

CREDIT OPINION

8 July 2019

Update

 Rate this Research

RATINGS
SBAB Bank AB (publ)

Domicile	Sweden
Long Term CRR	Aa3
Type	LT Counterparty Risk Rating - Fgn Curr
Outlook	Not Assigned
Long Term Debt	A1
Type	Senior Unsecured - Fgn Curr
Outlook	Stable
Long Term Deposit	A1
Type	LT Bank Deposits - Fgn Curr
Outlook	Stable

Please see the [ratings section](#) at the end of this report for more information. The ratings and outlook shown reflect information as of the publication date.

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SBAB Bank AB (publ)

Update following rating action

Summary

[SBAB Bank AB \(publ\)](#)'s (SBAB) A1/P-1 long- and short-term deposit, senior unsecured debt, and issuer ratings reflect: (1) the baa1 baseline credit assessment (BCA); (2) the results from our Advanced Loss Given Failure (LGF) analysis, which takes into account the severity of loss faced by the different liability classes in case of resolution, which leads to two notches of uplift for SBAB's deposit and senior unsecured debt ratings; (3) our assumption of "moderate" government support from the Swedish government (Aaa, stable), resulting in an additional notch of uplift.

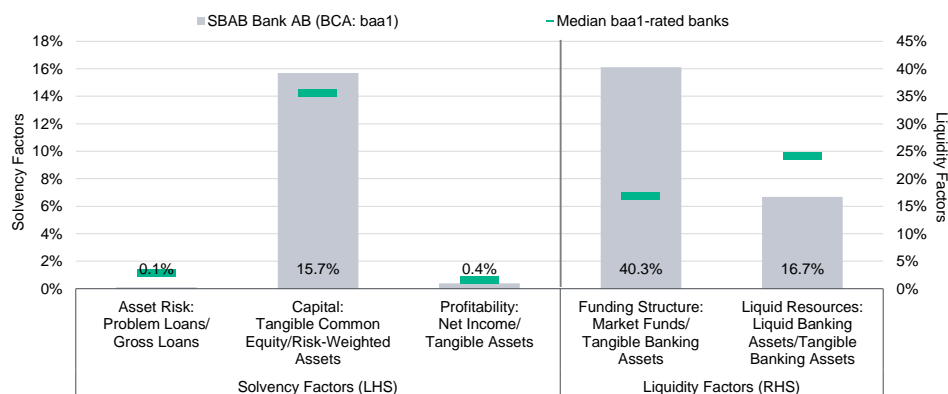
SBAB's baa1 BCA reflects the bank's predominantly retail focus, operating in the strong Swedish economic environment, and very strong asset quality metrics. The standalone assessment takes into account SBAB's improving profitability and funding profile, although the bank's reliance on market funding remains very high rendering the bank vulnerable to investor sentiment. The assigned BCA reflects the bank's sustained increase in deposits as a funding source as well as SBAB's improving, however low, profitability. The limited capital generating ability is viewed in the context of its limited credit risk as a mortgage lender.

The stable outlook on SBAB's long term deposit and senior unsecured ratings reflects our expectations that the bank's financial performance will remain stable over the coming 12 to 18 months.

Exhibit 1

Rating Scorecard- Key Financial Ratios

SBAB Bank's Scorecard ratios compared to the median peers



Source: Moody's Financial Metrics

SBAB's junior senior Baa2 rating reflects the BCA and one negative notch due to high loss severity in case of failure. Furthermore the bank carries a subordinated debt rating of Baa2, a preferred stock non-cumulative Ba1(hyb) rating, and a Counterparty Risk Rating of Aa3/Prime-1.

Credit strengths

- » An efficient mortgage lender
- » Low loan losses
- » Good risk-based capitalisation
- » Large volume of deposits and senior unsecured debt resulting in deposits and senior unsecured ratings benefiting from a very low expected loss-given-failure

Credit challenges

- » High leverage
- » High reliance on market funding mitigated by increased funding duration and use of covered bonds

Outlook

The stable outlook on SBAB's long-term ratings primarily reflects our expectation that SBAB will be able to maintain its current financial performance, including its high capitalisation, very strong asset risk, and stable profitability supported by a stable operating environment.

Factors that could lead to an upgrade

- » Factors that could lead to an upgrade include: (1) significantly higher volumes of deposits and liquid resources; and (2) a considerable improvement in profitability, without a material increase in the bank's risk profile.

Factors that could lead to a downgrade

- » SBAB's senior unsecured ratings could be downgraded if its cushion of loss absorbing liabilities declines considerably and/or if government support assumptions is lowered. We would also consider downgrading SBAB Bank's long-term and subordinated ratings if (1) the bank's profitability significantly deteriorates, and/ or (2) the bank's risk profile increases due to increased exposure to more volatile sectors (e.g. unsecured lending).

This publication does not announce a credit rating action. For any credit ratings referenced in this publication, please see the ratings tab on the issuer/entity page on www.moody's.com for the most updated credit rating action information and rating history.

Key indicators

Exhibit 2

SBAB Bank AB (publ) (Consolidated Financials) [1]

	03-19 ²	12-18 ²	12-17 ²	12-16 ²	12-15 ²	CAGR/Avg. ³
Total Assets (SEK Million)	468,985.0	447,341.0	415,871.0	373,638.0	371,437.0	7.4 ⁴
Total Assets (USD Million)	50,562.8	50,456.6	50,793.4	41,128.7	44,058.2	4.3 ⁴
Tangible Common Equity (SEK Million)	18,321.0	17,819.0	16,897.0	15,949.0	13,053.0	11.0 ⁴
Tangible Common Equity (USD Million)	1,975.2	2,009.8	2,063.8	1,755.6	1,548.3	7.8 ⁴
Problem Loans / Gross Loans (%)	0.1	0.1	0.1	0.1	0.1	0.1 ⁵
Tangible Common Equity / Risk Weighted Assets (%)	15.7	15.6	40.4	41.5	34.1	29.5 ⁶
Problem Loans / (Tangible Common Equity + Loan Loss Reserve) (%)	1.3	1.5	1.4	1.4	2.2	1.6 ⁵
Net Interest Margin (%)	0.8	0.8	0.8	0.7	0.7	0.8 ⁵
PPI / Average RWA (%)	2.1	4.0	5.6	5.2	4.2	4.2 ⁶
Net Income / Tangible Assets (%)	0.4	0.4	0.4	0.4	0.3	0.4 ⁵
Cost / Income Ratio (%)	32.3	31.1	29.3	29.5	33.0	31.0 ⁵
Market Funds / Tangible Banking Assets (%)	41.4	40.3	43.0	44.2	47.9	43.4 ⁵
Liquid Banking Assets / Tangible Banking Assets (%)	15.4	16.7	17.9	19.0	18.2	17.4 ⁵
Gross Loans / Due to Customers (%)	290.5	291.6	299.7	306.1	387.8	315.2 ⁵

[1]All figures and ratios are adjusted using Moody's standard adjustments. [2]Basel III - fully-loaded or transitional phase-in; IFRS. [3]May include rounding differences due to scale of reported amounts. [4]Simple average of periods presented for the latest accounting regime. [5]Simple average of Basel III periods presented.

Source: Moody's Investors Service; Company Filings

Profile

SBAB Bank AB (publ) (SBAB) is an online bank that provides residential mortgages, loan and savings services to individuals, corporates and tenant-owner associations throughout Sweden. Through partners, it also provides its mortgage customers with third-party insurance services. As of end-February 2019, SBAB's market share, as per Statistics Sweden, in terms of Swedish retail mortgage lending, stood at 8.35%. It reported total consolidated assets of SEK469 billion (USD51 billion) as of end-March 2019. The bank is increasingly focusing on growing its mortgage portfolio under its own brand and declared in December 2017 its intention to end its remaining bank partnerships.

SBAB does not have its own retail branch network. The bank distributes its products and services to individuals primarily through a call centre and an internet platform. It distributes its products and services to corporate customers and tenant-owner associations through personal contacts with representative offices in Stockholm, Gothenburg and Malmö.

SBAB was established in 1985 as The Swedish National Housing Finance Corporation by the Kingdom of Sweden (Government of Sweden) to finance government housing loans. In November 2010, it was awarded a full banking licence and began developing banking products and services. Subsequently, it was renamed SBAB Bank AB (publ). Since 2014, the bank has refocused its operations towards its core business areas of mortgages and residential financing limiting its offerings of traditional banking products and services. The bank remains wholly owned by the Government of Sweden.

Detailed credit considerations

The financial data in this report are sourced from SBAB's financial statements or Moody's Financial Metrics, unless otherwise stated.

SBAB will continue showing very low loan loss provisions.

SBAB's reported problem loans ratio at end-March 2019 was very low at 0.06%. SBAB's asset risk has remained very low for decades due to its focus on low risk mortgages. The high quality of assets is reflected in our aa3 asset risk score.

SBAB's SEK 366 billion lending book at end-March 2019 comprises almost only mortgages: single-family dwellings (75.7%), tenant-owner associations and private multi-family dwellings (23.7%). The remaining part is marginal and includes exposure to unsecured lending. The large majority of the retail loans is concentrated in the Stockholm and Öresund region (76% of the retail loan book as of year-end 2018). We note that SBAB has extended residential mortgages with a high LTV above 70% among other mortgage providers, although in line with the legislation, loans are capped at 85% LTV and require amortization down to 50%. At end-March 2019 the average LTV in SBAB's mortgage portfolio was 61%.

SBAB has a higher than average loan growth, but because much of the growth is focused on moving existing mortgages from other banks, it is less likely that the loan portfolio implies a larger share of unseasoned borrowers and although the bank has an ambitious growth target, we do not assess that the bank has a higher risk appetite than its peers. The loan book continued increasing at a fast pace in 2018, growing its retail mortgage portfolio by 12%, faster than the market at 5.5%. We expect that the bank will continue its credit expansion at a faster pace than the market average. However, due to the benign operating environment and good collateral values in the mortgage book, we do not expect to see a significant increase in problem loans over the outlook period, but note potential tail-risk related to significant increased interest rates or large falls in property prices. Furthermore, a large portion of borrowers are moving their mortgages from other banks, and are not purchasing a new home. Those borrowers are likely to have lower LTVs. Like most other banks in Sweden, the share of total lending with a 3-month fixed-interest period is high and amounted to 73.2% at end-March 2019. These borrowers are more exposed to interest rate changes. However, we expect Swedish banks' consumer lending, SME, and CRE exposures to be hit before residential mortgages. SBAB's exposure to commercial properties is low at less than 1% of total lending as of end-2018.

We note a number of mitigants due to good underwriting standards and full recourse on mortgages. SBAB conducts a 7% interest rate stress tests on borrowers during the application process, as is usual in Sweden. Furthermore SBAB conducts stress tests on its stock of loans with severe scenarios of higher interest rates, high unemployment and dramatic drops in property prices. In these stressed scenarios, the bank does well with loan losses not exceeding yearly profits. In recent years, the bank has gradually imposed stricter underwriting standards that has both reduced debt-to-income and LTV in new lending. Furthermore SBAB has adjusted its pricing model allowing an increased rebate to customers with low to moderate LTV's, which positively affects the collateral values on new mortgages. We also expect the full recourse on mortgages and the values of collateral to limit losses in the loan portfolio, even in an economic downturn.

The assigned asset risk score of aa3 reflects the macro adjusted score of aa1 and two negative notches due to the expected high lending growth and the large exposure to the retail mortgage sector.

Good capitalisation but weak leverage ratio

We view SBAB's capital position as adequate given its risk profile, a relative strength for the rating.

At end-March 2019 SBAB reported a Common Equity Tier 1 (CET1) ratio of 12.4, down from 31.5% at end-September 2018 due to incorporation of the risk weight floor for mortgages of 25% into Pillar I. Tangible Common Equity to Risk-Weighted Assets under Moody's definition was 15.7% at end-March 2019, which includes SBAB's SEK3 billion additional Tier 1 (AT1) capital instruments.

On 23 August 2018, the SFSA announced its decision to move the risk weight floor on mortgages to Pillar I from Pillar II, effective as of 31 December 2018. The decrease in capital ratios is explained by the large mortgage portfolio relative to its balance sheet with risk weights increasing to 25% from single digits, while the bank's capital remains unchanged in nominal terms. SBAB has however decided to revise the buffer it targets to hold above the minimum regulatory capital requirements as communicated by the SFSA. The new target buffer of at least 0.6% above capital requirements, which was 10.2% in the first quarter 2019 (as reported by the Swedish Financial Supervisory Authority), and corresponds in nominal terms to a 1.5% buffer under the old method.

Due to the 100% government ownership, SBAB is not a listed company, hence it does not have direct access to the equity capital markets, this is a weakness as it limits the bank's ability to raise capital.

At end-March 2019, SBAB's Tangible Common Equity to Tangible Assets ratio was 3.91%, which includes the AT1 securities issued in 2015 and 2016.

The a1 assigned capital score remains unchanged after the move of the risk weight floor and reflects the aa3 macro adjusted score and one negative notch due to nominal leverage.

Profitability will remain weaker than peers due to its focus on low risk mortgages

SBAB reported pre-tax income increasing by 2.4%, to SEK590 million, for the first quarter 2019 compared to the same period 2018. SBAB reported a return on equity of 12.5% well above the bank's 10% target. Net interest income increased by 6% in the first quarter 2019 compared to same period 2018 while the reported cost to income deteriorated slightly to 32.8% from 30.0%.

SBAB's profitability will eventually weaken if interest rate margins on mortgages in Sweden continue compressing, as has been the case during the first quarter of 2019. However, SBAB continued showing healthy net interest rate margins of 0.78% in the first quarter 2019, compared to 0.77% in for the full year 2018. This points to a resilience in net interest margins (NIM) despite the prolonged low interest rate environment due to a continued focus on cost efficiency. Moody's adjusted figures show a net income over tangible assets ratio of 0.40% in the first quarter 2019, unchanged from full year 2018. The resilience in NIMs in recent years is a trait of the Swedish banking system where a large part of retail mortgages are funded with covered bonds. This source of funding has proven to be very beneficial in the low interest environment. SBAB prices its loans below the announced rates of the larger banks but there is no possibility to negotiate rates, a common characteristic with the larger banks. However, the bank gives rebates for green mortgages and lower LTVs.

The bank has an overarching target to achieve a return on equity of at least 10%. To enhance customer offerings, in January 2016 SBAB acquired a majority stake in Booli - one of Sweden's largest housing sites and search engines for homes - which is included in SBAB's retail operations. At end-2018 SBAB held 100% of Booli after acquiring the remaining shares in November 2018.

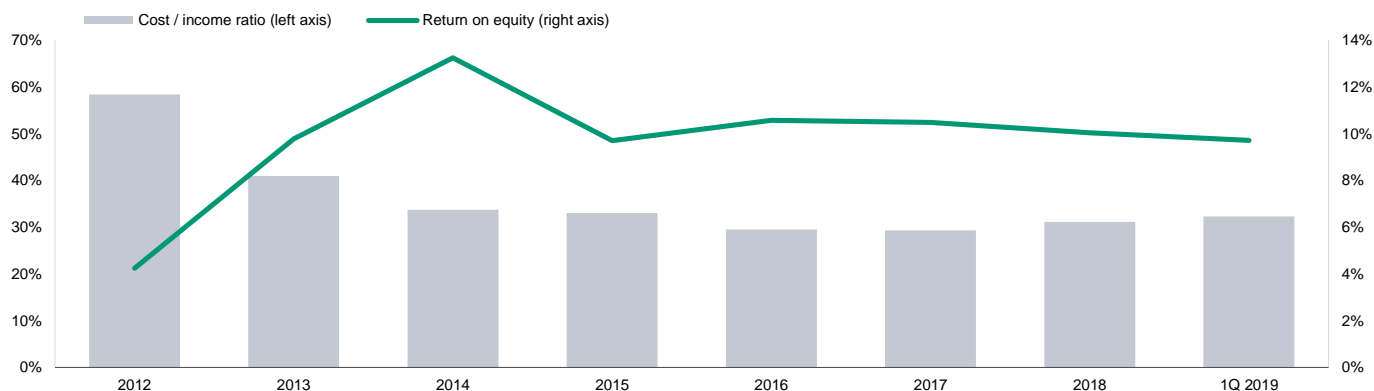
SBAB is an efficient lender - with a cost to income ratio of 32% in the first quarter 2019, slightly higher than the 31% for the full year 2018 (Exhibit 3) - because it operates without retail branches.

Our assigned Profitability score of ba1 reflects the bank's expected stable although moderate profitability and its low cost to income ratio, while also capturing the exceptionally benign operating environment with lower than usual loan loss provisions.

Exhibit 3

SBAB's Cost to Income Ratio and Return on Equity

Moody's adjusted figures



Source: Moody's Financial Metrics

We consider SBAB's business model to be less diversified than that of a full-service bank and we reflect this in a negative adjustment for business diversification, an adjustment shared with other mortgage lenders, for example Skandiabanken in Sweden.

High reliance on market funding but deposit base is increasing

We view SBAB's significant reliance on market funding as a weakness - albeit mitigated by the fact that a large portion of the funding is local currency denominated covered bonds, recent efforts to increase funding duration - and a sustained increase in deposit funding.

SBAB's high reliance on confidence sensitive wholesale funding is a structural weakness with market funding to tangible assets at 40.33% at year end 2018.

However, a number of factors mitigate this weakness. SBAB's Aaa rated covered bonds account for more than half of its long term funding; and at year-end 2018, 63% of these were SEK denominated. These securities benefit from a deep local market and we reflect this feature by treating covered bonds denominated in local currency as a particularly stable source of funding, an adjustment shared with other Swedish banks.

SBAB's funding profile has improved over the last years following the strategic aim to extend the maturity, with a number of successful benchmark issues, and reducing foreign currency exposures. These have been of longer maturity, taking advantage of the low interest rate environment to reduce the asset-liability mismatch.

Concurrently SBAB has actively reduced reliance on market funding through further diversification into deposits, thereby reducing its gross loans/deposits ratio to 291% at end-March 2019 from 565% at end-December 2013. We view the increase in deposits as a sustainable improvement that provides the bank with relatively sticky funding given the gradual and granular increase in the flow of new depositors.

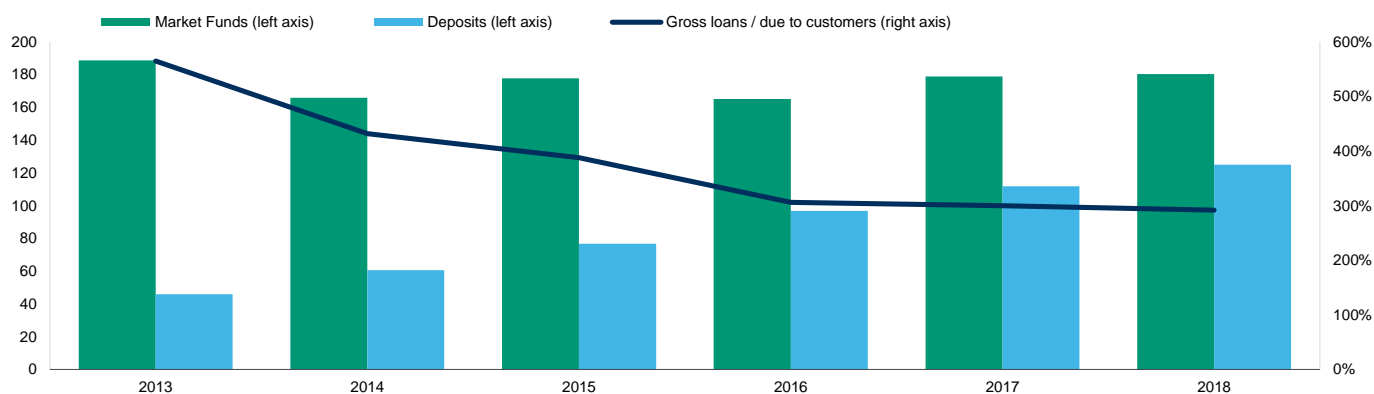
SBAB has issued its inaugural non-preferred senior debt in order to fulfill MREL

SBAB is considered systemically important and therefore needs to fulfill the recapitalisation amount of the Minimum Requirement of own funds and eligible liabilities (MREL), with debt subordinated to senior unsecured debt by 2022. According to Moody's estimates, based on year-end 2018 accounts, the volumes of non-preferred senior debt required is approximately SEK11.3 billion. SBAB issued its first non-preferred debt on 13 June 2019, which was also a green bond, amounting to SEK3 bn. We expect SBAB to continue issuing non-preferred senior debt to more than satisfy MREL, and incorporate our forward looking view of issuances into our loss given failure analysis.

Exhibit 4

SBAB's gradual increase in deposits is sustainable

Market funds and Deposits in SEK Billion, Gross Loans/Due to Customers in percent



Source: Moody's financial metrics

The assigned funding score of baa2 reflects the high reliance on market funding, the deep market for SEK denominated covered bonds and a sustained increase in deposits.

SBAB's liquidity position is adequate, as captured by the baa2 assigned liquid resources score. Liquid banking assets, as calculated by Moody's, consist mainly of highly rated securities which totaled around SEK73 billion at year-end 2018, equivalent to 16.7% of its tangible banking assets, and compares well with peers. At end-March 2019, SBAB's reported LCR (all currencies combined) was a high 303%.

SBAB's BCA is supported by Sweden's Strong+ macro profile

Banks in Sweden (Aaa stable) operate in a wealthy, diversified and highly competitive economy, and also benefit from the institutional strength and stability of the Swedish political system. The stable operating environment is supportive for the ratings of Swedish banks, which are amongst the highest in the rated universe. This is underpinned by their very low level of impaired loans, high regulatory capital ratios, and strong and stable earnings generation.

Our assessment of Sweden's Macro Profile incorporates a significant build-up in household debt (186% of disposable income in 2017) and rapid house price appreciation up until the autumn of 2017. Sweden's stretched household indebtedness poses latent risks to its economy and banks.

The Macro Profile also takes into consideration other factors, including funding condition for the banking sector. It captures the risks posed by the banks' high dependence on market funding, which exposes them to potential shifts in investor sentiment and refinancing risk, which could increase as a result of their expected future issuance of non-preferred senior (NPS) debt. It also captures the benefits of the banking system's concentrated structure, which protects the banks' pricing power and allows them to generate more robust earnings than peers.

Support and structural considerations

Loss Given Failure analysis

We apply our advance loss-given-failure analysis to SBAB as it is subject to the EU Bank Recovery and Resolution Directive (BRRD), which we consider to be an Operational Resolution Regime. We assume residual tangible common equity of 3% and losses post-failure of 8% of tangible banking assets, a 25% run-off in "junior" wholesale deposits, a 5% run-off in preferred deposits, and assign a 25% probability to deposits being preferred to senior unsecured debt, in line with our standard assumptions. Particular to SBAB and other Swedish pure mortgage lenders, we assume the proportion of deposits considered junior at 10%, relative to our standard assumption of 26%, due to their largely retail oriented depositor base.

Based on SBAB's balance sheet structure at end-March 2019, and incorporating a forward looking view regarding issuances of non-preferred senior debt up to and including year 2021, our Advanced LGF Analysis indicates that deposits are likely to face a very low loss given failure, due to the loss absorption provided by subordinated debt and preference shares and, potentially, by senior unsecured debt should deposits be treated preferentially in a resolution, as well as the volume of deposits assumed as junior. This suggests a preliminary rating assessment (PRA) of a2, two notches above the BCA.

Similarly, senior long term debt is likely to face a very low loss given failure, which leads to a PRA of a2.

Junior senior debt and subordinated securities are likely to face a high loss given failure due to the loss absorption provided by its own very modest volume and the amount of debt subordinated to it, resulting in a rating of baa2.

SBAB's deposit and senior unsecured debt ratings are positioned at A1/Prime-1, and take into account the bank's baa1 BCA, our view of a very low loss given failure on these instruments, resulting in two notches of LGF uplift.

The preferred stock non-cumulative ratings of Ba1(hyp) is derived through Moody's high trigger Coco model, which takes into account the distance of the CET1 ratio to the 7% trigger level, as well as the BCA of baa1.

Government support considerations

SBAB is fully owned by the Swedish government and has a meaningful market share in the Swedish residential mortgage market. This guides our expectation of a moderate probability of government support from Sweden (Aaa stable) for SBAB's deposit and senior unsecured debt results in a one notch rating uplift for each of the debt classes.

Counterparty Risk (CR) Assessment

CR Assessments are opinions of how counterparty obligations are likely to be treated if a bank fails and are distinct from debt and deposit ratings in that they (1) consider only the risk of default rather than the likelihood of default and the expected financial loss suffered in the event of default and (2) apply to counterparty obligations and contractual commitments rather than debt or deposit

instruments. The CR assessment is an opinion of the counterparty risk related to a bank's covered bonds, contractual performance obligations (servicing), derivatives (e.g., swaps), letters of credit, guarantees and liquidity facilities.

SBAB's CR Assessment is positioned at Aa3(cr)/P-1(cr)

The CR Assessment, prior to government support, is positioned three notches above the Adjusted BCA based on our view that senior obligations represented by the CR Assessment will be more likely preserved than senior unsecured debt in order to minimize losses, avoid disruption of critical functions and limit contagion. In addition, moderate probability of government support results in a further one notch uplift.

Counterparty Risk Rating (CRR)

CRRs are opinions of the ability of entities to honour the uncollateralised portion of non-debt counterparty financial liabilities (CRR liabilities) and also reflect the expected financial losses in the event such liabilities are not honoured. CRRs are distinct from ratings assigned to senior unsecured debt instruments and from issuer ratings because they reflect that, in a resolution, CRR liabilities might benefit from preferential treatment compared with senior unsecured debt. Examples of CRR liabilities include the uncollateralised portion of payables arising from derivatives transactions and the uncollateralised portion of liabilities under sale and repurchase agreements.

SBAB's CRRs are positioned at Aa3/P-1.

The CRRs are positioned four notches above SBAB's Adjusted BCA of baa1, reflecting extremely low loss-given-failure from the high volume of instruments that are subordinated to CRR liabilities, along with one notch of government support.

About Moody's bank scorecard

Our Scorecard is designed to capture, express and explain in summary form our Rating Committee's judgment. When read in conjunction with our research, a fulsome presentation of our judgment is expressed. As a result, the output of our Scorecard may materially differ from that suggested by raw data alone (though it has been calibrated to avoid the frequent need for strong divergence). The Scorecard output and the individual scores are discussed in rating committees and may be adjusted up or down to reflect conditions specific to each rated entity.

Rating methodology and scorecard factors

Exhibit 5

SBAB Bank AB (publ)

Macro Factors

Weighted Macro Profile	Strong +	100%				
Factor	Historic Ratio	Macro Adjusted Score	Credit Trend	Assigned Score	Key driver #1	Key driver #2
Solvency						
Asset Risk						
Problem Loans / Gross Loans	0.1%	aa1	↔	aa3	Quality of assets	Sector concentration
Capital						
Tangible Common Equity / Risk Weighted Assets (Basel III - transitional phase-in)	15.7%	aa3	↔	a1	Nominal leverage	
Profitability						
Net Income / Tangible Assets	0.4%	ba1	↔	ba1	Return on assets	Expected trend
Combined Solvency Score		a1		a2		
Liquidity						
Funding Structure						
Market Funds / Tangible Banking Assets	40.3%	b1	↔	baa2	Market funding quality	
Liquid Resources						
Liquid Banking Assets / Tangible Banking Assets	16.7%	baa2	↔	baa2	Stock of liquid assets	
Combined Liquidity Score		ba2		baa2		
Financial Profile						
Qualitative Adjustments				Adjustment		
Business Diversification				-1		
Opacity and Complexity				0		
Corporate Behavior				0		
Total Qualitative Adjustments				-1		
Sovereign or Affiliate constraint				Aaa		
Scorecard Calculated BCA range				a3 - baa2		
Assigned BCA				baa1		
Affiliate Support notching				0		
Adjusted BCA				baa1		

Balance Sheet	In-scope (SEK Million)	% In-scope	At failure (SEK Million)	% At failure				
Other liabilities	271,010	57.8%	279,838	59.7%				
Deposits	126,112	26.9%	117,284	25.0%				
Preferred deposits	113,501	24.2%	107,826	23.0%				
Junior Deposits	12,611	2.7%	9,458	2.0%				
Senior unsecured bank debt	54,100	11.5%	54,100	11.5%				
Dated subordinated bank debt	3,450	0.7%	3,450	0.7%				
Equity	14,062	3.0%	14,062	3.0%				
Total Tangible Banking Assets	468,734	100.0%	468,734	100.0%				
Debt Class	De jure waterfall Instrument volume + subordination	De facto waterfall Instrument volume + subordination	Notching De jure	Notching De facto	LGF notching guidance versus BCA	Assigned LGF notching	Additional notching	Preliminary Rating Assessment
Counterparty Risk Rating	17.3%	17.3%	3	3	3	3	0	a1
Counterparty Risk Assessment	17.3%	17.3%	3	3	3	3	0	a1(cr)
Deposits	17.3%	3.7%	2	3	2	2	0	a2
Senior unsecured bank debt	17.3%	3.7%	2	1	2	2	0	a2
Junior senior unsecured bank debt	3.7%	3.7%	-1	-1	-1	-1	0	baa2
Dated subordinated bank debt	3.7%	3.0%	-1	-1	-1	-1	0	baa2
Non-cumulative bank preference shares	3.0%	3.0%	-1	-1	-1	-1	-2	ba1

Instrument Class	Loss Given Failure notching	Additional notching	Preliminary Rating Assessment	Government Support notching	Local Currency rating	Foreign Currency rating
Counterparty Risk Rating	3	0	a1	1	Aa3	Aa3
Counterparty Risk Assessment	3	0	a1(cr)	1	Aa3(cr)	
Deposits	2	0	a2	1	A1	A1
Senior unsecured bank debt	2	0	a2	1	A1	A1
Junior senior unsecured bank debt	-1	0	baa2	0	Baa2	(P)Baa2
Dated subordinated bank debt	-1	0	baa2	0	Baa2	(P)Baa2
Non-cumulative bank preference shares	-1	-2	ba1	0	Ba1 (hyb)	

[1]Where dashes are shown for a particular factor (or sub-factor), the score is based on non-public information.

Source: Moody's Investors Service

Ratings

Exhibit 6

Category	Moody's Rating
SBAB BANK AB (PUBL)	
Outlook	Stable
Counterparty Risk Rating	Aa3/P-1
Bank Deposits	A1/P-1
Baseline Credit Assessment	baa1
Adjusted Baseline Credit Assessment	baa1
Counterparty Risk Assessment	Aa3(cr)/P-1(cr)
Issuer Rating	A1
Senior Unsecured	A1
Junior Senior Unsecured -Dom Curr	Baa2
Junior Senior Unsecured MTN	(P)Baa2
Subordinate -Dom Curr	Baa2
Pref. Stock Non-cumulative -Dom Curr	Ba1 (hyb)
Commercial Paper	P-1
Other Short Term	(P)P-1

Source: Moody's Investors Service

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