Investor Presentation
Q1 2021

SBAB!

SBAB Bank AB (publ)

Executive summary

Update Q1 2021 (compared to Q4 2020)

- Continued strong growth in total lending
- Record highs set for operating profit and net interest income
- Credit quality remains low and amounted to recovery of SEK 9m (2) in Q1 2021
- Return on Equity amounted to 12.7% (11.1) and C/I ratio was 31%
- Total funding needs for 2021 expected to be around SEK 85 billion
- SBAB finished fourth in the big companies' category for the third consecutive year in Great place to work's ranking and list of Sweden's top workplaces

Total lending, SEK bn

434

Total deposits, SEK bn

137

SBAB!

booli!
En tjänst från SBAB

hittamäklare!
En tjänst från SBAB

12.7%
Return on equity

13.1%
CET1 capital ratio

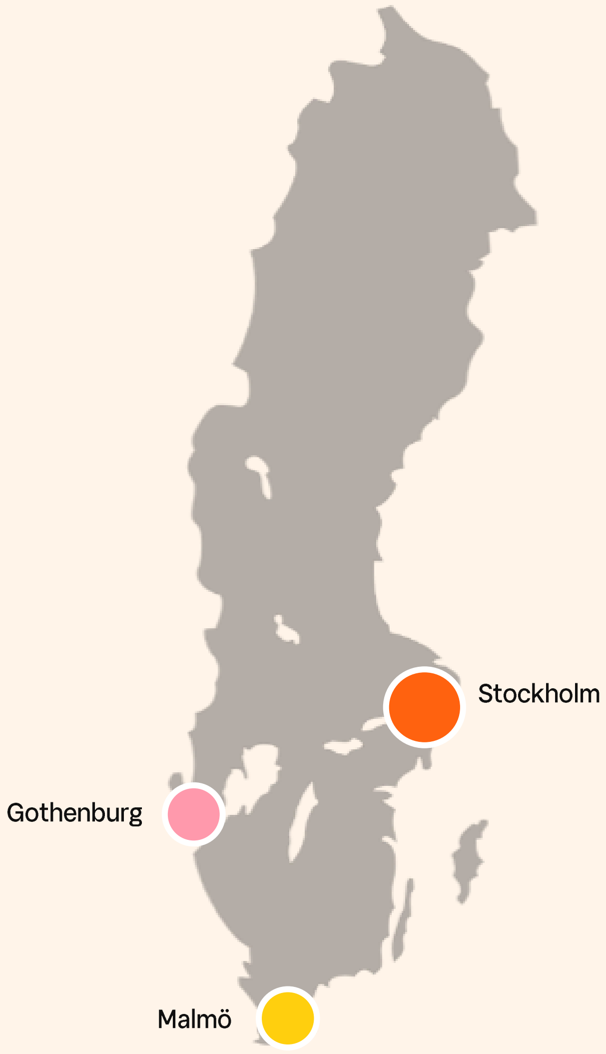
0.01%
Credit loss level

31.0%
C/I ratio

Business overview

- Founded in 1985 & 100% owned by the Kingdom of Sweden
- Mortgage bank with >98% collateralized lending (SEK 389 billion)
- Straightforward business model (mortgage lending & savings) & customer operations only in Sweden
- 777 employees in five offices
- Two business areas;
  - Retail business area
  - Corporate Clients & Tenant-owners' Associations business area

SBAB's lending is geographically concentrated to the economic hubs in Sweden (metropolitan areas including Stockholm, Gothenburg and Malmö as well as other university cities and growth regions). Lending is only offered in Sweden and in Swedish Kronor (SEK).



Strategic objectives

- Grow market shares over the coming years
- Continue deposit growth in order to reduce reliance on wholesale funding
- Keep strong asset quality with low loan losses & problem loans
- Meet & exceed financial targets from owner;
  - Profitability (RoE > 10%)
  - Capitalisation (CET1 > 0.6% above regulatory requirement from the Swedish FSA)
  - Dividend (40% of profit after tax)
- Ecosystem; creating a platform with value adding services relating to housing and household finances

SBAB assigns priority to four SDGs

The business sector, including SBAB, has an important role to play in achieving the SDGs within the2030 Agenda. We have identified and chosen four of the 17 SDGs that we consider particularly important and relevant to our operations. The prioritised goals have been chosen based on extensive analysis in the form of internal workshops and ranking exercises within operations, the Executive Management and the Board, and today comprise
an important and integrated part of our sustainable governance model.

SBAB's commitment to sustainability

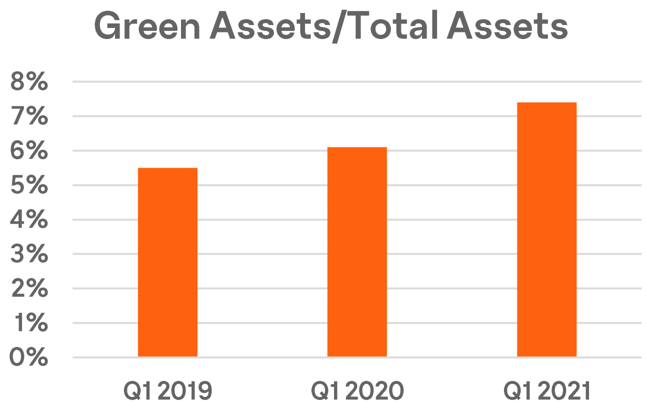
- In 2014, SBAB underwent a comprehensive business transformation following a strategy change from full-service bank to a focus on housing and household finances (Sw. "Boende och boendeekonomi")
- In 2012, sustainability was fully integrated in SBAB's business plan & governance structure. Since then, we do not distinguish between business objectives and sustainability objectives
- There are three overall (business & sustainability) target areas for our operations. Together, they form SBAB's common approach to sustainable societal development:
    - **Responsibility & transparency**
    - **Attractive workplace**
    - **Sound finances**

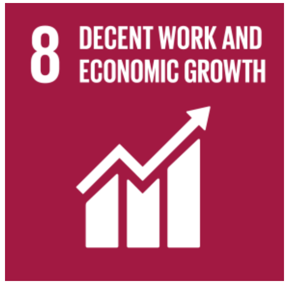
SBAB assigns priority to four SDGs

The private sector, including SBAB, has an important role to play in achieving the SDGs within the 2030 Agenda. We identified four of the 17 SDGs that we consider particularly important and relevant to our operations. The prioritised SDGs were chosen based on extensive analysis through internal workshops and ranking exercises conducted by operations, the Executive Management and the Board. Today, these prioritized SDGs are integrated into our sustainable governance model.

Targets guided by the Sustainable Development Goals

- SBAB has set a carbon emissions reduction target (15% reduction) by 2025
- SBAB is climate compensating (carbon offset) every year for 100% of our measured emissions, making us a Net Zero financial actor
- SBAB will start by Q3 2021 to calculate our customers total carbon emission footprint





Sweden's most satisfied customers

SBAB has Sweden's most satisfied residential mortgage customers according to Swedish Quality Index (Svenskt Kvalitetsindex, SKI), which each year measures customer satisfaction in the banking and finance sector. With a customer satisfaction score of 76.9 out of 100, SBAB ranks well above the sector average of 69.7. For the second consecutive year, SBAB also has Sweden's most satisfied customers in terms of property loans to corporates and tenant-owners' associations.

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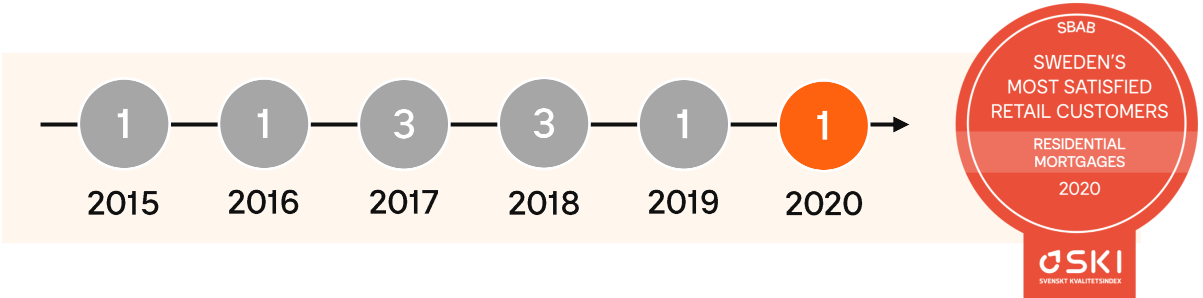
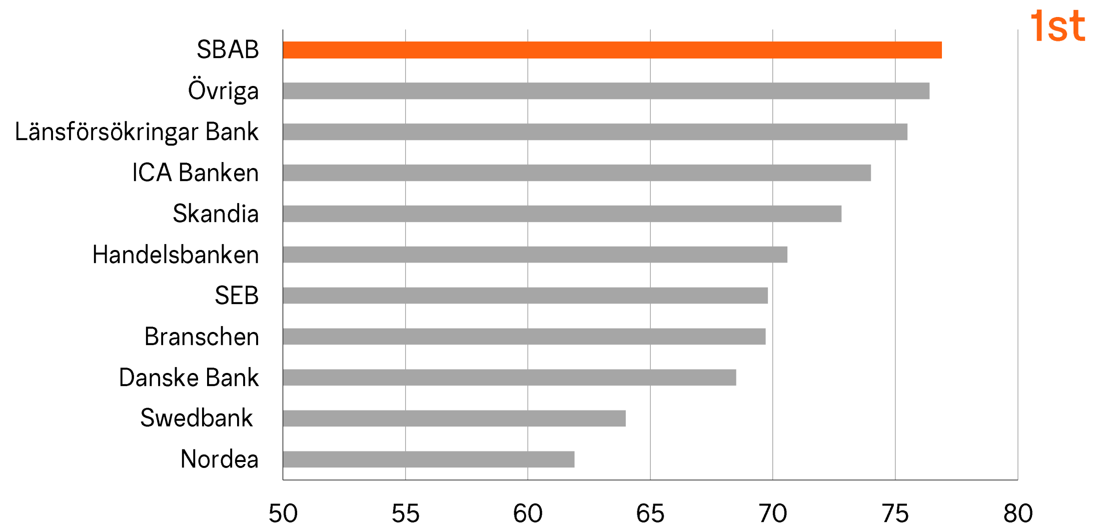
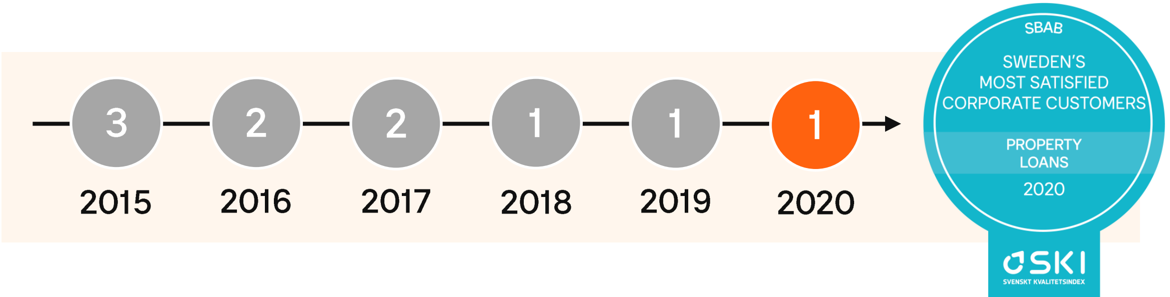
SBAB!

Customer satisfaction

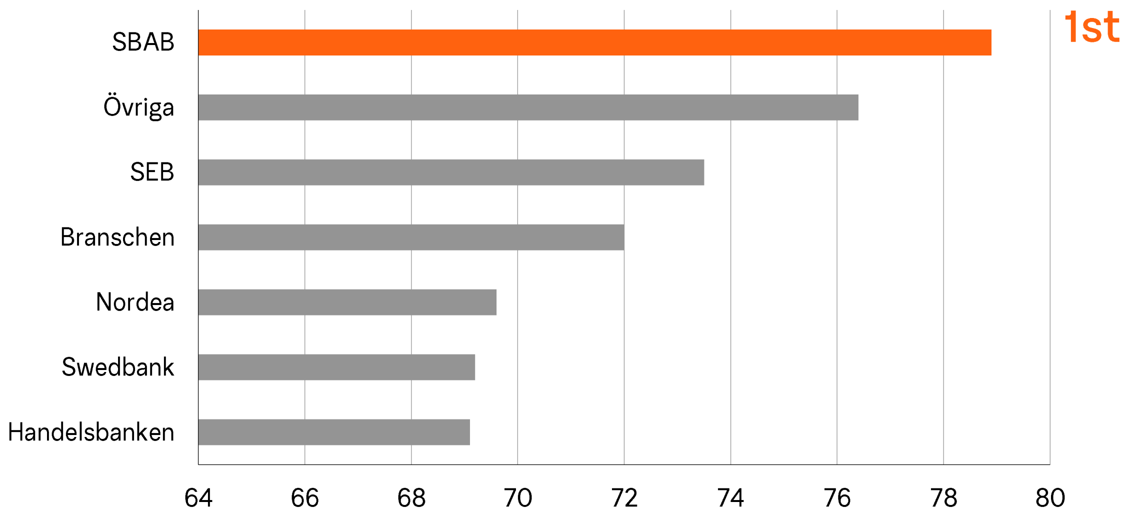


Residential mortgages (2020)



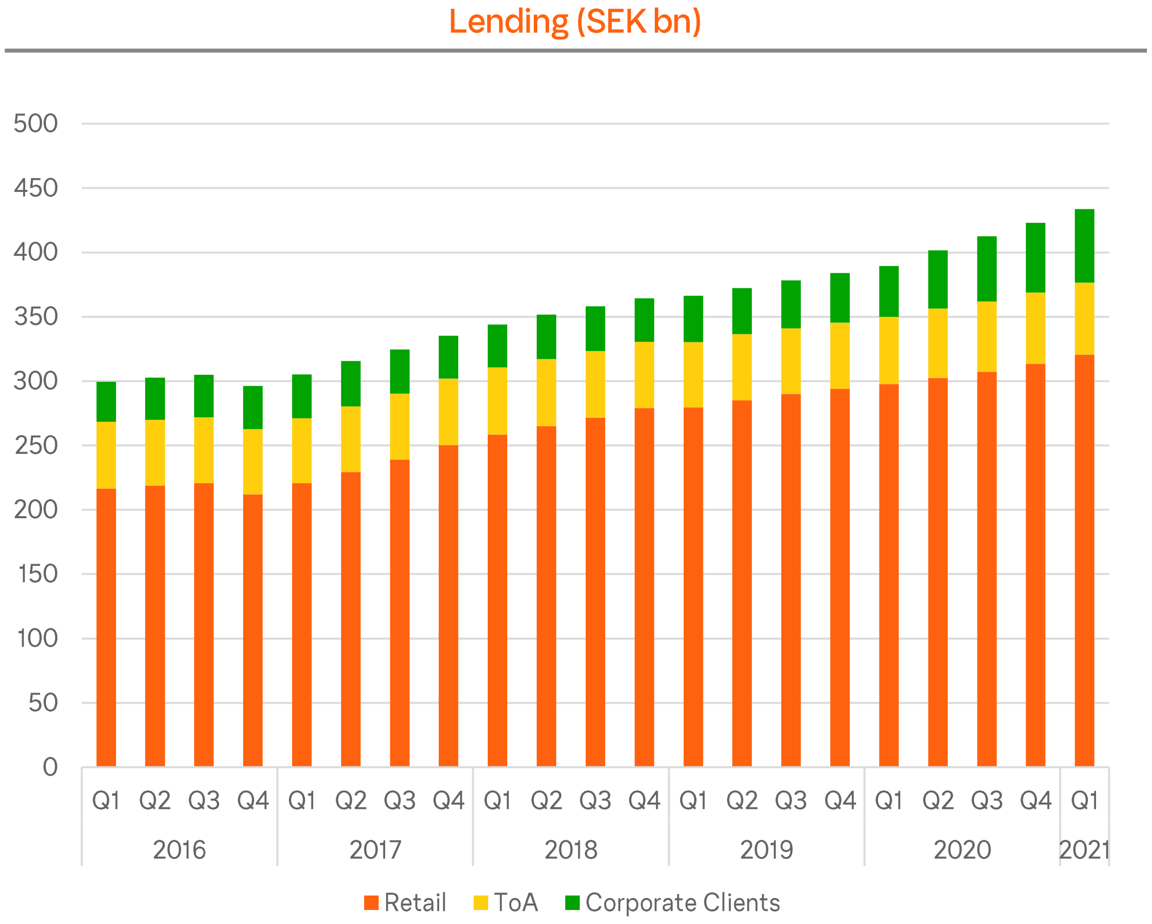


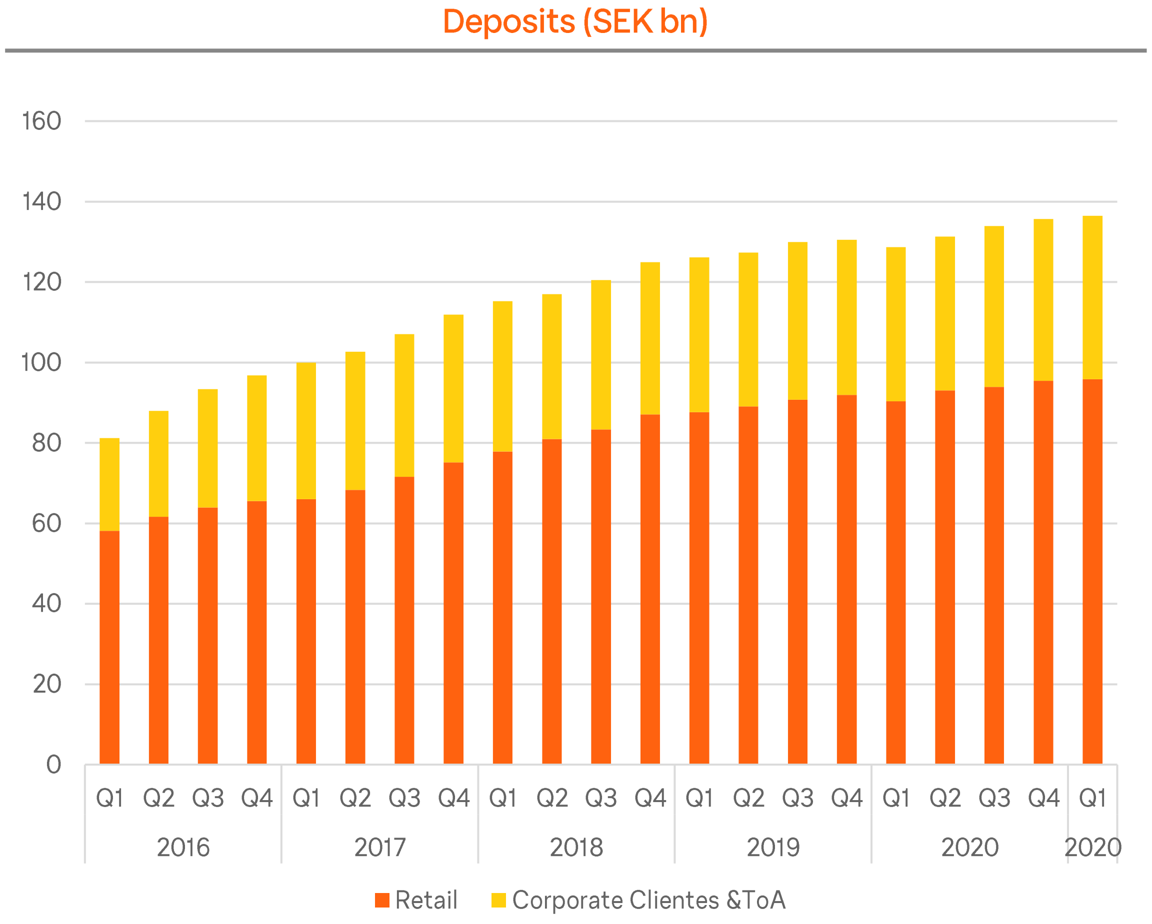
Property loans to corporate clients (2020)



Source: Swedish Quality Index (SKI) 2020

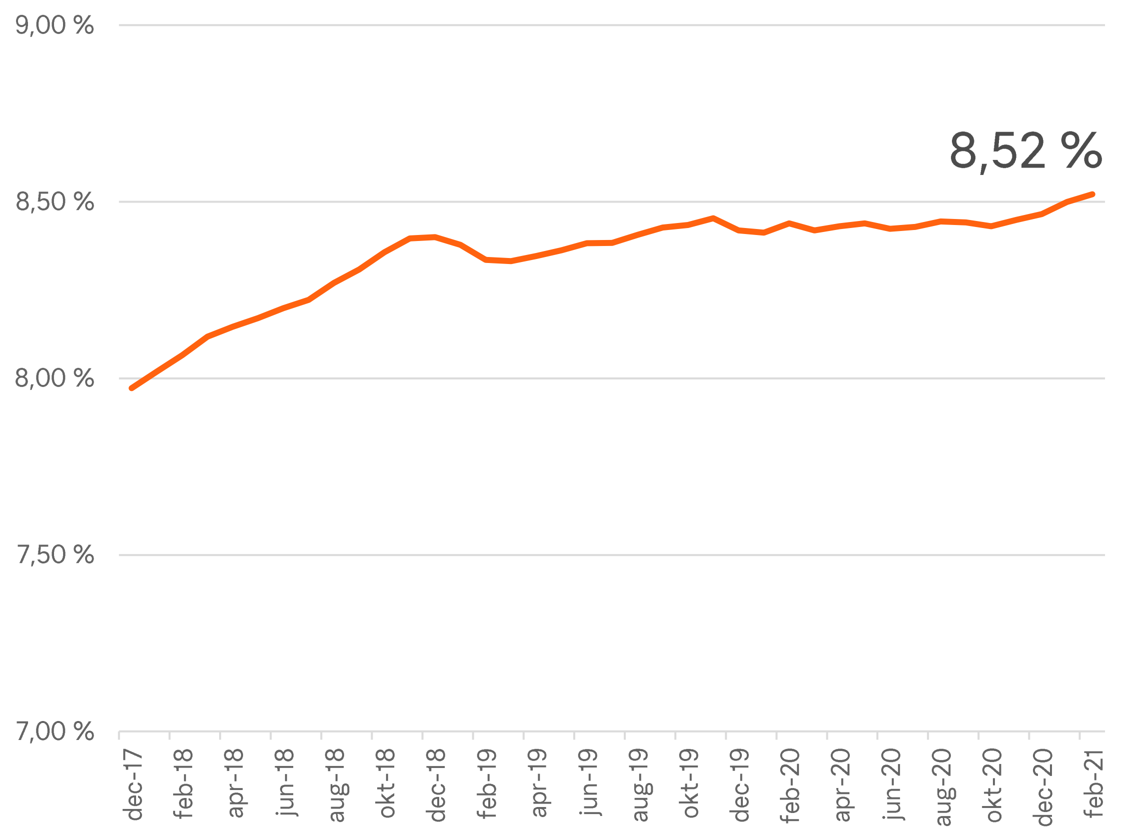
Lending & deposits development



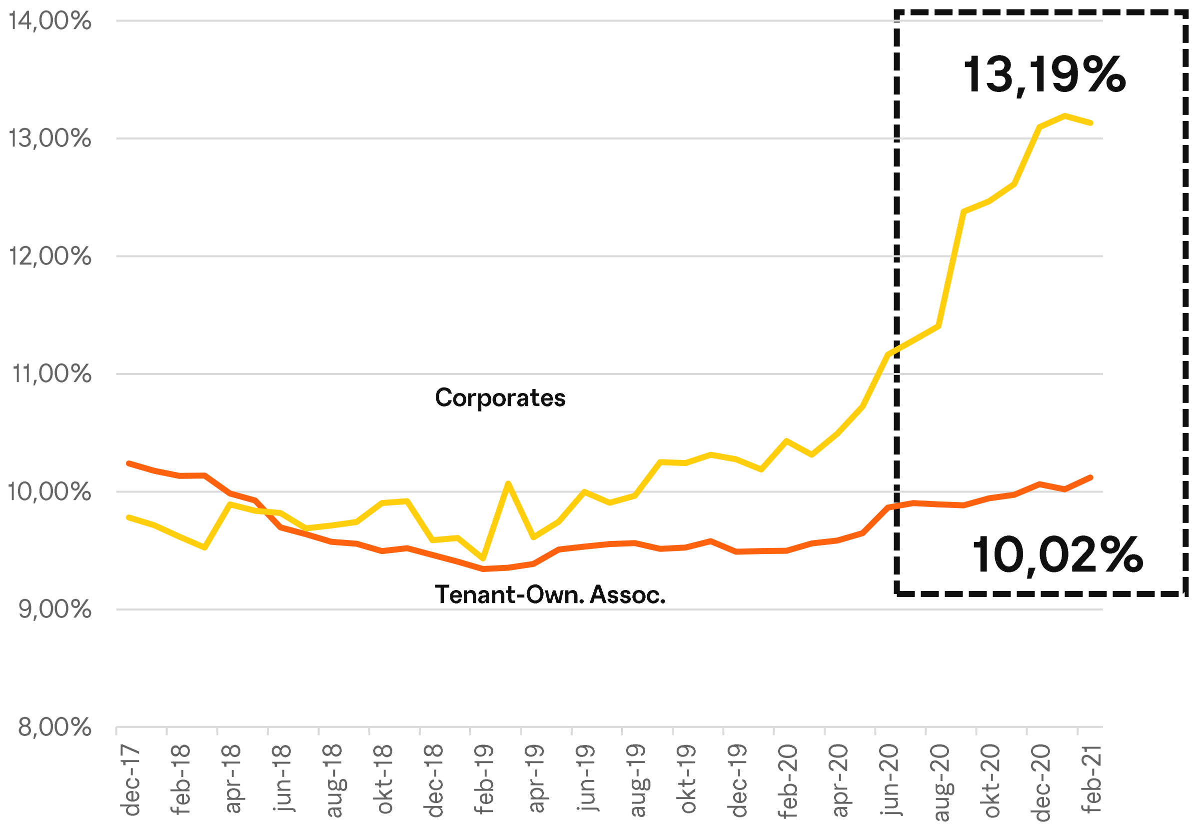


Growing market shares

Market share, Residential mortgages (Dec 2020)

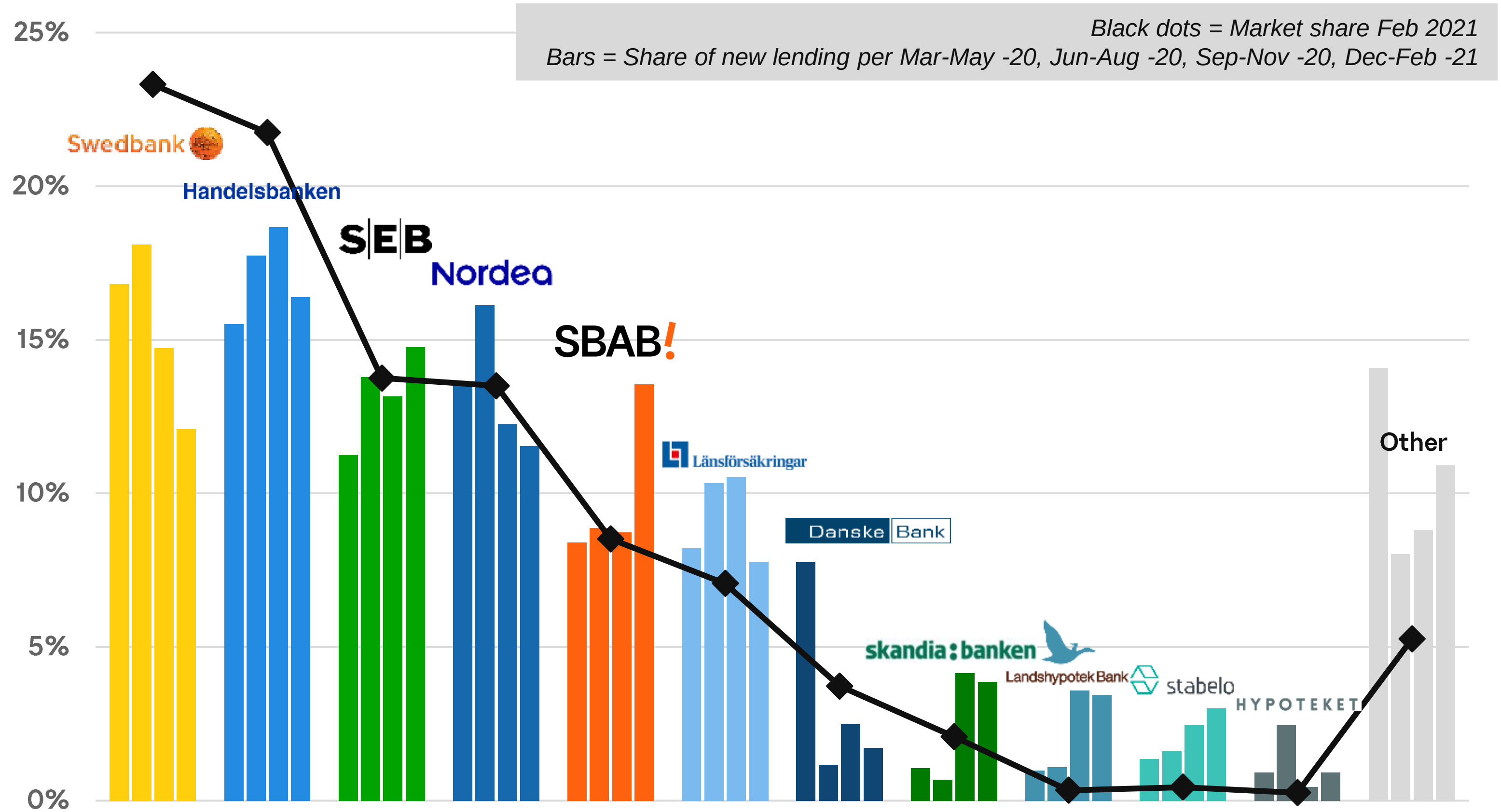


Market shares, Corporate clients & ToA (Dec 2020)



Residential mortgage market 2020-2021

Shares of net growth in the Swedish residential mortgage market 2020-2021



Comments

- Increased competition in the Swedish residential mortgage market
- Many established players are working intensively to retain and defend their positions, and several new competitors have emerged as serious contenders for the residential mortgage customers
- Credit growth in the mortgage market has increased since the end of 2019 and has been strong in 2020 despite corona pandemic. For the first quarter 2021 the YoY growth rate was nearly 6%
- According to SBAB's forecast, the growth rate of household housing credits is expected to be 5.4% for the full year 2021
- Price important, but not the whole story

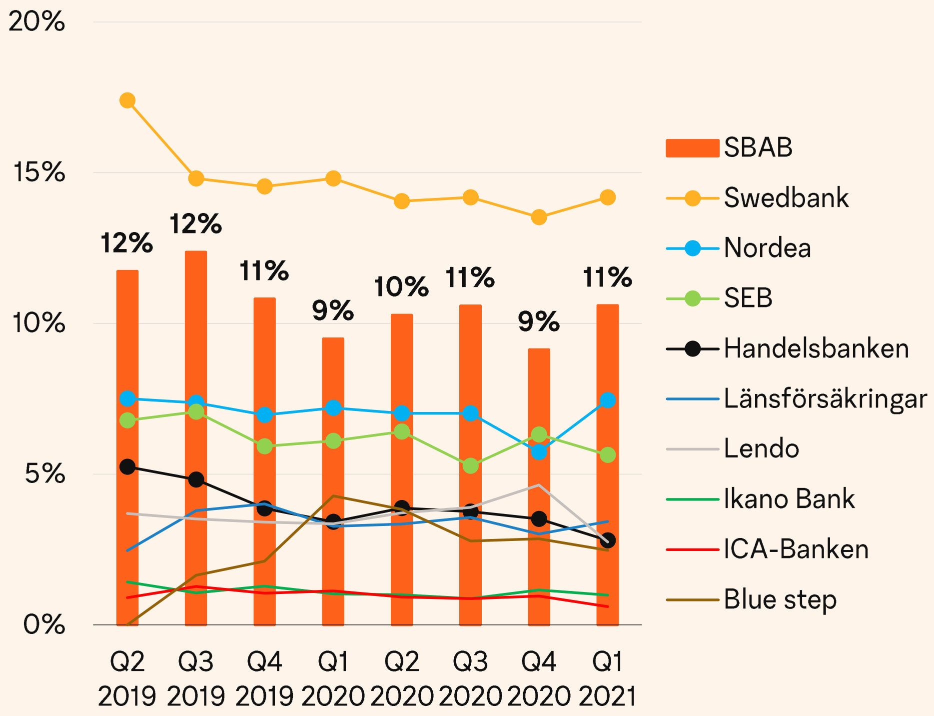
Source: Statistics Sweden (SCB), Mar 2021

Strong brand & high awareness

- High brand awareness (2nd in Sweden) supports future growth opportunities

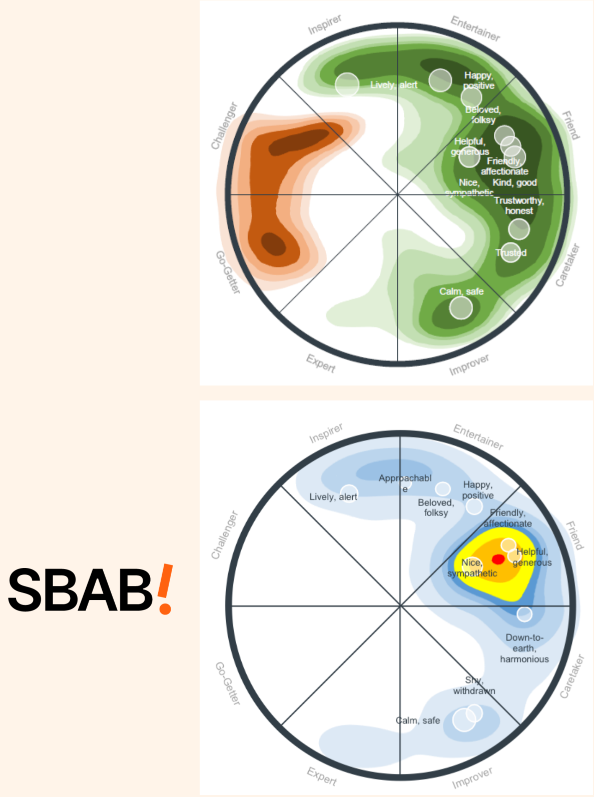
High brand awareness

Top of Mind Q4 2020
"What companies offering mortgages have you heard of?" (First mentioned)

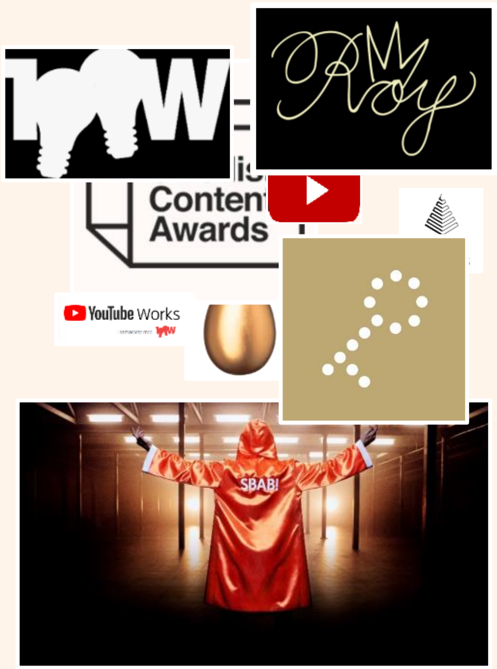


Strong media presence

SBAB's position as the caring friend
Driving Force Map – Mortgages



Award-winning communication

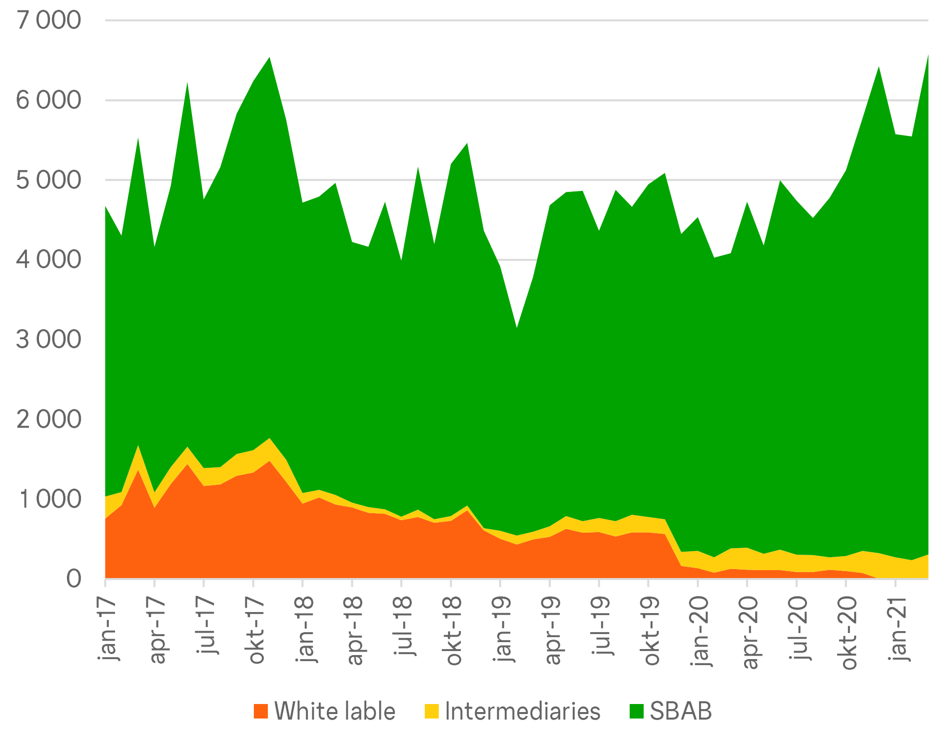


Distribution strategy for mortgages

– Increased investments in own distribution capacity

- Since 2015, SBAB has prioritised new lending in its own brand (where SBAB is able to add most customer value and build the strongest customer relationships)
- As a result, all white label partnerships have been terminated. Future focus on partnerships with players (intermediaries) using digital business models
- 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 8.6 billion per 31 Mars 2021). According to the amended agreement, Sparbanken Syd is entitled to acquire the entire loan portfolio mediated by Sparbanken Syd, or parts thereof, until 31 December 2023

New lending (SEK mn)



SBAB's value proposition

Accessibility

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

Transparency

Fair prices and appropriate terms and conditions from the start.

Consideration

Housing specialists who care.

The Swedish economy

Forecast key figures Sweden, Q2 compared to Q1 2021

	2020	2021	2022	2023
Real GDP, actual	-2.8 (-3,0)	3.3 (2.8)	3.2 (3.2)	2.3 (2.3)
Household consumption	-4,7 (-4,6)	3.0 (3.0)	4.0 (4.0)	2.8 (3.0)
Public consumption	-0.5 (0.0)	2.5 (2.0)	1.1 (1.1)	0.9 (1.0)
Investments	-2.5 (-3.5)	4.5 (4.0)	4.0 (4.0)	2.5 (2.5)
Net export, GDP-contribution (pp)	0.0 (0.0)	0.2 (-0.1)	0.1 (0.1)	0.2 (0.1)
Employment	-1.3 (-1.6)	-0.3 (0.1)	1.2 (1.5)	1.1 (1.7)
Unemployment rate (%)	8.3 (8.5)	8.6 (8.8)	8.0 (8.2)	7.5 (7.5)
Inflation, CPIF growth	0.5 (0.5)	1.8 (1.2)	1.5 (1.4)	2.1 (1.8)
Policy rate, yearly average (%)	0.00 (0.00)	0.00 (0.00)	0.00 (0.00)	0.13 (0.00)
KIX-index (-)	118.5 (118.5)	114.4 (112.8)	114.6 (111.0)	114.5 (110.0)

Note: Annual percentage growth unless indicated otherwise, light orange background indicates SBAB's April forecast

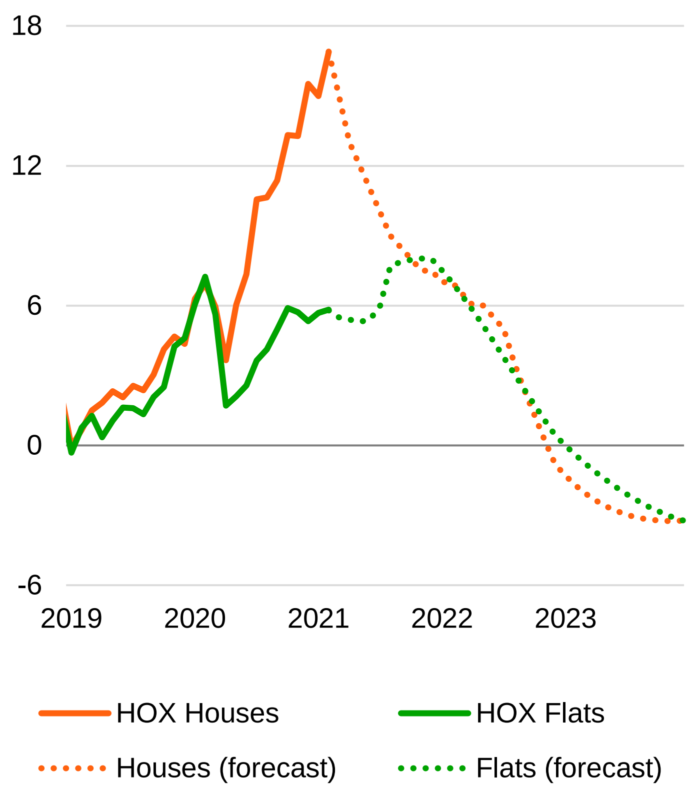
Comments

- Strong growth in 2021 and 2022, but with reference to different parts of the economy
  - A large part of the growth comes from manufacturing this year, and from restaurants, food and travel next year
  - Over the past years the economy has been characterised by strong population growth, low inflation and low interest rates
- Swedish economy faced the corona pandemic relatively well, although normally heavily influenced by the outside world
- Strong public finances made it possible to support households and companies, as well as maintain financial stability

Source: Macrobond, National Institute of Economic Research, The Riksbank and SBAB

Resilient housing market

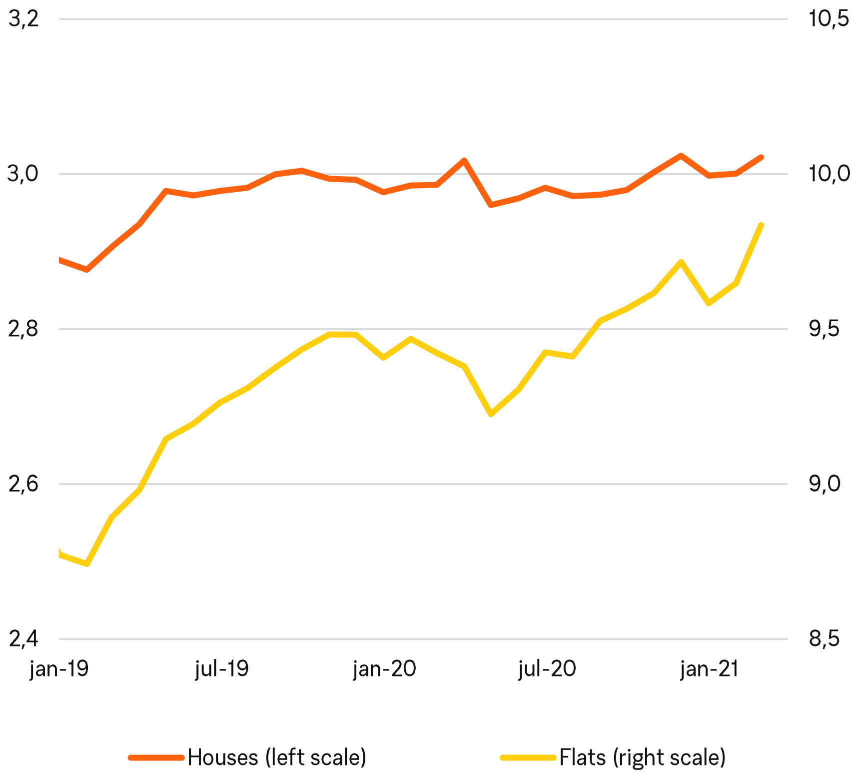
House price development, YoY (%)



Housing price index (January 2005=100)

	Index Mar-21	Change since 1m	3m	12m
Sweden (HOX)	**282**	**2,1%**	**7,4%**	**15,5%**
Flats	**326**	**1,0%**	**4,8%**	**8,0%**
Stockholm	310	1,1%	5,2%	7,8%
Gothenburg	359	0,8%	2,8%	5,5%
Malmö	296	1,2%	5,3%	12,3%
Houses	**275**	**2,8%**	**9,0%**	**20,3%**
Stockholm	277	2,2%	8,4%	20,9%
Gothenburg	273	2,5%	6,7%	18,7%
Malmö	262	2,2%	11,5%	23,2%

Housing turnover (%)



Source: Valueguard & SBAB April 2021 forecast

Easily accessible information on SBAB's platforms

Extensive Q&A relating to the COVID-19 pandemic available on SBAB's website. SBAB has also developed a service (available online and in the app) which allows all customers to apply for amortisation relief.

Temporary amortisation relief

Residential mortgage customers

Amortisation relief

19,500 households

SEK **44** billion

Data as of 31 Mar 2021

Tenant-owners' Associations and Corporate Clients

Amortisation relief

8 customers

SEK **316** million

Data as of 31 Mar 2021

Note: Swedish banks (in line with decision from S-FSA on 14 April 2020) are allowed to grant both new and existing mortgagors a time-limited exemption from the requirement on amortisation. The exemption applies to amortisation payments through 31 August 2021.

Quartely Financial Update Q1 2021

Chapter 2 (5)

SBAB!

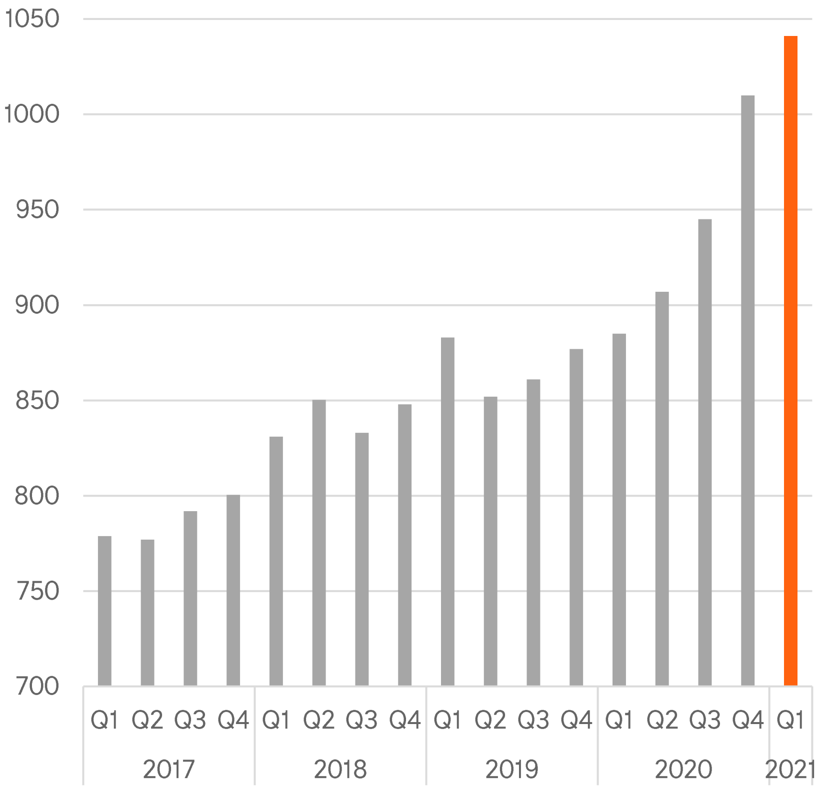
Financial highlights Q1 2021

		Q1 2021	Q4 2020	QoQ ▲	Comment
1	Net interest income	1 041	1 010	+6.9%	Primary source of income. Development driven by lower interest expenses as a result of lower market interest rates and credit spreads
2	Net result of fin. transactions	-15	11	-26 mn	Revaluation of counterparty risks in SBAB's derivative exposures (CVA/DVA)
3	Costs	–323	-402	-20%	The decrease is mainly due to a one-off write-down of SEK 67 million that was made during the previous quarter after an impairment test of all tangible and intangible assets. Personnel costs also increased during the first quarter due to an increase in the number of FTEs.
4	Credit losses	9	4	-7 mn	Very low credit losses over time as expected with SBAB's concentration on mortgages. Another quarter of recovery due to a revision of the forward-looking information based specifically on a milder Covid-10 macroeconomic situation.
5	Operating profit	728	619	+17.6%	Strong underlying operating profit.
6	ROE	12.7%	11.1%	+1.6 pp	Risk/return trade off – competitive profitability and returns given SBAB's low risk business. Well above target (>10%) last 5 years
7	C/I ratio	31.0%	39.5%	-8.5 pp	Competitive cost efficiency. Continued investments according to plan
8	CET1 capital ratio	13.1%	13.4%	-0.3 pp	Continued comfortable margin to external and internal requirements

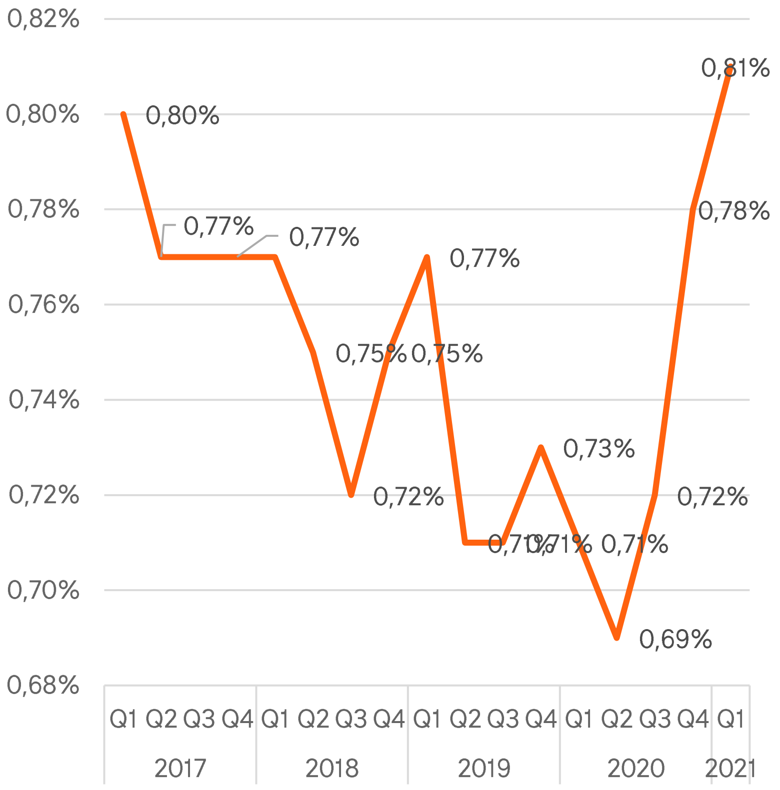
NII development

– Continued growth and stability. Recurring income dominates SBAB's revenue stream

Net interest income QoQ (%)



Net interest margin QoQ (%)



Comments

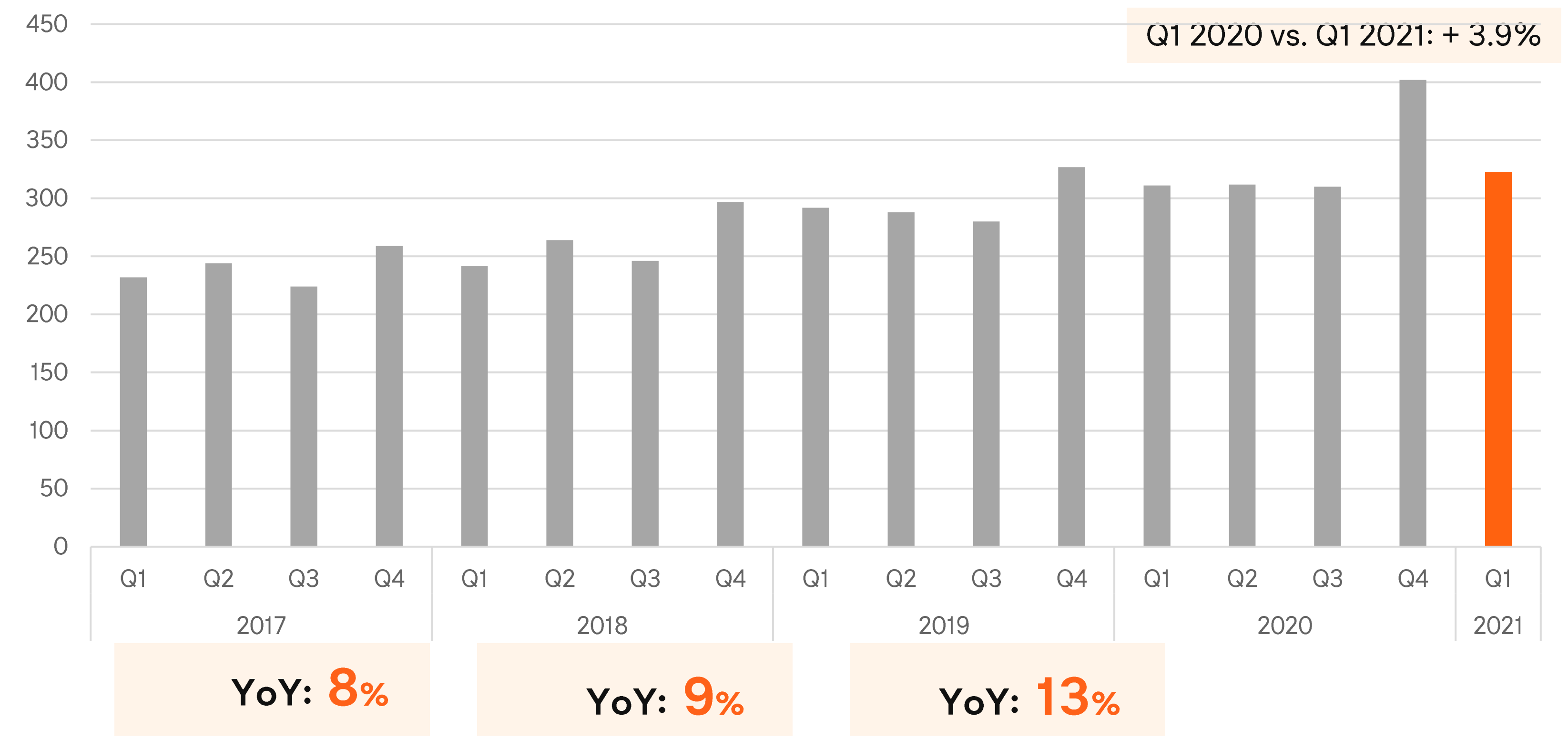
- Highest NII to date. NII increased 3,1% to SEK 1,041 million (1,010) over the quarter, mainly driven by lower market interest rates and credit spreads
- Increased margins during Q1 driven by lower interest expenses as a result of lower market interest rates. Some margin pressure expected ahead due to increased competition in the retail mortgage market
- Stable lending margins expected for corporate lending and lending to tenant-owners' associations

NIM calculated as net interest income in relation to total assets

Cost management

– Increased investments for future competitiveness

Cost development QoQ (SEK mn)



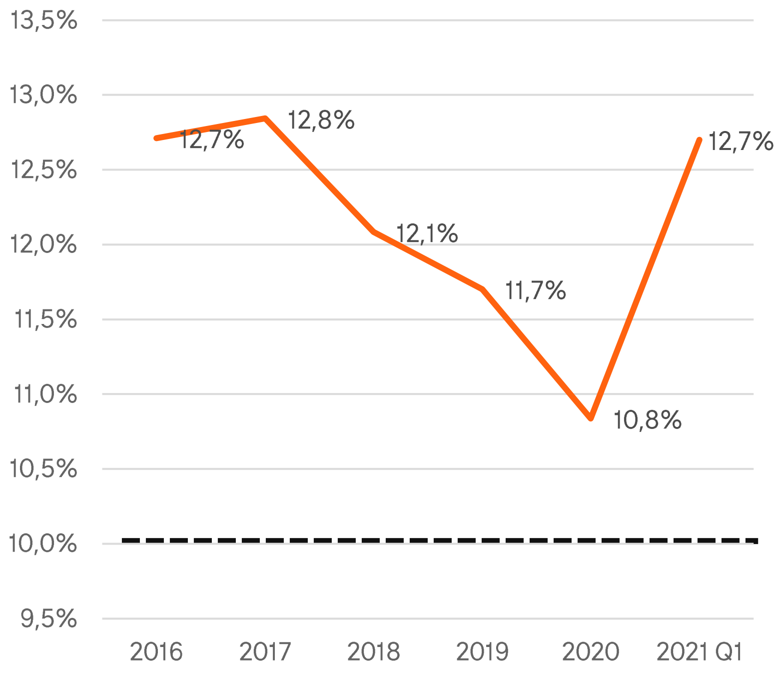
Comments

- Costs decreased during the quarter mainly due to a one-of write-down of SEK 67 bn made during the previous quarter.
- Increased investments for future competitiveness:
  - Customer offering (incl. increased distribution power, customer service & customer experience)
  - Digitalisation
  - Replacement of IT-infrastructure (core banking platform)
  - Increased compliance & regulatory requirements

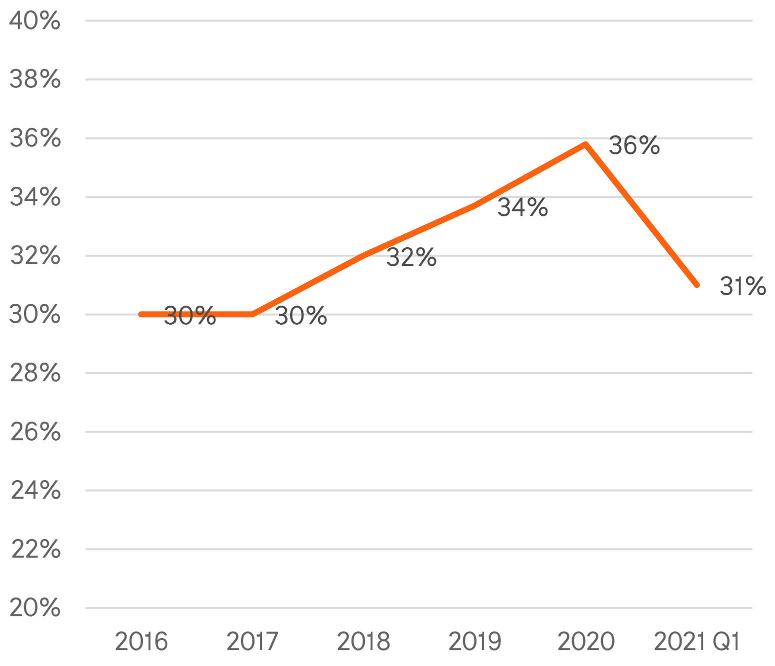
Financial KPIs

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

Return on equity*, %



C/I-ratio, %



Comments

- Strong underlying profitability (above profitability target of RoE>10% last 5 years). Increased equity due to retained earnings 2019 and 2020 have also impacted RoE
- Highly competitive cost efficiency, although increased investments (according to plan) has impacted C/I ratio

* From 31 March 2017, return on equity calculated as earnings after tax in relation to average equity, after adjustment for additional Tier 1 securities, value changes in financial assets recognized in equity. Opening balances have been adjusted for distributed dividend the year before. Comparative figures before 2017 have been recalculated according to new calculation method.

Asset Quality

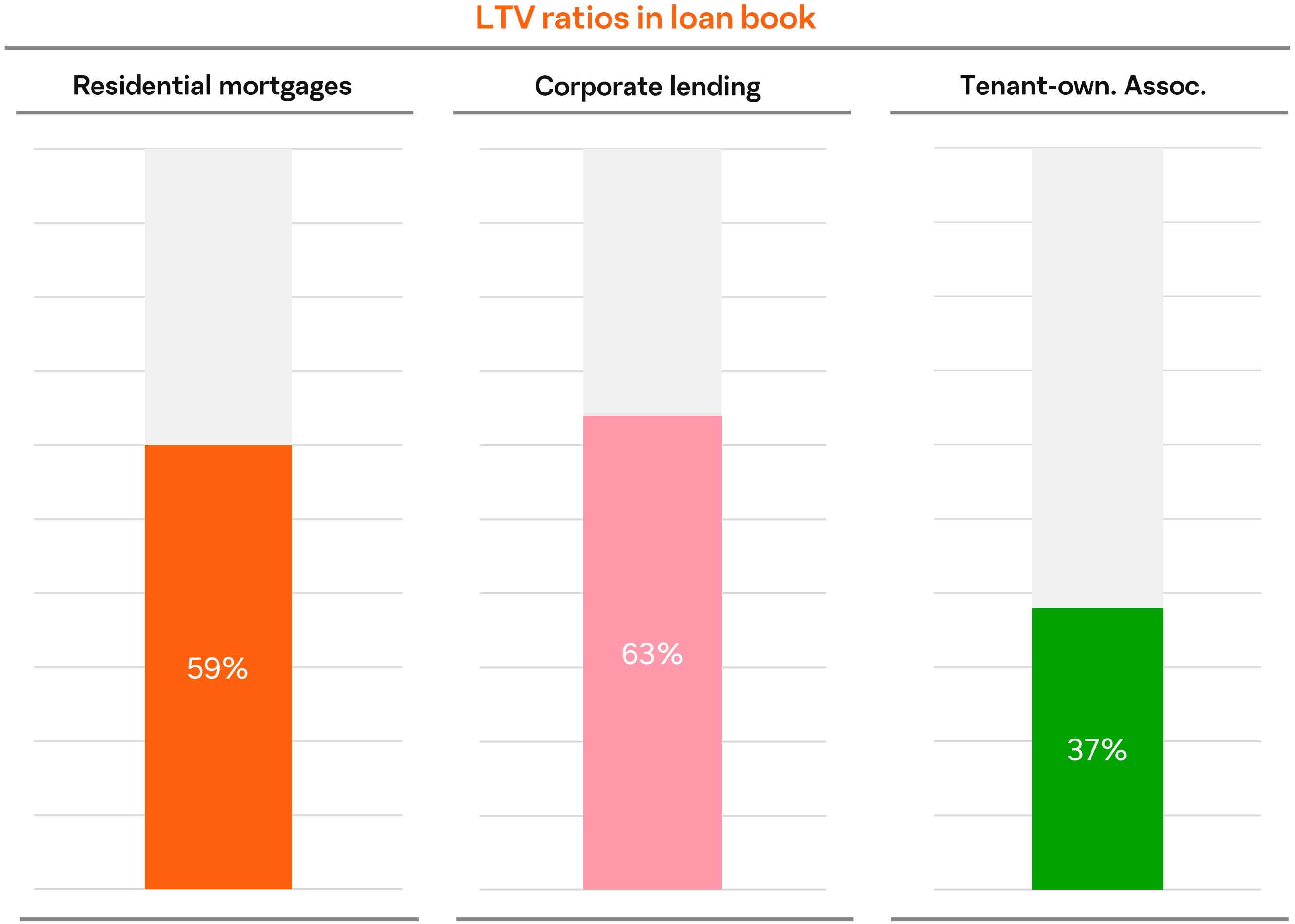
Chapter 3 (5)

SBAB!

Lending mix

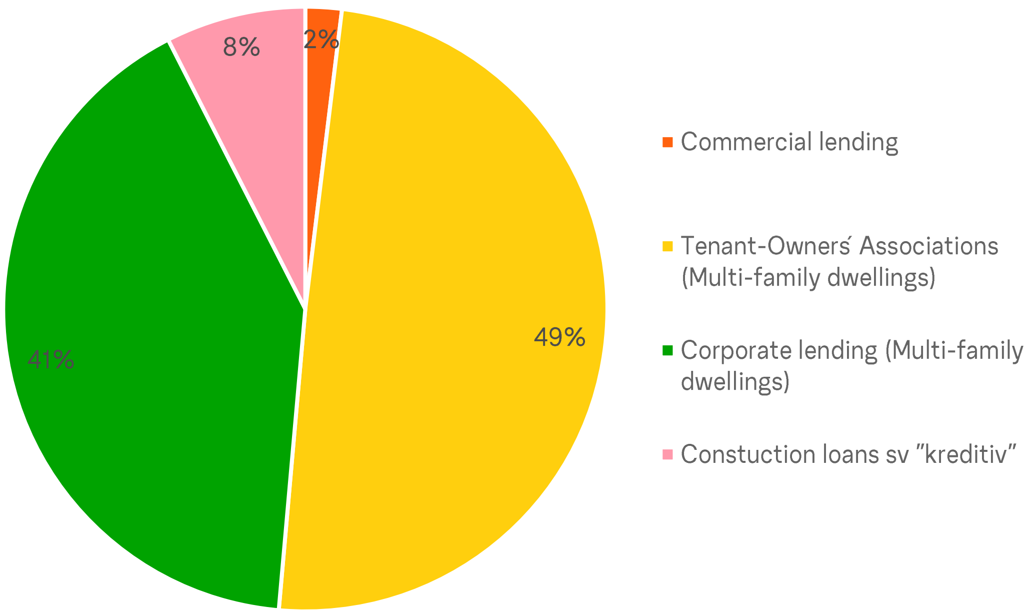
SBAB!

	SEK bn	%
Residential mortgages	318.0	73.4%
Consumer loans	2.5	0.6%
Corporate lending	57.1	13.2%
- Of which, commercial lending	*2.2*	*0.5%*
- Of which, construction loans ("kreditiv")	*8.5*	*2.0%*
Tenant-owners' associations	55.9	12.9%
Total lending	**433.5**	



Overview of corporate lending

Lending split Corporate Clients & Tenant-Owners' Associations



Comments

- Focus on large and experienced property developers with strong balance sheet
- Construction loans (Sw "*kreditiv*") capped at 6% of total lending (see next page)
- SBAB's exposure to pure commercial properties is limited. Commercial lending capped at 3% of total lending (currently 0.5%). Our primary focus is on financing multi-family dwellings

Construction loans

– Focus on major residential developers and existing relationships with solid track records

Comments

- Focus on major residential developers and existing relationships with solid track records
- 86 outstanding construction loans (83 number of properties) totaling SEK 14.47 billion (of which 59% disbursed). Construction loans capped at 6% of total lending (current level 3.3%)
- More prudent acceptance levels for smaller residential developers, e.g. higher levels of equity, number of sales agreements
- Most of the construction loans are to companies with diversified revenue streams (i.e. not only from real estate development, but from rental apartments, infrastructure projects and real estate management). Strong balance sheets and good levels of liquidity among SBAB:s customers with building credits

Key metrics

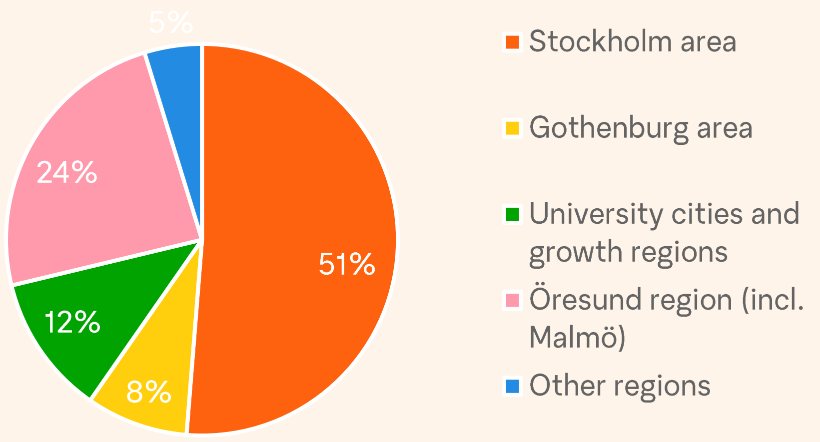
Granted credit amount

14.47bn

Disbursed share

59%

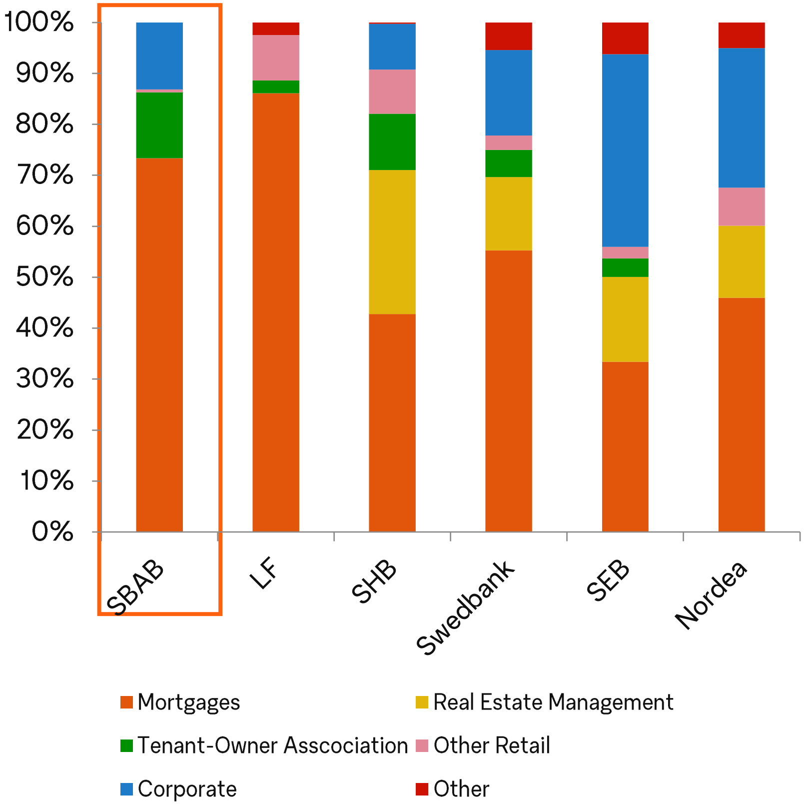
Geographical distribution



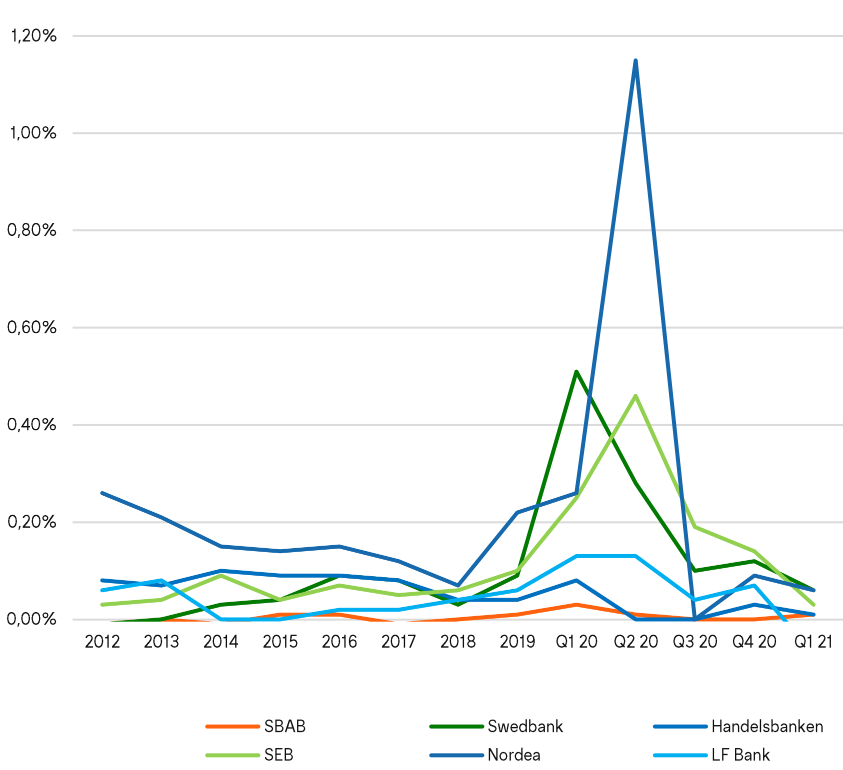
Swedish mortgages–a low-risk business

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

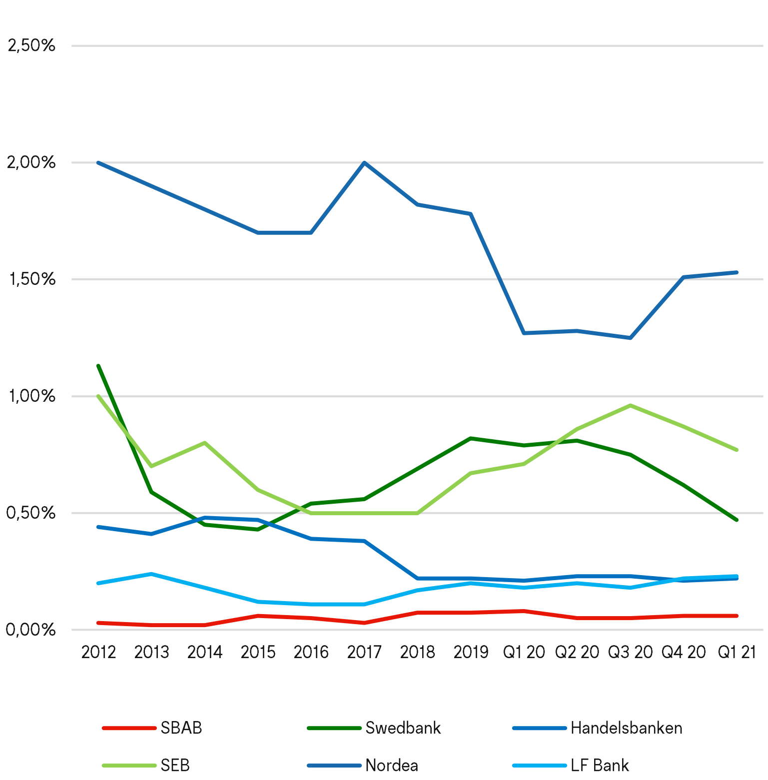
Loan portfolio split



Credit losses



Impaired loans

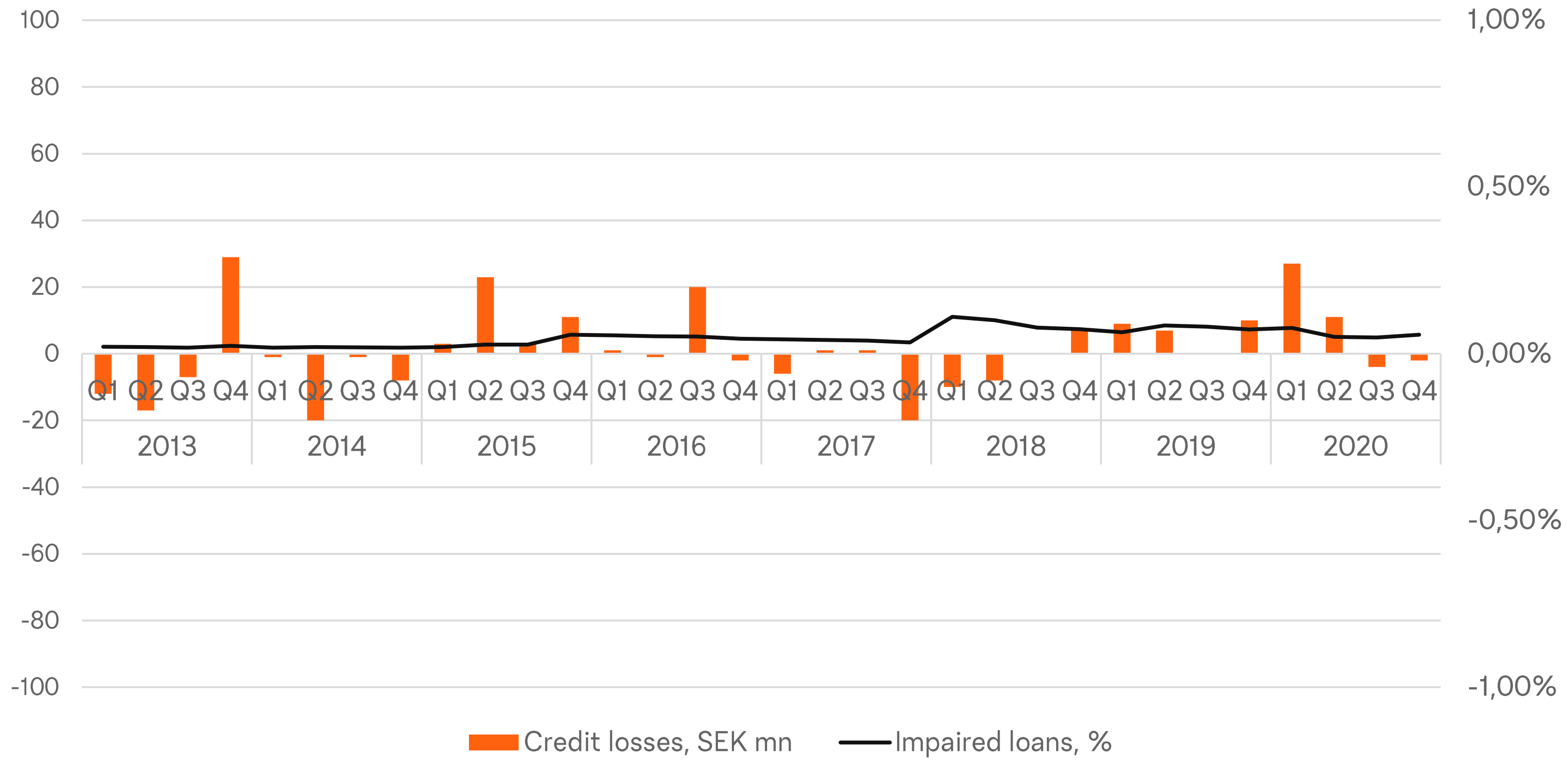


Source: Company disclosures

Superior asset quality

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

Credit losses (LHS) & Impaired loans (RHS)



Key metrics Q4 2020

Credit losses

+2 million

Credit loss ratio

0.00%

Share of Stage 3 loans, gross

0.06%

Swedish mortgages – a low risk business

– Mortgage lending in Sweden a low risk business for a number of structural reasons

Affordability Assessment

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

Mortgage Deed System

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

Credit Information Agency

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

Enforcement Authority

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

"Originate and hold" model

No "originate to distribute" model, no subprime lending

Restricted Buy-to-Let Market

Restricted buy-to-let market due to regulated rental market and tenant owner subletting restrictions

Personal Liability

A borrower is personally liable even after a default and foreclosure procedure, i.e. full and personal recourse

Social Security

Well developed welfare system raising households' ability to service debt even during times of unemployment

Funding, liquidity & capital

Chapter 4 (5)

SBAB!

Rating overview

Senior Unsecured Rating

Moody's	Stable Outlook	A1
Standard & Poor's Ratings Services	Stable Outlook	A

Short-term rating: P-1 / A-1

	Moody's		S&P	
Investment Grade	Aaa	*Sov. rating*	AAA	*Sov. rating*
	Aa1		AA+	
	Aa2		AA	
	Aa3		AA-	
	A1	*Senior Preferred*	A+	
	A2		A	*Senior Preferred*
	A3		A-	*SACP*
	Baa1	*BCA*	BBB+	*SNP*
	Baa2	*T2 / SNP*	BBB	*T2*
	Baa3		BBB-	
Non Investment Grade	Ba1	*AT1*	BB+	
	Ba2		BB	*AT1**
	[...]		[...]	

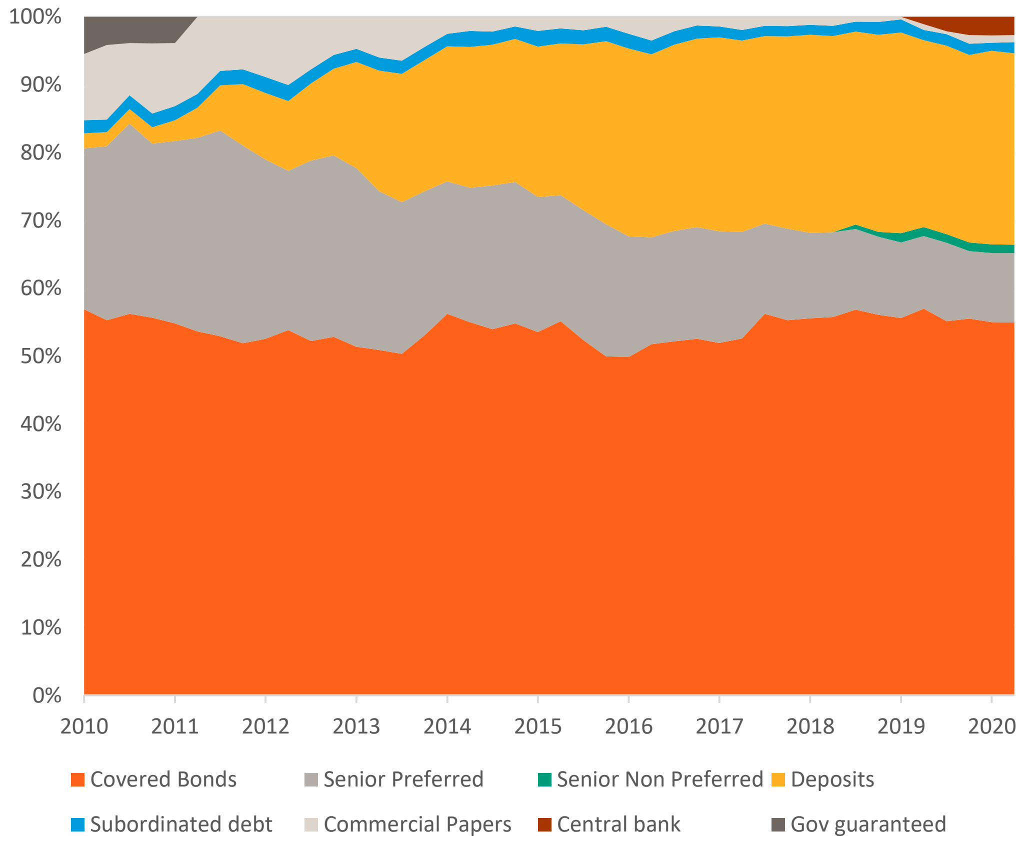
** Revised 2019/22/05 from BB+*

Funding strategy & development

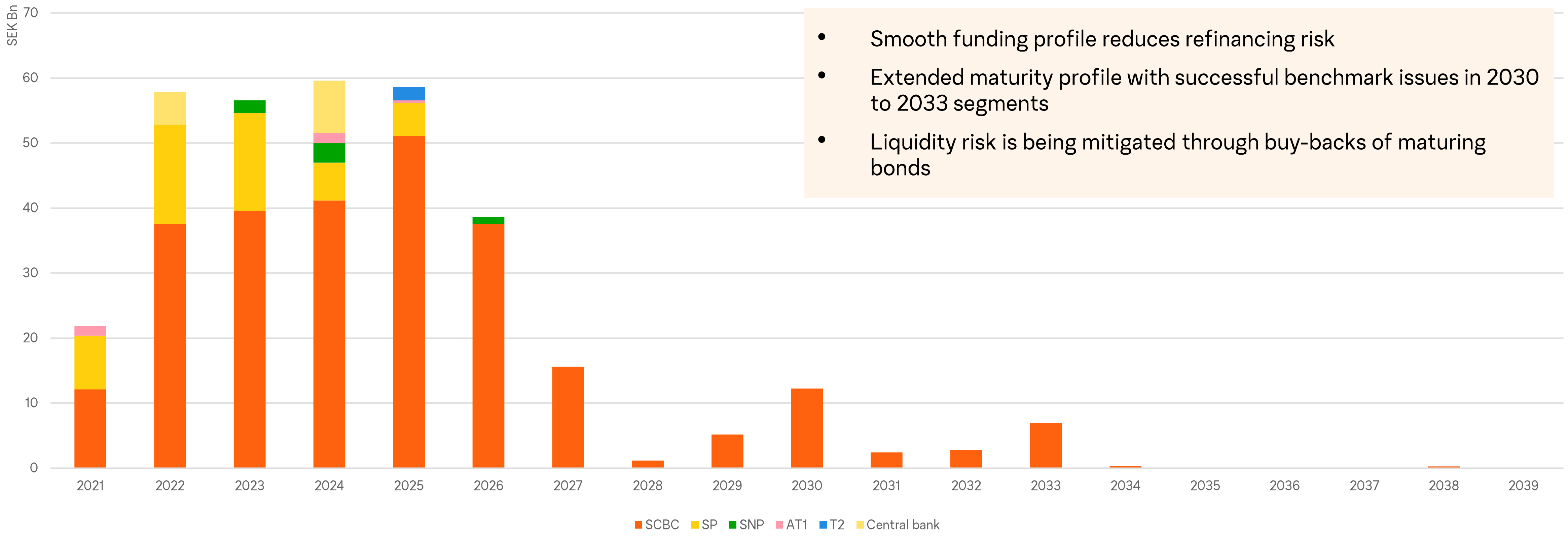
Funding strategy

- Continuous and committed investor work in core markets and towards core investors to further increase name recognition and transparency
- Maintain access to core funding markets - SEK- and EUR-market
  - Regular benchmark issuance in Covered Bond format as and in Senior Unsecured format
  - Private placements as a complement
- Reduced wholesale funding reliance due to growing deposit volumes. Maintain a low reliance on foreign currency funding
- Efficient use of Covered Bond Funding ~ 55% of total funding. Utilising the depth and stability of the Swedish Covered Bond Market
- Limited use of short dated funding through CP-programs, interbank funding and central bank facilities
- Commited to green bond issuances subject to green lending volumes

Development of funding sources over time



Maturity profile



- Smooth funding profile reduces refinancing risk
- Extended maturity profile with successful benchmark issues in 2030 to 2033 segments
- Liquidity risk is being mitigated through buy-backs of maturing bonds

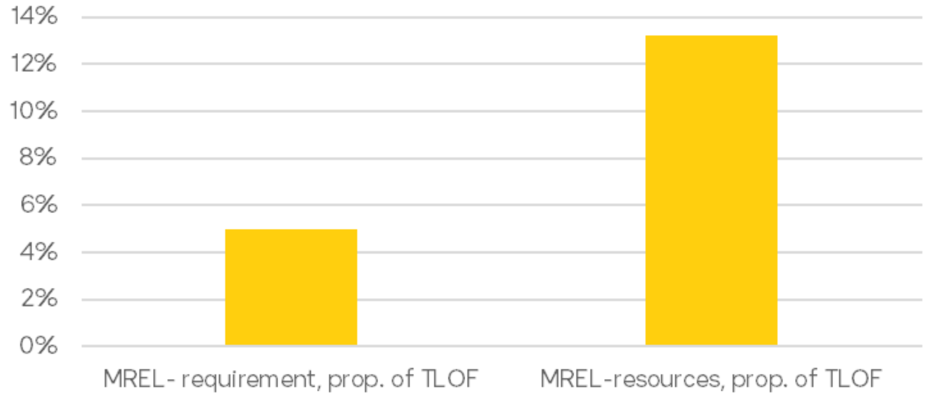
MREL-requirement

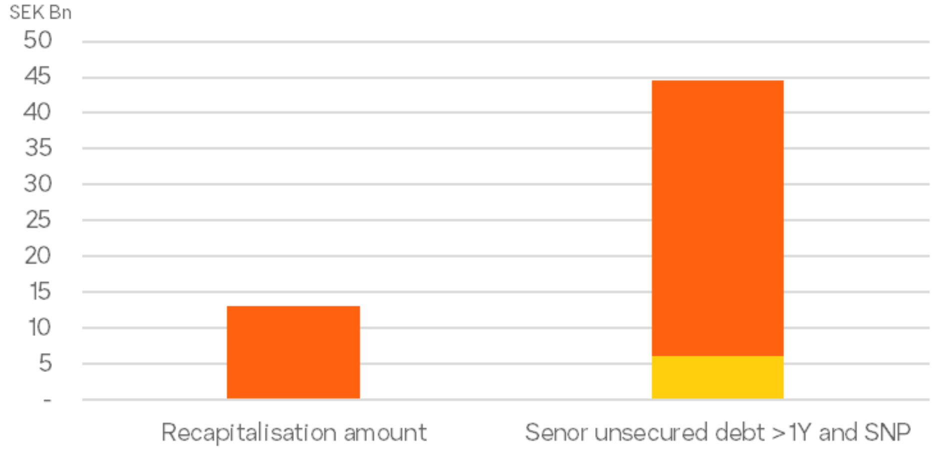
– MREL-requirement

Background

- In June 2018, SNDO (Riksgälden) made public that the principle of subordinated liabilities shall also apply to the six mid-sized institutions that are critical for the financial system
  - **To support the banking system in current corona pandemic environment, <u>phase in period has been extended until end 2023</u>**
- SBAB's total MREL-requirement is currently set at 5,01% of Total Liabilities and Own Funds (TLOF)
  - Total need for MREL debt around SEK 26 bn, where approximately SEK 13 bn is the recapitalisation amount (to be covered with senior non preferred debt)
  - Compliant with requirement with current outstanding senior unsecured debt
  - SBAB's estimated balance sheet growth and buffer will add to MREL requirement
- Need for eligible Senior non preferred debt (requirement and buffer) of approximately SEK 20 bn by end of 2023
- Gradual build up of eligible liabilities (senior non preferred) over coming years (subject to regulatory developments)
  - Upcoming Swedish implementation of EU banking package indicates slightly lower SNP need

MREL requirement and liability proportion principle, Q1 2021



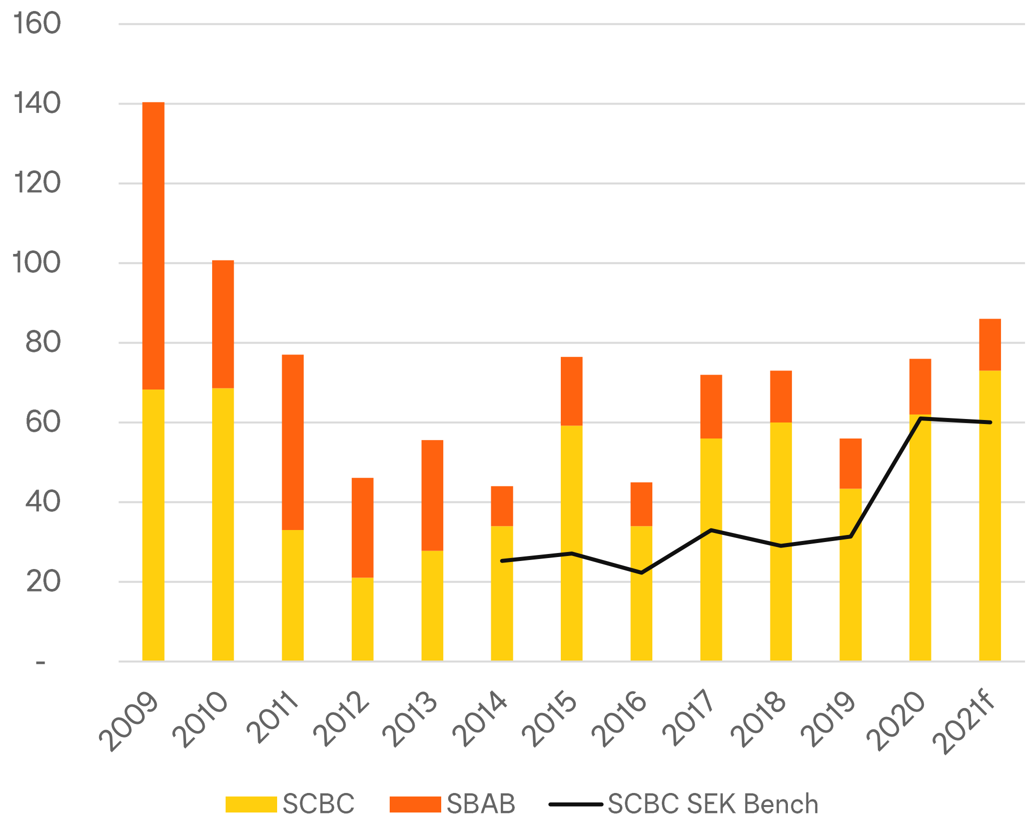


Future issuance

Future issuance

- Total long-term funding for 2021 expected to be approximately SEK 85 bn
- Overall strategy is to long term maintain presence and regularity in core funding markets (predominantly EUR and SEK)
  - New SEK covered bond benchmark/benchmarks per year
  - One to two public EUR transactions in international funding markets per year
  - Private placements in SEK and international funding markets
  - Senior non preferred issuances – SEK issuance, EUR and other currencies as a complement
- Capital issuances (AT1 & T2) predominately in SEK
- SBAB's focus is to use intermediate (5y+) tenors to support duration in covered bonds
- Regular future issuance: Dedicated to SEK and EUR markets in covered and senior format

Annual issuance, SEK (bn)



INSIGHT: Green lending & funding

Linking green lending to green funding

Green funding

SEK 18 bn*

Green lending

SEK 32.3 bn*

SBAB!

SBAB GROUP GREEN BOND FRAMEWORK 2019

Medium Green

SBAB GREEN BOND FRAMEWORK 2016

Medium Green

GREEN LENDING

- Green Residential Mortgages
- Green Investment Loans
- Energy efficient buildings
- New construction

Rationale behind green efforts

- **Green lending:** Stimulate demand for energy efficient housing as well as creating opportunities and incentives (e.g. by offering discounted loans) for customers to invest and implement energy improving measures in their homes and properties
- **Green funding:** Offer investors the opportunity to actively participate in the sustainable transition of the Swedish housing and real estate market

*Estimate as of 31 March 2021

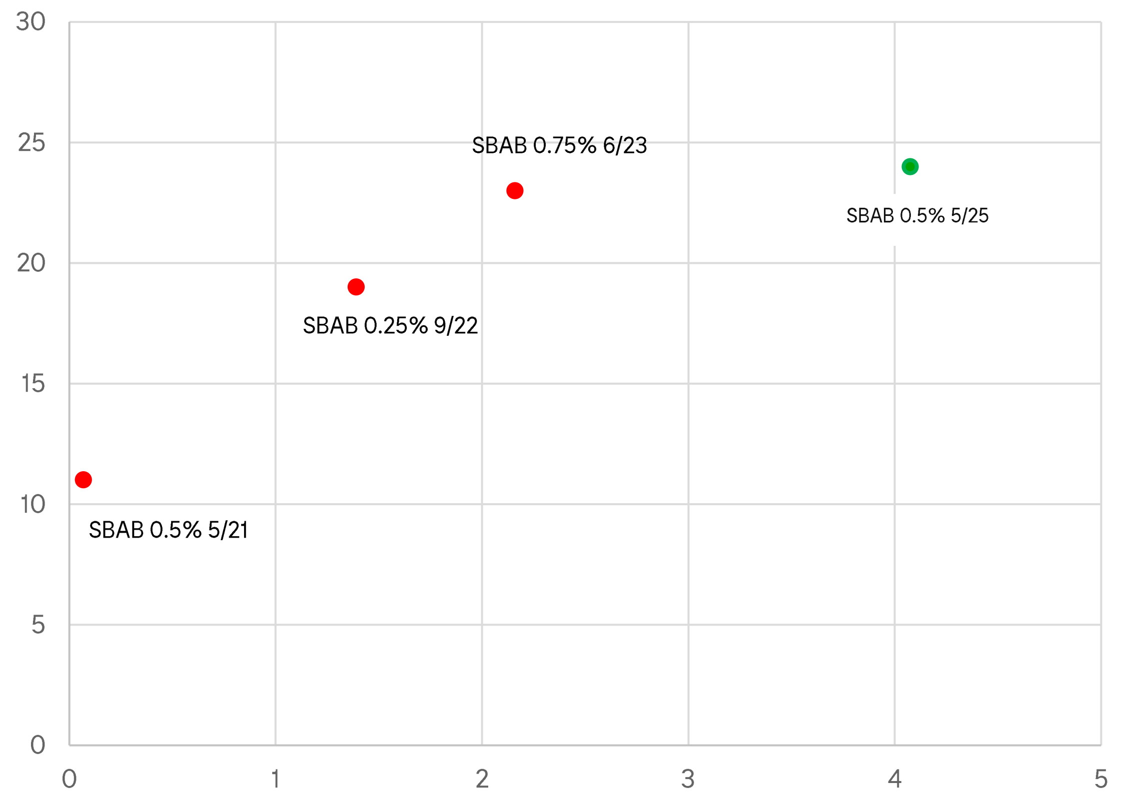
Regular presence in EUR market

SBAB! Senior Unsecured **€500mn** 0.50% 5y due May '21 April 2016	SBAB! Senior Unsecured **€500mn** 0.25% 5y due Sept '22 August 2017	SBAB! Senior Unsecured **€500mn** 0.75% 5y due June '23 June 2018	SBAB! Senior Unsecured **€500mn** 0.50% 5y due May '25 May 2020
SCBC! Covered bonds of SBAB Covered Bond **€750 mn** 0.25% 5y due April '23 April 2018	SCBC! Covered bonds of SBAB Covered Bond **€675 mn** 1.25% 15y April '33 Apr 2018 (tap Oct 2018)	SCBC! Covered bonds of SBAB Covered Bond **€650 mn** 0.625% 7y due Oct '25 October 2018	SCBC! Covered bonds of SBAB Covered Bond **€500 mn** 0.375% 10y due Jun '29 June 2019

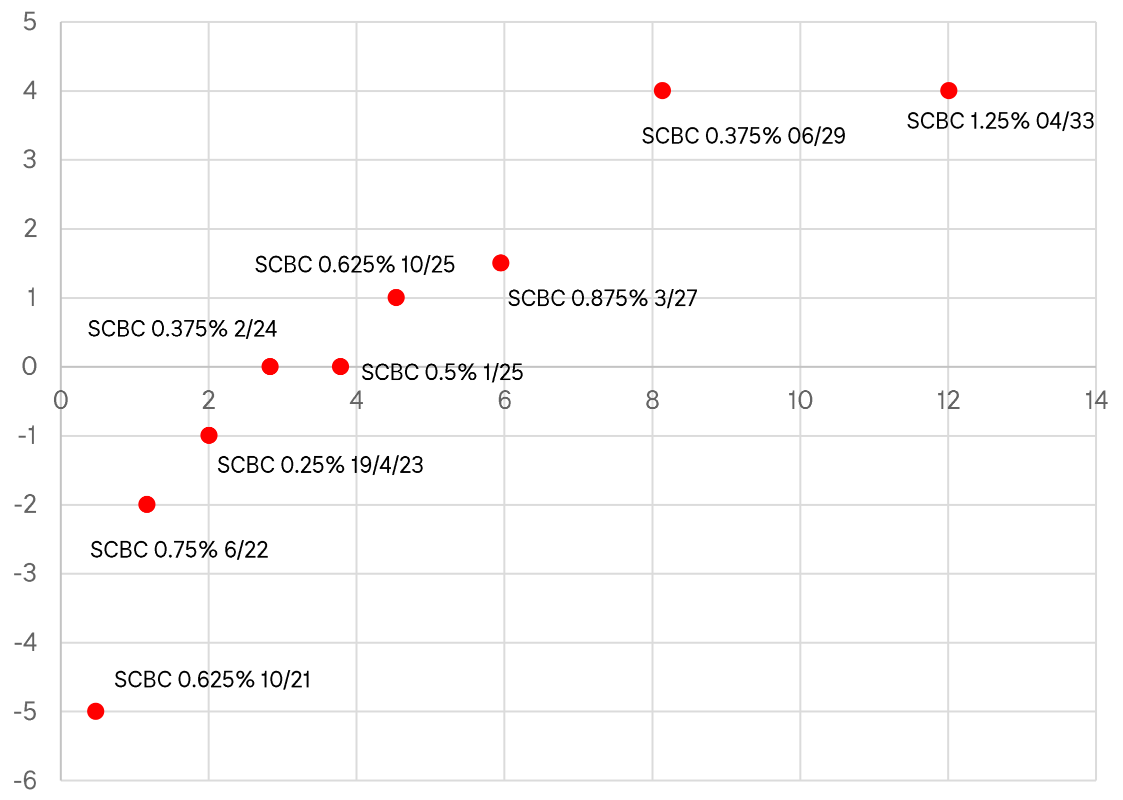
Outstanding SP and CB (EUR)

– Spread vs MS, bps

Senior Unsecured (SP)

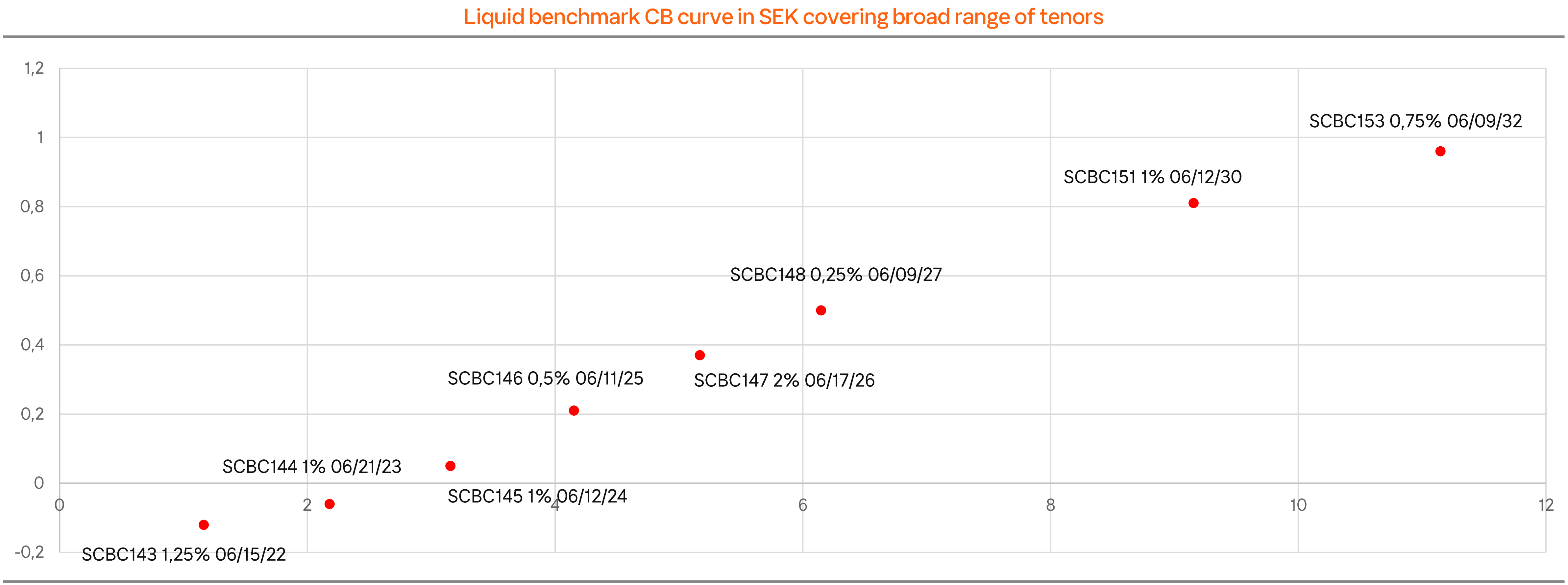


Covered Bonds (CB)



Outstanding CB (SEK)

– Yield to maturity, %

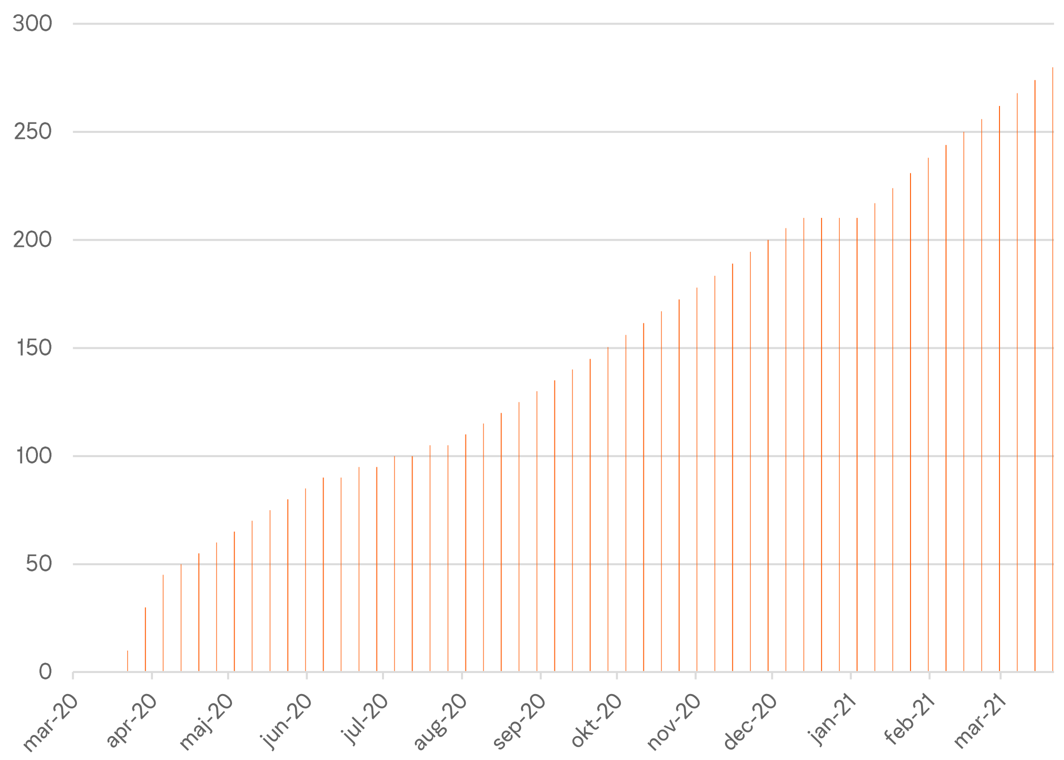


Riksbank QE gives strong support

– Riksbank QE gives strong support to SEK covered bonds, and should continue to do so

CB spread SCBC ~5Y, bps vs swap

Riksbank offers to buy a total of SEK 60 bn CB during Q2 2021



Liquidity position

- Strong liquidity position with LCR and NSFR well above regulatory requirements
- Survival horizon implies liquidity need coverage for 383 days under stressed scenario (unchanged lending portfolio, severe deposit outflow and no new funding added)
- High quality and diversified liquidity reserve within relevant currencies with 95% AAA rated
- Liquidity reserve eligible at the Riksbank and/or ECB

Key metrics

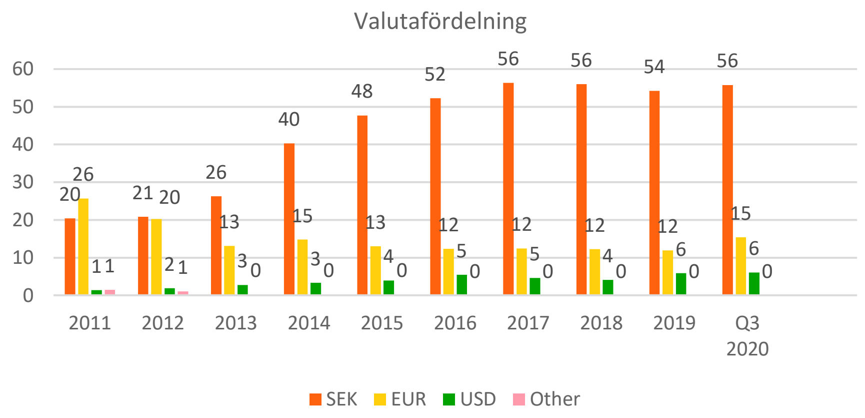
Liquidity portfolio
71bn

LCR
226%

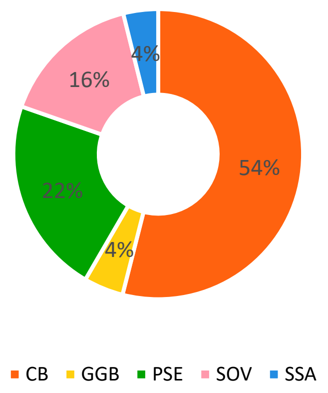
NSFR
134%

Survival horizon
383days

Liquidity portfolio (Currency distribution)



Liquidity portfolio (Securities type)



Update on capital

SBAB well above external and internal requirements

Components of SBAB's capital target Q1 2021

SEK million	Total capital	%	CET1 capital	%
Estimated capital requirements from the S-FSA	**16,556**	**12.2**	**10,877**	**8.0**
– Of which, Pillar 1 minimum requirement	*4,157*	*3.1*	*2,338*	*1.7*
– Of which, Pillar 1 risk-weight floor, Swedish mortgages	*6,730*	*4.9*	*3,786*	*2.8*
– Of which, Pillar 2 core requirement	*2,249*	*1.7*	*1,333*	*1.0*
– Of which, Capital conservation buffer	*3,402*	*2.5*	*3,402*	*2.5*
– Of which, Countercyclical buffer	*18*	*0.0*	*18*	*0.0*
SBAB's capital target	**17,372**	**12.8**	**11,693**	**8.6**
SBAB's actual capital	**24,112**	**17.7**	**17,812**	**13.1**

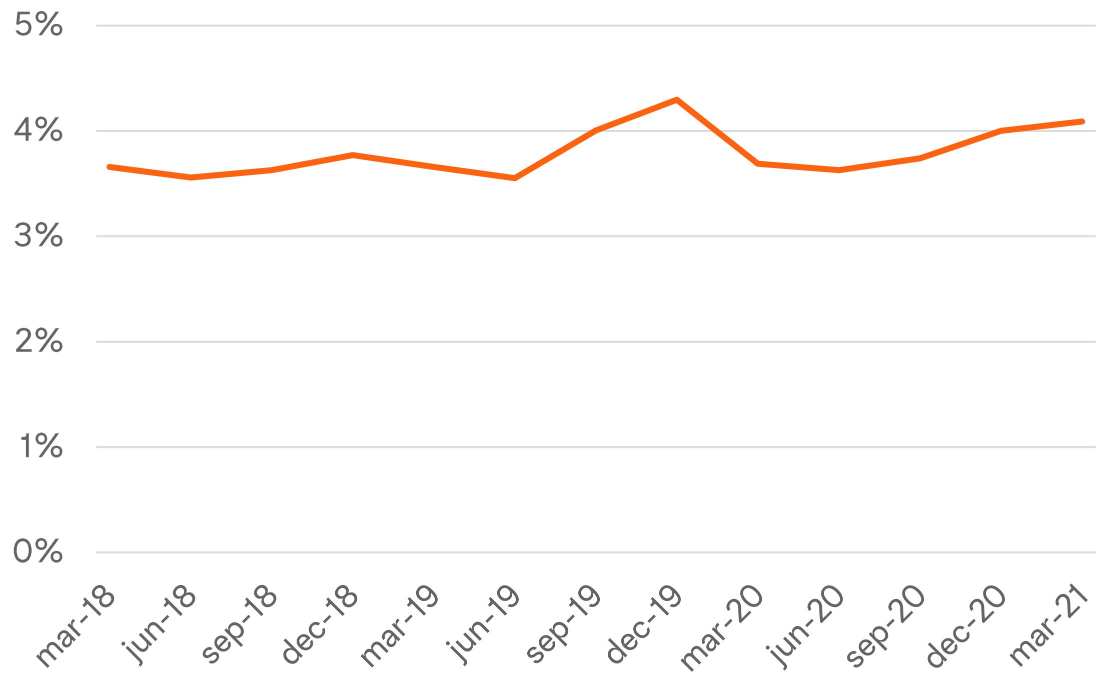
Comments

- Capital target: CET1 and total capital ratio at least 0.6% above the requirement communicated by the S-FSA
- SBAB remains well above external and internal requirements in Q1 2021
- AT 1 instruments of 2,3 bn SEK emitted[1]
- Leverage ratio of 4.1% as per 31 March 2021, up from 4.0% as per 31 December 2020

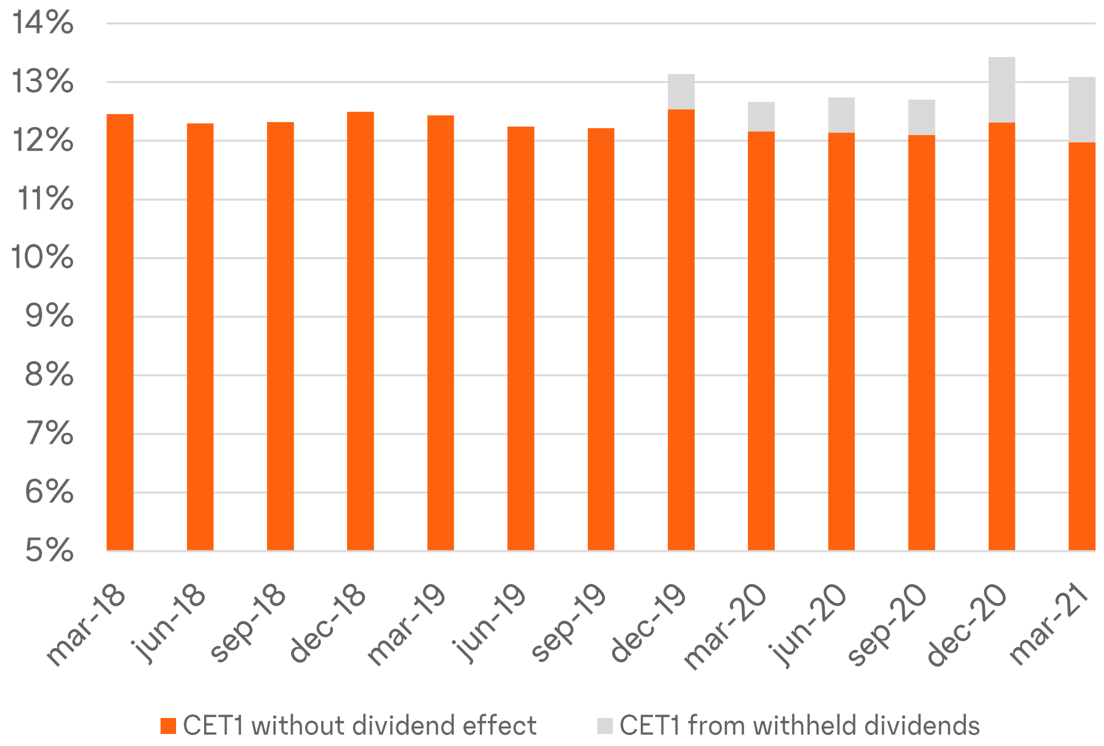
Replacing 1,5 bn SEK of AT 1 instruments with first call date in June 2021

History of stable capital ratios

Leverage Ratio



CET1 Ratio



Capital – upcoming regulatory changes

Banking package	• SFSA proposal currently out for consultation – including indicative levels for P2G[1], but not bank-specific	• Impact from P2G – Higher CET1 requirements for small and medium sized banks. Lev ratio a ”binding requirement” for some banks
Revisions to internal models	• Revised models currently being developed by SBAB	• Risk weights expected to increase overall in the banking sector as a result of the revisions to IRB
Revisions to Basel III (“Basel IV”) and output floor	• Output floor to be phased in from 2023	• Swedish 25% floor on mortgages makes Swedish banks already partially “Basel IV” compliant

1) SFSA estimates that the Pillar 2 guidance for most banks will be around 0.2-0.5 per cent of the exposure amount for the leverage ratio, and around 1–1.5 per cent of RWA for the risk-weighted requirement – but numbers will vary for different banks.

Appendix

Swedish economy & housing market

Appendix I

booli!

En tjänst från SBAB

Large quantities of data relating to the housing market

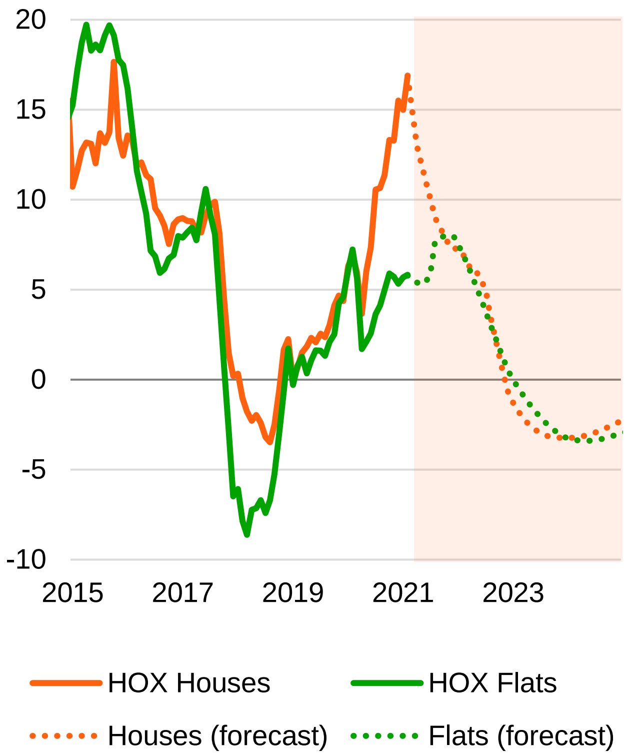
Large quantities of data and knowledge are accumulated in our operations, such as how the housing and residential mortgage markets work. We use this data transparently and responsibly to improve the customer experience by refining existing services and products as well as developing new ones. Booli.se is a popular platform for finding information about supply, demand and price trends for housing.

The Swedish economy & housing market

- Sweden's GDP fell sharply in the second quarter of 2020 but has since recovered a large part of the fall and is expected to grow relatively fast in 2021 and 2022. However, the recovery is expected to take time for some parts of the economy and unemployment is expected to remain high in 2021 before it starts falling back
- Several factors support economic development:
  - Households have for a long time had a high saving rate, and currently large financial assets in addition to housing assets
  - The central government has a low debt and sound finances
  - The financial markets have functioned well throughout the corona pandemic
- Housing prices, housing turnover, and housing construction have all resisted the ravages of the corona pandemic by 2020
  - Housing prices rose sharply in 2020 and has continued to increase in 2021, with about 5% in the first quarter in 2021

Future stabilization of housing prices

Housing price index (January 2005=100)



	Index Mar-21	Change since 1m	Change since 3m	Change since 12m
Sweden (HOX)	**282**	**2,1%**	**7,4%**	**15,5%**
Flats	**326**	**1,0%**	**4,8%**	**8,0%**
Stockholm	310	1,1%	5,2%	7,8%
Gothenburg	359	0,8%	2,8%	5,5%
Malmö	296	1,2%	5,3%	12,3%
Houses	**275**	**2,8%**	**9,0%**	**20,3%**
Stockholm	277	2,2%	8,4%	20,9%
Gothenburg	273	2,5%	6,7%	18,7%
Malmö	262	2,2%	11,5%	23,2%

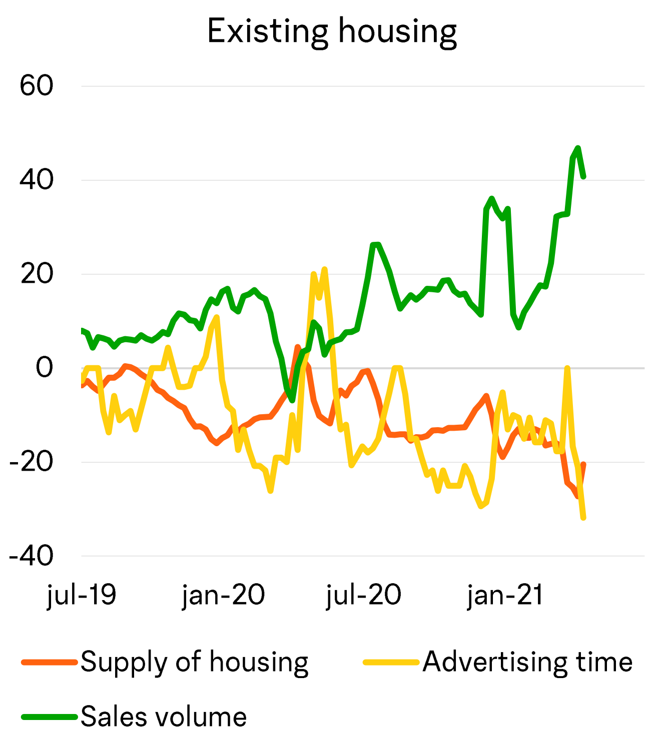
Stabilizing prices in coming years

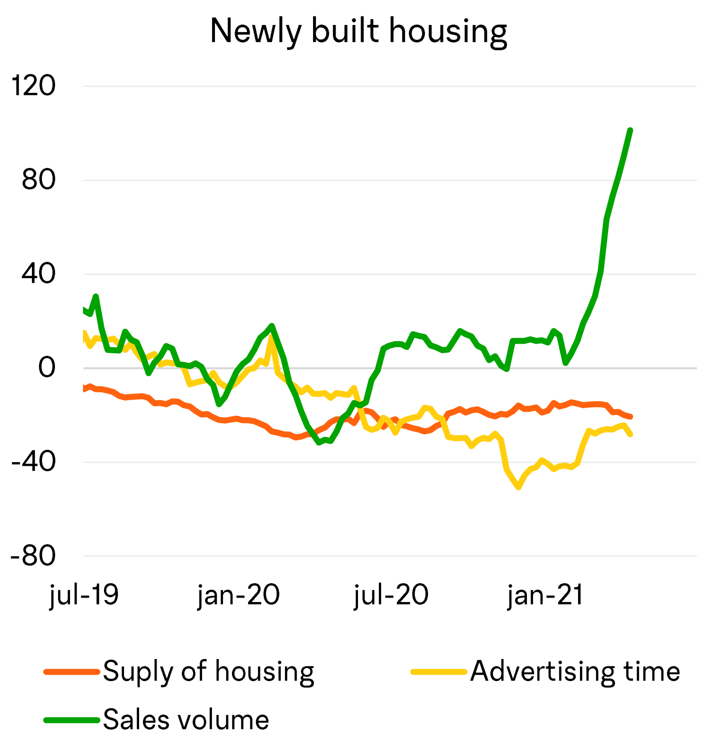
- Housing prices have increased by an average of over 5% over the past ten years
  - There was a noticeable drop during the latter part of 2017, which affected construction of new housing that slowed down in the wake of the drop
- SBAB's forecast is that housing prices for the country as a whole will continue to increase somewhat in 2021, peak in 2022, and the decline slightly when interest rates begin to move upwards
  - The forecast is based on a structural model and deviations from this may occur in the short term, e.g. as a result of a mismatch between supply and demand or fluctuations in the business cycle and households' expectations on the future

Source: Valueguard & SBAB April 2021 forecast

Growing sales volumes, shrinking supply

Housing market developments, YoY (%)





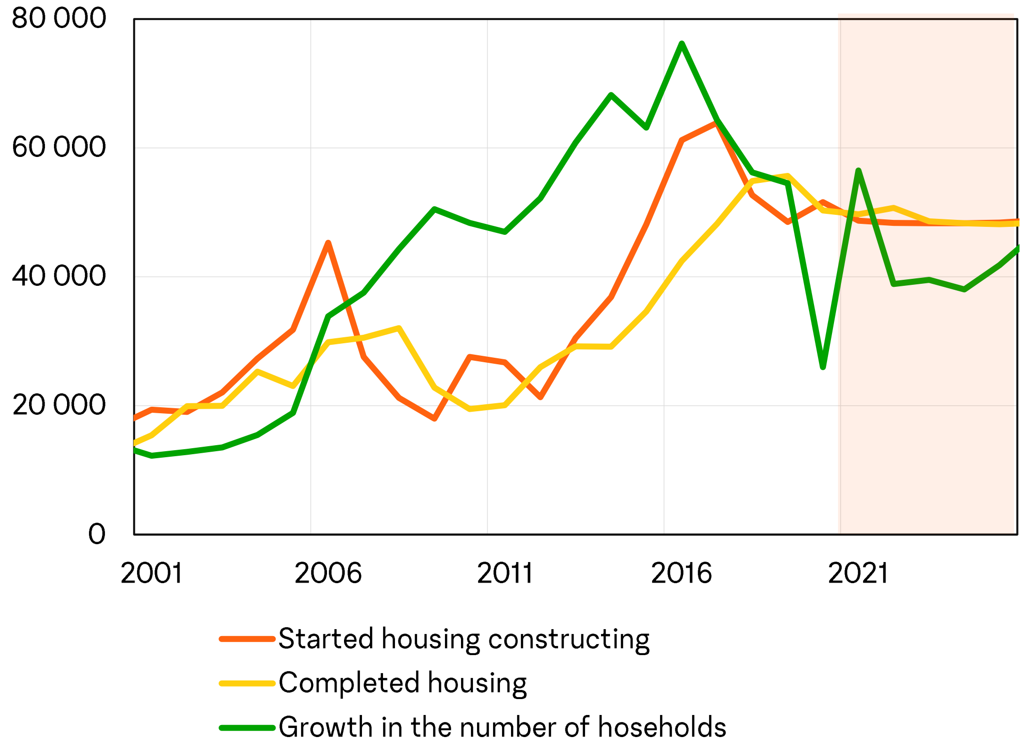
Very strong housing market

- The housing markets in Sweden have been staunch in recent times with a clear growing optimism since the summer of 2019
- As a consequence of the corona pandemic, the housing market slowed down for a short time in the spring 2020
  - Since the early summer, the sales volumes have accelerated for both existing and newly built housing, and increased sharply during the beginning of 2021
  - Short advertising time on housing and rising bid premiums may indicate some overheating in the housing market

Source: Booli

A slight decline in housing constructing

Construction and population growth (# of homes and households)



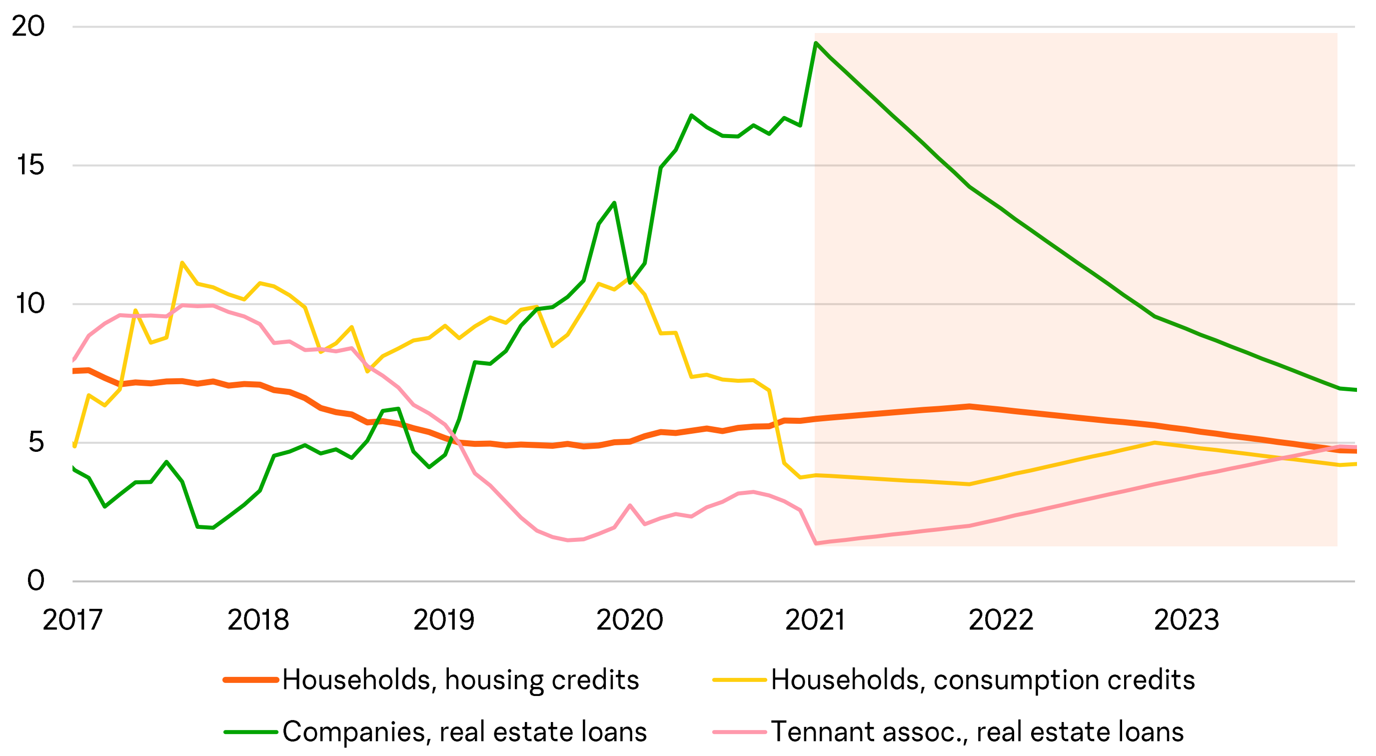
Remaining need for new housing

- Housing construction is expected to stabilizing around 48 000 homes per year
  - Relatively low level of housing constructing followed in the footsteps of the 1990s crises
  - Rapidly increasing construction from 2013, and quite fast decreasing in 2018 and 2019, housing construction is expected to have decreased by 25% by 2021 compared to 2017
  - A noticeable shift to rental apartments in recent years
- Strong demographic growth, good access to financing and low interest rates support the high rate of new construction
  - The housing shortage in Sweden is currently estimated to about 130 000 homes, despite the high rate of construction in recent years
  - Approximately 40 000 new homes are needed per year for the housing stock to grow at the same pace as the number of households
  - Some concern about the affordability of new housing and the ability to pay / willingness to buy

Source: Macrobond, SCB and SBAB April 2021 forecast

Slowdown in credit growth

Credit growth, YoY growth rates (%)



Comments

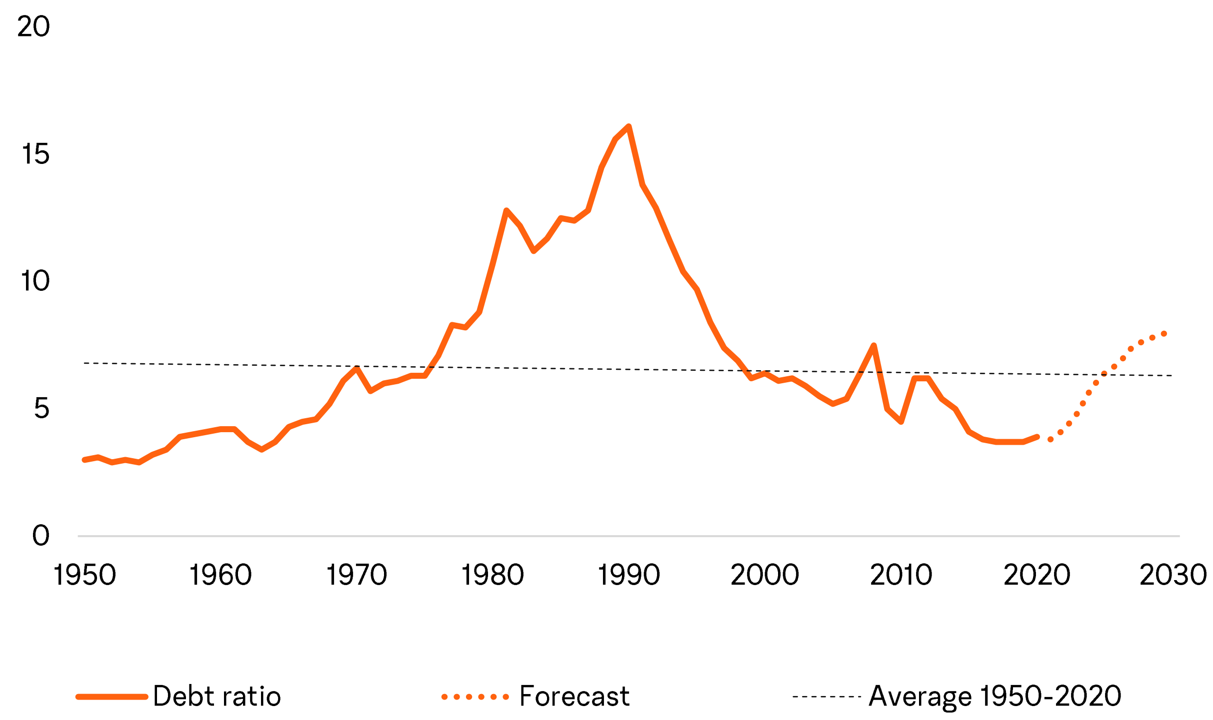
- Credit growth in the mortgage market (red line) has increased since the end of 2019 and was strong in 2020 despite corona pandemic, the YoY growth rate was 5.9% in February 2021
- According to SBAB's forecast, the growth rate of household housing credits is expected to be 6.3% for the full year 2021
  - The forecast takes into account slowly rising housing prices, low mortgage rates, a weak development of household income and a high household savings ratio
  - Housing credits from others than MFI:s is expected to have a market share of about 0.8%

Source: Statistics Sweden and SBAB April 2021 forecast

Interest expenses at low levels (2/2)

– Households' interest expenses (in relation to income) at very low levels from a historical perspective

Interest expenditure (% of disposable income)



Comment

- High debt-to-income ratio but low interest costs
- Interest expenses in relation to disposable income (interest ratio) at a very low level from a historical perspective
- The interest ratio is expected to increase in coming years, but compared to historical level the burden is distributed among more home-owning households

Environment, social and governance framework

Appendix II

SBAB's Sustainabilty Highlights 2020

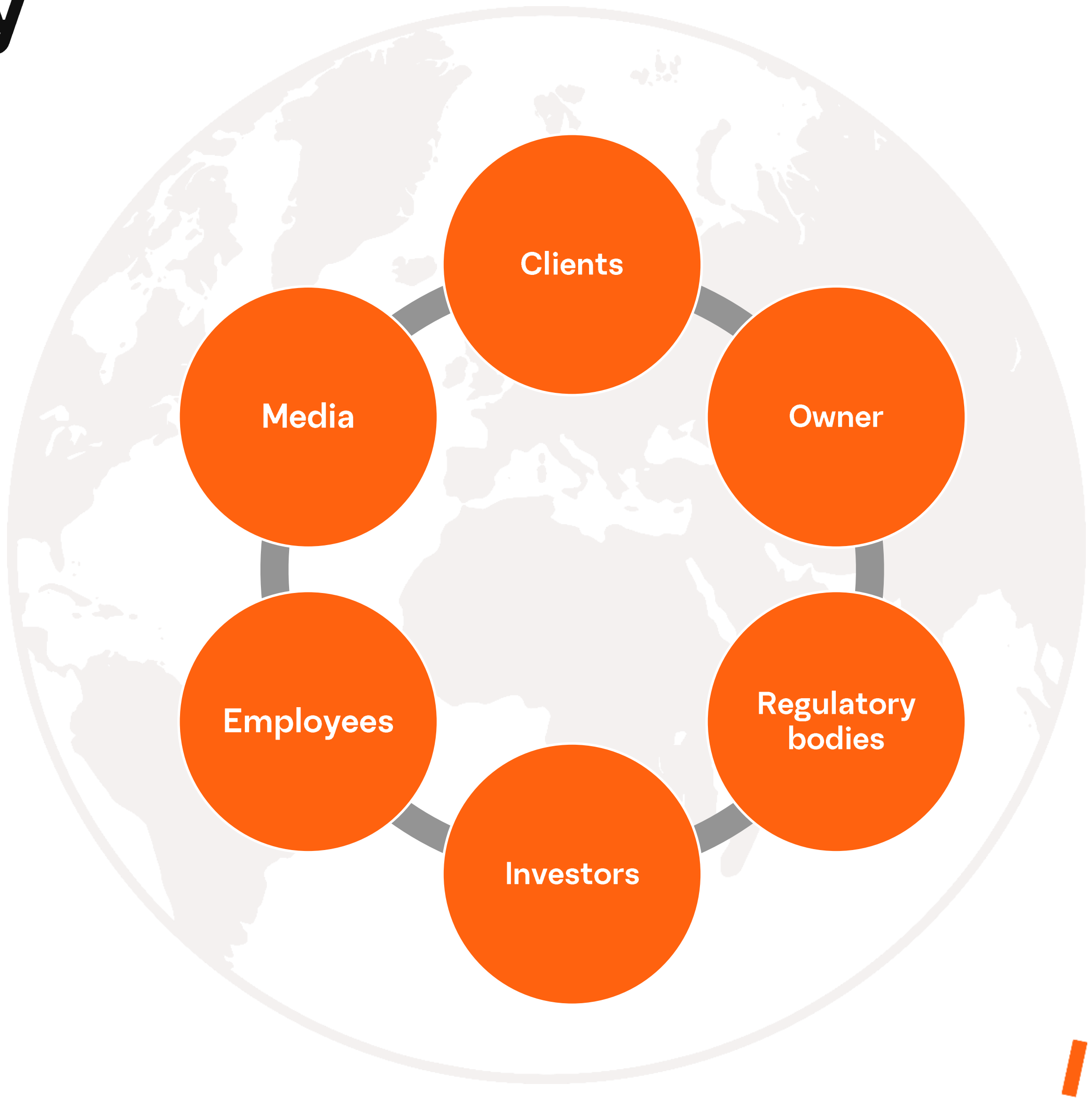
- Set a carbon emissions reduction target for 2025 in line with the Paris Agreement using the Science Based Target Methodology. Decided on climate compensating (carbon offset) every year for 100% of our measured emissions, making us a Net Zero financial actor
- Updated our supplier code to be more stringent, encompass additional sustainabilty areas and have clear consequences for non-compliance, as well as mechanisms for increased monitoring of our supply chain
- Became signatories of the Principles for Responsible Banking
- Completed an analysis of how future climate could impact our total portfolio based on increased seawater level (RCP8.5) and / or "100-year flows" (*Sw. 100-årsflöden")* in Swedish watercourses
- Updated ownership policy from the Swedish goverment with increased requirements on sustainability

SBAB's materiality analysis 2020

A new materiality assessment was conducted in line with GRI guidelines. This included a new stakeholder dialogue comprising interviews and surveys of key stakeholders such as Board members, Executive Management, business partners, investors, employees and customers. In addition, a new analysis determined relevant sustainability risks, trends and legislation to identify the areas where SBAB has greatest impact. Based on the stakeholder dialog and analysis, the Executive Management and Board updated SBAB's material sustainability topics and kickstarted a new strategic prioritization of our sustainability work and goals.

Growing responsibility

- Interest and requirements on ESG issues from all our key stakeholders are increasing, and we expect it to continue to do so in the future.
  - Owner: the State Ownership policy requires among other aspects increased focus on monitoring and working with climate risks and our requirements on our suppliers
  - Swedish Regulatory Body: the Financial Inspection Authority is developing how the financial sector reports on climate risks and effects
  - International Regulatory Body : the EU Taxonomy is including more stringent requirements on what investments can be classified as green
  - Investors: our investors are increasing vetting, requirements and information requested
  - Employees: working with ESG is key to employee engagement and retention
  - Media: the media is auditing and widely communicating on ESG scandals in the financial sector



INSIGHT: Impact reporting 2020

Outstanding Green Bonds

Issuer	Issue date	Amount issued	Format	Maturity	Coupon	ISIN	Framework
SBAB	16 June, 2016	SEK 1.0bn	Senior Unsecured	23 June, 2021	1.048%	XS1436518606	SBAB Green Bond Framework 2016
		SEK 1.0bn		23 June, 2021	3M Stibor +95 bps	XS1436728916	SBAB Green Bond Framework 2016
SBAB	4 October, 2017	SEK 1.0bn	Senior Unsecured	11 October, 2022	0.98%	XS1697577556	SBAB Green Bond Framework 2016
		SEK 750mn		11 October, 2022	3M Stibor +75 bps	XS1697766951	SBAB Green Bond Framework 2016
SCBC	23 January, 2019	SEK 6.0bn	Covered bond	28 March, 2024	0.75%	XS1943443769	SBAB Group Green Bond Framework 2019
SBAB	13 June, 2019	SEK 2.25bn	Senior Non-Preferred	06 June, 2024	3M Stibor +90 bps	XS2015229516	SBAB Group Green Bond Framework 2019
		SEK 0.75bn		06 June, 2024	1.0%	XS2015229862	SBAB Group Green Bond Framework 2019
SBAB	6 May, 2020	EUR 500 mn (equiv SEK 5.3 bn)	Senior Unsecured	13 may, 2025	0.50%	XS2173114542	SBAB Group Green Bond Framework 2019
Total		SEK 18.05 bn					

Green Bond Framework 2016

Eligible Green Loans

SEK 4.35 billion

Expected annual avoidance of GHG emissions

624 tCO_2e

Expected annual avoidance of GHG emissions per committed/disbursed SEK 1 million

0.14 tCO_2e

Green Bond Framework 2019

Eligible Green Loans

SEK 27.15 billion

Expected annual avoidance of GHG emissions

10 980 tCO_2e

Expected annual avoidance of GHG emissions per disbursed SEK 1 million

0.40 tCO_2e

Overview of SBAB Group Green Bond Framework 2019. Link to report

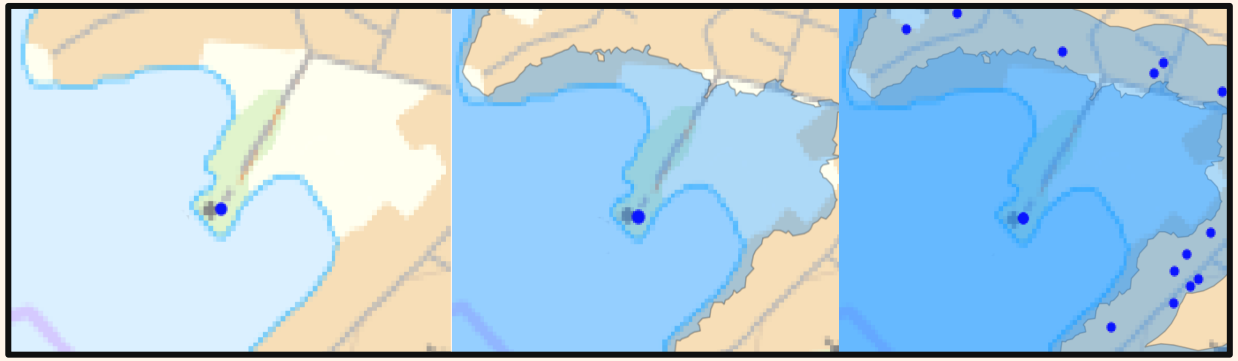
INSIGHT: Climate risk analysis

– Initial climate risk analysis of SBAB’s mortgage portfolio based on RCP8.5 (SMHI) & ”100-årsflöden” (MSB)

Comments

- In 2019, SBAB completed an initial analysis of how the future climate could impact the mortgage portfolio based on RCP8.5 (SMHI) & ”100-årsflöden” (MSB). The analysis indicates that rises in sea levels and the risk of flooding have limited impact on SBAB’s portfolio
- **Scenario 1:** Stressed scenario of collateral affected by increased seawater level (RCP8.5) and / or “100-year flows” (*Sw. 100-årsflöden”)* in Swedish watercourses
- **Scenario 2:** Stressed scenario described above +100 meters buffer
- **Result:** Small proportion of SBAB’s portfolio in risk zones

Aerial foto



Current | Stressed scenario | Stressed scenario + buffert

Sustainability ratings

ISS-Oekom

Prime C

ISS-Oekom Research AG has issued a sustainability rating of C (on a scale of A+ to D-) to SBAB. With this rating, SBAB classifies as ‘Prime’.

(Latest update in April 2018)

Imug

Positive BB

Imug Beratungsgesellschaft has issued a sustainability rating of positive BB (on a scale of AAA to DDD) to SBAB. SBAB ranks number 5 of 41 in its peer group (banks) and 22 of 121 in the region.

(Latest update in March 2020)

Sustainalytics

Low Risk

According to the ESG report from Sustainalytics, SBAB is at low risk of experiencing material financial impacts from ESG factors. SBAB ranks as having the 4th lowest risk out of 418 regional banks.

“The company is at low risk of experiencing material financial impacts from ESG factors, due to its low exposure and average management of material ESG issues. The company is not publicly held, which reduces its corporate governance risk compared to its peers. Its management has not resulted in significant controversies for the company and ultimately the company’s favorable risk assessment is due to its low exposure to ESG issues.”

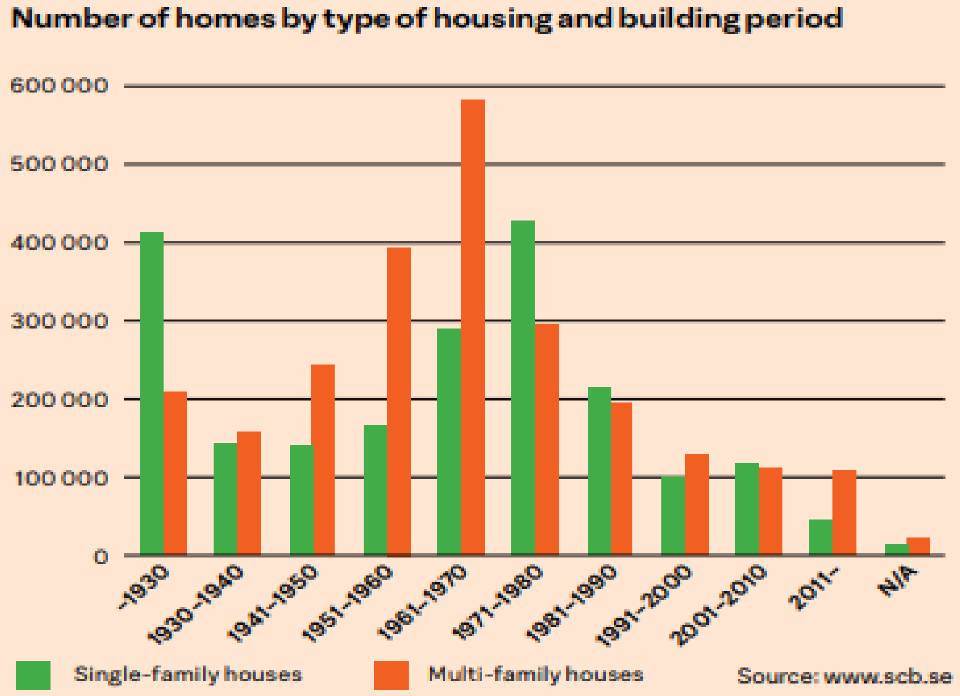
(Latest update in September 2020)

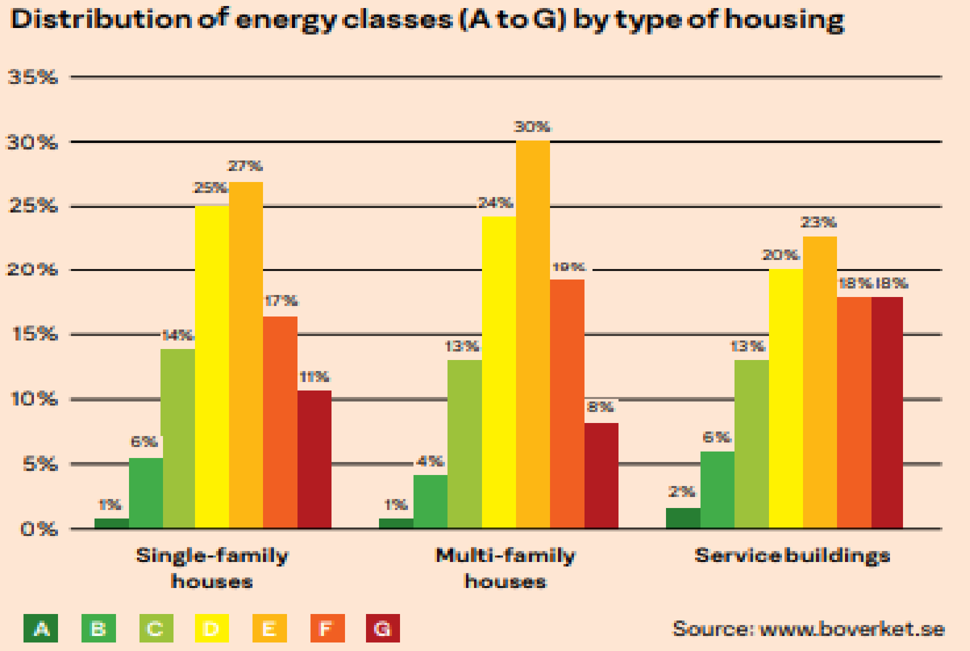
SBAB!

Together for the climate

- Homes account for a large proportion of the total energy consumption in Sweden. Many of them do not meet prevailing energy consumption requirements
- Building new homes accounts for a large share of Sweden's direct greenhouse gas emissions
- Through "Green mortgages" inspire our retail customers to make climate-smart choices. Since 2018 we have offered our Green Mortgages to customers who live in single-family homes or apartments in multi-family dwellings that have a valid energy performance certificate with energy class A, B or C, that is, in line with or above the energy consumption requirements placed on new builds in Sweden. The better the energy class, the greater the reduction to the mortgage rate
- At the end of 2020, 11,310 customers had a green mortgage with SBAB, the equivalent of a mortgage volume of SEK 26.5 billion or around **8.6%** of SBAB's total residential mortgage stock

A: ≤ 50% of the requirement for a new building
B: > 50 - ≤ 75% of the requirement for a new building
C: > 75 - ≤ 100% of the requirement for a new building





Guided by the sustainable goals

8 DECENT WORK AND ECONOMIC GROWTH

How we contribute to a more sustained, inclusive and sustainable growth, full and productive employment and decent work for all

- Job opportunities that help strengthen Sweden's GDP
- Ethical and labour requirements for our suppliers
- Actively working for a more inclusive workplace through increased respect and equality, such as through the Respekttrappan.se tool
- Proactively working to prevent non-objective salary differences and salary discrimination
- Spreading and increasing knowledge about issues pertaining to housing quality and household finances to strengthen the position of consumers in the market
- Working to ensure access to our customer offering for people with disabilities

11 SUSTAINABLE CITIES AND COMMUNITIES

How we make cities and human settlements more inclusive, safe, resilient and sustainable

- Financing the production of properties where they are needed, such as energy-efficient residential properties and new construction of sustainable residential neighborhoods. 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
- Cooperating with partners to reduce exclusion in the housing market
- Conducting industry collaboration to counteract and reduce tax avoidance in the construction industry and to ensure acceptable labor conditions for those working on the new construction projects that SBAB is part of financing
- Offering green loans and loans for green environmental and energy measures in homes and properties
- Educating and motivating our customers to buy and invest in measures to increase energy efficiency

12 RESPONSIBLE CONSUMPTION AND PRODUCTION

Some examples of how we ensure sustainable consumption and production patterns

- Providing know-how and education to our customers and the public to enable everyone to take wise decisions about housing and the residential mortgage market.
- Offering tools, services and information that help and inform our consumers on issues regarding housing and household finances.

13 CLIMATE ACTION

Some examples of how we take actions to combat climate change and its impact

- Offering green loans and mortgages for green environmental and energy measures in homes and properties
- Offering green bonds for financing in the capital market.
- Structured work to reduce our own carbon emissions from operations
- Completed and regularly updating analysis of how future climate could impact our total portfolio based on increased seawater level (RCP8.5) and / or "100-year flows" (*Sw. 100-årsflöden")* in Swedish watercourses
- Including sustainability criteria in the credit granting process property loans as part of the overall assessment
- Offering consultations to property companies and tenant-owners' associations about how residential properties can be more energy-efficient

SCBC!

Covered bonds of SBAB

Appendix III

About SCBC

SCBC! Covered bonds of SBAB

SCBC overview

- 100% owned subsidiary of SBAB Bank AB (publ)
- Long-term loans to Swedish households, property companies and tenant-owners' associations
- Licensed by the S-FSA to issue covered bonds (Säkerställda Obligationer) according to the Swedish Covered Bond Act
- Covered bonds rated Aaa by Moody's
- Details about the covered pool ("National Template") published monthly on sbab.se

Eligible cover pool assets

- SCBC does not conduct any new lending itself. Lending is originated by SBAB and assets are transferred to SCBC via a true sale on a continuous basis
- Large buffer in Cover Pool to a significant fall in house prices. Eligible assets in SCBC can be moved to cover pool to increase OC

Simulation of decline in house prices

Houseprice change	Eligible assets in cover pool (SEK bn)	WA LTV (%)	OC* (%)
0%	358.7	54.4	29.5
-5%	355.6	56.4	28.4
-10%	351.2	58.3	26.8
-15%	345.2	60.0	24.6
-20%	337.4	61.6	21.8
-25%	327.6	63.1	18.3
-30%	215.4	64.5	13.9

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

Key metrics

Cover Pool (SEK)
359bn

No. of loans
431,238

OC
29.5%

WA LTV
54.4%

Overview SCBC

SCBC!
Covered bonds of SBAB

The Swedish covered bond market

- One of the best functioning bond markets in the world
- The bond market has been open and well functioning throughout the crisis, providing reliability and liquidity
- Key distinction of the market is the tap issuance format via contracted market makers. Tap issuances can be made on a daily basis in small to medium sizes
- Market is supported by market makers with separate market making agreements and repo functionality providing issuers with enhanced liability management options
- Typically issuers start reducing their outstanding debt about 6-9 months before maturity via successive buy-backs and switches

Source: ASCB, Association of Swedish Covered Bond Issuers

SCBC Cover pool characteristics (from "National Template")

Collateral	*100% Swedish residential mortgages **
Over Collateralization	*29.0%*
Weighted average LTV	*54.4%*
Weighted average seasoning	*5.0 years*
Loans in arrears	*0.00%. Arrears below 0.01% (loans in arrears > 30 days are excluded from the Cover Pool)*
Number of loans	*431,238*
Average loan size	*SEK 832,717*
Geographical location	*Spread throughout Sweden; concentrated to economic hubs*
Pool type	*Dynamic*
Originator	*SBAB Bank Group*
Interest rate type	*58.0% floating, 42.0% fixed / 46.0% amortising, 54.0% interest only*

* Occasionally, minor volumes of substitute collateral consisting of AAA rated securities, can be included in the cover pool

The SCBC product

SCBC!
Covered bonds of SBAB

The limited activites of SCBC provide additional benefits to investors

Robust structure

- Strength of a regulated entity combined with a restricted activity vehicle reduces number of other potential creditors
- As a result, in addition to the eligible assets, investors also benefit from over-collateralisation provided by:
  - Non-eligible assets
  - Regulatory capital held by SCBC

Subordination of SBAB interests

- Fees for services provided by SBAB are subordinated to SCBC's senior creditors
- Where a mortgage certificate serves as collateral for 2 different mortgage loans, SBAB has subordinated its interest to SCBC

Loans in arrears

- Loans 30 days in arrears are normally removed from the cover pool in SCBC

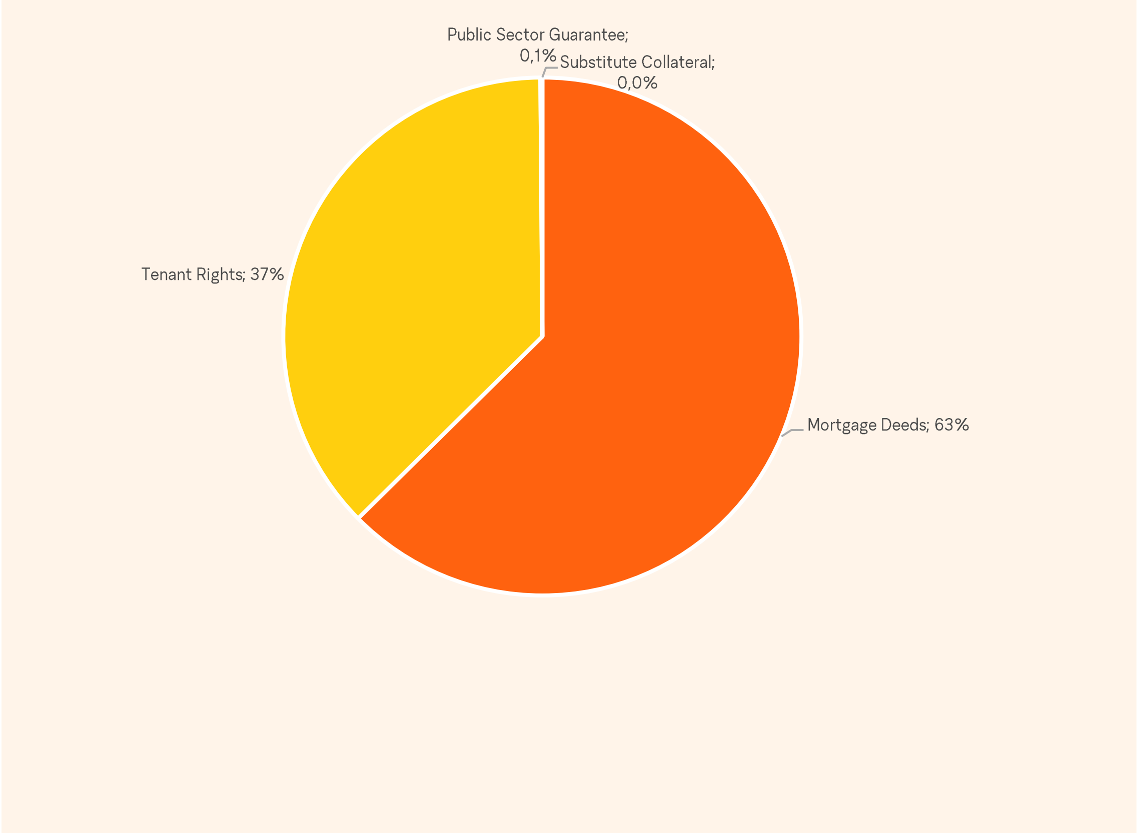
Other features

- Dynamic OC in compliance with Aaa requirements
- UCITS Compliant
- Swedish covered bonds are eligible for repo at Riksbank
- ECBC Harmonised Transparency Template, HTT
- National Template, NTT

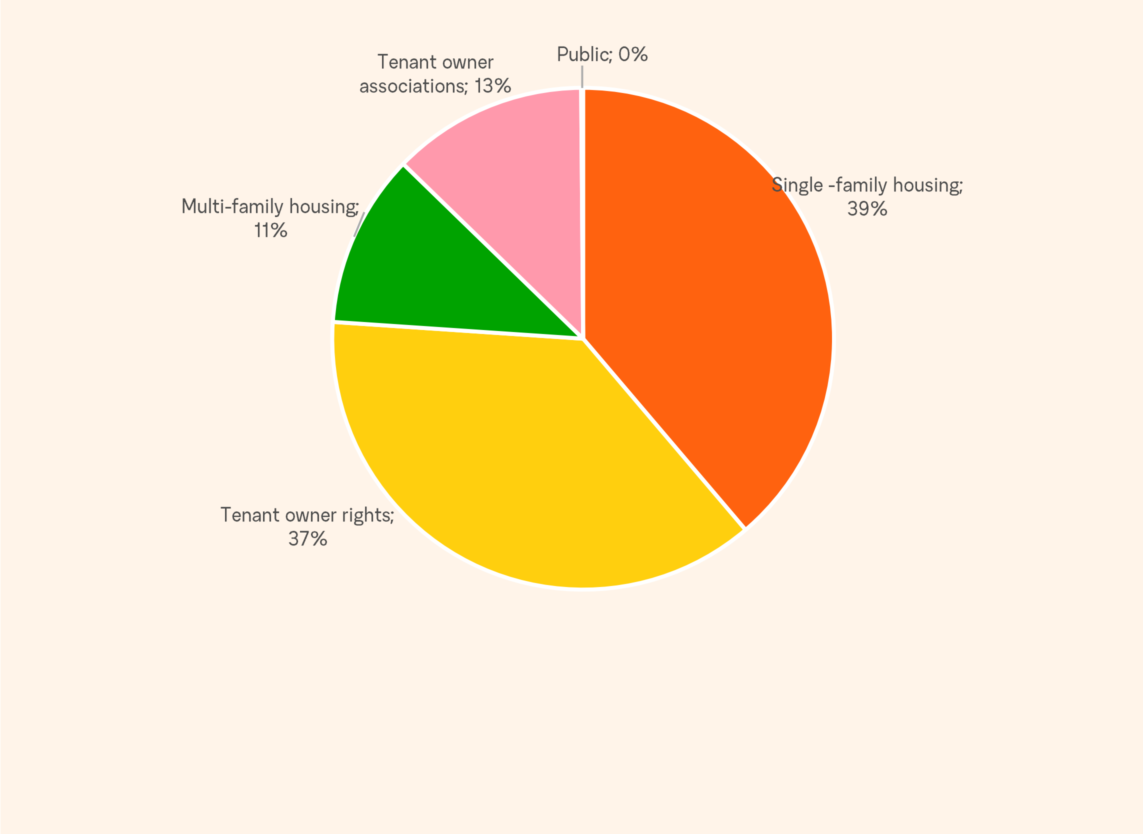
Cover pool characteristics (1/2)

SCBC!
Covered bonds of SBAB

Breakdown by collateral

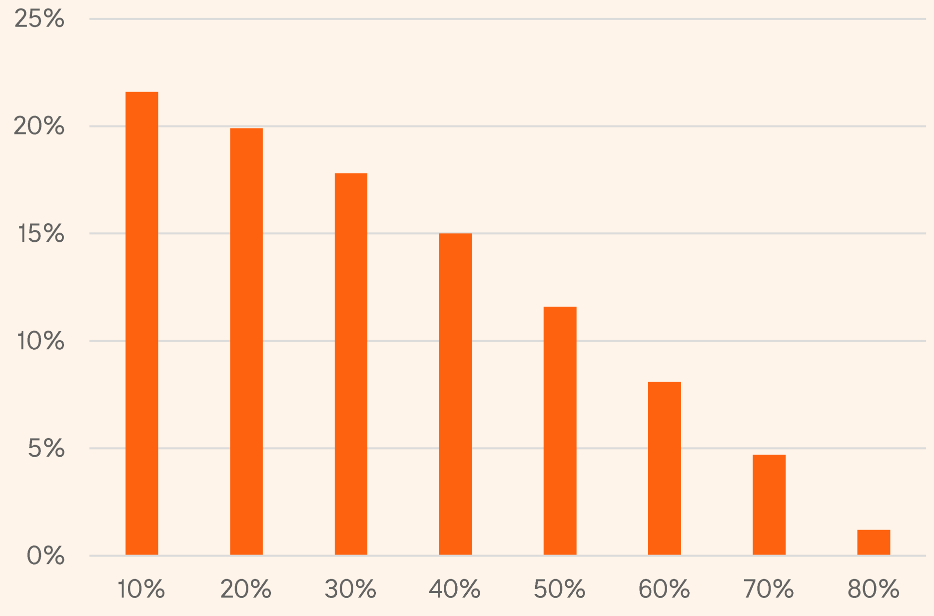


Breakdown by owner

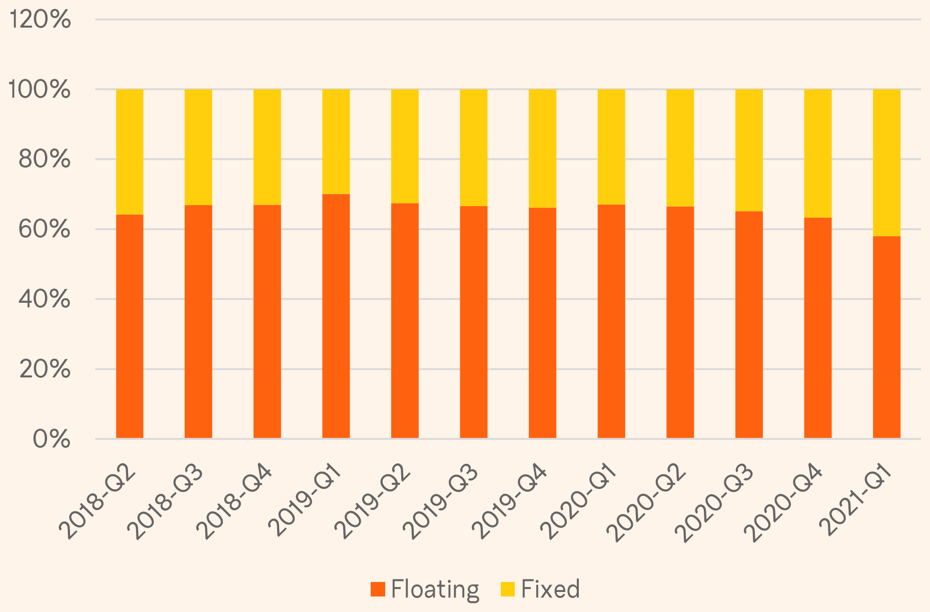


Cover pool characteristics (2/2)

Loan to value (LTV) distribution



Rate type



Appendix IIII: Other

SBAB’s impairment model

– SBAB applies four different scenarios in its ECL model

Sensitivity analysis of forward-looking information

Sensitivity analysis of forward-looking information

	Scenario 1 (45%)			Scenario 2 (25%)			Scenario 3 (15%)			Scenario 4 (15%)		
Factors	2020	2021	2022	2020	2021	2022	2020	2021	2022	2020	2021	2022
GDP[1]	2.3%	2.4%	2.1%	3.1%	4.1%	3.0%	-6.2%	3.1%	3.8%	-2.1%	-1.9%	1.3%
Repo rate	0.1%	0.1%	0.4%	0.1%	0.2%	0.5%	0.3%	0.5%	0.4%	1.1%	1.2%	1.2%
Unemployment	8.9%	8.1%	7.6%	8.7%	7.2%	6.4%	11.2%	11.1%	9.8%	9.4%	10.0%	10.3%
House prices, Δ	+1.9%	-0.9%	-2.2%	+2.2%	-0.8%	-2.1%	-10.4%	-12.2%	-3.4%	-15.4%	-15.3%	-16.0%
Prices of tenant-owners’ rights, Δ	+2.6%	-2.31%	-3.6%	+2.6%	-2.3%	-3.5%	-11.8%	-14.8%	-6.2%	-20.0%	-28.6%	-15.4%
Property prices, Δ	+2.3%	+3.6%	+2.4%	+2.5%	+3.5%	2.6%	-6.4%	-11.1%	-4.8%	-11.3%	-23.6%	-17.2%
ECL	77 mnkr			78 mnkr			162 mnkr			550 mnkr		
Weighted ECL[2]	161 mnkr											

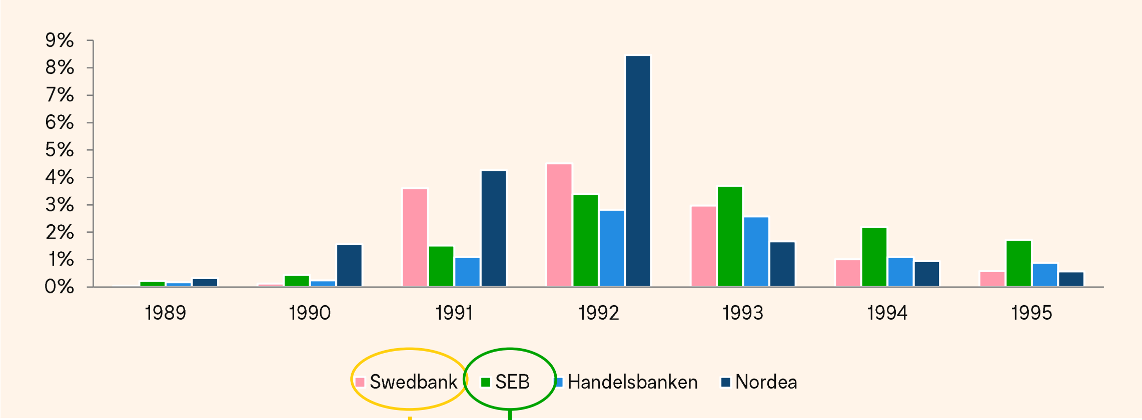
Comment

- SBAB applies four different scenarios in its impairment model;
  - Scenario 1: “Base” (45%)
  - Scenario 2: ”Base Downside” (25%)
  - Scenario 3: “Very serious financial crisis (one in 25 years)” (15%)
  - Scenario 4: “Very severe financial crisis in combination with central government increased debt and troubled finances” (15%)
- Scenarios 1, 3 and 4 revised in Q3. Other scenarios, as well as the weighting between scenarios that applied in Q2, remain unchanged. The table shows the forward-looking information comprised of a weighting of four scenarios with projections of the macroeconomic factors applied in the impairment model
- SBAB has no ”upside case” but instead several different variations of negative stress scenarios to reflect the uncertain future

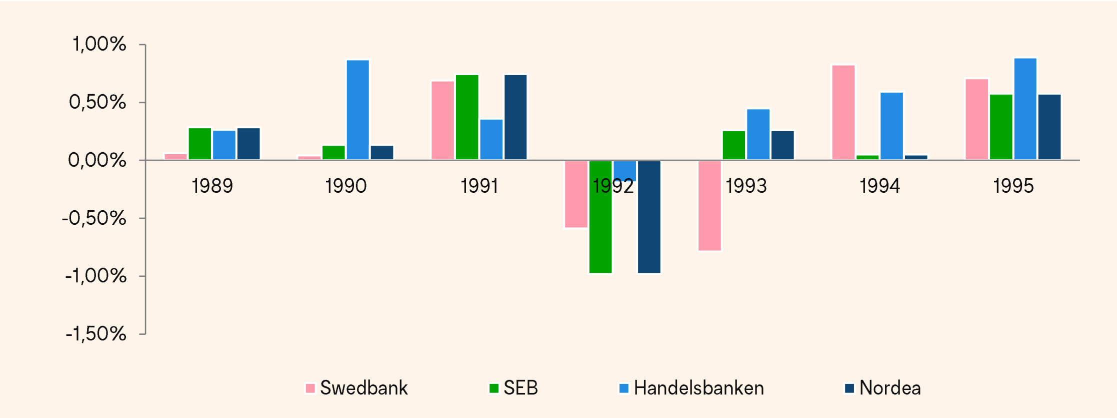
Loan losses during 1990's crisis

– Losses during the 90's crisis in Sweden shows the resilience of mortgages contrary to other asset classes

Loan Losses / Customer Loans



Net Income / Total Assets



Ranked by 1993 Loan Losses

	1992	1993
Construction operations	0.7 %	14.9 %
Real Estate Management	19.9 %	13.3 %
Wholesale & Retail	1.7 %	11.6 %
Transport	7.1 %	8.9 %
Manufacturing industry	3.3 %	7.5 %
Other	19.4 %	5.9 %
Multi-family homes in Spintab	0.9 %	0.7 %
Households	0.6 %	0.6 %

Ranked by 1993 Loan Losses

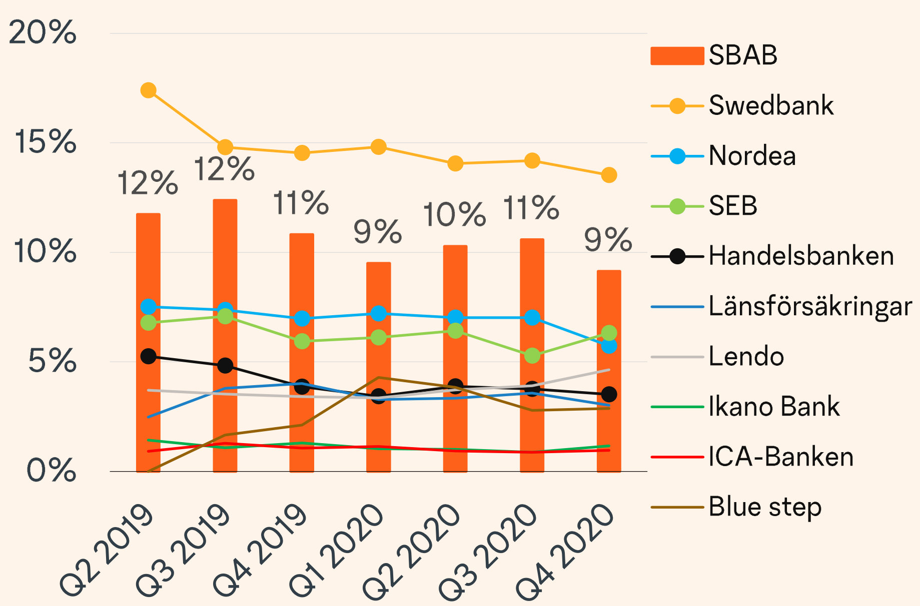
	1992	1993
Other service sectors	39.0 %	21.1 %
Wholesale & Retail, hotels and restaurants	3.9 %	8.6 %
Transportation	(0.2)%	8.2 %
Finance & Insurance	15.4 %	6.3 %
Construction	6.8 %	5.6 %
Property Management	4.6 %	4.4 %
Manufacturing	1.2 %	1.8 %
Other sectors	0.4 %	1.4 %
Households	1.1 %	0.9 %

Brand position

– Strong brand position supporting further growth & strengthened customer loyalty

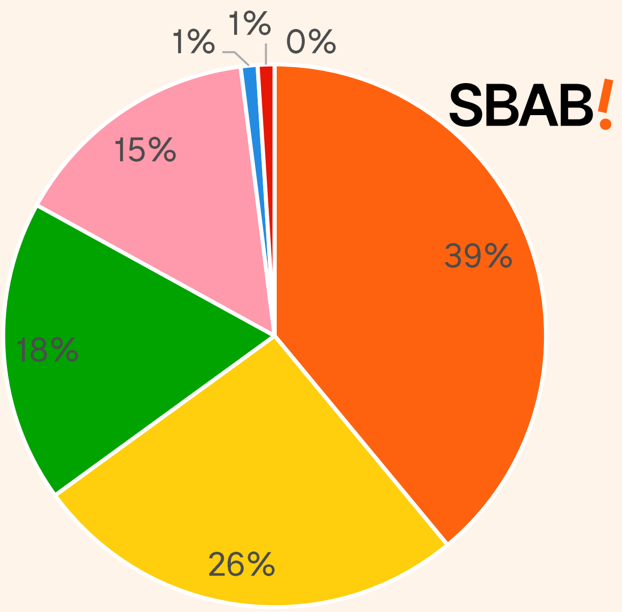
Strong brand recognition

Top of Mind Q4 2020
"Which companies offering mortgages do you know of?"
(first mentioned)

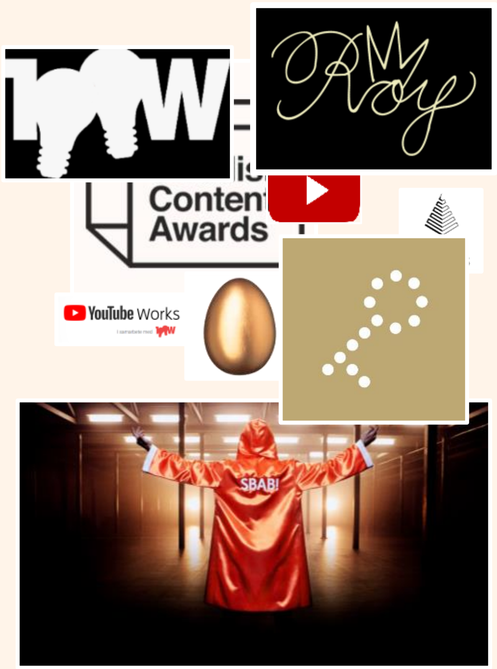


Strong media presence

Share of Voice Q2 2020
"Boendeekonomer"



Award winning communication



Source: Nepa & Kantar Sifo, Q4 2020

Financial targets from the owner

	Target	Result Q1 2021	Result 2020
Profitability: Return on equity over a business cycle	≥ 10%	12.7%	10.8%
Dividend: Ordinary dividend based on profit for the year after tax, taking the Group's capital structure into account	≥ 40%	40% (expected)	0% (revised)
Capitalisation: CET1 capital ratio and total capital ratio above regulatory requirement communicated by the Swedish FSA	CET1 capital ratio: ≥ 0.6%	5.1%	5.4%
	Total capital ratio: ≥ 0.6%	5.5%	5.4%

* *In relation to expected (internally estimated) capital requirement from the Swedish FSA as of 31 December 2020 (CET1 capital ratio requirement: 8.0% & Total capital ratio requirement: 12.2% vs. Actual CET1 capital ratio: 13.1% & Actual total capital ratio: 17.7%)*

SBAB's rating composition for senior debt

Moody's

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

STANDARD & POOR'S RATINGS SERVICES
McGRAW HILL FINANCIAL

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

Thank you!

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Financial calender	
Interim Report Jan-Jun 2021	16 July 2021
Interim Report Jan-Sep 2021	26 October 2021
Year-end Report 2021	3 February 2022

DISCLAIMER

SBAB!