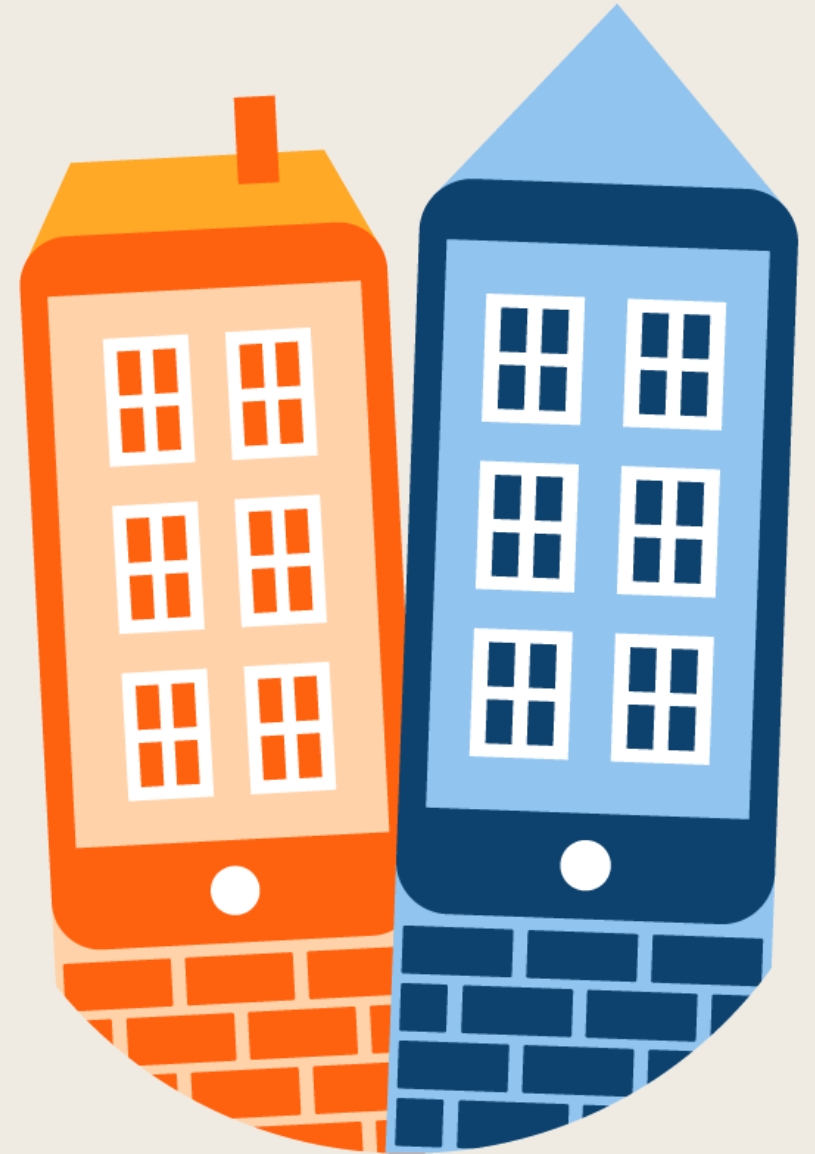


SBAB!

Investor presentation

SBAB Bank AB (publ)

Q3 2023



Executive summary

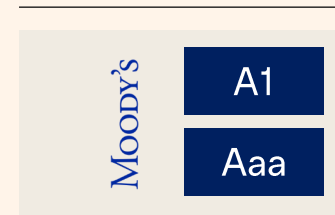
- 100% owned by the Kingdom of Sweden
- Swedish mortgage portfolio, predominantly residential mortgages (5th largest mortgage player in Sweden)
- Financial targets from owner covering profitability, capitalisation & dividend
- Total long-term funding for 2023 expected to be approximately SEK 50-60 bn

Total lending (SEK bn)

518

Total deposits (SEK bn)

2000



12.3%

Return on equity
Jan-Sep 2023

11.6%

CET1 capital ratio
30 Sep 2023

0.02%

Credit loss level
Jan-Sep 2023

29.5%

C/I ratio
Jan-Sep 2023



Contents

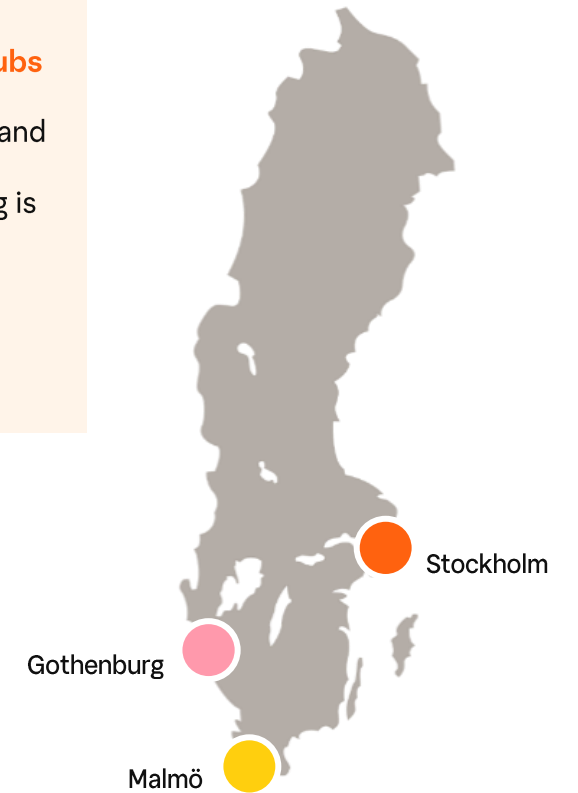
1	Business update
2	Credit portfolio and asset quality
3	Financial update
4	Capital, funding & liquidity
5	SBAB's commitment to sustainability
6	Macro development



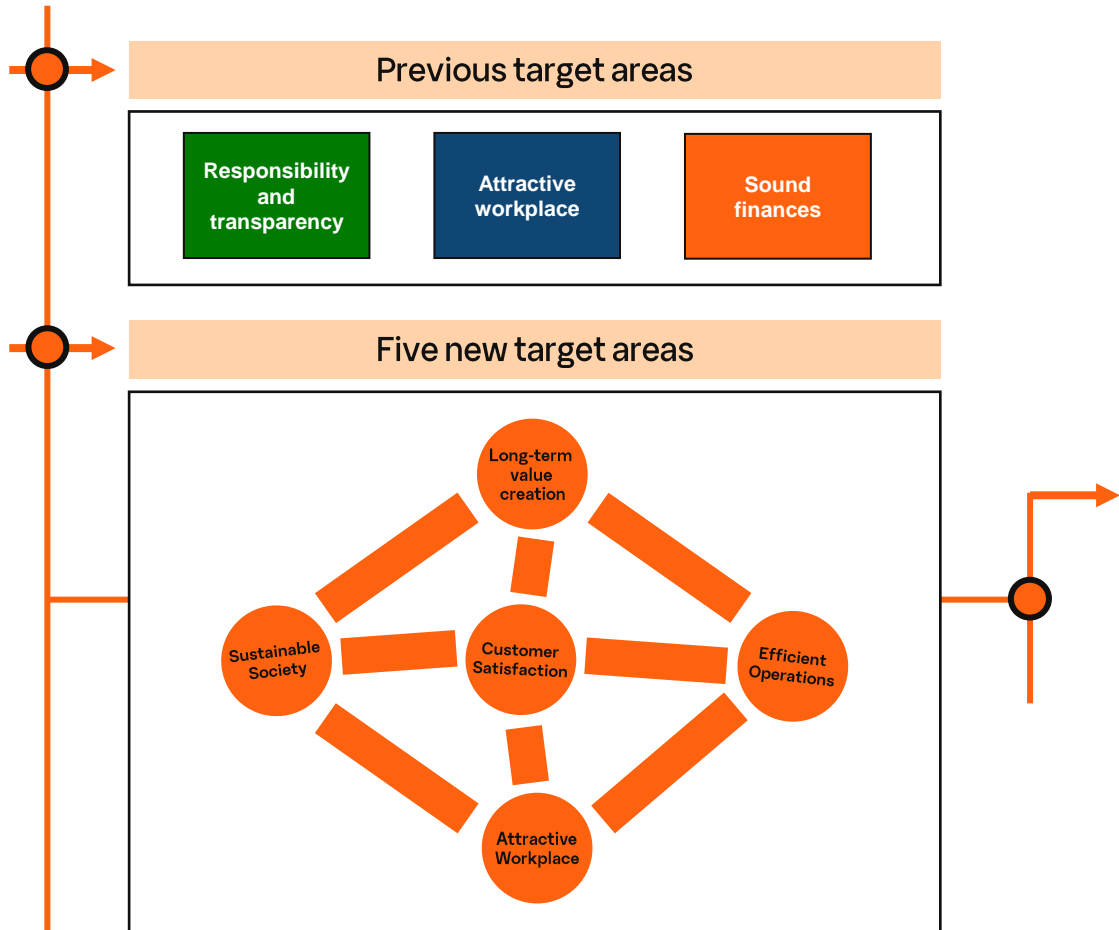
Business overview

- Founded in 1985 & 100% owned by the Kingdom of Sweden
- Mortgage bank with vast majority collateralized lending (total lending of SEK 517.9 billion)
- Straightforward business model (mortgage lending & savings accounts) & operations only in Sweden
- 917 employees in five offices
- Two business areas;
 - Retail business area
 - Corporate Clients & Tenant-owners' Associations business area

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 2022	Results 2021	Results 2020	Results 2019	Results 2018
Profitability: Return on equity over time	≥10%	10.5%	11.1 %	10.8%	11.7%	12.1%
Dividend: Ordinary dividend based on profit for the year after tax, taking the Group's capital structure into account	≥40%	40%	40%	0%	0%	40%
Capitalisation: CET1 capital ratio and total capital ratio above regulatory requirement communicated by the Swedish FSA *	CET1 capital ratio: >0.6%	2.6%	4.3%	5.4%	2.4%	2.5%
	Total capital ratio: >0.6%	3.0%	4.2%	5.4%	5.2%	4.0%



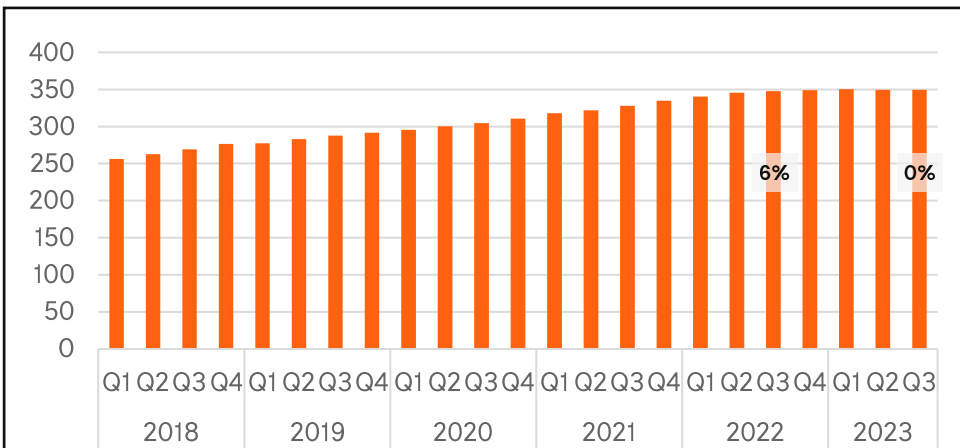
Overall lending development

X% = YoY growth

Retail business area

Corporate & Tenant-owners associations business area

Mortgage lending

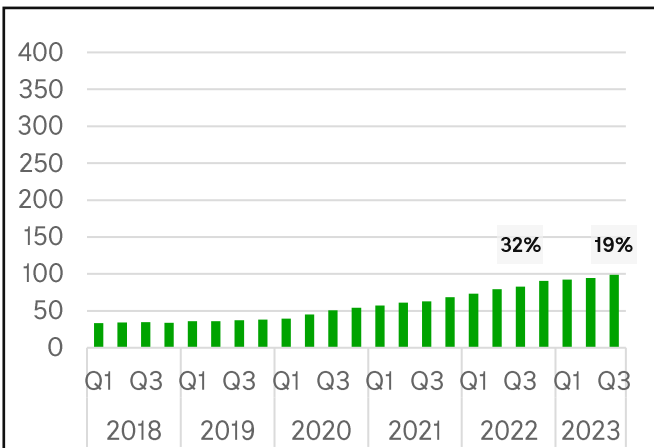


Lending (SEK bn) **349.4**

of customers **288,000**

Market share **8.49%**

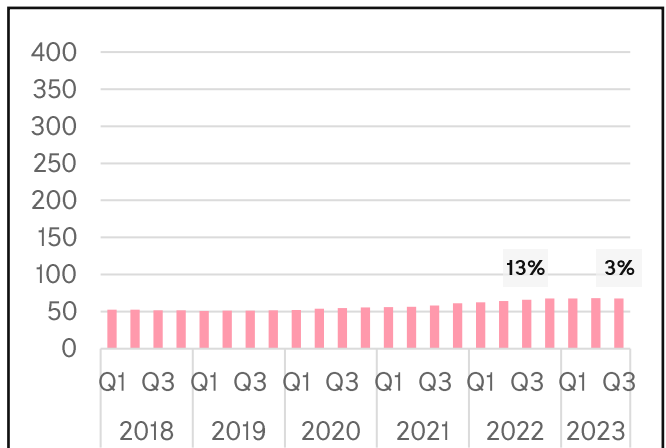
Lending to property companies



Lending (SEK bn) **99.1**

Market share **17.75%**

Lending to tenant-owners assoc.

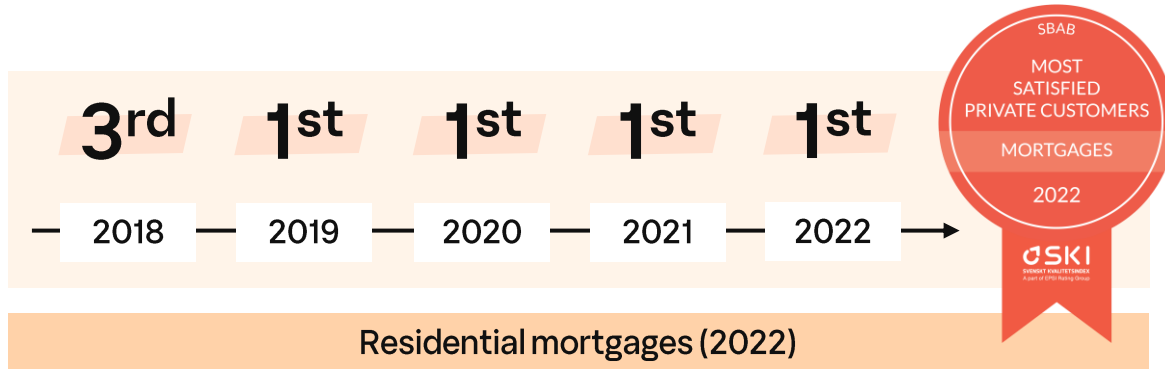


Lending (SEK bn) **67.5**

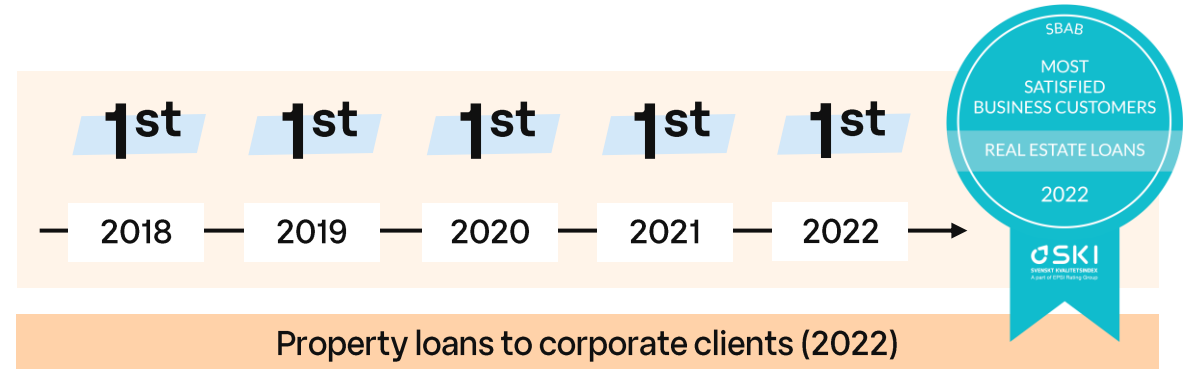
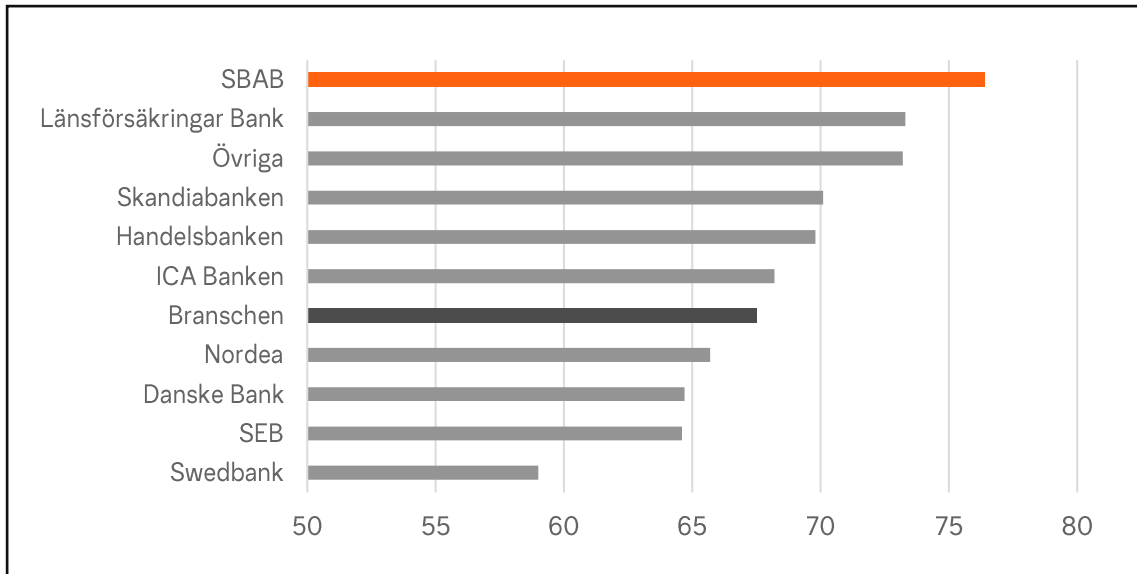
Market share **10.62%**



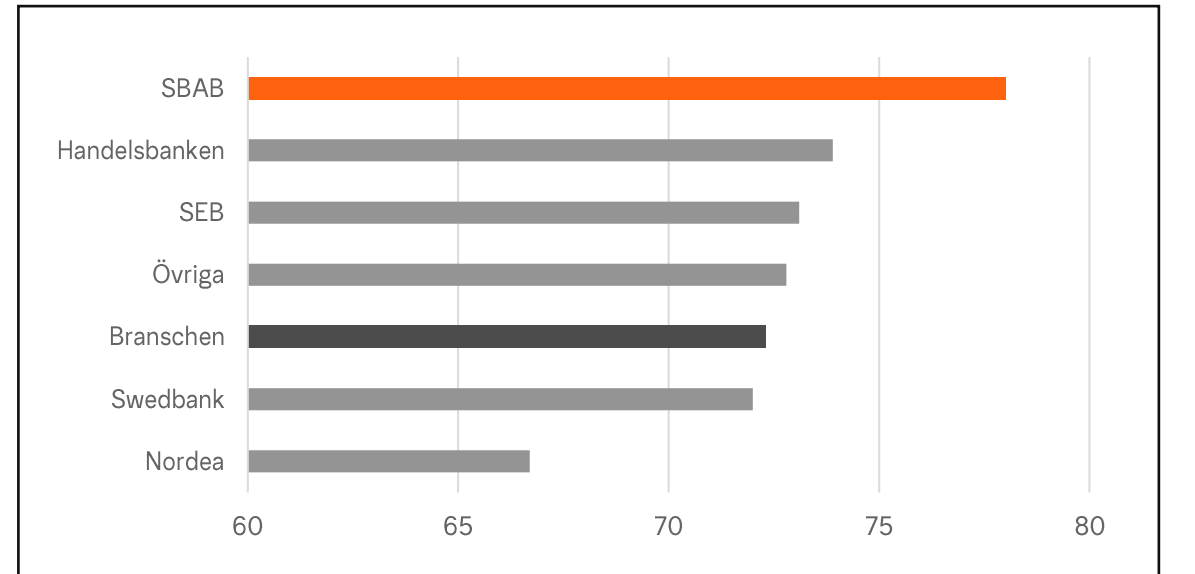
Most satisfied customers in Sweden



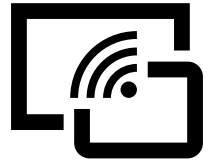
Residential mortgages (2022)



Property loans to corporate clients (2022)



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.

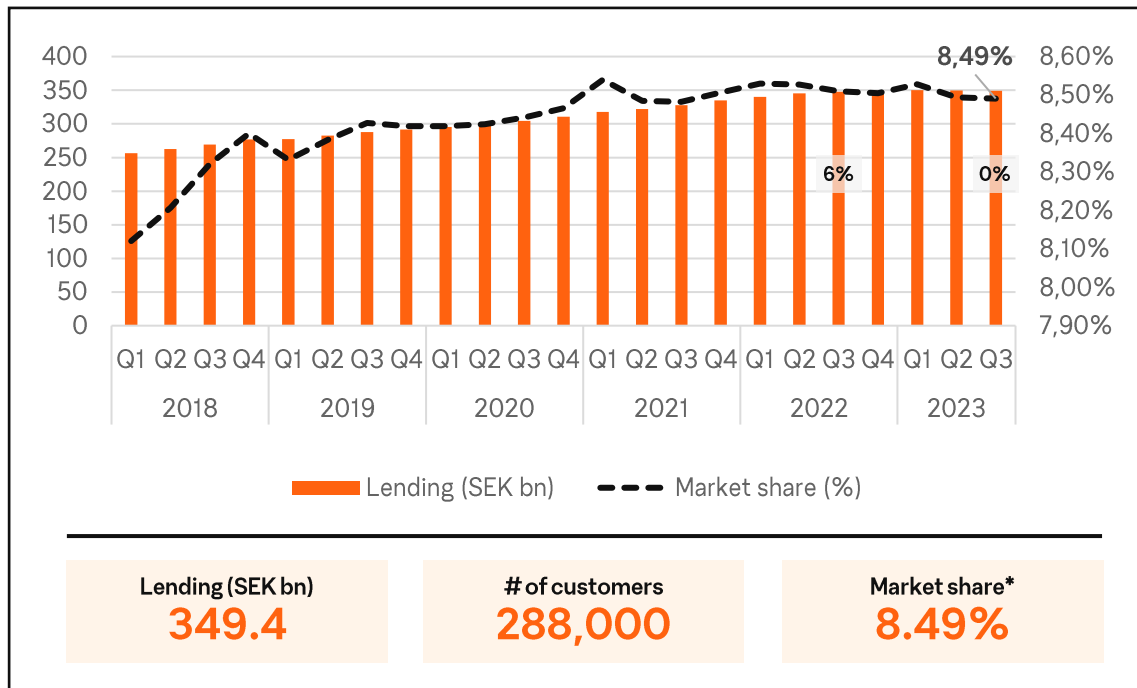


Retail lending

Retail business area

Mortgage lending

X% = YoY growth

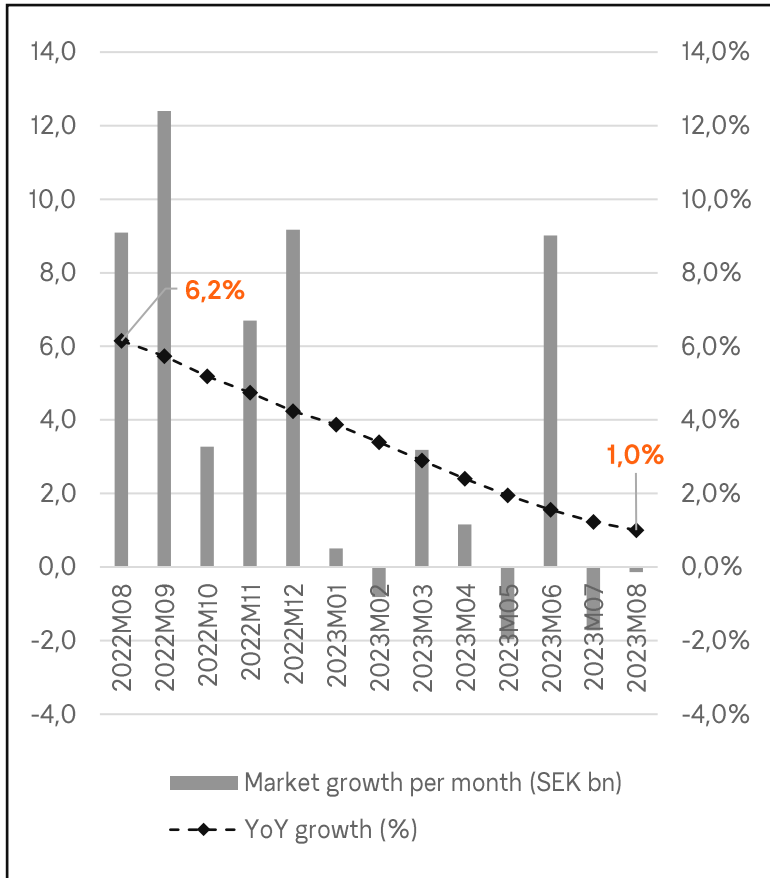


- Slow-down in housing market has resulted in a rapid decrease in credit market growth, down from 6-7% a year ago to 1.0% in August 2023
- Increased competition has resulted in historically low lending margins
- Divestment of remaining mortgage portfolio (SEK 5.2 bn) related to the previous collaboration with Sparbanken Syd during Q2 2023
- SBAB continues to do well despite challenging market conditions & gaining market share in line with long-term ambition (long-term target 2030 of 10% market share)
- Continued strong metrics for credit losses and asset quality, although still early in credit cycle (please refer to section 2 "**Credit portfolio and asset quality**" for additional information)

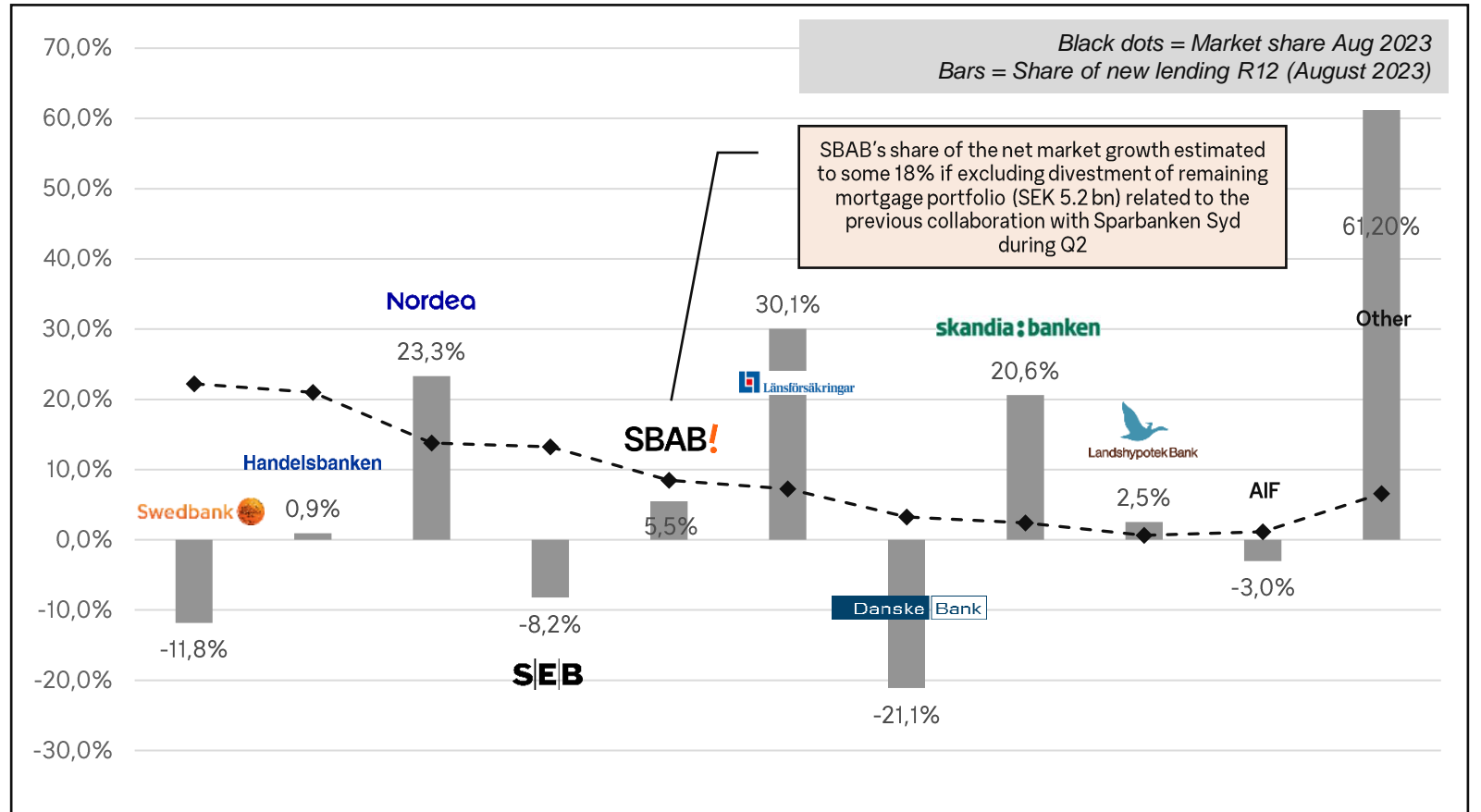


Mortgage market dynamics (1/2)

Total market growth

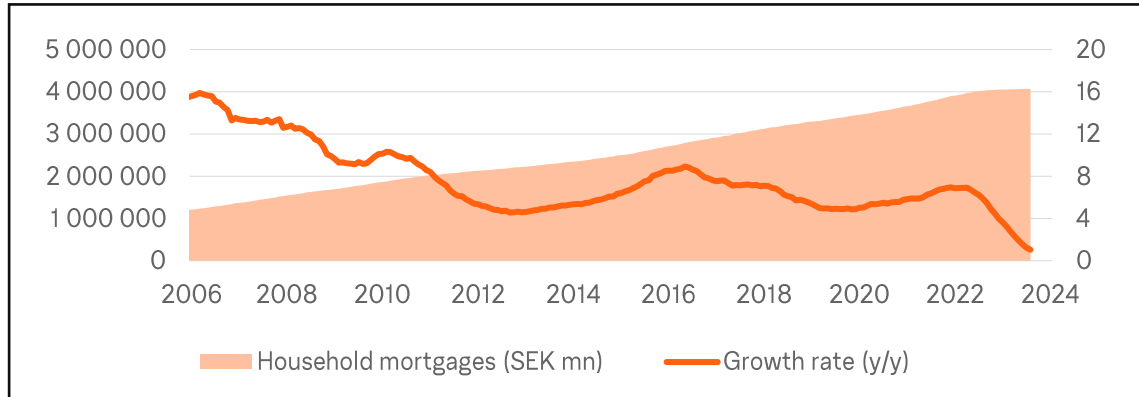


Shares of net growth in the Swedish residential mortgage market R12 (Aug 2023)

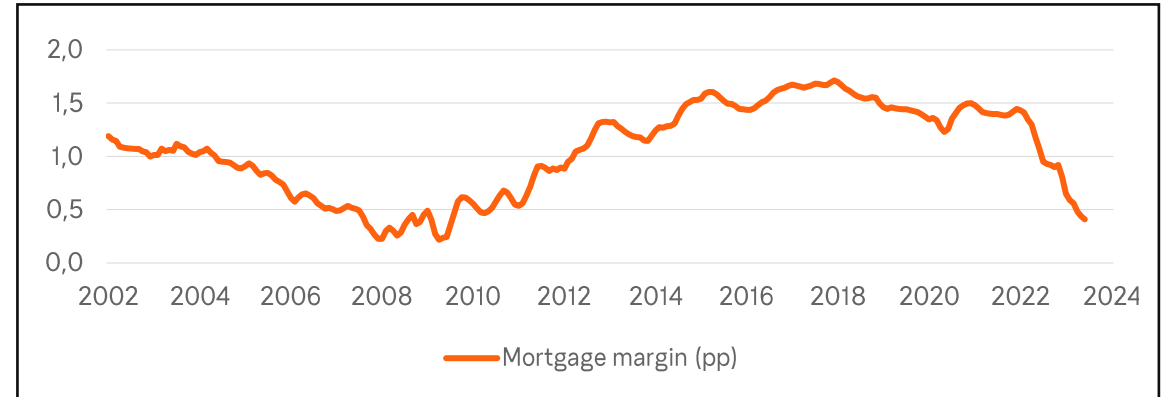


Mortgage market dynamics (2/2)

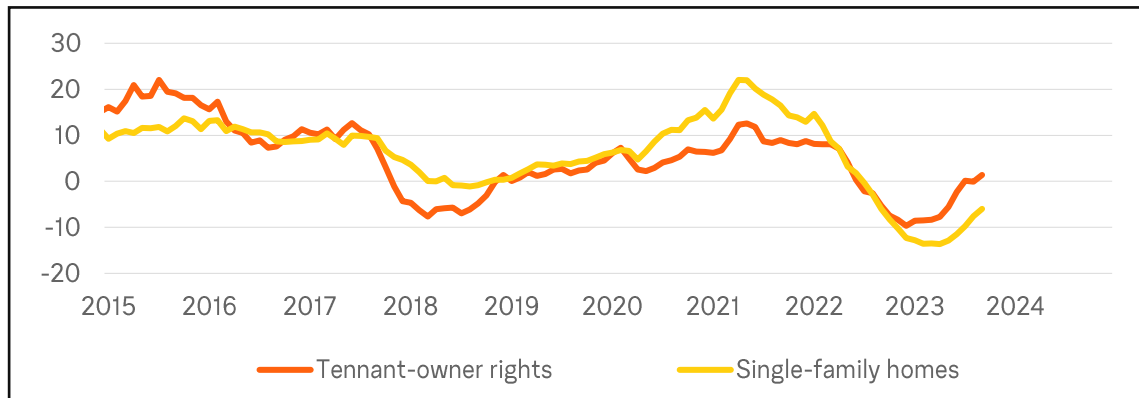
Swedish household lending (Aug 2023)



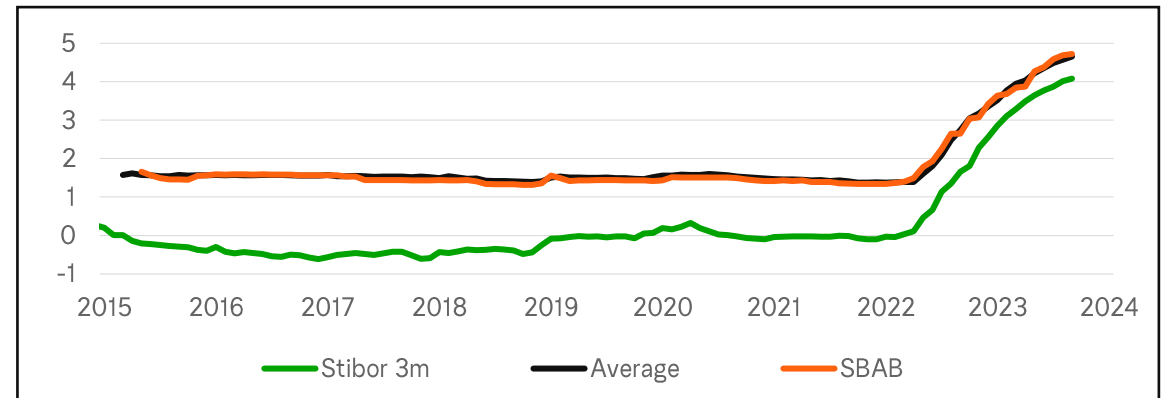
Gross margins on Swedish household mortgages (S-FSA) (Q2 2023)



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



Development of actual 3M mortgage rate (Sep 2023)

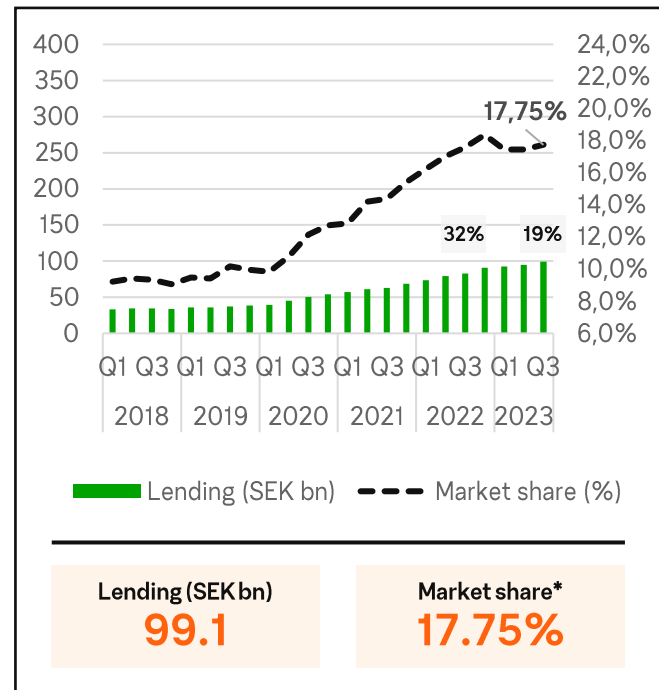


Corporate & ToA lending

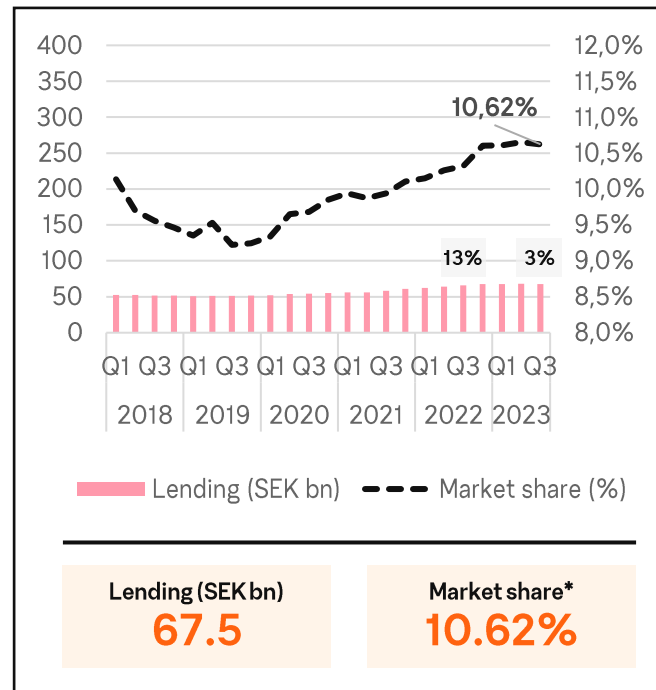
X% = YoY growth

Corporate & Tenant-owners associations business area

Lending to property companies



Lending to tenant-owners assoc.



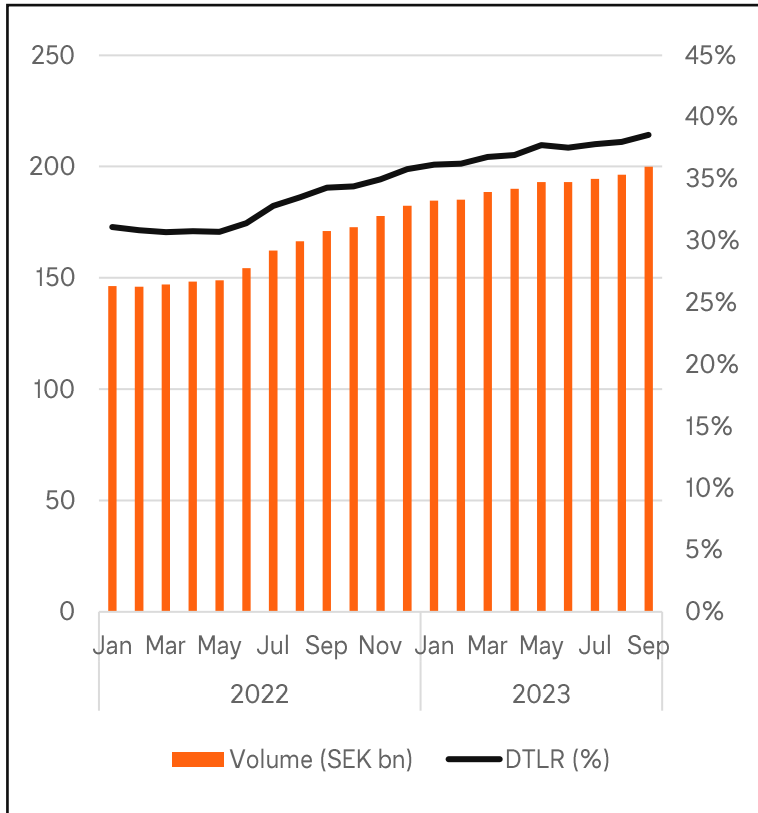
- Low activity in real estate market (RRE) & continued uncertainty regarding valuations and yield levels
- Rapid fall in new construction
- Deleveraging activities in the market (e.g. capital injections and asset divestment)
- Bank financing expected to partly replace maturing wholesale funding going forward
- Stable/increasing lending margins
- Market for lending to tenant-owners' associations continues to be dominated by intense competition with low margins
- Deterioration in credit metrics, incl. increase in risk class migrations (please refer to section 2 "**Credit portfolio and asset quality**" for additional information)



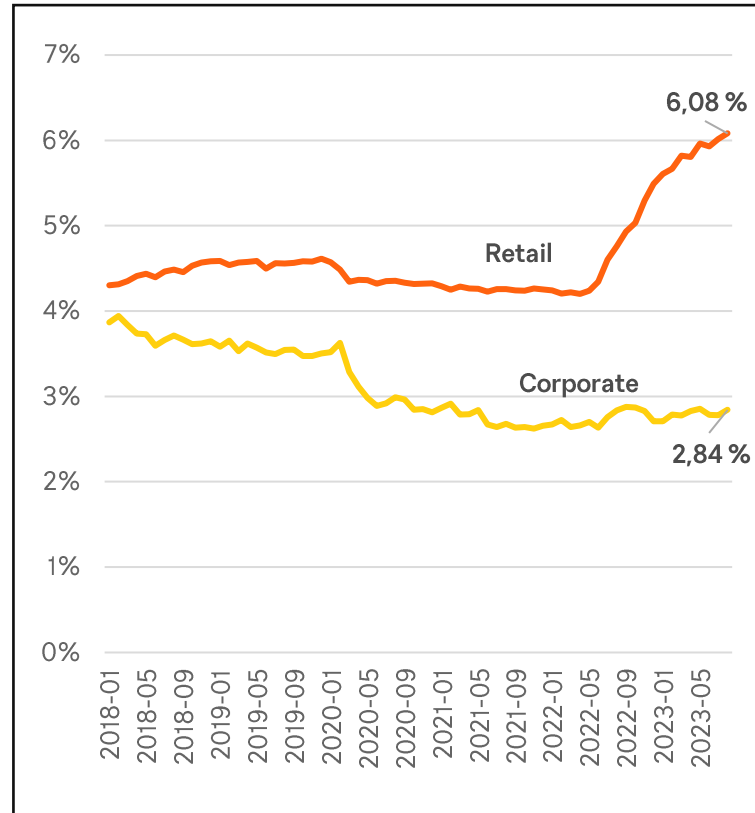
Deposit development

– Changed interest rate environment, competitive pricing & effective marketing has resulted in strong volume growth during 2022 and 2023

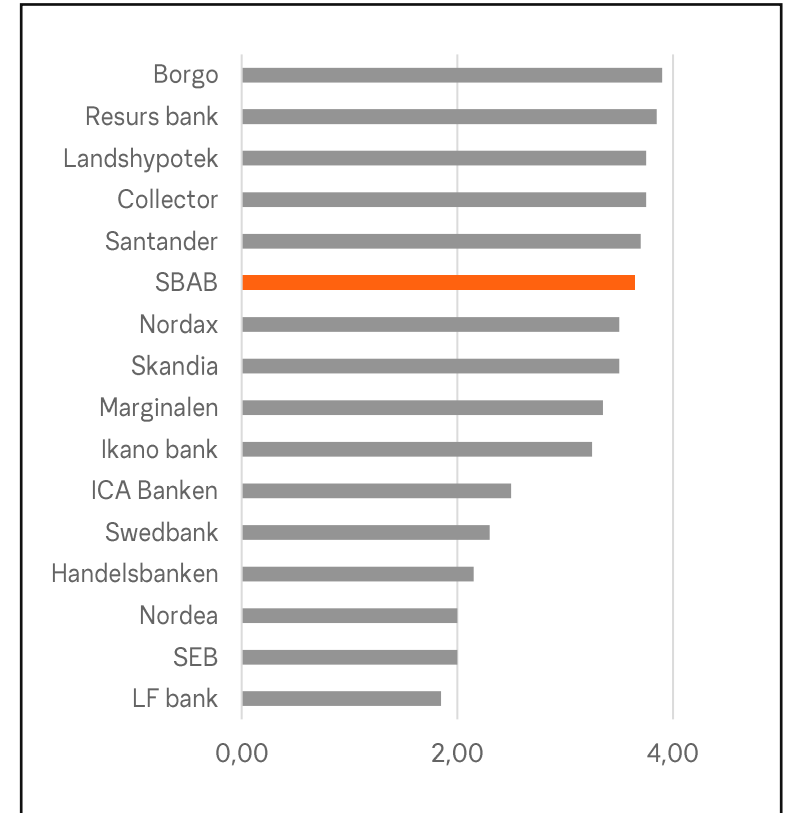
Deposit volume (LHS) & DTLR (RHS) (Sep 2023)



Market share development (Aug 2023)



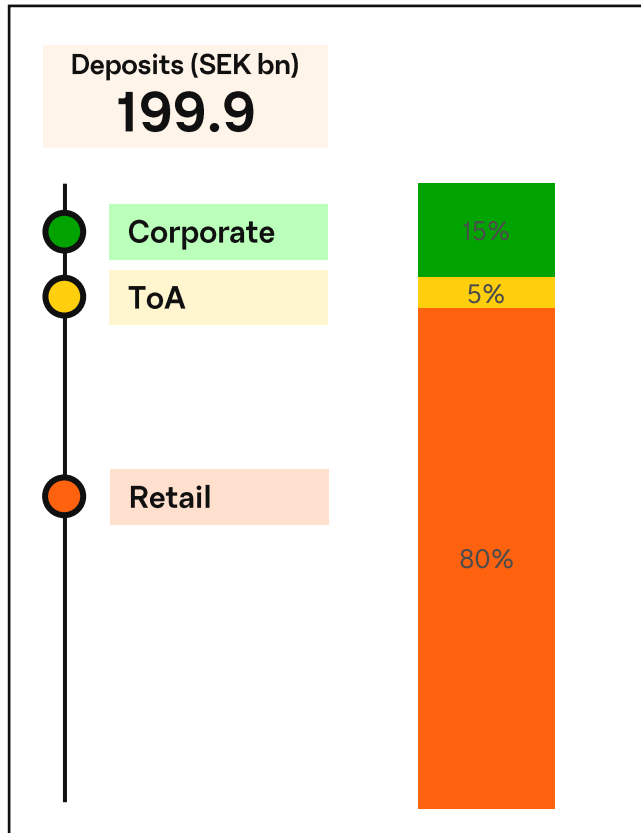
Retail pricing (Sep 2023)



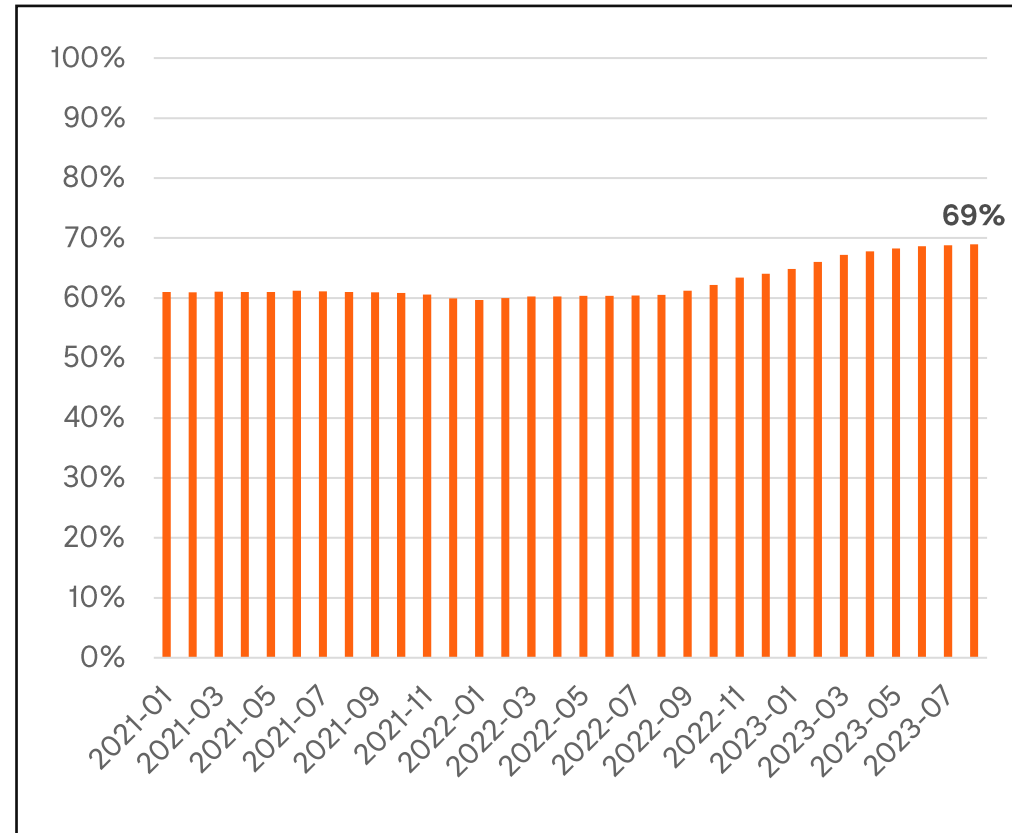
Deposit base composition (2/2)

– Well diversified, granular and stable deposit base

Deposits per segment



Development of guaranteed deposits (Aug 2023)



69%

Guaranteed deposits
Total

19%

Guaranteed deposits
Corporate clients

38%

Guaranteed deposits
Tenant-owners' Assoc.

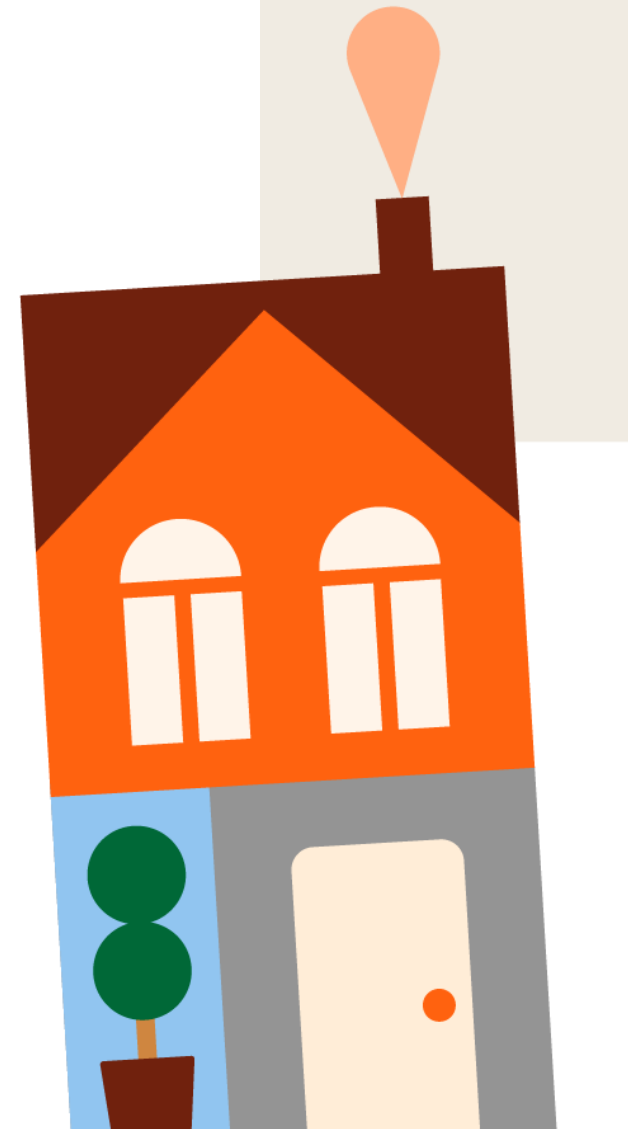
81%

Guaranteed deposits
Retail



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- 1 Business update
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- 5 SBAB's commitment to sustainability
- 6 Macro development



Lending mix

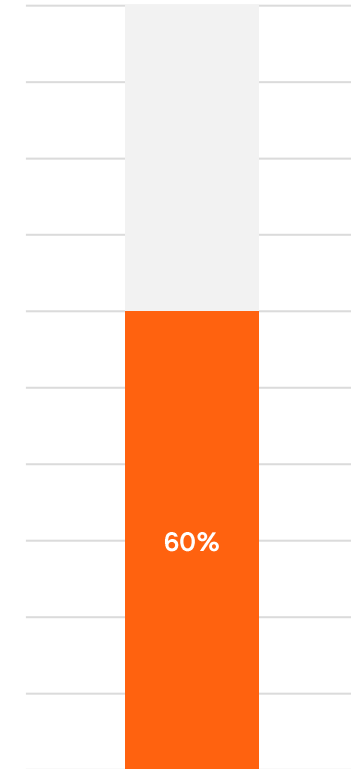
SBAB!

	SEK billion	% of lending	Average LTV
Residential mortgages	349.4	67.5%	60%
Consumer loans	1.9	0.4%	
Property companies	99.1	19.1%	61%
- (Of which, commercial lending)	(9.4)	(1.8% ¹⁾)	
- (Of which, construction loans)	(14.8)	(2.9%)	
Tenant-Owners' Associations	67.5	13.0%	33%
Total lending	517.9	100%	

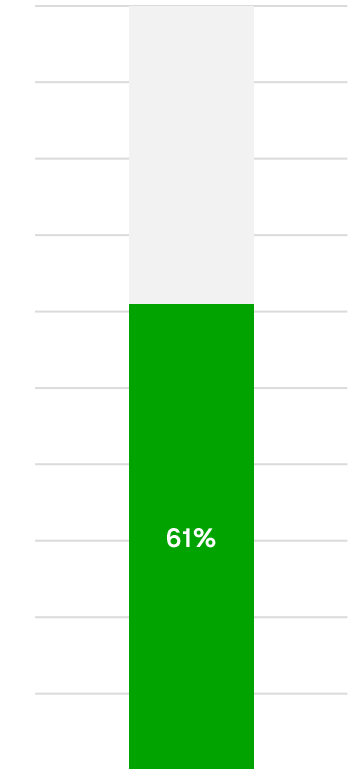
>99%
related to
residential
property

LTV ratios in loan book

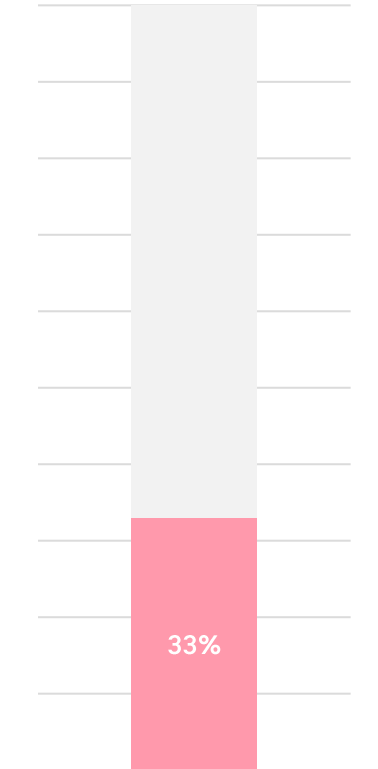
Residential mortgages



Corporate lending



Tenant-own. Assoc.



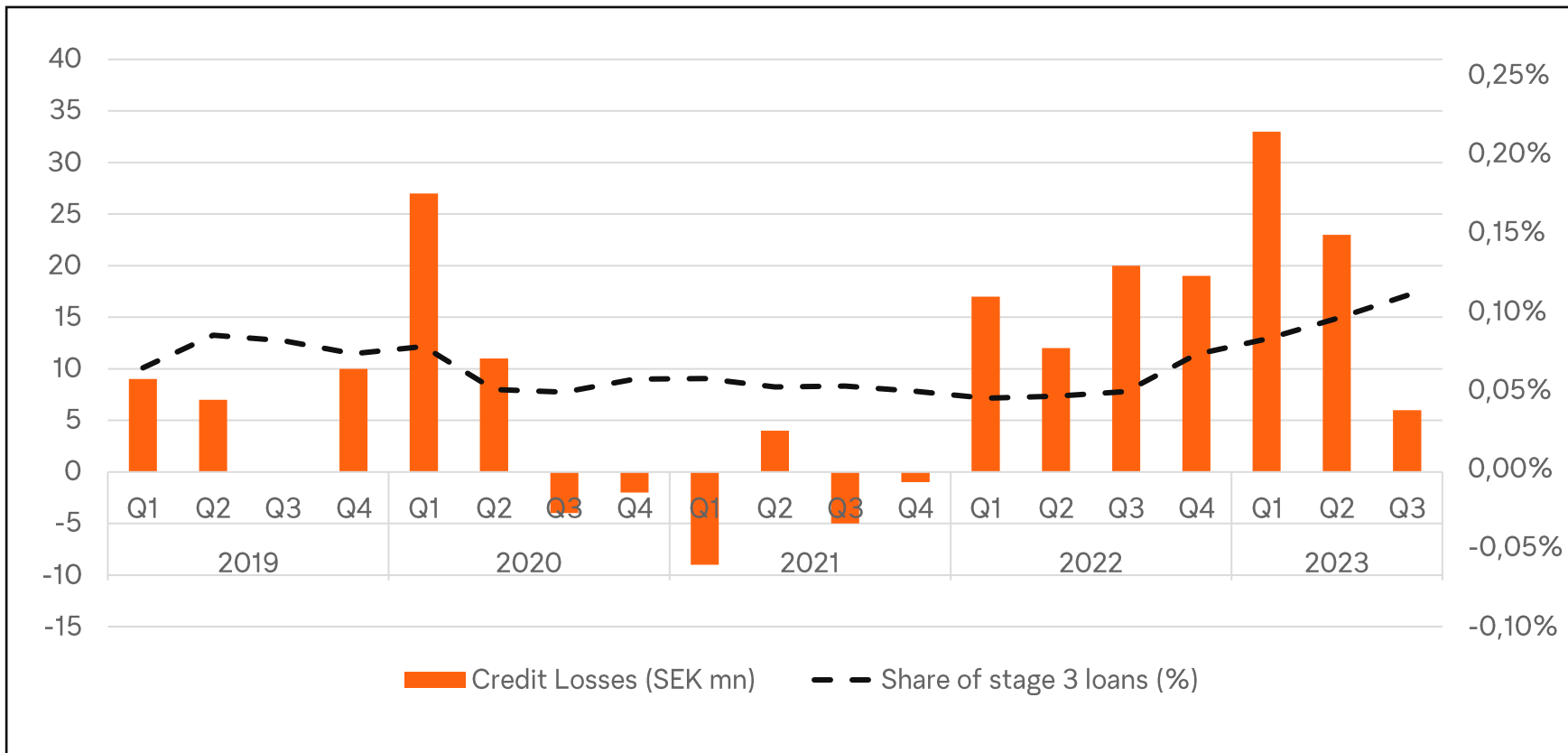
1) Revised internal definition of commercial lending during Q3 2022 (the corresponding figure for Q2 2022 was 0.3%)



Strong asset quality over time...

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

Credit losses (SEK mn, LHS) & Share of stage 3 loans (% , RHS)



Key metrics

-62 MSEK
Credit losses
Jan-Sep 2023

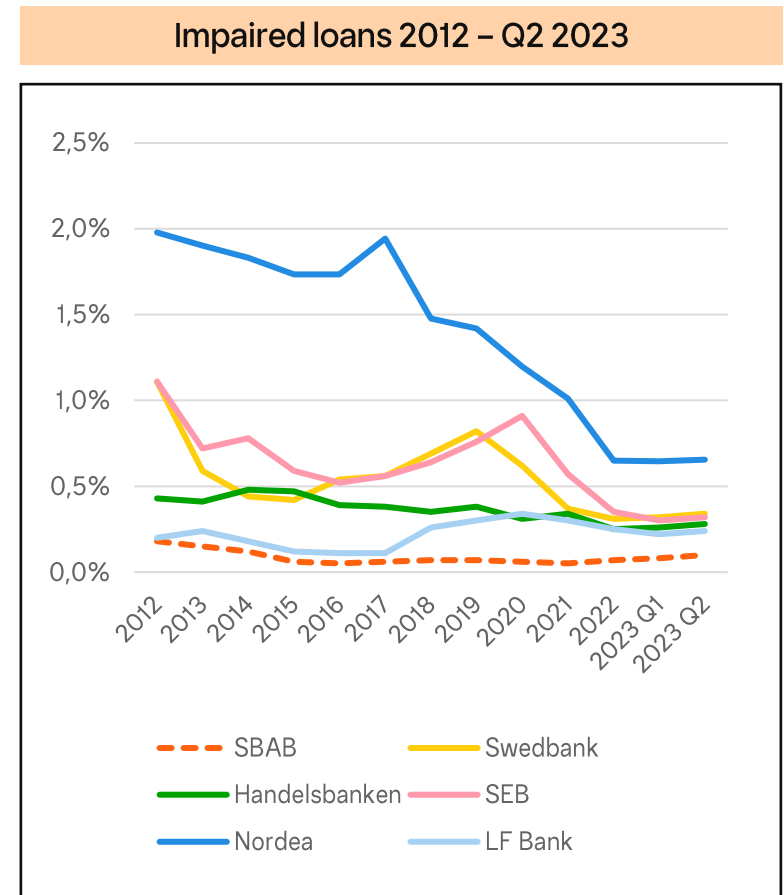
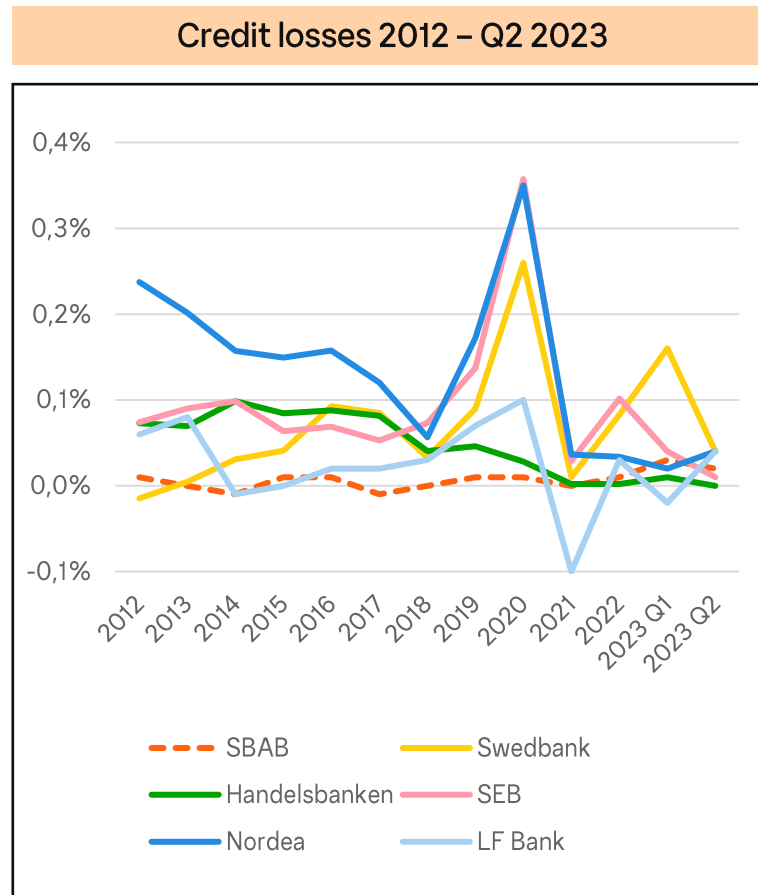
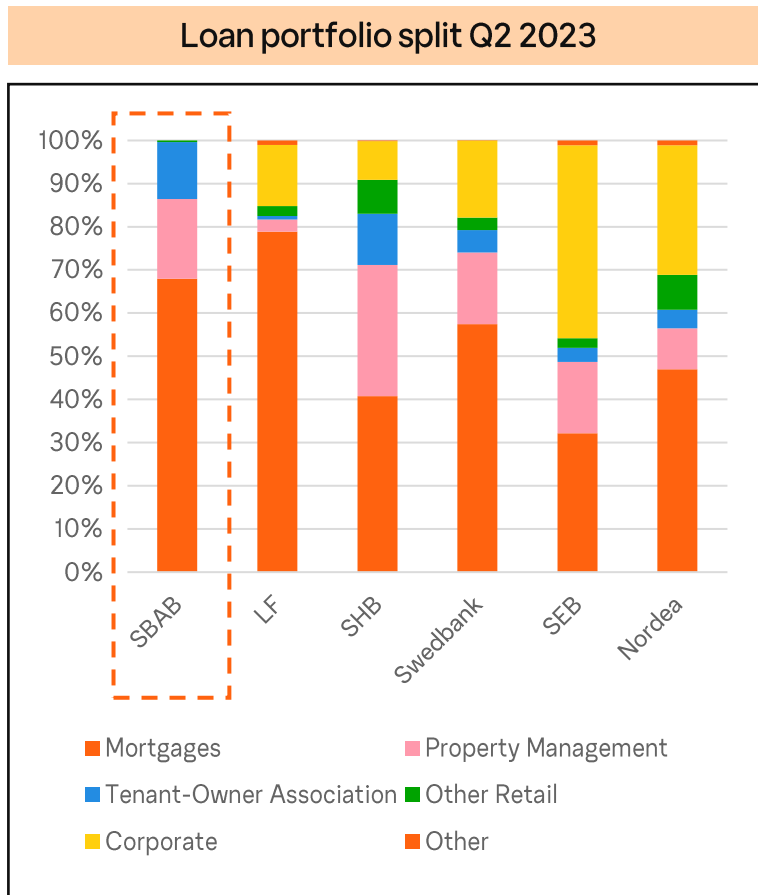
0.02%
Credit loss ratio
Jan-Sep 2023

0.11%
Share of stage 3 loans
30 Sep 2023



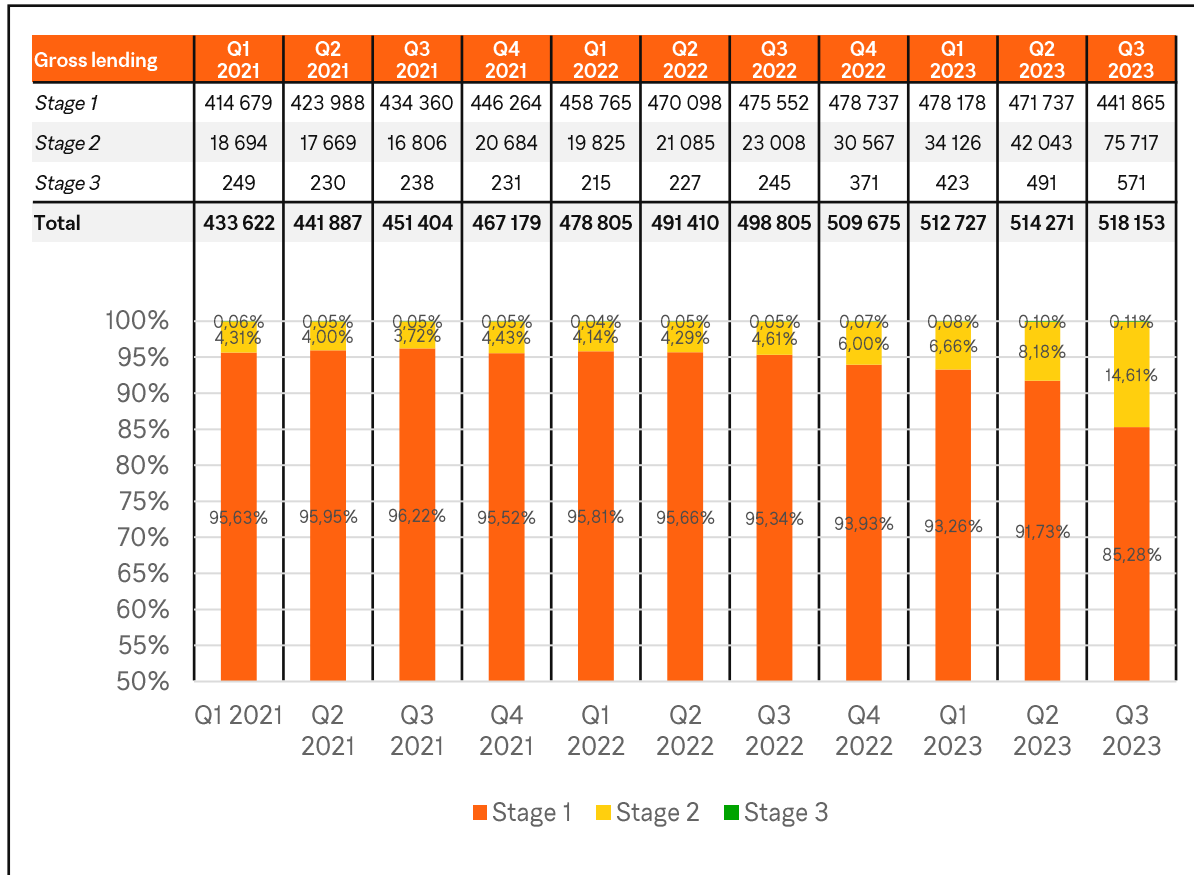
...also when comparing with peers

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

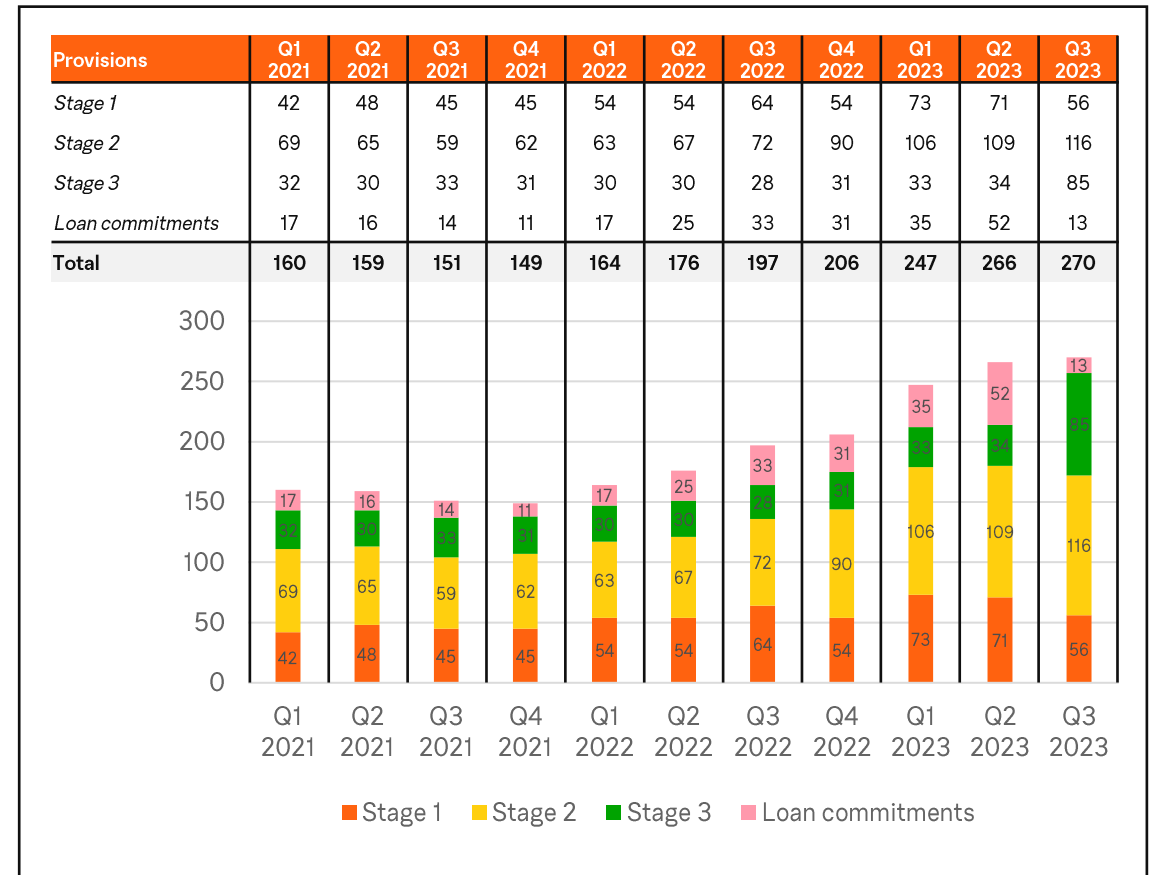


Development of provisions

Lending to the public by credit stage



Development on provisions



Provisions & net credit losses

Lending to the public by credit stage

SEK million	30 Sep 2023	30 Sep 2022	31 Dec 2022
Credit stage 1			
Gross lending	441,865	475,552	478,737
Provision	-56	-64	-62
Total	441,809	475,488	478,675
Credit stage 2			
Gross lending	75,717	23,008	30,567
Provision	-116	-72	-90
Total	75,601	22,936	30,477
Credit stage 3			
Gross lending	571	245	371
Provision	-85	-28	-31
Total	486	217	340
Total gross lending	518,153	498,805	509,675
Total provisions	-257	-164	-183
Total	517,896	498,641	509,492

Net credit losses

SEK million	Jan-Sep 2023	Jan-Sep 2022	Jan-Dec 2022
Lending to the public			
Confirmed credit losses	-7	-4	-7
Recoveries of previously confirmed credit losses	3	3	4
Adjustment of interest, written down loans	1	0	
Change in provision for the period – credit stage 1	6	-19	-17
Change in provision for the period – credit stage 2	-26	-9	-27
Change in provision for the period – credit stage 3	-54	2	-1
Guarantees	-3	0	0
Net credit losses for the period – lending to the public	-80	-27	-48
Loan commitments			
Change in provision for the period – credit stage 1	18	-20	-13
Change in provision for the period – credit stage 2	0	-2	-7
Change in provision for the period – credit stage 3	-	0	-
Net credit losses for the period – loan commitments	18	-22	-20
Total	-62	-49	-68



Frequent update of macro scenarios in impairment model

(x) = Q2 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%	2.7%	3.0%	-0.6%	2.7%	3.0%	-0.6%	2.7%	3.0%	-0.6%	2.7%	3.0%
Repo rate	4.2%	3.3%	2.2%	4.2%	3.3%	2.2%	4.2%	3.3%	2.2%	4.2%	3.3%	2.2%
Unemployment	7.9%	8.3%	7.9%	7.9%	8.3%	7.9%	7.9%	8.3%	7.9%	7.9%	8.3%	7.9%
House prices, Δ	-1.9%	1.6%	4.7%	-1.9%	1.6%	4.7%	-1.9%	1.6%	4.7%	-1.9%	1.6%	4.7%
Prices of tenant-owners' rights, Δ	1.0%	0.3%	8.2%	1.0%	0.3%	8.2%	1.0%	0.3%	8.2%	1.0%	0.3%	8.2%
Property prices, Δ	-0.7%	-3.7%	-1.7%	-0.7%	-3.7%	-1.7%	-0.7%	-3.7%	-1.7%	-0.7%	-3.7%	-1.7%
ECL	SEK 243 million (202)			SEK 225 million (272)			SEK 307 million (247)			SEK 332 million (464)		
Weighted ECL²⁾	SEK 270 million (266)											

Comments

- At the end of Q3 2023, total weighted ECL amounted to SEK 270 mn compared to SEK 266 mn at the end of Q2 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 257 million (214) was attributable to lending to the public and SEK 13 million (52) to off-balance-sheet items linked to loan commitments and building credits

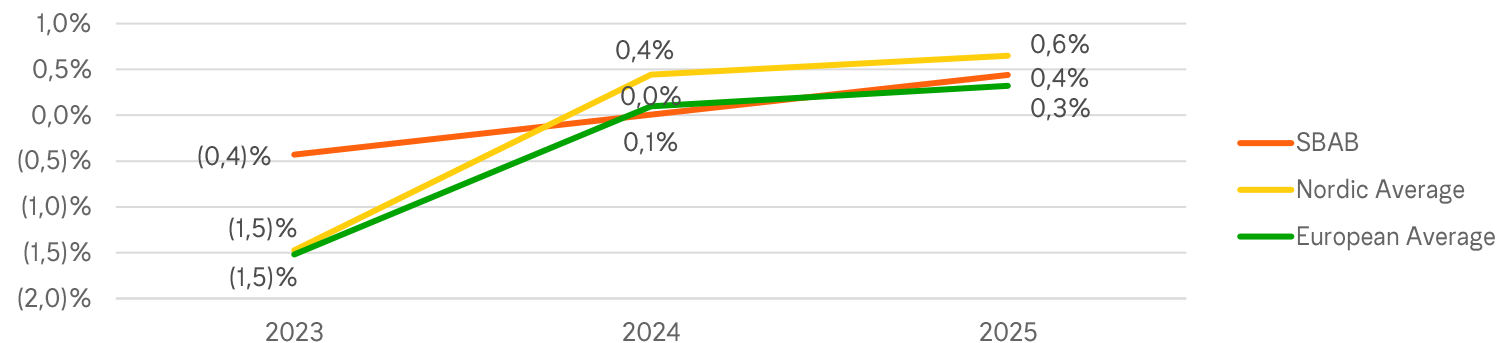


EBA stress test results overview

EBA stress test 2023

- “The EBA’s stress test shows that the five Swedish banks have a satisfactory resilience against such an adverse scenario. In terms of CET1 ratio, the stress test shows a maximum reduction of between 2.0 and 4.5 percentage points for the major Swedish banks (SHB, SEB and Swedbank) and smaller reductions for the other banks (SBAB Bank and LF Bank). All the Swedish banks in the stress test are thus able to withstand the scenario without breaching the capital requirements that FI requires them to meet”.

CET1 Generation (Net Profit/RWAs) in Adverse Scenario



Results for SBAB and Swedish peers in Adverse Scenario

	Total Income			Total Operating Expense			Impairment (Credit Losses)			Net Profit			RWAs		
	2023	2024	2025	2023	2024	2025	2023	2024	2025	2023	2024	2025	2023	2024	2025
Peer 1	435	439	439	(273)	(265)	(272)	(183)	(67)	30	(21)	75	138	10 738	10 664	10 687
Peer 2	6 656	8 515	8 499	(6 023)	(5 149)	(5 289)	(2 740)	(1 621)	(1 173)	(1 475)	1 222	1 426	158 588	162 738	167 937
SBAB	536	422	421	(228)	(195)	(204)	(397)	(225)	(124)	(63)	1	65	14 542	14 781	14 892
Peer 3	3 511	4 693	4 820	(2 738)	(2 504)	(2 527)	(2 801)	(1 379)	(1 173)	(2 029)	567	784	85 723	91 655	93 527
Peer 4	3 715	4 014	4 001	(2 305)	(2 308)	(2 367)	(3 516)	(1 034)	(715)	(2 105)	470	644	78 275	77 986	78 300
Peer 5	4 225	4 229	4 214	(2 632)	(2 332)	(2 405)	(2 578)	(1 744)	(763)	(688)	106	727	76 885	77 323	77 152



Deep dive: Mortgage lending

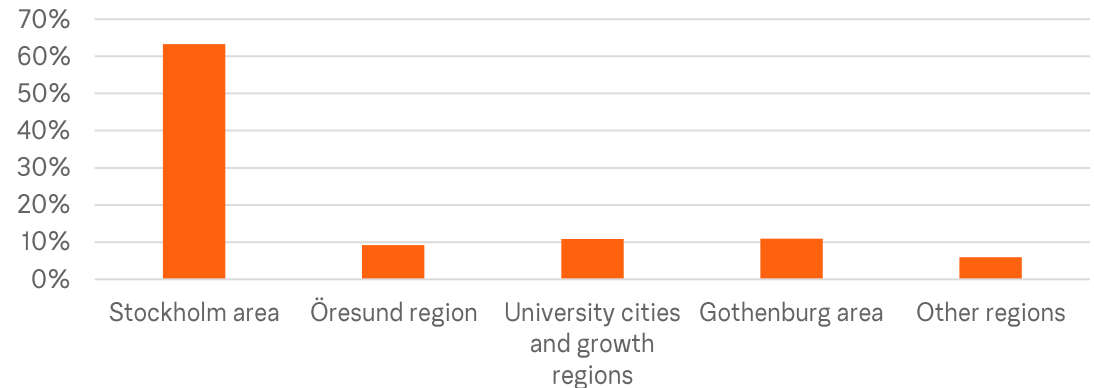
Regulatory requirements:

- 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 increased during 2022
- Credits granted to at most a DTI of 5.5x (irrespective of LTV)
- At the end of Q3 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 69% (67) 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

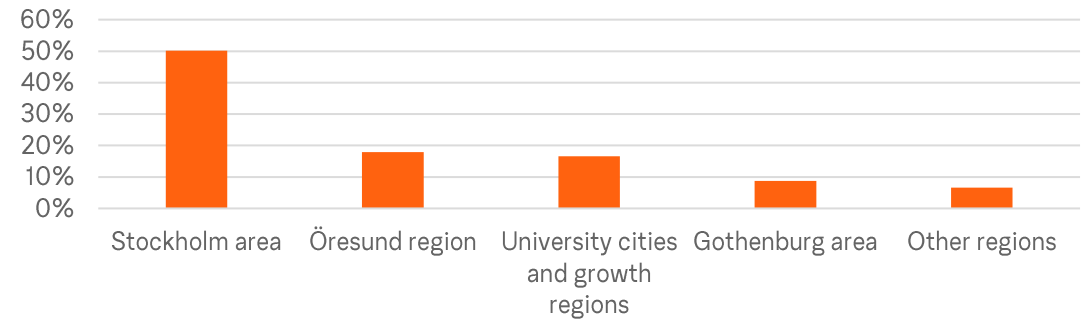
4 **Enforcement Authority:** Lender can initiate an enforcement order with this office to enforce his claim, this process normally takes up to 90 days



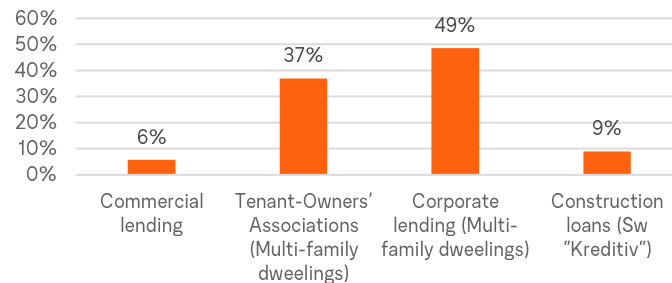
Deep dive: Corporate & TOA lending

- 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)
- Construction loans (Sw "kreditiv") capped at 6.5% of total lending vs. current level of 2.9% & commercial lending capped at 3.0% of total lending vs. current level of 1.8%
- 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



33%

Average LTV (TOA)

61%

Average LTV (Corporate)



Deep dive: Construction loans

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

Comments

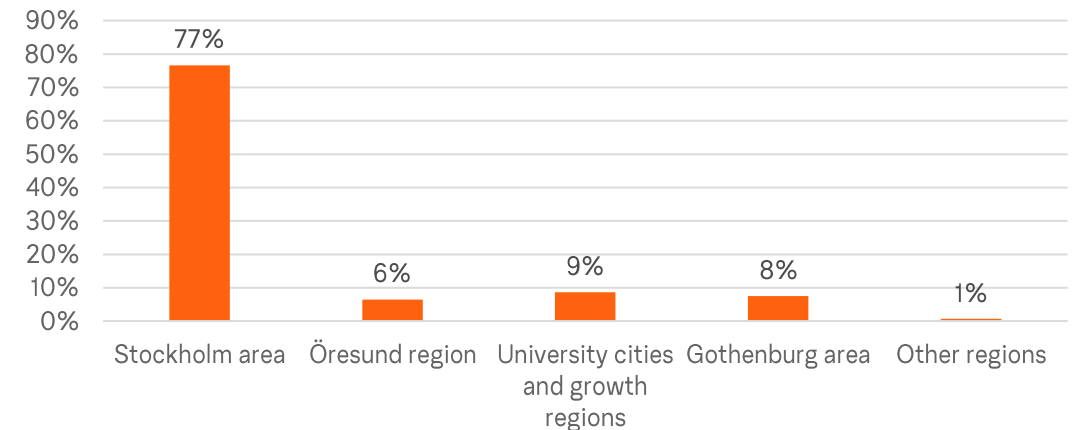
- 110 outstanding construction loans (96 number of properties) totaling SEK 22 billion (of which 70% disbursed). Construction loans capped at 6.5% of total lending (current level 4.2%)
- Prudent acceptance levels for smaller residential developers, e.g., higher levels of equity, number of sales agreements
- 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

22bn
Granted credit amount

73%
Disbursed share

Geographical distribution (%)



Overview of Cover Pool

Overall key metrics

454_{bn}

Cover Pool (SEK)

35.3%

OC

476,143

No. of loans

55.2%

WA LTV

951,524

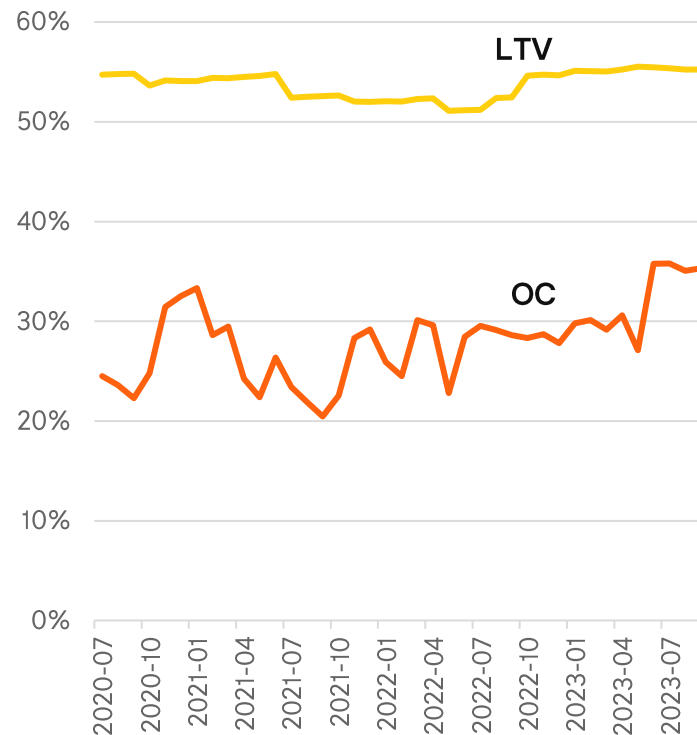
Average loan size

5.6 years

WA seasoning

- Assets spread throughout Sweden; concentrated to economic hubs
- 60.3% floating, 39.7% fixed
- 52.6% amortising, 47.4% interest only

Development of OC and WA LTV



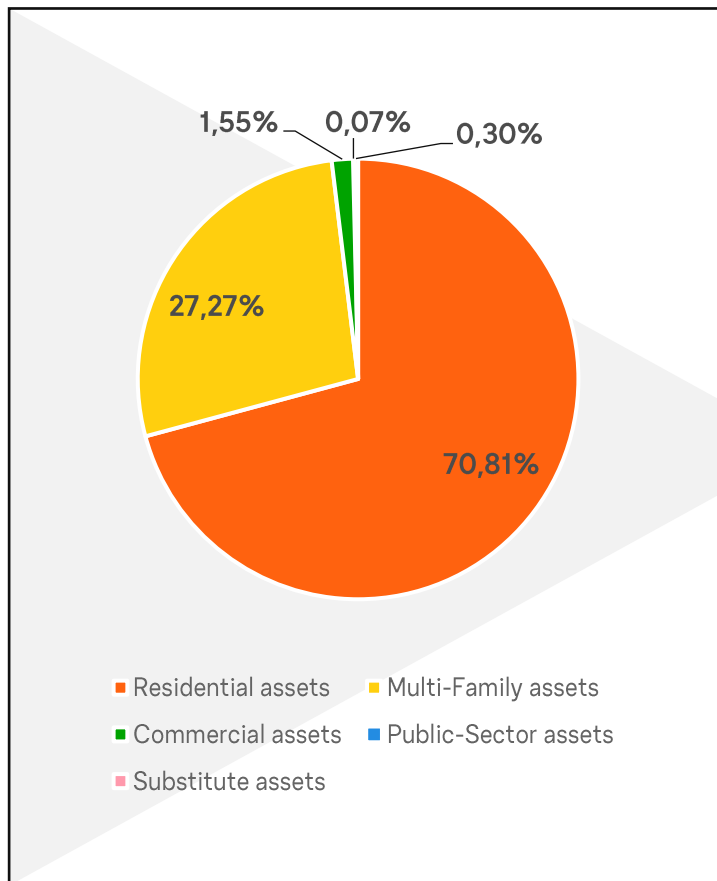
Simulation of decline in house prices

House-price change	Mortgage assets in cover pool (SEK bn)	WALTV (%)	OC* (%)
0%	452.8	55.2	35.3
-5%	449.7	57.4	34.4
-10%	445.2	59.6	33.1
-15%	439.0	61.7	31.3
-20%	430.6	63.6	28.9
-25%	418.9	65.4	25.4
-30%	401.1	67.0	20.3

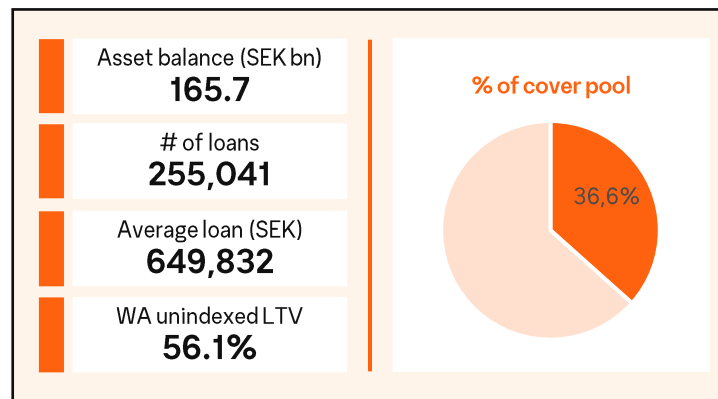
* OC calculated in accordance with requirements from the Swedish FSA

Cover Pool composition

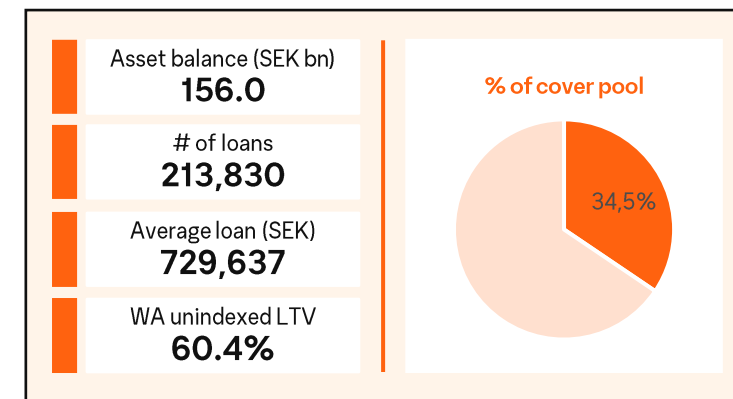
Asset types in cover pool



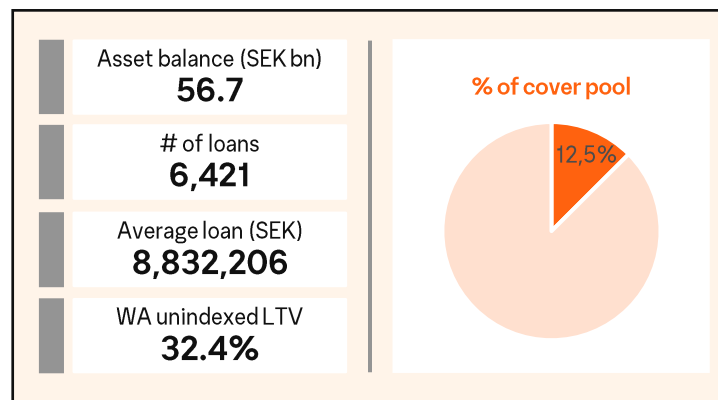
Cover Pool Information - Single Family Housing



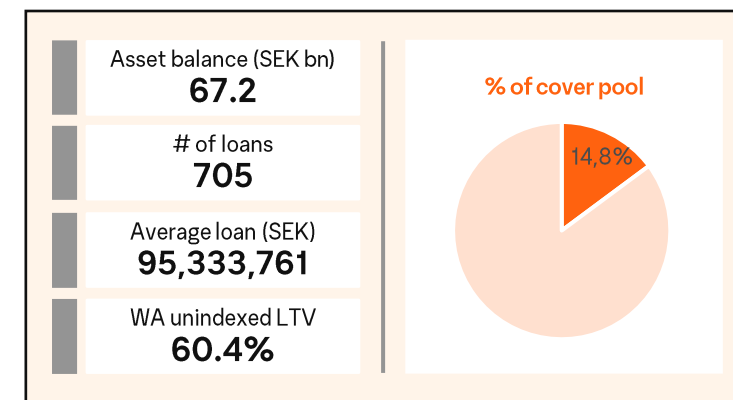
Cover Pool Information - Tenant Owner Rights



Cover Pool Information - Co-Operative Assets

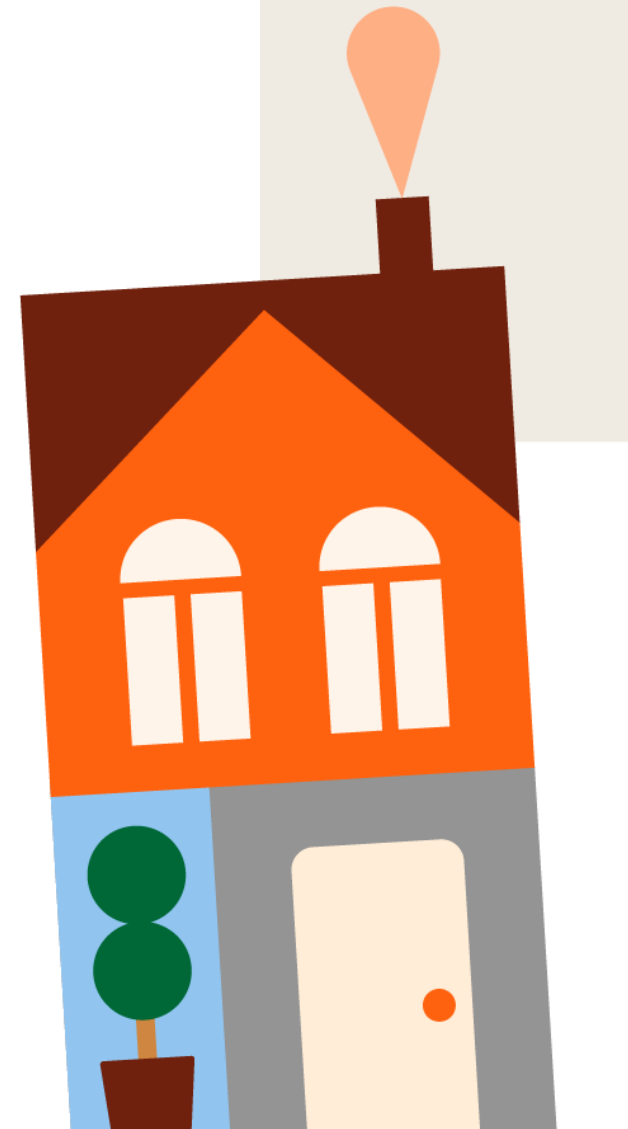


Cover Pool Information - Multi Family Assets



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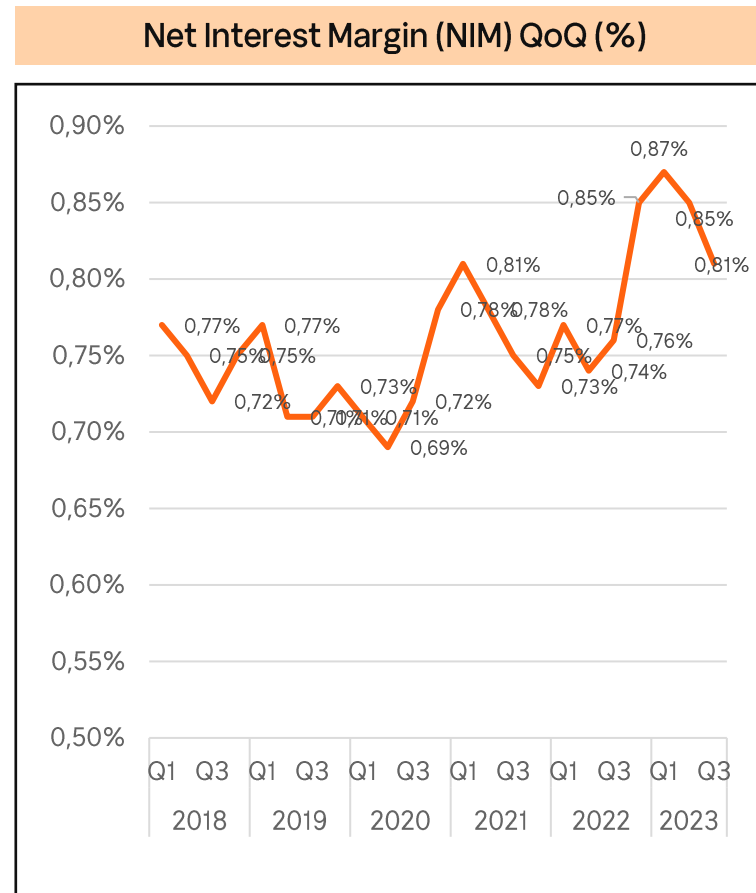
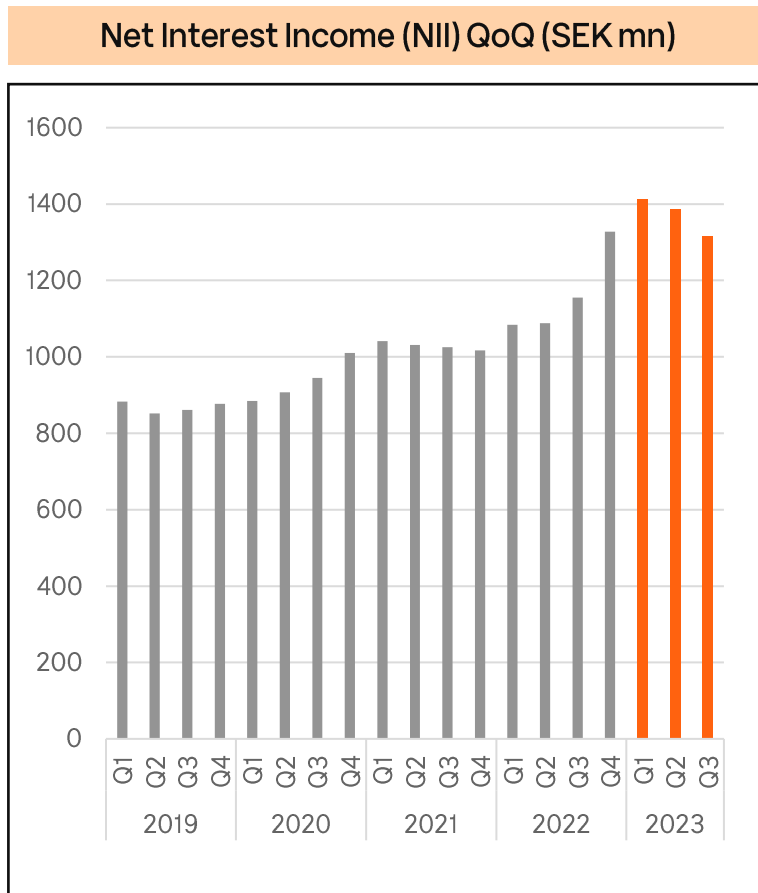
Overview of Q3 2023 results

SEK million	Q3 2023	Q2 2023	▲	Jan-Sep 2023	Jan-Sep 2022	▲	Jan-Dec 2022
Lending (SEK bn)	517.9	514.1	+0.7%	517.9	498,6	+3.9%	509.5
Deposits (SEK bn)	199.9	193.0	+3.6%	199.9	171,0	+16.9%	182.4
Net interest income	1,315	1,386	-5.1%	4,114	3,327	+21.7%	4,655
Net commission	-9	-8	-1 mn	-24	19	-43 mn	12
Net result financial transact.	-62	45	-107 mn	-15	44	-59 mn	-35
Costs	-398	-423	-5.9%	-1,215	-1,091	+11.3%	-1,529
Loan losses	-6	-23	-17 mn	-62	-49	+13 mn	-68
Imposed fees: Risk tax and res. fee (new row 2022)	-134	-127	+7 mn	-402	-333	+69 mn	-445
Operating profit	720	862	-16.5%	2,435	1,953	+24.7%	2,639
C/I ratio (%)	31.6%	29.5%	+2.1 pp	29.5%	31.9%	-2.4 pp	32.7%
Return on equity (%)	10.6%	13.1%	-2.5 pp	12.3%	10.5%	+1.8 pp	10.5%
Loan loss ratio (%)	0.00%	-0.02%	+0.02 pp	-0.02%	-0.01%	-0.01 pp	-0.01%
CET1 capital ratio (%)	11.6%	11.9%	-0.3 pp	11.6%	12.8%	-1.2 pp	12.8%



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

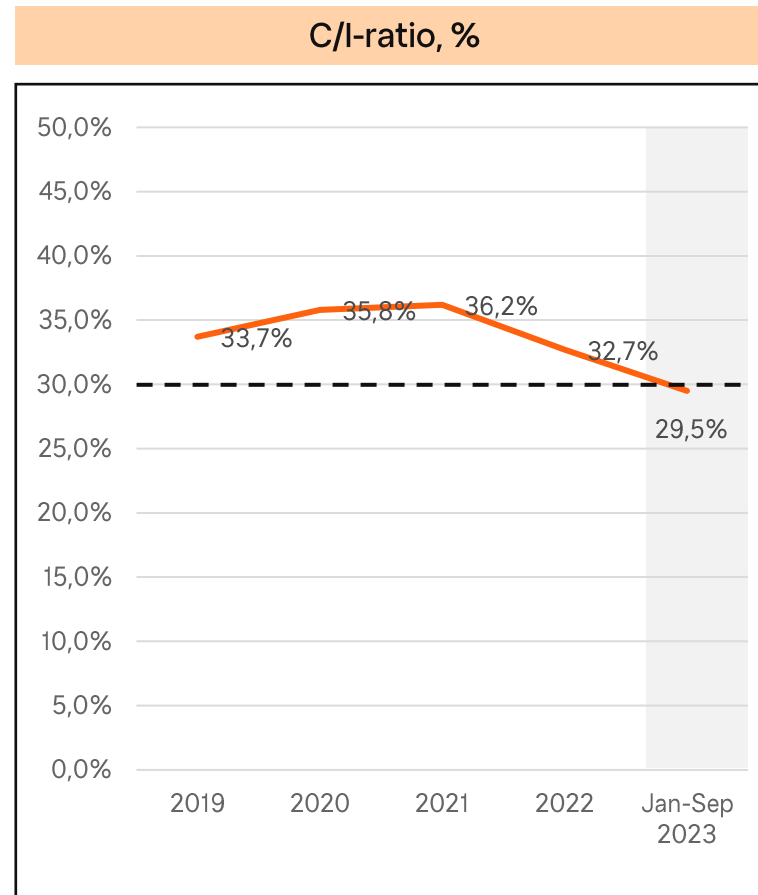
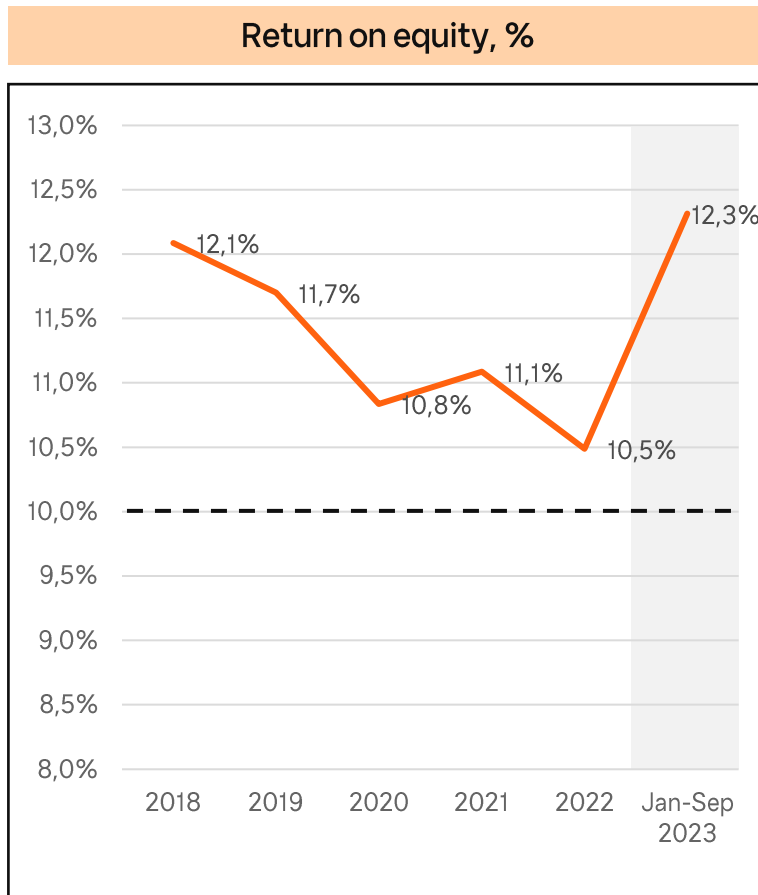
- Small decrease QoQ in NII mainly attributable to continued compressed mortgage lending margins. Development partly offset by increased share of deposits in funding mix in combination with continued healthy deposit margins
- Continued pressure on mortgage margins expected ahead due to increased competition
- 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



Comments

- Competitive profitability and returns given SBAB’s low risk business. Well above RoE target (>10%) last 5 years. Continued strong underlying profitability during Q3 2023. The as per 2022 implemented risk tax negatively impacts RoE with approximately 1% (RoE excl. risk tax for FY 2022 was 11.5% vs. published figure of 10.5%)
- Highly competitive cost efficiency. Move of resolution fee from NII 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 34.0% for FY 2022 vs. published figure of 32.7%)



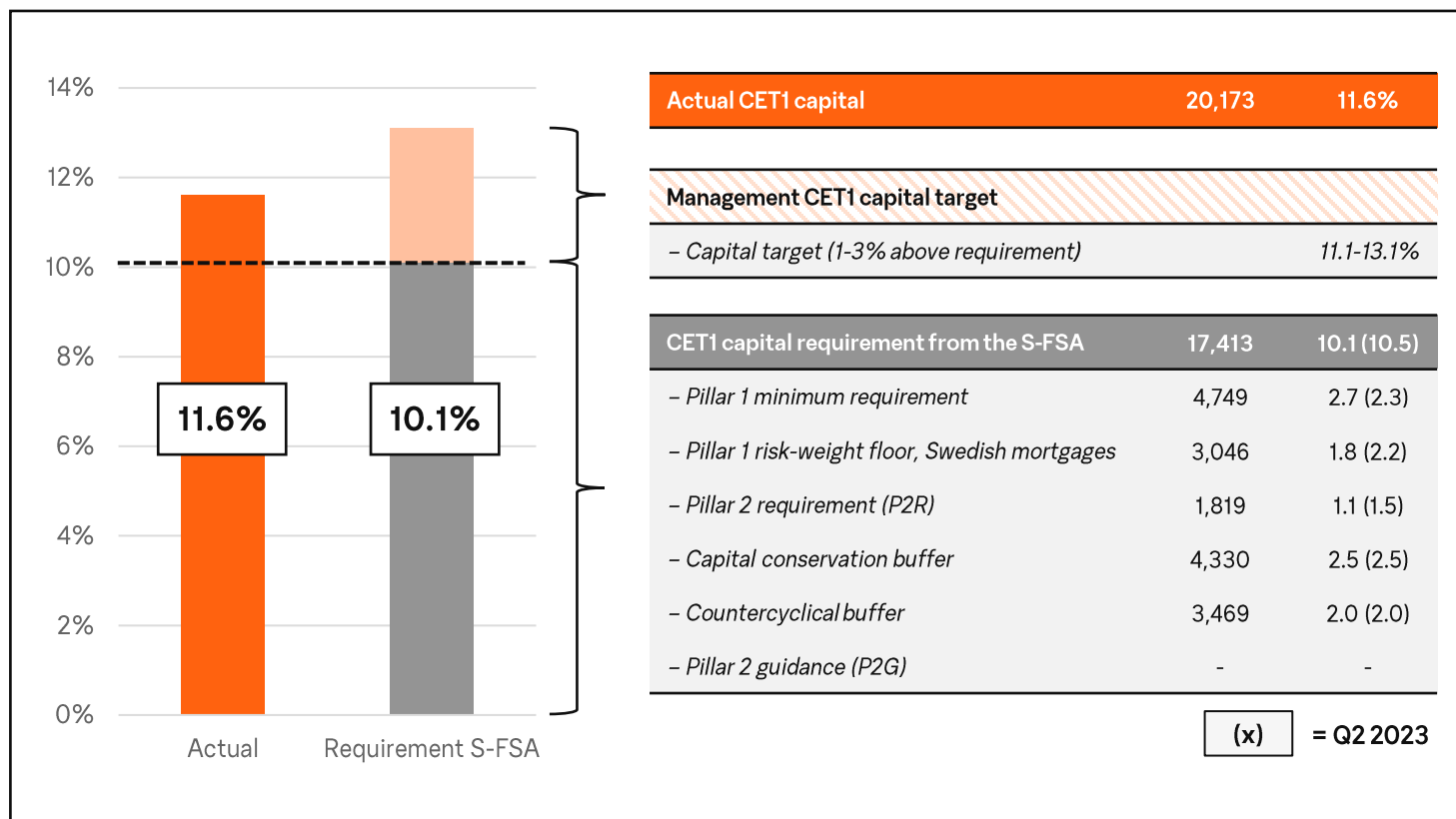
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Capital position (1/2)

Components of SBAB's CET1 capital target Q3 2023

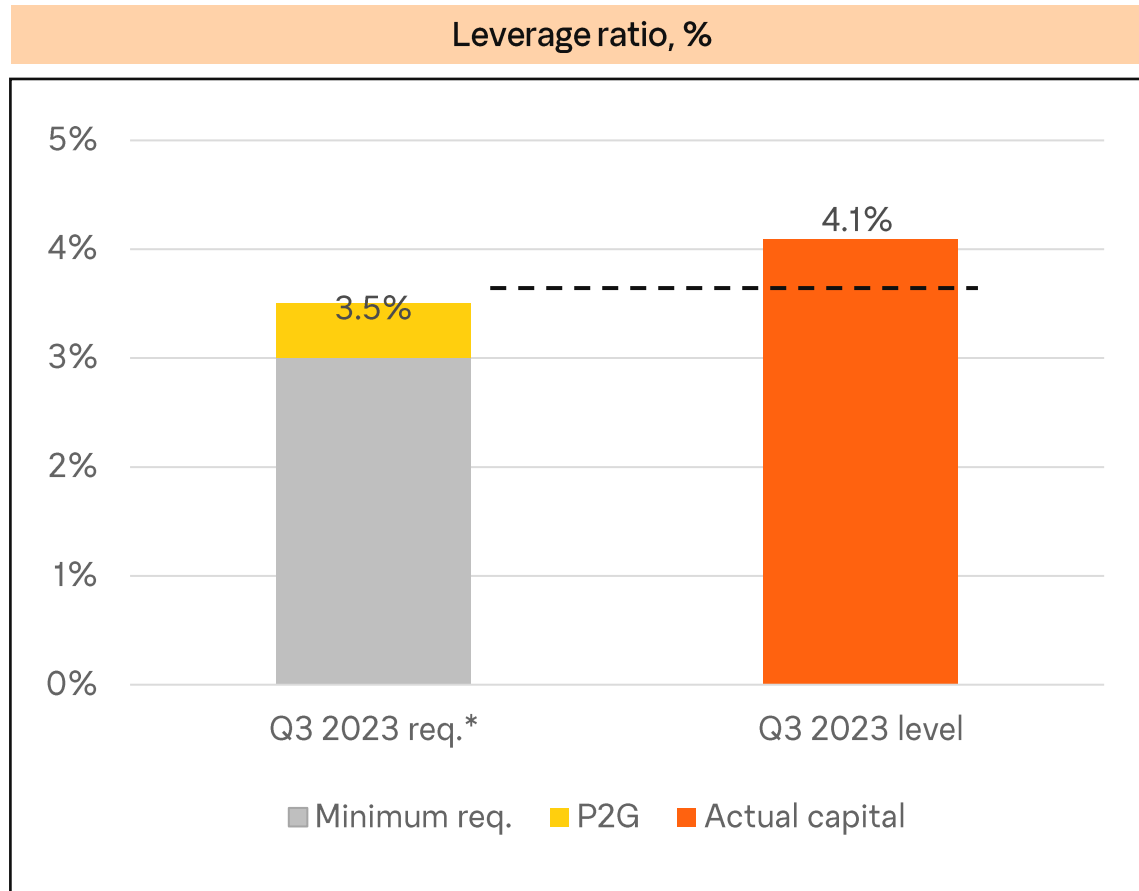


Comments

- CET1 margin of 1.6 percentage points* – in line with management CET1 capital target of 1-3 percentage points above regulatory requirement
- Countercyclical buffer (CCyB) for Swedish exposures raised from 0% to 1% in September 2022 and from 1% to 2% in June 2023
- Removal of Pillar 2 surcharge imposed on SBAB for deficiencies in IRB models (total 1.2% of CET1 capital) due to implementation of new PD modes for household and corporate exposures
- P2G for the risk-weighted capital requirements remains unchanged at 0 in recent SREP (Supervisory Review and Evaluation Process)



Capital position (2/2)



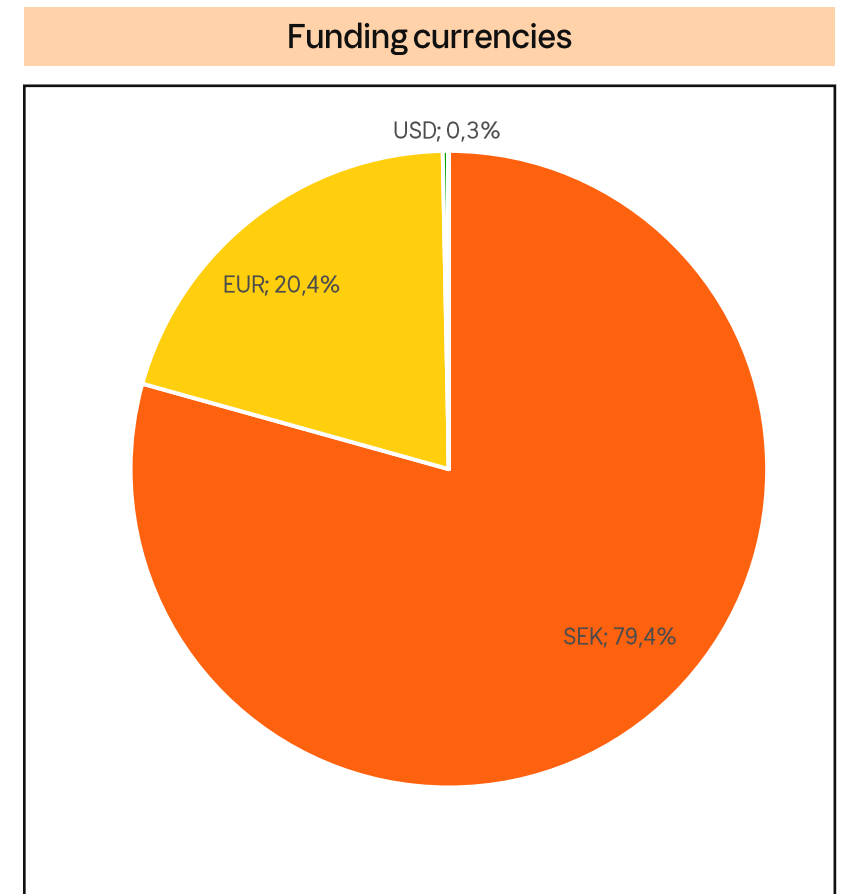
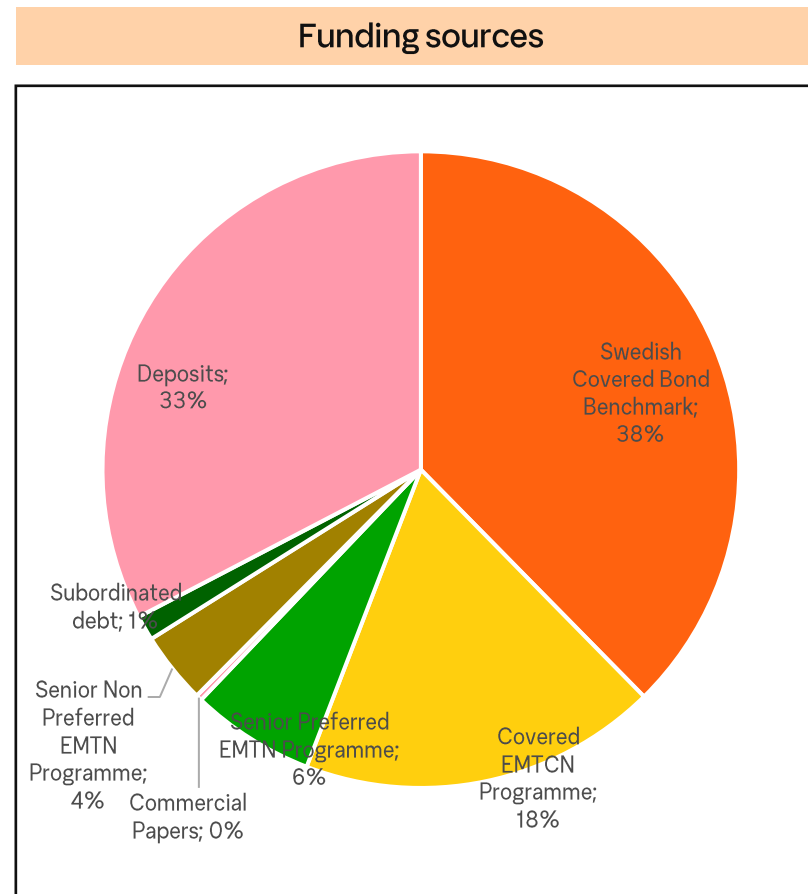
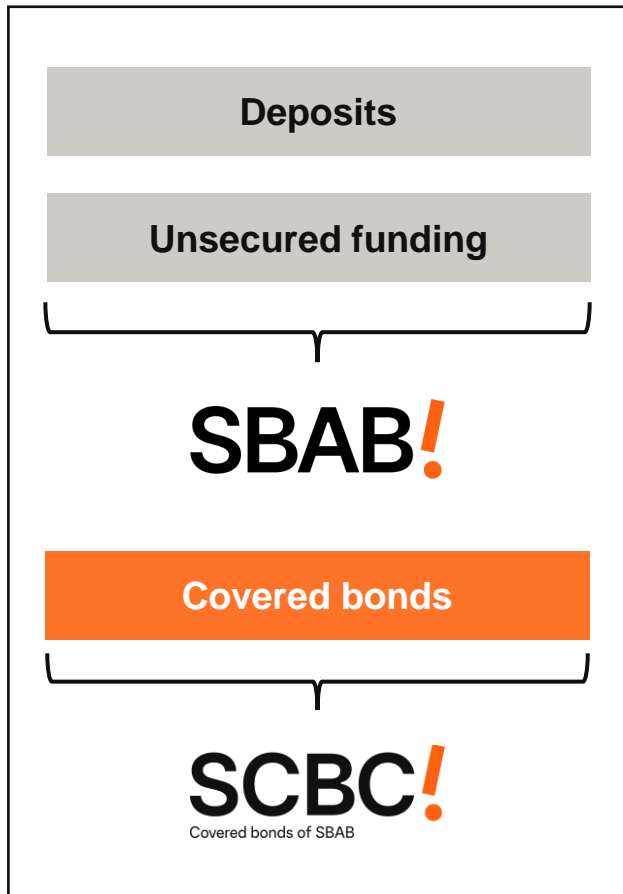
Comments

- During September, 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 is thus 3.5% as per 30 Sep 2023
- Leverage ratio rests well above external requirements at 4.09% as per 30 Jun 2023 (vs 4.09 % as per 30 Jun 2023)



Overview of funding


- Total funding amounted to SEK 612 billion as of 30 Sep 2023



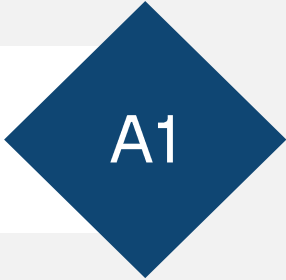
Rating overview

– 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

Non Investment Grade

Ba1 AT1

Ba2

[...]

AAA Sov. rating

AA+

AA

AA-

A+ Senior Preferred

A

A- SACP

BBB+ SNP

BBB T2

BBB-

BB+

BB AT1

[...]

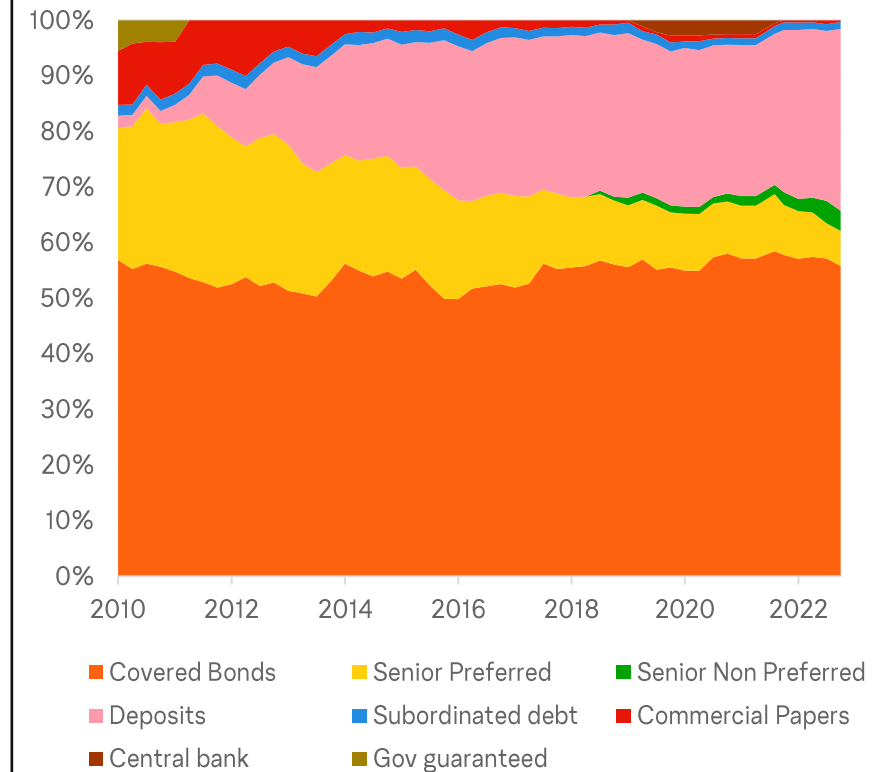


Funding strategy & development

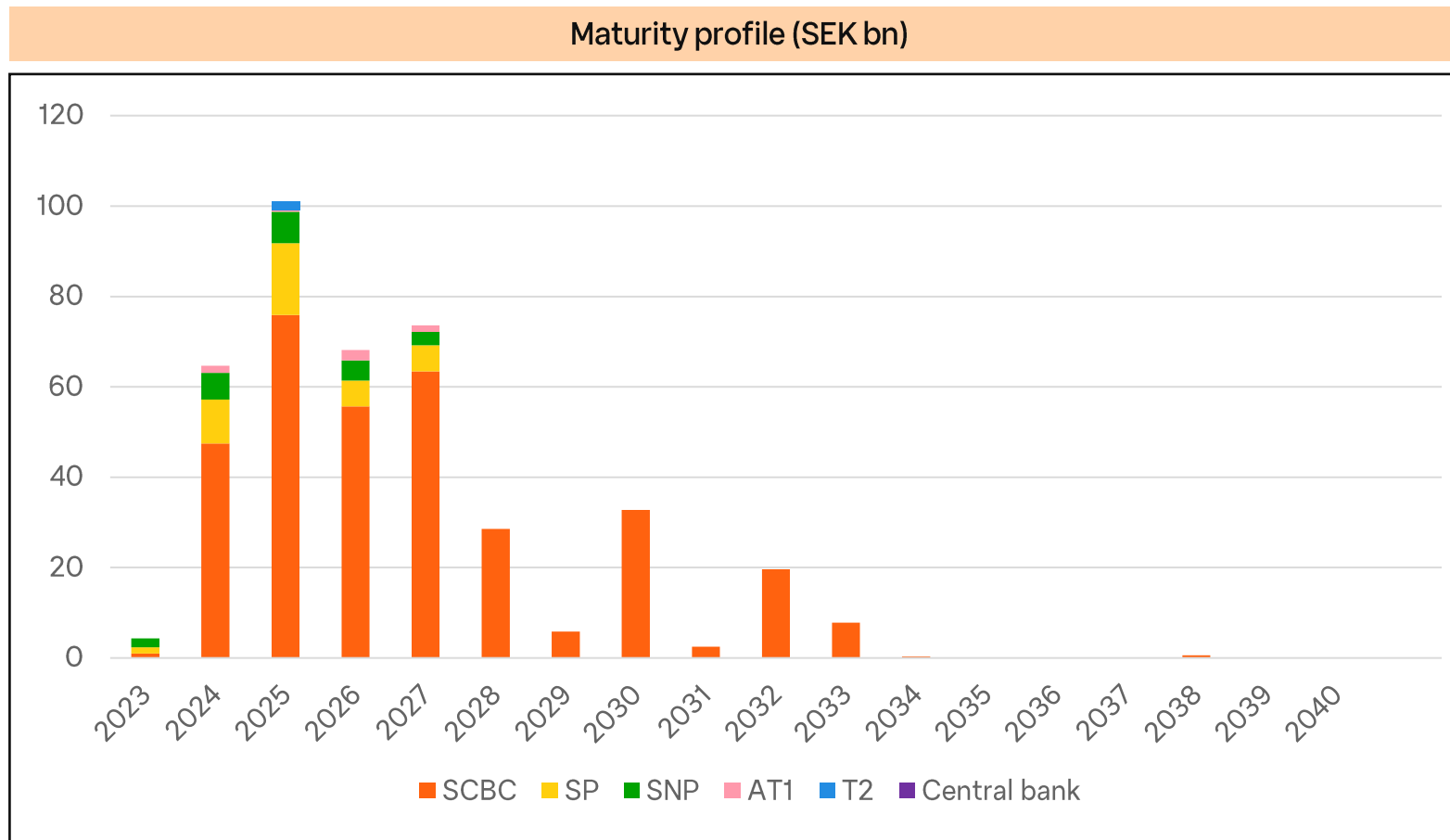
Funding strategy

- 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 Covered Bond format as and in Senior Unsecured format
 - Private placements as a complement
- Reduced wholesale funding reliance due to growing deposit volumes. Maintain a low reliance on foreign currency funding
- Efficient use of Covered Bond Funding ~ 55% of total funding. Utilizing the depth and stability of the Swedish Covered Bond 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



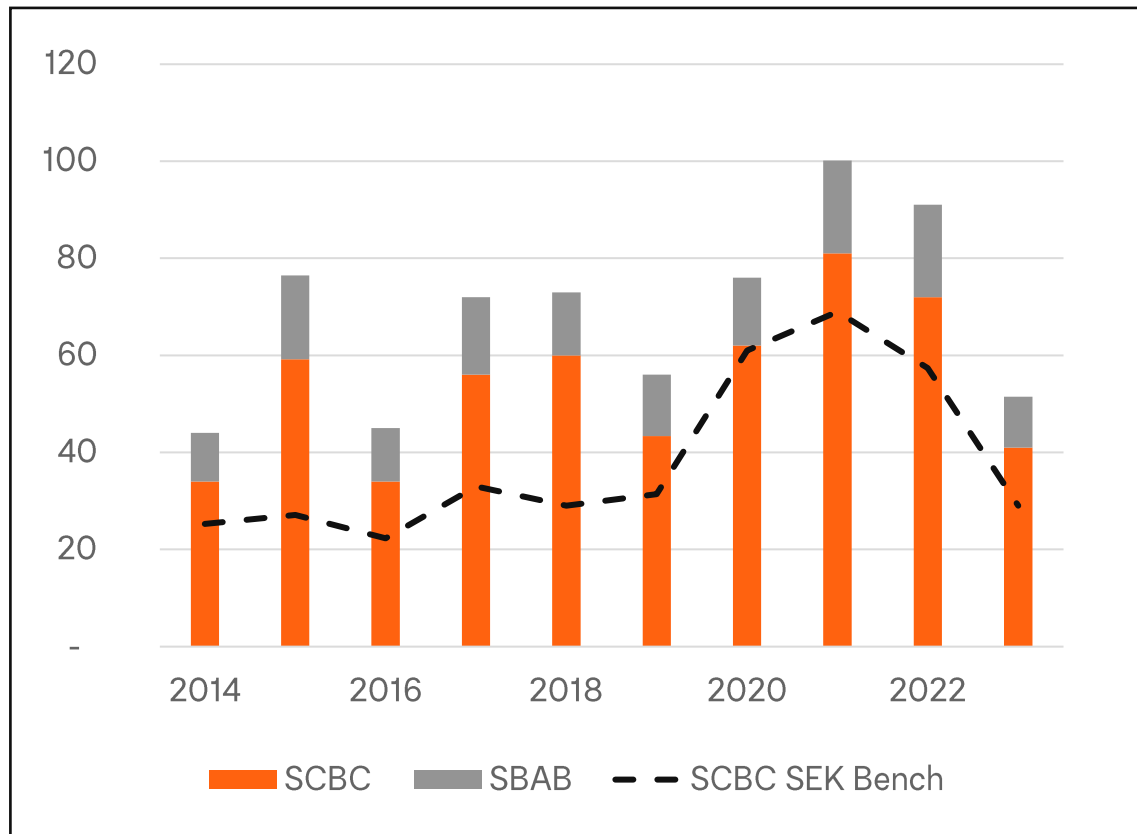
Comments

- Smooth funding profile reduces refinancing risk
- Extended maturity profile with successful benchmark issues in 2030 to 2033 segments
- Liquidity risk is being mitigated through buy-backs of maturing bonds



Future issuance

Annual issuance, SEK bn

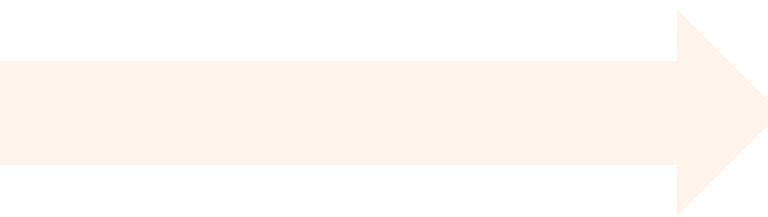


Future issuance

- Total long-term funding for 2023 expected to be approximately SEK 50-60 bn
- Overall strategy is to 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
 June 2023



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

SCBC!
 Covered bonds of SBAB
 Covered Bond
 €1,000 mn
 0.01%
 8,75y due March '30
 June 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
 May 2023

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



Update on MREL

– Regulatory change under BRRD2

Background

- MREL requirements based on policy published by SNDO will be phased in with full compliance on 1st of January 2024
- SBAB's calculated need for outstanding (eligible) SNP by end 2023 is estimated to around SEK 18-20 bn factoring in balance sheet growth, maturity profile and internal buffers
- 22.4 bn issued up until Q3 2023, of which 17.3 bn eligible as per 30 Sep 2023. Additional SEK 1.5 bn issued in October
- Three SNP transactions during 2023; (1) SEK 3 bn in January; (2) EUR 500 mn in June; (3) SEK 1.5 bn in October

MCC = Market Confidence Charge and consists of: CBR – CcyB + P2G. For the riskbased approach capital used to meet CBR cannot be double counted.

MREL and subordination requirement

(assumptions done with Q3 2023 figures)

Own funds & eligible liabilities

	SEK bn
CET1	20.2
AT1	5.8
T2	2.0
SNP	17.3
Senior bonds	24.2
Total	69.4

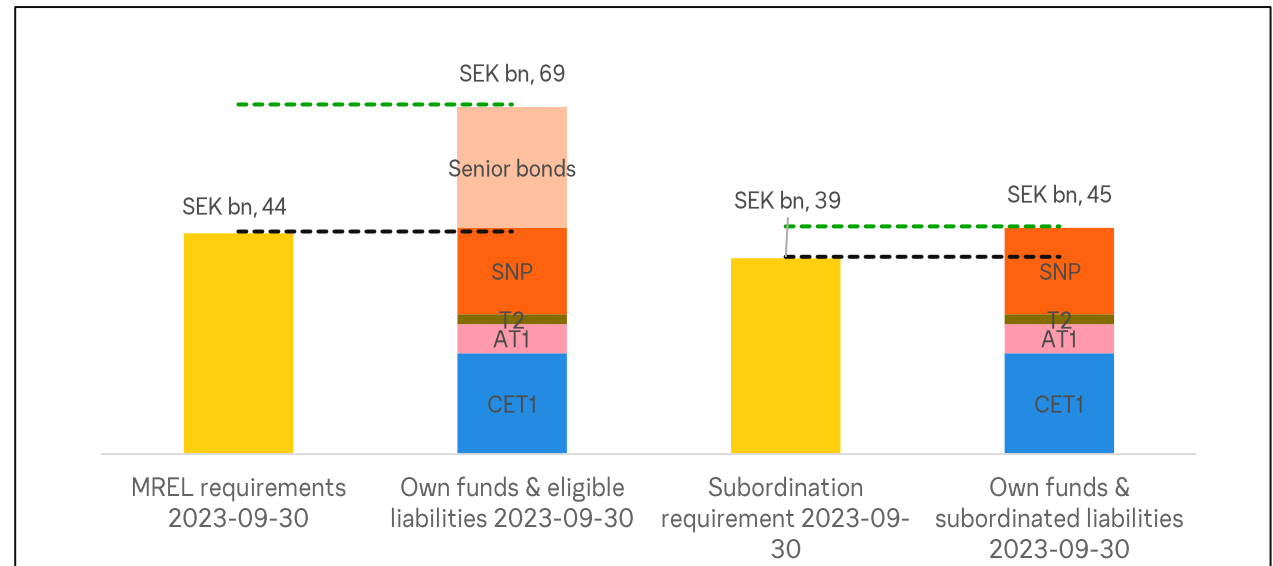
45.2

MREL requirement

	Requirement Q3 2023	Requirement Jan 2024
	% SEK bn	% SEK bn
REA	25.5%	27.0%
LRE	5.5%	6%
Buffer	25.2	

Subordination requirement

	Requirement Q3 2023	Requirement Jan 2024
	% SEK bn	% SEK bn
REA	22.6%	24.2%
LRE	5.5%	6%
Buffer	6.1	



Liquidity position

- High quality and diversified liquidity reserve within relevant currencies with 95% AAA rated. Liquidity reserve amounting to 90 billion, of which liquidity portfolio (LP) SEK 85 billion
- LCR and NSFR well above regulatory requirements. Survival horizon implies liquidity need coverage for 319 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

Key metrics Q3 2023

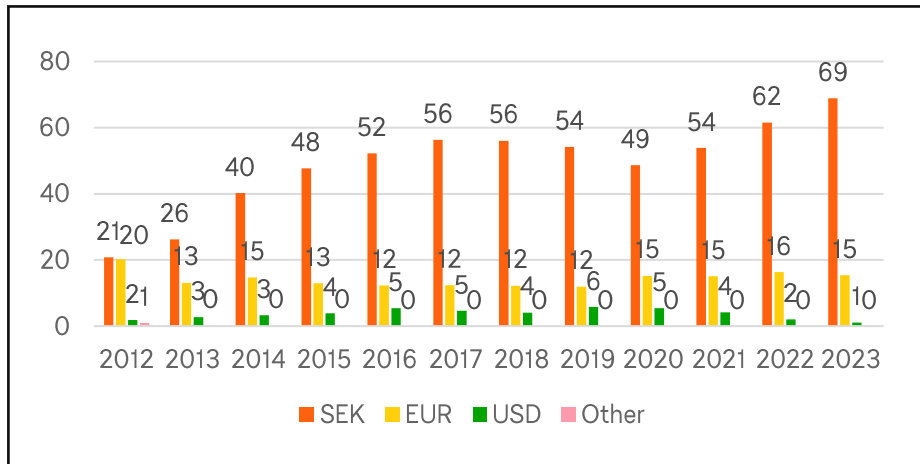
90 bn
Liquidity reserve

249%
LCR

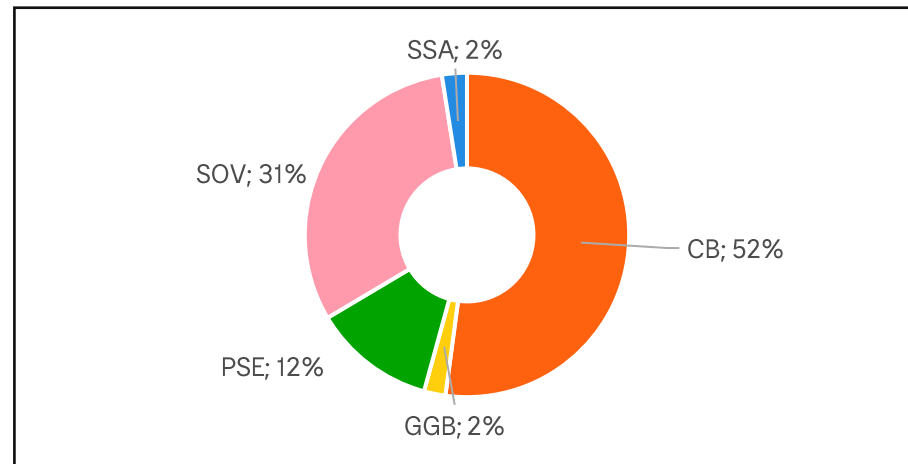
131%
NSFR

319 days
Survival horizon

Liquidity portfolio (Currency distribution)

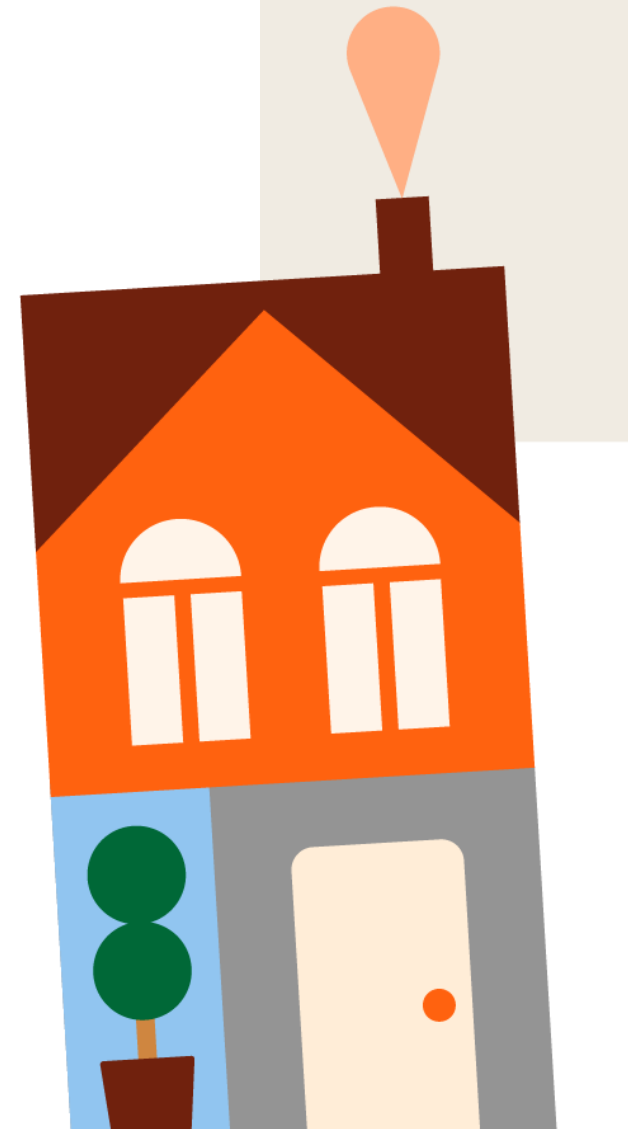


Liquidity portfolio (Securities type)

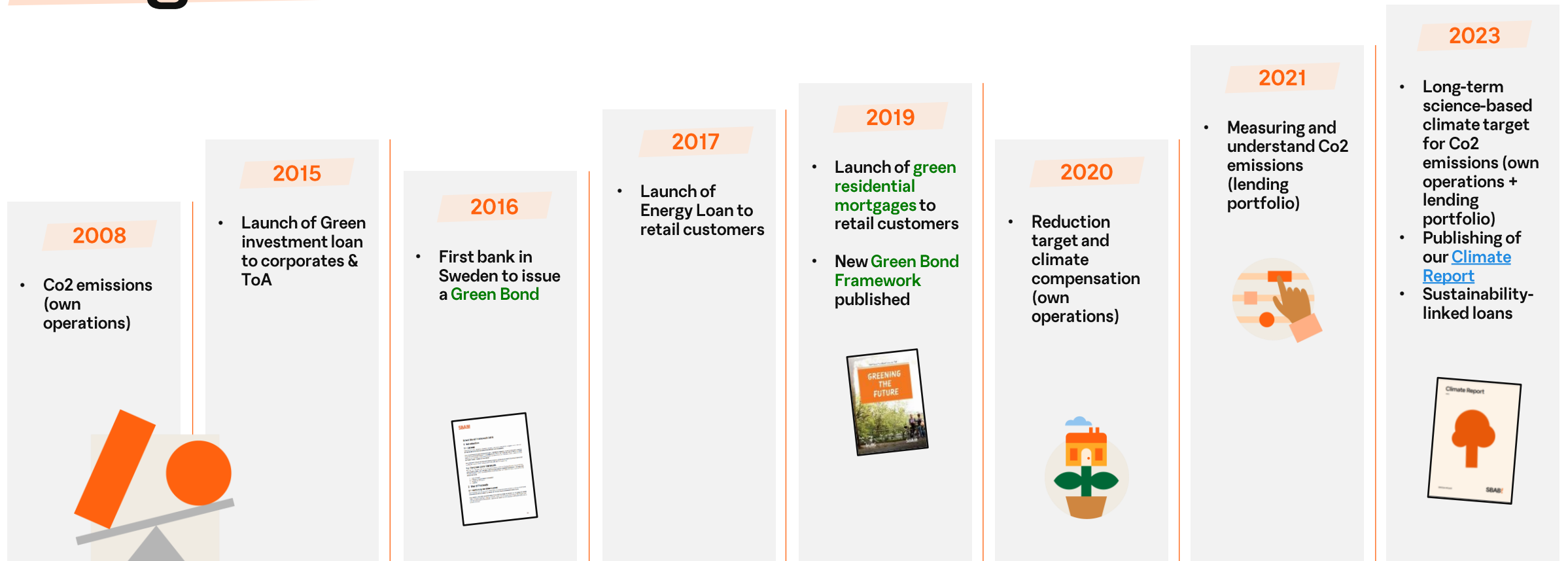


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SBAB's timeline on climate change mitigation



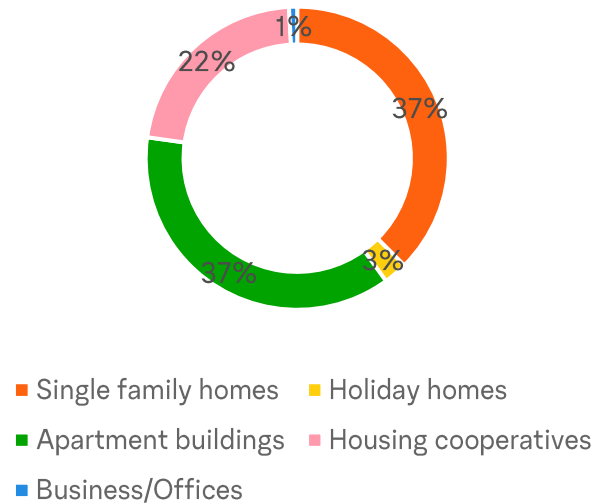
Co2 emissions from portfolio

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

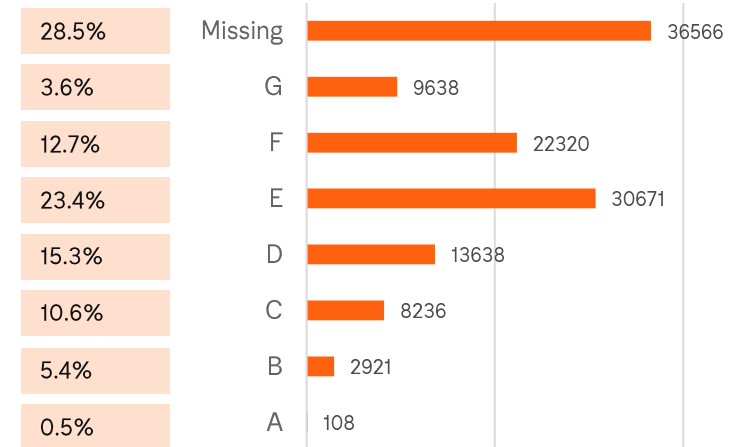


Emissions by object type



Emissions by energy classification

% of lending



Total Co2 emissions
124,098 tonnes Co2

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



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

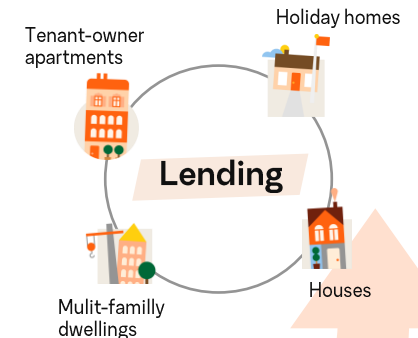
CO₂

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



- **Energy (consumer) loans**

- Consumer loan with discount
- Available for costumers looking to invest in energy saving measures in their homes



- **Sustainability-linked loans**

- 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

Green funding

SEK **~36** bn*



Eligible Green Loans

SEK **~56** bn*



SBAB!



*Data as per year-end 2022

SBAB GROUP GREEN BOND FRAMEWORK 2019

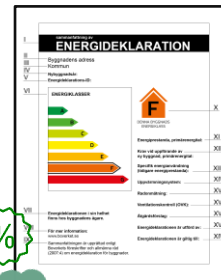


°C | CICERO Medium Green



WHAT WE DEFINE AS GREEN LOANS

- Green Residential Mortgages (energy class A, B or C)
- Green Investment Loans
- Energy efficient buildings
- New construction



- **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

SBAB Bank AB (publ)

SCBC!
Covered bonds of SBAB

AB Sveriges Sakerstallda Obligationer (publ)
(Swedish Covered Bond Corporation – SCBC)

Sustainability ratings



17.2
("Low Risk")

** Latest update Jun 2023*



AA

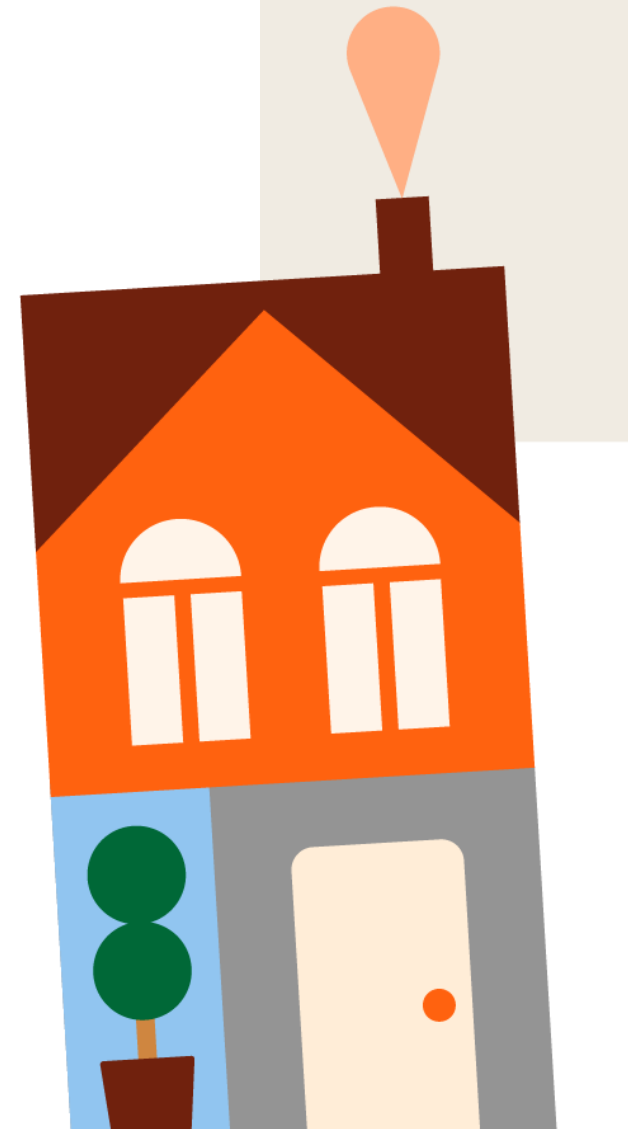
CCC B BB BBB A **AA** AAA

** Latest update Aug 2023*



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The Swedish economy

Forecast key figures Sweden

	2022	2023	2024	2025
Real GDP, actual	2.8 (2.6)	-1.0 (-0.9)	0.4 (1.4)	3.2 (3.0)
Household consumption	1.9 (2.1)	-1.9 (-1.1)	1.5 (1.9)	3.6 (3.4)
Public consumption	0.1 (0.0)	1.3 (1.2)	1.3 (1.4)	1.2 (1.2)
Investments	9.7 (9.0)	-5.5 (-7.7)	-3.0 (-0.6)	4.5 (4.4)
Net export, GDP-contribution (pp)	-0.9 (-0.6)	1.0 (1.4)	0.2 (0.4)	0.2 (0.1)
Employment	2.7 (2.7)	1.4 (0.1)	-0.3 (-0.2)	0.8 (1.1)
Unemployment rate (%)	7.5 (7.5)	7.5 (7.9)	8.3 (8.2)	8.2 (7.9)
Inflation, CPIF growth	10.2 (10.2)	4.6 (4.4)	2.1 (1.9)	2.0 (1.8)
Policy rate, yearly average (%)	0.75 (0.75)	3.46 (3.40)	3.61 (3.14)	2.42 (2.11)
KIX-index (-)	121.1 (121.1)	130.0 (124.8)	128.0 (123.2)	126.0 (121.5)

Note: Annual percentage growth unless indicated otherwise. Light orange background indicates SBAB Q2 forecast in September 2023. Figures in brackets = Q1 forecast published in April 2023

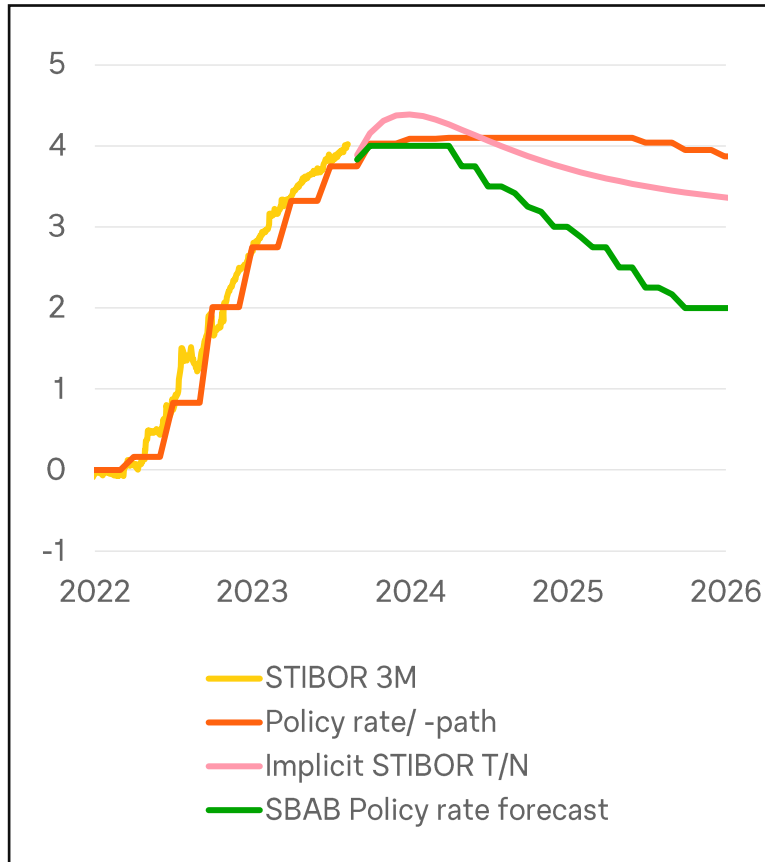
Comments

- Swedish GDP is expected to shrink in 2023 by about 1 percent
 - Households' real consumption is severely eroded by rising prices, but also increased interest rates
 - The households' financial starting position is good as a result of high savings of recent years
- Like many other countries, the inflation in Sweden is high, and like many other central banks, the Riksbank has raised the policy rate quickly
- 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



Interest rate development

Interbank rates and policy rate (%)



Mortgage rates (%)

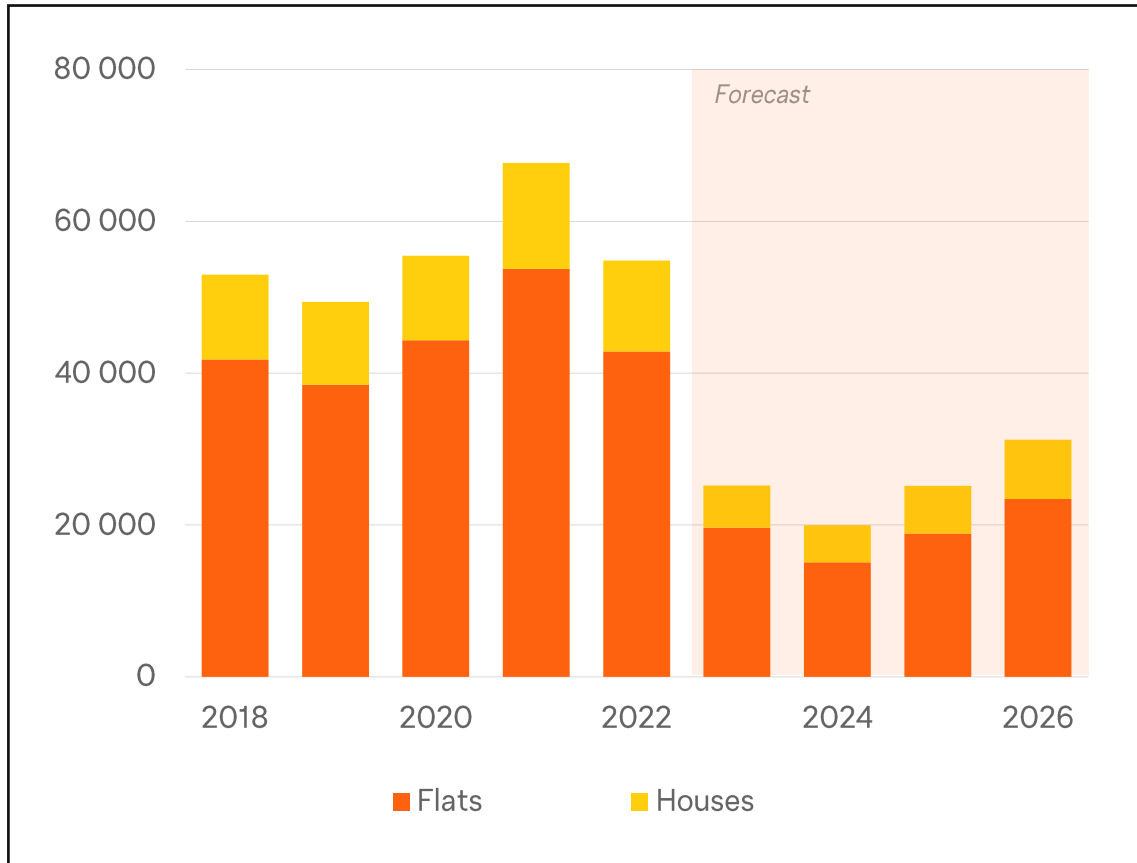
	Length of fixed interest period					
	3 Months	1 Year	2 Years	3 Years	4 Years	5 Years
Sep 2023	4.9%	4.8%	4.7%	4.6%	4.4%	4.4%
Jan 2024	5.1%	5.0%	4.8%	4.7%	4.5%	4.5%
Jan 2025	4.3%	4.2%	4.1%	4.0%	4.0%	3.9%
Jan 2026	3.5%	3.5%	3.5%	3.6%	3.7%	3.7%
Jan 2027	3.5%	3.6%	3.7%	3.7%	3.9%	3.9%

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)



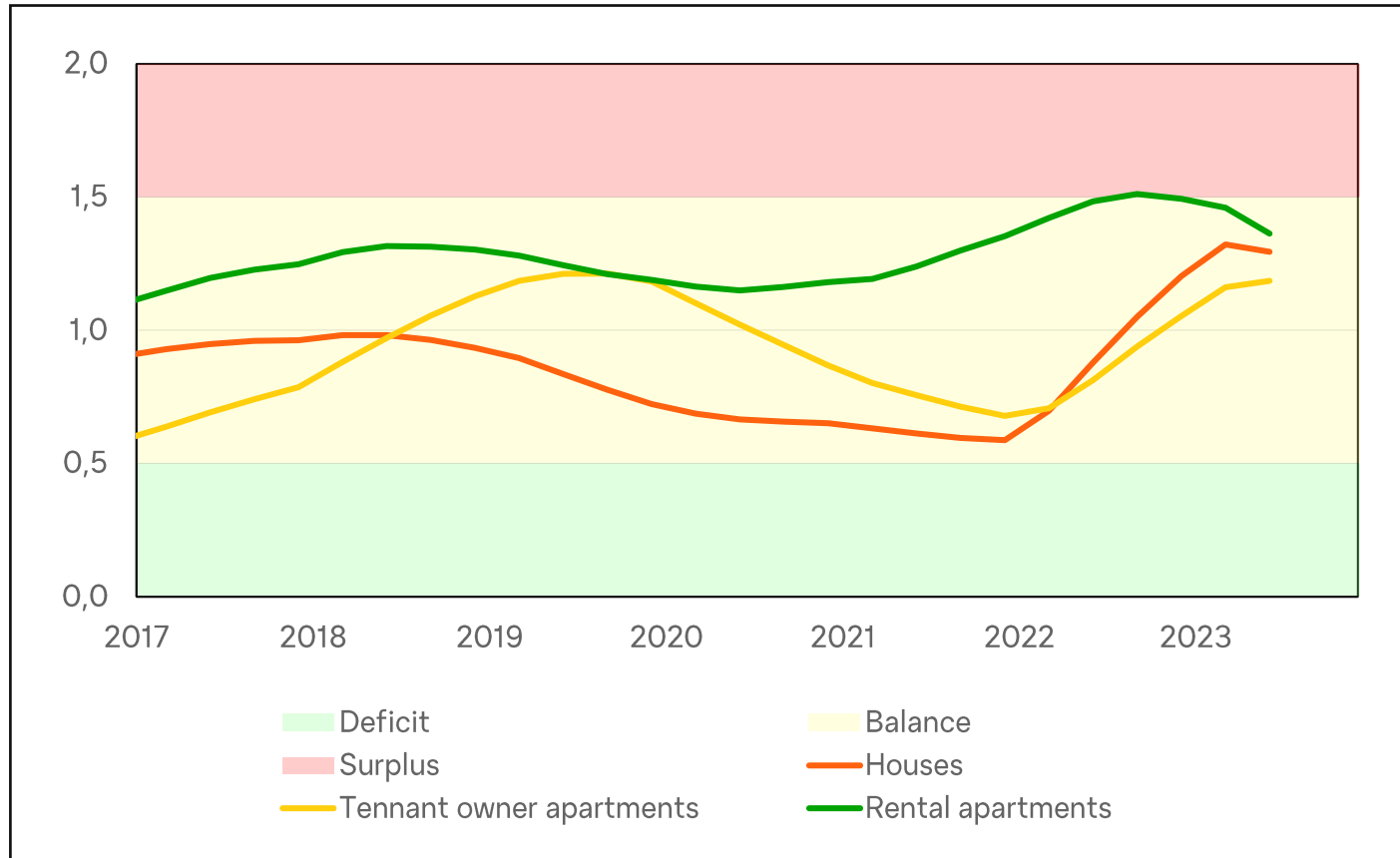
Rapid deceleration - Still need for new housing

- Housing construction is expected to decline rapidly in 2023, from almost 68,000 homes in 2021 to about 25,000 homes (excluding rebuilt housing). A further decline is expected in 2024 to about 20,000 homes
 - Initially in 2022 housing construction was put under pressure from the availability of materials and equipment, and rapidly rising prices on many input goods
 - Towards the end of 2022, the pressure on housing construction increased significantly from falling house prices on the secondary market, and of deteriorating financial situation for households
- 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)



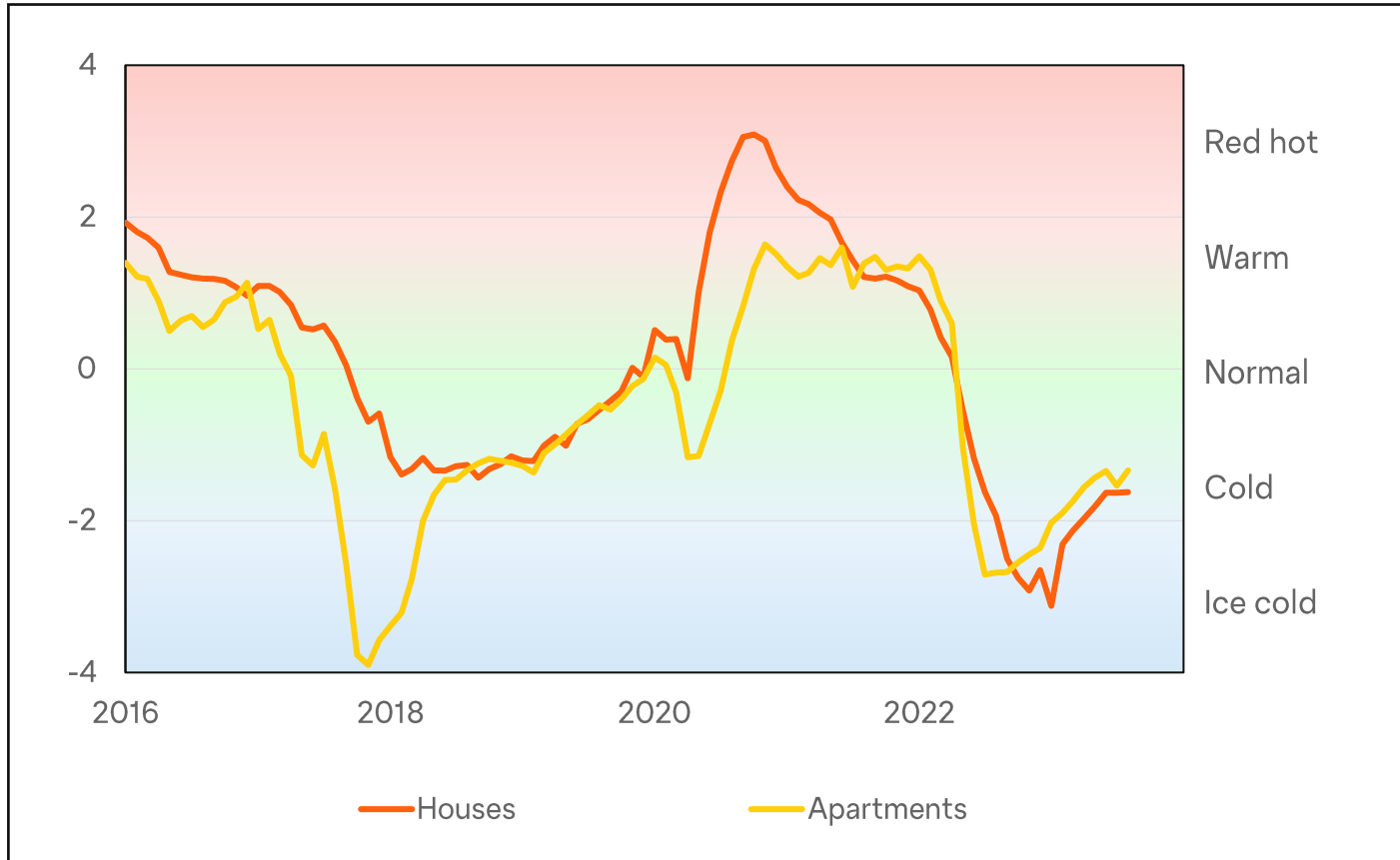
Change in trends

- Rising interest rates have dampened the demand for housing and resulted in a reversal, from a trend towards a deficit into a rapid trend towards a surplus of newly produced houses and tenant owner apartments
- The lower demand for housing is to some extent matched by the lower construction rate, which means that the market is generally characterized by balance, except for rental apartments, which are close to a surplus
- 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
- Between the turn of the year and the beginning of summer, a certain improvement in the situation have been seen
- In recent months, no noticeable change in the situation can be seen
- 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 about steeply rising mortgage interest rates along with other rising cost of living, not least the cost of food and electricity



Price decline expected to continue

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

	Index Aug-23	Change since		
		1M	3M	12M
Sweden (HPI)	1.82	+1.4%	+0.1%	-5.4%
Flats	1.82	+0.5%	-1.2%	-0.3%
Stockholm	1.69	+0.8%	-1.6%	+1.4%
Gothenburg	1.79	+0.8%	-1.4%	-1.7%
Malmö	1.90	-2.2%	-1.6%	-3.1%
Houses	1.82	+1.9%	+0.8%	-7.7%
Stockholm	1.72	+4.3%	+1.7%	-4.8%
Gothenburg	1.78	+6.8%	+3.9%	-4.1%
Malmö	1.84	+6.4%	+4.7%	-2.2%



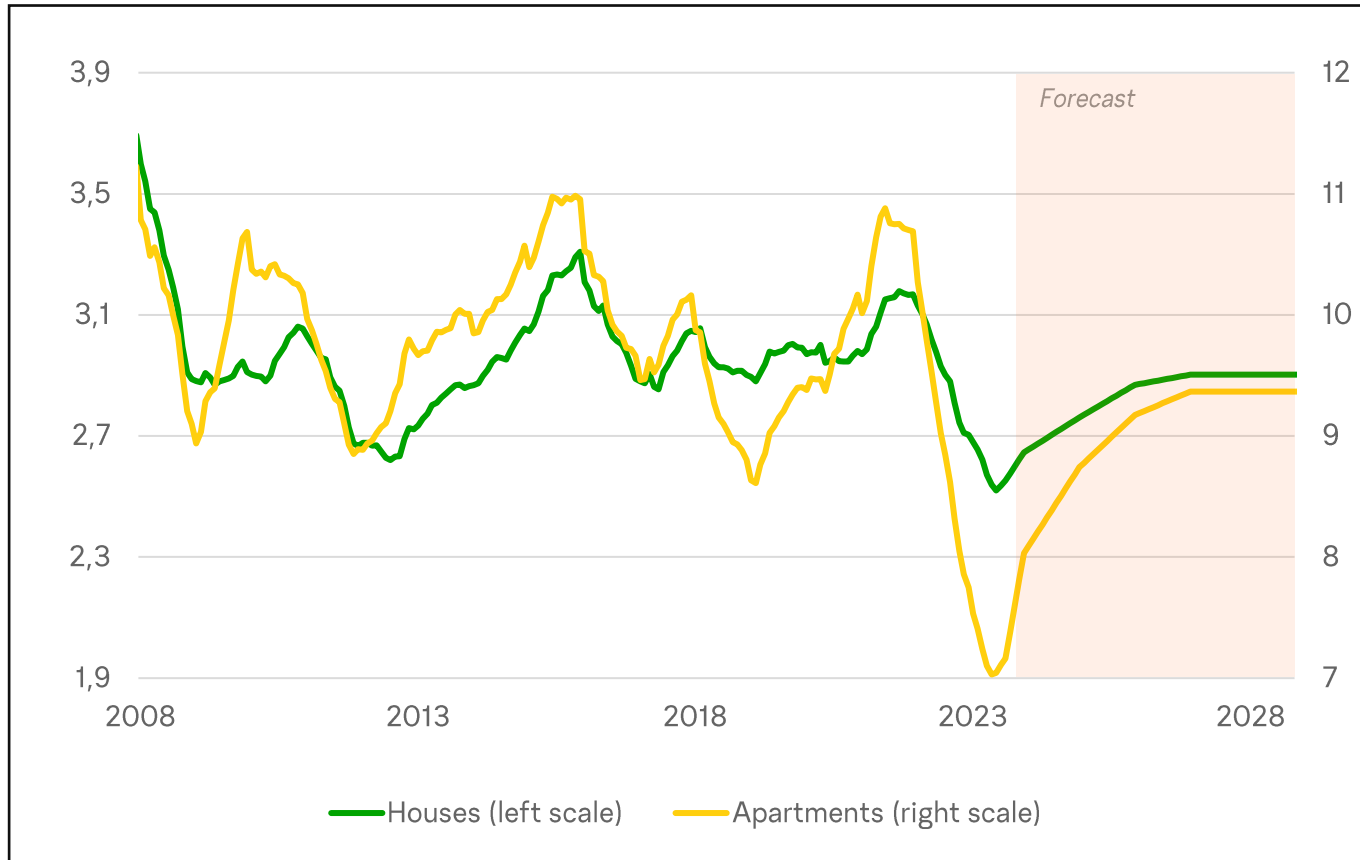
Falling housing prices

- Housing prices have increased by an average of 4% over the past ten years up to and including January 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 somewhat, primarily as a result of higher mortgage rates
 - The price level in early 2023 is expected to be close to 20% lower compared to that in March 2022
 - 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 (%)



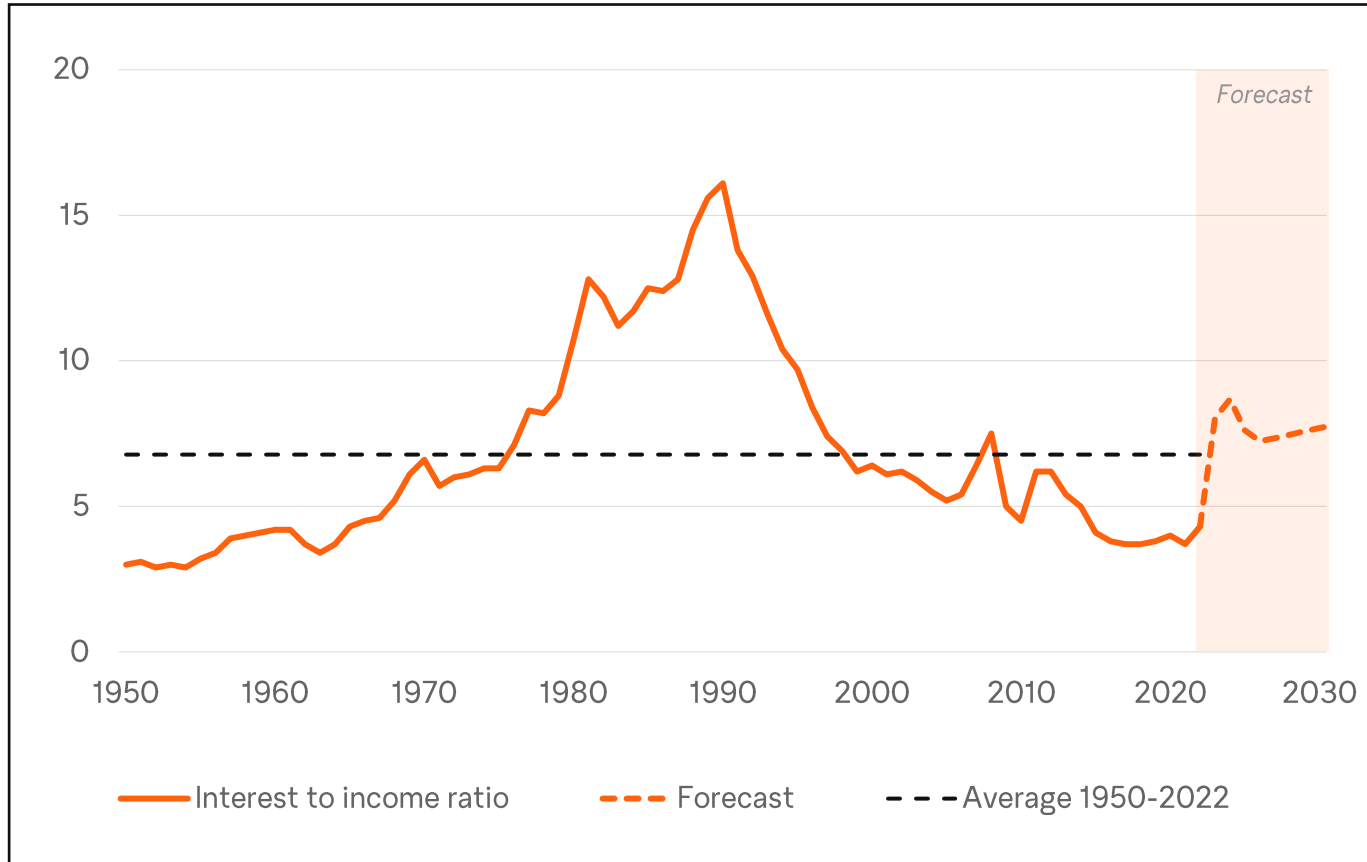
Normalization as the economy is slowing down

- 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 August, the seasonally adjusted trend turnover rate was 2.7 per cent per year for houses and 7.3 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 2.90 per cent per year for houses and at about 9.37 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)



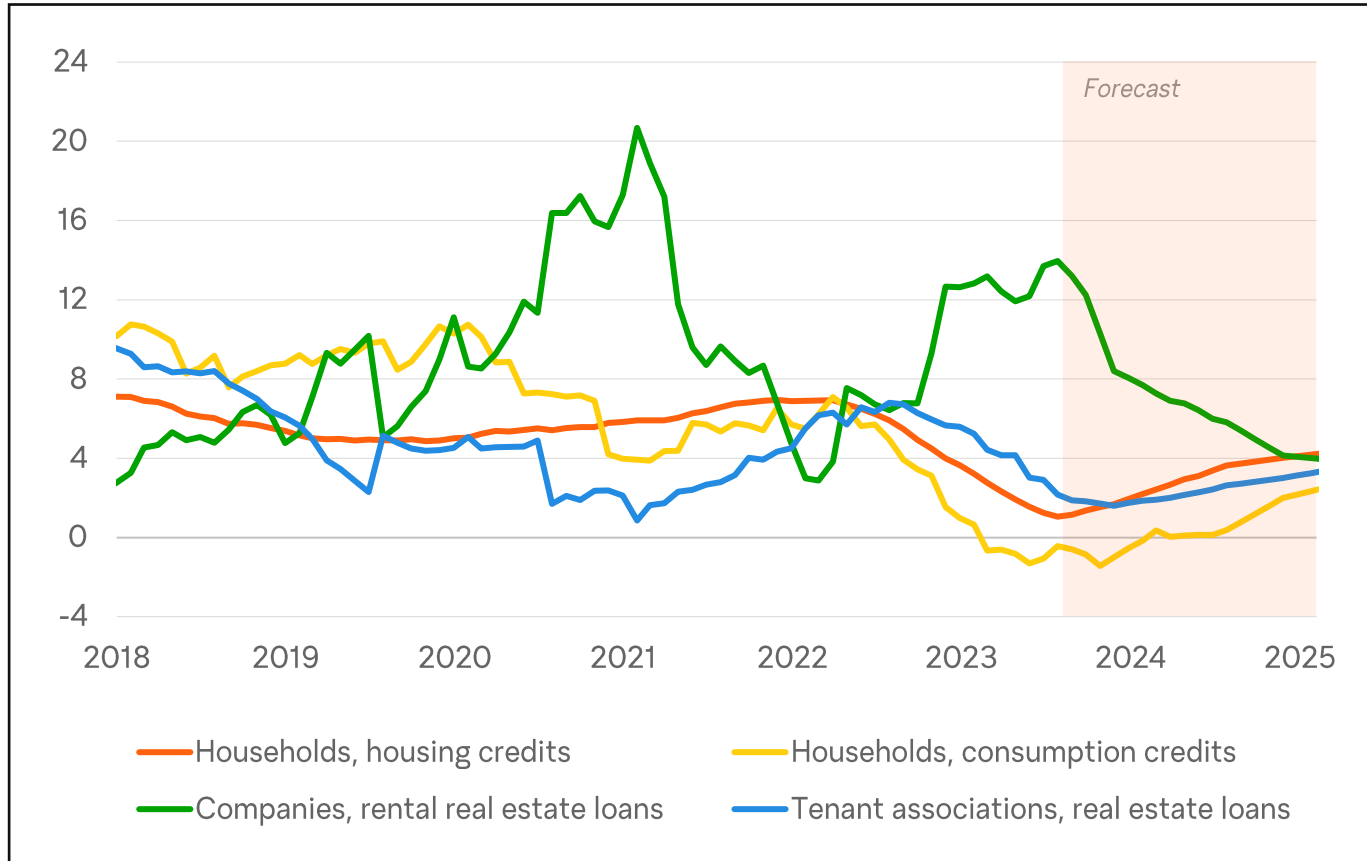
Interest expenses at low levels from a historical perspective

- 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 4.2% in 2022 before tax deductions (about 3.0 after tax deductions)
 - Expected to peak at 8.6% in 2024 before tax deductions, and to be below 7.5% the next few years (after tax deductions to be below 5.3%)
- 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 slightly over 6% per year
- According to SBAB's forecast, the monthly growth rate of household housing credits is expected to drop to about 1% per year in mid 2023, and then slowly turn up towards a long-term at about 5% per year
 - 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, soared during the pandemic. The growth rate slowed down in 2021 before picking up again towards the end of 2022. In August 2023, the growth rate amounted to 14% per year. In the long term, it is estimated to amount to slightly over 5% per year



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