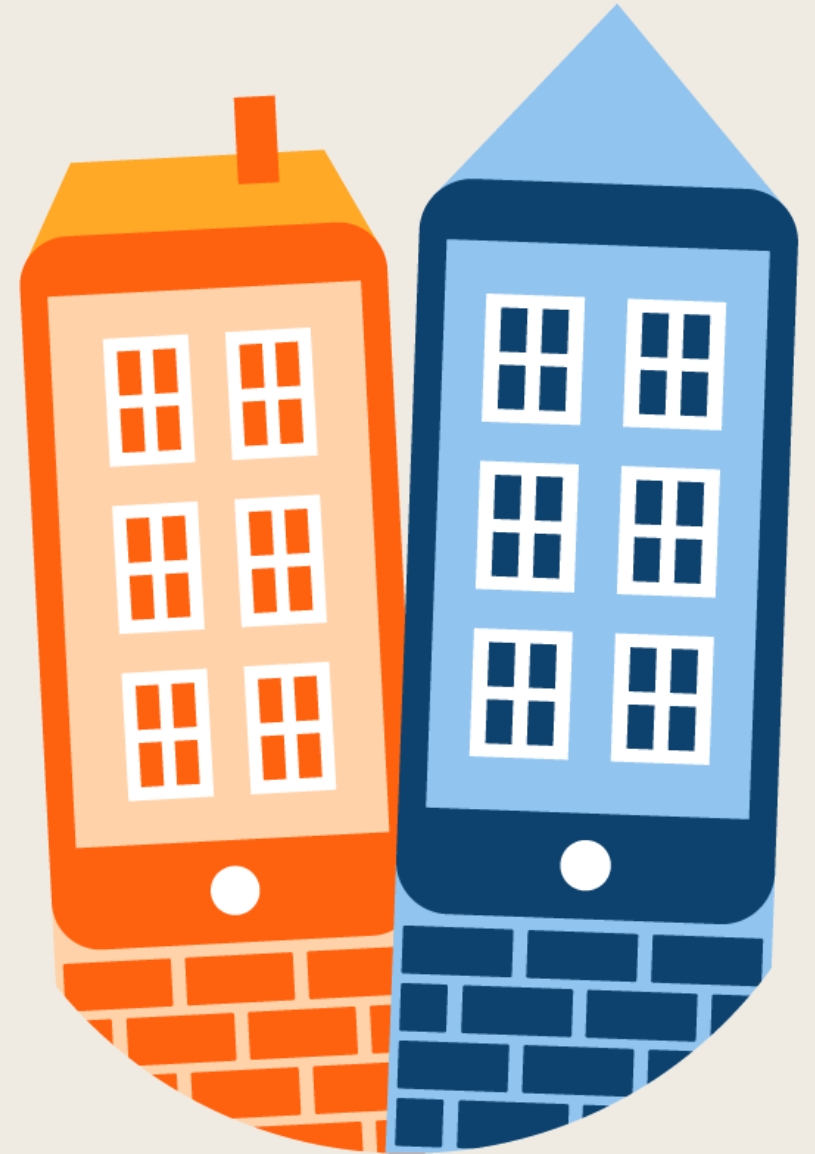


SBAB!

Investor Presentation

SBAB Bank AB (publ)

Q4 2023



Executive summary

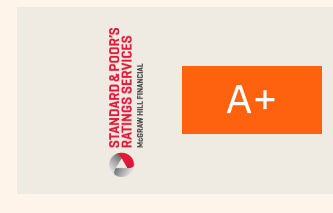
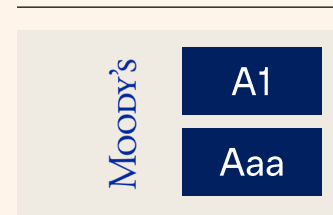
- 100% owned by the Kingdom of Sweden
- Swedish mortgage portfolio, predominantly residential mortgages (5th largest mortgage player in Sweden)
- Financial targets from owner covering profitability, capitalisation & dividend
- Total long-term funding for 2024 expected to be approximately SEK 50 bn

Total lending (SEK bn)

517

Total deposits (SEK bn)

215



11.5%

Return on equity
FY 2023

12.3%

CET1 capital ratio
YE 2023

0.02%

Credit loss level
FY 2023

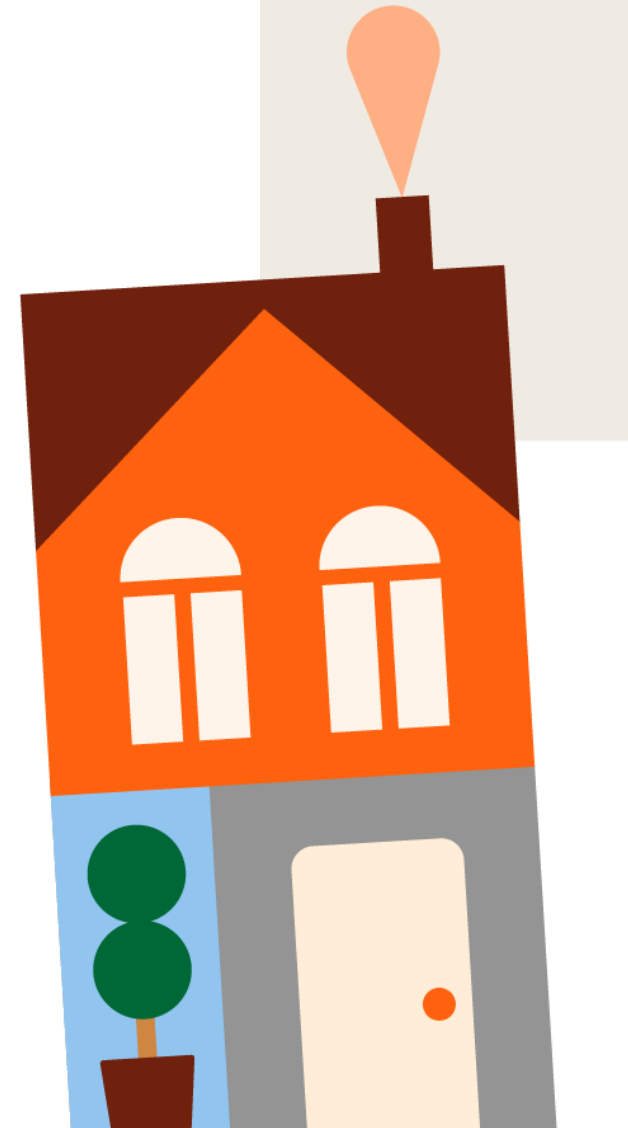
31.0%

C/I ratio
FY 2023



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1	Business update
2	Credit portfolio and asset quality
3	Financial update
4	Capital, funding & liquidity
5	SBAB's commitment to sustainability
6	Macro development



Business overview

– Straightforward business model with residential mortgages at the core

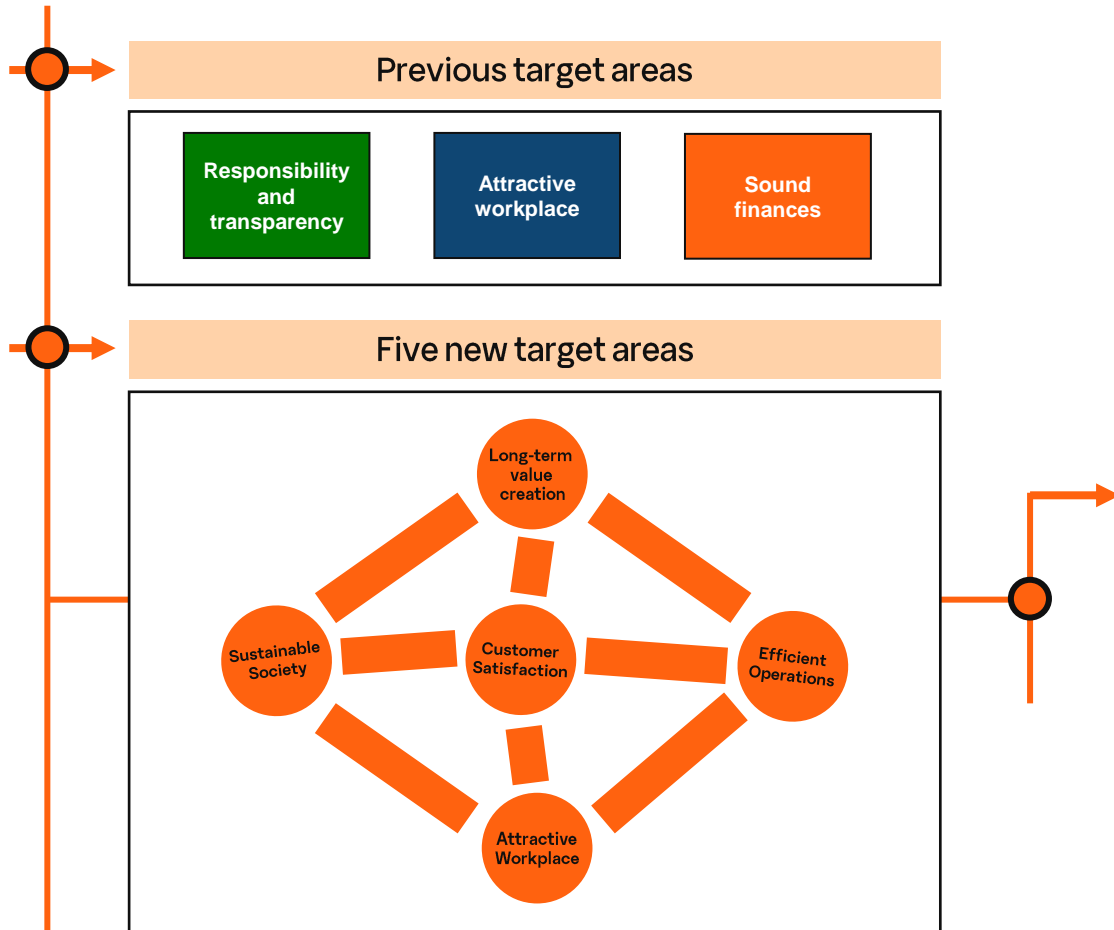


- Founded in 1985 & 100% owned by the Kingdom of Sweden
- Mortgage bank with vast majority collateralized lending (total lending of SEK 517.4 billion)
- Straightforward business model (mortgage lending & savings accounts) & operations only in Sweden
- 948 employees in five offices
- Two business areas;
 - Retail
 - Corporate Clients & Tenant-owners' Associations
- For retail customer, no traditional bank branches, products and services offered online or by telephone. Representational offices with personal service in Stockholm, Gothenburg and Malmö for corporate clients and tenant-owners' associations

SBAB's lending is geographically concentrated to the economic hubs in Sweden (metropolitan areas including Stockholm, Gothenburg and Malmö as well as other university cities and growth regions). Lending is only offered in Sweden and in Swedish Kronor (SEK).



New target areas and long-term targets



Target area	Target 2030
Long-term Value Creation	<ul style="list-style-type: none"> Return on Equity: ≥10%
Sustainable Society	<ul style="list-style-type: none"> Emission Reduction: -50% (to 2038)
Customer Satisfaction	<ul style="list-style-type: none"> Market Share Residential Mortgages: 10% Market Share Corporates: 20% Market Share Tenant-Owners' Associations: 15%
Efficient Operations	<ul style="list-style-type: none"> Cost/Income Ratio: <30%
Attractive Workplace	<ul style="list-style-type: none"> Commitment: ≥4 (on a scale of 1-5)



Financial targets from owner

	Target	Results 2023	Results 2022	Results 2021	Results 2020	Results 2019
Profitability: Return on equity over time	≥10%	11.5%	10.5%	11.1 %	10.8%	11.7%
Dividend: Ordinary dividend based on profit for the year after tax, taking the Group's capital structure into account	≥40%	40% (suggested)	40%	40%	0%	0%
Capitalisation: CET1 capital ratio and total capital ratio above regulatory requirement communicated by the Swedish FSA *	CET1 capital ratio: >0.6%	2.2%	2.6%	4.3%	5.4%	2.4%
	Total capital ratio: >0.6%	2.6%	3.0%	4.2%	5.4%	5.2%



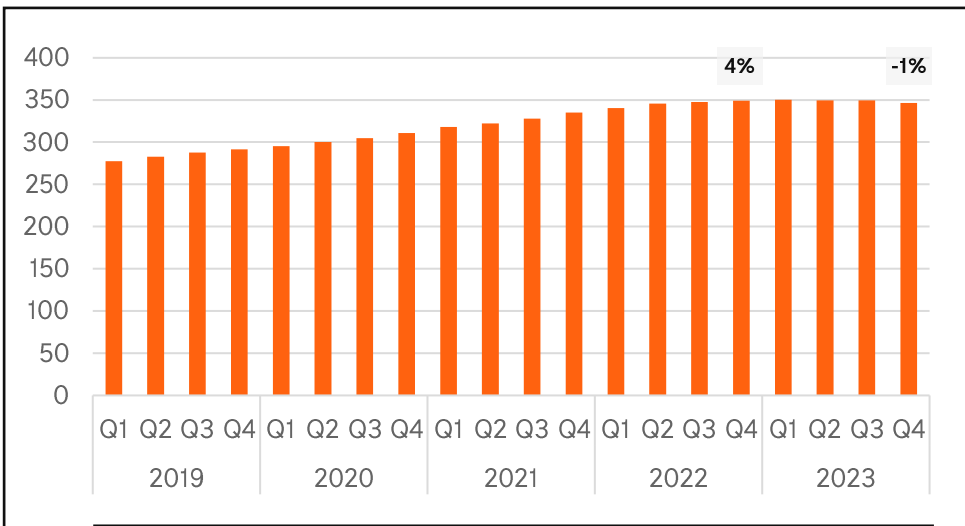
Overall lending development

X% = YoY growth

Retail business area

Corporate & Tenant-Owners' Associations business area

Mortgage lending

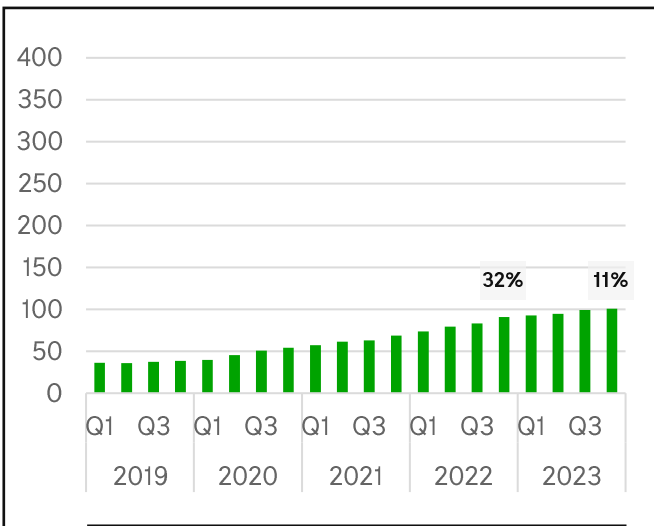


Lending (SEK bn) **346.3**

of customers **287,000**

Market share **8.40%**

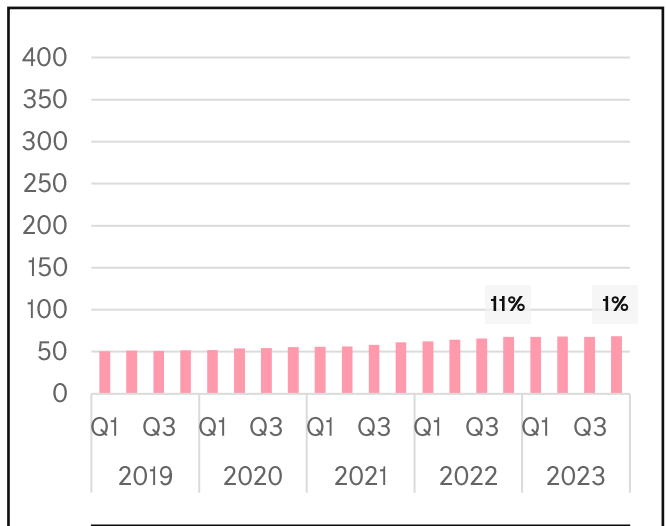
Lending to property companies



Lending (SEK bn) **100.8**

Market share **17.86%**

Lending to tenant-owners assoc.

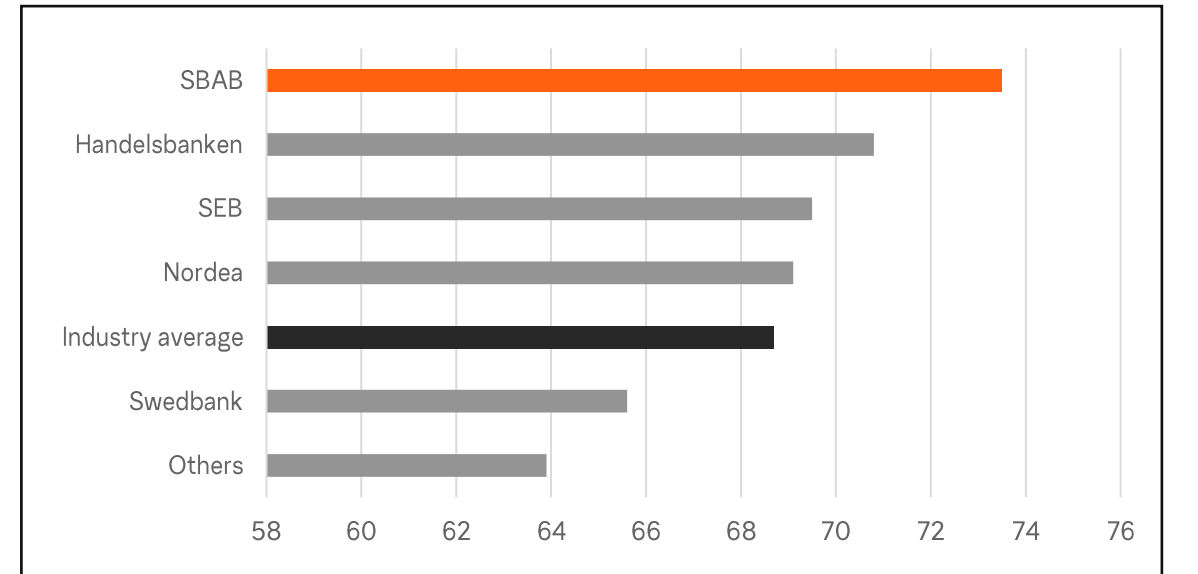
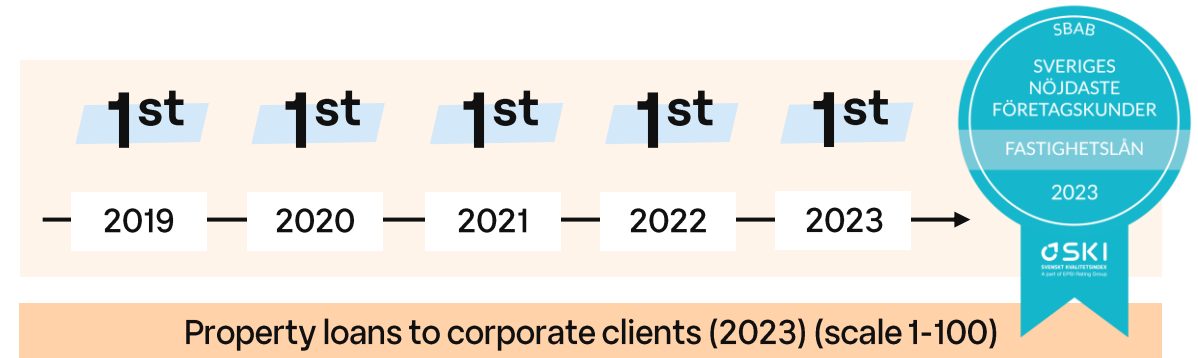
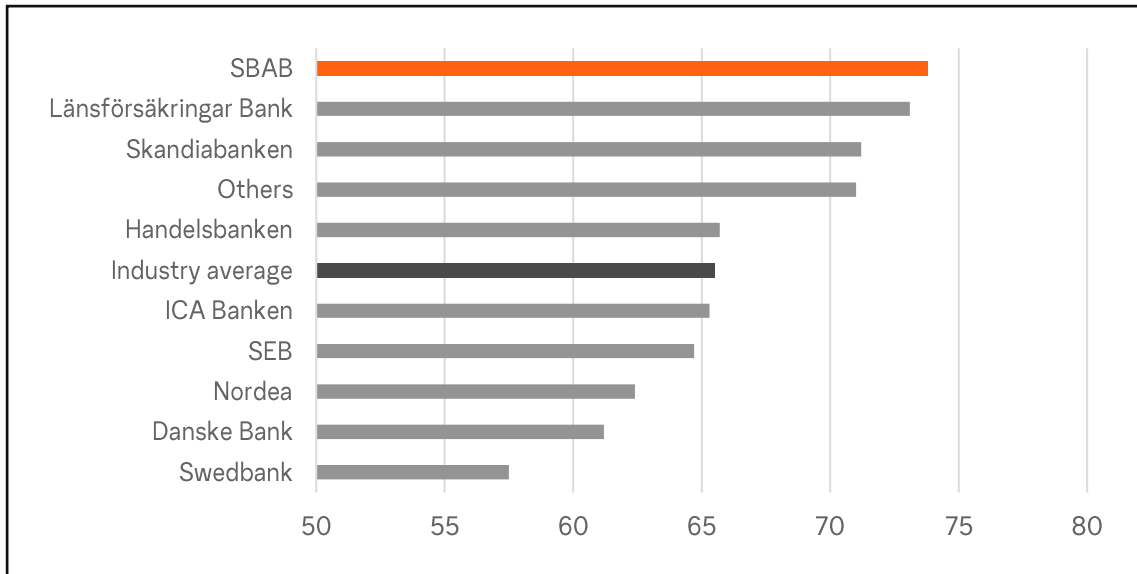
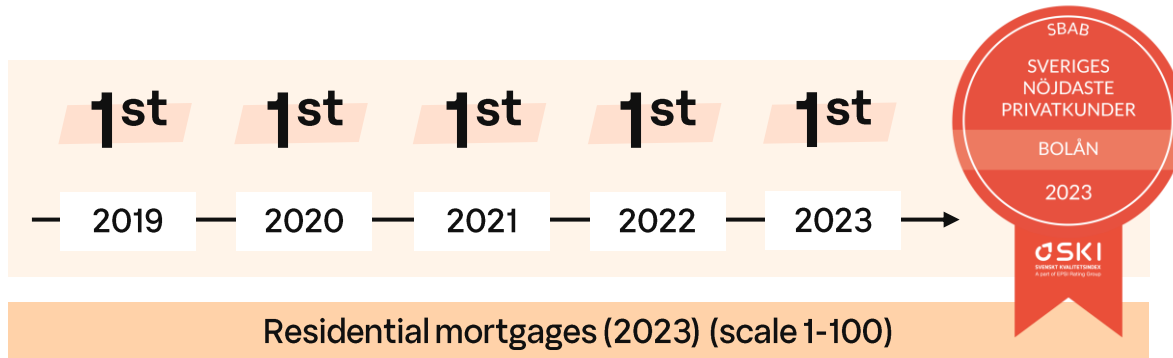


Lending (SEK bn) **68.5**

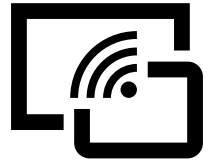
Market share **11.08%**



Most satisfied customers in Sweden



SBAB's value proposition



Accessibility

Residential mortgages online and over the phone, seven days a week, covering all circumstances.



Transparency

Fair prices and appropriate terms and conditions from the start.



Consideration

Housing specialists who care.

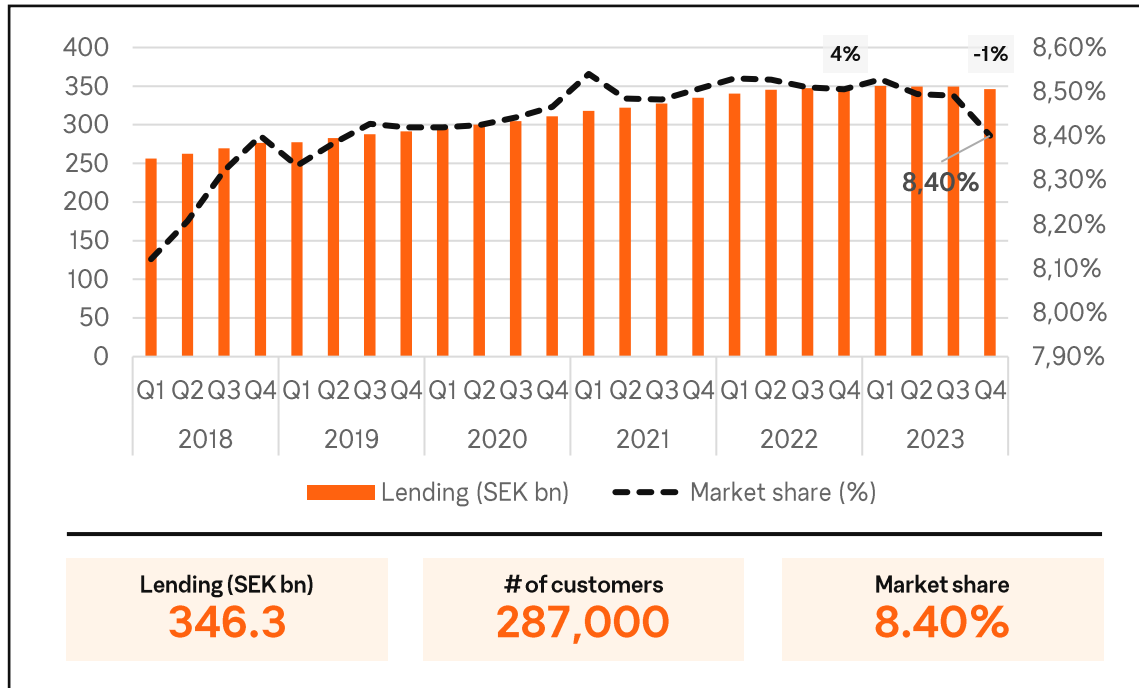


Overview of Retail lending

Retail business area

Mortgage lending

X% = YoY growth

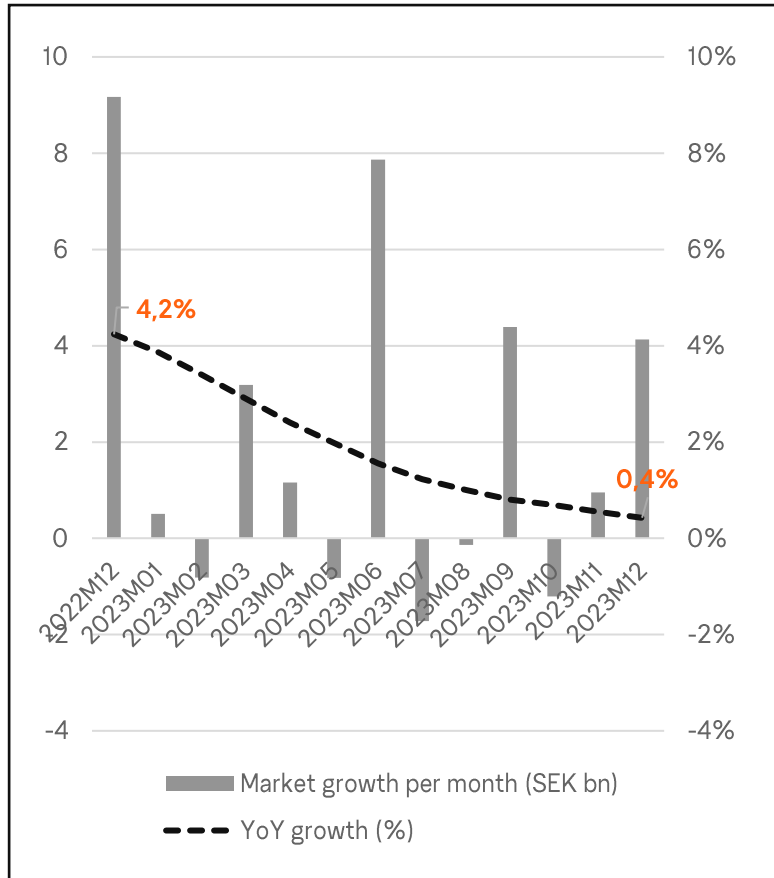


- Slow-down in housing market has resulted in a rapid decrease in credit market growth, down from 4.2% a year ago to 0.4% in December 2023
- Historically low lending margins, although recent data from the Swedish FSA indicating that mortgage margins are bottoming out
- Divestment of remaining mortgage portfolio (SEK 5.2 bn) related to the previous collaboration with Sparbanken Syd during Q2 2023
- SBAB continues to do well despite challenging market conditions & gaining market share (excluding divestment of mortgage portfolio) in line with long-term ambition of 10% market share



The competitive landscape

Total market growth



The big banks

Market share: >10%

Mid-segment

Market share: 2-10%

New/niche players

Market share: <1%



Mortgage pricing

– Small differences in mortgage rates between market participants & continued pressure on margins

Risk-based and transparent pricing model

- Our mortgage rates are based on the current list interest rates for the respective fixed interest period, which are published on sbab.se. The customer's specific interest rate is presented as a deviation from the list rate. The deviation is based on the LTV ratio, i.e. the proportion of the mortgage in relation to the market value of the home, the home's energy class and the size of the mortgage
- Lower risk = better price
- No negotiation & no time-limited discounts
- Focus on transparent pricing with low differences between list rates and actual mortgage rates
- The share of SBAB's mortgage lending with a three-month fixed-interest period amounted to 74.6% at the end of Q4 2023

List rate



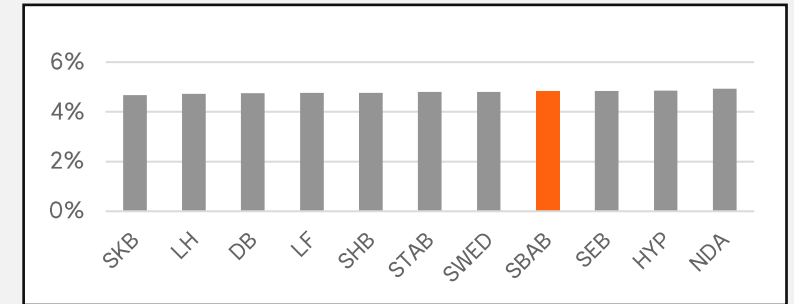
Rebate

(LTV)
(Size of loan)
(Energy class)

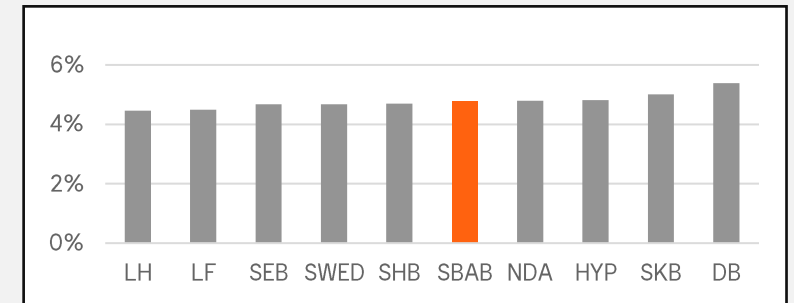


Actual rate

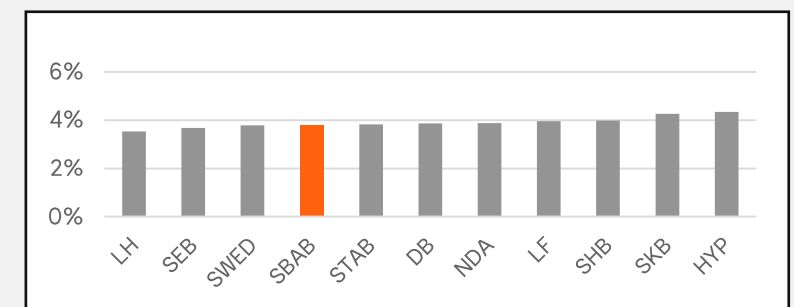
Average mortgage rates(variable 3M)



Average mortgage rates (1Y)

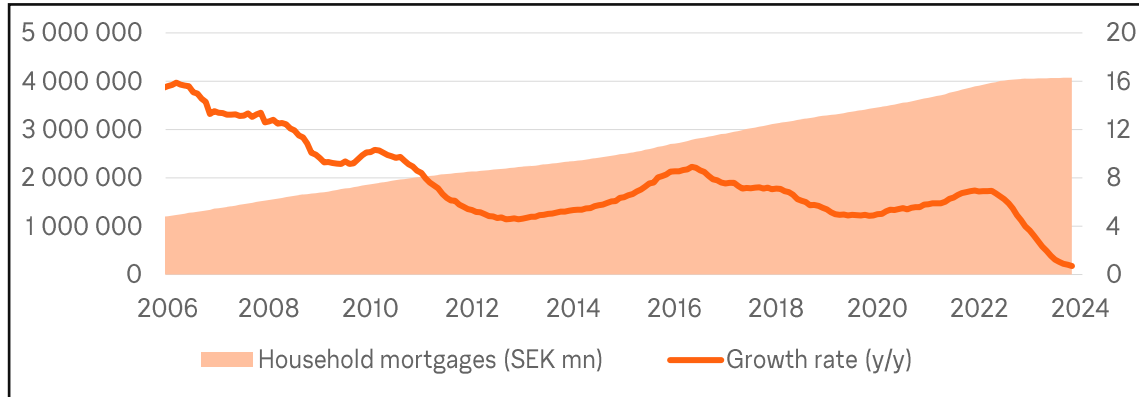


Average mortgage rates (5Y)

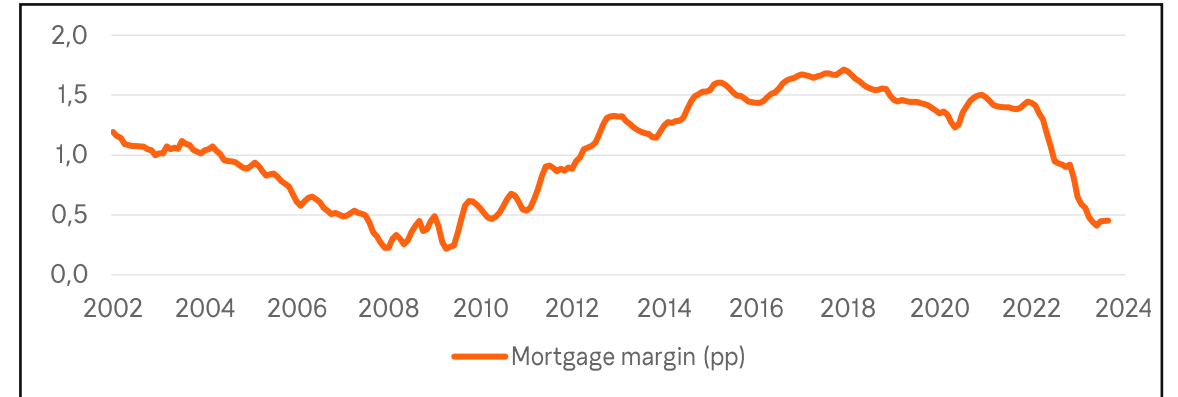


Mortgage market dynamics

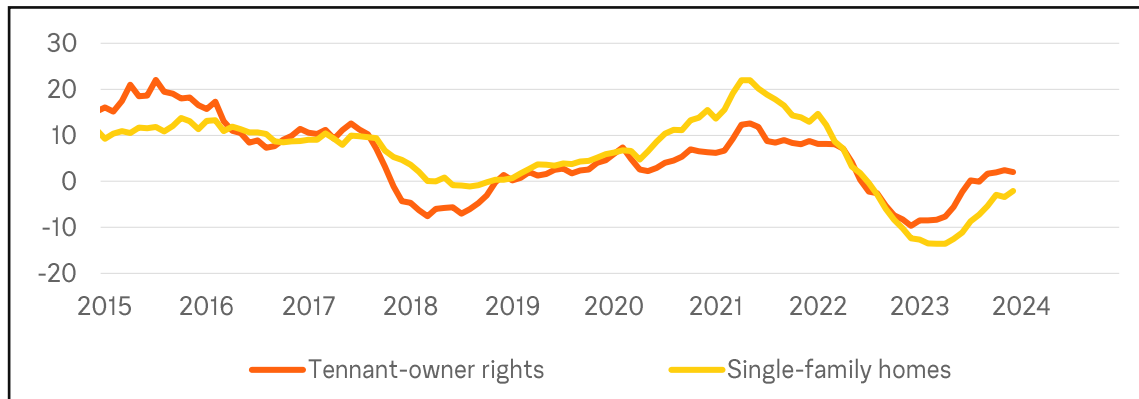
Swedish household lending (Nov 2023)



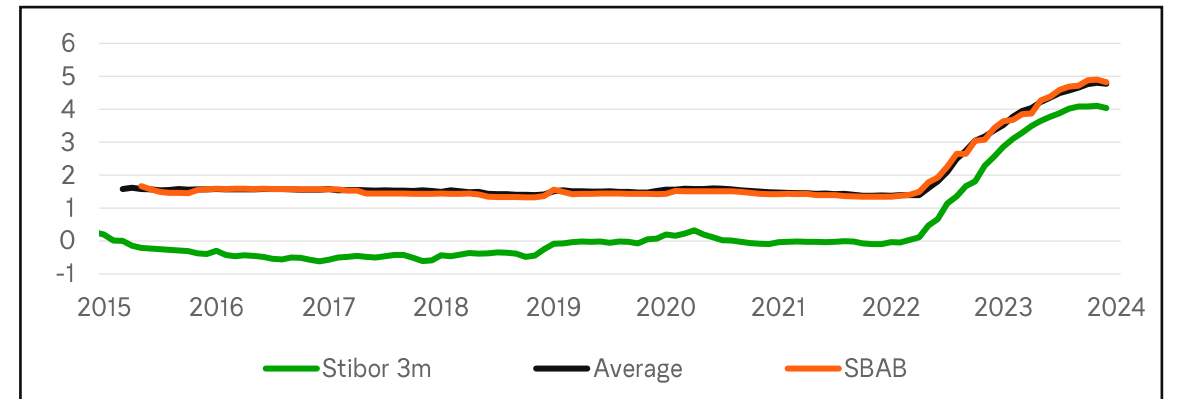
Gross margins on Swedish household mortgages (S-FSA) (Q3 2023)



Swedish housing price growth rate (y/y) (Dec 2023)



Development of actual 3M mortgage rate (Dec 2023)

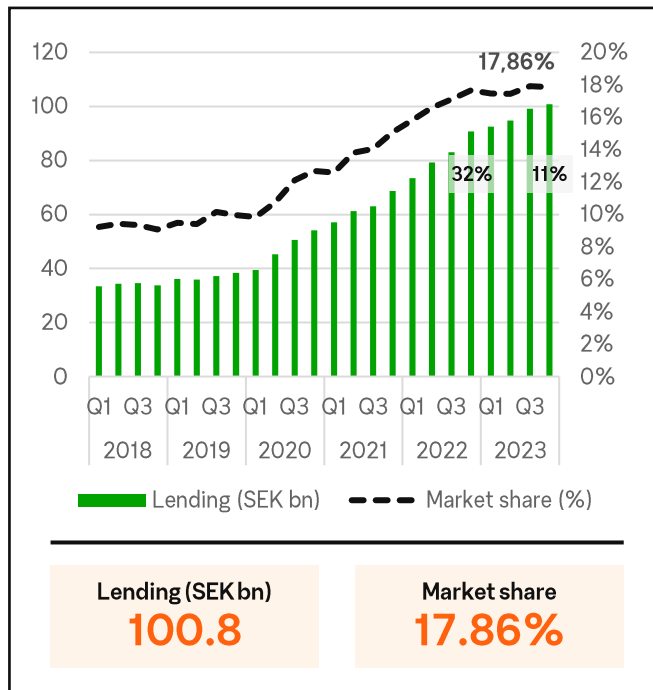


Overview of Corporate & ToA lending

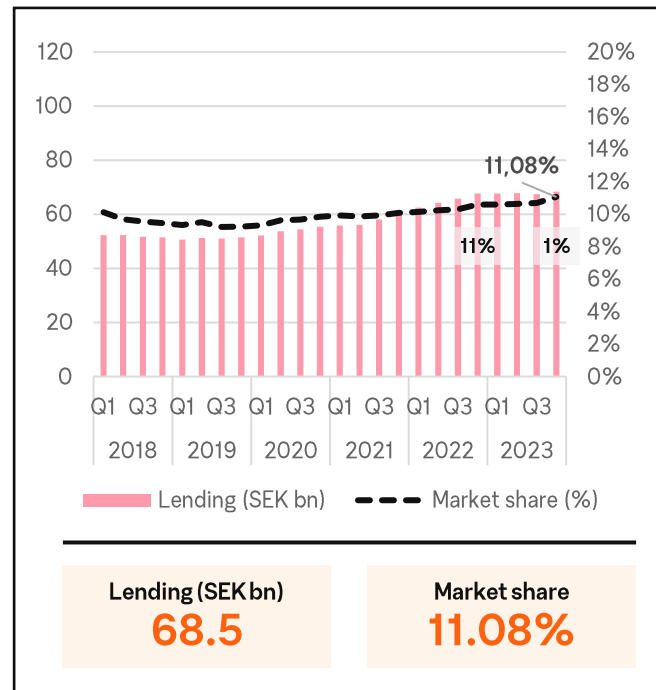
X% = YoY growth

Corporate & Tenant-owners associations business area

Lending to property companies



Lending to tenant-owners assoc.



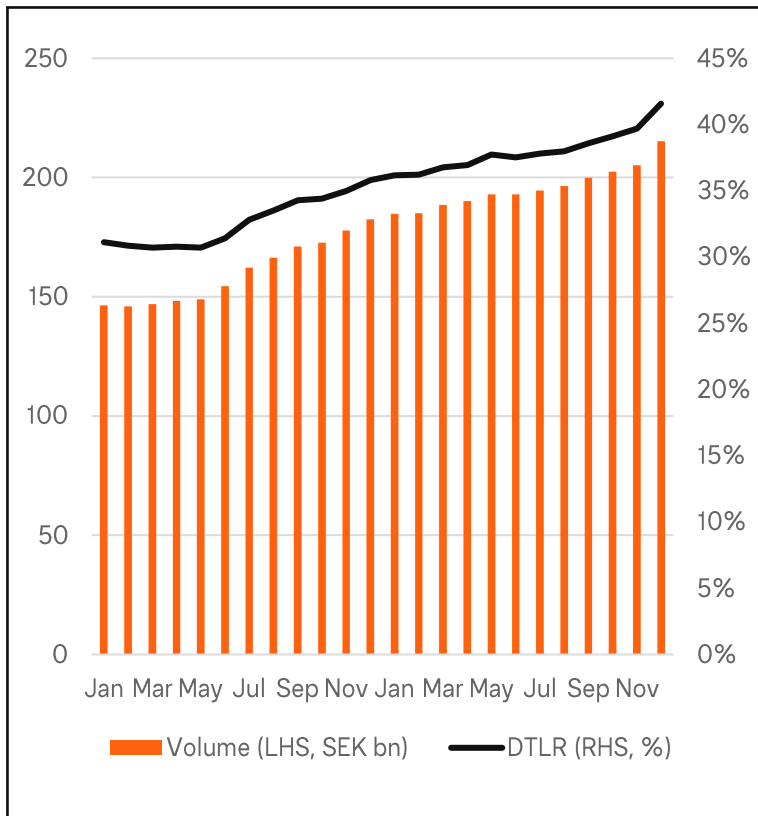
- Low activity in real estate market (RRE) & continued uncertainty regarding valuations and yield levels. Rapid fall in new construction
- Deleveraging activities in the market (e.g. capital injections, decreased/withheld dividends and asset divestment)
- Bank financing expected to partly replace maturing wholesale funding going forward, keeping up the expected credit growth in the market
- Stable/increasing lending margins
- Market for lending to tenant-owners' associations continues to be dominated by intense competition with low margins



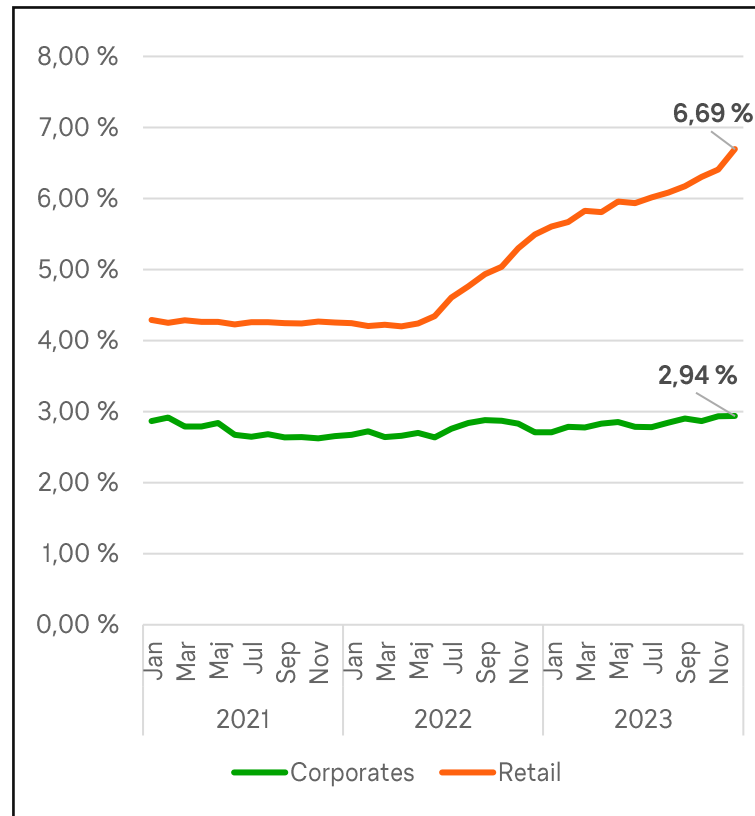
Deposit development

– Exceptional growth in deposit volumes during 2023 (+18%) attributable to competitive pricing and efficient marketing

Deposit volume & deposit-to-loan ratio



Market share development



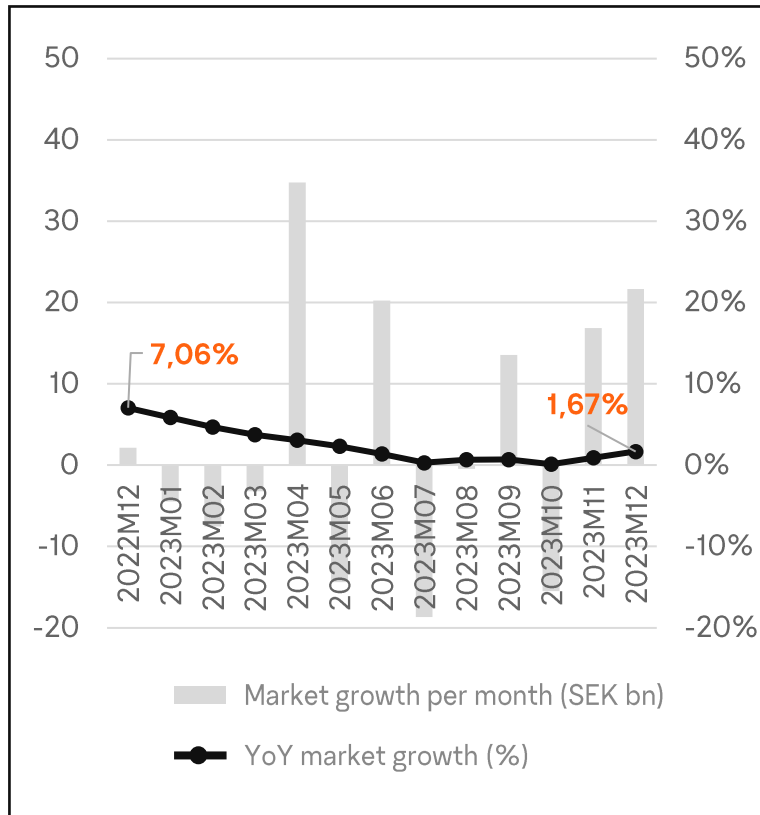
Comments

- Strong growth in 2022 and 2023 following regained strategic focus on growing the share of deposits in funding mix
- Deposit-to-loan ratio has increased to 41.6% at YE 2023 from 35.8% at YE 2022
- Competitive pricing, simple terms and conditions and efficient marketing
- Product development – fixed-term deposits launched for Retail customers in Q4 2023
- ~70% of total deposits under Swedish deposit guarantee scheme

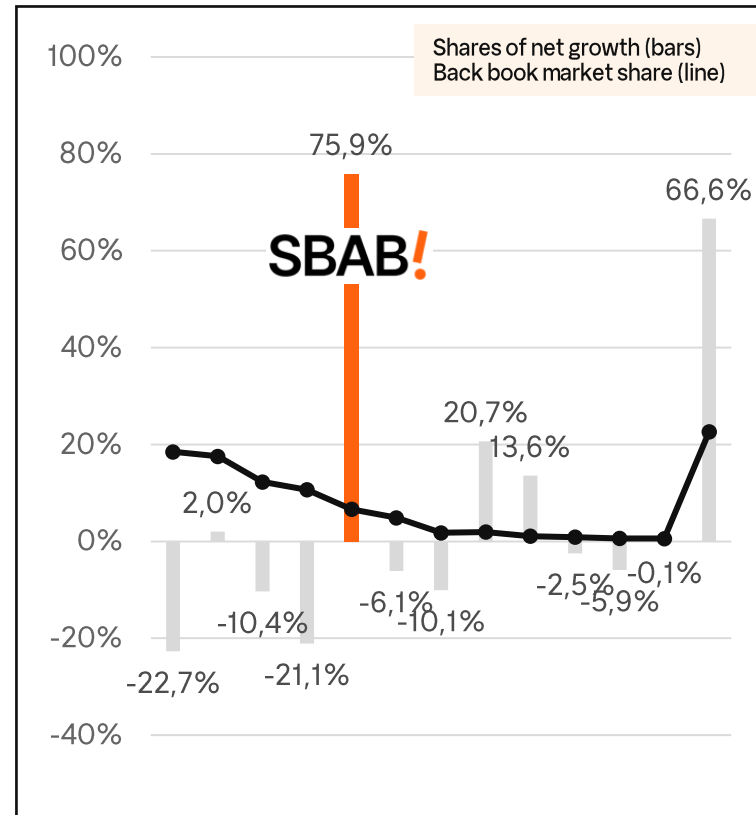


The deposit landscape

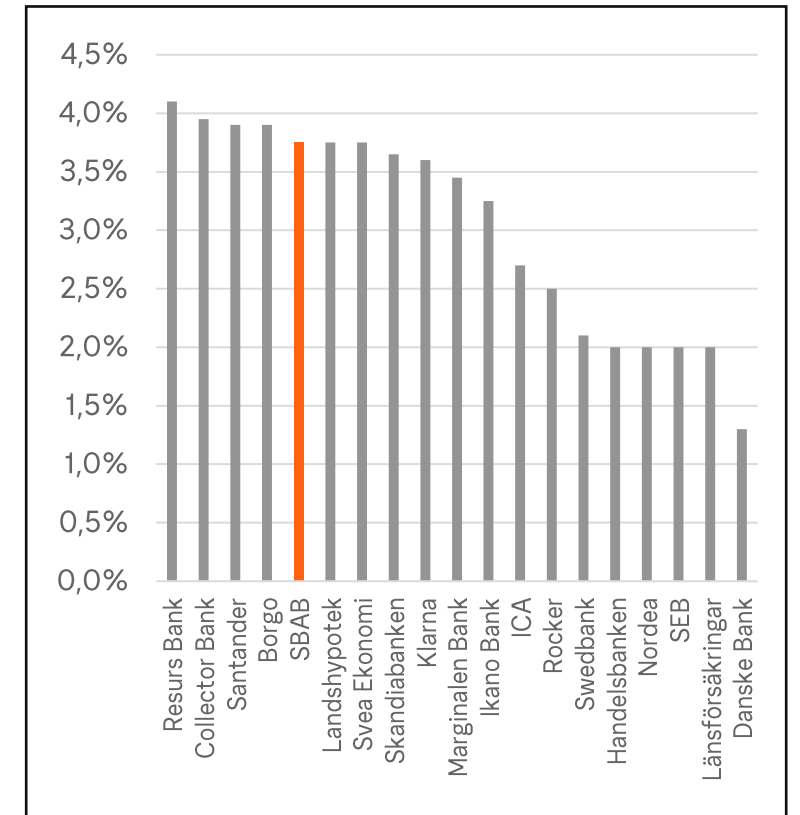
Retail market growth (R12)



Share of net growth (R12)



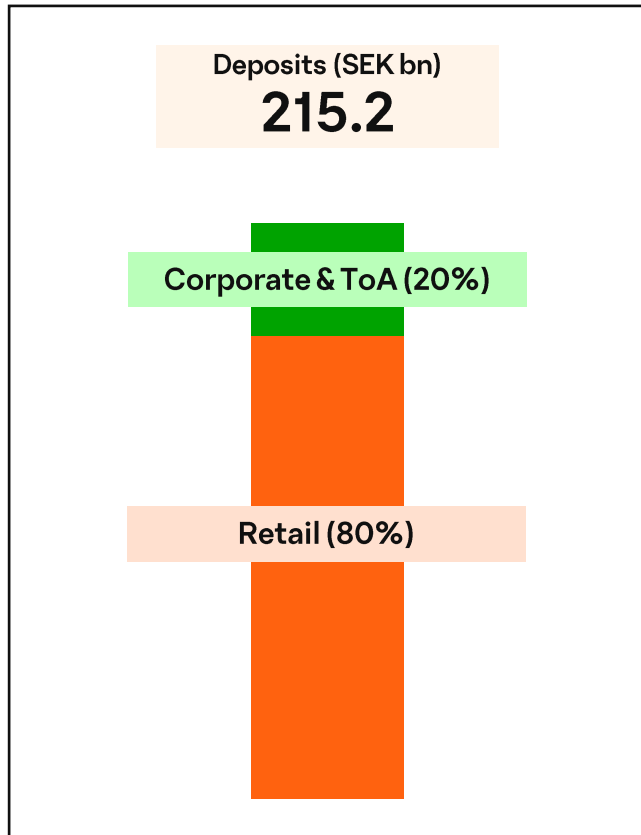
Retail pricing (Dec 2023)



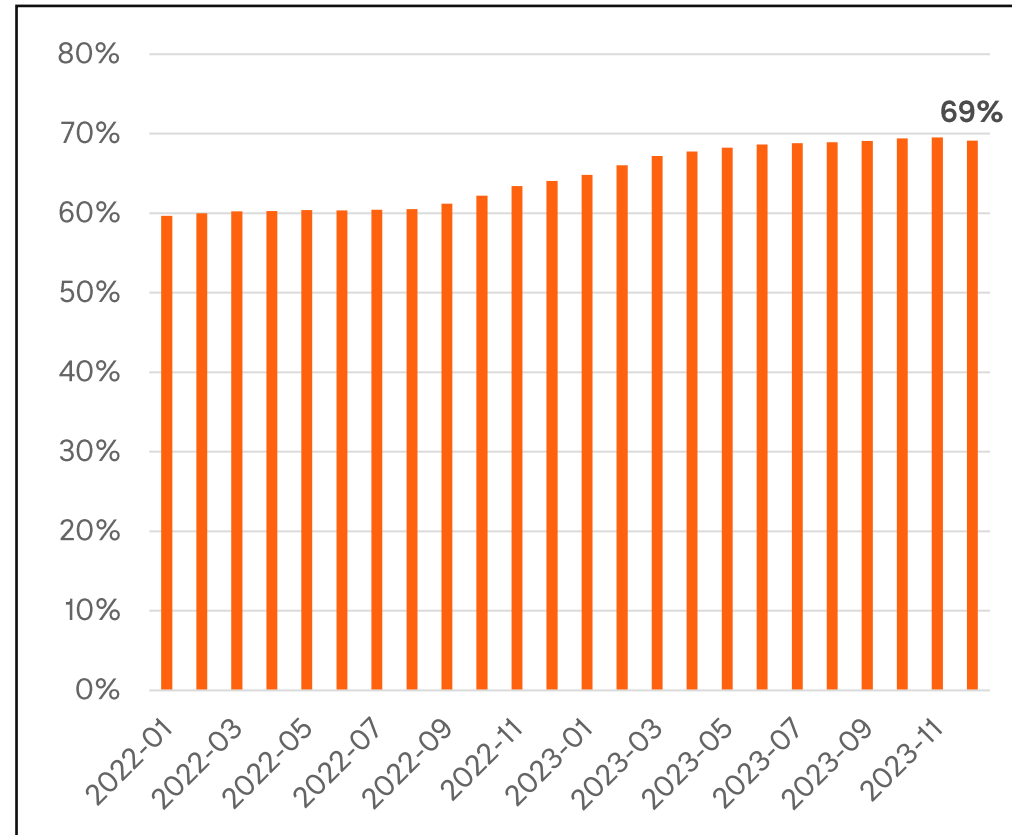
Deposit base composition

– Well diversified, granular and stable deposit base

Deposits per segment



Development of guaranteed deposits (Dec 2023)



69%

Guaranteed deposits
Total

24%

Guaranteed deposits
Tenant-owners' Assoc.

80%

Guaranteed deposits
Retail



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Lending mix

SBAB!

	SEK billion	% of lending	Average LTV
Residential mortgages	346.3	66.9%	60%
Consumer loans	1.8	0.3%	
Property companies	100.8	19.5%	61%
- (Of which, commercial lending)	(10.6)	(2.0% ¹⁾)	
- (Of which, construction loans)	(13.2)	(2.6%)	
Tenant-Owners' Associations	68.5	13.2%	33%
Total lending	517.4	100%	

>99% related to residential property

LTV ratios in loan book

Residential mortgages

Corporate lending

Tenant-own. Assoc.

60%

61%

33%

1) Revised internal definition of commercial lending during Q3 2022 (the corresponding figure for Q2 2022 was 0.3%)

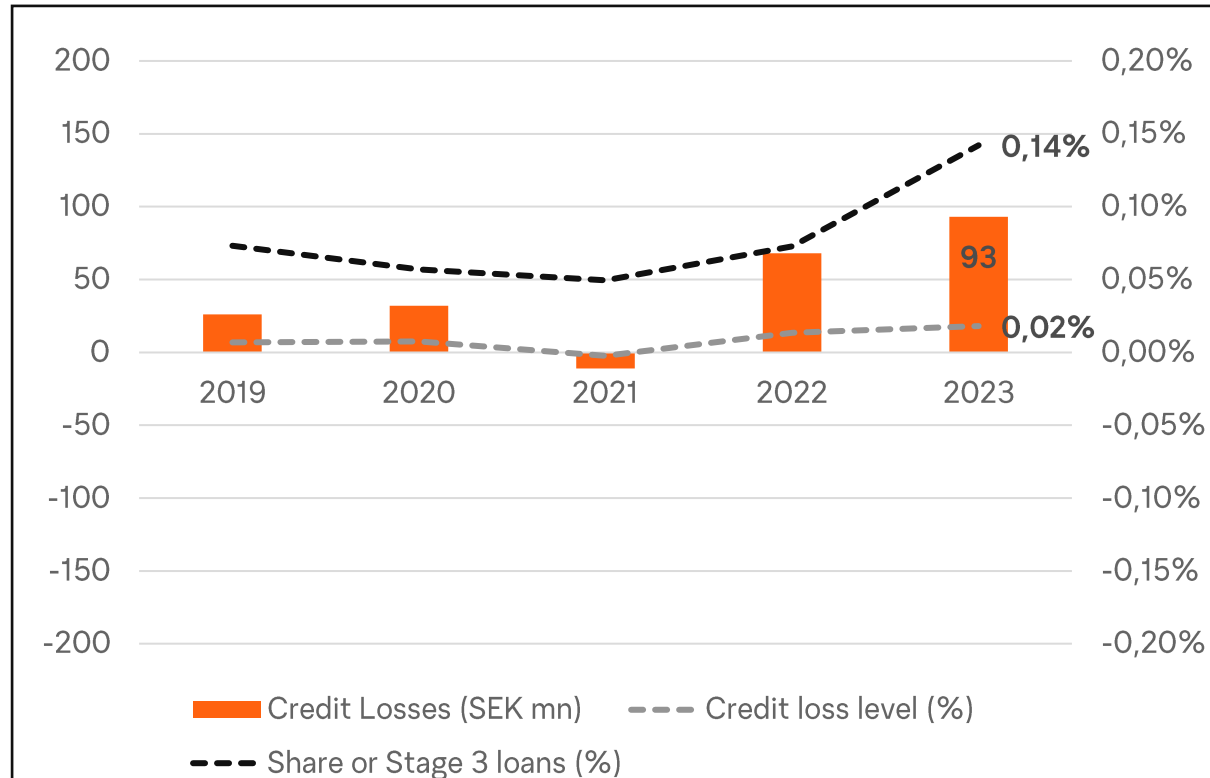


Strong asset quality over time...

– High concentration on Swedish residential mortgages – very low loan losses/problem loans over time

- Low-risk loan portfolio focused on collateralised residential lending in Sweden
- Prudent underwriting criteria
- Proven track record over time & strong resilience towards recent economic downturn

Credit losses & Share of stage 3 loans and Credit loss level (% , RHS)



Key metrics

-93 MSEK
Credit losses
FY 2023

-9 MSEK
Confirmed credit losses
FY 2023

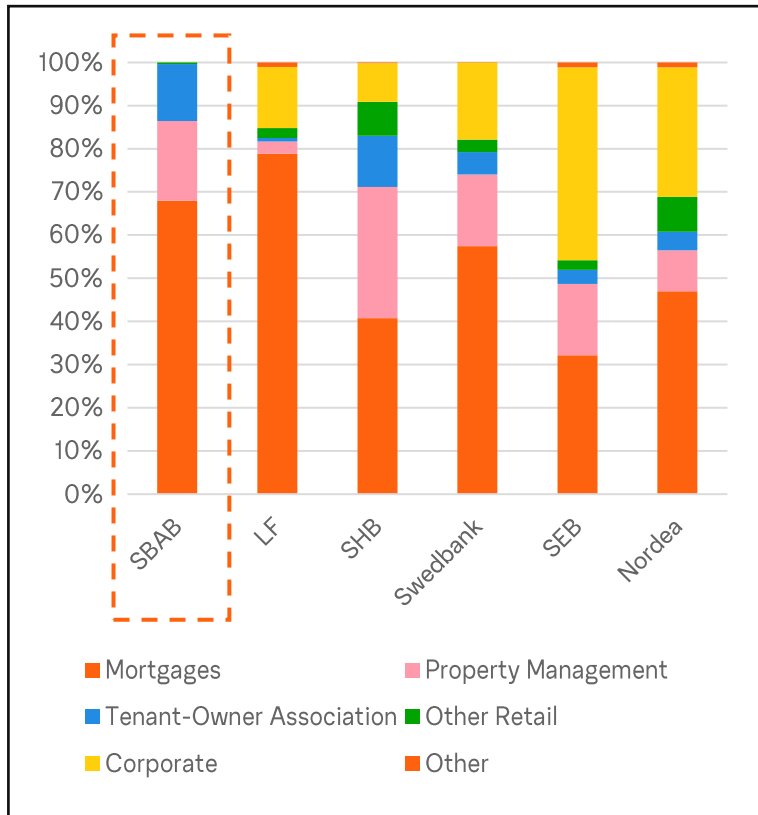
0.02%
Credit loss ratio
FY 2023

0.14%
Share of stage 3 loans
31 Dec 2023

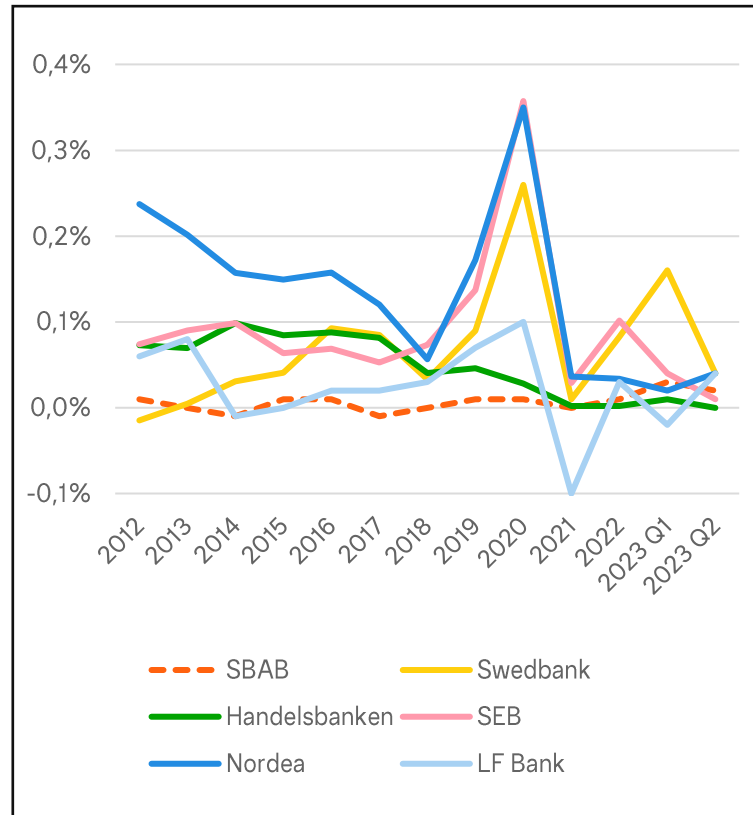


...also when comparing with peers

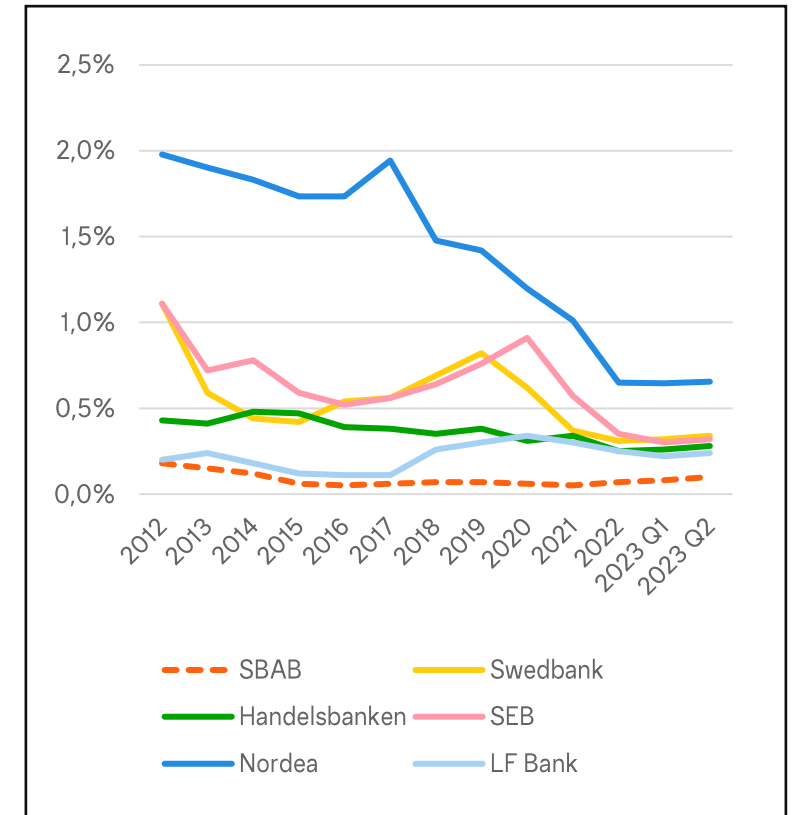
Loan portfolio split Q2 2023



Credit losses 2012 – Q2 2023



Impaired loans 2012 – Q2 2023

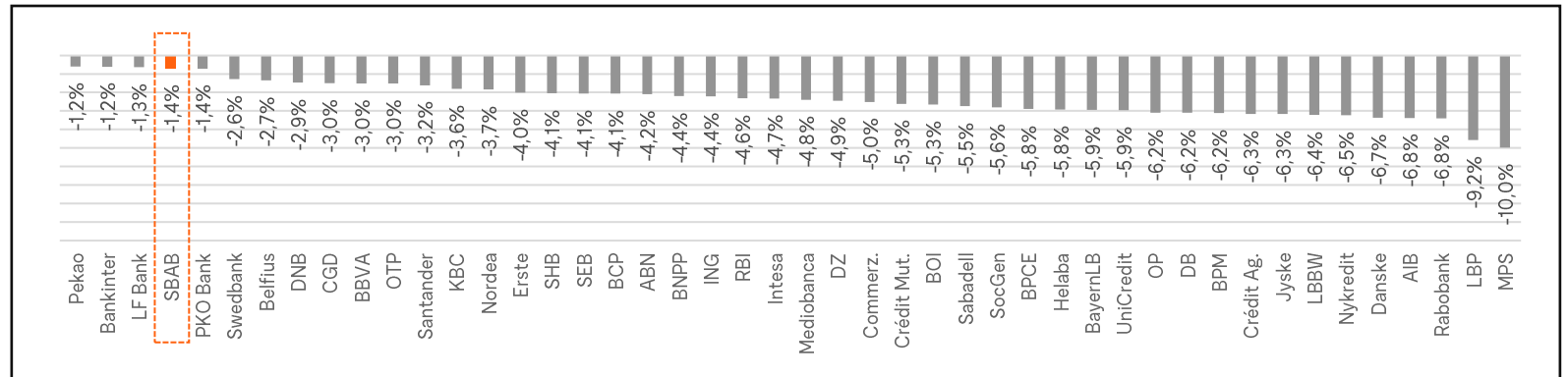


Strong resilience confirmed by EBA

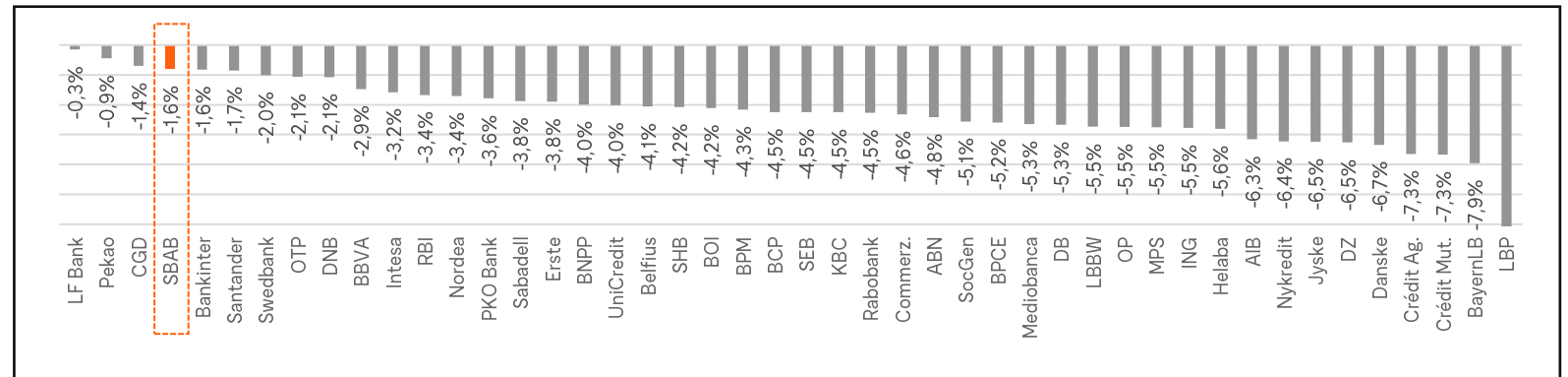
– SBAB’s robust business and resilient capital position confirmed in EBA stress test

- On 28 July 2023, the EBA published the results of its EU-wide stress test. The forward-looking analysis covers the period 2023-2025 and considers the resilience of financial institutions to adverse shocks to the economy
- As in 2021, SBAB once again showcased strong resilience under the adverse scenario, with very tough and conservative assumptions for Sweden
- SBAB’s robust business model (low-risk lending portfolio with focus on residential mortgages) as well as 25% risk-weight floor for mortgage lending in Sweden important factors for the strong results

Maximum negative CET1 ratio impact in adverse scenario (%) (2021)

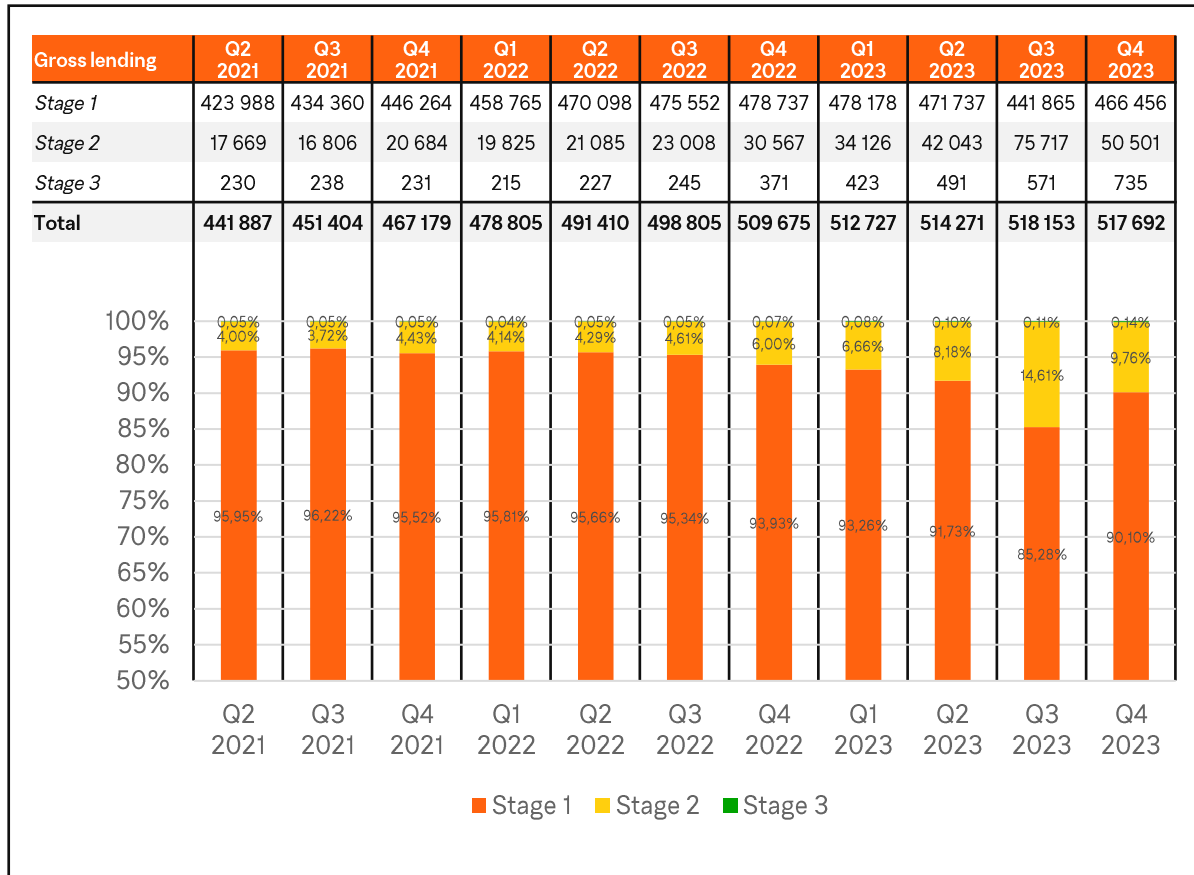


Maximum negative CET1 ratio impact in adverse scenario (%) (2023)

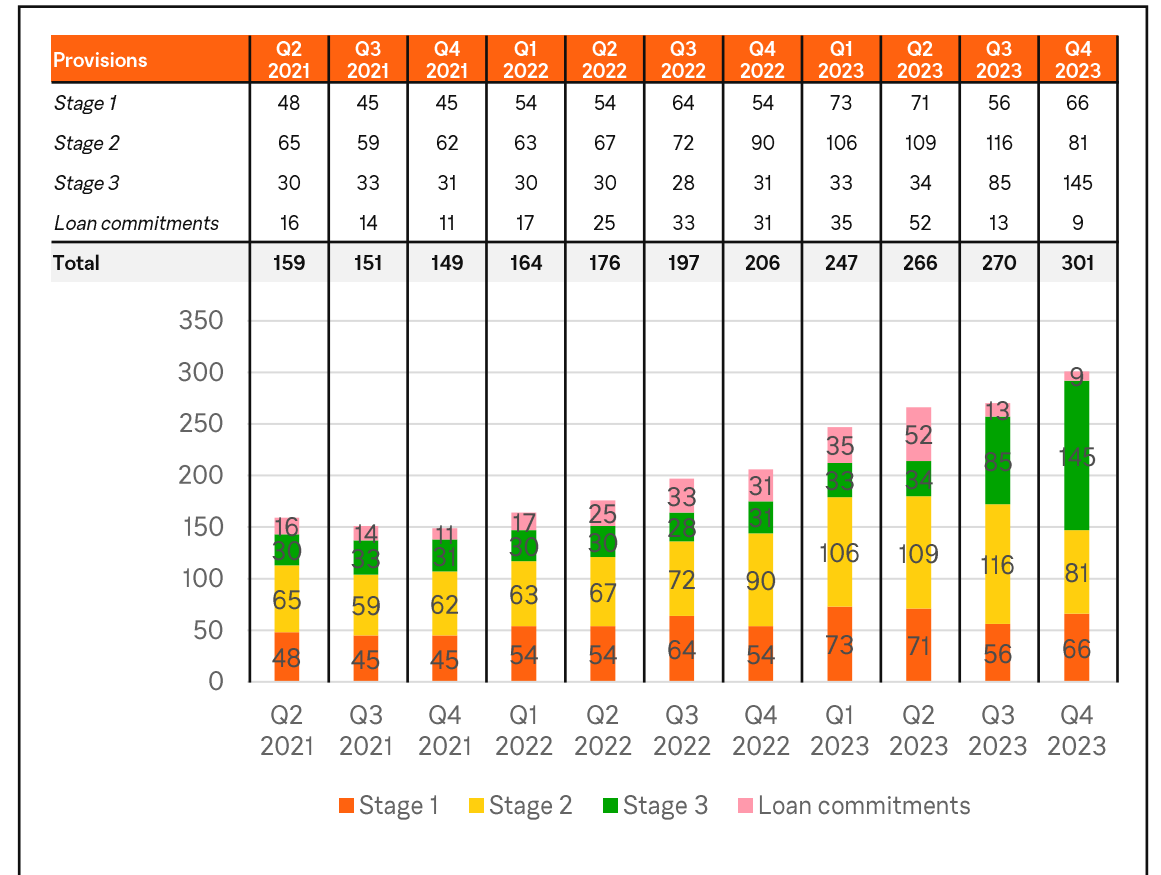


Development of provisions

Lending to the public by credit stage



Development on provisions



Deep dive: Mortgage lending

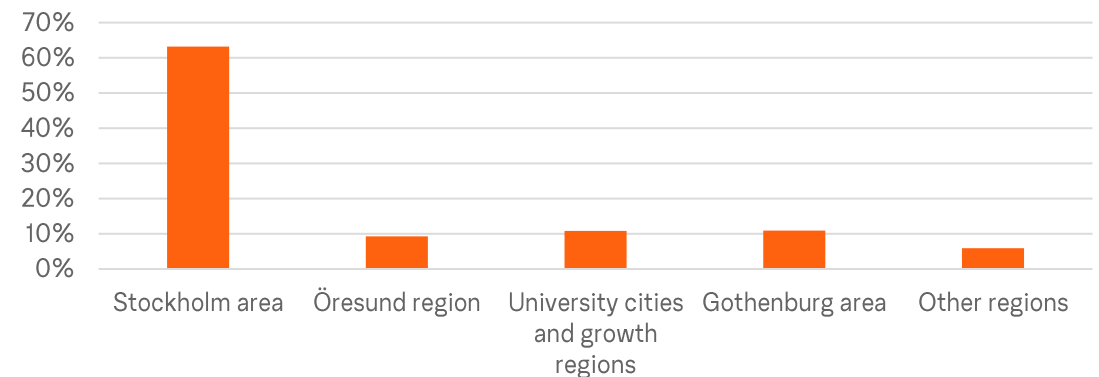
Regulatory requirements:

- Regulatory maximum LTV of 85% since 2010
- Regulatory amortization requirements since 2016 (amortization of 2% per year if LTV = 70-85% and 1% per year if LTV = 50-70%)
- Additional amortization requirement from 2018 (additional 1% amortization on top of the original requirement if DTI > 4.5x)
- Exemption from amortization requirement during April 2020 until August 2021 due to Covid-19

SBAB underwriting criteria:

- Credit granting based on an affordability assessment, i.e. funds left to live on post interest payments (including stressed interest rate), housing expenses and other general living expenses
- Affordability assessment (KALP) revised frequently to factor in increased general living- and housing expenses & stressed interest rate revised in 2022
- Credits granted to at most a DTI of 5.5x (irrespective of LTV)
- At the end of Q4 2023, the average LTV ratio in the mortgage portfolio amounted to 60% (60). At the same date, the average residential mortgage loan amounted to SEK 1.9 million (1.9). LTV and DTI for new lending was 68% (69) and 3.4x (3.4) respectively

Geographical distribution mortgage book (%)



60%

Average
LTV

SEK 1.9 mn

Average
loan



Mortgage lending in Sweden – a low-risk business for several structural reasons



1 **Personal Liability:** A borrower is personally liable even after a default and foreclosure procedure, i.e., full and personal recourse

2 **Affordability Assessment:** Mortgage lending in Sweden is based on household affordability in the long term, i.e. funds left to live on after interest payments (including stressed interest rate), housing expenses and other general living expenses

1 **“Originate and hold” model:** No “originate to distribute” model, no subprime lending

2 **Restricted Buy-to-Let Market:** Restricted buy-to-let market due to regulated rental market and tenant owner subletting restrictions



1 **Social Security:** Well developed welfare system raising households’ ability to service debt even during times of unemployment

2 **Mortgage Deed System:** A Mortgage Deed for every house is registered and controlled by the Swedish mapping, cadastral and land registration authority (Lantmäteriet)

3 **Credit Information Agency:** National computerized data base with information regarding civil status, income and changes in income, assets, debt, payment complaints and recent inquiries at the agency. Used in every credit process regarding loans

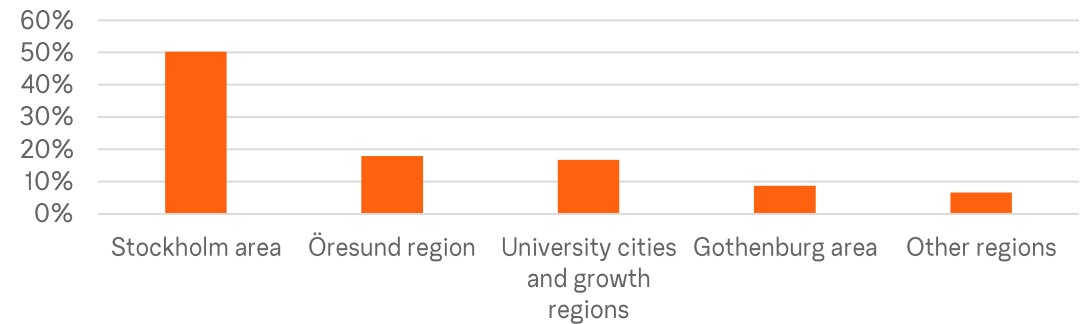
4 **Enforcement Authority:** Lender can initiate an enforcement order with this office to enforce his claim, this process normally takes up to 90 days



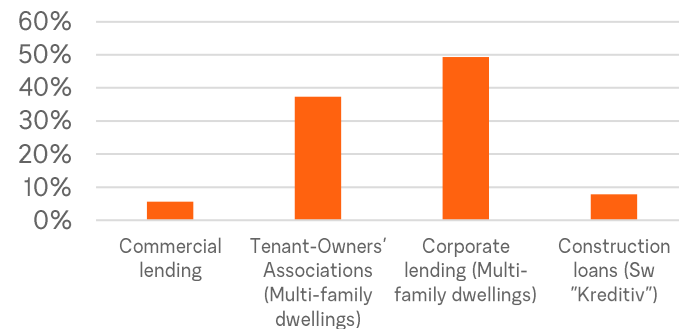
Deep dive: Corporate & TOA lending

- Primary focus is on financing multi-family dwellings ("housing"/"residential") in geographies with strong demand. Focus on large and experienced property companies/groups with strong balance sheet
- Strong volume growth but no significantly increased asset risk in line with long-term strategy of growing with selected reputable and financially strong customers
- More conservative underwriting standards implemented during recent years (e.g. regarding LTV, amortization and occupancy levels)
- Internal limits for construction loans (Sw "kreditiv") and commercial lending vs. total lending
- Increased frequency of monitoring of property companies/groups with high share of capital market financing and/or customers with construction loans (which could be negatively impacted by rising interest rates and increased prices of input goods and construction material)

Geographical distribution (%)



Lending split



61%
Average LTV (TOA)

33%
Average LTV (Corporate)



Deep dive: Construction loans

– Focus on major residential developers and existing relationships with solid track records

Comments

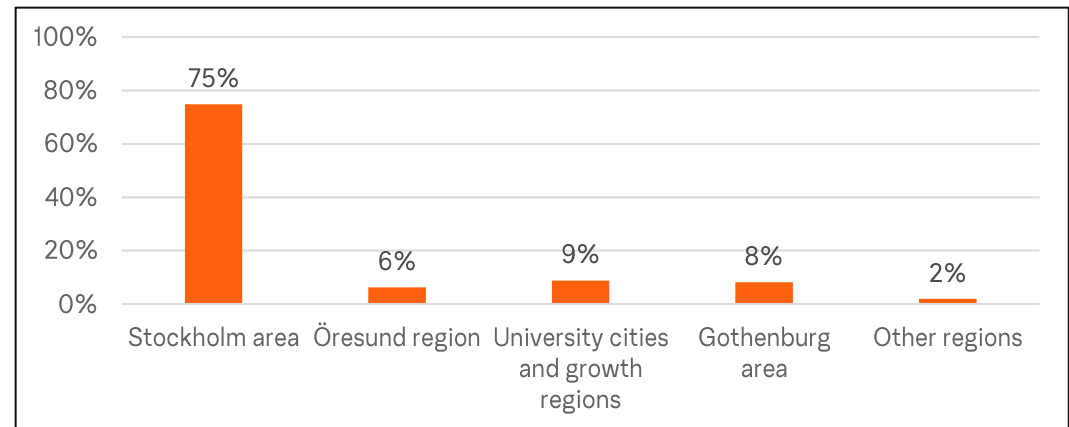
- 84 outstanding construction loans (66 properties) totalling SEK 18 billion (of which 74% disbursed)
- Prudent acceptance levels for smaller residential developers, e.g., higher levels of equity, number of sales agreements
- Strong balance sheets and good levels of liquidity among SBAB's customers with construction loans. Most of the construction loans are to companies with diversified revenue streams (i.e., not only from real estate development, but also from rental apartments, infrastructure projects and real estate management)

Key metrics

18_{bn}
Granted credit amount

74%
Disbursed share

Geographical distribution (%)



Overview of Cover Pool

Overall key metrics

455_{bn}

Cover Pool (SEK)

38.0%

OC

468,199

No. of loans

54.9%

WA LTV

968,452

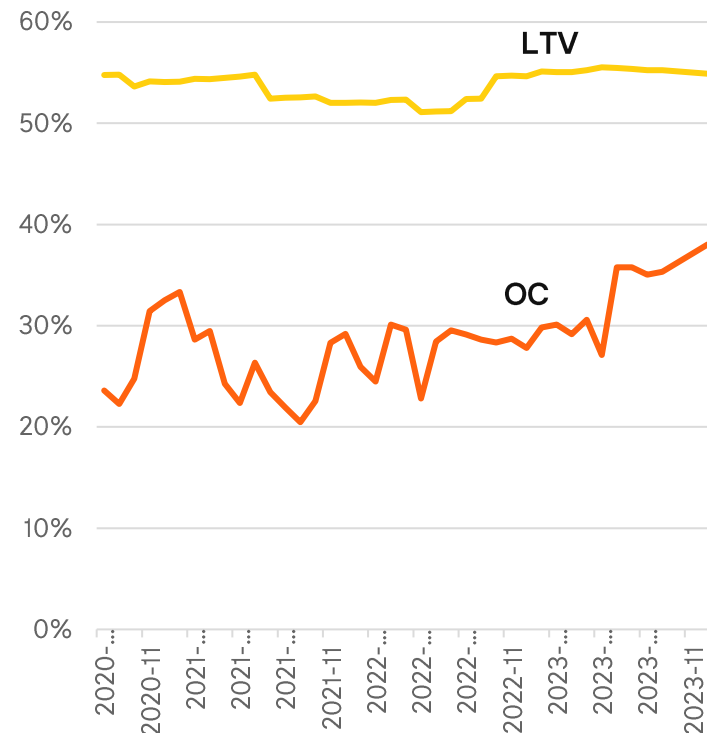
Average loan size

5.4

WA seasoning

- Assets spread throughout Sweden; concentrated to economic hubs
- 63.6% floating, 36.4% fixed
- 51.4% amortising, 48.6% interest only

Development of OC and WA LTV



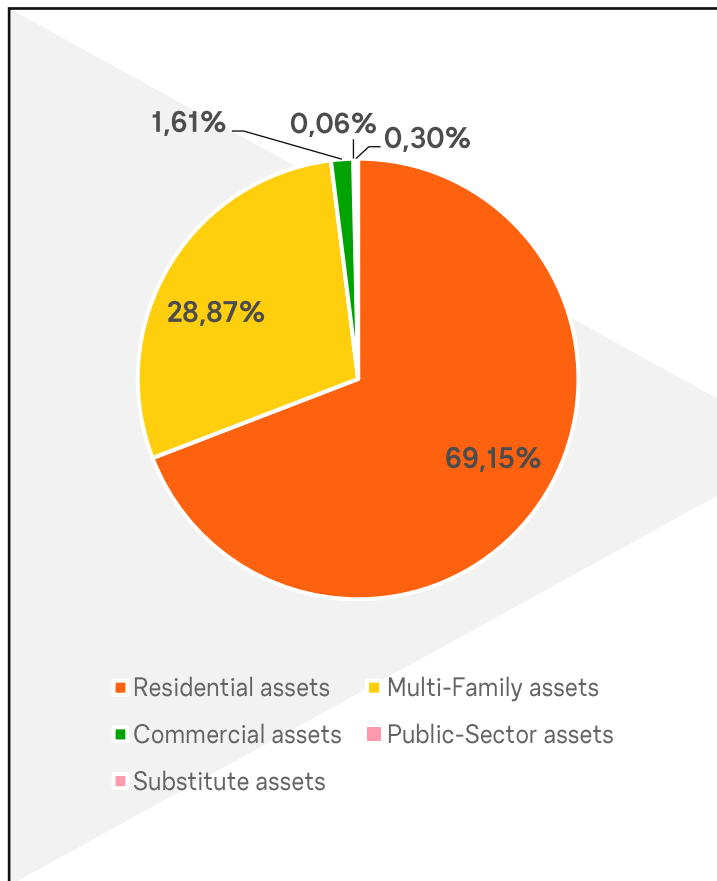
Simulation of decline in house prices

House-price change	Mortgage assets in cover pool (SEK bn)	WA LTV (%)	OC* (%)
0%	453.2	54.9	38.0
-5%	450.2	57.1	37.1
-10%	445.9	59.3	35.9
-15%	439.8	61.4	34.0
-20%	431.4	63.4	31.5
-25%	419.6	65.2	28.0
-30%	402.3	66.8	22.8

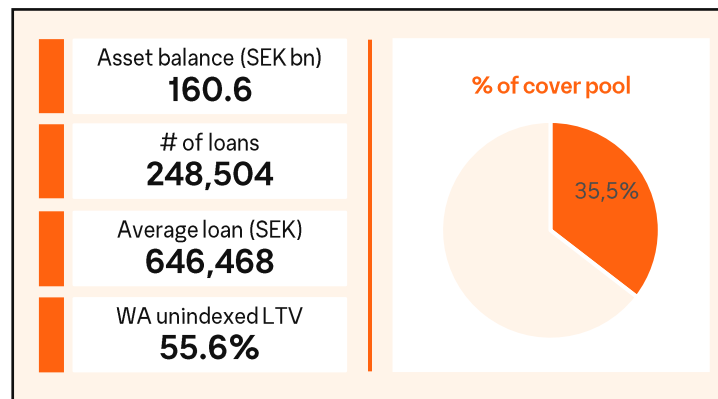
* OC calculated in accordance with requirements from the Swedish FSA

Cover Pool composition

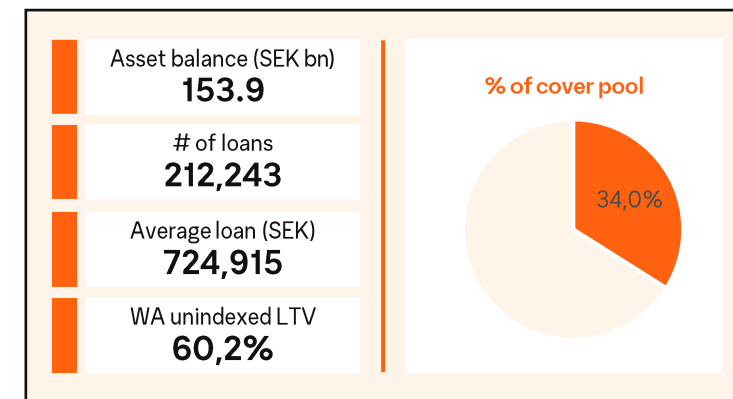
Asset types in cover pool



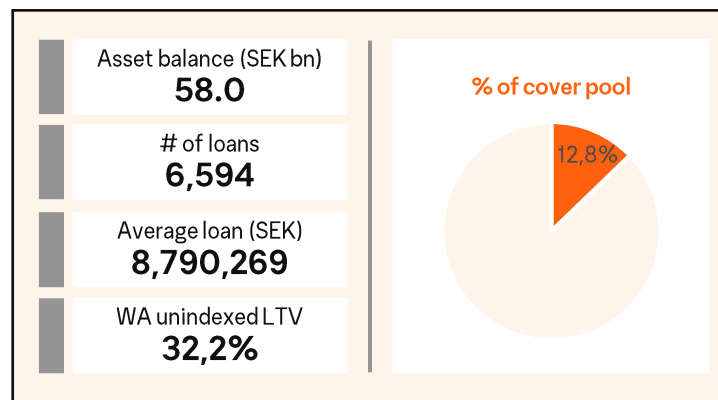
Cover Pool Information - Single Family Housing



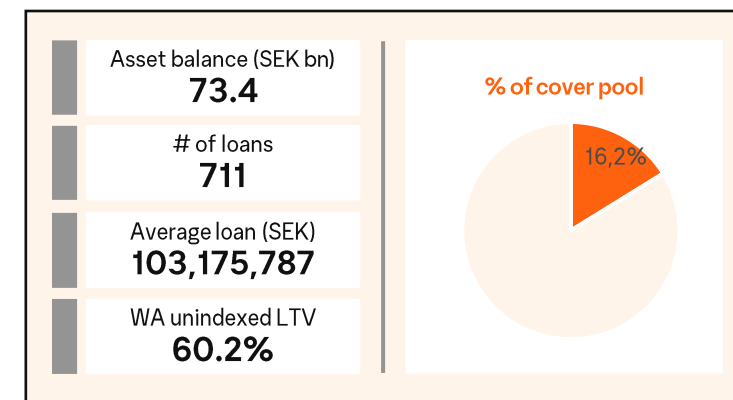
Cover Pool Information - Tenant Owner Rights



Cover Pool Information - Co-Operative Assets



Cover Pool Information - Multi Family Assets



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- 3 Financial update**
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- 5 SBAB's commitment to sustainability
- 6 Macro development



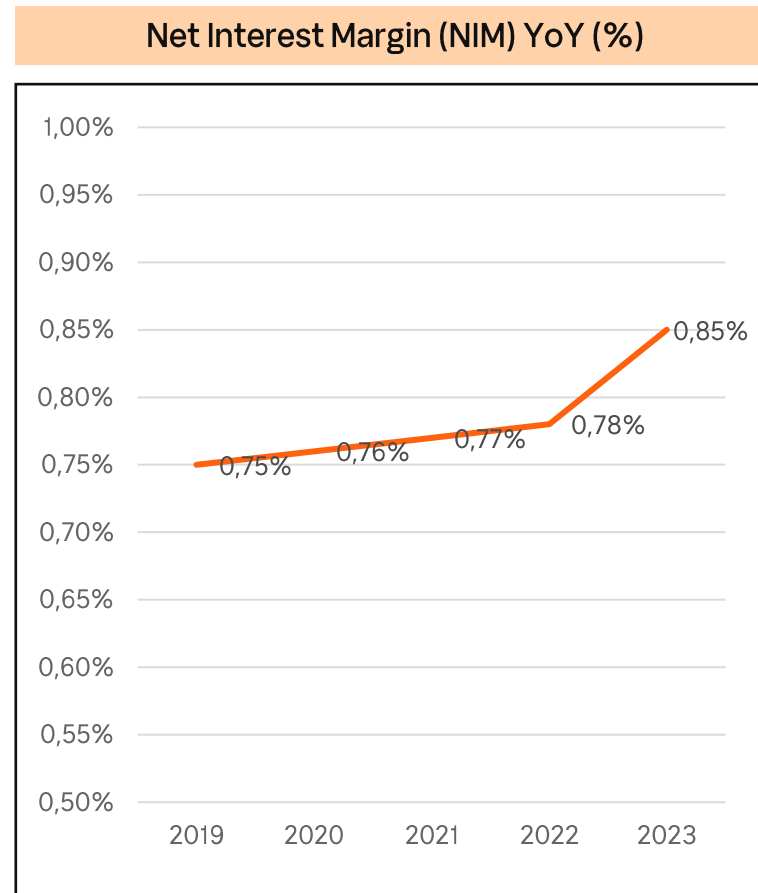
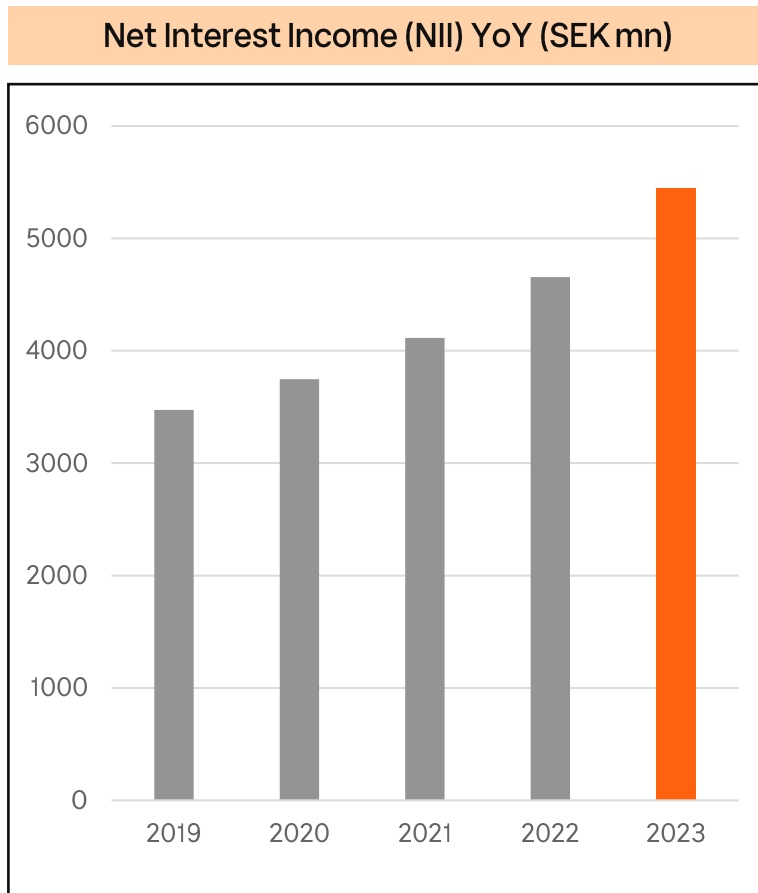
Overview of FY 2023 results

SEK million	Q4 2023	Q3 2023	▲	Jan-Dec 2023	Jan-Dec 2022	▲
Lending (SEK bn)	517.4	517.9	-0.1%	517.4	509.5	+1.6%
Deposits (SEK bn)	215.2	199.9	+7.7%	215.2	182.4	+18.0%
Net interest income	1,332	1,315	+1.3%	5,446	4,655	+17.0%
Net commission	-10	-9	-1 mn	-34	12	-46 mn
Net result financial transact.	-80	-62	-18 mn	-95	-35	-60 mn
Costs	-448	-398	+12.6%	-1,663	-1,529	+8.8%
Loan losses	-31	-6	+25 mn	-93	-68	+25 mn
Imposed fees: Risk tax and res. fee (new row 2022)	-139	-134	+5 mn	-541	-445	+96 mn
Operating profit	635	720	-11.8%	3,070	2,639	+16.3%
C/I ratio (%)	35.8%	31.6%	+4.2 pp	31.0%	32.7%	-1.7 pp
Return on equity (%)	8.9%	10.6%	-1.7 pp	11.5%	10.5%	+1.0 pp
Loan loss ratio (%)	-0.02%	0.00%	-0.02 pp	-0.02%	-0.01%	-0.01 pp
CET1 capital ratio (%)	12.3%	11.6%	+0.7 pp	12.3%	12.8%	-0.5 pp



NII development

– Recurring income dominates SBAB’s revenue stream & long-term growth and stability in NII although continued margin pressure expected ahead



Calculated as NII in relation to total assets in balance sheet

Comments

- Strong NII development attributable to increased share of deposits in funding mix & healthy deposit margins. Development partly offset by historically low mortgage margins
- Continued pressure on mortgage margins expected ahead due to intense competition, although recent data from the Swedish FSA indicating that mortgage margins are bottoming out
- Stable lending margins expected for corporate lending & high competition for lending to tenant-owners’ associations

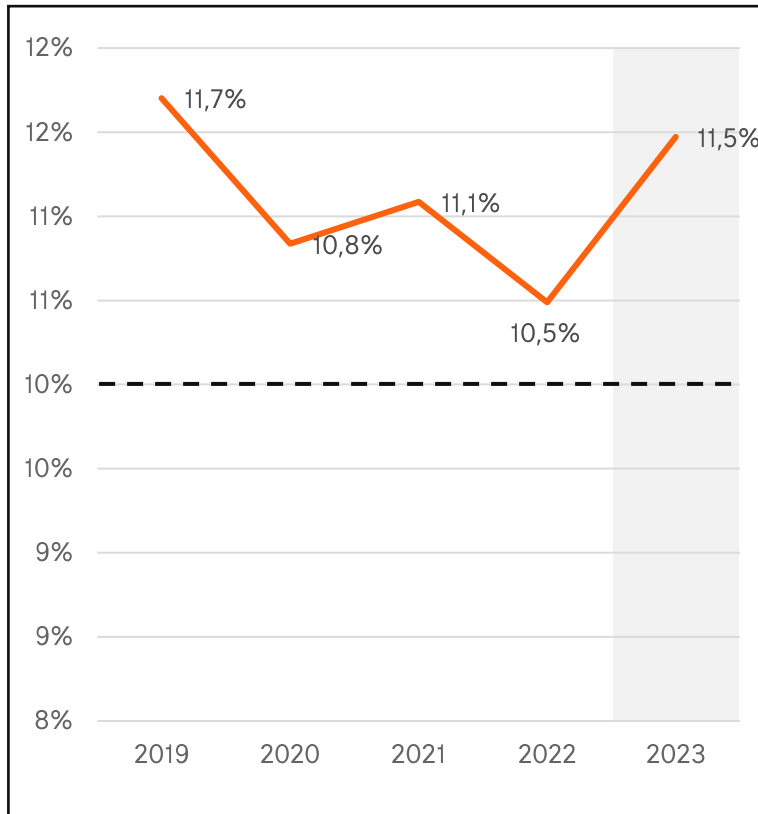
NII and NIM positively affected by move of resolution fee (moved from “Net Interest Income” to new row “Imposed fees” in income statement as per Q1 2022)



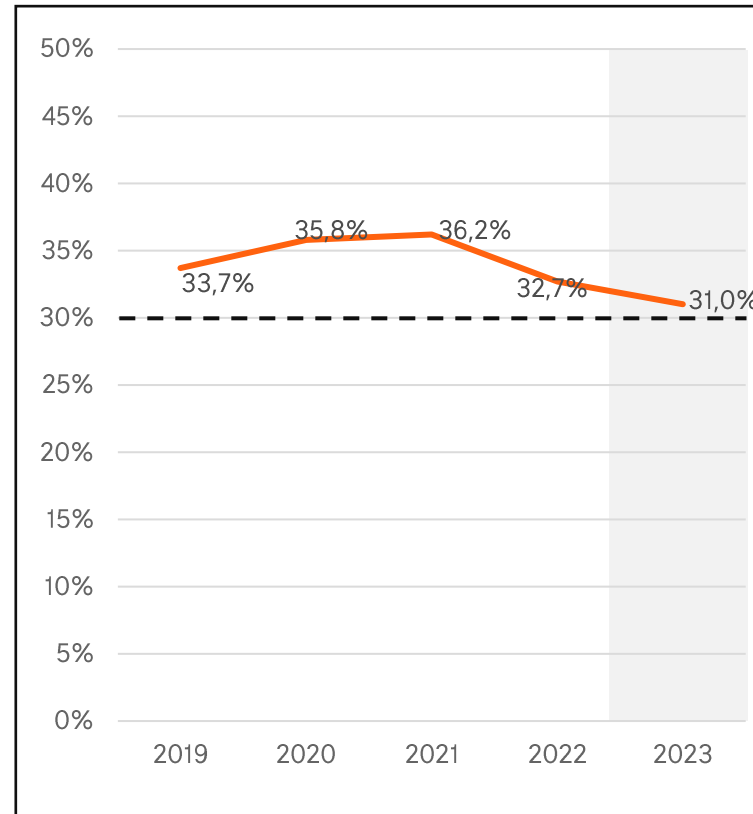
Financial KPIs

– Continued high-cost efficiency & competitive returns given SBAB’s low risk business

Return on equity, %



C/I-ratio, %



Comments

- Competitive profitability and returns given SBAB’s low risk business. Well above RoE target (>10%) last 5 years. Continued strong underlying profitability during 2023. The as per 2022 implemented risk tax negatively impacts RoE with approximately 1% (RoE excl. risk tax for FY 2023 was 12.7% vs. published figure of 11.5%)
- Highly competitive cost efficiency. Move of resolution fee from Nil to new row in the income statement (“Imposed fees”) in conjunction with the implementation of the risk tax in Jan 2022 positively impacts C/I ratio with approximately 1% (C/I ratio excl. move of resolution fee was 32.1% for FY 2022 vs. published figure of 31.0%)



Contents

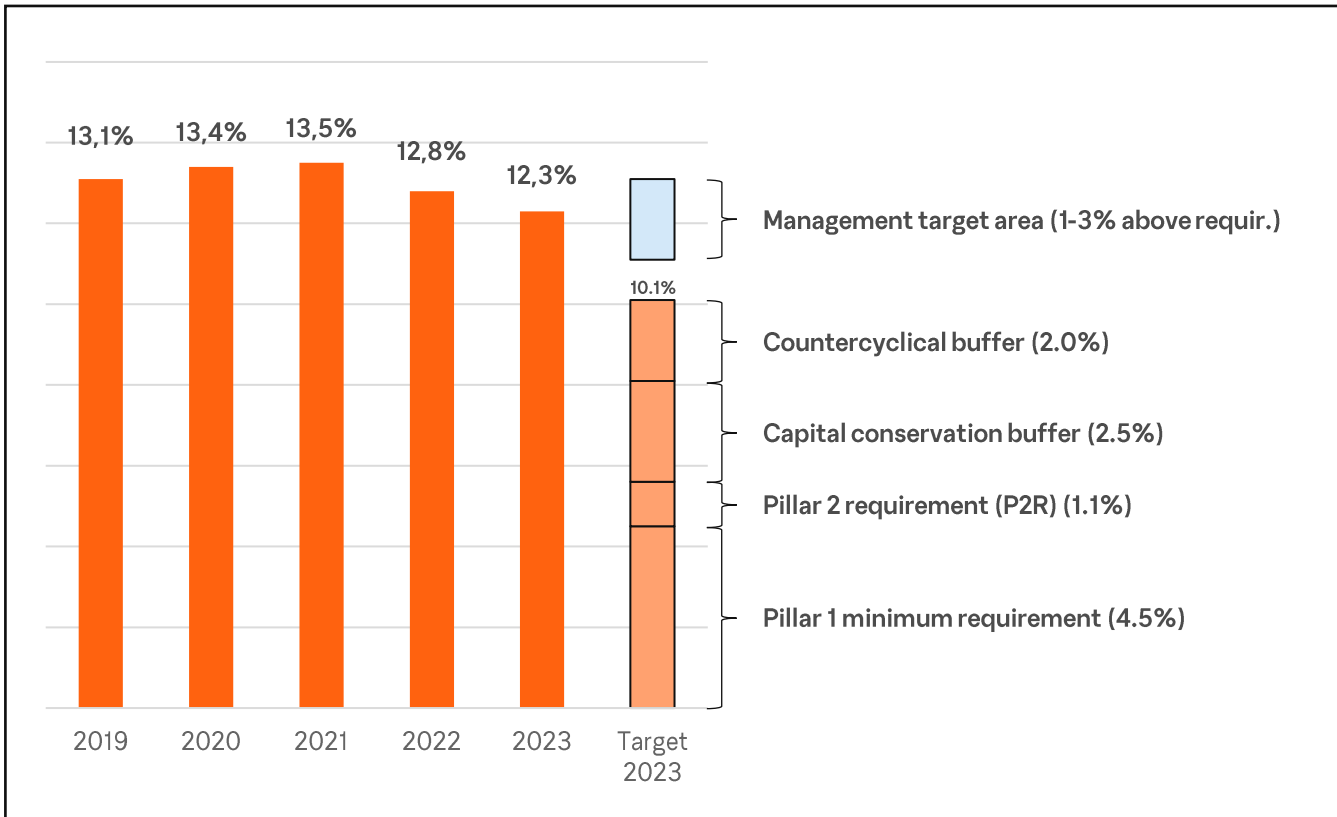
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Capital position (1/2)

– CET1 capital ratio vs. target

Components of SBAB's CET1 capital target & actual CET1 capital ratio



Comments

- CET1 margin to regulatory requirement of 2.2% as per Q4 2023 – well within management CET1 capital target of 1-3% above requirement
- Countercyclical buffer (CCyB) for Swedish exposures raised from 0% to 1% in September 2022 and from 1% to 2% in June 2023. P2G for the risk-weighted capital requirements remains unchanged at 0 in recent SREP (Supervisory Review and Evaluation Process)
- SBAB's capital ratio is artificially low due to regulations (risk-weight floor on Swedish mortgages of 25%). Risk-weights in other Nordic countries where regulators have not imposed a risk-weight floor tend to be significantly lower. SBAB's own IRB risk-weight for household lending stood at 3.6% at year-end 2022 (figures for 2023 published on March 20, 2024)

650.5 → **166.3** → **20.4**

Balance sheet
(SEK bn)

Risk exposure amount
(SEK bn)

CET1 capital
(SEK bn)

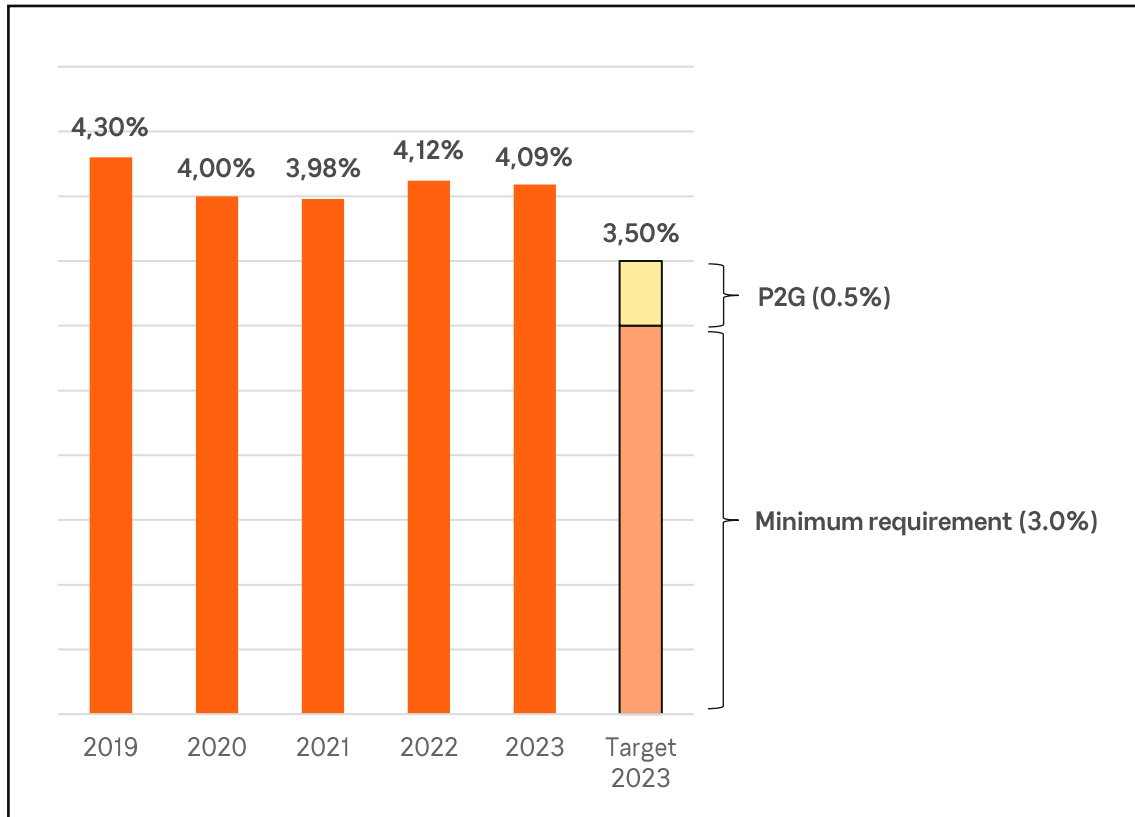
Pillar 2 surcharge previously imposed on SBAB for deficiencies in IRB models (total 1.2% of CET1 capital) removed (the last and remaining part in Q3 2023) following implementation of new PD models for household and corporate exposures



Capital position (2/2)

- Leverage ratio vs. target

Components of SBAB's LR target & actual LR



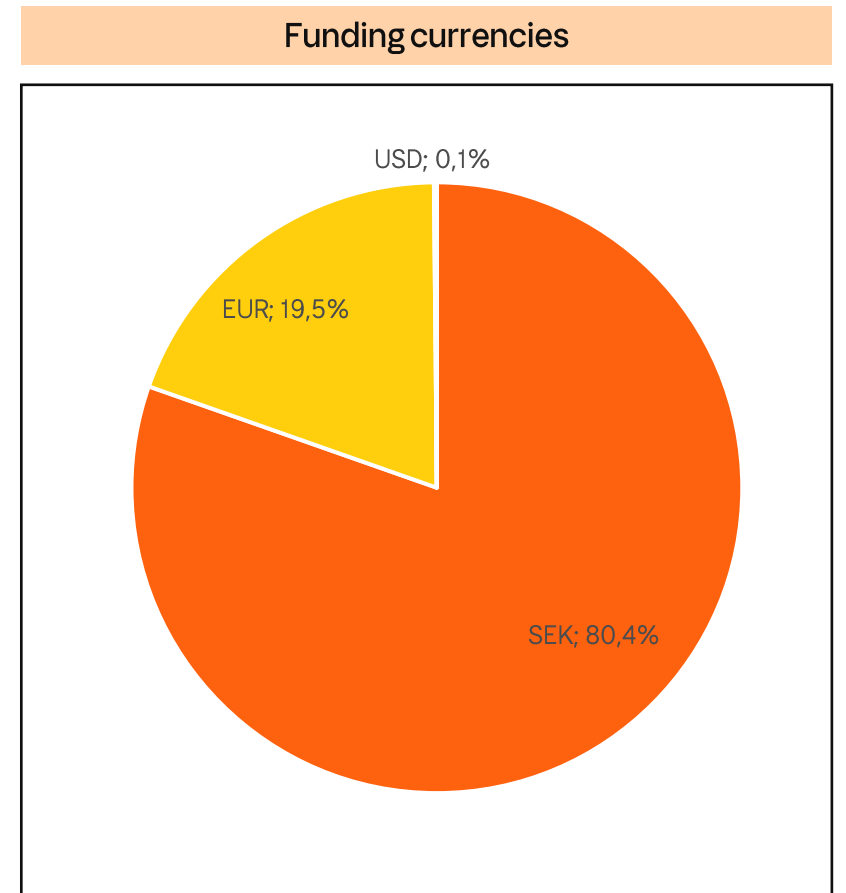
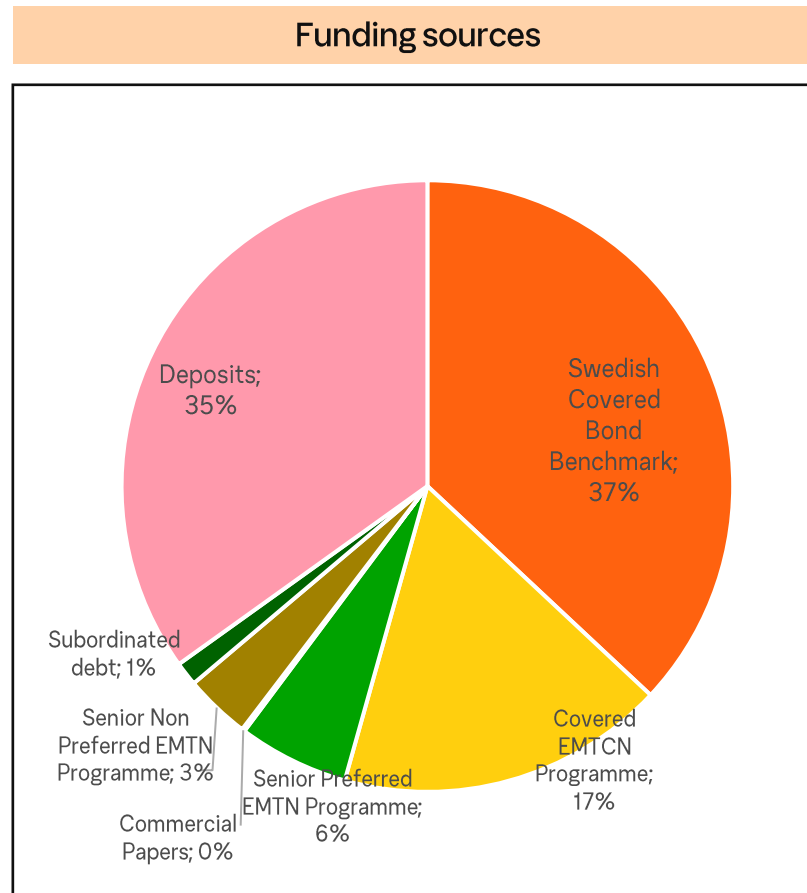
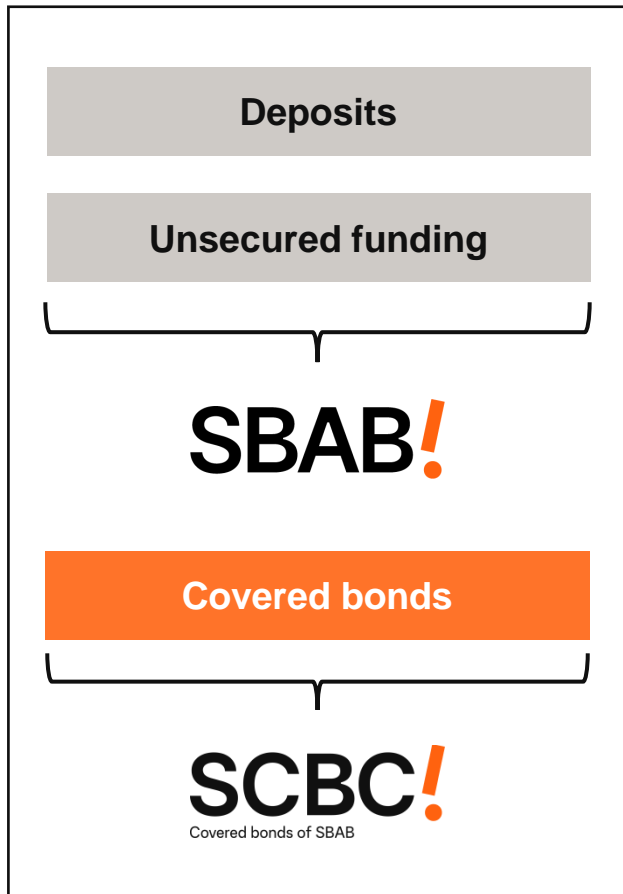
Comments

- During September 2023, SBAB received the results of the 2023 SREP. Due to a new methodology and calibration of the stress test determining Pillar 2 Guidance (P2G), SBAB's P2G for the leverage ratio increased from 0.3 to 0.5 percentage points. The total leverage ratio requirement for SBAB was thus 3.5% as per 31 Dec 2023
- Leverage ratio rests well above external requirements at 4.09% as per 31 Dec 2023 (vs 4.09 % as per 30 Sep 2023)



Overview of funding


- Total funding amounted to SEK 617 billion at the YE 2023



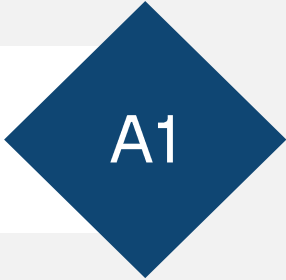
Rating overview

– Upgraded to A+ by S&P in February 2023


Senior Unsecured Rating




Stable Outlook



A1



Stable Outlook



A+

MOODY'S

STANDARD & POOR'S
RATINGS SERVICES
McGRAW HILL FINANCIAL

Investment
Grade

Aaa	Sov. rating
Aa1	
Aa2	
Aa3	
A1	Senior Preferred
A2	
A3	
Baa1	BCA and SNP
Baa2	T2
Baa3	

AAA	Sov. rating
AA+	
AA	
AA-	
A+	Senior Preferred
A	
A-	SACP
BBB+	SNP
BBB	T2
BBB-	

Non Investment
Grade

Ba1	AT1
Ba2	
[...]	

BB+	
BB	AT1
[...]	

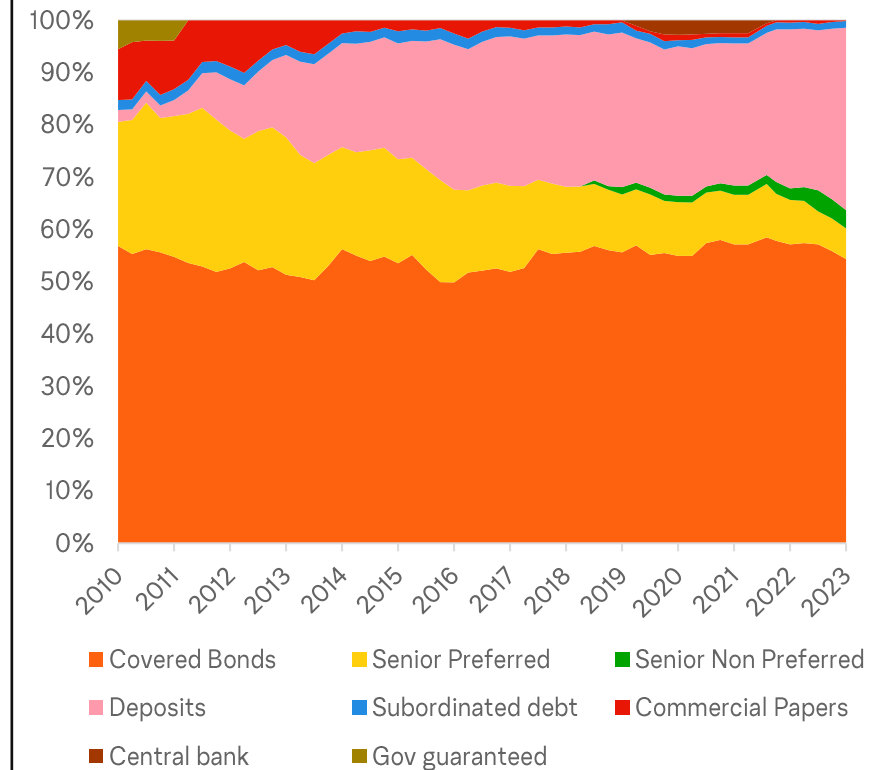


Funding strategy & development

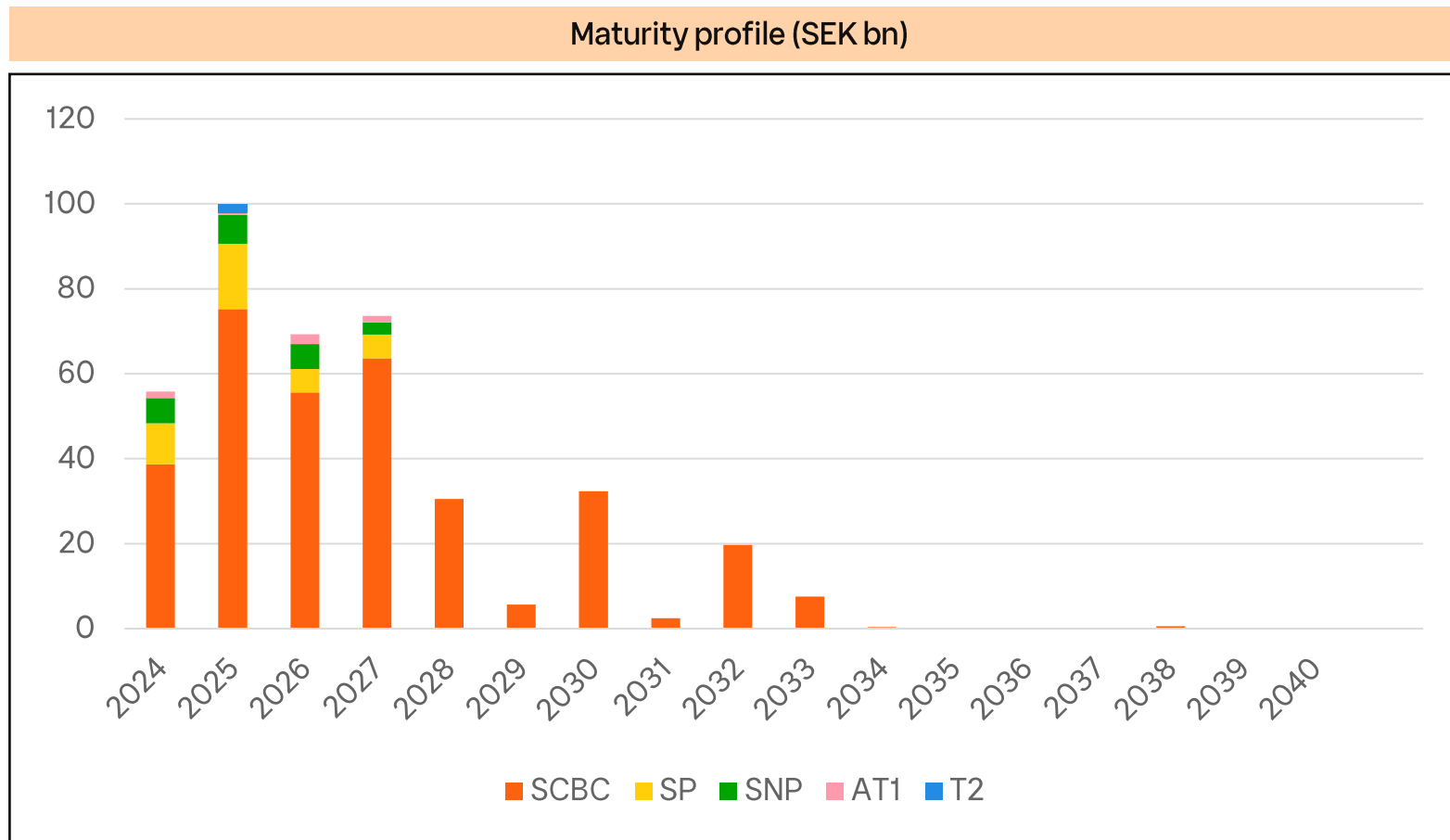
Funding strategy

- Continuous and committed investor work in core markets and towards core investors to further increase name recognition and transparency
- Maintain access to core funding markets; SEK- and EUR-market
 - Regular benchmark issuance in CB format as and in unsecured format
 - Private placements as a complement
- Reduced wholesale funding reliance due to growing deposit volumes
- Efficient use of CB funding (~55% of total funding). Utilizing the depth and stability of the Swedish CB market
- Limited use of short dated funding through CP-programs, interbank funding and central bank facilities
- Committed to green bond issuances subject to green lending volumes

Development of funding sources over time



Maturity profile



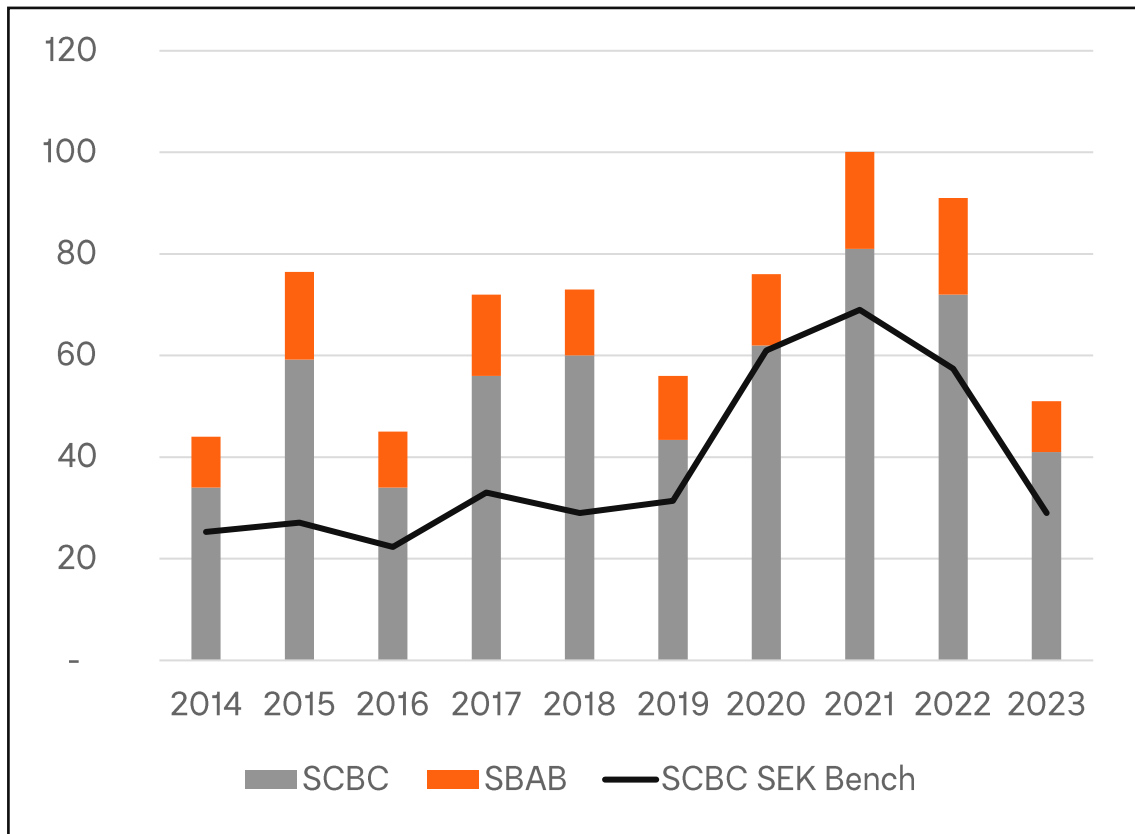
Comments

- Smooth funding profile reduces refinancing risk
- Extended maturity profile with successful benchmark issues in longer tenors
- Liquidity risk mitigated through buy-backs of maturing bonds



Future issuance

Annual issuance, SEK bn

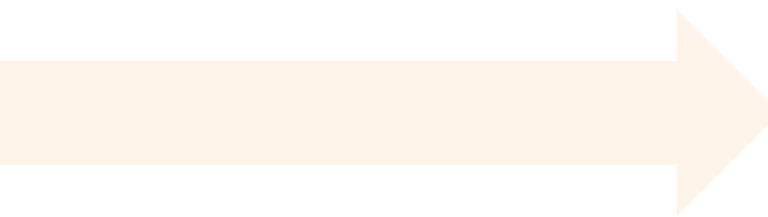


Future issuance

- Overall strategy is to in the long-term maintain presence and regularity in core funding markets (predominantly EUR and SEK)
 - New SEK covered bond benchmark/benchmarks per year
 - One to two public EUR transactions in international funding markets per year
 - Private placements in SEK and international funding markets
- Senior non preferred issuances preferably in SEK
 - EUR and other currencies as a complement
- Capital issuances (AT1 & T2) predominately in SEK
- SBAB's focus is to use intermediate (5y+) tenors to support duration in covered bonds and mainly short to intermediate (3 to 5y) in senior unsecured
- Regular future issuance: Dedicated to SEK and EUR markets in covered and senior format



Regular presence in EUR market



SBAB!
Senior Unsecured
€500mn
0.125%
5,25y due Aug '26
May 2021

SBAB!
Senior Unsecured
€500mn
0.5%
5y due Feb '27
Jan 2022

SBAB!
Senior Unsecured
€750mn
1,875%
3y due Dec '25
Jun 2022

SBAB!
SNP
€500mn
4,875%
3nc2 due Jun '26
Jun 2023



SCBC!
Covered bonds of SBAB
Covered Bond
€500 mn
0.375%
10y due Jun '29
Jun 2019

SCBC!
Covered bonds of SBAB
Covered Bond
€1,000 mn
0.01%
8,75y due March '30
Jun 2021

SCBC!
Covered bonds of SBAB
Covered Bond
€1,250 mn
1,75%
9,75y due Feb '32
May 2022

SCBC!
Covered bonds of SBAB
Covered Bond
€1,000 mn
3,25%
5y due May '28
Apr 2023



Update on MREL

- On 1 January 2024, the final MREL entered force. As of this date, the total requirement for SBAB amounted to 26.75% of REA (incl. the ban on double counting), corresponding to SEK 44.5 billion. On the same date, the subordinated requirement amounted to 24.2% of REA, corresponding to SEK 40.2 billion
- Three SNP transactions during 2023; (1) SEK 3 bn in Jan; (2) EUR 500 mn in Jun; (3) SEK 1.5 bn in October. One transaction in the domestic market in Jan 2024 of SEK 2.5 bn. SBAB's calculated need for outstanding (eligible) SNP by end 2024 is estimated to around SEK 18-20 bn factoring in balance sheet growth, maturity profile and internal buffers

According to SBAB's internal assessment, on 31 Dec 2023, the minimum requirement for own funds and eligible liabilities (MREL) target level amounted to 27.2% of the total risk exposure amount (REA), corresponding to SEK 45.2 billion. On the same date, the subordinated target level was estimated to amount to 19.3% of REA, corresponding to SEK 32.0 billion.

MREL and subordination requirement

(assumptions done with Q4 2023 figures)

Own funds & eligible liabilities

	SEK bn
CET1	20.4
AT1	5.8
T2	2.0
SNP	18.4
Senior bonds	22.4
Total	69.1

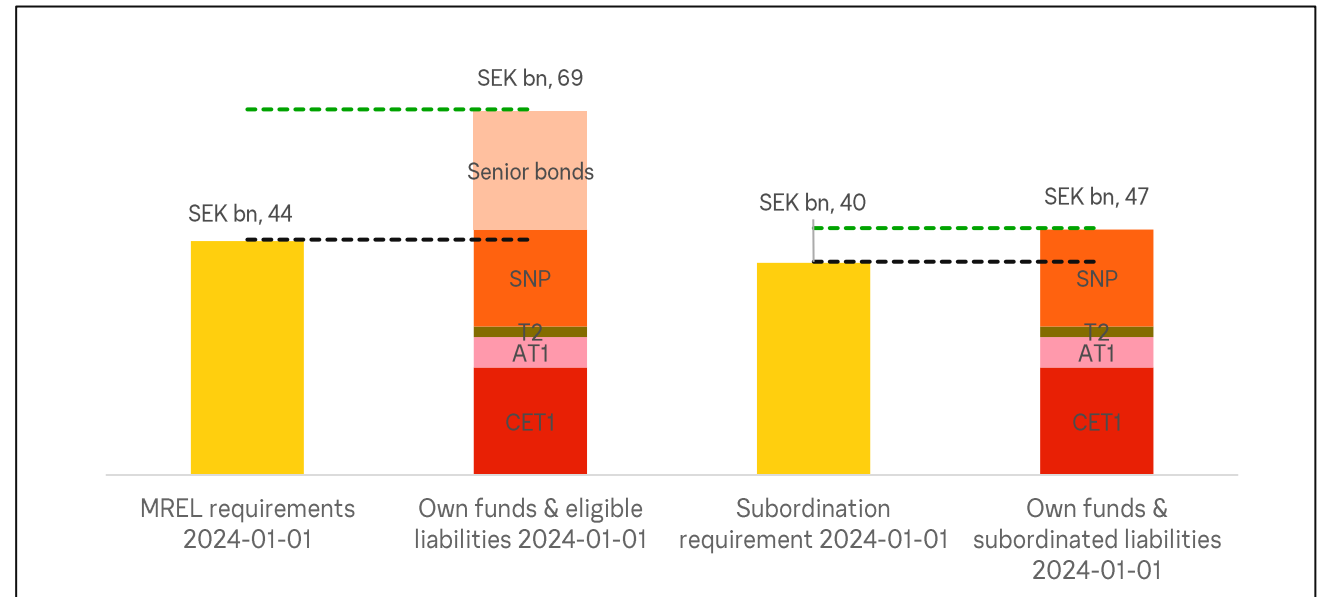
46.7

MREL requirement

	Requirement Q4 2023		Requirement Jan 2024	
	%	SEK bn	%	SEK bn
REA	27.2%	45.2	26.8%	44.5
LRE	5.0%	32.0	6%	38.5
Buffer		23.9		24.6

Subordination requirement

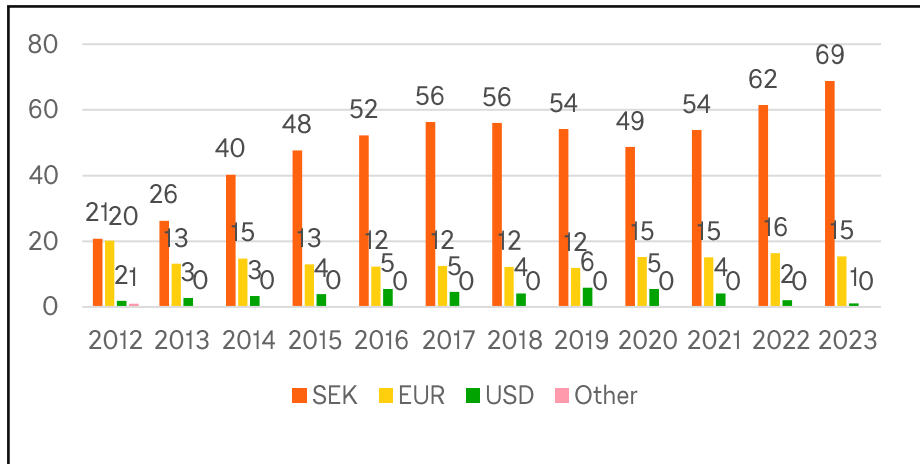
	Requirement Q4 2023		Requirement Jan 2024	
	%	SEK bn	%	SEK bn
REA	13.5%	22.4	24.2%	40.2
LRE	5.0%	32.0	6%	38.5
Buffer		14.6		6.4



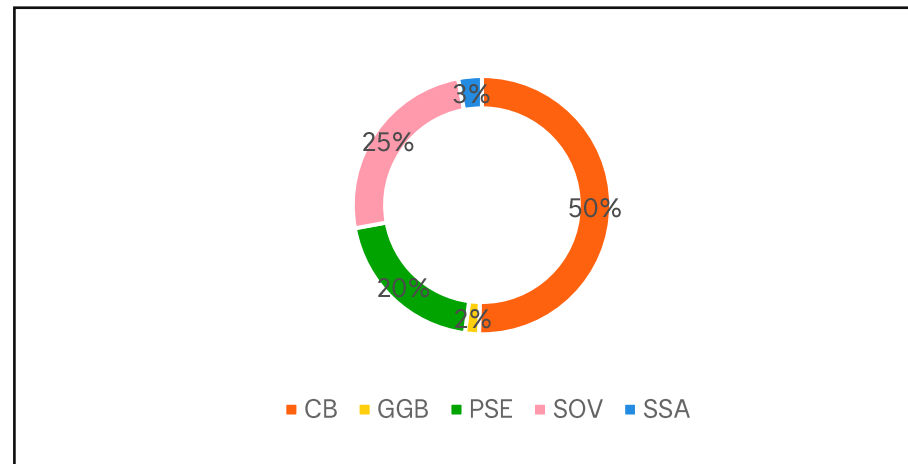
Liquidity position

- High quality and diversified liquidity reserve within relevant currencies with 95% AAA rated. Liquidity reserve amounting to 100 billion, of which liquidity portfolio (LP) SEK 85 billion
- LCR and NSFR well above regulatory requirements. Survival horizon implies liquidity need coverage for 529 days under stressed scenario (unchanged lending portfolio, severe deposit outflow and no new funding added)
- Liquidity reserve eligible at the Riksbank and/or ECB. Temporary excess liquidity resulting from prefunding activity and inflow of collateral placed separate from liquidity portfolio

Liquidity portfolio (Currency distribution)



Liquidity portfolio (Securities type)



Key metrics

100 bn
Liquidity reserve

257 %
LCR

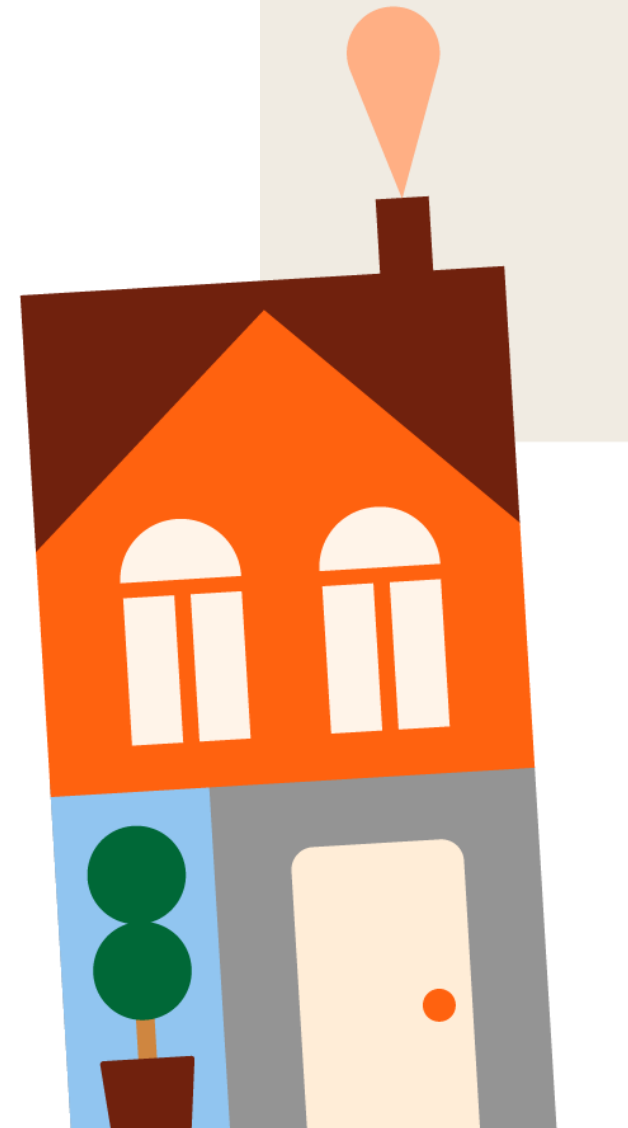
132 %
NSFR

529 days
Survival horizon

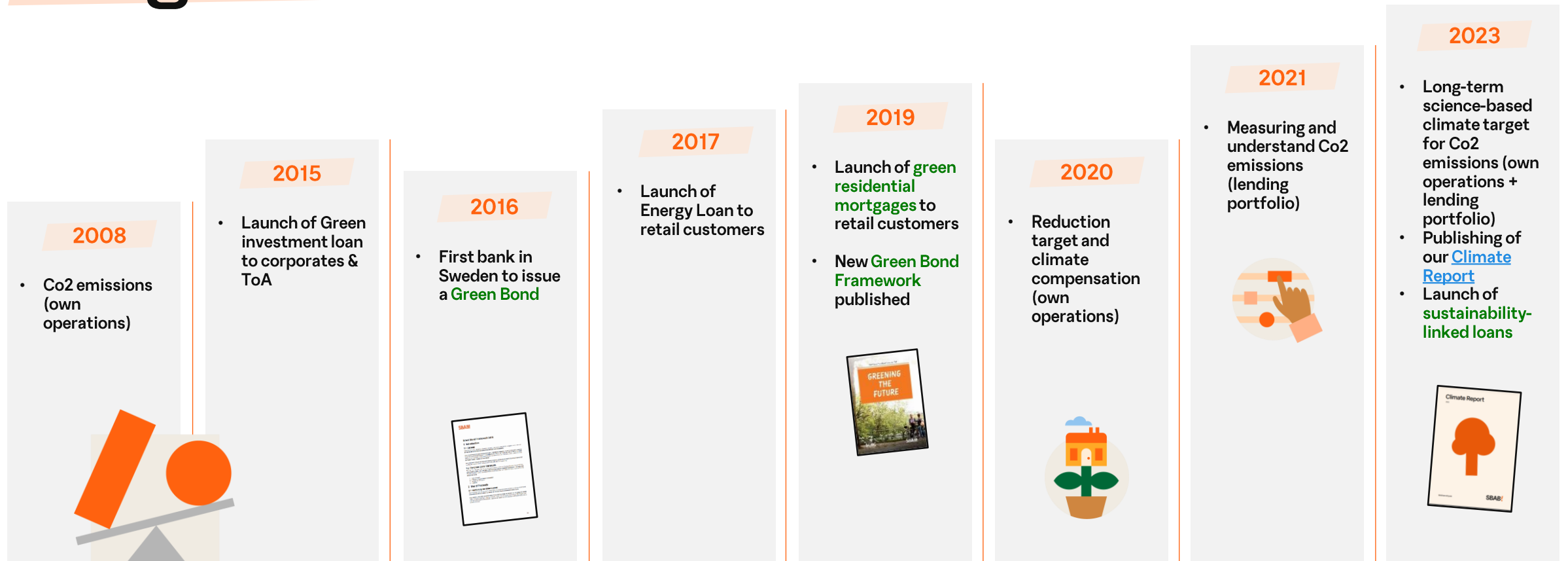


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SBAB's timeline on climate change mitigation



Long-term climate target

Long-term science-based climate target* to reduce emission intensity (kg CO_{2e})

Target 2038: **-50%**

Carbon Risk Real Estate Monitoring (CRREM)

Target set based on country and branch specific decarbonisation pathway (kg CO_{2e} per m²)

Building type	Financed Emissions Baseline (2022)	2038 target	Pathway
Single family houses	8.7	3.6 (-58%)	CRREM
Holiday homes	9.1	3.6 (-60%)	CRREM
Apartments	6.3	3.3 (-48%)	CRREM
Multi-family dwellings	5.0	3.3 (-34%)	CRREM
Commercial real estate	11.9	7.7 (-35%)	CRREM
Total	7.5	3.75 (-50%)	CRREM

Scope 3

CO₂

CO₂

CO₂

- IT equipment
- Copy paper
- Waste
- Work trips
- Data center energy usage
- Etc.

Scope 2

- Energy use, district heating/cooling at our offices

Upstream

Scope 3

CO₂

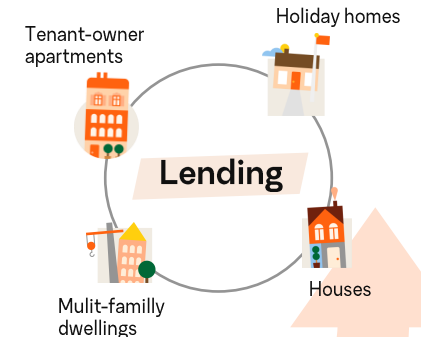
CO₂

CO₂

CO₂

SBAB!

Lending




Total Co₂ emissions
124,098 tonnes Co₂

Downstream



Affecting and incentivizing our customers


Green lending products



Green residential mortgages


2022
 SEK 42 bn

- For customers with houses or apartments in buildings with a valid EPC with energy class A, B or C
- Deduction of the mortgage interest rate for energy class A & B by 0.10% and energy class C by 0.05%
- Automatically updated for all customers (API connected to database from National Board of Housing, Building and Planning)



Green investment loans to tenant-owners' ass. and corporations

- Loans suited for customers who implement energy efficiency measures in their properties. e.g. replacing windows or investing in a new, fossil-free heating source



Sustainability-linked loans

NEW PRODUCT

- Loans to corporates linked to pre-determined sustainability KPI's

Information and support



Customer communication and proactive media outreach (raising awareness & knowledge sharing)






Collaborations



Partnerships and services to help customers reduce energy consumption and live more sustainably

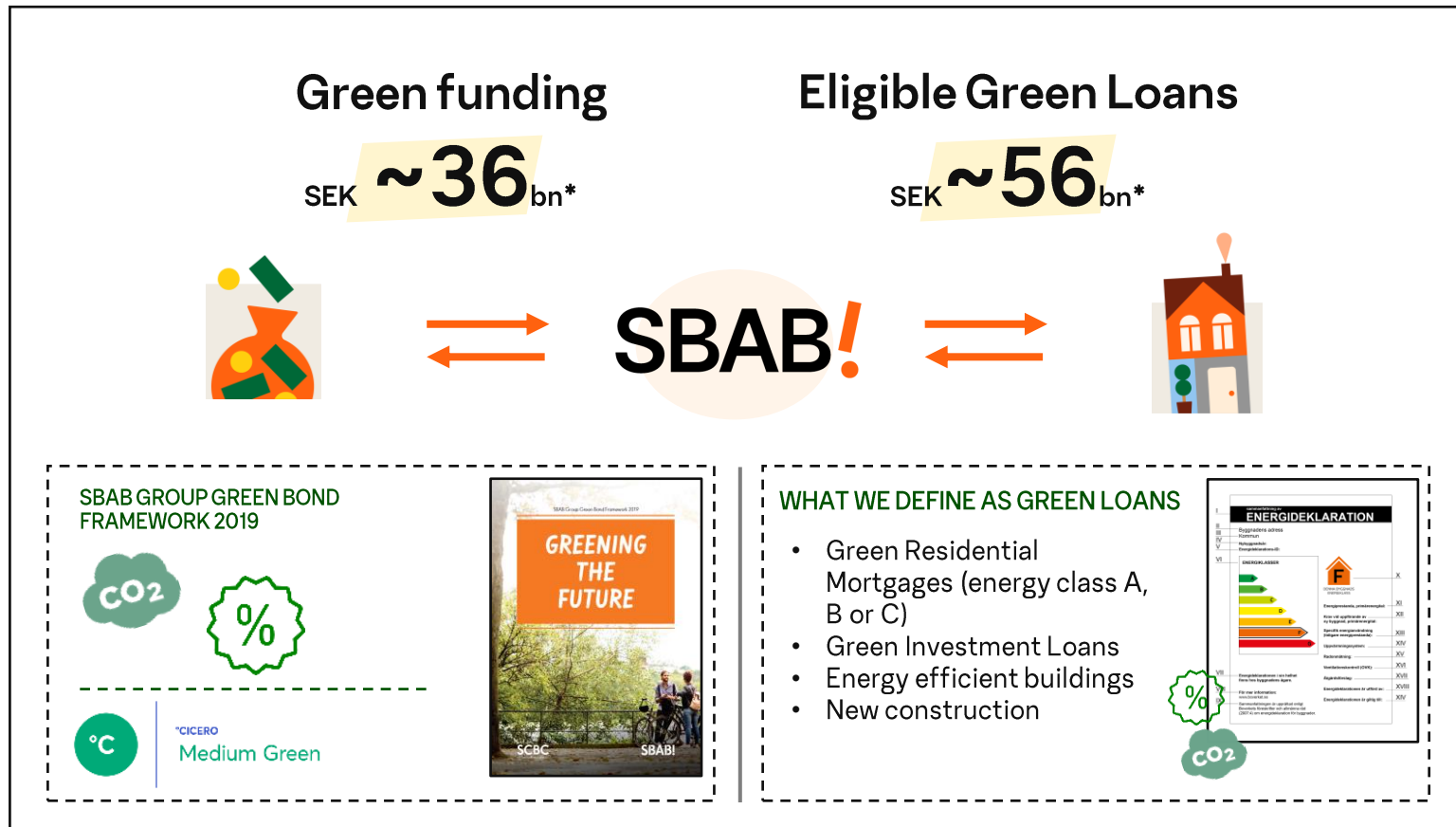






Recurrent green bond issuer

→ Linking green lending to green funding (data as of 2022)



- **Green lending:** Stimulate demand for energy efficient housing as well as creating opportunities and incentives (e.g. by offering discounted loans) for customers to invest and implement energy improving measures in their homes and properties
- **Green funding:** Offer investors the opportunity to actively participate in the sustainable transition of the Swedish housing and real estate market
- Several green bonds issued since 2016, of which three during 2022; (1) Jan 2022: EUR 500 mn Green SP; (2) June 2022: EUR 750 mn Green SP; (3) August 2022: SEK 3.5 bn Green SNP and one during 2023; (1) June 2023: EUR 500 mn Green SNP



INSIGHT: Impact reporting

Green Bond Impact Report 2022

Issuer	Issue date	Amount issued	Format	Maturity	Coupon	ISIN	Framework
SCBC	23 January, 2019	SEK 6.0 bn	Covered bond	28 March, 2024	0.75%	XS1943443769	SBAB Group GBF 2019
SBAB	13 June, 2019	SEK 2.25 bn	Senior Non-Preferred	06 June, 2024	3M Stibor +90 bps	XS2015229516	SBAB Group GBF 2019
		SEK 750 mn		06 June, 2024	1.0%	XS2015229862	
SBAB	6 May, 2020	EUR 500 mn (equiv SEK 5.3 bn)	Senior Unsecured	13 May, 2025	0.50%	XS2173114542	SBAB Group GBF 2019
SBAB	20 May 2021	EUR 500 mn (equiv SEK 5.1 bn)	Senior Unsecured	27 August, 2026	0.125%	XS2346986990	SBAB Group GBF 2019
SBAB	31 January, 2022	EUR 500 mn (equiv SEK 5.2 bn)	Senior Unsecured	8 February, 2027	0.50%	XS2441055998	SBAB Group GBF 2019
SBAB	1 June, 2022	EUR 750 mn (equiv SEK 7.9 bn)	Senior Unsecured	10 December, 2025	1.875%	XS2489627047	SBAB Group GBF 2019
SBAB	25 August, 2022	SEK 1.9 bn	Senior Non-Preferred	2 September, 2025	3M Stibor + 95 bps	XS2527964873	SBAB Group GBF 2019
		SEK 0.6 bn		2 September, 2025	3.873%	XS2527964956	
		SEK 1.0 bn		2 September, 2027	4.20%	XS2527965177	
TOTAL		SEK 36 bn					

On the 11 October 2022, a SEK 1.75 billion SBAB Green Senior Unsecured Bond matured (issued within the SBAB Green Bond Framework 2016)

SBAB Green Bond Framework 2016

SEK 2.02bn → **74tCO₂e**

Eligible Green Loans & Expected avoidance of GHG emissions
January 1st to October 11th

SBAB Group Green Bond Framework 2019

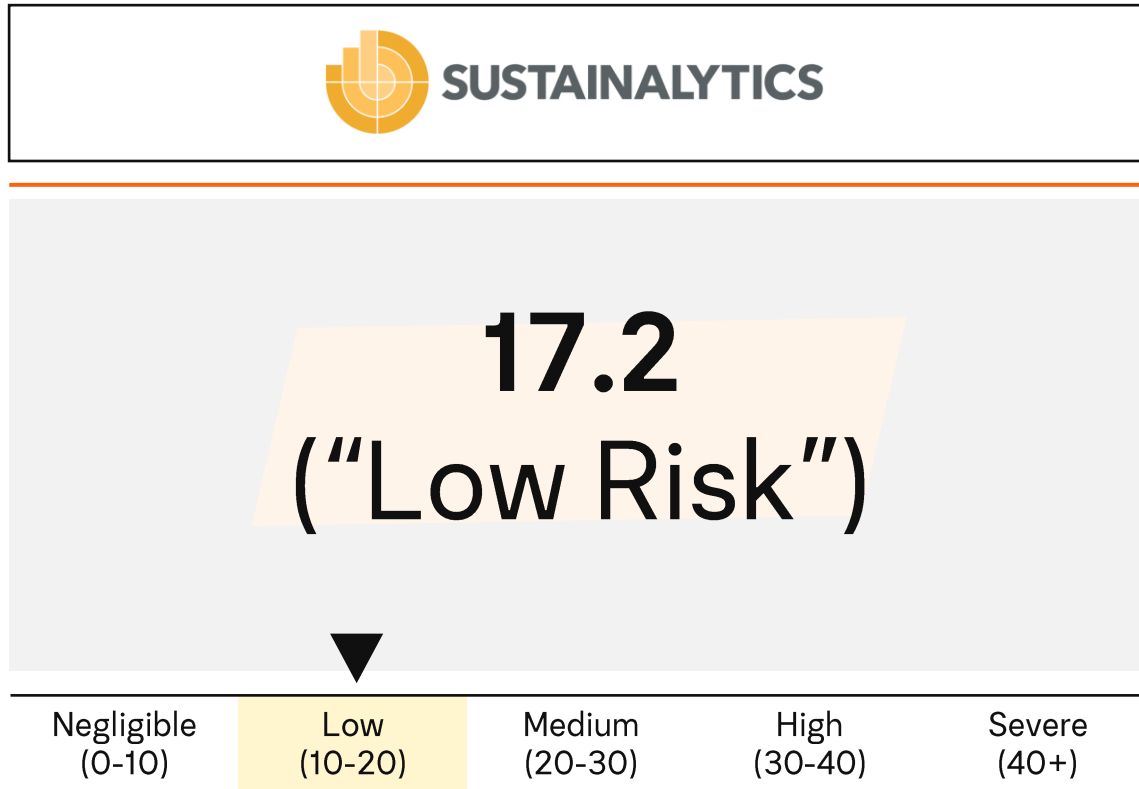
SEK 56.12bn → **4,640tCO₂e**

Eligible Green Loans & Estimated annual avoidance of GHG
emissions

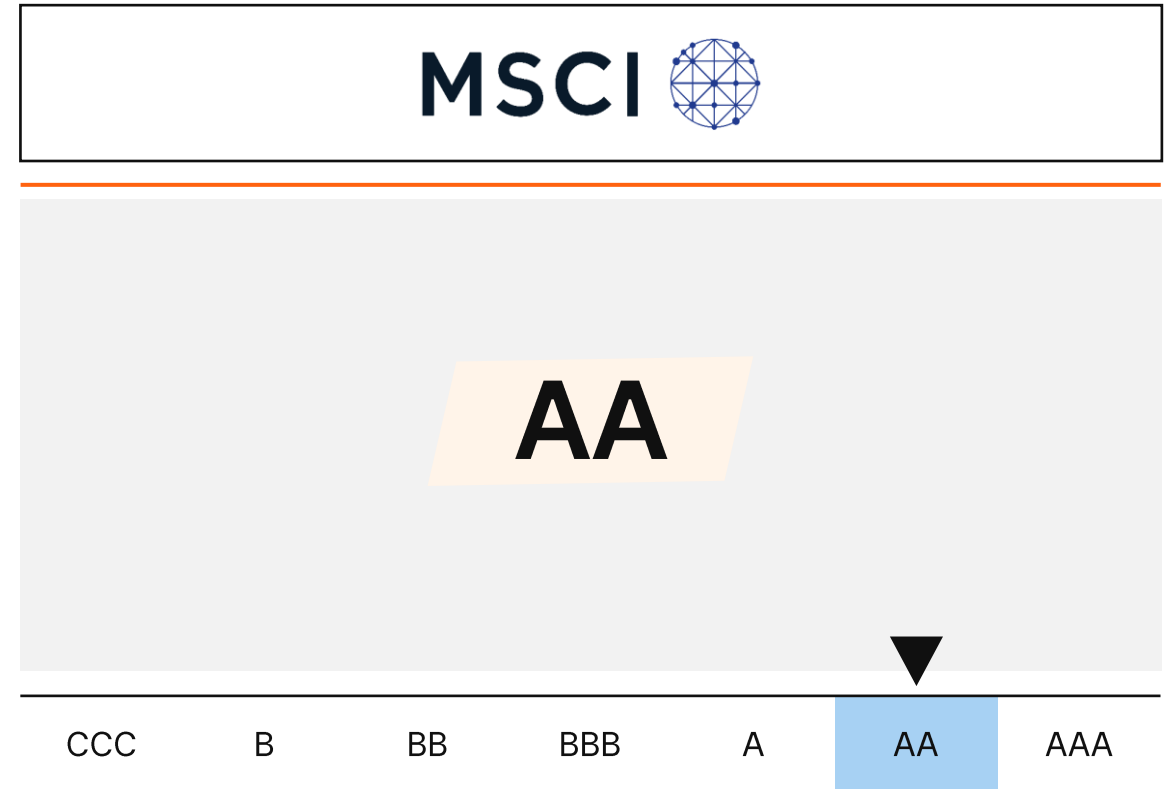
SBAB

SCBC!
Covered bonds of SBAB

Sustainability ratings



* Latest update Jun 2023

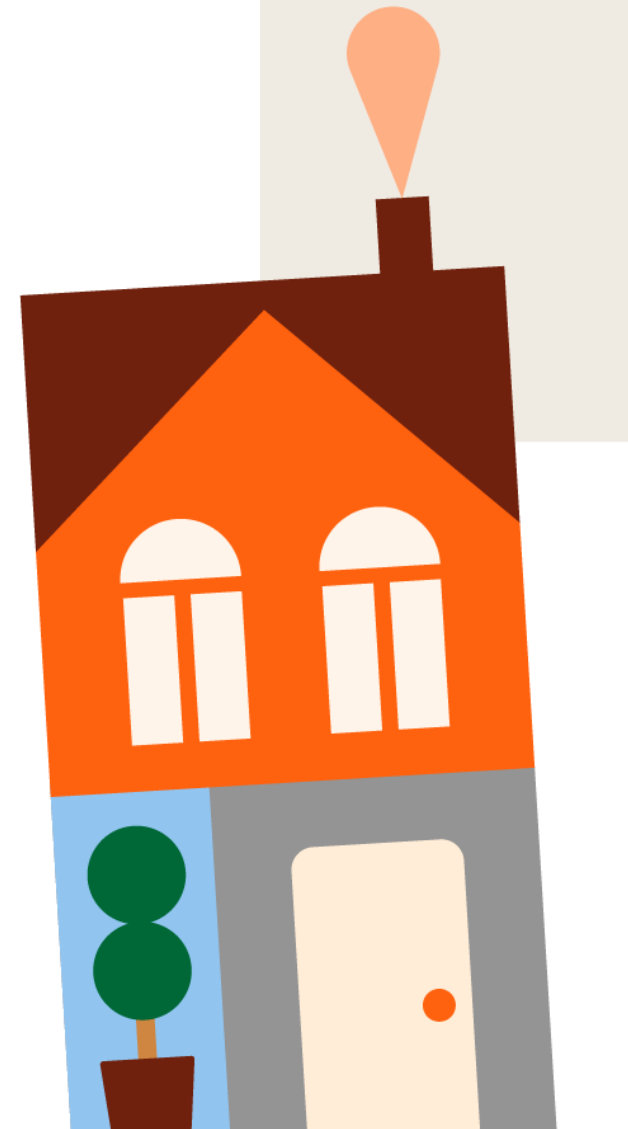


* Latest update Aug 2023



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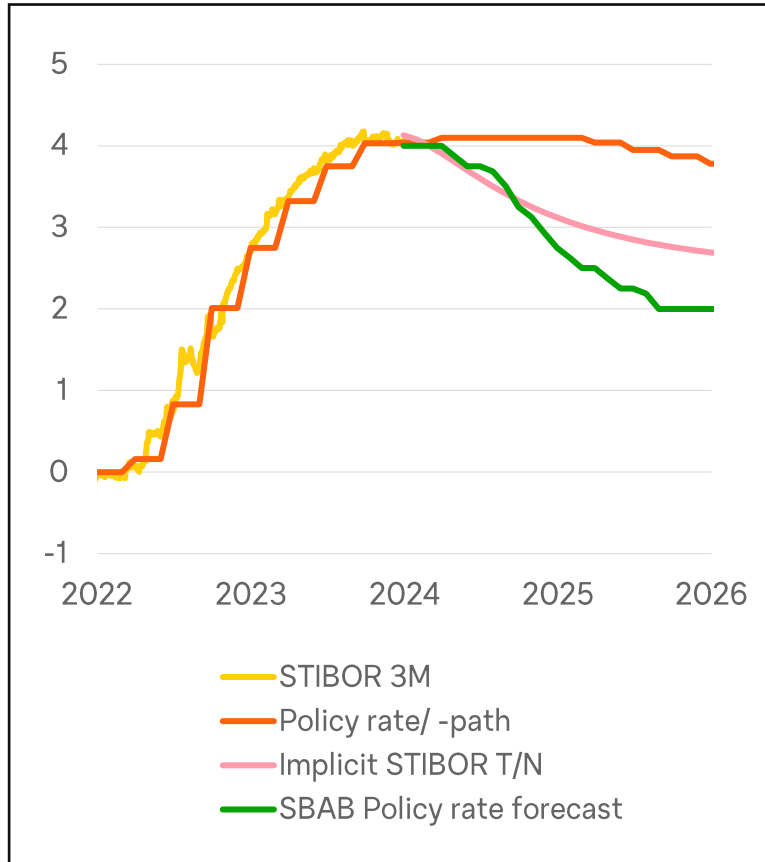
The Swedish economy

Forecast key figures Sweden					Comments
	2022	2023	2024	2025	
Real GDP, actual	2.8 (2.6)	-0.9 (-1.0)	0.0 (0.4)	2.8 (3.2)	<ul style="list-style-type: none"> Swedish GDP is expected to remain largely unchanged in 2024 <ul style="list-style-type: none"> household consumption is expected to turn around and once again grow The households' financial starting position was however good as a result of a generally high level of savings in previous years Like many other countries, the inflation in Sweden has been high, and like many other central banks, the Riksbank has raised the policy rate, and now a relatively quick return is predicted Some characteristics of the Swedish economy are quite strong population growth, many households with large mortgages but also with high savings Public finances are sound and central government debt is low
Household consumption	1.9 (2.1)	-2.0 (-1.9)	1.4 (1.5)	3.3 (3.6)	
Public consumption	0.0 (0.0)	1.9 (1.3)	1.2 (1.3)	1.6 (1.2)	
Investments	9.8 (9.0)	-5.2 (-5.5)	-3.5 (-3.0)	4.0 (4.5)	
Net export, GDP-contribution (pp)	-0.8 (-0.6)	0.9 (1.0)	0.1 (0.2)	-0.1 (0.2)	
Employment	2.7 (2.7)	1.1 (1.4)	-0.4 (-0.3)	0.8 (0.8)	
Unemployment rate (%)	7.5 (7.5)	7.7 (7.5)	8.4 (8.3)	8.3 (8.2)	
Inflation, CPIF growth	10.2 (10.2)	2.3 (4.6)	2.2 (2.1)	2.0 (2.0)	
Policy rate, yearly average (%)	0.75 (0.75)	3.46 (3.46)	3.66 (3.61)	2.29 (2.42)	
KIX-index, yearly average (-)	121.1 (121.1)	127.5 (124.8)	126.7 (128.0)	124.7 (126.0)	

Note: Annual percentage growth unless indicated otherwise. Light orange background indicates SBAB Q4 forecast in November 2023. Figures in brackets are Q3 forecast published in September 2023

Interest rate development

Interbank rates and policy rate (%)



Mortgage rates (%)

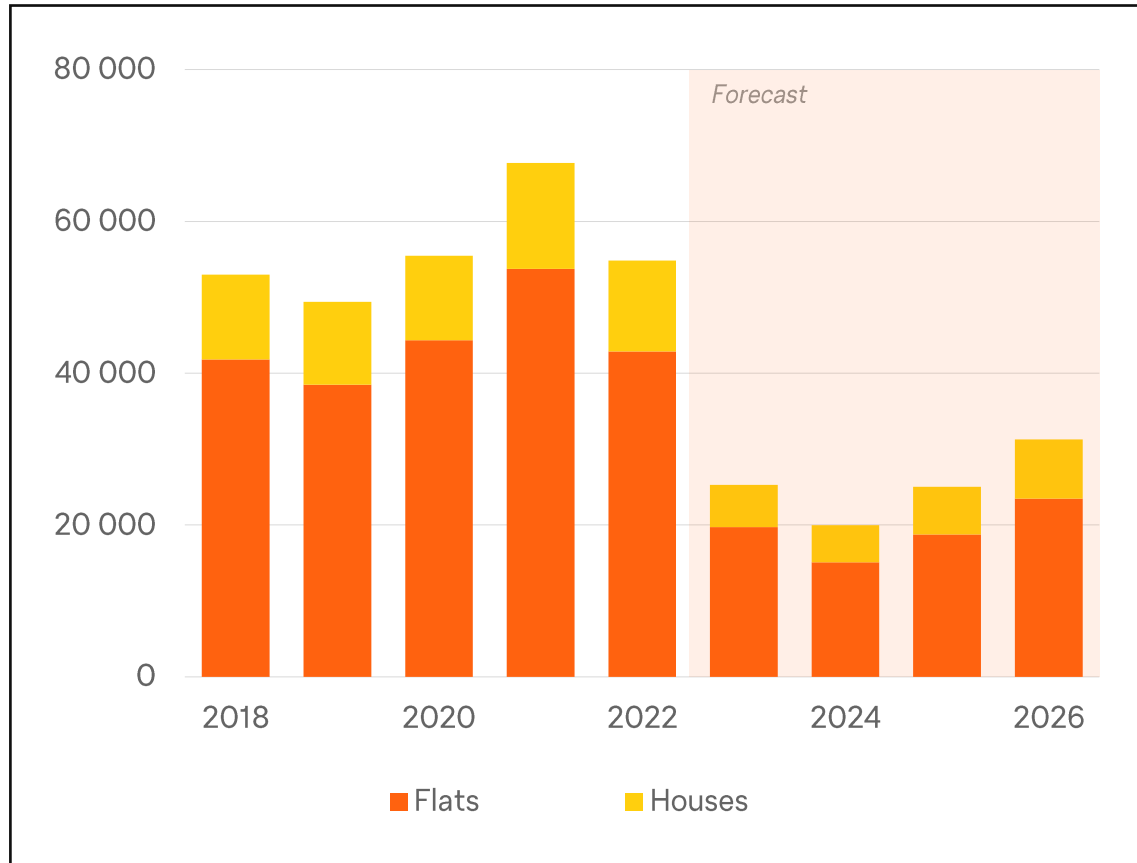
	Length of fixed interest period					
	3 Months	1 Year	2 Years	3 Years	4 Years	5 Years
Feb 2024	4.8%	4.6%	4.4%	4.2%	3.9%	3.8%
Jan 2025	3.8%	3.8%	3.9%	3.9%	3.8%	3.8%
Jan 2026	3.3%	3.4%	3.5%	3.6%	3.7%	3.7%
Jan 2027	3.4%	3.5%	3.6%	3.7%	3.9%	3.9%
Jan 2028	3.4%	3.5%	3.7%	3.8%	4.0%	4.0%

Note: Refers to average interest rates on the mortgage market, not SBAB's list or average interest rates



Decline in housing construction

Housing construction (number of homes)



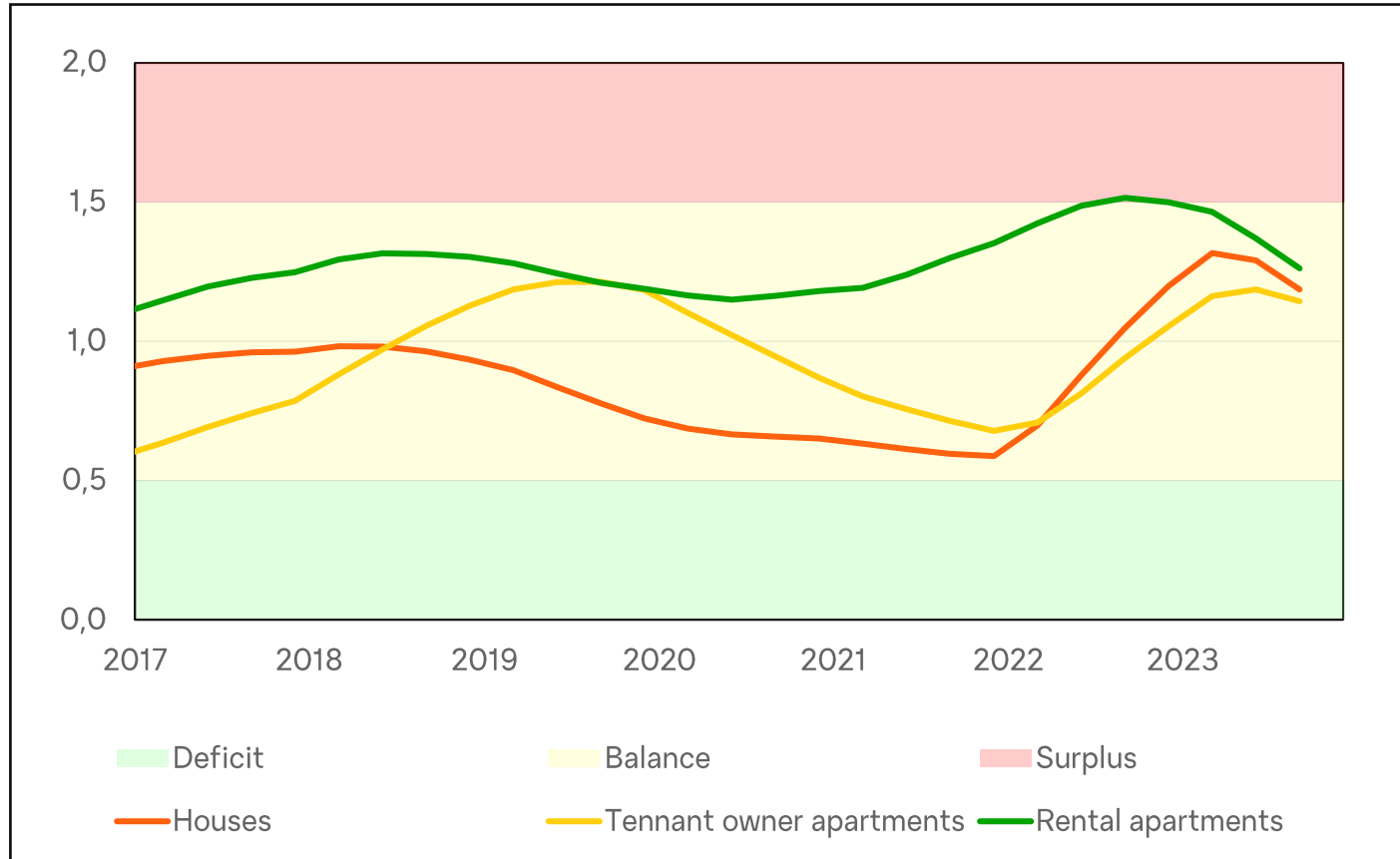
Rapid deceleration - Still need for new housing

- Housing construction has declined rapidly, from almost 68,000 homes in 2021 to an estimated about 25,000 homes in 2023. A further decline is expected this year to about 20,000 homes, before the rate of production increases again
 - Housing construction was initially pressured by rising input prices, but came under further pressure from rising interest rates, falling house prices and declining household demand
 - The situation for housing construction is expected to strengthen when interest rates fall back and household demand returns
- There is currently a housing deficit in Sweden. The purchasing power-based housing shortage is estimated at roughly 40,000 homes at the end of 2023, which suggests that housing construction does not fall back completely
- The need for housing increases by around 35,000 homes per year as a result of population growth



Overall balance in housing construction

SBAB Booli Housing Market Index (HMI) (index)



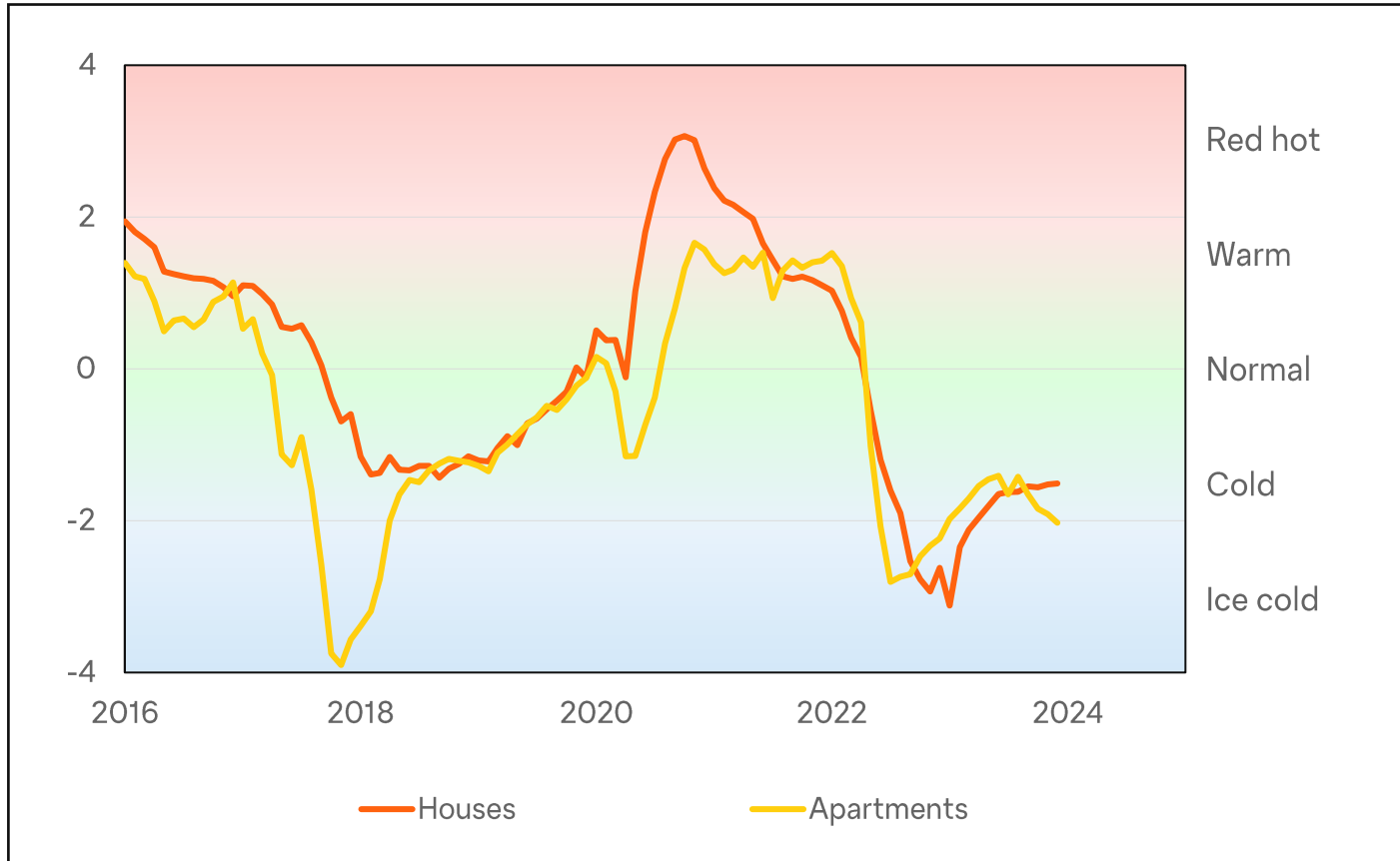
Change in trends

- Rising interest rates in 2022 dampened the demand for housing and resulted in a rapid trend towards a surplus of newly produced houses and tenant owner apartments
- Further ahead, the lower demand for housing was met by a lower construction rate, which caused the trend to turn around
- Currently there is a trend towards a clear balance in housing construction
- There are of course local differences with both surpluses and deficits



Difficult to sell existing homes

SBAB Booli Housing market temperature (standard score)



Improvement in first half of 2023

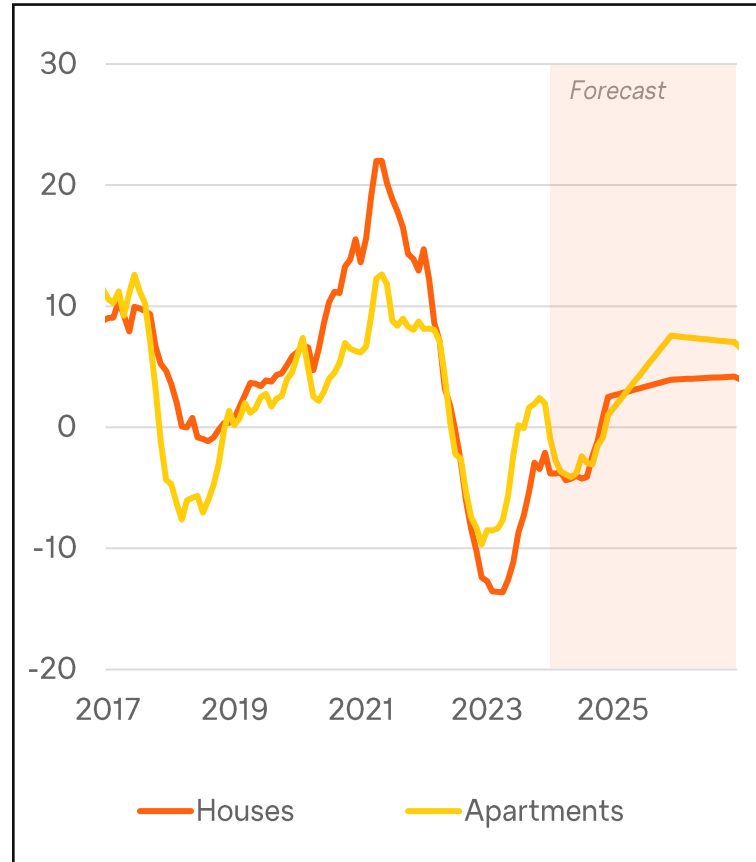
- Starting in fall 2022, the conditions for selling housing have changed dramatically, and can currently be described as cold, bordering on ice cold for apartments
- in the first half of 2023 there was an improvement in the conditions, but in the second half of the year the situation for apartments deteriorated again
- The conditions are measured as standardized scores for six variables: housing supply, number of days at Booli, number of republished homes, proportion reduced-price homes, number of bidders, and average bid premium
- Explanations for the weak situation are higher mortgage interest rates along with higher other cost of living, not least on food and electricity



Price decline expected to continue

Housing price index (January 2013=1) and Housing price development, YoY (%)

	Index Dec-23	Change since		
		1M	3M	12M
Sweden (HPI)	1.74	-1.5%	-4.1%	-0.8%
Flats	1.76	-1.7%	-3.8%	+2.0%
Stockholm	1.66	-0.5%	-3.3%	+3.0%
Gothenburg	1.68	-3.3%	-5.9%	+0.4%
Malmö	1.88	-1.5%	-1.6%	+4.4%
Houses	1.73	-1.4%	-4.2%	-2.1%
Stockholm	1.62	-1.7%	-4.2%	-2.3%
Gothenburg	1.70	+2.9%	+1.4%	+0.0%
Malmö	1.70	-5.6%	-2.9%	+0.5%



Falling housing prices

- Housing prices have increased by an average of 5% over the past ten years including 2023
 - History indicates that peak years with housing prices rising more than 15%, and bottom years with falls below -5% are common
 - The impending decline is expected to be deeper than in previous years
- SBAB's forecast is that housing prices will continue to fall slightly in early 2024 before turning upwards again
 - The forecast is based on a user cost of housing model, apparent deviations from this may occur in the short term, e.g. as a result of a mismatch between supply and demand or rapid changes of households' expectations on future factors



Dampened housing turnover in recessions

Housing turnover rate, Share per twelve months of each stock (%)



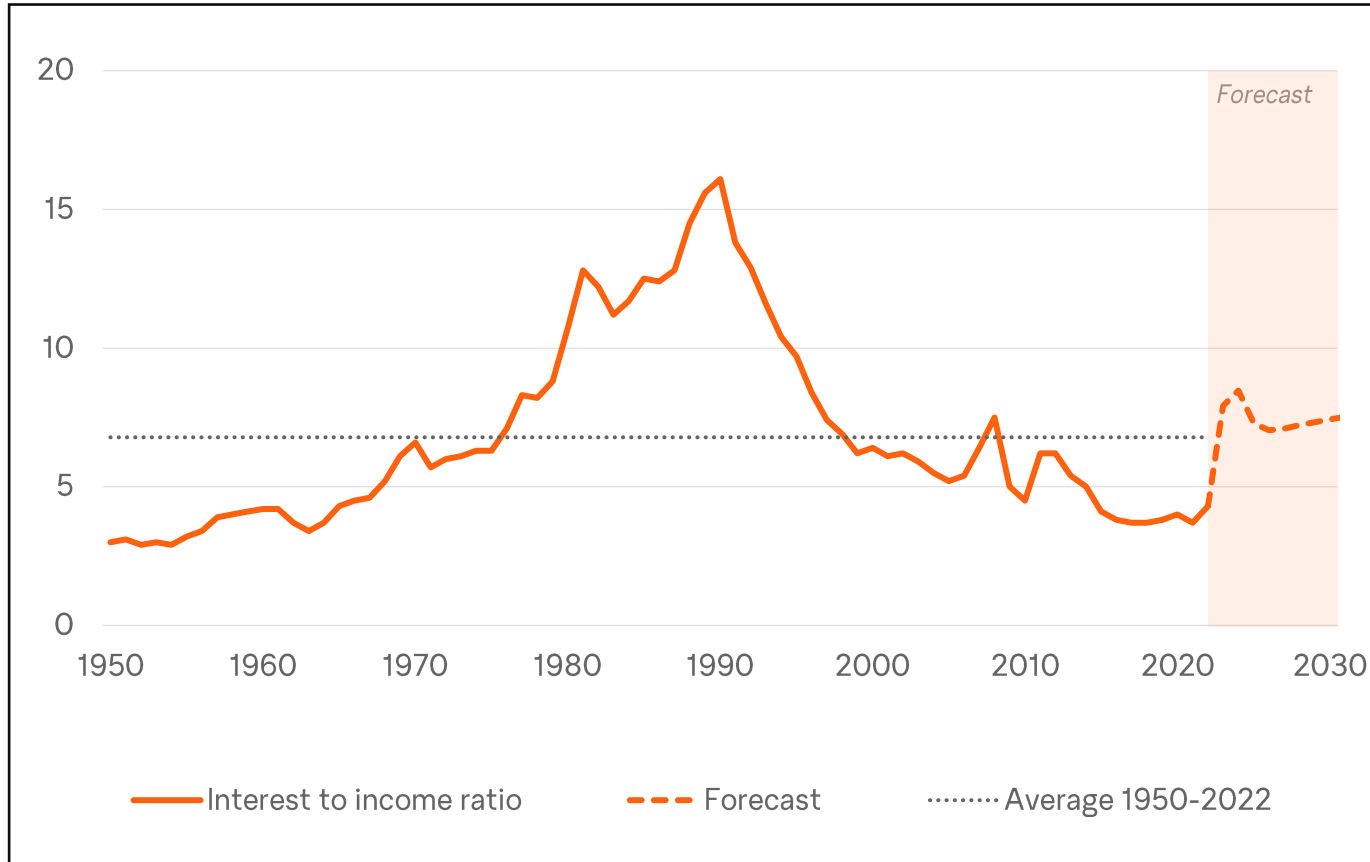
Normalization as the economy is slowing down

- The housing turnover fell rapidly in 2022 and in first half of 2023, and is now clearly below the normal level, especially for apartments
- In December 2023, the seasonally adjusted trend turnover rate was 2.8 per cent per year for houses and 7.4 per cent per year for apartments, both figures slightly above the respective 12-month figures
- The housing turnover is expected to recover in 2024, and to reach normal rates in 2025
- The normal turnover rate is estimated at about 2.9 per cent per year for houses and at about 9.4 per cent per year for apartments
- There is a clear historical pattern with high turnover during booms and low during recessions



Interest expenses rising from low levels

Gross interest expenditure (% of disposable income)



Interest expenses at low levels from a historical perspective

- High debt-to-income ratio but still, based on annual data up to and including 2022, low interest costs
- Interest expenses in relation to disposable income (interest to income ratio) at a very low level from a historical perspective
 - At 4.3% in 2022 before tax deductions (about 3.0 after tax deductions)
 - Expected to peak at 8.5% in 2024 before tax deductions, and close to 7.0% the next few years (after tax deductions to be close to 5.0%)
- Factors to consider regarding the interest expenses ratio
 - Interest expenses are, compared to early years, distributed among more households
 - Interest expenses share of income differs between younger and older homeowners, and between households in metropolitan areas and in sparsely populated areas



Credit growth development

Credit growth, YoY growth rates (%)



Clear slowdown of credit growth to households

- The growth rate of household mortgages has averaged over the past ten year to over 5% per year
- According to SBAB's forecast, the monthly growth rate of household housing credits is expected to pick up speed during 2024 and reach 2.5% per year at the end of the year, to then continue to increase to about 5% per year in the longer term
 - The forecast considers e.g. the developments of household income, mortgage rates, housing prices and turnover
- Credit growth for non-financial companies' real estate loans has been high since the end of 2002. In November 2023, the growth rate amounted to 11.4% per year. In the long term, it is estimated stabilize to about 5% per year



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Appendix



Provisions & net credit losses

Lending to the public by credit stage

SEK million	31 Dec 2023	30 Sep 2023	31 Dec 2022
Credit stage 1			
Gross lending	466,456	441,865	478,737
Provision	-66	-56	-62
Total	466,390	441,809	478,675
Credit stage 2			
Gross lending	50,501	75,717	30,567
Provision	-81	-116	-90
Total	50,420	75,601	30,477
Credit stage 3			
Gross lending	735	571	371
Provision	-145	-85	-31
Total	590	486	340
Total gross lending	517,692	518,153	509,675
Total provisions	-292	-257	-183
Total	517,400	517,896	509,492

Net credit losses

SEK million	Jan-Dec 2023	Jan-Dec 2022
Lending to the public		
Confirmed credit losses	-9	-7
Recoveries of previously confirmed credit losses	4	4
Adjustment of interest, written down loans	2	0
Change in provision for the period – credit stage 1	-5	-17
Change in provision for the period – credit stage 2	9	-27
Change in provision for the period – credit stage 3	-113	-1
Guarantees	-3	0
Net credit losses for the period – lending to the public	-115	-48
Loan commitments		
Change in provision for the period – credit stage 1	18	-13
Change in provision for the period – credit stage 2	5	-7
Change in provision for the period – credit stage 3	-1	-
Net credit losses for the period – loan commitments	22	-20
Total	-93	-68



Frequent update of macro scenarios in impairment model

(x) = Q3 2023

Factors	Scenario 1 (40%)			Scenario 2 (20%)			Scenario 3 (20%)			Scenario 4 (20%)		
	2023	2024	2025	2023	2024	2025	2023	2024	2025	2023	2024	2025
GDP ¹⁾ , Δ	-0.6%	2.70%	3.00%	0.50%	4.40%	3.80%	-9.4%	6.30%	3.90%	-5.6%	-1.6%	3.00%
Repo rate	3.20%	2.20%	2.20%	3.00%	2.40%	2.40%	3.50%	2.60%	2.50%	4.20%	3.30%	3.20%
Unemployment	8.40%	8.00%	7.50%	7.90%	6.90%	6.40%	11.40%	10.80%	9.60%	9.40%	10.30%	10.40%
House prices, Δ	2.50%	4.00%	4.30%	6.40%	0.60%	4.80%	-6.7%	-3.3%	3.40%	-12.4%	-13.8%	-3.3%
Prices of tenant-owners' rights, Δ	1.00%	7.80%	7.20%	5.20%	3.50%	7.80%	-12.5%	-5.3%	4.50%	-14.5%	-10.9%	-0.3%
Property prices, Δ	-3.7%	-1.7%	-0.2%	-1.2%	-2.5%	-1.5%	-11.6%	-14.7%	-7.1%	-12.4%	-18.9%	-11.8%
ECL	SEK 156 million (243)			SEK 137 million (225)			SEK 391 million (307)			SEK 666 million (332)		
Weighted ECL²⁾	SEK 301 million (270)											

Comments

- At the end of Q4 2023, total weighted ECL amounted to SEK 301 mn compared to SEK 270 mn at the end of Q3 2023
- It requires significant stress (i.e. a combination of several deteriorating factors in impairment model) to see any dramatic effects in ECL

1) Not included in the ECL calculation

2) Of which, SEK 292 million (257) was attributable to lending to the public and SEK 9 million (13) to off-balance-sheet items linked to loan commitments and building credits



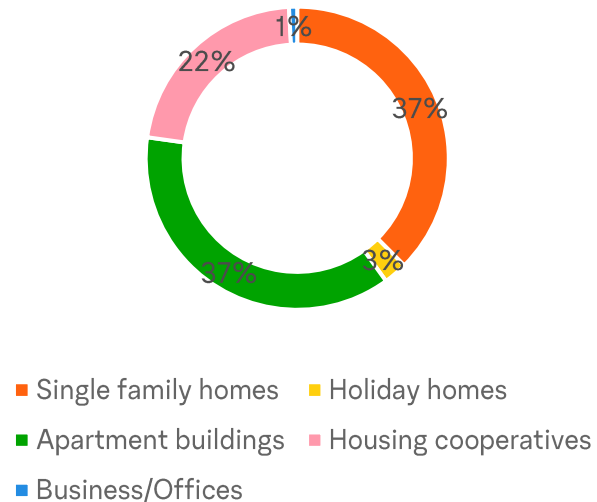
Co2 emissions from portfolio

PCAF

- SBAB are signatories of PCAF (Partnership for Carbon Accounting Financials), a global partnership of financial institutions that work together to develop and implement a harmonized approach to assess and disclose the greenhouse gas (GHG) emissions associated with their loans and investments
- Applying PCAF's method, we calculated emissions from our portfolio with support and checks from PCAF
- The first results were published in March 2022

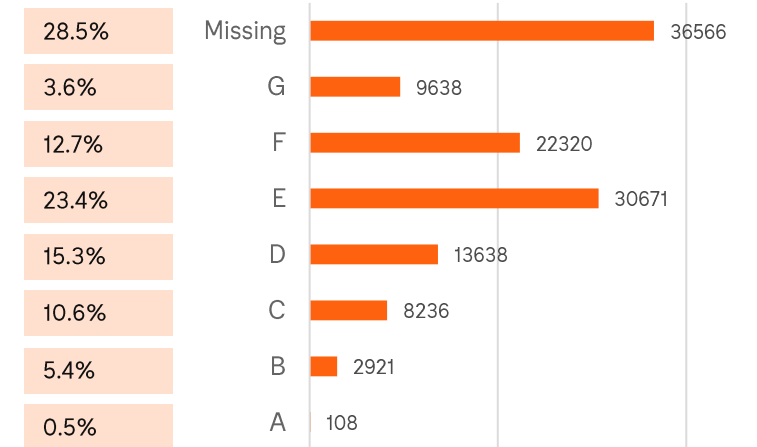


Emissions by object type



Emissions by energy classification

% of lending



**Total Co2 emissions 2022:
124,098 tonnes Co2**

Read more about our methodology, data sources and emissions factors in our [Climate Report 2022](#) on sbab.se

