

Annual Report



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The Annual and Sustainability Report has been prepared in accordance with the GRI Standards: Core option. It also constitutes a part of SBAB's Communication on Progress (CoP) to the UN Global Compact, a sustainability report in accordance with the Swedish Annual Accounts Act and information on how SBAB contributes to the 2030 Agenda for Sustainable Development. For additional information about the Report and the reporting principles, see page 162.

The pages that have been audited have been colour-coded in yellow in the table of contents. The Corporate Governance Report has been subject to a statutory review by the company's auditor.

We enable tomorrow's homes and housing

SBAB provides an innovative and considerate offering of loans and savings products and other services for better housing and household finances to private individuals, tenant-owner associations and property companies in Sweden. We want to enable and facilitate every phase of home-owner life for our customers – be it buying, selling or just living in a home – with our services. We finance about 10% of all housing in Sweden, and every sixth new build apartment.

Over the years we have helped over half a million people improve their housing and household finances. We have also taken the initiative to create a more equitable banking industry through transparency and the ambition to be a bank for all kinds of people. We always strive to be straightforward, clear and transparent in our offering. Our customers never need to negotiate mortgage rates or buy extra services to obtain favourable and fair interest rates on their mortgage with SBAB.

SBAB has a major societal responsibility, as well as responsibility for the people and areas of society affected by our business. We want everyone to have somewhere to live, to take wise decisions for secure household finances and to be able to live sustainably and safely. Both today and in the future.

Our sustainability agenda is integrated across our entire operations. We want to be a part of changing the world and help meet the UN Sustainable Development Goals by 2030. We support our customers in their transition and enable them to make choices that promote a sustainable society.

Our mission is to be the considerate bank with the best offering in housing and household finances. It expresses our driving force, how we distinguish ourselves from others and the value we create every day.

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The year in

Highlights of the year

→ Continued healthy growth

We continue to grow. SBAB's total lending increased 1.6% during the year to SEK 517.4 billion. Of that, SEK 346.3 billion comprised mortgages, SEK 1.8 billion comprised consumer loans, SEK 100.8 billion comprised lending to property companies and SEK 68.5 billion was in lending to tenant-owners' associations.

→ 600,000 savings customers

SBAB launched our first savings account just over 15 years ago. Today we have over 600,000 savings customers and a deposit volume that exceeds SEK 215 billion. During the autumn, SBAB expanded the customer offering with monthly savings accounts as well as fixed-interest accounts. Deposits are an important and significant share of our total funding. The share of deposits in relation to lending increased during the year to 41.6%.

→ New target areas

SBAB implemented five new target areas in 2023. Together, these are expected to help us conduct sustainable operations that generate long-term value for the company's stakeholders and that respond to the changes and challenges the company has identified in its operating environment.

→ Sustainability-linked loans

In autumn 2023, SBAB disbursed our first sustainability-linked loan to a corporate customer. A sustainability-linked loan is a loan that will be used to accomplish a strategic transition within sustainability. The sustainability-linked loan is one way to contribute to our goal to reduce the climate impact of properties, though it can also include social goals such as safety goals in vulnerable neighbourhoods.

→ Sustainable construction industry launched

A worrying development has been observed concerning how homes and infrastructure are being built. The Sustainable Construction Industry initiative is a collaboration between six banks with the aim of countering tax avoidance and criminality in the construction industry. The initiative was started by SBAB in 2018 and launched in the autumn of 2023.

→ Sweden's most satisfied customers – again

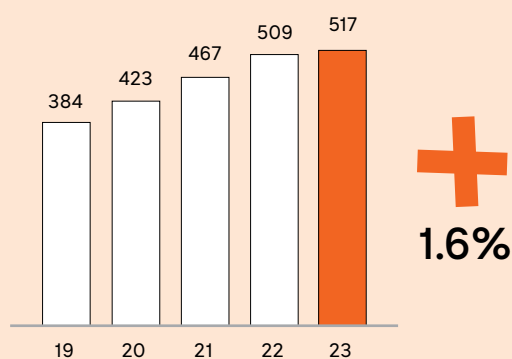
According to Swedish Quality Index (Svenskt Kvalitetsindex, SKI), SBAB had the most satisfied customers in Sweden in terms of residential mortgages to private individuals and property loans to corporates and tenant-owners' associations for the fifth and sixth consecutive years, respectively.



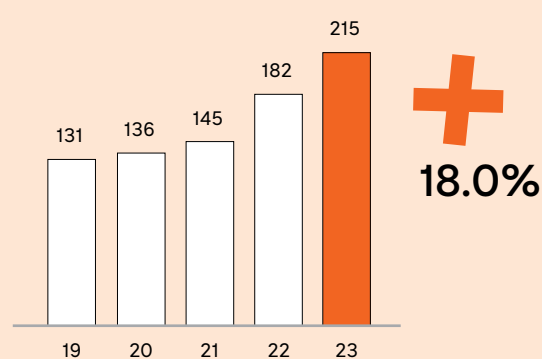
brief

A year of strong results

Total lending, SEK bn



Total deposits, SEK bn



Net interest income, SEK million

5,446 4,655

2023 2022

Operating profit, SEK million

3,070 2,639

2023 2022

Selected key metrics

| SEK million | GROUP | |
|--------------------------------------|--------|--------|
| | 2023 | 2022 |
| Net interest income | 5,446 | 4,655 |
| Net commission | -34 | 12 |
| Net result of financial transactions | -95 | -35 |
| Expenses | -1,663 | -1,529 |
| Credit losses | -93 | -68 |
| Imposed fees | -541 | -445 |
| Operating profit | 3,070 | 2,639 |
| Return on equity, % | 11.5 | 10.5 |
| C/I ratio, % | 31.0 | 32.7 |
| CET1 capital ratio, % | 12.3 | 12.8 |

Strong results in challenging times

Jan Sinclair, Chairman of SBAB, and Mikael Inglander, CEO, give their thoughts about 2023.

What are your thoughts on the past year?

Jan: The year was once again characterised by macroeconomic turbulence in the wake of the coronavirus pandemic and the war in Ukraine. We have gone through a period of exceptional macroeconomic and geopolitical events, which have impacted SBAB's operating environment. The continued interest rate hikes from the Riksbank and high inflation have put pressure on households and companies. The housing market and credit growth have been significantly impacted by this trend. SBAB has proactively taken on challenges by clearly and strategically adapting operations to the new conditions.

What are you most proud of?

Mikael: I am proud over how together we have successfully transitioned operations with a focus on helping and assisting our customers. I think this says a lot about SBAB and what we stand for as a company. I am also pleased and proud that so many customers have chosen to save and earn interest with us rather than any of our competitors, whose conditions are often much poorer.

What is the secret behind SBAB's success in deposits?

Jan: It is clear that many players in the industry, as Mikael pointed out, simply don't offer their customers fair terms in relation to current interest rates.

Mikael: We have succeeded in making the general public aware of this fact. In part this is due to our actual pricing, as we often offer much better terms than many competitors, but it's also because of how skilfully we've marketed our offering. Our overall value proposition focuses on consideration, transparency and simplicity, and it's satisfying that we're continuing to deliver on exactly that. We raised interest rates on our savings accounts to match interest rate hikes from the Riksbank, much in the same way that we raised the interest rates on our mortgages.

What is your view on developments in residential mortgages?

Mikael: Annual market growth for mortgages has decreased every month since May 2022 and is currently at historically low levels. The margins for mortgages improved somewhat by the end of the year, but they are at historically low levels as well. The competition for residential mortgage customers is very tough.

Low growth, low margins and high competition naturally entail some challenges. I still think that we've performed well, given the circumstances. Apart from the sale of mortgages related to the former partnership with Sparbanken Syd, during the year we grew lending volumes as well as market shares in all segments. We hold a strong position and provide an attractive offering. Now it's a matter of being ready when activity returns to the market.

Jan: We believe that size and scale are important for ensuring that operations successfully create value over the long term. In 2022, the Board decided on long-term strategic goals for the company that include exactly those points: higher, clearer ambitions to grow lending. We can say with confidence that we are on the right path in our journey of growth, even if the conditions were challenging in 2023.

How have recent developments impacted SBAB as a bank?

Jan: Our operations are structured around financing residential properties. On the one hand, they focus on retail mortgages to finance houses and tenant-owner apartments. On the other, they also focus on lending to property companies and tenant-owners' associations that manage and produce housing and public properties. This type of lending, which is often against an underlying asset, has historically been associated with lower risk than other kinds of assets since they normally generate very low credit losses over time. Once again, this seems to be the case, despite recent trends. That said, we've been following events in the operating environment and the challenges that they've entailed for SBAB's customers.

Mikael: It's very important for us that we conduct operations responsibly with a view to the long term. We always try to adapt operations to help our customers make sound financial decisions. We make continuous adjustments to the terms and calculations we apply when we grant credit so that they fairly and accurately reflect the prevailing market conditions. Fortunately, we have not noted any significant overall changes in the credit quality of our lending portfolio or other major credit losses during the year. This is a clear pointer of the strength of our balance sheet – as Jan mentioned – where housing comprises the primary asset.

There is considerable focus on the sustainable transition and SBAB set a long-term and ambitious emissions reduction target one year ago. How are things going? What is the way forward for reaching this target?

Mikael: We have an outcome for 2023 that represents a clear reduction of our overall carbon footprint, though it isn't in line with the long-term targets we established for 2030 and 2038. However, we're in an early stage and still have many pieces left to put into place. The first step is accessing, analysing and understanding different kinds of climate data. That's where we are right now, and it's a challenge all on its own. The next step is refining and integrating the climate data into operations. We know that it will require a lot of initiatives and hard work to reach our goal, but we are investing a lot of time and resources to ensure our success.

Jan: It has become increasingly clear that SBAB isn't alone in these challenges presented by the green transition. SBAB's impact is largely indirect through our lending, and we will never be able to reach any ambitious targets on our own. First and foremost, it's important that relevant authorities harmonise the relevant data and make it accessible. This requires collaboration between every member of the business community as well as political decisions that enable and facilitate the transition.

What tangible actions is SBAB taking to contribute to the green transition?

Mikael: I am convinced that sustainability will play a decisive role in designing the customer experience of the future. We are already trying to provide relevant products and services to help and support our customers in the transition. We have already offered green residential mortgages to private individuals, which represent just over ten percent of our total lending to private individuals. In 2023, we disbursed our first sustainability-linked loan to a corporate customer. This is a loan that will be used to accomplish a measurable transition within sustainability, for example improving the energy performance of a property or improving safety in the nearby area. We hope to be able to grow this product category more in the future.

Jan: Through its operations, SBAB has major opportunities to help contribute to the green transition. We also have opportunities to address and impact other important challenges and issues related to the housing sector. One such example is the Sustainable Construction Industry initiative, which SBAB and a number of banks launched in 2023 to counteract financial crime in the construction industry.

Mikael: SBAB started the Sustainable Construction Industry initiative back in 2018 and we've been driving it forward ever since. It's positive that we've now reached an understanding of how the financial sector, with collective focus, can help counteract and reduce the risk of financial crime in the construction industry by setting certain requirements when granting credit.

Are you pleased with the financial performance for 2023?

Mikael: We've done many excellent things that helped us achieve satisfactory profitability. That much we are of course pleased with. Conducting profitable operations is important for our ability to grow and for our future competitiveness. Deposits have come to play an increasingly important role for our earnings in the last two years. However, it's important to note that the industry as a whole is feeling the benefits of rising interest rates since there is some delay in the financial system. The reverse will apply when interest rates start to go down, which they likely will in 2024. We have a return target from our owner that we continue to use to guide our operations.

In conclusion: Mikael, what are your expectations for 2024?

Mikael: Overall, I think that the future looks brighter. At least financially. Inflation is on the way down and players in the market agree that the Riksbank will lower interest rates on multiple occasions in 2024. Now we're hoping that the housing market will once again pick up speed and that we'll get the chance to help even more customers realise their dreams of a new home.



Jan Sinclair and Mikael Inglander

Recession alongside high inflation

After demonstrating a surprising resilience to high inflation and dramatically rising interest rates, the Swedish economy finally entered recession in the second quarter of 2023. Declining business investments and reduced household consumption were the primary contributing factors to the downturn. Housing investments in particular fell substantially. The Swedish GDP is estimated to have decreased around 1% for the full-year 2023. Inflation, measured for the last twelve months and adjusted for energy prices, remained high throughout 2023 despite the drop in GDP. The risk for stagflation that many had warned about thereby became a reality.

Drastically slowing inflation

In the first half of the year, the twelve-month figure for inflation remained at levels well over the Riksbank's target. Lower energy prices compared with the previous year led to a marked downturn in inflation as measured by CPIF – the Riksbank's target variable. Measured this way, inflation between December 2022 and December 2023 was marginally over the

target of 2%. However, adjusted for energy prices – measured as CPIF-XE – inflation for the same time period was a full 5.3%. High price increases, primarily in the service sector, led to continued high inflation as measured by CPIF-XE. Trend calculations made by SBAB based on monthly inflation calculated at an annual rate showed that the underlying inflation at the end of the year was over one percentage point lower than that indicated by CPIF-XE. Annual inflation for December 2023 to December 2024 is expected to be at the target level.

Higher policy rate and variable mortgage rate

During the year, the Riksbank chose to raise the policy rate at every monetary policy meeting except the last one in November. This means that variable mortgage rates increased markedly, as in the second half of 2022. At the end of the year, the variable mortgage rate, measured as the average rate in the residential mortgage market as a whole, climbed to just under 5% – nearly quadrupled in just over one and a half years. Mortgage

margins for banks decreased significantly during the year in terms of the difference between interest rates on borrowing and interest rates on mortgage bonds, but earnings remained high because interest rates on deposits failed to keep pace with hikes in the policy rate. At the end of the year, residential mortgage margins posted a slight increase.

SBAB's economists are of the opinion that the policy rate could be lowered multiple times in 2024, which would thus lead to lower variable mortgage interest rates.

Housing prices that rose and then fell

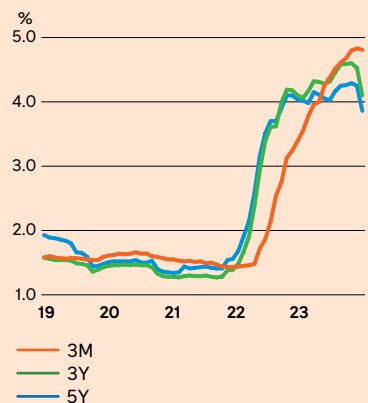
After a large drop in housing prices in autumn 2022, after variable and fixed mortgage interest rates increased dramatically, housing prices once again rose during most of the months until autumn 2023 – even though interest rates continued to climb. However, prices fell again in the autumn. Since peak levels in spring 2022, housing prices were down around 16% in the end of 2023, measured as an average for Sweden as a whole. Prices for houses fell much more than for apartments. This is likely because interest rate

Macroeconomic trend

| | 2023 | 2022 |
|------------------------------------|--------|--------|
| GDP trend (%) | -0.9 | 2.8 |
| Inflation, CPI (%) | 4.4 | 12.3 |
| Policy rate, at year end (%) | 4.00 | 2.50 |
| Housing prices (%) | -0.8 | -11.5 |
| Housing construction (No. started) | 25,300 | 54,900 |

Source: SBAB, 21 November 2023 projection for GDP trend and housing construction.

Average mortgage interest rates





increases so far have been the worst for houses rather than tenant-owner apartments, and because the effect from the pandemic that boosted prices for houses in particular has faded. Growing real income and an expected decrease in mortgage interest rates indicate minor price rises for housing in 2024.

Low activity in the secondary market

Sales of homes were low for all of 2023 and, like autumn 2022, far below normal levels. The number of offers was much lower and advertising periods were much higher compared with the three previous years. The total offering of homes, including coming soon, was record high. Unlike the pattern from previous years, the total offering continued to increase throughout the entire autumn and early winter. SBAB's "Bomarknadstempen" indicator, which measures how easy it is to sell a home in the secondary market based on how a variety of factors deviate from their historical averages, was at very low levels for the entire year.

Housing producers under pressure and continued housing shortage

In the wake of earlier, much higher price increases for materials and other inputs – and lower prices in the secondary market – demand for new homes fell drastically in 2023. Compilations of

reported sales figures from several major housing producers indicate that the number of new homes sold during the year was around one fifth of the volume from the most recent years. At the end of the year, price increases for construction material dropped off significantly but price levels as a whole remained high. In combination with rising mortgage interest rates, this did nothing to alleviate the pressure on housing producers. All of this together has contributed to a dramatic reduction in profitability for building new homes. This has led SBAB to write down construction volumes significantly for the coming years. In 2024, construction is expected to start for only 20,000 new homes. This can be compared with nearly 70,000 homes in the peak year of 2021.

The significantly lower volumes of housing construction will not be enough to keep up with the expected increase in the number of households in the coming years. The housing shortage will thus continue to grow.

How we create

Our innovation and consideration enable over half a million people to own their homes and for companies to finance residential properties. Through responsible operations, we want to enable and facilitate life's different housing phases and help increase knowledge in housing and household finances.

Our customers

Business Area Private

| | |
|--------------------------------|-------------------|
| 287,000 | 602,000 |
| Residential mortgage customers | Savings customers |

Business Area Private offers services within housing and household finances, such as savings and loan products, housing search engines, real estate agent recommendations and insurance mediation. Activities are operated under the SBAB, Booli and HittaMäklare brands. SBAB does not have any offices for physical customer meetings – we meet our customers and users digitally or by telephone. Our market share in terms of residential mortgages amounted to 8.40% at year end, which makes us the fifth-largest residential mortgage bank in Sweden. Booli.se has Sweden's largest collected offering of homes for sale.

Business Area Corporates & Associations

| | |
|-------------------------|-------------------|
| 3,080 | 16,300 |
| Property loan customers | Savings customers |

Business Area Corporates & Associations offers savings and property financing solutions to property companies, housing developers and tenant-owners' associations as well as savings to companies and organisations. We finance multi-family dwellings, existing as well as new buildings. We offer personal service to our customers, who are concentrated in growth regions surrounding our offices in Stockholm, Gothenburg and Malmö. Our lending to this business area corresponds to around 33% of SBAB's total lending. The market share for lending to property companies was 17.86% at year end and the market share for lending to tenant-owners' associations was 11.08%.

ate value

Mortgages and household finances without the hassle

We want to enable and facilitate every phase of home-owner life – be it buying, selling or just living in a home – with our services within housing and household finances.

| | | |
|---|--|---|
| <p>SBAB! booli! A service by SBAB</p> <h3>Buying</h3> <ul style="list-style-type: none"> ✓ Residential mortgages & housing financing ✓ Housing valuations ✓ Housing advertisements <p>Business partner services:</p> <ul style="list-style-type: none"> • Home insurance • Life insurance • Legal advice • Electricity agreements  | <p>booli! hittamäklare! A service by SBAB A service by SBAB</p> <h3>Selling</h3> <ul style="list-style-type: none"> ✓ Estate agent recommendations ✓ Housing valuations ✓ Housing advertisements <p>Business partner services:</p> <ul style="list-style-type: none"> • Tax declaration help  | <p>SBAB! boappa! A service by SBAB</p> <h3>Living</h3> <ul style="list-style-type: none"> ✓ Refinancing ✓ Saving ✓ Consumer loans <p>Business partner services:</p> <ul style="list-style-type: none"> • Construction advice  |
|---|--|---|

Building blocks for our offering

Financial capital & lending

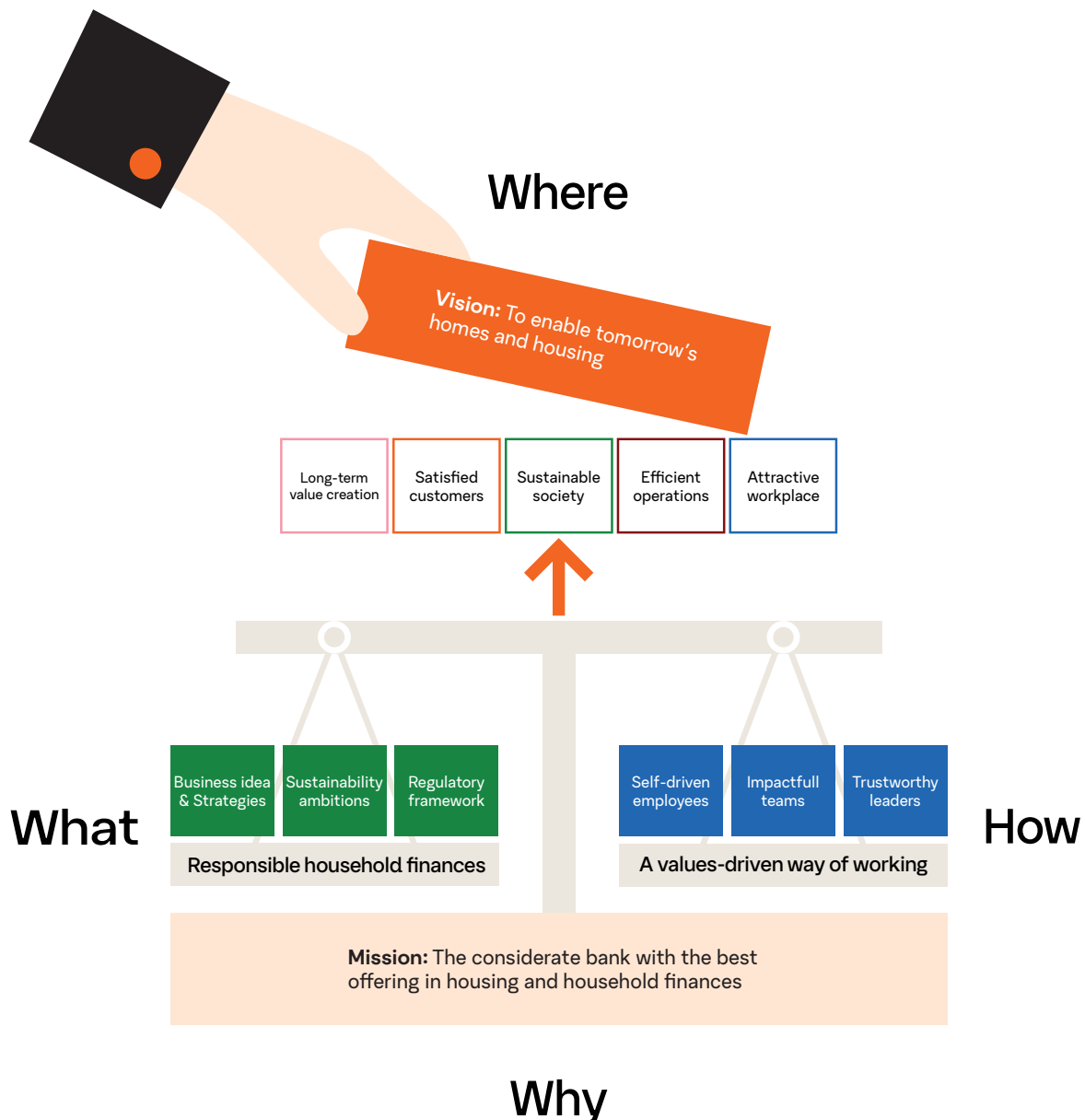
We receive our financial capital from three different sources: equity from owners, funding via the capital market and deposits from the public. In return, we pay interest and dividends. We convert this financial capital to different types of loans and financing for our customers.

Data

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

How we steer our

We govern our business through our sustainable steering model. It clearly and simply describes what our purpose is, where we are going, what steps we will take to get there and how we will achieve it. Focus and prioritisation through the balance between what we will do and how we will do it is a prerequisite for realising our vision – to enable tomorrow’s homes and housing.



r business

Why

Mission: The considerate bank with the best offering in housing and household finances

Our mission is our purpose and clarifies why we are here and what we provide for our customers and society. It expresses our driving

force, how we distinguish ourselves from others and the value we create every day. Our mission makes us proud and committed.

Where

Vision: To enable tomorrow's homes and housing

Our vision is our destination and what we want to offer our customers. Our vision encourages us to constantly improve. SBAB's focus and primary products are residential mortgages to private individuals and housing financing for tenant-owners' associations and property companies. Offering the best residential mortgages in Sweden entails great demands for innovation and

consideration. Today, and in the future, we want to improve things for people, society and businesses with the vision to enable tomorrow's homes and housing. We reach our vision through our five target areas: Long-term value creation, Satisfied customers, Sustainable society, Efficient operations and Attractive workplace



What

– Responsible household finances

Responsible household finances means managing and offering financial products and services in a way that supports customers' financial well-being and stability as they relate to housing. SBAB's business idea is to be innovative and considerate in its offering of loans and savings products and other services for better housing and household finances to private individuals, tenant-owners' associations and property companies in Sweden. We work continuously to develop and improve our customer offering.

We have clear strategies within customer offering, distribution, IT, data science, innovation, risk, financing and HR in order to position ourselves as the best mortgage option in Sweden. Our recipe for success? Being a niche leader and offering services that customers need and value. Our total offering in housing and household finances solves customers' problems throughout the entire housing journey.

We work at a high pace and ensure that we follow the growing regulations in the banking and finance sector. Efficient risk management, regulatory compliance, internal governance and control are basic conditions for SBAB. Our work within regulatory compliance includes internal rules in the form of governance documents and we promote a corporate culture where every employee is expected to take responsibility to act ethically and to comply with external as well as internal regulations.

The sustainability ambitions pertain to interim targets and ambitions at SBAB to integrate and support sustainability topics in operations and decisions. These ambitions include social and environmental perspectives to create a long-term positive impact. SBAB's sustainability ambitions comprise the map that shows the path forward to where we want to be in 2025 in 20 prioritised sustainability areas. We also have measurable goals to follow up in each sustainability ambition in order to guide us forward and raise our already ambitious and integrated sustainability work to new levels. They are connected to SBAB's five overall target areas and the 2030 Agenda Sustainable Development Goals.

→ Read more on page 164.

UN Sustainable Development Goals

SBAB, like the entire business sector, has an important role to play in achieving the UN's SDGs. We have identified and prioritised four SDGs that we consider particularly important for our operations and to guide us in making even more responsible and long-term sustainable decisions.

→ Read more on page 180.



How

– A values-driven way of working

Success in a competitive market in constant change requires a values-driven way of working. Our values-driven way of working involves trustworthy leaders, impactful teams and self-driven employees making smart decisions in their daily work. This creates the pace necessary for SBAB to be competitive. This approach is based on clarity, transparency and inclusion, which promote and create determination, courage, fresh ideas, everyday innovation and continual learning. The result of this is satisfied customers, growth, profitability and long-term competitiveness. We work actively to develop our values-driven way of working, with self-driven employees and trustworthy leadership at its core. Our values-driven way of working coordi-

nates our approach, ensuring that we work with our values as guidance. Just like a team, we train, talk, discuss, and provide feedback to become better. It involves always enabling everyone to take initiatives.

→ *Read more on page 38.*

Our values

Our four values, with their explanatory sub-items, represent our shared attitude, our approach and the basis of our corporate culture.

We are proud professionals

I am business minded and I deliver.
We all take responsibility for our customers.
We strive for long-term relationships.
I am constantly developing my competence.
We love doing business.

We work smart and fast

I act immediately and own the issue.
We learn by doing.
I keep things clear and simple.
I dare to challenge and to think outside the box.
We collaborate and calibrate.

We take responsibility – all the way

I think one step ahead.
We make decisions where we can.
I am money conscious.
We act sustainably.
I make a difference and see to the whole picture.

We succeed together

We set and meet our goals and celebrate achievements.
I am straightforward and to the point.
My knowledge is your knowledge.
I am humble and considerate.
We are inclusive and thrive on diversity.

Goals and outcome 2023

We do not make a distinction between business goals and sustainability goals – the basis of our entire business must be sustainable.

Strategic direction and prioritisation

In dialogue with our stakeholders

Being attentive to the requirements, needs and wishes of our stakeholders is a prerequisite for developing SBAB's business in the desired direction and thereby creating long-term value. SBAB has identified a number of particularly important stakeholder groups that all affect and are affected by our operations.

Materiality assessment 2020

SBAB's overall sustainability work is based on a materiality assessment carried out in 2020 through comprehensive and structural dialogues with our stakeholders, where we identified sustainability areas and issues that SBAB is expected to address. A total of 14 material sustainability matters were identified within the framework for this agenda, presented on page 164 in this report.

Updated materiality assessment for 2023 in accordance with CSRD

As of the 2024 financial year, SBAB is expected to report in accordance with the new EU Corporate Sustainability Reporting Directive (CSRD). Overall, it means that more companies than previously will need to prepare comprehensive sustainability reports according to the more specific European Sustainability Reporting Standards (ESRS).

As a basis for reporting, the CSRD and ESRS require companies to perform a double materiality assessment, which takes into account how a company affects its surroundings in terms of people and the environment, but also what impact sustainability-related matters have or may have on the company's financial position. These two reporting methods collectively provide a holistic model of the most material sustainability mat-

ters for a company. In 2023, SBAB carried out one such assessment, which will be implemented in SBAB's operations in 2024.

Analysis and sustainability ambitions

In 2021, in conjunction with the materiality assessment, SBAB's Board decided to conduct a sustainability analysis of SBAB's operations. The analysis identified the current status and ambition level as well as objectives that apply until 2025. The analysis identified 21 prioritised areas within which SBAB faced challenges or possibilities of varying scope. Responsibility has been allocated to a representative of Executive Management and to an individual with operational responsibility for each area. Moreover, each area has been allocated a dedicated resource from the Sustainability unit. Each quarter, progress in each area is reported to the Executive Management as part of following up efforts and ensuring integration of sustainability. A progress summary is also reported twice each year to the Board.

Strategic review

SBAB has been very successful in recent years. This positive trend is supported by a number of structural factors, such as underlying growth in the housing market and thus the market for residential mortgages, but also due to clear and focused work on strategy.

Our strategy since autumn 2014 has been to focus on our core business, residential mortgages and housing finance, complemented by savings accounts. In conjunction with the acquisition of Booli, we decided to broaden our offering to include services in housing and household finances.

In 2022, we identified a need to clarify certain components of our overall strategy to factor in major trends and the overall development in the market, including a focus on the climate transition and how people live. The review included a rethink of our existing target structure and long-term strategic business goals. Through its ownership policy, SBAB's owner, the Swedish state, has also announced clear expectations of SBAB to set long-term, material sustainability targets for its operations.

As a state-owned company, SBAB is tasked with establishing long-term strategic goals for sustainable value creation. These goals are to focus on value creation and be relevant to the company's business operations and material sustainability topics. The goals must also be long-term, challenging, monitorable, clear and comparable.

At the end of 2022, SBAB's Board decided on five new target areas and seven new long-term strategic goals extending to 2030. Together, these are expected to help SBAB conduct sustainable operations that generate long-term value for SBAB's stakeholders and that respond to the changes and challenges identified in our operating environment. The overall financial targets from the owner regarding profitability, dividends and capitalisation remain unchanged.

Five target areas and seven overall targets

SBAB's board has established five overriding target areas with seven overall targets for operations. Together, they form the basis of a common approach to SBAB's contribution to sustainable societal development and long-term value creation.

Long-term
value creation

Satisfied
customers

Sustainable
society

Efficient
operations

Attractive
workplace

Fulfilment of goals

SBAB's vision is to enable tomorrow's homes and housing and we use our five target areas to explain our vision. Each target area is measured through overall targets.

| Target areas | Targets | Outcome 2023 | 2023 goals | 2030 goals |
|--------------------------|---|--------------|------------|------------|
| Long-term value creation | Return on equity over time | 11.5% | 10% | 10% |
| Satisfied customers | Market share Residential mortgages | 8.40% | 8.4% | 10% |
| | Market share Corporate clients | 17.86% | 18.3% | 20% |
| | Market share Tenant-owners' associations | 11.08% | 11.0% | 15% |
| Sustainable society | Reduced direct and indirect climate impact (kg CO ₂ /m ²) from the lending portfolio | -1.6% | -4% | -30% |
| Efficient operations | C/I ratio | 31.0% | 32% | <30% |
| Attractive workplace | Engagement index, weighted result of employee survey | 4.1 | ≥4 | ≥4 |

Explanation

We have a responsibility to contribute to long-term value creation for all of our stakeholders who, in one way or another, are affected by our operations. This includes our owner, the Swedish state. We want to grow responsibly, with good profitability and at an acceptable risk.

Read more
on pages
24–27

Growth is essential for companies that operate in competitive markets. Our long-term growth and capture of market share is additional evidence that our customers appreciate the service we provide and our offering.

Read more
on pages
28–31

We have a responsibility for the people and areas of society affected by our business, both now and in the future. Our long-term ambition is to dramatically reduce our climate impact, and that of our customers, in line with international targets and agreements.

Read more
on pages
32–35

Conducting operations as efficiently as possible is essential for our long-term competitiveness. A high level of cost efficiency also improves our ability to offer our customers attractive terms.

Read more
on pages
36–37

We are convinced that motivated and committed employees are the foundation of SBAB's long-term success and competitiveness.

Read more
on pages
38–39

Long-term value creation

SBAB has a responsibility to contribute to long-term value creation for all of our stakeholders who, in one way or another, are affected by our operations. This includes our owner, the Swedish state. Well-functioning banks contribute to growth, societal development and employment and constitute an important element of financial stability. We want to grow responsibly, with good profitability and at an acceptable risk. We measure progress in this target area by looking at our profitability, though long-term value creation is a function of everything we do within the framework for our operations.

Goals until 2030

≥10%

Profitability
(return on equity)

+ More information about the target area is in the sustainability notes on page 167.

Good profitability is the foundation for long-term value creation.

Long-term value creation includes managing and increasing the value of the resources provided to operations and achieving a yield that exceeds the assessed risk in operations. SBAB's profitability is another important condition for successfully reaching our long-term strategic goals, since profitability is the foundation for our ability to grow as well as our ability to invest in operations and our offering.

We achieve profitability through developing and working with revenue as well as our costs. The revenue factors with the largest impact are growth in the form of more customers, increased volumes in lending and interest-rate margins on lending. In terms of cost, this requires consistently high levels of cost efficiency with low marginal costs for growth and developing our customer offering.

Our target is to achieve a return on equity of at least 10% in line with the profitability target from our owner. Return on equity in 2023 amounted to 11.5% (10.5).

Growth and responsible credit granting

Credit growth in the residential mortgage market was very low during the year. Annualised growth in December 2023 was around 0.4%, compared to over 4% at the same time the previous year. Market growth was even negative in some months of 2023. Competition in the market was tough in 2023 and the margins were under pressure.

The situation in the property market remains cautious, with few transactions and relatively low growth. Credit growth in bank lending is held up in part because many property company customers are having difficulties obtaining financing at

favourable terms in the bond market. This means that they need to refinance a portion of maturing bond loans with bank loans, which is slowing credit growth in the market.

SBAB's long-term ambition is to grow lending. Even if the current market conditions are challenging, we are continuing to gain ground and capture market shares. Important success factors in the current market include simplicity, consideration and transparency: factors that have long been important components of SBAB's corporate culture and offering.

SBAB's total lending grew 1.6% (9.1) in 2023 and amounted to SEK 517.4 billion (509.5) at the end of the year. Of total lending, SEK 346.3 billion (349.0) comprised residential mortgages, SEK 1.8 billion (2.1) consumer loans, SEK 100.8 billion (90.7) lending to property companies and SEK 68.5 billion (67.7) lending to tenant-owners' associations. Growth is essential for companies in competitive markets. It is also proof that our customer offering is appreciated and in demand.

As a bank, we have a great responsibility to not put our customers at risk of ending up in financial difficulties. That is why there are major demands placed on us to, as far as possible, ensure that a customer can manage the interest expenses and loan repayments that a loan entails over time.

Household and companies' costs increased significantly as interest rates rose. In parallel, electricity and energy prices continued to climb while food, input goods and services became increasingly expensive. Even though, from a historical perspective, a return to a more normal interest rate level has long been expected, the speed and size of the

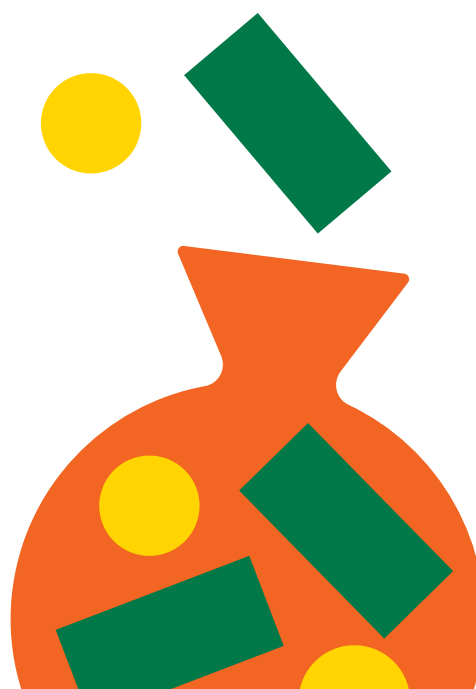
most recent interest rate increases surprised many. Credit quality is an especially important area for us and we continue to follow market trends carefully.

To better reflect the prevailing market conditions, during the year we regularly analysed the lending portfolio and made necessary adjustments in our terms when it comes to granting credit to retail customers as well as corporates and tenant-owners' associations.

SBAB's overall credit quality remains good. Our operations are primarily built on issuing loans against collateral. This means that our lending portfolio is characterised by low risk and that we have the ability to manage weaker market conditions. This was confirmed by the European Banking Authority (EBA) and its comprehensive EU-wide stress test that investigated the resiliency of financial institutions when it comes to dramatic

disruptions in the operating environment and economy. SBAB had some of the strongest results of all the banks included in the test.

Credit losses totalled SEK 93 million for the year, representing 0.02% of our total lending and consisted primarily of credit provisions for future credit loss allowances. Confirmed credit losses remained low and totalled SEK 9 million for the year. The share of credit stage 3 loans – meaning loans that are deemed to be especially high-risk – increased somewhat at the aggregate level during the year, albeit from very low levels. This share amounted to 0.14% of our total lending in 2023. However, additional impacts on SBAB's credit quality later in the credit cycle cannot be ruled out, when interest rate hikes from the Riksbank have been fully absorbed by households, companies and the economy.



Financial targets from the owner

The following financial targets have been set by SBAB's owner, the Swedish state:

Profitability: A return on equity of no less than 10% over a business cycle.

Capitalisation: The CET1 capital ratio and total capital ratio should be at least 0.6 percentage points higher than the requirements communicated by the Swedish FSA.

Dividend: Ordinary dividend of at least 40% of profit for the year after tax, taking the Group's capital structure into account.

How we achieve our results

Our lending to private individuals, property companies and tenant-owners' associations totalled SEK 517.4 billion at year end. We receive interest as compensation for these loans. The difference between the interest expense on our funding and the total sum paid by our borrowers in the form of interest is referred to as net interest income. Put simply, our final earnings consist of the net interest income less expenses for running operations, credit losses, imposed fees and tax. Earnings for 2023 totalled SEK 2,408 million (2,081).

Importance of deposits grows as interest rates rise

Borrowing through the capital market has become more expensive as interest rates have risen. Deposits from private individuals, corporates and tenant-owners' associations have become an increasingly important piece of the puzzle when it comes to SBAB's ability to provide a competitive offering in terms of residential mortgages and housing financing.

When our customers come to us to borrow money, we first need to raise capital. A major part of a new residential mortgage is financed by funds we borrow from other parties. The majority of our funding still consists of funds borrowed in the capital markets. To achieve this, SBAB and its subsidiary, SCBC, issue bonds that are purchased by investors. In return, we pay interest that is determined by the general level of interest rates and by how secure investments in SBAB are considered to be. Investor risk is reduced by the fact that we often use residential mortgages as collateral for the bonds. Another important and growing portion of our financing consists of deposits – when private individuals, corporates or tenant-owners' associations save money in SBAB's savings accounts, in return for interest on their savings.

Generally, increases in mortgage rates have not been in line with those for the Riksbank's policy rate nor with the banks' borrowing costs via mortgage bonds. One of the underlying reasons is that many banks have instead kept deposit rates low. In other words, the banking community as a whole – not least the major banks – have not raised interest rates on savings accounts in parallel with the Riksbank's hikes in the policy rate. This means that most banks are earning considerably

more money from deposits than previously. This phenomenon is not unusual from a historical perspective. Low interest rates see margins tending to shift from deposits to lending, which is linked to a list rate. The opposite relationship normally applies in an environment with rising interest rates.

At SBAB we think otherwise. We worked actively to increase deposits as a part of our total financing. Increased deposits contribute to a more balanced and diversified funding mix and reduces volatility in earnings over time. One important element comprises offering transparent and attractive terms and conditions. Quite simply, offering a good price. During the year, we continued to invest considerable time and resources in refining our savings offering, in terms of product offering and terms as well as in terms of user friendliness and simplicity. We also invested a lot of resources in further raising the visibility of SBAB and our offering in the market.

Deposits increased 18.0% during the year to SEK 215.2 billion (182.4). The share of deposits in relation to lending amounted to approximately 41.6% at year end, compared with 35.8% at the beginning of the year.

Healthy capitalisation a requirement as well as a condition for growth

It is important for SBAB to be well capitalised, since this promotes confidence from our stakeholders as well as financial stability over time. Achieving a healthy capitalisation is also important because it enables growth in lending and resiliency for difficult periods.

To a large extent, SBAB's capital requirements are governed by laws and regulations, supervised by the Swedish

FSA. The owner's capital targets govern which safety margins we need in relation to the regulatory requirements. According to SBAB's capital targets from the owner, the CET1 capital ratio and the total capital ratio should under normal conditions be at least 0.6 percentage points higher than the requirement communicated by the Swedish FSA. In 2022, the CEO decided to introduce a supplementary capital target for CET1 capital. This entails, under normal circumstances, SBAB maintaining a buffer equivalent to 1–3 percentage points above the Swedish FSA's communicated requirements over time.

The Swedish FSA's requirements corresponded at year end to a CET1 capital ratio of 10.1% and a total capital ratio of 14.4%. At the end of the year, SBAB's actual CET1 capital ratio amounted to 12.3% (12.8) and the total capital ratio to 17.0% (17.8). This provides a comfortable margin to internal targets and external regulatory requirements.

→ Read more about green bonds on page 55.

Regular transfer of value to the owner in the form of dividends

Part of our funding comes from our owner, the Swedish state, in the form of equity. In return for its contribution, the owner receives a return through the profit generated by operating activities. In accordance with the owner's dividend target, at least 40% of profit after tax is to be distributed, taking SBAB's capital structure into consideration. The Board proposes a dividend of SEK 963 million (832) for 2023, in line with the owner's target, and that the remaining portion of profits be reinvested in operations.

Our operations build on trust

As a bank, SBAB wants to contribute to a well-functioning financial system. That is why we focus on security and regulation issues. A high level of trust from customers, employees, suppliers and society at large helps us successfully reach our goals over time.

How we manage cyber threats

Identity theft, ransomware, denial-of-service attacks and other forms of cyber threats are major current societal problems. Companies, banks, authorities and legislators are working intensively to tackle the changes and challenges posed by digitalisation and the connected society. SBAB dedicates considerable work to cybersecurity to ensure and maintain a high level of security in our operations. The goal is to protect our customers and the bank's information. We work proactively on increasing risk and security awareness with our customers and our employees, as well as on constantly improving security in our IT environments. Continuity planning is an important part of work to ensure that SBAB has a robust ability to conduct critical processes at an acceptable level during any possible disruptions. By steering and monitoring suppliers, SBAB works to ensure that our suppliers meet our security requirements. We work continuously to spread knowledge within SBAB and inform our customers about what they should watch out for and what measures they should take to protect themselves and their information. SBAB also has a Security Incident Response Team (SIRT), which is responsible for identifying, analysing and rectifying IT security incidents.

How we counter financial crime

Financial crime, such as fraud, money laundering and corruption are currently a widespread threat to society and democracy and amounts to billions of kronor every year. The use of the financial system by organised crime to generate criminal

proceeds and launder money is a threat to confidence in the financial sector and in banks generally. The banking sector's role in combating financial crime is important and SBAB has a unit that works to counteract the use of the bank's products and services for financial crime. The goal of the Anti Financial Crime unit is to protect the bank's customers from crime, such as fraud, and to identify perpetrators of crimes like money laundering.

We evaluate and update our "General risk assessment" every year and as needed, where we assess how services can be used for money laundering and financing of terrorism as well as how substantial the risk is of this occurring. SBAB has internal regulations and routines that are adapted to the risks we see, our customers and the services they use.

We have continuous training to ensure a satisfactory knowledge level at SBAB regarding fraud, money laundering, financing of terrorism and corruption. We also inform our customers about what to pay attention to and how they can protect themselves from various forms of fraud.

SBAB monitors the development of regulations, methods and technical development in the area of financial crime and actively participates in a number of different collaboration forums. We have independent review functions that ensure, through monitoring and controls, that SBAB meets the requirements for measures and routines set internally and in legislation.

Code of Conduct

SBAB's Code of Conduct provides guidance on how we should act and conduct ourselves in various situations and the inherent responsibilities of being an SBAB employee. Employees, consultants, members of the Executive Management and Board members are responsible for understanding and complying with our Code. The code is published on www.sbab.se.

Code of Conduct for mortgage brokers

Together with Skandia and Landshypotek Bank, SBAB developed a Code of Conduct to apply for all mortgage brokers that the banks collaborate with. The requirements in the Code of Conduct ensure consistency in the broker industry in terms of knowledge requirements and regulatory compliance for the broker's employees, and that remuneration in conjunction with mortgage brokering is exclusively fixed remuneration, as per the rules for personnel that apply for banks when it comes to granting credit.

Supplier Code

SBAB's Supplier Code is attached to the majority of our supplier agreements. It explains SBAB's view and expectations of our suppliers' sustainability efforts and compliance with international guidelines. We also monitor how our largest suppliers comply with the Supplier Code of Conduct.

Whistleblower function

At SBAB, it is very open for us to have an open corporate culture and for any irregularities to be identified right away. We have an internal whistleblower channel that is managed by an external supplier. This is where suspected irregularities that are of general interest or that in conflict with union-protected rights are reported confidentially and anonymously. There were three whistleblowing cases in 2023.

Satisfied customers

At SBAB, we strive to be transparent, responsible, straightforward and accessible. In combination with digitalisation and a sustainable customer offering, we meet our customers' expectations and needs. Satisfied customers are proof that our offering is relevant for our customers. Satisfied customers stay with us, which opens up opportunities for growth. We measure progress in this target area by following our market share for residential mortgages to private individuals and corporates as well as lending to tenant-owners' associations.

Goals until 2030

10%

Market share
Residential mortgages

20%

Market share
Corporate clients

15%

Market share,
Tenant-owners' associations

+ More information about the target area is in the sustainability notes on page 168.

Our responsible and transparent offering

Customers appreciate a competitive, transparent and simple pricing model for residential mortgages. For us at SBAB, it is a self-evident part of a trustworthy customer relationship. This is also a reason that more and more customers are choosing SBAB for their residential mortgages.

We strive for increased transparency in the residential mortgage market

The difference between listed rates and average rates for residential mortgages remains high with most major mortgage banks. Many banks start with high listed rates and apply occasional discounts or individual rate-setting after negotiations. Whether or not residential mortgage customers purchase other services by the bank is another factor. At SBAB, we strive to be straightforward, clear and transparent in our offering. We want our customers to trust SBAB and feel secure in having us as their bank and creditor.

You never need to negotiate your mortgage rate

No one ever needs to negotiate mortgage rates or buy extra services to obtain favourable and fair interest rates on their mortgage with SBAB. We do not believe that the interest rate should depend on who they talk to at the bank, how they are dressed or how well-spoken they are. Our residential mortgage interest rates are based on the current listed rates for each maturity, as published on www.sbab.se. The customer's specific mortgage rate is presented as a deviation from the listed rate. This deviation is based on the property's loan-to-value (LTV) ratio, which is the residential mortgage as a percentage of the market value of the property, the property's energy rating and the size of the residential mortgage. At www.sbab.se, our customers can work out for themselves the interest rate they would receive, which provides transparent guid-

ance about what determines the individual borrower's mortgage rate in relation to the listed rate. SBAB's transparent pricing model is why the difference between the list rate and the average rate for mortgages is much smaller than that of most other banks.

How we interact with and help our customers

SBAB has no physical branch offices, which means that much of our customer dialogue is digital – online, through the app or on the phone – and takes place at any time: day, evening, or weekends.

However, we meet our customers at corporates and tenant-owners' associations in physical locations at their premises, at our offices or customer meetings. This provides our customers with a highly available contact who can provide the bank's expertise and collective experience. Our corporate customers own several properties and often have several banks, so it is important for customers to know how their banks work and that the bank has the expertise and the ability to help with financing – in every part of the economic cycle. Our property customers appreciate that our business team, with its depth and breadth of experience, works so closely with them and that we create long-term personal relationships where they feel comfortable when arranging new transactions.

Working on the board of a tenant-owners' association is a demanding task with considerable responsibility. SBAB's department dedicated exclusively to helping tenant-owners' associations with lending as well as savings allows us to maintain a very high level of expertise and service that helps boards perform their tasks. Our expertise and help with financial planning, such as energy efficiency measures, fire safety training and member offerings in the form of green mortgages and insurance discounts are also highly appreciated. When it is time for restructuring the association's loan, we provide a digital inquiry tool that makes it easy for the association to receive an offer from SBAB, entirely digitally.

Accessibility

It is important that we are available for all of our customers on their terms. We want our customers to remain satisfied, which requires us to be flexible, available and attentive to the needs of all of our customer groups. We know that customers' trust increases when we provide clear and transparent information. We constantly

strive to communicate effectively but in a way that is also personal, clear, transparent and – above all – relevant.

A very important part of SBAB's operations is our Customer Service function, which serves to provide support, information and solutions for our customers' needs and questions. Customer Service guides our customers through the entire housing journey, from applying for a loan commitment to purchase a new home to questions of interest rates, amortisation or extending mortgages. They administer customer applications for residential mortgages and consumer loans, including making credit decisions. Customer Service also helps customers who have questions about their savings or who want to transfer their mortgage to us.

To further increase accessibility for our customers, we have expanded our services and implemented automation through our chatbot, Bo. Bo, who is ready to help our customers every day, day or night, handles more than 15,000 customer conversations per month. Customers appreciate that they receive answers immediately, at any time of day, without having to wait in a queue. A variety of contact paths gives the customer freedom to choose. To further reduce response time and provide quick, efficient support, SBAB also has a live chat option where our customers can chat directly with our mortgage specialists. SBAB wants to be, and be perceived as, the considerate bank. That is why we strive to combine technological progress with our personal stamp that characterises us and our operations.

We enthusiastically share our expertise

At SBAB, we want to make housing and household finances simple, fun and accessible. That is why we share our expertise through explaining and informing. Things are often easier to absorb when they are fun. Better informed people are also able to make wiser decisions. Our Head Economist and Housing Economist spread information and share their expertise with customers, investors, the public and the media through commentary, analyses and forecasts related to the Swedish economy, interest rates and the housing market. Through our successful "Household finances are really fun" marketing concept, we try to make dull and difficult matters a little easier and a little more enjoyable.

The newsletter is also an important channel for reaching our customers. They allow us to reach out with expertise, information about SBAB's latest initiatives and provide advice and tips. The newsletters also allow us to share our offerings directly with our customers and deepen our relationship by offering content that is tailored to the customer's interests and needs. We engage in conversations directly through our social media accounts and take in viewpoints. We strive to create a unity through these platforms where we can share information, answer questions and be active participants in the topics that are the most important for our customers.



Sweden's most satisfied customers – again

The skills, professionalism and consideration shown by our employees on a daily basis are made visible, among other things, in surveys conducted by SKI. Every year, SKI measures customer satisfaction in the banking and finance sector. For the fifth consecutive year SBAB had Sweden's most satisfied residential mort-

gage customers with a customer satisfaction score of 73.8 (76.4) out of 100, while customer satisfaction for the entire industry decreased to 65.5 (67.5). We received particularly good results in the survey in areas such as simplicity, reliability and product quality, which leads to high levels of loyalty. For the sixth consecutive year SBAB had the highest cus-

tomers satisfaction rating for property loans to tenant-owners' associations and property companies, with a score of 73.5 (78.0) out of 100, while customer satisfaction for the entire industry decreased to 68.7 (72.3). Our results were particularly strong within customer experience, product quality and loyalty.

SBAB is strengthening its position and remains as strong as or stronger than the industry in all of the underlying categories: image, expectations, product quality, service quality and value for money. The perception of SBAB is significant because our reputation and trustworthiness with customers and the public are important factors in success and competitiveness. We continuously monitor the perception and experience of SBAB with tools like our sustainability index that summarises how we are perceived in different sustainability areas. The sustainability index is measured and followed up every quarter. In 2023 we were ranked second, which is even better than our goal of being in the top three of our industry.



Mortgages and household finances without the hassle

Our total offering of services helps our customers in every phase of home-owner life. At SBAB we offer our customers mortgages without complicated terms and reliable savings accounts with interest. At Booli.se, which has Sweden's largest collected offering of homes for sale, we help customers find their next home, assess their home and check actual selling prices. Choosing the right agent when selling can be an essential factor. The HittaMäklare service guides customers to the best estate agents in their area when they want to sell. We have many secure and simple services for people buying, selling or just living in a home. We call this mortgages and household finances without the hassle.

Responsible credit granting

SBAB's credit granting and credit growth is to be sustainable in the long term – for our customers, for SBAB and for society. We have a responsibility to determine whether our customers can make their interest and amortisation payments on their loans. This requires extensive understanding and knowledge of our customers and their circumstances.

How SBAB grants credit to retail customers

Granting of credit to consumers is based on a credit approval process that demonstrates whether customers have the financial capacity required to meet their commitments. First and foremost, SBAB assesses the customer's repayment ability, but also the collateral provided for the loan.

We base our credit approval process on existing credit rules, information received from credit rating agencies and the Land Registry as well as information provided by the customers themselves. The credit approval process centres around a left-to-live-on calculation of household costs, which is based on the income of the customers and their mortgage and household expenses. We also use various parameters in the left-to-live-on calculation of household costs and take into consideration the rise and fall of the interest rates and other costs. If the calculation indicates a sufficient surplus, a loan is normally granted provided that the customer satisfies other formal requirements and credit regulations.

SBAB endeavours to have a streamlined, digital and efficient credit approval process for the majority of customers. To further allow customers to receive a mortgage and to better reflect societal development in terms of income forms,

employment forms and constellations of borrowers, we also make individual considerations. We do the same in order to allow more self-employed or young people to purchase their first home.

Collateral is provided for residential mortgage in the form of a mortgage deed in immovable property or rights in a tenant-owners' association, and the loan cannot exceed 85% of the property's value.

→ *Read more in the sustainability notes on page 168.*

Amortisation and debt-to-income ratio

At SBAB we believe that amortisation helps ensure sound household finances. We conduct individual dialogues about amortisation with our customers in the event of a new mortgage. We apply loan repayment rules in line with regulations issued by the Swedish FSA. These rules include a repayment rate of 1% per year for new residential mortgages with an LTV ratio of more than 50%, and 2% per year with an LTV ratio of more than 70%. Customers borrowing more than 4.5 times their gross income must also amortise an additional one per cent of the mortgage per year. For some time, we have used a mandatory debt-to-income ratio of 5.5 times gross income when granting credit, which means that it is not possible for a customer to borrow more than 5.5 times their income before tax. According to the Swedish FSA's regulations, we are permitted to grant exceptions to amortisation requirements under special circumstances. This applies in situations when the financial situation has deteriorated considerably, after the mortgage has been granted. Typical situations include unemployment, long-term sick leave, a death in the family, studies, separation and parental leave.

How we grant loans to corporates and tenant-owners' associations

SBAB's credit approval process for corporates and tenant-owners' associations is primarily based on their repayment capacity, our customers' financial situation and various individual factors. We create a holistic model of the company, Group or tenant-owners' association. Collateral for the loan is mainly provided in the form of a mortgage deed in immovable property. Customers are managed individually by a team consisting of an account manager, an analyst, a property valuer and a loan administrator. We meet corporates and tenant-owners' associations digitally as well as physically. When it comes to corporate customers, we have physical meetings where we share our expertise, gather necessary information and create a close and trustworthy customer relationship.

If a customer has difficulty making payments

SBAB's ambition is to initiate a dialogue as early as possible in cases where we discover customers are having, or risk having, difficulty making interest or amortisation payments. Credit monitors in SBAB's insolvency team have extensive experience and work proactively and with consideration to help and support these customers. At SBAB, we are the ones who are responsible for carrying out the entire insolvency management process and thus help our customers every step of the way.

Sustainable society

In Sweden we address several societal challenges in the economy, social aspects and the environment, particularly within the housing sector. SBAB, with its extensive experience within housing finance, takes responsibility for encouraging positive development. Through partnerships, we aim to finance sustainable construction and housing, to support energy efficiency and to create inclusive and resource-efficient residential environments for current and future generations. We ensure that we reach our goals in this area by setting requirements for our lending and in dialogues with our customers. We measure progress in this target area by following our climate impact as well as that of our customers.

Goals until 2030

-30%

SBAB's own climate impact

+ More information about the target area is in the sustainability notes on page 168.

Together for the climate

Housing accounts for a large proportion of the total energy consumption in Sweden. The property sector plays a key role in helping Sweden achieve its climate goals, though many properties do not live up to the requirements we now have for energy consumption. This is where, as a financier, SBAB can make a major difference. Together with our customers, suppliers and other stakeholders, we work to reduce energy consumption while we take our climate risks into consideration.

Guided by our climate goal

The basis for meaningful climate work is in carbon emissions: understanding them, measuring them and setting goals to reduce them. At SBAB, we believe that we make the biggest difference by helping our customers in their climate transition. It is important to us that we take our share of the responsibility transparently and in a method based on research.

SBAB adopted a climate goal to reduce emissions intensity (kg CO₂e per sq. m.) from our lending portfolio 50% by 2038, including an interim target of 30% by

2030. The goal for 2023 was to reduce emissions intensity from the lending portfolio 4%. The outcome for the year was a reduction of 1.6%. In 2023 we focused on developing data and systems, and testing new products. We need to pick up the pace in 2024. The climate goal is a major and important step for us in driving the green transition. The goal is aligned with the science-based global 1.5°C target and is reported annually in our climate report. By measuring and targeting the emissions caused by our customers' homes and properties, we can work purposefully to reduce our biggest climate impact – our financing.

→ Read more about SBAB's green bonds in the sustainability notes on pages 168–169 and in the Impact Report 2023.

Together we improve energy efficiency in Sweden's homes

To reach our climate goal, we need a close partnership with our customers. Through our lending, we can influence the housing market through innovative solutions, requirements, terms and tips to reduce our customers' energy consumption.

In 2023, SBAB continued its Kilowattjakten partnership with Hemma®, where retail customers who live in houses can calculate energy investments for their homes. Hemma® gives our customers recommendations for energy improvements and a cost calculator for implementing them. Energy improvements could be, for example, installing solar cells, geothermal heating pumps, air heat pumps, etc. In 2023, we expanded the Kilowattjakten initiative to include our tenant-owners' association customers. In partnership with Ecoclimate, we help our tenant-owners' association customers make their properties more energy efficient. SBAB offers tenant-owners' associations with high levels of energy consumption a free consultation, where Eco-

climate's experts perform an analysis of the property that allows them to suggest appropriate measures to reduce energy consumption and thereby reduce operating costs.

Encouragement from SBAB's green loans

Since 2018, we have automatically provided Green Mortgages to customers who live in houses or multi-family dwellings that have a valid energy performance certificate with energy class A, B or C. The better the energy class, the greater the reduction to the mortgage rate. We see the green mortgage as an incentive for our customers to invest in more energy-efficient homes. At the end of 2023, 19,232 (17,305) private homes had a green mortgage according to SBAB's framework for issuing green covered bonds, corresponding to a mortgage volume of SEK 44.1 billion. This means that these mortgages account for approximately 12.7% (12) of SBAB's total residential mortgage stock.

SBAB also offers green investment loans to tenant-owners' associations and property companies, which are loans suited for customers who implement energy efficiency measures at their properties. These could include replacing windows or investing in a new, fossil-free heating source, for example. At the end of the year, 49 (50) corporate and tenant-owners' association customers had a green investment loan with SBAB, corresponding to a credit volume of SEK 147.6 million (136). We have also closed the money cycle, where our green mortgages and investment loans are financed with earmarked green bonds.

→ Read more about our green bonds on page 34.

Sustainability-linked loans

In autumn 2023, SBAB disbursed our first sustainability-linked loan to a corporate customer. A sustainability-linked loan is a loan that will be used to accomplish a strategic transition within sustainability. Any such transition needs to be comprehensive in scope, and require extra invest-



SBAB's climate goal to reduce emissions intensity from our lending portfolio is 50% by 2038. Building credits are not yet part of the climate goal. Read more about the different parts of the climate goal in SBAB's climate report for 2023, available at sbab.se.

ment on account of the challenge it presents. This means our goal is to be able to say that the money enabled a transition that would not otherwise have happened. To do this, we set several targets that are followed up annually. It is important that the targets are science-based and measured in a quality-assured manner. This requires an exhaustive initiative to define the targets and KPIs to be used. The sustainability-linked loan is one way to contribute to our goal to reduce the climate impact of properties.

SBAB reduces its own climate impact

SBAB is a digital bank. We have no branch offices. This enables us to avoid unnecessary transportation and the operation of a number of branch offices around the country. SBAB's direct environmental impact is therefore relatively small but we work systematically to reduce our climate impact across all of our operations. Whatever we cannot reduce, we will climate compensate. Since 2006, we have measured our emissions and prepared a climate report that we annually publish and are constantly developing. To this end we have a reduction target to reduce our direct and indirect (upstream) emissions 15% between 2021 and 2025. One example of an emissions source we are actively working to reduce is emissions from the server halls that we use. We have a proactive dialogue with our suppliers, who are deliberately working to reduce their emissions.

→ Read more on pages 168–169.

Climate change – one of our time's greatest challenges

SBAB's growth is sustainable over the long term with respect to the climate. This means that we are to help the housing and properties we finance to take into consideration the climate-related risks that could arise as a result of climate change.

Climate risks consist of physical risks that result from increased temperatures as well as transition risks from the transition to a society with lower carbon dioxide emissions. SBAB's most material physical climate risks pertain to rising water levels and extreme downpours, which can impact properties close to the water. In terms of transition risk, rising and volatile energy prices are the greatest risk SBAB faces. As a part of reducing the exposure of SBAB and our customers to these risks, we strive to integrate climate-related parameters in our credit assessments. Sustainability criteria will be given more importance in future credit granting decisions.

In 2023 we started an organisation-wide project to develop our data management for climate-related risks. The project aims to develop and harmonise climate data in our portfolio assessments, our reporting and in the credit process.

How SBAB's green bonds work

The funds SBAB raises through our green bond issues are used to finance or refinance residential properties that meet a number of energy-efficiency criteria. The terms for onward lending and the conditions for issuing our green bonds are described in more detail in SBAB's green bond frameworks ("SBAB Green Bond Framework 2019") that are available at www.sbab.se.

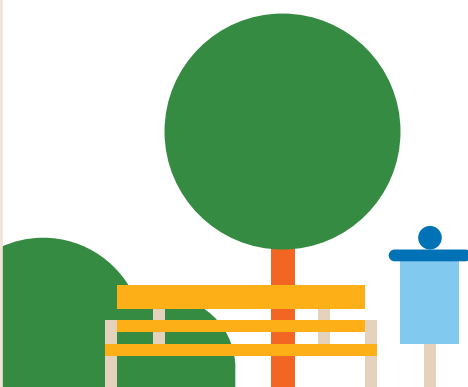
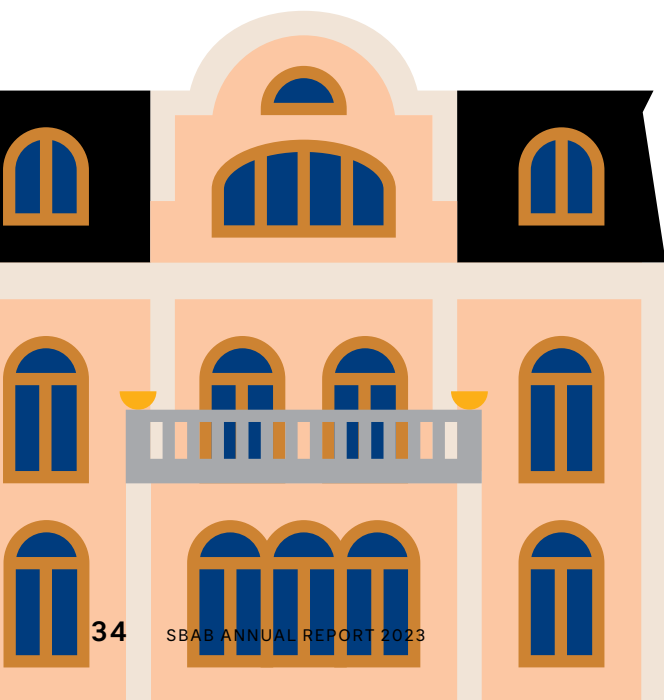
The independent climate and environmental research institute, Center for International Climate and Environmental Research – Oslo (CICERO) has reviewed SBAB's sustainability work and approved the investment categories chosen as green investments in the framework. SBAB's green bond frameworks are classified as Medium Green. Green bonds outstanding at the end of the year totalled approximately SEK 42 billion (36).

How SBAB's green bonds contribute

Every year, SBAB publishes the "Green Bonds Impact Report," which describes the effects the residential properties that SBAB finances with funds from green bonds actually have on the environment in terms of savings in greenhouse gas emissions, expressed in carbon dioxide equivalents, CO₂e.

Eligible investment objects within SBAB's green bond frameworks amounted at year end to SEK 75 billion. According to SBAB's calculations, these objects are estimated to generate an annual avoidance in GHG emissions corresponding to 8,979 tonnes CO₂e in 2023. SBAB's share of the financing is expected to correspond to an annual avoidance of 4,125 tonnes of CO₂e.

→ Read more about SBAB's green bonds in the sustainability notes on page 169 and in the Green Bonds Impact Report 2023.



Sustainable and inclusive housing market

At SBAB, we want everyone to live in homes they can afford, to take wise decisions for secure household finances and to be able to live sustainably. Both today and in the future. As a credit provider, SBAB participates in and influences what is built as well as how it is built. Through dialogues and collaboration, we want to contribute to improved, healthier and more inclusive housing environments.

In a sustainable society, everyone has somewhere to live

High prices in combination with mortgage ceilings and amortisation requirements exclude many households from the housing market. In many municipalities, rental apartments are still difficult to find. Many are therefore forced to jump between expensive sublets. In addition to political measures, collaboration between housing financiers and the construction industry is required to address this problem. This is where SBAB wants to have an active role, which includes the financing of new-build homes. In 2023, SBAB was involved in the financing of 2,332 new-build homes (7,181).

Young adults – the group struggling the most in the housing market

The number of young adults living with their parents is at a historic high, even as the number of young people with their own homes is up from previous years. Many feel like they cannot afford a home, or that it is too difficult to enter the Swedish housing market. Over the years, SBAB has contributed to several analyses based on a variety of perspectives that have highlighted young people's problems with the housing market. One insight is that young people often do not have enough knowledge about what it means to purchase a home and that they lack sufficient savings for the cash contribution. At SBAB, we can make a difference here by educating and encouraging young people to own their own home. In 2023, we issued an educational and inspirational initiative aimed at young people and first-time buyers. The goal was to share our expertise and thereby increase

knowledge about how to save for one's own home and what to consider in terms of mortgages.

Partnerships for new forms of housing

Regulations created to relieve debt pressure on Swedish households and to slow price trends for homes have led to a very high threshold to entering the Swedish housing market. New housing and tenure forms have appeared and SBAB holds discussions with customers and other players about potential collaborations. HSB Dela and Riksbyggen are examples of a form of housing designed for younger adults, in which customers purchase half of the apartment, and jointly own the other half with the housing developer. They have the option to purchase the remaining portion after five years. SBAB also collaborates with BoKlok, a housing concept developed by Skanska and IKEA, which develops and builds sustainable housing that more people can afford.

We've also had a partnership for several years with Stockholms Stadsmission to address the issue of new forms of housing. This includes SBAB's contribution to Bostad 2030, a programme that Stockholm Stadsmission conducts focused on finding homes for people who are currently excluded from the housing market.

Sustainable construction industry launched in 2023

A worrying development has been observed concerning how homes and infrastructure are being built. Several investigations have shown occurrences of tax avoidance, unreported employment and salary dumping, as well as a lack of respect for labour rights along the supply chain at construction sites. Banks are an important part of the entire new construction process.

The Sustainable Construction Industry initiative is a collaboration between six banks with the aim of countering tax avoidance and criminality in the construction industry. The initiative was started by SBAB in 2018 and launched in

the autumn of 2023. It considers a number of factors in lending and thereby sets higher standards whereby the bank's customers are to have control over their production. The initiative aims to achieve increased control over who conducts work on construction sites across the entire supply chain. Through the initiative banks want to create a more sustainable construction industry.

Responsible property management

A close public dialogue is a success factor for property owners who are focused on long-term value creation. Many property owners make different investments for better societal development in their neighbourhoods, for example measures to increase safety, to increase community engagement and voter turnout and to improve school performance. SBAB participates in different social projects together with our customers to help improve housing and household finances and a more inclusive housing market.

Everyone has a right to a home and being socially secure

The right to a home is stipulated in both the UN Convention on Human Rights and in the Swedish constitution. We have collaborated with Stockholms Stadsmission in different ways to support their work to find housing solutions for people living in homelessness and in vulnerable social circumstances. With the aim of helping create a better housing situation for homeless and socially vulnerable people, we also support Situation Stockholm and Faktum, societal and cultural magazines whose idea is to attract readers and thereby create work and a personal income for the magazine's sellers.

Efficient operations

Conducting operations as efficiently as possible is essential for SBAB's long-term competitiveness. A high level of cost efficiency improves our ability to offer our customers attractive terms. We measure progress in this target area by looking at our costs and relation to our income: our cost/income (C/I) ratio. Our goal is to reach and maintain a low C/I ratio to be able to deliver more value at a lower cost.

Goals until 2030

<30%

Cost efficiency
C/I ratio

Long-term competitiveness and high efficiency require investments.

Cost efficiency is very important for SBAB's long-term competitiveness. Our service model, where customers meet us digitally or over the phone, allows for relatively efficient operations compared to if we, for example, held customer meetings at our offices. At the same time, banking operations have become increasingly complex and demanding due to increased digitalisation and changed customer needs as well as regulatory developments. Our customers want to talk to us more, and more often. This means more regulatory requirements for how we conduct our operations when it comes to customer interaction, accounting, reporting, capital, risk and liquidity. At the same time, technology is developing at a rapid pace. By continuing to invest in operations, we can meet external requirements for efficiency. In a changing world, this increased complexity has led to an

increased need for investments which in turn increase fixed expenses for conducting banking operations.

To ensure that SBAB remains relevant for our customers, today and in the future, we need to invest in digitalising customer interactions and the customer offering. Digitalisation and new customer needs fundamentally change the value of the customer offering, how it is offered and what the customer pays for each product and service. Digitalisation also makes it significantly easier to compare products and prices, which increases the competition for goods and services. SBAB's business model is by nature digital. We constantly strive to further improve customer interaction as well as the customer offering.

At SBAB we continuously review our existing processes and tools to streamline and improve our ways of working and

how our customers use our services. This includes, for example, developing new system support and automating existing processes and procedures in order to make us even more efficient. This way we can also offer our customers even more effective, easily accessible service. At SBAB we strive to keep the marginal cost (the cost for offering an additional unit) as low as possible in order to increase our ability to always offer competitive terms to our customers.

In order to make the necessary investments for competitive operations, now and in the future, we need to grow our transaction volumes – in order to meet increased costs with increased revenues.

SBAB's expenses increased 8.8% (2.5%) during the year to SEK 1,663 million (1,529). We measure progress in this target area by looking at our C/I ratio. This is a metric that describes how much each krona earned actually costs SBAB. The C/I ratio in 2023 amounted to 31.0% (32.7).

Digitalisation leads to increased customer satisfaction and efficiency

More and more of the value chain is being digitalised. This is about speed and internal efficiency, as well as an enhanced customer experience through digital customer flows and processes.

Customers are now setting increasingly high demands on companies' ability to make the customer interface simple and relatively independent of the channel(s) the customer chooses. SBAB's offering has long been characterised by simplicity, accessibility and transparency. It is important to constantly develop and improve these parameters. This means that we want all of our channels to need to function together as a whole to create a seamless process and experience for our customers. Regardless of whether a customer calls Customer Service in Karlstad on the phone or files a matter through our website. All of our

channels need to be connected to allow the best possible service.

Digitalisation, on the other hand, is also about increasing internal efficiency by improving processes, reducing manual input and thereby reducing costs for conducting operations over time through more automated flows, at a faster pace as well as increased quality. This can mean using digitalisation to improve how we manage our customers in terms of onboarding and management as well as automating the management of documentation like credit applications.

During the year we wrapped up our work to replace our core banking platform. Modern, flexible system support is a key component for strengthening SBAB's future competitiveness, and its ability to develop digital services and enhance the digital customer interface.

Data access and management increasingly important

To distinguish SBAB's customer offering from other players, it is important to have control the management of internal and external data. Thanks to predictive models, companies have more opportunities than ever to make their customer offering more relevant through custom tailored marketing campaigns and offering products and services that are more suitable for customers specific requests at a given point in time. By analysing data regarding customer behaviour and preferences, we can predict trends and identify potential customer needs and insights into what customers need before they even ask for it.

The personalisation trend is growing in many industries. Products, services, content and offerings are adapted and customised based on each consumer. Suc-

cessful personalisation creates a better customer experience in the form of increased relevance of solutions, at the right price and the right time, which leads to increased customer satisfaction, loyalty and profitability.

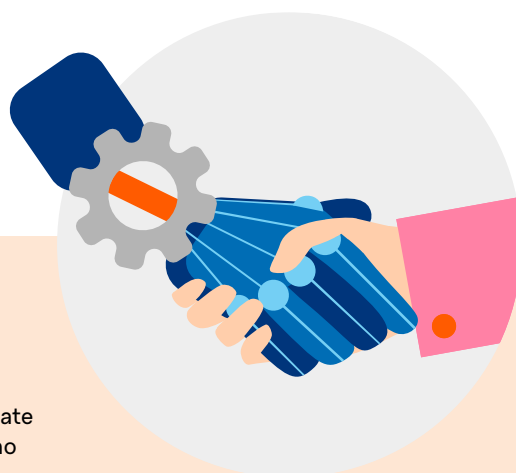
New regulations like PSD2/3 increase transparency in the market by giving third-party actors access to customer information and transaction data. This openness of data changes the customer experience in banking. Collecting all of the customer's data from different banks and relevant sources helps provide the customer with an improved experience.

Effective data management can lead to greater internal efficiency. Through efficient and appropriate communication at the right time we can offer things like a higher degree of self-service. This makes the customer experience quicker and easier while freeing up resources for SBAB to focus on more value-creating activities. Being able to analyse large quantities of data in a short time, for example through AI, leads to better opportunities to detect improprieties and manage risks. An attractive area of application would be to use advanced algorithms to identify deviations and unusual patterns in order to act proactively, thereby reducing losses due to fraud or risky transactions.

→ Read more about green bonds on page 11.

Automation streamlining operations

Automation, also known as Robotic Process Automation (RPA), is a way to automate dull, repetitive and rules-governed work tasks. SBAB currently has 13 "robots" who have taken over many of these tasks, primarily within customer service and finances, though there are a growing number of robots available to assist in all departments. They have freed up time and resources for our employees who can now focus on other, more value-creating tasks. The robots collectively perform over 70 processes.



Attractive workplace

At SBAB, we firmly believe that motivated and committed employees are a prerequisite – the very foundation – for our success, competitiveness and long-term value creation. For us, it is vital that our employees thrive at work, that we feel good, that we can be ourselves and that we feel that we can jointly make a contribution and develop every day. Everyone at SBAB has the opportunity to grow. We measure progress in this target area with our engagement index, which is measured twice each year.

2030 goals

>4

Engagement

+ More information about the target area is in the sustainability notes on page 170.

Our people at SBAB

To achieve our vision, we need everyone who works at SBAB to be engaged, motivated and to share our attitude. We define our attitude through our values, which also form the foundation of our corporate culture. We have a well-established HR strategy that is the result of focused long-term work. It includes seven focus areas: corporate culture, leadership, respect & equality, attracting & recruiting, learning & development, health and remuneration. By continuously and determinedly working in these areas and developing them, we remain a workplace with a high level of engagement.

Commitment and experience

Becoming and staying an attractive workplace over time is a deliberate and long-term effort. SBAB's values-driven way of working is characterised by trust, approachability, knowledge sharing and cooperation. This creates the preconditions for personal drive, commitment and motivation. To investigate the shared commitment and perception of the work-

place, we perform employee surveys. Each measurement is the basis for analysis and dialogue at the department and team level. A better understanding of what works well and what needs to be developed helps us focus our initiatives correctly. An entire 95% of SBAB participated in the employee survey in October 2023. The Engagement Index was 4.1 out of 5.0.

Top 100

Together with Kantar Sifo, Academic Work has created a means for measuring employer appeal among students and academics who are in the early stages of their careers – the Young Professional Attraction Index (YPAI). In 2023, SBAB landed among the YPAI's Top 100 list of Sweden's most sought-after employers among young people, with a ranking of 66. This placement is proof that as an employer we are top-of-mind among those at the start of their career.

A values-driven way of working

Our values permeate everything we do, characterising how we treat each other and our customers. At SBAB, everyone takes responsibility and makes wise decisions, which allows us to keep up a competitive pace. We are convinced that the way we work together is essential for SBAB to remain a long-term competitive company. That is why we work actively to develop our values-driven way of working, with self-driven employees, teams and leadership at its core. To strengthen our teamwork ability, we created a team development concept called "Tillsammans" (Eng: Together) because the aim is to strengthen and improve our ability to succeed together. Increased knowledge and practical support in daily issues creates impactful teams. In our employee survey, statements that measured the perception of our relationships with our colleagues was the highest rated area (Relationship with colleagues index was 4.5 out of 5.0).

Leadership characterised by clarity and empathy

SBAB's leadership is based on trust and inclusion and aims to create the conditions for everyone to be self-driven employees. Leadership is characterised by clarity, empathy and a holistic approach. At SBAB we expect all of our leaders to be inclusive and understanding as well as clear and transparent. We also expect them to take responsibility and make the decisions necessary for our business. Our employee survey indicates that leadership at SBAB is highly appreciated. Statements measuring perceptions of immediate supervisors were among the top three of highest rated areas (Relationship with manager index was 4.3 out of 5.0). To give our leaders the conditions to succeed in their roles, through an external partner we offer Ledarpuls meetings and Leaders' Forum for sharing knowledge, development and communication.

Tools for sustainable employees

We want to make it possible for everyone who works at SBAB to feel their best and to take care of their own health and sustainability. An important prerequisite is a healthy work environment and a sustainable workload, which SBAB actively strives to maintain. Regardless of living situation, we also encourage our employees to balance their lives through self-leadership. At SBAB we emphasise the importance of reflection, recovery, variation and a holistic approach to health and well-being. The employee survey

indicates that our work to support health is appreciated by employees. The Health index was 4.1 out of 5.0, measuring the perception of support, inspiration for health and well-being and the ability to find balance between work and leisure.

Learning and development, we never stop growing

To remain competitive over the long term in a changing world, everyone needs to develop their skills over time. Learning and development are essential for SBAB's future and central to attracting and retaining colleagues. SBAB's values-driven way of working creates the preconditions for a learning organisation. Our strategy here is based on three dimensions:

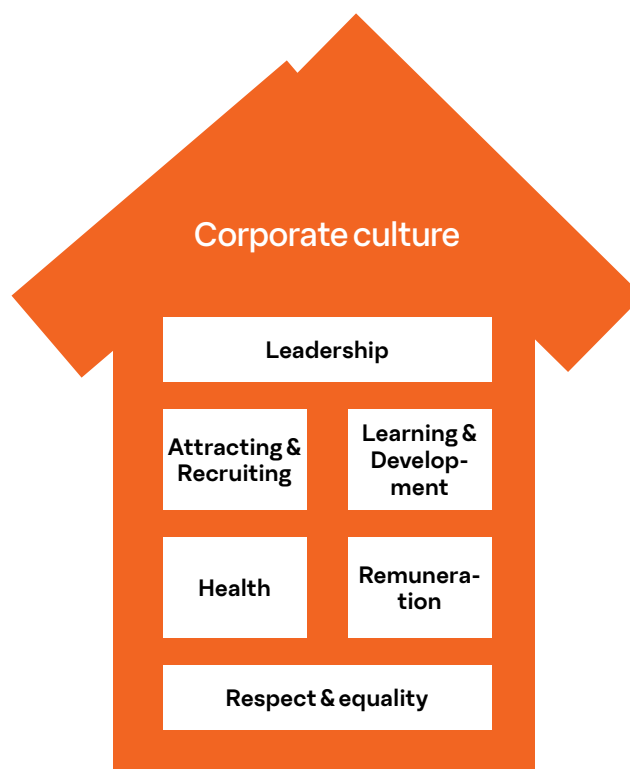
Want: every one of us wants to develop and understands that learning is important

Can: learning is encouraged and there are preconditions and support for continuous development as an individual and as a team

Do: every one of us has the ability and habits that make learning and development a natural part of daily work

Training for everyone in respect and equality, self-evidently important topics

For SBAB, it is a given that everyone has the same rights, obligations and opportunities in every aspect related to the workplace. Inclusion is central to our values and we are convinced that a mixture of opinions, perspectives and backgrounds enriches SBAB and drives change, growth and innovation. Together with the Make Equal foundation, we have created Respekttrappan, a practical tool that creates the preconditions for learning, reflecting, and discussing more about respect and equality. At SBAB we like sharing our knowledge and contributing to a more inclusive society.



Financial report 2023

Condensed income statement

+ SBAB's income

| SEK million | 2023 (2022) |
|--|----------------|
| Net interest income | 5,446 |
| SBAB's largest and most important revenue item is net interest income, which comprises the difference between interest income and interest expenses. Interest income is primarily from residential mortgages and property loans, while interest expenses mainly comprise costs for funding and deposits. | (4,655) |
| Net commission | -34 |
| Net commission mainly comprises income from insurance broking and other credit-related fees and expenses related to funding and valuations. | (12) |
| Net result of financial transactions | -95 |
| The net result of financial transactions arises through SBAB's application of financial instruments and as a result of accounting valuation effects. | (-35) |
| Other operating income | 50 |
| Other operating income primarily consists of income from housing and household financial services in the form of fees and advertising revenue. | (49) |
| Total income | 5,367 |
| | (4,681) |

- SBAB's expenses

| SEK million | 2023 (2022) |
|--|----------------|
| Expenses | -1,663 |
| SBAB's expenses mainly comprise personnel, premises and marketing costs and costs for IT and business development. | (-1,529) |
| Credit losses | -93 |
| Credit losses arise when SBAB's customers are unable to pay interest and make loan repayments. We work to minimise credit losses, based on our adopted risk appetite. According to regulatory requirements, we also prepare for expected credit losses through provisions. | (-68) |
| Imposed fees | -541 |
| Imposed fees include the risk tax that was introduced in 2022 as well as the resolution fee. | (-445) |
| Tax | -662 |
| Tax consists of income tax of 20.6% of net profit for the year with an addition for tax adjustments and any adjustments of tax for previous years. | (-558) |
| Total expenses | -2,959 |
| | (-2,600) |
| = Net profit for the year | 2,408 |
| | (2,081) |

The net profit for the year comprises total income less total expenses. Net profit is returned to **equity**.

Condensed balance sheet

SBAB's ASSETS

| SEK billion | 2023 (2022) |
|--|----------------|
| Securities (liquidity reserve) | 110 |
| In order to maintain high liquidity, SBAB has various forms of securities, mainly in the form of a liquidity portfolio. The liquidity portfolio was set up to ensure access to finance at times when SBAB's normal funding sources are not operating satisfactorily. | (89) |
| Lending to the public | 517 |
| SBAB's largest asset item in the balance sheet was lending to the public. This item comprises residential mortgages and consumer loans to consumers as well as property loans to businesses and tenant-owners' associations. | (509) |
| Lending to credit institutions | 12 |
| For short-term liquidity management, SBAB utilises, inter alia, the repo market to invest or borrow money from other banks. | (20) |
| Derivatives | 12 |
| SBAB utilises various forms of derivatives both on the asset and liability sides to protect the company against undesired changes in interest rates or exchange rates. | (16) |
| Total assets | 651 |
| | (634) |

SBAB's liabilities and equity

| SEK billion | 2023 (2022) |
|---|----------------|
| Deposits | 215 |
| SBAB's lending is financed by, among other things, deposits from the public. Deposits refer to private individuals, corporates or tenant-owners' associations saving money in SBAB's savings accounts, in return for interest on their savings. | (182) |
| Liabilities to credit institutions | 6 |
| See the comment under the post "Lending to credit institutions" above. | (8) |
| Issued debt securities (funding) | 383 |
| The largest part of SBAB's lending is financed through capital market funding, which is referred to in the balance sheet as issued debt securities. | (394) |
| Derivatives | 16 |
| See the comment under the item "Derivatives" above. | (25) |
| Subordinated debt | 2 |
| SBAB utilises subordinated debt to strengthen its capital position. The fact that the debt is subordinated means in the event of a bankruptcy, the debt will be realised only when other liabilities have been paid. | (2) |
| Equity | 24 |
| | (20) |
| Total liabilities and equity | 651 |
| | (634) |

Group performance

General information

The Board of Directors have signed, and thereby submitted, the Annual and Sustainability Report in its entirety. The statutory annual report, including this administration report, is revised and includes pages 40–61, 69 and 74–160. SBAB has prepared a statutory sustainability report pursuant to the requirements of the Annual Accounts Act. The statutory sustainability report is included in the sustainability report that has been prepared in accordance with the GRI Standards: Core option. SBAB's sustainability data is shown in cross reference to the Annual Accounts Act and the GRI on pages 172 and 182–183.

The Sustainability Report has been subject to a limited assurance review. The Corporate Governance Report is subject to a statutory review, which is less comprehensive than an audit or auditor's review.

Organisation and operations

SBAB Bank AB (publ) has two business areas: Private; and Corporates & Associations (tenant-owners' associations). On 31 December 2023, SBAB had 948 (863) employees (Full Time Equivalents – FTEs) at five offices: 452 (388) in Solna, 47 (49) in Stockholm, 418 (401) in Karlstad, 13 (12) in Gothenburg and 18 (13) in Malmö. Our main IT unit and central functions are in Solna. Booli is located in Stockholm. Our Customer service and certain other functions are located in Karlstad. In Gothenburg and Malmö, there are local account managers and appurtenant services serving the Corporates & Associations business area.

Financial targets

Our owner, the Swedish government, has established the following overall financial targets for SBAB:

- Profitability: A return on equity of no less than 10% over a business cycle.
- Capitalisation: The CET1 capital ratio and total capital ratio should be at least 0.6 percentage points higher than the requirements communicated by the Swedish FSA. Over time and under normal circumstances, this entails SBAB maintaining a buffer equivalent to 1–3

percentage points above the Swedish FSA's communicated requirements. The new target, which was introduced in 2022, is a complement to the lower limit of 0.6 percentage points decided by the Board.

- Dividend: Ordinary dividend of at least 40% of profit for the year after tax, taking the Group's capital structure into account.

Business development

Lending to the public increased 16% during the year to SEK 517.4 billion (509.5). New lending amounted to SEK 71 billion (105). Of total lending at year end, SEK 346.5 billion (349.0) comprised residential mortgages, SEK 1.8 billion (2.1) consumer loans, SEK 100.9 billion (90.7) lending to property companies and SEK 68.5 billion (67.7) lending to tenant-owners' associations.

Financial results

Operations continued to develop well in 2023. SBAB's operating profit was SEK 3,070 million (2,639). The return on equity was 11.5% (10.5). Return on equity, after adjustment for the risk tax, amounted to 12.7% (11.5).

Income

Net interest income rose to SEK 5,446 million (4,655), primarily due to an increased share of financing from deposits and higher deposit margins. Increased lending volumes had a positive impact on the item, which was offset by decreased lending margins for mortgages. During the period, net commission income decreased to an expense of SEK 34 million (income: 12). The net result of financial transactions amounted to an expense of SEK 95 million (expense: 35).

Expenses

Expenses grew to SEK 1,663 million (1,529), mainly driven by increased personnel costs, and accelerated development of our digital offering as well as greater media exposure. The number of FTEs increased from 863 to 948 over the year. Personnel costs amounted to SEK 890 million (823). Other expenses exclusive of depreciation, amortisation and impairment amounted to SEK 608 million (530). Depreciation,

amortisation and impairment of PPE and intangible assets amounted to SEK 165 million (176). The C/I ratio amounted to 31.0% (32.7) and the C/L ratio was 0.32% (0.31).

Credit losses

Net credit losses increased to SEK 93 million (loss: 68) during the year. The increase was primarily due to a new impairment model for calculating expected credit losses (ECL model), which is slightly more conservative in terms of LGD, but also due to negative rating grade migrations within the Private and Corporates & Associations business areas. Application of the new ECL model started from 30 September 2023. Confirmed credit losses totalled SEK 9 million (loss: 7).

Imposed fees

Imposed fees include Sweden's new risk tax and the resolution fee. The risk tax amounted to 0.06% of the credit institution's liabilities. For 2022, when the risk tax was introduced, it amounted to 0.05% of liabilities. Imposed fees for 2023 totalled SEK 541 million (445), of which the risk tax amounted to SEK 359 million (261) and the resolution fee to SEK 182 million (184).

Dividends and appropriation of profits

The Board's proposal to the AGM entails the distribution of a dividend of 40% (40) for 2023. The detailed proposed appropriation of profits can be found later in this report. See Note [G 3](#).

Remuneration

There are no differences between the proposed guidelines for remuneration and other terms of employment for senior executives to be adopted at the next AGM compared to the guidelines that applied over the year. The most recently adopted guidelines are provided in Note [IC 5](#).

Events after the balance-sheet date

Information about events after the balance sheet date is available in Note [G 4](#).

Further information

Further comments on the Group's financial position can be found later in this report.

→ Read more on page 78.

High interest rates have lowered inflation

In 2023, inflation slowed from a record high 10.2% to just 2.3% one year later. One underlying reason for the rapid decrease was stringent monetary policy, with an average policy rate of 3.54% over the year. This dampened demand in the economy and the ability of firms to raise prices. The stringent monetary policy also helped push the economy into recession and led to clearly rising unemployment toward the end of the year. Moreover, it contributed to a frosty housing market with few sales and falling prices for the year as a whole.

Developments in the Swedish housing market impact SBAB's lending and profitability. In turn, developments in the housing market are affected by the general state of the Swedish economy. Sweden is a small, heavily export-dependent economy that is highly influenced by international economic developments.

Housing market held back by rising interest rates

The Riksbank continued to raise the policy rate last year from 2.5% in January to 4.0% in December. One consequence was that average interest rates on mortgages with a 3-month fixed-interest periods rose from around 3.5% to end around 4.8%.

The Riksbank's securities holdings, which decreased SEK 155 billion in 2022, continued to decrease in 2023, by SEK 193 billion. Previously, the Riksbank purchased securities, including government bonds and covered bonds, to keep interest rates low and to promote a functioning supply of credit. The divestment of securities in 2022 and 2023 needs to be considered within the context of the high level of inflation and the Riksbank's ambition to lower inflation in line with the target of 2%. How quickly the holdings will be divested also depends on how the

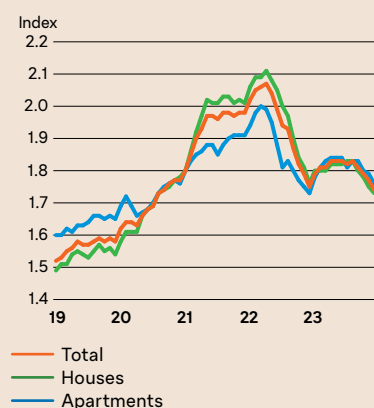
financial markets work, including the supply and demand for various types of securities.

At the beginning of 2023, longer mortgage interest rates had already risen past 4% as a result of higher market interest rates on mortgage bonds. The Riksbank's policy rate hikes during the year had only a marginal impact on market interest rates for mortgage bonds, which contributed to only a marginal increase in longer mortgage interest rates. Low inflation figures in the autumn and the Riksbank's decision in November not to raise the policy rate further contributed to interest rates declining in December, with longer mortgage interest rates remaining at about the same level in December as in January.

In the beginning of 2024, the Riksbank has chosen to retain a policy rate of 4%. However, the economy is very weak and inflation is both relatively low and remains

Housing price trend

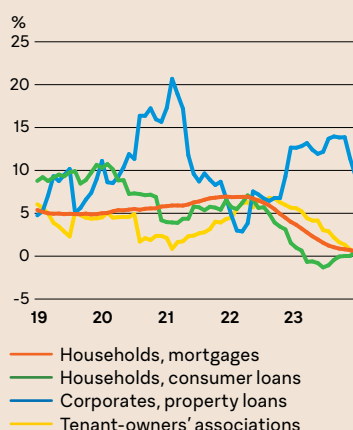
(SBAB Booli HPI, 2013.01 = 1)



Source: Valueguard, Statistics Sweden (SCB).

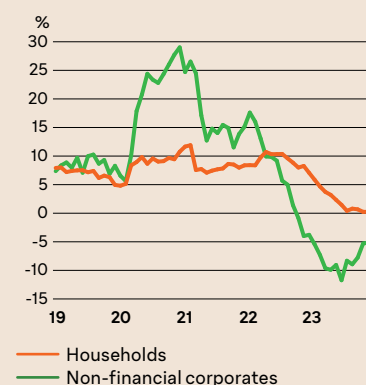
Lending growth

(Percentage, 12-month change)



Deposit growth

(Percentage, 12-month change)



on a downward trend. The Riksbank is thus expected to start cutting the policy rate as soon as the risk of any backlash in the form of high monthly inflation figures is assessed as minimal, which is expected to be around May.

Housing market – cold and frosty

2023 began with a frosty housing market, with apartment and house prices having fallen 16% since spring 2022, and a fall in the number of homes sold over the same period of around 15%. In terms of housing prices, there was an initial increase in 2023 followed by a slightly steeper decline later in the autumn.

Housing turnover was very low throughout 2023. The turnover for detached houses was around 2.7% of the housing stock, a level that has not been seen since the mid-1990s. The turnover for tenant-owner apartments was a record low of 7.4%, well below the previous lows of just under 9% that were posted in conjunction with the 2008 financial crisis and after the crash in new construction in 2018. This is the equivalent of a seasonally adjusted sales rate of around 4,300 houses and 7,700 apartments per month.

Housing turnover is cyclical. For detached houses, the current trend fits well within the framework of a normal cyclical variation. However, for tenant-owner apartments, the situation is different and the slowdown is more akin to a crisis. The extremely low turnover may help to explain why, overall, tenant-owner apartment prices have fallen less than those for houses. Otherwise, long advertising periods, few bidders, low bidding premiums and high supply have characterised the housing market in 2023. These trends can be linked to high interest rates and uncertainty about future economic developments.

The market for new housing production has been affected differently to the market for existing housing. To begin

with, it is impossible to identify any real decline in prices, although reduced prices have become more commonplace. On the other hand, sales, which fell sharply already in 2022, have remained very low throughout 2023. Despite this, the supply of new housing has not risen alarmingly, which is attributable to the low inflow of newly built housing. The increase in the supply of new housing was much less steep than that of existing housing, and the supply was lower than in 2018 and 2019, for example.

For Sweden as a whole, the SBAB Booli Housing Market Index (HMI, available here) indicates that conditions for building tenant-owner housing deteriorated quickly in 2022 and 2023. The rapid switch toward an overall surplus of new housing is largely due to rapidly declining demand as a result of rising mortgage interest rates and other housing expenses. Conditions stabilised in the second quarter of 2023 and improved slightly during the third quarter. A sharp slowdown in construction resulted in the pace of new construction better matching demand, and the new construction market nearing balance. However, local surpluses or shortages for specific forms of housing do arise.

Households deleverage their balance sheets – stagnant deposits and lending

During 2023, households' mortgages grew 0.6% (4.0) to SEK 4,077 billion (4,053). Loans to property companies including tenant-owners' associations grew 4.2% (8.5) to SEK 1,039 billion (997). The lower growth rate for household borrowing was partly attributable to lower housing prices and lower housing turnover. Moreover, it was also a result of a higher level of repayments on households' mortgages. This was due to many households choosing to reduce their balance sheets. Relatively healthy growth for lending to property companies was attributable to the relatively large number

of completed apartments in multi-family dwellings during the year and to property companies not being able to easily finance their operations on their own and having to increasingly turn to the banks.

Growth for households' consumer loans dipped sharply to 0.6% (1.5) during the year and increased to a total of SEK 282 billion (281). The deteriorating economy led households to reduce consumption of capital goods, which historically speaking is a typical pattern, thus reducing the need for such loans.

In 2023, deposits from households increased just 1.0% (7.1) and deposits amounted to SEK 2,586 billion (2,561) at the end of 2023. Household deposits, which are largely held in bank accounts, were thus relatively stable, partly due to being under financial pressure from higher prices and interest rates, but also because bank savings gave way to loan repayments.

The market for deposits from non-financial corporates, including tenant-owners' associations, fell 5.7% (down: 3.8) during the year to SEK 1,321 billion (1,401). The continued decline compared with 2022 was attributable to a weaker economy and higher costs for many input goods, not least the cost of premises.

Business Area Private

Business Area Private offers private individuals a range of services related to housing and household finances, such as mortgages, other savings and loan products, home search and valuation services, real estate agent services and home insurance mediation. Activities are operated under the SBAB, Booli and HittaMäklare brands, and regardless of through which brand the customer comes into contact with us, this is done digitally or by telephone, without physical customer meetings. Our market share in terms of residential mortgages amounted to 8.40% at year end, which makes us the fifth-largest residential mortgage bank in Sweden. Booli has Sweden's largest offering of homes for sale and coming soon, with an average of 1,400,000 unique visitors during the year. SBAB's strategy entails offering a differentiated, value-creating customer offering related to housing and household finances with services facilitating the entire housing journey.

Residential mortgages

2023 was, overall, a year of lower activity in the housing market. The market for housing loans grew 0.4% in 2023 compared with an average annual growth rate

of just under 6% in the last three years. The trend was due to fewer properties being sold in the market than in 2022. The negative price trend also affected the volume of housing loans. During the year, prices for houses fell around 2% and tenant-owner apartments increased around 3%.

Competition in the residential mortgage market remains intense. This is mainly driven by the low growth in the residential mortgage market together with the focus of major banks on maintaining their market shares. Intense competition is further driving the need for digitalisation to enhance customer experience and efficiency.

SBAB's new lending in residential mortgages for the year amounted to SEK 41.6 billion (57.2). The total volume of residential mortgages decreased 0.7% (increase: 4.2) during the year to SEK 346.5 billion (349.0). This puts SBAB in fifth place after the four major banks, with a market share of 8.40% (8.51). The mortgage volume was distributed over 287,000 residential mortgage customers (292,000) at the end of the year and allocated over 184,000 mortgage objects financed (187,000). SBAB's lending is

concentrated to the Stockholm, Öresund and Gothenburg regions, which together represent 83.2% of the residential mortgage stock. The majority of SBAB's residential mortgage customers chose one of the shorter fixed-interest periods during the year. The share of total lending with a three-month fixed-interest period amounted to 71.6% (53.2) at year end. At the end of 2023, the average LTV ratio in SBAB's mortgage portfolio was 60% (59). At the same date, the average residential mortgage to retail customers amounted to SEK 1.9 million (1.9).

A smaller part of SBAB's lending to consumers is carried out through partnerships with other intermediaries. At year end, the total volume of mediated residential mortgages amounted to around SEK 12 billion (17), which is equivalent to 3.3% (5.0) of SBAB's total lending to retail customers. The portfolio of mediated mortgages is partly comprised of loans mediated under SBAB's own brand. In May, Sparbanken Syd exercised its right to redeem its residential mortgage stock. The stock transferred amounted to SEK 5.2 billion.

Condensed income statement, Private

| SEK million | 2023 | 2022 | 2021 |
|----------------------------|--------------|--------------|--------------|
| Operating income | 3,302 | 3,415 | 3,163 |
| Expenses | -1,195 | -1,233 | -1,186 |
| Net credit losses | -22 | 44 | 2 |
| Imposed fees | -353 | -360 | |
| Operating profit | 1,732 | 1,778 | 1,978 |
| Return on equity, % | 10.0 | 9.9 | 11.3 |

Composition of collateral in the loan portfolio, Private

| SEK billion | 2023 | 2022 | 2021 |
|---|--------------|--------------|--------------|
| Mortgage deeds | 176.1 | 178.4 | 170.5 |
| Tenant-owner apartments | 169.9 | 170.2 | 163.6 |
| Municipal guarantees and direct loans to municipalities | 0.0 | 0.0 | 0.0 |
| Government guarantees | 0.0 | 0.0 | 0.0 |
| Bank guarantees | 0.0 | 0.0 | 0.0 |
| Other collateral | 0.0 | 0.0 | 0.0 |
| Consumer loans ¹⁾ | 2.2 | 2.6 | 3.3 |
| Total | 348.3 | 351.2 | 337.3 |

¹⁾ Unsecured loans to retail customers.

Consumer loans

A consumer loan is a loan without a requirement for collateral. Unlike residential mortgages, consumer loans are not connected to any specific purpose, although they are frequently used to supplement residential mortgages in relation to home finance. At the end of the year, the total consumer loan volume amounted to SEK 1.8 billion (2.1). At the same date, the market share was 0.58% (0.70). On 31 December 2023, about 28,000 (31,000) customers had consumer loans with SBAB.

Savings accounts

In comparison with the zero interest offered by other players in the market, SBAB's attractive savings offering with straightforward and favourable terms has resulted in many customers choosing to save with us. Deposits are extremely important if we are to have a competitive offering in terms of residential mortgages and housing financing since it comprises a growing and valuable share of our funding for lending. Our savings accounts offer competitive interest rates, are free of charge, have free withdrawals and are covered by the national deposit guarantee. In November, a fixed-rate account was launched for consumers with a fixed-interest period of between 3 months and 5 years to broaden the deposit offering. Retail deposits performed well in 2023 posting a continued

healthy trend and amounted to SEK 171.3 billion (140.7) at the end of the year. The market share increased to 6.69% (5.53). At year end, approximately 602,000 (485,000) retail customers held savings accounts with SBAB. The above increase was due to a competitive savings rate, marketing initiatives and a continuing high level of deposits in savings accounts by households.

User trends and services

Our customer offering to private individuals is an ecosystem of services related to housing and household finances. We aim to meet our customers' needs throughout the housing journey with our service offering from Booli, HittaMäklare, SBAB and business partners. Every month, many people visit SBAB's website to manage mortgages and savings or to find inspiration about housing and household finances. The number of unique visitors per month to www.sbab.se averaged around 471,000 (519,000) over the year. During the past year, we surpassed 250,000 active monthly users for the SBAB app. Booli is a popular platform for finding information about supply, demand and price trends for housing. The average number of unique visitors per month to www.booli.se was around 1,400,000 (1,415,000) over the year. Booli's monthly home valuation email had approximately 840,000 subscribers at the end of 2023. HittaMäklare is Sweden's largest service for locating and rec-

ommending estate agents. About 93% of the registered estate agents in Sweden had used HittaMäklare's service in 2023.

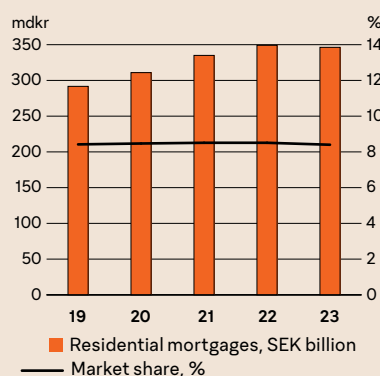
Insurance broking

We offer two insurance products that are related to residential mortgages and housing in different ways: mortgage insurance and home insurance. Income insurance insures customers against unemployment or sick leave, by compensating the customer for the monthly cost of the loan. Life insurance means that the borrower's residential mortgage may be wholly or partially written off in the event of death. Home insurances pay compensation to the homeowner in case of damage to the home. These products protect our customers, but they also add value for SBAB, as good insurance protection reduces the risk of credit losses.

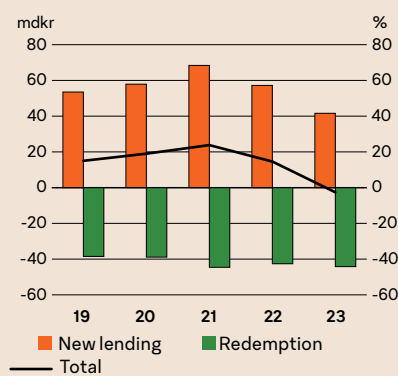
Increased market shares

During the year, the total volume of retail mortgages decreased around 0.7% to a total of SEK 346.5 billion (349.0) driven by low activity and growth in the residential mortgage market together with the sale of part of the residential mortgage stock to Sparbanken Syd. The residential mortgage market share was 8.40% (8.51).

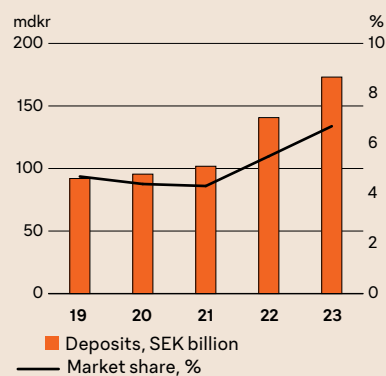
Volume and market share, residential mortgages



New lending and redemption, residential mortgages



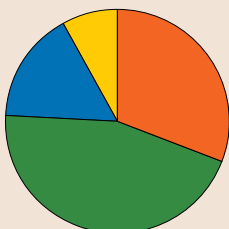
Volume and market share, deposits, private



Good credit quality in the lending portfolio

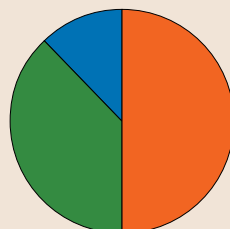
We work determinedly and continuously to ensure good credit quality in our lending portfolio. In the last few years, we have developed existing credit rules, implemented more risk-based pricing and adapted operations to updated amortisation regulations. In addition, we are working on distribution and customer communication customised for target groups.

Loan-to-value (LTV) ratio in the mortgage portfolio



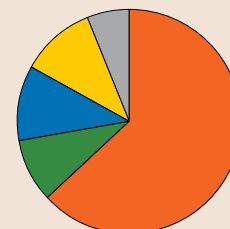
- LTV 0-50% 31% (31)
- LTV 50-75% 45% (45)
- LTV 75-85% 16% (15)
- LTV >85% 8% (9)

Average debt-to-income ratio in new lending in 2023



- Debt ratio ≤3.5 50% (34)
- Debt ratio <3.5 - ≤4.5 38% (39)
- Debt ratio >4.5 12% (28)

Geographic distribution of the mortgage portfolio



- Stockholm region 63.2% (62.6)
- Öresund region 9.2% (10.1)
- Gothenburg region 10.9% (10.7)
- University and growth areas 10.7% (10.5)
- Other regions 6.1% (6.1)

Business Area Corporates & Associations

Business area Corporates & Associations offers savings and property financing solutions to property companies, housing developers and tenant-owners' associations as well as savings to companies and organisations. We finance multi-family dwellings. These properties could be existing or in the process of being newly built. Our lending to this segment corresponds to just over one third of SBAB's total lending. We offer personal service to our customers, who are concentrated in growth regions surrounding our offices in Stockholm, Gothenburg and Malmö. The market share for lending on properties to property companies increased during the year to 17.86% (17.38). The market share for lending to tenant-owners' associations was 11.08% (10.69).

Property financing

SBAB finances multi-family dwellings, both privately owned and owned by tenant-owners' associations. The properties may consist of existing buildings or

new construction, where we mortgage the land with development rights and the construction. In our credit process, we regularly monitor developments in the property market and conduct reviews and risk evaluations of all customer relationships. During the year, SBAB's total lending to property companies and tenant-owners' associations continued to increase, by 6.9% (22.0), and amounted to SEK 169.3 billion (158.4) as of 31 December 2023. Of this, SEK 100.8 billion (90.7) comprised lending to property companies and SEK 68.5 billion (67.7) lending to tenant-owners' associations.

Property companies

Uncertainty due to rising market interest rates and inflation dominated the property market during the year. Despite the above, activity remained relatively healthy in the corporate sector, as property companies have chosen to refinance themselves through the banking sector rather than the bond market. SBAB's

focus on housing financing and strong customer relationships creates excellent prerequisites to assist more and larger customers with more transactions. New lending to property companies amounted to SEK 15.0 billion (25.9) in 2023. Total lending amounted to SEK 100.8 billion (90.7) at the end of the year. The number of large property company customers amounted to 133 (135). SBAB's lending on commercial properties, excluding residential properties, amounted to SEK 9.4 billion (8.0) on 31 December 2023. At year end, the market share for lending to property companies was 17.86% (17.38).

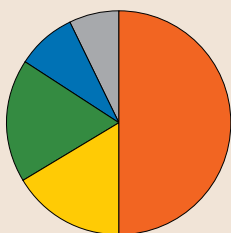
Building credits

The housing market, which started to stall in the second half of 2022, posted a continued negative trend in 2023. Demand has been extremely low for new construction projects, partly due to sharp increases in mortgage interest rates, declining household purchasing power,

Increased lending volumes for corporate business

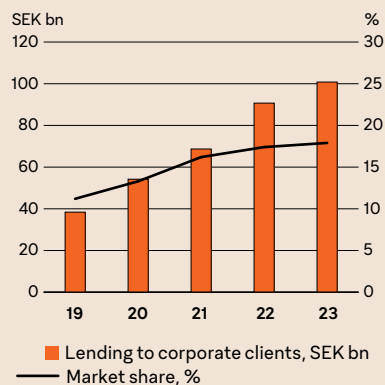
SBAB's lending to property companies during the year increased to a total of SEK 100.8 billion (90.7). At the end of the year, the market share was 17.86% (17.4).

Geographic distribution of the loan portfolio, Corporates & Tenant-Owners' Associations

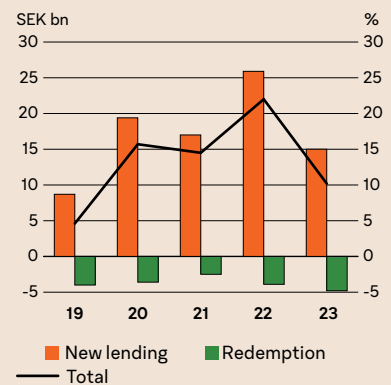


- Stockholm region 50.2% (49.2)
- University and growth areas 16.2% (16.9)
- Öresund region 17.9% (18.3)
- Gothenburg region 8.7% (8.6)
- Other regions 7.0% (7.0)

Volume and market share, Corporates



New lending and redemption, Corporates



increased construction costs and more stringent terms and conditions for financing. According to the Swedish National Board of Housing, Building and Planning (Boverket), new construction halved in 2023 compared with 2022. For many years, SBAB has prioritised helping to ensure enough construction to address the housing shortage in Sweden. In 2023, SBAB financed the construction of approximately 2,300 new homes.

Boverket expects construction starts in 2024 to decrease further from 2023 levels, with some uncertainty in the forecast with relation to how interest rates develop during the year.

SBAB focuses lending on established customer relationships and large, experienced property developers in growth regions with the greatest housing short-

ages. Our credit granting for new build projects sets pre-sales requirements on own investments and binding purchase agreements before the start of production.

Tenant-owners' associations

SBAB holds a strong position in a market that experienced low growth during the year. At the end of 2023, SBAB's total lending to tenant-owners' associations amounted to SEK 68.5 billion (67.7). New lending totalled SEK 8.4 billion (12.5). The market for lending to tenant-owners' associations has remained dominated by intense price competition with low margins, not least in the major metropolitan areas. Despite intense price competition, we succeeded in increasing our market share, which ended the year at 11.08% (10.69). The number of tenant-owners'

association customers amounted to 2,412 (2,293) at the end of 2023.

Savings accounts

SBAB has an attractive savings account offering for companies, tenant-owner associations and organisations with fixed-interest periods of up to five years. During the year, the offering was expanded to include fixed-rate accounts with shorter fixed-interest periods of three and six months.

Deposits from corporate clients and tenant-owners' associations increased over the year and totalled SEK 42.1 billion (41.8), and the market share was 2.94% (2.25) at the end of 2023. At year end, 10,900 corporate clients (9,000) and 5,400 tenant-owners' associations (4,700) held savings accounts with SBAB.

Composition of collateral in the loan portfolio, Corporates & Tenant-Owners' Associations

| SEK billion | 2023 | 2022 | 2021 |
|---|--------------|--------------|--------------|
| Mortgage deeds | 156.1 | 143.1 | 118.7 |
| Tenant-owner apartments | 0.0 | 0.0 | 0.0 |
| Municipal guarantees and direct loans to municipalities | 0.2 | 0.3 | 0.3 |
| Government guarantees | 0.0 | 0.0 | 0.0 |
| Bank guarantees | 0.0 | 0.0 | 0.0 |
| Other collateral | 13.2 | 15.0 | 10.9 |
| Total | 169.5 | 158.4 | 129.8 |

Condensed income statement, Corporates & Tenant-Owners' Associations

| SEK million | 2023 | 2022 | 2021 |
|----------------------------|--------------|-------------|-------------|
| Operating income | 2,065 | 1,266 | 959 |
| Expenses | -468 | -296 | -305 |
| Credit losses/recoveries | -71 | -24 | 10 |
| Imposed fees | -188 | -85 | |
| Operating profit | 1,338 | 861 | 663 |
| Return on equity, % | 14.1 | 11.8 | 10.5 |

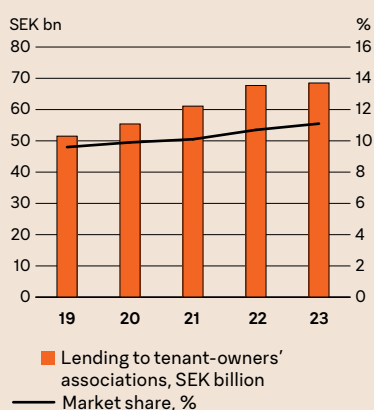
Building credits

| | 2023 | 2022 | 2021 |
|-------------------------------------|-----------|-----------|-----------|
| Approved construction loans, No. | 66 | 109 | 82 |
| Approved construction loans, SEK bn | 18.9 | 25.0 | 19.4 |
| <i>Of which disbursed, %</i> | <i>76</i> | <i>61</i> | <i>55</i> |

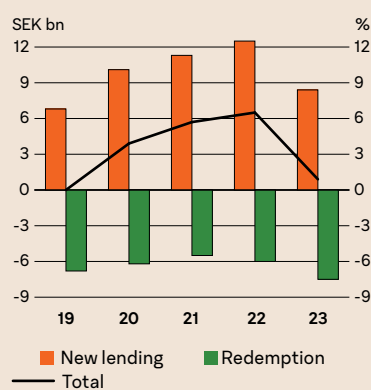
Strong position and high activity in terms of lending to tenant-owners' associations

Despite the market for lending to tenant-owners' associations continuing to be dominated by intense price competition with low margins, the market share of lending to tenant-owners' associations increased. At year end, the market share was 11.08% (10.7):

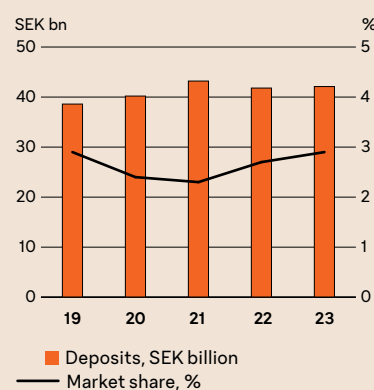
Volume and market share, Tenant-owners' associations



New lending and redemption, Tenant-owners' associations



Volume and market share, deposits, Corporates & Tenant-Owners' Associations



Funding and liquidity

Funding operations

SBAB's operations are primarily funded through the capital market, but for the last several years, also increasingly through deposits from the public. The SBAB Group is active in both the senior unsecured bond market through the Parent Company SBAB, as well as in the covered bond market through the wholly owned subsidiary SCBC.

Long-term funding sources

| | Limit |
|---|------------------|
| Euro Medium Term Note Programme (EMTN), SBAB | EUR 13 billion |
| Euro Medium Term Covered Note Programme (EMTCN), SCBC | EUR 16 billion |
| Swedish covered bond programme, SCBC | [No fixed limit] |

Short-term funding sources

| | Limit |
|---|----------------|
| Swedish Commercial Paper Programme (SVCP) | SEK 25 billion |
| European Commercial Paper Programme (ECP) | EUR 3 billion |

2023 in brief

The year was dominated by continued policy rate hikes to curb high inflation. The year's narrative has focused on finding the interest rate peak while monitoring the economic trend. Strong economic data has prompted increases in short-term interest rates as the market interpreted the data as meaning that central banks would need to do more to tackle inflation. The message spread after the summer that interest rates would need to remain high for an extended period in order not to risk a renewed rise in inflation. This resulted in the market postponing the first interest rate cuts. However, the character changed in the final months of the year, when the fixed-income market began to price in rapid rate cuts in 2024.

All of the central banks have long recognised that future interest rate decisions depend on the trends for economic data, especially inflation, moving forward. The USA economy has proven more resilient, whereas Europe and Sweden have experienced a more pronounced slow-

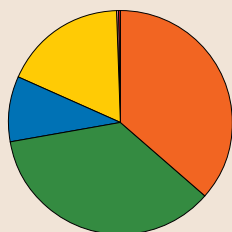
down. Geopolitical concerns remain and, to varying degrees, affect equity, commodity and fixed-income markets.

During the year, the Riksbank chose to raise the interest rate at its first four meetings. The Swedish policy rate was 2.50% at the start of the year and, at the time of writing, is at 4%. Since April, the Riksbank has also decided to start selling the government bonds it purchased during the pandemic. At the time of writing, of a portfolio of over SEK 250 billion, the Riksbank is selling SEK 5 billion each month.

The bond market has experienced an active year in the Swedish primary market. Despite more challenging global macroeconomic conditions, demand for new debt has been strong both for secured and for unsecured debt. Credit spreads have gradually moved up over the year, but covered bonds experienced a very strong period after the summer, which resulted in slight downward adjustments to credit spreads.

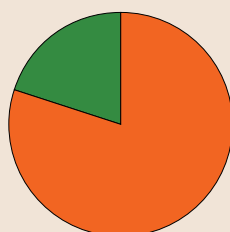
In 2023, the SBAB Group issued long-term bonds for SEK 49.8 billion (86.3). An

Funding sources, Group



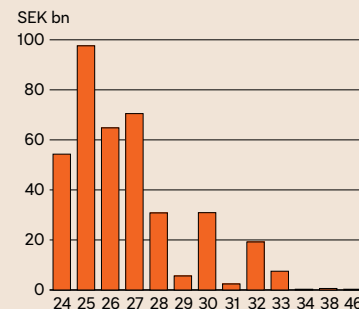
| | |
|--------------------------------------|--------------|
| Swedish benchmark covered bonds SCBC | 36.6% (38.9) |
| Deposits | 35.9% (31.5) |
| EMTN programme SBAB | 9.4% (10.8) |
| EMTCN programme SCBC | 17.8% (18.0) |
| Subordinated loans | 0.3% (0.3) |
| ECP | 0.1% (0.4) |
| SVCP | 0.0% (0.1) |

Funding sources, distribution by currency, Group



| | |
|------------------|----------|
| SEK | 80% (80) |
| EUR | 20% (20) |
| Other currencies | 0% (0) |

Outstanding maturity profile, Group



EUR 1 billion covered bond and one green senior non-preferred bond issue of EUR 500 million were issued in the European market. SBAB also issued senior non-preferred debt in the Swedish market on two occasions for a total volume of SEK 4.5 billion. The transactions were generally well received by the market.

Issued debt securities outstanding amounted to SEK 382.8 billion (393.9) at the end of the year, of which SEK 326.2 billion (328.9) comprised covered bond funding and SEK 56.6 billion (65.0) unsecured funding.

Funding Strategy

Through access to stable and competitive funding, we ensure that SBAB can offer lending at attractive terms. We actively work to diversify our sources of funding through increased retail and corporate deposits. Growing deposit volumes have in recent years reduced our dependence on capital markets at the same time as these have provided us with a better and more balanced funding mix. The cornerstones of our funding strategy are to promote diversified borrowing and to be a regular issuer in both the Swedish and the European bond markets. Active liability management, in part through repurchasing bonds with short remaining maturities, as well as a balanced maturity profile are other key elements. We also attach great importance to regularly meeting and updating investors in the markets where we operate, primarily in Sweden and Europe.

Unsecured funding

Long-term funding

SBAB's business involves financing housing, which in turn requires stable long-term financing. Continued strong deposit inflows and healthy liquidity have contributed to a slight reduction in the need for long-term unsecured funding as a share of total financing over time. At year end, long-term unsecured funding amounted to SEK 56.3 billion (62.2), of which SEK 21.5 billion (13.3) comprised senior non-preferred bonds and SEK 34.8 billion (48.9) other senior unsecured bonds.

Short-term funding

Short-term funding in the form of commercial paper continues to represent a limited part of SBAB's total funding and amounted to SEK 0.3 billion (2.8) at year end. We mainly use short-term funding to manage and balance liquidity between different periods.

Covered bond funding

Funding through the issue of covered bonds is carried out by the wholly-owned subsidiary, AB Sveriges Säkerställda Obligationer (publ) (Swedish Covered Bond Corporation – SCBC). Total covered bond funding amounted to SEK 326.2 billion (328.9) at the end of the year, of which SEK 241 billion was in SEK and SEK 85.2 billion was in foreign currencies.

Liquidity position

The primary purpose of SBAB's liquidity reserve is to act as a provision for situations when the ability to obtain liquidity from other sources is limited or rendered materially more difficult. SBAB's liquidity reserve primarily comprises liquid, interest-bearing securities with high ratings. At the end of the year, the market value of the assets in the liquidity reserve amounted to SEK 104.3 billion (87.9). Taking the Riksbank's and the ECB's haircuts into account, the liquidity value of the assets was SEK 101.8 billion (85.4). External regulations and internal limits both dictate the size and composition of the liquidity reserve. Securities holdings are limited by asset class and by country, respectively, and must have at least an AA rating on acquisition. At year end, at least 95% of the reserve had at least an AAA rating. In addition to these collective limits, limits for individual issuers may also be set. Investments are mainly in SEK, EUR and USD and SBAB uses derivatives to manage the portfolio's interest-rate and currency risks.

Green bonds in the liquidity reserve

At the end of 2023, our holdings in green bonds amounted to about SEK 7.8 billion (7.4).

Key figures for liquidity ¹⁾

| | 2023 | 2022 |
|------------------|------|------|
| Survival horizon | 529 | 347 |
| LCR, % | 258 | 250 |
| NSFR, % | 132 | 128 |

¹⁾ Pertains to the consolidated situation.

Credit rating

Long- and short-term credit ratings from Moody's and Standard & Poor's were unchanged during the year.

Rating

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

SCBC in brief

SCBC's primary operations comprise the issue of covered bonds in the Swedish and international capital markets. The company's funding programmes have received the highest possible long-term rating of Aaa from the rating agency Moody's. SCBC does not conduct any lending activities itself, but instead acquires loans from SBAB, with the aim that these are included wholly or in part in the cover pool that serves as collateral for SCBC's covered bonds. Information on SCBC's covered bonds and cover pool is published monthly on www.sbab.se.

Risk and capital management

SBAB's risk and capital management is tasked with ensuring SBAB's resilience in terms of managing existing risks and with identifying emerging risks. The risk framework is continuously developed to reflect the risks linked to, inter alia, market trends and changes in the operating environment.

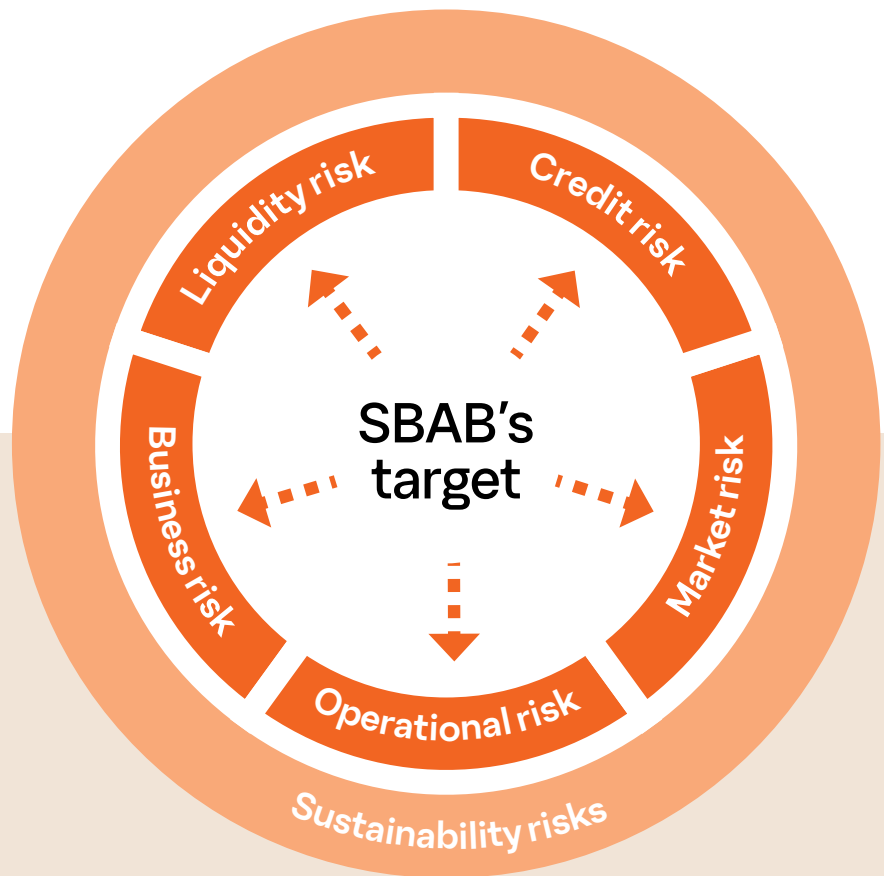
SBAB's independent risk control function identifies, analyses and develops methods to manage various types of risks in our operations. The main risk is credit risk arising from lending, primarily to retail customers, but also to tenant-owners' associations and corporate customers. In addition, SBAB is exposed to credit risk in treasury operations, above all the counterparty risk for the derivatives and repo contracts SBAB enters into in order to manage financial risks.

Other risks in SBAB's operations pertain to market risk, liquidity risk, business risk, operational risk and sustainability risk. SBAB retains sufficient capital and liquidity to cover these risks, even in stressed situations. SBAB is well capitalised and has own funds that exceed both the internally estimated need of own funds and the capital requirement calculated by the Swedish FSA. Liquidity risk is managed beyond capital by maintaining a liquidity reserve and through diversified funding.

SBAB's risks and risk management
Risk is defined as a potentially negative impact that may arise due to ongoing or future internal or external events. The definition of risk includes the probability that an event occurs as well as the impact the event could have on SBAB's profit, capital, liquidity or value. SBAB's risk management framework comprises a risk strategy, a risk policy, a capital policy and a risk appetite. The risk policy sets out SBAB's risk management objectives and

SBAB's risk appetite

→ Read more on page 58.



defines the risks to which SBAB's operations are or could be exposed. With the exceptions of business risk and sustainability risk, the limits specified in the risk appetite are used to keep exposures to the respective risk types in check. Sustainability risk is a general risk, elements of which can be found throughout the bank's operations, and is integral to other risks. The following diagram illustrates SBAB's overriding goals and sets a framework for the objectives of risk management. Within the various risk classes, SBAB's risk appetite should be aligned with, and indirectly controlled by, SBAB's overriding goals.

➔ Read more on pages 58–59.

Risk governance

All material risks are monitored and reported to the Board of Directors. The Board of Directors bears overarching responsibility for SBAB's total risk exposure. It is the Board's responsibility to ensure that operations are conducted with good internal controls. The CEO is responsible for ongoing operational management and monitors that each unit's, including Risk, reporting to the Board of Directors is conducted in accordance with the relevant instructions. Risk is responsible for the identification, quantification, analysis and reporting of all risks. The Chief Risk Officer ("CRO") is responsible for Risk and reports directly to the CEO and the Board of Directors of SBAB.

Risk strategy

The Board adopts the strategic direction and the overarching risk level that SBAB is willing to accept, based on operations and how value is created for our customers. This means SBAB is to consciously expose itself only to risks that are directly connected to or are regarded as necessary for its operations. SBAB's profitability is dependent on its ability to assess, manage and price risks. It is also about maintaining sufficient liquidity and capital to meet unforeseen events.

Knowledge and awareness of any risks that SBAB may be exposed to, together with the right expertise to estimate the size of existing and potential risks, is therefore absolutely necessary for our operations. All risks must be evaluated based on the risk appetite decided by the Board.

Risk taking

SBAB's risk taking is kept at a level consistent with our short-term and long-term plans for strategy, capital and financial stability. An important part of SBAB's business model is that the risks to which SBAB is exposed are low and predictable. This does not mean that each individual credit exposure has very low risk, rather that the total lending portfolio consists largely of low-risk loans and that every loan's internal risk effect is such that the total risk is limited. The basis for SBAB's appetite for risk is that it should fit within the company's risk-bearing capacity.

Risk-bearing capacity refers to the capacity to cover expected and unexpected losses without breaching the established capital requirements. The scope of acceptable risks is clearly linked to how important these are to SBAB's business model, in other words the positive effects anticipated to be achieved in the form of expected revenue, cost savings or the mitigation of other risks. SBAB minimises undesired risks through appropriate functions, strategies, processes, procedures, internal rules, limits and controls.

The three lines of defence



Credit risk trends in 2023

The overall credit quality in SBAB's lending portfolio is assessed as good. In 2023, credit risk increased somewhat, primarily due to a new macroeconomic situation with high inflation and, consequently, relatively high interest rates. Over the year, the probability of default (PD) increased in the Private and Corporates & Associations business areas, which was reflected in negative rating grade migrations, but remains at low levels. Within Private, the LGD has also risen due to falling prices for houses and tenant-owner apartments, but remains at low levels due to healthy LTV ratios in the lending portfolio. As of 31 December 2023, the average LTV ratio in this business area was 60%.

Loss allowances and risk exposure amounts (REA) both increased in 2023. The increase in loss allowances and thus credit loss provisions was primarily due to a new impairment model for calculating expected credit losses (ECL model), which is slightly more conservative in terms of LGD, but also due to negative rating grade migrations within both business areas. Application of the new ECL model started from 30 September 2023. The increase in REA was attributable to new PD models for Corporates & Associa-

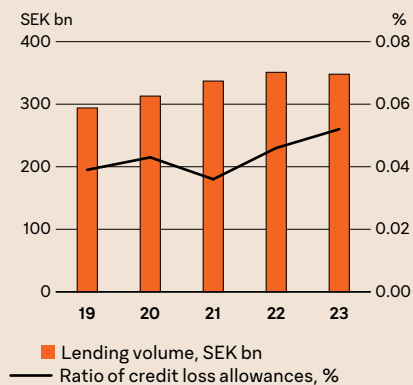
tions within the IRB framework, and to a slight increase in credit risk in terms both of PD and LGD within Private. Uncertainty in the housing and real estate market in combination with a changed macroeconomic situation has led to the bank proactively working with credit analyses and more frequent follow up with Corporates & Associations' customers with a high share of market financing and with a need to refinance. To date, no material impact has been identified and the analysis of customers with building credits, who are particularly vulnerable both to hikes in interest rates and rising prices for input goods and construction material, has thus far produced satisfactory results given the increased credit risk.

In terms of repayment capacity, the share of lending to customers in Private who have received reminders or collection letters has increased slightly, albeit from very low levels. The increase was larger for private individuals with consumer loans than those with mortgages. In order to take care of customers in Private, the bank has increased the minimum amount in the housing cost calculation. The share of lending to Corporates & Associations customers who received

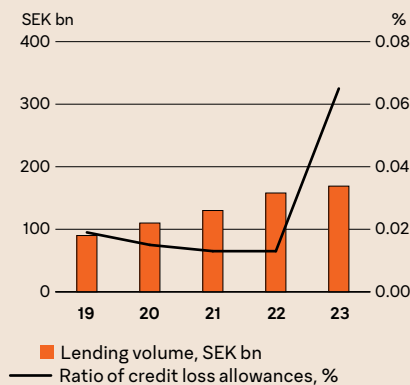
reminders or collection letters was essentially unchanged during the year.

Due to continued uncertainty in the housing market owing to hikes in interest rates and falling prices for houses and tenant-owner apartments, the bank has noted the need for increased loss provisions. Total credit losses in 2023 amounted to SEK 93 million (68), and was mainly due to increased loss allowances estimated with the ECL model. Confirmed credit losses totalled SEK 9 million (7) and recoveries for previous confirmed credit losses amounted to SEK 4 million (4).

Business area, Private



Business area, Corporates & Associations



The loss allowance ratio is defined as the estimate of expected credit losses (ECL) in relation to lending to the public. The figures show that loss provisions remain very low in relation to lending. The increase in 2023, especially in Corporates & Associations, was mainly attributable to a change and calibration of the ECL model, even if the underlying credit risk slightly increased in the form of negative rating grade migrations in both business areas.

Capital adequacy

SBAB's CET1 capital ratio amounted to 12.3% (12.8) at year end. At the same date, the total capital ratio was 17.0% (17.9). This can be compared with the Swedish FSA's capital requirements, which are expected to correspond to a CET1 capital ratio of 10.1% and a total capital ratio of 14.4%. SBAB's capital targets corresponded at year end to a CET1 capital ratio of not less than 11.1% and a total capital ratio of not less than 15.0%. Capital requirements decreased during the year due to the Swedish FSA's removal of the separate Pillar 2 surcharge following the implementation by SBAB of new PD models and a new decision to reduce the bank's Pillar 2 requirements in connection with the Swedish FSA's review and evaluation of SBAB Bank AB.

CET1 capital increased SEK 0.7 billion to SEK 20.4 billion (19.7) during the year. Net profit for the year had a positive impact on CET1 capital of SEK 1.4 billion. Equity increased SEK 0.7 billion during the year to SEK 28.2 billion (27.5), which was primarily related to earnings. The risk exposure amount (REA) increased during the year to SEK 166.3 billion (154.1), mainly driven by the implementation of new PD models in the bank's internal ratings-based system and higher lending volumes. The Swedish FSA has previously announced that it expects Swedish banks

to analyse and update their current internal ratings-based systems (IRB systems) to be able to meet the new European Banking Authority (EBA) guidelines. SBAB has therefore, over an extended period, worked on preparing new IRB models, which are expected to be implemented after the decision from the Swedish FSA. In November 2022, SBAB's application to use a new PD model for household exposure was approved, and in January 2023, SBAB's new PD models for corporate exposures were approved. Application of the new PD models started in 2023. Among other things, this has led to separate Pillar 2 surcharges that were previously imposed on SBAB for deficiencies in internal models (a total of 1.2% of CET1 capital) having now been removed in their entirety, which had a positive effect on SBAB's buffer against regulatory capital requirements. SBAB is in dialogue with the Swedish FSA about its application for new LGD models for households and corporate exposures. Approval of the LGD model for corporate exposures is expected to lead to lower capital requirements. Should a delay arise in the approval process for the LGD models for corporate exposures, risk weights for such lending are expected to go down when CRR3 is implemented in 2025, primarily driven by lower standard LGD val-

ues for exposures secured by collateral in properties.

Net profit for the year is included in the calculation of own funds and Tier 1 capital. Expected dividends calculated according to SBAB's dividend policy have been deducted.

In September 2023, the Swedish FSA notified of the result of its supervisory review and evaluation process (SREP). The decision included Pillar 2 guidance for SBAB: 0 percentage points on the risk-weighted capital requirement and 0.5 percentage points (0.3) on the leverage ratio, equivalent to SEK 3.2 billion. The increase in the leverage ratio guidance is due to an updated method for the stress test that the Swedish FSA applies as a basis for deciding on the requirement. The total leverage ratio requirement includes this requirement and the minimum requirement of 3% of the exposure amount, regulated in the Capital Requirements Regulation, which results in a total leverage ratio requirement of 3.5%. The leverage ratio amounted to 4.09% (4.12) as of 31 December 2023.

Further information on capital adequacy is provided in Note [RC 8](#).

Components of the capital target

| SEK million | 2023 | | | | 2022 | | | |
|---|---------------|-------------|--|-------------------------------|---------------|-------------|--|-------------------------------|
| | Total capital | % | CET1 capital | % | Total capital | % | CET1 capital | % |
| Capital requirement from the Swedish FSA ¹⁾ | 23,901 | 14.4 | 16,717 | 10.1 | 22,914 | 14.9 | 15,731 | 10.2 |
| – Of which, Pillar 1 minimum requirement | 7,953 | 4.8 | 4,474 | 2.7 | 5,160 | 3.3 | 2,903 | 1.9 |
| – Of which, Pillar 1 risk-weight floor, Swedish mortgages | 5,351 | 3.2 | 3,010 | 1.8 | 7,172 | 4.7 | 4,034 | 2.6 |
| – of which, Pillar 2 requirement (P2R) | 3,110 | 1.9 | 1,746 | 1.1 | 5,164 | 3.4 | 3,376 | 2.2 |
| – Of which, Capital conservation buffer | 4,157 | 2.5 | 4,157 | 2.5 | 3,854 | 2.5 | 3,854 | 2.5 |
| – Of which, Countercyclical buffer | 3,330 | 2.0 | 3,330 | 2.0 | 1,564 | 1.0 | 1,564 | 1.0 |
| – of which, Pillar 2 guidance (P2G) | - | - | - | - | - | - | - | - |
| SBAB's capital target | 24,899 | 15.0 | 18,380– 21,706²⁾ | 11.1–13.1²⁾ | 23,839 | 15.5 | 17,272– 20,355²⁾ | 11.2–13.2²⁾ |
| SBAB's actual capital | 28,209 | 17.0 | 20,414 | 12.3 | 27,484 | 17.8 | 19,689 | 12.8 |

¹⁾ Pertains to the statutory requirements including the Swedish FSA's P2R and P2G. Any deviations from the Swedish FSA's published requirements are attributed to rounding in calculations.

²⁾ SBAB has decided on a CEO limit for the CET1 capital ratio of 1 percentage point above the regulatory requirement for the consolidated situation. The capital target over time and under normal circumstances is to maintain a CET1 capital ratio of between 1 and 3 percentage points above the requirement. This limit acts as a complement to the existing Board limit to clearly communicate the applicable level for SBAB's capital target.

Sustainability risks

Sustainability risks

As a bank, SBAB has an important role in society by providing credit and managing assets from financial operations in a way that supports sustainable economic growth. Our tools for identifying, defining, measuring and controlling sustainability risks are being continuously refined. SBAB's sustainable governance model permeates all operations, where it simplifies and clarifies the full picture. The basic principle of SBAB's work with sustainability risks is that they cannot be separated from other risks. There are elements of sustainability risks across SBAB's entire operations. Risk's work with sustainability risks is limited to a number of clearly defined areas, where the risk can be identified, measured and followed up. In this report, sustainability

risks pertain to the risk of loss or reduced future income due to sustainability-related events. These include events in three categories: climate (E); social aspects (S); and corporate governance (G). SBAB's aim is to manage sustainability risks with a risk-based approach integrated into daily operations. In the event high risk is identified, the aim is to conduct an in-depth sustainability review and, where necessary, set requirements to counteract the adverse impact. Measuring and control are performed by, inter alia, following up and analysing key risk indicators, outcomes for scenario analyses and the follow-up of the bank's strategic sustainability efforts.

Our processes aim to identify and assess material sustainability risks and to include them in analyses based on SBAB's


compliance and reputational risk perspectives. Sustainability risks are included and assessed in the existing process for new credits and annual presentations of existing matters pursuant to agreed-upon credit instructions and are to be followed up and approved by the governing body.

These efforts are inspired and guided by national and external legislation and guidelines, primarily determined by the EU. SBAB conducts an ongoing dialogue on sustainability risks across all operations. SBAB's proactive sustainability approach further contributes to sustainable risk management through, inter alia, annual risk identification, gap analyses and defined objectives as well as their follow-up and reporting.

| Risk area | Risk description | Impact on SBAB | Risk mitigation measures |
|---|--|--|---|
| Social aspects The risk of SBAB's operations, business relationships and business undertakings having a negative impact on personnel, customers or external parties, social conditions or human rights. | <p>Internal: In its own operations, risk is primarily linked to SBAB as an employer and SBAB's corporate culture. Motivated and committed employees are a prerequisite for SBAB's success. SBAB's operations and corporate culture affect the work conditions of employees. Risks pertaining to personnel include health and safety at the workplace, the occurrence of discrimination, remuneration levels and workloads.</p> <p>External: SBAB is exposed to risks linked to social conditions and human rights in conjunction with lending to property companies, for example on lending for new production projects with several levels of subcontractors. The controls performed by the main contractor in areas such as working conditions are made more complex when production is outsourced. SBAB is also exposed to these risks in conjunction with the procurement of services and goods. The area also encompasses the risk that SBAB's services and products are not available to all members of society.</p> | Possible damage to reputation and negative impact on the Group's financial position. | <p>SBAB has determined a long-term, focused and extended HR strategy. SBAB has clear company-wide goals to support equality and diversity and to ensure a positive employee experience and high employee commitment. SBAB has an equality and diversity policy and an equality plan that emphasises the value of employees with different backgrounds. SBAB's 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. SBAB aims to manage risks linked to personnel, social conditions and human rights in lending through in-depth customer dialogues and industry collaboration. SBAB and other business banks conduct Bankinitiativet för en Hållbar byggbransch (Eng: Bank initiative for a sustainable construction industry) to protect labour rights and combat criminality through stricter requirements in lending. SBAB has a Supplier Code that addresses SBAB's view and expectations of our suppliers' sustainability efforts and compliance with international guidelines and principles. Accessibility comprises a key area for product and service development. SBAB conducts accessibility tests on an ongoing basis.</p> <p>→ Read more on pages 27, 31, 35, 38–39, 161–183.</p> <p>Examples of relevant policies within the area include the Remuneration Policy, Equality and Diversity Policy, Work Environment Instruction, Whistleblower Process Instruction, Ethics Policy and the Policy for Sustainable Business.</p> |

| Risk area | Risk description | Impact on SBAB | Risk mitigation measures |
|--|---|--|--|
| <p>Climate</p> <p>This is divided into physical risks and transition risks. Physical risks encompass the direct effects of climate change that give rise to financial costs and risks, for example the physical impact on properties resulting from climate change. Transition risks encompass financial risks related to the transition to a less fossil-based economy. Examples of transition risk for SBAB include property electricity consumption and insurability.</p> | <p>Internal: 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. SBAB's operations are exposed to transition risks in cases where SBAB does not succeed in adapting operations to the higher environmental and climate requirements set by tomorrow's sustainable economy. This also applies to demand for SBAB's products and services.</p> <p>External: SBAB is exposed to climate risks in conjunction with credit granting. Future climate changes could affect customers' capacity to pay and the value of assets and collateral. Rising and volatile energy prices comprise one material transition risk for SBAB's operations and customers. Physical climate risks encompass, inter alia, higher sea levels, extreme weather as well as collapses and landslides.</p> | <p>Possible negative impact on the Group's financial position.</p> | <p>Climate risk is mainly managed through a broadened customer dialogue, internal training, product development and customer communication. In our credit granting process for property companies and tenant-owners' associations, certain sustainability criteria are considered as a part of the overall assessment. SBAB holds annual climate risk workshops and in 2023 identified two primary sustainability risks: the physical risk of flooding due to rising water levels and flooding in watercourses and lakes, and the transition risk of energy prices. SBAB has a KRI that monitors the share of capital linked to houses in zones with an elevated risk of flooding and works continuously to evaluate the bank's climate risks. Several analyses were carried out to quantify sustainability risks. In 2023, SBAB has worked on reaching the set climate goal. The goal guides product development, data collection and adaptation of the credit-granting process to reach the goal of reduced greenhouse gas (GHG) emissions linked to the properties financed by SBAB. SBAB works continuously with developing the data quality for climate risks.</p> <p>➔ <i>Read more on pages 32–34 and 161–183.</i></p> <p>Examples of relevant policies within the area, in addition to those mentioned above, include the Policy for Sustainable Business, Credit Policy, Risk Policy, Risk Appetite, Credit Instruction and Climate Risk Instruction.</p> |
| <p>Corporate Governance</p> <p>In this report, SBAB has elected to raise the risks pertaining to financial crime and corruption as an example of relevant risks within corporate governance. Financial crime threatens all of society. Criminal individuals and networks are constantly on the hunt after new ways to exploit the bank and our customers. Fraud and money laundering account for billions of Swedish kronor every year, and in the last few years fraud has become one of the largest sources of income for organised crime. Creating peaceful and inclusive societies through crime prevention is part of the UN SDGs and an essential part of SBAB's business operations. Financial crime includes the following areas:</p> <ul style="list-style-type: none"> • Fraud • Money laundering • Financing of terrorism • Bribes & corruption • Welfare fraud • Data security • Cyber crime | <p>Internal: The occurrence of all kinds of financial crime or internal corruption enabled by SBAB employees can seriously affect the confidence of the public, the owner, customers and employees in SBAB and thereby the company's future competitiveness. The risk of financial crime and corruption is relevant to all parts of SBAB's operations where money or decisions with major mandates are a factor.</p> <p>External: Financial crime undermines democracy, hinders economic growth and distorts competition in society. The risk of financial crime through the use of SBAB's products or services is relevant at every stage where money is handled. This means that SBAB can be used throughout the value chain, including deposits, lending or transactions through the bank's accounts.</p> | <p>Possible reputational risk, operating losses linked to fraud and censure by government agencies together with sanctions connected to regulatory requirements required of the bank for the purpose of counteracting financial crime.</p> | <p>SBAB has a 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. Examination is conducted 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 financial crime. To that end, SBAB conducts ongoing courses in this area.</p> <p>➔ <i>Read more on pages 27, 31 and 161–183.</i></p> <p>Examples of relevant policies in the area include the Policy and Instruction for Counteracting Money Laundering and Financing of Terrorism, and Compliance with Financial Sanctions, the Ethics Policy, the Policy for Sustainable Business, the Whistleblower Process Instruction, the Code of Conduct, Bribery and other Corruption Awareness, and the Supplier Code.</p> |

SBAB's risk appetite

| Risk type | Risk appetite | |
|--|----------------|--------|
| | Classification | Level |
|  <p>Credit risk in lending operations</p> <p>The risk that the counterparty does not fulfil its payment obligations towards SBAB. Credit risk arises in conjunction with loans and loan commitments, as well as in connection with value changes in pledged assets entailing that these no longer cover the Group's receivables. The credit risk also includes concentration risk, which refers to the increase in credit risk that arises in large exposures to individual counterparties, or in the case of concentrations toward specific regions or industries.</p> <p>→ Read more in Note RC 1</p> | Wanted risk | Medium |
|  <p>Credit risk in treasury operations</p> <p>Defined as the total of counterparty risk and investment risk. Counterparty risk is defined as credit risk in derivatives that arises when the value of the instrument is affected by, for example, changes in interest rates and/or currency exchange rates, which means SBAB receives a claim against the counterparty. In addition, counterparty risk entails that SBAB's financial counterparties cannot meet their commitments under repo contracts. Investment risk is defined as credit risk in financial investments and entails the risk that a debtor does not fulfil its payment obligations. Financial investments are incorporated in liquidity management, which aims to reduce liquidity risk and utilise surplus capital to contribute to increased profitability.</p> <p>→ Read more in Note RC 2</p> | Necessary risk | Low |
|  <p>Market risk</p> <p>In SBAB's operations, the risk of loss or reduced future income due to market fluctuations comprises interest-rate, currency, credit spread, basis and pension risk. Interest-rate risk pertains to interest rate variations that lead to losses or lower future income as assets and liabilities have different fixed-interest periods and/or interest terms. Currency risk refers to the risk of changes in SEK exchange rates leading to losses or lower future income. Credit spread risk pertains to an exposure to changing conditions between an issuer's interest expense in comparison with a reference rate. Basis risk refers to the risk associated with deposits and lending that are fixed to different interest bases. Pension risk pertains to the risk arising from value changes in the portfolio intended to cover the bank's pension commitments.</p> <p>→ Read more in Note RC 4</p> | Necessary risk | Low |
|  <p>Operational risk</p> <p>The risk of losses due to inadequate or failed internal processes, human error, faulty systems or from external events, including legal risks. Legal risk pertains to the risk of legal sanctions or failure to discharge legal undertakings. The category also includes compliance risks. Regulatory compliance is essential in maintaining confidence in SBAB's operations, but market practice and ethical guidelines also impact SBAB's approach to employees and customers.</p> <p>→ Read more in Note RC 5</p> | Necessary risk | Low |
|  <p>Business risk</p> <p>The risk of declining earnings due to harsher competition, inappropriate strategies or erroneous decisions. SBAB differentiates business risk between strategic risk, the risk of weaker earnings and reputational risk. Strategic risk pertains to the risk of a loss arising, for example, due to unfavourable business decisions, erroneous implementation of strategic decisions or changes in the political environment. The risk of weaker earnings encompasses the risk arising from, for example, more expensive financing or more intense competition. Reputational risk pertains to the risk of loss of reputation as a result of the failure to manage the above risks as well as other events.</p> <p>→ Read more in Note RC 6</p> | Necessary risk | Low |
|  <p>Liquidity risk</p> <p>The risk of being unable to meet its payment obligations without the cost of obtaining funds increasing significantly. Short-term liquidity risk pertains to the risk of being impacted in the short term by a lack of liquidity, while structural liquidity risk arises from differences between assets and liabilities in terms of maturities, which risks leading to a lack of liquidity in the longer term.</p> <p>→ Read more in Note RC 3</p> | Necessary risk | Low |
|  <p>Sustainability risks</p> <p>Sustainability risks pertain to the risk of loss or reduced future income due to sustainability-related events. These include events in three categories: i) climate; ii) social aspects; and iii) corporate governance.</p> <p>→ Read more on pages 56–57.</p> | Necessary risk | Low |

Risk profile

Risk management

SBAB primarily offers housing mortgages to consumers, tenant-owners' associations and property companies where collateral comprises mortgage deeds in immovable property or rights-of-use. The majority of SBAB's customer base is concentrated to major metropolitan areas.

Credit risk is central to SBAB's business model and it is considered to be the dominant risk in operations. Credit granting in SBAB is characterised by responsible credit granting taking into account the customer's long-term repayment capacity and resilience as well as the value of posted collateral. Credit rules and credit management are continuously analysed, processed and improved. Corporate clients are processed individually while retail customers are analysed using a structured process in conjunction with the credit assessment process. Concentration risk and major exposures are carefully monitored and followed up.

SBAB's counterparty risks and investment risks are low and are not considered dominant risks.

Counterparty-risk exposure is primarily covered through collateral agreements in which the counterparty provides collateral in an effort to reduce exposure. Investment risk is mitigated as SBAB only invests in interest-bearing bonds with high credit ratings.

SBAB's market risk is low and is not considered a dominant risk.

Interest-rate risk is to be mitigated through direct funding in matched currencies and tenors or the use of derivatives. Currency risks are mitigated as funding in international currency is hedged through currency swaps or matched against assets in the liquidity portfolio in the same currency.

Operational risk is a natural part of all business. SBAB aims to optimise the relationship between costs for reducing risk and any of its potential outcomes. Operational risk is a prerequisite for implementing the business concept efficiently and competitively, taking into account operations, strategy, risk appetite and the macro environment.

SBAB manages operational risk in a consistent manner and the analysis of risk level is conducted on a regular basis and reported to the Board, the CEO and the Executive Management. Self-evaluation of material processes is performed annually. Changes with potential to affect the bank's risk level together with related risks are identified at an early stage and, prior to decision on implementation, the second line of defence submits a report. Unexpected events that can negatively affect the bank are to be reported as incidents and managed according to pre-determined instructions.

SBAB's business risk is low and is not considered a dominant risk.

Risks related to strategy and earnings are evaluated on an ongoing basis over the year within the first line's strategy work. Strategically important decisions are managed within the framework for material changes. The Board receives an annual evaluation of the material risks that addresses strategic business risk and the bank's overall earnings. Moreover, business risk is evaluated in SBAB's stress tests.

SBAB has a low liquidity risk and diversified funding. Securities that are part of the liquidity reserve have high credit ratings and are eligible as collateral with either the Riksbank or the European Central Bank, to guarantee liquidity.

SBAB's liquidity strategy includes proactive and continuous liquidity planning, active debt management and an adequate liquidity reserve. The funding strategy takes into consideration the expected maturity on the asset side. On this basis, SBAB limits its structural liquidity risk by maintaining diversified funding with sufficiently long maturities. SBAB has several liquidity metrics, for which limits apply, most of which are monitored and reported on a daily basis.

SBAB defines sustainability risk as a necessary risk that should be held at a level that does not materially jeopardise SBAB's assets, resources and reputation.

The assessment of whether the Group's level of sustainability risk is within the defined risk appetite is primarily performed through the monitoring and analysis of key risk indicators, scenario analyses outcomes and monitoring of the bank's strategic work with sustainability.

Risks and uncertainties

The Swedish economy is susceptible to global economic developments and to conditions in the international financial markets. The economic trend in Sweden is the primary risk factor for SBAB's future earnings capacity, and the quality of our assets is mainly exposed to credit risks in the Swedish housing market. The management of interest-rate and currency risks entails some exposure to price risks.

Population growth has outpaced housing construction for quite some time, which has contributed to a strong demand for housing and a housing shortage. Despite a high rate of construction for the past few years, the housing shortage remains significant. The high rate of construction in combination with a growing proportion of home owners and rising housing prices have led to higher levels of private indebtedness, including some highly indebted households. Housing costs as a percentage of household income are generally low, especially among homeowners, which is attributable to relatively higher incomes. However, higher interest rates have led to higher housing costs for many of these households.

Previous high inflation means that a large part of household consumption is now significantly more expensive, which suppresses household savings. By the end of 2023, the Riksbank's restrictive monetary policy brought inflation under control, though it is not yet at the target level. The pressure on household finances nonetheless will remain until interest rates decline somewhat and lost purchasing power is restored through higher incomes.

High housing costs a burden on households

Rising policy rates and market interest rates drove up mortgage interest rates throughout 2023. The trend is expected to reverse in 2024, but interest rates are nonetheless expected to curb demand during the year. Since the majority of households own their own home and due to many mortgages being subject to variable interest, the Swedish economy is sensitive to interest rate movements. While this is positive for the monetary policy's impact, there is a risk of indebted

households with tight margins experiencing temporary difficulty coping with ongoing payments on their mortgages as a result of interest rates. However, stress tests indicate that this risk is low when interest rates are moderate.

Rising interest rates for mortgages have led to a decrease in housing prices. Calculated based on the beginning of 2022, prices for houses fell 17% and prices for apartments fell 11%. Continued high mortgage rates, weak income trends, rising unemployment and a large housing offering are expected to put further pressure on housing prices before they start a slow increase later in 2024. Risks linked to rising interest rates could be increased by falling housing prices and rapidly rising unemployment. The risk largely pertains to the degree to which a fundamental downturn in prices leads to behaviour changes that trigger a larger price downturn, and how uncertainty over future housing prices impacts turnover for existing housing and building new housing units.

High interest rates a burden on property companies

Many property companies have loans, and higher interest rates reduce their profits and the value of their properties. Higher interest rates can also put pressure on property companies with tight margins. This includes problems maintaining a sufficiently high cash flow to meet current interest expenses or to refinance maturing bonds.

International economy and financial markets

Any disruption in the international financial markets or in the global economy entails a risk for SBAB both as a participant in the Swedish market and as an issuer in the international capital market. These disruptions could be caused, for example, by global political and macro-economic events, changes in the monetary policies of central banks or extraordinary events such as pandemics, wars and acts of terrorism. Widening credit spreads on interest-bearing assets and stock market volatility are other factors.

Geopolitical uncertainty and armed conflicts

Above all, armed conflict leads to a great deal of human suffering. However, it also affects economic performance and the financial markets, not just locally but often globally. Russia's military invasion of Ukraine has led to extensive sanctions on Russia, who in turn cut off deliveries of gas to Europe and blocked the export of grains from Ukraine. Israel's war against the terrorist organisation Hamas has not yet had any clear economic consequences, though it risks leading to higher oil prices. Although SBAB has no presence in the war- or sanction-affected areas, the company is indirectly affected by the unrest through its impact on the global economy. War can lead to high inflation, uncertainty about the future and volatility in the financial markets.



Corporate Governance Report

SBAB Bank AB (publ) (SBAB) is a Swedish public limited banking company that is wholly owned by the Swedish state. SBAB is domiciled in Solna. Owner governance of SBAB is exercised through general shareholder meetings, the Board of Directors and the CEO in accordance with the Companies Act, the Articles of Association, and the policies and instructions adopted by SBAB. The owner also governs SBAB through application of the State Ownership Policy and principles for state-owned enterprises, as adopted by the government on 27 February 2020 (the "Ownership Policy") which, inter alia, requires that SBAB apply the applicable parts of the Swedish Corporate Governance Code (the "Code"). This Corporate Governance Report has been prepared pursuant to the regulations covering corporate governance reports in the Code and the applicable annual accounts act pursuant to the Ownership Policy. SBAB also follows a number of international sustainability guidelines and the regulations that apply for companies with listed securities in the regulated markets where SBAB's securities are listed.

This Corporate Governance Report has been subject to a statutory review by the company's auditor.

The foundation of SBAB's corporate governance

Well-functioning corporate governance, risk management and internal governance are essential for SBAB to reach set targets and gain the confidence of its stakeholders. In addition to corporate governance in the traditional sense, which describes the system by which a company is governed and controlled, SBAB's vision, mission, business idea and values are important elements in SBAB's governance model. Moreover, for SBAB it is of great importance to maintain information transparency, a strong corporate culture, trustworthy leadership and the long-term sustainable conduct of operations. This, together with corporate governance, leads to an overall high level of confidence in SBAB's operations. Confidence forms the basis of all banking operations.

Application of the Code

Since SBAB is owned by the state, SBAB applies the Code with the exception of those rules pertaining to the Nomination Committee and the rules covering the election of the Board and auditors. Moreover, SBAB does not apply those rules that are specifically aimed at companies with more than one owner. In cases where the rules for remuneration to senior executives in the Code differ from the principles from the government in the Ownership Policy, the latter apply. Based on the

ownership structure and with observance of the Ownership Policy, the following deviations from the Code rules have occurred:

Code rule 1.1 – publication of information regarding the shareholders' right to propose business for the Annual General Meeting (AGM). The purpose of this rule is to give shareholders the opportunity to prepare ahead of time for the AGM and have matters included in the agenda for the AGM. In companies entirely owned by the Swedish state, in accordance with the owner's guidelines, the public shall be invited to attend the AGM. As a notice is sent to the Central Bureau of the Swedish Riksdag (parliament), members of parliament also have the opportunity to attend.

Code rule 1.3 – proposal of a chair for the annual general meeting. In state-owned companies, the owner submits its proposed nominee for the chair at the general meeting.

Code rule 2 – the establishment of a nomination committee responsible for matters such as the appointment and remuneration of the Board of Directors and the auditor. The reason for the deviation is that nomination matters in state-owned companies are handled by the government in the manner described in the Ownership Policy.

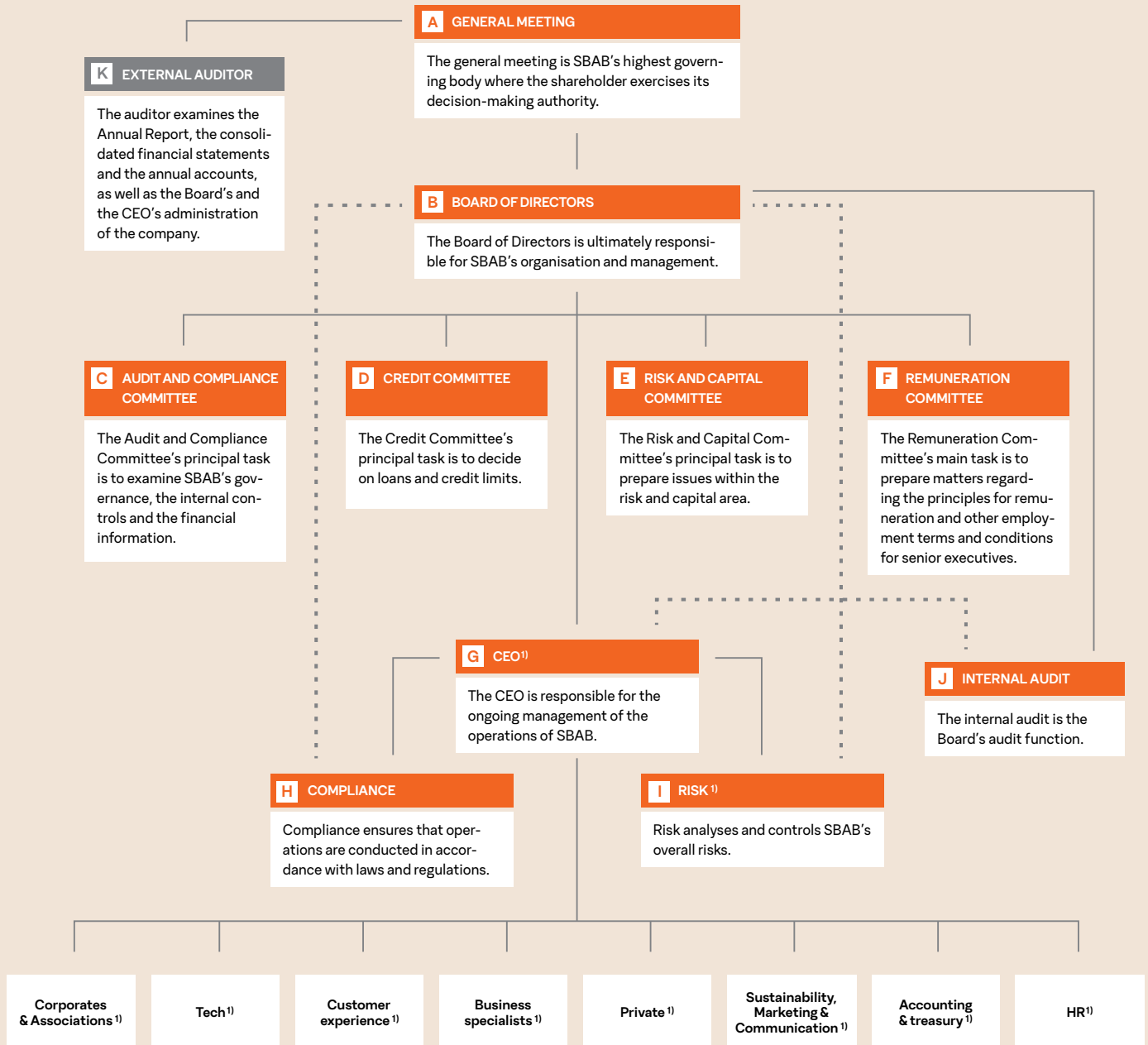
Code rule 4.1 – strive for gender balance on the Board. More specific gender balance guidelines are given for state-owned

companies as a result of the Swedish Ministry of Climate and Enterprise's coordinated board nomination process.

Code rules 2.6, 4.4, 4.5, 4.6 and 10.2 – information to be provided concerning the independence of Board members in relation to major shareholders. No such information is provided since the primary objective of the Code rules in question is to protect minority shareholders in companies with dispersed ownership. Consequently, in accordance with the corporate governance principles for state-owned enterprises, there is no reason for such information concerning independence to be disclosed in entirely state-owned companies.

Articles of Association

SBAB's Articles of Association regulate matters such as the company's business objectives, which are primarily to conduct banking operations. The Articles of Association do not include any stipulations regulating the appointment or dismissal of Board members, with the exception of stipulations stating that the AGM is to appoint the Chairman of the Board and determine the minimum and maximum number of Board members. It is further stated that if the Chairman of the Board resigns from his or her office during the mandate period, the Board is to appoint one of the Board members as the new Chairman until the end of the AGM, when a new Chairman will be elected by the AGM. For amendments to be made to the Articles of Association, the notice of the



¹⁾ Included in Executive Management.

extraordinary general meeting that will address amendments to the Articles of Association is to be issued not earlier than six weeks and not later than four weeks prior to the meeting. Moreover, any amendment to the Articles of Association also needs to be approved by the Swedish FSA.

A General meeting of shareholders

SBAB's Annual General Meeting was held on 27 April 2023. The members of parliament as well as the general public were invited to attend the AGM, either physically or digitally. The owner was represented by Olle Fredriksson from the Swedish Ministry of Finance. Most of SBAB's Board members, the CEO and SBAB's auditor also attended the AGM. Jan Sinclair, Chairman of the Board of SBAB, served as the Chairman of the AGM. The General Meeting resolved to elect the following Board members: Jan Sinclair (Chairman), Lars Börjesson, Inga-Lill Carlberg, Jenny Lahrin, Jane Lundgren Ericsson, Wenche Martinussen, Leif Pagrotsky, Fredrik Sauter and Synnöve Trygg. At the time of the AGM, the local

trade unions had appointed Karin Neville and Margareta Naumburg as employee representatives on the Board of Directors, with Therese Sandberg and David Larsson as deputies. The AGM passed resolutions regarding the discharge from liability for the Board of Directors and the CEO, the appropriation of profits and the adoption of the annual accounts for 2022. The Meeting resolved on a dividend of SEK 832 million to be distributed to the owner. The AGM elected Deloitte AB, with Malin Lüning as the auditor-in-charge, as SBAB's auditor until the close of the 2024 AGM. The AGM reviewed the guidelines for remuneration to senior executives adopted by the 2022 AGM, see Note **C 5** for details of the guidelines, and adopted new guidelines for remuneration to senior executives. The Meeting also decided on the fees to be paid to the members of the Board. No fees will be paid to Board members who are either employed by the Government Offices of Sweden or are employee representatives. The CEO and Chairman reported on the operations of the bank and the work of the Board of Directors in 2022.

B The Board of Directors

Composition and nomination procedure
In state-owned companies, uniform and shared principles are applied to achieve a structured nomination process for the appointment of board members. The objective is to ensure an adequate supply of competence for the boards of directors of these companies. The Board nomination process at the Government Offices of Sweden is coordinated by the Swedish Ministry of Climate and Enterprise. For each company, competence needs are analysed on the basis of the company's business, circumstances and future challenges, as well as the composition of the Board of Directors and the Board assessments that have been conducted. Recruitment requirements are then established and work commences. Members are selected from a broad recruitment base in order to draw on the expertise of both women and men, as well as individuals with different backgrounds and experience.

Work of the Board of Directors in 2023

In 2023, the Board of Directors held eight scheduled board meetings and one additional board meeting. Two of the scheduled meetings were longer strategy meetings and extra focus was devoted at one meeting to corporate business. Of note was that during the year the Board had a particular focus on monitoring market developments from both a macroeconomic and a credit risk perspective. Moreover, the Board has closely followed capital adequacy developments for the company due to the Swedish FSA's delayed reviews of the IRB models for which the Group had applied for approval. Furthermore, the Board focused on the bank's long-term business planning to ensure continued strong competitiveness over time. In addition to meetings, the

Board had two training days focused on regulation and governance issues and risk issues, respectively.

The Board regularly receives the following reporting: (i) interim reports; (ii) quarterly financial forecasts; (iii) quarterly operational reports from each business area (Private and Corporates & Associations); (iv) reporting on strategic regulation and development projects; (v) six-month sustainability reports; (vi) quarterly reports on first line compliance including forward-looking regulation monitoring, and (vii) quarterly reports from Risk, Compliance and Internal Audit.

| JANUARY | FEBRUARY | MARCH | APRIL | MAY | JUNE |
|---|----------|-------|---|-----|------|
| <p>Q1 Year-end report; Internal capital and liquidity adequacy assessment processes (ICLAAP); Annual presentation of bad credit; Evaluation of the Board's work; Goals for the CEO; Decision to appoint new CTO; Strategy issues; In-depth macro environment; Decision on the Annual and Sustainability Report, Pillar 3 report and remuneration report; Decision ahead of SBAB's AGM, Fit and proper assessments, Succession issues; Decision on remuneration to senior executives; Status update on the resolution work; and Adoption of a new vision and mission.</p> | | | <p>Q2 Statutory Board meeting; Decision on internal governance documents and statutory issues, Quarterly report; Report on outsourced operations, Decision to appoint CEO; Decision on appointment of new CFO; Strategy issues, In-depth macro environment; Identification of the Group's material risks. Information about the CSRD from the Swedish FSA.</p> | | |

Diversity and eligibility policies

The Board has adopted a policy on diversity in the Board and an instruction for fit and proper assessments for Board members, the CEO and senior executives. The diversity policy includes statements to the effect that the composition of the Board should be such that a balance is achieved with regard to background, areas of competence, experience and gender. The eligibility instruction states that the fit and proper assessment of the Board, the CEO and the senior executives should take into account the individual's skills, experience, reputation and judgement.

Chairman of the Board

The Chairman of the Board is elected by the AGM. If the Chairman of the Board resigns during the mandate period, the Board is to appoint one of the Board members as the new Chairman until the end of the AGM, when a new Chairman will be elected by the AGM. The Chairman leads the Board's work, monitors to ensure that the Board is performing its duties, represents the Board in relation to the owner and maintains contact with the owner. The Chairman is also responsible for initiating and following up the annual evaluation of the Board's and the CEO's

work. The Chairman of the Board ensures that the Board receives adequate information and decision data for its work and the training necessary for the Board to function efficiently.

Board governance and activities

At SBAB's AGM, nine members were elected by the AGM to SBAB's Board. At the end of the year, SBAB's Board comprised these nine members elected by the AGM and two members appointed by the employees' organisations, SACO and Finansförbundet. The CEO is not a member of the Board. None of the Board mem-

Attendance of the Board of Directors in 2023

The table presents the meeting attendance of the Board and its committees in 2023.

No Board member stepped down during the year. Fredrik Sauter was appointed as a Board member at the AGM. He was also

elected in June 2023 as a member of the Risk and Capital Committee. The attendance figure for Fredrik Sauter pertain to part of the year.

| Board members | Board of Directors | Credit Committee | Risk and Capital Committee | Audit and Compliance Committee | Remuneration Committee |
|--|--------------------|------------------|----------------------------|--------------------------------|------------------------|
| Elected Board members | | | | | |
| Jan Sinclair (Chairman of the Board/Board member) | 9/9 | 17/19 | 11/11 | 6/6 | 4/4 |
| Lars Börjesson (Board member) | 8/9 | | | | 4/4 |
| Inga-Lill Carlberg (Board member) | 9/9 | 16/19 | | | 4/4 |
| Jenny Lahrin (Board member) | 9/9 | | | 6/6 | 4/4 |
| Jane Lundgren Ericsson (Board member) | 9/9 | 17/19 | 10/11 | 6/6 | |
| Wenche Martinussen (Board member) | 9/9 | | 11/11 | | |
| Leif Pagrotsky (Board member) | 9/9 | | | 6/6 | |
| Fredrik Sauter (Board Member) | 6/7 | | 5/6 | | |
| Synnöve Trygg (Board member) | 9/9 | 17/19 | 11/11 | 6/6 | |
| Employee representatives | | | | | |
| Margareta Naumburg (Employee representative SACO) | 7/9 | | | | |
| Karin Neville (Employee representative Finansförbundet) | 1/9 | | | | |
| David Larsson (Deputy, employee representative SACO) | 1/9 | | | | |
| Therese Sandberg (Deputy, employee representative Finansförbundet) | 8/9 | | | | |

JULY

AUGUST

SEPTEMBER

OCTOBER

NOVEMBER

DECEMBER

Q3

Interim report; Strategy issues; In-depth business intelligence.

Q4

Quarterly report; Decision on consolidated recovery plan; Review of the development of the bank's work with business continuity; Decision on divestment of subsidiaries; Decision on goals for operations, budget and long-term business planning; Strategy issues; Identification of the Group's material risks; Establishment of the materiality assessment; Review of general risk assessment for money laundering and financing of terrorism.

The Board's committees

The Board has established the following committees to prepare matters ahead of the Board's decisions.

C Audit and Compliance Committee



Jane Lundgren Ericsson (Chairman)

Jenny Lahrin (member)
Leif Pagrotsky (member)
Jan Sinclair (member)
Synnöve Trygg (member)

The main task of the Audit and Compliance Committee is to examine the SBAB Group's governance, internal controls and financial information and to prepare issues in these areas for decision by the Board. This is done at the request of the owner and on the basis of the applicable regulations. The Committee is also tasked with monitoring the efficiency of risk management and of the work carried out by Compliance and Internal Audit. The audit plan for internal audit is prepared by the Committee for decision by the Board, and annual plans from Compliance and the Operational Risk unit within the Risk Organisation, which are decided by the CEO, are presented. The Committee receives and processes reports from SBAB's external auditors, Internal Audit, Compliance and the Operational Risk unit within the Risk organisation. The Committee is also responsible for evaluating external auditing work, informing the owner of the results of this work and assisting in the drafting of proposals for auditors. The Committee is also to review and monitor the external auditor's impartiality and independence.

D Credit Committee



Jane Lundgren Ericsson (Chairman)

Inga-Lill Carlberg (member)
Jan Sinclair (member)
Synnöve Trygg (member)

The principal task of the Credit Committee is to decide on loans and credit limits in SBAB's lending and funding operations. The Committee also has the task of preparing matters involving changes in the credit policy and credit instructions for decision by the Board, the assessment of portfolio strategies, the transparency of the loan portfolio, the evaluation of existing or proposed portfolio strategies, the evaluation of existing or new delegation rights and the Board's annual review of regulatory frameworks, models for granting credits and outcomes in terms of retail credit granting. The Committee prepares all matters relating to credit risk and approves new IRB models and significant changes to existing models.

E Risk and Capital Committee¹⁾



Synnöve Trygg (Chairman)

Jane Lundgren Ericsson (member)
Wenche Martinussen (member)
Fredrik Sauter (member)
Jan Sinclair (member)

The Risk and Capital Committee prepares matters concerning SBAB's treasury operations, matters related to risk and capital and the use of new financial instruments. The Committee also prepares issues for resolution by the Board of Directors concerning objectives, strategies and control documents within the areas of risk and capital. The Committee approves changes in the forward-looking assumptions in the financial reporting used to estimate credit losses. The Committee prepares the approval of new IRB models and significant changes to existing models. The Committee consists of at least three members appointed by the Board. The Committee comprises the statutory Risk Committee of the SBAB Group.

¹⁾ Fredrik Sauter was appointed a member at the statutory Board meeting on 1 June 2023.

F Remuneration Committee



Inga-Lill Carlberg (Chairman)

Lars Börjesson (member)
Jenny Lahrin (member)
Jan Sinclair (member)

The principal task of the Remuneration Committee is to prepare issues regarding principles for remuneration and other employment terms and conditions for senior executives for resolution by the Board. The Committee also prepares matters pertaining to SBAB's remuneration system and fit and proper assessments of Board members and senior executives ahead of Board decisions. The Committee follows up remuneration structures and remuneration levels within SBAB.

bers or the CEO hold shares by SBAB, since SBAB is wholly owned by the Swedish state, or financial instruments issued by SBAB.

For information regarding loans to key personnel, please refer to Note **A 2**. The Board adopts business objectives and strategies for SBAB's operations. The Board ensures that an efficient system is in place for the follow-up and control of SBAB's operations. The Board is also tasked with appointing, evaluating and if the need arises, dismissing the CEO. The work of the Board complies with the formal work plan adopted annually at the Board of Directors' statutory Board meeting immediately after the AGM. The formal work plan regulates decision-making within SBAB, the arrangements for Board meetings and the division of work among the Board, the Chairman of the Board and the Board committees. The work of the Board complies with an annual plan that satisfies, inter alia, the Board's need for information and regular training. SBAB's Board makes decisions on matters relating to SBAB's strategic direction, for example by means of a business plan, and makes decisions regarding larger investments, funding, capitalisation (including capital and liquidity adequacy assessments), significant organisational issues, policies and certain guidelines. The Board addresses and determines the company's interim reports. The Board also follows up SBAB's risks, compliance, and reports on the effectiveness of internal control within SBAB by means of reports provided by SBAB's independent Risk Control, Compliance and Internal Audit units. The Board also receives reports from SBAB's auditor regarding the reporting of completed audits, and financial reporting assessments and internal control. The CEO attends the meetings of the Board of Directors, as does the CFO and the Head of Business Area Private, and other SBAB officers may participate in a reporting role if necessary.

G CEO and Executive Management

The Board has formulated instructions for the CEO's work. The CEO is responsible for the ongoing management of the operations in accordance with guidelines, established policies and instructions issued by the Board. The CEO reports to the Board. Executive Management provides the CEO with support in exercising operational management of SBAB. The Executive Management comprises the following functions: Head of Business Area Private; Head of Corporates & Associations; Chief Financial Officer; Chief

Experience Officer; Chief Customer Experience Officer; Head of Sustainability, Marketing & Communication; Head of Business Specialists; Chief Human Resources Officer; and Chief Risk Officer.

The CEO's councils and committees

The CEO has appointed a number of councils and committees within SBAB to support him in his work in the management of the operations. These are tasked with preparing issues for the CEO, either prior to his decisions or his recommendations on matters to be determined by the Board. These established councils and committees are primarily the Management Committee, which comprises the Price Council, ALCO (Asset and Liability Committee), Portfolio Management and the Credit Committee. The Price Council prepares matters related to the pricing of SBAB's products, ALCO prepares and decides issues related to the Group's financial operations, balance-sheet risks and capital issues. Portfolio management prepares and decides issues related mainly to the Group's development projects. The Management Committee also prepares issues related to business development in general. The Credit Council prepares and has a certain scope to make decisions on matters connected to SBAB's credit operations and limits for the financial operations.

Governance of sustainable business

Within SBAB, the Board is ultimately responsible for ensuring that proactive, long-term efforts to achieve sustainable development and sustainable value creation are conducted within the company. The Board also adopts a strategy, objectives and a policy for sustainable business. Furthermore, the Board monitors and assesses SBAB's sustainability efforts. Read more on page 189.

Remuneration of the Board of Directors and senior executives

Information regarding the remuneration of the Board, the CEO and Executive Management is presented in Note **C 5**. Guidelines for remuneration to senior executives are adopted by the AGM. The Board's proposed guidelines are prepared by the Remuneration Committee before the Board adopts the proposal for decision by the owner.

In addition to regulation by the Companies Act, the guidelines for the remuneration of senior executives follow the Guidelines for remuneration and other terms of employment for senior executives in state-owned enterprises.

Internal Governance and Control

Risk management and internal governance and control are important for ensuring that SBAB's operations are conducted in accordance with prevailing regulations, as well as ensuring that SBAB identifies, measures and controls relevant risks and has an efficient organisation and operational management, and reliable financial reporting. The Board and the CEO are ultimately responsible for ensuring good internal control and governance. The Board and the CEO of SBAB are assisted in this work by several functions. Key control functions in this regard are the Compliance, Risk and Internal Audit functions, which are described in further detail below. Other functions, including Accounting, Credit and Legal, support the Board and the CEO with regard to good internal governance and control. All managers in each area of responsibility are responsible for the activities they oversee being conducted with good internal governance and control.

H Compliance

SBAB has a central Compliance function. The Compliance function's area of responsibility comprises rules on internal governance and control, customer protection and market conduct. Compliance is independent of the business operations and is directly subordinate to the CEO. Compliance provides advice and support to the operations on compliance matters, analyses compliance risks and monitors regulatory compliance in respect of operations requiring licences. Reporting occurs on an ongoing basis to the CEO and quarterly by means of a written report to the Board and the CEO. The scope and focus of the work of Compliance is established in an annual plan adopted by the CEO.

I Risk

The SBAB Group has a central Risk department with overall responsibility for developing and ensuring that risk-taking strategies are conducted in accordance with the Board's intention, and that policies and processes facilitate relevant follow-up. Risk is responsible for the identification, quantification, analysis and reporting of all risks. The CRO is responsible for Risk. The CRO is directly subordinate to the CEO and reports to the Board and CEO of SBAB. Risk is to ensure that risk awareness and acceptance are sufficient to be able to manage risks on a daily basis. Risk also has a supportive role and works to ensure that the operations have the requisite procedures, systems

and tools for daily management of risks, thereby ensuring that operations comply with the applicable laws and regulations in Risk's area of responsibility.

J Internal Audit

Internal Audit at SBAB is an internal, independent review function pursuant to the Swedish FSA's regulations and general guidelines for governance, risk management and control in credit institutions. The function is directly subordinate to the Board. Internal Audit conducts its work according to best practices for internal audits, established by the International Professional Practices Framework (IPPF). One of Internal Audit's primary assignments is to review and evaluate internal governance and control as well as to create value and improvements within operations. Internal Audit's review work is carried out according to a plan annually decided by the Audit and Compliance Committee and approved by the Board. The Head of Internal Audit reports orally and in writing to the Audit and

Compliance Committee and the Board. The responsibilities, work assignments and work and reporting procedures of Internal Audit are determined by the policy decided annually by the Board.

K External auditor

The General Meeting appoints the auditor. SBAB's Audit and Compliance Committee evaluates the contribution of the auditor and assists the owner in preparing motions for the auditor. Officials at the Government Offices of Sweden monitor all stages of the procurement process from tendering criteria to selection and evaluation. At the AGM, the owner appoints the auditor or the accounting firm that is commissioned to audit SBAB. Auditors must be authorised public accountants or an authorised accounting firm with an auditor-in-charge. As of 2011, SBAB's auditor is appointed annually in accordance with the Companies Act and the Articles of Association. From the 2016 AGM, Deloitte AB has been appointed as auditor, with Malin Lünig as

the auditor-in-charge since the 2023 AGM. Patrick Honeth was the auditor in charge until the 2023 AGM. A more detailed presentation of the auditor and the fees and expenses paid to auditors is provided in Note **IC 6**. The auditor examines the Annual Report, the consolidated financial statements and the accounting records, as well as the Board's and the CEO's administration of the company. In addition, the auditor reviews SBAB's Q2 interim reports and year-end reports and conducts a review of the Q1 and Q3 interim reports as well as presents her findings to the Audit and Compliance Committee at regular meetings of the Committee, when the interim and year-end reports reviewed by the auditor are considered, and when the internal control review is reported to the Board. The auditor also conducts a limited assurance review of SBAB's Sustainability Report and the Communication on Progress (COP).

Internal control of financial reporting

At SBAB, the internal control of financial reporting is primarily aimed at ensuring that an effective and reliable procedure for SBAB's financial reporting is in place, and that both internal and external reporting is correct and accurate. Internal control over financial reporting primarily comprises the following internal control components.

The control environment

The internal control of financial reporting uses SBAB's organisational structure, governance documents, process maps and valuations.

Risk assessment

Each unit within SBAB identifies, evaluates, manages and assesses its own risks. The analysis of risk levels in all operations, including financial reporting, is conducted on a regular basis and reported to the Executive Management, the CEO and the Board. Each year, a risk assessment is performed in the form of a self-evaluation of all business-support processes, including financial reporting, and is managed and reported using separate risk tools.

SBAB has an NPAP in place for the implementation of new or significantly altered products, services, markets, processes and IT systems as well as major operational and organisational changes at SBAB. The aim of the process is to evaluate any potential risks related to the change and to draw attention to any impact the change may have on capital.

Control activities

Business-support processes that provide data for the financial statements are charted and contain control activities in the form of descriptions of processes, reasonability assessments, reconciliations, attestations and performance analyses. Control activities for financial reporting include an internal set of rules, including planning and reporting procedures as well as identifying key control activities in operations.

SBAB's financial position and performance, target attainment and analysis of operations is reported on a monthly basis to both the Executive Management and the Board. The Board's Audit and Compliance Committee supervises the financial reporting as well as the management of internal control.

Information and communication

The Economy and Finance unit ensures that the instructions on accounting and financial reporting are updated, communicated and made available for the units that need them for their work. The instructions are also available on SBAB's intranet.

Follow-up

The Board's measures to follow up on the internal control of financial reporting include the Board's regular follow-up of SBAB's financial position and performance, etc., but also include the Board's review and follow-up on the auditor's review reports.

Proposed appropriation of profits

SBAB Bank AB (publ) posted a net profit for the year after tax of SEK 5,702,959,234. According to SBAB's balance sheet, SEK 18,527,130,546 is at the disposal of the Annual General Meeting.

| | |
|-------------------------------|-----------------------|
| Fair value reserve | -58,837,861 |
| Additional Tier 1 instruments | 5,800,000,000 |
| Retained earnings | 7,083,009,173 |
| Net profit for the year | 5,702,959,234 |
| Total | 18,527,130,546 |

The Board proposes that the earnings be appropriated as follows (SEK):

| | |
|---|-----------------------|
| A dividend distribution of SEK 49,200 per share, in total | 963,483,600 |
| To be carried forward | 17,563,646,946 |
| Total | 18,527,130,546 |

The proposed dividend, which amounts to 40% of the Group's net profit for the year, has been proposed with consideration for the rules on buffer capital, risk limitation and transparency under the Banking and Financing Business Act. Unrealised changes in value on assets and liabilities measured at fair value had a net negative impact on equity for SBAB Bank AB (publ) of SEK 90 million. The applicable regulations on capital adequacy mean that the company's own funds at any given time are to correspond to not less than the total capital requirement, which encompasses Pillar 1 capital requirements, Pillar 2 capital requirements, buffer requirements and any Pillar 2 guidance. After the proposed appropriation of profits, own funds amounted to SEK 28,209 million (27,484) and the total capital requirement amounted to SEK 23,901 million (22,914).

In the Board's assessment, the proposed dividend is justified considering the requirements that the nature, scope and risks of the operations impose on the scale of equity in the Parent Company and the Group, as well as on the needs of the Parent Company and the Group in terms of consolidation, liquidity and position. Furthermore, the Board assesses that the Parent Company and the Group's financial position do not give rise to any assessment other than that the Parent Company and the Group are expected to fulfil its obligations in the short and long term.

Board of Directors

Updated as of 31 December 2023



Top row: Karin Neville, Jan Sinclair, Lars Börjesson, Synnöve Trygg, Jane Lundgren Ericsson and Inga-Lill Carlberg.

Lower row: Leif Pagrotsky, Jenny Lahrin, Margareta Naumburg and Wenche Martinussen. (Not in the picture: Fredrik Sauter)

→ Jan Sinclair

Chairman of the Board

Master of Business Administration and Economics. Born: 1959 Year of election: 2018.

Board assignments: The Swedish Covered Bond Corporation (publ) (Board Member, Chairman of the Board), Almi AB (Board Member), STS Alpresor AB (Board Member), Nilsson Energy AB (Board Member, Chairman of the Board), Hydri (Board Member), Bipon AB (Board Member) and Jan M.L. Sinclair AB (Board Member).

Other assignments: acting CEO Almi AB, tenant-owners' association Victorhuset (Board Member, Chairman of the Board), German honorary consul, Industrial advisor (own business).

Previous assignments: CEO SEB A.G (CEO), Group Treasurer as well as other senior positions within SEB, Board assignments within the FCG-group.

→ Lars Börjesson

Board Member

Master of Engineering. Born: 1964. Year of election: 2014.

Board assignments: Top Armbel Holding (Chairman of the Board, Board Member), Taggsvampen AB (Board Member).

Other assignments: Tenant-owners' association Viktoriahuset (Board Member, Chairman of the Board).

Previous assignments: CEO of Stena Technoworld, Director of Strategy and Business Development Stena Metall, Senior partner of Accenture, including Managing Director of Accenture Management Consulting Nordic, CEO as well as various board assignments and CEO positions within KGH Group.

→ Inga-Lill Carlberg

Board Member

MSc in Economics, Stockholm School of Economics. Born: 1962. Year of election: 2019.

Board assignments: Trill Impact AB (Board Member), Trill Impact Microfinance AB (Board Member, Chairman of the Board), Trill Impact Executive Holding AB (Board Member), Trill Impact Ventures Holding AB (Board Member), Trill Impact Ventures AB (Board Member), Trill Impact Ventures Pharma 1 AB (Board Member), Trill Impact (General Partner) S.à.r.l. (Board Member), Trill Impact Verwaltungs-GmbH (Board Member), Trill Impact Ventures (General Partner) S.à.r.l. (Board Member), TIPE II (GP) S.à.r.l. (Board Member), Institute for Financial Research (Chairman of the Board), Cberg Invest AB (Board Member).

Other assignments: COO Trill Impact AB and CEO of Trill Impact Verwaltungs GmbH.

Previous assignments: Several leading positions within Nordea, Board Member of AP3 Third Swedish National Pension Fund, Nordea Investment Funds and Mistra Sustainable Investments.

→ Jane Lundgren Ericsson

Board Member

Master of laws, University of Stockholm; LLM London. Born: 1965. Year of election: 2013.

Board assignments: The Swedish Covered Bond Corporation (publ) (Board Member), Visma Financial Solutions AB (Board Member), Flex Services Sverige AB (Deputy Board Member), Flex Applications Stockholm AB (Deputy Board Member), Inyett AB (Board Member), Copperstone Resources AB (publ) (Board Member), Bokio AB (Board Member), Miskatonic Ventures Aktiebolag (Deputy Board Member).

Other assignments: Flex Applications Sverige AB (CEO), Flex Applications Stockholm AB (CEO), Flex Services Sverige AB (CEO), Bagarmossen Kärrtorp Bollklubb (Chairman of the Board).

Previous assignments: SEK Securities (CEO), Executive Director & Head of Lending at Svensk Exportkredit AB, CEO and General Counsel Visma Finance AB.

→ Leif Pagrotsky

Board Member

Bachelor's Degree in Philosophy; Pol. Mag., Degree in Economics, University of Gothenburg. Born: 1951. Year of election: 2020.

Board assignments: Göteborg & Co AB (Board Member, Chairman of the Board), Husvården L Larson & Co AB (Board Member, Chairman of the Board), Vitartes Intea Holding AB (Board Member, Chairman of the Board), Smartilizer Scandinavia AB (Board Member, Chairman of the Board) and Leif Pagrotsky AB (Board Member).

Other assignments: Advisory Board LDS Investments LP, Göteborg & Co (Chairman of the Board).

Previous assignments: Minister, Minister of Trade and Industry, Minister for Nordic Cooperation, Minister of Education and Culture. State Secretary in the Ministry of Finance, Vice Chair of the Council of Riksbanken, Chairman of Business Sweden and Consul General of Sweden in New York City. Board assignments from Stockholms Fondbörs, AB Tipstjänst, AB Vin & Sprit, European Investment Bank (EIB) Luxembourg and Avanza Pension.

→ Synnöve Trygg

Board Member

Degree in Economics Stockholm University; Advanced Management Program Stockholm School of Economics. Born: 1959. Year of election: 2019.

Board assignments: The Swedish Covered Bond Corporation (publ) (Board Member), Volvofinans Bank AB (Board Member, Vice Chairman).

Other assignments: –

Previous assignments: CEO of SEB Kort AB, Euro-card AB and Diners Club Nordic AB. Board Member of Nordax Bank AB, Trygg Hansa AB, Mastercard Europe Board, Valitor Hf and Precise Biometrics AB.

→ Jenny Lahrin

Board Member

Master of Laws, Uppsala University; LLM, University of Amsterdam; EMBA Stockholm School of Economics; Deck Officer Class VIII from Chalmers University of Technology. Born: 1971. Year of election: 2022.

Board assignments: S. VisitSweden AB (Board Member), AB Göta kanalbolag (Board Member), Saminvest AB (Board Member), Postnord AB (Board member).

Other assignments: Investment Director, Government Offices of Sweden; Board member and Chairman of tenant-owners' association Badhotellet i Saltsjöbaden.

Previous assignments: Board assignments at RISE Research Institutes of Sweden, Swedavia AB, SOS Alarm Sverige AB and Vattenfall AB, General Counsel and member of the management group Veolia Transport Northern Europe AB.

→ Wenche Martinussen

Board Member

Education: Master in Business and Marketing, Master of Management programme in E-commerce and Master of Management programme in Scenarios, Foresight and Strategy BI (Norwegian business school); INSEAD strategy programme. Born: 1968. Year of election: 2022.

Board assignments: –

Other assignments: Sales and Marketing Director, BI Norwegian Business School.

Previous assignments: Storebrand Finansiell rådgivning AS (Chairman of the Board), Storebrand Fondene AS (Board Member), The Norwegian Insurer Association (Board Member), communication positions within Nordea Bank AB, several positions within digitalisation, IT development and operations within Storebrand/SPP, CCO Storebrand, CCO SATS Group ASA, COO and Board Member Oslo Philanthropic Exchange.

→ Fredrik Sauter

Board Member

Education: Bachelor's degree in economics, Handelshögskolan Stockholm, Executive MBA at Kellogg Graduate School. Born: 1969. Year of election: 2023.

Board assignments: American Express Europe S.A (Board Member) and Thaning Consulting AB (Deputy Board Member).

Other assignments: American Express (Head of Growing Market Nordic, Belgium, Netherland, Luxembourg, Spain, Argentina as well as International Dollar Card and Global Insurance), The Financial Coalition Against Child Pornography (Founder and Board Member) and tenant-owners' association Sidensvansen 2 (Board Member, Chairman of the Board).

Previous assignments: American Express (Country Manager Sweden), Catella Bank SA (former Banque Invik) (Managing Director), Skandiabanken (CEO), Danske Bank Sweden (COO), Danske Securities (CFO and Head of administration), Result Venture Knowledge (Country Manager Sweden), Andersen Consulting /Accenture and Management Consultant at Arkitraven AB.

→ Margareta Naumburg

Board member, Employee representative (Confederation of Professional Associations)

Education: MSc in Economics, University of Linköping. Born: 1964. Appointed: 2018 (appointed as deputy: 2017).

Board assignments: –

Other assignments: Compliance Officer at SBAB, Chairman of SACO's local club.

Previous assignments: Manager and specialist roles in internal audit, compliance, risk and finance at SBAB, Matteus Bank and Holmen AB. External auditor at Price Waterhouse.

→ Karin Neville

Board Member, Employee Representative (Finansförbundet)

Education: Degree in Real Estate, Royal Institute of Technology. Born: 1987. Appointed: 2021.

Board assignments: –

Other assignments: Compliance Officer at SBAB, Board Member of Finansförbundet's local club.

Previous assignments: Different roles within Customer Service and Risk at SBAB since 2009.

Deputies

David Larsson

Deputy, employee representative (SACO)

Born: 1976

Appointed: 2018

Education: Master's degree in Economics (University of Karlstad)

Board assignments: –

Other assignments: Account manager Corporate Clients & Tenant-Owners' Associations business area at SBAB, Vice Club President of SACO's local club.

Previous assignments: –

Therese Sandberg

Deputy, employee representative the Finansförbundet

Born: 1990

Appointed: 2022

Education: Accounting economist Business School, Karlstad

Board assignments: –

Other assignments: Mortgage specialist SBAB, Chairman of the local club board of Finansförbundet

Previous assignments: –

Executive Management

Updated as of 31 December 2023



Top row: Peter Svensén, Carl Olsson, Sara Davidgård, Marko Ivanic, Malou Sjörin and Deniz Güler.

Lower row: Mikael Inglander, Robin Silfverhielm, Stefan Andersson and Liv Forsström.

→ Mikael Inglander

CEO

Master of Business Administration and Economics. Born: 1963. Employed: 2014.

Board assignments: Booli Search Technologies AB (Board member), AB Sveriges Säkerställda Obligationer (publ) (Board member), Swedish Bankers' Association (Deputy Board member).

Previous assignments: CFO SBAB, CEO of Lindorff Sverige AB, Executive Vice President and CFO of Swedbank AB as well as other assignments, Regional Manager and Executive Vice President of ForeningsSparbanken AB, Board member of ICA Banken, OK-Q8 Bank AB, Hansabank Group AS, CEO of AB Sveriges Säkerställda Obligationer (publ) and others.

→ Sara Davidgård

Head of Business Area Private

Master of Business Administration and Economics. Born: 1974 Employed: 2017.

Previous assignments: CRO, Head of Business Specialists, Acting Head of Corporate & Associations, Acting Head of Business Area Private and COO at SBAB, Head of Risk Swedish Banking at Swedbank, Board member Sparia, Segment Manager at Swedbank, various management positions within Swedbank's retail operations as well as other positions within Swedbank Robur.

→ Liv Forsström

Chief Human Resources Officer (CHRO)

Master of Business Administration and Economics. Born: 1970. Employed: 2023.

Previous assignments: CHRO Handelsbanken Tech, CHRO Business Area Handelsbanken and other assignments within Handelsbanken AB.

→ Marko Ivanic

Chief Technology Officer (CTO)

Born: 1979. Employed: 2018.

Previous assignments: Head of IT Operations SBAB, Deputy CTO Nordnet and other management roles within IT at Nordnet.

→ Peter Svensén

Chief Financial Officer (CFO)

Master of Business Administration and Economics. Born: 1974. Employed: 2022.

Previous assignments: CRO SEK, CRO SBAB, Consultant at Oliver Wyman and KPMG Financial Services.

→ Malou Sjörin

Head of Sustainability, Marketing & Communication

Master of Business Administration and Economics. Born: 1972. Employed: 2020.

Board assignments: Booli Search Technologies AB (Board Member).

Previous assignments: Senior Vice President Communication Trygg-Hansa/Codan, Senior Vice President Communication SJ AB, Management Consultant Cap Gemini Ernst & Young.

→ Deniz Güler

Acting Chief Risk Officer (CRO)

Master of Science in Industrial Engineering and Economics. Born: 1986.

Employed: 2014.

Previous assignments: Head of Market and Liquidity Risk, Head of Capital and Head of Strategic Projects at SBAB. Positions within credit risk and financial analysis at Skandiabanken and Söderberg & Partners.

→ Stefan Andersson

Head of Corporates & Associations

Born: 1964. Employed: 2020.

Previous assignments: Boappa AB (Board Member), Operative Head of Corporates & Associations at SBAB, Nordic Head of Business Banking Strategy & Propositions at Nordea, Head of Business Banking Sweden at Nordea, Head of Sales at SEB Trygg Liv, Head of SME segment at SEB, District Manager in SEB's Retail Banking, Board Member of Nordea Life & Pension and Bankgirot.

→ Robin Silfverhielm

Chief Experience Officer (CXO)

Master of Engineering. Born: 1973. Employed: 2019.

Board assignments: Booli Search Technologies AB (Chairman of the Board)

Previous assignments: Boappa AB (Chairman of the Board), CDO Skandia, Management Consultant Accenture and Project Manager OMX.

→ Carl Olsson

Head of Business Specialists

Master of Business Administration and Economics. Born: 1983. Employed: 2021.

Previous assignments: Acting CFO at SBAB, Director of Corporate Development & Strategy at Trustly, Strategy Manager at SBAB, Business Strategist at SBAB, Strategy Manager at Skandia, Management consultant at Bain & Company.

Auditor

Malin Lünig

Deloitte AB

Auditor-in-charge at SBAB since 2023

Income statement

| SEK million | Note | GROUP | | PARENT COMPANY | |
|--|-------|---------------|---------------|----------------|---------------|
| | | 2023 | 2022 | 2023 | 2022 |
| Interest income ¹⁾ | IC 1 | 25,421 | 9,853 | 10,331 | 3,185 |
| Interest expense | IC 1 | -19,975 | -5,198 | -8,924 | -2,315 |
| Net interest income | | 5,446 | 4,655 | 1,407 | 870 |
| Dividends received | | - | - | 5,000 | - |
| Commission income | IC 2 | 48 | 91 | 71 | 96 |
| Commission expense | IC 2 | -82 | -79 | -49 | -44 |
| Net result of financial transactions | IC 3 | -95 | -35 | -68 | 57 |
| Other operating income | IC 4 | 50 | 49 | 1,455 | 1,330 |
| Total operating income | | 5,367 | 4,681 | 7,816 | 2,309 |
| Personnel costs | IC 5 | -890 | -823 | -910 | -817 |
| Other expenses | IC 6 | -608 | -530 | -679 | -594 |
| Depreciation, amortisation and impairment of PPE and intangible assets | IC 7 | -165 | -176 | -28 | -26 |
| Total expenses before credit losses and imposed fees | | -1,663 | -1,529 | -1,617 | -1,437 |
| Profit before credit losses and imposed fees | | 3,704 | 3,152 | 6,199 | 872 |
| Net credit losses | IC 8 | -93 | -68 | -19 | -29 |
| Imposed fees: Risk tax and resolution fee | IC 10 | -541 | -445 | -194 | -144 |
| Impairment of financial assets | | - | - | -60 | -9 |
| Operating profit | | 3,070 | 2,639 | 5,926 | 690 |
| Tax | TX 1 | -662 | -558 | -223 | -157 |
| Net profit for the year | | 2,408 | 2,081 | 5,703 | 533 |

¹⁾ Interest income on financial assets measured at amortised cost calculated using the effective-interest method amounted to SEK 19,390 million (8,882) for the Group and SEK 7,341 million (2,761) for the Parent Company.

Statement of comprehensive income

| SEK million | Note | GROUP | | PARENT COMPANY | |
|--|------|--------------|---------------|----------------|-------------|
| | | 2023 | 2022 | 2023 | 2022 |
| Net profit for the year | | 2,408 | 2,081 | 5,703 | 533 |
| Other comprehensive income | | | | | |
| <i>Components that will be reclassified to profit or loss</i> | EQ 1 | | | | |
| Financial assets measured at FVTOCI | | -7 | -133 | -7 | -133 |
| Changes related to cash-flow hedges, before tax | | 3,680 | -9,505 | 124 | -266 |
| Tax attributable to components that will be reclassified to profit or loss | | -756 | 1,986 | -24 | 82 |
| <i>Components that will not be reclassified to profit or loss</i> | EQ 1 | | | | |
| Revaluation effects of defined-benefit pension plans, before tax | | -19 | 119 | - | - |
| Tax attributable to components that will not be reclassified to profit or loss | | 4 | -25 | - | - |
| Other comprehensive income, net of tax | | 2,902 | -7,558 | 93 | -317 |
| Total comprehensive income for the year | | 5,310 | -5,477 | 5,796 | 216 |

Comments to the consolidated income statement

Operating profit and key metrics

Operating profit rose to SEK 3,070 million (2,639). The return on equity amounted to 11.5% (10.5) and the C/I ratio was 31.0% (32.7).

Net interest income **IC 1**

Net interest income rose to SEK 5,446 million (4,655), primarily due to an increased share of financing from deposits and higher deposit margins. Increased lending volumes had a positive impact on the item, while decreased lending margins for mortgages had a negative impact. The fee for the national deposit guarantee amounted to SEK 89 million (49).

Net commission income **IC 2**

During the year, net commission income decreased to an expense of SEK 34 million (income: 12), mainly driven by updated calculation models for amortised cost. Starting in the third quarter of 2022, corporate lending arrangement fees are now accrued over the maturity of the loan in net interest income.

Net result of financial transactions **IC 3**

The net result of financial transactions was an expense of SEK 95 million (expense: 35). The difference was mainly due to differences in value changes in hedging instruments and hedged items.

Expenses **IC 5 IC 6 IC 7**

Expenses grew to SEK 1,663 million (1,529), mainly driven by increased personnel costs, and higher costs related to development and greater media exposure. The number of FTEs increased to 948 (863) during the period. The replacement of SBAB's core banking platform has been successfully completed. Personnel costs amounted to SEK 890 million (823). Other expenses exclusive of depreciation, amortisation and impairment amounted to SEK 608 million (530). Depreciation, amortisation and impairment of PPE and intangible assets amounted to SEK 165 million (176).

Credit losses **IC 8**

Credit losses totalled SEK 93 million (loss: 68). The increase in credit loss allowances in the year was mainly attributable to a new impairment model used calculating expected credit losses (the ECL model), which is slightly more conservative regarding LGD, as well as nega-

tive risk class migrations within both Retail and Corporate Clients & Tenant-Owners' Associations business area. The new ECL model was implemented in September 2023. Confirmed credit losses totalled SEK 9 million (7).

Imposed fees

Imposed fees included Sweden's new risk tax and the resolution fee. The risk tax amounted to 0.06% of the credit institution's liabilities for 2023 compared with 0.05% for 2022. Imposed fees for 2023 totalled SEK 541 million (445), of which the risk tax amounted to SEK 359 million (261) and the resolution fee to SEK 182 million (184).

Taxes **TX 1**

Tax consists of income tax of 20.6% (20.6) of net profit for the year with an addition for tax adjustments and any adjustments of tax for previous years. The tax expense amounted to SEK 662 million (558) for the year.

Other comprehensive income **EQ 1**

Other comprehensive income for the period amounted to SEK 2,902 million (loss: 7,558), primarily due to interest-rate-related value changes in derivatives resulting from declining EUR interest rates, which positively impacted the item.¹⁾

¹⁾ The Group's financial position and development is reflected primarily in the income statement and balance sheet. Moreover, the applied accounting policies give certain revaluation effects, among other effects, which are recognised in other comprehensive income. Other comprehensive income consists of items which are reported directly in equity.

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

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

The item revaluation effects of defined-benefit pension plans includes actuarial gains and losses where changes in the discount rate is the assumption that has the strongest impact on the item.

Parent Company

Operating profit rose to SEK 5,926 million (690). Net interest income grew to SEK 1,407 million (870), mainly due to a higher share of financing from deposits in combination with increased deposit margins. The dividend from SCBC to the Parent Company amounted to SEK 5,000 million (0). Net commission income decreased to SEK 22 million (52), mainly driven by updated calculation models for amortised cost. Starting in the third quarter of 2022, corporate lending arrangement fees are now accrued over the maturity of the loan in net interest income. The net result of financial transactions amounted to an expense of SEK 68 million (income: 57), mainly due to value changes in hedging instruments and hedged items. Other operating income rose to SEK 1,455 million (1,330), and mainly comprised fees from SCBC for administrative services in line with the applicable outsourcing agreements. Expenses increased to SEK 1,617 million (1,437), mainly as a result of higher costs for personnel and marketing. Credit losses totalled SEK 19 million (loss: 29).

AB Sveriges Säkerställda Obligationer (publ), SCBC

SCBC is a wholly-owned subsidiary of SBAB whose primary operations comprise of the issuance of covered bonds to fund the lending of the SBAB Group. SCBC's operating profit for 2023 totalled SEK 2,073 million (1,978). Net interest income totalled SEK 4,041 million (3,787) and net commission amounted to an expense of SEK 52 million (expense: 34). The net result of financial transactions amounted to an expense of SEK 27 million (expense: 92). SCBC's total expenses amounted to SEK 1,469 million (1,344) for 2023. The majority of the expenses were attributable to costs for operations outsourced to SBAB. Net credit losses increased to SEK 73 million (39). SCBC's 2023 Annual Report is available at www.sbab.se.

Balance sheet

| SEK million | Note | GROUP | | PARENT COMPANY | |
|--|------|----------------|----------------|----------------|----------------|
| | | 2023 | 2022 | 2023 | 2022 |
| ASSETS | | | | | |
| Cash and balances at central banks | | 6,350 | 3,534 | 6,350 | 3,534 |
| Chargeable treasury bills, etc. | A 1 | 36,650 | 29,886 | 36,650 | 29,886 |
| Lending to credit institutions | A 2 | 11,807 | 20,091 | 154,568 | 147,568 |
| Lending to the public | A 3 | 517,400 | 509,492 | 24,180 | 25,754 |
| Value changes of interest-rate-risk hedged items in macro hedges | | -1,565 | -4,944 | - | - |
| Bonds and other interest-bearing securities | A 4 | 64,945 | 57,490 | 64,945 | 57,490 |
| Derivatives | A 5 | 12,241 | 15,943 | 24,618 | 37,712 |
| Shares and participations in associated companies and joint ventures | A 6 | 5 | 3 | 5 | 3 |
| Shares and participations in Group companies | A 7 | - | - | 17,201 | 10,452 |
| Deferred tax assets | TX 2 | 911 | 1,664 | 27 | 38 |
| Intangible assets | A 8 | 468 | 438 | 15 | 14 |
| Property, plant and equipment | A 9 | 249 | 249 | 59 | 49 |
| Other assets | A 10 | 258 | 110 | 75 | 107 |
| Prepaid expenses and accrued income | A 11 | 834 | 529 | 1,280 | 684 |
| TOTAL ASSETS | | 650,553 | 634,485 | 329,973 | 313,291 |
| LIABILITIES AND EQUITY | | | | | |
| Liabilities | | | | | |
| Liabilities to credit institutions | L 1 | 5,606 | 8,237 | 6,980 | 9,215 |
| Deposits from the public | L 2 | 215,211 | 182,443 | 215,211 | 182,443 |
| Issued debt securities, etc. | L 3 | 382,770 | 393,885 | 56,593 | 65,004 |
| Derivatives | A 5 | 15,695 | 24,934 | 25,813 | 37,430 |
| Other liabilities | L 4 | 2,021 | 781 | 1,604 | 484 |
| Accrued expenses and deferred income | L 5 | 3,153 | 2,228 | 888 | 437 |
| Deferred tax liabilities | TX 2 | - | - | - | - |
| Provisions | L 6 | 9 | 31 | 9 | 31 |
| Subordinated debt | L 7 | 1,998 | 1,997 | 1,998 | 1,997 |
| Total liabilities | | 626,463 | 614,536 | 309,096 | 297,041 |
| Equity | | | | | |
| Share capital | EQ 1 | 1,958 | 1,958 | 1,958 | 1,958 |
| Statutory reserve | | - | - | 392 | 392 |
| Reserves/Fair value reserve | EQ 1 | -3,737 | -6,639 | -59 | -152 |
| Additional Tier 1 instruments | L 7 | 5,800 | 5,800 | 5,800 | 5,800 |
| Retained earnings | | 17,661 | 16,749 | 7,083 | 7,719 |
| Net profit for the year | | 2,408 | 2,081 | 5,703 | 533 |
| Total equity | | 24,090 | 19,949 | 20,877 | 16,250 |
| TOTAL LIABILITIES AND EQUITY | | 650,553 | 634,485 | 329,973 | 313,291 |

Comments to the consolidated balance sheet

ASSETS

Cash and balances at central banks

Cash and balances at central banks increased to SEK 6.4 billion (3.5), attributable to an increase in surplus liquidity deposited with the Riksbank's RIX account.

Chargeable treasury bills **A** 1

During the year, chargeable treasury bills increased to SEK 36.6 billion (29.9), primarily due to an increase in surplus liquidity deposited with the Riksbank via commercial paper. Other changes were within the scope of the normal management of the liquidity reserve to maintain the desired duration and credit risk profile.

Lending to credit institutions **A** 2

Lending to credit institutions decreased to SEK 11.8 billion (20.1). The decrease was due to the change in collateral in the form of CSAs for the Group's derivative positions. The collateral is primarily affected by changes in interest and exchange rates. The above changes were within the scope of the normal short-term liquidity management.

Lending to the public **A** 3

Lending to the public increased to SEK 517.4 billion (509.5), of which SEK 346.3 billion comprised residential mortgages, SEK 1.8 billion consumer loans, SEK 100.9 billion lending to property companies and SEK 68.4 billion lending to tenant-owners' associations.

→ Read more on pages 45–49

Bonds and other interest-bearing securities **A** 4

Bonds and other interest-bearing securities increased and amounted to SEK 64.9 billion (57.5). This change was driven by new purchases, which is within the scope of the normal management of the liquidity reserve.

LIABILITIES AND EQUITY

Liabilities to credit institutions **L** 1

Liabilities to credit institutions decreased during the quarter to SEK 5.6 billion (8.2), primarily driven by outflows of securities connected to derivatives (CSAs). The changes were within the scope of the normal short-term liquidity management.

Deposits from the public **L** 2

Deposits from private individuals increased SEK 32.8 billion to a total of SEK 215.2 billion (182.4), of which total deposits of SEK 173.1 billion (140.6) pertained to retail deposits and SEK 42.1 billion (41.8) deposits from corporate clients and tenant-owners' associations.

→ Read more on pages 50–51

Issued debt securities, etc. **L** 3

Issued debt securities outstanding decreased SEK 11.1 billion over the year to a total of SEK 382.8 billion (393.9), of which SEK 326.2 billion (328.9) comprised covered funding and SEK 56.6 billion (65.0) unsecured funding.

→ Read more on pages 50–51

Subordinated debt **L** 7

Subordinated debt totalled SEK 2.0 billion (2.0). The quarter saw no new issues, repurchases or maturities.

Equity **EQ** 1 **L** 7

Equity amounted to SEK 24.1 billion (19.9). The primary reason behind the increase in equity was the increase in the fair value reserve due to declining interest rates linked to the valuation of the Group's cash-flow hedges. Net profit/loss for the period resulted in an increase in equity of SEK 2.4 billion.

Parent Company

Lending to the public totalled SEK 24.2 billion (25.8). Deposits from the public totalled SEK 215.2 billion (182.4).

AB Sveriges S akerst allda Obligationer (publ), SCBC

SCBC does not conduct any new lending itself but instead acquires loans from SBAB Bank, on an ongoing basis or as necessary. The aim of securing these loans is to include them, in part or in full, in the assets that comprise collateral for holders of SCBC's covered bonds. SCBC's lending portfolio comprises loans for residential mortgages, with lending to consumers the largest segment. At the end of the period, SCBC's lending amounted to SEK 493.2 billion (483.7). Information regarding SCBC's lending, the cover pool, is published monthly on the website www.sbab.se. SCBC's 2023 Annual Report is available at www.sbab.se.

Statement of changes in equity

| SEK million | Note | GROUP | | | | Total equity |
|--|------|---------------|-----------------------------|-------------------------------|---|--------------|
| | | Share capital | Reserves/Fair value reserve | Additional Tier 1 instruments | Retained earnings and net profit for the year ¹⁾ | |
| Opening balance, 1 Jan 2023 | | 1,958 | -6,639 | 5,800 | 18,830 | 19,949 |
| Additional Tier 1 instruments | | - | - | - | - | - |
| Additional Tier 1 instruments, dividend | | - | - | - | -340 | -340 |
| Dividend | | - | - | - | -832 | -832 |
| Other | | - | - | - | 3 | 3 |
| Other comprehensive income, net of tax | EQ 1 | - | 2,902 | - | - | 2,902 |
| Net profit for the year | | - | - | - | 2,408 | 2,408 |
| Comprehensive income for the year | | - | 2,902 | - | 2,408 | 5,310 |
| Closing balance 31 Dec 2023 | | 1,958 | -3,737 | 5,800 | 20,069 | 24,090 |
| Opening balance, 1 Jan 2022 | | 1,958 | 919 | 4,300 | 17,768 | 24,945 |
| Additional Tier 1 instruments | | - | - | 1,500 | - | 1,500 |
| Additional Tier 1 instruments, dividend | | - | - | - | -187 | -187 |
| Dividend | | - | - | - | -832 | -832 |
| Other comprehensive income, net of tax | EQ 1 | - | -7,558 | - | - | -7,558 |
| Net profit for the year | | - | - | - | 2,081 | 2,081 |
| Comprehensive income for the year | | - | -7,558 | - | 2,081 | -5,477 |
| Closing balance 31 Dec 2022 | | 1,958 | -6,639 | 5,800 | 18,830 | 19,949 |

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

| | | PARENT COMPANY | | | | | |
|--|------|-------------------|-------------------|---------------------|-------------------------------|---|--------------|
| | | Restricted equity | | Unrestricted equity | | | |
| SEK million | Note | Share capital | Statutory reserve | Fair value reserve | Additional Tier 1 instruments | Retained earnings and net profit for the year | Total equity |
| Opening balance, 1 Jan 2023 | | 1,958 | 392 | -152 | 5,800 | 8,252 | 16,250 |
| Additional Tier 1 instruments | | - | - | - | - | - | - |
| Additional Tier 1 instruments, dividend | | - | - | - | - | -340 | -340 |
| Dividends paid | | - | - | - | - | -832 | -832 |
| Other | | - | - | - | - | 3 | 3 |
| Other comprehensive income, net of tax | EQ 1 | - | - | 93 | - | - | 93 |
| Net profit for the year | | - | - | - | - | 5,703 | 5,703 |
| Comprehensive income for the year | | - | - | 93 | - | 5,703 | 5,796 |
| Closing balance 31 Dec 2023 | | 1,958 | 392 | -59 | 5,800 | 12,786 | 20,877 |
| Opening balance, 1 Jan 2022 | | 1,958 | 392 | 165 | 4,300 | 8,737 | 15,552 |
| Additional Tier 1 instruments | | - | - | - | 1,500 | - | 1,500 |
| Additional Tier 1 instruments, dividend | | - | - | - | - | -187 | -187 |
| Dividends paid | | - | - | - | - | -832 | -832 |
| Other | | - | - | - | - | 1 | 1 |
| Other comprehensive income, net of tax | EQ 1 | - | - | -317 | - | - | -317 |
| Net profit for the year | | - | - | - | - | 533 | 533 |
| Comprehensive income for the year | | - | - | -317 | - | 533 | 216 |
| Closing balance 31 Dec 2022 | | 1,958 | 392 | -152 | 5,800 | 8,252 | 16,250 |

Cash-flow statement

| SEK million | GROUP | | PARENT COMPANY | |
|--|---------------|---------------|----------------|---------------|
| | 2023 | 2022 | 2023 | 2022 |
| Opening cash and cash equivalents | 23,625 | 10,742 | 151,102 | 133,519 |
| OPERATING ACTIVITIES | | | | |
| Interest received | 25,127 | 9,735 | 9,758 | 2,777 |
| Commission received | 72 | 89 | 82 | 81 |
| Interest paid | -19,022 | -4,847 | -8,455 | -2,151 |
| Commission paid | -86 | -84 | -53 | -49 |
| Outflows to suppliers and employees | -2,039 | -1,797 | -1,781 | -1,556 |
| Taxes paid/refunded | 840 | -838 | -338 | -334 |
| Change in lending to the public | -8,001 | -42,519 | 1,494 | -818 |
| Change in chargeable treasury bills, etc. | -6,731 | -7,400 | -6,732 | -7,458 |
| Change in bonds and other interest-bearing securities and fund units | -5,392 | -9,827 | -5,393 | -9,827 |
| Change in liabilities to credit institutions | -2,631 | -8,135 | -2,235 | -6,819 |
| Change in deposits from the public | 32,768 | 37,493 | 32,768 | 37,493 |
| Change in issued debt securities, etc. | -19,785 | 45,262 | -9,592 | 3,882 |
| Change in other assets and liabilities | 449 | -4,807 | 8,254 | 1,709 |
| Cash flow from operating activities | -4,431 | 12,325 | 17,776 | 16,930 |
| INVESTING ACTIVITIES | | | | |
| Sale of property plant and equipment | - | - | - | - |
| Investments in PPE | -32 | -12 | -39 | -11 |
| Investments in intangible assets | -131 | -57 | 0 | 0 |
| Investments in subsidiaries | - | - | - | -1 |
| Investments in joint ventures | 1 | -3 | 1 | -3 |
| Shareholders' contribution paid | - | - | -6,750 | - |
| Cash flow from investing activities | -162 | -72 | -6,788 | -15 |
| FINANCING ACTIVITIES | | | | |
| Dividends paid | -832 | -832 | -832 | -832 |
| Repayment of subordinated debentures | - | - | - | - |
| Change in additional Tier 1 instruments | - | 1,500 | -340 | 1,500 |
| Repayment of lease liabilities | -43 | -38 | - | - |
| Cash flow from financing activities | -875 | 630 | -1,172 | 668 |
| Increase/decrease in cash and cash equivalents | -5,468 | 12,883 | 9,816 | 17,583 |
| Closing cash and cash equivalents | 18,157 | 23,625 | 160,918 | 151,102 |

Comments to the cash-flow statement

The cash-flow statement is reported in accordance with IAS 7, and cash and cash equivalents are defined as cash and balances at central banks as well as lending to credit institutions. Subordinated receivables (receivables from Group companies) are included in cash and cash equivalents for the Parent Company, and are recognised in the Parent Company's balance sheet under Lending to credit institutions. Receivables from Group companies include one receivable of SEK 5 billion pertaining to the anticipated dividend.

cont. Cash-flow statement

Change in liabilities attributable to financing activities

| SEK million | GROUP | | | | | | | | | | | |
|-------------------------------|--------------------------------|------------|----------------|-----------|--------------|--------------------------------|--------------------------------|-----------|----------------|--------------|--|--------------------------------|
| | Opening balance, 1 Jan 2023 | Cash flow | Non-cash items | | | Closing balance 31 Dec 2023 | Opening balance, 1 Jan 2022 | Cash flow | Non-cash items | | | Closing balance 31 Dec 2022 |
| | | | Fair value | Other | | | | | Fair value | Other | | |
| Subordinated debt | 1,997 | - | - | 1 | 1,998 | 1,996 | - | - | 1 | 1,997 | | |
| Lease liabilities | 192 | -43 | - | 34 | 183 | 208 | -38 | - | 22 | 192 | | |
| Additional Tier 1 instruments | 5,800 | - | - | - | 5,800 | 4,300 | 1,500 | - | - | 5,800 | | |
| Total | 7,989 | -43 | - | 35 | 7,981 | 6,504 | 1,462 | - | 23 | 7,989 | | |

| SEK million | PARENT COMPANY | | | | | | | | | | | |
|-------------------------------|--------------------------------|-----------|----------------|----------|--------------|--------------------------------|--------------------------------|-----------|----------------|--------------|--|--------------------------------|
| | Opening balance, 1 Jan 2023 | Cash flow | Non-cash items | | | Closing balance 31 Dec 2023 | Opening balance, 1 Jan 2022 | Cash flow | Non-cash items | | | Closing balance 31 Dec 2022 |
| | | | Fair value | Other | | | | | Fair value | Other | | |
| Subordinated debt | 1,997 | - | - | 1 | 1,998 | 1,996 | - | - | 1 | 1,997 | | |
| Additional Tier 1 instruments | 5,800 | - | - | - | 5,800 | 4,300 | 1,500 | - | - | 5,800 | | |
| Total | 7,797 | - | - | 1 | 7,798 | 6,296 | 1,500 | - | 1 | 7,797 | | |

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G:1 Accounting policies

SBAB Bank AB (publ), "SBAB," and its subsidiaries mainly conduct lending to consumers, tenant-owners' associations and companies in the Swedish residential mortgage market. SBAB's offering also includes savings products. SBAB is a Swedish public limited banking company domiciled in Solna, Sweden. The address of the Head Office is SBAB Bank AB (publ), Box 4209, SE-171 04 Solna, Sweden.

The Annual Report for SBAB has been prepared in accordance with the International Financial Reporting Standards (IFRS) as adopted by the EU. In addition to these accounting standards, Finansinspektionen's (the Swedish FSA) regulations and general guidelines on annual accounts for credit institutions and securities companies (FFFS 2008:25), the Swedish Annual Accounts Act for Credit Institutions and Securities Companies and the Swedish Financial Reporting Board's recommendation RFR 1 Supplementary Accounting Rules for Groups were taken into consideration.

The Annual Report has been prepared in accordance with the cost method, apart from the revaluation of derivatives, financial assets and liabilities measured at fair value through profit or loss (FVTPL), financial assets measured at fair value through other comprehensive income (FVTOCI) and hedge-accounted items.

On 18 March 2024, the Board of Directors approved the financial statements for publication and these await final adoption by the Annual General Meeting on 24 April 2024.

These financial statements have been prepared on a going concern basis. On 18 March 2024, the Board of Directors approved the financial statements for publication.

Introduction of new and amended accounting standards, 2023

Amendments to IAS 1 Presentation of Financial Statements (disclosures pertaining to accounting policies)

The amendments entail the replacement of the IAS 1 requirement for disclosure of significant accounting policies with a requirement for disclosure of material information about accounting policies.

Factors that indicate whether or not an accounting policy is material include:

- Policies that have been prepared in accordance with IAS 8
- A choice of accounting policy is permitted
- Material change in policy
- Significant judgements or assumptions
- Complex accounting
- Company-specific elements

SBAB has reviewed the accounting policies and adapted them to the new IAS 1 requirements.

The amendments in IAS 12 are not expected to have any material effect on the financial statements.

Forthcoming amendments that enter force 2024 or later

Other amended accounting standards that enter force in 2024 or later are assessed as having no impact on the SBAB Group's accounting and financial statements.

General accounting policies

Consolidated financial statements

The consolidated financial statements were prepared in accordance with the acquisition method and include the Parent Company SBAB and its subsidiaries, over which SBAB has controlling influence through its exposure to, or right to, variable returns and where it can also affect the returns from the subsidiary by means of its influence. Intra-Group transactions and receivables, and liabilities between Group companies are eliminated.

In the event of an acquisition, the acquisition cost for SBAB's subsidiaries consists of the fair value of any assets provided by way of remuneration and any arisen or assumed liabilities, even those measured at fair value. Any unsettled consideration for a put option is valued at the present value of the redemption amount.

The part of any consideration transferred by SBAB for business combinations that exceeds the fair value of identifiable acquired net assets is recognised as goodwill. Goodwill is distributed over cash-generating units (CGUs) or groups of CGUs, which are expected to benefit from the acquisition through synergies.

Financial instruments

Recognition in and derecognition from the balance sheet

Financial instruments are recognised when the company is involved with the instrument's contractual terms. Issued and acquired securities, including all derivatives, are recognised on the trade date, meaning the date on which the significant risks and rights are transferred between the parties. Other financial instruments are recognised on the settlement date.

A financial asset is derecognised from the balance sheet when the contractual rights to receive cash flows from the financial asset expire and the Group has transferred essentially all of the risks and rewards of ownership of the asset. A financial liability is derecognised from the balance sheet when it is extinguished, meaning when the obligation specified in the contract is fulfilled, cancelled or has expired.

Offsetting

Financial assets and financial liabilities are to be offset and recognised at net amounts only where the recognised amounts may legally be offset and the intention is to settle the items with a net amount or to simultaneously realise the asset and settle the liability.

Recognition of income and expense

Interest income and interest expense (including interest income from impaired receivables) are recognised using the effective-interest method. The calculation of the effective interest rate includes all fees paid or received between the parties to the contract, including transaction costs. Since transaction costs in the form of remuneration to business partners or issue expenses attributable to the acquisition of loans constitute part of the acquisition cost of the loan, these costs are recognised in the balance sheet and included in profit or loss using the effective-interest method via net interest income over the expected tenor of the loan.

IFRS 15 – Revenue from Contracts with Customers is applied for various types of services that are mainly recognised in profit or loss as Commission income. Revenue from lending is primarily recognised when the service is provided, in other words at a specific date. Other commission income and Other operating income are mainly recognised when these services are rendered, in other words, in a straight line over time. Commission expenses are included in profit or loss continuously in accordance with the contractual terms.

In the event of premature redemption of loans, the customer pays interest compensation intended to cover the cost that arises for SBAB. This compensation is recognised as income directly under the heading "Net result of financial transactions." Other items under this heading are described in the "Classification" section.

Classification

All financial instruments covered by IFRS 9 are classified pursuant to this standard in the following categories:

- Financial assets measured at amortised cost
- Financial assets measured at FVTOCI
- Financial assets measured at FVTPL
- Financial liabilities measured at FVTPL
- Financial liabilities measured at amortised cost

The instruments in the respective categories are valued in the following reporting, and where applicable, together with the required adjustments under the hedge accounting rules.

Financial assets measured at amortised cost

Assets in this category are recognised at cost, defined as fair value plus transaction costs, on the acquisition date and thereafter at amortised cost after application of the effective-interest method.

This category consists of assets that are held within the framework of a business model where the objective is to hold financial assets in order to collect contractual cash flows solely comprised of capital and interest. The assets in this category encompass lending, interest-bearing securities and other assets that meet the above terms.

Impairment losses are recognised in profit or loss under "Impairment of financial assets" for securities and under "Net credit losses" for other assets, while the effective interest rate is recognised as interest income. Refer also to the "Credit losses and impairment of financial assets" section.

Realised gains or losses from the sale of assets are recognised directly in profit or loss under "Net result of financial transactions."

Financial assets measured at FVTOCI

Assets in this category are recognised on the acquisition date at fair value plus transaction costs, and thereafter at fair value in the balance sheet, with unrealised changes in value recognised as a component of other comprehensive income and accumulated in a separate reserve (the fair value reserve) in equity.

This category consists of assets that are held within the framework of a business model where the objective is to hold or sell these assets in order to collect contractual cash flows solely comprised of capital and interest. The category consists of interest-bearing securities.

The assets are subject to ongoing impairment testing. Refer also to the "Credit losses and impairment of financial assets" section. Impairments are recognised in profit or loss under "Net result of financial transactions" and as a change in the fair value reserve in equity via other comprehensive income.

Changes in fair value are transferred from other comprehensive income to the net result of financial transactions in profit or loss when the asset has been realised or an impairment is recognised. (Changes in value that are attributable to exchange rate changes are recognised in profit or loss).

Financial assets measured at FVTPL

On initial recognition, assets in this category are recognised at fair value, while related transaction costs are recognised in profit or loss.

Changes in fair value and realised gains or losses for these assets are recognised directly in profit or loss under the heading "Net expense from financial transactions," while the effective interest rate is recognised as interest income.

The category encompasses interest-bearing securities that, on initial recognition, were identified as measured at FVTPL to eliminate inconsistencies in valuation and recognition, the so-called fair value option.

Furthermore, this category includes assets that do not meet the definitions for other valuation categories and, accordingly, are measured at FVTPL. (For example, assets classed as held for trading and assets with cash flows other than capital and interest on capital). At SBAB, these assets consist exclusively of derivatives.

Financial liabilities measured at FVTPL

On initial recognition, liabilities in this category are recognised at fair value, while related transaction costs are recognised in profit or loss.

The category is divided into financial liabilities held for trading and financial liabilities that Executive Management has designated as such upon initial recognition.

All of SBAB's liabilities in this category consist of derivatives that are used to hedge financial risk and which have been defined as held for trading in the financial reporting.

Changes in fair value and realised gains or losses for these liabilities are recognised in profit or loss under "Net result of financial transactions," while the effective interest rate is recognised as interest expense.

Financial liabilities measured at amortised cost

Financial liabilities that are not classified as "Financial liabilities measured at FVTPL" are initially recognised at fair value with an addition for transaction costs and are subsequently recognised at amortised cost using the effective-interest method. This category consists mainly of issued debt securities, deposits from the public and liabilities to credit institutions. Realised gains or losses from the buyback of own debt affects net profit for the year when incurred and are recognised under the heading "Net result of financial transactions," while the effective interest rate is recognised as interest expense.

Repos

Repos are agreements where the parties have reached agreement on the sale and repurchase of a particular security at a pre-determined price. Securities that have been provided or received under these repo agreements are not derecognised from or not recognised in the balance sheet, respectively. Payments received are recognised in the balance sheet as liabilities to credit institutions and payments made are recognised as lending to credit institutions. The impact on profit or loss is attributable to the difference between sale and repurchase prices and is recognised as interest income or interest expense, respectively.

Fair value measurement

Fair value is defined as the price that would be received on the valuation date on the sale of an asset or the price that would be paid to transfer a liability in an orderly transaction between market participants.

Fair value measurement of financial instruments measured at fair value and traded in an active market is based on quoted prices (Level 1).

If the market for a financial instrument is not active, the fair value is established on the basis of generally accepted measurement methods (Level 2). As far as possible, calculations made in conjunction with measurement are based on observable market data. The main tools used are models based on discounted cash flows. In individual cases, the calculations may also be based on assumptions or estimates (Level 3).

Equity instruments

Issued debt securities with the financial nature of equity, as per the definitions in IAS 32, are recognised as additional Tier 1 capital under equity. Interest payments on these instruments are recognised as a deduction from equity at the time of payment.

Derivatives and hedge accounting

Derivatives are used primarily to manage interest-rate and currency risk in the Group's assets and liabilities, and are recognised at fair value in the balance sheet.

For economic hedges where the risk of a significant fluctuation in profit or loss is the greatest and that meet the formal hedge accounting criteria, SBAB has chosen to apply hedge accounting for the hedging of interest-rate and currency risk. There are also other economic hedges for which hedge accounting is not applied. For hedge accounting, the carve-out version of IAS 39 is applied, as adopted by the EU.

Fair value hedging

In the case of fair value hedging, the derivative hedging instrument is measured at fair value at the same time as the hedged asset or liability is measured with an addition for accumulated changes in fair value attributable to the hedged risk associated with the hedged item. Changes in fair value are recognised directly in profit or loss under "Net result of financial transactions." The effective interest rate of the hedge is recognised in net interest income.

If hedging relationships are terminated, the cumulative gains or losses are accrued in profit or loss, after adjustment of the carrying amount of the hedged item. The accrual extends over the remaining maturity of the hedged item. Both the accrual and the realised gain or loss arising from premature closure of a hedging instrument are recognised in profit or loss under "Net result of financial transactions."

Macro hedges

In this type of hedging, derivatives are used at an aggregated level to hedge interest-rate risks. In the financial statements, derivatives designated as macro hedges are treated in the same way as other fair-value hedging instruments.

In fair-value hedging of portfolios of assets, the gain or loss attributable to the hedged risk is recognised under "Value changes of interest-rate-risk hedged items in macro hedges" in the balance sheet. The hedged item is a portfolio of lending transactions based on the next contractual renewal date. The hedging instrument used is a portfolio of interest-rate swaps grouped in accordance with renewal intervals based on conditions in the fixed leg of the swap.

Cash-flow hedges

In the case of cash-flow hedges, the hedging instrument (the derivative) is valued at fair value. The effective part of the total change in value is reported as a component in other comprehensive income and accumulated in a separate reserve (hedge reserve) in equity. The accumulated amount is reversed in the income statement in periods where the hedged item affects the profit or loss. The ineffective part of the derivative's change in value is transferred to the income statement under "Net result of financial transactions," where the realised gain or loss arising at the end of the hedging relationship is recognised. The effective interest-rate of the derivative is recognised in net interest income.

Credit losses and impairment of financial assets

Changes in expected credit losses (ECL) during the year, together with deductions for guarantees expected to be utilised or that have been utilised plus any recoveries, are recognised as credit losses in the income statement. The term "confirmed credit losses" refers to losses where the amounts are definite or established with a high level of probability and have thus been derecognised from the balance sheet.

Impairment – expected credit losses (ECL)

The recognition of a loss allowance depends on the classification of the exposure under IFRS 9 and its cash flow characteristics:

- For financial assets measured at amortised cost, the loss allowance is recognised as a deductible item together with the asset in the balance sheet.
- For financial assets measured at FVTOCI, the loss allowance is recognised in equity in the balance sheet.

- For exposures that are not recognised in the balance sheet (for example, loan commitments and building credits), the loss allowance is recognised as a provision under liabilities in the balance sheet.

ECL for lending portfolio

Under IFRS 9, following initial recognition, financial assets in lending operations are divided into three credit stages according to their relative credit risk:

| | ←----- Change in credit risk -----> | | |
|------------------------|-------------------------------------|--|------------------------------|
| | Stage 1 | Stage 2 | Stage 3 |
| Timing | From initial recognition | On a significant increase in credit risk following initial recognition | On default |
| Loss allowance | 12-month ECL | Lifetime ECL | Lifetime ECL |
| Interest income | Based on gross carrying amount | Based on gross carrying amount | Based on net carrying amount |

Depending on the credit stage, the loss allowance is determined by calculating the ECL for the next 12-month period or the remaining expected lifetime. Loans can migrate between credit stages from one balance-sheet date to another. This is decided based on changes in credit risk compared with initial recognition. Interest income for loans in credit stage 3 is based on the net carrying amount after deduction of the loss allowance, while interest income for the other credit stages is based on the gross carrying amount.

Credit stage 1

For loans where the credit risk has not increased significantly since initial recognition, the loss allowance will correspond to a 12-month ECL. Three risk parameters are taken into consideration when measuring ECLs; Probability of Default (PD), Loss Given Default (LGD); and Exposure at Default (EAD), where the product results in the ECL. Since the ECL for credit stage 1 loans reflects a 12-month period, PD is measured over 12 months. To calculate the ECL, SBAB uses its credit risk models under the internal ratings-based approach (IRB) which are intended for capital adequacy purposes, but where appropriate adjustments have been made to ensure an accurate and point-in-time value of the ECL that reflects both the prevailing economic conditions as well as forward-looking information. The adjustments include the removal of margins of conservatism and through-the-cycle calibration of the risk parameter estimates through an economic cycle as stipulated in the Capital Requirements Regulation (CRR). This way, the ECL reflects the actual credit risk. Moreover, the effects of macroeconomic factors, which constitute the forward-looking information, are applied to the risk parameter estimates to capture variations of possible outcomes in ECL. The same procedure for adjusting the risk parameters from IRB is also applied in credit stages 2 and 3. For more information on IRB credit risk models; please refer to Note [RC 1](#).

Credit stage 2

For loans where the credit risk has increased significantly since initial recognition, the loss allowance will correspond to a lifetime ECL. Since the ECL for credit stage 2 loans reflects the remaining lifetime of the loan, PD is measured over the remaining term. Assessments of whether a significant increase in credit risk has occurred are made on an individual and a collective basis for homogeneous credit risk groups, known as rating grades. Determination of the above is based on historical default rates for the respective rating grades and the forward-looking information in the form of projected macroeconomic factors that show a correlation to the bank's default rates. SBAB assesses whether credit risk has increased significantly since initial recognition by measuring the deviations from an expected PD trajectory for the original rating grade. In addition to measurement of the change in PD, an assumption that payments are more than 30 days past due is also applied as a criterium for significant increase in credit risk. Due to the coronavirus pandemic, in 2020, the bank introduced a qualitative indicator for assessing a significant increase in credit risk relating to amortisation exemptions for consumer loans. Amortisation exempted consumer loans are automatically migrated to credit stage 2. No further qualitative indicators exist for the assessment of a significant increase in credit risk, given that qualitative factors are already taken into account when estimating PD in the Corporates & Associations business area. Qualitative factors capture aspects of, inter alia, maintenance needs and management of properties as well as the financial stability of the borrowers. Furthermore, credit experts within this business area may also manually adjust the rating grade and hence the estimated PD if justified.

Credit stage 3

Credit impaired loans should also be assigned a loss allowance that corresponds to a lifetime ECL. To determine whether a loan has suffered credit deterioration, the internal default definition is primarily applied, which entails all loans to the borrower in default being classified as credit impaired and being allocated to credit stage 3. Accordingly, the PD for credit stage 3 corresponds to 100%. In addition to the internal definition of default, the IFRS 9 assumption that a loan is credit impaired when more than 90 days past due is also applied. Unlike the internal default definition where both relative and absolute thresholds are applied, this assumption does not take into account any relative thresholds for past-due amounts, meaning that credit stage 3 includes more loans than just those that are credit impaired solely due to default.

SBAB applies a default definition whereby a borrower is considered to be in default if any of the following criteria are met:

- The borrower has loans due for payment with material amounts that are overdue by more than 90 consecutive days.
- It is unlikely that the borrower will fulfil its credit obligations to SBAB (unlikelihood to pay).

A number of events are considered by the bank when assessing unlikelihood to pay, including:

- The loan has been restructured and the borrower has been granted significant forbearance measures.
- The borrower is categorised as insolvent based on expert judgements for unlikelihood to pay.

ECL for off-balance exposure

For off-balance exposures, initial recognition is defined as the moment the bank enters into the irrevocable undertaking. The loss allowance is calculated in the same manner as for loans, but includes the application of a credit conversion factor (CCF). The CCF measures the proportion of the commitments that is expected to be converted into an on-balance exposure.

In common with other risk parameters, the CCF is also used in the IRB approach for capital adequacy. IRB applies the CRR regulatory standardised values for CCF for capital adequacy purposes. The same CCF standardised values are applied in the ECL model for ECL calculation.

ECL for liquidity portfolio

Under IFRS 9, ECL should also be measured for financial assets in the liquidity portfolio. ECLs are calculated for instruments measured at amortised cost and for assets measured at FVTOCI. The holdings in the liquidity portfolio solely comprise liquid, interest-bearing securities with high ratings, and where all of the securities are classified as investment grade. Since investment grade is applied as an indicator to allow assessment as a low credit risk pursuant to IFRS 9, this entails that all securities are allocated to credit stage 1 as long as they meet these requirements. For this reason, SBAB conducts regular checks to ensure the securities are investment grade and has internal policies that require the liquidity portfolio to only include high quality assets. The loss allowance for the liquidity portfolio corresponds to 12-month ECL. Since SBAB uses external ratings, any changes in ratings are captured when calculating ECL at the balance-sheet date.

Measuring significant increases in credit risk

To measure significant increases in credit risk, historical data for the lending portfolio has been analysed with regard to default and the PD trend over time given the original rating grades at initial recognition. The thresholds have been determined through analysis of confidence intervals for the PD of a given loan in the historical portfolio and its original rating grades. The thresholds encompass PD deviations that exceed the third percentile for the Retail business area and the fourth percentile for the Corporates & Associations business area. These correspond to confidence levels of 97 and 96%. The loan then migrates to credit stage 2 and remains there for as long as its PD, measured over 12 months, is above the threshold. The thresholds are calibrated with a statistical test using correlation coefficients where the PD levels are based on an optimisation to maximise the identification of future credit losses for non-credit-impaired loans (not belonging to credit stage 3), while the identified proportion that does not lead to a confirmed credit loss is minimised. Migration from credit stage 2 to credit stage 1 is controlled by the PD threshold and the assumption of overdue payments by more than 30 days, as prescribed in IFRS 9. No probation period is applied for migrations back to credit stage 1. The bank has not deemed this necessary since PD is largely based on the borrower's payment history, which entails a certain time delay.

Forward-looking information

Forward-looking information is used to account for future cyclical fluctuations in the economy when calculating ECL and thus achieve an objective estimate that considers variations in the outcome. The forward-looking information comprises forecasts of macroeconomic factors that are highly signifi-

cant for the Swedish housing market and that strongly correlate with default rates and credit losses in lending. The forward-looking information extends 36 months forward and is aligned with the forecast period applied in SBAB's Internal Capital and Liquidity Adequacy Assessment process (ICLAAP). Moreover, 36 months is considered to encompass the effective period of an economic downturn (or upturn).

After 36 months, the bank assumes that the economy will swing back to the baseline as per the balance-sheet date, which will thereafter apply for the remaining time until maturity for the loans. The assumption has been assessed as reasonable since loans have relatively limited expected maturities – less than ten years – and the occurrence of several consecutive major economic fluctuations over the remaining maturity is deemed unlikely. The repo rate and unemployment are both factors with strong correlations to PD and default rates in the Swedish housing market. Changes in the repo rate and hence market rates will indirectly affect borrowers' interest expenses, while changes in employment will directly impact their capacity to pay. To measure the effect on PD, a model has been estimated that explains the bank's default rate through the two macroeconomic factors. For LGD, housing prices have been used as macroeconomic factors to explain the changes in loss rates. As credit losses on secured lending are largely attributable to the loan-to-value (LTV) ratio and thereby to market values of collateral, a perfect correlation with the LGD is deemed to exist here. Therefore, a simple scaling of the LGD is carried out to reflect the effect of this factor. In the deteriorated scenarios, which are intended to reflect financial crises, downward adjusted LGD estimates are used without margins of conservatism from the IRB framework, unlike the other scenarios where the LGD estimates reflect the current business cycle.

The forward-looking information should be viewed as an adjustment to the two risk parameters, PD and LGD, which impact both the allocation of credit stages and the level of the ECL. In the identification of the macroeconomic factors, separate correlations between these factors were analysed to secure reasonable scenarios. With regards to EAD, cash flows are projected by the amortisation schedule. An early redemption factor has also been applied to take into account the expected remaining duration of the loan. The same macroeconomic factors and their effects are applied consistently for all exposure types in the bank's lending portfolio. Currently, four scenarios are modelled, in which positive and negative forecasts for the above macroeconomic factors are evaluated. These scenarios are assessed to be sufficient to capture the range of possible outcomes in ECL based on prevailing economic conditions. The final ECL is then weighted according to the likelihood that SBAB will experience credit losses of the scale envisaged in the respective scenario. Internal data of experienced default and credit loss rates, on which PD and LGD are based, together with forward-looking information analysed through macroeconomic factors in various scenarios, ensures that SBAB obtains an objective and probability-weighted ECL pursuant to IFRS 9.

Decisions on forward-looking information and management overlays The Chief Risk Officer (CRO), supported by the Chief Economist and credit risk experts, submits proposals for updates in the forward-looking information. The proposal is presented to the Assets and Liabilities Committee (ALCO), which then takes decisions regarding the forecasts of macroeconomic factors and the weighting of ECL in the respective scenario. The decision from ALCO also needs to be approved by relevant board members of the Risk and Capital Committee.

In the event of larger shocks to the housing or financial markets, manual adjustment in the form of management overlays of the ECL may be necessary. As for the forward-looking information, proposals are submitted to ALCO for decision which subsequently are to be approved by the Risk and Capital Committee. Management overlays may involve add-ons to both PD and LGD and should be managed in the same way as the forward-looking information. Where adjustments are to be made within geographical areas or certain product types that are particularly affected by the shocks, a manual allocation of ECL to affected loans may be necessary.

Time value of money

Under IFRS 9, the ECL for loans with variable interest rates should be discounted with the effective interest rate. All loans in SBAB's lending portfolio have variable interest rates with different maturities. The nominal interest rate of the loan according to actual terms and conditions has been used as an approximation of the effective interest rate. Since no arrangement fees are charged to borrowers and invoicing charges only arise to a limited extent, this is assessed to be a reasonable approximation.

Uncertainty in calculating ECL

The primary source of uncertainty in calculating the ECL is the forward-looking information. SBAB simulates ECL in several scenarios that are positive and negative in nature to capture the variation in the outcome for future credit losses. The macroeconomic factors impact the risk parameters PD and LGD

and have in turn a significant impact on the final ECL. The estimate of the ECL varies depending on the choice of weights assigned to the forward-looking scenarios. For information about the scenarios applied at the closing period, scenario weighting and the variation in ECL that demonstrates the sensitivity of the forward-looking information, please refer to Note RC 1.

Another source of uncertainty is the thresholds for PD, which are used to measure a significant increase in credit risk. The thresholds have a direct impact on the size of the ECL. The following table presents how the lending exposure is allocated over the credit stages for various PD thresholds and the impact on ECL based on the current threshold, corresponding to deviations in PD at the third percentile for the Private business area and the fourth percentile for the Corporates & Associations business area.

Sensitivity analysis of PD thresholds

| Allocation of EAD over credit stage and change in ECL | Percentile | | |
|---|------------|-------|--------|
| | 5 | 4/3 | 1 |
| Credit stage 1 | 85.4% | 90.7% | 96.5% |
| Credit stage 2 | 14.4% | 9.2% | 3.4% |
| Credit stage 3 | 0.1% | 0.1% | 0.1% |
| Δ ECL | +14.4% | - | -16.0% |

Modification of financial assets

If the contractual cash flows from a loan are renegotiated or otherwise modified, SBAB assesses whether the change will result in a modification gain or loss and whether the amount is significant to the extent that the modification will lead to derecognition. The change is deemed material when the renegotiated terms and conditions imply that the net present value of cash flows differ more than 10% from the net present value according to the original terms and conditions. The 10% threshold for materiality is decided based on a qualitative assessment of what is considered a reasonable level. Moreover, this level corresponds to the materiality threshold in terms of the modification of debt instruments pursuant to IFRS 9. A significant modification that leads to derecognition, will lead to the loan receiving a new initial recognition and thus a new original rating grade. Amortisation exemptions will be classified as modifications in the event they result in changes of the loans' terms and conditions. However, amortisation exemptions do not lead to any modification gains or losses as they do not affect the net present value of the loan.

Other

Functional currency

The Parent Company's functional currency and presentation currency is SEK. The Group's presentation currency is SEK.

Foreign currency translation of receivables and liabilities

Foreign currency transactions are recognised by applying the exchange rate on the transaction date, and foreign currency receivables and liabilities are translated using the closing-date rate. Foreign exchange gains or losses resulting from settlements of foreign currency transactions and from the translation of monetary assets and liabilities in foreign currency are recognised in profit or loss under "Net result of financial transactions."

Leases

Reported leases primarily pertain to office premises and office equipment. Current property leases (with the exception of short-term and smaller leases) are recognised under PPE (right-of-use assets) with a corresponding liability (lease liability) in the balance sheet. Leases are recognised as property, plant and equipment only in the Group in accordance with the exemption in RFR2.

The property leases pertain to premises and extend for a term of two to 12 years. The present value of leases is measured, where the lease duration and the discount rate form the most material parameters. SBAB uses the incremental borrowing rate as a discount rate, and it applies for the entire duration of the contract, including any indexing.

Short-term leases of less than 12 months, or leases of low-value assets (less than USD 5,000), are recognised as costs in a straight line over the lease term and, accordingly, are not included in lease liabilities or right-of-use assets.

Property, plant and equipment

SBAB recognises property, plant and equipment as assets in the balance sheet if it is probable that future financial benefits will flow to the company. Property, plant and equipment are recognised at cost less any accumulated depreciation and impairment losses. Property, plant and equipment includes leases managed according to IFRS 16 – see the section Leases.

Depreciation is applied to property, plant and equipment on a straight-line basis over the useful life of the asset. The depreciable amount is calculated as the cost of the asset less its estimated residual value at the end of its useful

life. Computer hardware is depreciated over four years and other equipment over five years. The residual value and useful life of an asset are assessed annually.

Lease depreciation is based on the sum of the present value at the start of the contract and over the term of the contract, i.e., straight-line depreciation.

Intangible assets

Investments in acquired computer software or software developed by SBAB are recognised at cost after accumulated amortisation and impairment losses have been deducted. Costs for the maintenance of software are expensed as they arise. When the criteria in IAS 38 are met, proprietary software is recognised as an asset. SBAB has an internally developed process for capitalising proprietary software. The person authorising the initiative/project manager is responsible for clearly formulating what is to be developed, describing the economic benefits and ensuring that SBAB can reliably calculate the expenses attributable to the investment during its development. Decisions on the capitalisation of proprietary software are taken in consultation with SBAB's IT controller.

Development expenditure is capitalised only in the consolidated financial statements. Intangible assets include goodwill arising from acquisitions of subsidiaries where the consideration paid for the business combination exceeds the fair value of net identifiable assets acquired – refer also to the Consolidated Financial Statements section.

Amortisation of intangible fixed assets is allocated on a straight-line basis over the useful life of the asset. The assets are assessed as having useful lives of four or five years. The amortisation period and amortisation method for intangible fixed assets are reviewed at each financial year-end.

Impairment of non-financial assets

The recoverable amount of an asset is measured when there is any indication that an asset may be impaired. Development work not yet available for use is tested annually for impairment irrespective of whether there is any indication of impairment. An asset is impaired when its carrying amount exceeds its recoverable amount. The impairment loss for each period is charged against net profit/loss for the period.

Impairment of goodwill is recognised when a CGU (group of CGUs) carrying amount for goodwill exceeds its recoverable amount. When a need for impairment is identified for a CGU, the impairment amount is primarily allocated to goodwill. Thereafter, proportional impairment is applied to the other assets in the CGU.

The impairment amount is the higher of fair value less costs to sell and value in use. When calculating the value in use, future cash flows are discounted using a discounting factor that takes into account risk-free interest and the risks associated with the asset in question.

Tax

Total tax consists of current tax and deferred tax. Current tax comprises tax that is to be paid or received for taxable earnings during the current year and adjustments of current tax for previous years. Accordingly, for items recognised in profit or loss, the related tax effects are also recognised in profit or loss.

The tax effects of items recognised in other comprehensive income or directly in equity are recognised in other comprehensive income or directly in equity.

Deferred tax assets and tax liabilities are measured according to the balance sheet method on the basis of temporary differences that arise between the carrying amount and the tax base of an asset or liability. Deferred tax assets are recognised for unutilised tax losses to the extent that it is probable that the carry-forwards can be used to offset future taxable profit. Deferred tax is calculated in accordance with the tax rate applicable at the time of taxation.

Cash and cash equivalents

Cash and cash equivalents are defined as cash and balances at central banks, and lending to credit institutions.

Pensions

The Group has both defined-contribution and defined-benefit pension plans. For the defined-contribution pension plans, fixed fees are paid to an independent unit, following which no additional obligations arise. Pension costs for defined-contribution plans are expensed on a continuous basis in pace with vesting by the individual employee.

The defined-benefit pension obligation is calculated quarterly by independent actuaries using the "projected unit credit method," which entails reporting the Group's net obligation in terms of defined-benefit plans. SBAB only has defined-benefit plans and these pertain to employees in Sweden. Calculation of the present value of the defined-benefit obligation is discounted by the estimated future cash flows by applying the interest rate for mortgage bonds in SEK with maturities comparable to those of the pension obligation in

question. The net obligation for defined-benefit pensions is recognised only in the Group.

The provision for defined-benefit pensions includes special employer's contributions.

Segment reporting

SBAB's segment reporting is based on the segment information presented internally for monitoring and control purposes.

The Group has identified the CEO as the chief operating decision maker and the internal reporting used by the CEO to monitor and make decisions regarding the allocation of resources as the basis for the segment information to be presented.

SBAB's segments comprise the following:

- Private
- Corporates & Associations

Parent Company accounting policies

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

Differences compared with the Group

The main differences between the accounting policies of the Group and those of the Parent Company are shown below:

Presentation of the income statement and balance sheet

The Parent Company, as well as the Group, complies with the presentation standards for income statements and balance sheets stipulated in the Annual Accounts Act for Credit Institutions and Securities Companies. There is, however, a different presentation of equity. The Parent Company's statutory reserve is recognised in the Group as retained earnings, while the Parent Company's Fair value reserve is included in the Group's Reserves.

Intangible assets

Expenses attributable to proprietary software are recognised in the Parent Company as a cost in profit or loss.

Leases

Existing leases relate to normal leases for SBAB's operations and mainly concern office premises and office equipment. SBAB has chosen to apply IFRS 16 in the Group when there is no requirement to apply IFRS 16 to legal entities according to RFR 2.

Pensions

The Swedish Pension Obligations Vesting Act and regulations issued by the Swedish FSA contain rules requiring a different method of recognising defined-benefit pension plans compared with that stipulated in IAS 19. Application of the Swedish Pension Obligations Vesting Act is a prerequisite for tax deductibility of the pension payments. In view of this, RFR 2 states that the regulations of IAS 19 in terms of defined-benefit pension plans need not be applied by the legal entity.

Measurement in relation to the assumption of receivables

SBAB is the initial lender for all residential mortgages provided by the SBAB Group. Loan receivables, which meet the regulatory requirements for inclusion in the cover pool that provides security for the covered bonds issued by SCBC, are transferred on a daily basis from the Parent Company to the subsidiary, SCBC. The transfers are conducted at fair value.

Subsidiaries

Participations in subsidiaries are recognised in the Parent Company in accordance with the cost method.

Dividend

Dividends received from subsidiaries are recognised in profit or loss. Anticipated dividends from subsidiaries are recognised in cases where formal decisions have been taken in the subsidiary or where the Parent Company otherwise has full control over the decision-making process before it publishes its financial statements.

Dividends paid are recognised as a reduction of unrestricted equity following the passing of a resolution on dividends at the Annual General Meeting.

Group contributions

Group contributions received from subsidiaries are recognised in profit or loss, while Group contributions paid to subsidiaries by the Parent Company are recognised as increased participations in Group companies.

Critical accounting estimates and judgements

Critical assumptions

Preparing the annual accounts in compliance with statutory IFRS requires that Executive Management use estimates and judgements based on historical experience and assumptions that are considered to be reasonable and fair. No critical assumptions have been made over and above those that entail estimates. These estimates have a material impact on the carrying amounts of assets, liabilities and off-balance sheet exposures, as well as income and expenses presented in the Annual Report. Subsequently, the actual outcome may differ to some extent from the estimates made.

Measurement of loan receivables

The ECL must either relate to a 12-month period or the remaining maturity of the receivable if a significant increase in credit risk has occurred. When estimating credit losses, previously observable data is used together with assumptions pertaining to macroeconomic trends. As with all estimates of future outcomes, ECL assessment is uncertain, not least in terms of loan receivables that show a significant increase in credit risk, which may lead to asset adjustments. Moreover, an individual expert assessment for credit

impaired loan receivables is carried out where the risk of loss is imminent, which in itself gives rise to considerable uncertainty. Transfers of loan receivables within the Group are conducted at fair value.

For more information, see also the "Credit losses and impairment of financial assets" section.

Financial instruments measured at fair value

The valuation is made based on observable market data, in part through the direct application of market prices, and in part through generally accepted measurement methods. Critical estimates and judgements in conjunction with fair value measurement are made in the choice of which valuation technique and market data to use. In both cases, judgements are made with regard to how the valuation techniques and market data used comprise a good estimate of the fair value.

Impairment testing of goodwill

The value of recognised goodwill is tested at least once a year with regard to a potential need for impairment. This testing requires an assessment to be made of the value in use of the cash-generating unit to which the goodwill value is attributable. Furthermore, an assumption regarding expected future cash flows is required along with the establishment of a relevant discount rate for calculating the present cash flow value. The assessments conducted as of 31 December 2022 are described in Note [A 8](#).

G:2 Related party disclosures

SBAB Bank AB (publ) is a Swedish public limited company that is wholly owned by the Swedish state.

Group companies

The Swedish Covered Bond Corporation (SCBC) and Booli Technologies AB are to be regarded as subsidiaries and recognised in accordance with the acquisition method, which entails the elimination of internal transactions at Group level. Transactions with related parties have taken place at market terms. As of 30 November, SBAB had sold its holding in the subsidiary Boappa AB.

| Group SEK million | SBAB | | SCBC | | BOOLI | |
|--------------------------------------|----------------|----------------|----------------|----------------|----------|----------|
| | 2023 | 2022 | 2023 | 2022 | 2023 | 2022 |
| Assets | | | | | | |
| Lending to credit institutions | 144,158 | 128,457 | - | - | - | - |
| Derivatives | 12,377 | 21,769 | 10,122 | 12,556 | - | - |
| Accrued income and prepaid expenses | 763 | 375 | - | - | 2 | 1 |
| Other assets | 3 | 2 | - | - | - | - |
| Shareholders' contribution paid | 6,800 | 10 | - | - | - | - |
| Total | 164,101 | 150,613 | 10,122 | 12,566 | 2 | 1 |
| Liabilities and equity | | | | | | |
| Liabilities to credit institutions | - | - | 139,158 | 128,457 | - | - |
| Derivatives | 10,122 | 12,556 | 12,377 | 21,769 | - | - |
| Accrued expenses and deferred income | 3 | 1 | 3 | 2 | 0 | 0 |
| Other liabilities | - | - | 763 | 375 | - | - |
| Group contributions paid | - | - | 30 | 30 | - | - |
| Shareholders' contributions received | - | - | 6,800 | - | - | - |
| Total | 10,125 | 12,557 | 159,131 | 150,633 | 0 | 0 |

| Group SEK million | SBAB | | SCBC | | BOOLI | |
|---|--------|-------|--------|--------|-------|------|
| | 2023 | 2022 | 2023 | 2022 | 2023 | 2022 |
| Income and expenses | | | | | | |
| Interest income | 1,213 | 1,158 | 6,921 | 175 | - | - |
| Interest expense | -6,921 | -175 | -1,213 | -1,158 | - | - |
| Group contributions received | - | - | - | - | 30 | 30 |
| Commission income ¹⁾ | 31 | 24 | - | - | - | - |
| Commission expense | -1 | -1 | -31 | -24 | - | - |
| Other operating income ^{2, 3)} | 1,452 | 1,327 | - | - | 5 | 4 |
| Other administrative expenses | -3 | -3 | -1,452 | -1,327 | -1 | -1 |
| Marketing ³⁾ | -3 | -2 | - | - | - | - |

¹⁾ The Parent Company is compensated by the subsidiary SCBC for allowing SCBC to utilise a liquidity facility at the Parent Company, refer to Note IC 4

²⁾ The Parent Company receives fees from its subsidiaries SCBC and Booli for administrative services provided. With regard to the subsidiary Boappa, the Parent Company has received fees for administrative services of SEK 1 million (1) for the period until 30 November, refer to Note IC 6

³⁾ Booli receives fees from the Parent Company for marketing and product development, but has also received SEK 1 million (1) from Boappa for the cost of premises until 30 November, refer to Note IC 6

Loans to key personnel

| SEK million | GROUP | | | |
|-----------------------------|-----------|-----------------|-----------|-----------------|
| | 2023 | | 2022 | |
| | Lending | Interest income | Lending | Interest income |
| CEO | - | - | - | - |
| Board of Directors | 7 | 0 | 8 | 0 |
| Other key senior executives | 36 | 1 | 59 | 1 |
| Total | 43 | 1 | 67 | 1 |

The CEO and the Board of Directors refer to the Parent Company. Wherever relevant, the managing directors and boards of other Group companies are included under "Other key senior executives."

Deposits from key personnel

| SEK million | GROUP | | | |
|-------------------------------------|-----------|------------------|-----------|------------------|
| | 2023 | | 2022 | |
| | Deposits | Interest expense | Deposits | Interest expense |
| CEO and other key senior executives | 7 | 0 | 9 | 0 |
| Board of Directors | 5 | 0 | 5 | 0 |
| Total | 12 | 0 | 14 | 0 |

Lending to a member of the Board of SBAB Bank AB (publ) or to an employee who holds a senior position in the company does not take place on other terms than those SBAB Bank AB (publ) normally applies when granting credit. An employee holding a senior position, like other employees, is entitled to a benefit credit while a member of the Board is not entitled to a preferential credit. The ceiling for total capital debt on preferential terms is SEK 3,000,000 per household on the condition that the loan is within 85% of the property's LTV. On preferential loans of up to SEK 3,000,000, a 2-percentage point discount

is given against SBAB's current list rate. The preferential loan is taxable. The interest rate received after the discount must not be less than 0.25%.

Further disclosures pertaining to Board members and the Group Management are available in Note IC 5 Personnel costs

Other related parties

Information on the Board and their Board assignments is presented in the Corporate Governance Report, refer to page 66.

G:3 Proposed appropriation of profits

SBAB Bank AB (publ) posted a net profit for the year after tax of SEK 5,702,959,234. According to SBAB's balance sheet, SEK 18,527,130,546 is at the disposal of the Annual General Meeting.

| | |
|---|-----------------------|
| Fair value reserve | -58,837,861 |
| Additional Tier 1 instruments | 5,800,000,000 |
| Retained earnings | 7,083,009,173 |
| Net profit for the year | 5,702,959,234 |
| Total | 18,527,130,546 |
| <i>The Board proposes that the earnings be appropriated as follows (SEK):</i> | |
| A dividend distribution of SEK 49,200 per share, in total | 963,483,600 |
| To be carried forward | 17,563,646,946 |
| Total | 18,527,130,546 |

The proposed dividend, which amounts to 40% of the Group's net profit for the year, has been proposed with consideration for the rules on buffer capital, risk limitation and transparency under the Banking and Financing Business Act. Unrealised changes in value on assets and liabilities measured at fair value had a net negative impact on equity for SBAB Bank AB (publ) of SEK 90 million. The applicable regulations on capital adequacy mean that the company's own funds at any given time are to correspond to not less than the total capital requirement, which encompasses Pillar 1 capital requirements, Pillar 2 capital requirements, buffer requirements and any Pillar 2 guidance. After the proposed appropriation of profits, own funds amounted to SEK 28,209 million (27,484) and the total capital requirement amounted to SEK 23,901 million (22,914).

In the Board's assessment, the proposed dividend is justified considering the requirements that the nature, scope and risks of the operations impose on the scale of equity in the Parent Company and the Group, as well as on the needs of the Parent Company and the Group in terms of consolidation, liquidity and position. Furthermore, the Board assesses that the Parent Company and the Group's financial position do not give rise to any assessment other than that the Parent Company and the Group are expected to fulfil its obligations in the short and long term.

G:4 Events after the balance-sheet date

Nothing to report.

RC:1 Credit risk in lending operations

Measurement of credit risk within IRB

Credit risk in lending operations is defined as the risk that the customer is unable to fulfil its credit obligations. Credit risk is measured, in part, based on the customer's repayment capacity and, in part, through value changes in pledged collateral relative to the loan. Credit risk also arises in treasury operations, refer to Note RC 2.

The first step in managing credit risk in lending operations is through a credit-granting process wherein the ability of customers to meet their interest and capital repayments is analysed. Loans are only granted to customers who are assessed to be able to make repayments when interest rates comfortably exceed the interest rate that was current at the time of the credit decision. Moreover, the credit risk is restricted by credit limits adopted for various customers or customer groups. SBAB applies a debt-to-income ratio ceiling¹⁾ for new retail loans of 5.5 with the aim of keeping down customers' debt levels. The internal credit risk framework is supplemented with a quantitative model for the measurement of credit risk when granting credit. The model assesses the probability of default (PD) and ranks customers according to repayment capacity. Loans are only granted to borrowers with a low credit risk and who are assigned a PD corresponding to one of creditworthy rating grades, see below. In conjunction with the measurement of credit risk when lending to corporate customers, including real estate companies, property developers and tenant-owners' associations, systematic qualitative assessments are also conducted through a questionnaire as well as manual adjustments by credit experts. The qualitative questionnaire captures aspects of customers' business models, maintenance needs, and property management, as well as financial stability. As a result, the estimated PD corresponding to a rating grade will be a mix of the two methods. In this way a more tailored repayment capacity assessment can be carried out since different corporates and tenant-owners' associations can differ significantly.

In the second step the credit risk is managed using an internal ratings-based approach (IRB) according to the Capital Requirements Regulation²⁾ (CRR). The IRB is used for capital adequacy as well as for the control and follow-up of the credit risk for new and existing customers in the lending portfolio. SBAB applies an advanced IRB (AIRB) for retail loans to private individuals. Foundation IRB is applied for property loans to real estate companies and tenant-owners' associations, and for building credits. Pending the roll-out to the AIRB, the standardised approach is used for measuring credit risk from a capital adequacy perspective for consumer loans, as in unsecured loans.

IRB has been used since 2007 for assessing credit risk in lending operations for loans where a property deed or a tenant-owners' right is used as collateral. In 2015, SBAB also received permission to use IRB for excess exposures that are not fully covered by deeds, property financing using other collateral than directly pledged deeds, and building credits.

The credit risk models in the IRB framework deal with the following risk parameters:

- Probability of default by the customer – PD (Probability of Default)
- Loss in the event of default – LGD (Loss Given Default)
- Exposure in the event of default – EAD (Exposure at Default), and
- Expected credit loss – EL, where EL is the product of PD multiplied by LGD and EAD.

The models in the IRB framework are validated annually by an independent validation unit and adjusted when needed. In 2023, the completed validations of the existing models did not lead to any changes. However, the CCF model for retail mortgage commitments has been phased out as a result of communication from the Swedish FSA (FI). This led to a slight reduction in risk-weighted assets as the CCF under the standardised approach was lower than the average estimate under the CCF model at the time of phase-out. Given the entry into force of new regulatory requirements aimed at harmonising banks' PD and LGD estimates, SBAB applied to the Swedish FSA in September 2021 for new PD and LGD models in the IRB framework, both for retail and for corporate exposures. SBAB received permission from the Swedish FSA in November 2022 and January 2023 to use the new PD models for retail and corporate exposures respectively. The new PD models were implemented for capital adequacy purposes for the first time on 31 March 2023 for retail exposures and on 30 September 2023 for corporate exposures. The transition to the new PD model for retail exposures did not lead to any change in risk exposure amounts (REA) as all exposures are covered by the risk-weight floor for mortgages. However, prior to application of the mortgage floor,

the risk weights for mortgages, increased as the new PD model is more conservative in its estimates than previously. In conjunction with first-time application of new PD models for corporate exposures, exposures to tenant-owners' associations were moved from the retail exposure class to corporate, which resulted in the exposures no longer being covered by the risk-weight floor for mortgages. The transition to new PD models for corporate exposures and the change of exposure class for tenant-owners' associations led to a net increase in REA, where more conservative PD estimates under the new models increased REA, while the removal of the risk-weight floor for mortgages from tenant-owners' associations exposures decreased REA. In late 2023, the bank received feedback from the Swedish FSA on the applications for new LGD models. Work is currently ongoing at the bank to address some of the Swedish FSA's observations on the LGD models. The new PD model for retail exposures entailed an adjustment to the PD model used when granting loans to private individuals. Application of the new PD model in the credit granting process started from 25 September 2023 and has not resulted in any change in the risk profile of the inflow to the lending portfolio.

Customers are ranked according to credit risk based on the risk parameters PD, LGD and EAD, and expected and unexpected credit losses can be estimated. Unexpected credit losses are relevant for capital adequacy purposes. In order to assess the repayment capacity and PD, the borrower is assigned one of 11 rating grades for retail and corporate exposures³⁾, of which the highest grade comprises defaults. Trends for exposures in worse (higher) rating grades are monitored thoroughly and managed actively, when necessary, by credit experts in the bank's insolvency team. The expected credit loss EL under IRB differs from the expected credit loss ECL in the accounting that constitutes the loss allowance and thus the credit loss provisions. The calculation of EL according to Pillar 1 under the Basel framework is regulated by the CRR. According to the CRR, the measurement of credit risk should be based on historical default rates and credit losses over a longer period of time and must include economic downturn periods. For the calculation of ECL in accordance with the accounting standard IFRS 9, the measurement of credit risk must be based both on historical data but also on forward-looking information to predict any negative impact on future cash flows. For more information on impairment of financial assets, please refer to Note A 1. Total EL for SBAB's lending under the IRB approach amounted to SEK 613 million (211) at the end of 2022, which was mainly driven by new PD models with more conservative PD estimates as well as the move of tenant-owners' associations to corporate exposures where foundation IRB is applied. Total ECL in accordance with IFRS 9, reduced for guarantees, amounted to SEK 301 million (192). For capital adequacy purposes, the IRB approach separates non-performing loans from other loans when calculating EL. A positive difference when EL exceeds ECL reduces the CET1 capital by the corresponding amount.

For loans granted by SBAB, adequate collateral must be provided. Adequate collateral primarily refers to mortgage deeds for real property or shares in tenant-owners' associations within a maximum of 75–85% of the market value. The 85% level only applies if collateral can be obtained with a primary lien and the borrower is creditworthy according to the rating grades provided by the PD models. Creditworthy borrowers refer to the rating grades P1–P8 for private individuals, F1–F7 for real estate companies and B1–B8 tenant-owners' associations. When it comes to lending to real estate companies and tenant-owners' associations, it is the borrowers' repayment capacity together with the market value of the property that governs the loan-to-value ratio⁴⁾ (LTV) that is granted, usually between 50 and 75%. In addition to collateral in the form of property deeds for real property or tenant-owners' rights, it is possible to grant loans against, inter alia, collateral in the form of a government guarantee, municipal guarantee, securities, bank guarantees and deposits in a Swedish bank. A limited part of total lending, less than 1%, comprises consumer loans without any collateral, i.e., unsecured loans. For corporates and tenant-owners' associations, building credits are normally secured through notes of lien and guarantor commitments. SBAB normally requires a set percentage of sales to end customers before any disbursement is made. Disbursements continue according to payment plans in line with the progress of the building. SBAB has not repossessed any collateral to protect loans. Lending to the public accounts for 80% (80) of SBAB's total assets. The table below presents lending in relation to the market value of underlying collateral. As the majority of SBAB's lending has an LTV under 70%, the portfolio is deemed to be well-covered and its credit quality as very high.

¹⁾ Gross income before tax in relation to loan.

²⁾ The CRR refers to Regulation (EU) No. 575/2013 of the European Parliament and of the Council on prudential requirements for credit institutions and investment firms.

³⁾ Retail exposures within the framework of the existing IRB framework pertain to residential mortgages to private individuals with collateral consisting of loans for houses, holiday homes and tenant-owners' rights. Corporate exposures pertain to loans to property companies and tenant-owners' associations; building credits are also included.

⁴⁾ The loan-to-value ratio is defined as the size of a loan in relation to the market value of pledged collateral. The reported average is the weighted average. Where applicable, the calculation takes into consideration contributory factors such as guarantees and the collateral's lien priority. SBAB verifies property values on a regular basis. For residential properties and tenant-owners' rights, the property value is verified at least every third year.

Loan amounts broken down by LTV interval

| SEK million | GROUP | | | | SEK million | GROUP | | | |
|---------------------------------------|---------------------------------|--|--|----------------|---------------------------------------|--|--|--------------|----------------|
| | 2023 | | | | | 2022 | | | |
| | Residen- tial mort- gages | Corpo- rates & Tenant -Owners' Associa- tions | Loans without formal collateral | Total | Residen- tial mort- gages | Corpo- rates & Tenant -Owners' Associa- tions | Loans without formal collateral | Total | |
| Lending to the public | | | | | Lending to the public | | | | |
| LTV <50% | 105,255 | 72,387 | - | 177,642 | LTV <50% | 109,231 | 66,309 | - | 175,540 |
| LTV 50-69% | 121,229 | 65,034 | - | 186,263 | LTV 50-69% | 121,916 | 53,112 | - | 175,028 |
| LTV >69% | 119,693 | 20,016 | - | 139,709 | LTV >69% | 117,705 | 25,359 | - | 143,064 |
| Unsecured | 302 | 11,994 | 1,782 | 14,078 | Unsecured | 274 | 13,602 | 2,167 | 16,043 |
| Total | 346,479 | 169,431 | 1,782 | 517,692 | Total | 349,126 | 158,382 | 2,167 | 509,675 |
| Off-balance-sheet items ¹⁾ | 33,548 | 7,755 | 309 | 41,612 | Off-balance-sheet items ¹⁾ | 37,098 | 10,167 | 60 | 47,325 |

¹⁾ Off-balance-sheet items include loan commitments and building credits.

ECL and forward-looking information

| Factors | Scenario 1 (40%) | | | Scenario 2 (20%) | | | Scenario 3 (20%) | | | Scenario 4 (20%) | | |
|------------------------------------|------------------------|-------|-------|------------------------|-------|-------|------------------------|--------|-------|------------------------|--------|--------|
| | 2024 | 2025 | 2026 | 2024 | 2025 | 2026 | 2024 | 2025 | 2026 | 2024 | 2025 | 2026 |
| GDP ¹⁾ , Δ | -0.6% | +2.7% | +3.0% | +0.5% | +4.4% | +3.8% | -9.4% | +6.3% | +3.9% | -5.6% | -1.6% | +3.0% |
| Policy rate | 3.2% | 2.2% | 2.2% | 3.0% | 2.4% | 2.4% | 3.5% | 2.6% | 2.5% | 4.2% | 3.3% | 3.2% |
| Unemployment | 8.4% | 8.0% | 7.5% | 7.9% | 6.9% | 6.4% | 11.4% | 10.8% | 9.6% | 9.4% | 10.3% | 10.4% |
| House prices, Δ | +2.5% | +4.0% | +4.3% | +6.4% | +0.6% | +4.8% | -6.7% | -3.3% | +3.4% | -12.4% | -13.8% | -3.3% |
| Prices of tenant-owners' rights, Δ | +1.0% | +7.8% | +7.2% | +5.2% | +3.5% | +7.8% | -12.5% | -5.3% | +4.5% | -14.5% | -10.9% | -0.3% |
| Property prices, Δ | -3.7% | -1.7% | -0.2% | -1.2% | -2.5% | -1.5% | -11.6% | -14.7% | -7.1% | -12.4% | -18.9% | -11.8% |
| ECL | SEK 156 million | | | SEK 137 million | | | SEK 391 million | | | SEK 666 million | | |
| Weighted ECL²⁾ | SEK 301 million | | | | | | | | | | | |

¹⁾ Not included in the calculation of ECL but has been included in the table to illustrate the structure of the macroeconomic scenarios.

²⁾ Of which, SEK 292 million was attributable to lending to the public and SEK 9 million to off-balance-sheet items linked to loan commitments and building credits.

ECL and forward-looking information

Based on updated macroeconomic forecasts, SBAB has revised the forward-looking information at the end of each quarter during the year. The forward-looking information is applied in the impairment model to calculate ECL (ECL model). The updates to the macroeconomic projections are based on the persisting negative outlook for the operating environment and the economic trend with high interest rates and the risk of substantial price declines for housing and properties. The high interest rate environment, due to recent years of high inflation and global economic uncertainty, is assessed to continue affecting the Swedish economy during the coming years. Given the slowdown in inflation and stabilisation of interest rates, all scenarios in the forward-looking information consider somewhat lower interest rates over the coming years, with an interest rate peak that has already occurred or is expected to be reached in 2024. In connection with the development of interest rates, the unemployment rate is expected to decrease over the coming years, excluding negative scenarios where further interest rate hikes during 2024 impact the Swedish economy and unemployment rate. House and tenant-owners' rights prices are expected to rise with declining interest rates or fall in scenarios where interest rates continue to rise in 2024. However, all scenarios remain negative on the development of property prices due to rising yields on leveraged real estate companies in the Swedish market. Overall in 2023, the update of the forward-looking information had a neutral impact on

credit loss provisions. Scenario weights remained unchanged throughout the year against the backdrop of continued preparation for a potential deterioration in the economy.

A new ECL model, adapted to new PD and LGD models in the IRB framework, was implemented as of 30 September 2023. When first applied, the new ECL model produced a similar total ECL outcome as the previous model but resulted in a redistribution between the business areas Private and Corporates & Associations, where loss provisions decreased about SEK 35 million for Private but increased by the same amount for Corporates & Associations. The new ECL model was calibrated before the year end 2023 with raised thresholds for credit stage 2 and increased impact from macroeconomic factors on PD and LGD. This ECL model calibration thus resulted in increased loss provisions of about SEK 50 million.

More customers in Private are experiencing payment difficulties, and defaults and more individual assessed provisions have contributed to an inflow of exposures to credit stage 3, which in combination with negative rating grade migrations have contributed to increased loss provisions of about SEK 30 million during the year. As a result of economic conditions with high interest rates, negative rating grade migrations in Corporates & Associations resulted in increased loss provisions of about SEK 10 million during the year.

On 31 December 2023, the loss allowances amounted to SEK 301 million, compared with SEK 214 million on 31 December 2022.

The table above presents the forward-looking information consisting of the four scenarios with forecasts of the macroeconomic factors and their corresponding weight applied in the ECL model. In 2023, SBAB has closely assessed macroeconomic conditions against the backdrop of continued high interest rates and the sharp slowdown in housing construction. Despite difficult economic conditions, only a limited increase in credit risk has been noted in SBAB's lending, which is measured by the underlying credit risk models for PD and LGD used to calculate the ECL, and resulted in increased loss provisions for the year. Accordingly, the bank is comfortable with the scope of the loss allowances, which totalled SEK 301 million (214) on 31 December 2023.

In the first quarter of 2023, a management overlay of the ECL of SEK 20 million was made for the forthcoming negative rating grade migrations in Corporates & Associations expected at the time. As the rating grade migrations were realised later in the second quarter, the ECL management overlay was removed at mid-year of 2023.

Changes to the ECL model

The new ECL model was also introduced in conjunction with first-time application of new PD models for corporate exposures for capital adequacy purposes on 30 September 2023. The new ECL model is based on new PD and LGD models within the IRB framework, which have in turn been developed pursuant to a new default definition. The more conservative estimates, in particular LGD, that result from the new models within the IRB framework entail higher loss allowances before application of forward-looking information with the new ECL model.

The new ECL model was further calibrated ahead of 2024 with updated thresholds for credit stage 2, which more clearly indicate raised risk, as well as improved methods for applying forward-looking information and macroeconomic effects in PDs and LGDs. The PD effects have been adjusted to be based on nominal interest rates and nominal unemployment rates instead of relative changes. Moreover, the LGD estimates for scenarios reflecting deep financial crises (scenarios 3 and 4 in the table above) were adjusted to correspond to downturn-adjusted LGD estimates similar to those applied under the IRB framework. Overall, the adjustments pertaining to the application of forward-looking information and downturn-adjusted LGD estimates have resulted in improved scenario differentiation that more clearly distinguish the ECL between the base scenario and the deteriorated scenarios. The new ECL model, including the calibration prior to year-end 2023, has resulted in increased total loss provisions of about SEK 50 million.

The first initial validation of the new ECL model was completed in December 2023. The validation unit's overall assessment of the new ECL model is that it is fit for purpose and leads to appropriate ECL and thus loss provisions.

Overall credit quality

The credit quality of SBAB's lending portfolio remains strong and the risks associated with lending to private individuals within Private are low despite the prevailing circumstances. Granting of loans is based on a sound credit approval process that determines whether customers have the financial capacity required to meet their obligations. The Swedish FSA's annual mortgage market survey, based on data from 2022, found that overall, new residential mortgage customers continue to have healthy margins to manage repayment of their mortgages despite the worsened economic landscape. At the end of the fourth quarter 2023, the average loan-to-value (LTV) ratio in the mortgage portfolio was 60% (59), and the average residential mortgage loan to customers amounted to SEK 1.9 million (1.9). LTV for new lending was, at the end of 2023, 68% (71) and the debt-to-income ratio was 3.4 (3.7).

The credit quality of SBAB's lending to real estate companies, property developers and tenant-owners' associations is also considered strong. The average LTV for real estate companies and tenant-owners' associations at the end of 2023 were 61% (62) and 33% (33), respectively. In Corporates & Associations, the granting of loans is based on an assessment of customers' ability to generate stable cash flows over time and on whether adequate collateral

can be provided. Due to the economic trend with high inflation followed by rising interest rates, the bank is working proactively to identify customers who are, or who could become, particularly financially exposed.

SBAB has increased the frequency of the follow-up of customers with market financing that is to be refinanced in both the short and long term, as well as customers with building credits for residential development that are particularly affected by increased interest rates and rising prices for input and building materials. Additionally, more frequent evaluation of customers' rating grades is conducted through expert assessment. In 2023, individual provisions were made for exposures to one customer with building credits.

Climate risk aspects when measuring credit risk

The credit risk models used within the IRB framework and in the ECL model do not involve any risk factors which are directly linked to climate risks. However, risk factors such as collateral market values and their LTVs related to physical risks as well as payment histories for repayment capacity related to transition risks do exist and reflect the consequences of realised climate risks. Moreover, possibilities exist for the inclusion of macroeconomic forecasts specific to climate risks in the ECL model, which has yet to be deemed necessary. As additional climate data becomes available, the bank will identify and evaluate material risk factors directly linked to climate risk in the regular review of the models within the IRB framework and in the review of the ECL model.

Since SBAB's business model focuses exclusively on financing housing, flood and energy price transition risks have been identified as the two primary climate risks in the lending portfolio. During the year, the bank has worked on new ESG disclosure requirements pertaining to the distribution of collateral by energy class and energy performance as well as how much of the lending portfolio is assessed as sensitive to the impact of physical risks. Only a limited portion of the portfolio is assessed as sensitive to the physical impact of flooding. In addition, sensitivity analyses have been conducted with respect to stressed energy prices and the potential impact on repayment capacity.

Due to increases in energy prices that took place in 2022, operating costs have been updated in the left-to-live-on calculation for private individuals. Corresponding updates were implemented for the operating and maintenance costs used in cash flow calculations for real estate companies and tenant-owners' associations. Otherwise, SBAB has not noted any impact on credit quality, credit-risk exposures or repayment capacity due either to physical climate risks or to transition risks in 2023.

Lending to the public broken down by rating grade

As per 31 December 2023, SBAB's lending to the public amounted to SEK 517 billion (509). New PD models were implemented in the IRB system during 2023 which assign rating grades on eleven-grade rating scales (P1–P11 for private individuals, B1–B11 for tenant owners' associations and F1–F11 for real estate companies), with the eleventh grade reserved for defaulted borrowers. In general, borrowers allocated to the best (lowest) rating grades with the previous PD models, R1–R3 (for private individuals) and C1–C3 (for tenant owners' associations and real estate companies), have been distributed over more rating grades with the new PD models, resulting in a more granular rank ordering. Mapping the new and old rating grades directly is difficult since the underlying PD models have changed. However, approximately, the previous best rating grades correspond to P1–P6, B1–B6 and F1–F5 for private individuals, tenant owners' associations and real estate companies respectively.

Negative rating grade migrations have been observed during the year within both business areas. Rising interest rates have directly contributed to negative rating grade migrations within Private as this variable is included in the associated PD model. The high interest rate environment and difficult financial situation in Sweden has also led to downgrades in rating grades within Corporates & Associations. In addition, the implementation of the new PD model within Corporates & Associations required new ratings for all customers. Since the new PD models are more conservative this led to further downgrades.

| | | GROUP | | | | | | | |
|--------------------------|--|----------------|------------|----------------|------------|----------------|-------------|----------------|-------------|
| | | 2023 | | | | | | | |
| Total | | Credit stage 1 | | Credit stage 2 | | Credit stage 3 | | Total | |
| SEK million | | Gross lending | Provision | Gross lending | Provision | Gross lending | Provision | Gross lending | Provision |
| B1/F1/P1 | | 52,872 | 0 | 94 | 0 | - | - | 52,966 | 0 |
| B2/F2/P2 | | 42,896 | -2 | 0 | 0 | - | - | 42,896 | -2 |
| B3/F3/P3 | | 113,648 | -6 | 53 | 0 | - | - | 113,702 | -6 |
| B4/F4/P4 | | 72,412 | -12 | 1,066 | 0 | - | - | 73,478 | -12 |
| B5/F5/P5 | | 92,156 | -12 | 9,304 | -4 | - | - | 101,460 | -16 |
| B6/F6/P6 | | 45,050 | -12 | 5,470 | -2 | - | - | 50,520 | -15 |
| B7/F7/P7 | | 37,545 | -12 | 15,932 | -19 | - | - | 53,477 | -31 |
| B8/F8/P8 | | 7,876 | -5 | 11,601 | -25 | 3 | - | 19,480 | -30 |
| B9/F9/P9 | | 1,883 | -3 | 4,529 | -7 | 19 | -1 | 6,431 | -11 |
| B10/F10/P10 | | 118 | -2 | 2,451 | -24 | 194 | -16 | 2,763 | -42 |
| B11/F11/P11 | | 0 | 0 | 0 | 0 | 519 | -128 | 519 | -127 |
| Total | | 466,456 | -66 | 50,500 | -81 | 735 | -145 | 517,692 | -292 |
| Guarantees ¹⁾ | | - | 0 | - | 0 | - | - | - | 0 |
| Total | | 466,456 | -66 | 50,500 | -81 | 735 | -145 | 517,691 | -292 |

| | | GROUP | | | | | | | |
|--------------------------|--|----------------|------------|----------------|------------|----------------|------------|----------------|-------------|
| | | 2022 | | | | | | | |
| Total | | Credit stage 1 | | Credit stage 2 | | Credit stage 3 | | Total | |
| SEK million | | Gross lending | Provision | Gross lending | Provision | Gross lending | Provision | Gross lending | Provision |
| R1/C1 | | 225,396 | -4 | 0 | 0 | 0 | 0 | 225,396 | -4 |
| R2/C2 | | 152,453 | -9 | 1,641 | -1 | 0 | 0 | 154,094 | -10 |
| R3/C3 | | 71,359 | -15 | 4,787 | -3 | 0 | 0 | 76,146 | -18 |
| R4/C4 | | 25,100 | -20 | 10,247 | -11 | 0 | 0 | 35,347 | -31 |
| R5/C5 | | 4,150 | -12 | 10,168 | -29 | 1 | 0 | 14,319 | -41 |
| R6/C6 | | 268 | -2 | 2,699 | -20 | 15 | -1 | 2,982 | -23 |
| R7/C7 | | 11 | 0 | 1,025 | -26 | 122 | -3 | 1,158 | -29 |
| R8/C8 | | 0 | 0 | 0 | 0 | 233 | -27 | 233 | -27 |
| Total | | 478,737 | -62 | 30,567 | -90 | 371 | -31 | 509,675 | -183 |
| Guarantees ¹⁾ | | - | 1 | - | 1 | - | - | - | 2 |
| Total | | 478,737 | -61 | 30,567 | -89 | 371 | -31 | 509,675 | -181 |

¹⁾ Guarantees are included in the balance-sheet item "Prepaid expenses and accrued income."

| | | GROUP | | | | | | | |
|--------------------------|--|----------------|------------|----------------|------------|----------------|------------|----------------|-------------|
| | | 2023 | | | | | | | |
| RESIDENTIAL MORTGAGES | | Credit stage 1 | | Credit stage 2 | | Credit stage 3 | | Total | |
| SEK million | | Gross lending | Provision | Gross lending | Provision | Gross lending | Provision | Gross lending | Provision |
| P1 | | 7,684 | 0 | - | - | - | - | 7,684 | 0 |
| P2 | | 15,007 | 0 | - | - | - | - | 15,007 | 0 |
| P3 | | 82,824 | -2 | 53 | - | - | - | 82,877 | -2 |
| P4 | | 49,997 | -2 | 1,066 | - | - | - | 51,063 | -2 |
| P5 | | 79,086 | -4 | 5,031 | - | - | - | 84,117 | -4 |
| P6 | | 38,309 | -6 | 4,637 | -2 | - | - | 42,946 | -8 |
| P7 | | 33,079 | -7 | 8,721 | -4 | - | - | 41,800 | -11 |
| P8 | | 7,299 | -5 | 5,400 | -6 | 3 | 0 | 12,702 | -11 |
| P9 | | 1,330 | -1 | 3,920 | -6 | 19 | -1 | 5,269 | -8 |
| P10 | | 99 | -1 | 2,330 | -22 | 192 | -15 | 2,621 | -38 |
| P11 | | - | - | - | - | 393 | -81 | 393 | -81 |
| Total | | 314,714 | -28 | 31,158 | -40 | 607 | -97 | 346,479 | -165 |
| Guarantees ¹⁾ | | - | 0 | - | - | - | - | - | 0 |
| Total | | 314,714 | -28 | 31,158 | -40 | 607 | -97 | 346,479 | -165 |

| | | GROUP | | | | | | | |
|--------------------------|--|----------------|------------|----------------|------------|----------------|------------|----------------|-------------|
| | | 2022 | | | | | | | |
| RESIDENTIAL MORTGAGES | | Credit stage 1 | | Credit stage 2 | | Credit stage 3 | | Total | |
| SEK million | | Gross lending | Provision | Gross lending | Provision | Gross lending | Provision | Gross lending | Provision |
| R1 | | 126,000 | -2 | 0 | 0 | 0 | 0 | 126,000 | -2 |
| R2 | | 110,202 | -4 | 134 | 0 | 0 | 0 | 110,336 | -4 |
| R3 | | 58,892 | -10 | 1,586 | -2 | 0 | 0 | 60,478 | -12 |
| R4 | | 24,284 | -19 | 9,743 | -10 | 0 | 0 | 34,027 | -29 |
| R5 | | 4,101 | -11 | 9,938 | -27 | 1 | 0 | 14,040 | -38 |
| R6 | | 246 | -2 | 2,645 | -18 | 15 | -1 | 2,906 | -21 |
| R7 | | 11 | 0 | 1,003 | -22 | 121 | -3 | 1,135 | -25 |
| R8 | | 0 | 0 | 0 | 0 | 204 | -15 | 204 | -15 |
| Total | | 323,736 | -48 | 25,049 | -79 | 341 | -19 | 349,126 | -146 |
| Guarantees ¹⁾ | | - | - | - | 1 | - | - | - | 1 |
| Total | | 323,736 | -48 | 25,049 | -78 | 341 | -19 | 349,126 | -145 |

¹⁾ Guarantees are included in the balance-sheet item "Prepaid expenses and accrued income."

| | | GROUP | | | | | | | |
|--------------------------|--|----------------|------------|----------------|------------|----------------|-----------|----------------|------------|
| | | 2023 | | | | | | | |
| CORPORATES | | Credit stage 1 | | Credit stage 2 | | Credit stage 3 | | Total | |
| SEK million | | Gross lending | Provision | Gross lending | Provision | Gross lending | Provision | Gross lending | Provision |
| F1 | | 29,624 | 0 | - | - | - | - | 29,624 | 0 |
| F2 | | 14,737 | -2 | - | - | - | - | 14,737 | -2 |
| F3 | | 18,843 | -4 | - | - | - | - | 18,843 | -4 |
| F4 | | 12,859 | -9 | - | - | - | - | 12,859 | -9 |
| F5 | | 5,634 | -7 | 4,268 | -4 | - | - | 9,902 | -11 |
| F6 | | 3,824 | -5 | 138 | 0 | - | - | 3,962 | -5 |
| F7 | | 2,390 | -4 | 5,065 | -13 | - | - | 7,455 | -17 |
| F8 | | 19 | 0 | 4,226 | -16 | - | - | 4,245 | -16 |
| F9 | | 1 | 0 | 116 | -1 | - | - | 117 | -1 |
| F10 | | - | - | 4 | 0 | - | - | 4 | 0 |
| F11 | | - | - | - | - | - | - | - | - |
| Total | | 87,931 | -31 | 13,817 | -34 | - | - | 101,748 | -65 |
| Guarantees ¹⁾ | | - | 0 | - | 0 | - | - | - | 0 |
| Total | | 87,931 | -31 | 13,817 | -34 | - | - | 101,748 | -65 |

| | | GROUP | | | | | | | |
|-----------------------------|--|----------------|-----------|----------------|-----------|----------------|------------|---------------|------------|
| | | 2023 | | | | | | | |
| TENANT-OWNERS' ASSOCIATIONS | | Credit stage 1 | | Credit stage 2 | | Credit stage 3 | | Total | |
| SEK million | | Gross lending | Provision | Gross lending | Provision | Gross lending | Provision | Gross lending | Provision |
| B1 | | 15,563 | 0 | 94 | 0 | - | - | 15,657 | 0 |
| B2 | | 13,136 | 0 | - | - | - | - | 13,136 | 0 |
| B3 | | 11,854 | 0 | - | - | - | - | 11,854 | 0 |
| B4 | | 9,359 | -1 | - | - | - | - | 9,359 | -1 |
| B5 | | 7,100 | -1 | - | - | - | - | 7,100 | -1 |
| B6 | | 2,677 | -1 | 687 | 0 | - | - | 3,364 | -1 |
| B7 | | 1,847 | -1 | 2,113 | -2 | - | - | 3,960 | -3 |
| B8 | | 410 | 0 | 1,927 | -3 | - | - | 2,337 | -3 |
| B9 | | 283 | 0 | 435 | 0 | - | - | 718 | 0 |
| B10 | | 0 | 0 | 88 | 0 | - | - | 88 | 0 |
| B11 | | 0 | 0 | 0 | 0 | 110 | -36 | 110 | -36 |
| Total | | 62,229 | -4 | 5,344 | -5 | 110 | -36 | 67,683 | -45 |
| Guarantees ¹⁾ | | - | 0 | - | 0 | - | - | - | 0 |
| Total | | 62,229 | -4 | 5,344 | -5 | 110 | -36 | 67,683 | -45 |

¹⁾ Guarantees are included in the balance-sheet item "Prepaid expenses and accrued income."

| | | GROUP | | | | | | | |
|--|--|----------------|------------|----------------|-----------|----------------|-----------|----------------|------------|
| | | 2022 | | | | | | | |
| CORPORATES & TENANT-OWNERS' ASSOCIATIONS ¹⁾ | | Credit stage 1 | | Credit stage 2 | | Credit stage 3 | | Total | |
| SEK million | | Gross lending | Provision | Gross lending | Provision | Gross lending | Provision | Gross lending | Provision |
| C1 | | 99,144 | -2 | 0 | 0 | 0 | 0 | 99,144 | -2 |
| C2 | | 41,730 | -5 | 1,501 | -1 | 0 | 0 | 43,231 | -6 |
| C3 | | 11,768 | -4 | 3,101 | -1 | 0 | 0 | 14,869 | -5 |
| C4 | | 610 | 0 | 382 | 0 | 0 | 0 | 992 | 0 |
| C5 | | 5 | 0 | 91 | 0 | 0 | 0 | 96 | 0 |
| C6 | | 19 | 0 | 12 | 0 | 0 | 0 | 31 | 0 |
| C7 | | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| C8 | | 0 | 0 | 0 | 0 | 19 | -7 | 19 | -7 |
| Total | | 153,276 | -11 | 5,087 | -2 | 19 | -7 | 158,382 | -20 |
| Guarantees ²⁾ | | - | 1 | - | - | - | - | - | 1 |
| Total | | 153,276 | -10 | 5,087 | -2 | 19 | -7 | 158,382 | -19 |

¹⁾ Under the previous PD models in the IRB framework, the same rating grade scale was applied for real estate companies and tenant-owners' associations.

²⁾ Guarantees are included in the balance-sheet item "Prepaid expenses and accrued income."

| | | GROUP | | | | | | | |
|--------------------------|--|----------------|-----------|----------------|-----------|----------------|------------|---------------|------------|
| | | 2023 | | | | | | | |
| CONSUMER LOANS | | Credit stage 1 | | Credit stage 2 | | Credit stage 3 | | Total | |
| SEK million | | Gross lending | Provision | Gross lending | Provision | Gross lending | Provision | Gross lending | Provision |
| P1 | | 1 | - | - | - | - | - | 1 | - |
| P2 | | 16 | 0 | - | - | - | - | 16 | 0 |
| P3 | | 128 | 0 | - | - | - | - | 128 | 0 |
| P4 | | 197 | 0 | - | - | - | - | 197 | 0 |
| R5 | | 336 | 0 | 5 | 0 | - | - | 341 | 0 |
| P6 | | 240 | -1 | 8 | 0 | - | - | 248 | -1 |
| P7 | | 229 | 0 | 33 | 0 | - | - | 262 | 0 |
| P8 | | 148 | 0 | 48 | 0 | - | - | 196 | 0 |
| P9 | | 269 | -2 | 58 | 0 | - | - | 327 | -2 |
| P10 | | 19 | -1 | 29 | -2 | 2 | -1 | 50 | -4 |
| P11 | | - | - | 0 | 0 | 16 | -10 | 16 | -10 |
| Total | | 1,583 | -4 | 181 | -2 | 18 | -11 | 1,782 | -17 |
| Guarantees ¹⁾ | | - | - | - | - | - | - | - | - |
| Total | | 1,583 | -4 | 181 | -2 | 18 | -11 | 1,782 | -17 |

| | | GROUP | | | | | | | |
|--------------------------|--|----------------|-----------|----------------|-----------|----------------|-----------|---------------|------------|
| | | 2022 | | | | | | | |
| CONSUMER LOANS | | Credit stage 1 | | Credit stage 2 | | Credit stage 3 | | Total | |
| SEK million | | Gross lending | Provision | Gross lending | Provision | Gross lending | Provision | Gross lending | Provision |
| R1 | | 252 | 0 | 0 | 0 | 0 | 0 | 252 | 0 |
| R2 | | 521 | 0 | 6 | 0 | 0 | 0 | 527 | 0 |
| R3 | | 699 | -1 | 100 | 0 | 0 | 0 | 799 | -1 |
| R4 | | 206 | -1 | 122 | -1 | 0 | 0 | 328 | -2 |
| R5 | | 44 | -1 | 139 | -2 | 0 | 0 | 183 | -3 |
| R6 | | 3 | 0 | 42 | -2 | 0 | 0 | 45 | -2 |
| R7 | | 0 | 0 | 22 | -4 | 1 | 0 | 23 | -4 |
| R8 | | 0 | 0 | 0 | 0 | 10 | -5 | 10 | -5 |
| Total | | 1,725 | -3 | 431 | -9 | 11 | -5 | 2,167 | -17 |
| Guarantees ¹⁾ | | - | - | - | - | - | - | - | - |
| Total | | 1,725 | -3 | 431 | -9 | 11 | -5 | 2,167 | -17 |

¹⁾ Guarantees are included in the balance-sheet item "Prepaid expenses and accrued income."

Loans with unpaid amounts more than five days past due

The table describes loans with a past-due amount. All amounts are distributed by segment. Loans with past-due amounts in several time intervals are shown in full in the oldest time interval. At year-end 2023, 99.9% (99.9) of lending had no past-due unpaid amounts and was not assessed as doubtful.

| SEK million | GROUP | | | | | | | |
|----------------------|-----------------------|--|----------------|------------|-----------------------|--|----------------|------------|
| | 2023 | | | | 2022 | | | |
| | Residential mortgages | Corporates & Tenant-Owners' Associations | Consumer loans | Total | Residential mortgages | Corporates & Tenant-Owners' Associations | Consumer loans | Total |
| Past-due 5–30 days | 6 | 1 | 0 | 7 | 11 | 3 | 0 | 14 |
| Past-due 31–60 days | 466 | 1 | 7 | 474 | 276 | – | 5 | 281 |
| Past-due 61–90 days | 138 | – | 3 | 141 | 41 | – | 1 | 42 |
| Past-due 91–180 days | 152 | – | 4 | 156 | 54 | – | 3 | 57 |
| Past due >180 days | 125 | – | 8 | 133 | 45 | – | 4 | 49 |
| Total | 887 | 2 | 22 | 911 | 427 | 3 | 13 | 443 |

Lending to the public

The following tables present changes in gross lending and credit loss provisions during the period for the respective segment. A brief description of the reported items:

- Moved to credit stage – Movements between credit stages show opening balances for the period for migrated loans.
- Remeasurement of provision – Net changes of provisions for each credit stage. This includes changes due to movements between credit stages.

- New lending, net – New loans that have arisen in the reporting period. A new loan that becomes credit impaired during the reporting period will consequently be recognised under credit stage 3.
- Repayment and redemption – Loans that have been derecognised from the balance sheet during the period and which have not been written off, for example, confirmed credit losses.
- Write-offs due to confirmed credit losses – Confirmed credit losses during the reporting period.
- Other – Residual items.

| TOTAL | GROUP | | | | | | | |
|---|----------------|-----------|----------------|-----------|----------------|-----------|---------------|-----------|
| | 2023 | | | | | | | |
| | Credit stage 1 | | Credit stage 2 | | Credit stage 3 | | Total | |
| SEK million | Gross lending | Provision | Gross lending | Provision | Gross lending | Provision | Gross lending | Provision |
| Opening balance | 478,737 | -62 | 30,567 | -90 | 371 | -31 | 509,675 | -183 |
| Moved to credit stage 1 | 17,860 | -46 | -17,831 | 44 | -29 | 2 | 0 | 0 |
| Moved to credit stage 2 | -43,898 | 8 | 43,965 | -10 | -67 | 2 | 0 | 0 |
| Moved to credit stage 3 | -219 | 0 | -374 | 5 | 592 | -5 | -1 | 0 |
| Remeasurement of provision | 1,203 | 22 | -77 | -50 | -9 | -24 | 1,117 | -52 |
| New lending, net ¹⁾ | 59,430 | -20 | 2,797 | -10 | 59 | -19 | 62,286 | -49 |
| Purchases | - | - | - | - | - | - | - | - |
| Sales | - | - | - | - | - | - | - | - |
| Loan repayments | -1,549 | 0 | -201 | 0 | -3 | 0 | -1,753 | 0 |
| Redemption | -45,094 | 11 | -8,344 | 12 | -171 | 11 | -53,609 | 34 |
| Write-offs due to confirmed credit losses | - | - | -1 | 0 | -8 | 6 | -9 | 6 |
| Change in model/method ²⁾ | 0 | 21 | 0 | 18 | 0 | -87 | 0 | -48 |
| Other | -14 | - | 0 | 0 | 0 | 0 | -14 | 0 |
| Closing balance | 466,456 | -66 | 50,501 | -81 | 735 | -145 | 517,692 | -292 |

| TOTAL | GROUP | | | | | | | |
|---|----------------|-----------|----------------|-----------|----------------|-----------|---------------|-----------|
| | 2022 | | | | | | | |
| | Credit stage 1 | | Credit stage 2 | | Credit stage 3 | | Total | |
| SEK million | Gross lending | Provision | Gross lending | Provision | Gross lending | Provision | Gross lending | Provision |
| Opening balance | 446,264 | -45 | 20,684 | -62 | 231 | -31 | 467,179 | -138 |
| Moved to credit stage 1 | 12,269 | -27 | -12,233 | 26 | -36 | 1 | 0 | 0 |
| Moved to credit stage 2 | -15,229 | 3 | 15,260 | -5 | -31 | 2 | 0 | 0 |
| Moved to credit stage 3 | -91 | 0 | -199 | 3 | 290 | -3 | 0 | 0 |
| Remeasurement of provision | -398 | 35 | 67 | -39 | -8 | -10 | -339 | -14 |
| New lending, net ¹⁾ | 80,784 | -29 | 12,039 | -31 | 20 | -1 | 92,843 | -61 |
| Purchases | - | - | - | - | - | - | - | - |
| Sales | - | - | - | - | - | - | - | - |
| Loan repayments | -1,391 | - | -165 | - | -1 | - | -1,557 | - |
| Redemption | -43,452 | 6 | -4,886 | 11 | -87 | 5 | -48,425 | 22 |
| Write-offs due to confirmed credit losses | 0 | 0 | 0 | 0 | -7 | 4 | -7 | 4 |
| Change in risk parameters during the period ²⁾ | 0 | -5 | 0 | 7 | 0 | 2 | - | 4 |
| Other | -19 | - | - | - | - | - | -19 | - |
| Closing balance | 478,737 | -62 | 30,567 | -90 | 371 | -31 | 509,675 | -183 |

¹⁾ Net amount is the loan's total amount less any internal transfers from other loans.

²⁾ Also includes changes in forward-looking information.

| GROUP | | | | | | | | | |
|---|----------------|------------|----------------|------------|----------------|------------|----------------|-------------|--|
| 2023 | | | | | | | | | |
| RESIDENTIAL MORTGAGES | Credit stage 1 | | Credit stage 2 | | Credit stage 3 | | Total | | |
| | Gross lending | Provision | Gross lending | Provision | Gross lending | Provision | Gross lending | Provision | |
| SEK million | | | | | | | | | |
| Opening balance | 323,736 | -48 | 25,049 | -79 | 341 | -19 | 349,126 | -146 | |
| Moved to credit stage 1 | 15,435 | -40 | -15,406 | 38 | -29 | 2 | 0 | 0 | |
| Moved to credit stage 2 | -26,809 | 6 | 26,875 | -8 | -66 | 2 | 0 | 0 | |
| Moved to credit stage 3 | -163 | 0 | -362 | 4 | 525 | -4 | 0 | 0 | |
| Remeasurement of provision | -7,005 | 23 | -667 | -50 | -7 | -16 | -7,679 | -43 | |
| New lending, net ¹⁾ | 39,323 | -5 | 808 | -2 | 11 | -2 | 40,142 | -9 | |
| Purchases | - | - | - | - | - | - | - | - | |
| Sales | - | - | - | - | - | - | - | - | |
| Loan repayments | -908 | 0 | -108 | 0 | -2 | 0 | -1,018 | 0 | |
| Redemption | -28,894 | 6 | -5,030 | 10 | -162 | 5 | -34,086 | 21 | |
| Write-offs due to confirmed credit losses | - | - | -1 | 0 | -4 | 3 | -5 | 3 | |
| Change in model/method ²⁾ | - | 30 | - | 47 | - | -68 | - | 9 | |
| Other | -1 | - | - | 0 | - | - | -1 | 0 | |
| Closing balance | 314,714 | -28 | 31,158 | -40 | 607 | -97 | 346,479 | -165 | |

| GROUP | | | | | | | | | |
|---|----------------|------------|----------------|------------|----------------|------------|----------------|-------------|--|
| 2022 | | | | | | | | | |
| RESIDENTIAL MORTGAGES | Credit stage 1 | | Credit stage 2 | | Credit stage 3 | | Total | | |
| | Gross lending | Provision | Gross lending | Provision | Gross lending | Provision | Gross lending | Provision | |
| SEK million | | | | | | | | | |
| Opening balance | 315,455 | -37 | 19,324 | -55 | 204 | -18 | 334,983 | -110 | |
| Moved to credit stage 1 | 11,572 | -25 | -11,536 | 24 | -36 | 1 | 0 | 0 | |
| Moved to credit stage 2 | -12,379 | 3 | 12,408 | -4 | -29 | 1 | 0 | 0 | |
| Moved to credit stage 3 | -87 | 0 | -190 | 3 | 277 | -3 | 0 | 0 | |
| Remeasurement of provision | -5,822 | 27 | -310 | -38 | -4 | -7 | -6,136 | -18 | |
| New lending, net ¹⁾ | 46,887 | -22 | 8,906 | -27 | 18 | -1 | 55,811 | -50 | |
| Purchases | - | - | - | - | - | - | - | - | |
| Sales | - | - | - | - | - | - | - | - | |
| Loan repayments | -827 | - | -59 | - | -1 | - | -887 | - | |
| Redemption | -31,060 | 6 | -3,494 | 8 | -85 | 4 | -34,639 | 18 | |
| Write-offs due to confirmed credit losses | 0 | 0 | 0 | 0 | -3 | 2 | -3 | 2 | |
| Change in risk parameters during the period ²⁾ | - | 0 | - | 10 | - | 2 | - | 12 | |
| Other | -3 | - | - | - | - | - | -3 | - | |
| Closing balance | 323,736 | -48 | 25,049 | -79 | 341 | -19 | 349,126 | -146 | |

¹⁾ Net amount is the loan's total amount less any internal transfers from other loans.

²⁾ Also includes changes in forward-looking information.

| GROUP | | | | | | | | |
|---|----------------|------------|----------------|------------|----------------|------------|----------------|-------------|
| 2023 | | | | | | | | |
| CORPORATES & TENANT-OWNERS' ASSOCIATIONS | Credit stage 1 | | Credit stage 2 | | Credit stage 3 | | Total | |
| | Gross lending | Provision | Gross lending | Provision | Gross lending | Provision | Gross lending | Provision |
| SEK million | | | | | | | | |
| Opening balance | 153,276 | -11 | 5,087 | -2 | 19 | -7 | 158,382 | -20 |
| Moved to credit stage 1 | 2,133 | -1 | -2,133 | 1 | 0 | 0 | 0 | 0 |
| Moved to credit stage 2 | -16,913 | 2 | 16,913 | -2 | 0 | 0 | 0 | 0 |
| Moved to credit stage 3 | -53 | 0 | -1 | 0 | 53 | 0 | -1 | 0 |
| Remeasurement of provision | 8,529 | -4 | 636 | -1 | 0 | -3 | 9,165 | -8 |
| New lending, net ¹⁾ | 19,641 | -15 | 1,976 | -8 | 46 | -16 | 21,663 | -39 |
| Purchases | - | - | - | - | - | - | - | - |
| Sales | - | - | - | - | - | - | - | - |
| Loan repayments | -567 | 0 | -76 | 0 | 0 | 0 | -643 | 0 |
| Redemption | -15,873 | 4 | -3,241 | 2 | -8 | 6 | -19,122 | 12 |
| Write-offs due to confirmed credit losses | - | - | - | - | - | - | - | - |
| Change in model/method ²⁾ | - | -10 | - | -29 | - | -16 | - | -55 |
| Other | -13 | 0 | 0 | 0 | 0 | 0 | -13 | 0 |
| Closing balance | 150,160 | -35 | 19,161 | -39 | 110 | -36 | 169,431 | -110 |

| GROUP | | | | | | | | |
|---|----------------|------------|----------------|-----------|----------------|-----------|----------------|------------|
| 2022 | | | | | | | | |
| CORPORATES & TENANT-OWNERS' ASSOCIATIONS | Credit stage 1 | | Credit stage 2 | | Credit stage 3 | | Total | |
| | Gross lending | Provision | Gross lending | Provision | Gross lending | Provision | Gross lending | Provision |
| SEK million | | | | | | | | |
| Opening balance | 128,712 | -7 | 1,118 | -3 | 17 | -7 | 129,847 | -17 |
| Moved to credit stage 1 | 571 | -1 | -571 | 1 | 0 | 0 | 0 | 0 |
| Moved to credit stage 2 | -2,671 | 0 | 2,671 | 0 | 0 | 0 | 0 | 0 |
| Moved to credit stage 3 | 0 | 0 | -3 | 0 | 3 | 0 | 0 | 0 |
| Remeasurement of provision | 5,749 | 5 | 443 | 0 | -1 | 0 | 6,191 | 5 |
| New lending, net ¹⁾ | 33,354 | -5 | 2,847 | -1 | 0 | 0 | 36,201 | -6 |
| Purchases | - | - | - | - | - | - | - | - |
| Sales | - | - | - | - | - | - | - | - |
| Loan repayments | -486 | - | -93 | - | 0 | - | -579 | - |
| Redemption | -11,937 | 0 | -1,325 | 2 | 0 | 0 | -13,262 | 2 |
| Write-offs due to confirmed credit losses | - | - | - | - | - | - | - | - |
| Change in risk parameters during the period ²⁾ | - | -3 | - | -1 | - | - | 0 | -4 |
| Other | -16 | - | - | - | - | - | -16 | - |
| Closing balance | 153,276 | -11 | 5,087 | -2 | 19 | -7 | 158,382 | -20 |

¹⁾ Net amount is the loan's total amount less any internal transfers from other loans.

²⁾ Also includes changes in forward-looking information.

GROUP

2023

| CONSUMER LOANS | Credit stage 1 | | Credit stage 2 | | Credit stage 3 | | Total | |
|---|----------------|-----------|----------------|-----------|----------------|------------|---------------|------------|
| | Gross lending | Provision | Gross lending | Provision | Gross lending | Provision | Gross lending | Provision |
| | SEK million | | | | | | | |
| Opening balance | 1,725 | -3 | 431 | -9 | 11 | -5 | 2,167 | -17 |
| Moved to credit stage 1 | 292 | -5 | -292 | 5 | 0 | 0 | 0 | 0 |
| Moved to credit stage 2 | -176 | 0 | 177 | 0 | -1 | 0 | 0 | 0 |
| Moved to credit stage 3 | -3 | 0 | -11 | 1 | 14 | -1 | 0 | 0 |
| Remeasurement of provision | -320 | 3 | -46 | 1 | -2 | -4 | -368 | 0 |
| New lending, net ¹⁾ | 466 | -1 | 13 | 0 | 2 | -1 | 481 | -2 |
| Purchases | - | - | - | - | - | - | - | - |
| Sales | - | - | - | - | - | - | - | - |
| Loan repayments | -74 | 0 | -17 | 0 | -1 | 0 | -92 | 0 |
| Redemption | -327 | 1 | -74 | 0 | -1 | 0 | -402 | 1 |
| Write-offs due to confirmed credit losses | - | - | - | - | -4 | 3 | -4 | 3 |
| Change in model/method ²⁾ | - | 1 | - | - | - | -3 | - | -2 |
| Other | - | - | - | - | - | - | - | - |
| Closing balance | 1,583 | -4 | 181 | -2 | 18 | -11 | 1,782 | -17 |

GROUP

2022

| CONSUMER LOANS | Credit stage 1 | | Credit stage 2 | | Credit stage 3 | | Total | |
|---|----------------|-----------|----------------|-----------|----------------|-----------|---------------|------------|
| | Gross lending | Provision | Gross lending | Provision | Gross lending | Provision | Gross lending | Provision |
| | SEK million | | | | | | | |
| Opening balance | 2,097 | -1 | 242 | -4 | 10 | -6 | 2,349 | -11 |
| Moved to credit stage 1 | 126 | -1 | -126 | 1 | 0 | 0 | 0 | 0 |
| Moved to credit stage 2 | -179 | 0 | 181 | -1 | -2 | 1 | 0 | 0 |
| Moved to credit stage 3 | -4 | 0 | -6 | 0 | 10 | 0 | 0 | 0 |
| Remeasurement of provision | -325 | 2 | -66 | -1 | -3 | -3 | -394 | -1 |
| New lending, net ¹⁾ | 543 | -2 | 286 | -3 | 2 | 0 | 831 | -5 |
| Purchases | - | - | - | - | - | - | - | - |
| Sales | - | - | - | - | - | - | - | - |
| Loan repayments | -78 | - | -13 | - | 0 | - | -91 | - |
| Redemption | -455 | 0 | -67 | 1 | -2 | 1 | -524 | 2 |
| Write-offs due to confirmed credit losses | 0 | 0 | 0 | 0 | -4 | 2 | -4 | 2 |
| Change in risk parameters during the period ²⁾ | - | -1 | - | -2 | - | 0 | 0 | -4 |
| Other | - | - | - | - | - | - | - | - |
| Closing balance | 1,725 | -3 | 431 | -9 | 11 | -5 | 2,167 | -17 |

¹⁾ Net amount is the loan's total amount less any internal transfers from other loans.

²⁾ Also includes changes in forward-looking information.

| GROUP | | | | | | | | |
|--------------------------------------|------------------|-----------|------------------|-----------|------------------|-----------|------------------|-----------|
| 2023 | | | | | | | | |
| LOAN COMMITMENTS AND PROVISIONS | Credit stage 1 | | Credit stage 2 | | Credit stage 3 | | Total | |
| | Loan commitments | Provision | Loan commitments | Provision | Loan commitments | Provision | Loan commitments | Provision |
| SEK million | | | | | | | | |
| Opening balance | 45,458 | 23 | 1,867 | 8 | 0 | 0 | 47,325 | 31 |
| Moved to credit stage 1 | 97 | 0 | -97 | 0 | - | - | 0 | 0 |
| Moved to credit stage 2 | -996 | -1 | 996 | 1 | - | - | 0 | 0 |
| Moved to credit stage 3 | -48 | 0 | 0 | 0 | 48 | 0 | 0 | 0 |
| Remeasurement of provision | -2,463 | -8 | -1,731 | -6 | -45 | 1 | -4,239 | -13 |
| New lending, net | 39,027 | 3 | 722 | 2 | - | - | 39,749 | 5 |
| Write-offs, redemption, etc. | -40,526 | -12 | -697 | -2 | - | - | -41,223 | -14 |
| Change in model/method ²⁾ | - | - | - | - | - | - | - | - |
| Closing balance | 40,549 | 5 | 1,060 | 3 | 3 | 1 | 41,612 | 9 |

| GROUP | | | | | | | | |
|---|------------------|-----------|------------------|-----------|------------------|-----------|------------------|-----------|
| 2022 | | | | | | | | |
| LOAN COMMITMENTS AND PROVISIONS | Credit stage 1 | | Credit stage 2 | | Credit stage 3 | | Total | |
| | Loan commitments | Provision | Loan commitments | Provision | Loan commitments | Provision | Loan commitments | Provision |
| SEK million | | | | | | | | |
| Opening balance | 69,329 | 10 | 332 | 1 | 0 | 0 | 69,661 | 11 |
| Moved to credit stage 1 | - | - | - | - | - | - | - | - |
| Moved to credit stage 2 | -874 | 0 | 874 | - | - | - | 0 | 0 |
| Moved to credit stage 3 | - | - | - | - | - | - | - | - |
| Remeasurement of provision | -3,238 | 8 | -611 | 2 | - | - | -3,849 | 10 |
| New lending, net | 43,357 | 21 | 1,512 | 6 | - | - | 44,869 | 27 |
| Write-offs, redemption, etc. | -63,116 | -6 | -240 | 0 | - | - | -63,356 | -6 |
| Change in risk parameters during the period ²⁾ | - | -10 | - | -1 | - | - | - | -11 |
| Closing balance | 45,458 | 23 | 1,867 | 8 | 0 | 0 | 47,325 | 31 |

¹⁾ Also includes changes in forward-looking information.

Modified loans, loans with renegotiated terms and conditions

In exceptional cases, loans may be renegotiated outside of the loan agreement due to a deterioration of the customer's financial position or because the customer has encountered other financial problems. Such loans are spe-

cifically monitored and are referred to as modified financial assets in accordance with IFRS 9. In 2023, no modified loans were assessed as material and therefore have not led to derecognition and new recognition.

Modified loans, loans with renegotiated terms and conditions in credit stages 2 and 3 (that have not led to derecognition)

| SEK million | GROUP | | | |
|---|-----------------------|--|----------------|--------------|
| | 2023 | | | |
| | Residential mortgages | Corporates & Tenant-Owners' Associations | Consumer loans | Total |
| Amortised cost prior to modification | 1,746 | – | 1 | 1,747 |
| Modification gain/loss, net | 0 | – | 0 | 0 |
| Amortised cost after modification | 1,746 | – | 1 | 1,747 |
| <i>Of which, carrying amount prior to provision for assets migrated from credit stage 2 or 3 to credit stage 1.</i> | <i>1,020</i> | <i>–</i> | <i>0</i> | <i>1,020</i> |

| SEK million | GROUP | | | |
|---|-----------------------|--|----------------|--------------|
| | 2022 | | | |
| | Residential mortgages | Corporates & Tenant-Owners' Associations | Consumer loans | Total |
| Amortised cost prior to modification | 1,331 | – | 1 | 1,332 |
| Modification gain/loss, net | 0 | – | 0 | 0 |
| Amortised cost after modification | 1,331 | – | 1 | 1,332 |
| <i>Of which, carrying amount prior to provision for assets migrated from credit stage 2 or 3 to credit stage 1.</i> | <i>431</i> | <i>–</i> | <i>0</i> | <i>431</i> |

RC:2 Credit risk in treasury operations

Credit risk in treasury operations comprises the risk of the counterparty being unable to fulfil its payment obligations. Credit risk arises, in part, in the form of counterparty risk for the derivative and repo contracts entered into by SBAB to manage financial risks and, in part, as a result of investments in the liquidity portfolio and of surplus liquidity.

The SBAB Group's counterparties are banks and credit institutions, and the underlying exposure in this note includes investments, derivatives and repos. The limits are set by the Board's Credit Committee within the confines of the framework adopted by the Board of Directors. The utilised limit is calculated as the exposure from financial derivatives, repos and investments. For deriva-

tives or repos the effect of collateral pledged or received under CSAs or GMRA's, respectively, is included in the total limit. Moreover, for derivatives, an add-on amount is also calculated for future risk-related changes. The limit is coordinated with the credit limit for counterparties who also are loan customers. Counterparty limits may be established for a period of no longer than one year, after which a new assessment must be conducted. The decisions of the Credit Committee are reported to the Board at the following Board meeting. All of SBAB's counterparties have a rating from either Moody's or Standard & Poor's.

Limit utilisation per rating category

| SEK million | CONSOLIDATED SITUATION | | | | PARENT COMPANY | | | |
|---------------|------------------------|----------------|---------------|----------------|----------------|----------------|---------------|----------------|
| | 2023 | | 2022 | | 2023 | | 2022 | |
| | Limit | Utilised limit | Limit | Utilised limit | Limit | Utilised limit | Limit | Utilised limit |
| AAA | – | – | – | – | – | – | – | – |
| AA- to AA+ | 8,400 | 2,130 | 8,400 | 2,261 | 8,400 | 2,130 | 8,400 | 2,256 |
| A- to A+ | 15,800 | 2,983 | 16,450 | 2,793 | 15,800 | 2,367 | 16,450 | 2,169 |
| Lower than A- | 1,000 | – | 2,200 | 8 | 1,000 | – | 2,200 | 8 |
| Unrated | – | – | – | – | – | – | – | – |
| Total | 25,200 | 5,113 | 27,050 | 5,062 | 25,200 | 4,497 | 27,050 | 4,433 |

The "Limit utilisation" table shows the limits and the utilised limits, respectively, for SBAB's derivative counterparties. The limits for each derivative counterparty are proposed by SBAB's Treasury and adopted by the Board's Credit Committee within the confines of the framework adopted by the

Board of Directors. The values in the table are an aggregate of individual derivative counterparty's total exposure and the limits for the respective rating category.

Distribution of chargeable treasury bills, etc., bonds and other interest-bearing securities by rating category

The tables below show an analysis of lending to credit institutions, chargeable treasury bills, bonds and other interest-bearing securities distributed in

accordance with the lowest rating as of 31 December 2023 and 31 December 2022, based on Standard & Poor's rating or equivalent.

| SEK million | CONSOLIDATED SITUATION | | | | |
|---------------------------------------|------------------------|----------------------------------|---|---|----------------|
| | 2023 | | | | |
| | Covered bonds | Government guaranteed securities | Sovereigns, supranationals and agencies | Non-governmental public sector entities | Total |
| AAA | 43,563 | 37,728 | 2,209 | 12,263 | 95,763 |
| AA- to AA+ | - | 442 | 350 | 5,040 | 5,832 |
| A- to A+ | - | - | - | - | - |
| Lower than A- | - | - | - | - | - |
| Total | 43,563 | 38,170 | 2,559 | 17,303 | 101,595 |
| Provisions for expected credit losses | 0 | 0 | 0 | 0 | 0 |
| Total after provisions | 43,563 | 38,170 | 2,559 | 17,303 | 101,595 |

| SEK million | CONSOLIDATED SITUATION | | | | |
|---------------------------------------|------------------------|----------------------------------|---|---|---------------|
| | 2022 | | | | |
| | Covered bonds | Government guaranteed securities | Sovereigns, supranationals and agencies | Non-governmental public sector entities | Total |
| AAA | 40,232 | 32,529 | 2,297 | 8,456 | 83,514 |
| AA- to AA+ | 226 | 441 | 497 | 2,698 | 3,862 |
| A- to A+ | - | - | - | - | - |
| Lower than A- | - | - | - | - | - |
| Total | 40,458 | 32,970 | 2,794 | 11,154 | 87,376 |
| Provisions for expected credit losses | 0 | 0 | 0 | 0 | 0 |
| Total after provisions | 40,458 | 32,970 | 2,794 | 11,154 | 87,376 |

Geographical distribution of chargeable treasury bills, bonds and other interest-bearing securities

| SEK million | CONSOLIDATED SITUATION | | | |
|---|------------------------|---------------|--------------|----------------|
| | 2023 | | | |
| | Sweden | Other EU | Other | Total |
| Covered bonds | 27,750 | 11,029 | 4,783 | 43,562 |
| Government guaranteed securities | 36,207 | 1,964 | - | 38,171 |
| Sovereigns, supranationals and agencies | - | 2,559 | - | 2,559 |
| Non-governmental public sector entities | 13,775 | 3,528 | - | 17,303 |
| Total as per 31 Dec 2023 | 77,732 | 19,080 | 4,783 | 101,595 |
| Total as per 31 Dec 2022 | 60,808 | 20,926 | 5,641 | 87,375 |

Counterparty credit risk

Counterparty credit risk is the risk that SBAB's financial counterparties cannot meet their commitments pursuant to the completed derivatives and repo contracts, and such risk consists primarily of exposures to well-reputed and established banks. This exposure is predominantly covered by collateral agreements, where the counterparty posts collateral to reduce net exposure. In accordance with SBAB's credit instruction, the credit-risk limits are established by SBAB's Credit Committee for all counterparties in treasury operations.

To limit the potential counterparty risk associated with derivative transactions involving non-standardised derivatives that are not cleared by qualified central counterparties approved by the competent authority (in accordance with Regulation (EU) No 648/2012), a framework agreement is to be entered into with the counterparty. In most cases, the framework agreement, an ISDA Master Agreement or similar agreements with terms for final settlement, have been supplemented with an associated collateral agreement, known as a Credit Support Annex (CSA). A CSA must always be established for counterparties entering into derivative contracts with SBAB and SCBC. The framework agreements entitle the parties to offset receivables against debt in the event of a payment default.

Counterparty credit risk is monitored on a daily basis for all counterparties. When entered into, CSAs are reconciled on a daily or weekly basis. Derivative transactions entered into with external counterparties are mostly entered into by the Parent Company, where the CSAs are reconciled with all counterparties on a daily basis. When CSAs are in place, collateral is pledged to reduce net exposures. Wherever applicable, the posted and received collateral takes the form of cash with a transfer of title, which entitles the party that receives the collateral to use the collateral in its operations. The effects of posted and received collateral are shown in greater detail in Note FI 3.

SBAB participates in the calculation of the STIBOR (Stockholm Interbank Offered Rate) reference rate for the Swedish market. STIBOR is a reference rate that shows an average of the interest rates at which a number of the banks active in the Swedish money market are prepared to lend to each other without collateral under different maturities.

In 2016, it became mandatory under the European Markets Infrastructure Regulation (EMIR) for SBAB to clear interest-rate derivatives via central counterparties, known as clearing houses. The aim is for clearing houses to act as counterparties for buyers and sellers, and to participate in ensuring payment obligations are discharged.

Maximum credit-risk exposure in treasury operations

| SEK million | CONSOLIDATED SITUATION | | | |
|---|--|----------------|--|----------------|
| | Without taking into account collateral received or other credit enhancements | | Taking into account collateral received or other credit enhancements | |
| | 2023 | 2022 | 2023 | 2022 |
| Lending to credit institutions | 11,807 | 20,091 | 11,807 | 20,091 |
| Chargeable treasury bills, etc. | 36,650 | 29,886 | 36,650 | 29,886 |
| Bonds and other interest-bearing securities | 64,945 | 57,490 | 64,945 | 57,490 |
| Derivatives | 12,241 | 15,943 | 6,635 | 7,707 |
| Total | 125,643 | 123,410 | 120,037 | 115,174 |

Collateral posted and received under collateral agreements, by company

| SEK million | CONSOLIDATED SITUATION | | | |
|-------------|------------------------|---------------------|--------------------|---------------------|
| | 2023 | | 2022 | |
| | Collateral pledged | Collateral received | Collateral pledged | Collateral received |
| SBAB | 87 | 5,606 | 139 | 8,236 |
| SCBC | 0 | 0 | 0 | 0 |

Lending to credit institutions, chargeable treasury bills, bonds and other interest-bearing securities

| SEK million | CONSOLIDATED SITUATION | | | | | |
|---|---|-----------|-------------------------------------|-------------------|------------------------------------|-----------|
| | 2023 | | | | | |
| | Financial assets measured at amortised cost | | Financial assets measured at FVTOCI | | Financial assets measured at FVTPL | |
| | Credit stage 1 | | Credit stage 1 | | Total | |
| | Securities, gross | Provision | Securities, gross | Securities, gross | Securities, gross | Provision |
| Opening balance | 48,384 | -1 | 61,955 | 662 | 111,002 | -1 |
| Change in cash balances | 2,843 | - | - | - | 2,843 | - |
| Purchases | 171,219 | - | 2,064,080 | - | 2,235,300 | - |
| Sales | -4,625 | 1 | -8,300 | - | -12,925 | 1 |
| Maturity | -189,023 | 0 | -2,028,614 | -174 | -2,217,810 | 0 |
| Write-offs, redemption, etc. | - | - | - | - | - | - |
| Change in risk parameters during the period | - | - | - | - | - | - |
| Change in model/method | - | - | - | - | - | - |
| Currency revaluation | -1,001 | - | -165 | -49 | -1,215 | - |
| Other ¹⁾ | 635 | - | 1,922 | 2 | 2,559 | - |
| Closing balance | 28,432 | 0 | 90,878 | 442 | 119,752 | 0 |

| SEK million | CONSOLIDATED SITUATION | | | | | |
|---|---|-----------|-------------------------------------|-------------------|------------------------------------|-----------|
| | 2022 | | | | | |
| | Financial assets measured at amortised cost | | Financial assets measured at FVTOCI | | Financial assets measured at FVTPL | |
| | Credit stage 1 | | Credit stage 1 | | Total | |
| | Securities, gross | Provision | Securities, gross | Securities, gross | Securities, gross | Provision |
| Opening balance | 38,905 | -1 | 43,784 | 859 | 83,548 | -1 |
| Change in cash balances | -6,595 | - | - | - | -6,595 | - |
| Purchases | 45,754 | - | 1,464,352 | - | 1,510,106 | - |
| Sales | -278 | 0 | -714 | - | -992 | 0 |
| Maturity | -30,005 | 0 | -1,444,266 | -178 | -1,474,449 | 0 |
| Write-offs, redemption, etc. | - | - | - | - | - | - |
| Change in risk parameters during the period | - | - | - | - | - | - |
| Change in model/method | - | - | - | - | - | - |
| Currency revaluation | 1,664 | - | 329 | 14 | 2,007 | - |
| Other ¹⁾ | -1,060 | - | -1,530 | -33 | -2,623 | - |
| Closing balance | 48,385 | -1 | 61,955 | 662 | 111,002 | -1 |

¹⁾ Unrealised changes in fair value in addition to the exchange rate revaluation.

RC:3 Liquidity risk

Liquidity risk is defined as the risk that the company will not be able to meet its payment obligations on the date of maturity without the related cost increasing significantly. The SBAB Group has long identified the importance of well-functioning and proactive liquidity risk management. SBAB's liquidity risk management is described below.

Broad and diversified funding

Because the SBAB Group has maintained an active presence in the international capital market since 1989, its brand is well established. The SBAB Group has access to the covered bond market, both in Sweden and internationally, through SCBC. In addition to issuing bonds, SBAB is funded by retail deposits.

Liquidity reserve

SBAB has a liquidity portfolio in place to ensure liquidity in times when normal market funding does not function adequately or in the case of outflows of deposits. The portfolio acts as a buffer, as the securities in the portfolio can be sold to free up liquidity, either through repos or through the sales of parts of the portfolio. The liquidity portfolio also comprises a business advantage in normal market conditions in the form of bridge financing for maturing debt and with ensuring intraday liquidity.

The portfolio holdings are long-term and mainly comprise liquid, interest-bearing securities with high ratings, where 100% of the portfolio's holdings can be used as collateral for repos with the Riksbank or the European Central Bank (ECB). The size of SBAB's holdings of individual securities as a percentage of the total volume outstanding is also limited with the aim of reducing concentration risk.

The following table is reported according to the Swedish Bankers' Association's template for liquidity reserve disclosures and is based on the EU Commission Delegated Regulation (EU) 2015/61 with regard to liquidity coverage requirement.

Excluding pledged collateral, SBAB's liquidity reserve amounted to SEK 103.3 billion on 31 December 2023 with a volume-weighted average tenor of 1.78 years (1.59). Moreover, unutilised issuance capacity for covered bonds comprises an additional reserve that is not included in the calculation of the above liquidity metrics.

Liquidity reserve

| SEK billion | | CONSOLIDATED SITUATION | | | | | | | | | |
|-------------|--|------------------------|--------------------------|-------------|------------|-----|-------------|--------------------------|-------------|------------|---|
| | | 31 Dec 2023 | | | | | 31 Dec 2022 | | | | |
| | | Total | Distribution by currency | | | | Total | Distribution by currency | | | |
| SEK | EUR | | USD | Other | SEK | EUR | | USD | Other | | |
| | Level 1 Assets | 100.8 | 84.1 | 15.7 | 1.0 | - | 84.4 | 66.4 | 15.9 | 2.1 | - |
| | Cash and balances at central banks | 9.9 | 9.9 | - | - | - | 4.7 | 4.7 | - | - | - |
| Level 1 | Securities issued or guaranteed by governments, central banks, multinational development banks and international organisations | 42.4 | 40.0 | 2.4 | - | - | 33.7 | 27.9 | 5.2 | 0.6 | - |
| | Securities issued by municipalities or PSEs | 12.0 | 6.9 | 4.1 | 1.0 | - | 11.5 | 4.0 | 6.0 | 1.5 | - |
| | Covered bonds with extremely high quality | 36.5 | 27.3 | 9.2 | - | - | 34.5 | 29.8 | 4.7 | - | - |
| | Other assets | - | - | - | - | - | - | - | - | - | - |
| | Level 2 Assets | 2.5 | 2.5 | - | - | - | 3.5 | 3.2 | 0.3 | - | - |
| | <i>Level 2A assets</i> | 2.5 | 2.5 | - | - | - | 3.5 | 3.2 | 0.3 | - | - |
| | Securities issued or guaranteed by governments, central banks, municipalities and PSEs | - | - | - | - | - | - | - | - | - | - |
| | Covered bonds with high quality | 2.5 | 2.5 | - | - | - | 3.5 | 3.2 | 0.3 | - | - |
| | Corporate bonds (minimum AA- rating) | - | - | - | - | - | - | - | - | - | - |
| Level 2 | Other assets | - | - | - | - | - | - | - | - | - | - |
| | <i>Level 2B assets</i> | - | - | - | - | - | - | - | - | - | - |
| | Asset-backed securities (ABS) | - | - | - | - | - | - | - | - | - | - |
| | Covered bonds with high quality | - | - | - | - | - | - | - | - | - | - |
| | Corporate bonds (A+ to BBB rating) | - | - | - | - | - | - | - | - | - | - |
| | Equities | - | - | - | - | - | - | - | - | - | - |
| | Other assets | - | - | - | - | - | - | - | - | - | - |
| | Liquidity reserve | 103.3 | 86.6 | 15.7 | 1.0 | - | 87.9 | 69.6 | 16.2 | 2.1 | - |

Continuous monitoring of liquidity risk

Proactive and continuous liquidity planning in the relevant currencies, active debt management and the scope, content and management of the liquidity reserve are key factors in SBAB's liquidity risk management. By viewing funding activities as a natural part of both operational work and the strategic planning of liquidity risk, concentrations of excessively large funding maturities are avoided. Another important part of the ongoing liquidity risk management is the continuous monitoring and testing of the practical liquidity value of the liquidity reserve in the secondary market.

Liquidity risk measurements – short-term liquidity risk

At SBAB, the risk of being exposed to insufficient liquidity in the short term is known as short-term liquidity risk. SBAB regularly monitors a number of metrics for short-term liquidity risk. One of these is the liquidity coverage ratio as defined in the European Commission delegated regulation (EU) 2015/61. The liquidity coverage ratio is a metric of the degree to which the liquidity reserve covers a 30-day net cash outflow in a stressed scenario. Under the regulations, the metric must amount to not less than 100% for all currencies on a consolidated basis. On 31 December 2023, figures for 31 December 2022 in parentheses, the metric was 258% (250) at the consolidated level. Significant currencies for the bank comprise SEK and EUR, for which the LCR amounted to 192% (192) in SEK and 10,023% (7,045) in EUR. In 2023, the LCR never fell below 161% (155) at the consolidated level.

In addition to regulatory-controlled liquidity risk measurements, SBAB has a number of internal metrics. These include the measurement and stress testing of the liquidity risk by totalling the maximum conceivable need for liquidity for each coming day. This liquidity risk metric is referred to as the survival horizon. The calculations are based on a crisis scenario in which all loans are assumed to be extended on maturity, meaning that no liquidity is added through loan redemption, and where no funding is available. Retail deposits are treated with a conservative assumption, whereby withdrawals from the portfolio are distributed over time on the basis of historical changes. Accordingly, the maximum need for liquidity can be identified for every given future period, and the necessary liquidity reserve can be established. The survival horizon corresponds to the number of days for which the liquidity reserve covers the maximum outflow and it has been limited to a minimum of 180 days at the consolidated currency level at any given time.

On 31 December 2023, figures for 31 Dec 2022 in parentheses, the survival horizon was 529 days (347) at the consolidated level, and 256 days (172) for SEK and 1,136 days (1,500) for EUR, which comprise the significant currencies for the bank. In 2023, the survival horizon was never less than 226 days (250) at the consolidated level.

In addition to the above metrics, limits are applied to short-term liquidity risk through further internal metrics, for which limits apply.

Liquidity risk measurements – structural liquidity risk

Structural liquidity risk is a measure of the differences in maturity structures between assets and liabilities in terms of loan-to-maturity, which risks leading to a lack of liquidity in the longer term. SBAB aims to have a diversified funding. The SBAB Group has adopted a conservative approach to the management of funding. A larger share of future maturities is being pre-financed and the share of total funding attributable to short-term funding is being maintained at a low level. SBAB works actively to ensure an even distribution of maturities, while at the same time extending the maturity of the liabilities. Monitoring of upcoming maturities, repurchases, replacements and pre-financing constitute key elements of the practical management aimed at reducing the risk.

SBAB limits its dependence on market funding by applying a limit on the ratio between retail deposits and lending to the public. On 31 December 2023, the ratio was 42% (36) compared with a limit of 28%.

Moreover, access to funding from covered bonds is secured by monitoring that the over-collateralisation (OC level) in the cover pool at each point in time, including in stressed circumstances, exceeds Moody's requirements for Aaa ratings. On 31 December 2023, the OC level was 35.6%.

SBAB also measures its structural liquidity risk through a metric for maturity matching that measures the relationship between the maturities of assets and liabilities from a liquidity perspective at various points in the future. This can be viewed as SBAB's internal version of the net stable funding ratio (NSFR), in which the maturity, in terms of liquidity, on deposits and lending is estimated by means of SBAB's own statistical models, which are based on historical data of the behaviour of SBAB's customers. The metric is subject to a one-year floor limit of not less than 90% at a consolidated level, 60% for significant currencies (for which the liability exceeds 5% of total liabilities). On 31 December 2023, maturity matching was 152% (143) at the consolidated level, 138% (131) in SEK and 174% (143) in EUR, which comprise the significant currencies for the bank.

The NSFR according to Regulation (EU) 2019/876 of the European Parliament and of the Council ("CRR2") was 131.9% (127.9).

The tables "Maturities of hedged cash flows in cash-flow hedges" and "Maturities of financial assets and liabilities" show the status of SBAB's future cash flows as of 31 December 2023 and 31 December 2022, respectively, from both a short-term and long-term perspective.

Maturities of financial assets and liabilities*(amounts refer to contractual, undiscounted cash flows)*

The maturity of the amortisation for amortised receivables and liabilities has been calculated as the period up to the date of maturity of the respective amortisation. Foreign currency cash flows have been converted using the closing rate on 31 December 2023. Future interest-rate cash flows with floating interest rates are estimated until the next fixing date using forward interest rates based on the actual interest base, usually the three-month STIBOR. The Parent Company, SBAB, is the creditor for the subsidiary SCBC's subordi-

nated debt. If the maturity is not specified, current debt is recognised as having no maturity and without estimated interest-rate cash flows.

The item "Loan commitments and other credit-related commitments" for the Group, which totals SEK 41,589 million (47,325), amounted to SEK 10,813 million (16,564) after application of the internal calculation for CCF. The reduction has not been included in the table.

| SEK million | CONSOLIDATED SITUATION | | | | | | | | | | | | | |
|---|------------------------|---------------|---------------|---------------|----------------|----------------|----------------|----------------|---------------|---------------|---------------|----------------|----------------|----------------|
| | 2023 | | | | | | | 2022 | | | | | | |
| | No maturity | <3 months | 3-6 months | 6-12 months | 1-5 years | >5 years | Total | No maturity | <3 months | 3-6 months | 6-12 months | 1-5 years | >5 years | Total |
| Financial assets | | | | | | | | | | | | | | |
| Cash and balances at central banks | 6,350 | - | - | - | - | - | 6,350 | 3,534 | - | - | - | - | - | 3,534 |
| Chargeable treasury bills, etc. | - | 36,000 | 453 | 0 | 1 | 249 | 36,703 | - | 26,712 | 2,569 | - | 455 | 249 | 29,985 |
| Lending to credit institutions | 24 | 87 | - | - | - | - | 110 | 2 | 20,091 | - | - | - | - | 20,093 |
| Lending to the public | - | 1,706 | 1,701 | 3,381 | 25,788 | 485,218 | 517,794 | - | 3,494 | 57,257 | 5,528 | 6,090 | 437,159 | 509,527 |
| Bonds and other interest-bearing securities | - | 509 | 1,454 | 2,585 | 60,372 | 6,612 | 71,532 | - | 4,033 | 4,670 | 6,379 | 44,084 | 3,720 | 62,886 |
| <i>of which classified as loans and accounts receivable</i> | - | - | - | - | - | - | - | - | - | - | - | - | - | - |
| Derivatives | - | 1,988 | 1,713 | -146 | 6,002 | 3,075 | 12,632 | - | 789 | 1,937 | 2,104 | 8,014 | 3,278 | 16,122 |
| Other assets | 285 | - | - | - | - | - | 285 | 587 | - | - | - | - | - | 587 |
| Total | 6,658 | 40,290 | 5,321 | 5,820 | 92,163 | 495,154 | 645,406 | 4,123 | 55,119 | 66,433 | 14,011 | 58,643 | 444,406 | 642,734 |
| Financial liabilities | | | | | | | | | | | | | | |
| Liabilities to credit institutions | - | 5,606 | - | - | - | - | 5,606 | - | 8,237 | - | - | - | - | 8,237 |
| Deposits from the public | 168,844 | 23,091 | 11,415 | 10,411 | 1,452 | 0 | 215,213 | 173,616 | 1,013 | 1,301 | 4,673 | 1,840 | - | 182,443 |
| Issued debt securities, etc. | - | 23,846 | 27,969 | 7,854 | 281,159 | 72,082 | 412,910 | - | 4,014 | 49,524 | 5,760 | 273,995 | 65,545 | 398,838 |
| Derivatives | - | 2,210 | 1,043 | 4,201 | 7,284 | 1,955 | 16,693 | - | 1,326 | 1,140 | 4,779 | 15,588 | 4,252 | 27,085 |
| Other liabilities | 5,174 | - | - | - | - | - | 5,174 | 3,011 | - | - | - | - | - | 3,011 |
| Subordinated debt | - | 147 | 119 | 1,763 | 6,630 | - | 8,659 | - | 119 | 104 | 202 | 8,712 | - | 9,137 |
| Loan commitments and other credit-related commitments | - | 28,694 | 12,461 | 36 | 398 | - | 41,589 | - | 37,368 | 9,572 | 158 | 227 | - | 47,325 |
| Total | 174,018 | 83,594 | 53,007 | 24,265 | 296,923 | 74,037 | 705,844 | 176,627 | 52,077 | 61,641 | 15,572 | 300,362 | 69,797 | 676,075 |

Maturities of hedged cash flows in cash-flow hedges

| SEK million | CONSOLIDATED SITUATION | | | | | | |
|-------------------------|------------------------|----------------|----------------|-------------|----------------|----------------|----------------|
| | No maturity | <3 months | 3-6 months | 6-12 months | 1-5 years | >5 years | Total |
| Interest-rate-hedged | - | 327 | 553 | 62 | 3,241 | 1,515 | 5,698 |
| Currency-hedged | - | -11,114 | - | - | -37,508 | -38,710 | -87,332 |
| Net, 31 Dec 2023 | - | -10,787 | 553 | 62 | -34,267 | -37,195 | -81,634 |
| Net, 31 Dec 2022 | - | 342 | -13,715 | 60 | -35,515 | -36,845 | -85,673 |

Maturities of financial assets and liabilities*(amounts refer to contractual, undiscounted cash flows)*

| SEK million | PARENT COMPANY | | | | | | | | | | | | | |
|---|----------------|---------------|---------------|---------------|---------------|---------------|----------------|----------------|---------------|---------------|---------------|---------------|---------------|----------------|
| | 2023 | | | | | | | 2022 | | | | | | |
| | No maturity | <3 months | 3–6 months | 6–12 months | 1–5 years | >5 years | Total | No maturity | <3 months | 3–6 months | 6–12 months | 1–5 years | >5 years | Total |
| Financial assets | | | | | | | | | | | | | | |
| Cash and balances at central banks | 6,350 | - | - | - | - | - | 6,350 | 3,534 | - | - | - | - | - | 3,534 |
| Chargeable treasury bills, etc. | - | 36,000 | 453 | - | 1 | 249 | 36,703 | - | 26,712 | 2,569 | - | 455 | 249 | 29,985 |
| Lending to credit institutions | 121,261 | 404 | 309 | 5,522 | 20,571 | | 148,066 | 117,029 | 20,111 | 63 | 6,135 | - | - | 143,338 |
| Lending to the public | - | 105 | 104 | 203 | 1,309 | 22,620 | 24,341 | - | 1,626 | 2,019 | 414 | 346 | 21,426 | 25,831 |
| Bonds and other interest-bearing securities | - | 509 | 1,454 | 2,585 | 60,372 | 6,612 | 71,532 | - | 4,033 | 4,670 | 6,379 | 44,084 | 3,720 | 62,886 |
| <i>of which classified as loans and accounts receivable</i> | - | - | - | - | - | - | - | - | - | - | - | - | - | - |
| Derivatives | - | 3,402 | 2,377 | 3,675 | 11,589 | 4,807 | 25,850 | - | 1,865 | 2,825 | 6,429 | 21,407 | 7,297 | 39,823 |
| Other assets | 80 | - | - | - | - | - | 80 | 735 | - | - | - | - | - | 735 |
| Total | 127,690 | 40,420 | 4,697 | 11,985 | 93,842 | 34,288 | 312,922 | 121,298 | 54,347 | 12,146 | 19,357 | 66,292 | 32,692 | 306,132 |
| Financial liabilities | | | | | | | | | | | | | | |
| Liabilities to credit institutions | - | 6,975 | - | - | - | - | 6,975 | - | 9,119 | 101 | - | - | - | 9,220 |
| Deposits from the public | 168,844 | 23,091 | 11,415 | 10,411 | 1,452 | - | 215,213 | 173,616 | 1,013 | 1,301 | 4,673 | 1,840 | - | 182,443 |
| Issued debt securities, etc. | - | 6,250 | 3,677 | 7,150 | 43,270 | - | 60,347 | - | 4,014 | 12,253 | 4,763 | 48,874 | - | 69,904 |
| Derivatives | - | 3,787 | 2,268 | 3,827 | 12,343 | 4,895 | 27,120 | - | 1,860 | 2,330 | 6,328 | 21,812 | 7,240 | 39,570 |
| Other liabilities | 2,492 | - | - | - | - | - | 2,492 | 922 | - | - | - | - | - | 922 |
| Subordinated debt | - | 147 | 119 | 1,763 | 6,630 | - | 8,659 | - | 119 | 104 | 202 | 8,712 | - | 9,137 |
| Loan commitments and other credit-related commitments | - | 29,092 | 12,461 | 36 | - | - | 41,589 | - | 37,368 | 9,572 | 158 | 227 | - | 47,325 |
| Total | 171,336 | 69,342 | 29,940 | 23,187 | 63,695 | 4,895 | 362,395 | 174,538 | 53,493 | 25,661 | 16,124 | 81,465 | 7,240 | 358,521 |

Maturities of hedged cash flows in cash-flow hedges

| SEK million | PARENT COMPANY | | | | | | |
|-------------------------|----------------|-----------|---------------|-------------|---------------|----------|---------------|
| | No maturity | <3 months | 3–6 months | 6–12 months | 1–5 years | >5 years | Total |
| Interest-rate-hedged | - | -1 | -3 | 8 | 15 | - | 19 |
| Currency-hedged | - | - | - | - | -1,666 | - | -1,666 |
| Net, 31 Dec 2023 | - | -1 | -3 | 8 | -1,651 | - | -1,647 |
| Net, 31 Dec 2022 | - | - | -5,519 | 6 | -1,649 | - | -7,162 |

Stress tests

SBAB performs regular stress tests of liquidity risk aimed at internal requirements for analytical and contingency management of liquidity risk. The stress tests have been designed in line with the Swedish FSA's regulations regarding management of liquidity risks in credit institutions and investment firms, which impose general requirements on stress tests (FFFS 2010:7). The models analyse SBAB's capacity to meet the need for cash and cash equivalents in various market scenarios and to assess the effect of protracted stress on SBAB's ability to finance its operations. The scenarios are designed on the basis of SBAB's specific risk profile and cover both company-specific and market-related scenarios that may render the financing of the operations difficult. The scenarios are divided into different stages that illustrate increasing levels of stress intensity to reflect how a crisis can continuously deteriorate. The scenarios simulated by the stress tests include:

- The 2008/2009 financial crisis – stress in the funding operations, with funding programmes closing at various stages

- Rating-related stress, with gradually lower ratings for SBAB and SCBC
- Falling property market prices – various levels of falling prices, which increase LTV ratios, thus lowering the share of funding that can be conducted via covered bonds
- Stress of liquidity in the liquidity reserve
- Sizeable fluctuations in interest and currency exchange rates, leading to larger amounts having to be secured through CSAs, which could thus impair liquidity.

The stress tests are under continuous development and the assumptions on which the various scenarios are based are assessed regularly. The stress tests are conducted and reported quarterly, with results assessed against SBAB's established risk appetite and used to adapt strategies and guidelines.

RC:4 Market risk

Market risk is the risk of loss or reduced future income due to market fluctuations. SBAB is characterised by low risk taking, with the Board determining the overall risk appetite and setting the limits for the risk metric Value at Risk (VaR). The Board has also decided on additional limits, over and above the overall VaR limits, to limit interest-rate risk in the banking book. In addition to the limits established by the Board, a number of supplementary risk-based metrics set by the CEO of SBAB are also subject to limitation. Through daily reports, the Risk function checks compliance with current risk levels and limits. Market risk is followed up on the Group level as well as broken down to lower levels.

The general principle governing SBAB's exposure to market risk is that the level of risk taking should be low. As a general principle, interest-rate risk is to be mitigated through direct funding or the use of derivatives. SBAB's interest-rate structure as of 31 December 2023 is shown in the table "Fixed-interest periods for financial assets and liabilities." Currency risk refers to the risk that changes in the exchange rate for SEK against other currencies result in losses or lower future income. The risk is mitigated as funding in international currency is hedged through currency swaps or matched against assets in the liquidity portfolio in the same currency. The total effect per currency is reported in the table "Nominal amounts for assets, liabilities and derivatives in foreign currency."

Value at Risk

VaR is a comprehensive portfolio measurement expressing the potential loss that could occur given a certain level of probability and holding period. SBAB's model is a historical model and applies percentiles in historical market data from the past two years. Since the model is based on historical data there is a degree of inherent inertia and the model could underestimate the risk in a rapidly changing market. Due to the above and that the model is based on several assumptions, the model is validated daily using back testing analysis, in other words a check of VaR against actual outcomes.

Limits for the day-to-day follow up are set at two levels: SBAB's total market risk and stressed VaR for SBAB's credit spread risk. The limit for SBAB's total market risk is based on the VaR metric that applies a probability level of 99% and a holding period of one year. This means that the loss in one year with 99% probability is less than the outcome of the VaR, given that the same portfolio is held during the period. The stressed metric is based on movements during a historical, stressed period with a probability level of 99% and a holding period of 90 days. This means that the loss in 90 days with 99% probability is less than the outcome of the VaR, given that the same portfolio is held during the period.

As per 31 December 2023, the VaR for SBAB's total market risk exposure was SEK 1,173 million, compared with the limit of SEK 2,700 million. For the stressed metric, VaR was SEK 964 million and the limit was SEK 1,200 million.

Interest-rate risk in other operations

The Board has also decided on two limits, over and above the overall VaR limits, to limit interest-rate risk in other operations. One limit is expressed as an overall interest-rate risk metric, measured as the effect of a +100 bps parallel shift, and the second limit is expressed as a target value for the duration of equity.

Interest-rate risk in other operations is measured and reported to the Swedish FSA in accordance with FFFS 2007:4. As per 31 December 2023, the effect on the present value was negative SEK 517 million (negative: 152) for a 2 percentage-point parallel upward shift and a positive SEK 543 million (151) for a 2 percentage-point parallel downward shift. As own funds amounted to SEK 28.2 billion (27.5) as of 31 December 2023, the effect of the stress tests

amounted to negative 1.83% (negative: 0.55) and 1.92% (0.55) of own funds, respectively.

Interest-rate risk in the banking book

SBAB covers interest-rate risk in the banking book pursuant to the Swedish FSA's methodology as described in FI Ref. 19-4434. This showed that on 31 December 2023, the scenario with the greatest impact on the banking book was "Parallel up," which is reported in the variable "ΔEVE" in the "Interest-rate risk in the banking book" table.

The net interest income effect is measured to capture the impact of changes in interest rates on profit or loss. The metric reflects the differences in volume and fixed-interest periods between assets, liabilities and derivatives in other operations. The net interest income effect is calculated pursuant to the instructions stated in EBA/GL/2018/02 and is based on an instantaneous parallel shift of one percentage point up and down over a 12-month period. The value is reported in the variable "ΔNII" in the "Interest-rate risk in the banking book" table.

Supplementary risk metrics

In addition to the limits determined by the Board, the CEO has set a number of supplementary risk metrics for different kinds of risks to which SBAB is exposed. For interest-rate risk, there are limits for parallel shifts, where the effect on the present value of a one percentage point shift in the yield curve is measured, and curve risk where the effect on the present value is measured in different scenarios, in which the short end of the yield curve is adjusted down (up) and the long end is adjusted up (down). To limit interest-rate risk in the banking book, limits are set for duration of equity. Currency risk is controlled by measuring the effect on present value when currency exchange rates change compared to SEK, and in the liquidity portfolio by controlling the matching of the principal in each currency. There are also limits for basis risk and credit spread risk.

In addition to the above-mentioned supplementary risk metrics, sensitivity analysis is performed with stressed interest rates, currency rates and credit spreads together with their effect on the company's CET1 capital requirement.

Interest Rate Benchmark Reform

The Interest Rate Benchmark Reform (IBOR transition) replaces existing benchmark interbank offered rates (IBORs) with alternative risk-free rates. SBAB has relatively limited exposure to reference rates other than STIBOR; other than SEK, the currencies used in SBAB's operations comprise EUR and USD. During the year, SBAB switched from USD LIBOR, as it no longer exists, to SOFR. STIBOR and EURIBOR are still used as reference rates in SEK and EUR, respectively, as SBAB uses the possibility of an exemption regarding changes in hedged risk, hedging instruments and hedged items, which was introduced as a result of the Interest Rate Benchmark Reform. This means that the bank is not forced by a change in the alternative benchmark interest rate in the hedge documentation to discontinue hedge accounting. Focus during the year has been on ensuring compliance pursuant to the Benchmarks Regulation (BMR), which affects SBAB both as a user of benchmarks and as a reporter of input data for benchmarks.

Continuous market monitoring and adjustment is required and, therefore, other benchmarks, including risk-free rates (RFR), need to be used. Therefore, it has been important to ensure systemic support for the use of RFR-linked products, mainly in the form of derivatives and bonds, and on managing the transition of actual exposures to IBORs.

Interest-rate risk in the banking book¹

| SEK million | CONSOLIDATED SITUATION | | | | PARENT COMPANY | | | |
|----------------------|------------------------|-------------|---------------|------------|----------------|---------------|---------------|---------------|
| | 2023 | | 2022 | | 2023 | | 2022 | |
| | ΔEVE | ΔNII | ΔEVE | ΔNII | ΔEVE | ΔNII | ΔEVE | ΔNII |
| Parallel up | -777 | 162 | 746 | -82 | -3 | -1,148 | -93 | -1,168 |
| Parallel down | 855 | -162 | -910 | 82 | -2 | 1,148 | 89 | 1,168 |
| Short rate up | -518 | | -22 | | -93 | | -264 | |
| Short rate down | 545 | | 17 | | 92 | | 268 | |
| Steepening | 34 | | 550 | | 98 | | 222 | |
| Flattening | -211 | | -387 | | -98 | | -241 | |
| Worst outcome | -777 | -910 | -910 | -82 | -98 | -1,148 | -264 | -1,168 |
| Own funds | 28,209 | | 27,484 | | 21,791 | | 17,416 | |

Nominal amounts for assets, liabilities and derivatives in foreign currency

| SEK million | CONSOLIDATED SITUATION | | | | PARENT COMPANY | | | |
|--------------|------------------------|----------------|------------------------|---------------|------------------------|---------------|------------------------|---------------|
| | 2023 | | 2022 | | 2023 | | 2022 | |
| | Assets and liabilities | Derivatives | Assets and liabilities | Derivatives | Assets and liabilities | Derivatives | Assets and liabilities | Derivatives |
| EUR | -101,920 | 102,025 | -94,775 | 94,833 | -16,264 | 16,359 | -11,885 | 11,911 |
| GBP | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| NOK | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| USD | 696 | -15 | 173 | 0 | 696 | -15 | 173 | 0 |
| Total | -101,224 | 102,010 | -94,602 | 94,833 | -15,568 | 16,344 | -11,712 | 11,911 |

Fixed-interest periods for financial assets and liabilities

| SEK million | CONSOLIDATED SITUATION | | | | | | | | | | | | | |
|---|-------------------------|----------------|----------------|----------------|-----------------|----------------|-----------------|-------------------------|----------------|----------------|---------------|-----------------|----------------|-----------------|
| | 2023 | | | | | | | 2022 | | | | | | |
| | Without interest period | <3 months | 3-6 months | 6-12 months | 1-5 years | >5 years | Total | Without interest period | <3 months | 3-6 months | 6-12 months | 1-5 years | >5 years | Total |
| ASSETS | | | | | | | | | | | | | | |
| Cash and balances held at central banks | - | 6,350 | - | - | - | - | 6,350 | - | 3,534 | - | - | - | - | 3,534 |
| Chargeable treasury bills, etc. | - | 35,989 | 442 | - | - | 219 | 36,650 | - | 26,696 | 2,541 | - | 441 | 208 | 29,886 |
| Lending to credit institutions | - | 11,785 | - | - | - | - | 11,785 | - | 20,066 | - | - | - | - | 20,066 |
| Lending to the public | - | 355,762 | 20,672 | 26,041 | 105,107 | 9,818 | 517,400 | - | 295,052 | 15,915 | 54,540 | 132,032 | 11,953 | 509,492 |
| Change in fair value of interest-rate-hedged loan receivables | - | -50 | -127 | -275 | -937 | -176 | -1,565 | - | -76 | -116 | -1,004 | -3,381 | -367 | -4,944 |
| Bonds and other interest-bearing securities | - | 18,575 | 960 | 1,752 | 38,040 | 5,618 | 64,945 | - | 15,759 | 3,880 | 5,072 | 29,580 | 3,199 | 57,490 |
| Derivatives | - | 6,272 | -119 | -135 | 5,945 | 278 | 12,241 | - | 18,848 | -22 | -49 | -2,487 | -347 | 15,943 |
| Other assets | 1,084 | - | - | - | - | - | 1,084 | 634 | - | - | - | - | - | 634 |
| Total | 1,084 | 434,683 | 21,828 | 27,383 | 148,155 | 15,757 | 648,890 | 634 | 379,879 | 22,198 | 58,559 | 156,185 | 14,646 | 632,101 |
| LIABILITIES | | | | | | | | | | | | | | |
| Liabilities to credit institutions | - | -5,606 | - | - | - | - | -5,606 | - | -8,237 | - | - | - | - | -8,237 |
| Deposits from the public | -168,841 | -23,091 | -11,416 | -10,411 | -1,452 | - | -215,211 | -173,616 | -1,013 | -1,301 | -4,673 | -1,840 | - | -182,443 |
| Issued debt securities, etc. | - | -40,816 | -21,468 | -1,785 | -251,853 | -66,848 | -382,770 | - | -29,417 | -45,570 | -1,747 | -251,606 | -65,545 | -393,885 |
| Derivatives | - | -19,750 | -18 | -1,215 | 1,353 | 3,935 | -15,695 | - | -36,937 | 4 | 11 | 6,719 | 5,269 | -24,934 |
| Other liabilities | -5,191 | - | - | - | - | - | -5,191 | -3,021 | - | - | - | - | - | -3,021 |
| Subordinated debt | -5,800 | -1,399 | - | - | -599 | - | -7,798 | -5,800 | -1,398 | - | - | -599 | - | -7,797 |
| Total | -179,832 | -90,662 | -32,902 | -13,411 | -252,551 | -62,913 | -632,271 | -182,437 | -77,002 | -46,867 | -6,409 | -247,326 | -60,276 | -620,317 |
| Difference assets and liabilities | -178,748 | 344,021 | -11,074 | 13,972 | -104,396 | -47,156 | 16,619 | -181,803 | 302,877 | -24,669 | 52,150 | -91,141 | -45,630 | 11,784 |

| SEK million | PARENT COMPANY | | | | | | | | | | | | | |
|---|-------------------------|----------------|----------------|----------------|----------------|--------------|-----------------|-------------------------|----------------|---------------|---------------|----------------|---------------|-----------------|
| | 2023 | | | | | | 2022 | | | | | | | |
| | Without interest period | <3 months | 3-6 months | 6-12 months | 1-5 years | >5 years | Total | Without interest period | <3 months | 3-6 months | 6-12 months | 1-5 years | >5 years | Total |
| ASSETS | | | | | | | | | | | | | | |
| Cash and balances held at central banks | - | 6,350 | - | - | - | - | 6,350 | - | 3,534 | - | - | - | - | 3,534 |
| Chargeable treasury bills, etc. | - | 35,989 | 442 | - | - | 219 | 36,650 | - | 26,696 | 2,541 | - | 441 | 208 | 29,886 |
| Lending to credit institutions | - | 154,568 | - | - | - | - | 154,568 | - | 147,568 | - | - | - | - | 147,568 |
| Lending to the public | - | 20,863 | 1,226 | 167 | 1,888 | 36 | 24,180 | - | 23,370 | 143 | 456 | 1,594 | 191 | 25,754 |
| Change in fair value of interest-rate-hedged loan receivables | - | - | - | - | - | - | - | - | - | - | - | - | - | - |
| Bonds and other interest-bearing securities | - | 18,575 | 960 | 1,752 | 38,040 | 5,618 | 64,945 | - | 15,759 | 3,880 | 5,072 | 29,580 | 3,199 | 57,490 |
| Derivatives | - | 23,795 | -67 | 1,091 | 3,860 | -4,061 | 24,618 | - | 50,358 | 37 | -65 | -7,475 | -5,143 | 37,712 |
| Other assets | 1,356 | - | - | - | - | - | 1,356 | 792 | - | - | - | - | - | 792 |
| Total | 1,356 | 260,140 | 2,561 | 3,010 | 43,788 | 1,812 | 312,667 | 792 | 267,285 | 6,601 | 5,463 | 24,140 | -1,545 | 302,736 |
| LIABILITIES | | | | | | | | | | | | | | |
| Liabilities to credit institutions | - | -6,980 | - | - | - | - | -6,980 | - | -9,115 | -100 | - | - | - | -9,215 |
| Deposits from the public | -168,841 | -23,091 | -11,416 | -10,411 | -1,452 | - | -215,211 | -173,616 | -1,013 | -1,301 | -4,673 | -1,840 | - | -182,443 |
| Issued debt securities, etc. | - | -18,278 | -956 | -1,785 | -35,574 | - | -56,593 | - | -23,899 | -8,299 | -750 | -32,056 | - | -65,004 |
| Derivatives | - | -23,869 | 60 | -1,101 | -4,061 | 3,158 | -25,813 | - | -50,470 | 7 | 36 | 8,126 | 4,871 | -37,430 |
| Other liabilities | -2,492 | - | - | - | - | - | -2,492 | -922 | - | - | - | - | - | -922 |
| Subordinated debt | -5,800 | -1,399 | - | - | -599 | - | -7,798 | -5,800 | -1,398 | - | - | -599 | - | -7,797 |
| Total | -177,133 | -73,617 | -12,312 | -13,297 | -41,686 | 3,158 | -314,887 | -180,338 | -85,895 | -9,693 | -5,387 | -26,369 | 4,871 | -302,811 |
| Difference assets and liabilities | -175,777 | 186,523 | -9,751 | -10,287 | 2,102 | 4,970 | -2,220 | -179,546 | 181,390 | -3,092 | 76 | -2,229 | 3,326 | -75 |

RC:5 Operational risk

Operational risk means the risk of losses due to inappropriate or unsuccessful processes, human error, faulty systems or external events, including legal risks.

Risk management

The process for managing operational risk is based on the continuous identification, analysis and assessment of risks as well as their management and follow-up. An analysis of risk levels is reported to the Board, the CEO and the Executive Management. The Risk department has overall responsibility for the methods and procedures used in the management of operational risk. The work with managing operational risk is conducted based on SBAB's risk appetite and the significant processes for the business. This entails constant efforts to develop employees' risk awareness and the bank's risk culture, to improve processes and procedures as well as to provide tools to efficiently and proactively manage day-to-day operational risk. As part of strengthening SBAB's risk culture, the bank implemented risk and compliance coordinators (RCCs) in the first line. The RCCs support the business managers with a focus on risk management, process mapping, internal controls, incident management and regulatory compliance.

Self-evaluation

The self-evaluation process encompasses the identification and evaluation of operational risks in all significant processes. Self-evaluation is carried out using a shared method and documented in the shared system support. The result of the self-evaluation is reported annually to the Board, the CEO and the Executive Management.

Incident management

SBAB has procedures and system support intended to facilitate the reporting and follow-up of incidents. The Risk department supports the operations with the analysis of reported incidents to ensure that root causes are identified and suitable measures are implemented. Even incidents that have not caused direct damage or financial loss are reported, to promote proactive risk management.

Management of material changes

SBAB's process for the management of material changes is applied for new or significantly altered products, services, markets, processes and ICT systems as well as in the event of major operational and organisational changes at SBAB. The aim of the process is to evaluate any potential risks related to the change and to draw attention to any impact the change may have on capital position.

Continuity management

SBAB works in a pre-emptive manner to prevent events that may affect the company's ability to conduct operations. A contingency organisation has been established for the management and communication in case of serious incidents, crises or disasters. This organisation is tested regularly in collaboration with external crisis management experts.

Significant operational risks

SBAB has identified a number of risks that, were they to occur, are assessed as potentially having a larger impact on SBAB's operations than other risks. The development of these risk is monitored on an ongoing basis by the Executive Management and the Board, and is taken into consideration within the framework of SBAB's business planning. The significant operational risks are detailed below.

Information security risk

It is critical for the entire business that the bank's control environment for information is both rigorous and transparent. Several potential risk drivers exist for the possible compromise of data in terms of confidentiality, accuracy and availability. Examples of such risk drivers, include attacks by cyber criminals, erroneous management of cloud services and errors in the replacement of the bank's base system. SBAB has a dedicated security team comprised of specialists tasked with attaining and maintaining a high level of cybersecurity for the bank. This is achieved through proactive efforts to ensure strong, digital perimeter protection and a high level of security within this protective shield. The team endeavours to increase risk and security awareness throughout SBAB with the aim of achieving the right level of security for our customers, systems and personnel. Moreover, the bank has a separate department for information linked to natural and legal persons called Privacy. This department reviews the processing of personal data in cloud services and sets requirements for such processing so as to ensure the bank complies with the applicable rules. In order to implement the IT strategy in a secure manner, operations retain the approach, under the existing governance model, of making small deliveries frequently to minimise any risk of major disruptions.

Technical risk

Market advances in technology have been rapid in recent years, which has led to certain parts of SBAB's infrastructure becoming obsolete and outdated. An extensive project to replace the system platform began in 2017 and was completed in 2023, which has significantly reduced the bank's technical risk. However, some system functionality remains to be improved and is addressed in a new project. Clearly defined objectives and priorities are in place for SBAB's IT strategy to ensure that the identified risks are managed effectively. The Executive Management and the Board closely monitor the development and outcome related to time plans and expenses. The shorter target and lead

times entailed by the agile working method as well as shorter intervals between production increase flexibility and enable more efficient working practices.

Financial crime

The threat level from criminals is deemed to be such that the bank risks being exposed to money laundering attempts. Moreover, a risk exists that the bank will be exposed to internal fraud. SBAB has a 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 is performed 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 courses in this area.

Competence

SBAB aims to be an attractive workplace with dedicated and motivated employees who, on their own initiative, generate ideas, collaborate and identify solutions. Like many other companies, SBAB faces the risk of not succeeding in attracting and retaining the right skills. SBAB uses a clearly defined and transparent HR strategy together with ambitious goals in this area to actively develop the value-driven work approach and to ensure inclusive leadership that can generate driven employees.

Regulatory risk is increasingly becoming a significant risk. New external regulations in areas including sustainability that impact SBAB will be implemented and training will be conducted to secure a high level of competence and thus high regulatory compliance in all parts of SBAB.

Capital requirements for operational risks

SBAB uses the standardised approach to calculate capital requirements for operational risk within the Pillar 1 framework. The capital requirements for operational risk are presented in the Risk Exposure Amounts and Capital requirements table (Note RC 8).

RC:6 Business risk

SBAB differentiates its business risk between strategic risk, the risk of weaker earnings and reputational risk. Strategic risk is defined as the risk of a loss arising due to unfavourable business decisions, erroneous implementation of strategic decisions or a lack of sensitivity to changes in the industry, the political environment or legal circumstances. The risk of weaker earnings encompasses the risk of, for example, reduced margins, which in turn may arise due to more expensive financing or more intense competition. Reputational risk is defined as the risk arising as a result of the failure to manage the above risks as well as due to failures in internal governance, control or management of other events.

New business is usually relatively similar to the business SBAB already has. Changes in the form of new products or new markets may only constitute a small part of SBAB's activities and must be implemented at such a pace that SBAB does not substantially jeopardise its earnings level and with great probability avoids pressure on its own funds.

Risks related to strategy and earnings are evaluated on an ongoing basis over the year within the first line's strategy work. Strategically important decisions are managed within the framework for managing material changes. Furthermore, the Board receives an annual evaluation of the material risks that clearly addresses strategic business risk, the bank's overall earnings and reputational risk. In addition to that stated above, reputational risk is also identified and managed in the context of the work with material risks. These are managed on an ongoing basis through measures including self-assessments, the material change process and incident management. Stress tests and sensitivity analyses are conducted within the ICAAP framework to help identify and quantify the various types of business risk to which SBAB is exposed.

RC:7 Concentration risk

Concentration risk arises when exposures are concentrated to certain counterparties, regions or types of businesses/industries. Through a direction decision as part of the business planning, SBAB's Board has established the concentration of risk based on the actual conditions for SBAB. The Board's risk appetite sets the framework for concentration risk, which is calculated based on the size of the exposures, industry and geographical concentration.

SBAB is primarily considered to be exposed to credit-risk related concentration risk in its lending operations. The risk department continuously monitors and analyses concentration in the lending portfolio based on, inter alia, geographical area, collateral, segment and product type. SBAB's portfolio is concentrated to the housing and property market. SBAB also has limited lending on commercial property, which amounted to 2% of lending to the

public as of 31 December 2023. For more information on the breakdown of SBAB's secured and unsecured lending, refer to the Loan amounts broken down by LTV interval table in Note RC 1. Moreover, large exposures to single counterparties are monitored on an ongoing basis. Total lending to the ten largest customer groups accounted for 7% of lending to the public. For more information on the lending portfolio's geographical breakdown, please refer to page 47. SBAB also evaluates the ongoing capital requirement for concentration risk and quantifies the economic capital risk for credit-risk exposures, see Note RC 9. For concentration risk in liquidity, please refer to Note RC 3.

RC:8 Capital adequacy analysis

Regulatory framework

The capital adequacy is based on the consolidated version of the Capital Requirements Regulation and the Capital Requirements Directive, which have been adapted to the Banking Package adopted on 7 June 2019. The information in this note refers to the minimum capital requirements according to Pillar 1 and corresponds to the disclosure requirements in the Capital Requirements Regulation, part eight and the Swedish FSA regulation FFFS 2014:12.

The purpose of the rules is in part to make institutions more resilient to new crises, and in part to raise confidence in the institutions' ability to manage new crises. The regulations include capital requirements, requirements on capital quality, a non-risk-based metric (leverage ratio) and quantitative liquidity requirements. The majority of the amendments to the CRR started to apply from 28 June 2021. Legislative amendments linked to the Capital Requirements Directive entered force on 29 December 2020. Binding leverage ratio requirements of 3% entered force on 28 June 2021.

In the fourth quarter of 2021, the European Commission published the proposed finalisation of the Basel 3 regulation (Banking Package 2021), which consists of three elementary legislative overhauls: a proposal to amend the Capital Requirements Directive, the Regulation on Prudential Requirements for Credit Institutions and Investment Firms, and the Bank Recovery & Resolution Directive. The comprehensive regulatory changes aim to address existing problems in the current European regulatory framework and to further improve capitalisation, liquidity and leverage ratios, without impairing the competitiveness of European banks. This will strengthen resilience across the entire financial sector, enabling it to better absorb adverse shocks. The ECB has completed comprehensive analysis, which found different interpretations of the EU framework between banks using internal models, thereby leading to asymmetric results in the calculation of risk-weighted assets for portfolios with the same underlying risk. This is one of the key issues taken up in the new regulatory proposal, which addresses the problem by introducing several limiting factors for the IRB approach, including a capital requirements floor, where risk-weighted assets are not permitted to fall under 72.5% of what is given in the standardised approach. The main source of risk for SBAB stems from credit risk. The regulatory proposal encompasses a number of changes both to the standardised approach and to the IRB approach. Over and above the changes to the calculation of credit risk, changes have also been proposed for CVA and operational risk as well as for the leverage ratio buffer. The European Commission's proposal is to be introduced with a transitional period during 2025–2030. In December 2023, the EU approved the European Commission's proposal and the EU Parliament is also expected to approve the proposal shortly. The changes in the CRR and the CRD are expected to be published in the Official Journal during the first half of 2024. SBAB is closely monitoring the process and is ready to implement the new requirements following their approval by European and national authorities.

The countercyclical capital buffer requirement for Swedish exposures has been raised from 1% to 2%, effective from 22 June 2023. The Swedish FSA has not announced any change to the countercyclical buffer value. The Government of Denmark has decided to increase the countercyclical buffer value from 2% to 2.5%, effective from 31 March 2023. In addition, the central bank of Norway has decided to raise the rate from 2% to 2.5%, effective from 31 March 2023.

From 31 December 2018, a risk-weight floor of 25% for residential mortgages to Swedish households within Pillar 1 is included following a decision by the Swedish FSA supported by article 458 in the CRR. The decision applied for two years. Thereafter, the Swedish FSA resolved to apply the floor in Pillar 1 until 30 December 2025. The credit institutions encompassed by the measure are those authorised to use the IRB approach and which have exposures to Swedish residential mortgages.

The Swedish FSA has resolved to apply the risk-weight floor for commercial property sector exposures pursuant to article 458 in the CRR, which concurrently replaces the risk-weight floor that was previously subject to the Pillar 2 capital adequacy rules. The new risk-weight floor entered force on 30 September 2023. As of 31 December 2023, SBAB's capital requirement had not been affected by this floor and, according to prognostication, the floor is expected to have a marginal impact on SBAB's capital ratio.

Banks that are considered systemic will be subject to additional capital requirements. SBAB is not subject to these requirements.

The Swedish National Debt Office (SNDO) has decided a minimum requirement for own funds and eligible liabilities (MREL) and a subordination requirement for SBAB that applies on full implementation from 2024. The new MREL

and subordination requirement are expressed as risk-weighted and as non risk-weighted requirements. On full implementation, the MREL for SBAB amounts to 22.24% of REA and 6.00% of the leverage ratio exposure (LRE). On full implementation, the requirement for subordinated debt amounts to 19.74% of REA and 6.00% of LRE. SBAB fulfill MREL and subordination requirements.

SBAB's capital

SBAB is well capitalised, and to retain a strong capital position, SBAB's Board of Directors adopted a new capital policy. According to SBAB's capital targets from the owner, under normal conditions, the Bank's CET1 capital ratio and its total capital ratio should both be at least 0.6 percentage points higher than the capital requirement communicated by the Swedish FSA. Moreover, the CEO has decided on a supplementary capital target for CET1 capital, which entails, under normal circumstances, SBAB maintaining a buffer equivalent to 1–3 percentage points above the Swedish FSA's communicated requirements over time. In September 2023, the Swedish FSA communicated one expected effect of the Pillar 2 guidance for SBAB: 0 percentage points on the risk-weighted capital requirement and about 0.5 percentage points on the leverage ratio, which is to be covered with CET1 capital. Furthermore, the Swedish FSA has communicated a separate own funds requirement of 1.9 percentage points of the total risk-weighted exposure amount to address risks other than the risk of excessive leverage. By means of a strong capital position and good risk management, SBAB meets the supervisory rules adopted by the EU.

SBAB primarily recognises credit risk in accordance with the internal ratings-based (IRB) approach, and other risk types in accordance with the standardised approach.

The SBAB Group has no securitised loans of its own and has not contributed to any other institution's securitisation.

Note RC 9 contains a summary of the method used to assess the internal capital requirement.

Own funds

SBAB's own funds comprise equity as well as additional Tier 1 capital and Tier 2 capital consisting of own funds instruments. SBAB's own funds amounted to SEK 28,209 million (27,484) as per 31 December 2023. Net profit for the year had a positive impact on CET1 capital of SEK 1.4 billion. The surplus has been verified by the company's auditors, in accordance with Article 26, item 2, of the CRR.

According to Article 35 of the CRR, the institution shall, except in the case of the items referred to in Article 33, not make adjustments to remove from own funds unrealised gains or losses on assets or liabilities recognised at fair value. According to this Article, an adjustment in a negative amount of SEK 3,737 million (negative: 6,639) has been made to CET1 capital.

According to Article 33, item 1, of the CRR, part of the fair-value reserves related to gains or losses on cash-flow hedges of financial instruments that are not measured at fair value, including projected cash flows, is not to be included in own funds. The CET1 capital has been adjusted for cash-flow hedges of SEK 3,758 million (6,680).

Changes in fair value that depend on the institution's own credit standing and that are related to derivatives had a negative impact of SEK 16 million (negative: 48) on the CET1 capital, in accordance with Article 33, item 1b.

With reference to Articles 34 and 105 of the CRR, SEK 121 million (deduction: 101) has been deducted due to the requirements for prudent valuation.

A deduction of SEK 173 million (deduction: 137) for intangible assets and a deduction of SEK 330 million (deduction: 19) for net provisions were made in accordance with Article 36. Positive net provisions amounted to SEK 0 million (0) in accordance with Article 62. A marginal deduction of SEK 0.2 million (0) has been made from own funds for the NPL backstop, in accordance with CRR Article 36, Point 1m.

The consolidated situation

The table below lists the companies that are included in the consolidated situation within the SBAB Group. There are no ongoing or unforeseen material obstacles or legal barriers to a rapid transfer of funds from own funds other than what is stipulated in the terms and conditions governing own funds instruments (see Note L 7).

Companies included in the consolidated situation

| Company | Corporate Registration Number | Ownership share | Consolidation method used in the accounts | Consolidation method used for capital adequacy | Company description |
|--|-------------------------------|-----------------|---|--|---------------------|
| SBAB Bank AB (publ) | 556253-7513 | Parent Company | - | - | Institution |
| AB Sveriges Säkerställda Obligationer (publ) (Swedish Covered Bond Corporation – SCBC) | 556645-9755 | 100% | Fully consolidated | Acquisition method | Institution |

Companies not included in the consolidated situation

| Company | Corporate Registration Number | Ownership share | Consolidation method used in the accounts | Consolidation method used for capital adequacy | Company description |
|------------------------------|-------------------------------|-----------------|---|--|---------------------|
| Booli Search Technologies AB | 556733-0567 | 100% | Fully consolidated | Not consolidated | IT company |

Joint ventures not included in the consolidated situation

| Company | Corporate Registration Number | Ownership share | Consolidation method used in the accounts | Consolidation method used for capital adequacy | Company description |
|-----------|-------------------------------|-----------------|---|--|---------------------|
| Tibern AB | 559384-3542 | 14% | Equity method | Not consolidated | IT company |

Subordinated debt and own funds instruments

Subordinated debt may be included in the calculation of Tier 1 capital if certain conditions are present. SBAB includes five own funds instruments with a nominal value of SEK 5,800 million as Tier 1 capital in own funds. Tier 2 capital amounted to SEK 1,995 million and comprised two own funds instruments.

Own funds instruments are subordinate to the Parent Company's other liabilities, and own funds instruments that are included in Tier 1 capital are sub-

ordinate to other own funds instruments. Please refer to the report under "Capital adequacy and risk management (Pillar 3)" at www.sbab.se for a specification of own funds and the complete terms and conditions for own funds instruments in accordance with Commission Implementing Regulation (EU) No 2021/637. For further information on own funds instruments, also refer to Note [L 7](#).

Capital adequacy – KPIs

| SEK million | CONSOLIDATED SITUATION | | | | |
|--|------------------------|-------------------|-------------------|-------------|-------------|
| | 31 Dec 2023 | 30 Sep 2023 | 30 Jun 2023 | 31 Mar 2023 | 31 Dec 2022 |
| Available own funds (amount) | | | | | |
| CET1 capital | 20,414 | 20,173 | 19,903 | 19,734 | 19,689 |
| Tier 1 capital | 26,214 | 25,973 | 25,703 | 25,534 | 25,489 |
| Total capital | 28,209 | 27,968 | 27,698 | 27,529 | 27,484 |
| Risk exposure amount (REA) | | | | | |
| Total REA | 166,294 | 173,220 | 167,274 | 158,738 | 154,151 |
| Capital ratios (as a percentage of REA) | | | | | |
| CET1 capital ratio (%) | 12.3 | 11.6 | 11.9 | 12.4 | 12.8 |
| Tier 1 capital ratio (%) | 15.8 | 15.0 | 15.4 | 16.1 | 16.5 |
| Total capital ratio (%) | 17.0 | 16.1 | 16.6 | 17.3 | 17.8 |
| Additional own funds requirements to address risks other than the risk of excessive leverage (as a percentage of REA) | | | | | |
| Additional own funds requirements to address risks other than the risk of excessive leverage (%) | 1.9 | 1.9 ²⁾ | 2.4 ¹⁾ | 3.4 | 3.4 |
| of which: to be made up of CET1 capital (percentage points) | 1.1 | 1.1 | 1.5 | 2.2 | 2.2 |
| of which: to be made up of Tier 1 capital (percentage points) | 1.4 | 1.4 | 1.8 | 2.5 | 2.5 |
| Total SREP own funds requirements (%) | 9.9 | 9.9 | 10.4 | 11.4 | 11.4 |
| Combined buffer and overall capital requirements (as a percentage of REA) | | | | | |
| Capital conservation buffer (%) | 2.5 | 2.5 | 2.5 | 2.5 | 2.5 |
| Capital conservation buffer due to macro-prudential or systemic risk identified at the level of a Member State (%) | – | – | – | – | – |
| Institution-specific countercyclical capital buffer (%) | 2.0 | 2.0 | 2.0 | 1.0 | 1.0 |
| Systemic risk buffer (%) | – | – | – | – | – |
| Global Systemically Important Institution buffer (%) | – | – | – | – | – |
| Other Systemically Important Institution buffer (%) | – | – | – | – | – |
| Combined buffer requirement (%) | 4.5 | 4.5 | 4.5 | 3.5 | 3.5 |
| Overall capital requirements (%) | 14.4 | 14.4 | 14.9 | 14.9 | 14.9 |
| CET1 capital available after meeting the total SREP own funds requirements (%) | 6.7 | 6.1 | 5.9 | 5.7 | 6.1 |

| SEK million | CONSOLIDATED SITUATION | | | | |
|--|------------------------|-------------|-------------|-------------|-------------|
| | 31 Dec 2023 | 30 Sep 2023 | 30 Jun 2023 | 31 Mar 2023 | 31 Dec 2022 |
| Leverage ratio | | | | | |
| Total exposure measure | 640,914 | 634,379 | 628,347 | 645,980 | 618,926 |
| Leverage ratio (%) | 4.1 | 4.1 | 4.1 | 4.0 | 4.1 |
| Additional own funds requirements to address the risk of excessive leverage (as a percentage of total exposure measure) | | | | | |
| Additional own funds requirements to address the risk of excessive leverage (%) | - | - | - | - | - |
| of which: to be made up of CET1 capital (percentage points) | - | - | - | - | - |
| Total SREP leverage ratio requirements (%) | 3.0 | 3.0 | 3.0 | 3.0 | 3.0 |
| Leverage ratio buffer and overall leverage ratio requirement (as a percentage of total exposure measure) | | | | | |
| Leverage ratio buffer requirement (%) | - | - | - | - | - |
| Overall leverage ratio requirement (%) | 3.0 | 3.0 | 3.0 | 3.0 | 3.0 |
| Liquidity coverage ratio | | | | | |
| Total high-quality liquid assets (HQLA) (weighted value – average) | 97,063 | 93,420 | 91,472 | 86,003 | 81,220 |
| Cash outflows – total weighted value | 55,684 | 53,174 | 51,414 | 46,718 | 45,867 |
| Cash inflows – total weighted value | 17,018 | 15,266 | 13,773 | 9,651 | 8,783 |
| Total net cash outflows (adjusted value) | 38,666 | 37,908 | 37,641 | 37,067 | 37,084 |
| Liquidity coverage ratio (%) | 251.0 | 246.4 | 243.0 | 232.0 | 219.0 |
| Net Stable Funding Ratio | | | | | |
| Total available stable funding | 547,015 | 543,289 | 551,262 | 541,352 | 521,568 |
| Total required stable funding | 414,762 | 416,469 | 411,992 | 411,477 | 407,665 |
| NSFR (%) | 131.9 | 130.5 | 133.8 | 131.6 | 127.9 |

¹⁾ The Swedish FSA communicated during the second quarter of 2023 a change of decision that includes a reduction of the Pillar 2 requirement imposed on SBAB Bank Publ (group) for deficiencies in IRB models.

²⁾ The Swedish FSA decided, during the third quarter of 2023, in connection with its review and evaluation of SBAB Bank Publ (group), to reduce the Pillar 2 requirements.

Own funds

| SEK million | CONSOLIDATED SITUATION | |
|---|------------------------|----------------|
| | 2023 | 2022 |
| CET1 capital instruments: Instruments and reserves | | |
| Capital instruments and the related share premium accounts | 1,958 | 1,958 |
| Retained earnings | 17,635 | 16,713 |
| Accumulated other comprehensive income (and other reserves) | -3,737 | -6,639 |
| Independently verified net profit for the year net of any foreseeable charge or dividend ¹⁾ | 1,441 | 1,282 |
| CET1 capital before regulatory adjustments | 17,297 | 13,314 |
| CET1 capital: Regulatory adjustments | | |
| Additional value adjustments (negative amount) | -121 | -101 |
| Intangible assets (net of related tax liability) (negative amount) | -173 | -137 |
| Fair value reserves related to gains or losses on cash-flow hedges of financial instruments that are not valued at fair value | 3,758 | 6,680 |
| Negative amounts resulting from the calculation of expected loss amounts | -330 | -19 |
| Gains or losses on liabilities valued at fair value resulting from changes in own credit standing | - | - |
| Other regulatory adjustments ²⁾ | -16 | -48 |
| Total regulatory adjustments to CET1 capital | 3,118 | 6,375 |
| CET1 capital | 20,414 | 19,689 |
| Additional Tier 1 capital | | |
| Capital instruments and the related share premium accounts | 5,800 | 5,800 |
| <i>of which, classified as equity under applicable accounting standards</i> | <i>5,800</i> | <i>5,800</i> |
| <i>of which, classified as liabilities under applicable accounting standards</i> | <i>-</i> | <i>-</i> |
| Amount of qualifying items referred to in Article 484(4) and the related share premium accounts subject to phase out from Additional Tier 1 capital | - | - |
| Additional Tier 1 capital before regulatory adjustments | 5,800 | 5,800 |
| Additional Tier 1 capital: regulatory adjustments | | |
| Total regulatory adjustments to Additional Tier 1 capital | - | - |
| Additional Tier 1 capital | 5,800 | 5,800 |
| Tier 1 capital (Tier 1 capital = CET1 + Additional Tier 1 capital) | 26,214 | 25,489 |
| Tier 2 capital: instruments | | |
| Capital instruments and the related share premium accounts | 1,995 | 1,995 |
| Credit risk adjustments | - | - |
| Tier 2 capital before regulatory adjustments | 1,995 | 1,995 |
| Tier 2 capital: Regulatory adjustments | | |
| Total regulatory adjustments to Tier 2 capital | - | - |
| Tier 2 capital: instruments | 1,995 | 1,995 |
| Total capital (Total capital = Tier 1 capital + Tier 2 capital) | 28,209 | 27,484 |
| Total risk exposure amount | 166,294 | 154,151 |

Cont. Own funds

| SEK million | CONSOLIDATED SITUATION | |
|---|------------------------|------|
| | 2023 | 2022 |
| Capital ratios and requirements including buffers, % | | |
| CET1 capital | 12.3 | 12.8 |
| Tier 1 capital | 15.8 | 16.5 |
| Total capital | 17.0 | 17.8 |
| Institution – CET1 overall capital requirements | 10.1 | 10.2 |
| <i>of which, capital conservation buffer requirement</i> | 2.5 | 2.5 |
| <i>of which, countercyclical buffer requirement</i> | 2.0 | 1.0 |
| <i>of which, systemic risk buffer requirement</i> | – | – |
| <i>of which, G-SII buffer and O-SII buffer</i> | – | – |
| <i>of which, additional own funds requirements to address risks other than the risk of excessive leverage</i> | 1.7 ³⁾ | 2.2 |
| Common Equity Tier 1 capital (as a percentage of risk exposure amount) available after meeting the minimum capital requirements | 6.7 | 6.1 |

¹⁾ Net profit for the year was reduced by the expected dividend of SEK 963 million. The results have been verified by Deloitte AB pursuant to Article 26, Point 2a of the Capital Requirements Regulation.

²⁾ A marginal deduction has been made from own funds for the NPL backstop, in accordance with CRR Article 36, Point 1m.

³⁾ Outcome according to the Supervisory Review and Evaluation Process from the Swedish FSA, communicated and applied from September 2023.

Risk exposure amounts and capital requirements

| SEK million | CONSOLIDATED SITUATION | | | |
|--|------------------------|---------------------|----------------------|---------------------|
| | 2023 | | 2022 | |
| | Risk exposure amount | Capital requirement | Risk exposure amount | Capital requirement |
| Credit risk recognised in accordance with IRB approach | | | | |
| Exposures to corporates | 61,670 | 4,934 | 30,158 | 2,413 |
| Retail exposures | 21,268 | 1,701 | 14,877 | 1,190 |
| <i>of which, exposures to SMEs</i> | – | – | 1,066 | 85 |
| <i>of which, retail exposures secured by immovable property</i> | 21,268 | 1,701 | 13,811 | 1,105 |
| Total exposures recognised with the IRB approach | 82,938 | 6,635 | 45,035 | 3,603 |
| Credit risk recognised with the standardised approach | | | | |
| Exposures to governments and central banks | 0 | 0 | 0 | 0 |
| Exposures to regional governments or local authorities or agencies | 0 | 0 | 0 | 0 |
| Exposures to multilateral development banks | 0 | 0 | 0 | 0 |
| Exposures to international organisations | 0 | 0 | 0 | 0 |
| Exposures to institutions ¹⁾ | 1,025 | 82 | 4,747 | 380 |
| <i>of which, derivatives according to CRR, Appendix 2</i> | 1,025 | 82 | 4,734 | 379 |
| <i>of which, repos</i> | – | – | 13 | 1 |
| <i>of which other</i> | 0 | 0 | 0 | 0 |
| Retail exposures | 1,785 | 143 | 2,112 | 169 |
| Exposures in default | 6 | 0 | 6 | 0 |
| Exposures in the form of covered bonds | 4,381 | 350 | 4,061 | 325 |
| Exposures to institutions and corporates with a short-term credit rating | 12 | 1 | 7 | 1 |
| Equity exposures | 106 | 9 | 154 | 12 |
| Other items | 526 | 42 | 525 | 42 |
| Total exposures recognised with standardised approach | 7,841 | 627 | 11,612 | 929 |
| Market risk | 257 | 21 | 390 | 31 |
| <i>of which, position risk</i> | – | – | – | – |
| <i>of which, currency risk</i> | 257 | 21 | 390 | 31 |
| Operational risk | 6,669 | 534 | 6,035 | 483 |
| <i>of which, standardised approach</i> | 6,669 | 534 | 6,035 | 483 |
| Credit valuation adjustment risk (CVA risk) | 1,704 | 136 | 1,429 | 114 |
| Additional requirements under Article 458 of the CRR | 66,885 | 5,351 | 89,650 | 7,172 |
| Total risk exposure amount and minimum capital requirements | 166,294 | 13,304 | 154,151 | 12,332 |
| Capital requirements for capital conservation buffer | | 4,157 | | 3,854 |
| Capital requirements for countercyclical buffer | | 3,330 | | 1,564 |
| Total capital requirements | | 20,791 | | 17,750 |

¹⁾ The risk exposure amount for counterparty risk according to the CRR, Article 92(3)(f), amounts to SEK 1,025 million (4,747).

Average risk weight for credit risk recognised using the IRB approach

| SEK million | CONSOLIDATED SITUATION | | | | | | | | | |
|---|-----------------------------------|--------------------|----------------------|---------------------|------------------------|-----------------------------------|--------------------|----------------------|---------------------|------------------------|
| | 2023 | | | | | 2022 | | | | |
| | Exposure before credit risk hedge | Exposure after CCF | Risk exposure amount | Capital requirement | Average risk weight, % | Exposure before credit risk hedge | Exposure after CCF | Risk exposure amount | Capital requirement | Average risk weight, % |
| Credit risk in lending portfolio recognised under the IRB approach | | | | | | | | | | |
| Exposures to corporates | 177,704 | 173,677 | 61,670 | 4,934 | 35.5 | 107,657 | 105,154 | 30,158 | 2,413 | 28.7 |
| Retail exposures | 378,916 | 352,612 | 21,268 | 1,701 | 6.0 | 446,023 | 418,111 | 14,877 | 1,190 | 3.6 |
| <i>of which, single-family dwellings and holiday homes</i> | 177,875 | 176,469 | 8,056 | 644 | 4.6 | 180,342 | 179,896 | 5,657 | 453 | 3.1 |
| <i>of which, tenant-owners' rights</i> | 172,895 | 170,514 | 12,612 | 1,009 | 7.4 | 173,603 | 172,948 | 7,995 | 640 | 4.6 |
| <i>of which, tenant-owners' associations</i> | - | - | - | - | - | 61,186 | 60,738 | 1,067 | 85 | 1.8 |
| Total credit risk under the IRB approach | 556,620 | 526,290 | 82,938 | 6,635 | 15.8 | 553,680 | 523,265 | 45,035 | 3,603 | 8.6 |

Capital adequacy – KPIs

| SEK million | PARENT COMPANY | | | | |
|--|----------------|-------------------|-------------------|-------------|-------------|
| | 31 Dec 2023 | 30 Sep 2023 | 30 Jun 2023 | 31 Mar 2023 | 31 Dec 2022 |
| Available own funds (amount) | | | | | |
| CET1 capital | 13,996 | 9,097 | 9,230 | 9,426 | 9,615 |
| Tier 1 capital | 19,796 | 14,897 | 15,030 | 15,226 | 15,415 |
| Total capital | 21,791 | 16,892 | 17,025 | 17,222 | 17,416 |
| Risk exposure amount (REA) | | | | | |
| Total REA | 46,154 | 49,479 | 46,548 | 42,341 | 39,963 |
| Capital ratios (as a percentage of REA) | | | | | |
| CET1 capital ratio (%) | 30.3 | 18.4 | 19.8 | 22.3 | 24.1 |
| Tier 1 capital ratio (%) | 42.9 | 30.1 | 32.3 | 36.0 | 38.6 |
| Total capital ratio (%) | 47.2 | 34.1 | 36.6 | 40.7 | 43.6 |
| Additional own funds requirements to address risks other than the risk of excessive leverage (as a percentage of REA) | | | | | |
| Additional own funds requirements to address risks other than the risk of excessive leverage (%) | 3.3 | 3.3 ²⁾ | 4.5 ¹⁾ | 4.6 | 4.6 |
| of which: to be made up of CET1 capital (percentage points) | 1.9 | 1.9 | 2.6 | 2.7 | 2.7 |
| of which: to be made up of Tier 1 capital (percentage points) | 2.5 | 2.5 | 3.3 | 3.5 | 3.5 |
| Total SREP own funds requirements (%) | 11.3 | 11.3 | 12.5 | 12.6 | 12.6 |
| Combined buffer and overall capital requirements (as a percentage of REA) | | | | | |
| Capital conservation buffer (%) | 2.5 | 2.5 | 2.5 | 2.5 | 2.5 |
| Capital conservation buffer due to macro-prudential or systemic risk identified at the level of a Member State (%) | – | – | – | – | – |
| Institution-specific countercyclical capital buffer (%) | 2.0 | 2.0 | 2.0 | 1.0 | 1.0 |
| Systemic risk buffer (%) | – | – | – | – | – |
| Global Systemically Important Institution buffer (%) | – | – | – | – | – |
| Other Systemically Important Institution buffer (%) | – | – | – | – | – |
| Combined buffer requirement (%) | 4.5 | 4.5 | 4.5 | 3.5 | 3.5 |
| Overall capital requirements (%) | 15.8 | 15.8 | 17.0 | 16.2 | 16.2 |
| CET1 capital available after meeting the total SREP own funds requirements (%) | 24.0 | 12.0 | 12.7 | 15.0 | 16.8 |

| SEK million | PARENT COMPANY | | | | |
|--|----------------|-------------|-------------|-------------|-------------|
| | 31 Dec 2023 | 30 Sep 2023 | 30 Jun 2023 | 31 Mar 2023 | 31 Dec 2022 |
| Leverage ratio | | | | | |
| Total exposure measure | 168,952 | 156,237 | 176,258 | 167,405 | 143,087 |
| Leverage ratio (%) | 11.7 | 9.5 | 8.5 | 9.1 | 10.8 |
| Additional own funds requirements to address the risk of excessive leverage (as a percentage of total exposure measure) | | | | | |
| Additional own funds requirements to address the risk of excessive leverage (%) | - | - | - | - | - |
| of which: to be made up of CET1 capital (percentage points) | - | - | - | - | - |
| Total SREP leverage ratio requirements (%) | 3.0 | 3.0 | 3.0 | 3.0 | 3.0 |
| Leverage ratio buffer and overall leverage ratio requirement (as a percentage of total exposure measure) | | | | | |
| Leverage ratio buffer requirement (%) | - | - | - | - | - |
| Overall leverage ratio requirement (%) | 3.0 | 3.0 | 3.0 | 3.0 | 3.0 |
| Liquidity coverage ratio ³⁾ | | | | | |
| Total high-quality liquid assets (HQLA) (weighted value – average) | | | | | |
| Cash outflows – total weighted value | | | | | |
| Cash inflows – total weighted value | | | | | |
| Total net cash outflows (adjusted value) | | | | | |
| Liquidity coverage ratio (%) | | | | | |
| Net Stable Funding Ratio ³⁾ | | | | | |
| Total available stable funding | | | | | |
| Total required stable funding | | | | | |
| NSFR (%) | | | | | |

¹⁾ The Swedish FSA communicated during the second quarter of 2023 a change of decision that includes a reduction of the Pillar 2 requirement imposed on SBAB Bank AB for deficiencies in IRB models.

²⁾ The Swedish FSA decided, during the third quarter of 2023, in connection with its review and evaluation of SBAB Bank AB, to reduce the Pillar 2 requirements.

³⁾ SBAB Bank AB is treated as a single liquidity sub-group, together with AB Sveriges Säkerställda Obligationer, according to Article 8 (CRR) and a decision by the Swedish FSA. For this reason, disclosure of the liquidity coverage ratio and the net stable funding ratio is not assessed as material at company level.

Own funds

| SEK million | PARENT COMPANY | |
|---|----------------|---------------|
| | 2023 | 2022 |
| CET1 capital instruments: Instruments and reserves | | |
| Capital instruments and the related share premium accounts | 1,958 | 1,958 |
| Retained earnings | 7,475 | 8,110 |
| Accumulated other comprehensive income (and other reserves) | -59 | -152 |
| Independently verified net profit for the year net of any foreseeable charge or dividend ¹⁾ | 4,740 | -299 |
| CET1 capital before regulatory adjustments | 14,114 | 9,618 |
| CET1 capital: Regulatory adjustments | | |
| Additional value adjustments (negative amount) | -159 | -141 |
| Intangible assets (net of related tax liability) (negative amount) | -3 | -1 |
| Fair value reserves related to gains or losses on cash-flow hedges of financial instruments that are not valued at fair value | 88 | 187 |
| Negative amounts resulting from the calculation of expected loss amounts | -29 | - |
| Gains or losses on liabilities valued at fair value resulting from changes in own credit standing | - | - |
| Other regulatory adjustments ²⁾ | -15 | -48 |
| Total regulatory adjustments to CET1 capital | -118 | -3 |
| CET1 capital | 13,996 | 9,615 |
| Additional Tier 1 capital | | |
| Capital instruments and the related share premium accounts | 5,800 | 5,800 |
| <i>of which, classified as equity under applicable accounting standards</i> | 5,800 | 5,800 |
| <i>of which, classified as liabilities under applicable accounting standards</i> | - | - |
| Amount of qualifying items referred to in Article 484(4) and the related share premium accounts subject to phase out from Additional Tier 1 capital | - | - |
| Additional Tier 1 capital before regulatory adjustments | 5,800 | 5,800 |
| Additional Tier 1 capital: regulatory adjustments | | |
| Total regulatory adjustments to Additional Tier 1 capital | - | - |
| Additional Tier 1 capital | 5,800 | 5,800 |
| Tier 1 capital (Tier 1 capital = CET1 + Additional Tier 1 capital) | 19,796 | 15,415 |
| Tier 2 capital: instruments | | |
| Capital instruments and the related share premium accounts | 1,995 | 1,995 |
| Credit risk adjustments | - | 6 |
| Tier 2 capital before regulatory adjustments | 1,995 | 2,001 |
| Tier 2 capital: Regulatory adjustments | | |
| Total regulatory adjustments to Tier 2 capital | - | - |
| Tier 2 capital: instruments | 1,995 | 2,001 |
| Total capital (Total capital = Tier 1 capital + Tier 2 capital) | 21,791 | 17,416 |
| Total risk exposure amount | 46,154 | 39,963 |

Cont. Own funds

| SEK million | PARENT COMPANY | |
|---|-------------------|------|
| | 2023 | 2022 |
| Capital ratios and requirements including buffers, % | | |
| CET1 capital | 30.3 | 24.1 |
| Tier 1 capital | 42.9 | 38.6 |
| Total capital | 47.2 | 43.6 |
| Institution – CET1 overall capital requirements | 10.9 | 10.7 |
| <i>of which, capital conservation buffer requirement</i> | 2.5 | 2.5 |
| <i>of which, countercyclical buffer requirement</i> | 2.0 | 1.0 |
| <i>of which, systemic risk buffer requirement</i> | – | – |
| <i>of which, G-SII buffer and O-SII buffer</i> | – | – |
| <i>of which, additional own funds requirements to address risks other than the risk of excessive leverage</i> | 1.9 ³⁾ | 2.7 |
| Common Equity Tier 1 capital (as a percentage of risk exposure amount) available after meeting the minimum capital requirements | 24.0 | 16.9 |

¹⁾ Net profit for the year was reduced by the expected dividend of SEK 963 million. The results have been verified by Deloitte AB pursuant to Article 26, Point 2a of the Capital Requirements Regulation.

²⁾ There are no results that generate a deduction of NPL backstop, pursuant to Article 36, Point 1m of the Capital Requirements Regulation.

³⁾ Outcome according to the Supervisory Review and Evaluation Process from the Swedish FSA, communicated and applied from September 2023.

Risk exposure amounts and capital requirements

| SEK million | PARENT COMPANY | | | |
|--|----------------------|---------------------|----------------------|---------------------|
| | 2023 | | 2022 | |
| | Risk exposure amount | Capital requirement | Risk exposure amount | Capital requirement |
| Credit risk recognised in accordance with IRB approach | | | | |
| Exposures to corporates | 14,709 | 1,176 | 11,148 | 892 |
| Retail exposures | 832 | 67 | 699 | 56 |
| <i>of which, exposures to SMEs</i> | - | - | 91 | 7 |
| <i>of which, retail exposures secured by immovable property</i> | 832 | 67 | 607 | 49 |
| Total exposures recognised with the IRB approach | 15,541 | 1,243 | 11,847 | 948 |
| Credit risk recognised with the standardised approach | | | | |
| Exposures to governments and central banks | 10 | 1 | 0 | 0 |
| Exposures to regional governments or local authorities or agencies | 0 | 0 | 0 | 0 |
| Exposures to multilateral development banks | 0 | 0 | 0 | 0 |
| Exposures to international organisations | 0 | 0 | 0 | 0 |
| Exposures to institutions ¹⁾ | 1,056 | 85 | 4,688 | 375 |
| <i>of which, derivatives according to CRR, Appendix 2</i> | 902 | 72 | 4,613 | 369 |
| <i>of which, repos</i> | - | - | 0 | 0 |
| <i>of which other</i> | 154 | 12 | 75 | 6 |
| Retail exposures | 1,785 | 143 | 2,112 | 169 |
| Exposures in default | 6 | 0 | 6 | 0 |
| Exposures in the form of covered bonds | 4,381 | 350 | 4,061 | 325 |
| Exposures to institutions and corporates with a short-term credit rating | 11 | 1 | 6 | 0 |
| Equity exposures | 17,206 | 1,377 | 10,454 | 836 |
| Other items | 175 | 13 | 136 | 11 |
| Total exposures recognised with standardised approach | 24,630 | 1,970 | 21,463 | 1,717 |
| Market risk | 35 | 3 | 84 | 7 |
| <i>of which, position risk</i> | - | - | - | - |
| <i>of which, currency risk</i> | 35 | 3 | 84 | 7 |
| Operational risk | 3,292 | 263 | 2,982 | 239 |
| <i>of which, standardised approach</i> | 3,292 | 263 | 2,982 | 239 |
| Credit valuation adjustment risk (CVA risk) | 1,225 | 98 | 852 | 68 |
| Additional requirements under Article 458 of the CRR | 1,431 | 115 | 2,736 | 219 |
| Total risk exposure amount and minimum capital requirements | 46,154 | 3,692 | 39,963 | 3,197 |
| Capital requirements for capital conservation buffer | | 1,154 | | 999 |
| Capital requirements for countercyclical buffer | | 926 | | 410 |
| Total capital requirements | | 5,772 | | 4,607 |

¹⁾ The risk-weighted amount for counterparty risk according to the CRR, Article 92(3)(f), amounts to SEK 902 million (4,613).

Average risk weight for credit risk recognised using the IRB approach

| SEK million | PARENT COMPANY | | | | | | | | | |
|---|-----------------------------------|--------------------|----------------------|---------------------|------------------------|-----------------------------------|--------------------|----------------------|---------------------|------------------------|
| | 2023 | | | | | 2022 | | | | |
| | Exposure before credit risk hedge | Exposure after CCF | Risk exposure amount | Capital requirement | Average risk weight, % | Exposure before credit risk hedge | Exposure after CCF | Risk exposure amount | Capital requirement | Average risk weight, % |
| Credit risk in lending portfolio recognised under the IRB approach | | | | | | | | | | |
| Exposures to corporates | 27,421 | 23,689 | 14,709 | 1,177 | 62.1 | 28,268 | 25,821 | 11,148 | 892 | 43.2 |
| Retail exposures | 35,357 | 9,053 | 832 | 67 | 9.2 | 41,289 | 13,737 | 699 | 56 | 5.1 |
| <i>of which, single-family dwellings and holiday homes</i> | <i>2,834</i> | <i>1,429</i> | <i>79</i> | <i>6</i> | <i>5.5</i> | <i>3,377</i> | <i>2,931</i> | <i>189</i> | <i>15</i> | <i>6.4</i> |
| <i>of which, tenant-owners' rights</i> | <i>4,377</i> | <i>1,995</i> | <i>153</i> | <i>12</i> | <i>7.6</i> | <i>4,880</i> | <i>4,225</i> | <i>261</i> | <i>21</i> | <i>6.2</i> |
| <i>of which, tenant-owners' associations</i> | <i>-</i> | <i>-</i> | <i>-</i> | <i>-</i> | <i>-</i> | <i>2,140</i> | <i>2,052</i> | <i>91</i> | <i>7</i> | <i>4.4</i> |
| Total credit risk under the IRB approach | 62,778 | 32,743 | 15,541 | 1,243 | 47.5 | 69,557 | 39,558 | 11,847 | 948 | 29.9 |

RC:9 Internally assessed capital requirement

Within the framework of Pillar 2, the Basel regulations impose the requirement that banks' management and assessment of risks must be satisfactory to ensure that the banks can fulfil their obligations. To meet this requirement, the banks must have methods that enable them to continuously evaluate and uphold capital in an amount, type and distribution sufficient to cover the risks to which they are or will become exposed. This is known as the company's internal capital adequacy assessment process, which is part of SBAB's internal capital and liquidity adequacy assessment process (ICLAAP). At present, liquidity risk does not give rise to any actual capital requirement for SBAB. Refer to Note RC 3 for more information about liquidity risk.

The ICAAP aims to identify, evaluate and manage the risks to which SBAB is exposed and ensure that the consolidated situation has sufficient own funds for its selected risk profile. The ICAAP is revised annually to identify changes in the operating environment and changed regulations and supervisory practices that continuously affect the bank's performance. The amount of own funds required to manage the combined risk in the operations is based primarily on the calculation of SBAB's economic capital. Economic capital is defined as the amount of capital needed to ensure solvency over a one-year period.

However, if the economic capital for risks included in Pillar 1 is less than the capital requirements under Pillar 1 for a given type of risk, the capital requirements under Pillar 1 are applied. The internally assessed capital requirement for the Group amounted to SEK 11,632 million (SEK 10,037 million) on 31 December 2023. The internal capital requirement is assessed with the help of SBAB's internal models for economic capital and is not fully compatible with the capital requirements published by the Swedish FSA. SBAB estimates the total capital requirement from the Swedish FSA at SEK 23,901 million. Any deviations from the Swedish FSA's published requirements are attributed to rounding in calculations.

Finally, consideration is given to the risk associated with deteriorating macro-economic conditions, which is illustrated in conjunction with stress tests. Taken together, the above comprise the capital that, in accordance with Basel 3, is required to meet all risks in the operations. Additional information on the internal capital requirement can be found in the document "Capital Adequacy and Risk Management 2023," which is published on www.sbab.se. For the Parent Company, the internally assessed capital requirement amounted to SEK 5,679 million (5,536).

During the third quarter of 2023, SBAB assessed the method for calculating internally assessed capital and made changes to better reflect SBAB's risk.

| | CONSOLIDATED SITUATION | |
|--------------------------------|--|--------------------|
| | 31 Dec 2023 | 31 Dec 2022 |
| | Internally assessed capital requirement | |
| | SEK million | SEK million |
| Credit risk | 7,262 | 6,418 |
| Market risk | 2,070 | 1,766 |
| Operational risk ¹⁾ | 534 | 483 |
| Concentration risk | 1,565 | 1,179 |
| Sovereign risk | 65 | 77 |
| CVA risk | 136 | 114 |
| Other risks ²⁾ | 0 | 0 |
| Total | 11,632 | 10,037 |
| Total own funds | 28,209 | 27,484 |

¹⁾ Correction of history as of 12/31/2022 for the operational risk compared to published information in the year-end report 12/31/2023.

²⁾ Includes pension risk and business risk.

IC Income and expenses

pages 133–139

IC:1 Net interest income

| SEK million | GROUP | | PARENT COMPANY | |
|--|----------------|---------------|----------------|---------------|
| | 2023 | 2022 | 2023 | 2022 |
| Interest income | | | | |
| Lending to credit institutions | 735 | 98 | 5,026 | 1,803 |
| Lending to the public ¹⁾ | 17,893 | 8,607 | 1,552 | 782 |
| Interest-bearing securities | 2,709 | 616 | 2,709 | 615 |
| Derivatives | 4,084 | 532 | 1,043 | -15 |
| Total interest income | 25,421 | 9,853 | 10,331 | 3,185 |
| <i>of which, interest income from financial assets that is not measured at FVTPL</i> | <i>20,724</i> | <i>9,095</i> | <i>8,675</i> | <i>2,974</i> |
| Interest expense | | | | |
| Liabilities to credit institutions | -369 | -62 | -405 | -60 |
| Deposits from the public | -5,854 | -1,474 | -5,854 | -1,473 |
| Issued debt securities | -5,600 | -3,276 | -1,447 | -621 |
| Subordinated debt | -94 | -53 | -94 | -53 |
| Derivatives | -7,968 | -283 | -1,033 | -58 |
| Other ²⁾ | -2 | -1 | -2 | -1 |
| Deposit guarantee scheme fee | -89 | -49 | -89 | -49 |
| Total interest expense | -19,975 | -5,198 | -8,924 | -2,315 |
| <i>of which, interest expense from financial liabilities that is not measured at FVTPL</i> | <i>-12,007</i> | <i>-4,915</i> | <i>-7,891</i> | <i>-2,257</i> |
| Net interest income | 5,446 | 4,655 | 1,407 | 870 |

¹⁾ Includes interest income from doubtful receivables of SEK 18.3 million (3).

²⁾ The item other includes interest expense for lease liabilities pertaining to property leases of SEK 2 million (1).

IC:2 Commission

| SEK million | GROUP | | PARENT COMPANY | |
|-------------------------------------|------------|------------|----------------|------------|
| | 2023 | 2022 | 2023 | 2022 |
| Commission income | | | | |
| Commission on lending ¹⁾ | 10 | 49 | 2 | 30 |
| Other commissions ²⁾ | 38 | 42 | 69 | 66 |
| Total | 48 | 91 | 71 | 96 |
| Commission expense | | | | |
| Commission on securities | -44 | -39 | -32 | -28 |
| Other commissions | -38 | -40 | -17 | -16 |
| Total | -82 | -79 | -49 | -44 |
| Net commission | -34 | 12 | 22 | 52 |

¹⁾ Commission on lending is primarily recognised when the service is provided, in other words at a specific date.

²⁾ Other commissions are mainly recognised when these services are rendered, in other words, in a straight line over time.

IC:3 Net result of financial transactions

| SEK million | GROUP | | PARENT COMPANY | |
|---|------------|------------|----------------|-----------|
| | 2023 | 2022 | 2023 | 2022 |
| Gains/losses on interest-bearing financial instruments | | | | |
| Change in value of hedged items in hedge accounting | -3,190 | 8,823 | 919 | -208 |
| Derivatives in hedge accounting | 3,138 | -8,842 | -985 | 244 |
| Other derivatives | -47 | -12 | 247 | 45 |
| Interest-bearing securities, fair value option | 2 | -41 | 2 | -41 |
| Interest-bearing securities measured at FVTOCI | -213 | 2 | -213 | 2 |
| Interest-bearing securities at amortised cost | -43 | 0 | -43 | 0 |
| Realised gain/loss from financial liabilities at amortised cost | 301 | 11 | 1 | 0 |
| Loan receivables at amortised cost | -45 | 26 | 2 | 19 |
| Currency translation effects | 2 | -2 | 2 | -4 |
| Total | -95 | -35 | -68 | 57 |

SBAB uses derivatives to manage interest-rate and currency risk in the Group's assets and liabilities. Derivatives are recognised at fair value in the balance sheet. SBAB's policies for risk management and hedge accounting entail variations in results as a consequence of changed market interest rates, which can arise between periods for individual items in the above presentation. These are generally offset by variations in the results in other items. Variations in results that are not neutralised through risk management and hedge accounting are commented in the administration report.

IC:4 Other operating income

| SEK million | GROUP | | PARENT COMPANY | |
|---|-----------|-----------|----------------|--------------|
| | 2023 | 2022 | 2023 | 2022 |
| Administrative services on behalf of subsidiary | - | - | 1,453 | 1,328 |
| Other operating income ¹⁾ | 50 | 49 | 2 | 2 |
| Total | 50 | 49 | 1,455 | 1,330 |

¹⁾ The item Other operating income primarily includes revenue from Booli as well as the share of the joint venture loss amounting to SEK 0.2 million (loss: 0.6).

IC:5 Personnel costs

| SEK million | GROUP | | PARENT COMPANY | |
|---------------------------------|-------------|-------------|----------------|-------------|
| | 2023 | 2022 | 2023 | 2022 |
| Salaries and other remuneration | -558 | -512 | -558 | -500 |
| Pension costs | -85 | -85 | -102 | -94 |
| Social security expenses | -199 | -185 | -203 | -183 |
| Other personnel costs | -48 | -41 | -47 | -40 |
| Total | -890 | -823 | -910 | -817 |

Salaries and other remuneration

| SEK million | GROUP | | PARENT COMPANY | |
|--|-------------|-------------|----------------|-------------|
| | 2023 | 2022 | 2023 | 2022 |
| CEO ¹⁾ | -6 | -6 | -6 | -6 |
| Senior executives who report directly to the CEO | -28 | -21 | -28 | -21 |
| Other employees | -524 | -485 | -524 | -473 |
| Total salaries and other remuneration | -558 | -512 | -558 | -500 |

¹⁾ Refer also to the table Salaries and other remuneration and pensions to the CEO and other senior executives who report directly to the CEO

Salaries and other remuneration for employees of the subsidiary Booli Search Technologies AB and Boappa AB ²⁾ are included in the Group's expenses in the Other employees item. Board Members who are employed by the Parent Company receive remuneration and pension benefits as a result of their employment. No additional remuneration or pension benefits are paid for Board assignments. No remuneration was paid to the CEO of the subsidiary Swedish Covered Bond Corporation (SCBC). The number of senior executives who reported directly to the CEO as per the end of the year was 11 (10).

Average number of employees

| | GROUP | | PARENT COMPANY | |
|------------------------------------|------------|------------|----------------|------------|
| | 2023 | 2022 | 2023 | 2022 |
| Women | 468 | 441 | 444 | 426 |
| Men | 442 | 408 | 411 | 383 |
| Average number of employees | 910 | 849 | 855 | 809 |

Sickness leave, %

| | GROUP | | PARENT COMPANY | |
|---|------------|------------|----------------|------------|
| | 2023 | 2022 | 2023 | 2022 |
| Total sickness absence | 3.7 | 4.1 | 3.8 | 4.2 |
| Women | 2.5 | 2.8 | 2.5 | 2.9 |
| Men | 1.3 | 1.3 | 1.3 | 1.3 |
| 29 or younger | 4.2 | 4.7 | 4.3 | 4.8 |
| 30–49 | 3.5 | 3.9 | 3.6 | 4.0 |
| 50 or older | 4.2 | 4.3 | 4.2 | 4.3 |
| Proportion of long-term sickness absence compared to total sickness (absence that exceeded 60 days) | 33.6 | 31.2 | 34.71 | 30.9 |

Gender distribution among senior executives

| | GROUP | | PARENT COMPANY | |
|-----------------------------|-----------|-----------|----------------|-----------|
| | 2023 | 2022 | 2023 | 2022 |
| Board of Directors | | | | |
| Women | 12 | 12 | 7 | 7 |
| Men | 10 | 15 | 3 | 3 |
| Total | 22 | 27 | 10 | 10 |
| Executive Management | | | | |
| Women | 3 | 3 | 3 | 3 |
| Men | 8 | 7 | 7 | 6 |
| Total | 11 | 10 | 10 | 9 |

The Group includes the Board Members of the subsidiaries: Swedish Covered Bond Corporation (SCBC) and Booli Search Technologies AB ²⁾.

Form of employment

| | GROUP | | PARENT COMPANY | |
|--|------------|------------|----------------|------------|
| | 2023 | 2022 | 2023 | 2022 |
| Total number of employees at year end | 948 | 863 | 901 | 821 |
| <i>of whom, women, %</i> | 52.8 | 52.4 | 53.3 | 53.1 |
| <i>of whom, managers, %</i> | 11.6 | 12.2 | 11.5 | 11.9 |
| <i>of managers, women, %</i> | 50.8 | 46.6 | 50.0 | 45.9 |
| <i>of whom, temporary employees, %</i> | 4.9 | 5.4 | 4.7 | 5.6 |
| <i>of whom, part-time employees, %</i> | 0.2 | 0.2 | 0.2 | 0.2 |

Personnel turnover

| | GROUP | | PARENT COMPANY | |
|--|------------|------------|----------------|------------|
| | 2023 | 2022 | 2023 | 2022 |
| Number of permanent employees who terminated employment during the year | 104 | 136 | 92 | 127 |
| <i>of whom, women, %</i> | 51.0 | 45.6 | 50.0 | 44.9 |
| <i>of whom, 29 or younger, %</i> | 26.0 | 20.6 | 26.0 | 20.5 |
| <i>of whom, 30–49, %</i> | 53.0 | 67.6 | 50.0 | 66.9 |
| <i>of whom, 50 or older, %</i> | 21.0 | 11.8 | 24.0 | 12.6 |

Salary, remuneration and pension costs for the CEO

No company car or non-cash benefits were provided to the CEO. The company pays for a defined-contribution pension insurance plan corresponding to 30% of the CEO's pensionable salary, although not longer than until age 65.

Salaries and other remuneration

Fringe benefits (subsidised interest rate, company car and sickness benefit) to senior executives who report directly to the CEO amounted to SEK 0.2 million (0.2). Refer to the table on pages 135–136 for details of the salary and other remuneration paid to senior executives.

Changes and reorganisations

²⁾ As of 30 November, SBAB had sold its holding in the subsidiary Boappa AB.

On 1 January 2023, Stefan Andersson took on the role as Head of Corporate & Associations (previously Operative Head of Corporate and Associations) and joined the Executive Management. Until then, Mikael Inglander had been acting Head of the business area alongside his role as CEO. On 1 December, Sara Davidgård took over as Head of Business Area Private and Deniz Güler as acting CRO.

From April 2023, Data Science has been included in the Tech organisation and is represented by the CTO in the Executive Management.

Salaries and other remuneration and pensions to the CEO and other senior executives who report directly to the CEO

| SEK million | PARENT COMPANY | | | |
|--|-------------------|-------------------------------|----------------------------|-----------------------------|
| | Period | 2023 | | |
| | | Salary and other remuneration | Pension cost ¹⁾ | Severance pay ²⁾ |
| Mikael Inglander, CEO | 1 Jan–31 Dec 2023 | 6.2 | 1.8 | – |
| Peter Svensén, CFO | 1 Jan–31 Dec 2023 | 2.8 | 0.8 | – |
| Carl Olsson, Head of Business Specialists | 1 Jan–31 Dec 2023 | 1.7 | 0.6 | – |
| Deniz Güler, acting CRO | 1 Dec–31 Dec 2023 | 0.1 | 0.02 | – |
| Sara Davidgård, CRO | 1 Jan–30 Nov 2023 | 2.5 | 0.7 | – |
| Sara Davidgård, Head of Business Area Private | 1 Dec–31 Dec 2023 | 0.3 | 0.1 | – |
| Johan Prom, Head of Retail business area | 1 Jan–30 Nov 2023 | 2.7 | 0.8 | – |
| Stefan Andersson, Head of Corporate & Associations Business Area | 1 Jan–31 Dec 2023 | 2.1 | 0.6 | – |
| Carina Eriksson, CHRO | 1 Jan–7 Feb 2023 | 0.2 | 0.4 | 3.4 |
| Kajsa Ekehult, acting CHRO | 7 Feb–31 Aug 2023 | 0.7 | 0.2 | – |
| Liv Forsström, CHRO | 1 Sep–31 Dec 2023 | 0.7 | 0.2 | – |
| Malou Sjörin, Head of Sustainability, Marketing & Communication | 1 Jan–31 Dec 2023 | 2.1 | 0.6 | – |
| Kristina Tånneryd, acting Head of Business Specialists ³⁾ | 1 Jan–15 Aug 2023 | – | – | – |
| Andras Valko, CDSO | 1 Jan–30 Apr 2023 | 0.6 | 0.2 | – |
| Robin Silfverhielm, CXO | 1 Jan–31 Dec 2023 | 2.5 | 0.8 | – |
| Marko Ivanic, CTO | 1 Jan–31 Dec 2023 | 2.2 | 0.7 | – |
| Sofia Blomgren, Chief Compliance Officer | 1 Jan–31 Dec 2023 | 1.4 | 0.3 | – |
| Sari Zander, Head of Internal Audit | 1 Jan–31 Dec 2023 | 1.8 | 0.4 | – |
| Total remuneration to members of Group management in 2023 | | 30.6 | 9.2 | 3.4 |

¹⁾ Total amounts for pension costs include risk insurance premiums, which should not be included in the calculation of the 30% of pensionable salary. Pension premium on an annual basis is = or <30%. The total amount includes adjustment of the pension premium for 2022. Pension premium on an annual basis is = or <30%.

²⁾ Carina Eriksson stepped down as CHRO on 7 February 2023 and was replaced by Kajsa Ekehult as acting CHRO. In conjunction with Carina Eriksson's departure as CHRO, an expense was recognised in August for salary including holiday pay of SEK 1.3 million and a pension cost of SEK 0.3 million during the six-month notice period together with severance pay amounting to 12 months' salary of SEK 2.1 million. The amounts will be paid monthly over an 18-month period and any income from new employment or income from another activity during the period will be deducted.

³⁾ During Carl Olsson's paternity leave in the first half of 2023, SBAB engaged a consultant for the position as acting Head of Business Specialists.

| SEK million | PARENT COMPANY | | | |
|---|-------------------|-------------------------------|--------------|---------------|
| | Period | 2022 | | |
| | | Salary and other remuneration | Pension cost | Severance pay |
| Mikael Inglander, Head of Corporate Clients and Tenant-Owners' Associations and CEO | 1 Jan–31 Dec 2022 | 6.0 | 1.8 | – |
| Carl Olsson, acting CFO | 1 Jan–31 Dec 2022 | 2.0 | 0.8 | – |
| Sara Davidgård, CRO | 1 Jan–31 Dec 2022 | 2.6 | 0.8 | – |
| Johan Prom, Head of Retail business area | 1 Jan–31 Dec 2022 | 2.7 | 0.9 | – |
| Kristina Frid, Head of Customer Service | 1 Jan–31 Mar 2022 | 0.5 | 0.1 | – |
| Carina Eriksson, CHRO | 1 Jan–31 Dec 2022 | 2.1 | 0.7 | – |
| Malou Sjörin, Head of Sustainability, Marketing & Communication | 1 Jan–31 Dec 2022 | 2.0 | 0.6 | – |
| Andras Valko, CDSO | 1 Jan–31 Dec 2022 | 1.9 | 0.6 | – |
| Robin Silfverhielm, CXO | 1 Jan–31 Dec 2022 | 2.4 | 0.8 | – |
| Marko Ivanic, CTO | 1 Jan–31 Dec 2022 | 2.0 | 0.6 | – |
| Sofia Blomgren, Chief Compliance Officer | 1 Jan–31 Dec 2022 | 1.3 | 0.3 | – |
| Sari Zander, Head of Internal Audit | 1 Jan–31 Dec 2022 | 1.8 | 0.5 | – |
| Total remuneration to members of Group management in 2022 | | 27.3 | 8.5 | – |

Each year, the Board decides on SBAB's remuneration policy and the identification of employees with risk profiles, in accordance with the Swedish FSA's regulations regarding remuneration structures in credit institutions, investment firms and fund management companies licensed to conduct discretionary portfolio management (FFFS 2011:1). Risk analyses for SBAB's remuneration system and remuneration policy are published on www.sbab.se. The

composition and mandates of the Remuneration Committee are described in the Corporate Governance Report on pages 62–65.

Identifying employees with a risk profile is based on the EBA's technical standards. Salaries and other remuneration to employees whose duties materially impact SBAB's risk profile, 81 employees (77), excluding senior executives who report directly to the CEO, amounted to SEK 62.9 million (60.0).

Remuneration to the Board

| PARENT COMPANY | | | | | | |
|---|--------------------|--------------------|------------------|----------------------------|--------------------------------|------------------------|
| 2023 | | | | | | |
| SEK thousand | Period | Board of Directors | Credit Committee | Risk and Capital Committee | Audit and Compliance Committee | Remuneration committee |
| Jan Sinclair, Chairman of the Board ¹⁾ | 1 Jan–31 Dec 2023 | 563 | 47 | 43 | 54 | 26 |
| Leif Pagrotsky, Board member | 1 Jan–31 Dec 2023 | 270 | – | – | 54 | – |
| Jane Lundgren Ericsson, Board Member ²⁾ | 1 Jan–31 Dec 2023 | 270 | 66 | 43 | 67 | – |
| Lars Börjesson, Board Member | 1 Jan–31 Dec 2023 | 270 | – | – | – | 26 |
| Inga-Lill Carlberg, Board Member | 1 Jan–31 Dec 2023 | 270 | 47 | – | – | 31 |
| Jenny Lahrin, Board member | 1 Jan–31 Dec 2023 | 0 | – | – | – | – |
| Wenche Martinussen, Board member | 1 Jan–31 Dec 2023 | 270 | – | 43 | – | – |
| Synnöve Trygg, Board member ³⁾ | 1 Jan–31 Dec 2023 | 270 | 47 | 49 | 54 | – |
| Fredrik Sauter, Board Member | 27 Apr–31 Dec 2023 | 185 | – | 25 | – | – |
| Karin Neville, Employee representative ⁴⁾ | 1 Jan–31 Dec 2023 | 0 | – | – | – | – |
| Margareta Naumberg, Employee Representative ⁴⁾ | 1 Jan–31 Dec 2023 | 0 | – | – | – | – |
| Total Fees & Remuneration 2023 | | 2,368 | 207 | 203 | 229 | 83 |

¹⁾ Jan Sinclair also received Board fees from SCBC of SEK 200 thousand (191)

²⁾ Jane Lundgren-Ericsson also received Board fees from SCBC of SEK 144 thousand (137)

³⁾ Synnöve Trygg also received Board fees from SCBC of SEK 144 thousand (137).

⁴⁾ No Board fees are payable to Board members employed at the Government Offices of Sweden or who are employee representatives. No Board fees are payable to the Board members of SBAB's subsidiary Booli.

| PARENT COMPANY | | | | | | |
|---|--------------------|--------------------|------------------|----------------------------|--------------------------------|------------------------|
| 2022 | | | | | | |
| SEK thousand | Period | Board of Directors | Credit Committee | Risk and Capital Committee | Audit and Compliance Committee | Remuneration committee |
| Jan Sinclair, Chairman of the Board ¹⁾ | 1 Jan–31 Dec 2022 | 539 | 44 | 41 | 51 | 15 |
| Leif Pagrotsky, Board member | 1 Jan–31 Dec 2022 | 258 | – | – | 51 | – |
| Jane Lundgren Ericsson, Board Member ²⁾ | 1 Jan–31 Dec 2022 | 258 | 62 | 41 | 64 | – |
| Lars Börjesson, Board Member | 1 Jan–31 Dec 2022 | 258 | – | – | – | 25 |
| Inga-Lill Carlberg, Board Member | 1 Jan–31 Dec 2022 | 258 | 44 | – | – | 30 |
| Jenny Lahrin, Board member | 27 Apr–31 Dec 2022 | – | – | – | – | – |
| Wenche Martinussen, Board member | 27 Apr–31 Dec 2022 | 180 | – | – | – | 24 |
| Synnöve Trygg, Board member ³⁾ | 1 Jan–31 Dec 2022 | 258 | 31 | 47 | 51 | – |
| Karin Neville, Employee representative ⁴⁾ | 1 Jan–31 Dec 2022 | – | – | – | – | – |
| Margareta Naumberg, Employee Representative ⁴⁾ | 1 Jan–31 Dec 2022 | – | – | – | – | – |
| Total Fees & Remuneration 2022 | | 2,009 | 181 | 129 | 217 | 94 |

Pensions

Employees recruited to SBAB from 1 February 2013 are covered by the new collective pension plan BTP1, which is a defined-contribution plan. The plan encompasses disability and survivors' pensions, as well as provisions for retirement pensions. In BTP1, employees have a high degree of self-determination in how premiums are invested.

Employees recruited to SBAB before 1 February 2013 are covered by the BTP2 collective pension plan, which is a defined-benefit plan. BTP2 entails that the employee is guaranteed a lifelong pension corresponding to a specified percentage of the employee's final salary and mainly comprises retirement pension, disability pension, survivors' pension, supplementary pension (BTPK) and, where applicable, family pension. The levels of remuneration vary for salaries within different income base amounts. For salaries over 30 income base amounts, no pension is payable under BTP2. Employees who

earn more than ten income base amounts are provided the possibility of selecting an alternative investment for part of the premium. BTP2 is a collective defined-benefit employer plan secured through insurance with the insurance company SPP and comprise several employers. SPP is responsible for investing the pension capital of the BTP2 plan. The aim of the investment strategy is to obtain a high and consistent return while ensuring the investors' guaranteed increase in value.

SBAB's costs for its defined-benefit pensions amounted to SEK 6.0 million (12.0), excluding payroll tax. In 2024, pension contributions for defined-benefit plans are expected to total SEK 6.0 million. Further information is provided in Note [L 6](#). SBAB's costs for its defined-contribution pensions amounted to SEK 68.2 million (58.2), excluding payroll tax.

There are no other pension agreements that deviate from the general rules of collective agreements in the banking area.

Guidelines adopted by the AGM for remuneration and other employment terms and conditions for senior executives

The AGM's principles for remuneration and other employment terms and conditions for senior executives, which were adopted by the 2023 AGM, state that remuneration and terms and conditions are to be reasonable and well-considered. With regard to remuneration and other terms and conditions of employment, SBAB will continue to apply the principles set out in the "State Ownership Policy and principles for state-owned enterprises 2020," and in particular with the principles for remuneration and other terms of employment for senior officers in state-owned enterprises.

This remuneration should be competitive, with a set ceiling and appropriate for its purpose, as well as contributing to high ethical standards and a good corporate culture. Remuneration should not correspond to a leading salary level in relation to comparable companies but be characterised by moderation. This is also to provide guidance for the total amount of remuneration to other employees. Variable salary is not paid to senior executives. These guidelines were not amended following the resolution of the AGM in 2023. The guidelines are published in full at www.sbab.se.

Other terms and conditions for the CEO and senior executives

As regards pension conditions, notice periods and severance pay for senior executives, SBAB observes the principles stated in the State Ownership Policy and principles for state-owned enterprises 2023.

The company pays for a defined-contribution pension insurance corresponding to 30% of the CEO's pensionable salary, although not longer than until age 65. For other managers who report directly to the CEO, the company pays a defined-contribution pension premium corresponding to 30% of pensionable salary.

Agreements on severance pay

The CEO and SBAB are subject to a mutual notice period of six months. If the company gives notice of termination, the period of notice must not exceed six months. Severance pay must be limited to at most twelve months' salary. Severance pay stipulated in employment contracts made no later than on 31 December 2016 must be no more than eighteen months' salary. Severance pay must be paid monthly and consist only of the fixed monthly salary with no pension benefits or other benefits.

No severance pay is paid if the employee gives notice of termination.

Severance pay is paid until the agreed age of retirement at the latest and is never paid after the age of 65 years. If the former employee takes new employment or some other additional paid assignment or earns income from business activity, remuneration from the terminating enterprise has to be reduced by an amount equivalent to the new income during the period covered by salary for notice of termination and severance pay.

For other members of Executive Management, agreements have been concluded regarding severance pay in case of termination by the company. In addition to salary and pension during the notice period, the company will pay severance pay corresponding to 12 months' salary. Deductions will be made from the remuneration should new employment or income from another activity be received during the 12-month period.

Loans to senior executives

Loans to senior executives are presented in Note [A 2](#).

Incentive programme

SBAB has no incentive programme.

IC:6 Other expenses

| SEK million | GROUP | | PARENT COMPANY | |
|-------------------------------|-------------|-------------|----------------|-------------|
| | 2023 | 2022 | 2023 | 2022 |
| IT expenses | -310 | -282 | -370 | -341 |
| Rent | -10 | -9 | -47 | -42 |
| Other costs for premises | -16 | -13 | -15 | -12 |
| Other administrative expenses | -120 | -108 | -112 | -98 |
| Marketing | -121 | -82 | -116 | -77 |
| Other operating expenses | -31 | -36 | -19 | -24 |
| Total | -608 | -530 | -679 | -594 |

Development expenditure amounted to SEK 366 million (336), of which SEK 125 million (96) pertained to internally produced intangible Group assets. Most of the development work is pursued in project form and includes the budgets of entire projects, including such expenses as planning, analysis, specification of requirements, programming, implementation and quality testing, etc.

Fees and expenses to the elected auditors

| SEK million | GROUP | | PARENT COMPANY | |
|--|-------------|-------------|----------------|-------------|
| | 2023 | 2022 | 2023 | 2022 |
| Audit assignment | -6.0 | -6.0 | -3.9 | -4.1 |
| Audit activities other than audit assignment | -2.1 | -2.5 | -1.9 | -2.3 |
| Total | -8.1 | -8.5 | -5.8 | -6.4 |

The AGM on 27 April 2023 appointed Deloitte as SBAB's auditors. The audit assignment includes examination of the annual report, the accounting records and the administration by the Board and CEO. The audit assignment also includes other assistance resulting from such examination.

Audit tasks in addition to the audit assignment pertain to the examination of interim reports/year-end report and such other duties that may only be performed by the signing-off auditor, such as the preparation of various types of certificates.

IC:7 Depreciation, amortisation and impairment of PPE and intangible assets

| SEK million | GROUP | | PARENT COMPANY | |
|---|-------------|-------------|----------------|------------|
| | 2023 | 2022 | 2023 | 2022 |
| Property, plant and equipment | | | | |
| Depreciation, computer hardware | -15 | -12 | -14 | -11 |
| Depreciation, leases | -41 | -37 | 0 | - |
| Depreciation, other equipment | -8 | -8 | -8 | -8 |
| Impairment, other equipment | - | 0 | - | 0 |
| Disposals/divestments | 0 | 0 | 0 | 0 |
| Intangible assets | | | | |
| Amortisation, acquired software | -6 | - | -6 | -7 |
| Amortisation, internally developed part of software | -77 | -71 | - | - |
| Amortisation of trademarks | 0 | -1 | - | - |
| Amortisation of non-compete clause | 0 | 0 | - | - |
| Impairment, acquired software | -10 | - | - | - |
| Impairment, internally developed part of software | 0 | -31 | - | - |
| Impairment of trademarks/customer relationships | -8 | -31 | - | - |
| Impairment of goodwill | - | -9 | - | - |
| Total | -165 | -176 | -28 | -26 |

At the end of the year, a customary review of all tangible and intangible assets was conducted and an impairment need was identified, which impacted expenses in 2023.

IC:8 Net credit losses

| SEK million | GROUP | | PARENT COMPANY | |
|---|-------------|------------|----------------|------------|
| | 2023 | 2022 | 2023 | 2022 |
| Lending to the public | | | | |
| Confirmed credit losses | -9 | -7 | -5 | -5 |
| Recoveries of previously confirmed credit losses | 4 | 4 | 4 | 4 |
| Adjustment of interest, written down loans | 2 | 0 | 1 | 0 |
| Change in provision for the year – credit stage 1 | -5 | -17 | -10 | -4 |
| Change in provision for the year – credit stage 2 | 9 | -27 | -9 | -3 |
| Change in provision for the year – credit stage 3 | -113 | -1 | -22 | -1 |
| Guarantees ¹⁾ | -3 | 0 | 0 | 0 |
| Net credit losses for the period – lending to the public | -115 | -48 | -41 | -9 |
| Loan commitments ²⁾ | | | | |
| Change in provision for the year – credit stage 1 | 18 | -13 | 18 | -13 |
| Change in provision for the year – credit stage 2 | 5 | -7 | 5 | -7 |
| Change in provision for the year – credit stage 3 | -1 | 0 | -1 | - |
| Net credit losses for the period – loan commitments | 22 | -20 | 22 | -20 |
| Other financial instruments | | | | |
| Change in provision for the year – credit stage 1 | 0 | 0 | 0 | 0 |
| Net credit losses for the period – other financial instruments | 0 | 0 | 0 | 0 |
| Total | -93 | -68 | -19 | -29 |

¹⁾ The item includes guarantees for loan commitments.

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

IC:9 Operating segments

Operating segments are reported in accordance with IFRS 8 Operating Segments, which means that the segment information is presented in a manner that corresponds to that applied internally for monitoring and control purposes. The Group has identified the CEO as the chief operating decision maker and the internal reporting used by the CEO to monitor and make decisions regarding the allocation of resources as the basis for the information to

be presented. Private includes lending for single-family homes, holiday homes and tenant-owned apartments, as well as all retail deposits. Corporate Clients & Tenant-Owners' Associations mainly include lending to multifamily dwellings as well as commercial properties. The expenses are allocated to the business areas using distribution quotas.

Income statement by segment

| SEK million | GROUP | | | | | | | | | | | |
|--|---|--------------|--------------|---|------------------------------|------------------|---|--------------|--------------|---|------------------------------|------------------|
| | 2023 | | | | | | 2022 | | | | | |
| | Follow-up of operations | | | Reconciliation against the statutory income statement | | | Follow-up of operations | | | Reconciliation against the statutory income statement | | |
| | Corporate Clients & Tenant-Owners' Associations | | Total | Administrative consultants | IFRS 16 Leases ¹⁾ | Statutory profit | Corporate Clients & Tenant-Owners' Associations | | Total | Administrative consultants | IFRS 16 Leases ¹⁾ | Statutory profit |
| | Private | | | | | | Private | | | | | |
| Net interest income | 3,336 | 2,110 | 5,446 | - | - | 5,446 | 3,424 | 1,231 | 4,655 | - | - | 4,655 |
| Commission income | 47 | 1 | 48 | - | - | 48 | 54 | 37 | 91 | - | - | 91 |
| Commission expense | -60 | -22 | -82 | - | - | -82 | -64 | -15 | -79 | - | - | -79 |
| Net result of financial transactions | -70 | -25 | -95 | - | - | -95 | -46 | 11 | -35 | - | - | -35 |
| Other operating income | 49 | 1 | 50 | - | - | 50 | 47 | 2 | 49 | - | - | 49 |
| Total operating income | 3,302 | 2,065 | 5,367 | - | - | 5,367 | 3,415 | 1,266 | 4,681 | - | - | 4,681 |
| Salaries and remuneration | -400 | -158 | -558 | - | - | -558 | -407 | -105 | -512 | - | - | -512 |
| Other personnel costs | -259 | -113 | -372 | 40 | - | -332 | -266 | -75 | -341 | 30 | - | -311 |
| Other expenses | -463 | -146 | -609 | -40 | 41 | -608 | -452 | -86 | -538 | -30 | 38 | -530 |
| Depreciation, amortisation and impairment of PPE and intangible assets | -73 | -51 | -124 | - | -41 | -165 | -108 | -30 | -138 | - | -38 | -176 |
| Net credit losses | -22 | -71 | -93 | - | - | -93 | -44 | -24 | -68 | - | - | -68 |
| Imposed fees: Risk tax and resolution fee | -353 | -188 | -541 | - | - | -541 | -360 | -85 | -445 | - | - | -445 |
| Operating profit | 1,732 | 1,338 | 3,070 | 0 | 0 | 3,070 | 1,778 | 861 | 2,639 | 0 | 0 | 2,639 |
| Tax | -372 | -290 | -662 | - | - | -662 | -376 | -182 | -558 | - | - | -558 |
| Profit/loss after standardised tax | 1,360 | 1,048 | 2,408 | 0 | 0 | 2,408 | 1,402 | 679 | 2,081 | 0 | 0 | 2,081 |
| Return on equity, % | 10.0 | 14.1 | - | - | - | 11.5 | 9.9 | 11.8 | 10.5 | - | - | 10.5 |

¹⁾ Depreciation of right-of-use assets pertaining to offices

All costs and income have been allocated in full to the Private and Corporate Clients & Tenant-Owners' Associations segments. In relation to the statutory income statement, an expense of SEK 40 million (expense: 30) was transferred between the rows "Other personnel costs" and "Other expenses." The cost refers to administrative consultants, which pertain to "Other personnel costs" in the internal monitoring.

The return on equity is calculated as earnings after tax in relation to average equity, after adjustment for additional Tier 1 instruments and value changes in financial assets recognised in equity.

The Group has no single customer that accounts for more than 10% of its total income.

IC:10 Imposed fees

| SEK million | GROUP | | PARENT COMPANY | |
|----------------|-------------|-------------|----------------|-------------|
| | 2023 | 2022 | 2023 | 2022 |
| Risk tax | -359 | -261 | -161 | -109 |
| Resolution fee | -182 | -184 | -33 | -35 |
| Total | -541 | -445 | -194 | -144 |

TX Tax

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TX:1 Tax

| SEK million | GROUP | | PARENT COMPANY | |
|--|-------------|-------------|----------------|-------------|
| | 2023 | 2022 | 2023 | 2022 |
| Current tax | -667 | -565 | -236 | -150 |
| Deferred tax on changes in temporary differences | 5 | 7 | 13 | -7 |
| Total | -662 | -558 | -223 | -157 |
| <i>The effective tax rate differs from the nominal tax rate in Sweden as below</i> | | | | |
| Profit before tax | 3,070 | 2,639 | 5,926 | 690 |
| Nominal tax rate in Sweden 20.6% | -632 | -543 | -1,221 | -142 |
| Tax-free dividends from subsidiaries | - | - | 1,030 | - |
| Tax pertaining to non-taxable income and non-deductible costs | -23 | -15 | -34 | -15 |
| Tax for prior years and other | -7 | - | 2 | - |
| Total tax | -662 | -558 | -223 | -157 |
| Effective tax rate, % | 21.6 | 21.1 | 3.8 | 22.8 |

TX:2 Deferred tax

| SEK million | GROUP | | PARENT COMPANY | |
|---|-------------|--------------|----------------|-----------|
| | 2023 | 2022 | 2023 | 2022 |
| <i>Deferred tax assets (+)/tax liabilities (-) for temporary differences in:</i> | | | | |
| Stock of financial instruments | 10 | -10 | 0 | -15 |
| Hedging instruments | 975 | 1,733 | 23 | 48 |
| Intangible assets | -78 | -71 | - | - |
| Pension provision | 0 | - | - | - |
| Loss carry-forwards | - | 6 | - | - |
| Other | 4 | 6 | 4 | 5 |
| Total | 911 | 1,664 | 27 | 38 |
| <i>Change in deferred tax</i> | | | | |
| Acquired deferred tax | -6 | - | - | - |
| Deferred tax in the income statement | 5 | 7 | 13 | -7 |
| Deferred tax attributable to items recognised directly against other comprehensive income | -752 | 1,961 | -24 | 82 |
| Total | -753 | 1,968 | -11 | 75 |
| <i>Deferred tax distributed by expected maturity date, carrying amount</i> | | | | |
| More than 1 year | 911 | 1,664 | 27 | 38 |
| Total | 911 | 1,664 | 27 | 38 |

A Assets

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A:1 Chargeable treasury bills, etc.

| SEK million | GROUP | | PARENT COMPANY | |
|----------------|---------------|---------------|----------------|---------------|
| | 2023 | 2022 | 2023 | 2022 |
| Swedish state | 36,207 | 29,445 | 36,207 | 29,445 |
| Foreign states | 442 | 441 | 442 | 441 |
| Total | 36,650 | 29,886 | 36,650 | 29,886 |

A:2 Lending to credit institutions

| SEK million | GROUP | | PARENT COMPANY | |
|-----------------------------|---------------|---------------|----------------|----------------|
| | 2023 | 2022 | 2023 | 2022 |
| Lending in SEK | 4,959 | 8,047 | 154,566 | 135,562 |
| Lending in foreign currency | 6,848 | 12,044 | 2 | 12,006 |
| Total | 11,807 | 20,091 | 154,568 | 147,568 |
| <i>of which, repos</i> | - | 0 | - | - |

Of the Parent Company's lending to credit institutions, SEK 142,789 million (127,506) relates to receivables from the wholly owned subsidiary, AB Sveriges Säkerställda Obligationer (publ) (Swedish Covered Bond Corporation – SCBC). These receivables are subordinated, which means that payment is received only after other creditors of the subsidiary have been paid.

Of the total receivables, SEK 24,000 million (17,000) comprises internal Group debt instruments (senior non-preferred notes) that were acquired by the Parent Company SBAB Bank AB (publ) from the subsidiary SCBC for the

purpose of meeting the minimum requirement for own funds and eligible liabilities (MREL) announced by the Swedish National Debt Office in SCBC.

Interest-bearing securities that SBAB purchases with an obligation to sell at a predetermined price are not recognised in the balance sheet, while the purchase price paid is recognised in the balance sheet under Lending to credit institutions. The securities are regarded as collateral received and can be pledged or sold by SBAB. In the event that the counterparty is unable to meet its repurchase obligation, SBAB is entitled to keep the security. The fair value of collateral received in the Group was SEK – million (0), of which SEK – million (-) has been pledged or sold. The fair value of collateral received in the Parent Company was SEK – million (-), of which SEK – million (-) has been pledged or sold.

A:3 Lending to the public

| SEK million | GROUP | | PARENT COMPANY | |
|--|----------------|----------------|----------------|---------------|
| | 2023 | 2022 | 2023 | 2022 |
| Opening balance | 509,492 | 467,041 | 25,754 | 24,974 |
| New lending for the year | 71,068 | 105,404 | 17,109 | 105,404 |
| Transferred to/from Group companies | - | - | 7,501 | -83,440 |
| Loan repayments | -5,520 | -6,215 | -4,584 | -5,442 |
| Redemption | -57,522 | -56,686 | -21,554 | -15,729 |
| Confirmed credit losses | -9 | -7 | -5 | -5 |
| Change in provision for expected credit losses ¹⁾ | -109 | -45 | -41 | -8 |
| Closing balance | 517,400 | 509,492 | 24,180 | 25,754 |

¹⁾ For more information, please refer to Note IC 8.

Distribution of lending, including provisions

| SEK million | GROUP | | PARENT COMPANY | |
|--|----------------|----------------|----------------|---------------|
| | 2023 | 2022 | 2023 | 2022 |
| Lending, Residential mortgages | 346,314 | 348,980 | 2,910 | 3,440 |
| Lending, Corporate Clients & Tenant-Owners' Associations | 169,321 | 158,362 | 19,505 | 20,164 |
| Lending, Consumer loans | 1,765 | 2,150 | 1,765 | 2,150 |
| Total | 517,400 | 509,492 | 24,180 | 25,754 |

Lending to the public by credit stage – compared with opening balance

| SEK million | GROUP | | PARENT COMPANY | |
|----------------------------|----------------|----------------|----------------|---------------|
| | 2023 | 2022 | 2023 | 2022 |
| Credit stage 1 | | | | |
| Gross lending | 466,456 | 478,737 | 16,724 | 23,498 |
| Provision | -66 | -62 | -18 | -8 |
| Total | 466,390 | 478,675 | 16,706 | 23,490 |
| Credit stage 2 | | | | |
| Gross lending | 50,501 | 30,567 | 7,438 | 2,259 |
| Provision | -81 | -90 | -20 | -11 |
| Total | 50,420 | 30,477 | 7,418 | 2,248 |
| Credit stage 3 | | | | |
| Gross lending | 735 | 371 | 86 | 24 |
| Provision | -145 | -31 | -30 | -8 |
| Total | 590 | 340 | 56 | 16 |
| Total gross lending | 517,692 | 509,675 | 24,248 | 25,781 |
| Total provisions | -292 | -183 | -68 | -27 |
| Total | 517,400 | 509,492 | 24,180 | 25,754 |

For more information regarding changes pertaining to gross lending and loss allowances for the respective credit stages and segments, please refer to Note RC 1.

A:4 Bonds and other interest-bearing securities

Distribution of holdings by issuer, etc.

| SEK million | GROUP | | PARENT COMPANY | |
|---|---------------|---------------|----------------|---------------|
| | 2023 | 2022 | 2023 | 2022 |
| Listed securities | | | | |
| <i>Issued by public bodies</i> | | | | |
| Sovereigns, supranationals and agencies | 2,559 | 2,794 | 2,559 | 2,794 |
| Other public issuers | 17,303 | 11,153 | 17,303 | 11,153 |
| <i>Issued by other borrowers</i> | | | | |
| Swedish mortgage institutions | 34,751 | 30,457 | 34,751 | 30,457 |
| Other foreign issuers | 8,810 | 10,002 | 8,810 | 10,002 |
| Other foreign issuers (with government guarantee) | 1,521 | 3,084 | 1,521 | 3,084 |
| Total listed securities | 64,945 | 57,490 | 64,945 | 57,490 |

A:5 Derivatives and hedge accounting

| SEK million | GROUP | | | | | | | |
|--|-------------------------------|------------------------------------|----------------|--|-------------------------------|------------------------------------|----------------|--|
| | 2023 | | | | 2022 | | | |
| | Assets measured at fair value | Liabilities measured at fair value | Nominal value | Year's value change on hedge ineffectiveness | Assets measured at fair value | Liabilities measured at fair value | Nominal value | Year's value change on hedge ineffectiveness |
| Derivatives in fair-value hedging | | | | | | | | |
| Interest-rate-related | 4,540 | 9,503 | 372,645 | 3,158 | 7,396 | 15,884 | 421,017 | -8,842 |
| Currency-related | - | - | - | - | - | - | - | - |
| Total | 4,540 | 9,503 | 372,645 | 3,158 | 7,396 | 15,884 | 421,017 | -8,842 |
| Derivatives in cash-flow hedges | | | | | | | | |
| Interest-rate-related | 416 | 4,978 | 85,633 | 3,927 | 0 | 8,510 | 88,452 | -9,896 |
| Currency-related | 6,838 | 328 | 80,197 | -247 | 8,127 | 118 | 81,729 | 391 |
| Total | 7,254 | 5,306 | 165,830 | 3,680 | 8,127 | 8,628 | 170,181 | -9,505 |
| Other derivatives | | | | | | | | |
| Interest-rate-related | 434 | 466 | 39,332 | - | 419 | 416 | 10,237 | - |
| Currency-related | 13 | 420 | 15,352 | - | 1 | 6 | 4,913 | - |
| Total | 447 | 886 | 54,684 | - | 420 | 422 | 15,150 | - |

Currency interest-rate swaps are classified as currency-related.

Derivatives allocated by remaining maturity, carrying amounts

| SEK million | GROUP | | | |
|------------------------|---------------|----------------|---------------|----------------|
| | 2023 | | 2022 | |
| | Fair value | Nominal value | Fair value | Nominal value |
| Maximum 3 months | 1,085 | 59,747 | 104 | 32,136 |
| 3-12 months | 175 | 101,965 | 1,992 | 120,242 |
| 1-5 years | -1,462 | 322,196 | -4,866 | 345,960 |
| Longer than five years | -3,252 | 109,251 | -6,221 | 108,010 |
| Total | -3,454 | 593,159 | -8,991 | 606,348 |

Hedged items in fair value hedges:

| SEK million | GROUP | | | | |
|--|-----------------|---|---|--------------------------------|---|
| | 2023 | | | | |
| | Carrying amount | Revaluation for the period of hedged items in fair value hedges | Accrued value adjustment from fair value hedges | Gain/loss on terminated hedges | Remaining accrued value adjustment on terminated hedges |
| Assets | | | | | |
| Chargeable treasury bills, etc. | 219 | 36 | -29 | 0 | 0 |
| Lending to the public | 91,329 | 0 | 0 | 0 | 0 |
| Value changes of interest-rate-risk hedged items in macro hedges | -1,565 | 3,380 | -1,565 | -1 | 0 |
| Bonds and other interest-bearing securities | 46,525 | 2,064 | -507 | 0 | 0 |
| Total assets | 136,508 | 5,480 | -2,101 | -1 | 0 |
| Liabilities | | | | | |
| Issued debt securities, etc. | 210,314 | 8,666 | -7,620 | 3 | -17 |
| Total liabilities | 210,314 | 8,666 | -7,620 | 3 | -17 |
| Net assets - liabilities | -73,806 | -3,186 | 5,519 | -4 | 17 |
| <i>Hedging instruments</i> | | 3,158 | | | |
| <i>Ineffectiveness</i> | | -28 | | | |

| SEK million | GROUP | | | | |
|--|-----------------|---|---|--------------------------------|---|
| | 2022 | | | | |
| | Carrying amount | Revaluation for the period of hedged items in fair value hedges | Accrued value adjustment from fair value hedges | Gain/loss on terminated hedges | Remaining accrued value adjustment on terminated hedges |
| Assets | | | | | |
| Chargeable treasury bills, etc. | 3,319 | -87 | -65 | - | - |
| Lending to the public | 141,614 | - | - | - | - |
| Value changes of interest-rate-risk hedged items in macro hedges | -4,944 | -4,381 | -4,945 | 0 | 1 |
| Bonds and other interest-bearing securities | 45,017 | -2,451 | -2,572 | - | - |
| Total assets | 185,006 | -6,919 | -7,582 | 0 | 1 |
| Liabilities | | | | | |
| Issued debt securities, etc. | 202,806 | -15,742 | -16,306 | - | - |
| Total liabilities | 202,806 | -15,742 | -16,306 | - | - |
| Net assets – liabilities | -17,800 | 8,823 | 8,724 | 0 | 1 |
| <i>Hedging instruments</i> | | -8,842 | | | |
| Ineffectiveness | | -19 | | | |

Hedged items in cash-flow hedges:

| SEK million | GROUP | | | |
|--|--|--|---|---|
| | 2023 | | | |
| | Revaluation for the period of hedged items in cash-flow hedges | Accrued value adjustment from cash-flow hedges | Gain/loss on terminated hedges reclassified to Net result of financial transactions | Remaining accrued value adjustment on terminated hedges |
| Hedged items in cash-flow hedges: | | | | |
| Hedged items/Hypothetical derivatives | -3,680 | 4,733 | - | - |
| Total | -3,680 | 4,733 | - | - |
| <i>Hedging instruments</i> | 3,680 | | | |
| Ineffectiveness | 0 | | | |
| Hedge reserve | 3,680 | -4,733 | - | - |

| SEK million | GROUP | | | |
|--|--|--|---|---|
| | 2022 | | | |
| | Revaluation for the period of hedged items in cash-flow hedges | Accrued value adjustment from cash-flow hedges | Gain/loss on terminated hedges reclassified to Net result of financial transactions | Remaining accrued value adjustment on terminated hedges |
| Hedged items in cash-flow hedges: | | | | |
| Hedged items/Hypothetical derivatives | 9,505 | 8,413 | - | - |
| Total | 9,505 | 8,413 | - | - |
| <i>Hedging instruments</i> | -9,505 | | | |
| Ineffectiveness | 0 | | | |
| Hedge reserve | -9,505 | -8,413 | | |

Hedge ineffectiveness recognised in profit or loss:

| SEK million | GROUP | |
|-------------------|---|---|
| | 2023 | 2022 |
| | Gains and losses on hedging instruments | Gains and losses on hedging instruments |
| Fair value hedges | -28 | -19 |
| Cash-flow hedges | 0 | 0 |
| Total | -28 | -19 |

| SEK million | PARENT COMPANY | | | | | | | |
|--|-------------------------------|------------------------------------|----------------|--|-------------------------------|------------------------------------|------------------|--|
| | 2023 | | | | 2022 | | | |
| | Assets measured at fair value | Liabilities measured at fair value | Nominal value | Year's value change on hedge ineffectiveness | Assets measured at fair value | Liabilities measured at fair value | Nominal value | Year's value change on hedge ineffectiveness |
| Derivatives in fair-value hedging | | | | | | | | |
| Interest-rate-related | 1,654 | 2,363 | 99,220 | -985 | 2,519 | 2,485 | 83,512 | 244 |
| Currency-related | - | - | - | - | - | - | - | - |
| Total | 1,654 | 2,363 | 99,220 | -985 | 2,519 | 2,485 | 83,512 | 244 |
| Derivatives in cash-flow hedges | | | | | | | | |
| Interest-rate-related | 0 | 25 | 333 | 72 | 0 | 81 | 5,893 | -174 |
| Currency-related | 18 | 72 | 1,402 | 52 | 448 | 118 | 6,528 | -92 |
| Total | 18 | 97 | 1,735 | 124 | 448 | 199 | 12,421 | -266 |
| Other derivatives | | | | | | | | |
| Interest-rate-related | 15,856 | 15,856 | 767,781 | - | 27,065 | 27,060 | 848,364 | - |
| Currency-related | 7,089 | 7,497 | 172,941 | - | 7,680 | 7,686 | 155,316 | - |
| Total | 22,945 | 23,353 | 940,722 | - | 34,745 | 34,746 | 1,003,680 | - |

Currency interest-rate swaps are classified as currency-related.

Derivatives allocated by remaining maturity, carrying amounts

| SEK million | PARENT COMPANY | | | |
|------------------------|----------------|------------------|------------|------------------|
| | 2023 | | 2022 | |
| | Fair value | Nominal value | Fair value | Nominal value |
| Maximum 3 months | -424 | 97,187 | 1 | 54,086 |
| 3-12 months | 44 | 169,215 | 552 | 211,312 |
| 1-5 years | -668 | 568,501 | -662 | 628,014 |
| Longer than five years | -148 | 206,774 | 391 | 206,201 |
| Total | -1,196 | 1,041,677 | 282 | 1,099,613 |

Hedged items in fair value hedges:

| PARENT COMPANY | | | | | | |
|---|-----------------|---|---|--------------------------------|---|--|
| 2023 | | | | | | |
| SEK million | Carrying amount | Revaluation for the period of hedged items in fair value hedges | Accrued value adjustment from fair value hedges | Gain/loss on terminated hedges | Remaining accrued value adjustment on terminated hedges | |
| Assets | | | | | | |
| Chargeable treasury bills, etc. | 219 | 36 | -29 | 0 | 0 | |
| Bonds and other interest-bearing securities | 46,525 | 2,064 | -507 | 0 | 0 | |
| Total assets | 46,744 | 2,100 | -536 | - | - | |
| Liabilities | | | | | | |
| Issued debt securities, etc. | 35,726 | 1,182 | -1,252 | 0 | 0 | |
| Total liabilities | 35,726 | 1,182 | -1,252 | - | - | |
| Net assets – liabilities | 11,018 | 918 | 716 | - | - | |
| <i>Hedging instruments</i> | | -985 | | | | |
| Ineffectiveness | | -67 | | | | |
| PARENT COMPANY | | | | | | |
| 2022 | | | | | | |
| SEK million | Carrying amount | Revaluation for the period of hedged items in fair value hedges | Accrued value adjustment from fair value hedges | Gain/loss on terminated hedges | Remaining accrued value adjustment on terminated hedges | |
| Assets | | | | | | |
| Chargeable treasury bills, etc. | 3,319 | -87 | -65 | - | - | |
| Bonds and other interest-bearing securities | 45,017 | -2,451 | -2,572 | - | - | |
| Total assets | 48,336 | -2,538 | -2,637 | - | - | |
| Liabilities | | | | | | |
| Issued debt securities, etc. | 29,146 | -2,330 | -2,435 | - | - | |
| Total liabilities | 29,146 | -2,330 | -2,435 | - | - | |
| Net assets – liabilities | 19,190 | -208 | -202 | - | - | |
| <i>Hedging instruments</i> | | 244 | | | | |
| Ineffectiveness | | 36 | | | | |

Hedged items in cash-flow hedges:

| PARENT COMPANY | | | | |
|--|--|--|---|---|
| 2023 | | | | |
| SEK million | Revaluation for the period of hedged items in cash-flow hedges | Accrued value adjustment from cash-flow hedges | Gain/loss on terminated hedges reclassified to Net result of financial transactions | Remaining accrued value adjustment on terminated hedges |
| Hedged items in cash-flow hedges: | | | | |
| Hedged items/Hypothetical derivatives | -124 | 111 | - | - |
| Total | -124 | 111 | - | - |
| <i>Hedging instruments</i> | 124 | | | |
| Ineffectiveness | 0 | | | |
| Hedge reserve | 124 | -111 | - | - |

| PARENT COMPANY | | | | |
|--|--|--|---|---|
| 2022 | | | | |
| SEK million | Revaluation for the period of hedged items in cash-flow hedges | Accrued value adjustment from cash-flow hedges | Gain/loss on terminated hedges reclassified to Net result of financial transactions | Remaining accrued value adjustment on terminated hedges |
| Hedged items in cash-flow hedges: | | | | |
| Hedged items/Hypothetical derivatives | 266 | 235 | - | - |
| Total | 266 | 235 | - | - |
| <i>Hedging instruments</i> | -266 | | | |
| Ineffectiveness | 0 | | | |
| Hedge reserve | -266 | -235 | - | - |

Hedge ineffectiveness recognised in profit or loss:

| PARENT COMPANY | | | |
|-------------------|--|--|--|
| 2023 | | 2022 | |
| SEK million | Hedging gains and losses recognised in Net result of financial transactions. | Hedging gains and losses recognised in Net result of financial transactions. | |
| Fair value hedges | -67 | 36 | |
| Cash-flow hedges | 0 | 0 | |
| Total | -67 | 36 | |

The accounting policies for hedge accounting are described in Note [A 1](#). The Group's liquidity and market risk is described in notes [RC 3](#) and [RC 4](#).

A:6 Shares and participations in associated companies and joint ventures

| SEK million | GROUP | | | | | | | | | |
|---------------------|-------------------------------|-----------|------------------|--------------------|--|-------------------------------|-----------|------------------|--------------------|--|
| | 2023 | | | | | 2022 | | | | |
| | Corporate Registration Number | Domicile | Number of shares | Share of equity, % | Carrying amount at the end of the year | Corporate Registration Number | Domicile | Number of shares | Share of equity, % | Carrying amount at the end of the year |
| Company name | | | | | | | | | | |
| Tibern AB | 559384-3542 | Stockholm | 4,000 | 14 | 5 | 559384-3542 | Stockholm | 4,000 | 14 | 3 |

| SEK million | PARENT COMPANY | | | | | | | | | |
|---------------------|-------------------------------|-----------|------------------|--------------------|--|-------------------------------|-----------|------------------|--------------------|--|
| | 2023 | | | | | 2022 | | | | |
| | Corporate Registration Number | Domicile | Number of shares | Share of equity, % | Carrying amount at the end of the year | Corporate Registration Number | Domicile | Number of shares | Share of equity, % | Carrying amount at the end of the year |
| Company name | | | | | | | | | | |
| Tibern AB | 559384-3542 | Stockholm | 4,000 | 14 | 5 | 559384-3542 | Stockholm | 4,000 | 14 | 3 |

| SEK million | GROUP | | PARENT COMPANY | |
|---|----------|----------|----------------|----------|
| | 2023 | 2022 | 2023 | 2022 |
| Value at beginning of the year | 3 | - | 3 | - |
| Acquisitions/disposals during the year | - | 3 | - | 3 |
| Share of net profit for the year | 0 | 0 | 0 | 0 |
| Shareholder contributions | 2 | - | 2 | - |
| Carrying amount at the end of the year | 5 | 3 | 5 | 3 |

A:7 Shares and participations in Group companies

| SEK million | PARENT COMPANY | | | | |
|---|-------------------------------|--------|------------------|--------------------|--|
| | 2023 | | | | |
| | Corporate Registration Number | Cost | Number of shares | Share of equity, % | Carrying amount at the end of the year |
| Swedish credit institutions | | | | | |
| AB Sveriges Säkerställda Obligationer (publ), Solna ¹⁾ | 556645-9755 | 10,300 | 500,000 | 100 | 17,100 |
| Other companies | | | | | |
| Booli SearchTechnologies AB, Stockholm | 556733-0567 | 101 | 329,540 | 100 | 101 |

¹⁾ During the year, the Parent Company paid a shareholder contribution of SEK 6,800 million to the subsidiary SCBC.

| SEK million | 2022 | | | | |
|---|------------------------------------|--------|------------------|--------------------|--|
| | Corporate Registration Number | Cost | Number of shares | Share of equity, % | Carrying amount at the end of the year |
| | Swedish credit institutions | | | | |
| AB Sveriges Säkerställda Obligationer (publ), Solna | 556645-9755 | 10,300 | 500,000 | 100 | 10,300 |
| Other companies | | | | | |
| Booli SearchTechnologies AB, Stockholm | 556733-0567 | 101 | 329,540 | 100 | 101 |
| Boappa AB, Stockholm ¹⁾ | 559081-8273 | 64 | 1,233,083 | 67 | 51 |

¹⁾ As of 30 November 2023, SBAB had sold its holding in the subsidiary Boappa AB.

A:8 Intangible assets

| SEK million | GROUP | | | | | | | | | |
|--|------------|-------------|-------------|---------------------|-------------|------------|-------------|-------------|---------------------|-------------|
| | 2023 | | | | | 2022 | | | | |
| | Goodwill | Trade-marks | Software | Non-com-pete clause | Total | Goodwill | Trade-marks | Software | Non-com-pete clause | Total |
| Opening balance, cost | 114 | 13 | 725 | 1 | 853 | 114 | 13 | 628 | 1 | 756 |
| Acquisitions during the year | - | - | 132 | - | 132 | - | - | 97 | - | 97 |
| Divestments and disposals during the year | - | - | -51 | - | -51 | - | - | - | - | - |
| Closing balance, cost | 114 | 13 | 806 | 1 | 934 | 114 | 13 | 725 | 1 | 853 |
| Opening balance, amortisation | - | -5 | -278 | - | -283 | - | -4 | -200 | 0 | -204 |
| Amortisation for the year according to plan | - | - | -83 | - | -83 | - | -1 | -78 | - | -79 |
| Divestments and disposals during the year | - | - | 51 | - | 51 | - | - | - | - | - |
| Closing balance, accumulated amortisation | - | -5 | -310 | - | -315 | - | -5 | -278 | 0 | -283 |
| Opening balance, impairment | -39 | - | -93 | - | -132 | -30 | - | -62 | - | -92 |
| Impairment for the year | - | -8 | -10 | - | -19 | -9 | - | -31 | - | -40 |
| Divestments and disposals during the year | - | - | - | -1 | -1 | - | - | - | - | - |
| Closing balance, accumulated impairment | -39 | -8 | -103 | -1 | -151 | -39 | - | -93 | - | -132 |
| Net carrying amount | 75 | 0 | 393 | 0 | 468 | 75 | 8 | 354 | 1 | 438 |

| SEK million | PARENT COMPANY | | | | | | | | | |
|--|----------------|------------|------------|------------|----------|------------|------------|------------|--|--|
| | 2023 | | | | | 2022 | | | | |
| | Goodwill | Trademarks | Software | Total | Goodwill | Trademarks | Software | Total | | |
| Opening balance, cost | - | - | 75 | 75 | - | - | 75 | 75 | | |
| Acquisitions during the year | - | - | 6 | 6 | - | - | - | - | | |
| Closing balance, cost | - | - | 81 | 81 | - | - | 75 | 75 | | |
| Opening balance, amortisation | - | - | -57 | -57 | - | - | -50 | -50 | | |
| Amortisation for the year according to plan | - | - | -5 | -5 | - | - | -7 | -7 | | |
| Closing balance, accumulated amortisation | - | - | -62 | -62 | - | - | -57 | -57 | | |
| Opening balance, impairment | - | - | -4 | -4 | - | - | -4 | -4 | | |
| Impairment for the year | - | - | - | - | - | - | - | - | | |
| Closing balance, accumulated impairment | - | - | -4 | -4 | - | - | -4 | -4 | | |
| Net carrying amount | - | - | 15 | 15 | - | - | 14 | 14 | | |

Amortisation is allocated on a straight-line basis over the useful life of the asset. The assets are assessed as having useful lives of four or five years. The amortisation period and amortisation method for intangible fixed assets are reviewed at each financial year-end.

During the year, a customary review of all intangible assets was conducted and an impairment need was identified pertaining to the non-competive clause and trademarks/customer relationships linked to Boappa AB, which impacted expenses in 2023. Boappa AB was divested in November 2023.

Goodwill derives from the acquisition of the subsidiary Booli Search Technologies AB. Other software pertains to internally produced intangible assets, which are reported in the consolidated financial statements. Intangi-

ble assets are subject to impairment testing on an annual basis. When impairment testing, the value in use is calculated by discounting estimated future cash flows with a discounting factor that takes into account risk-free interest and the risks associated with the specific asset.

The year's impairment testing of goodwill is based on expected future synergies in the form of increased lending volumes and cost savings as well as a discount rate of 12% (12) after tax, corresponding to a rate of 14% (14) before tax. The first five years for estimated future cash flows are based on forecasts of increased volumes and cost savings. Thereafter, the assumption is zero growth or cost savings.

A:9 Property, plant and equipment

| SEK million | GROUP | | | | | | PARENT COMPANY | | | |
|---|-------------|------------|-------------|-------------|------------|-------------|----------------|-------------|-------------|-------------|
| | 31 Dec 2023 | | | 31 Dec 2022 | | | 31 Dec 2023 | | 31 Dec 2022 | |
| | Equipment | Leases | Total | Equipment | Leases | Total | Equipment | Total | Equipment | Total |
| Opening balance, cost | 166 | 288 | 454 | 155 | 287 | 442 | 165 | 165 | 154 | 154 |
| Acquisitions during the year | 33 | 31 | 64 | 11 | 21 | 32 | 32 | 32 | 11 | 11 |
| Divestments during the year | - | -31 | -31 | - | -20 | -20 | - | 0 | - | - |
| Closing balance, cost | 199 | 288 | 487 | 166 | 288 | 454 | 197 | 197 | 165 | 165 |
| Opening balance, depreciation | -105 | -87 | -192 | -85 | -70 | -155 | -103 | -103 | -84 | -84 |
| Depreciation for the year according to plan | -22 | -42 | -64 | -20 | -37 | -57 | -22 | -22 | -19 | -19 |
| Divestments during the year | 0 | 31 | 31 | 0 | 20 | 20 | - | - | - | - |
| Accumulated depreciation according to plan | -127 | -98 | -225 | -105 | -87 | -192 | -125 | -125 | -103 | -103 |
| Opening balance, impairment | -13 | - | -13 | -13 | - | -13 | -13 | -13 | -13 | -13 |
| Impairment for the year | 0 | - | 0 | 0 | - | 0 | - | - | - | - |
| Closing balance, accumulated impairment | -13 | 0 | -13 | -13 | - | -13 | -13 | -13 | -13 | -13 |
| Net carrying amount | 59 | 190 | 249 | 48 | 201 | 249 | 59 | 59 | 49 | 49 |

A:10 Other assets

| SEK million | GROUP | | PARENT COMPANY | |
|---|------------|------------|----------------|------------|
| | 2023 | 2022 | 2023 | 2022 |
| Tax assets | - | - | - | - |
| Interest receivables | 243 | 90 | 64 | 27 |
| Group contributions received | - | - | - | - |
| Other | 15 | 20 | 11 | 80 |
| Total | 258 | 110 | 75 | 107 |
| <i>Other assets distributed by remaining maturity, carrying amounts</i> | | | | |
| Maximum 1 year | 258 | 110 | 75 | 107 |
| Total | 258 | 110 | 75 | 107 |

A:11 Prepaid expenses and accrued income

| SEK million | GROUP | | PARENT COMPANY | |
|--|------------|------------|----------------|------------|
| | 2023 | 2022 | 2023 | 2022 |
| Prepaid expenses | 88 | 61 | 93 | 61 |
| Accrued interest income | 720 | 426 | 1184 | 611 |
| Accrued guarantees | 0 | 3 | 0 | 0 |
| Other accrued income | 25 | 39 | 4 | 12 |
| Total | 834 | 529 | 1,280 | 684 |
| <i>Prepaid expenses and accrued income distributed by remaining maturity, carrying amounts</i> | | | | |
| Maximum 1 year | 834 | 527 | 1,280 | 684 |
| More than 1 year | 0 | 2 | 0 | - |
| Total | 834 | 529 | 1,280 | 684 |

L Liabilities

pages 150–152

L:1 Liabilities to credit institutions

| SEK million | GROUP | | PARENT COMPANY | |
|-----------------------------------|--------------|--------------|----------------|--------------|
| | 2023 | 2022 | 2023 | 2022 |
| Liabilities in SEK | 942 | 2,695 | 2,311 | 3,645 |
| Liabilities in foreign currencies | 4,664 | 5,542 | 4,669 | 5,570 |
| Total | 5,606 | 8,237 | 6,980 | 9,215 |
| <i>of which, repos</i> | 0 | 1 | 1,369 | 951 |

Parts of SBAB's long-term funding programme have included a possibility for the bondholder to demand premature redemption of the holder's bonds if the Swedish state ceases to own the majority of the shares in SBAB and the Swedish state, before such change in ownership, has not taken steps to guarantee SBAB's commitments ensuing from the bond loan or the bondholders have accepted this in such a way as is described in the current terms and conditions. Total funding to which these terms apply amounted to SEK – billion (9.9) on 31 December 2022. Subordinated loans, Additional Tier 1 capital and senior non-preferred bonds issued under long-term funding programmes are encompassed by this option.

L:2 Deposits from the public

| SEK million | GROUP | | PARENT COMPANY | |
|-----------------------------|----------------|----------------|----------------|----------------|
| | 2023 | 2022 | 2023 | 2022 |
| Private individuals | 173,113 | 140,665 | 173,113 | 140,665 |
| Tenant-owners' associations | 9,806 | 9,477 | 9,806 | 9,477 |
| Corporates | 32,292 | 32,301 | 32,292 | 32,301 |
| Total | 215,211 | 182,443 | 215,211 | 182,443 |

L:3 Issued debt securities, etc.

| SEK million | GROUP | | PARENT COMPANY | |
|--|----------------|----------------|----------------|---------------|
| | 2023 | 2022 | 2023 | 2022 |
| Commercial paper | | | | |
| Commercial paper in SEK | | | | |
| – at amortised cost | – | 358 | – | 358 |
| Commercial paper in foreign currency | | | | |
| – at amortised cost | 308 | 2,464 | 308 | 2,464 |
| Total | 308 | 2,822 | 308 | 2,822 |
| Bond loans | | | | |
| Bond loans in SEK | | | | |
| – at amortised cost | 85,507 | 98,784 | 19,115 | 26,033 |
| – in fair value hedges | 178,117 | 177,274 | 3,545 | 3,614 |
| Bonds loans in foreign currency | | | | |
| – at amortised cost | 86,657 | 89,473 | 1,444 | 7,003 |
| – in fair value hedges | 32,181 | 25,532 | 32,181 | 25,532 |
| Total | 382,462 | 391,063 | 56,285 | 62,182 |
| Total issued debt securities, etc. | 382,770 | 393,885 | 56,593 | 65,004 |
| – of which, covered bonds | 326,177 | 328,881 | – | – |
| – of which senior non-preferred bonds | 21,452 | 13,272 | 21,452 | 13,272 |
| – of which, other unsecured bonds and commercial paper | 35,141 | 51,732 | 35,141 | 51,732 |

L:4 Other liabilities

| SEK million | GROUP | | PARENT COMPANY | |
|--|--------------|------------|----------------|------------|
| | 2023 | 2022 | 2023 | 2022 |
| Trade payables | 39 | 25 | 36 | 23 |
| Employee withholding taxes | 16 | 15 | 16 | 14 |
| Liabilities to the public | 1,464 | 418 | 1,394 | 356 |
| Lease liabilities | 183 | 192 | – | – |
| Other | 319 | 131 | 158 | 90 |
| Total | 2,021 | 781 | 1,604 | 484 |
| <i>Other liabilities allocated by remaining maturity, carrying amounts</i> | | | | |
| Within one year | 1,872 | 618 | 1,604 | 484 |
| 1–5 years | 98 | 147 | – | – |
| 6–12 years | 51 | 16 | – | – |
| Total | 2,021 | 781 | 1,604 | 484 |

| SEK million | GROUP | |
|---|------------|------------|
| | 2023 | 2022 |
| Remaining lease liabilities | | |
| Lease liabilities | 183 | 192 |
| Total | | |
| Lease liability distributed by remaining maturity | | |
| Within one year | 34 | 29 |
| 1–5 years | 98 | 147 |
| 6–12 years | 51 | 16 |
| Total | 183 | 192 |

L:5

Accrued expenses and deferred income

| SEK million | GROUP | | PARENT COMPANY | |
|--|--------------|--------------|----------------|------------|
| | 2023 | 2022 | 2023 | 2022 |
| Accrued interest expense | 2,977 | 2,023 | 764 | 295 |
| Other accrued expenses | 176 | 204 | 124 | 142 |
| Total | 3,153 | 2,228 | 888 | 437 |
| <i>Accrued expenses and deferred income distributed by remaining maturity, carrying amount</i> | | | | |
| Maximum 1 year | 3,153 | 2,228 | 888 | 437 |
| Total | 3,153 | 2,228 | 888 | 437 |

L:6

Provisions

| SEK million | GROUP | | PARENT COMPANY | |
|---|----------|-----------|----------------|-----------|
| | 2023 | 2022 | 2023 | 2022 |
| Pension provisions | - | - | - | - |
| Provision for special employer's contribution on pensions | - | - | - | - |
| Provision for expected credit losses, loan commitments | 9 | 31 | 9 | 31 |
| Total | 9 | 31 | 9 | 31 |

Pension provisions excl. special employer's contributions

Summary of defined-benefit pension plan

| SEK million | GROUP | |
|---|----------|----------|
| | 2023 | 2022 |
| Present value of the obligation, closing balance | 409 | 392 |
| Fair value of plan assets | -413 | -400 |
| Restriction of excess in the plan with the intention of asset cap | 4 | 8 |
| Total | - | - |

Reconciliation of change in present value of obligation

| SEK million | GROUP | |
|---|------------|------------|
| | 2023 | 2022 |
| Present value of the obligation, opening balance | 392 | 544 |
| Service costs during the current year | 6 | 10 |
| Interest expense | 15 | 10 |
| Gain/loss arising from changed financial assumptions | 4 | -157 |
| Experience-based gains/losses | 4 | -1 |
| Pension disbursements from plan | -12 | -10 |
| Gain/loss due to demographic assumptions | 0 | -4 |
| Present value of the obligation, closing balance | 409 | 392 |

The weighted average maturity of the defined-benefit obligation is 15.38 years (16.68).

Reconciliation of change in plan assets

| SEK million | GROUP | |
|---|------------|------------|
| | 2023 | 2022 |
| Opening balance | 400 | 437 |
| Interest income | 15 | 8 |
| Return on plan assets, excluding amounts included in interest expense/interest income | -13 | -57 |
| Premiums paid by employer | 22 | 22 |
| Pension disbursements from plan | -11 | -10 |
| Closing balance | 413 | 400 |

Distribution of plan assets

| % | GROUP | |
|------------------|------------|------------|
| | 2023 | 2022 |
| Swedish shares | 3 | 2 |
| Foreign shares | 13 | 12 |
| Government bonds | 14 | 16 |
| Mortgage bonds | 6 | 5 |
| Corporate bonds | 26 | 22 |
| Properties | 16 | 16 |
| Other | 22 | 27 |
| Total | 100 | 100 |

The defined-benefit pension plan is secured through insurance with SPP Pension och Forsakring AB. Through investments in shares, interest-bearing instruments and property, the insurance capital will track the performance of the financial markets. The aim of the management is to achieve a high and consistent return while ensuring a guaranteed increase in value.

Financial and demographic assumptions

| % | GROUP | |
|--|-------|-------|
| | 2023 | 2022 |
| <i>Financial assumptions</i> | | |
| Discount rate | 3.70 | 3.80 |
| Annual salary increase | 3.50 | 3.50 |
| Annual inflation | 2.00 | 2.10 |
| Annual increase in income base amount | 2.60 | 3.00 |
| Annual increase in pension disbursements | 2.00 | 2.10 |
| <i>Demographic assumptions</i> | | |
| Personnel turnover | 5.00 | 5.00 |
| Mortality table | DUS23 | DUS21 |

Sensitivity analysis of discount rate

| | GROUP |
|---|-------------|
| SEK million | 2023 |
| Assumption, % | 4.20 |
| Present value of the obligation | 377 |
| Service costs during the current period | 6 |
| Interest expense | 16 |
| Assumption, % | 3.20 |
| Present value of the obligation | 445 |
| Service costs during the current period | 7 |
| Interest expense | 14 |

Sensitivity analysis, inflation

| | GROUP |
|---|-------------|
| SEK million | 2023 |
| Assumption, % | 2.50 |
| Present value of the obligation | 443 |
| Service costs during the current period | 7 |
| Interest expense | 16 |
| Assumption, % | 1.50 |
| Present value of the obligation | 378 |
| Service costs during the current period | 6 |
| Interest expense | 14 |

The sensitivity analysis above is based on a change in one assumption while all other assumptions are kept constant. In the calculation of sensitivity in the defined-benefit obligation, the same method is applied as in the calculation of the reported pension provision.

For further information on pensions, see Note [A 1](#) and Note [IC 5](#).

L:7 Subordinated debt and capital instruments

PARENT COMPANY AND GROUP

| Loan designation | Curren- cy | Nominal amount | Nominal amount outstanding | First possible redemption right for SBAB | Interest rate, % 31 Dec 2023 | Maturity date | Carrying amount, SEK million | |
|---|---------------|-------------------|----------------------------------|--|---------------------------------|---------------|------------------------------|--------------|
| | | | | | | | 2023 | 2022 |
| SUBORDINATED DEBT | | | | | | | | |
| Subordinated loan 1 | SEK | 1,400,000,000 | 1,400,000,000 | 2025 | 3M STIBOR +2.100 | 3 June 2030 | 1,399 | 1,398 |
| Subordinated loan 2 ¹⁾ | SEK | 600,000,000 | 600,000,000 | 2025 | 2.27 | 3 June 2030 | 599 | 599 |
| TOTAL | | | | | | | 1,998 | 1,997 |
| ADDITIONAL TIER 1 CAPITAL (equity) | | | | | | | | |
| Subordinated loan 3 | SEK | 1,600,000,000 | 1,600,000,000 | 2024 | 3M STIBOR +3.650 | Perpetual | 1,600 | 1,600 |
| Subordinated loan 4 ²⁾ | SEK | 400,000,000 | 400,000,000 | 2025 | 3.67 | Perpetual | 400 | 400 |
| Subordinated loan 5 | SEK | 1,500,000,000 | 1,500,000,000 | 2026 | 3 M STIBOR +2.80 | Perpetual | 1,500 | 1,500 |
| Subordinated loan 6 ³⁾ | SEK | 800,000,000 | 800,000,000 | 2026 | 3.05 | Perpetual | 800 | 800 |
| Subordinated loan 7 | SEK | 1,500,000,000 | 1,500,000,000 | 2027 | 3 M STIBOR +3.20 | Perpetual | 1,500 | 1,500 |
| TOTAL | | | | | | | 5,800 | 5,800 |

¹⁾ Interest rate: For the period 3 June 2020 to 3 June 2025: 2.268%. For the subsequent period: Floating interest corresponding to 3 month STIBOR plus 2.100%.

²⁾ Interest rate: For the period 5 September 2019 to 5 March 2025: 3.670%. For the subsequent period: Floating interest corresponding to 3-month STIBOR plus 3.800%.

³⁾ For the period 25 February 2021 to 25 May 2026: 3.047%. For the subsequent period: Floating interest corresponding to 3-month STIBOR plus 2.800%.

Subordinated loans are subordinate to the Parent Company's other liabilities, which means that they carry entitlement to payment only after other unsubordinated creditors have received payment. Subordinated loans comprise issued capital instruments, which solely comprise Additional Tier 1 capital (AT1) or Tier 2 capital instruments. The subordinated loans numbered 1 and 2 comprise Tier 2 capital instruments. The subordinated loans numbered 3, 4, 5, 6, and 7, which are subordinate to other subordinated loans, comprise additional Tier 1 capital. Decisive for subordinated loans to be reported as equity is that the issues have the characteristics of equity according to the definitions

in IAS 32, in these cases mainly that according to the issue conditions, there is no obligation to make payments to holders.

Subordinated loans (capital instruments) that have not been redeemed are included in own funds when calculating the capital adequacy of the Parent Company and the Group. For further information on the terms and conditions of SBAB's subordinated loans, see www.sbab.se and Note [RC 8](#).

EQ Equity

page 153

EQ:1 Equity

The share capital amounted to SEK 1,958,300,000. On 31 December 2023, the number of shares was 19,583 (19,583), each with a quotient value of SEK 100,000. All shares are owned by the Swedish state. Dividends are proposed by the Board in accordance with the provisions of the Companies Act and are resolved by the Annual General Meeting, refer to Note A 3. Further information on equity is provided in the "Statement of Changes in Equity" on page 78.

Statement of changes in reserves

| SEK million | GROUP | |
|---|---------------|---------------|
| | 2023 | 2022 |
| Financial assets measured at FVTOCI/Available-for-sale financial assets, opening balance | 35 | 141 |
| Unrealised change in value over the year | -17 | -132 |
| Reclassified to profit or loss during the year | 10 | -1 |
| Tax attributable to the change | 1 | 27 |
| Financial assets measured at FVTOCI/Financial assets available-for-sale, closing balance | 30 | 35 |
| Cash-flow hedges, opening balance | -6,679 | 867 |
| Unrealised change in value over the year | 1,485 | -2,760 |
| Reclassified to profit or loss during the year | 2,195 | -6,744 |
| Tax attributable to the change | -757 | 1,958 |
| Cash-flow hedges, closing balance | -3,756 | -6,679 |
| Defined-benefit pension plans, opening balance | 5 | -89 |
| Revaluation effects of defined-benefit pension plans | -19 | 119 |
| Tax attributable to the change | 4 | -25 |
| Defined-benefit pension plans, closing balance | -10 | 5 |
| Total | -3,737 | -6,639 |

Specification of changes in the fair value reserve

| SEK million | PARENT COMPANY | |
|---|----------------|-------------|
| | 2023 | 2022 |
| Financial assets measured at FVTOCI/Available-for-sale financial assets, opening balance | 35 | 141 |
| Unrealised change in value over the year | -17 | -132 |
| Reclassified to profit or loss during the year | 10 | -1 |
| Tax attributable to the change | 1 | 27 |
| Financial assets measured at FVTOCI/Available-for-sale financial assets, closing balance | 30 | 35 |
| Cash-flow hedges, opening balance | -187 | 24 |
| Unrealised change in value over the year | 220 | 410 |
| Realised change in value, reclassified to profit or loss | -96 | -676 |
| Tax attributable to the change | -25 | 55 |
| Cash-flow hedges, closing balance | -88 | -187 |
| Total | -58 | -152 |

Further information on Reserves and the Fair value reserve is provided in Note A 1 Accounting policies, in the sections "Financial assets measured at FVTOCI," "Cash-flow hedges" and "Pensions."

AC Collateral pledged and contingent liabilities

page 154

AC:1 Assets pledged for own liabilities

| SEK million | GROUP | | PARENT COMPANY | |
|-------------------|----------------|----------------|----------------|--------------|
| | 2023 | 2022 | 2023 | 2022 |
| Loan receivables | 453,203 | 431,320 | - | - |
| Other receivables | - | - | - | - |
| Securities | 8,819 | 4,673 | 8,819 | 4,673 |
| Total | 462,022 | 435,993 | 8,819 | 4,673 |

Of the assets pledged, SEK 454.6 billion (432.3) comprise the cover pool for covered bonds totalling SEK 326.2 billion (328.9).

Loan receivables pledged as collateral mainly consist of the registered cover pool benefiting holders of covered bonds issued by SCBC and SCBC's covered derivative counterparties. In the event that the company becomes insolvent, the holders of the covered bonds and the covered derivatives counterparties have priority rights to the pledged assets under the Covered Bonds Issuance Act and the Rights of Priority Act.

AC:2 Contingent liabilities

| SEK million | GROUP | | PARENT COMPANY | |
|---|---------------|---------------|----------------|---------------|
| | 2023 | 2022 | 2023 | 2022 |
| Contingent liabilities concerning future payments & Other contingent liabilities | | | | |
| Loan commitments and other credit-related contingent liabilities | 41,587 | 47,325 | 41,587 | 47,325 |
| Other contingent liabilities | - | - | 41,827 | 38,419 |
| Total | 41,587 | 47,325 | 83,414 | 85,744 |
| <i>Contingent liabilities distributed by remaining maturity</i> | | | | |
| Within one year | 41,587 | 47,099 | 83,414 | 85,518 |
| 1-5 years | - | 227 | - | 227 |
| Total | 41,587 | 47,325 | 83,414 | 85,744 |

Excluding building credits of SEK 4,499 million (9,629), loan commitments and other credit-related contingent liabilities in the Group totalling SEK 37,088 million (37,697) were reduced to SEK 7,418 million (9,326) after taking into account the credit conversion factor, meaning the statistically calculated probability that the exposure will lead to disbursement of the loan.

Excluding building credits of SEK 4,499 million (9,629), the corresponding figures for the Parent Company were SEK 37,088 million (37,697) and SEK 7,418 million (9,326), respectively. The Parent Company's other commitments include an agreement concerning a liquidity facility with the subsidiary, SCBC, through which SCBC may borrow funds from the Parent Company for its operations if the need arises.

FI Financial instruments

pages 154-160

FI:1 Classification of financial instruments

Financial assets

| SEK million | GROUP | | | | | | |
|--|------------------------------------|---------------------------------|-----------------------------------|-------------------------------------|---|----------------|------------------|
| | 31 Dec 2023 | | | | | | |
| | Financial assets measured at FVTPL | | | Financial assets measured at FVTOCI | Financial assets measured at amortised cost | Total | Total fair value |
| | Fair value option | Derivatives in hedge accounting | Other (Obligatory) classification | | | | |
| Cash and balances at central banks | - | - | - | - | 6,350 | 6,350 | 6,350 |
| Chargeable treasury bills, etc. | 442 | - | - | 36,208 | 0 | 36,650 | 36,650 |
| Lending to credit institutions | - | - | - | - | 11,807 | 11,807 | 11,807 |
| Lending to the public | - | - | - | - | 517,400 | 517,400 | 515,257 |
| Value changes of interest-rate-risk hedged items in macro hedges | - | - | - | - | -1,565 | -1,565 | - |
| Bonds and other interest-bearing securities | 0 | - | - | 54,671 | 10,274 | 64,945 | 64,933 |
| Derivatives | - | 11,794 | 447 | - | - | 12,241 | 12,241 |
| Other assets | - | - | - | - | 262 | 262 | 262 |
| Prepaid expenses and accrued income | 6 | - | - | 351 | 390 | 747 | 747 |
| Total financial assets | 448 | 11,794 | 447 | 91,230 | 544,918 | 648,837 | 648,247 |

Financial liabilities

| GROUP | | | | | |
|--------------------------------------|---|------------------|--|----------------|------------------|
| 31 Dec 2023 | | | | | |
| SEK million | Financial liabilities measured at FVTPL | | Financial liabilities measured at amortised cost | Total | Total fair value |
| | Derivatives in hedge accounting | Held for trading | | | |
| Liabilities to credit institutions | - | - | 5,606 | 5,606 | 5,606 |
| Deposits from the public | - | - | 215,211 | 215,211 | 215,211 |
| Issued debt securities, etc. | - | - | 382,770 | 382,770 | 374,741 |
| Derivatives | 14,815 | 880 | - | 15,695 | 15,695 |
| Other liabilities | - | - | 382 | 382 | 382 |
| Accrued expenses and deferred income | - | - | 3,097 | 3,097 | 3,097 |
| Subordinated debt | - | - | 1,998 | 1,998 | 1,973 |
| Total financial liabilities | 14,815 | 880 | 609,064 | 624,759 | 616,705 |

Financial assets

| GROUP | | | | | | | |
|--|------------------------------------|---------------------------------|-----------------------------------|-------------------------------------|---|----------------|------------------|
| 31 Dec 2022 | | | | | | | |
| SEK million | Financial assets measured at FVTPL | | | Financial assets measured at FVTOCI | Financial assets measured at amortised cost | Total | Total fair value |
| | Fair value option | Derivatives in hedge accounting | Other (Obligatory) classification | | | | |
| Cash and balances at central banks | - | - | - | - | 3,534 | 3,534 | 3,534 |
| Chargeable treasury bills, etc. | 441 | - | - | 26,886 | 2,559 | 29,886 | 29,885 |
| Lending to credit institutions | - | - | - | - | 20,091 | 20,091 | 20,091 |
| Lending to the public | - | - | - | - | 509,492 | 509,492 | 499,092 |
| Value changes of interest-rate-risk hedged items in macro hedges | - | - | - | - | -4,944 | -4,944 | - |
| Bonds and other interest-bearing securities | 221 | - | - | 35,070 | 22,199 | 57,490 | 57,529 |
| Derivatives | - | 15,523 | 420 | - | - | 15,943 | 15,943 |
| Other assets | - | - | - | - | 109 | 109 | 109 |
| Prepaid expenses and accrued income | 8 | - | - | 133 | 336 | 477 | 477 |
| Total financial assets | 670 | 15,523 | 420 | 62,089 | 553,376 | 632,078 | 626,660 |

Financial liabilities

| GROUP | | | | | |
|--------------------------------------|---|------------------|--|----------------|------------------|
| 31 Dec 2022 | | | | | |
| SEK million | Financial liabilities measured at FVTPL | | Financial liabilities measured at amortised cost | Total | Total fair value |
| | Derivatives in hedge accounting | Held for trading | | | |
| Liabilities to credit institutions | - | - | 8,237 | 8,237 | 8,237 |
| Deposits from the public | - | - | 182,443 | 182,443 | 182,443 |
| Issued debt securities, etc. | - | - | 393,885 | 393,885 | 380,056 |
| Derivatives | 24,512 | 422 | - | 24,934 | 24,934 |
| Other liabilities | - | - | 983 | 983 | 983 |
| Accrued expenses and deferred income | - | - | 2,175 | 2,175 | 2,175 |
| Subordinated debt | - | - | 1,997 | 1,997 | 1,952 |
| Total financial liabilities | 24,512 | 422 | 589,720 | 614,654 | 600,780 |

Financial assets

| PARENT COMPANY | | | | | | | |
|--|------------------------------------|---------------------------------|-----------------------------------|-------------------------------------|---|----------------|------------------|
| 31 Dec 2023 | | | | | | | |
| SEK million | Financial assets measured at FVTPL | | | Financial assets measured at FVTOCI | Financial assets measured at amortised cost | Total | Total fair value |
| | Fair value option | Derivatives in hedge accounting | Other (Obligatory) classification | | | | |
| Cash and balances at central banks | - | - | - | - | 6,350 | 6,350 | 6,350 |
| Chargeable treasury bills, etc. | 442 | - | - | 36,208 | 0 | 36,650 | 36,650 |
| Lending to credit institutions | - | - | - | - | 154,568 | 154,568 | 154,568 |
| Lending to the public | - | - | - | - | 24,180 | 24,180 | 28,543 |
| Value changes of interest-rate-risk hedged items in macro hedges | - | - | - | - | 0 | 0 | - |
| Bonds and other interest-bearing securities | 0 | - | - | 54,671 | 10,274 | 64,945 | 64,933 |
| Derivatives | - | 1,672 | 22,945 | - | - | 24,618 | 24,618 |
| Other assets | - | - | - | - | 75 | 75 | 75 |
| Prepaid expenses and accrued income | 6 | - | - | 351 | 831 | 1,188 | 1,188 |
| Total financial assets | 448 | 1,672 | 22,945 | 91,230 | 196,278 | 312,574 | 316,925 |

Financial liabilities

| PARENT COMPANY | | | | | | |
|--------------------------------------|---|------------------|--|----------------|------------------|--|
| 31 Dec 2023 | | | | | | |
| SEK million | Financial liabilities measured at FVTPL | | Financial liabilities measured at amortised cost | Total | Total fair value | |
| | Derivatives in hedge accounting | Held for trading | | | | |
| Liabilities to credit institutions | - | - | 6,980 | 6,980 | 6,980 | |
| Deposits from the public | - | - | 215,211 | 215,211 | 215,211 | |
| Issued debt securities, etc. | - | - | 56,593 | 56,593 | 62,450 | |
| Derivatives | 2,460 | 23,353 | - | 25,813 | 25,813 | |
| Other liabilities | - | - | -1,091 | -1,091 | -1,091 | |
| Accrued expenses and deferred income | - | - | 836 | 836 | 836 | |
| Subordinated debt | - | - | 1,998 | 1,998 | 1,973 | |
| Total financial liabilities | 2,460 | 23,353 | 280,527 | 306,340 | 312,172 | |

Financial assets

| SEK million | PARENT COMPANY | | | | | | |
|--|------------------------------------|-----------------------------------|---------------|-------------------------------------|---|----------------|------------------|
| | 31 Dec 2022 | | | | | | |
| | Financial assets measured at FVTPL | | | Financial assets measured at FVTOCI | Financial assets measured at amortised cost | Total | Total fair value |
| Fair value option | Derivatives in hedge accounting | Other (Obligatory) classification | | | | | |
| Cash and balances at central banks | - | - | - | - | 3,534 | 3,534 | 3,534 |
| Chargeable treasury bills, etc. | 441 | - | - | 26,886 | 2,559 | 29,886 | 29,885 |
| Lending to credit institutions | - | - | - | - | 147,568 | 147,568 | 147,568 |
| Lending to the public | - | - | - | - | 25,754 | 25,754 | 25,767 |
| Value changes of interest-rate-risk hedged items in macro hedges | - | - | - | - | 0 | 0 | 0 |
| Bonds and other interest-bearing securities | 221 | - | - | 35,070 | 22,199 | 57,490 | 57,529 |
| Derivatives | - | 2,968 | 34,744 | - | - | 37,712 | 37,712 |
| Other assets | - | - | - | - | 43 | 43 | 43 |
| Prepaid expenses and accrued income | 8 | - | - | 133 | 486 | 627 | 627 |
| Total financial assets | 670 | 2,968 | 34,744 | 62,089 | 202,143 | 302,614 | 302,665 |

Financial liabilities

| SEK million | PARENT COMPANY | | | | |
|--------------------------------------|---|---------------|--|----------------|------------------|
| | 31 Dec 2022 | | | | |
| | Financial liabilities measured at FVTPL | | Financial liabilities measured at amortised cost | Total | Total fair value |
| Derivatives in hedge accounting | Held for trading | | | | |
| Liabilities to credit institutions | - | - | 9,215 | 9,215 | 9,215 |
| Deposits from the public | - | - | 182,443 | 182,443 | 182,443 |
| Issued debt securities, etc. | - | - | 65,004 | 65,004 | 64,618 |
| Derivatives | 2,683 | 34,747 | - | 37,430 | 37,430 |
| Other liabilities | - | - | -119 | -119 | -119 |
| Accrued expenses and deferred income | - | - | 388 | 388 | 388 |
| Subordinated debt | - | - | 1,997 | 1,997 | 1,952 |
| Total financial liabilities | 2,683 | 34,747 | 258,928 | 296,358 | 295,927 |

Fair value measurement of financial instruments

The measurement policies for financial instruments recognised at fair value in the balance sheet are provided in Note A 1. In the "total fair value" column above, information is also provided on the fair value of financial instruments that are recognised at amortised cost in the balance sheet.

The carrying amounts for current receivables and liabilities have been assessed as equal to their fair values. Securities recognised at amortised cost were measured at quoted prices, Level 1.

For Lending to the public, Issued debt securities and Subordinated debt, fair value is established based on generally accepted valuation techniques.

Calculations made in conjunction with measurement are based on observable market data with the exception of the credit margin when valuing lending to the public. The models are based on discounted cash flows.

Issued debt securities and subordinated debt are measured at the Group's current borrowing rate, Level 2.

For lending to the public, where no observable credit margin data is available at the time of measurement, the credit margin on the most recent stipulated date of expiry is applied to set the discount rate, Level 3.

FI:2 Fair value disclosures

| SEK million | GROUP | | | | | | | |
|---|--------------------------------|--|------------------------------------|----------------|--------------------------------|--|------------------------------------|----------------|
| | 2023 | | | | 2022 | | | |
| | Quoted market prices (Level 1) | Other observable market data (Level 2) | Unobservable market data (Level 3) | Total | Quoted market prices (Level 1) | Other observable market data (Level 2) | Unobservable market data (Level 3) | Total |
| Assets | | | | | | | | |
| Chargeable treasury bills, etc. | 662 | 35,988 | - | 36,650 | 1,202 | 26,125 | - | 27,327 |
| Bonds and other interest-bearing securities | 54,670 | - | - | 54,670 | 35,291 | - | - | 35,291 |
| Derivatives | - | 12,241 | - | 12,241 | - | 15,943 | - | 15,943 |
| Prepaid expenses and accrued income | 357 | - | - | 357 | 141 | - | - | 141 |
| Total | 55,689 | 48,229 | - | 103,918 | 36,634 | 42,068 | - | 78,702 |
| Liabilities | | | | | | | | |
| Derivatives | - | 15,695 | - | 15,695 | - | 24,934 | - | 24,934 |
| Total | - | 15,695 | - | 15,695 | - | 24,934 | - | 24,934 |
| SEK million | PARENT COMPANY | | | | | | | |
| | 2023 | | | | 2022 | | | |
| | Quoted market prices (Level 1) | Other observable market data (Level 2) | Unobservable market data (Level 3) | Total | Quoted market prices (Level 1) | Other observable market data (Level 2) | Unobservable market data (Level 3) | Total |
| Assets | | | | | | | | |
| Chargeable treasury bills, etc. | 662 | 35,988 | - | 36,650 | 1,202 | 26,125 | - | 27,327 |
| Bonds and other interest-bearing securities | 54,671 | - | - | 54,671 | 35,291 | - | - | 35,291 |
| Derivatives | - | 24,618 | - | 24,618 | - | 37,712 | - | 37,712 |
| Prepaid expenses and accrued income | 357 | - | - | 357 | 141 | - | - | 141 |
| Total | 55,690 | 60,606 | - | 116,296 | 36,634 | 63,837 | - | 100,471 |
| Liabilities | | | | | | | | |
| Derivatives | - | 25,813 | - | 25,813 | - | 37,430 | - | 37,430 |
| Total | - | 25,813 | - | 25,813 | - | 37,430 | - | 37,430 |

Parent Company and Group

In the table, financial assets and liabilities recognised at fair value in the balance sheet are divided on the basis of the measurement methods used.

No transfers were made between levels in 2022 or 2023.

Quoted market prices (Level 1)

Measurement at quoted prices in an active market for identical assets and liabilities. A market is deemed to be active if the price data is easily accessible and corresponds to actual regularly occurring transactions. The measurement method is used for holdings of quoted interest-bearing securities and for publicly quoted derivatives, primarily interest-rate futures.

Measurement based on observable market data (Level 2)

Measurement aided by external market information other than quoted prices included in Level 1, such as quoted interest rates or prices for closely related instruments. The main tools used are models based on discounted cash flows. This group includes all non-quoted derivatives.

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

Measurement whereby a material component of the model is based on estimates or assumptions that do not originate directly from the market. This method is currently not used on any asset or liability.

FI:3 Offsetting disclosures

Financial instruments offset in the balance sheet or encompassed by netting agreements

| SEK million | GROUP | | | | | | | Net amount |
|--------------------|---------------------------------------|---|---|-----------------------|--|--|------------|------------|
| | 2023 | | | | | | | |
| | Amounts reported in the balance sheet | | Related amounts not offset in the balance sheet | | | | | |
| | Amounts subject to offsetting | Amounts not offset in the balance sheet | Amounts reported in the balance sheet | Financial instruments | Provided (+)/ Received (-) collateral – securities | Provided (+)/ Received (-) cash collateral | | |
| Assets | | | | | | | | |
| Derivatives | 12,241 | – | 12,241 | -6,086 | – | -5,605 | 550 | |
| Repos | – | – | – | – | – | – | – | |
| Liabilities | | | | | | | | |
| Derivatives | -15,695 | – | -15,695 | 6,086 | 2,330 | 7,276 | -3 | |
| Repos | – | – | – | – | – | – | – | |
| Total | -3,454 | – | -3,454 | 0 | 2,330 | 1,671 | 547 | |

| SEK million | GROUP | | | | | | | Net amount |
|--------------------|---------------------------------------|---|---|-----------------------|--|--|------------|------------|
| | 2022 | | | | | | | |
| | Amounts reported in the balance sheet | | Related amounts not offset in the balance sheet | | | | | |
| | Amounts subject to offsetting | Amounts not offset in the balance sheet | Amounts reported in the balance sheet | Financial instruments | Provided (+)/ Received (-) collateral – securities | Provided (+)/ Received (-) cash collateral | | |
| Assets | | | | | | | | |
| Derivatives | 15,943 | – | 15,943 | -7,870 | – | -8,072 | 1 | |
| Repos | 1,289 | -1,289 | 0 | – | 0 | – | 0 | |
| Liabilities | | | | | | | | |
| Derivatives | -24,934 | – | -24,934 | 7,870 | 2,161 | 14,838 | -65 | |
| Repos | -1,290 | 1,289 | -1 | – | 1 | – | 0 | |
| Total | -8,992 | 0 | -8,992 | 0 | 2,162 | 6,766 | -64 | |

Financial instruments offset in the balance sheet or encompassed by netting agreements

| PARENT COMPANY | | | | | | | |
|--------------------|---------------------------------------|---|---|-----------------------|--|--|--------------|
| 2023 | | | | | | | |
| SEK million | Amounts reported in the balance sheet | | Related amounts not offset in the balance sheet | | | | Net amount |
| | Amounts subject to offsetting | Amounts not offset in the balance sheet | Amounts reported in the balance sheet | Financial instruments | Provided (+)/ Received (-) collateral – securities | Provided (+)/ Received (-) cash collateral | |
| Assets | | | | | | | |
| Derivatives | 24,618 | - | 24,618 | -16,207 | - | -5,605 | 2,806 |
| Repos | - | - | - | - | - | - | - |
| Liabilities | | | | | | | |
| Derivatives | -25,813 | - | -25,813 | 16,207 | 2,330 | 7,276 | 0 |
| Repos | -1,369 | - | -1,369 | - | 1,369 | - | 0 |
| Total | -2,564 | - | -2,564 | 0 | 3,699 | 1,671 | 2,806 |

| PARENT COMPANY | | | | | | | |
|--------------------|---------------------------------------|---|---|-----------------------|--|--|--------------|
| 2022 | | | | | | | |
| SEK million | Amounts reported in the balance sheet | | Related amounts not offset in the balance sheet | | | | Net amount |
| | Amounts subject to offsetting | Amounts not offset in the balance sheet | Amounts reported in the balance sheet | Financial instruments | Provided (+)/ Received (-) collateral – securities | Provided (+)/ Received (-) cash collateral | |
| Assets | | | | | | | |
| Derivatives | 37,712 | - | 37,712 | -20,425 | - | -8,072 | 9,214 |
| Repos | - | - | - | - | - | - | - |
| Liabilities | | | | | | | |
| Derivatives | -37,430 | - | -37,430 | 20,425 | 2,161 | 14,838 | -6 |
| Repos | -951 | - | -951 | - | 945 | - | -6 |
| Total | -669 | - | -669 | 0 | 3,106 | 6,766 | 9,203 |

To limit the potential counterparty risk associated with derivative transactions involving non-standardised derivatives that are not cleared by clearing organisations approved by the competent authority (in accordance with Regulation (EU) No 648/2012), a framework agreement is to be entered into with the counterparty.

When applicable, the framework agreement, an ISDA Master Agreement or similar agreements with terms for final settlement, have been supplemented with an associated collateral agreement, known as a Credit Support Annex (CSA). A collateral agreement or CSA must always be established for counterparties entering into derivative contracts with SBAB. Counterparty risk is rec-

onciled on a daily basis for all counterparties. When entered into, collateral agreements or CSAs are reconciled on a daily or weekly basis. When collateral agreements have been entered into, collateral is pledged to reduce net exposures. Wherever applicable, the posted and received collateral takes the form of cash with a transfer of title, which entitles the party that receives the collateral to use the collateral in its operations. Repos are recognised in the balance sheet under the headings Lending and Liabilities to credit institutions, respectively.

For further information on offsetting, see Note RC 2, in the section on Counterparty risk.

Sustainability notes

S:1 General information

SBAB's Annual and Sustainability Report has been prepared in accordance with the GRI Universal Standards 2021 and encompasses the entire Group. It also constitutes part of SBAB's Communication on Progress (COP) to the UN Global Compact, SBAB's report to the UN Principles for Responsible Banking (PRB), reporting pursuant to the EU Taxonomy Regulation, a sustainability report in accordance with the Swedish Annual Accounts Act and information on how SBAB contributes to the 2030 Agenda for Sustainable Development.

Report defined by the Board of Directors

The Board of Directors have signed, and thereby submitted, the Annual and Sustainability Report in its entirety.

Sustainability reporting in accordance with the Swedish Annual Accounts Act

This report comprises SBAB's statutory sustainability report pursuant to the requirements of the Swedish Annual Accounts Act.

→ [Read more on page 172](#)

Reporting in accordance with the EU Taxonomy Regulation

This comprises SBAB's third report in accordance with the EU Taxonomy Regulation. The reporting will be developed going forward.

→ [Read more on pages 173–177](#).

UN Global Compact & the 2030 Agenda for Sustainable Development

The state's ownership policy stipulates that state-owned enterprises should serve as role models in the area of sustainable enterprise and otherwise act in a manner that generates public confidence. Acting as a role model includes working strategically and transparently with a focus on collaboration. These efforts are inspired and guided by international guidelines including the ten principles of the UN Global Compact as well as the SDGs of the 2030 Agenda for Sustainable Development. From 2023, SBAB's Communication on Progress (COP) is reported in accordance with their new process where we supplement our undertaking with information to their digital platform.

→ [Read more on page 180](#)

Sustainability reporting under the Global Reporting Initiative (GRI)

SBAB's Annual and Sustainability Report pertains to the 2023 calendar year and has been prepared in accordance with the GRI Universal Standards 2021. The separate GRI and COP index sets out the location of the different GRI and COP disclosures in the report.

→ [Read more on pages 182–183](#)

Principles for Responsible Banking (PRB)

In 2020, SBAB signed the UN Principles for Responsible Banking, which aim to provide a framework for a sustainable banking system that drives the global economy in a sustainable direction. This year's report will be SBAB's third and will be developed going forward.

→ [Read more on page 181](#)

The report's scope and boundaries

The Annual Report encompasses the Parent Company, SBAB Bank AB (publ). The subsidiaries AB Sveriges Säkerställda Obligationer (publ) (Swedish Covered Bond Corporation – SCBC) and Booli Search Technologies AB issue their own annual reports. The Sustainability Report encompasses the Parent Company, SBAB Bank AB (publ), AB Sveriges Säkerställda Obligationer (publ) and, unless otherwise stated, Booli Search Technologies AB. SBAB's material impact occurs within the organisation and in connection with SBAB's lending.

Audit and limited assurance report

The Sustainability Report has been subject to a limited assurance review.

→ [Read more on pages 186–189](#).

S:2 Guidelines and obligations

S:2.1 Guidelines

State's ownership policy

SBAB follows the State Ownership Policy and principles 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.

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 enterprise and to create a consensus on company-wide issues and areas.

For example, the Board of SBAB has adopted policies and instructions covering Sustainable Enterprise, Ethics, Equality and Diversity, Remuneration, Complaints Handling, Risk, Credit, Capital, Compliance, Independent Risk Control, Internal Audit, Measures to Preventing Money Laundering and the Financing of Terrorism, as well as Compliance with Financial Sanctions and Recovery Plans.

In addition to policies and instructions decided by the Board, there are a number of instructions decided by the CEO or by persons with authority delegated by the CEO. Examples of such instructions include Policies, Outsourcing, Authorisation Instruction, Communication, Working Environment, Against Bribes and other Corruption, Bank Confidentiality, Whistleblower Process, IT Governance and Security.

Code of Conduct

We let our values and Code of Conduct act as a moral compass in terms of defining our behaviour and what we stand for as a company. Our Code of Conduct is decided by the CEO and is available for all employees on our intranet. It provides guidance on how we should act and conduct ourselves in various situations and the inherent responsibilities of being a SBAB employee. Employees, managers, consultants, members of the Executive Management and Board members are responsible for understanding and complying with our Code of Conduct.

Supplier Code

SBAB's Supplier Code addresses SBAB's view and expectations of our suppliers' sustainability efforts and compliance with international guidelines and principles. The Supplier Code is included in all agreements with suppliers and is available in full at www.sbab.se.

S:2.2 Obligations

The state's ownership policy stipulates that state-owned enterprises should serve as role models in the area of sustainable enterprise and otherwise act in a manner that generates public confidence. Acting as a role model includes working strategically and transparently with a focus on collaboration. These efforts are inspired and guided by international guidelines including the ten principles of the UN Global Compact and the SDGs of the 2030 Agenda for Sustainable Development.

UN Global Compact, Communication on Progress (COP)

SBAB joined the UN Global Compact in 2009. SBAB's commitment to the Global Compact means that SBAB reports its work on implementing the Ten Principles of the Global Compact in the areas of human rights, labour, environment and anti-corruption in an annual Communication on Progress (COP). The separate GRI/COP index states which parts of the report constitute SBAB's Communication on Progress, which is based on the BASIC GUIDE Communication on Progress, GC Active Level, developed by the Global Compact. The UN Global Compact includes a precaution principle. SBAB is implementing a number of precautionary measures in operating activities, including employee training. We are also implementing ongoing efforts to identify, manage and integrate sustainability risks in all central processes.

UN 2030 Agenda for Sustainable Development and the SDGs

The state's ownership policy states that, within the framework of their operations, state-owned enterprises must analyse the SDGs contained in the 2030 Agenda for Sustainable Development to identify which goals the company can influence and contribute to through its activities. Companies are also expected to identify business opportunities that contribute to achieving the goals. SBAB has identified and chosen four of the 17 SDGs that we consider particularly important and relevant for our operations. The 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 thus comprise an integrated part of SBAB's governance model and daily operations. SBAB's contribution to the respective goals is presented in a separate table and in the freestanding GRI/COP index.

➔ [Read more on pages 180, 182–183](#)

Sweden's environmental objectives

The environmental objective system contains one generation goal, 16 environmental quality goals and 17 intermediate goals in the areas of waste, biodiversity, hazardous substances and climate. Sweden's environmental objectives are the national implementation of the ecological dimension of the SDGs. SBAB supports these objectives and actively contributes to the overall objective for environmental policy, the generation goal, which is to be able to hand over a society to the next generation in which the major environmental problems have been solved, without causing more environmental and health problems beyond Sweden's borders. One of the environmental quality goals, goal 15, refers to a healthy built-up environment and has synergies with two of SBAB's four prioritised SDGs, namely 11 and 12. SBAB is a leading player in the housing financing sector and has a responsibility to drive development in this area.

The Paris agreement and the EU action plan for Sustainable Finance

SBAB works to promote realising the goals of the Paris agreement and the EU action Plan for Sustainable Finance. SBAB's reduction target for financed emissions is aligned with the Paris Agreement. This year's report will be SBAB's third pursuant to the EU Taxonomy Regulation.

➔ [Read more on pages 173–177](#)

Task Force on Climate-related Financial Disclosures (TCFD)

SBAB also reports on climate risk in operations pursuant to the Task Force on Climate-related Financial Disclosures (TCFD).

➔ [Read more on pages 178–179](#)

Principles for Responsible Banking (PRB)

SBAB is a signatory of the UN Principles for Responsible Banking, which aim to provide a framework for a sustainable banking system that drives the global economy in a sustainable direction. Through signing the principles, SBAB undertakes to report its negative and positive impact in material sustainability areas and to clearly state which science-based sustainability goals SBAB is working to achieve. Moreover, SBAB undertakes, in partnership with other banks, to promote shared sustainability goals whereby work approaches are synchronised and become comparable.

➔ [Read more on page 181](#)

Partnership for Carbon Accounting Financials (PCAF)

SBAB has signed up to the PCAF initiative, a partnership between financial institutions aimed at creating a standardised methodology for measuring GHG emissions tied to lending and investment portfolios. The PCAF aims to help financial institutions contribute to meeting the goal of the Paris agreement. By committing to the PCAF, SBAB has undertaken, together with the initiatives other signatories, to develop standardised methodologies for measuring GHG emissions tied to lending and investment portfolios.

➔ [Read more on pages 168–169](#)

S:3 Definition of the reporting content

SBAB's Annual and Sustainability Report has been prepared pursuant to the GRI's principles for defining report content and quality. Stakeholder dialogues and materiality assessments form the basis for SBAB's prioritised sustainability topics and work. In 2023, SBAB updated the materiality assessment in accordance with the CSRD. The new materiality assessment was decided in December by SBAB's Board of Directors and will be implemented in 2024.

S:3.1 Stakeholder dialogue

SBAB has identified a number of particularly important stakeholder groups that all affect and are affected by our operations in various ways. From a busi-

ness perspective, the most important stakeholders in the short, medium and long-term are the customers, the employees, the owner and investors. This priority has grown out of a recurring internal dialogue regarding the bank's business logic in the Board of Directors, the Executive Management and in operations. We maintain ongoing communication, primarily with the most important stakeholders, to set the right priorities in our business development and sustainability work. Communication is conducted through means including customer surveys and meetings, dialogue with owner representatives, question forums on www.sbab.se, physical meetings in various formats, dialogues regarding accounting, and other formats for stakeholder engagement.

FORMATS FOR STAKEHOLDER ENGAGEMENT

Customers

The confidence our customers have in SBAB determines our ability to develop in many respects, and therefore also our ability to take on a greater role in societal development. The skills, professionalism and consideration shown by our employees on a daily basis are apparent in surveys conducted by Svenskt Kvalitetsindex (Swedish Quality Index, SKI).

In dialogues through:

The internet (www.sbab.se), telephone, customer surveys (SKI, brand surveys, customer panels, focus groups, etc.), newsletters, social media, customer and support forum, blogs, personal meetings, customer meetings, seminars and conferences, the AGM, marketing communication, etc.

Employees

SBAB's employees are its most important asset. Motivated and committed employees are a prerequisite for our success and one of the most important resources in terms of achieving our vision. Our employees' motivation to create value through stakeholder relations depends on a number of factors, including leadership, skills development, development opportunities and our corporate culture.

In dialogues through:

Performance evaluations, meetings, employee surveys, workplace dialogues with trade unions, monthly and departmental meetings, the intranet, AGMs, etc.

Owner & investors

Owner: SBAB is wholly owned by the Swedish state. The Swedish government's ambition for Swedish state-owned companies – to set good examples and serve as role models for sustainable enterprise – has inspired us to clarify our role in the sustainable development of society.

Investors: Investor confidence in SBAB is based on investors' interaction with our employees as well as on a belief in our business model and our ability to support positive and sustainable economic developments.

In dialogues through:

Owner: Ownership policy, owner instructions, continuous ministerial contacts, board representation, AGMs, network meetings, etc.

Investors: Personal meetings, group presentations, financial statements, www.sbab.se, etc.

The public

Confidence from the general public and other stakeholders such as non-profit organisations, business partners, media, suppliers and interest organisations affects our opportunities to develop the operations in the desired direction. Confidence from the public is a prerequisite for attracting new customers, establishing long-term relationships and growing.

In dialogues through:

Personal meetings, network meetings, seminars and conferences, media, blogs, social media, AGMs, marketing communication, etc.

S:3.2 Material topics

SBAB's materiality assessment is based on an extensive stakeholder dialogue conducted in 2020. The dialogue comprised interviews of key stakeholders such as Board members, Executive Management, corporate customers, the owner, collaboration partners, business partners, investors and trade organisations. Moreover, surveys were conducted with 482 of SBAB's employees, 384 retail customers and 23 tenant-owners' association customers. The stakeholder dialogue captured the stakeholders' perspectives as to which sustainability topics are most relevant for SBAB – both in terms of positive and of negative impact. The stakeholder dialogue was supplemented with an updated analysis of the operating environment including key factors thereof as well as relevant sustainability risks, opportunities, trends and legislation to form the basis for identifying the areas where SBAB has the greatest positive and negative impact. A workshop was conducted, utilising input from the stakeholder dialogue and the operating environment analysis, with representatives from operations, Executive Management and the Board, in order to agree on SBAB's material sustainability topics. These efforts settled on a total of 14 sustainability topics, which are presented on the next page. SBAB's materiality assessment was calibrated in 2023 with input from external parties and analysed together with other events in the operating environment

that impacted SBAB's operations. In 2023, SBAB updated the materiality assessment in accordance with the CSRD. The new materiality assessment was decided in December by SBAB's Board of Directors and will be implemented in SBAB's overall strategy in 2024.

How the material sustainability topics have been reported

For each material sustainability topics, we have adopted strategies and activities, overall targets and metrics, and determined how the results should be reported. Activities, targets and metrics are reviewed each year in conjunction with the business planning process. Since 2017, SBAB's business plan has been fully integrated, which means that SBAB does not differentiate between business targets and sustainability targets. SBAB's targets are presented earlier in this report.

→ [Read more on page 167](#)

All of the sustainability matters identified through stakeholder and materiality assessments are reported as material in SBAB's sustainability report. These are reported as follows:

- Business conduct and transparency
- Secure IT systems and integrity
- Product development and innovation
- Climate impact – products and services
- Set requirements for suppliers and partners
- Community engagement
- Accessibility and a socially inclusive offering
- Financial offers with societal impact
- Identify and manage climate-related risks
- Climate impact – own operations
- Respect and equality – own operations
- Develop and retain employees
- Attract competent employees
- Financial stability

The above responsibility issues have been delimited in the report to include SBAB's direct efforts and are reported using at least one GRI indicator per material matter.

➔ Read more on pages 182–183

SBAB's material impact occurs within the organisation and in connection with our lending.

Sustainability analysis to identify sustainability ambitions

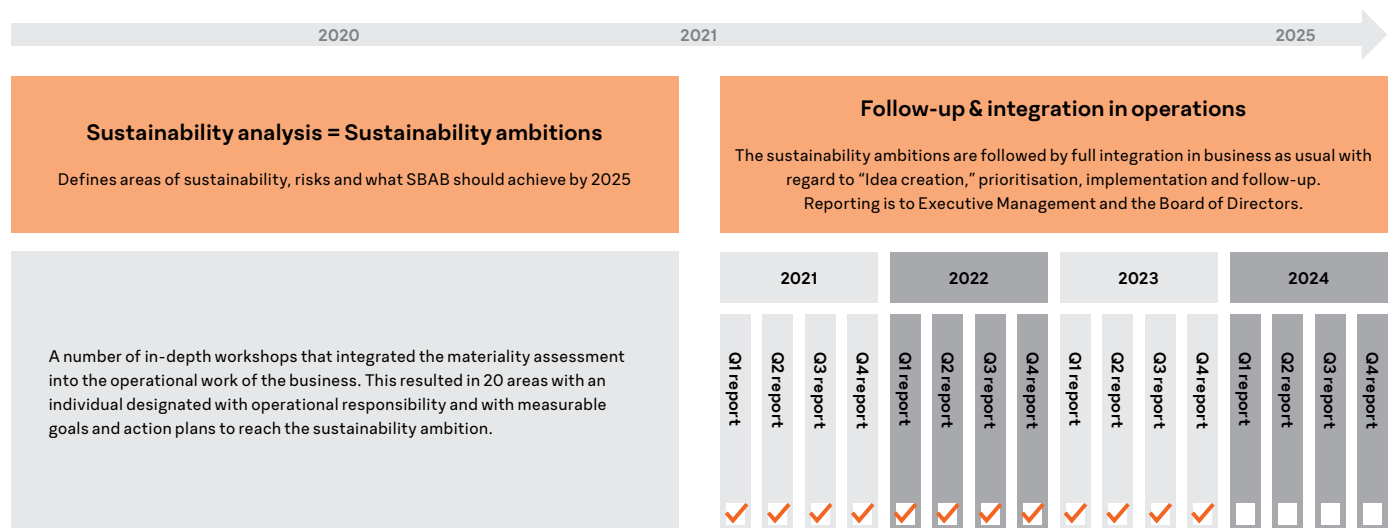
In 2021, SBAB's Board decided to conduct a sustainability analysis of SBAB's operations based on the updated materiality assessment. The analysis identified the current status and ambition level as well as objectives for 2025. The analysis identified 20 prioritised areas within which SBAB faced challenges or possibilities of varying scope.

The current status and objectives were established based on SBAB's materiality assessment, business plan, model for governance and follow-up, prioritised SDGs and other national and international guidelines. The internal basis was complemented with an analysis of factors in the operating environment and industry practice in the area of sustainability. This functioned as the basis for a number of workshops, where actual representatives from the entire operations participated with the aim of calibrating the current status and the objectives.

The result of all of the workshops was 20 sustainability ambitions including the current status, ambition level and objective for 2025 within the respective area, together with an action plan. The action plans include activities and milestones aimed at reaching the objective. The results of the work were discussed and prepared by the Executive Management for decision by the Board.

Integration and reporting of sustainability ambitions

Some 20 areas were identified in the sustainability analysis. Responsibility has been allocated to a representative of Executive Management and to an individual with operational responsibility for each area. Moreover, each area has been allocated a sustainability strategist from the Sustainability unit. Each quarter, progress in the various areas is reported to the Executive Management as part of following up efforts and ensuring integration of sustainability. A progress summary is reported twice each year to the Board.



S:4 Governance and follow-up

S:4.1 Overarching governance

SBAB has a number of functions for the governance and follow-up of sustainability efforts.

Within SBAB, the Board is ultimately responsible for ensuring that active, long-term efforts to achieve sustainable development are carried out within the bank. The Board also adopts a strategy, objectives and a policy for sustainable enterprise. Furthermore, the Board monitors and assesses SBAB’s sustainability efforts. In 2023, particular focus was placed on initiatives to raise awareness and on analysis of climate-related risks and opportunities in the Board work.

The Executive Management presents the bank’s strategic business plan, including its aims, direction and objectives for sustainability efforts, in conjunction with deciding the business plan and budget. SBAB’s sustainability efforts are fully integrated in SBAB’s business plan, which means that most of the members of Executive Management have responsibility for sustainability matters that affect their respective areas of responsibility. The Executive Management are to control and take decisions on priorities and strategic direction for sustainability in accordance with the decided business strategy.

The Sustainability Marketing and Communication department (HMK) is led by the Head of HMK, who is a member of the Executive Management and reports to the CEO. HMK includes the Sustainability unit, which is led by the Head of Sustainability who reports to the Head of HMK and the CEO. The Sustainability unit is tasked with coordinating sustainability efforts at SBAB at an overall and total level, as well as in relation to the overriding target areas and their measurable goals, together with the individuals with operational responsibility in the business. The Head of Sustainability together with the Head of HMK are tasked with driving SBAB’s strategic sustainability efforts with the CEO and the Board, and are responsible for internal and external communication issues pertaining to sustainability efforts. The Head of Sustainability also participates in and represents SBAB with regard to sustainability topics in contact with the owner and in other external contexts. Within the Sustainability unit there are four sustainability strategists who, together with the Head of Sustainability, work full-time with sustainability topics and who assist with coordinating and leading sustainability efforts in the operations.

SBAB has a Sustainability Forum with representatives from different parts of the operation who meet around two times per year. The representatives are well versed in SBAB’s sustainability efforts and are also responsible for managing these issues in their parts of the organisation. The Sustainability Forum is seen as a complement to the business planning, whereby sustainability is integrated into the business goals. The aim of the Sustainability Forum is to

inspire, raise awareness and enable us to learn from one another. The Forum is led by the Head of Sustainability together with the sustainability strategists.

SBAB has a Sustainable Bond Committee (SBC) that regularly meets four times a year, or more often if needed. The aim of the SBC is to secure the process whereby green and/or sustainable bonds can be issued, managed and discontinued. The SBC is comprised of seven individuals from different parts of the operations. The Chairman of the SBC is SBAB’s CFO.

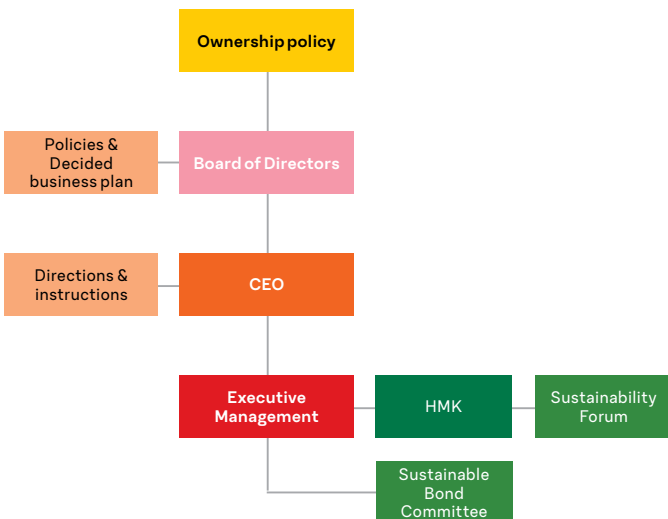
S:4.2 Follow-up

SBAB has decided on a number of overriding, measurable and quantifiable goals within Sustainability. These goals are called Sustainability Ambitions and encompass all of SBAB’s operations. In addition, a number of specific metrics (KPIs) exist for the respective target areas, which are measured and reported to the CEO and Executive Management four times per year and twice yearly to the Board of Directors. These comprise operational goals and activities at a departmental and functional level.

S:4.3 The climate goal is one of our business goals

In 2022, we identified a need to clarify certain components of our overall strategy to factor in major trends and the overall development in the market, including a focus on the climate transition and how people live. The review included a rethink of our existing target structure and long-term strategic business goals. Our climate goal is one of five business goals and is fully integrated into our operations. Through its ownership policy, SBAB’s owner, the Swedish state, has also announced clear expectations of SBAB to set long-term, material sustainability targets for its operations.

As a state-owned company, SBAB is tasked with establishing long-term strategic goals for sustainable value creation. These goals are to focus on value creation and be relevant to the company’s business operations and material sustainability topics. The goals must also be long-term, challenging, monitorable, clear and comparable. At the end of 2022, SBAB’s Board decided on five new target areas and seven new long-term strategic goals extending to 2030. Together, these are expected to help SBAB conduct sustainable operations that generate long-term value for SBAB’s stakeholders and that respond to the changes and challenges identified in our operating environment. The overall financial targets from the owner regarding profitability, dividends and capitalisation remain unchanged.



S:5 Supplementary information per target area

S:5.1 Long-term value creation

Our operations build on trust

Cybersecurity

Cybercrime and the number of cyber-attacks are increasing rapidly and concurrently becoming increasingly sophisticated. As the range of digital services grows, the trend is for these threats to increase. The area is also coming under increasing regulation, even at a detailed level. Good security maturity is of fundamental importance to us. Security efforts are structured and cross-functional. Through comprehensive and structured work, we ensure that we have no weak links in the chain and, moreover, build our capacity to measure our cybersecurity maturity, thereby ensure we have adequate protection in place. We ensure that we are well protected and equipped against, for example, data loss, fraud, theft of intellectual property, theft/exposure of personal data, identity theft and denial of service attacks, etc. Security efforts are based on the international standard (ISO/IEC 27001:2022), an information security management system, and CIS Critical Security Controls. The bank's security organisation leads our dedicated work with cybersecurity. The security organisation consists of a Chief Information Security Officer (CISO) and a Tech Security Manager as well as two security units. The two managers report both to Executive Management and to the board (quarterly and as needed). Cybersecurity work entails prevention, control, auditing and operations. We take actions to detect and counteract threats in advance and we regularly check that our protective measures are effective. The Bank's critical systems are subjected to periodic security reviews, risk and vulnerability assessments, and penetration tests. These are conducted both internally and externally by independent third parties. Security awareness is important to the bank and employees undergo annual cybersecurity training.

Marketing communication

SBAB's Communication instruction regulates SBAB's external and internal communication and information disclosure. This instruction also aims to ensure that SBAB's information disclosure to the market is correct, relevant and adheres to the applicable communication rules. We also have a Direction for the marketing process, which describes SBAB's work procedures for marketing activities.

Integrity and protection of personal data

The General Data Protection Regulation (GDPR) aims to protect the fundamental rights and freedoms of individuals. SBAB's Privacy Office comprises our data protection officer and data protection specialists, who report quarterly to SBAB's Board and Executive Management. Privacy Office ensures our compliance with applicable data protection legislation and works, inter alia, with proactively raising data protection awareness in the organisation, managing data subjects' rights and any personal data incidents that arise. The Data Protection Officer conducts ongoing audits. SBAB has policies in place to help the operations comply with data protection legislation. Respect for personal privacy is part of or DNA and permeates everything we do.

Financial crime

Money laundering and terrorism financing are serious threats that inhibit economic growth and affect confidence in the financial system as well as democracy and public security. Countering these is of critical importance and are included in the SDGs of the 2030 Agenda. The products provided by banks

and other financial institutions are utilised by criminals and networks to commit financial crime, hide criminal proceeds and generate new illicit proceeds. In many cases, the parties behind fraud and money laundering activities are also active in other forms of organised crime encompassing weapons and narcotics. Therefore, combating financial crime is also a way of combating other criminal activities that threaten society. For this reason, it is very important for us at SBAB to conduct our operations in such a manner as to counter these risks. The

Anti-Financial Crime (AFC) unit focuses specifically on our work with these issues and reports regularly to the Executive Management and Board.

Complaints handling

At times, customers who are dissatisfied with SBAB's handling of a case contact SBAB with a complaint. It is critical that we take the time needed to address these matters in a professional manner. The primary aims of our complaints procedure is to ensure continued customer satisfaction and gain input on how we can enhance the customer journey, which can also pre-empt any future complaints. SBAB has policies in place to govern the conduct of our complaint handling. Our Instruction for complaint handling is decided by the Board. The instruction is complemented by the Customer complaints guidelines, which explain how employees should manage complaints. Our policies are adapted to external requirements that we must address. SBAB's complaints officer, or customer ombudsman, is registered with the Swedish FSA, and information guiding customers in how to make a complaint is available at www.sbab.se

Responsible sourcing and the Supplier Code

SBAB's supply chain includes suppliers of various services and materials. The four largest supplier categories (consulting and staffing services; communication and event; property and office services; and software and IT services) comprise around 80% of SBAB's total costs within procurement. Each supplier category has been subjected to a sustainability-centric risk analysis together with skills-raising initiatives for the relevant agreement owners. The aim is to create awareness and to manage sustainability risks in the supply chain in a structured and preventative manner. No material risks were identified in the supplier analysis.

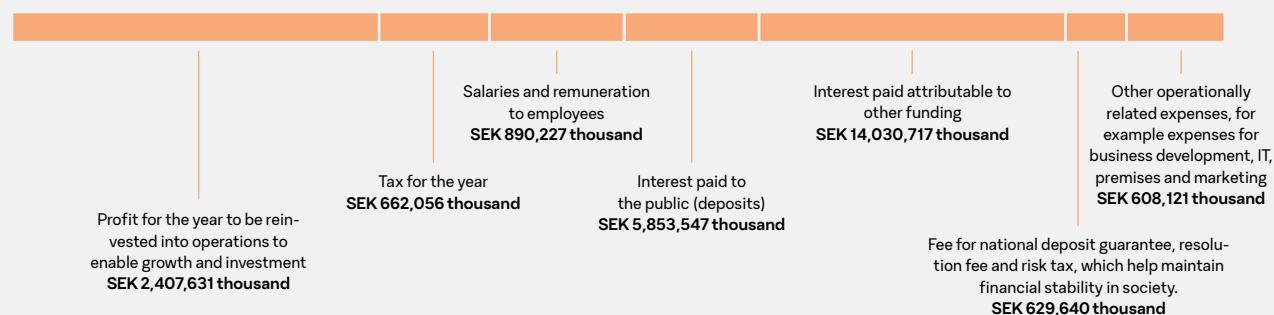
In 2023, a follow-up of the Supplier Code was conducted with SBAB's largest suppliers. The follow-up has provided us with good insight into how our largest suppliers comply with our Supplier Code. No actions were required after the follow-up. The continued follow-up and ongoing work with ensuring and developing compliance with the Supplier Code among our suppliers and business partners will continue in 2024 through the appointed working group under the leadership of the Head of Purchasing.

Tax

SBAB is wholly owned by the Swedish government. We only conduct operations in Sweden, which means that we only pay tax in Sweden. Since SBAB employs 901 people, we are a relatively small employer. The employers' contributions we pay on behalf of our employees help to strengthen security in society. We also pay guarantee fees, mainly in the form of the resolution fee, risk tax and fees to the national deposit guarantee, which help maintain financial stability in society. Guarantee fees rose in 2023 to SEK 630 million. Our tax expense amounted to SEK 662 million.

Financial value creation 2023

SBAB reports how financial value is created by breaking down created value for different stakeholders.



S:5.2 Customer satisfaction

Responsible and transparent offering

How we grant loans to consumers

When we consider granting a loan, we first test whether the customer has the necessary repayment capacity. Central to the credit approval process is establishing how secure and reliable a customer's income is, as well as whether the left-to-live-on calculation is within the customer's capabilities. All of the above is to ensure customers have the long-term financial prerequisites to pay interest and amortisation. In the left-to-live-on calculation we use various parameters such as housing and living costs as well as parameters that ensure customers can manage any interest rate hikes over time. We call this parameter the calculation interest rate. If the calculation indicates a sufficient surplus, a loan is granted, provided that the customer satisfies other credit rules.

If a customer applies for a mortgage for a tenant-owner apartment, we also assess the customer's calculation in relation to any risk of the monthly fee to the tenant-owners' association being raised. This is carried out by analysing the tenant-owners' association's financial prerequisites, including the debt for tenant-owners' association per square metre.

We base our credit approval process on information received from the customer, our credit rules and information received from credit rating agencies and the Land Registry, for example.

For SBAB's mortgages, collateral is provided in the form of a mortgage deed in immovable property or rights in a tenant-owners' association. The loan is permitted to correspond to a maximum of 85% of the value of the property.

Our mortgage specialists and their knowledge, expertise and professionalism comprise key elements of the credit granting process and we also work continuously to improve and streamline our processes to identify automation and digitalisation possibilities for our customers and for SBAB.

To support them in their work, our mortgage specialists have a large number of automated controls of customers' prerequisites in relation to our credit rules. We carry out continuous random follow-ups along with other reviews to ensure that all of our credit assessments are conducted with high quality standards that comply with our credit rules, and apply a sound and sustainable approach.

Left-to-live-on calculation

| | |
|---|---------------------------------|
| + | Borrower's income ¹⁾ |
| - | Housing expenses ²⁾ |
| - | Living expenses ³⁾ |
| = | Surplus (or deficit) |

¹⁾ The stated income is checked using the credit information service UC, among others.

²⁾ Repayments, running costs, monthly fees and stressed interest rates.

³⁾ In accordance with the Swedish Consumer Agency's guidelines, taking the number of minors and adults in the household into account.

Amortisation and debt-to-income ratio

At SBAB we believe that amortisation helps ensure sound personal finances. We conduct individual amortisation dialogues with all our customers and follow the Swedish FSA's regulations pertaining to amortisation requirements. These rules include a repayment rate of not less than 2% per year for new residential mortgages with an LTV ratio of more than 70%, and thereafter not less than 1% per year down to an LTV ratio of 50%. In 2018, we introduced the increased amortisation requirement for households with high debt ratios, which entails that all customers borrowing more than 4.5 times their gross income (their pre-tax income) must amortise an additional one percent per year. The debt-to-income ratio gives us a good indication of how sensitive our customers' repayment capacity is to changes in interest rate or income levels, for example. We already apply a mandatory debt-to-income ratio of 5.5 times gross income in our lending, where we also consider any other loans in addition to the mortgage, such as consumer loans.

Changes in the credit granting process

We have made adjustments to our credit process over the last few years to better reflect society, including in terms of constellations of borrowers and forms of employment (permanent, temporary and project), but also with the aim of enabling young adults to buy their first home.

Customer Service has a special function to handle credit cases of a more complex or infrequent nature. Cases that require special skills, understanding and experience. This function enables customers to meet mortgage specialists who understand their situation and who have expertise in their specific areas. This may include, for example, sole traders who are applying for a mortgage, customers who wish to take over a mortgage in the event of a divorce and customers who are approaching retirement with regard to understanding how income may be affected in the future.

Key elements of our work moving forward with the credit granting process primarily comprise further efficiency enhancement, automation and digitalisation of the credit granting process and better management of any climate risks.

Preventative insolvency management

It is important for us to work on preventative insolvency management. This entails early contact by SBAB in cases where we find that our customers could have difficulties in making their interest and amortisation payments. Sickness, unemployment, divorce and split-ups are the most common causes of payment difficulties for our customers. Normally, the process starts with a dialogue and asking the customer to create a household budget to then progress to a discussion on how we will proceed. We manage the entire insolvency management process in-house at SBAB. Considerate, close and clear dialogue with customers often leads to a favourable outcome for our customers and for us.

How we grant loans to corporates and tenant-owners' associations

Our credit assessment of property companies and tenant-owners' associations is primarily based on their repayment capacity. In addition to repayment capacity, which we assess, inter alia, by analysing income and cash-flow statements as well as sensitivity analyses, we also assess more qualitative parameters such as the organisation, management and governance. We analyse and assess the collateral, including its value, for customers' loans. When we lend for construction of new properties, we conduct an analysis of the project and make a projection for the completed production. The properties being loaned against are appraised by SBAB's property valuation department. As part of this valuation, we also assess future maintenance requirements. We also assess the customer's ability to finance such requirements. We also follow up all our property companies and tenant-owners' associations at least once each year.

Sustainability criteria in the credit granting process for corporates and tenant-owners' associations

We promote sound climate risk management and sustainability in issued loans. This means any negative impact on the climate or society should be avoided wherever possible, or at least minimised, mitigated or compensated for. In our credit granting process for property companies and tenant-owners' associations, we consider ethical requirements, the work environment, sound finances and climate criteria as a part of the overall assessment. When viewing and valuing properties, in addition to factors such as the property's location, condition and standard, special attention is paid to any climate-related factors, such as polluted land, substandard ventilation and harmful building materials. SBAB is also developing the process for considering climate risks and other climate data such as heat source in the credit approval process. This work will continue in 2023.

SBAB's products and services should be accessible to all

Since 2018, a cross-functional working group has worked to ensure that our channels are accessible to everyone, regardless of disability. The group works closely with the organisation Axxess Lab, who specialise in accessibility. Accessibility will be included in SBAB's project portfolio from Q2 2024. During the year, we started a project pre-study, where we conducted a comprehensive accessibility audit of SBAB's customer interface. The aim is to assess the current status and to better understand what remains to be done to meet the upcoming legal requirements. Our User Experience and Tech departments work continuously with developing SBAB's design system, for which accessibility is now a requirement, with the aim of creating the preconditions for future development to be aligned with the European Accessibility Act.

S:5.3 Sustainable society

Together for the climate

Climate target

In 2022, SBAB's Board adopted a climate target for our lending that is aligned with the Paris Agreement's 1.5°C goal. This means that by 2038, SBAB's lending portfolio will reduce its emissions intensity (kg CO₂e. per sqm) by 50% compared with 2022. The climate target also includes interim targets. Performance relative to the goal is reported annually in our Climate Report. Calculation bases may evolve over time where the target level expressed as a percentage may be adjusted. The goal is based on science-based methodologies and will be validated in a next step using the Science Based Targets initiative. Read more about our climate goal in our Climate Report at www.sbab.se.

Calculation of emissions for portfolio (Scope 3 downstream)

The methodology we use to measure our emissions is based on the PCAF global standard for the financial industry's accounting and reporting of GHG emissions related to loans and investments. In 2023, we finalised a bank-wide methodology via the Swedish Bankers' Association's group on financed emissions (scope 3 downstream). The methodology will be published by the Swedish Bankers' Association in early 2024. SBAB chose to recalculate the base year 2022 due to significant differences in emission factors (emission factor for electricity is from the IEA's emission database) and updated templates from PCAF. By using the same emission factors and templates our calculations will be more comparable with other banks. Moving forward, only the emission factor for electricity and district heating will be updated annually, which will improve our preconditions for setting and monitoring the climate target. Read more about our calculation methodology in our Climate Report at www.sbab.se.

Emissions portfolio, Scope 3 (downstream)

| CO ₂ e emissions, tonnes ¹⁾ | 2023 | 2022 |
|---|---------------|---------------|
| Total emissions for SBAB's portfolio | 58,969 | 58,001 |
| Emissions per object type | | |
| Single Family Houses | 17,173 | 17,893 |
| Holiday homes | 1,138 | 1,235 |
| Multi-family dwellings | 19,984 | 17,723 |
| Tenant-owner apartments | 19,550 | 20,304 |
| Commercial/offices | 1,122 | 846 |
| Emissions per energy class (share of lent capital) | | |
| Energy class A (0.59%) | 56 | 32 |
| Energy class B (7.15%) | 2,109 | 1,417 |
| Energy class C (13.04%) | 5,251 | 4,211 |
| Energy class D (16.34%) | 8,199 | 7,422 |
| Energy class E (23.82%) | 15,832 | 15,597 |
| Energy class F (12.82%) | 12,406 | 11,541 |
| Energy class G (3.38%) | 4,239 | 3,797 |
| N/A (22.87%) | 10,877 | 36,566 |
| Energy Class X | 0 | 282 |

¹⁾ The calculation method is stated in SBAB's Climate Report at www.sbab.se.

SBAB's own climate impact and climate report for 2023

In recent years, we have implemented a series of measures and activities to reduce our environmental impact. We buy green electricity from renewable energy sources to all of our offices. The property we rent in Solna is BREEAM certified as Good. Since 2019, SBAB's operational and Group-wide working group has systematically led efforts to reduce the climate impact of its operations. Our own climate impact is one of our 20 sustainability ambitions.

Since 2006, we have measured our emissions and prepared a climate report that we publish annually and are constantly developing. To this end we have a reduction target to reduce our direct and indirect (upstream) emis-

sions 15% between 2021 and 2025. The table data shows greenhouse gas emissions expressed in tonnes of carbon dioxide equivalents, CO₂e. SBAB's climate report for 2023 was conducted in collaboration with the company U&We and using the Our Impacts tool. The climate report and analysis, along with information on calculation principles and overall emission factors as well as proposed improvement measures is available in full in this year's climate report at www.sbab.se.

Emissions divided by scope¹⁾

| CO ₂ e emissions, tonnes | 2023 | 2022 | 2021 | 2020 | 2019 |
|-------------------------------------|---------------|---------------|--------------|--------------|--------------|
| Scope 1 | 0 | 0 | 0 | 1.4 | 12.3 |
| Scope 2 ¹⁾ | 30.3 | 38.7 | 44.4 | 54.1 | 39.6 |
| Scope 3 ²⁾ | 59,463.7 | 124,371.1 | 417.5 | 546.4 | 481.8 |
| Total | 59,494 | 58,313 | 461.9 | 601.8 | 533.7 |

Emissions divided by source¹⁾

| CO ₂ e emissions, tonnes | 2023 | 2022 | 2021 | 2020 | 2019 |
|--|---------------|---------------|--------------|--------------|--------------|
| Scope 1 | | | | | |
| Vehicles (SBAB owned) | 0 | 0 | 0 | 1.4 | 12.3 |
| Scope 2 | | | | | |
| District heating | 8.9 | 20.1 | 25.7 | 13.7 | 23.2 |
| District cooling | 0.1 | 0 | 0 | 0.2 | 0.1 |
| Electricity | 21.3 | 18.6 | 18 | 40.2 | 16.3 |
| Scope 3 | | | | | |
| Water consumption ³⁾ | 0.5 | 0.3 | 0.5 | 0.3 | 0.3 |
| Waste for incineration ³⁾ | 0.1 | 0.1 | 0.1 | 0.1 | 0.4 |
| Vehicles | 17.3 | 29.5 | 21.7 | 22.8 | 14.9 |
| Air travel | 66.6 | 38.6 | 9.0 | 35.8 | 131.6 |
| Rail travel | 0.2 | 0.1 | 0.1 | 0.1 | 0.4 |
| Copying paper | 0.3 | 0 | 0 | 0.8 | 0.7 |
| Server halls | 22.3 | 54.7 | 31.8 | 24.8 | 88.6 |
| IT procurement | 366.9 | 119.4 | 322.8 | 439.3 | 209.0 |
| Hotel nights | 6.4 | 18.5 | 8.0 | 6.8 | 19.6 |
| Taxis ³⁾ | 5 | 2.3 | 0.8 | 1.1 | 3.3 |
| District heating (upstream) | 1.5 | 2.2 | 3.7 | 2 | 2.8 |
| Electricity (upstream) | 7.6 | 7.4 | 19.7 | 12.4 | 10.2 |
| New lending (downstream) ²⁾ | 58,969 | 58,001 | - | - | - |
| Total | 59,494 | 58,313 | 461.9 | 601.8 | 533.7 |

¹⁾ Scope 2 is reported by the market-based method.

²⁾ New value for 2022 when SBAB has secured a method for calculating emissions in lending (Scope 3 downstream). Read more in SBAB's Climate Report at www.sbab.se

³⁾ Data excluding the subsidiary Booli Search Technologies AB.

Green bonds impact reporting

Eligible investment objects within SBAB's green bond frameworks ("SBAB Green Bond Framework 2016" and "SBAB Green Bond Framework 2019") totalled SEK 74.5 billion on 31 December 2023. According to SBAB's calculations, these objects are estimated to generate an annual avoidance in GHG emissions corresponding to 8,797 tonnes CO₂e. SBAB's share of the financing is expected to correspond to an annual avoidance of 4,125 tonnes of CO₂e.

The expected avoidance of GHG emissions has been calculated based on how much less energy the respective eligible investment object's actual or expected energy consumption is compared with the various baselines decided by SBAB. Thereafter, savings in CO₂e emissions have been estimated for the respective objects based on the average emissions per kWh.

Further information is available in the SBAB Group Green Bonds Impact Report 2023, which is published on SBAB's website.

Summary of green bonds impact reporting

| | 2023 |
|---|-------|
| Eligible investment objects within SBAB's green bond frameworks, SEK bn | 74.5 |
| Expected avoidance of GHG emissions, tonnes CO ₂ e/year | 8,979 |
| SBAB's share of the financing; Expected avoidance of GHG emissions, tonnes CO ₂ e/year | 4,125 |

S:5.4 An attractive workplace

Remuneration

Our remuneration policy encompasses all SBAB employees, regardless of position. In accordance with the relevant policy, SBAB's remuneration is to be competitive, capped and appropriate, moderate, reasonable, well considered and not salary-leading. It should also contribute to high ethical standards and a good corporate culture. The same applies to the benefits we offer – available to all employees, regardless of position. Since 2012, there have been no incentive programmes and no variable remuneration within the Group. The total level of remuneration is determined based on responsibility, complexity and results within the respective employee's area, and on how well the employee lives our values. SBAB applies individual salary-setting in accordance with our collective bargaining agreement, which means that remuneration and salary growth is individual and differentiated. All Group employees are covered by collective agreements.

Salary reviews take place annually by way of individual salary interviews, whereby performance in the role and applicable salary criteria are taken into consideration. Employees also receive training each year in SBAB's remuneration model to create transparency and to increase all employees' insight into the salary setting process. SBAB conducts annual salary surveys to ensure the success of work to prevent non-objective salary differences and salary discrimination.

Learning with a focus on development and inclusion

We promote a learning organisation where employees have space to develop. Continuously developing their skills means possessing relevant knowledge and learning new things to be able to best contribute to SBAB's and their own development. Learning at SBAB should include and not discriminate. For these reasons, a checklist is used for all learning activities to ensure inclusion. We offer a blended learning format comprised of physical classroom activities, workshops and e-learning. Through SBAB's digital learning platform "Academy," we provide everything from annual information updates to information about our operations and work methods. At year end, 72% of all employees at SBAB had a mortgage license from Swedsec.

Pulse surveys show how our workplace is experienced

Our employee surveys, also known as pulse surveys, are carried out twice yearly and provide valuable insight into the perception of our workplace. Thanks to consistently high participation, the findings provide a good basis for analysis and further dialogue. Participation in the most recent survey was 95% and our Engagement Index scored 4.1 out of 5.0, a result we are very proud of and which we are keen to maintain!

Volunteering

Since spring 2016, SBAB employees have had an opportunity to undertake two days of voluntary work per year at organisations that contribute to any of the 17 SDGs. With this initiative, SBAB wants to enable our employees to become involved and to contribute to sustainable development. Use of the volunteer days decreased during the pandemic but uptake has now increased again.

Volunteer days

| | 2023 | 2022 |
|-----------------|------|------|
| Whole days | 27 | 14 |
| Half days | 29 | 11 |
| Number of hours | 317 | 143 |

Age distribution women/men

| Age distribution on 31 December 2023 | Percentage distribution (%) | | |
|--------------------------------------|-----------------------------|-------------|------------|
| | Women | Men | Total |
| 20–29 | 6.1 | 6.8 | 12.9 |
| 30–39 | 20.8 | 19.6 | 40.4 |
| 40–49 | 14.8 | 12.1 | 26.8 |
| 50–59 | 8.7 | 6.1 | 14.9 |
| 60–69 | 3.1 | 1.9 | 5.0 |
| Total | 53.5 | 46.5 | 100 |

Length of employment women/men

| Length of employment on 31 December 2023 | Percentage distribution (%) | | |
|--|-----------------------------|-------------|------------|
| | Women | Men | Total |
| <3 years | 24.4 | 24.1 | 48.5 |
| 4–6 years | 12.8 | 10.1 | 22.9 |
| 7–9 years | 5.4 | 4.8 | 10.2 |
| 10–12 years | 2.0 | 1.7 | 3.7 |
| 13–15 years | 1.9 | 1.3 | 3.2 |
| >16 years | 7.0 | 4.5 | 11.5 |
| Total | 53.5 | 46.5 | 100 |

Key employee figures¹⁾

| Key performance indicators | 2023 | 2022 | 2021 | 2020 | 2019 |
|---|------|------|------|------|------|
| Total number of employees at the end of the year ²⁾ | 901 | 863 | 839 | 760 | 695 |
| of whom, women ²⁾ , % | 52.7 | 50.8 | 51 | 54 | 52 |
| Temporary employees ³⁾ , | 53 | 52 | 47 | 6 | 5.0 |
| Part-time employees ³⁾ , | 2 | 2 | 1 | 0.3 | 0.3 |
| Average age, years | 40.2 | 40.1 | 40 | 39 | 39 |
| People who left the company over the year | 104 | 136 | 85 | 64 | 78 |
| People who joined the company over the year | 191 | 155 | 160 | 123 | 158 |
| Personnel turnover, % | 10.7 | 15.1 | 10.3 | 8.3 | 12 |
| Equality | | | | | |
| Share of women on the Board of Directors ⁴⁾ , % | 64 | 64 | 56 | 42 | 50 |
| Share of women in the Executive Management ⁴⁾ , % | 30 | 40 | 50 | 44 | 38 |
| Share of female managers, % | 50.4 | 47 | 47 | 49 | 43 |
| Proportion of male employees, receiving parental leave allowance, % | 50 | 38.6 | 30 | 44 | 38 |
| Geographical breakdown | | | | | |
| Stockholm | 454 | 457 | | | |
| Karlstad | 530 | 431 | | | |
| Gothenburg/Malmö | 32 | 28 | | | |
| Sick leave and wellness | | | | | |
| Short-term sick leave, % | 2.5 | 2.8 | 2.6 | 2.3 | 2.3 |
| Long-term sick leave, % | 1.3 | 1.3 | 1.2 | 1.3 | 0.8 |
| Total sick leave, % | 3.7 | 4.1 | 3.8 | 3.6 | 3.1 |
| Use of health-promotion contribution by all employees, % | 81.9 | 82.5 | 82.2 | 78 | 78 |

¹⁾ Figures for 2021 and 2022 include data from the former subsidiary Boappa AB.

²⁾ Number of employees expressed as full-time equivalents (FTEs), adjusted for sick leave and leave of absence.

³⁾ Total number of employees at the end of the year.

⁴⁾ Pertains only to the Parent Company SBAB Bank AB (publ).

S:6 Sustainability reporting in accordance with the Swedish Annual Accounts Act

From financial years starting after 31 December 2016, large undertakings must report sustainability in line with the rules in the Swedish Annual Accounts Act pertaining to sustainability reporting. The provisions are based on an amendment to the EU Accounting Rules Directive (Directive 2014/95/EU of the European Parliament and the Council amending Directive 2013/34/EU as regards disclosure of non-financial and diversity information by certain large undertakings and groups). Under the new rules, a sustainability report is a report containing the requisite sustainability information to enable gaining

an understanding of the company's development, position and performance as well as the consequences for the operations. This information should encompass questions pertaining to the environment, social conditions, personnel, respect for human rights and anti-corruption efforts. The following table, with references to the relevant pages of the report, to clarify how SBAB meets the rules in the Swedish Annual Accounts Act pertaining to sustainability reporting.

| | Climate and the environment | Societal conditions & respect for human rights | Anti-Corruption efforts and other action against financial crime |
|--|--|--|---|
| Business model | → Pages 14–15 | → Pages 14–15 | → Pages 14–15 |
| Policies and governance documents | <ul style="list-style-type: none"> • Policy for Sustainable Business • Credit Policy Climate risk – instructions • Sustainable Bond Committee Instruction | <ul style="list-style-type: none"> • Policy for Sustainable Business • Equality and Diversity Policy • Policy to Promote Board Diversity • Ethics Policy • Remuneration Policy • Work Environment Instruction • Whistleblower Process Instruction • Code of Conduct • Supplier Code • Sustainable Bond Committee Instruction | <ul style="list-style-type: none"> • Policy for Sustainable Business • Policy and Instruction for Counteracting Money Laundering and Financing of Terrorism, and Compliance with Financial Sanctions • Instruction to Combat Bribes and Other Forms of Corruption • Whistleblower Process Instruction • Code of Conduct • Supplier Code |
| Results and reference to the GRI | <p>Results: → Pages 172–173</p> <p>GRI reference:</p> <ul style="list-style-type: none"> • 305: Emissions • G4-FS8: Monetary value of products and services designed to deliver a specific environmental benefit for each business line broken down by purpose | <p>Results: → Pages 173–174, 181–182</p> <p>GRI reference:</p> <ul style="list-style-type: none"> • 205: Anti-corruption • 403: Occupational Health and Safety • 404: Training and education • 405: Diversity and Equal Opportunity • 406: Non-Discrimination • 413: Local Communities | <p>Results: → Pages 30, 172, 182</p> <p>GRI reference:</p> <ul style="list-style-type: none"> • 205: Anti-corruption |
| Risk management | → Pages 60–61 | → Pages 60–61 | → Pages 60–61 |

Reporting in accordance with the EU Taxonomy Regulation

The EU Taxonomy Regulation imposes disclosure requirements regarding the extent to which SBAB's operations are associated with economic activities that qualify as environmentally sustainable. The regulation will have a phased entry into force. Guidelines and SBAB's reporting as well as data quality will therefore be developed over time.

Background and accounting policies

Clarification of Taxonomy-eligible exposures

SBAB's retail loans, that is mortgages, together with certain consumer loans, are covered by the criteria defined in the Taxonomy Regulation. Lending to companies (property companies and housing developers) covered by the Non Financial Reporting Directive (NFRD) are also covered by the Taxonomy criteria. SBAB's assets contribute significantly to the Climate Change Mitigation objective (CCM) and are thus subject to the requirements of sector 7 (Construction and real estate), including 7.7 (Acquisition and ownership of buildings) and 7.1 (Construction of new buildings).

Criteria and data

7.7 (Acquisition and ownership of buildings)

Includes those buildings, confirmed by data from energy performance certificates, that meet the criteria for energy class A or belong to the top 15 percent of the property stock in Sweden. SBAB's selection for the latter option is based on available data and current definitions of national thresholds. The national definitions and thresholds applied by SBAB in the 2023 report have been developed by CIT Energy Management through a report, published 14 December 2022, which defines national thresholds for primary energy numbers for different building types.¹⁾ Based on the current building regulations (BBR29), the threshold for apartment buildings is 81 kWh/m²/year and for houses 78 kWh/m²/year. This category includes buildings constructed before 1 January 2021.

7.1 (Construction of new buildings)

Includes new buildings, confirmed by data from energy performance certificates, with a primary energy number that is 10% lower than the current building regulations (BBR29). This category includes buildings constructed after 1 January 2021.

Households

Includes exposures to households, mortgages and some consumer loans, based on data from SBAB's lending ledger and energy performance certificates. Consumer loans whose purpose does not include renovation or vehicle (car) financing have been excluded from the sample.

Non-financial corporates, NFRD

Includes exposures to corporates (loans to property companies and housing developers) covered by the NFRD. Through customer dialogue and the standard credit process, SBAB has ensured that the objective of the loans is to finance residential properties.

Do no significant harm (DNSH)

For an economic activity to be classified as environmentally sustainable, it must make a substantial contribution to one or more of the EU's six environmental objectives and do no significant harm to the other objectives. This is assessed as mainly involving climate adaptation (CA) for those properties for which SBAB is involved in the financing. For this reason, SBAB has ensured that the exposures covered by the criteria set under sections 7.1 and 7.7 are not exposed to physical climate risks (risk of flooding).

Minimum safeguards

Households are excluded from the criteria for minimum safeguards. SBAB has ensured that the non-financial corporates whose assets meet the EU Taxonomy criteria also meet the minimum safeguards criteria through direct contact with customers and analysis of published information by the respective account managers for the companies.

Clarification of exposures that are not Taxonomy-eligible

Corporates not encompassed by the NFRD do not need to report according to the Taxonomy Regulation. SBAB's exposure to such companies is reported separately in line with the regulatory requirements. In this separate reporting, SBAB has chosen to include exposures to tenant-owners' associations since, in SBAB's assessment, these comprise smaller companies that are not encompassed by the NFRD.

In-depth explanation of the economic activities

SBAB has the ambition of working proactively with ensuring that our operations are environmentally sustainable and thus aligned with the Taxonomy Regulation.

At the end of 2022, SBAB adopted a climate goal to reduce the company's emissions intensity (kgCO₂e per m²) 50% by 2038. This pertains to the direct emissions from our own operations as well as the indirect emissions related to our lending portfolio. The climate goal is a major and important step for SBAB in driving the green transition. The goal is aligned with the Paris Agreement's goal of limiting the global temperature increase to 1.5°C and is reported each year in a climate report. The goal is science-based and will be validated with the help of the Science Based Targets initiative. SBAB offers a number of products and services aimed at contributing to the green transition. Since 2019, we offer 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 rating A, B or C. In 2023, we disbursed our first sustainability-linked loan to a corporate customer. In mid-2016, we became the first bank in Sweden to issue a green bond, and have been a recurring issuer ever since. Read more on page 169.

Supplementary information about SBAB's strategies and Taxonomy-aligned operations

For many years, SBAB has had a clear structure for working with sustainability-related issues. Read more about how we guide and work with sustainability on pages 160–166.

During the year, SBAB has taken important steps to secure the company's future capacity to act and report in accordance with the Taxonomy Regulation. For example, during the year, a business-wide project was initiated to gather and centrally coordinate climate data to thereby facilitate reporting and to enable future inclusion of such aspects in our credit processes. Compliance with the Taxonomy guides the project and SBAB's sustainability work.

Nuclear and fossil gas related activities

Nuclear energy related activities

| | |
|---|----|
| The undertaking carries out, funds or has exposures to research, development, demonstration and deployment of innovative electricity generation facilities that produce energy from nuclear processes with minimal waste from the fuel cycle. | NO |
|---|----|

| | |
|--|----|
| The undertaking carries out, funds or has exposures to construction and safe operation of new nuclear installations to produce electricity or process heat, including for the purposes of district heating or industrial processes such as hydrogen production, as well as their safety upgrades, using best available technologies. | NO |
|--|----|

| | |
|---|----|
| The undertaking carries out, funds or has exposures to safe operation of existing nuclear installations that produce electricity or process heat, including for the purposes of district heating or industrial processes such as hydrogen production from nuclear energy, as well as their safety upgrades. | NO |
|---|----|

Fossil gas related activities

| | |
|--|----|
| The undertaking carries out, funds or has exposures to construction or operation of electricity generation facilities that produce electricity using fossil gaseous fuels. | NO |
|--|----|

| | |
|---|----|
| The undertaking carries out, funds or has exposures to construction, refurbishment, and operation of combined heat/cool and power generation facilities using fossil gaseous fuels. | NO |
|---|----|

| | |
|---|----|
| The undertaking carries out, funds or has exposures to construction, refurbishment and operation of heat generation facilities that produce heat/cool using fossil gaseous fuels. | NO |
|---|----|

¹⁾ The Swedish National Board of Housing, Building and Planning is investigating their role in developing a methodology to determine which buildings are the 15% most energy efficient

0. Summary of key performance indicators (KPIs) to be disclosed by credit institutions under Article 8 Taxonomy Regulation

| | | Total environmentally sustainable assets, mSEK | KPI ⁴⁾ | KPI ⁵⁾ | % coverage (over total assets) ³⁾ | % of assets excluded from the numerator of the GAR (Article 7(2) and (3) and Section 1.1.2. of Annex V) | % of assets excluded from the denominator of the GAR (Article 7(1) and Section 1.2.4 of Annex V) |
|--------------------|---|--|-------------------|-------------------|--|---|--|
| Main KPI | Green asset ratio (GAR) stock | 29,575 | n.a | n.a | 90.11% | 28.84% | 10.98% |
| | | Total environmentally sustainable activities, mSEK | KPI | KPI | % coverage (over total assets) ³⁾ | % of assets excluded from the numerator of the GAR (Article 7(2) and (3) and Section 1.1.2. of Annex V) | % of assets excluded from the denominator of the GAR (Article 7(1) and Section 1.2.4 of Annex V) |
| Additional KPIs 6) | GAR (flow) | 6,496 | n.a | n.a | | n.a | n.a |
| | Trading book ¹⁾ | - | | | | | |
| | Financial guarantees | - | n.a | n.a | | | |
| | Assets under management | - | | | | | |
| | Fees and commissions income ²⁾ | - | | | | | |

¹⁾ For credit institutions that do not meet the conditions of Article 94(1) of the CRR or the conditions set out in Article 325a(1) of the CRR.

²⁾ Fees and commissions income from services other than lending and AuM. Institutions shall disclose forward-looking information for this KPI, including information in terms of targets, together with relevant explanations on the methodology applied.

³⁾ % of assets covered by the KPI over banks' total assets.

⁴⁾ based on the Turnover KPI of the counterparty.

⁵⁾ based on the CapEx KPI of the counterparty, except for lending activities where for general lending Turnover KPI is used.

⁶⁾ The KPI is not complete and will be developed for next years report.

1. Assets for the calculation of GAR

Disclosure reference date 31 Dec 2023

| MSEK | Climate change mitigation (CCM) | | | | | | TOTAL (CCM+CCA+WTR+CE+PPC+Bio) | | | | | |
|--|--|---|---------|--|-------------------------------|----------------------|--|---------|--|-------------------------------|----|----------------------|
| | Total [gross] carrying amount | Of which towards taxonomy relevant sectors (Taxonomy-eligible) | | | | | Of which environmentally sustainable (Taxonomy-aligned) | | | | | |
| | | a | b | Of which environmentally sustainable (Taxonomy-aligned) | | | ab | ac | Of which environmentally sustainable (Taxonomy-aligned) | | af | |
| | | | | Of which Use of Proceeds | Of which transi- tional | Of which enabling | | | Of which Use of Proceeds | Of which transi- tional | | Of which enabling |
| c | d | e | f | ad | ae | | | | | | | |
| GAR – Covered assets in both numerator and denominator | | | | | | | | | | | | |
| 1 | Loans and advances, debt securities and equity instruments not HFT eligible for GAR calculation | 417,287 | 360,699 | 29,575 | 29,575 | - | - | 360,699 | 29,575 | 29,575 | - | - |
| 2 | Financial undertakings | | | | | | | | | | | |
| 3 | Credit institutions | 55,285 | - | - | - | - | - | - | - | - | - | - |
| 4 | Loans and advances | 11,724 | - | - | - | - | - | - | - | - | - | - |
| 5 | Debt securities, including UoP | 43,561 | - | - | - | - | - | - | - | - | - | - |
| 6 | Equity instruments | - | - | - | - | - | - | - | - | - | - | - |
| 7 | Other financial corporations | - | - | - | - | - | - | - | - | - | - | - |
| 8 | of which investment firms | - | - | - | - | - | - | - | - | - | - | - |
| 9 | Loans and advances | - | - | - | - | - | - | - | - | - | - | - |
| 10 | Debt securities, including UoP | - | - | - | - | - | - | - | - | - | - | - |
| 11 | Equity instruments | - | - | - | - | - | - | - | - | - | - | - |
| 12 | of which management companies | - | - | - | - | - | - | - | - | - | - | - |
| 13 | Loans and advances | - | - | - | - | - | - | - | - | - | - | - |
| 14 | Debt securities, including UoP | - | - | - | - | - | - | - | - | - | - | - |
| 15 | Equity instruments | - | - | - | - | - | - | - | - | - | - | - |
| 16 | of which insurance undertakings | - | - | - | - | - | - | - | - | - | - | - |
| 17 | Loans and advances | - | - | - | - | - | - | - | - | - | - | - |
| 18 | Debt securities, including UoP | - | - | - | - | - | - | - | - | - | - | - |
| 19 | Equity instruments | - | - | - | - | - | - | - | - | - | - | - |
| 20 | Non-financial undertakings | 13,741 | 13,741 | 116 | 116 | - | - | 13,741 | 116 | 116 | - | - |
| 21 | Loans and advances | 13,741 | 13,741 | 116 | 116 | - | - | 13,741 | 116 | 116 | - | - |
| 22 | Debt securities, including UoP | - | - | - | - | - | - | - | - | - | - | - |
| 23 | Equity instruments | - | - | - | - | - | - | - | - | - | - | - |
| 24 | Households | 348,262 | 346,958 | 29,459 | 29,459 | - | - | 346,958 | 29,459 | 29,259 | - | - |
| 25 | of which loans collateralised by residential immovable property | 346,478 | 346,478 | 29,459 | 29,459 | - | - | 346,478 | 29,459 | 29,459 | - | - |
| 26 | of which building renovation loans | 203 | 203 | - | - | - | - | - | - | - | - | - |
| 27 | of which motor vehicle loans | 278 | 278 | - | - | - | - | - | - | - | - | - |
| 28 | Local governments financing | - | - | - | - | - | - | - | - | - | - | - |
| 29 | Collateral obtained by taking possession: residential and commercial immovable properties | - | - | - | - | - | - | - | - | - | - | - |
| 30 | Other local government financing | - | - | - | - | - | - | - | - | - | - | - |
| 31 | Collateral obtained by taking possession: residential and commercial immovable properties | | | | | | | | | | | |
| 32 | Assets excluded from the numerator for GAR calculation (covered in the denominator) | 169,161 | | | | | | | | | | |
| 33 | Financial and Non-financial undertakings | | | | | | | | | | | |
| 34 | SMEs and NFCs (other than SMEs) not subject to NFRD disclosure obligations | 155,797 | | | | | | | | | | |
| 35 | Loans and advances | 155,690 | | | | | | | | | | |
| 36 | of which loans collateralised by commercial immovable property | 88,767 | | | | | | | | | | |
| 37 | of which building renovation loans | - | | | | | | | | | | |
| 38 | Debt securities | - | | | | | | | | | | |
| 39 | Equity instruments | 106 | | | | | | | | | | |
| 40 | Non-EU country counterparties not subject to NFRD disclosure obligations | - | | | | | | | | | | |
| 41 | Loans and advances | - | | | | | | | | | | |
| 42 | Debt securities | - | | | | | | | | | | |
| 43 | Equity instruments | - | | | | | | | | | | |
| 44 | Derivatives | 10,676 | | | | | | | | | | |
| 45 | On-demand interbank loans | 61 | | | | | | | | | | |
| 46 | Cash and cash-related assets | - | | | | | | | | | | |
| 47 | Other categories of assets (e.g. Goodwill, commodities etc.) | 2,628 | | | | | | | | | | |
| 48 | Total GAR assets | 586,448 | 360,699 | 29,575 | 29,575 | - | - | 360,699 | 29,575 | 29,575 | - | - |
| 49 | Assets not covered for GAR calculation | | | | | | | | | | | |
| 50 | Central governments and Supranational issuers | 22,046 | | | | | | | | | | |
| 51 | Central banks exposure | 42,338 | | | | | | | | | | |
| 52 | Trading book | - | | | | | | | | | | |
| 53 | Total assets | 650,832 | - | - | - | - | - | - | - | - | - | - |
| Off-balance sheet exposures – Undertakings subject to NFRD disclosure obligations | | | | | | | | | | | | |
| 54 | Financial guarantees | - | - | - | - | - | - | - | - | - | - | - |
| 55 | Assets under management | - | - | - | - | - | - | - | - | - | - | - |
| 56 | Of which debt securities | - | - | - | - | - | - | - | - | - | - | - |
| 57 | of which equity instruments | - | - | - | - | - | - | - | - | - | - | - |

These rows include other environmental goals (columns g-a) which equals to 0

2. GAR sector information

| Breakdown by sector - NACE 4 digits level (code and label) | Climate change mitigation | | | | TOTAL (CCM+CCA+WTR+CE+PPC+BIO) | | | |
|---|--|--|--|--|--|--|--|--|
| | Non-Financial corporates (Subject to NFRD) | | SMEs and other NFC not subject to NFRD | | Non-Financial corporates (Subject to NFRD) | | SMEs and other NFC not subject to NFRD | |
| | Gross carrying amount | | Gross carrying amount | | Gross carrying amount | | Gross carrying amount | |
| | MSEK | Of which environmentally sustainable (CCM) | MSEK | Of which environmentally sustainable (CCM) | MSEK | Of which environmentally sustainable (CCM) | MSEK | Of which environmentally sustainable (CCM) |
| a | b | c | d | e | aa | ab | ac | ad |
| 1 6820 – Renting and operating of own or leased real estate | 13,583 | 116 | | | 13,583 | 116 | | |
| 2 6832 – Management of real estate on a fee or contract basis | 157 | - | | | 157 | - | | |

3. GAR KPI stock

Disclosure reference date 31 Dec 2023

| % (compared to total covered assets in the denominator) | Climate change mitigation (CCM) | | | | | TOTAL (CCM+CCA+WTR+CE+PPC+BIO) | | | | | Proportion of total assets covered |
|---|---|--------------------------|-----------------------|-------------------|---|--|-----------------------|-------------------|----|----|------------------------------------|
| | Proportion of total covered assets funding taxonomy relevant sectors (Taxonomy-aligned) | | | | | Proportion of total covered assets funding taxonomy relevant sectors (Taxonomy-eligible) | | | | | |
| | Proportion of total covered assets funding taxonomy relevant sectors (Taxonomy-aligned) | | | | | Proportion of total covered assets funding taxonomy relevant sectors (Taxonomy-eligible) | | | | | |
| | | Of which Use of Proceeds | Of which transitional | Of which enabling | | Of which Use of Proceeds | Of which transitional | Of which enabling | | | |
| | a | b | c | d | e | aa | ab | ac | ad | ae | af |
| GAR – Covered assets in both numerator and denominator | | | | | | | | | | | |
| 1 Loans and advances, debt securities and equity instruments not HFT eligible for GAR calculation | 86.44% | 7.09% | 7.09% | - | - | 86.44% | 7.09% | 7.09% | - | - | 64.12% |
| 2 Financial undertakings | - | - | - | - | - | - | - | - | - | - | - |
| 3 Credit institutions | - | - | - | - | - | - | - | - | - | - | - |
| 4 Loans and advances | - | - | - | - | - | - | - | - | - | - | - |
| 5 Debt securities, including UoP | - | - | - | - | - | - | - | - | - | - | - |
| 6 Equity instruments | - | - | - | | | - | - | - | | | - |
| 7 Other financial corporations | - | - | - | - | - | - | - | - | - | - | - |
| 8 of which investment firms | - | - | - | - | - | - | - | - | - | - | - |
| 9 Loans and advances | - | - | - | - | - | - | - | - | - | - | - |
| 10 Debt securities, including UoP | - | - | - | - | - | - | - | - | - | - | - |
| 11 Equity instruments | - | - | - | | | - | - | - | | | - |
| 12 of which management companies | - | - | - | - | - | - | - | - | - | - | - |
| 13 Loans and advances | - | - | - | - | - | - | - | - | - | - | - |
| 14 Debt securities, including UoP | - | - | - | - | - | - | - | - | - | - | - |
| 15 Equity instruments | - | - | - | | | - | - | - | | | - |
| 16 of which insurance undertakings | - | - | - | - | - | - | - | - | - | - | - |
| 17 Loans and advances | - | - | - | - | - | - | - | - | - | - | - |
| 18 Debt securities, including UoP | - | - | - | - | - | - | - | - | - | - | - |
| 19 Equity instruments | - | - | - | | | - | - | - | | | - |
| 20 Non-financial undertakings | 100% | 0.85% | 0.85% | - | - | 100% | 0.85% | 0.85% | - | - | 2.11% |
| 21 Loans and advances | 100% | 0.85% | 0.85% | - | - | 100% | 0.85% | 0.85% | - | - | - |
| 22 Debt securities, including UoP | - | - | - | - | - | - | - | - | - | - | - |
| 23 Equity instruments | - | - | - | | | - | - | - | | | - |
| 24 Households | 99.63% | 8.46% | 8.46% | - | - | 99.63% | 8.46% | 8.46% | - | - | 53.51% |
| 25 of which loans collateralised by residential immovable property | 100% | 8.50% | 8.50% | - | - | 100% | 8.50% | 8.50% | - | - | 53.24% |
| 26 of which building renovation loans | 100% | - | - | - | - | 100% | - | - | - | - | 0.03% |
| 27 of which motor vehicle loans | 100% | - | - | - | - | 100% | - | - | - | - | - |
| 28 Local governments financing | - | - | - | - | - | - | - | - | - | - | - |
| 29 Housing financing | - | - | - | - | - | - | - | - | - | - | - |
| 30 Other local government financing | - | - | - | - | - | - | - | - | - | - | - |
| 31 Collateral obtained by taking possession: residential and commercial immovable properties | - | - | - | - | - | - | - | - | - | - | - |
| 32 Total GAR assets | 61.51% | 5.04% | 5.04% | - | - | 61.51% | 5.04% | 5.04% | - | - | 90.11% |

These rows include other environmental goals (columns f-z) which equals to 0

4. GARKPI flow

Disclosure reference date 31 Dec 2023

| % (compared to flow of total eligible assets) | Climate change mitigation (CCM) | | | | | TOTAL (CCM+CCA+WTR+CE+PPC+BIO) | | | | | % Total new covered asset) |
|---|--|--------------------------|-----------------------|-------------------|---|--|-----------------------|-------------------|----|----|----------------------------|
| | Proportion of total covered assets funding taxonomy relevant sectors (Taxonomy-eligible) | | | | | Proportion of total covered assets funding taxonomy relevant sectors (Taxonomy-eligible) | | | | | |
| | Proportion of total covered assets funding taxonomy relevant sectors (Taxonomy-aligned) | | | | | Proportion of total covered assets funding taxonomy relevant sectors (Taxonomy-aligned) | | | | | |
| | | Of which Use of Proceeds | Of which transitional | Of which enabling | | Of which Use of Proceeds | Of which transitional | Of which enabling | | | |
| | a | b | c | d | e | aa | ab | ac | ad | ae | af |
| GAR – Covered assets in both numerator and denominator | | | | | | | | | | | |
| 1 Loans and advances, debt securities and equity instruments not HFT eligible for GAR calculation | - | - | - | - | - | - | - | - | - | - | - |
| 2 Financial undertakings | - | - | - | - | - | - | - | - | - | - | - |
| 3 Credit institutions | - | - | - | - | - | - | - | - | - | - | - |
| 4 Loans and advances | - | - | - | - | - | - | - | - | - | - | - |
| 5 Debt securities, including UoP | - | - | - | - | - | - | - | - | - | - | - |
| 6 Equity instruments | - | - | - | - | - | - | - | - | - | - | - |
| 7 Other financial corporations | - | - | - | - | - | - | - | - | - | - | - |
| 8 of which investment firms | - | - | - | - | - | - | - | - | - | - | - |
| 9 Loans and advances | - | - | - | - | - | - | - | - | - | - | - |
| 10 Debt securities, including UoP | - | - | - | - | - | - | - | - | - | - | - |
| 11 Equity instruments | - | - | - | - | - | - | - | - | - | - | - |
| 12 of which management companies | - | - | - | - | - | - | - | - | - | - | - |
| 13 Loans and advances | - | - | - | - | - | - | - | - | - | - | - |
| 14 Debt securities, including UoP | - | - | - | - | - | - | - | - | - | - | - |
| 15 Equity instruments | - | - | - | - | - | - | - | - | - | - | - |
| 16 of which insurance undertakings | - | - | - | - | - | - | - | - | - | - | - |
| 17 Loans and advances | - | - | - | - | - | - | - | - | - | - | - |
| 18 Debt securities, including UoP | - | - | - | - | - | - | - | - | - | - | - |
| 19 Equity instruments | - | - | - | - | - | - | - | - | - | - | - |
| 20 Non-financial undertakings | 100% | 2.85% | 2.85% | - | - | 100% | 2.85% | 2.85% | - | - | - |
| 21 Loans and advances | 100% | 2.85% | 2.85% | - | - | 100% | 2.85% | 2.85% | - | - | - |
| 22 Debt securities, including UoP | - | - | - | - | - | - | - | - | - | - | - |
| 23 Equity instruments | - | - | - | - | - | - | - | - | - | - | - |
| 24 Households | 98.91% | 15.81% | 15.81% | - | - | 98.91% | 15.81% | 15.81% | - | - | - |
| 25 of which loans collateralised by residential immovable property | 98.91% | 15.81% | 15.81% | - | - | 98.91% | 15.81% | 15.81% | - | - | - |
| 26 of which building renovation loans | 100% | - | - | - | - | 100% | - | - | - | - | - |
| 27 of which motor vehicle loans | 100% | - | - | - | - | 100% | - | - | - | - | - |
| 28 Local governments financing | - | - | - | - | - | - | - | - | - | - | - |
| 29 Housing financing | - | - | - | - | - | - | - | - | - | - | - |
| 30 Other local government financing | - | - | - | - | - | - | - | - | - | - | - |
| 31 Collateral obtained by taking possession: residential and commercial immovable properties | - | - | - | - | - | - | - | - | - | - | - |
| 32 Total GAR assets | - | - | - | - | - | - | - | - | - | - | - |

- These rows include other environmental goals (columns f-z) which equate to 0

5. KPI off-balance sheet exposures

Disclosure reference date 31 Dec 2023

| % (compared to total eligible off-balance sheet assets) | Climate change mitigation (CCM) | | | | | TOTAL (CCM+CCA+WTR+CE+PPC+BIO) | | | | | |
|---|--|--------------------------|-----------------------|-------------------|---|--|-----------------------|-------------------|----|----|---|
| | Proportion of total covered assets funding taxonomy relevant sectors (Taxonomy-eligible) | | | | | Proportion of total covered assets funding taxonomy relevant sectors (Taxonomy-eligible) | | | | | |
| | Proportion of total covered assets funding taxonomy relevant sectors (Taxonomy-aligned) | | | | | Proportion of total covered assets funding taxonomy relevant sectors (Taxonomy-aligned) | | | | | |
| | | Of which Use of Proceeds | Of which transitional | Of which enabling | | Of which Use of Proceeds | Of which transitional | Of which enabling | | | |
| | a | b | c | d | e | aa | ab | ac | ad | ae | |
| 1 Financial guarantees (FinGuar KPI) | - | - | - | - | - | - | - | - | - | - | - |
| 2 Assets under management (AuM KPI) | - | - | - | - | - | - | - | - | - | - | - |

S:8 Reporting pursuant to the Task Force on Climate-related Financial Disclosures (TCFD).

SBAB has supplemented its operational reporting pursuant to the recommendations of the TCFD framework to describe SBAB’s strategic approach to climate-related risks and opportunities. The table below describes the reporting scope together with page references.

| Governance | Strategy | Risk management | Indicators & Goals |
|---|--|--|---|
| The Board’s oversight of climate-related risks and opportunities. → Pages 62–65, 170 | Climate-related risks and opportunities identified by the organisation. → Pages 56–57, 174–175 | The organisation’s processes for managing climate-related risks. → Pages 56–57 | The organisation’s metrics for evaluating climate-related risks and opportunities. → Pages 56, 170 |
| Management’s role in assessing and managing climate-related risks and opportunities. → Pages 168–170 | The impact from risks and opportunities on the organisation’s operations, strategy and financial planning. → Pages 32–33, 168–170 | Describe the organisation’s processes for managing climate-related risks. → Pages 60–61 | Scope 1, 2 and 3 emissions pursuant to the Greenhouse Gas Protocol. → Page 173 |
| | The resilience of the organisation’s strategy, taking into consideration different climate-related scenarios. → Pages 168–170 | Integration of the above processes in the organisation’s general risk management. → Pages 56–57 | Targets used to manage climate-related risks and opportunities → Page 169 |

Scenario analysis

SBAB conducts climate scenario analyses to assess the climate risks and opportunities that may affect the business and its collateral and investments, today and in the future. Physical risks and transition risks are both evaluated. The aim is to prepare SBAB for different societal developments and future-proof the business and its assets. SBAB reports in line with the framework of the Task Force on Climate-related Financial Disclosures (TCFD). An analysis, based on two different climate scenarios prepared by the IPCC (RCP 8.5 and RCP 2.6), was conducted in 2021 to assess climate risks and opportunities. In 2023, we updated the scenario analyses based on the latest IPCC report and adjusted the RCP 2.6 scenario to RCP 4.5. The scenario descriptions are based on definitions from the Swedish Meteorological and Hydrological Institute (SMHI). While both scenarios present risks, they also present opportunities for SBAB.

Since SBAB’s business focuses on lending to housing and property in Sweden, our main physical climate risk is the risk of flooding, while our main transition risk is increasing and volatile energy prices.

In 2023, we have had access to more granular climate risk data for our assets. We will incorporate data in 2024 to cover all assets and thus gain an even better understanding of how climate risks affect our business. We are also reviewing how to integrate climate risks into the credit process. SBAB’s ambition is to be resilient and adapt to changing climate conditions both locally and nationally.

Scenario RCP 8.5 – Continued high GHG emissions

- By 2100, GHG emissions are at three times the current levels.
- Methane emissions increase substantially.
- The world’s population grows to 12 billion, leading to increased demand for grazing and arable land for agricultural production.
- Technological progress toward greater energy efficiency continues at a slow pace.
- High dependency on fossil fuels and high energy intensity.
- No additional climate policies

| | Short term (1 year) | Medium term (5–10 years) | Long term (40 years) |
|---------------|---|--|---|
| Risks | Transition risks Excludes investors with a clear climate profile Weakened customer repayment capacity due to rising energy prices. | Reputational risk arising from inadequate own management of climate risks Reduced demand for properties with high energy consumption. Weakened customer repayment capacity due to rising energy prices. Excludes investors with a clear climate profile | Risk of properties becoming obsolete when the cost of climate adaptation measures exceeds the property value Changed negative value trends in the housing market leading to sharply reduced demand for owning housing |
| | Physical risks Damage to roofs and facades due to extreme weather events such as down-pours, rising water levels and storms. Higher insurance premiums due to extreme weather events and a consequent reduction in repayment capacity. | Damage to roofs and facades due to extreme weather events. Extreme weather can reduce the property value and increase the LTV ratio for customers Increased insurance costs for natural damage events. Impact on market value of exposed properties in climate risk areas Extreme weather impacts the supply chain and construction processes, thereby leading to more frequent delays in new production | Water damage due to flooding of built-up areas near the shoreline and in low-lying areas Damage to roofs and facades due to extreme weather events such as storms, heatwaves and fires Extreme weather can reduce the property value and increase the LTV ratio for customers Climate shifts and demographic changes impact the Swedish housing market |
| Opportunities | Increased customer demand for climate-adapted advice and products. | Increased customer demand for climate-adapted advice and products Increased need for financing of climate-adapted renovations Increased demand for housing in areas not classified as being at climate risk | Increased demand for housing in areas not classified as being at climate risk |

Scenario RCP 4.5 – GHG emissions culminate around 2020

- Even stronger climate policies
- Low energy intensity
- Reduced use of oil

- The world's population grows to 9 billion
- Methane emissions decrease 40%

| | Short term (1 year) | Medium term (5–10 years) | Long term (40 years) |
|----------------------|---|---|--|
| Risks | <p><i>Transition risks</i></p> <p>Volatile and increased energy costs Increased regulation, taxes and fees for GHG emissions Increased regulation and political initiatives Changes in behaviour and consumption patterns</p> | <p>Major changes to the business model are required due to demands for zero GHG emissions across the value chain and a circular economy New resource efficiency technologies required More stringent requirements for building energy efficiency resulting in extensive renovation being required Increased competition from low-cost players without a sustainable agenda Increased changes in behaviour and consumption patterns Lower demand for energy intensive properties leads to declining values</p> | <p>New resource efficiency technologies required Rising carbon prices and energy efficiency standards for buildings can affect the creditworthiness of commercial and private properties</p> |
| | <p><i>Physical risks</i></p> <p>Damage to objects due to extreme weather events such as downpours and storms.</p> | <p>Damage to properties due to extreme weather events such as downpours and storms.</p> | <p>Substantial damage to properties due to extreme weather events such as downpours, storms, heatwaves and fires</p> |
| Opportunities | <p>Increased customer demand for products and services in the area of energy efficiency Increased demand for green and sustainability-linked bonds (providing us with more favourable borrowing costs) Subsidies for energy efficiency investments result in increased demand for energy efficiency loans</p> | <p>Increased customer demand for products and services in the area of energy efficiency Increased demand for green and sustainability-linked bonds Transition to increasing circularity and resource efficiency improves property owners' housing calculations</p> | <p>Increased demand for circular and resource-efficient products</p> |

S:9 UN Sustainable Development Goals, Cont.

SBAB has identified and chosen four of the 17 SDGs that we consider particularly important and relevant for our operations. The 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 thus comprise an integrated part of SBAB's governance model and daily operations.

| UN Sustainable Development Goals | UN's associated targets | Examples of SBAB's activities and initiatives | Page reference |
|--|---|---|----------------|
|  SDG 8: Decent work and economic growth Promote sustained, inclusive and sustainable economic growth, full and productive employment and decent work for all | 8.1 Sustain per capita economic growth in accordance with national circumstances and, in particular, at least 7 per cent gross domestic product growth per annum in the least developed countries | Contribute to GDP growth and jobs in Sweden | 24–26, 171 |
| | 8.5 By 2030, achieve full and productive employment and decent work for all women and men, including for young people and persons with disabilities, and equal pay for work of equal value | Promote transparency to strengthen the position of consumers in the housing and residential mortgage market | 28–30 |
| | 8.10 Strengthen the capacity of domestic financial institutions to encourage and expand access to banking, insurance and financial services for all | Equality plan (including diversity) and goals | 39 |
|  SDG 11: Sustainable cities and communities Make cities and human settlements inclusive, safe, resilient and sustainable. | 11.1 By 2030, ensure access for all to adequate, safe and affordable housing and basic services and upgrade slums | Tools, Respekttrappan, to promote respect and equality in the workplace | 39 |
| | 11.3 By 2030, enhance inclusive and sustainable urbanization and capacity for participatory, integrated and sustainable human settlement planning and management in all countries. | Annual salary surveys to prevent non-objective salary differences and salary discrimination | 174 |
| | | Efforts to ensure that our channels are accessible for people with disabilities | 172 |
| | | Volunteering opportunities for all employees | 174 |
| | | Set ethical and labour requirements for suppliers through the Supplier Code | 171 |
| | | Green investment loans to property companies and tenant-owners' associations for green environmental and energy measures in properties | 33 |
| | | Combating crime and promoting human rights during new construction | 35 |
|  SDG 12: Responsible consumption and production Ensure sustainable consumption and production patterns | 12.8 By 2030, ensure that people everywhere have the relevant information and awareness for sustainable development and lifestyles in harmony with nature. | Educate and motivate our customers to buy and invest in measures to increase energy efficiency | 33–34 |
| | | Financing new housing production to increase access to housing in Sweden | 35 |
| | | Green bonds to finance energy-friendly and climate-smart housing | 34, 173 |
| | | Collaboration on new housing and tenure forms aimed at lowering entry thresholds to the housing market. | 35 |
| | | To provide know-how and education to our customers and the public to enable everyone to take informed decisions about housing and the residential mortgage market | 28–30 |
|  SDG 13: Climate action Take urgent action to combat climate change and its impacts. | | Tools, services and information pages that help and inform our consumers on issues regarding housing and household finances | 28–30 |
| | | Efforts to ensure that our channels are accessible for people with disabilities | 172 |
| | | Climate goal for the lending portfolio | 32–33, 172–173 |
| | | Green investment loans to property companies and tenant-owners' associations for green environmental and energy measures in properties | 33 |
| | | Green residential mortgage | 33 |
| | | Monitoring the climate impact of our own operations | 173 |
| | | Consultations (together with SBAB's business partners) for corporate clients and tenant-owners' associations regarding how to improve property energy-efficiency | 33 |
| | | Financing new housing production that is more energy-efficient than the older housing stock | 35 |
| | Green bonds | 34, 173 | |
| | Working with climate risks in the lending portfolio | 57, 178–179 | |

S:10 UN Principles for Responsible Banking

In 2020, SBAB signed the UN Principles for Responsible Banking. Through signing the principles, SBAB undertakes to report its negative and positive impact in material sustainability areas and to clearly state which sustainability goals SBAB is working to achieve. The report is available in full at www.sbab.se. SBAB's report to the PRB has been reviewed by a third party and is included in the auditor's report on page 188. During the year, SBAB worked actively on implementing the principles.

A summary of the complete report can be read below.

The principles

The PRB comprises six principles: (1) Alignment, (2) Impact & target setting, (3) Clients & customers, (4) Stakeholders, (5) Governance & culture, and (6) Transparency & accountability.

The Principles comprise a global framework that entails that the banks and institutions that commit to the initiative have to adapt their business strategies to align with and promote the Paris agreement and the UN SDGs.

In summary, over the year, SBAB has conducted activities in the respective Principles' areas and where two significant projects have been to develop the integration of our climate goals in the business strategies and to develop our green offering to achieve the climate goals as well as to arrive at shared terms and conditions for lending when financing construction. You can read more about our work on climate goals in our Climate Report on www.sbab.se and the Sustainable Construction project on page 35.

Analysis of the bank's impact

In 2020, SBAB completed a materiality assessment and an impact analysis. In 2023, SBAB conducted an updated materiality assessment pursuant to the Corporate Sustainability Reporting Directive (CSRD) and specific standards, the European Sustainability Reporting Standards (ESRS). As a basis for reporting, the CSRD and ESRS require companies to carry out a double materiality assessment, which takes into account how a company affects its surroundings in terms of people and the environment, but also what impact sustainability-related matters have or may have on the company's financial position. Read more on pages 20, 164–165.

Given that our products and services focus on financing housing and housing construction in Sweden, we can essentially analyse our impact using the parameters of scope, intensity and links to national goals and strategies. According to our impact assessment, the impact is highest in relation to the climate impact of our products and services and in our work on ethics and transparency, which includes decent work in the construction industry. SBAB's impact assessment has been cross-checked using the UNEP FI Impact Analysis tool.

Targets and governance

Our ambitions and targets for 2025 were strategically reprioritised based on our materiality assessment and impact analysis. The process involved our sustainability team, business operational managers with area responsibility, the Executive Management and the Board. Our Board approved the updated ambitions and targets in mid-September 2021.

The priority areas include reducing our climate impact and increasing transparency, including our Hållbar Byggbransch (Eng: Sustainable Construction Industry) project, which focuses on combating crime and ensuring decent working conditions. Responsibility for each prioritised area has been allocated to a representative of Executive Management and to a business operational manager with area responsibility. Moreover, each area has been allocated a sustainability strategist from the Sustainability unit.

Each quarter, progress in the various areas is reported to the Executive Management as part of following up efforts and ensuring integration of sustainability. A progress summary is reported twice each year to the Board. This includes adaptation to international and national standards, as well as development and implementation of activities, and integration with strategies and processes. SBAB's Board receives updates on the overall progress and provides feedback and guidance. Read more about the structure and reporting of SBAB's sustainability efforts on pages 164–166.

Following an extensive consultation process that included the Executive Management and the Board, a climate goal was agreed in 2022 and a social goal linked to the "Sustainable Construction Industry" project was decided in 2023. The climate goal is one of our five Group-wide business goals. The climate goal is science-based and entails a reduction in emissions intensity (kgCO₂e per m²) from our lending portfolio of 30% by 2030 and 50% by 2038. The social goal is linked to the "Sustainable Construction Industry" project and is one of the Corporate Clients & Tenant-Owners' Associations' business goals. In 2023, the banks agreed shared specific requirements for

the construction and property sector. The overall aim of the banks' requirements is to support and influence the construction and property sector's own ongoing checks on subcontractors and to ensure control over subcontractors' tax payments and working conditions. The goal is linked to the proportion of subcontractors that are controlled and monitored.

Summary

Below is a summary of the progress made by SBAB over the past 12 months in line with each of the principles:

1) Alignment

- The climate goal is one of our five Group-wide business goals and has been integrated into our business planning for 2030. The social goal is one of the Corporate Clients & Tenant-Owners' Associations' business goals.

2) Impact and Target Setting

- An updated impact assessment pursuant to the CSRD and EFRS will be implemented and aligned with PRB work in 2024
- In addition to our science-based climate target, which we have been working on systematically in 2023, we have set a social target linked to the proportion controlling and monitoring their subcontractors at construction sites with the aim of increasing transparency, promoting decent working conditions and reducing crime.

3) Clients & Customers

Initiated internal and external discussions with customers on the further development of green, sustainable loan products. Increased focus on green and Taxonomy-aligned products to reach the climate goal, including Green investment loans, sustainability-linked loans, and various collaborations and tools together with Hemma and Ecoclimate to support customers in improving energy efficiency. Developed shared requirements for corporate customers together with other banks to combat financial crime and to ensure decent working conditions. The requirements enable the monitoring of construction sites and setting targets.

4) Stakeholders

Collaborated with other banks through the Swedish Bankers' Association's groups to develop methodologies linked to the calculation of financed emissions and to set shared requirements for corporate clients in the construction sector. This included dialogue, workshops and surveys for the Board and Executive Management, partners, customers and employees as part of the new materiality assessment in 2023.

5) Governance & culture

Our sustainability agenda governance model includes the Board, the Executive Management, the sustainability team and operational managers who have all been actively engaged both in the materiality assessment and in the impact analysis as well as setting objectives for our prioritised areas. Since the climate goal is one of our five business goals, it will be followed up and highly prioritised in the organisation. Another of our priority areas comprises the work with the "Sustainable Construction Industry" project, and Corporate Clients & Tenant-Owners' Associations has set a business goal linked to the monitoring of corporate customers and their suppliers and subcontractors. Sustainability is also a component of our internal training and introduction courses.

6) Transparency & Accountability

Our climate impact is reported in our annual climate accounts, climate report and our Green bonds' impact report is regularly published with the aim of transparency regarding our emissions and impact. SBAB will continuously report emissions from our entire lending portfolio as well as in our climate report together with progress toward our climate goal which is our SMART goal linked to climate change mitigation. The social goal will be reported internally and in our annual report.

To conclude, over the past year, SBAB has structured and started its work within the framework of the Principles for Responsible Banking and set two SMART targets: one climate goal and one social goal. These initiatives will be developed moving forward with a focus in the coming year on continuing to reach our private, tenant association and corporate customers with information, requirements, tools and products to promote a positive and to the reduce negative impact on climate and social matters.

S:11 GRI/COP INDEX

General disclosures

| GRI Standard | Description | Page reference | Comment/Omission |
|--|---|----------------|---|
| GRI 2: General disclosures (2021) | | | |
| 2-1 | Organisational details | 46 | |
| 2-2 | Entities included in the organisation's sustainability reporting | 166 | |
| 2-3 | Reporting period, frequency and contact point | 189 | |
| 2-4 | Restatements of information | 167 | |
| 2-5 | External assurance | 187 | |
| 2-6 | Activities, value chain and other business relationships | 14-15, 32, 172 | |
| 2-7 | Employees | 173-174 | |
| 2-8 | Workers who are not employees | - | We do not register the number of consultants at a consolidated level |
| 2-9 | Governance structure and composition | 66-72, 170 | |
| 2-10 | Nomination and selection of the highest governance body | 66-72 | |
| 2-11 | Chair of the highest governance body | 66-72 | |
| 2-12 | Role of the highest governance body in overseeing the management of impacts | 170 | |
| 2-13 | Delegation of responsibility for managing impacts | 170 | |
| 2-14 | Role of the highest governance body in sustainability reporting | 186 | |
| 2-15 | Conflicts of interest | 66-72 | |
| 2-16 | Communication of critical concerns | 30, 71-72 | |
| 2-17 | Collective knowledge of the highest governance body | 66-72 | |
| 2-18 | Evaluation of the performance of the highest governance body | 66-72 | |
| 2-19 | Remuneration policies | 138-140, 173 | |
| 2-20 | Process to determine remuneration | 138-140, 173 | |
| 2-21 | Annual total compensation ratio | 173 | Since 2012, there have been no incentive programmes and no variable remuneration within the Group |
| 2-22 | Statement on sustainable development strategy | 8-9 | |
| 2-23 | Policy commitments | 175 | |
| 2-24 | Embedding policy commitments | 170 | |
| 2-25 | Processes to remediate negative impacts | 170 | |
| 2-26 | Mechanisms for seeking advice and raising concerns | 30, 36, 60-61 | |
| 2-27 | Compliance with laws and regulations | | |
| 2-28 | Membership associations | 167 | |
| 2-29 | Approach to stakeholder engagement | 168 | |
| 2-30 | Collective bargaining agreements | 173 | |

Specific disclosures

| GRI Standard | Description | Page reference | Comment/Omission | Sustainability topic in SBAB's materiality assessment |
|--------------------------------------|--------------------------------------|----------------|------------------|---|
| GRI 3: Material topics (2021) | | | | |
| 3-1 | Process to determine material topics | 168-170 | | |
| 3-2 | List of material topics | 169 | | |

| GRI Standard | Description | Page reference | Comment/ Omission | Sustainability topic in SBAB's materiality assessment |
|---|--|-------------------------------------|------------------------------------|--|
| ECONOMIC PERFORMANCE | | | | |
| 201: Economic Performance (2016) | | | | |
| 3-3 | Management of material topics | 38-42, 60-61, 171-173, 175 | | Financial stability Identify and manage climate-related risks |
| 201-1 | Direct economic value generated and distributed | 174 | | |
| 201-2 | Financial implications and other risks and opportunities due to climate change | 60-61, 176 | | |
| 205: Anti-corruption | | | | |
| 3-3 | Management of material topics | 23, 30, 60-61, 172, 196 | | Business conduct and transparency |
| 205-2 | Communication and training about anti-corruption policies and procedures | 30, 172 | | |
| 205-3 | Confirmed incidents of corruption and actions taken | | No incidents reported in 2023 | |
| ENVIRONMENTAL | | | | |
| 305: Emissions | | | | |
| 3-3 | Management of material topics | 23, 32-33, 60-61, 168-169, 172, 175 | | Climate impact – own operations |
| 305-1 | Direct (Scope 1) GHG emissions | 173 | | |
| 305-2 | Indirect (Scope 2) GHG emissions | 173 | | |
| 305-3 | Other indirect (Scope 3) GHG emissions | 32-33, 173 | | |
| 308: Supplier Environmental Assessment | | | | |
| 3-3 | Management of material topics | 23, 30, 60-61, 168-169, 172 | | Set requirements for suppliers |
| 308-1 | New suppliers that were screened using environmental criteria | 172 | | |
| SOCIAL | | | | |
| 401: Employment | | | | |
| 3-3 | Management of material topics | 31, 60-61, 169, 175 | Consultants have not been included | Attract employees |
| 401-1 | New employee hires and employee turnover | 173-174 | | |
| 403: Occupational Health and Safety (2018) | | | | |
| 3-3 | Management of material topics | 23, 35-36, 60-61, 168-169, 175 | | It is only relevant for SBAB to report sick leave. Divergencies: statistics not broken down by gender or region |
| 403-9 | Work-related injuries | 173 | | |
| 404: Training and education | | | | |
| 3-3 | Management of material topics | 34-36, 60-61, 168-169, 173, | | Develop and retain employees |
| 404-3 | Percentage of employees receiving regular performance and career development reviews | 173 | In 2023, 62% completed "My Plan" | |
| 405: Diversity and Equal Opportunity | | | | |
| 3-3 | Management approach | 22-23, 36, 60-61, 168-169, 175 | | Respect and equality – own operations |
| 405-1 | Diversity of governance bodies and employees | 174 | | |
| 406: Non-Discrimination | | | | |
| 3-3 | Management of material topics | 27, 29, 36, 168-169, 171, 173-175, | | Respect and equality – own operations |
| 406-1 | Incidents of discrimination and corrective actions taken | | No cases in 2023 | |
| 413: Local Communities | | | | |
| 3-3 | Management of material topics | 31, 170 | | |
| 413-1 | Operations with local community engagement, impact assessments, and development programs | | | |
| 414: Supplier social assessment | | | | |
| 3-3 | Management of material topics | 23, 30, 60-61, 168-169, 172 | | |
| 414-1 | New suppliers that were screened using environmental criteria | 172 | | |
| 418: Customer Privacy | | | | |
| 3-3 | Management of material topics | 27, 168-169, 171-173 | | Secure IT systems |
| 418-1 | Substantiated complaints concerning breaches of customer privacy and losses of customer data | | No cases in 2023 | |

The Board of Directors' signatures

The Board of Directors of SBAB hereby submit SBAB's Annual Report, which includes both the Annual Report and the Sustainability Report. The formal Annual Report is to be found in specially marked sections, which are also apparent from the table of contents. The Sustainability Report has been prepared in accordance with the Global Reporting Initiative's (GRI) guidelines; GRI Standards: Core option. It also constitutes SBAB's Communication on Progress (COP) to the UN Global Compact, a sustainability report in accordance with the Swedish Annual Accounts Act and information on how SBAB contributes to the 2030 Agenda for Sustainable Development.

The Board and the CEO certify that the sections pertaining to the formal annual accounts and the consolidated financial statements were prepared in accordance with the international accounting standards (IFRS) as adopted by the EU and provide a true and fair view of the Group's position and earnings. The formal annual accounts were otherwise prepared in accordance with generally accepted accounting policies and provide a true and fair view of the Parent Company's position and earnings. The Administration Report, which is provided on pages that have been marked specially, provides a true and fair view of the development of the operations, position and earnings, and

describes the significant risks and uncertainties faced by the Parent Company and the companies included in the Group.

In accordance with Chapter 6, Section 2, Item 2 of the Annual Accounts Act for Credit Institutions and Securities Companies, the Board considers the Group's equity to be sufficiently large in relation to the scope and risks of the operations.

The information provided gives a true and fair view of the circumstances of the company and nothing of material significance has been omitted which might affect the view of the company created by the Annual Report.

Solna, 18 March 2024

Jan Sinclair,
Chairman

Leif Pagrotsky
Board Member

Inga-Lill Carlberg
Board Member

Lars Börjesson
Board Member

Jenny Lahrin
Board Member

Wenche Martinussen
Board Member

Jane Lundgren Ericsson
Board Member

Synnöve Trygg
Board Member

Margareta Naumburg
Employee representative

Karin Neville
Employee representative

Fredrik Sauter
Board Member

Mikael Ingländer
CEO

Our audit report was submitted on 18 March 2024

Deloitte AB

Malin Lüning
Authorised Public Accountant

Auditor's Report

To the general meeting of the shareholders of SBAB Bank AB (publ) corporate identity number 556253-7513

Report on the annual accounts and consolidated accounts

Opinions

We have audited the annual accounts and consolidated accounts of SBAB Bank AB (publ) for the financial year 2023-01-01 - 2023-12-31 except for the corporate governance statement on pages 62-68. The annual accounts and consolidated accounts of the company are included on pages 40-160 and 184 in this document.

In our opinion, the annual accounts have been prepared in accordance with the Annual Accounts Act for Credit Institutions and Securities Companies and present fairly, in all material respects, the financial position of the parent company as of 31 December 2023 and its financial performance and cash flow for the year then ended in accordance with the Annual Accounts Act for Credit Institutions and Securities Companies. The consolidated accounts have been prepared in accordance with the Annual Accounts Act for Credit Institutions and Securities Companies and present fairly, in all material respects, the financial position of the group as of 31 December 2023 and their financial performance and cash flow for the year then ended in accordance with International Financial Reporting Standards (IFRS), as adopted by the EU, and the Annual Accounts Act for Credit Institutions and Securities Companies. The statutory administration report is consistent with the other parts of the annual accounts and consolidated accounts.

We therefore recommend that the general meeting of shareholders adopts the income statement and balance sheet for the parent company and the group.

Our opinions in this report on the annual accounts and consolidated accounts are consistent with the content of the additional report that has been submitted to the parent company's audit committee in accordance with the Audit Regulation (537/2014) Article 11.

Basis for Opinions

We conducted our audit in accordance with International Standards on Auditing (ISA) and generally accepted auditing standards in Sweden. Our responsibilities under those standards are further described in the Auditor's Responsibilities section. We are independent of the parent company and the group in accordance with professional ethics for accountants in Sweden and have otherwise fulfilled our ethical responsibilities in accordance with these requirements. This includes that, based on the best of our knowledge and belief, no prohibited services referred to in the Audit Regulation (537/2014) Article 5.1 have been provided to the audited company or, where applicable, its parent company or its controlled companies within the EU.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinions.

Key Audit Matters

Key audit matters of the audit are those matters that, in our professional judgment, were of most significance in our audit of the annual accounts and consolidated accounts of the current period. These matters were addressed in the context of our audit of, and in forming our opinion thereon, the annual accounts and consolidated accounts as a whole, but we do not provide a separate opinion on these matters.

Judgments and estimates with respect to valuation of loan receivables

Recognition and measurement of financial instruments as regulated in IFRS 9 is a complex area with significant impact on SBAB's business and financial reporting. IFRS 9 is a complex accounting standard which requires significant judgment to determine the loan loss provision.

Key areas of judgment include:

- The interpretation of the requirements to determine loan loss provisions under application of IFRS 9, which is reflected in the Bank's expected credit loss model.
- The identification of exposures with a significant deterioration in credit quality.
- Assumptions used in the expected credit loss model such as the financial condition of the counterparty, expected future cash flows and forward looking macroeconomic factors (unemployment rates, interest rates, and property prices).

At December 31, 2023, loans to the public amounted to 517 400 million SEK, with loan loss provisions of 292 million SEK. Given the significance of loans to the public (representing 80% of total assets), the impact from the inherent uncertainty and subjectivity involved in assessing loan loss provisions, as well as the extensive disclosures required under IFRS 9, we consider this to be a key audit matter for our audit.

Refer to critical judgments and estimates in note **G 1** in the financial statements and related disclosures of credit risk in note **RC 1**.

Our audit procedures included, but were not limited to:

- We evaluated relevant controls within the loan loss provision process to verify if they are appropriately designed and implemented during the year. We also obtained an understanding of the process for key decisions from management and committee meetings that

form part of the approval process for loan loss provisions.

- We obtained an understanding of system-based and manual controls over the recognition and measurement of loan loss provisions and for key controls designed tests to verify if the controls were implemented during the year.
- We assessed, supported by our credit risk modelling specialists, the modelling techniques and model methodologies against the requirements of IFRS 9.
- We assessed the sufficiency of the new underlying models developed for loan loss provisions that were implemented during the year.
- We have audited a selection of loans with identifiable worsened credit to evaluate the reasonableness in the bank's judgement of the loan loss provision for these loans.
- Finally, we assessed the completeness and accuracy of the disclosures relating to loan loss provision to assess compliance with disclosure requirements included in IFRS.

IT-systems that support complete and accurate financial reporting

SBAB is dependent on their IT-systems to ensure complete and accurate processing of financial transactions and support the overall internal control framework. Many of SBAB's internal controls over financial reporting are dependent upon automated application controls and completeness and integrity of reports generated by the IT-systems. Given the high dependency on technology, we consider this to be a key audit matter for our audit.

The following risks that could affect the financial reporting were identified:

- Incorrect and unauthorized changes to the IT environment
- Lack of operational and monitoring routines for the IT environment
- Incorrect and inadequate configuration of information security

Our audit procedures included, but were not limited to:

- We have audited the management's tests and controls in connection with changes in the IT environment.
- We have examined the process for monitoring the IT-System.
- We have reviewed the process of identity and access management, including assignment, change and removal of access rights.
- We have evaluated that processes and tools for ensuring access to information based on user needs and operational requirements, including back-up of information and restoring routines, are appropriately designed.

Auditor's Report

Other information than the annual accounts and consolidated accounts

This document also contains other information than the annual accounts and consolidated accounts and is found on pages 1-39, 161-183 and 189-192. The Board of Directors and the Managing Director are responsible for this other information.

Our opinion on the annual accounts and consolidated accounts does not cover this other information and we do not express any form of assurance conclusion regarding this other information.

In connection with our audit of the annual accounts and consolidated accounts, our responsibility is to read the information identified above and consider whether the information is materially inconsistent with the annual accounts and consolidated accounts. In this procedure we also take into account our knowledge otherwise obtained in the audit and assess whether the information otherwise appears to be materially misstated.

If we, based on the work performed concerning this information, conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of the Board of Directors and the Managing Director

The Board of Directors and the Managing Director are responsible for the preparation of the annual accounts and consolidated accounts and that

they give a fair presentation in accordance with the Annual Accounts Act for Credit Institutions and Securities Companies and, concerning the consolidated accounts, in accordance with IFRS as adopted by the EU. The Board of Directors and the Managing Director are also responsible for such internal control as they determine is necessary to enable the preparation of annual accounts and consolidated accounts that are free from material misstatement, whether due to fraud or error.

In preparing the annual accounts and consolidated accounts, The Board of Directors and the Managing Director are responsible for the assessment of the company's and the group's ability to continue as a going concern. They disclose, as applicable, matters related to going concern and using the going concern basis of accounting. The going concern basis of accounting is however not applied if the Board of Directors and the Managing Director intends to liquidate the company, to cease operations, or has no realistic alternative but to do so.

The Audit Committee shall, without prejudice to the Board of Director's responsibilities and tasks in general, among other things oversee the company's financial reporting process.

Auditor's responsibility

Our objectives are to obtain reasonable assurance about whether the annual accounts and consolidated accounts as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opin-

ions. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs and generally accepted auditing standards in Sweden will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these annual accounts and consolidated accounts.

A further description of our responsibilities for the audit of the annual accounts and consolidated accounts is located at the Swedish Inspectorate of Auditors website: www.revisorsinspektionen.se/revisorsansvar. This description forms part of the auditor's report.

From the matters communicated with the Board of Directors, we determine those matters that were of most significance in the audit of the annual accounts and consolidated accounts, including the most important assessed risks for material misstatement, and are therefore the key audit matters. We describe these matters in the auditor's report unless law or regulation precludes disclosure about the matter.

Report on other legal and regulatory requirements

Opinions

In addition to our audit of the annual accounts and consolidated accounts, we have also audited the administration of the Board of Directors and the Managing Director of SBAB Bank AB (publ) for the financial year 2023-01-01 - 2023-12-31 and the proposed appropriations of the company's profit or loss.

We recommend to the general meeting of shareholders that the profit to be appropriated in accordance with the proposal in the statutory administration report and that the members of the Board of Directors and the Managing Director be discharged from liability for the financial year.

Basis for Opinions

We conducted the audit in accordance with generally accepted auditing standards in Sweden. Our responsibilities under those standards are further described in the Auditor's Responsibilities section. We are independent of the parent company and the group in accordance with professional ethics for accountants in Sweden and have otherwise fulfilled our ethical responsibilities in accordance with these requirements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinions.

Responsibilities of the Board of Directors and the Managing Director

The Board of Directors is responsible for the proposal for appropriations of the company's profit or loss. At the proposal of a dividend, this includes an assessment of whether the dividend is justifiable considering the requirements which the com-

pany's and the group's type of operations, size and risks place on the size of the parent company's and the group's equity, consolidation requirements, liquidity and position in general.

The Board of Directors is responsible for the company's organization and the administration of the company's affairs. This includes among other things continuous assessment of the company's and the group's financial situation and ensuring that the company's organization is designed so that the accounting, management of assets and the company's financial affairs otherwise are controlled in a reassuring manner. The Managing Director shall manage the ongoing administration according to the Board of Directors' guidelines and instructions and among other matters take measures that are necessary to fulfill the company's accounting in accordance with law and handle the management of assets in a reassuring manner.

Auditor's responsibility

Our objective concerning the audit of the administration, and thereby our opinion about discharge from liability, is to obtain audit evidence to assess with a reasonable degree of assurance whether any member of the Board of Directors or the Managing Director in any material respect:

- has undertaken any action or been guilty of any omission which can give rise to liability to the company, or
- in any other way has acted in contravention of the Companies Act, the Annual Accounts Act for Credit Institutions and Securities Companies or the Articles of Association.

Our objective concerning the audit of the proposed appropriations of the company's profit or loss, and thereby our opinion about this, is to assess with reasonable degree of assurance whether the proposal is in accordance with the Companies Act.

Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with generally accepted auditing standards in Sweden will always detect actions or omissions that can give rise to liability to the company, or that the proposed appropriations of the company's profit or loss are not in accordance with the Companies Act.

As part of an audit according to generally accepted auditing standards in Sweden we use professional judgement and have a professional sceptical attitude throughout the whole audit. The audit of the company's administration and proposal for appropriations of the company's profit or loss is based mainly on the audit of the financials. What other additional audit procedures that is performed is based on our professional judgement and stems from risk and materiality. This means our main focus in the audit are procedures, areas and conditions in which are material for the operations and where deviations would have material impact on the company's situation. We assess made decisions, underlying documentation for decisions, taken measures and other conditions relevant for our opinion about discharge from liability. As grounds for our opinion of the Board of Directors proposed appropriations of the company's profit or loss we have audited if the proposal is in accordance with the Companies Act.

The auditor's examination of the Esef report

Opinion

In addition to our audit of the annual accounts and consolidated accounts, we have also examined that the Board of Directors and the Managing Director have prepared the annual accounts and consolidated accounts in a format that enables uniform electronic reporting (the Esef report) pursuant to Chapter 16, Section 4 a of the Swedish Securities Market Act (2007:528) for SBAB Bank AB (publ) for the financial year 2023-01-01 - 2023-12-31.

Our examination and our opinion relate only to the statutory requirements.

In our opinion, the Esef report has been prepared in a format that, in all material respects, enables uniform electronic reporting.

Basis for opinion

We have performed the examination in accordance with FAR's recommendation RevR 18 Examination of the Esef report. Our responsibility under this recommendation is described in more detail in the Auditors' responsibility section. We are independent of SBAB Bank AB (publ) in accordance with professional ethics for accountants in Sweden and have otherwise fulfilled our ethical responsibilities in accordance with these requirements.

We believe that the evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Responsibilities of The Board of Directors and the Managing Director

The Board of Directors and the Managing Director are responsible for the preparation of the Esef report in accordance with the Chapter 16, Section 4 a of the Swedish Securities Market Act (2007:528), and for such internal control that the Board of Directors and the Managing Director determine is necessary to prepare the Esef report without material misstatements, whether due to fraud or error.

Auditor's responsibility

Our responsibility is to obtain reasonable assurance whether the Esef report is in all material respects prepared in a format that meets the requirements of Chapter 16, Section 4(a) of the Swedish Securities Market Act (2007:528), based on the procedures performed.

RevR 18 requires us to plan and execute procedures to achieve reasonable assurance that the Esef report is prepared in a format that meets these requirements.

Reasonable assurance is a high level of assurance, but it is not a guarantee that an engagement carried out according to RevR 18 and generally accepted auditing standards in Sweden will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the Esef report.

The firm applies International Standard on Quality Management 1, which requires the firm to design, implement and operate a system of quality management including policies or procedures regarding compliance with ethical requirements, professional standards and applicable legal and regulatory requirements.

The examination involves obtaining evidence, through various procedures, that the Esef report has been prepared in a format that enables uniform electronic reporting of the annual accounts and consolidated accounts. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement in the report, whether due to fraud or error. In carrying out this risk assessment, and in order to design audit procedures that are appropriate in the circumstances, the auditor considers those elements of internal control that are relevant to the preparation of the Esef report by the Board of Directors and the Managing Director, but not for the purpose of expressing an opinion on the effectiveness of those internal controls. The examination also includes an evaluation of the appropriateness and reasonableness of assumptions made by the Board of Directors and the Managing Director.

The procedures mainly include a validation that the Esef report has been prepared in a valid XHTML format and a reconciliation of the Esef report with the audited annual accounts and consolidated accounts.

Furthermore, the procedures also include an assessment of whether the consolidated statement of financial performance, financial position, changes in equity, cash flow and disclosures in the Esef report have been marked with iXBRL in

accordance with what follows from the Esef regulation.

The auditor's examination of the corporate governance statement

The Board of Directors is responsible for that the corporate governance statement on pages 62-68 has been prepared in accordance with the Annual Accounts Act.

Our examination of the corporate governance statement is conducted in accordance with FAR's standard Rev 16 The auditor's examination of the corporate governance statement. This means that our examination of the corporate governance statement is different and substantially less in scope than an audit conducted in accordance with International Standards on Auditing and generally accepted auditing standards in Sweden. We believe that the examination has provided us with sufficient basis for our opinions.

A corporate governance statement has been prepared. Disclosures in accordance with chapter 6 section 6 the second paragraph points 2-6 of the Annual Accounts Act and chapter 7 section 31 the second paragraph the same law are consistent with the other parts of the annual accounts and consolidated accounts and are in accordance with the Annual Accounts Act for Credit Institutions and Securities Companies.

Deloitte AB, was appointed auditor of SBAB Bank AB (publ) by the general meeting of the shareholders on the 2023-04-27 and has been the company's auditor since 2016-04-28.

Stockholm 18 March 2024
Deloitte AB

Signature on Swedish original

Malin Lünig
Authorised Public Accountant

Auditor's Limited Assurance Report on SBAB Bank AB:s Sustainability Report, self-assessment of the Principles for Responsible Banking and statement regarding the Statutory Sustainability Report

To SBAB Bank AB (publ), corporate identity number 556253-7513

This is the translation of the auditor's report in Swedish.

Introduction

We have been engaged by the Board of Directors of SBAB Bank AB (publ) to undertake a limited assurance engagement of the SBAB Bank AB Sustainability Report and SBAB Bank AB self-assessments/assertions of its fulfilment of its commitments as a signatory of the Principles for Responsible Banking for the year 2023. The Company has defined the scope of the Sustainability Report on page 1-39 and 161-183, the self-assessment/assertions of the Principles for Responsible Banking on page 181, and the Statutory Sustainability Report on page 172.

Responsibilities of the Board of Directors and the Executive Management

The Board of Directors and the Executive Management are responsible for the preparation of the Sustainability Report, the self-assessment of the Principles for Responsible Banking, and the Statutory Sustainability Report in accordance with the applicable criteria and the Annual Accounts Act respectively. The criteria are defined on page 172 in the Sustainability Report, and are part of the Sustainability Reporting Guidelines published by GRI (Global Reporting Initiative), which are applicable to the Sustainability Report, as well as the accounting and calculation principles that the Company has developed. The criteria for SBAB Bank AB's self-assessment of its fulfilments of its commitments as signatory of the Principles for Responsible Banking are summarised on page 181 and described fully in the self-assessment (available at SBAB:s webpage). This responsibility also includes the internal control relevant to the preparation of a Sustainability Report that is free from material misstatements, whether due to fraud or error.

Responsibilities of the auditor

Our responsibility is to express a conclusion on the Sustainability Report based on the limited assurance procedures we have performed and to

express an opinion regarding the Statutory Sustainability Report. Our engagement is limited to historical information presented and does therefore not cover future-oriented information.

We conducted our limited assurance engagement in accordance with ISAE 3000 (revised) Assurance Engagements Other than Audits or Reviews of Historical Financial Information. A limited assurance engagement consists of making inquiries, primarily of persons responsible for the preparation of the Sustainability Report, and applying analytical and other limited assurance procedures. Our examination regarding the Statutory Sustainability Report has been conducted in accordance with FAR's accounting standard RevR 12. The auditor's opinion regarding the Statutory Sustainability Report. A limited assurance engagement and an examination according to RevR 12 is different and substantially less in scope than an audit conducted in accordance with International Standards on Auditing and generally accepted auditing standards in Sweden.

The firm applies International Standard on Quality Management 1, which requires the firm to design, implement and operate a system of quality management including policies or procedures regarding compliance with ethical requirements, professional standards and applicable legal and regulatory requirements. We are independent of SBAB Bank AB in accordance with professional ethics for accountants in Sweden and have otherwise fulfilled our ethical responsibilities in accordance with these requirements.

The limited assurance procedures performed and the examination according to RevR 12 do not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. The conclusion based on a limited assurance engagement and an examination according to RevR 12 does not provide the same level of assurance as a conclusion based on an audit.

Our procedures are based on the criteria defined by the Board of Directors and the Executive Management as described above. We consider these criteria suitable for the preparation of the Sustainability Report.

We believe that the evidence we have obtained is sufficient and appropriate to provide a basis for our conclusion below.

Conclusion

Based on the limited assurance procedures we have performed, nothing has come to our attention that causes us to believe that the Sustainability Report and the self-assessment of the Principles for Responsible Banking, is not prepared, in all material respects, in accordance with the criteria defined by the Board of Directors and Executive Management.

A Statutory Sustainability Report has been prepared.

Stockholm 18 March 2024

Deloitte AB
Signature on Swedish original

Malin Lünig
Authorized Public Accountant

Five-year summary

Income-statement items

| SEK million | GROUP | | | | |
|--|---------------|---------------|---------------|---------------|---------------|
| | 2023 | 2022 | 2021 | 2020 | 2019 |
| Interest income | 25,421 | 9,853 | 6,039 | 6,316 | 5,868 |
| Interest expense | -19,975 | -5,198 | -1,925 | -2,569 | -2,395 |
| Net interest income | 5,446 | 4,655 | 4,114 | 3,747 | 3,473 |
| Other operating income ¹⁾ | -79 | 26 | 8 | -19 | 48 |
| Total operating income | 5,367 | 4,681 | 4,122 | 3,728 | 3,521 |
| Depreciation, amortisation and impairment of PPE and intangible assets | -165 | -176 | -117 | -158 | -71 |
| Other operating expenses | -1,498 | -1,353 | -1,375 | -1,177 | -1,116 |
| Total operating expenses | -1,663 | -1,529 | -1,492 | -1,335 | -1,187 |
| Profit before credit losses and imposed fees | 3,704 | 3,152 | 2,630 | 2,393 | 2,334 |
| Credit losses | -93 | -68 | 11 | -32 | -26 |
| Imposed fees: Risk tax and resolution fee | -541 | -445 | - | - | - |
| Operating profit | 3,070 | 2,639 | 2,641 | 2,361 | 2,308 |

Balance-sheet items

| SEK million | 2023 | 2022 | 2021 | 2020 | 2019 |
|-------------------------------------|----------------|----------------|----------------|----------------|----------------|
| Lending portfolio | 517,400 | 509,492 | 467,041 | 422,835 | 383,807 |
| Other assets | 133,153 | 124,993 | 91,296 | 88,524 | 91,725 |
| Total assets | 650,553 | 634,485 | 558,337 | 511,359 | 475,532 |
| Deposits | 215,211 | 182,443 | 144,950 | 135,658 | 130,542 |
| Issued debt securities, etc. | 382,770 | 393,885 | 364,365 | 323,704 | 303,597 |
| Other liabilities | 26,484 | 36,211 | 21,777 | 25,712 | 14,285 |
| Deferred tax liabilities | - | - | 304 | 651 | 579 |
| Subordinated debt | 1,998 | 1,997 | 1,996 | 1,995 | 4,948 |
| Equity | 24,090 | 19,949 | 24,945 | 23,639 | 21,581 |
| Total liabilities and equity | 650,553 | 634,485 | 558,337 | 511,359 | 475,532 |

Key performance indicators

| % | 2023 | 2022 | 2021 | 2020 | 2019 |
|---|--------|---------|---------|--------|--------|
| New lending, SEK million | 71,068 | 105,404 | 107,076 | 95,138 | 75,514 |
| Net interest margin | 0.85 | 0.78 | 0.77 | 0.76 | 0.75 |
| Credit loss ratio | -0.02 | -0.01 | 0.00 | -0.01 | -0.01 |
| C/I ratio | 31 | 32.7 | 36.2 | 36 | 34 |
| Return on equity | 11.5 | 10.5 | 11.1 | 10.8 | 11.7 |
| Return on assets | 0.3 | 0.4 | 0.4 | 0.4 | 0.4 |
| Number of employees at year-end, FTEs ²⁾ | 948 | 863 | 839 | 760 | 695 |
| CET1 capital ratio | 12.3 | 12.8 | 13.5 | 13.4 | 13.1 |
| Tier 1 capital ratio | 15.8 | 16.6 | 16.6 | 16.1 | 17.3 |
| Total capital ratio | 17.0 | 17.9 | 18.1 | 17.6 | 20.1 |

¹⁾ The item includes net commission, the net result of financial transactions and other operating income.

²⁾ Number of employees expressed as full-time equivalents (FTEs), adjusted for sick leave and leave of absence.

Alternative performance measures

Alternative performance measures (APMs) are financial metrics of historical or future performance, financial position or cash flows that are not defined in the applicable rules for financial reporting (for example, IFRS and the Swedish Annual Accounts Act) or in the EU's Capital Requirements Directive (CRD IV)/Capital Requirements Regulation (CRR).

SBAB uses APMs when these are relevant for the presentation and follow-up of the Group's financial position and when

these metrics are deemed to provide additional valuable information to readers of the financial reports. SBAB has also chosen to present the APMs as they are in common use within the industry. APMs can be calculated with various approaches and, accordingly, SBAB's metrics are not directly comparable with similar metrics presented by other companies.

Credit loss ratio

Definition: Credit losses for the period in relation to total lending to the public (closing balances).

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

| SEK million | GROUP | |
|-----------------------------|--------------|--------------|
| | 2023 | 2022 |
| Credit losses | -93 | -68 |
| Lending to the public | 517,400 | 509,492 |
| Credit loss ratio, % | -0.02 | -0.01 |

Return on equity

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

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

| SEK million | GROUP | |
|----------------------------|-------------|-------------|
| | 2023 | 2022 |
| Profit after tax | 2,408 | 2,081 |
| Average equity | 20,991 | 19,841 |
| Return on equity, % | 11.5 | 10.5 |

Return on equity excl. risk tax

Definition: Profit after tax in relation to average equity for the period (calculated using the opening and closing balances for the period), after adjustment for additional Tier 1 instruments and value changes in financial assets recognised in equity as well as the risk tax imposed as of 2022.

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

| SEK million | GROUP | |
|--|-------------|-------------|
| | 2023 | 2022 |
| Operating profit after tax | 2,692 | 2,287 |
| Gen. equity | 21,133 | 19,943 |
| Return excl. risk tax, %¹⁾ | 12.7 | 11.5 |

¹⁾ The risk tax for the period Jan–Dec 2022 amounted to SEK 261 million.

C/I ratio

Definition: Expenses for the period before credit losses in relation to operating income for the period.

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

| SEK million | GROUP | |
|--------------------------|-------------|-------------|
| | 2023 | 2022 |
| Total operating expenses | -1,664 | -1,529 |
| Total operating income | 5,367 | 4,681 |
| C/I ratio, % | 31.0 | 32.7 |

C/I ratio excl. transfer of resolution fee

Definition: Expenses for the period before credit losses in relation to operating income for the period after adjustment for the transfer of the resolution fee from net interest income to imposed fees in 2022.

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

| SEK million | GROUP | |
|--|-------------|-------------|
| | 2023 | 2022 |
| Expenses | -1,664 | -1,529 |
| Operating income excl. transfer of resolution fee | 5,185 | 4,497 |
| C/I ratio excl. transfer of resolution fee, % | 32.1 | 34.0 |

C/L ratio

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

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

| SEK million | GROUP | |
|--------------------------|-------------|-------------|
| | 2023 | 2022 |
| Total operating expenses | -1,664 | -1,529 |
| Lending to the public | 513,446 | 488,267 |
| C/L ratio, % | 0.32 | 0.31 |

Deposits/lending

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

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

| SEK million | GROUP | |
|----------------------------|-------------|-------------|
| | 2023 | 2022 |
| Deposits from the public | 215,211 | 182,443 |
| Lending to the public | 517,400 | 509,492 |
| Deposits/lending, % | 41.6 | 35.8 |

New lending

Definition: Gross lending for the period.

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

Definitions of other key performance indicators

| | |
|---------------------------------------|--|
| Number of employees (FTEs) | Number of employees expressed as full-time equivalents (FTEs), adjusted for sick leave and leave of absence |
| Return on assets | Net profit for the period after tax in relation to average total assets |
| CET1 capital ratio | CET1 capital in relation to risk-weighted assets |
| Total capital ratio | Own funds in relation to risk-weighted assets |
| Tier 1 capital ratio | Tier 1 capital in relation to risk-weighted assets |
| Leverage ratio | Tier 1 capital in relation to total assets and off-balance sheet exposures restated with the application of credit conversion factors |
| Liquidity coverage ratio, LCR | Liquid assets in relation to net cash outflows over a 30-day stress scenario in accordance with the European Commission's Delegated Regulation EU (2015/61) with regard to liquidity coverage requirements |
| Survival horizon | The number of days that the need for liquidity can be met in a stress scenario before new liquidity is needed |
| Net stable funding ratio, NSFR | A liquidity risk metric of a structural nature that demonstrates the stability of the Group's funding in relation to its assets. The NSFR was calculated pursuant to Regulation (EU) 2019/876 of the European Parliament and the Council on 31 December 2020 |

Outcome key performance indicators 2014–2023

| | 2014 | 2015 | 2016 | 2017 | 2018 | 2019 | 2020 | 2021 | 2022 | 2023 |
|--|--------|--------|--------|--------|--------|--------|--------|--------|--------|--------|
| Dividend | 502 | 0 | 628 | 684 | 690 | 0 | 0 | 832 | | |
| RoE ²⁾ | 12.10% | 10.20% | 12.30% | 12.50% | 12.10% | 11.70% | 10.80% | 11.10% | 10.50% | 10.50% |
| Capitalisation, CET1 capital ratio, above Swedish FSA requirement, % | 8.8% | 6.0% | 8.3% | 6.00% | 2.20% | 2.40% | 5.40% | 4.30% | 2.6% | 2.6% |

¹⁾ No data available before 2014 when different regulations applied.

²⁾ Definition changed in 2017, hence difference (2013–2017) compared to previously published figures

Financial calendar

Credit rating

| | | | Moody's | Standard & Poor's |
|-----------------------------|-----------------|--------------------------|---------|-------------------|
| Interim Report Jan–Mar 2024 | 25 April 2024 | Long-term funding, SBAB | A1 | A |
| Interim report Jan–Jun 2024 | 17 July 2024 | Long-term funding, SCBC | Aaa | – |
| Interim report Jan–Sep 2024 | 25 October 2024 | Short-term funding, SBAB | P–1 | A–1 |
| Year-end report 2024 | 31 January 2025 | | | |

SBAB's Annual General Meeting will be held on 24 April 2024 in Solna.

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