MOODY'S RATINGS

CREDIT OPINION

24 April 2026

Update

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RATINGS

SBAB Bank AB (publ)

Domicile	STOCKHOLM, 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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CLIENT SERVICES

SBAB Bank AB (publ)

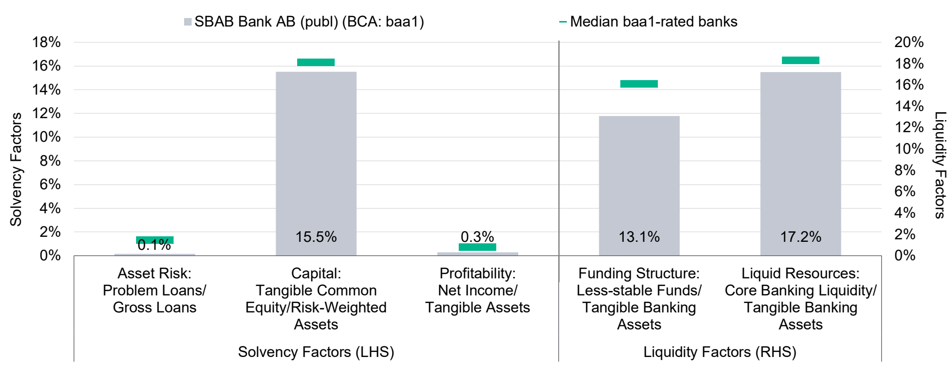
Update following upgrade of long-term deposit rating

Summary

SBAB Bank AB (publ)'s (SBAB) Aa3 long-term deposit ratings and A1 senior unsecured debt rating reflects the bank's standalone creditworthiness, expressed in a baa1 Baseline Credit Assessment (BCA); very low loss-given-failure, resulting in a three-notch uplift for deposit ratings and a two-notch uplift for senior unsecured debt; and a moderate probability of support from its owner, the Government of Sweden (Aaa stable), which results in an additional notch of uplift.

SBAB's baa1 BCA reflect the bank's retail focus on prime low-risk Swedish mortgages, with very strong asset quality and strong risk weighted capital position, along with stable but moderate profitability. This is balanced against an increasing share of mortgages to residential multifamily dwellings, which we consider to be more risky than household mortgages, and SBAB's higher capital leverage than peers. The bank's funding profile is sound with longer term covered bonds and retail savings deposits as primary sources of funding.

Exhibit 1
Rating Scorecard - Key financial ratios



These represent our Banks Methodology scorecard ratios, whereby asset risk and profitability reflect the weaker of either the three-year average or the latest annual figure. Capital ratio is the latest reported figure. Funding structure and liquid resource ratios reflect the latest fiscal year-end figures.
Source: Moody's Ratings

Credit strengths

» Very strong asset quality

» Robust risk-based capitalisation and stress capital resilience

» Efficient mortgage lender

Credit challenges

» Moderate profitability related to being a low risk mortgage lender

» Low leverage ratio

» High reliance on market funding, similar to most domestic peers

» Monoline franchise, focusing on residential real estate finance

Outlook

The stable outlook for SBAB's long-term deposit ratings reflects our expectation that the reduced loss severity for these liabilities will not change materially over the outlook horizon. Furthermore, the stable outlook reflects our expectation of a broadly unchanged financial profile of the bank.

The stable outlook for SBAB's senior unsecured debt and long-term issuer ratings reflects our expectation that the bank will successfully adapt its liability structure, resulting in no material deterioration of the loss severity. Furthermore, the stable outlook reflects our expectation of a broadly unchanged financial profile of the bank.

Factors that could lead to an upgrade

SBAB's BCA and ratings could be upgraded following markedly lower capital leverage; or an increased business diversification, likely through a diversification of products offered, without a corresponding increase in the bank's risk profile.

The bank's long-term senior unsecured debt and issuer ratings could be upgraded following significantly increased volumes of loss absorbing liabilities, resulting in lower loss severity under our Advanced LGF. SBAB's long-term deposit ratings would not benefit from a further improvement in the bank's liability structure because they already benefit from the highest possible uplift under our Advanced LGF analysis.

Factors that could lead to a downgrade

SBAB's BCA, and thus the ratings, could be downgraded following a deterioration in the bank's capitalisation; or a deterioration in the bank's credit metrics; or if its risk profile were to increase because of increased exposure to more volatile sectors.

Additionally, the bank's senior unsecured and issuer ratings could be downgraded if it fails to issue sufficient volumes of subordinated and senior issuance to protect current notching under our Advanced LGF analysis on a forward looking basis.

Key indicators

Exhibit 2
SBAB Bank AB (publ) (Consolidated Financials) [1]

	12-25[2]	12-24[2]	12-23[2]	12-22[2]	12-21[2]	CAGR/Avg.[3]
Total Assets (SEK Million)	644,120.0	642,143.0	629,256.0	601,473.0	552,470.0	3.9[4]
Total Assets (USD Million)	69,870.3	58,116.4	62,439.5	57,725.7	61,067.0	3.4[4]
Tangible Common Equity (SEK Million)	23,405.0	22,451.0	21,549.0	20,426.0	19,177.0	5.1[4]
Tangible Common Equity (USD Million)	2,538.8	2,031.9	2,138.3	1,960.4	2,119.7	4.6[4]
Problem Loans / Gross Loans (%)	0.1	0.2	0.1	0.1	0.0	0.1[5]
Tangible Common Equity / Risk Weighted Assets (%)	15.5	13.3	13.0	13.3	13.8	13.8[6]
Problem Loans / (Tangible Common Equity + Loan Loss Reserve) (%)	3.4	3.8	3.4	1.8	1.2	2.7[5]
Net Interest Margin (%)	0.7	0.8	0.8	0.8	0.7	0.8[5]
PPI / Average RWA (%)	1.5	1.5	1.7	1.7	1.8	1.7[6]
Net Income / Tangible Assets (%)	0.3	0.3	0.3	0.3	0.4	0.3[5]
Cost / Income Ratio (%)	51.3	48.8	43.5	43.0	37.0	44.7[5]
Gross Loans / Due to Customers (%)	206.0	210.3	240.6	279.4	322.3	251.7[5]
Core Banking Liquidity (HQLA) / Tangible Banking Assets (%)	17.2	16.3	--	--	--	16.7[5]
Less-stable Funds (LCR) / Tangible Banking Assets (%)	13.1	17.2	--	--	--	15.1[5]

[-] Further to the publication of our revised methodology in July 2021, only ratios from annual 2020 onwards included in this report reflect the change in analytical treatment of the "high-trigger" Additional Tier 1 instruments. [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 because of the scale of reported amounts. [4] Compound annual growth rate (%) based on the periods for the latest accounting regime. [5] Simple average of periods for the latest accounting regime. [6] Simple average of Basel III periods.
Further to the publication of our revised methodology in November 2025, only ratios from annual 2024 onwards included in this report apply reported risk weights for all exposures, discontinuing our previously applied standard adjustment for certain government securities. Sources: Moody's Ratings and company filings

Profile

SBAB Bank AB (publ) (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 license and began developing banking products and services. Subsequently, it was renamed SBAB Bank AB (publ). The bank remains wholly owned by the Government of Sweden.

SBAB is a digital bank that provides residential mortgages, loans and savings accounts to individuals, corporates and tenant-owner associations throughout Sweden. As of year-end 2025, SBAB's reported a market share in terms of Swedish retail mortgage lending of 8.8%. In 2020, SBAB initiated a push to increase its share of lending to residential property management companies, and at year-end 2025, had a market share of 18%, with a target of 20% of the market.

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

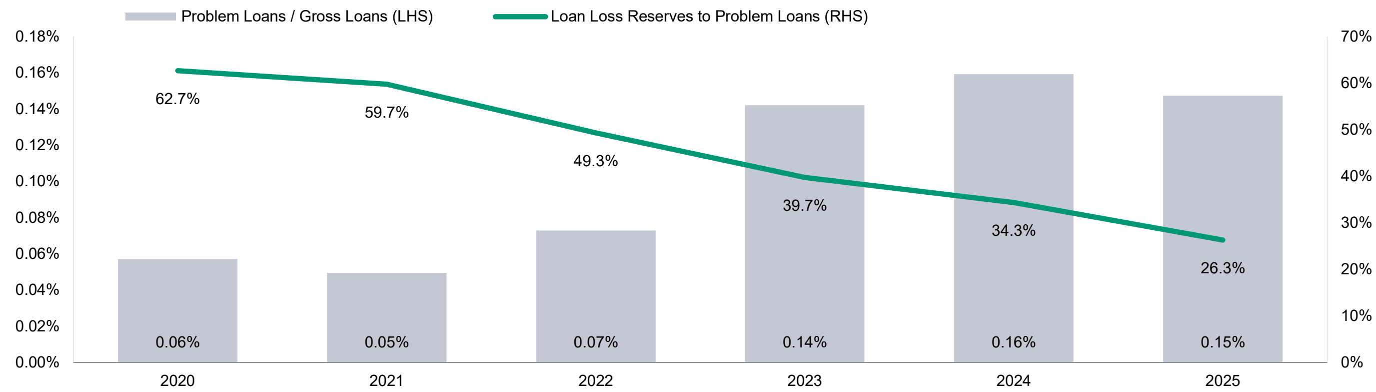
Detailed credit considerations

Very strong asset quality

We assign an aa3 asset risk score that reflects our Problem Loans to Gross Loans ratio of 0.1%, which we consider to be Very Strong, and adjust for the a high exposures to residential CRE at 447% to TCE as of December 2025. The asset risk score also captures the low risk residential household lending in Sweden, with an extremely strong track record of low losses.

We expect SBAB's asset quality to remain strong, supported by its strategic focus on low-risk mortgage lending in Sweden. The bank has consistently maintained exceptionally low levels of problem loans over time. As of the end of December 2025, the ratio of problem loans (classified as stage 3 under IFRS 9) was a very low 0.15%. Loan write-offs are typically negligible, reflected in a write-offs to gross loans ratio of 0.00% since 2018, when this metric was first recorded in Moody's adjusted figures.

Exhibit 3
Asset quality evolution



Source: Bank's disclosures, Moody's Ratings

SBAB's loan book is concentrated in household mortgages (69%), with residential CRE (19%), tenant-owner associations (11%) and limited unsecured lending as of December 2025. Average LTVs are moderate at around 60% for real estate exposures and 61% for household mortgages, well below the 90% regulatory cap. Recent easing of Swedish credit rules, including a higher LTV cap and lower amortisation requirements from 1 April 2026, is expected to gradually increase LTVs on new lending.

Retail mortgage growth reached 3.2% year-on-year in December 2025, ahead of the market at 2.8%, with SBAB holding an 8.8% market share, the largest among challengers. Variable-rate loans dominate at 87.6%. Residential CRE exposure has increased to SEK104.6 billion (19.2% of loans) in 2025 from SEK68.7 billion in 2021, partly reflecting refinancing pressures in capital markets. Asset performance remains strong with low vacancies and losses, although slower rent repricing than for inflation-linked offices has weighed on interest coverage during the rate hiking cycle.

While SBAB's concentration in real estate weighs on asset risk, this is mitigated by low LTVs, and a long record of minimal loan losses.

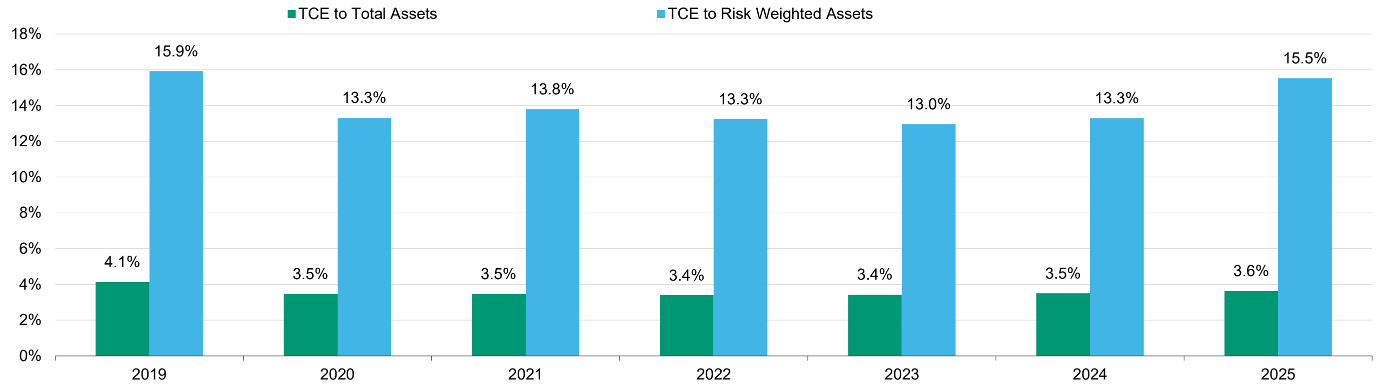
Robust risk-based capitalisation and stress capital resilience, but low leverage ratio

We assign a baa1 score for capital that reflects our Tangible Common Equity to Risk Weighted Assets score of 15.5%, which we consider to be Strong, and is adjusted for the bank's use of advanced Internal Ratings-Based (IRB) approach, which leads to lower risk weights compared to peers that use the standardised approach and its high leverage with tangible common equity to tangible assets ratio at around 3.6%[1].

We view SBAB's capital position as strong, given its low risk profile. As of the end of December 2025, SBAB reported a Common Equity Tier 1 (CET1) capital ratio of 14.2%. The regulatory CET1 requirements was 10% at end of December 2025, giving SBAB a buffer of 420 basis points (bps), well in excess of their CET1 capital target of 11.0-13.0%. SBAB's total regulatory capital requirement as of the end of December 2025 was 14.3% including a Pillar 2 requirement of 1.8%. The bank specific Pillar 2 requirement relates to credit related concentration risk, interest-rate risk in other operations, and real estate exposures.

SBAB had a tangible common equity to risk weighted assets ratio of 15.5% by end of December 2025. SBAB has a total leverage ratio requirement of 3.15% (including the 0.15% Pillar 2 Guidance), and SBAB's reported leverage ratio was 4.3% as of December 2025.

Exhibit 4
SBAB's capital ratios over time



The exhibit shows Moody's-adjusted figures.
Source: Moody's Ratings

SBAB's capital is resilient in supervisory stress tests, and the bank performs as one of the strongest under the European Banking Authority's EU wide stress test. The bank manages its capital prudently, with the owner, the Government of Sweden, ensuring that SBAB remains well capitalized at all times.

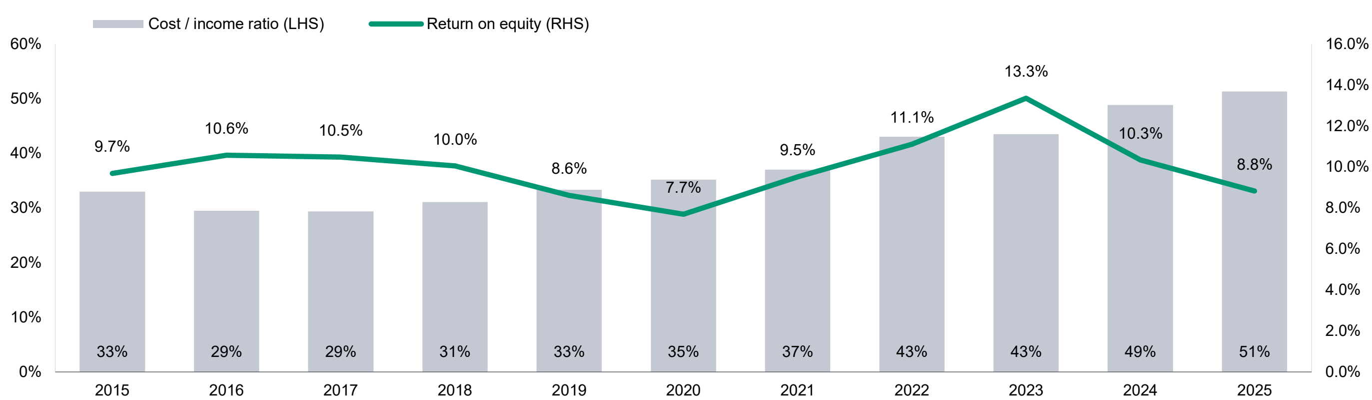
Stable, but moderate profitability related to being a low risk and efficient mortgage lender

We assign a ba1 score for profitability that reflects our Net Income to Tangible Assets of 0.3%, which we consider to be Weak, and is adjusted positively, reflecting the bank's relative earnings stability.

SBAB presented stable earnings for full-year 2025, which resulted in a reported return on equity of 9.5% only slightly below the bank's long-term target of 10%.

SBAB reports higher earnings stability than many peers, with Moody's Earning Volatility ratio at 6.5% at the end of December 2025. The net income-to-tangible assets ratio remained steady at 0.3% for full-year 2025. SBAB operates efficiently without a retail branch network. Although the bank's adjusted cost-to-income ratio has deteriorated over the past four years due to rising bank taxes, higher operating costs, and IT investments, it remained relatively low at 51.3% as of year-end 2025, up from 48.8% as of year-end 2024. Excluding risk tax and resolution fees, the full-year 2025 ratio was 37%. Because SBAB only attracts savings deposits, it does not hold low-interest current account deposits—a key difference from larger banks offering transaction accounts. As a result, SBAB has been unable to expand its interest rate margins to the same extent as its larger Swedish peers following policy rate increases.

Exhibit 5
2025 earnings were negatively affected by lower net interest income and increase in operating costs



Moody's adjusted figures
Source: Moody's Ratings

Stable funding sources, primarily sourcing funds through covered bonds and deposits

We assign an a3 score for funding structure, two notches below the initial score, that reflects our Less Stable Funds to Tangible Banking Assets ratio of 13.1% which we consider to be Strong and is adjusted for SBAB's more price sensitive depositor base compared to larger banks with transaction accounts. SBAB has a granular deposit base with a high share of deposits from private individuals, primarily savings accounts, accounting for 78% of total deposits. Deposit funding has steadily increased over recent years and now represents 44% of total funding sources, following covered bonds at 49%.

The bank benefits from well-laddered maturities of outstanding securities supported by stable annual issuances of both covered and senior bonds, including benchmark transactions, maintaining a regular presence in the EUR market. SBAB's funding profile remains predominantly SEK-based (84.0%) and complemented by 16.0% in EUR.

Covered bonds (rated Aaa) accounted for approximately 87% of issued debt securities, and around 78% of these were SEK denominated as of the same date. This debt class benefits from a deep local market with stable domestic investors and the ability to tap the market on a daily basis, and we reflect these strengths by viewing covered bonds denominated in local currency as a particularly stable source of funding for all Swedish banks.

Sound liquidity

SBAB's liquidity position is sound, as captured by the baa1 assigned Liquid Resources score, one notch below the initial score. Moody's calculated core banking liquidity consists of high quality liquid assets (HQLA), which totaled SEK111 billion at the end of 2025, equivalent to 17.2% of its tangible banking assets. As of year-end 2024 HQLAs amounted to SEK104 billion (16.3% of TBAs).

SBAB's reported liquidity coverage ratio and net stable funding ratio was a high 225% and 128% respectively at end 2025, well above regulatory levels at 100%.

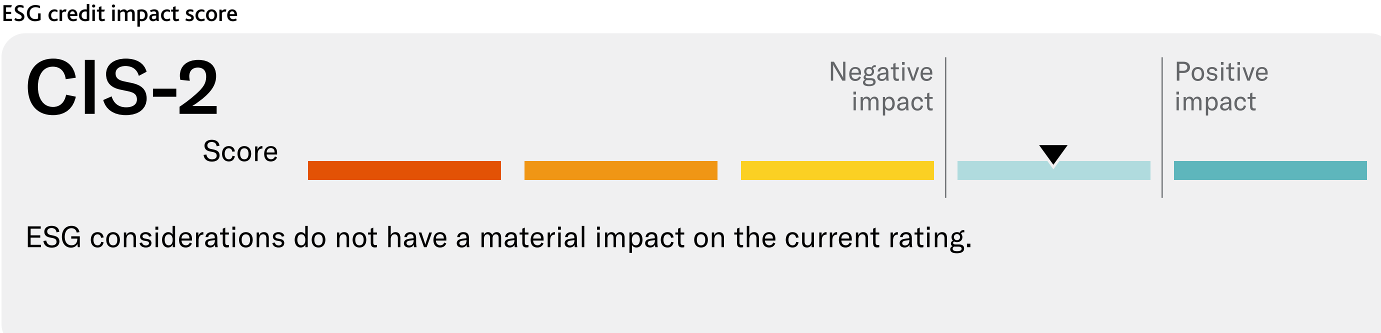
Monoline franchise, focusing on residential real estate finance

Similar to that for other rated entities focused on one activity, we apply a one-notch negative adjustment for lack of business diversification to SBAB's financial profile. This is to reflect the fact that the bank's revenue is mostly exclusively derived from its mortgage lending activities and SBAB's business model is less diversified than that of a full-service bank, an adjustment shared with other mortgage lenders.

ESG considerations

SBAB Bank AB (publ)'s ESG credit impact score is CIS-2

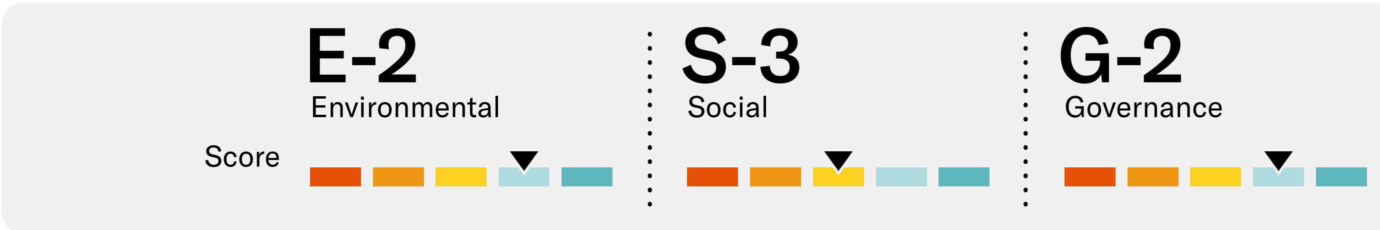
Exhibit 6
ESG credit impact score



Source: Moody's Ratings

SBAB's **CIS-2** reflects the limited impact of ESG considerations on the ratings.

Exhibit 7
ESG issuer profile scores



Source: Moody's Ratings

Environmental
SBAB faces low environmental risks, specifically in relation to carbon transition risks. This is because of the structure of its loan book, predominantly composed of mortgages, and with a negligible exposure to corporate lending, which typically carry higher carbon transition risk.

Social
SBAB faces moderate social risks related to regulatory and litigation risks, requiring high compliance standards. These risks are mitigated by the bank's developed policies and procedures. High cyber and personal data risks are mitigated by the bank's strong IT framework. SBAB has exposure to customer relations risks because data security and customer privacy are critical for banks due to access of large amounts of personal data. These areas are becoming increasingly important as banks' online businesses expand and regulatory standards tighten. Sizable investments in technology and SBAB's long track record of handling sensitive customer data, as well as appropriate culture and governance and compliance functions that ensure adherence to regulatory standards, help to mitigate the associated credit risk.

Governance
SBAB has low governance risks. Although SBAB is owned by the Swedish government, the bank's corporate governance practices follow general standards, without any evidence of intrusive government interference. In addition, Sweden's developed institutional framework mitigates the associated governance risks.

ESG Issuer Profile Scores and Credit Impact Scores for the rated entity/transaction are available on Moodys.com. In order to view the latest scores, please click here to go to the landing page for the entity/transaction on MDC and view the ESG Scores section.

Support and structural considerations

Loss Given Failure (LGF) analysis
We consider SBAB to be domiciled in an operational resolution regime. Our Advanced LGF analysis reflects that full depositor preference over senior debt creditors will be implemented in the EU by early 2028.

For this analysis, we assume that equity and losses are at 3% and 8%, respectively, of tangible banking assets in a failure scenario. We also assume a 25% run-off of junior wholesale deposits and a 5% run-off of preferred deposits. These are 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%, compared to our standard assumption of 26%, because of their largely retail-oriented depositor base.

Our Advanced LGF analysis indicates an extremely low loss given failure for junior depositors and very low loss severity for senior unsecured creditors, resulting in a three-notch uplift for junior deposits and a two-notch uplift for senior unsecured ratings, from the bank's baa1 Adjusted BCA.

The junior senior ratings (assigned on senior non-preferred unsecured debt) is positioned in line with the bank's Adjusted BCA. The Advanced LGF analysis indicates a moderate loss given failure, given the small volume of debt and limited protection from more subordinated instruments and residual equity.

Government support considerations

SBAB is fully owned by the Swedish government and has an important market share in the Swedish residential mortgage market. This guides our expectation of a moderate probability of government support for SBAB's deposit and senior unsecured debt, which results in a one notch rating uplift for these debt classes.

Methodology and scorecard

About Moody's Bank Scorecard

Our scorecard is designed to capture, express and explain in summary form our Rating Committee's judgement. When read in conjunction with our research, a fulsome presentation of our judgement 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 8
Rating Factors

Macro Factors							
Weighted Macro Profile	**Strong +**	**100%**					

Factor	Historic Ratio	Initial Score	Expected Trend	Assigned Score	Key driver #1	Key driver #2
Solvency						
Asset Risk						
Problem Loans / Gross Loans	0.1%	aa1	↔	aa3	Long-run loss performance	Sector concentration
Capital						
Tangible Common Equity / Risk Weighted Assets (Basel III - transitional phase-in)	15.5%	a2	↔	baa1	Nominal leverage	Recognition of risk-weighted assets
Profitability						
Net Income / Tangible Assets	0.3%	ba2	↔	ba1	Earnings stability	
Combined Solvency Score		a2		a3		
Liquidity						
Funding Structure						
Less-stable Funds / Tangible Banking Assets	13.1%	a1	↔	a3	Deposit quality	
Liquid Resources						
Core Banking Liquidity / Tangible Banking Assets	17.2%	a3	↔	baa1	Expected trend	
Combined Liquidity Score		a2		a3		
Financial Profile		a2		a3		
Qualitative Adjustments				Adjustment		
Business and Geographic Diversification				-1		
Complexity and Opacity				0		
Strategy, Risk Appetite and Governance				0		
Total Qualitative Adjustments				-1		
Sovereign or Affiliate constraint				Aaa		
BCA Scorecard-indicated Outcome - 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	305,607	47.5%	334,905	52.0%
Deposits	264,686	41.1%	237,688	36.9%
Preferred deposits	195,868	30.4%	186,074	28.9%
Junior deposits	68,818	10.7%	51,614	8.0%
Senior unsecured bank debt	21,300	3.3%	21,300	3.3%
Junior senior unsecured bank debt	23,800	3.7%	23,800	3.7%
Dated subordinated bank debt	2,000	0.3%	2,000	0.3%
Preference shares (bank)	7,000	1.1%	4,700	0.7%
Equity	19,311	3.0%	19,311	3.0%
Total Tangible Banking Assets	643,704	100.0%	643,704	100.0%

Debt Class	De Jure waterfall		De Facto waterfall		Notching		LGF Notching Guidance vs. Adjusted BCA	Assigned LGF notching	Additional Notching	Preliminary Rating Assessment
	Instrument volume + subordination	Sub-ordination	Instrument volume + subordination	Sub-ordination	De Jure	De Facto				
Counterparty Risk Rating	19.1%	19.1%	19.1%	19.1%	3	3	3	3	0	a1
Counterparty Risk Assessment	19.1%	19.1%	19.1%	19.1%	3	3	3	3	0	a1 (cr)
Deposits	19.1%	7.7%	19.1%	11.0%	2	3	3	3	0	a1
Senior unsecured bank debt	19.1%	7.7%	11.0%	7.7%	2	1	1	2	0	a2
Junior senior unsecured bank debt	7.7%	4.0%	7.7%	4.0%	0	0	0	0	0	baa1
Dated subordinated bank debt	4.0%	3.7%	4.0%	3.7%	-1	-1	-1	-1	0	baa2
Non-cumulative bank preference shares	3.7%	3.0%	3.7%	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	3	0	a1	1	Aa3	Aa3
Senior unsecured bank debt	2	0	a2	1	(P)A1	A1
Junior senior unsecured bank debt	0	0	baa1	0	Baa1	Baa1
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 Ratings

Ratings

Exhibit 9

Category	Moody's Rating
SBAB BANK AB (PUBL)	
Outlook	Stable
Counterparty Risk Rating	Aa3/P-1
Bank Deposits	Aa3/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	Baa1
Junior Senior Unsecured MTN	(P)Baa1
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 Ratings

Endnotes

1 SBAB's total Risk Weighted Exposure Amounts (RWEA) of SEK 150.8 billion are above the Basel output floor of SEK 132.7 billion, indicating that capital requirements are driven by modelled figures rather than the floor. Within credit risk, RWEAs of SEK 139.2 billion, compare with SEK 171.5 billion under a full Standardised Approach, underscoring the capital benefit of IRB modelling for mortgages, even with the 25% risk-weight floor for private residential mortgages that is significantly lower than the 75% risk weight applied under the Standardised Approach for loans with LTVs above 55%.

REPORT NUMBER 1480975

CLIENT SERVICES

Americas	1-212-553-1653
Asia Pacific	852-3551-3077
Japan	81-3-5408-4100
EMEA	44-20-7772-5454