

Investor Presentation

Q2 2020

Executive summary



About SBAB

- 100% owned by the Kingdom of Sweden. Swedish mortgage portfolio, predominantly residential mortgages (5th largest player in Sweden)
- Financial targets from owner covering profitability, capitalisation & dividend
- Strong balance sheet and high-quality assets (>98% collateralized lending)
- Total funding needs for 2020 expected to be around SEK 75-80 billion

Credit update Q2 2020

- Continued uncertainty regarding socio-economic development in the wake of the coronavirus pandemic. However, the Swedish housing market has shown resilience with stable price trends and turnover
- Strong growth in total lending, which increased 3.1% to SEK 401.5bn (389.3). Total deposits increased 2.1% to SEK 131.3bn (128.7)
- Record highs set for operating profit and net interest income. Credit losses totalled SEK 11 million (loss: 27) and mainly pertained to provisions for possible credit losses linked to the effects of the coronavirus pandemic
- Issue of another green bond, SBAB's first denominated in EUR. Also, on 10 June, SBAB signed the UN Principles for Responsible Banking

Total lending, SEK bn

402

Total deposits, SEK bn

131

SBAB!

booli!

En tjänst från SBAB

hittamäklare!

En tjänst från SBAB

11.6%

Return on equity
Q2 2020

12.7%

CET1 capital ratio
Q2 2020

-0.01%

Credit loss level
Q2 2020

33.1%

C/I ratio
Q2 2020





Sweden's most satisfied customers

SBAB has Sweden's most satisfied residential mortgage customers according to Swedish Quality Index (Svenskt Kvalitetsindex, SKI), which each year measures customer satisfaction in the banking and finance sector. With a customer satisfaction score of 76.3 out of 100, SBAB ranks well above the sector average of 69.3. For the second consecutive year, SBAB also has Sweden's most satisfied customers in terms of property loans to corporates and tenant-owners' associations.



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Business overview

Vision



To offer the best residential mortgages in Sweden

Mission



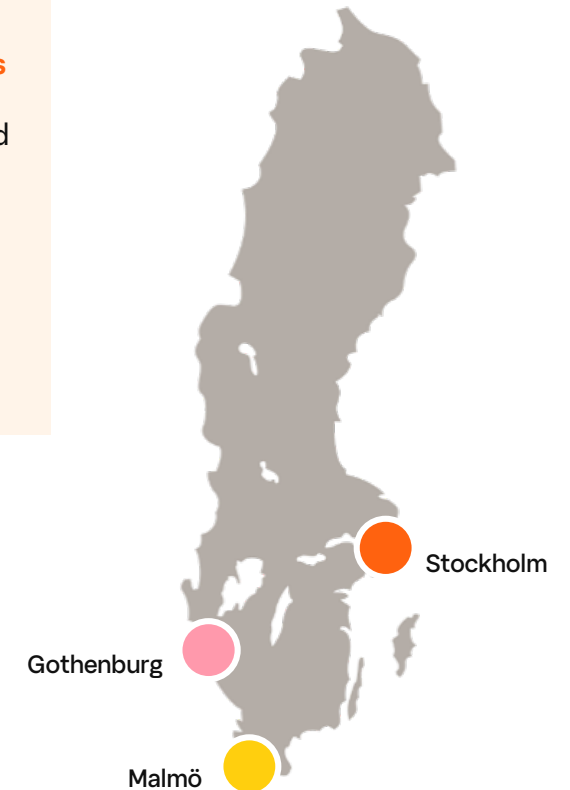
To contribute to better housing and household finances



Business overview

- Founded in 1985 & 100% owned by the Kingdom of Sweden
- Mortgage bank with >98% collateralized lending (SEK 389 billion)
- Straightforward business model (mortgage lending & savings) & customer operations only in Sweden
- 743 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).



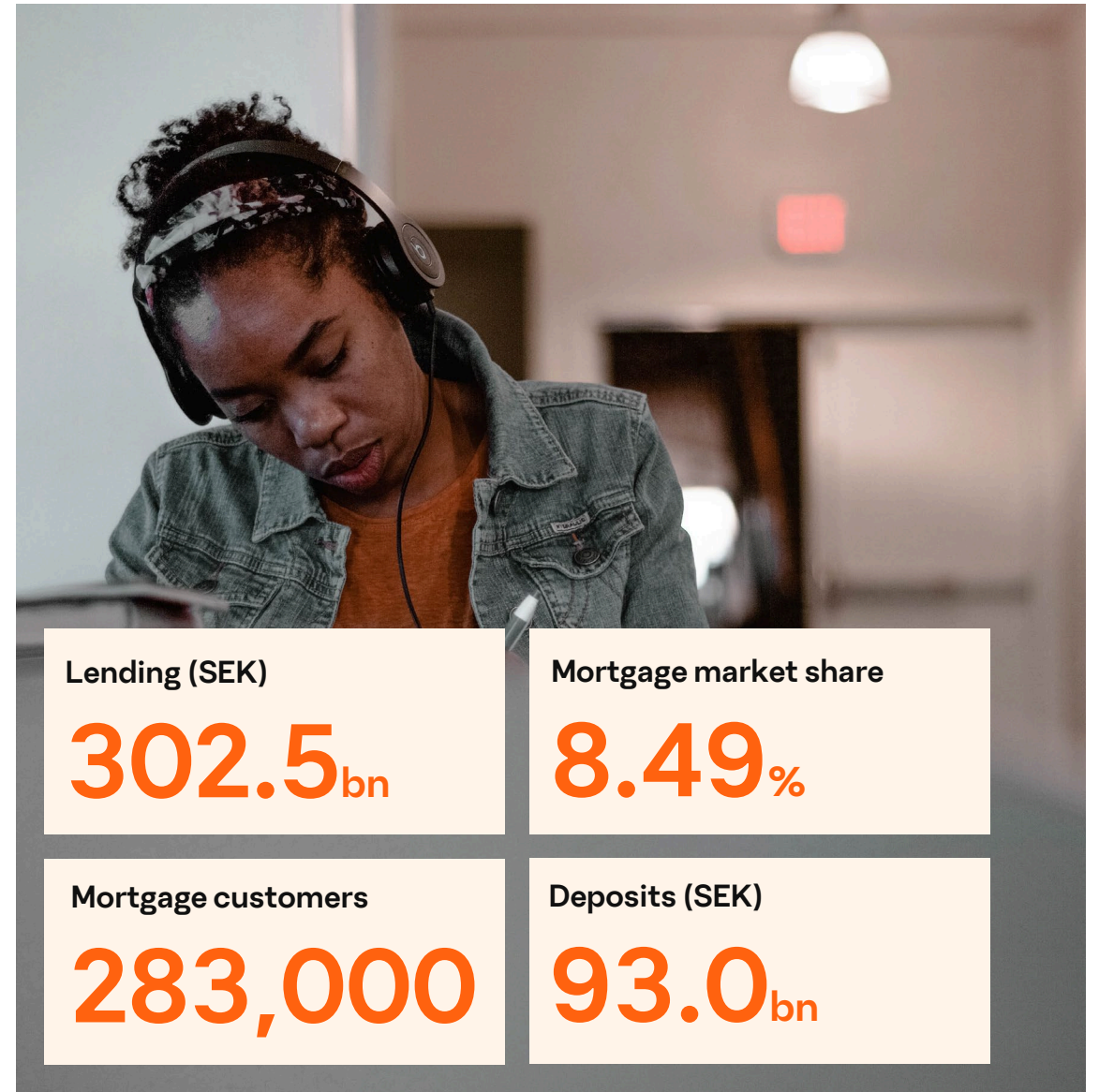
Retail business area

- Services within housing and household finances, such as savings and loan products, insurance mediation, housing search engine services and real estate-agent services. The core product is residential mortgages (5th largest player in Sweden)
- Activities are operated under the SBAB, Booli and HittaMäklare brands
- No traditional bank branches, products and services offered online or by telephone
- Customers primarily located in areas around Stockholm, Gothenburg, Malmö, and other university cities and growth regions

SBAB!

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En tjänst från SBAB

hittamäklare!
En tjänst från SBAB

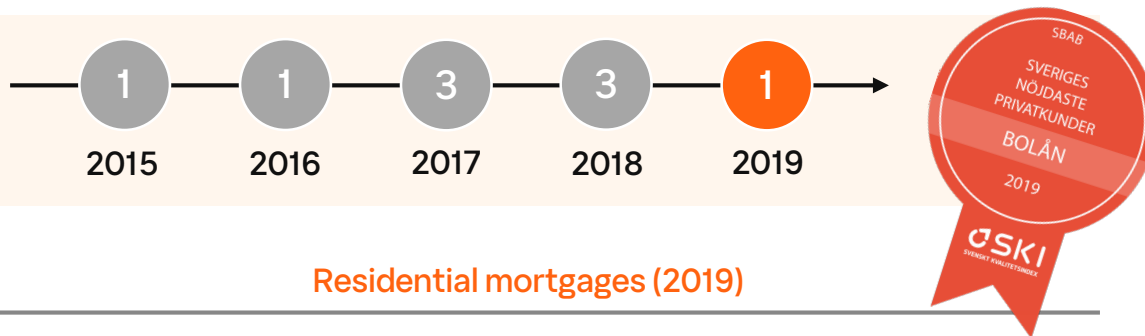


Corporate clients & ToA

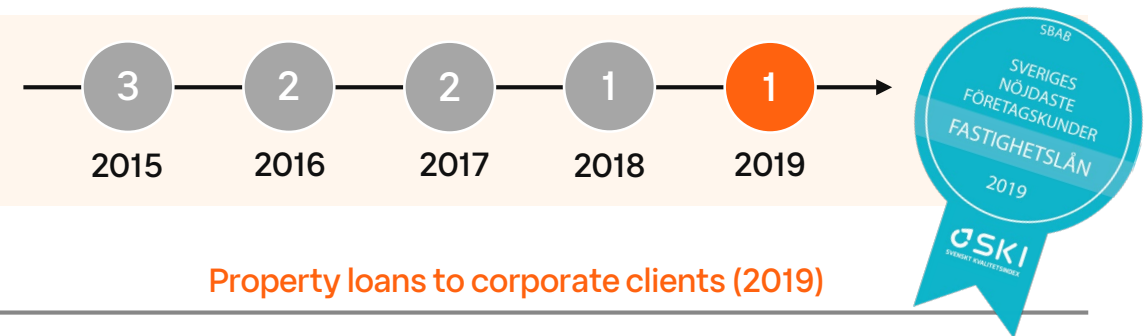
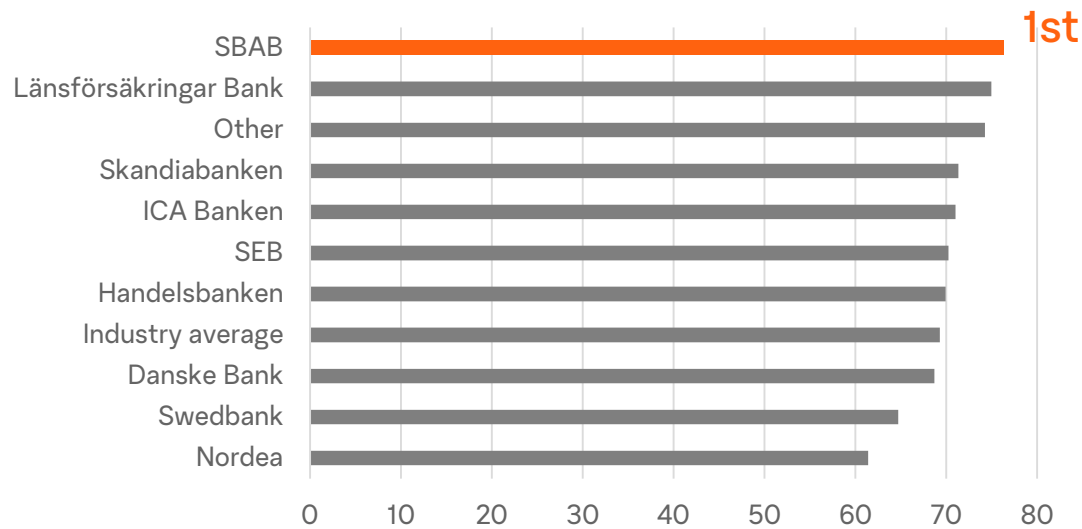
- Housing financing solutions to property companies, housing developers and tenant-owners' associations as well as savings to corporates and organisations
- Multi-family dwellings, both privately owned and owned by tenant-owners' associations
- Existing buildings or new construction
- Personal service. Three offices in Stockholm, Gothenburg and Malmö
- Primarily target major residential developers, property owners and tenant-owners' associations
- Credit granting concentrated to growth regions surrounding our three offices in Stockholm, Gothenburg and Malmö



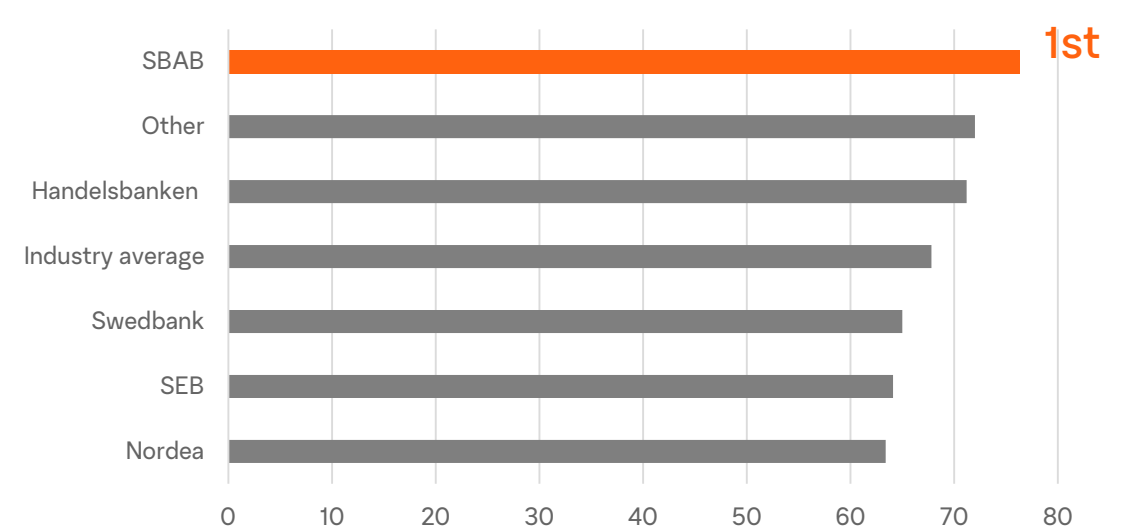
Customer satisfaction



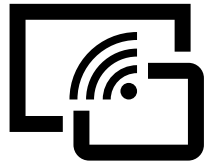
Residential mortgages (2019)



Property loans to corporate clients (2019)



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 experience & ecosystem

- Residential mortgages & housing financing main focus and primary source of income
- Strategy to strengthen customer relationship/loyalty by adding valuable services throughout the housing journey
- New brand profile launched in Q1 2020 in order to achieve a more unified and improved customer experience



Ecosystem of services relating to housing and household finances

Housing phase	Service	Brand
Dream & search	<ul style="list-style-type: none"> • Housing adds • Housing market information • Savings account 	booli! <small>En tjänst från SBAB</small> SBAB!
Buy	<ul style="list-style-type: none"> • Residential mortgages & housing financing • Home insurance (through partner) • Life insurance (through partner) • Legal advice (through partner) 	 SBAB!
Live	<ul style="list-style-type: none"> • Refinancing • Consumer loans 	 SBAB!
Sell	<ul style="list-style-type: none"> • Real estate broker recommendations • Housing valuation • Housing adds • Tax declaration advice (through partner) 	hittamäklare! <small>En tjänst från SBAB</small> booli! <small>En tjänst från SBAB</small>



Strategic objectives

- Grow market shares over the coming years
- Continue deposit growth in order to reduce reliance on wholesale funding
- Keep strong asset quality with low loan losses & problem loans
- Meet & exceed financial targets from owner;
 - Profitability (RoE > 10%)
 - Capitalisation (CET1 > 0.6% above regulatory requirement from the Swedish FSA)
 - Dividend (40% of profit after tax)
- Ecosystem; creating a platform with value adding services relating to housing and household finances
- Continued focus on sustainability



SBAB assigns priority to four SDGs

The business sector, including SBAB, has an important role to play in achieving the SDGs within the 2030 Agenda. We have identified and chosen four of the 17 SDGs that we consider particularly important and relevant to our operations. The prioritised goals have been chosen based on extensive analysis in the form of internal workshops and ranking exercises within operations, the Executive Management and the Board, and today comprise an important and integrated part of our sustainable governance model.

Financial targets from the owner

	Target	Result Jan-Jun 2020	Result 2019
Profitability: Return on equity over a business cycle	≥ 10%	10.4%	11.7%
Dividend: Ordinary dividend based on profit for the year after tax, taking the Group's capital structure into account	≥ 40%	40% (expected)	0% (revised)
Capitalisation: CET1 capital ratio and total capital ratio above regulatory requirement communicated by the Swedish FSA	CET1 capital ratio: ≥ 0.6%	4.5%*	2.4%
	Total capital ratio: ≥ 0.6%	6.7%*	5.2%

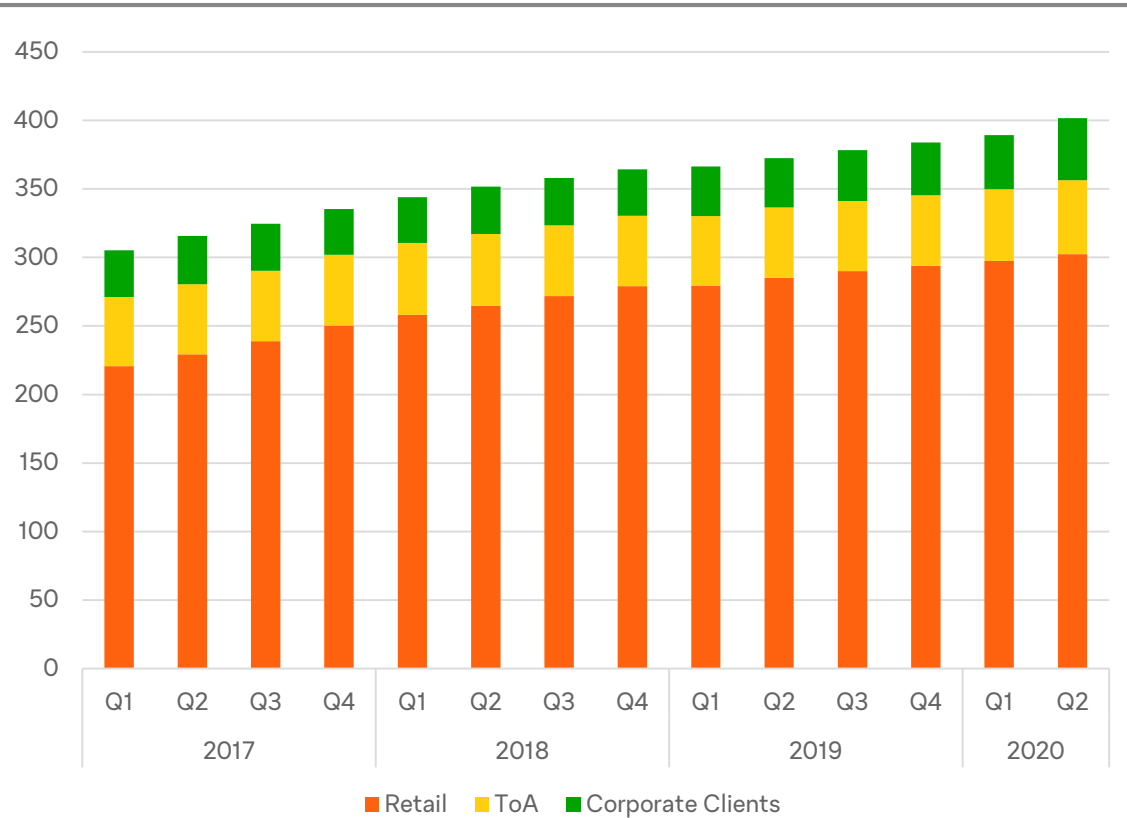
* In relation to expected (internally estimated) capital requirement from the Swedish FSA as of 30 June 2020 (CET1 capital ratio requirement: 8.2% & Total capital ratio requirement: 12.3% vs. Actual CET1 capital ratio: 12.7% & Actual total capital ratio: 19.0%)



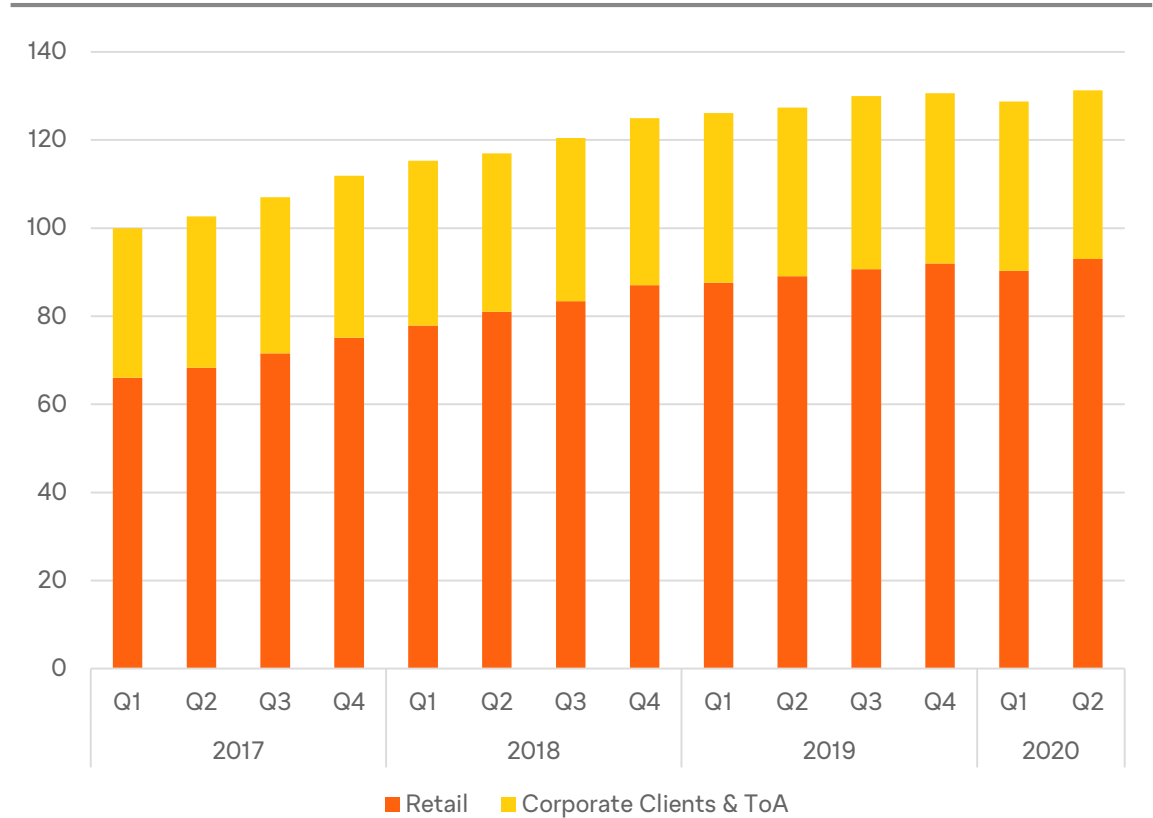
Summary of Q2 2020

Lending & deposits development

Lending (SEK bn)

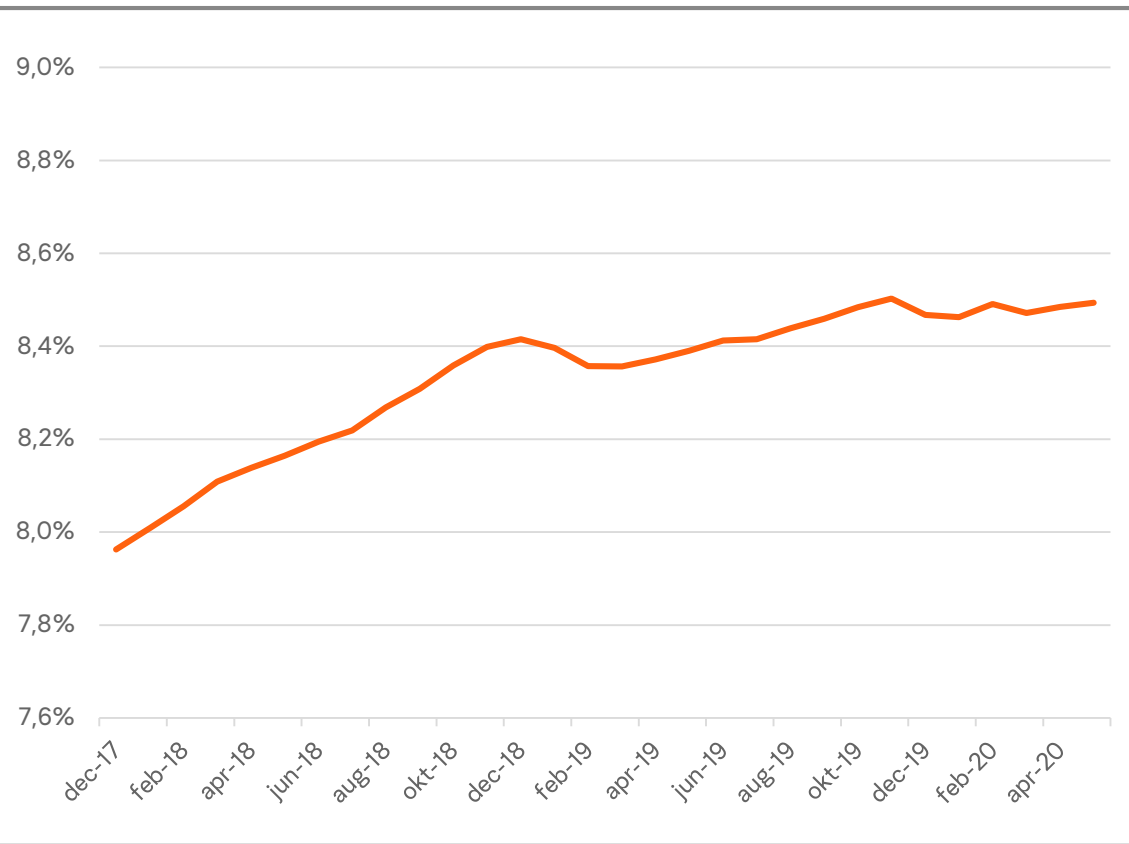


Deposits (SEK bn)

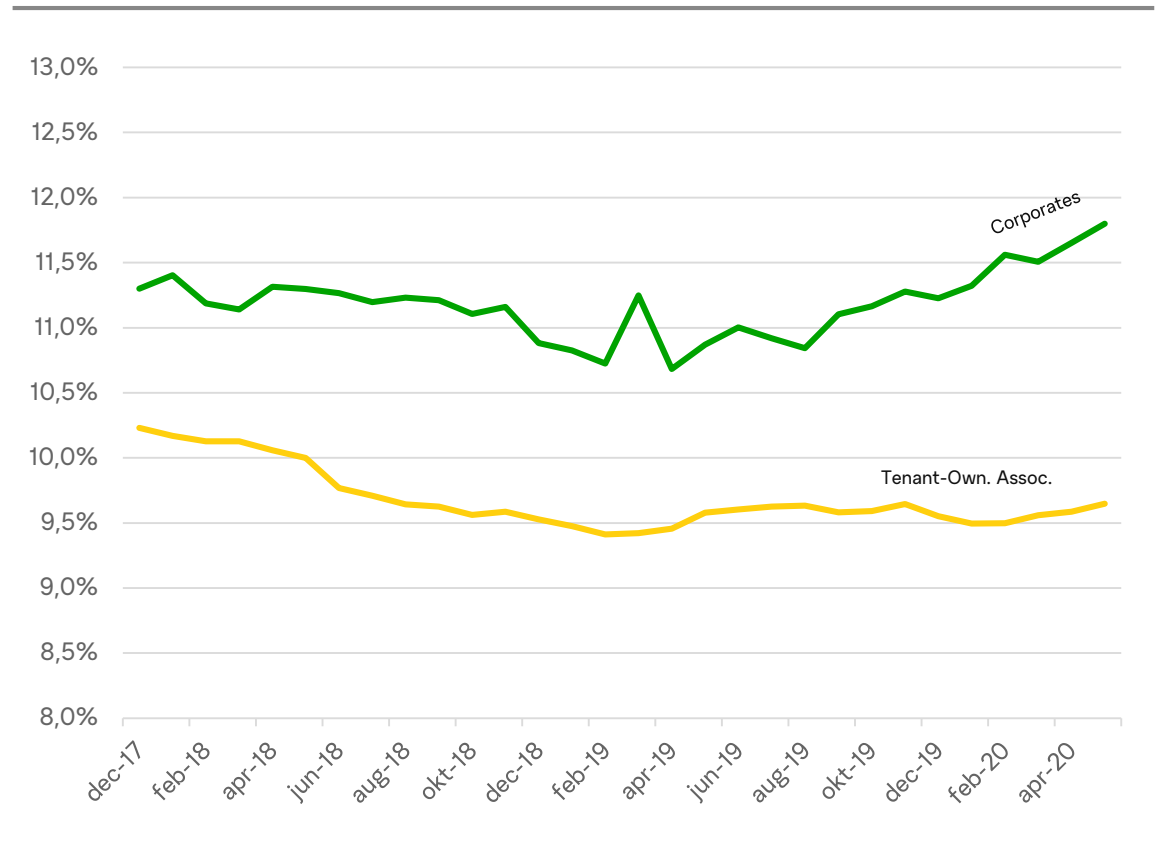


Market share development

Market share, Residential mortgages (May 2020)

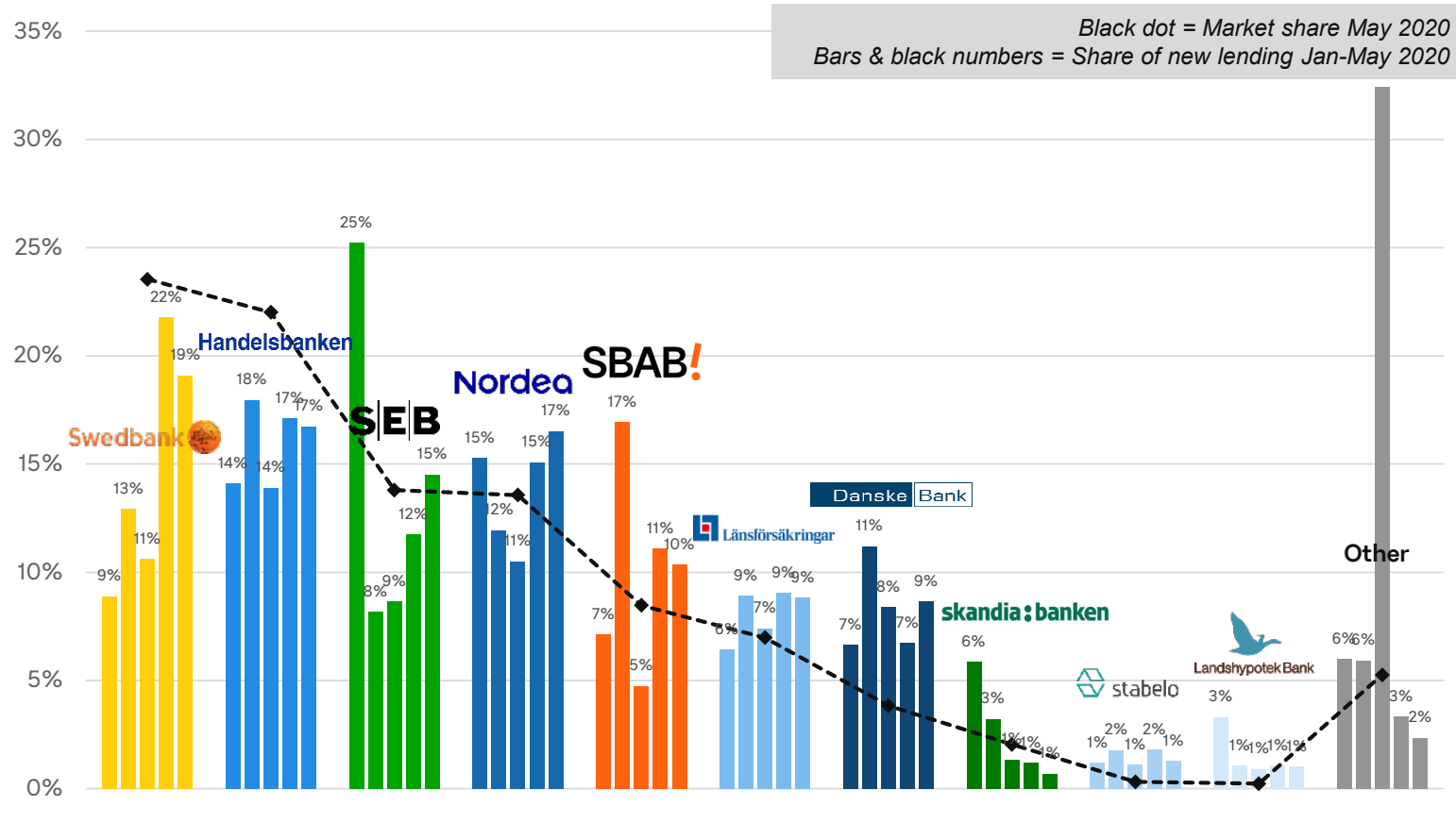


Market shares, Corporate clients & ToA (May 2020)



Residential mortgage market 2020

Shares of net growth in the Swedish residential mortgage market Jan-May 2020



Comments

- Increased competition in the Swedish residential mortgage market
- Many established players are working intensively to retain and defend their positions, and several new competitors have emerged as serious contenders for the residential mortgage customers
- Market growth has slowed down. Currently at 5.3% YoY (May 2019). Growth rate expected to fall to 5.1% for the full year 2020 and further to 4.7% in 2021 (SBAB forecast)
- Price important, but not the whole story

Overview of Q2 & jan-jun 2020 results

SEK million	Q2 2020	Q1 2020	▲	Jan-Jun 2020	Jan-Jun 2019	▲
Lending (SEK bn)	401.5	389.3	+3.1%	401.5	372.3	+7.9%
Deposits (SEK bn)	131.3	128.7	+2.1%	131.3	127.3	+3.2%
Net interest income	907	885	+2.5%	1,792	1,735	+3.3%
Net commission	9	-18	+27 mn	-9	-17	+8 mn
Net result financial transact.	17	-55	+72 mn	-38	28	-66 mn
Costs	-312	-311	+0.3%	-623	-580	+7.4%
Loan losses	-11	-27	-16 mn	-38	-16	+22 mn
Operating profit	621	485	+28,0%	1,106	1,167	-5.2%
C/I ratio, %	33.1%	37.7%	-4.6 pp	35.3%	32.9%	+2.4 pp
C/L ratio, %	0.32%	0.32%	0.0 pp	0.32%	0.32%	0.0 pp
RoE, %	11.6%	9.2%	+2.4 pp	10.4%	12.2%	-1.8 pp
Loan loss ratio, %	-0.01%	-0.03%	-0.02 pp	-0.02%	-0.01%	+0.01 pp
CET1 capital ratio, %	12.7%	12.7%	0.0 pp	12.7%	12.2%	+0.5 pp



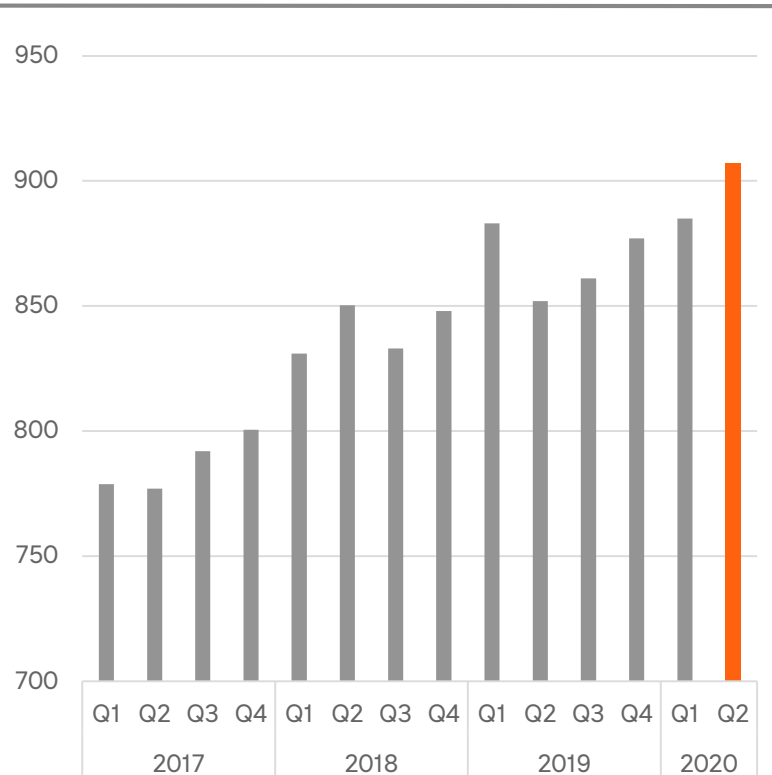
Financial highlights Q2 2020

	Q2 2020	Q1 2020	QoQ ▲		Comment	
1	Net interest income	907	885	+2.5%	→	Primary source of income. Development driven by larger lending volumes and higher customer interest rates
2	Net result of fin. transactions	17	-55	+72 mn	→	Revaluation of counterparty risks in SBAB's derivative exposures (CVA/DVA)
3	Costs	-312	-311	+0.3%	→	Marginal change was primarily attributable to increased personnel and development costs (IT), partly offset by decreases in marketing costs and administration expenses
4	Credit losses	-11	-27	+16 mn	→	Very low credit losses over time as expected with SBAB's concentration on mortgages. Net credit losses in the second quarter mainly driven by provisions (SEK 9 million) due to the covid-19 outbreak
5	Operating profit	621	485	+28%	→	Operating profit grew to a record SEK 621 million (485) during Q2, mainly driven by higher NII, net commission and net result of fin. transactions
6	ROE	11.6%	9.2%	+2.4 pp	→	Risk/return trade off – competitive profitability and returns given SBAB's low risk business. Well above target (>10%) last 5 years
7	C/I ratio	33.1%	37.7%	-4.6 pp	→	Competitive cost efficiency. Continued investments according to plan
8	CET1 capital ratio	12.7%	12.7%	0 pp	→	Continued comfortable margin to external and internal requirements

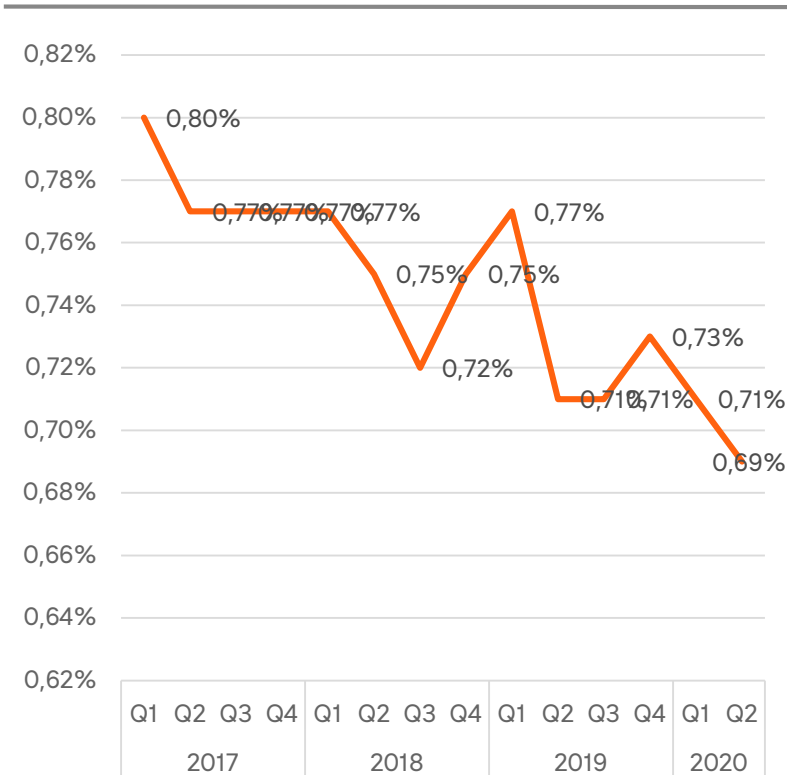
NII development

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

Net interest income QoQ (SEK mn)



Net interest margin QoQ (%)



Comments

- Highest NII to date. NII increased 2.5% to SEK 907 million (885) over the quarter, mainly due to higher lending volumes and higher customer interest rates
- Increased competition in the 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

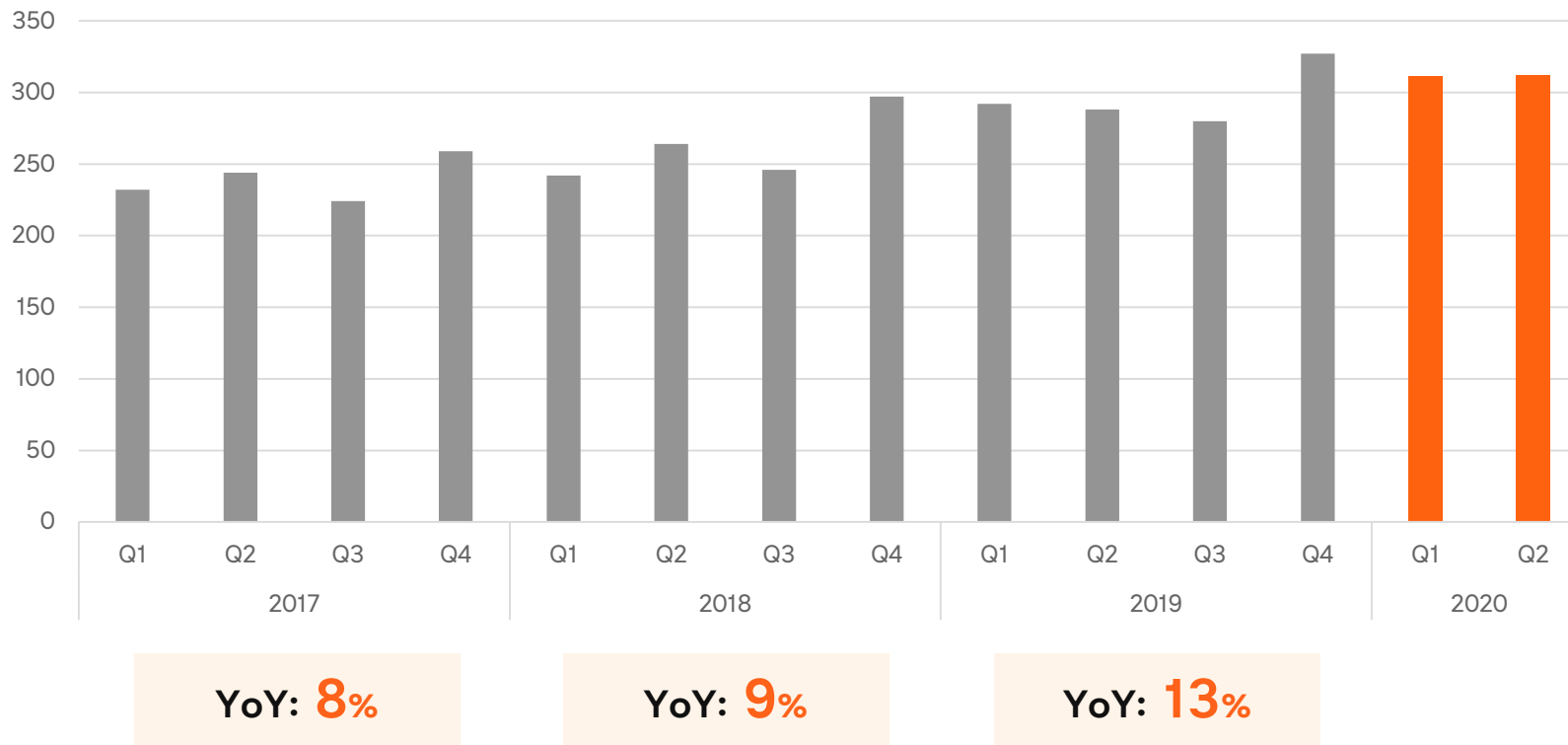
NIM calculated as net interest income in relation to total assets



Cost management

– Increased investments for future competitiveness

Cost development QoQ (SEK mn)



Comments

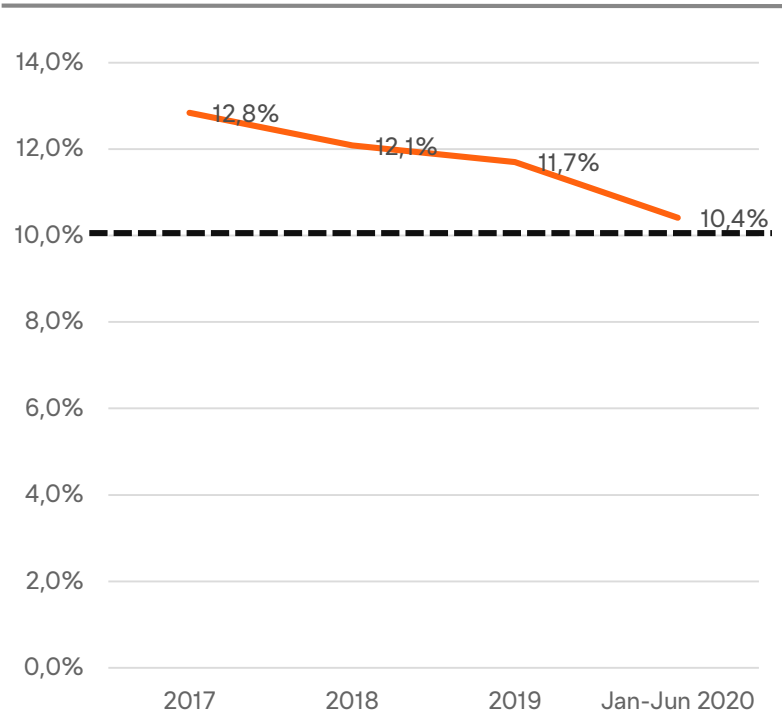
- Increased investments for future competitiveness:
 - Customer offering (incl. customer service & customer experience)
 - Digitalisation
 - Replacement of IT-infrastructure (core banking platform)
 - Increased compliance & regulatory requirements



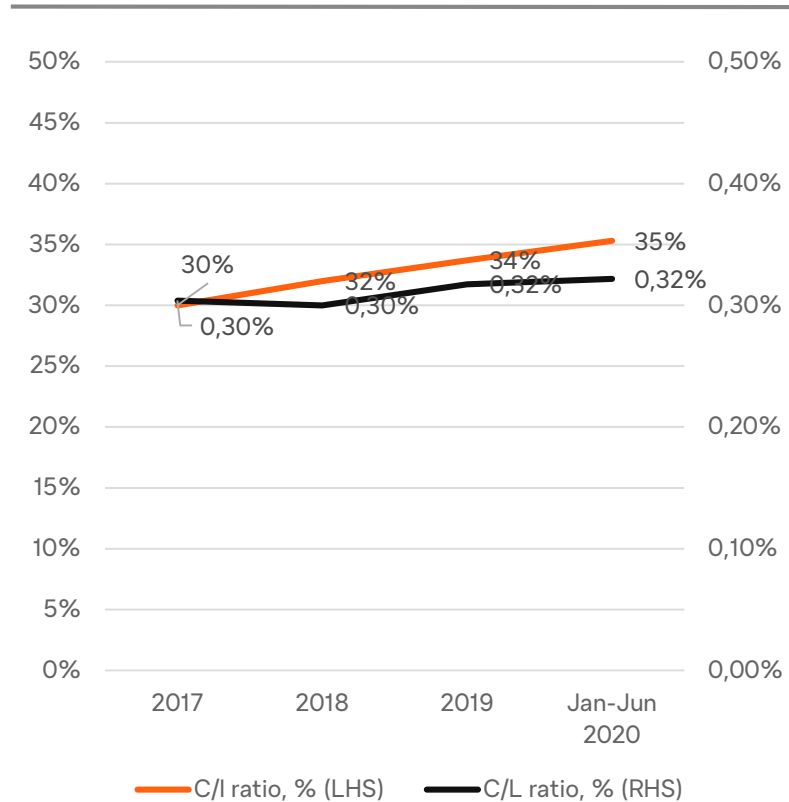
Financial KPIs

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

Return on equity, %



C/I-ratio, %



Comments

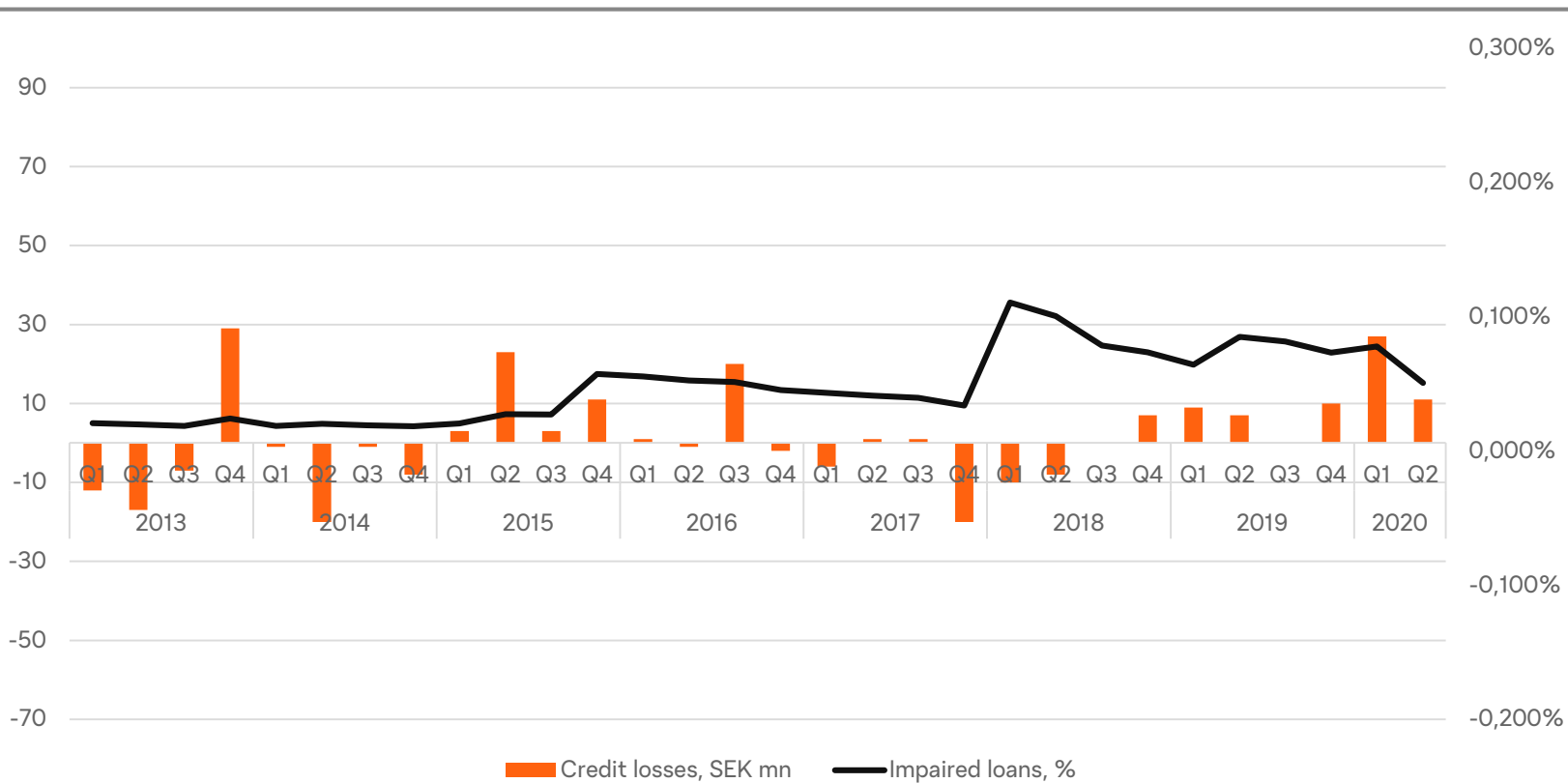
- Strong underlying profitability (above profitability target of RoE > 10% last 5 years). Some pressure on ROE in 2020. Increased own funds due to retained earnings 2019 has also impacted RoE
- Highly competitive cost efficiency, although increased investments (according to plan) has impacted C/I ratio



Loan losses/problem loans over time

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

Credit losses (LHS) & Impaired loans (RHS)



Key metrics Q2 2020

Credit losses
-11 million

Credit losses / Total lending
-0.01%

Gross loans in Stage 3 / Total lending
0.05%



Regarding the COVID-19 pandemic

Overview

– SBAB in a strong position & ready to support customers

- SBAB is a mortgage bank that provides loans and savings services to private individuals, corporate clients (property companies & property developers) and tenant-owner associations in Sweden. As such, SBAB has no exposure to particularly vulnerable sectors and very limited exposure to unsecured corporate lending and lending to commercial premises, such as offices and warehouses
- SBAB has a very strong balance sheet and high-quality assets (>98% secured lending)
- Underlying financial development and lending growth continued to be good in Q2 2020. No visible Covid-19 effects except for SEK 9 million in IFRS9 provisions
- SBAB's intends to continue to take responsibility for a well-functioning housing credit market in Sweden and stands ready to support customers



A truly sustainable strategy

At SBAB, we do not distinguish between business objectives and sustainability objectives. We have established three overall (commercial & sustainable) target areas for our operations: Responsibility & transparency, Attractive workplace & Sound finances. Together, they form the basis of a common approach to SBAB's contribution to sustainable societal development.

Effects of COVID-19

1	Operations	→	<ul style="list-style-type: none">• SBAB has strengthened technical preconditions for remote working• Employees who can work from home are doing so• Zone system at the office for staff/functions who are unable to work remotely• Additional office in the Karlstad area staffed and operational
2	Growth	→	<ul style="list-style-type: none">• SBAB's aim is still to gain market shares in the coming years. The Swedish housing market has so far shown resilience with stable price trends and turnover, although the prevailing situation, slowdown in credit growth & continued high level of competition constitutes challenges• Good prerequisites for continued growth in the corporate lending segment
3	Income & margins	→	<ul style="list-style-type: none">• Record highs set for operating profit and net interest income. Operating profit grew 28% to SEK 621 million (485 million)• Some pressure on margins expected ahead
4	Expenses	→	<ul style="list-style-type: none">• Continued investments according to plan. Some initiatives delayed and/or postponed
5	Credit losses	→	<ul style="list-style-type: none">• On two occasions in 2020, in Q1 and Q2 respectively, SBAB has revised the forward-looking information applied in the impairment model used to calculate credit loss allowances due to the prevailing coronavirus pandemic. Moreover, at the start of the year, prior to the outbreak of the coronavirus pandemic, SBAB revised the forward-looking information given a more negative outlook for the housing market and the economy in Sweden. The revisions gave rise to increased credit loss allowances totaling SEK 35 million in the first six months of 2020, of which SEK 26 million in Q1 and SEK 9 million in Q2. Additional provisions might arise during the coming quarters subject to economic development. Confirmed credit losses remains low (SEK 6 million in the first six months of 2020)
6	Funding & liquidity	→	<ul style="list-style-type: none">• Conditions gradually improved in the financial market during the second quarter. SBAB maintained a relatively high degree of funding activity• Deposit from public increased 2.1% in the quarter to a total of SEK 131.3 billion• Strong liquidity position
7	Capital	→	<ul style="list-style-type: none">• Well above capital targets. Reduced CCB requirement from 2.5% to 0% has increased SBAB's margins to capital requirements• 100% retained earnings positive impact on CET1 ratio at year-end 2019 (+0.6%)



Lending mix

SBAB!

	SEK bn	%
Residential mortgages	300.1	74.7%
Consumer loans	2.4	0.6%
Corporate lending	45.3	11.3%
Tenant-owners' associations	53.8	13.4%
Total lending	401.5	100,0%
- Of which, commercial lending	2.6	0.6%
- Of which, construction loans ("kreditiv")	8.0	2.0%

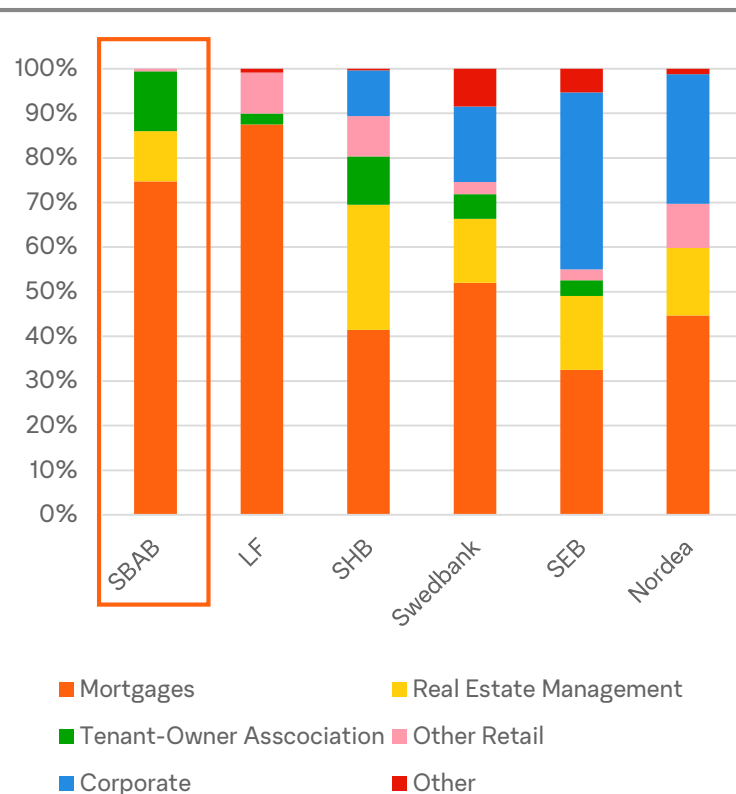
LTV ratios in loan book



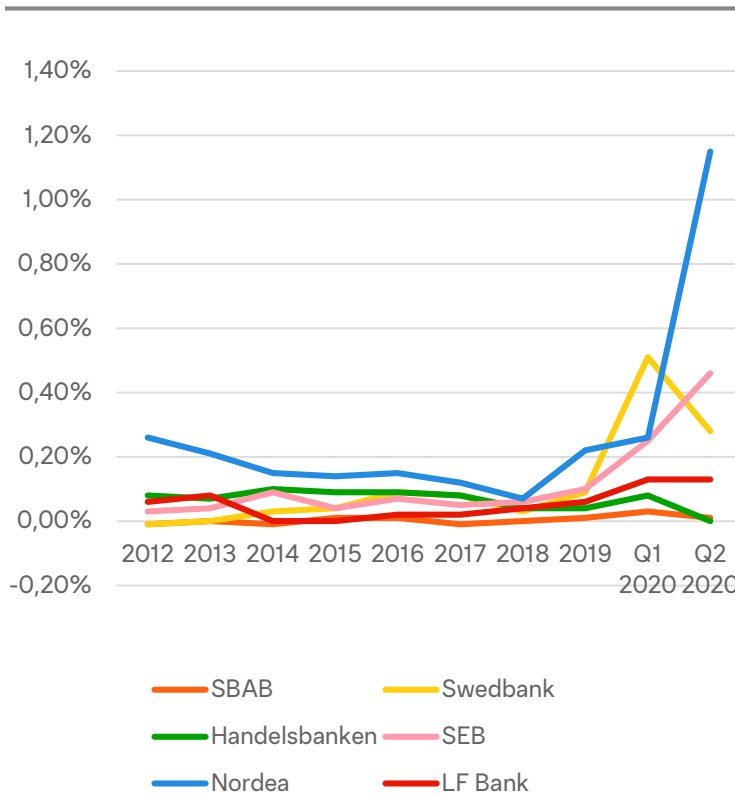
Swedish mortgages—a low-risk business

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

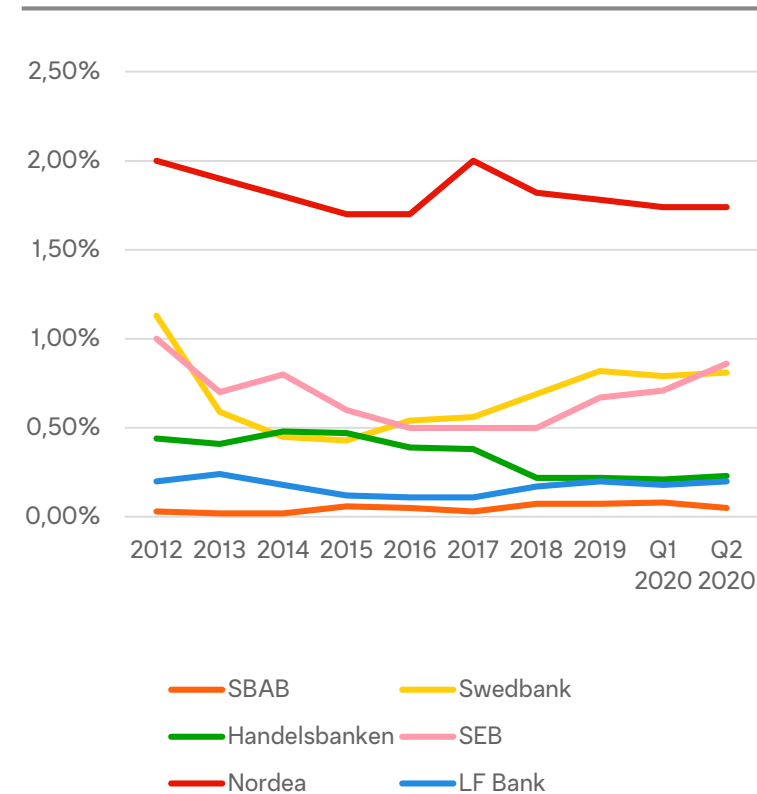
Loan portfolio split



Credit losses



Impaired loans



Swedish mortgages – a low risk business

– Mortgage lending in Sweden a low risk business for a number of structural reasons

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

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

Mortgage Deed System

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

Enforcement Authority

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

“Originate and hold” model

No “originate to distribute” model, no subprime lending

Restricted Buy-to-Let Market

Restricted buy-to-let market due to regulated rental market and tenant owner subletting restrictions

Personal Liability

A borrower is personally liable even after a default and foreclosure procedure, i.e. full and personal recourse

Social Security

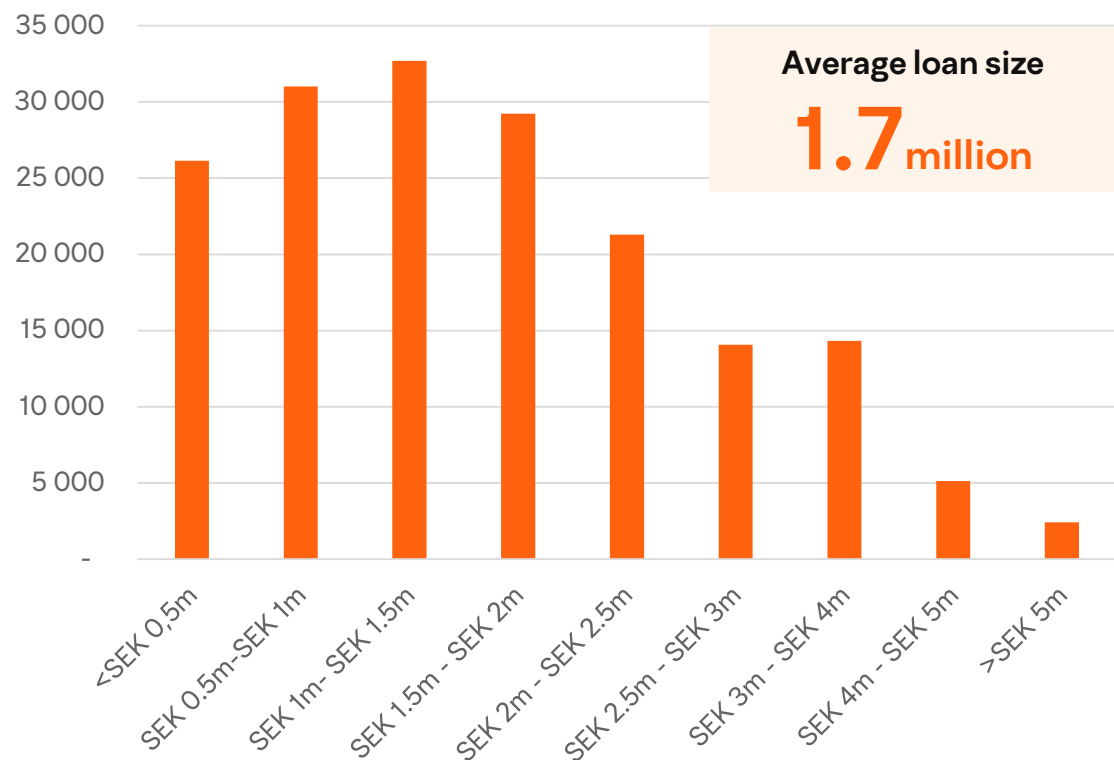
Well developed welfare system raising households’ ability to service debt even during times of unemployment



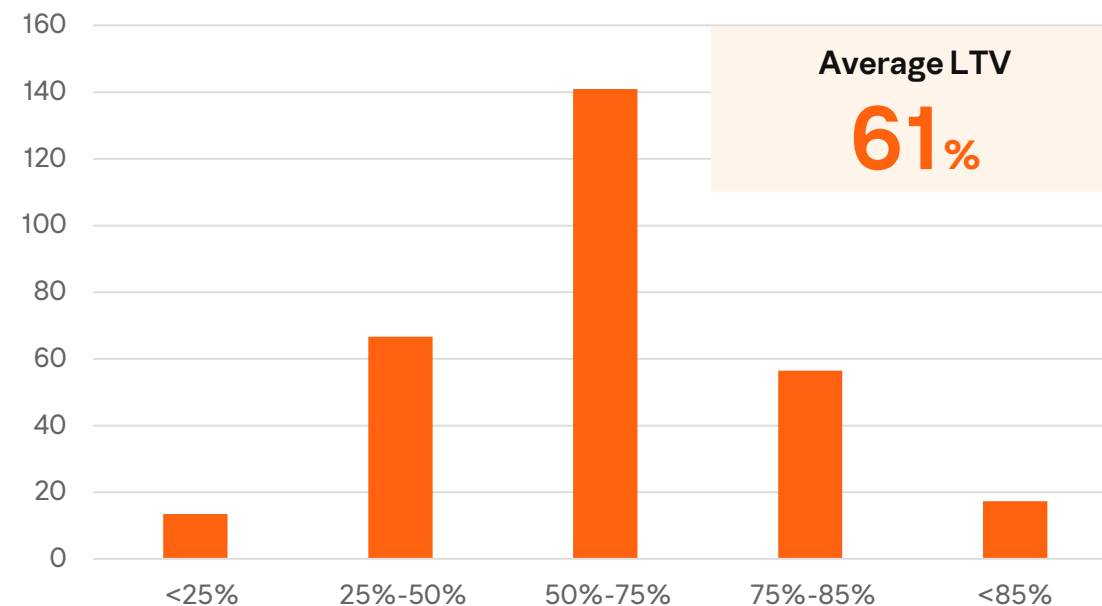
Granular & diversified portfolio

- Lending book spread over a large number of customers with relatively small exposures

Loan size distribution in mortgage book, Q1 2020 (no. of households)



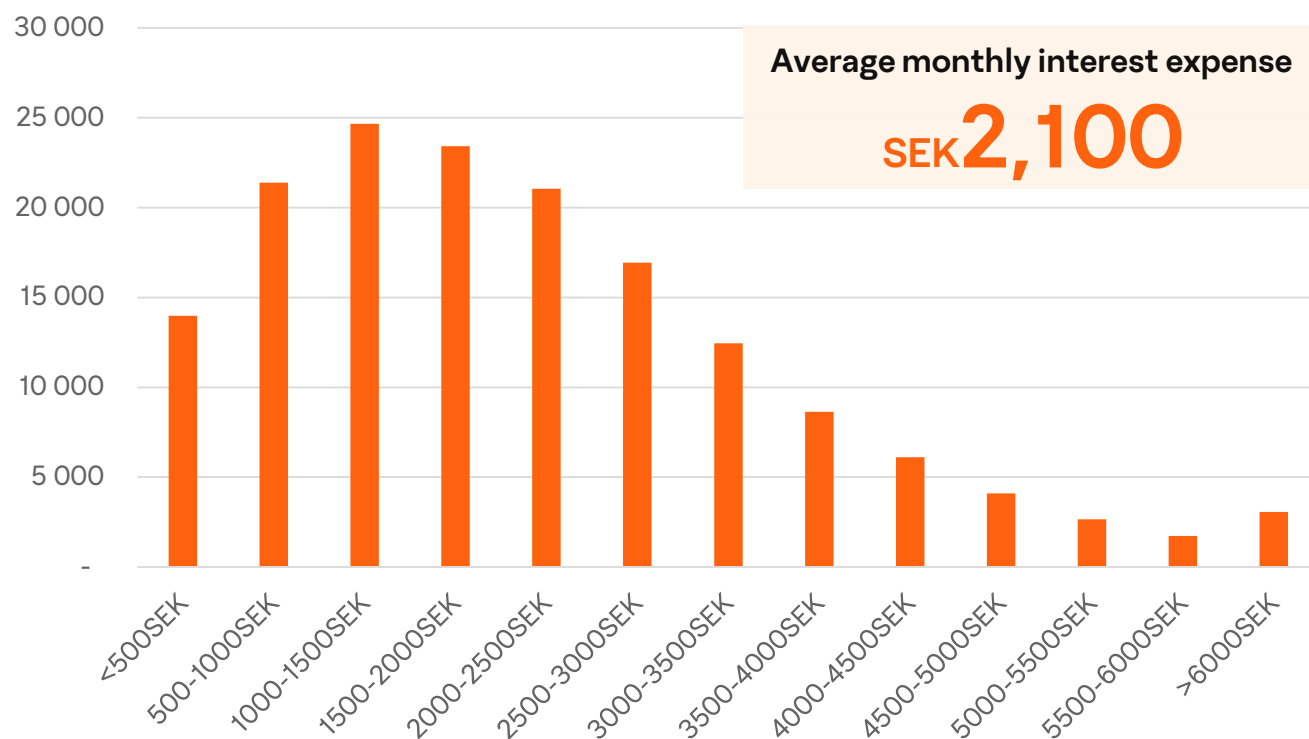
LTV split in mortgage book, Q1 2020 (SEK billion)



Interest expenses at low levels (1/2)

– Households' interest expenses (in relation to income) at very low levels from a historical perspective

Monthly interest expenses, March 2020 (no. of households)



Comment

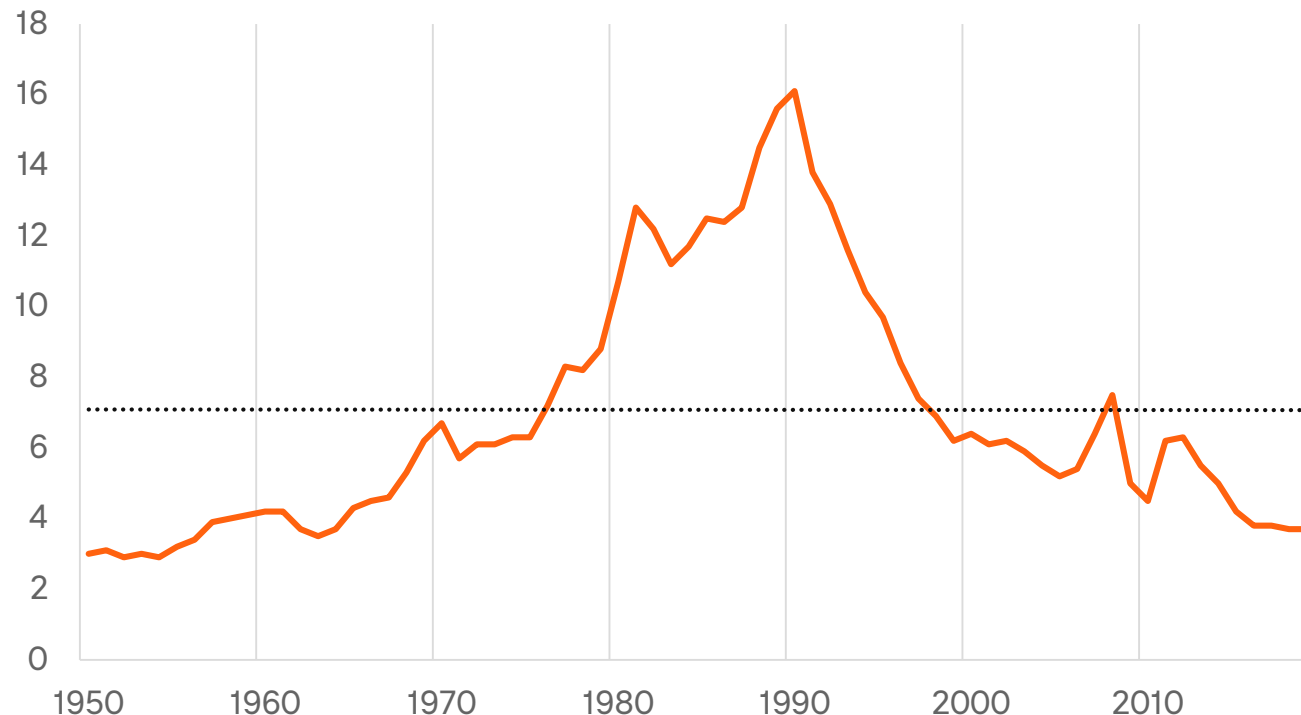
- SBAB's average residential mortgage customer has a mortgage of SEK 1.7 million and pays an average of SEK 2,100 per month in interest before tax (excluding amortisation)
- Households' interest expenses for mortgages have not been this low for more than half a century



Interest expenses at low levels (2/2)

– Households' interest expenses (in relation to income) at very low levels from a historical perspective

Interest expenditure (% of disposable income)



Comment

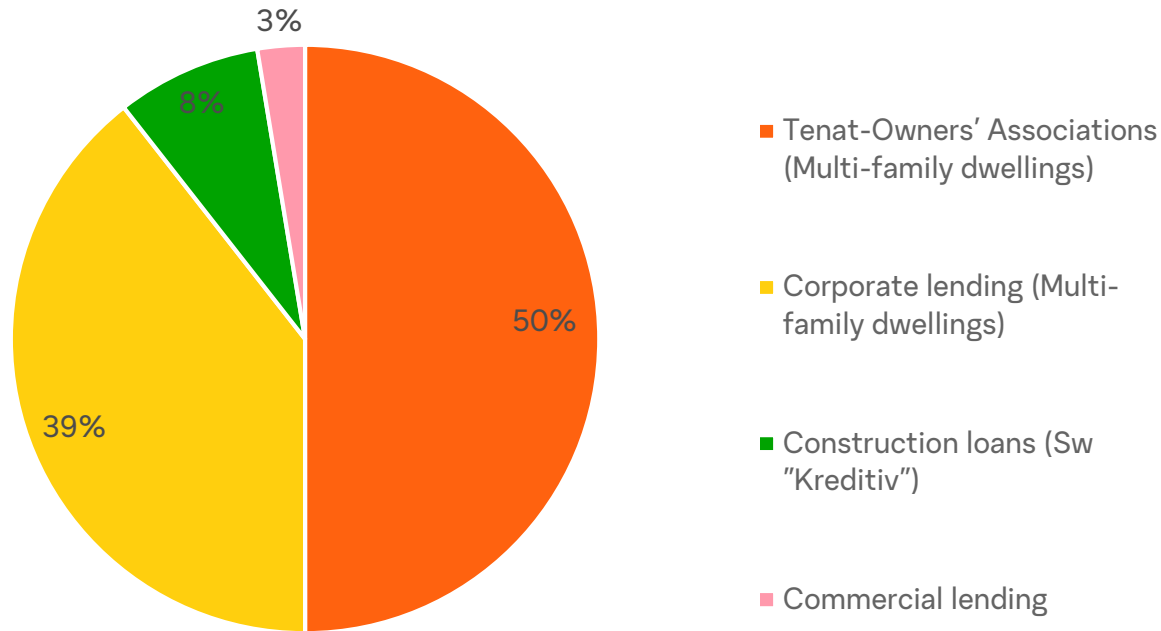
- High debt-to-income ratio but low interest costs
- Interest expenses in relation to disposable income (interest ratio) at a very low level from a historical perspective
- The interest ratio is expected to increase somewhat in coming years (the effect will be amplified in the short run by extensive use of floating rate mortgages)



Overview of corporate lending

Lending split Corporate Clients & Tenant-Owners' Associations

Total lending: SEK 99.1 billion



Comments

- Focus on large and experienced property developers with strong balance sheet
- Construction loans (Sw "*kreditiv*") capped at 6% of total lending
- SBAB's exposure to pure commercial properties is limited. Commercial lending capped at 3% of total lending (currently 0.6%). Our primary focus is on financing multi-family dwellings



Construction loans

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

Comments

- Focus on major residential developers and existing relationships with solid track records
- 82 outstanding construction loans (number of properties) totalling SEK 14.2 billion (of which 57% disbursed). Construction loans capped at 6% of total lending (current level 3.6%)
- More prudent acceptance levels for smaller residential developers, e.g. higher levels of equity, number of sales agreements
- Most of the construction loans are to companies with diversified revenue streams (i.e. not only from real estate development, but from rental apartments, infrastructure projects and real estate management). Strong balance sheets and good levels of liquidity among SBAB:s customers with building credits

Key metrics

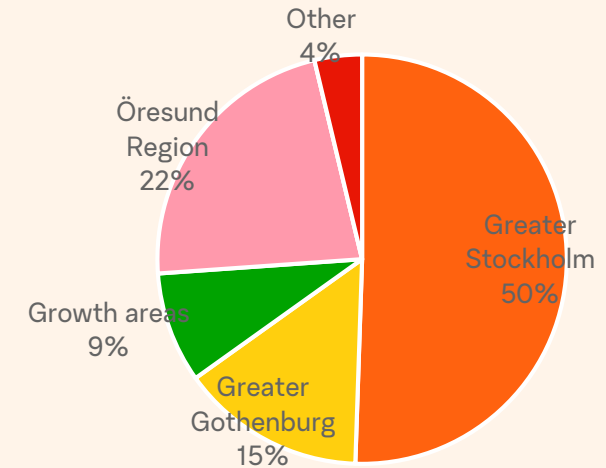
Granted credit amount

14.2_{bn}

Disbursed share

57%

Geographical distribution



Provisions & credit losses

Lending to the public by credit stage

SEK million	30 Jun 2020	31 Mar 2020	31 Dec 2019
Credit stage 1			
Gross lending	382,280	368,870	362,317
Provision	-46	-41	-29
Total	382,234	368,829	362,288
Credit stage 2			
Gross lending	19,183	20,294	21,341
Provision	-79	-77	-74
Total	19,104	20,217	21,267
Credit stage 3			
Gross lending	203	303	281
Provision	-27	-30	-29
Total	176	273	251
Total gross lending	401,666	389,467	383,939
Total provisions	-152	-148	-132
Total	401,514	389,319	383,807

Net credit losses

SEK million	Q2 2020	Q1 2020	Jan-Dec 2019
Lending to the public			
Confirmed credit losses	-4	-2	-14
Recoveries of previously confirmed credit losses	1	0	3
Change in provision for the period – credit stage 1	-5	-12	-3
Change in provision for the period – credit stage 2	-2	-3	-1
Change in provision for the period – credit stage 3	3	-1	3
Guarantees	1	1	-8
Net credit losses for the period – lending to the public	-6	-17	-20
Loan commitments			
Change in provision for the period – credit stage 1	-3	-7	3
Change in provision for the period – credit stage 2	-2	-3	-9
Change in provision for the period – credit stage 3	0	0	0
Net credit losses for the period – loan commitment	-5	-10	-6
Total	-11	-27	-26

Comment

On two occasions in 2020, in Q1 and Q2 respectively, SBAB has revised the forward-looking information applied in the impairment model used to calculate credit loss allowances due to the prevailing coronavirus pandemic. Moreover, at the start of the year, prior to the outbreak of the coronavirus pandemic, SBAB revised the forward-looking information given a more negative outlook for the housing market and the economy in Sweden. The revisions gave rise to increased credit loss allowances totalling SEK 35 million in the first six months of 2020, of which SEK 26 million in Q1 and SEK 9 million in Q2



SBAB's impairment model

– SBAB applies four different scenarios in its ECL model

Sensitivity analysis of forward-looking information

Factors	Scenario 1 (45%)			Scenario 2 (25%)			Scenario 3 (15%)			Scenario 4 (15%)		
	2020	2021	2022	2020	2021	2022	2020	2021	2022	2020	2021	2022
GDP ¹⁾	-5.1%	+3.0%	+1.6%	-8.0%	-3.9%	+4.9%	-3.5%	-2.7%	+0.9%	-4.3%	-6.2%	-1.2%
Repo rate	0.3%	0.3%	0.3%	0.6%	0.6%	0.6%	0.9%	1.0%	0.9%	4.0%	1.6%	1.0%
Unemployment	9.0%	9.8%	8.9%	9.8%	13.0%	11.4%	7.6%	9.1%	9.7%	7.6%	9.2%	10.6%
House prices, Δ	+2.5%	+1.7%	-3.1%	-5.8%	-4.6%	-1.4%	-5.0%	-13.5%	-5.3%	-8.1%	-17.0%	-16.6%
Prices of tenant-owners' rights, Δ	-1.6%	+0.6%	-4.2%	-10.2%	-6.2%	-2.5%	-6.5%	-15.4%	-8.7%	-11.3%	-27.2%	-20.7%
Property prices, Δ	+2.4%	+0.5%	-0.4%	+1.2%	-11.8%	-0.6%	-9.7%	-13.3%	-5.8%	-15.0%	-26.5%	-10.7%
ECL	SEK 102 million			SEK 168 million			SEK 175 million			SEK 440 million		
Weighted ECL ²⁾	SEK 180 million											

¹⁾ not included in the ECL calculation

²⁾ of which, SEK 152 million was attributable to lending to the public and SEK 28 million to off-balance-sheet items linked to loan commitments and building credits.

Comment

- SBAB applies four different scenarios in its impairment model;
 - Scenario 1: "Base" (45%)
 - Scenario 2: "Base Downside" (25%)
 - Scenario 3: "Very serious financial crisis (one in 25 years)" (15%)
 - Scenario 4: "Very severe financial crisis in combination with central government increased debt and troubled finances" (15%)
- Scenarios 1 and 2 revised in Q2. Other scenarios (as well as the weighting between scenarios that applied in Q1) remain unchanged. The table shows the forward-looking information comprised of a weighting of four scenarios with projections of the macroeconomic factors applied in the impairment model
- SBAB has no "upside case" but instead several different variations of negative stress scenarios to reflect the uncertain future



SBAB's responsibility

- SBAB has a responsibility towards customers and the society in general for a well-functioning housing credit market in Sweden
- SBAB's ambition is to assist, as far as possible, all customers who are somehow affected by the prevailing situation in the market linked to the corona virus
- SBAB offers customers (private individuals as well as tenant-owners' associations) the possibility to apply for reduced or suspended amortisation payments in line with decision from S-FSA



**STOCKHOLMS
STADSMISSION**



When society shuts down, the weakest are hit the hardest

SBAB and Booli are currently providing extra support to organisations working for socially vulnerable groups. The whole world is currently affected by the ongoing corona crisis. In addition to the immediate consequences of the spread of virus, we will see long-term economical effects that are difficult to overlook. When large sections of society are closed down, it affects everyone, but most affected are those who are already in vulnerable in the first place. Right now, many of the most vulnerable people in society are in dire need of help: people in homelessness, loneliness and poverty.



Temporary amortisation relief

Easily accessible information on SBAB's platforms

Extensive Q&A relating to the COVID-19 pandemic available on SBAB's website. SBAB has also developed a service (available online and in the app) which allows all customers to apply for amortisation relief.



Residential mortgage customers



Stressed interest rate

During Q2, SBAB lowered the stressed interest rate applied in the housing cost calculation ("KALP"), used as a basis for granting residential mortgages, from 6.5% to 6.0% to better reflect the prevailing interest rate situation.

Amortisation relief

17,700 households

SEK 38 billion

Data as of 30 June 2020



Tenant-owners' Associations and Corporate Clients



Amortisation relief

6 customers

SEK 430 million

Data as of 30 June 2020



No dividend for the financial year 2019

- In the Year-end Report 2019, published on February 14, 2020, SBAB communicated that the Board of Directors proposed a dividend for 2019 of 40% of net profit, corresponding to SEK 715 million
- At an Extraordinary Board Meeting held on March 17, 2020, the Board of Directors resolved to not propose a dividend for the financial year 2019
- The ongoing development regarding the Corona virus has so far had a negative impact on the economic development. SBAB's intends to continue to take responsibility for a well-functioning housing credit market in Sweden. To achieve this and to ensure continued growth in credits provided to its customers, SBAB intends to strengthen its capitalisation by retaining the entirety of the 2019 earnings
- Effect on return on equity (-0.4% in Q1 2020) and on CET1 capital ratio (+0.6% in Q4 2019)



Measures by Government agencies

The Government (selection of measures)

- Dropping the no-benefit day in case of illness and assuming employers' expenses for employees' sick pay during the first two weeks of illness
- The government has allowed companies with temporary declines in sales revenue to defer certain tax and social security contribution payments.
- A new system for short-term layoffs. The employees of companies whose operations are severely affected by the crises can reduce work hours but still retain most of their salary. The state is compensating for a large part of the company's expenses for personnel that reduce their working hours
- Municipalities and regions to receive compensation for extraordinary measures and extra costs in health and medical care. Additional funding for relevant government agencies
- Airline companies are given state credit guarantees
- The credit guarantee framework for the Export Credit Board is extended

The S-FSA (selection of measures)

- Bank's cyclical buffers have been lowered to 0% from 2.5%. FI does not expect to change the new buffer rate for at least the next twelve months. This means that any subsequent increases will not be expected to go into effect earlier than March 2022
- Banks allowed to offer all new and existing mortgagors an exemption from the mandatory amortisation requirements. It is up to the banks themselves to decide whether an individual household may be granted an amortisation exemption based on an assessment of its specific situation and payment ability

The Riksbank (selection of measures)


- The Riksbank has increased its bond purchases by SEK 500 billion in 2020, including government, corporate, covered and municipal bonds
- The Riksbank lends up to SEK 500 billion to corporates through banks
- Liquidity support: Reduce the lending rate for overnight loans to banks from 0.75 to 0.20 percentage points above the repo rate. Introduction of a weekly, unlimited 3M repo transactions at 0.2% and relaxed rules for collaterals
- The Riksbank enables loans in US dollars against collateral. The framework amount is USD 60 billion
- The repo rate remains at 0%



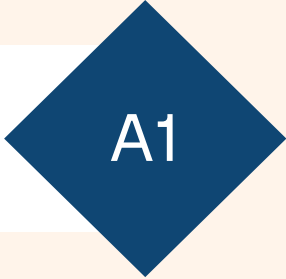
Funding, liquidity & capital


Rating overview

Senior Unsecured Rating




Stable Outlook





Stable Outlook



Short-term rating: P-1 / A-1

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*

Baa2 *T2/SNP*

Baa3

Non Investment Grade

Ba1 *AT1*

Ba2

[...]

AAA *Sov. rating*

AA+

AA

AA-

A+

A *Senior Preferred*

A- *SACP*

BBB+ *SNP*

BBB *T2*

BBB-

BB+

BB *AT1**

[...]

* Revised 2019/22/05 from BB+



SBAB's rating composition for senior debt

MOODY'S

STANDARD & POOR'S
RATINGS SERVICES
McGRAW HILL FINANCIAL

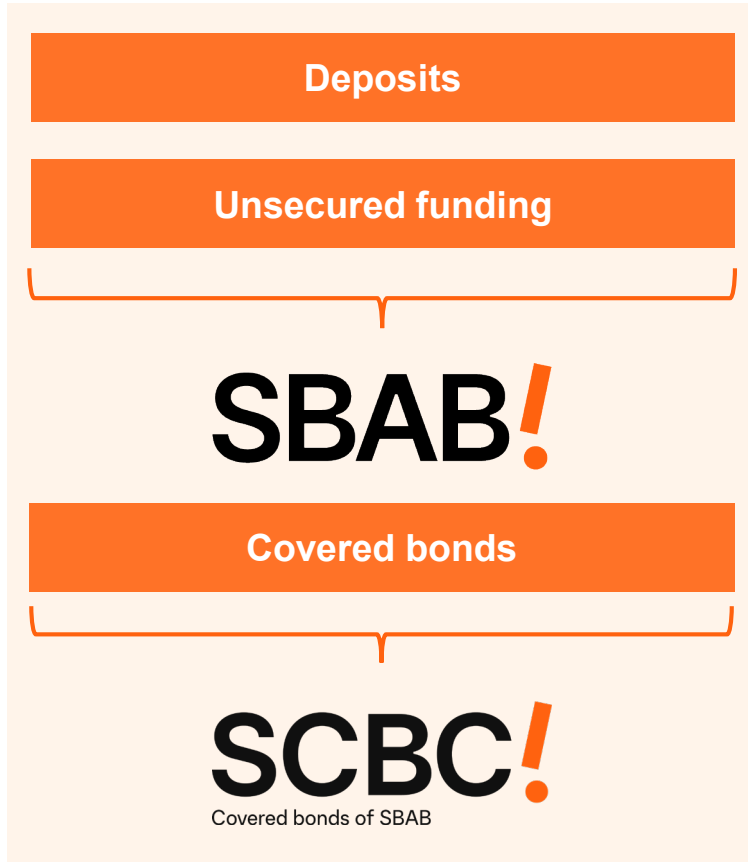
Stand-alone rating	Macro profile	Strong+
	Financial profile	a3
	Qualitative	-1
	- <i>Opacity and complexity / Corporate Beh.</i>	0
	- <i>Diversification</i>	-1
Baseline Credit Assessment (BCA)		baa1
Notching	Loss Given Failure (LGF)	+2
	Government Support	+1
	Total notching	+3
Rating	Rating	A1
	Outlook	STABLE

Stand-alone rating	Anchor	a-
	Business Position	-1
	Capital and Earnings	+1
	Risk Position	0
	Funding & liquidity	0
Stand-Alone Credit Profile (SACP)		a-
Notching	ALAC Support	+1
	GRE Support	0
	Group Support	0
	Sovereign Support	0
Total notching		+1
Rating	Rating	A
	Outlook	STABLE

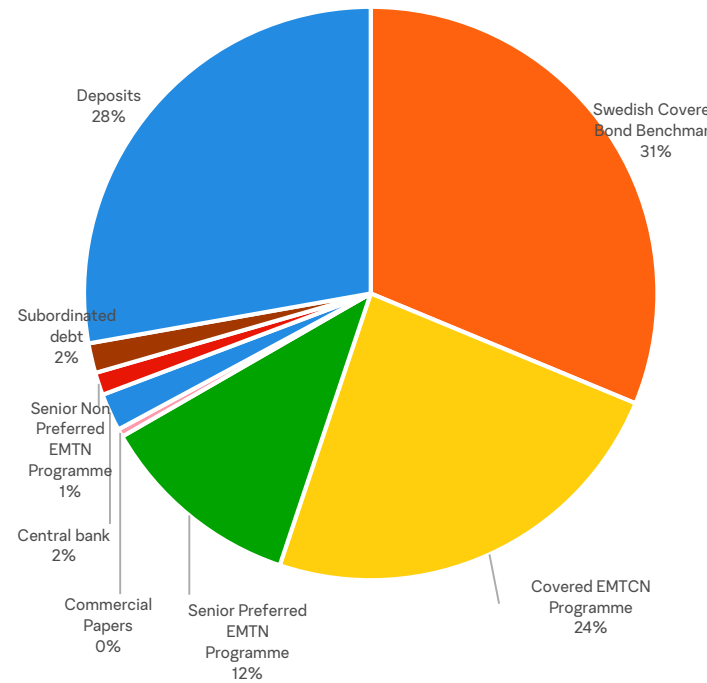


Overview of funding

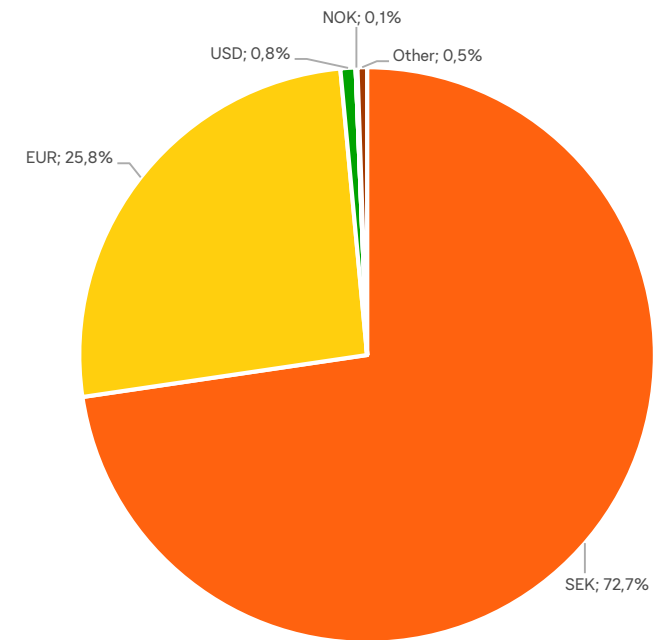
– Total funding portfolio SEK 472 billion (as of 30 June 2020)



Funding sources



Funding sources

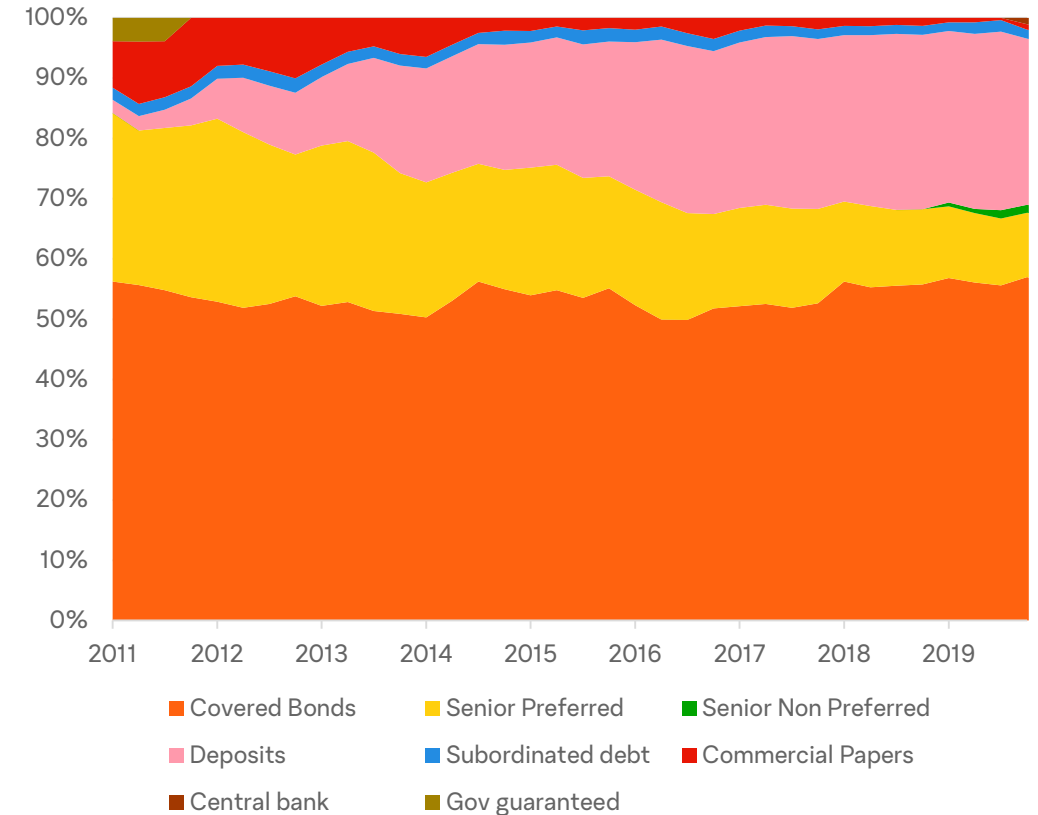


Funding strategy & development

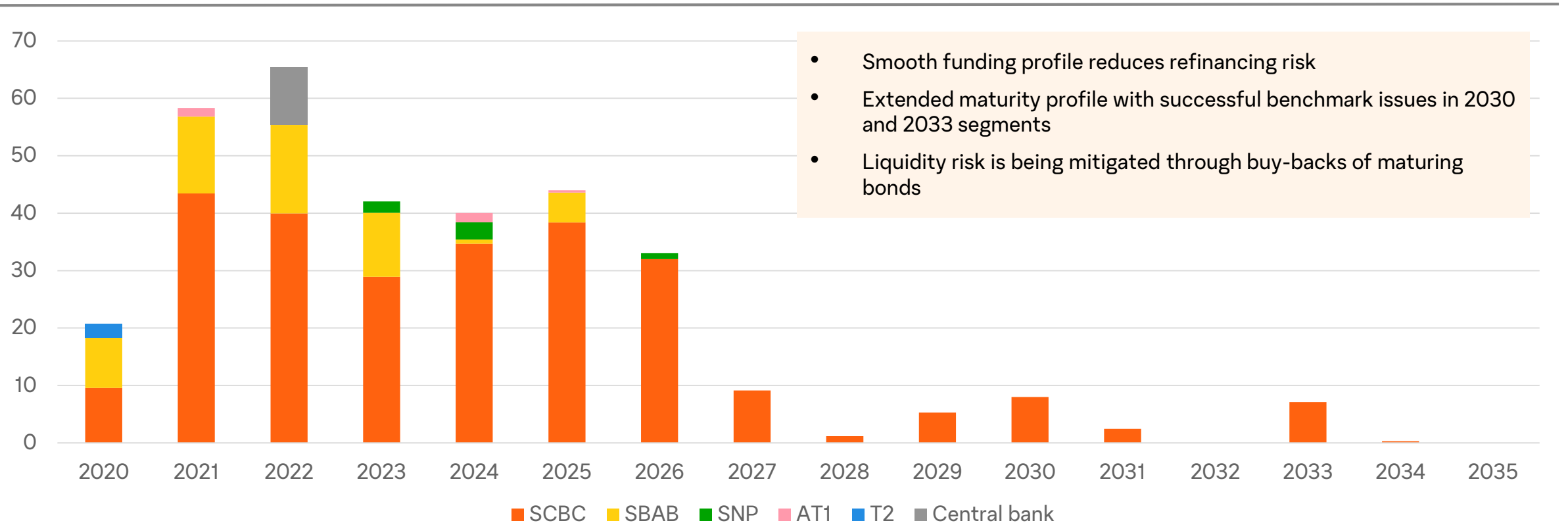
Funding strategy

- 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. Utilising 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



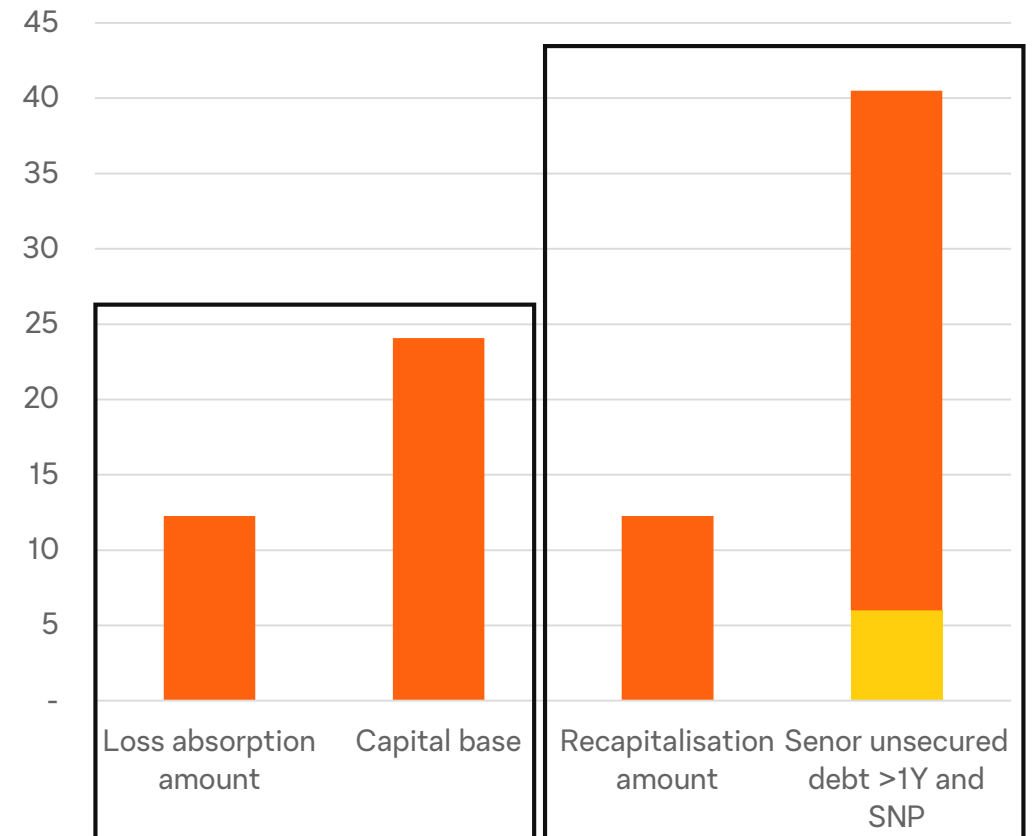
MREL-requirement

- MREL-requirement

Background

- In June 2018, SNDO (Riksgälden) made public that the principle of subordinated liabilities shall also apply to the six mid-sized institutions that are critical for the financial system
 - **To support the banking system in current corona pandemic environment, phase in period has been extended until end 2023**
- SBAB's total MREL-requirement is currently set at 5,35% of Total Liabilities and Own Funds (TLOF)
 - Total need for MREL debt around SEK 25 bn, where approximately SEK 12 bn is the recapitalisation amount (to be covered with senior non preferred debt)
 - Compliant with requirement with current outstanding senior unsecured debt
 - SBAB's estimated balance sheet growth and buffer will add to MREL requirement
- Senior non preferred need (requirement and buffer) of approximately SEK 20 bn by end of 2023
- Gradual build up of eligible liabilities (senior non preferred) over coming years (subject to regulatory developments)

MREL requirement Q1 2020, SEK (bn)

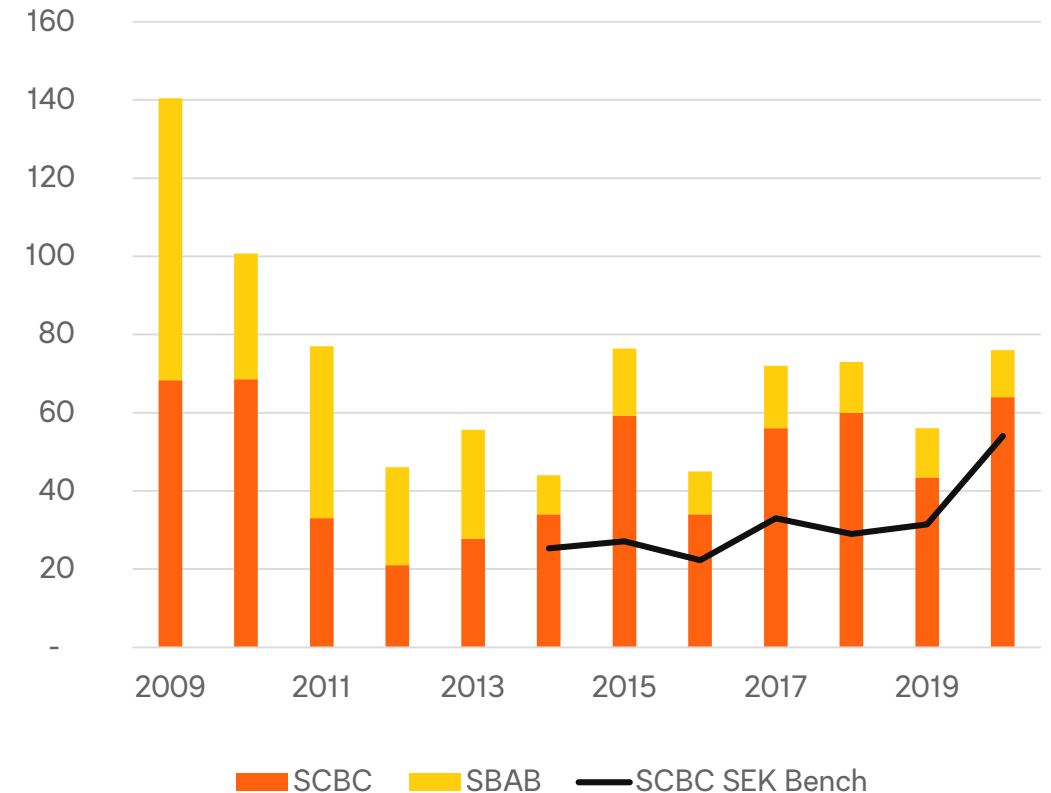


Future issuance

Future issuance

- Total long-term funding for 2020 expected to be approximately SEK 75-80 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 EUR covered transaction in international funding markets per year & one EUR public senior preferred in international funding markets per year
 - Private placements in SEK and international funding markets
 - Senior non preferred issuances – SEK issuance, 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
- Regular future issuance: Dedicated to SEK and expected to return to EUR senior and covered bond market once a year going forward

Annual issuance, SEK (bn)



Regular presence in EUR market



SBAB!

Senior Unsecured
€500mn

0.50%
5y due May '21

April 2016

SBAB!

Senior Unsecured
€500mn

0.25%
5y due Sept '22

August 2017

SBAB!

Senior Unsecured
€500mn

0.75%
5y due June '23

June 2018

SBAB!

Senior Unsecured
€500mn

0.50%
5y due May '25

May 2020



SCBC!

Covered bonds of SBAB

Covered Bond
€750 mn

0.25%
5y due April '23

April 2018

SCBC!

Covered bonds of SBAB

Covered Bond
€675 mn

1.25%
15y April '33

Apr 2018
(tap Oct 2018)

SCBC!

Covered bonds of SBAB

Covered Bond
€650 mn

0.625%
7y due Oct '25

October 2018

SCBC!

Covered bonds of SBAB

Covered Bond
€500 mn

0.375%
10y due Jun '29

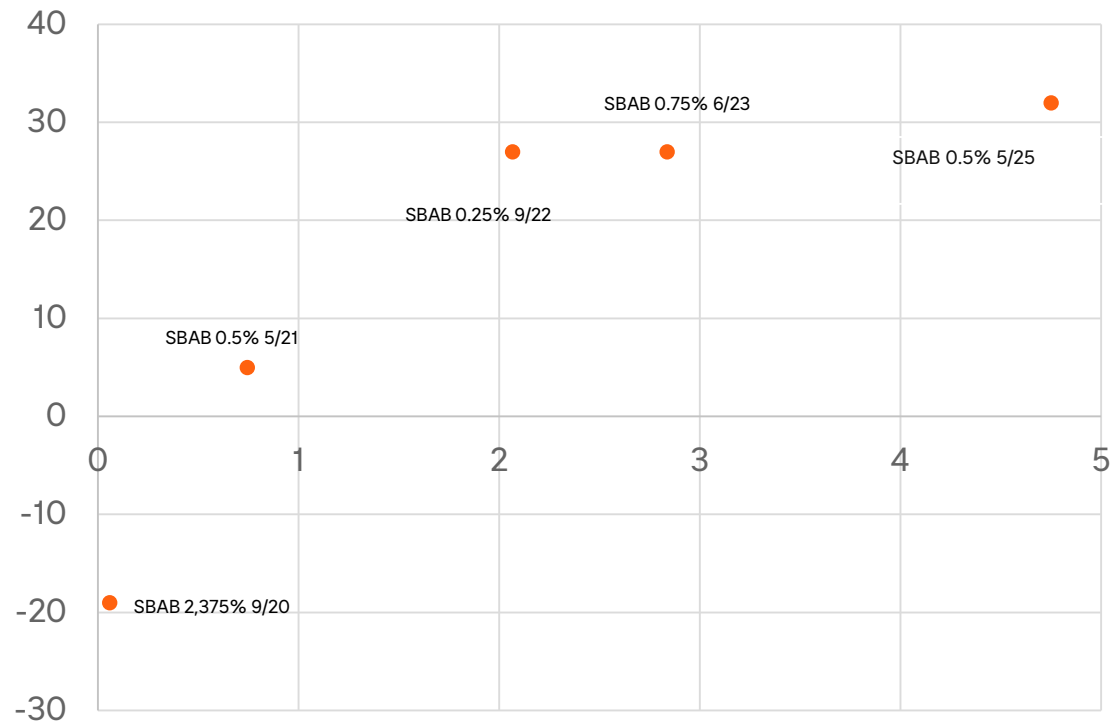
June 2019



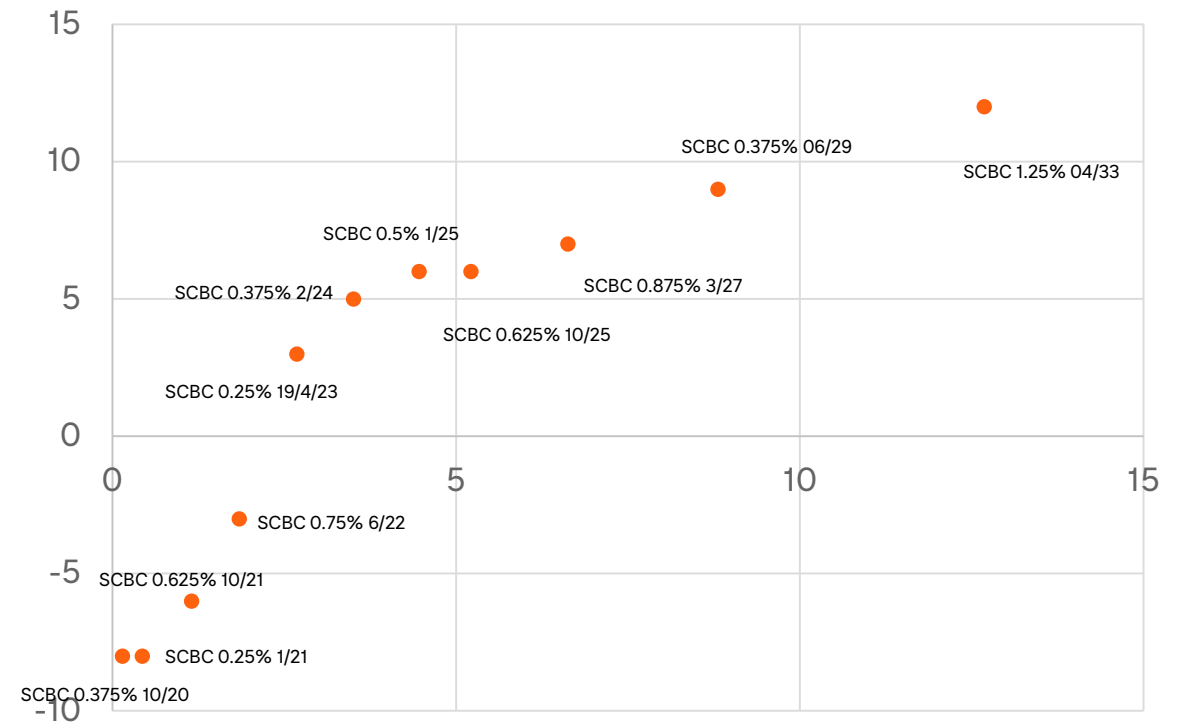
Outstanding SP and CB (EUR)

- Spread vs MS

Senior Unsecured (SP)



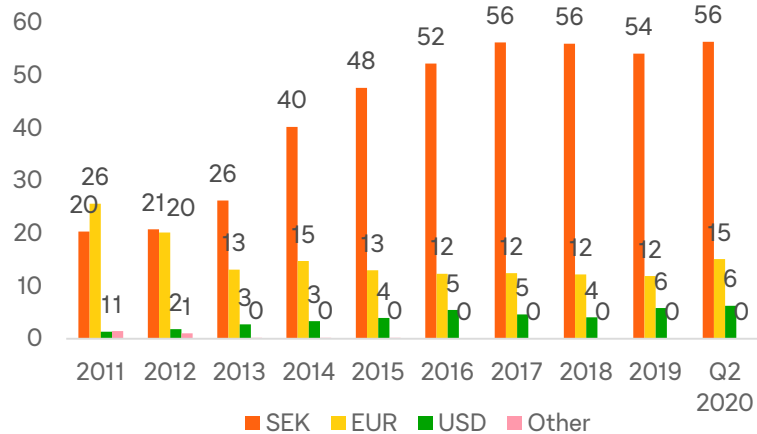
Covered Bonds (CB)



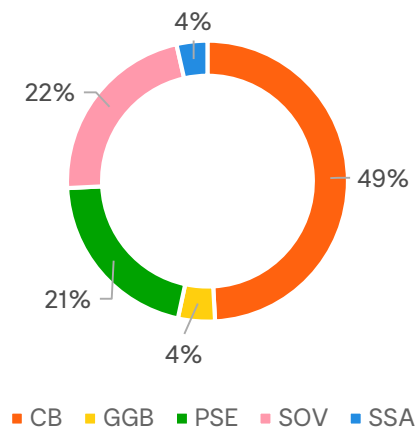
Liquidity position

- Strong liquidity position with LCR and NSFR well above regulatory requirements
- Survival horizon implies liquidity need coverage for 280 days under stressed scenario (unchanged lending portfolio, severe deposit outflow and no new funding added)
- High quality and diversified liquidity reserve within relevant currencies with 95% AAA rated
- Liquidity reserve eligible at the Riksbank and/or ECB

Liquidity portfolio (Currency distribution)



Liquidity portfolio (Securities type)



Key metrics

Liquidity portfolio

78_{bn}

LCR

329%

NSFR

132%

Survival horizon

280_{days}



Capital position

SBAB well above external and internal requirements – T2 issuance has strengthened total capital position

Components of SBAB's capital target Q2 2020

SEK million	Total capital	%	CET1 capital	%
Estimated capital requirements from the S-FSA	15,604	12.3	10,407	8.2
– Of which, Pillar 1 minimum requirement	3,902	3.1	2,195	1.7
– Of which, Pillar 1 risk-weight floor, Swedish mortgages	6,264	4.9	3,524	2.8
– Of which, Pillar 2 core requirement	2,249	1.8	1,499	1.2
– Of which, Capital conservation buffer	3,177	2.5	3,177	2.5
– Of which, Countercyclical buffer	12	0.0	12	0.0
SBAB's capital target	16,367	12.9	11,169	8.8
SBAB's actual capital	24,086	19.0	16,138	12.7

Comments

- Capital target: CET1 and total capital ratio at least 0.6% above the requirement communicated by the S-FSA
- SBAB remains well above external and internal requirements in Q2 2020
- T2-issuance of SEK 2 bn has strengthened total capital ratio
- Leverage ratio of 3.63% as per 30 June 2020



SBAB's commitment to sustainability

SBAB's commitment to sustainability

- Comprehensive business transformation since autumn 2014 in connection with the strategy change from full-service bank to focus on housing and household finances (Sw. "Boende och boendekonomi")
- At SBAB, we do not distinguish between business objectives and sustainability objectives. Sustainability fully integrated in SBAB's business plan/governance structure since 2017
- Three overall (commercial & sustainable) target areas for our operations. Together, they form the basis of a common approach to SBAB's contribution to sustainable societal development:
 - **Responsibility & transparency**
 - **Attractive workplace**
 - **Sound finances**



SBAB assigns priority to four SDGs

The business sector, including SBAB, has an important role to play in achieving the SDGs within the 2030 Agenda. We have identified and chosen four of the 17 SDGs that we consider particularly important and relevant to our operations. The prioritised SDGs have been chosen based on extensive analysis in the form of internal workshops and ranking exercises within operations, the Executive Management and the Board, and today comprise an important and integrated part of our sustainable governance model.

A truly sustainable strategy

Materiality assessment

Gap analysis

Analyses basis for strategic direction & prioritisation

Based on demands from our operating environment, materiality assessment and continuously ongoing stakeholder dialogues, SBAB as established three (commercial & sustainable) target areas that form the basis of a common approach to SBAB's contribution to sustainable societal development. In 2018, an extensive sustainability analysis ("gap analysis") was conducted with the aim of identifying challenges and/or possibilities within our three target areas. The analysis constitutes an important tool for governance, follow-up & prioritisation in daily operations

Responsibility and transparency

- Responsible & transparent offering
- Our business is based on trust

- Together for the climate
- Inclusive housing market

Attractive workplace

- Corporate culture
- Leadership
- Respect & equality
- Attract & recruit

- Learning & development
- Health
- Remuneration

Sound finances

- Sustainable growth & funding
- Cost efficiency
- Capitalisation

- Dividend
- Profitability



SBAB's business/sustainability goals

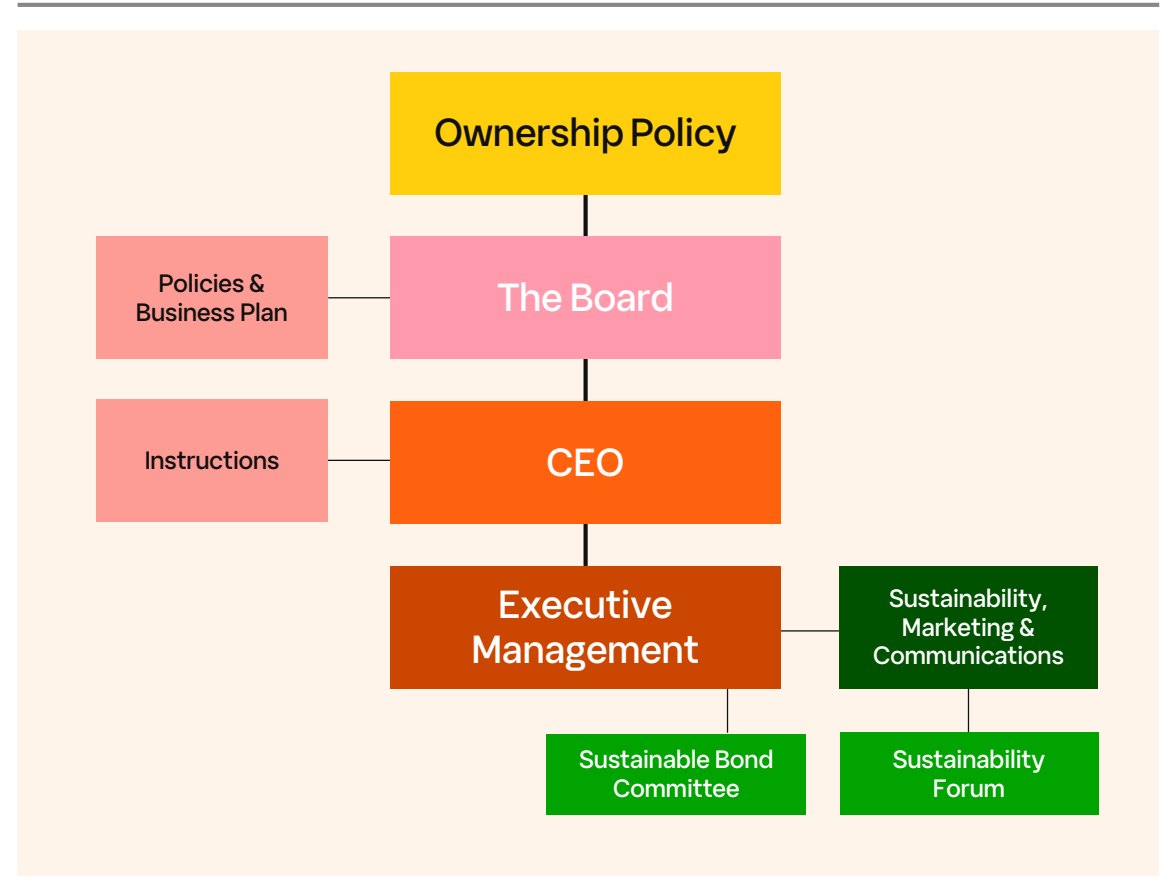
		Goal 2019	Results 2019	
Responsibility & transparency 	Responsibility: SBAB's ranking in Sustainable Brand Index	Top 4	8 th	
	Transparency: Number of customers who find SBAB's offering straightforward and easy to understand	85%	83%	
	Customer satisfaction: Sweden's most satisfied customers according to Swedish Quality Index (Svenskt Kvalitetsindex, SKI)	Residential mortgages	1 st	1 st
		Property loans	1 st	1 st
Attractive workplace 	Equality & diversity: Equality between women/men in management positions (within the range)	45-55%	43/57%	
	Employee experience: Percentage of employees who consider SBAB a great place to work	85%	91%	
	Committed employees: Total Trust Index (GPTW)	81%	86%	
Sound finances 	Profitability: Return on equity over time	≥10%	11.7%	
	Dividend: Ordinary dividend based on profit for the year after tax, taking the Group's capital structure into account	≥40%	0%	
	Capitalisation: CET1 capital ratio & total capital ratio above regulatory requirement communicated by the Swedish FSA	CET1 capital ratio	≥0.6%	2.4%
		Total capital ratio	≥0.6%	5.2%

Governance structure

SBAB's sustainable governance model



Governance structure

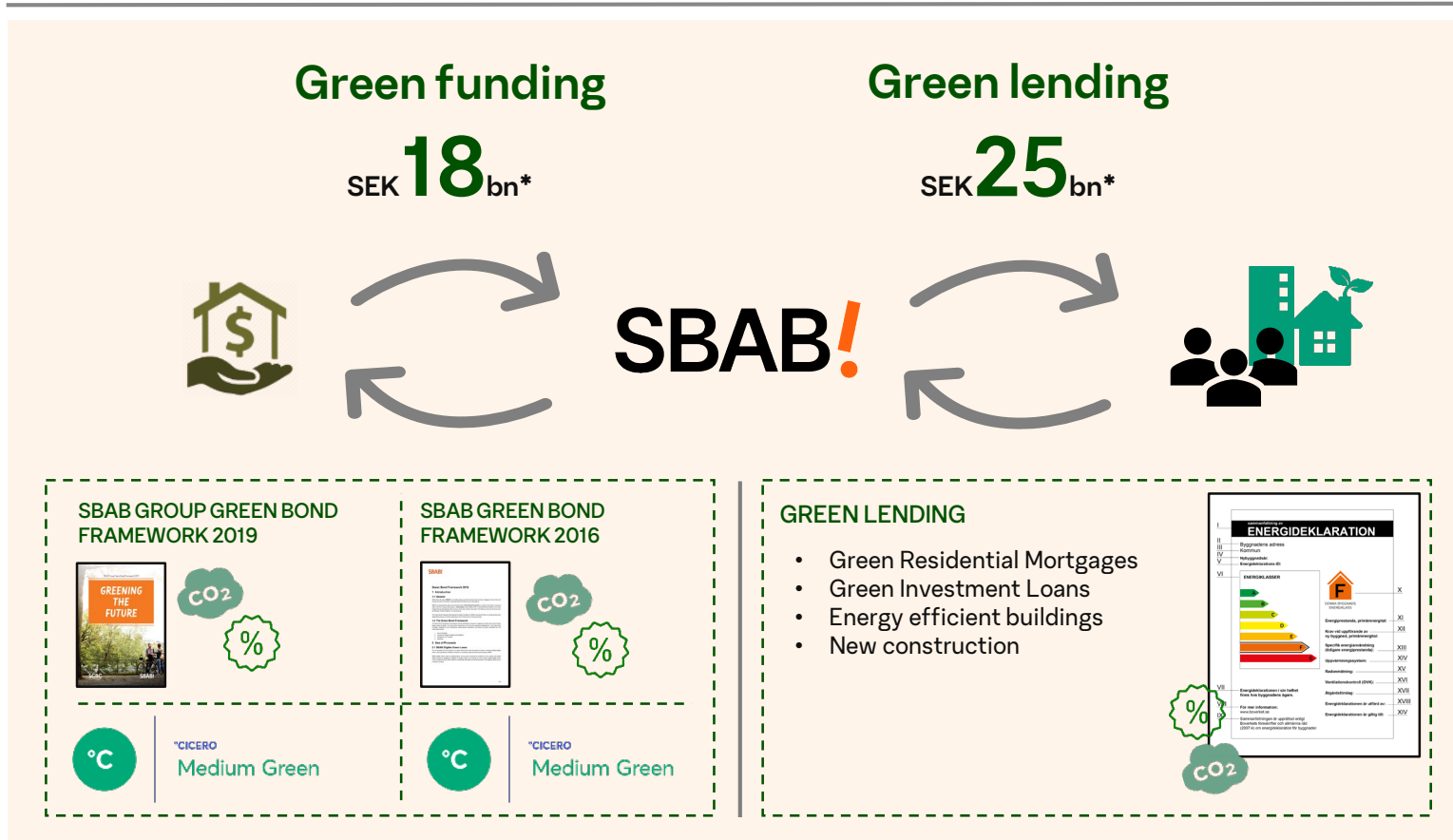


INSIGHT: Green lending & funding



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

*Estimate as of 30 June 2020



INSIGHT: Impact reporting 2019

Green Bonds Impact Report 2019

GREENING THE FUTURE

Issuer	Issue date	Amount issued	Format	Maturity	Coupon	ISIN	Framework
SBAB	16 June, 2016	SEK 1.0bn	Senior unsecured	23 June, 2021	1.048%	XS1436518606	SBAB Green Bond Framework 2016
		SEK 1.0bn		23 June, 2021	3M Stibor +95 bps	XS1436728916	
SBAB	4 October, 2017	SEK 1.0bn	Senior unsecured	11 October, 2022	0.98%	XS1697577556	SBAB Green Bond Framework 2016
		SEK 750mn		11 October, 2022	3M Stibor +75 bps	XS1697766951	
SCBC	23 January, 2019	SEK 6.0bn	Covered bond	28 March, 2024	0.75%	XS1943443769	SBAB Group Green Bond Framework 2019
SBAB	13 June, 2019	SEK 2.25bn	Senior Non-Preferred	06 June, 2024	3M Stibor +90 bps	XS2015229516	SBAB Group Green Bond Framework 2019
		SEK 750mn		06 June, 2024	1.0%	XS2015229862	
TOTAL		SEK 12.75bn					

13 CLIMATE ACTION



11 SUSTAINABLE CITIES AND COMMUNITIES



SBAB Green Bond Framework 2016

SBAB Group Green Bond Framework 2019

SEK 4.7bn → 589 tCO_{2e}

Eligible Green Loans
& Estimated annual avoidance of GHG emissions

SEK 19.8bn → 6,970 tCO_{2e}

Eligible Green Loans
& Estimated annual avoidance of GHG emissions

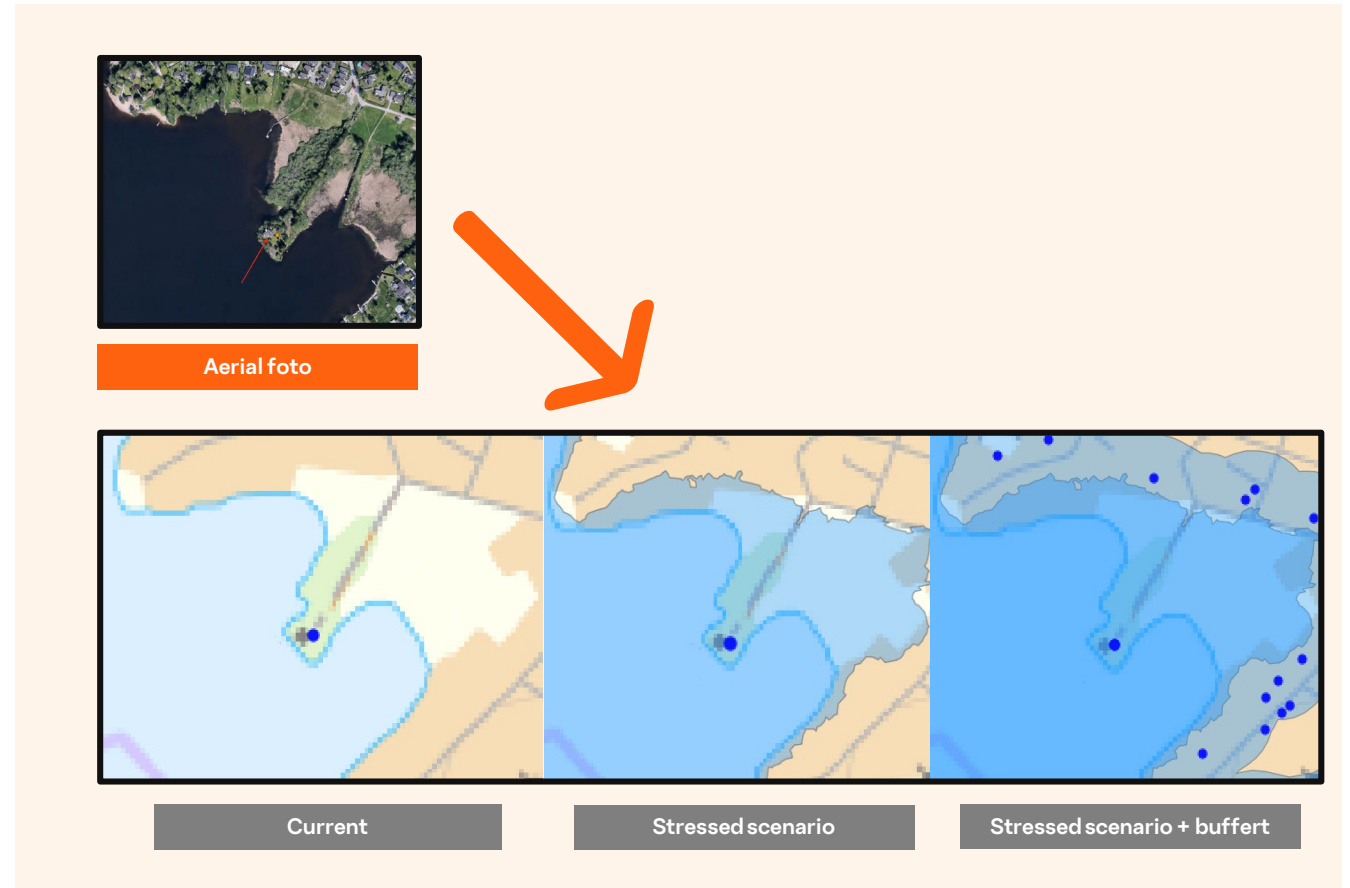
INSIGHT: Climate risk analysis



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

Comments

- **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





Kraftsamling för en
sund kreditgivning till
en sund byggbransch

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

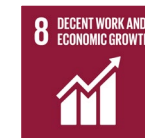
SBAB!

INSIGHT: Responsible credit granting

- 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



INSIGHT: Attractive workplace



- 4th place in Great Place to Work's list of Sweden's best workplaces both 2019 & 2020 (larger companies)
- 20th place in Great Place to Work's list of Europe's best workplaces 2019 (larger companies)

One of Sweden's best workplaces

Percentage of employees who consider SBAB, all in all, a very good workplace:

93%

SBAB rewarded for its work with respect and equality



Sustainability ratings

ISS-Oekom

Prime C

ISS-Oekom Research AG has issued a sustainability rating of C (on a scale of A+ to D-) to SBAB. With this rating, SBAB classifies as 'Prime'.

(Latest update in April 2018)



Imug

Positive BB

Imug Beratungsgesellschaft has issued a sustainability rating of positive BB (on a scale of AAA to DDD) to SBAB. SBAB ranks number 5 of 41 in its peer group (banks) and 22 of 121 in the region.

(Latest update in March 2020)

Sustainalytics

Low Risk

According to the ESG report from Sustainalytics, SBAB is at low risk (19/100) of experiencing material financial impacts from ESG factors.

"The company is at low risk of experiencing material financial impacts from ESG factors, due to its low exposure and average management of material ESG issues. The company is not publicly held, which reduces its corporate governance risk compared to its peers. Its management has not resulted in significant controversies for the company and ultimately the company's favorable risk assessment is due to its low exposure to ESG issues."

(Latest update in May 2020)

Swedish economy & housing market

The Swedish economy & housing market



booli!
En tjänst från SBAB

Large quantities of data relating to the housing market

Large quantities of data and knowledge are accumulated in our operations, such as how the housing and residential mortgage markets work. We use this data transparently and responsibly to improve the customer experience by refining existing services and products as well as developing new ones. Booli.se is a popular platform for finding information about supply, demand and price trends for housing.

- We expect Sweden's GDP to develop negatively this year and that unemployment will rise in the coming quarters. Some parts of the economy will be subject to great pressure during 2020, and the recovery is not expected to be rapid
- Simultaneously, we believe there are many factors supporting the economy:
 - Households have for a long time had a high saving rate, and currently large financial assets in addition to housing assets
 - The central government has a low debt and sound finances
 - Swedish authorities have for a long time worked to secure financial stability
- The fall in housing prices in 2017 and the fall in housing construction in 2018 and 2019 have reduced the risk of declines in house prices in 2020
 - So far this year, housing prices have risen by an average of 4%, mainly for houses (apartments more or less unchanged)



The Swedish economy

Forecast key figures Sweden

	2019	2020	2021	2022
Real GDP, actual	1.2	-5.8	3.0	1.6
Household consumption	1.2	-1.2	2.0	1.7
Public consumption	0.4	1.2	1.4	1.0
Investments	-2.1	-15.8	6.0	2.0
Net export, GDP-contribution (pp)	1.1	-1.5	0.3	0.0
Employment	0.7	-2.4	-0.4	1.9
Unemployment rate (%)	6.8	9.3	9.9	9.0
Inflation, CPIF growth	1.7	0.5	0.9	1.2
Policy rate, yearly average (%)	-0.25	0.00	0.00	0.00
KIX-index (-)	122.1	123.3	121.0	118.5

Note: Annual percentage growth unless indicated otherwise, light orange background indicates SBAB's June forecast

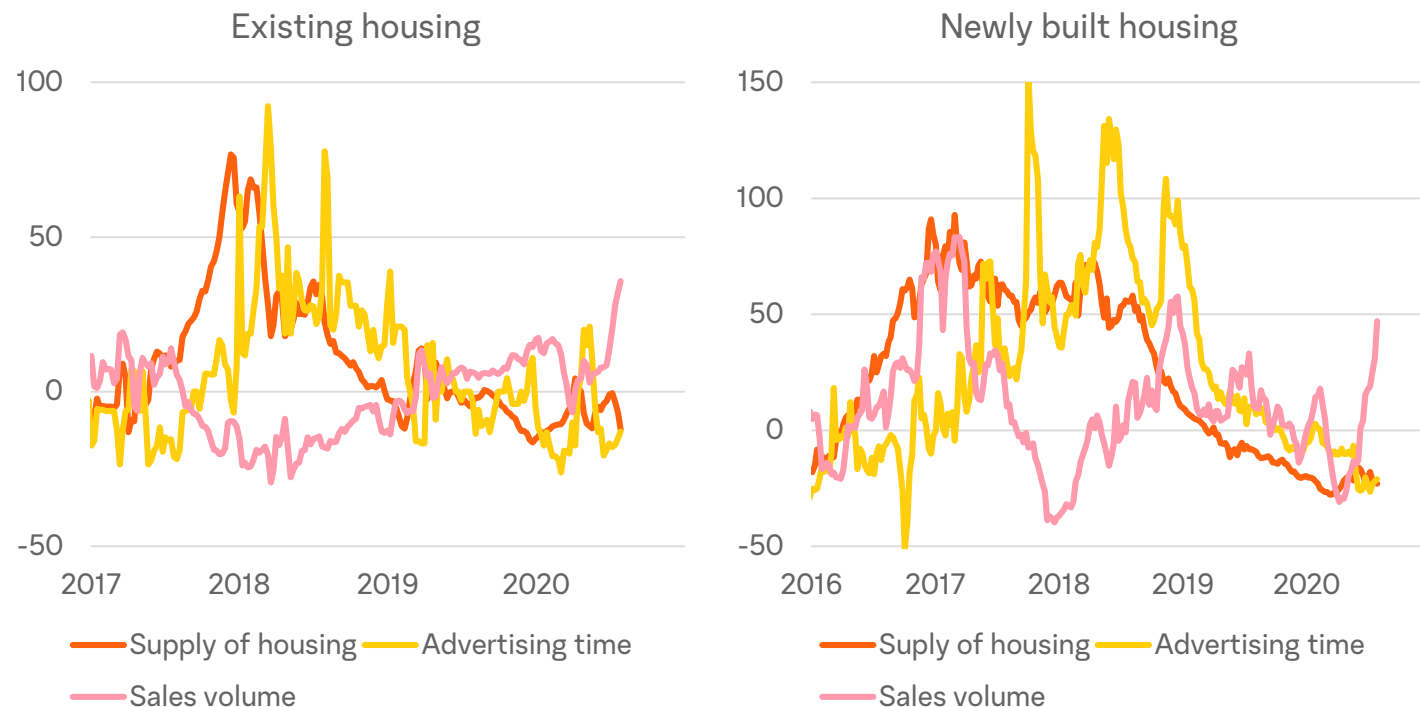
Comments

- A deep recession in 2020 followed by an upturn in 2021
 - Over the past years the economy has been characterised by strong population growth, increasing employment, low inflation, low interest rates and rising house prices
- Swedish economy is well-equipped to face the corona pandemic, but is strongly influenced by the outside world
- Good government finances make it possible to support vulnerable companies, keep household disposable income up, and to ensure financial stability



Recovery for the housing market

Housing market developments, YoY (%)



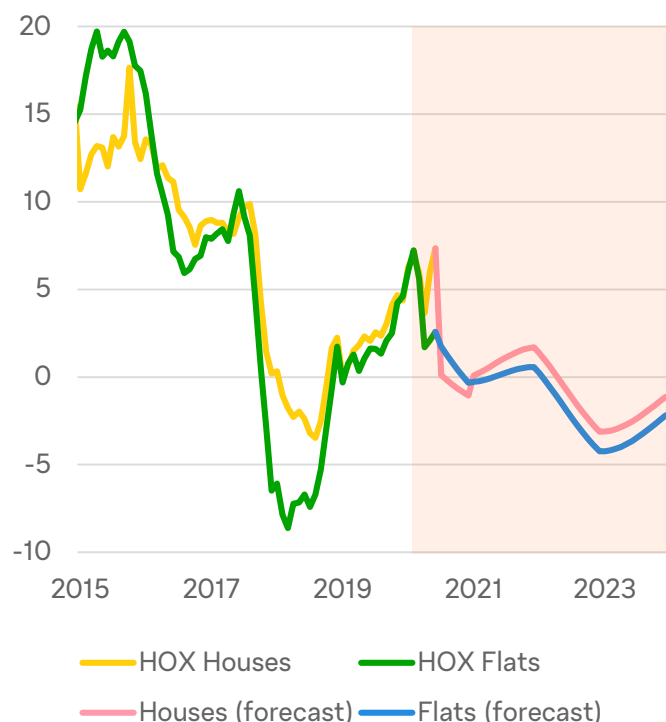
Yet no clear change

- The housing markets in Sweden have been stable over the past year with a clear growing optimism since the summer of 2019
- As a consequence of the corona pandemic, the housing market slowed down in the spring, but the sales volumes have accelerated since the early summer, for both existing and newly built housing
- The supply of newly built housing has decreased in line with rising sales volumes



Stagnant housing prices - downside risk

Housing price index (January 2005=100)



	Index June-20	Change since		
		1m	3m	12m
Sweden (HOX)	246	+0.4%	+0.6%	+5.5%
Flats	296	+0.6%	-1.9%	+2.6%
Stockholm	281	+0.9%	-2.2%	+2.4%
Gothenburg	336	+0.9%	-1.4%	+2.2%
Malmö	260	+0.2%	-1.4%	+3.2%
Houses	233	+0.3%	+2.2%	+7.3%
Stockholm	230	+0.2%	+0.2%	+7.8%
Gothenburg	234	+0.4%	+1.8%	+6.2%
Malmö	218	+0.7%	+2.8%	+0.2%

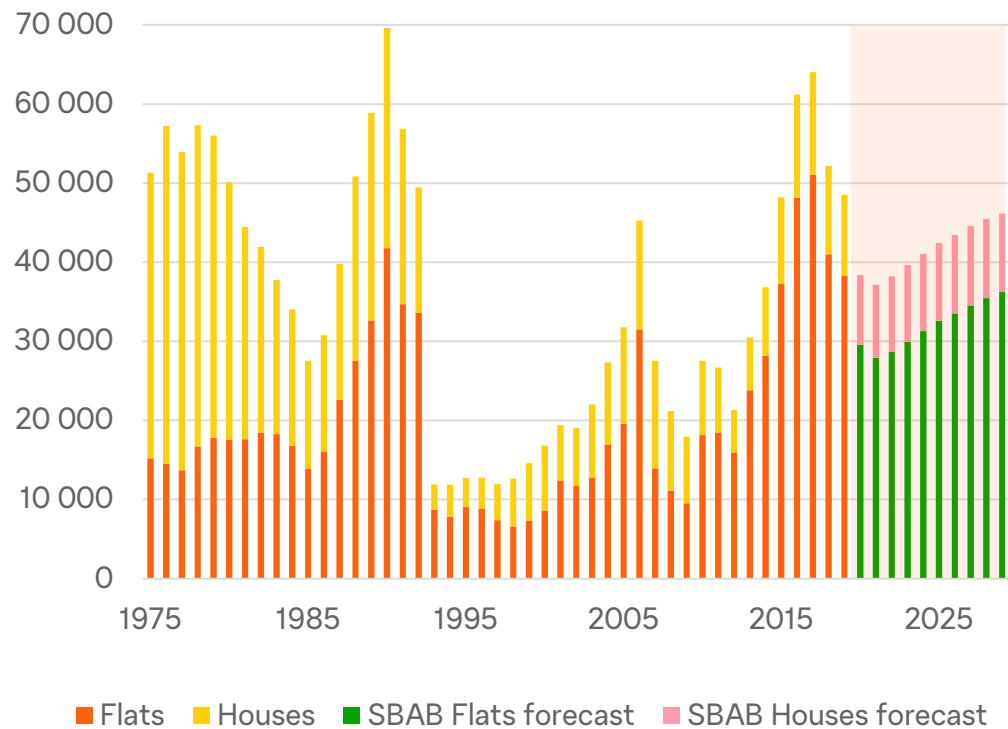
Stable prices in the coming years

- Housing prices have increased by an average of 4.7% over the past ten years, turning point in 2017
 - Construction of new housing is clearly influenced by housing prices
- SBAB's forecast is that housing prices for the country as a whole will decrease slightly during the remainder of 2020, basically stand still during 2021, and then fall a few % as interest rates begin to rise
 - The forecast is based on a structural model, but a rapid and sharp rise in unemployment may well trigger an unexpected fall in house prices of around 10%



Reduced housing constructing

Housing construction (number of homes)



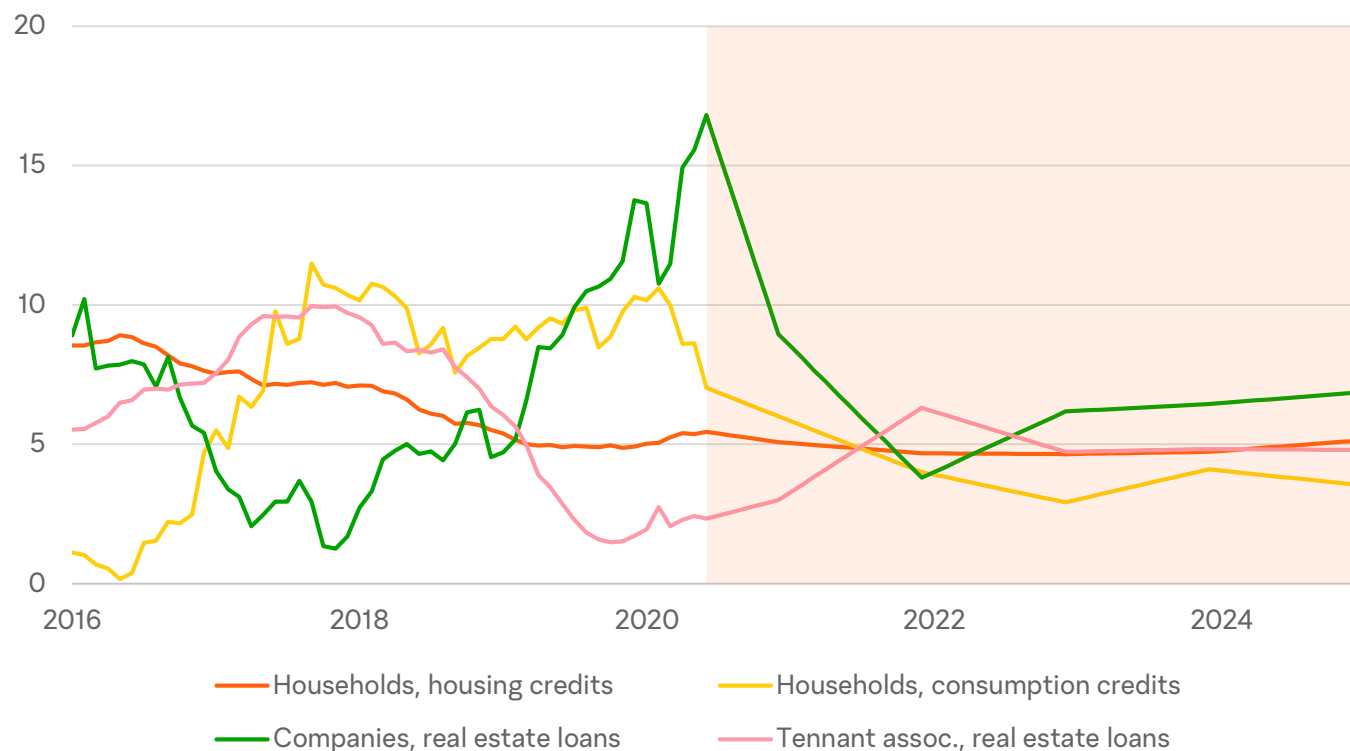
Remaining need for new housing

- Housing construction slows down to under 40 000 homes per year
 - Relatively low level of housing constructing since the crisis of the 1990s
 - Rapidly increasing construction from 2013, and almost as fast decreasing from 2018, but not to the same low level. Housing construction is expected to decrease by 40% by 2020 compared to 2017
- Strong demographic growth, good access to financing and low interest rates support the high rate of new construction
 - The housing shortage in Sweden is currently estimated to about 150 000 homes, despite the high rate of construction in recent years
 - Approximately 40 000 new homes are needed per year in order for the housing stock to grow at the same pace as the number of households
 - Some concern about the affordability of new housing and the ability to pay / willingness to buy



Slowdown in credit growth

Credit growth, annual growth rates (%)



Comments

- Credit growth in the mortgage market (red line) has slowed down since 2016
- The annual (YoY) percentage credit growth in the mortgage market in June 2020 was 5.4%
- According to SBAB's forecast, the growth rate is expected to fall to 5.1% for the full year 2020 and further to 4.7% in 2021
 - The forecast takes into account stagnant housing prices, low mortgage rates, a weak development of household income and a high household savings ratio



Appendix

Chapter 7 (7)

SBAB!

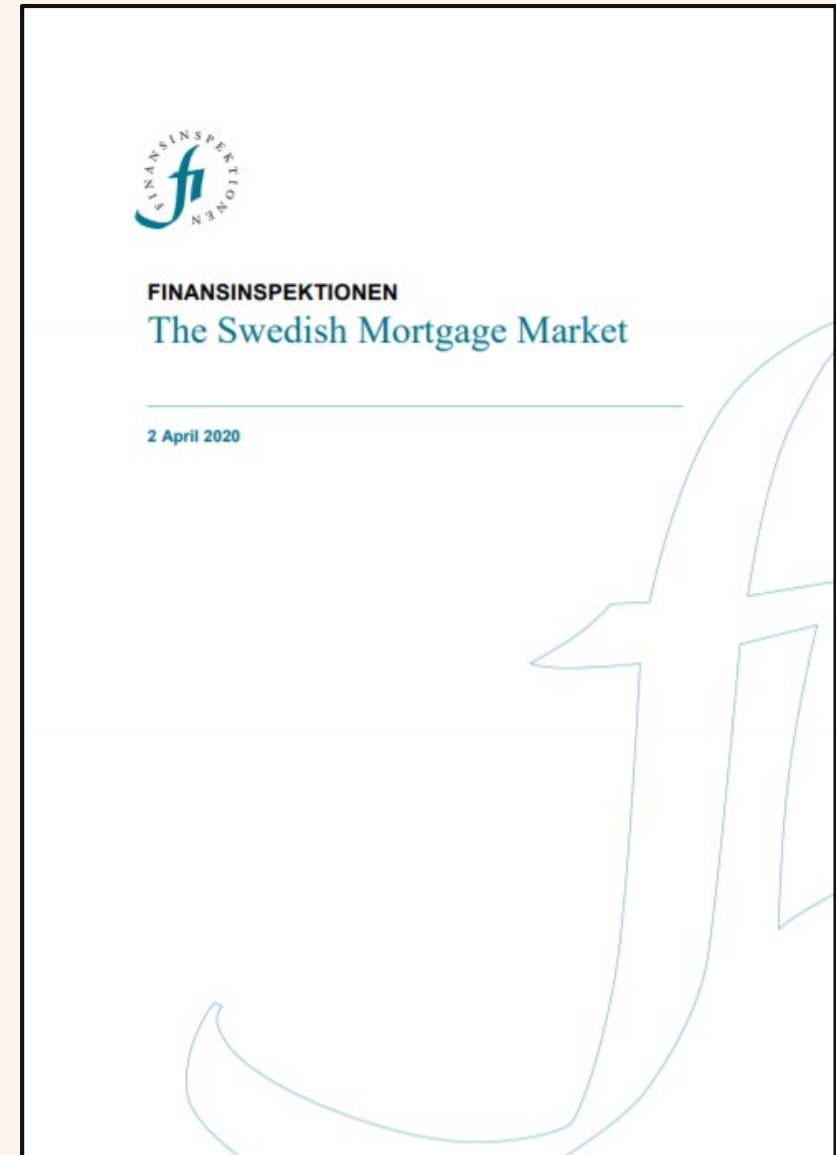
SBAB at a glance

- 1 Swedish mortgage bank operating in a supportive macro environment → AAA country with strong fiscal balances and low unemployment
- 2 Supportive ownership structure → SBAB was founded in 1985 & 100% owned by the Kingdom of Sweden. No specific social mandate from owner
- 3 Low risk & stable business model with superior asset quality → Mortgage bank with >98% collateralized lending & <1bps credit losses last 10 years
- 4 Focused strategy of mortgages & housing financing → Home owners, tenant-owners' associations and property companies prime focus. Limited exposure to commercial/SMEs
- 5 Cost efficient lending origination → No traditional retail bank branches, products and services offered online or by telephone. Personal service offered to corporate clients
- 6 Resilient funding model with a stable investor base → Mortgage lending primarily funded by covered bonds (SEK & EUR)
- 7 Proven track record of strong and capable management team → Delivering on financial targets from owner & business targets



S-FSA Mortgage Survey 2019

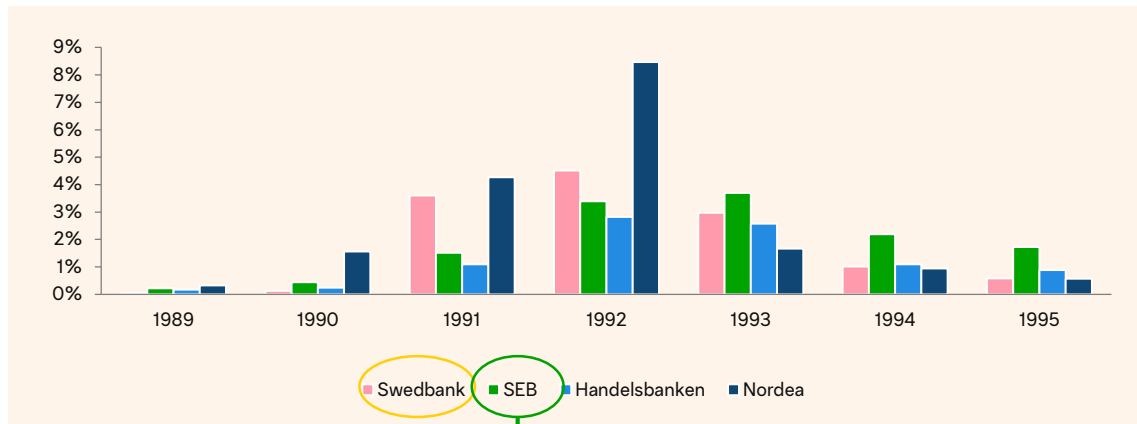
- The percentage of new mortgagors with a high level of debt in relation to either their income or the value of the home continues to be high. New mortgagors in 2019 increased their average loan-to-income ratio. The average loan-to-value ratio also increased in 2019 among new mortgagors, thus breaking the trend of falling loan-to-value ratios since 2013
- In general, new mortgagors still have good margins for servicing their loans under weaker economic conditions. More households than before could handle higher interest rates without experiencing a deficit in their cash flow. However, there was a slight increase in 2019 in households that experienced a monthly deficit following a loss of income compared to 2018. The increase refers primarily to single-person households
- Good resilience indicates that there is a **limited risk that mortgages would cause extensive credit losses for banks**. This should also mitigate the reduction in household consumption, for example, if the economy were to sharply decline as a result of the spread of the coronavirus and the measures being taken in response thereto



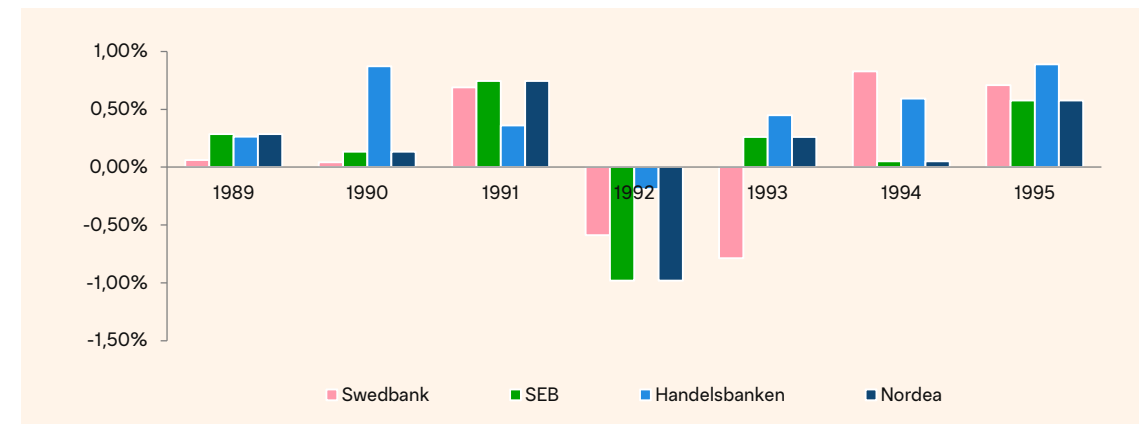
Loan losses during 1990's crisis

- Losses during the 90's crisis in Sweden shows the resilience of mortgages contrary to other asset classes

Loan Losses / Customer Loans



Net Income / Total Assets



Ranked by 1993 Loan Losses

	1992	1993
Construction operations	0.7 %	14.9 %
Real Estate Management	19.9 %	13.3 %
Wholesale & Retail	1.7 %	11.6 %
Transport	7.1 %	8.9 %
Manufacturing industry	3.3 %	7.5 %
Other	19.4 %	5.9 %
Multi-family homes in Spintab	0.9 %	0.7 %
Households	0.6 %	0.6 %

Ranked by 1993 Loan Losses

	1992	1993
Other service sectors	39.0 %	21.1 %
Wholesale & Retail, hotels and restaurants	3.9 %	8.6 %
Transportation	(0.2)%	8.2 %
Finance & Insurance	15.4 %	6.3 %
Construction	6.8 %	5.6 %
Property Management	4.6 %	4.4 %
Manufacturing	1.2 %	1.8 %
Other sectors	0.4 %	1.4 %
Households	1.1 %	0.9 %



SCBC!
Covered bonds of SBAB

Abut SCBC



About SCBC

SCBC overview

- 100% owned subsidiary of SBAB Bank AB (publ)
- Long-term loans to Swedish households, property companies and tenant-owners' associations
- Licensed by the S-FSA to issue covered bonds (Säkerställda Obligationer) according to the Swedish Covered Bond Act
- Covered bonds rated Aaa by Moody's
- Details about the covered pool ("National Template") published monthly on sbab.se

Eligible cover pool assets

- SCBC does not conduct any new lending itself. Lending is originated by SBAB and assets are transferred to SCBC via a true sale on a continuous basis
- Large buffer in Cover Pool to a significant fall in house prices. Eligible assets in SCBC can be moved to cover pool to increase OC

Simulation of decline in house prices

Houseprice change	Eligible assets in cover pool (SEK bn)	WALTV (%)	OC* (%)
0%	333.5	55.4	26.9
-5%	330.0	57.3	25.6
-10%	325.3	59.1	23.9
-15%	319.2	60.8	21.5
-20%	311.4	62.3	18.6
-25%	301.6	63.7	14.8
-30%	289.0	65.0	10.0

* OC calculated in accordance with requirements from the Swedish FSA

Key metrics

Cover Pool (SEK)

334_{bn}

No. of loans

426,642

OC

26.9%

WALTV

55.4%



Overview SCBC

The Swedish covered bond market

- One of the best functioning bond markets in the world
- The bond market has been open and well functioning throughout the crisis, providing reliability and liquidity
- Key distinction of the market is the tap issuance format via contracted market makers. Tap issuances can be made on a daily basis in small to medium sizes
- Market is supported by market makers with separate market making agreements and repo functionality providing issuers with enhanced liability management options
- Typically issuers start reducing their outstanding debt about 6-9 months before maturity via successive buy-backs and switches

Source: ASCB, Association of Swedish Covered Bond Issuers

SCBC Cover pool characteristics (from "National Template")

Collateral	<i>100% Swedish residential mortgages *</i>
Over Collateralization	26.9%
Weighted average LTV	55.4%
Weighted average seasoning	5.1 years
Loans in arrears	<i>0.01%. Arrears below 0.01% (loans in arrears > 30 days are excluded from the Cover Pool)</i>
Number of loans	426,642
Average loan size	SEK 782,776
Geographical location	<i>Spread throughout Sweden; concentrated to economic hubs</i>
Pool type	<i>Dynamic</i>
Originator	<i>SBAB Bank Group</i>
Interest rate type	<i>66.5% floating, 33.5% fixed / 45.5% amortising, 54.5% interest only</i>

* Occasionally, minor volumes of substitute collateral consisting of AAA rated securities, can be included in the cover pool



The SCBC product

The limited activities of SCBC provide additional benefits to investors

Robust structure

- Strength of a regulated entity combined with a restricted activity vehicle reduces number of other potential creditors
- As a result, in addition to the eligible assets, investors also benefit from over-collateralisation provided by:
 - Non-eligible assets
 - Regulatory capital held by SCBC

Subordination of SBAB interests

- Fees for services provided by SBAB are subordinated to SCBC's senior creditors
- Where a mortgage certificate serves as collateral for 2 different mortgage loans, SBAB has subordinated its interest to SCBC

Loans in arrears

- Loans 30 days in arrears are normally removed from the cover pool in SCBC

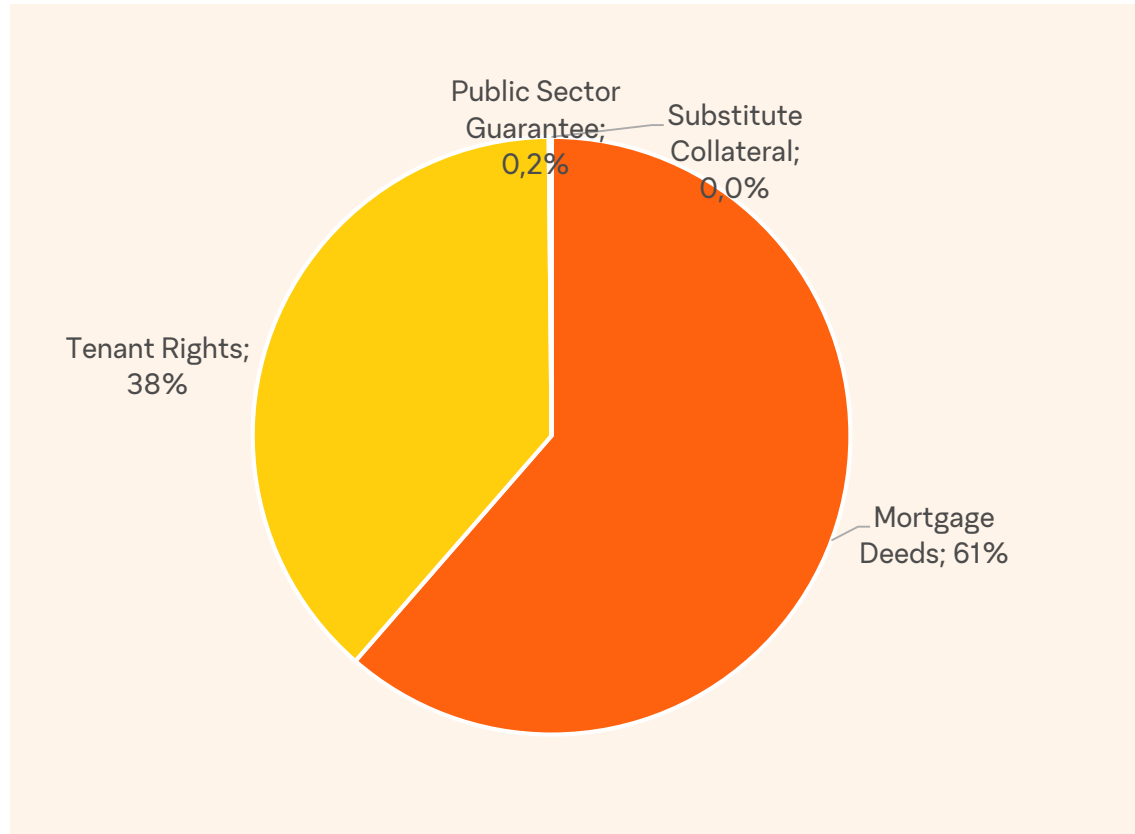
Other features

- Dynamic OC in compliance with Aaa requirements
- UCITS Compliant
- Swedish covered bonds are eligible for repo at Riksbank
- ECBC Harmonised Transparency Template, HTT
- National Template, NTT

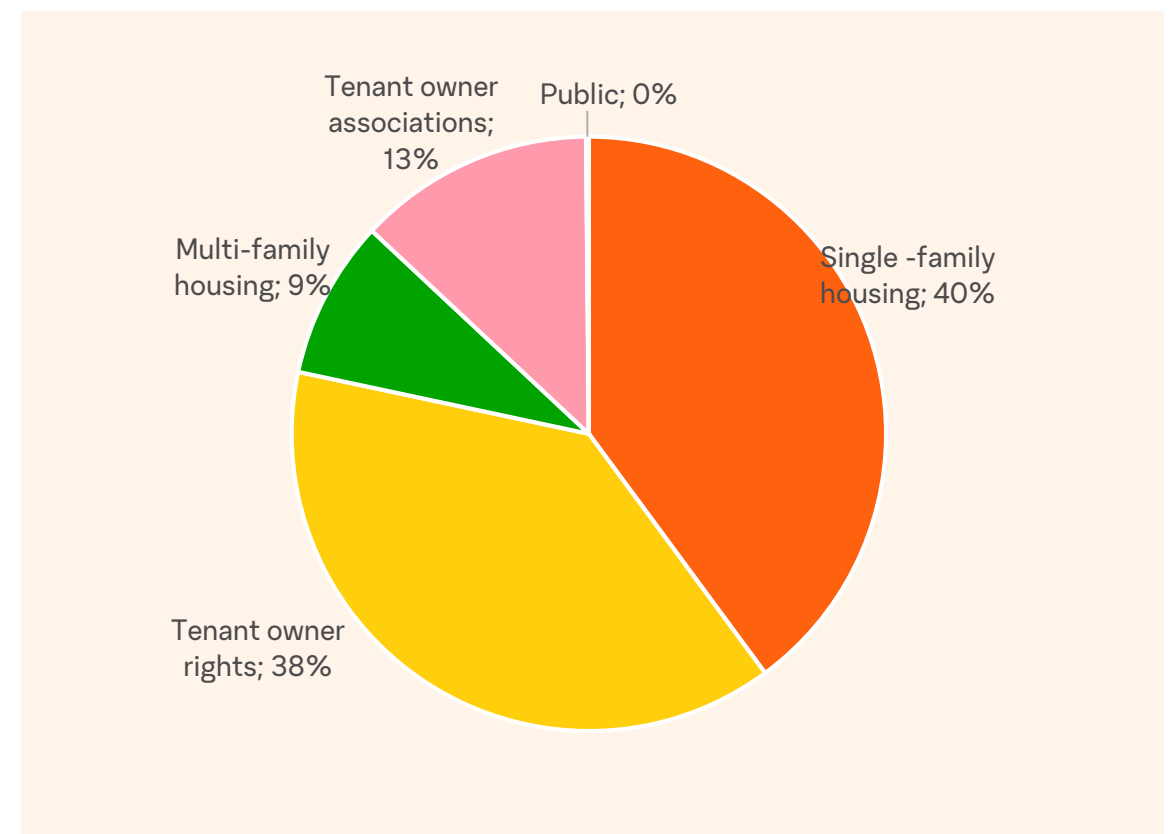


Cover pool characteristics (1/2)

Breakdown by collateral

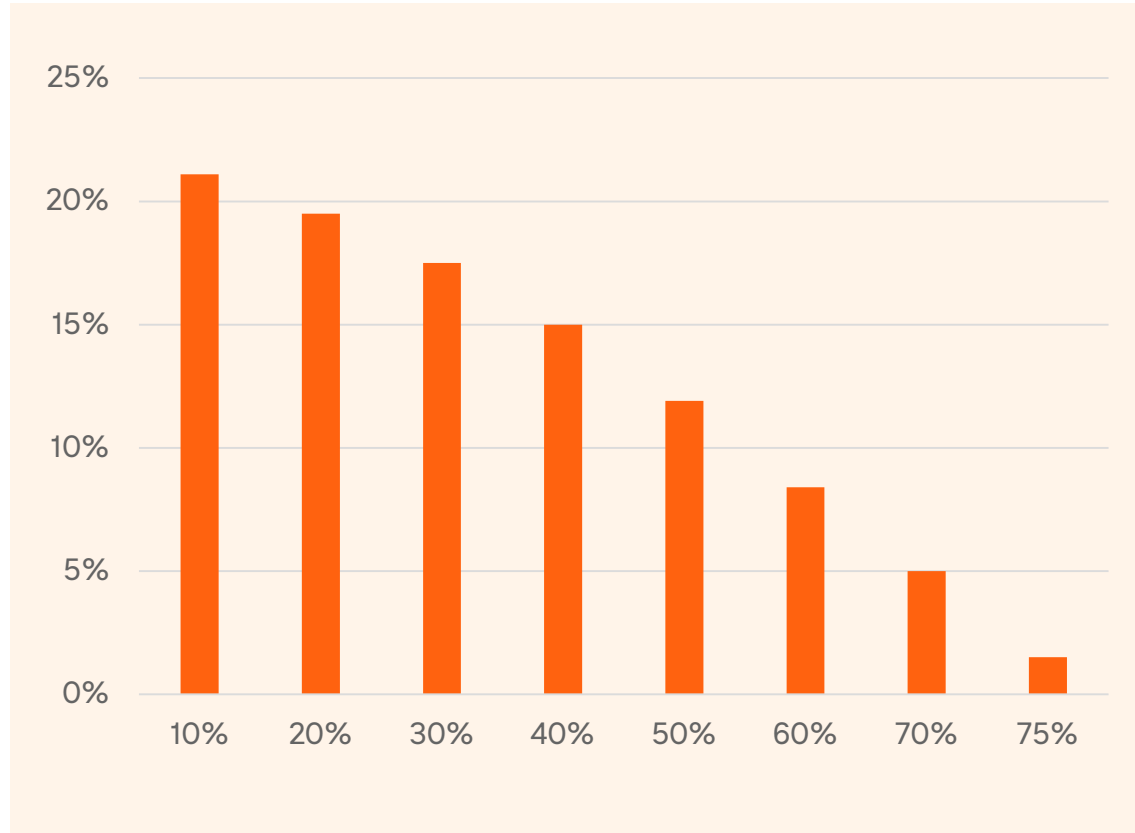


Breakdown by owner

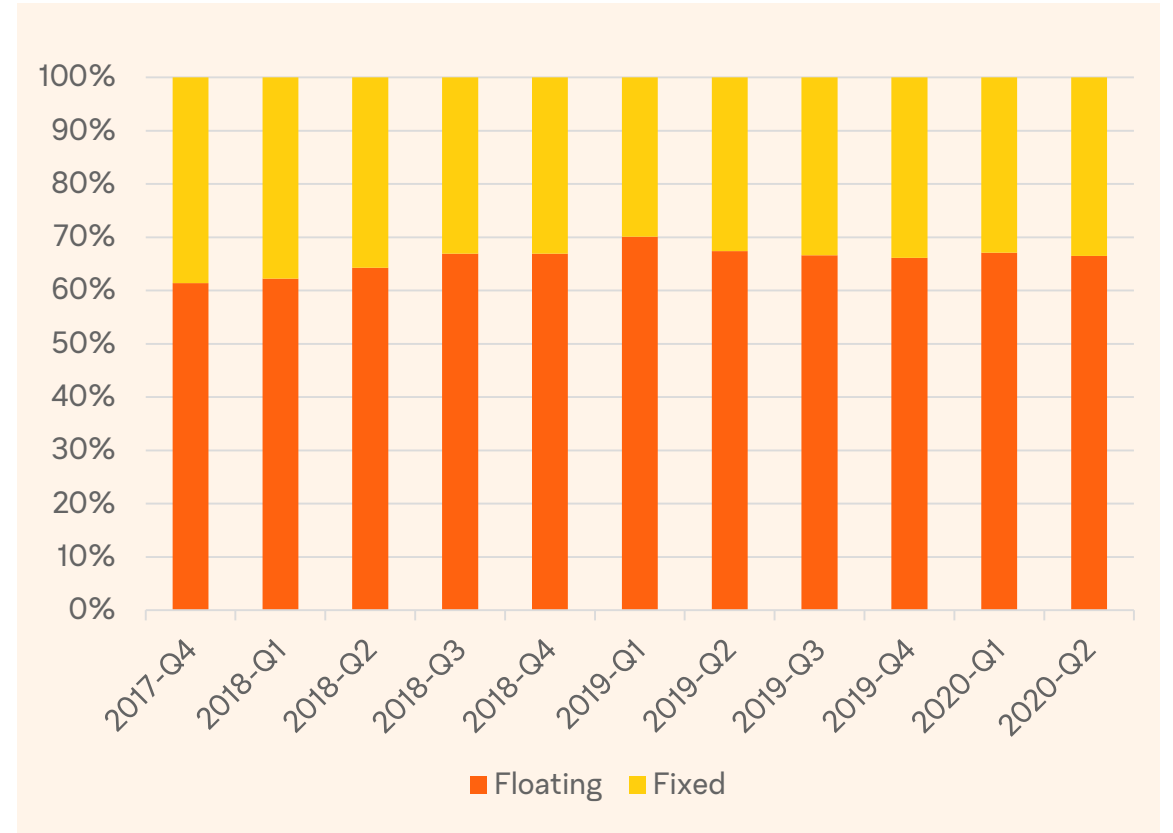


Cover pool characteristics (2/2)

Loan to value (LTV) distribution



Rate type



Thank you!



SBAB!

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