

AT1 2025

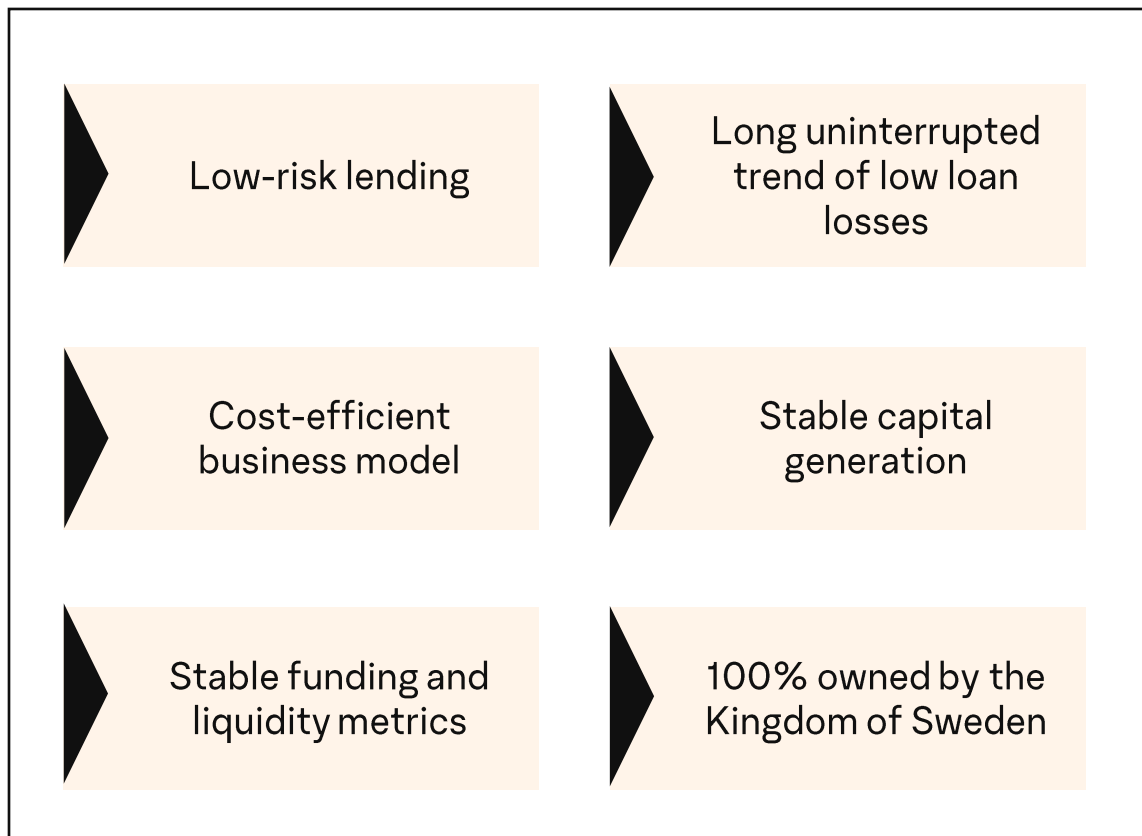
Investor Presentation
September 2025

SBAB Bank AB (publ)

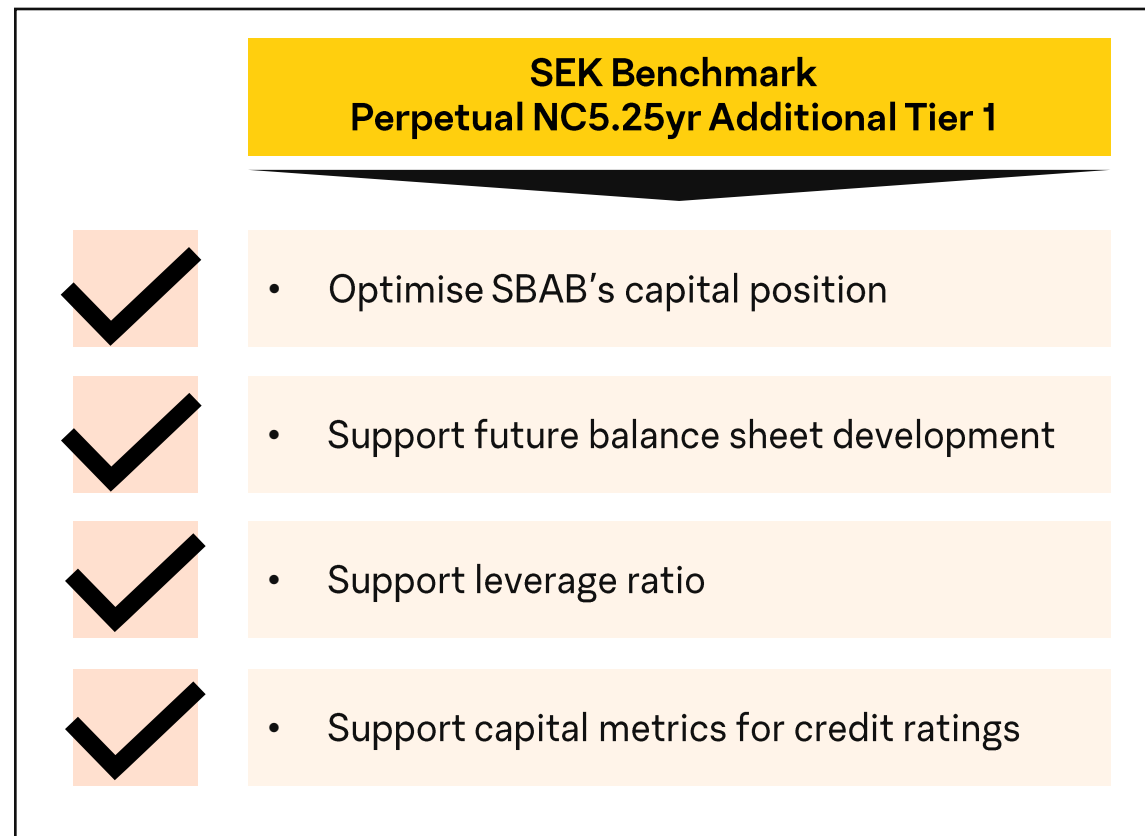
SBAB!

Transaction overview

Key investment highlights



Transaction rationale



Executive summary

- Founded in 1985 and 100% owned by the Kingdom of Sweden
- Swedish mortgage portfolio, predominantly residential mortgages (5th largest mortgage player in Sweden)
- Financial targets from owner covering profitability, capitalisation and dividend
- Increased funding needs in 2025 (approximately SEK 90 bn)

Total lending (SEK bn)

541

Total deposits (SEK bn)

262



9.7%
Return on equity
Jan-Jun 2025

14.5%
CET1 capital ratio
30 June 2025

0.01%
Credit loss level
Jan-Jun 2025

36.7%
C/I ratio
Jan-Jun 2025



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Straightforward business model

– Focus on collateralized lending in Sweden, lending portfolio predominantly residential mortgages

RETAIL LENDING

- Core product residential mortgages (5th largest player in Sweden) complemented with savings accounts
- No traditional retail bank branches, products and services offered online or by telephone
- Lending geographically concentrated to metropolitan areas in Sweden, including Stockholm, Gothenburg and Malmö, as well as university cities and growth regions
- Platform with value adding services relating to housing and household finances (through subsidiary Booli)



CORPORATE LENDING

- Lending to property companies, housing developers and tenant-owners' associations (ToA) as well as savings to corporates and organisations
- Multi-family dwellings, existing buildings or new construction, both privately owned or owned by ToAs
- Personal service from offices in Stockholm, Gothenburg and Malmö (credit granting concentrated to growth regions surrounding these three offices)
- Primarily targeting larger customers



	Volume (SEK)	Market share
Residential Mortgages	371 bn	8.79%
Consumer Loans	2 bn	0.51%
Retail Deposits	207 bn	7.59%

	Volume (SEK)	Market share
Property Companies (resident.)	105 bn	18.25%
Tenant-Owners' Associations	63 bn	10.99%
Corporate Deposits	55 bn	4.00%



Financial targets and strategic goals

– Long-term ambitious strategic management goals for 2030

Financial targets from the owner

Profitability	≥10%
Return on equity over time	
Capitalisation	≥0.6%
CET1 capital ratio and total capital ratio above regulatory requirement communicated by the Swedish FSA*	
Dividend	≥40%
Ordinary dividend based on profit for the year after tax, taking the Group's capital structure into account	

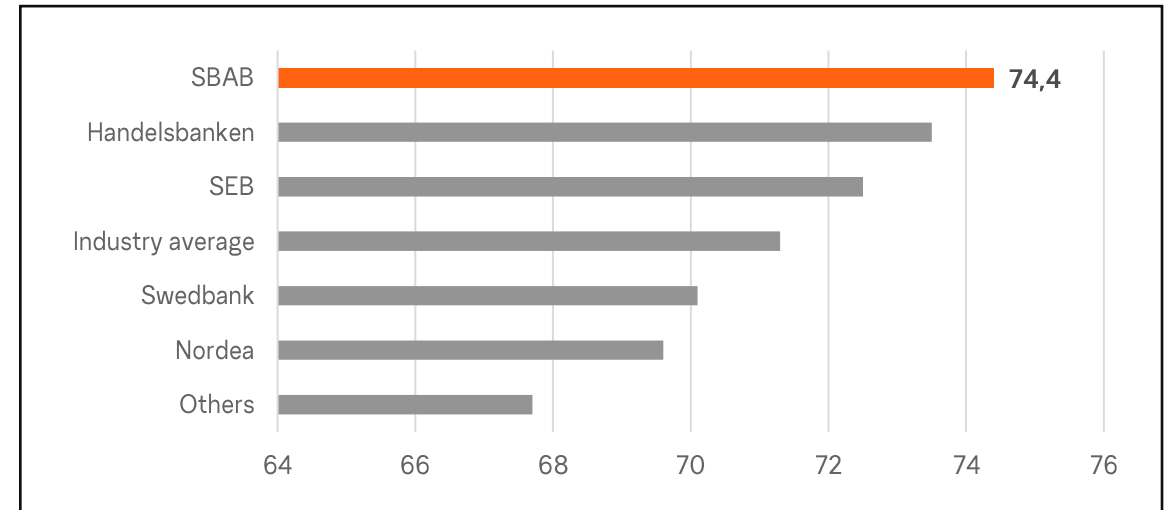
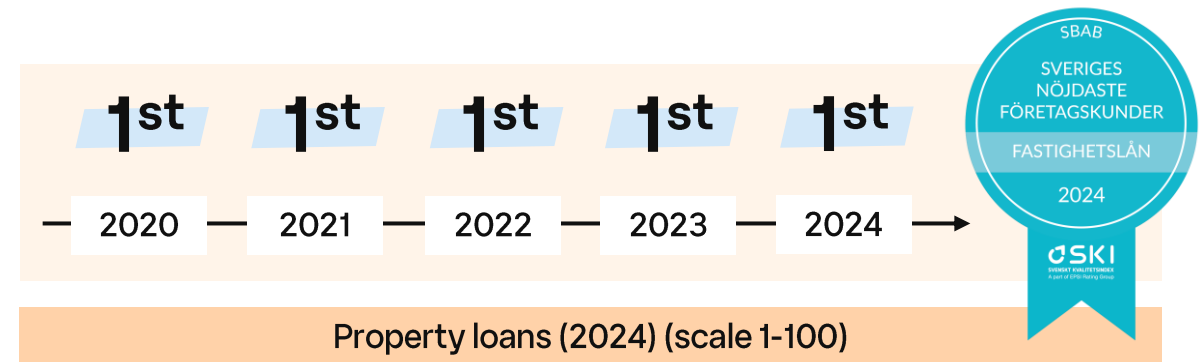
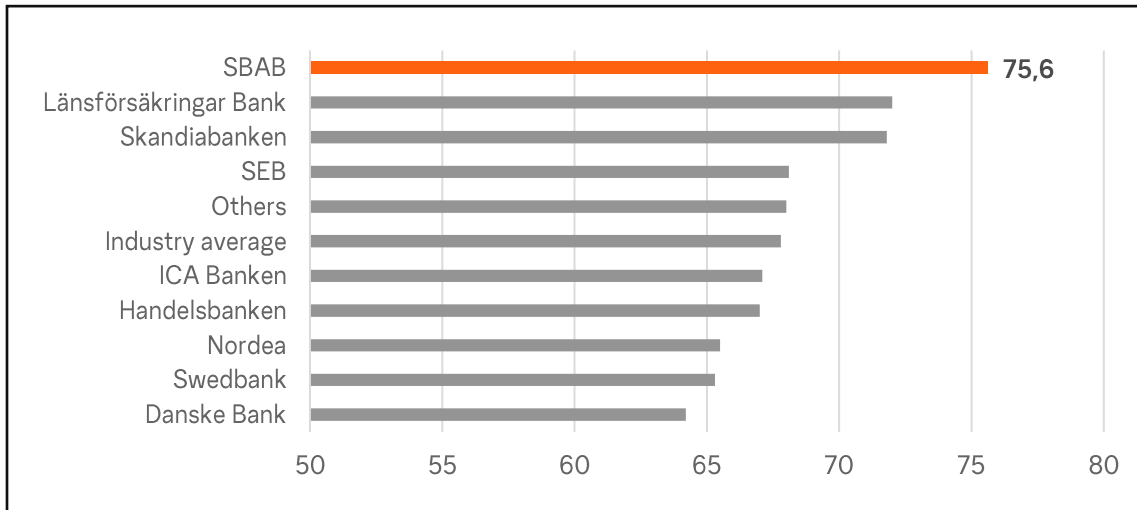
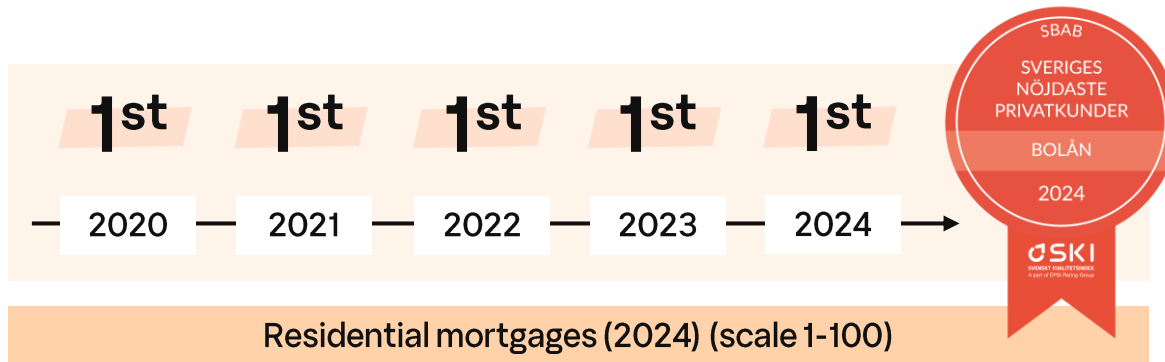
Long-term strategic management goals

Target area	Target 2030
Long-term Value Creation	• Return on Equity: ≥10%
Sustainable Society	• Emission Reduction: –50%
Customer Satisfaction	• Market Share Residential Mortgages: 10% • Market Share Corporates: 20% • Market Share Tenant-Owners' Associations: 15%
Efficient Operations	• Cost/Income Ratio: <30%
Attractive Workplace	• Commitment: ≥4 (on a scale of 1-5)



Customer satisfaction

– Very strong client appreciation over time (number 1 in SKI survey for 6 and 7 years consecutively in respective lending segment)



Financial development Q2 2025 & H1 2025

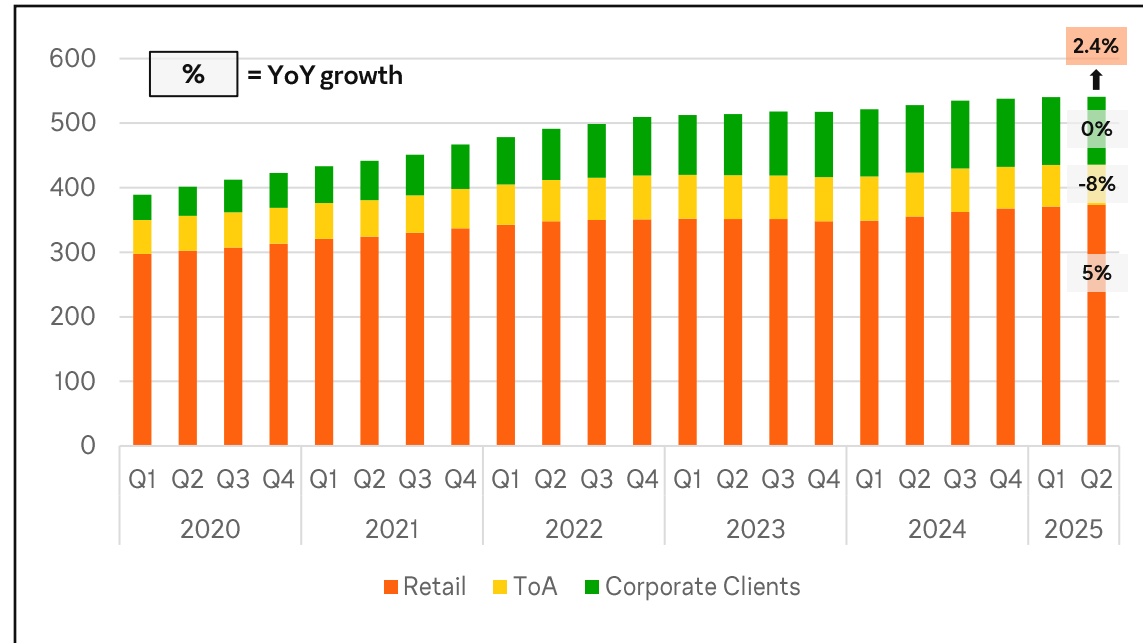
mnkr	Q2 2025	Q1 2025	▲	Jan-Jun 2025	Jan-Jun 2024	▲	FY 2024
Lending (SEK bn)	540.9	540.4	+0.1%	540.9	528.0	+2.5%	537.8
Deposits (SEK bn)	262.3	255.0	+2.8%	262.3	241.3	+8.7%	255.9
Net interest income	1,258	1,335	-5.8%	2,593	2,726	-4.9%	5,288
Net commission	-12	-16	+4 mn	-28	-31	+3 mn	-54
Net result financial transactions	6	-3	+9 mn	3	56	-53 mn	86
Costs	-482	-473	+2.1%	-954	-909	+5.0%	-1,907
Loan losses	26	-6	-32 mn	20	-44	-64 mn	0
Imposed fees (risk tax and resolution fee)	-141	-146	- 5 mn	-287	-284	+3 mn	-570
Operating profit	671	710	-5.5%	1,381	1,541	-10.4%	2,900
Return on equity (%)	9.3%	10.1%	-0.8 pp	9.7%	11.3%	-1.6 pp	10.4%
C/I ratio (%)	38.0%	35.4%	+2.6 pp	36.7%	32.7%	+4.0 pe	35.5%
Loan loss ratio (%)	0.02%	0.00%	+0.02 pp	0.01%	-0.02%	+0.03 pe	0.00%
CET1 capital ratio (%)	14.5%	14.4%	+0.1 pp	14.5%	12.1%	+2.4 pe	12.7%



Overview of lending development

– Continued strong growth trend for mortgages despite challenging market conditions

Lending (SEK bn)

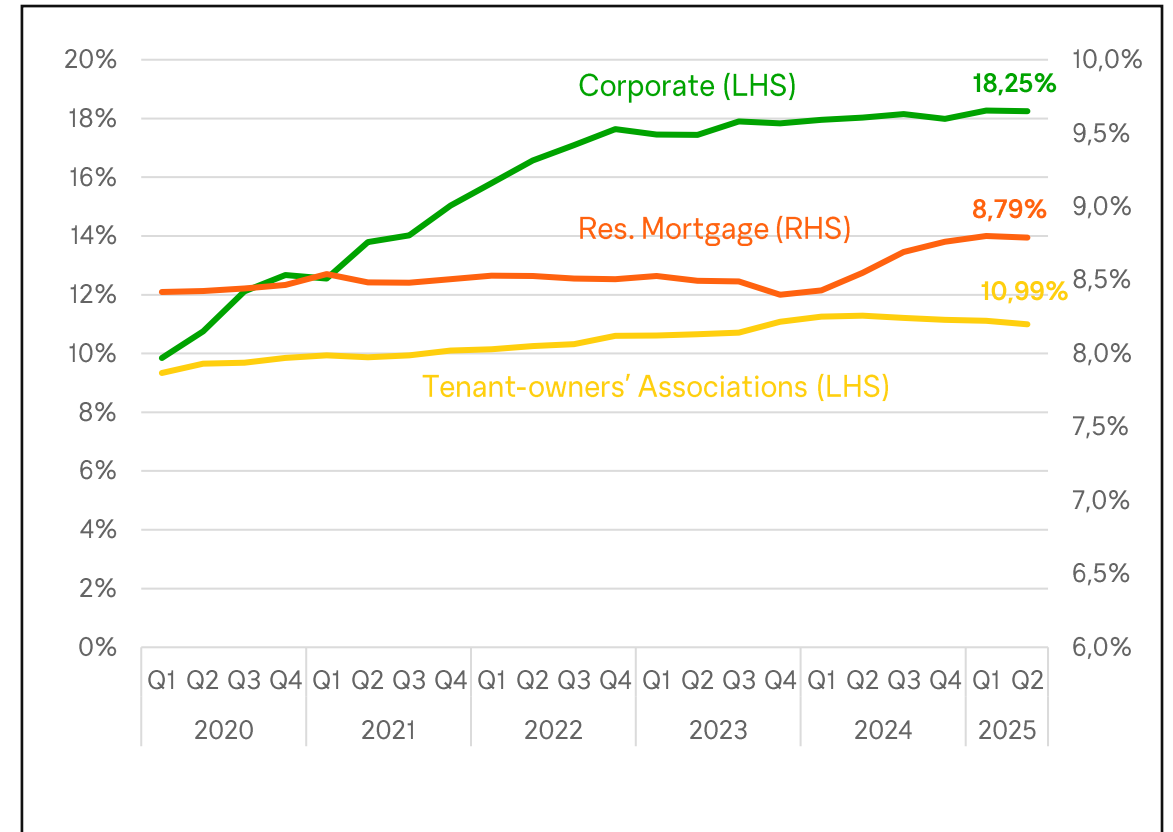


Growth in lending
(QoQ / YoY)

+0.1%

+2.4%

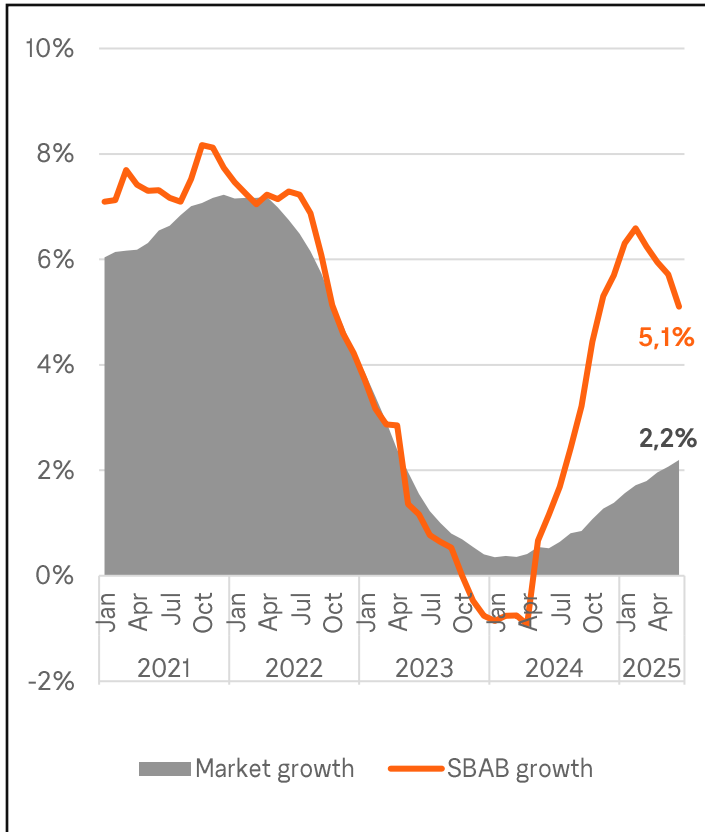
Market shares (%)*



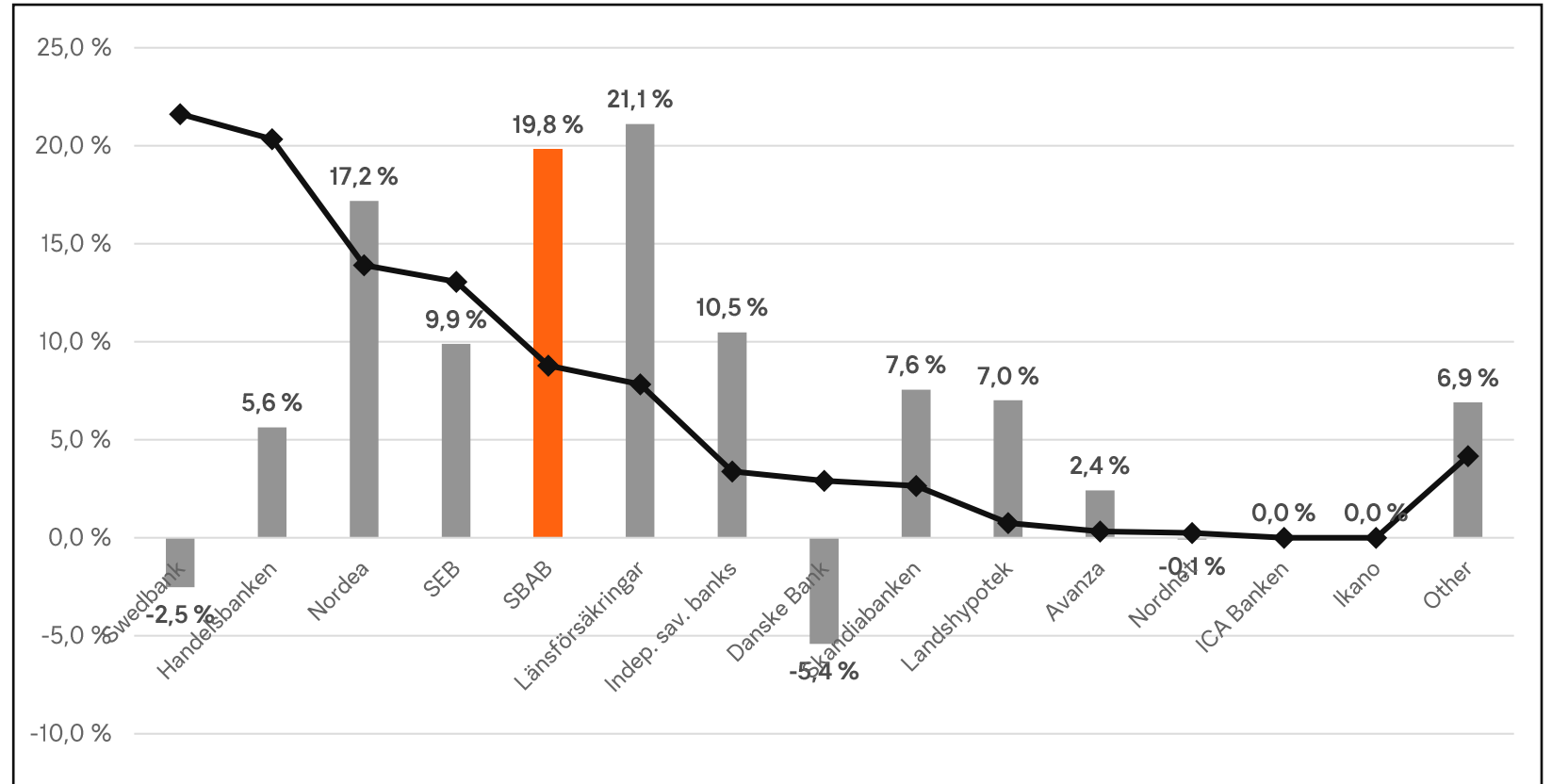
Mortgage market dynamics

– SBAB performs well in a market characterized by tough competition, compressed margins and muted credit growth

Total market growth



Share of net market growth (R12) vs back book market share



Overview of deposit development

– Strong growth in recent years amid regained strategic focus on growing share of deposits in funding mix

Deposits (SEK bn)

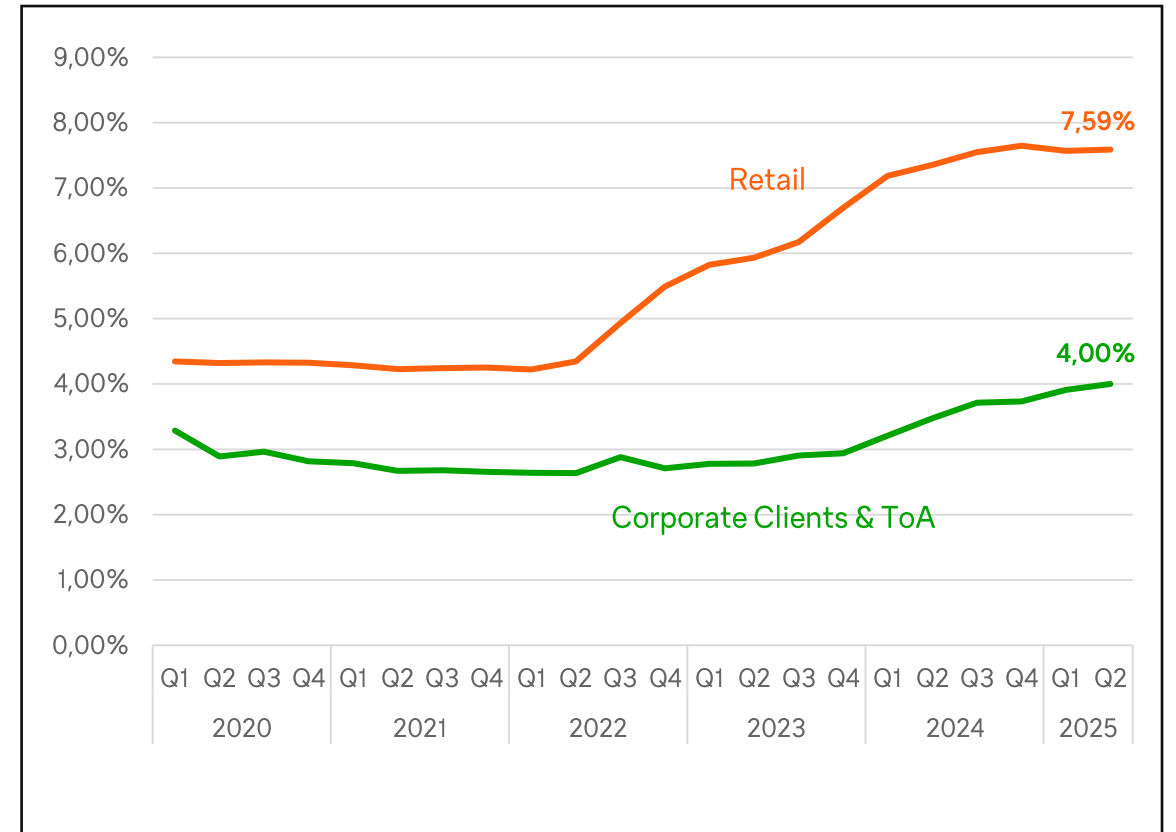


Growth in deposits
(QoQ / YoY)

+2.9%

+8.7%

Market shares (%)*

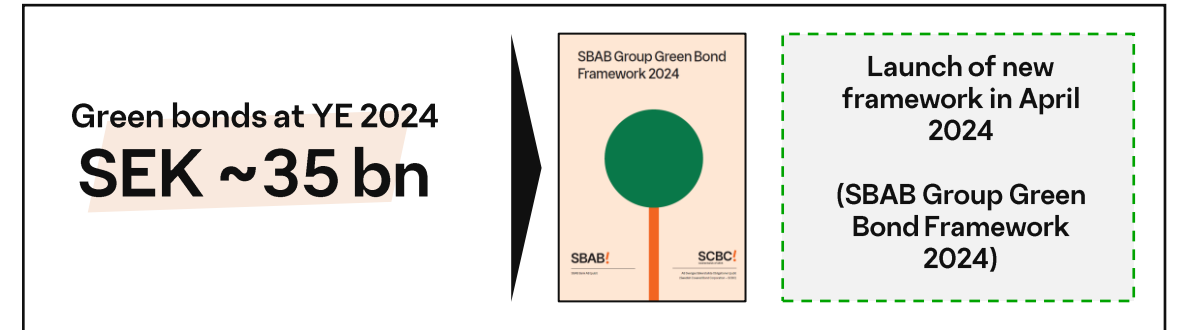


Recent sustainability developments

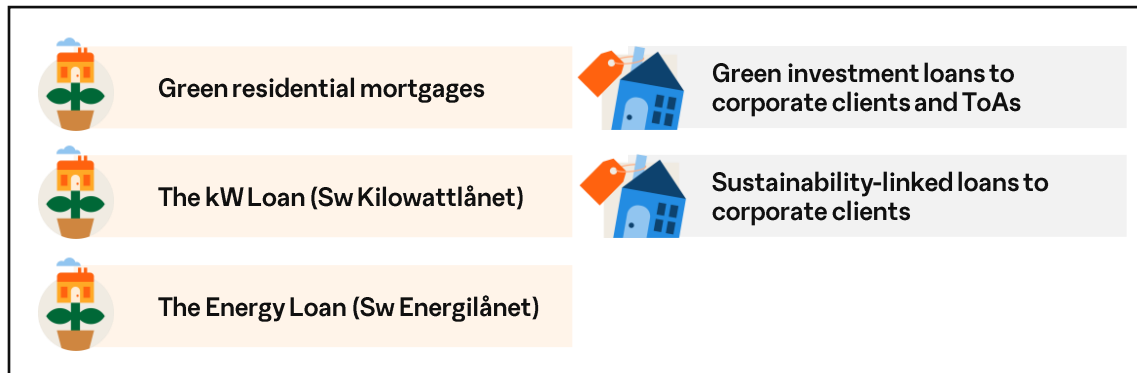
SBAB joins the Net-Zero Banking Alliance



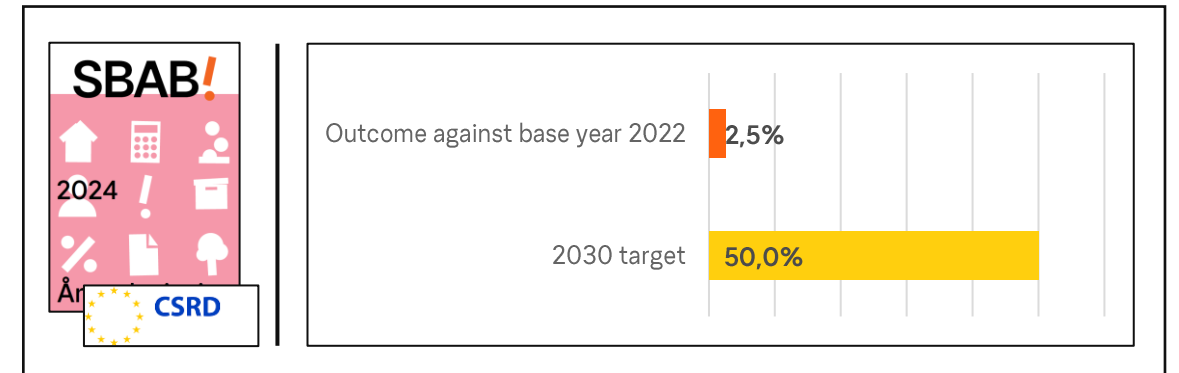
Recurrent Green Bond issuer



Sustainable lending products

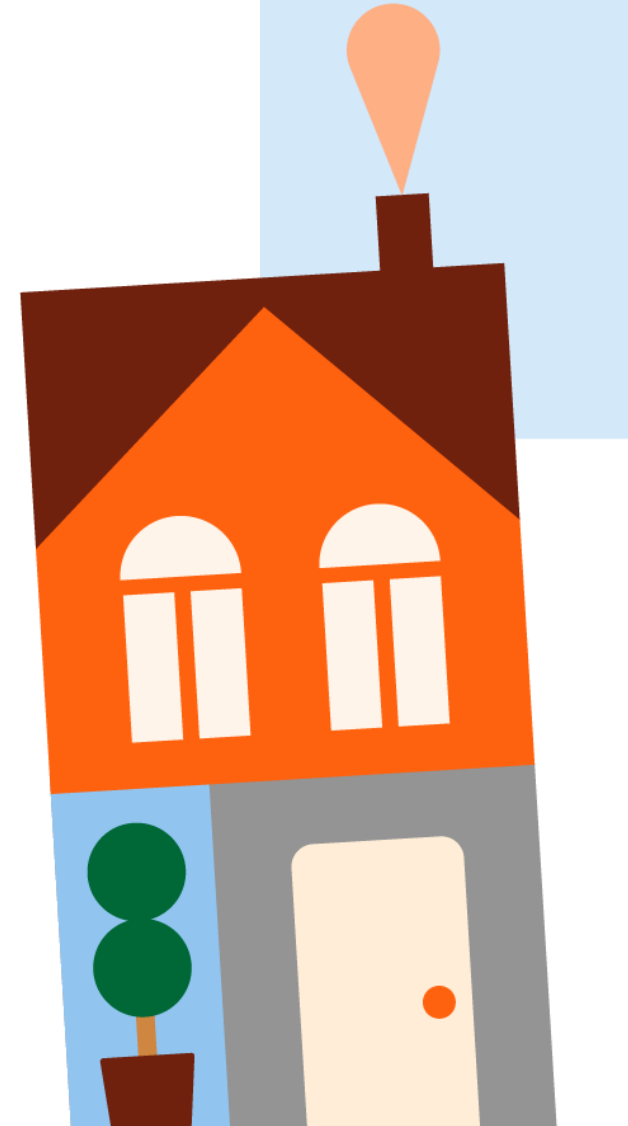


CSRD/ESRS reporting & more ambitious climate target



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Lending focused on housing in Sweden

Lending composition

	SEK bn	% of lending	Average LTV
Residential mortgages	371.5	68.7%	58%
Consumer loans	1.7	0.3%	
Tenant-owners' associations	62.7	11.6%	32%
Property companies	105.0	19.4%	60%
<hr/>			
– (Of which, commercial lending)	(12.4)	(2,3% ¹⁾)	
– (Of which, construction loans)	(3.6)	(0.7%)	
Total lending	540.4	100%	

1) Revised internal definition of commercial lending during Q3 2022 (the corresponding figure for Q2 2022 was 0.3%)

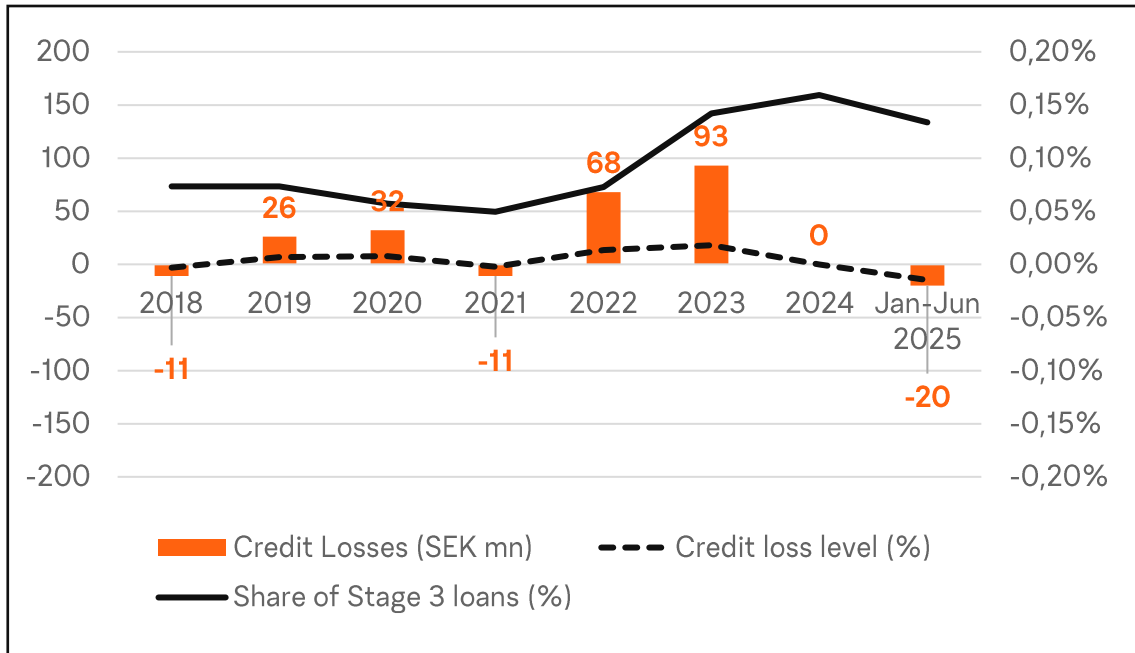
LTV ratios in loan book



Asset quality over time

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

Credit quality metrics*



- Low-risk loan portfolio focused on collateralised residential lending in Sweden
- Prudent underwriting criteria (incl. affordability assessment with stressed interest rate)
- Proven track record over time and strong resilience towards economic downturns
- 99.87% of lending in Stage 1 and Stage 2. Only 0.13% in Stage 3

+20 MSEK

Credit losses
Jan-Jun 2025

-16 MSEK

Confirmed credit losses
Jan-Jun 2025

0.01%

Credit loss ratio
Jan-Jun 2025

0.13%

Share of stage 3 loans
30 Jun 2025

LTV

Res. mortgages

58%

Property companies

60%

Tenant-own. assoc.

32%

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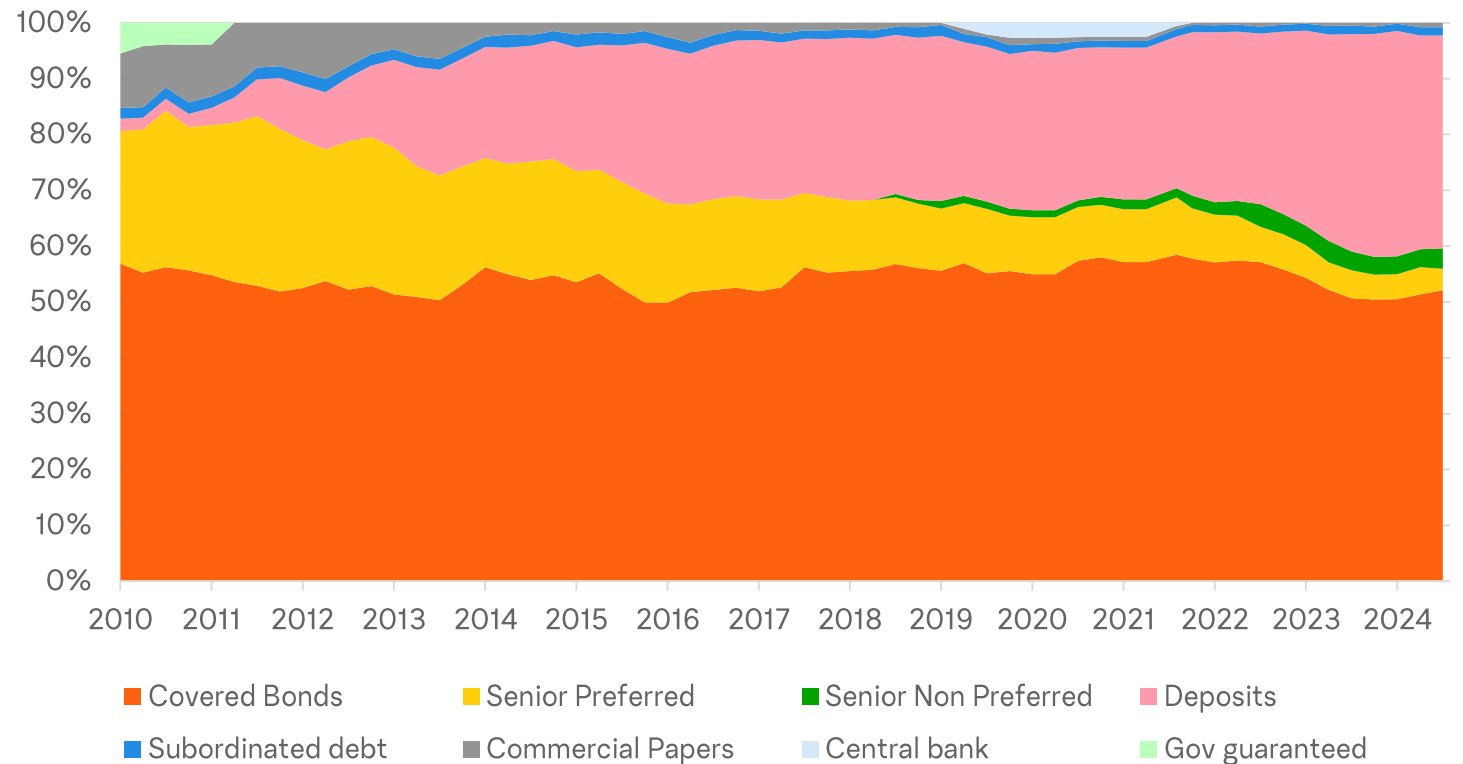


Development of funding over time

Funding strategy

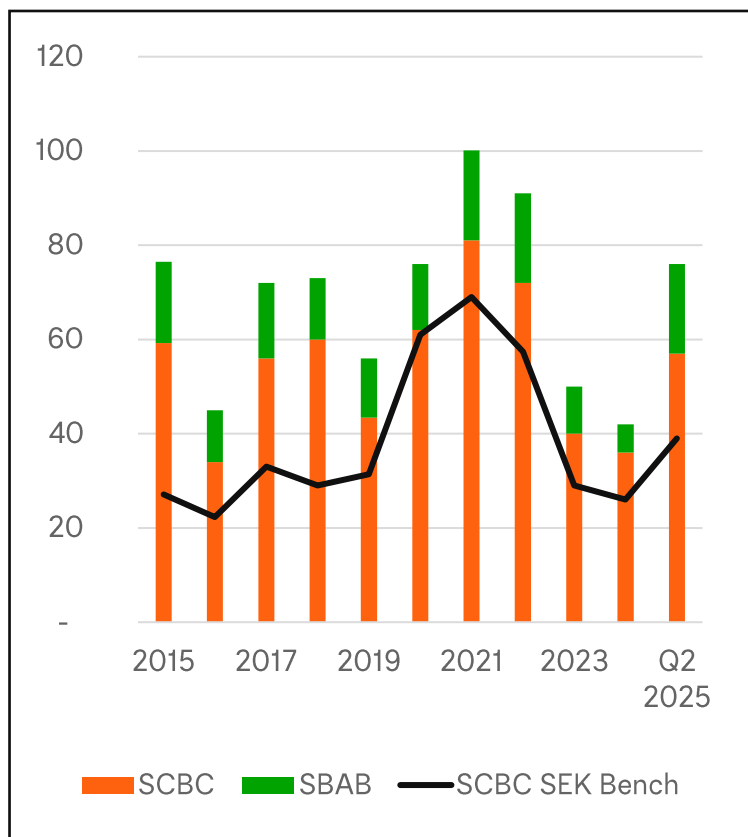
- Mortgage lending primarily funded by covered bonds (CB) and to a growing extent deposits from the public. Efficient use of CB funding (~50% of total funding), utilizing the depth and stability of the Swedish CB market
- Strategy to maintain access to core funding markets; SEK- and EUR-market with regular benchmark issuances in different formats (*please view next slide*)
- Limited use of short dated funding through CP-programs, interbank funding and central bank facilities. Liquidity risk mitigated through buy-backs of maturing bonds
- Dedicated Green Bond issuer subject to eligible green lending volumes

Development of funding sources over time

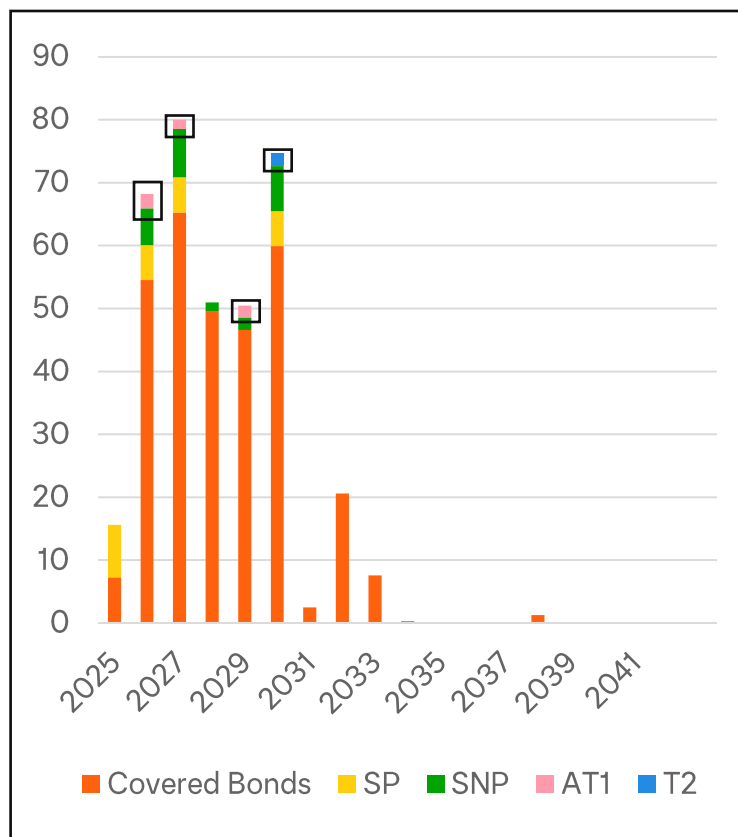


Future funding activity

Annual issuance, SEK bn



Maturity profile (SEK bn)



Future issuance

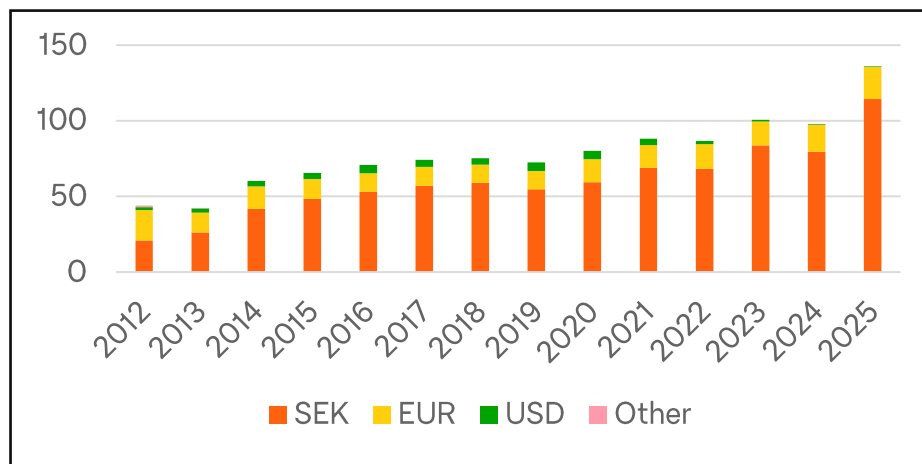
- Increased funding needs in 2025, approximately SEK 90 bn vs. SEK 35 bn in 2024
- Regular benchmark issuance in CB (through subsidiary SCBC) and SP/SNP (through SBAB) in SEK and EUR. Private placements as a complement
 - Regular issuance from the domestic CB programme (including one new SEK covered bond benchmark per year)
 - One to two public EUR transactions (CB/SP/SNP) in international funding markets per year
 - SNP issuance predominately in SEK, EUR as a complement. Capital issuance (AT1 & T2) predominately in SEK
- SBAB's focus is to use intermediate (5y+) tenors to support duration in covered bonds and mainly short to intermediate (3 to 5y) in the senior and subordinated formats



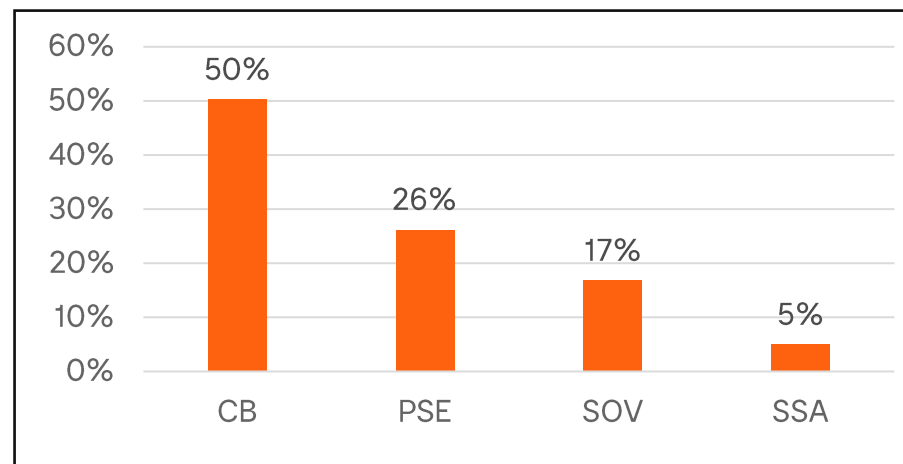
Liquidity position

- At the end Q2 2025, the market value of the assets in the liquidity reserve amounted to SEK 111.2 billion. Taking the Riksbank's and the ECB's haircuts into account, the liquidity value of the assets was SEK 105.8 billion
- LCR and NSFR well above regulatory requirements. Survival horizon implies liquidity need coverage for 637 days under stressed scenario (unchanged lending portfolio, severe deposit outflow and no new funding added)
- High quality and diversified liquidity portfolio within relevant currencies (95% AAA rated)

Total liquidity reserve* (Currency distribution)



Total liquidity reserve* (Securities type)



Key metrics

106 bn

Liquidity reserve (LCR)

273 %

LCR

134.1 %

NSFR

637 days

Survival horizon

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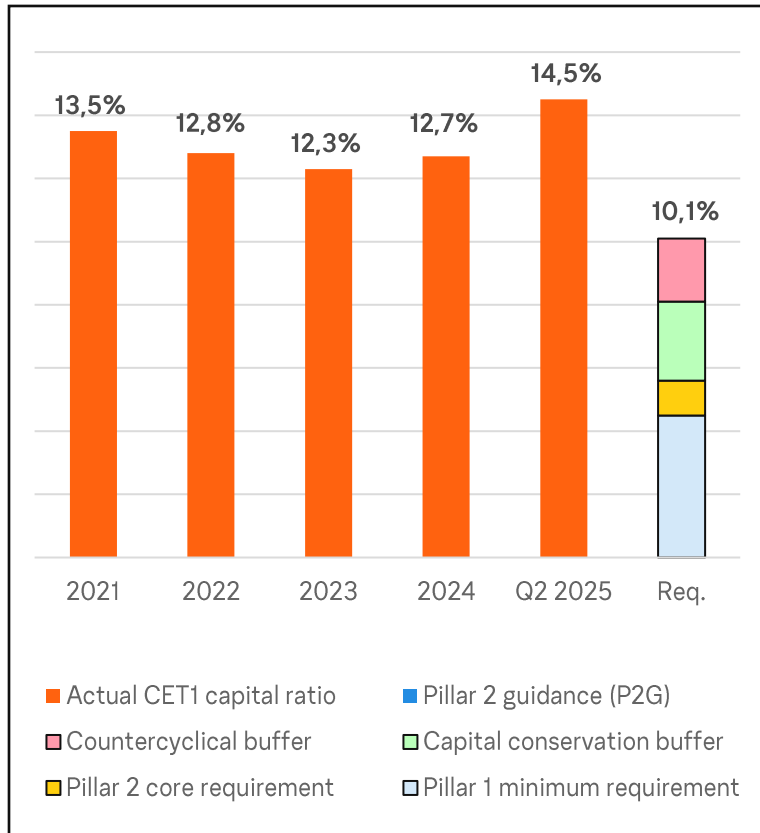
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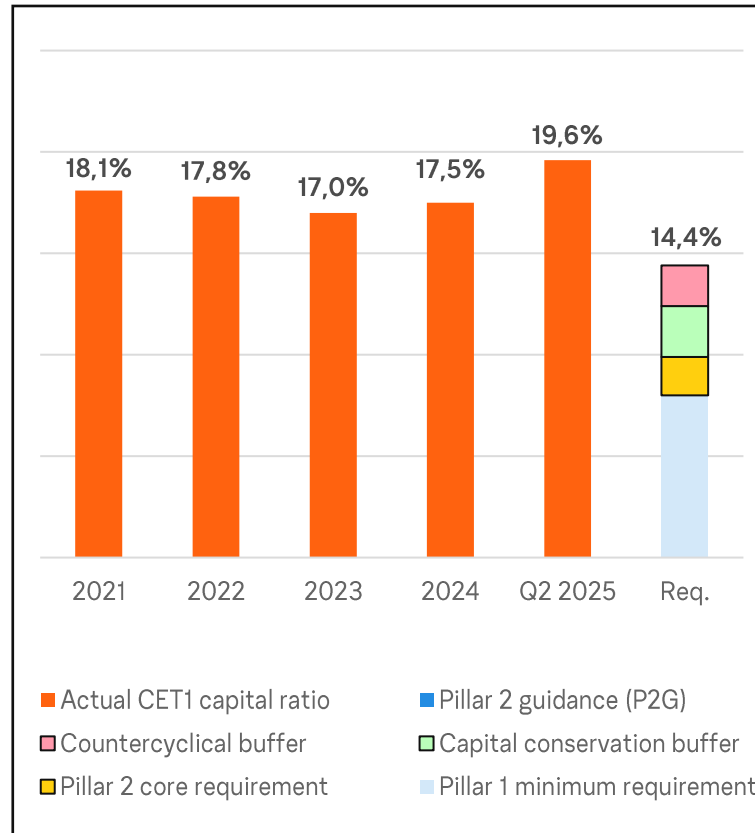
Capital position

– Current CET1 capital ratio well above target of 1-3% above regulatory requirement

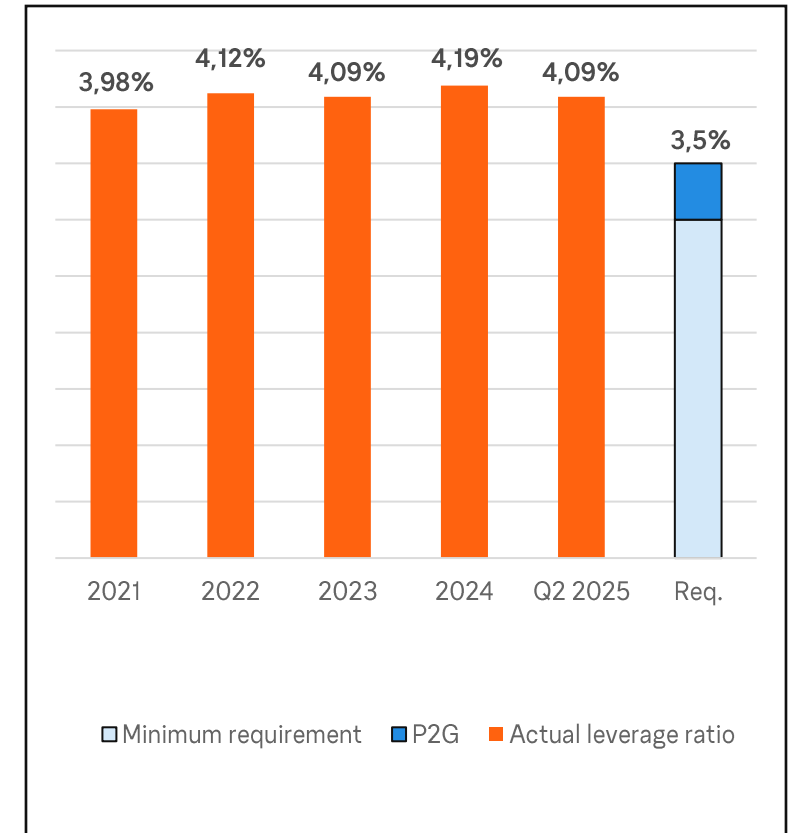
CET1 capital ratio vs. requirement



Total capital ratio vs. requirement

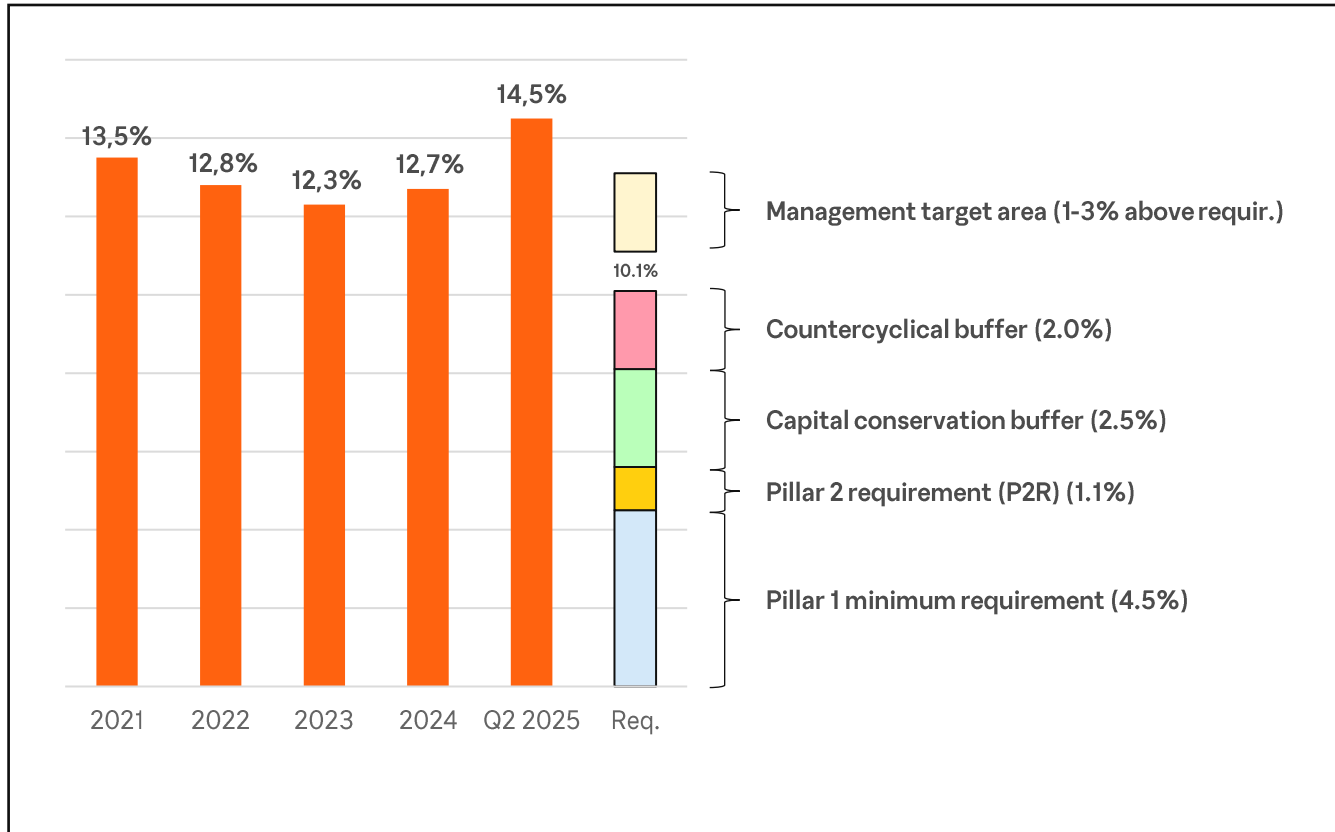


Leverage ratio vs. requirement



SBAB's capital targets

Components of SBAB's CET1 capital target & actual CET1 capital ratio



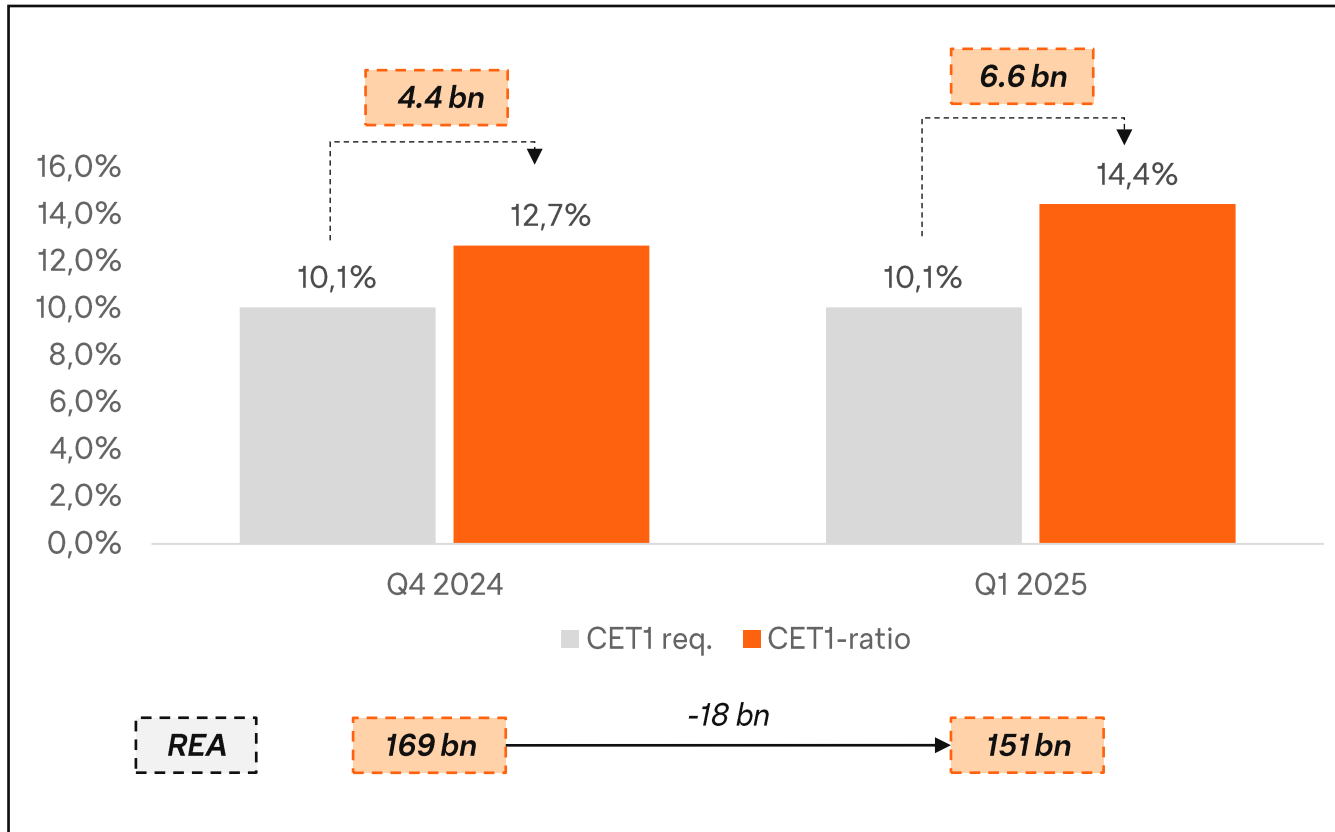
Comments

- CET1 capital ratio management target of 1-3% above regulatory requirement from the Swedish FSA. The margin to the requirement was well above target in Q2 2025
- Increased CET1 capital ratio Q1 2025 vs. Q4 2024 mainly attributable to decreased risk weights for exposures to corporate and tenant-owners' associations in conjunction with the implementation of the new Banking Package (the CRR 3 regulations). Please see additional information on the following slide
- Risk weighted Pillar 2 guidance for SBAB set at 0%, significantly below peers, reflecting SBAB's robust and low-risk business model



CRR 3 effects on capital position

Impact on REA and CET1 capital ratio



Comments

- Changes in the standardised values for loss given default (LGD) in CRR 3 significantly improve SBAB's risk weights for corporates and tenant-owners' associations, owing primarily to lower standardised LGD values for exposures secured by immovable property
- In Q1 2025, compared with Q4 2024, REA decreased by SEK 17.6 bn
- SBAB is not bound by the aggregated output floor, due to the current risk weight floors in Sweden (Article 458)
- In summary, the above resulted in a significant improvement in margin to CET1 requirement (approx. 1.7 percentage points or SEK 2.2 bn) in Q1 2025 vs Q4 2024
- Due to the relief in REA from CRR 3, leverage ratio will be the requirement with the lowest CET1 headroom going forward



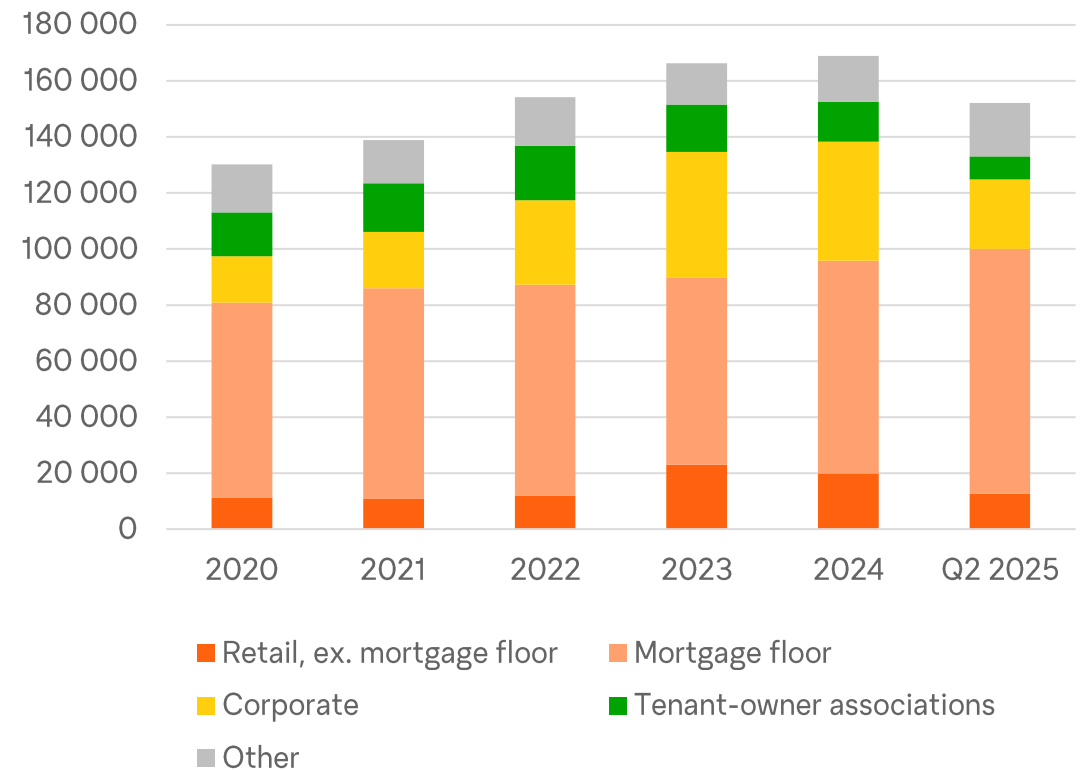
Development in REA

– More than 10% decrease in REA in Q2 2025 vs. Q4 2024 due to lower LGD values for corporates and tenant-owners' associations

Comments

- True risk weights (internally calculated) far lower than mandatory risk weight floor applied by the Swedish FSA of 25% for Swedish residential mortgages (article 458). Mortgage portfolio, representing ~69% of total lending, thus contributes to stability in REA
- Decrease in REA vs Q4 2024, mainly attributable to lower standardised LGD values for corporates and tenant-owners' associations following the implementation of the Banking Package. REA for retail (excl. mortgage floor), decreased due to lower LGD floor, however offset by a corresponding increase in REA from the mortgage floor. Other regulatory changes in CRR 3 have had a minor impact on REA
- Slight increase in REA since Q1 2025, mainly attributable to growth in mortgage volumes and slightly higher risk weights in the corporate portfolio. Factors behind REA growth in 2024 include growth in lending, increased covered bond holdings and yearly update of operational risk quantification. Development partly offset by decreased risk weights for non-retail exposures. Up to 2023, strong growth in lending (retail and non-retail) main driver behind increase in REA

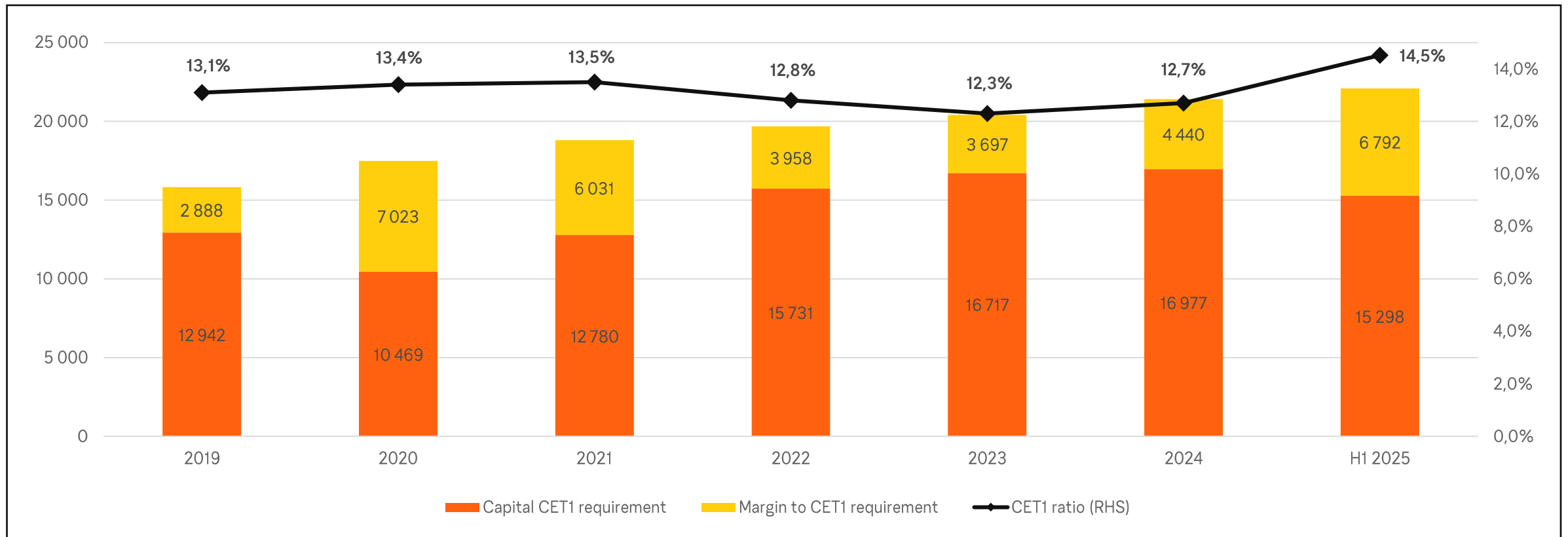
Development and composition of REA (SEK mn)



Solid CET1 capital generation

– Strong earnings development with low volatility has resulted in stable CET1 capital generation over time

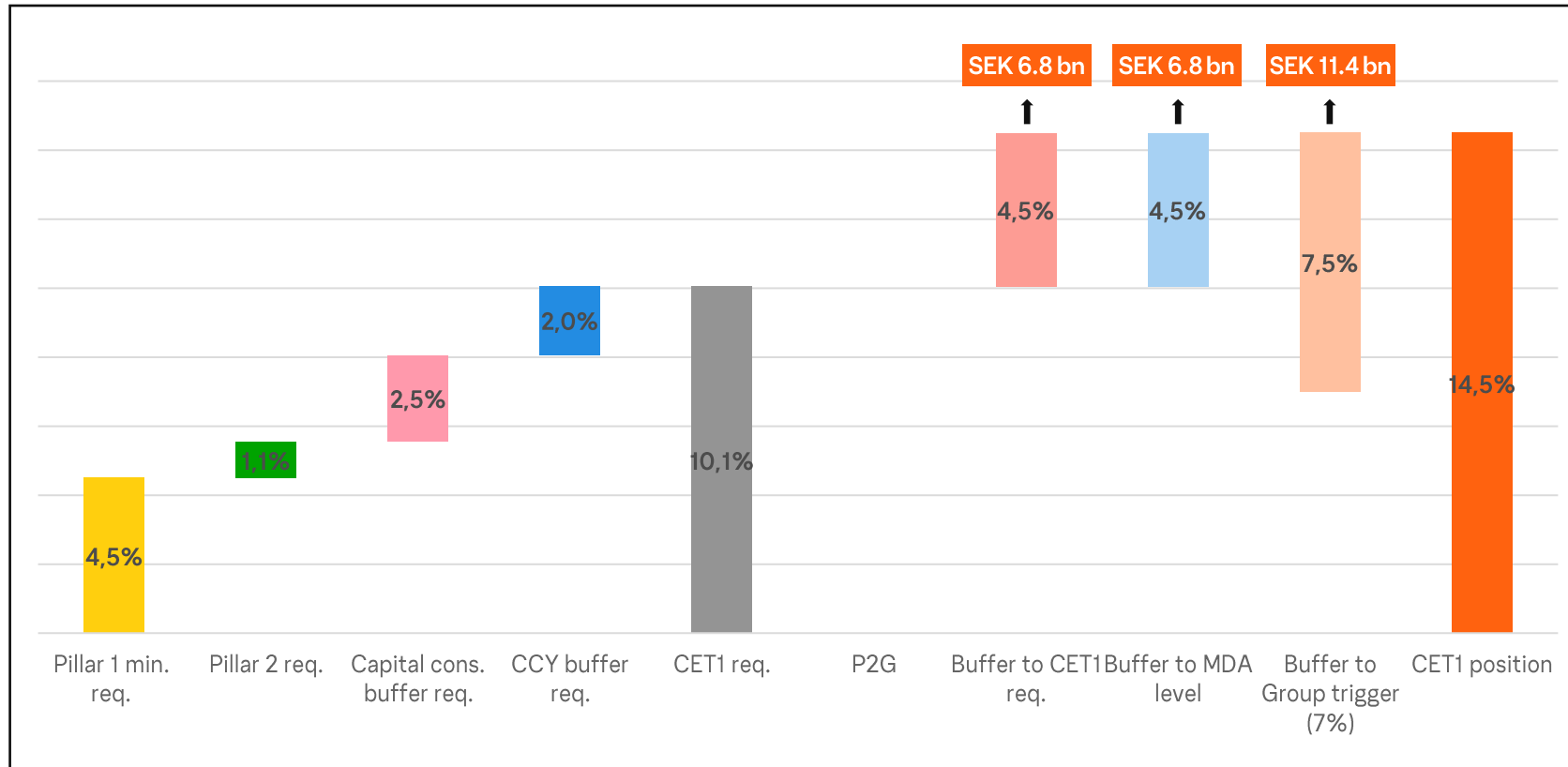
CET1 capital development (SEK mn) and CET1 capital ratio (%)



Comfortable buffer to MDA restrictions

– Comfortable buffer to both MDA restrictions and Trigger level

CET1 position vs. Trigger level and MDA restrictions



Comments

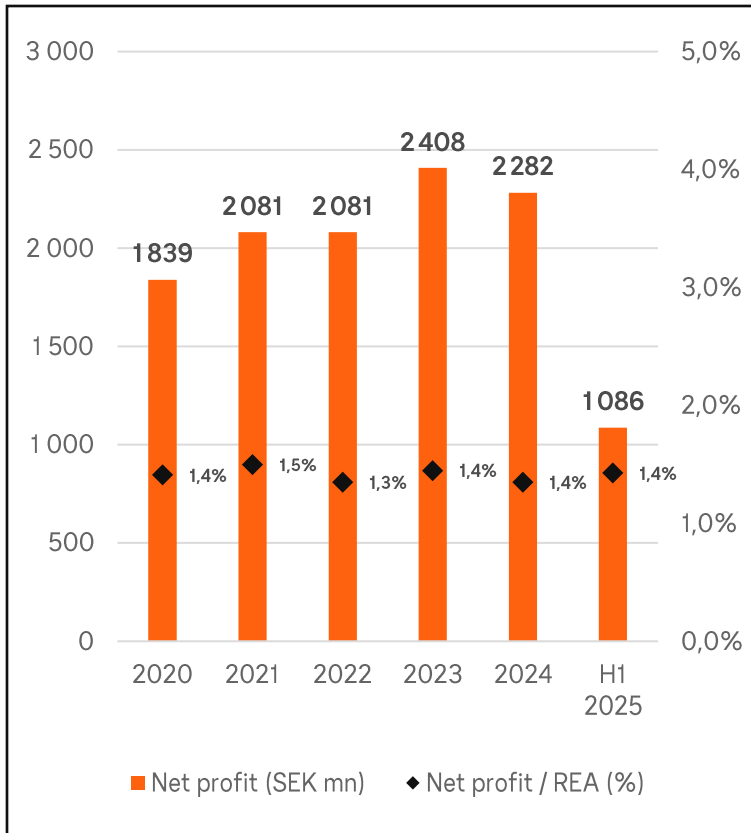
- SBAB consistently keeps a comfortable distance to the MDA restriction
- Buffer of 4.5% (SEK 6.8 bn) is well above management target (CET1: 1-3%)



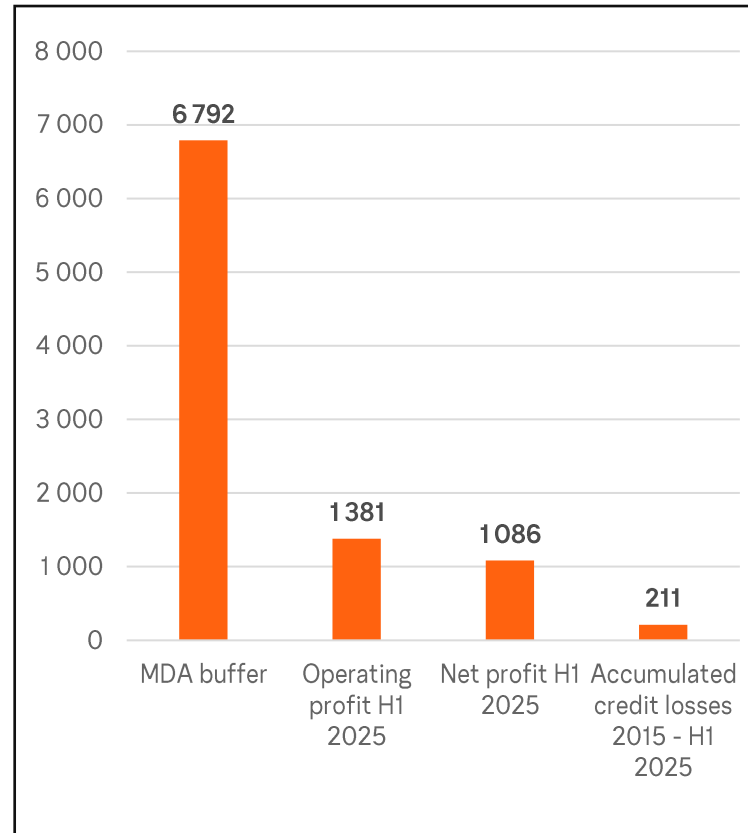
MDA buffer in relation to business model

– 10+ years of accumulated credit losses (2015 – H1 2025) of SEK 211 million is equal to only 3% of the MDA buffer

Net profit (SEK mn)



MDA buffer vs. accum. losses (SEK mn)



Comments

- Strong earnings development with low volatility has resulted in stable capital generation over time
- Low credit losses attributable to low-risk business model
- 10+ years of accumulated credit losses (2015 – H1 2025) of SEK 211 million is equal to only 3% of the MDA buffer

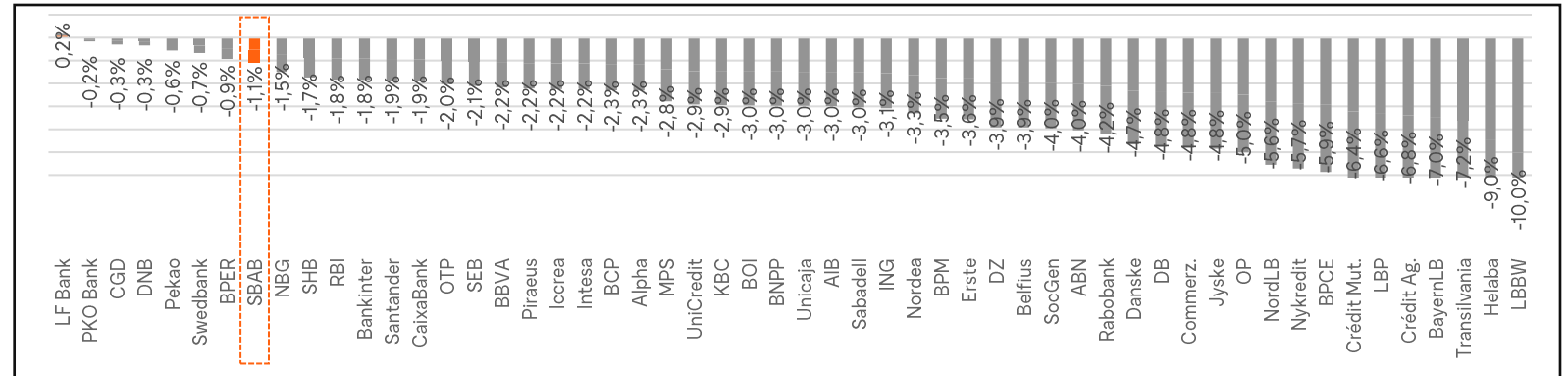


Strong resilience confirmed by EBA

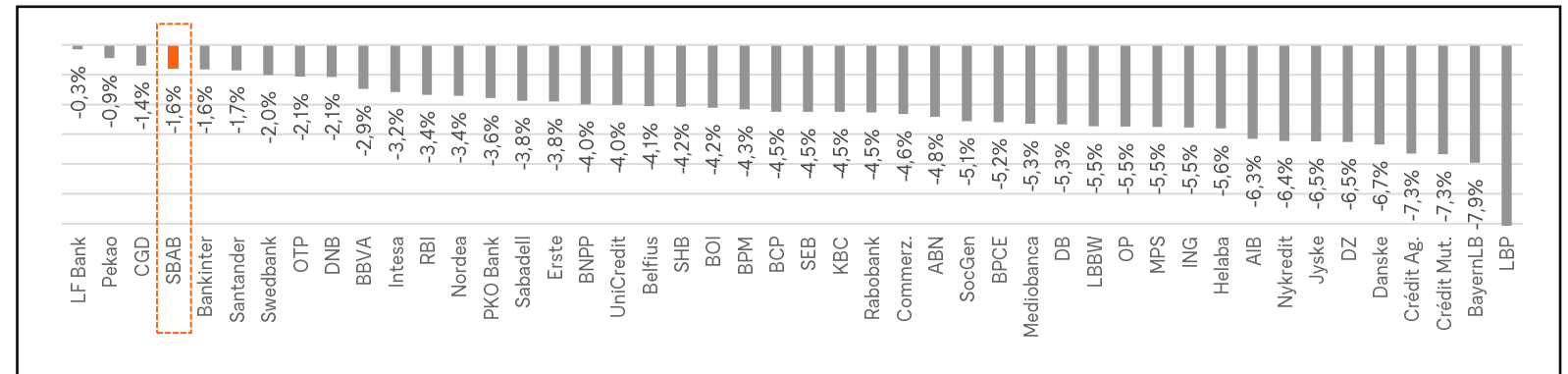
– SBAB's robust business and resilient capital position confirmed in EBA stress test

- On 1 August 2025, the EBA published the results of its EU-wide stress test involving 64 banks from 17 EU and EEA countries and covering 75% of EU banking sector assets
- As in 2021 and 2023, the 2025 EBA stress test confirms that SBAB is robust and resilient even under a severely stressed scenario (harsh adverse macro scenario applied for Sweden as compared with the European average)
- SBAB's business model (low-risk lending portfolio with focus on residential mortgages) as well as 25% risk-weight floor for mortgage lending in Sweden important factors for the strong results

Maximum negative CET1 ratio impact in adverse scenario (%) (2025 Transitional)

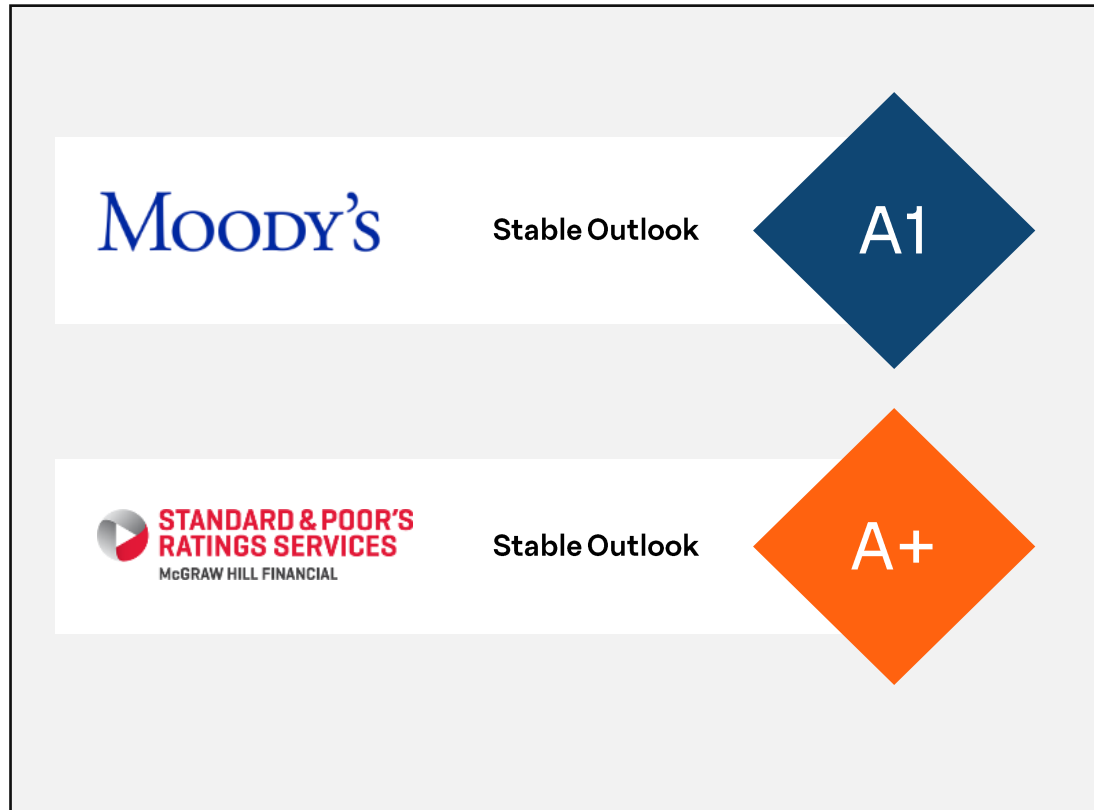


Maximum negative CET1 ratio impact in adverse scenario (%) (2023)



Rating overview

Senior Unsecured Rating



Moody's		STANDARD & POOR'S RATINGS SERVICES McGRAW HILL FINANCIAL	
Investment Grade	Aaa Sov. rating Aa1 Aa2 Aa3 A1 Senior Preferred A2 A3 Baa1 BCA and SNP Baa2 T2 Baa3		AAA Sov. rating AA+ AA AA- A+ Senior Preferred A A- SACP BBB+ SNP BBB T2 BBB-
Non Investment Grade	Ba1 AT1 Ba2 [...]		BB+ BB AT1 [...]



Expected AT1 rating vs. peers

MOODY'S

	Adjusted Financial Profile	Qualitative Adjustments	Resulting BCA range	Assigned BCA	Affiliate Support	Adjusted BCA	AT1 Adjustments*	AT1 Rating
SEB	a3	0	a2-baa1	a3	-	a3	3	Baa3
SHB	a2	0	a1-a3	a2	-	a2	3	Baa2
Swedbank	a3	0	a2-baa1	a3	-	a3	3	Baa3
LF	a3	0	a2-baa1	a3	-	a3	n/a	n/a
SBAB!	a3	-1	a3-baa2	baa1	-	baa1	3	Ba1

* Notches from Adjusted BCA

S&P Global Ratings

	Anchor	Business Position	Capital & Earnings	Risk Position	Funding & Liquidity	SACP	AT1 Adjustments*	AT1 Rating
SEB	a-	Adequate (0)	Strong (+1)	Adequate (0)	Adequate (0)	a	n/a	n/a
SHB	a-	Strong (+1)	Strong (+1)	Adequate (0)	Adequate (0)	a+	-4	BBB
Swedbank	a-	Strong (+1)	Strong (+1)	Moderate (-1)	Adequate (0)	a	-4	BBB-
LF	a-	Moderate (-1)	Very strong (+2)	Moderate (-1)	Adequate (0)	a-	-3	BBB-
SBAB!	a-	Moderate (-1)	Strong (+1)	Adequate (0)	Adequate (0)	a-	-5	BB

* Notches from SACP

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Indicative term sheet

Issuer	<ul style="list-style-type: none"> SBAB Bank AB (publ)
Expected issuer rating	<ul style="list-style-type: none"> BB and Ba1 (hyb) by S&P/Moody's
Currency & Principal Amount	<ul style="list-style-type: none"> SEK Benchmark
Maturity	<ul style="list-style-type: none"> Perpetual
First Call Date	<ul style="list-style-type: none"> [•] September 2030 ("5 years")
Spread	<ul style="list-style-type: none"> 3mStibor / SEK MS + [•] bps
Initial Call Period	<ul style="list-style-type: none"> First Call Date + 3m
Optional Redemption Dates	<ul style="list-style-type: none"> The Issuer may redeem all (but not some only) outstanding Notes (i) any Business Day within the Initial Call Period or (ii) any Interest Payment Date falling after the Initial Call Period, at their principal amount, together with accrued interest (if any), subject to regulatory approval
Special Event Redemption	<ul style="list-style-type: none"> The Issuer may redeem all (but not some only) of the Notes at par in case of a Capital Event or a Tax Event, subject to the Swedish FSA approval
Status	<ul style="list-style-type: none"> Deeply subordinated Senior only to share capital and other obligations of the Issuer ranking, or expressed to rank, junior to the Notes
Loss Absorption Mechanism – Write-down	<ul style="list-style-type: none"> Temporary write-down upon breach of 7% CET1 at the SBAB Consolidated Situation or 5.125% at the Issuer level Discretionary reinstatement and write-up to a maximum of the initial principal amount of the Notes Subject to Statutory PONV
Coupon Structure / Interest	<ul style="list-style-type: none"> [•]
Substitution and Variation	<ul style="list-style-type: none"> Upon the occurrence of a Tax Event or a Capital Event, the Issuer may, without any requirement for the consent or approval of the Noteholders, either substitute all or vary the terms of the Notes so that they remain qualifying Additional Tier 1 securities
Admission to trading	<ul style="list-style-type: none"> Nasdaq Stockholm
Governing Law	<ul style="list-style-type: none"> Swedish law
Target Market	<ul style="list-style-type: none"> Eligible counterparties and professional clients only
Denomination	<ul style="list-style-type: none"> SEK 2,000,000
Documentation	<ul style="list-style-type: none"> Standalone – Investors should read the preliminary risk factors and preliminary terms & conditions attached to this presentation
Settlement	<ul style="list-style-type: none"> Euroclear Sweden
Joint Lead Managers	<ul style="list-style-type: none"> Nordea & Swedbank



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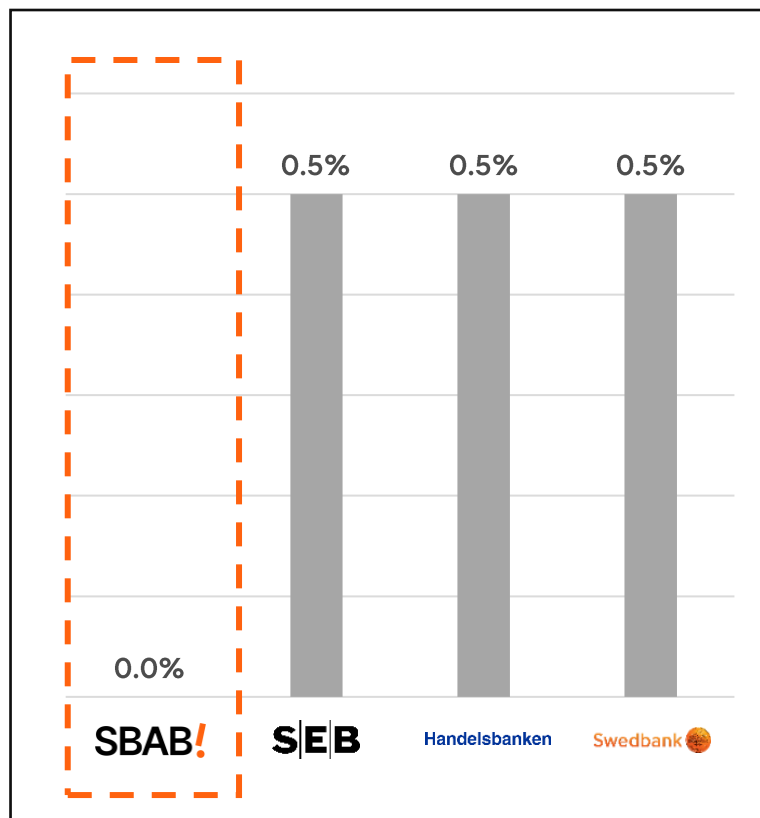
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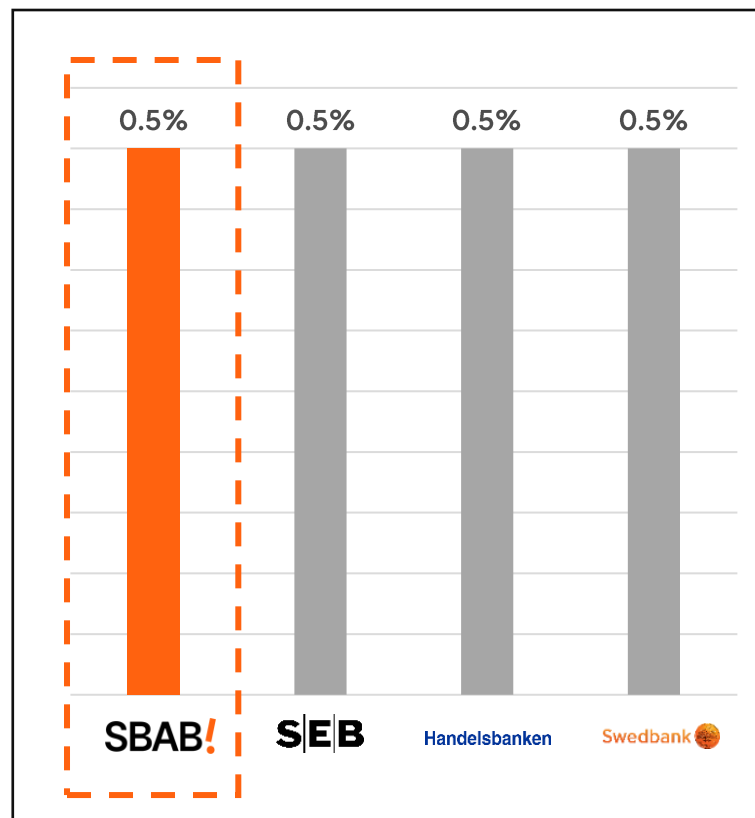
Pillar 2 Guidance vs peers

– SBAB assigned lower guidance for CET1 than peers

Risk Weighted Pillar 2 Guidance



Leverage Ratio Pillar 2 Guidance



Comments

- Risk weighted Pillar 2 guidance for SBAB is at 0, below peers – reflecting SBAB's robust and low-risk business model
- During September 2023, SBAB received the results of the 2023 SREP. Due to a less granular methodology and new calibration of the stress test determining Pillar 2 Guidance (P2G), SBAB's P2G for the leverage ratio increased from 0.3 to 0.5 percentage points. The total leverage ratio requirement for SBAB is thus 3.5% as per 30 June 2025
- S-FSA stress test results in line with SBAB's own view – SBAB's business model is stable and sustainable also in tough market conditions



Rating composition for senior debt

MOODY'S

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



Stand-alone rating	Anchor	a-
	Business Position	-1
	Capital and Earnings	+1
	Risk Position	0
	Funding & liquidity	0
	Stand-Alone Credit Profile (SACP)	a-
Notching	ALAC Support	+2
	GRE Support	0
	Group Support	0
	Sovereign Support	0
	Total notching	+2
Rating	Rating	A+
	Outlook	STABLE



Update on MREL

- As per Q2 2025, both the total requirement and the subordinated requirement for SBAB amounted to 6% of LRE (incl. the ban on double counting), corresponding to SEK 40.7 billion
- Ample buffers to both requirements and internal targets
- SNP issuance predominately in SEK, EUR as a complement
- Three SNP transactions in 2025, all in green format:
 - (1) SEK 3.0 bn 4nc3/6nc5 in January
 - (2) SEK 2.8 bn 3nc2/5nc4 in May
 - (3) EUR 500 mn 6nc5 in May

MREL requirement (Q2 2025)

	%	SEK bn
REA	26.7%	40.7
LRE	6%	40.7
Buffer		27.8

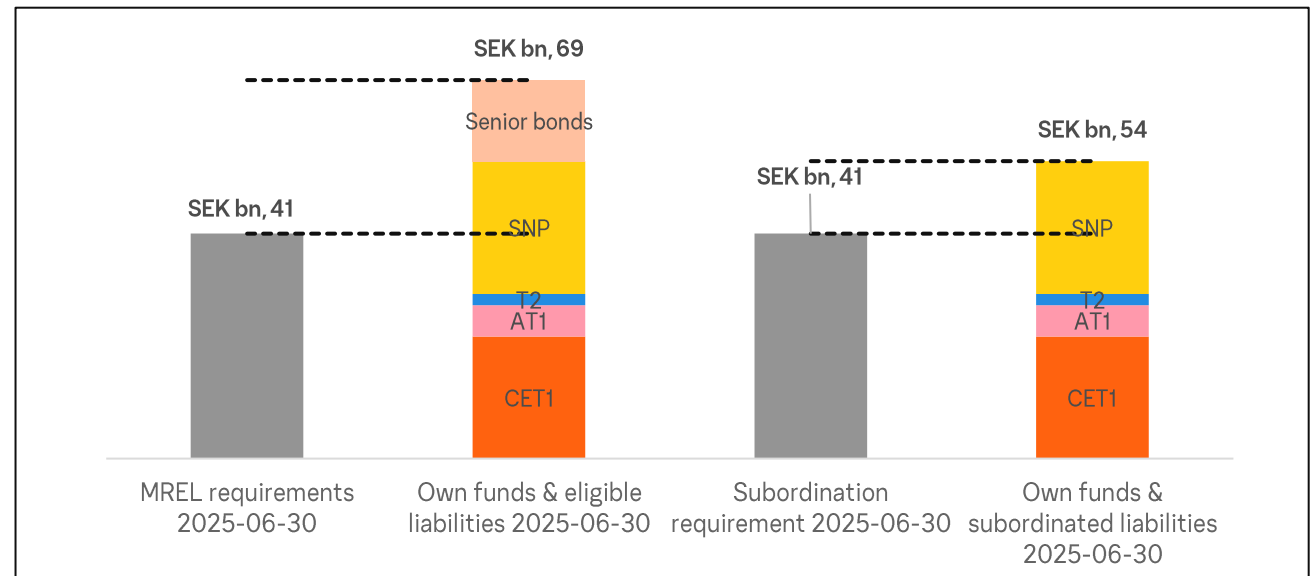
Subordination requirement (Q2 2025)

	%	SEK bn
REA	24.2%	36.8
LRE	6%	40.7
Buffer		13.1

Own funds & eligible liabilities (Q2 2025)

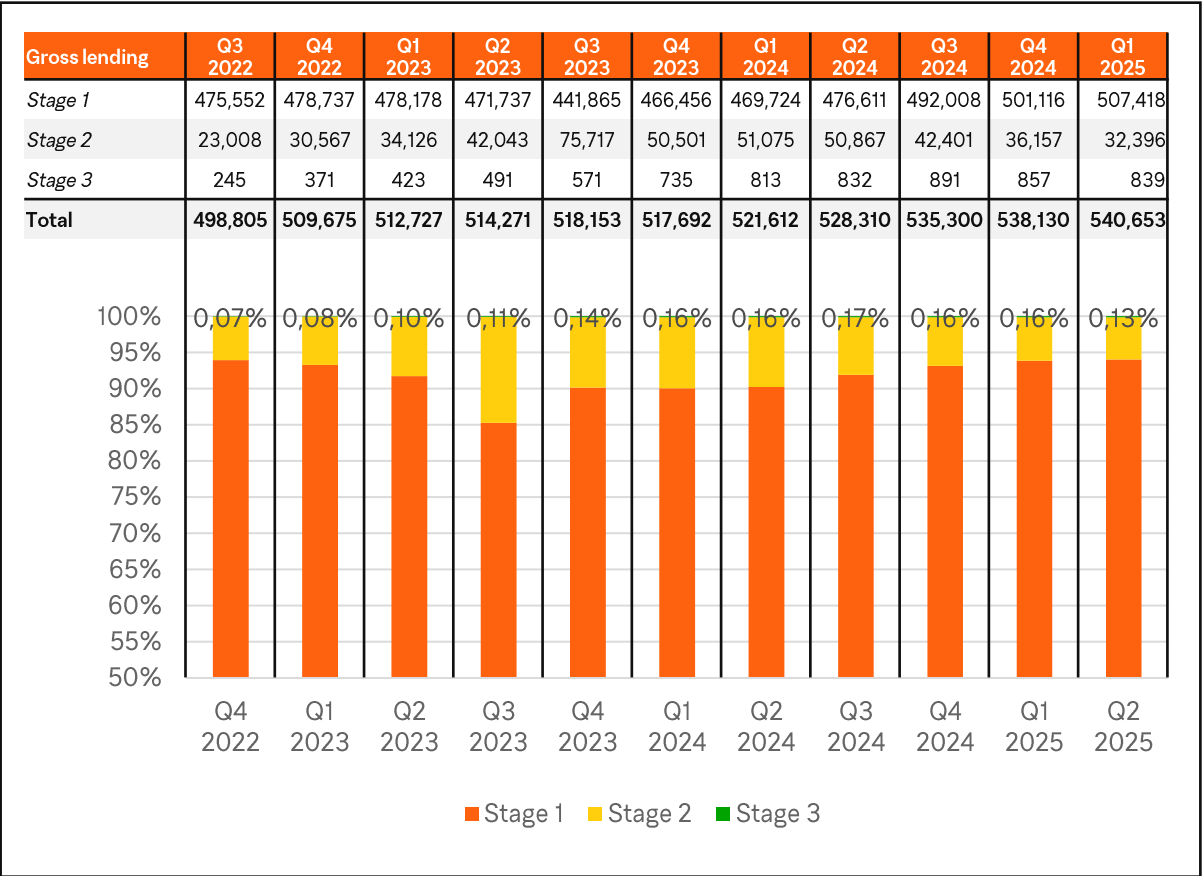
	SEK bn
CET1	22.1
AT1	5.7
T2	2.0
SNP	24.1
Senior bonds	14.7
Total	68.6

54

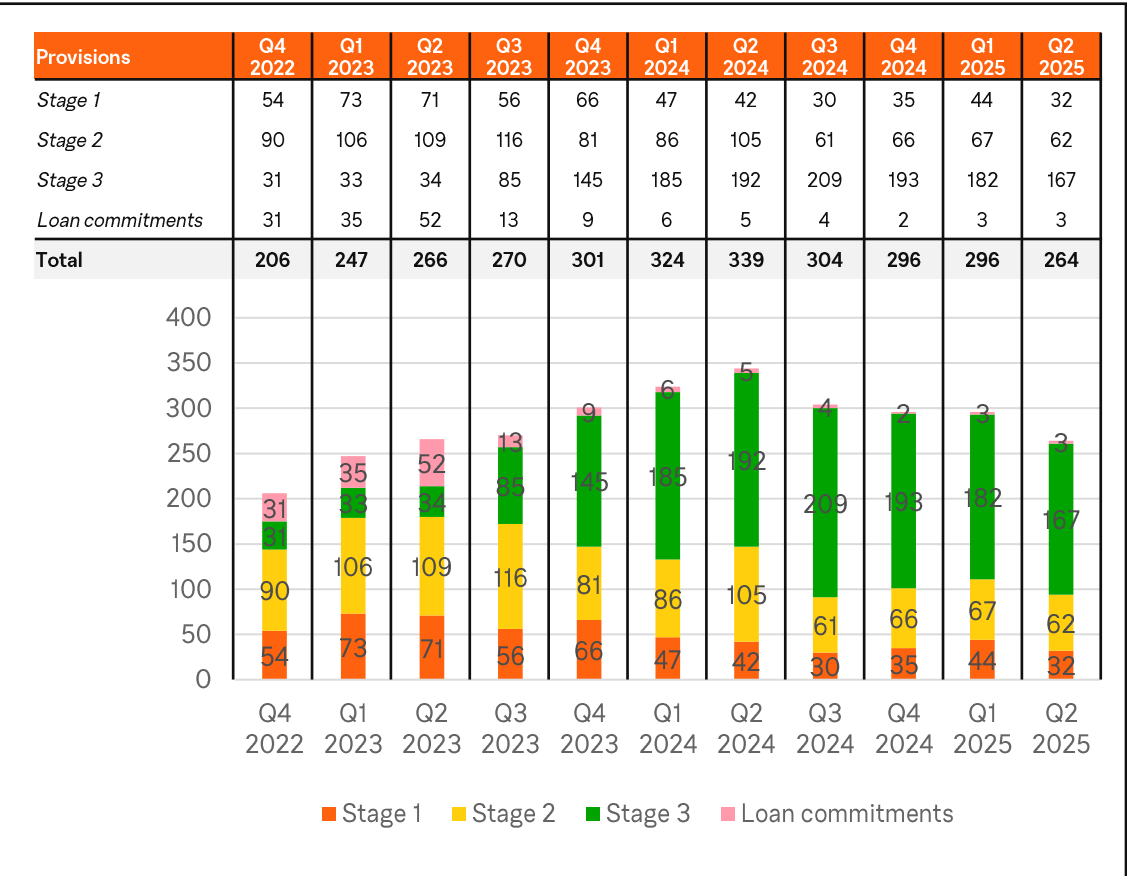


Development of provisions

Lending to the public by credit stage (gross)



Development on provisions



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RISK FACTORS

The purpose of this section is to enable a potential investor to assess the relevant risks related to their potential investment in the additional tier 1 notes (the “Notes”) in order to make an informed investment decision. The risk factors set forth below are therefore limited to risks that are material and specific to the Issuer with all its Subsidiaries from time to time (collectively, the “SBAB Group” and each a “Group Company”) and the Notes in the opinion of the Issuer, in accordance with Regulation (EU) 2017/1129 of the European Parliament and of the Council of 14 June 2017.

In this section, material risk factors are illustrated and discussed, including economic and market risks, risks relating to the Issuer’s operations and business, finance risks and legal and regulatory risks, as well as risks related to the Notes. The Issuer’s assessment of the materiality of each risk factor is based on the probability of their occurrence and the expected magnitude of their negative impact. The description of the risk factors below is based on information available and estimates made on the date of this investor presentation (the “Investor Presentation”). Prospective investors should also read the drafts terms and conditions for the Notes (the “Terms and Conditions”), all other information in the investor documents and other available information, and reach their own views prior to making any investment decision. Investors must, in addition, alone or together with financial and/or other advisers, consider the general business prospects, and general information about the relevant market and companies active on that market, based on their personal circumstances. An investor should possess sufficient knowledge to assess the risk factors and sufficient financial strength to bear those risks.

The risk factors are presented in categories where the most material risk factor in a category is presented first under that category. Subsequent risk factors in the same category are not ranked in order of materiality or probability of occurrence. Where a risk factor may be categorised in more than one category, such risk factor appears only once and in the most relevant category for such risk factor.

Capitalised terms not otherwise defined herein has the same meaning as set out in the Terms and Conditions.

Risks relating to the Issuer

Economic and market risks

Risks relating to disruptions in the global credit markets and economy

As a financial institution and lender, the Issuer is subject to risks related to the global credit markets and economic development, since financial institutions, both in Sweden and globally, are dependent on the global credit market and economy being positive, so that people are willing and able to take up loans. For the Issuer, the risk is specifically linked to customers’ willingness to buy and own homes that require them to apply for mortgage loans from the Issuer. Any disruption or downturn in the global credit markets and economy would typically thus affect the Issuer, both in respect of financial performance and growth possibilities. Any downturn in the economy together with an increase in unemployment levels, would contribute to slower growth in household disposable income and, at least in the short run, higher savings and thereby accentuate these risks.

Since the SBAB Group and the Issuer are subject to risks related to the global economy, the SBAB Group and the Issuer are affected by, for example, war, national protectionism and tariffs, climate risks, natural disasters and public health epidemics or outbreaks of diseases that may negatively affect the global economy. Rapid and forceful measures, such as sanctions, trade restrictions and shutdowns, can lead to significant supply and demand disruptions, and result in rapidly changing prices, including energy prices, and changes in pace of economic development. Such events can also result in substantial movements in the financial markets in the form of, for example, dramatic increases or decreases in interest rates, rising credit spreads and volatile and falling stock markets. Ultimately, the long-term economic consequences, including consequences on the financial markets in general and the SBAB Group in particular, depend on the duration of the relevant crisis and measures taken by governments, central banks and other agencies.

The Issuer’s business may be adversely affected by global economic uncertainty and trade policy developments, particularly those originating from major economies. Global uncertainty is unusually high due to the US tariffs and heightened geopolitical tension. The trade policy being pursued by the USA means that future global economic developments are currently very difficult to predict, with considerable focus on the risk of sharply hiked tariffs, which could negatively impact Swedish economic growth, employment levels, and consumer confidence. Such development could in turn affect demand for the Issuer’s lending products and the creditworthiness of its borrowers.

Russia’s war against Ukraine has led to significant volatility in the financial markets and the global commodity markets, although over time they have been able to be managed acceptably. Further, the military conflict between Israel and Hamas in Gaza and Hezbollah in Lebanon, following the attack on Israel by the Hamas movement in early October 2023, has contributed and may contribute to further instability in the global economy. The impact of the conflict, e.g. volatility in the financial markets, will depend on the duration and intensity of the conflicts, and the extent to which other countries are and may become involved in the conflicts. Unfortunately, it is currently not possible to see how and when these conflicts will be resolved, or to predict their long-term impact on SBAB or the Swedish or global economies.

Moreover, Sweden, being a small economy with large shares of imports and exports, is largely dependent on the development of the global economy and the global financial markets. This means that although the Swedish economy, in isolation, may perform well, a negative development in the global economy normally influences the Swedish economy in such a manner that the Swedish economy also develops negatively. Any sustained decline in the general economic conditions of Sweden is, given the Issuer's dependency on the same, likely to lead to, among other things, a decrease in the demand for certain loans offered by the Issuer, increased cost of funding, volatile fair values of the financial instruments held by the Issuer, a decrease in net interest income and net interest margin, and increased loan impairment charges, all of which would result in lower profitability and a deteriorated financial position. The degree to which disruptions in the global credit markets and economy may affect the Issuer is uncertain and presents a highly significant risk to the profitability and financial position of the Issuer.

Risks relating to the Swedish housing market

Since a significant amount of the loans provided by the Issuer are secured by mortgage certificates (pantbrev) in respect of properties, or pledges over tenant-owners' rights (bostadsrätt), located in Sweden, the Issuer is exposed to risks relating to downturns in the Swedish housing market.

During the 24 months immediately following the outbreak of the coronavirus pandemic, housing prices in Sweden rose by an average of 25 per cent., with the increase being greater for houses than for flats. However, in light of the rapid rise in interest rates since spring 2022, the housing market temperature has fallen, and continued to fall in the second quarter of 2025, especially for apartments, with increased difficulty in selling homes in the secondary market, reflected in fewer bidders and more homes lowering prices. House prices fell in the second quarter of 2025, on average down 2.3 per cent. for apartments and down 0.4 per cent. for houses. Apartment turnover has fallen and was around 15 per cent. below its expected normal rate at midyear. The rapid increases and decreases in housing prices have brought uncertainty for those who buy and sell their homes, but have not resulted in a greater number of homeowners with a home that is worth less than the size of their mortgage. However, even though mortgage rates have fallen to what can be considered normal levels, homeowners with large mortgages have higher mortgage payments compared to corresponding homeowners over the past 15 years, mostly due to increased interest rates. Further fluctuations in interest rates and housing prices may result in reduced collateral values, impaired loan recovery prospects, and decreased demand for new mortgage lending, all of which could materially adversely affect the Issuer's financial condition and results of operations.

With regard to new homes, the construction rate of new multi-family dwellings has been relatively high until a few years ago. Rising mortgage rates, in combination with falling prices in the secondary housing market, dampened demand in this segment rapidly in autumn 2022, with the result that the supply of newly produced housing has been greater than the actual demand (i.e. willingness to pay). Examples of such reduced relative demand include longer advertisement times and fewer sales. At present, a marked decline in housing construction in 2023, 2024 and thus far in 2025, has resulted in a better balance in the new production market. The housing construction industry is characterised by large economic fluctuations and there are currently no signs that this downturn would differ markedly from previous major economic downturns. Nonetheless, there is a risk that the Swedish housing market could be weak for a longer period, for example, as a result of significantly slower population growth. If the Swedish housing market were to face a protracted slump, and demand for new loans, as a consequence, were to significantly decrease, this would negatively affect demand for the Issuer's loan offerings, thereby adversely affecting its business, results of operations and margins.

Moreover, house prices may be negatively affected by, for example, changes in regulations affecting the Swedish mortgage market directly or indirectly or by a significant rise in interest rates or unemployment levels. Legal requirements, such as changes to the amortisation requirements or changes to the level of the mortgage ceiling, may also affect housing prices, in particular in urban areas where the market value is higher and more sensitive to such regulations, which in turn could affect mortgage lending growth. Furthermore, a tightened monetary policy is expected to have a negative impact on housing prices in the short term. More restrictive regulations or tightening of monetary policies that hold back house price development would further accentuate the risk of decreased demand for new loans in general, including loans that could be originated by the Issuer. The degree to which a declined Swedish housing market may affect the Issuer is uncertain and presents a highly significant risk to the Issuer's credit quality.

Risks relating to the Swedish mortgage market

The Issuer's operations consist primarily of lending to the Swedish residential mortgage market aimed at individuals, tenant-owner associations (bostadsrättsförening) and corporate clients, the majority of which are concentrated in major metropolitan areas in Sweden. One of the main risks related to the Swedish residential mortgage market is the credit risk associated with borrowers' creditworthiness, their ability to pay under the mortgage loan, and the value of the mortgaged properties. The debt-to-income ratio of borrowers is at a comparatively high level, which affects the risk profile among the Issuer's customers as interest rates rise. High inflation from the end of 2021 to the beginning of 2024 not only led to higher interest rates, but also meant that many other household living costs became significantly higher, which subsequently contributes to a higher credit risk.

As the Issuer's operations primarily consist of lending to the Swedish residential mortgage market, any negative development of the Swedish mortgage market resulting in, among other things, a noticeably lower demand for mortgages, would have a material adverse effect on the Issuer's results of operations and financial condition.

Although the Swedish mortgage market is currently dominated by a few institutions, consisting of banks, such as the Issuer, and bank owned mortgage companies, new competitors have appeared in recent years. Rapid changes in the interest rate market also pose challenges where different banks may have different competitive conditions. The Issuer faces intensified competition in a low-growth credit market environment, which may continue to pressure profitability and market share. Profitability remains under pressure from low mortgage margins, while competition for customers is even more intense due to limited growth in the credit market. Many credit institutions are well capitalised and the system has good liquidity, which means there are many credit institutions that want to compete for customers. However, low growth in credit means that there is a limited number of customers and transactions to compete for. This competitive environment may force the Issuer to accept lower margins, offer more favourable terms to customers, or experience reduced market share, any of which could adversely impact the Issuer's profitability and financial performance. Furthermore, due to the high level of interdependence between financial institutions, the Issuer is also subject to the risk of deterioration of the actual or perceived commercial and financial soundness of other financial institutions. Any default or financial difficulties of one financial institution is likely to have negative consequences for other financial institutions and would lead to liquidity problems, losses, defaults or worsening of the general economic climate in the local markets in which the Issuer operates. This means that the Issuer is subject to risks related to the banking sector as such, and risks related to other financial institutions. The degree to which negative developments in the Swedish mortgage housing market may affect the Issuer is uncertain and presents a highly significant risk of a negative impact on demand for mortgage loans originated by the Issuer.

Risks relating to the general economic conditions of Sweden

The Issuer's financial performance is significantly influenced by the general economic conditions of Sweden and Sweden's creditworthiness. As at the date of this investor presentation, financial instruments issued by the central government in Sweden are rated Aaa (long-term) and P-1 (short-term) by Moody's, and AAA (long-term) and A-1+ (short-term) by S&P. As the Issuer conducts all its business activities in Sweden, changes in the general economic conditions of Sweden and Sweden's creditworthiness are likely to affect the Issuer more significantly compared to competitors and other financial institutions that offer loans to a broader market segment.

These ratings may change negatively in the future due to, for example, poor economic performance, weak gross domestic product (GDP) growth outlooks and unsustainable fiscal policy. Since credit ratings inform about the credit risk associated with Sweden, the willingness of investors to invest in financial instruments issued by the Issuer is largely dependent on high credit ratings and, in turn, the creditworthiness of Sweden. Consequently, should the general economic condition of Sweden and Sweden's creditworthiness deteriorate, the willingness of investors to invest in financial instruments issued by the Issuer are likely to decline. The degree to which the general economic conditions of Sweden and Sweden's creditworthiness may affect the Issuer is uncertain and presents a highly significant risk of a negative impact on the willingness of investors to invest in financial instruments issued by the Issuer and a negative impact on the Issuer's rating and operations.

Risk relating to the Issuer's collateral

A considerable part of the loans provided by the Issuer are secured by mortgage certificates in respect of properties located in Sweden or pledges of Swedish tenant-owners' rights in Sweden as collateral, and the value of such collateral is consequently related to the performance of the real estate and housing market in Sweden. Perfecting and enforcing such collateral is subject to risks. For instance, there is currently no official record in Sweden stating whether a tenant-owner's right is pledged. When taking such security, the Issuer is therefore reliant on data provided by the relevant tenant-owners' association and is thus exposed to the risk that the association's records are not correct.

In addition, when collateral is enforced, a court order is normally required to establish the borrower's obligation to pay and to enable a sale by execution measures. The Issuer's ability to enforce the collateral without the consent of the borrower is thus dependent on the above-mentioned decisions from a court and the execution measures and on other relevant circumstances in the mortgage Swedish market and in the demand for the relevant property. Should the prices of real estate and the housing market substantially decline, this would affect the Issuer, as the value of the collateral would decline as set out above. If the Issuer's credit losses increase due to the fact that principal and interest under defaulting loans cannot be recovered where the relevant collateral has decreased in value, this would have a negative impact on the Issuer's results of operations.

Risks relating to the Issuer's business

Credit risk

Since the Issuer conducts lending operations, credit risk – the risk that a counterparty is unable to fulfil its payment obligations towards the Issuer – is central to the Issuer's business model and is considered to be the dominant risk in its operations. Credit risk arises both in the Issuer's lending operations and its treasury operations. Credit risk in the Issuer's lending operations arises if one or more debtors do not fulfil their payment obligations towards the Issuer. 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 Issuer's claim (i.e., within the ordinary course of the Issuer's business). Should any such credit risk materialise, there is a risk of an increase in the number of loans not being paid. It would also require the Issuer to take measures to collect such defaulted loans (which might be costly and unsuccessful).

Credit risk also includes concentration-, investment- and counterparty credit risk. Concentration risk is more likely to materialise in connection with large exposures to individual counterparties, regions or industries within the Issuer's operations. Investment risk arises in relation to financial investments in the Issuer's liquidity portfolio and the investment of surplus liquidity, if a debtor does not fulfil its payment obligations, meaning it either pays late or not at all. Counterparty credit risk arises from derivative transactions, as well as securities financing transactions, if the value of the transaction changes such that the Issuer recognises a receivable against the counterparty.

Adverse changes in the credit quality of the Issuer's borrowers and counterparties would affect the recoverability and value of the Issuer's assets and require an increase in the Issuer's provision for bad and doubtful debts and other provisions. The degree to which credit risks may affect the Issuer is uncertain and presents a highly significant risk to the recoverability and value of the Issuer's assets.

Market risk

Market risk is the risk of loss or reduced future income due to market fluctuations. The Issuer's most significant exposure towards market fluctuations derives from its dependency on interest rates, currency exchange rates and changing conditions between interest costs for different issuers that affects the value of the Issuer's liquidity portfolio. Since the Issuer conducts lending operations, the Issuer is largely dependent on interest rate levels as interest rates are the single most important factor that affects margins in connection with its core business, i.e. lending. Variations in interest rates may result in losses or lower future income, as assets and liabilities have different fixed-interest periods and interest terms. Further, the Issuer currently conducts its lending operations in SEK (the Issuer's reporting currency) but may fund itself in foreign currencies. The Issuer may also hold securities denominated in currencies other than SEK within the SBAB Group's liquidity portfolio. Changes in the exchange rate for SEK against other currencies may affect the value of assets and liabilities denominated in foreign currencies and result in mark-to-market losses or lower future income.

Against this background, a liquid derivative market enabling the Issuer to swap foreign currencies and interest rates to reduce its market risk is essential and any significant disruption in the access to such market would harm the Issuer and further enhance the risks associated with the Issuer's exposure to interest rates and foreign currencies, as described above.

Furthermore, the value of the assets held within the Issuer's liquidity portfolio are dependent on the interest cost related to the issuer of the relevant security, and any negative change in such conditions may adversely affect the value of the Issuer's liquidity portfolio. The value of the Issuer's liquidity portfolio is further typically affected by the performance of financial markets. The value of the Issuer's liquidity portfolio is critical for the Issuer's ability to meet its liquidity requirements, and any significant decrease in value is likely to affect Issuer's capacity to fulfil these requirements.

The risk of failure or interruption to the Issuer's IT and other systems

The Issuer's business is dependent on the ability to keep a large amount of customer information and to process a large number of transactions as well as on internal and external systems for its loan distribution. The Issuer's business is thus dependent on its IT-systems to serve customers, support the Issuer's business processes, ensure complete and accurate processing of financial transactions, and support the overall internal control framework.

Disruptions in the Issuer's IT infrastructure or other systems may, for example, be caused by internal factors such as larger projects for replacing or upgrading existing IT platforms and/or systems, which, if replaced or upgraded inappropriately, risks resulting in IT platforms and/or systems that do not function as expected and result in, among other things, unreliable data processing with impact on financial reporting. There is also a risk for disruptions caused by external factors such as the availability of experts required for technical support or completion of ongoing projects. For example, should the Issuer face severe disruptions in its telephone and communication platforms, customers would be unable to contact the Issuer via telephone and email. Given that the Issuer does not have any offices for physical customer meetings and instead meets its retail customers and users digitally or by telephone this risk is likely to have a significant impact on the Issuer, both as regards its reputation and lending operations, but also, as a consequence, as regards its results of operations and margins.

Despite ongoing projects to replace or upgrade some of the Issuer's existing IT platforms, parts of the IT infrastructure remain outdated, which limits the Issuer's ability to swiftly adapt to new conditions and requirements and increases the risk of disruption. The Issuer is for example undertaking a complex transformation of its core information and communications technology systems, which exposes the Issuer to significant operational risks during the implementation period. Delays, technical failures, data migration issues, or other complications during this system transformation could disrupt SBAB's operations, compromise data integrity, impact customer service, and result in significant additional costs or regulatory penalties. The degree to which IT failures may affect the Issuer is uncertain and presents a highly significant risk to the Issuer's operations.

Operational and cyber risk

Operational risk is the risk of losses due to inappropriate or unsuccessful processes, human error, faulty systems, or external events, including legal risks. Operational risk and losses often result from fraud or other external or internal crime, errors by employees, failure to document transactions properly or to obtain proper internal authorisation, failure to comply with regulatory requirements and conduct of business rules, equipment failures, natural disasters, or the failure of internal or external systems, for example, those of the Issuer's suppliers or counterparties. The Issuer's business is also dependent on the ability to process a very large number of transactions within the ordinary course of the Issuer's operations. Any failure in conducting such transactions efficiently and accurately due to operational risks being materialised may thus adversely affect the Issuer's operations.

Furthermore, significant operational risks include cyber-related risks. The cyber-threat to the Swedish financial sector is extensive and persistent. A breach in security of the Issuer's IT systems risks compromising the availability of important systems may disrupt the Issuer's business. There is also a risk of social engineering attempts and the disclosure of sensitive or confidential information, which would create significant financial and legal exposure, and damage the Issuer's reputation and brand. Since the Issuer's business in all important aspects is digitalised (for example, mortgage applications are filed online), these risks are more prominent to the Issuer compared to competitors and other lenders whose operations are less digitalised. The degree to which operational failure or the occurrence of a cyber-related incident may affect the Issuer is uncertain and presents a highly significant risk to the Issuer's ability to carry out transactions efficiently and accurately.

Liquidity risk

Liquidity risk is the risk that the Issuer will not be able to meet its payment obligations on their maturity at all or without the related cost increasing significantly. The Issuer is subject to liquidity requirements in its capacity as a credit institution supervised by the Swedish FSA, including a statutory requirement to maintain sufficient liquidity to enable it to discharge its obligations as they fall due. The inability of the Issuer to uphold liquidity requirements, anticipate future liquidity and provide for unforeseen decreases or changes in funding sources could have consequences on the Issuer's ability to meet its payment obligations when they fall due and thus result in an investor not being paid in a timely manner.

Also, as a part of the Issuer's activities, the Issuer regularly sells mortgage loans to its subsidiary AB Sveriges Säkerställda Obligationer (publ) (with the parallel trade name The Swedish Covered Bond Corporation) ("SCBC"). The Issuer's claims for the purchase price of the mortgage loans acquired by SCBC are (fully or partially) repaid concurrently with the issue of covered bonds by SCBC. The Issuer's claims in relation to such sales, as well as other claims (unless arising under any derivative agreement entered into pursuant to the Swedish Act on Issuance of Covered Bonds (lagen (2003:1223) om utgivning av säkerställda obligationer)) such as claims under a revolving credit facility agreement between the Issuer as lender and SCBC as borrower, are subordinated to all unsubordinated claims against SCBC in SCBC's bankruptcy or liquidation. Thus, if SCBC becomes bankrupt or is liquidated or if SCBC is unable to issue covered bonds, the Issuer is likely to have outstanding subordinated claims against SCBC and is exposed to the risk of not get fully repaid or repaid in a timely manner. This may adversely affect the Issuer's liquidity and financial position.

As part of its funding, the Issuer accepts deposits from the Swedish general public, the majority of which are repayable on demand. Should a major part of the deposits be withdrawn simultaneously or during a short period of time, this would adversely affect the Issuer's liquidity since it will be required to repay a significant amount on demand. The degree to which liquidity risks may affect the Issuer is uncertain and presents a highly significant risk to the Issuer's ability to meet its payment obligations when they fall due.

Funding risk

The Issuer rely heavily on access to the debt capital markets for financing. Disruptions, uncertainty or heightened volatility in global debt markets may adversely affect the terms on which the Issuer is able to raise debt on favourable terms or even the ability to secure financing at all. These challenges may arise from external factors beyond the Issuer's control, such as broad market disruptions, loss of confidence in financial markets, or significant shifts in the global economic landscape. These risks are often triggered by macroeconomic shocks, monetary policy shifts, rising interest rates, geopolitical tensions, or concerns about the solvency of financial institutions. The combination of these evolving risks poses a material threat to the Issuer's ability to access capital markets, manage liquidity and maintain a stable financial position.

Geopolitical tension, armed conflicts and war - such as Russia's invasion of Ukraine and the current situation in Gaza - all affect the overall stability on financial markets. These conflicts and geopolitical events have had an influence on oil and energy prices over the last few years, which in turn can have wide reaching implications on overall economic development and funding conditions. In addition, inflationary pressures and interest rate hikes during 2023 had a profound impact on the global economy. One prominent example occurred in early 2023, when the global banking sector faced significant pressure following the collapse of several regional banks in the United States of America and the government-brokered merger of Credit Suisse Group AG and UBS Group AG. These events, largely driven by rising interest rates and tightening monetary policies, triggered severe market volatility, widened credit spreads and eroded overall market confidence. An additional hindrance to financial markets are the recently imposed tariffs by the United States of America during the first half of 2025, which proved more extensive than feared and led to substantial movements in international fixed-income markets. Such market conditions can increase funding costs, reduce access to capital markets, and impact the Issuer's ability to maintain adequate liquidity buffers, potentially constraining business operations and profitability.

Further compounding these risks is the possibility of a downgrade in the Issuer's credit ratings. Any downgrade in the Issuer's credit rating would likely increase borrowing costs, negatively impact liquidity, limit access to debt markets, and undermine market confidence. A downgrade in the Issuer's credit rating could also trigger certain contractual obligations, including the need to post additional collateral in financing agreements or restricting counterparties from entering transactions with the Issuer. These factors could severely impact the Issuer's ability to maintain adequate funding on favourable terms, consequently affecting its profitability, margins and core mortgage lending operations.

Moreover, the Issuer's funding challenges are intensified by its inability to directly access equity capital markets, as its shares are not publicly listed. This leaves the Issuer partially reliant on its ultimate owner (the Kingdom of Sweden) for equity capital. Should the Issuer require equity injections that are not forthcoming, or should debt markets become inaccessible or prohibitively expensive, the Issuer's liquidity, funding capabilities and ability to meet payment obligations may be significantly impaired.

Environmental, Social and/or Governance 'ESG' risks

There is a risk that the Issuer's operations have a direct or indirect negative effect on, or are directly or indirectly negatively affected by, Environmental, Social and/or Governance ("ESG") factors.

The Issuer's exposure to environmental and climate risks primarily arises in conjunction with its grant of credit. Environmental and climate risks arise when financing new production and redevelopment projects, but also in existing holdings in areas exposed to increased sea levels or temporary floodings. Changes in the average annual temperature have consequences for the climate in the form of rising sea levels, flooding, extreme weather, heat stress, drought, more rain, earlier springs, lower ground water levels and freshwater shortages. For buildings and other collateral, it is thus important for the Issuer to assess and monitor the risks of flooding, landslides, and erosion. Increased extremes in surface water levels that increase water penetration in basements and cause problems with dampness are likely to lead to assets and other collateral decreasing in value, thereby increasing the Issuer's risk of credit losses. Since properties are used as collateral for an absolute majority of the loans provided by the SBAB Group, this risk is highly significant.

In addition to the environmental risks described above, the Issuer is exposed to transition risks in conjunction with its grant of credit. Transition risks arise in relation to financed buildings with high energy consumption that require major energy efficiency renovations to meet potentially more stringent legal requirements or to reduce operating costs, which could adversely affect the value of the collateral and, in turn, increase the Issuer's associated credit risk. The transition to more energy efficient financed buildings is also key for the Issuer's ability to reduce its financed emissions as required by property owners and expected from other stakeholders, such as investors. Furthermore, the Issuer is exposed to risks linked to human rights, personnel-related matters, and social conditions in conjunction with lending to new production projects and customers with a high proportion of subcontractors. The controls performed by the main contractor in areas such as working conditions are made more complex when production is outsourced. The import of prefabricated material from other countries also entails risk, since the Issuer does not know the conditions that apply for the production. Finally, since the Issuer handles payments both in lending and financing, it is exposed to corruption risk. The risk is highest in the beginning of a relationship but is also present in all engagements. The Issuer's main exposure to corruption risk arises in conjunction with its grant of credit and deposit accounts for private customers. The degree to which ESG-risks may affect the Issuer is uncertain and presents a highly significant risk to the Issuer's collateral value and reputation.

Issuer is also exposed to risks related to criminality in society, which could lead to areas affected being less attractive for individuals to live in. This could adversely affect the value of the collateral in such areas and, in turn, increase the Issuer's associated credit risk.

There are several regulations focusing on ESG factors that are either currently being implemented, have recently come into effect, or are in development and expected to be enacted soon. These include, for example, the Taxonomy Regulation (EU) 2020/852, the Corporate Sustainability Reporting Directive (EU) 2022/2464, Energy Performance of Buildings Directive (EU) 2024/1275, and the Corporate Sustainability Due Diligence Directive (EU) 2024/1760. As these regulations impact operations and are subject to more detailed audits and stricter penalties, it is essential for the Issuer to meet all compliance requirements. Failure to effectively manage ESG risks or capitalise on ESG-related regulations may lead to a lower ESG rating, potentially reducing the Issuer's attractiveness in the financial market.

Compliance

The banking and financing sector is heavily regulated and the SBAB Group is subject to regulations and regulatory supervision pursuant to numerous directives, laws, regulations and policies issued by, inter alia, the European Union ("EU") and Sweden. Legal or regulatory developments and/or changes in supervisory policies or evaluation methods could have an adverse effect on the SBAB Group's financial strength (should it adversely affect the value of its assets), how the SBAB Group conducts its business (should it adversely affect the products and services it offers) and on the SBAB Group's results of operations (should it entail unexpected costs and/or impose restrictions on the development of the SBAB Group's business operations or otherwise affect its earnings).

As a lender to the Swedish residential mortgage market, the SBAB Group processes large quantities of personal data on its customers. Such processing of personal data is subject to extensive regulation and scrutiny following the implementation of the General Data Protection Regulation 2016/679/EU ("GDPR"). Any administrative and monetary sanctions or reputational damage due to breach of the GDPR would have an adverse effect on SBAB's financial position. Apart from the unexpected costs of any sanctions or damages such measures could lead to negative publicity in the media and/or reduced confidence from customers and other stakeholders which ultimately could adversely impact the SBAB Group's business, financial condition and results of operations.

The Issuer is furthermore subject to the EU Digital Operational Resilience Act (EU) 2022/2554 ("DORA") as from January 2025. DORA sets out general rules on digital risk management, including a requirement to establish an overall risk management framework and a digital operational resilience strategy, i.e. the reporting of major incidents to authorities, cybersecurity testing and third-party risk management and requirements for contracts concluded with information and communication technology service providers. Any administrative and monetary sanctions or reputational damage due to a breach of DORA could have an adverse effect on the Issuer's financial position.

The SBAB Group must also comply with anti-money laundering, counter terrorist financing and sanctions regulations. These laws and regulations have become increasingly complex and detailed, require improved systems and sophisticated monitoring and competent and skilled personnel at all levels of the SBAB Group, and have also become the subject of enhanced government and regulatory supervision. Failure to prevent or detect any illegal or improper activities fully or on a timely basis could negatively impact customers and expose the SBAB Group to liability. If the SBAB Group is associated with, or even accused of being associated with, or becomes a party to, money laundering or terrorist financing (even when the SBAB Group is acting in good faith and without knowledge of any such activities), the SBAB Group's reputation could suffer and it could become subject to administrative fines, remarks, warnings and injunctions and ultimately revocation of its operating licenses, any one of which could have a material adverse effect on the SBAB Group's results of operations, financial condition and prospects. Furthermore, failure to comply with economic sanctions, both primary and secondary (which are frequently subject to change by relevant governments, and which have increased in both volume and complexity due to Russia's war against Ukraine), and failure to comply fully with other applicable compliance laws and regulations, may result in the imposition of fines, penalties or other sanctions on the SBAB Group.

On 8 October 2024, the Swedish FSA announced that it was conducting an investigation into how SBAB's credit risk management meets the requirements for governance, risk management and control. The investigation is being conducted due to SBAB's significance as a player in Sweden's commercial residential property segment and due to its significant growth in recent years. The outcome of the investigation is uncertain until the Swedish FSA has issued its decision. However, should the Swedish FSA find deficiencies in SBAB's credit risk management, the investigation could result in criticism, remarks, warnings, administrative fines or other sanctions against SBAB. Any such sanction is likely to lead to negative publicity which could adversely affect the SBAB Group's business and demand for loans offered by the Issuer. Furthermore, any significant monetary sanctions would adversely affect the Issuer's results of operations.

Non-compliance with, as well as deficiencies in, guidelines and policies implemented to ensure compliance with regulatory frameworks that lead to negative publicity, negative consequences or legal implications or criticism from inter alia the Swedish FSA or other regulators could have a material adverse effect on the Issuer's reputation which is likely to adversely affect the demand for loans offered by the Issuer. Furthermore, the SBAB Group's business (should the demand for its products and services decrease), financial condition (should the value of its assets decrease) and results of operations (should its revenue decrease and/or its costs increase) could be materially adversely affected.

Legal and regulatory risks relating to the SBAB Group

Compliance with and changes in tax legislation

In 2024, the SBAB Group's tax expenses totalled SEK 618 million (SEK 980 million including risk tax). Accordingly, tax expenses constitute a significant part of the SBAB Group's total expenses. Should the SBAB Group's tax situation for previous, current and future years change (as a result of legislative changes and decisions made by the tax authorities or as a result of changed tax treaties, regulations, case law or requirements of the tax authorities, potentially with retroactive effect), it could adversely affect the SBAB Group's business (should taxes imposed on its products and services negatively impact the demand for such products and services), financial condition (should taxes negatively impact the value of its assets) and results of operations (should taxes increase its costs and thus decrease, among other things, its operating profits). Furthermore, in 2024, the SBAB Group's deferred tax assets(+)/liabilities(-) totalled SEK 697 million. The recognition of deferred tax assets/liabilities pertaining to deductible temporary differences or loss carry-forwards is based on management's assessment of the future likelihood of the company generating taxable profits corresponding to the basis for deferred tax assets. Incorrect assessments risk having a material impact on the SBAB Group's results of operations and financial position. Any such events or incorrect assessments thus risk leading to increased tax expenses or additional taxes, and there is a risk these encompass significant amounts.

Regulatory capital and liquidity requirements

The Issuer is subject to capital adequacy and liquidity regulations, which aim to put in place a comprehensive and risk-sensitive legal framework to ensure enhanced risk management among financial institutions. Regulations which have impacted the Issuer and are expected to continue to impact the Issuer include, among others, the Basel III framework, the EU Capital Requirements Directive 2013/36/EU ("CRD IV"), as amended by Directive (EU) 2019/878 ("CRD V"), and the EU Capital Requirements Regulation (EU) No. 575/2013 ("CRR"), as amended by Regulation (EU) 2019/876 ("CRR II"). CRR and CRD IV are supported by a set of binding technical standards developed by the European Banking Authority (the "EBA"). In May and June 2024, Directive (EU) 2024/1619 ("CRD VI") and Regulation (EU) 2024/1623 ("CRR III"), were adopted and published in the Official Journal of the EU and entered into force on 9 July 2024. The CRR III is mainly to be applied from 1 January 2025, but for several years transitional rules will apply. The CRD VI will be transposed into national law by Member States by 10 January 2026 at the latest. Overall, the CRR III and CRD VI are expected to positively impact the SBAB Group and the Issuer's overall capital situation and capital ratios.

The capital adequacy framework includes, inter alia, minimum capital requirements for the components in the capital base with the highest quality, common equity tier 1 ("CET1") capital, additional tier 1 capital and tier 2 capital. CRR II also introduced a binding leverage ratio requirement (i.e. a capital requirement independent from the riskiness of the exposures, as a backstop to risk-weighted capital requirements) for all institutions subject to the CRR. In addition to the minimum capital requirements, CRD IV provides for further capital buffer requirements that are required to be satisfied with CET1 capital. The combined buffer requirement consists of the total Common Equity Tier 1 capital required to meet the requirement for the capital conservation buffer extended by an institution-specific countercyclical capital buffer, a G-SII buffer, an O-SII buffer and a systemic risk buffer, as applicable, and each as defined in Article 128 of the CRD IV. Certain buffers may be applicable to the Issuer as determined by the Swedish FSA. The countercyclical buffer rate is a capital requirement which varies over time and is to be used to support credit supply in adverse market conditions. As of 22 June 2023, the buffer rate is 2 per cent, which is its neutral level. A breach of the combined buffer requirements is likely to result in restrictions on certain discretionary capital distributions by the Issuer, for example, dividends on CET1 and coupon payments on tier 1 capital instruments.

Further, in 2018, the Swedish FSA announced that it expects Swedish banks to analyse and update their current rating systems to adapt for the internal ratings-based approach, and the SBAB Group's application and implementation process for such new rating systems are still ongoing. In November 2022 and January 2023, respectively, SBAB received approval from the Swedish FSA on its application to use new probability of default models for households' exposure and for corporate exposures, and the new models have now been implemented. The SBAB Group's application to use new loss given default models ("LGD models") for household exposures has been submitted to the Swedish FSA. Uncertainty remains regarding the final impact of the new LGD models on the SBAB Group's capital requirements, as they are subject to the supervisory authority's approval.

Banks are also asked to maintain an extra capital buffer, called Pillar 2 guidance (P2G), which is determined as part of the Supervisory Review and Evaluation Process (SREP) and is a bank-specific recommendation. The P2G is a non-binding supervisory recommendation and a violation of the P2G does not automatically lead to consequences such as restrictions in dividends. If the P2G is breached the Swedish FSA has the possibility to intensify its supervision or decide on a Pillar 2 requirement.

The conditions of the SBAB Group's business as well as external conditions are constantly changing and the full set of capital adequacy rules applicable to Swedish financial institutions continues to evolve. For the foregoing reasons, the SBAB Group is potentially required to raise additional capital in the future. Such capital, whether in the form of debt financing, hybrid capital or additional equity, is not always available on attractive terms, or at all. If the SBAB Group is required to make additional provisions, increase its reserves or capital, or exit or change its approach to certain operations as a result of, for example, the initiatives to strengthen the regulation of credit institutions, this would adversely affect its results of operations or financial condition or increase its costs, all of which may adversely affect the SBAB Group's ability to raise additional capital and make payments under instruments such as the Notes.

Serious or systematic deviations by the Issuer from the above regulations would most likely lead to the Swedish FSA determining that the Issuer's business does not satisfy the statutory soundness requirement for credit institutions and thus result in the Swedish FSA imposing sanctions against the Issuer. Further, any increase in the capital and liquidity requirements could have a negative effect on the SBAB Group's liquidity (should its revenue streams not cover continuous payment to be made under its issued capital), funding (should it not be able to raise capital on attractive terms, or at all), financial condition (should liquidity and funding be negatively affected) and results of operations (should its costs increase). The degree to which regulatory capital and liquidity requirements risks may affect the Issuer is uncertain and presents a highly significant risk to the Issuer's funding and liquidity position.

The Bank Recovery and Resolution Directive

As a bank and a financial institution, the Issuer is subject to the Bank Recovery and Resolution Directive ("BRRD") (which was amended by Directive (EU) 2019/879 ("BRRD II") on 27 June 2019). The BRRD legislative package establishes a framework for the recovery and resolution of credit institutions and, inter alia, requires EU credit institutions (such as the Issuer) to produce and maintain recovery plans setting out the arrangements that are to be taken to restore the long-term viability of the institution in the event of a material deterioration of its financial condition. Accordingly, the requirements under the BRRD are comprehensive, and require the Issuer to take extensive measures to ensure compliance.

The BRRD contains a number of resolution tools and powers which may be applied by the resolution authority upon certain conditions for resolution being fulfilled. These tools and powers (used alone or in combination) include, inter alia, a general power to write-down all or a portion of the principal amount of, or interest on, certain eligible liabilities, whether subordinated or unsubordinated, of the institution in resolution and/or to convert certain unsecured debt claims including senior notes and subordinated notes into other securities, including CET1 instruments of the surviving entity, which equity could also be subject to any further application of the general bail-in tool. This means that most of such failing institution's debt (such as the Notes) could be subject to bail-in, except for certain classes of debt, such as certain deposits and secured liabilities. In addition to the general bail-in tool, the BRRD provides for relevant authorities to have the power, before any other resolution action is taken, to permanently write-down or convert into equity relevant capital instruments (such as the Notes) at the point of non-viability (see the risk factor "Loss absorption at the point of non-viability of the Issuer" below for further information). Ultimately, the authority has the power to take control of a failing institution and, for example, transfer the institution to a private purchaser or to a publicly controlled entity pending a private sector arrangement. All these actions can be taken without any prior shareholder approval.

It is not possible to predict exactly how the powers and tools of the Swedish resolution authority (the Swedish National Debt Office (Riksgäldskontoret)) provided in the BRRD (as implemented into Swedish law) will affect the Issuer and the SBAB Group. However, in order to, among other things, ensure the effectiveness of bail-in and other resolution tools, all in-scope institutions must have sufficient own funds and eligible liabilities available to absorb losses and contribute to recapitalisation if the bail-in tool were to be applied. Each institution must meet an individual minimum requirement for own funds and eligible liabilities ("MREL"), set by the relevant resolution authorities on a case by case basis. In December 2024, the Swedish National Debt Office most recently decided on the MREL and subordination requirement that applies to the Issuer and the SBAB Group from 1 January 2025. The Issuer and the SBAB Group will therefore be required to maintain an amount of additional eligible liabilities in the form of senior non-preferred debt or other eligible MREL instruments in order to meet the new MREL requirements.

If the SBAB Group were to experience difficulties in maintaining such eligible liabilities, it would have to reduce its lending or investments in other operations. This is likely to lead to a decrease in the SBAB Group's revenue which, if its costs remain unchanged, would decrease its operating result.

Further, given that the new MREL requirements must be met by all in-scope EU credit institutions, there is a risk that there is not a sufficient investor appetite in the debt markets for the aggregate volume of eligible liabilities which must be maintained which would have a negative effect on the price and value of such instruments. The degree to which the price and value of such instruments may vary is uncertain and presents a highly significant risk to the Issuer's revenue.

Risks relating to changes in accounting standards

From time to time, the International Accounting Standards Board (the “IASB”), the EU and other regulatory bodies change the financial accounting and reporting standards that govern the preparation of the SBAB Group’s and the Issuer’s financial statements. These changes are sometimes difficult to predict and could materially impact how the SBAB Group and the Issuer record and report their results of operations and financial condition. Changes in accounting standards may have an adverse effect on the Issuer’s reported financial condition, which may negatively affect its amount of funds available for payments under the Notes.

In July 2014, the IASB issued a new accounting standard, International Financial Reporting Standard 9 (Financial Instruments) (“IFRS 9”), which became effective from 1 January 2018 and replaced IAS 39. IFRS 9 provides a new general hedge accounting model which is yet to be completed with a portfolio hedging model. Implementation is not mandatory until the model is complete and the model has not yet been implemented by the SBAB Group. It is currently not possible to determine the extent of the impact that an implementation of the hedge accounting model under IFRS 9 will have on CET 1 capital as the new rules, and its impact on capital ratios, are not yet final.

As a consequence of the new general hedge accounting model under IFRS 9, and the uncertainty regarding its implementation, there is a risk that the SBAB Group and/or the Issuer will be required to obtain additional capital in the future. There is, however, a risk that new equity capital or debt financing qualifying as regulatory capital will not be available on attractive terms, or at all. The degree to which changes in accounting standards may affect the Issuer is uncertain and presents a highly significant risk to the Issuer’s costs for regulatory capital.

Changes to the Swedish Deposit Insurance Scheme

The Swedish Deposit Insurance Scheme (“SDIS”) guarantees the depositors’ deposits in the event the Issuer is declared bankrupt or if the Swedish FSA determines that the SDIS should be activated in a given situation. The SDIS is administered by the Swedish National Debt Office. If activated, the insurance guarantees each customer compensation amounting to the value of the total funds in his or her account(s) with the Issuer, plus accrued interest, until the time of bankruptcy or the Swedish FSA’s activation decision. As at the date of this Investor Presentation, the maximum compensation is an amount of SEK 1,050,000. There is a risk that regulatory changes which decrease the maximum compensation amount or change the SDIS are implemented which could have a negative effect on the amount of customer savings deposit currently held with the Issuer. This is likely to have a negative effect on the Issuer’s business and liquidity (should its number of depositors decrease), funding and financial condition (should its assets decrease if depositors withdraw their deposits) and results of operations (should its liquidity and funding costs increase if the deposits decrease). The degree to which changes to the Swedish Deposit Insurance Scheme may affect the Issuer is uncertain and presents a highly significant risk to the Issuer’s business and liquidity.

Risks relating to the Notes

Structural risks relating to the Notes

The Issuer's obligations under the Notes are deeply subordinated

The Notes are intended to constitute unsecured, deeply subordinated obligations of the Issuer. In the event of the voluntary or involuntary liquidation (likvidation) or bankruptcy (konkurs) of the Issuer, the rights of the Noteholders to payments on or in respect of (including any damages awarded for breach of any obligations under) the Notes (which in the case of any payment of principal shall be to payment of the then Nominal Amount only) shall at all times rank junior to any present and future claims of (i) depositors of the Issuer, (ii) any other unsubordinated creditors of the Issuer, (iii) any non-preferred creditors falling within the scope of the first paragraph of Section 18 of the Swedish Rights of Priority Act (förmånsrättslagen (1970:979)), and (iv) any subordinated creditors, including for the avoidance of doubt holders of any instruments which as at their respective issue dates constitute or constituted Tier 2 Capital.

In the event of the voluntary or involuntary liquidation or bankruptcy of the Issuer, there is a risk that the Issuer does not have enough assets remaining after payments to senior ranking creditors to pay amounts due under the Notes.

No Noteholder who is indebted to the Issuer shall be entitled to exercise any right of set-off or counterclaim against moneys owed by the Issuer in respect of Notes held by such Noteholder.

As a result of the above, there is a risk that the Noteholders will lose some or all of their investment in the Notes. Although the Notes may pay a higher rate of interest than comparable notes which are not subordinated or which are subordinated but not so deeply, there is a significant risk that an investor in the Notes will lose all or some of its investment in the event of a voluntary or involuntary liquidation or bankruptcy of the Issuer. Accordingly, in a worst case scenario, the value of the Notes may be reduced to zero.

As noted in the risk factors "The Bank Recovery and Resolution Directive" above and "Loss absorption at the point of non-viability of the Issuer" below, there is a risk of the Notes being written-down or converted into other securities in a resolution scenario or at the point of non-viability of the Issuer.

Interest payments on the Notes may be cancelled by the Issuer

Any payment of Interest in respect of the Notes shall be payable only out of the Issuer's Distributable Items and (i) may be cancelled, at any time, in whole or in part, at the option of the Issuer in its sole discretion and notwithstanding that it has Distributable Items or that it may make any distributions pursuant to the Applicable Capital Regulations; or (ii) will be mandatorily cancelled if and to the extent so required by the Applicable Capital Regulations, including the applicable criteria for Additional Tier 1 Capital instruments.

Any cancellation of Interest (in whole or in part thereof) shall in no way limit or restrict the Issuer from making any payment of interest or equivalent payment or other distribution in connection with any instrument ranking junior to the Notes, any CET1 capital of the Issuer or in respect of any other Additional Tier 1 Capital instruments. In addition, the Issuer may without restriction use funds that could have been applied to make such cancelled payments to meet its other obligations as they become due.

As a result of the above, there is a risk that the payment of Interest is cancelled, which would adversely affect the Noteholders. Following any cancellation of interest as described above, Noteholders shall have no right thereto or to receive additional interest or compensation. Furthermore, no cancellation of interest in accordance with the terms of the respective Notes shall constitute a default in payment or otherwise under the Notes or entitle Noteholders to take any action to cause the Issuer to be declared bankrupt or for the liquidation, winding-up or dissolution of the Issuer. Accordingly, in a worst case scenario, the amount of any Interest may be reduced to zero.

Any actual or anticipated cancellation of interest on the Notes will likely have an adverse effect on the market price of the Notes. In addition, as a result of the interest cancellation provisions of the Notes, the market price of the Notes is likely to be more volatile than the market prices of other debt securities on which interest accrues that are not subject to such cancellation and also more sensitive generally to adverse changes in the Issuer's financial condition.

Loss absorption following a Trigger Event

If at any time the CET1 Ratio has fallen below 5.125 per cent., in the case of the Issuer, or 7.00 per cent., in the case of the Consolidated Situation, this constitutes a Trigger Event and the Total Nominal Amount of the Notes shall be written down by an amount sufficient to restore the CET1 Ratio of the Issuer and/or the Consolidated Situation to at least 5.125 per cent. or 7.00 per cent., as applicable provided that the Nominal Amount of each Note may not be written down below SEK 1 (or such lower amount as is technically possible in accordance with the CSD Regulations and procedures, from time to time). The write down of the Notes is likely to result in a holder of Notes losing some or all of its investment. Following any such reduction of the Total Nominal Amount, the Issuer may, at its absolute discretion, reinstate in whole or in part the principal amount of the Notes, if certain conditions are met. The Issuer will not in any circumstances be obliged to reinstate in whole or in part the principal amount of the Notes (and any such reinstatement is likely to require approval at a shareholders' meeting of the Issuer).

The Issuer and/or the Swedish FSA may determine that a Trigger Event has occurred on more than one occasion and the reduced Nominal Amount of each Note may be written down on more than one occasion. Further, during any period when the then Nominal Amount of a Note is less than the initial Nominal Amount, interest will accrue on and the Notes will be redeemed at the reduced Nominal Amount of the Notes.

The Issuer's and/or the Swedish FSA's calculation of the CET1 Ratio of the Issuer, and therefore its determination of whether a Trigger Event has occurred, shall be binding on the Noteholders, who shall have no right to challenge the published figures detailing the CET1 Ratio of the Issuer.

Loss absorption at the point of non-viability of the Issuer

The holders of Notes are subject to the risk that the Notes may be required to absorb losses as a result of statutory powers conferred on resolution and competent authorities in Sweden (the Swedish National Debt Office and the Swedish FSA). As noted above in the risk factor "The Bank Recovery and Resolution Directive", the powers provided to resolution and competent authorities in the BRRD include write-down/conversion powers to ensure that relevant capital instruments (such as the Notes) fully absorb losses at the point of non-viability of the issuing institution in order to allow it to continue as a going concern subject to appropriate restructuring and without entering resolution. As a result, the BRRD contemplates that resolution authorities have the power to require the permanent write-down of such capital instruments (which write-down may be in full) or the conversion of them into CET1 instruments at the point of non-viability and before any other bail-in or resolution tool can be used. Accordingly, in a worst case scenario, the capital instruments may be written down and the value of the Notes may be reduced to zero.

There is a risk that the application of any non-viability loss absorption measure results in the Noteholders losing some or all of their investment. Any such conversion to equity or write-off of all or part of an investor's principal (including accrued but unpaid interest) shall not constitute an event of default and any affected holder of Notes will have no further claims in respect of any amount so converted or written off. The exercise of any such power is inherently unpredictable and depends on a number of factors which are outside the Issuer's control. Any such exercise, or any suggestion that the Notes could be subject to such exercise, would, therefore, materially adversely affect the value of Notes.

The Notes have no maturity and call options are subject to the prior consent of the Swedish FSA

The Notes have no fixed final redemption date and the Noteholders have no rights to call for the redemption of the Notes. The Issuer has the option to, at its own discretion, redeem the Notes at any Business Day falling within the Initial Call Period or any Interest Payment Date falling after the Initial Call Period, but the Noteholders should not invest in the Notes with the expectation that such a call will be exercised by the Issuer.

If the Issuer considers it favourable to exercise such a call option, the Issuer must obtain the prior consent of the Swedish FSA. The Swedish FSA may agree to permit such a call, based upon its evaluation of the regulatory capital position of the Issuer and certain other factors at the relevant time. There is therefore a risk that the Issuer will not exercise such a call or that the Swedish FSA will not permit such a call. The Noteholders may be required to bear the financial risks of an investment in the Notes for an indefinite period of time and there can be no assurance that the Issuer will or may exercise the call option.

The Issuer may redeem the Notes on the occurrence of a Capital Event or Tax Event

The Issuer may in certain circumstances, at its option, but in each case subject to obtaining the prior consent of the Swedish FSA, redeem the respective Notes upon the occurrence of a Capital Event or Tax Event at par together with accrued Interest on any Interest Payment Date.

It should also be noted that the Issuer may redeem the Notes as described above even if (i) the Total Nominal Amount of the relevant Notes has been reduced by means of a write-down in accordance with the relevant Terms and Conditions, and (ii) the principal amount of the relevant Notes has not been fully reinstated to the initial Nominal Amount of the Notes.

There is a risk that the Noteholders will not be able to reinvest the amounts received upon redemption at a rate that will provide the same rate of return as their investments in the Notes.

Admission to trading, liquidity and the secondary market

The Issuer shall use reasonable efforts to ensure that the Notes are admitted to trading on Nasdaq Stockholm within thirty (30) days from the Issue Date or, if such admission to trading is not possible to obtain, admitted to trading on another Regulated Market. However, the Issuer is dependent upon the prior approval of the listing from Nasdaq Stockholm as well as the Swedish FSA approving the prospectus required for the purpose of listing the Notes on Nasdaq Stockholm. There is a risk that the Notes will not be admitted to trading in time, or at all. If the Issuer would fail to ensure that the Notes are admitted to trading on Nasdaq Stockholm within thirty (30) days from the Issue Date or at all, the Noteholders would not be able to accelerate the Notes or otherwise request prepayment or redemption of the nominal amount of the Notes.

Even if the Notes are admitted to trading on the aforementioned market, active trading in the Notes does not always occur and a liquid market for trading in the Notes might not occur even if the Notes are listed. This may result in the Noteholders not being able to sell their Notes when desired or at a price level which allows for a profit comparable to similar investments with an active and functioning secondary market. Lack of liquidity in the market may have a negative impact on the market value of the Notes. Further, the nominal value of the Notes may not be indicative compared to the market price of the Notes if the Notes are admitted to trading on Nasdaq Stockholm. It should also be noted that during a given time period it may be difficult or impossible to sell the Notes on the secondary market on reasonable terms, or at all, due to, for example, severe price fluctuations, close down of the relevant market or trade restrictions imposed on the market.

Substitution or variation of the Notes

Subject to Clause 12.4 (Redemption, substitution or variation upon the occurrence of a Capital Event or Tax Event) of the relevant Terms and Conditions and the prior written permission of the Swedish FSA, the Issuer may, at its option and without the permission or approval of the relevant Noteholders, elect to substitute or vary the terms of all (but not some only) outstanding Notes for, or so that they become or remain, as applicable, Qualifying Securities if a Capital Event or Tax Event occurs.

There is a risk that, due to the particular circumstances of each Noteholder, any Qualifying Securities will be less favourable to each Noteholder in all respects or that a particular Noteholder would not make the same determination as the Issuer as to whether the terms of the relevant Qualifying Securities are not materially less favourable to Noteholders than the terms of the relevant Notes. The substitution or variation of the Notes may thus lead to changes in the Notes that have effects that are less favourable to the Noteholders. The Issuer bears no responsibility towards the Noteholders for any adverse effects of such substitution or variation (including, without limitation, with respect to any adverse tax consequence suffered by any Noteholder). The degree to which the Notes may be substituted or varied is uncertain and presents a highly significant risk to the return of the Notes.

The Issuer is not (and nor is any other Group Company) prohibited from issuing further debt, which may rank pari passu with or senior to the Notes

There is no restriction on the amount or type of debt that the Issuer or, another company within the Group, may issue or incur that ranks senior to, or pari passu with the Notes, for example by issuing notes or commercial papers under existing funding programmes of the Issuer. There is a risk that the incurrence of any such debt reduces the amount recoverable by Noteholders in the event of the voluntary or involuntary liquidation or bankruptcy of the Issuer, limits the ability of the Issuer to meet its obligations in respect of the respective Notes and results in Noteholders losing all or some of their investment in the Notes. The degree to which other debt that ranks senior to, or pari passu with, the Notes may be issued is uncertain and presents a highly significant risk to the amount recoverable by Noteholders.

The Issuer is not (and nor is any other Group Company) prohibited from pledging assets for other debt

There is no restriction on the amount or type of assets that the Issuer or any other Group Company can pledge, or otherwise use as security, for other debt. If the Issuer chooses to do so, there is a risk that this reduces the amount recoverable by Noteholders in the event of the voluntary or involuntary liquidation or bankruptcy of the Issuer and result in Noteholders losing all or some of their investment in the Notes. The degree to which any other asset pledged may affect the Noteholders is uncertain and presents a highly significant risk to the amount recoverable by Noteholders.

Risks relating to the Fixed-to-Floating Rate Notes

Interest rate risk

The Fixed-to-Floating Rate Notes bear interest at a fixed rate until the last day of the Initial Call Period for such Notes. During that time, holders of Fixed-to-Floating Rate Notes are exposed to the risk that the price of such Notes may fall because of changes in the market yield. While the nominal interest rate (i.e. the coupon) of Fixed-to-Floating Rate Notes is fixed until the last day of the Initial Call Period for such Notes, the market yield typically changes on a daily basis. As the market yield changes, the price of Fixed-to-Floating Rate Notes changes in the opposite direction, i.e. if the market yield increases, the price of such Notes falls and if the market yield falls, the price of such Notes increases. There is a risk that the price of Fixed-to-Floating Rate Notes is adversely affected by movements of the market yield, which will result in Noteholders losing a significant part of their investment in such Notes.

Other risks relating to the Notes

Noteholder representation and majority decisions by the Noteholders

Under the respective Terms and Conditions, the Agent represents each Noteholder in all matters relating to the Notes. The respective Terms and Conditions contain provisions to the effect that a Noteholder is prohibited from taking actions on its own against the Issuer. To enable the Agent to represent the Noteholders in court, the Noteholders can submit a written power of attorney for legal proceedings. The failure of all Noteholders to submit such a power of attorney is likely to negatively impact the enforcement options available to the Agent on behalf of the Noteholders. Further, under the respective Terms and Conditions the Agent is entitled in some cases to make decisions and take measures that bind all relevant Noteholders without first obtaining the prior consent of the Noteholders.

Additionally, under the respective Terms and Conditions certain majorities of Noteholders are entitled to make decisions and take measures that bind all Noteholders, including those who vote in a manner contrary to the majority. Therefore, the actions of the majority and the Agent in such matters impact the Noteholders' rights under the Finance Documents in a manner that is possibly undesirable for some of the Noteholders. The degree to which any such decisions may affect the Noteholders is uncertain and presents a highly significant risk that the actions of the majority and the Agent in such matters can impact the Noteholders' rights under the Finance Documents in a manner that can be undesirable for some of the Noteholders.

The Terms and Conditions do not contain any right for the Noteholders or the Agent to accelerate the Notes

The Notes are intended to constitute Additional Tier 1 Capital of the Issuer. As such, the Terms and Conditions do not include any obligations or undertakings on the Issuer, the breach of which would entitle the Noteholders or the Agent to accelerate the Notes. Accordingly, if the Issuer fails to meet any obligations under the Notes, including any payment of principal, interest and/or other amounts due under the Notes, Noteholders will not have any right to request repurchase of its Notes or any other remedy for such breach. As a result, there is a risk that the Noteholders will not receive any prepayment unless in the case of the Issuer being placed into bankruptcy or is subject to liquidation proceedings.

European Benchmarks Regulation

In order to ensure the reliability of reference rates (such as STIBOR), legislative action at EU level has been taken. Hence, the so-called Benchmarks Regulation (Regulation (EU) 2016/1011 of the European Parliament and of the Council of 8 June 2016 on indexes used as reference values for financial instruments and financial agreements or for measuring investment fund results and amending Directives 2008/48/EC and 2014/17/EU and Regulation (EU) No 596/2014) were added and entered into force on 1 January 2018. The Benchmark Regulation regulates the provision of reference values, reporting of data bases for reference values and use of reference values within the EU. There are future risks that the benchmark regulation affects how certain reference rates are determined and how they are developed. This in conjunction with increased administrative requirements is likely to lead to a reduced number of entities involved in the determination of reference rates, which, in such case, would lead to a certain reference interest ceasing to be published.

The Terms and Conditions provide that the interest rate benchmark STIBOR, which applies for the Notes, can be replaced as set out therein, upon the occurrence of a Base Rate Event which includes if STIBOR ceases to be calculated or administered. Such replacement shall be made in good faith and in a commercially reasonable manner and is always subject to the Applicable Capital Regulations and the prior written consent of the Swedish FSA. However, there is a risk that such replacement is not made in an effective manner and consequently, if STIBOR ceases to be calculated or administered, an investor in the Notes would be adversely affected. The degree to which amendments to and application of the European Benchmarks Regulation may affect the Noteholders is uncertain and presents a highly significant risk to the return on the Noteholder's investment.

Credit ratings may not reflect all risks

The Notes are expected upon issuance to be rated BB by S&P and Ba1 by Moody's. This rating may not reflect the potential impact of all risks related to the structure, market, additional factors discussed above, and other factors that may affect the value of the Notes. A credit rating is not a recommendation to buy, sell or hold securities and may be revised, suspended, reduced or withdrawn by the rating agency at any time. Any such revision, suspension, reduction or withdrawal could adversely affect the market value of the Notes. For the avoidance of doubt, the Issuer does not commit to ensure that any specific rating of the Notes will be upheld nor that any credit rating agency rating the Notes will remain the same.

In general, European regulated investors are restricted under Regulation (EU) No 462/2013 amending Regulation (EC) No 1060/2009 on credit rating agencies (the "CRA Regulation") from using credit ratings for regulatory purposes, unless such ratings are issued by a credit rating agency established in the EU and registered under the CRA Regulation (and such registration has not been withdrawn or suspended), subject to transitional provisions that apply in certain circumstances whilst the registration application is pending. Such general restriction will also apply in the case of credit ratings issued by non-EU credit rating agencies, unless the relevant credit ratings are endorsed by an EU-registered credit rating agency or the relevant non-EU rating agency is certified in accordance with the CRA Regulation (and such endorsement action or certification, as the case may be, has not been withdrawn or suspended, subject to transitional provisions that apply in certain circumstances). The list of registered and certified rating agencies published by the European Securities and Markets Authority ("ESMA") on its website in accordance with the CRA Regulation is not conclusive evidence of the status of the relevant rating agency included in such list, as there may be delays between certain supervisory measures being taken against a relevant rating agency and the publication of the updated ESMA list.