

Well-functioning corporate governance with good regulatory compliance, risk management and internal governance and control are essential for us to reach our vision and enjoy the confidence of our stakeholders.

Trust is the foundation of our operations



“It has become increasingly clear that companies need to assume greater responsibility for the big picture.”

We are continuing to deliver on our strategy and posted strong results in 2019. We have Sweden’s most satisfied customers in terms of residential mortgages to private individuals and property loans to corporates and tenant-owners’ associations, and our financial key metrics continue to develop satisfactorily.

SBAB offers simple and straightforward terms and conditions, transparent pricing, high availability through digital and telephone services, and mindful service. This is a major contributor to our continued growth and capture of market shares. Total lending increased 5.4% in 2019 to almost SEK 384 billion – a healthy growth and a clear signal that our customers appreciate SBAB’s offering. We diligently follow housing market trends and continuously evaluate the credit risk entailed in our lending to ensure and maintain good credit quality and an adequate level of risk assumption.

Over the last few years, new market entrants have started offering residential mortgages. In parallel, many existing providers, the major banks among others, have started to review and adjust their offerings. Increased competition is very positive – it leads to more customers obtaining better terms and greater choice. For us, it clearly shows the importance of continued investment in operations and in our offering to meet

the changes facing the bank and finance sector. We live in an era where customers are placing ever-greater demands on transparency, accessibility and high quality in all parts of the customer experience. Digitalisation and new technology are driving development. We are replacing our entire technical IT infrastructure, developing the customer offering and experience as well as strengthening the organisation with new employees and skills. Through our clear focus on contributing to better housing and household finances, I am convinced that SBAB holds an attractive market position and has excellent prerequisites to remain competitive over the long term.

SBAB operates in an arena of trust

Strengthening trust in the bank and finance sector is a considerable and important challenge. The importance of trust cannot be overstated – it forms the very foundation of banking operations. Well-functioning corporate governance with good regulatory compliance, risk management and internal governance and control are essential for us to reach our vision and enjoy the confidence of our stakeholders. Our work on the Board is based on SBAB's sustainable governance model and our values, which in many ways describe our approach to a well-functioning corporate governance with a focus on risk and regulatory compliance. At SBAB, we have a corporate culture whereby every employee is expected to take full responsibility. This means that our employees are not just expected to adhere to the applicable regulations but are also, based on all aspects, expected to help ensure operations are conducted responsibly in a long-term sustainable manner. Good risk control and a high level of regulatory compliance enable the high speed of operations required to win the competition for market shares and customers' trust.

SBAB has a thorough and well-developed structure for corporate

governance. It provides good support to us on the Board of Directors in obtaining necessary information, governing and controlling operations and in taking necessary decisions on important strategic issues. It encompasses day-to-day reporting, information disclosure and training from various parts of operations as well as reporting from functions such as Risk, Compliance and Internal Audit. To help with our work, we have established a number of committees tasked with preparing issues in different areas for decision by the Board.

Over the year, the Board has addressed a number of issues of varying nature, including issues pertaining to the changes and challenges entailed by digitalisation and the connected society in terms of cyber risks. Other issues pertained to climate risk in lending, integration and development of housing services, the brand, increased competition in the residential mortgage market, credit risks in lending and SBAB's overall capacity to counter money laundering and other financial crime.

Sustainability has long been a natural part of SBAB's operations and business

Within the framework of the 2030 Agenda and the Sustainable Development Goals (SDGs), the business community, including SBAB, has a decisive role to play. It has become increasingly clear that companies need to assume greater responsibility for the big picture. The state's ownership policy expects state-owned enterprises to serve as role models in the area of sustainable business and otherwise act in a manner that generates public confidence. This has inspired us to clarify our strategy and approach through, inter alia, integrating the SDGs into our governance model.

At SBAB, we are convinced that assuming greater responsibility leads to higher customer confidence and thereby to growth, long-term competitiveness and profitability. We are driving and

steering operations using our governance model toward our three target areas: Responsibility and transparency; An attractive workplace; and Sound finances. Together, these comprise the basis for our objectives at the same time as they describe how we will contribute to sustainable societal development. The aim of everything we do is encapsulated in our mission – to contribute to better housing and household finances. The Board has adopted overall targets that can be followed up directly, and it follows up and evaluates progress in the respective target areas on an ongoing basis. The Board and I share the ambition to continue the implementation of sustainability in all parts of SBAB's operations. I am convinced that SBAB has excellent preconditions to continue to deliver a competitive, profitable and attractive offering.

A heartfelt thank you

On behalf of the Board of Directors, I would like to take this opportunity to thank the CEO, Executive Management and all of our skilled employees for a successful 2019.

Jan Sinclair,
Chairman of the Board

Corporate Governance Report

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's ownership policy and guidelines for state-owned enterprises (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 Annual Accounts Act.

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 well as 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.

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 opportu-

nity 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 rules 1.4 and 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 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, there is no reason for such information concerning independence to be disclosed in entirely state-owned companies.

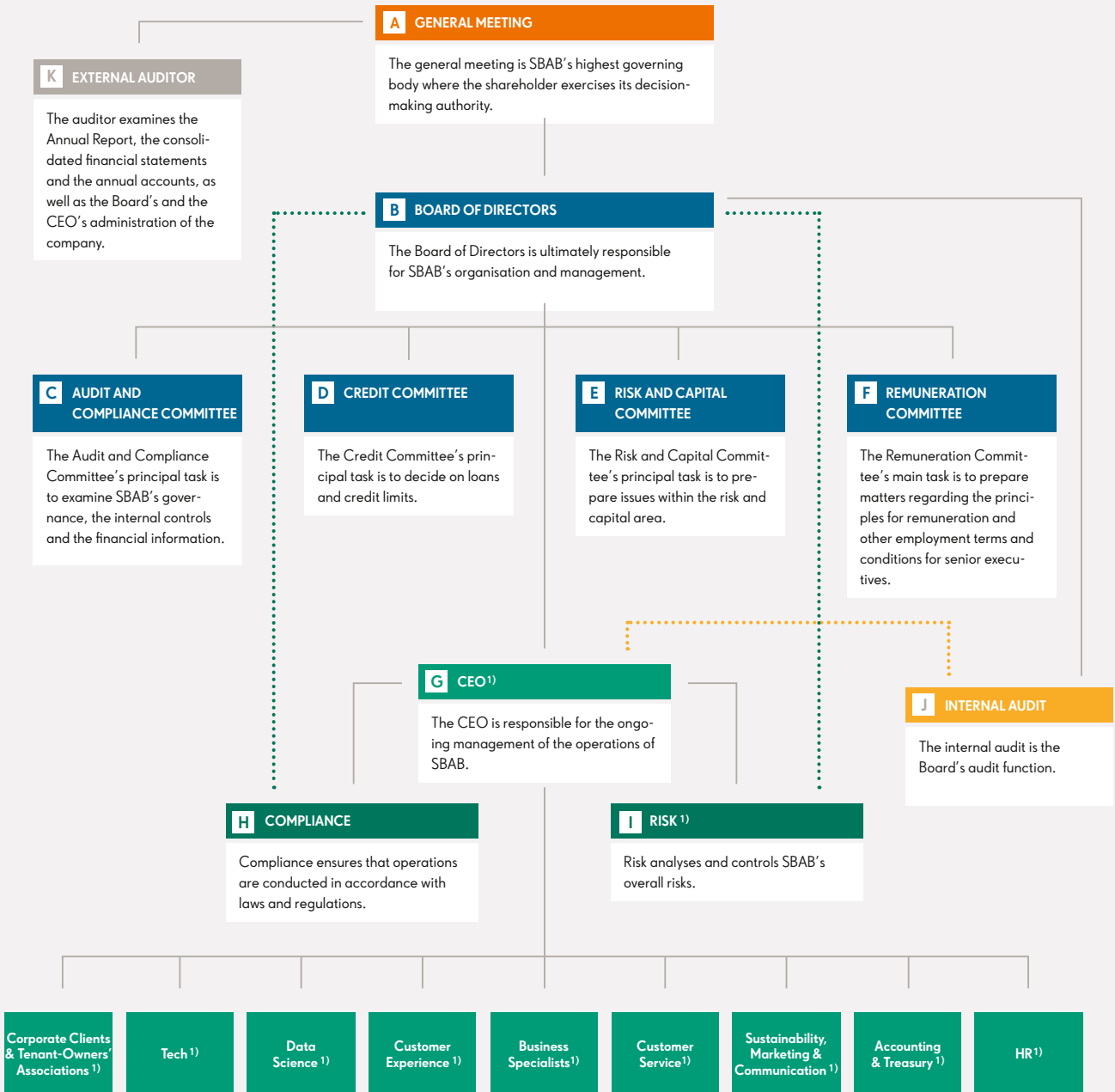
Articles of Association

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

SBAB's Annual General Meeting was held on 29 April 2019. The AGM was open and the members of parliament and the general public were invited to attend. The owner was represented by Gustaf Hygrell, the Swedish Ministry of Enterprise and Innovation. Most of SBAB's Board members, the CEO and SBAB's auditor also attended the AGM. Bo Magnusson, Chairman of the Board of SBAB at the time, served as the Chairman of the AGM. The AGM resolved to elect the following Board members: Bo Magnusson (Chairman), Lars Börjesson, Inga-Lill Carlberg, Daniel Kristiansson, Jane Lundgren-Ericsson, Karin Moberg, Jan Sinclair and Synnöve Trygg. Following the AGM, Bo Magnusson and Karin Moberg notified of their intent to step down from the Board effective 13 May 2019 and 4 September 2019, respectively. Jan Sinclair was appointed Chairman of the Board at the Board meeting on 17 May 2019. After the end of the year, at the Extraordinary General Meeting on 14 February 2020, Leif Pagrotsky and Johan Prom were elected as new members of the Board of Directors.



¹⁾ Included in Executive Management.

The local trade unions appointed Anders Heder and Margareta Naumburg as employee representatives on the Board of Directors, with Kristina Ljung and David Larsson as alternates.

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 2018.

The meeting elected Deloitte AB, with Patrick Honeth as the auditor-in-charge, as SBAB's auditor until the close of the 2020 AGM. The meeting reviewed the guidelines for remuneration to senior executives adopted by the 2018 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 2018.

B The Board of Directors

Composition and nomination procedure
In entirely state-owned companies, uniform and shared principles are applied to achieve a structured nomination process for the appointment of board members in state-owned companies. The objective is

to ensure an adequate supply of competence for the boards of directors of these companies. The Board nomination process 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 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 which at the end of the year, following the departure of two members of their own volition from the Board, comprised six 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. For information regarding lending to key personnel, please refer to Note **G 2**.

Work of the Board of Directors in 2019

In 2019, the Board of Directors held eight scheduled and two additional board meetings.

JANUARY	FEBRUARY	MARCH	APRIL	MAY	JUNE
		Decisions on the Annual Report, Sustainability Report and Pillar 3 Report for 2018, matters prior to SBAB's AGM, and resolutions on SBAB's internal capital and liquidity adequacy assessment, project and activity follow-up, and discussions addressing customer communication.		Additional meeting to elect a new Chairman and decide committee members.	
Performance in 2018 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 CEO's work, resolution regarding the assumptions for the internal capital and liquidity adequacy assessment processes and training in capital and risk as well as follow-up of progress in IT strategy.			Statutory board meeting, resolutions regarding governance documents and statutory matters, Q1 2018 performance and adoption of the interim report, quarterly reporting from control functions and the auditor's review of the Q1 accounts, progress in IT strategy and review of business development and strategies as well as discussions pertaining to the Corporate Clients & Tenant-Owners' Associations business area.		Project and activity follow-up, goal fulfilment, business development, brand positioning and brand strategy, strategies for the business areas, discussion of progress in IT strategy and market forecasts.

The Board adopts business objectives and strategies 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.

ATTENDANCE OF THE BOARD OF DIRECTORS IN 2019

The table presents the meeting attendance of the Board and its committees in 2019. Inga-Lill Carlberg (Board member), Synnöve Trygg (Board member) and Anders Heder (Employee representative) joined the Board of Directors during the year and Bo Magnusson (Chairman), Carl-Henrik Borg (Board member), Eva Gidlöf (Board member), Karin Moberg (Board member) and Kristina Ljung (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	23/23	8/8	2/5	
Lars Börjesson (Board member)	10/10	22/23			2/5
Inga-Lill Carlberg (Board member)	8/10				2/5
Daniel Kristiansson (Board member)	10/10			3/5	5/5
Jane Lundgren-Ericsson (Board member)	9/10	23/23	8/8	3/5	
Synnöve Trygg (Board member)	8/10		5/8	2/5	
Bo Magnusson, (Chairman of the Board)	3/10			2/5	3/5
Carl-Henrik Borg (Board Member)	2/10				
Eva Gidlöf (Board member)	2/10		3/8		
Karin Moberg (Board member)	7/10			3/5	
Anders Heder (Employee representative)	8/10				
Margareta Naumburg (Employee representative)	10/10				
Kristina Ljung (Employee representative)	2/10				

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 discussions pertaining to collaboration agreements.

AUGUST

Discussions addressing market risk.

Follow-up of business strategies, incl. progress in IT strategy, discussion of risk status, training in areas incl. AML, follow-up of Corporate Clients & Tenant-Owners' Associations business area and decision on committee members. The meeting was held in Karlstad.

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. Review of progress in IT strategy, follow-up of sustainability efforts, business planning, decision on recovery plans and training for outsourced operations.

OCTOBER

NOVEMBER

Decision on the forecast, budget and strategies for 2020 as well as annual plans for the control functions. Decision on the adoption of the internal capital and liquidity adequacy assessment processes. Follow-up and discussion of the progress in IT strategy.

DECEMBER

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)¹⁾
Daniel Kristiansson (member)
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 four Board members.

The Audit and Compliance Committee held five meetings during the year.

¹⁾ Karin Moberg was Chairman until 4 September 2019.

D Credit Committee



Jane Lundgren Ericsson (Chairman)
Jan Sinclair (member)
Lars Börjesson (member)

The principal task of the Credit Committee is to decide on loans and credit limits in SBAB's lending and funding operations. The 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 23 meetings during the year.

E Risk and Capital Committee



Synnöve Trygg (Chairman)¹⁾
Jan Sinclair (member)
Jane Lundgren Ericsson (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 consists of at least three members appointed by the Board. The Risk and Capital Committee is the statutory Risk Committee of the SBAB Group.

The Risk and Capital Committee held eight meetings during the year.

¹⁾ Jan Sinclair was Chairman until 17 May 2019.

F Remuneration Committee



Daniel Kristiansson (Chairman)¹⁾
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 ahead of Board decisions. The Committee follows up remuneration structures and remuneration levels within SBAB.

The Remuneration Committee held five meetings during the year.

¹⁾ Bo Magnusson was Chairman until 13 May 2019.

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; Tech; Data Science; HR; Customer Service; Customer Experience; Sustainability, Marketing and Communication; and Corporate Clients & Tenant-Owners' Associations.

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 business

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 business. Furthermore, the Board monitors and assesses SBAB's sustainability efforts.

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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  5.

Internal control and governance

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 Board.

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 **IC 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. Work with the internal control of financial reporting 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 Manage-

ment and the Board. The Board's Audit and Compliance Committee supervises the financial reporting as well as the effectiveness 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 3,802,368,314. According to SBAB's balance sheet, SEK 11,471,843,519 is at the disposal of the Annual General Meeting.

Fair value reserve	237,256,074
Additional Tier 1 instruments	3,500,000,000
Retained earnings	3,932,219,131
Net profit for the year	3,802,368,314
Total	11,471,843,519

The Board proposes that the earnings be appropriated as follows:

Carried forward to next year	11,471,843,519
Total	11,471,843,519

The Board of Directors has resolved to not propose a dividend for the financial year 2019. For more information, refer to Note **A** 5. The Board of Directors proposes that the funds at disposal of the General Meeting be carried forward.



Board of Directors

As per the publication date of this report

Top row from left: Lars Börjesson, Anders Heder, Jane Lundgren-Ericsson, Daniel Kristiansson, Inga-Lill Carlberg
Bottom row from left: Johan Prom, Jan Sinclair, Margareta Naumburg, Leif Pagrotsky, Synnöve Trygg

LARS BÖRJESSON

Member

Master of Engineering.
Born in 1964.
Elected in 2014.

Board assignments: Taggsvampen AB, Dovana AB.

Other assignments: CEO of KGH Customs Services.

Previous experience: CEO of Stena Technoworld, Director of Strategy and Business Development Stena metall, Senior partner of Accenture, including Managing Director of Accenture Management Consulting Nordic.

ANDERS HEDER

Member, employee representative

Born in 1962. Appointed in 2019 by the local club committee of the Financial Sector Union of Sweden.

Board assignments: –

Other assignments: Works with controlling at SBAB, Chairman of the local club committee of the Financial Sector Union at SBAB.

Previous experience: Different positions within Götabanken, Wermlandsbanken/Gota and SBAB.

JANE LUNDGREN-ERICSSON

Member

Master of Law, LL.M (London).
Born in 1965. Elected in 2013.

Board assignments: Miskatonic Musik Aktiebolag (deputy), Visa Finance AB, AB Sveriges Säkerställda Obligationer (publ).

Other assignments: Chief Legal Counsel at Visa Finance AB

Previous experience: Executive Director & Head of Lending at Svensk Exportkredit, CEO of SEK Securities and other senior positions at Svensk Exportkredit AB.

DANIEL KRISTIANSSON

Member

Master of Business Administration and Economics.
Born in 1974.
Elected in 2016.

Board assignments: Swedfund International AB, stiftelsen Industrifonden.

Other assignments: Under-secretary at the Government Offices of Sweden.

Previous experience: Vice President, Investment Banking Citigroup.

INGA-LILL CARLBERG

Member

Master of Business Administration and Economics, Stockholm School of Economics. Born in 1962. Elected in 2019.

Board assignments: Trill Impact AB, Stiftelsen för Finansforskning (chairman).

Other assignments: COO of Trill Impact AB.

Previous experience: Several leading positions within Nordea, Board Member of Tredje AP Fonden, Nordea Investment Funds and Mistra Sustainable Investments.



Deputies

DAVID LARSSON

Board Member, employee representative (deputy)

Born in 1976. Appointed in 2018.

Other assignments: Account manager Corporate Clients & Tenant-Owners' Associations Business Area SBAB.

KRISTINA LJUNG

Board Member, employee representative (deputy)

Born in 1966. Appointed in 2019.

Other assignments: Account manager Retail SBAB, member of the local club committee of the Financial Sector Union of Sweden at SBAB.

JOHAN PROM

Member

Masters degree in Business Administration from Stockholm School of Economics. Born in 1972. Elected in 2020.

Board assignments: Fredrikshovs Slott AB, Johan Prom AB och Johan Prom konsult- och investeringsaktiebolag.

Other assignments: Industrial advisor, Executive in Residence Stockholm School of Economics.

Previous experience: CEO of Avanza, various leading executive positions at the ICA Group, management consultant at McKinsey & Company and the Boston Consulting Group.

JAN SINCLAIR

Chairman of the Board

Master of Business Administration and Economics. Born in 1959. Elected in 2018.

Board assignments: Board member STS Alpresor, JML Sinclair AB and FCG – Financial Compliance Group. Chairman AB Victorhuset and AB Sveriges Säkerställda Obligationer (publ).

Other assignments: Industrial advisor, own operations.

Previous experience: CEO SEB A.G, Group Treasurer as well as other senior positions within SEB.

MARGARETA NAUMBURG

Board member, employee representative

Master of Business Administration and Economics. Born in 1964. Appointed in 2018 by the local club committee of SACO.

Board assignments: –

Other assignments: Compliance Officer SBAB, Chairman of the local club committee of the Confederation of Professional Associations (SACO) at SBAB.

Previous experience: Managerial and specialist roles in internal audit, compliance, risk and finance at SBAB and Matteus Bank. External auditor at Price Waterhouse.

LEIF PAGROTSKY

Member

Master of Science in Economics from the University of Gothenburg. Born in 1951. Elected in 2020.

Board assignments: Beckmans Skola Aktiebolag (chairman), Beckmans Akademi Aktiebolag (chairman), Husvärden L Larsson & Co AB (chairman), Vitartes Intea Holding AB (chairman), Smartilizer Scandinavia AB (chairman) och Leif Pagrotsky AB.

Previous experience: Various positions within parliament and the government, including State Secretary for Financial Affairs at the Ministry of Finance, Minister for Industry and Trade, as well as Minister for Culture and Education. Moreover, as Vice Chair of the Council of Riksbanken, Chairman of Business Sweden and Consul General of Sweden in New York.

SYNNÖVE TRYGG

Member

Bachelor of Business Administration and Economics Stockholm University, Advanced Management Program Stockholm School of Economics. Born in 1959. Elected in 2019.

Board assignments: Precice-Biometrics AB, Volvo Finans Bank AB, Valitor hf

Other assignments: CEO of Synnöve Trygg Consulting AB

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



Executive Management

As per the publication date of this report

From left: Fredrik Stenbeck, Robin Silfverhielm, Carina Eriksson, Klas Danielsson, Andras Valko, Malou Sjörin, Mikael Inglander, Sara Davidgård, Klas Ljungqvist. Kristina Frid is missing from the picture.

FREDRIK STENBECK

CRO
Master of Business Administration and Economics.
Born in 1982.

Year of employment: 2020.

Board assignments: –

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

ROBIN SILFVERHIELM

Chief Experience Officer (CXO)

Master of Engineering. Born in 1973.

Year of employment: 2019.

Board assignments: Board member of Booli Search Technologies AB.

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

CARINA ERIKSSON

Head of HR

Master of Business Administration and Economics.
Born in 1965.

Year of employment: 2015.

Board assignments: –

Previous experience: 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.

KLAS DANIELSSON

CEO

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

Board assignments: Board member AB Sveriges Säkerställda Obligationer (publ), DE Capital Nordic AB and Spiderweb Consulting AB. Chairman of the Board of Booli Search Technologies AB. Deputy Member of the Board of the Swedish Bankers' Association.

Other assignments: Chairman of the Nomination Committee for Stockholms Stadsmission.

Previous experience: 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.

ANDRAS VALKO

Head of Data Science (CDSO)

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

Board assignments: –

Previous experience: 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.



MALOU SJÖRIN

Head of Sustainability, Marketing & Communication
Master of Business Administration and Economics. Born in 1972.

Year of employment: 2020.

Board assignments: –

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

MIKAEL INGLÄNDER

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

Master of Business Administration and Economics.

Born in 1963.

Year of employment: 2014.

Board assignments: Board member of Booli Search Technologies AB.

Previous experience: 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.

SARA DAVIDGÅRD

Head of Business Specialists
Master of Business Administration and Economics. Born in 1974. Year of employment: 2017.

Board assignments: –

Previous experience: 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.

KLAS LJUNGKVIST

CIO
Master of Engineering. Born in 1966. Year of employment: 2016.

Board assignments: –

Previous experience: CTO of Nordnet Bank AB, various managerial positions within Abaris.

KRISTINA FRID

Head of Customer Service
Degree of Bachelor of Arts, Media and Communication Studies. Born in 1976.

Year of employment: 2017.

Board assignments: –

Previous experience: Head of Branch Region Nordea, Chairman Chamber of Commerce Karlstad Section. Various management positions and other positions within Nordea.

Auditor

PATRICK HONETH

Deloitte AB

Auditor-in-charge at SBAB since 2016.