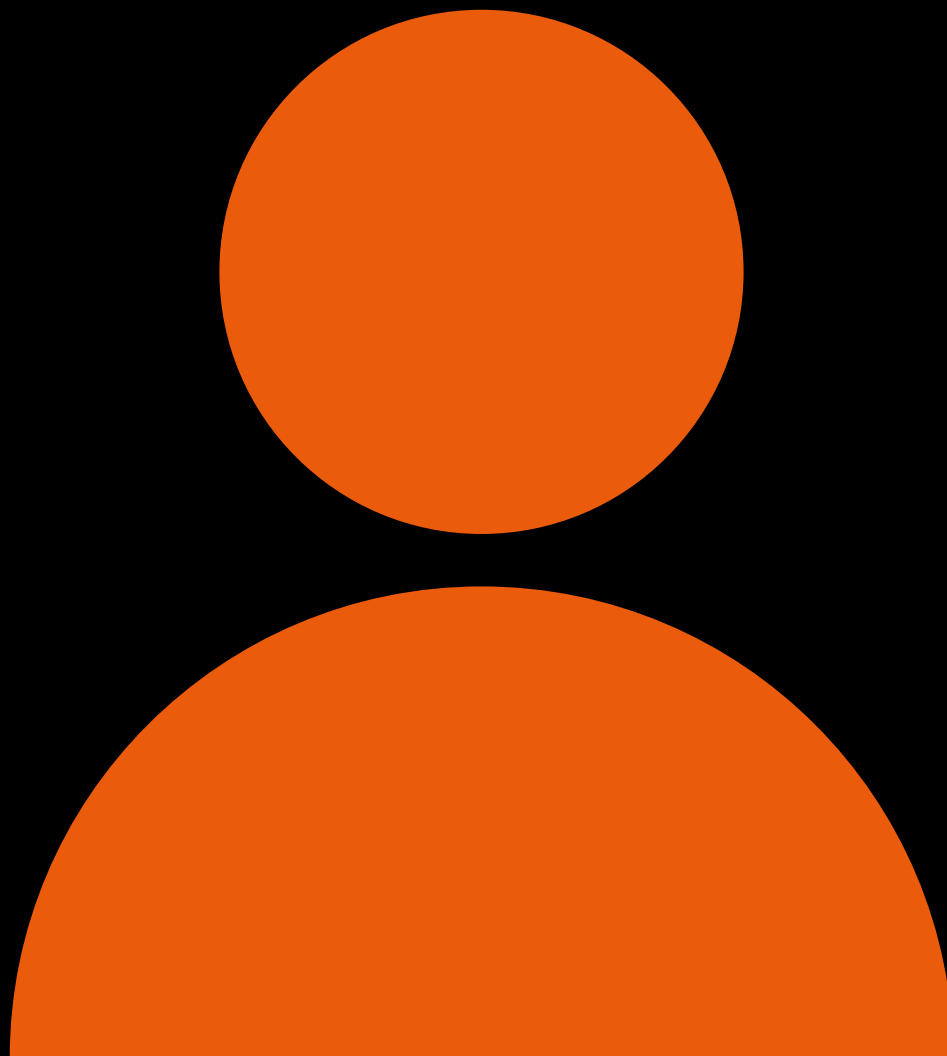


Year-end report

January–December 2024





The year in brief

January–December 2024

(January–December 2023)

- Operating profit amounted to SEK 1,771 million (2,073)
- Net interest income totalled SEK 3,673 million (4,041)
- Expenses amounted to SEK 1,470 million (1,468)
- Net credit losses totalled SEK 47 million (73)
- The Common Equity Tier 1 (CET1) capital ratio amounted to 16.4% (16.7)
- All funding programmes continue to have the highest credit ratings from Moody's



Net interest income, SEK million

3,673
(4,041)

Lending, SEK billion

520.8
(493.2)

Credit rating (Moody's)

Aaa
(Aaa)

Operations

The primary operations of AB Sveriges Säkerställda Obligationer (publ) (Swedish Covered Bond Corporation – SCBC) comprise the issue of covered bonds to fund the lending of the SBAB Group. SBAB Bank AB (publ), (SBAB), is the Parent Company of the SBAB Group and is wholly owned by the Swedish state.

The Swedish Covered Bond Corporation (SCBC), Corp. Reg. No. 556645-9755, is a wholly-owned subsidiary of SBAB, Corp. Reg. No. 556253-7513. SCBC is a credit market company and is regulated by the Swedish Banking and Financing Business Act (2004:297) and subject to supervision by the Swedish FSA (Sweden's financial supervisory authority). The primary operations within SCBC comprise the issue of covered bonds in accordance with the Swedish Covered Bonds (Issuance) Act (2003:1223) and the Swedish FSA's regulation FFFS 2013:1. Issues are conducted both in Swedish and in international capital markets. SCBC complies with and reports to the European Covered Bond Council's (ECBC) "Labelling Initiative," and reports on a monthly basis in line with "National templates" as published by the Association of Swedish Covered Bond issuers (ASCB). SCBC is domiciled in Solna and its operating activities are mainly outsourced to the Parent Company.

Business development

Overview

SEK million	SCBC				
	2024	2024	2023	2024	2023
	Jul-Dec	Jan-Jun	Jul-Dec	Jan-Dec	Jan-Dec
Net interest income	1,758	1,915	2,034	3,673	4,041
Net commission expense	-14	-30	-23	-44	-52
Net result of financial transactions (Note 3)	11	17	-21	28	-27
Total operating income	1,754	1,902	1,990	3,656	3,962
Expenses	-769	-701	-757	-1,470	-1,468
Profit before credit losses and imposed fees	984	1,201	1,232	2,185	2,494
Net credit losses (Note 4)	-13	-34	-38	-47	-73
Imposed fees: Risk tax and resolution fee	-183	-185	-170	-368	-347
Operating profit	789	982	1,024	1,771	2,073
Tax	-163	-202	-211	-365	-427
Net profit for the period	626	780	813	1,406	1,646
BALANCE-SHEET ITEMS					
Lending to the public, SEK billion, at close of period (Note 5)	520,771	504,573	493,220	520,771	493,220
– Of which, Lending, Residential mortgages	362,334	349,109	343,405	362,334	343,405
– Of which, Lending, Corporate & Associations	158,437	155,464	149,815	158,437	149,815
Issued debt securities, etc., at close of period	305,210	308,539	326,176	305,210	326,176
KEY METRICS					
CET1 capital ratio, %	16.4	16.5	16.7	16.4	16.7
Return on equity, %	5.1	6.5	6.2	5.8	6.7
Return on assets, %	0.2	0.3	0.3	0.3	0.3
CREDIT RATING (LONG-TERM FUNDING)					
Moody's	Aaa	Aaa	Aaa	Aaa	Aaa

January–December 2024 compared with January–December 2023

Operating profit amounted to SEK 1,771 million (2,073) for the period.

Net interest income

Net interest income declined to SEK 3,673 million (4,041), mainly due to increased funding costs.

Net commission expense

Net commissions amounted to an expense of SEK 44 million (expense: 52), mainly attributable to lower commission expenses linked to funding operations and lower costs for the credit facility to SBAB.

Net result of financial transactions

Net income from financial transactions increased to SEK 28 million (expense: 27) as a result of the revaluation of derivatives not encompassed by hedge accounting. For more information, please refer to [Note 3](#).

Expenses

Expenses rose to SEK 1,470 million (1,468), and mainly comprised fees to SBAB for administrative services in line with the applicable outsourcing agreements. The cost trend is progressing according to plan and tracks the operations' development and investment strategy for long-term competitiveness.

Credit quality and credit losses

Net credit losses for 2024 totalled SEK 47 million (73). Confirmed credit losses totalled SEK 6 million (4).

Total credit loss allowances increased SEK 44 million (increase: 67). Credit loss allowances for credit stage 1 and 2 loans

decreased SEK 19 million (decrease: 5) and SEK 1 million (decrease: 18), respectively. Provisions for credit stage 3 increased SEK 64 million (increase: 91). The changes in provisions for credit stage 1 and 2 loans primarily pertained to revisions in the forward-looking information applied in the impairment model, primarily regarding the development of housing and property prices and interest rates, as well as positive rating grade migrations in each business area (Private and Corporates & Associations) during the second half of the year. The changes in credit stage 3 were mainly attributable to an increased number of customers with payment problems in the Private business area, a trend that slowed in the fourth quarter.

The releases of provisions in credit stages 1 and 2 were partly offset by adjustment of the PD estimates in the ECL model and a management overlay for future revisions to the same model given expected updates to the PD and LGD models for private individuals in the IRB framework in 2025.

Guarantees that can be utilised to cover credit losses remained unchanged during the year (decrease: 3). For more information, please refer to [Note 4](#).

Lending in each business area is deemed to be of good credit quality and low credit risk, despite relatively higher interest rates. SCBC continues to follow up customers in the Corporates & Associations business area who have a high share of market financing and who require refinancing over the short and long term.

Imposed fees

Imposed fees includes Sweden's risk tax and the resolution fee. Imposed fees

totalled SEK 368 million (347), of which the risk tax amounted to SEK 197 million (199) and the resolution fee to SEK 171 million (149).

Lending

SCBC does not conduct any new lending itself, but instead acquires loans from SBAB Bank on an ongoing basis. The aim of securing these loans is to include the loans, in part or in full, in the assets that comprise collateral for holders of SCBC's covered bonds. SCBC's lending portfolio comprises loans for residential mortgages, with lending to consumers the largest segment. At the end of the period, SCBC's lending amounted to SEK 520.8 billion (493.2).

Other comprehensive income

Other comprehensive income amounted to SEK 715 million (2,824), primarily due to interest-rate-related value changes in derivatives resulting from positive changes in euro interest rates, which negatively impacted the item. For more information, please refer to [page 9](#).

Cover pool data

	SCBC	
	31 Dec 2024	31 Dec 2023
Credit portfolio, SEK billion	520.8	493.5
Total cover pool, SEK billion	404.9	454.8
– Of which, liquidity buffer, SEK billion	1.5	1.4
LTV as per ASCB definition ¹⁾ , %	53.7	54.9
Nominal OC, %	32.6	38.0

1) Association of Swedish Covered Bond Issuers

Cover pool

Information regarding SCBC's lending, the cover pool, is published monthly on the website sbab.se.

Funding

In pace with easing inflationary pressure, central banks have started cutting interest rates, with the Riksbank preceding both the ECB and the Fed. Geopolitical tensions continued in 2024, and despite conflicts and turmoil around the world, the global economy has shown resilience. While growth in the Swedish economy has been weak, it has nevertheless improved slightly on the previous year. Within the EU, growth has been uneven with countries such as Greece and Spain growing at a faster pace than countries such as Germany, France, Sweden and Finland, where stagnation has been more pronounced. Despite this, labour markets have remained robust, and unemployment in the euro area remains low.

In response to inflation slowing, central banks around the world have lowered policy rates. The Riksbank led the way with cuts from 4.00% to 2.50%, followed by the ECB with cuts from 4.00% to 3.00% and the Fed with cuts from 5.50% to 4.50%. Despite these cuts, interest rate levels remain above the level considered neutral, which implies that monetary policy remains restrictive. The Riksbank has adjusted its range for the neutral interest rate to 1.50–3.00%, with a midpoint of 2.25%.

Financial markets have also shown strength, particularly in the USA. The USD has strengthened around 10% against the SEK. US Treasury yields have risen on an annualised basis, as has the Swedish ten-year yield.

In the European covered bond market, credit spreads are often subject to the general risk sentiment. In the second half of the year, credit spreads in the EUR market widened and funding costs rose successively, and spreads ended the year generally slightly wider. For much of

2024, the Swedish covered bond market was more balanced and offered relatively cheaper funding.

Most of SCBC's funding in the year was conducted within the framework of the Swedish benchmark programme. In addition, a EUR 4.0 billion five-year green covered bond was issued in the Swedish market in the fourth quarter.

At year end, the total value of issued debt securities outstanding under SCBC's lending programme was SEK 305.2 billion (326.2), distributed as follows: Swedish covered bonds SEK 210.5 billion (219.6) and the Euro Medium Term Covered Note Programme SEK 94.8 billion (106.6).

During the period, issued debt securities amounted to SEK 31.0 billion (39.5). At the same time, securities amounting to SEK 27.1 billion (17.2) were repurchased, while securities amounting to SEK 29.3 billion (32.7) matured. Alongside changes in premiums/discounts and changes in SEK exchange rates, this resulted in a decrease in issued debt securities of SEK 21.0 billion (2.7) in the period.

Liquidity position

The management of liquidity risks for SCBC is integrated with the Parent Company, SBAB. In addition, SCBC has a liquidity facility agreement with SBAB, under which SCBC can obtain support with liquidity for its operations from the Parent Company when necessary.

Capital position

SCBC primarily recognises credit risk under the internal ratings-based approach (IRB approach) and operational and market risk using the standardised approach. The Swedish FSA has previously announced that it expects Swedish banks to analyse and update their current

risk classification systems to be able to meet the new EBA guidelines. SCBC has already received approval for new PD models for retail exposures and corporate exposures from the Swedish FSA, which have been implemented in operations since 2023. At the end of 2024, as per the agreed time plan with the Swedish FSA, SCBC applied for a new LGD model for retail exposures. The risk weights for corporate exposures are expected to decrease in conjunction with the implementation of the new Banking Package (the Basel IV framework), which enters force on 1 January 2025, and comprises lower standard LGD values for exposures secured by collateral in properties.

SCBC's total capital ratio and CET1 capital ratio amounted to 16.4% (16.7) on 31 December 2024. The decrease was primarily attributable to a higher risk exposure amount (REA). The internally assessed capital requirement amounted to SEK 7.5 billion (7.7) on 31 December 2024.

Other information

Risks and uncertainties related to the Swedish economy and SBAB's lending

The Swedish economy is susceptible to global economic developments and to conditions in the international financial markets. The economic trend in Sweden is the primary risk factor for SCBC's future earnings capacity, and the quality of our assets is mainly exposed to credit risk in the Swedish housing market. The management of interest-rate and currency risks entails some exposure to price risks.

Population growth has outpaced housing construction for quite some time, which has contributed to high demand for housing and a housing shortage. Recent years' high construction rates and now lower population growth have reduced the housing shortage, though some shortages still remain. The high rate of construction and an increasing proportion of home owners in combination with rising housing prices have led to higher levels of private indebtedness, including some highly indebted households. However, housing costs as a percentage of household income are generally low, especially among homeownership households, which is attributable to relatively higher incomes. However, higher interest rates have led to higher housing costs for many of these households.

Previous high inflation means that a large part of household consumption is now significantly more expensive, thereby applying pressure on household finances. In 2024, restrictive monetary policy helped bring inflation down to target, which resulted in the Riksbank implementing a series of policy rate cuts. However, the impact on household borrowing rates has a certain lag, particularly for loans with longer fixed-interest periods, which means that household finances have also been affected by relatively high interest rates in 2024. Moreover, households may perceive interest expenses as high going forward, given that they have long become accustomed to very low mortgage rates and have interpreted this as normal.

Falling policy rates and declining market interest rates also brought down mortgage rates in 2024. This trend is expected to continue until mid-2025. Since the majority of households own their

own home and due to many mortgages being subject to variable interest, the Swedish economy is sensitive to interest rate changes. While this is positive for the monetary policy's impact, there is a risk of indebted households with tight margins experiencing temporary difficulty coping with ongoing payments on their mortgages as a result of rising interest rates. In the near future, the situation is the opposite. In general, however, stress tests indicate that risks are low in the event of moderately rising interest rates.

Falling mortgage rates have contributed to rising housing prices, albeit nowhere near the housing price decline triggered by the earlier rise in interest rates. In December 2024, house prices remained 14% below their spring 2022 peak, and apartment prices were 5% below. At present, price developments are being held back by a weak labour market and relatively high unemployment. Looking ahead, housing prices are expected to rise moderately in pace with growth in household incomes. Risks linked to rising interest rates could be increased by falling housing prices and rapidly rising unemployment. The risk largely pertains to the degree to which a fundamental downturn in prices leads to behaviour changes that trigger a larger price downturn, and how uncertainty over future housing prices impacts turnover for existing housing and building new housing units.

Many property companies have loans, and higher interest rates reduce their profits and the value of their properties. Higher interest rates can also put pressure on property companies with tight margins. This can include problems maintaining a sufficiently high cash flow to meet current interest expenses or to refinance maturing bonds. In 2024, falling interest rates contributed to lower risk, but given interest rates over the past fifteen years, interest-rate risk remains higher than normal.

Risks related to the global economy and international financial markets

Any disruption in the international financial markets or in the global economy entails a risk for SCBC both as a participant in the Swedish market and as an issuer in the international capital market. These

disruptions could be caused, for example, by global political and macroeconomic events, changes in the monetary policies of central banks or extraordinary events such as pandemics, wars and acts of terrorism. Rising risk premiums on interest-bearing assets and stock market volatility are other factors.

Above all, armed conflict leads to a great deal of human suffering. However, it also affects economic performance and the financial markets, not just locally but often globally. Russia's war with Ukraine has led to extensive sanctions against Russia, to which Russia has responded by cutting off gas supplies to Europe. Israel's war against the terrorist organisations Hamas and Hezbollah has not yet had any clear economic consequences, though it risks leading to higher oil prices. Although SCBC has no presence in the war- or sanction-affected areas, the company is indirectly affected by the unrest through its impact on the global economy. War can lead to high inflation, uncertainty about the future and volatility in the financial markets.

For further information about risks and risk management, please refer to SCBC's 2023 Annual Report.

Dividend and Group contribution

In December, the Board decided to approve an anticipated dividend of SEK 578 million from SCBC to the Parent Company SBAB. The final decision on the dividend will be taken at SCBC's 2025 General Meeting. At the same time, the Board decided to distribute a Group contribution from SCBC of SEK 10 million to Booli Search Technologies AB.

Events after the end of the period

No significant events occurred after the end of the period.

Auditors' review report

This report has been reviewed by the company's auditor in accordance with the International Standard on Review Engagements (ISRE) 2410. The review report can be found at the end of this report.

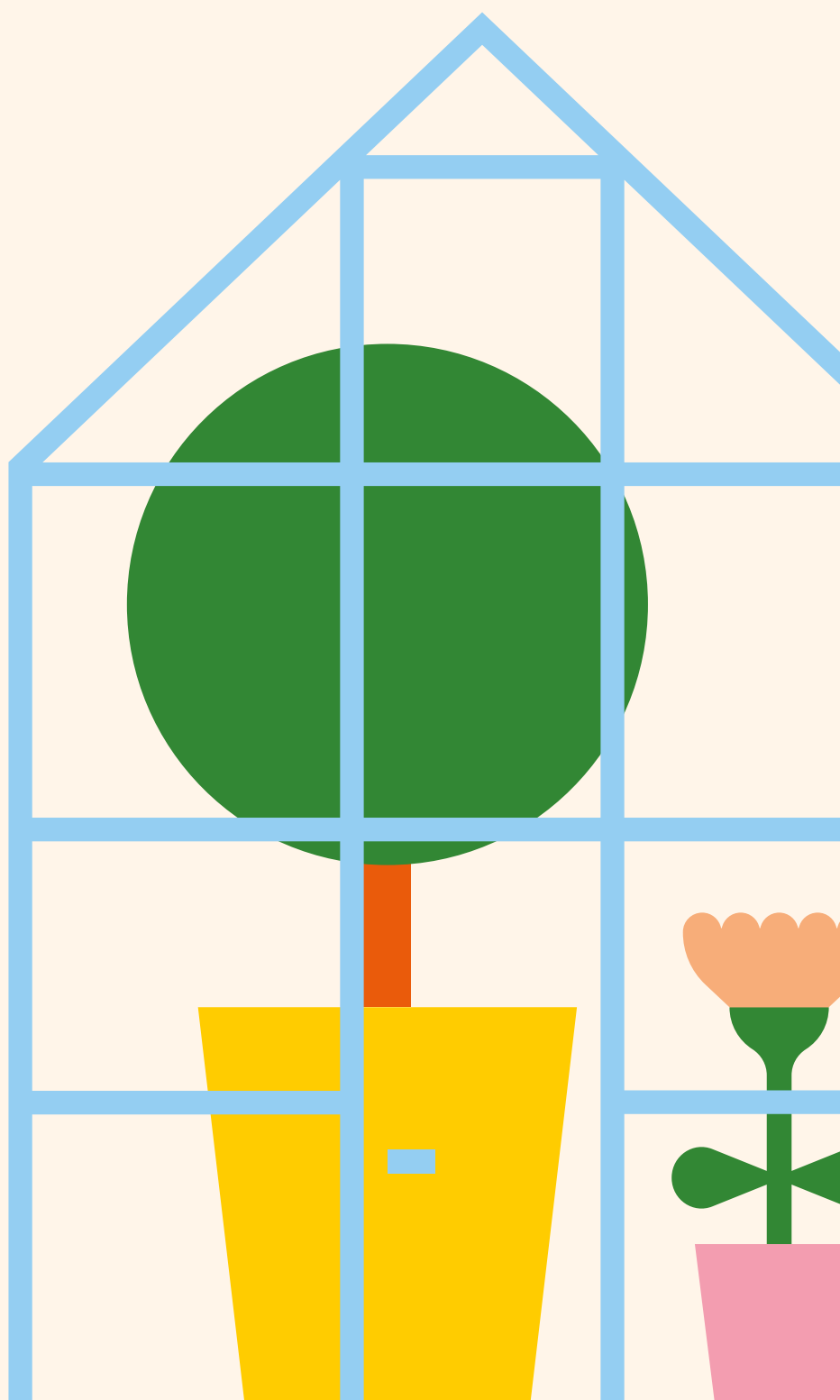
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Condensed income statement

SEK million	SCBC				
	2024	2024	2023	2024	2023
	Jul-Dec	Jan-Jun	Jul-Dec	Jan-Dec	Jan-Dec
Interest income ¹⁾	10,495	11,289	10,785	21,784	19,423
Interest expense	-8,737	-9,374	-8,751	-18,111	-15,382
Net interest income	1,758	1,915	2,034	3,673	4,041
Commission income	5	4	3	9	7
Commission expense	-19	-34	-26	-53	-59
Net expense from financial transactions (Note 3)	11	17	-21	28	-27
Other operating income	-1	0	0	1	0
Total operating income	1,754	1,902	1,990	3,656	3,962
General administrative expenses	-761	-694	-753	-1,455	-1,456
Other operating expenses	-8	-7	-5	-15	-13
Total expenses before loan losses and imposed fees	-769	-701	-758	-1,470	-1,469
Profit before loan losses and imposed fees	985	1,201	1,232	2,186	2,493
Net credit losses (Note 4)	-13	-34	-38	-47	-73
Imposed fees: Risk tax and resolution fee	-183	-185	-170	-368	-347
Operating profit	789	982	1,024	1,771	2,073
Tax on operating profit for the period/year	-163	-202	-211	-365	-427
Net profit for the period/year	626	780	813	1,406	1,646

1) The first half of 2024 the interest income on financial assets measured at amortised cost, calculated using the effective-interest method, amounted to SEK 9,933 million and for the corresponding period the previous year to SEK 10,790 million for the Group.

Condensed statement of comprehensive income

SEK million	SCBC				
	2024	2024	2023	2024	2023
	Jul-Dec	Jan-Jun	Jul-Dec	Jan-Dec	Jan-Dec
Net profit for the period	626	780	813	1,406	1,646
<i>Components that will be reclassified to profit or loss</i>					
Changes related to cash-flow hedges	1,985	-1,084	3,373	901	3,556
Tax attributable to components that will be reclassified to profit or loss	-409	223	-694	-186	-732
Other comprehensive income/loss, net of tax	1,576	-861	2,679	715	2,824
Total comprehensive income for the year	2,202	-81	3,492	2,121	4,470

SCBC's financial position and development is reflected in the income statement and balance sheet. Moreover, the applied accounting policies give certain revaluation effects, among other effects, that are recognised in other comprehensive income.

Other comprehensive income includes changes in cash-flow hedges that consist of unrealised value changes from derivatives used for hedging cash flows in the company's funding in foreign currencies. Funding in cash flow

hedges is measured at amortised cost, where value changes are not recognised while derivatives that hedge borrowing are marked to market. This means that changes in rates, primarily in euro, can lead to volatility during the term, even if the longterm result is zero. The line item is normally affected positively by a decline in interest rates and negatively by a rise in interest rates.

For further comments on the outcome of the period, please see the section Business Development earlier in this report.

Condensed balance sheet

SEK million	SCBC	
	31 Dec 2024	31 Dec 2023
ASSETS		
Lending to credit institutions	1,538	1,379
Lending to the public (Note 5)	520,771	493,220
Value changes of interest-rate-risk hedged items in macro hedges	-357	-1,565
Derivatives (Note 6)	9,526	10,122
Deffered tax assets	772	961
Other assets	187	179
Prepaid expenses and accrued income	312	322
TOTAL ASSETS	532,749	504,618
LIABILITIES AND EQUITY		
Liabilities		
Liabilities to credit institutions	1	0
Debt securities issued, etc.	305,210	326,176
Derivatives (Note 6)	8,516	12,380
Other liabilities	46	232
Accrued expenses and deferred income	3,391	3,057
Subordinated debt to the Parent Company (Note 9)	193,488	137,789
Total liabilities	510,652	479,634
Equity		
Restricted equity		
Share capital	50	50
Total restricted equity	50	50
Unrestricted equity		
Shareholder contribution	16,350	16,350
Fair value reserve	-2,954	-3,669
Retained earnings	7,245	10,607
Net profit for the year	1,406	1,646
Total unrestricted equity	22,047	24,934
Total equity	22,097	24,984
TOTAL LIABILITIES AND EQUITY	532,749	504,618

Condensed statement of changes in equity

SEK million	SCBC					
	Restricted equity	Unrestricted equity				Total equity
	Share capital	Fair value reserve	Shareholder contribution	Retained earnings	Net profit for the year	
Opening balance 1 January 2024	50	-3,669	16,350	12,253	-	24,984
Dividend paid	-	-	-	-5,000	-	-5,000
Group contribution paid, after tax	-	-	-	-8	-	-8
Other comprehensive income	-	715	-	-	-	715
Net profit for the year	-	-	-	-	1,406	1,406
Comprehensive income for the year	-	715	-	-	1,406	2,121
Closing balance 31 December 2024	50	-2,954	16,350	7,245	1,406	22,097
Opening balance 1 January 2023	50	-6,493	9,550	10,631	-	13,738
Shareholder contribution received	-	-	6,800	-	-	6,800
Group contribution paid, after tax	-	-	-	-24	-	-24
Other comprehensive income	-	2,824	-	-	-	2,824
Net profit for the year	-	-	-	-	1,646	1,646
Comprehensive income for the year	-	2,824	-	-	1,646	4,470
Closing balance 31 December 2023	50	-3,669	16,350	10,607	1,646	24,984

Condensed cash-flow statement

SEK million	SCBC	
	2024	2023
	Jan-Dec	Jan-Dec
Opening cash and cash equivalents	1,379	983
OPERATING ACTIVITIES		
Interest and commissions paid/received	3,970	5,284
Outflows to suppliers and employees	-1,838	-1,816
Taxes paid/refunded	-611	-500
Change in assets and liabilities of operating activities	-52,061	-19,655
Cash flow from (used in) operating activities¹⁾	-50,540	-16,687
INVESTING ACTIVITIES		
Cash flow from investing activities	-	-
FINANCING ACTIVITIES		
Dividend paid	-5,000	-
Shareholder contribution	-	6,800
Change in subordinated debt	55,699	10,283
Cash flow from financing activities	50,699	17,083
Increase/decrease in cash and cash equivalents	159	396
Closing cash and cash equivalents	1,538	1,379

¹⁾ During the year SCBC had lower issuance volumes compared to previous year due to higher volumes of deposits in SBAB.

Cash and cash equivalents are defined as cash and lending to credit institutions.

Change in liabilities attributable to financing activities

SEK million	SCBC									
	Opening balance 1 Jan 2024	Cash flow	Non-cash items		Closing balance 31 Dec 2024	Opening balance 1 Jan 2023	Cash flow	Non-cash items		Closing balance 31 Dec 2023
			Fair value	Other				Fair value	Other	
Subordinated debt	137,789	55,699	-	-	193,488	127,506	10,283	-	-	137,789
Total	137,789	55,699	-	-	193,488	127,506	10,283	-	-	137,789

Note 1 Accounting policies

SCBC applies statutory IFRS Accounting Standards®, which means that this interim report has been prepared in compliance with IFRS Accounting Standards subject to the additions and exceptions that ensue from the Swedish Financial Reporting Board's recommendation RFR 2 Accounting for Legal Entities, Finansinspektionen's regulations and general guidelines on annual accounts for credit institutions and securities companies (FFFS 2008:25) and the Swedish Annual Accounts Act for Credit Institutions and Securities Companies. SCBC prepares interim reports in accordance with IAS 34, taking into account the exceptions from and additions to IFRS Accounting Standards as detailed in RFR 2.

New and amended accounting principles that come into effect in 2024 or later
IFRS 18 Presentation and Disclosures in Financial Statements will replace IAS 1 Presentation of Financial Reports. The new standard will be effective for fiscal years beginning on or after January 1, 2027. Analysis is underway of the effect the new standard will have on SCBC's financial report.

Other changed accounting principles with entry into force in 2024 or later are currently deemed to have no significant impact on the SCBC's accounting or financial report.

The condensed interim reports are prepared on a going concern basis. The condensed interim reports were approved by the board for publication on 6 February 2025.

Note 2 Changes in risks

Credit risk in lending operations

During the second half of 2024, no increased credit risk was identified in SCBC's lending. The proportion of customers experiencing payment difficulties remained limited, and in the Private business area, the inflow of loans to credit stage 3 subsided towards the end of the year. As interest rates declined, positive rating grade migrations were observed in both Private and Corporate & Associations business areas. Additionally, during the half-year, credit bureau information for all customers in the lending portfolio was updated, along with market values for houses and condominiums, both resulting in improved credit risk.

The forward-looking information was revised in both September and December 2024 due to continuous monitoring of global economic developments. It continues to indicate declining interest rates over a longer horizon and greater price increases for residential properties in positive scenarios, while negative scenarios reflect slightly larger price declines due to recent market increases. These updates have contributed to milder PD effects, driven by lower interest rate expectations and previously elevated default rates, as well as slightly higher LGD effects due to larger price drops in negative scenarios. Consequently, the updates resulted in reduced loss provisions for credit stages 1 and 2, while loss provisions for credit stage 3 increased.

To account for upcoming updates in PD and LGD retail models for private individuals within the IRB system, which the bank plans to implement in the ECL model during 2025, a management overlay of SEK 29 million was applied to the loss provisions. The management overlay is due to slightly more conservative scores from the models and affects only credit stages 1 and 2 within the Private business area. The overlay will remain in effect until the ECL model has been adapted.

Overall, these factors have led to a reduction in loss provisions for credit stages 1 and 2 during the half-year, despite the management overlay. For credit stage 3, loss provisions increased due to both forward-looking information updates and a higher inflow of loans into credit stage 3.

As of December 31, 2024, total loss provisions amounted to SEK 268 million, compared to SEK 257 million as of June 30, 2024. Loan-to-Value (LTV) ratios for private individuals, real estate companies, and tenant-owners' associations amounted to 59%, 60%, and 31%, respectively, compared to 59%, 60%, and 32% as of June 30, 2024.

For more information regarding credit losses, credit loss allowances, credit risk and quality, please see [Note 4](#).

Counterparty credit risk in treasury operations

SCBC models counterparty credit risk according to CRR II Standardised Approach (SA-CCR). Total usage of SCBC's limits to transactional counterparties decreased to SEK 638 million as of December 31, 2024, compared to SEK 657¹⁾ million as of June 30, 2024.

Liquidity risk

Liquidity risk in SCBC is managed in cooperation with SBAB. SCBC together with SBAB Bank AB (publ) is treated as a liquidity subgroup according to CRR art. 8 and according to a decision from the Financial Supervisory Authority. SCBC has an agreement with SBAB regarding a liquidity facility which can be used to finance SCBC's operations. As of December 31, 2024 OC²⁾ amounted to 30.2% (34.3% as of June 30, 2024).

Market risk

SCBC uses Value at Risk (VaR) to quantify market risk, calculated based on a holding period of one year and a 99% confidence interval. SCBC's model is a historical model and applies percentiles in historical market data from the past two years. As of December 31, 2024, SCBC's VaR amounted to SEK 210 million, compared to SEK 188 million at June 30, 2024.

Operational risk

The change of SBAB's core ICT-system, with end date in the second quarter of 2026, is ongoing and complex. Therefore, the project is still a source of exposure for operational risks.

Business risk

Financial markets continue to be impacted by the current geopolitical situation and by elevated interest rates. The impact on SCBC's financial position is nevertheless moderate. Business risk is therefore considered to be at a low level. No material changes in the competitive landscape were observed during the year and SCBC has not entered any new, or exited any existing, markets or segments.

Concentration risk

SCBC is mainly exposed to credit risk-related concentration risk in the lending business. The risk department continuously monitors and analyzes the lending portfolio's concentration based on, among other things, geography, collateral, segments and product type. In addition, large exposures to individual counterparties are monitored on an ongoing basis. SCBC evaluates the capital requirement for concentration risk on a regular basis and quantifies the risk with economic capital for credit risk exposures. For more information, please see Note 11.

1) The comparison figure has been updated to also include repurchase agreements.

2) OC (Over-Collateralization) measures the OC-level in the cover pool. Regulated by "lagen om utgivning av säkerställda obligationer" (SFS 2003:1223) and regulations and general guidelines regarding covered bonds from Swedish FSA (FFFS 2013:1).

Note 3 Net result of financial transactions

SEK million	SCBC				
	2024	2024	2023	2024	2023
	Jul-Dec	Jan-Jun	Jul-Dec	Jan-Dec	Jan-Dec
Gains/losses on interest-bearing financial instruments					
– Change in value of hedged items in hedge accounting	-1,562	11	-4,693	-1,551	-4,109
– Derivatives in hedge accounting	1,560	-24	4,712	1,536	4,123
– Other derivatives	-240	-15	-260	-255	-294
– Realised gain/loss from financial liabilities at amortised cost	243	41	219	284	300
– Loan receivables at amortised cost	10	4	2	14	-47
Currency translation effects	0	0	-1	0	0
Total	11	17	-21	28	-27

SCBC uses derivatives to manage interest rate and currency risks in assets and liabilities. Derivatives are recognised at fair value in the balance sheet. SCBC's risk management and hedge accounting strategies entail that profit variations between periods may arise for individual items in the table above, as a result

of changes in market interest rates, but that they are in general offset by profit variations in other items. Profit variations not neutralised through risk management and hedge accounting are commented on in the income statement overview.

Note 4 Net credit losses

SEK million	SCBC				
	2024	2024	2023	2024	2023
	Jul-Dec	Jan-Jun	Jul-Dec	Jan-Dec	Jan-Dec
Lending to the public					
Confirmed credit losses	-3	-3	-1	-6	-4
Recoveries of previously confirmed credit losses	-	-	-	-	-
Adjustment of interest on written down loans	1	2	2	3	2
Change in provision for the period – credit stage 1	2	17	16	19	5
Change in provision for the period – credit stage 2	7	-6	36	1	18
Change in provision for the period – credit stage 3	-20	-44	-90	-64	-91
Guarantees	0	0	-1	0	-3
Net credit losses for the period – lending to the public	-13	-34	-38	-47	-73

For further information about definitions and assumptions for judgements and calculations of credit risk and the various credit stages under IFRS 9, refer to SCBC's 2023 Annual Report, note G 1 (Accounting policies).

Total credit losses (net) for the second half of 2024 amounted to SEK 13 million compared to SEK 34 million for the first half of 2024 (SEK 34 million). Confirmed credit losses were SEK 3 million (SEK 3 million). During the half-year, total loss provisions increased by SEK 11 million (increase of SEK 33 million). Loss provisions for loans in credit stage 1 decreased by SEK 2 million (decrease of SEK 17 million), and for credit stage 2 by SEK 7 million (increase of SEK 6 million), while provisions for credit stage 3 increased by SEK 20 million (increase of SEK 44 million).

The changes in provisions for loans in credit stages 1 and 2 were primarily influenced by a management overlay amounting to SEK 29 million. The overlay was made in preparation for upcoming updates to the PD and LGD retail models for private individuals within the IRB system, which the bank intends to implement in the ECL model during 2025, leading to more conservative scores from the models. The adjustment applies only to credit stages 1 and 2 within the Private business area and will remain in effect until the ECL model is adjusted.

The update of forward-looking information in both September and December 2024, including new macroeconomic scenarios, continues to indicate a trend of lower interest rates going forward. This, combined with previously elevated default rates, resulted in milder future PD effects and therefore a reduction in loss provisions for both credit stages 1 and 2. However, for credit stage 3, loss provisions increased due to slightly larger price declines for houses and real estate properties in negative scenarios, primarily affecting credit stage 3.

Additionally, positive rating grade migrations were observed during the half-year across both business areas, Private and Corporate & Associations respectively, which primarily reduced loss provisions in credit stages 1 and 2. Guarantees available to cover credit losses remained unchanged during the half-year.

Note 4 Net credit losses, Cont.

Sensitivity analysis of forward-looking information

Lending to the public and loan commitments

Factors	Scenario 1 (40%)			Scenario 2 (10%)			Scenario 3 (25%)			Scenario 4 (25%)		
	2025	2026	2027	2025	2026	2027	2025	2026	2027	2025	2026	2027
GDP ¹⁾ , Δ	+2.2%	+5.3%	+7.4%	+3.3%	+8.1%	+11.2%	-6.8%	-0.6%	+2.2%	-2.9%	-3.7%	-2.3%
Repo rate	2.2%	2.1%	2.2%	2.1%	2.1%	2.4%	2.4%	2.5%	2.5%	2.7%	3.2%	3.2%
Unemployment	8.3%	7.9%	7.5%	8.1%	7.1%	6.3%	8.7%	11.1%	10.0%	8.5%	9.4%	10.1%
House prices, Δ	+2.0%	+4.5%	+3.6%	+6.6%	+1.3%	+3.2%	-7.3%	-5.9%	+0.3%	-8.2%	-12.7%	-8.2%
Prices of tenant-owners' rights, Δ	+4.0%	+4.5%	+4.1%	+9.4%	+0.5%	+3.5%	-6.4%	-9.4%	-1.0%	-8.8%	-16.6%	-7.3%
Property prices, Δ	-0.1%	+1.2%	+4.0%	+2.5%	+1.4%	+2.8%	-6.3%	-5.8%	-6.3%	-8.1%	-8.4%	-11.9%
ECL	SEK 145 million			SEK 141 million			SEK 309 million			SEK 475 million		
Weighted ECL	SEK 268 million											

1) Not included in the ECL calculation

Impairment model and credit loss provisions

During the second half of 2024, SCBC evaluated the forward-looking information and received updated macroeconomic forecasts from SBAB's Chief Economist. This information is applied in the impairment model for calculating expected credit losses (ECL model) and thereby credit loss allowances.

The updates to the macroeconomic forecasts reflect a slowdown in interest rate development with declining rates over a longer period and greater price increases for houses and real estate properties in positive scenarios. However, in negative scenarios, slightly larger price declines are projected, influenced by recent price increases. The Swedish economy is still assessed to be affected by the relatively high-interest rates resulting from recent years' inflation and increased global economic uncertainty.

All scenarios in the forward-looking information account for slightly lower interest rates in the coming years, with the interest rate peak considered to have already occurred. In line with this interest rate trend, unemployment is expected to decrease, except in negative scenarios where sustained high interest rates during 2025 could impact both the Swedish economy and in particular unemployment levels. House and condominium prices are specifically expected to rise with falling interest rates in the positive scenarios (1 and 2) but show significant declines in the negative scenarios (3 and 4).

As of December 31, 2024, the total loss provisions amounted to SEK 268 million, compared to SEK 257 million as of June 30, 2024.

The revised forward-looking information, updated in both Q3 and Q4, led to decreased loss provisions in credit stages 1 and 2 across both business areas, primarily due to milder PD effects in the ECL model caused by a slowing interest rate trajectory combined with increased default frequencies observed during 2024. However, loss provisions for credit stage 3 increased due to greater price declines in the negative scenarios. Overall, the forward-looking adjustments reduced loss provisions by SEK 15 million during the half-year.

Additionally, positive rating grade migrations were observed in both business areas, resulting in a reduction of SEK 23 million in loss provisions for credit stages 1 and 2, mainly within the Corporate & Associations business area. However, for credit stage 3, loss provisions increased by SEK 20 million, attributable to a higher volume of loans with payment difficulties in the Private business area.

Due to upcoming updates in the PD and LGD models for private individuals within the IRB system, which the bank plans to implement in the ECL model during 2025, a management overlay amounting to SEK 29 million has been applied. This overlay is due to slightly more conservative scores from the models and has resulted in increased loss provisions for credit stages 1 and 2 in the Private business area.

The forward-looking information presented in the table above is composed of a weighting of the four scenarios with forecasts of the macroeconomic factors applied in the ECL model. The underlying credit risk models for calculating ECL, which largely depend on customer payment behaviour and the market value of collateral, have shown improved credit risk during the half-year.

SCBC is currently comfortable with the size of the credit loss provisions totaling SEK 268 million as of December 31, 2024.

Overall credit quality

The credit quality of SCBC's lending remains strong despite prevailing economic conditions, and the credit risk in lending to private individuals remains low. Lending within the Private segment is based on a robust credit assessment process that ensures a customer has the financial capacity to meet their commitments. The Swedish Financial Supervisory Authority's (SFSA) annual mortgage survey, based on data from 2023, shows that new customers still have good margins to manage their payments despite the deteriorating economic conditions. At the end of the second half-year of 2024, the average Loan-to-Value (LTV) ratio²⁾ in the mortgage portfolio was 59% unchanged from the end of the first half of 2024 (59%).

The credit quality of SCBC's lending to property companies, housing developers, and tenant-owners' associations is also considered good. The average LTV for real estate companies and tenant-owners' associations at the end of the year was 60% and 31%, respectively, compared to 60% and 32% at the end of the first half of the year. In the Corporates & Associations business area, the granting of loans is based on an assessment of the customers' ability to generate stable cash flows over time and whether adequate collateral can be provided. With the economic development of high inflation followed by rising interest rates, proactive efforts have been made to identify customers who are or may become particularly financially vulnerable.

SCBC has maintained frequency monitoring customers with market financing to be refinanced in both the short and long term. Moreover, frequent evaluation of customers' rating grades using expert assessment is performed. No new individual provisions have been deemed necessary within this business area during the second half of 2024.

2) The loan-to-value (LTV) ratio is defined as the size of a loan in relation to the market value of pledged collateral. The reported average is the weighted average. Where applicable, the calculation takes into consideration contributory factors such as guarantees and the collateral's lien priority. SCBC verifies property values on a regular basis. For residential properties and tenant-owners' rights, the property value is verified at least every third year.

Note 5 Lending to the public

SEK million	SCBC	
	31 Dec 2024	31 Dec 2023
Opening balance	493,220	483,738
Transferred to/from Group entities	71,756	46,457
Amortisation, repayments, etc.	-44,155	-36,903
Confirmed credit losses	-6	-4
Change in provision for expected credit losses ¹⁾	-44	-68
Closing balance	520,771	493,220

1) For further information, please refer to Note 4 ("Change in provision for the period – credit stage 1, 2 and 3").

Distribution of lending, including provisions

SEK million	SCBC	
	31 Dec 2024	31 Dec 2023
Lending, Residential mortgages	362,334	343,405
Lending, Corporate Clients & Tenant-Owners' Associations	158,437	149,815
Total	520,771	493,220

Note 5 Lending to the public, Cont.

Lending to the public by credit stage

SEK million	SCBC	
	31 Dec 2024	31 Dec 2023
Credit stage 1		
Gross carrying amount	486,631	449,733
Provision for expected credit losses	-29	-48
Carrying amount	486,602	449,685
Credit stage 2		
Gross carrying amount	33,580	43,063
Provision for expected credit losses	-60	-61
Carrying amount	33,520	43,002
Credit stage 3		
Gross carrying amount	828	648
Provision for expected credit losses	-179	-115
Carrying amount	649	533
Gross carrying amount (credit stages 1, 2 and 3)	521,039	493,444
Provision for expected credit losses (credit stages 1, 2 and 3)	-268	-224
Total	520,771	493,220

Lending to the public and provisions

SEK million	SCBC							
	Credit stage 1		Credit stage 2		Credit stage 3		Capital	
Capital	Capital	Provision	Capital	Provision	Capital	Provision	Capital	Provision
Opening balance 1 January 2024	449,733	-48	43,063	-61	648	-115	493,444	-224
Moved to credit stage 1	22,782	-39	-22,744	33	-38	6	0	0
Moved to credit stage 2	-18,774	5	18,886	-15	-112	10	0	0
Moved to credit stage 3	-193	0	-345	2	538	-2	0	0
Volume change*	31,660	-1	-4,878	2	-195	23	26,586	25
Revaluation**	1,423	54	-402	-21	-7	-106	1,014	-73
Confirmed credit losses	0	-	-	-	-6	5	-6	5
Closing balance 31 December 2024	486,631	-29	33,580	-60	828	-179	521,039	-268

* Refers to new lending, amortisations, redemptions and loan transfers between SBAB and SCBC.

** Refers to revaluation of ECL as well as changes in transaction and modification costs.

SEK million	SCBC							
	Credit stage 1		Credit stage 2		Credit stage 3		Capital	
Capital	Capital	Provision	Capital	Provision	Capital	Provision	Capital	Provision
Opening balance 1 January 2023	455,239	-53	28,309	-79	346	-24	483,894	-156
Moved to credit stage 1	16,784	-39	-16,756	38	-28	1	0	0
Moved to credit stage 2	-37,522	7	37,584	-9	-62	2	0	0
Moved to credit stage 3	-194	0	-360	4	554	-4	0	0
Volume change*	15,233	-3	-5,156	8	-151	7	9,926	12
Revaluation**	193	40	-557	-23	-8	-100	-372	-83
Confirmed credit losses	-	-	-1	-	-3	3	-4	3
Closing balance 31 December 2023	449,733	-48	43,063	-61	648	-115	493,444	-224

* Refers to new lending, amortisations, redemptions and loan transfers between SBAB and SCBC.

** Refers to revaluation of ECL as well as changes in transaction and modification costs.

Note 6 Derivatives

SEK million	SCBC					
	31 Dec 2024			31 Dec 2023		
	Assets measured at fair value	Liabilities measured at fair value	Total nominal amount	Assets measured at fair value	Liabilities measured at fair value	Total nominal amount
Interest-rate-related	2,716	8,516	331,904	3,301	12,124	371,724
Currency-related	6,810	-	69,219	6,821	256	78,795
Total	9,526	8,516	401,123	10,122	12,380	450,519

Cross-currency interest-rate swaps are classified as currency-related derivatives.

Note 7 Classification of financial instruments

Financial assets

SEK million	SCBC				
	31 Dec 2024				
	Financial assets measured at FVTPL		Financial assets measured at amortised cost	Total	Total fair value
Derivatives (held for trading)	Other (obligatory) classification				
Lending to credit institutions	-	-	1,538	1,538	1,538
Lending to the public	-	-	520,771	520,771	519,265
Value changes of interest-rate-risk hedged items in macro hedges	-	-	-357	-357	-
Derivatives	9,526	-	-	9,526	9,526
Other assets	-	-	171	171	171
Prepaid expenses and accrued income	-	-	312	312	312
Total	9,526	-	522,435	531,961	530,812

Financial liabilities

SEK million	SCBC				
	31 Dec 2024				
	Financial liabilities measured at FVTPL		Financial liabilities measured at amortised cost	Total	Total fair value
Derivatives (held for trading)	Held for trading				
Liabilities to credit institutions	-	-	1	1	1
Issued debt securities, etc.	-	-	305,210	305,210	301,249
Derivatives	8,516	-	-	8,516	8,516
Other liabilities	-	-	46	46	46
Accrued expenses and deferred income	-	-	3,391	3,391	3,391
Subordinated debt to the Parent Company	-	-	193,488	193,488	193,488
Total	8,516	-	502,136	510,652	506,691

Not 7 Classification of financial instruments, Cont.

Financial assets

SCBC						
31 Dec 2023						
SEK million	Financial assets measured at FVTPL		Financial assets measured at amortised cost	Total	Total fair value	
	Derivatives (held for trading)	Other (obligatory) classification				
Lending to credit institutions	-	-	1,379	1,379	1,379	
Lending to the public	-	-	493,220	493,220	486,713	
Value changes of interest-rate-risk hedged items in macro hedges	-	-	-1,565	-1,565	-	
Derivatives	10,122	0	-	10,122	10,122	
Other assets	-	-	179	179	179	
Prepaid expenses and accrued income	-	-	321	321	321	
Total	10,122	0	493,534	503,655	498,714	

Financial liabilities

SCBC						
31 Dec 2023						
SEK million	Financial liabilities measured at FVTPL		Financial liabilities measured at amortised cost	Total	Total fair value	
	Derivatives (held for trading)	Held for trading				
Liabilities to credit institutions	-	-	0	0	0	
Issued debt securities, etc.	-	-	326,176	326,176	318,285	
Derivatives	12,354	26	-	12,380	12,380	
Other liabilities	-	-	70	70	70	
Accrued expenses and deferred income	-	-	3,057	3,057	3,057	
Subordinated debt to the Parent Company	-	-	137,789	137,789	137,789	
Total	12,534	26	467,092	479,472	471,581	

Fair value measurement of financial instruments

The measurement policies for financial instruments recognised at fair value in the balance sheet are provided in Note G 1 (Accounting Policies) in SCBC's Annual Report 2023. In the total fair value column above, information is also provided on the fair value of financial instruments that are recognised at amortised cost in the balance sheet. The carrying amounts for current receivables and liabilities, including subordinated debt to the Parent Company, have

been assessed as equal to their fair values. For Lending to the public, where no observable credit margin data is available at the time of measurement, the credit margin on the most recent date for changes in terms is applied to set the discount rate, Level 3. Issued debt securities are measured at the company's current borrowing interest rate, Level 2.

Note 8 Fair Value Disclosures

SEK million	SCBC							
	31 Dec 2024				31 Dec 2023			
	Quoted market prices (Level 1)	Other observable market data (Level 2)	Unobservable market data (Level 3)	Total	Quoted market prices (Level 1)	Other observable market data (Level 2)	Unobservable market data (Level 3)	Total
Assets								
Derivatives	-	9,526	-	9,526	-	10,122	-	10,122
Total	-	9,526	-	9,526	-	10,122	-	10,122
Liabilities								
Derivatives	-	8,516	-	8,516	-	12,380	-	12,380
Total	-	8,516	-	8,516	-	12,380	-	12,380

The measurement policies for financial instruments recognised at fair value in the balance sheet are provided provided in Note 1 (Accounting Policies) in SCBC's Annual Report 2023. In the table, financial assets and liabilities recognised at fair value in the balance sheet are divided on the basis of the measurement levels used below. No transfers were made between levels in 2023 or 2024.

Quoted market prices (Level 1)

Measurement at quoted prices in an active market for identical assets and liabilities. A market is deemed to be active if the price data is easily accessible and corresponds to actual regularly occurring transactions. This measurement method is currently not used on any asset or liability.

Measurement based on observable market data (Level 2)

Measurement aided by external market information other than quoted prices included in Level 1, such as quoted interest rates or prices for closely related instruments. The main tools used are models based on discounted cash flows. This group includes all non-quoted derivatives.

Measurement based in part on market unobservable data (Level 3)

Measurement whereby a material component of the model is based on estimates or assumptions that do not originate directly from the market. This method is currently not used on any asset or liability.

Note 9 Subordinated debt to the Parent Company

SEK million	SCBC	
	31 Dec 2024	31 Dec 2023
Subordinated debt to the Parent Company	193,488	137,789
– Of which Internal Group MREL instrument	24,000	24,000
Total	193,488	137,789

Terms and conditions governing subordination

The subordinated debt is subordinate to the company's other liabilities in the event of receivership or liquidation, which means that it carries an entitlement to payment only after other claimants have received payment.

Internal Group MREL instrument

Of the subordinated debt to the Parent Company SBAB Bank AB (publ), SEK 24,000 million (24,000) comprises internal Group debt instruments (senior non-preferred notes) that were issued by SCBC to the Parent Company for the purpose of meeting the minimum requirement for own funds and eligible liabilities (MREL) announced by the Swedish National Debt Office in SCBC. The internal Group MREL instruments are subordinate to other subordinated debt to the Parent Company.

Note 10 Capital adequacy, own funds and capital requirements

Amendments to the Banking Package

The capital adequacy is based on the Capital Requirements Regulation (CRR) and the Capital Requirements Directive (CRD) which have been adapted to the Banking Package adopted on 7 June 2019. Information in this note refers to the minimum capital requirements according to Pillar 1 and corresponds to the disclosure requirements in the CRR, part eight and the Swedish FSA regulation FFFS 2014:12.

In June 2024 changes in CRR and CRD were adopted and published in the Official Journal, which means that the last parts of the Basel 3 regulations have been completed. The regulation contains amendments that improve the comparability of risk-based capital measures between the banks in the EU banking sector. This will reduce the scope for unjustified differences. The regulation includes changes to the standardized approaches and the internal models used to calculate capital requirements for credit risk. For the internal models a capital

requirement floor is introduced, where risk weighted exposure amounts must not be less than 72.5% of what the standardized approach measures, with a transitional period during 2025-2030.

The rules are mainly to be applied from 1 January 2025, but for several years transitional rules will apply.

Buffer requirements

The countercyclical buffer rate for Swedish exposures amounts to 2% as of 31 December 2024. The Swedish FSA has announced in the fourth quarter 2024 that the countercyclical buffer rate is left unchanged.

The countercyclical buffer rates for Denmark and Norway are unchanged at 2.5% as of 31 December 2024.

Capital adequacy

SEK million	SCBC				
	31 Dec 2024	30 Sep 2024	30 Jun 2024	31 Mar 2024	31 Dec 2023
Available own funds (amounts)					
Common Equity Tier 1 (CET1) capital	24,140	23,904	23,742	23,544	23,326
Tier 1 capital	24,140	23,904	23,742	23,544	23,326
Total capital	24,144	23,910	23,748	23,552	23,328
Risk-weighted exposure amounts					
Total risk exposure amount	147,471	143,669	144,216	142,206	139,506
Capital ratios (as a percentage of risk-weighted exposure amount)					
Common Equity Tier 1 ratio (%)	16.4	16.6	16.5	16.6	16.7
Tier 1 ratio (%)	16.4	16.6	16.5	16.6	16.7
Total capital ratio (%)	16.4	16.6	16.5	16.6	16.7
Additional own funds requirements to address risks other than the risk of excessive leverage (as a percentage of risk-weighted exposure amount)					
Additional own funds requirements to address risks other than the risk of excessive leverage (%)	1.2	1.2	1.2	1.2	1.2
of which: to be made up of CET1 capital (percentage points)	0.7	0.7	0.7	0.7	0.7
of which: to be made up of Tier 1 capital (percentage points)	0.9	0.9	0.9	0.9	0.9
Total SREP own funds requirements (%)	9.2	9.2	9.2	9.2	9.2
Combined buffer and overall capital requirement (as a percentage of risk-weighted exposure amount)					
Capital conservation buffer (%)	2.5	2.5	2.5	2.5	2.5
Conservation buffer due to macro-prudential or systemic risk identified at the level of a Member State (%)	-	-	-	-	-
Institution specific countercyclical capital buffer (%)	2.0	2.0	2.0	2.0	2.0
Systemic risk buffer (%)	-	-	-	-	-
Global Systemically Important Institution buffer (%)	-	-	-	-	-
Other Systemically Important Institution buffer (%)	-	-	-	-	-
Combined buffer requirement (%)	4.5	4.5	4.5	4.5	4.5
Overall capital requirements (%)	13.7	13.7	13.7	13.7	13.7
CET1 available after meeting the total SREP own funds requirements (%)	7.1	7.4	7.2	7.3	7.5

Note 10 Capital adequacy, own funds and capital requirements, Cont.

SEK million	SCBC				
	31 Dec 2024	30 Sep 2024	30 Jun 2024	31 Mar 2024	31 Dec 2023
Leverage ratio					
Total exposure measure	524,312	515,689	509,360	502,897	494,306
Leverage ratio (%)	4.6	4.6	4.7	4.7	4.7
Additional own funds requirements to address the risk of excessive leverage (as a percentage of total exposure measure)					
Additional own funds requirements to address the risk of excessive leverage (%)	-	-	-	-	-
of which: to be made up of CET1 capital (percentage points)	-	-	-	-	-
Total SREP leverage ratio requirements (%)	3.0	3.0	3.0	3.0	3.0
Leverage ratio buffer and overall leverage ratio requirement (as a percentage of total exposure measure)					
Leverage ratio buffer requirement (%)	-	-	-	-	-
Overall leverage ratio requirement (%)	3.0	3.0	3.0	3.0	3.0
Liquidity Coverage Ratio¹⁾					
Total high-quality liquid assets (HQLA) (Weighted value -average)					
Cash outflows - Total weighted value					
Cash inflows - Total weighted value					
Total net cash outflows (adjusted value)					
Liquidity coverage ratio (%)					
Net Stable Funding Ratio¹⁾					
Total available stable funding					
Total required stable funding					
NSFR ratio (%)					

¹⁾ AB Sveriges Säkerställda Obligationer (publ) is treated as a single liquidity sub-group, together with SBAB Bank AB(publ), according to Article 8 (CRR) and a decision by Swedish FSA. Therefore, Liquidity information is only regarded material on a consolidated basis. For results on a consolidated level, see Year-end report for SBAB.

Note 10 Capital adequacy, own funds and capital requirements, Cont.

Disclosures in accordance with Article 4 of Commission Implementing Regulation (EU) No 637/2021, Annex VII.

Own funds

SEK million	SCBC	
	31 Dec 2024	31 Dec 2023
Common Equity Tier 1 (CET1) capital : Instruments and reserves		
Capital instruments and the related share premium accounts	50	50
Retained earnings	23,595	26,957
Accumulated other comprehensive income (and other reserves)	-2,954	-3,669
Independently reviewed year end profits net of any foreseeable charge or dividend ¹⁾	827	-3 354
Common Equity Tier 1 (CET1) capital before regulatory adjustments	21,518	19,984
Common Equity Tier 1 (CET1) capital: regulatory adjustments		
Additional value adjustments (negative amount)	-18	-24
Intangible assets(net of related tax liability (negative amount)	-	-
Fair value reserves related to gains or losses on cash-flow hedges of financial instruments that are not valued at fair value	2,954	3,669
Negative amounts resulting from the calculation of expected loss amounts	-313	-302
Gains or losses on liabilities valued at fair value resulting from changes in own credit standing	-	-
Other regulatory adjustments ²⁾	-1	-1
Total regulatory adjustments to Common Equity Tier 1 (CET1)	2,622	3,342
Common Equity Tier 1 (CET1) capital	24,140	23,326
Additional Tier 1 (AT1) capital: Instruments		
Additional Tier 1 (AT1) capital before regulatory adjustments	-	-
Additional Tier 1 capital: regulatory adjustments		
Total regulatory adjustments to Additional Tier 1 (AT1) capital	-	-
Additional Tier 1 (AT1) capital	-	-
Tier 1 capital (T1 =CET1+A1)	24,140	23,326
Tier 2 (T2) capital: Instruments		
Capital instruments and the related share premium accounts	-	-
Credit risk adjustments	4	2
Tier 2 (T2) capital before regulatory adjustments	4	2
Tier 2 (T2) capital: regulatory adjustments		
Total regulatory adjustments to Tier 2(T2) capital	-	-
Tier 2 (T2) capital	4	2
Total capital (TC=T1+T2)	24,144	23,328
Total risk-exposure amount	147,471	139,506

Note 10 Capital adequacy, own funds and capital requirements, Cont.

SEK million	SCBC	
	31 Dec 2024	31 Dec 2023
Capital ratio and requirements including buffers, %		
Common Equity Tier 1 capital	16.4	16.7
Tier 1 capital	16.4	16.7
Total capital	16.4	16.7
Institution CET1 overall capital requirements	9.7	9.7
– of which, capital conservation buffer requirement	2.5	2.5
– of which, countercyclical buffer requirement	2.0	2.0
– of which, systemic risk buffer requirement	–	–
– of which, G-SII buffer and O-SII buffer	–	–
– of which, additional own funds requirements to address the risk other than the risk of excessive leverage	0.7	0.7
Common Equity Tier 1 capital (as a percentage of risk exposure amount) available after meeting the minimum requirements	7.1	7.5

1) Net profits for the year end were reduced by the expected dividend of SEK 579 million. The results have been verified by Deloitte AB pursuant to Article 26, Point 2a of the Capital Requirements Regulation.

2) A small deduction from CET1 capital has been made due to the NPL backstop, pursuant to Article 36, Point 1m of the Capital Requirements Regulation.

Note 10 Capital adequacy, own funds and capital requirements, Cont.

Risk exposure amounts and capital requirements

SEK million	SCBC			
	31 Dec 2024		31 Dec 2023	
	Risk exposure amount	Capital requirement	Risk exposure amount	Capital requirement
Credit risk recognised in accordance with IRB approach				
Exposures to corporates	49,467	3,958	46,961	3,757
Retail exposures	16,904	1,352	20,436	1,635
– of which, exposures to SMEs	–	–	–	–
– of which, retail exposures secured by immovable property	16,904	1,352	20,436	1,635
Total exposures recognised with IRB approach	66,371	5,310	67,397	5,392
Credit risk recognised with the standardised approach				
Exposure to governments and central banks ¹⁾	14	1	23	2
Exposures to regional governments or local authorities or agencies	0	0	–	–
Exposures to institutions ²⁾	161	13	123	10
– of which, derivatives according to CRR, Appendix 2	122	10	123	10
– of which, repos	38	3	–	–
– of which, other	1	0	–	–
Exposures to institutions and corporates with a short-term credit rating	2	0	2	0
Other items	0	0	14	1
Total exposures recognised with standardised approach	177	14	162	13
Market risk	469	38	267	21
– of which, position risk	–	–	–	–
– of which, currency risk	469	38	267	267
Operational risk	5,971	478	5,414	433
Credit valuation adjustment risk	717	57	813	65
Additional requirements under Article 458 of the CRR	73,766	5,901	65,454	5,236
Total risk exposure amount and minimum capital requirement	147,471	11,798	139,506	11,161
Capital requirements for capital conservation buffer		3,687		3,488
Capital requirements for countercyclical buffer		2,949		2,790
Total capital requirement		18,434		17,438

1) Risk-weighted amount for governments and central banks amounts to SEK 14 million (23) due to deferred tax according to CRR Article 48(4).

2) The risk exposure amount for counterparty risk according to the CRR, Article 92(3)(f), amounts to SEK 160 million (123).

Note 11 Internally assessed capital requirement

The internal capital adequacy assessment aims to ensure that SCBC has sufficient capital to withstand a financial crisis. The internally assessed capital requirement for SCBC amounted to SEK 7,526 million (SEK 7,743 million per 31 December 2023). The internal capital requirement is assessed using internal models for economic capital and is not fully comparable to the estimated capital requirement published by the Swedish FSA due to differences in both assumptions and methodologies. SCBC estimates that total capital requirement

as of 31 December 2024 according to Swedish FSA amount to SEK 20,262 million, of which SEK 1,829 million comprise capital requirement in Pillar 2. SCBC quantifies the internal capital requirement within the scope of the internal capital adequacy assessment process (ICAAP). Internal capital requirement is defined as the higher of the economic capital and the regulatory capital requirement based on Pillar 1, Pillar 2, and buffer requirements for each risk category.

	SCBC	
	31 Dec 2024	31 Dec 2023
	Internally assessed capital requirement	
	SEK million	SEK million
Creditrisk	5,372	5,405
Market risk	495	795
Operational risk	478	433
Concentration risk	1,124	1,029
Sovereign risk	0	0
CVA	57	65
Other risks ¹⁾	0	0
Total	7,526	7,727
Total own funds	24,144	23,328

1) This includes pension and business risk

Alternative performance measures

Alternative performance measures (APMs) are financial metrics of historical or future performance, financial position or cash flows that are not defined in the applicable rules for financial reporting (such as IFRS and the Swedish Annual Accounts Act) or in the EU's Capital Requirements Directive (CRD IV)/Capital Requirements Regulation (CRR).

SBAB uses APMs when these are relevant for the presentation and follow-up of SCBC's financial position and when these metrics are deemed to provide additional valuable information to readers of the financial reports. SCBC has also chosen to present the APMs as they are in common use within the industry. APMs can be calculated with various approaches and, accordingly, SCBC's metrics are not directly comparable with similar metrics presented by other companies.

Return on equity

Definition: Net profit for the period (annualised) in relation to average equity (calculated using the opening and closing balances for the reporting period), after adjustment for additional Tier 1 instruments and value changes in financial assets recognised in equity.

The APM aims to provide the reader with further information regarding the SCBC's profitability in relation to unrestricted equity.

SEK million	GROUP	
	2024	2023
	Jan-Dec	Jan-Dec
Net profit for the period	1,406	1,646
Average equity	24,352	24,442
Return on equity, %	5,8	6,7

Definitions of other key performance indicators

Return on assets	Net profit in relation to balance sheet total
CET1 capital ratio	CET1 capital in relation to risk-weighted assets
Total capital ratio	Own funds in relation to risk-weighted assets
Tier 1 capital ratio	Tier 1 capital in relation to risk-weighted assets
Leverage ratio	Tier 1 capital in relation to total assets and off-balance sheet exposures restated with the application of credit conversion factors

Auditors' review report

To the Board of Directors in The Swedish Covered Bond Corporation (publ), org.nr. 556645-9755

Introduction

We have reviewed the condensed interim financial information (year-end report) for The Swedish Covered Bond Corporation ("SCBC") (in Swedish: AB Sveriges Säkerställda Obligationer (publ)) for the period 1 January – 31 December 2024. The Board of Directors and the CEO are responsible for the preparation and presentation of this year-end report in accordance with IAS 34 and the Annual Accounts Act for Credit Institutions and Securities Companies. Our responsibility is to express a conclusion on this year-end report based on our review.

Scope of review

We conducted our review in accordance with the International Standard on Re-

view Engagements (ISRE) 2410 Review of Interim Financial Information performed by the company's auditors. A review consists of making inquiries, primarily with persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with ISA and other generally accepted auditing practices. The procedures performed in a review do not enable us to obtain a level of assurance that would make us aware of all significant matters that might be identified in an audit. Therefore, the conclusion expressed based on a review does not give the same level of assurance as a conclusion expressed based on an audit.

Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the year-end report is not, in all ma-

terial aspects, in accordance with IAS 34 and the Annual Accounts Act for Credit Institutions and Securities Companies.

Stockholm, 6 February, 2025

Deloitte AB

Signature on Swedish original

Malin Lüning
Authorised Public Accountant

The Board of Directors and the CEO affirm that this report provides an accurate overview of the operations, financial position and performance of the company, and describes the significant risks and uncertainties faced by the company

Solna, February 6, 2025

Fredrik Jönsson
CEO

Financial calendar

Annual Report 2024	20 March 2025
Interim Report Jan–Jun 2025	16 July 2025
Year-end Report 2024	13 February 2026

The Annual General Meeting will be held in Solna 29 April 2025

Credit ratings

	Moody's	Standard & Poor's
Long-term funding, SBAB	A1	A+
Long-term funding, SCBC	Aaa	–
Short-term funding, SBAB	P-1	A-1



Contact

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This information was submitted
for publication on 7 February, 2025
at 08:00 (CET).

While every care has been taken in the translation of this report, readers are reminded that the original report, signed by the Board of Directors and the CEO, is in Swedish.