

# SBAB!

## Results Presentation

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25 October 2024

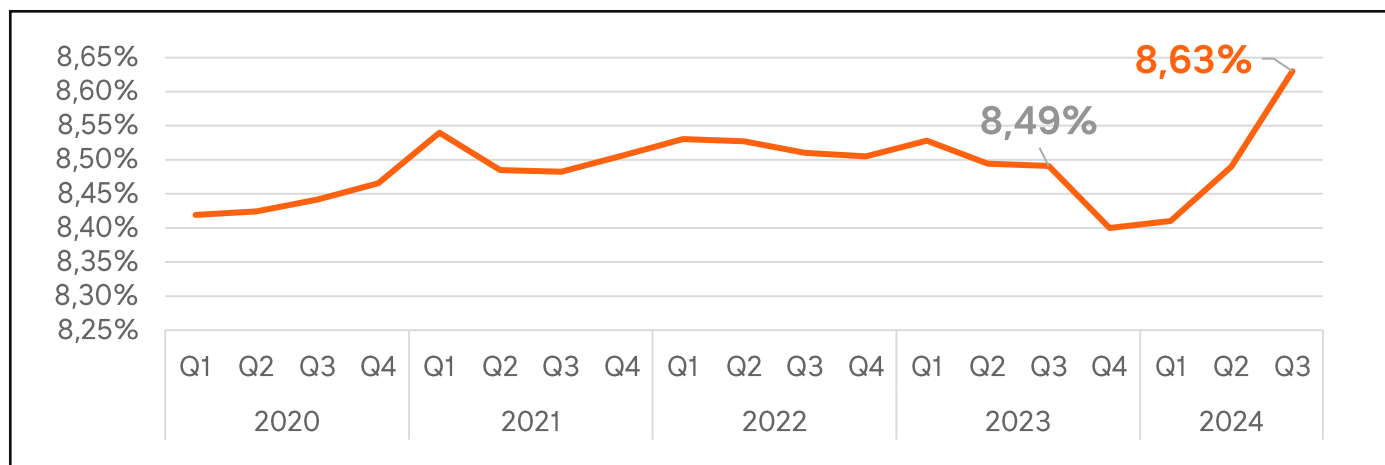
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# Q3 highlights: Strong growth in residential mortgages

- SBAB continues to do very well despite challenging market conditions, i.e. limited market growth and continued margin pressure, in line with long-term ambition to grow the business



Share of net growth in residential mortgage market

QoQ  
(May 2024 – Aug 2024)

43%

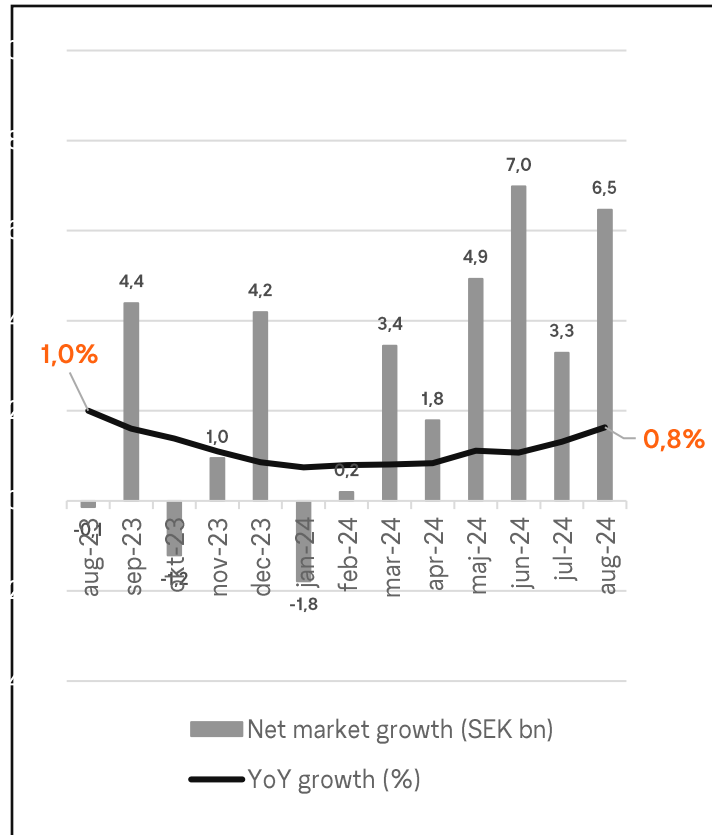
YoY  
(Aug 2023 – Aug 2024)

25%

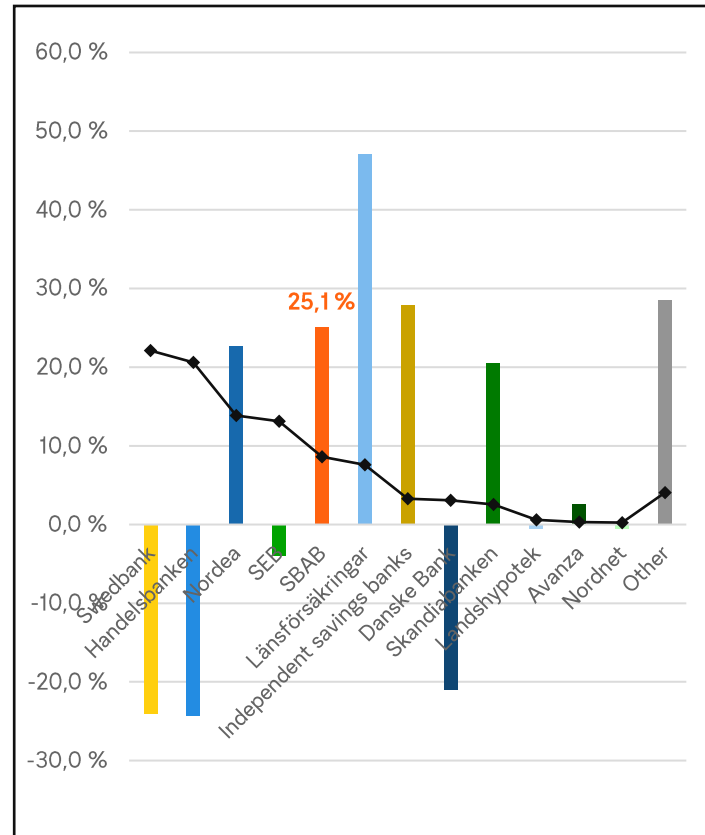


# The mortgage market

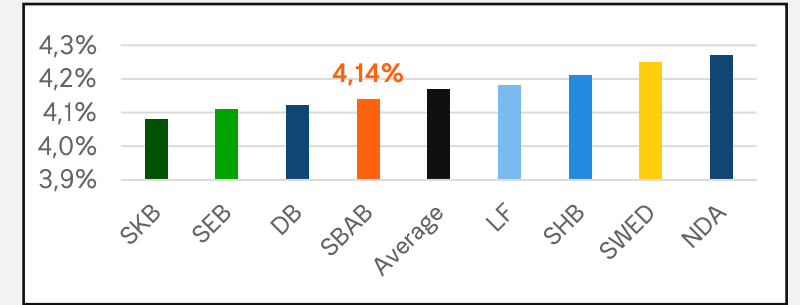
## Total market growth



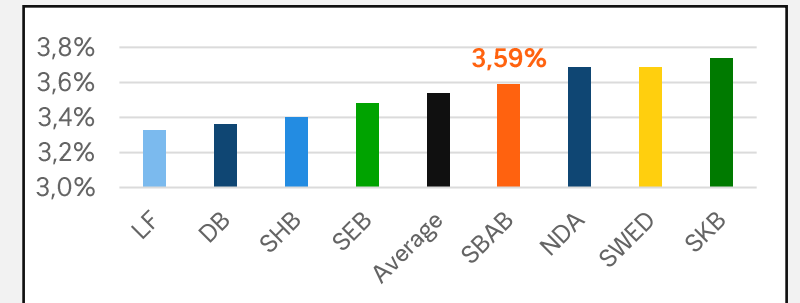
## Share of net market growth (R12)



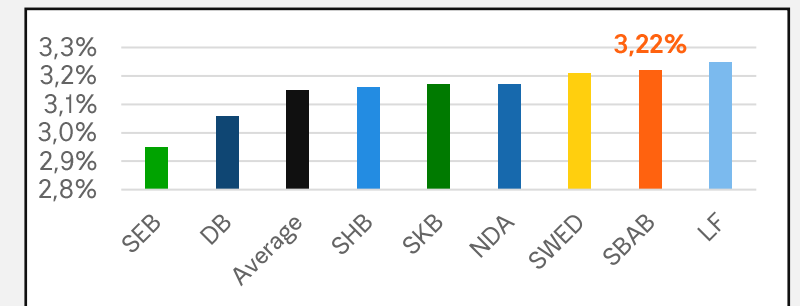
## Average mortgage rates(variable 3M) (Sep 2024)



## Average mortgage rates (1Y) (Sep 2024)

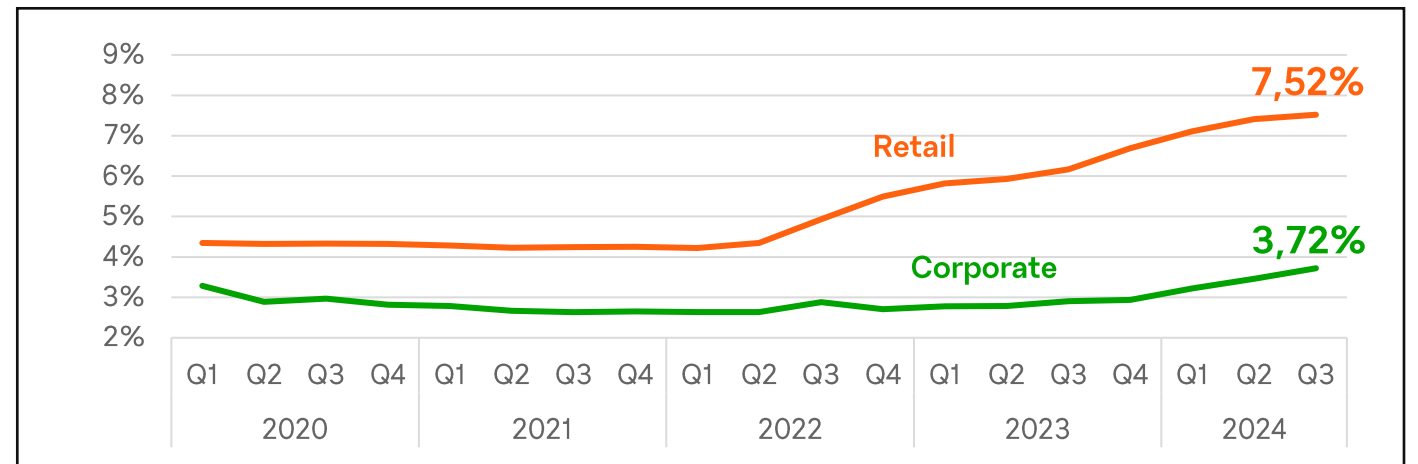


## Average mortgage rates (5Y) (Sep 2024)



# Q3 highlights: SBAB's exceptional growth in deposits continues

- The success story for deposits continues
- Additional resources added to improve corporate offering



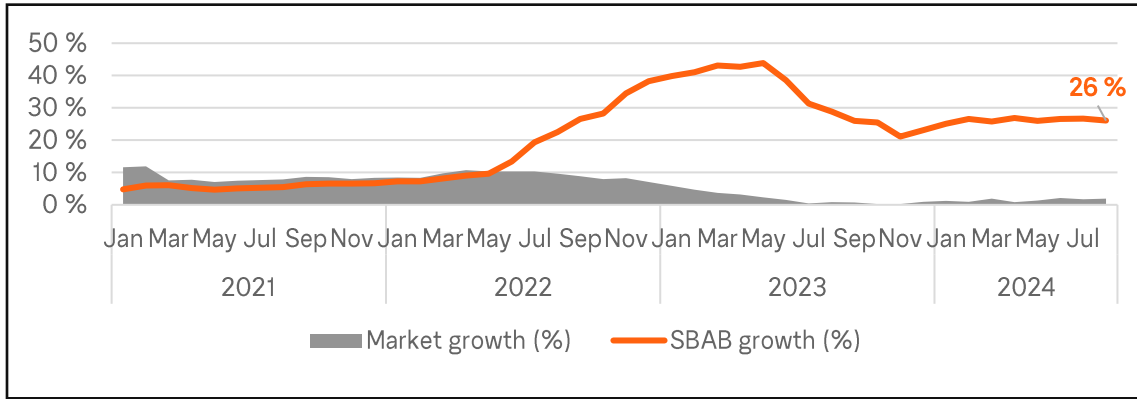
Share of net growth in deposits market

Retail (YoY)

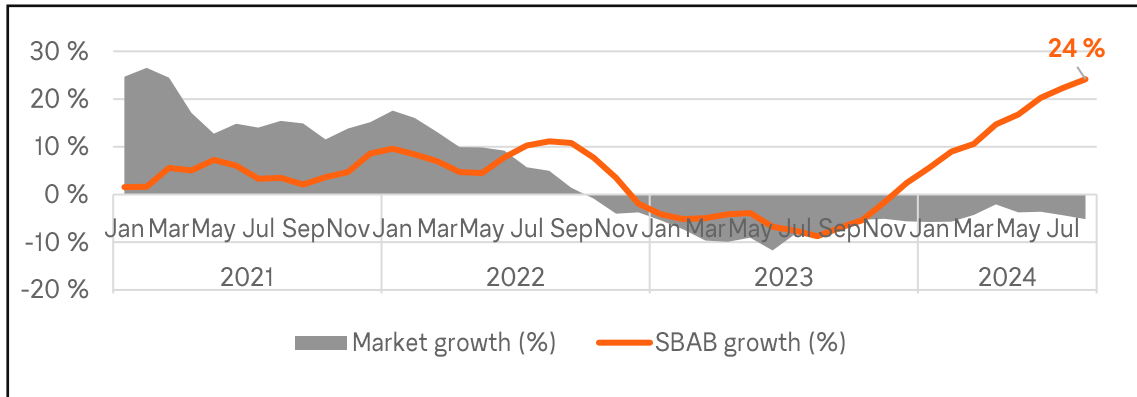
84%

# The deposit market

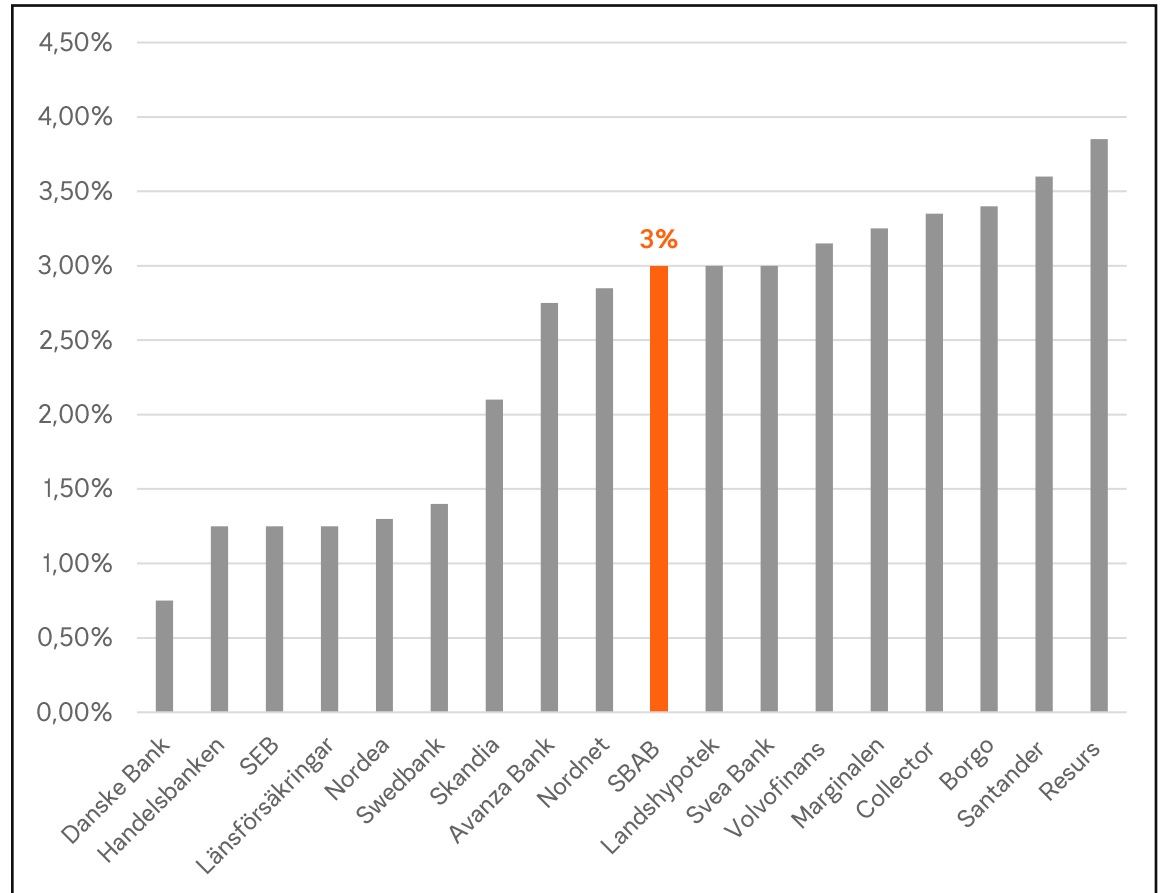
SBAB growth vs. market (Retail YoY growth)



SBAB growth vs. market (Corporate YoY growth)



Retail pricing (Oct 2024)



# Q3 development supporting long-term targets

## Financial targets from the owner

<b>Profitability</b>	<b>≥10%</b>
Return on equity over time	
<b>Capitalisation</b>	<b>&gt;0.6%</b>
CET1 capital ratio and total capital ratio above regulatory requirement communicated by the Swedish FSA *	
<b>Dividend</b>	<b>≥40%</b>
Ordinary dividend based on profit for the year after tax, taking the Group's capital structure into account	

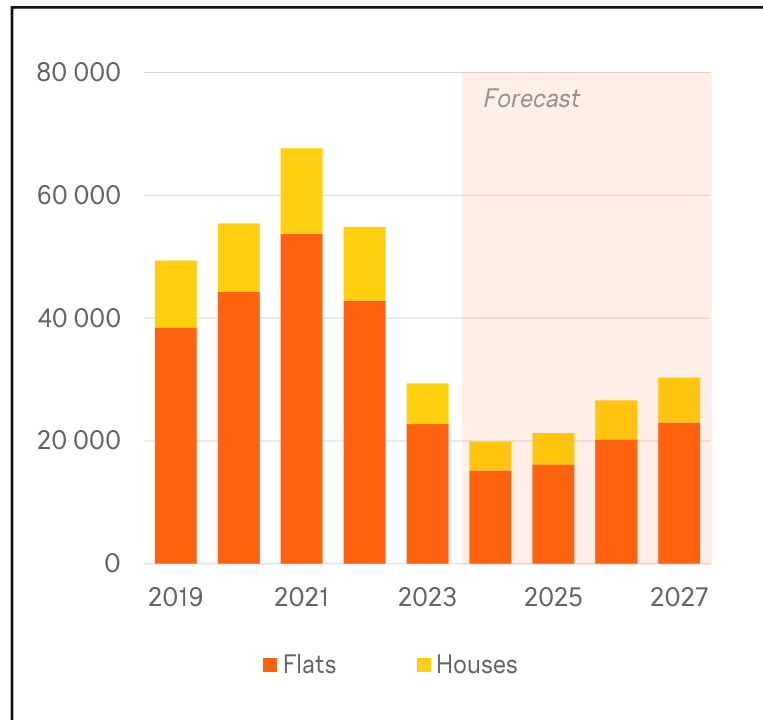
## Long-term strategic targets

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

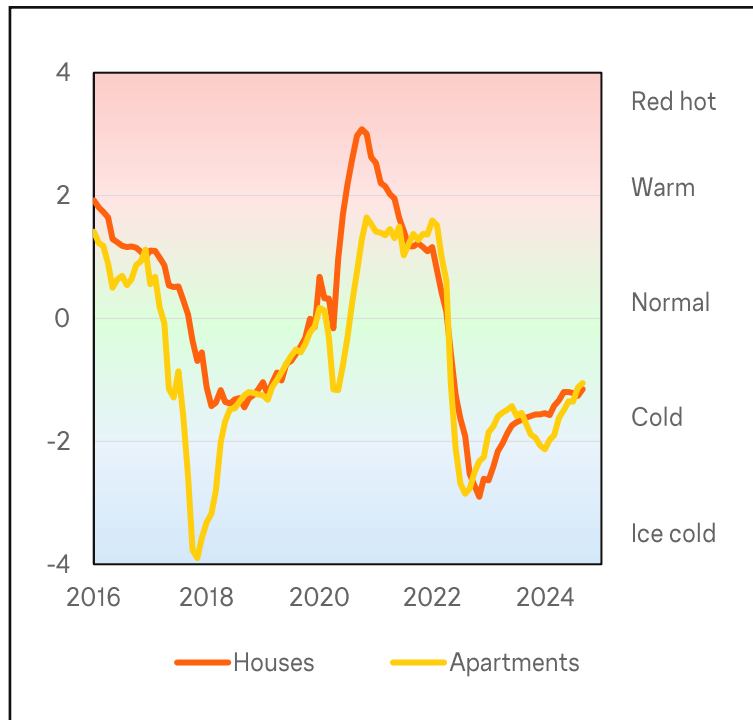


# Q3 highlights: Some positive signs in the housing market following recent rate cuts

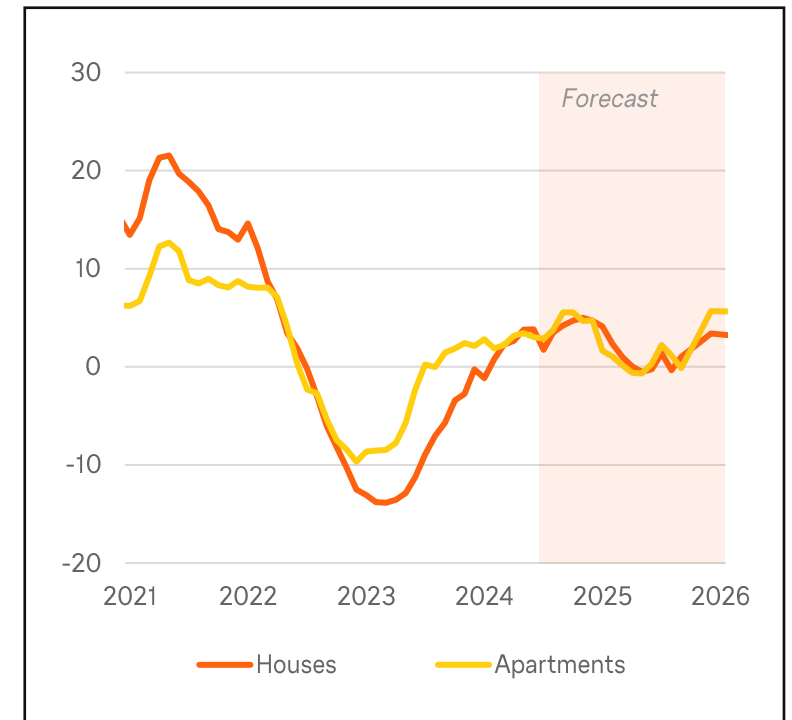
### Declining housing construction



### SBAB Booli Housing market temperature



### Housing price development



# Q3 highlights: Decreasing market interest rates adds to margin pressure

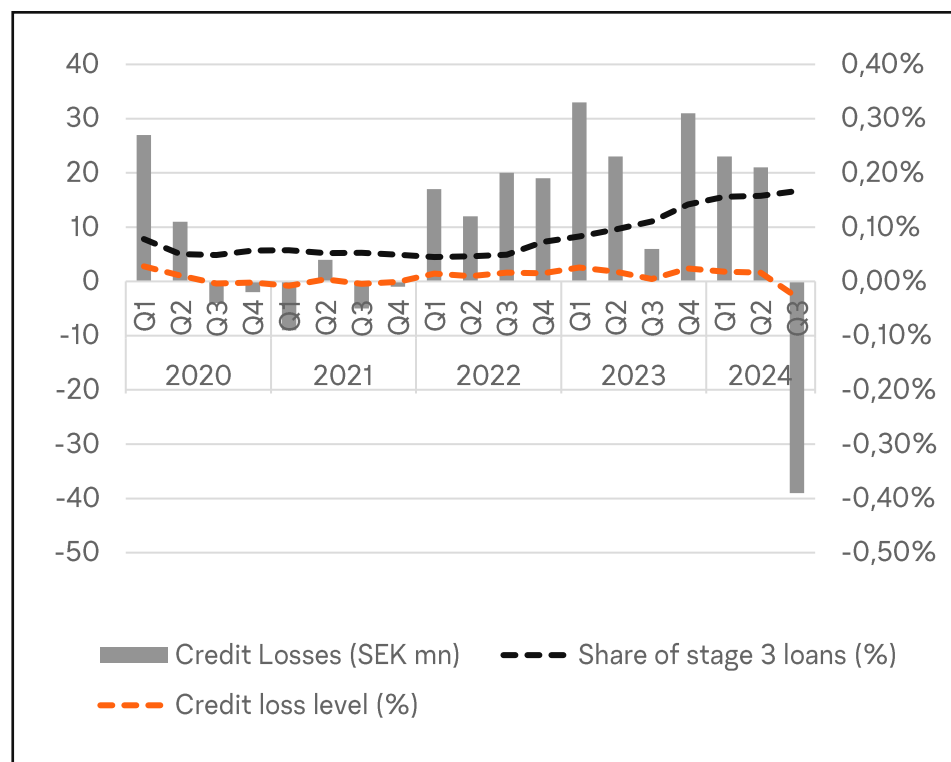
SEK million	Q3 2024	Q2 2024	▲	Jan-Sep 2024	Jan-Sep 2023	▲
Lending (SEK bn)	535.0	528.0	+1.3%	535.0	517.9	+3.3%
Deposits (SEK bn)	248.1	241.3	+2.8%	248.1	199.9	+24.1%
Net interest income	1,223	1,354	-9.7%	3,949	4,114	-4.0%
Net commission	-10	-14	+4 mn	-41	-24	-17 mn
Net result financial transact.	-43	16	-59 mn	13	-15	+28 mn
Costs	-453	-470	-3.6%	-1,362	-1,215	+12.1%
Loan losses	39	-21	+60 mn	-5	-62	+57 mn
Imposed fees	-143	-142	+1 mn	-427	-402	+25 mn
Operating profit	628	736	-14.7%	2,169	2,435	-10.9%
C/l ratio (%)	38.2%	34.3%	+3.9 pp	34.4%	29.5%	+4.9 pp
Return on equity (%)	8.9%	10.7%	-1.8 pp	10.5%	12.3%	-1.8 pp
Loan loss ratio (%)	0.03%	-0.02%	+0.05 pp	0.00%	-0.02%	+0.02 pp



# Q3 highlights: Strong resilience towards recent economic downturn

- Low-risk loan portfolio focused on collateralised residential lending in Sweden
- Strong resilience towards recent economic downturn
- Strengthened ECL metrics in Q3 following decreased market rates & positive risk class migrations

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



**(+39)** MSEK  
Credit losses  
Q3 2024

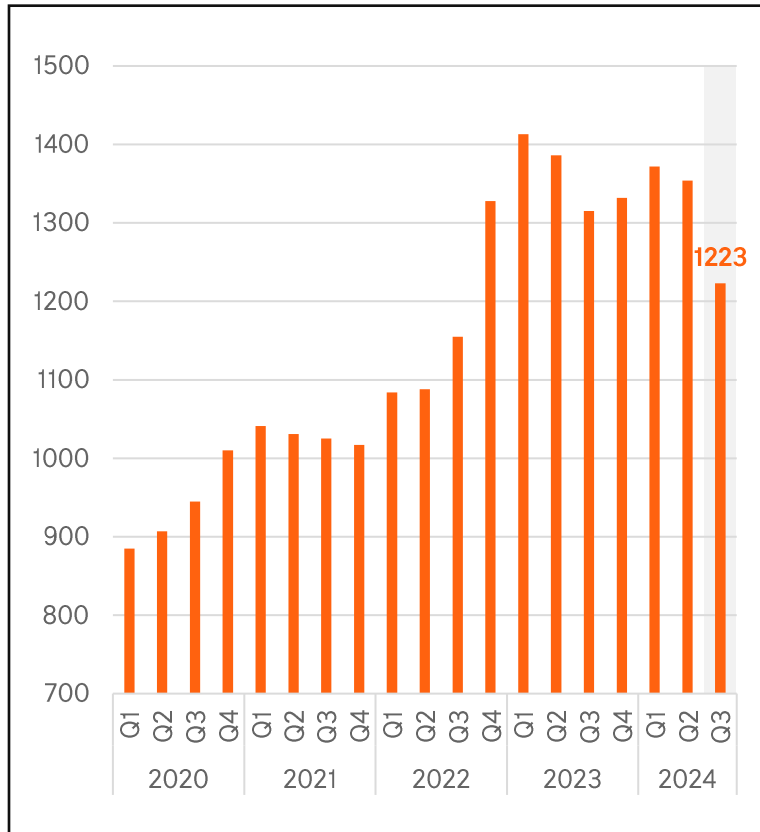
**-0.03%**  
Credit loss ratio  
Q3 2024

**0.17%**  
Share of stage 3 loans  
30 Sep 2024

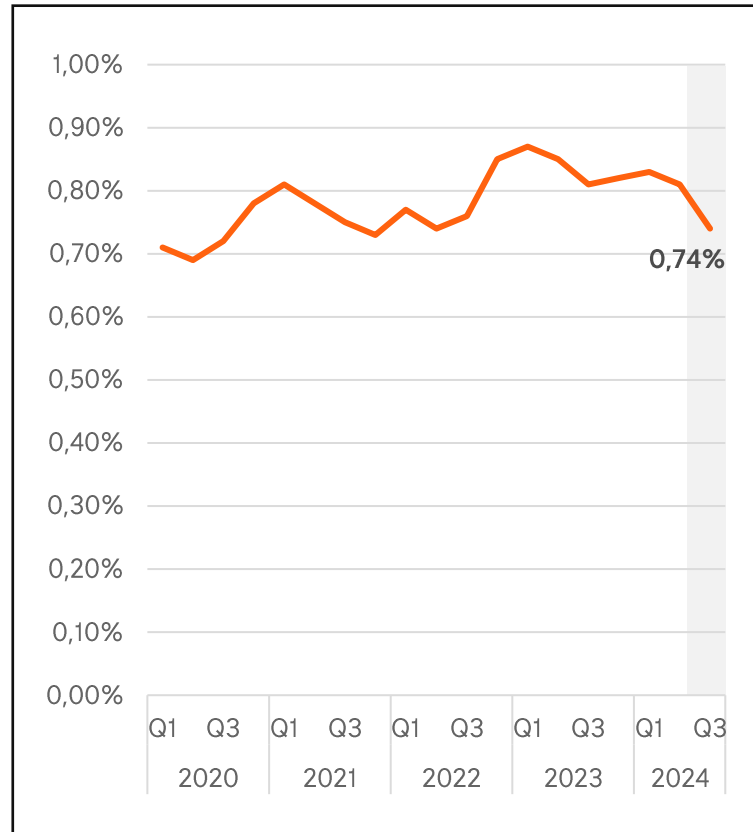


# NII & NIM development

Net Interest Income (NII) QoQ (SEK mn)



Net Interest Margin (NIM) QoQ (%)



Calculated as NII in relation to total assets in balance sheet

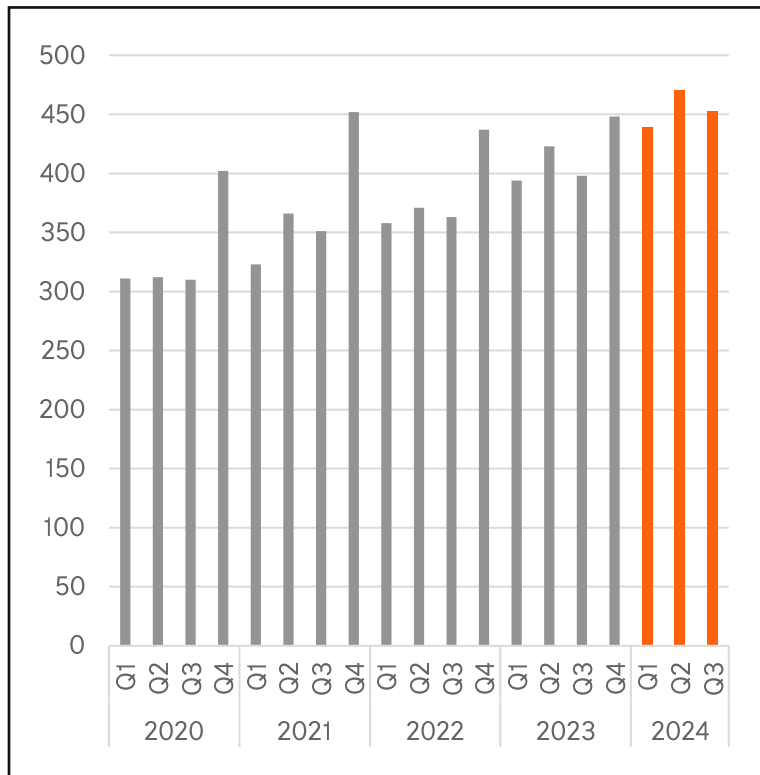
## Comments

- Lower NII mainly due to decreasing deposit margins (negatively affected by falling by market interest rates). Strong volume growth in both lending and deposits positive for long-term NII development
- Mortgage margins still on very low levels (although growing slightly since mid-2024 and expected to continue to grow going forward)
- Stable margin development for RRE lending
- Market for lending to tenant-owners' associations continues to be characterized by intense competition & low margins

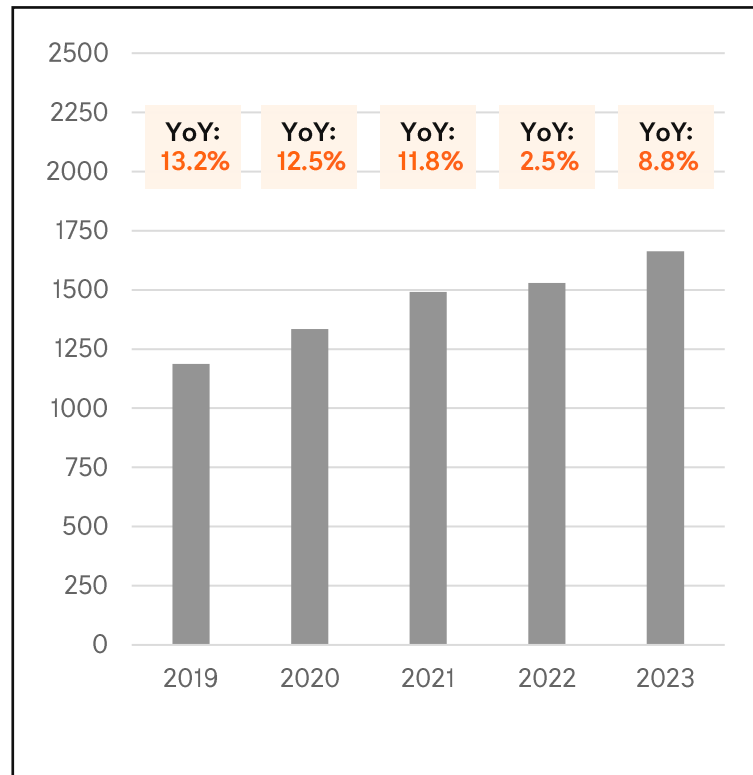


# Continued investments for future competitiveness

Cost development QoQ (SEK mn)



Cost development YoY (SEK mn)



## Comments

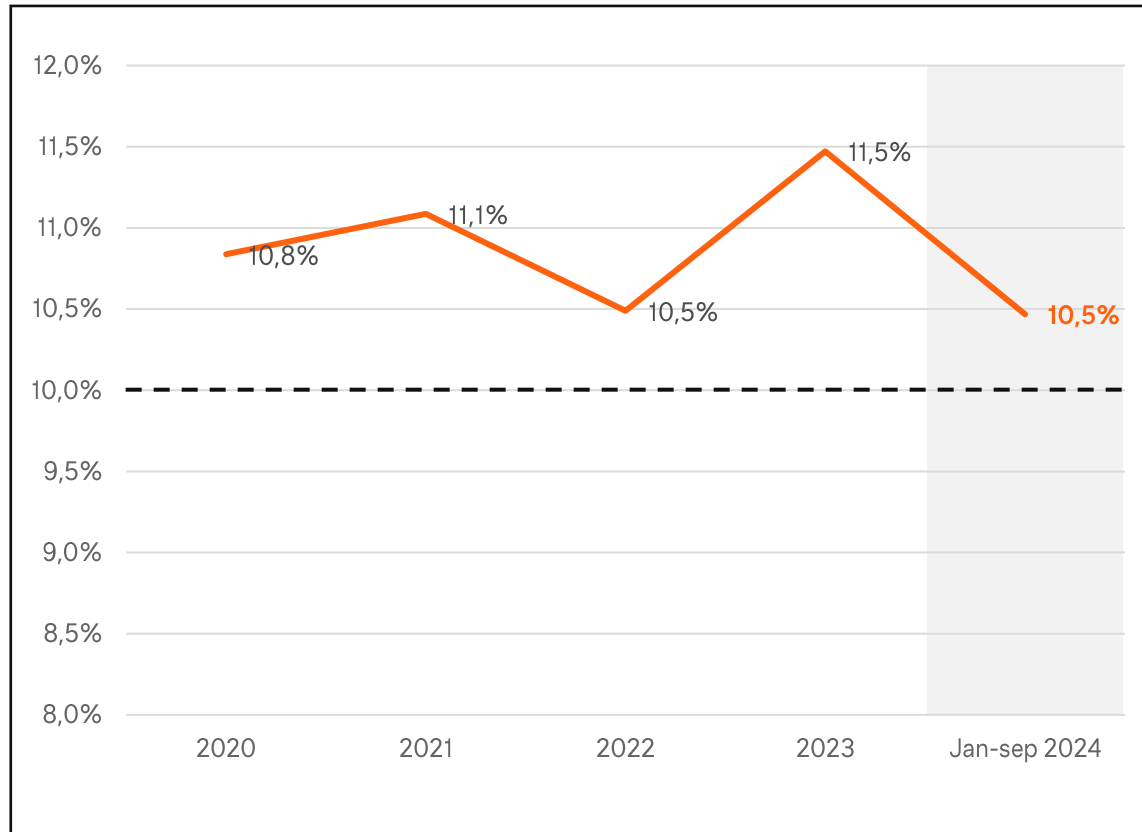
Overall trend of increased costs mainly attributable to investments for future competitiveness:

- Replacement of IT-infrastructure (core banking platform)
- Regulatory compliance
- Increased number of employees
- Digitalisation & customer offering (incl. increased distribution power, customer service & customer experience)

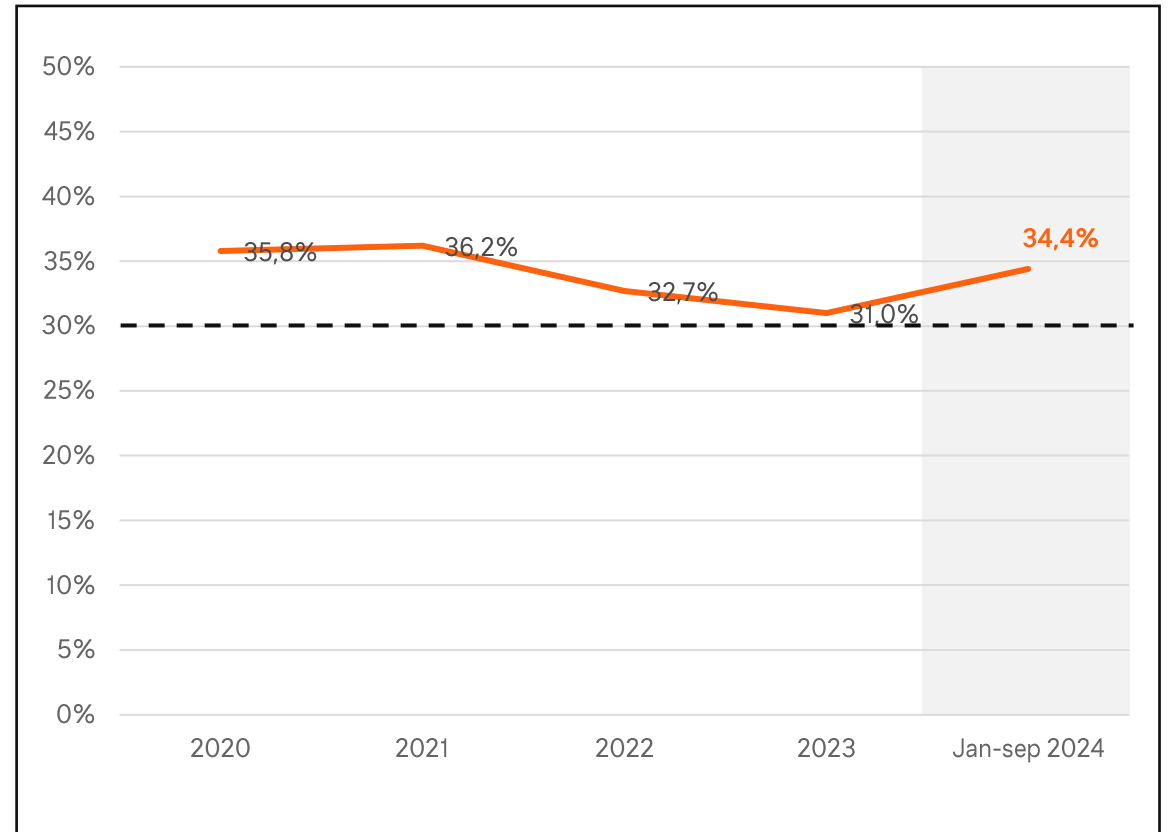


# Financial KPIs

Return on equity, %

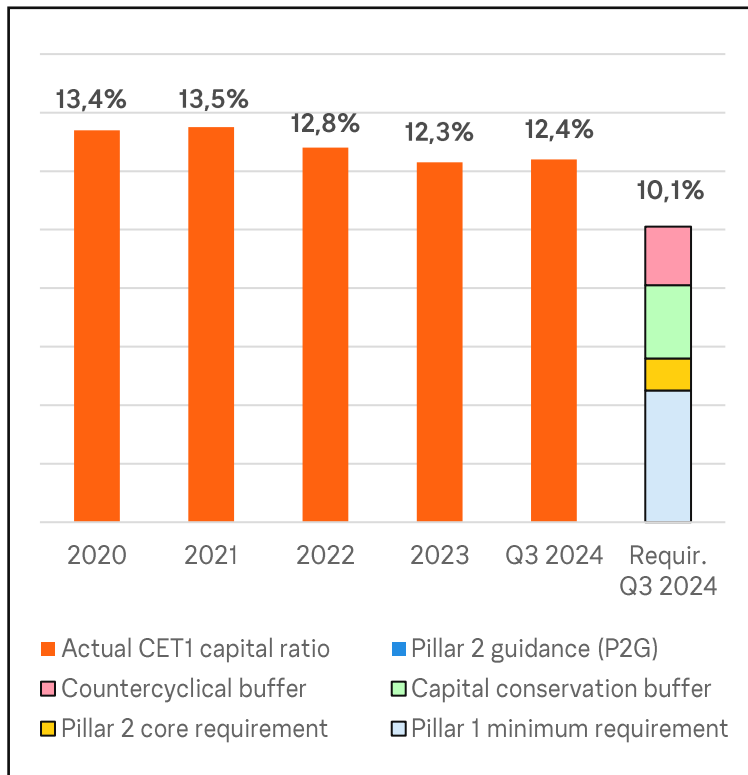


C/I-ratio, %

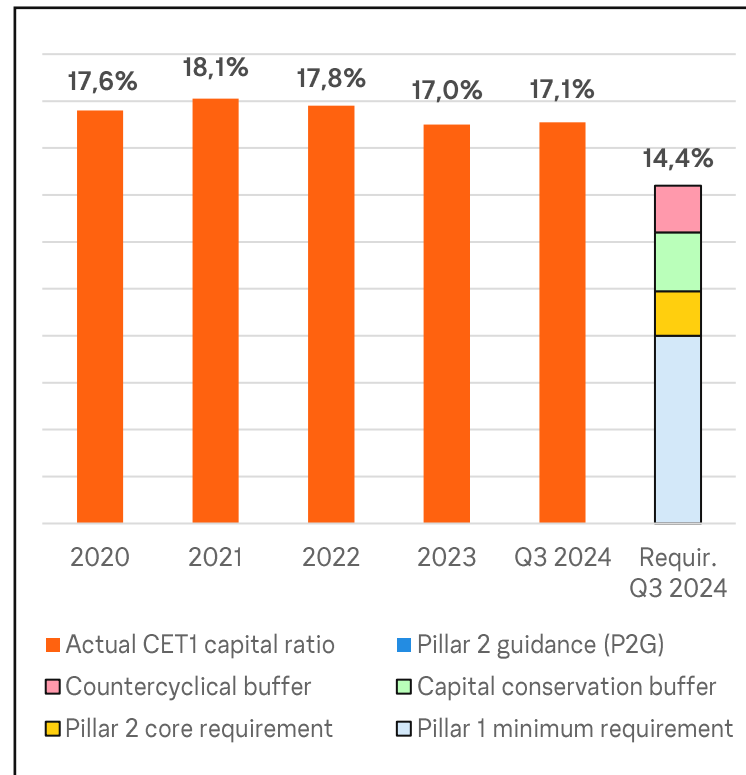


# Overview capital position

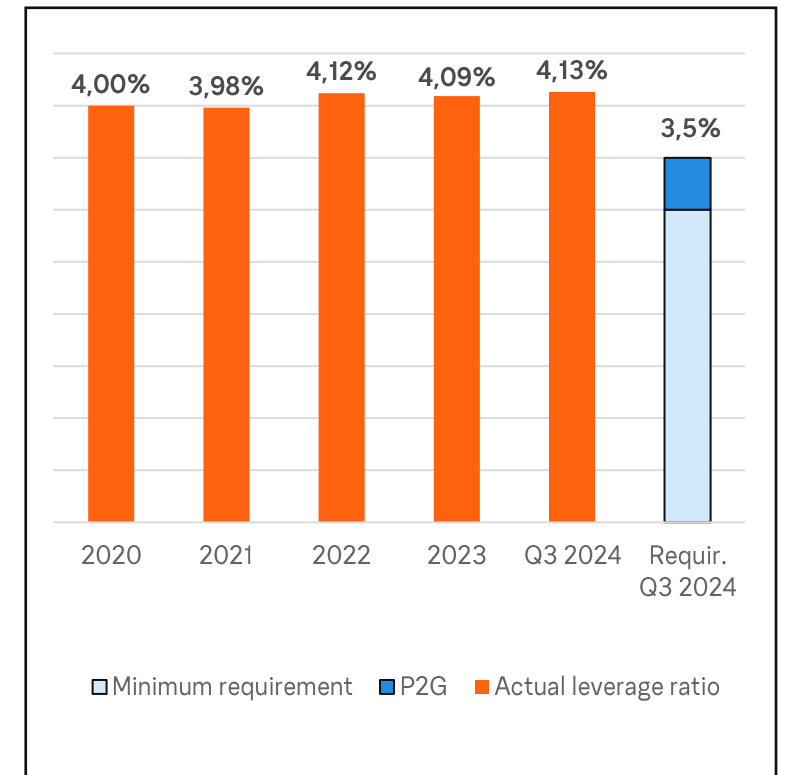
## CET1 capital ratio vs. requirement



## Total capital ratio vs. requirement



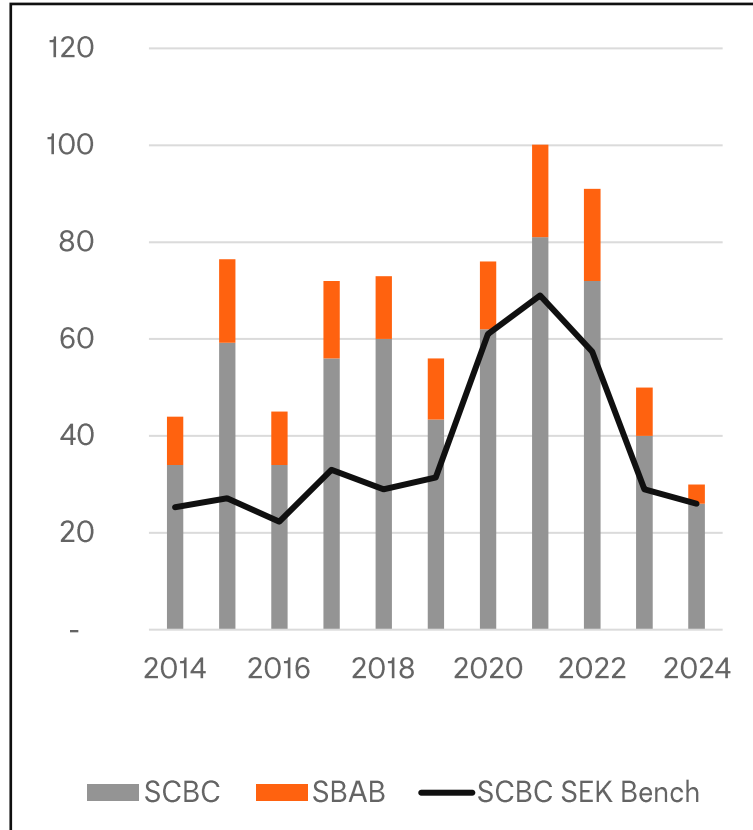
## Leverage ratio vs. requirement



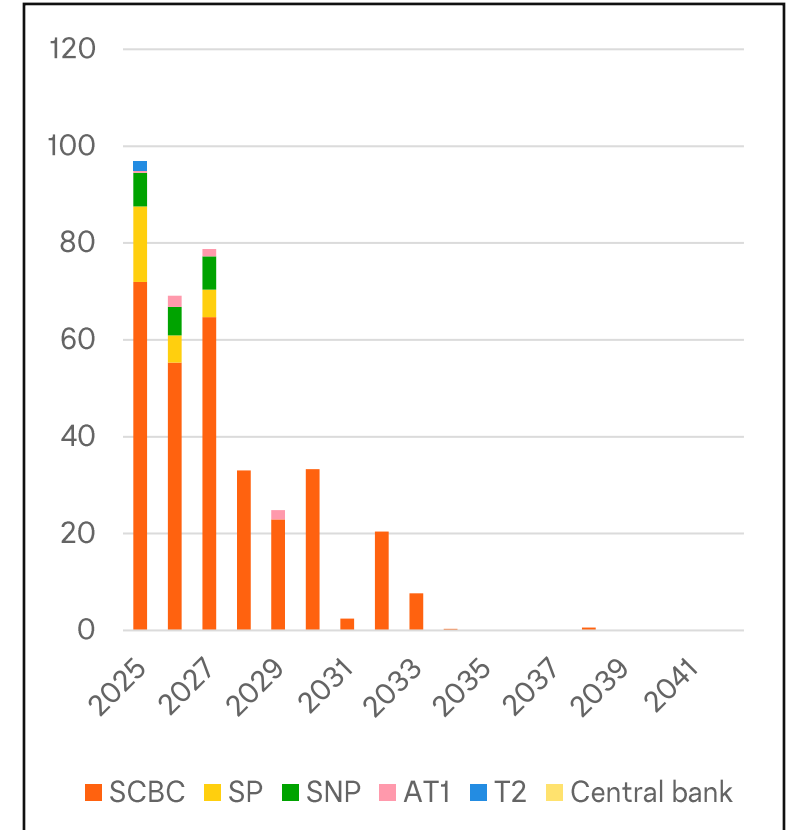
# Q3 highlights: Increased funding needs in 2025

- First green transaction in Q3 based on new framework (SBAB Group Green Bond Framework 2024)
- Increased funding needs in 2025 of approximately SEK 85 bn vs. SEK 35 bn in 2024

Annual issuance, SEK bn



Maturity profile (SEK bn)



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