

Investor Presentation

SBAB!

Q3 2021



Executive summary

Update Q3 2021 (compared to Q2 2021)

- Continued growth in total lending
- Credit losses remained low and amounted to SEK 5m (negative 4)
- Return on Equity amounted to 11.0% (11.3) and C/I ratio was 34.8%
- Total funding needs for 2021 expected to be around SEK 95 billion



Total lending, SEK bn

Total deposits, SEK bn

451

141

SBAB!
boappa!

booli!
En tjänst från SBAB
hittamäklare!
En tjänst från SBAB

11.0%
Return on equity

13.3%
CET1 capital ratio

0.00%
Credit loss level

34.8%
C/I ratio



Business overview

- Founded in 1985 & 100% owned by the Kingdom of Sweden
- Mortgage bank with >98% collateralized lending
- Straightforward business model (mortgage lending & savings) & customer operations only in Sweden
- 797 employees in five offices
- Two business areas;
 - Retail business area
 - Corporate Clients & Tenant-owners' Association's 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 the 2030 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 Sustainability Highlights and Targets

- Set a carbon emissions reduction target, 15% reduction of our measured emissions, in exclusion of IT equipment, by 2025
- Climate compensating (carbon offset) every year of 100% of our measured emissions
- SBAB will start by Q4 2021 to calculate our lending's total carbon emission footprint using the PCAF methodology
- Updated our supplier code to be more stringent, encompass additional sustainability areas and have clear consequences for non-compliance, as well as mechanisms for increased monitoring of our supply chain
- Principles for Responsible Banking impact analysis and report Q4 2021
- 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

Gold Standard



Climate compensation in 2020 was done through financing a wind power project in Aruba, an area that is currently largely dependent on coal energy. The project is certified Gold Standard, ensuring that the positive climate impact does not come at the expense of other sustainability aspects.



Sustainability ratings

Sustainalytics

Low Risk & Strong ESG Management

According to Sustainalytics, SBAB is at low risk of experiencing material financial impacts from ESG factors. Our current risk rating lowered, and our ESG Management score has significantly improved to strong compared to our last year's rating. Only 3 % of rated institutions score better.

"The company's ESG reporting is very strong and follows recognized best practices. It also has assigned responsibility for overseeing ESG issues at the board level. Additionally, its environmental policy is strong. Furthermore, it has established adequate standards on social supply chain issues. Moreover, its whistleblower programme is assessed as very strong. The company's overall management of material ESG issues is strong."

(Latest update in October 2021)

MSCI

AA

MSCI has issued a rating of AA (on a scale of CCC to AAA) to SBAB. SBAB scores significantly higher than industry averages for governance, consumer financial protection, privacy & data security and financing environmental impact.

As of January, 2021 SBAB has been upgraded from A to AA, where only 2% of MSCI constituents have a rating of AAA.

"SBAB Bank has established strong programs for protecting the rights and interests of its customers."

(Latest update in January, 2021)

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)

SBAB!



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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Business Update

Customer experience & ecosystem

- Residential mortgages & housing financing main focus and primary source of income
- Challenges for mortgages: differentiation (price) & frequency of engagement
- Strategy to strengthen customer relationship/loyalty by adding valuable services throughout the housing journey
- New brand profile launched in Q1 2020 in order to achieve a more unified and improved customer experience
- Acquisition of Boappa in Q2 2021 to strengthen the Ecosystem



Ecosystem of services relating to housing and household finances

Housing phase	Service	Brand
Dream & search	<ul style="list-style-type: none"> • Housing ads • Housing market information • Savings account 	 <small>En tjänst från SBAB</small> 
Buy	<ul style="list-style-type: none"> • Residential mortgages & housing financing • Home insurance (through partner) • Life insurance (through partner) • Legal advice (through partner) 	
Live	<ul style="list-style-type: none"> • Refinancing • Consumer loans • Housing cooperative management • Tenant communication 	 <small>En tjänst från SBAB</small> 
Sell	<ul style="list-style-type: none"> • Real estate broker recommendations • Housing valuation • Housing adds • Tax declaration advice (through partner) 	 <small>En tjänst från SBAB</small>  <small>En tjänst från SBAB</small>



User trends & digital presence

hittamäklare!

En tjänst från SBAB

Hittamäklare increased coverage



Registered real estate agents in Sweden using HittaMäklare's services

92%

Q3 21

89%

Q3 20

booli!

En tjänst från SBAB

Booli increase in traffic and engagement



Unique visitors per month (Q3) to booli.se

1,530,000

Q3 21

1,480,000

Q3 20

Subscribers of Booli's monthly housing valuation email

610,000

Q3 21

473,000

Q3 20

SBAB!

- sbab.se prized in October 2021 as "best commercial website" by Sitevision
- Motivation: "simplicity, clear design and user interface, all in all easy for visitors to find what they need and to become customers."



SBAB launched "Smart Lånelöfte" in Q4 2020

50,000

Unique customers who used Smart Lånelöfte since launch

10,000

Customers updated their Smart Lånelöfte at least once

4,53

Customer rating average (scale 1-5) from customers using our Smart Lånelöfte

Self-service refinancing

96%

Q3 21

83%

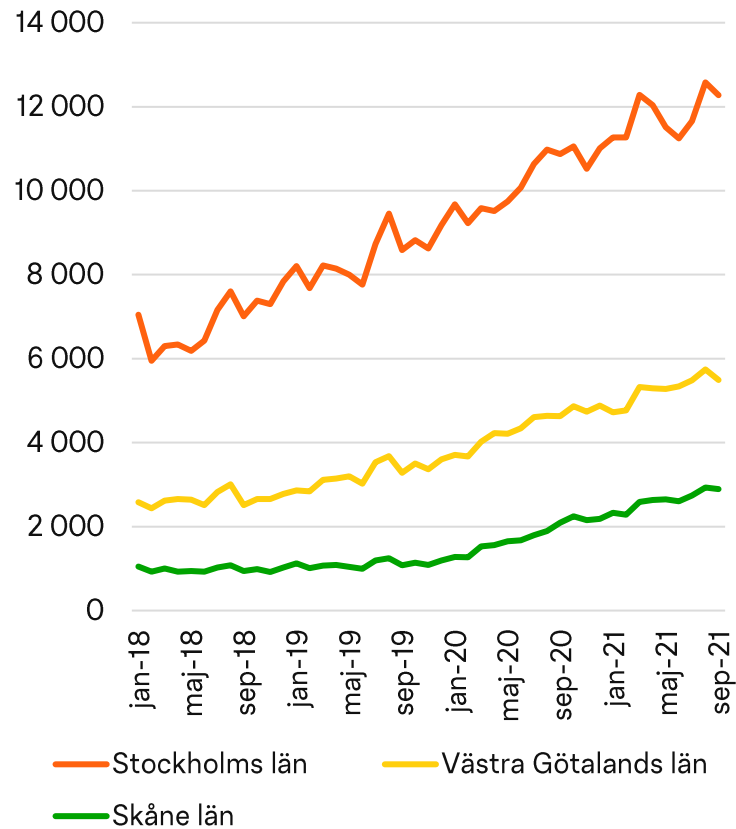
Q3 20

Share of all refinanced loans in Q3 that was performed in the app or internet bank through self-service

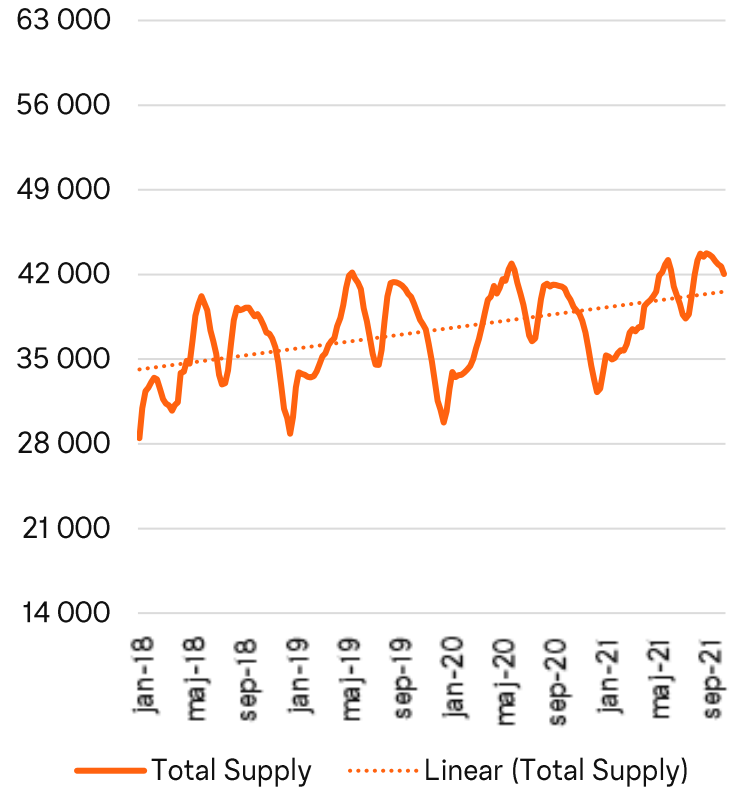


Booli housing supply coverage increasing

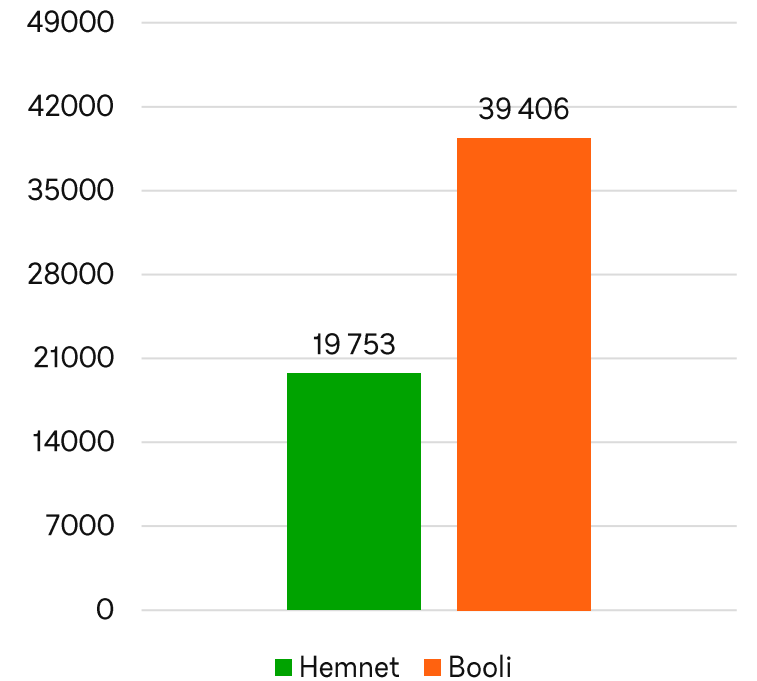
Housing supply "soon for sale" per geography



Total housing for sale supply

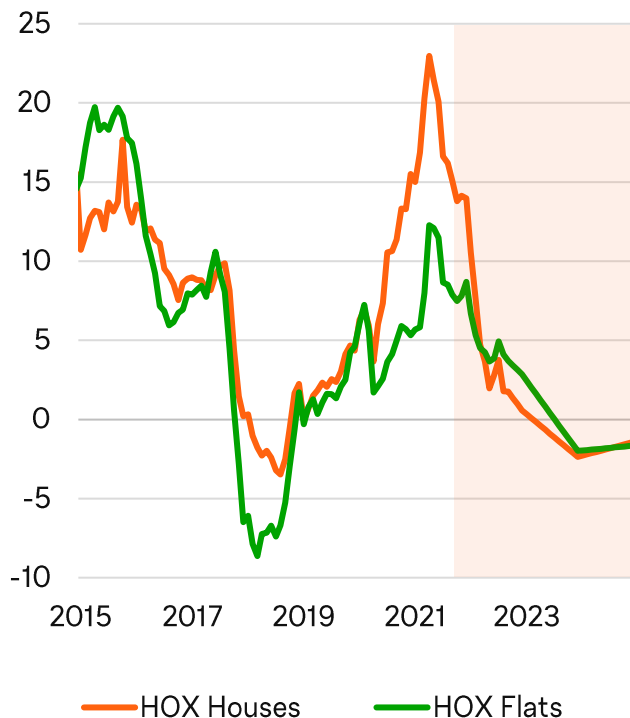


Total housing for sale supply, snapshot 22/10 2021



House prices - a slow down expected

House price development, YoY (%) and Housing price index (January 2005=100)



	Index Sep-21	Change since		
		1m	3m	12m
Sweden (HOX)	290	+0.3%	+1.1%	+12.4%
Flats	333	+0.6%	+0.9%	+7.9%
Stockholm	316	+1.2%	+1.1%	+7.6%
Gothenburg	364	0.2%	+0.4%	+5.6%
Malmö	303	-0.2%	-0.7%	+10.4%
Houses	283	+0.1%	+1.2%	+15.1%
Stockholm	284	+0.2%	+2.0%	+14.9%
Gothenburg	283	+1.2%	+0.4%	+15.7%
Malmö	271	+1.5%	+1.2%	+16.4%

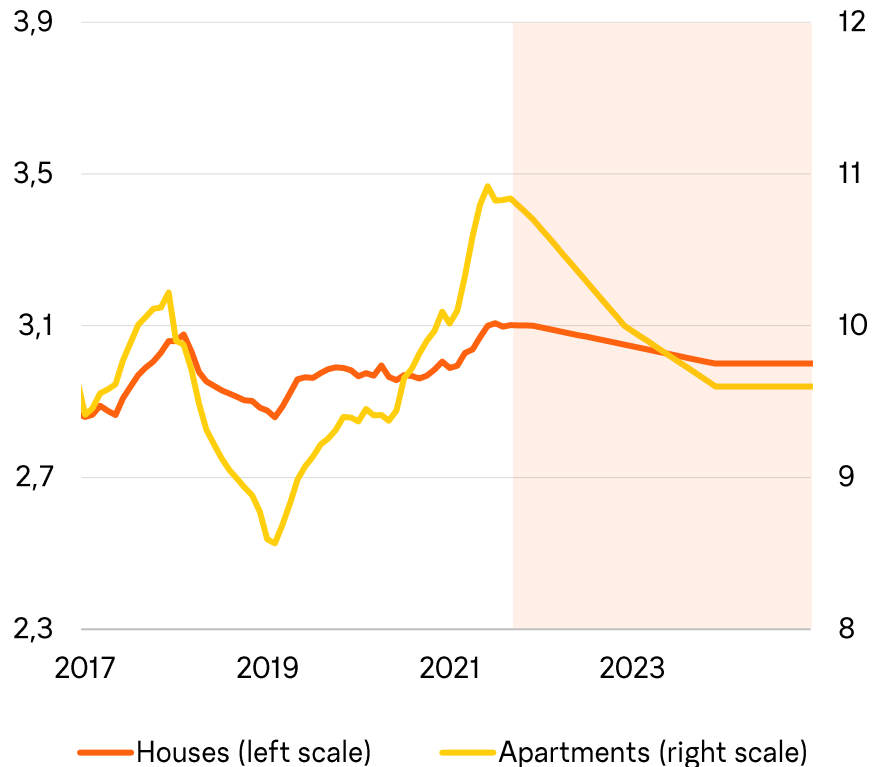
Stable prices in the coming years

- Housing prices have increased by an average of over 5% over the past ten years
 - There drop in 2017/18 has been followed by a strong development in 2020/21
- SBAB's forecast is that housing prices will level off in 2022, and then decline somewhat 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

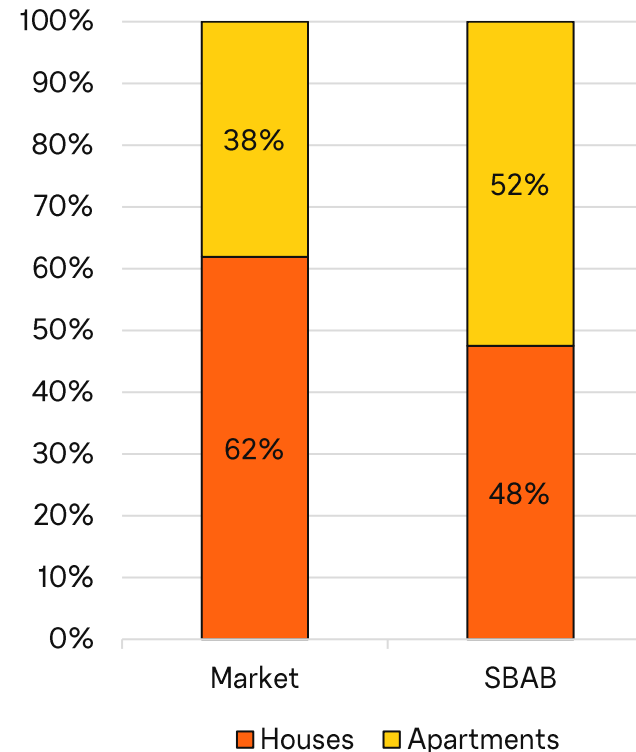


Apartment turnover on 5-year high

Housing turnover (%)



Share of Houses and Apartments (objects)



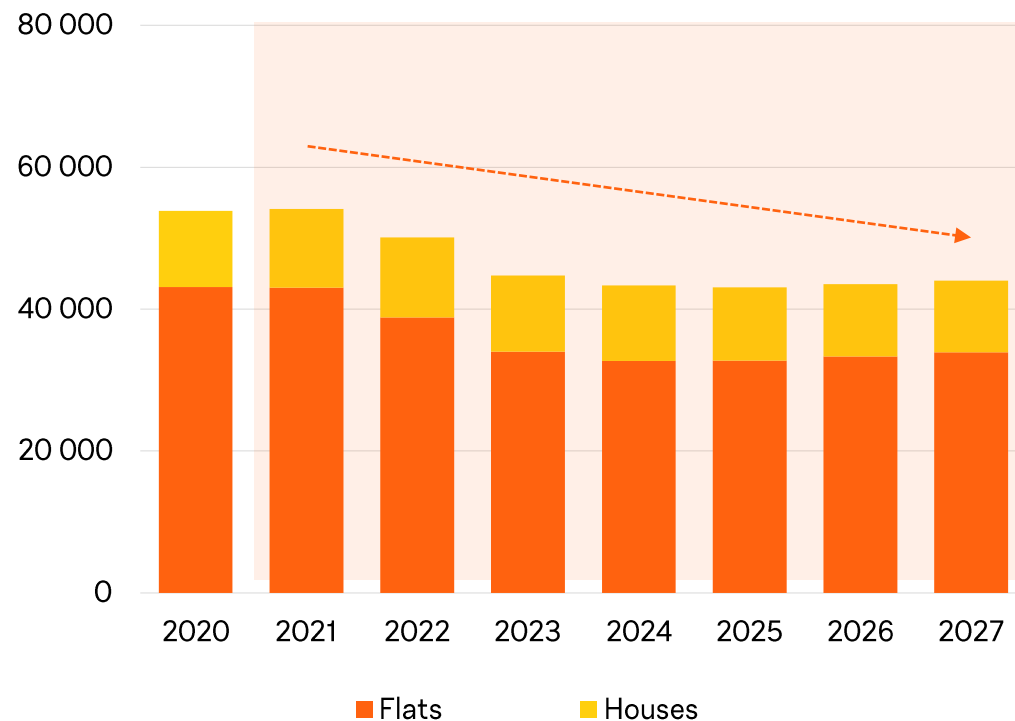
Turnover effect on SBAB

- Apartment turnover hit 5-year high in 2021, projected to go down towards 2022-2023
- SBAB has ~37% more apartments than market average
- In times of high turnover, like the end of 2020 and 2021, more resources is directed towards re-enrolling the current customer base when they move between apartments
- Turnover behavior is cyclic, looking beyond the turnover peak more resources can be directed towards new customers, resulting in higher growth



Housing construction

Housing construction (number of homes)



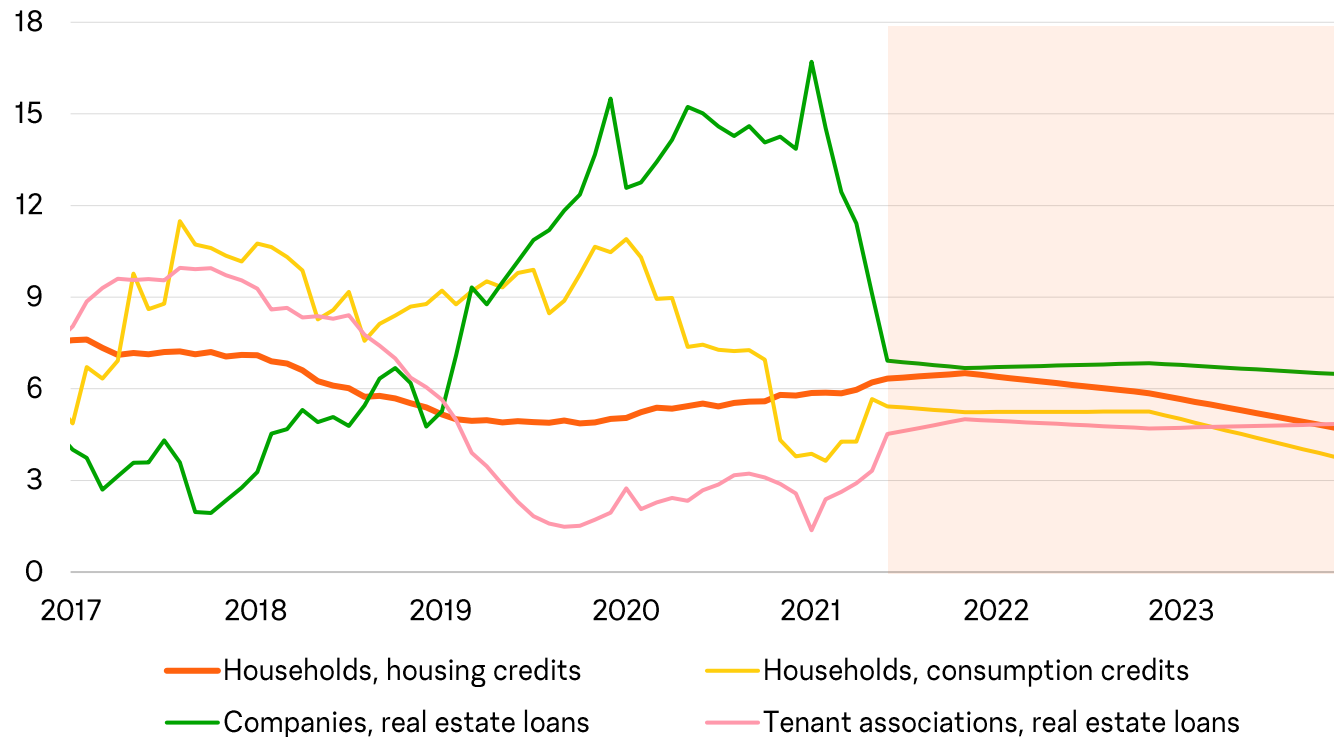
Still need for new housing

- Housing construction is expected to decline over the years from currently about 54,000 homes per year (excl. rebuilt housing to slightly less than 45,000 homes per year)
- The prevailing housing shortage, good access to financing and low interest rates support the high rate of new construction
 - The housing shortage in Sweden is estimated to roughly 90,000 homes, despite the high rate of construction in recent years
 - Some concern about the affordability of new housing, the ability to pay / willingness to buy, and the future population growth
- The housing shortage is expected to have ceased around 2027 given this construction forecast and population projection
 - Still, around 30,000 homes per year need to be built to keep pace with population growth



Credit growth development

Credit growth, YoY growth rates (%)



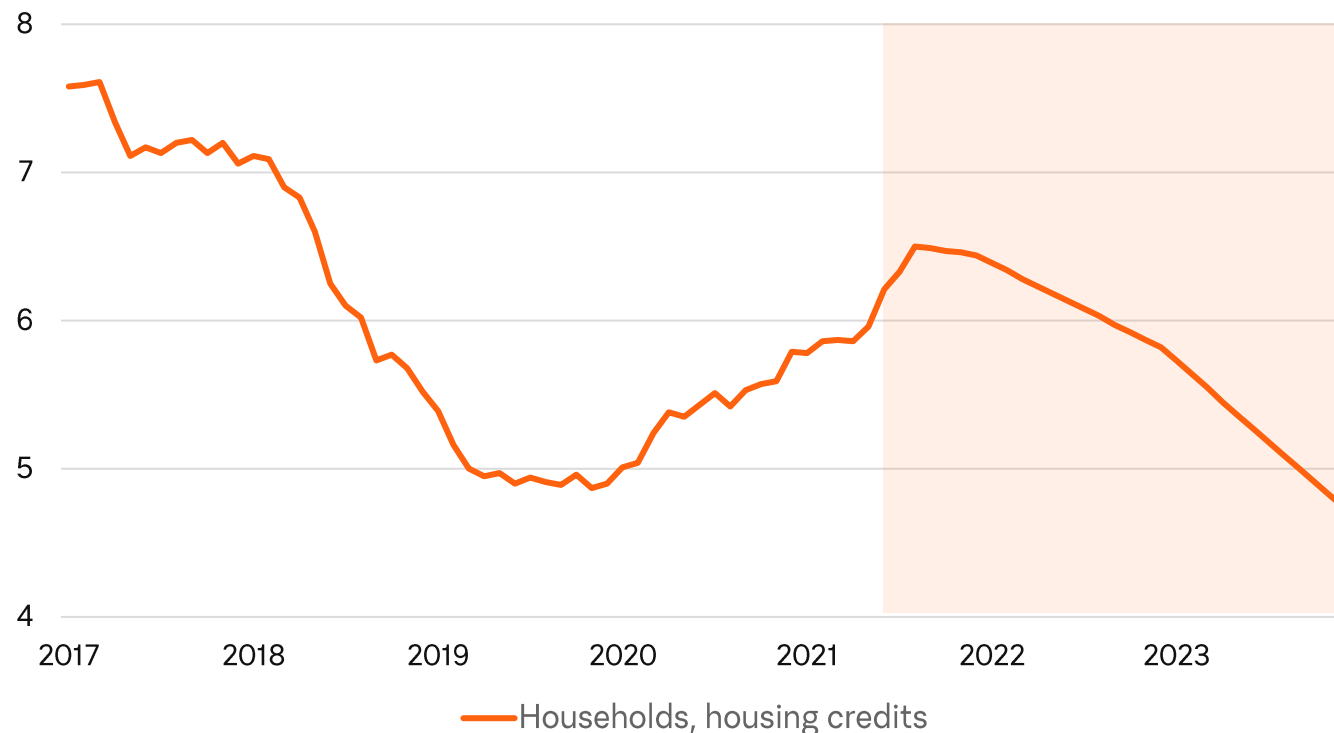
Comments

- Credit growth for Companies, real estate loans, soared during the pandemic and the market grew by 14.3% in 2020. The growth slowed down in 2021 which can primarily be explained by a decline in the growth rate of lending to rental property owners
- The growth rate in households' so-called consumer loans, i.e., unsecured loans (housing normally), increased in mid-2016 and were around 10% at an annual rate from mid-2017 until the outbreak of the corona pandemic. It then decreased rapidly and is now at 4-6% at an annual rate. The part of the consumer loans that is used to finance home purchases has primarily emerged in the wake of the introduction of the mortgage floor but may also have been affected by the amortization requirements



Housing credit growth development

Housing credit growth, YoY growth rates (%)



Comments

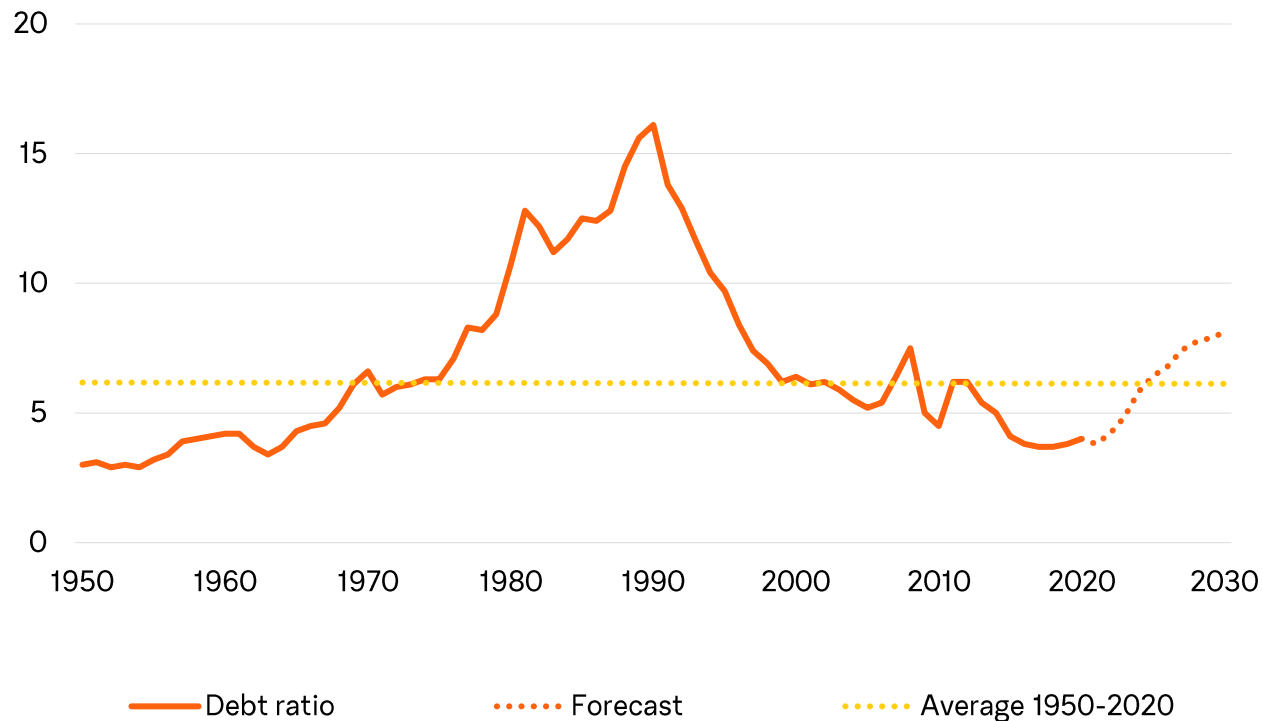
- Given that the housing credit market is around 3.5x bigger than the other credit markets combined, it is important to look at the credit growth of housing credits isolated
- Credit growth in the mortgage market (red line) has increased since the end of 2019 and was strong in 2020 despite corona pandemic, the YoY growth rate was 6.8% in August 2021
- According to SBAB's forecast, the growth rate of household housing credits is expected to be 6.4% for the full year 2021 but decline slightly in 2022
 - The forecast takes into account e.g., the developments of housing prices, mortgage rates, and household income and savings



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)



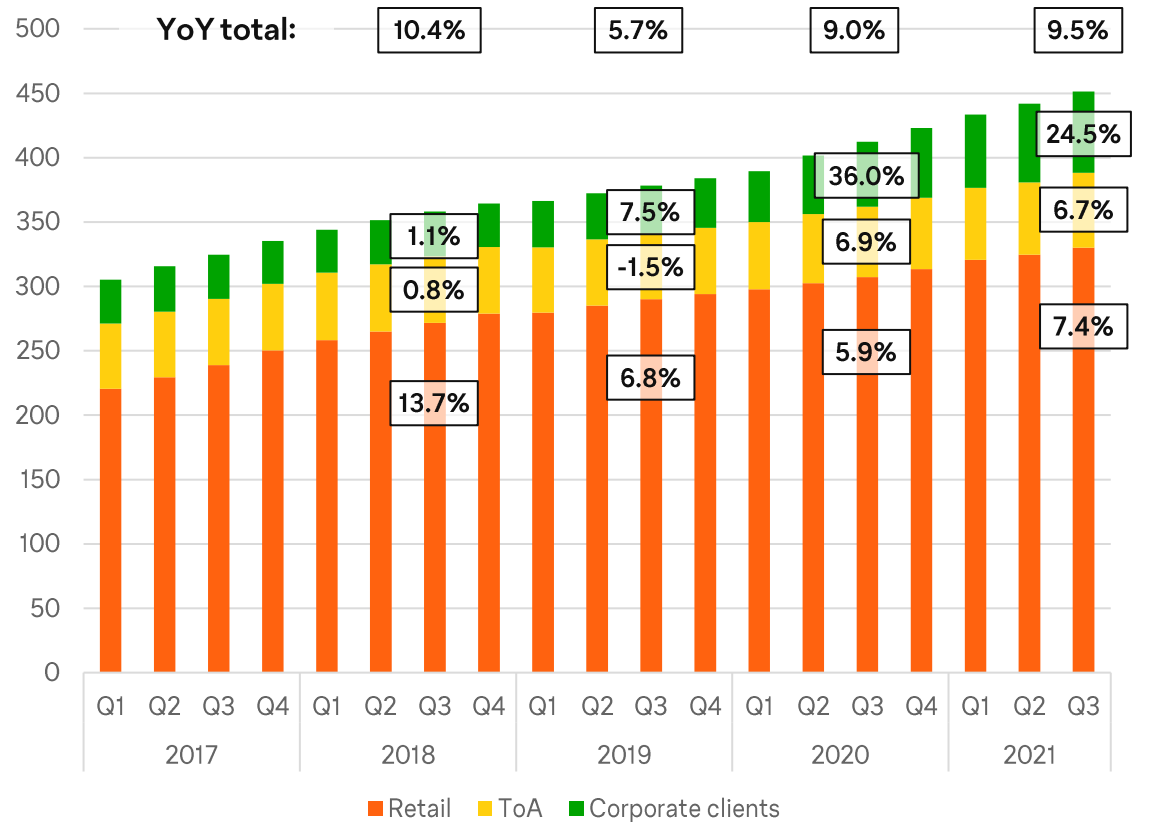
Comment

- 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

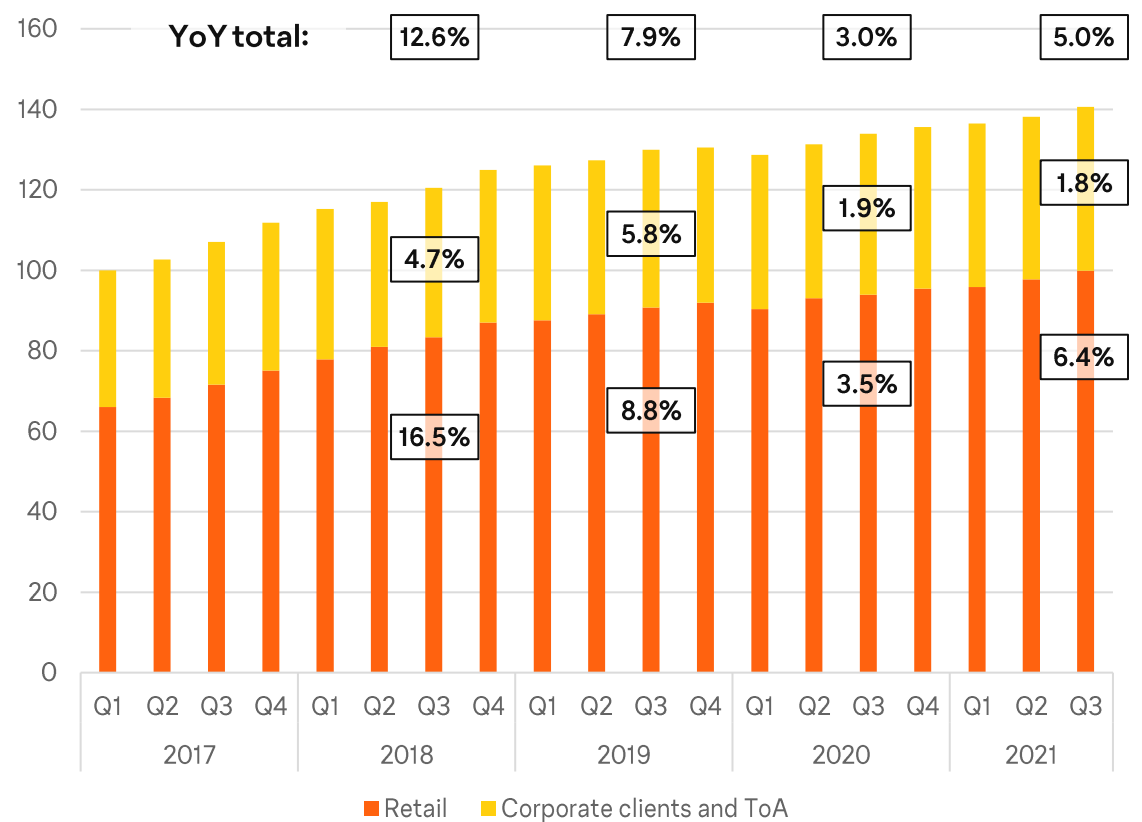


Lending & deposits development

Lending (SEK bn)

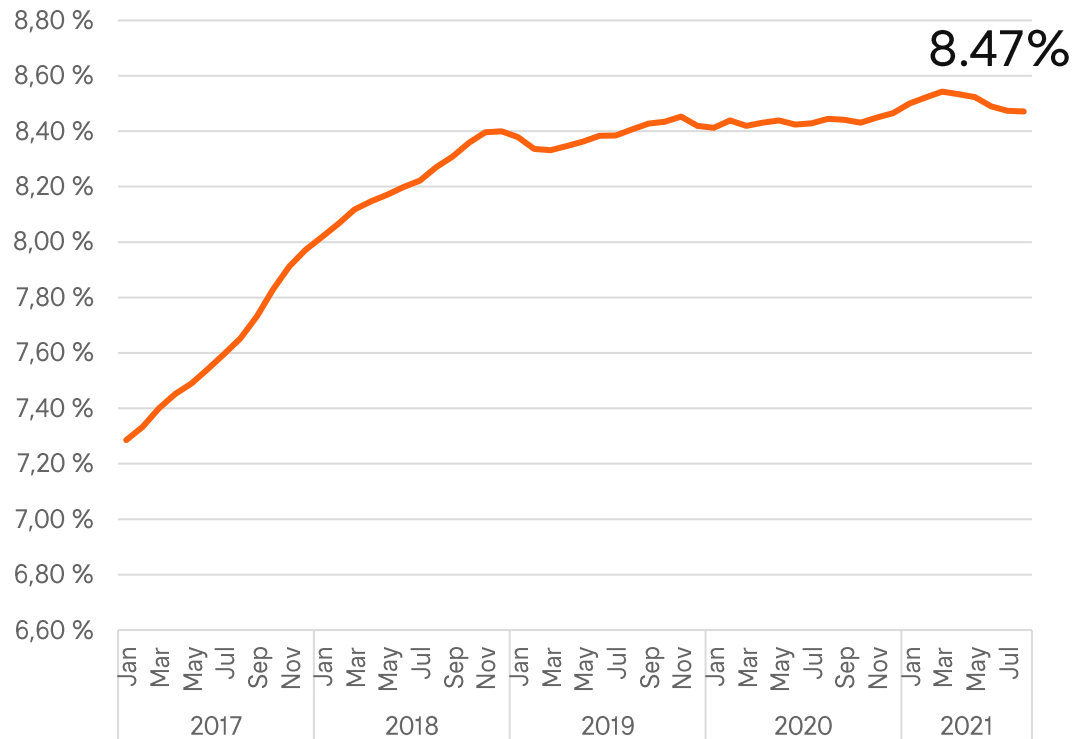


Deposits (SEK bn)

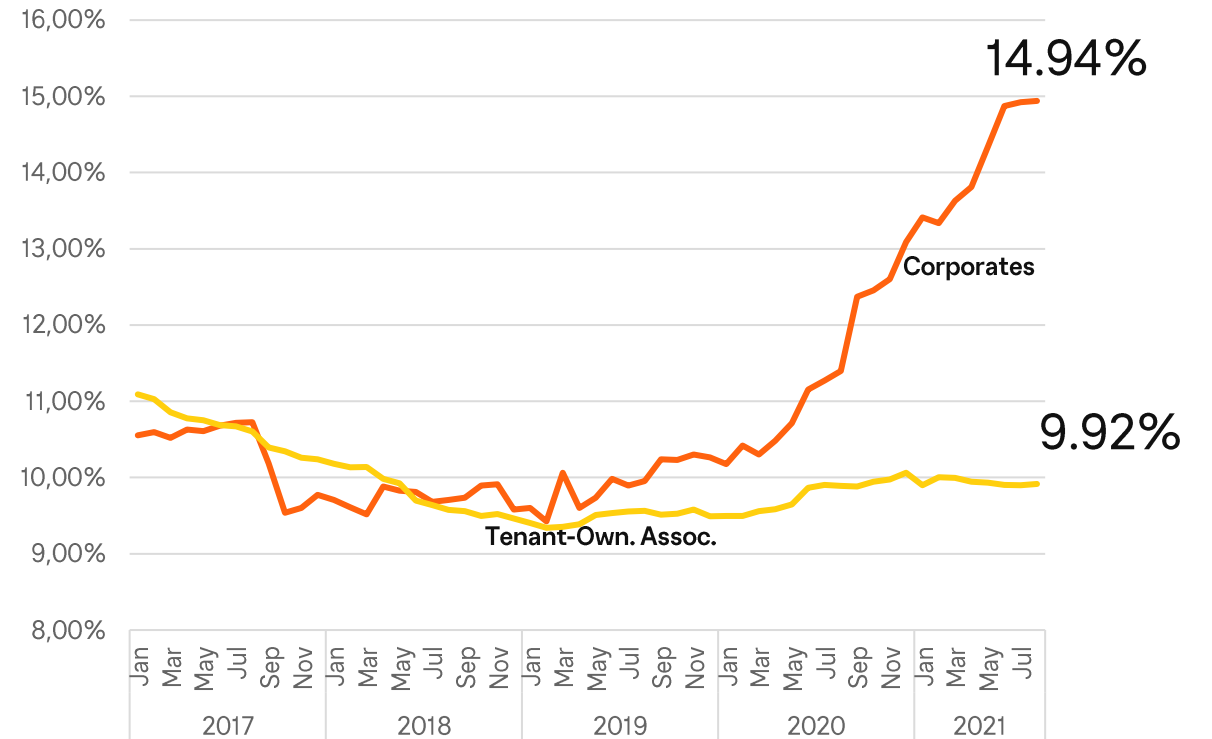


Growing market shares

Market share, Residential mortgages

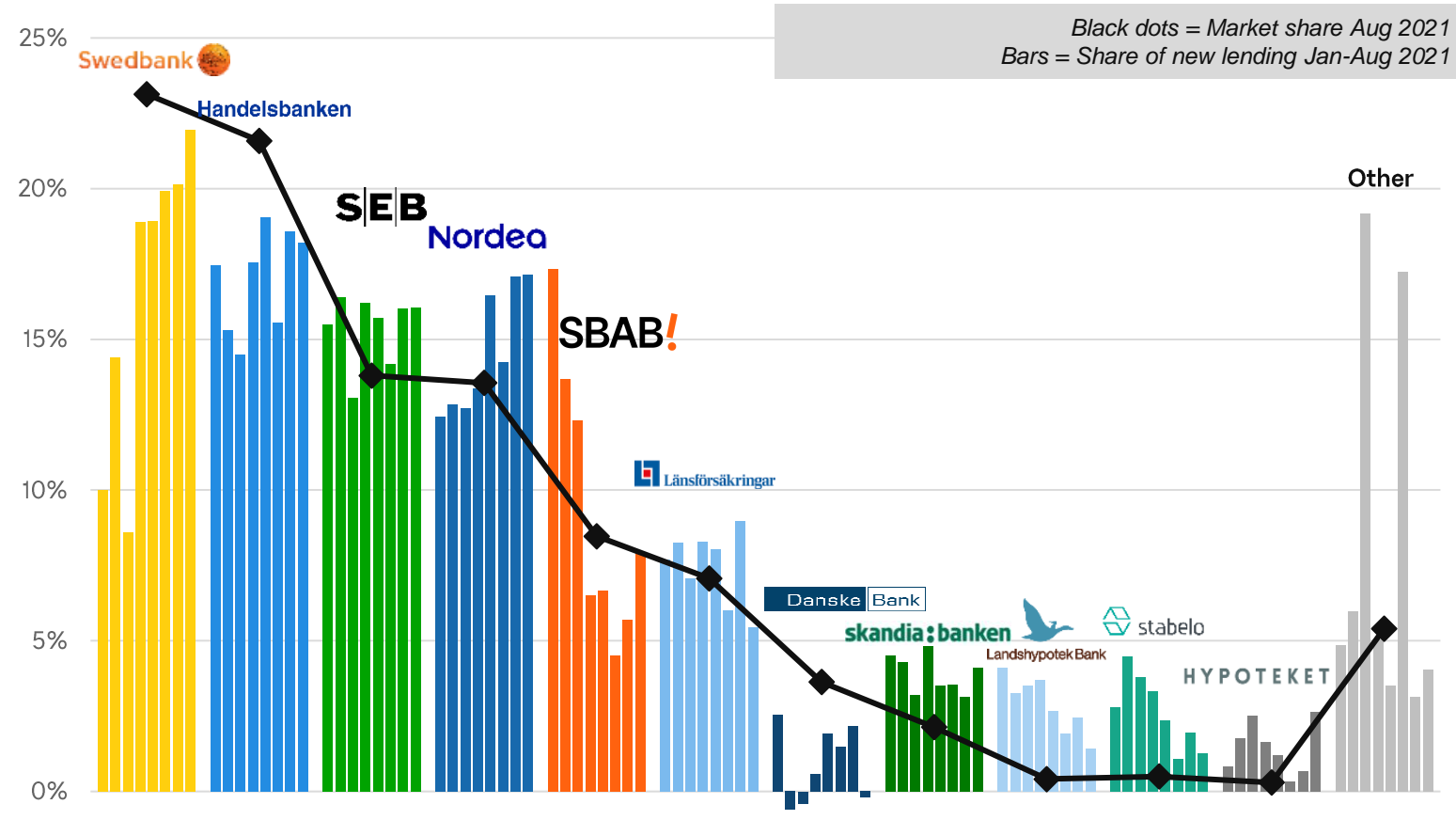


Market shares, Corporate clients & ToA



Residential mortgage market 2021

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



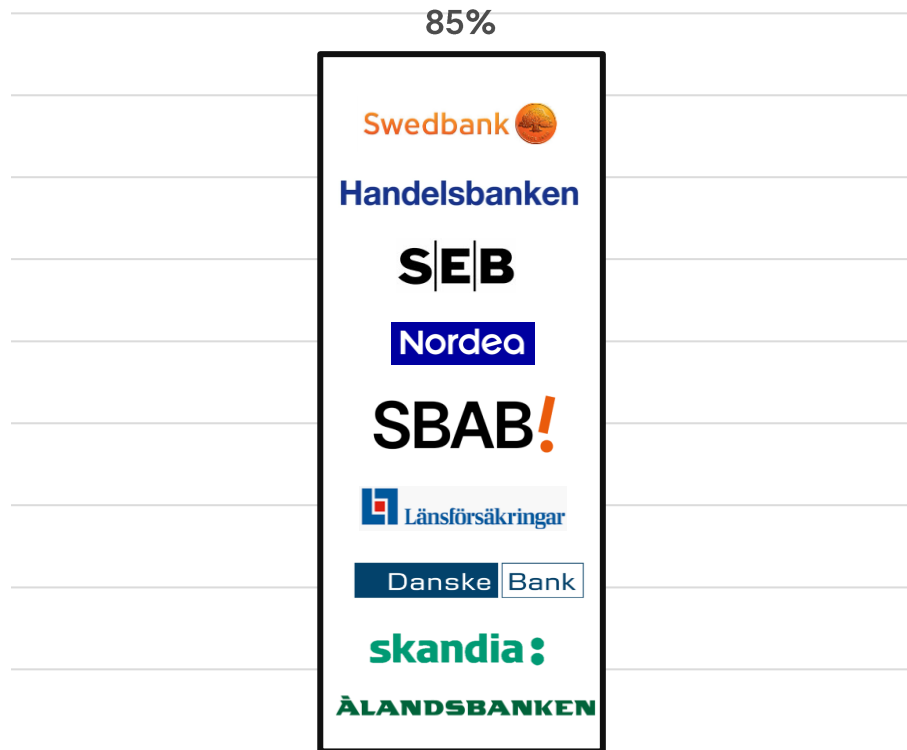
Comments

- 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
- The annual (YoY) percentage credit growth in the mortgage market in August 2021 was 6.8%. Growth rate expected to be 6.4% for the full year 2021 (SBAB forecast)
- Price important, but not the whole story

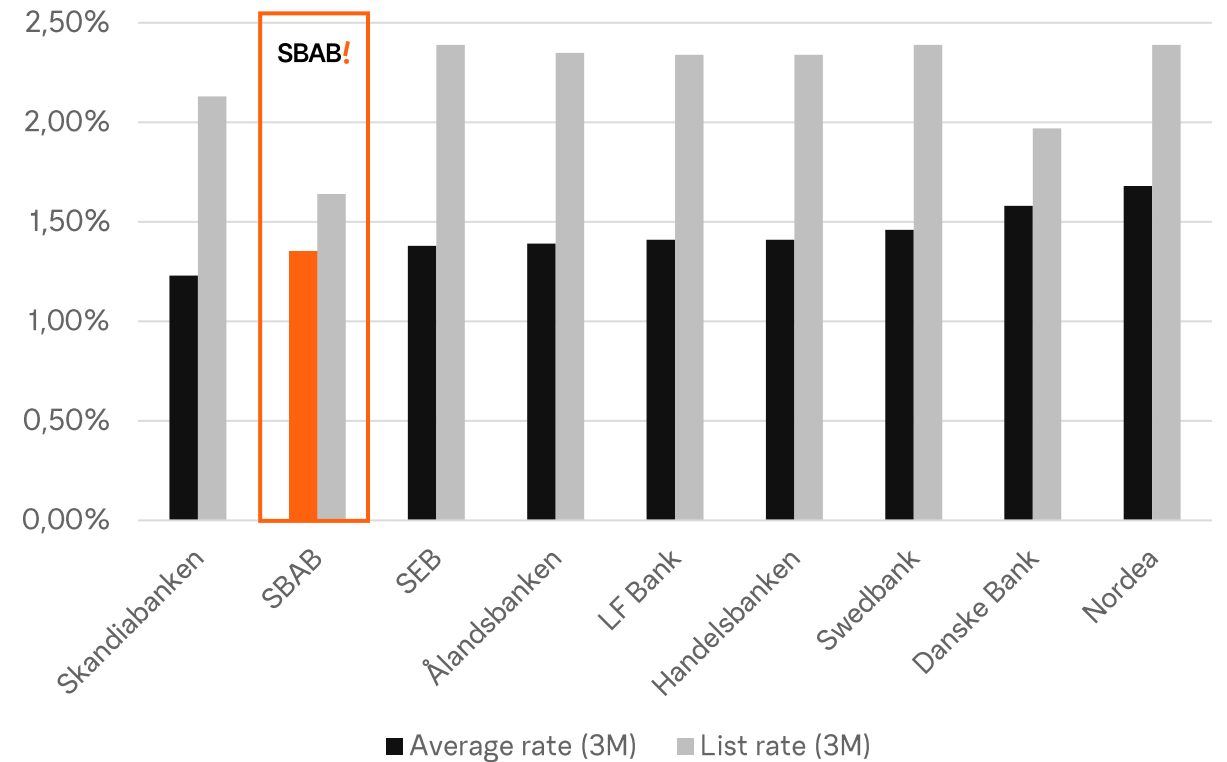


Mortgage rates main market

Maximum allowed LTV

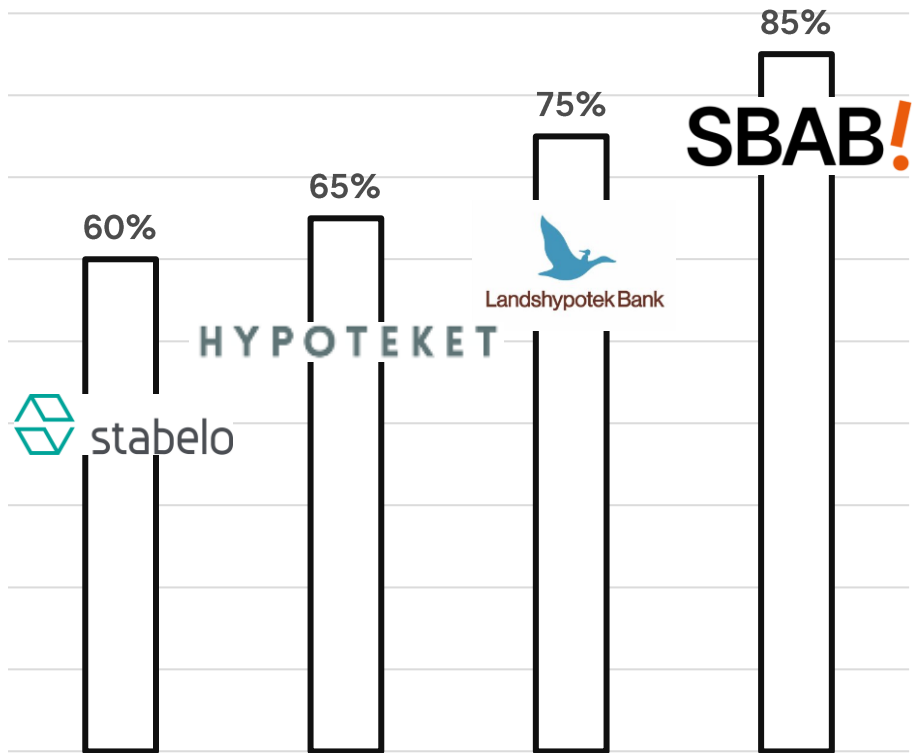


List rate vs. average rate (3M variable interest rate) (%) (Sept 2021)

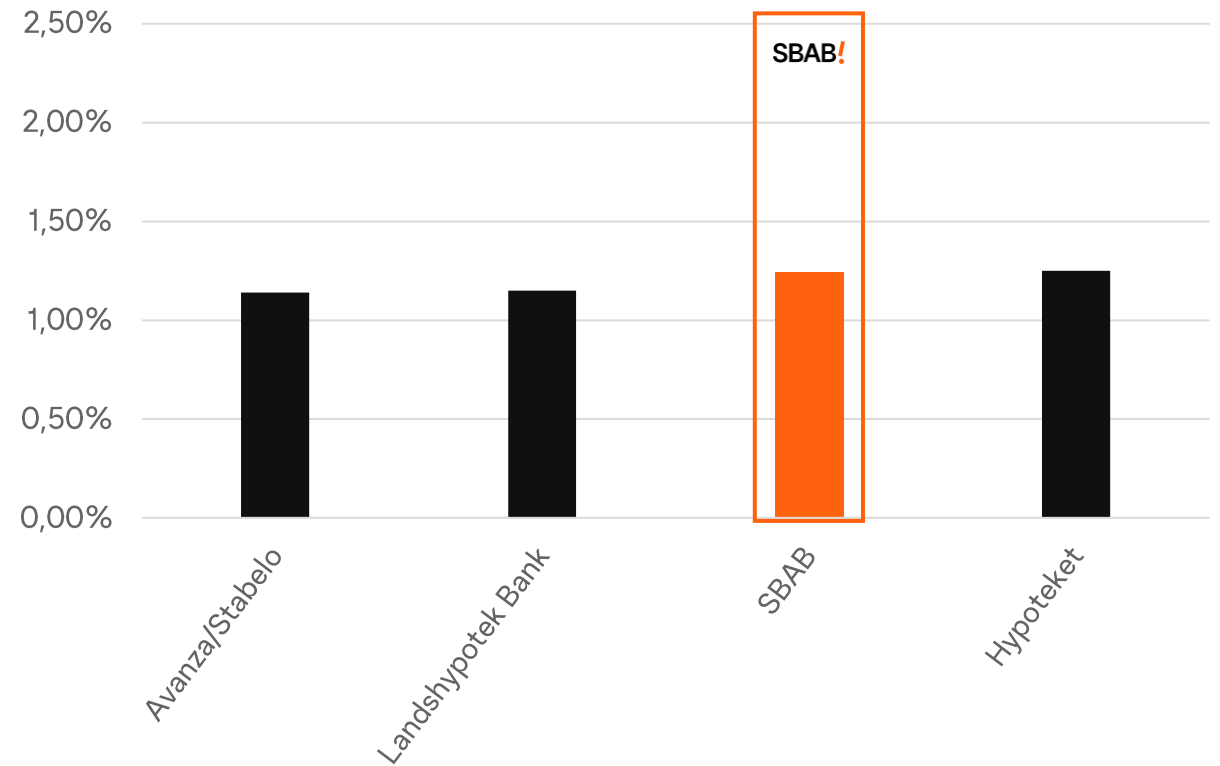


Mortgage rates certain segments

Maximum allowed LTV

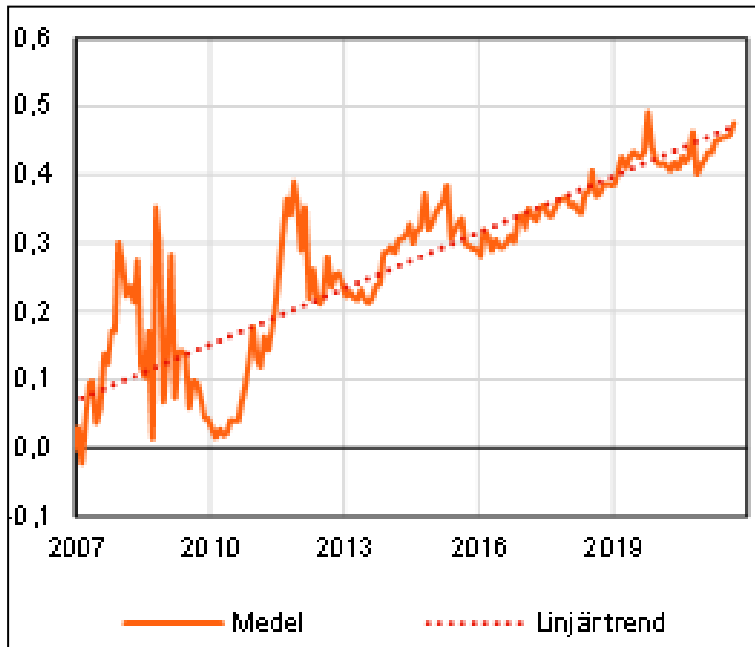


List rate for 60% LTV, 2 MSEK loan, (3M variable interest rate) (%) (Sept 2021)

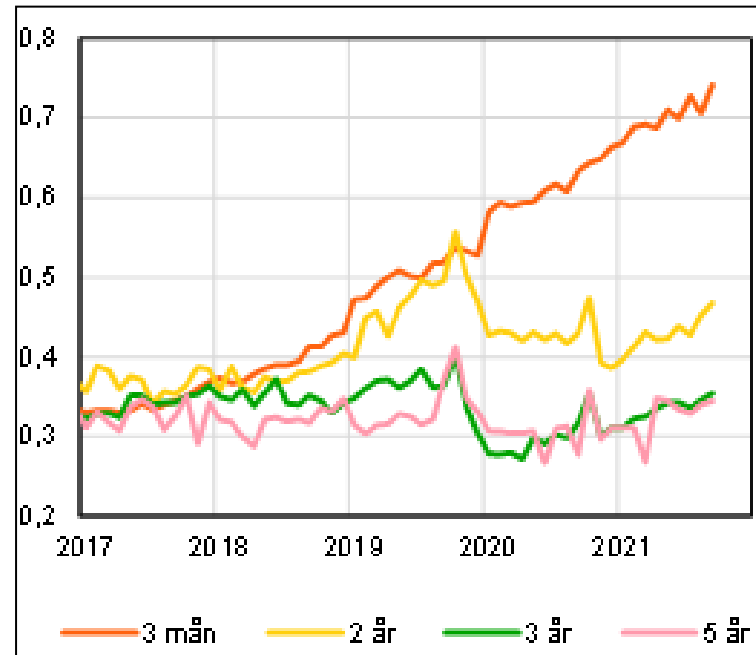


Price transparency – a market crossroad

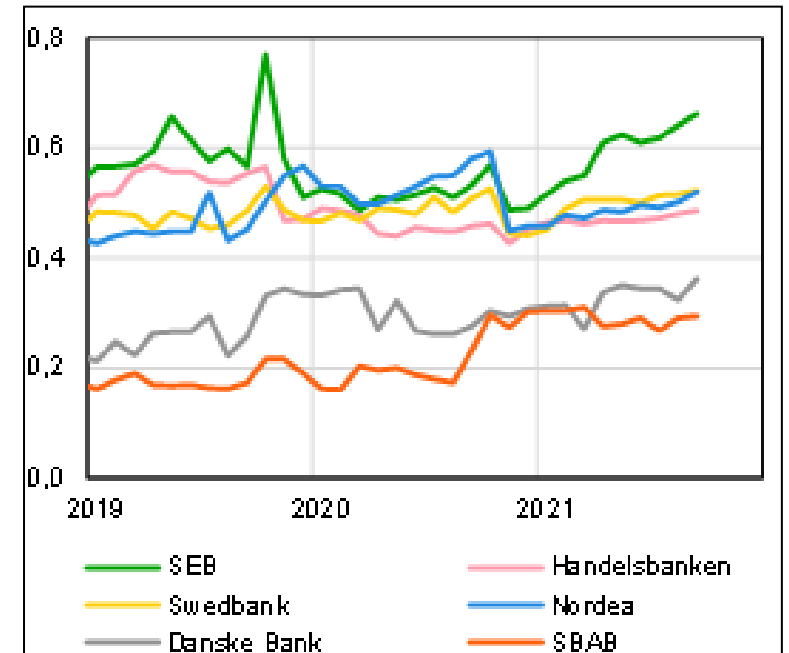
Difference between listed and average interest rates*



Difference between listed and average interest rates*



Difference between rates, per bank



- The trend since the aftermath of the financial crisis 2008 is clear; the difference between listed interest rates and average interest rates is increasing

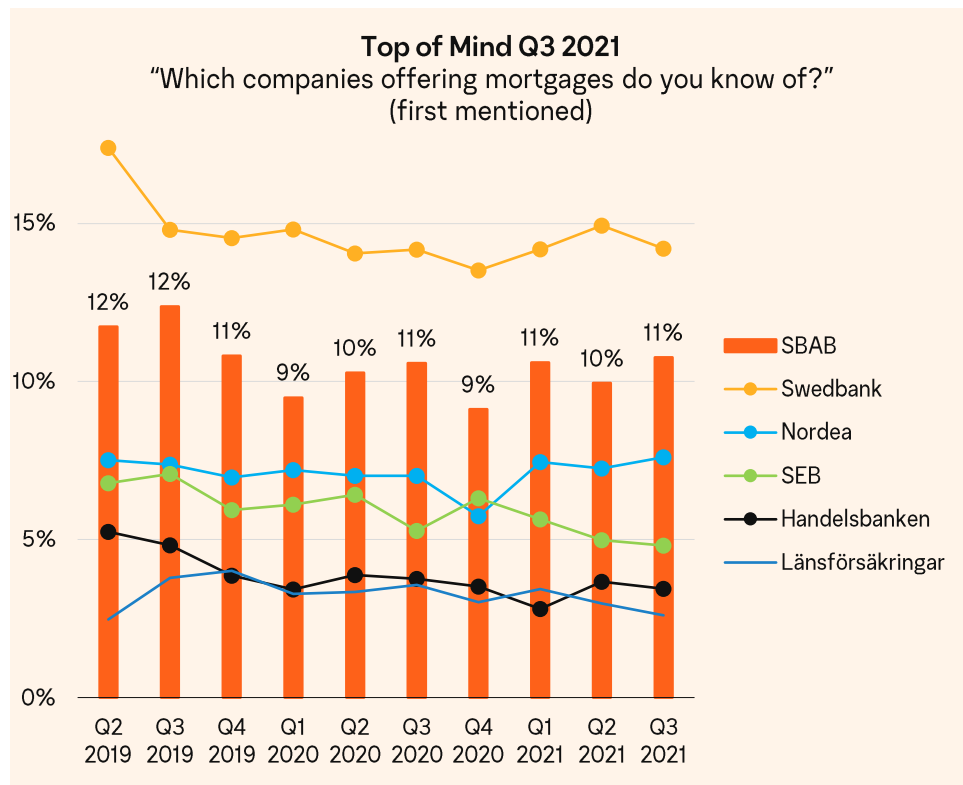
- The difference has grown mainly in the shorter terms, carried primarily in the variable interest rate (3M term)

- The four largest banks are the main culprits, while SBAB, Danske and new challengers like Stabelo, Hypoteket are sticking with a pricing strategy of transparency

Strong brand recognition

- Strong brand recognition (2nd in Sweden) supporting further growth

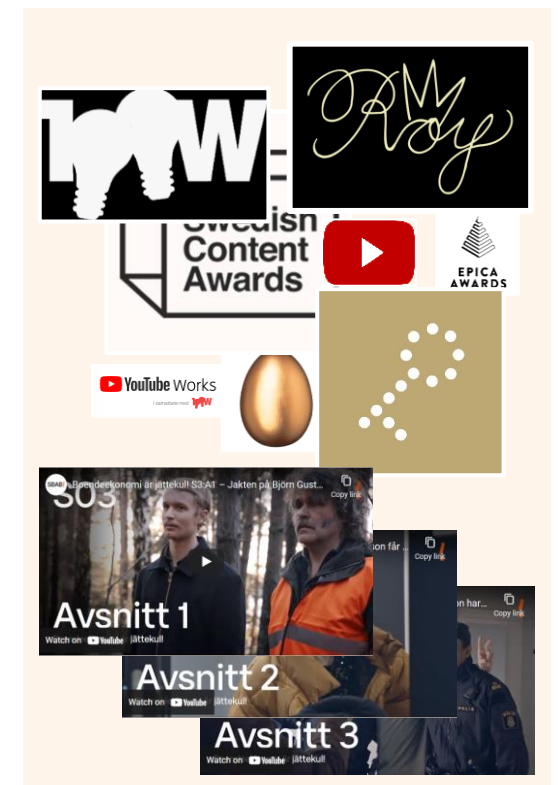
Strong brand recognition



Strong media presence



Award winning communication



Quarterly Financial Update Q3 2021

Financial Highlights

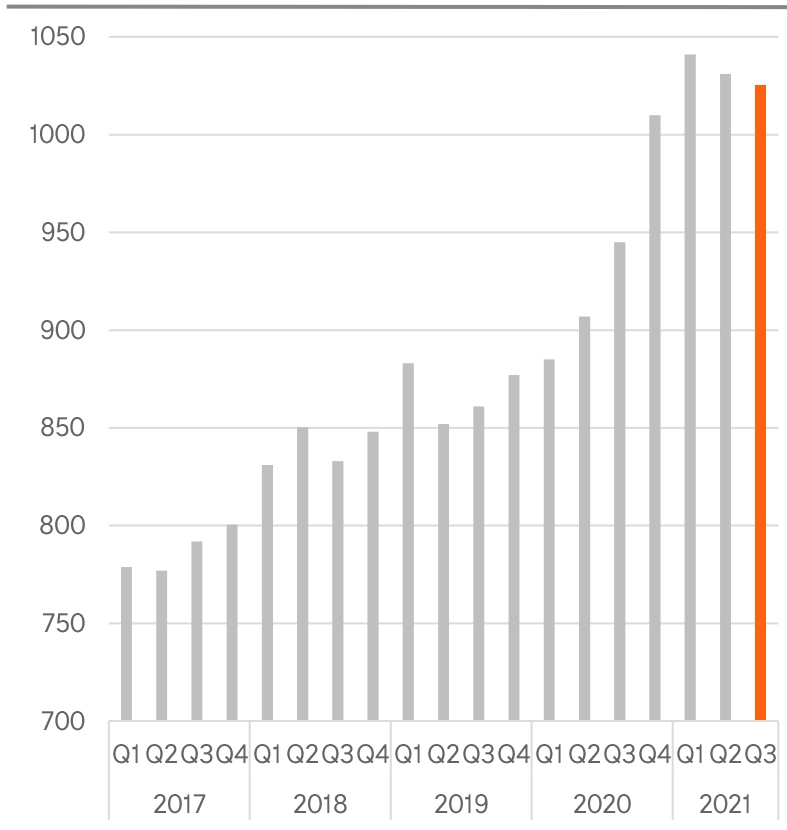
SEK million	2021 Q3	2021 Q2	▲	2021 Jan-Sep	2020 Jan-Sep	▲
Total Lending, SEK bn	451.3	441.7	+2.2 %	451.3	412.3	+9.5 %
Total Deposits, SEK bn	140.6	138.1	+1.8 %	140.6	133.9	+5.0 %
Net Interest Income	1,025	1,031	-0.6 %	3,097	2,737	+13.2 %
Net Commission	2	11	-9 mnkr	16	-12	+28 mnkr
Net result of financial transactions	-32	-21	-11 mnkr	-68	-49	-19 mnkr
Expenses	-351	-366	-4.1 %	-1,040	-933	+11.5 %
Net credit losses	5	-4	+9 mnkr	10	-34	+44 mnkr
Operating profit	662	663	-0.2 %	2,053	1,742	+17.9 %
C/I-tal, %	34.8%	35.5%	-0.7 pe	33.7 %	34.4 %	-0.07 pe
Return on Equity, %	11.0%	11.3%	-0.3 pe	11.7 %	10.8 %	+0.9 pe
Credit loss ratio, %	0.00%	0.00%	0.0 pe	0.00 %	-0.01 %	+0.01 pe
CET 1 capital ratio, %	13.3%	13.1%	+0.2 pe	13.3 %	12.7 %	+0.6 pe



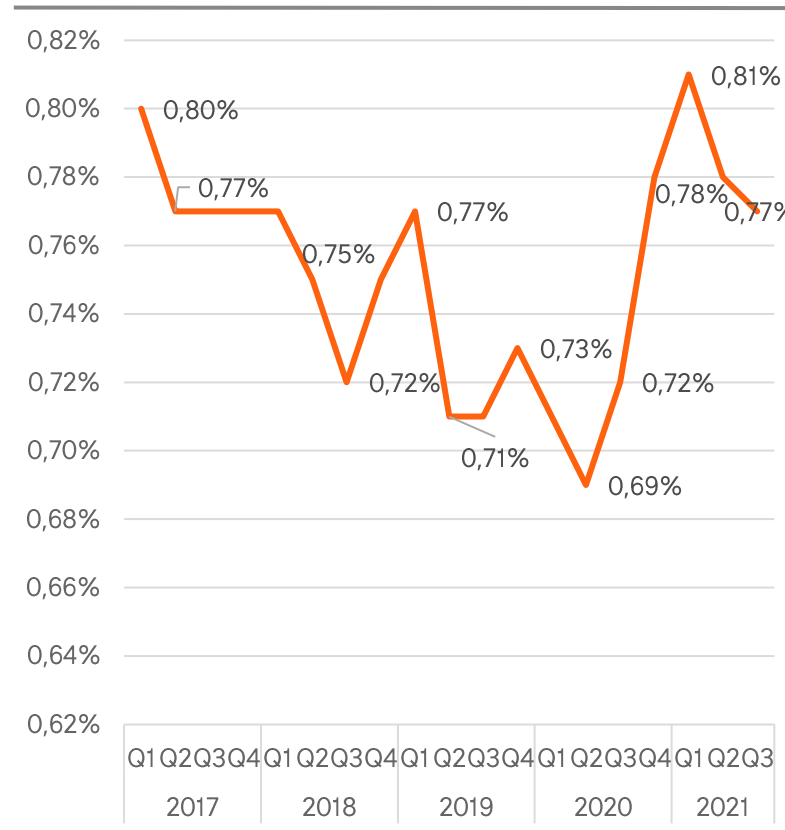
NII development

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

Net interest income QoQ (%)



Net interest margin QoQ (%)



Comments

- NII decreased primary driven by lower margins on mortgage lending
- Stable lending margins expected for corporate lending and lending to tenant-owners' associations

NIM calculated as net interest income in relation to total assets

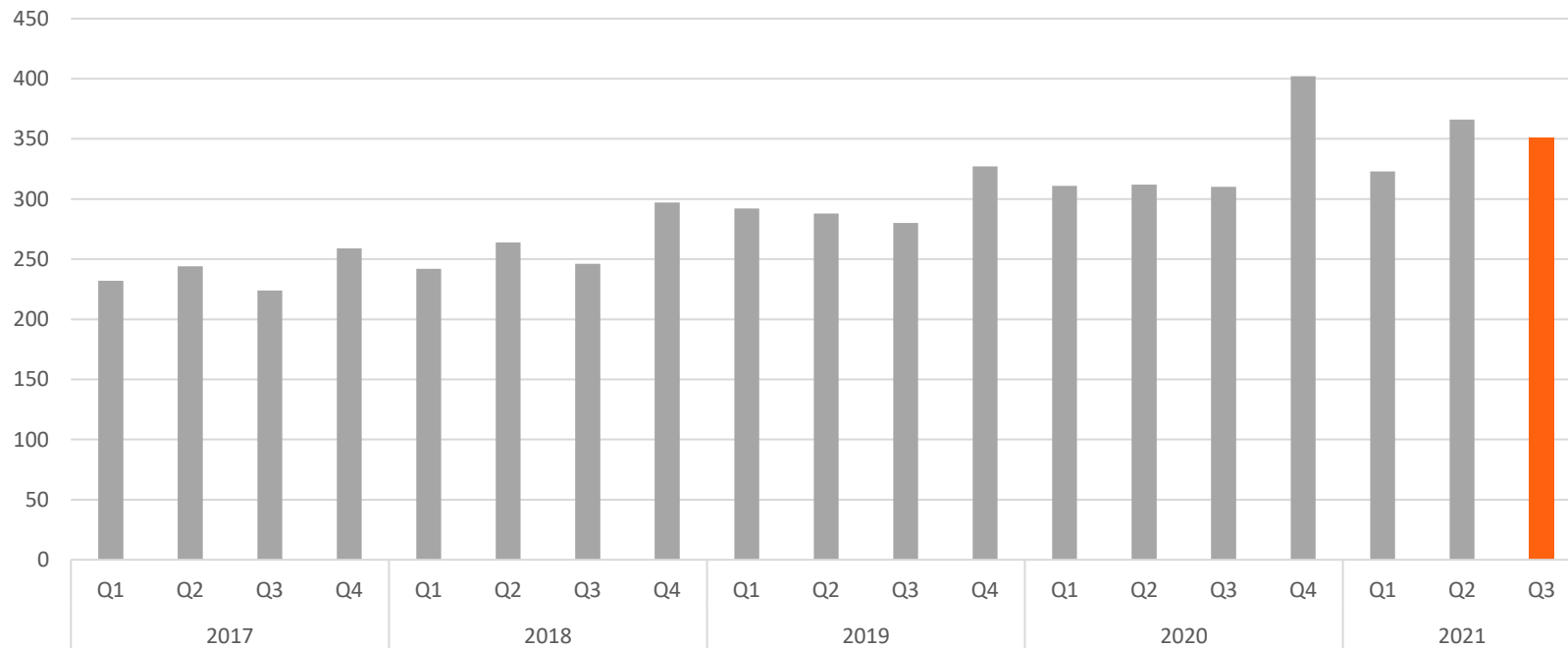


Cost management

– Increased investments for future competitiveness

Jan-Sep 2020 vs. Jan-Sep 2021:
+ 11.5%

Cost development QoQ (SEK mn)



YoY 2017/2018: **9%**

YoY 2018/2019: **13%**

YoY 2019/2020: **12%**

Comments

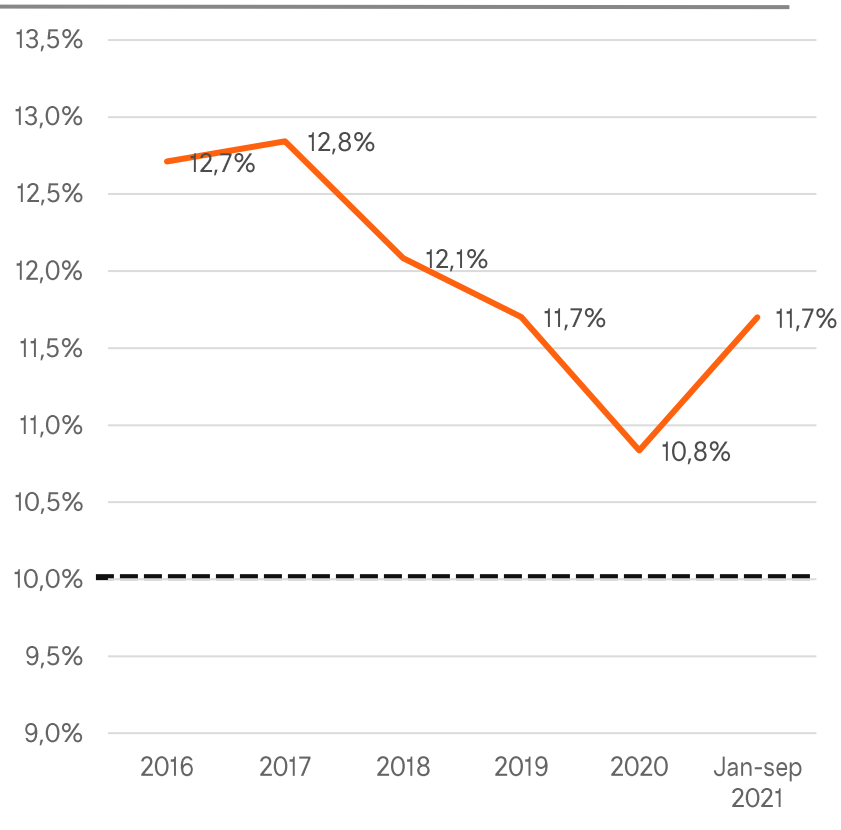
- Costs decreased in Q3 2021 compared to Q2 2020. However, the overall trend is increased costs mainly attributable to investments for future competitiveness:
 - Increased regulatory requirements
 - Replacement of IT-infrastructure (core banking platform)
 - Increased number of employees
Customer offering (incl. increased distribution power, customer service & customer experience)
 - Digitalisation



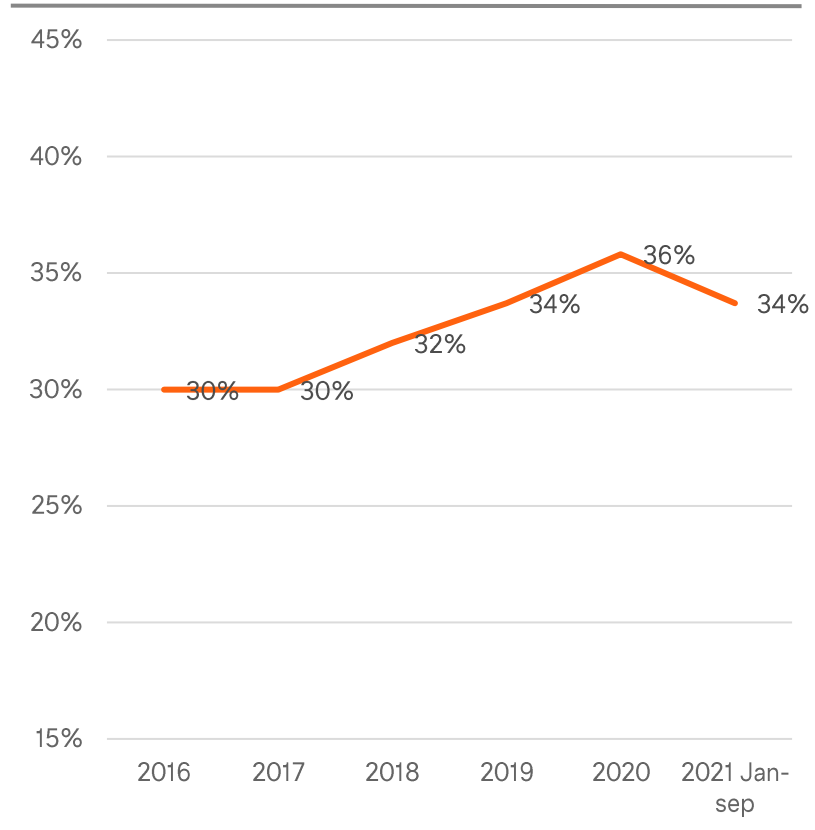
Financial KPIs

- 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.



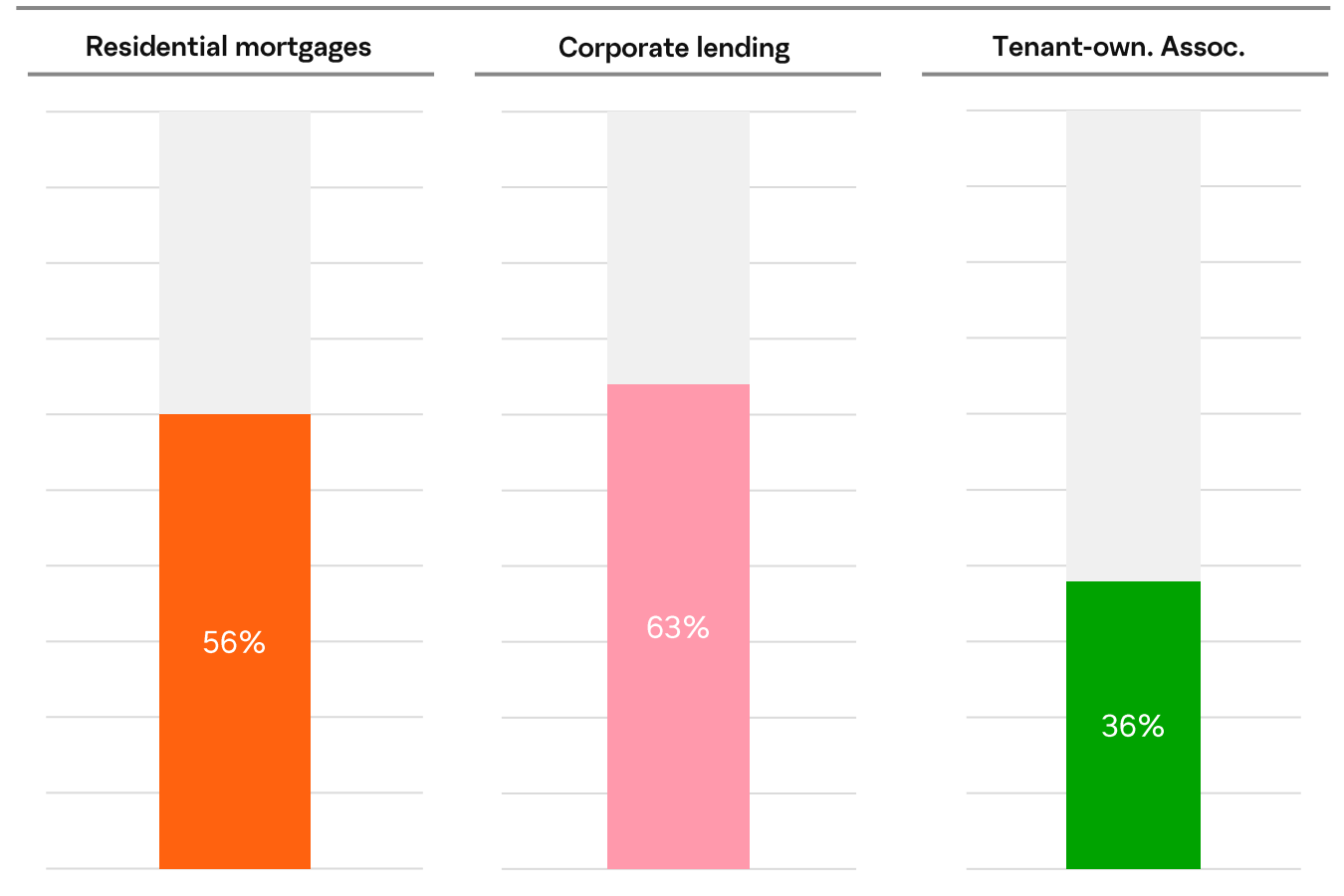
Asset Quality

Lending mix

SBAB!

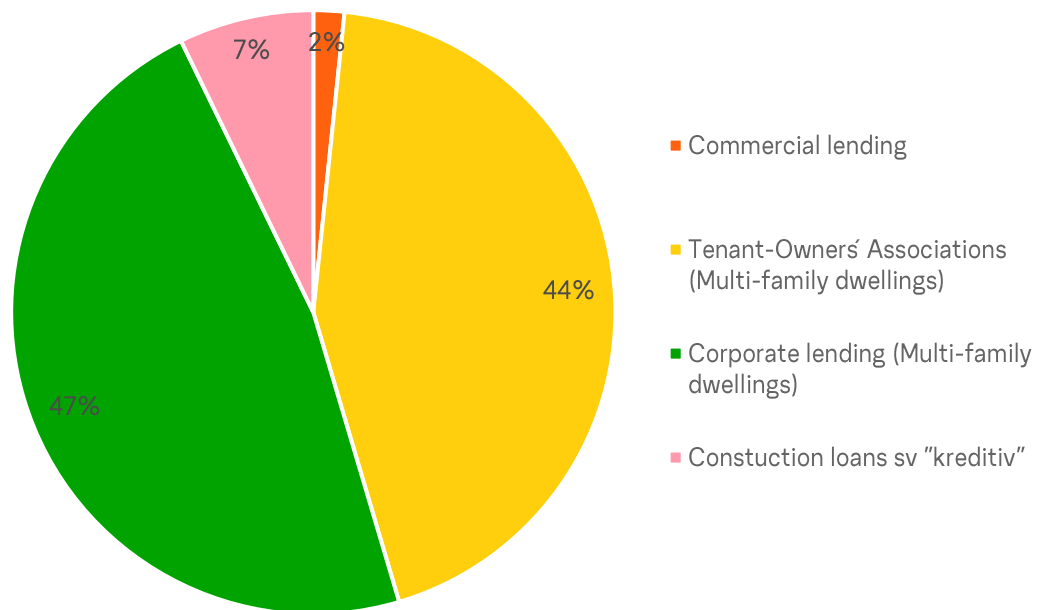
	SEK bn	%
Residential mortgages	327.7	72.6%
Consumer loans	2.4	0.5%
Corporate lending	63.0	14.0%
- Of which, commercial lending	2.2	0.5%
- Of which, construction loans ("kreditiv")	9.6	2,1%
Tenant-owners' associations	58.2	12.9%
Total lending	451.3	

LTV ratios in loan book



Overview of corporate lending

Lending split Corporate Clients & Tenant-Owners' Associations



Comments

- Focus on large and experienced property companies with strong balance sheet
- Constuction 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
- 96 outstanding construction loans (94 number of properties) totaling SEK 17.84 billion (of which 54% disbursed). Construction loans capped at 6% of total lending (current level 3.7%)
- 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

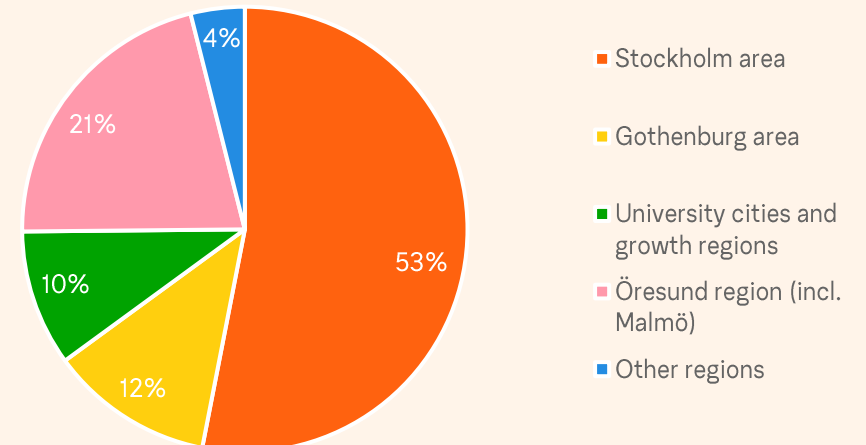
Granted credit amount

17.84_{bn}

Disbursed share

53,9%

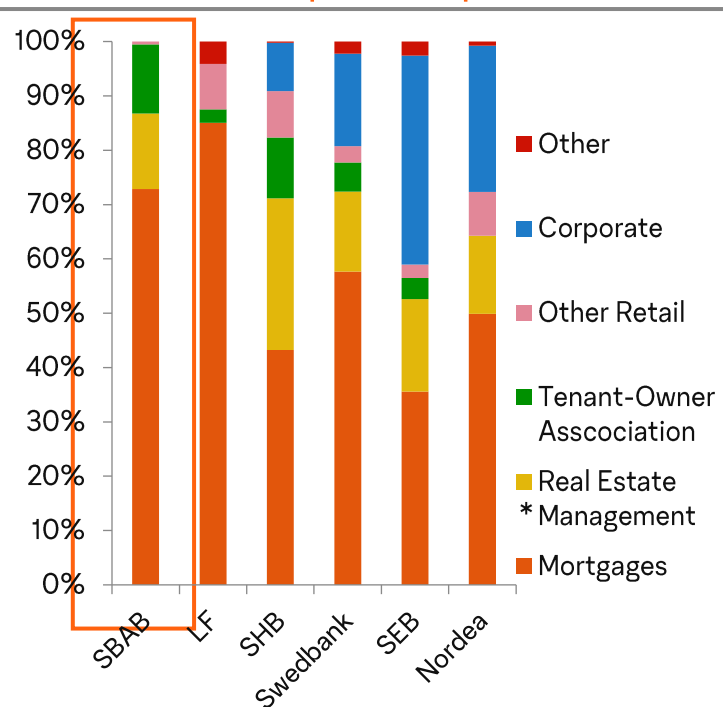
Geographical distribution



Swedish mortgages—a low-risk business

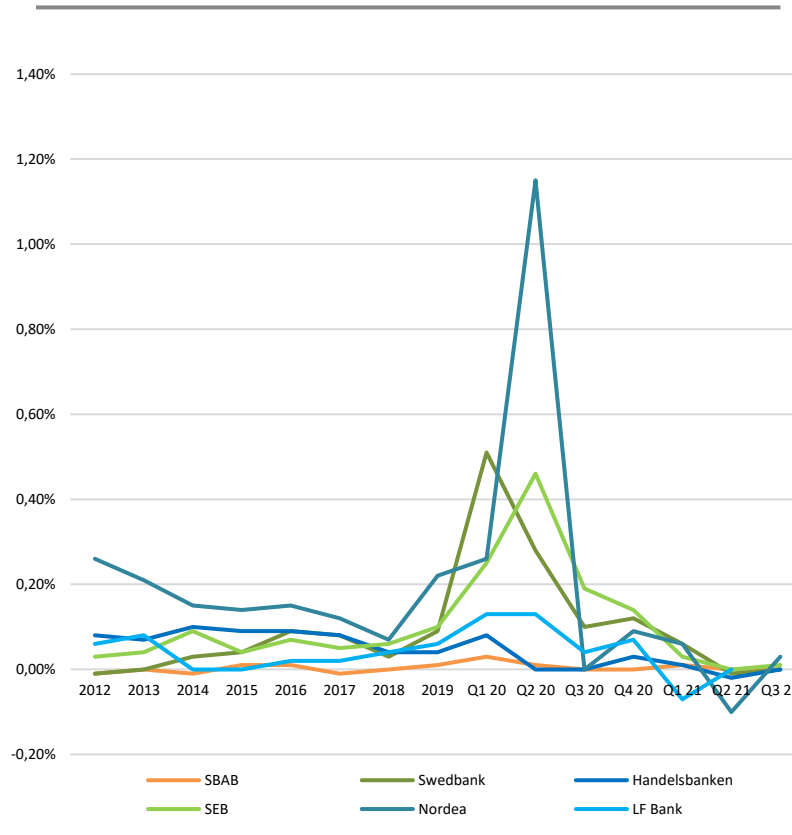
– High concentration on Swedish residential mortgages – very low loan losses/problem loans over time

Loan portfolio split

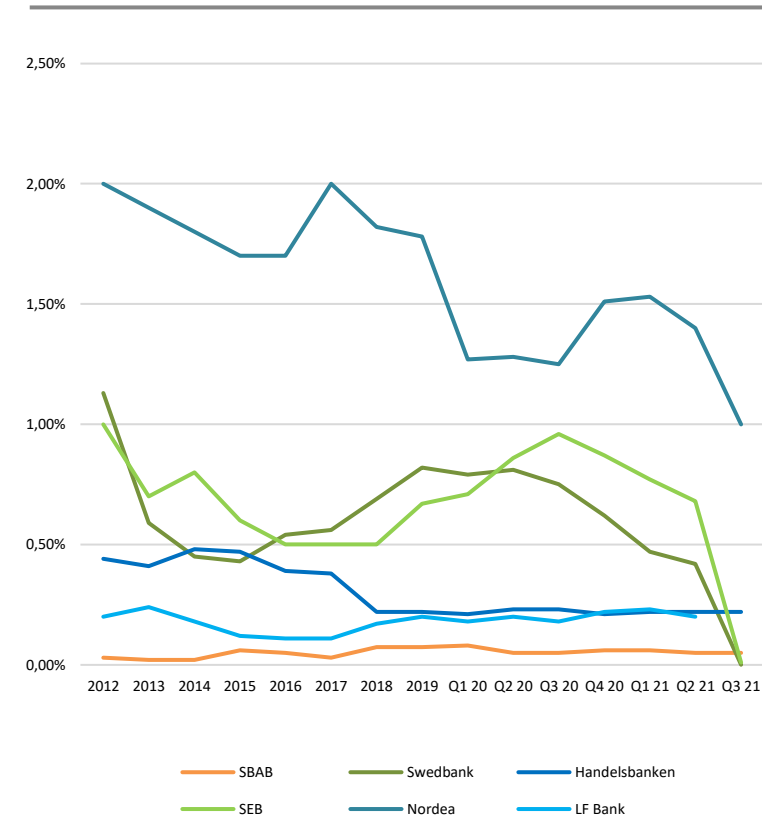


*Real Estate Management segment for SBAB is what we normally define as "corporate lending". However, corporates for the bigger banks includes other kind of lending as well. Therefore we have on this slide defined it as "Real Estate Management" instead

Credit losses



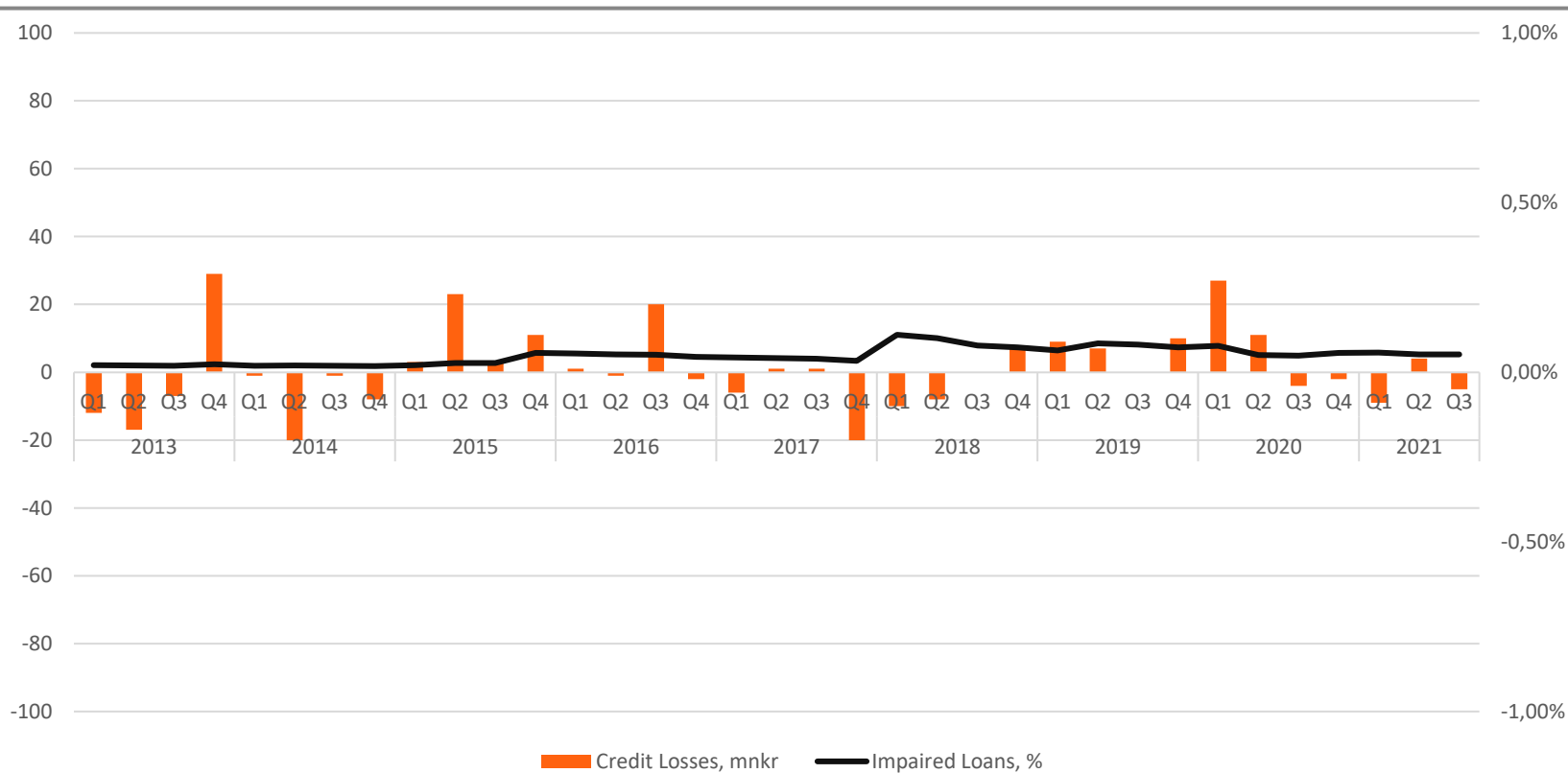
Impaired loans



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 Q3 2021

Credit losses

5 million

Credit loss ratio

0.00%

Share of Stage 3 loans, gross

0.05%



Swedish mortgages – a low risk business

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

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

Mortgage Deed System

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

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

Rating overview

Senior Unsecured Rating

Moody's **A1** Stable Outlook

STANDARD & POOR'S RATINGS SERVICES **A** Stable Outlook
McGraw Hill Financial

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

MOODY'S

STANDARD & POOR'S
RATINGS SERVICES
McGraw Hill Financial

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 and SNP**

BBB+ *SNP*

Baa2 *T2*

BBB *T2*

Baa3

BBB-

Non Investment Grade

Ba1 *AT1*

BB+

Ba2

BB *AT1*

[...]

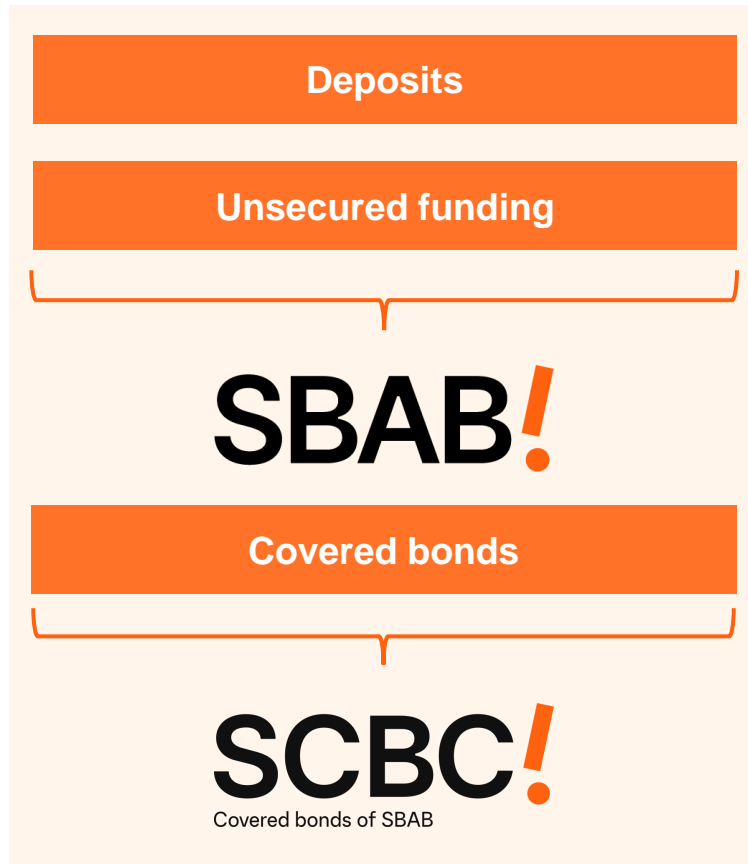
[...]

* SNP rating revised 2021/13/07 from Baa2 till Baa1

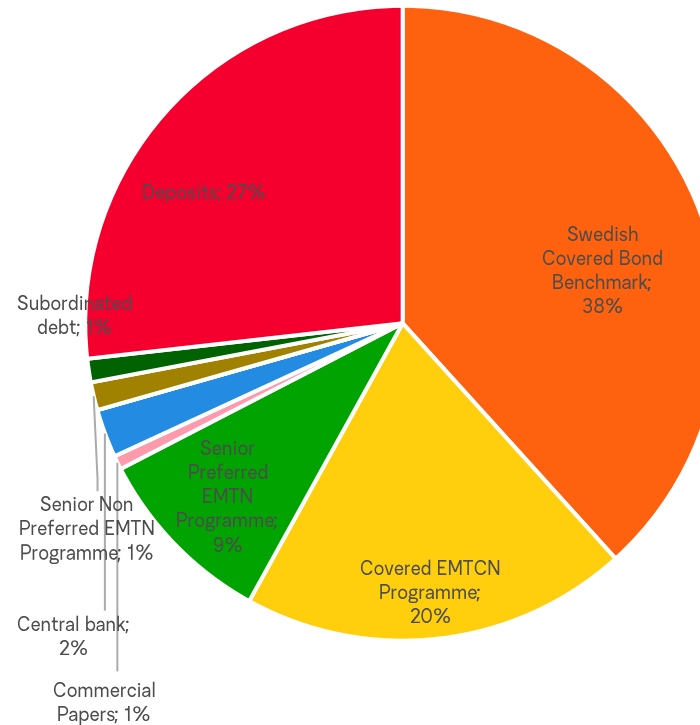


Overview of funding

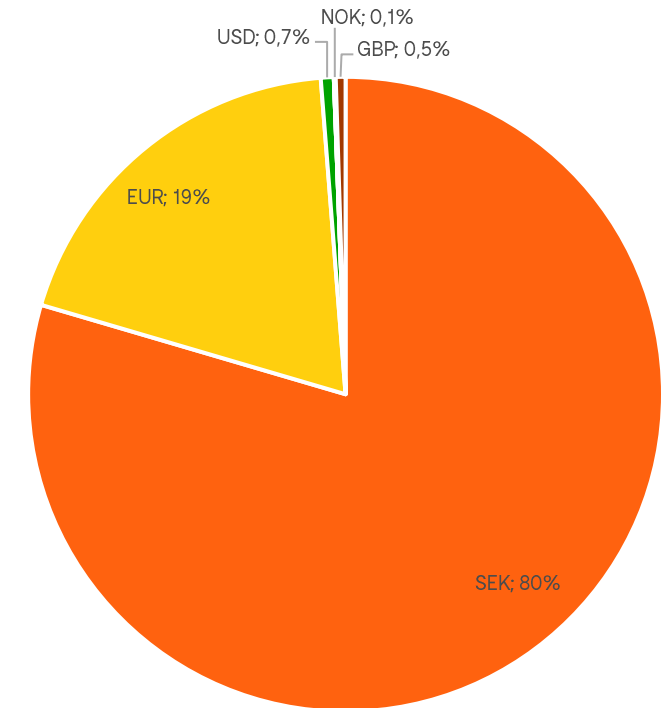
– Total funding portfolio SEK 25 billion (as of 30 Sept 2021)



Funding sources



Funding currencies

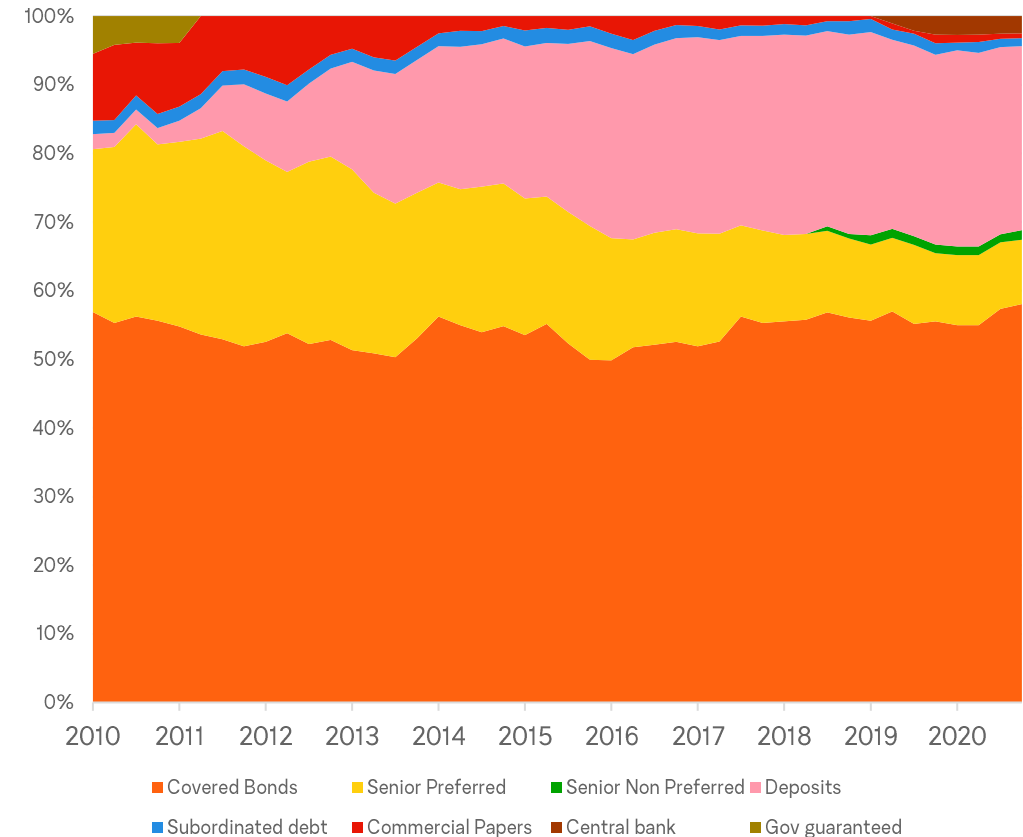


Funding strategy & development

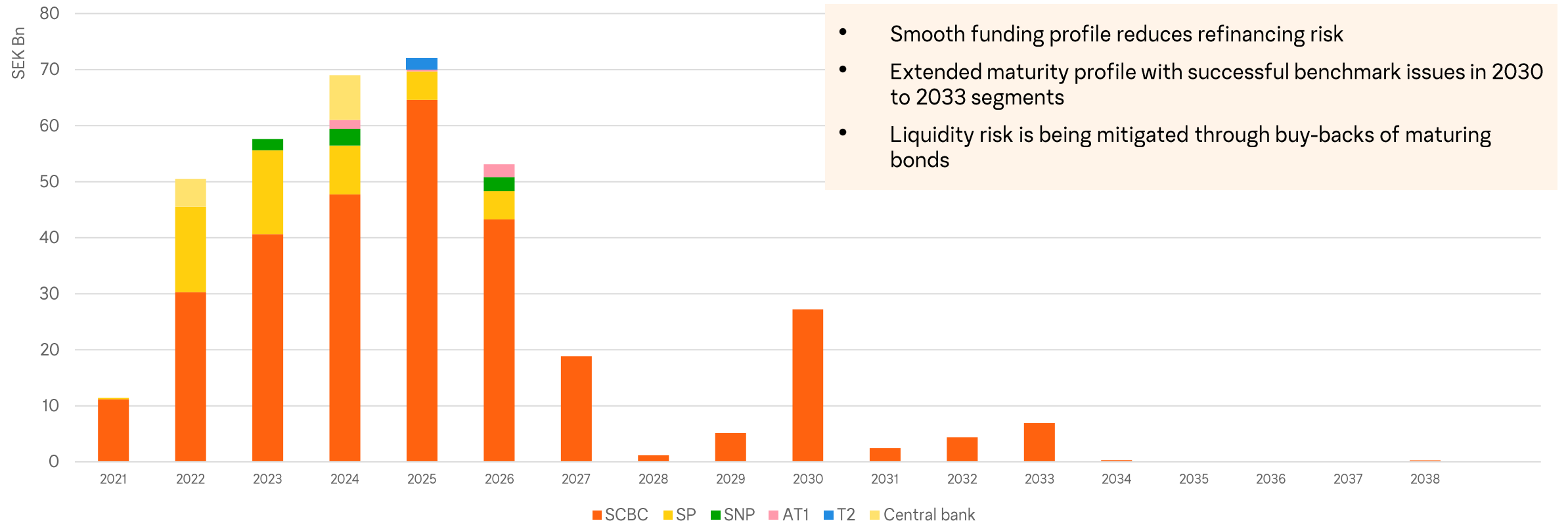
Funding strategy

- 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
- Committed to green bond issuances subject to green lending volumes

Development of funding sources over time



Maturity profile



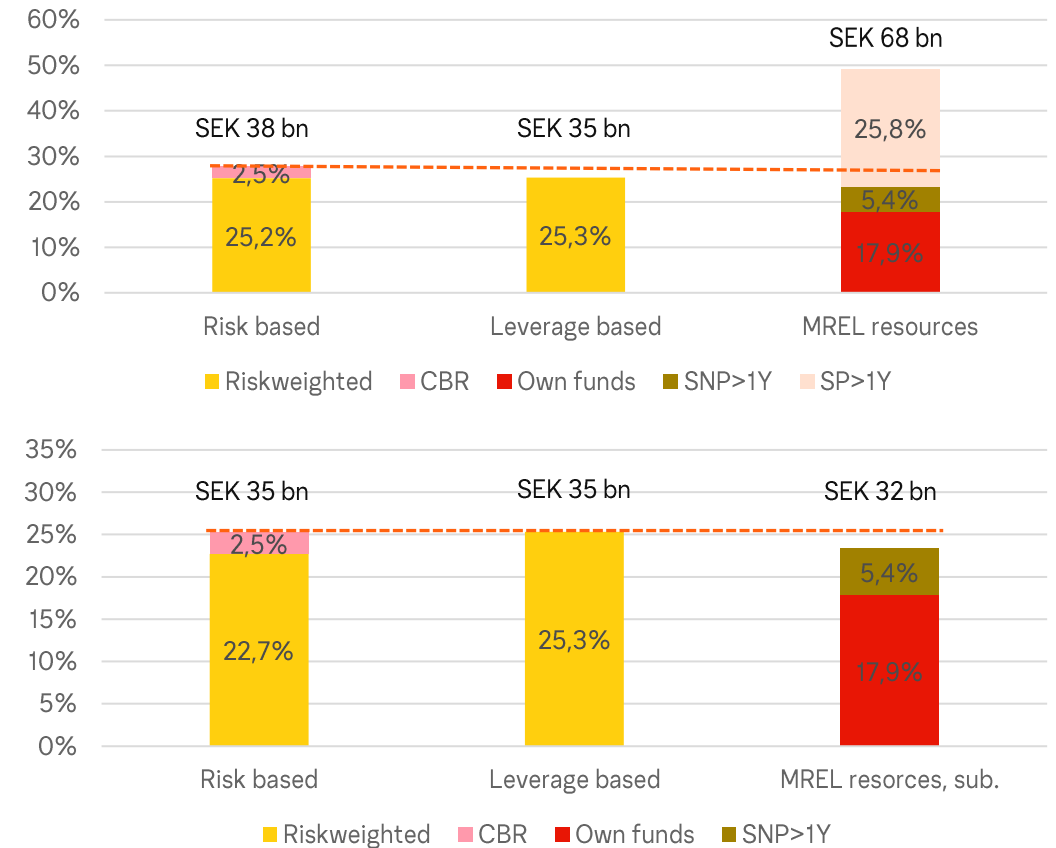
MREL-requirement

– Regulatory change under BRRD2

Background

- On 2 July, the SNDO published the proposal for MREL requirement under BRRD2
 - Requirements will be phased in with full compliance on 1 January 2024
- MREL requirement the higher of:
 - **Risk based:** $2x(P1+P2)+MCC^1$
 - **Leverage based:** $2x$ Leverage ratio
- Subordination requirement (part of the MREL requirement) the higher of:
 - **Risk based:** $2x(P1+P2)$
 - **Leverage based:** 8% TLOF, capped at 6% leverage
- SBAB's current need for SNP around SEK 10 bn (7,5 bn issued up until Q3 2021) on 1 January 2024
- Balance sheet growth, maturity profile and buffer will add to SNP need.
 - Estimated need for outstanding SNP by end 2023 around SEK 18-20 bn.

MREL and subordination requirement in January 2024 (assumptions done with Q3 2021 figures, % of TREA)



Funding, liquidity & capital

¹MCC=Market Confidence Charge and consists of: CBR – CcyB + P2G. For the riskbased approach capital used to meet CBR cannot be double counted.

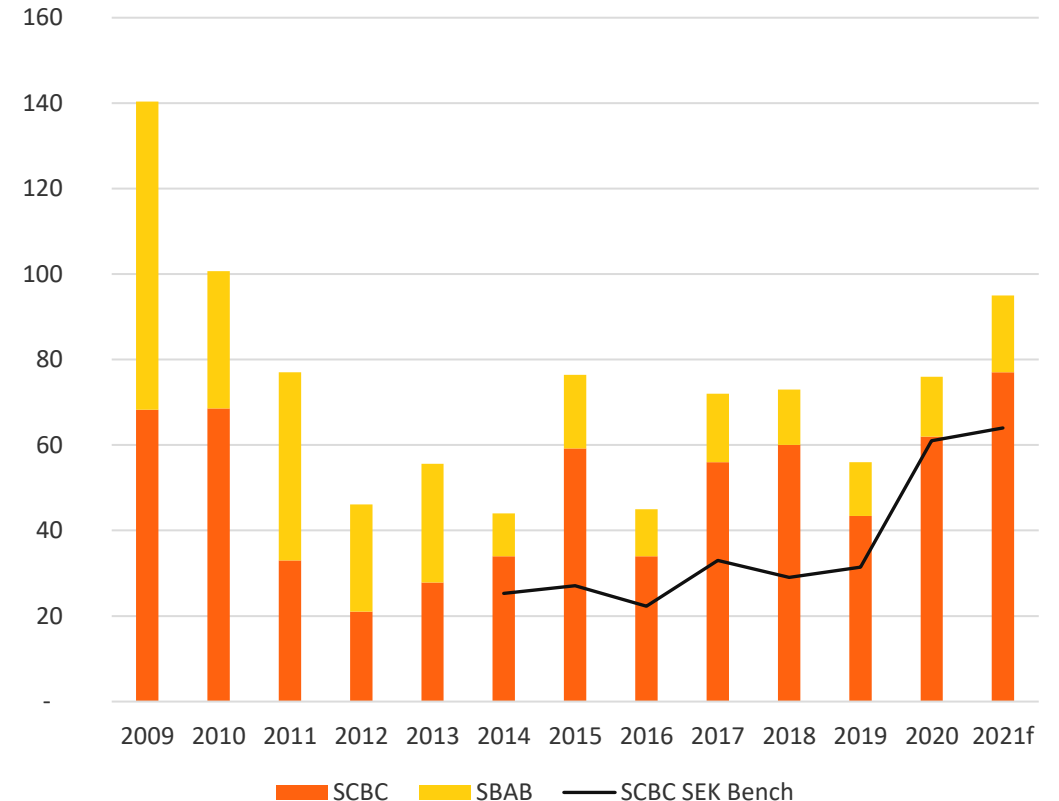


Future issuance

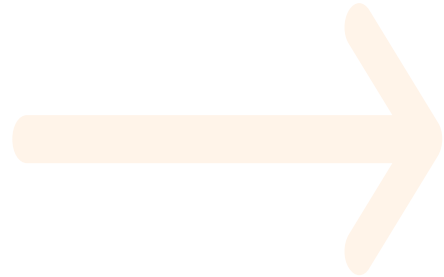
Future issuance

- Total long-term funding for 2021 expected to be approximately SEK 95 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)



Regular presence in EUR market



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

SBAB!

Senior Unsecured
€500mn

0.125%
5,25y due Aug '26

May 2021



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

SCBC!

Covered bonds of SBAB

Covered Bond
€1000 mn

0.01%
8,75y due March '30

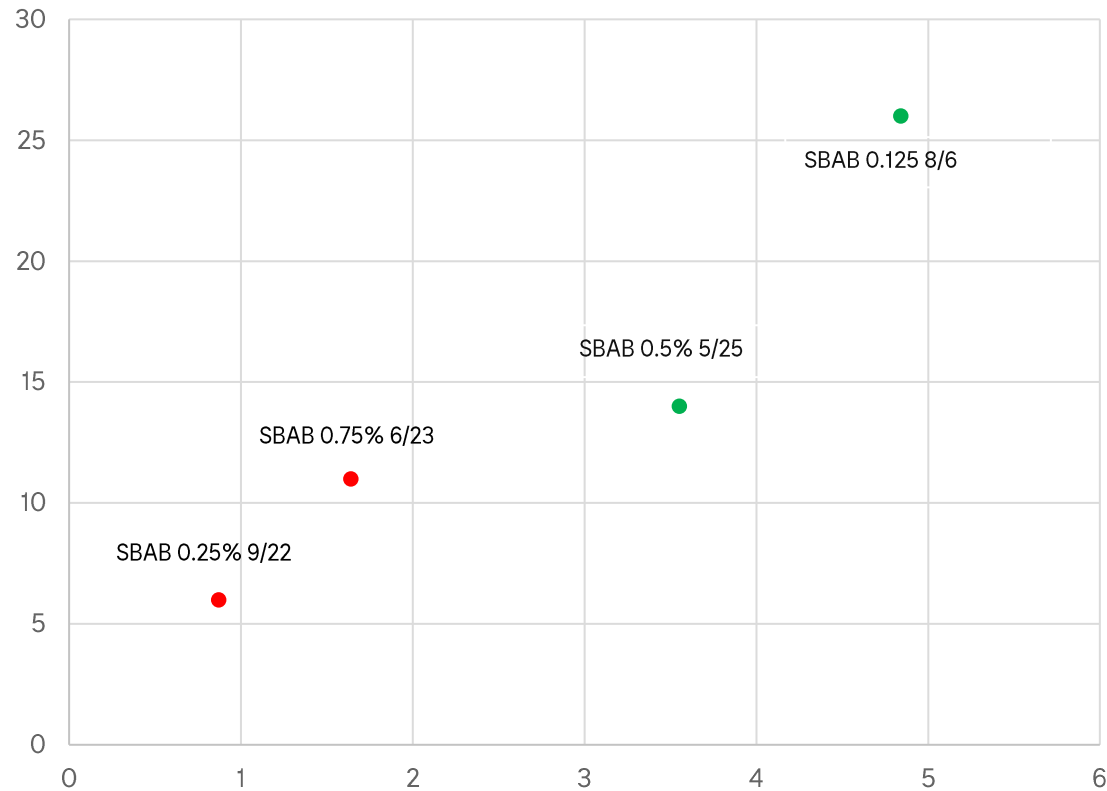
June 2021



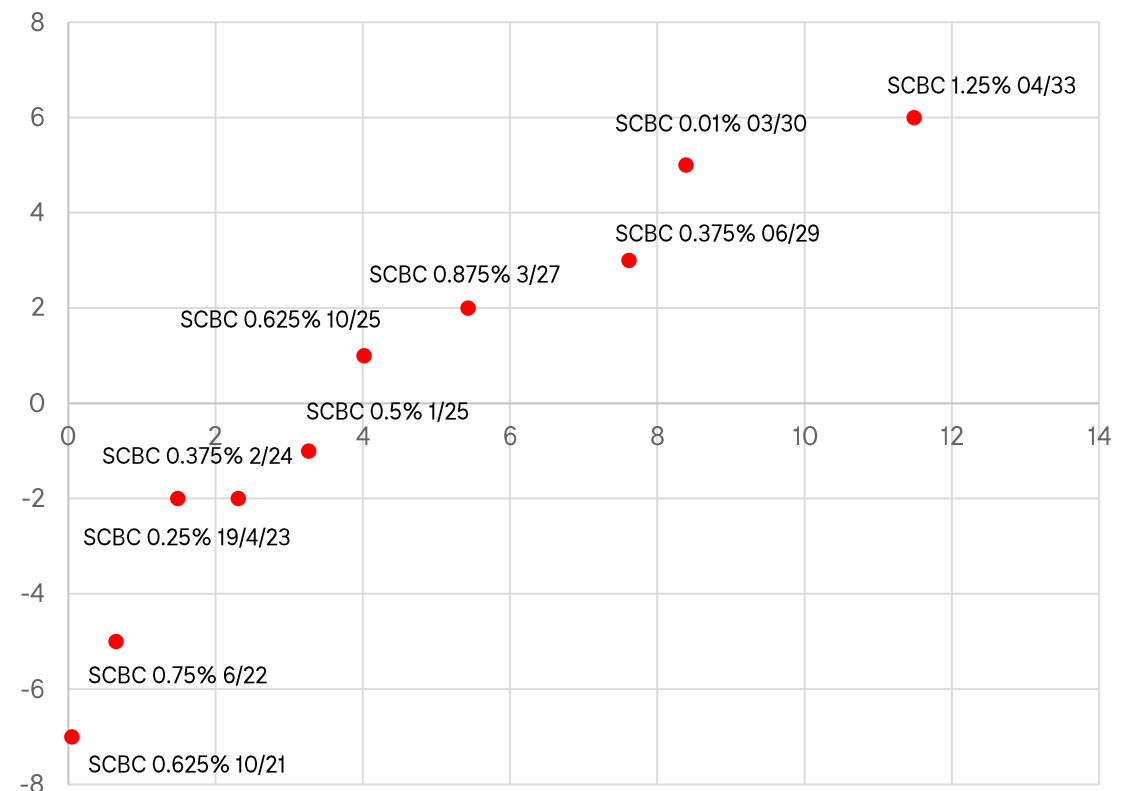
Outstanding SP and CB (EUR)

- Spread vs MS, bps

Senior Unsecured (SP)



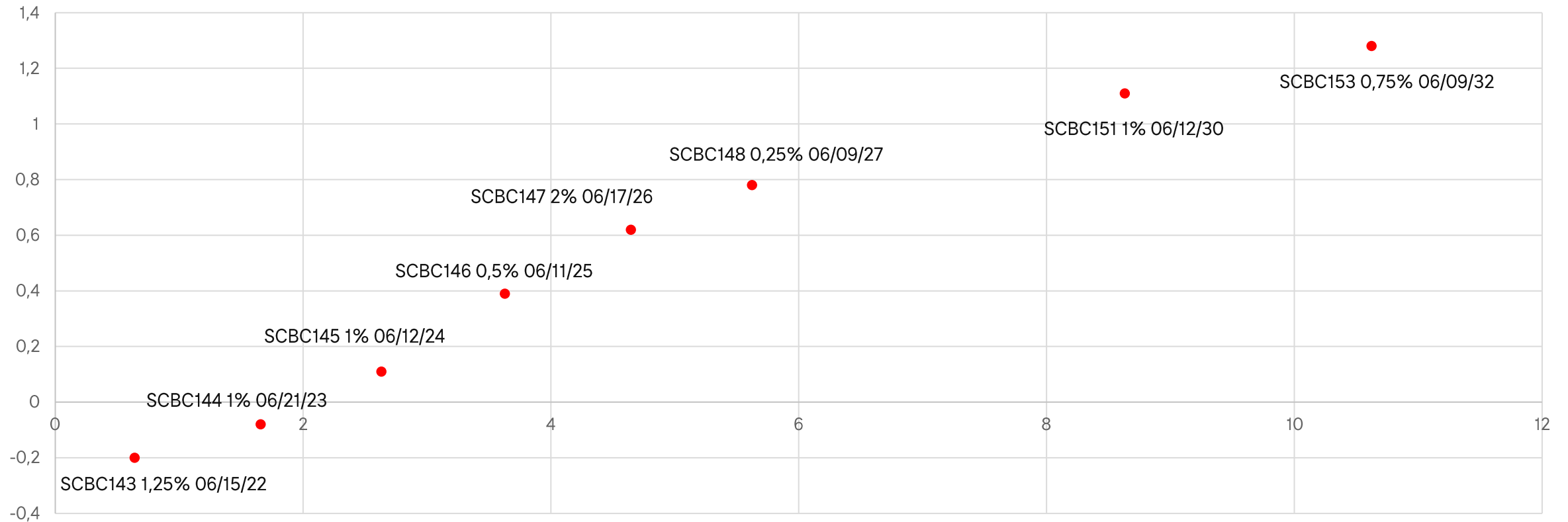
Covered Bonds (CB)



Outstanding CB (SEK)

– Yield to maturity, %

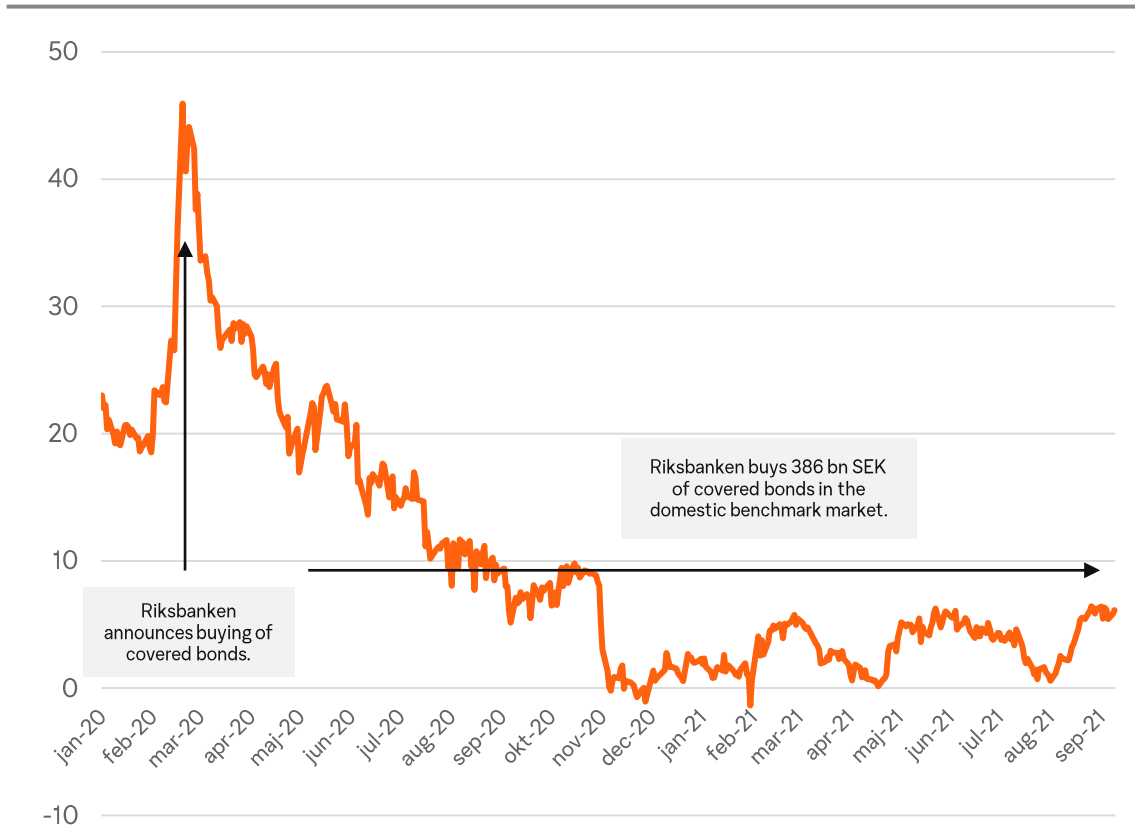
Liquid benchmark CB curve in SEK covering broad range of tenors



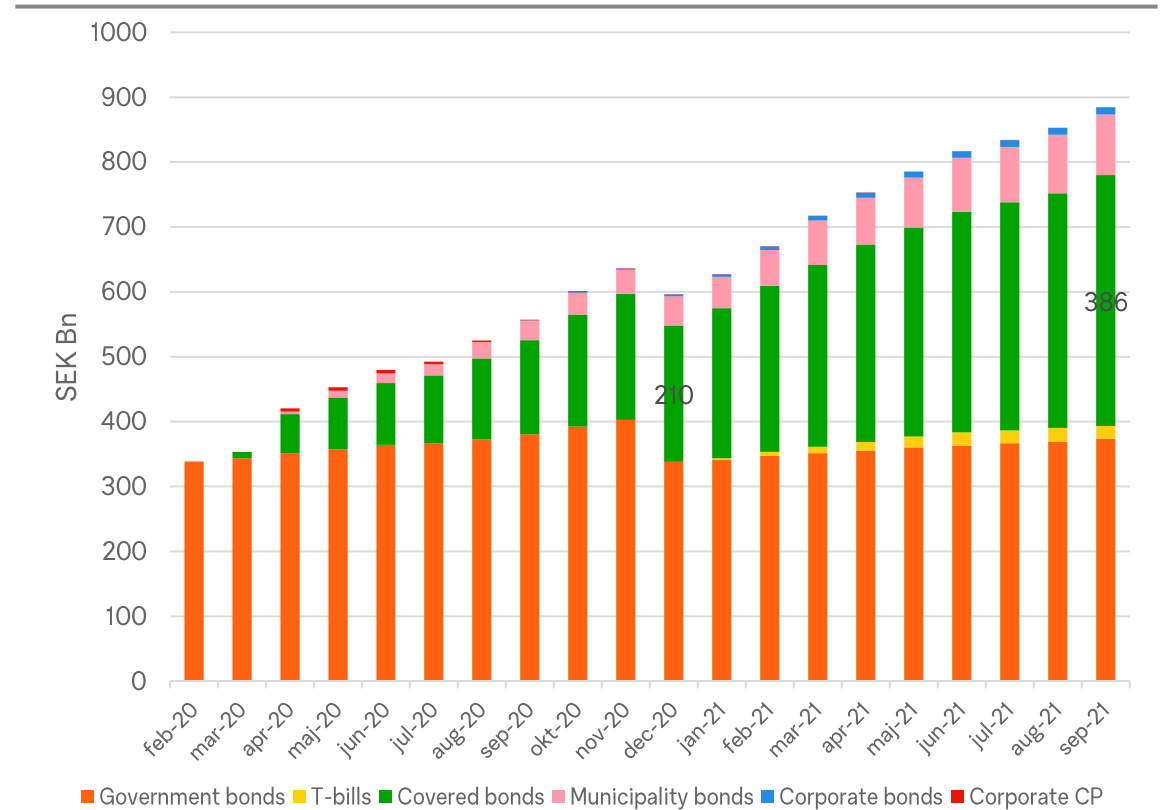
Riksbank QE gives strong support

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

CB spread SCBC ~5Y SEK, bps vs swap



Riksbank offers to buy close to 50 bn CB during Q4 2021

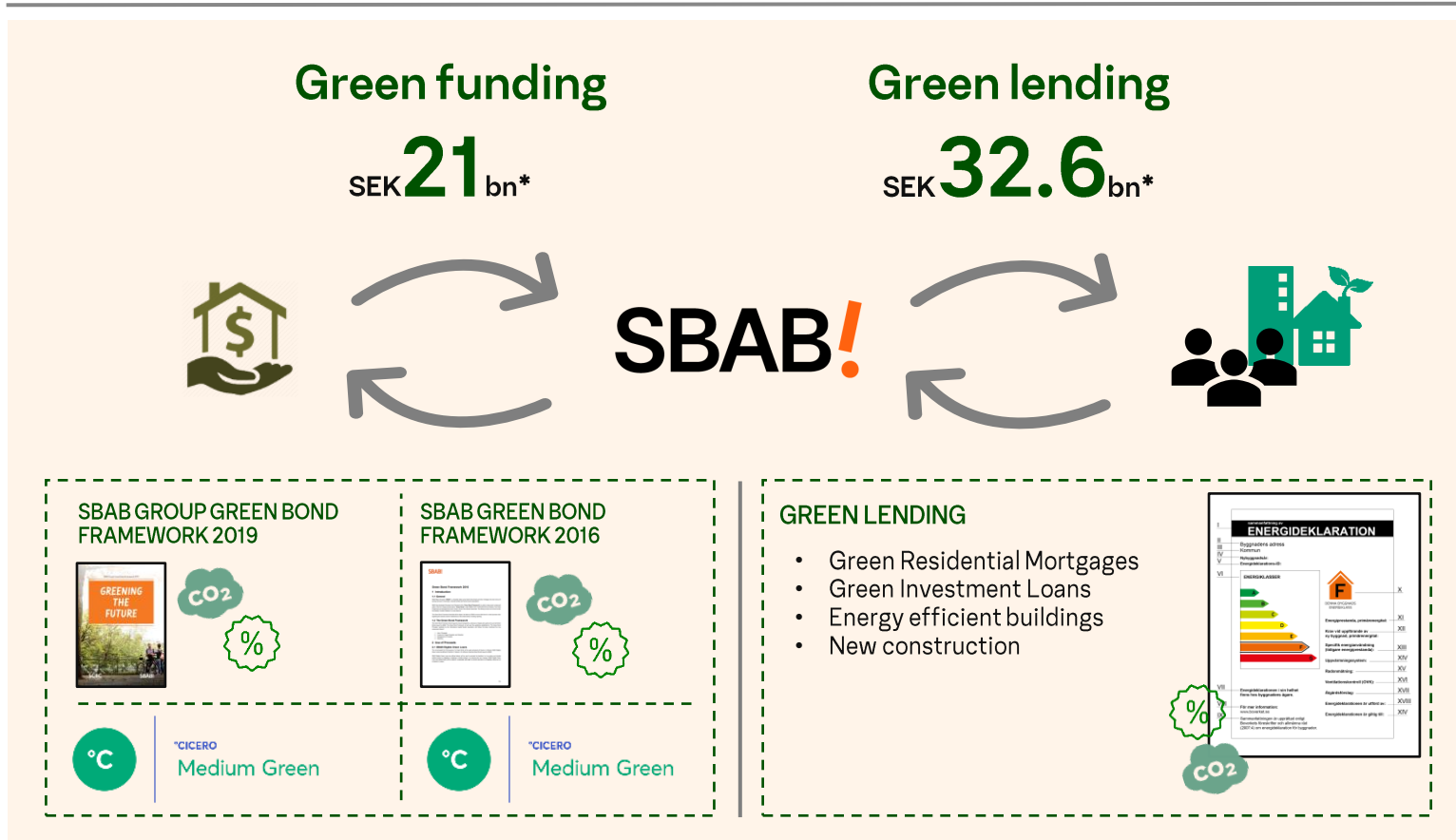


INSIGHT: Green lending & funding



Linking green lending to green funding

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

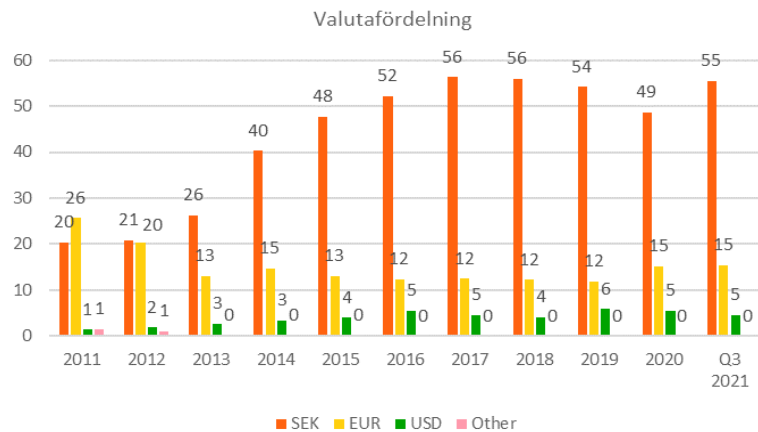
*Estimate as of 30 September 2021



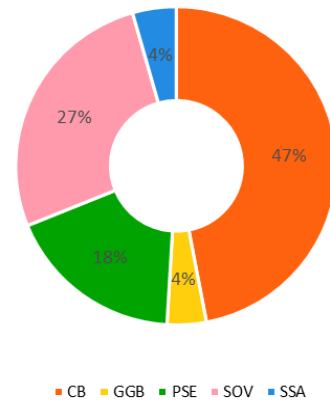
Liquidity position

- Strong liquidity position with LCR and NSFR well above regulatory requirements
- Survival horizon implies liquidity need coverage for 341 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

Liquidity portfolio (Currency distribution)



Liquidity portfolio (Securities type)



Key metrics

Liquidity portfolio

75_{bn}

LCR

221%

NSFR

134%

Survival horizon

341_{days}



Update on capital

SBAB well above external and internal requirements

Components of SBAB's capital target Q3 2021

SEK million	Total capital	%	CET1 capital	%
Estimated capital requirements from the S-FSA	19 085	13.9	12 669	9.2
– Of which, Pillar 1 minimum requirement	4 072	3.0	2 291	1.7
– Of which, Pillar 1 risk-weight floor, Swedish mortgages	6 941	5.0	3 904	2.8
– Of which, Pillar 2 core requirement	4 612	3.4	3 015	2.2
– Of which, Capital conservation buffer	3 442	2.5	3 442	2.5
– Of which, Countercyclical buffer	18	0.0	18	0.0
– Of which, Pillar 2 guidance (P2G)	-	-	-	-
SBAB's capital target	19 911	14.5	13 495	9.8
SBAB's actual capital	24 613	17.9	18 318	13.3

Comments

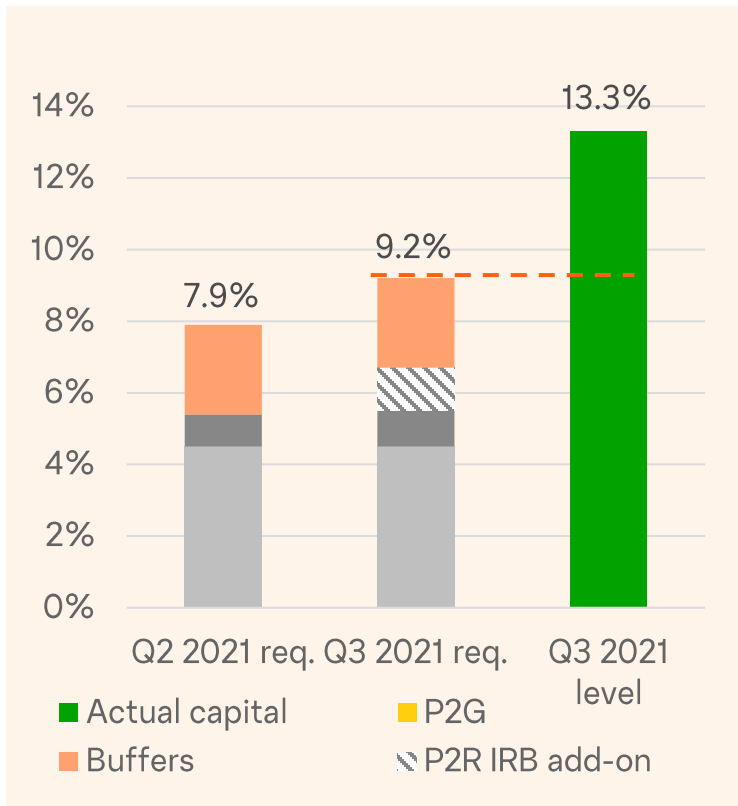
- Capital target: CET1 and total capital ratio at least 0.6% above the requirement communicated by the S-FSA
- SBAB remains well above external and internal requirements in Q3 2021
- Leverage ratio decreased somewhat to 3.9% as per 30 September 2021, from 4.0% as per 30 June 2021



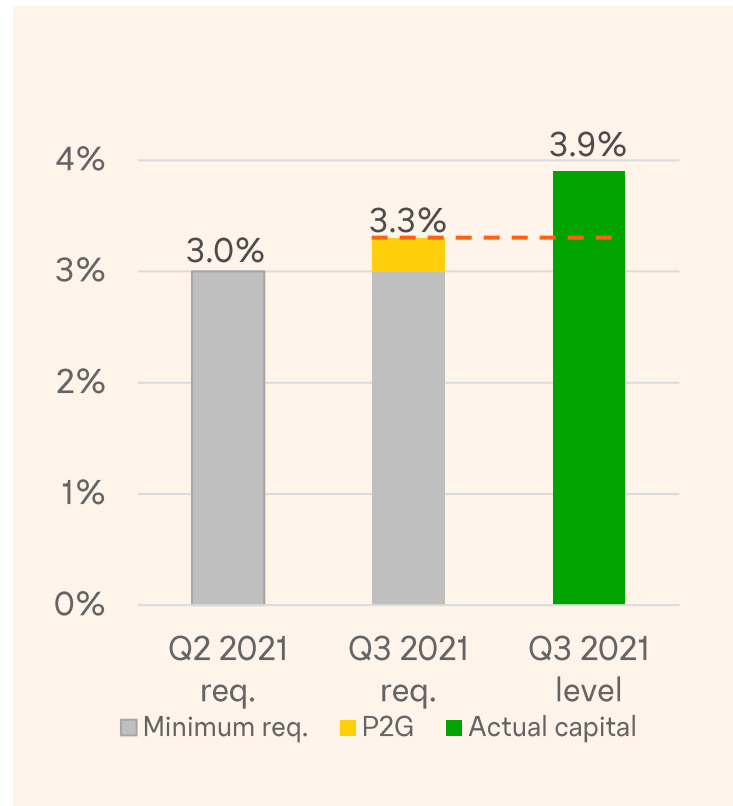
SFSA SREP 2021

- Continued strong capital buffers: SBAB well above external requirements

CET 1 capital ratio, %



Leverage ratio (LR), %



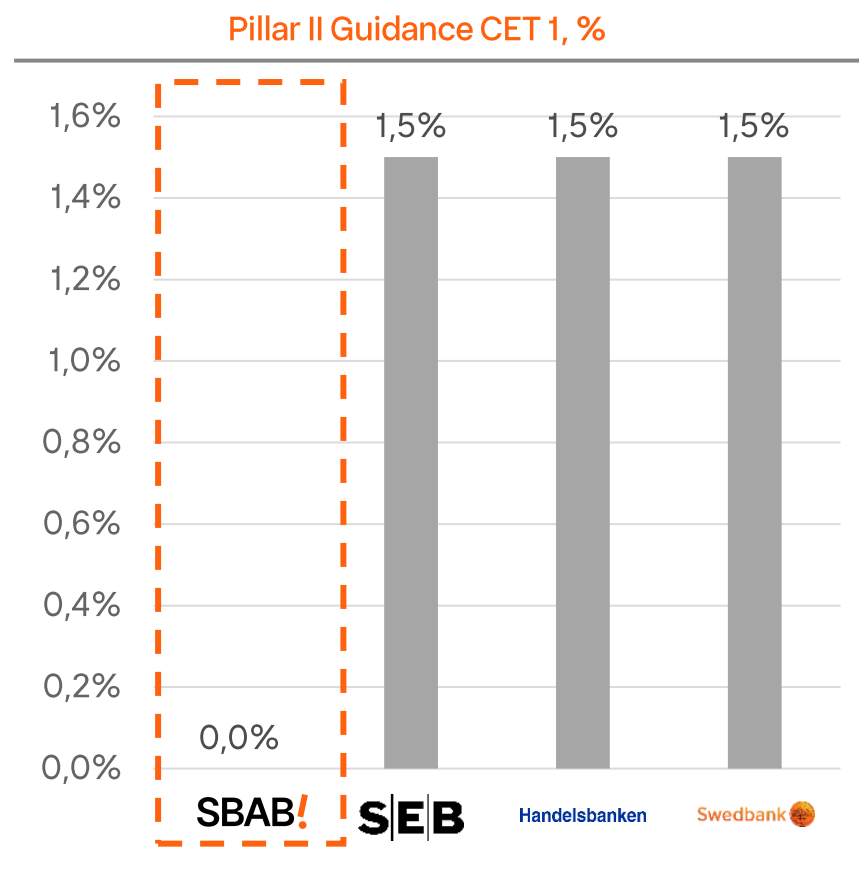
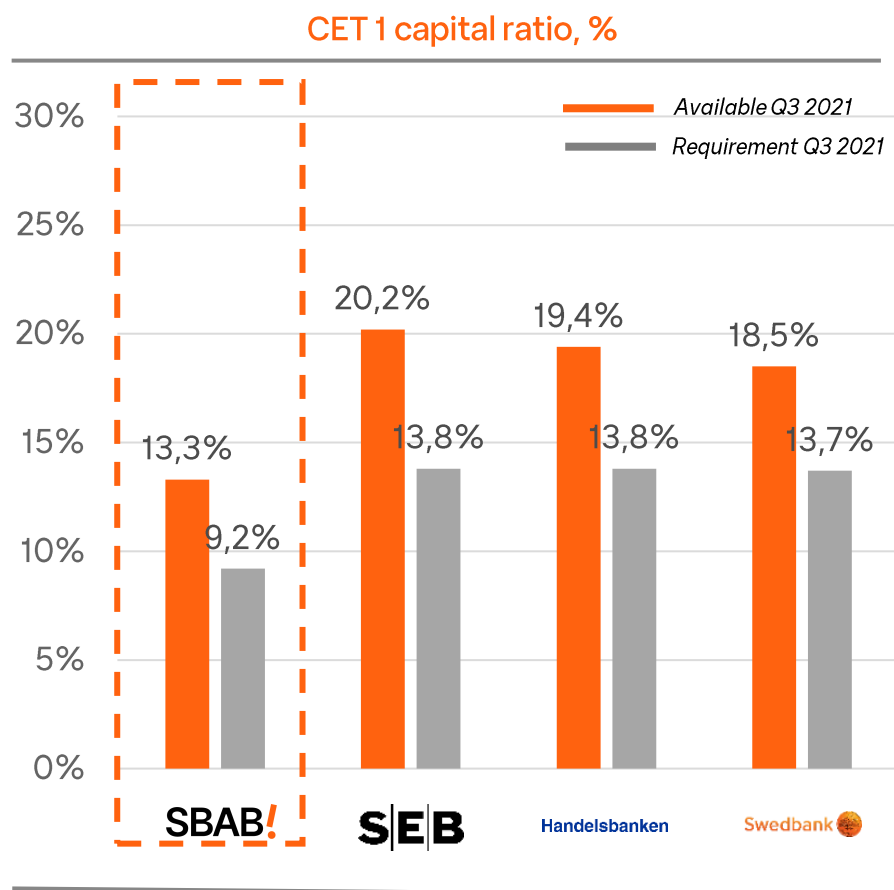
Comments

- Based on this year's SREP, the total CET1 requirement amounts to 9.2 percent, providing a continued satisfactory margin in relation to the external capital requirement (13.3%) and internal capital target (13.9%).
- The risk-based capital requirement under Pillar 2 includes a capital requirement for deficiencies within internal models – SBAB:s updated IRB models, following approval from the SFSA, is expected to address the identified deficiencies and lead to a decreased Pillar 2 requirement
- Pillar 2 guidance for SBAB has been set at 0% (risk-weighted) and 0,30% (LR), and once again underscore SBAB's stable business model and the low underlying risk within its operations.



Capital buffers and P2G vs peers Q3 2021

- Continued strong capital buffers: SBAB well above external requirements



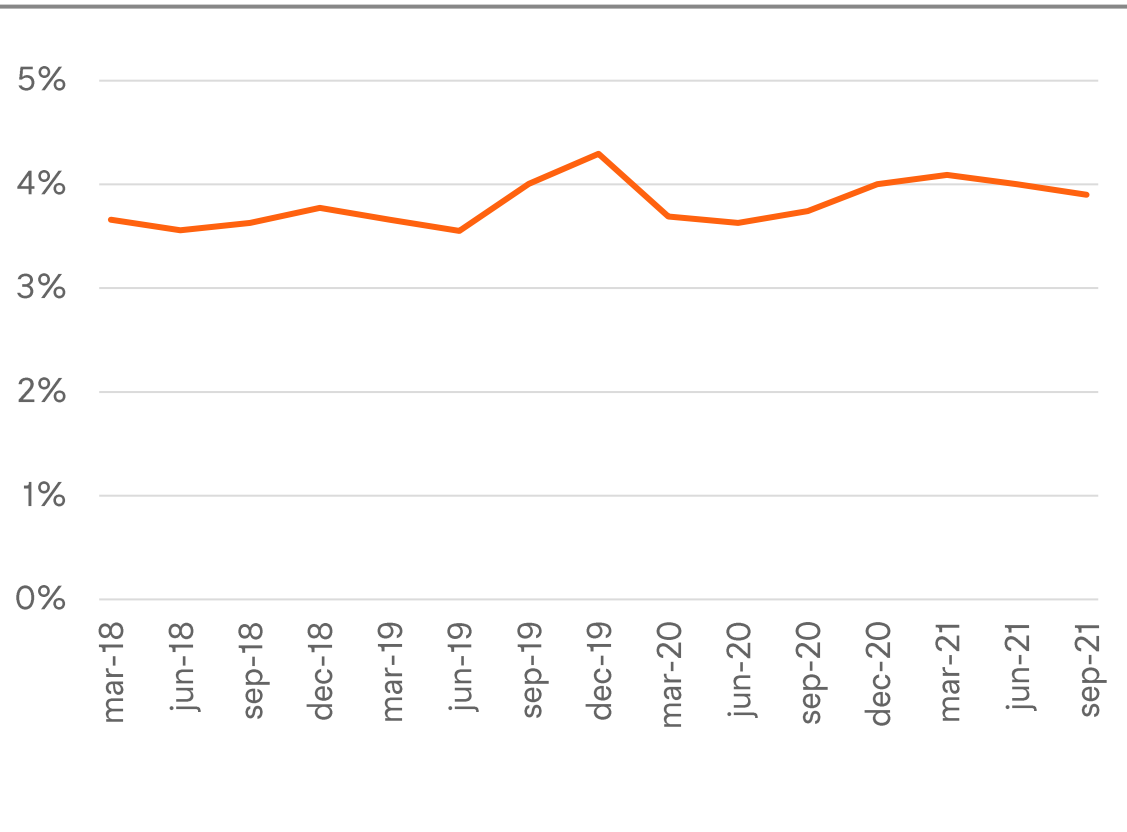
Comments

- SBAB:s margin to CET 1 requirement is in line with peers
- Risk weighted Pillar 2 guidance for SBAB is 0, significantly below peers
- SFSA stress test results in line with SBAB:s own view – our business model is stable and sustainable also in tough market conditions

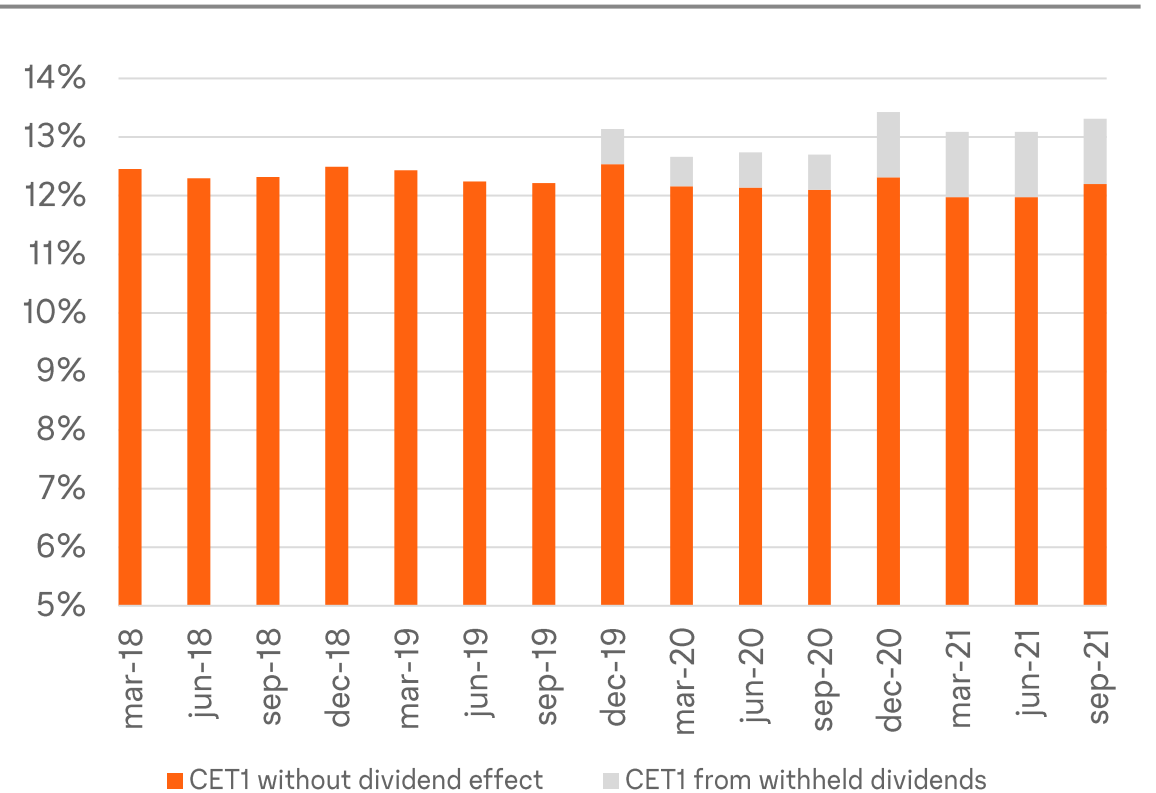


History of stable capital ratios

Leverage Ratio



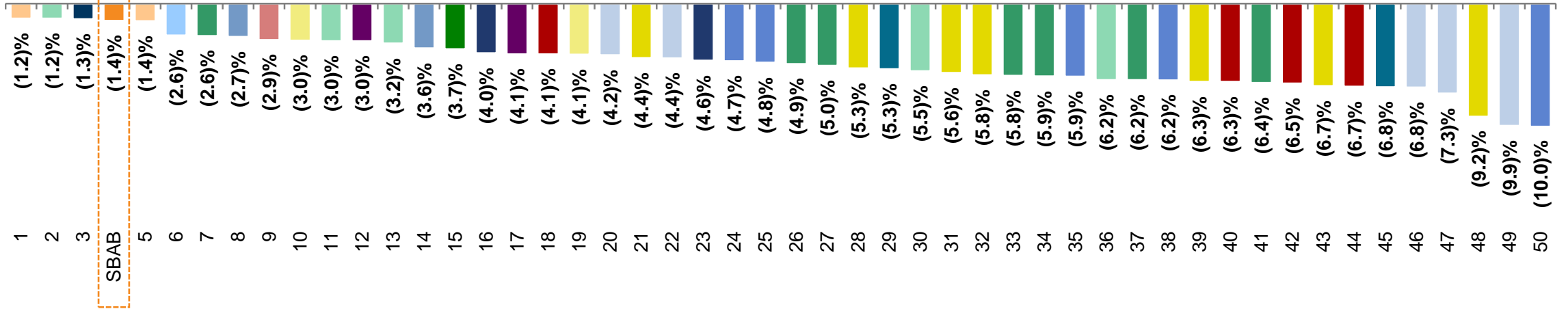
CET1 Ratio



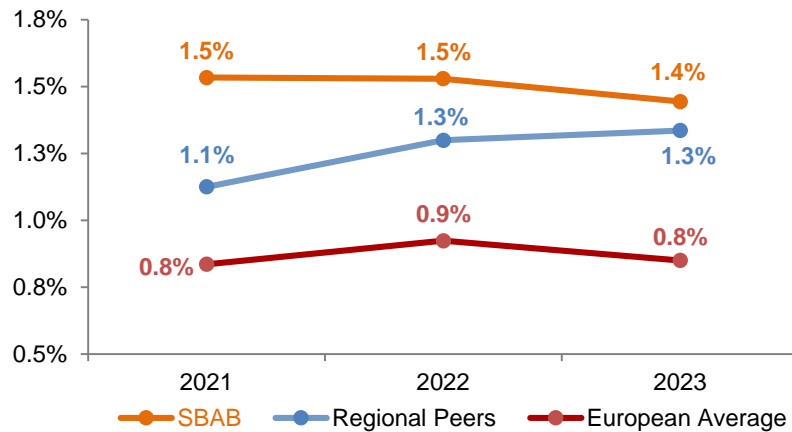
EBA Stress Test Results Overview

Best in Class Capital Resilience Under Severe Macro Assumptions & Superior CET1 Generation in Baseline as well as Adverse Scenarios

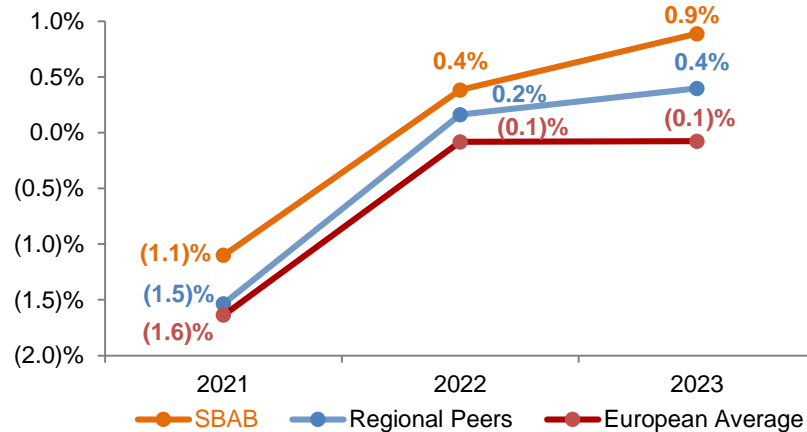
Best in Class Capital Resilience in the Adverse Stress Test Scenario



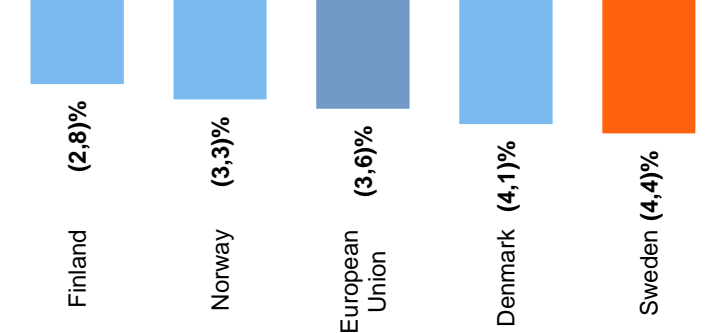
Baseline CET1 Generation (Net profit/RWAs)



Adverse CET1 Generation (Net Profit/RWAs)



Cumulative GDP Change (Adverse Scenario)



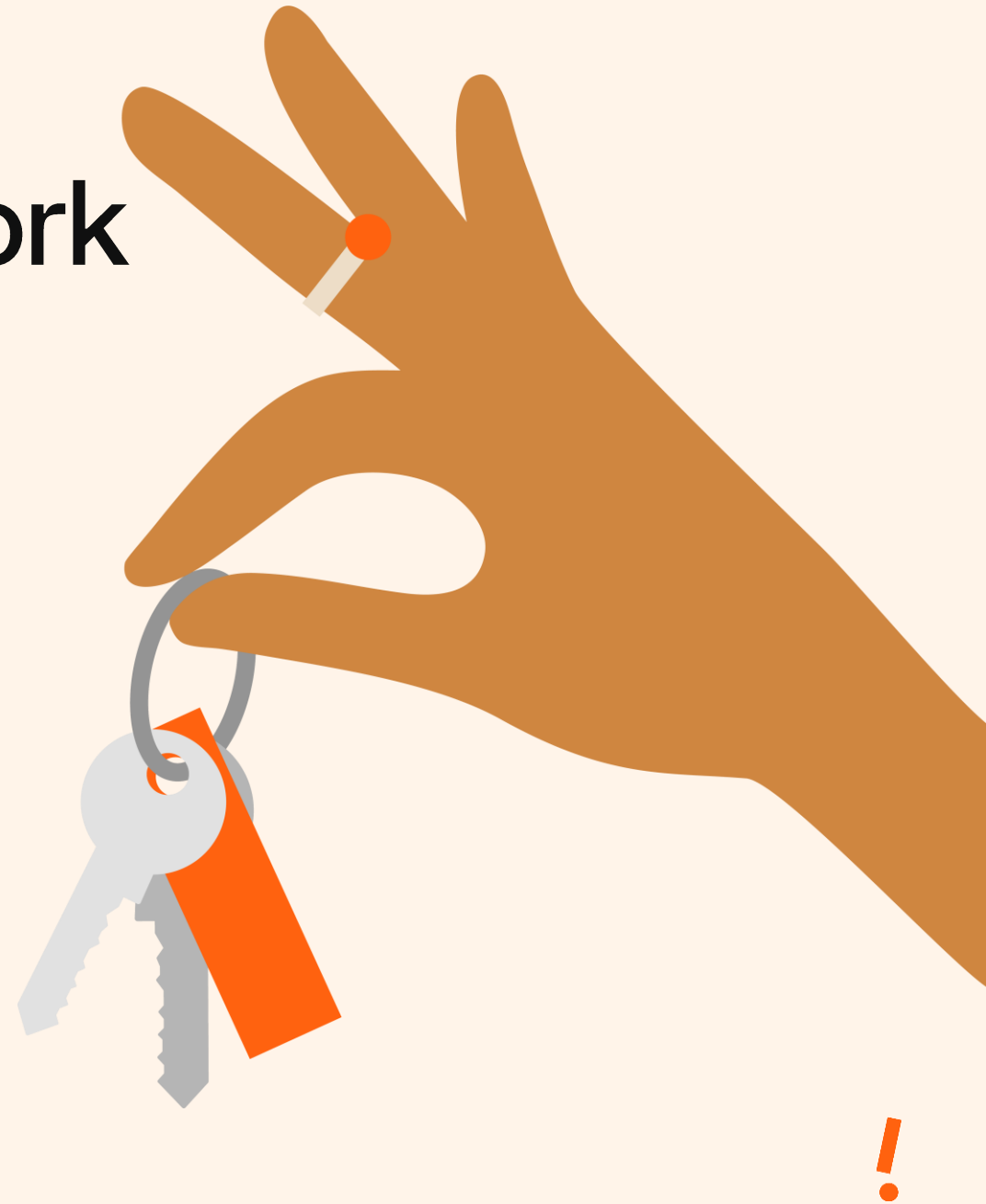
Appendix

Chapter 5 (5)

SBAB!

Environment, social and governance framework

Appendix I



SBAB's commitment to sustainability

- **2014:** SBAB underwent a comprehensive business transformation from full-service bank to a focus on housing and household finances (Sw. "Boende och boendekonomi").
- **2017:** Sustainability was fully integrated in SBAB's business plan & governance structure. We do not distinguish between business and sustainability objectives.
- Three overall (business & sustainability) target areas for our operations form the basis of our common approach and contribution to sustainable societal development:
 - **Responsibility & transparency**
 - **Attractive workplace**
 - **Sound finances**



SBAB prioritises four SDGs

The private sector, including SBAB, has an important role to play in achieving the SDGs within the 2030 Agenda. We selected four of the 17 SDGs based on their importance and relevance to our operations. The prioritised SDGs were chosen as a result of an extensive analysis consisting of 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.

Guidelines and obligations

Guidelines & obligations

- **State's ownership policy**

- SBAB follows the state's ownership policy and guidelines for state-owned enterprises 2020, which also encompasses the Guidelines for external reporting in state-owned enterprises and Guidelines for remuneration and other terms of employment for senior executives in state-owned enterprises

- **SBAB's policies, instructions and directions**

- Each year, SBAB's Board of Directors adopts a number of policies and instructions at the statutory Board meeting. These are an important part of the internal governance and help the company to promote sustainable business and to create a consensus on company-wide issues and areas

- **SBAB's Code of Conduct**

- **UN Global Compact, Communication on Progress (COP)**
- **UN 2030 Agenda and Sustainable Development Goals (SDGs)**
- **Sweden's environmental objectives**
- **The Paris agreement and the EU action plan for financing sustainable growth**
- **Reporting according to the framework of the Task Force on Climate-related Financial Disclosures (TCFD)**
- **Member of UNEP FI and signatory to Principles for Responsible Banking. First report published in Q4 2021**
- **Signatory to Partnership for Carbon Accounting Financials (PCAF)**
- **Ongoing implementation of EU taxonomy to be reported starting Q2 2022**
- **EBA's ESG disclosures in Pillar III to be reported starting Q2 2022**



A truly sustainable strategy

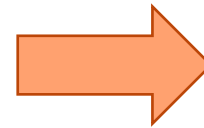
Analyses basis for strategic direction & prioritisation

Materiality assessment

Gap analysis

SBAB's target areas are set based on regularly conducted materiality assessments, research on impact, the regulatory environment and continuously ongoing stakeholder dialogue

To address sustainability challenges and opportunities and the demands identified from our operating environment, SBAB has established three overall business and sustainable target areas for the operations: Responsibility and transparency; Attractive workplace; and Sound finances



Responsibility and transparency

Attractive workplace

Sound finances



Materiality assessment

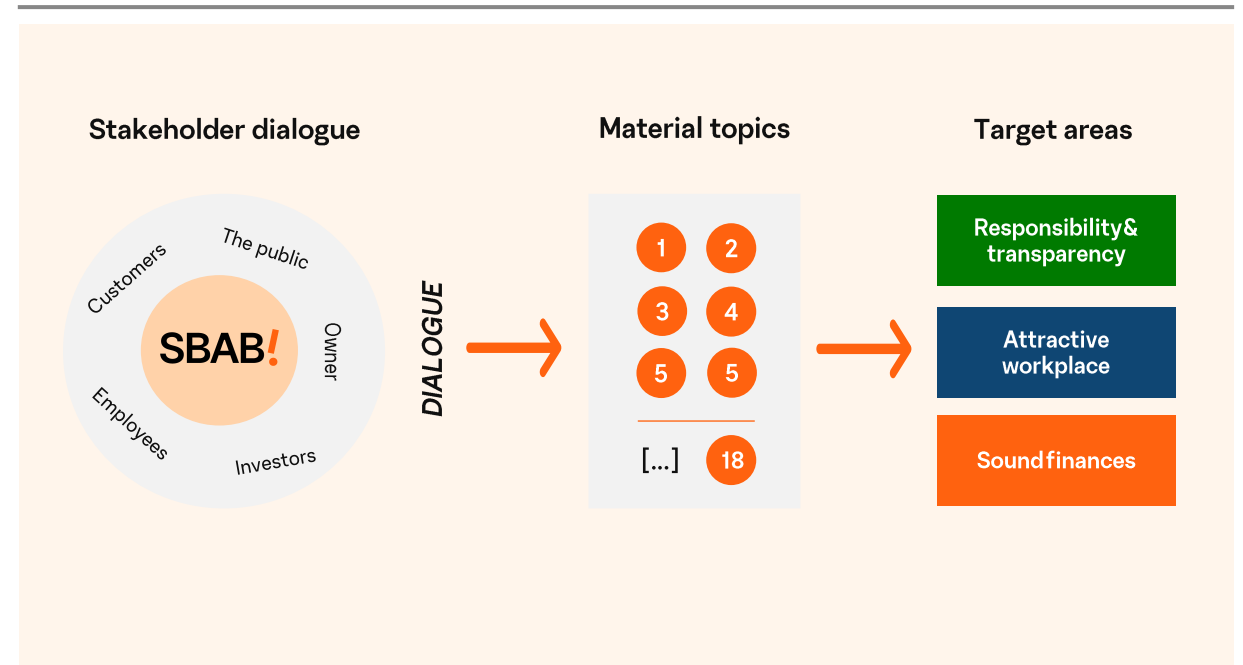
– Materiality assessment basis for defining strategy, goals & target areas



Materiality
assessment

- A new materiality assessment was conducted in line with GRI guidelines in 2020.
- 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.

Overview of process for defining SBAB's target areas



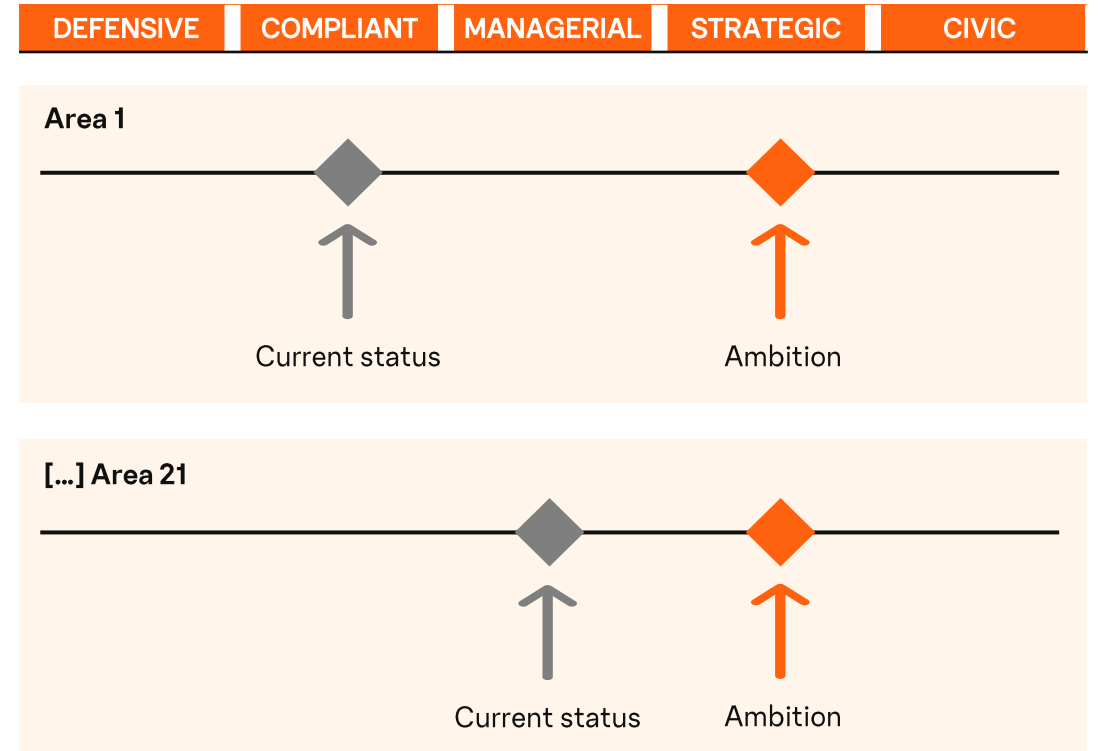
Gap analysis

– Tool for addressing sustainability challenges and/or opportunities within SBAB’s target areas



Gap analysis

- In 2018, an extensive sustainability analysis (“gap analysis”) was conducted with the aim of identifying challenges and/or possibilities within our three target areas. In 2021 we updated this “gap analysis” following our updated materiality analysis. 21 areas were identified within which SBAB faces challenges and/or possibilities of varying scope
- The analysis includes the current status and ambition level for each identified area, detailed goals and KPIs
- The results of the gap analysis were discussed and developed by representatives from operations and the Executive Management, and presented for decision by the Board and constitutes an important tool for governance, follow-up & prioritization



SBAB's business/sustainability goals

		Goal 2020	Results 2020
Responsibility & transparency 	Responsibility: The Sustainability index, rank in brand surveys	Top 3	2nd
	Transparency: Proportion of customers who believe that SBAB has an offering that is straightforward and easy to understand	90%	83%
	Customer satisfaction: Sweden's most satisfied customers according to Swedish Quality Index (Svenskt Kvalitetsindex, SKI)	Residential mortgages Top 3	1st
	Property loans Top 3	1st	
Attractive workplace 	Equality & diversity: Equality between women/men in management positions (within the range)	45-55%	49/51%
	Employee experience: Percentage of employees who consider SBAB a great place to work	≥90%	94%
	Committed employees: Total Trust Index in Great Place to Work's annual employee survey	≥ 85%	87%
Sound finances 	Profitability: Return on equity over time	≥10%	10.8%
	Dividend: Ordinary dividend based on profit for the year after tax, taking the Group's capital structure into account	≥40%	n/a
	Capitalisation: CET1 capital ratio & total capital ratio above regulatory requirement	CET1 capital ratio ≥0.6%	5.4%
	Total capital ratio ≥0.6%	5.4%	

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	23 June, 2021	1.048%	XS1436518606	SBAB Green Bond Framework 2016
		SEK 1.0bn	Unsecured	23 June, 2021	3M Stibor +95 bps	XS1436728916	SBAB Green Bond Framework 2016
SBAB	4 October, 2017	SEK 1.0bn	Senior	11 October, 2022	0.98%	XS1697577556	SBAB Green Bond Framework 2016
		SEK 750mn	Unsecured	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	06 June, 2024	3M Stibor +90 bps	XS2015229516	SBAB Group Green Bond Framework 2019
		SEK 0.75bn	Non-Preferred	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		SEK18.05 bn					

Green Bond Framework 2016

Eligible Green Loans

SEK 4.35 billion

Expected annual avoidance of GHG emissions

624 tCO₂e

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

0.14 tCO₂e

Green Bond Framework 2019

Eligible Green Loans

SEK 27.15 billion

Expected annual avoidance of GHG emissions

10 980 tCO₂e

Expected annual avoidance of GHG emissions per disbursed SEK 1 million

0.40 tCO₂e

Green Bonds Impact Report 2020

Greening the future



SBAB!

SBAB Bank AB (publ)

SCBC!

Covered bonds of SBAB

AB Sveriges S kerst llda Obligationer (publ)
(Swedish Covered Bond Corporation – SCBC)

Climate and sustainability risks

– Extraction of activities, see full description in SBAB Annual Report 2020, page 79

Risk area	Risk description	Impact on SBAB	Risk mitigation measures
Personnel, social conditions and human rights	<p>Internal: Risks pertaining to personnel include health and safety at the workplace, the occurrence of discrimination, remuneration levels and workloads.</p> <p>External: Risks linked to personnel, social conditions and human rights in conjunction with lending to property companies. SBAB is also exposed to these risks in conjunction with the procurement of services and goods. Accessibility pertains to equality and non-discrimination.</p>	Damage to reputation and negative impact on the Group's financial position.	<ul style="list-style-type: none"> • Clear company-wide goals to support equality and diversity and to ensure a positive employee experience and high employee commitment. • Equality and diversity policy and an equality plan that emphasises the value of employees with different backgrounds. • Code of Conduct provides guidance on how employees should act and conduct themselves in various situations based on SBAB's values and the inherent responsibilities of being a SBAB employee. • Aims to manage risks linked to personnel, social conditions and human rights in lending through in-depth customer dialogues and industry collaboration. • Supplier Code that addresses SBAB's view and expectations of our suppliers' sustainability efforts and compliance with international guidelines and principles.
Climate and the Environment	<p>Internal: Exposure to transition risks if SBAB does not succeed in adapting operations to the higher environmental and climate requirements set by tomorrow's sustainable economy. The physical climate risk linked to SBAB's operations primarily pertains to the risk of increased damage and value declines in assets and collateral as a result of climate change.</p> <p>External: Exposure to climate and environmental risks in conjunction with credit granting. Future climate changes could affect customers' capacity to pay and the value of assets and collateral. Physical climate risks encompass, inter alia, higher sea levels, extreme weather as well as collapses and landslides.</p>	Negative impact on the financial position.	<ul style="list-style-type: none"> • Environmental risk is mainly managed through a broadened customer dialogue, internal training, product development and customer communication. • In credit granting processes for property companies and tenant-owners' associations, certain sustainability criteria are considered as a part of the overall assessment. • In 2019, SBAB completed a climate risk scenario analysis. The analysis indicates that rises in sea levels and the risk of flooding have limited impact on SBAB's portfolio. • Conduct an annual climate risk analysis to identify significant climate risks in the short term • A Key Risk Indicator (KRI) has been defined for identified physical climate risks
Anti-corruption efforts and other actions against financial crime	<p>Internal: The occurrence of corruption or financial crime could seriously affect the confidence of the public, the owner, customers and employees in SBAB and thereby the company's future competitiveness.</p> <p>External: Corruption and financial crime undermine democracy, hinder economic growth and distort competition in society. The risk of corruption or financial crime is relevant at every stage where money is handled.</p>	Reputational risk and sanctions.	<ul style="list-style-type: none"> • Separate unit, Anti-Financial Crime (AFC), which acts to strengthen SBAB's overall capacity to prevent financial crime. SBAB's efforts in this area encompass, inter alia, conducting risk assessments, obtaining a good level of KYC, monitoring activities and transactions, continuous training and ensuring adequate internal control through examination in the first, second and third lines in terms of daily operations, procedures and processes. • SBAB has an internal framework regulating how operations should work to counteract bribes and other forms of corruption. The framework is designed to reflect the Code on Gifts, Rewards and other Benefits in Business published by the Swedish Anti-Corruption Institute. To that end, SBAB conducts ongoing training in this area.



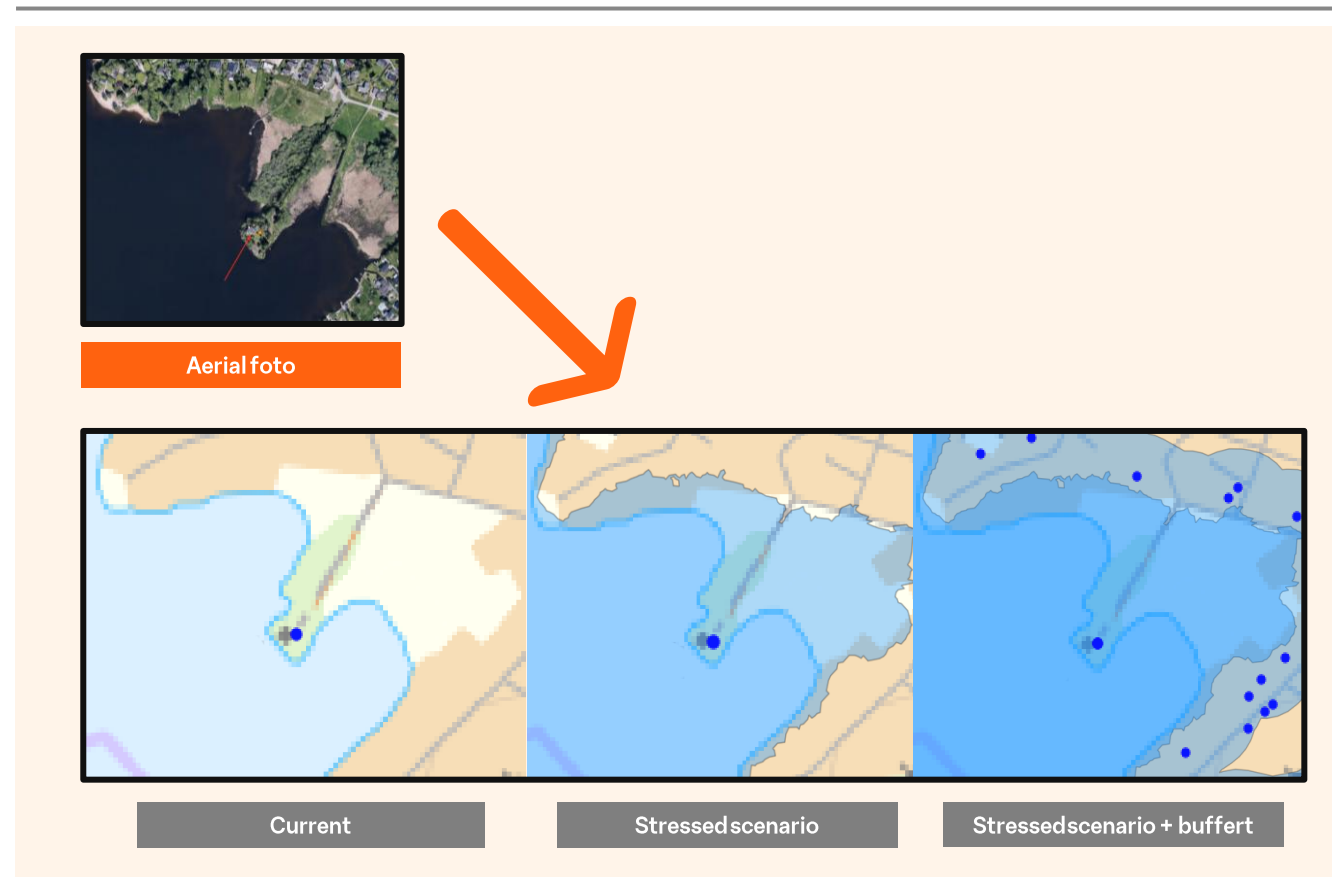
INSIGHT: Climate risk analysis



– 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



SCBC!

Covered bonds of SBAB

Appendix III



About SCBC

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

Housepricechange	Eligible assets in cover pool (SEK bn)	WALTV (%)	OC* (%)
0%	384.0	52.6	20.5
-5%	381.5	54.7	19.7
-10%	377.7	56.7	18.5
-15%	372.3	58.6	16.8
-20%	364.9	60.4	14.5
-25%	355.5	62.0	11.6
-30%	244.1	63.5	8.0

* OC calculated in accordance with requirements from the Swedish FSA

Key metrics

Cover Pool (SEK)

384_{bn}

No. of loans

448,472

OC

21.0%

WALTV

52.6%



Overview SCBC

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 daily 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	<i>100% Swedish residential mortgages *</i>
Over Collateralization	<i>21.0%</i>
Weighted average LTV	<i>52.6%</i>
Weighted average seasoning	<i>5.0 years</i>
Loans in arrears	<i>0.00%. Arrears below 0.01% (loans in arrears > 30 days are excluded from the Cover Pool)</i>
Number of loans	<i>448,472</i>
Average loan size	<i>SEK 857,230</i>
Geographical location	<i>Spread throughout Sweden; concentrated to economic hubs</i>
Pool type	<i>Dynamic</i>
Originator	<i>SBAB Bank Group</i>
Interest rate type	<i>54.7% floating, 45.3% fixed / 54.8% amortising, 45.2% interest only</i>

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



The SCBC product

The limited activities 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

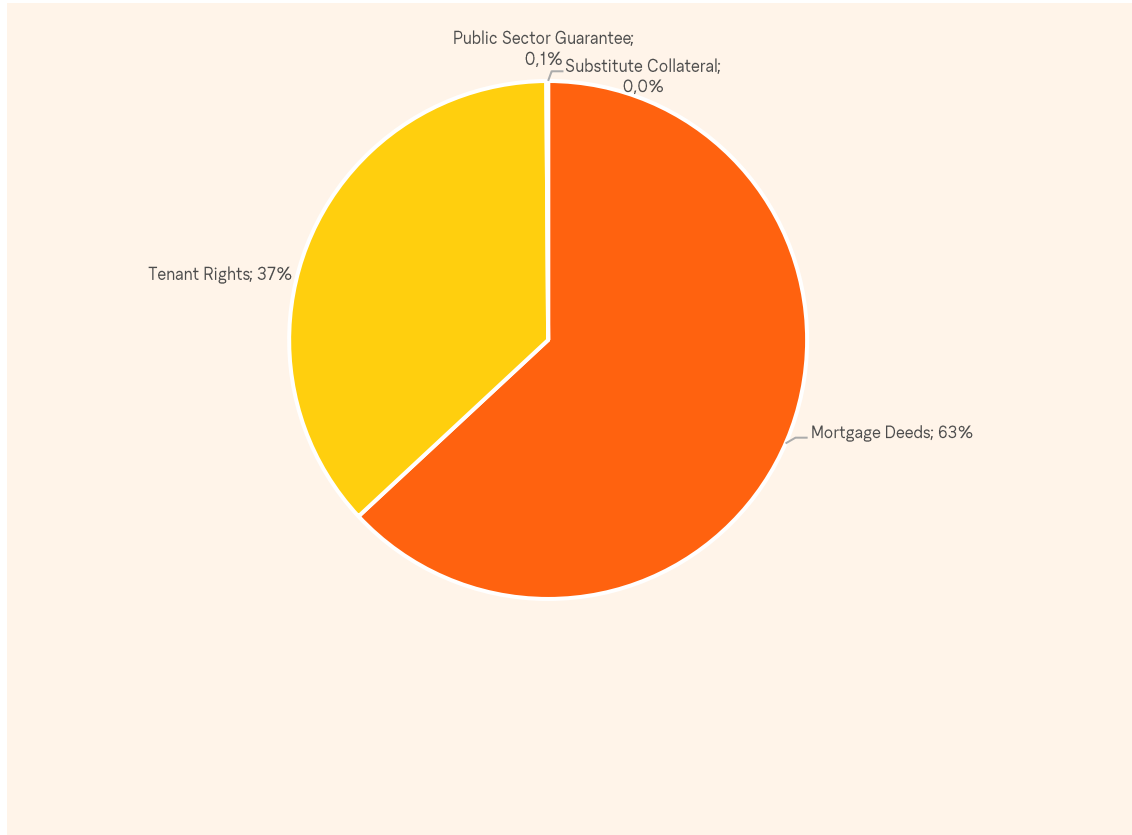
Other features

- 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

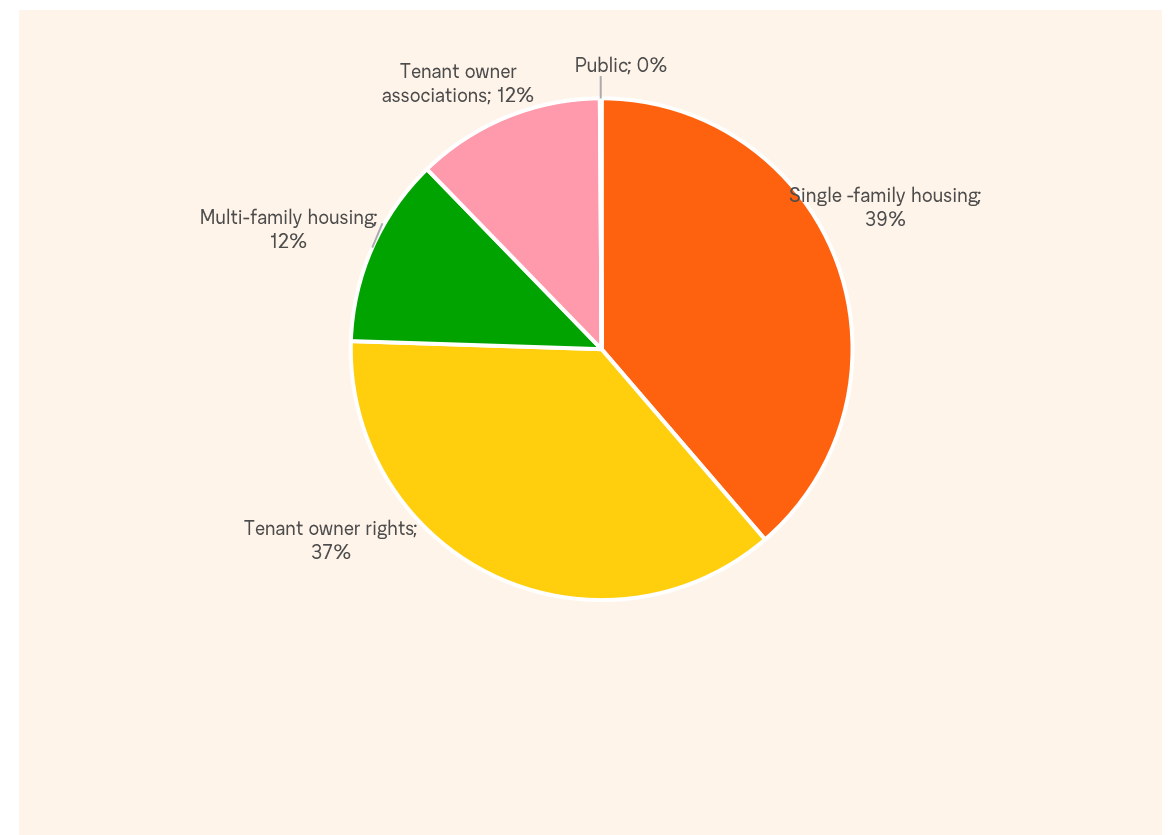


Cover pool characteristics (1/2)

Breakdown by collateral

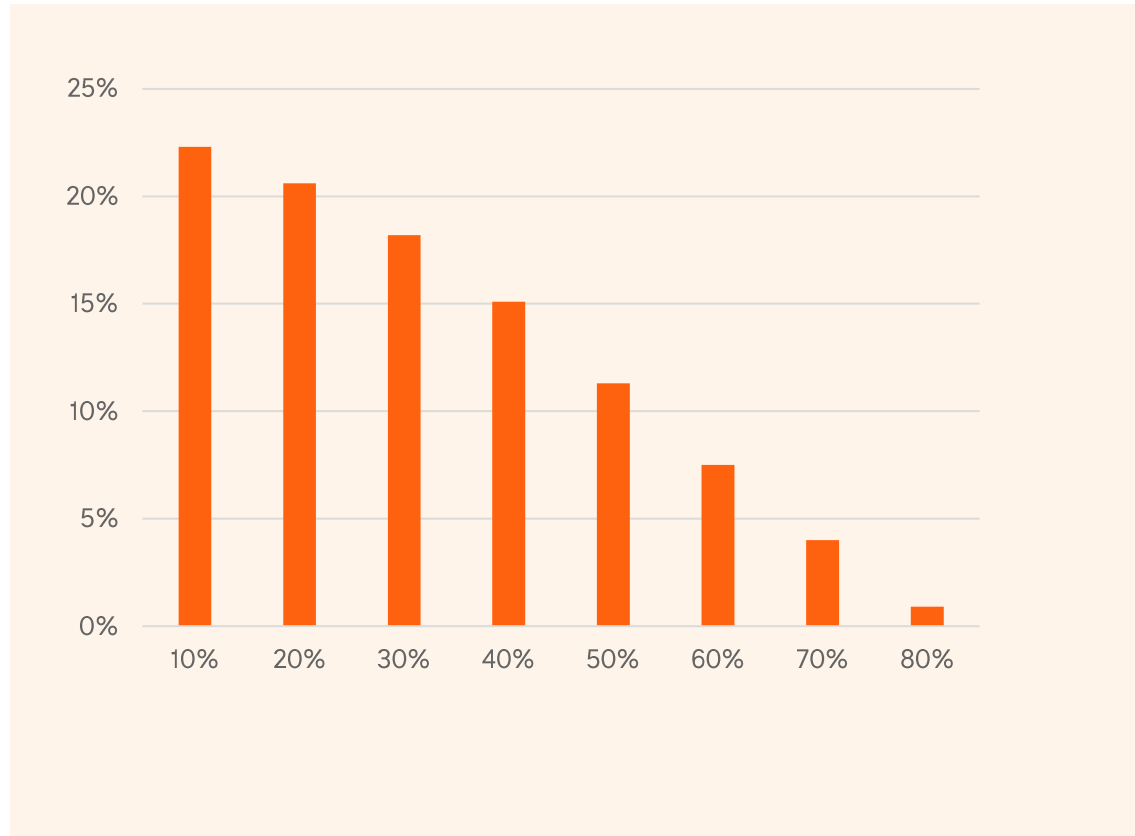


Breakdown by owner

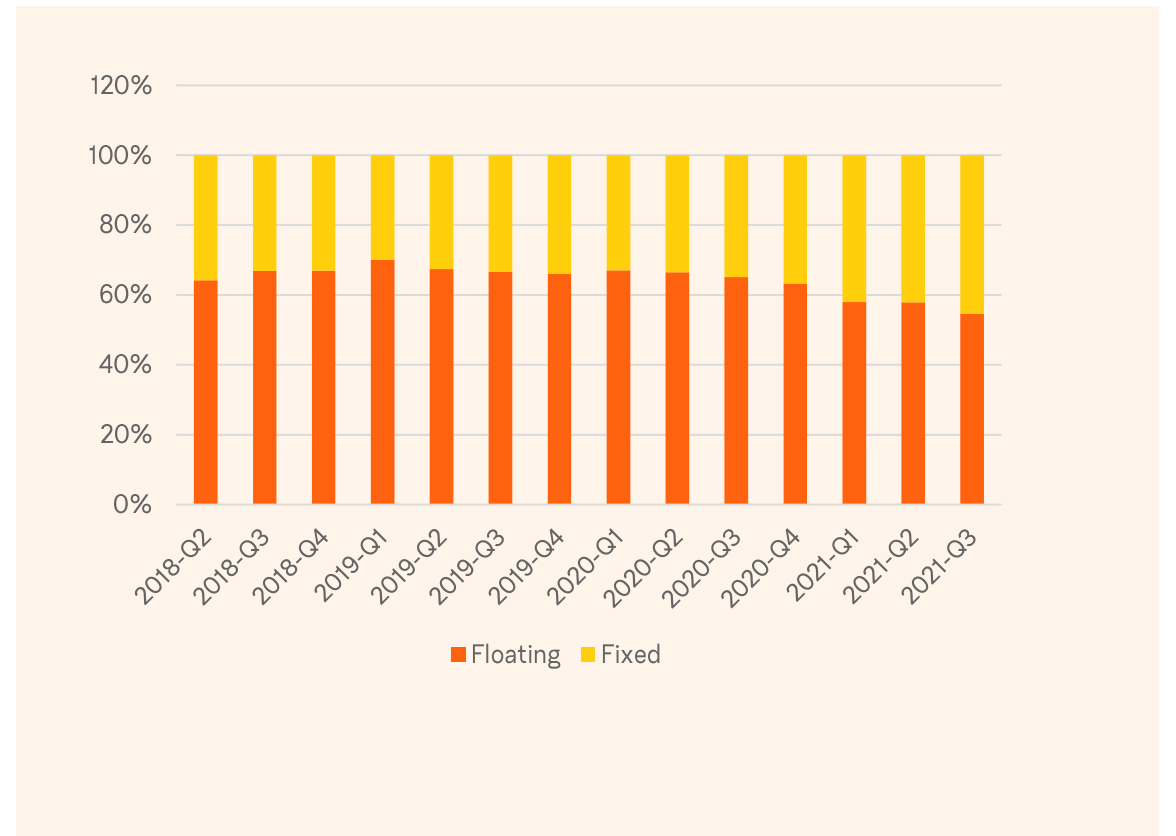


Cover pool characteristics (2/2)

Loan to value (LTV) distribution



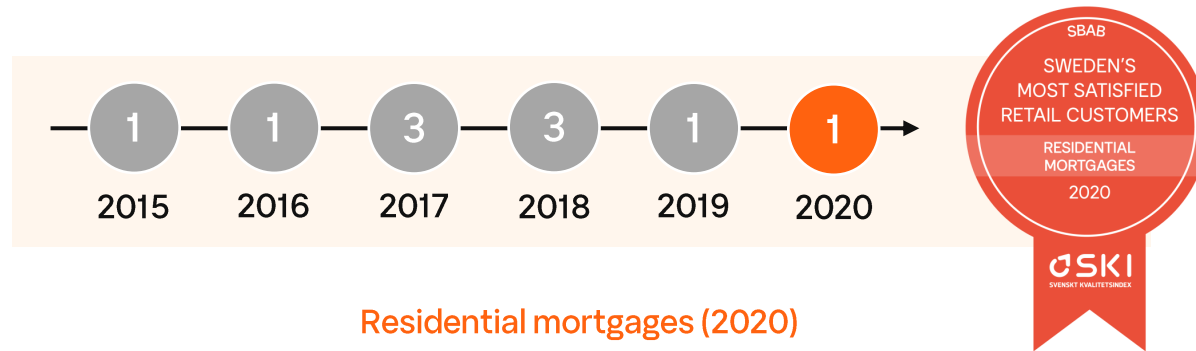
Rate type



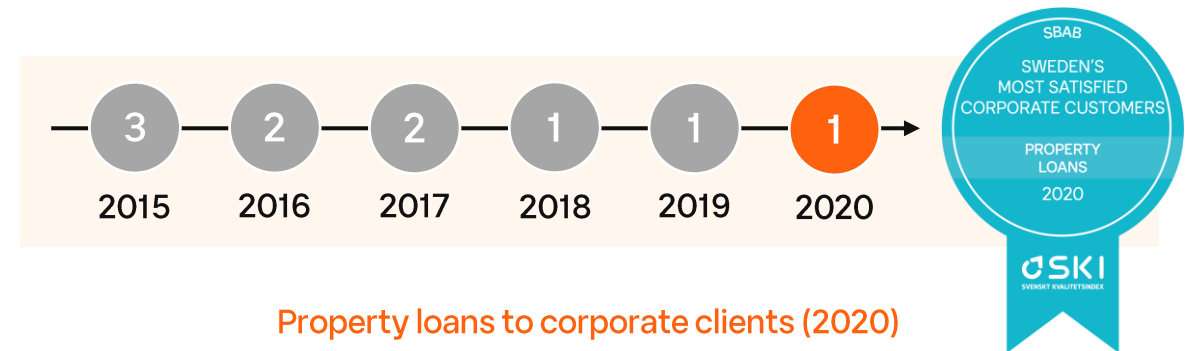
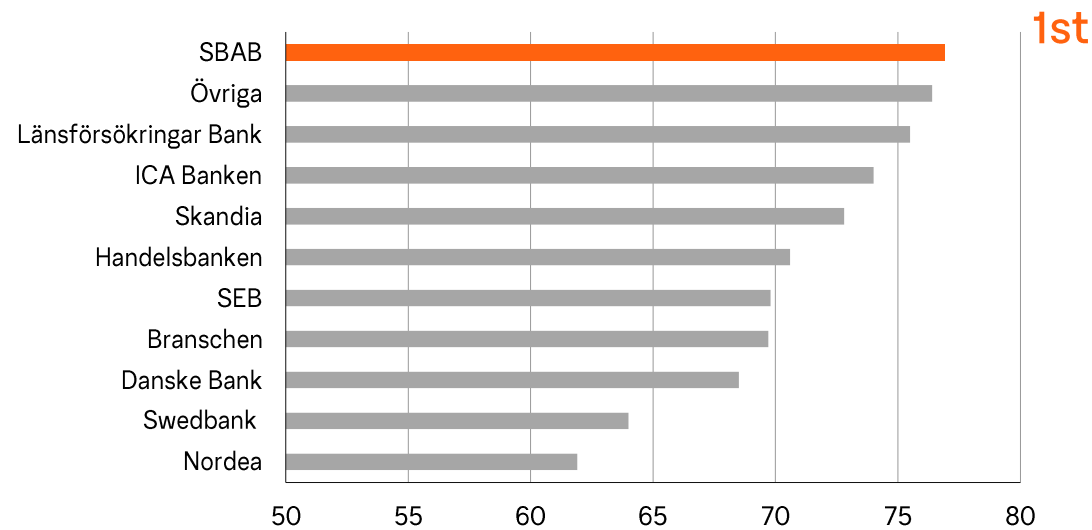
Appendix III: Other



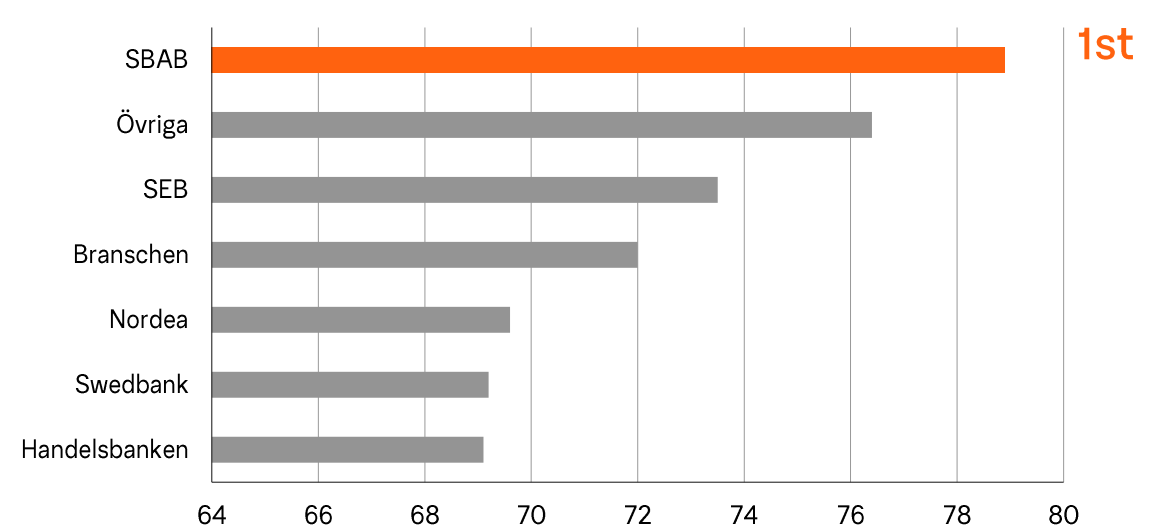
Customer satisfaction



Residential mortgages (2020)



Property loans to corporate clients (2020)



Financial targets from the owner

	Target	Result Q3 2021	Result 2020
Profitability: Return on equity over a business cycle	≥ 10%	11.0%	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%	4.1%	5.4%
	Total capital ratio: ≥ 0.6%	4.0%	5.4%

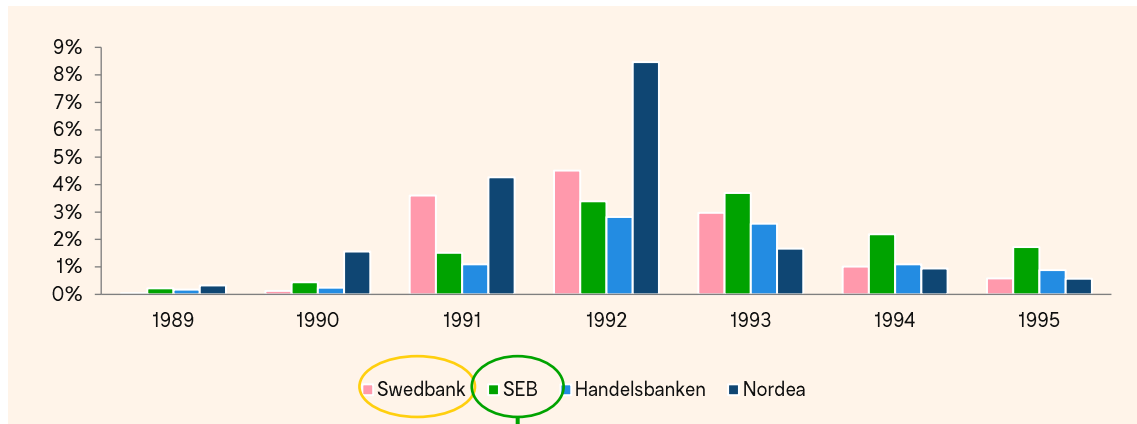
* In relation to expected (internally estimated) capital requirement from the Swedish FSA as of 30 September 2021 (CET1 capital ratio requirement: 9.2% & Total capital ratio requirement: 13.9% vs. Actual CET1 capital ratio: 13.3% & Actual total capital ratio: 17.9%). The difference between CET1 requirement and ratio is 5.1 % but appears to be 5.2% due to rounding effects.



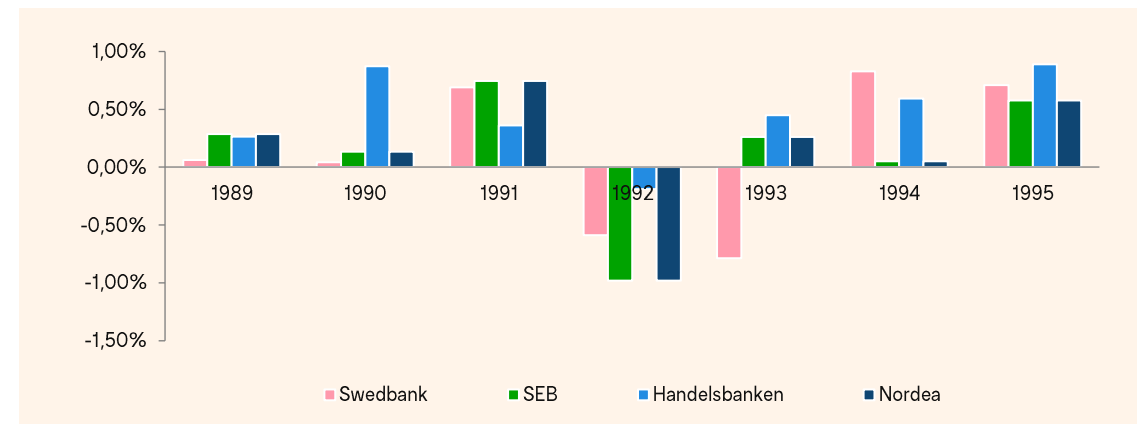
Loan losses during 1990's crisis

- 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 %



Thank you!



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Financial calendar

Year-end Report 2021	10 February 2022
Interim Report Jan-Mar 2022	28 April 2022
Interim Report Jan-Jun 2022	18 July 2022
Interim Report Jan-Sep 2022	27 October 2022
Year-end Report 2022	7 February 2023



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