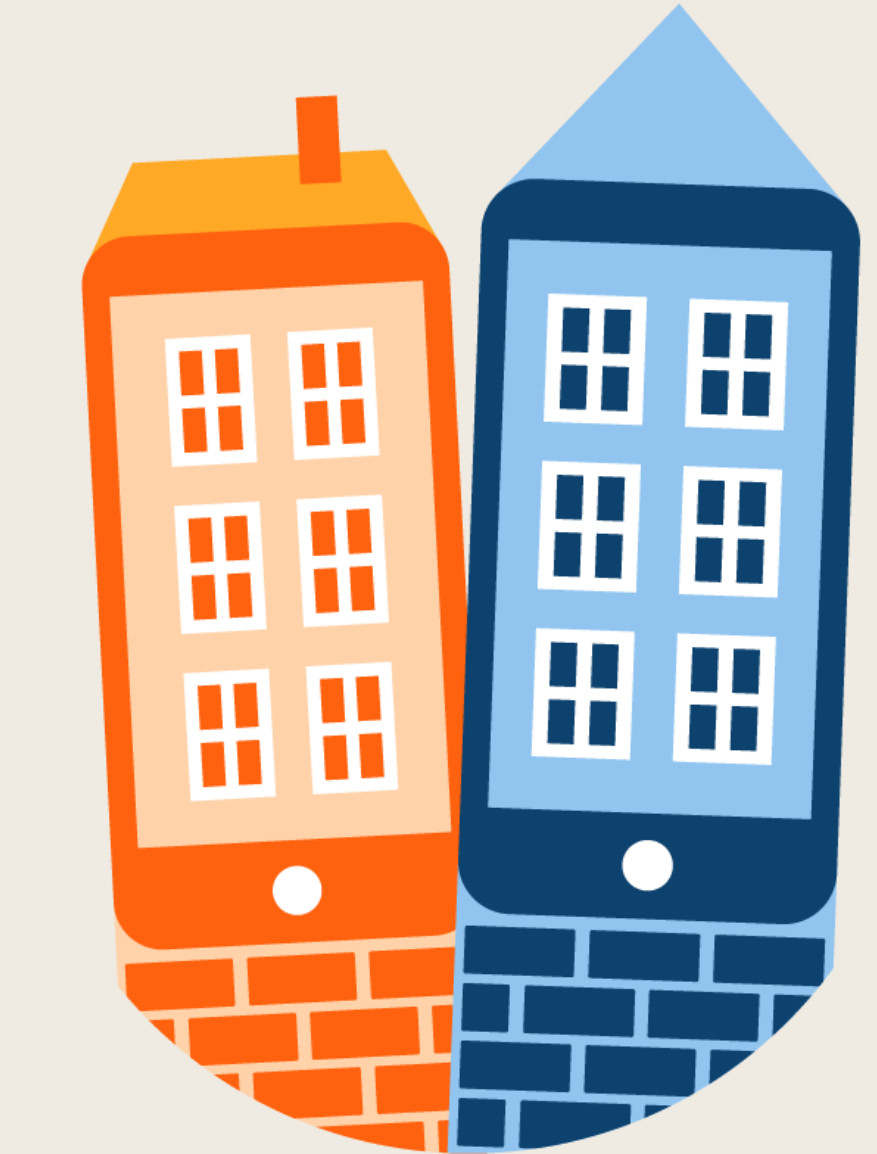


SBAB!

Investor presentation

SBAB Bank AB (publ)

Q3 2022



Executive summary



- 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 & dividend
- Total long-term funding for 2022 expected to be approximately SEK 90-100 bn

Total lending (SEK bn)

499
(467)

Total deposits (SEK bn)

171
(145)

SBAB!

booli!

En tjänst från SBAB

hittamäklare!

En tjänst från SBAB

boappa!

En tjänst från SBAB

10.5%

Return on equity
Jan-Sep 2022

12.8%

CET1 capital ratio
30 Sep 2022

-0.01%

Credit loss level
Jan-Sep 2022

31.9%

C/I ratio
Jan-Sep 2022



Contents

1	Business update
2	Financial update
3	Credit portfolio and asset quality
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6	Macro development
7	Appendix



Sweden's most satisfied customers

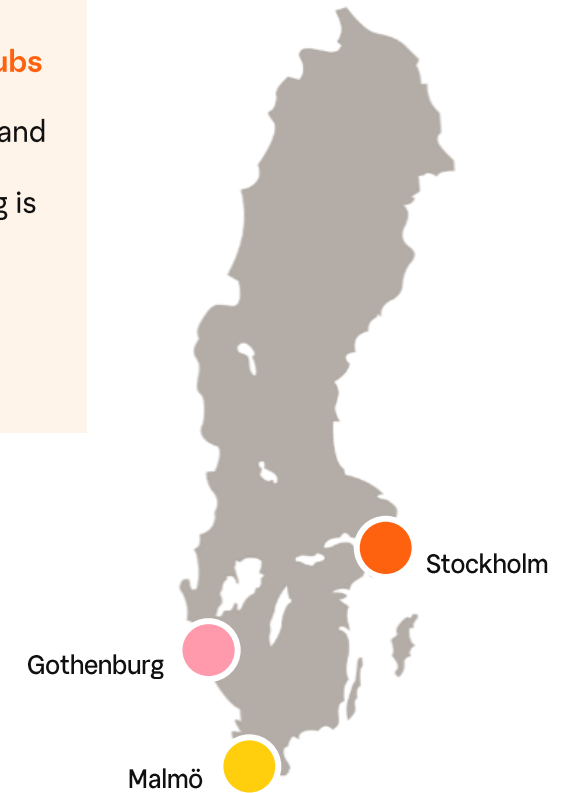
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In 2021, for the fourth consecutive year, SBAB had Sweden's most satisfied property loan customers according to SKI.

Business overview

- Founded in 1985 & 100% owned by the Kingdom of Sweden
- Mortgage bank with >98% collateralized lending (total lending of SEK 498.6 billion)
- Straightforward business model (mortgage lending & savings) & customer operations only in Sweden
- 856 employees in five offices
- Two business areas;
 - Retail business area
 - Corporate Clients & Tenant-owners' Associations business area

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



Strategic objectives

SBAB assigns priority to four SDGs

The business sector, including SBAB, has an important role to play in achieving the SDGs within the 2030 Agenda. We have identified and chosen four of the 17 SDGs that we consider particularly important and relevant to our operations. The prioritised goals have been chosen based on extensive analysis in the form of internal workshops and ranking exercises within operations, the Executive Management and the Board, and today comprise an important and integrated part of our sustainable governance model.



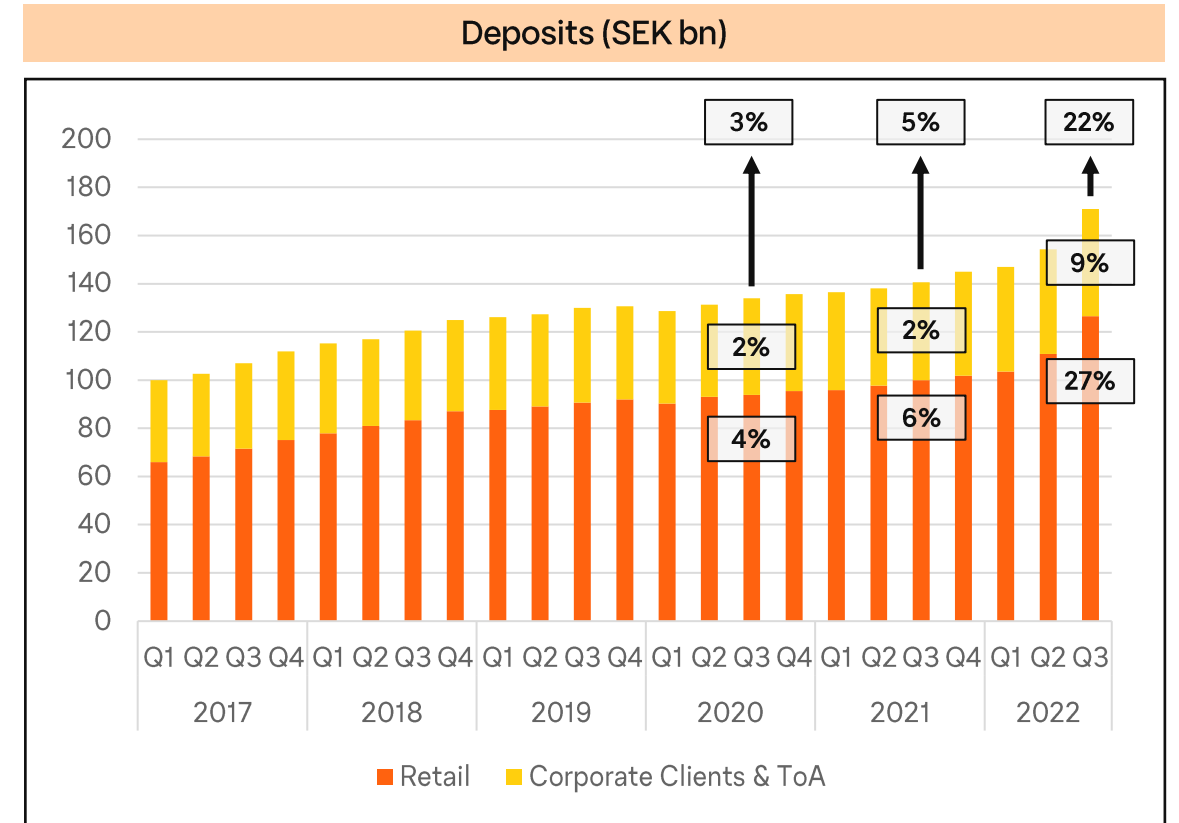
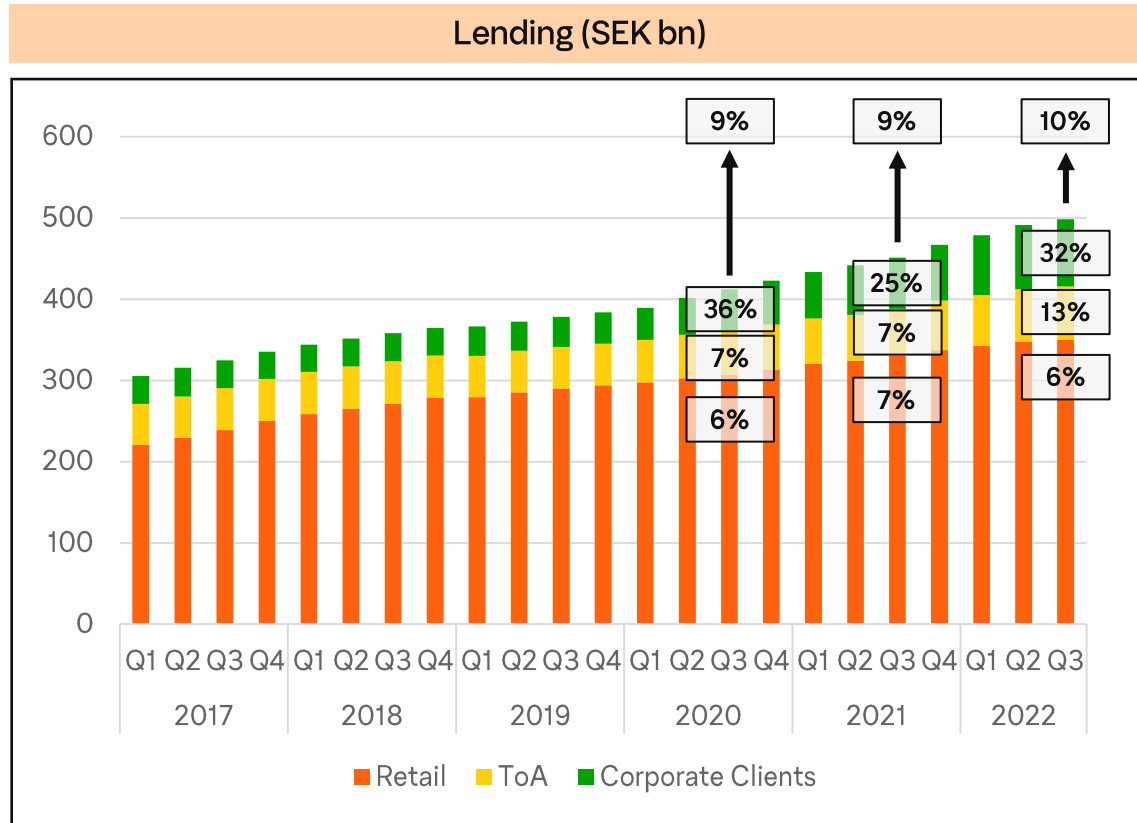
- Grow market shares over the coming years. Keep strong asset quality with low loan losses & problem loans
- Continue deposit growth in order to reduce reliance on wholesale funding
- Meet & exceed financial targets from owner;
 - Profitability (RoE > 10%)
 - Capitalisation* (CET1 > 0.6% above regulatory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

* In January, SBAB:s CEO decided to introduce a supplementary capital target for CET1 on group level. The target will apply from 28 February and means that over time, and under normal circumstances, SBAB will aim to maintain a buffer corresponding to 1-3 percentage points above regulatory requirements. The new target is a complement to the lower limit of 0.6 percentage points decided by the Board



Lending & deposits development

X% = YoY growth



Lending (SEK bn)
498.6

Retail (SEK bn)
349.8

ToA (SEK bn)
65.8

Corp. (SEK bn)
83.0

Deposits (SEK bn)
171.0

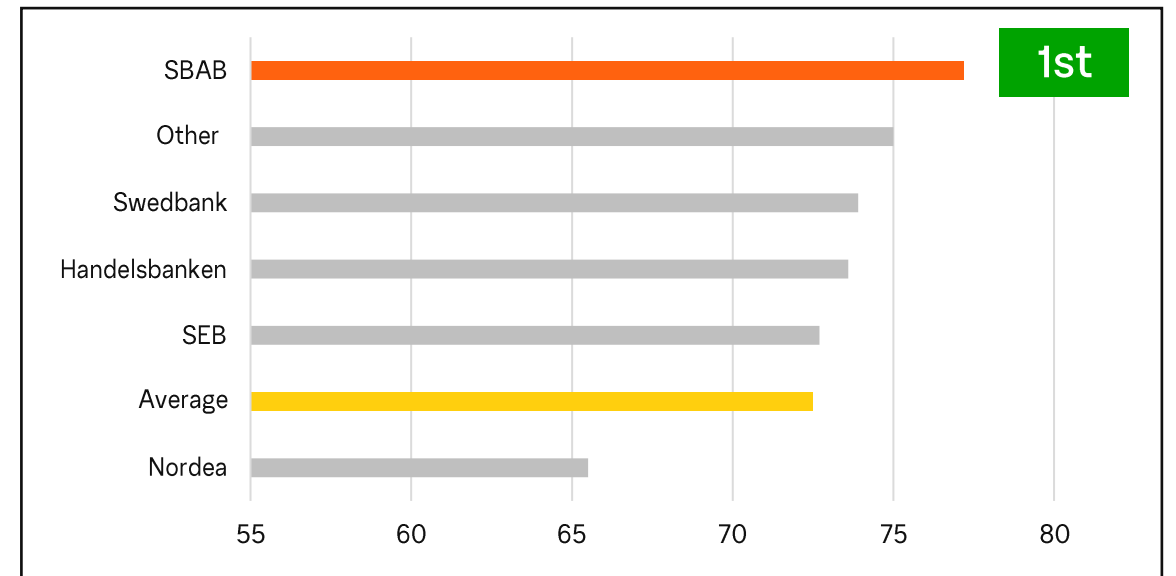
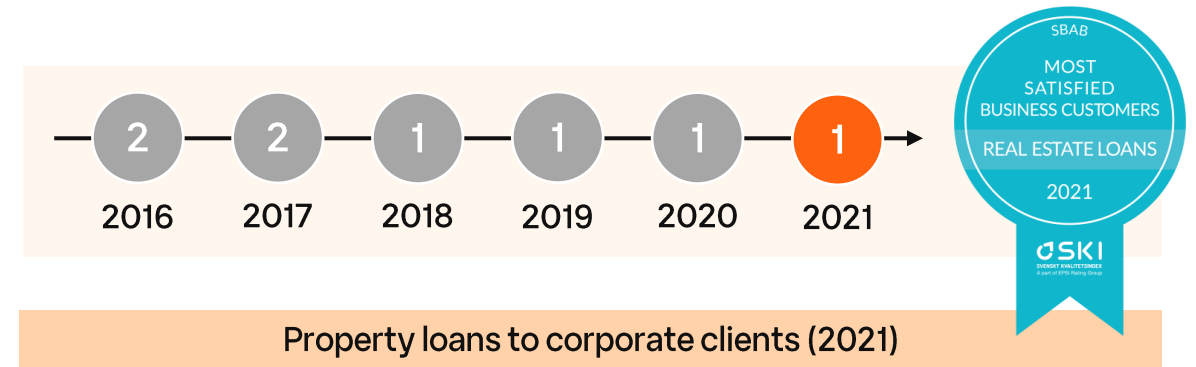
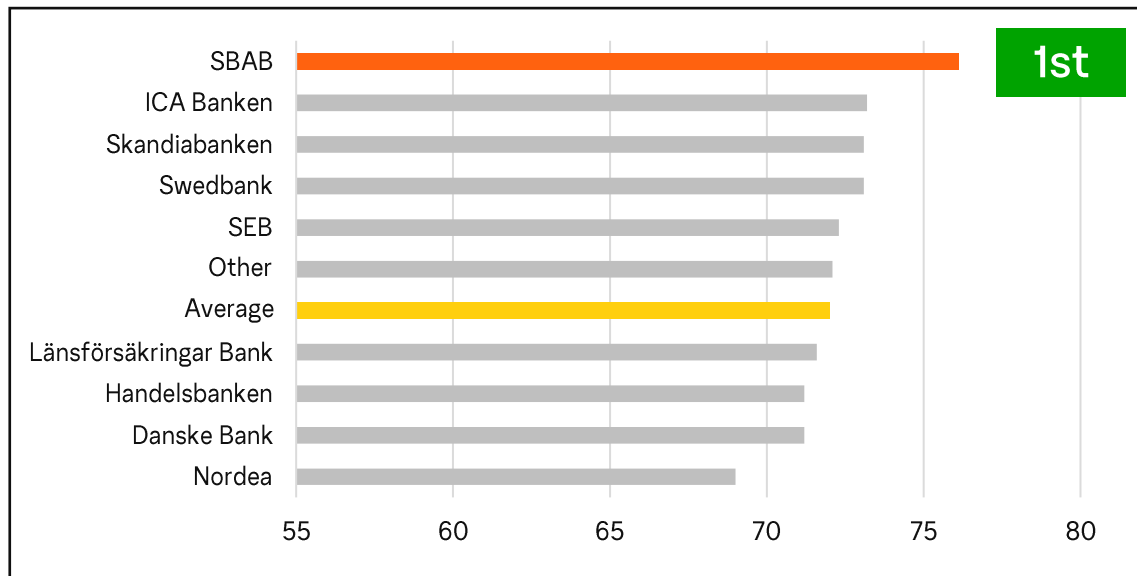
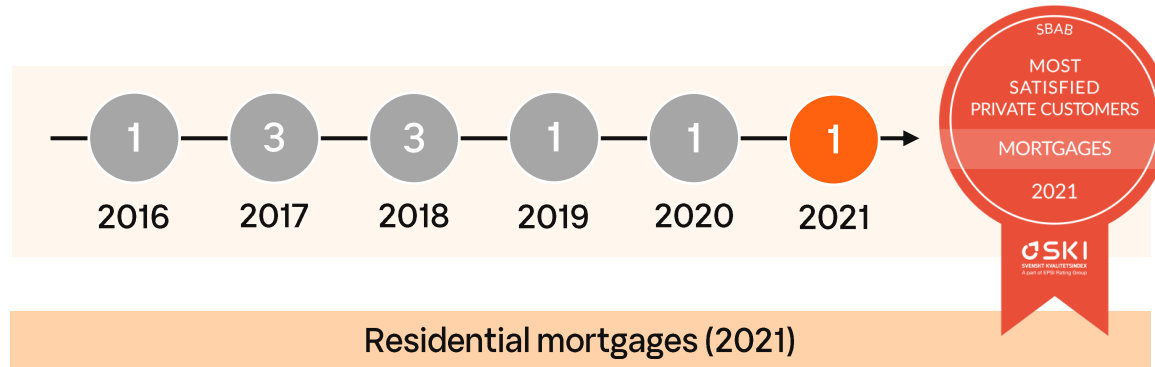
Retail (SEK bn)
126.5

ToA & Corp. (SEK bn)
44.5

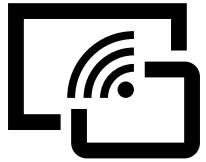
Deposits/lending
34%



Customer satisfaction



SBAB's value proposition



Accessibility

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



Transparency

Fair prices and appropriate terms and conditions from the start.



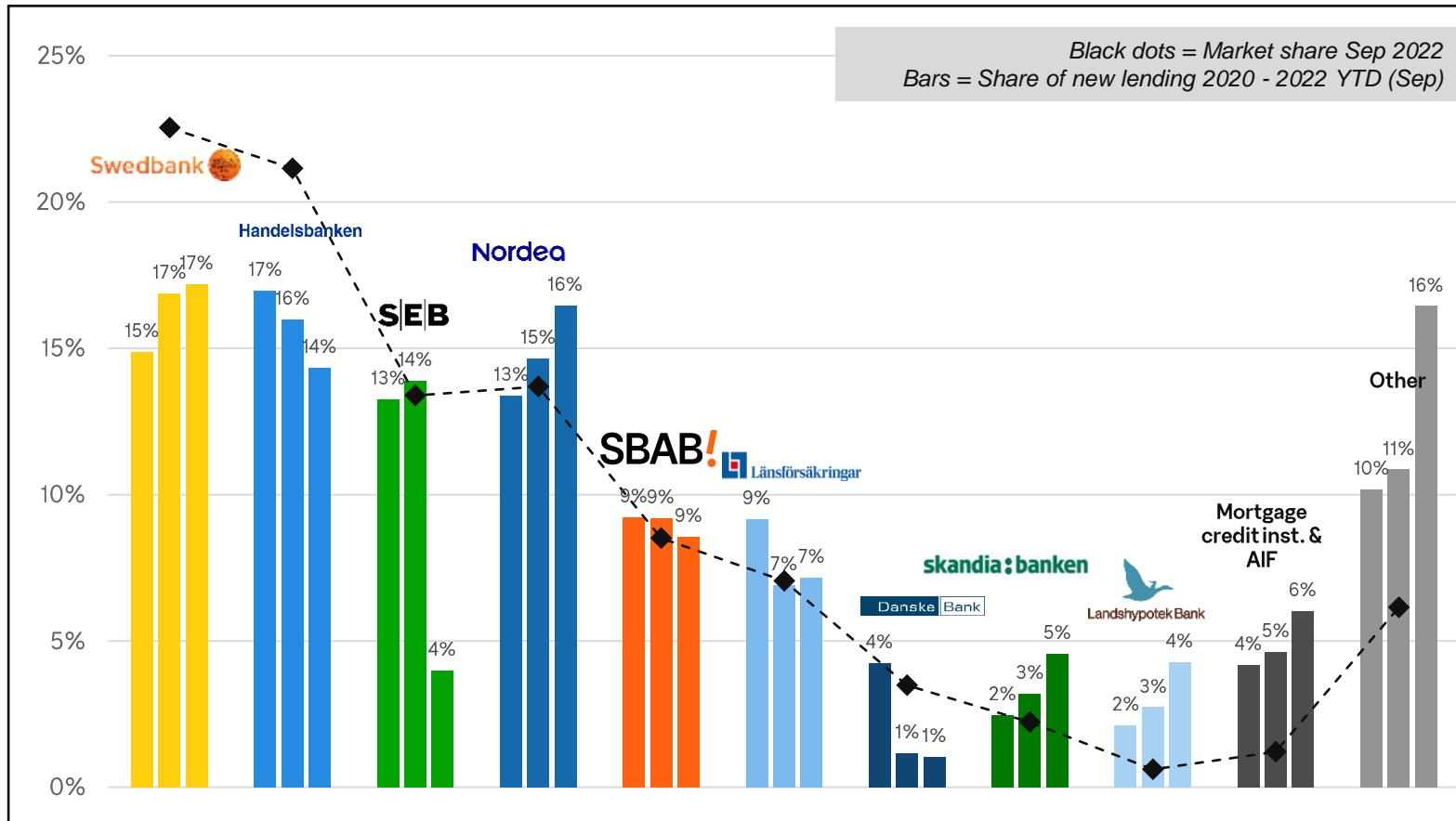
Consideration

Housing specialists who care.

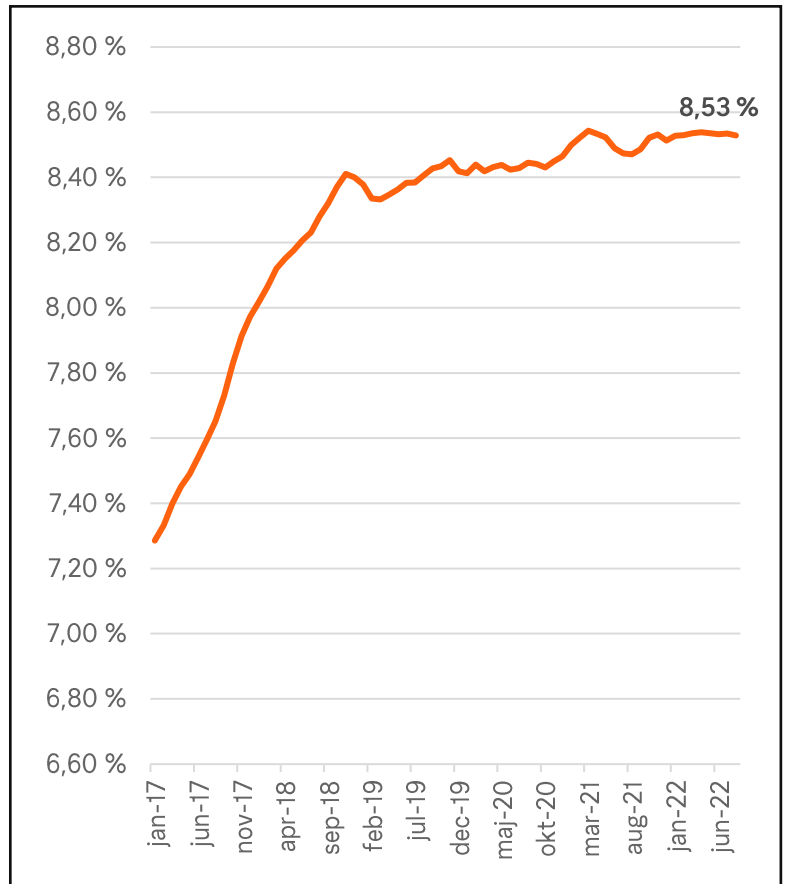


Mortgage market development (1/2)

Shares of net growth in the Swedish residential mortgage market 2020 – 2022 YTD (Sep)

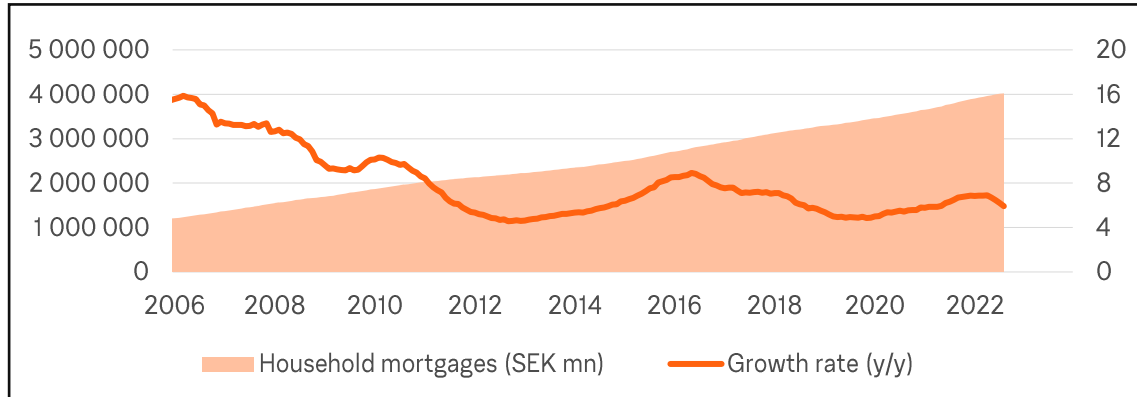


SBAB market share, mortgages (Aug 2022)

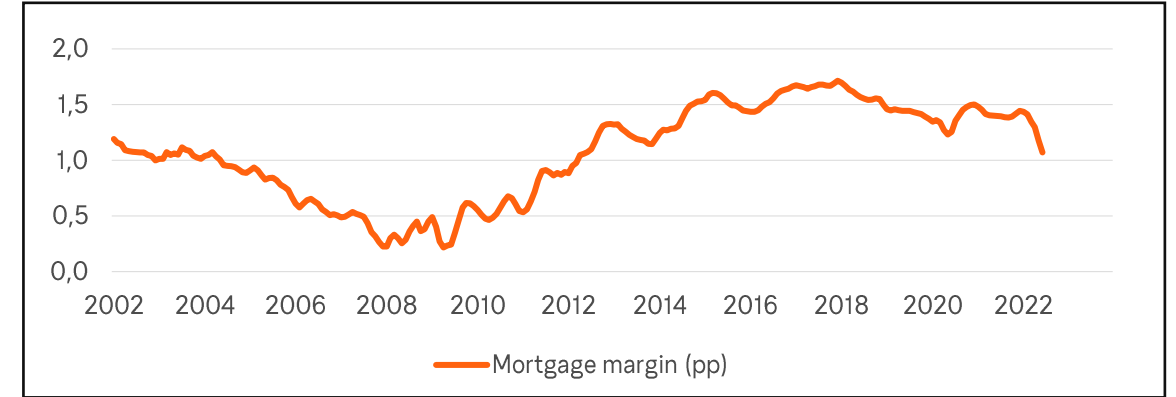


Mortgage market development (2/2)

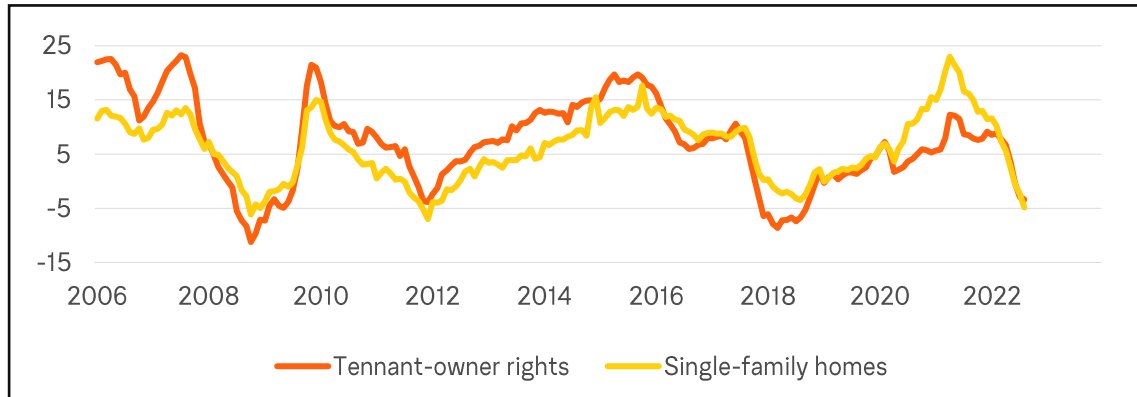
Swedish household mortgages



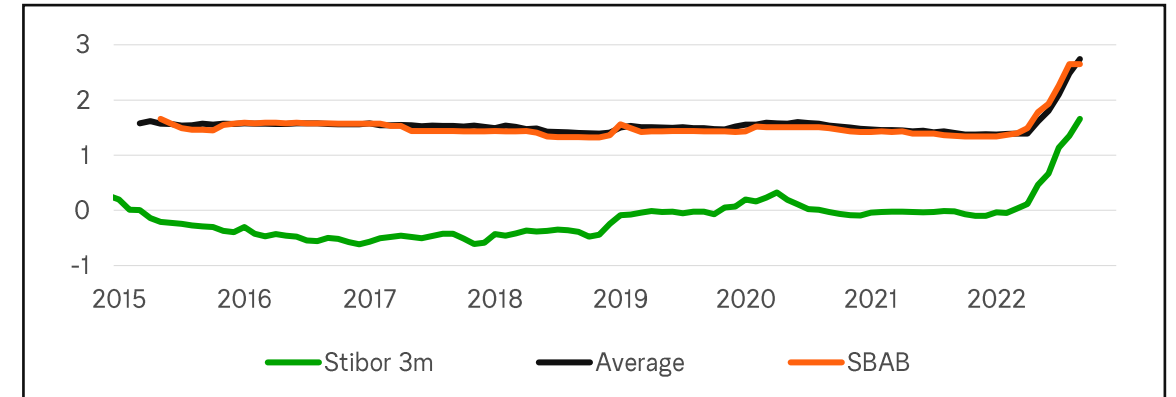
Gross margins on Swedish household mortgages



Swedish house price growth rate (y/y)



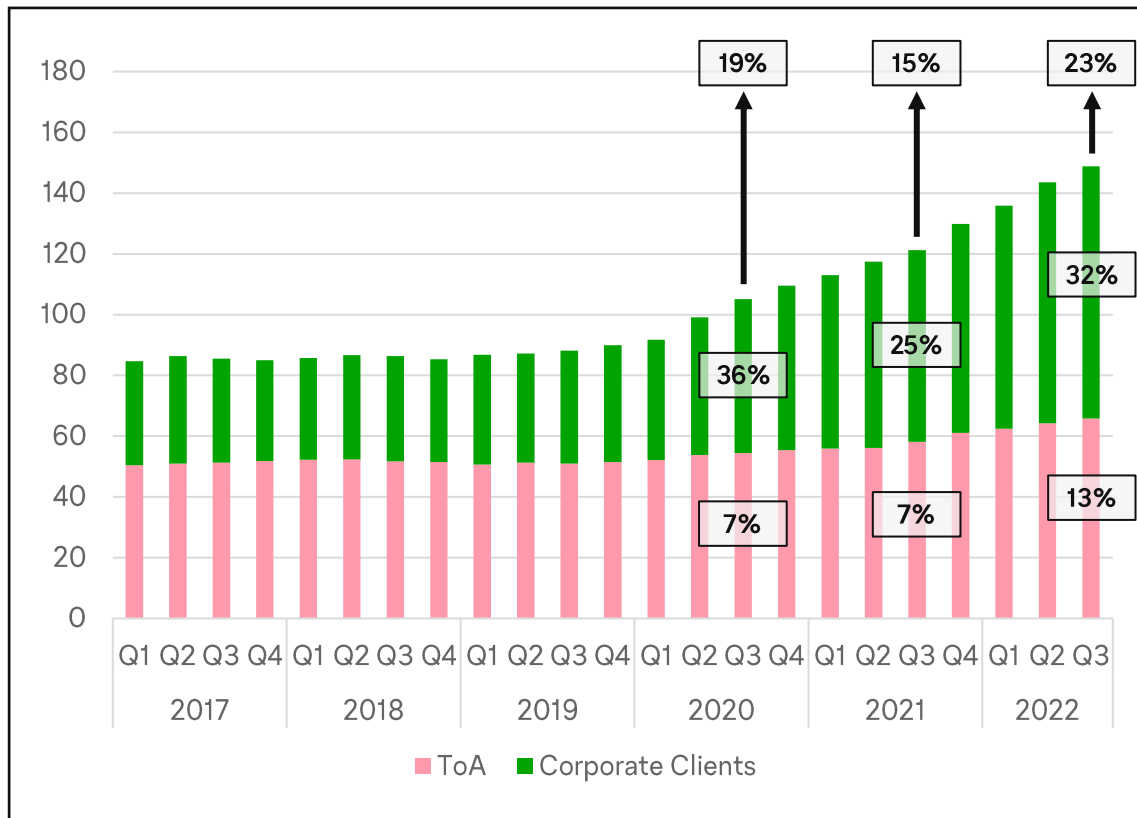
Development of actual 3M mortgage rate



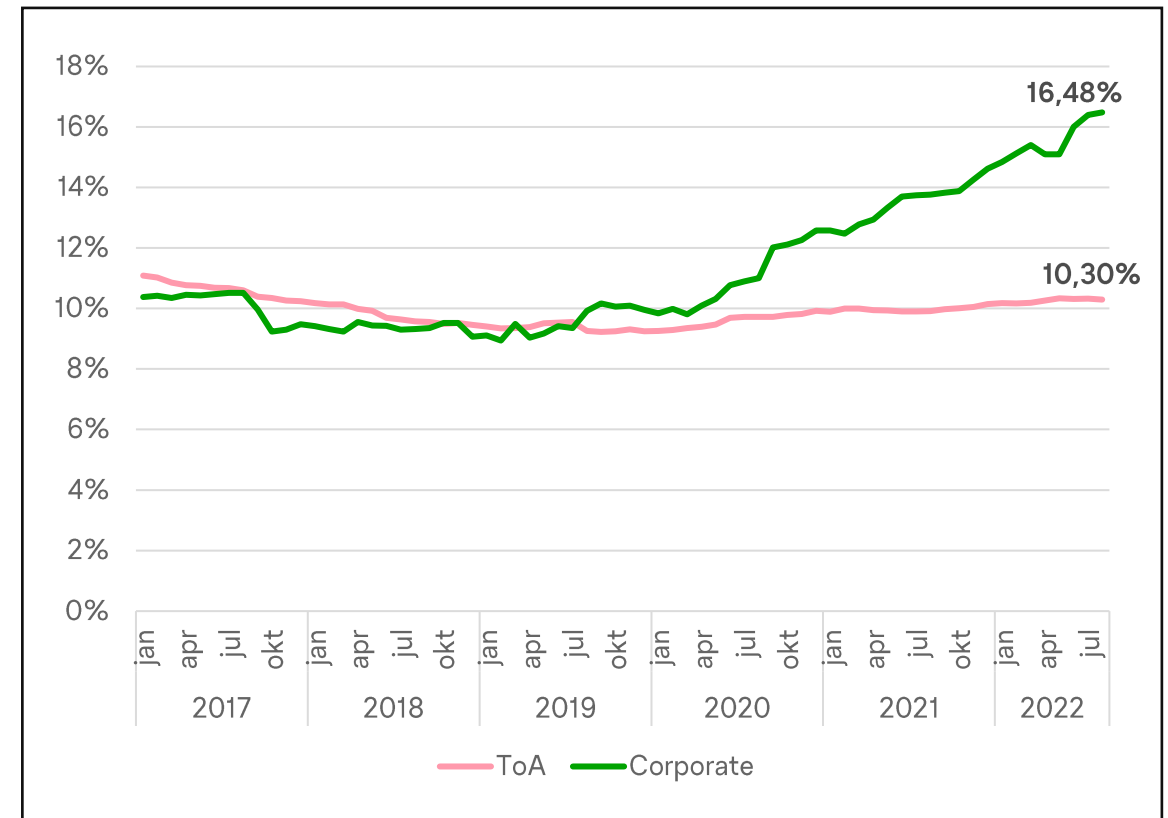
Corporates & Tenant-own. Assoc.

X% = YoY growth

Lending volumes (SEK bn)



Market shares, Corporate clients & ToA (Aug 2022)



Contents

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7	Appendix



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In 2021, for the fourth consecutive year, SBAB had Sweden's most satisfied property loan customers according to SKI.

Overview of YTD results

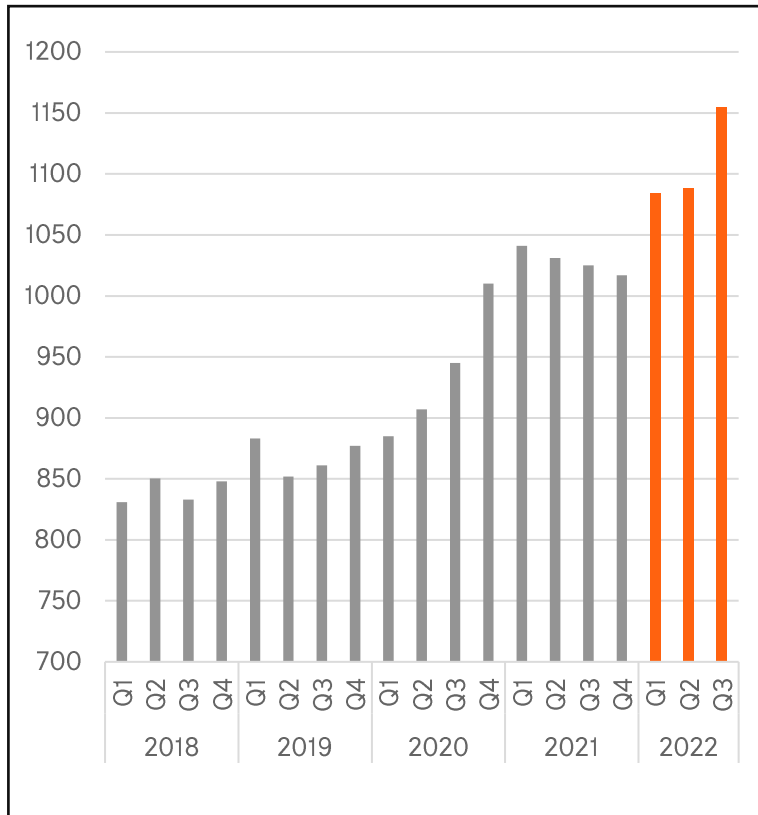
SEK million	Q3 2022	Q2 2022	▲	Jan-Sep 2022	Jan-Sep 2021	▲	Jan-Dec 2021	Jan-Dec 2020	▲
Lending (SEK bn)	498.6	491.3	+1.5%	498.6	451.3	+10.5%	467.0	422.8	+10.5%
Deposits (SEK bn)	171.0	154.4	+10.8%	171.0	140.6	+21.6%	145.0	135.7	+6.9%
Net interest income	1,155	1,088	+6.2%	3,327	3,097	+7.4%	4,114	3,747	+9.8%
Net commission	-5	11	-16 mn	19	16	+3 mn	29	-24	+53 mn
Net result financial transact.	72	21	+51 mn	44	-68	+112 mn	-71	-38	-33 mn
Costs	-363	-371	-2.2%	-1,092	-1,040	+5.0%	-1,492	-1,335	+11.8%
Loan losses	-20	-12	-8 mn	-49	10	-59 mn	11	-32	+43 mn
Imposed fees: Risk tax and res. fee	-111	-109	+2 mn	-222	-	-	-	-	-
Operating profit	739	641	+15.3%	1,953	2,053	-4.9%	2,641	2,361	+11.9%
C/I ratio, %	29.4%	32.7%	-3.3 pp	31.9%	33.7%	-1.8 pp	36.2%	35.8%	+0.04 pp
RoE, %	11.7%	10.4%	+1.3 pp	10.5%	11.7%	-1.2 pp	11.1%	10.8%	+0.3 pp
Loan loss ratio, %	-0.02%	-0.01%	-0.01 pp	-0.01%	0.00%	-0.01 pp	0.00%	-0.01%	+0.01 pp
CET1 capital ratio, %	12.8%	12.7%	+0.1 pp	12.8%	13.3%	-0.5 pp	13.5%	13.4%	+0.1 pp



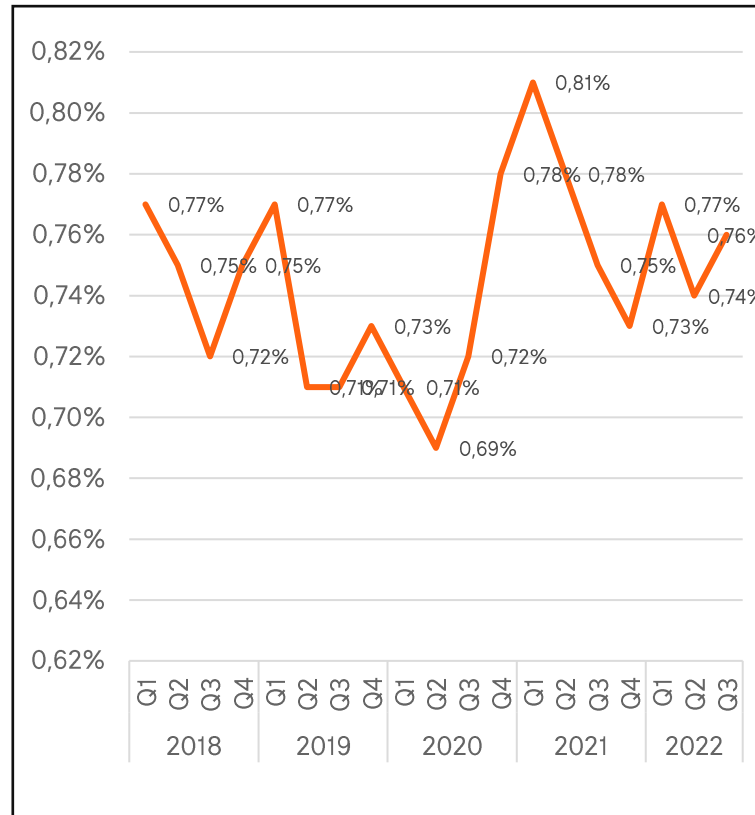
NII development

– Recurring income dominates SBAB's revenue stream & continued growth and stability in NII over time although some margin pressure expected ahead

Net Interest Income (NII) QoQ (SEK mn)



Net Interest Margin (NIM) QoQ (%)



NIM calculated as net interest income in relation to total assets

Comments

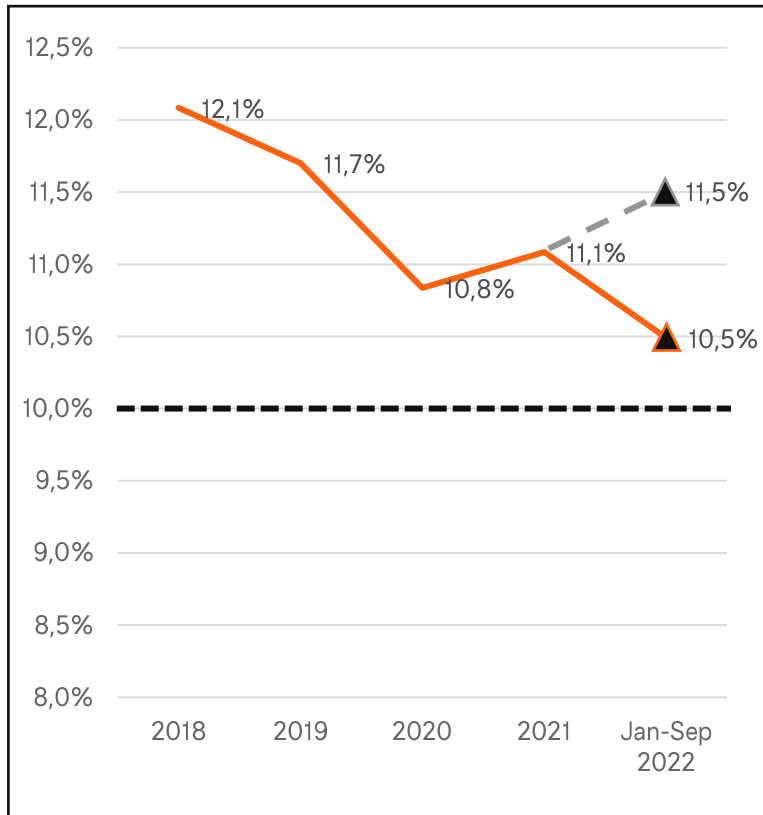
- NII and NIM affected by resolution fee (moved to new row in income statement as per Q1 2022)
- Increased NII QoQ attributable to increased lending volumes, partly offset by lower lending margins, and increased share of deposits in funding mix
- Additional pressure on mortgage margins expected ahead due to increased competition
- Stable lending margins expected for corporate lending and lending to tenant-owners' associations



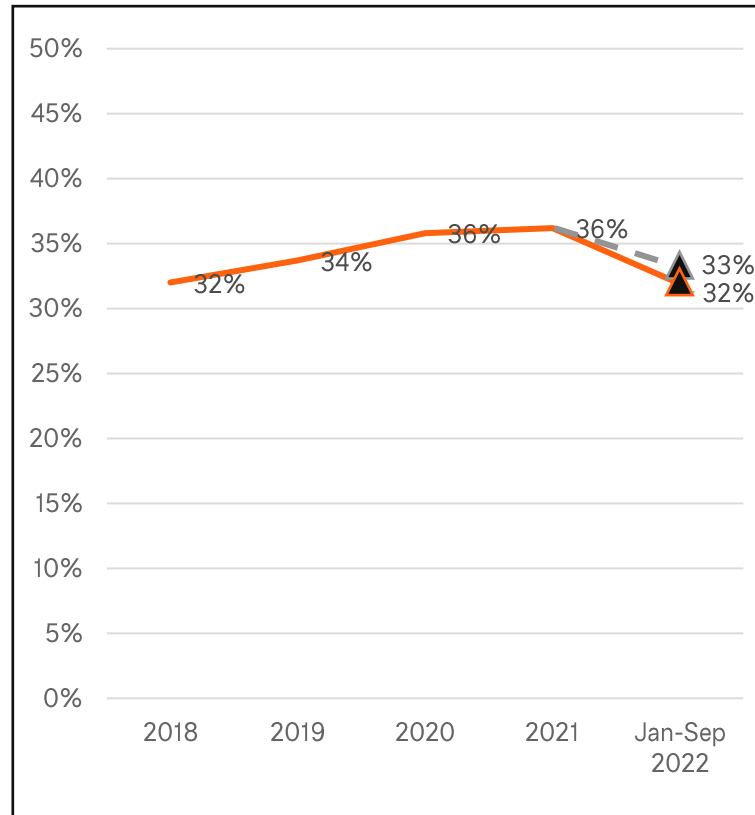
Financial KPIs

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

Return on equity, %



C/I-ratio, %



Comments

- Competitive profitability and returns given SBAB's low risk business. Well above RoE target (>10%) last 5 years. Continued strong underlying profitability during 2022. Newly implemented risk tax impacts RoE with approximately 1% (RoE excl. new tax for Jan-Sep 2022 was 11.5%, please view grey dotted line in left chart)
- Highly competitive cost efficiency. Risk tax impacts C/I ratio with approximately 1% (C/I ratio excl. resolution fee for Jan-Sep 2022 was 33.2%, please view grey dotted line in right chart)



Contents

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6	Macro development
7	Appendix



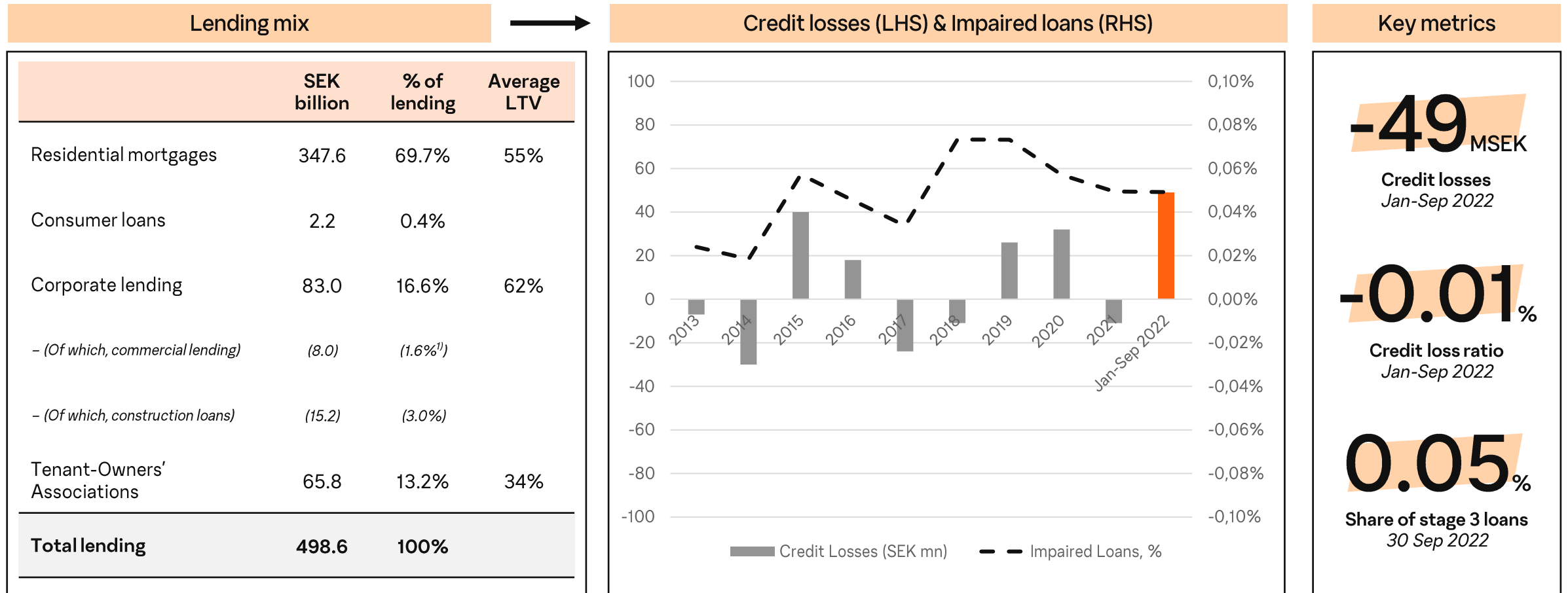
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Superior asset quality over time

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



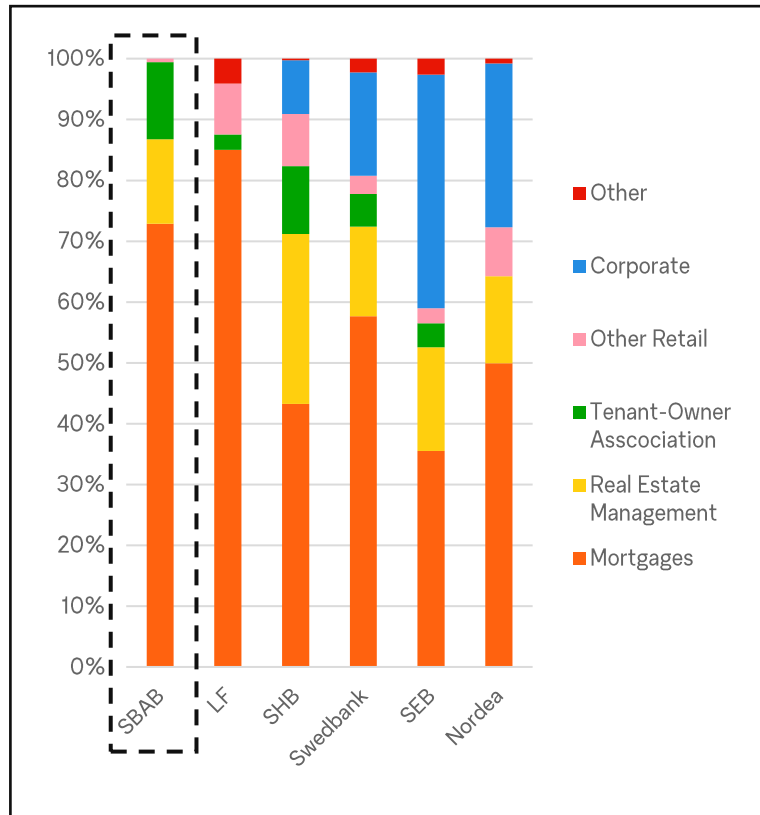
1) Revised internal definition of commercial lending during Q3 2022 (the corresponding figure for Q2 2022 was 0.3%)



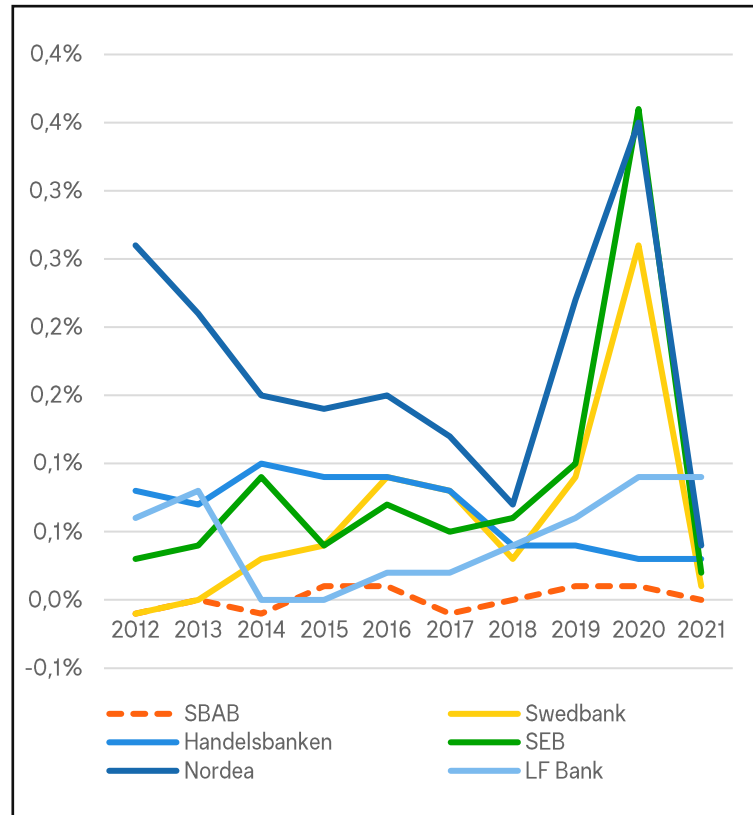
Asset quality compared to peers

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

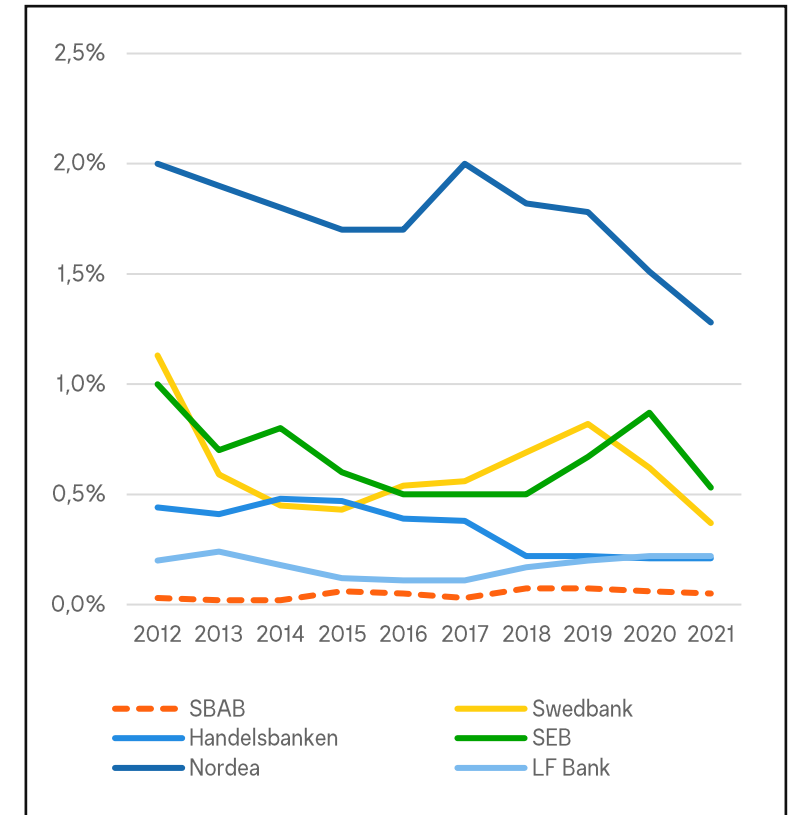
Loan portfolio split 2021



Credit losses 2012-2021



Impaired loans 2012-2021



Provisions & net credit losses

Lending to the public by credit stage

SEK million	30 Sep 2022	31 Dec 2021
Credit stage 1		
Gross lending	475 552	446,264
Provision	-64	-45
Total	475 488	446,219
Credit stage 2		
Gross lending	23,008	20,684
Provision	-72	-62
Total	22,936	20,622
Credit stage 3		
Gross lending	245	231
Provision	-28	-31
Total	217	200
Total gross lending	498,805	467,179
Total provisions	-164	-138
Total	498,641	467,041

Net credit losses

SEK million	Jan-Sep 2022	Jan-Dec 2021
Lending to the public		
Confirmed credit losses	-4	-13
Recoveries of previously confirmed credit losses	3	4
Change in provision for the period – credit stage 1	-19	0
Change in provision for the period – credit stage 2	-9	11
Change in provision for the period – credit stage 3	2	2
Guarantees	0	-2
Net credit losses for the period – lending to the public	-27	2
Loan commitments		
Change in provision for the period – credit stage 1	-20	-1
Change in provision for the period – credit stage 2	-2	10
Change in provision for the period – credit stage 3	0	-
Net credit losses for the period – loan commitment	-22	9
Total	-49	11

- Revision of the macroeconomic projections applied in the impairment model in Q1 & Q2 (total increase in provisions of SEK 16 million and SEK 12 million respectively)
- Additional provisions in Q3 (SEK 21 million) mainly attributable to disbursement of construction loans and risk migrations (in Retail business area) following increased interest costs for households



Updated macro scenarios in impairment model

X% = 30 Sep 2022

(X%) = 31 Dec 2022

	Scenario 1 (40%)			Scenario 2 (20%)			Scenario 3 (25%)			Scenario 4 (15%)		
Factors	2022	2023	2024	2022	2023	2024	2022	2023	2024	2022	2023	2024
GDP ¹⁾ , Δ	+0.3% (+3.3)	+1.4% (+3.2)	+2.3% (+2.3)	-0.3% (+3.5)	+0.3% (+4.8)	+1.3% (+3.5)	-6.1% (-6.2)	+1.4% (+3.1)	+4.1% (+3.8)	-3.7% (-2.1)	-2.8% (-1.9)	+1.2% (+1.3)
Repo rate	2.6% (0.1)	2.3% (0.1)	2.3% (0.4)	2.6% (0.1)	2.3% (0.2)	2.2% (0.6)	2.9% (0.3)	2.7% (0.5)	2.7% (0.4)	3.3% (1.1)	3.4% (1.2)	3.3% (1.2)
Unemployment	7.8% (8.8)	8.0% (8.0)	7.8% (7.5)	8.0% (8.7)	8.9% (7.4)	9.0% (6.3)	9.8% (11.2)	11.2% (11.1)	10.0% (9.8)	8.0% (9.4)	9.8% (10.0)	10.5% (10.3)
House prices, Δ	-10.9% (+16.3)	-7.0% (-0.8)	+1.8% (-3.2)	-11.2% (+16.9)	-8.2% (-0.8)	+2.1% (-3.0)	-14.0% (-10.4)	-16.5% (-12.2)	-1.5% (-3.4)	-16.3% (-15.4)	-22.3% (-15.3)	-12.6% (-16.0)
Prices of tenant-owners' rights, Δ	-12.3% (+9.6)	-5.7% (+0.4)	+1.6% (-3.1)	-12.6% (+10.0)	-6.8% (+0.2)	+2.1% (-2.9)	-15.7% (-11.8)	-15.3% (-14.8)	-3.0% (-6.2)	-18.4% (-20.0)	-22.7% (-28.6)	-11.4% (-15.4)
Property prices, Δ	+3.5% (+2.4)	-0.2% (+4.8)	-2.4% (+4.2)	+2.9% (+2.8)	-0.6% (+4.5)	-2.5% (+4.4)	+1.1% (-6.4)	-8.3% (-11.1)	-9.3% (-4.8)	-0.5% (-11.3)	-14.3% (-23.6)	-18.1% (-17.2)
ECL	SEK 137 million (63)			SEK 142 million (65)			SEK 212 million (144)			SEK 408 million (524)		
Weighted ECL ²⁾	SEK 197 million (149)											

1) Not included in the ECL calculation

2) Of which, SEK 164 million is attributable to lending to the public and SEK 33 million to off-balance-sheet items linked to loan commitments and building credits

Comments

- The macroeconomic scenarios applied in the model to calculate provisions (ECL) have been revised during 2022 to reflect the more negative outlook on the housing market and the economy in Sweden
- It requires significant stress (i.e. a combination of several deteriorating factors in impairment model) to see any dramatic effects in ECL



Deep dive: Mortgage lending

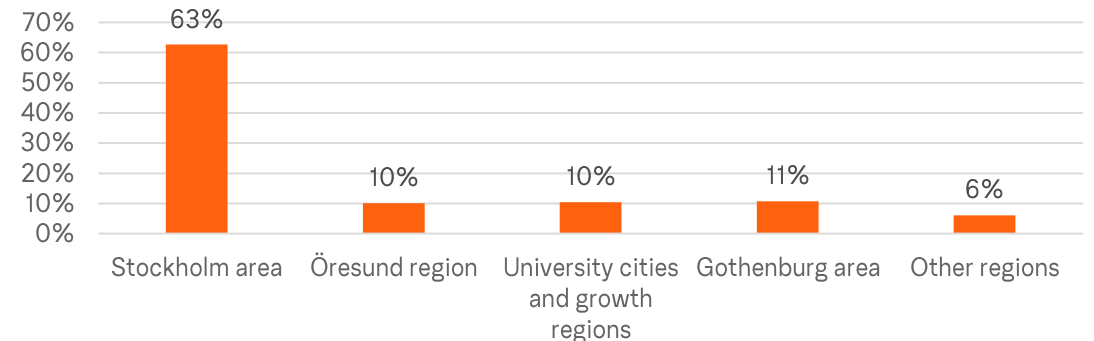
Regulatory requirements:

- Regulatory maximum LTV of 85% since 2010
- Regulatory amortization requirements since 2016 (amortization of 2% per year if LTV = 70-85% and 1% per year if LTV = 50-70%)
- Additional amortization requirement from 2018 (additional 1% amortization on top of the original requirement if DTI > 4.5x)
- Exemption from amortization requirement during April 2020 until August 2021 due to Covid-19

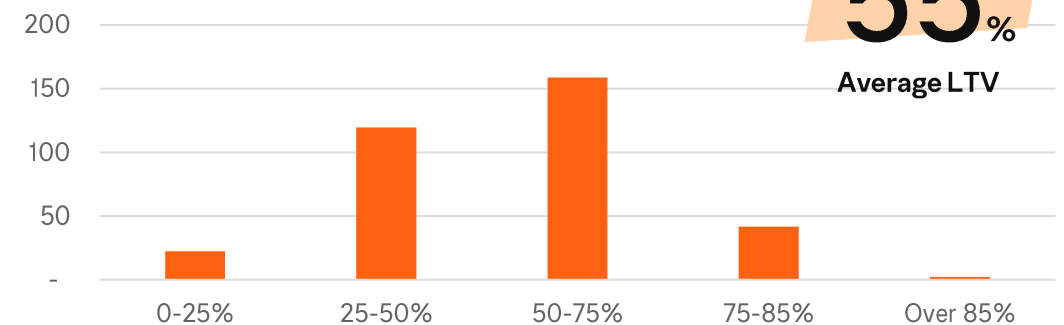
SBAB underwriting criteria:

- Credit granting based on an affordability assessment, i.e. funds left to live on post interest payments (including stressed interest rate), housing expenses and other general living expenses
- Affordability assessment (KALP) revised and increased twice this year (Q1 and Q3) due to increased general living- and housing expenses & decision to increase stressed interest rate during Q4 (effective from mid November at the latest)
- Credits granted to at most a DTI of 5.5x (irrespective of LTV)
- At the end of Q3 2022, the average residential mortgage loan amounted to SEK 1.9 million. LTV and DTI for new lending during Q3 2022 was 71% and 3.9x respectively

Geographical distribution mortgage book (%)



LTV split in mortgage book (SEK bn)



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



1 **Personal Liability:** A borrower is personally liable even after a default and foreclosure procedure, i.e., full and personal recourse

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

1 **“Originate and hold” model:** No “originate to distribute” model, no subprime lending

2 **Restricted Buy-to-Let Market:** Restricted buy-to-let market due to regulated rental market and tenant owner subletting restrictions



1 **Social Security:** Well developed welfare system raising households’ ability to service debt even during times of unemployment

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

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

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



Resilience of the Swedish mortgage market confirmed in external stress tests

S-FSA Annual Mortgage Survey 2022

- New residential mortgage customers in Sweden continue to have healthy margins to manage repayment of their mortgages even in a worse economic climate



<https://www.fi.se/en/published/reports/swedish-mortgage-reports/the-swedish-mortgage-market-2022/>

EBA stress test 2021

- The five largest Swedish banks are resilient and have the ability to withstand a sharp deterioration in market conditions, based on the stress test conducted by the European Banking Authority (EBA)
- SBAB showcased very strong capital resilience under severe macro assumptions (including very harsh assumptions on Swedish residential real estate prices, which in the stress test were forecasted to fall more (-28%) than other countries in Europe) as well as superior CET1 generation in both scenarios in the stress test



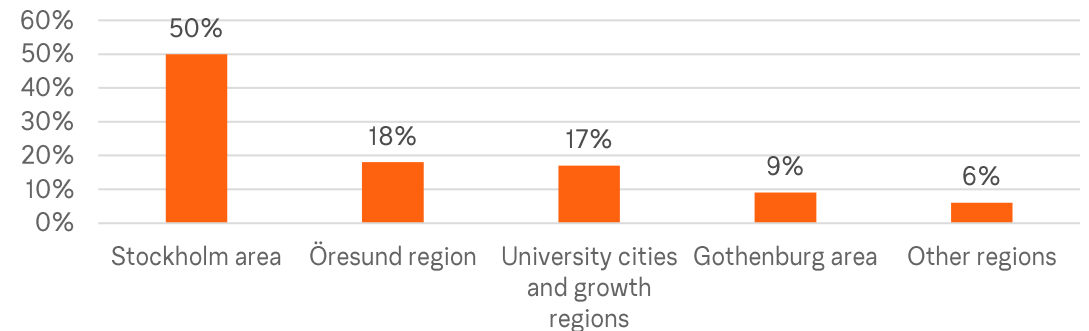
<https://www.fi.se/en/published/news/2021/large-swedish-banks-show-resilience-in-eu-stress-test/>



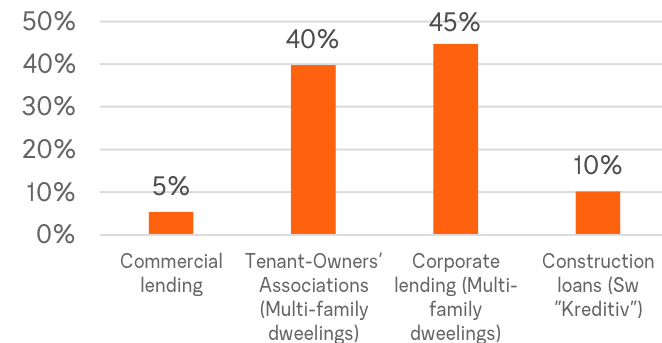
Deep dive: Corporate & TOA lending

- Primary focus is on financing multi-family dwellings ("housing"/"residential") in geographies with strong demand. Focus on large and experienced property companies/groups with strong balance sheet
- Strong volume growth but no significantly increased asset risk in line with long-term strategy of growing with selected reputable and financially strong customers
- More conservative underwriting standards implemented during recent years (e.g. regarding LTV, amortization and occupancy levels) in parallel with decreasing yields and increased indebtedness in the market
- Construction loans (Sw "kreditiv") capped at 6.5% of total lending vs. current level of 5.1% & commercial lending capped at 3.0% of total lending vs. current level of 1.6%
- Increased frequency of monitoring of property companies/groups with high share of capital market financing and/or customers with construction loans (which could be negatively impacted by rising interest rates and increased prices of input goods and construction material)

Geographical distribution (%)



Lending split



34%
Average LTV (TOA)

62%
Average LTV (Corporate)



Deep dive: Construction loans

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

Comments

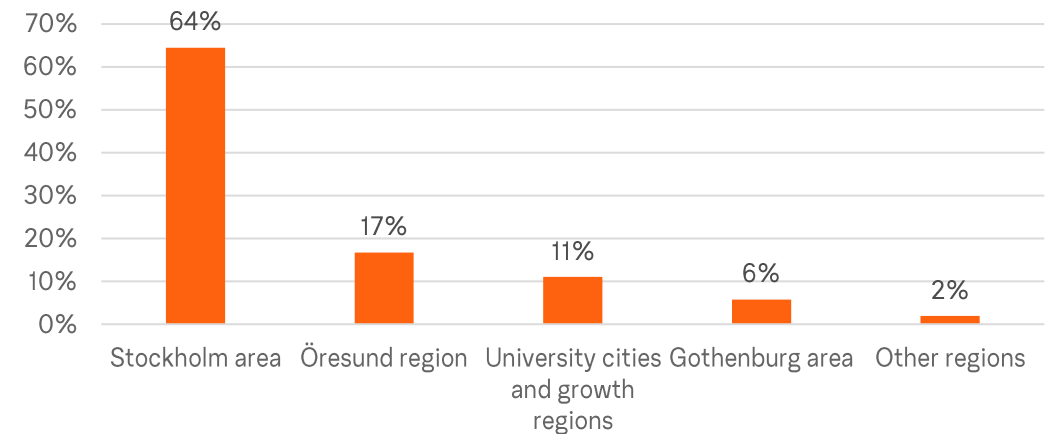
- 129 outstanding construction loans (115 number of properties) totaling SEK 26.6 billion (of which 57% disbursed). Construction loans capped at 6.5% of total lending (current level 5.1%)
- More prudent acceptance levels for smaller residential developers, e.g., higher levels of equity, number of sales agreements
- Strong balance sheets and good levels of liquidity among SBAB's customers with construction loans. Most of the construction loans are to companies with diversified revenue streams (i.e., not only from real estate development, but also from rental apartments, infrastructure projects and real estate management)

Key metrics

27 bn
Granted credit amount

57 %
Disbursed share

Geographical distribution (%)



Contents

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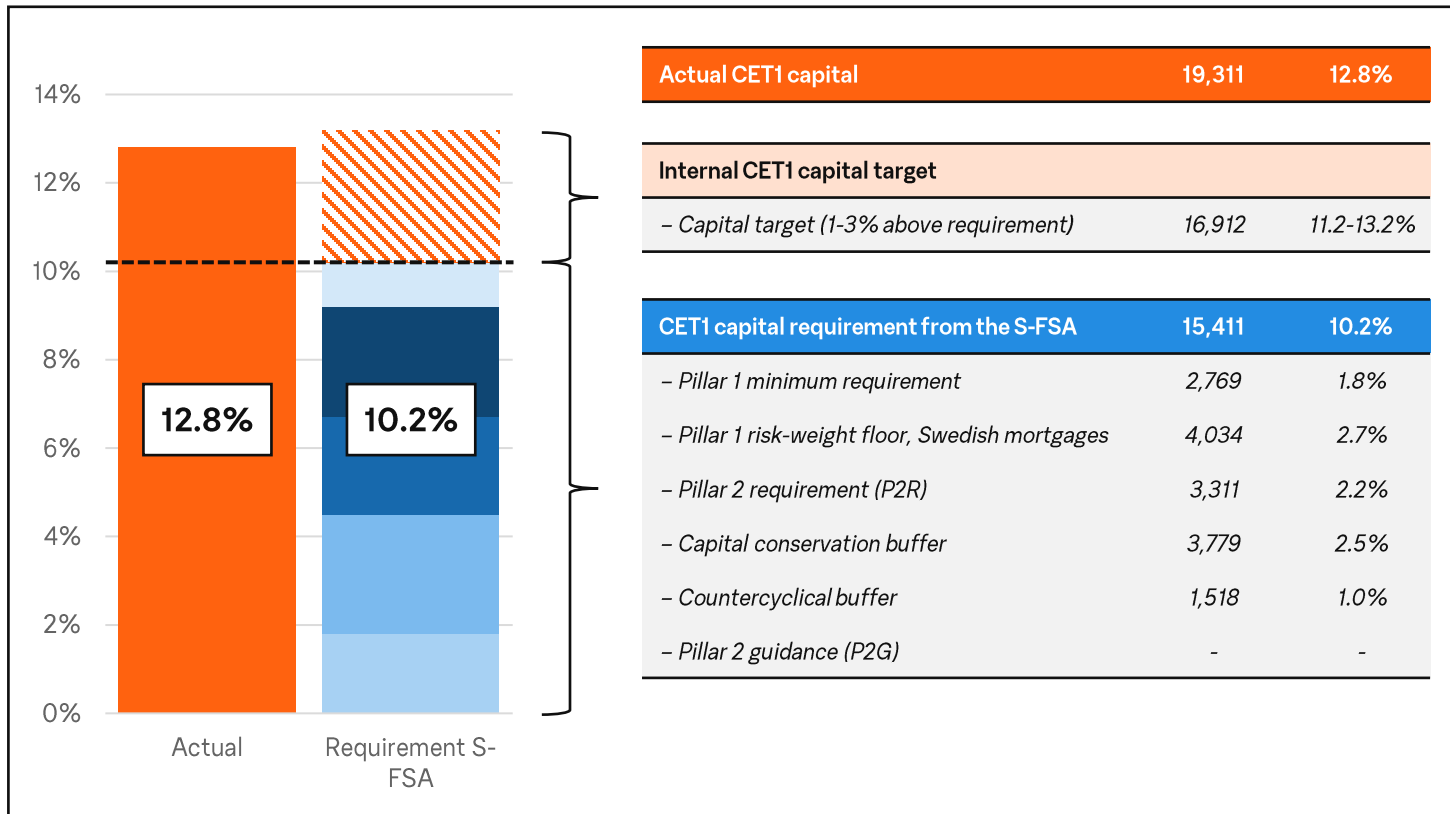
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Capital position

– Continued strong capital buffers: SBAB well above internal and external requirements

Components of SBAB's CET1 capital target Q3 2022



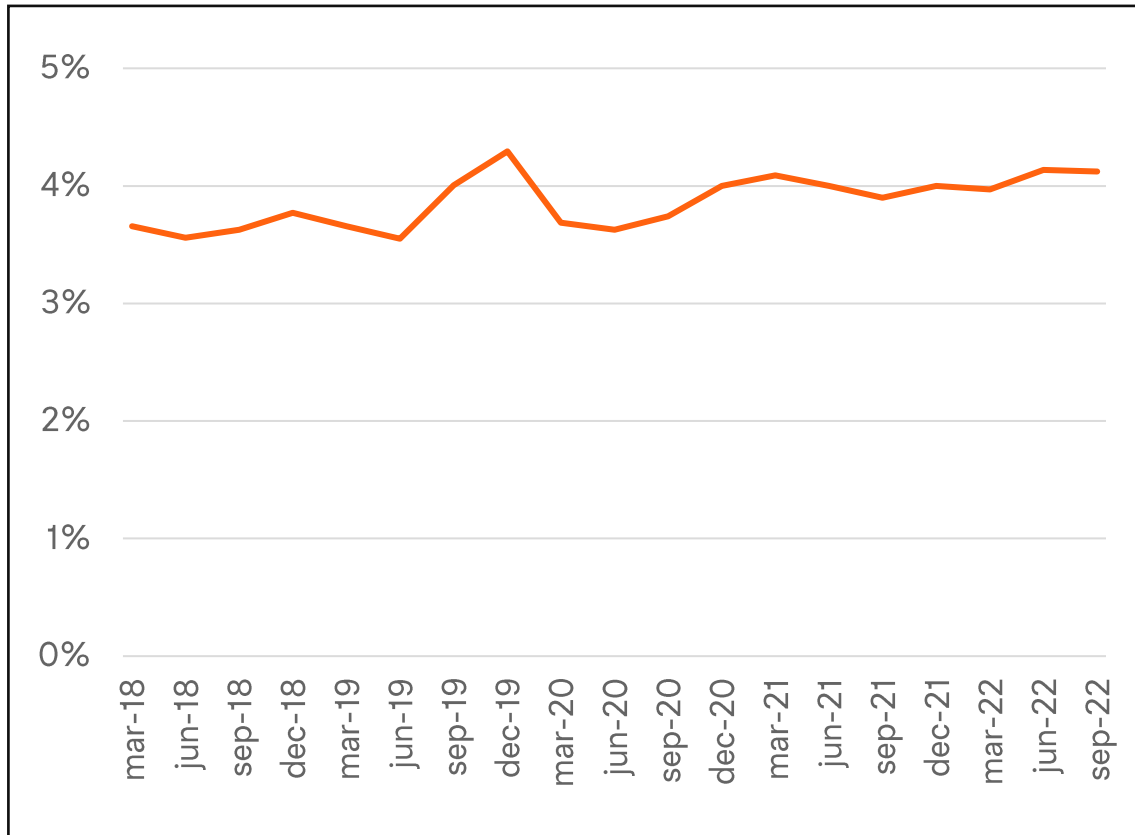
Comments

- Management capital target : 1-3 percentage points above regulatory requirements (implemented in 2022)
- SBAB remains well above external and internal requirements in Q3 2022
- Countercyclical buffer (CCyB) was raised in September from 0% to 1% in September 2022 for Swedish exposures. The CCyB is to be raised to 2% in June 2023
- Leverage ratio stable at 4.12% as per 30 September 2022 (vs 4.14% as per 30 June 2022)
 - total requirement incl. P2G of 3.3%

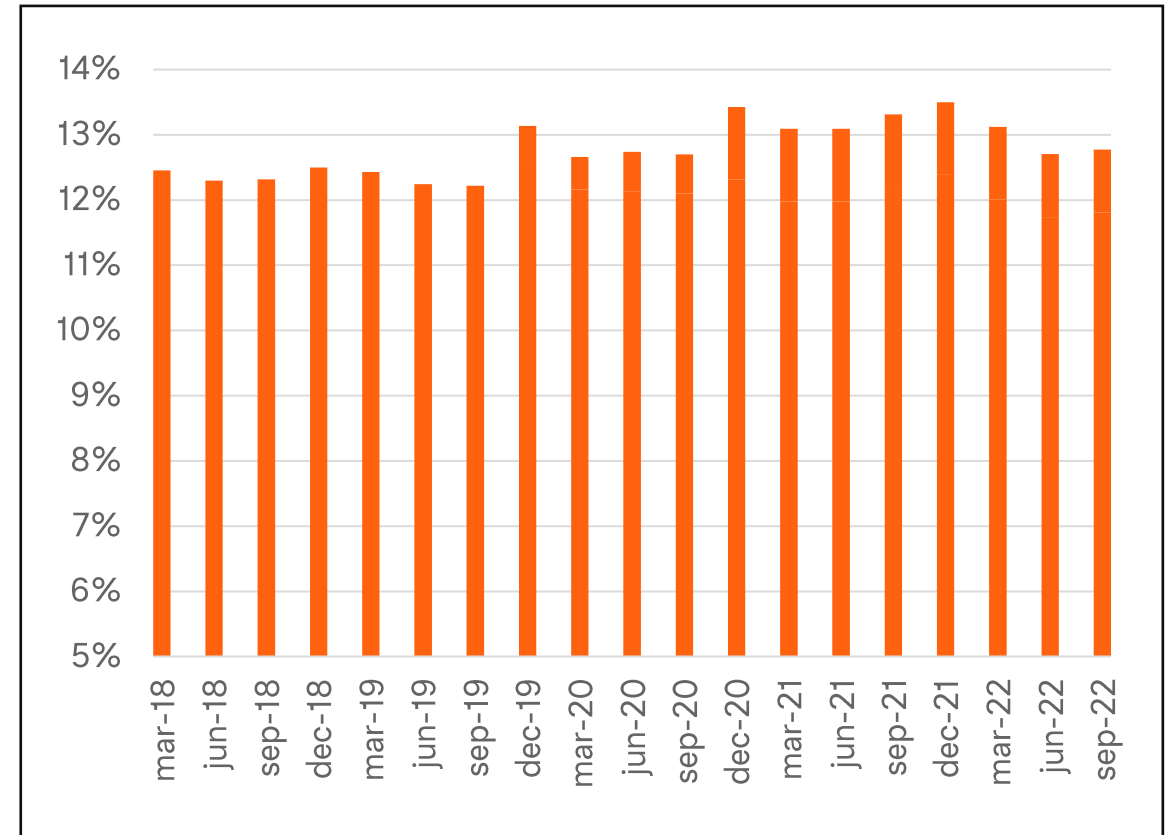


History of stable capital ratios

Leverage Ratio



CET1 Ratio



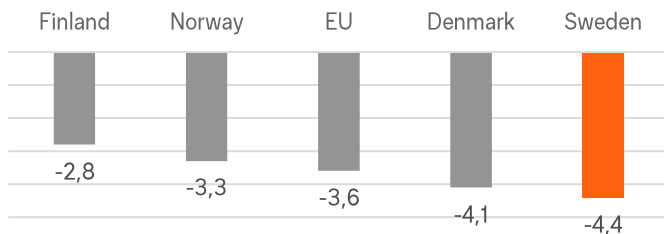
EBA stress test results overview

– Best in class capital resilience under severe macro assumptions & superior CET1 generation in Baseline as well as Adverse scenarios

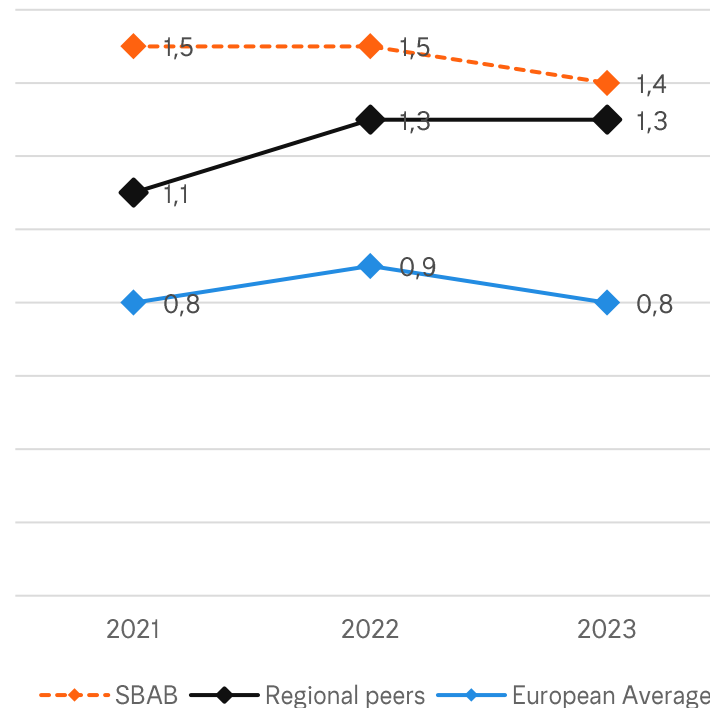
EBA stress test 2021

- In the stress test, SBAB showcased very strong capital resilience under severe macro assumptions (including very harsh assumptions on Swedish residential real estate prices, which in the stress text were forecasted to fall more (-28%) than other countries in Europe) as well as superior CET1 generation in both scenarios

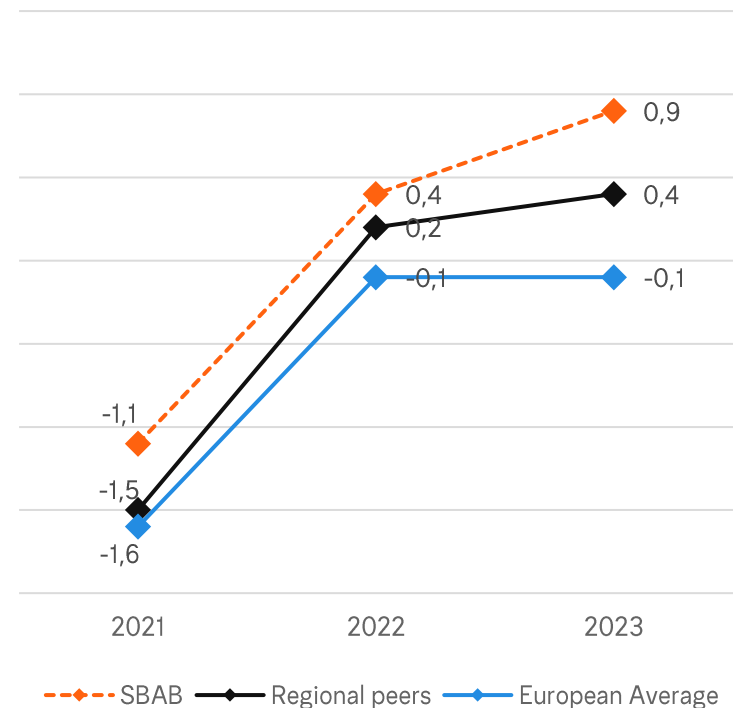
Adverse scenario - cumulative GDP change (%)



Baseline CET1 Generation (Net profit/RWAs)

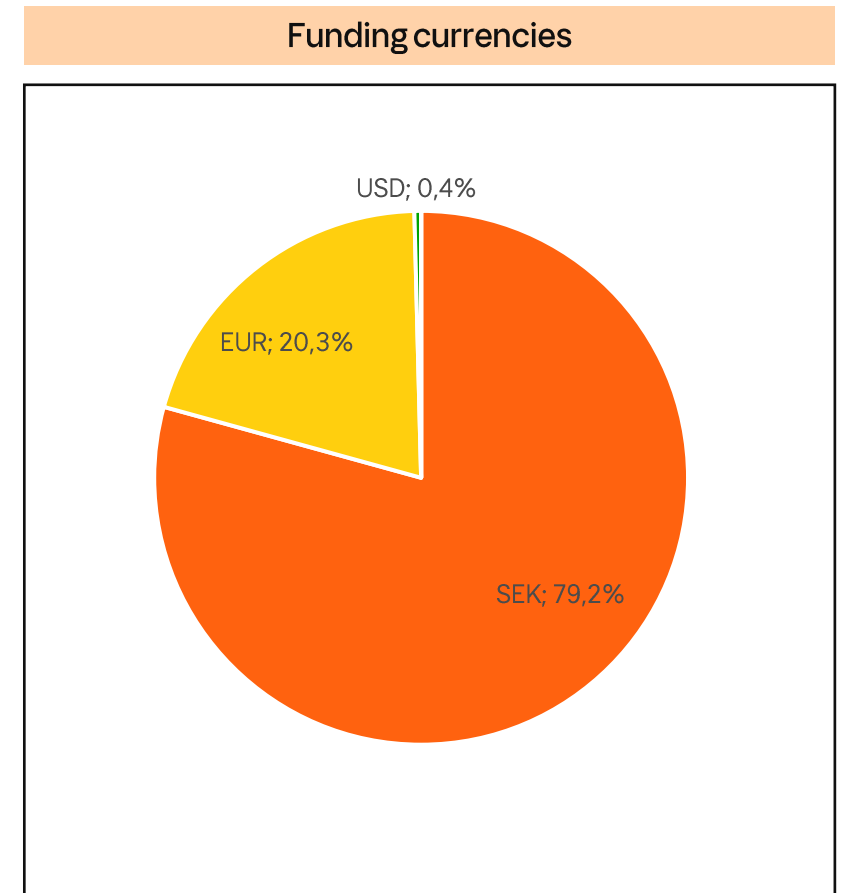
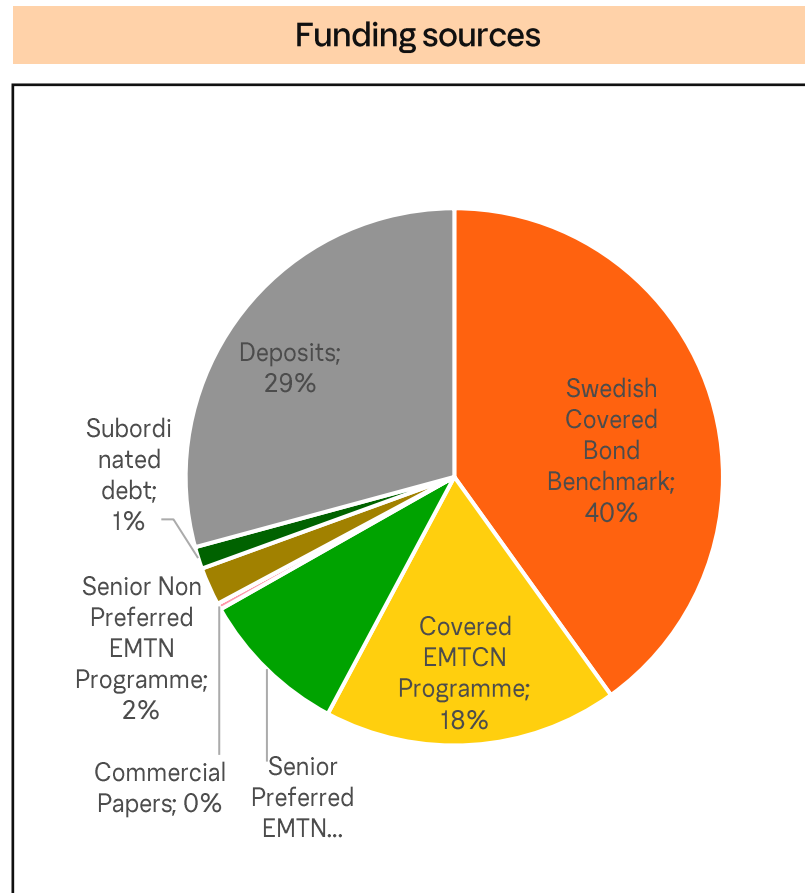
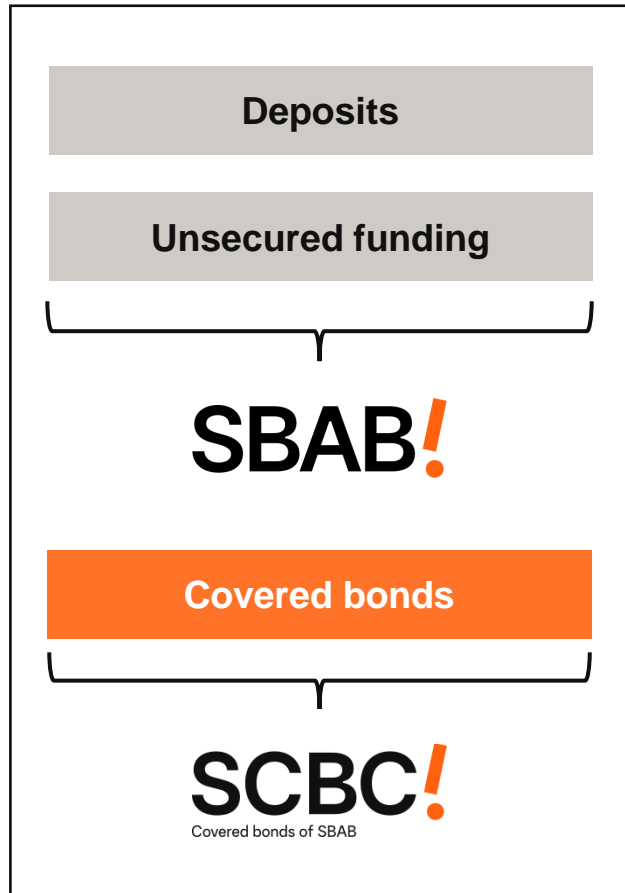


Adverse CET1 Generation (Net Profit/RWAs)

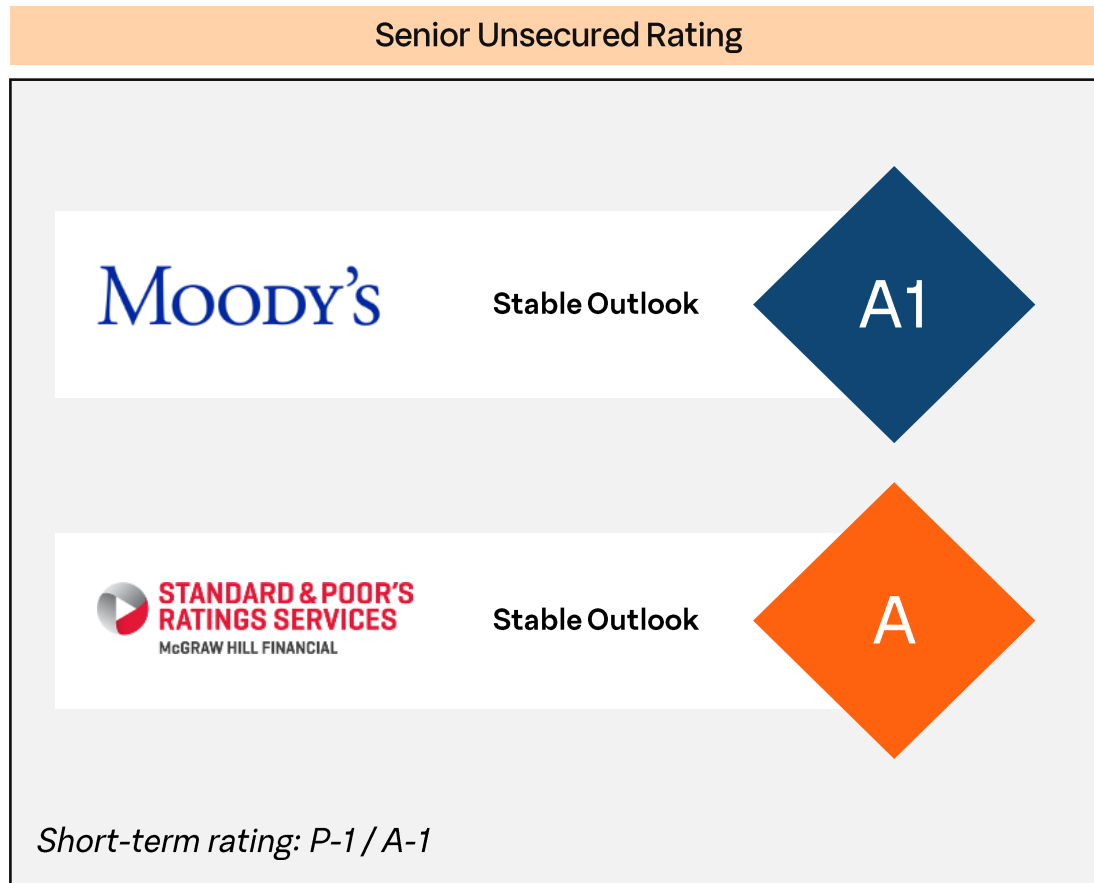


Overview of funding

– Total funding amounted to SEK 585 billion as of 30 Sep 2022



Rating overview



Moody's

STANDARD & POOR'S
RATINGS SERVICES
McGRAW HILL FINANCIAL

Investment
Grade

Aaa *Sov. rating*

AAA *Sov. rating*

Aa1

AA+

Aa2

AA

Aa3

AA-

A1 *Senior Preferred*

A+

A2

A *Senior Preferred*

A3

A- *SACP*

Baa1 *BCA and SNP*

BBB+ *SNP*

Baa2 *T2*

BBB *T2*

Baa3

BBB-

Non Investment
Grade

Ba1 *AT1*

BB+

Ba2

BB *AT1*

[...]

[...]

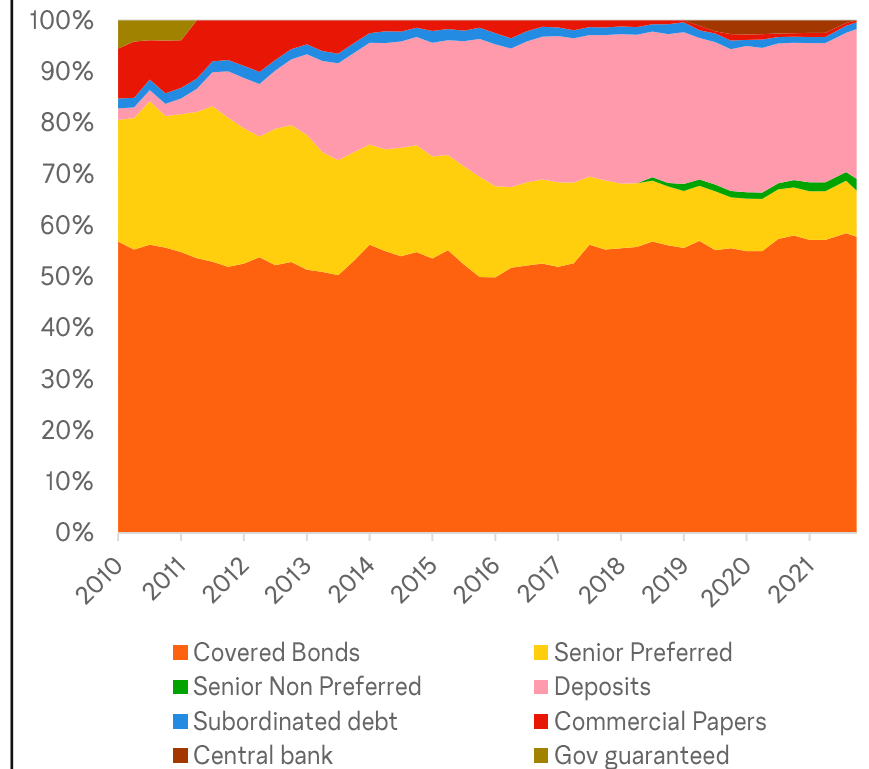


Funding strategy & development

Funding strategy

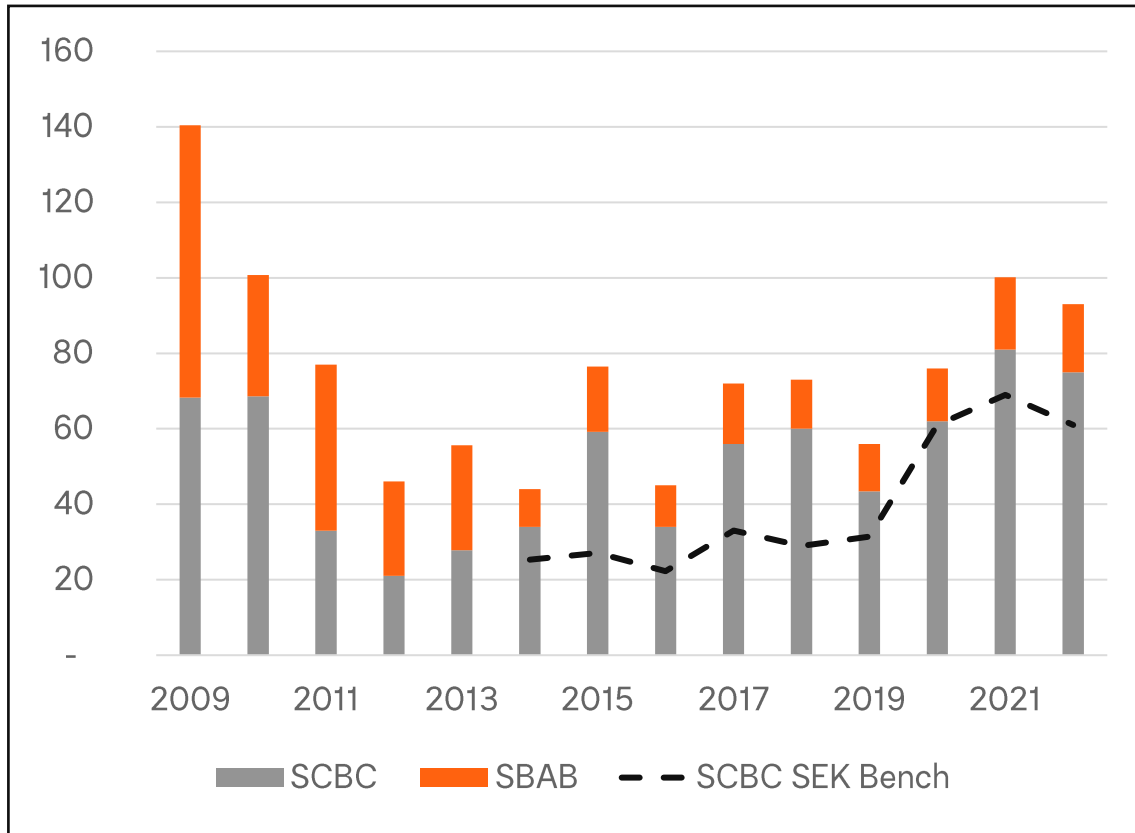
- Continuous and committed investor work in core markets and towards core investors to further increase name recognition and transparency
- Maintain access to core funding markets; SEK- and EUR-market
 - Regular benchmark issuance in Covered Bond format as and in Senior Unsecured format
 - Private placements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

Development of funding sources over time



Future issuance

Annual issuance, SEK (bn)



Future issuance

- Total long-term funding for 2022 expected to be approximately SEK 90-100 bn
- Overall strategy is to long term maintain presence and regularity in core funding markets (predominantly EUR and SEK)
 - New SEK covered bond benchmark/benchmarks per year
 - One to two public EUR transactions in international funding markets per year
 - Private placements in SEK and international funding markets
- Senior non preferred issuances preferably in SEK
 - EUR and other currencies as a complement
- Capital issuances (AT1 & T2) predominately in SEK
- SBAB's focus is to use intermediate (5y+) tenors to support duration in covered bonds and mainly short to intermediate (3 to 5y) in senior unsecured
- Regular future issuance: Dedicated to SEK and EUR markets in covered and senior format



Regular presence in EUR market



SBAB!
Senior Unsecured
€500mn
0.50%
5y due May '25
May 2020

SBAB!
Senior Unsecured
€500mn
0.125%
5,25y due Aug '26
May 2021

SBAB!
Senior Unsecured
€500mn
0.5%
5y due Feb '27
Jan 2022

SBAB!
Senior Unsecured
€750mn
1,875%
3y due Dec '25
Jun 2022



SCBC!
Covered bonds of SBAB
Covered Bond
€650 mn
0.625%
7y due Oct '25
October 2018

SCBC!
Covered bonds of SBAB
Covered Bond
€500 mn
0.375%
10y due Jun '29
June 2019

SCBC!
Covered bonds of SBAB
Covered Bond
€1,000 mn
0.01%
8,75y due March '30
June 2021

SCBC!
Covered bonds of SBAB
Covered Bond
€1,250 mn
1,75%
9,75y due Feb '32
May 2022



Update on MREL

– Regulatory change under BRRD2

Background

- MREL requirements based on policy published by SNDO will be phased in with full compliance on 1st of January 2024
- With current balance sheet SBAB's calculated need for SNP amounts to SEK 11-12 bn (13.4 bn issued up until Q3 2022) with full implementation
- Balance sheet growth, maturity profile and buffer will add to SNP need
 - Estimated need for outstanding SNP by end 2023 around SEK 18-20 bn
 - Gradual build up during 2022 and 2023

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

MREL and subordination requirement

(assumptions done with Q3 2022 figures)

Own funds & eligible liabilities

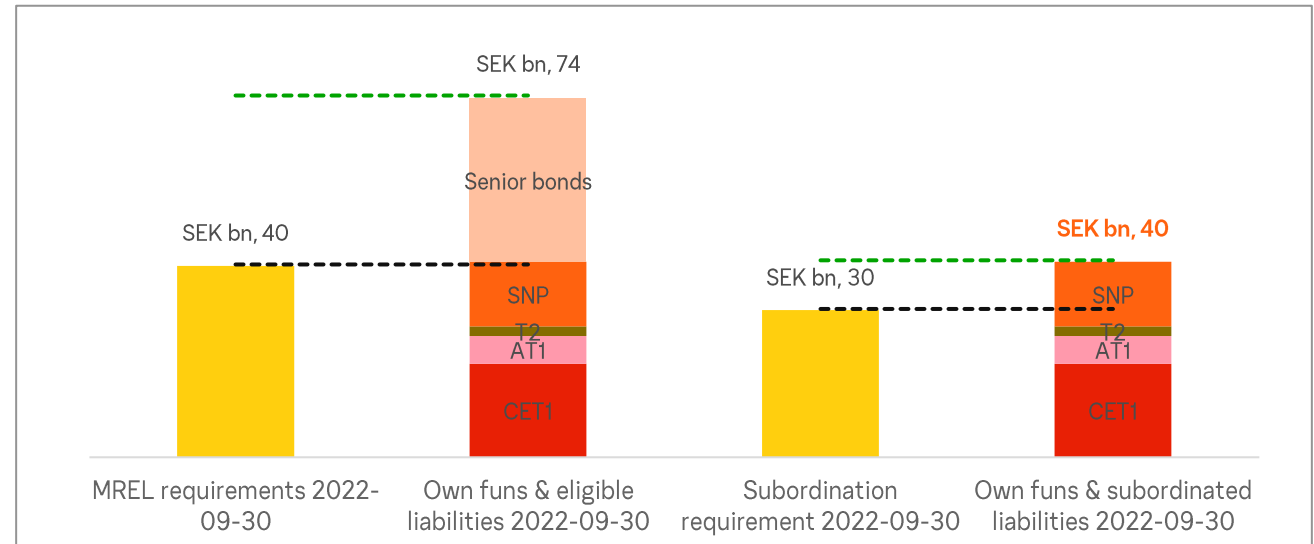
	SEK bn
CET1	19.3
AT1	5.8
T2	2.0
SNP	13.4
Senior bonds	33.9
Total	74.4

MREL requirement

	Requirement Q3 2022	Requirement Jan 2024
	% SEK bn	% SEK bn
REA	26.2% 39.6	29.7% 44.9
LRE	5.0% 30.5	6% 36.5
Buffer	34.7	

Subordination requirement

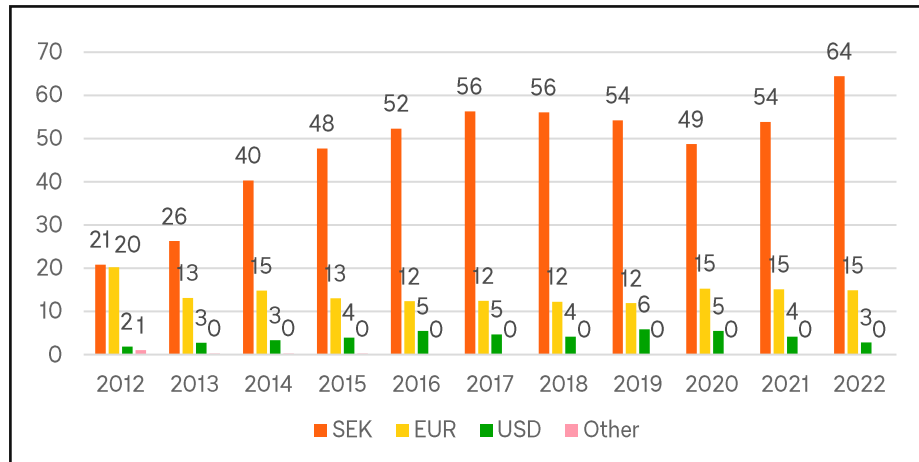
	Requirement Q3 2022	Requirement Jan 2024
	% SEK bn	% SEK bn
REA	16.0% 24.2	27.2% 41.1
LRE	5.0% 30.5	6% 36.5
Buffer	10,0	



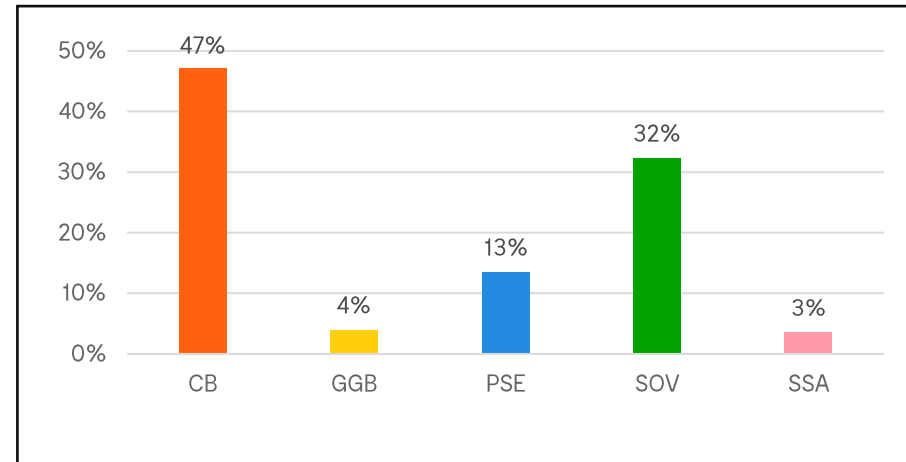
Liquidity position

- Strong liquidity position with LCR and NSFR well above regulatory requirements
- Survival horizon implies liquidity need coverage for 355 days under stressed scenario (unchanged lending portfolio, severe deposit outflow and no new funding added)
- High quality and diversified liquidity reserve within relevant currencies with 95% AAA rated
- Liquidity reserve eligible at the Riksbank and/or ECB

Liquidity portfolio (Currency distribution)



Liquidity portfolio (Securities type)



Key metrics Q3 2022

84bn

Liquidity reserve

249%

LCR

132.5%

NSFR

387days

Survival horizon



Contents

1	Business performance
2	Financial performance
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6	Macro development
7	Appendix



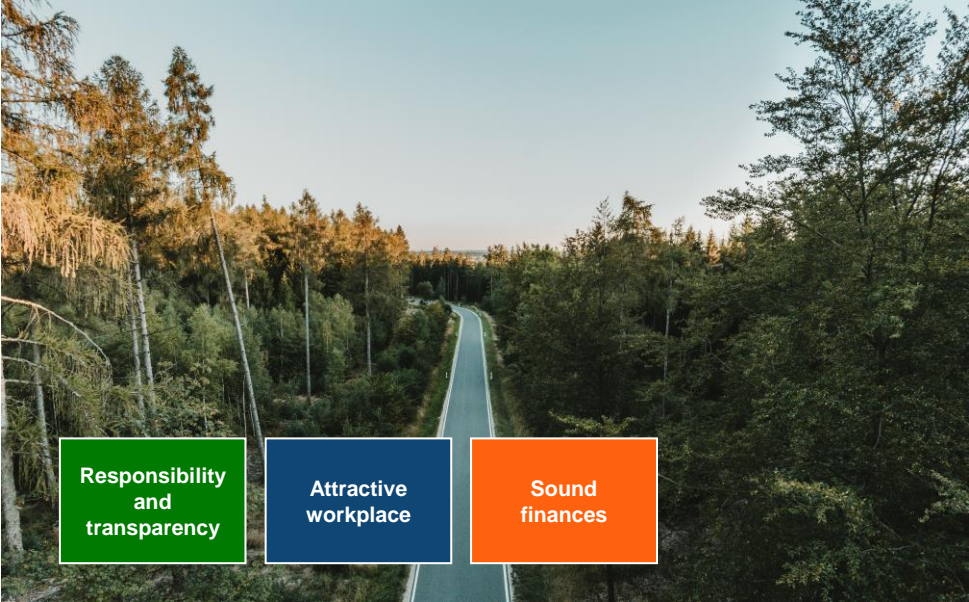
Sweden's most satisfied customers

In 2021, for the third consecutive year, SBAB had Sweden's most satisfied residential mortgage customers according to Swedish Quality Index (Sw Svenskt Kvalitetsindex (SKI)), which measures customer satisfaction in the banking and finance sector each year.

In 2021, for the fourth consecutive year, SBAB had Sweden's most satisfied property loan customers according to SKI.

SBAB's overall approach to sustainability

Basis for strategic direction & prioritization



Three target areas

Three overall integrated (i.e. commercial & sustainable) target areas that together form the basis of a common approach to SBAB's contribution to sustainable societal development.

Read more in Annual Report 2021



Annual Report 2021

SBAB

What does your mortgage have to do with climate risks, community, homelessness, illegal employment, carbon emissions, exclusion, respect and equality?

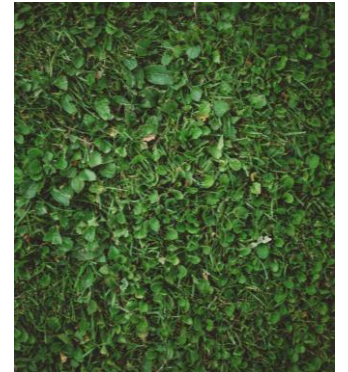
Getting our priorities right



Impact analysis (PRB)



- Highest impact in connection to the **climate impact** of our products and services and in our work with ethics and transparency (including **decent work**)



Climate change



- The emissions from the building and real estate sector (SBAB's core market) represent 19% of Sweden's total emissions of greenhouse gases from a life-cycle perspective
- SBAB can potentially impact 279,000 mortgage customers and 2,100 corporate and tenant-owner associations clients through our lending and customer offering
- SBAB can impact both the construction and the management of properties
- Measuring and target setting our portfolio would be a significant contribution to Sweden's national goal to have net zero emissions by 2045

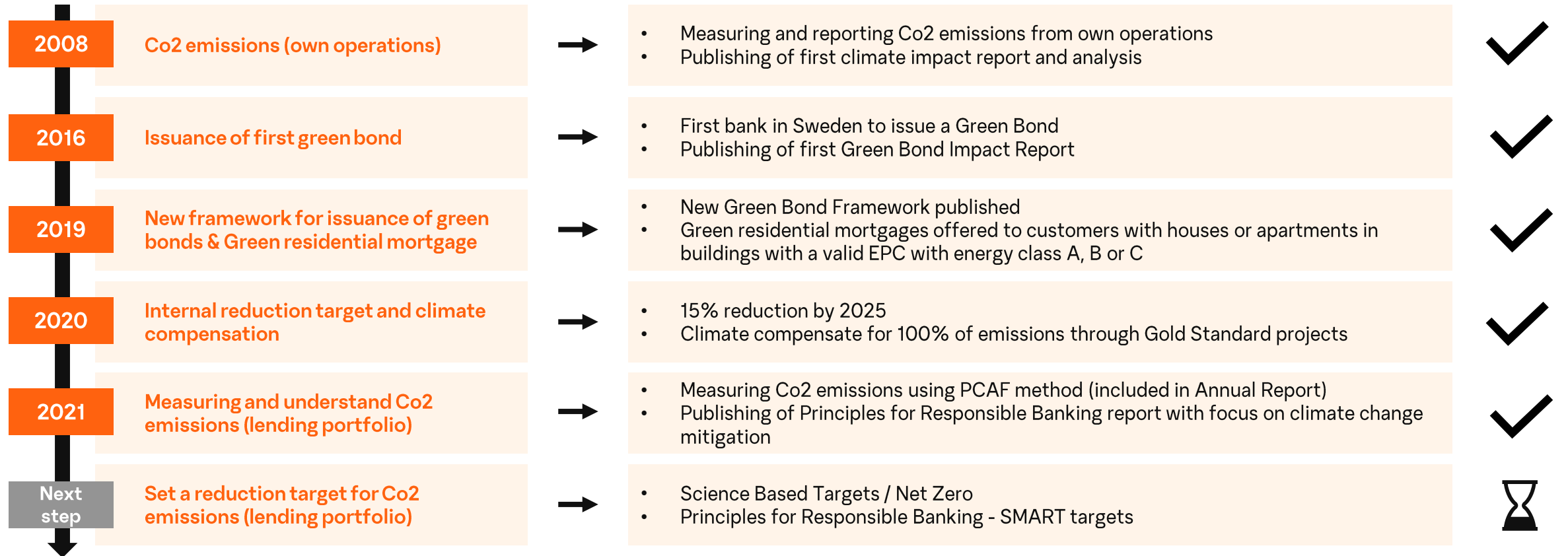
Decent work



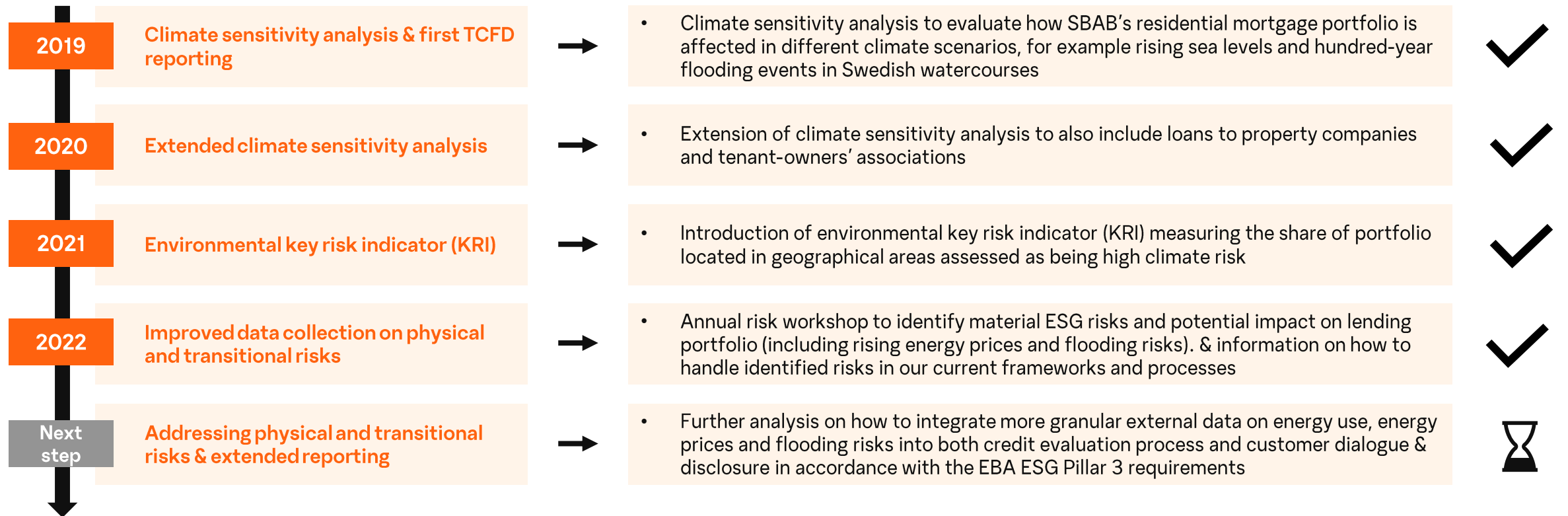
- The construction industry often involves information employment and salary dumping, as well as human rights violations in the supply chain. WSP research from 2021 indicates that 10-30% of the construction industry is involved in tax evasion, 15-30% of employees in the construction industry lack collective agreements, and 30-70% have salaries well below levels standardized in collective agreements
- SBAB can positively impact and set requirements counteracting corruption and promoting decent working conditions in the construction industry (and encourage other banks to follow suit)



SBAB's timeline on climate change mitigation



SBAB's timeline on climate change adaptation



Affecting and incentivizing our customers

Green lending products



Green residential mortgages

2021

37 bn

- For customers with houses or apartments in buildings with a valid EPC with energy class A, B or C
- Deduction of the mortgage interest rate for energy class A & B by 0.10% and energy class C by 0.05%
- Automatically updated for all customers (API connected to database from National Board of Housing, Building and Planning)



Energy (consumer) loans

- Consumer loan with 0.50% discount
- Available for costumers looking to invest in energy saving measures in their homes



Green investment loans to tenant-owners' ass. and corporations

- Loans with an advantageous interest rate for customers who implement energy efficiency measures in their properties, e.g. replacing windows or investing in a new, fossil-free heating source

Information and support



Customer communication and proactive media outreach (raising awareness & knowledge sharing)

booli!
En tjänst från SBAB

boappa!
En tjänst från SBAB



Collaborations



Partnerships and services to help customers reduce energy consumption and live more sustainably

 **tibber**

 **Anticimex®**

VATTENFALL 



INSIGHT: Impact reporting

Green Bond Impact Report 2021

Issuer	Issue date	Amount issued	Format	Maturity	Coupon	ISIN	Framework
SBAB	4 October, 2017	SEK 1.0 bn	Senior unsecured	11 October, 2022	0.98%	XS1697577556	SBAB Green Bond Framework 2016
		SEK 750 mn		11 October, 2022	3M Stibor +75 bps	XS1697766951	
SCBC	23 January, 2019	SEK 6.0 bn	Covered bond	28 March, 2024	0.75%	XS1943443769	SBAB Group Green Bond Framework 2019
SBAB	13 June, 2019	SEK 2.25 bn	Senior Non-Preferred	06 June, 2024	3M Stibor +90 bps	XS2015229516	SBAB Group Green Bond Framework 2019
		SEK 750 mn		06 June, 2024	1.0%	XS2015229862	
SBAB	6 May, 2020	EUR 500 mn (equiv SEK 5.3 bn)	Senior Unsecured	13 May, 2025	0.50%	XS2173114542	SBAB Group Green Bond Framework 2019
SBAB	20 May 2021	EUR 500 mn (equiv SEK 5.1 bn)	Senior Unsecured	27 August, 2026	0.125%	XS2346986990	SBAB Group Green Bond Framework 2019
TOTAL		SEK 21.15bn					

SBAB Green Bond Framework 2016

SEK 2.3bn → 208 tCO₂e

Eligible Green Loans
& Estimated annual avoidance of GHG emissions

SBAB Group Green Bond Framework 2019

SEK 40.9bn → 11,405 tCO₂e

Eligible Green Loans
& Estimated annual avoidance of GHG emissions

SBAB!

SBAB Bank AB (publ)

SCBC!
Covered bonds of SBAB

AB Sveriges Säkertallida Obligationer (publ)
(Swedish Covered Bond Corporation – SCBC)

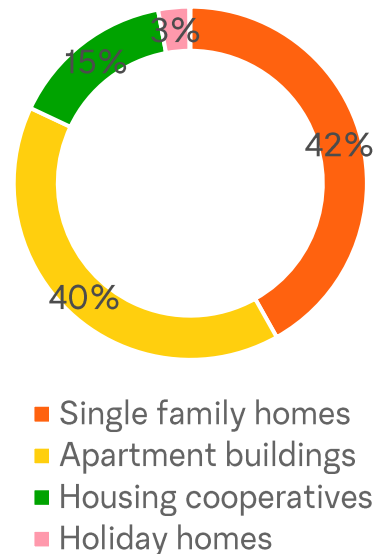
INSIGHT: Co2 emissions from portfolio

PCAF

- SBAB are signatories of PCAF (Partnership for Carbon Accounting Financials), a global partnership of financial institutions that work together to develop and implement a harmonized approach to assess and disclose the greenhouse gas (GHG) emissions associated with their loans and investments
- Applying PCAF's method, we calculated emissions from our portfolio with support and checks from PCAF
- The results was published in March 2022

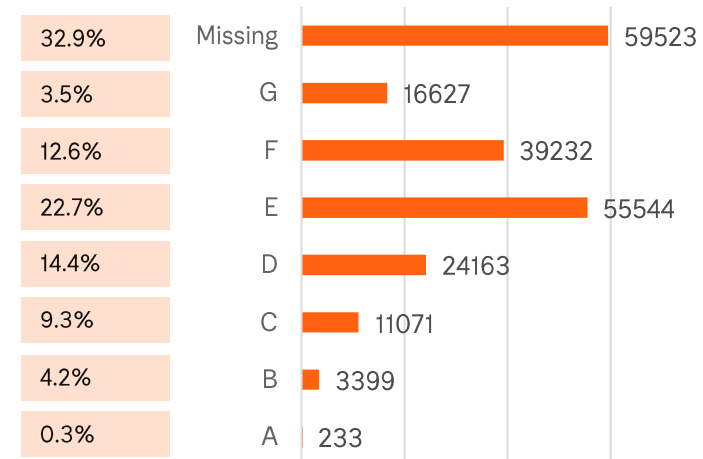


Emissions by object type



Emissions by energy classification

% of lending



Total Co2 emissions
209,790 tonnes Co2

*The calculation includes data on energy performance (energy use per m2, per year) (A), Atemp, (heated area, m2) (B), GHG emissions multiplier (C) and SBAB's share of financing (loan to value ratio) (D) and is based on PCAF's method (A*B*C*D). For 67% of our lending, we data on energy use that is object specific and sourced from energy declarations collected from the National Board of Housing, Building and Planning (Sw Boverket). The rest of the data on energy use (i.e. "missing") is based on average data per object type (single family home, apartment building and housing cooperative) from the Energy Authority (Sw Energimyndigheten).



Sustainability ratings



Sustainalytics

Low Risk & Strong ESG Management

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

(Latest update in October 2021)

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



MSCI

AA

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

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

(Latest update in January 2021)

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



Imug

Positive BB

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

(Latest update in March 2020)



Contents

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The Swedish economy

Forecast key figures Sweden

	2021	2022	2023	2024
Real GDP, actual	5.1 (4.8)	2.3 (3.0)	0.2 (2.3)	1.9 (2.1)
Household consumption	6.2 (5.8)	3.5 (3.7)	-0.5 (2.3)	2.0 (2.6)
Public consumption	2.9 (2.8)	0.4 (2.0)	-0.5 (1.0)	0.3 (1.0)
Investments	7.5 (7.9)	2.0 (3.0)	0.5 (2.5)	2.1 (1.8)
Net export, GDP-contribution (pp)	-0.3 (-0.4)	0.1 (0.1)	0.4 (0.3)	0.4 (0.2)
Employment	1.1 (1.1)	2.4 (2.4)	0.2 (1.3)	0.5 (0.7)
Unemployment rate (%)	8.8 (8.8)	7.6 (7.3)	7.8 (6.7)	8.0 (6.9)
Inflation, CPIF growth	4.1 (4.1)	7.3 (4.6)	3.9 (2.9)	2.5 (2.3)
Policy rate, yearly average (%)	0.00 (0.00)	0.67 (0.21)	2.18 (0.77)	2.00 (1.23)
KIX-index (-)	114.3 (114.3)	120.5 (118.2)	120.4 (117.3)	118.0 (116.4)

Note: Annual percentage growth unless indicated otherwise. Light orange background indicates SBAB Q3 forecast in September 2022. Figures in brackets = Q2 forecast published in April 2022.

Comments

- A rapid fall for GDP growth in 2022 that continues to decrease to almost standstill in 2023
 - Households' real consumption is severely eroded by rising prices. To some extent, it is kept up by taking advantage of previous savings
- For several years, the Swedish economy has been characterized by low inflation and low interest rates, but inflation has taken off in a similar way as in many other countries, and is expected to be 9.3 percent for the full year 2022
- Some characteristics of the Swedish economy are rapid population growth, many households with large mortgages but also with high savings
- Public finances are sound and central government debt is low



Interest rate development



Mortgage rates (%)

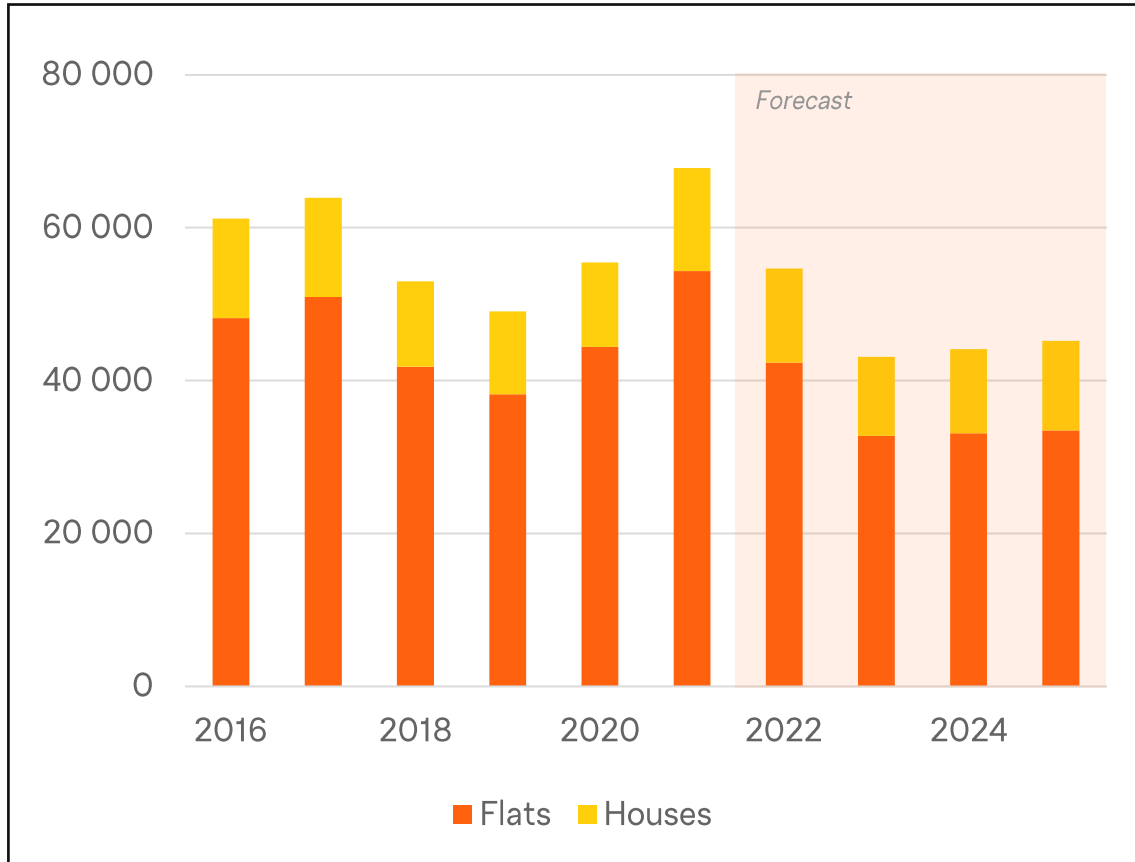
	Length of fixed interest period					
	3 Months	1 Year	2 Years	3 Years	4 Years	5 Years
Sep 2022	2.9%	3.4%	4.0%	4.6%	4.7%	4.7%
Jan 2023	3.8%	4.1%	4.5%	4.9%	5.0%	5.0%
Jan 2024	3.7%	3.9%	4.2%	4.5%	4.6%	4.6%
Jan 2025	3.7%	3.9%	4.2%	4.4%	4.5%	4.6%
Jan 2026	3.7%	3.9%	4.1%	4.3%	4.5%	4.6%

Note: Refers to average interest rates on the mortgage market, not SBAB's list or average interest rates



Decline in housing construction

Housing construction (number of homes)

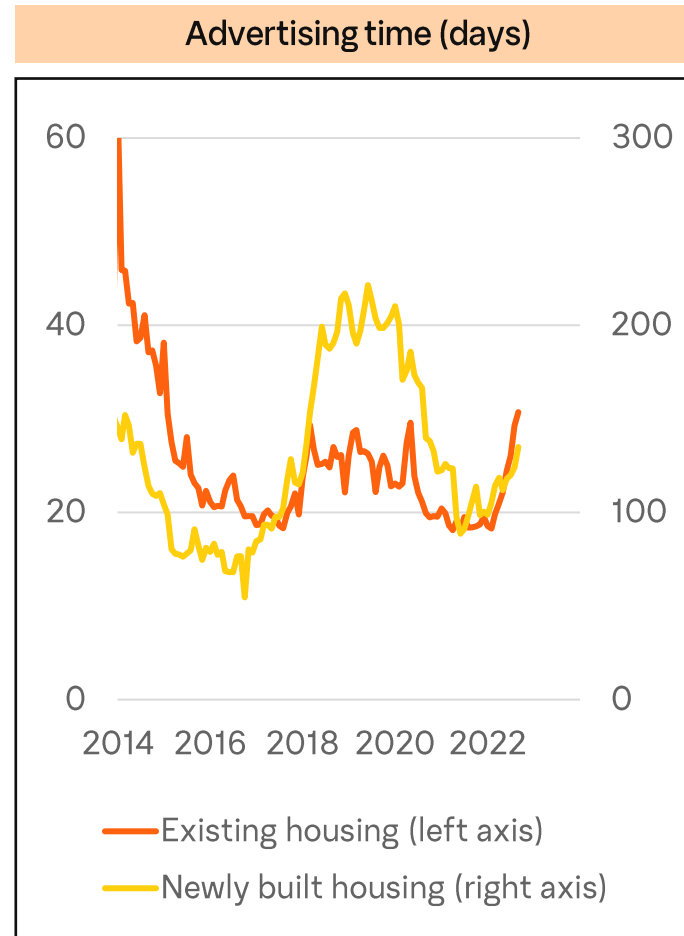
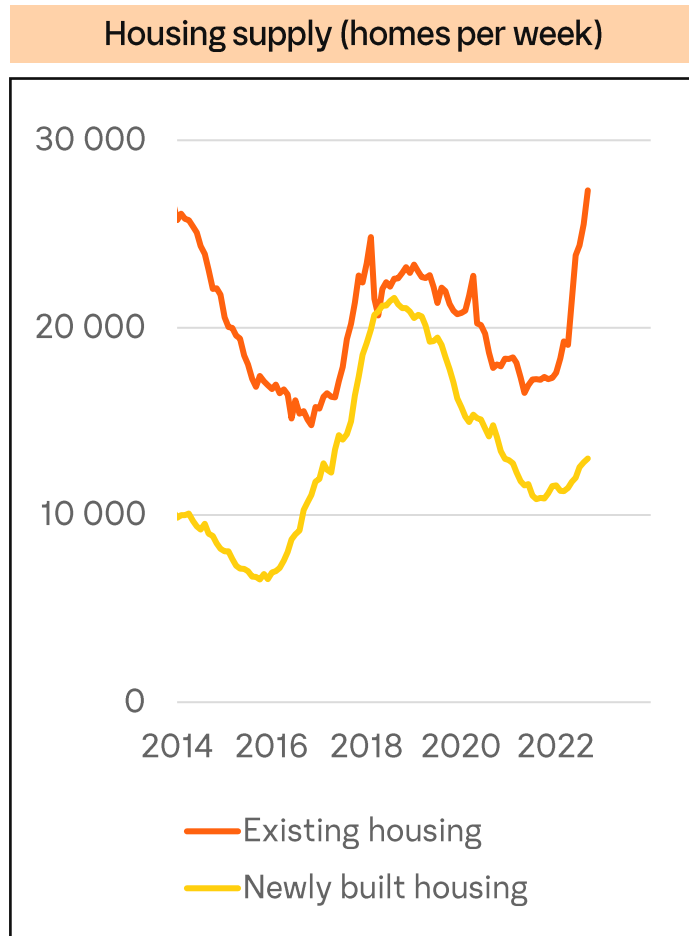


Still need for new housing

- Housing construction is expected to decline rapidly this year and the next, from about 68,000 homes in 2021 (excluding rebuilt housing) to around 43,000 homes in 2023. In the following years, housing construction is expected to amount to around 45,000 homes per year
 - Housing construction is currently under pressure from the availability of materials and equipment, and rapidly rising prices for many input factors
 - It is expected to gradually becoming more and more pressured by falling prices on the secondary housing market and a deteriorating financial situation for households
- There is a housing shortage estimated to roughly 70,000 homes, despite high rate of construction in recent years, which speaks for a certain construction need
 - The shortage is expected to be mitigated in the longer term partly dependent on that only 35,000 homes per year need to be built to keep pace with population growth



Slowdown in the housing market



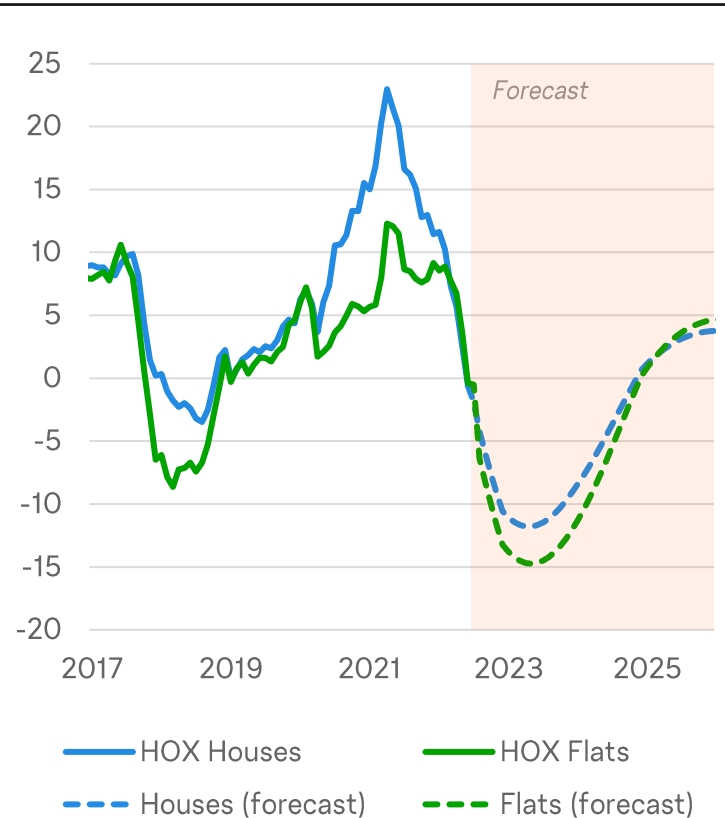
- Reversal in trends
- After a couple of years with a hot housing market, characterized by, among other things, low supply and short advertising times, the situation has changed rapidly in recent months to a cool market
 - The number of bidders is now fewer, and the bid premiums are lower
 - The change is most evident in the market for existing housing
 - For newly built homes, the supply is still relatively low and the advertising times average, but the trends are clearly on the rise
 - Rapidly rising mortgage interest rates along with other rising costs of living, not least the cost of electricity, are likely explanations for the slowdown in the housing market



Price decline expected to continue

House price development, YoY (%) and Housing price index (January 2013=1)

	Index Sep-22	Change since		
		1M	3M	12M
Sweden (HPI*)	1.91	-2.6%	-5.5%	-6.0%
Flats	1.89	-1.4%	-4.4%	-5.2%
Stockholm	1.66	-0.7%	-3.5%	-4.8%
Gothenburg	1.78	-2.1%	-5.2%	-7.9%
Malmö	1.91	-2.9%	-6.4%	-4.6%
Houses	1.91	-3.3%	-6.1%	-6.5%
Stockholm	1.72	-3.7%	-4.2%	-11.0%
Gothenburg	1.74	-4.7%	-6.0%	-11.1%
Malmö	1.84	+0.1%	-5.5%	-7.5%



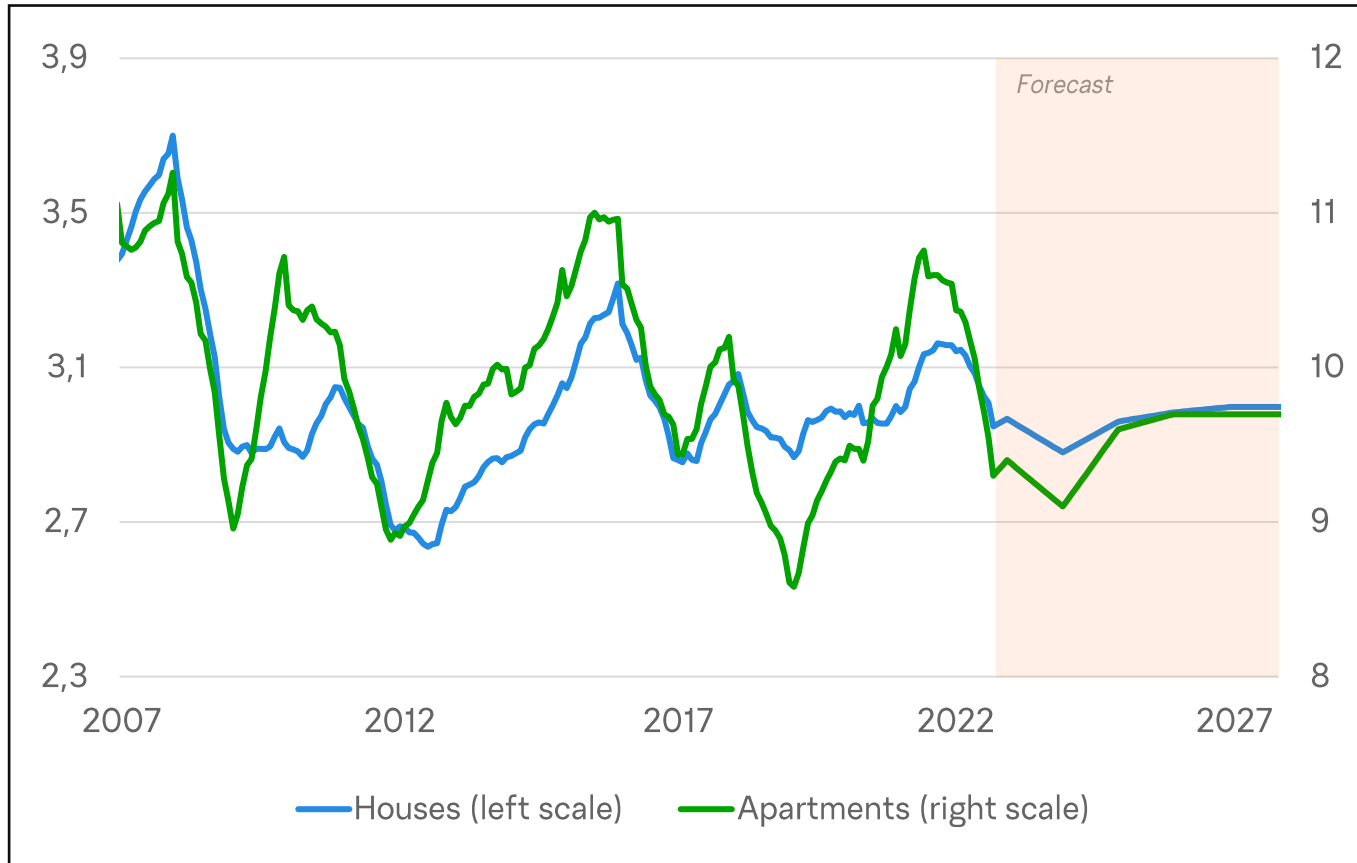
Falling housing prices

- Housing prices have increased by an average of over 7% over the past ten years
 - History indicates that peak years with housing prices rising more than 15%, and bottom years with falls below -5% are common
 - The impending decline is expected to be somewhat deeper than in previous years
- SBAB's forecast is that housing prices will continue to fall, primarily as a result of rising interest rates
 - The price level at the end of 2023 is expected to be about 20% lower compared to that in March 2022
 - The forecast is based on a user cost of housing model, apparent deviations from this may occur in the short term, e.g. as a result of a mismatch between supply and demand or rapid changes of households' expectations on future factors



Housing turnover dampened in recessions

Housing turnover rate, Share per year of each stock (%)



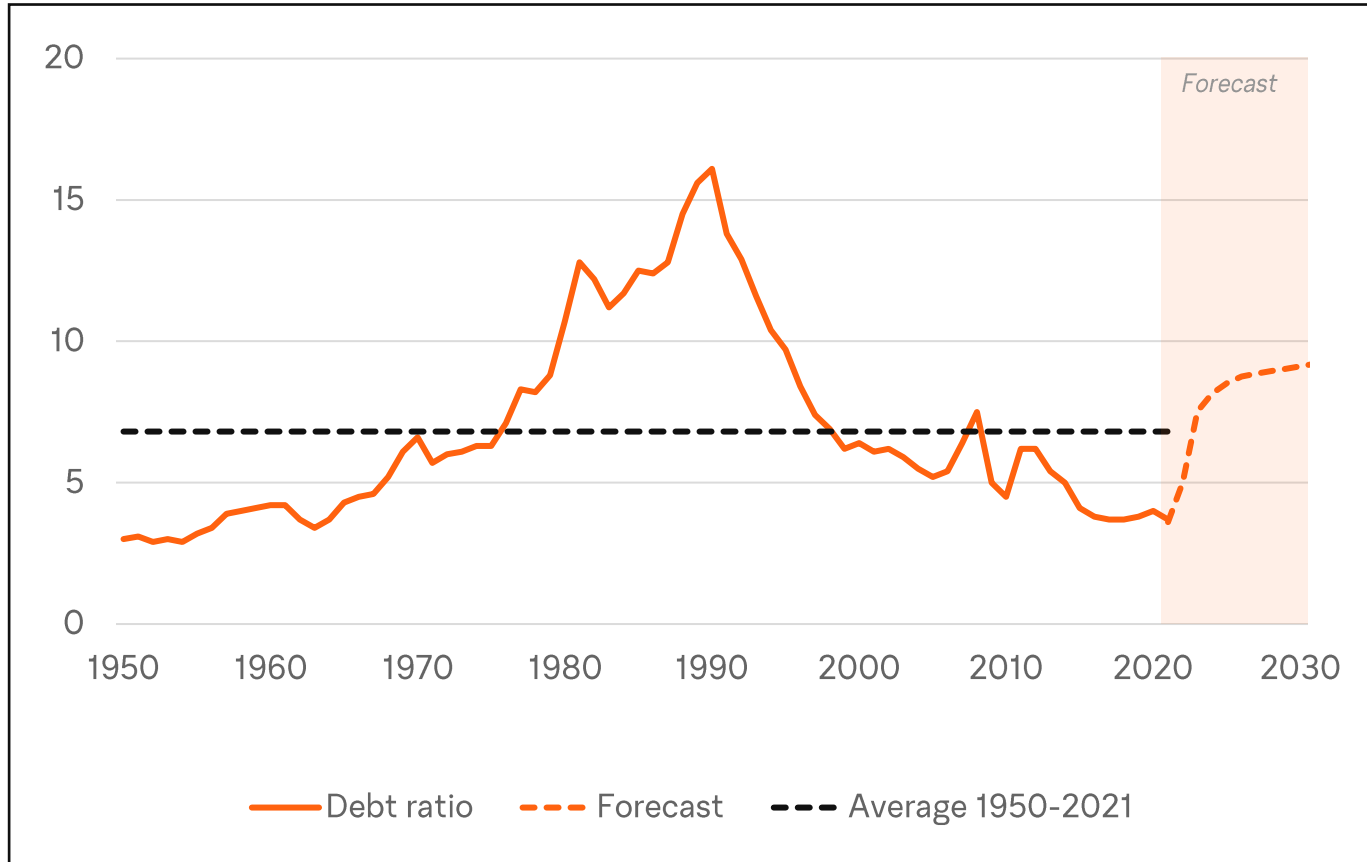
Normalization as the economy is slowing down

- The housing turnover is expected to fall below the normal rate in the fall of 2022, and continue to decrease over the next year
- In September the turnover rate outcome was 2.9 per cent per year per for houses and 9.3 per cent per year for apartments
- The housing turnover is expected to recover in 2024 and to be at a normal rate in 2025
- The normal turnover rate is at about 3.0 per cent per year for houses and at about 9.7 per cent per year for apartments
- There is a clear historical pattern with high turnover during booms and low sales during recessions. But also signs that sales are affected by credit market conditions such as mortgage ceilings (LTV)



Interest expenses rising from low levels

Interest expenditure (% of disposable income)



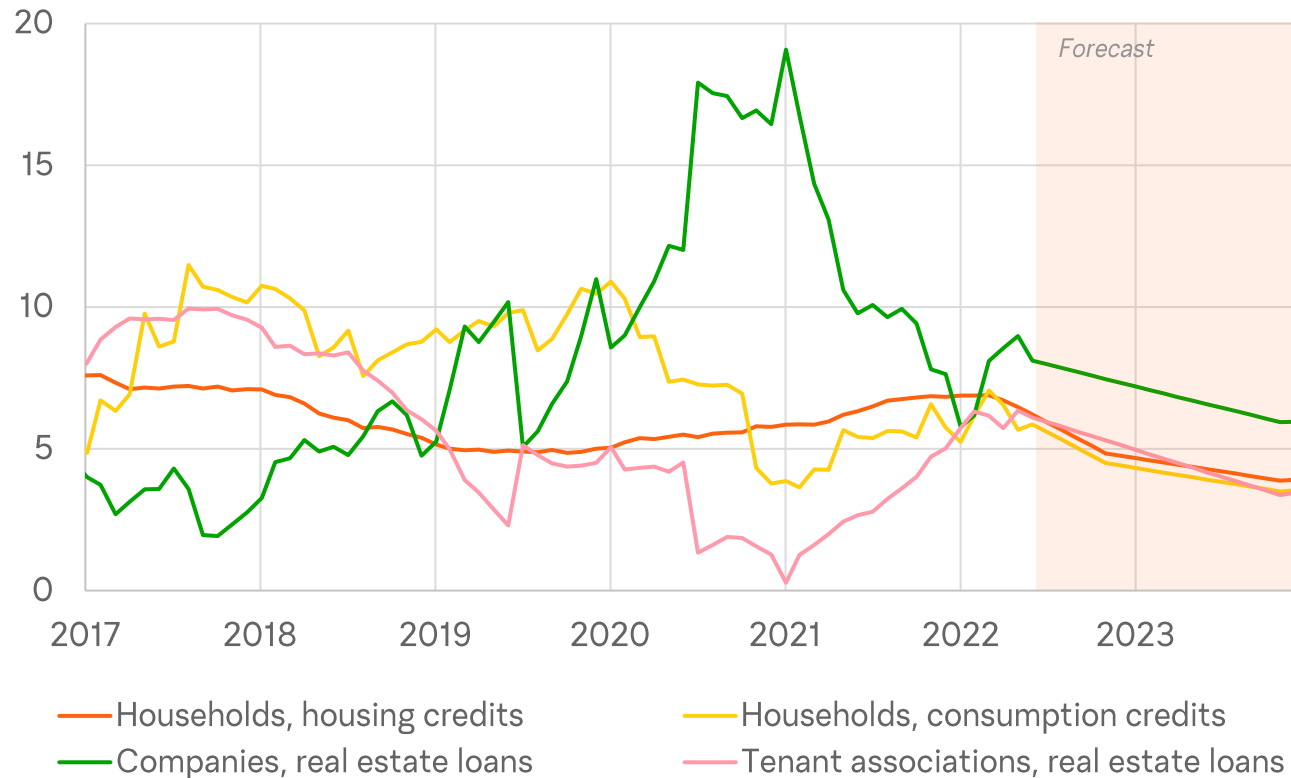
Interest expenses at low levels from a historical perspective

- High debt-to-income ratio but still (based on annual data) low interest costs
- Interest expenses in relation to disposable income (interest ratio) at a very low level from a historical perspective
 - At 3.7% in 2021 before tax deductions
 - Expected to rise to 4.9% in 2022, to 7.4% in 2023, and to 8.1% in 2024, and probably slightly higher in the years that follows
- Factors to consider regarding the interest expenses ratio
 - Interest expenses are distributed among more households, because more households own their homes
 - Interest expenses share of income differs between younger and older homeowners, and between households in metropolitan areas and in sparsely populated areas



Credit growth development

Credit growth, YoY growth rates (%)



Clear slowdown of credit growth to households

- The growth rate of household mortgages has averaged over the past ten year to slightly over 6%
- According to SBAB's forecast, the growth rate of household housing credits is expected to decrease in the coming months, and soon fall below 5% and remain low in the coming years
 - The forecast considers e.g. the developments of household income, housing prices, mortgage rates, and housing turnover
- Credit growth for non-financial companies' real estate loans, soared during the pandemic. The growth rate slowed down in 2021 and is currently at 8% which is a couple of percentage points higher than the historical average rate of development, but also higher than the expected future pace



Contents

1	Business performance
2	Financial performance
3	Credit portfolio and asset quality
4	Capital, funding & liquidity
5	SBAB's commitment to sustainability
6	Macro development
7	Appendix



Sweden's most satisfied customers

In 2021, for the third consecutive year, SBAB had Sweden's most satisfied residential mortgage customers according to Swedish Quality Index (Sw Svenskt Kvalitetsindex (SKI)), which measures customer satisfaction in the banking and finance sector each year.

In 2021, for the fourth consecutive year, SBAB had Sweden's most satisfied property loan customers according to SKI.

Appendix

1	<i>Business update</i>
2	<i>Financial update</i>
3	<i>Credit portfolio and asset quality</i>
4	<i>Capital, funding & liquidity</i>
5	<i>SBAB's commitment to sustainability</i>
6	<i>Macro development</i>
7	<i>SCBC</i>



SBAB at a glance

1	Swedish mortgage bank operating in a supportive macro environment	→	AAA country with strong fiscal balances and low unemployment
2	Supportive ownership structure	→	SBAB was founded in 1985 & 100% owned by the Kingdom of Sweden. No specific social mandate from owner
3	Low risk & stable business model with superior asset quality	→	Mortgage bank with vast majority collateralized lending & very low loan losses over time
4	Focused strategy of mortgages & housing financing	→	Home owners, tenant-owners' associations and property companies prime focus. Limited exposure to commercial/SMEs
5	Cost efficient lending origination	→	No traditional retail bank branches, products and services offered online or by telephone. Personal service offered to corporate clients
6	Resilient funding model with a stable investor base	→	Mortgage lending primarily funded by covered bonds (SEK & EUR)
7	Proven track record of strong and capable management team	→	Delivering on financial targets from owner & business targets



Retail business area

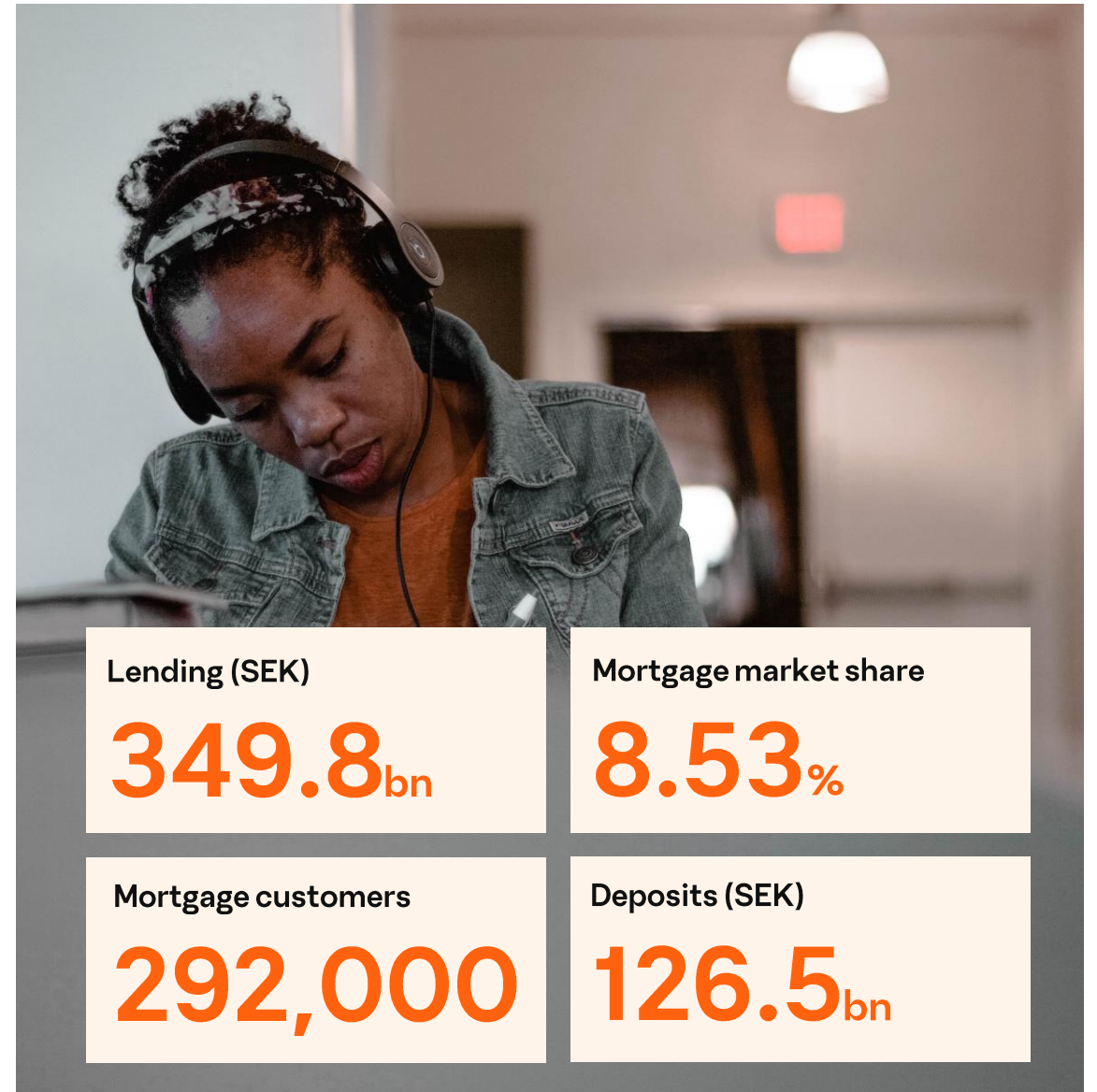
- Services within housing and household finances, such as savings and loan products, insurance mediation, housing search engine services and real estate-agent services. The core product is residential mortgages (5th largest player in Sweden)
- Activities are operated under the SBAB, Booli, HittaMäklare and Boappa brands
- No traditional bank branches, products and services offered online or by telephone
- Customers primarily located in areas around Stockholm, Gothenburg, Malmö, and other university cities and growth regions

SBAB!

booli!
En tjänst från SBAB

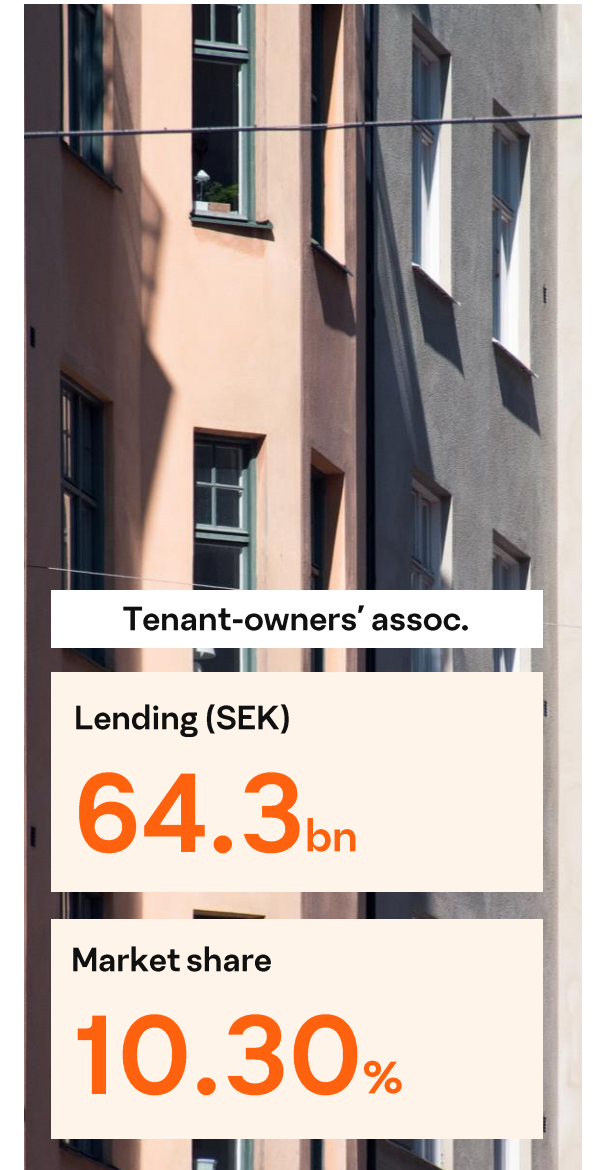
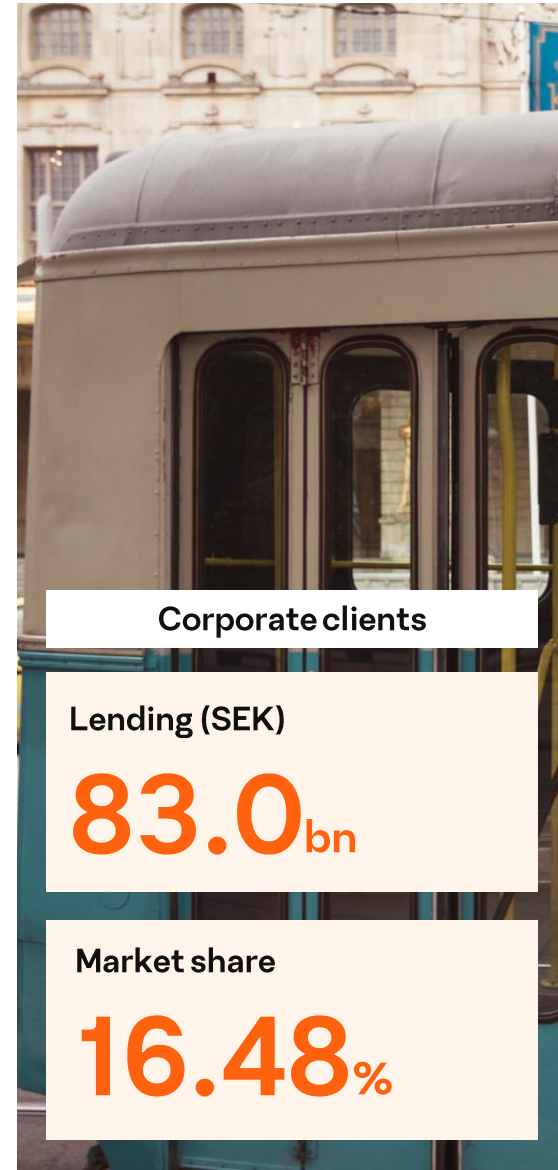
hittamäklare!
En tjänst från SBAB

boappa!
En tjänst från SBAB



Corporate clients & ToA

- Housing financing solutions to property companies, housing developers and tenant-owners' associations as well as savings to corporates and organisations
- Multi-family dwellings, both privately owned and owned by tenant-owners' associations
- Existing buildings or new construction
- Personal service from our three offices in Stockholm, Gothenburg and Malmö
- Primarily target major residential developers, property owners and tenant-owners' associations
- Credit granting concentrated to growth regions surrounding our three offices in Stockholm, Gothenburg and Malmö



The competitive landscape

– Increased competition as new challengers have entered the market. In parallel, larger banks have increased their focus on mortgages

Larger banks (top 4)

Market share >10%

Swedbank 

Handelsbanken



Nordea

Small and medium-sized players

Market share 2-10%

 Länsförsäkringar

SBAB!

Danske Bank

skandia:

Sparbankerna 

New challengers / Niche players

Market share <1%

 stabelo
AVANZA 

HYPOTEKET

Ekobanken

JAK

Borgo 
ICA Banken  ÅLANDSBANKEN 

Bluestep.

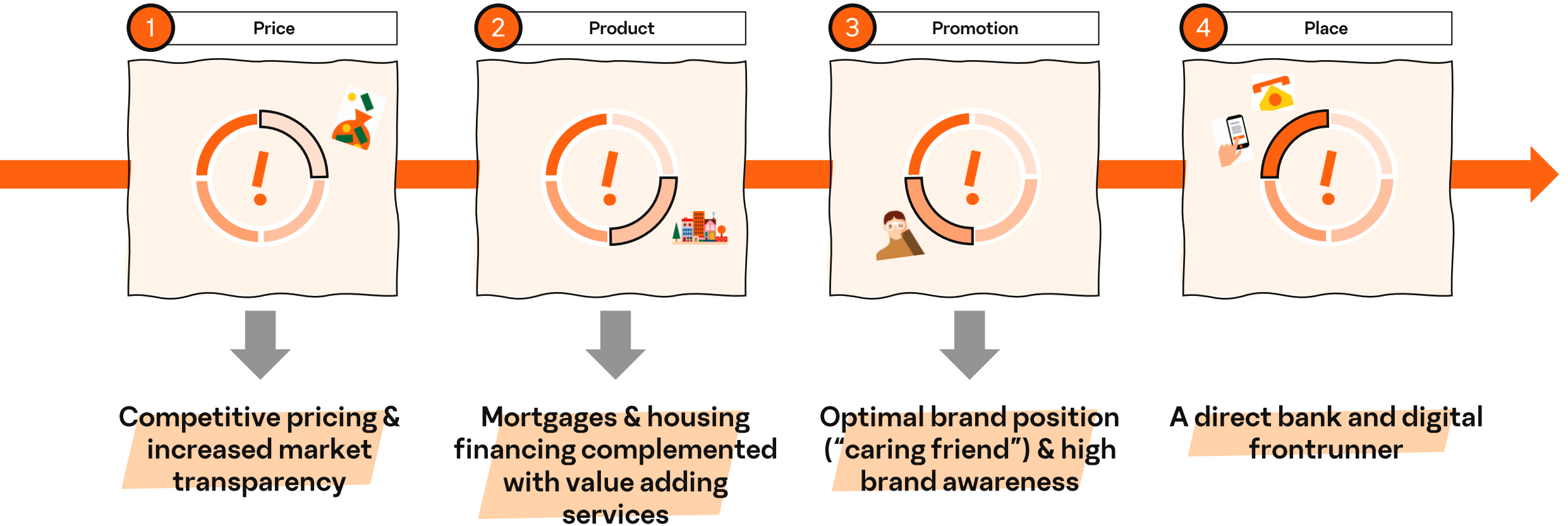
 Nordax Bank

 Landshypotek Bank

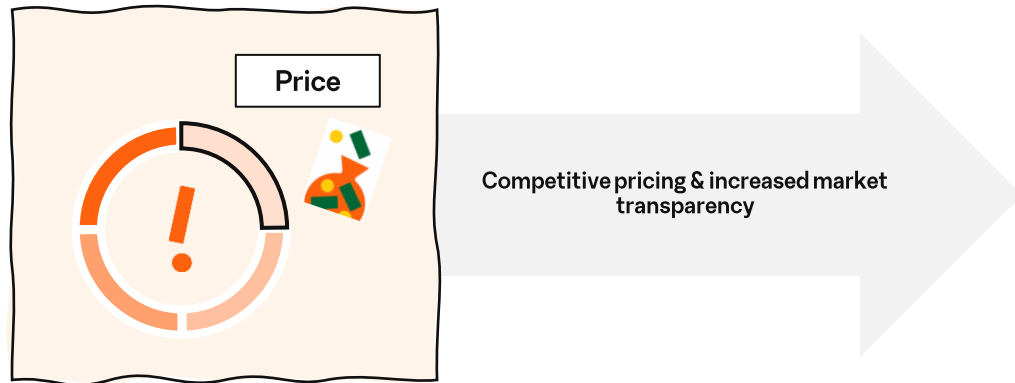
 Nordnet



SBAB's success factors



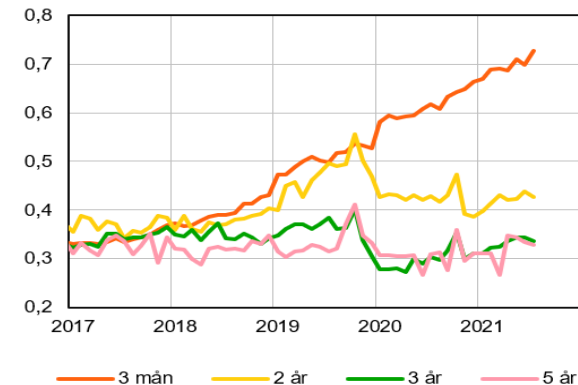
SBAB's success factors: Price



- Customers treat a mortgage as pretty much equivalent to any other regardless of who originated it. For commodities, and thereby mortgages, the **price should be viewed as a hygiene factor** and **the market should converge towards transparency**
- The trend since the aftermath of the financial crisis 2008 is however clear; the difference between listed interest rates and average interest rates is increasing. The difference has grown mainly in the shorter terms, carried primarily in the variable interest rate (3M term)
- The four largest banks are the main culprits, while SBAB and mainly new challengers are sticking with a pricing strategy of transparency

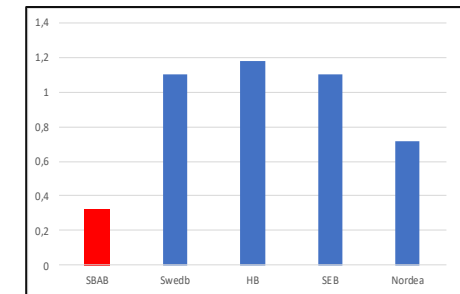
Difference between list rate and average rates (data as of Q2 2022)

Market development over time



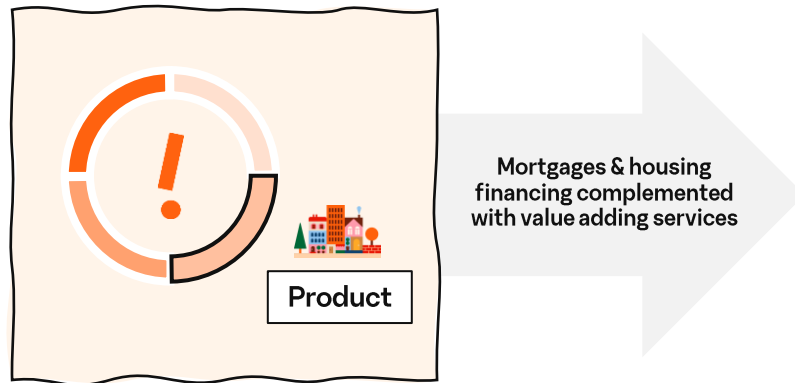
Källor: Macrobond, SCB och SBAB

Difference between list rate and average rate







- ➔ Higher list tend to drive higher actuals
- ➔ Large part of the market practice negotiation

SBAB's success factors: Product



- Residential mortgages & housing financing main focus and primary source of income
- Challenges for mortgages: differentiation (price) & frequency of engagement
- Strategy to strengthen customer relationship/loyalty by adding valuable services throughout the housing journey

Ecosystem of services relating to housing and household finances

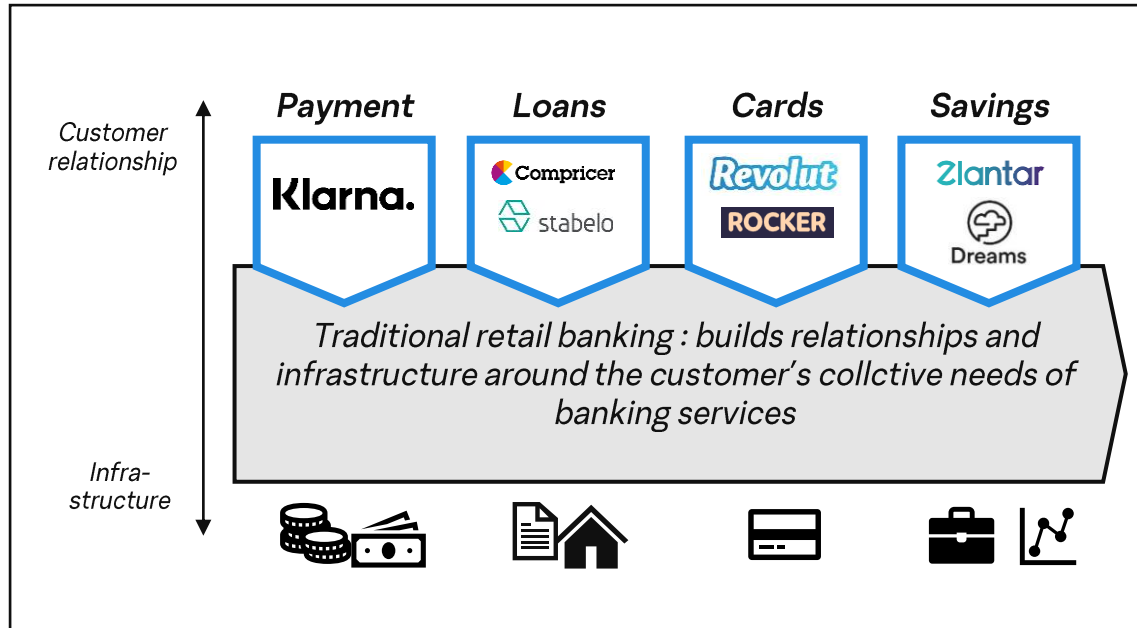
Housing phase	Examples of service	Our brands
Dream & search 	<ul style="list-style-type: none"> Housing ads Housing market information Savings account 	booli! <small>En tjänst från SBAB</small> SBAB!
Buy 	<ul style="list-style-type: none"> Residential mortgages & housing financing Home insurance (through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



Vertical strategy – our ecosystem

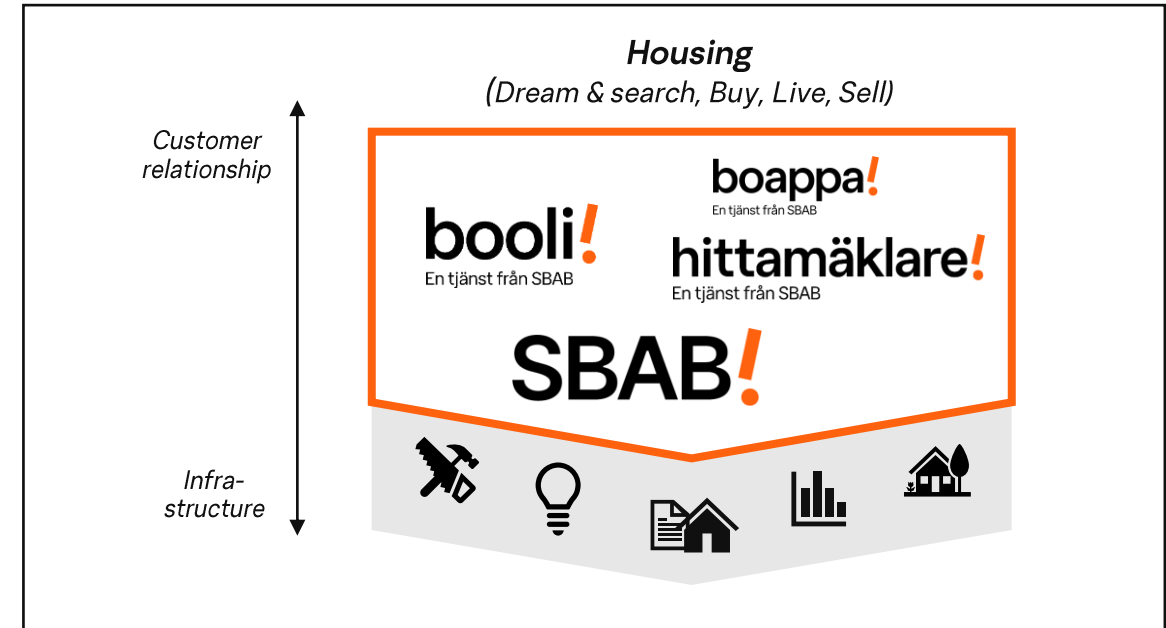


Traditional retail banking is being challenged



Open banking with regulations like PSD2 makes it possible to use banks' infrastructure and **focus solely on the customer experience** in a specific service vertical

SBAB takes control over the "Housing" vertical



Our ecosystem solves the customers' needs with a strong combination of **housing services and customer experience**

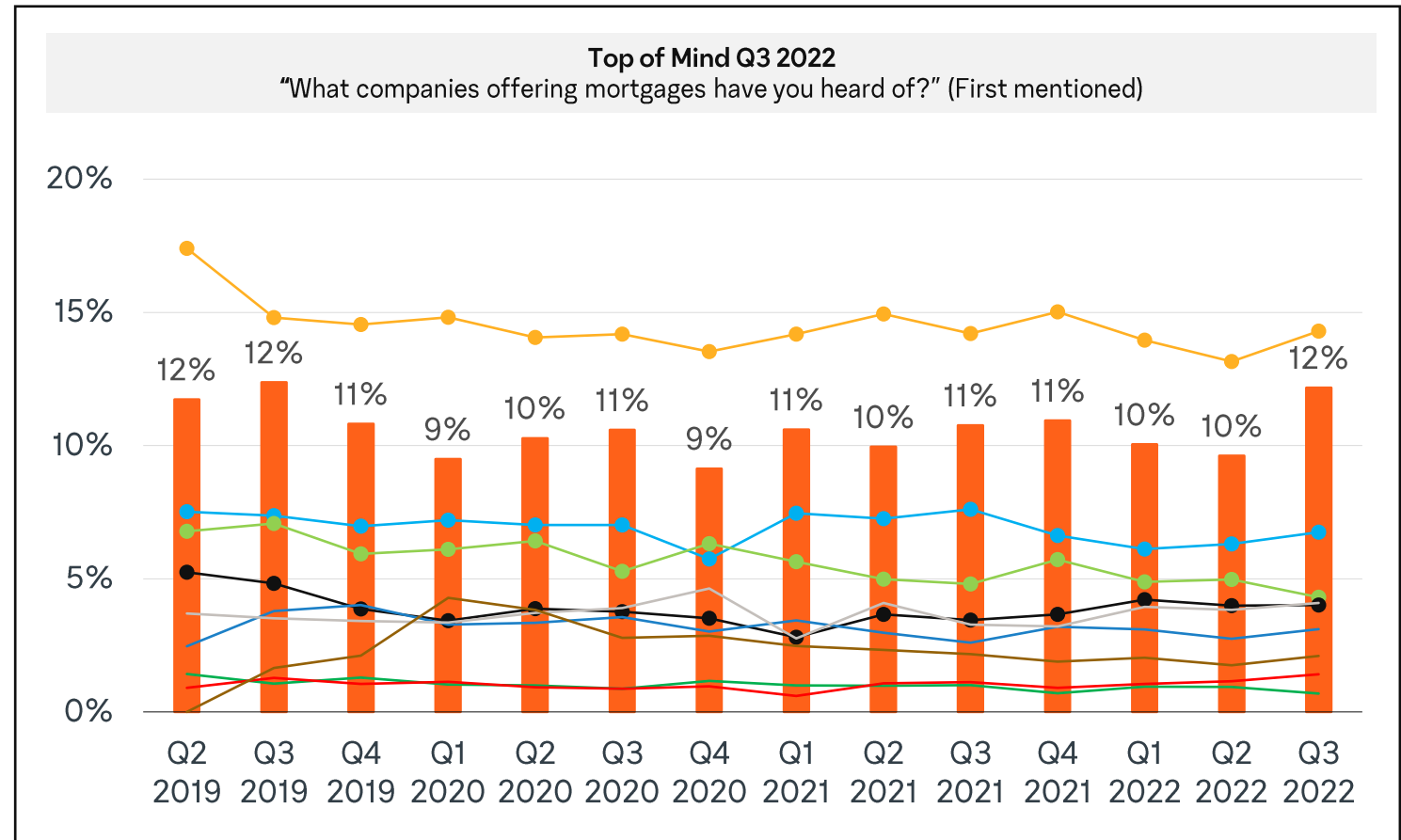


SBAB's success factors: Promotion

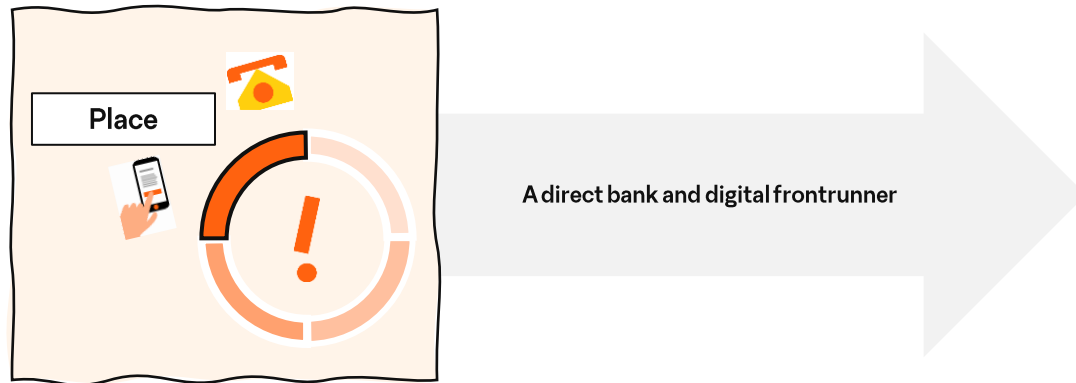


Optimal brand position
("caring friend") & high
brand awareness

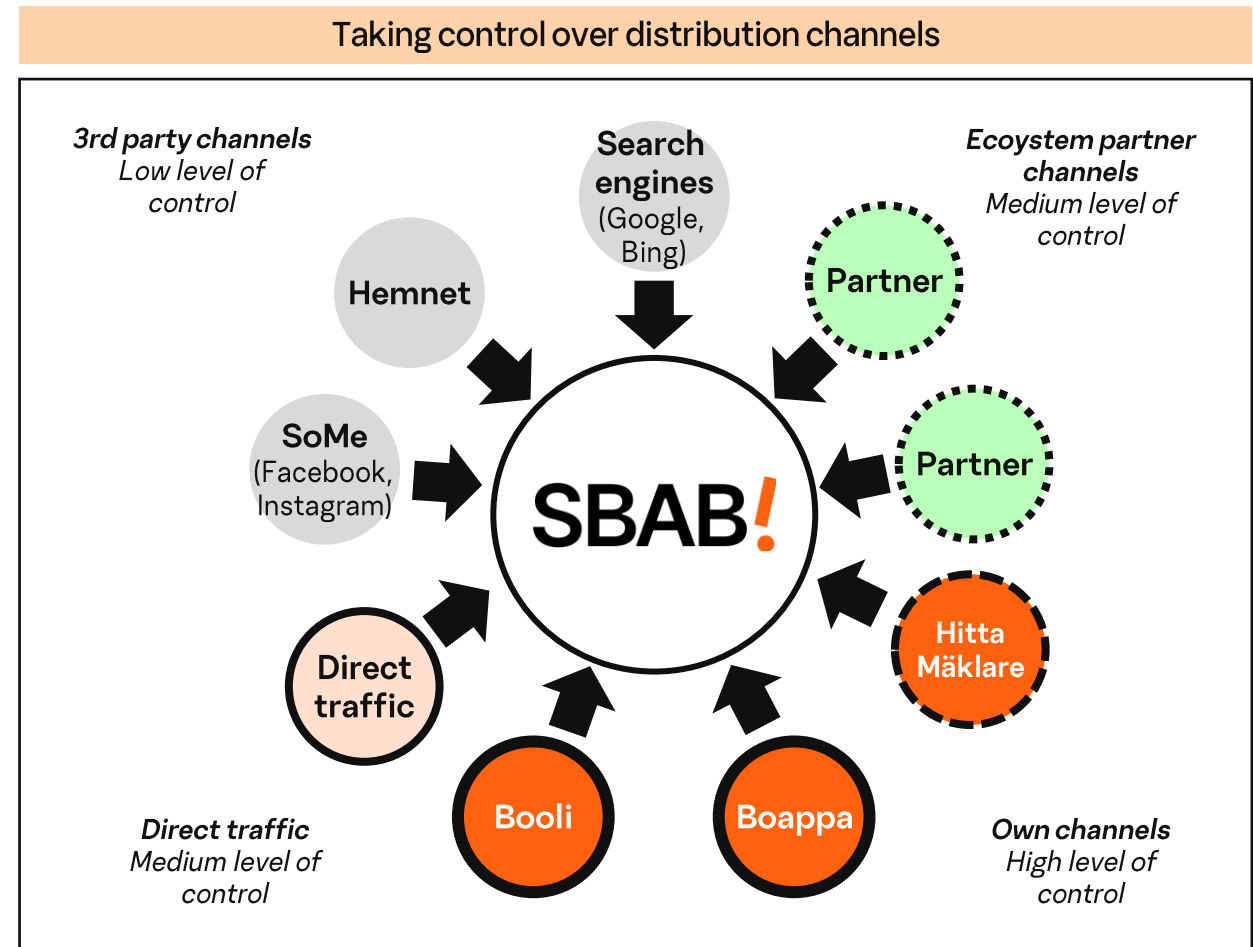
- High brand awareness (5th largest player but 2nd most recognised brand (Top of Mind)) supporting future growth
- Strong media presence through chief economist and housing economist
- Award winning communications



SBAB's success factors: Place



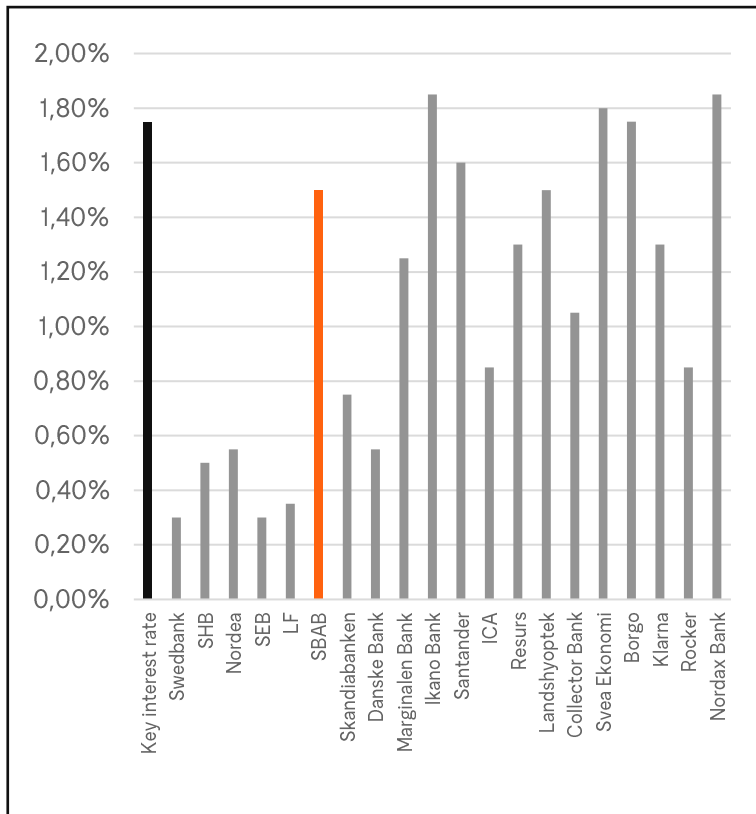
- **A direct bank:** SBAB is and has been a direct bank for retail clients since start
- **Digital channels:** We continuously develop and add new channels with the intention of providing a leading customer experience and seamless interaction
- **Lending under own SBAB brand prioritised:** Increased investments in own distribution capacity (all white label partnerships terminated)
- **Not a bank – an ecosystem:** Our ecosystem of services is a life driven digital experience providing value, speed and simplicity of use for our users and customers



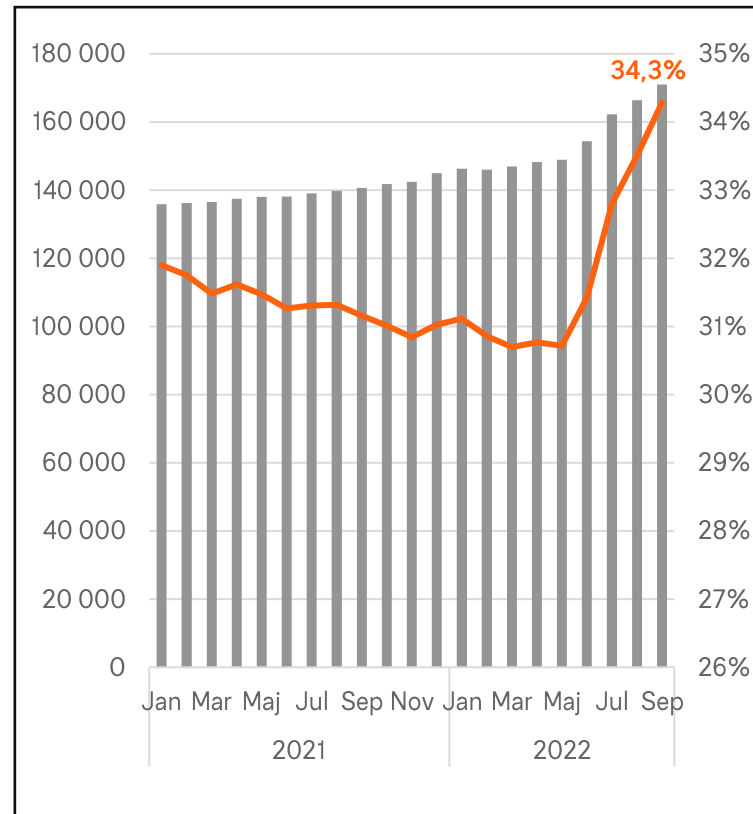
SBAB's savings offering

– Changed interest rate environment, competitive pricing & effective marketing has resulted in strong volume growth during Q3 2022

Retail pricing



Volume (LHS) & deposit-to-lending ratio (RHS)



Comments

- SBAB offers a highly competitive interest rate on savings account (to both retail customers as well as corporates and tenant-owners' associations)
- SBAB and other competitors have increased interest rate on variable savings account
- Increased marketing and communications efforts in Q3
- Sharp increase in SBAB deposit growth in 2022 (summer mainly), which consequently has led to an increase in deposit ratio (34.3% at the end of Q3 2022)



Appendix

- | | |
|---|--|
| 1 | <i>Business update</i> |
| 2 | <i>Financial update</i> |
| 3 | <i>Credit portfolio and asset quality</i> |
| 4 | <i>Capital, funding & liquidity</i> |
| 5 | <i>SBAB's commitment to sustainability</i> |
| 6 | <i>Macro development</i> |
| 7 | <i>SCBC</i> |



Financial summary Q3 2022

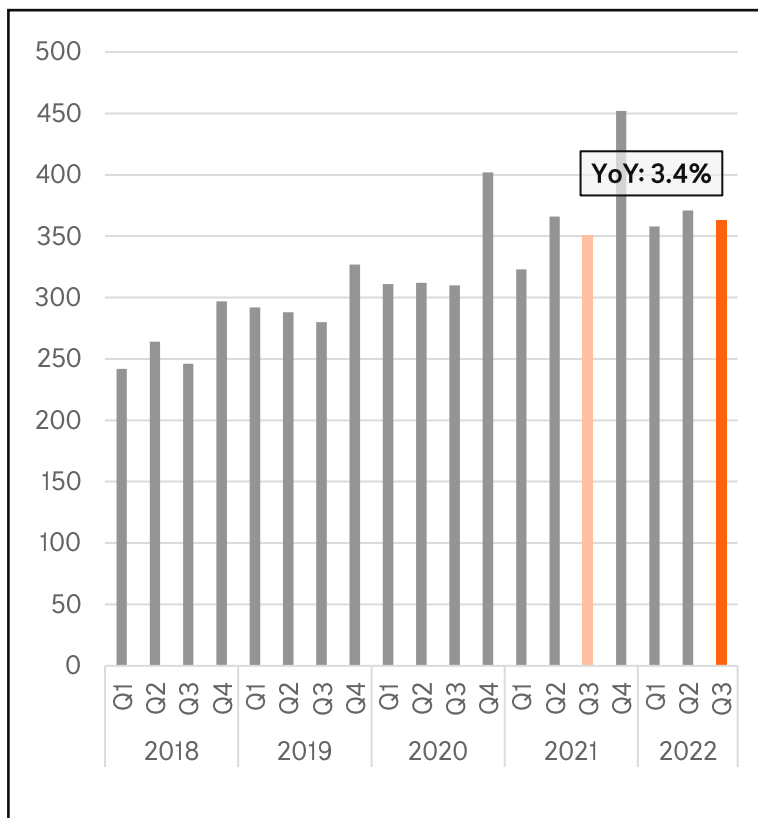
SEK mn	Q3 2022	Q2 2022	QoQ ▲	Comment
Net interest income	1,155	1,088	+6.2%	<ul style="list-style-type: none"> NII increase attributable to increased lending volumes, partly offset by lower lending margins, and increased share of deposits un funding mix Resolution fee moved from NII during Q1 2022 to new row/item in income statement ("imposed fees")
Net result financial transact.	72	21	+51 mn	<ul style="list-style-type: none"> Difference mainly due to revaluation of credit risk in derivative instruments
Expenses	-363	-371	-2.2%	<ul style="list-style-type: none"> Continued investments for future competitiveness according to plan (mainly IT, regulatory compliance, digitalisation & customer offering/experience/service) Lower growth pace than previous years
Loan losses	-20	-12	+8 mn	<ul style="list-style-type: none"> Continued provisions in Q3 2022 mainly related to disbursement of construction loans and risk migrations within the Retail business area following increased interest costs for households Confirmed credit losses remained low and totalled SEK 1 million (1)
Imposed fees (new Q1 2022)	-111	-109	+2 mn	<ul style="list-style-type: none"> New line item added in the income statement as per Q1 2022 (which includes new risk tax as well as the resolution fee) Risk tax amounted to SEK 65 million (65) and resolution fee SEK 46 million (48) for Q3 2022
Operating profit	739	641	+15.3%	<ul style="list-style-type: none"> Operating profit increased 15%, primarily due to increased NII and a more positive development of net result from financial transactions



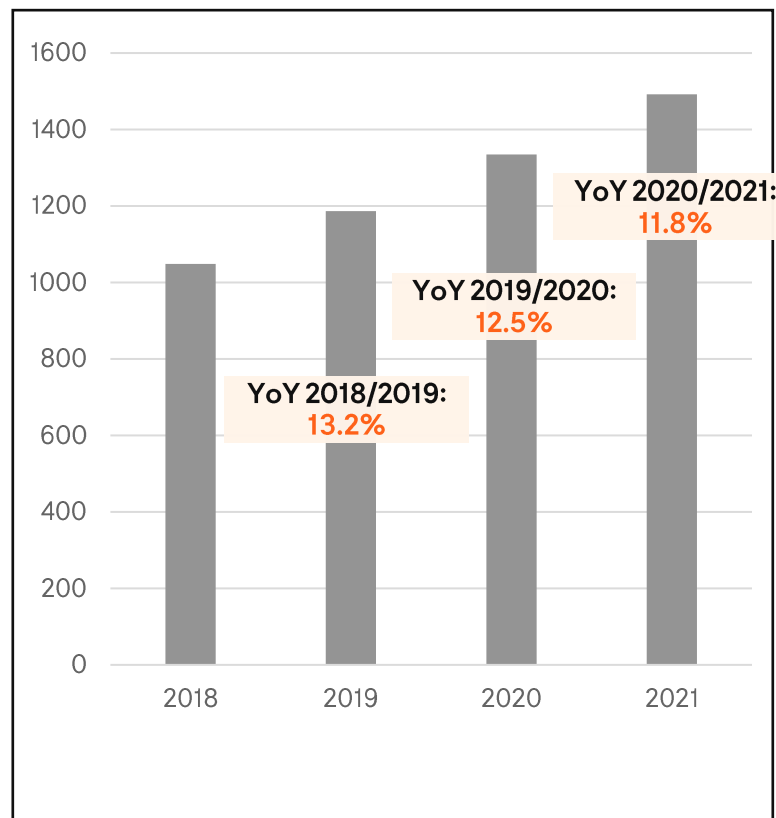
Cost management

– Increased investments for future competitiveness & costs growing at a slower pace

Cost development QoQ (SEK mn)



Cost development YoY (SEK mn)



Comments

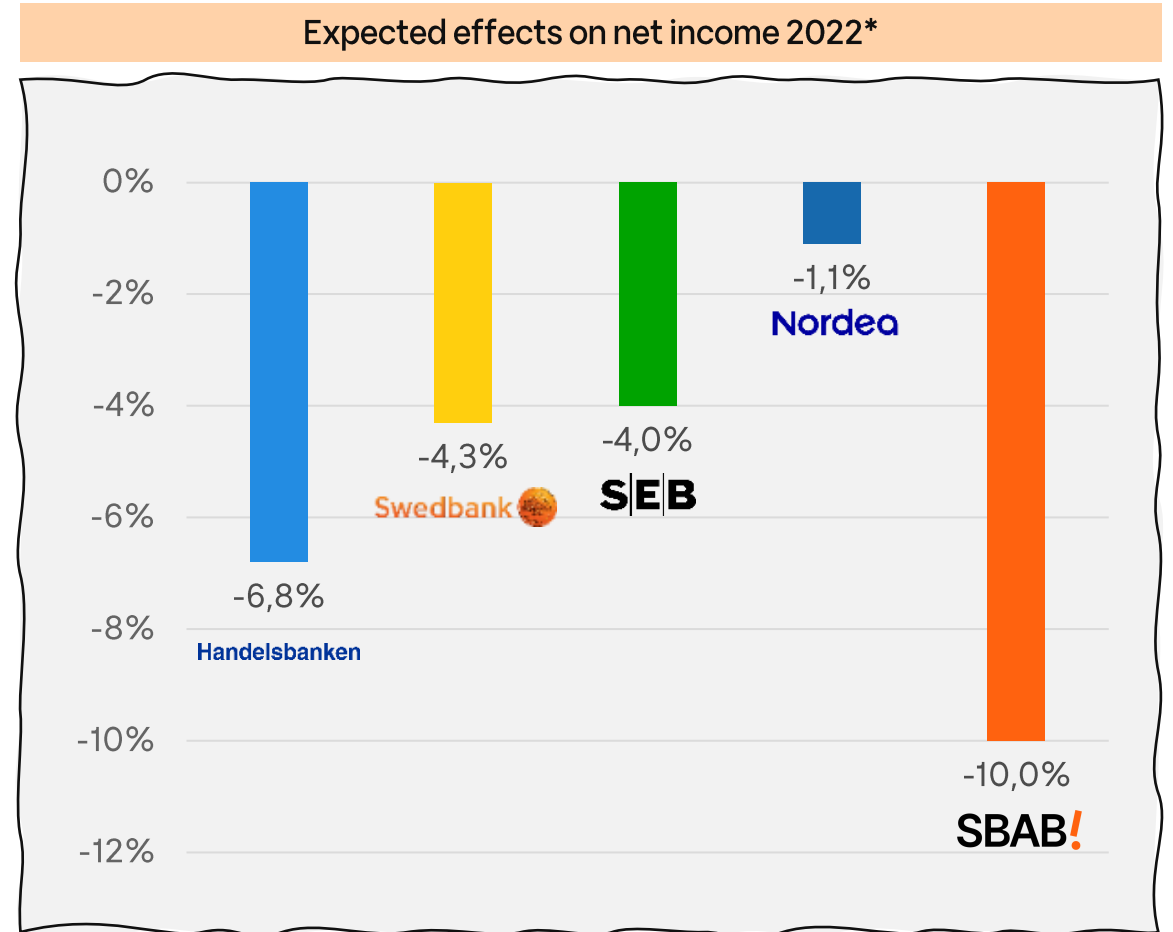
- Overall trend of increasing costs mainly related to investments for future competitiveness within areas such as:
 - Replacement of IT-infrastructure (core banking platform)
 - Regulatory compliance
 - Digitalisation & customer offering (incl. increased distribution power, customer service & customer experience)
 - Increased number of employees
- Costs growing at a slower pace than previous years (Jan-Sep 2022 vs. Jan-Sep 2021: +5%)



New "risk tax" from 2022

– Affects banks asymmetrically depending on business mix

- The new law for risk tax applies as of 1 January 2022 and will be applied for the fiscal year that starts after 31 December 2021. The tax applies to credit institutions whose liabilities reach a specified threshold at the beginning of the fiscal year. The threshold for 2022 is SEK 150 billion. SBAB is one of the Swedish banks and credit institutions that is affected by the tax. The tax will amount to 0.05% of the taxable amount for the 2022 fiscal year and 0.06% for the 2023 fiscal year
- New item as of Q1 2022 ("imposed fees") placed after credit losses in income statement. Imposed fees will comprise both the new risk tax as well as the resolution fee previously reported in NII (this impacts the comparability of NII with previous years)
- The tax affects banks asymmetrically depending on business mix, and is estimated to have a larger impact on SBAB's results than the other larger banks (see chart to the right)

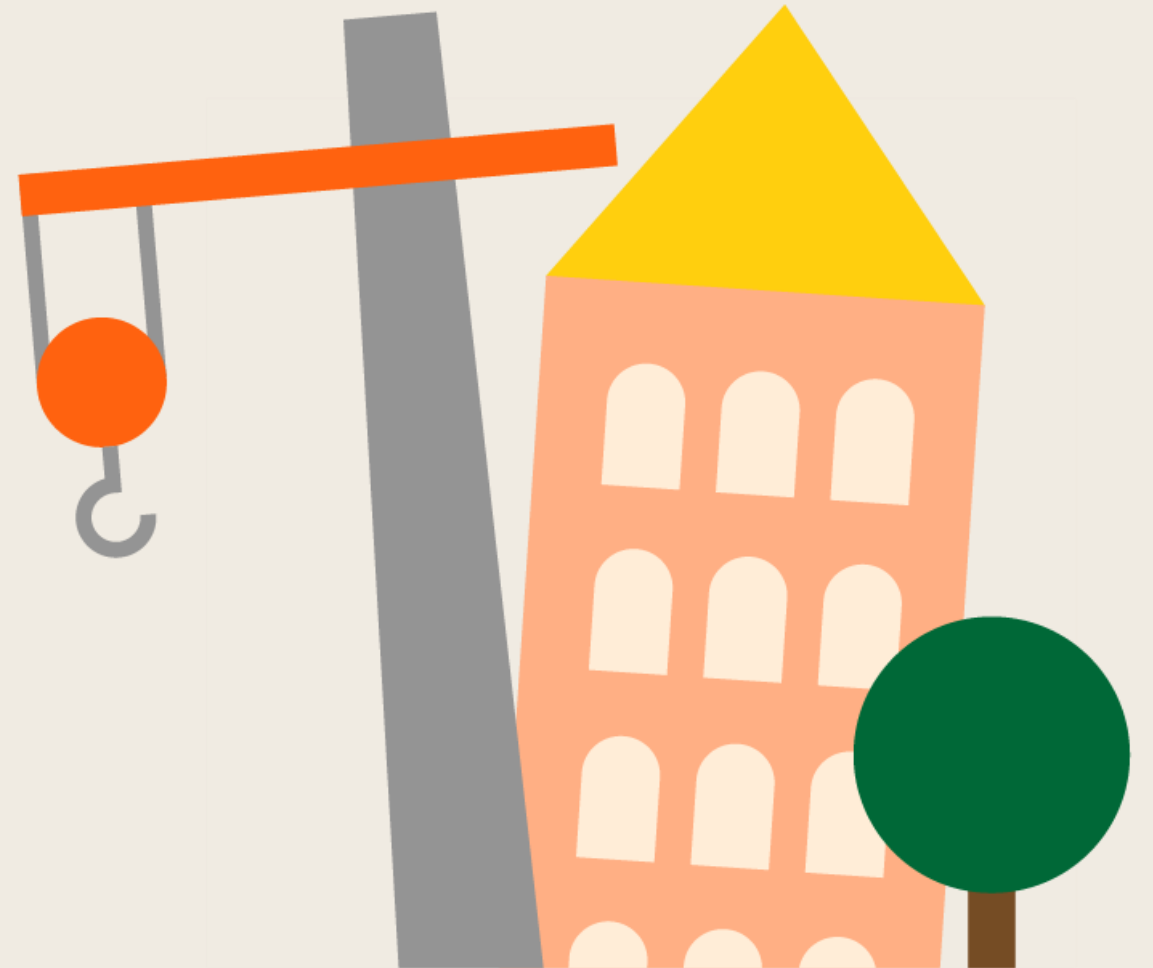


*Source: SEB Equity Research



Appendix

1	<i>Business update</i>
2	<i>Financial update</i>
3	<i>Credit portfolio and asset quality</i>
4	<i>Capital, funding & liquidity</i>
5	<i>SBAB's commitment to sustainability</i>
6	<i>Macro development</i>
7	<i>SCBC</i>



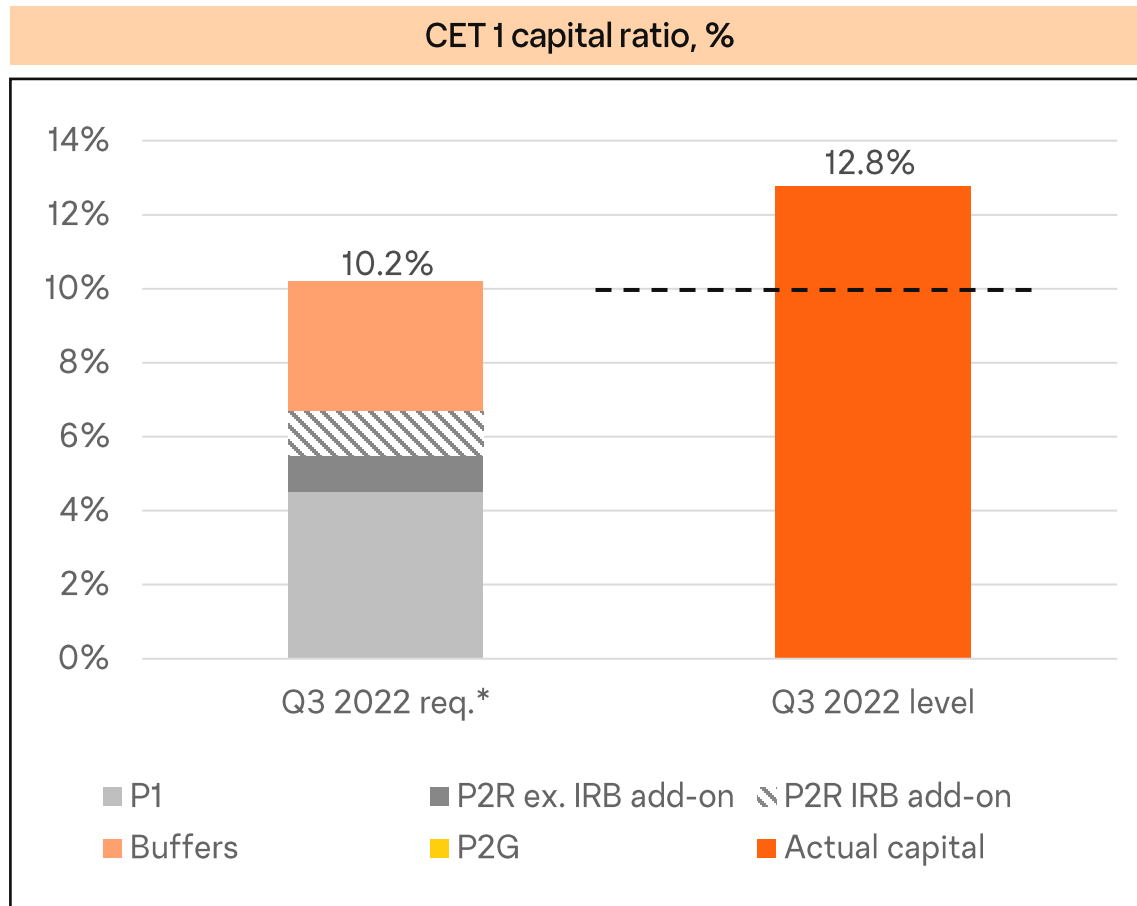
Appendix

1	<i>Business update</i>
2	<i>Financial update</i>
3	<i>Credit portfolio and asset quality</i>
4	<i>Capital, funding & liquidity</i>
5	<i>SBAB's commitment to sustainability</i>
6	<i>Macro development</i>
7	<i>SCBC</i>

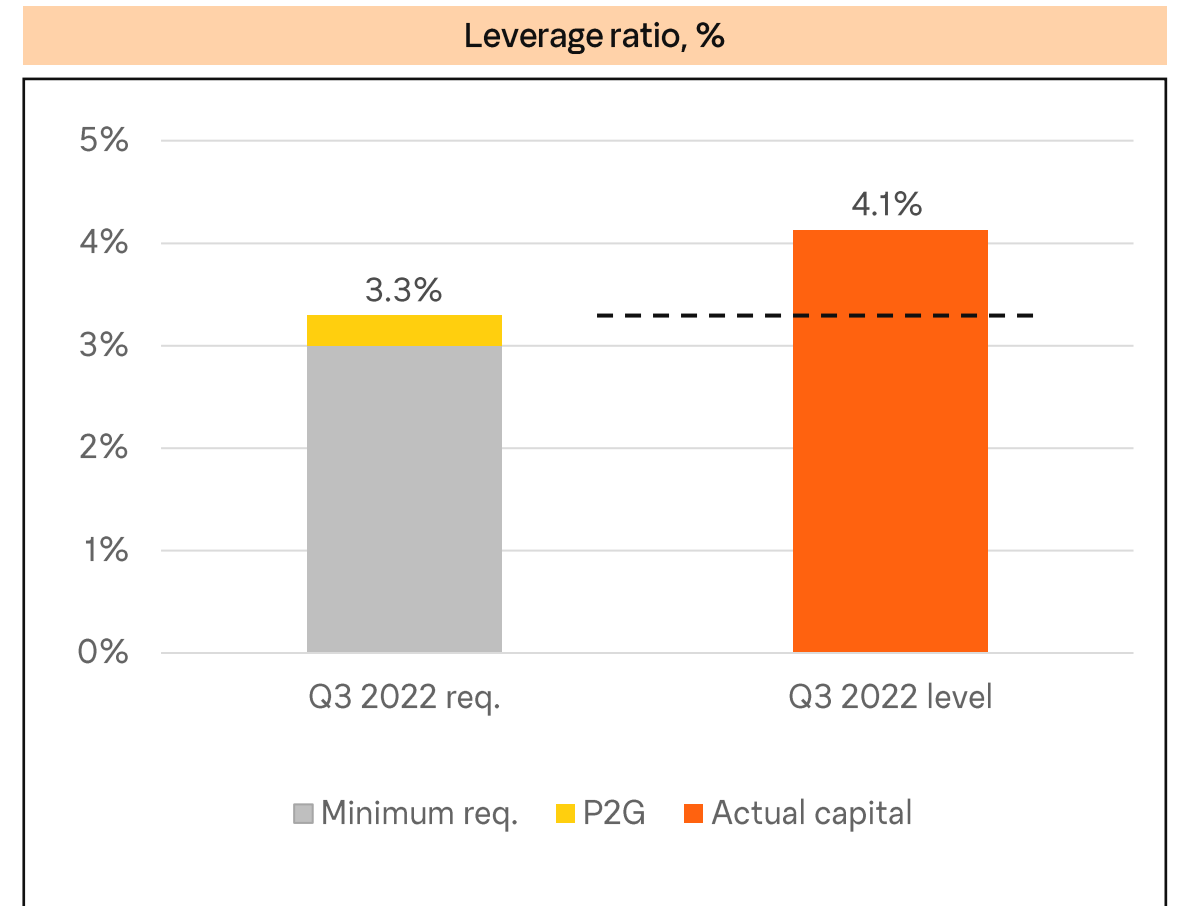


Capital position

– Continued strong capital buffers: SBAB well above external requirements



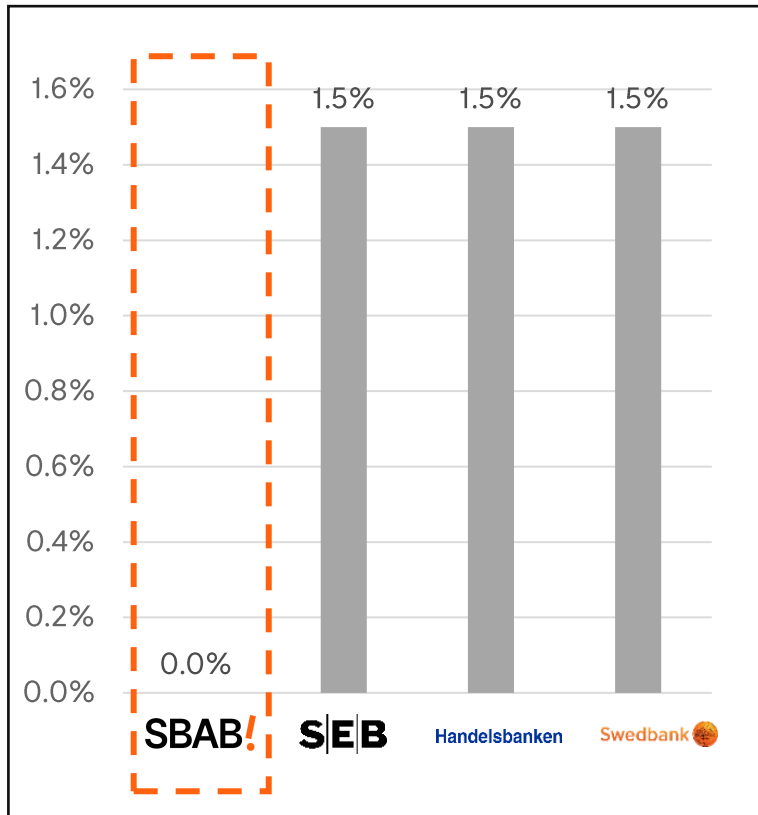
* The SFSA decided the P2R and P2G in the 2021 SREP.



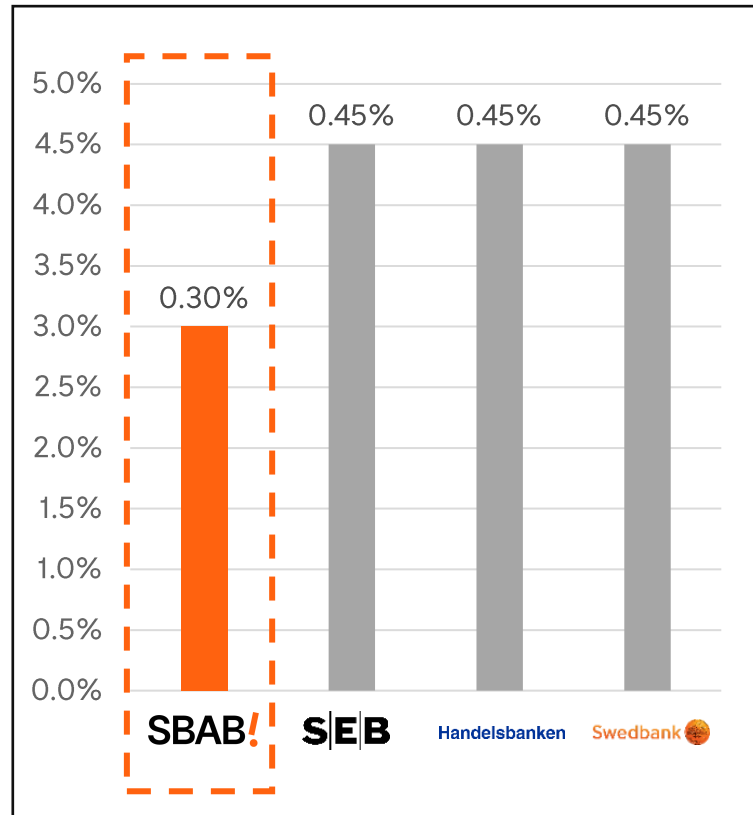
Pillar 2 Guidance vs peers

– S-FSA stress tests in line with SBAB:s own view – stable and solid business model

Pillar II Guidance CET 1, %



Pillar II Guidance LR, %



Comments

- Risk weighted Pillar 2 guidance for SBAB is 0, significantly below peers
- Leverage Ratio Pillar 2 guidance for SBAB is at 0.30%, also below peers' levels
- 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



SBAB's 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

Rating	A1
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

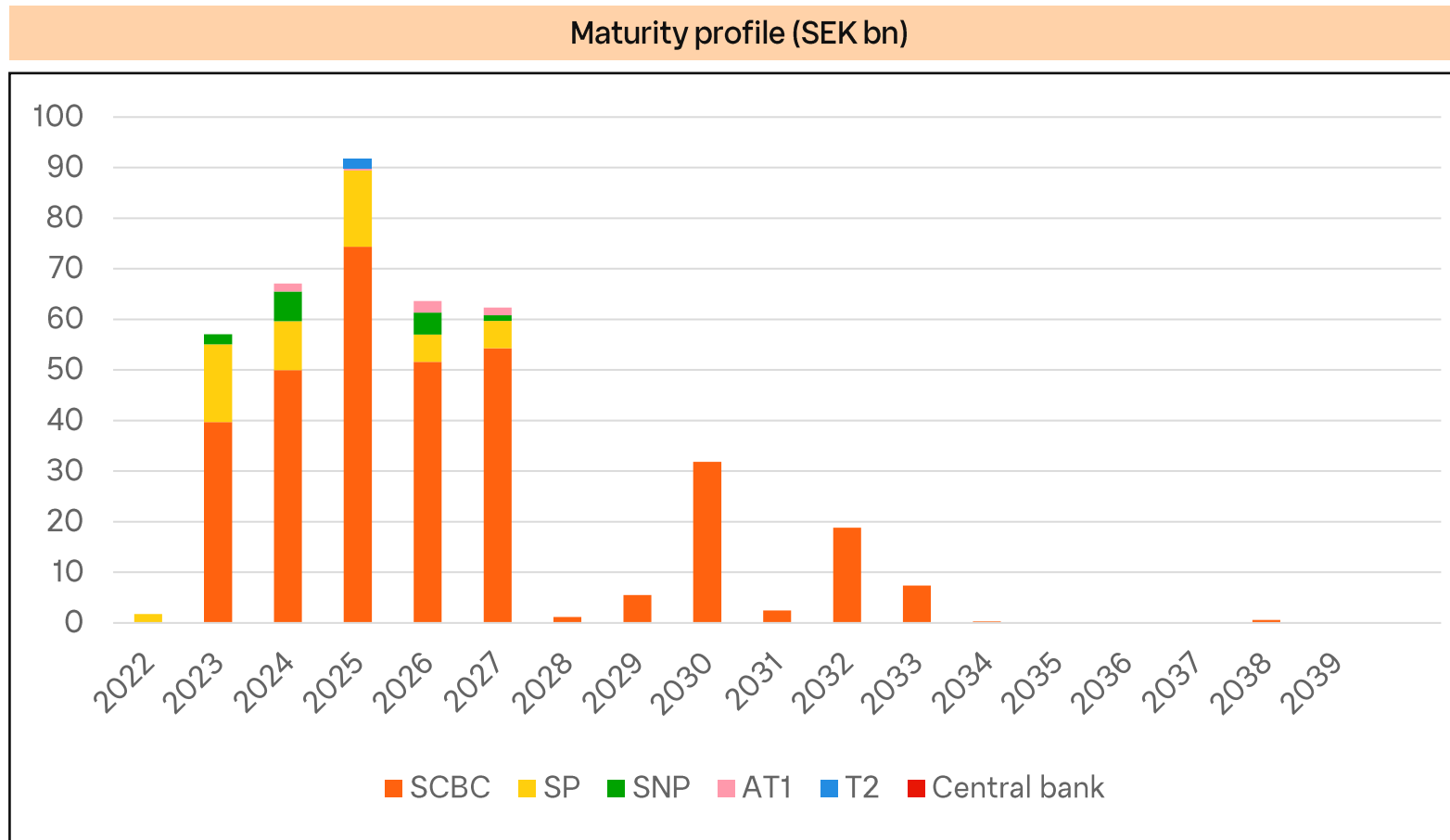
ALAC Support	+1
GRE Support	0
Group Support	0
Sovereign Support	0
Total notching	+1

Rating

Rating	A
Outlook	STABLE



Maturity profile



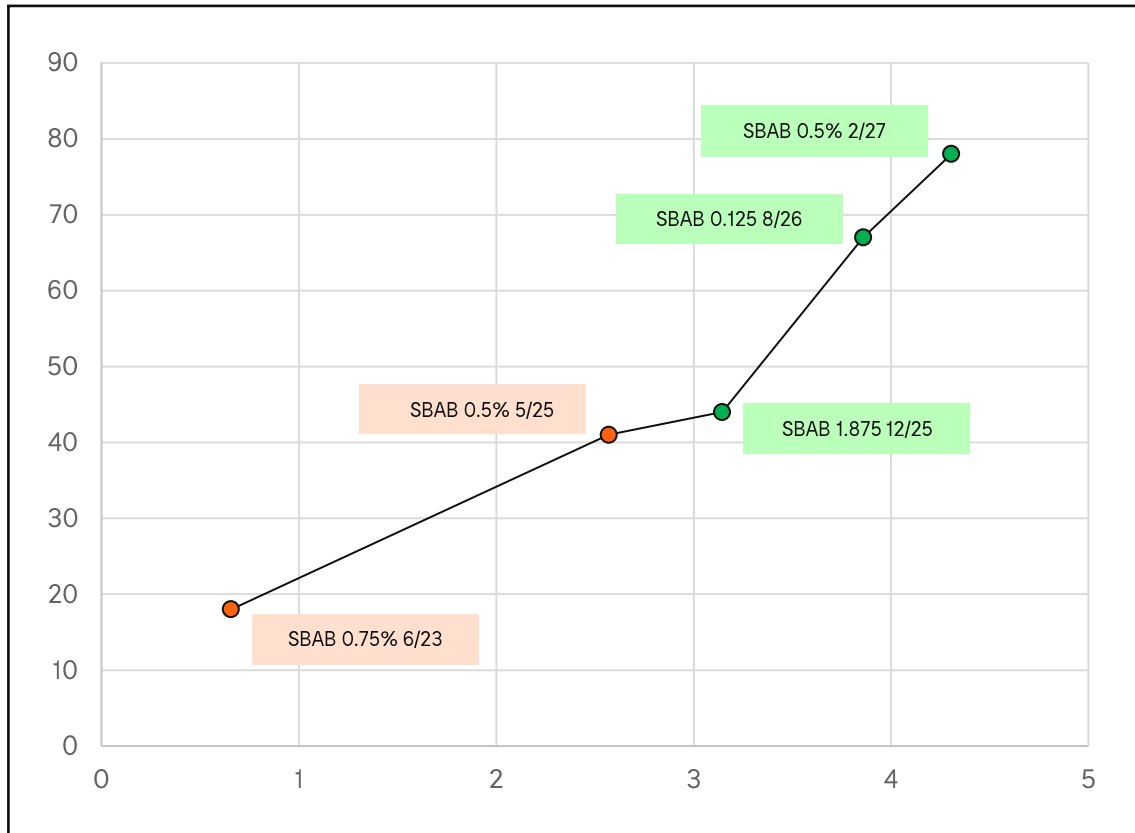
Comments
<ul style="list-style-type: none"> • Smooth funding profile reduces refinancing risk • Extended maturity profile with successful benchmark issues in 2030 to 2033 segments • Liquidity risk is being mitigated through buy-backs of maturing bonds



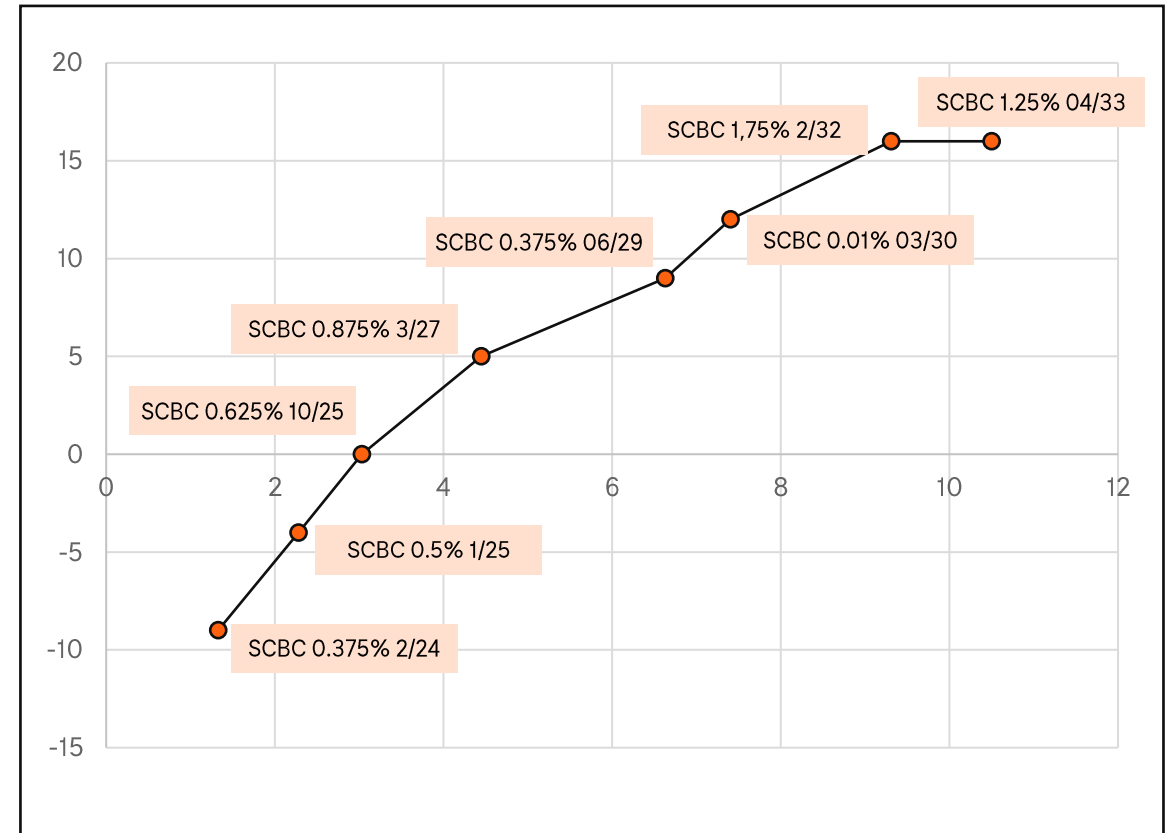
Outstanding SP and CB (EUR)

– Spread vs MS (bps)

Senior Unsecured (SP)



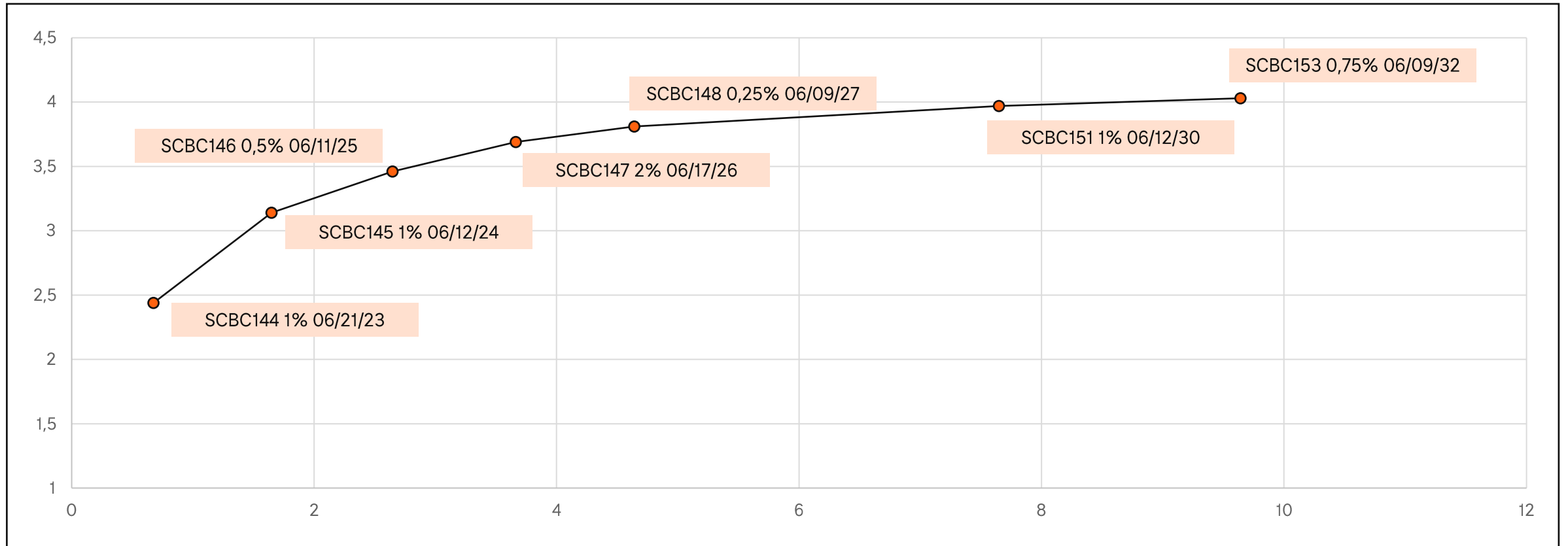
Covered Bonds (CB)



Outstanding CB (SEK)

– Yield to maturity, %

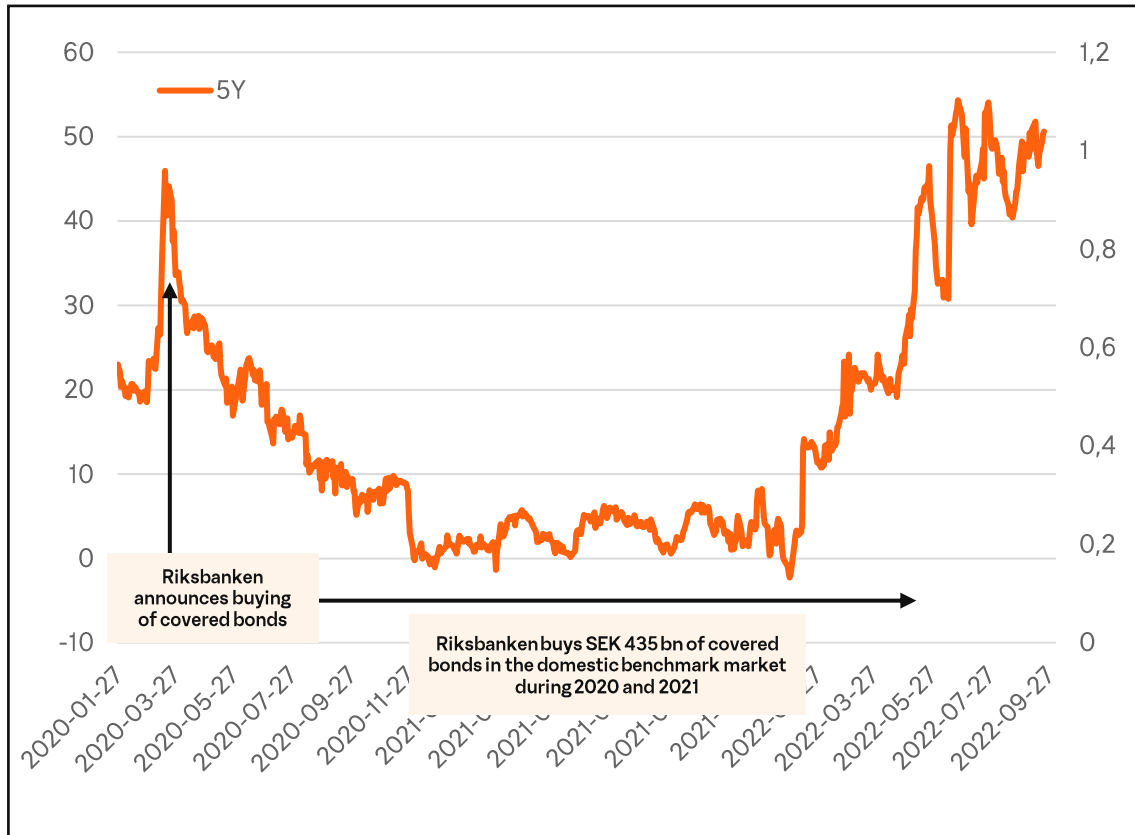
Liquid benchmark CB curve in SEK covering broad range of tenors



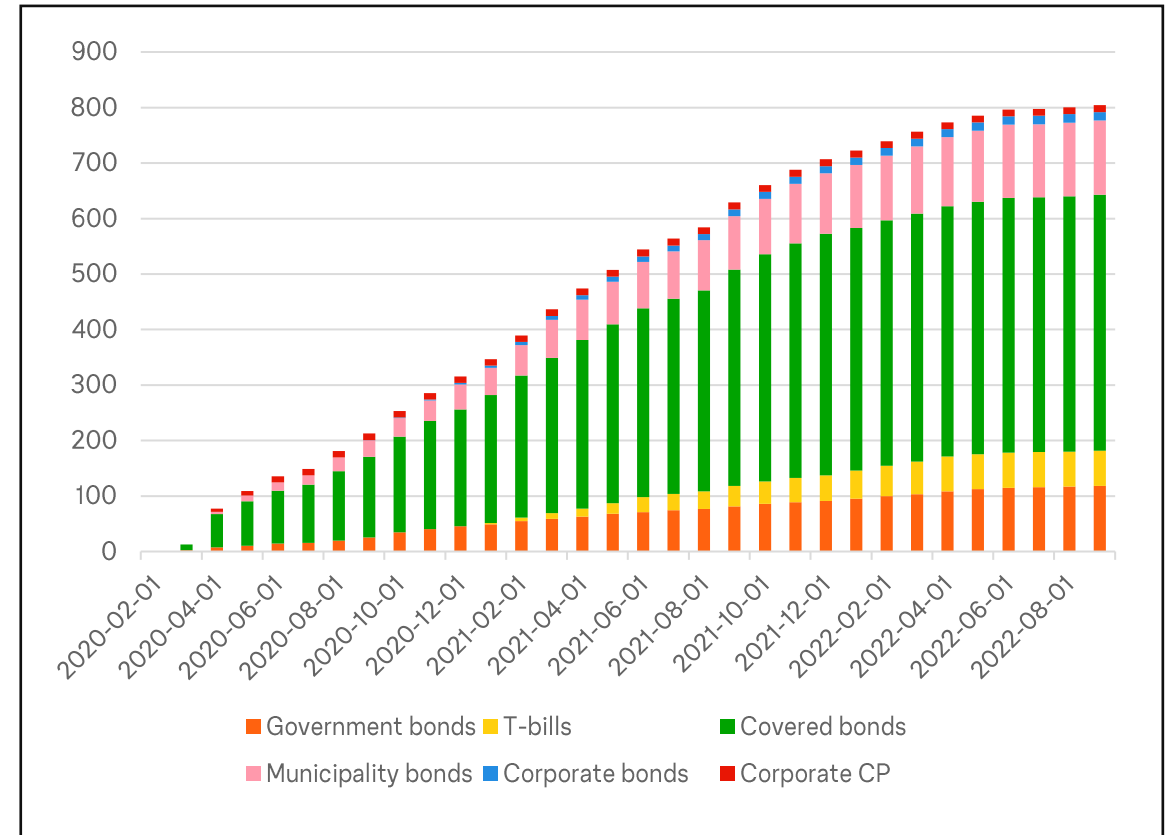
Riksbank QE

– Riksbank QE has given strong support during 2020 and 2021, but much less so expected for 2022

CB spread SCBC ~5Y SEK, bps vs swap

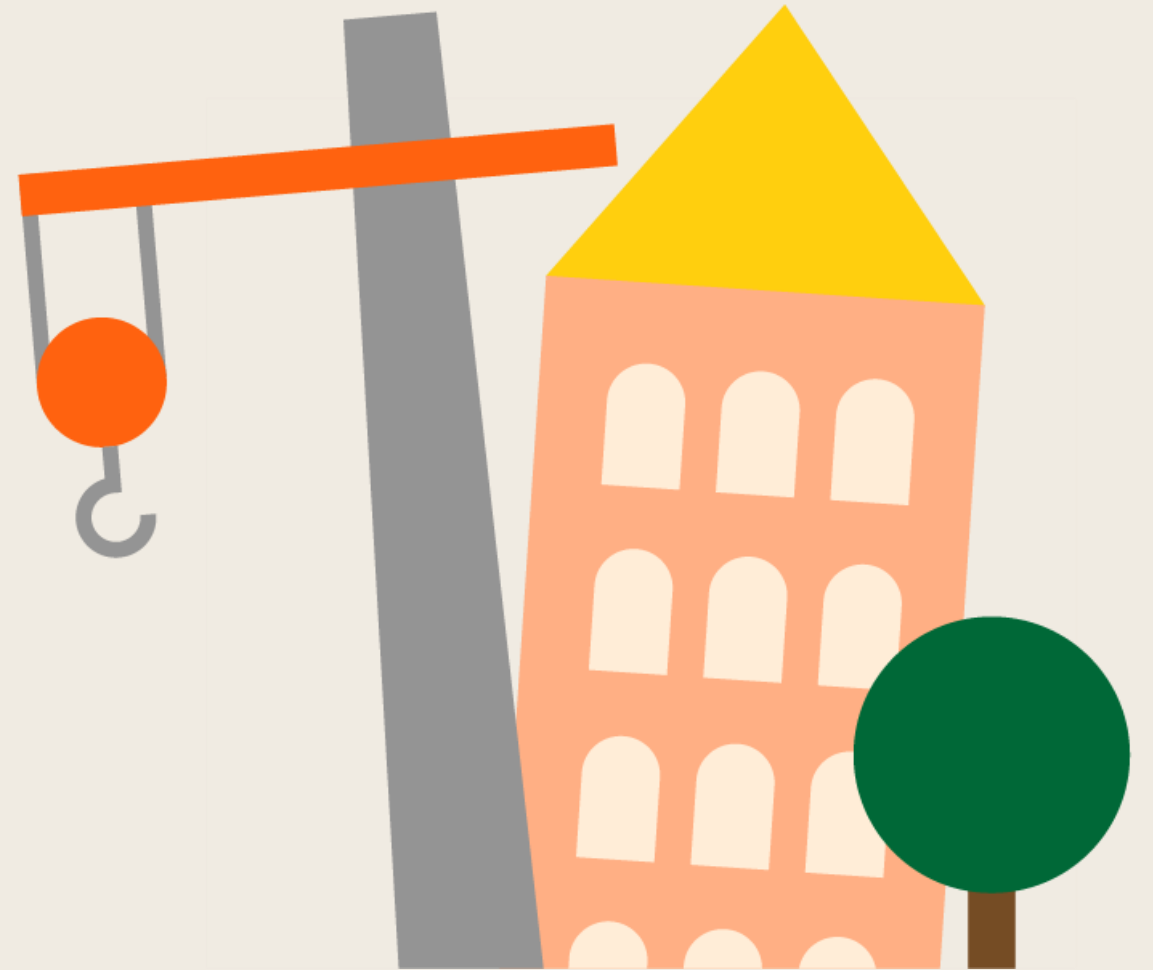


Riksbank bought another 3 bn CB during Q3 2022



Appendix

1	<i>Business update</i>
2	<i>Financial update</i>
3	<i>Credit portfolio and asset quality</i>
4	<i>Capital, funding & liquidity</i>
5	<i>SBAB's commitment to sustainability</i>
6	<i>Macro development</i>
7	<i>SCBC</i>



SBAB's business/sustainability goals

		Goal 2021	Results 2021
Responsibility & transparency 	Responsibility: Sustainability index (rank in brand survey)	Top 3	2nd
	Transparency: Proportion of customers who believe that SBAB has an offering that is straightforward and easy to understand	90%	79%
	Customer satisfaction: Sweden's most satisfied customers according to Swedish Quality Index (Svenskt Kvalitetsindex, SKI) Residential mortgages	Top 3	1st
	Property loans	Top 3	1st
Attractive workplace 	Equality & diversity: Equality between women/men in management positions (within the range)	45-55%	48/52%
	Employee experience: Percentage of employees who consider SBAB a great place to work	≥90%	91%
	Committed employees: Total Trust Index in Great Place to Work's annual employee survey	≥ 85%	86%
Sound finances 	Profitability: Return on equity over time	≥10%	11.1%
	Dividend: Ordinary dividend based on profit for the year after tax, taking the Group's capital structure into account	≥40%	40%
	Capitalisation: CET1 capital ratio & total capital ratio above regulatory requirement CET1 capital ratio	≥0.6%	4.3%
	communicated by the Swedish FSA Total capital ratio	≥0.6%	4.2%



Summary guidelines and obligations



Implemented or dedicated to



Under development and surveillance

- UN 2030 Agenda and Sustainable Development Goals (SDGs) (SBAB assigns priority to four SDGs)



- Signatory to UN Global Compact, Communication on Progress (COP)



- Sweden's environmental objectives



- The Paris agreement and the EU action plan for financing sustainable growth



- Reporting according to the framework of the Task Force on Climate-related Financial Disclosures (TCFD)



- Member of UNEP FI and signatory to Principles for Responsible Banking



- Signatory to Partnership for Carbon Accounting Financials (PCAF)



- EU taxonomy



- EBA's ESG disclosures in Pillar III



- State's ownership policy
- SBAB's policies, instructions and directions



- Corporate Sustainability Reporting Directive (CSRD)





Kraftsamling för en
sund kreditgivning till
en sund byggbransch

“Tax avoidance, money
laundering and unhealthy
competition in the
construction industry”

SBAB!

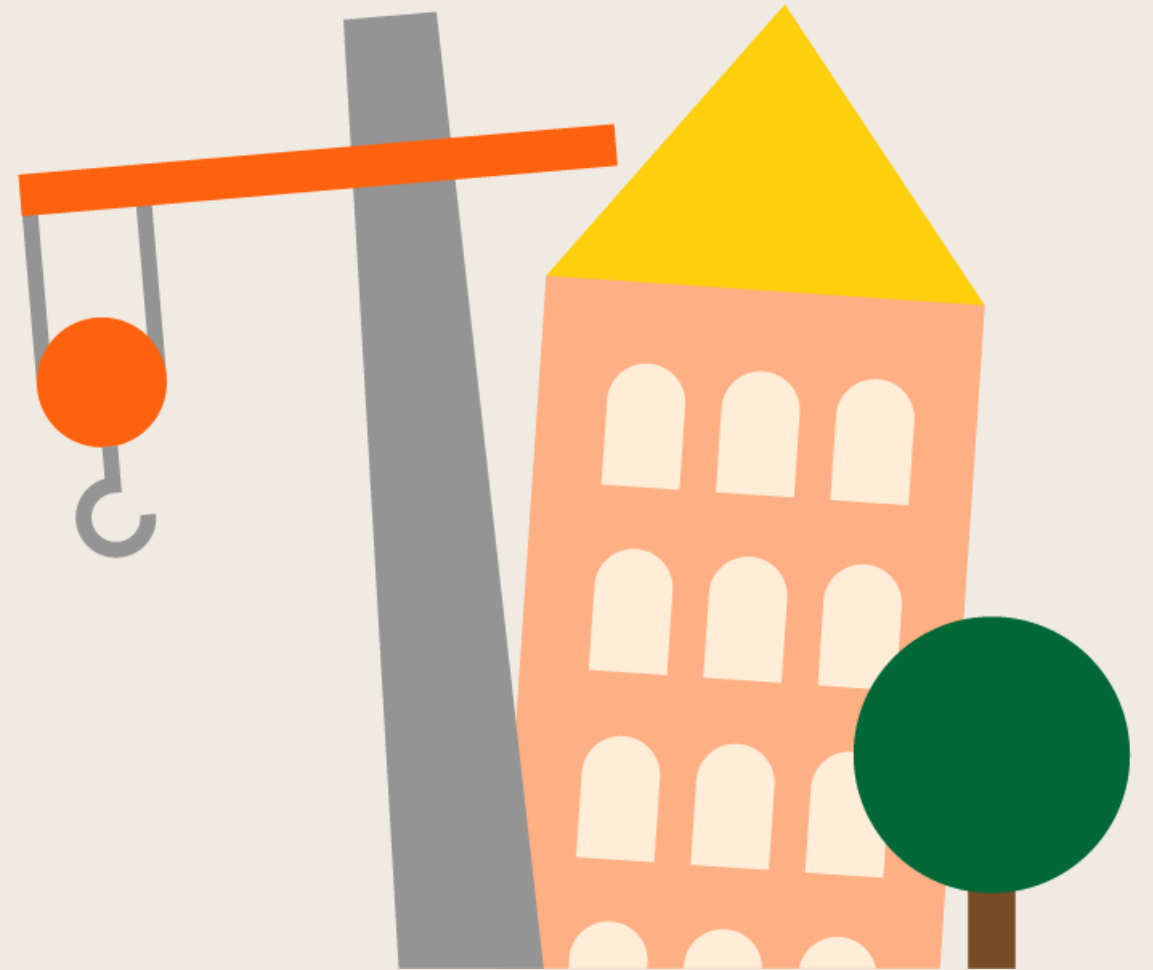
INSIGHT: Responsible credit granting

- Alongside the rapid pace of building in Sweden during the 2010s, a worrying development has been observed concerning how homes and infrastructure are built. Several investigations have shown occurrences of tax avoidance, unreported employment and salary dumping, as well as a lack of respect for human rights along the supply chain at construction sites
- Banks are an important part of the new construction ecosystem and as part of our shared responsibility and in dialogue with the construction industry, Danske Bank, Handelsbanken, Nordea, SBAB, SEB, Sparbankerna (Savings banks) and Swedbank started an industry-wide initiative
- The initiative aims to counteract and reduce economic crime in the construction industry by considering a number of new types of factors in lending and thereby set high standards for the bank's customers. The initiative aims to achieve increased control over who conducts work on construction sites across the entire supply chain. Through the initiative banks want to work together to make a difference and create a more sustainable construction industry. The plan is for the initiative to be implemented in spring 2022



Appendix

1	<i>Business update</i>
2	<i>Financial update</i>
3	<i>Credit portfolio and asset quality</i>
4	<i>Capital, funding & liquidity</i>
5	<i>SBAB's commitment to sustainability</i>
6	Macro development
7	<i>SCBC</i>



Appendix

- | | |
|---|--|
| 1 | <i>Business update</i> |
| 2 | <i>Financial update</i> |
| 3 | <i>Credit portfolio and asset quality</i> |
| 4 | <i>Capital, funding & liquidity</i> |
| 5 | <i>SBAB's commitment to sustainability</i> |
| 6 | <i>Macro development</i> |
| 7 | SCBC |



About SCBC

SCBC overview

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

Eligible cover pool assets

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

Simulation of decline in house prices

Houseprice change	Eligible assets in cover pool (SEK bn)	WALTV (%)	OC* (%)
0%	431.1	51.2	28.4
-5%	428.5	53.3	27.7
-10%	424.6	55.3	26.5
-15%	419.2	57.3	24.9
-20%	411.7	59.2	22.7
-25%	402.1	61.0	19.8
-30%	390.2	62.6	16.3

* OC calculated in accordance with requirements from the Swedish FSA

Key metrics

431_{bn}
Cover Pool (SEK)

469,998
No. of loans

26.8%
OC

52.4%
WALTV

Overview SCBC

The Swedish covered bond market

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

Source: ASCB, Association of Swedish Covered Bond Issuers

SCBC Cover pool characteristics (from "National Template")

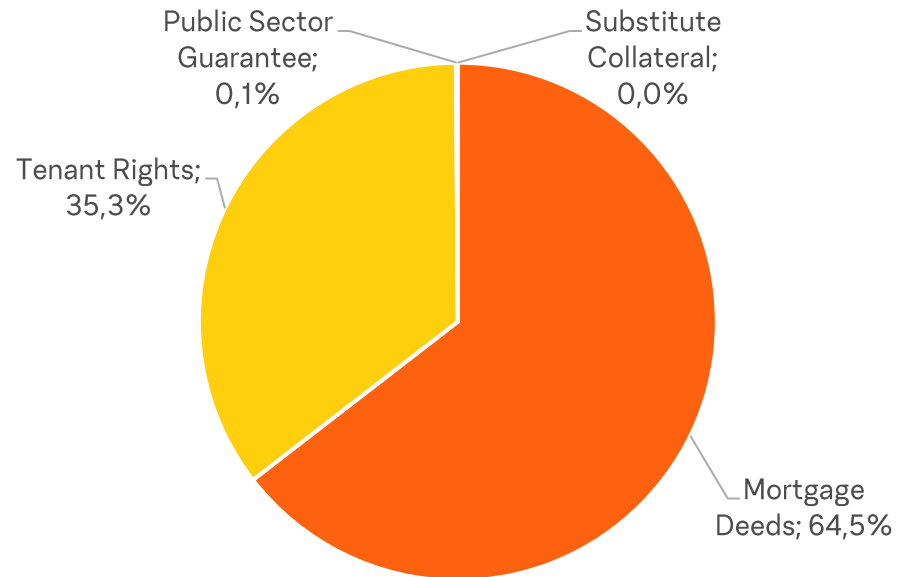
Collateral	<i>100% Swedish residential mortgages *</i>
Over Collateralization	26.8%
Weighted average LTV	52.4%
Weighted average seasoning	5.0 years
Loans in arrears	0.00%. Arrears below 0.01% (loans in arrears > 30 days are excluded from the Cover Pool)
Number of loans	469,998
Average loan size	SEK 917,598
Geographical location	Spread throughout Sweden; concentrated to economic hubs
Pool type	Dynamic
Originator	SBAB Bank Group
Interest rate type	45.2% floating, 54.8% fixed / 54.3% amortising, 45.7% interest only

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

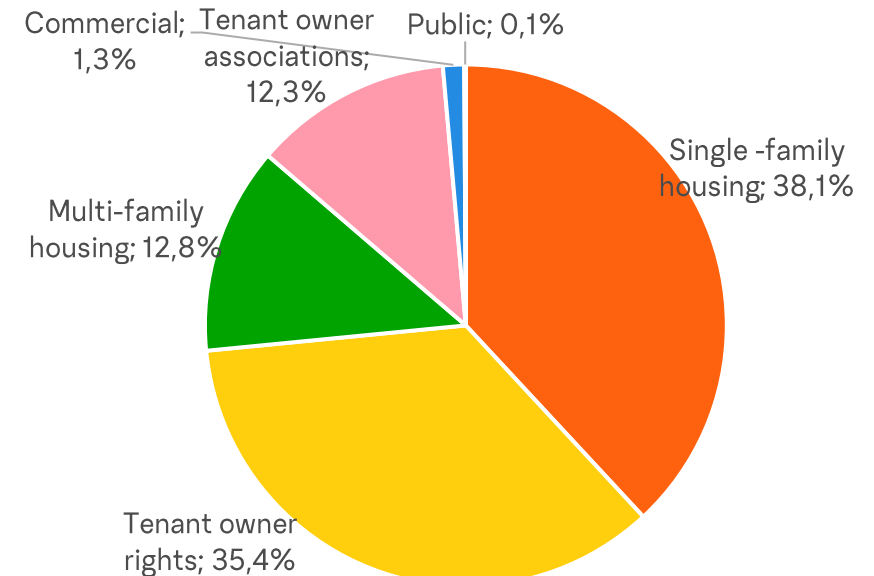


Cover pool characteristics (1/2)

Breakdown by collateral

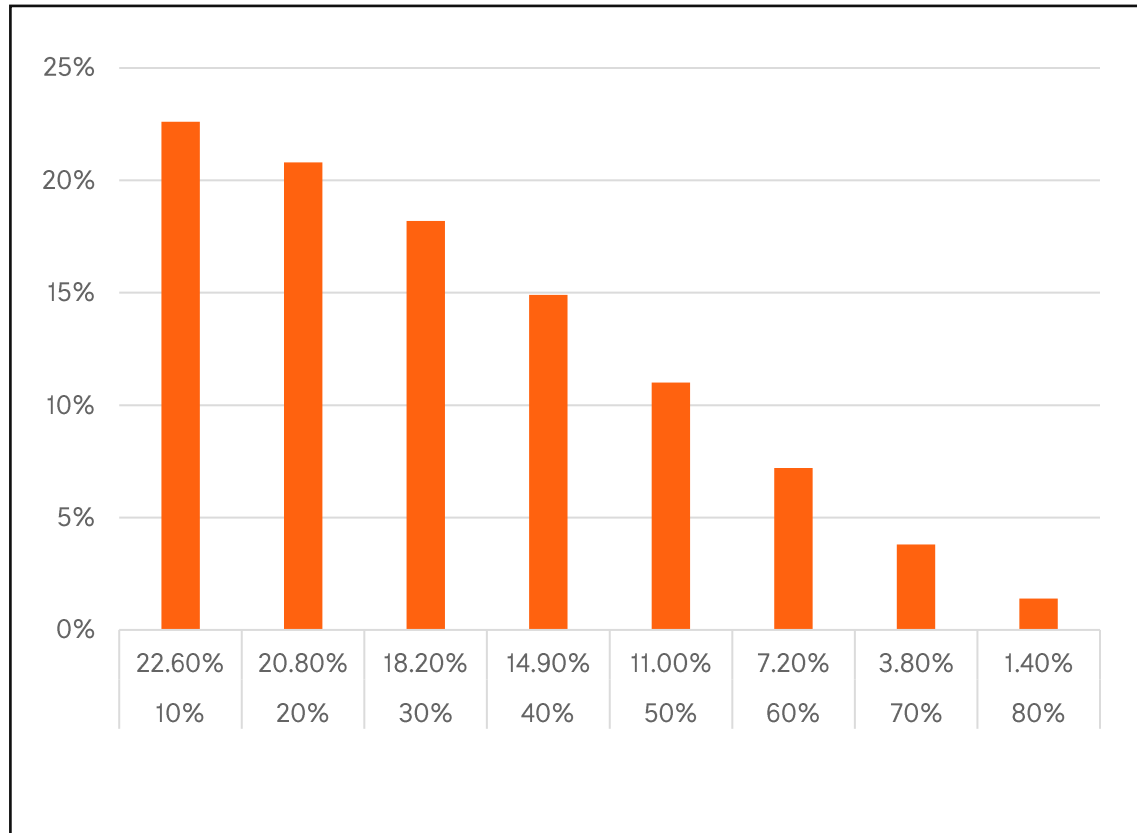


Breakdown by owner

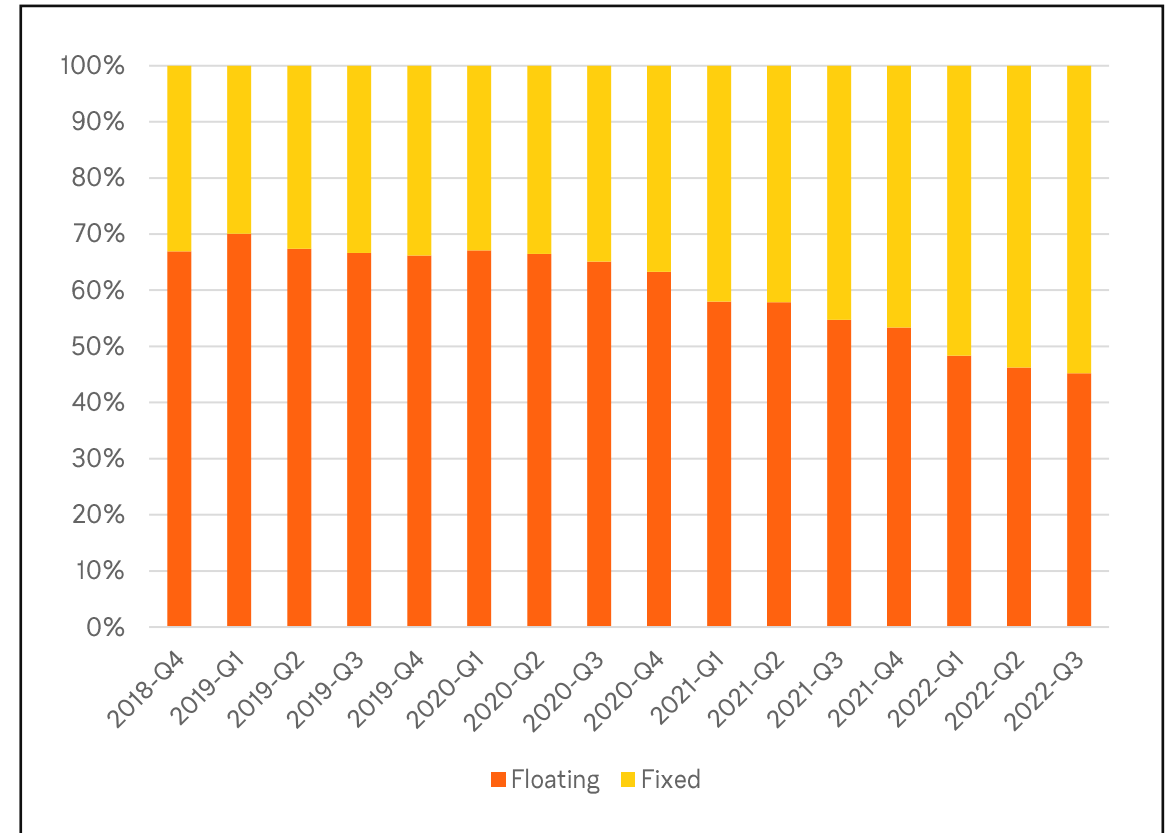


Cover pool characteristics (2/2)

Loan to value (LTV) distribution



Interest rate type



The SCBC product

The limited activities of SCBC provide additional benefits to investors

Robust structure

- Strength of a regulated entity combined with a restricted activity vehicle reduces number of other potential creditors
- As a result, in addition to the eligible assets, investors also benefit from over-collateralisation provided by: (1) Non-eligible assets and (2) Regulatory capital held by SCBC

Subordination of SBAB interests

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

Loans in arrears

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

Other features

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



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