

Q3 2025

Investor Presentation

SBAB!

SBAB Bank AB (publ)

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)

545

Total deposits (SEK bn)

265



9.6%
Return on equity
Jan-Sep 2025

14.8%
CET1 capital ratio
30 Sep 2025

+0.01%
Credit loss level
Jan-Sep 2025

36.2%
C/I ratio
Jan-Sep 2025



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2	Credit portfolio and asset quality
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4	Capital, funding & liquidity
5	SBAB's commitment to sustainability
6	Macro development



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	376 bn	8.83%
Consumer Loans	2 bn	0.54%
Retail Deposits	207 bn	7.53%

	Volume (SEK)	Market share
Property Companies (resident.)	105 bn	18.02%
Tenant-Owners' Associations	62 bn	10.90%
Corporate Deposits	57 bn	4.10%



Financial targets and strategic goals

– Long-term ambitious strategic management goals spanning towards 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	

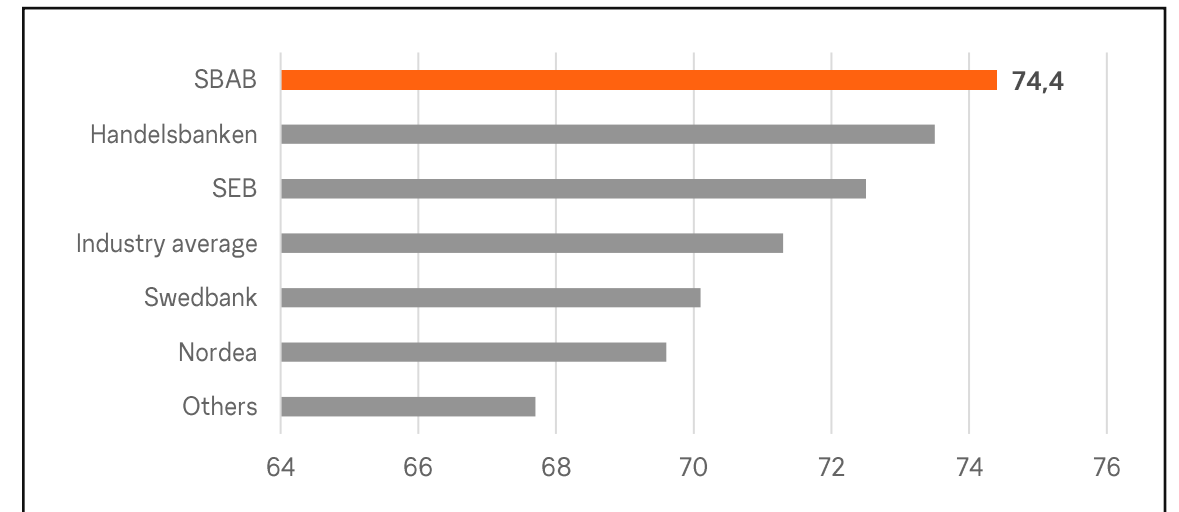
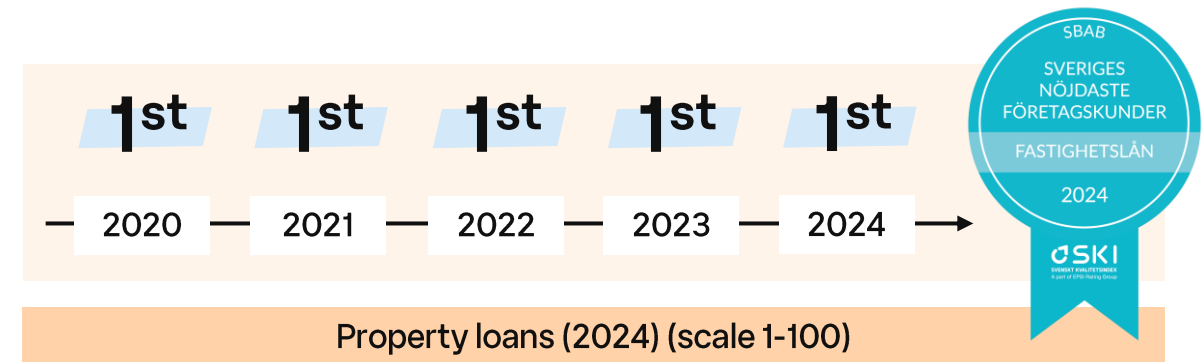
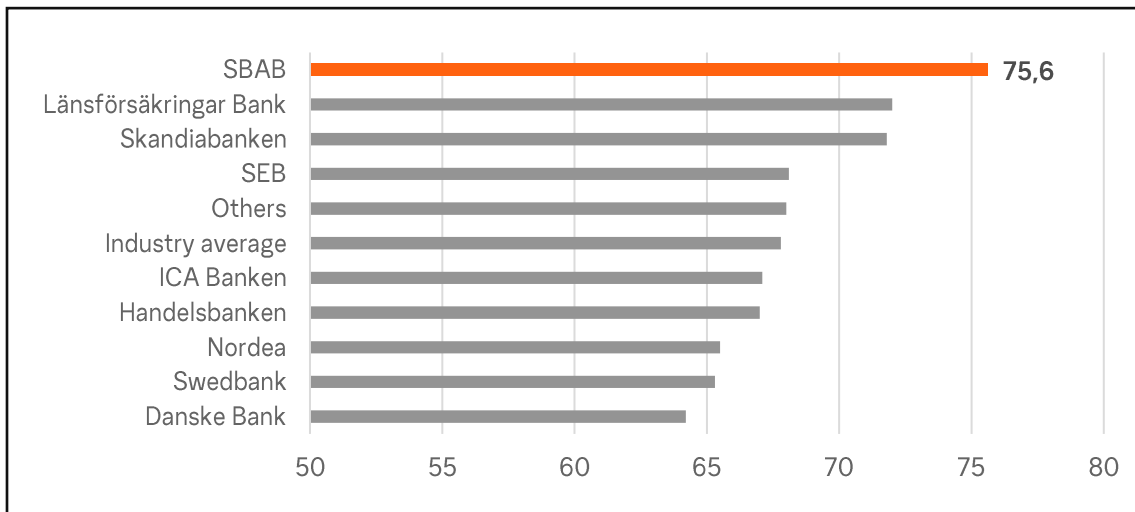
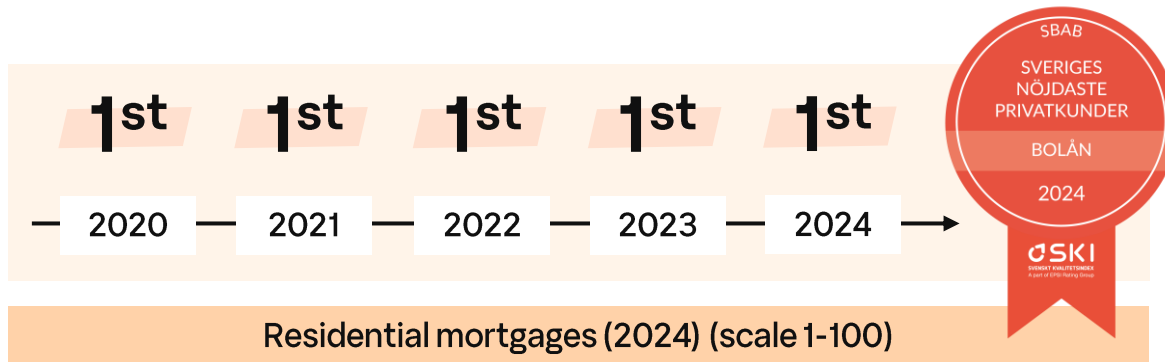
Long-term strategic management goals

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)

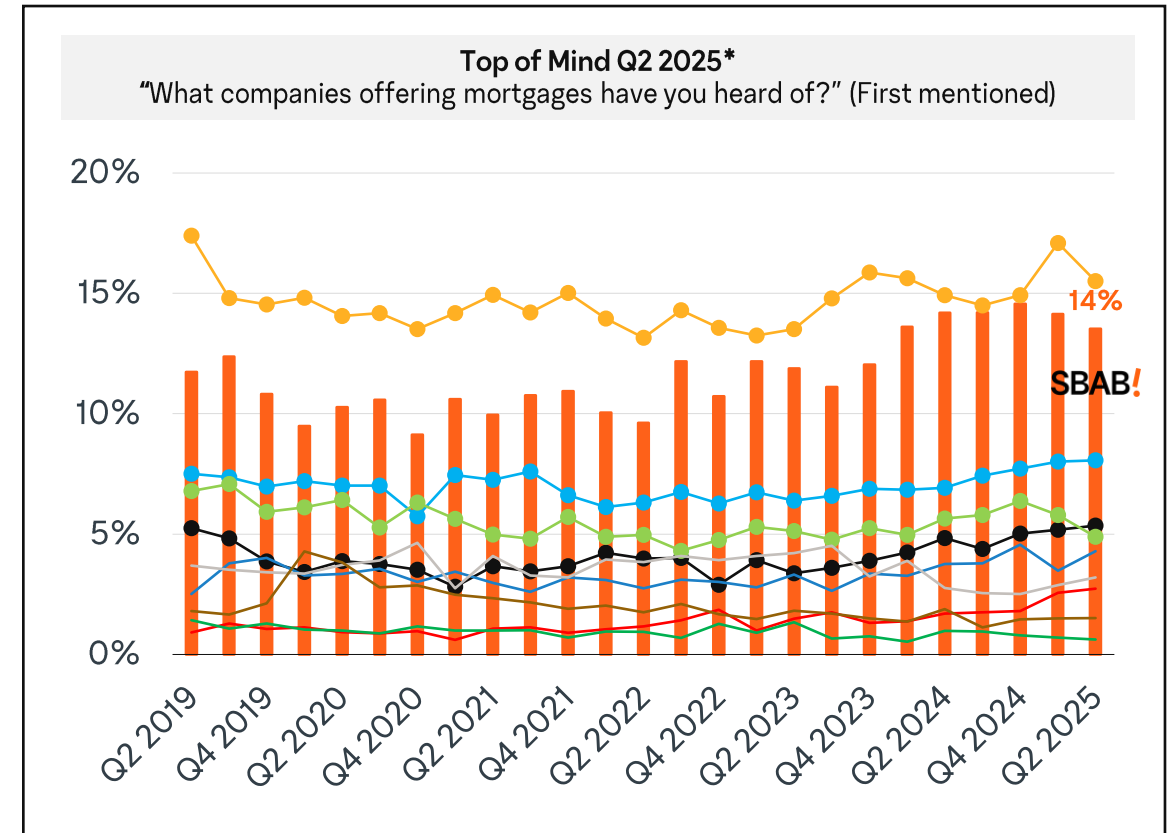


Key success factors

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.

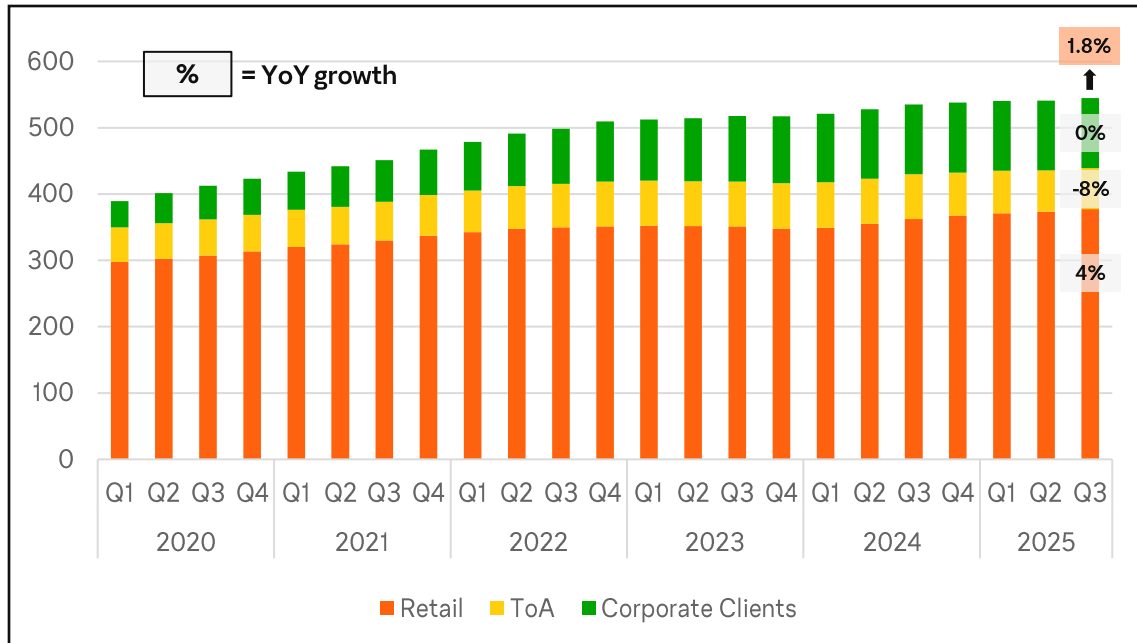
Strong brand awareness



Overview of lending development

– Continued strong growth trend for mortgages despite challenging market conditions

Lending (SEK bn)

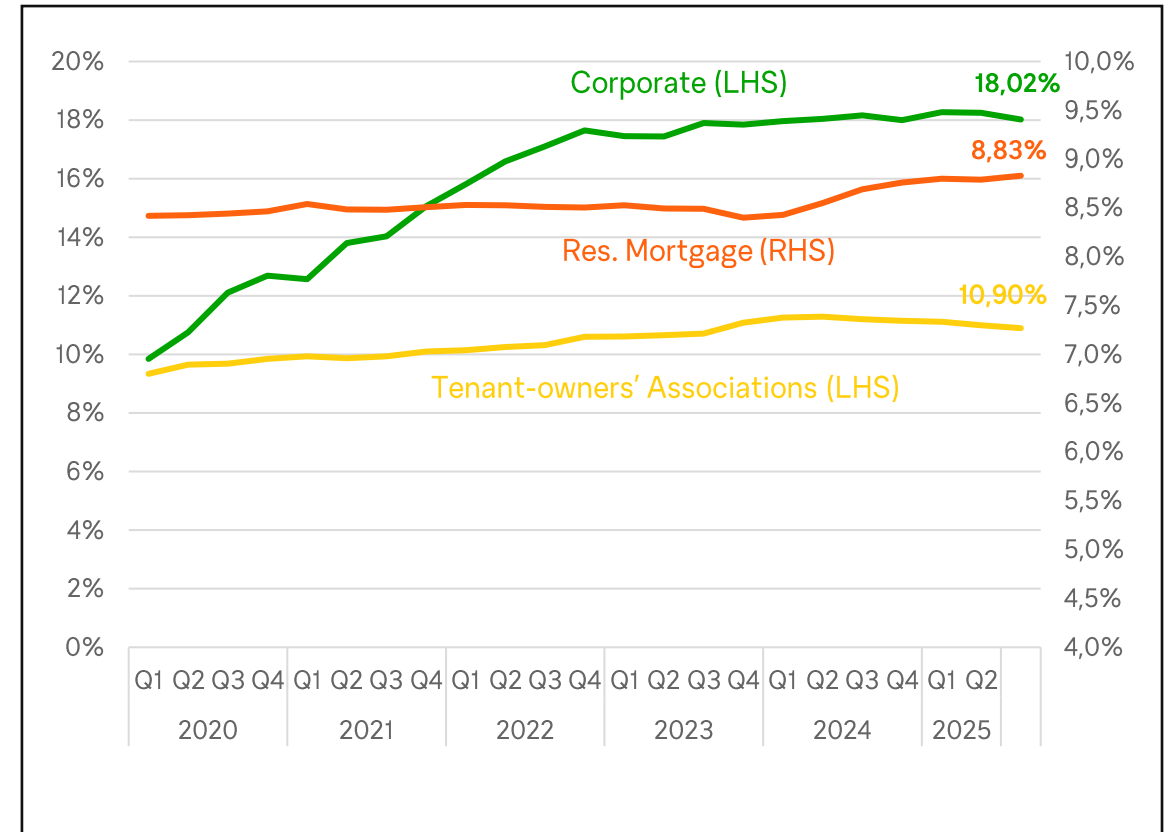


Growth in lending
(QoQ / YoY)

+0.7%

+1.8%

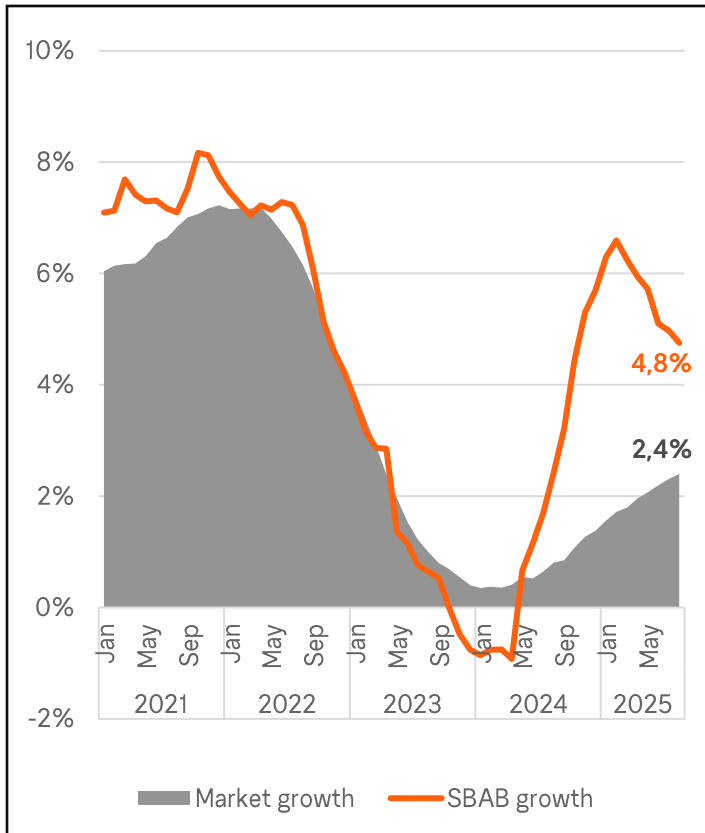
Market shares (%)*



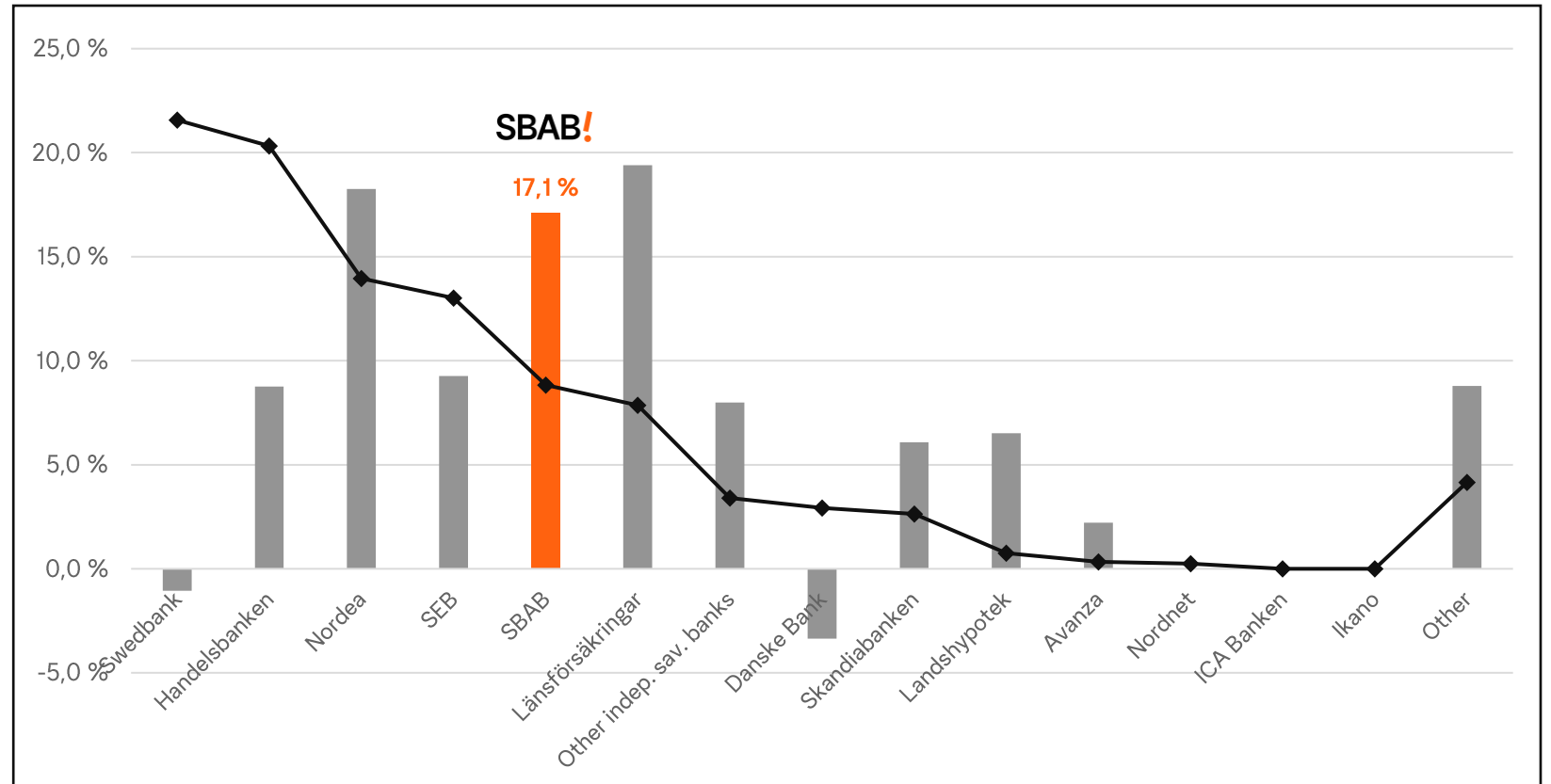
Mortgage market dynamics

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

Total market growth

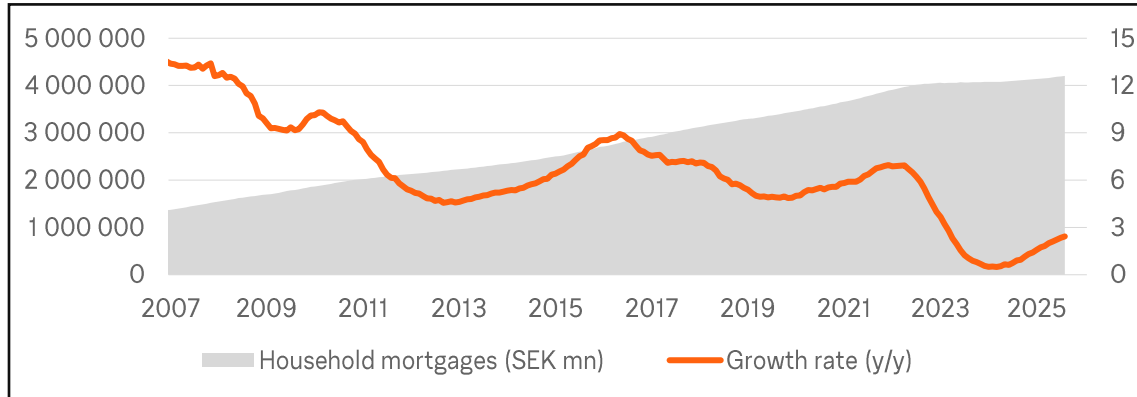


Share of net market growth (R12) vs back book market share

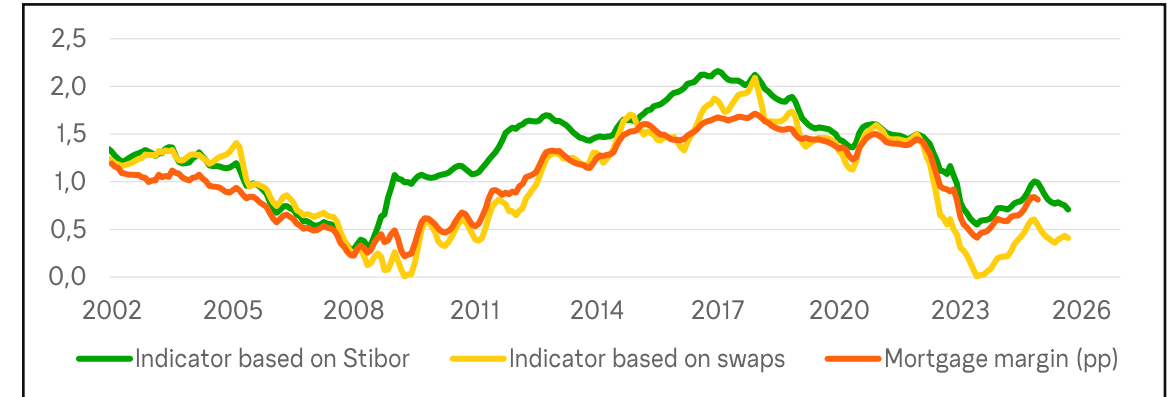


Mortgage market dynamics

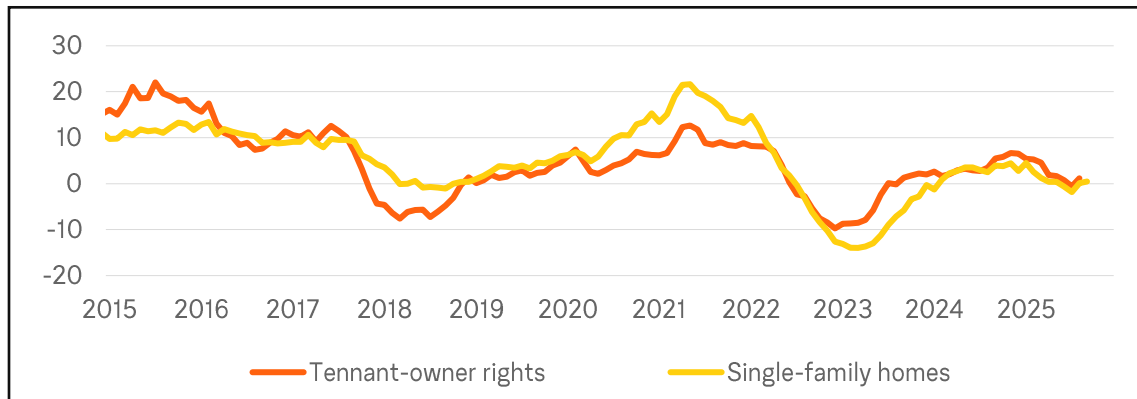
Swedish household lending (MFI) (August 2025)



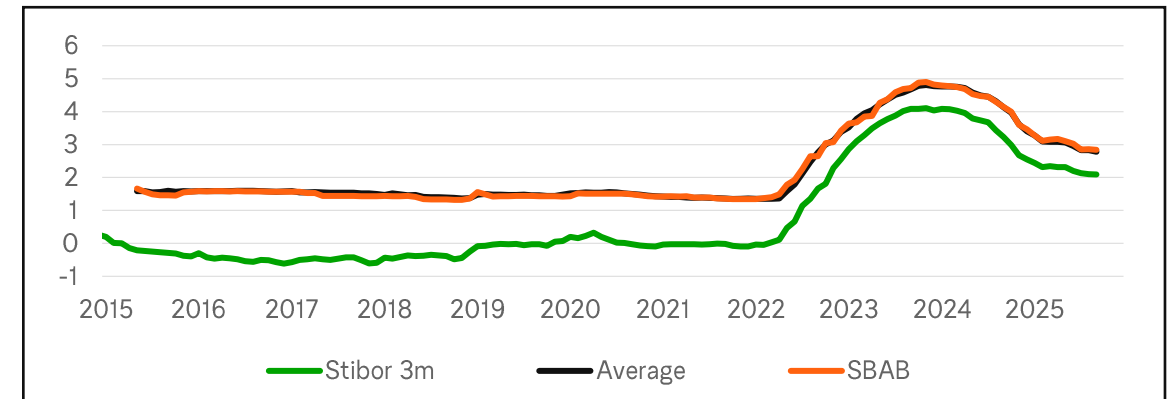
Gross margins on household mortgages (S-FSA) (Q4 2024/Sep 2025)



Swedish housing price growth rate (y/y) (September 2025)



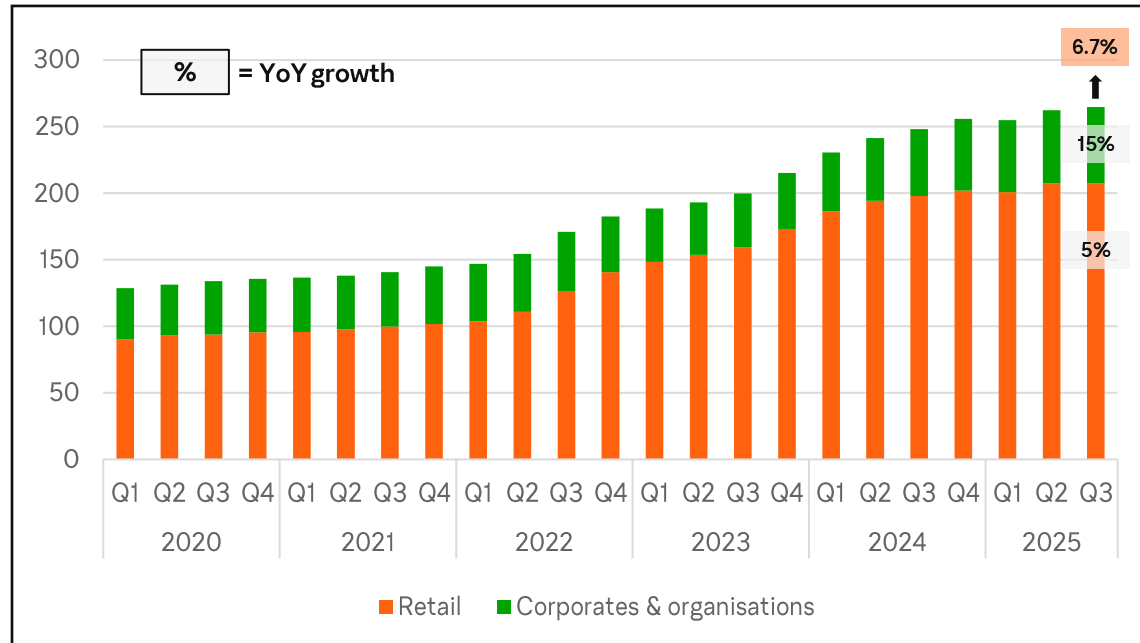
Development of actual 3M mortgage rate (September 2025)



Overview of deposit development

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

Deposits (SEK bn)

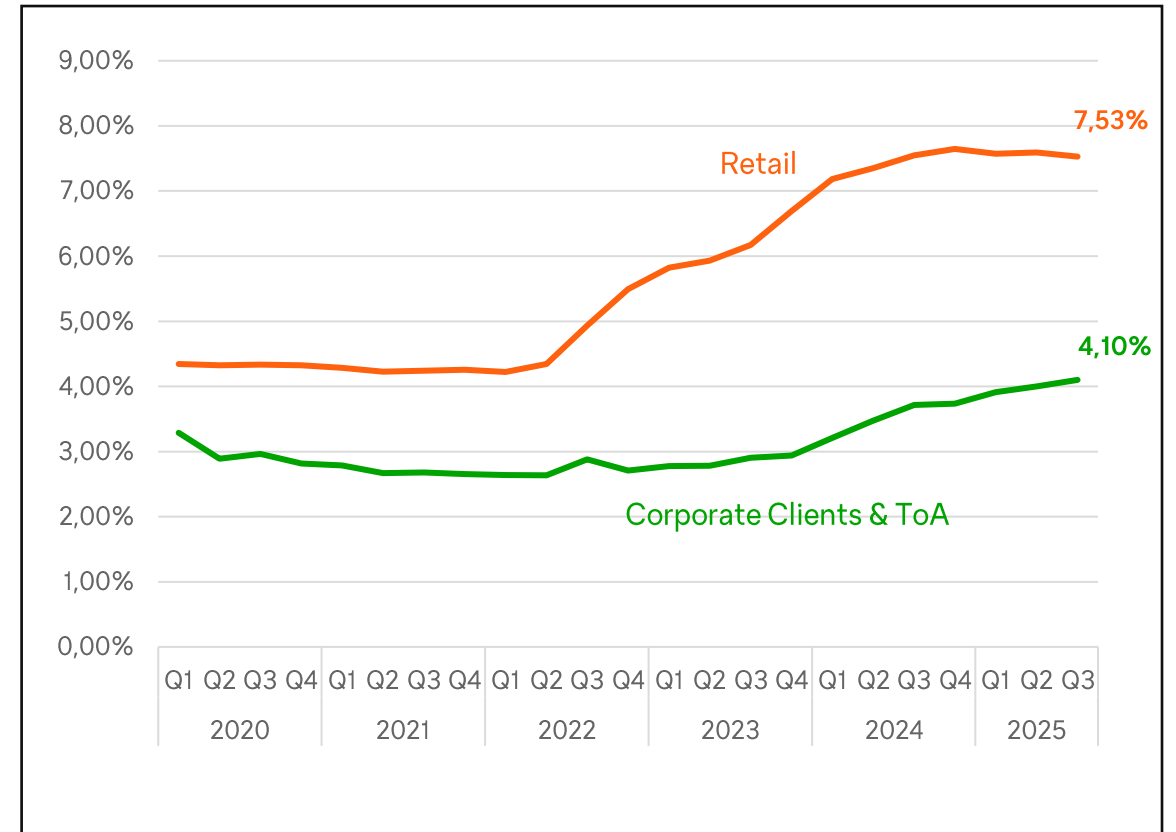


Growth in deposits
(QoQ / YoY)

+1.0%

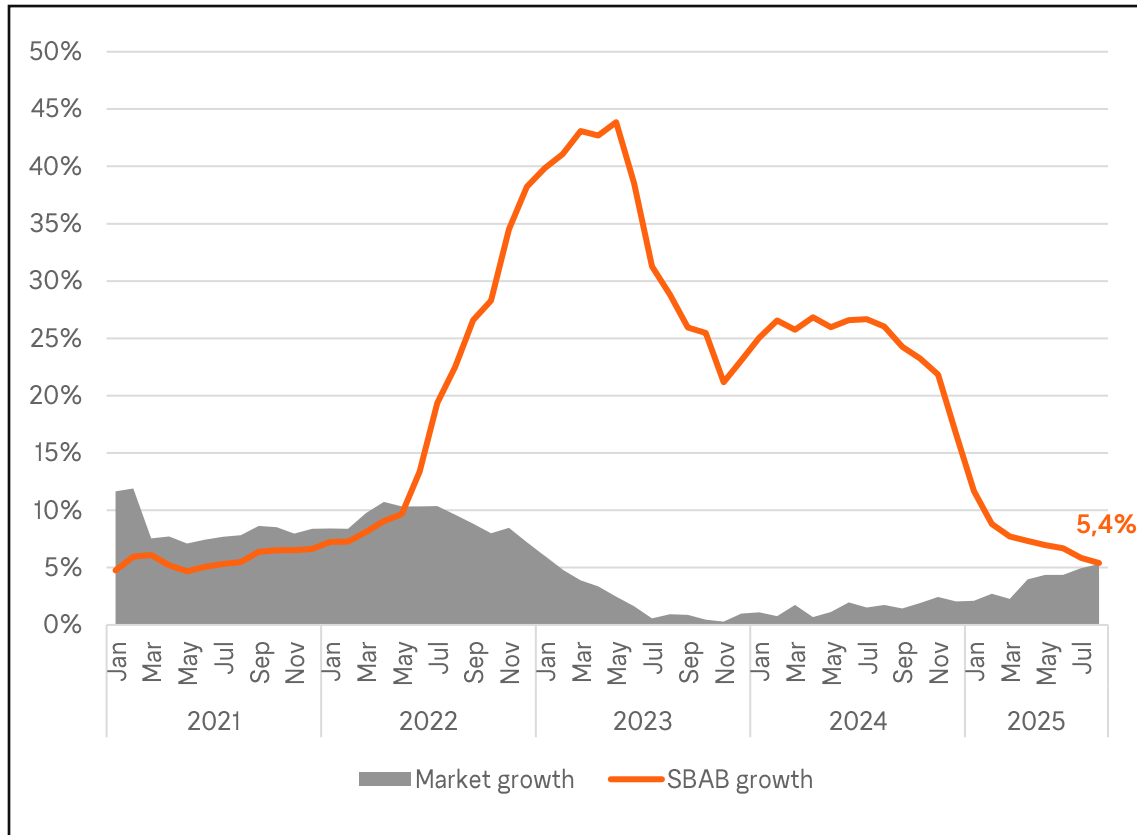
+6.7%

Market shares (%)*

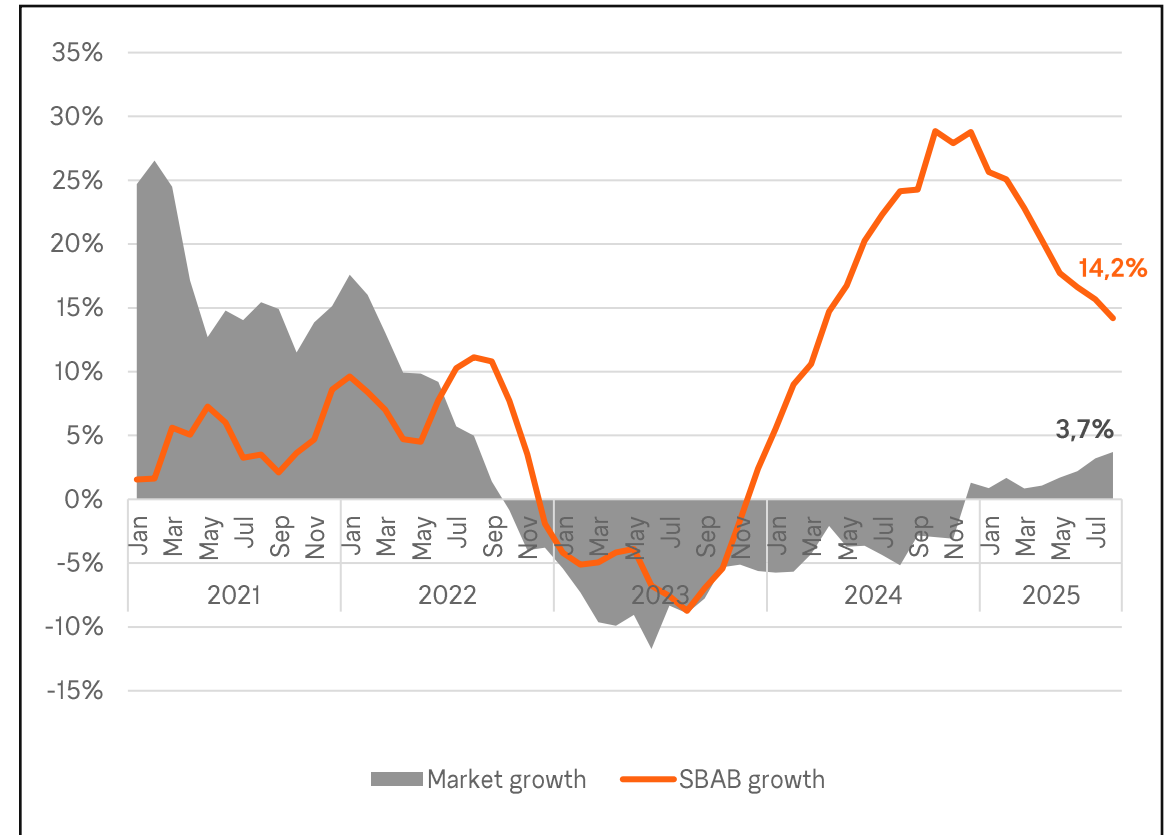


Deposit growth vs. market

SBAB growth vs. market growth YoY (Retail deposits)



SBAB growth vs. market growth YoY (Corporate deposits)



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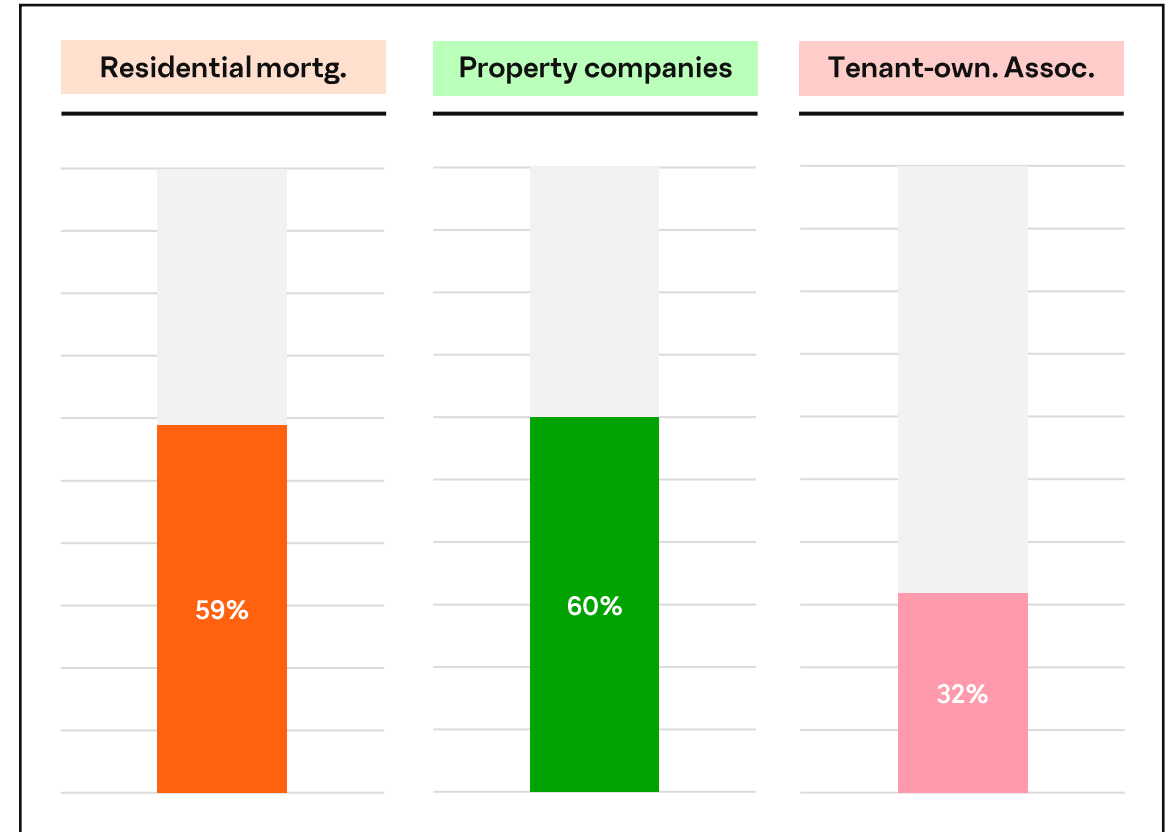
Lending focused on housing in Sweden

Lending composition

	SEK bn	% of lending	Average LTV
Residential mortgages	375.3	68.9%	59%
Consumer loans	1.8	0.3%	
Tenant-owners' associations	61.9	11.4%	32%
Property companies	105.3	19.3%	60%
– (Of which, commercial lending)	(12.7)	2.3%	
– (Of which, construction loans)	(3.7)	0.7%	
Total lending	544.5	100%	

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

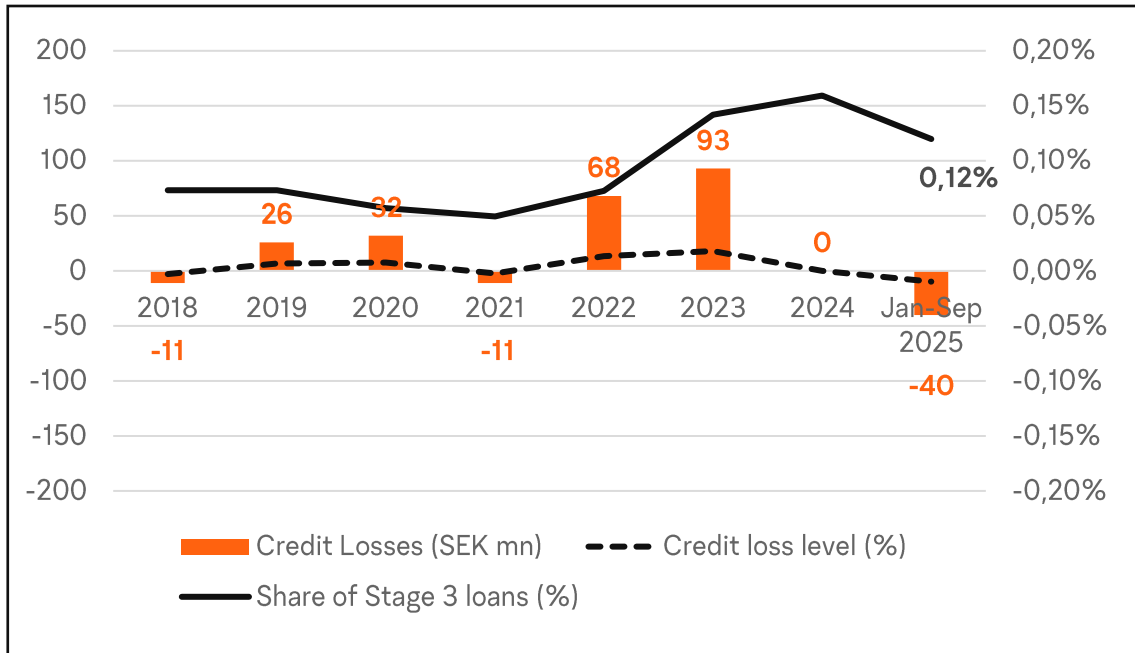
LTV ratios in loan book



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 & strong resilience towards economic downturns

+40 MSEK

Credit losses
Jan-Sep 2025

-22 MSEK

Confirmed credit losses
Jan-Sep 2025

+0.01 %

Credit loss ratio
Jan-Sep 2025

0.12 %

Share of stage 3 loans
30 Sep 2025

LTV

Res. mortgages

59%

Property companies

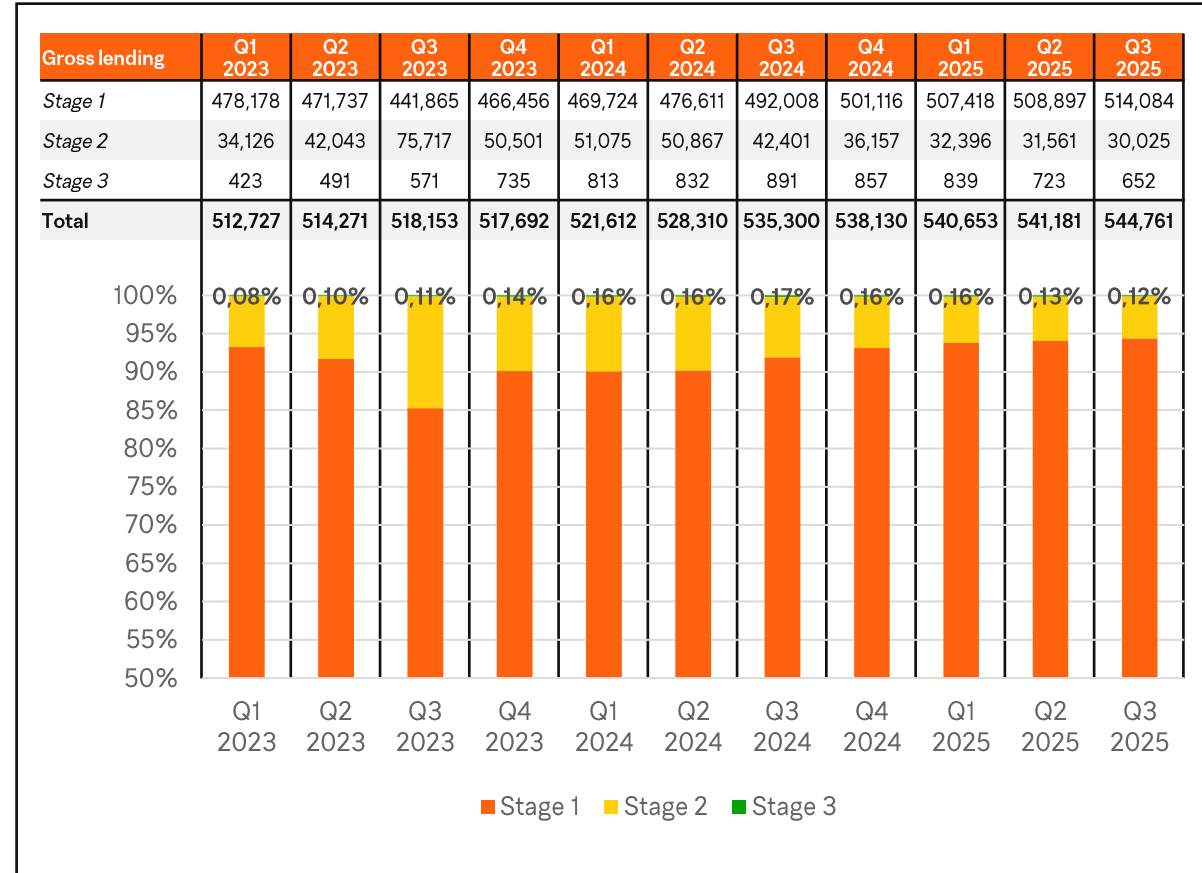
60%

Tenant-own. assoc.

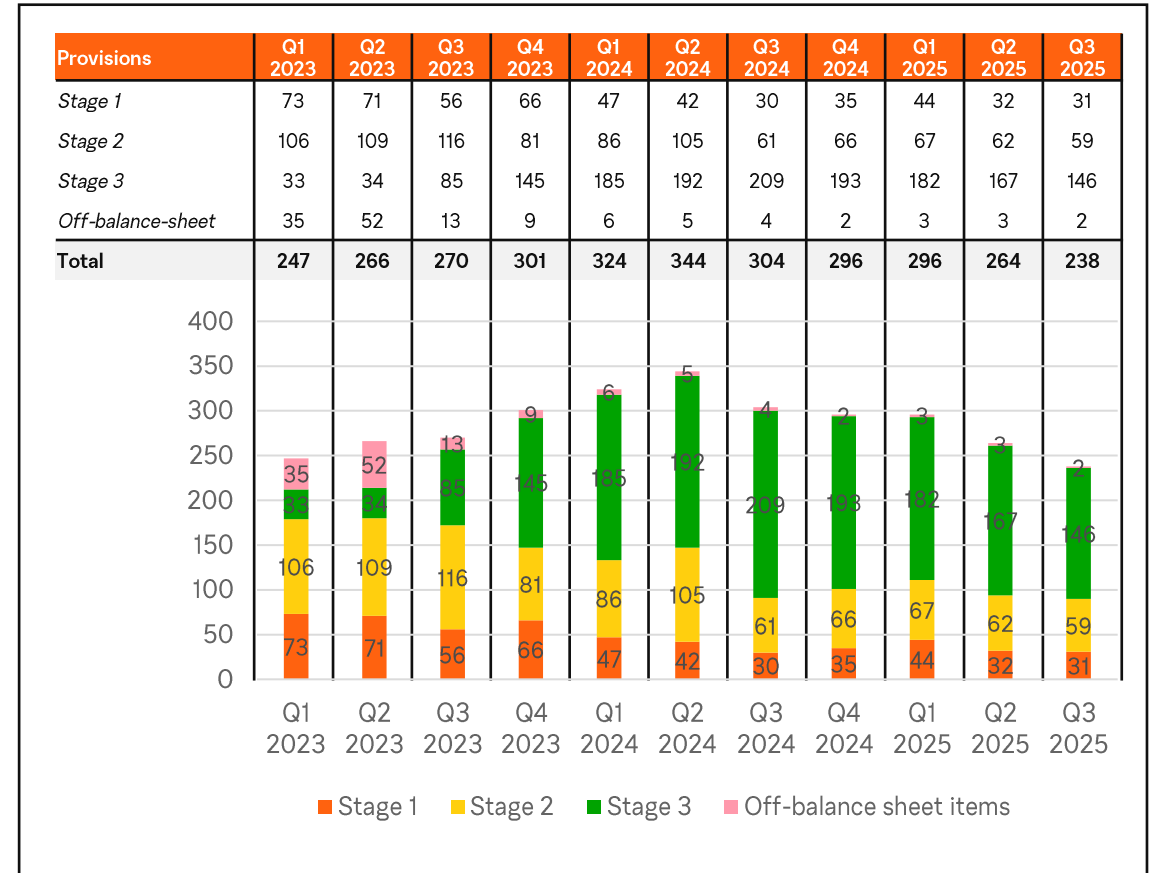
32%

Development of provisions

Lending to the public by credit stage (gross)



Development on provisions



Overview of Cover Pool

Overall key metrics

420_{bn}

Cover Pool (SEK)

427,790

No. of loans

977,383

Average loan size

33.9%

OC

53.9%

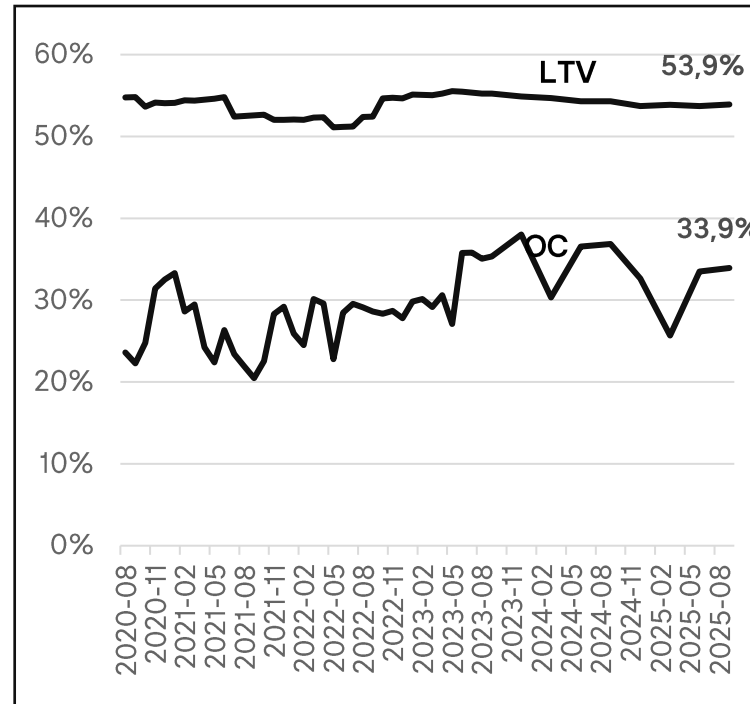
WA LTV

6.1

WA seasoning

- Assets spread throughout Sweden; concentrated to economic hubs
- 68.5% floating, 31.5% fixed
- 52.1% amortising, 47.9% interest only

Development of OC and WA LTV



Additional lending that qualifies into the cover pool but is not included in the cover pool amounts to 96.9 bn SEK. This lending could be transferred into the cover pool if needed.

Simulation of decline in house prices

House-price change	Mortgage assets in cover pool (SEK bn)	WA LTV (%)	OC* (%)
0%	418.2	53.9	33.9
-5%	416.0	56.2	33.3
-10%	412.7	58.4	32.2
-15%	407.9	60.7	30.7
-20%	401.1	62.8	28.6
-25%	391.7	64.7	25.6
-30%	378.6	66.4	21.5

* OC calculated in accordance with requirements from the Swedish FSA

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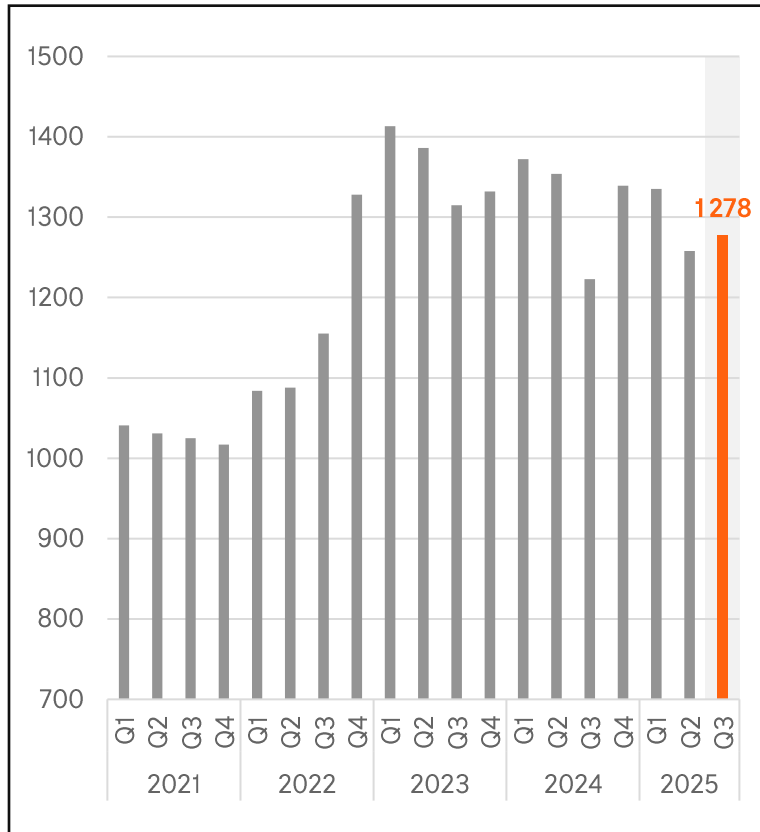
Financial development Q3 & YTD 2025

SEK mn	Q3 2025	Q2 2025	▲	Jan-Sep 2025	Jan-Sep 2024	▲	FY 2024
Lending (SEK bn)	544.5	540.9	+0.7%	544.5	535.0	+1.8%	537.8
Deposits (SEK bn)	264.8	262.3	+1.0%	264.8	248.1	+6.8%	255.9
Net interest income	1,278	1,258	+1.6%	3,871	3,949	-2.0%	5,288
Net commission	-5	-12	+7 mn	-33	-41	+8 mn	-54
Net result financial transactions	-6	6	-12 mn	-3	13	-16 mn	86
Costs	-453	-482	-6.0%	-1,407	-1,362	+3.3%	-1,907
Loan losses	20	26	-6 mn	40	-5	+45 mn	0
Imposed fees (risk tax and resolution fee)	-144	-141	+3 mn	-431	-427	-4 mn	-570
Operating profit	707	671	+5.4%	2,088	2,169	-3.7%	2,900
Return on equity (%)	9.6%	9.3%	+0.3 pp	9.6%	10.5%	-0.9 pp	10.4%
C/I ratio (%)	35.3%	38.0%	-2.7 pp	36.2%	34.4%	+2.2 pp	35.5%
Loan loss ratio (%)	0.01%	0.02%	-0.01 pp	0.01%	0.00%	+0.01 pp	0.00%
CET1 capital ratio (%)	14.8%	14.5%	+0.3 pp	14.8%	12.4%	+2.4 pp	12.7%

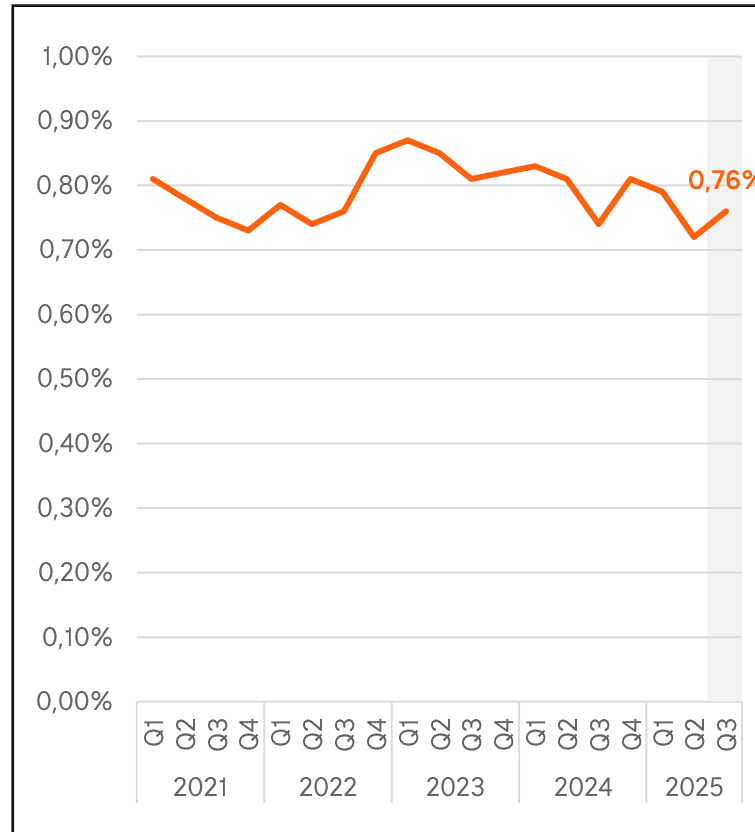


NII & NIM development

Net Interest Income (NII) YoY (SEK mn)



Net Interest Margin* (NIM) YoY (%)



* Calculated as NII in relation to total assets in balance sheet

Comments

Q3 2025 compared with Q2 2025

- Net interest income increased to SEK 1,278 million (1,258), mainly due to higher deposit margins and increased deposit volumes. However, these trends were partially offset by lower lending margins, in particular for mortgages

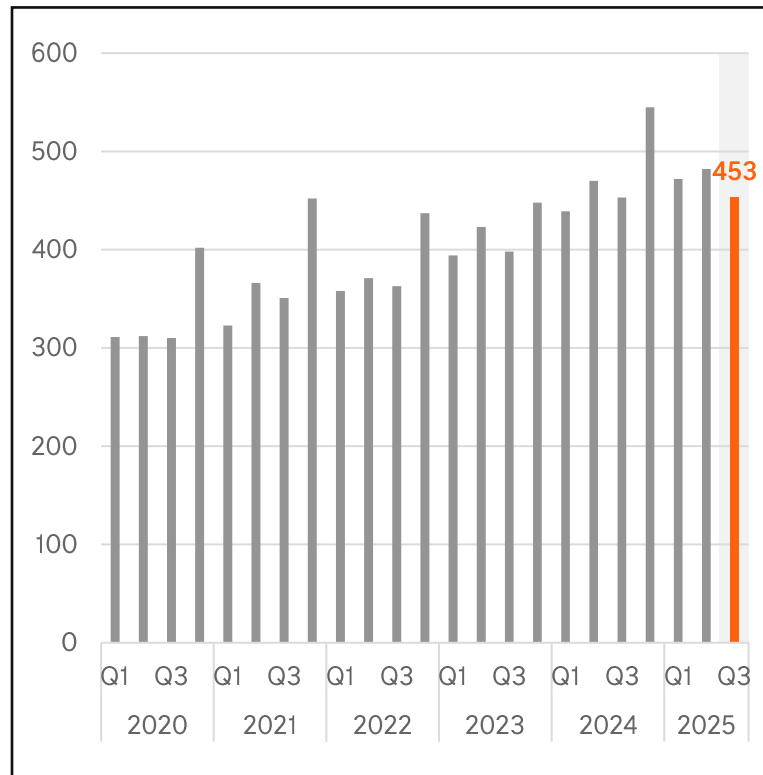
Jan-Sep 2025 compared with Jan-Sep 2024

- Net interest income declined to SEK 3,871 million (3,949), mainly due to lower deposit margins following falling market interest rates. Higher deposit volumes positively impacted the item. The fee for the national deposit guarantee amounted to SEK 70 million (87) for the period

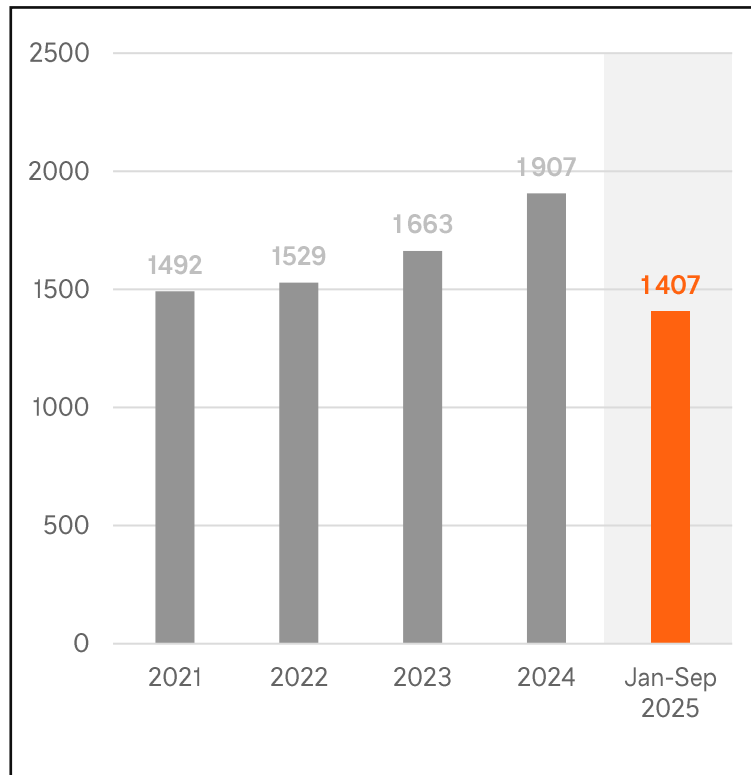


Continued investments for future competitiveness

Cost development QoQ (SEK mn)



Cost development YoY (SEK mn)



Comments

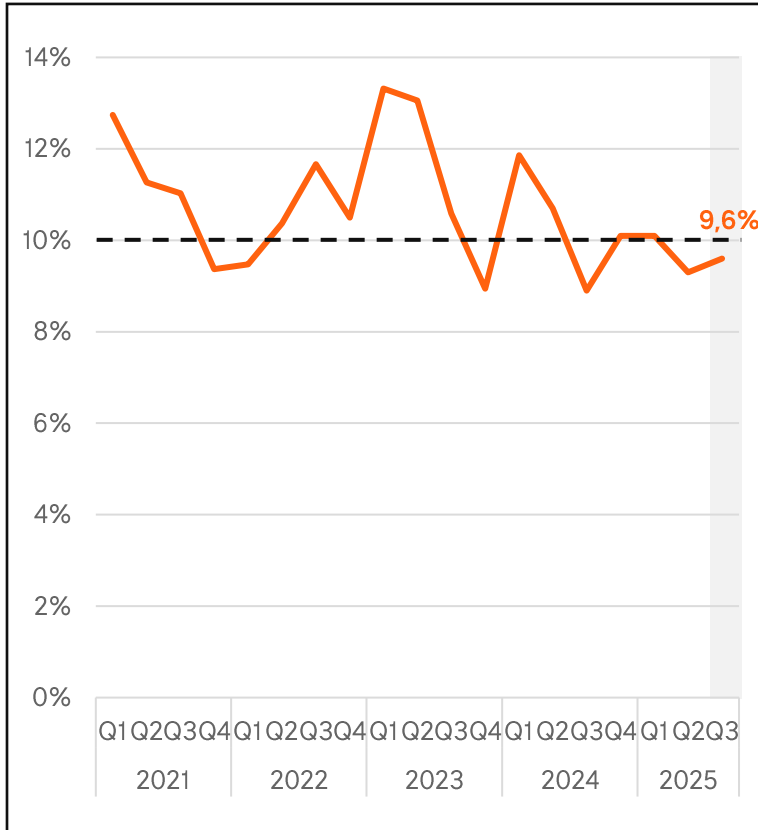
- For Q3 2025 vs. Q2 2025, expenses decreased 6.0% to SEK 453 mn. For Jan-Sep 2025 vs. Jan-Sep 2024, expenses grew 3.3% to SEK 1,407 mn
- Overall trend of increased costs mainly attributable to investments for future competitiveness:
 - Increased number of employees
 - Replacement of IT-infrastructure
 - Regulatory compliance
 - Digitalisation & customer offering
- Increased internal focus on cost development given pressure on revenue (i.e. prolonged compression of mortgage margins)



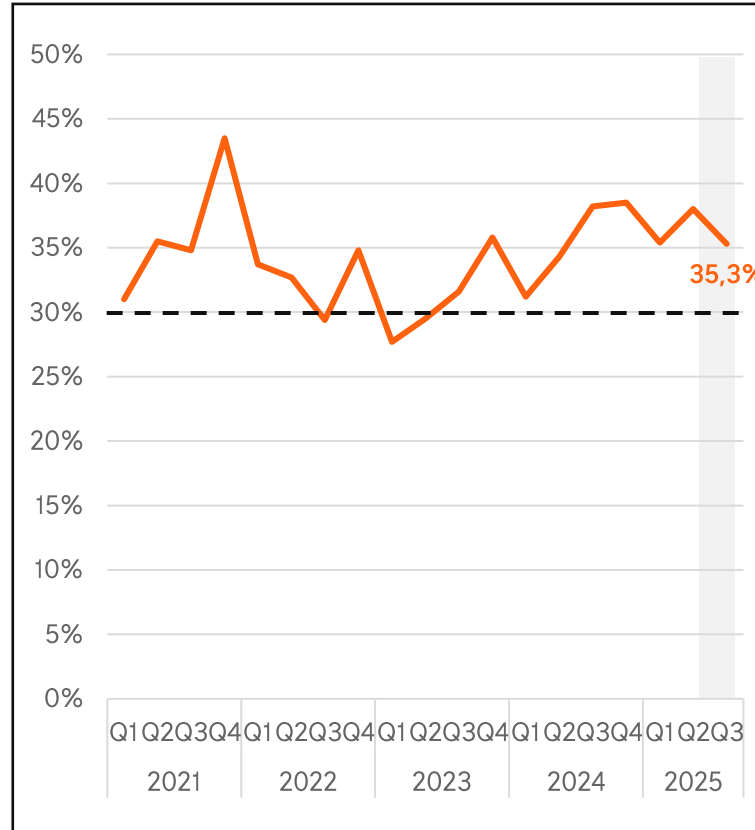
Financial KPIs

– 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. Target from owner to achieve a RoE of at least 10% over time
- Highly competitive cost efficiency attributable to SBAB's digital business model. Long-term management cost efficiency target to 2030 to achieve a C/I-ratio below 30%



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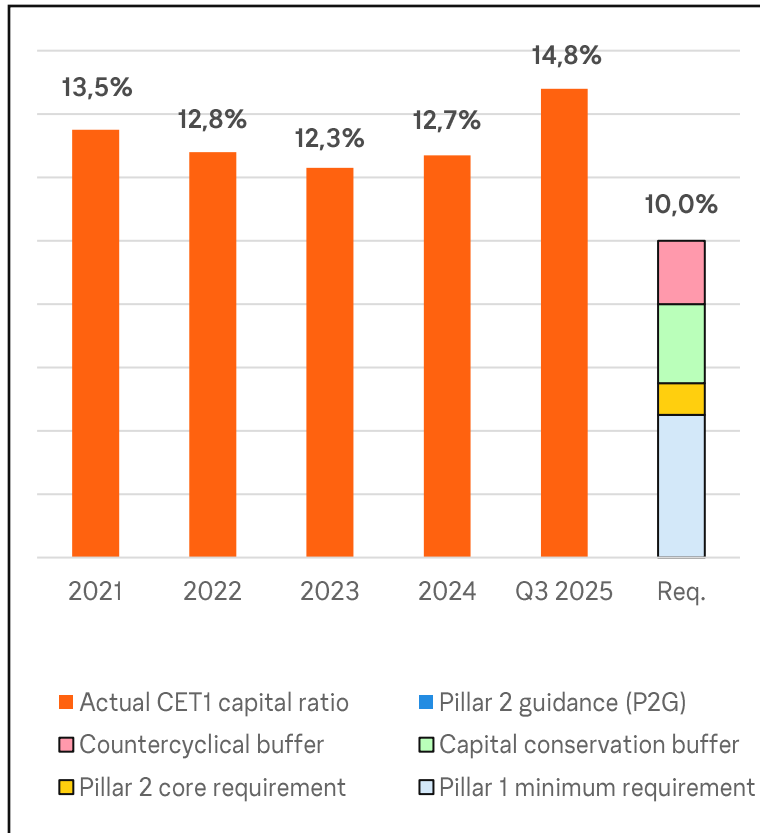
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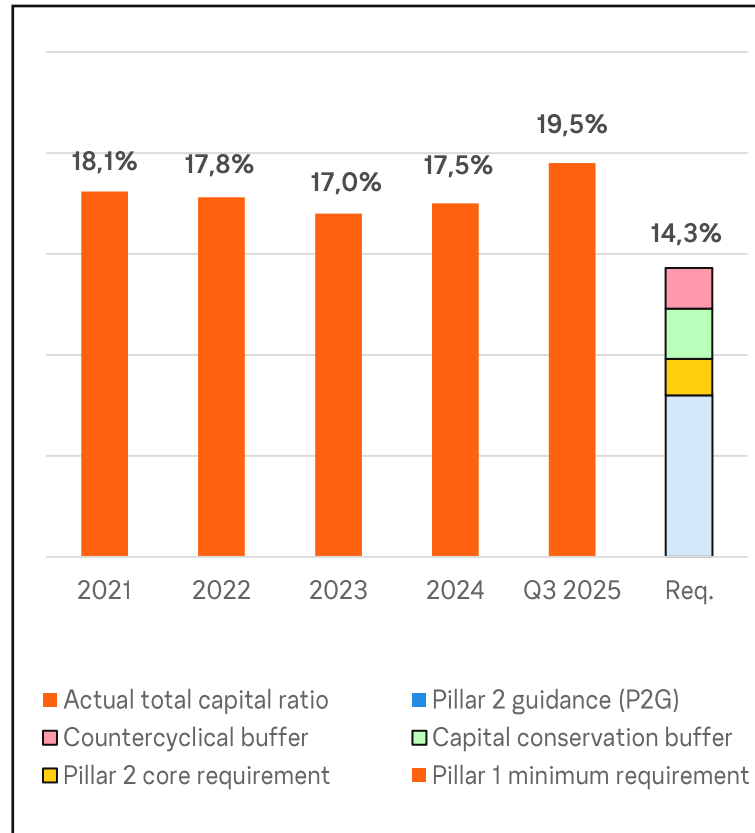
Capital position

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

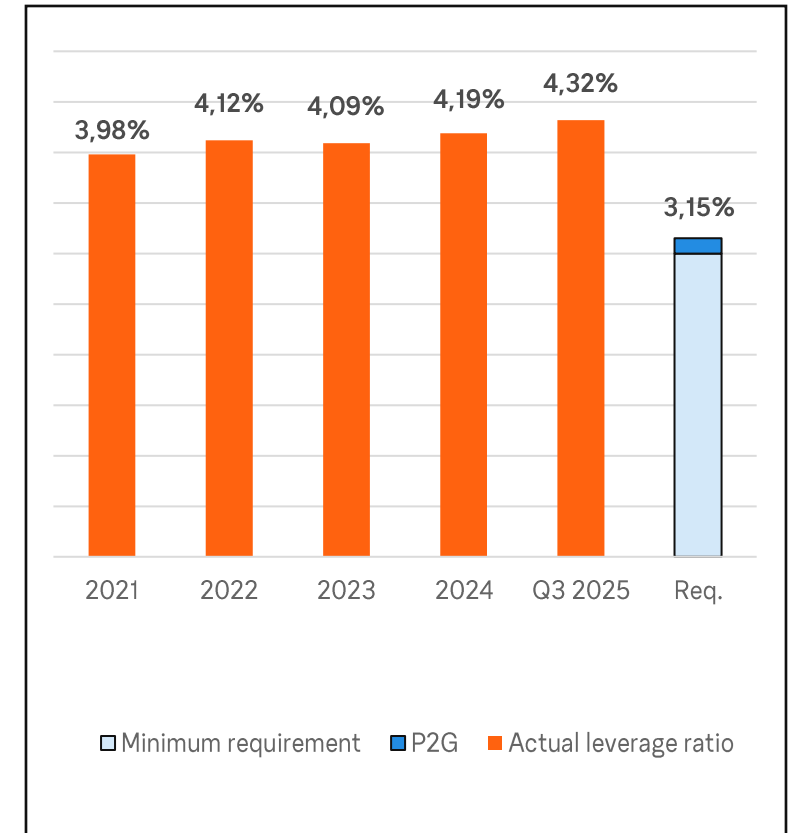
CET1 capital ratio vs. requirement



Total capital ratio vs. requirement

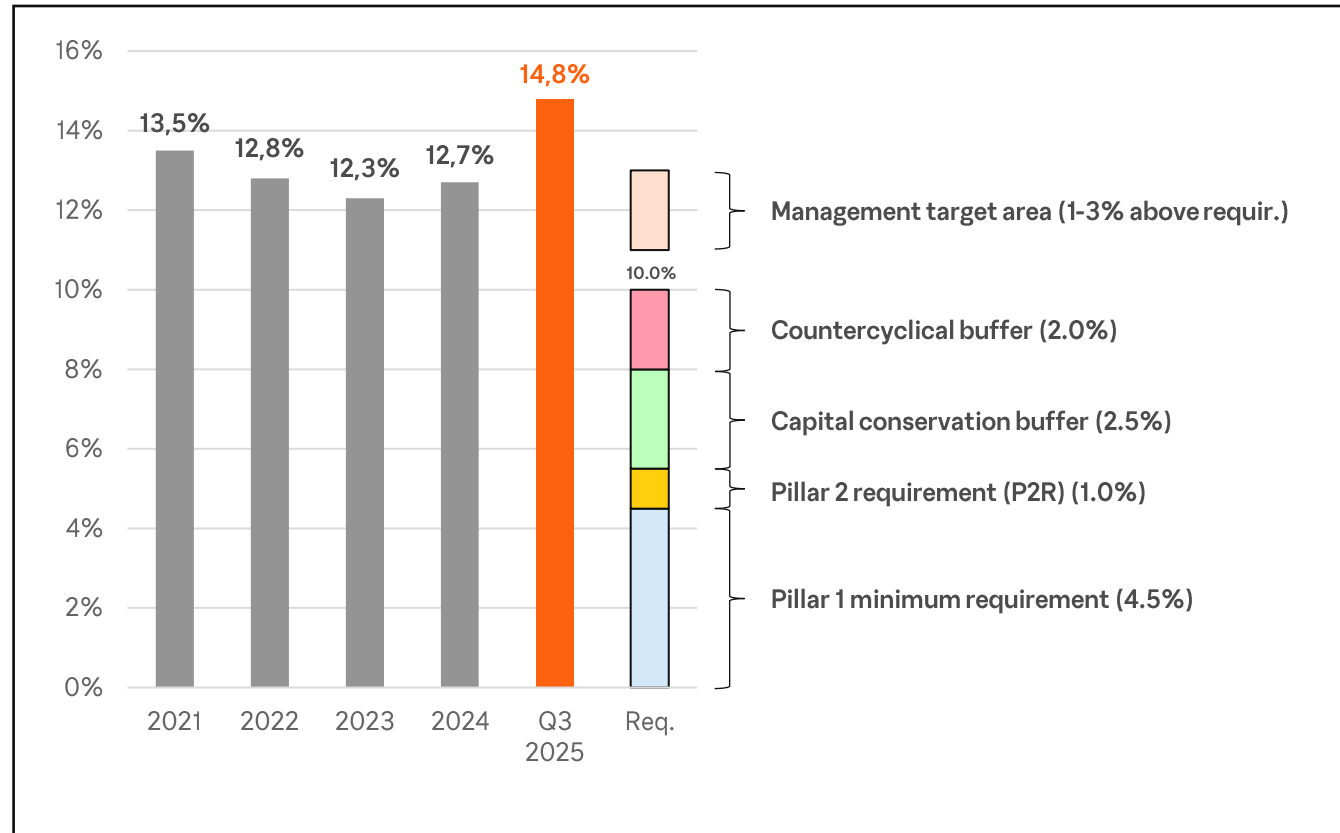


Leverage ratio vs. requirement



SBAB's capital targets

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



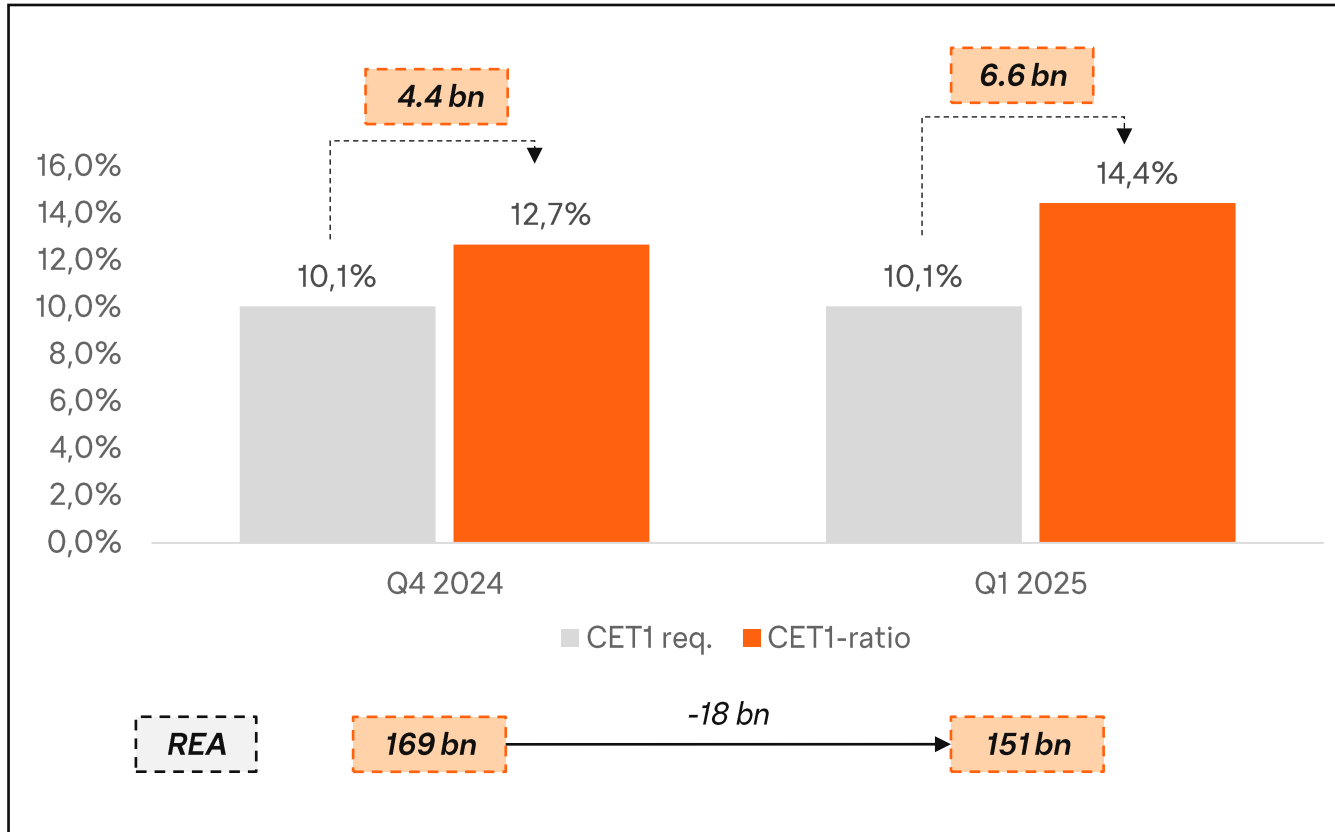
Comments

- CET1 capital ratio management target of 1-3% above regulatory requirement from the Swedish FSA. Well above target in Q3 2025
- Increased CET1 capital ratio vs. YE 2024 mainly attributable 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 (P2G) for SBAB confirmed at 0% in latest SREP from the Swedish FSA, significantly below peers, reflecting SBAB's robust and low-risk business model. In conjunction to the above, the P2G for leverage ratio was lowered from 0.50% to 0.15%



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 has resulted in a significant improvement in margin to CET1 requirement (approx. 1.7 percentage points or SEK 2.2 bn) 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

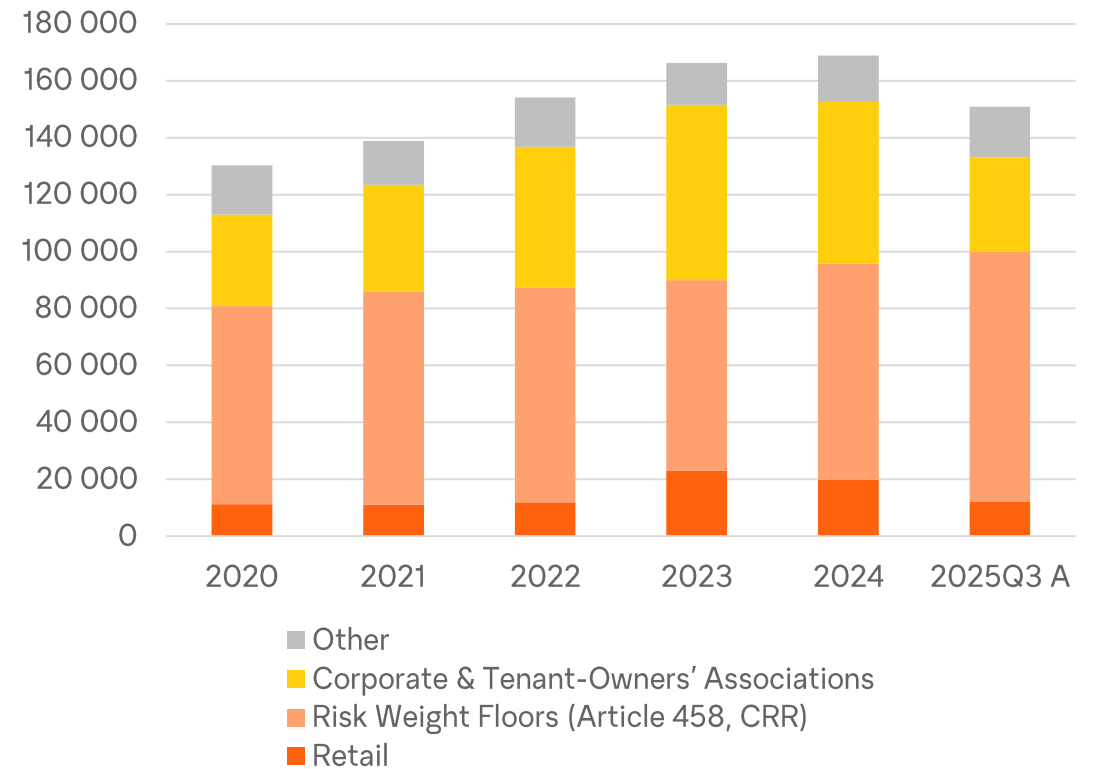


Development of REA

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 2025 vs. 2024 mainly attributable to the implementation of the Banking Package (i.e. lower standardised LGD values for corporates and tenant-owners' associations). In connection with the implementation of the Banking Package, REA for retail (excl. mortgage risk weight floor) decreased due to lower LGD floor. This development was however offset by a corresponding increase in REA from the mortgage floor. Other regulatory changes in CRR 3 had a minor impact on REA

Development and composition of REA (SEK mn)

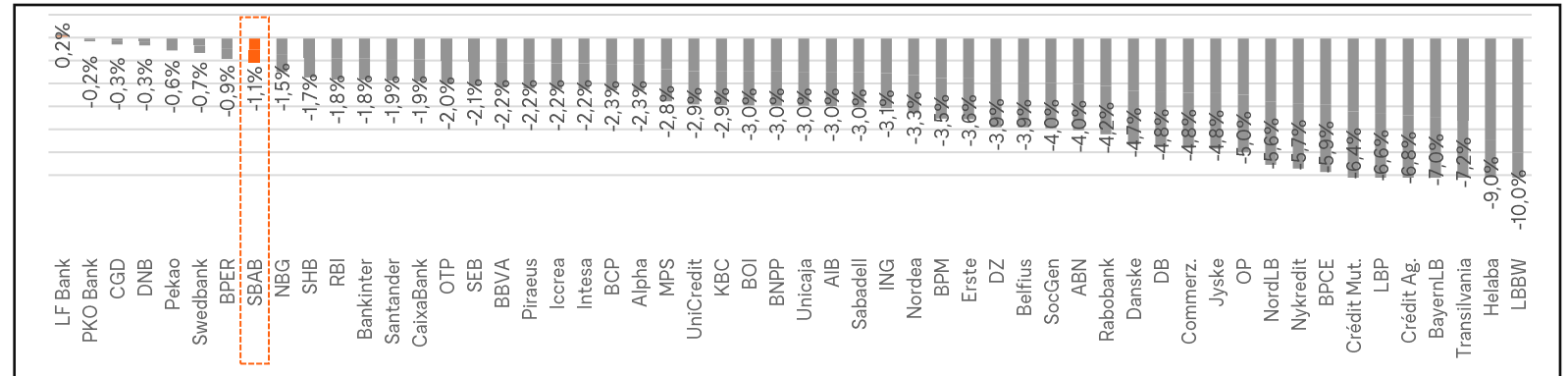


Strong resilience confirmed by EBA

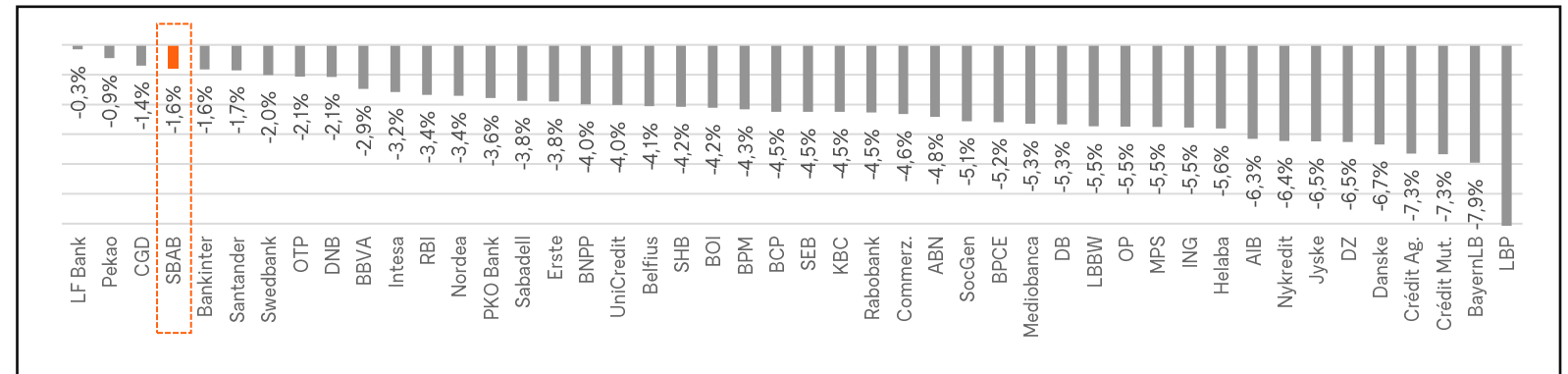
– SBAB's robust business and resilient capital position confirmed in EBA stress test

- 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
- 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

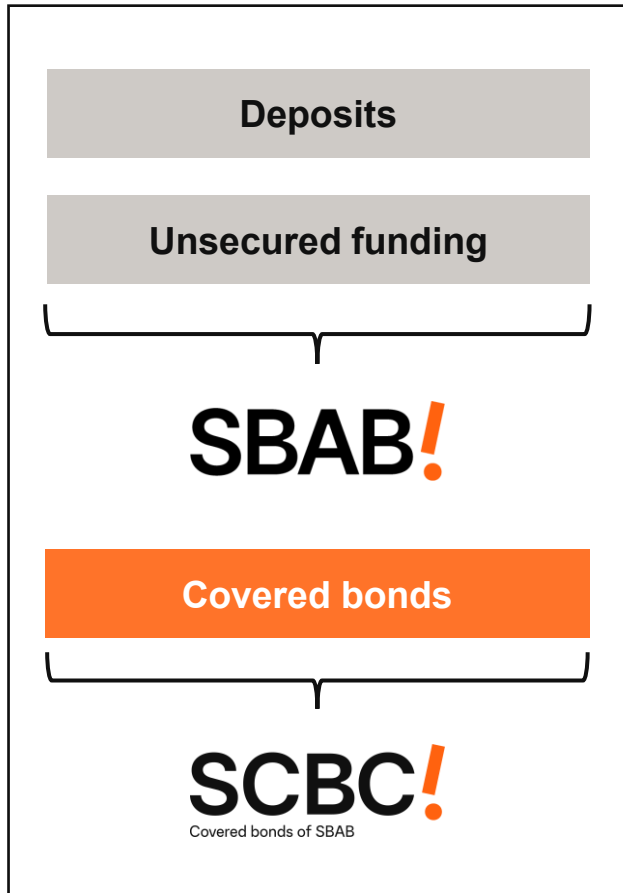
Maximum negative CET1 ratio impact in adverse scenario (%) (2025 Transitional)



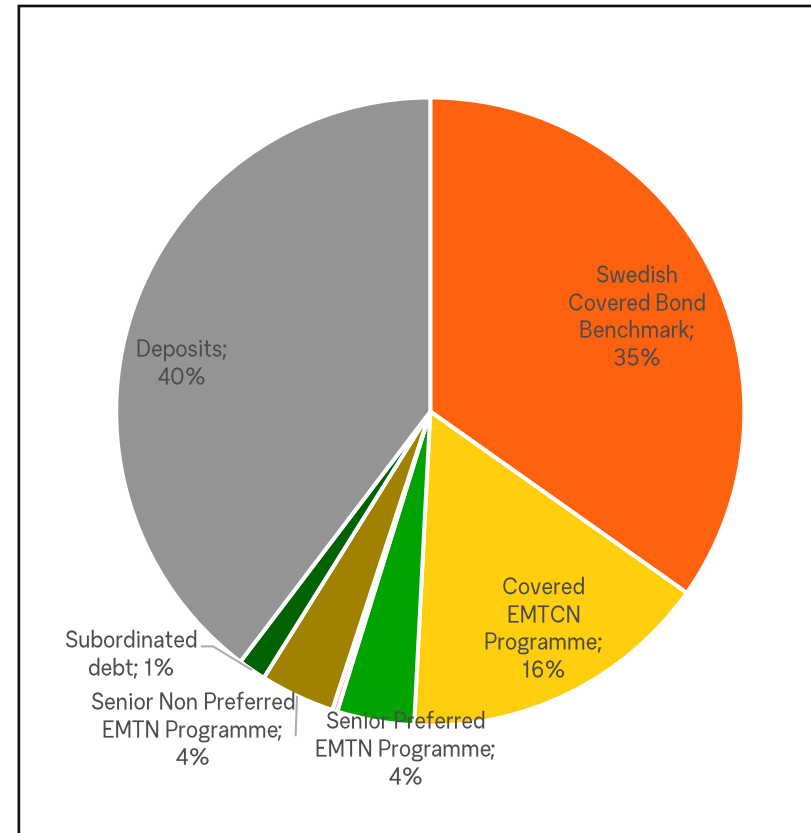
Maximum negative CET1 ratio impact in adverse scenario (%) (2023)



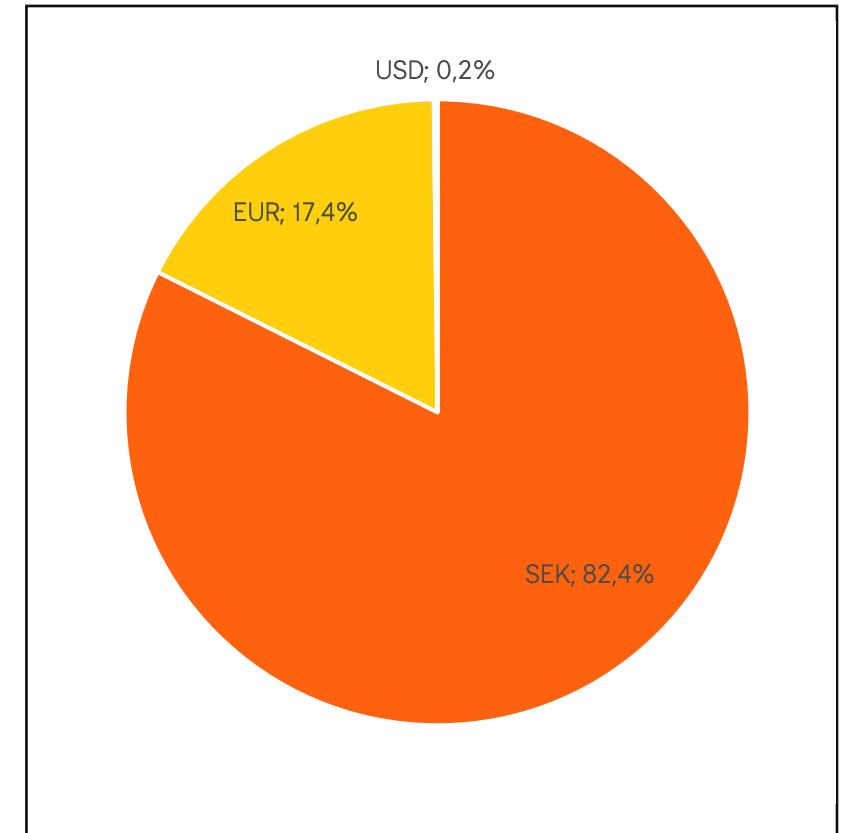
Overview of funding



Funding sources



Funding currencies

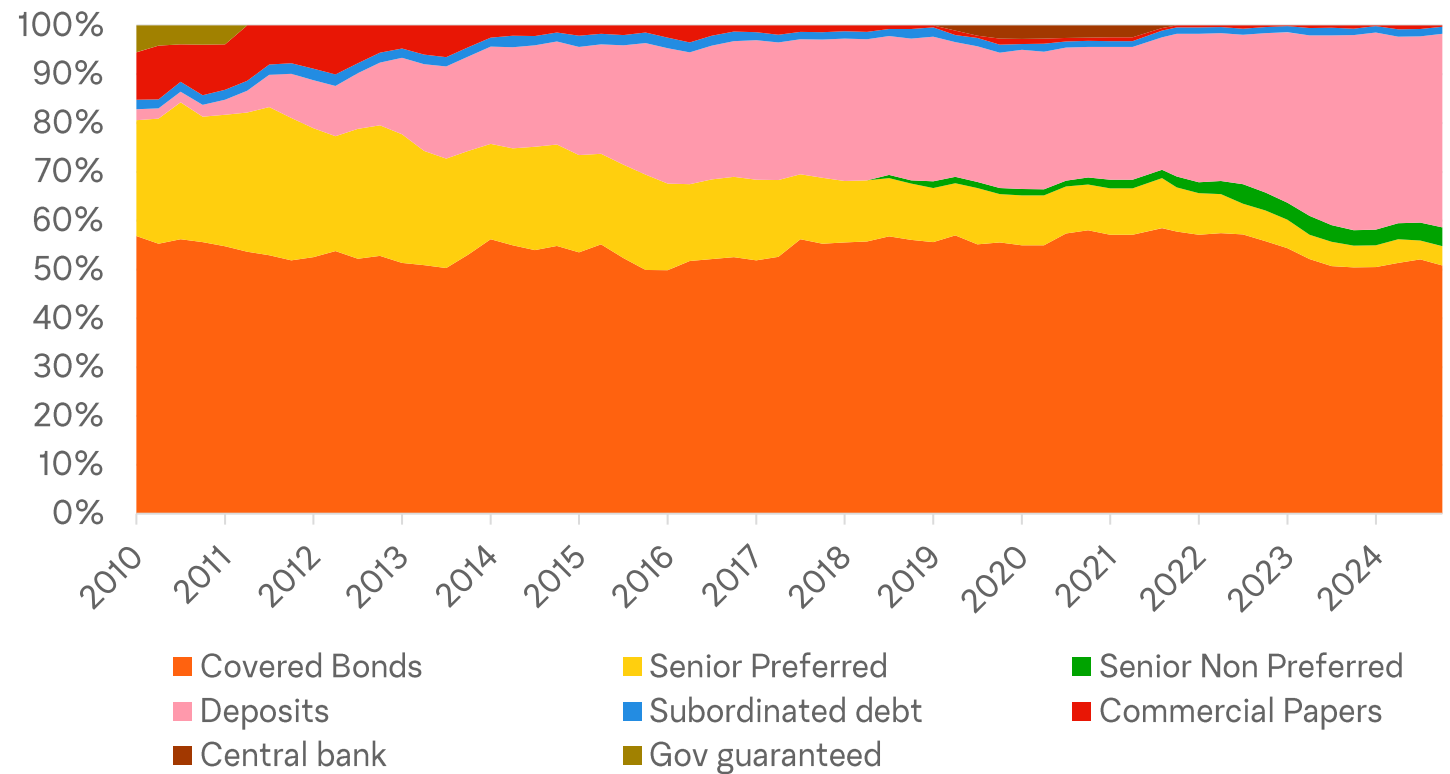


Development of funding over time

Funding strategy

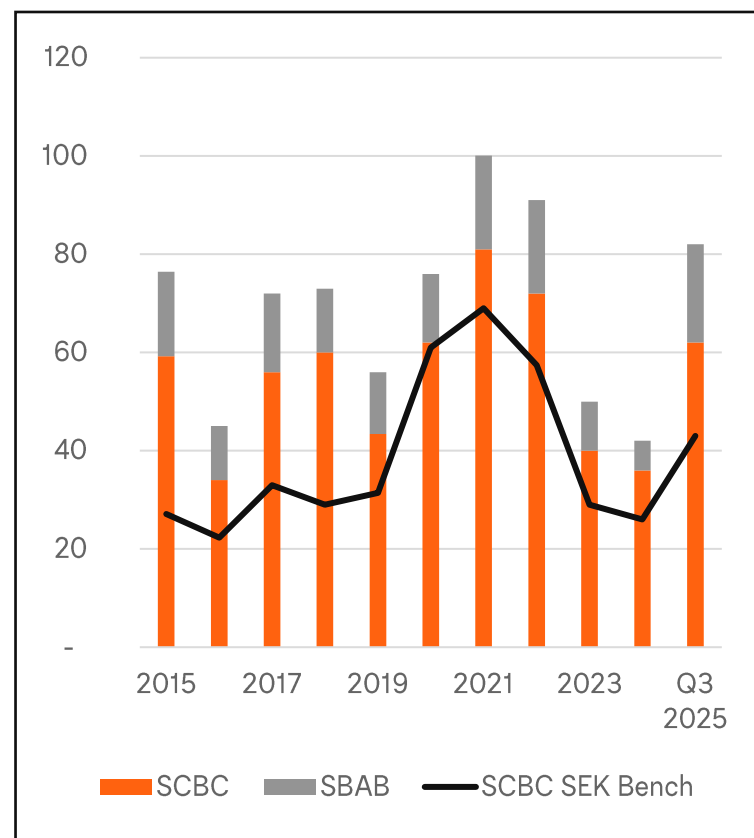
- Mortgage lending primarily funded by covered bonds and to a growing extent deposits from the public. Efficient use of CB funding (~50% of total funding), utilizing the depth and stability of the Swedish CB market
- Strategy to maintain access to core funding markets; SEK- and EUR-market with regular 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

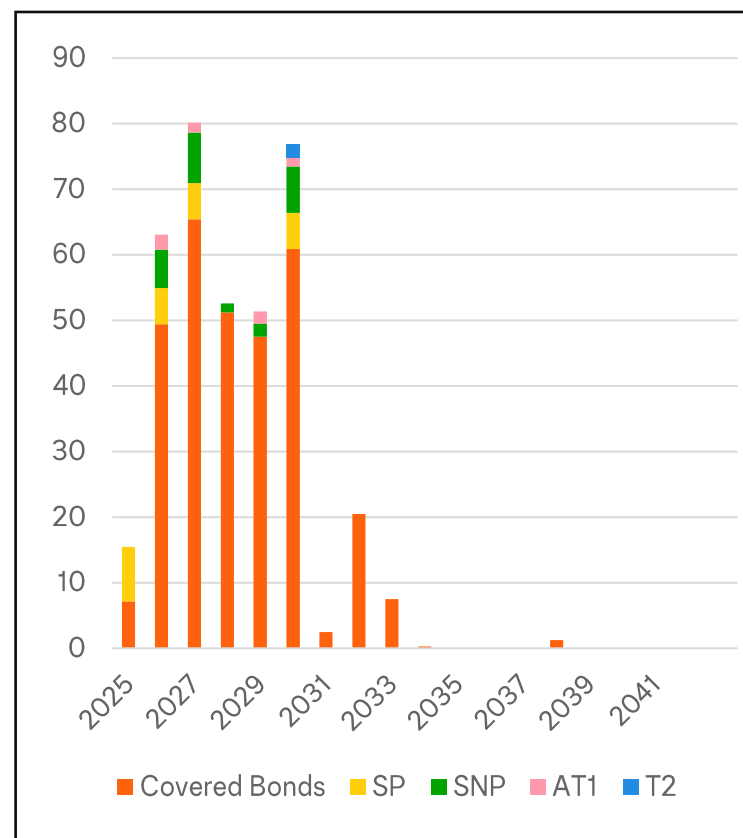


Future funding activity

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



Regular presence in EUR market



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%	40.0
LRE	6%	40.8
Buffer		21.2

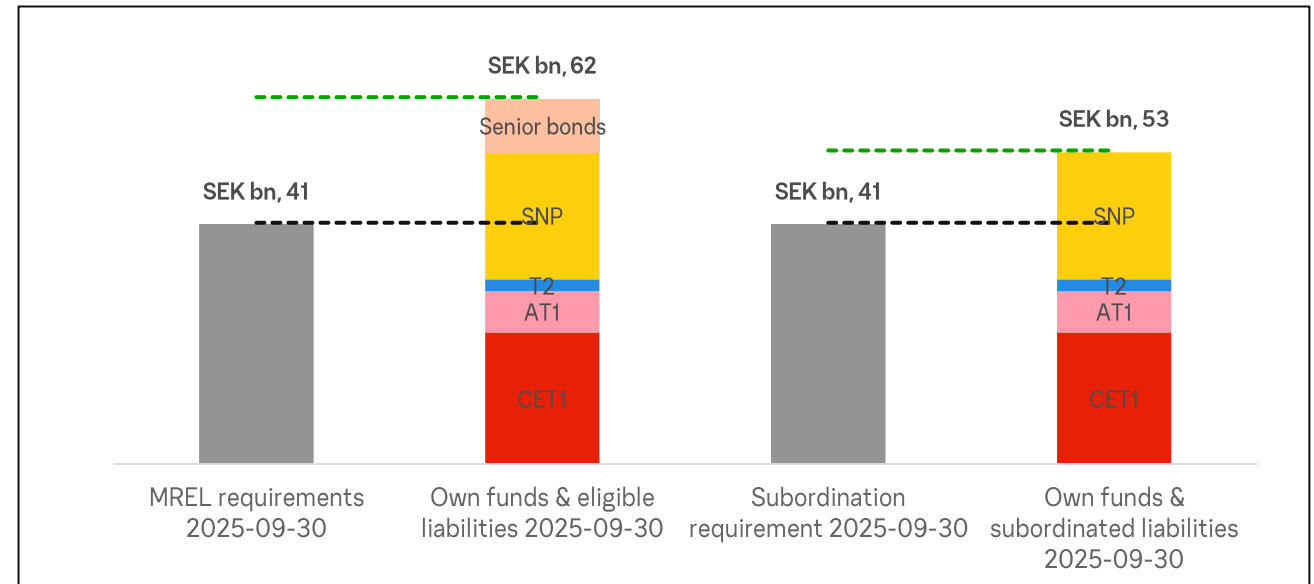
Subordination requirement (Q2 2025)

	%	SEK bn
REA	24.2%	36.5
LRE	6%	40.8
Buffer		12.2

Own funds & eligible liabilities (Q2 2025)

	SEK bn
CET1	22.4
AT1	7.0
T2	2.0
SNP	21.6
Senior bonds	9.0
Total	62.0

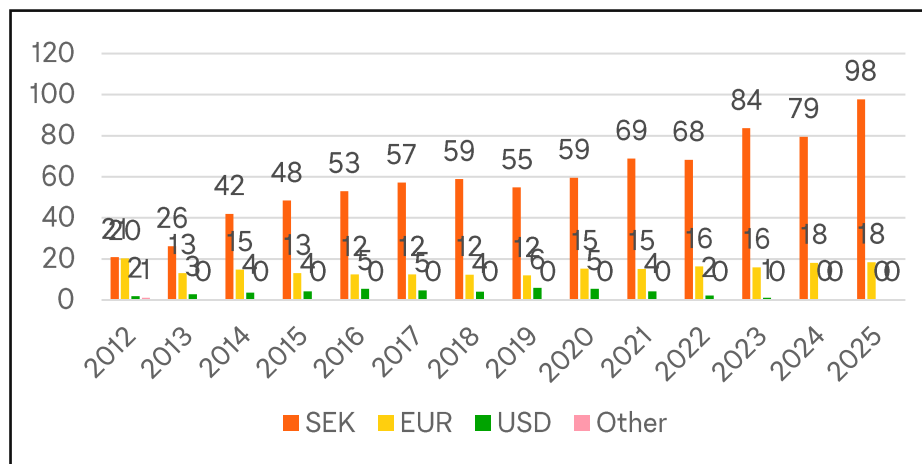
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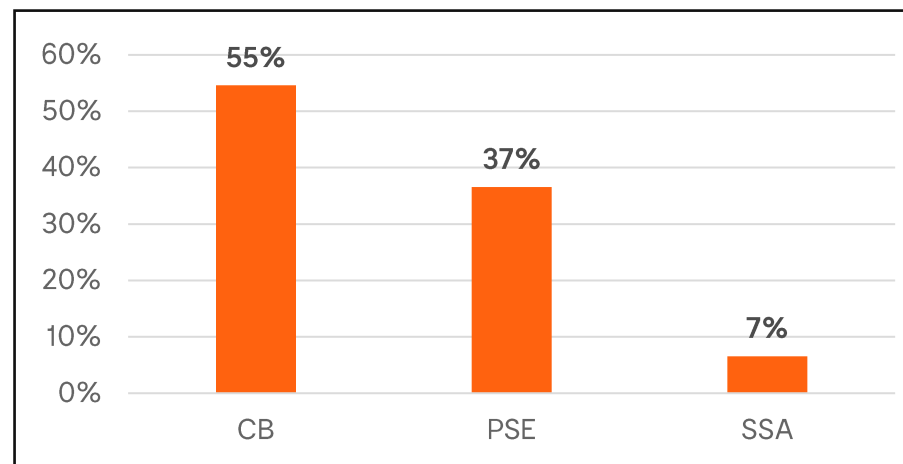
Liquidity position

- At the end Q3 2025, the market value of the assets in the liquidity reserve amounted to SEK 111.5 billion. Taking the Riksbank's and the ECB's haircuts into account, the liquidity value of the assets was SEK 106.1 billion
- LCR and NSFR well above regulatory requirements. Survival horizon implies liquidity need coverage for 545 days under stressed scenario (unchanged lending portfolio, severe deposit outflow and no new funding added)
- High quality and diversified liquidity portfolio within relevant currencies (of which the vast majority AAA-rated)

Total liquidity reserve* (Currency distribution)



Total liquidity reserve* (Securities type)



Key metrics

106bn

Liquidity reserve (LCR)

238%

LCR

133.2%

NSFR

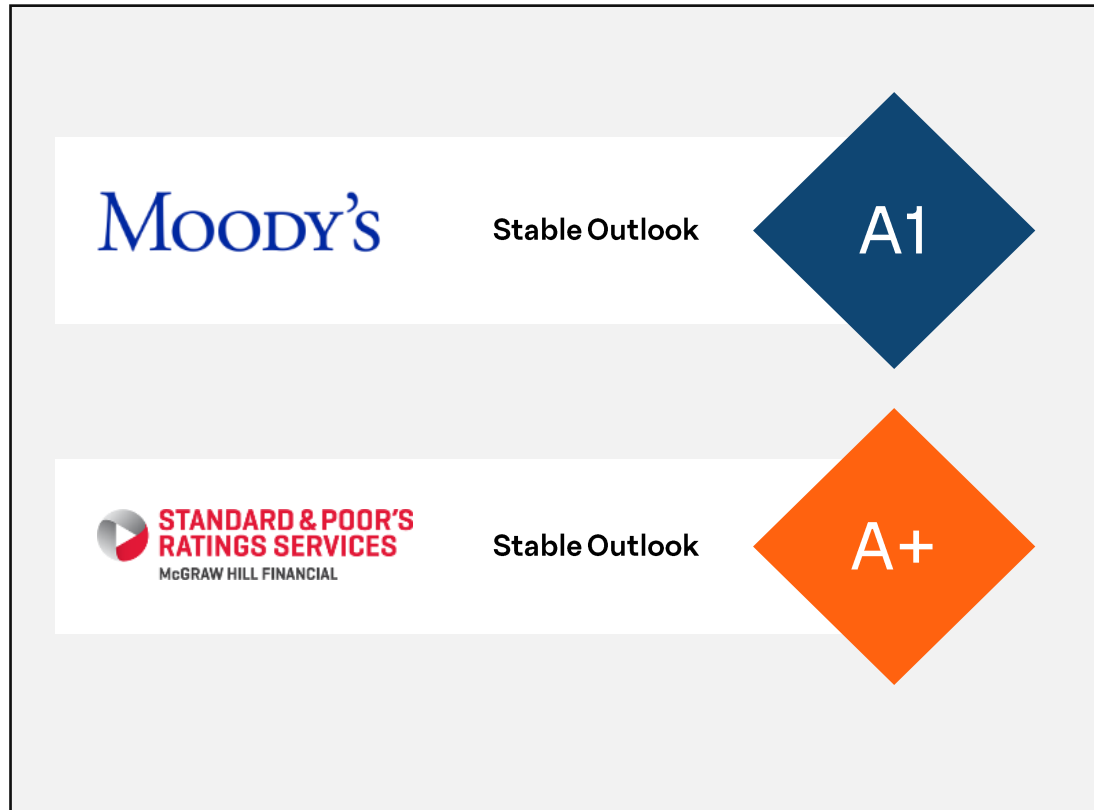
545days

Survival horizon



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 [...]



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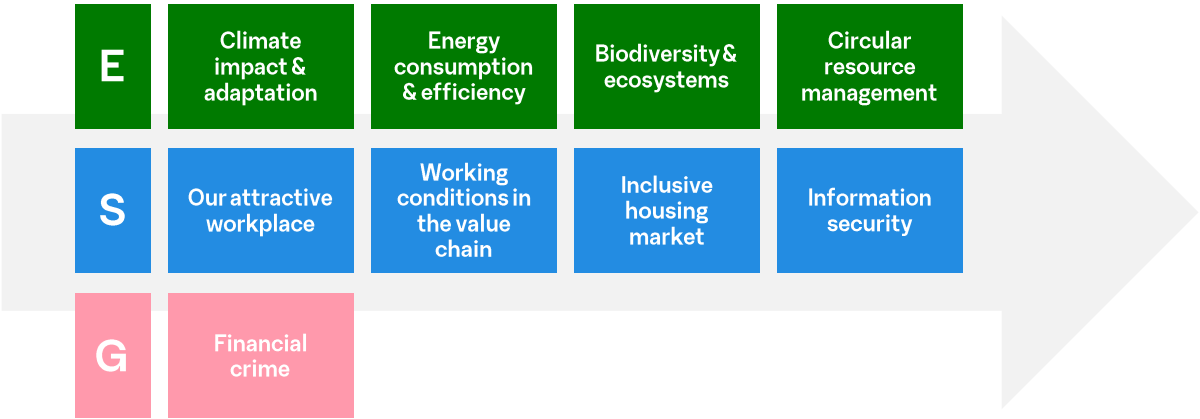
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SBAB's overall approach to sustainability



- As of the 2024 financial year, SBAB reports in accordance with the CSRD and the ESRS. As a basis for the reporting, the ESRS require companies to perform a double materiality assessment. In SBAB's double materiality assessment, conducted in 2023, a total of 25 material sustainability topics were identified in nine overarching sustainability areas, all important for the overall governance and strategies of SBAB



Five target areas

SBAB has decided on five targets areas and seven long-term strategic goals extending to 2030 (including a long-term climate goal) that form the basis of a common approach to SBAB's contribution to sustainable societal development

Read more in SBAB's Annual Report 2024

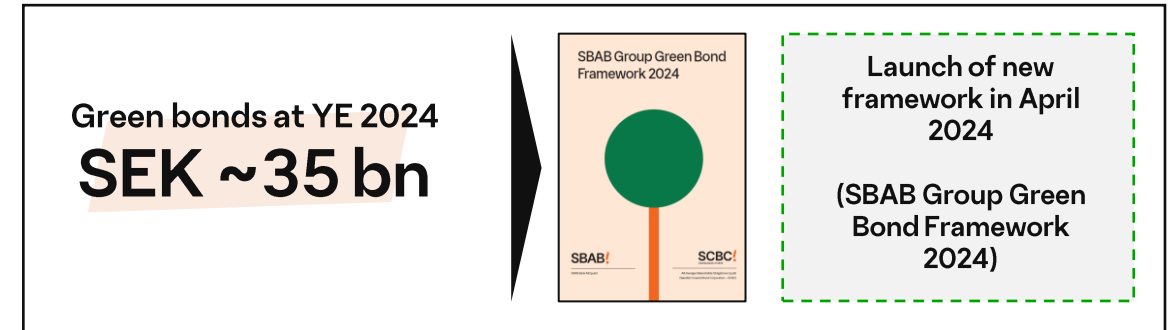


Recent sustainability developments

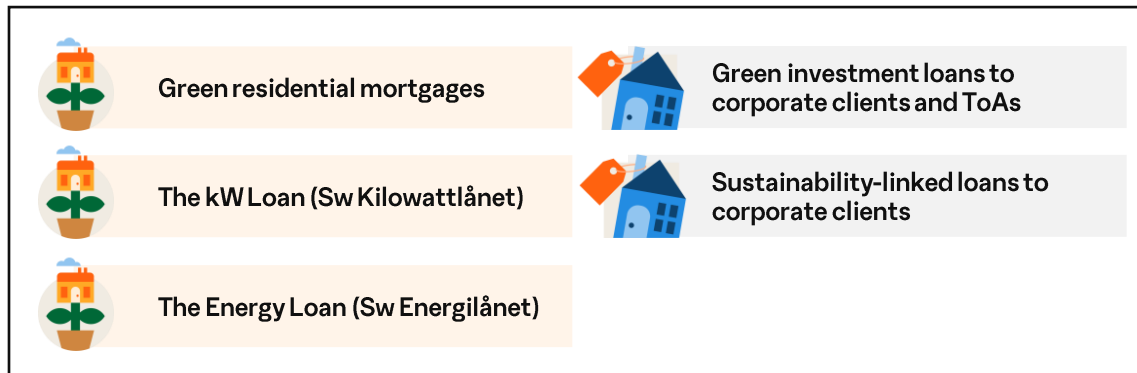
SBAB joins the Net-Zero Banking Alliance



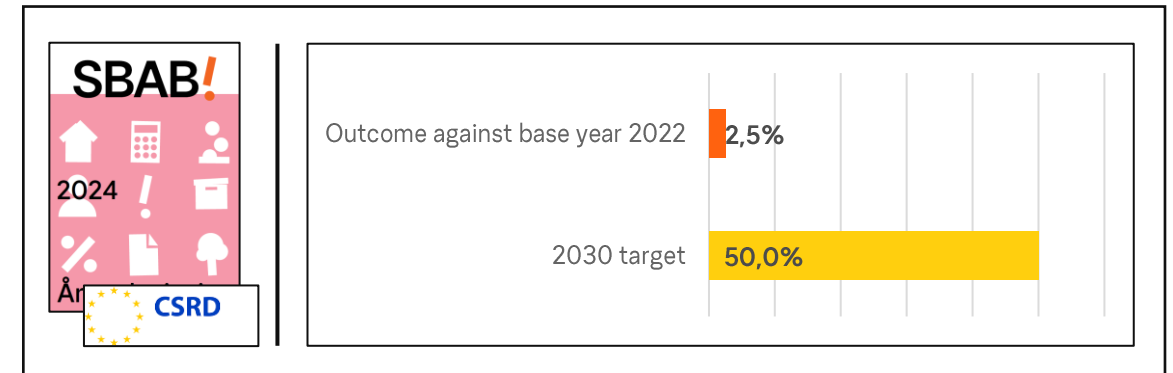
Recurrent Green Bond issuer



Sustainable lending products



CSRD/ESRS reporting & more ambitious climate target



Long-term climate goal

- At the end of 2022, SBAB adopted a new long-term climate goal to reduce the company's emissions intensity (kgCO₂e per m²) from the lending portfolio by 50% by 2038, including a milestone of 30% by 2030
- In 2024, the target was revised following updated calculation methods and a new decarbonisation pathway (specific for the property sector) from CRREM. The revised target is to reduce the emissions intensity from the lending portfolio by 50% by 2030

Target 2030 vs. base year 2022	Outcome 2024 vs. base year 2022	Outcome 2024 (financed kgCO ₂ e/m ²)	Outcome base year 2022 (financed kgCO ₂ e/m ²)
-50%	-2,5%	3.84	3.93

Scope 3

CO₂e

CO₂e

CO₂e

- IT equipment
- Employee commuting
- Copy paper
- Waste
- Work trips
- Data center energy usage
- Etc.

Scope 2

- Energy use, district heating/cooling at our offices

Upstream

Scope 3

CO₂e

CO₂e

CO₂e

CO₂e

SBAB!

Lending

Tenant-owner
apartments

Holiday homes

Multifamily
dwellings

Houses

Total Co₂e emissions
(existing buildings)

62,388
tCO₂e

Total Co₂e emissions
(new construction)

80,165
tCO₂e

Downstream

Sustainable lending products



Green Residential Mortgages

Launched 2018

SEK 74 bn at YE 2024

Res. mortgage

- Targeting retail customers who lives in 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 10 bps and energy class C by 5 bps
- Automatically updated for all customers (API connected to database from National Board of Housing, Building and Planning)



The kW Loan

Launched 2024

SEK 87.5 mn at YE 2024

Res. mortgage

- Targeting retail customers who want to increase their existing mortgage (provided scope is available) to finance renovations in their homes that improve energy efficiency
- Deduction of the mortgage interest rate (20 bps) for the next ten years, starting from the date the loan is granted



Green Investment Loans

Launched 2015

SEK 110 mn at YE 2024

Property loan

- Loans targeting corporate clients and tenant-owners' associations who wants to implement energy efficiency measures at their properties. e.g. replacing windows or investing in a new, fossil-free heating source



Sustainability Linked Loans (SLLs)

Launched 2023

4 loans disbursed at YE 2024

Property loan

- Loans targeting corporate clients used to accomplish a transition within sustainability. The customer receives somewhat lower interest in exchange for a promise to deliver improvements. Conversely, if the agreed-upon progress is not made, the customer needs to pay a somewhat higher interest rate



Sustainable guides and tools

Kilowatt Calculation

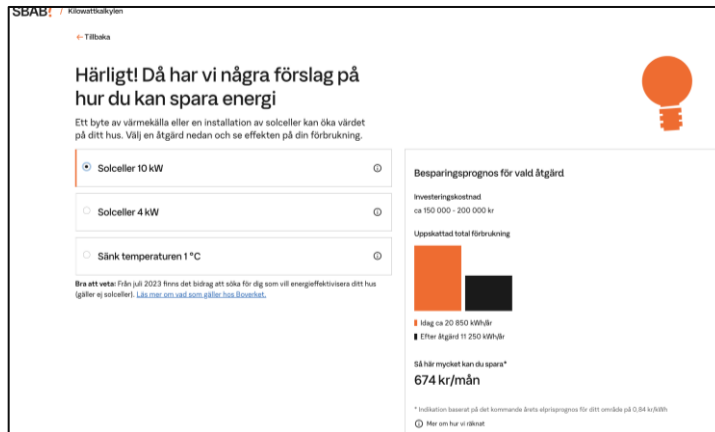
- Advice (based on user input) on measures to reduce energy consumption. Including cost of investment and potential savings in SEK & kW
- **Target group:** All Swedish homeowners

Energy consultancy

- Free expert advice on potential energy saving measures via business partner (Anticimex)
- **Target group:** Res. mortgage customers (houses)

Advice on renovations

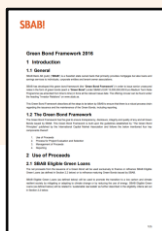
- Free expert advice for well-informed renovations via business partner (Anticimex)
- **Target group:** Res. mortgage customers (houses and apartments)



Timeline for Green Bonds

2016

- In 2016, SBAB became the first bank in Sweden to issue a Green Bond (after the publishing of its inaugural Green Bond Framework ("Green Bond Framework 2016"))
- Two green bonds issued under this framework (total volume of SEK 3.75 billion)



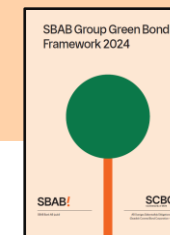
2019

- In early 2019, SBAB published a new, updated framework for issuing green bonds ("SBAB Group Green Bond Framework 2019") to align with green product offerings (e.g. green residential mortgages) and to enable SCBC to issue covered bonds in the form of green bonds
- To this end, in 2019, the SBAB Group became the first institution in Sweden to issue a green covered bond backed by residential mortgages and property loans
- Eight green bonds issued under this framework (total volume of SEK ~42 billion)



2024

- In 2024, SBAB published its third and latest framework ("SBAB Group Green Bond Framework 2024") to more closely align with best market practices and regulatory developments (e.g. the latest ICMA Green Bond Principles and the EU Taxonomy)
- Seven green bonds issued under this framework so far

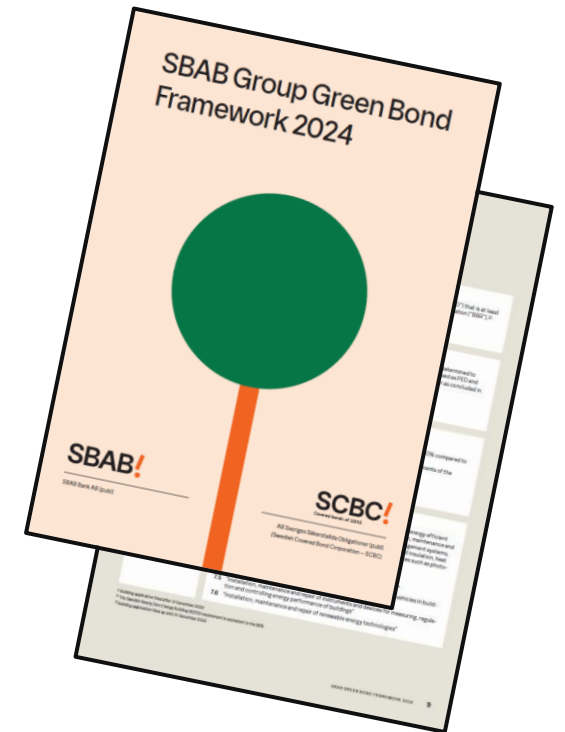


Overview of updated framework

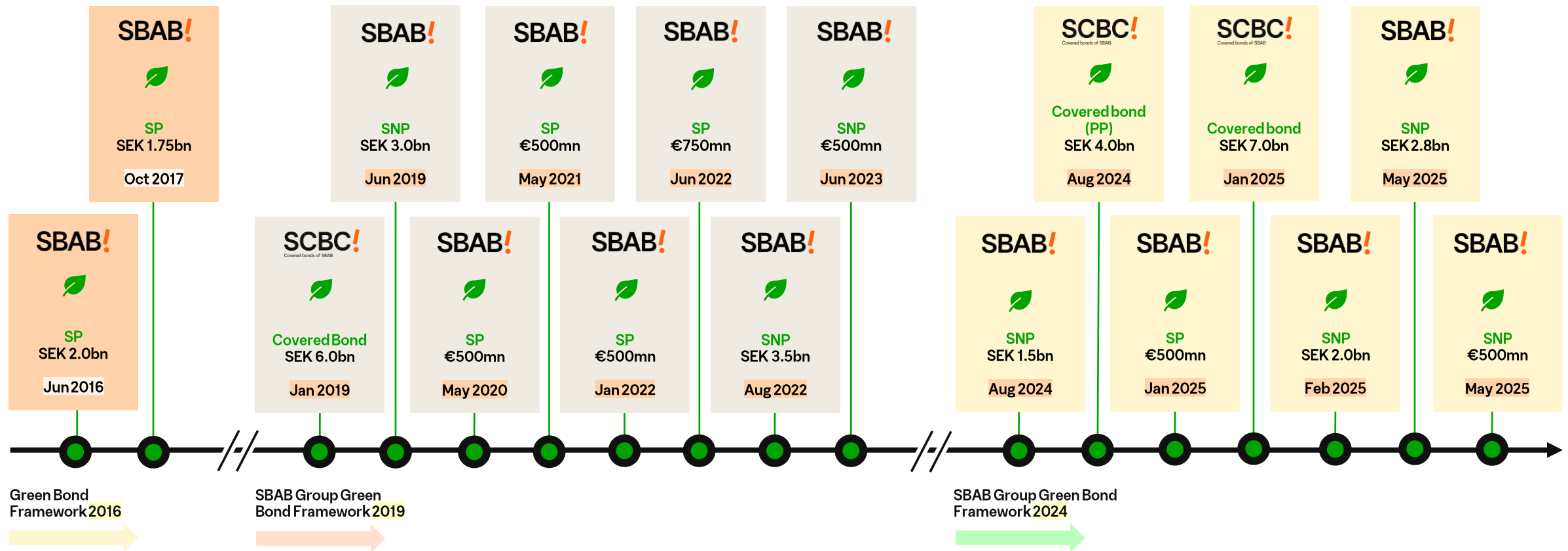
– Updated framework (SBAB Group Green Bond Framework 2024) to align with best market practices as well as regulatory developments

Overview of Green Loan Categories included in framework

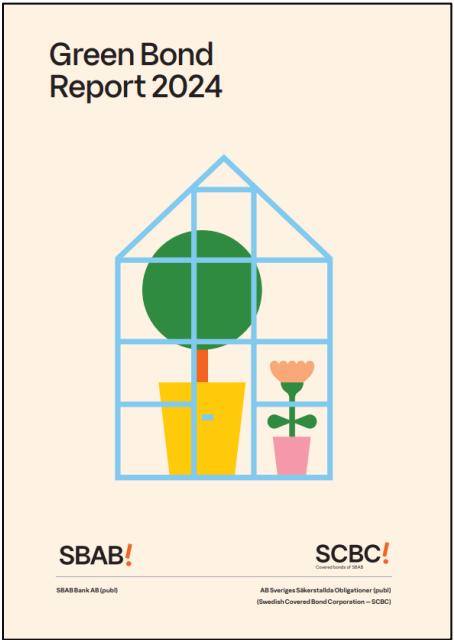
- 1 • **New buildings** (built after 2020): Primary Energy Demand (PED) 10% lower than the level required by the Swedish building regulation ("BBR")
- 2 • **Existing buildings** (built before 2021): EPC A or top 15% of the national or regional building stock
- 3 • **Major renovations**: Meets minimum energy performance requirements of the national building regulation or a reduction in energy use of at least 30%
- 4 • **Building energy efficiency measures**: Direct costs (e.g. material, installation and labour costs) for installing energy efficient technologies or other energy saving measures during the construction, maintenance and service phase of a building



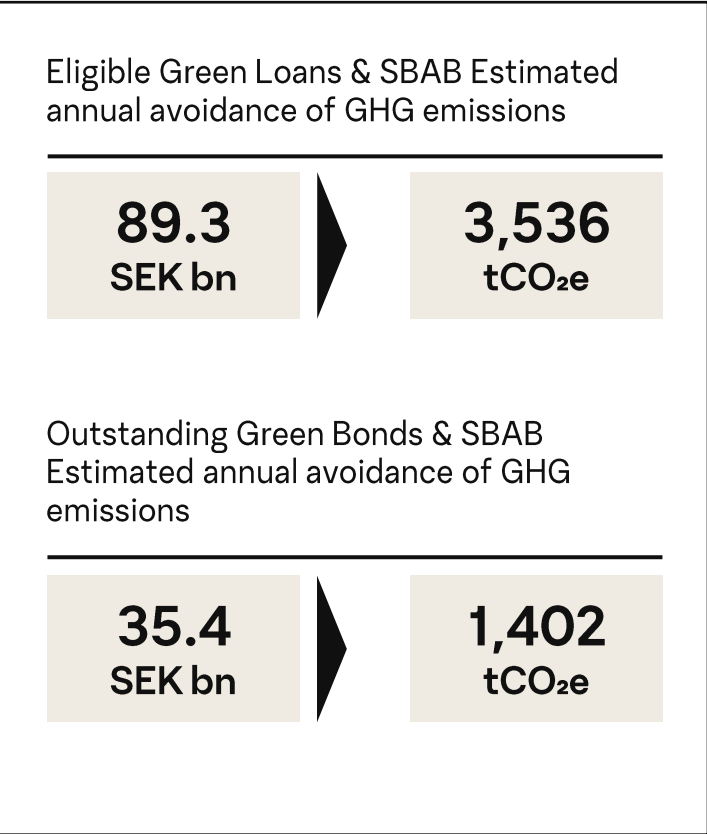
Recurrent issuer since the inaugural Green Bond back in 2016



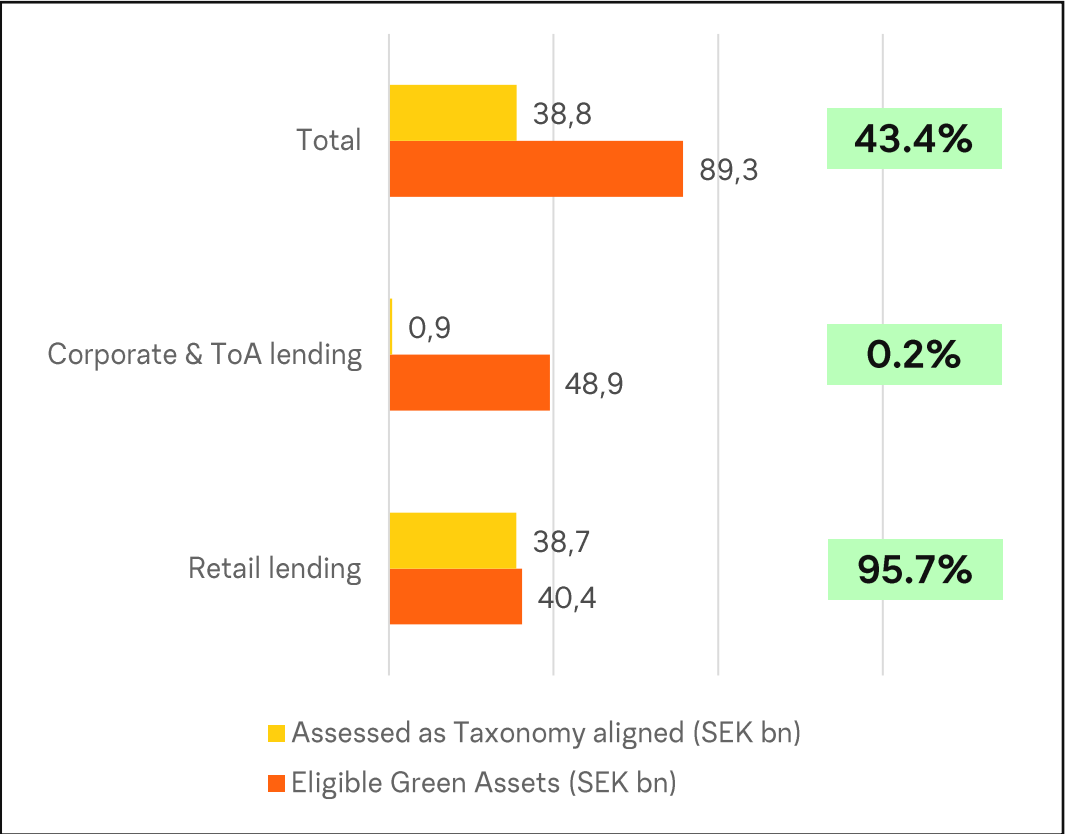
Summary of Green Bond Report 2024



Impact reporting



Alignment with the EU Taxonomy



Excerpts from the Sustainability Report



6.11%

At the end of 2024, SBAB's green asset ratio (**GAR**) amounted to 6.11%, both for the turnover KPI and for the CapEx KPI

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Climate stress tests

The overall stressed outcome for flood risk assessed as limited

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Sustainable Construction Industry

Collaboration (initiated by SBAB 2018 and launched 2023) between six banks with the aim of countering tax avoidance and criminality in the construction industry

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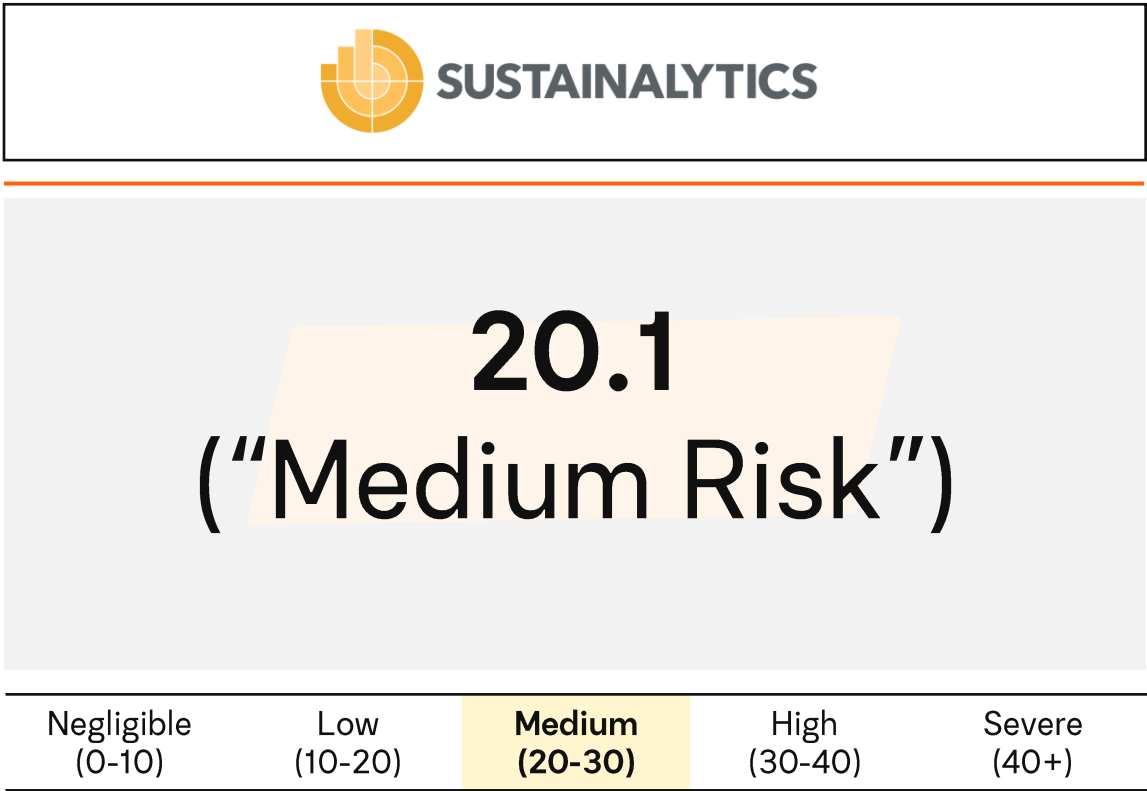
Combating financial crime

Anti Financial Crime unit to protect the bank's customers from crime, such as fraud, and to identify perpetrators of crimes like money laundering

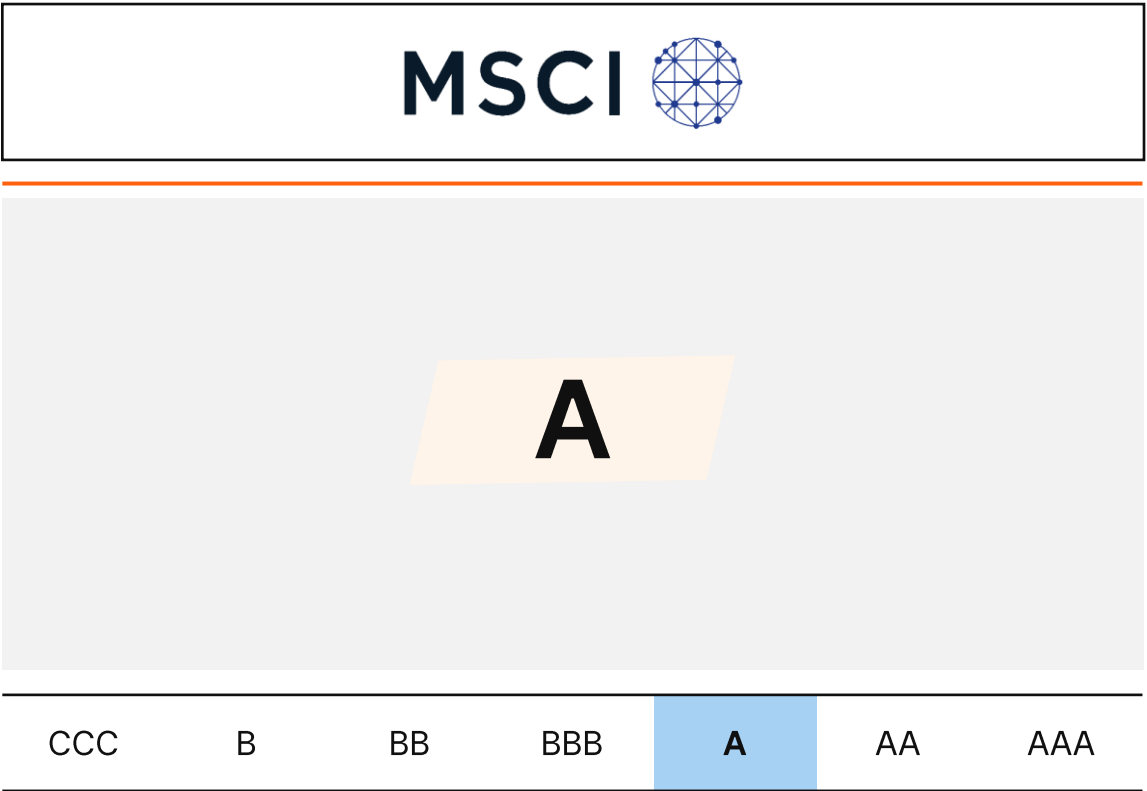
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Sustainability ratings



* Latest update in 2025 (July)



* Latest update in 2025 (April)



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The Swedish economy

Forecast key figures Sweden

	2024	2025	2026	2027
Real GDP, actual	1.0 (1.0)	1.0 (1.4)	2.5 (2.7)	2.4 (2.7)
Household consumption	0.6 (0.3)	1.3 (1.1)	2.7 (3.2)	3.0 (3.5)
Public consumption	1.3 (1.2)	0.6 (1.3)	1.7 (2.1)	1.4 (1.3)
Investments	2.2 (0.2)	1.9 (2.2)	5.0 (5.0)	4.6 (4.7)
Net export, GDP-contribution (pp)	-0.1 (0.4)	-0.2 (0.0)	-0.5 (-0.5)	-0.6 (-0.4)
Employment	-0.5 (-0.5)	0.2 (0.4)	0.7 (0.9)	1.3 (1.0)
Unemployment rate (%)	8.4 (8.4)	8.7 (8.6)	8.4 (8.3)	7.6 (7.9)
Inflation, CPIF growth	1.5 (1.5)	2.9 (2.9)	2.0 (2.0)	2.0 (2.0)
Policy rate, yearly average (%)	3.62 (3.62)	2.08 (2.19)	1.75 (2.00)	1.95 (2.00)
KIX-index, yearly average (-)	125.9 (125.9)	120.0 (120.0)	119.5 (119.5)	119.0 (119.0)

Note: Annual percentage growth unless indicated otherwise. Light orange background indicates SBAB Q3 forecast in September 2025. Figures in brackets are SBAB Q2 forecast in April 2025

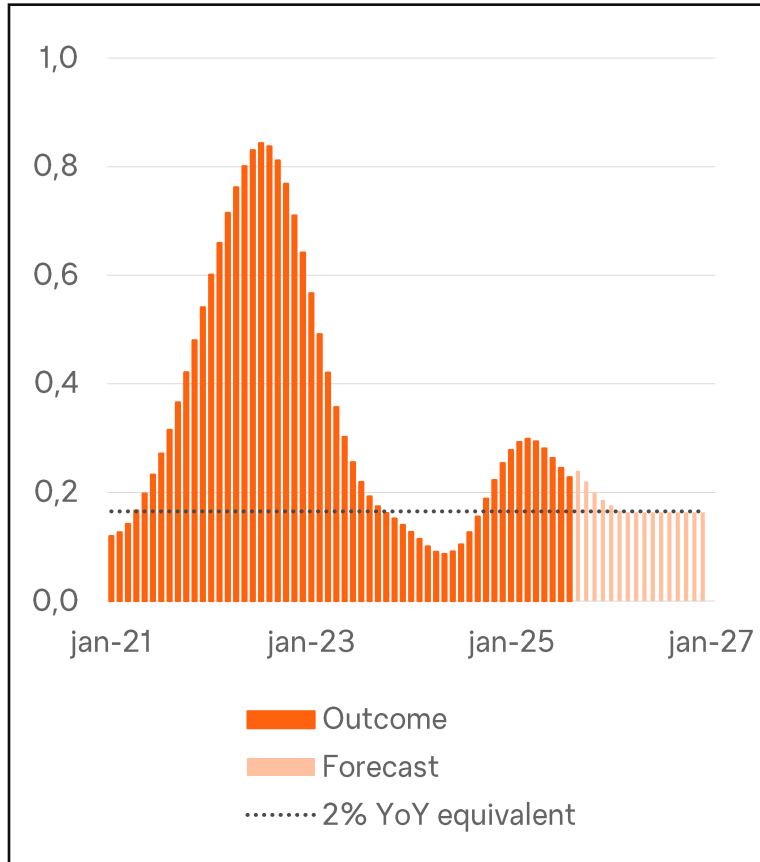
Comments

- The Swedish GDP-growth has been muted so far in 2025. Swedish GDP is expected to grow much faster in 2026 and 2027 as household consumption is expected to pick up
- Inflation has been above the Riksbank's target at 2% the last eight months, which is a turnaround from the previous seven months, when it was below. The current high inflation is considered temporary
- The Riksbank has lowered the policy rate in June to 2.00%. SBAB expects a lowering to 1.75% in September based on the economy being weak, provided that future inflation outcomes are in line with the Riksbank's target
- Some characteristics of the Swedish economy are a growing population, strained housing markets in metropolitan areas & households with large mortgages, but also with high savings. Public finances are sound and central government debt is low

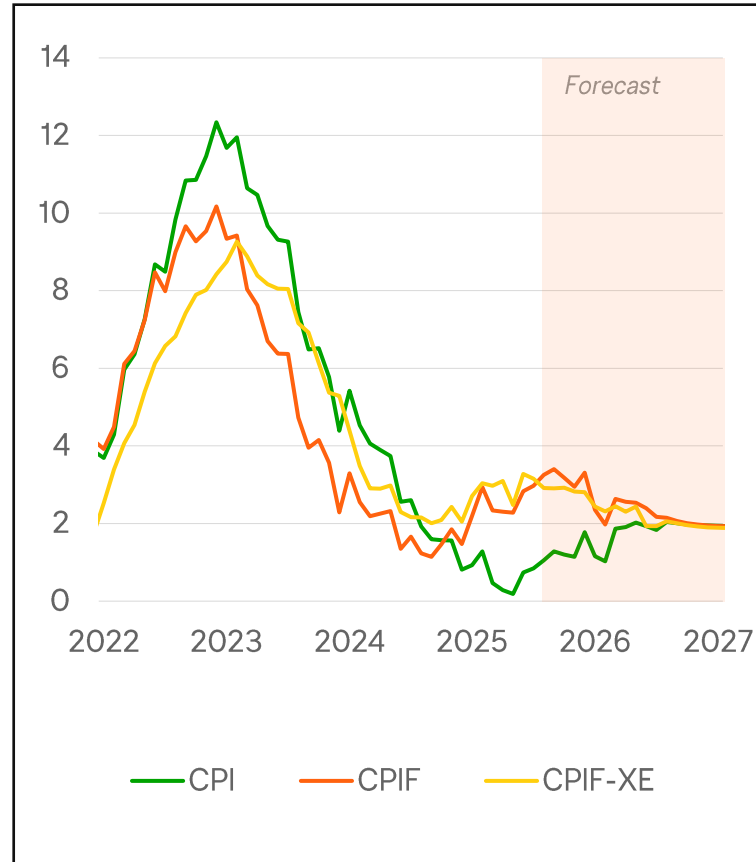


Inflation on the path to 2% per year

Core inflation trend, MoM (%)



Different inflation measures, YoY (%)



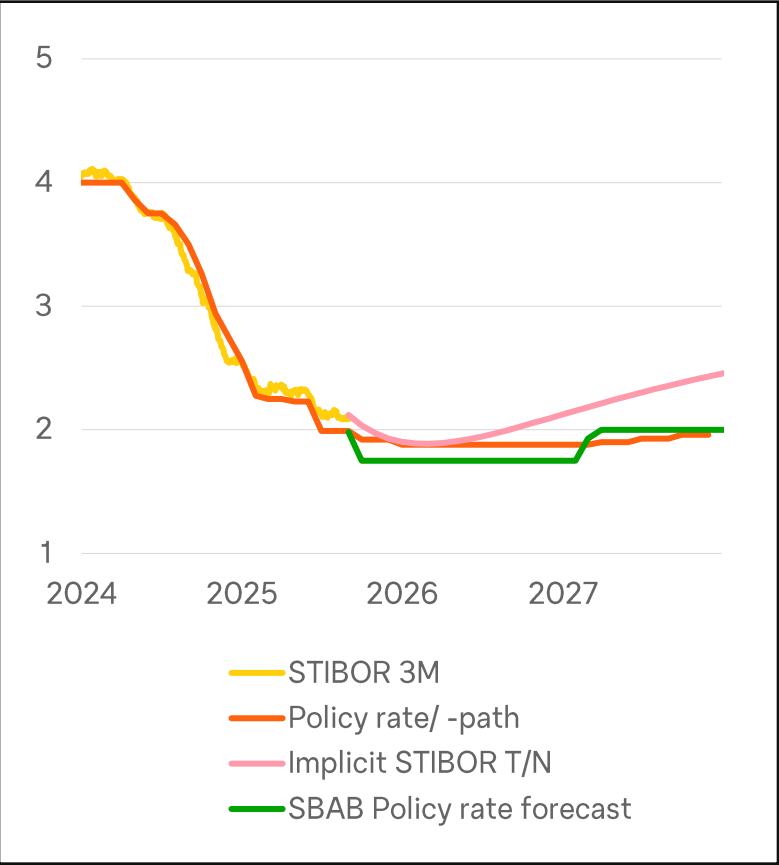
Temporary peak in inflation

- Inflation, measured as 12-month figures for CPIF, has exceeded the Riksbank's target at 2 per cent for the last eight months, and was then significantly higher compared to the seven months before that
- The current high inflation is considered temporary based on several factors
 - World market prices have developed quite normally, and not at all like in 2022
 - Swedish energy prices have been relatively low and stable
 - Wage increases have been moderate
 - Companies' price plans do not indicate future rapid price increases
 - Inflation expectations are well anchored around 2 per cent
 - Trend calculations support a return of inflation to 2 per cent



Interest rate development

Interbank rates and policy rate (%)



Mortgage rates (%)

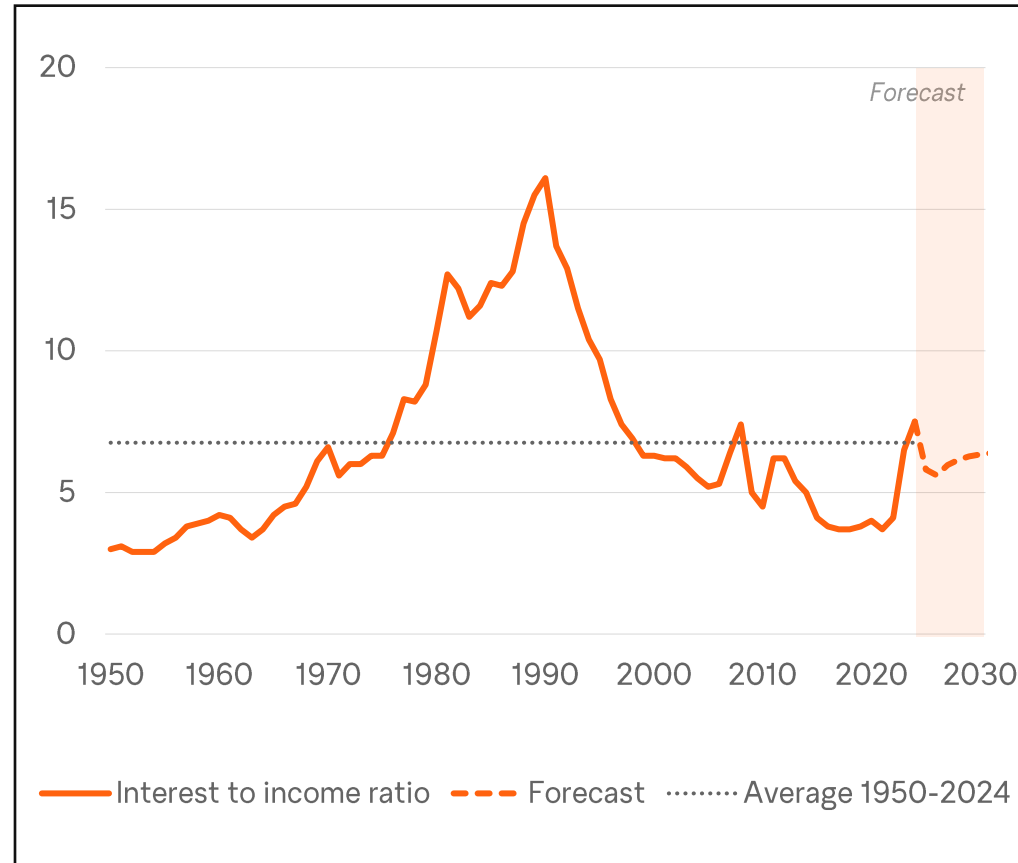
	Length of fixed interest period					
	3 Months	1 Year	2 Years	3 Years	4 Years	5 Years
October 2025	2.7%	2.8%	2.9%	3.0%	3.2%	3.2%
Jan 2026	2.8%	2.9%	3.0%	3.1%	3.3%	3.3%
Jan 2027	2.9%	3.1%	3.4%	3.4%	3.7%	3.7%
Jan 2028	3.3%	3.4%	3.6%	3.7%	3.8%	3.8%
Jan 2029	3.3%	3.4%	3.6%	3.7%	3.8%	3.9%

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



Interest expenditures at a normal level

Gross interest expenditure (% of disposable income)



Interest expenditures at the historically normal level

- There has been a rising debt-to-income ratio over the years, but, due to long-term falling interest rates, a relatively stable interest-to-income ratio
- Despite a steep increase in mortgage interest rates in 2022 and 2023, household interest expenditures was moderate and in line with the historical average in both 2023 and 2024
- Interest expenditures in relation to disposable income stood at 6.5% in 2023, which is slightly below the historical average of 6.7%, and increased to 7.5% in 2024
- The interest-to-income ratio is expected to fall down in 2025 to around 5.8% before tax deductions (about 4.1% after tax deductions)
- Factors to consider regarding the interest expenses ratio:
 - Interest expenses are, compared to early years, distributed amongst more households
 - Interest expenses as a share of income differs between younger and older homeowners, and between households in metropolitan areas and sparsely populated areas



Still difficult to sell homes

SBAB Booli Housing market temperature, August (standard score)



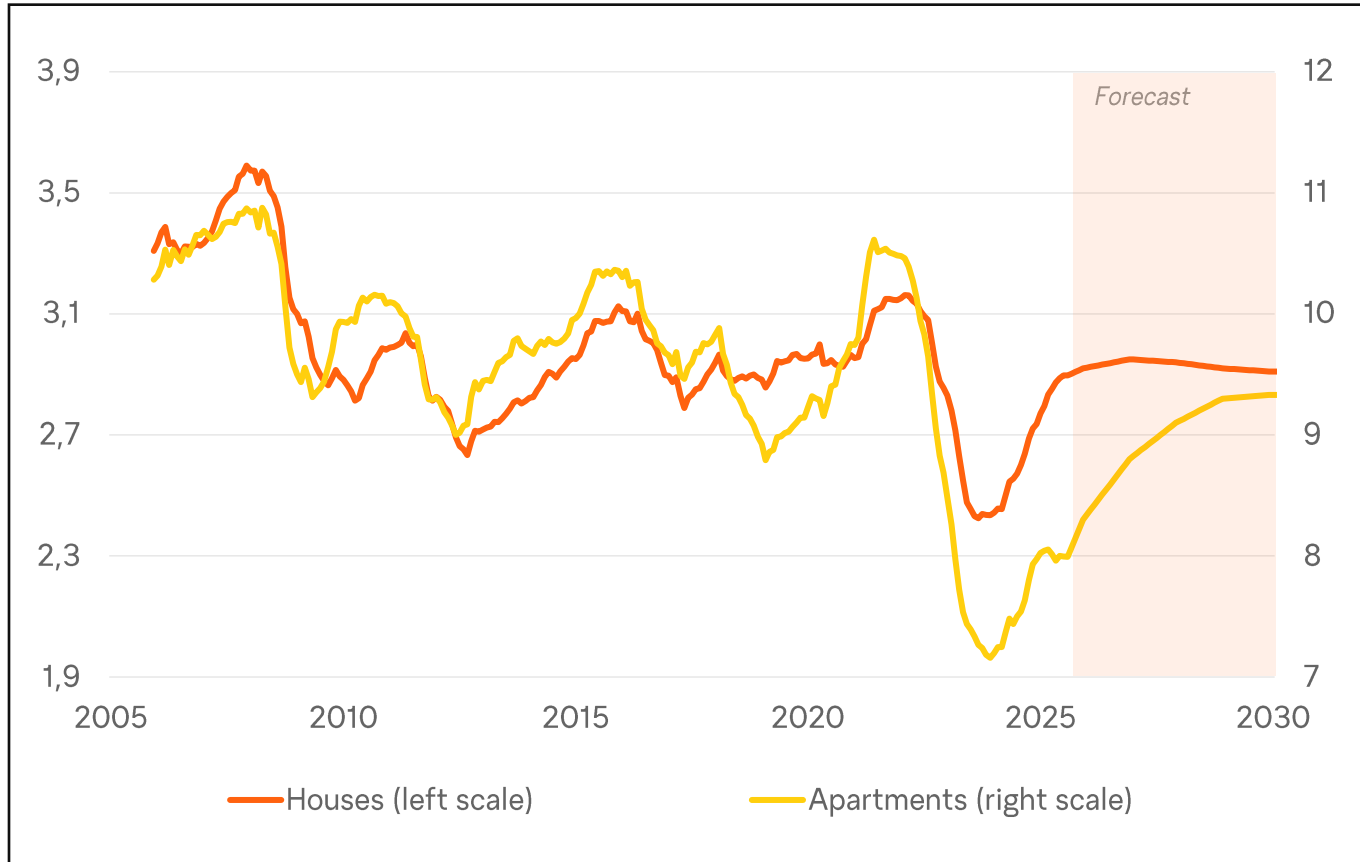
Pause in improvement in the housing market

- Starting in fall of 2022, the conditions for selling homes changed dramatically following rising mortgage rates and increased living costs
- In 2023, up to including August, the situation improved steadily for houses and apartments
- As of fall 2023, the situation has improved in terms of trends for houses, although there has been some fluctuation. In contrast, the situation for apartments has weakened and the fluctuations have been larger.
- The situation is generally better for apartments in central locations compared to those in outer areas
- The conditions are measured as standardized scores for six variables: housing supply, number of days at Booli, number of republished homes, proportion reduced-price homes, number of bidders, and average bid premium



Dampened housing turnover in recessions

Housing turnover rate (share per twelve months of each stock (%))



Prolonged low turnover rate for apartments

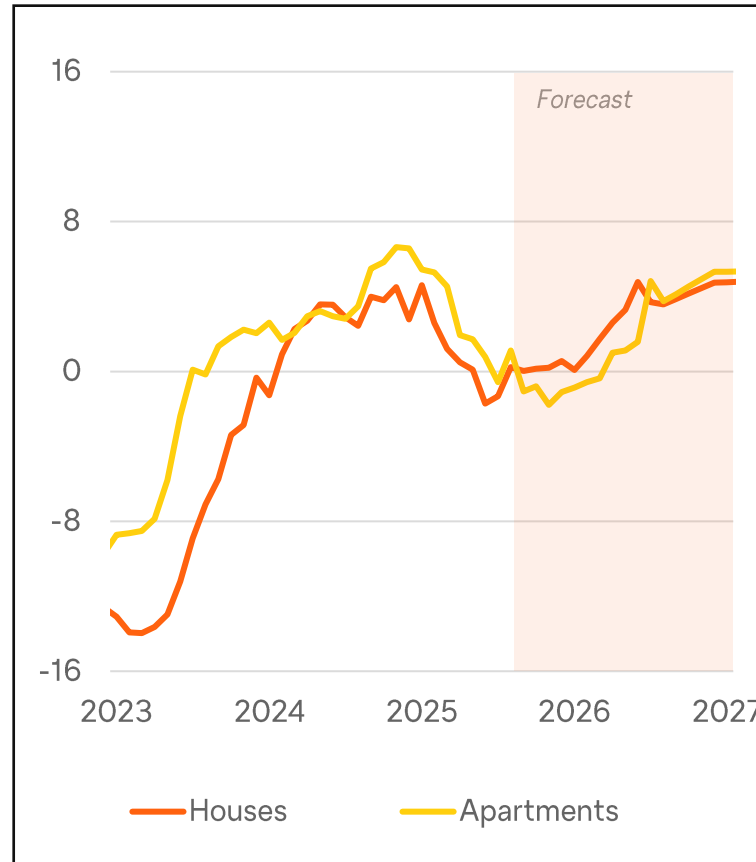
- Housing turnover increased steadily in 2024 after the record steep decline in 2022 and 2023, but has stalled in 2025, especially for apartments
- The average turnover rate in 2024 was 2.7% for houses and 8.0% for apartments, which is below the estimated long-term/normal levels at about 2.9% per year for houses and 9.2% per year for apartments
- In August 2025, the seasonally adjusted trend turnover rate was 2.8% per year for houses and 7.9% per year for apartments. Thus, no real improvement
- The housing turnover for apartments is expected to recover further in 2026 and to reach normal levels in 2027
- There is a clear historical pattern with high turnover during booms and low turnover during recessions



Housing prices will drop a little, then rise

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

	Index Aug-25	Change since		
		1M	3M	12M
Sweden (HPI)	1.88	+1.8%	-0.4%	+0.6%
Flats	1.91	+3.0%	-1.1%	+1.1%
Stockholm	1.78	+4.1%	-1.5%	+1.6%
Gothenburg	1.85	+4.3%	+0.2%	+0.7%
Malmö	2.07	-1.1%	-1.2%	+2.7%
Houses	1.86	+1.3%	-0.1%	+0.2%
Stockholm	1.75	+3.0%	-1.6%	-0.4%
Gothenburg	1.81	+2.6%	+0.3%	+3.5%
Malmö	1.92	+1.1%	+0.8%	+2.0%



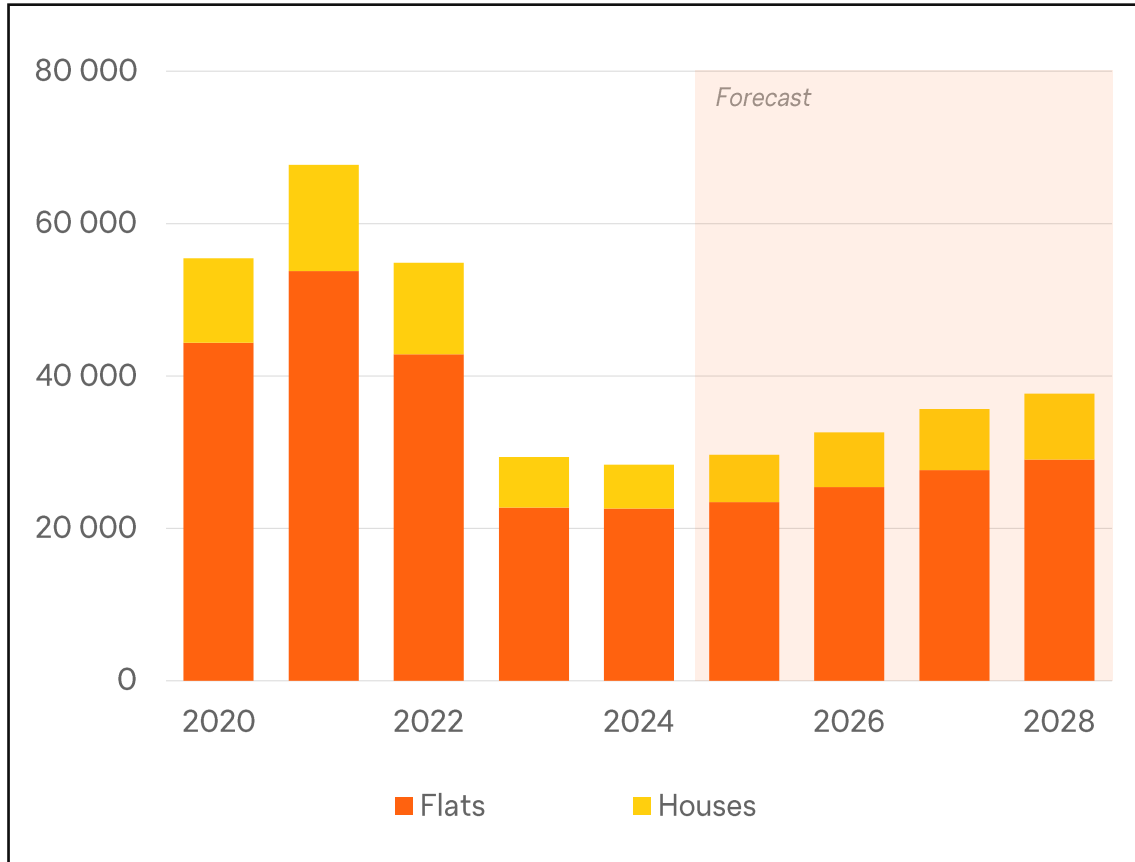
Slowly rising housing prices

- Housing prices have increased by an average of 4.5% over the past ten years, including 2024
 - History indicates that peak years with housing prices rising more than 15%, and bottom years with falls below -5% are common
 - The recent bottom has been somewhat deeper than normal
- SBAB's preliminary forecast is that housing prices will increase by roughly 1% in 2025, by around 5% in both 2026 and 2027, and in the long-term by 3-4% per year
 - 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



Reduced new housing construction rate

Housing construction (number of homes)



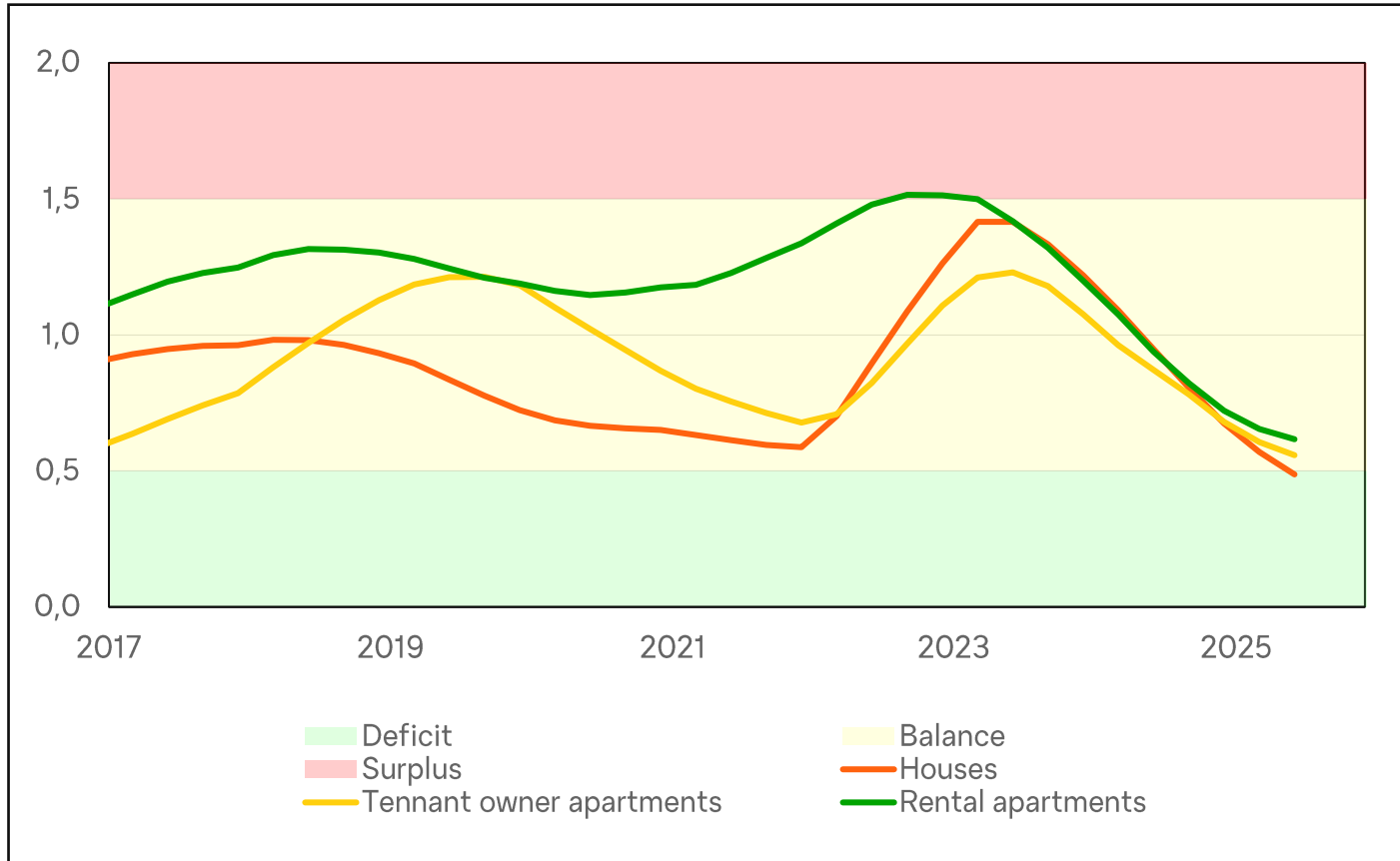
Rapid deceleration to a lower normal level

- Housing construction has declined rapidly, from about 68,000 housing starts in 2021 to about 28,000 housing starts in 2024
- Housing construction is expected to increase marginally this year to about 30,000 housing starts, and then continue to rise slowly to around 35,000 starts per year within a few years
 - The situation for housing construction is expected to improve with lower interest rates and stronger demand from households
- There is currently a housing deficit in Sweden. The purchasing power-based housing shortage is estimated to be below 25,000 homes at the end of 2025
- The need for housing increases by around 25,000–30,000 homes per year as a result of population growth



Trends towards potential deficit

SBAB Booli Housing Market Index (HMI) 2025 Q2 (index)



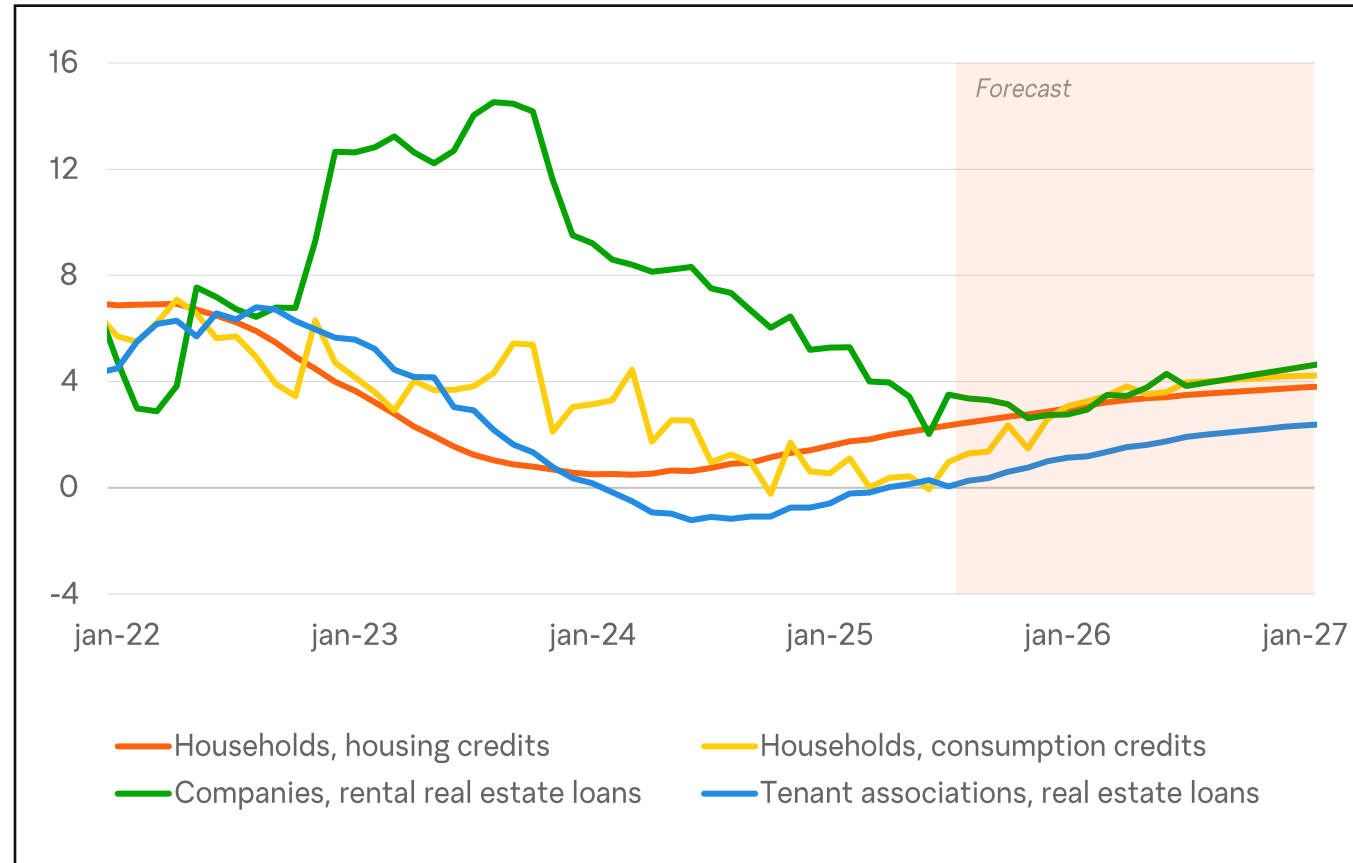
Trends moving away from balance

- There is currently an overall balance in the market for newly produced apartments in Sweden as a whole, but a potential deficit for new houses
- Rising interest rates in 2022 dampened the potential demand for housing and resulted in a rapid trend towards a surplus of newly produced homes, which was met by a falling construction rate in 2023 and 2024, which caused the overall trend to turn around towards a deficit
- The current trends toward deficit in new housing should be seen in the light of the fact that it is about potential demand, and that actual demand is likely to be slightly lower because households tend to wait with actual purchasing decisions
- There are local differences with both surpluses and deficits



Credit growth development

Credit growth, YoY growth rates (%)



A steady recovery in credit growth to households

- The growth rate of household mortgages has averaged over the past ten year to over 5% per year
- According to SBAB's forecast, the growth rate of household housing credits is expected to continue to rise during 2025, approaching 3% per year at the end of the year, and then continue to increase to 4% per year in early 2027
 - The forecast considers e.g. the developments of household income, mortgage rates, housing prices and turnover
- Credit growth for non-financial companies' real estate loans slowed in 2024 and has continued to decline so far in 2025; for the full year 2025, growth rate is tentatively expected to decrease to slightly below 3%
- Credit growth for tenant-owners' associations was negative in august 2024 at -1.2%, has since turn around and is tentatively expected to be close to 1% in 2025



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Appendix



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



Frequent update of macro scenarios in impairment model

(x) = Q1 2025

Comments

Factors	Scenario 1 (40%)			Scenario 2 (10%)			Scenario 3 (25%)			Scenario 4 (25%)		
	2026	2027	2028	2026	2027	2028	2026	2027	2028	2026	2027	2028
GDP ¹⁾ , Δ	+2.5%	+2.4%	+1.9%	+3.8%	+3.9%	+2.5%	-4.5%	+4.6%	+2.8%	-2.7%	-1.0%	+1.4%
Repo rate	1.9%	2.2%	2.2%	1.8%	2.3%	2.4%	2.2%	2.6%	2.5%	2.8%	3.3%	3.2%
Unemployment	8.4%	7.7%	7.2%	8.0%	6.7%	6.0%	10.4%	10.7%	9.4%	9.2%	9.9%	10.0%
House prices, Δ	+5.3%	+5.2%	+2.8%	+4.6%	+5.6%	+3.0%	-6.1%	-0.0%	+0.6%	-11.4%	-12.4%	-1.1%
Prices of tenant-owners' rights, Δ	+5.9%	+5.6%	+3.3%	+4.1%	+5.5%	+3.5%	-8.3%	-1.1%	+0.4%	-13.5%	-13.0%	-1.6%
Property prices, Δ	+1.2%	+4.0%	+4.5%	+0.5%	+3.2%	+4.1%	-6.4%	-2.5%	-2.2%	-8.0%	-8.2%	-11.2%
ECL	SEK 143 million (151)			SEK 138 million (145)			SEK 248 million (302)			SEK 419 million (454)		
Weighted ECL ²⁾	SEK 238 million (264)											

- The bank conducts stress tests on its loans, considering severe scenarios like high interest rates, high unemployment, and sharp property price drops. It requires significant stress (i.e. a combination of several deteriorating factors in impairment model) to see any dramatic effects in ECL
- At Q3 2025, total weighted ECL stood at SEK 238 mn, compared with SEK 264 mn in Q2 2025

1) Not included in the ECL calculation

2) Of which, SEK 236 million was attributable to lending to the public and SEK 2 million to off-balance-sheet items linked to loan commitments and building credits



Overview of mortgage lending

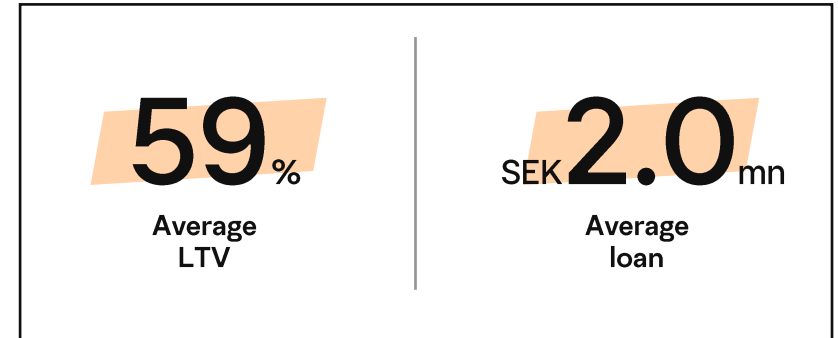
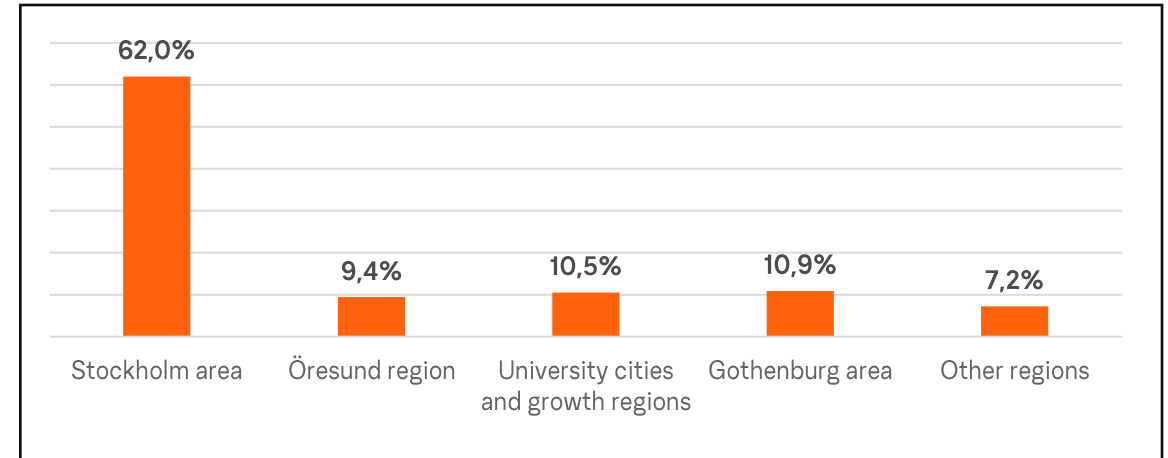
Regulatory requirements:

- 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 frequently to factor in changes in general living- and housing expenses
- Credits granted to at most a DTI of 5.5x (irrespective of LTV)
- At Q3 2025, the average LTV ratio in the mortgage portfolio amounted to 59%. At the same date, the average residential mortgage loan amounted to SEK 2.0 million. LTV and DTI for new lending during Q3 2025 was 70% and 3.5x respectively

Geographical distribution of lending (%)



Mortgage pricing

Risk-based and transparent pricing model

- Our mortgage rates are based on the current list interest rates for the respective fixed interest period, which are published on sbab.se. The customer's specific interest rate is presented as a deviation from the list rate. The deviation is based on the LTV ratio, i.e. the proportion of the mortgage in relation to the market value of the home, the home's energy class and the size of the mortgage
- Lower risk = better price
- No negotiation & no time-limited discounts
- Focus on transparent pricing with low differences between list rates and actual mortgage rates

List rate

—

Discount

(LTV)

(Size of loan)

(Energy class)

=

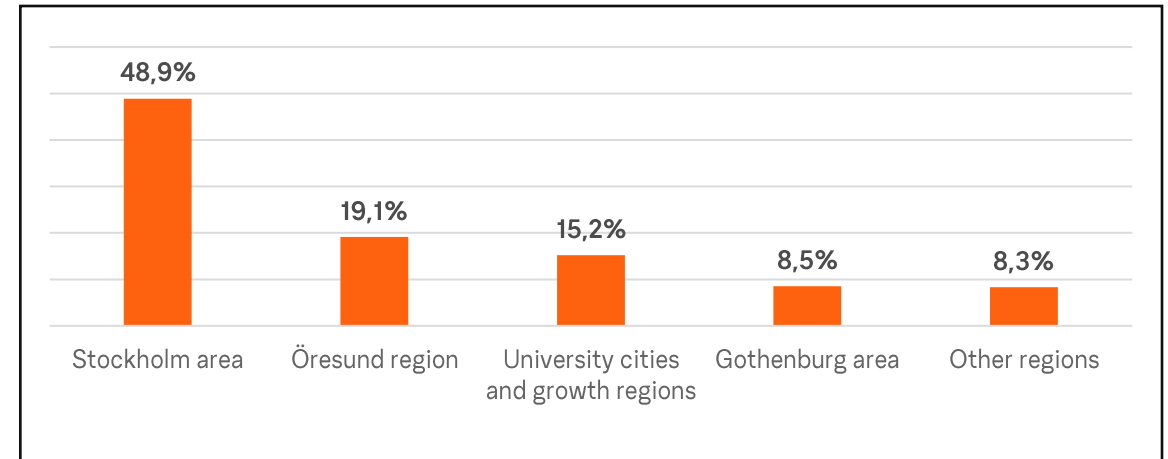
Actual rate



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 sheets
- Internal limits for construction loans (Sw "kreditiv") vs. total lending and commercial lending vs. total lending
- Strong volume growth but no significantly increased asset risk in line with long-term strategy of growing with selected reputable and financially strong customers
- 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 of lending (%)



60%
Average
LTV
(Corporate)

32%
Average
LTV
(ToA)

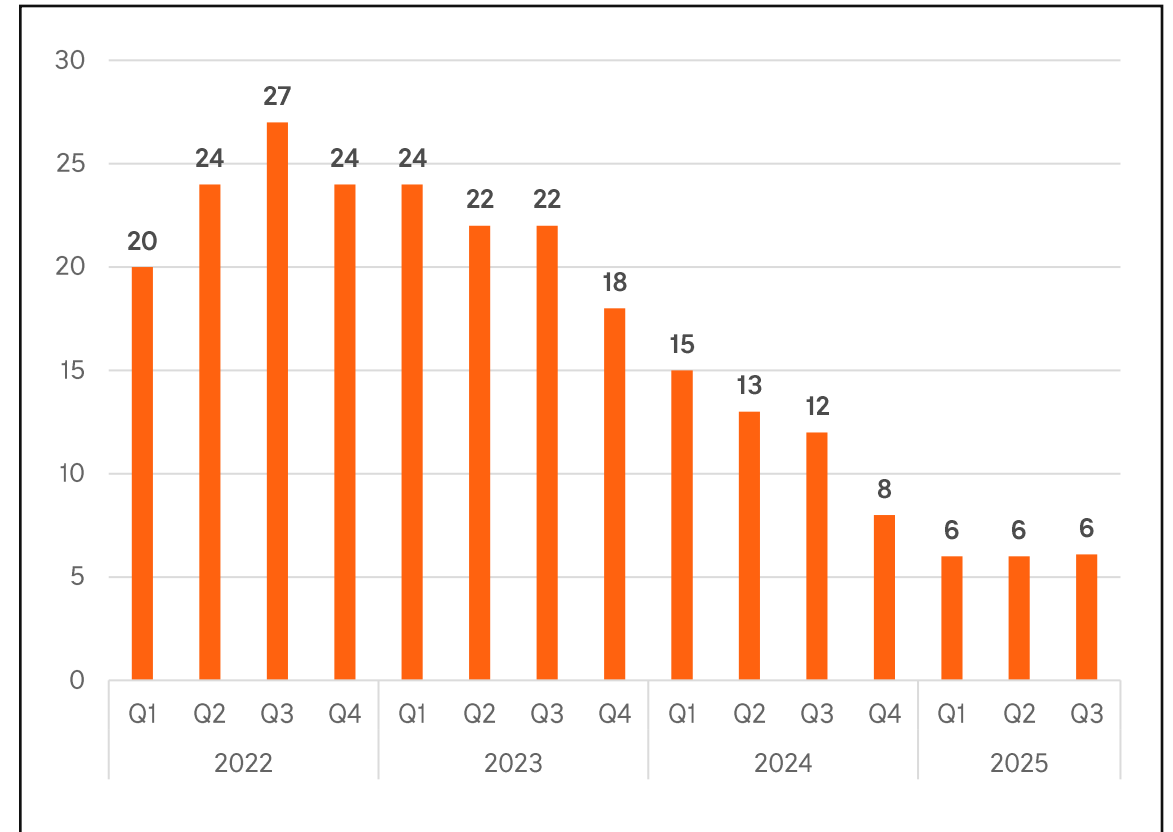


Construction loans

Comments

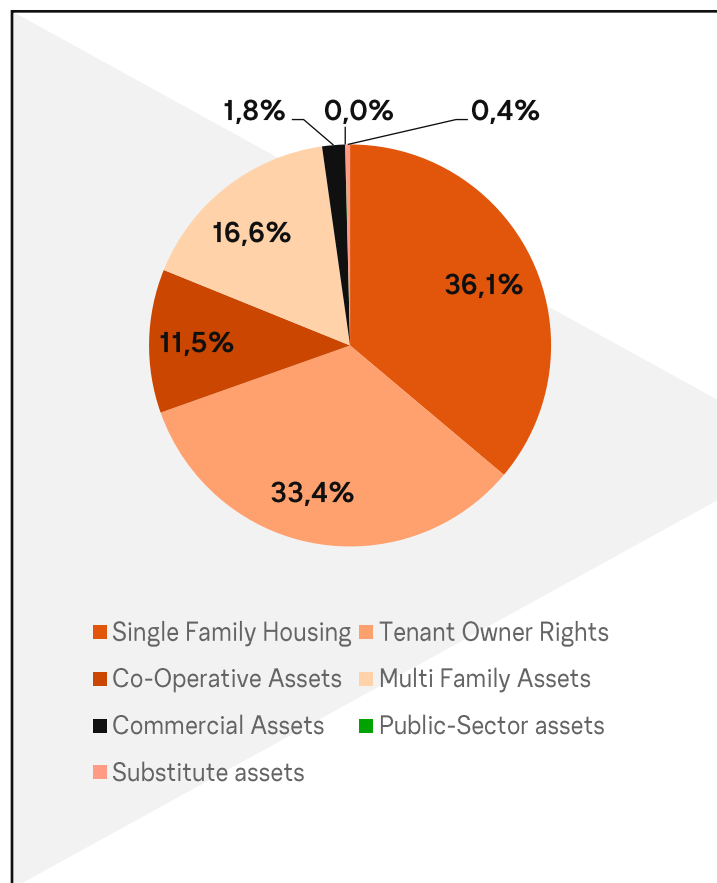
- Rapid fall in new construction (i.e. existing projects being finalised but low inflow of new projects)
- Approved outstanding construction loans totalling SEK 6.1 billion (of which 3.7 disbursed)
- Focus on major residential developers and existing relationships with solid track records
- Most of the construction loans are to companies with diversified revenue streams (i.e not only from real estate development, but from rental apartments, infrastructure projects and real estate management)
- Prudent acceptance levels for smaller residential developers, e.g., higher levels of equity, number of sales agreements
- Analysis of the construction loan portfolio carried out on an ongoing basis

Development of construction loan portfolio (SEK bn)

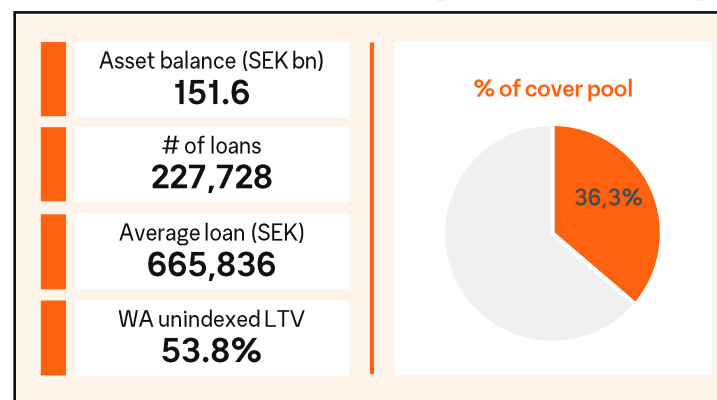


Cover Pool composition

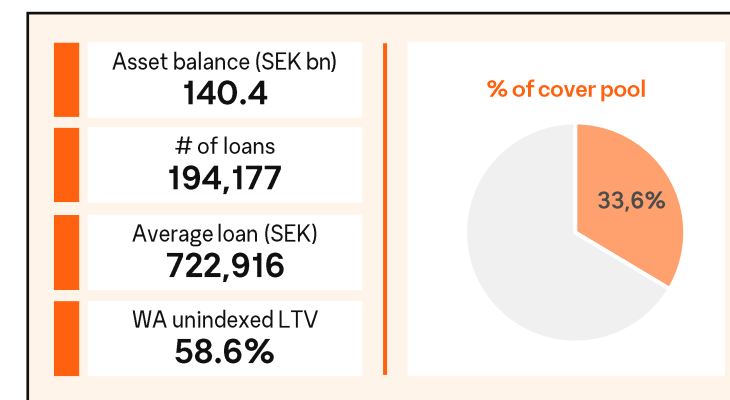
Asset types in cover pool



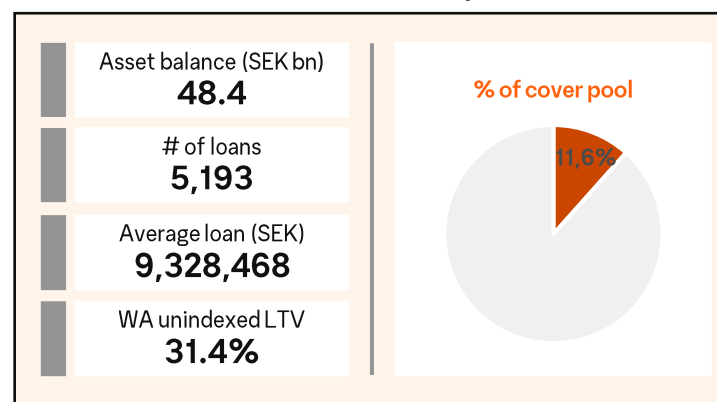
Cover Pool Information - Single Family Housing



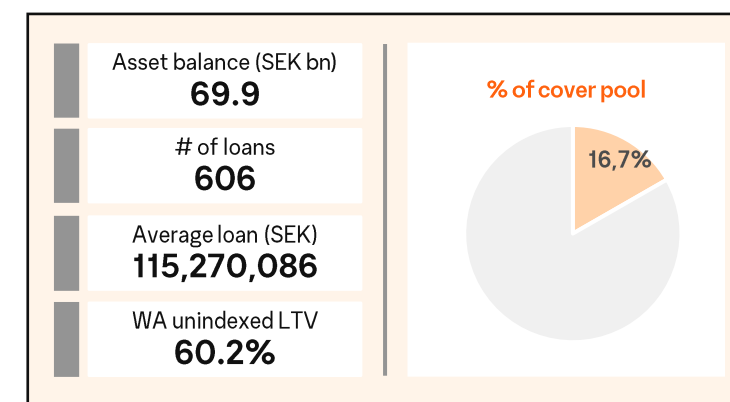
Cover Pool Information - Tenant Owner Rights



Cover Pool Information - Co-Operative Assets



Cover Pool Information - Multi Family Assets



Percentage of loan portfolio in the cover pool (not including substitute assets and public-sector assets)

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	+2
	GRE Support	0
	Group Support	0
	Sovereign Support	0
	Total notching	+2
Rating	Rating	A+
	Outlook	STABLE



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