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SBAB Bank AB (publ)

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Rating Score Snapshot

Global Scale Ratings
Issuer Credit Rating
A/Stable/A-1
Resolution Counterparty Rating
A+/--/A-1
<i>Nordic Regional Scale</i>
<i>Issuer Credit Rating</i>
--/--/K-1

SACP: a-			→	Support: +1		→	Additional factors: 0	
Anchor	a-			ALAC support	+1		Issuer credit rating	
Business position	Moderate	-1		GRE support	0		A/Stable/A-1	
Capital and earnings	Strong	+1		Group support	0		Resolution counterparty rating	
Risk position	Adequate	0		Sovereign support	0		A+/A-1	
Funding	Adequate	0						
Liquidity	Adequate							
CRA adjustment	0							

ALAC--Additional loss-absorbing capacity. CRA--Comparable ratings analysis. GRE--Government-related entity. ICR--Issuer credit rating. SACP--Stand-alone credit profile.

Credit Highlights

Overview	
Key strengths	Key risks
Resilient asset quality owing to highly collateralized lending focus.	Swedish property market concentration.
Very efficient business model with a cost-income ratio near 35%.	Limited product diversification compared with peers.
Meaningful capital and loss-absorption buffers.	

SBAB's online mortgage franchise supports a lean operation. Formed as a government-owned bank in the mid-1980s, SBAB has advanced its role as a challenger bank in mortgage lending to become Sweden's fifth-largest bank. SBAB's product offering focuses on mortgage lending to retail and corporate customers, such as tenant-owner associations and property companies. As a result, SBAB boasts a better cost-income ratio than most European banks--standing at 32% in third-quarter 2022. However, the narrow offering on property lending also leads to revenue concentration given that net income is the sole source of revenue for the bank.

We forecast resilient earnings will continue to underpin robust capitalization. We expect that lending under its own brand will continue to lead revenue growth over the next two years, albeit at a slower pace because rising borrowing costs and broad-based inflation will hamper the loan demand of households. We project annual net profits of about Swedish krona (SEK) 1.8 billion-SEK 2.1 billion (€165 million-€193 million) which, in addition to refinancing of capital instruments, will result in a risk-adjusted capital (RAC) ratio of about 12.6%-13.6% over 2022-2024—compared with 12.2% as of Dec. 31, 2022. This also assumes SBAB will pay dividends of about 40% of net profits.

We expect asset quality metrics to remain robust, despite weakening macroeconomic conditions. Residential retail mortgage lending represents about 70% of SBAB's loan book as of the third quarter of 2022; the remaining 30% is to tenant-owner associations and corporate real estate. While the bank has pursued an above market growth rate, we believe that SBAB has maintained strict lending guidelines when granting new loans. As Sweden is entering an economic downturn, we anticipate nonperforming assets (NPAs) will increase moderately to 10-15 basis points (bps), compared with 5bps so far in 2022; however, we anticipate favorable labor market conditions and households' strong propensity to service their mortgages will be supportive from a cost of risk perspective.

Wholesale funding will remain the bank's primary source of funding. SBAB relies on slightly more than 70% market-based wholesale funding to meet its funding needs and we do not foresee a major shift in the bank's funding mix. Ongoing funding to satisfy SBAB's minimum requirement for own funds and eligible liabilities (MREL) should ensure the 2024 deadline is met, supporting our view that the bank will sustainably maintain a level of additional loss-absorbing capacity (ALAC) above our adjusted 4% threshold over the next two years. We estimate SBAB's ALAC will be 7.6% of our forecast risk-weighted assets (RWA) at year-end 2022.

Outlook

The stable outlook on SBAB reflects our expectation that the bank will durably maintain an ALAC substantially above our adjusted threshold of 4% over the next two years to ensure it fulfills its MREL, while maintaining robust capitalization. We also expect that the bank will remain focused on the Swedish retail mortgage market, with higher-than-peer loan volumes targeted in this segment, but that its loan losses will remain low despite deteriorating macroeconomic conditions.

Downside scenario

We could take a negative rating action if we observed changes in the bank's risk appetite or operating conditions that might materially weaken asset quality, or if the RAC ratio were to fall below 10%.

Upside scenario

While unlikely at this point, an upgrade may be considered given the bank's ALAC trajectory.

Key Metrics

SBAB Bank AB (publ)--Key Ratios And Forecasts					
--Fiscal year ended Dec. 31--					
(%)	2020a	2021a	2022f	2023f	2024f
Growth in operating revenue	5.9	10.6	7.8-9.5	4.0-4.9	2.8-3.4
Growth in customer loans	10.2	10.4	6.8-8.3	2.2-2.7	3.6-4.4
Growth in total assets	7.5	9.2	6.0-7.3	2.2-2.7	3.4-4.1
Net interest income/average earning assets (NIM)	0.8	0.8	0.8-0.8	0.8-0.8	0.8-0.8
Cost to income ratio	35.8	36.2	34.8-36.5	34.9-36.7	35.6-37.4
Return on average common equity	9.6	10.2	8.7-9.6	8.3-9.2	8.2-9.1
Return on assets	0.4	0.4	0.3-0.4	0.3-0.3	0.3-0.4
New loan loss provisions/average customer loans	0.0	(0.0)	0.0-0.0	0.0-0.0	0.0-0.0
Gross nonperforming assets/customer loans	0.1	0.0	0.1-0.1	0.1-0.1	0.1-0.1
Net charge-offs/average customer loans	0.0	0.0	0.0-0.0	0.0-0.0	0.0-0.0
Risk-adjusted capital ratio	13.0	12.2	12.6-13.2	12.9-13.5	12.9-13.6

All figures are S&P Global Ratings-adjusted. a--Actual. f--Forecast. NIM--Net interest margin.

Anchor: 'a-' For A Purely Domestic Swedish Bank

We use our Banking Industry Country Risk Assessment's economic risk and industry risk scores to determine a bank's anchor, the starting point in assigning an issuer credit rating, which in Sweden is 'a-'. Trends for both scores are currently stable; however, we note that residential real estate prices are currently in the midst of a correction phase.

Our view of economic risk for Sweden is a result of the country's diverse and competitive economy that offsets the highly indebted private sector. House price growth over the pandemic contributed to material economic imbalances, in our view, having increased approximately 24% from trough to peak over 2020-2021 because of extraordinary monetary and fiscal support programs, work-from-home led demand, and a structural lack of supply. Inflation pressures and the tighter monetary stance from the Riksbank have increased interest rates and the broader cost of living; this in turn has precipitated a fall in housing prices that we expect will continue into 2023. We believe robust labor markets and the savings buffers built over 2020-2021 will provide support as interest costs and energy costs pressure household spending. Targeted fiscal support measures are also anticipated to bolster those households and corporates that are particularly impacted by higher energy costs. As such, we currently view the trend for economic risk as stable. We do, however, recognize that a weaker operating environment may lead to an increase in NPAs and the cost of risk, but we anticipate that levels should remain below those posted in 2020 in conjunction with the pandemic.

Our view of industry risk in Sweden reflects a regulatory environment that is in line with other EU countries in addition to deep debt capital markets, a well-functioning domestic covered bond market, and a history of liquidity support in times of need that mitigates structural reliance on wholesale funding. Furthermore, we view the stability, sound profitability, and lack of complexity in the banking sector as strengths. The sector's good operating efficiency is backed

by banks' advanced level of digitalization.

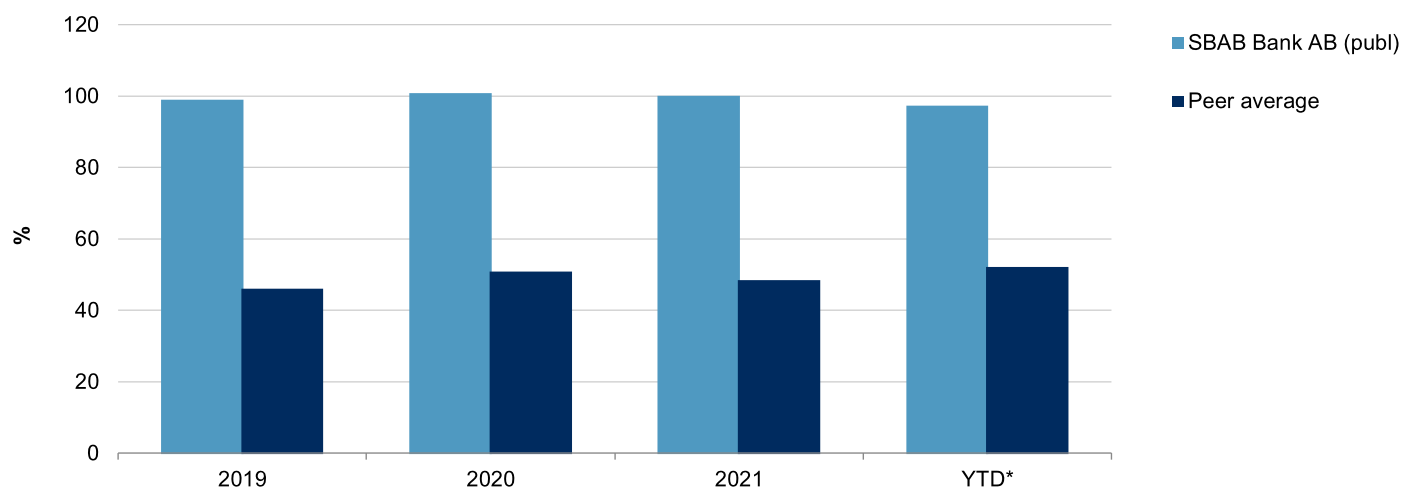
Business Position: Digital Lender Focused On Swedish Residential Loans

As a result of above market lending growth, SBAB had SEK618 billion (€57 billion) in assets on its balance sheet as of Sept. 30, 2022, and an 8.5% market share in mortgages. SBAB's lending growth has focused primarily on large cities and economic hubs in Sweden, where urbanization and immigration have resulted in higher demand. Because of the bank's focus on property financing, SBAB's revenue concentration in interest income is prevalent.

Chart 1

Revenue Concentration Compared To Nordic Peers

Net interest income/operating revenue



YTD--Year to date. Source: S&P Global Ratings. YTD as of Sept. 30, 2022
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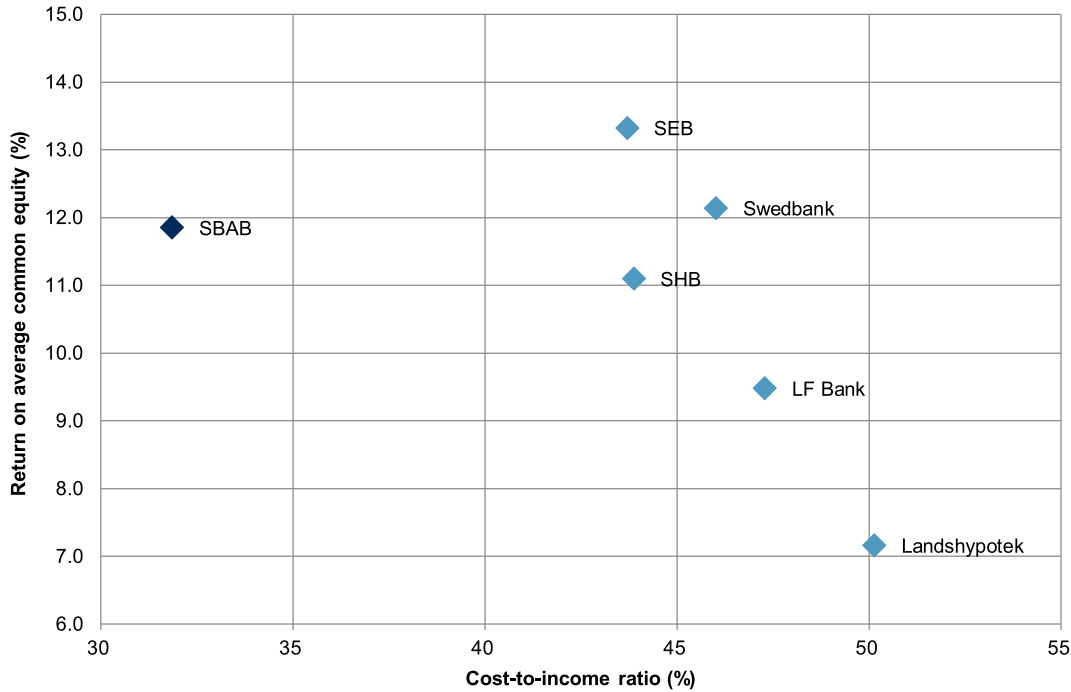
In early 2022, SBAB announced that interim CEO Mikael Inglander (the former CFO) would assume the role permanently. This followed the board of directors' decision to replace the former CEO in late 2021 after seven years of service. We do not believe this will have any meaningful impact and maintain our view of SBAB's management as prudent and committed to the bank's core strategy. The board of directors includes one member that represents the government's 100% ownership stake. However, we consider the board to be generally independent and supportive of management, allowing for autonomous business decisions.

SBAB maintains an efficient and more variable operating cost structure than most other banks as all retail business is conducted digitally or through call centers. Consequently, the bank boasts a cost-to-income ratio of about 32% as of the third quarter of 2022, which compares favorably with both Nordic and European peers. We expect cost efficiency to remain a key strength for SBAB but anticipate the cost-to-income ratio will increase toward 35-37% over the next two years as the bank increasingly targets more cost-intensive corporate lending.

Chart 2

SBAB's Service Model Supports High Operating Efficiency

Cost-to-income ratio and return on average common equity compared with peers



Source: S&P Global Ratings.

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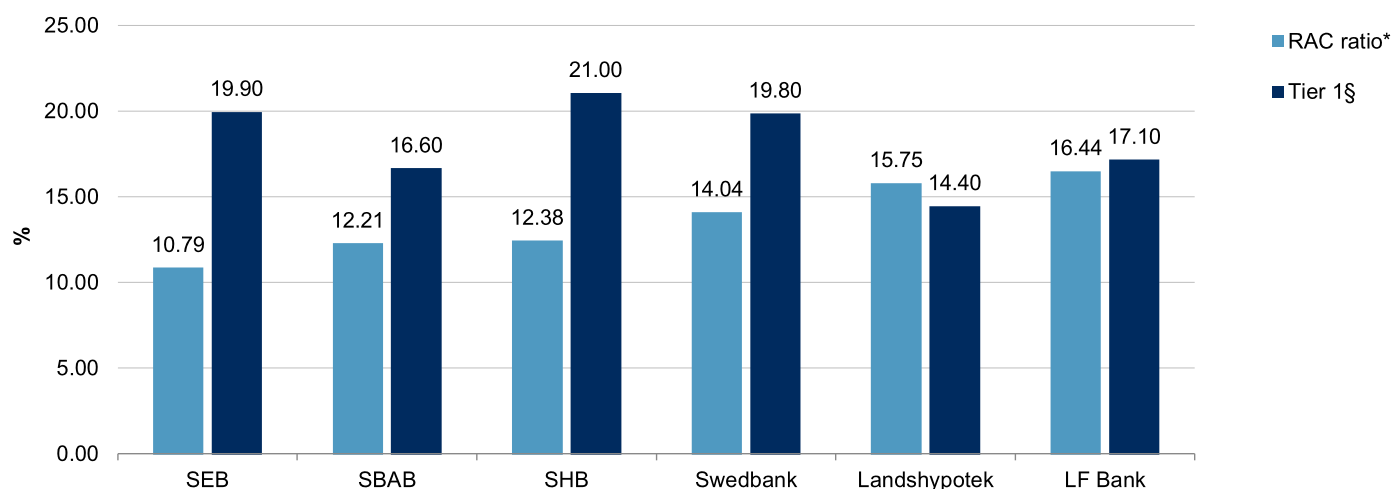
Capital and Earnings: Resilient Earnings And A Low-Risk Asset Base Supports Capitalization

We project SBAB's RAC ratio--our measure of the bank's capital— will be 12.6%-13.6% over 2022 to 2024 (12.2% as of year-end 2021). As such, we expect SBAB's RAC ratio will remain a rating strength for the bank.

Chart 3

Solid Capital Position In Line With Nordic Peers

S&P Global Ratings risk-adjusted capital versus tier 1 ratios



RAC--Risk-adjusted capital. *As of Dec. 31, 2021. §as of Sept. 30, 2022. Source: S&P Global Ratings.

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SBAB maintains a sufficient margin to its current regulatory capital requirements and underpins the expectation of an annual dividend of about 40% of net profits. As of Sept. 30, 2022, the common equity tier ratio stood at 12.8%, 260bps above the level required by the Swedish regulator. However, the bank's regulatory leverage ratio--4.1% as of Sept. 30, 2022--remains just below the European average, since the bank is mostly exposed to assets with low regulatory risk weights, such as retail mortgages.

In light of rapidly rising borrowing costs and broad-based inflationary pressures on households, we expect a slowdown in lending growth and somewhat higher provisioning needs over the next two years. We project loans to grow at 2%-5% in 2023-2024 (compared with 10.5% year on year as of the third quarter of Q3 2022) and cost of risk of SEK100 million-SEK200 million, equivalent to 2-4bps, compared with SEK49 million as of third-quarter 2022. Moreover, we forecast the average net interest margin to moderately widen toward a range of 0.77%-0.81%--compared with 0.77% year to date in 2022--balancing continued repricing of customer loans with higher cost of funding. This leads to annual net profits of about SEK1.8 billion-SEK2.1 billion over the coming two years.

Overall, we view SBAB's quality of capital as somewhat lower than that of many European peers, given their lower share of capital attributed to hybrid capital instruments. Additional tier 1 hybrid capital instruments of SEK5.8 billion (€532 million) represent nearly 23% of our total adjusted capital measurement and we expect the bank to replace upcoming maturities with new issuance.

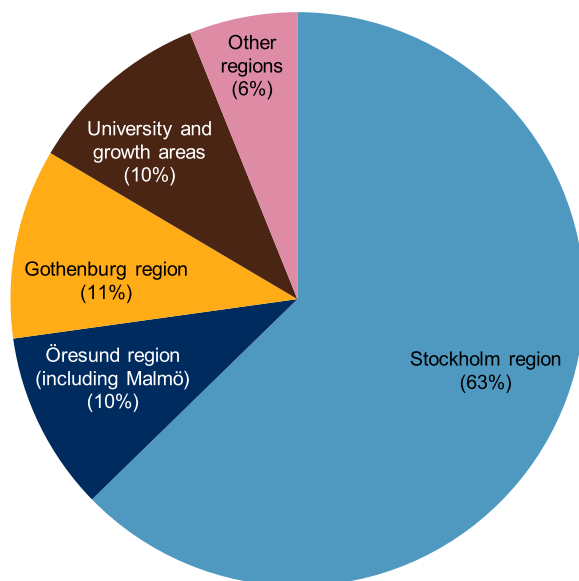
Risk Position: Low-Risk Business Supports Asset Quality

We see SBAB's lending book and general risk profile to be in line with our overall assessment of Swedish banking industry risk. The bank has pursued above-market lending growth in the expanding urban areas of Sweden; however, we think SBAB has maintained robust lending guidelines for new growth. Much of this has been focused on lending secured to residential real estate assets, with retail mortgages representing approximately 70% of the loan book. SBAB's mortgage offering is based on a transparent pricing model determined by collateral and repayment capacity, which in our opinion ascertains consistent pricing of risk. As of third-quarter 2022, its average loan-to-value ratio for new mortgage lending was 71% and debt to income was 3.9x.

Chart 4

SBAB Is Geographically Focused On Growth Regions In Sweden

Geographical distribution of mortgage loan book (70% of lending)



Sources: Q3 Interim Report 2022, S&P Global Ratings.

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SBAB has reduced its exposure to the commercial real estate market, but has remained present within the corporate lending space (about 30% of loan book) which includes lending to tenant-owner associations, multi-family dwelling developers, and a small portion to construction and commercial lending companies. Noncore lending, such as unsecured consumer and secondary-housing loans, are also a minor portion of SBAB's loan portfolio, and exposure to construction loans is capped at 6.5% of total credit (2.6% as of second-quarter 2022).

As of Sept. 30, 2022, SBAB's ratio of gross NPAs to customer loans remains marginal at 5bps. We expect the bank's focus on residential retail mortgages, which creates a naturally well-collateralized loan book, will continue to support SBAB's asset quality. Furthermore, we expect robust labor markets, private savings, and targeted fiscal measures to support repayment capacity in 2023-2024. That said, we expect loan loss provisions will increase as a result of credit migration and project NPAs at 0.10%-0.15% and new loan loss provisioning of 2-3bps over the next two years.

Funding And Liquidity: SBAB's Funding Mix Shows A High Reliance On The Covered Bond Market

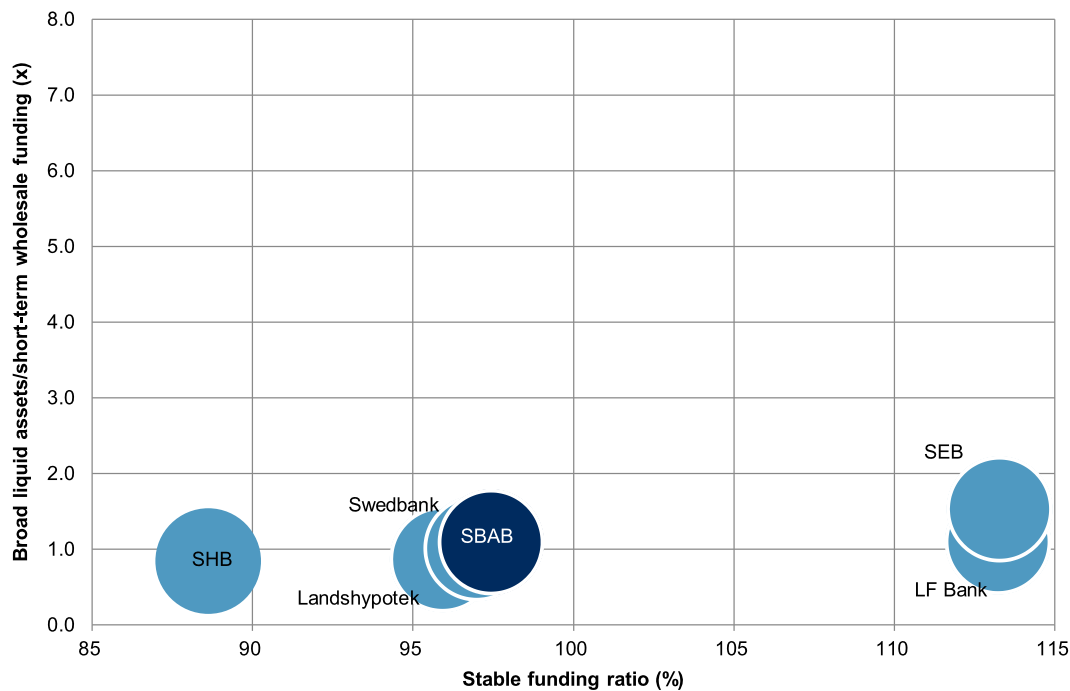
Over the past few years, SBAB has focused on attracting depositors--both retail and corporate--and lengthening its funding profile. Although the bank is still predominantly wholesale funded (about 71% as of third-quarter 2022), its funding metrics are now closer to the levels seen at Nordic peers. The covered bonds issued via SBAB's covered bond subsidiary, SCBC, make up 75% of outstanding issuance and about 57% of the total funding base, which points to a higher degree of asset encumbrance relative to Nordic peers. Our calculation of the funding ratio remained stable at 97% as of third-quarter 2022, a level we expect the bank to maintain through 2023. The regulatory net stable funding ratio was in the same period reported at 130% against the Swedish regulator's minimum requirement of 100%.

In the third quarter of 2022, SBAB's deposits totaled SEK178 billion (€16.3 billion), or about 31% of the funding base, of which 86% consisted of retail deposits. The bank was ahead of rated Swedish peers in shifting its deposit rates in conjunction with the Riksbank's policy rate increases and we expect the bank to increase its share of deposit funding toward 33%-35% of the funding base, as this is one of the bank's primary offerings.

SBAB's liquidity position is supported through a SEK85 billion (€7.8 billion) liquidity portfolio--consisting mainly of AAA-rated bonds--as of third-quarter 2022, which after haircuts represent 50% of core customer deposits and 14% of total assets. Our one-year liquidity measure (broad liquid assets to short-term wholesale funding) stood at 1.09x as of Sept. 30, 2022, up from 0.93x at end-2021, and we expect the bank to maintain a ratio above 1.0x in 2023-2024. Therefore, we expect SBAB could withstand a stressed scenario, including access to new market funding being closed and significant deposit outflow, and survive for more than six months. We note that SBAB's reported regulatory liquidity coverage ratio was 249%, well above the 100% minimum.

Chart 5**SBAB's Retail Market Share Leads To Higher Use Of Covered Bond Funding**

Funding and liquidity profile as of Sept. 30, 2022



Source: S&P Global Ratings.

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Support: One Notch Of ALAC Support Instead Of Government Support

SBAB is among the midsize banks considered by the Swedish National Debt Office as critical to the domestic financial system. SBAB must therefore fulfil a MREL of 27.7% of its total regulatory risk exposure amount by first-quarter 2024; this includes a subordination requirement of 25.2% to be fulfilled by subordinated liabilities and own funds.

As of Sept. 30, 2022, SBAB's stock of subordinated debt consisted of tier 2 instruments amounting to SEK2 billion and senior nonpreferred notes of SEK13.2 billion, representing 7.6% of our forecasted RWA at year-end 2022, exceeding our adjusted 4% threshold required to receive an additional notch of support. Although we do not rule out extraordinary support from the Swedish government as the bank's owner, we assume SBAB would likely be subject to bail-in-led resolution if it failed. We therefore choose ALAC support as our base-case assumption, which is why the bank has a resolution counterparty rating (RCR) (see "Various Rating Actions On Swedish Midsize Banks As Resolution Regime Gains Effectiveness," published Feb. 28, 2020).

Environmental, Social, And Governance

We consider ESG credit factors for SBAB to be broadly in line with industry and country peers.

The bank is increasingly incorporating climate aspects in its customer offering and its risk management framework. The bank is committed to contribute to sustainable societal development and has aligned its efforts with global initiatives and standards such as the Principles for Responsible Banking, the Global Reporting Initiative, and the Task Force on Climate-Related Financial Disclosures.

Through its mortgage focus, SBAB is expanding its franchise in green lending and funding. Their combined volume represented about 9% of total loans at year-end 2021. Green mortgages represent the majority of the green lending products and have grown quickly since their launch in 2018, reaching about SEK37 billion at year-end 2021, or about 11% of the mortgage book. This increased focus on green lending supports SBAB as it expands its green capital market funding, totaling SEK21 billion at year-end 2021, or about 4% of the total funding base. The bank was the first in Sweden to issue a green bond in 2016, and the first to issue a green covered bond backed by residential mortgages and property loans in 2019.

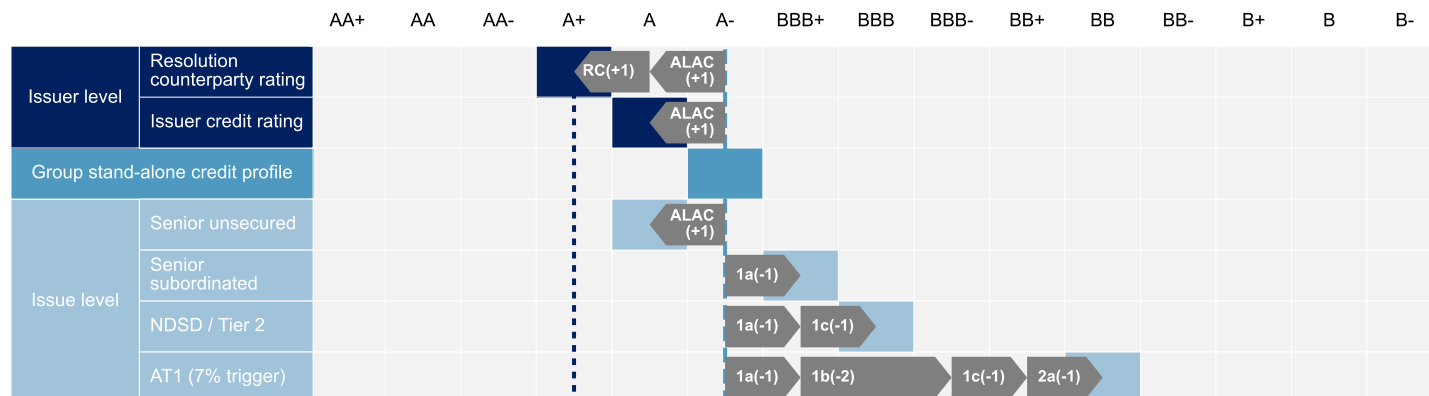
Social factors are important due to changing customer preferences and the increased regulatory focus on banks' business conduct in Sweden and globally. SBAB strives to have a positive impact in its customer service, as well as an employer. In 2021 and 2022, SBAB had the highest share of satisfied customers for both residential mortgages and corporate property loans, according to the Swedish Quality Index.

We consider the bank's governance standards to be consistent with industry norms in Sweden overall but view the Swedish government's 100% stake as a supportive factor.

Rated Hybrids

We rate SBAB's hybrid debt instruments according to their respective features.

SBAB Bank AB: Notching



Key to notching

- Group stand-alone credit profile
- Issuer credit rating

RC	Resolution counterparty liabilities (senior secured debt)
ALAC	Additional loss-absorbing capacity buffer
1a	Contractual subordination
1b	Discretionary or mandatory nonpayment clause and whether the regulator classifies it as regulatory capital
1c	Mandatory contingent capital clause or equivalent
2a	Mandatory going-concern, regulatory capital-based trigger (either statutory or contractual)

Note: The number-letter labels in the table above are in reference to the notching steps we apply to hybrid capital instruments, as detailed in table 2 of our "Hybrid Capital: Methodology And Assumptions" criteria, published on March 2, 2022.
 AT1--Additional Tier 1. NDSB--Non-deferrable subordinated debt.

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Resolution Counterparty Ratings (RCRs)

The 'A+ / A-1' RCRs reflect our RCR jurisdiction assessment on Sweden, and our review of its relevance for SBAB. An RCR is a forward-looking opinion of the relative default risk of certain senior liabilities that protected from default through an effective bail-in resolution process for the issuing financial institution.

Key Statistics

Table 1

SBAB Bank AB (publ)--Key Figures					
--Year-ended Dec. 31--					
(Mil. SEK)	2022*	2021	2020	2019	2018
Adjusted assets	618,017.0	557,877.0	511,029.0	475,221.0	448,121.0
Customer loans (gross)	498,805.0	467,179.0	422,986.0	383,939.0	364,346.0
Adjusted common equity	19,168.2	18,433.6	17,464.0	15,792.0	14,137.8
Operating revenues	3,427.0	4,122.0	3,728.0	3,521.0	3,280.0
Noninterest expenses	1,092.0	1,492.0	1,335.0	1,187.0	1,049.0

Table 1

SBAB Bank AB (publ)--Key Figures (cont.)					
	--Year-ended Dec. 31--				
(Mil. SEK)	2022*	2021	2020	2019	2018
Core earnings	1,804.9	2,081.0	1,839.0	1,788.0	1,726.0

*Data as of Sept. 30. SEK--Swedish krona.

Table 2

SBAB Bank AB (publ)--Business Position					
	--Year-ended Dec. 31--				
(%)	2022*	2021	2020	2019	2018
Loan market share in country of domicile	8.5	8.5	8.5	8.5	8.4
Deposit market share in country of domicile	4.8	4.3	4.4	4.7	4.7
Total revenues from business line (currency in millions)	3,427.0	4,122.0	3,728.0	3,521.0	3,280.0
Commercial banking/total revenues from business line	27.1	23.3	22.9	23.5	24.4
Retail banking/total revenues from business line	72.9	76.7	77.1	76.4	78.3
Return on average common equity	11.8	10.2	9.6	10.6	11.5

*Data as of Sept. 30.

Table 3

SBAB Bank AB (publ)--Capital And Earnings					
	--Year-ended Dec. 31--				
(%)	2022*	2021	2020	2019	2018
Tier 1 capital ratio	16.6	16.6	16.1	17.3	15.1
S&P Global Ratings' RAC ratio before diversification	N/A	12.2	13.0	13.2	12.3
S&P Global Ratings' RAC ratio after diversification	N/A	8.2	8.6	8.5	8.3
Adjusted common equity/total adjusted capital	76.8	81.1	83.3	81.9	82.5
Net interest income/operating revenues	97.1	99.8	100.5	98.6	102.5
Fee income/operating revenues	0.6	0.7	(0.6)	(0.4)	(1.5)
Market-sensitive income/operating revenues	1.3	(1.7)	(1.0)	0.7	(2.0)
Cost to income ratio	31.9	36.2	35.8	33.7	32.0
Provision operating income/average assets	0.5	0.5	0.5	0.5	0.5
Core earnings/average managed assets	0.4	0.4	0.4	0.4	0.4

*Data as of Sept. 30. RAC--Risk-adjusted capital. N/A--Not applicable.

Table 4

SBAB Bank AB (publ)--Risk-Adjusted Capital Framework Data					
(Mil. SEK)	Exposure*	Basel III RWA	Average Basel III RW(%)	S&P Global Ratings RWA	Average S&P Global Ratings RW (%)
Credit risk					
Government and central banks	52,638	0	0	1,357	3
Of which regional governments and local authorities	13,399	0	0	482	4
Institutions and CCPs	40,235	7,015	17	5,257	13
Corporate	81,554	20,113	25	75,558	93

Table 4

SBAB Bank AB (publ)--Risk-Adjusted Capital Framework Data (cont.)					
Retail	406,325	15,588	4	95,554	24
Of which mortgage	402,719	12,888	3	93,391	23
Securitization§	0	0	0	0	0
Other assets†	997	650	65	986	99
Total credit risk	581,749	43,365	7	178,712	31
Credit valuation adjustment					
Total credit valuation adjustment	--	1,665	--	0	--
Market risk					
Equity in the banking book	150	150	100	1,313	875
Trading book market risk	--	0	--	0	--
Total market risk	--	150	--	1,313	--
Operational risk					
Total operational risk	--	5,550	--	6,104	--
	Exposure	Basel III RWA	Average Basel II RW (%)	S&P Global Ratings RWA	% of S&P Global Ratings RWA
Diversification adjustments					
RWA before diversification	--	138,518	--	186,129	100
Total diversification/ Concentration adjustments	--	--	--	90,140	48
RWA after diversification	--	138,518	--	276,268	148
		Tier 1 capital	Tier 1 ratio (%)	Total adjusted capital	S&P Global Ratings RAC ratio (%)
Capital ratio					
Capital ratio before adjustments		23,111	16.7	22,734	12.2
Capital ratio after adjustments‡		23,111	16.6	22,734	8.2

*Exposure at default. §Securitization exposure includes the securitization tranches deducted from capital in the regulatory framework. †Exposure and S&P Global Ratings' risk-weighted assets for equity in the banking book include minority equity holdings in financial institutions. ‡Adjustments to tier 1 ratio are additional regulatory requirements (e.g. transitional floor or pillar 2 add-ons). RWA--Risk-weighted assets. RW--Risk weight. RAC--Risk-adjusted capital. SEK--Sweden krona. Sources: Company data as of Dec. 31, 2021, S&P Global Ratings.

Table 5

(%)	--Year-ended Dec. 31--				
	2022*	2021	2020	2019	2018
Growth in customer loans	9.0	10.4	10.2	5.4	8.7
Total diversification adjustment/S&P Global Ratings' RWA before diversification	N/A	48.4	51.4	53.9	48.6
Total managed assets/adjusted common equity (x)	32.3	30.3	29.3	30.1	31.7
New loan loss provisions/average customer loans	0.0	(0.0)	0.0	0.0	(0.0)
Net charge-offs/average customer loans	0.0	0.0	0.0	0.0	0.0
Gross nonperforming assets/customer loans + other real estate owned	0.0	0.0	0.1	0.1	0.1
Loan loss reserves/gross nonperforming assets	66.9	59.7	62.7	47.0	49.1

*Data as of Sept. 30. N/A--Not applicable. RWA--Risk-weighted assets.

Table 6

SBAB Bank AB (publ)--Funding And Liquidity					
	--Year-ended Dec. 31--				
(%)	2022*	2021	2020	2019	2018
Core deposits/funding base	30.0	27.5	28.2	29.0	29.3
Customer loans (net)/customer deposits	291.6	322.2	311.7	294.0	291.5
Long-term funding ratio	83.8	83.9	84.0	83.2	84.7
Stable funding ratio	97.4	98.1	99.1	100.9	102.2
Short-term wholesale funding/funding base	16.8	16.8	16.8	17.6	16.0
Regulatory net stable funding ratio	132.5	128.6	128.8	134.0	122.0
Broad liquid assets/short-term wholesale funding (x)	1.1	0.9	0.9	1.0	1.1
Broad liquid assets/total assets	16.9	14.7	14.7	16.1	16.4
Broad liquid assets/customer deposits	61.2	56.6	55.4	58.6	58.8
Net broad liquid assets/short-term customer deposits	6.5	(4.5)	(4.2)	(2.0)	4.3
Regulatory liquidity coverage ratio (LCR) (x)	218.7	232.5	262.3	289.9	275.7
Short-term wholesale funding/total wholesale funding	23.6	22.9	23.1	24.5	22.4
Narrow liquid assets/3-month wholesale funding (x)	N/A	1.2	1.2	1.7	1.8

*Data as of Sept. 30. N/A--Not applicable.

SBAB Bank--Rating Component Scores

Issuer Credit Rating	A/Stable/A-1
SACP	a-
Anchor	a-
Economic risk	2
Industry risk	3
Business position	Moderate
Capital and earnings	Strong
Risk position	Adequate
Funding	Adequate
Liquidity	Adequate
Comparable ratings analysis	0
Support	+1
ALAC support	+1
GRE support	0
Group support	0
Sovereign support	0
Additional factors	0

ALAC--Additional loss-absorbing capacity. GRE--Government-related entity. SACP--Stand-alone credit profile.

Related Criteria

- General Criteria: Hybrid Capital: Methodology And Assumptions, March 2, 2022
- Criteria | Financial Institutions | Banks: Banking Industry Country Risk Assessment Methodology And

Assumptions, Dec. 9, 2021

- Criteria | Financial Institutions | General: Financial Institutions Rating Methodology, Dec. 9, 2021
- General Criteria: Environmental, Social, And Governance Principles In Credit Ratings, Oct. 10, 2021
- General Criteria: Group Rating Methodology, July 1, 2019
- General Criteria: Methodology For National And Regional Scale Credit Ratings, June 25, 2018
- Criteria | Financial Institutions | General: Risk-Adjusted Capital Framework Methodology, July 20, 2017
- General Criteria: Methodology For Linking Long-Term And Short-Term Ratings, April 7, 2017
- General Criteria: Rating Government-Related Entities: Methodology And Assumptions, March 25, 2015
- General Criteria: Principles Of Credit Ratings, Feb. 16, 2011

Related Research

- Swedish Banks Can Weather A Housing Market Correction; BICRA Group Remains '2', Nov. 10, 2022
- Sweden 'AAA'/A-1+' Ratings Affirmed; Outlook Stable, Oct. 28, 2022
- Credit Conditions Europe Q4 2022: Hunkering Down For Winter, Sept. 27 2022
- Nordic Banks: Robust Capital Provides Cushion Against Tougher Times, Sept. 6, 2022
- Bulletin: Single Resolution Board Says That Banks Must Go The Distance To Ensure Full Resolvability, July 13, 2022
- Bulletin: Nordic Banks' Solid Financials Mitigate Increased Geopolitical Uncertainties, April 12, 2022
- Swedish Bank Ratings Affirmed Under Revised FI Criteria, Feb. 4, 2022

Ratings Detail (As Of December 15, 2022)*

SBAB Bank AB (publ)

Issuer Credit Rating	A/Stable/A-1
<i>Nordic Regional Scale</i>	--/--/K-1
Resolution Counterparty Rating	A+/--/A-1
Commercial Paper	A-1
<i>Nordic Regional Scale</i>	K-1
Junior Subordinated	BB
Senior Subordinated	BBB+
Senior Unsecured	A
Short-Term Debt	A-1
Subordinated	BBB

Issuer Credit Ratings History

24-Nov-2017	<i>Foreign Currency</i>	A/Stable/A-1
25-Sep-2013		A/Negative/A-1
19-Jul-2013		A/Watch Neg/A-1
24-Nov-2017	<i>Local Currency</i>	A/Stable/A-1

Ratings Detail (As Of December 15, 2022)*(cont.)

25-Sep-2013		A/Negative/A-1
19-Jul-2013		A/Watch Neg/A-1
22-Jun-2004	<i>Nordic Regional Scale</i>	--/--/K-1

Sovereign Rating

Sweden		AAA/Stable/A-1+
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*Unless otherwise noted, all ratings in this report are global scale ratings. S&P Global Ratings' credit ratings on the global scale are comparable across countries. S&P Global Ratings' credit ratings on a national scale are relative to obligors or obligations within that specific country. Issue and debt ratings could include debt guaranteed by another entity, and rated debt that an entity guarantees.

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