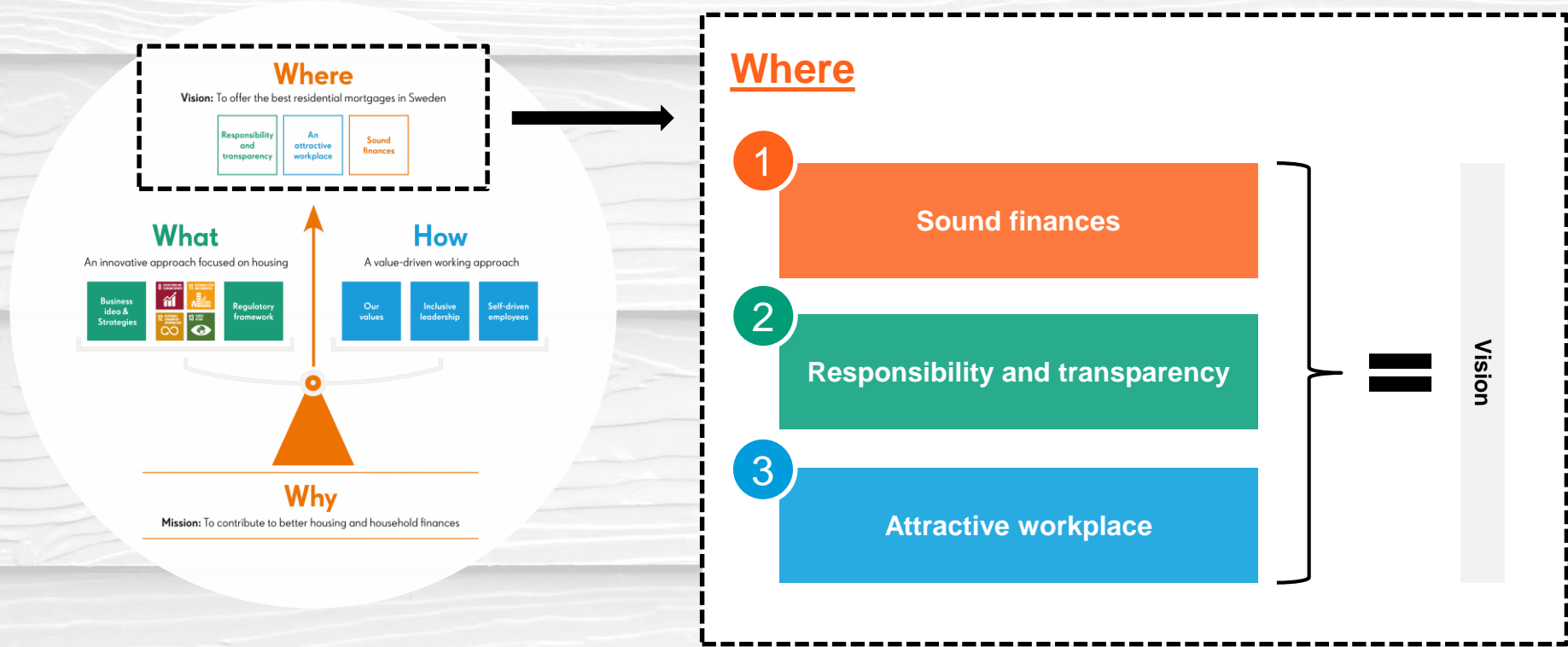


# RESULTS PRESENTATION Q3 2019

SBAB Bank AB (publ)  
25 October 2019

# Highlights Q3 2019



HIGHLIGHTS Q3 2019

# SOUND FINANCES.

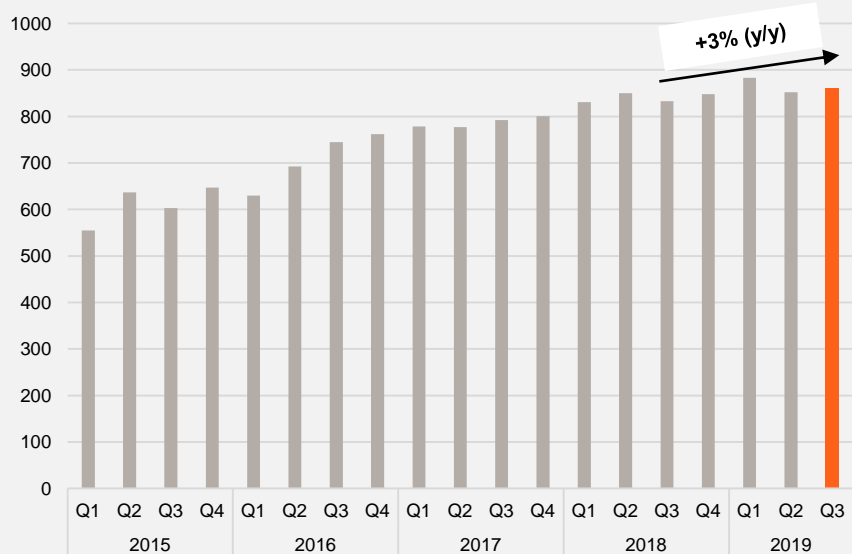


SBAB!

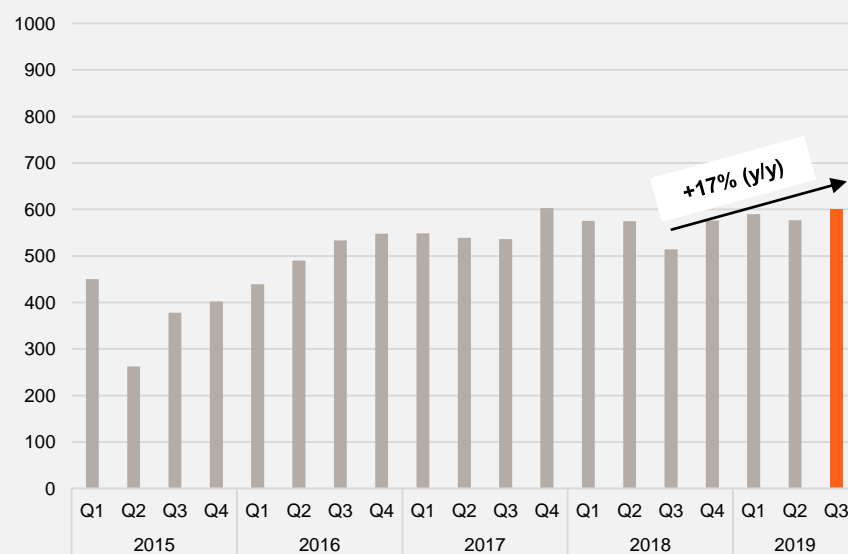
# Financial development

– Continued growth and stability. Recurring income dominates SBAB's revenue stream

## Net interest income (SEK mn)



## Operating profit (SEK mn)

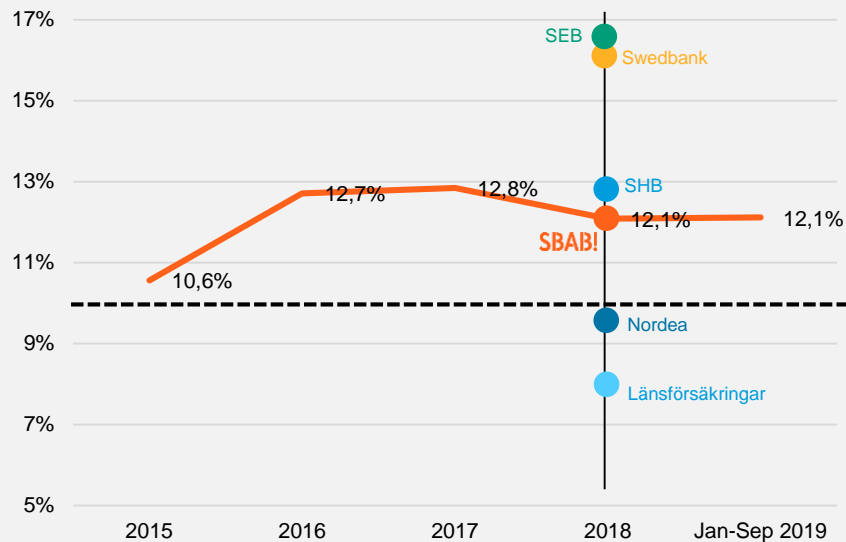




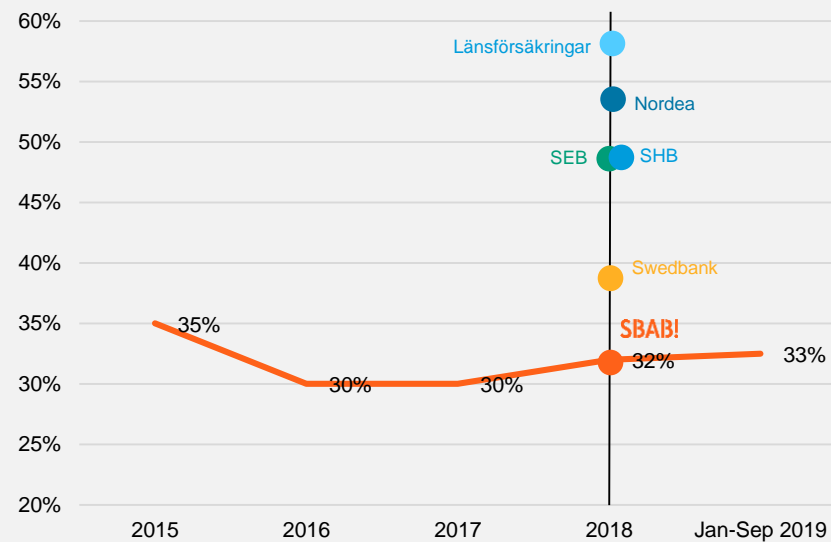
# Strong financial KPIs

– Competitive profitability given SBAB's low risk business & best in class cost efficiency

Return on equity\*\*, % \*



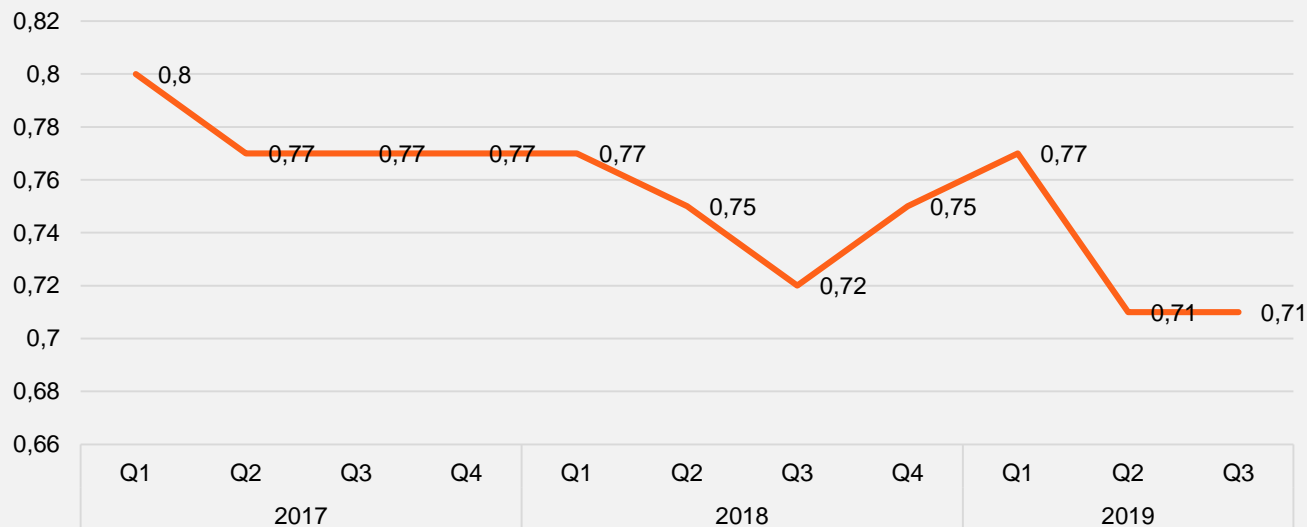
C/I-ratio, % \*



# NIM development

– Declining lending margins

Net interest margin (%), QoQ



Comments

- Increased competition in retail mortgage market. Lending margins are expected to come down further during the next 12 months
- Stable lending margins expected for corporate lending and lending to tenant-owners' associations

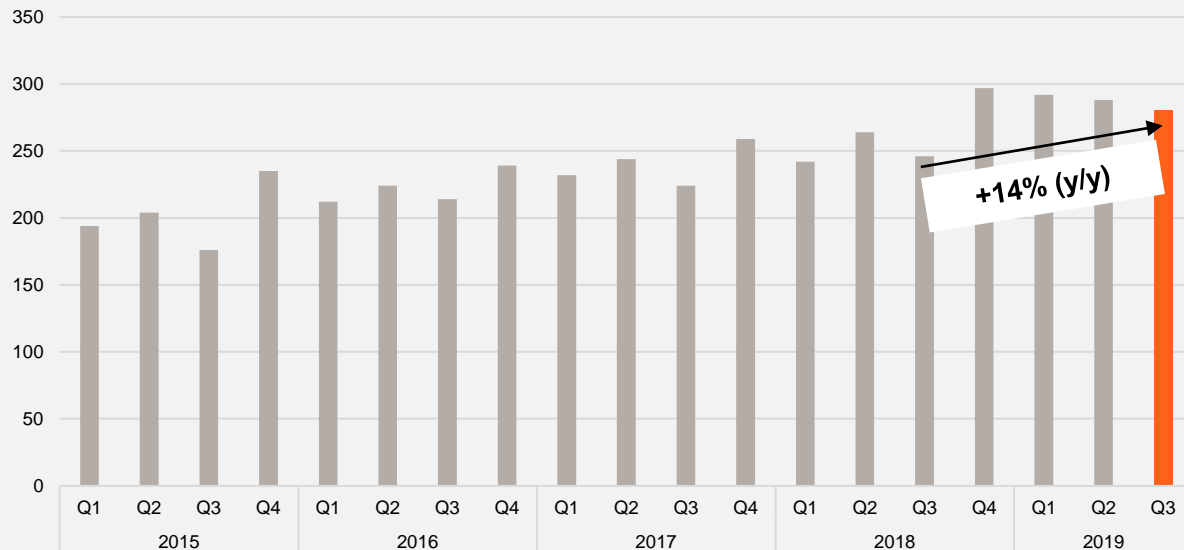
# Cost management & increased investments

– Increased investments for future competitiveness

## Comments

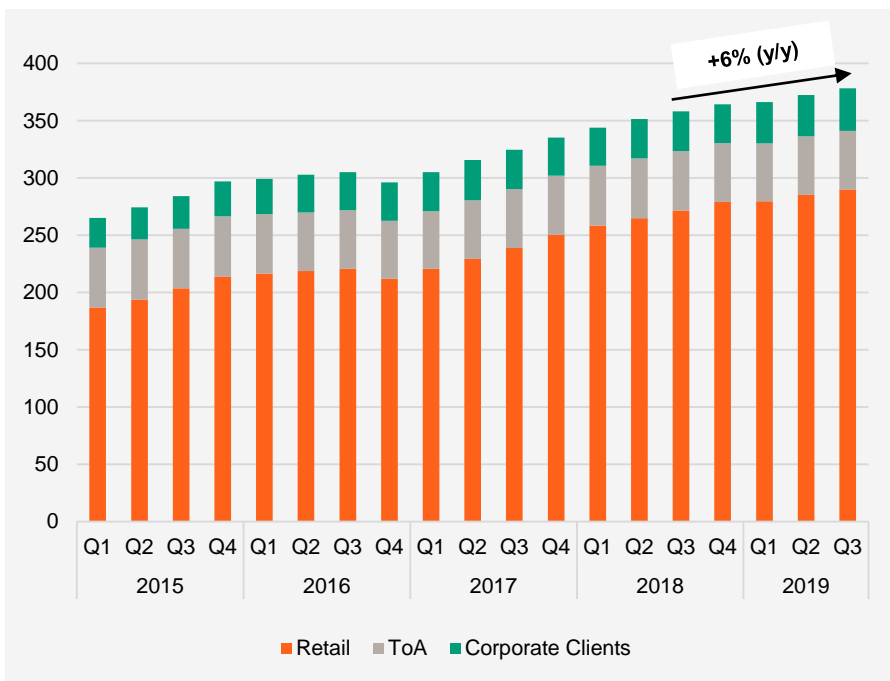
- Increased investments for future competitiveness:
  - Customer offering (incl. customer service & customer experience)
  - Digitalisation
  - Replacement of IT-infrastructure (core banking platform)
  - Compliance & increased regulatory requirements

## Cost development (SEK mn)



# Sustainable growth

Lending (SEK bn)



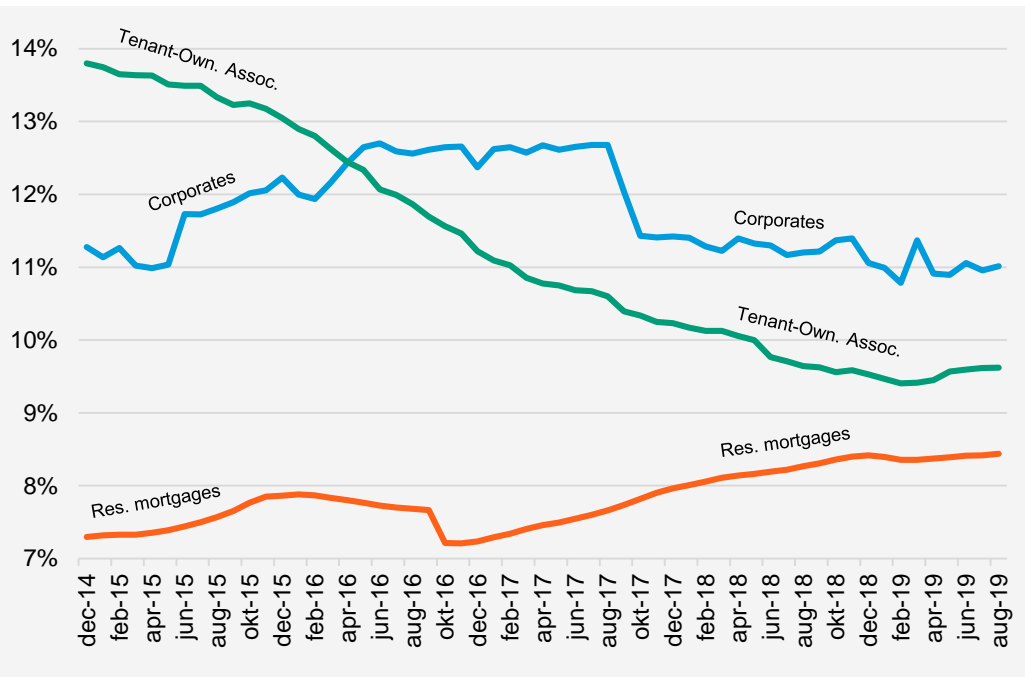
Deposits (SEK bn)





# Market share development

Market shares (Aug 2019)



Res. mortgages (lending & market share\*)

288<sub>bn</sub>

8.44%

Corporates (lending & market share\*)

37<sub>bn</sub>


10.88%

ToA (lending & market share\*)

51<sub>bn</sub>

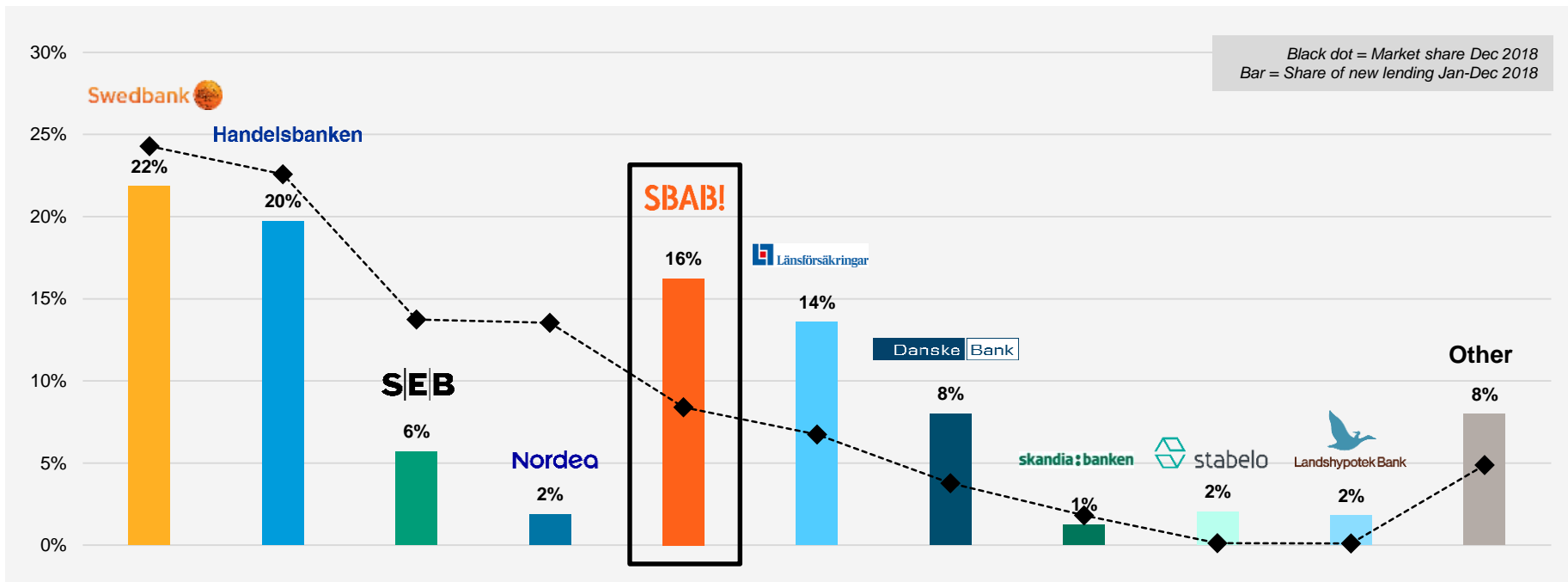
9.62%

# Mortgage market share development

Market share	December 2017	▲	December 2018	▲		August 2019
<b>SBAB!</b>	7.96%	+0.45%	8.41%	+0.03%	↓	8.44%
Swedbank 	24.42%	-0.11%	24.32%	-0.28%	↓	24.03%
Handelsbanken	22.74%	-0.13%	22.61%	-0.18%	↓	22.42%
<b>SEB</b>	14.20%	-0.44%	13.76%	+0.02%	↑	13.78%
Nordea	13.97%	-0.41%	13.56%	-0.01%	↑	13.55%

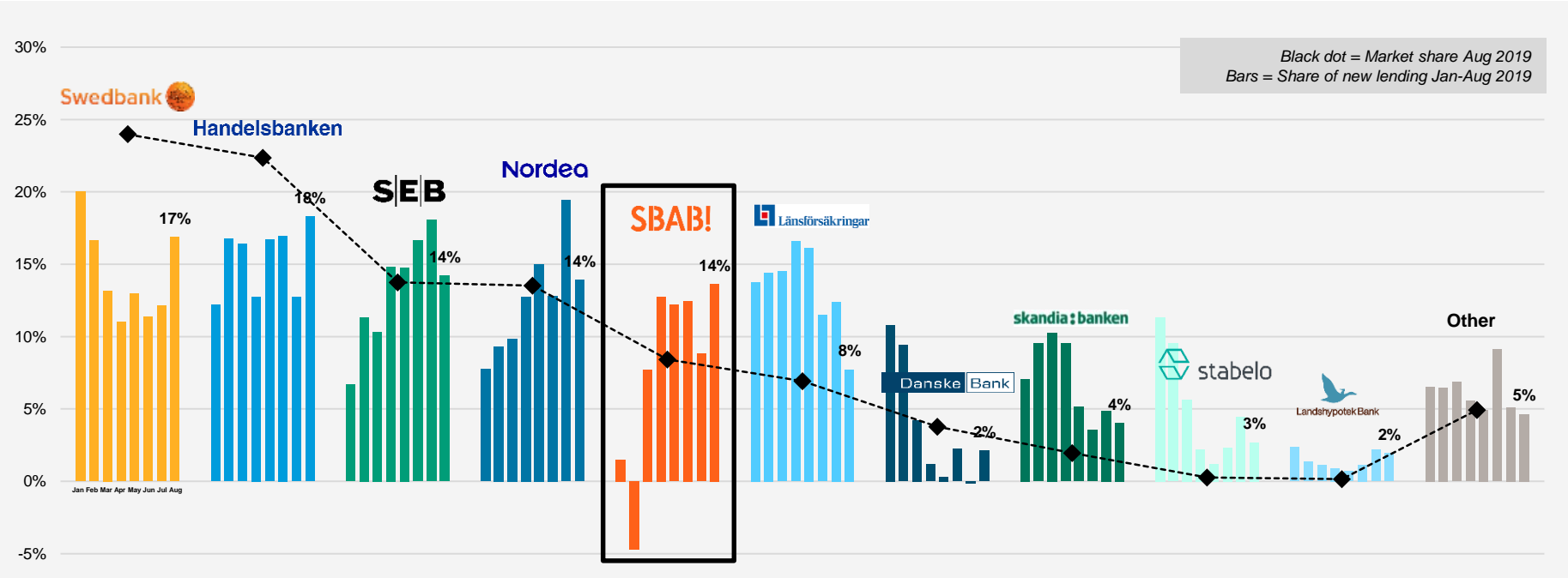
# Residential mortgage market 2018

Share of net growth in the Swedish residential mortgage market Jan-Dec 2018



# Residential mortgage market 2019

Monthly share of net growth in the Swedish residential mortgage market Jan-Aug 2019 vs. market share Aug 2019

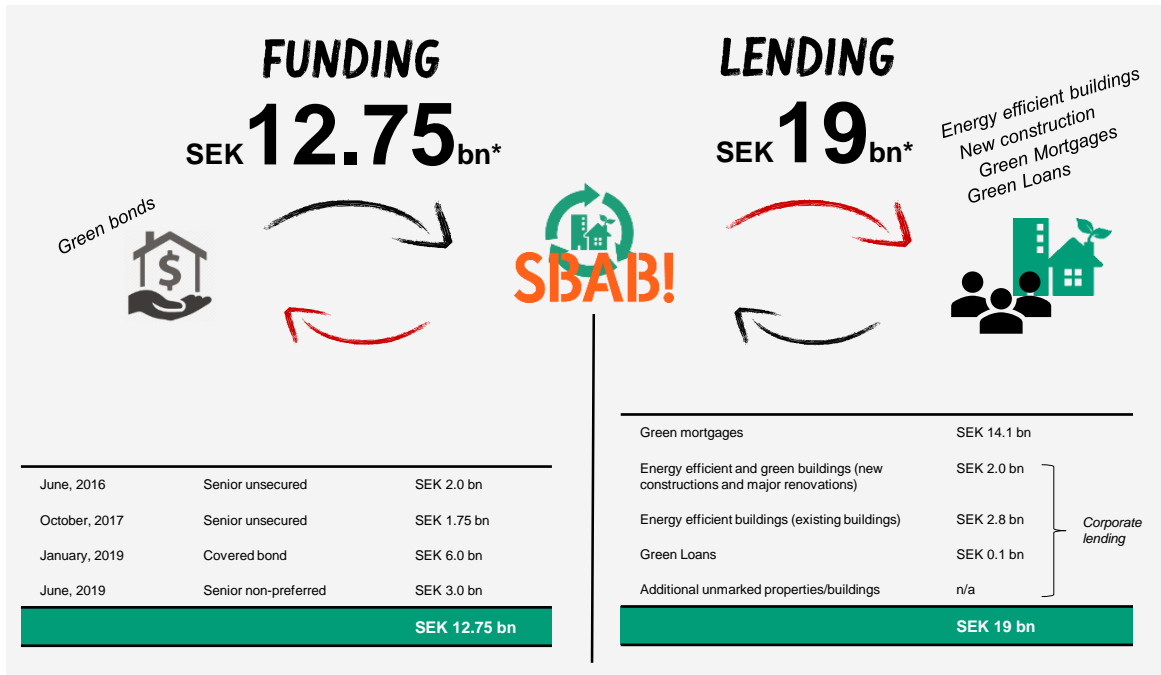




# Green lending & funding



## Linking green lending to green funding



## Rationale behind green efforts

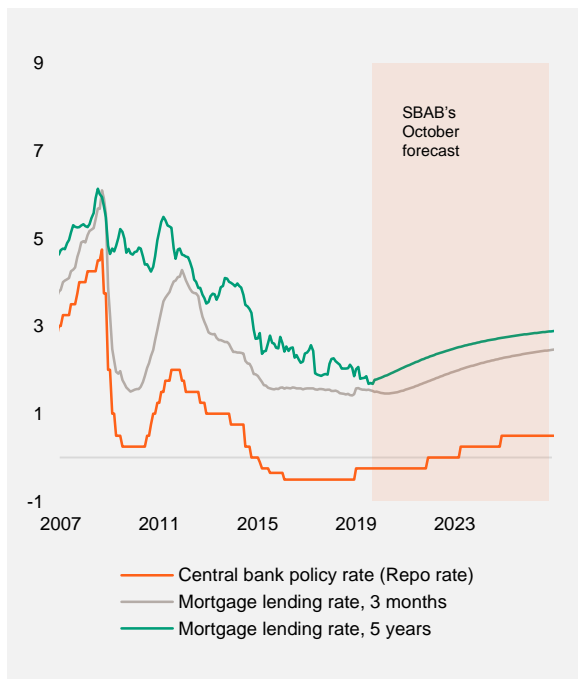
- **Green lending:** stimulate demand for energy efficient housing as well as creating opportunities and incentives (e.g. by offering discounted loans) for customers to invest and implement energy improving measures in their homes and properties
- **Green funding:** offer investors the opportunity to actively participate in the sustainable transition of the Swedish housing and real estate market

\* Outstanding Green Bonds & estimated Eligible volumes within SBAB Group Green Bond Framework 2019 as of 24 Oct 2019

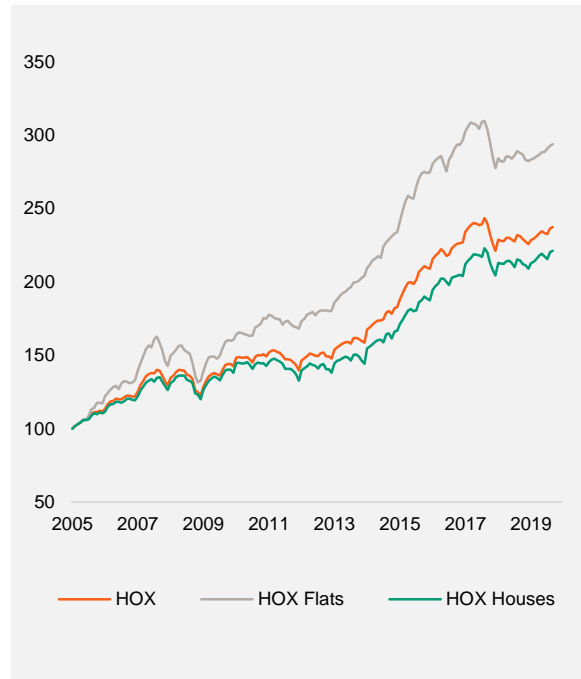
# Stressed interest rate lowered to 6.5%

- Revised affordability assessment - stressed interest rate (sw. *kalkylränta*) lowered to 6.5% from 7.0%
  - Low interest rates expected in the coming years (around 3% in 10 years) & stabilized housing prices
  - LTV & DTI requirements from the Swedish FSA
  - Revision possible without increased risks for SBAB and/or customers
  - Increased opportunity for young housing applicants to obtain a mortgage

Historical and future interest rates (%)



Housing price index (index January 2005=100)



# Climate risk analysis



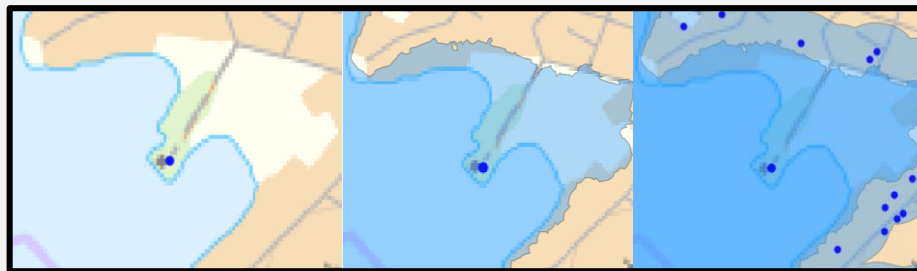
– Initial climate risk analysis of SBAB’s mortgage portfolio based on RCP8.5 (SMHI) & ”100-årsflöden” (MSB)

## Climate risk analysis

- **Scenario 1:** Stressed scenario of collateral affected by increased seawater level (RCP8.5) and / or “100-year flows” (Sw. *100-årsflöden*) in Swedish watercourses
- **Scenario 2:** Stressed scenario described above +100 meters buffer
- **Result:** Small proportion of SBAB’s portfolio in risk zones



Flight foto



Current

Stressed scenario

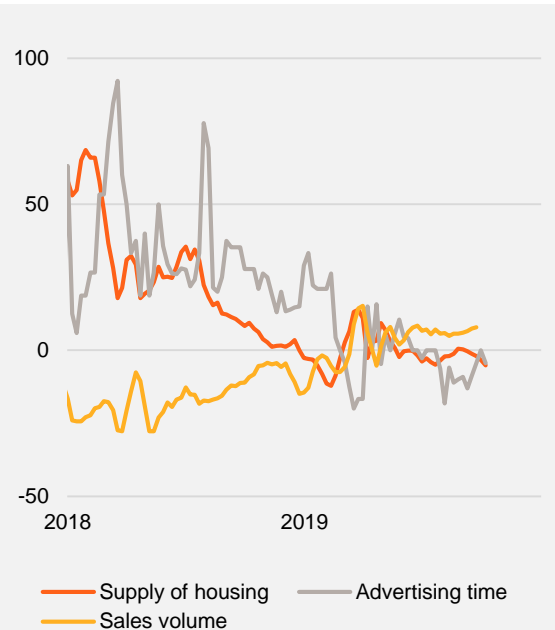
Stressed scenario + buffert

# Short update on the housing market

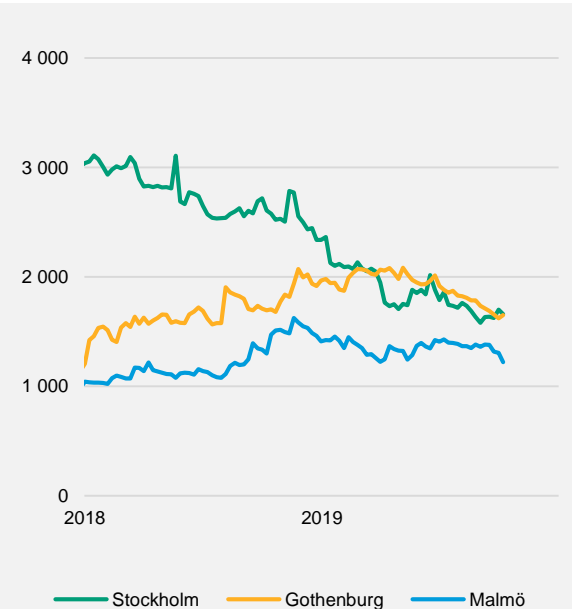
- After a couple of turbulent years, the market for existing housing has finally stabilized
  - Constant supply
  - Slightly shorter advertising times
  - A steady increase in the number of sales
- Some parts of the market for newly produced housing is still in a recovery phase
  - Much more stable supply in, for example, Malmö compared to Stockholm

For more information, see appendix

Housing stock development (annual rate %)



Supply of new housing (number of homes)





HIGHLIGHTS Q3 2019

# RESPONSIBILITY & TRANSPARENCY.



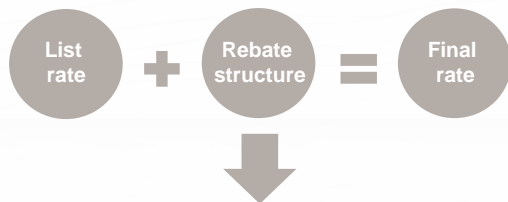
SBAB!

# A transparent offering

– Risk based pricing based on LTV & energy class of property

## Adjusted pricing matrix in Feb 2019

Increased rebates for low LTV's & less focus on size of loan



- 1 LTV
- 2 Size of loan (but only if <SEK 1 mn)
- 3 Energy class of property (A, B or C)

## Example interest rates on residential mortgages after recent adjustment in October

		<i>Loan &gt; SEK 1 million &amp; LTV ≤ 60%</i>		
	Maturity	List rate		
			Offered rate	Green Mortgage (EPC A or B)
	3M	1.64%	1.29%	1.19%
	1Y	1.49%	1.14%	1.04%
	2Y	1.44%	1.09%	0.99%
	3Y	1.44%	1.09%	0.99%
	5Y	1.54%	1.19%	1.09%

# Competition intensifies


– New entrants, challenger banks and established banks are working to establish, retain and defend their positions

## SEB

**Kampanjränta 1,29 %**

- Gäller alla bindningstider 1-10 år
- Enkelt, smidigt och färdigförhandlat
- Ökad trygghet med koll på månadskostnaden

VI TAR ER VIDARE



## DanskeBank

**Bolån från 1,25%\***

1 eller två års bunden ränta  
\*Villkor

Vi gör mer för dig som drömmer

Räkna och ansök om bolån



**COMPLETED**

**1,19%**  
i bolån ränta i hela 2 år!

Just nu har vi ett erbjudande som får ta plats  
Fylla i bolånetillsäggs och tillägg till 1,19% bolån ränta. Du är medlem i Sparbanken på minst 1,5 månader. Fördelningen och löst med betala på dig. Erbjudandet gäller fram till 30 september.

LF



## Skandiabanken

**Bolån från 1,10 % – på alla bindningstider**

- ✓ Bolåneränta från 1,10 % (**effektiv ränta\***) – nu även på bundet lån upp till 5 år
- ✓ Rabatt till dig med tjänstepension hos oss
- ✓ Räntan beror även på hur mycket du lånar i förhållande till bostadens värde

**Ansök om bolån**

## Nordnet

**Marknadens billigaste bolån - utan förhandling**

Det finns många goda skäl att spara hos oss, exempelvis låga avgifter och hundratals fonder att välja mellan. Nu kommer ytterligare ett skäl. Som ett sätt och din medsköandes sparande hos oss så kan vi tillkomma din bolåneräntan rejält. Låna till fritidshus, villa eller bostadsrätt upp till 60 procent av bostadens värde. Minsta lånebelopp är 1 miljon kronor.

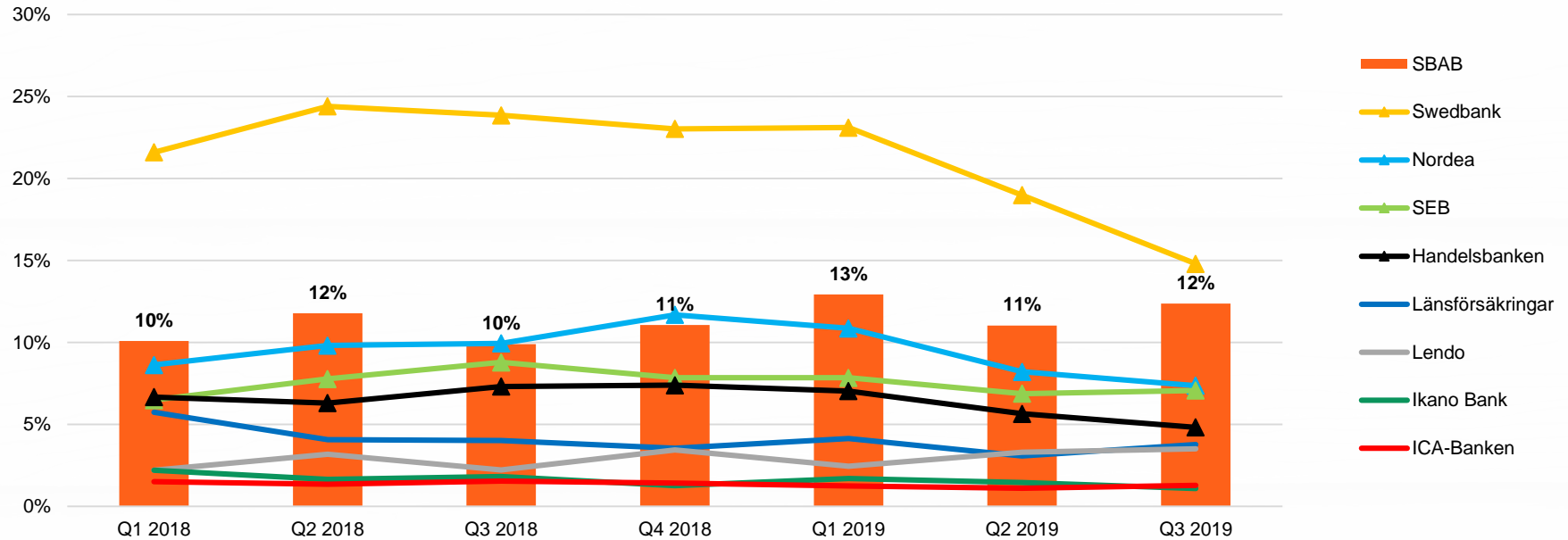
- ✓ Räkna med din medsköandes tillgångar
- ✓ Gäller villa, bostadsrätt eller fritidshus
- ✓ Låna upp till 60 % av bostadens värde
- ✓ Minsta lånebelopp 1 miljon kronor

**Se vilken ränta du kan få**

Bolåneränta	<b>0,79 %</b>	Om du sparar 10 miljoner kr eller mer hos oss.
Bolåneränta	<b>0,99 %</b>	Om du sparar 5 - 10 miljoner kr hos oss.
Bolåneränta	<b>1,09 %</b>	Om du sparar 2,5 - 5 miljoner kr hos oss.
Bolåneränta	<b>1,29 %</b>	Om du sparar 1 - 2,5 miljoner kr hos oss.

# Top of mind – Sweden

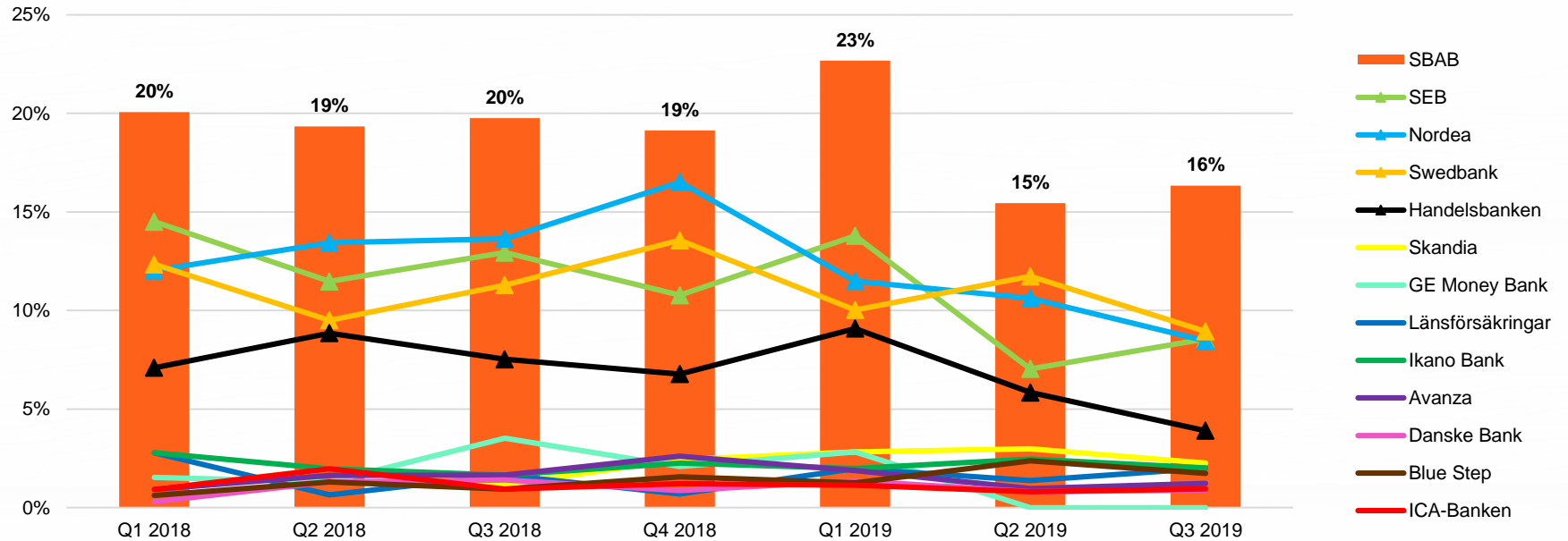
Top of Mind Q3 2019 – “Which companies offering mortgages do you know of?” (first mentioned)





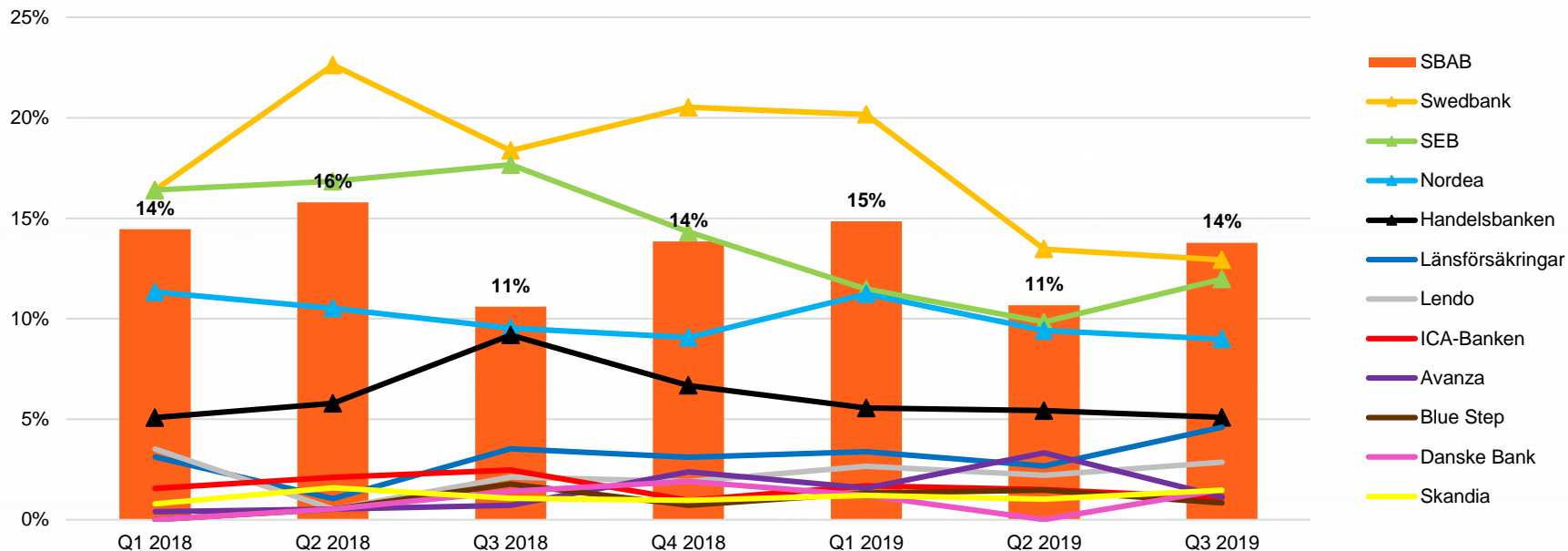
# Top of mind – Stockholm

Top of Mind Q3 2019 – “Which companies offering mortgages do you know of?” (first mentioned)



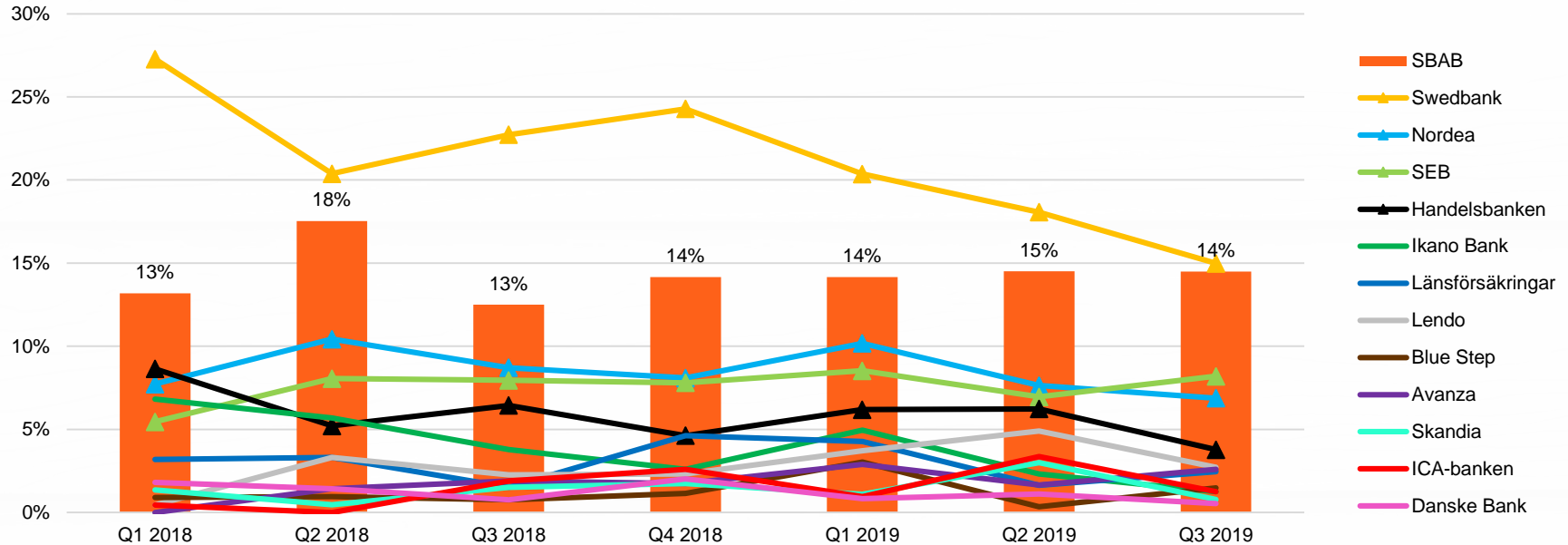
# Top of mind – Gothenburg

Top of Mind Q3 2019 – “Which companies offering mortgages do you know of?” (first mentioned)

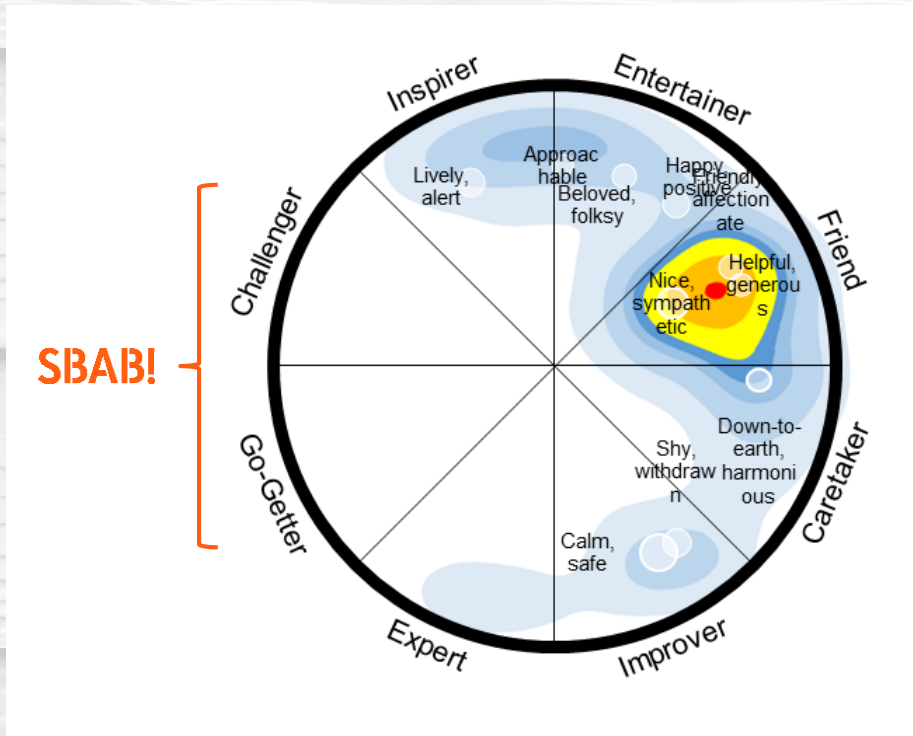


# Top of mind – Malmö

Top of Mind Q3 2019 – “Which companies offering mortgages do you know of?” (first mentioned)

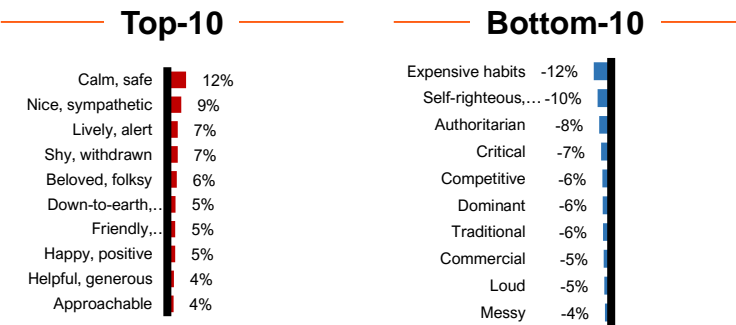


# SBAB well positioned for the future



## Summary Brand Touch

SBAB has a **“We”** profile, which is characterized as helpful, sympathetic and down-to-earth compared to other mortgage players. This profile is very well in line with what drives conceivability in the mortgage market

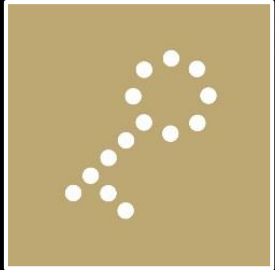




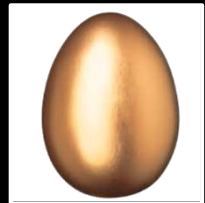
# SBAB's communication awarded 2019



**YouTube Ads Leaderboard:  
Sweden 2018**



**Guldnnyckeln**  
"Digitala & sociala kanaler 2019" **DIPLOMA**



**Guldägget**  
"Audio 2019" **DIPLOMA**  
"Årets Video 2019" **DIPLOMA**



**100W**  
"Årets konsumentkampanj 2019" - **NOMINATED**

**SBAB!**



**Swedish Content Awards**  
"Årets Video 2019" **GOLD**  
"Årets Sociala media 2019" **GOLD**



**Epica Awards**  
"PR & Promotions Events" - **NOMINATED**

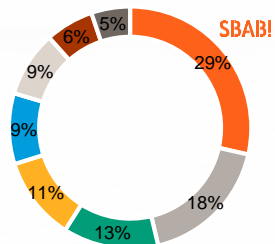
# Share of Voice

– Knowledge sharing to increase transparency surrounding residential mortgage market & the housing market

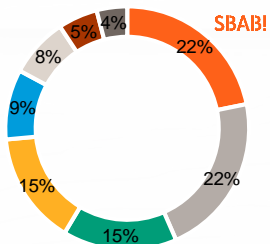
## Strong media presence

### Share of Voice - "Bolån & boendeekonomi"

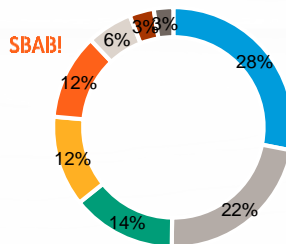
July 2019



August 2019



September 2019



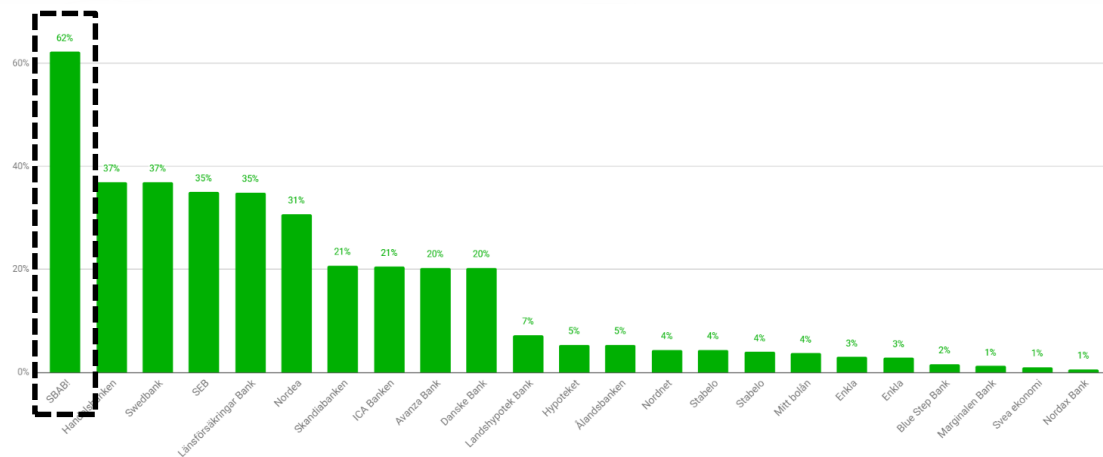
Source: Retriever, Q3 2019



# Strong position & awareness for mortgages

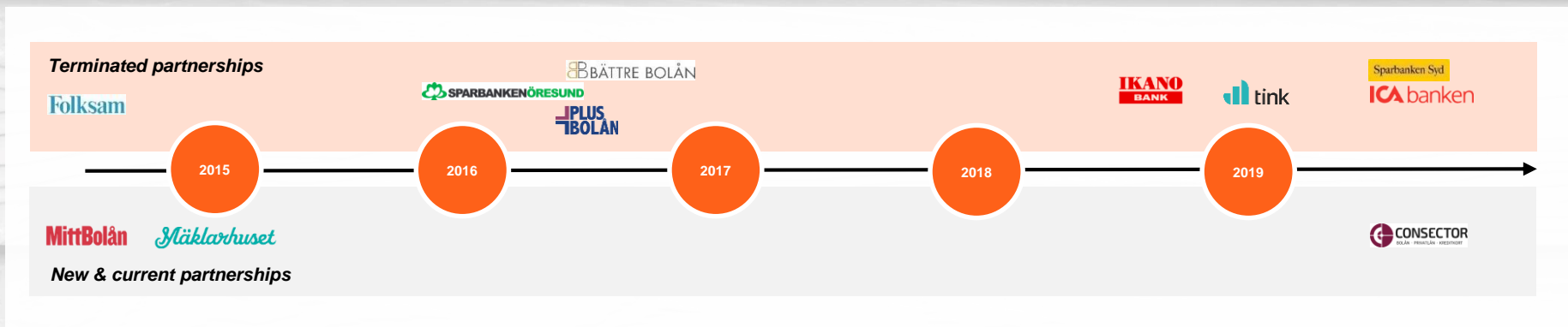
- During the spring, Hemnet conducted a web survey to find out about the Hemnet visitors' knowledge of various banks / mortgage institutions and their attitudes towards mortgages
- As many as 62 percent stated that SBAB was the first choice when considering a new mortgage, compared with 35 percent for the four larger banks

"If you were to obtain or move a mortgage today, which of the following banks or mortgage institutions would you consider?"



# Distribution strategy for mortgages

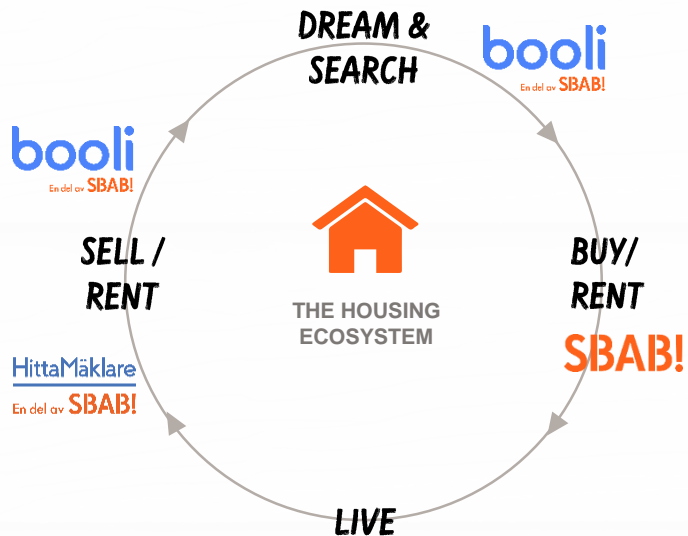
– Increased investments in own distribution capacity



- Since 2015, SBAB has prioritised new lending in its own brand (where SBAB is able to deliver the greatest customer benefit and build the strongest customer relationships)
- As a result, all white label partnerships have been terminated
- Future focus on partnerships with players (intermediaries) using digital business models

# SBAB's ecosystem

## SBAB's ecosystem



## Data based services – key in the ecosystem

### "Mitt Boende"



### "Räntematchen"

**UTMANA DIN RÄNTA!**  
Har du bolån hos en annan bank?  
Jämför räntan på mindre än 30 sek!  
Utmana räntan nu

### "Boendekostnadskalkyl" at Booli.se

**booli**  
Förvara valningar

**Boendekostnadskalkyl**  
Månadskostnad: 11 387 kr

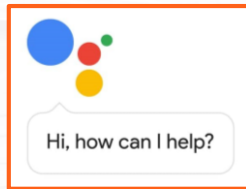


# Research on customer behaviour

Research and consulting studies confirm change in customer behaviour/expectations and notion of ecosystem business



# Update around customer offering (1/2)



Voice-activated service  
(Google Assistant)

1. Räkna på hur mycket du kan låna.
2. När du börjat gå på visningar – ansök om lånelöfte.
3. Ring oss när det är dags för budgivning och om du ska skriva kontrakt.

Continues improvements in customer experience & internal processes



No. of employees at Customer Service



Nya Internetbanken Företag & Brf

New online bank (corporate and tenant-owners' association customers)



New content and functionality



Chatbot

## SBAB!

Unique visitors per month (Q3) to sbab.se

425,000

Unique users per month (Q3) of the SBAB app

86,000

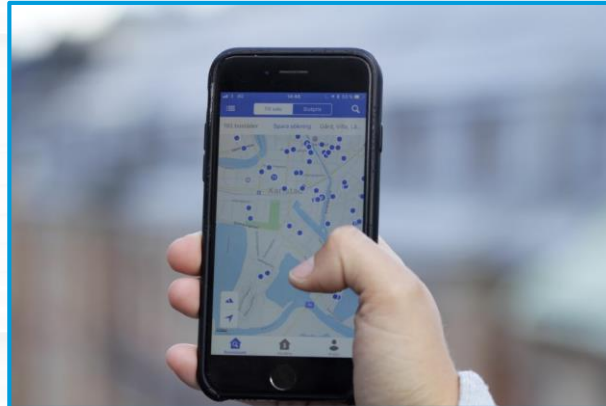
# Update around customer offering (2/2)



Key metrics for tenant-owners' associations using data from annual reports



Booli's app available for Android



HittaMäklare

En del av **SBAB!**

*Registered real estate agents in Sweden using HittaMäklare's services*

**84%**



*Unique visitors per month (Q3) to booli.se*

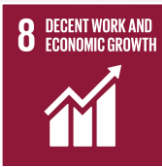
**948,000**

*Subscribers of Booli's monthly housing valuation email*

**369,000**



# Responsible credit granting



– Tax avoidance, money laundering and unhealthy competition in the construction industry

Kraftsamling för en  
sund kreditgivning till  
en sund byggbransch



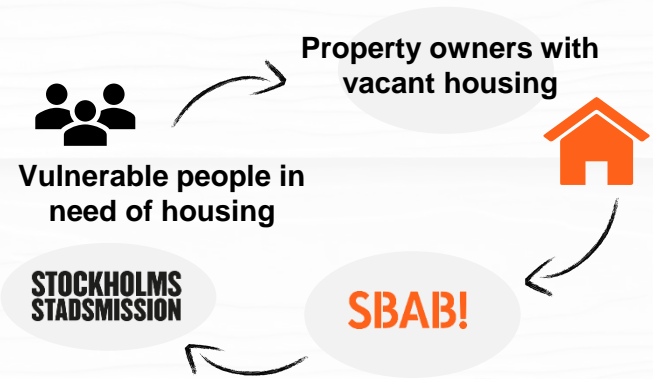
- Several investigations have shown that building practices often involve unreported employment and salary dumping, as well as a lack of respect for human rights along the supply chain
- During 2018, SBAB initiated a project together with representatives from property developers, workers' and employers' organisations and professional bodies to produce changes with the aim of tackling the issues
- The result of the project is a declaration of intent signed by the above, requesting banks to take increased responsibility in their credit granting (e.g. by more stringent requirements)
- SBAB has initiated a dialogue with other banks in Sweden involved in financing new construction with the aim of them supporting the declaration of intent

# An inclusive housing market

– Everyone has a right to a home and social security

## Part of the solution to a serious and important societal problem

- At least 33,000 people are homeless in Sweden today. This is a failure on both a humanitarian and societal level
- With the aim of helping create a better housing situation for homeless and socially vulnerable people, SBAB supports Stockholms Stadsmission, Situation Sthlm and Faktum
- SBAB supports Stockholms Stadsmission in its aim to reduce homelessness in the City of Stockholm, e.g through the “Särskildnyttan” project. The project aims to enable property owners to contribute housing or finance housing support for those who are most cut off from the housing market



HIGHLIGHTS Q3 2019

# ATTRACTIVE WORKPLACE.



**SBAB!**



# Increased number of FTE

Great Place To Work.

Sweden's Best Workplaces

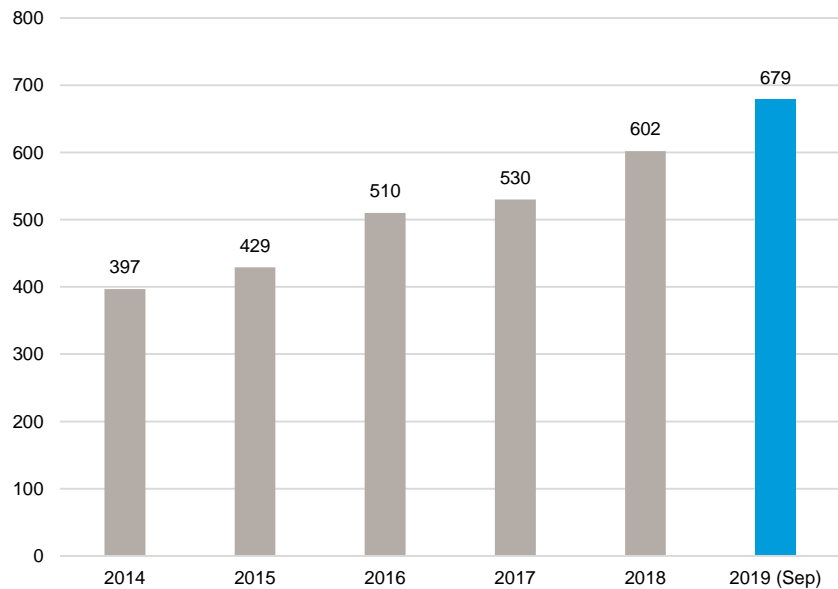
SWEDEN

2019

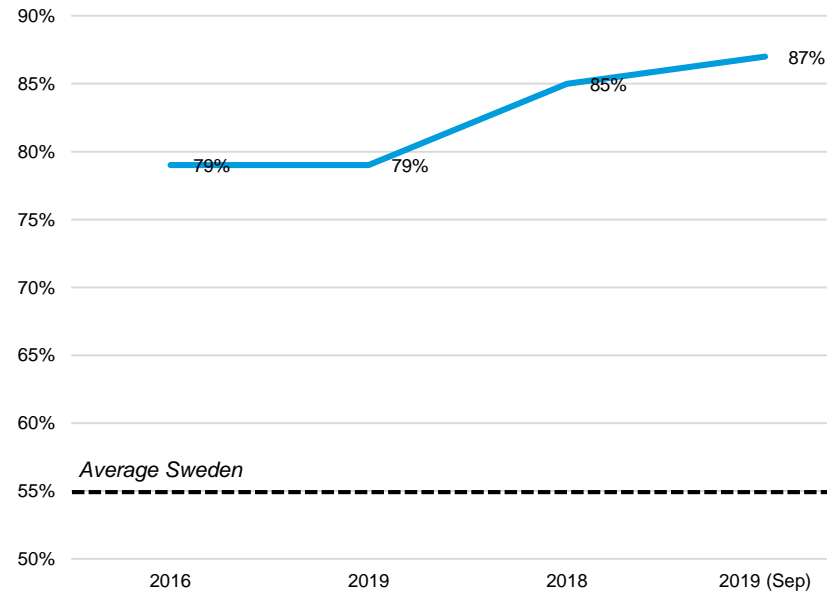
8 DECENT WORK AND ECONOMIC GROWTH



## FTE development



## Employees who consider SBAB a very good place to work



# Respect & equality

8 DECENT WORK AND ECONOMIC GROWTH



RESPECT LADDER

Welcome to the Respect ladder

- 7 steps towards inclusive workplaces

- ✓ Exercises that broaden the perspectives and increase understanding of differences in the workplace.
- ✓ Knowledge that creates self-confidence to challenge current norms in the workplace.
- ✓ Conversations that strengthen the cohesion of teams and organizations.

GET STARTED - IT'S FREE >

Created by **SBAB!** & EQUAL

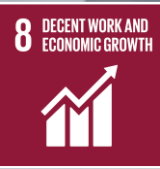
## “Respekttrappan”

- During 2018, SBAB’s working group for equality and diversity, with representatives from different parts of the operations, worked together with the Make Equal foundation to create “Respekttrappan”
- At the Almedalen week 2019, Respekttrappan was launched externally at for companies and organisations to use, free of charge, as part of their efforts to promote increased respect and equality at work ([respekttrappan.se](https://respekttrappan.se))

Jämställdhetsindex JÄMIX®



# Samhall's "Visa Vägen" reward



- Respect, equality and inclusion are at the core of SBAB's corporate culture
- In September SBAB accepted Samhall's Visa Vägen reward for the best employer in the Värmland/Örebro/ Dalarna/Dalsland regions based on our approach to inclusion



HIGHLIGHTS JAN-SEP 2019

# SOUND FINANCES.



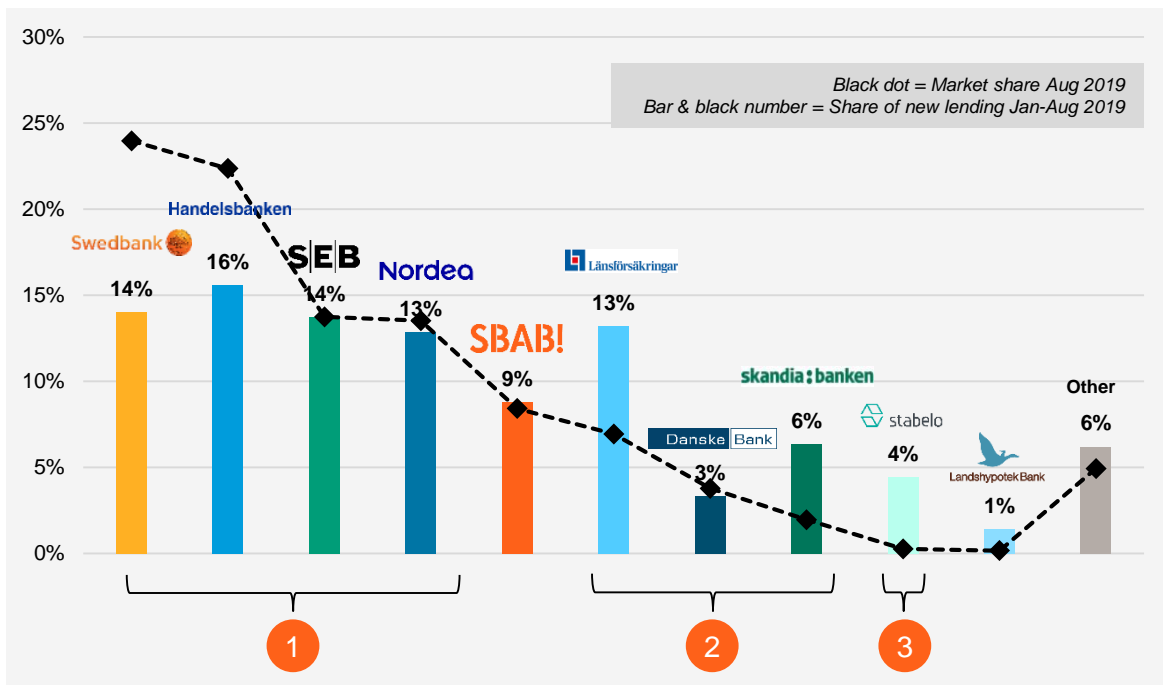
# Overview of financial performance

SEK million	Jan-Sep 2019	Jan-Sep 2018	▲	Q3 2019	Q2 2019	▲	2018
NII	2,596	2,514	+3.3%	861	852	+1.1%	3,362
Costs	-860	-752	+14.4%	-280	-288	-2.8%	-1,049
Loan losses	-16	18	+34mn	0	-7	-7mn	11
Operating profit	1,768	1,655	+6.2%	601	577	+4.2%	2,241
Lending (SEK bn)	378.2	358.0	+5.7%	378.2	372.3	+1.6%	364.2
Deposits (SEK bn)	130.0	120.5	+7.9%	130.0	127.3	+2.1%	124.9
Deposit/lending, %	34.4%	33.7%	+0.7 pp	34.4%	34.2%	+0.2 pp	34.3%
C/I ratio, %	32.5%	31.4%	+1.1 pp	31.8%	33.0%	-1.2 pp	32.0%
RoE, %	12.1%	12.1%	0.0 pp	12.0%	11.9%	+0.1 pp	12.1%
Loan loss ratio, %	-0.01%	0.01%	+0.02 pp	0.00%	-0.01%	-0.01 pp	0.00%
CET1 capital ratio, %	12.2%	31.5%	-19.3 pp	12.2%	12.2%	0.0 pp	12.5%*



# Residential mortgage market 2019

Shares of net growth in the Swedish residential mortgage market Jan-Aug 2019



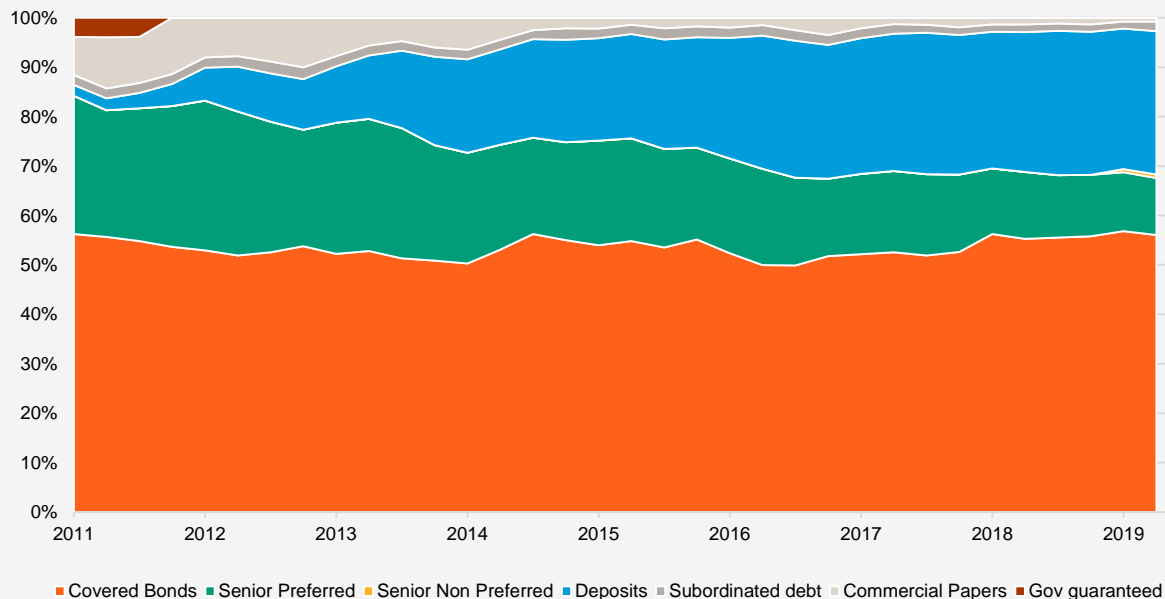
- More (and more aggressive) offers on fixed interest periods
  - Campaigns aimed at big cities where SBAB has a strong position
  - More banks highlighting mortgage offerings on home pages
- Länsförsäkringar continues to gain market share
  - Skandia has a new competitive offer for "bundled" services
- Mortgage funds (Stabelo & Hypoteket – targeting only low LTV's) began to gain market shares during the beginning of 2019, but lower growth during Q2-Q3

# Funding development

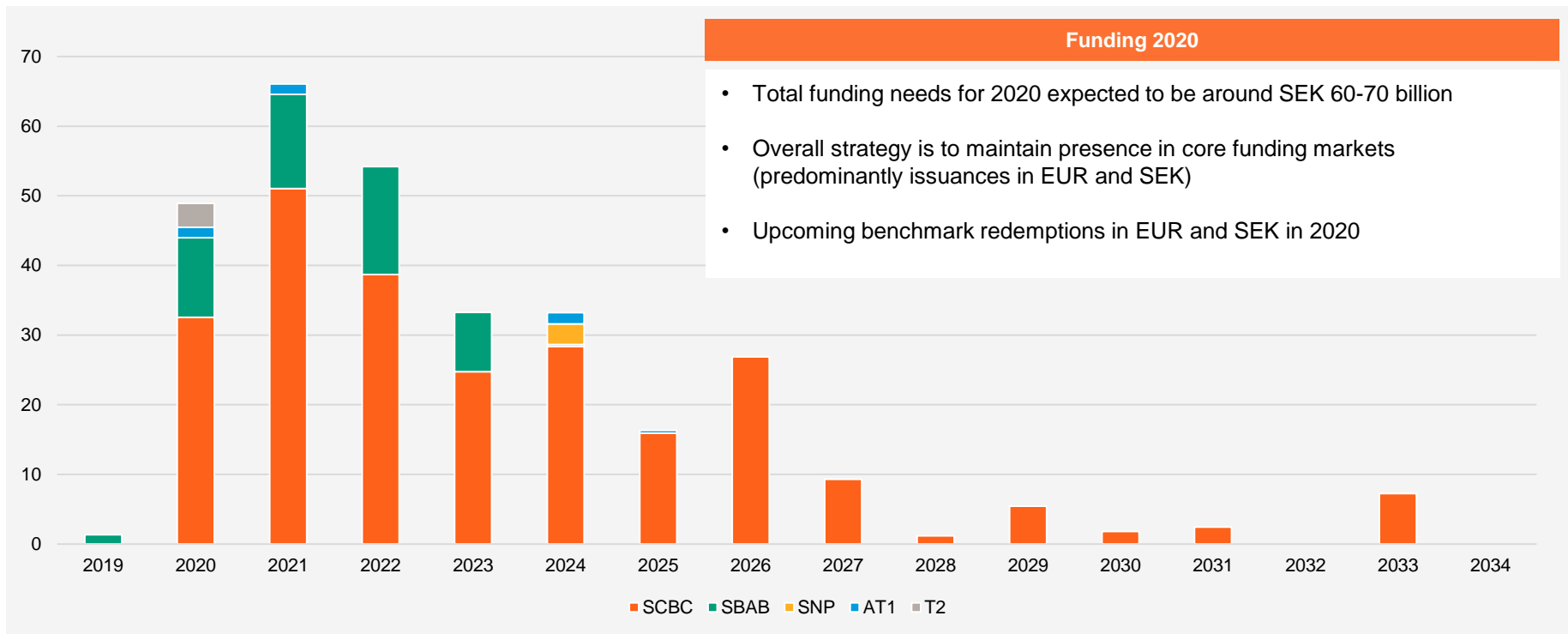
## Summary funding 2019

- In total, the SBAB Group has issued bonds for around SEK 45 billion in 2019, of which SEK 7 billion in Q3, compared with bonds maturing during the year of about SEK 37 billion
- [Inaugural green covered bond](#) in Q1 (first bank in Sweden)
- [Inaugural green senior-non preferred](#) issuance in Q2
- Successful [AT1 \(Additional Tier 1\) transaction](#) in Q3 (SEK 2.0 billion)

## Development of funding sources 2011-2019



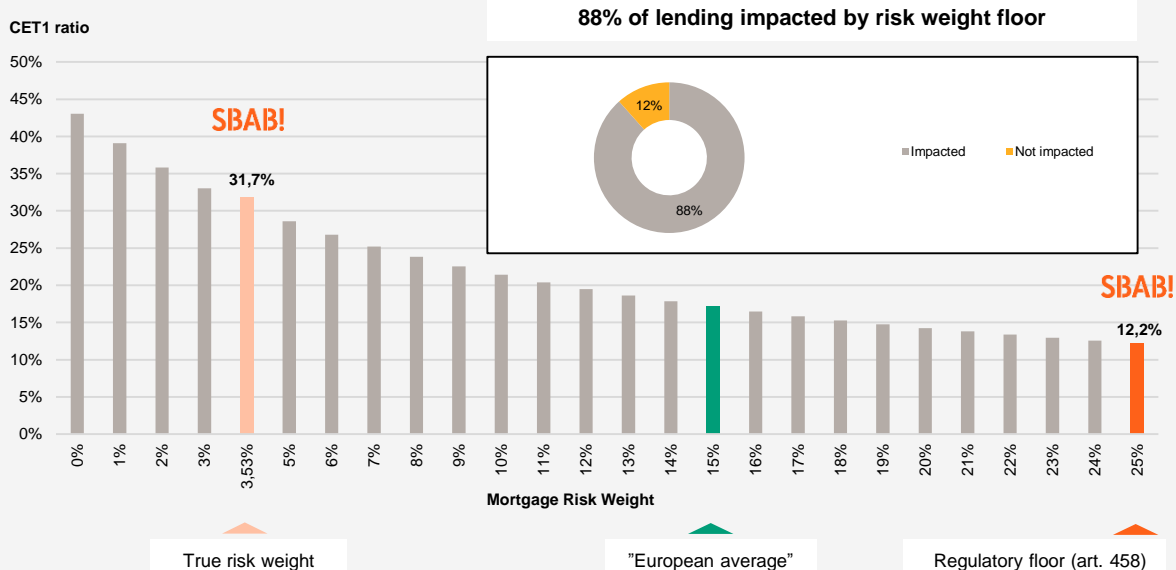
# Maturity profile & funding 2020



# Capital position

– Solid capitalisation, SBAB well above external and internal requirements

## Move of RW-floor (art. 458) & impact on SBAB's CET1 ratio



## Comments

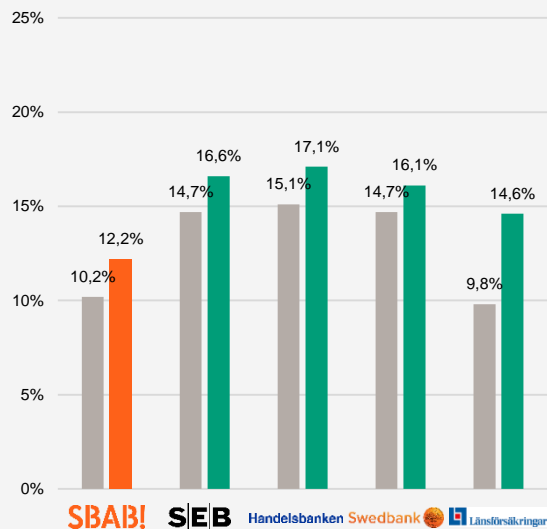
- Capital target: CET1 and total capital ratio at least 0.6% above the requirement communicated by the Swedish FSA \*
- CET1 capital ratio of 12.2% well above external requirement and internal target

\* Adjusted from 1.5% as per 31 Dec 2018 as a result of decision from the Swedish FSA to change the method it uses to apply the 25% risk weight floor for Swedish mortgages previously captured through Pillar 2 by replacing it with a capital requirement within the framework of Article 458 of CRR. In nominal terms, a buffer level of 0.6% corresponds to 1.5% before moving the risk-weight floor.

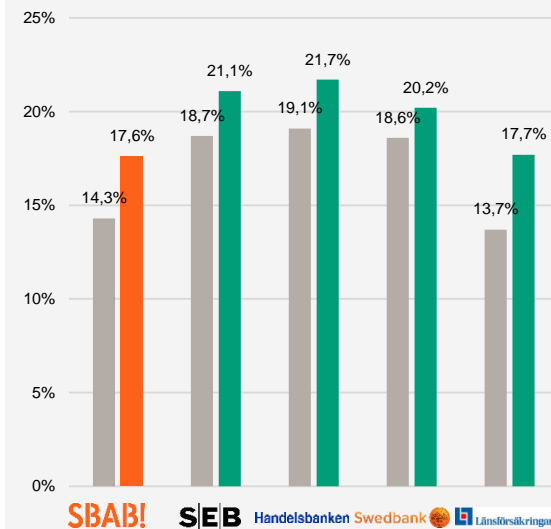
# Capital buffers vs peers (Q2 2019)

– Continued strong capital buffers: SBAB well above external requirements

## CET 1 capital ratio, %



## Total capital ratio, %



## Comments

- Capital target: CET1 and total capital ratio at least 0.6% above the requirement communicated by the Swedish FSA \*
- SBAB well above external and internal requirements in Q2
- CCB increase (+0.5% to 2.5%) in Q3

Available Q2 2019 Requirement Q2 2019

\* Revised from 1.5% as per 31 Dec 2018 as a result of decision from the Swedish FSA to change the method it uses to apply the 25% risk weight floor for Swedish mortgages previously captured through Pillar 2 by replacing it with a capital requirement within the framework of Article 458 of CRR. In nominal terms, a buffer level of 0.6% corresponds to 1.5% before moving the risk-weight floor.

Q&A

## DISCLAIMER

This presentation does not constitute or form part of any offer or invitation to sell or issue, or any solicitation of any offer to purchase or subscribe for, any securities of SBAB Bank AB (publ) or its affiliates in any jurisdiction, including the United States, nor shall it or any part of it nor the fact of its distribution form the basis of, or be relied on in connection with, any contract or investment decision as it is provided for information purposes only and does not contain all of the information material to an investor.

Certain statements made in this presentation are forward looking statements. Such statements are based on current expectations and are subject to a number of risks and uncertainties that could cause actual results and performance to differ materially from any expected future results or performance, express or implied, by the forward looking statements. Factors that might cause forward looking statements to differ materially from actual results include, among other things, regulatory and economic factors. Neither SBAB Bank AB (publ) nor its affiliates assumes any responsibility to update any of the forward looking statements contained herein.

Certain data in this presentation was obtained from various external data sources and neither SBAB Bank AB (publ) nor its affiliates has verified such data with independent sources. Accordingly, neither SBAB Bank AB (publ) nor its affiliates makes any representations as to the accuracy or completeness of that data. No representation or warranty, express or implied, is made or given by or on behalf of SBAB Bank AB (publ) or its affiliates or their directors or employees or any other person as to the accuracy, completeness or fairness of the information or opinions contained in this presentation. Neither SBAB Bank AB (publ) nor its affiliates or any of their directors or employees nor any other person accepts any liability whatsoever for any loss arising from any use of this presentation or its contents or otherwise arising in connection therewith.

# SBAB!

**APPENDIX.**



**SOUND FINANCES.**



**SBAB!**

# Summary Interim Report Jan-Sep 2019

## Summary Q3 2019 & Jan-Sep 2019

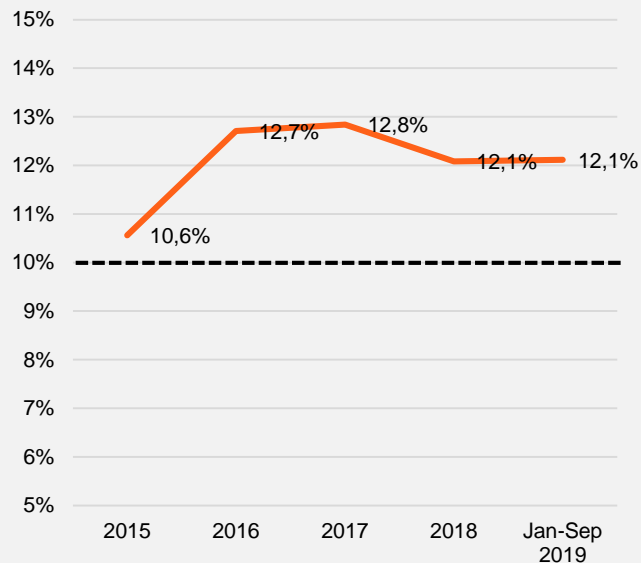
- Strong financial performance and strong key metrics. Operating profit for Jan-Sep 2019 strongest ever
- Lending growth for residential mortgages was once again healthy, confirming trend change in Q2. Total lending increased 5.7% y/y
- Deposits continues to grow (7.9% y/y) leading to reduced reliance on capital markets funding and adding to earnings stability
- Increased investments for future competitiveness in areas including IT (replacement of core banking system), digitalisation and customer offering
- Successful AT1 (Additional Tier 1) transaction in August (SEK 2.0 billion)

SEK mn	Jan-Sep 2019	Jan-Sep 2018	Δ	Q3 2019	Q2 2019	Δ	Jan-dec 2018
Lending (SEK bn)	378.2	358.0	+5.7%	378.2	372.3	+1.6%	364.2
Deposits (SEK bn)	130.0	120.5	+7.9%	130.0	127.3	+2.1%	124.9
Net interest income	2,596	2,514	+3.3%	861	852	+1.1%	3,362
Costs	-860	-752	+14.4%	-280	-288	-2.8%	-1,049
Loan losses	-16	18	+34mn	0	-7	-7mn	11
Operating profit	1,768	1,655	+6.2%	601	577	+4.2%	2,241
C/I ratio, %	32.5%	31.4%	+1.1 pp	31.8%	33.0%	-1.2 pp	32.0%
RoE, %	12.1%	12.1%	0.0 pp	12.0%	11.9%	+0.1 pp	12.1%
CET1 capital ratio, %	12.2%	31.5%	-19.3 pp	12.2	12.2	0.0 pp	12.5%

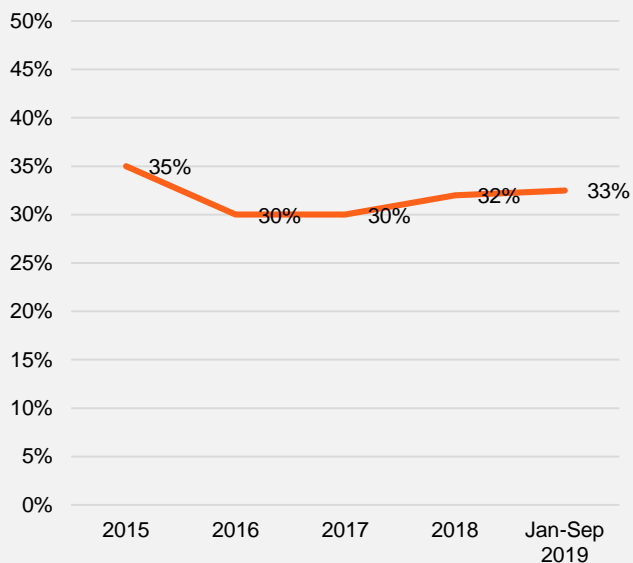
# Strong financial KPIs

– Competitive profitability given SBAB's low risk business & best in class cost efficiency

Return on equity, % \*



C/I-ratio, %



Comments

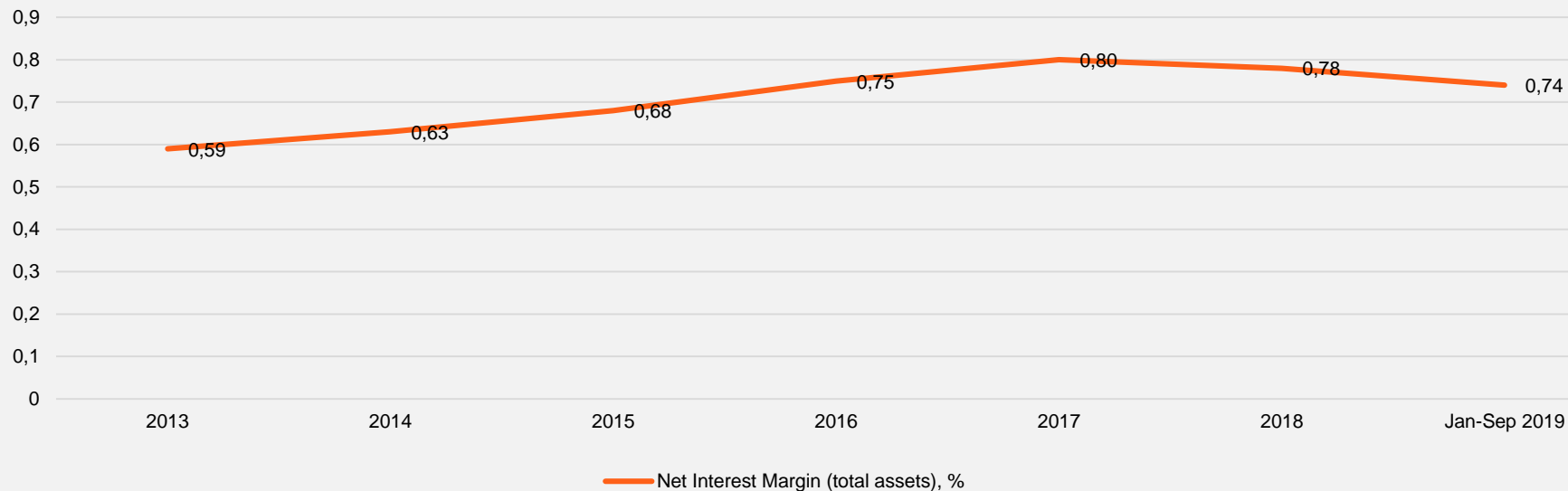
- Strong underlying profitability (above profitability target of RoE>10% last 5 years)
- Risk/return trade off – competitive profitability and returns given SBAB's low risk business
- Successful and cost efficient retail origination through call centre and internet platform (since 1998)

\* From 31 March 2017, return on equity calculated as earnings after tax in relation to average equity, after adjustment for additional Tier 1 securities, value changes in financial assets recognised in equity & dividend (opening balance adjusted for dividend the year before). Comparative figures before 2017 recalculated.

# NIM development

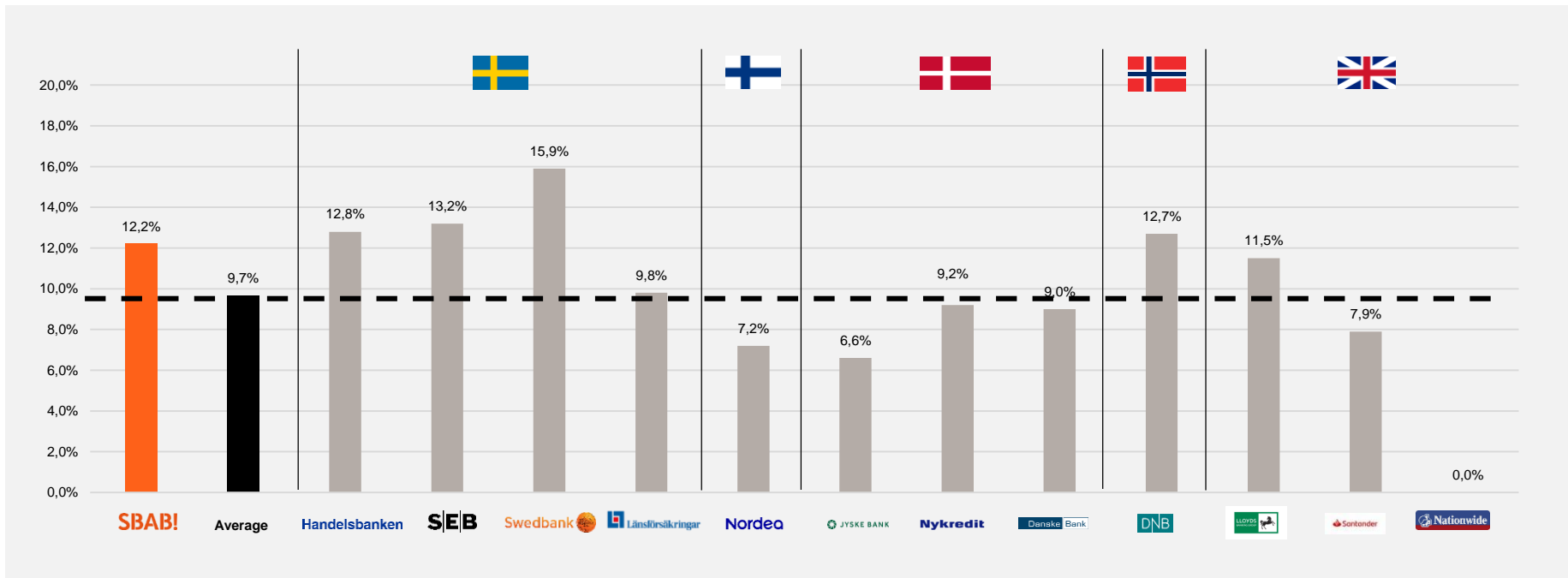
– Declining lending margins

Net interest margin (%), YoY



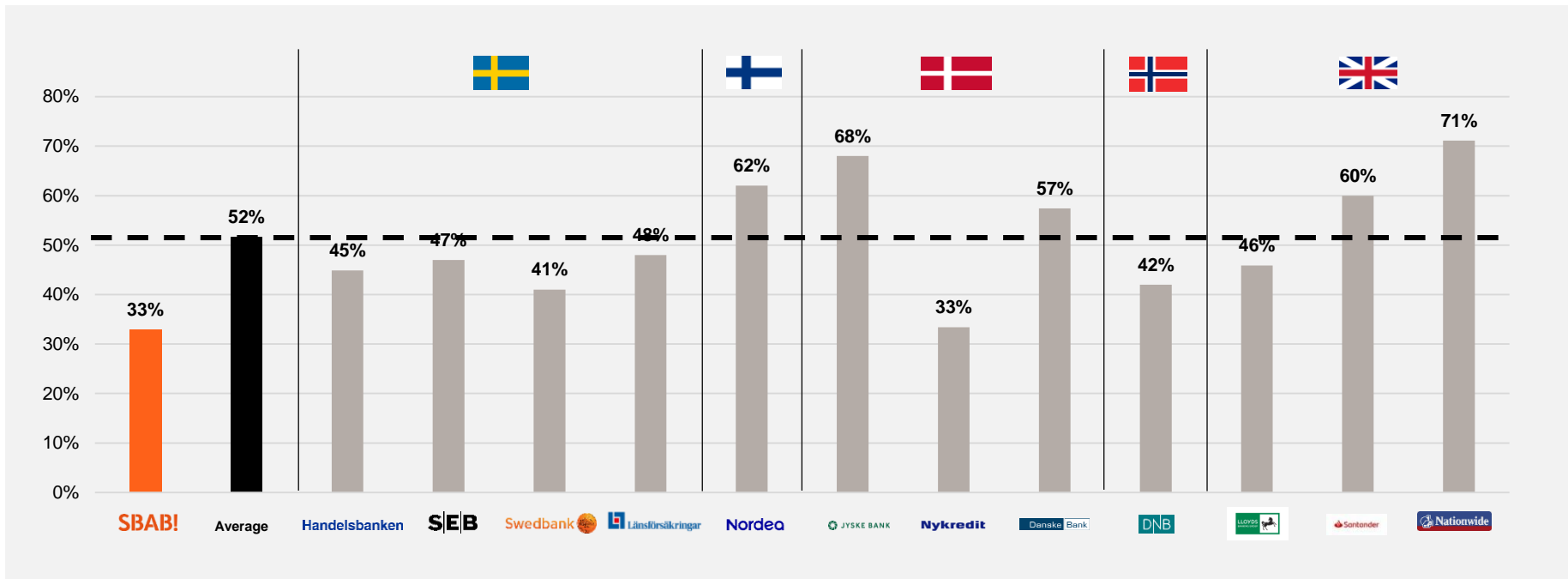
# RoE H1 2019 vs. European peers

Reported RoE (H1 2019)



# C/I ratio H1 2019 vs. European peers

C/I ratio (H1 2019)

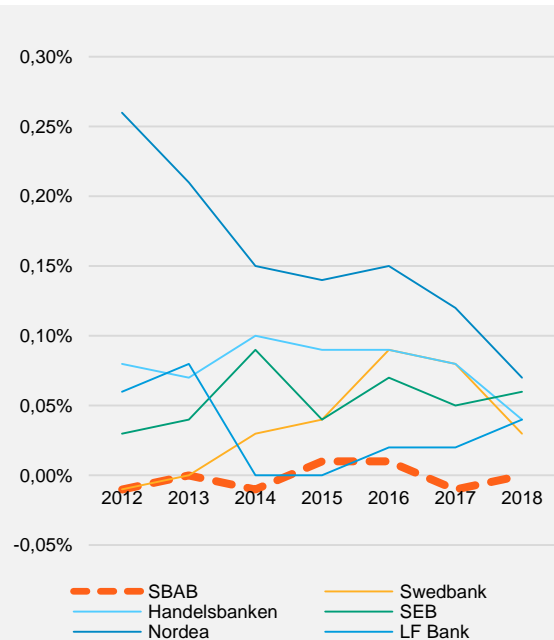


# Asset quality

## Responsible growth = responsible credit origination

- Thorough credit evaluations and more prudent credit rules have improved key credit quality metrics during recent years. Mortgage survey from the Swedish FSA confirms development
- Key to assess creditworthiness so as to ensure that SBAB's risk taking is always reasonable and that customers, in accordance with their circumstances, borrow the right amount at the right price
- SBAB endeavours to have a streamlined, digital and fast credit approval process. In recent times, however, we have made some adjustments that aim to establish a credit process that better reflects today's society including in terms of constellations of borrowers, additional borrowers, forms of employment and language
- SBAB works with preventative insolvency management for customers with payment difficulties - SBAB owns the entire process

## Credit losses 2012–2018 vs. other banks



## Key metrics

Credit losses YTD 2019

**-16 million**

Credit loss level YTD 2019

**-0.01%**

Average LTV (mortgage book)

**62%**

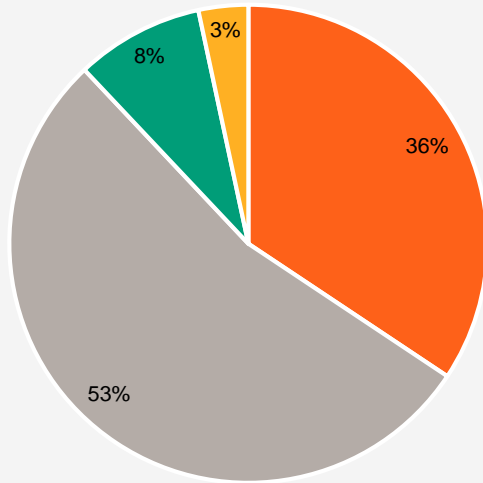
LTV in new lending during Q3

**70%**

**SBAB!**

# Corporate Clients & Tenant-Own. Assoc.

## Lending split



Total lending: SEK 88.2billion

- Corporate lending (Multi-family dwellings)
- Tenant-Owners' Associations (Multi-family dwellings)
- Building credit exposures (Sv "Kreditiv")
- Commercial lending

## Comments

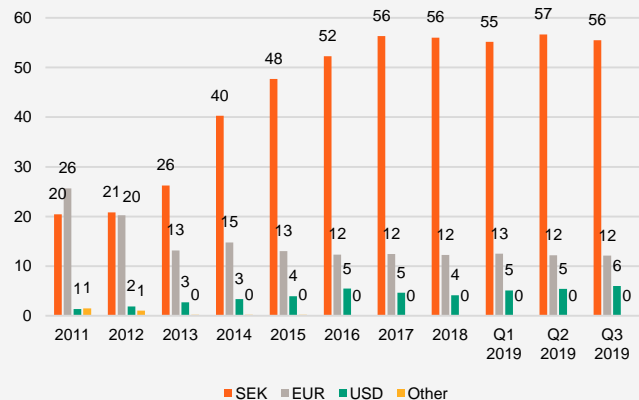
- Primarily targeting major residential developers, property owners and tenant-owners' associations
- Credit granting concentrated to growth regions surrounding our three offices in Stockholm, Gothenburg and Malmö
- Focus on large and experienced property developers with strong balance sheet given recent uncertainty in the new construction market
- Construction loans capped at 6% of total lending & commercial lending capped at 3% of total lending



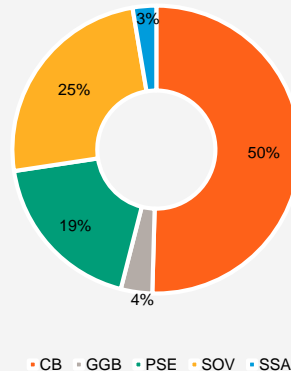
# Liquidity position

- LCR compliant since 1st January 2013
- 98% AAA and 2% AA+
- Maximum 10y maturity
- Increased portfolio to extend survival horizon

## Liquidity portfolio (Currency distribution)



## Liquidity portfolio (Securities type)



## KEY FIGURES

Liquidity portfolio

**74<sub>bn</sub>**

LCR

**298%**

NSFR

**138%**

Survival horizon

**339<sub>days</sub>**

# RESPONSIBILITY & TRANSPARENCY.



# 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.



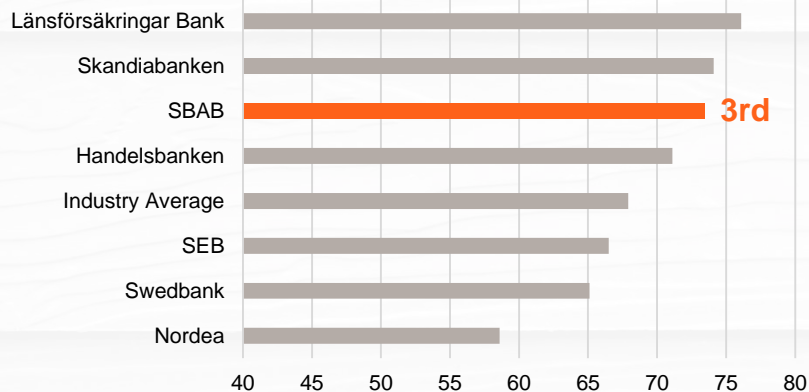
## CONSIDERATION

Housing specialists who care.

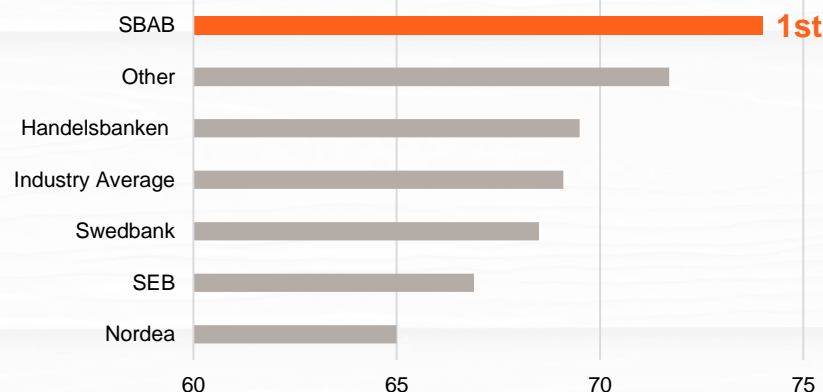
# Customer satisfaction



Residential mortgages (2018)



Property loans to corporates (2018)

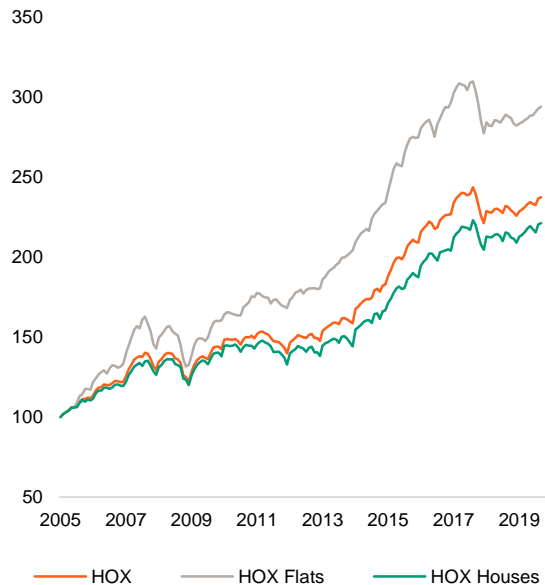


# Housing market: Stabilized and slightly increasing prices

## Stable prices in the coming years

- **Housing prices have increased by an average of 4.3 percent over the past ten years, turning point in 2017**
  - Construction of new housing is clearly influenced by the development of housing prices
- **SBAB's forecast is that housing prices for the state as a whole will increase by 6 percent in 2019, and then remain relatively stable in the following years**
  - The hose price forecast depends largely on SBAB's interest rate forecast

## Housing price index (index January 2005=100)



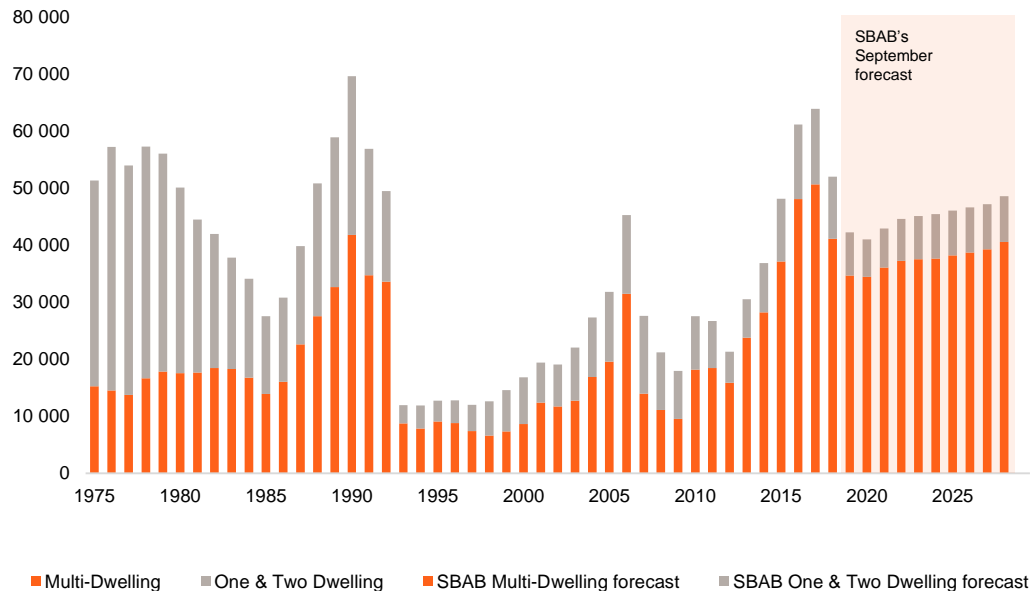
	Index Sep-19	Change since		
		1m	3m	12m
<b>Sweden (HOX)</b>	<b>237</b>	<b>-0.4%</b>	<b>+1.8%</b>	<b>+2.7%</b>
<b>Flats</b>	<b>294</b>	<b>+0.4%</b>	<b>+1.8%</b>	<b>+2.1%</b>
Stockholm	279	+0.4%	+1.7%	+1.7%
Gothenburg	336	+0.7%	+2.3%	+1.2%
Malmö	257	+0.4%	+1.9%	+5.3%
<b>Houses</b>	<b>221</b>	<b>+0.4%</b>	<b>+1.8%</b>	<b>+3.0%</b>
Stockholm	219	+0.4%	+2.6%	+2.1%
Gothenburg	226	-0.4%	+2.5%	+2.9%
Malmö	205	+0.0%	+2.7%	+6.2%

# Housing market: Reduced housing constructing

## Remaining need for new housing

- **Housing construction peaked in 2017**
  - Relatively low level of housing constructing since the crisis of the 1990s
  - Rapid rise in 2015
  - The housing shortage in Sweden is currently estimated to amount to around 1600 00 homes, despite the high rate of construction in recent years
  - Housing construction is expected to decrease by 35 percent by 2020 compared to 2017
- **Strong demographic growth, good access to financing and low interest rates support the high rate of new construction**
  - Some concern about affordable housing and the ability to pay / willing to buy
  - Approximately 40 000 new homes are needed per year in the coming years in order for the housing stock to grow at the same rate as the number of households.

## Housing construction (number of homes)

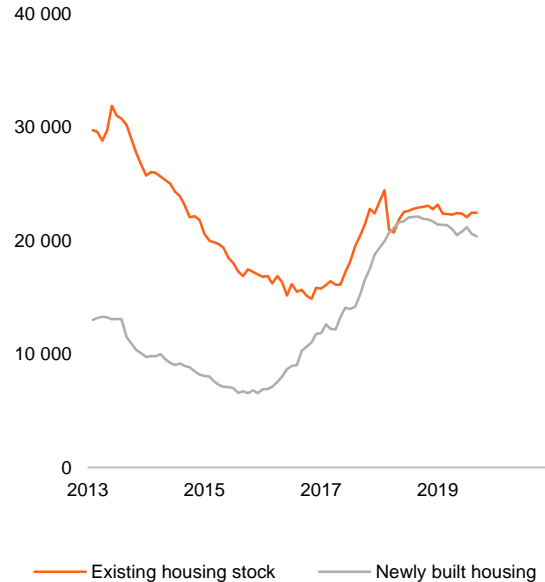


# Housing market: Large supply of housing

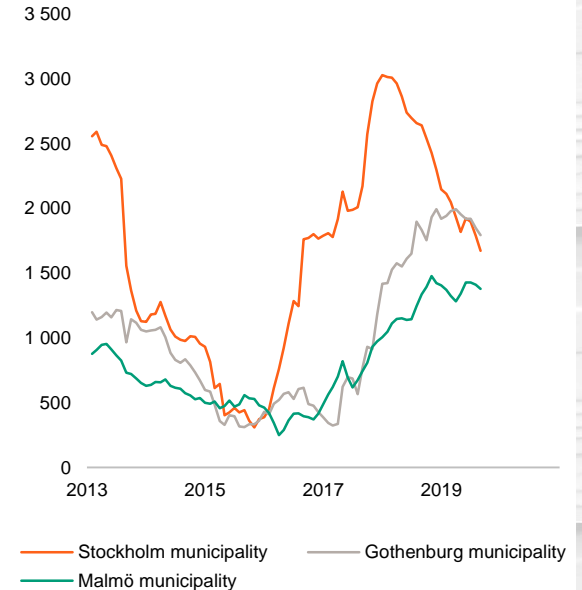
## Changes in housing supply

- **The supply of housing increased rapidly in 2016 and 2017**
  - The supply from existing housing is still lower than in 2013 and 2014
  - As many newly built housing as from existing housing stock
- **Large regional differences in the supply of newly built housing**
  - The fall in production in 2018 is clearly noticeable in the falling supply of newly built housing in Stockholm 2019
  - It is possible, but far from obvious, that the development in Stockholm precedes those in Gothenburg, Malmö or other cities

## Supply of housing (number of homes)



## Supply of new housing (number of homes)



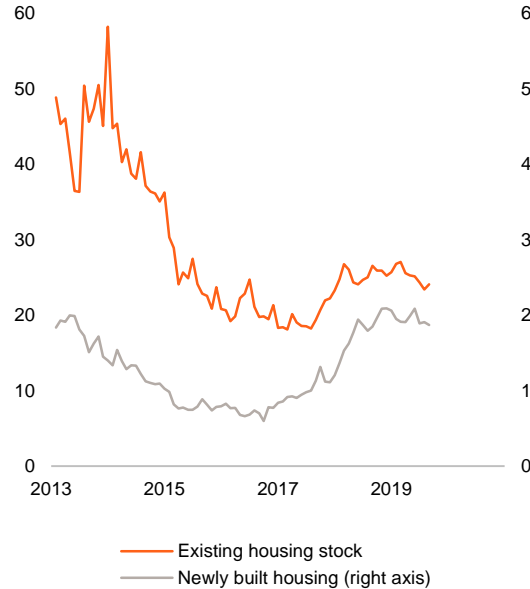


# Housing market: Still a little longer advertising time

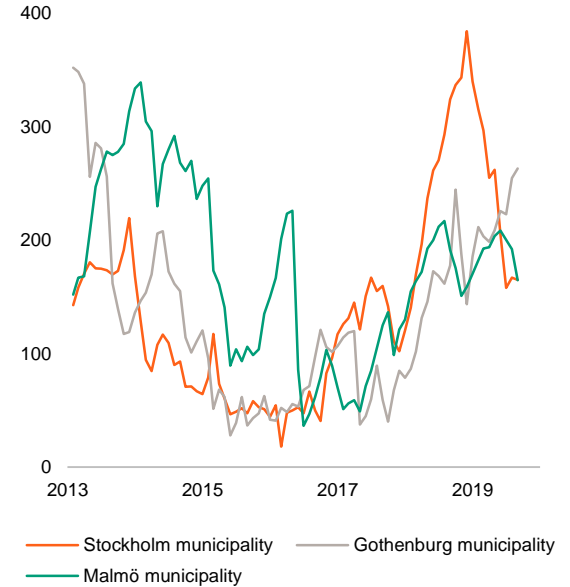
## Down and up in advertising times

- **Advertising times for both existing housing and newly built housing increased during 2017 and 2018, but have since been fairly stable**
  - From a longer perspective, the advertising times for existing homes are short
- **Advertising times for newly built housing in Stockholm have fallen as fast in 2019 as they rose in 2018**

## Advertising times (number of days)



## Advertising times for new homes (days)

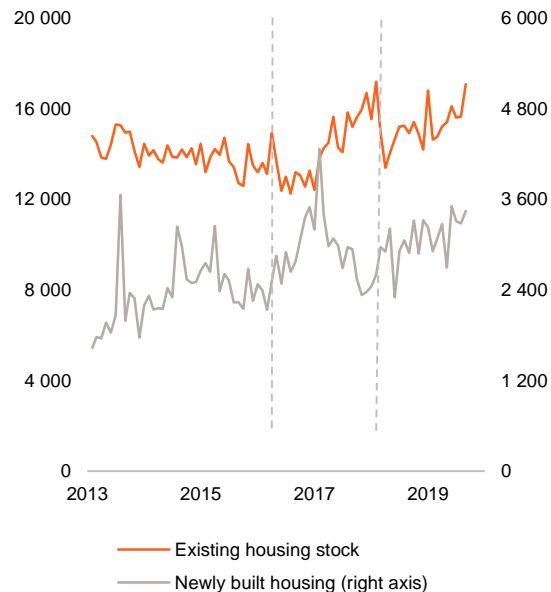


# Housing market: Increasing sales

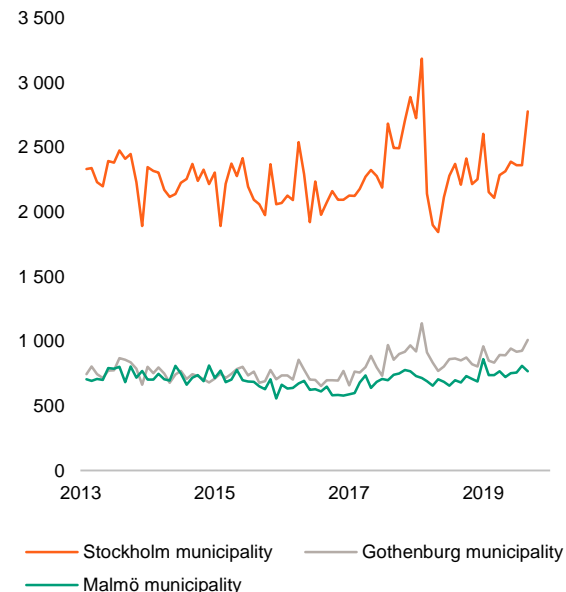
## Upward trend, but sensitive to change

- **In terms of number of ads removed, quite convincing signal that the number of sales is gradually but slowly increasing**
  - Clear impact on the introduction of the two amortization requirements
  - Rising trend since early 2018
- **Somewhat different developments in different cities**
  - Greater impact in Stockholm of the second amortization requirement since prices there are higher in relation to income
  - Monthly figures from Mäklarstatistik give the same picture

## Ads removed (no of ads)



## Ads removed for existing homes (no of ads)

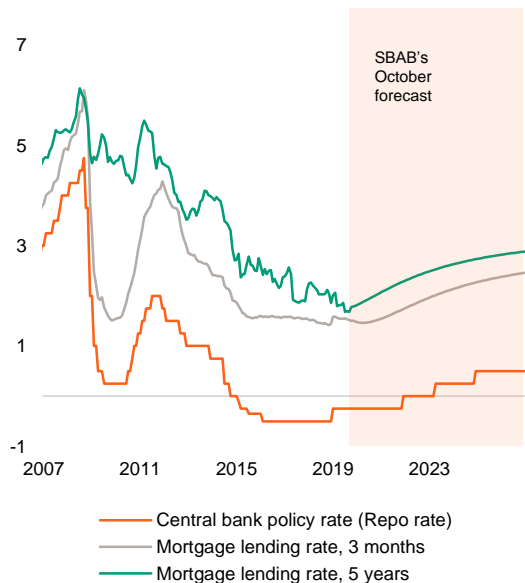


# Housing market: Interest rates at continued low levels

## An unusual interest rate market

- **Very low interest rates in the coming years**
  - Weak economic outlook and many concerns around the world
  - Clear signs that the economic slowdown in Sweden continuing, and no signs of a turnaround yet
- **At present, many banks offer lower interest rates for longer interest periods compared to 3-month interest rates**

## Historical and future interest rates (%)



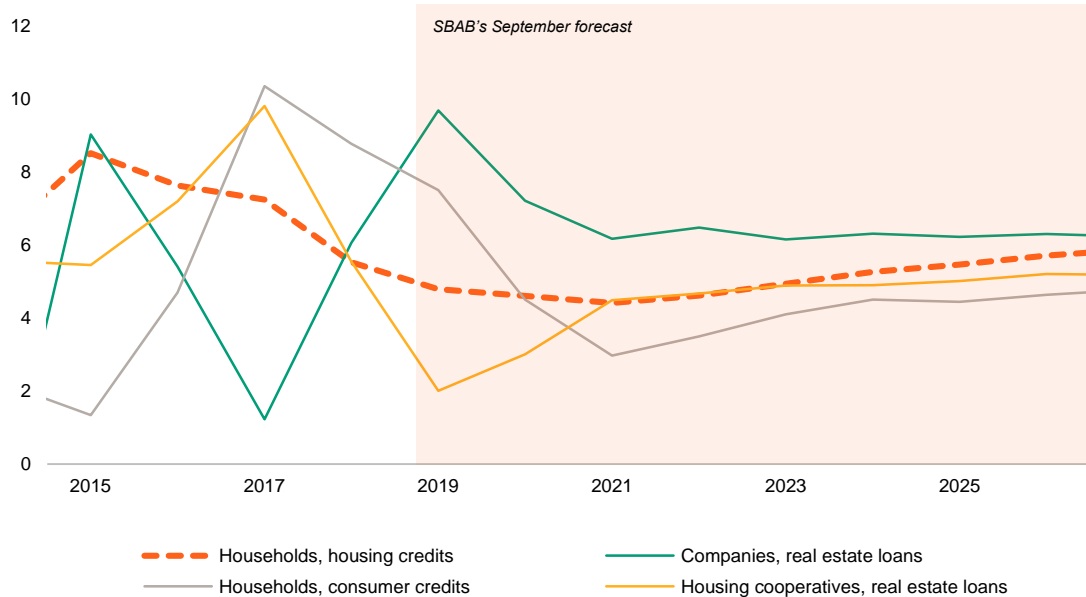
## SBAB's mortgage rates forecasts (%)

	3 M	1 Y	2 Y	3 Y	4 Y	5 Y
Oct 2019	1.5	1.5	1.5	1.4	1.6	1.6
Jan 2020	1.5	1.5	1.5	1.5	1.6	1.7
Jan 2021	1.5	1.6	1.6	1.7	1.9	1.9
Jan 2022	1.8	1.8	1.9	2.0	2.1	2.2
Jan 2023	2.0	2.0	2.1	2.2	2.3	2.4

Note: Refers to the average of all banks' average interest rates  
Source: SBAB's October forecast

# Housing market: Slowdown in credit growth

Credit growth, annual growth rates (%)



- Credit growth in the mortgage market (red line) has slowed down since 2015
- The annual (YoY) percentage credit growth in the mortgage market in September 2019 was 4.9 percent.
- According to SBAB's forecast, it is expected to fall to 4.8 percent for the full year 2019, 4.6 percent for 2020 and 4.4 percent for 2021, mainly as a result of lower housing production, more or less stagnant housing prices and lower housing turnover rate

**AN ATTRACTIVE WORKPLACE.**



**SBAB!**

# One of the best workplaces in Europe

**Great  
Place  
To  
Work<sup>®</sup>**

Sweden's Best  
Workplaces

SWEDEN

2019

TOTAL TRUST INDEX: **81% (74)**

CAMARADERIE  
**87% (82)**

FAIRNESS  
**79% (74)**

RESPECT  
**78% (71)**

PRIDE  
**83% (74)**

CREDIBILITY  
**79% (71)**

**4<sup>TH</sup> PLACE IN GREAT PLACE TO  
WORK'S LIST OF SWEDEN'S BEST  
WORKPLACES 2019**

**20<sup>TH</sup> PLACE IN GREAT PLACE TO  
WORK'S LIST OF EUROPE'S BEST  
WORKPLACES 2019**

(LARGER COMPANIES)