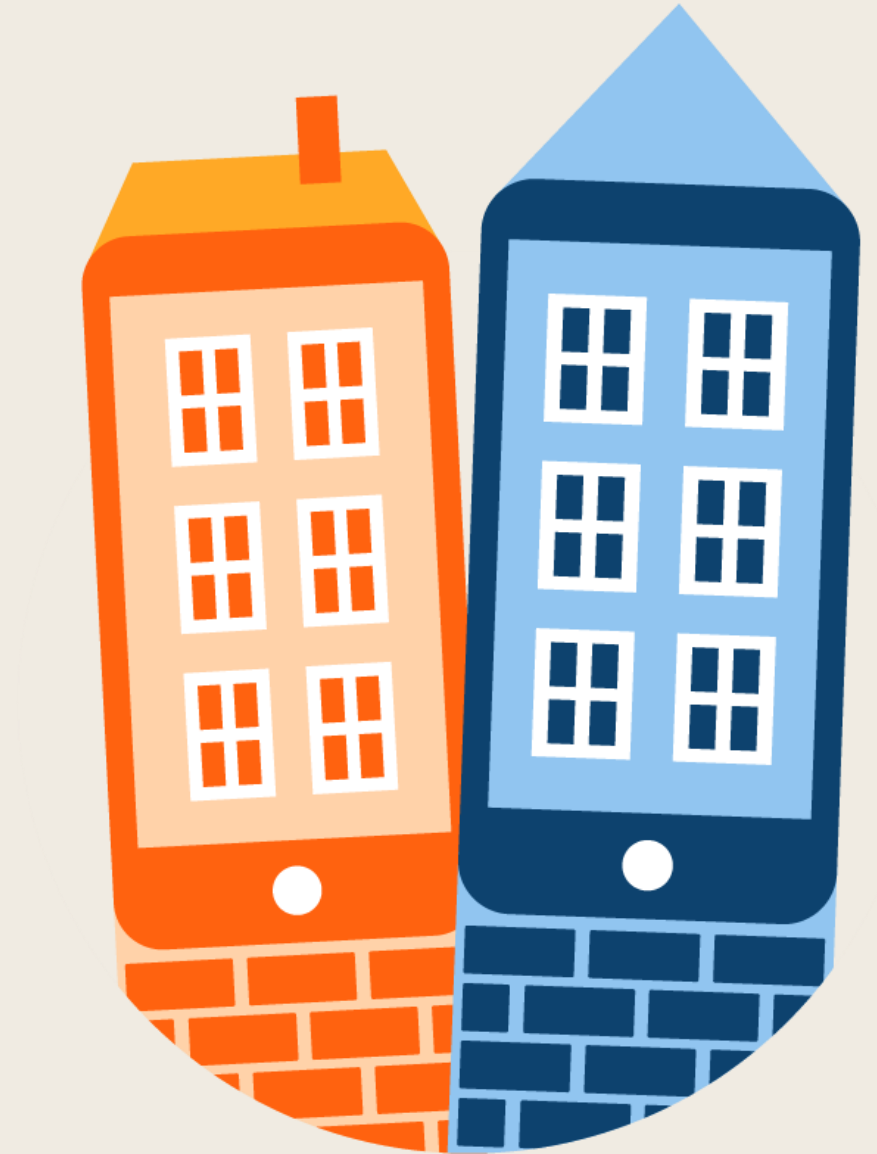


# SBAB!

## Investor presentation

*SBAB Bank AB (publ)*

*Q1 2023*



# Executive summary



- 100% owned by the Kingdom of Sweden
- Swedish mortgage portfolio, predominantly residential mortgages (5<sup>th</sup> largest mortgage player in Sweden)
- Financial targets from owner covering profitability, capitalisation & dividend
- Total long-term funding for 2023 expected to be approximately SEK 60-70 bn

Total lending (SEK bn)

513

Total deposits (SEK bn)

189

**SBAB!**

**booli!**

En tjänst från SBAB

**hittamäklare!**

En tjänst från SBAB

**boappa!**

En tjänst från SBAB

**13.3%**

Return on equity  
Q1 2023

**12.4%**

CET1 capital ratio  
Q1 2023

**-0.03%**

Credit loss level  
Q1 2023

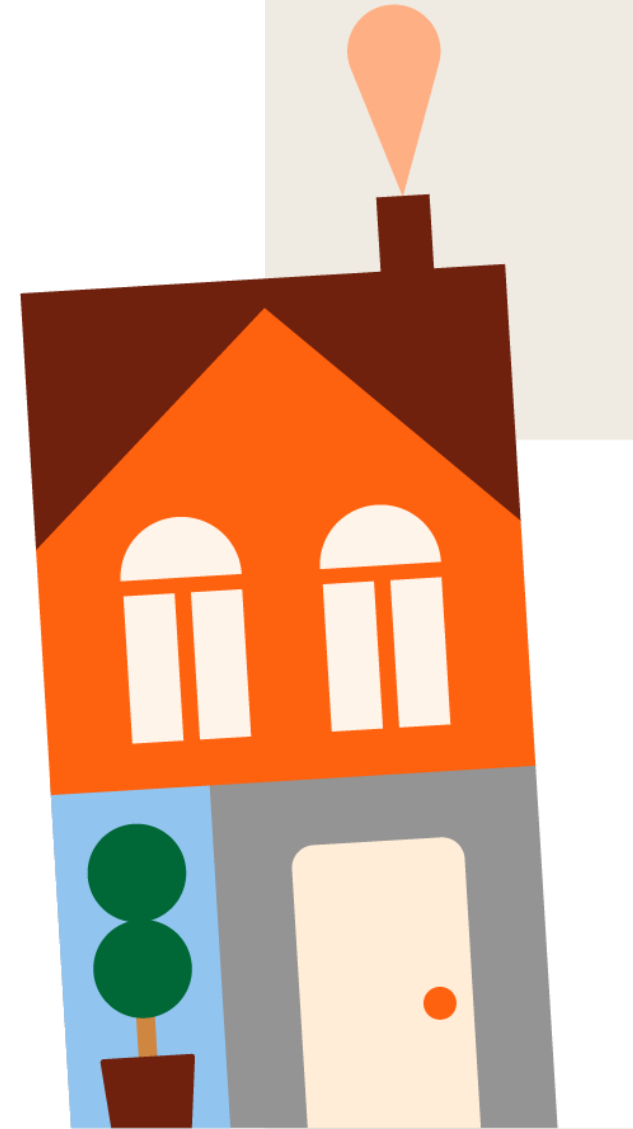
**27.7%**

C/I ratio  
Q1 2023



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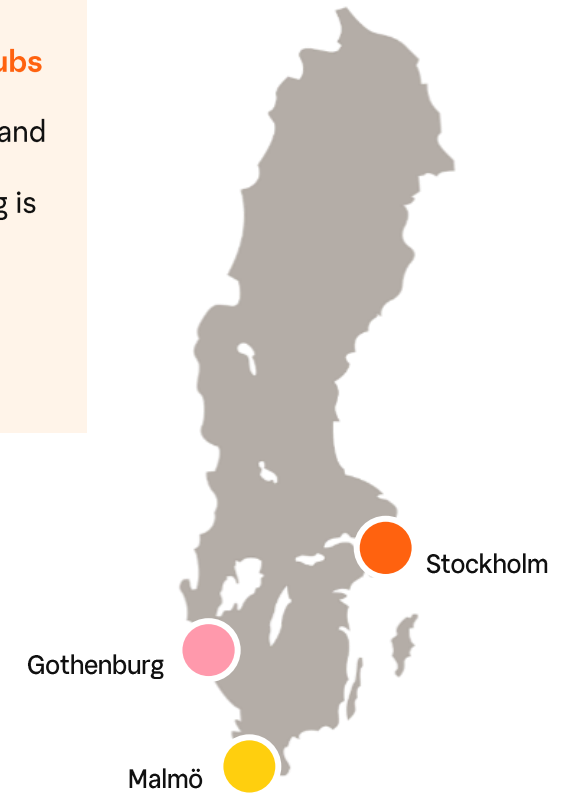
1	Business update
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# Business overview

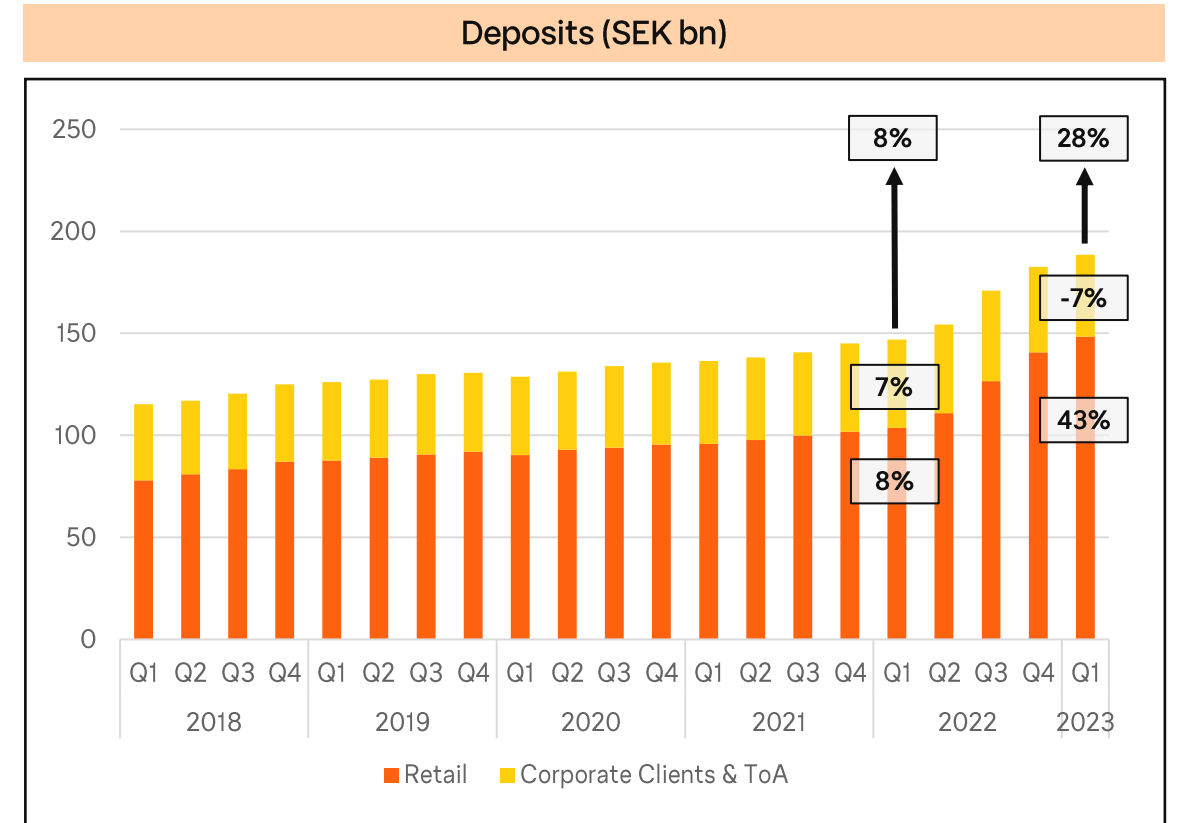
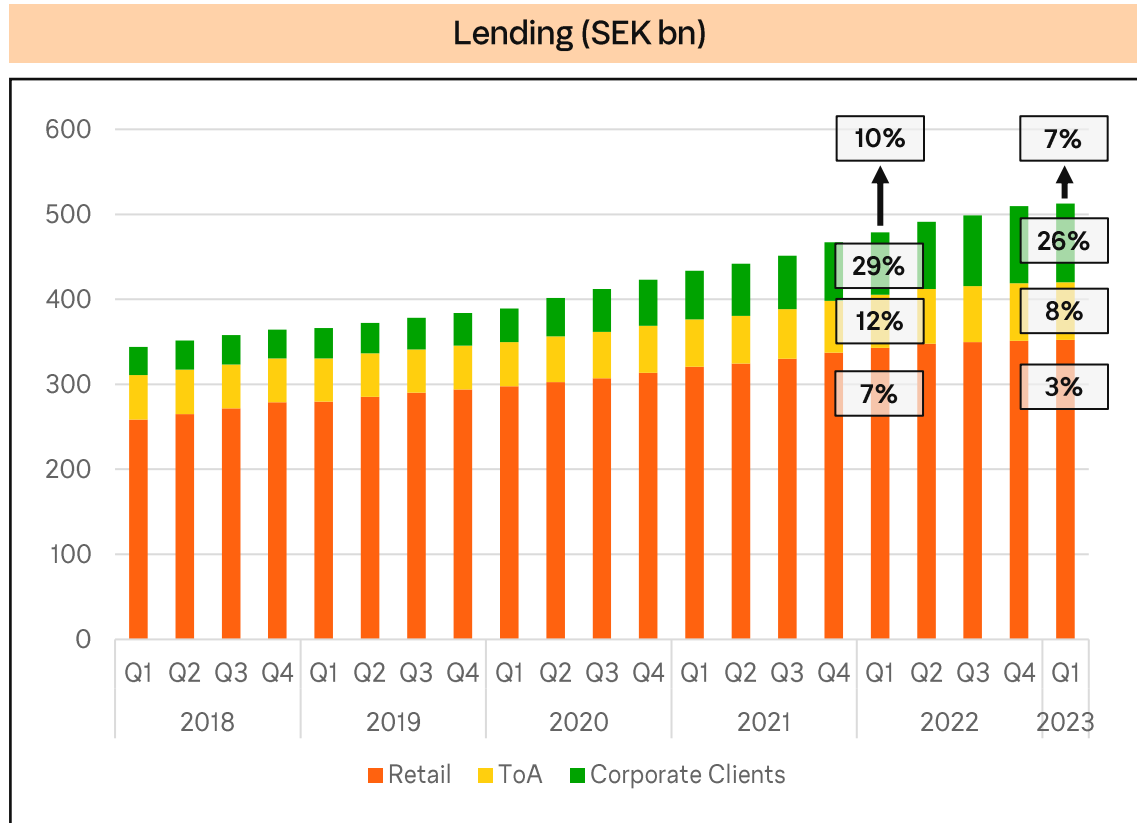
- Founded in 1985 & 100% owned by the Kingdom of Sweden
- Mortgage bank with vast majority collateralized lending (total lending of SEK 512.5 billion)
- Straightforward business model (mortgage lending & savings) & customer operations only in Sweden
- 864 employees in five offices
- Two business areas;
  - 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).



# Lending & deposits development

X% = YoY growth



Lending (SEK bn)  
**512.5**

Retail (SEK bn)  
**352.2**

ToA (SEK bn)  
**67.8**

Corp. (SEK bn)  
**92.5**

Deposits (SEK bn)  
**188.5**

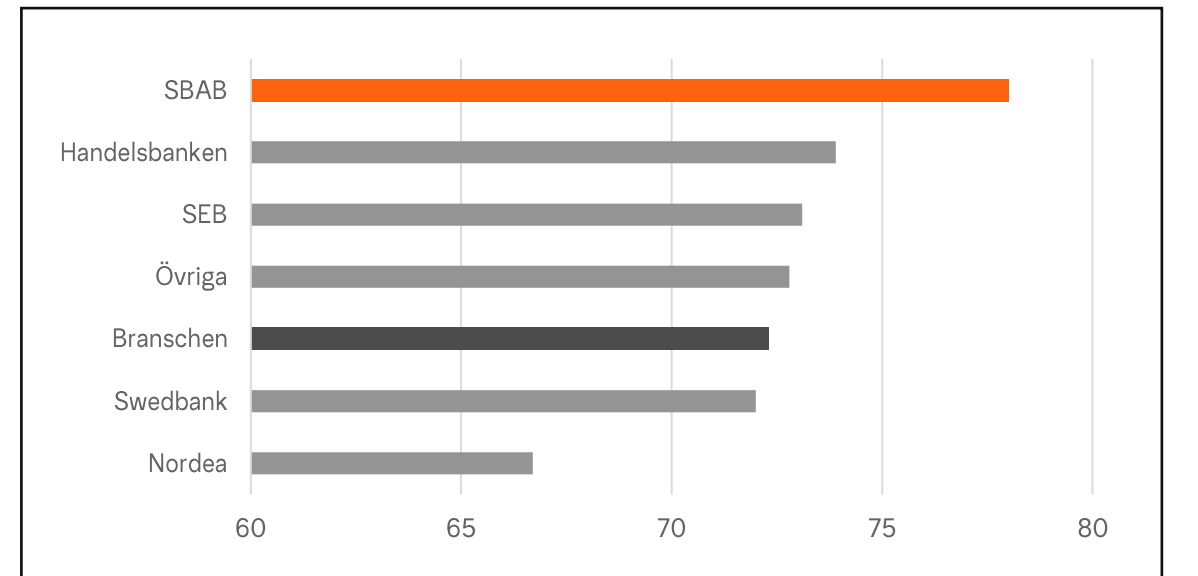
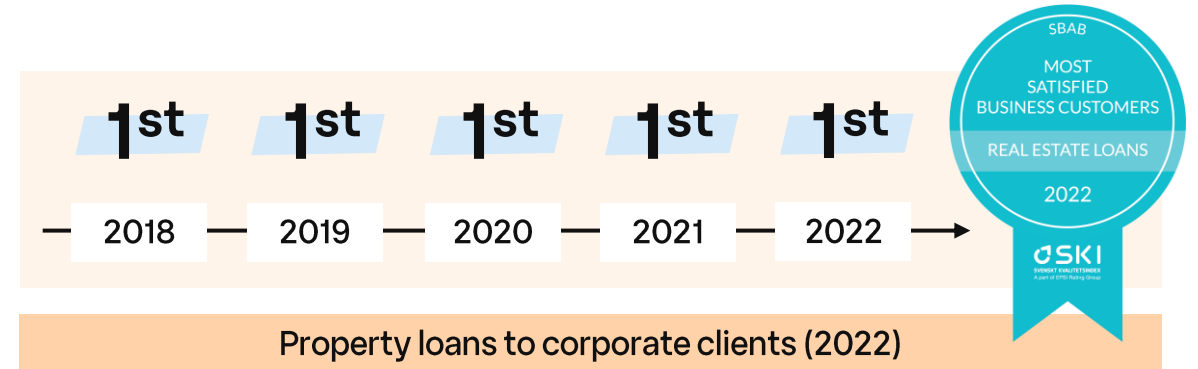
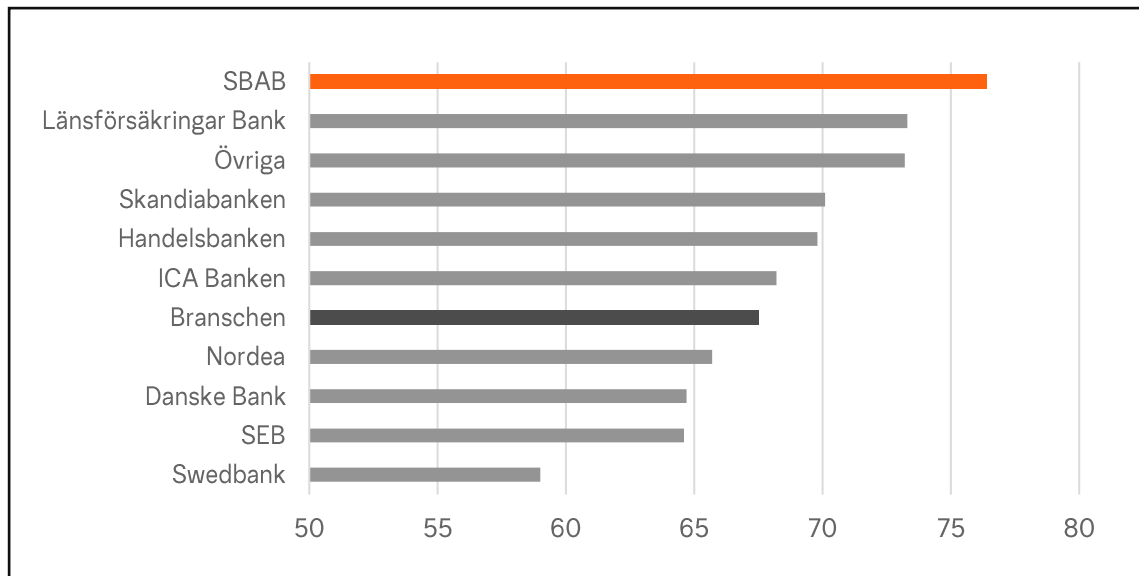
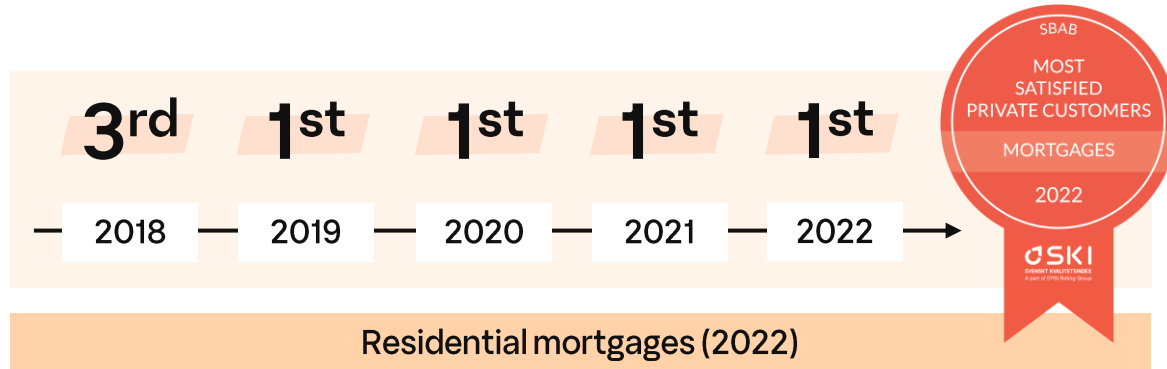
Retail (SEK bn)  
**148.3**

ToA & Corp. (SEK bn)  
**40.2**

Deposits/lending  
**37%**



# Most satisfied customers in Sweden



# 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.



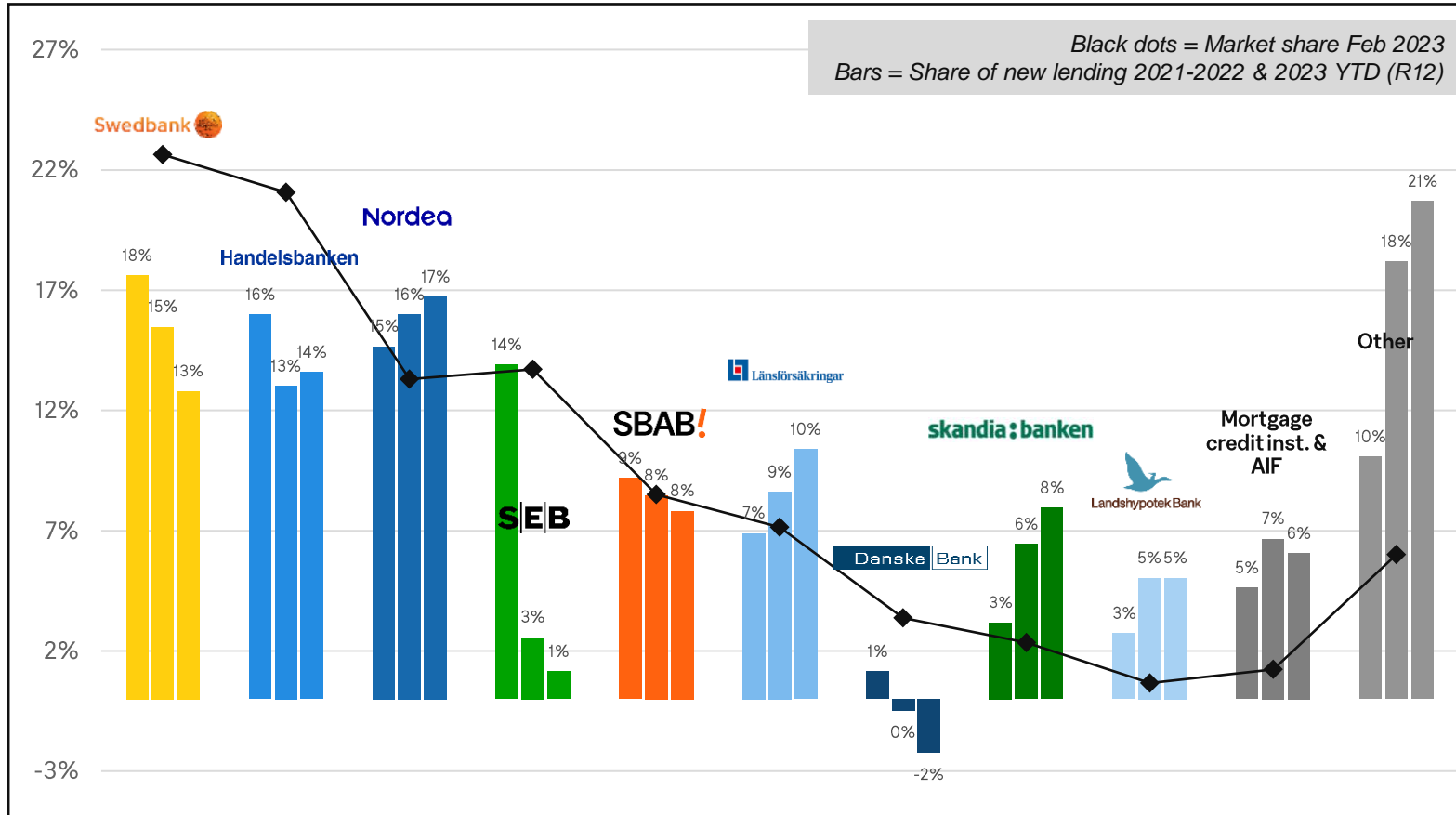
## Consideration

Housing specialists who care.

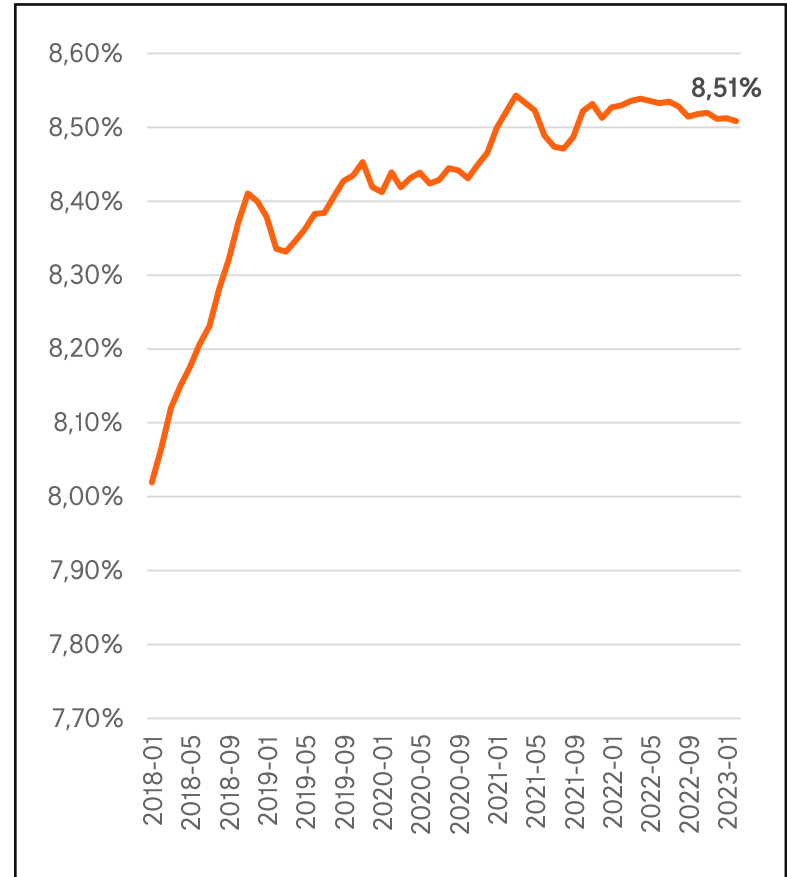


# Mortgage market dynamics (1/2)

Shares of net growth in the Swedish residential mortgage market FY2021–2022 & 2023 YTD (R12)

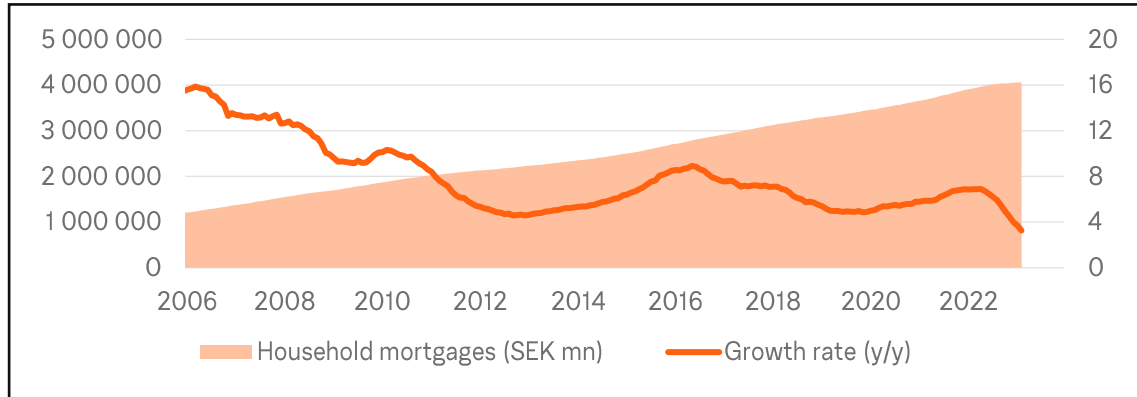


SBAB market share, mortgages (Feb 2023)

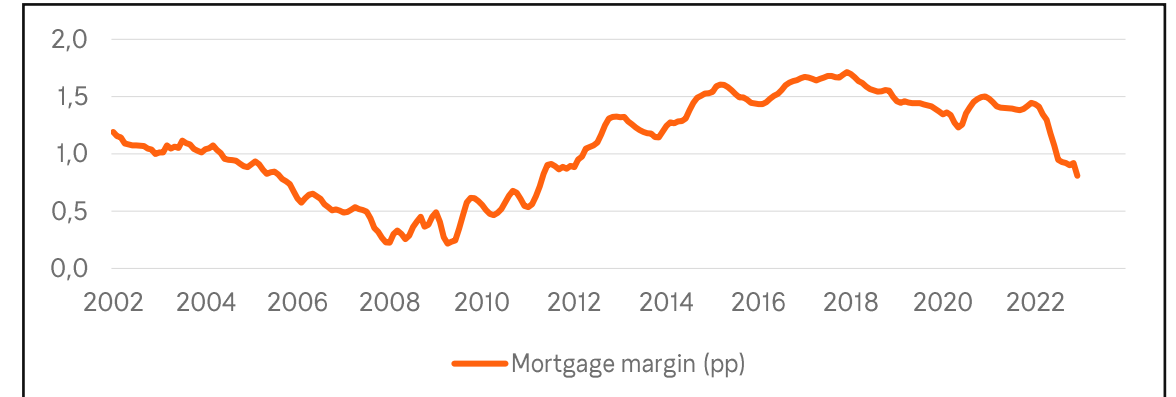


# Mortgage market dynamics (2/2)

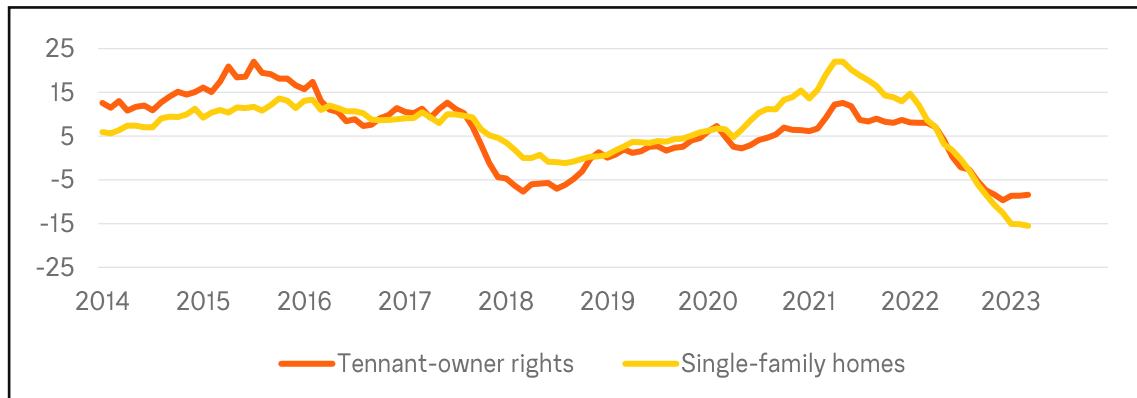
## Swedish household lending



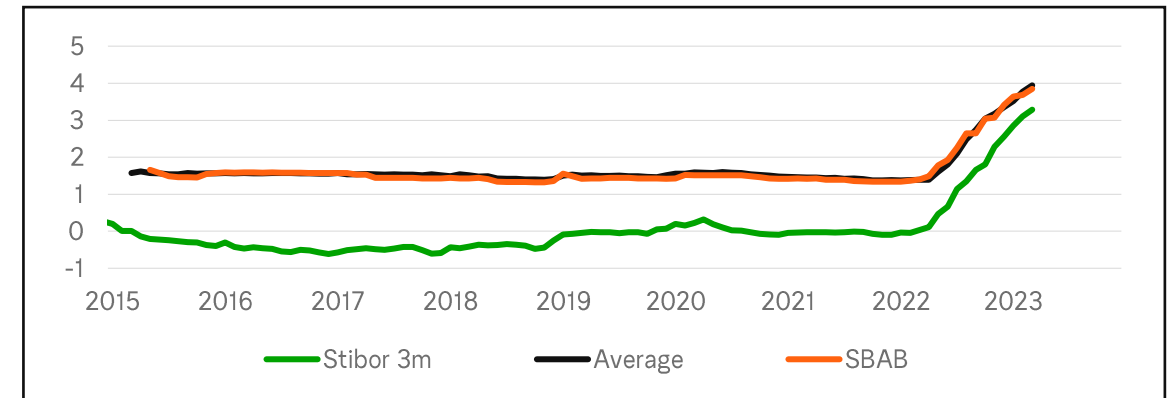
## Gross margins on Swedish household mortgages (S-FSA)



## Swedish housing price growth rate (y/y)



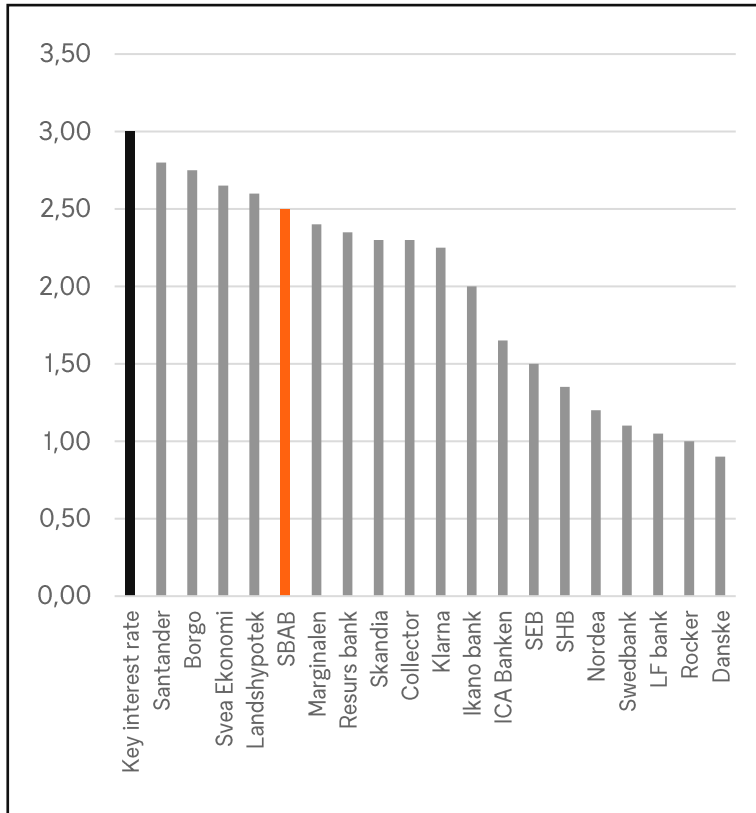
## Development of actual 3M mortgage rate



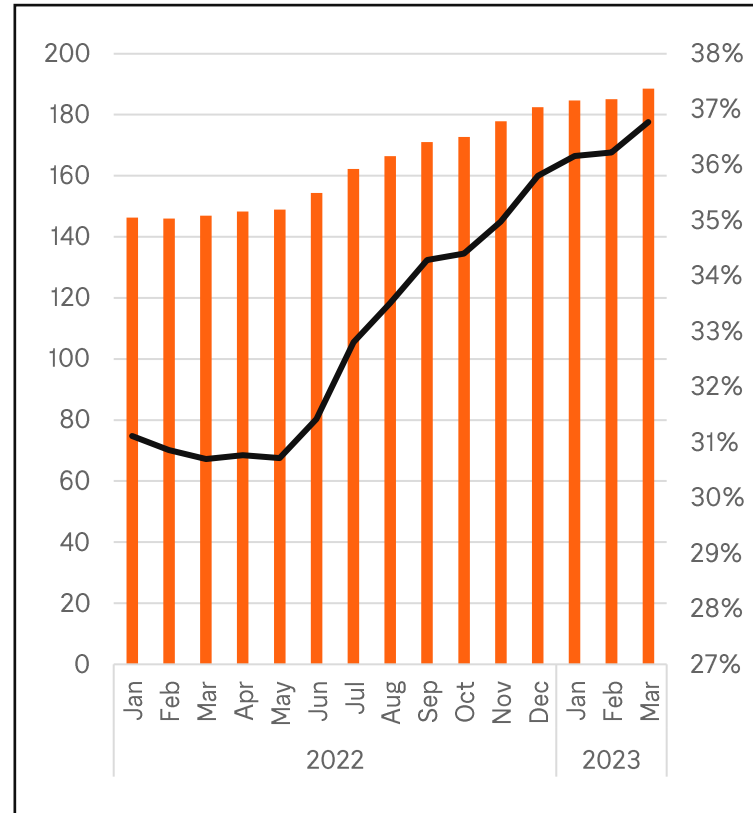
# SBAB's savings offering

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

Retail pricing



Deposit volume (SEK mn) (LHS) & DTLR (RHS)



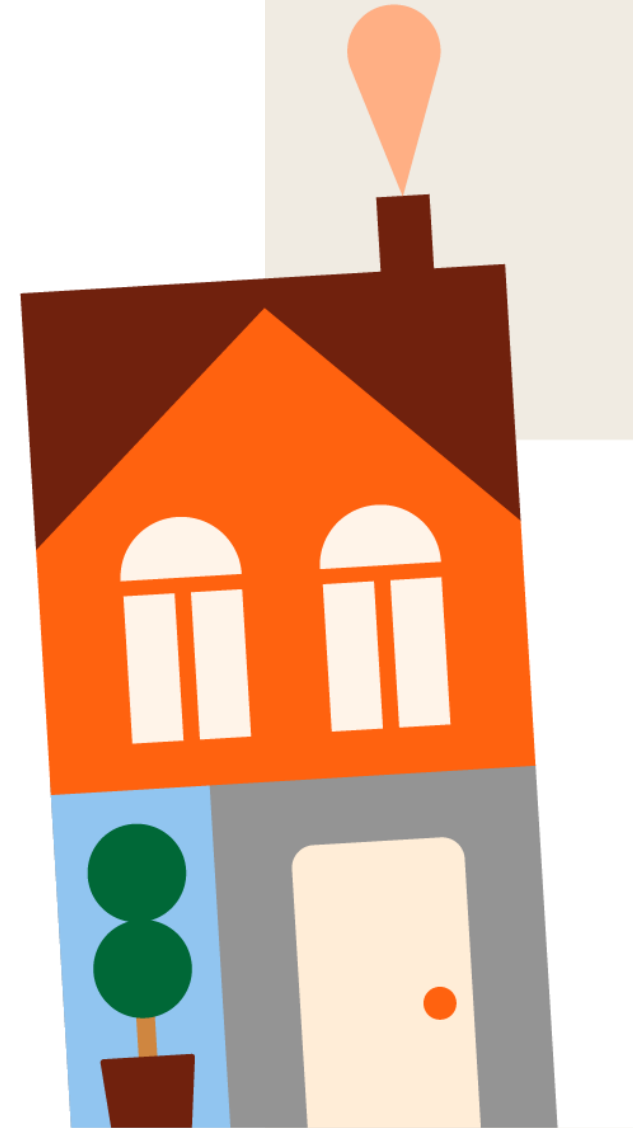
Comments

- SBAB offers a highly competitive interest rate on savings account (to both retail customers as well as corporates and tenant-owners' associations)
- Increased marketing and communications efforts, especially during the later part of the year
- Sharp increase in SBAB deposit growth from H2 2022, which consequently has led to an increase in deposit-to-loan ratio (DTLR) (36.8% at the end of Q1 2023 vs. 35.8% at the end of 2022 and 31.0% at the end of 2021)



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# Overview of Q1 2023 results

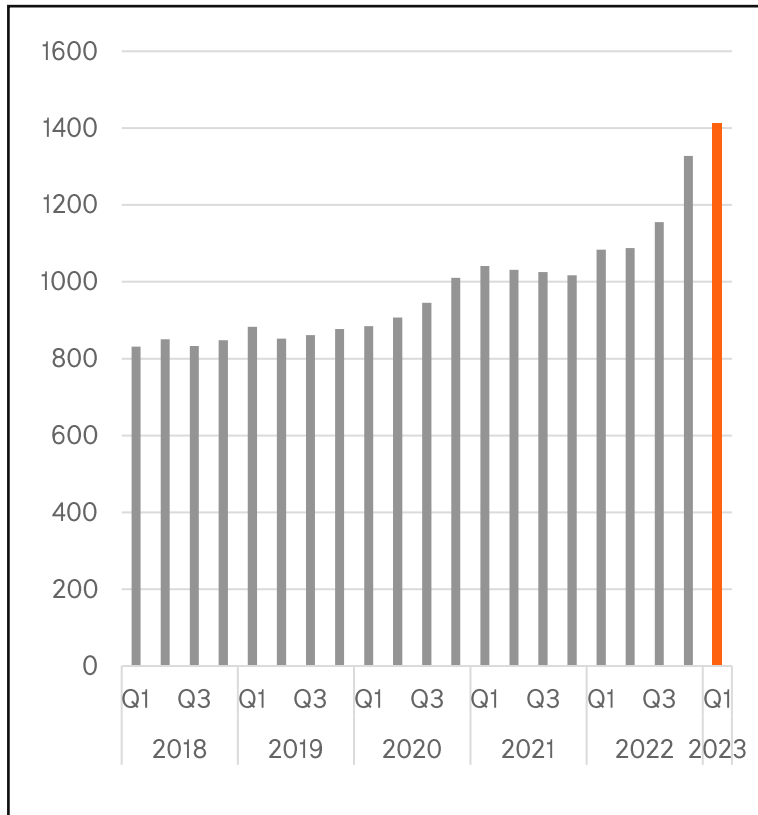
SEK million	Q1 2023	Q4 2022	▲	Jan-Mar 2023	Jan-Mar 2022	▲	Jan-Dec 2022
Lending (SEK bn)	512.5	509.5	+0.6%	512.5	478.7	+7.1%	509.5
Deposits (SEK bn)	188.5	182.4	+3.3%	188.5	147.0	+28.3%	182.4
Net interest income	1,413	1,328	+6.4%	1,413	1,084	+30.4%	4,655
Net commission	-7	-7	0 mn	-7	13	-20 mn	12
Net result financial transact.	2	-79	+81 mn	2	-49	+51 mn	-35
Costs	-394	-437	-9.8%	-394	-358	+10.1%	-1,529
Loan losses	-33	-19	+14 mn	-33	-17	+16 mn	-68
Imposed fees: Risk tax and res. fee ( <a href="#">new row 2022</a> )	-141	-112	+29 mn	-141	-113	+28 mn	-445
Operating profit	853	686	+24.3%	853	573	+48.9%	2,639
C/I ratio (%)	27.7%	34.8%	-7.1 pp	27.7%	33.7%	-6.0 pp	32.7%
Return on equity (%)	13.3%	10.5%	+2.8 pp	13.3%	9.5%	+3.8 pp	10.5%
Loan loss ratio (%)	-0.03%	-0.01%	-0.02 pp	-0.03%	-0.01%	-0.02 pp	-0.01%
CET1 capital ratio (%)	12.4%	12.8%	-0.4 pp	12.4%	13.1%	-0.7 pp	12.8%



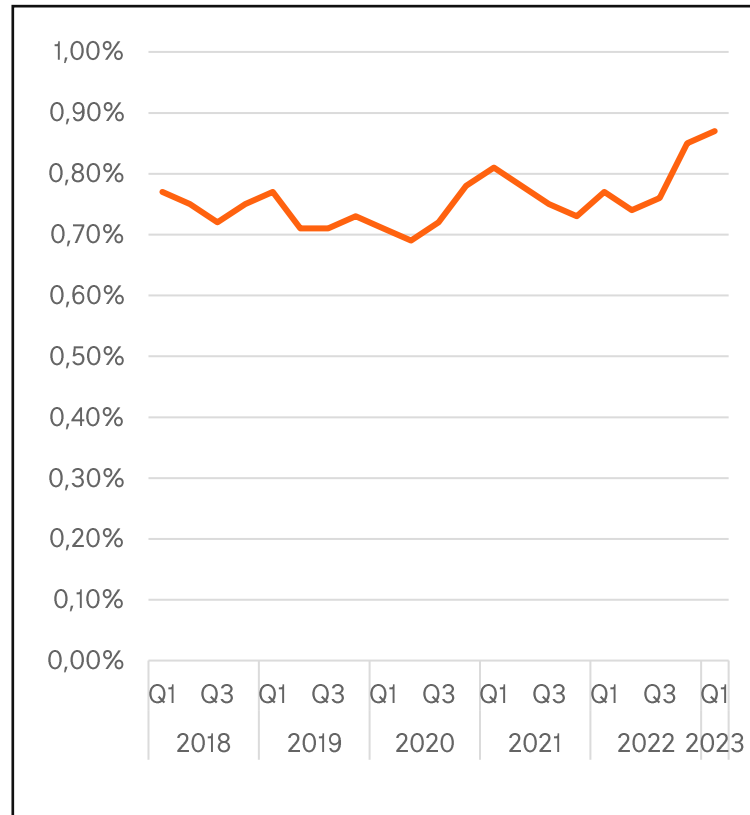
# NII development

– 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 (%)



Calculated as NII in relation to total assets in balance sheet

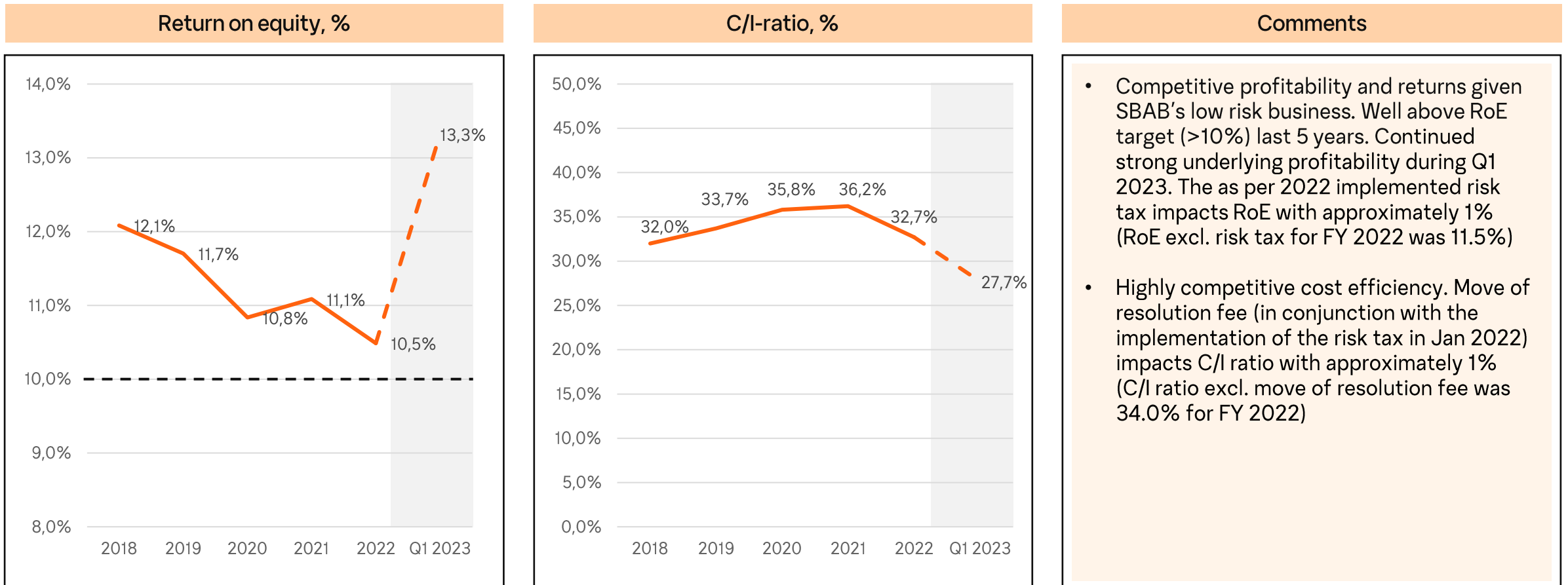
Comments

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



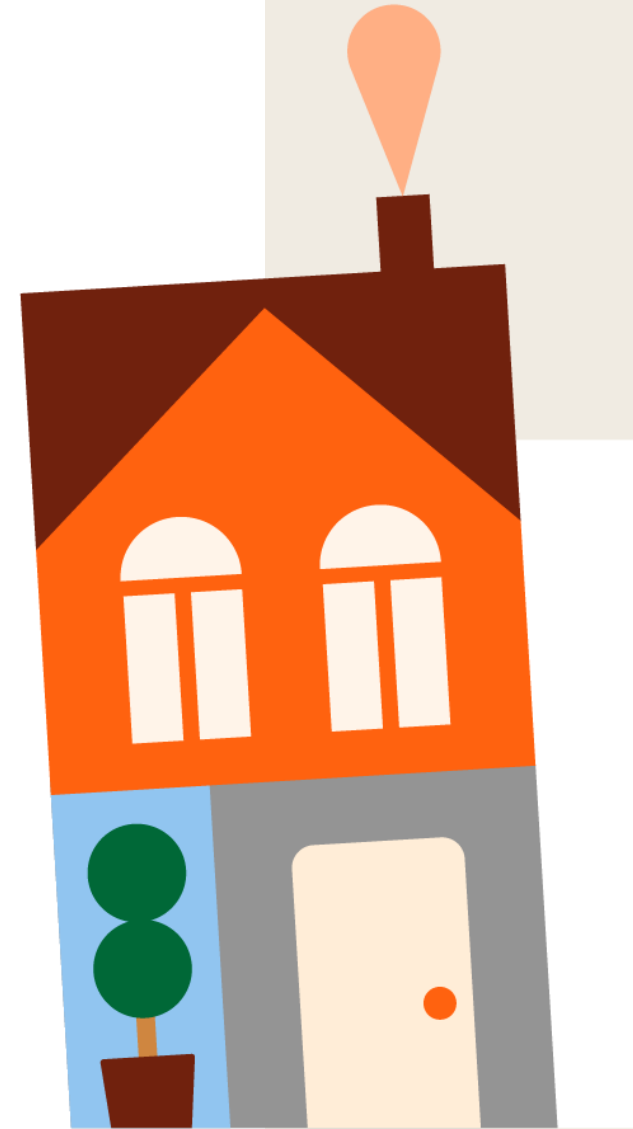
# Financial KPIs

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



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# Continued strong asset quality

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

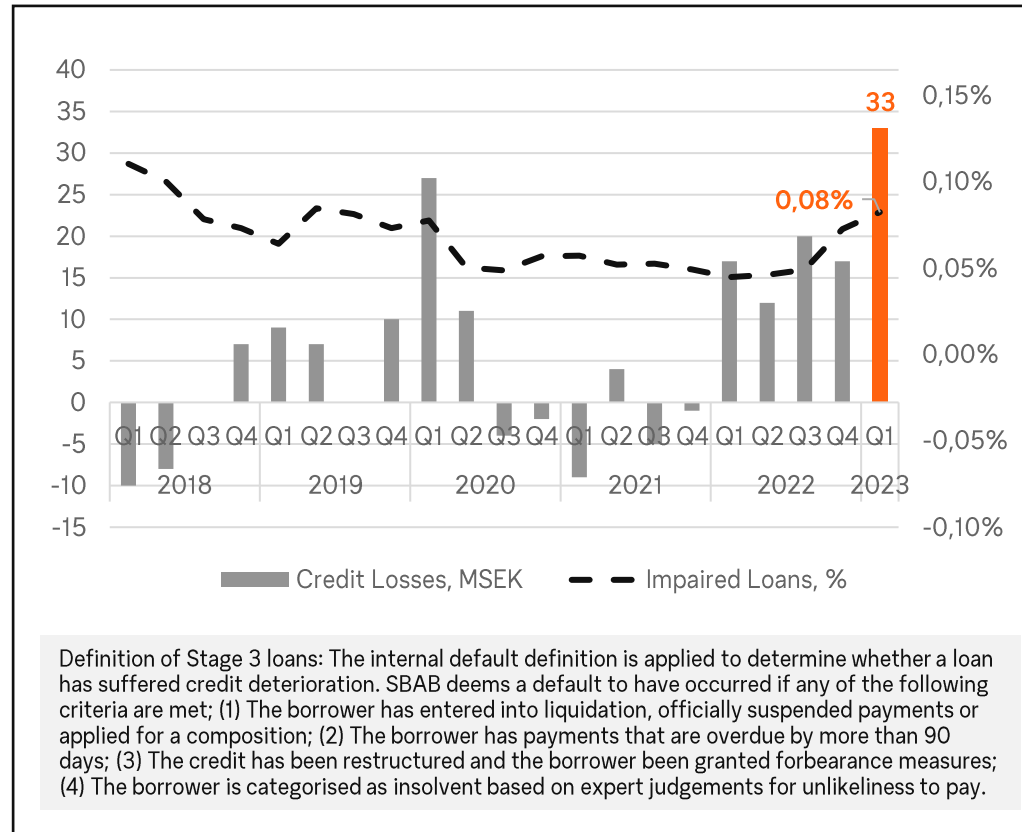
## Lending mix



## Credit losses (SEK mn, LHS) & Share of stage 3 loans (% , RHS)

## Key metrics

	SEK billion	% of lending	Average LTV
Residential mortgages	350.2	68.3%	59%
Consumer loans	2.0	0.4%	
Property companies	92.5	18.0%	62%
– (Of which, commercial lending)	(8.6)	(1.7% <sup>1)</sup> )	
– (Of which, construction loans)	(14.8)	(2.9%)	
Tenant-Owners' Associations	67.8	13.2%	33%
<b>Total lending</b>	<b>512.5</b>	<b>100%</b>	



**-33** MSEK  
Credit losses  
Q1 2023

**-0.03**%  
Credit loss ratio  
Q1 2023

**0.08**%  
Share of stage 3 loans  
Q1 2023

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



# Updated macro scenarios in impairment model

Factors	Scenario 1 (40%)			Scenario 2 (20%)			Scenario 3 (25%)			Scenario 4 (15%)		
	2023	2024	2025	2023	2024	2025	2023	2024	2025	2023	2024	2025
GDP <sup>1)</sup> , Δ	-0.3% (+1.2%)	+2.2% (+2.2%)	+3.4% (+2.8%)	+0.8% (-0.4%)	+3.8% (+0.8%)	+4.2% (+2.6%)	-9.1% (-3.0%)	+5.8% (+4.4%)	+4.2% (+3.6%)	-5.3% (-4.0%)	-2.1% (+0.0%)	+3.4% (+2.8%)
Repo rate	3.3% (3.0%)	2.2% (2.4%)	2.2% (2.3%)	3.1% (3.0%)	2.3% (2.3%)	2.4% (2.1%)	3.6% (3.3%)	2.6% (2.8%)	2.6% (2.6%)	4.3% (3.9%)	3.4% (3.5%)	3.2% (3.2%)
Unemployment	8.1% (7.9%)	8.1% (8.0%)	7.8% (7.8%)	7.8% (8.3%)	7.1% (9.1%)	6.6% (8.9%)	11.1% (10.8%)	10.9% (10.8%)	9.9% (9.8%)	8.7% (8.7%)	10.2% (10.2%)	10.6% (10.6%)
House prices, Δ	-6.6% (-3.9%)	+2.8% (+1.8%)	+3.7% (+4.2%)	-2.8% (-5.2%)	+0.2% (+1.7%)	+3.3% (+5.1%)	-13.1% (-13.3%)	-4.9% (-3.9%)	+1.2% (+4.2%)	-15.9% (-19.1%)	-14.2% (-15.2%)	-8.2% (+0.3%)
Prices of tenant-owners' rights, Δ	-5.8% (-3.2%)	+5.0% (+3.7%)	+5.9% (+5.7%)	-1.6% (-4.4%)	+1.7% (+3.9%)	+5.3% (+6.7%)	-12.6% (-12.2%)	-3.8% (-3.9%)	+2.6% (+5.7%)	-16.3% (-19.3%)	-14.0% (-12.4%)	-4.3% (+1.3%)
Property prices, Δ	+2.0% (0.0%)	-0.0% (-1.7%)	-0.9% (-2.5%)	+4.3% (-0.9%)	+0.5% (-2.2%)	-3.2% (-1.8%)	-2.4% (-6.0%)	-8.1% (-9.8%)	-6.8% (-4.9%)	-5.0% (-9.9%)	-15.5% (-18.7%)	-14.9% (-11.0%)
ECL	SEK 191 million (151)			SEK 181 million (157)			SEK 247 million (219)			SEK 423 million (394)		
Weighted ECL <sup>2)</sup>	SEK 247 million (214)											

1) Not included in the ECL calculation

2) Of which, SEK 212 million (183) was attributable to lending to the public and SEK 35 million (31) to off-balance-sheet items linked to loan commitments and building credits

## Comments

- The macroeconomic scenarios applied in the model to calculate provisions (ECL) revised in 2022 and 2023
- Total weighted ECL amounted to SEK 247 million at the end of Q1 2023, compared with SEK 214 million at year-end 2022 and SEK 149 million at year-end 2021
- It requires significant stress (i.e. a combination of several deteriorating factors in impairment model) to see any dramatic effects in ECL
- Updated macroeconomic forecasts during Q1 2023 led to a decrease in ECL of SEK 6 million



# Deep dive: Mortgage lending

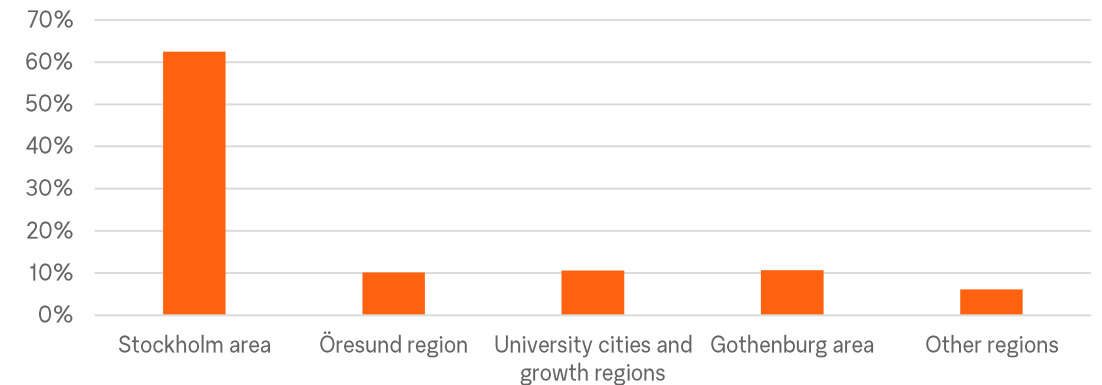
## Regulatory requirements:

- 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 due to increased general living- and housing expenses & stressed interest rate increased during 2022
- Credits granted to at most a DTI of 5.5x (irrespective of LTV)
- At the end of Q1 2023, the average LTV ratio in the mortgage portfolio amounted to 59% (59). At the same date, the average residential mortgage loan amounted to SEK 1.9 million (1.9). LTV and DTI for new lending was 69% (71) and 3.6x (3.7) respectively

Geographical distribution mortgage book (%)



59%

Average  
LTV

SEK 1.9 mn

Average  
loan



# 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

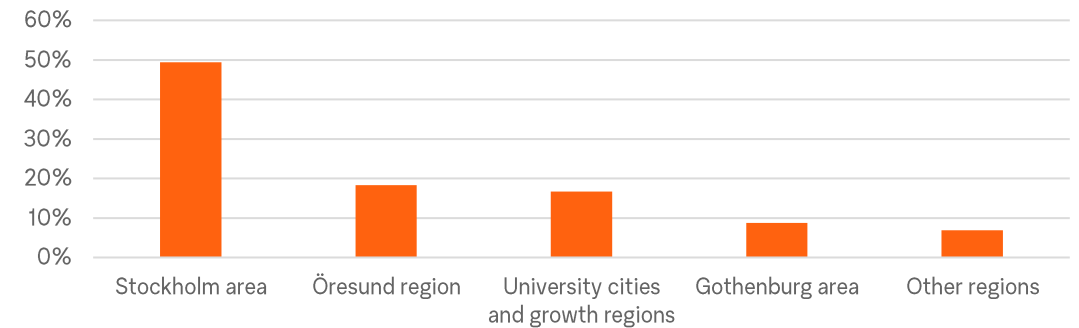
**4 Enforcement Authority:** Lender can initiate an enforcement order with this office to enforce his claim, this process normally takes up to 90 days



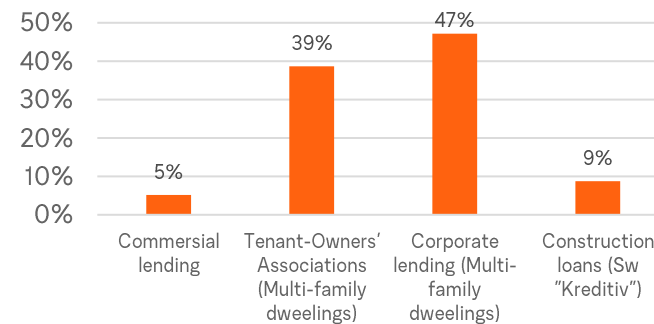
# Deep dive: Corporate & TOA lending

- 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 4.6% & commercial lending capped at 3.0% of total lending vs. current level of 1.7%
- 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



**33%**

Average LTV (TOA)

**62%**

Average LTV (Corporate)



# Overview of Cover Pool

## Overall key metrics

**454** bn

Cover Pool (SEK)

**488,887**

No. of loans

**927,664**

Average loan size

**26.3%**

OC

**55.1%**

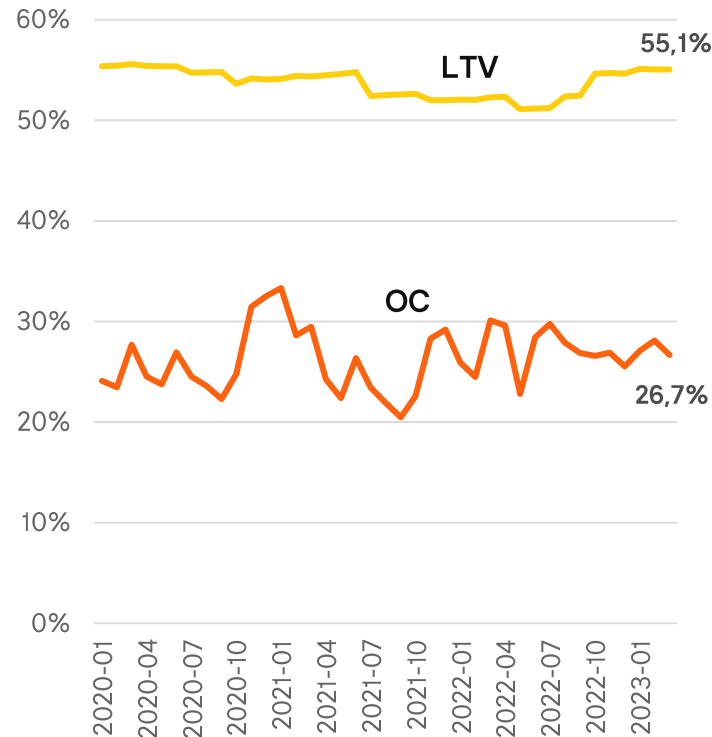
WA LTV

**5.2** years

WA seasoning

- Assets spread throughout Sweden; concentrated to economic hubs
- 55.5% floating, 44.5% fixed
- 53.5% amortising, 46.5% interest only

## Development of OC and WA LTV



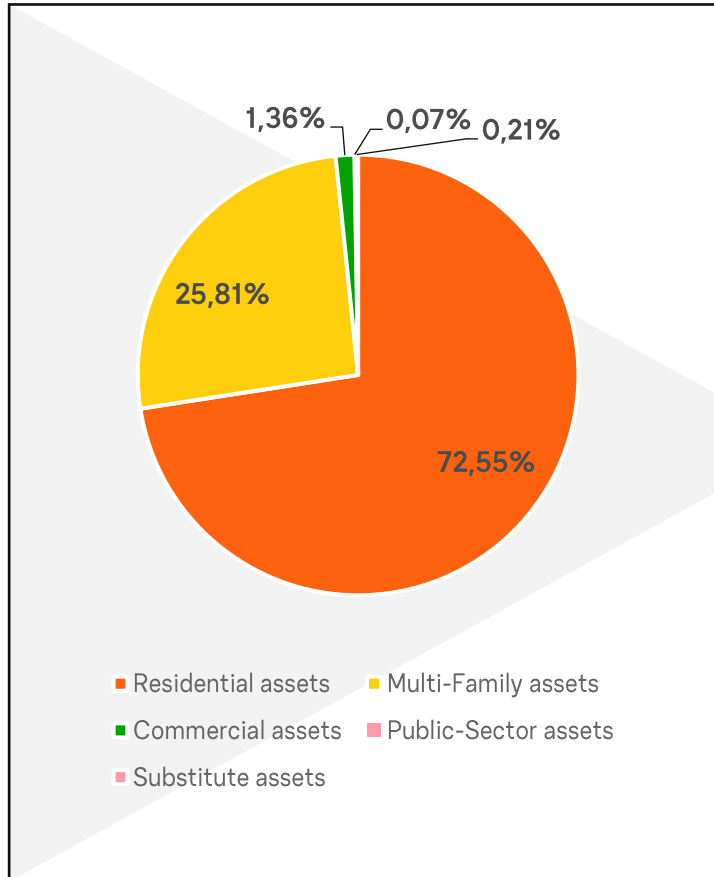
## Simulation of decline in house prices

House-price change	Eligible assets in cover pool (SEK bn)	WA LTV (%)	OC* (%)
0%	453.3	55.1	26.7
-5%	450.2	57.2	25.8
-10%	445.9	59.4	24.6
-15%	439.7	61.5	22.9
-20%	431.3	63.4	20.5
-25%	419.7	65.2	17.3
-30%	402.7	66.8	12.6

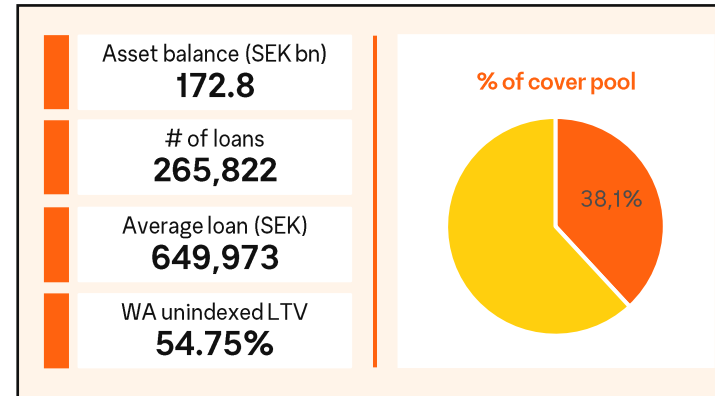
\* OC calculated in accordance with requirements from the Swedish FSA

# Cover Pool composition

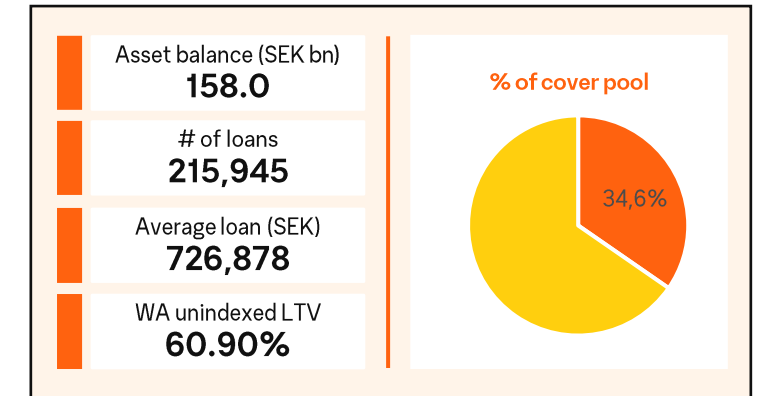
## Asset types in cover pool



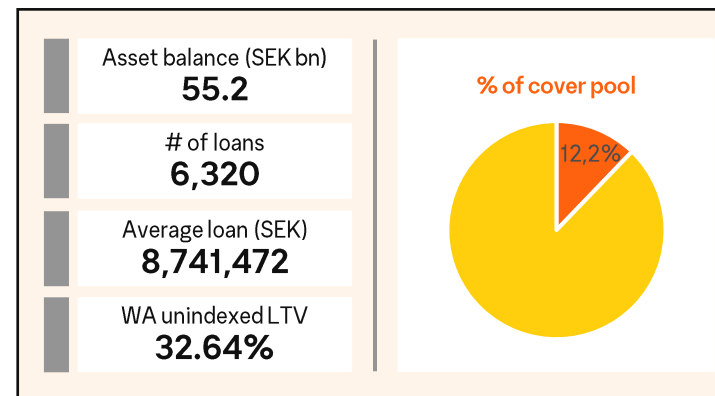
## Cover Pool Information - Single Family Housing



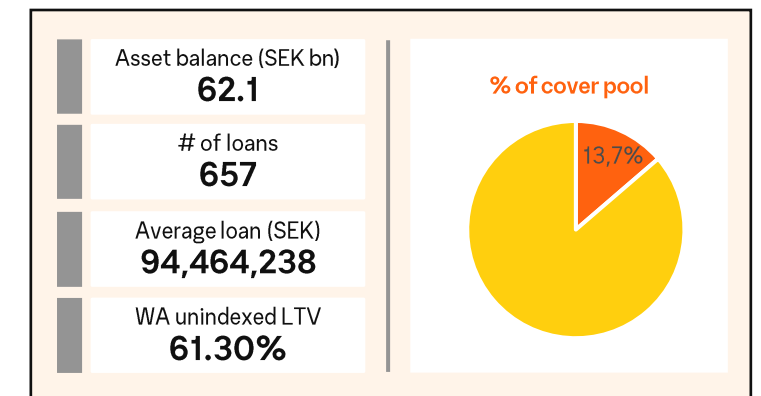
## Cover Pool Information - Tenant Owner Rights



## Cover Pool Information - Co-Operative Assets



## Cover Pool Information - Multi Family Assets



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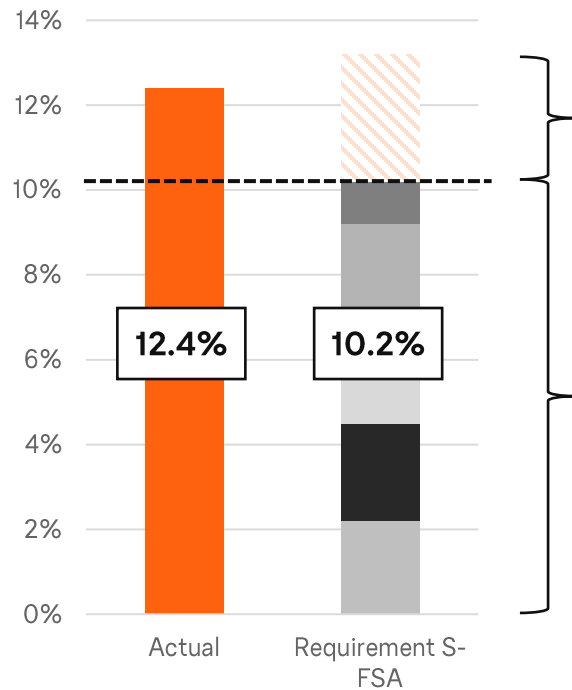
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# Capital position

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

## Components of SBAB's CET1 capital target Q1 2023



Actual CET1 capital	19,734	12.4%
Management CET1 capital target		
– Capital target (1-3% above requirement)	11.2-13.2%	
CET1 capital requirement from the S-FSA	16,208	10.2
– Pillar 1 minimum requirement	3,416	2.2
– Pillar 1 risk-weight floor, Swedish mortgages	3,727	2.3
– Pillar 2 requirement (P2R)	3,476	2.2
– Capital conservation buffer	3,968	2.5
– Countercyclical buffer	1,620	1.0
– Pillar 2 guidance (P2G)	-	-

## Comments

- Management CET1 capital target: 1-3 percentage points above regulatory requirement (implemented in February 2022)
- SBAB remains well above external and internal requirements in Q1 2023
- Countercyclical buffer (CCyB) from 0% to 1% in September 2022 for Swedish exposures. The CCyB is to be raised to 2% in June 2023
- Leverage ratio rests well above external requirements at 3.95% as per 31 Mar 2023 (vs 4.12% as per 31 Dec 2022) – total requirement incl. P2G of 3.3%
- Total balance sheet as of Q1 2023 of SEK 661.2 billion. At the same date, the risk exposure amount (REA) was SEK 158.7 billion



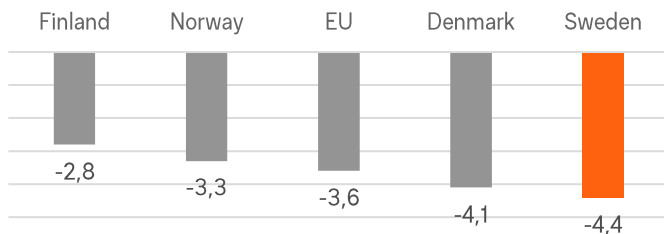
# EBA stress test results overview

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

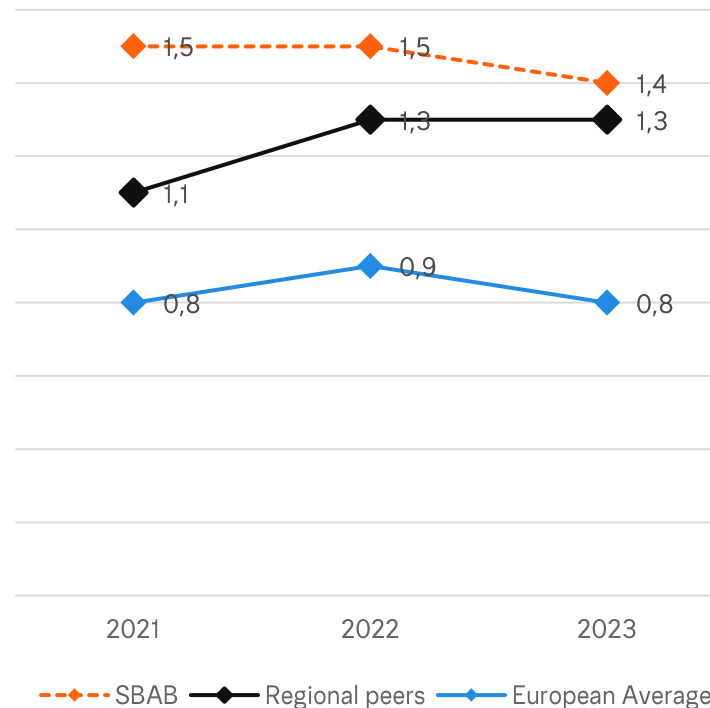
## EBA stress test 2021

- 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

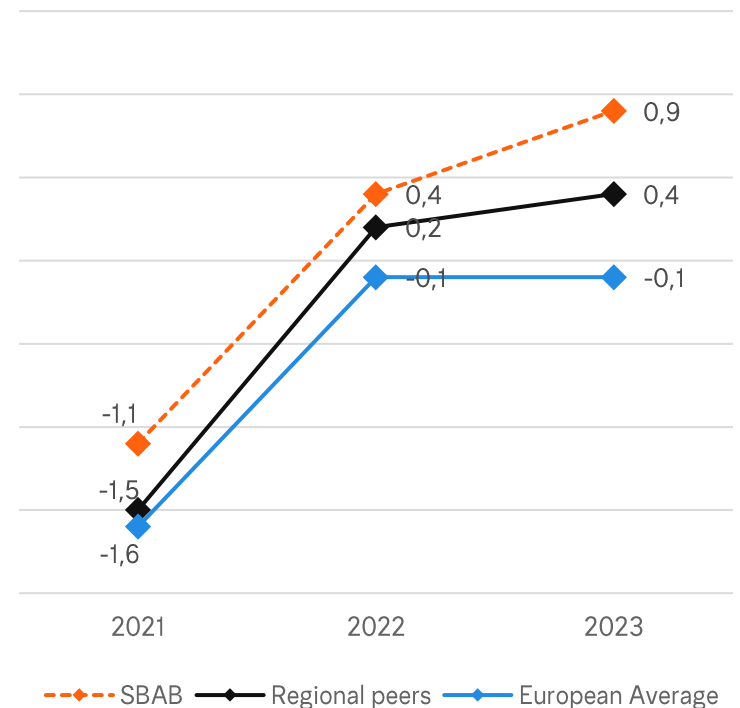
## Adverse scenario - cumulative GDP change (%)



## Baseline CET1 Generation (Net profit/RWAs)

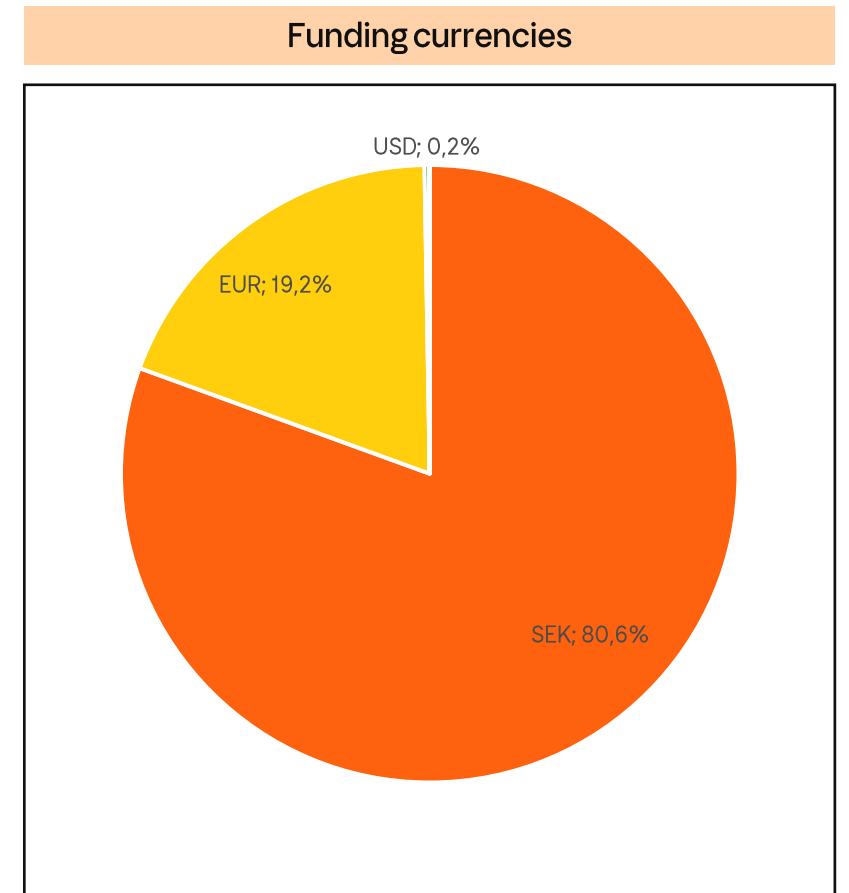
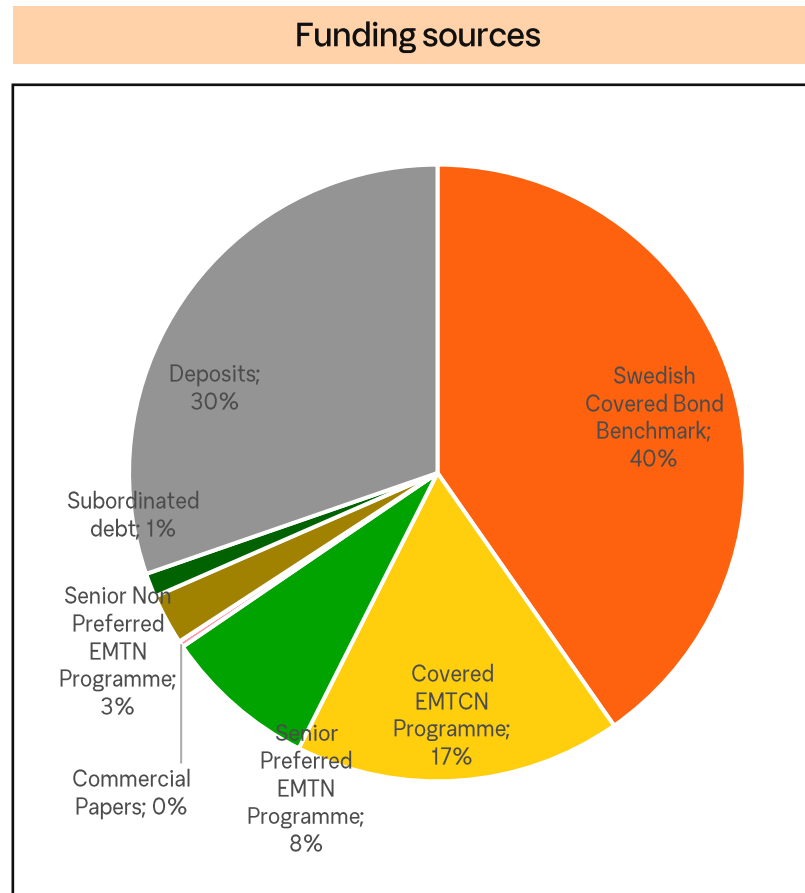
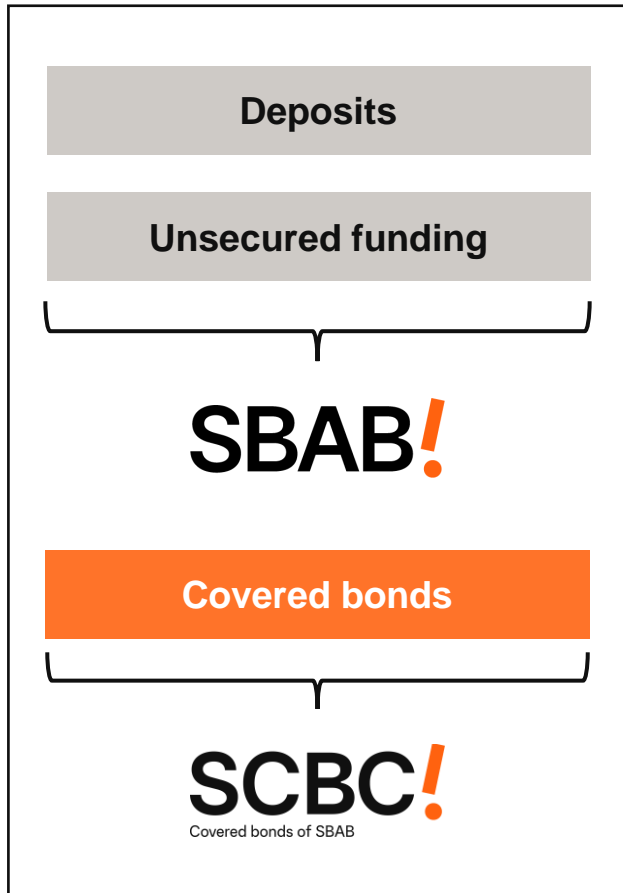


## Adverse CET1 Generation (Net Profit/RWAs)



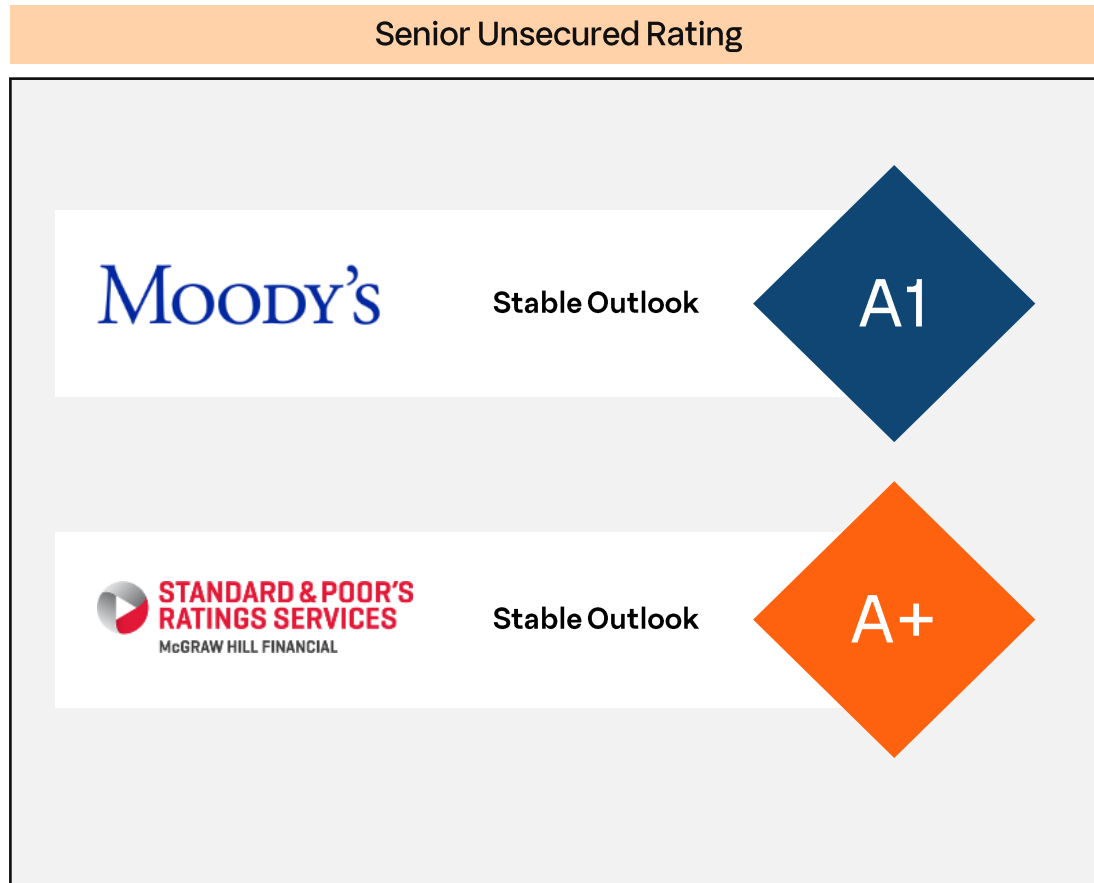
# Overview of funding

– Total funding amounted to SEK 622 billion as of 31 Mar 2023



# Rating overview

– Upgraded to A+ by S&P in February 2023



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

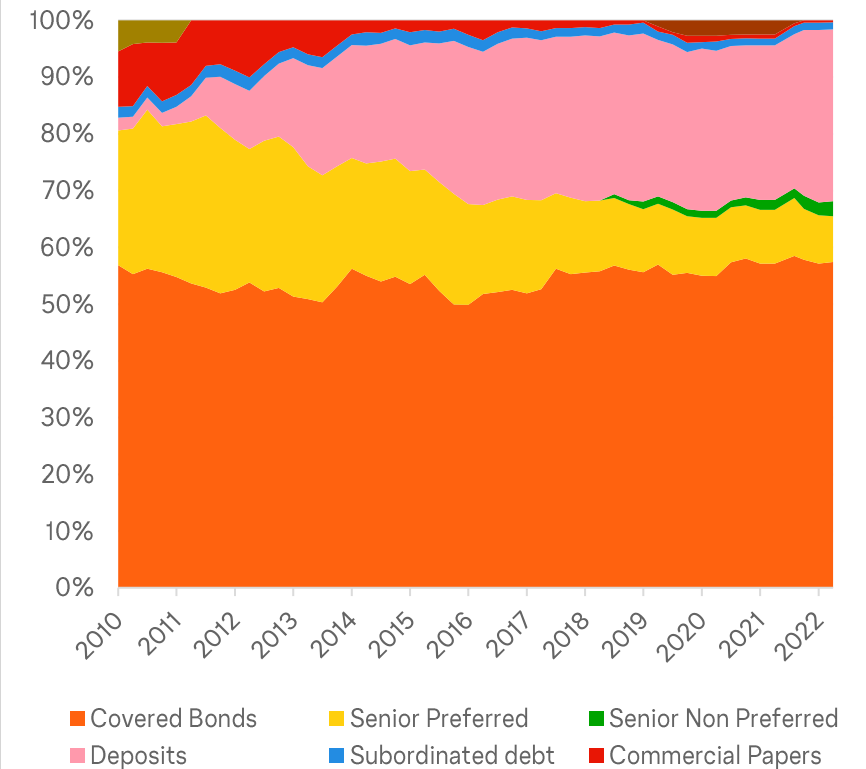


# Funding strategy & development

## Funding strategy

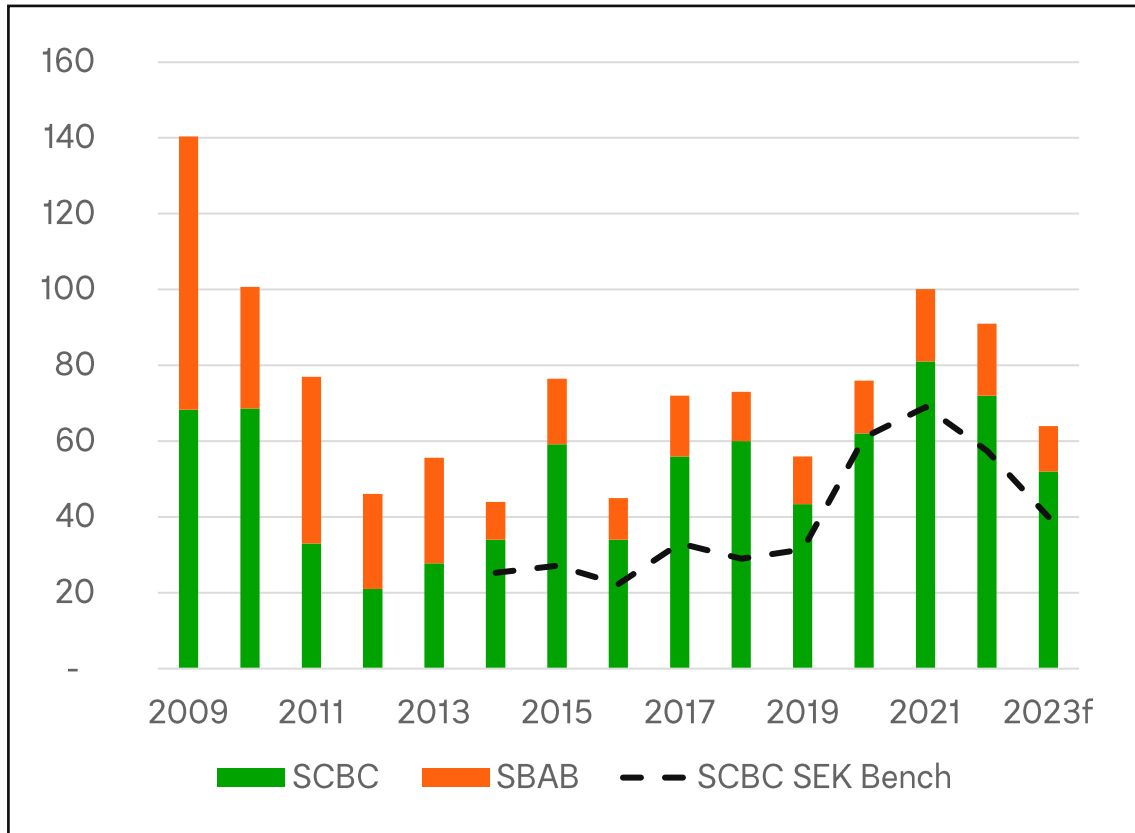
- Continuous and committed investor work in core markets and towards core investors to further increase name recognition and transparency
- Maintain access to core funding markets; SEK- and EUR-market
  - Regular benchmark issuance in Covered Bond format as and in Senior Unsecured format
  - Private 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 2023 expected to be approximately SEK 60-70 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

**SCBC!**  
Covered bonds of SBAB  
Covered Bond  
€1,000 mn  
3,25%  
5y due May '28  
May 2023



# 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 (16.4 bn issued up until Q1 2023) 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 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 Q1 2023 figures)

### Own funds & eligible liabilities

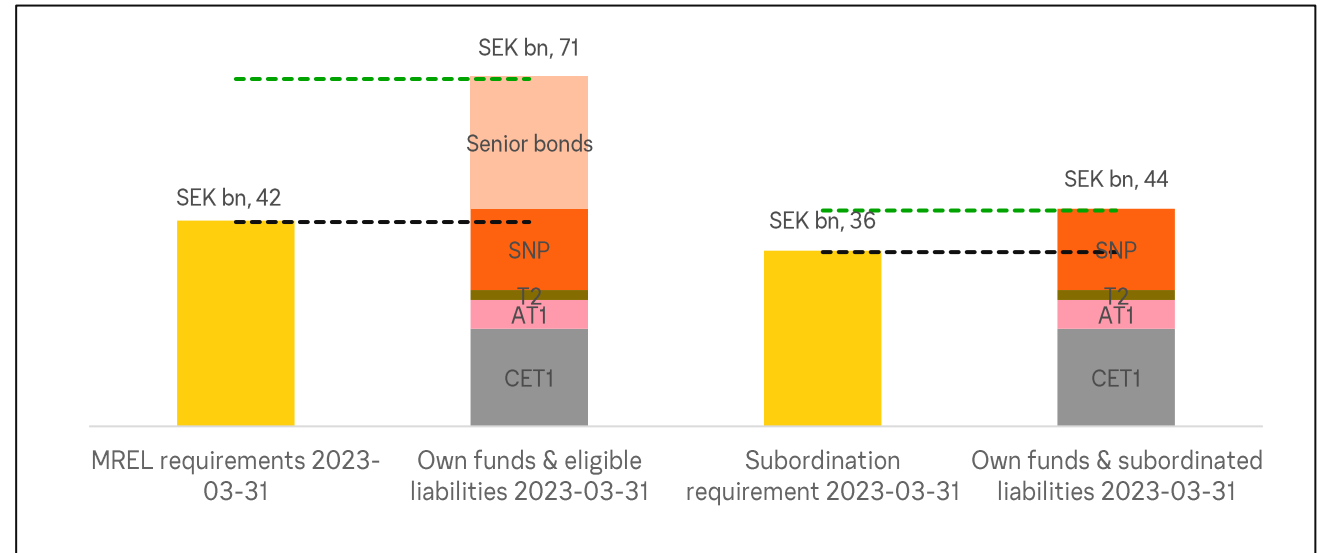
	SEK bn
CET1	19.7
AT1	5.8
T2	2.0
SNP	16.4
Senior bonds	26.8
<b>Total</b>	<b>70.8</b>

### MREL requirement

	Requirement Q1 2023	Requirement Jan 2024
	% SEK bn	% SEK bn
REA	26.2%	29.7%
LRE	5.5%	6%
<b>Buffer</b>	<b>29.2</b>	

### Subordination requirement

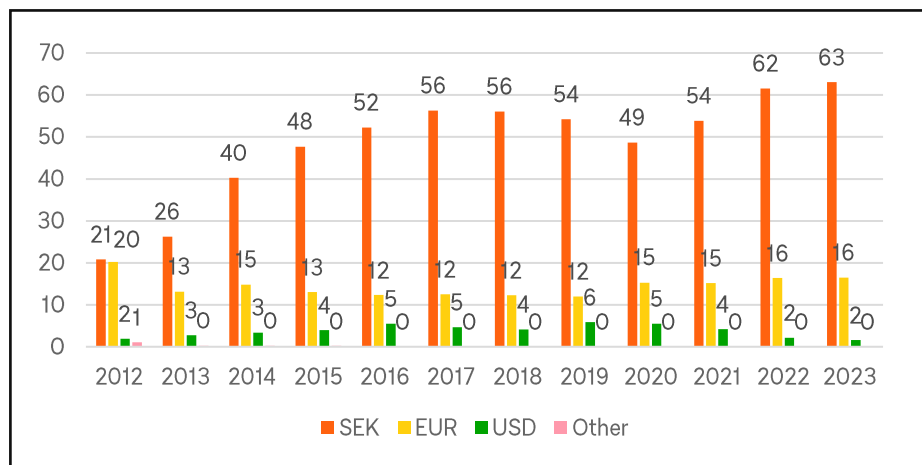
	Requirement Q1 2023	Requirement Jan 2024
	% SEK bn	% SEK bn
REA	16.0%	27.2%
LRE	5.5%	6%
<b>Buffer</b>	<b>8,4</b>	



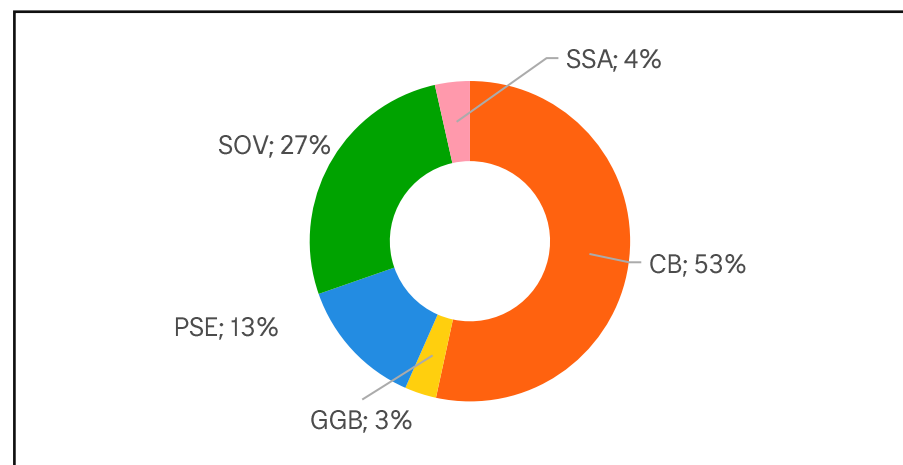
# Liquidity position (1/2)

- High quality and diversified liquidity reserve within relevant currencies with 95% AAA rated. Liquidity reserve amounting to 109 billion, of which liquidity portfolio (LP) SEK 81 billion
- LCR and NSFR well above regulatory requirements. Survival horizon implies liquidity need coverage for 362 days under stressed scenario (unchanged lending portfolio, severe deposit outflow and no new funding added)
- Liquidity reserve eligible at the Riksbank and/or ECB. Temporary excess liquidity resulting from prefunding activity and inflow of collateral, placed separate from liquidity portfolio

Liquidity portfolio (Currency distribution)



Liquidity portfolio (Securities type)



Key metrics Q1 2023

**109** bn  
Liquidity reserve

**243**%  
LCR

**132**%  
NSFR

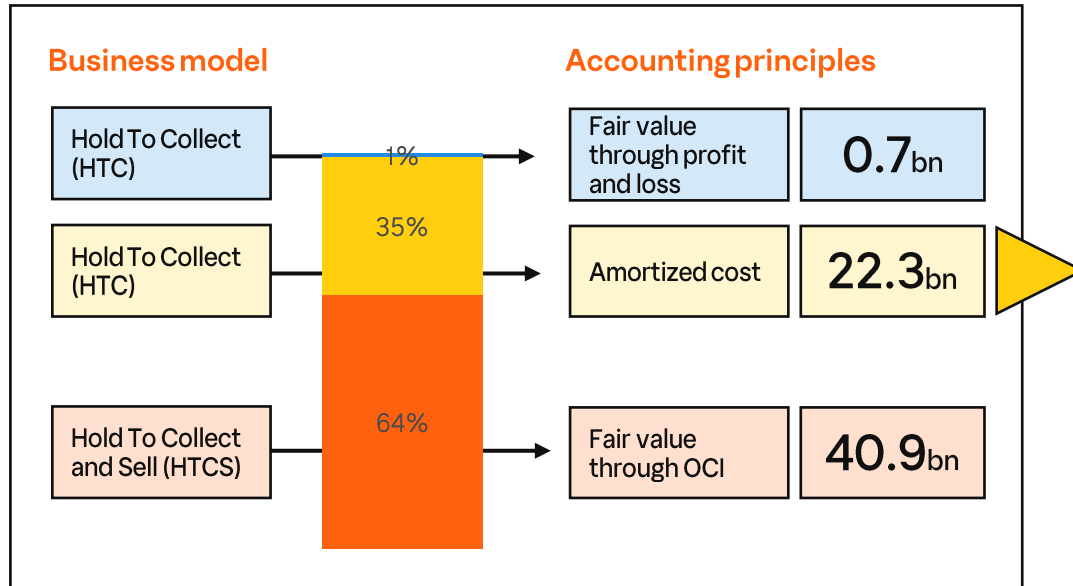
**362** days  
Survival horizon



# Liquidity position (2/2)

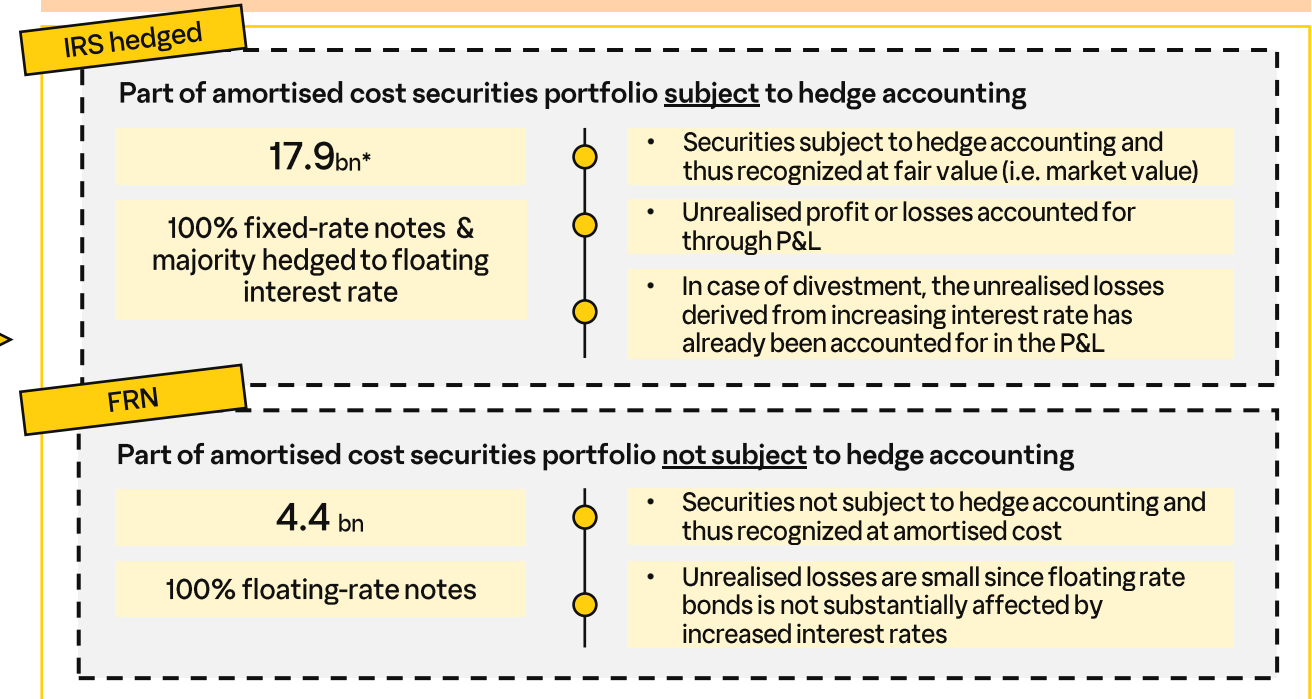
– Business model, accounting principles & unrealized losses in bond portfolio

Business model and accounting classification for bonds in securities portfolio



- Conservative risk management (hedging strategies applied to mitigate interest and currency risks) with limited unrealized losses in securities portfolio, including hedge instruments (i.e. interest rate derivatives)

## Break-down of amortised cost securities portfolio



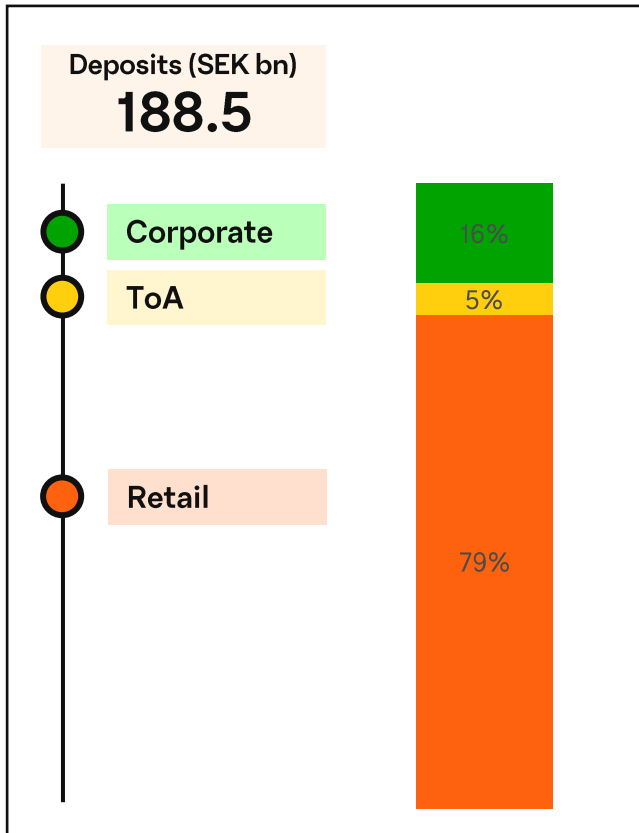
- Full divestment of the HTC-portfolio **not subject** to hedge accounting would result in a limited P&L impact



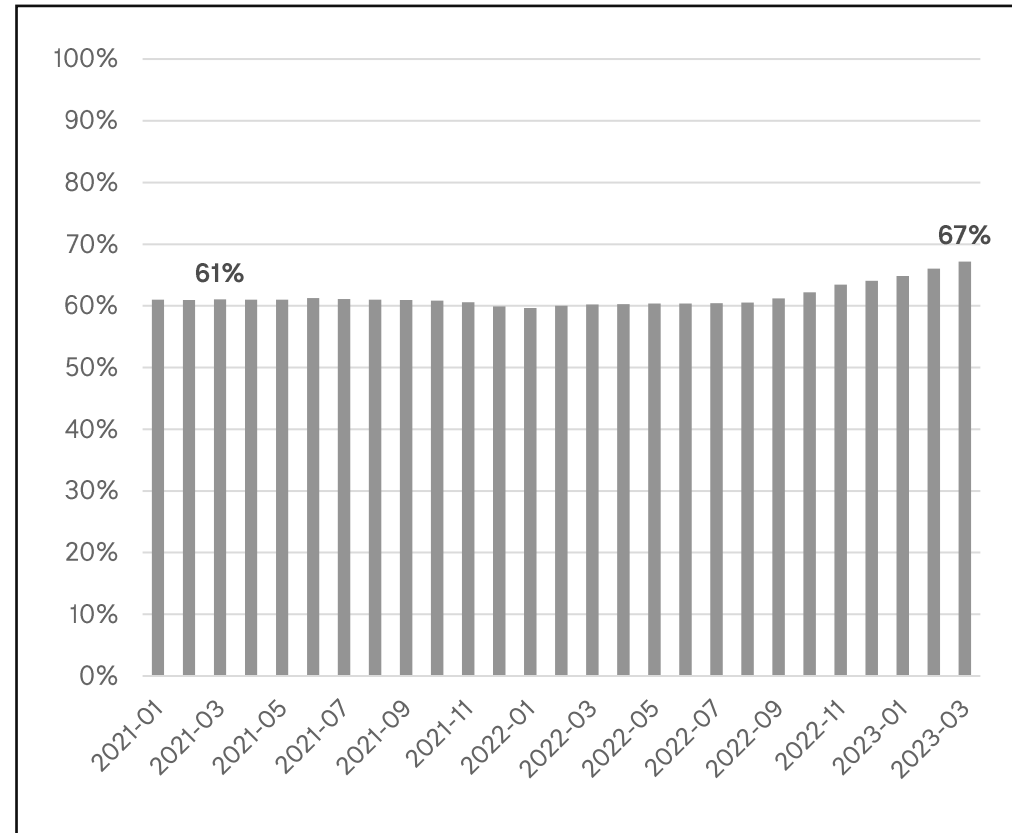
# Deposit base composition

– Well diversified, granular and stable deposit base

## Deposits per segment



## Development of guaranteed deposits



**67%**

Guaranteed deposits  
Total

**18%**

Guaranteed deposits  
Corporate clients

**37%**

Guaranteed deposits  
Tenant-owners' Assoc.

**79%**

Guaranteed deposits  
Retail



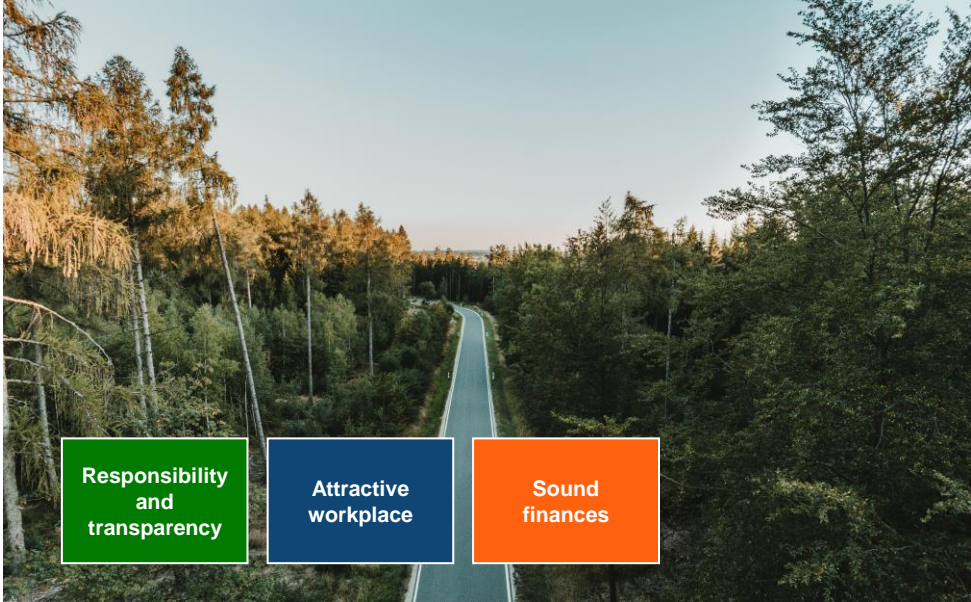
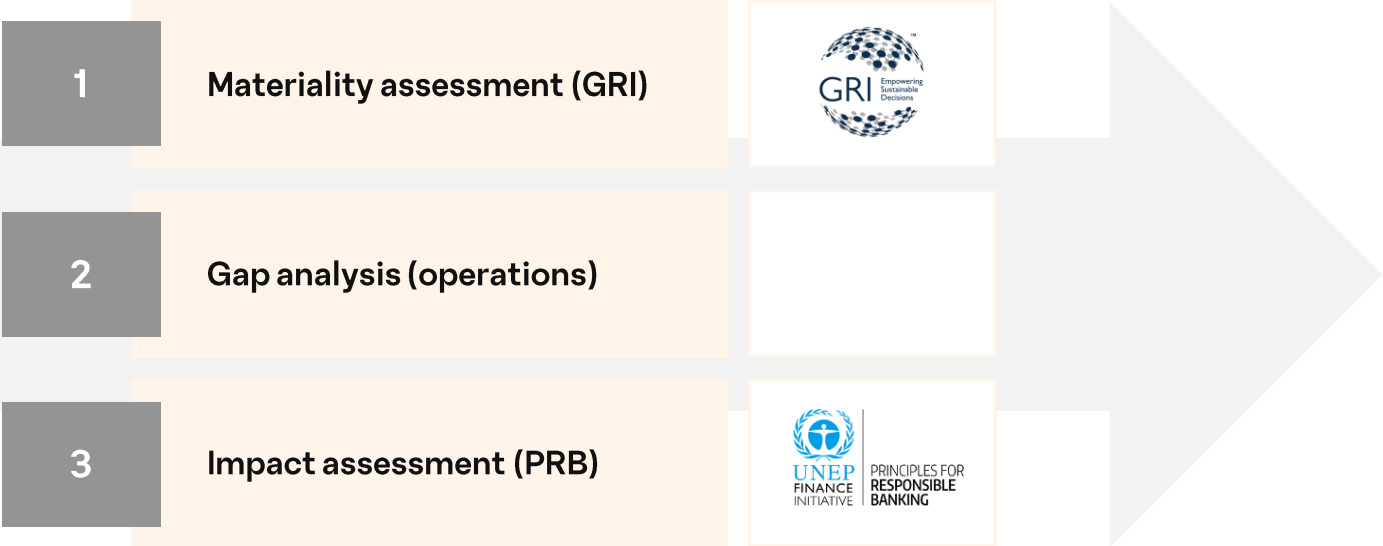
# Contents

1	Business performance
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6	Macro development
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# SBAB's overall approach to sustainability

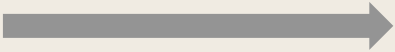
## Basis for strategic direction & prioritization



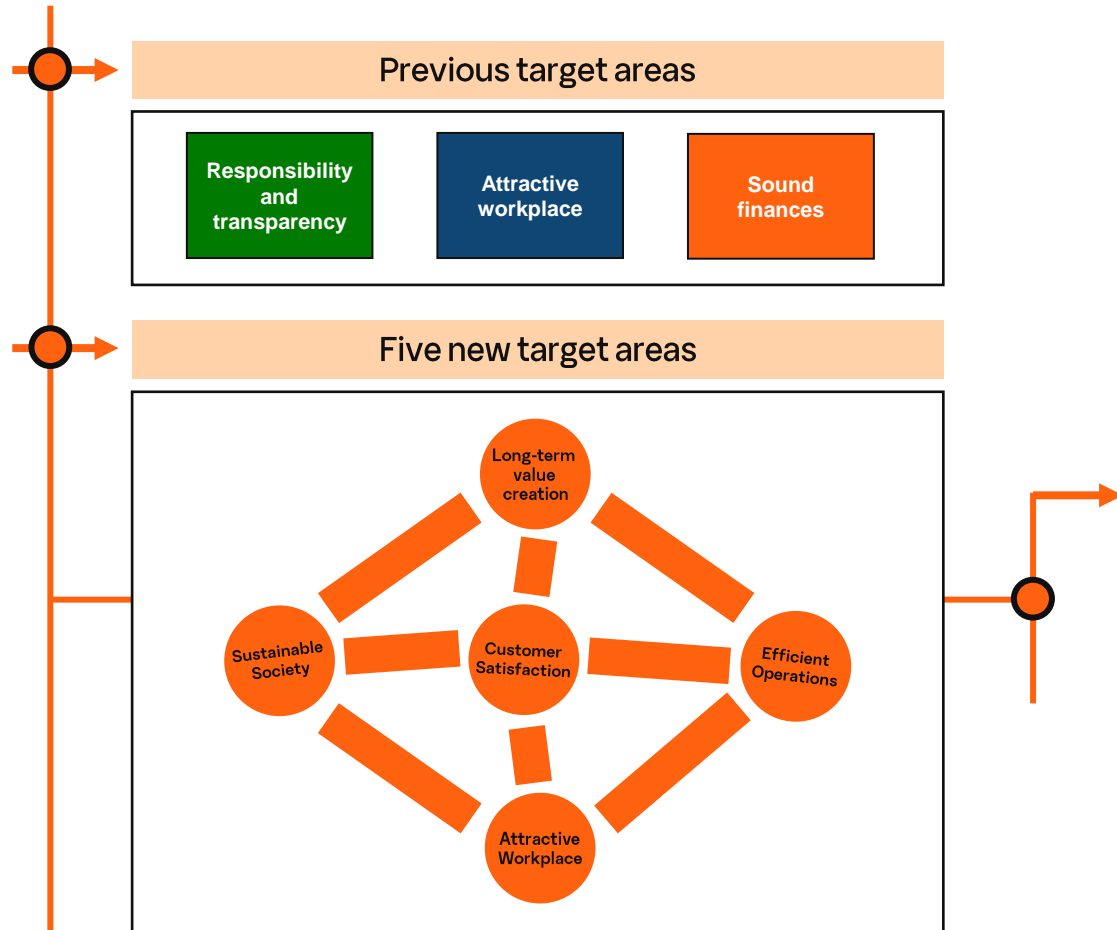
## Target areas

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 2022



# New target areas and long-term targets



Target area	Target 2030
Long-term Value Creation	<ul style="list-style-type: none"><li>Return on Equity: <b>≥10%</b></li></ul>
Sustainable Society	<ul style="list-style-type: none"><li>Emission Reduction: <b>-50% (to 2038)</b></li></ul>
Customer Satisfaction	<ul style="list-style-type: none"><li>Market Share Residential Mortgages: <b>10%</b></li><li>Market Share Corporates: <b>20%</b></li><li>Market Share Tenant-Owners' Associations: <b>15%</b></li></ul>
Efficient Operations	<ul style="list-style-type: none"><li>Cost/Income Ratio: <b>&lt;30%</b></li></ul>
Attractive Workplace	<ul style="list-style-type: none"><li>Commitment: <b>≥4</b> (on a scale of 1-5)</li></ul>



# Financial targets from owner remain

	Target	Results 2022	Results 2021	Results 2020	Results 2019	Results 2018
<b>Profitability:</b> Return on equity over time	≥10%	10.5%	11.1 %	10.8%	11.7%	12.1%
<b>Dividend:</b> Ordinary dividend based on profit for the year after tax, taking the Group's capital structure into account	≥40%	40%	40%	0%	0%	40%
<b>Capitalisation:</b> CET1 capital ratio and total capital ratio above regulatory requirement communicated by the Swedish FSA *	CET1 capital ratio: >0.6%	2.6%	4.3%	5.4%	2.4%	2.5%
	Total capital ratio: >0.6%	3.0%	4.2%	5.4%	5.2%	4.0%



# SBAB's timeline on climate change mitigation



# Long-term climate target

Long-term science-based climate target\* to reduce emission intensity (kg CO<sub>2</sub>e)

Target 2038: **-50%**

**Carbon Risk Real Estate Monitoring (CRREM)**  
 Target set based on country and branch specific decarbonisation pathway (kg CO<sub>2</sub>e per m<sup>2</sup>)

Building type	Financed Emissions Baseline (2022)	2038 target	Pathway
Single family houses	8.7	3.6 (-58%)	CRREM
Holiday homes	9.1	3.6 (-60%)	CRREM
Apartments	6.3	3.3 (-48%)	CRREM
Multi-family dwellings	5.0	3.3 (-34%)	CRREM
Commercial real estate	11.9	7.7 (-35%)	CRREM
<b>Total</b>	<b>7.5</b>	<b>3.75 (-50%)</b>	<b>CRREM</b>

## Scope 3

CO2

CO2

CO2

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

## Scope 2

- Energy use, district heating/cooling at our offices

Upstream

## Scope 3

CO2

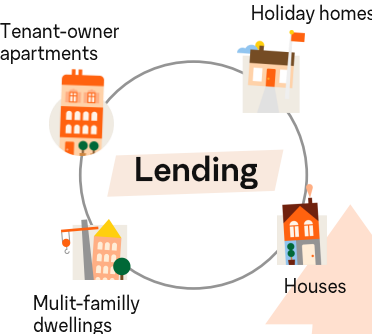
CO2

CO2

CO2

**SBAB!**

Lending

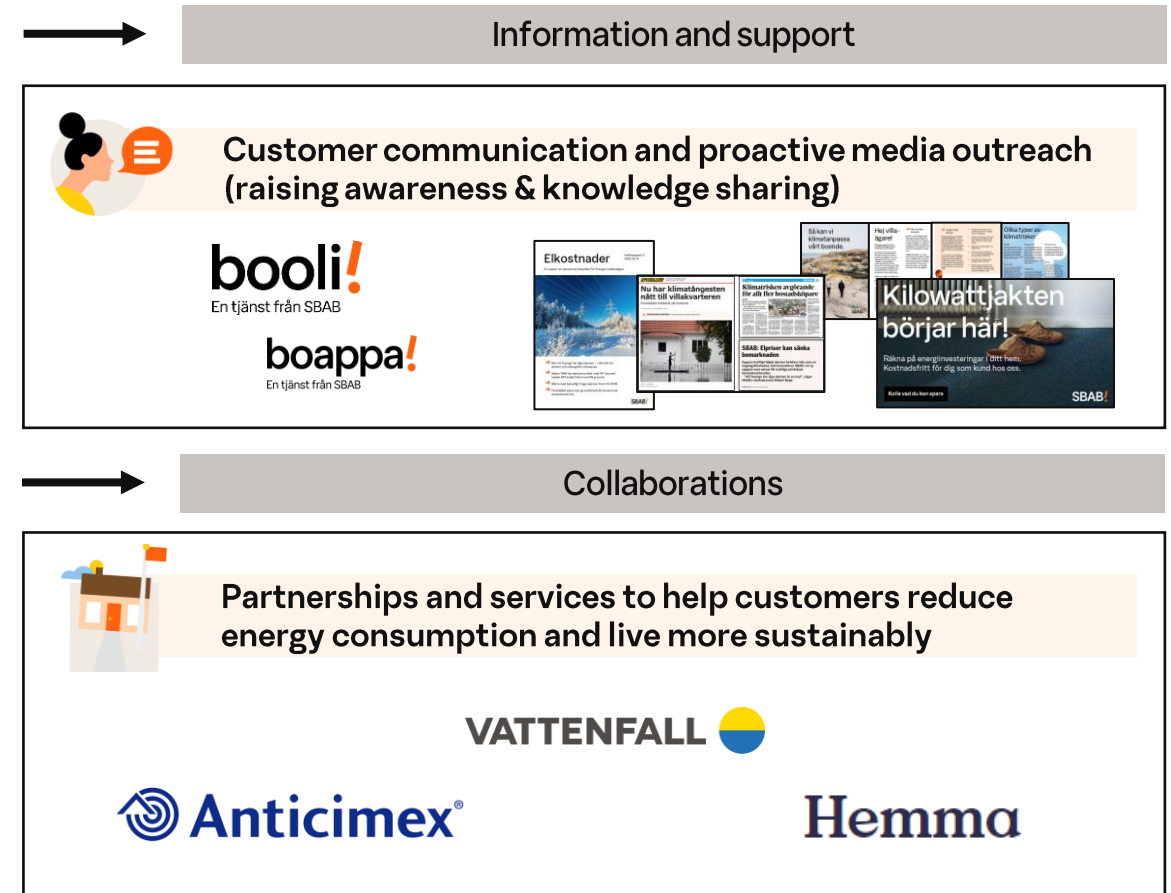
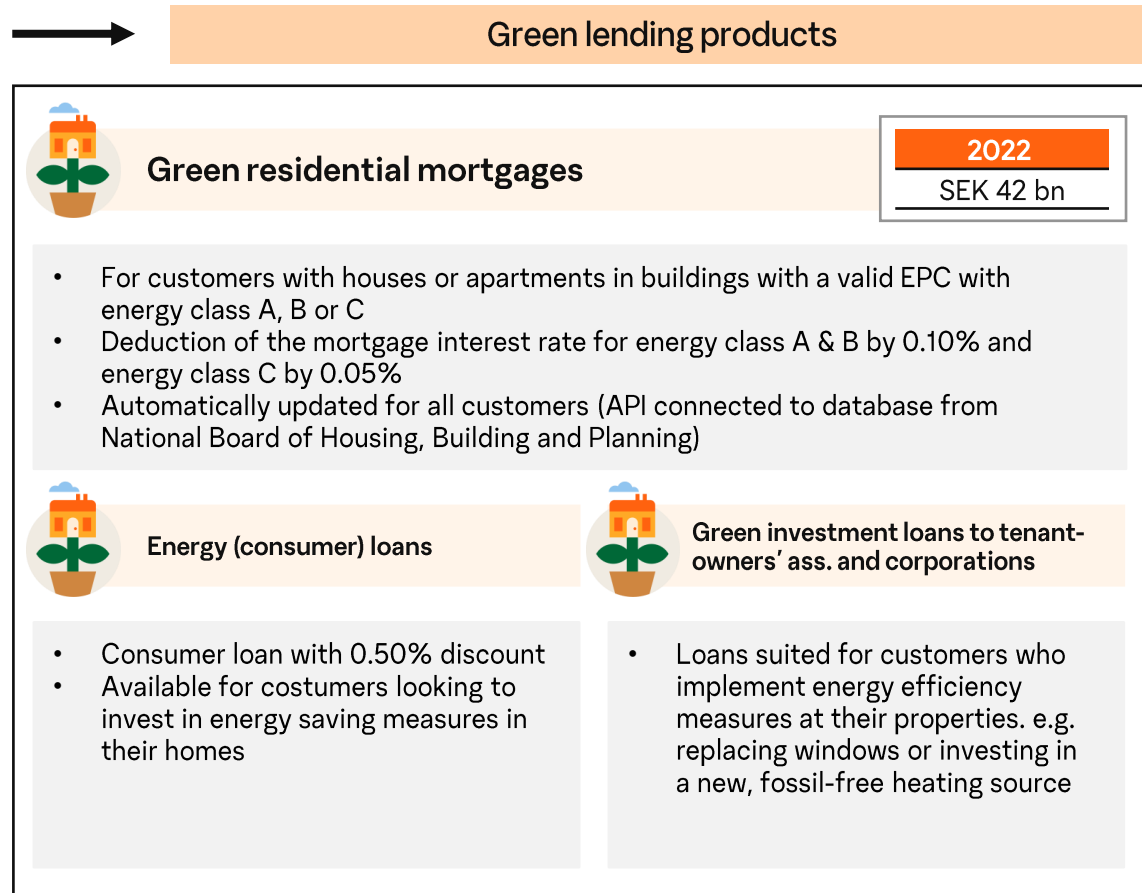


Total Co2 emissions  
124,098 tonnes Co2

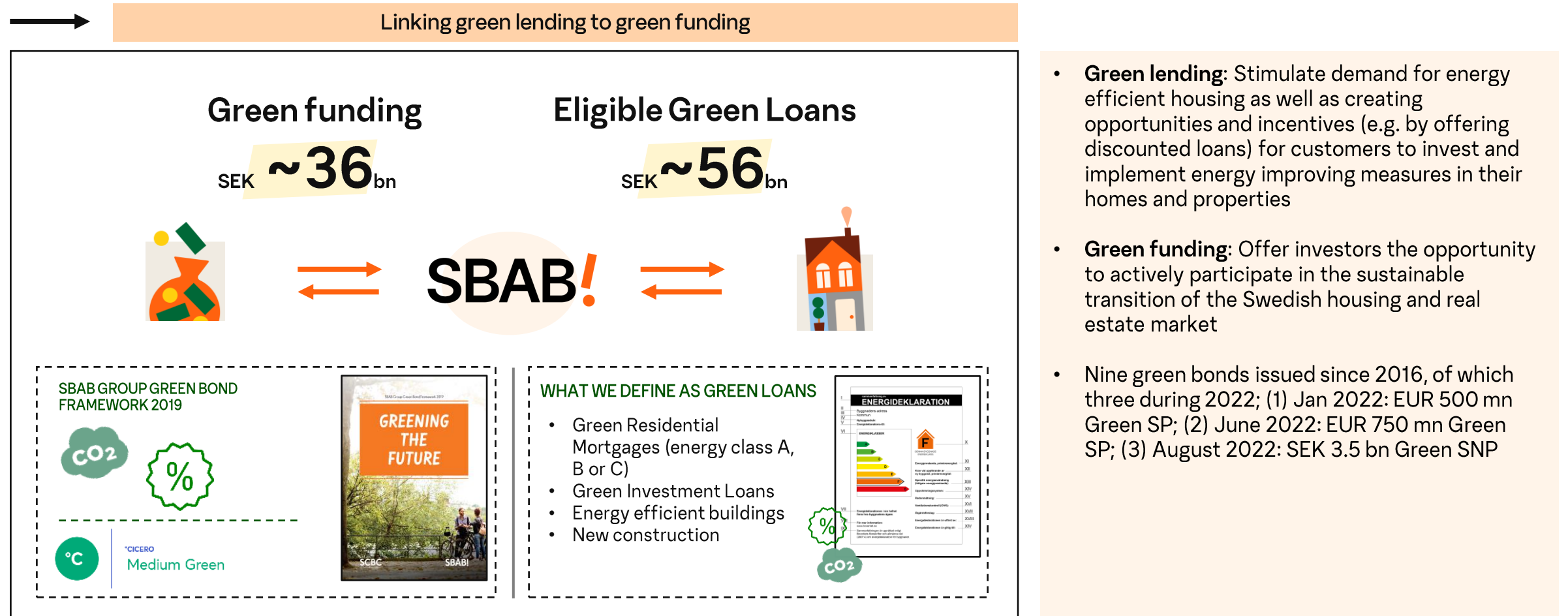
Downstream



# Affecting and incentivizing our customers



# Recurrent green bond issuer



- **Green lending:** Stimulate demand for energy efficient housing as well as creating opportunities and incentives (e.g. by offering discounted loans) for customers to invest and implement energy improving measures in their homes and properties
- **Green funding:** Offer investors the opportunity to actively participate in the sustainable transition of the Swedish housing and real estate market
- Nine green bonds issued since 2016, of which three during 2022; (1) Jan 2022: EUR 500 mn Green SP; (2) June 2022: EUR 750 mn Green SP; (3) August 2022: SEK 3.5 bn Green SNP



# INSIGHT: Impact reporting

## Green Bond Impact Report 2022

Issuer	Issuedate	Amount issued	Format	Maturity	Coupon	ISIN	Framework
SCBC	23 January, 2019	SEK 6.0 bn	Covered bond	28 March, 2024	0.75%	XS1943443769	SBAB Group GBF 2019
SBAB	13 June, 2019	SEK 2.25 bn	Senior Non-Preferred	06 June, 2024	3M Stibor +90 bps	XS2015229516	SBAB Group GBF 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 GBF 2019
SBAB	20 May 2021	EUR 500 mn (equiv SEK 5.1 bn)	Senior Unsecured	27 August, 2026	0.125%	XS2346986990	SBAB Group GBF 2019
SBAB	31 January, 2022	EUR 500 mn (equiv SEK 5.2 bn)	Senior Unsecured	8 February, 2027	0.50%	XS2441055998	SBAB Group GBF 2019
SBAB	1 June, 2022	EUR 750 mn (equiv SEK 7.9 bn)	Senior Unsecured	10 December, 2025	1.875%	XS2489627047	SBAB Group GBF 2019
SBAB	25 August, 2022	SEK 1.9 bn	Senior Non-Preferred	2 September, 2025	3M Stibor + 95 bps	XS2527964873	SBAB Group GBF 2019
		SEK 0.6 bn		2 September, 2025	3.873%	XS2527964956	
		SEK 1.0 bn		2 September, 2027	4.20%	XS2527965177	
TOTAL		SEK 36 bn					

On the 11 October 2022, a SEK 1.75 billion SBAB Green Senior Unsecured Bond matured (issued within the SBAB Green Bond Framework 2016)

### SBAB Green Bond Framework 2016

**SEK 2.02bn → 74tCO<sub>2</sub>e**

Eligible Green Loans & Expected avoidance of GHG emissions  
January 1st to October 11th

### SBAB Group Green Bond Framework 2019

**SEK 56.12bn → 4,640tCO<sub>2</sub>e**

Eligible Green Loans & Estimated annual avoidance of GHG  
emissions

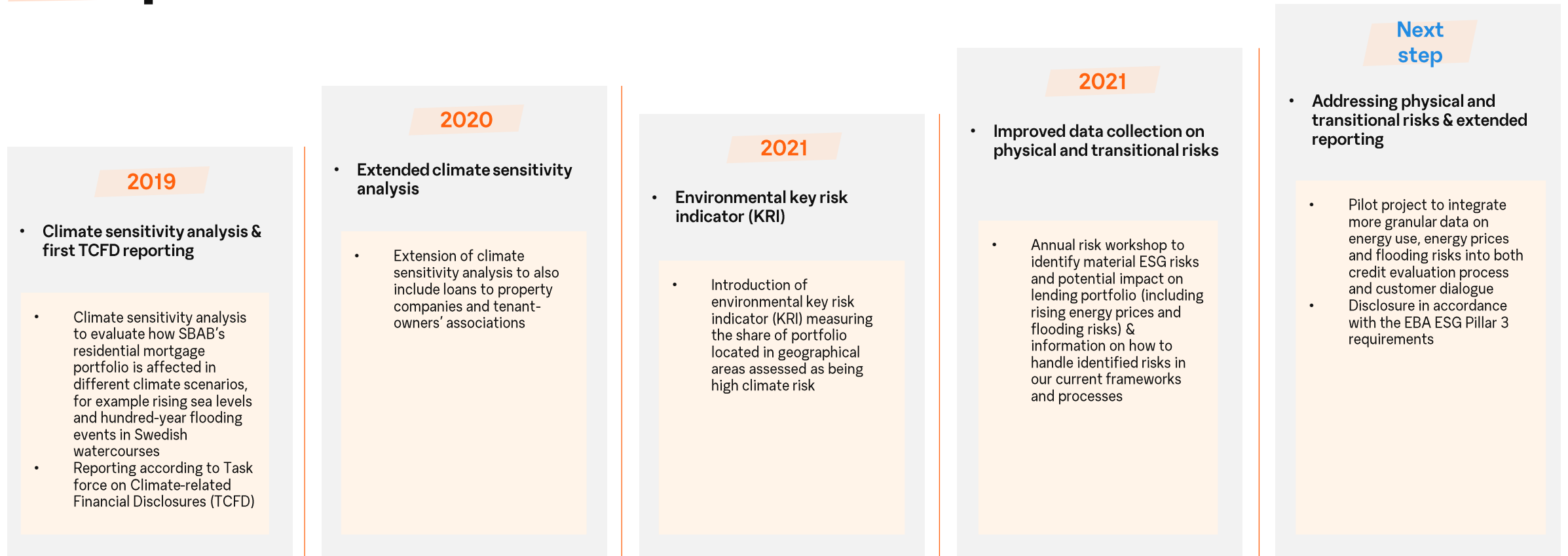
**SBAB**

SBAB Bank AB (publ)

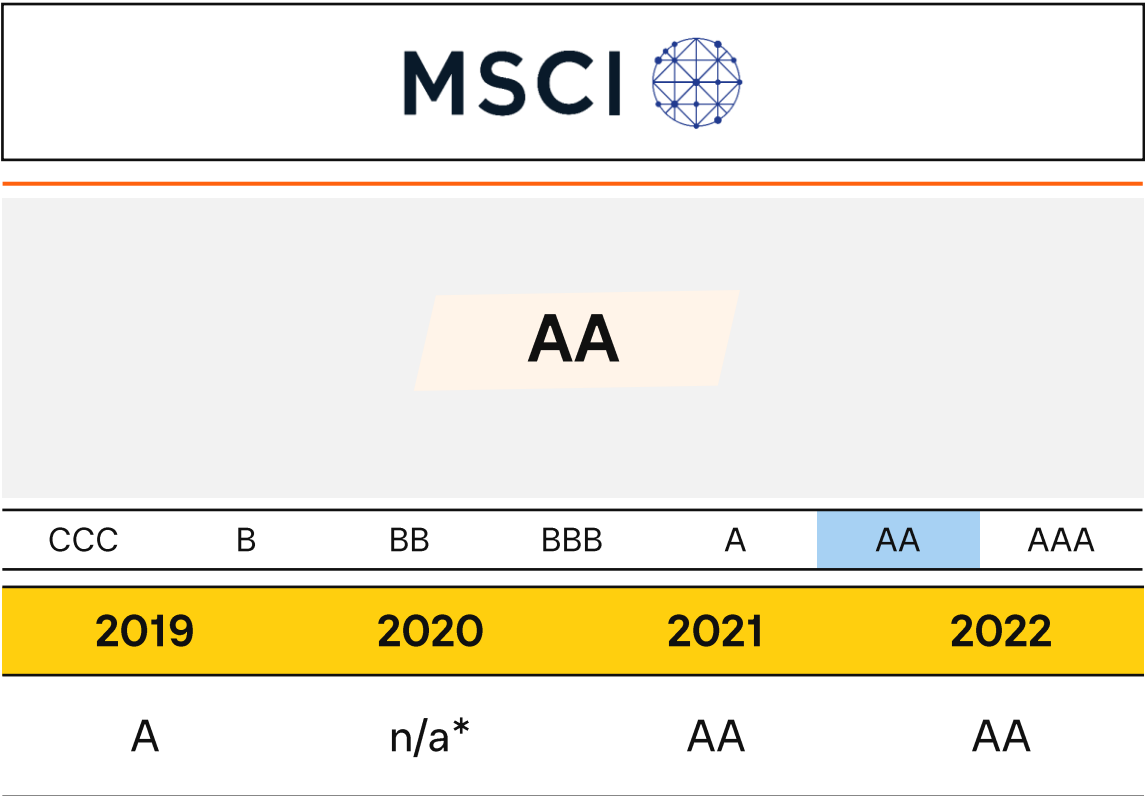
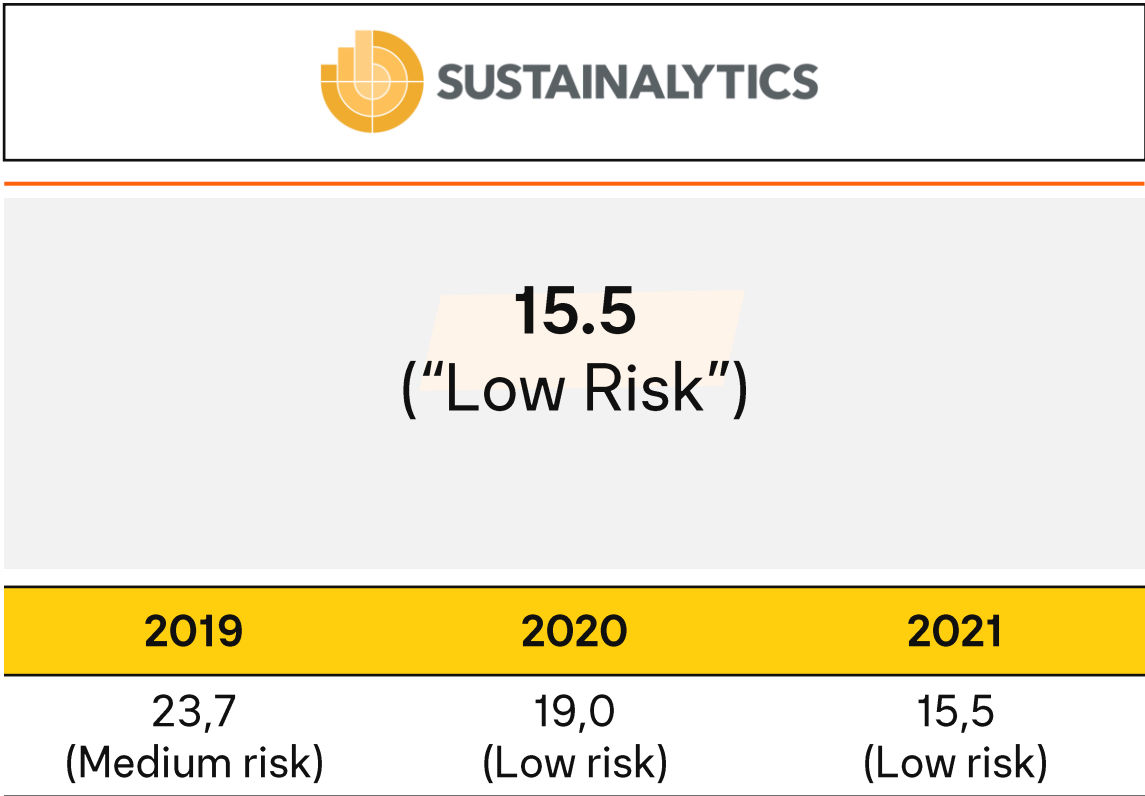
**SCBC!**  
Covered bonds of SBAB

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

# SBAB's timeline on climate change adaptation



# Sustainability ratings

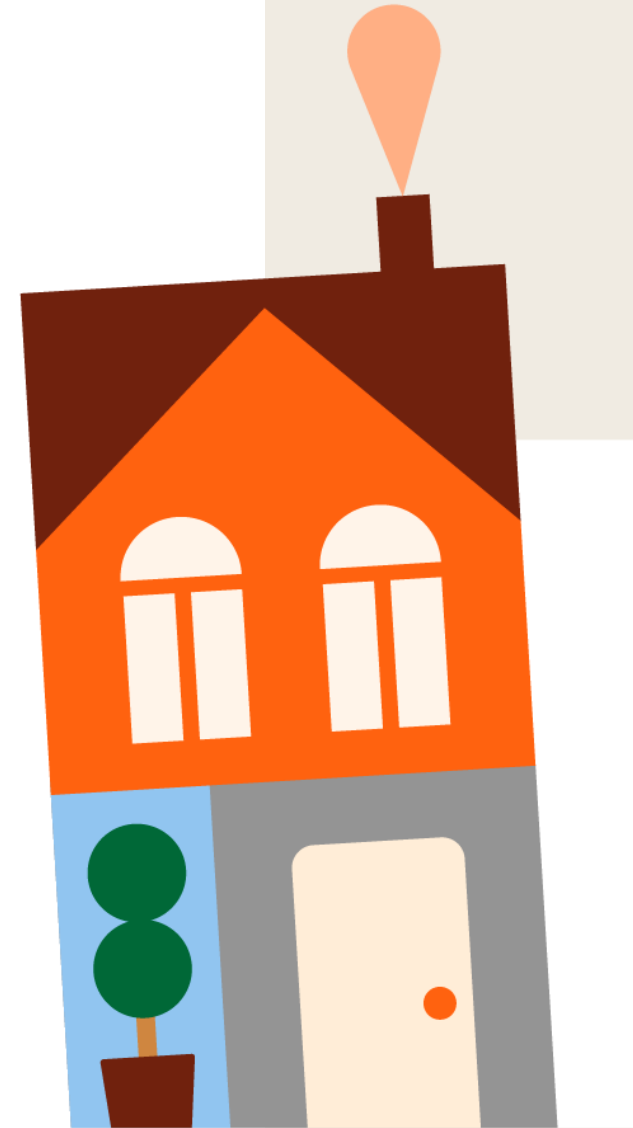


\* No new rating during 2020



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# The Swedish economy

Forecast key figures Sweden

	2022	2023	2024	2025
Real GDP, actual	2.6 (2.7)	-0.9 (-1.0)	1.4 (1.4)	3.0 (3.1)
Household consumption	2.1 (2.7)	-1.1 (-0.9)	1.9 (2.0)	3.4 (3.4)
Public consumption	0.0 (-0.3)	1.2 (1.2)	1.4 (1.5)	1.2 (1.2)
Investments	9.0 (10.5)	-7.7 (-7.7)	-0.6 (-1.4)	4.4 (3.7)
Net export, GDP-contribution (pp)	-0.6 (-1.1)	1.4 (1.2)	0.4 (0.5)	0.1 (0.4)
Employment	2.7 (2.3)	0.1 (-0.3)	-0.2 (0.4)	1.1 (1.1)
Unemployment rate (%)	7.5 (7.4)	7.9 (8.0)	8.2 (8.2)	7.9 (7.9)
Inflation, CPIF growth	10.2 (10.2)	4.4 (4.4)	1.9 (2.0)	1.8 (1.8)
Policy rate, yearly average (%)	0.75 (0.75)	3.40 (3.09)	3.14 (2.42)	2.11 (2.00)
KIX-index (-)	121.1 (120.9)	124.8 (122.0)	123.2 (120.1)	121.5 (117.9)

Note: Annual percentage growth unless indicated otherwise. Light orange background indicates SBAB Q2 forecast in April 2023. Figures in brackets = Q1 forecast published in February 2023.

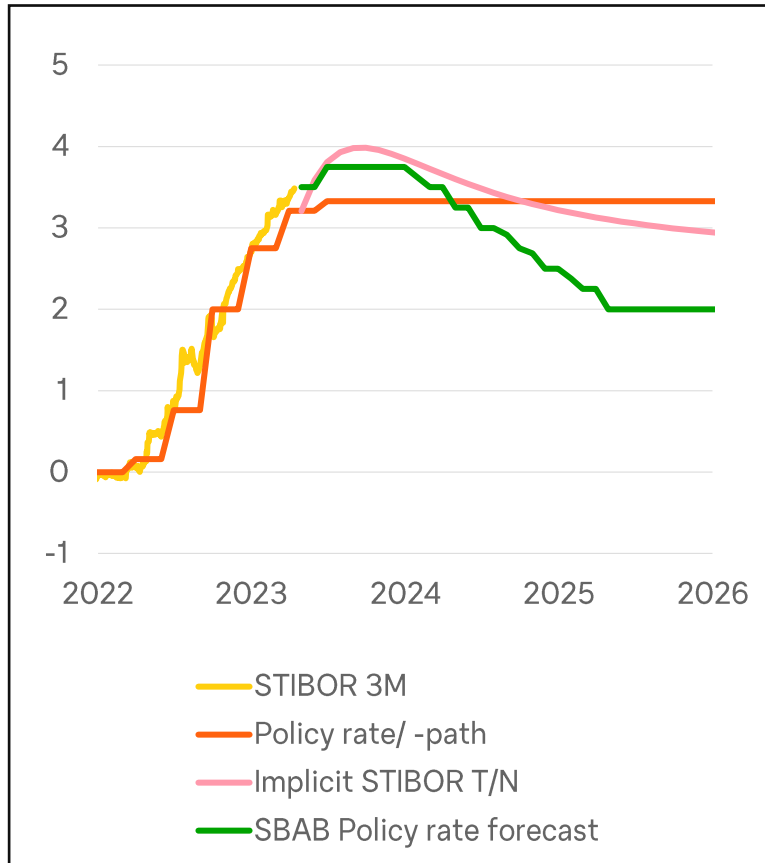
Comments

- Swedish GDP is expected to shrink in 2023 by close to 1 percent
  - Households' real consumption is severely eroded by rising prices, but also increased interest rates
  - The households' financial starting position is good as a result of high savings of recent years
- Like many other countries, Sweden has been affected by high inflation, and like many other central banks, the Riksbank has tightened up with rapid policy rate increases
- Some characteristics of the Swedish economy are quite strong 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

Interbank rates and policy rate (%)



Mortgage rates (%)

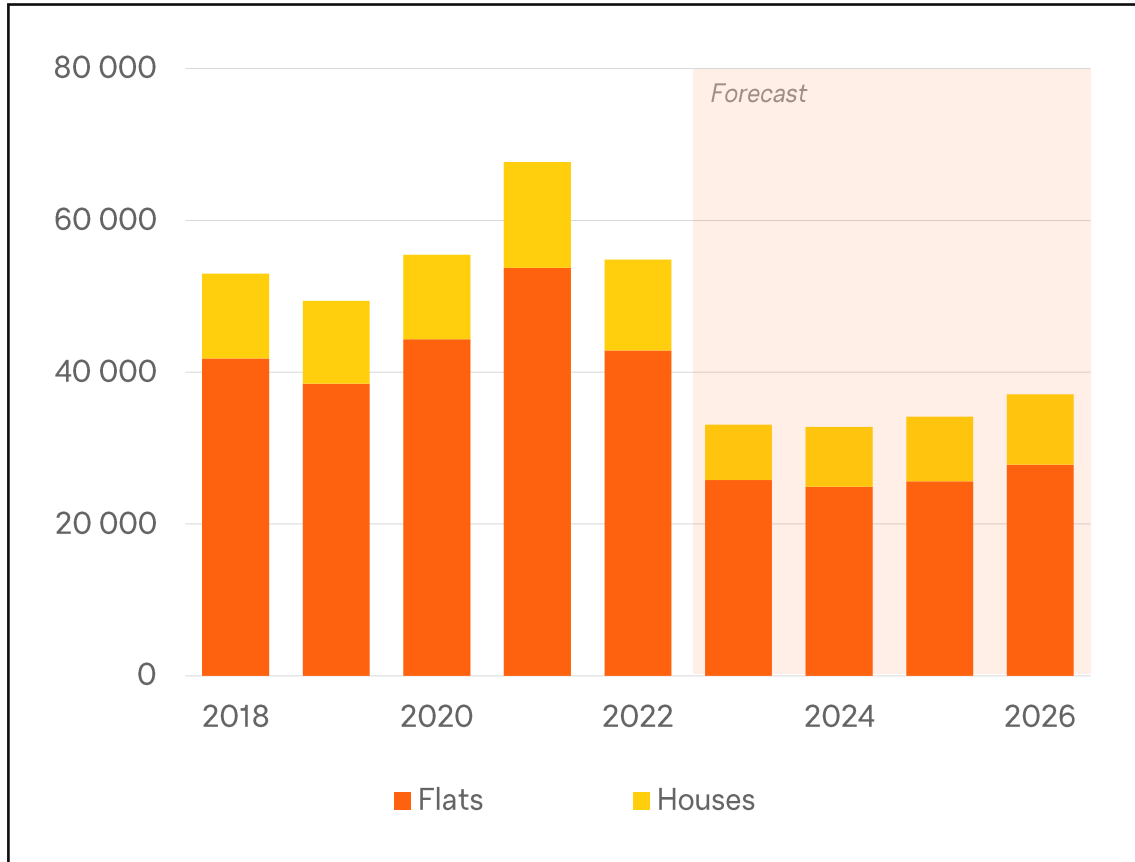
	Length of fixed interest period					
	3 Months	1 Year	2 Years	3 Years	4 Years	5 Years
May 2023	4.7%	4.7%	4.7%	4.8%	4.6%	4.6%
Jan 2024	5.0%	4.9%	4.9%	4.8%	4.7%	4.7%
Jan 2025	3.9%	3.9%	3.9%	3.9%	3.9%	3.9%
Jan 2026	3.5%	3.6%	3.7%	3.8%	3.9%	3.9%
Jan 2027	3.6%	3.7%	3.8%	3.9%	4.0%	4.1%

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)



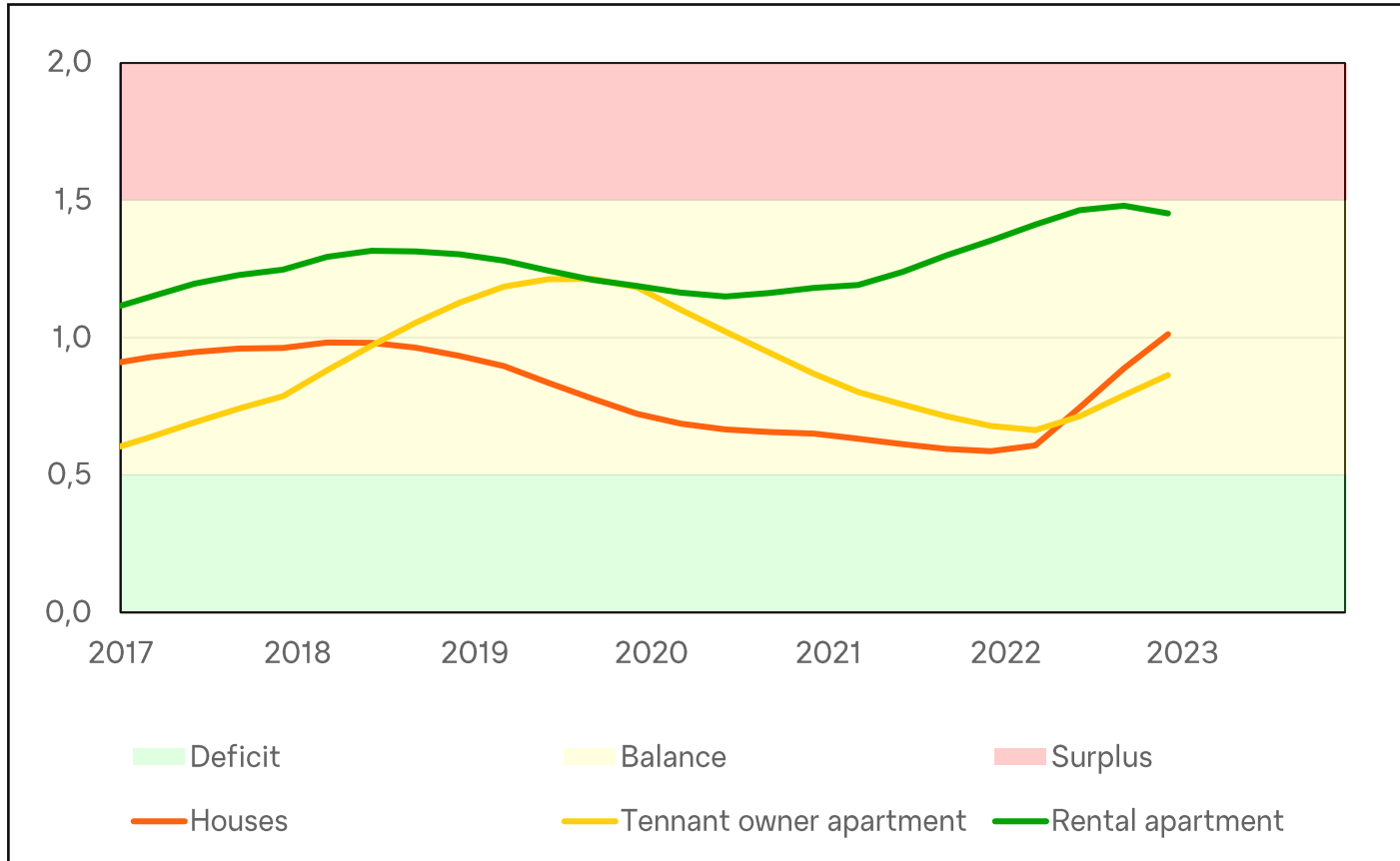
Still need for new housing

- Housing construction is expected to decline rapidly in 2023, from about 68,000 homes in 2021 (excluding rebuilt housing) to around 33,000 homes in 2023. In the following years, housing construction is expected to remain relatively low
  - Initially in 2022 housing construction was under pressure from the availability of materials and equipment, and rapidly rising prices for many input goods
  - Towards the end of 2022 it became more and more pressured by the fall in house prices on the secondary market, and of the deteriorating financial situation for households
- There is currently a housing deficit in Sweden. The purchasing power-based housing shortage is estimated at roughly 40,000 homes at the end of 2023, which suggests that housing construction does not fall back completely
- The need for housing increases by around 35,000 homes per year as a result of population growth



# Overall balance in housing construction

SBAB Booli Housing Market Index (HMI) (index)



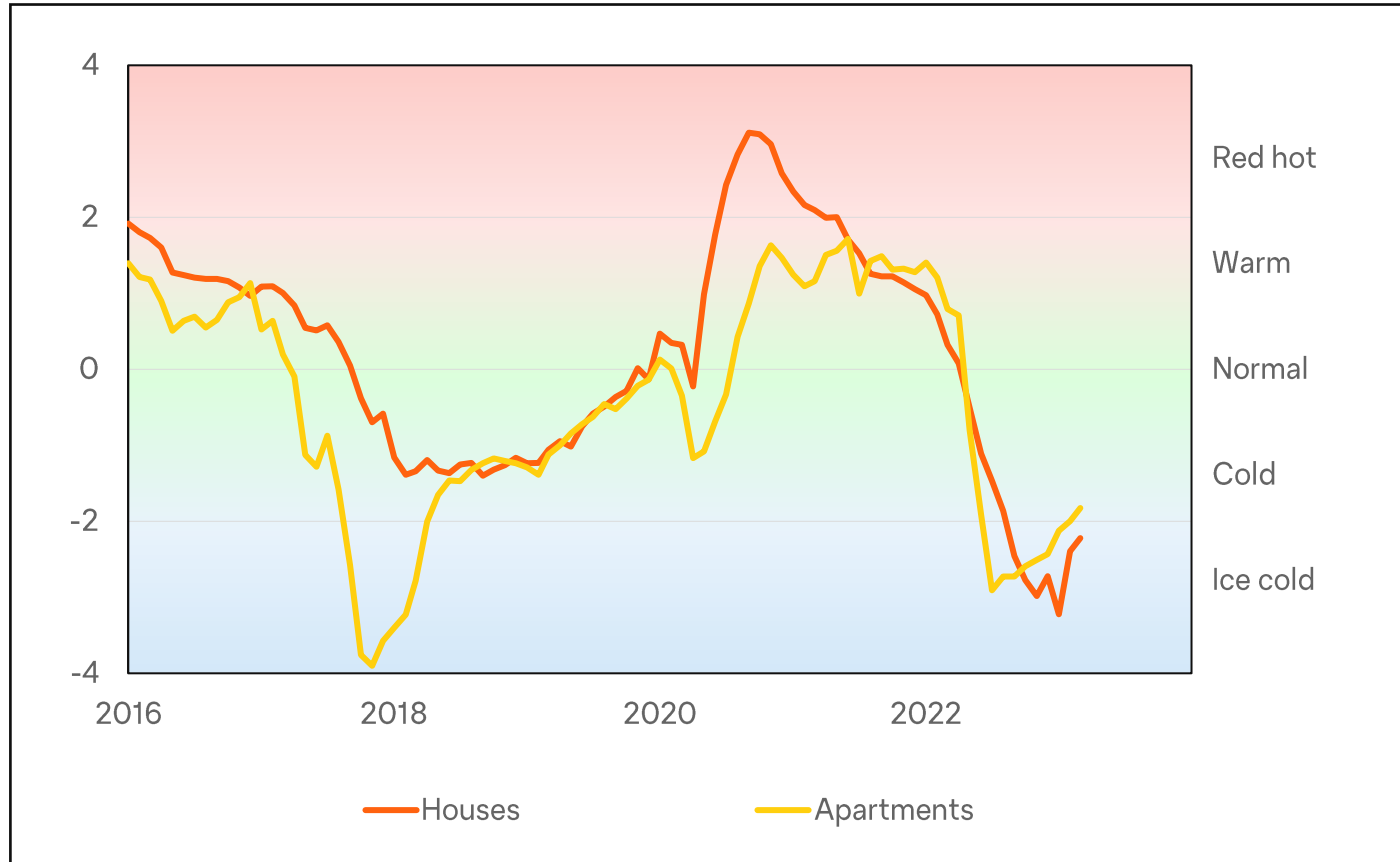
Change in trends

- Rising interest rates have dampened the demand for housing and resulted in the trend towards a deficit being replaced by a trend towards a surplus of newly produced houses and tenant owner apartments
- The lower demand for housing is relatively well matched by the lower construction rate, which means that the market is generally characterized by balance, except for rental apartments, which are close to a surplus
- There are of course local differences with both surpluses and deficits



# Housing market temperature

SBAB Booli Housing market temperature (standard score)



Slight improvement in recent months

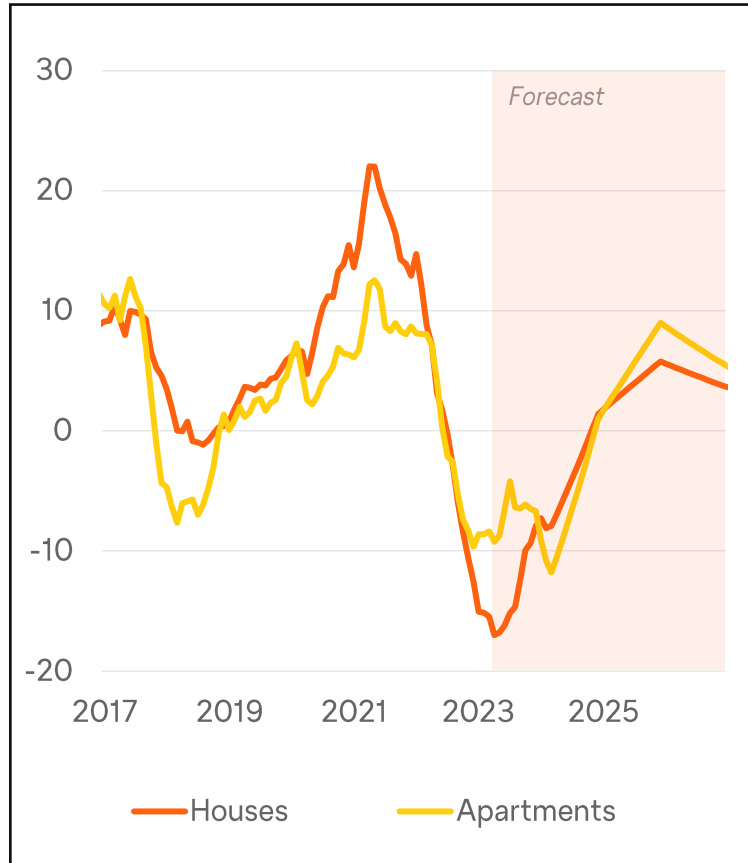
- Since autumn 2022, the conditions for selling housing have changed dramatically, and can be described as freezing cold
- In February and March 2023, a certain improvement in the situation can be seen, perhaps more clearly for apartments
- The conditions are measured as standardized scores for six variables: housing supply, number of days at Booli, number of republished homes, proportion reduced-price homes, number of bidders, and average bid premium
- Explanations for the change are about steeply rising mortgage interest rates along with other rising cost of living, not least the cost of food and electricity



# Price decline expected to continue

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

	Index Mar-23	Change since		
		1M	3M	12M
<b>Sweden (HPI)</b>	<b>1.79</b>	<b>+0.3%</b>	<b>+2.2%</b>	<b>-13.2%</b>
<b>Flats</b>	<b>1.83</b>	<b>+1.2%</b>	<b>+6.1%</b>	<b>-8.4%</b>
Stockholm	1.71	+1.1%	+6.1%	-7.8%
Gothenburg	1.79	+1.6%	+6.6%	-9.9%
Malmö	1.93	+0.7%	+7.3%	-8.4%
<b>Houses</b>	<b>1.77</b>	<b>-0.1%</b>	<b>+0.3%</b>	<b>-15.5%</b>
Stockholm	1.65	-1.1%	-0.4%	-17.8%
Gothenburg	1.66	-2.0%	-2.8%	-16.7%
Malmö	1.74	+0.5%	+4.6%	-15.2%



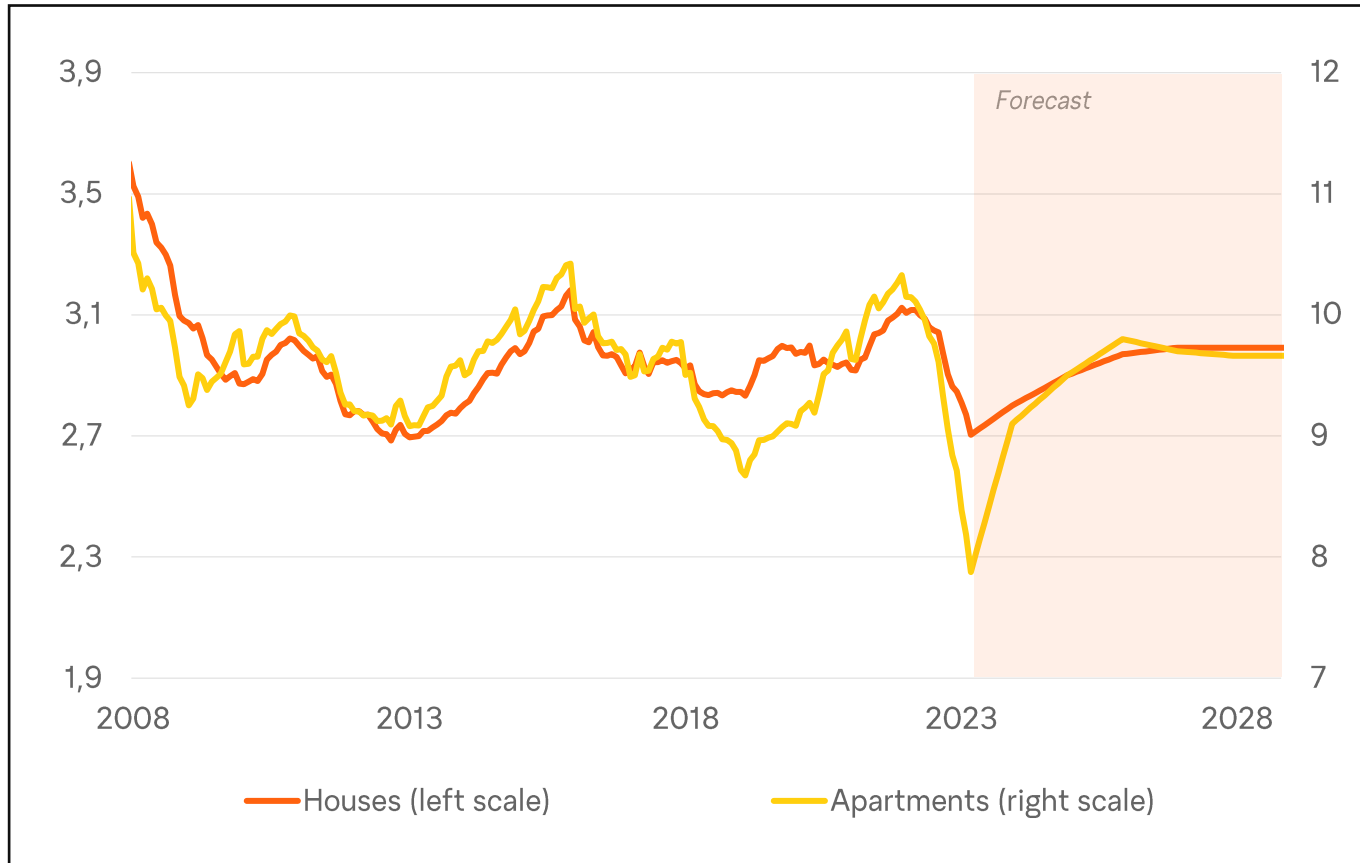
Falling housing prices

- Housing prices have increased by an average of 4% over the past ten years up to and including January 2023
  - 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 deeper than in previous years
- SBAB's forecast is that housing prices will continue to fall somewhat, primarily as a result of further 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



# Dampened housing turnover in recessions

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



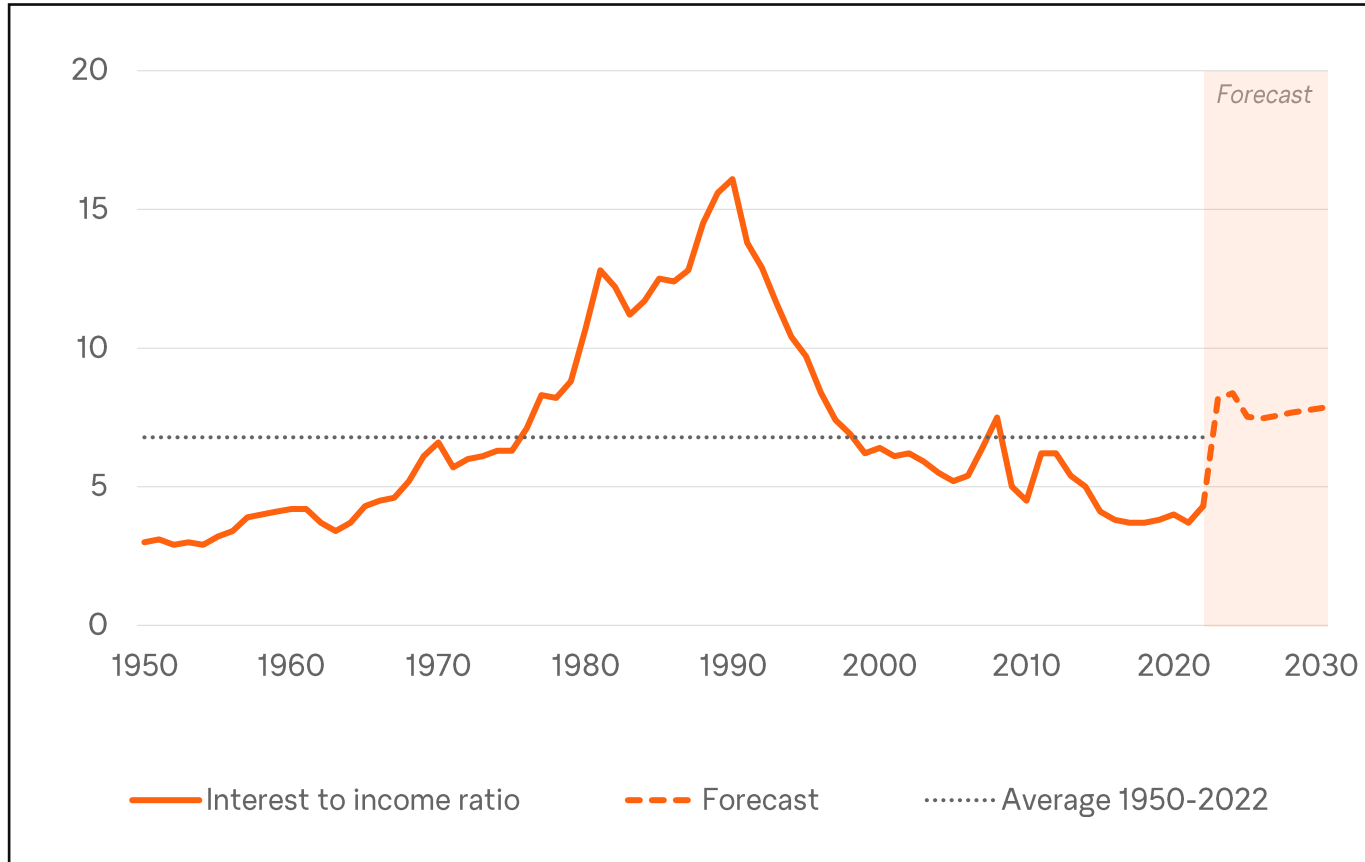
Normalization as the economy is slowing down

- The housing turnover has fallen rapidly in 2022 and the beginning of 2023, and is now clearly below the normal level, especially for apartments
- In March, the seasonally adjusted trend turnover rate was 2.5 per cent per year for houses and 7.3 per cent per year for apartments, significantly lower than the corresponding 12-month counterpart
- The housing turnover is expected to recover in 2023 and 2024, to be at a normal rate in 2025
- The normal turnover rate is estimated at about 2.95 per cent per year for houses and at about 9.6 per cent per year for apartments
- There is a clear historical pattern with high turnover during booms and low during recessions



# Interest expenses rising from low levels

Gross interest expenditure (% of disposable income)



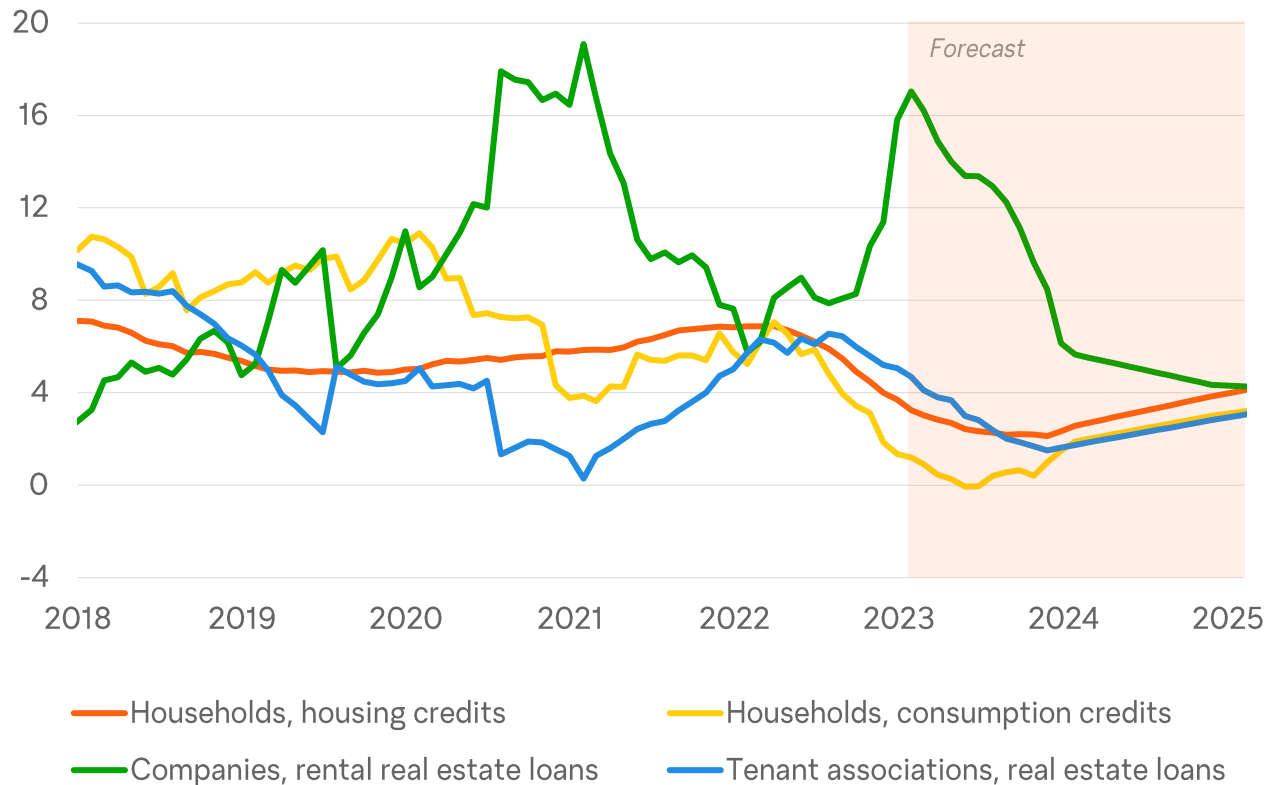
Interest expenses at low levels from a historical perspective

- High debt-to-income ratio but still, based on annual data up to and including 2022, low interest costs
- Interest expenses in relation to disposable income (interest to income ratio) at a very low level from a historical perspective
  - At 4.3% in 2022 before tax deductions (about 3.0 after tax deductions)
  - Expected to peak at 8.4% in 2024 before tax deductions, and for the following years to be below 8.0% (after tax deductions peak at 5.9%)
- Factors to consider regarding the interest expenses ratio
  - Interest expenses are, compared to early years, distributed among more households
  - 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 (%)



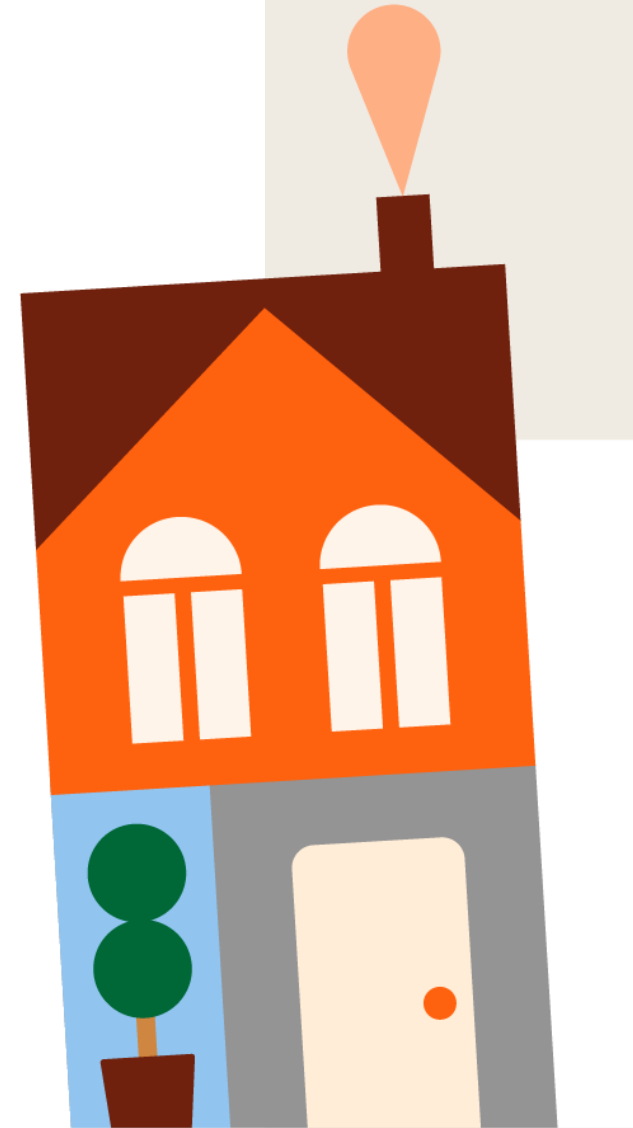
Clear slowdown of credit growth to households

- The growth rate of household mortgages has averaged over the past ten year to slightly over 6% per year
- According to SBAB's forecast, the growth rate of household housing credits is expected to drop to about 2% per year in 2023, and then slowly turn up towards a long-term at about 5% per year
  - 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 to around 8% in 2022 before picking up again towards the end of the year. In February, the growth rate amounted to 17% per year. In the long term, it is estimated to amount to slightly over 5% per year



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2	Financial performance
3	Credit portfolio and asset quality
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# 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 (5<sup>th</sup> 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

Lending (SEK)

**352.2**

Mortgage market share

**8.51%**

Mortgage customers

**293,000**

Deposits (SEK)

**148.3**

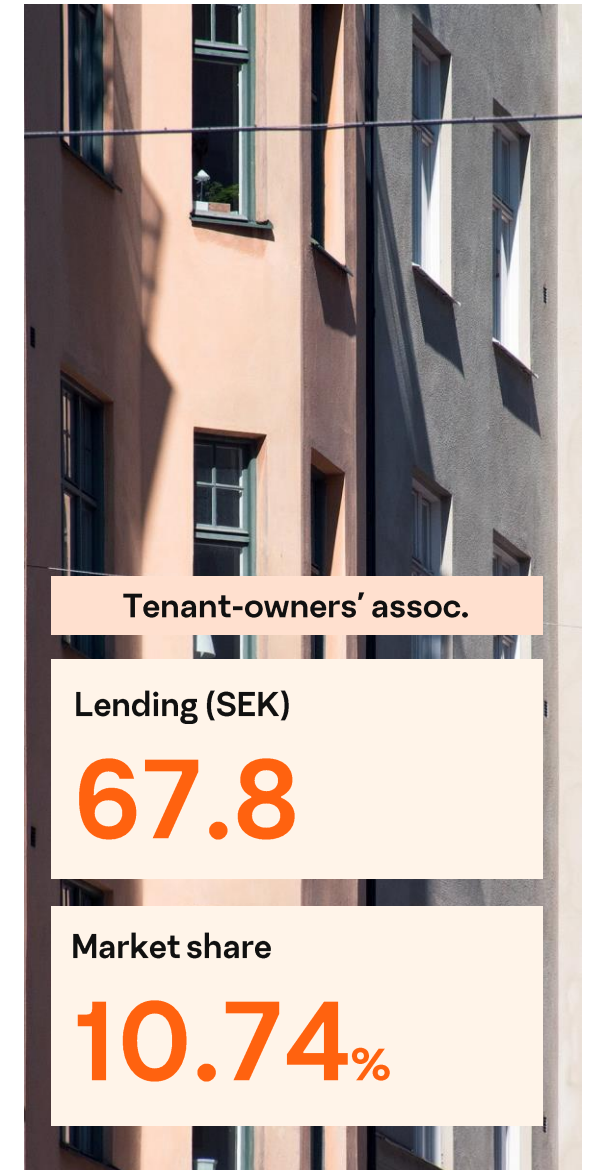
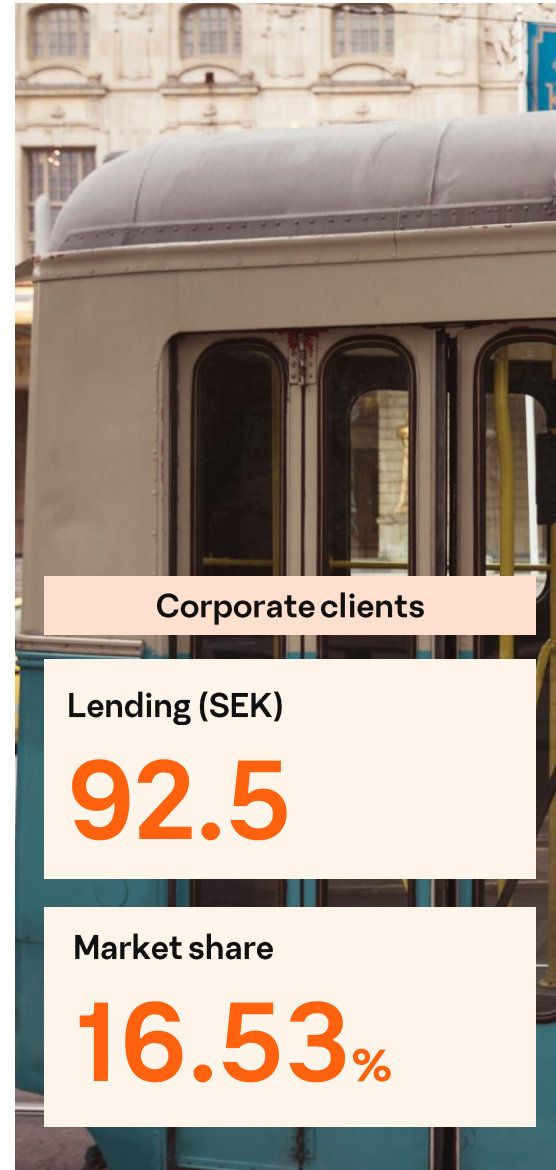
**Sweden's most  
satisfied customers, for the  
fourth consecutive year**



# Corporate & Toa business area

- 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

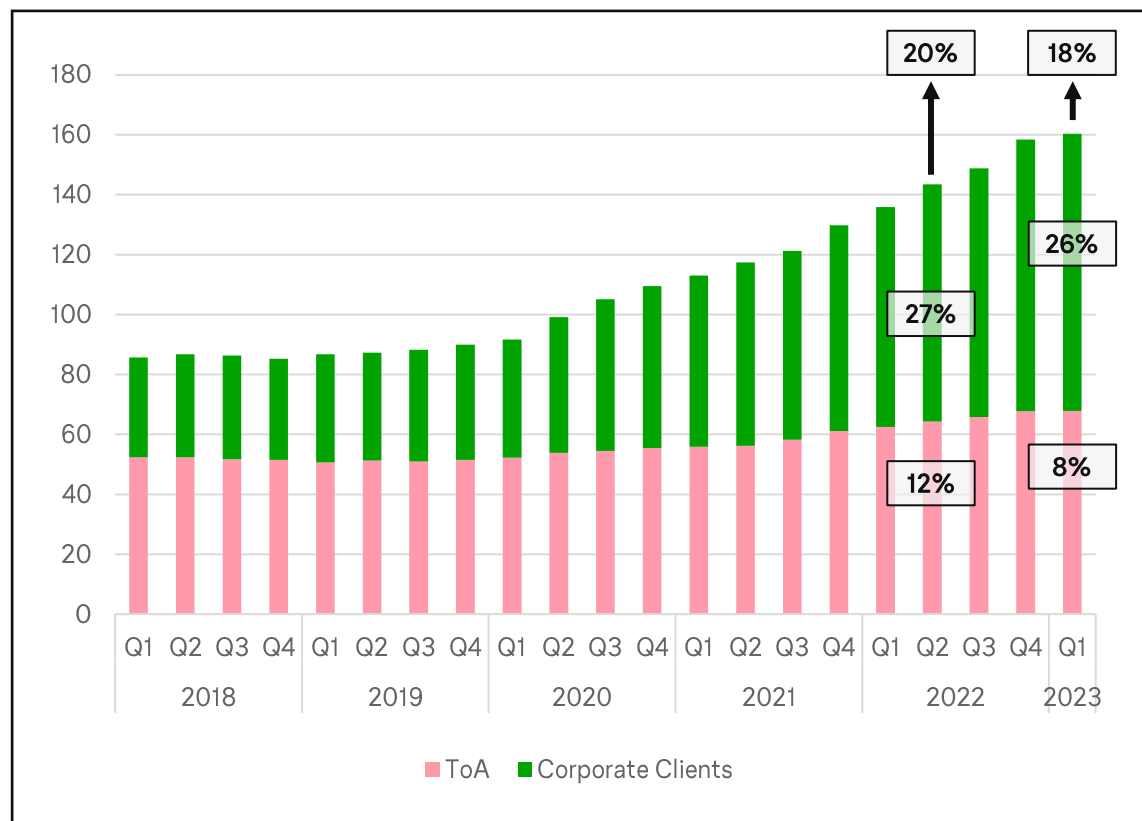
**Sweden's most  
satisfied customers' for  
five consecutive years**



# Corporates & Tenant-own. Assoc.

X% = YoY growth

Lending volumes (SEK bn)

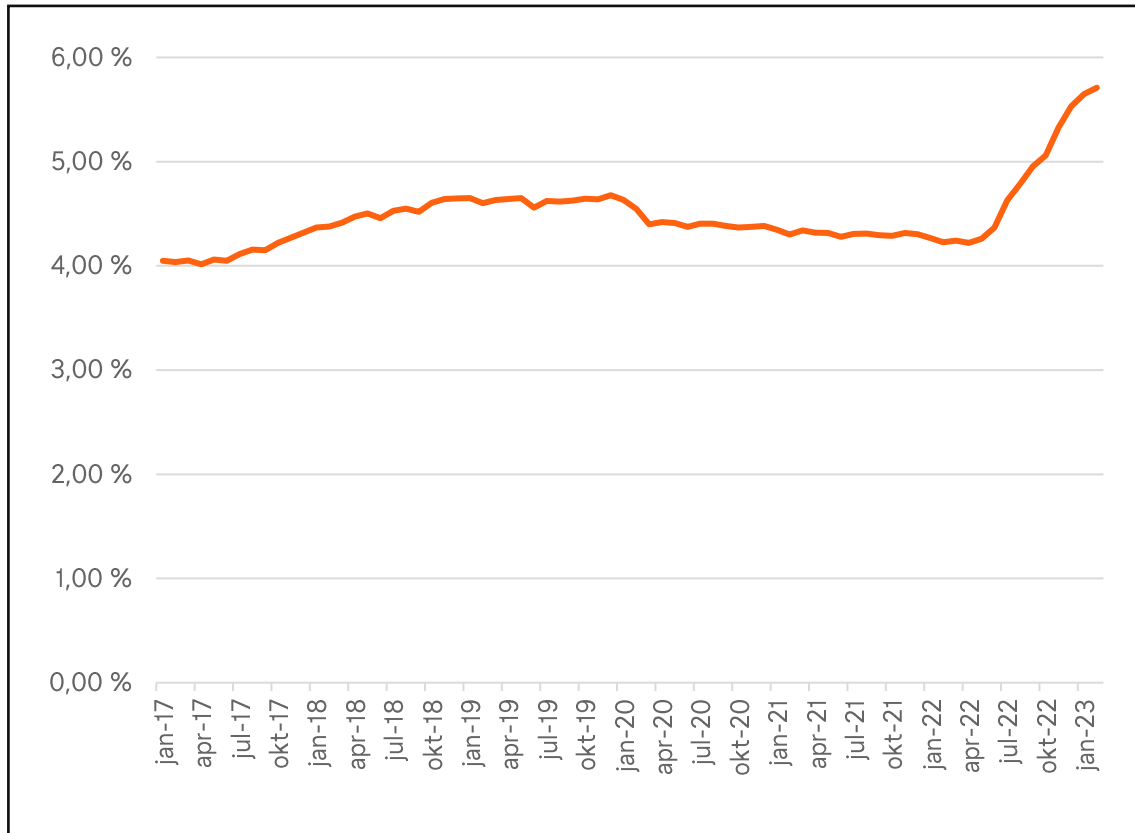


Market shares, Corporate clients & ToA (Feb 2022)

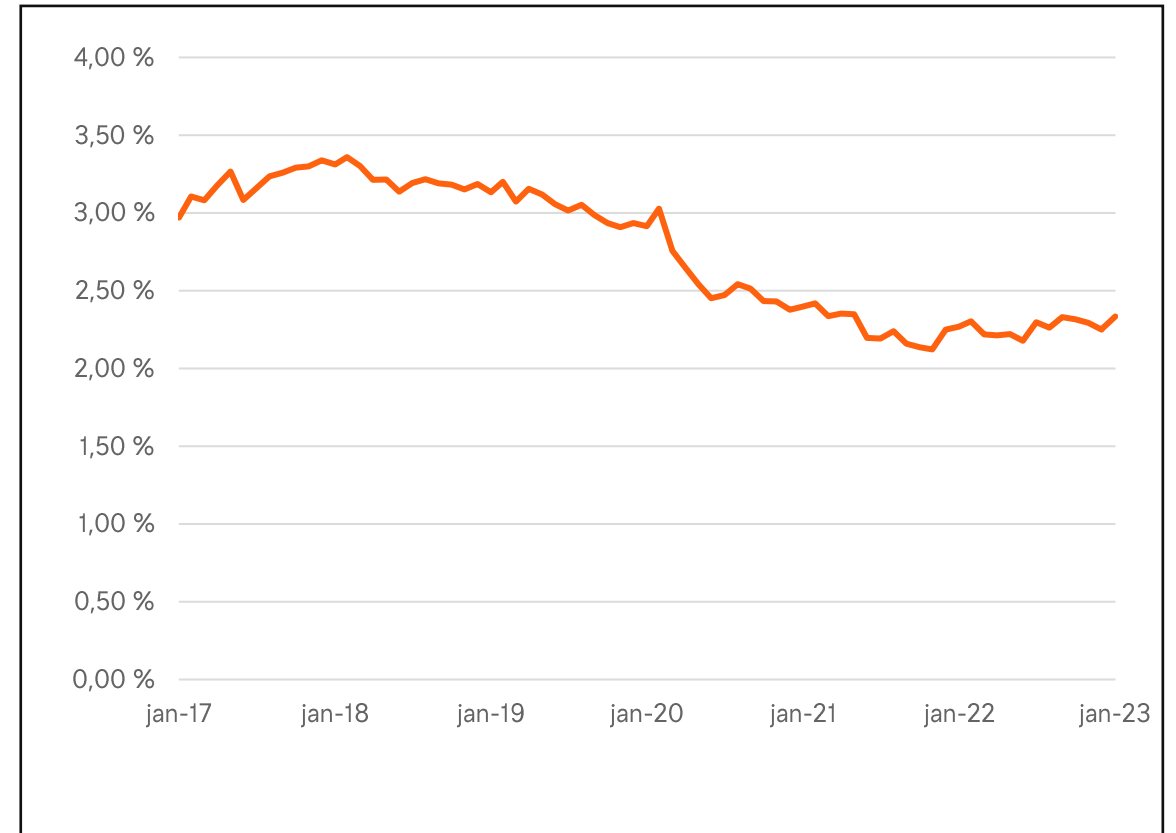


# Market shares for deposits

Market share (Retail) (Feb 2022)



Market share (Corporate) (Feb 2022)



# The Swedish mortgage 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

HYPOTEKET

AVANZA 

Borgo  IKANO BANK

Ekobanken

J&K

ICA Banken ÄLANDSBANKEN

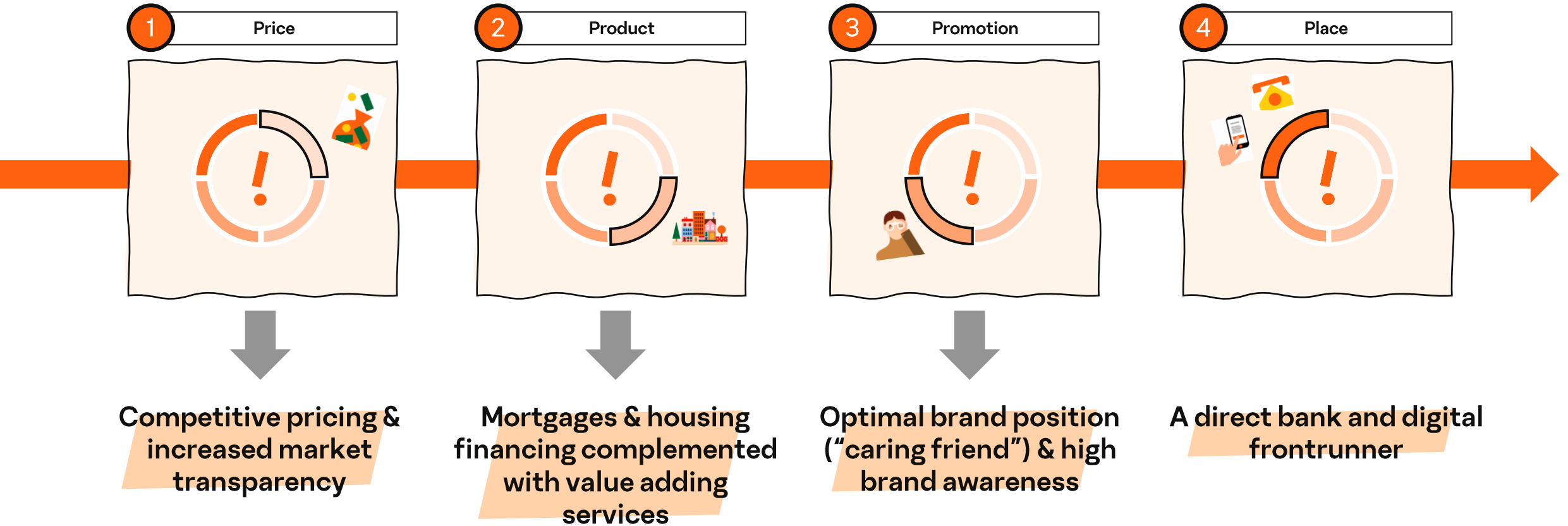
Bluestep.

 Nordax Bank

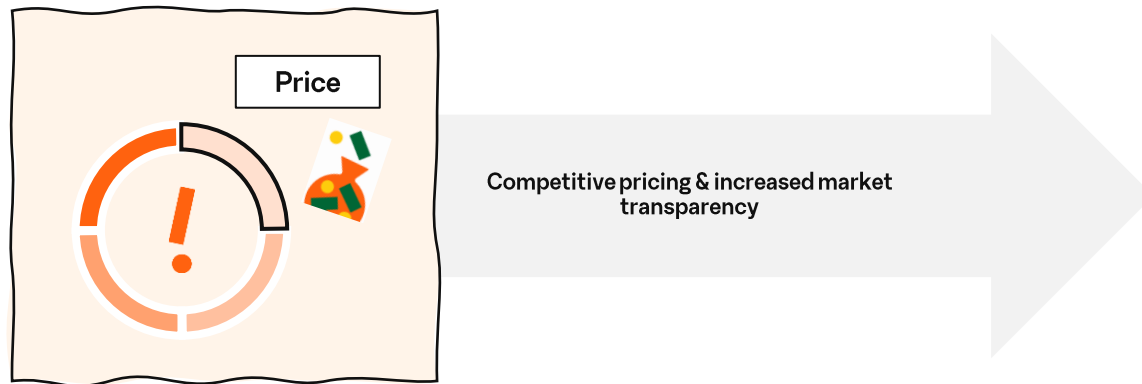
 Landshypotek Bank

 Nordnet

# SBAB's success factors

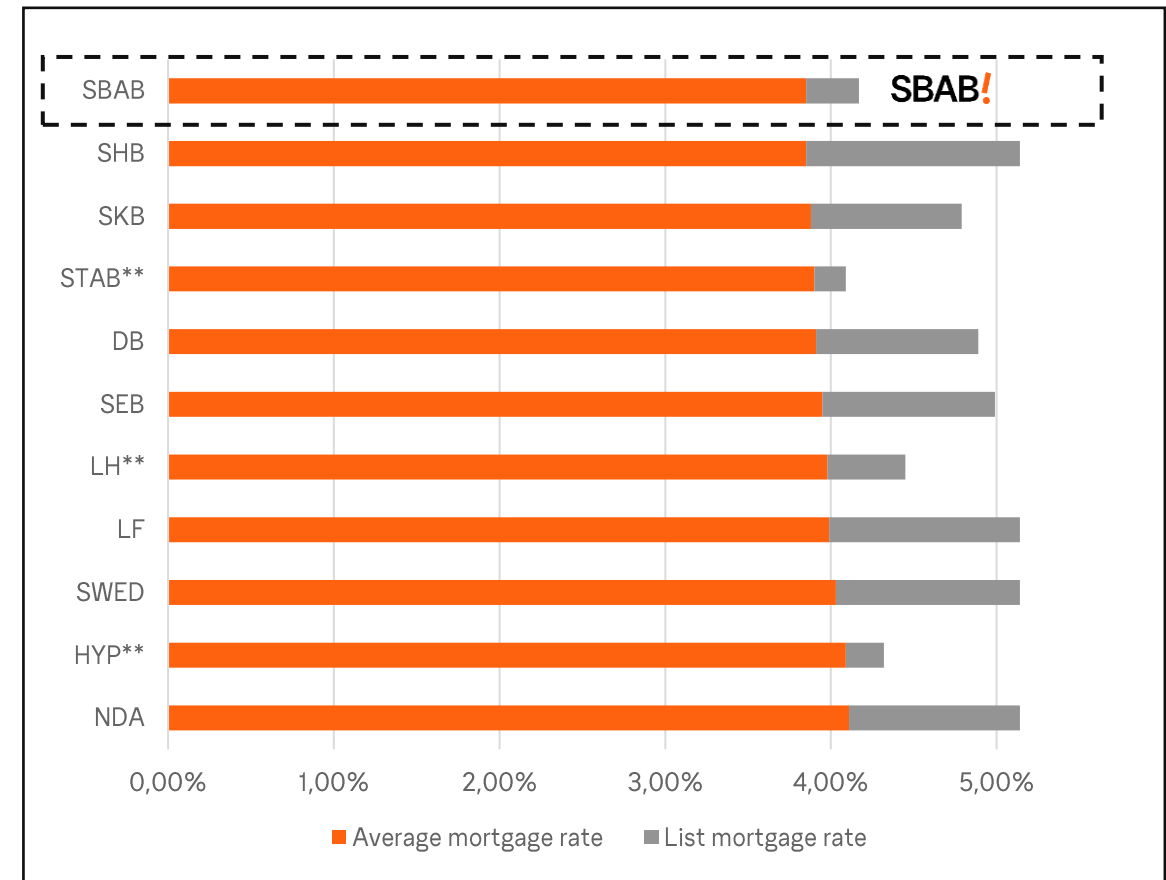


# SBAB's success factors: Price



- 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 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 is sticking with a pricing strategy of transparency

Average mortgage interest rate (3M variable) & list rate \*

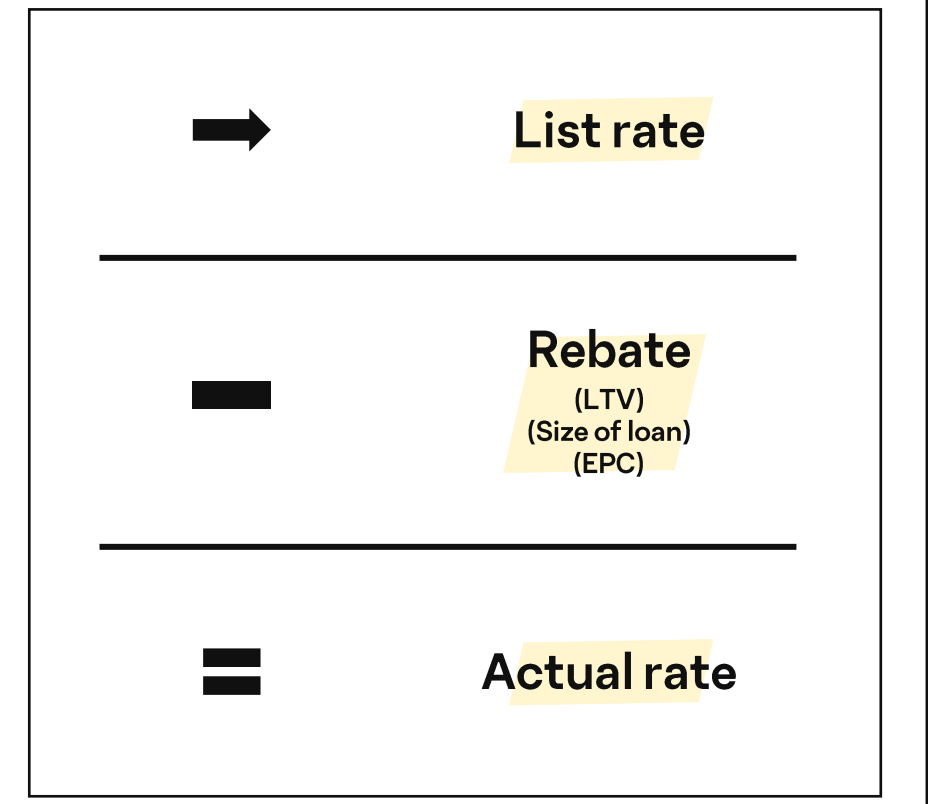


# Transparent pricing model

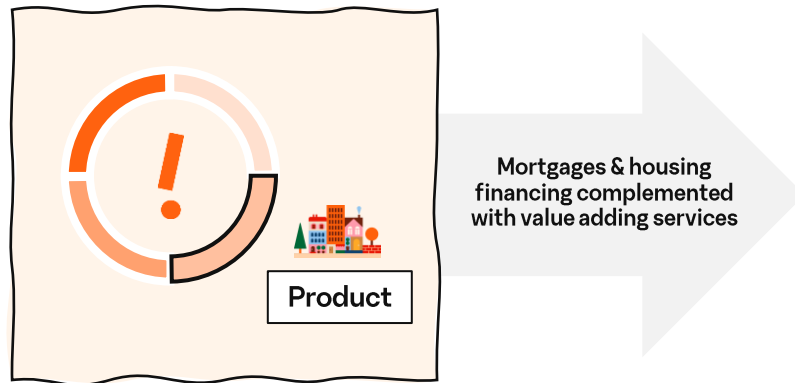
– Risk-based and transparent pricing with attractive terms and conditions

## SBAB's pricing model (risk-based pricing of mortgages)

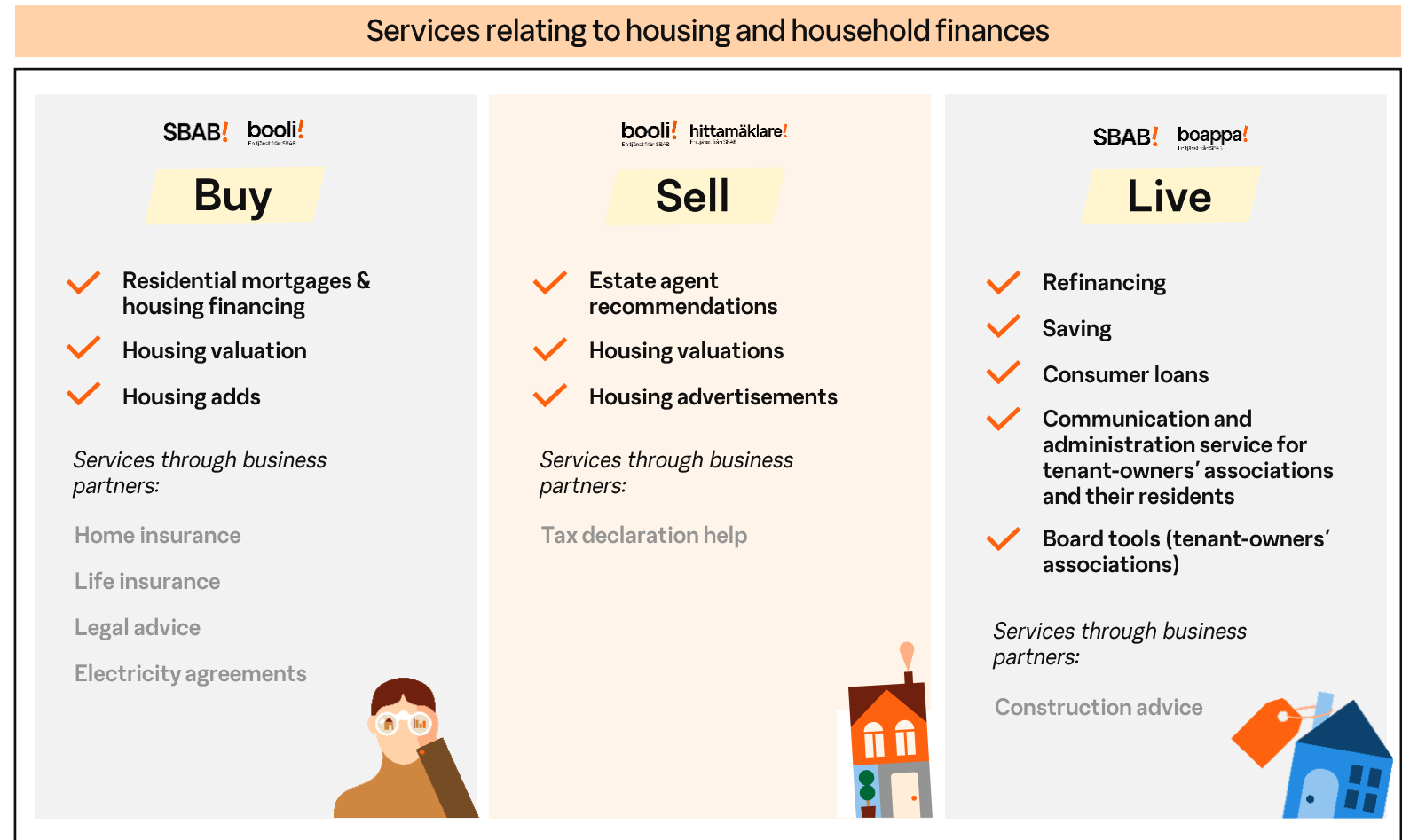
- Pricing of residential mortgages is based on current list rates for each maturity, as published on [www.sbab.se](http://www.sbab.se)
- The customer's specific interest rate is presented as a deviation from the list rate based on LTV ratio, the size of loan and to certain extent the energy classification (EPC) of the property (EPC A, B and C)
- Lower risk = better price
- No time limited discounts, no negotiation
- Transparent offering, i.e. small difference between SBAB's list rates and average rates



# SBAB's success factors: Product



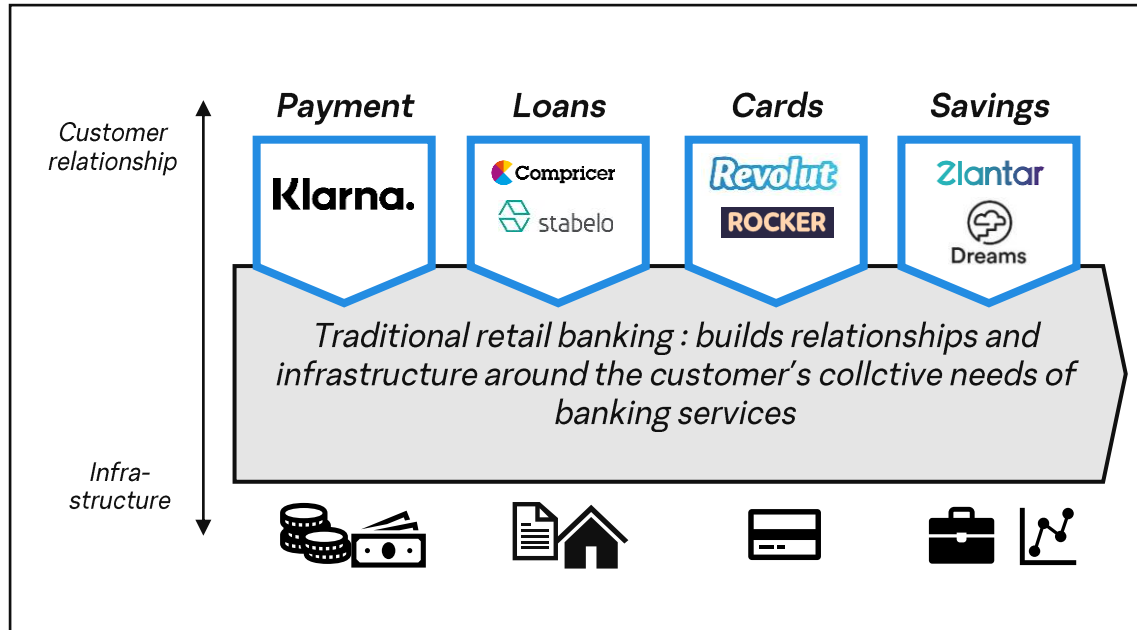
- Residential mortgages & housing financing main focus and primary source of income
- Challenges for mortgages: differentiation (price) & frequency of engagement
- Strategy to strengthen customer relationship/loyalty by adding valuable services throughout the housing journey



# Vertical strategy – our ecosystem

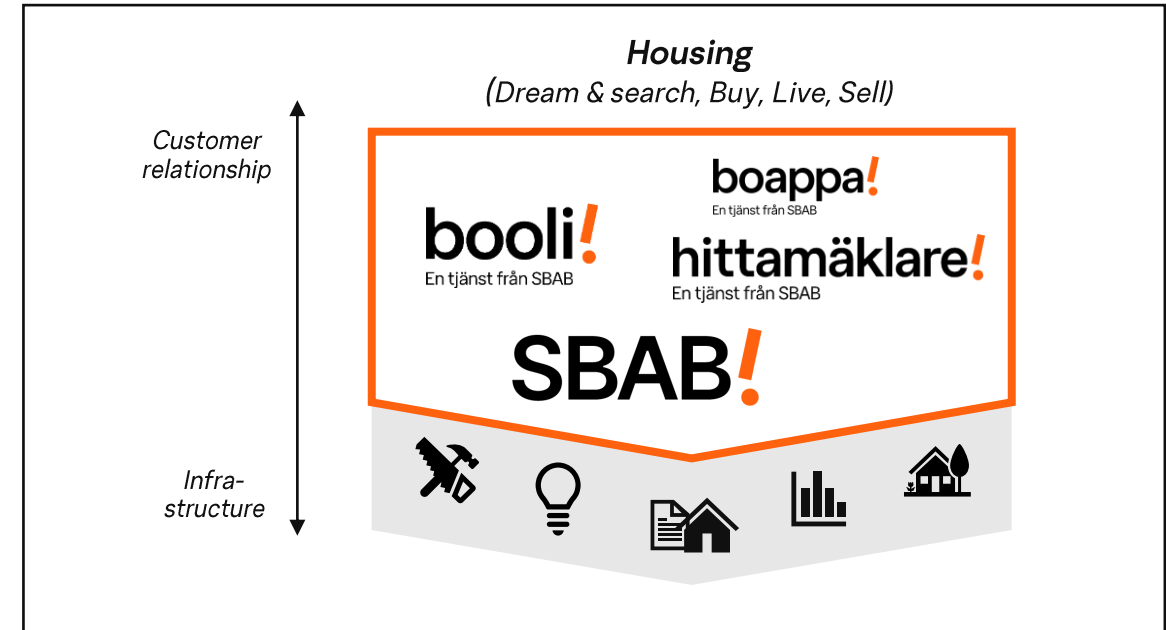


## Traditional retail banking is being challenged



**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

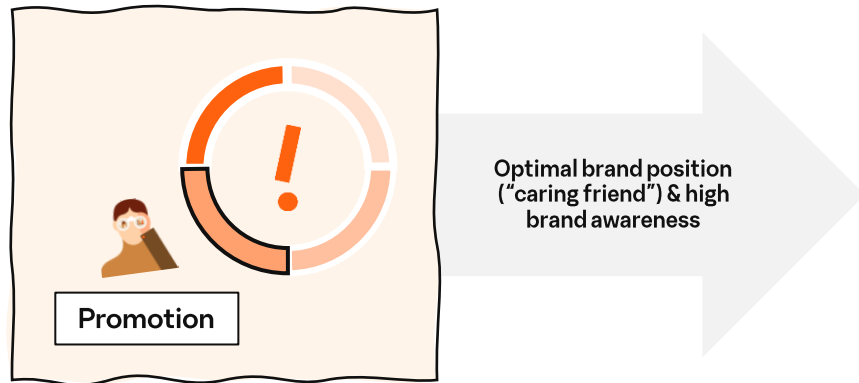
## SBAB takes control over the "Housing" vertical



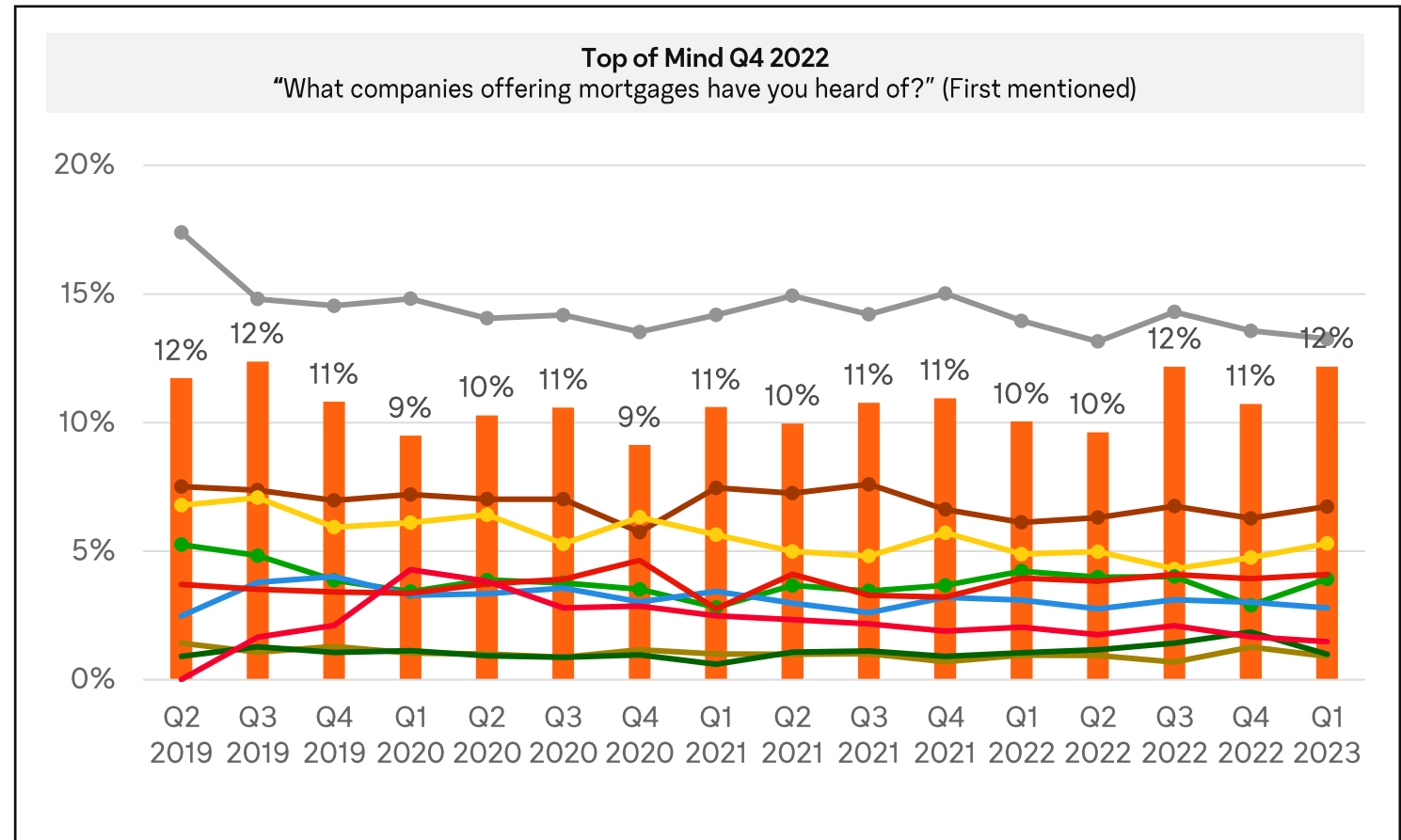
**Our ecosystem** solves the customers' needs with a strong combination of **housing services and customer experience**



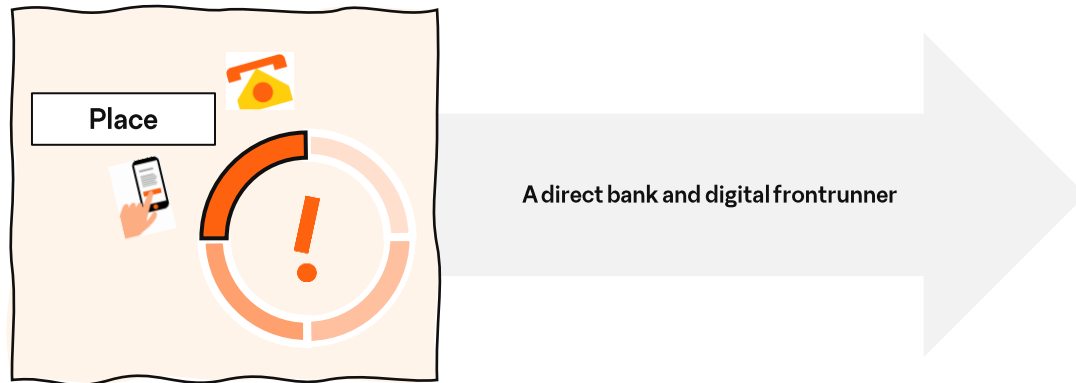
# SBAB's success factors: Promotion



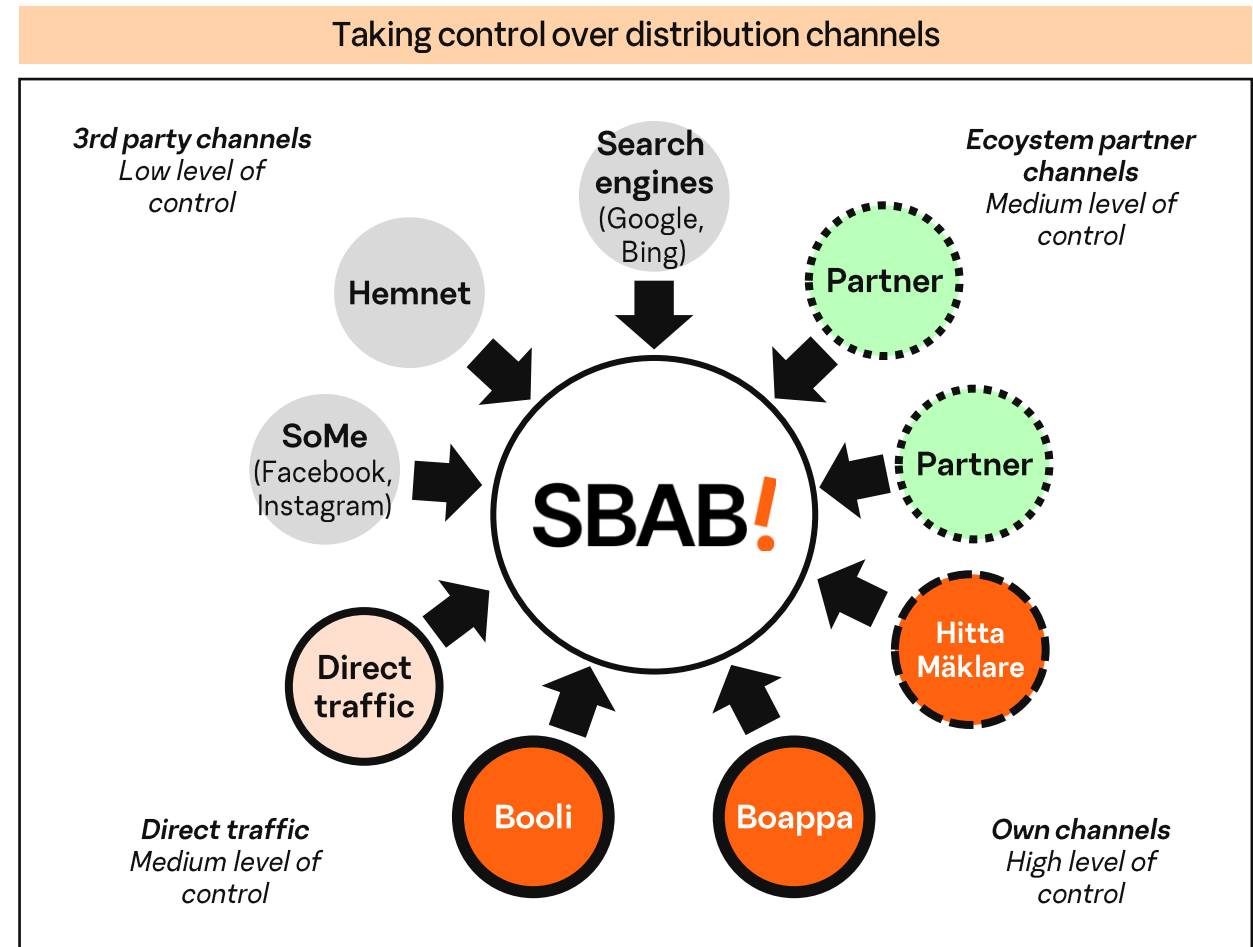
- High brand awareness (5<sup>th</sup> largest player but 2<sup>nd</sup> most recognised brand (Top of Mind)) supporting future growth
- Strong media presence through chief economist and housing economist
- Award winning communications



# 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



# Appendix

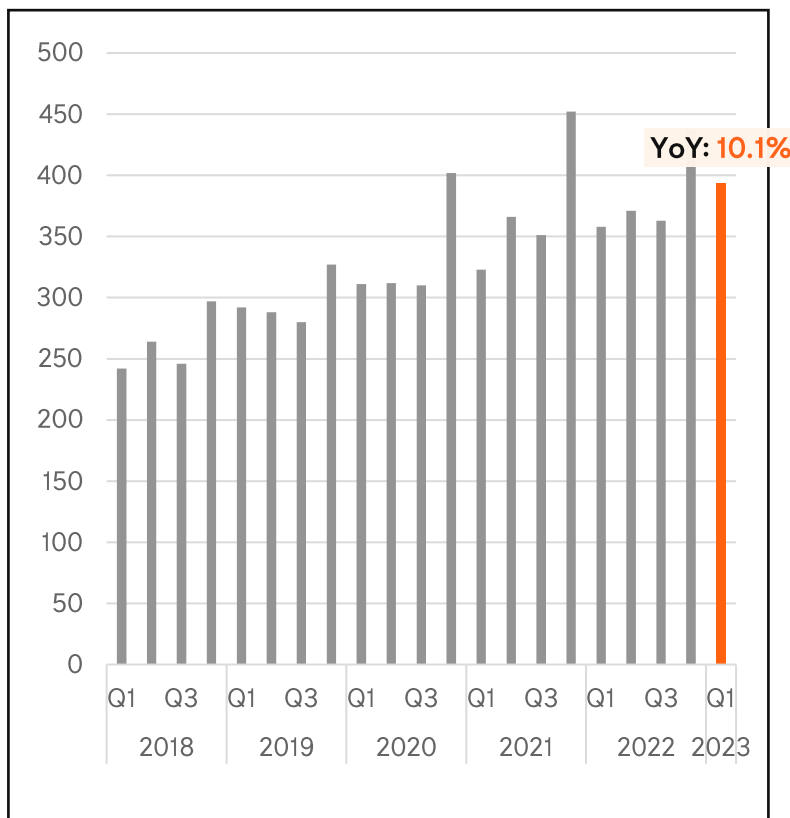
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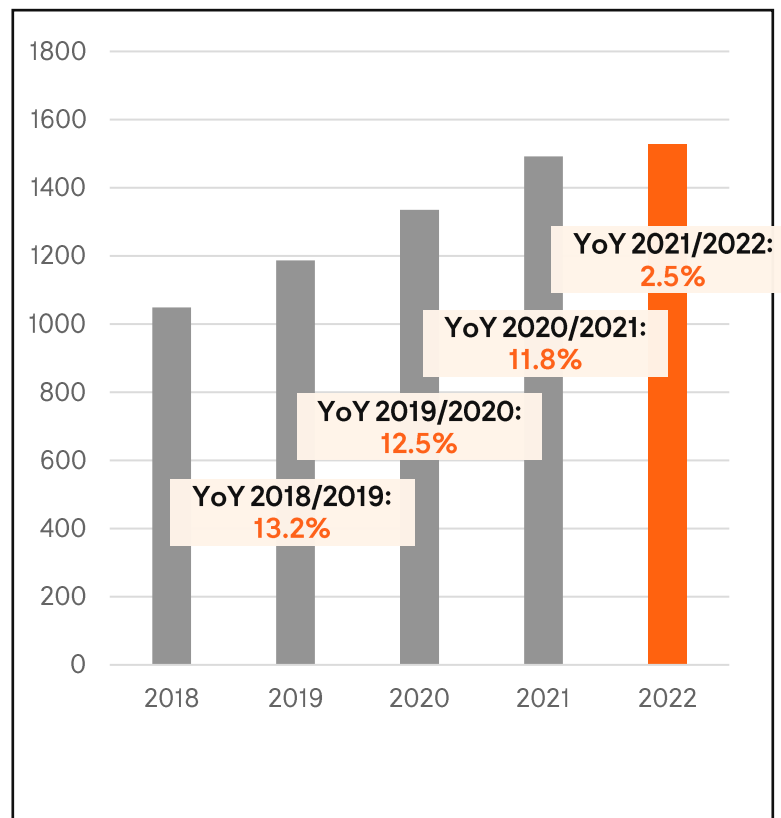
# Cost management

– 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



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# Provisions & net credit losses

## Lending to the public by credit stage

SEK million	31 Mar 2023	31 Mar 2022	31 Dec 2022
<b>Credit stage 1</b>			
Gross lending	478,178	458,765	478,737
Provision	-73	-54	-62
<b>Total</b>	<b>478,105</b>	<b>458,711</b>	<b>478,675</b>
<b>Credit stage 2</b>			
Gross lending	34,126	19,825	30,567
Provision	-106	-63	-90
<b>Total</b>	<b>34,020</b>	<b>19,762</b>	<b>30,477</b>
<b>Credit stage 3</b>			
Gross lending	423	215	371
Provision	-33	-30	-31
<b>Total</b>	<b>390</b>	<b>185</b>	<b>340</b>
<b>Total gross lending</b>	<b>512,727</b>	<b>478,805</b>	<b>509,675</b>
<b>Total provisions</b>	<b>-212</b>	<b>-147</b>	<b>-183</b>
<b>Total</b>	<b>512,515</b>	<b>478,658</b>	<b>509,492</b>

## Net credit losses

SEK million	Jan-Mar 2023	Jan-Mar 2022	Jan-Dec 2022
<b>Lending to the public</b>			
Confirmed credit losses	-2	-2	-7
Recoveries of previously confirmed credit losses	1	1	4
Change in provision for the period – credit stage 1	-12	-9	-17
Change in provision for the period – credit stage 2	-16	-1	-27
Change in provision for the period – credit stage 3	-1	1	-1
Guarantees	0	0	0
<b>Net credit losses for the period – lending to the public</b>	<b>-30</b>	<b>-10</b>	<b>-48</b>
<b>Loan commitments</b>			
Change in provision for the period – credit stage 1	-4	-7	-13
Change in provision for the period – credit stage 2	1	0	-7
Change in provision for the period – credit stage 3	-	0	-
<b>Net credit losses for the period – loan commitments</b>	<b>-3</b>	<b>-7</b>	<b>-20</b>
<b>Total</b>	<b>-33</b>	<b>-17</b>	<b>-68</b>

Increased provisions in Q1 2023 mainly attributable to:

- Risk migrations (mainly in Retail business area) following increased interest costs for households (SEK 19 mn)
- Management overlay of the total loss provisions (stage 1 & 2) to cover future expected risk migrations (SEK 20 mn)
- Updated macroeconomic forecasts (decrease in ECL of SEK 6 million)



# Resilience of the Swedish mortgage market confirmed in external stress tests

## S-FSA Annual Mortgage Survey 2023

- “Mortgagors are under pressure from rising interest rates. At the same time, the majority of new mortgagors continue to have good margins in their personal finances. These are the conclusions drawn by the Swedish FSA in this year’s Swedish Mortgage Market report, which is being presented today.”



<https://www.fi.se/contentassets/a35a4b8a4a1b4604acbc680ae763153/den-svenska-bolanemarknaden-2023-ny.pdf>

## EBA stress test

- 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 text 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: Construction loans

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

## Comments

- 121 outstanding construction loans (108 number of properties) totaling SEK 24 billion (of which 66% disbursed). Construction loans capped at 6.5% of total lending (current level 4.6%)
- 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

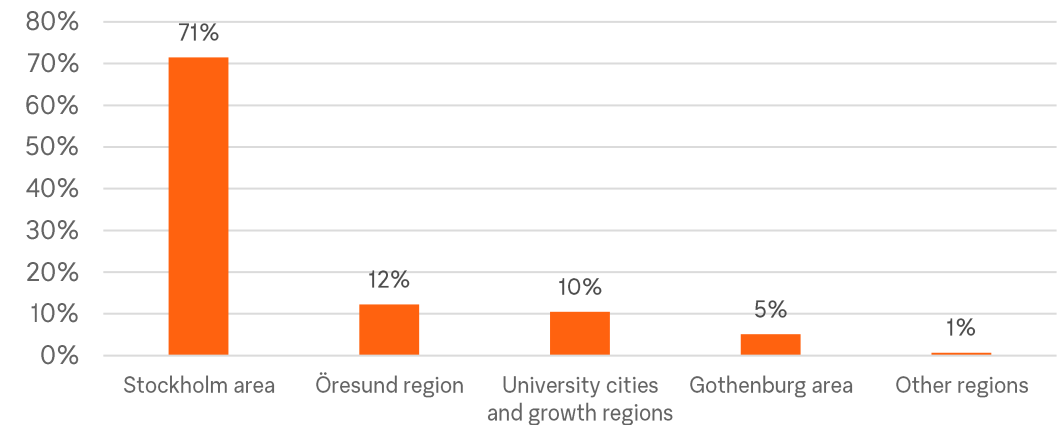
**24**<sup>bn</sup>

Granted credit amount

**66**%

Disbursed share

### Geographical distribution (%)



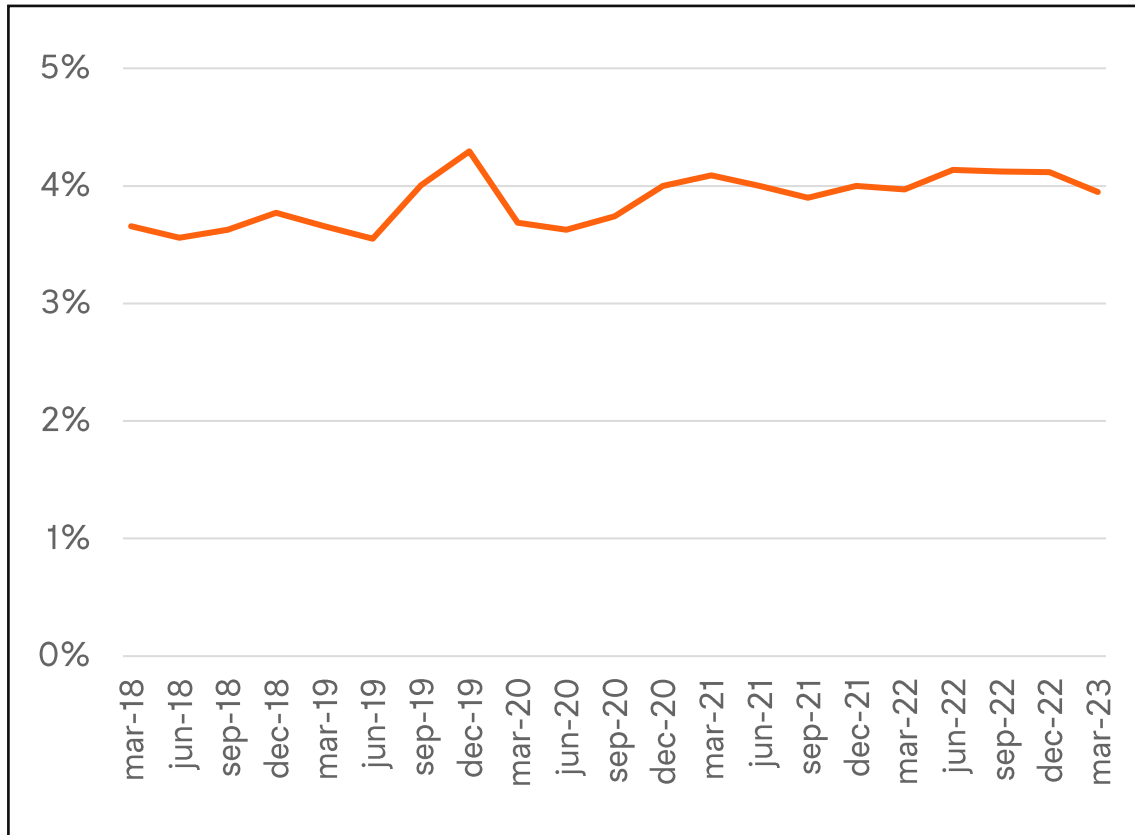
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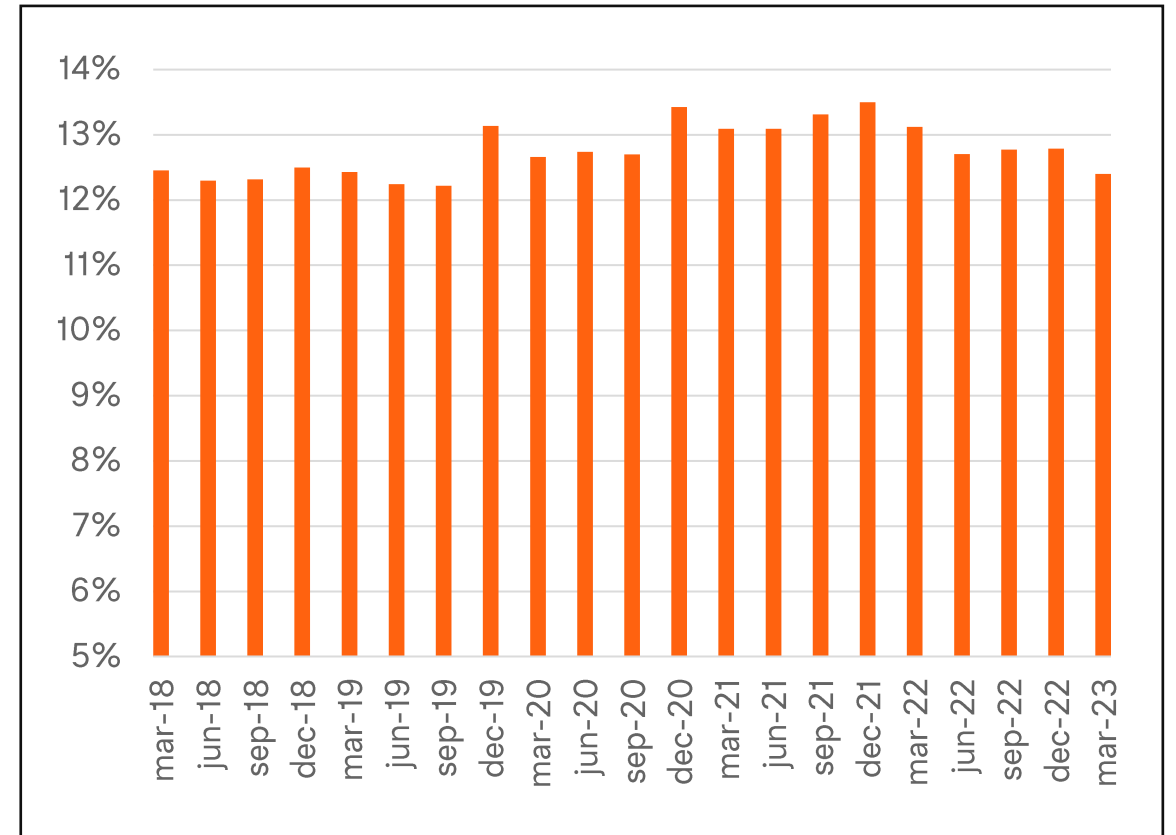


# History of stable capital ratios

Leverage Ratio

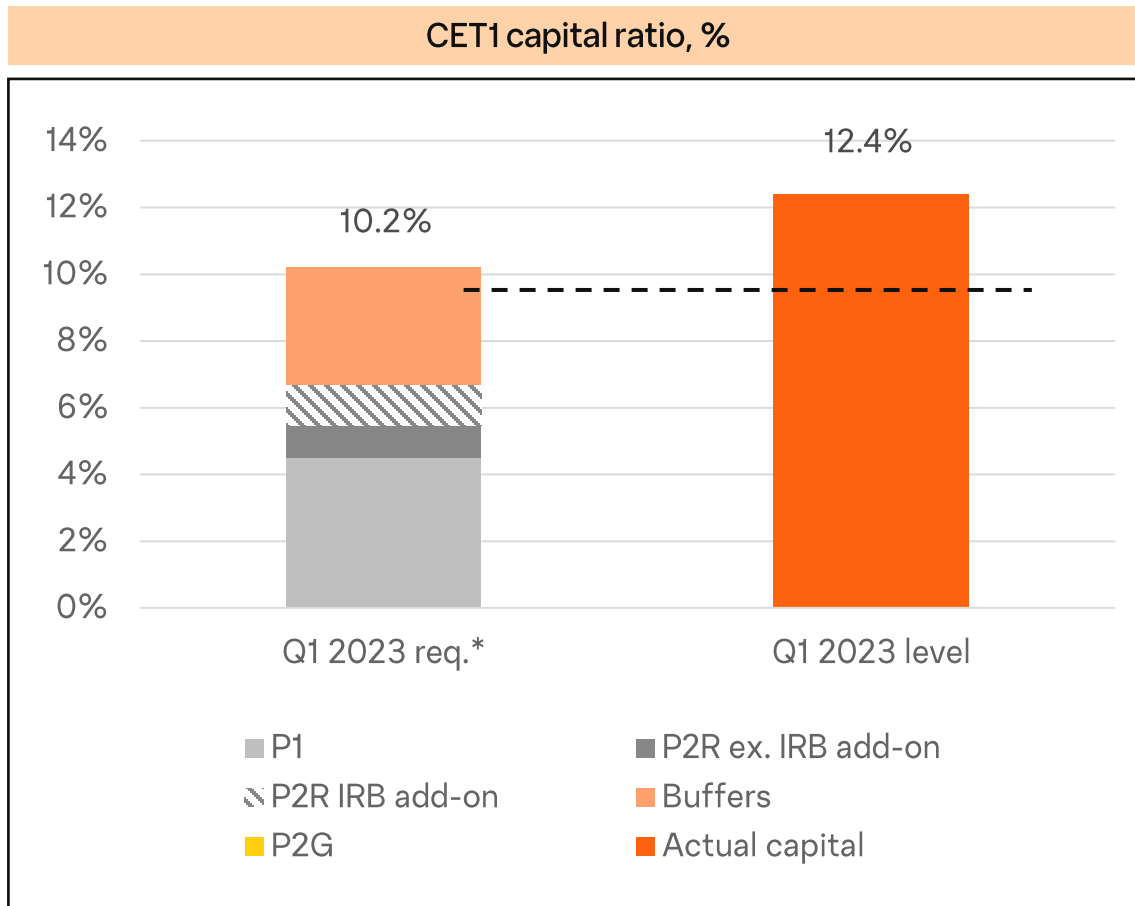


CET1 Ratio

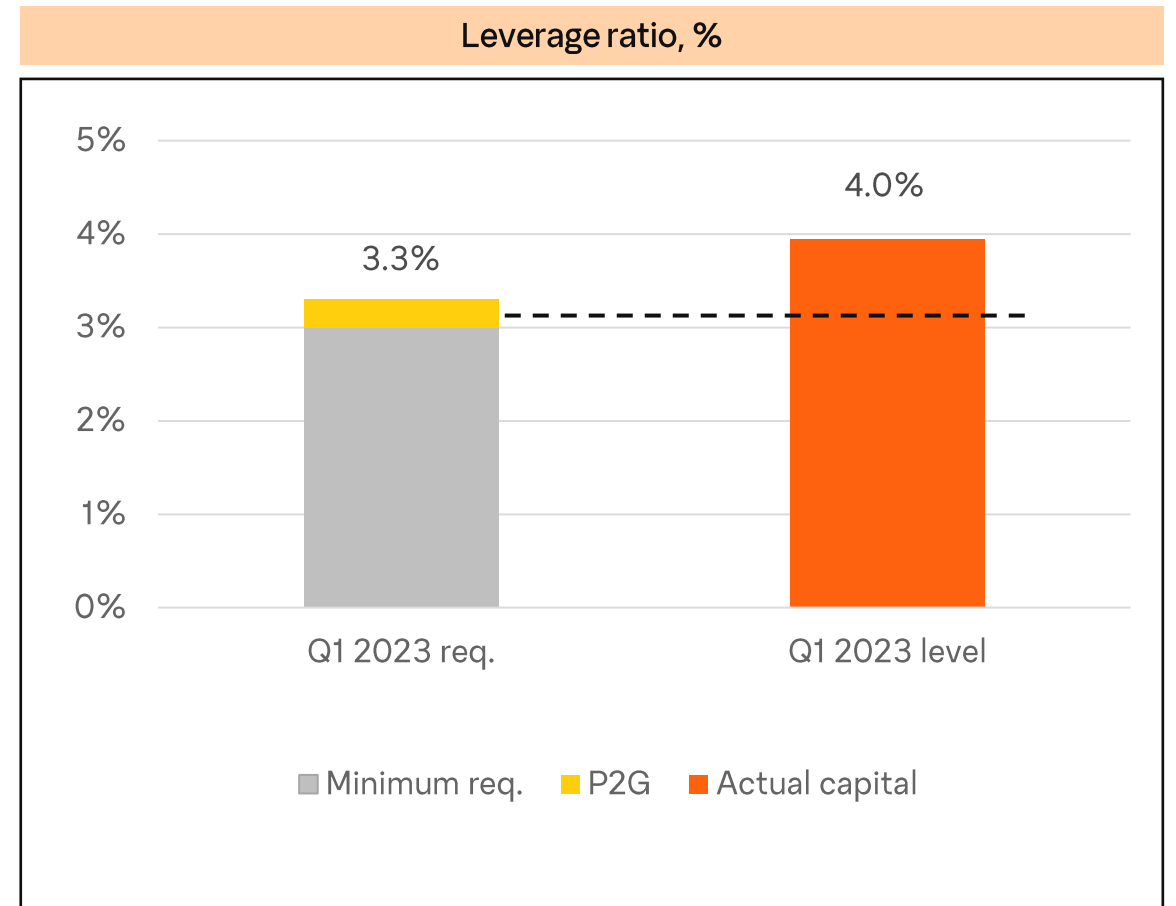


# Capital position

– Continued strong capital buffers: SBAB well above external requirements

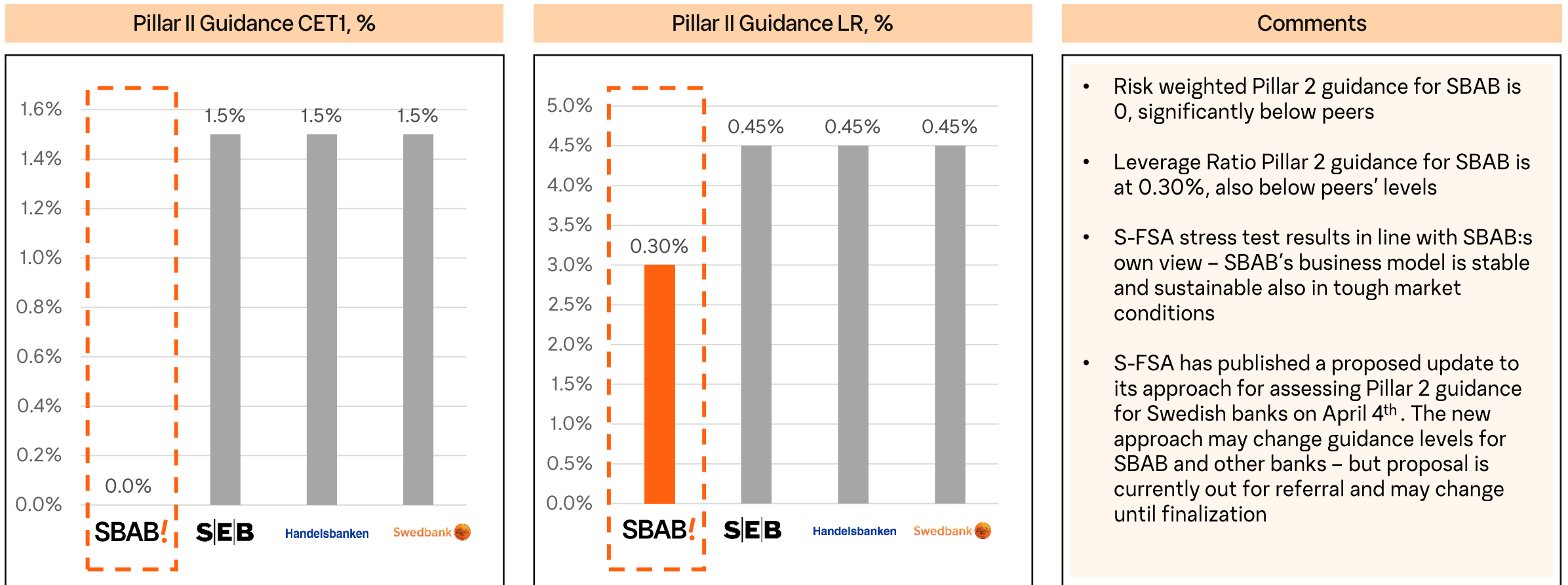


\* The SFSA decided the P2R and P2G in the 2021 SREP.



# Pillar 2 Guidance vs peers

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



# 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
<b>Baseline Credit Assessment (BCA)</b>	<b>baa1</b>

## Notching

Loss Given Failure (LGF)	+2
Government Support	+1
<b>Total notching</b>	<b>+3</b>

## Rating

<b>Rating</b>	<b>A1</b>
<b>Outlook</b>	<b>STABLE</b>



## Stand-alone rating

Anchor	a-
Business Position	-1
Capital and Earnings	+1
Risk Position	0
Funding & liquidity	0
<b>Stand-Alone Credit Profile (SACP)</b>	<b>a-</b>

## Notching

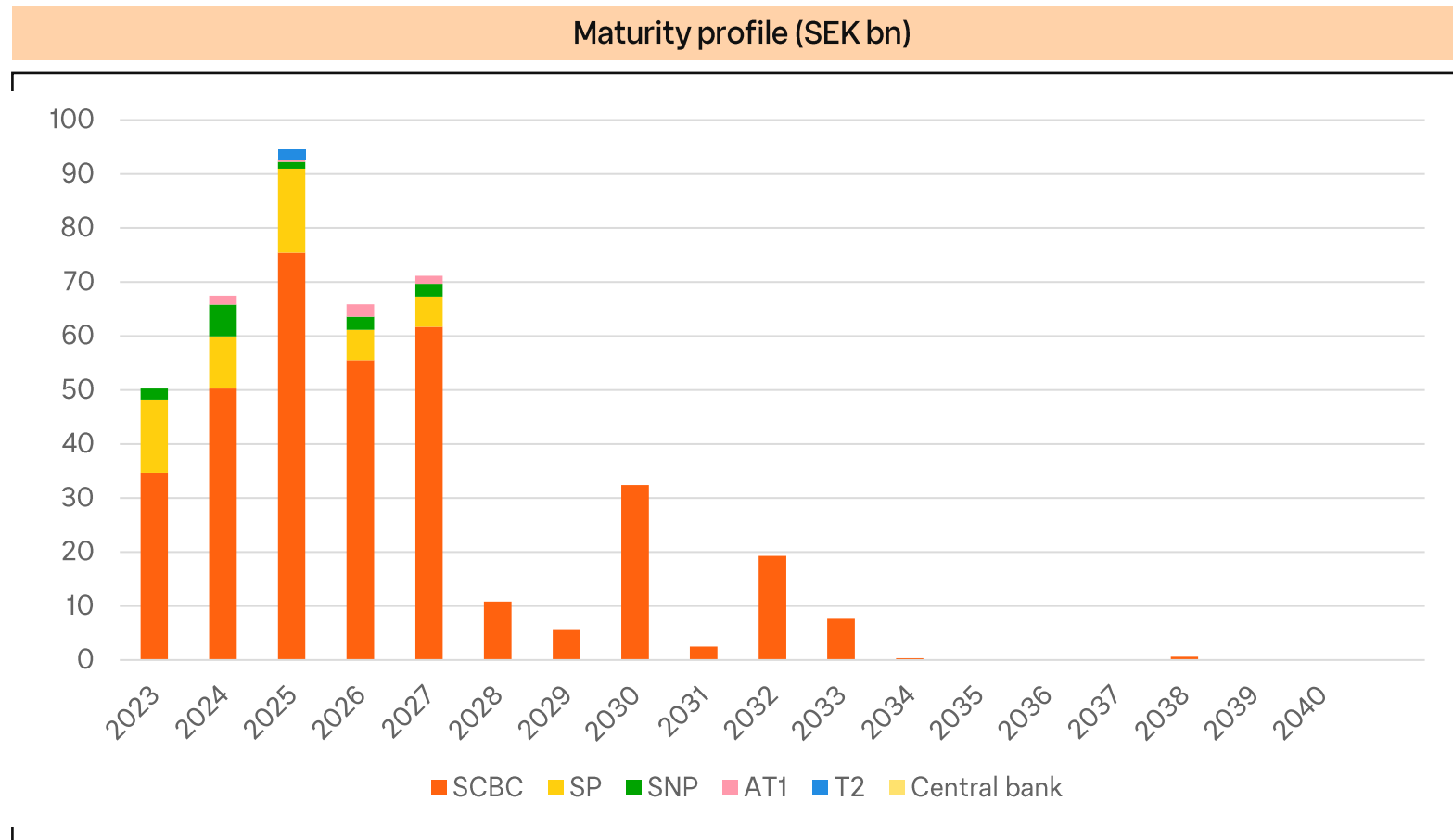
ALAC Support	+2
GRE Support	0
Group Support	0
Sovereign Support	0
<b>Total notching</b>	<b>+2</b>

## Rating

<b>Rating</b>	<b>A+</b>
<b>Outlook</b>	<b>STABLE</b>



# Maturity profile

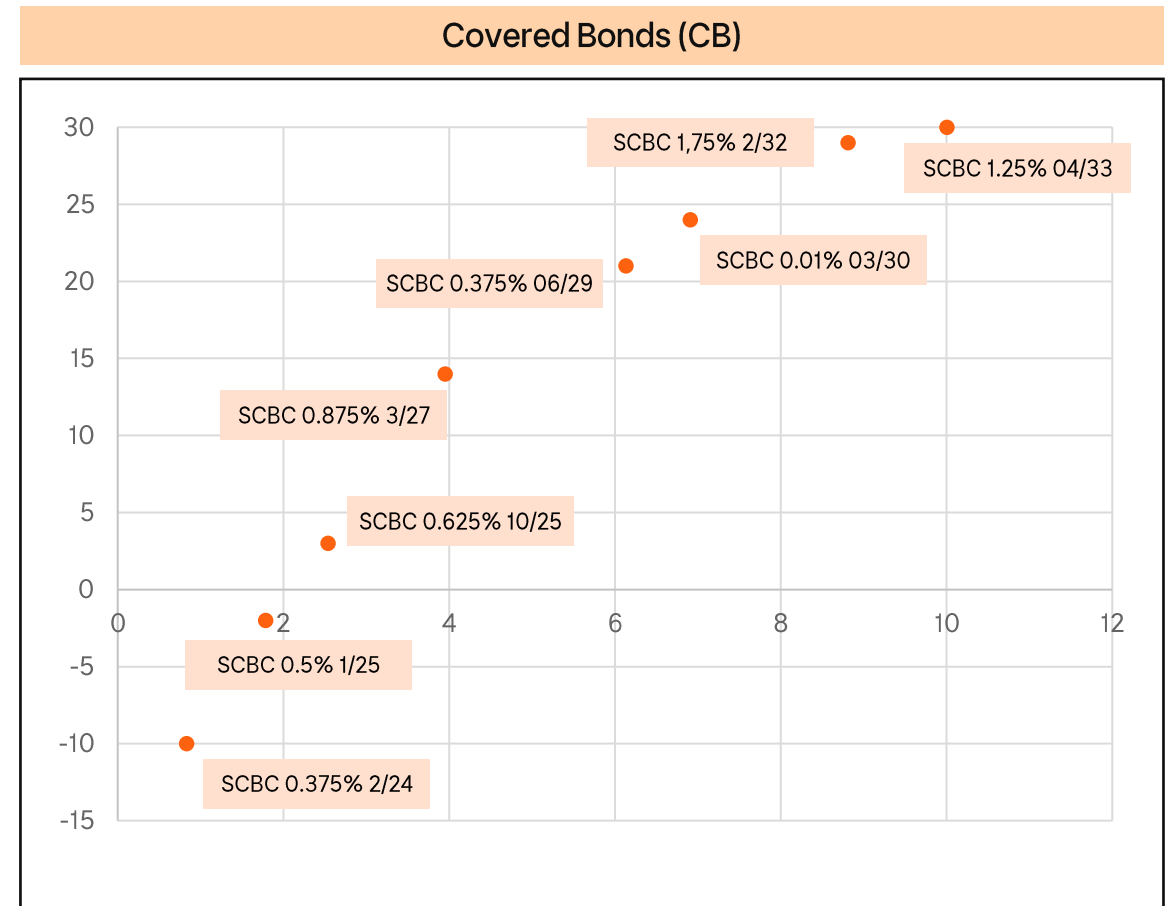
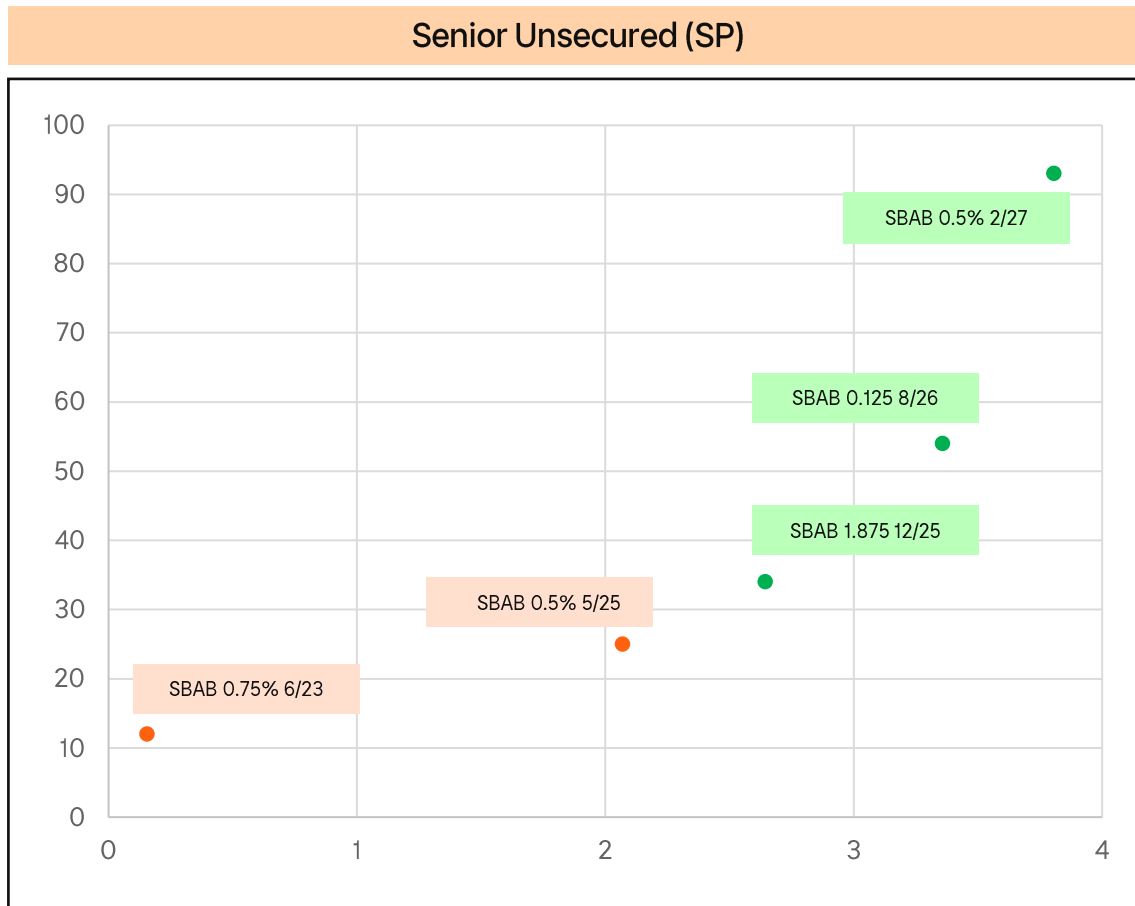


Comments
<ul style="list-style-type: none"> <li>• Smooth funding profile reduces refinancing risk</li> <li>• Extended maturity profile with successful benchmark issues in 2030 to 2033 segments</li> <li>• Liquidity risk is being mitigated through buy-backs of maturing bonds</li> </ul>



# Outstanding SP and CB (EUR)

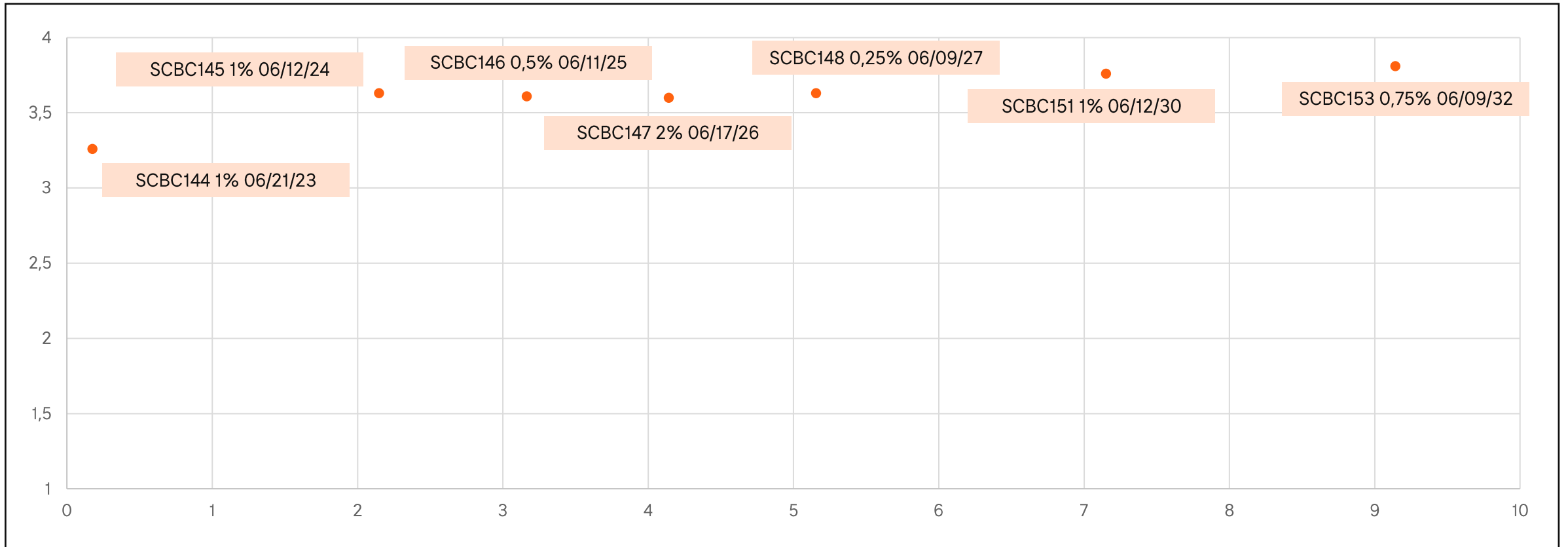
– Spread vs MS (bps)



# Outstanding CB (SEK)

– Yield to maturity, %

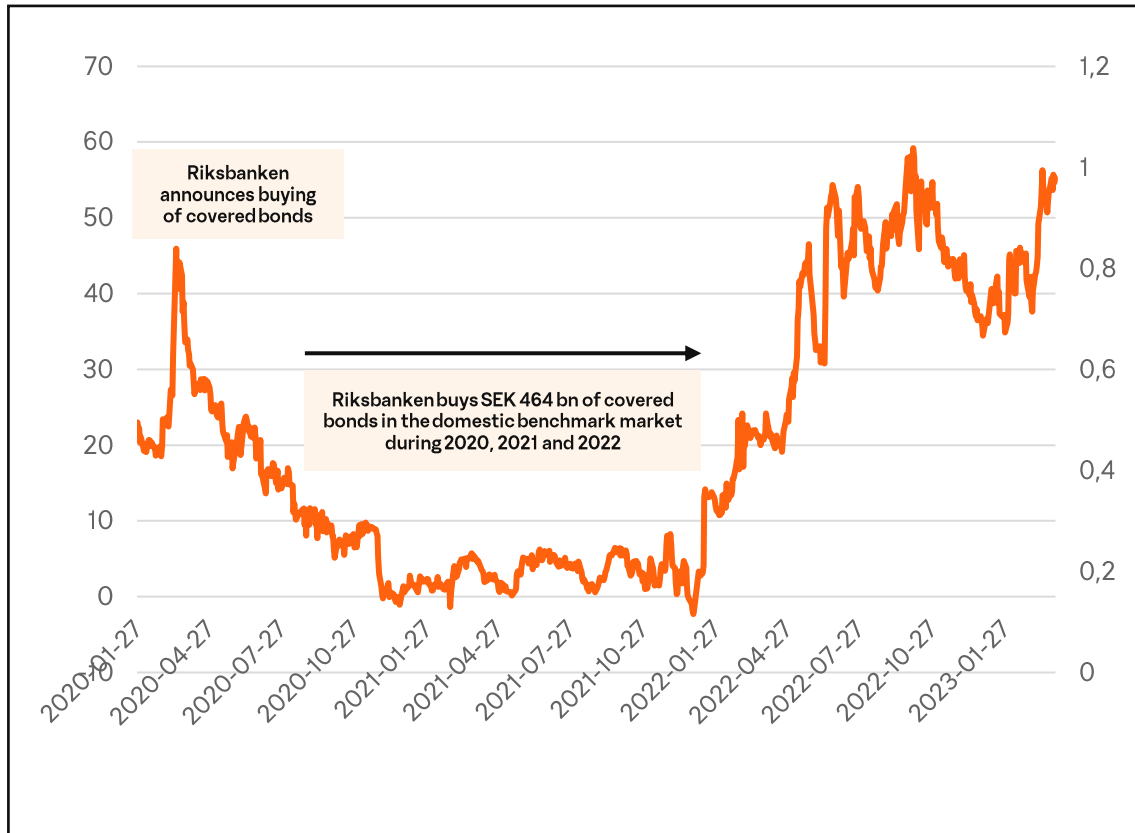
Liquid benchmark CB curve in SEK covering broad range of tenors



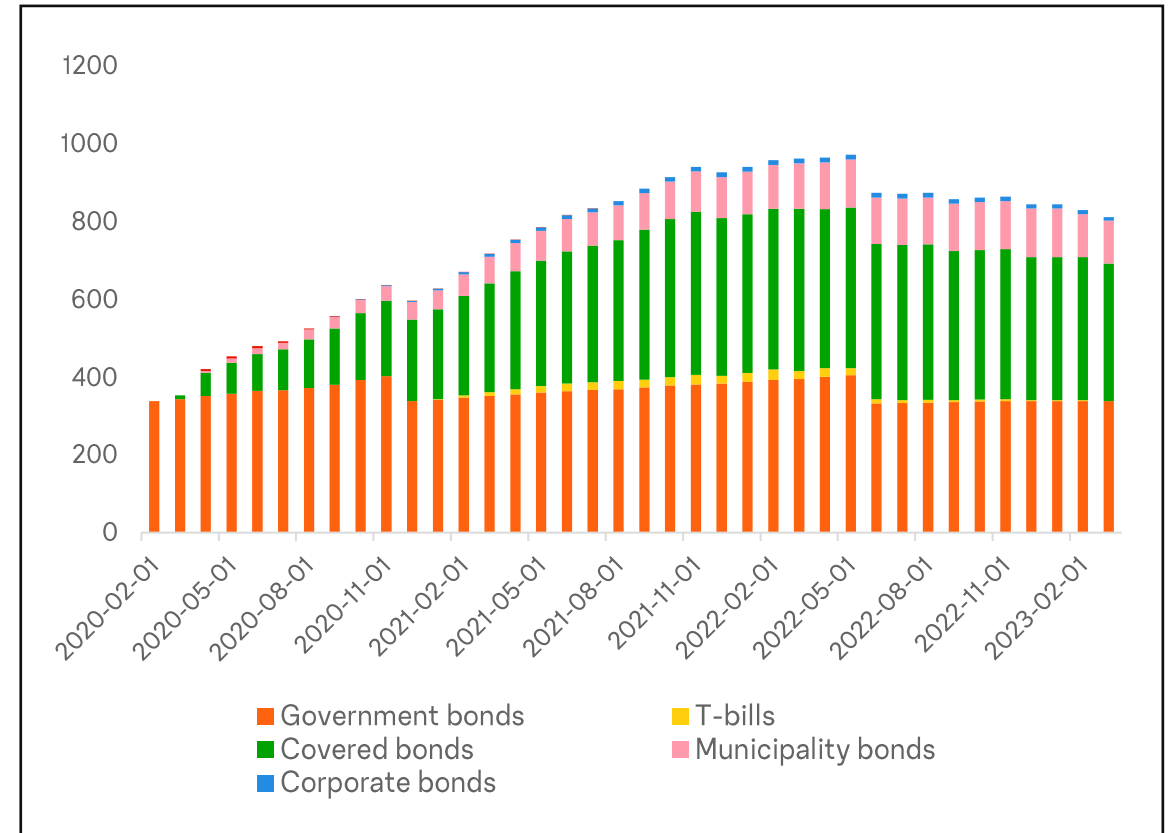
# Riksbank QE and QT

– QE from the Swedish central bank (Riksbanken) has supported the market 2020-2022. QT (government bonds) announced with start Q2 2023

CB spread SCBC ~5Y SEK, bps vs swap



Riksbank vill start QT (government bonds) during Q2 2023



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# SBAB's sustainability goals 2022

		Goals 2022	Results 2022
<b>Responsibility &amp; transparency</b>  	<b>Responsibility:</b> Sustainability index (rank in brand survey)	Top 3	2nd
	<b>Transparency:</b> Proportion of customers who believe that SBAB has an offering that is straightforward and easy to understand	n/a	78%
	<b>Customer satisfaction:</b> Sweden's most satisfied customers according to Swedish Quality Index (Svenskt Kvalitetsindex, SKI)	Top 3	1st
	Residential mortgages Property loans	Top 3	1st
<b>Attractive workplace</b>  	<b>Equality &amp; diversity:</b> Equality between women/men in management positions (within the range)	45-55%	47/53%
	<b>Employee experience:</b> Percentage of employees who consider SBAB a great place to work	n/a	4.4
	<b>Committed employees:</b> Total Trust Index in Great Place to Work's annual employee survey	n/a	4.2
<b>Sound finances</b>  	<b>Profitability:</b> Return on equity over time	≥10%	10.5%
	<b>Dividend:</b> Ordinary dividend based on profit for the year after tax, taking the Group's capital structure into account	≥40%	40%
	<b>Capitalisation:</b> CET1 capital ratio & total capital ratio above regulatory requirement communicated by the Swedish FSA	≥0.6%	2.6%
	CET1 capital ratio Total capital ratio	≥0.6%	3.0%



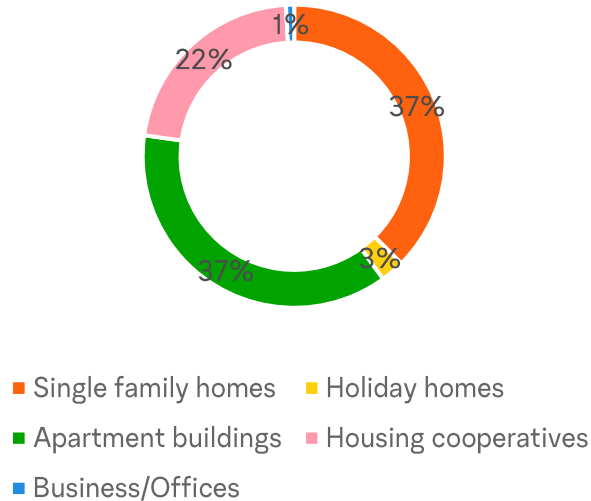
# INSIGHT: Co2 emissions from portfolio

## 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 first results were published in March 2022

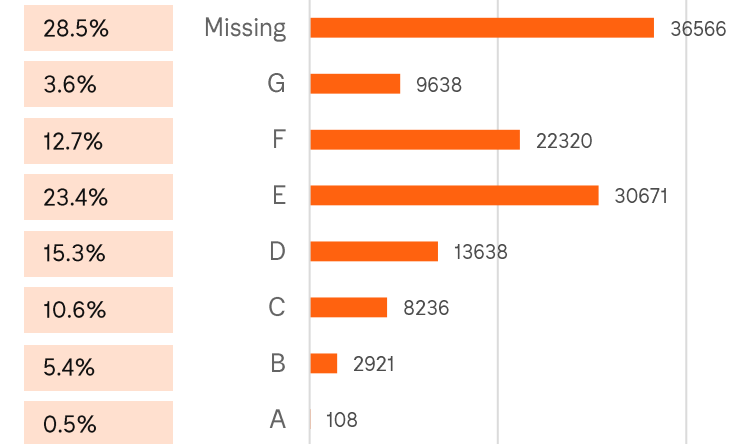


### Emissions by object type



### Emissions by energy classification

#### % of lending



**Total Co2 emissions**  
124,098 tonnes Co2

Read more about our methodology, data sources and emissions factors in our [Climate Report 2022](#) on [sbab.se](#)



# Long-term climate target

Building type	Emission boundaries	Metric	Financed Emissions Baseline (2022)	2038 target	Pathway
Single family houses	GHG scope 1&2	kgCO2e per m2	8.7	3.6 (-58%)	CRREM
Holiday homes	GHG scope 1&2	kgCO2e per m2	9.1	3.6 (-60%)	CRREM
Multi-family dwellings: tenant-owner apartments	GHG scope 1&2	kgCO2e per m2	6.3	3.3 (-48%)	CRREM
Other forms of multi-family dwellings (incl. tenant-owners' associations and rental building)	GHG scope 1&2	kgCO2e per m2	5.0	3.3 (-34%)	CRREM
Commercial real estate: Offices and business locations	GHG scope 1&2	kgCO2e per m2	11.9	7.7 (-35%)	CRREM
Total	GHG scope 1&2	kgCO2e per m2	7.5	3.75 (-50%)	CRREM



# 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)



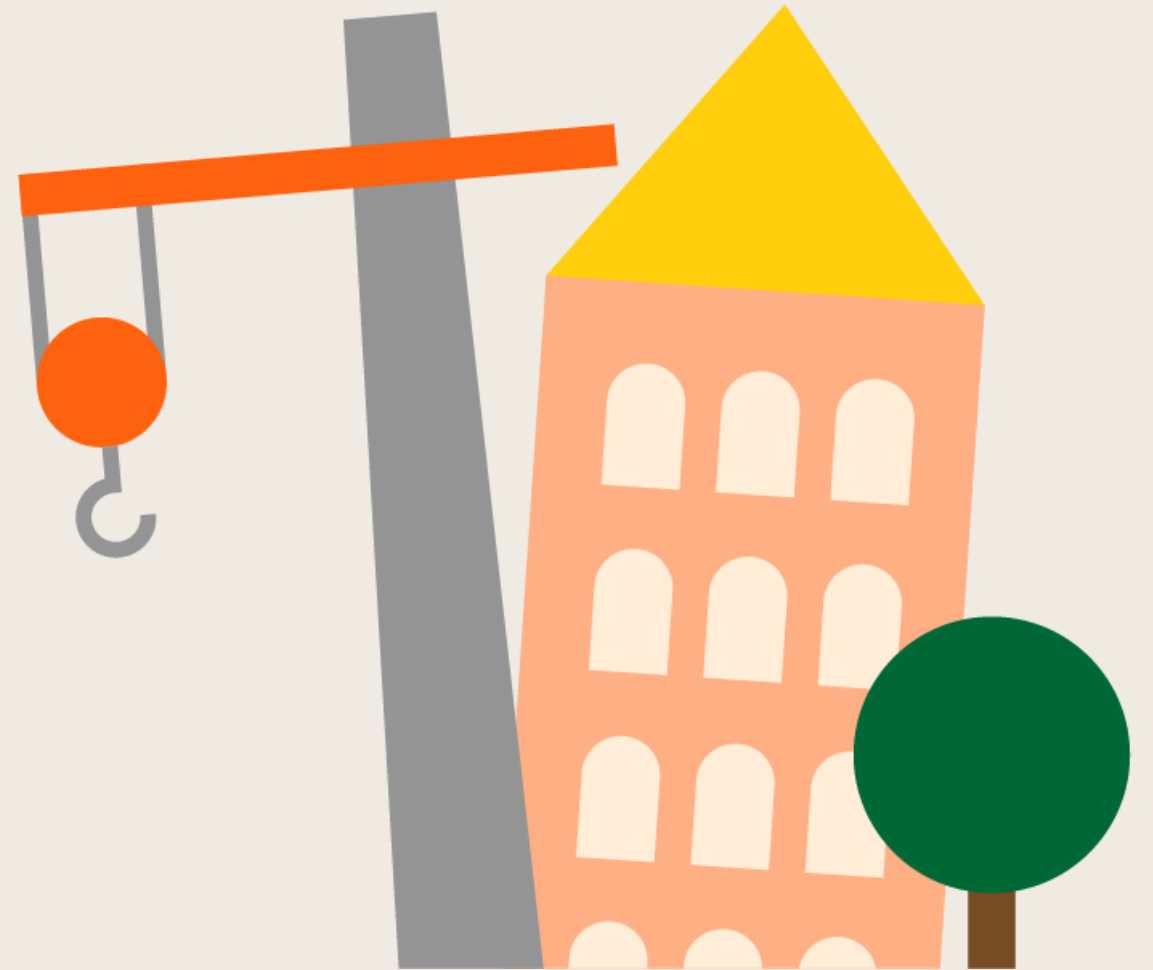
# Appendix

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



# 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%	453.3	55.1	26.7
-5%	450.2	57.2	25.8
-10%	445.9	59.4	24.6
-15%	439.7	61.5	22.9
-20%	431.3	63.4	20.5
-25%	419.7	65.2	17.3
-30%	402.7	66.8	12.6

\* OC calculated in accordance with requirements from the Swedish FSA

## Key metrics

**454**<sub>bn</sub>

Cover Pool (SEK)

**488,887**

No. of loans

**26.3**%

OC

**55.1**%

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")

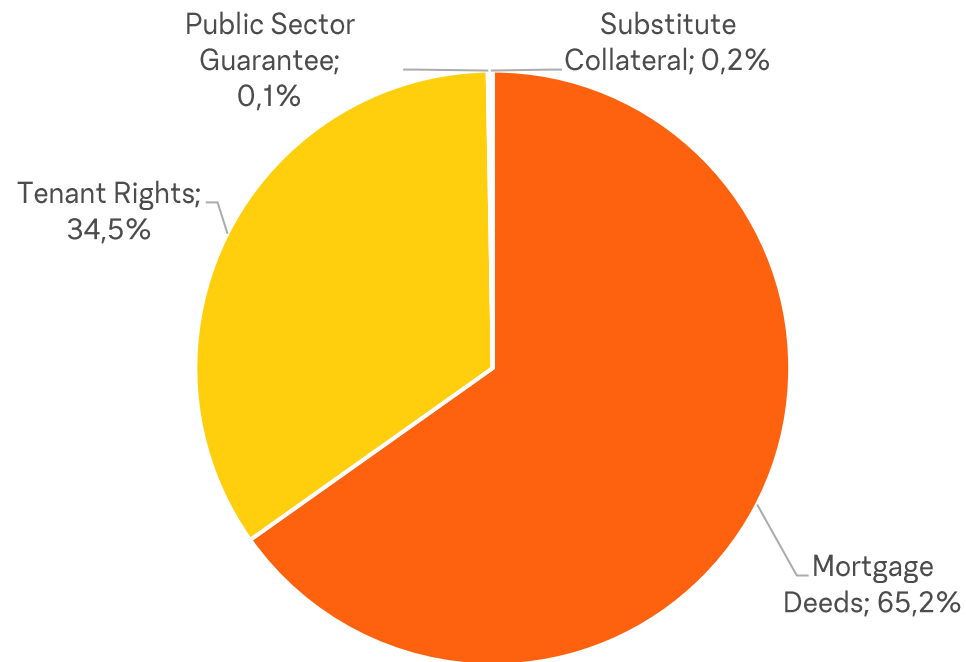
<b>Collateral</b>	<i>100% Swedish residential mortgages *</i>
<b>Over Collateralization</b>	26.3%
<b>Weighted average LTV</b>	55,1%
<b>Weighted average seasoning</b>	5.2 years
<b>Loans in arrears</b>	0.00%. Arrears below 0.01% (loans in arrears > 30 days are excluded from the Cover Pool)
<b>Number of loans</b>	488,887
<b>Average loan size</b>	SEK 927,664
<b>Geographical location</b>	Spread throughout Sweden; concentrated to economic hubs
<b>Pool type</b>	Dynamic
<b>Originator</b>	SBAB Bank Group
<b>Interest rate type</b>	55.5% floating, 44.5% fixed / 53.5% amortising, 46.5% interest only

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

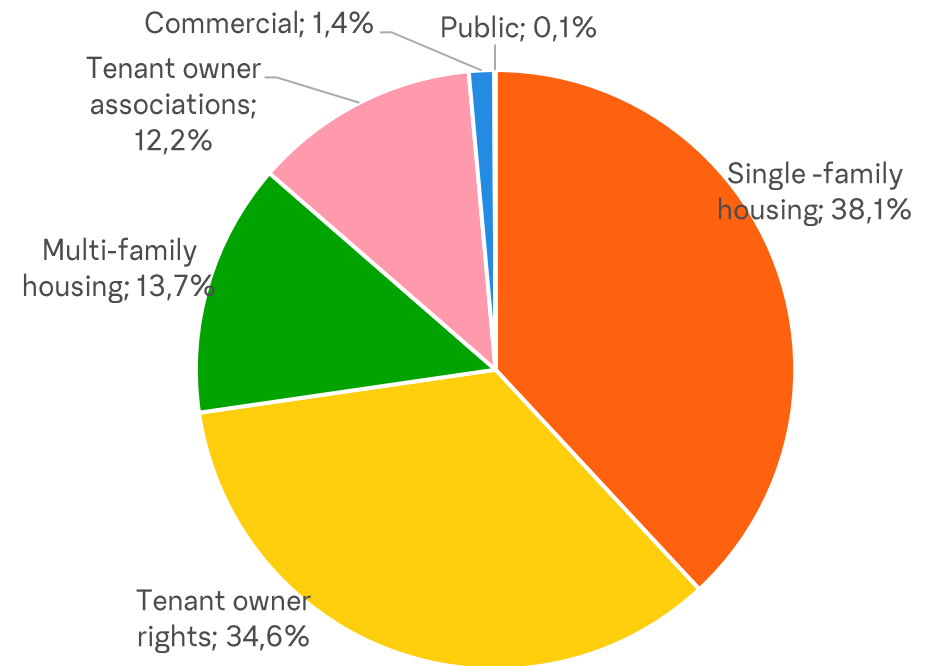


# Cover pool characteristics (1/2)

Breakdown by collateral

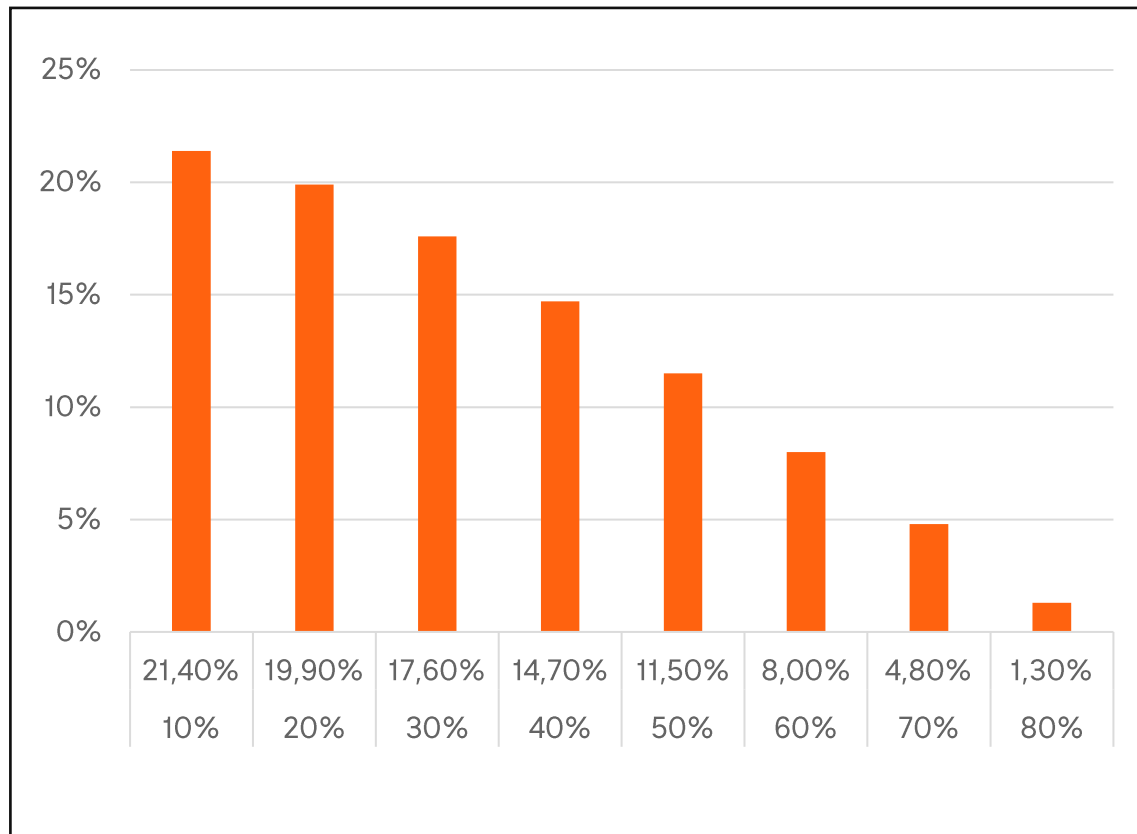


Breakdown by owner

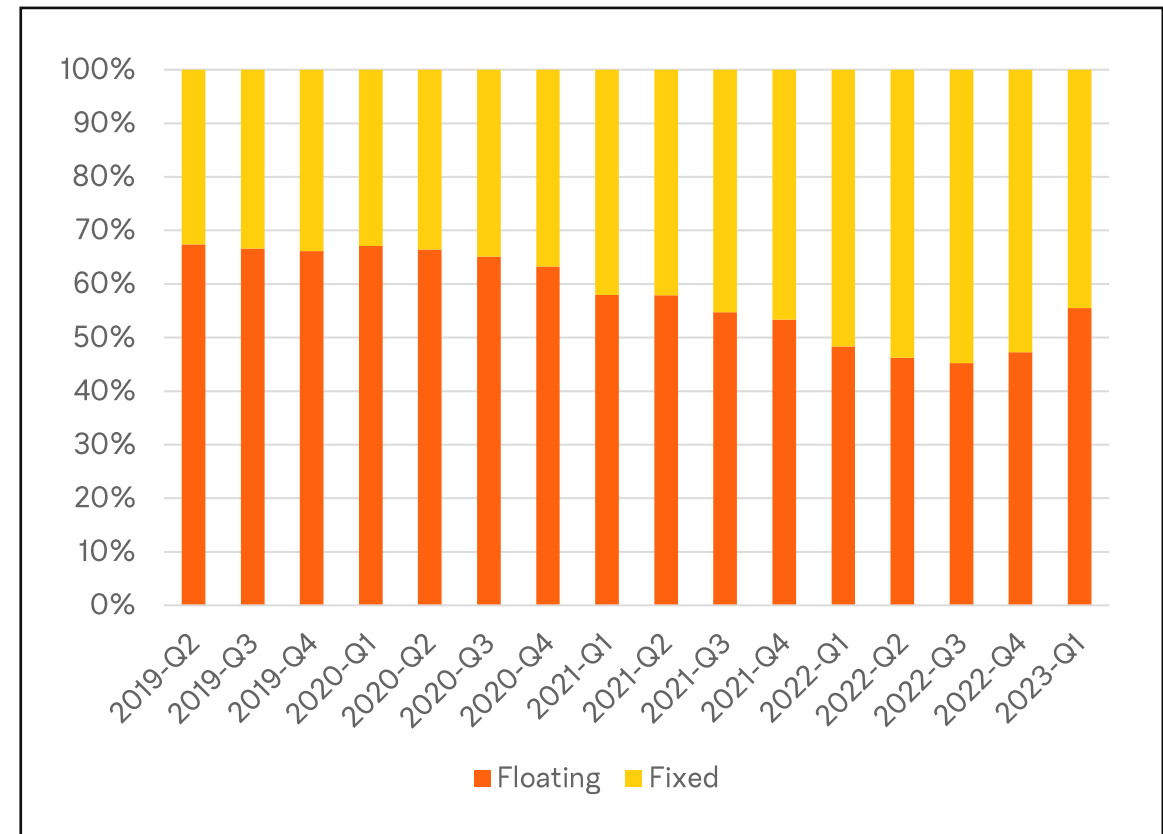


# Cover pool characteristics (2/2)

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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