MOODY'S
INVESTORS SERVICE

CREDIT OPINION
19 May 2022

Update

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RATINGS

SBAB Bank AB (publ)

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

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

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CLIENT SERVICES

SBAB Bank AB (publ)

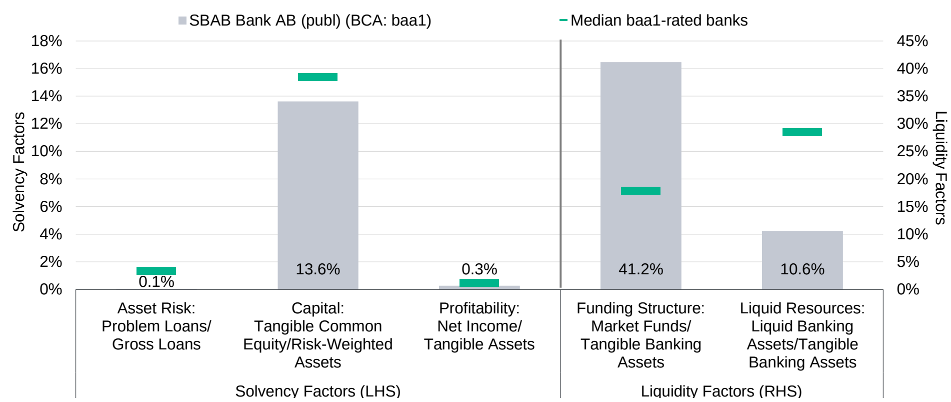
Update following ratings affirmation, outlook remains stable

Summary

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

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

Exhibit 1
Rating Scorecard - Key financial ratios



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

Credit strengths

» An efficient mortgage lender

» Very strong asset quality

» Robust risk-based capital

Credit challenges

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

» High reliance on market funding, similar to most domestic peers

» Moderate liquidity

Outlook

The stable outlook on SBAB's long-term deposit and senior unsecured debt ratings primarily reflects Moody's expectation that SBAB will be able to maintain its current financial performance, including its very strong asset quality, good level of capital, and moderate but stable profitability over the next 12-18 months, despite the increased geopolitical uncertainty which will result in lower economic growth and higher inflation in the Swedish economy.

Factors that could lead to an upgrade

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

Factors that could lead to a downgrade

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

Key indicators

Exhibit 2
SBAB Bank AB (publ) (Consolidated Financials) [1]

	03-22[2]	12-21[2]	12-20[2]	12-19[2]	12-18[2]	CAGR/Avg.[3]
Total Assets (SEK Million)	564,756.0	552,470.0	501,264.0	463,732.0	447,341.0	7.4[4]
Total Assets (USD Million)	60,600.0	61,067.0	61,036.3	49,538.5	50,456.6	5.8[4]
Tangible Common Equity (SEK Million)	19,646.0	19,177.0	17,351.0	19,202.0	17,819.0	3.0[4]
Tangible Common Equity (USD Million)	2,108.1	2,119.7	2,112.7	2,051.3	2,009.8	1.5[4]
Problem Loans / Gross Loans (%)	0.0	0.0	0.1	0.1	0.1	0.1[5]
Tangible Common Equity / Risk Weighted Assets (%)	13.6	13.8	13.3	15.9	15.6	14.5[6]
Problem Loans / (Tangible Common Equity + Loan Loss Reserve) (%)	1.1	1.2	1.4	1.5	1.5	1.3[5]
Net Interest Margin (%)	0.7	0.7	0.7	0.7	0.8	0.7[5]
PPI / Average RWA (%)	1.5	1.8	1.8	2.0	4.0	2.2[6]
Net Income / Tangible Assets (%)	0.3	0.4	0.3	0.4	0.4	0.4[5]
Cost / Income Ratio (%)	47.2	37.0	35.1	33.3	31.1	36.7[5]
Market Funds / Tangible Banking Assets (%)	41.5	41.2	40.9	41.2	40.3	41.0[5]
Liquid Banking Assets / Tangible Banking Assets (%)	10.9	10.6	9.9	12.6	16.7	12.1[5]
Gross Loans / Due to Customers (%)	325.8	322.3	311.8	294.1	291.6	309.1[5]

[-] Further to the publication of our revised methodology in July 2021, only ratios from annual 2020 onwards included in this report reflect the change in analytical treatment of the "high-trigger" Additional Tier 1 instruments. [1] All figures and ratios are adjusted using Moody's standard adjustments. [2] Basel III - fully loaded or transitional phase-in; IFRS. [3] May include rounding differences because of the scale of reported amounts. [4] Compound annual growth rate (%) based on the periods for the latest accounting regime. [5] Simple average of periods for the latest accounting regime. [6] Simple average of Basel III periods.
Sources: Moody's Investors Service and company filings

Profile

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

SBAB is a digital bank that provides residential mortgages, loans and savings accounts to individuals, corporates and tenant-owner associations throughout Sweden. Through partners, it also provides its mortgage customers with third-party insurance services. As of the end of March 2022, SBAB's reported market share in terms of Swedish retail mortgage lending was 8.5%. It reported total consolidated assets of SEK572 billion ($60.1 billion) as of end-March 2022. The bank is increasingly focusing on growing its mortgage portfolio under its own brand and declared in December 2017 its intention to end its remaining bank partnerships.

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

Recent developments

Bank specific developments

On 10 May 2022 SBAB announced that the bank had appointed Mikael Inglander as CEO. Mikael was appointed acting CEO when the previous CEO, Klas Danielsson, was asked to step down in November 2021, and had been CFO since 2014.

Macroeconomic developments

Our outlook for Sweden's (Aaa, stable) banking system remains stable. The outlook reflects our expectation that Sweden's post-pandemic economic recovery will continue over the next 12-18 months, although at a more moderate pace as Russia's invasion of Ukraine (Caa2 RUR-) drives higher inflation and adds to supply chain constraints. We expect Swedish banks' asset quality to remain broadly resilient. Government support preserved Swedish borrowers' generally good creditworthiness during the pandemic, and ample precautionary provisions will absorb any deterioration. Bank profitability will continue to improve in 2022 as provisioning expenses fall. Swedish lenders will continue to release some excess capital, but will remain strongly capitalised.

On 28 April, Sweden's Riksbank, the central bank, raised its repo rate to 0.25% from 0%, the first rate increase since 2020 and decided to scale down its asset purchase programme, reducing its long-term buying and stopping the purchase of Treasury bills. Additionally, in a significant change of its forward guidance, the central bank expects two to three more increases this year, with the repo rate reaching slightly below 2% in 2025. For banks, the rate hike also is credit positive because their net interest margins will rise, enhancing bank profitability.

Detailed credit considerations

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

Although higher interest rates will raise debt service costs for borrowers, we expect SBAB's asset quality to continue performing strongly because of its focus on very low risk mortgage lending in Sweden. The bank's problem loans have remained very low for decades, and its problem loan (stage 3, IFRS9) ratio was 0.04% as of end-March 2022.

SBAB's loan book comprise almost only mortgages: single-family dwellings (71%), and tenant-owner associations and private multi-family dwellings (28%), with the remainder being marginal and including exposure to unsecured lending as of the end of March 2022. In line with legislation, loans are capped at 85% loan to value (LTV) and require amortisation down to 50%. As of the end of March 2022, the average LTV in SBAB's mortgage portfolio was 55% and SBAB's exposure to commercial properties was low and stood at less than 1% of total lending as of the same date.

The retail mortgage portfolio grew by 7.7% year-over-year as of end-March 2022, slightly faster than the market at 6.9%. SBAB has higher-than-average loan growth, but a large part of the new lending is to borrowers that are moving their existing mortgages to SBAB from other banks. Therefore, the loan portfolio has a low share of unseasoned borrowers and relatively lower LTVs compared to those purchasing a new property.

Household debt (200% of disposable income at year-end 2020) has increased in Sweden over a longer period of time, primarily driven by a sustained rise in house prices. Nevertheless, if there were to be a significant correction in housing prices, we do not believe that this would significantly negatively impact banks' mortgage books, but rather economic growth in terms of reduced private consumption and second round impacts for banks' corporate portfolios.

Like most other banks in Sweden, SBAB's share of lending at variable (i.e. three-month) rates is high and stood at 52% as of end March 2022 (albeit down from 70% at year-end 2020). These borrowers are more exposed to interest rate changes. However, SBAB conducts a 6% interest rate stress test on borrowers during the application process, which is common practice in Sweden. Furthermore, SBAB has adjusted its pricing model, allowing a higher discount to customers with low to moderate LTVs, which supports the collateral values on new mortgages.

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

The assigned Asset Risk score of aa2 reflects the initial score of aa1 and a one-notch negative adjustment because of the bank's sector concentration towards the Swedish mortgage market.

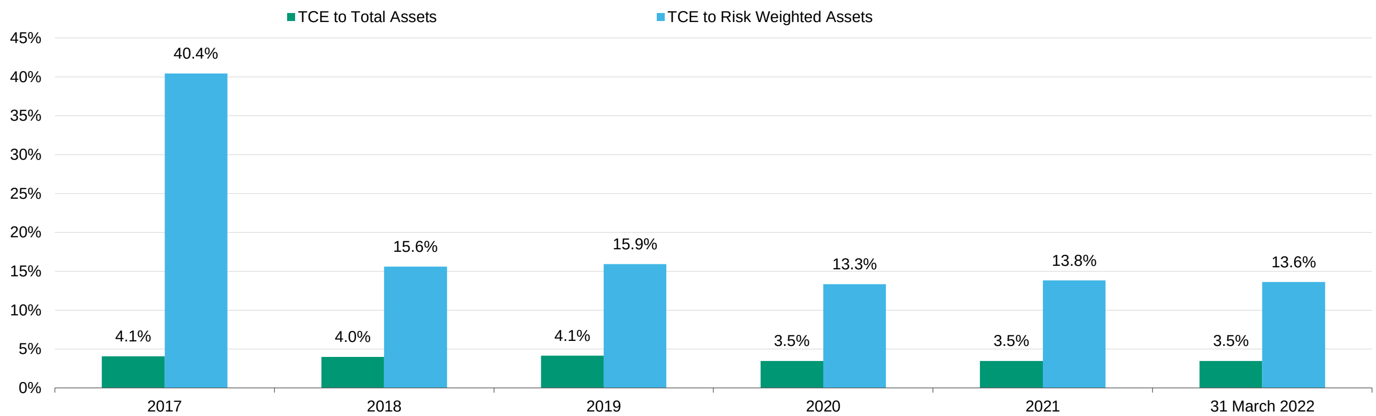
Robust risk-adjusted capitalisation and stress capital resilience, but low leverage ratio

We view SBAB's capital position as strong, given its low risk profile. As of the end of March 2022, SBAB reported a Common Equity Tier 1 (CET1) capital ratio of 13.1%.

The Swedish FSA decided to raise the countercyclical buffer (CCB) to 1% with effect from the third quarter of 2022, partly restoring the pre-pandemic CCB of 2.5%. As part of the European Banking Package and following the completion of the supervisory review and evaluation process (SREP), the Swedish FSA introduced a leverage ratio of 3.3% as of year-end 2021. SBAB's total regulatory capital requirement as of the end of December 2021 was 13.9% including an updated Pillar 2 requirement of 3.35%[1].

The bank specific Pillar 2 requirement relates to credit related concentration risk, interest rate risk in other operations, commercial real estate and previously identified faults with SBAB's internal models. SBAB has updated its internal ratings-based model and this is currently with the SFSA for approval. The bank has a buffer of 3.6 percentage points above the total capital requirement. The bank's formal target decided by the Board is to have at least 0.6% buffer above the total capital requirement. In January 2022, the acting CEO introduced a supplementary CET capital headroom of 1-3 percentage points above the SFSA's requirements.

Exhibit 3
SBAB's capital ratios over time



The exhibit shows Moody's-adjusted figures.
Source: Moody's Investors Service

Whereas SBAB's leverage of 3.5% generally would warrant a downward adjustment in the assigned Capital score, we have not done in this case as the 25% risk-weight that SBAB needs to hold for Swedish mortgages is driven by regulatory minimums which were implemented by the SFSA for systemic risk reasons, due to high household leverage, rather than based on the perceived credit risk of the loans. Risk-weights in other Nordic countries where regulators have not imposed a risk-weight floor tend to be significantly lower (around 15%). Also, SBAB's own IRB risk-weights stood at 3.2% at year-end 2021. It should be noted that SBAB's CET1 ratio fell by around 20 percentage points at the time when the risk-weight floor was introduced, moving the capital add-on for mortgages from Pillar 2 to Pillar 1. Hence, the initial starting point (TCE/RWAs) is significantly lower as a result of the imposition of the risk weight floor.

In addition, SBAB's capital is very resilient to stress, and the bank performs as one of the strongest under the European Banking Authority's EU-wide stress test. We consider the bank's stress capital resilience as a strength, and assign a Capital score of a2 for SBAB.

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

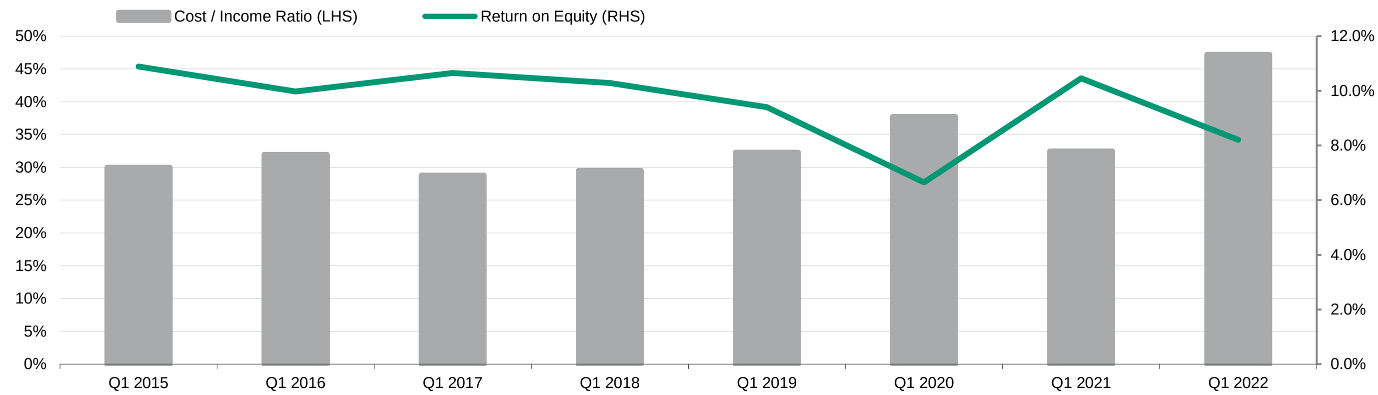
SBAB presented stable earnings in Q1 2022, which resulted in a reported return on equity of 9.5%. This was negatively impacted by the Swedish risk tax introduced 1 January 2022, and below the bank's internal target of 10%. SBAB's net interest margin (NIM) decreased to 0.73% in Q1 2022 down from 0.78% in the year-earlier period because of pressure on margins from increased competition in the mortgage market.

On 28 April 2022 the Swedish Riksbank raised its repo rate to 0.25% from 0%, which is credit positive for Swedish banks. The majority of SBAB's mortgage loans have variable 3-month interest rates (52% as of end-March 2022), allowing SBAB to re-price loans relatively quickly. In addition, SBAB along with other Swedish lenders had already started raising mortgage rates in anticipation of the central bank's rate increase.

As of year-end 2021, SBAB owns 100% of Booli — one of Sweden's largest housing websites and search engines for homes. In May 2021, SBAB acquired 58% of the shares in Boappa AB, which is Sweden's largest communication platform for tenant-owners' associations, with a call option for SBAB to acquire the remaining shares of Boappa. Whereas we do not expect these sites to contribute to SBAB's earnings in the next couple of years, it does give the bank additional sales channels.

SBAB's has a relatively higher earnings stability than many peers. SBAB is an efficient lender operating without a retail branch network. Although the bank's adjusted cost-to-income ratio has deteriorated for the last three years because of higher operating costs, it remains low at 37% for the year 2021 (see Exhibit 4). However, the ratio jumped to 47% in the first quarter of 2022 (see Exhibit 5) primarily because of the risk tax[2].

Exhibit 4
Q1 2022 earnings were negatively impacted by the Swedish risk tax



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

Our assigned Profitability score of baa3 includes two notches positive adjustment, reflecting the bank's relative earnings stability and our forward-looking expectations of slightly higher net income going forward, supported by the central bank interest rate hike.

High reliance on market funding, but deposit base is increasing

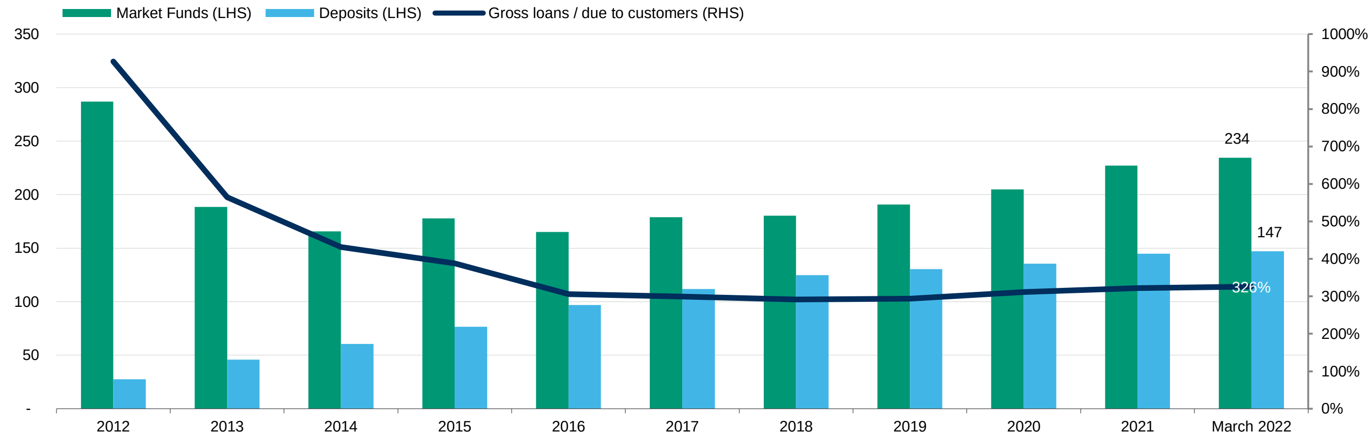
We view SBAB's high reliance on market funding as a weakness, which is shared with many of its Nordic peers. The high reliance on market funding is mitigated by the fact that a large portion of the funding benefits from the resilient domestic covered bond market, along with a sustained increase in deposit funding.

SBAB's market funding/tangible assets stood at 41.5% at the end of March 2022. Covered bonds (rated Aaa) accounted for more than half of the bank's long-term funding, and around 78% of these were SEK denominated as of the same date. This debt class benefits from a deep local market with stable domestic investors, and we reflect these strengths by viewing covered bonds denominated in local currency as a particularly stable source of funding for all Swedish banks. Consequently, the upward adjustment in the Funding score of baa2 reflects the comparatively stronger Swedish covered bond market, i.e. the bank's SEK-denominated covered bonds.

SBAB's funding profile has improved over the last few years following its strategy to extend maturities, with a number of successful benchmark issues and a reduction in foreign currency exposures.

In addition, SBAB has actively reduced its reliance on market funding through increasing deposits, reducing its gross loans/deposits to 322% as of end December 2021 (from 565% at end December 2013). We view the increase in deposits as a sustainable improvement which provides the bank with relatively sticky funding, given the gradual and granular increase in the flow of new depositors. We expect SBAB to focus on deposit growth in 2022.

Exhibit 5
SBAB's gradual increase in deposits is sustainable



Source: Moody's Investors Service

SBAB needs to fulfill the recapitalisation amount of the minimum requirement of own funds and eligible liabilities (MREL) with subordination requirements by 1 January 2024. The new MREL decisions based on the updated EU Bank Recovery and Resolution Directive (BRRD2), were announced in December 2021[3], and the updated subordination requirement resulted in lower senior non-preferred (SNP) needs compared to the previous Swedish requirements.

SBAB has adequate liquidity

SBAB's liquidity position is adequate, as captured by the ba1 assigned Liquid Resources score. Moody's calculated liquid banking assets consist mainly of highly rated securities, which totalled SEK61 billion at the end of March 2022, equivalent to 10.9% of its tangible banking assets. The bank's reported liquidity reserve was SEK76 billion as of the same date, equivalent to 13.5% of tangible banking assets, which results in a ba1 liquidity score. SBAB's reported liquidity coverage ratio (all currencies combined) was a high 238%.

Monoline adjustment to reflect a lack of business diversification

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

Source of facts and figures cited in this report

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

Environmental, social and governance (ESG) considerations

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

SBAB has policies in place that promote energy-efficient new housing construction, but also help customers with older houses to modernise them to be more energy-efficient. This enables the bank to build mortgage asset pools to issue green covered bonds. SBAB offers up to 0.1% rebate on mortgages for the most energy-efficient properties. Because of the increasing demand for sustainable investments, it is likely that green bonds will benefit from discounted rates when interest rates increase, offsetting the rebate given to the customer.

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

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

Support and structural considerations

Loss Given Failure (LGF) analysis

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

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

SBAB's junior deposit and senior debt ratings reflect our expectations that the bank will issue senior non-preferred debt to fulfill the subordination amount of MREL by year-end 2023.

For junior senior debt (called senior non-preferred by the market), which is positioned in line with the bank's Adjusted BCA, our Advanced LGF analysis indicates a moderate loss given failure, given the small volume of debt and limited protection from more subordinated instruments and residual equity.

Government support considerations

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

Counterparty Risk (CR) Assessment

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

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

Counterparty Risk Ratings (CRRs)

SBAB's CRRs are Aa3/P-1

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

Methodology and scorecard

About Moody's Bank Scorecard

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

Rating methodology and scorecard factors

Exhibit 6

SBAB Bank AB (publ)

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

Factor	**Historic Ratio**	**Initial Score**	**Expected Trend**	**Assigned Score**	**Key driver #1**	**Key driver #2**
Solvency						
Asset Risk						
Problem Loans / Gross Loans	0.1%	aa1	↔	aa2	Sector concentration	
Capital						
Tangible Common Equity / Risk Weighted Assets (Basel III - transitional phase-in)	13.6%	a2	↑	a2	Risk-weighted capitalisation	Stress capital resilience
Profitability						
Net Income / Tangible Assets	0.3%	ba2	↑	baa3	Earnings quality	Expected trend
Combined Solvency Score		a2		a2		
Liquidity						
Funding Structure						
Market Funds / Tangible Banking Assets	41.2%	b1	↑↑	baa2	Market funding quality	
Liquid Resources						
Liquid Banking Assets / Tangible Banking Assets	10.6%	ba1	↔	ba1	Stock of liquid assets	
Combined Liquidity Score		ba3		baa3		
Financial Profile				a3		
Qualitative Adjustments				Adjustment		
Business Diversification				-1		
Opacity and Complexity				0		
Corporate Behavior				0		
Total Qualitative Adjustments				-1		
Sovereign or Affiliate constraint				Aaa		
BCA Scorecard-indicated Outcome - Range				a3 - baa2		
Assigned BCA				baa1		
Affiliate Support notching				0		
Adjusted BCA				baa1		

Balance Sheet	**in-scope (SEK Million)**	**% in-scope**	**at-failure (SEK Million)**	**% at-failure**
Other liabilities	332,483	58.9%	342,772	60.7%
Deposits	146,976	26.0%	136,688	24.2%
Preferred deposits	132,278	23.4%	125,664	22.3%
Junior deposits	14,698	2.6%	11,023	2.0%
Senior unsecured bank debt	52,100	9.2%	52,100	9.2%
Junior senior unsecured bank debt	9,500	1.7%	9,500	1.7%
Dated subordinated bank debt	2,000	0.4%	2,000	0.4%
Preference shares (bank)	4,300	0.8%	4,300	0.8%
Equity	16,929	3.0%	16,929	3.0%
Total Tangible Banking Assets	564,288	100.0%	564,288	100.0%

Debt Class	De Jure waterfall		De Facto waterfall		Notching		LGF Notching Guidance vs. Adjusted BCA	Assigned LGF notching	Additional Notching	Preliminary Rating Assessment
	Instrument volume + subordination	Sub-ordination	Instrument volume + subordination	Sub-ordination	De Jure	De Facto				
Counterparty Risk Rating	17.0%	17.0%	17.0%	17.0%	3	3	3	3	0	a1
Counterparty Risk Assessment	17.0%	17.0%	17.0%	17.0%	3	3	3	3	0	a1 (cr)
Deposits	17.0%	5.8%	17.0%	15.0%	2	3	2	2	0	a2
Senior unsecured bank debt	17.0%	5.8%	15.0%	5.8%	2	2	2	2	0	a2
Junior senior unsecured bank debt	5.8%	4.1%	5.8%	4.1%	0	0	0	0	0	baa1
Dated subordinated bank debt	4.1%	3.8%	4.1%	3.8%	-1	-1	-1	-1	0	baa2
Non-cumulative bank preference shares	3.8%	3.0%	3.8%	3.0%	-1	-1	-1	-1	-2	ba1

Instrument Class	Loss Given Failure notching	Additional notching	Preliminary Rating Assessment	Government Support notching	Local Currency Rating	Foreign Currency Rating
Counterparty Risk Rating	3	0	a1	1	Aa3	Aa3
Counterparty Risk Assessment	3	0	a1 (cr)	1	Aa3(cr)	
Deposits	2	0	a2	1	A1	A1
Senior unsecured bank debt	2	0	a2	1	A1	A1
Junior senior unsecured bank debt	0	0	baa1	0	Baa1	Baa1
Dated subordinated bank debt	-1	0	baa2	0	Baa2	(P)Baa2
Non-cumulative bank preference shares	-1	-2	ba1	0	Ba1 (hyb)	

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

Ratings

Exhibit 7

Category	Moody's Rating
SBAB BANK AB (PUBL)	
Outlook	Stable
Counterparty Risk Rating	Aa3/P-1
Bank Deposits	A1/P-1
Baseline Credit Assessment	baa1
Adjusted Baseline Credit Assessment	baa1
Counterparty Risk Assessment	Aa3(cr)/P-1(cr)
Issuer Rating	A1
Senior Unsecured	A1
Junior Senior Unsecured	Baa1
Junior Senior Unsecured MTN	(P)Baa1
Subordinate -Dom Curr	Baa2
Pref. Stock Non-cumulative -Dom Curr	Ba1 (hyb)
Commercial Paper	P-1
Other Short Term	(P)P-1

Source: Moody's Investors Service

Endnotes

1 Swedish banks capital requirements, fourth quarter 2021

2 The recently introduced risk tax is accounted for in 'taxes other than income taxes' in Moody's accounts, which is included in operating expenses, thus affecting Moody's calculated cost-to-income ratio. This explains the difference between the bank reported and Moody's adjusted cost to income ratios.

3 Decisions on resolution plans and MREL, Swedish National Debt Office

REPORT NUMBER 1326792

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

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