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CREDIT OPINION
18 December 2020

Update

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RATINGS

SBAB Bank AB (publ)

Domicile	Sweden
Long Term CRR	Aa3
Type	LT Counterparty Risk Rating - Fgn Curr
Outlook	Not Assigned
Long Term Debt	A1
Type	Senior Unsecured - Fgn Curr
Outlook	Stable
Long Term Deposit	A1
Type	LT Bank Deposits - Fgn Curr
Outlook	Stable

Please see the ratings section at the end of this report for more information. The ratings and outlook shown reflect information as of the publication date.

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SBAB Bank AB (publl)

Update to credit analysis

Summary

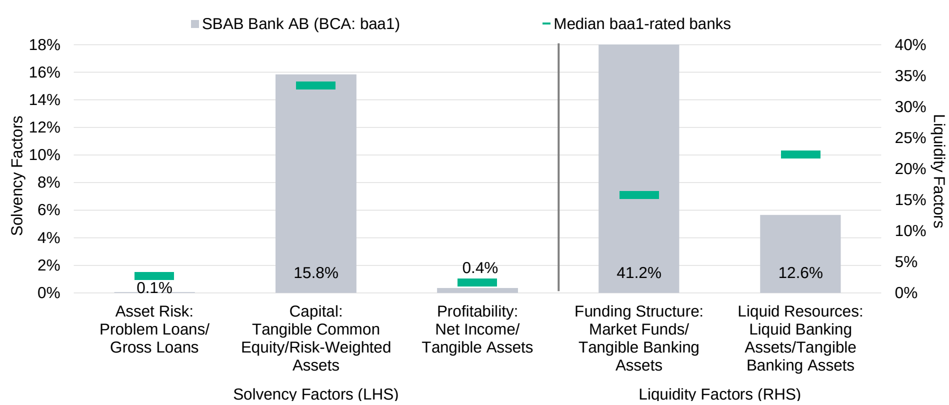
SBAB Bank AB (publ)'s (SBAB) baa1 Baseline Credit Assessment (BCA) reflects the bank's retail focus, its very strong asset quality focusing on Swedish mortgages, its robust capital along with its moderate profitability which is related to its focus on low risk mortgages. The bank's high reliance on market funding is mitigated by its large use of covered bonds and adequate liquidity. We expect the Swedish economy to contract in 2020 and unemployment to rise, but SBAB's asset quality to remain unaffected given its focus on low risk mortgages.

SBAB's A1/P-1 long- and short-term deposit and senior unsecured debt ratings reflect the baa1 BCA, the results from our Advanced Loss Given Failure (LGF) analysis, leading to two notches of uplift for SBAB's deposit and senior unsecured debt ratings, along with our assumption of moderate support from the Government of Sweden (Aaa stable), resulting in an additional notch of uplift.

Exhibit 1

Rating Scorecard - Key financial ratios

SBAB's scorecard ratios compared with those of its median peers



These represent our Banks methodology scorecard ratios. Asset risk and profitability ratios reflect the weaker of either the latest reported or three-year average ratios. The capital ratio is the latest reported figure. Funding structure and liquid resources ratios reflect latest fiscal year-end figures.
Source: Moody's Financial Metrics

Credit strengths

» An efficient mortgage lender

» Very strong asset quality

» Robust risk-based capital

Credit challenges

» Moderate profitability, related to being a low risk mortgage lender

» High reliance on market funding, in similarity with most domestic peers

» Moderate liquidity

Outlook

The stable outlook on SBAB's long-term ratings primarily reflects our expectation that SBAB will be able to maintain its current financial performance, including its good level of capital, very strong asset quality and moderate but stable profitability over the next 12-18 months, despite the economic downturn in the Swedish economy.

Factors that could lead to an upgrade

Factors that could lead to a rating upgrade include a significant improvement in profitability, without a corresponding increase in the bank's risk profile, and a materially higher volume of deposits and liquid resources.

Factors that could lead to a downgrade

SBAB's senior unsecured ratings could be downgraded if its buffer of loss-absorbing liabilities were to decline considerably or if Moody's government support assumptions were lowered. Other factors that could lead to a downgrade of the bank's ratings include a deterioration in the bank's capital or recurring profitability, or if its risk profile were to increase because of increased exposure to more volatile sectors.

Key indicators

Exhibit 2

SBAB Bank AB (publ) (Consolidated Financials) [1]

	09-20[2]	12-19[2]	12-18[2]	12-17[2]	12-16[2]	CAGR/Avg.[3]
Total Assets (SEK Million)	522,828.0	463,732.0	447,341.0	415,871.0	373,638.0	9.4[4]
Total Assets (USD Million)	58,416.5	49,538.5	50,456.6	50,793.4	41,128.7	9.8[4]
Tangible Common Equity (SEK Million)	20,495.0	19,202.0	17,819.0	16,897.0	15,949.0	6.9[4]
Tangible Common Equity (USD Million)	2,289.9	2,051.3	2,009.8	2,063.8	1,755.6	7.3[4]
Problem Loans / Gross Loans (%)	0.0	0.1	0.1	0.1	0.1	0.1[5]
Tangible Common Equity / Risk Weighted Assets (%)	15.8	15.9	15.6	40.4	41.5	25.9[6]
Problem Loans / (Tangible Common Equity + Loan Loss Reserve) (%)	1.0	1.5	1.5	1.4	1.4	1.3[5]
Net Interest Margin (%)	0.7	0.7	0.8	0.8	0.7	0.8[5]
PPI / Average RWA (%)	1.9	2.0	4.0	5.6	5.2	3.7[6]
Net Income / Tangible Assets (%)	0.3	0.4	0.4	0.4	0.4	0.4[5]
Cost / Income Ratio (%)	34.4	33.3	31.1	29.3	29.5	31.5[5]
Market Funds / Tangible Banking Assets (%)	42.5	41.2	40.3	43.0	44.2	42.2[5]
Liquid Banking Assets / Tangible Banking Assets (%)	13.0	12.6	16.7	17.9	19.0	15.8[5]
Gross Loans / Due to Customers (%)	308.0	294.1	291.6	299.7	306.1	299.9[5]

[1] All figures and ratios are adjusted using Moody's standard adjustments. [2] Basel III - fully loaded or transitional phase-in; IFRS. [3] May include rounding differences because of the scale of reported amounts. [4] Compound annual growth rate (%) based on the periods for the latest accounting regime. [5] Simple average of periods for the latest accounting regime. [6] Simple average of Basel III periods.

Sources: Moody's Investors Service and company filings

Profile

SBAB Bank AB (publ) (SBAB) was established in 1985 as The Swedish National Housing Finance Corporation by the Kingdom of Sweden (Government of Sweden) to finance government housing loans. In November 2010, it was awarded a full banking licence and began developing banking products and services. Subsequently, it was renamed SBAB Bank AB (publ). Since 2014, the bank has refocused its operations towards its core business areas of mortgages and residential financing, limiting its offerings of traditional banking products and services. The bank remains wholly owned by the Government of Sweden.

SBAB is a digital bank that provides residential mortgages, loans and savings accounts to individuals, corporates and tenant-owner associations throughout Sweden. Through partners, it also provides its mortgage customers with third-party insurance services. As of end September 2020, SBAB's reported market share in terms of Swedish retail mortgage lending was 8.5%. It reported total consolidated assets of SEK525 billion ($58.6 billion) as of end September 2020. The bank is increasingly focusing on growing its mortgage portfolio under its own brand and declared in December 2017 its intention to end its remaining bank partnerships.

SBAB does not have any retail branch network. The bank distributes its products and services to individuals primarily through an internet platform and a call centre. It distributes its products and services to corporate customers and tenant-owner associations through personal contacts with representative offices in Stockholm, Gothenburg and Malmö.

Recent developments

We expect advanced economies to collectively contract in 2020, followed by growth in 2021. An economic recovery is underway, but the pace of improvement will be asymmetric across countries. The recovery path is beset by uncertainty and will remain highly dependent on the development and distribution of a vaccine, effective pandemic management, government policy support and the level of disruption from new waves of the virus. However, the pandemic could have long-term consequences in four ways: an increase in populism and inward-looking policies in the event of a jobless recovery or a recovery that aggravates inequality; geopolitical realignment; a policy push for a "greener" economy; and a technological transformation that could raise productivity while making a large number of jobs obsolete. Even with a gradual recovery, we expect 2021 real GDP in advanced economies to be below the pre-pandemic levels. The recession in 2020 will weigh on the banks' asset quality and profitability.

However, our outlook for the Swedish banking system remains stable. We expect the operating environment in Sweden to remain weak in 2021, following the pandemic-induced disruption in 2020. Although support measures by authorities designed to counterbalance the slowdown have mitigated the immediate economic and financial restrictions, we expect a rise in business closures and unemployment, as some measures come to an end. In Sweden, we expect asset quality to decline in 2021, although from a strong starting point and despite the likely recovery in economic growth. The most affected sectors are leisure and accommodation, while mortgage impairments are likely to rise only marginally, if at all.

Detailed credit considerations

A low risk mortgage portfolio based on strong (industry-wide) underwriting standards

While the disruption following the coronavirus pandemic has led to a deterioration in the Swedish economy and higher levels of unemployment, the large government support packages to households and businesses have so far mitigated the risk of a sharp deterioration in asset quality. Although the economic impact from the coronavirus-induced disruption will be negative for Swedish banks, we expect SBAB's asset quality to remain broadly unaffected because of its focus on very low risk mortgage lending in Sweden. We expect mortgages to be less affected than other types of lending. The bank's problem loans have remained very low for decades, and its problem loan (stage 3, IFRS9) ratio was 0.05% as of end September 2020.

SBAB's loan book comprise almost only mortgages: single-family dwellings (74%), and tenant-owner associations and private multi-family dwellings (26%), with the remainder being marginal and including exposure to unsecured lending as of end September 2020. In line with legislation, loans are capped at 85% loan to value (LTV) and require amortisation down to 50%. As of end September 2020, the average LTV in SBAB's mortgage portfolio was 60%. SBAB's exposure to commercial properties was low at less than 1% of total lending at year-end 2019.

The loan book continued to increase during the period January-September 2020, growing its retail mortgage portfolio by 4.5%, slightly faster than the market at 4.1%. We expect the bank to continue its credit expansion at a slightly faster pace than the market average. SBAB has higher-than-average loan growth, but a large part of the new lending is to borrowers that are moving their existing mortgages to SBAB from other banks. Therefore, the loan portfolio has a low share of unseasoned borrowers and relatively lower LTVs compared to those purchasing a new property.

Household debt (188% of disposable income at YE 2019) has increased in Sweden over a longer period of time, primarily driven by a sustained rise in house prices until autumn 2017. Following a price fall of 9% during autumn 2017, prices have gradually recovered and the housing market has demonstrated unexpected resilience to the coronavirus-induced economic recession. Nevertheless, if there were to be a significant correction in housing prices, we do not believe that there would be an important impact on the banks' mortgage books, but rather on economic growth in terms of reduced private consumption and second round impacts for banks' corporate portfolios.

Like most other banks in Sweden, SBAB's share of lending at variable (i.e. three-month) rates is high, and stood at 74.3% as of end September 2020. These borrowers are more exposed to interest rate changes. However, SBAB conducts a 6% interest rate stress test on borrowers during the application process, as is common practice in Sweden. In recent years, the bank has gradually imposed stricter underwriting standards that have reduced both debt-to-income ratio and LTV in new lending. Furthermore, SBAB has adjusted its pricing model, allowing a higher discount to customers with low to moderate LTVs, which supports the collateral values on new mortgages.

Furthermore, SBAB conducts stress tests on its outstanding loans with severe scenarios of higher interest rates, high unemployment and a dramatic drops in property prices. In these stressed scenarios, the bank performs well with loan losses not exceeding annual profit. In Sweden there is also full recourse on mortgages and the values of collateral to limit losses in the loan portfolio, even in an economic downturn.

The assigned Asset Risk score of aa2 reflects the initial score of aa1 and a one-notch negative adjustment as borrowers' repayment capacity has benefited from a long period of above average economic growth combined with ultralow interest rates in Sweden.

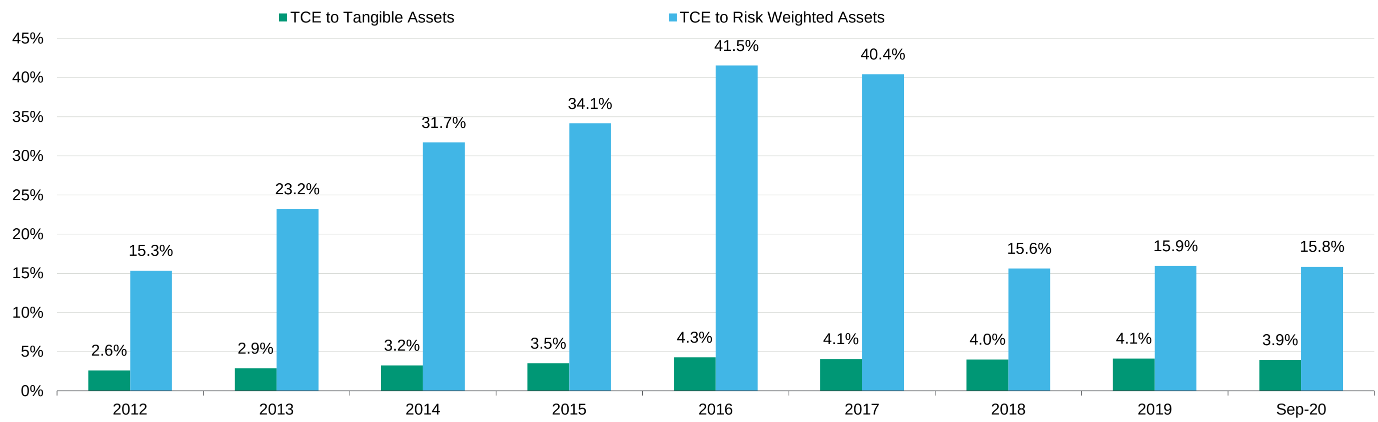
Robust risk-adjusted capitalisation, but low leverage ratio

We view SBAB's capital position as strong, given its low risk profile. As of end September 2020, SBAB reported a Common Equity Tier 1 (CET1) capital ratio of 12.7%, down from 31.5% as of the end of September 2018 as the 25% risk-weight floor for mortgages were moved into Pillar I from Pillar II.

As a response to the ongoing pandemic, the Swedish Financial Supervisory Authority (FSA) lowered the countercyclical buffer to 0% from 2.5% in March 2020 to ensure that banks can continue to lend to companies and households. SBAB's CET1 requirement at Q3 2020 was 8.2%, leaving the bank with a buffer of 4.5 percentage points above the requirements. The bank's target is to have at least 0.6% buffer above the CET1 requirement.

SBAB's Moody's-adjusted tangible common equity (TCE)/risk-weighted assets (RWA) was 15.8% as of end September 2020, which included SBAB's SEK3.5 billion high-trigger Additional Tier 1 (AT1) capital instruments.

Exhibit 3
SBAB's capital ratio over time



The exhibit shows Moody's-adjusted figures. TCE/RWA for 2012-14 refers to Basel II and TCE/RWA for 2015-19 refers to transitional phase-in of Basel III
Source: Moody's Investors Service

The assigned Capital score of a1 remains unchanged after the move of the risk-weight floor, and reflects the aa3 initial score and a one-notch negative adjustment because of the bank's low leverage ratio of 3.9% at Q3 2020.

Profitability will remain weaker than peers because of the focus on low-risk mortgages

In the first three quarters of 2020, SBAB's pretax income was SEK1,742 million, a year-on-year decline by 1.5%, mainly because of a negative net result of financial transactions, increased loan-loss provisions (in line with IFRS9) and reduced net commissions. Net interest income increased by 4.0% year-on-year during the first three quarters of 2020. SBAB's reported return on equity of 10.8% as of end September 2020, which is above the bank's internal of 10% target.

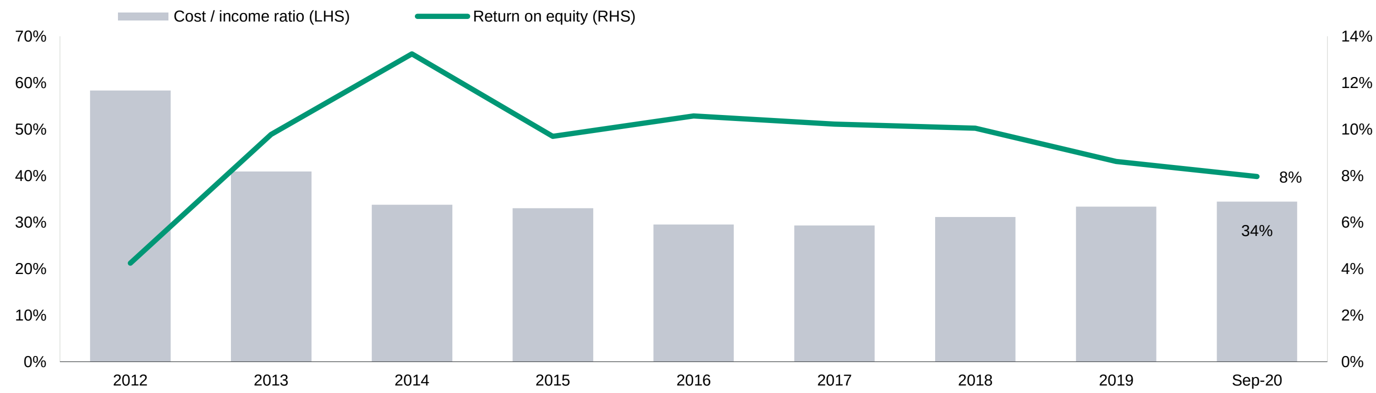
Moody's-adjusted figures showed net income/tangible assets of 0.35% during the first three quarters of 2020 (0.39% Q1-Q3 2019). This is lower than many of its Swedish peers, but should be viewed in the context of the very low risk of SBAB's loan portfolio. Model-based (IFRS9) loan-loss provisions increased to SEK34 million, representing 2% of pre-provision income, during the first three quarters in 2020 from SEK15 million during the same period in 2019.

SBAB's net interest margin (NIM) fell slightly to 0.72% in the first three quarters of 2020 from 0.75% during the same period in 2019. We expect NIM to continue to be under pressure as competition in the mortgage market is intense. SBAB has benefitted from ultralow, even negative, yields on covered bonds, and spreads have now returned to around pre-corona levels. As net interest income makes up almost 100% of revenue, we expect that the continued pressure on NIM will only be mitigated by higher loan volumes.

To enhance customer offerings, in January 2016, SBAB acquired a majority stake in Booli — one of Sweden's largest housing websites and search engines for homes — which is included in SBAB's retail operations. As of year-end 2019, SBAB held 100% of Booli after acquiring the remaining shares in November 2018. Whereas we do not expect the site to contribute to SBAB's earnings in the next couple of years, but it does give the bank an additional sales channel.

SBAB is an efficient lender operating without a retail branch network. Although the bank's adjusted cost-to-income ratio has deteriorated in the last two years because of higher operating costs, it remains low at 34% for the three quarters of 2020 (see Exhibit 4).

Exhibit 4
SBAB's cost-to-income ratio and return on equity



Moody's-adjusted figures.
Source: Moody's Investors Service

Our assigned Profitability score of ba1 includes an upward adjustment by one notch which reflects the fact that the bank's moderate earnings are due to a low risk loan portfolio.

High reliance on market funding, but deposit base is increasing

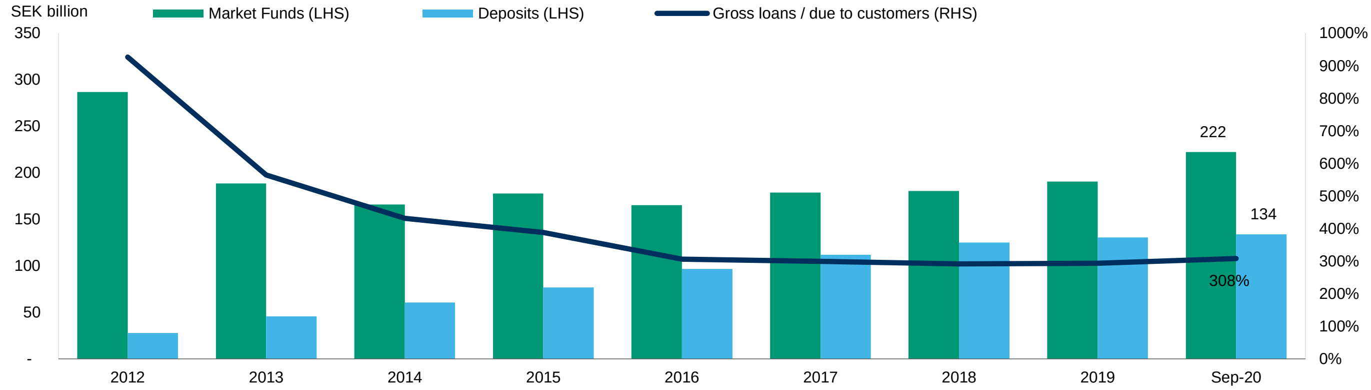
We view SBAB's significant reliance on market funding as a weakness, which is shared by many of its Nordic peers. The high reliance on market funding is mitigated by the fact that a large portion of the funding includes local currency denominated covered bonds, along with SBAB's recent efforts to increase funding duration and a sustained increase in its deposit funding.

SBAB's market funding/tangible assets stood at 42.5% at end September 2020. Covered bonds (rated Aaa) account for more than half of the bank's long-term funding, and 75% of these were SEK denominated as of the same date. This debt class benefits from a deep local market with stable domestic investors, and we reflect these strengths by viewing covered bonds denominated in local currency as a particularly stable source of funding for all Swedish banks.

SBAB's funding profile has improved over the last few years following its strategy to extend maturities, with a number of successful benchmark issues, and a reduction in foreign currency exposures. These have been of longer maturities, taking advantage of the low interest rate environment reducing the asset-liability mismatch.

In addition, SBAB has actively reduced its reliance on market funding through further diversification into deposits, thereby reducing its gross loans/deposits to 308% at end September 2020 (from 565% at end December 2013). We view the increase in deposits as a sustainable improvement which provides the bank with relatively sticky funding, given the gradual and granular increase in the flow of new depositors. However, the growth in deposits slowed to a 2.6% increase during the first three quarters of 2020, while market funds increased by 16.5%.

Exhibit 5
SBAB's gradual increase in deposits is sustainable



Source: Moody's Investors Service

SBAB needs to fulfill the recapitalisation amount of the minimum requirement of own funds and eligible liabilities (MREL) with subordination requirements by 1 January 2024. However, the Swedish implementation of the updated EU Bank Recovery and Resolution Directive (BRRD2), which we expect to be finalised early 2021, could result in banks reducing their senior non-preferred (SNP) issuance volume as - contrary to the current Swedish principles - we expect that banks will be allowed to use surplus capital to meet the subordination requirements.

Up until September 2020, the bank had issued SEK6 billion of SNP, and according to our estimates based on September 2020 figures, the required volume of SNP based on current requirements is around SEK12.5 billion.

The upward adjustment in the Funding score of baa2 reflects the comparatively stronger Swedish covered bond market, i.e. the bank's SEK-denominated covered bonds.

SBAB has adequate liquidity

SBAB's liquidity position is adequate, as captured by the baa2 assigned Liquid Resources score. Moody's calculated liquid banking assets consist mainly of highly rated securities, which totaled around SEK67.9 billion at the end of September 2020, equivalent to 13.0% of its tangible banking assets. The bank's reported liquidity reserve was SEK94.9 billion as of the end of September 2020, equivalent to 18.2% of tangible banking assets, which compares well with that of its peers. SBAB's reported liquidity coverage ratio (all currencies combined) was a high 253%.

We make an upward adjustment in the Liquid Resources score to better reflect SBAB's High Quality Liquid Assets (HQLA).

Monoline adjustment

Similar to that for other rated entities focused on one activity, we apply a one-notch negative adjustment for lack of business diversification to SBAB's financial profile. This is to reflect the fact that the bank's revenue is mostly exclusively derived from its mortgage lending activities and SBAB's business model is less diversified than that of a full-service bank, an adjustment shared with other mortgage lenders, including Skandiabanken in Sweden.

Source of facts and figures cited in this report

The financial data in this report are sourced from SBAB's financial statements or Moody's Financial Metrics, unless otherwise stated.

Environmental, social and governance (ESG) considerations

In line with our general view of the banking sector, SBAB has low exposure to environmental risks and moderate exposure to social risks. See our Environmental and Social risk heat maps for further information.

SBAB has policies in place that promote energy-efficient new housing construction, but also help customers with older houses to modernise them to be more energy-efficient. This also enables the bank to build mortgage asset pools to issue green bonds. SBAB offers up to 0.1% rebate on mortgages for the most energy-efficient properties. Because of the increasing demand for sustainable investments, it is likely that green bonds will benefit from discounted rates when interest rates increase, offsetting the rebate given to the customer. However, the current low yields do not allow for any significant differentiation.

The most relevant social risks for banks arise when they interact with their customers. Social risks are particularly high in the area of data security and customer privacy, which is mitigated by sizeable technology investments. Fines and reputational damage because of product mis-selling or other types of misconduct are further social risks. Societal trends are also relevant in a number of areas, such as shifting customer preferences towards digital banking services, increasing information technology costs, ageing population concerns in several countries affecting demand for financial services or socially driven policy agendas that may translate into regulations that affect banks' revenue base. Overall, we consider banks, including SBAB, face moderate social risks.

The widening spread of the coronavirus pandemic, the deteriorating global economic outlook, falling oil prices, and asset price declines are creating a severe and extensive credit shock across many sectors, regions and markets. The combined credit effects of these developments are unprecedented. We further regard the coronavirus pandemic as a social risk under our ESG framework, given the substantial implications for public health and safety.

Governance is highly relevant for SBAB, as it is to all participants in the banking industry. Corporate governance weaknesses can lead to a deterioration in a company's credit quality, while governance strengths can benefit its credit profile. SBAB is governed by the Swedish state and the board is committed to sustainability developments. Corporate governance remains a key credit consideration and requires ongoing monitoring. However, we currently do not have any governance-related concerns over SBAB.

Support and structural considerations

Loss Given Failure (LGF) analysis

We apply our Advanced LGF analysis to SBAB as the bank is incorporated in Sweden, which we consider an operational resolution regime because it is subject to the EU Bank Recovery and Resolution Directive (BRRD). For this analysis, we assume that equity and losses are at 3% and 8%, respectively, of tangible banking assets in a failure scenario. We also assume a 25% runoff of junior wholesale deposits and a 5% runoff of preferred deposits. Moreover, we assign a 25% probability to junior deposits being preferred to senior unsecured debt. These are in line with our standard assumptions. Particular to SBAB and other Swedish pure mortgage lenders, we assume the proportion of deposits considered junior at 10%, relative to our standard assumption of 26%, because of their largely retail-oriented depositor base.

Our Advanced LGF analysis indicates a very low loss given failure for junior depositors and senior unsecured creditors, resulting in a two-notch uplift of the relevant ratings, from the bank's baa1 Adjusted BCA.

SBAB's junior deposit and senior debt ratings reflect our expectations that the bank's issuance of SNP debt to fulfil the recapitalisation amount of MREL by year-end 2023. There is, however, uncertainty around the impact of BRRD2, and how it will affect the Swedish subordination requirements, and SBAB's need for SNP issuance.

For junior securities issued by SBAB, including junior senior debt (called SNP by the market), which is positioned one notch below the bank's Adjusted BCA, our Advanced LGF analysis indicates a high loss given failure, given the small volume of debt and limited protection from more subordinated instruments and residual equity. We also incorporate additional notching for more junior instruments.

Government support considerations

SBAB is fully owned by the Swedish government and has an important market share in the Swedish residential mortgage market. This guides our expectation of a moderate probability of government support for SBAB's deposit and senior unsecured debt, which results in a one notch rating uplift for these debt classes.

Counterparty Risk (CR) Assessment

CR Assessments are opinions of how counterparty obligations are likely to be treated if a bank fails and are distinct from debt and deposit ratings in that they (1) consider only the risk of default rather than the likelihood of default and the expected financial loss suffered in the event of default, and (2) apply to counterparty obligations and contractual commitments rather than debt or deposit instruments. The CR Assessment is an opinion of the counterparty risk related to a bank's covered bonds, contractual performance obligations (servicing), derivatives (for example, swaps), letters of credit, guarantees and liquidity facilities.

SBAB's CR Assessment is positioned at Aa3(cr)/P-1(cr)

The CR Assessment, before government support, is positioned three notches above the Adjusted BCA based on our view that senior obligations represented by the CR Assessment will be more likely preserved than senior unsecured debt to minimise losses, avoid disruption of critical functions and limit contagion. In addition, moderate probability of government support results in an additional uplift of one notch uplift.

Counterparty Risk Ratings (CRRs)

CRRs are opinions of the ability of entities to honour the uncollateralised portion of non-debt counterparty financial liabilities (CRR liabilities) and also reflect the expected financial losses in the event such liabilities are not honoured. CRRs are distinct from ratings assigned to senior unsecured debt instruments and from issuer ratings because they reflect that, in a resolution, CRR liabilities might benefit from preferential treatment compared with senior unsecured debt. Examples of CRR liabilities include the uncollateralised portion of payables arising from derivatives transactions and the uncollateralised portion of liabilities under sale and repurchase agreements.

SBAB's CRRs are positioned at Aa3/P-1

The CRRs are positioned four notches above SBAB's Adjusted BCA of baa1, reflecting extremely low loss given failure from the high volume of instruments that are subordinated to CRR liabilities, along with one notch of government support.

Methodology and scorecard

About Moody's Bank Scorecard

Our scorecard is designed to capture, express and explain in summary form our Rating Committee's judgement. When read in conjunction with our research, a fulsome presentation of our judgement is expressed. As a result, the output of our scorecard may materially differ from that suggested by raw data alone (though it has been calibrated to avoid the frequent need for strong divergence). The scorecard output and the individual scores are discussed in rating committees and may be adjusted up or down to reflect conditions specific to each rated entity.

Rating methodology and scorecard factors

Exhibit 6

SBAB Bank AB (publ)

Macro Factors		
Weighted Macro Profile	**Strong +**	**100%**

Factor	Historic Ratio	Initial Score	Expected Trend	Assigned Score	Key driver #1	Key driver #2
Solvency						
Asset Risk						
Problem Loans / Gross Loans	0.1%	aa1	↔	aa2	Sector concentration	
Capital						
Tangible Common Equity / Risk Weighted Assets (Basel III - transitional phase-in)	15.8%	aa3	↔	a1	Nominal leverage	
Profitability						
Net Income / Tangible Assets	0.3%	ba2	↔	ba1	Earnings quality	
Combined Solvency Score		a1		a2		
Liquidity						
Funding Structure						
Market Funds / Tangible Banking Assets	41.2%	b1	↔	baa2	Market funding quality	
Liquid Resources						
Liquid Banking Assets / Tangible Banking Assets	12.6%	ba1	↔	baa2	Stock of liquid assets	
Combined Liquidity Score		ba3		baa2		
Financial Profile				a3		
Qualitative Adjustments				Adjustment		
Business Diversification				-1		
Opacity and Complexity				0		
Corporate Behavior				0		
Total Qualitative Adjustments				-1		
Sovereign or Affiliate constraint				Aaa		
BCA Scorecard-indicated Outcome - Range				a3 - baa2		
Assigned BCA				baa1		
Affiliate Support notching				0		
Adjusted BCA				baa1		

Balance Sheet	in-scope (SEK Million)	% in-scope	at-failure (SEK Million)	% at-failure
Other liabilities	314,228	60.1%	323,602	61.9%
Deposits	133,916	25.6%	124,542	23.8%
Preferred deposits	120,524	23.1%	114,498	21.9%
Junior deposits	13,392	2.6%	10,044	1.9%
Senior unsecured bank debt	48,200	9.2%	48,200	9.2%
Junior senior unsecured bank debt	6,000	1.1%	6,000	1.1%
Dated subordinated bank debt	4,450	0.9%	4,450	0.9%
Equity	15,674	3.0%	15,674	3.0%
Total Tangible Banking Assets	522,468	100.0%	522,468	100.0%

Debt Class	De Jure waterfall		De Facto waterfall		Notching		LGF Notching Guidance vs. Adjusted BCA	Assigned LGF notching	Additional Notching	Preliminary Rating Assessment
	Instrument volume + subordination	Sub-ordination	Instrument volume + subordination	Sub-ordination	De Jure	De Facto				
Counterparty Risk Rating	16.1%	16.1%	16.1%	16.1%	3	3	3	3	0	a1
Counterparty Risk Assessment	16.1%	16.1%	16.1%	16.1%	3	3	3	3	0	a1 (cr)
Deposits	16.1%	5.0%	16.1%	14.2%	2	3	2	2	0	a2
Senior unsecured bank debt	16.1%	5.0%	14.2%	5.0%	2	1	2	2	0	a2
Junior senior unsecured bank debt	5.0%	3.9%	5.0%	3.9%	-1	-1	-1	-1	0	baa2
Dated subordinated bank debt	3.9%	3.0%	3.9%	3.0%	-1	-1	-1	-1	0	baa2
Non-cumulative bank preference shares	3.0%	3.0%	3.0%	3.0%	-1	-1	-1	-1	-2	ba1

Instrument Class	Loss Given Failure notching	Additional notching	Preliminary Rating Assessment	Government Support notching	Local Currency Rating	Foreign Currency Rating
Counterparty Risk Rating	3	0	a1	1	Aa3	Aa3
Counterparty Risk Assessment	3	0	a1 (cr)	1	Aa3(cr)	
Deposits	2	0	a2	1	A1	A1
Senior unsecured bank debt	2	0	a2	1	A1	A1
Junior senior unsecured bank debt	-1	0	baa2	0	Baa2	Baa2
Dated subordinated bank debt	-1	0	baa2	0	Baa2	(P)Baa2
Non-cumulative bank preference shares	-1	-2	ba1	0	Ba1 (hyb)	

[1] Where dashes are shown for a particular factor (or sub-factor), the score is based on non-public information.
Source: Moody's Investors Service

Ratings

Exhibit 7

Category	Moody's Rating
SBAB BANK AB (PUBL)	
Outlook	Stable
Counterparty Risk Rating	Aa3/P-1
Bank Deposits	A1/P-1
Baseline Credit Assessment	baa1
Adjusted Baseline Credit Assessment	baa1
Counterparty Risk Assessment	Aa3(cr)/P-1(cr)
Issuer Rating	A1
Senior Unsecured	A1
Junior Senior Unsecured	Baa2
Junior Senior Unsecured MTN	(P)Baa2
Subordinate -Dom Curr	Baa2
Pref. Stock Non-cumulative -Dom Curr	Ba1 (hyb)
Commercial Paper	P-1
Other Short Term	(P)P-1

Source: Moody's Investors Service

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CLIENT SERVICES

Americas	1-212-553-1653
Asia Pacific	852-3551-3077
Japan	81-3-5408-4100
EMEA	44-20-7772-5454

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