</b>	<b>6,586</b>	<b>334</b>	<b>43,910</b>	<b>505,659</b>	<b>557,357</b>	<b>556,699</b>

### Financial liabilities

SEK million	GROUP				
	31 Dec 2021				
	Financial liabilities measured at FVTPL		Financial liabilities measured at amortised cost	Total	Total fair value
	Derivatives in hedge accounting	Held for trading			
Liabilities to credit institutions	-	-	16,372	16,372	16,372
Deposits from the public	-	-	144,950	144,950	144,950
Issued debt securities, etc.	-	-	364,365	364,365	366,733
Derivatives	2,637	207	-	2,844	2,844
Other liabilities	-	-	512	512	512
Accrued expenses and deferred income	-	-	1,837	1,837	1,837
Subordinated debt	-	-	1,996	1,996	1,992
<b>Total financial liabilities</b>	<b>2,637</b>	<b>207</b>	<b>530,032</b>	<b>532,876</b>	<b>535,240</b>

#### 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](#) (Accounting Policies) in SBAB's 2021 Annual Report. 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 have been assessed as equal to their fair values. Investments at amortised cost were measured at quoted prices, Level 1.

For Lending to the public, Issued debt securities and Subordinated debt, fair value is established based on generally accepted valuation techniques. As far as possible, calculations made in conjunction with measurement are based on observable market data. Mainly, the models used are based on discounted cash flows.

Issued debt securities and subordinated debt are measured at the Group's current borrowing 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.

## Note 9 Fair value disclosures

SEK million	GROUP							
	31 Mar 2022				31 Dec 2021			
	Quoted market prices (Level 1)	Other observable market data (Level 2)	Unobservable market data (Level 3)	Total	Quoted market prices (Level 1)	Other observable market data (Level 2)	Unobservable market data (Level 3)	Total
<b>Assets</b>								
Chargeable treasury bills, etc.	3,398	19,723	–	23,121	3,441	15,368	–	18,809
Bonds and other interest-bearing securities	26,823	–	–	26,823	25,834	–	–	25,834
Derivatives	–	7,309	–	7,309	–	6,920	–	6,920
Prepaid expenses and accrued income	179	–	–	179	135	–	–	135
<b>Total</b>	<b>30,400</b>	<b>27,032</b>	<b>–</b>	<b>57,432</b>	<b>29,410</b>	<b>22,288</b>	<b>–</b>	<b>51,698</b>
<b>Liabilities</b>								
Derivatives	–	9,449	–	9,449	–	2,844	–	2,844
<b>Total</b>	<b>–</b>	<b>9,449</b>	<b>–</b>	<b>9,449</b>	<b>–</b>	<b>2,844</b>	<b>–</b>	<b>2,844</b>

The measurement policies for financial instruments recognised at fair value in the balance sheet are provided in [Note G 1](#) (Accounting Policies) in SBAB's 2021 Annual Report. In the table, financial assets and liabilities recognised at fair value in the balance sheet are divided on the basis of the measurement levels used below. No transfers were made between levels in 2021 or 2022.

### 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. The measurement method is used for holdings of quoted interest-bearing securities and for publicly quoted derivatives, primarily interest-rate futures.

### 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 and certificates.

### Measurement based in part on unobservable data (Level 3)

Measurement whereby a material component of 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.

## Note 10 Liquidity reserve and liquidity risk

The assets in SBAB's liquidity reserve comprises liquid, interest-bearing securities with high ratings and form an integrated part of the Group's liquidity risk management. Securities holdings are limited by asset class and by country, respectively, and must have at least an AA-rating (as stated by Moody's Investors Service's ratings system) on acquisition. In addition to these collective limits, limits for individual issuers may also be set. The following table is reported according to the Swedish Bankers' Association's template for liquidity reserve disclosures and is based on the European Commission's Delegated Regulation EU (2015/61) with regard to liquidity coverage requirements.

### Calculation of survival horizon

SBAB measures and stress tests liquidity risk by calculating the survival horizon, which is an internal metric used to identify how long SBAB will be able to meet its payment obligations without access to capital market funding, and includes outflows from deposits under a stressed scenario. The survival horizon has been limited to a minimum of 180 days at the consolidated level at any given time.

The survival horizon is calculated by totalling the maximum need of liquidity for each coming day and comparing this to the size of the liquidity portfolio after applicable haircuts. The calculations are based on a crisis scenario in which all loans are assumed to be extended on maturity, meaning that no liquidity is

added through loan redemption, and where no funding is available and deposits decline. Accordingly, the maximum need for liquidity can be identified for every given future period, and the necessary liquidity reserve can be established. SBAB's survival horizon amounted to 383 days at 31 mars 2022 (254 days at 31 December 2021).

### Liquidity coverage ratio

The liquidity coverage ratio (LCR) is defined in accordance with the European Commission Delegated Regulation with regard to liquidity coverage requirements and calculates the degree to which a bank's liquid assets cover its net cash flows for the coming 30 days in a stressed scenario. Net cash flows comprise contractual inflows and outflows, and theoretical flows based on historical data, for example, withdrawals of the bank's deposits. At 31 March 2022, the LCR was 191% (228% as of 31 December 2021) in all currencies at the consolidated level, and 15031% (6415) and 1559% (938), respectively, in EUR and USD. Measured in SEK, the LCR was 147% (184). The net stable funding ratio (NSFR), amounted to 128.5% (128.6%) according to of Regulation (EU)2019/876 of the European Parliament and the Council.

SEK billion		CONSOLIDATED SITUATION									
		31 Mar 2022					31 Dec 2021				
		Distribution by currency					Distribution by currency				
		Total	SEK	EUR	USD	Other	Total	SEK	EUR	USD	Other
Level 1	<b>Level 1 assets</b>	<b>73.5</b>	<b>56.5</b>	<b>14.6</b>	<b>2.6</b>	<b>-</b>	<b>79.6</b>	<b>60.6</b>	<b>14.8</b>	<b>4.2</b>	<b>-</b>
	Cash and balances with central banks <sup>1)</sup>	3.7	3.7	-	-	-	11.5	11.5	-	-	-
	Securities issued or guaranteed by sovereigns, central banks, MDBs and international organisations	30.6	24.6	5.5	0.5	-	28.1	20.7	5.5	1.9	-
	Securities issued by municipalities and public sector entities	12.1	4.2	5.8	2.1	-	12.8	4.8	5.8	2.2	-
	Extremely high quality covered bonds	27.1	23.8	3.3	-	-	27.2	23.6	3.5	0.1	-
	Other assets	-	-	-	-	-	-	-	-	-	-
Level 2	<b>Level 2 assets</b>	<b>2.6</b>	<b>2.3</b>	<b>0.3</b>	<b>-</b>	<b>-</b>	<b>2.7</b>	<b>2.4</b>	<b>0.3</b>	<b>-</b>	<b>-</b>
	<b>Level 2A assets</b>	<b>2.6</b>	<b>2.3</b>	<b>0.3</b>	<b>-</b>	<b>-</b>	<b>2.7</b>	<b>2.4</b>	<b>0.3</b>	<b>-</b>	<b>-</b>
	Securities issued or guaranteed by sovereigns, central banks, municipalities and public sector entities	-	-	-	-	-	-	-	-	-	-
	High quality covered bonds	2.6	2.3	0.3	-	-	2.7	2.4	0.3	-	-
	Corporate debt securities (lowest rating AA-)	-	-	-	-	-	-	-	-	-	-
	Other assets	-	-	-	-	-	-	-	-	-	-
	<b>Level 2B assets</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
	Asset-backed securities	-	-	-	-	-	-	-	-	-	-
	High quality covered bonds	-	-	-	-	-	-	-	-	-	-
	Corporate debt securities (rated A+ to BBB-)	-	-	-	-	-	-	-	-	-	-
	Shares (major stock index)	-	-	-	-	-	-	-	-	-	-
	Other assets	-	-	-	-	-	-	-	-	-	-
<b>Liquidity reserve</b>		<b>76.1</b>	<b>58.6</b>	<b>14.9</b>	<b>2.6</b>	<b>-</b>	<b>82.3</b>	<b>63.0</b>	<b>15.1</b>	<b>4.2</b>	<b>-</b>

1) Includes central bank facilities.

## Note 11 Capital adequacy, own funds and capital requirements

### Amendments to the Banking Package

The EU Official Journal has on 7 June 2019 published amendments to the Capital Requirements Regulation, the Capital Requirements Directive and the Bank Recovery & Resolution Directive (the 'Banking Package') which entered into force on 27 June 2019. The Banking Package includes changes to capital requirements and changes in the loss-absorbing and recapitalisation capacity of credit institutions. Amendments in Swedish law due to the Capital Adequacy Directive entered into force on 29 December 2020. Most of the changes in the Capital Requirements Regulation entered into force from 28 June 2021. A significant change was the entry into force of a binding minimum requirement of 3% of the exposure amount for leverage ratio.

In addition, new calculation for activated software assets adjustments in the CET1-capital have been implemented by amending the delegated act (EU) 241/2014, which results in a limited improvement of own funds. The change implies a reduced deduction of own funds and increase in risk-weighted exposure amounts with a limited effect on capital relations.

During the fourth quarter 2021 the EU Commission published the finalization of Basel 3 regulation (Basel IV). The proposal contains amendments that improve the comparability of risk-based capital measures between the banks in the EU banking sector. This will reduce the scope for unjustified differences.

The proposal includes changes to the standardized approaches and the internal models used to calculate capital requirements for credit risk. For the internal models a capital requirement floor is introduced, where risk weighted exposure amounts must not be less than 72.5 percent of what the standardized approach measures. The EU Commission's proposal is to be introduced with a transitional period during 2025 -2030. Next step is for the proposal to be negotiated in the European Council and Parliament

### Buffer requirements

During the first quarter 2020, the Swedish FSA reduced the countercyclical buffer requirement for banks from 2.5% to 0%, due to the corona pandemic. The Swedish FSA announced on 29 September 2021 an increase in the countercyclical capital buffer requirement to 1% with application from 29 September 2022. The Government of Denmark has decided to increase the countercyclical buffer requirement from 0% to 1% with application from 30 September 2022. An additional increase to 2% is announced with application from 31 December 2022. In addition, Bank of Norway decided in June, to raise the countercyclical capital buffer from 1% to 1.5%, effective from 30 June 2022.

## Capital adequacy

SEK million	CONSOLIDATED SITUATION			
	31 Mar 2022	31 Dec 2021	30 Sep 2021	30 Jun 2021
<b>Available own funds (amounts)</b>				
Common Equity Tier 1 (CET1) capital	18,920	18,811	18,318	18,039
Tier 1 capital	23,220	23,111	22,618	22,339
Total capital	25,215	25,106	24,613	24,334
<b>Risk-weighted exposure amounts</b>				
Total risk exposure amount	144,217	138,876	137,666	138,024
<b>Capital ratios (as a percentage of risk-weighted exposure amount)</b>				
Common Equity Tier 1 ratio (%)	13.1	13.5	13.3	13.1
Tier 1 ratio (%)	16.1	16.6	16.4	16.2
Total capital ratio (%)	17.5	18.1	17.9	17.6
<b>Additional own funds requirements to address risks other than the risk of excessive leverage (as a percentage of risk-weighted exposure amount)</b>				
Additional own funds requirements to address risks other than the risk of excessive leverage (%)	3.4	3.4	3.4	1.6
of which: to be made up of CET1 capital (percentage points)	2.2	2.2	2.2	0.9
of which: to be made up of Tier 1 capital (percentage points)	2.5	2.5	2.5	1.2
Total SREP own funds requirements (%)	11.4	11.4	11.4	9.6
<b>Combined buffer and overall capital requirement (as a percentage of risk-weighted exposure amount)</b>				
Capital conservation buffer (%)	2.5	2.5	2.5	2.5
Conservation buffer due to macro-prudential or systemic risk identified at the level of a Member State (%)	-	-	-	-
Institution specific countercyclical capital buffer (%)	0.0	0.0	0.0	0.0
Systemic risk buffer (%)	-	-	-	-
Global Systemically Important Institution buffer (%)	-	-	-	-
Other Systemically Important Institution buffer (%)	-	-	-	-
Combined buffer requirement (%)	2.5	2.5	2.5	2.5
Overall capital requirements (%)	13.9	13.9	13.9	12.1
CET1 available after meeting the total SREP own funds requirements (%)	6.4	6.9	6.6	7.7

**Note 11** Capital adequacy, own funds and capital requirements, Cont.

SEK million	CONSOLIDATED SITUATION			
	31 Mar 2022	31 Dec 2021	30 Sep 2021	30 Jun 2021
<b>Leverage ratio</b>				
Total exposure measure	584,238	580,521	581,249	558,051
Leverage ratio (%)	4.0	4.0	3.9	4.0
<b>Additional own funds requirements to address the risk of excessive leverage (as a percentage of total exposure measure)</b>				
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
<b>Leverage ratio buffer and overall leverage ratio requirement (as a percentage of total exposure measure)</b>				
Leverage ratio buffer requirement (%)	–	–	–	–
Overall leverage ratio requirement (%)	3.0	3.0	3.0	3.0
<b>Liquidity Coverage Ratio</b>				
Total high-quality liquid assets (HQLA) (Weighted value -average)	82,388	79,000	77,236	76,879
Cash outflows - Total weighted value	43,867	43,300	42,713	42,464
Cash inflows - Total weighted value	9,197	9,316	8,722	8,777
Total net cash outflows (adjusted value)	34,670	33,984	33,992	33,688
Liquidity coverage ratio (%)	237.6	232.5	227.2	228.2
<b>Net Stable Funding Ratio<sup>1)</sup></b>				
Total available stable funding	493,513	477,485	483,891	469,032
Total required stable funding	384,033	371,325	360,419	351,207
NSFR ratio (%)	128.5	128.6	134.3	133.5

1) A technical calculation error resulted in the publication of the NSFR for the second quarter of 2021 that was too high. The published ratio was 138.3%, but the correct ratio should have been 133.5%. The bank does not believe this will have any material effect on liquidity risk.



## Note 11 Capital adequacy, own funds and capital requirements, Cont.

Disclosures in accordance with Article 4 of Commission Implementing Regulation (EU) No 637/2021, Annex VII.

### Own funds

SEK million	CONSOLIDATED SITUATION		
	31 Mar 2022	31 Dec 2021	31 Mar 2021
<b>Common Equity Tier 1 (CET1) capital : Instruments and reserves</b>			
Capital instruments and the related share premium accounts	1,958	1,958	1,958
Retained earnings	16,860	15,653	15,800
Accumulated other comprehensive income (and other reserves)	-1,252	919	1,838
Independently reviewed year-end profits net of any foreseeable charge or dividend <sup>1)</sup>	279	1,271	349
<b>Common Equity Tier 1 (CET1) capital before regulatory adjustments</b>	<b>17,845</b>	<b>19,801</b>	<b>19,945</b>
<b>Common Equity Tier 1 (CET1) capital: regulatory adjustments</b>			
Additional value adjustments (negative amount)	-68	-55	-50
Intangible assets (net of related tax liability) (negative amount)	-93	-12	-228
Fair value reserves related to gains or losses on cash-flow hedges of financial instruments that are not valued at fair value	1,277	-868	-1,766
Negative amounts resulting from the calculation of expected loss amounts	-25	-53	-65
Gains or losses on liabilities valued at fair value resulting from changes in own credit standing	-16	-12	-24
Other regulatory adjustments <sup>2)</sup>	-	-	-
<b>Total regulatory adjustments to Common Equity Tier 1 (CET1)</b>	<b>1,075</b>	<b>-990</b>	<b>-2,133</b>
<b>Common Equity Tier 1 (CET1) capital</b>	<b>18,920</b>	<b>18,811</b>	<b>17,12</b>
<b>Additional Tier 1 (AT1) capital: Instrument</b>			
Capital instruments and the related share premium accounts	4,300	4,300	4,300
– of which, classified as equity under applicable accounting standards	4,300	4,300	4,300
– of which, classified as liabilities under applicable accounting standards	-	-	-
Amount of qualifying items referred to in Article 484(4) CRR and the related share premium accounts subject to phase out from AT1	-	-	-
<b>Additional Tier 1 (AT1) capital before regulatory adjustments</b>	<b>4,300</b>	<b>4,300</b>	<b>4,300</b>
<b>Additional Tier 1 (AT1) capital: regulatory adjustments</b>			
<b>Total regulatory adjustments to Additional Tier 1 (AT1) capital</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Additional Tier 1 capital (AT1) capital</b>	<b>4,300</b>	<b>4,300</b>	<b>4,300</b>
<b>Tier 1 capital (T1=CET1+AT1)</b>	<b>23,220</b>	<b>23,111</b>	<b>22,112</b>
<b>Tier 2 (T2) capital : instruments</b>			
Capital instruments and the related share premium accounts	1,995	1,995	1,995
Credit risk adjustments	0	0	5
<b>Tier 2 (T2) capital before regulatory adjustments</b>	<b>1,995</b>	<b>1,995</b>	<b>2,000</b>
<b>Tier 2 capital: regulatory adjustments</b>			
<b>Total regulatory adjustments to Tier 2 (T2) capital</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Tier 2 (T2) capital</b>	<b>1,995</b>	<b>1,995</b>	<b>2,000</b>
<b>Total capital (TC=T1+T2)</b>	<b>25,215</b>	<b>25,106</b>	<b>24,112</b>
<b>Total risk-exposure amount</b>	<b>144,217</b>	<b>138,876</b>	<b>136,078</b>

**Note 11** Capital adequacy, own funds and capital requirements, Cont.

SEK million	CONSOLIDATED SITUATION		
	31 Mar 2022	31 Dec 2021	31 Mar 2021
<b>Capital ratios and requirements including buffers %</b>			
Common Equity Tier 1 capital	13.1	13.5	13.1
Tier 1 capital	16.1	16.6	16.2
Total capital	17.5	18.1	17.7
Institution-CET1 overall capital requirements	9.2 <sup>3)</sup>	9.2 <sup>3)</sup>	7.0
– of which, capital conservation buffer requirement	2.5	2.5	2.5
– of which, countercyclical buffer requirement	0.0	0.0	0.0
– of which, systemic risk buffer requirement	–	–	–
– of which, G-SII buffer and O-SII buffer	–	–	–
– of which, additional own funds requirements to address the risk other than the risk of excessive leverage	2.2 <sup>3)</sup>	2.2 <sup>3)</sup>	–
Common Equity Tier 1 capital (as a percentage of risk exposure amount) available after meeting the minimum capital requirements	6.4 <sup>3)</sup>	6.9 <sup>3)</sup>	8.6
<b>Capital instruments subject to phase-out arrangements (only applicable between 1 January 2014 and 1 January 2022)</b>			
Current cap on AT1 instruments subject to phase-out arrangements	–	–	–
Amount excluded from AT1 due to cap (excess over cap after redemptions and maturities)	–	–	–
Current cap on T2 instruments subject to phase-out arrangements	–	–	–

1) ) Net profit for the period was reduced by the expected dividend of SEK 181 million. The results have been verified by Deloitte AB pursuant to Article 26, Point 2a of the Capital Requirements Regulation.

2) There are not results that generates deduction of NPL backstop since entry into force.

3) Amended requirements by Regulation (EU) 2021/637 with application from Q2 2021.

## Note 11 Capital adequacy, own funds and capital requirements, Cont.

SBAB has previously identified faults with the internal models used to cover capital requirements for credit risk and SBAB has therefore, voluntarily applied an Article 3 surcharge on capital adequacy and in its reports, and has also completed efforts to update the internal rating-based models. SBAB's assessment is that the implementation of the updated models, following approval from

the Swedish FSA, should rectify the identified faults and therefore lead to a decreased Pillar 2 requirement. In October 2021 the board of SBAB decided to remove Article 3 surcharge, as a result of the Swedish FSA communicated Pillar 2 requirements.

### Risk exposure amounts and capital requirements

SEK million	CONSOLIDATED SITUATION					
	31 Mar 2022		31 Dec 2021		31 Mar 2021	
	Risk exposure amount	Capital requirement	Risk exposure amount	Capital requirement	Risk exposure amount	Capital requirement
<b>Credit risk recognised in accordance with IRB approach</b>						
Exposures to corporates	21,426	1,715	20,110	1,609	17,619	1,410
Retail exposures	13,144	1,051	12,889	1,031	12,590	1,007
– of which, exposures to SMEs	1,079	86	1,070	86	952	76
– of which, retail exposures secured by immovable property	12,065	965	11,819	945	11,638	931
<b>Total exposures recognised with the IRB approach</b>	<b>34,570</b>	<b>2,766</b>	<b>32,999</b>	<b>2,640</b>	<b>30,209</b>	<b>2,417</b>
<b>Credit risk recognised with the standardised approach</b>						
Exposures to governments and central banks	7	1	0	0	0	0
Exposures to regional governments or local authorities or agencies	0	0	0	0	0	0
Exposures to multilateral development banks	0	0	0	0	0	0
Exposures to international organisations	0	0	0	0	0	0
Exposures to institutions <sup>1)</sup>	4,603	368	3,904	312	4,160	333
– of which, derivatives according to CRR, Appendix 2	4,515	361	3,739	299	4,014	321
– of which, repos	88	7	164	13	146	12
– of which, other	0	0	1	0	0	0
Retail exposures	2,678	214	2,705	216	2,638	211
Exposures in default	5	0	5	0	6	0
Exposures in the form of covered bonds	3,207	257	3,111	249	3,826	306
Exposures to institutions and corporates with a short-term credit rating	147	12	14	1	1,067	85
Equity exposures	150	12	150	12	1,266	101
Other items	619	49	644	53	221	18
<b>Total exposures recognised with standardised approach</b>	<b>11,416</b>	<b>913</b>	<b>10,533</b>	<b>843</b>	<b>13,184</b>	<b>1,054</b>
<b>Market risk</b>	<b>310</b>	<b>25</b>	<b>341</b>	<b>27</b>	<b>633</b>	<b>51</b>
– of which, position risk	–	–	–	–	–	–
– of which, currency risk	310	25	341	27	633	51
<b>Operational risk</b>	<b>6,035</b>	<b>483</b>	<b>5,547</b>	<b>444</b>	<b>5,547</b>	<b>444</b>
– of which, standardised approach	6,035	483	5,547	444	5,547	444
<b>Credit valuation adjustment risk (CVA risk)</b>	<b>1,645</b>	<b>132</b>	<b>1,665</b>	<b>133</b>	<b>1,586</b>	<b>127</b>
<b>Additional requirements under Article 458 of the CRR</b>	<b>90,241</b>	<b>7,218</b>	<b>87,791</b>	<b>7,023</b>	<b>84,127</b>	<b>6,730</b>
<b>Additional requirements under Article 3 of the CRR</b>	<b>–</b>	<b>–</b>	<b>–</b>	<b>–</b>	<b>792</b>	<b>63</b>
<b>Total risk exposure amount and minimum capital requirements</b>	<b>144,217</b>	<b>11,537</b>	<b>138,876</b>	<b>11,110</b>	<b>136,078</b>	<b>10,886</b>
<b>Capital requirements for capital conservation buffer</b>		<b>3,606</b>		<b>3,472</b>		<b>3,402</b>
<b>Capital requirements for countercyclical buffer</b>		<b>16</b>		<b>17</b>		<b>18</b>
<b>Total capital requirements</b>		<b>15,159</b>		<b>14,599</b>		<b>14,306</b>

1) The risk-weighted amount for counterparty risk according to the CRR, Article 92(3)(f), amounts to SEK 4,603 million (3,903).

## Note 12 Internally assessed capital requirement

The internal capital adequacy assessment aims to ensure that SBAB has adequate capital to deal with any financial problems that arise. The internally assessed capital requirement for the Group amounted to SEK 17,893 million (SEK 17,019 million at 31 December 2021). Market risk in Pillar 2 has increased since the previous year end. The Swedish FSA has proposed a new method for assessing additional capital charges within Pillar 2 for market risks in other operations. This change in method will apply from 2021. The main part of the increase in Pillar 2 is a result of adaption of the internal models to reflect the methods from the Swedish FSA. The internal capital requirement is assessed using SBAB's internal models for economic capital and is not fully comparable

to the estimated capital published by the Swedish FSA (Finansinspektionen) due to differences in assumptions and methodologies. SBAB estimates that the Swedish FSA's expected total capital requirement as of 31 Mars 2022 amounted to SEK 19,990 million, of which SEK 4,831 million comprised capital requirement in Pillar 2. SBAB quantifies the capital requirement for its risks using a model for economic capital within the scope of the internal capital adequacy assessment process (ICAAP). Economic capital is defined as the amount of capital needed to ensure solvency over a one-year period. The internal capital requirement is defined as the higher of economic capital and the regulatory requirements for each type of risk.

CONSOLIDATED SITUATION					
31 Mar 2022			31 Dec 2021		
Internally assessed capital requirement			Internally assessed capital requirement		
SEK million	SEK million	%	SEK million	%	
Pillar 1	Credit risk & CVA risk	3,810	2.6	3,616	2.6
	Market risk	25	0.0	27	0.0
	Operational risk	483	0.3	444	0.3
	Risk-weight floor <sup>1)</sup>	7,219	5.0	7,023	5.1
	<b>Total Pillar 1</b>	<b>11,537</b>	<b>8.0</b>	<b>11,110</b>	<b>8.0</b>
Pillar 2	Credit risk	1,195	0.8	1,152	0.8
	Market risk	1,478	1.0	1,207	0.9
	Operational risk	–	–	–	–
	Pension risk	61	0.0	61	0.0
	<b>Total Pillar 2</b>	<b>2,734</b>	<b>1.9</b>	<b>2,420</b>	<b>1.7</b>
Buffers	Capital conservation buffer	3,606	2.5	3,472	2.5
	Countercyclical buffer	16	0.0	17	0.0
	<b>Total Buffers</b>	<b>3,622</b>	<b>2.5</b>	<b>3,489</b>	<b>2.5</b>
<b>Total</b>		<b>17,893</b>	<b>12.4</b>	<b>17,019</b>	<b>12.3</b>
<b>Total own funds</b>		<b>25,215</b>		<b>25,106</b>	

1) On 23 August 2018, the Swedish FSA decided to amend the method for applying the risk weight floor for Swedish Mortgages, which was previously applied in Pillar 2, by replacing it with the corresponding requirement within the framework of Article 458 of the Regulation on Prudential Requirements for Credit Institutions and Investment Firms. The change means the capital requirement is set as a requirement in Pillar 1. The amendment entered force from 31 December 2018 and applies for two years. The Swedish FSA then decided to extend the capital requirement of the risk weight floor in Pillar 1 until 30 December 2021. In September 2021, the Swedish FSA notified the European Commission and the European Systemic Risk Board (ESRB) that it intends to adopt a decision to extend the current risk weight floor for Swedish Mortgages for a period of another two years, in accordance with Article 458 of the CRR.

# Parent Company

## Trend for January–March 2022 compared with January–March 2021

Profit before credit losses was in line with last year and amounted to SEK 137 million (132). Net interest income decreased during the period and amounted to SEK 139 million (185). Net commission income increased and amounted to SEK 23 million (15), mainly due to increased income linked to corporate lending. The net result of financial transactions amounted to an income of SEK 9 million (1) mainly due to results in the hedge accounting. Other operating income increased to SEK 313 million (287), which was mainly driven by comprised fees from SCBC for administrative services in line with the applicable outsourcing

agreements. Expenses decreased to SEK 347 million (356), mainly due to lower development costs for new regulatory adjustments. Credit losses amounted to SEK 11 million (0) where the difference is explained by increased reserves as a result of updated forward-looking information that was affected by changes in the world and increased interest rates. Fees imposed is a new line in the reporting where the new Swedish risk tax is included together with the resolution fee, which was previously reported in net interest income. Fees imposed amounted to SEK 36 million. Lending to the public totaled SEK 28.0 billion (26.4). Deposits from the public totaled SEK 147.0 billion (136.5). The CET1 capital ratio amounted to 25.5% (26.1%) and the total capital ratio was 41.5% (41.4%). The internally assessed capital requirement was SEK 6,007 million (5,797).

## Consolidated income statement

SEK million	PARENT COMPANY					
	2022	2021	2021	2022	2021	2021
	Q1	Q4	Q1	Jan–Mar	Jan–Mar	Jan–Dec
Interest income	381	383	436	381	436	1,593
Interest expense	–242	–255	–251	–242	–251	–1,000
<b>Net interest income</b>	<b>139</b>	<b>128</b>	<b>185</b>	<b>139</b>	<b>185</b>	<b>593</b>
Dividends received	–	–	–	–	–	–
Commission income	33	31	26	33	26	106
Commission expense	–10	–11	–11	–10	–11	–37
Net result of financial transactions	9	–15	1	9	1	–1
Other operating income	313	376	287	313	287	1,299
<b>Total operating income</b>	<b>484</b>	<b>509</b>	<b>488</b>	<b>484</b>	<b>488</b>	<b>1,960</b>
Personnel costs	–197	–218	–183	–197	–183	–774
Other expenses	–144	–181	–169	–144	–169	–685
Depreciation, amortisation and impairment of PPE and intangible assets	–6	–6	–4	–6	–4	–19
<b>Total expenses before credit losses</b>	<b>–347</b>	<b>–405</b>	<b>–356</b>	<b>–347</b>	<b>–356</b>	<b>–1,478</b>
<b>Profit/loss before credit losses</b>	<b>137</b>	<b>104</b>	<b>132</b>	<b>137</b>	<b>132</b>	<b>482</b>
Net credit losses	–11	4	0	–11	0	4
Imposed fees; Risk tax and resolution fee	–36	–	–	–36	–	–
Impairment of financial assets	–	–30	–	–	–	–30
<b>Operating profit</b>	<b>90</b>	<b>78</b>	<b>132</b>	<b>90</b>	<b>132</b>	<b>456</b>
Tax	–21	–26	–30	–21	–30	–110
<b>Net profit for the period</b>	<b>69</b>	<b>52</b>	<b>102</b>	<b>69</b>	<b>102</b>	<b>346</b>



# Consolidated statement of comprehensive income

SEK million	PARENT COMPANY					
	2022	2021	2021	2022	2021	2021
	Q1	Q4	Q1	Jan-Mar	Jan-Mar	Jan-Dec
<b>Net profit/loss for the period</b>	<b>69</b>	<b>52</b>	<b>102</b>	<b>69</b>	<b>102</b>	<b>346</b>
<b>Other comprehensive income</b>						
<i>Components that will be reclassified to profit or loss</i>						
Financial assets measured at FVTOCI	-88	32	-25	-88	-25	-13
Changes related to cash-flow hedges	-89	-21	-18	-89	-18	-82
Tax attributable to components that will be reclassified to profit or loss	36	-2	9	36	9	20
<b>Other comprehensive income/loss, net of tax</b>	<b>-141</b>	<b>9</b>	<b>-34</b>	<b>-141</b>	<b>-34</b>	<b>-75</b>
<b>Total comprehensive income for the period</b>	<b>-72</b>	<b>61</b>	<b>68</b>	<b>-72</b>	<b>68</b>	<b>271</b>

# Consolidated balance sheet

SEK million	PARENT COMPANY		
	31 Mar 2022	31 Dec 2021	31 Mar 2021
<b>ASSETS</b>			
Cash and balances at central banks	2,500	10,100	450
Chargeable treasury bills, etc.	25,512	22,549	10,232
Lending to credit institutions (Note 13)	122,314	123,419	127,444
Lending to the public	27,960	24,974	26,404
Bonds and other interest-bearing securities	50,469	50,254	60,215
Derivatives	15,662	8,904	10,979
Shares and participations in Group companies	10,450	10,450	10,401
Intangible assets	19	21	12
Property, plant and equipment	55	57	36
Other assets	238	198	1,031
Prepaid expenses and accrued income	406	285	595
<b>TOTAL ASSETS</b>	<b>255,585</b>	<b>251,211</b>	<b>247,799</b>
<b>LIABILITIES AND EQUITY</b>			
<b>Liabilities</b>			
Liabilities to credit institutions	11,095	16,033	20,190
Deposits from the public	146,975	144,950	136,500
Issued debt securities, etc.	63,848	63,452	60,682
Derivatives	15,043	8,610	10,464
Other liabilities	723	278	422
Accrued expenses and deferred income	468	292	507
Deferred tax liabilities	2	37	48
Provisions	17	11	17
Subordinated debt	1,997	1,996	1,996
<b>Total liabilities</b>	<b>240,168</b>	<b>235,659</b>	<b>230,826</b>
<b>Equity</b>			
<b>Restricted equity</b>			
Share capital	1,958	1,958	1,958
Statutory reserve	392	392	392
<b>Total restricted equity</b>	<b>2,350</b>	<b>2,350</b>	<b>2,350</b>
<b>Unrestricted equity</b>			
Fair value reserve	25	165	206
Additional Tier 1 instruments	4,300	4,300	5,800
Retained earnings	8,673	8,391	8,515
Net profit for the period	69	346	102
<b>Total unrestricted equity</b>	<b>13,067</b>	<b>13,202</b>	<b>14,623</b>
<b>Total equity</b>	<b>15,417</b>	<b>15,552</b>	<b>16,973</b>
<b>TOTAL LIABILITIES AND EQUITY</b>	<b>255,585</b>	<b>251,211</b>	<b>247,799</b>

## Note 13 Lending to credit institutions

Of the Parent Company's lending to credit institutions at 31 Mar 2022, SEK 105,086 million relates to a receivable from the wholly owned subsidiary AB Sveriges S kerst llda Obligationer (publ) (Swedish Covered Bond Corporation, SCBC), compared with SEK 107,718 million at the end of 2021. This receivable is subordinated in the event of receivership or liquidation, which means that payment is received only after other creditors of the subsidiary have been

paid. Of the total receivable, SEK 11,000 million (6,000) comprises of internal Group debt instruments (senior non-preferred notes), issued by the subsidiary SCBC for the purpose of meeting the minimum requirement for own funds and eligible liabilities (MREL) announced by the Swedish National Debt Office.

## Note 14 Capital adequacy, own funds and capital requirements – Parent Company

### Amendments to the Banking Package

The EU Official Journal has on 7 June 2019 published amendments to the Capital Requirements Regulation, the Capital Requirements Directive and the Bank Recovery & Resolution Directive (the 'Banking Package') which entered into force on 27 June 2019. The Banking Package includes changes to capital requirements and changes in the loss-absorbing and recapitalisation capacity of credit institutions. Amendments in Swedish law due to the Capital Adequacy Directive entered into force on 29 December 2020. Most of the changes in the Capital Requirements Regulation entered into force in 28 June 2021. A significant change was the entry into force of a binding minimum requirement of 3% of the exposure amount for leverage ratio.

In addition, new calculation for activated software assets adjustments in the CET1-capital have been implemented by amending the delegated act (EU) 241/2014. The change implies a reduced deduction of own funds and increase in risk-weighted exposure amounts with a limited effect on capital relations.

During the fourth quarter 2021 the EU Commission published the finalization of Basel 3 regulation (Basel IV). The proposal contains amendments that improve the comparability of risk-based capital measures between the banks in the EU banking sector. This will reduce the scope for unjustified differen-

ces. The proposal includes changes to the standardized approaches and the internal models used to calculate capital requirements for credit risk. For the internal models a capital requirement floor is introduced, where risk weighted exposure amounts must not be less than 72.5 percent of what the standardized approach measures. The EU Commission's proposal is to be introduced with a transitional period during 2025 -2030. Next step is for the proposal to be negotiated in the European Council and Parliament

### Buffer requirements

During the first quarter 2020, the Swedish FSA reduced the countercyclical buffer requirement for banks from 2.5% to 0%, due to the corona pandemic. The Swedish FSA announced on 29 September 2021 an increase in the countercyclical capital buffer requirement to 1% with application from 29 September 2022. Denmark has decided to increase the countercyclical buffer requirement from 0% to 1% with application from 30 September 2022. An additional increase to 2 % is announced with application from 31 December 2022. In addition, Bank of Norway decided in June, to raise the countercyclical capital buffer from 1% to 1.5%, effective from 30 June 2022.

## Capital adequacy

SEK million	PARENT COMPANY			
	31 Mar 2022	31 Dec 2021	30 Sep 2021	30 Jun 2021
<b>Available own funds (amounts)</b>				
Common Equity Tier 1 (CET1) capital	10,030	10,279	10,407	10,579
Tier 1 capital	14,330	14,579	14,707	14,879
Total capital	16,325	16,574	16,702	16,874
<b>Risk-weighted exposure amounts</b>				
Total risk exposure amount	39,389	36,358	37,604	39,630
<b>Capital ratios (as a percentage of risk-weighted exposure amount)</b>				
Common Equity Tier 1 ratio (%)	25.5	28.3	27.7	26.7
Tier 1 ratio (%)	36.4	40.1	39.1	37.5
Total capital ratio (%)	41.4	45.6	44.4	42.6
<b>Additional own funds requirement to address risks other than the risk of excessive leverage (as a percentage of risk-weighted exposure amount)</b>				
Additional own funds requirement to address risks other than the risk of excessive leverage (%)	4.6	4.6	4.6	2.7
of which: to be made up of CET1 capital (percentage points)	2.7	2.7	2.7	1.5
of which: to be made up of Tier 1 capital (percentage points)	3.5	3.5	3.5	2.0
Total SREP own funds requirement (%)	12.6	12.6	12.6	10.7

**Note 14 Capital adequacy, own funds and capital requirements – Parent Company, Cont.**

SEK million	PARENT COMPANY			
	31 Mar 2022	31 Dec 2021	30 Sep 2021	30 Jun 2021
<b>Combined buffer and overall capital requirement (as a percentage of risk-weighted exposure amount)</b>				
Capital conservation buffer (%)	2.5	2.5	2.5	2.5
Conservation buffer due to macro-prudential or systemic risk identified at the level of a Member State (%)	–	–	–	–
Institution specific countercyclical capital buffer (%)	0.0	0.0	0.0	0.0
Systemic risk buffer (%)	–	–	–	–
Global Systemically Important Institution buffer (%)	–	–	–	–
Other Systemically Important Institution buffer (%)	–	–	–	–
Combined buffer requirement (%)	2.5	2.5	2.5	2.5
Overall capital requirements (%)	15.1	15.1	15.2	13.2
CET1 available after meeting the total SREP own funds requirements (%)	18.2	21.1	20.5	20.7
<b>Leverage ratio</b>				
Total exposure measure	144,680	145,590	158,213	147,709
Leverage ratio (%)	9.9	10.0	9.3	10.1
<b>Additional own funds requirements to address the risk of excessive leverage (as a percentage of total exposure measure)</b>				
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
<b>Leverage ratio buffer and overall leverage ratio requirement (as a percentage of total exposure measure)</b>				
Leverage ratio buffer requirement (%)	–	–	–	–
Overall leverage ratio requirement (%)	3.0	3.0	3.0	3.0
<b>Liquidity Coverage Ratio</b>				
Total high-quality liquid assets (HQLA) (Weighted value - average)	82,388	79,000	77,236	76,879
Cash outflows - Total weighted value	49,495	50,797	52,419	52,656
Cash inflows - Total weighted value	6,038	6,566	8,210	9,003
Total net cash outflows (adjusted value)	43,457	44,231	44,209	43,653
Liquidity coverage ratio (%)	189.6	178.6	174.7	176.1
<b>Net Stable Funding Ratio</b>				
Total available stable funding	198,148	196,156	196,719	200,905
Total required stable funding	151,092	148,580	133,920	140,935
NSFR ratio (%)	131.1	132.0	146.9	142.6

## Note 14 Capital adequacy, own funds and capital requirements – Parent Company, Cont.

Disclosures in accordance with Article 4 of Commission Implementing Regulation (EU) No 637/2021, Annex VII.

### Own funds

SEK million	PARENT COMPANY		
	31 Mar 2022	31 Dec 2021	31 Mar 2021
<b>Common Equity Tier 1 (CET1) capital instruments: Instruments and reserves</b>			
Capital instruments and the related share premium accounts	1,958	1,958	1,958
Retained earnings	8,232	8,782	8,907
Accumulated other comprehensive income (and other reserves)	25	165	206
Independently reviewed year-end profits net of any foreseeable charge or dividend <sup>1)</sup>	-112	-485	-128
<b>Common Equity Tier 1 (CET1) capital before regulatory adjustments</b>	<b>10,103</b>	<b>10,420</b>	<b>10,943</b>
<b>Common Equity Tier 1 (CET1) capital: regulatory adjustments</b>			
Additional value adjustments (negative amount)	-89	-73	-70
Intangible assets (net of related tax liability) (negative amount)	-13	-13	-5
Fair value reserves related to gains or losses on cash-flow hedges of financial instruments that are not valued at fair value	47	-24	-74
Negative amounts resulting from the calculation of expected loss amounts	-2	-19	-46
Gains or losses on liabilities valued at fair value resulting from changes in own credit standing	-16	-12	-24
Other regulatory adjustments <sup>2)</sup>	-	-	-
<b>Total regulatory adjustments to Common Equity Tier 1 (CET1)</b>	<b>-73</b>	<b>-141</b>	<b>-219</b>
<b>Common Equity Tier 1 (CET1) capital</b>	<b>10,030</b>	<b>10,279</b>	<b>10,724</b>
<b>Additional Tier 1 (AT1) capital: Instrument</b>			
Capital instruments and the related share premium accounts	4,300	4,300	4,300
– of which, classified as equity under applicable accounting standards	4,300	4,300	4,300
– of which, classified as liabilities under applicable accounting standards	-	-	-
Amount of qualifying items referred to in Article 484(4) CRR and the related share premium accounts subject to phase out from AT1	-	-	-
<b>Additional Tier 1 capital before regulatory adjustments</b>	<b>4,300</b>	<b>4,300</b>	<b>4,300</b>
<b>Additional Tier 1 (AT1) capital: regulatory adjustments</b>			
<b>Total regulatory adjustments to Additional Tier 1 (AT1) capital</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Additional Tier 1 (AT1) capital</b>	<b>4,300</b>	<b>4,300</b>	<b>4,300</b>
<b>Tier 1 capital (T1= CET1+AT1)</b>	<b>14,330</b>	<b>14,579</b>	<b>15,024</b>
<b>Tier 2 (T2) capital: Instruments</b>			
Capital instruments and the related share premium accounts	1,995	1,995	1,995
Credit risk adjustments	-	-	-
<b>Tier 2 (T2) capital before regulatory adjustments</b>	<b>1,995</b>	<b>1,995</b>	<b>1,995</b>
<b>Tier 2 (T2) capital: regulatory adjustments</b>			
<b>Total regulatory adjustments to Tier 2 (T2) capital</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Tier 2 (T2) capital</b>	<b>1,995</b>	<b>1,995</b>	<b>1,995</b>
<b>Total capital (TC= T1+T2)</b>	<b>16,325</b>	<b>16,574</b>	<b>17,019</b>
<b>Total risk-exposure amount</b>	<b>39,389</b>	<b>36,358</b>	<b>41,128</b>



**Note 14 Capital adequacy, own funds and capital requirements – Parent Company, Cont.**

SEK million	PARENT COMPANY		
	31 Mar 2022	31 Dec 2021	31 Mar 2021
<b>Capital ratio and requirements including buffers, %</b>			
Common Equity Tier 1 capital	25.5	28.3	26.1
Tier 1 capital	36.4	40.1	36.5
Total capital	41.4	45.6	41.4
Institution CET1 overall capital requirements	9.7 <sup>3)</sup>	7.0 <sup>3)</sup>	7.0
– of which, capital conservation buffer requirement	2.5	2.5	2.5
– of which, countercyclical buffer requirement	0.0	0.0	0.0
– of which, systemic risk buffer requirement	–	–	–
– of which, G-SII buffer and O-SII buffer	–	–	–
– of which, additional own funds requirements to address the risk other than the risk of excessive leverage	2.7 <sup>3)</sup>	2.7 <sup>3)</sup>	–
Common Equity Tier 1 capital ( as a percentage of risk exposure amount) available after meeting the minimum capital requirements	18.2 <sup>3)</sup>	23.8 <sup>3)</sup>	21.6
<b>Capital instruments subject to phase-out arrangements (only applicable between 1 January 2014 and 1 January 2022)</b>			
Current cap on AT1 instruments subject to phase-out arrangements	–	–	–
Amount excluded from AT1 due to cap (excess over cap after redemptions and maturities)	–	–	–
Current cap on T2 instruments subject to phase-out arrangements	–	–	–

1) ) Net profit for the period was reduced by the expected dividend of SEK 181 million The results have been verified by Deloitte AB pursuant to Article 26, Point 2a of the Capital Requirements Regulation.

2) There are no results that generate a deduction of NPL backstop since entry into force.

3) Amended requirements by Regulation (EU) 2021/637 with application from Q2 2021.

## Note 14 Capital adequacy, own funds and capital requirements – Parent Company, Cont.

SBAB has previously identified faults with the internal models used to cover capital requirements for credit risk and SBAB has therefore, voluntarily applied an Article 3 surcharge on capital adequacy and in its reports, and has also completed efforts to update the internal rating-based models. SBAB's assessment is that the implementation of the updated models, following approval from

the Swedish FSA, should rectify the identified faults and therefore lead to a decreased Pillar 2 requirement. In October 2021 the board of SBAB decided to remove Article 3 surcharge, as a result of the Swedish FSA communicated Pillar 2 requirements.

### Risk exposure amounts and capital requirements

SEK million	PARENT COMPANY					
	31 Mar 2022		31 Dec 2021		31 Mar 2021	
	Risk exposure amount	Capital requirement	Risk exposure amount	Capital requirement	Risk exposure amount	Capital requirement
<b>Credit risk recognised in accordance with IRB approach</b>						
Exposures to corporates	8,760	701	8,146	651	8,367	669
Retail exposures	1,263	101	1,060	85	1,214	97
– of which, exposures to SMEs	66	5	81	7	98	8
– of which, retail exposures secured by immovable property	1,197	96	979	78	1,116	89
<b>Total exposures recognised with the IRB approach</b>	<b>10,023</b>	<b>802</b>	<b>9,206</b>	<b>736</b>	<b>9,581</b>	<b>766</b>
<b>Credit risk recognised with the standardised approach</b>						
Exposures to governments and central banks	0	0	0	0	0	0
Exposures to regional governments or local authorities or agencies	0	0	0	0	0	0
Exposures to multilateral development banks	0	0	0	0	0	0
Exposures to international organisations	0	0	0	0	0	0
Exposures to institutions <sup>1)</sup>	4,219	338	3,429	274	3,992	319
– of which, derivatives according to CRR, Appendix 2	4,205	336	3,429	274	3,920	314
– of which, repos	0	0	0	0	37	3
– of which, other	14	1	0	0	35	2
Retail exposures	2,678	214	2,705	216	2,638	211
Exposures in default	5	0	5	0	6	0
Exposures in the form of covered bonds	3,207	257	3,111	249	3,826	306
Exposures to institutions and corporates with a short-term credit rating	22	2	15	1	81	7
Equity exposures	10 450	836	10,450	836	11,566	925
Other items	153	12	153	13	130	11
<b>Total exposures recognised with standardised approach</b>	<b>20,734</b>	<b>1,659</b>	<b>19,868</b>	<b>1,589</b>	<b>22,239</b>	<b>1,779</b>
<b>Market risk</b>	<b>65</b>	<b>5</b>	<b>61</b>	<b>5</b>	<b>139</b>	<b>11</b>
– of which, position risk	–	–	–	–	–	–
– of which, currency risk	65	5	61	5	139	11
<b>Operational risk</b>	<b>2,982</b>	<b>239</b>	<b>2,567</b>	<b>205</b>	<b>2,567</b>	<b>205</b>
– of which, standardised approach	2,982	239	2,567	205	2,567	205
<b>Credit valuation adjustment risk (CVA risk)</b>	<b>867</b>	<b>69</b>	<b>870</b>	<b>70</b>	<b>1,420</b>	<b>114</b>
<b>Additional requirements under Article 458 of the CRR</b>	<b>4,718</b>	<b>377</b>	<b>3,786</b>	<b>304</b>	<b>5,006</b>	<b>401</b>
<b>Additional requirements under Article 3 of the CRR</b>	<b>–</b>	<b>–</b>	<b>–</b>	<b>–</b>	<b>176</b>	<b>14</b>
<b>Total risk exposure amount and minimum capital requirements</b>	<b>39,389</b>	<b>3,151</b>	<b>36,358</b>	<b>2,909</b>	<b>41,128</b>	<b>3,920</b>
<b>Capital requirements for capital conservation buffer</b>		<b>985</b>		<b>909</b>		<b>1,028</b>
<b>Capital requirements for countercyclical buffer</b>		<b>7</b>		<b>7</b>		<b>8</b>
<b>Total capital requirements</b>		<b>4,143</b>		<b>3,825</b>		<b>4,326</b>

1) The risk-weighted amount for counterparty risk according to the CRR, Article 92(3)(f), amounts to SEK 4,205 million (3,429).

# 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 (such as IFRS and the Swedish Annual Accounts Act) or in the EU's Capital Requirements Directive (CRD IV)/Capital Requirements Regulation (CRR).

SBAB 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. SBAB 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, SBAB's metrics are not directly comparable with similar metrics presented by other companies.

## Deposits/lending

**Definition:** Ratio of total deposits to total lending (closing balances).

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

	GROUP		
SEK million	31 Mar 2022	31 Mar 2021	31 Dec 2021
Deposits from the public	146,975	136,500	144,950
Lending to the public	478,658	433,479	467,041
<b>Deposits/lending, %</b>	<b>30.7</b>	<b>31.5</b>	<b>31.0</b>

## C/I ratio

**Definition:** Total expenses before credit losses for the period in relation to total operating income for the period.

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

	GROUP		
	2022	2021	2021
SEK million	Jan-Mar	Jan-Mar	Jan-Dec
Expenses	-358	-323	-1,492
Operating income	1,061	1,042	4,121
<b>C/I ratio, %</b>	<b>33.7<sup>1)</sup></b>	<b>31.0</b>	<b>36.2</b>

1) Adjusted for the move of the resolution fee in the income statement, from net interest income to imposed fees, the C/I ratio for Q1 2022 would amount to 35.4%.

## C/L ratio

**Definition:** Expenses for the period (annualised) before credit losses in relation to lending to the public (calculated using the opening and closing balances for the period).

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

	GROUP		
	2022	2021	2021
SEK million	Jan-Mar	Jan-Mar	Jan-Dec
Expenses	-358	-323	-1,492
- Expenses (annualised)	-1,432	-1,292	-1,492
Aver. lending to the public	472,850	428,157	444,938
<b>C/L ratio, %</b>	<b>0.30</b>	<b>0.30</b>	<b>0.34</b>

## Return on equity

**Definition:** Profit after tax for the period (annualised) in relation to average equity (calculated using the opening and closing balances for the reporting period), after adjustment for additional Tier 1 instruments and value changes in financial assets recognised in equity.

The APM aims to provide the reader with further information regarding the Group's profitability in relation to unrestricted equity.

	GROUP		
	2022	2021	2021
SEK million	Jan-Mar	Jan-Mar	Jan-Dec
Operating profit after tax	452	576	2,081
- Op. profit after tax (annualised)	1,808	2,302	2,081
Average equity	19,088 <sup>1)</sup>	18,081	18,772
<b>Return on equity, %</b>	<b>9.5</b>	<b>12.7</b>	<b>11.1</b>
<b>Return on equity excl. risk tax, %<sup>2)</sup></b>	<b>10.5</b>	<b>12.7</b>	<b>11.1</b>

1) Average equity has been adjusted for dividend of SEK 832 million for 2021.

2) The risk tax for Q1 2022 amounted to SEK 65 million.

## Net interest margin

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

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

SEK million	GROUP		
	2022	2021	2021
	Jan-Mar	Jan-Mar	Jan-Dec
Net interest income	1,084	1,041	4,114
– Net interest inc. (annualised)	4,336	4,166	4,114
Average balance sheet total	565,168	515,048	534,848
<b>Net interest margin, %</b>	<b>0.77</b>	<b>0.81</b>	<b>0.77</b>

## Credit loss ratio

**Definition:** Credit losses for the period (annualised) in relation to total lending (closing balance).

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

SEK million	GROUP		
	2022	2021	2021
	Jan-Mar	Jan-Mar	Jan-Dec
Credit losses	–17	9	11
– Credit losses (annualised)	–68	36	11
Lending to the public	478,658	433,479	467,041
<b>Credit loss ratio, %</b>	<b>–0.01</b>	<b>0.01</b>	<b>0.00</b>

## Share of Stage 3 loans, gross, %

**Definition:** Gross lending in credit stage 3 (closing balance) in relation to total lending to the public (closing balance).

The APM aims to provide the reader with further information regarding the proportion of non-performing loans pursuant to accepted accounting standards relative to the total loan portfolio.

SEK million	GROUP		
	31 Mar 2022	31 Mar 2021	31 Dec 2021
Gross lending credit stage 3	215	249	231
Lending to the public	478,658	433,479	467,041
<b>Share of Stage 3 loans, %</b>	<b>0.04</b>	<b>0.06</b>	<b>0.05</b>

## New lending

**Definition:** Gross lending for the period.

The APM aims to provide the reader with an image of the inflow of new business during the reporting period.

## Definitions of other key performance indicators

<b>Number of employees (FTEs)</b>	Number of employees expressed as full-time equivalents (FTEs), adjusted for sick leave and leave of absence
<b>CET1 capital ratio</b>	CET1 capital in relation to risk-weighted assets
<b>Total capital ratio</b>	Own funds in relation to risk-weighted assets
<b>Tier 1 capital ratio</b>	Tier 1 capital in relation to risk-weighted assets
<b>Leverage ratio</b>	Tier 1 capital in relation to total assets and off-balance sheet exposures restated with the application of credit conversion factors
<b>Liquidity coverage ratio, LCR</b>	Liquid assets in relation to net cash outflows over a 30-day stress scenario in accordance with the European Commission's Delegated Regulation EU (2015/61) with regard to liquidity coverage requirements
<b>Survival horizon</b>	The number of days that the need for liquidity can be met in a stress scenario before new liquidity is needed
<b>Net stable funding ratio, NSFR</b>	A liquidity risk metric of a structural nature that demonstrates the stability of the Group's funding in relation to its assets. From 30 September 2019, NSFR is calculated pursuant to Regulation (EU) 2019/876 of the European Parliament and the Council

The CEO affirms that the interim report provides an accurate overview of the operations, financial position and performance of the Parent Company and the Group, and describes the significant risks and uncertainties faced by the Parent Company and the companies in the Group.

Solna, 27 April 2022

Mikael Inglander  
Acting CEO

## Financial calender

Interim Report Jan-Jun 2022	18 July 2022
Interim Report Jan-Sep 2022	27 October 2022
Year-end Report 2022	7 February 2023

## Credit ratings

	Moody's	Standard & Poor's
Long-term funding, SBAB	A1	A
Long-term funding, SCBC	Aaa	–
Short-term funding, SBAB	P-1	A-1



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While every care has been taken in the translation of this report, readers are reminded that the original report, signed by the CEO, is in Swedish.

