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SBAB Bank AB (publ)

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SBAB Bank AB (publ)

Ratings Score Snapshot

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

SACP: a- →			Support: +2 →		Additional factors: 0									
Anchor	a-		ALAC support	+2	<table border="1"> <tr> <th colspan="2">Issuer credit rating</th> </tr> <tr> <td colspan="2" style="text-align: center;">A+ / Stable / A-1</td> </tr> <tr> <th colspan="2">Resolution counterparty rating</th> </tr> <tr> <td colspan="2" style="text-align: center;">AA- / A-1+</td> </tr> </table>		Issuer credit rating		A+ / Stable / A-1		Resolution counterparty rating		AA- / A-1+	
Issuer credit rating														
A+ / Stable / A-1														
Resolution counterparty rating														
AA- / A-1+														
Business position	Moderate	-1	GRE support	0										
Capital and earnings	Strong	+1	Group support	0										
Risk position	Adequate	0	Sovereign support	0										
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 a strong focus on collateralized lending.	Concentration in Sweden's property market.
A very efficient business model with a cost-to-income ratio of about 30%.	Limited product and revenue diversification compared with peers'.
Material capital and loss-absorption buffers.	

SBAB's online mortgage franchise will continue to support 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 narrow product offering focuses on providing secured lending to retail customers, tenant-owner associations, and property companies through digital channels. The bank does not have its own retail branch network and distributes its products and services to private individuals through digital channels and telephone banking and to corporate customers and tenant-owner associations through representative offices in three major cities. As a result, SBAB boasts a better cost-to-income ratio than most European banks, which stood at 29.5% at the end of third-quarter

2023. However, this product offering also leads to concentration of revenue and risk.

Improved earnings generation will support risk-adjusted capitalization over the next two years. S&P Global Ratings projects that SBAB's risk-adjusted capital (RAC) ratio will improve toward 12.0%-13.0% over the next two years, from 11.9% as of year-end 2022. This builds on our anticipation that the net interest margin (NIM) will remain elevated through 2025, although gradually lower than the peak in 2023. Although credit demand will likely remain muted, we expect margins will support annual net profits of Swedish krona (SEK) 2.5 billion-SEK2.8 billion (€217 million-€242 million) for the next two years. This should broadly offset higher development spending needs and moderately rising cost of risk. We also assume the bank will distribute about 40% of its net profits as dividends.

We expect asset quality metrics to remain robust, despite a challenging macroeconomic outlook. SBAB's loan book growth has exceeded the market average for many years. Nevertheless, we believe the bank's strict underwriting criteria, coupled with households' strong propensity to service their mortgage loans, will continue to support its risk profile, in our view. However, we anticipate higher interest rates, rising unemployment, and increasing corporate bankruptcies will translate into moderately rising nonperforming assets and provisions, albeit from extraordinarily low levels. We forecast nonperforming assets to rise to 0.15%-0.20% of total loans over 2024-2025, from 0.11% as of third-quarter 2023, with loan loss provisions at 3 basis points (bps), up from 2 bps in the first nine months of the year.

SBAB's expanding deposit franchise will complement its covered bond issuance, the primary source of funding. By offering competitive pricing and leveraging its brand name, SBAB has over the past two years increased its deposit book by close to 40% in terms of outright volume. As of third-quarter 2023, core customer deposits accounted for 33% of the funding base, of which 80% stems from retail customers. Still, we expect the bank will continue to source the majority of its funding through covered bonds, which accounted for 55% of total funding as of Sept. 30, 2023.

We expect SBAB will retain an ample additional loss-absorbing capacity (ALAC) buffer. We anticipate the bank will continue to issue senior nonpreferred debt to replace upcoming maturities and to sustainably meet its minimum requirement for own funds and eligible liabilities (MREL) over the next two years. We estimate SBAB's ALAC ratio at 9.1% of our forecast risk-weighted assets (RWA) metric at year-end 2023, exceeding our 8% threshold (including an adjustment of 200 bps for concentration) for two notches of uplift.

Outlook

The stable outlook on SBAB reflects our expectation that, over the next two years, the bank will maintain ALAC sustainably above our adjusted threshold of 8% for two notches of ALAC support, while maintaining robust capitalization. We also expect the bank will remain focused on the Swedish retail mortgage market, but that its loan losses will remain low despite deteriorating macroeconomic conditions.

Downside scenario

We could lower our ratings if operating conditions deteriorate, implying that asset quality would be much weaker than we currently expect, or if the RAC ratio were to fall below 10%. Adverse developments such as these could notably weaken the bank's creditworthiness relative to that of similarly rated peers. We could also take a negative rating action if we see a lower likelihood that SBAB will sustain an ALAC buffer above our adjusted 8% threshold.

Upside scenario

An upgrade appears remote at this point.

Key Metrics

SBAB Bank AB (publ)--Key ratios and forecasts

	--Fiscal year ended Dec. 31 --				
(%)	2021a	2022a	2023f	2024f	2025f
Growth in operating revenue	10.6	13.6	18.9-23.0	0.1-0.2	0.1-0.1
Growth in customer loans	10.4	9.1	1.8-2.2	2.2-2.7	4.5-5.5
Growth in total assets	9.2	13.6	1.9-2.3	2.2-2.7	4.1-5.0
Net interest income/average earning assets (NIM)	0.8	0.8	0.9-0.9	0.8-0.9	0.8-0.9
Cost to income ratio	36.2	32.7	28.4-29.9	29.2-30.7	30.1-31.6
Return on average common equity	10.2	12.0	17.6-19.5	15.9-17.6	14.7-16.2
Return on assets	0.4	0.3	0.4-0.5	0.4-0.4	0.4-0.4
New loan loss provisions/average customer loans	0.0	0.0	0.0-0.1	0.0-0.1	0.0-0.1
Gross nonperforming assets/customer loans	0.0	0.1	0.1-0.1	0.2-0.2	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	12.2	11.9	11.9-12.5	12.3-12.9	12.4-13.0

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

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

The anchor for a commercial bank operating only in Sweden is 'a-', based on an economic risk score of '2' and an industry risk score of '3'.

We estimate that the Swedish economy has been in recession in 2023, contracting by 0.8%, with flat growth expected in 2024. In particular, high inflation and rising interest rates will continue to weigh on private consumption next year. That said, the economy is expected to remain wealthy, with strong public finances that can provide support if necessary.

We currently view the economic risk trend as stable. However, we continue to monitor developments within the household sector, where house prices have declined by about 13% from their March 2022 peak, in addition to developments within the commercial real-estate (CRE) sector. The increase in the cost of living, coupled with a heightened interest burden could have repercussions for the corporate sector in Sweden, given lower consumption and activity. However, labor markets appear robust for now and support the serviceability of debt. For CRE firms, where steps have been taken to improve leverage, we continue to monitor debt levels and interest coverage, in addition to the management of refinancings.

Our view of industry risk in Sweden reflects a regulatory environment in line with that in other EU countries. In addition, deep debt capital markets, a well-functioning domestic covered bond market, and a history of liquidity support in times of need mitigate banks' 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 digitalization. As a result, we see the industry risk trend as stable.

Business Position: A Digital Lender Focused On Swedish Residential Loans

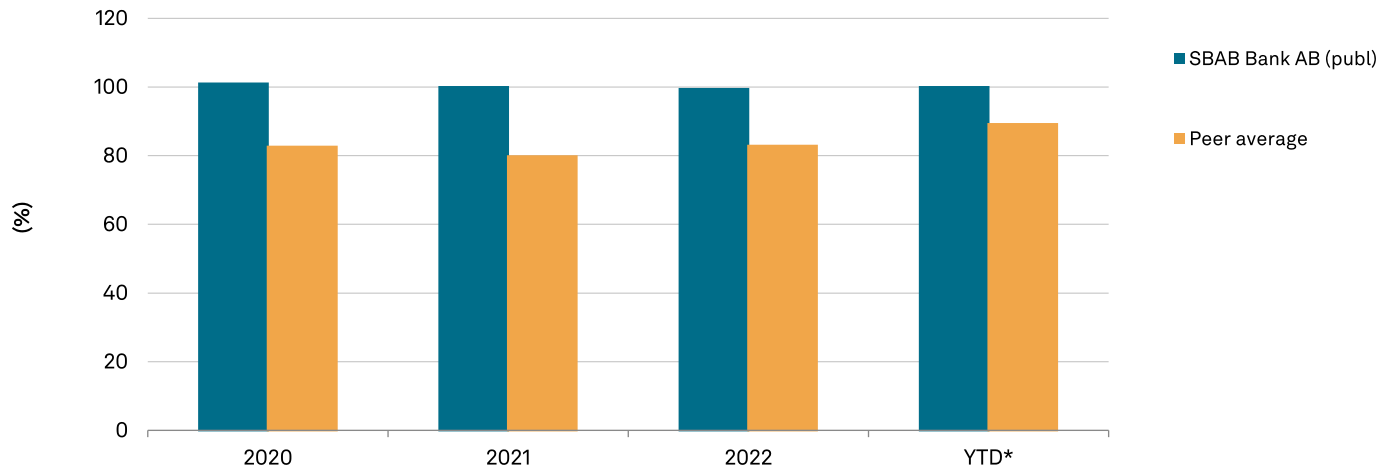
With total assets of SEK653 billion (€57 billion) as of Sept. 30, 2023, and a market share of 8.5% in household mortgage loans, SBAB is the fifth largest bank in Sweden (considering the Swedish branch operations of Nordea Bank Abp).

Over the past several years, the bank has advanced its market position within its niche of financing residential property via a digital customer platform and its loan book has increased by more than 50% over the past seven years. SBAB's lending growth is focused primarily on large cities and economic hubs in Sweden, where urbanization and immigration have resulted in higher demand. Because of SBAB's focus on property financing, its revenue concentration in interest income is prevalent.

Chart 1

Revenue concentration compared to Nordic peers

Net interest income/operating revenue



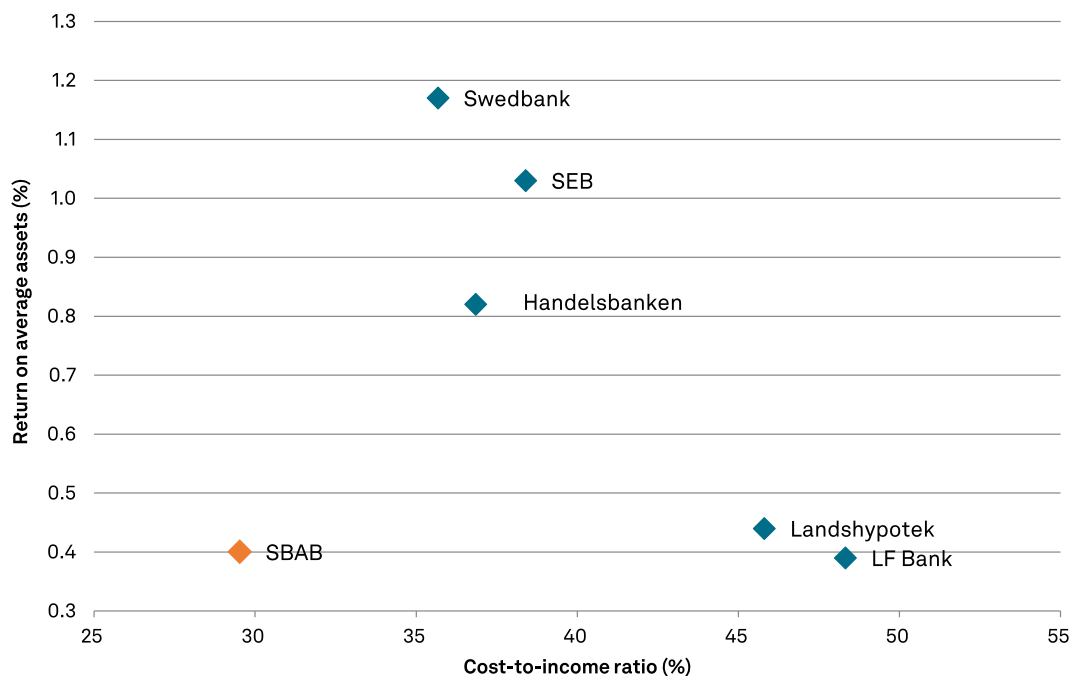
YTD as of Sept. 30, 2023. Source: S&P Global Ratings.

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While SBAB has demonstrated sound earnings capacity over several years, its secured lending focus and role as a challenger bank, have historically meant that returns are somewhat lower than its larger domestic peers. At the same time, since all business is conducted digitally or through call centers, SBAB maintains a lean and more variable operating cost structure. This is reflected in its market-leading cost-to-income ratio of 29.5%, which compares very favorably to that of domestic and international peers.

Chart 2**SBAB's service model supports high operating efficiency**

Cost-to-income ratio and return on average assets compared with peers'



Source: S&P Global Ratings.

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We consider SBAB's management to be prudent and committed to the bank's core strategy, which ensures the bank will remain focused on transparent and efficient property financing. SBAB is likely to continue to develop supporting services within the residential housing ecosystem to increase the attractiveness of its offering and defend its leading customer satisfaction record. The board of directors includes one member that represents the government's 100% stake. However, we consider the board to be generally independent and supportive of management, allowing for autonomous business decisions.

Capital And Earnings: Improving Earnings And Slowing Growth Support Risk-Adjusted Capital

We project that SBAB's capitalization will remain a key rating strength, with the RAC ratio improving to 12.0%-13.0% over the next two years, from 11.9% as of year-end 2022.

We expect loan growth to remain muted at 2%-3% in 2023-2024, before recovering to about 4%-5% in 2025. We also project the average NIM will average 0.85% through 2025 after reaching a peak of approximately 0.90% in 2023. We expect development spending will keep operating expenses elevated, increasing by 6%-8% per year in 2023-2024. This leads to our forecast of annual profits at SEK2.5 billion-SEK2.8 billion (€217 million-€242 million) over 2023-2025,

compared to SEK1.9 billion in 2022, with the cost-to-income ratio at 28%-32%. In line with SBAB's dividend policy, we assume annual shareholder capital distributions of approximately 40% of net income.

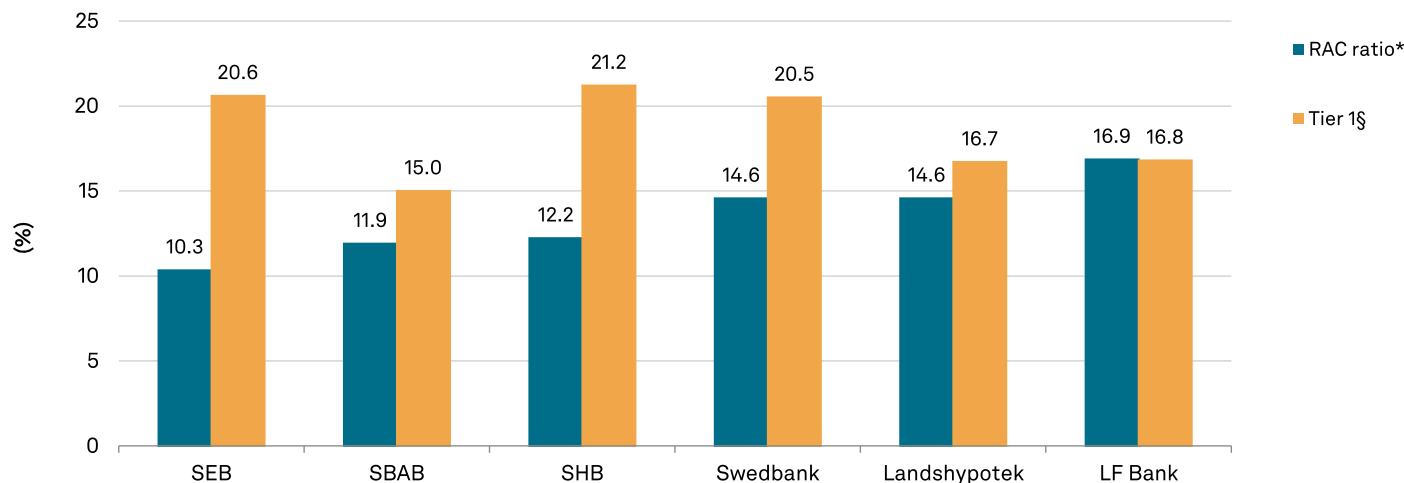
SBAB maintains a sufficient margin to its current regulatory capital requirements. As of Sept. 30, 2023, the common equity tier ratio stood at 11.6%, 140 bps above the level required by the Swedish regulator. However, we note that the regulatory leverage ratio--which was 4.1% as of Sept. 30, 2023--remains just below the European average, since the bank is mostly exposed to assets with low regulatory risk weights, such as retail mortgage loans.

Moreover, we view SBAB's quality of capital as somewhat lower than that of most European peers due to its relatively high share of hybrid capital. As of Sept. 30, 2023, outstanding additional tier 1 instruments totaled SEK5.8 billion, accounting for approximately 20% of our total adjusted capital measure.

Chart 3

Solid capital position in line with Nordic peers

S&P Global Ratings risk-adjusted capital (RAC) ratio versus tier 1 ratios



*As of Dec. 31, 2021. §as of Sept. 30, 2022'. Source: S&P Global Ratings.

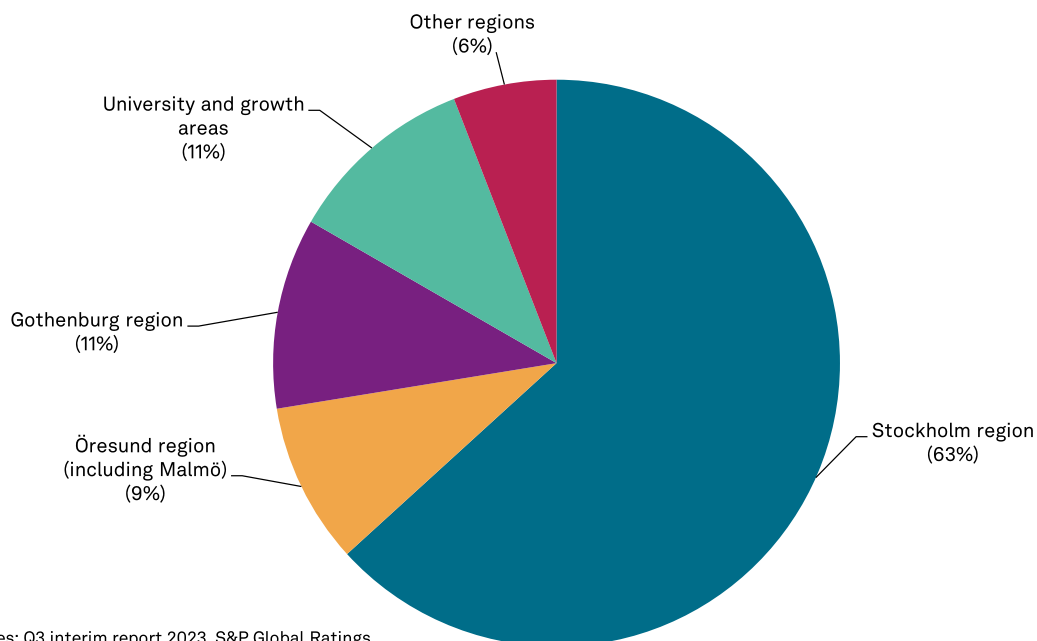
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Risk Position: Strict Underwriting In A Low-Risk Niche Continues To Support Asset Quality

We continue to see SBAB's risk position as neutral to the rating, balancing the bank's collateralized low-risk lending profile with its inherent concentration in the Swedish real estate market. As of third-quarter 2023, household mortgages accounted for 68% of loans with the remainder mostly split between lending to residential real estate companies (17%)-- such as multi-family dwelling developers--and tenant-owners' associations (13%). Noncore lending, such as unsecured consumer and secondary-housing loans, are a minor portion of the portfolio, and exposure to construction loans is limited to 2.9% of total loans.

Chart 4**SBAB focuses on growth regions in Sweden**

Geographic distribution of mortgage loans (close to 70% of lending)



Sources: Q3 interim report 2023, S&P Global Ratings.

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The bank has pursued faster lending growth than the market average, focusing on the expanding urban areas of Sweden. However, we think it has maintained robust lending guidelines for new growth. Loan-to-value ratios for residential mortgages, property company lending, and tenant-owners' associations averaged 60%, 61%, and 33% respectively as of third-quarter 2023. SBAB's mortgage loan offering is based on a transparent pricing model determined by the borrower's collateral and repayment capacity, which in our opinion maintains consistent pricing of risk.

Driven by the challenging macroeconomic backdrop--with muted GDP growth, rising unemployment, and increasing corporate bankruptcies--we expect to see a moderate rise in nonperforming assets and the cost of risk, albeit from very low levels. We project the nonperforming loans ratio will rise to approximately 0.15%-0.20%, from 0.11% in third-quarter 2023, with loan loss provisions at about 3 bps, up from 2 bps, over the next two years.

Funding And Liquidity: An Expanding Deposit Franchise But Still-High Reliance On The Covered Bond Market

We anticipate that SBAB's funding and liquidity will remain a neutral rating factor, with the bank's established covered bond franchise and adequate liquidity buffers providing a degree of flexibility if funding conditions were to tighten. As a

result, we expect the bank to maintain a stable funding ratio close to the 99.2% achieved as of third-quarter 2023. In the same period, SBAB reported a regulatory net stable funding ratio of 130%, which is comfortably above the minimum requirement of 100%.

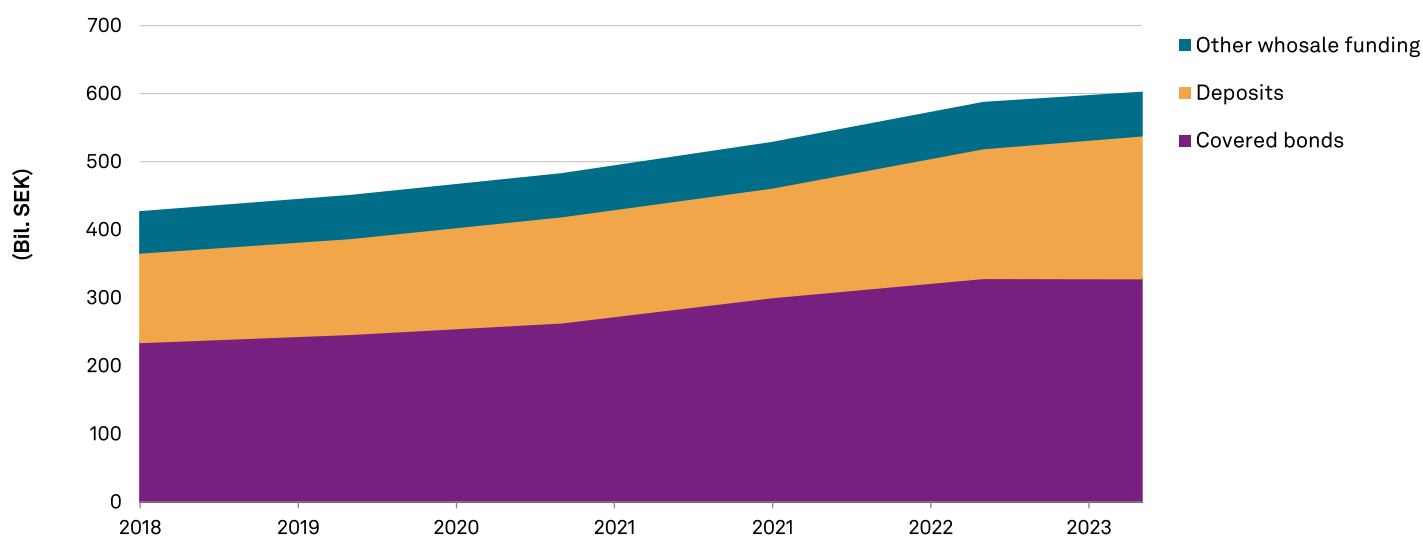
Over the past few years, SBAB's deposit book has increased significantly. As of third-quarter 2023, deposits totaled SEK200 billion, accounting for 33% of the funding base as of third-quarter 2023, compared with 29% five years ago. This followed the bank's focus on attracting both retail (80% of deposits) and corporate depositors by offering attractive pricing as well as utilizing its large asset base and safe haven status as a government-owned bank.

Still, with a loan-to-deposit ratio of 259% as of Sept. 30, 2023, the bank has a structural funding gap. SBAB fills this gap mainly through covered bonds issued by its subsidiary, Swedish Covered Bond Corp., which accounts for 55% of the bank's total funding. Overall, we consider that the depth and stability of the Swedish covered bond market provide strong support to SBAB's funding profile.

Chart 5

SBAB has expanded its deposit franchise

Funding composition



SEK--Swedish krona. Source: S&P Global Ratings.

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Refinancing risk is further mitigated by SBAB's sound liquidity management. As of third-quarter 2023, the bank's liquid assets totaled SEK90 billion (€7.8 billion), consisting primarily of 'AAA' rated bonds and cash holdings at the Swedish central bank. On that date, our one-year liquidity measure (broad liquid assets to short-term wholesale funding) was estimated at 1.2x. As such, we believe SBAB would be able to withstand significant deposit outflow and disruptions to wholesale funding markets and still maintain its operations. Our view is supported by SBAB's regulatory liquidity coverage ratio, which as of Sept. 30, 2023, stood at 246%, well above the 100% minimum.

Support: Two Notches Of ALAC Support Instead Of Government Support

SBAB is among the midsize banks regarded by the Swedish National Debt Office as critical to the domestic financial system. It must therefore fulfil a MREL of 22.24% of its total regulatory risk exposure amount by first-quarter 2024, which includes a subordination requirement of 19.74% to be fulfilled by subordinated liabilities and own funds.

Although we cannot rule out extraordinary support for SBAB from the Swedish government, the bank's owner, we assume SBAB would likely be subject to a bail-in-led resolution, using ALAC for support, if it failed. As of Sept. 30, 2023, SBAB's stock of ALAC-eligible subordinated debt consisted of tier 2 instruments amounting to SEK2 billion and senior nonpreferred notes of SEK18 billion, representing 9.1% of our forecast RWA at year-end 2023, well above our adjusted 8% threshold for two notches of ALAC support.

Environmental, Social, And Governance

We consider environmental, social, and governance credit factors for SBAB to be broadly in line with those of industry and country peers.

Through its mortgage focus, SBAB is expanding its franchise in green lending and funding. In 2016, the bank was the first in Sweden to issue a green bond, and in 2019, the first bank to issue a green covered bond backed by residential mortgage and property loans.

In 2023, SBAB expanded its offering to corporate customers with sustainability-linked loans, further complementing its product offering of financing energy efficient buildings, consumer loans for sustainable housing-related investments, and investment loans to tenant-owners' associations and property companies to improve energy-efficiency. As of year-end 2022, the volume of eligible green loans stood at SEK56 billion (€4.8 billion), representing about 11% of total lending, with green capital market funding amounting to SEK36 billion or about 6% of total funding.

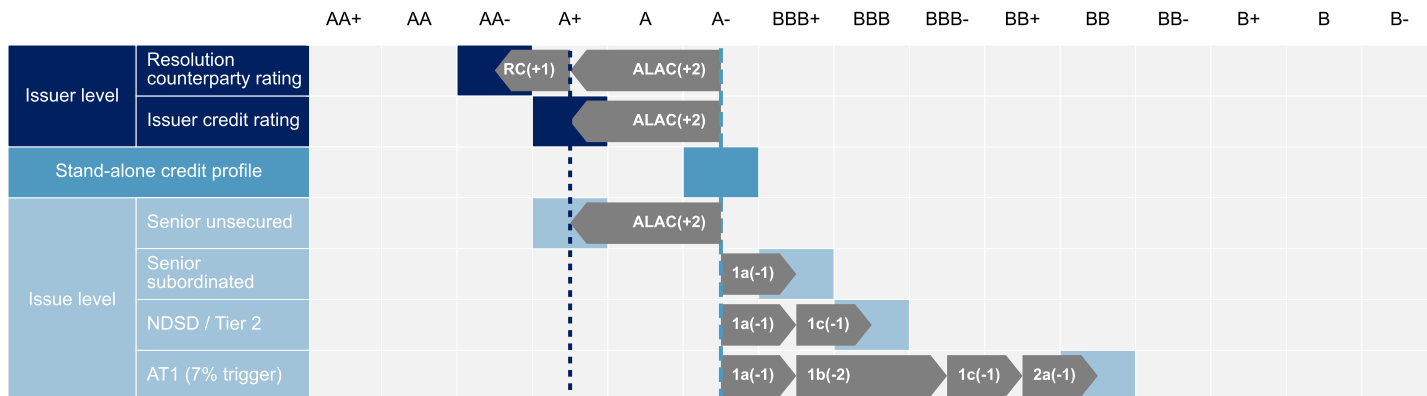
Additionally, SBAB has recently set a long-term science-based climate target for reducing carbon dioxide emissions from its lending activities and own operations. The bank is also active in several initiatives for promoting energy optimization to retail and corporate customers.

The risk management framework is increasingly incorporating climate aspects. Processes are already in place for regularly evaluating climate-related risks using regional data and, over the time, also property-specific data. Overall, we consider the bank's governance standards to be consistent with industry norms in Sweden but view the Swedish government's 100% stake as a supportive factor.

Group Structure, Rated Subsidiaries, And Hybrids

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

SBAB Bank AB: Notching



Key to notching

- 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. NDS--Non-deferrable subordinated debt. NVCC--nonviability contingent capital.

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Resolution Counterparty Ratings (RCRs)

The 'AA-/A-1+' RCRs reflect our assessment of Sweden as the bank's jurisdiction 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 are 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					
(Mil. SEK)	YTD Sep-2023	Dec-22	Dec-21	Dec-20	Dec-19
Adjusted assets	652,983	634,047	557,877	511,029	475,221
Customer loans (gross)	518,153	509,675	467,179	422,986	383,939
Adjusted common equity	20,370	19,470	18,434	17,464	15,792
Operating revenues	4,114	4,681	4,122	3,728	3,521
Noninterest expenses	1,215	1,529	1,492	1,335	1,187
Core earnings	2,237	2,432	2,081	1,839	1,788

YTD--Year to date. SEK--Swedish krona.

Table 2

SBAB Bank AB (publ)--Business position					
	YTD Sep-2023	Dec-22	Dec-21	Dec-20	Dec-19
Loan market share in country of domicile*	8.49	8.51	8.51	8.47	8.47
Deposit market share in country of domicile*	6.08	5.53	4.31	4.38	4.68
Total revenues from business line (currency in millions)	4,114	4,681	4,122	3,728	3,521
Commercial banking/total revenues from business line	38.38	27.05	23.29	22.88	23.49
Retail banking/total revenues from business line	61.62	72.95	76.71	77.12	76.43
Return on average common equity	17.66	11.96	10.20	9.62	10.57

YTD--Year to date. *Market share figures for 2023 are as of May 31, 2023.

Table 3

SBAB Bank AB (publ)--Capital and earnings					
	YTD Sep-2023	22-Dec	21-Dec	20-Dec	19-Dec
Tier 1 capital ratio	15.00	16.50	16.60	16.10	17.30
S&P Global Ratings' RAC ratio before diversification	N/A	11.90	12.21	13.03	13.15
S&P Global Ratings' RAC ratio after diversification	N/A	8.00	8.23	8.60	8.55
Adjusted common equity/total adjusted capital	77.84	77.05	81.09	83.30	81.86
Net interest income/operating revenues	100.00	99.44	99.81	100.51	98.64
Fee income/operating revenues	(0.58)	0.26	0.70	(0.64)	(0.40)
Market-sensitive income/operating revenues	(0.46)	(0.70)	(1.72)	(1.02)	0.74
Cost to income ratio	29.53	32.66	36.20	35.81	33.71
Preprovision operating income/average assets	0.60	0.53	0.49	0.48	0.51
Core earnings/average managed assets	0.46	0.41	0.39	0.37	0.39

YTD--Year to date. RAC--Risk-adjusted capital. N/A--Not applicable.

Chart 4

SBAB Bank AB (publ)--Risk-adjusted capital framework data					
(Mil. SEK)	EAD(1)	Basel III RWA (2)	Average Basel III RW (%)	S&P Global Ratings RWA	Average S&P Global Ratings RW (%)
Government and central banks	51,151	0	0	1,498	3

Chart 4

SBAB Bank AB (publ)--Risk-adjusted capital framework data (cont.)					
Of which regional governments and local authorities	11,612	0	0	418	4
Institutions and CCPs	51,324	8,810	17	5,458	11
Corporate	105,154	30,163	29	97,569	93
Retail	420,927	16,988	4	98,817	23
Of which mortgage	418,111	14,875	4	96,960	23
Securitization (3)	0	0	0	0	0
Other assets(4)	873	525	60	864	99
Of which deferred tax assets	0	--	--	0	0
Of which amount of over (-) or under (+) capitalization of insurance subsidiaries	0	--	--	0	0
Total credit risk	629,429	56,485	9	204,206	32
Total credit valuation adjustment	--	1,425	--	0	--
Equity in the banking book	154	150	97	1,348	875
Trading book market risk	--	0	--	0	--
Total market risk	--	150	--	1,348	--
Total operational risk	--	6,038	--	6,782	--
RWA before diversification	--	154,151	--	212,336	100
Single name(On corporate ortfolio) (5)	--	--	--	25,731	26
Sector(On corporate portfolio)	--	--	--	8,631	7
Geographic	--	--	--	37,828	16
Business and risk type	--	--	--	31,189	11
Total diversification/ Concentration adjustments	--	--	--	103,378	49
RWA after diversification	--	154,151	--	315,714	149
		Tier 1 capital	Tier 1 ratio (%)	Total adjusted capital	Standard & Poor's Global Ratings RAC ratio (%)
Capital ratio before adjustments		25,489	16.5	25,270	11.9
Capital ratio after adjustments (6)		25,489	16.5	25,270	8.0

Footnotes: (1) EAD: Exposure At Default (2) RWA: Risk-Weighted Assets (3) Securitisation exposure includes the securitisation tranches deducted from capital in the regulatory framework (4) Other assets includes Deferred Tax Assets (DTAs) not deducted from ACE (5) For Public-Sector Funding Agencies, the single name adjustment is calculated on the regional government and local authorities portfolio (6) For Tier 1 ratio, adjustments are additional regulatory requirements (e.g. transitional floor or Pillar 2 add-ons) (7) RW--Risk weight (8) CCPs--Central counterparty clearing house. (9) SEK--Swedish krona.

Table 5

SBAB Bank AB (publ)--Risk position					
	YTD Sep-2023	22-Dec	21-Dec	20-Dec	19-Dec
Growth in customer loans	2.78	9.10	10.45	10.17	5.38
Total diversification adjustment/S&P Global Ratings' RWA before diversification	N/A	48.69	48.43	51.43	53.91
Total managed assets/adjusted common equity (x)	32.08	32.59	30.29	29.28	30.11
New loan loss provisions/average customer loans	0.02	0.01	(0.00)	0.01	0.01

Table 5

SBAB Bank AB (publ)--Risk position (cont.)					
	YTD Sep-2023	22-Dec	21-Dec	20-Dec	19-Dec
Net charge-offs/average customer loans	0.00	0.00	0.00	0.00	0.00
Gross nonperforming assets/customer loans + other real estate owned	0.11	0.07	0.05	0.06	0.07
Loan loss reserves/gross nonperforming assets	45.01	49.33	59.74	62.66	46.98

YTD--Year to date. RAC--Risk-adjusted capital. N/A--Not applicable.

Table 6

SBAB Bank AB (publ)--Funding and liquidity					
	YTD Sep-2023	22-Dec	21-Dec	20-Dec	19-Dec
Core deposits/funding base	33.24	31.10	27.47	28.17	29.03
Customer loans (net)/customer deposits	259.12	279.26	322.21	311.69	294.01
Long-term funding ratio	84.30	83.91	83.95	83.99	83.20
Stable funding ratio	99.17	98.20	98.12	99.14	100.92
Short-term wholesale funding/funding base	16.23	16.63	16.80	16.78	17.60
Regulatory net stable funding ratio	130.50	127.90	128.60	128.80	134.00
Broad liquid assets/short-term wholesale funding (x)	1.18	1.11	0.93	0.93	0.97
Broad liquid assets/total assets	17.57	17.05	14.70	14.70	16.08
Broad liquid assets/customer deposits	57.43	59.29	56.64	55.43	58.59
Net broad liquid assets/short-term customer deposits	10.76	7.29	(4.53)	(4.16)	(2.04)
Regulatory liquidity coverage ratio (LCR) (x)	246.40	219.00	232.50	262.31	289.88
Short-term wholesale funding/total wholesale funding	23.96	23.79	22.90	23.13	24.52
Narrow liquid assets/3-month wholesale funding (x)	N/A	N/A	1.22	1.21	1.70

YTD--Year to date. RAC--Risk-adjusted capital. 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	+2
ALAC support	+2
GRE support	0
Group support	0
Sovereign support	0

SBAB Bank--Rating component scores (cont.)

Issuer credit rating	A+ / Stable / A-1
Additional factors	0

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

Related Criteria

- General Criteria: National And Regional Scale Credit Ratings Methodology, June 8, 2023
- General Criteria: Hybrid Capital: Methodology And Assumptions, March 2, 2022
- Criteria | Financial Institutions | General: Financial Institutions Rating Methodology, Dec. 9, 2021
- Criteria | Financial Institutions | Banks: Banking Industry Country Risk Assessment Methodology And Assumptions, Dec. 9, 2021
- General Criteria: Environmental, Social, And Governance Principles In Credit Ratings, Oct. 10, 2021
- General Criteria: Group Rating Methodology, July 1, 2019
- 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

- Banking Industry Country Risk Assessment Update: December 2023, Dec. 20, 2023
- Credit Conditions Europe Q1 2024: Adapting To New Realities, Nov. 28, 2023
- Leading Nordic Banks Enjoy Record Profits Amid Higher Interest Rates, Nov. 1, 2023
- Nordic Banks: Resilient to Economic Weakening, Oct. 18, 2023
- Banking Industry Country Risk Assessment: Sweden, Oct. 17, 2023
- Swedish SBAB Bank AB Upgraded To 'A+ / A-1' On A Stronger Bail-Inable Debt Buffer; Outlook Stable, Feb. 17, 2023

Ratings Detail (As Of December 29, 2023)*

SBAB Bank AB (publ)

Issuer Credit Rating	A+ / Stable / A-1
<i>Nordic Regional Scale</i>	-- / -- / K-1
Resolution Counterparty Rating	AA- / -- / A-1+
Commercial Paper	A-1
<i>Nordic Regional Scale</i>	K-1
Junior Subordinated	BB

Ratings Detail (As Of December 29, 2023)*(cont.)

Senior Subordinated		BBB+
Senior Unsecured		A+
Short-Term Debt		A-1
Subordinated		BBB
Issuer Credit Ratings History		
17-Feb-2023	<i>Foreign Currency</i>	A+/Stable/A-1
24-Nov-2017		A/Stable/A-1
25-Sep-2013		A/Negative/A-1
17-Feb-2023	<i>Local Currency</i>	A+/Stable/A-1
24-Nov-2017		A/Stable/A-1
25-Sep-2013		A/Negative/A-1
22-Jun-2004	<i>Nordic Regional Scale</i>	--/--/K-1
Sovereign Rating		
Sweden		AAA/Stable/A-1+

*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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