

# Impressive work during a challenging year



The corona virus pandemic has had broad and deep effects on our modern society.

For companies in the financial system, this has highlighted the importance of good corporate governance. Good regulatory compliance, risk management and internal governance and control were essential for SBAB during the year. These allowed us to focus and to be proactive and accessible for our customers during the pandemic.

SBAB has in this way been able to contribute to well-functioning housing and credit markets.

Despite the significant challenges of the year, we continued to deliver on our strategy and our vision. Several major successes characterised the year in areas where we reached our goals. Sweden's most satisfied customers, one of Sweden's best workplaces, strong growth and healthy profitability made this year one of our most successful.

Shortly after the pandemic broke out, the government, the Riksbank and Finansinspektionen (the Swedish FSA) took measures to counteract the negative socio-economic consequences of the pandemic. Several of these measures aimed at helping banks support their customers with credit and liquidity. SBAB focused entirely on being accessible and helpful for our customers:

Regarding lending for residential housing to property companies, we took a market share of 34% of new lending during the year and increased our market share a full 4 percentage points to just over 14%.

We granted amortisation exemptions to 19,200 households, the equivalent of SEK 43 billion in underlying mortgage volume.

Managing a crisis with new rules and processes while also conducting more transactions highlights the

importance of good corporate governance. Good regulatory compliance and risk management are central components of our sustainable steering model, which helps our operations move forward toward our vision. The past year demonstrated that our internal control and steering is good.

## **Sustainability is essential for competitiveness and profitability**

Sustainability is fully integrated in our steering model. Our business goals have been the same as our sustainability goals for several years. We have also incorporated the UN SDGs in our steering model, where we prioritise goals 8, 11, 12 and 13 from the 2030 Agenda, as they are the goals where our business can most clearly contribute to change.

Conducting sustainable business also means being there when the customer needs you most. During the year, SBAB showed that we represent long-term relationships and consideration. Our brand value is, in the



eyes of our customers and the public, that of a considerate friend. As a bank and housing financier, we could not wish for a better position.

Responsible credit granting and green funding and lending are, naturally, central in our sustainability agenda. But sustainability is more than that, and includes:

Transparency and simplicity in pricing as well as in terms and information, are essential values for earning the customer's trust in the future.

Being an attractive workplace where everyone can be themselves, with respect and equality in focus is essential, and where our motivation and our commitment is driven by contributing and creating results for all of society's stakeholders.

### Sound finances

Growth is essential for our long-term competitiveness and profitability. Growth demonstrates that our customer offering is competitive.

To achieve our vision of offering the best residential mortgages in Sweden we need to achieve the goals in our three sustainable target areas – Responsibility & transparency, Attractive workplace and Sound finances.

Growth and profitability are some of our goals within Sound finances. Our lending grew a full 10.2% to SEK 422.8 billion and earnings after tax were SEK 1,839 million, which yielded a return on equity of 10.8%, well above the target of 10.0%.

SBAB is well capitalised, at the same time as future capital requirements are being and assessed due to new capital adequacy rules and calculation models. To ena-

ble continued growth that takes the prevailing uncertainty stemming from future capital requirements and the effects of the pandemic into consideration, the Board has not proposed any dividend to the Annual General Meeting for this year's or last year's net profit. In that respect, SBAB is also following the Swedish FSA's guidance on exercising restraint in dividends.

It is primarily new technology and digitalisation that drives development for the customer interface and experience. At the same time, these are also the driving forces in our long-term cost efficiency. But not everything in our customer interface needs to be digital. Buying a home is a dream for many people, but it is also one of life's largest financial decisions. In many future housing purchases, I still think that customers will want help and support from our customer service professionals. Our considerate and knowledgeable customer service professionals are one of our main competitive advantages and create a strong customer experience.

**“Customer service is one of our main competitive advantages”**

### Thank you

On behalf of the Board, I would like to thank the CEO, The Executive Management Team and all our engaged and skilled employees for impressive work under the very challenging circumstances during this challenging but for SBAB successful year 2020.

Jan Sinclair  
Chairman of the Board

# Corporate Governance Report

SBAB Bank AB (publ) (SBAB) is a Swedish public limited banking company that is wholly owned by the Swedish state. SBAB is domiciled in Solna. Owner governance of SBAB is exercised through general shareholder meetings, the Board of Directors and the CEO in accordance with the Companies Act, the Articles of Association, and the policies and instructions adopted by SBAB. Moreover, SBAB applies the State Ownership Policy and principles for state-owned enterprises, as adopted by the government on 27 February 2020 (the "Ownership Policy") which, inter alia, requires that SBAB apply the applicable parts of the Swedish Corporate Governance Code (the "Code"). This Corporate Governance Report has been prepared pursuant to the regulations covering corporate governance reports in the Code and the applicable annual accounts act pursuant to the Ownership Policy.

This Corporate Governance Report has been subject to a statutory review by the company's auditor.

## The foundation of SBAB's corporate governance

Well-functioning corporate governance, risk management and internal governance are essential for SBAB to reach set targets and gain the confidence of its stakeholders. In addition to corporate governance in the traditional sense, which describes the system by which a company is governed and controlled, SBAB's vision, mission, business idea and values are important elements in SBAB's governance model, as is information transparency, corporate culture, leadership and the long-term sustainable conduct of operations. This, together with corporate governance, means that we can maintain a high level of confidence in SBAB's operations. Confidence forms the basis of all banking operations.

## Application of the Code

Since SBAB is wholly owned by the state, SBAB applies the Code with the exception of those rules pertaining to the Nomination Committee and the rules covering the election of the Board and auditors. Moreover, SBAB does not apply those rules that are specifically aimed at companies with more than one owner. In cases where the rules for remuneration to senior executives in the Code differ from the principles from the government in the Ownership Policy, the latter apply. Based on the ownership structure and with observance of the Ownership Policy, the following deviations from the Code rules have occurred:

*Code rule 1.1* – publication of information regarding the shareholders' right to propose business for the Annual General Meeting (AGM). The purpose of this rule is to give

shareholders the opportunity to prepare ahead of time for the AGM and have matters included in the agenda for the AGM. In companies entirely owned by the Swedish state, in accordance with the owner's guidelines, the public shall be invited to attend the AGM. As a notice is sent to the Central Bureau of the Swedish Riksdag (parliament), members of parliament also have the opportunity to attend.

*Code rule 1.3* – proposal of a chair for the annual general meeting. In state-owned owned companies, the owner submits its proposed nominee for the chair at the general meeting.

*Code rule 2* – the establishment of a nomination committee responsible for matters such as the appointment and remuneration of the Board of Directors and the auditor. The reason for the deviation is that nomination matters in state-owned companies are handled by the government in the manner described in the Ownership Policy.

*Code rule 4.1* – strive for gender balance on the Board. More specific gender balance guidelines are given for state-owned companies as a result of the Swedish Ministry of Enterprise and Innovation's coordinated board nomination process.

*Code rules 2.6, 4.4, 4.5, 4.6 and 10.2* – information to be provided concerning the independence of Board members in relation to major shareholders. No such information is provided since the primary objective of the Code rules in question is to protect minority shareholders in companies with dispersed ownership. Consequently, in accordance with the corporate governance principles for state-owned enterprises, there is no reason for such information concerning independence to be disclosed in entirely state-owned companies.

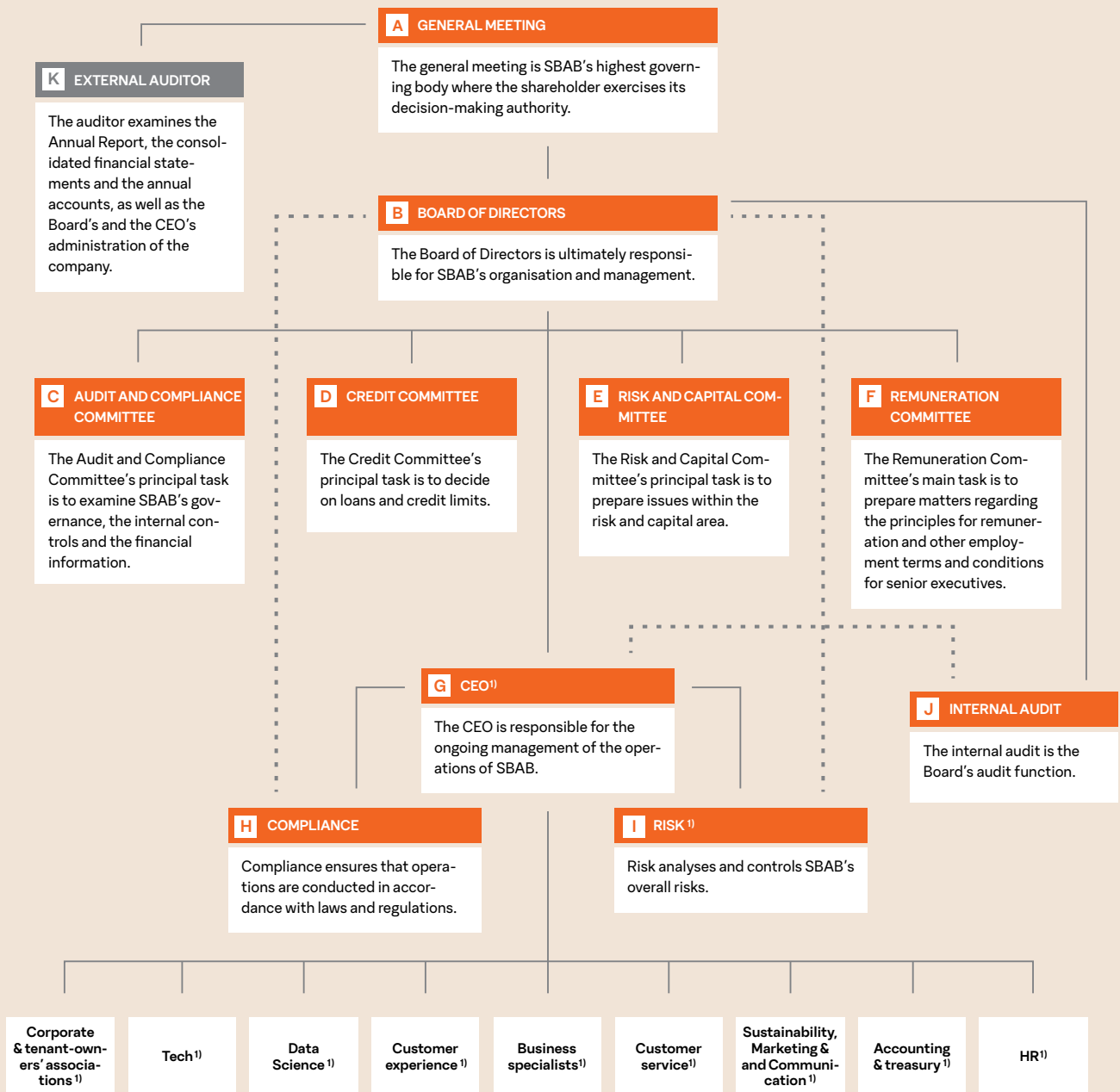
## Articles of Association

SBAB's Articles of Association regulate matters such as the company's business objectives. The Articles of Association do not include any stipulations regulating the appointment or dismissal of Board members, with the exception of stipulations stating that the AGM is to appoint the Chairman of the Board and determine the minimum and maximum number of Board members. It is further stated that if the Chairman of the Board resigns from his or her office during the mandate period, the Board is to appoint one of the Board members as the new Chairman until the end of the AGM, when a new Chairman will be elected by the AGM. For amendments to be made to the Articles of Association, the notice of the extraordinary general meeting that will address amendments to the Articles of Association is to be issued not earlier than six weeks and not later than four weeks prior to the meeting.

## A General meeting of shareholders

On 14 February 2020, SBAB held an Extraordinary General Meeting (EGM) at which the owner was represented by Linda Lausson, Swedish Ministry of Enterprise and Innovation. The EGM noted vacancies on the Board after Bo Magnusson and Karin Moberg notified their intent to step down in 2019 to the Swedish Companies Registration Office, whereupon Leif Pagrotsky and Johan Prom were elected to the Board.

SBAB's Annual General Meeting was held on 28 April 2020. The members of parliament were invited to attend the AGM, which was not open to the public due to the spread of the coronavirus. The owner was represented by Linda Lausson from the Swedish Ministry of Enterprise and Innovation. Most of SBAB's Board members, the CEO and SBAB's auditor also attended the AGM. Jan Sinclair, Chairman of the Board of SBAB,



<sup>1)</sup> Included in Executive Management.

served as the Chairman of the AGM. The AGM resolved to elect the following Board members: Jan Sinclair (Chairman), Lars Börjesson, Inga-Lill Carlberg, Daniel Kristiansson, Jane Lundgren Ericsson, Leif Pagrotsky, Johan Prom and Synnöve Trygg. At the time of the AGM, the local trade unions had appointed Anders Heder and Margareta Naumburg as employee representatives on the Board of Directors, with Kristina Ljung and David Larsson as their respective deputies. Kristina Ljung was subsequently replaced as deputy by Jenny Gustafsson, which was registered with the Swedish Companies Registration Office on 18 December 2020. The AGM passed resolutions regarding the discharge from liability for the Board of Directors and the CEO, the appropriation of profits and the adoption of the annual accounts for 2019. The meeting elected Deloitte AB, with Patrick Honeth as the auditor-in-charge, as SBAB's auditor until the close of the 2021 AGM. The meeting reviewed the guidelines for remuneration to senior executives adopted by the 2019 AGM, see Note **IC 5** for details of the guidelines, and adopted new guidelines for remuneration to senior executives. The meeting also decided on the fees to be paid to the members of the Board. No fees will be paid to Board members who are either employed by the Government Offices of

Sweden or are employee representatives. The CEO and Chairman reported on the operations of the bank and the work of the Board of Directors in 2019.

## **B** The Board of Directors

### *Composition and nomination procedure*

In state-owned companies, uniform and shared principles are applied to achieve a structured nomination process for the appointment of board members. The objective is to ensure an adequate supply of competence for the boards of directors of these companies. The Board nomination process at the Government Offices of Sweden is coordinated by the Swedish Ministry of Enterprise and Innovation. For each company, competence needs are analysed on the basis of the company's business, circumstances and future challenges, as well as the composition of the Board of Directors and the Board assessments that have been conducted. Recruitment requirements are then established and work commences. Members are selected from a broad recruitment base in order to draw on the expertise of both women and men, as well as individuals with different backgrounds and experience.

### *Diversity and eligibility policies*

The Board has adopted a policy on diversity in the Board and an instruction for eligibility assessments for Board members, the CEO and senior executives. The diversity policy includes statements to the effect that the composition of the Board should be such that a balance is achieved with regard to background, areas of competence, experience and gender. The eligibility instruction states that the eligibility assessment of the Board, the CEO and the senior executives should take into account the individual's skills, experience, reputation and judgement.

### *Chairman of the Board*

The Chairman of the Board is elected by the AGM. If the Chairman of the Board resigns during the mandate period, the Board is to appoint one of the Board members as the new Chairman until the end of the AGM, when a new Chairman will be elected by the AGM. The Chairman leads the Board's work, monitors to ensure that the Board is performing its duties, represents the Board in relation to the owner and maintains contact with the owner. The Chairman is also responsible for initiating and following up

## Work of the Board of Directors in 2020

In 2020, the Board of Directors held eight scheduled and two additional board meetings.

JANUARY	FEBRUARY	MARCH	APRIL	MAY	JUNE
Notes on the newly elected Board members, the performance in 2019 and adoption of the year-end report, quarterly accounts and reporting from control functions and the auditor's review of the Q4 accounts, evaluation of the Board's work in 2019, resolution regarding the assumptions for the internal capital and liquidity adequacy assessment processes, training in capital and risk as well as follow-up of progress in IT strategy.			Statutory board meeting, resolutions regarding internal governance documents and statutory matters, resolution on remuneration to senior executives, Q1 2020 performance and adoption of the interim report, quarterly reporting from control functions and the auditor's review of the Q1 accounts, presentation of report on outsourced operations, progress in IT strategy and continued focus on continuity efforts and a review of amortisation relief.		
	Additional meeting to address the Board's proposal to propose to the AGM the distribution of no dividend for the 2019 financial year. Decisions on the Annual Report, Sustainability Report and Pillar 3 Report for 2019, matters prior to SBAB's AGM, and resolutions on SBAB's internal capital and liquidity adequacy assessment, focus on the spread of the coronavirus in society and continuity efforts at the bank.				Project and activity follow-up, goal fulfilment, strategies for the business areas, analysis of subsidiaries, trends and business intelligence, discussion of progress in IT strategy.

the annual evaluation of the Board's and the CEO's work. The Chairman of the Board ensures that the Board receives adequate information and decision data for its work and the training necessary for the Board to function efficiently.

#### Board governance and activities

At SBAB's AGM, eight members were elected by the AGM to SBAB's Board. At the end of the year, SBAB's Board comprised these eight members elected by the AGM and two members appointed by the employees' organisations, SACO and the Financial

Sector Union of Sweden. The CEO is not a member of the Board. None of the board members or the CEO hold shares or financial instruments issued by SBAB, since SBAB is wholly owned by the Swedish state. For information regarding lending to key personnel, please refer to Note A 2. The Board adopts business objectives and strategies

### ATTENDANCE OF THE BOARD OF DIRECTORS IN 2020

The table presents the meeting attendance of the Board and its committees in 2020. Leif Pagrotsky (Board member), Johan Prom (Board member) and Jenny Gustafsson (Deputy, employee representative) joined the Board of Directors during the year and Kristina Ljung (Deputy, employee representative), stepped down from the Board during the year, which is why their attendance refers to part of the year.

Board members	Board of Directors	Credit Committee	Risk and Capital Committee	Audit and Compliance Committee	Remuneration Committee
Jan Sinclair (Chairman of the Board/Board member)	10/10	23/24	11/11	5/5	
Lars Börjesson (Board member)	10/10	21/24			5/6
Inga-Lill Carlberg (Board member)	9/10	11/24			6/6
Daniel Kristiansson (Board member)	10/10			3/5	6/6
Jane Lundgren Ericsson (Board member)	10/10	23/24	11/11	5/5	
Synnöve Trygg (Board member)	9.5/10		11/11	5/5	
Leif Pagrotsky (Board member)	10/10			3/5	
Johan Prom (Board member)	10/10		8/11		
Jenny Gustafsson (Deputy, employee representative)	0/10				
David Larsson (Deputy, employee representative)	0/10				
Anders Heder (Employee representative)	10/10				
Margareta Naumburg (Employee representative)	10/10				
Kristina Ljung (Deputy, employee representative)	0/10				

#### JULY

Performance in the second quarter and adoption of the interim report, quarterly reports from control functions and the auditor's review of the second quarter accounts as well as AML follow-up.

#### AUGUST

Training in AML, IT and cyber risks as well as the credit granting organisation. Review of the progress with the IT strategy, follow-up of sustainability work including analysis of internal work in relation to the Ownership Policy and follow-up of the new graphic profile.

#### SEPTEMBER

Performance in the third quarter and adoption of the interim report. Quarterly reports from control functions and the auditor's review of the Q3 accounts. Follow-up on the coronavirus crisis and continuity efforts, resolution on the recovery plan and policies, analysis of risk and capital issues, training on cloud issues and the effects of the Schrems II ruling.

#### OCTOBER

#### NOVEMBER

Additional meeting for further analysis of risk and capital issues.

#### DECEMBER

Decision on the forecast, budget and strategies for 2021 as well as annual plans for the control functions. Account of the materiality and stakeholder analysis in the area of sustainability. Decision on the adoption of the internal capital and liquidity adequacy assessment processes, and follow up and discussion of risk and capital issues as well as the progress of the IT strategy. Follow-up of the CEO's work in 2020.

## The Board's committees

The Board has established the following committees to prepare matters ahead of the Board's decisions.

### C Audit and Compliance Committee



**Jane Lundgren Ericsson** (*Chairman*)  
Daniel Kristiansson (member)  
Leif Pagrotsky (member)<sup>1)</sup>  
Jan Sinclair (member)  
Synnöve Trygg (member)

The Audit and Compliance Committee comprises SBAB's audit committee tasked with monitoring financial reporting. The Committee is also responsible for evaluating external auditing work, informing the owner of the results of this work and assisting in the drafting of proposals for auditors. The Committee is also to review and monitor the external auditor's impartiality and independence. Furthermore, the main task of the Committee is to examine the SBAB Group's governance, internal controls and financial information and to prepare issues in these areas for decision by the Board. This is done at the request of the owner and on the basis of the applicable regulations. The Committee receives and processes reports from SBAB's external auditors, Internal Audit and Compliance. The Committee is also tasked with monitoring the efficiency of risk management and of the work carried out by Compliance and Internal Audit. Annual plans and reports from Internal Audit and Compliance are also addressed by the Committee in preparation for decision by the Board of Directors. The Audit and Compliance Committee comprises five Board members. The Audit and Compliance Committee held five meetings during the year.

<sup>1)</sup> Leif Pagrotsky was appointed a member at the statutory Board meeting on 28 April 2020)

### D Credit Committee



**Jane Lundgren Ericsson** (*Chairman*)  
Lars Börjesson (member)  
Inga-Lill Carlberg (member)<sup>1)</sup>  
Jan Sinclair (member)

The principal task of the Credit Committee is to decide on loans and credit limits in SBAB's lending and funding operations. The Credit Committee also has the task of preparing matters involving changes in the credit policy and credit instructions for decision by the Board, the assessment of portfolio strategies, the transparency of the loan portfolio, the evaluation of existing or proposed portfolio strategies, the evaluation of existing or new delegation rights and the Board's annual review of regulatory frameworks, models for granting credits and outcomes in terms of retail credit granting. The Committee prepares all matters relating to credit risk and approves new IRB models and significant changes to existing models. The Credit Committee held 24 meetings during the year.

<sup>1)</sup> Inga-Lill Carlberg was appointed a member at the statutory Board meeting on 28 April 2020)

### E Risk and Capital Committee



**Synnöve Trygg** (*Chairman*)  
Jane Lundgren Ericsson (member)  
Johan Prom (member)<sup>1)</sup>  
Jan Sinclair (member)

The Risk and Capital Committee prepares matters concerning SBAB's treasury operations, matters related to risk and capital and the use of new financial instruments. The Committee also prepares issues for resolution by the Board of Directors concerning objectives, strategies and control documents within the areas of risk and capital. The Committee approves changes in the forward-looking assumptions in the financial reporting used to estimate credit losses. The Committee consists of at least three members (currently four) appointed by the Board. The Risk and Capital Committee is the statutory Risk Committee of the SBAB Group. The Risk and Capital Committee held eleven meetings during the year.

<sup>1)</sup> Johan Prom was appointed a member at the statutory Board meeting on 28 April 2020)

### F Remuneration Committee



**Daniel Kristiansson** (*Chairman*)  
Lars Börjesson (member)  
Inga-Lill Carlberg (member)

The principal task of the Remuneration Committee is to prepare issues regarding principles for remuneration and other employment terms and conditions for senior executives for resolution by the Board. The Committee also prepares matters pertaining to SBAB's remuneration system and eligibility assessments of Board members ahead of Board decisions. The Committee follows up remuneration structures and remuneration levels within SBAB. The Remuneration Committee held six meetings during the year.

for SBAB's operations. The Board ensures that an efficient system is in place for the follow-up and control of SBAB's operations. The Board is also tasked with appointing, evaluating and, if the need arises, dismissing the CEO. The work of the Board complies with the formal work plan adopted annually at the Board of Directors' statutory Board meeting immediately after the AGM. The formal work plan regulates decision-making within SBAB, the arrangements for Board meetings and the division of work among the Board, the Chairman of the Board and the Board committees. The work of the Board complies with an annual plan that satisfies, inter alia, the Board's need for information. SBAB's Board makes decisions on matters relating to SBAB's strategic direction, for example by means of a business plan, and makes decisions regarding larger investments, funding, capitalisation (including capital and liquidity adequacy assessments), significant organisational issues, policies and certain guidelines. The Board addresses and determines the company's interim reports. The Board also follows up SBAB's risks, compliance, and reports on the effectiveness of internal control within SBAB by means of reports provided by SBAB's independent Risk Control, Compliance and Internal Audit units. The Board also receives reports from SBAB's auditor regarding the reporting of completed audits, and financial reporting assessments and internal control. The CEO attends the meetings of the Board of Directors, and other SBAB officers may participate in a reporting role if necessary.

## **G** CEO and Executive Management

The Board has formulated instructions for the CEO's work. The CEO is responsible for the ongoing management of the operations in accordance with guidelines, established policies and instructions issued by the Board. The CEO reports to the Board. Executive Management provides the CEO with support in exercising operational management of SBAB. The Executive Management comprises the following functions: Accounting & Treasury; Risk; Business Specialists; Data Science; HR; Customer Service; Customer Experience & Tech; and Sustainability, Marketing and Communication.

## *The CEO's councils and committees*

The CEO has appointed a number of councils and committees within SBAB to support him in his work in the management of the operations. These are tasked with preparing issues for the CEO, either prior to his decisions or his recommendations on matters to be determined by the Board. These established councils and committees are the Price Council, ALCO (Asset and Liability Committee) and the Credit Council. The Price Council prepares matters related to the pricing of SBAB's products, ALCO prepares issues related to the Group's financial operations, balance-sheet risks and capital issues, and the Credit Council prepares and has a certain scope to make decisions on matters connected to SBAB's credit operations and limits for the financial operations.

## *Governance of sustainable enterprise*

Within SBAB, the Board is ultimately responsible for ensuring that proactive, long-term efforts to achieve sustainable development are carried out within the company. The Board also adopts a strategy, objectives and a policy for sustainable enterprise. Furthermore, the Board monitors and assesses SBAB's sustainability efforts.

→ Read more on page 195

## **Remuneration of the Board of Directors and senior executives**

Information regarding the remuneration of the Board, the CEO and Executive Management is presented in Note **IC** 5. Guidelines for remuneration to senior executives are adopted by the AGM. The Board's proposed guidelines are prepared by the Remuneration Committee before the Board adopts the proposal for decision by the owner. In addition to regulation by the Companies Act, the guidelines for the remuneration of senior executives follow the Guidelines for remuneration and other terms of employment for senior executives in state-owned enterprises.

## **Internal Governance and Control**

Internal control is important for ensuring that SBAB's operations are conducted in accordance with prevailing regulations, as well as ensuring that SBAB identifies, measures and controls relevant risks and has an efficient organisation and operational management, and reliable financial reporting. The Board and the CEO are ultimately responsible for ensuring good internal control and governance. The Board and the CEO of SBAB are assisted in this work by several functions. Key control functions in this regard are the Compliance, Risk and Internal Audit functions, which are described in further detail below. Other functions, including Accounting, Credit and Legal, support the Board and the CEO with regard to good internal governance and control. All managers in each area of responsibility are responsible for the activities they oversee being conducted with good internal governance and control.

## **H** Compliance

SBAB has a central Compliance function. The Compliance function's area of responsibility comprises rules on internal governance and control, customer protection and market conduct. Compliance is independent of the business operations and is directly subordinate to the CEO. Compliance provides advice and support to the operations on compliance matters, analyses compliance risks and monitors regulatory compliance in respect of operations requiring licences. Reporting occurs on an ongoing basis to the CEO and quarterly by means of a written report to the Board and the CEO. The scope and focus of the work of Compliance is established in an annual plan adopted by the CEO.

## **I** Risk

The SBAB Group has a central Risk department with overall responsibility for developing and ensuring that risk-taking strategies are conducted in accordance with the Board's intention, and that policies and processes facilitate relevant follow-up. Risk is responsible for the identification, quantification, analysis and reporting of all risks. The CRO is responsible for Risk. The CRO is directly subordinate to the CEO and reports to the Board and CEO of SBAB. Risk is to



ensure that risk awareness and acceptance are sufficient to be able to manage risks on a daily basis. Risk also has a supportive role and works to ensure that the operations have the requisite procedures, systems and tools for daily management of risks, thereby ensuring that operations comply with the applicable laws and regulations in risk control's area of responsibility.

### **J** Internal audit

SBAB's Internal Audit unit constitutes an internal independent audit function. Accordingly, the main function of the Internal Audit is to examine and evaluate governance and internal controls, to examine and evaluate that the company's organisation, control processes, IT systems, models and routines are appropriate and efficient, and to review and regularly assess the reliability

and quality of the work conducted in other control functions in SBAB. All reporting to the Board and its Audit and Compliance Committee is conducted in accordance with a reporting and meeting plan.

### **K** External auditor

The General Meeting appoints the auditor. SBAB's Audit and Compliance Committee evaluates the contribution of the auditor and assists the owner in preparing motions for the auditor. Officials at the Government Offices of Sweden monitor all stages of the procurement process from tendering criteria to selection and evaluation. At the AGM, the owner appoints the auditor or the accounting firm that is commissioned to audit SBAB. Auditors must be authorised public accountants or an authorised accounting firm with an auditor-in-charge.

As of 2011, SBAB's auditor is appointed annually in accordance with the Companies Act and the Articles of Association. From the 2016 AGM, Deloitte AB has been appointed as auditor, with Patrick Honeth as the auditor-in-charge. A more detailed presentation of the auditor and the fees and expenses paid to auditors is provided in Note **C** 6. The auditor examines the Annual Report, the consolidated financial statements and the accounting records, as well as the Board's and the CEO's administration of the company. In addition, the auditor reviews SBAB's half-year report and year-end reports and presents his findings to the Audit and Compliance Committee at regular meetings of the Committee, when the interim and year-end reports reviewed by the auditor are considered, and when the internal control review is reported to the Board. The auditor also reviews SBAB's Sustainability Report and the Communication on Progress (COP).

## Internal control of financial reporting

At SBAB, the internal control of financial reporting is primarily aimed at ensuring that an effective and reliable procedure for SBAB's financial reporting is in place, and that both internal and external reporting is correct and accurate. Internal control over financial reporting primarily comprises the following internal control components.

### **The control environment**

The internal control of financial reporting uses SBAB's values, organisational structure, codes of conduct, policies, instructions and directions for SBAB's operations as its starting point.

### **Risk assessment**

Each unit within SBAB identifies, evaluates, manages and assesses its own risks. The analysis of risk levels in all operations, including financial reporting, is conducted on a regular basis and reported to the Executive Management, the CEO and the Board. Each year, a risk assessment is performed in the form of a self-evaluation of all business-support processes, including financial reporting, and is managed and reported using separate risk tools.

SBAB has an NPAP in place for the implementation of new or significantly altered products, services, markets, processes and IT systems as well as major operational and organisational changes at SBAB. The aim of the process is to evaluate any potential risks related to the change and to draw attention to any impact the change may have on capital.

### **Control activities**

Business-support processes that provide data for the financial statements are charted and contain control activities in the form of descriptions of processes, reasonability assessments, reconciliations, attestations and performance analyses. An internal set of rules, including accounting policies, planning and reporting procedures, ensures the application of control activities.

SBAB's financial position and performance, target attainment and analysis of operations is reported on a monthly basis to both the Executive Management and the Board. The Board's Audit and Compliance Committee supervises the financial reporting as well as the management of internal control.

### **Information and communication**

The Economy and Finance unit ensures that the instructions on accounting and financial reporting are updated, communicated and made available for the units that need them for their work. The instructions are also available on SBAB's intranet.

### **Follow-up**

The Board's measures to follow up on the internal control of financial reporting include the Board's regular follow-up of SBAB's financial position and performance, etc., but also include the Board's review and follow-up on the auditor's review reports.

# Proposed appropriation of profits

SBAB posted a net profit for the year after tax of SEK 972,855,070. According to SBAB's balance sheet, SEK 12,305,018,150 is at the disposal of the Annual General Meeting.

Fair value reserve	240,694,743
Additional Tier 1 instruments	3,500,000,000
Retained earnings	7,591,468,337
Net profit for the year	972,855,070
<b>Total</b>	<b>12,305,018,150</b>

*The Board proposes that the earnings be appropriated as follows (SEK):*

Carried forward to next year	12,305,018,150
<b>Total</b>	<b>12,305,018,150</b>

The Board has decided to propose to the AGM the distribution of no dividend for the 2020 financial year. SBAB is well capitalised and has excellent prerequisites to grow lending. The Board's decision to propose the distribution of no dividend for the 2020 financial year further strengthens SBAB's capitalisation. The margins to the Swedish FSA's capital requirements increased as a result of the Swedish FSA's decision to reduce the countercyclical capital buffer requirement. SBAB expects capital requirements to increase somewhat during 2021 after incorporating the European banking package into Swedish law and the Swedish FSA's regulations. In the coming years, there is also considerable uncertainty about how the capital requirements will develop. SBAB has taken responsibility for maintaining lending during 2020 and intends to continue to take responsibility for a well-functioning mortgage credit market in Sweden. At the end of the 2020 financial year, SBAB's CET1 capital ratio amounted to 13.4% and the total capital ratio was 17.6%. The Board proposes that the profits at the disposal of the AGM be carried forward.



# Board of Directors

As per the publication date of this report

## 1. Jan Sinclair

### Chairman of the Board

Master of Business Administration and Economics. Born 1959. Year of election 2018.

**Board assignments:** Chairman and Board member of the Swedish Covered Bond Corporation (publ) and Fastighets Aktieföretaget Victorhuset. Board member of STS Alpresor AB, Almi företagspartner AB, Bipon AB, FCG Holding Sverige AB, FCG Group AB, FCG Management AB and Jan M.L. Sinclair AB.

**Other assignments:** German honorary consul, Industrial advisor (own business).

**Previous assignments:** CEO SEB A.G. Group Treasurer as well as other senior positions within SEB.

## 2. Lars Börjesson

### Board Member

Master of Engineering. Born 1964. Year of election 2014.

**Board assignments:** Chairman and Board member of KGH Customs Service AB, KGH Global Consulting AB, KGH Digital AB, Board member of KGH Customs AB, Chairman and Board member of Atlantic Continental Holding AB and Board member of Taggsvampen AB.

**Other assignments:** CEO and President of KGH Customs Service AB and CEO of KGH Digital AB, KGH Customs Service AB, Atlantic Continental Holding AB and Dovana AB as well as Chairman and Board member of Brf Viktoriahuset.

**Previous assignments:** CEO of Stena Technoworld, Director of Strategy and Business Development Stena Metall, Senior partner at Accenture, including Managing Director of Accenture Management Consulting Nordic.

## 3. Inga-Lill Carlberg

### Board Member

MSc in Economics, Stockholm School of Economics. Born 1962. Year of election 2019.

**Board assignments:** Chairman and Board member of Trill Impact Microfinance AB and Board member of Trill Impact AB, Trill Impact Executive Holding AB, Trill Impact GP S.à.r.l. and Institute for Financial Research.

**Other assignments:** COO Trill Impact AB and CEO of Trill Impact Verwaltungs GmbH. Previous assignments: Several leading positions within Nordea, Board Member of Tredje AP Fonden, Nordea Investment Funds and Mistra Sustainable Investments.

## 4. Daniel Kristiansson

### Board Member

MSc in Economics, Stockholm School of Economics. Born 1974. Year of election 2016.

**Board assignments:** Board member of Swedfund International AB and Stiftelsen Industrifonden.

**Other assignments:** Investment Director, Government Offices of Sweden

**Previous assignments:** Vice President Citigroup

## 5. Jane Lundgren Ericsson

### Board Member

Master of laws, University of Stockholm, LL.M London. Born 1965. Year of election 2013.

**Board assignments:** Board member of the Swedish Covered Bond Corporation (publ), Visma Finance AB, Copperstone Resources AB (publ) and deputy Board member of Miskatonic Ventures Aktieföretag.

**Other assignments:** Visma Finance AB (General Counsel), Bagarmossen Kärrtorp Bollklubb (Chairman).

**Previous assignments:** SEK Securities (CEO), Executive Director & Head of Lending at Svensk Exportkredit AB.

## Deputies

### Jenny Gustafsson

**Deputy, employee representative the Financial Sector Union of Sweden**

**Born:** 1986

**Appointed:** 2020

**Education:** High school diploma in Social Sciences and Journalism

**Board assignments:** –

**Other assignments:** Account Manager in Special 2, Retail Market, SBAB, Chairman in Finansförbundet local club.

**Previous experience:** –

### David Larsson

**Deputy, employee representative (SACO)**

**Born:** 1976

**Appointed:** 2018

**Education:** Master's degree in Economics (University of Karlstad)

**Board assignments:** –

**Other assignments:** Account manager Corporate Clients & tenant-owner associations business area (Ftg&Brf) in SBAB, Vice Club President in SACO's local club.

**Previous experience:** –



### 6. Leif Pagrotsky

#### Board Member

Bachelor's Degree in Philosophy, Pol. Mag., Degree in Economics, University of Gothenburg. Born 1951. Year of election 2020.

**Board assignments:** Chairman and Board member of Beckmans Skola AB, Beckmans Akademi AB, Husvården L Larsson & Co AB, Vitartes Intea Holding AB, Smartilizer Scandinavia AB and Board member of Leif Pagrotsky AB.

**Other assignments:** Consulting assignments in Yrkesakademien AB.

**Previous assignments:** Various positions within parliament and the government, including State Secretary for Finance Market Affairs at the Ministry of Finance, Minister of Trade and Industry as well as Minister of Education and Culture. Moreover, as vice Chairman of the Council of the Swedish National Bank, Chairman of Business Sweden and Consul General in New York.

### 7. Johan Prom

#### Board Member

Master of Financial Economics (Stockholm School of Economics) Born 1972. Year of election 2020.

**Board assignments:** Board member of Fredrikshovs Slott AB, Johan Prom AB and Johan Prom Consulting and Investment AB.

**Other assignments:** Board member of Brf Marketenteriet 6, Industrial consultant in own business and Executive in Residence Stockholm School of Economics.

**Previous assignments:** CEO of Avanza, several senior executive positions within the ICA group, management consultant at McKinsey & company and Boston Consulting Group.

### 8. Synnöve Trygg

#### Board Member

Degree in Economics Stockholm University, Advanced Management Program Stockholm School of Economics. Born 1959. Year of election 2019.

**Board assignments:** Board member and deputy Chairman of Volvofinans Bank AB, Board member of Precise Biometrics AB, Synnöve Trygg Consulting AB and Valitor Hf.

**Other assignments:** CEO Synnöve Trygg Consulting AB.

**Previous assignments:** CEO of SEB Kort AB, Eurocard AB and Diners Club Nordic AB. Board Member of Nordax Bank AB, Trygg Hansa AB and Mastercard Europe Board among others.

### 9. Anders Heder

#### Board Member, Employee Representative (Financial Sector Union of Sweden)

Bachelor of Philosophy (major in business administration), University of Karlstad. Born 1962. Appointed: 2019.

**Board assignments:** –

**Other assignments:** Controller at SBAB (since 1999).

**Previous assignments:** Employee in Götbanken and Wermlandsbanken, i.a. with a focus on fund, notary and money investment. Employment as group manager for various departments within SBAB from 1992.

### 10. Margareta Naumburg

#### Board member, Employee representative (Confederation of Professional Associations)

MSc in Economics, University of Linköping Born 1964. Appointed: 2018 (appointed as deputy: 2017).

**Board assignments:** –

**Other assignments:** Compliance Officer at SBAB, Chairman of SACO's local club.

**Previous assignments:** Manager and specialist roles in internal audit, compliance, risk and finance in SBAB, Matteus Bank and Holmen AB. External auditor at Price Waterhouse.

# Executive Management

As per the publication date of this report

## 1. Klas Danielsson

### CEO

Bachelor of Social Sciences Business Administration Born 1963. Year of employment: 2014.

**Board assignments:** Board member the Swedish Covered Bond Corporation (publ) and Spiderweb Consulting AB. Chairman of the Board of Booli Search Technologies AB and deputy Member of the Board of the Swedish Bankers' Association.

**Other assignments:** –

**Previous assignments:** Founder and CEO of Nordnet AB (publ) and Nordnet Bank AB, Head of Trading at SBC Warburg AB, Chairman of SwedSec Licensiering AB, Board Member of Ikano Bank AB, East Capital AB, the Swedish Consumers' Banking and Finance Bureau, Alternativa Aktiemarknaden AB, the Swedish Securities Dealers Association, and others.

Acting Head of Business Specialists from 16 March 2021.

## 2. Sara Davidgård

### Head of Business Specialists

Master of Business Administration and Economics. Born 1974.

Year of employment: 2017.

**Board assignments:** –

**Previous assignments:** Head of Risk Swedish Banking at Swedbank, Board member Sparia, Segment Manager at Swedbank, various management positions within Swedbank as well as other positions within Swedbank Robur.

Chief Risk Officer (CRO) from 16 March 2021.

## 3. Carina Eriksson

### Chief Human Resources Officer (CHRO)

Master of Business Administration and Economics. Born 1965. Year of employment: 2015.

**Board assignments:** –

**Previous assignments:** Scandinavian HR Business Partner Lead for Trygg Hansa/Codan, Scandinavian HR Director for Personal Lines, Trygg Hansa/Codan, HR Director Microsoft Sweden, COO for Deutsche Bank Nordic Equities.

## 4. Kristina Frid

### Head of Customer Service

Degree of Bachelor of Arts, Media and Communication Studies. Born 1976. Year of employment: 2017

**Board assignments:** –

**Previous assignments:** Head of Branch Region Nordea, Chairman Chamber of Commerce Karlstad Section. Various management positions in Nordea's retail operations and other positions within Nordea.

## 5. Mikael Inglander

### CFO & Head of Corporate Clients and Tenant-Owners' Associations

Master of Business Administration and Economics. Born 1963.

Year of employment: 2014.

**Board assignments:** Board member of Booli Search Technologies AB.

**Previous assignments:** CEO of Lindorff Sverige AB, Executive Vice President and CFO of Swedbank AB, Regional Manager and Executive Vice President of ForeningsSparbanken AB, Board member of ICA Banken, OK-Q8 Bank AB, HansaBank Group AS, and others.

## 6. Robin Silfverhielm

### Chief Experience Officer & Chief Information Officer (CXO & CIO)

Master of Engineering. Born 1973. Year of employment: 2019.

**Board assignments:** Board member of Booli Search Technologies AB.

**Previous assignments:** CDO Skandia, Management Consultant Accenture, Project Manager OMX.

## 7. Malou Sjörin

### Head of Sustainability, Marketing & Communication

Master of Business Administration and Economics. Born 1972. Year of employment: 2020.

**Board assignments:** –

**Previous assignments:** Senior Vice President Communication Trygg Hansa/Codan, Senior Vice President Communication, SJ AB, Management Consultant Cap Gemini Ernst & Young.

## 8. Andras Valko

### Chief Data Science Officer (CDSO)

PhD Computer Science, MSc Engineering, BSc Economics. Born 1971. Year of employment: 2019.

**Board assignments:** –

**Previous assignments:** Various leadership roles at Ericsson in product management, business development, applied research, and software development, in the areas of big data analytics, data engineering, and data science.

## 9. Fredrik Stenbeck

### Chief Risk Officer (CRO)

Master of Business Administration and Economics. Born 1982.

Year of employment: 2020.

**Board assignments:** –

**Previous assignments:** CRO and leading positions in risk management at Bambora, Hoist Finance and Pareto Securities. Several positions within the Öhman Group.

Left SBAB and his position as Chief Risk Officer (CRO) March 16, 2021.

## Auditors

Patrick Honeth

Deloitte AB

Auditor-in-charge at SBAB since 2016.

