

SBAB!

Investor Presentation

SBAB Bank AB (publ)

Q3 2024

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4

!

Executive summary

- 100% owned by the Kingdom of Sweden
- Swedish mortgage portfolio, predominantly residential mortgages (5th largest mortgage player in Sweden)
- Financial targets from owner covering profitability, capitalisation & dividend
- Increased funding needs in 2025 (approximately SEK 85 bn)

Total lending (SEK bn)

535

Total deposits (SEK bn)

248

MOODY'S

A1

Aaa

STANDARD & POOR'S
RATINGS SERVICES
MEASUREMENT FINANCIAL

A+

10.5%

Return on equity
Jan-Sep 2024

12.4%

CET1 capital ratio
30 Sep 2024

0.00%

Credit loss level
Jan-Sep 2024

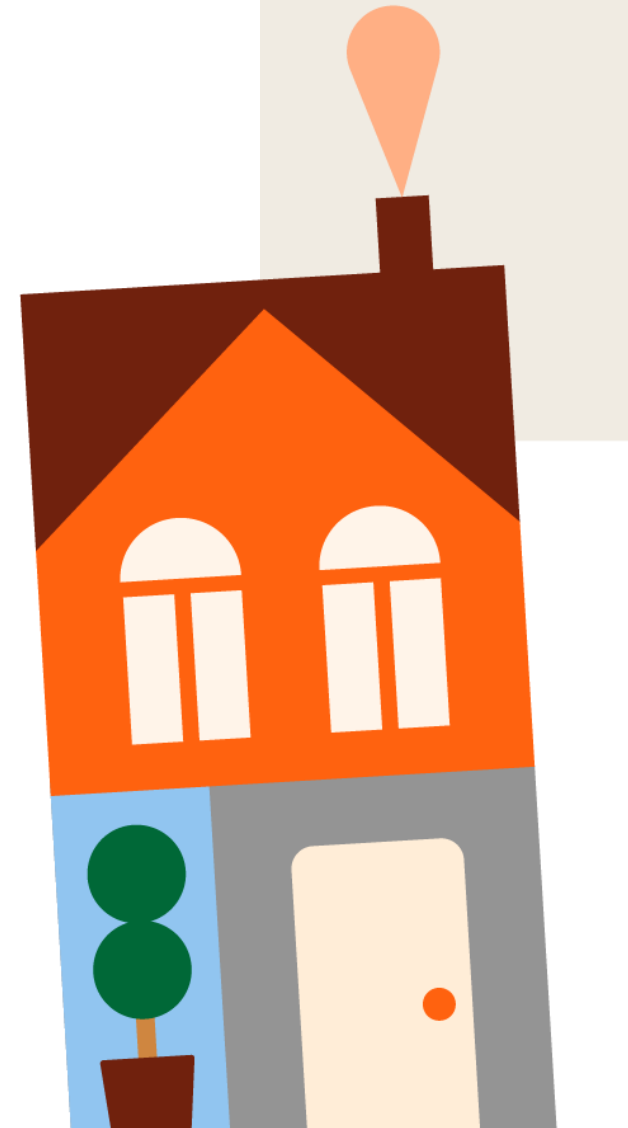
34.4%

C/I ratio
Jan-Sep 2024



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4	Capital, funding & liquidity
5	SBAB's commitment to sustainability
6	Macro development



Business overview

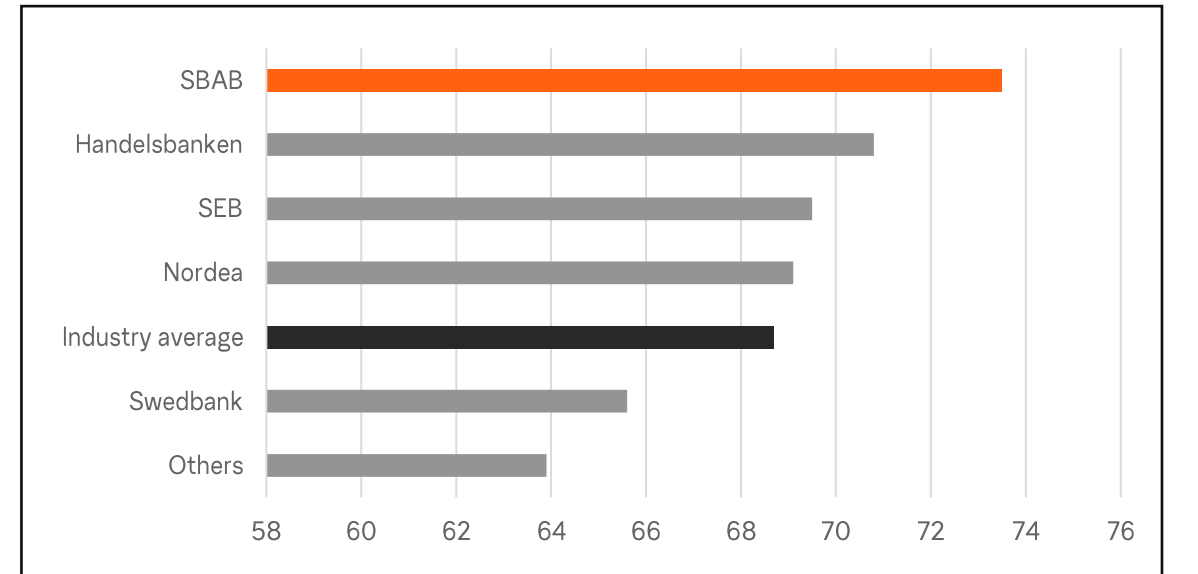
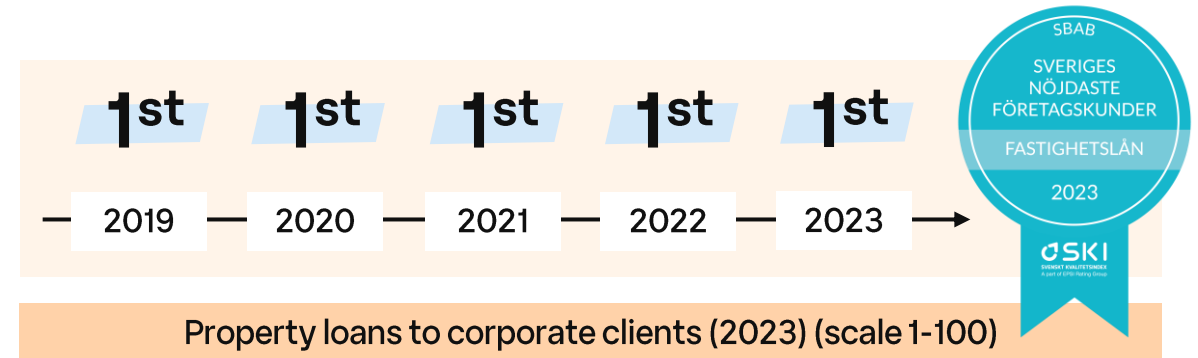
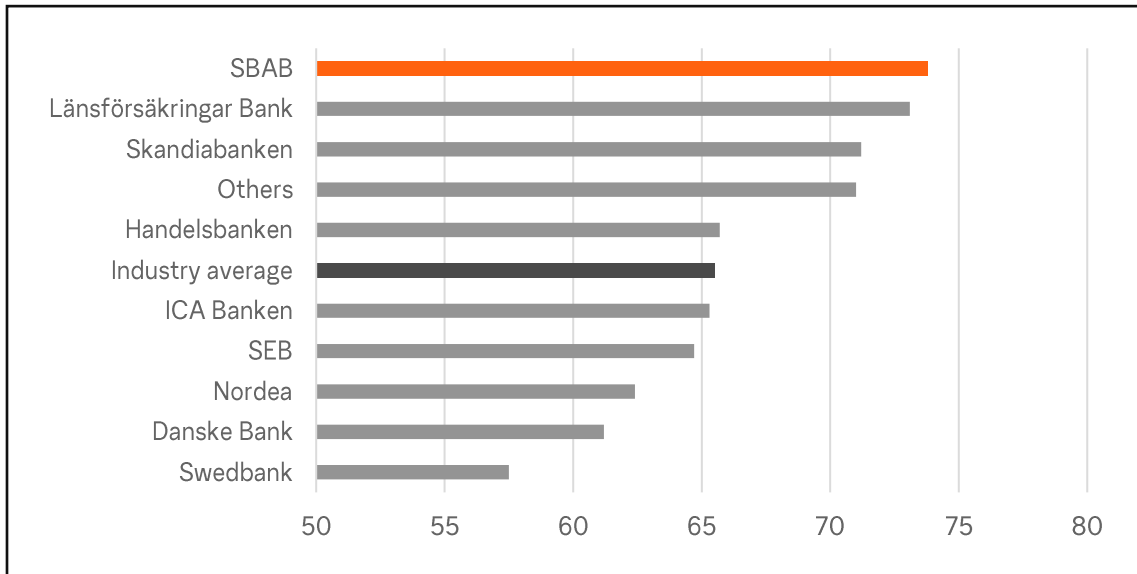
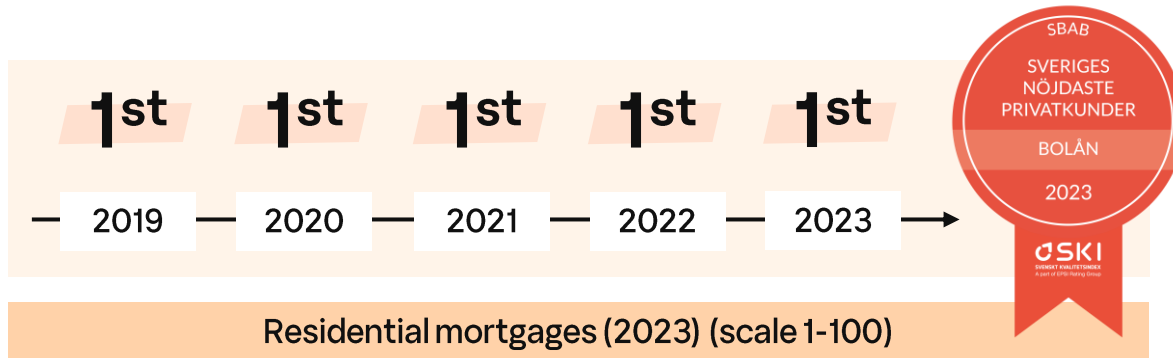


- Founded in 1985 & 100% owned by the Kingdom of Sweden
- Mortgage bank with vast majority collateralized lending (total lending of SEK 535 billion) & operations only in Sweden
- 1,033 employees in five offices
- Two business areas;
 - Retail
 - Corporate Clients & Tenant-owners' Associations
- For retail customer, no traditional bank branches, products and services offered online or by telephone

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).



Most satisfied customers in Sweden



Our targets

Financial targets from the owner

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

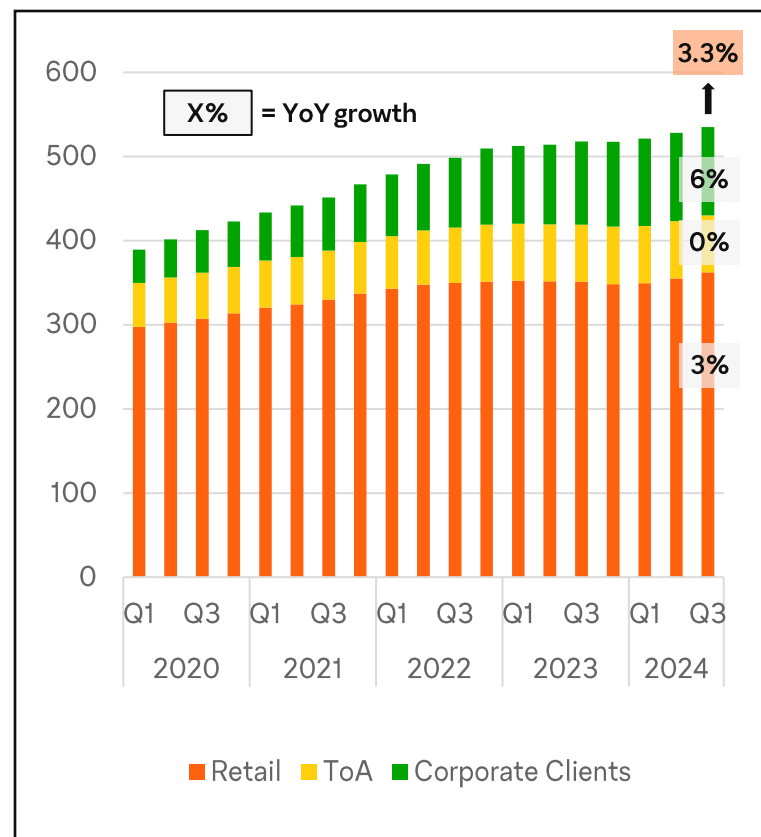
Long-term strategic targets

Target area	Target 2030
Long-term Value Creation	• Return on Equity: ≥10%
Sustainable Society	• Emission Reduction: -30% (-50% to 2038)
Customer Satisfaction	• Market Share Residential Mortgages: 10% • Market Share Corporates: 20% • Market Share Tenant-Owners' Associations: 15%
Efficient Operations	• Cost/Income Ratio: <30%
Attractive Workplace	• Commitment: ≥4 (on a scale of 1-5)

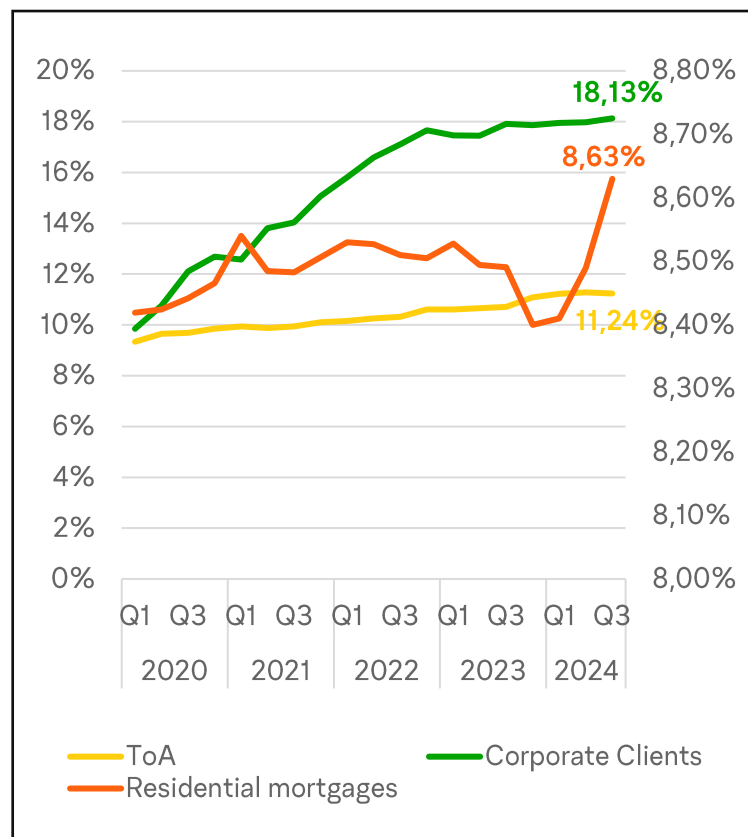


Overview lending development

Lending (SEK bn)



Market shares (%)



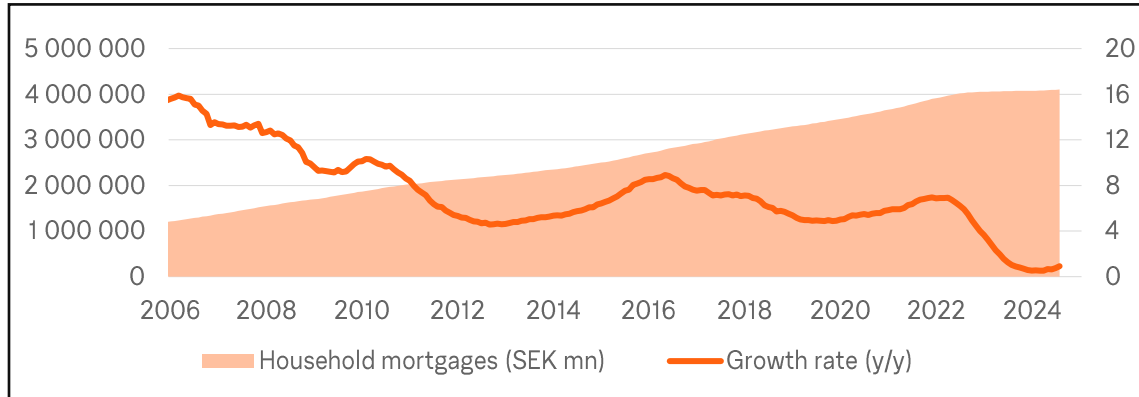
Comments

- Total lending stood at 535.0 bn at the end of Q3 2024, up 3.3% YoY
- The overall market growth for residential mortgages has begun to increase slightly from historically low levels (0.8% YoY in Aug '24 vs. 0.4% YoY in Dec '23). SBAB continues to do well despite challenging market conditions & gaining market share in line with long-term ambition (10% market share)
- Continued low activity in the real estate market although some change in sentiment on the back of recent rate cuts. The wholesale funding market once again an alternative for corporate clients, resulting in slightly lower market growth in the RRE segment (7.8% YoY as per Aug 2024)
- Market for lending to tenant-owners' associations continues to be characterized by intense competition

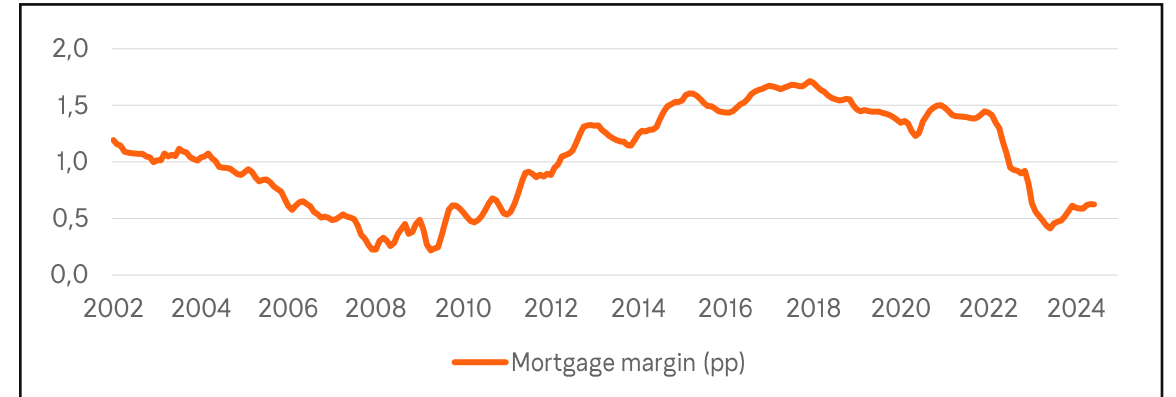


Mortgage market dynamics

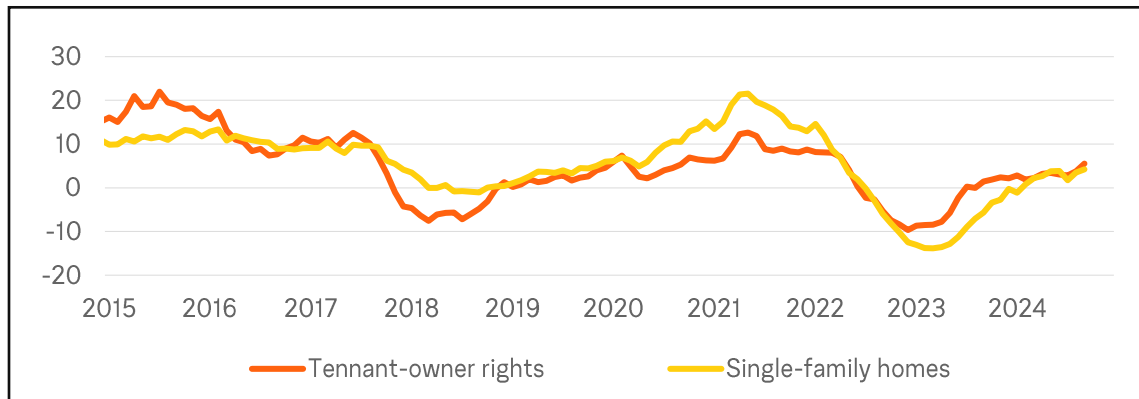
Swedish household lending (MFI) (August 2024)



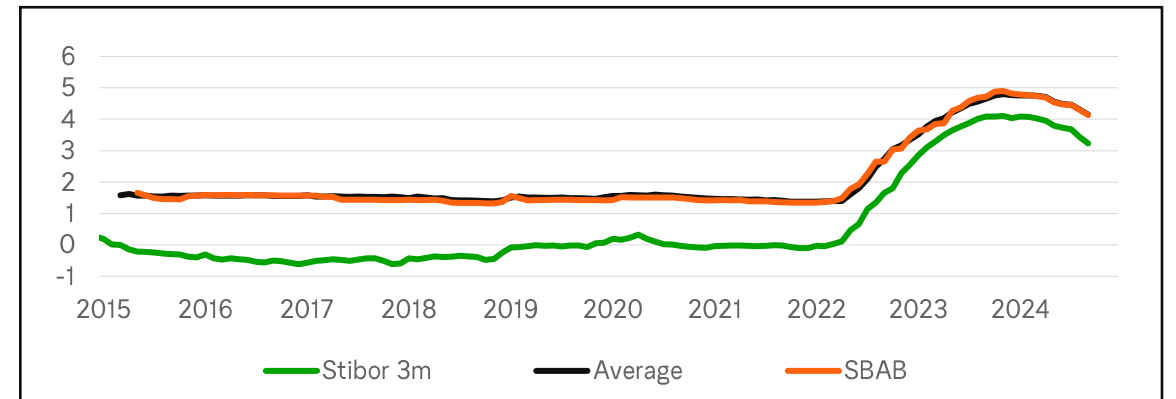
Gross margins on Swedish household mortgages (S-FSA) (Q2 2024)



Swedish housing price growth rate (y/y) (September 2024)

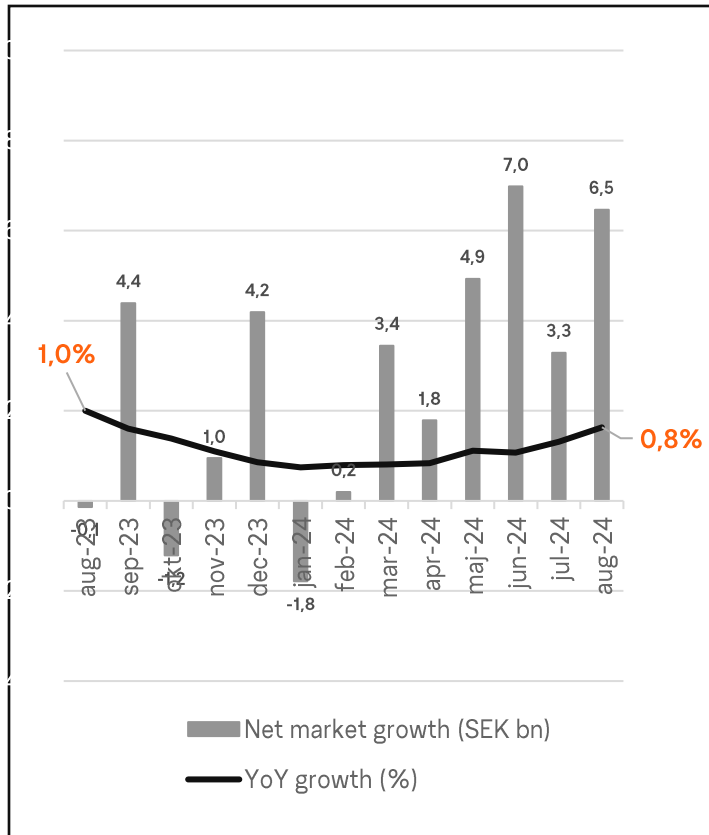


Development of actual 3M mortgage rate (September 2024)

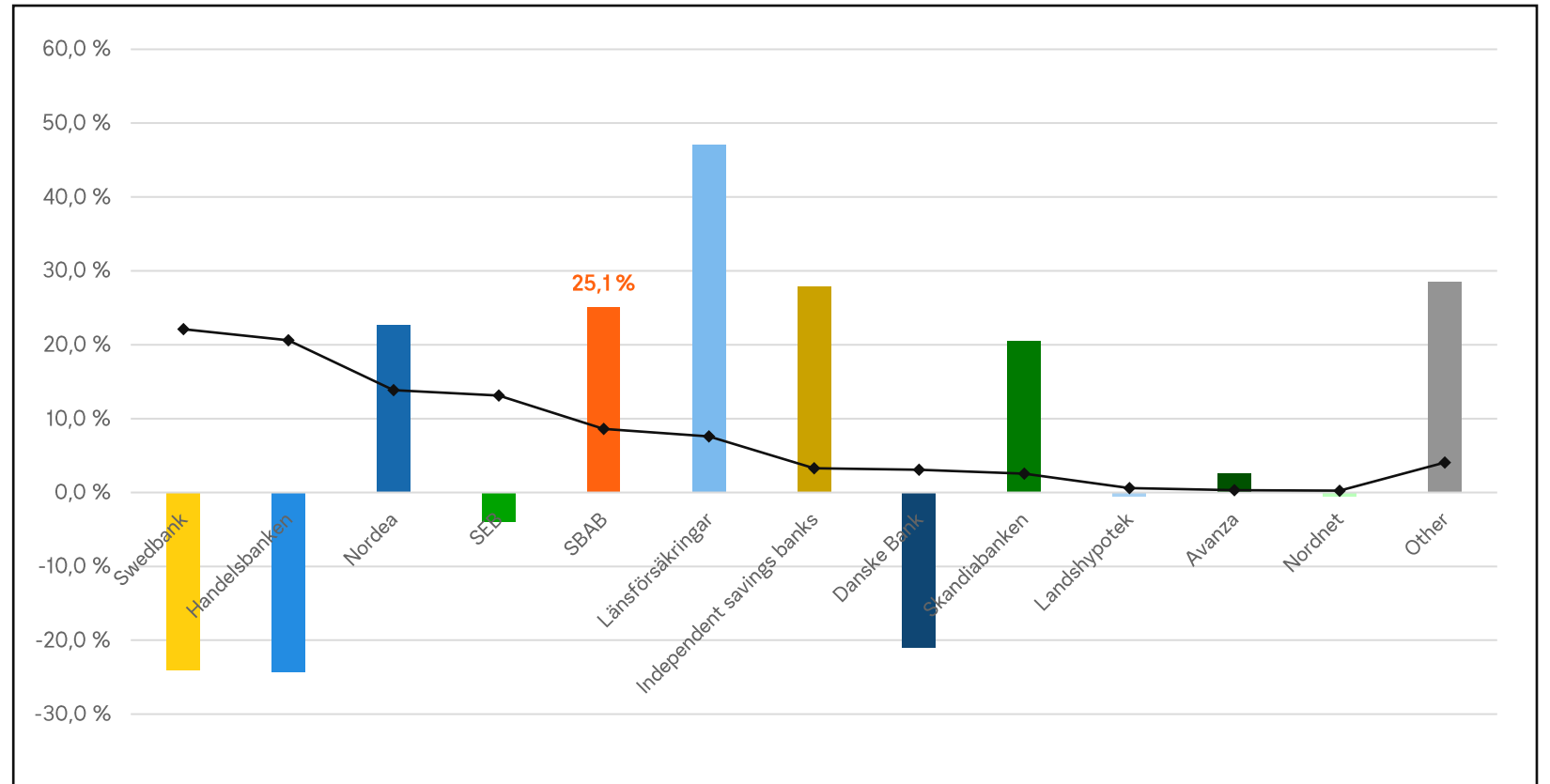


The mortgage landscape

Total market growth

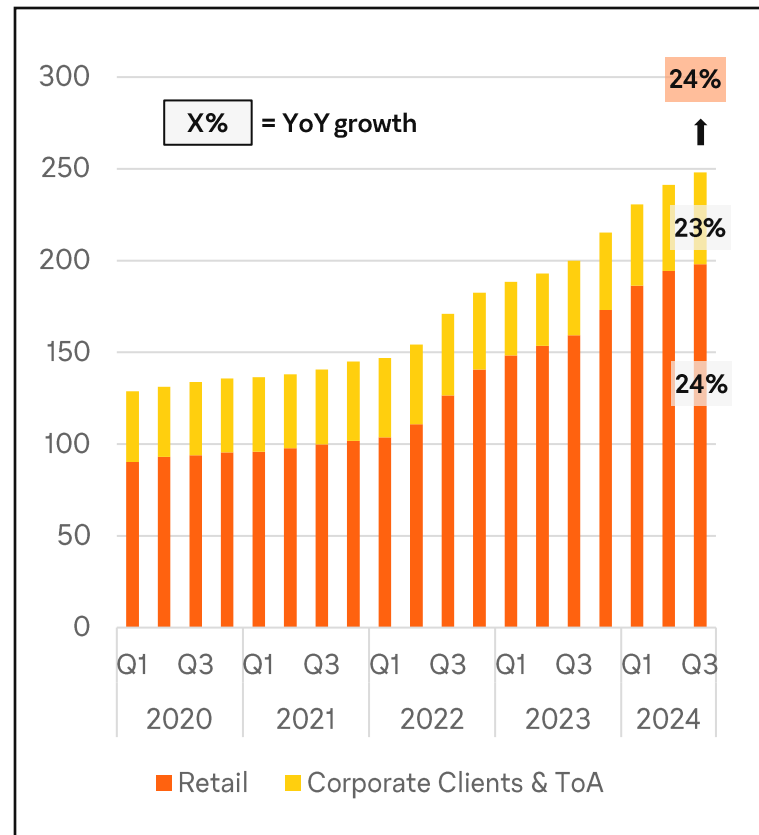


Share of net market growth (R12) (Aug 2024)

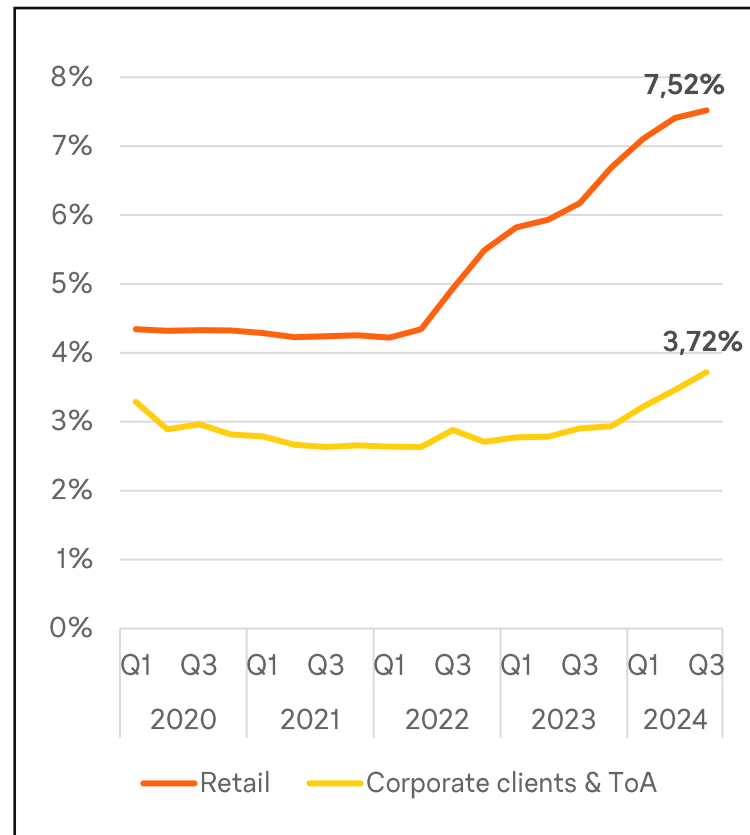


Overview deposit development

Deposits (SEK bn)



Market shares (%)



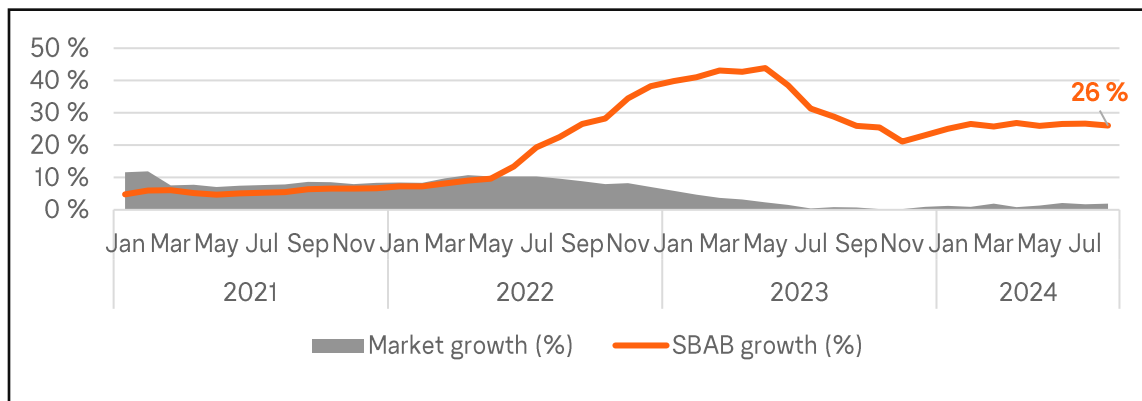
Comments

- Strong growth in 2022, 2023 and 2024 following regained strategic focus on growing share of deposits in funding mix. Total deposits stood at SEK 248.1 bn at Q3 2024, up 24% YoY
- Success attributable to competitive pricing, simple terms and conditions and efficient marketing
- Product development – fixed-term deposits launched for Retail customers in Q4 2023. Improved digital offering for corporate clients in Q3 2024
- Deposit-to-loan ratio has increased to 46.3% at Q3 2024 vs. 38.6% at Q3 2023
- 67% of total deposits under Swedish deposit guarantee scheme

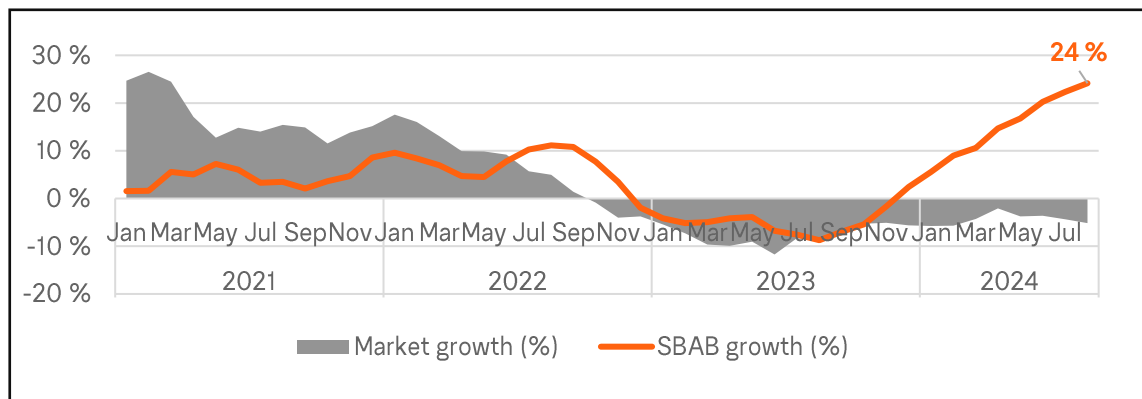


The deposit landscape

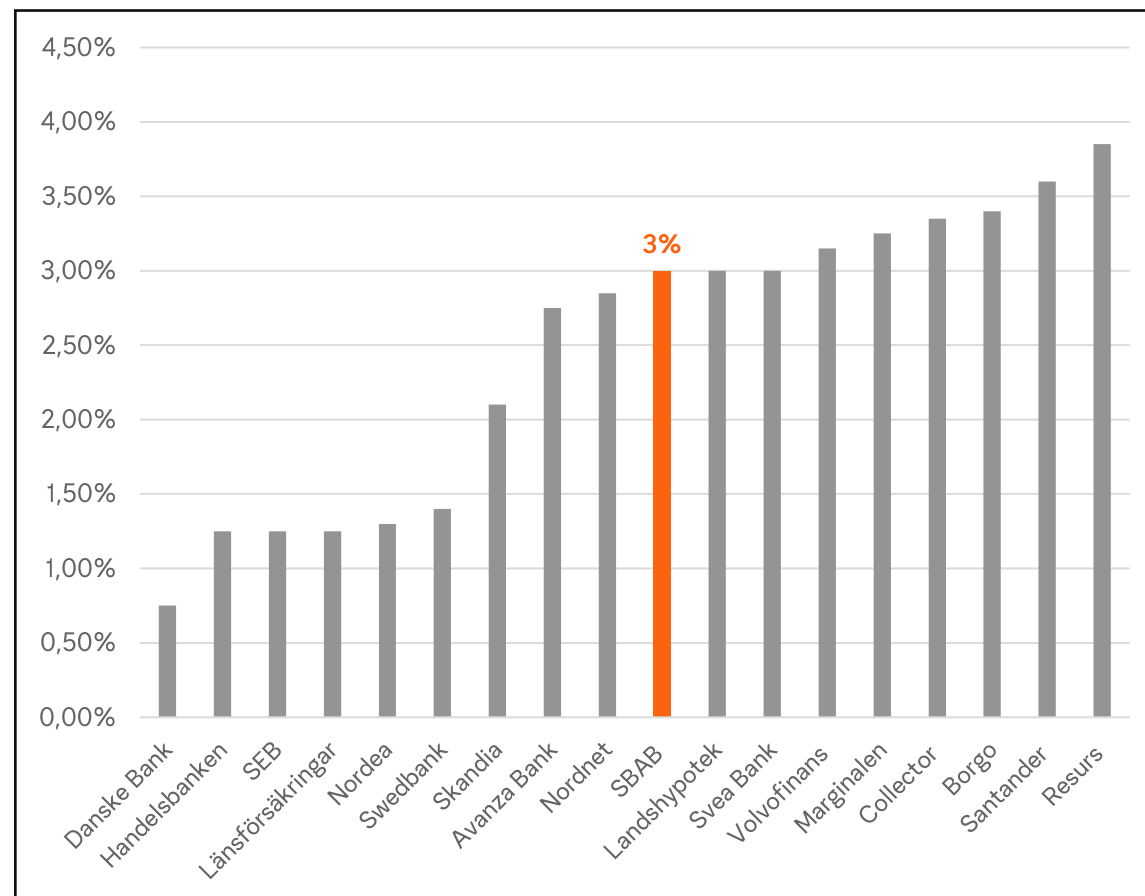
SBAB growth vs. market (Retail YoY growth)



SBAB growth vs. market (Corporate YoY growth)



Retail pricing (Oct 2024)



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1 Business update

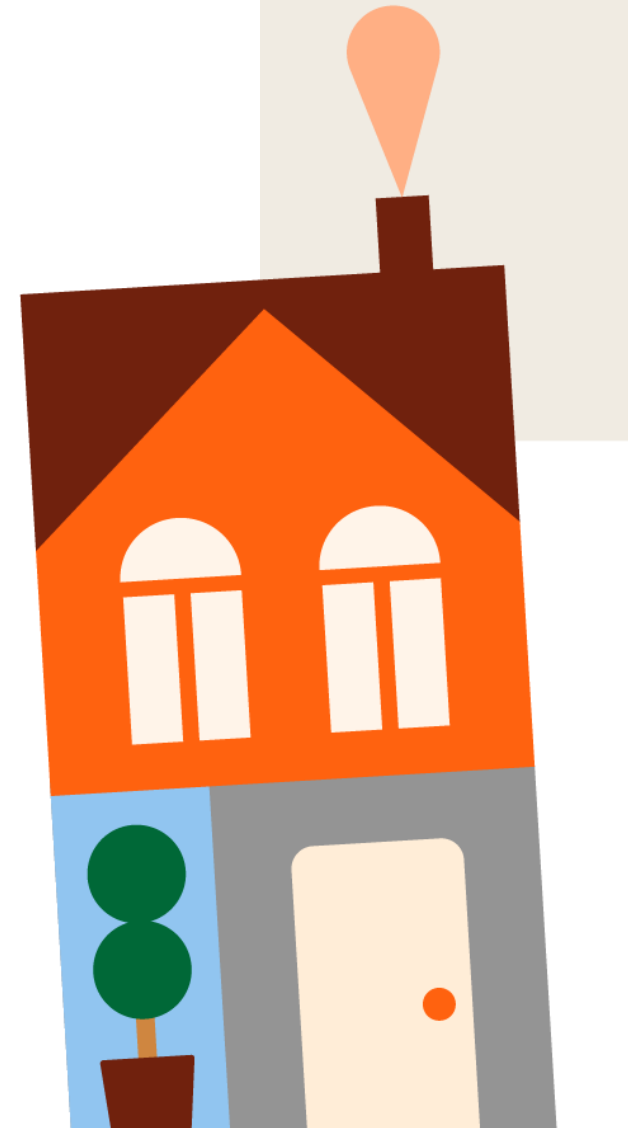
2 Credit portfolio and asset quality

3 Financial update

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5 SBAB's commitment to sustainability

6 Macro development



Lending mix

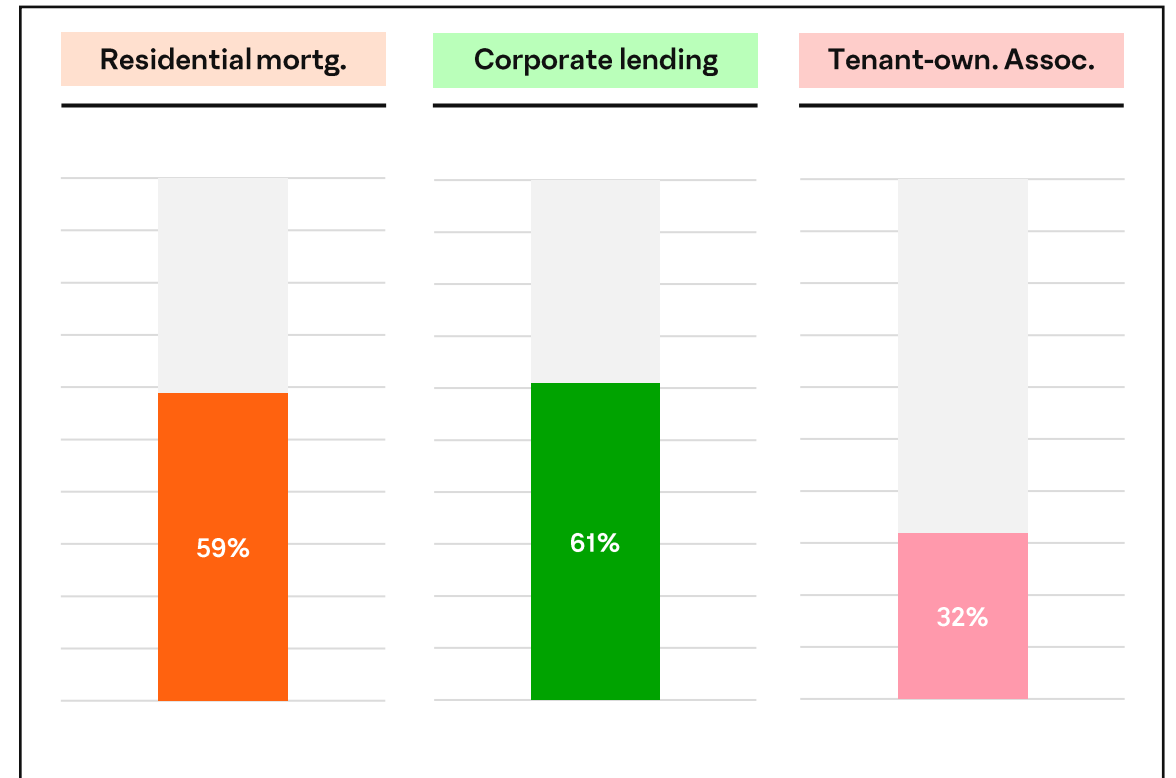
Lending composition

	SEK billion	% of total lending	Average LTV
Residential mortgages	360.6	67.4%	59%
Consumer loans	1.7	0.3%	
Property companies	105.2	19.7%	61%
– (Of which, commercial lending)	(12.0)	(2.2% ¹⁾)	
– (Of which, construction loans)	(9.1)	(1.7%)	
Tenant-Owners' Associations	67.5	12.6%	32%
Total lending	535.0	100%	

>99% related to residential property

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

LTV ratios in loan book

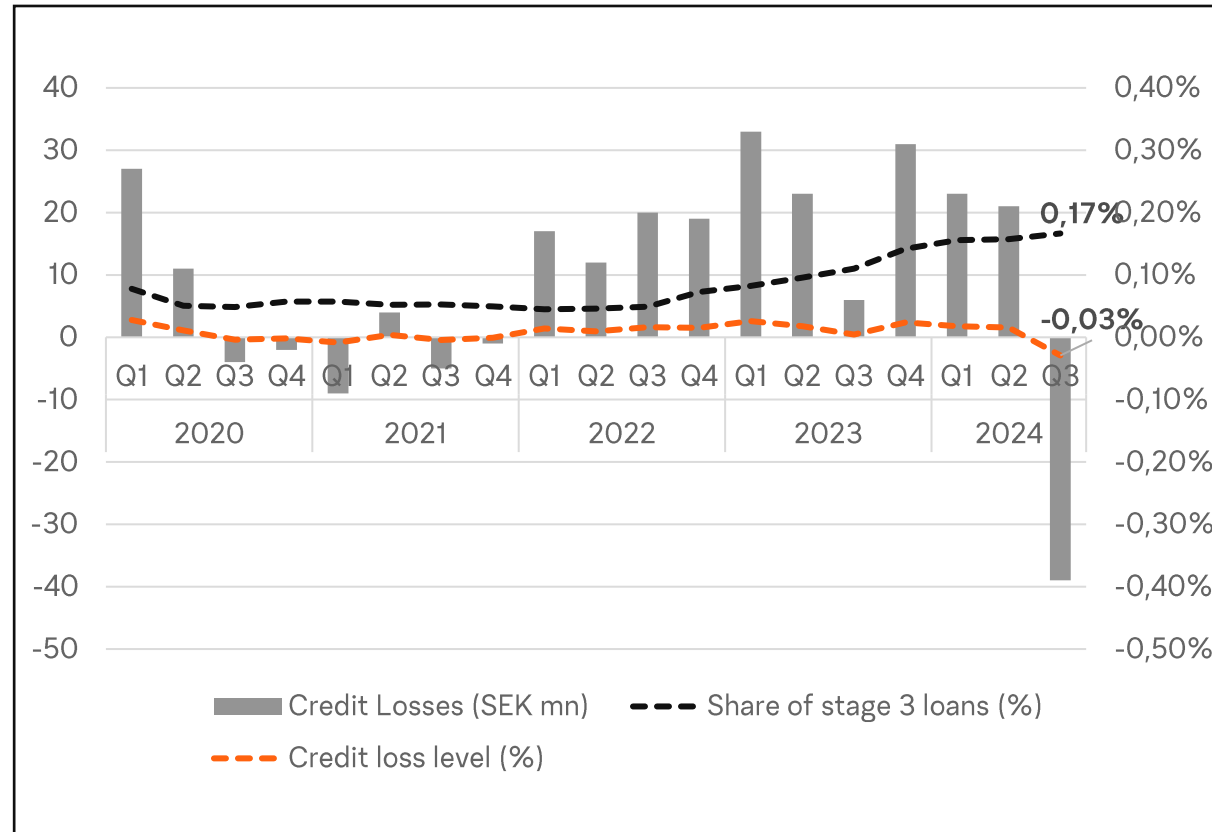


Very strong asset quality over time...

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

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

- Low-risk loan portfolio focused on collateralised residential lending in Sweden
- Prudent underwriting criteria
- Proven track record over time & strong resilience towards recent economic downturn
- Strengthened ECL metrics in Q3 on the back of decreasing market interest rates & positive risk class migrations



(+39) MSEK
Credit losses
Q3 2024

4 MSEK
Confirmed credit losses
Q3 2024

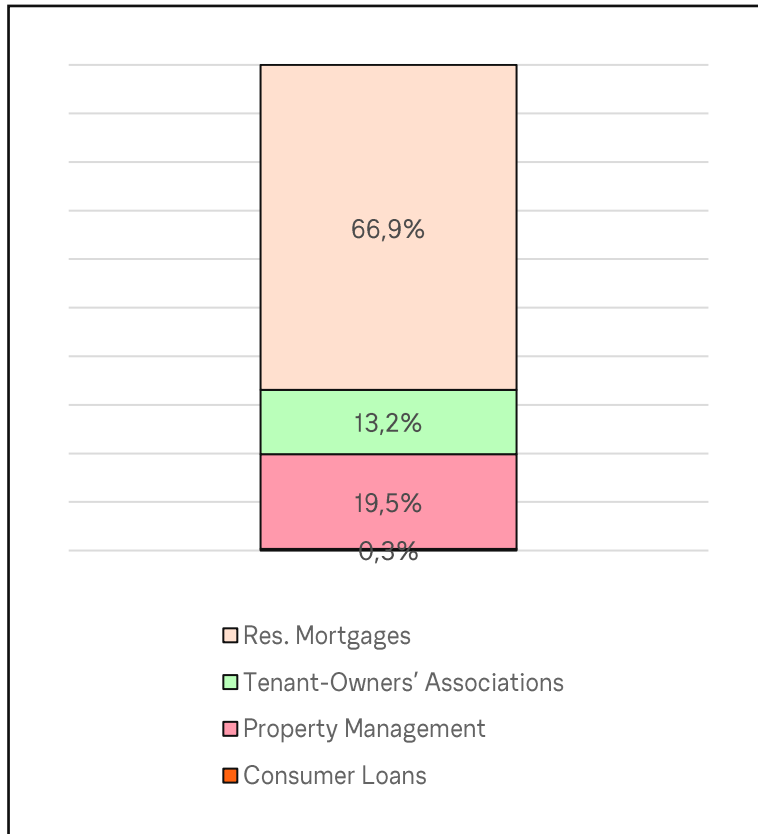
-0.03%
Credit loss ratio
Q3 2024

0.17%
Share of stage 3 loans
30 Sep 2024

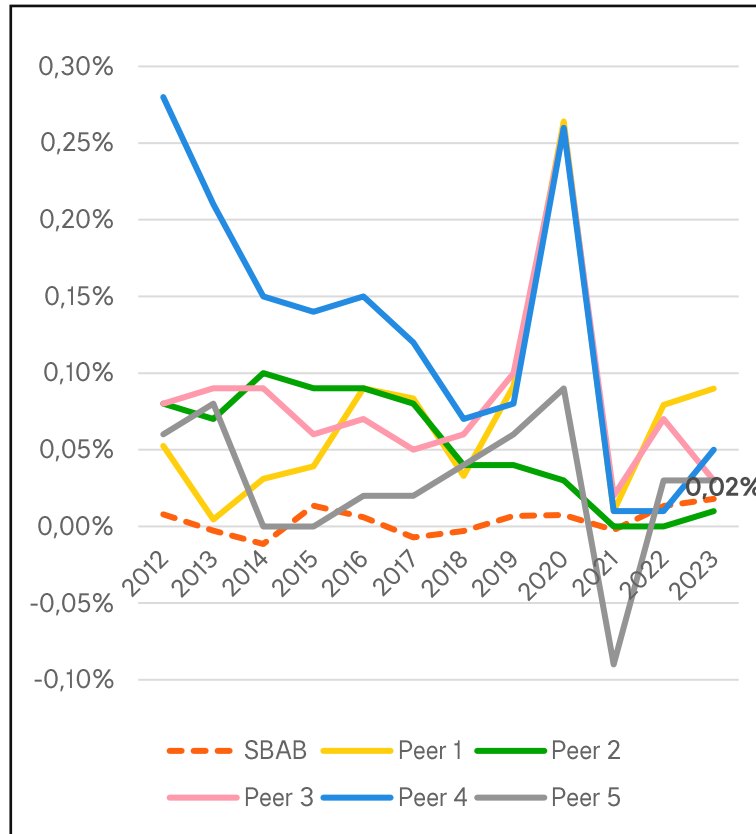


...also when comparing with peers

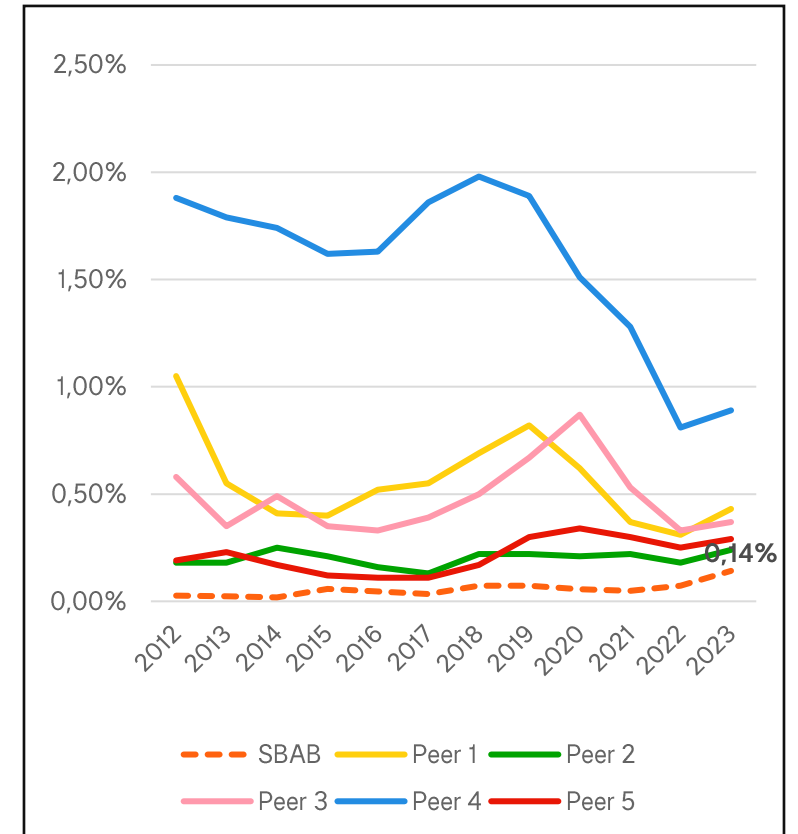
Loan portfolio split YE 2023



Credit losses 2012-2023

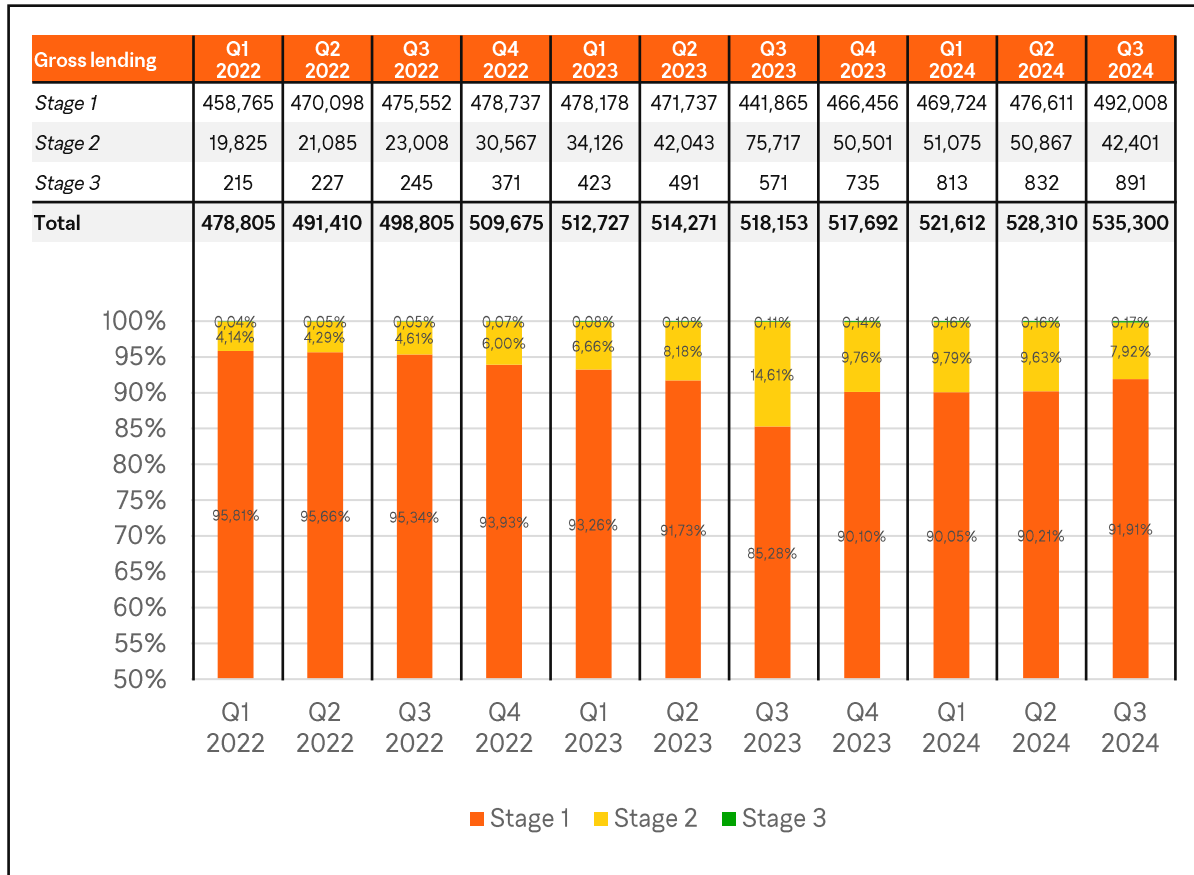


Impaired loans 2012-2023

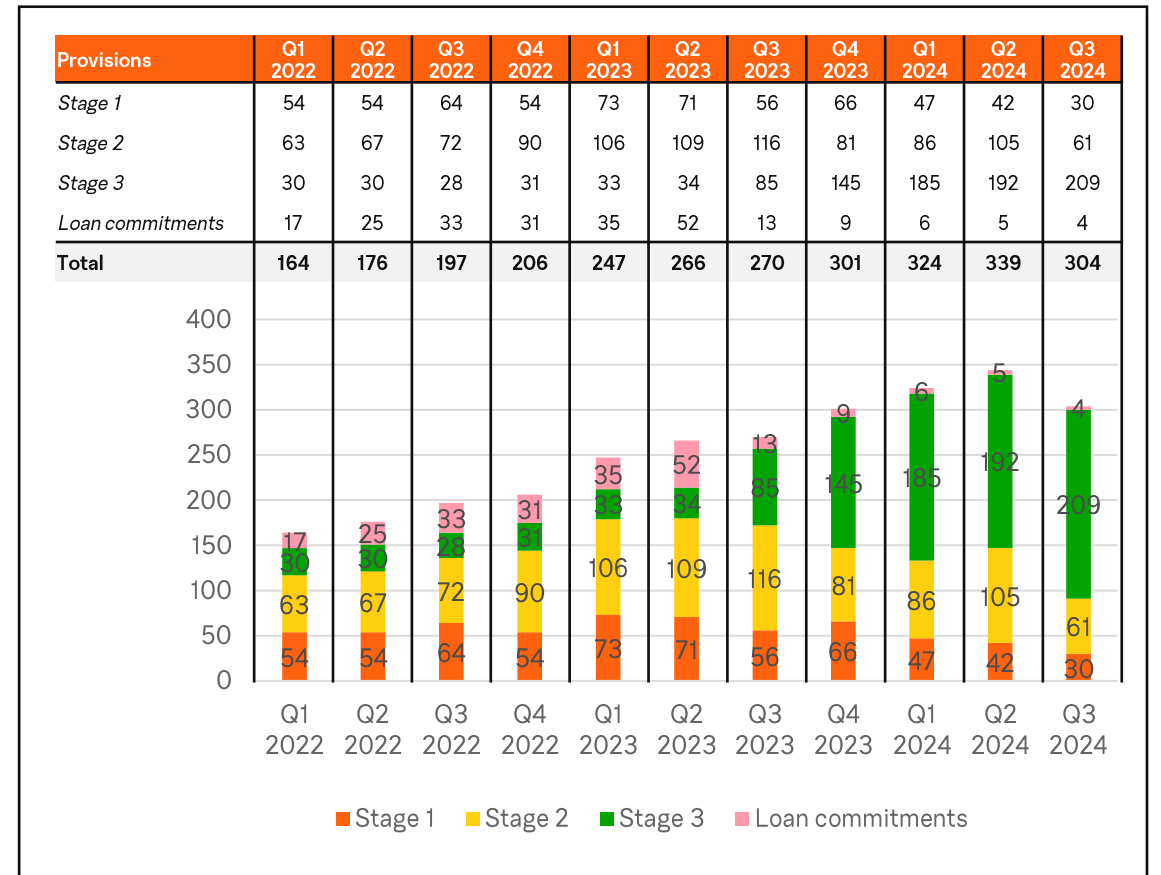


Development of provisions

Lending to the public by credit stage (gross)



Development on provisions

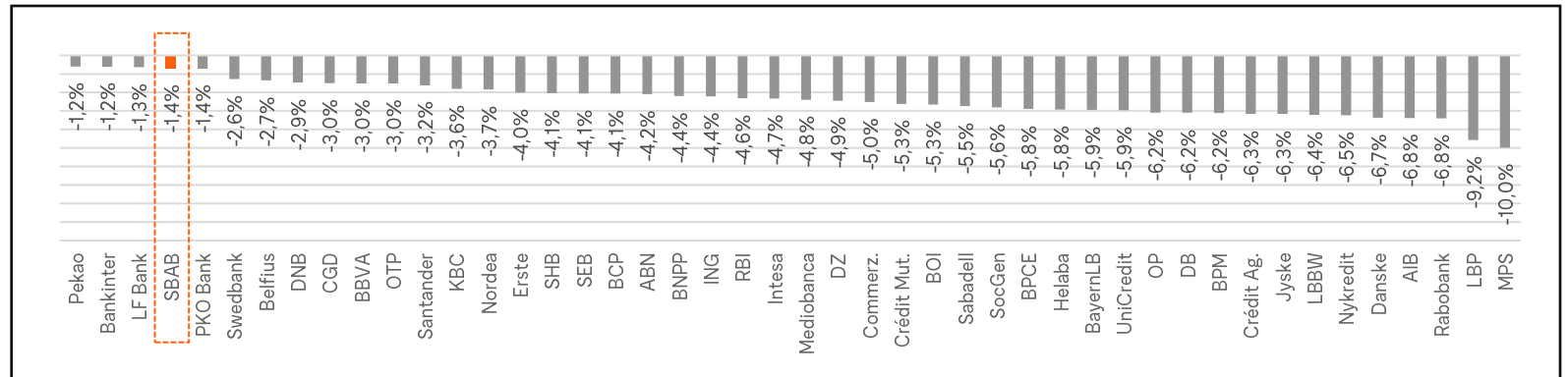


Strong resilience confirmed by EBA

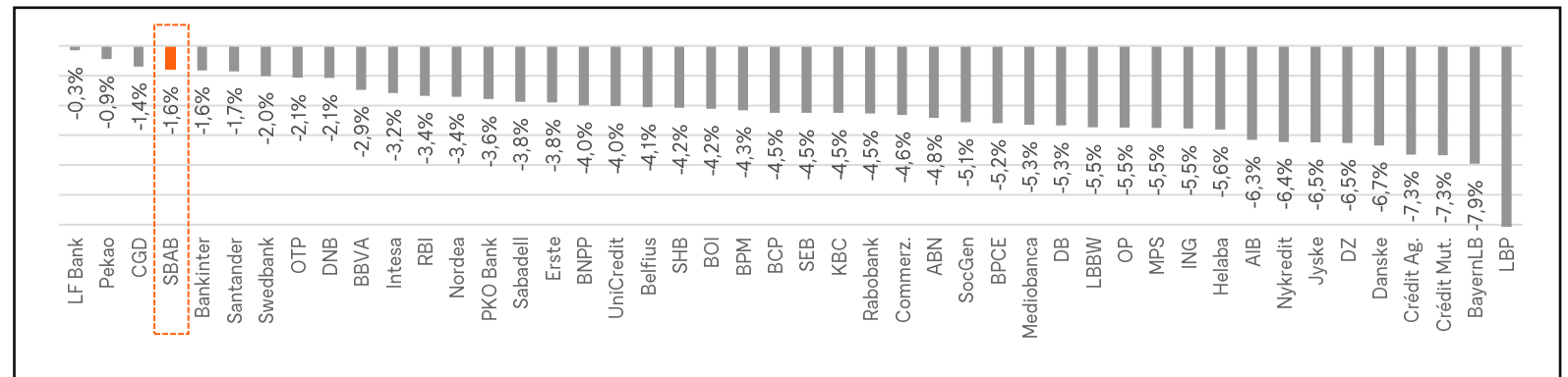
– SBAB’s robust business and resilient capital position confirmed in EBA stress test

- On 28 July 2023, the EBA published the results of its EU-wide stress test. The forward-looking analysis covers the period 2023-2025 and considers the resilience of financial institutions to adverse shocks to the economy
- As in 2021, SBAB once again showcased strong resilience under the adverse scenario, with very tough and conservative assumptions for Sweden
- SBAB’s robust business model (low-risk lending portfolio with focus on residential mortgages) as well as 25% risk-weight floor for mortgage lending in Sweden important factors for the strong results

Maximum negative CET1 ratio impact in adverse scenario (%) (2021)



Maximum negative CET1 ratio impact in adverse scenario (%) (2023)



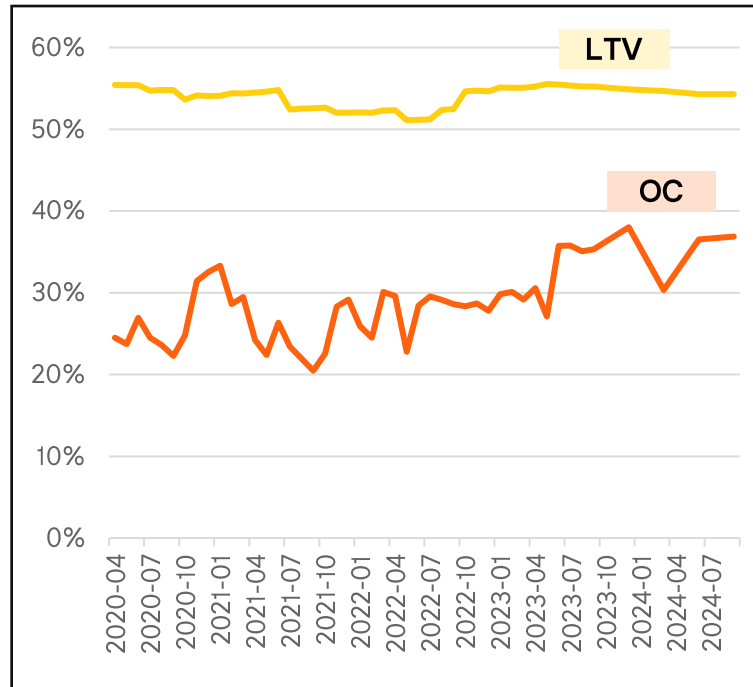
Overview of Cover Pool

Overall key metrics

425_{bn} Cover Pool (SEK)	36.9% OC
438,023 No. of loans	54.3% WA LTV
966,012 Average loan size	5.8 WA seasoning

- Assets spread throughout Sweden; concentrated to economic hubs
- 66.3% floating, 33.7% fixed
- 51.8% amortising, 48.2% interest only

Development of OC and WA LTV



Additional lending that qualifies into the cover pool but is not included in the cover pool amounts to 69.1 bn SEK. This lending could be transferred into the cover pool if needed.

Simulation of decline in house prices

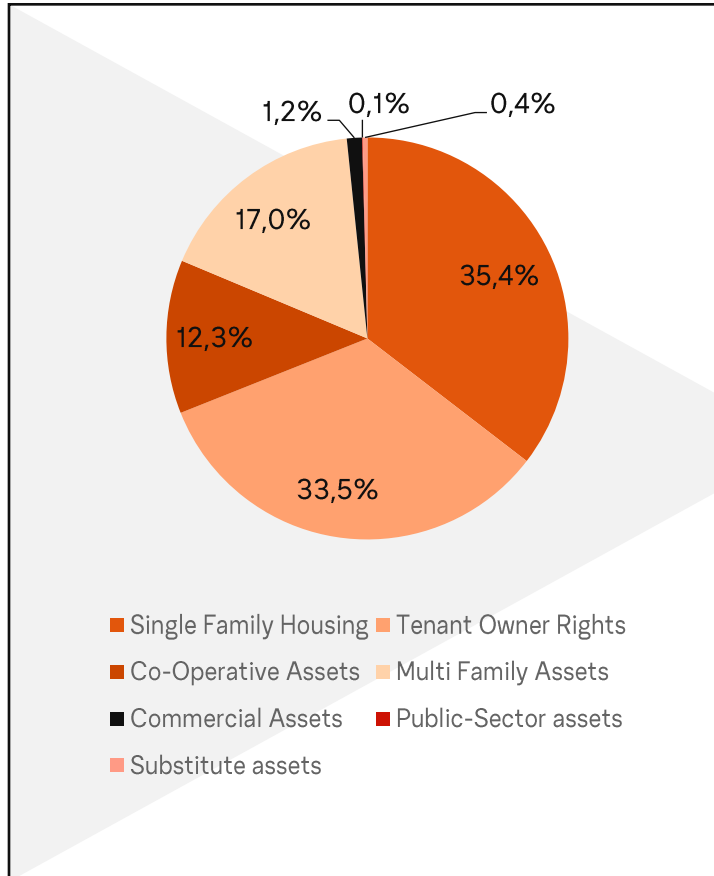
House-price change	Mortgage assets in cover pool (SEK bn)	WA LTV (%)	OC* (%)
0%	423.1	54.3	36.9
-5%	420.7	56.5	36.1
-10%	417.2	58.8	35.0
-15%	412.2	61.0	33.4
-20%	405.0	63.1	31.1
-25%	395.1	65.0	28.0
-30%	380.7	66.7	23.4

* OC calculated in accordance with requirements from the Swedish FSA

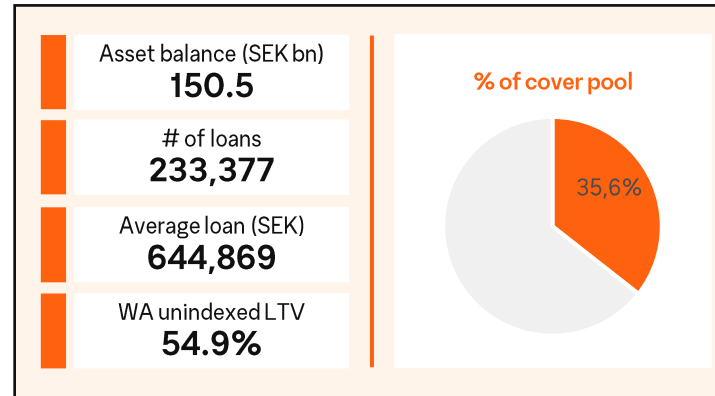


Cover Pool composition

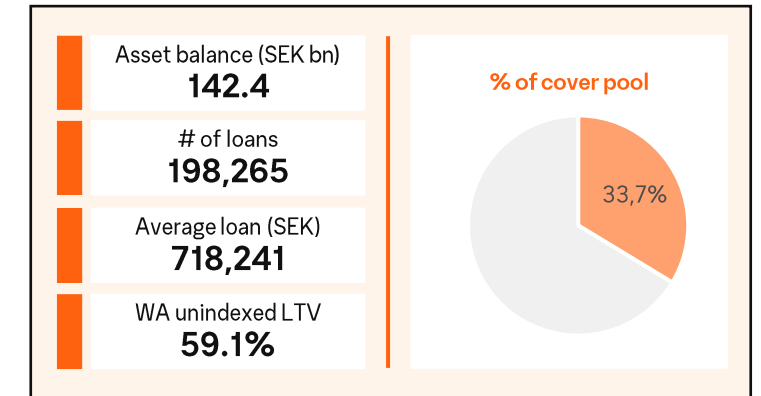
Asset types in cover pool



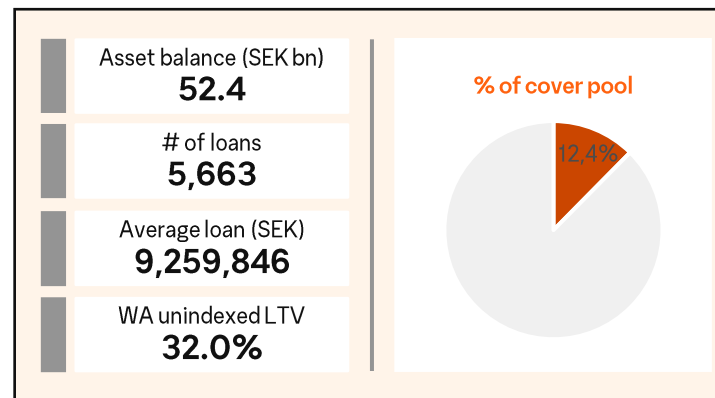
Cover Pool Information - Single Family Housing



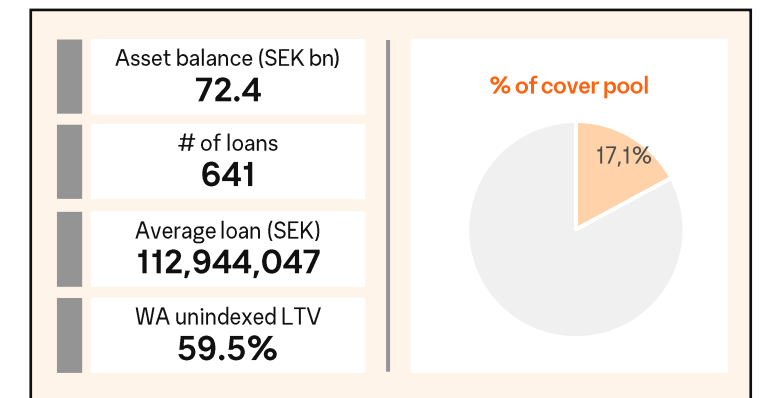
Cover Pool Information - Tenant Owner Rights



Cover Pool Information - Co-Operative Assets



Cover Pool Information - Multi Family Assets



Percentage of loan portfolio in the cover pool (not including substitute assets and public-sector assets)



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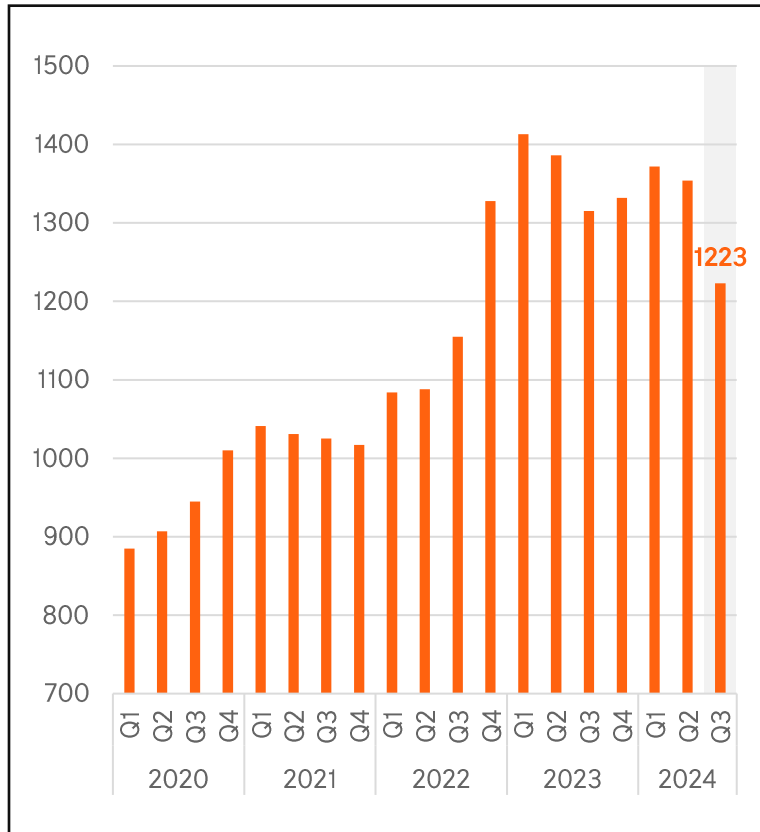
Overview of Q3 results

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: Risk tax and res. fee (new row 2022)	-143	-142	-1 mn	-427	-402	-25 mn
Operating profit	628	736	-14.7%	2,169	2,435	-10.9%
C/I 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
CET1 capital ratio (%)	12.4%	12.1%	+0.3 pp	12.4%	11.6%	+0.8 pp

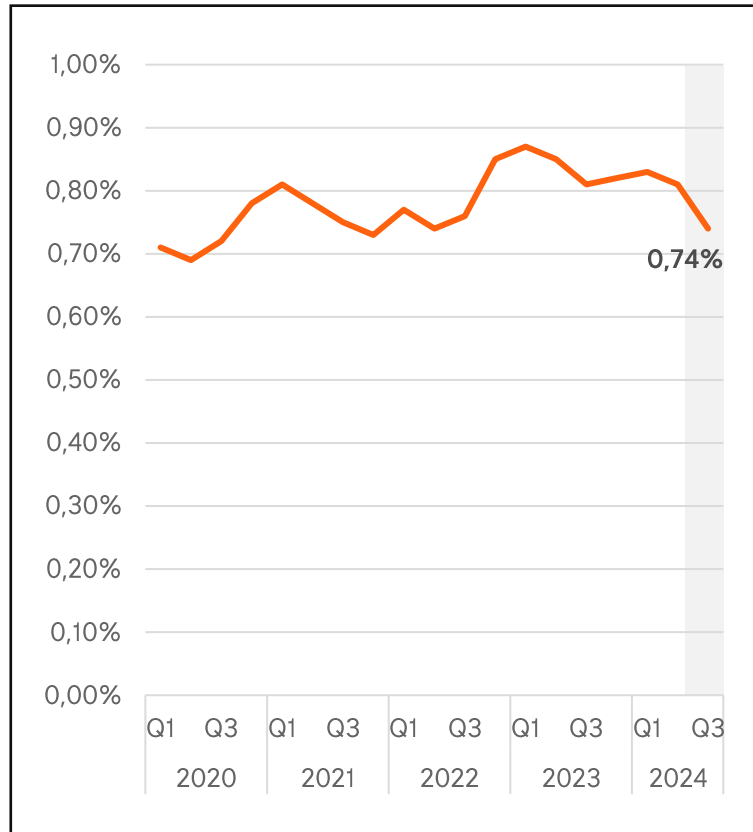


NII & NIM development

Net Interest Income (NII) QoQ (SEK mn)



Net Interest Margin (NIM) QoQ (%)



Calculated as NII in relation to total assets in balance sheet

Comments

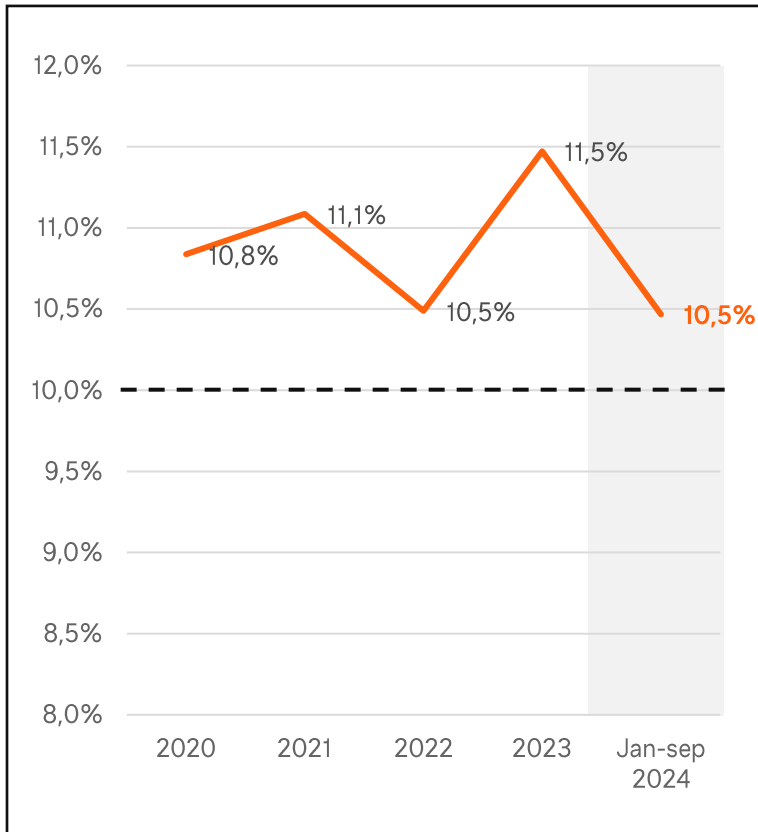
- Lower NII mainly due to decreasing deposit margins (negatively affected by falling by market interest rates). Strong volume growth in both lending and deposits positive for long-term NII development
- Mortgage margins still on very low levels (although growing slightly since mid-2024 and expected to 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



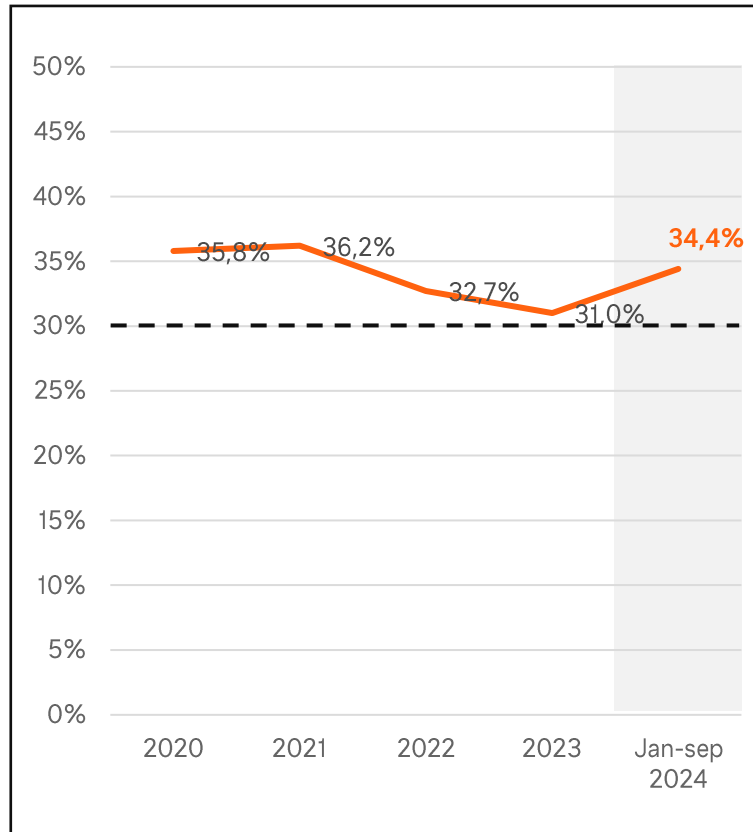
Financial KPIs

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

Return on equity, %



C/I-ratio, %



Comments

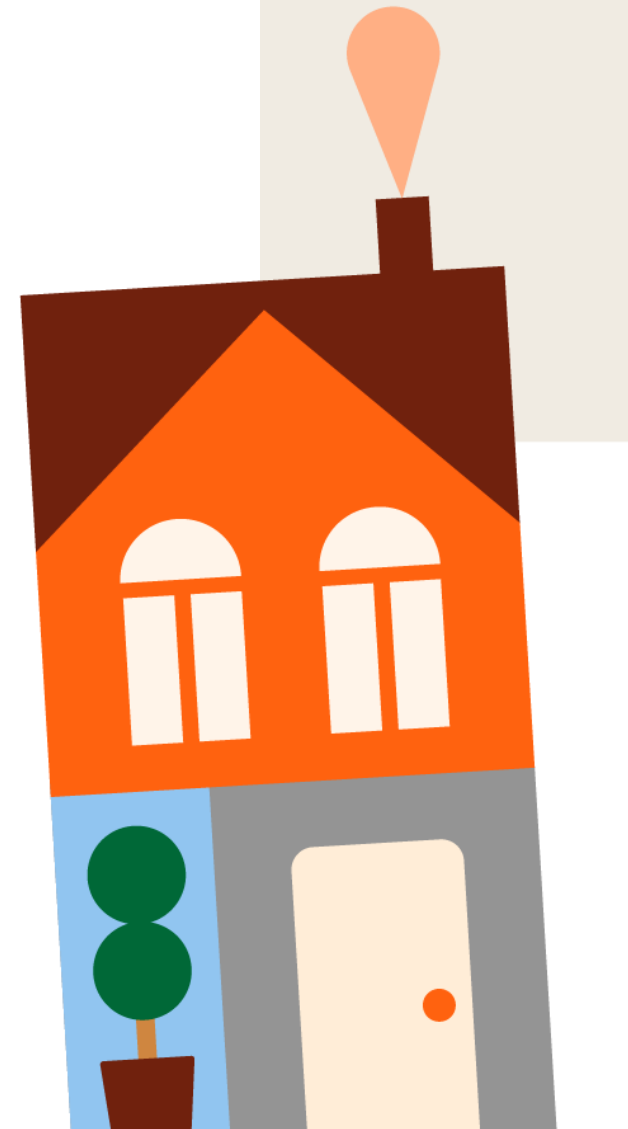
- Competitive profitability and returns given SBAB's low risk business. Well above RoE target (>10%) last 5 years
- Highly competitive cost efficiency in line with long-term target of C/I-ratio of <30%

The as per 2022 implemented risk tax negatively impacts RoE with approximately 1% (RoE excl. risk tax for FY 2023 was 12.7% vs. published figure of 11.5%). Move of resolution fee from NII to new row in the income statement ("Imposed fees") in conjunction with the implementation of the risk tax in Jan 2022 positively impacts C/I ratio with approximately 1% (C/I ratio excl. move of resolution fee was 32.1% for FY 2022 vs. published figure of 31.0%)



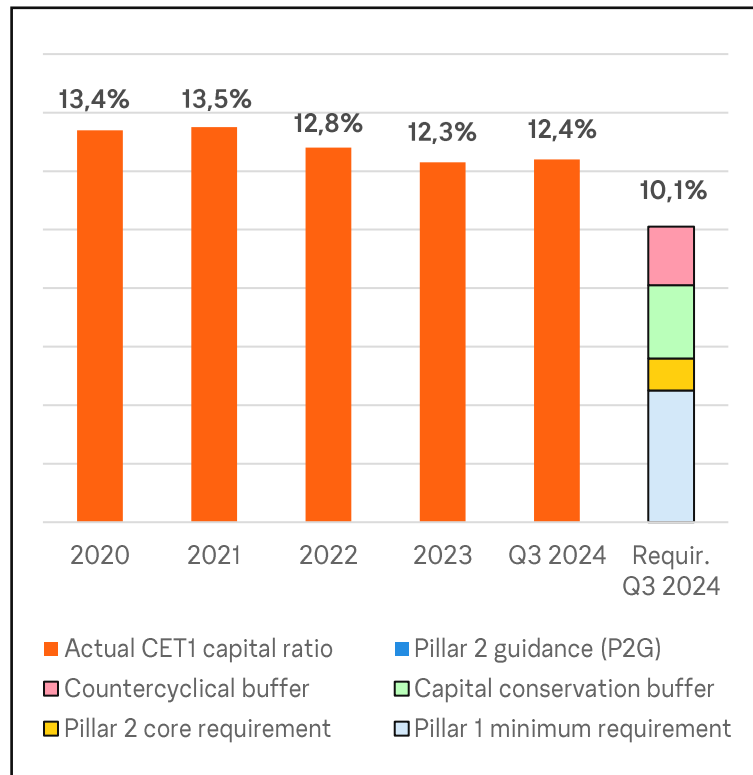
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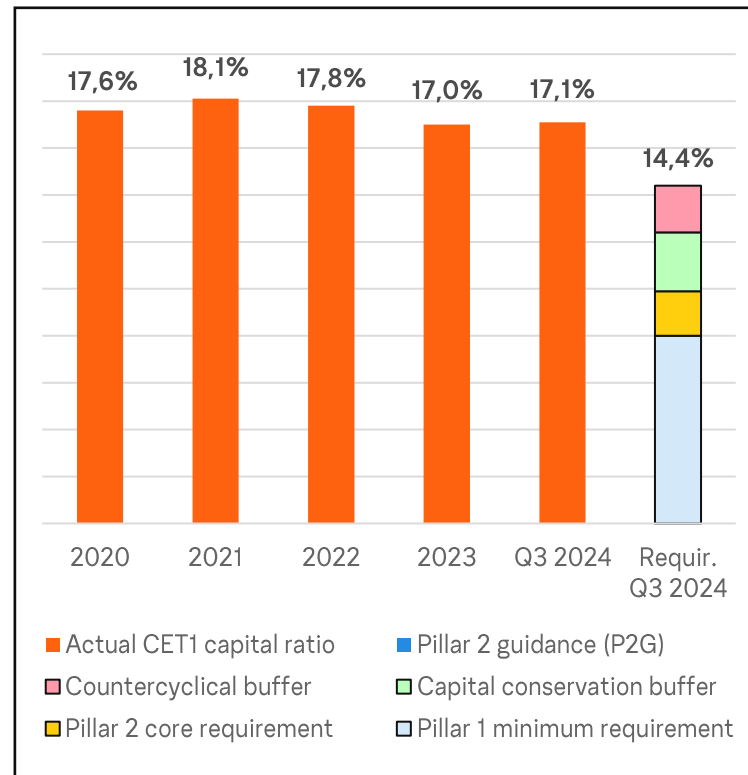


Overview capital position

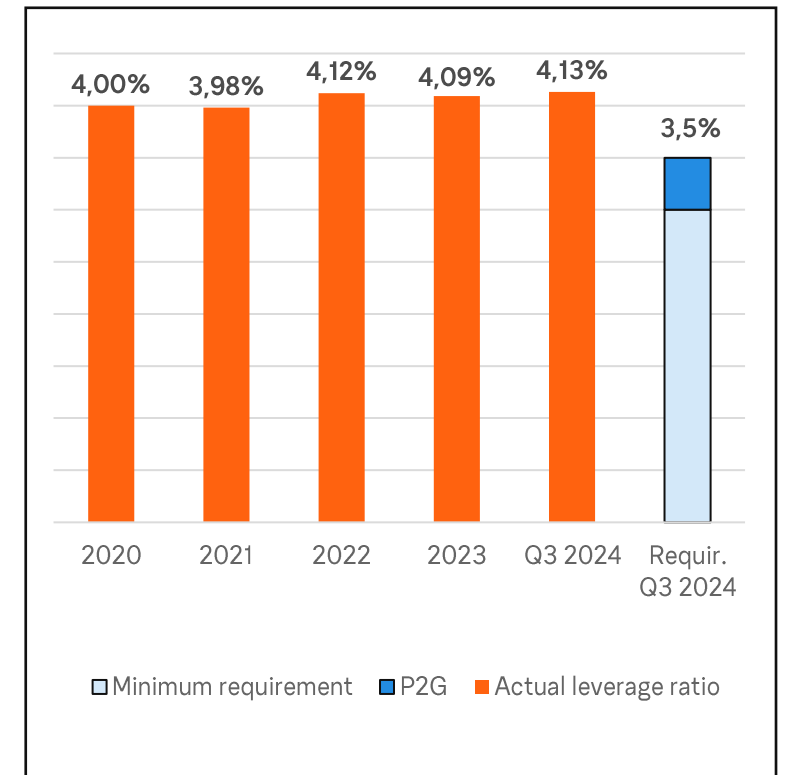
CET1 capital ratio vs. requirement



Total capital ratio vs. requirement

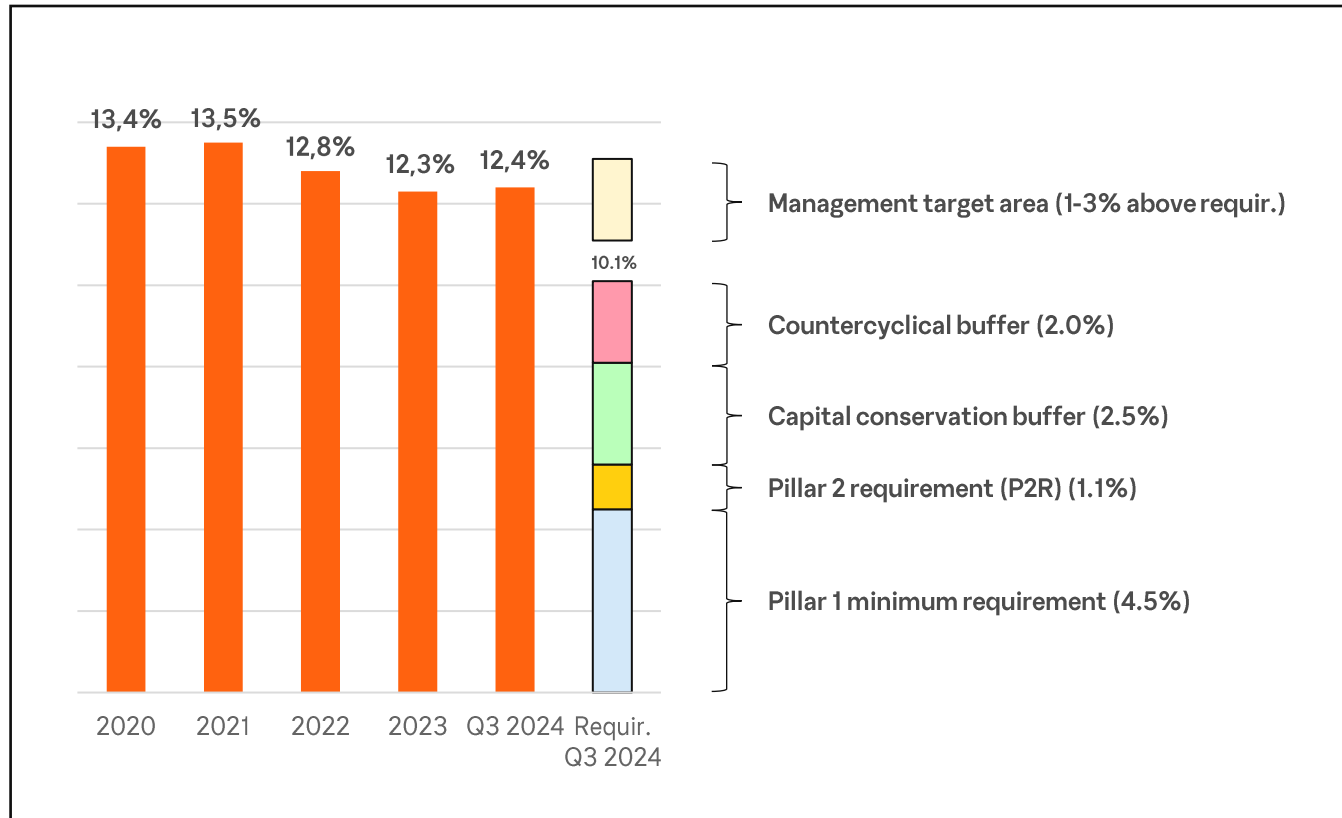


Leverage ratio vs. requirement



SBAB's capital targets

Components of SBAB's CET1 capital target & actual CET1 capital ratio



Comments

- CET1 margin to requirement of 2.3% at Q3 2024 – well within range of management CET1 capital target of 1-3% above regulatory requirement
- Risk weighted Pillar 2 guidance for SBAB set at 0%, significantly below peers, reflecting SBAB's robust and low-risk business model



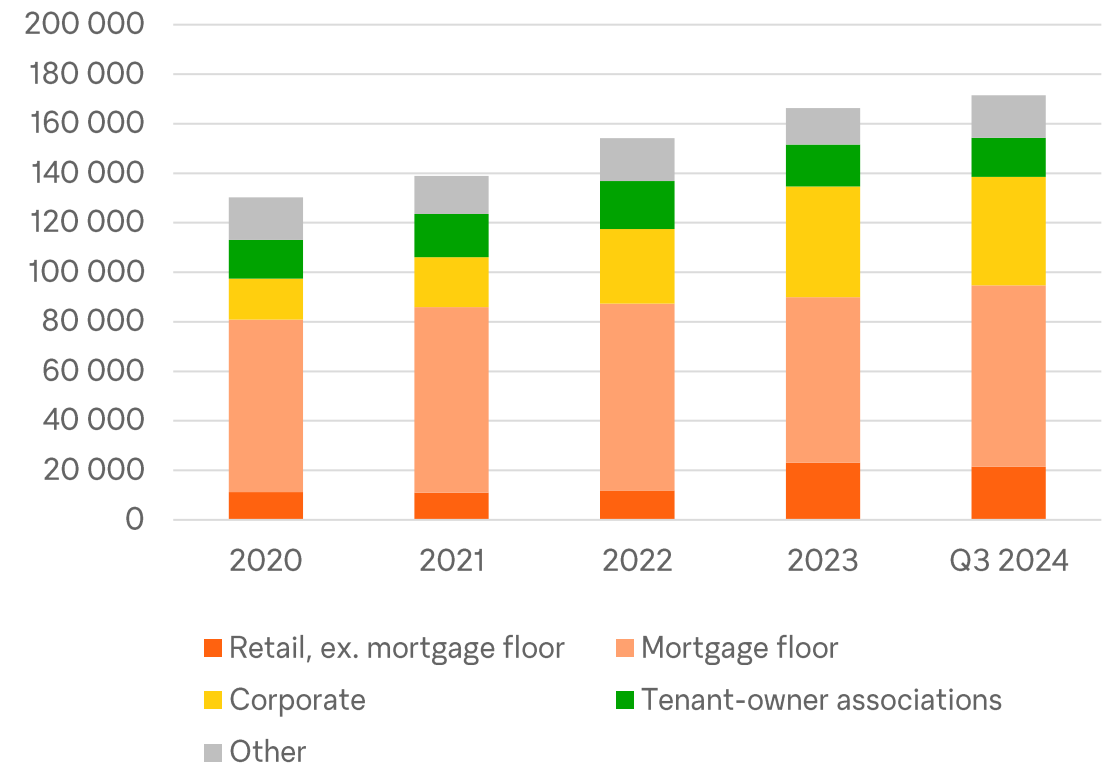
Development in REA

– 25% risk-weight floor on Swedish mortgages contributes significantly to REA

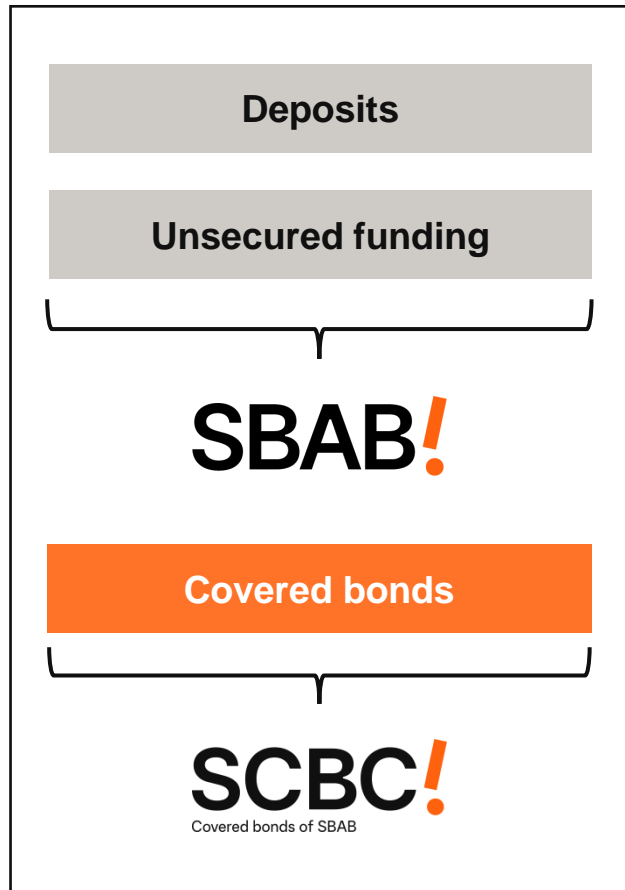
Comments

- True risk weights (internally calculated) far lower than mandatory/restricting risk weight floor applied by the Swedish FSA of 25% for Swedish residential mortgages (article 458). Mortgage portfolio (representing ~67% of total lending) thus contributes to stability in REA
- Strong growth in lending (retail and non-retail) has contributed to growth in REA. Implementation of new PD models for corporate exposures (non-retail) increased REA in Q3 2023
- Factors behind REA growth in first three quarters of 2024 include growth in lending, increase in covered bond holdings and yearly update of operational risk quantification

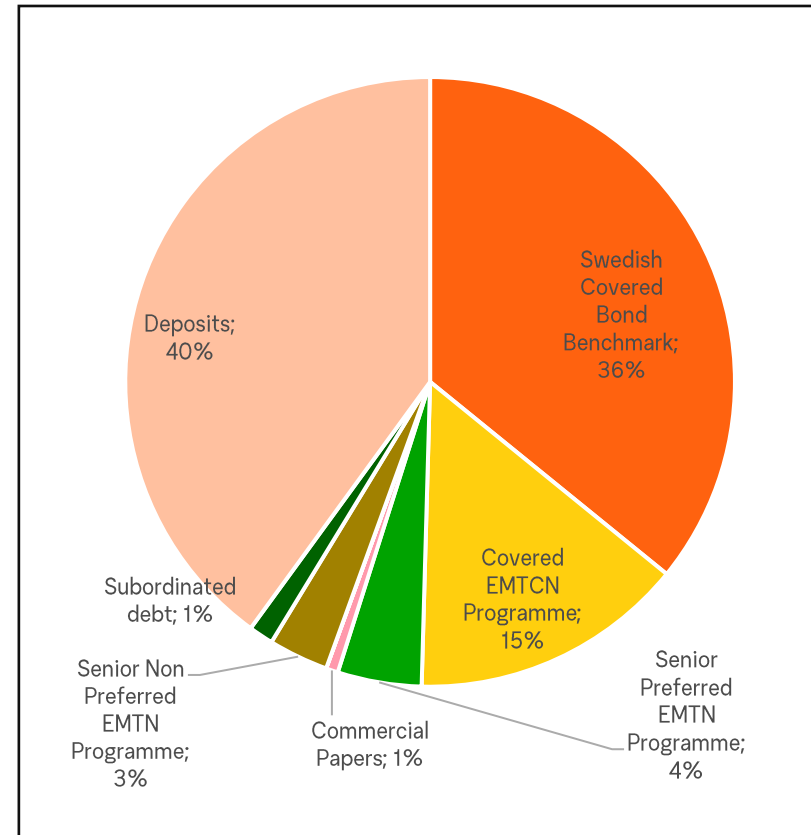
Development and composition of REA (SEK mn)



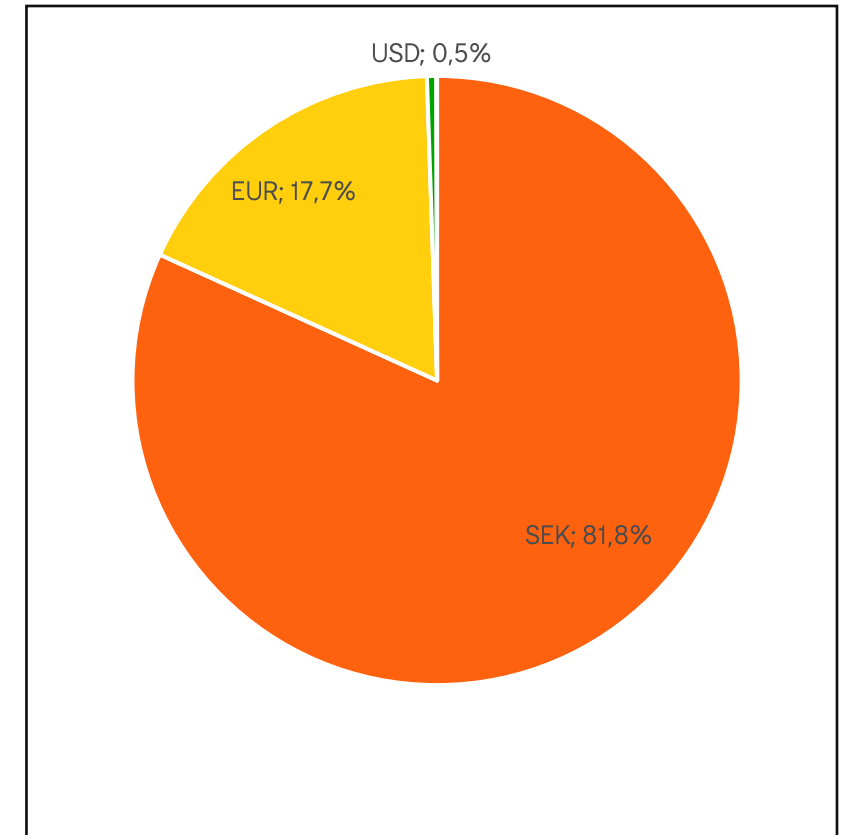
Overview of funding



Funding sources




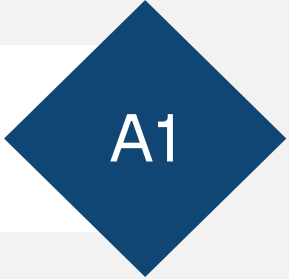


Funding currencies



Rating overview

– Upgraded to A+ by S&P in February 2023

Senior Unsecured Rating

	Stable Outlook	
	Stable Outlook	

MOODY'S

STANDARD & POOR'S
RATINGS SERVICES
McGRAW HILL FINANCIAL

Investment Grade

Aaa Sov. rating

Aa1

Aa2

Aa3

A1 Senior Preferred

A2

A3

Baa1 BCA and SNP

Baa2 T2

Baa3

Non Investment Grade

Ba1 AT1

Ba2

[...]

AAA Sov. rating

AA+

AA

AA-

A+ Senior Preferred

A

A- SACP

BBB+ SNP

BBB T2

BBB-

BB+

BB AT1

[...]

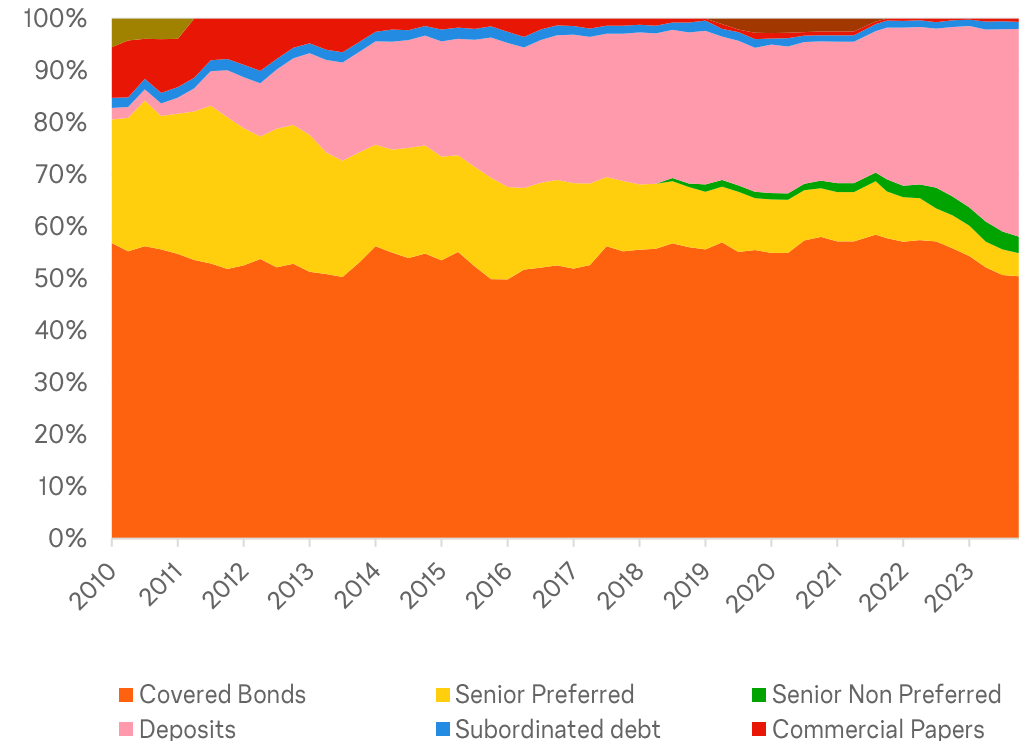


Funding strategy & development

Funding strategy

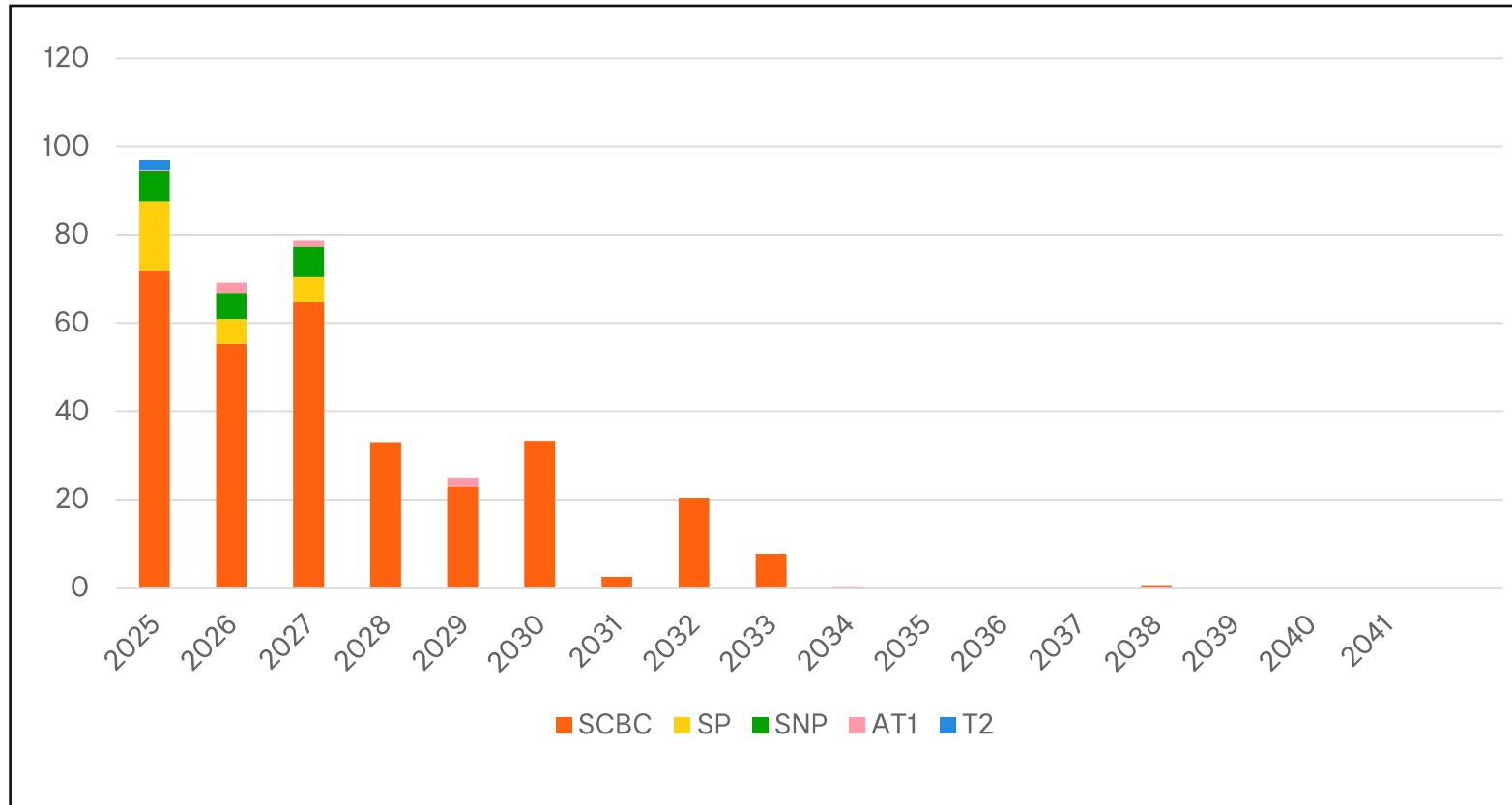
- Maintain access to core funding markets; SEK- and EUR-market
- Regular benchmark issuance in both covered and unsecured format. Private placements as a complement.
- Reduced wholesale funding reliance due to growing deposit volumes
- Efficient use of CB funding (~55% of total funding). Utilizing the depth and stability of the Swedish CB market
- Limited use of short dated funding through CP-programs, interbank funding and central bank facilities
- Dedicated green bond issuance subject to green lending volumes
- Committed to capital issuance in SEK

Development of funding sources over time



Maturity profile

Maturity profile (SEK bn)



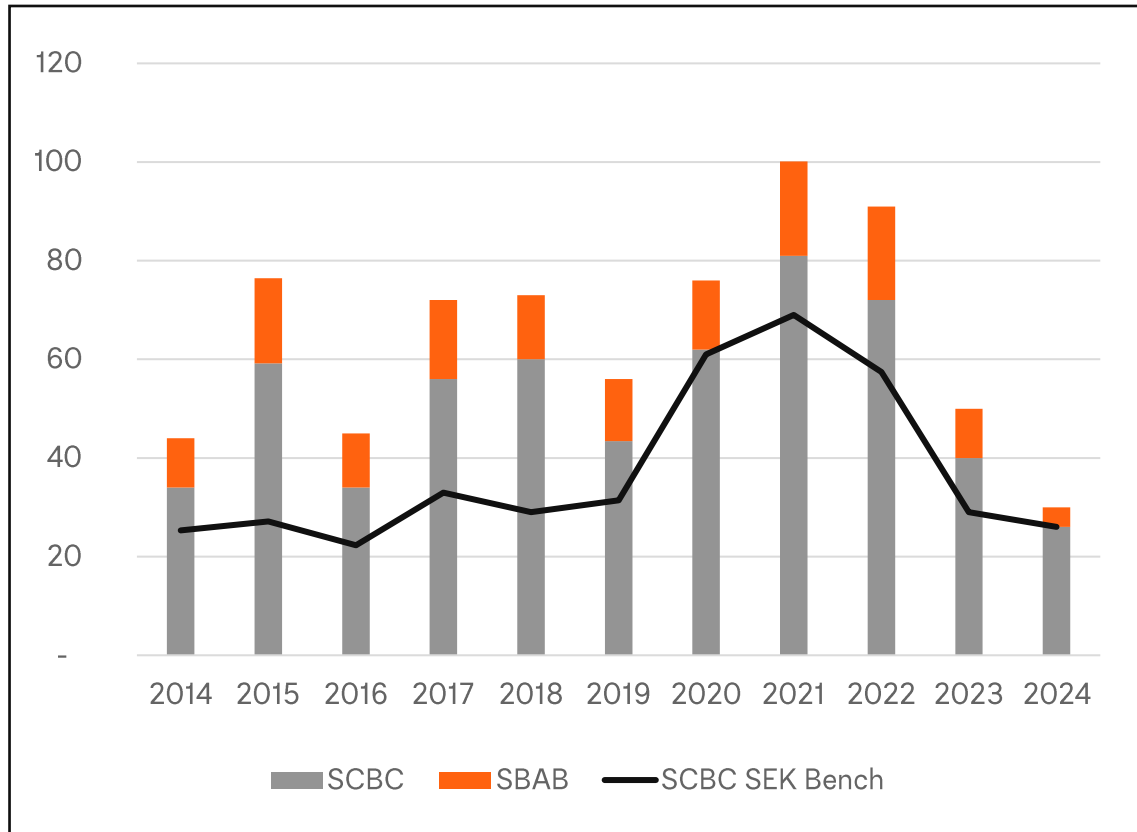
Comments

- Smooth funding profile reduces refinancing risk
- Extended maturity profile with successful benchmark issues in longer tenors
- Liquidity risk mitigated through buy-backs of maturing bonds



Future issuance

Annual issuance, SEK bn

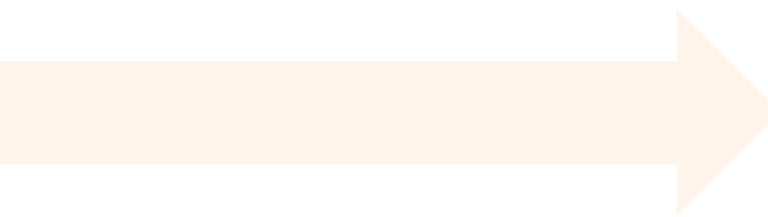


Future issuance

- Overall strategy is to in the long-term maintain presence and regularity in core funding markets (predominantly EUR and SEK)
 - New SEK covered bond benchmark/benchmarks per year
 - One to two public EUR transactions in international funding markets per year
 - Private placements in SEK and international funding markets
- Senior non preferred issuances preferably in SEK
 - EUR and other currencies as a complement
- Capital issuances (AT1 & T2) predominately in SEK
- SBAB's focus is to use intermediate (5y+) tenors to support duration in covered bonds and mainly short to intermediate (3 to 5y) in senior unsecured
- Regular future issuance: Dedicated to SEK and EUR markets in covered and senior format



Regular presence in EUR market



SBAB!
Senior Unsecured
€500mn
0.125%
5,25y due Aug '26
May 2021

SBAB!
Senior Unsecured
€500mn
0.5%
5y due Feb '27
Jan 2022

SBAB!
Senior Unsecured
€750mn
1,875%
3y due Dec '25
Jun 2022

SBAB!
SNP
€500mn
4,875%
3nc2 due Jun '26
Jun 2023



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

SCBC!
Covered bonds of SBAB
Covered Bond
€1,000 mn
0.01%
8,75y due March '30
Jun 2021

SCBC!
Covered bonds of SBAB
Covered Bond
€1,250 mn
1,75%
9,75y due Feb '32
May 2022

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



Update on MREL

- On 1 January 2024, the final MREL entered force. As of this date, the total requirement for SBAB amounted to 26.75% of REA (incl. the ban on double counting), corresponding to SEK 46.2 billion. On the same date, the subordinated requirement amounted to 24.2% of REA, corresponding to SEK 41.9 billion
- Three SNP transactions during 2023; (1) SEK 3 bn in Jan; (2) EUR 500 mn in Jun; (3) SEK 1.5 bn in October. One transaction in the domestic market in Jan 2024 of SEK 2.5 bn
- SBAB's calculated need for outstanding (eligible) SNP by end 2024 is estimated to around SEK 18-20 bn factoring in balance sheet growth, maturity profile and internal buffers

MREL requirement (Sep 2024)

	%	SEK bn
REA	26.7%	45.9
LRE	6%	39.7
Buffer		20.9

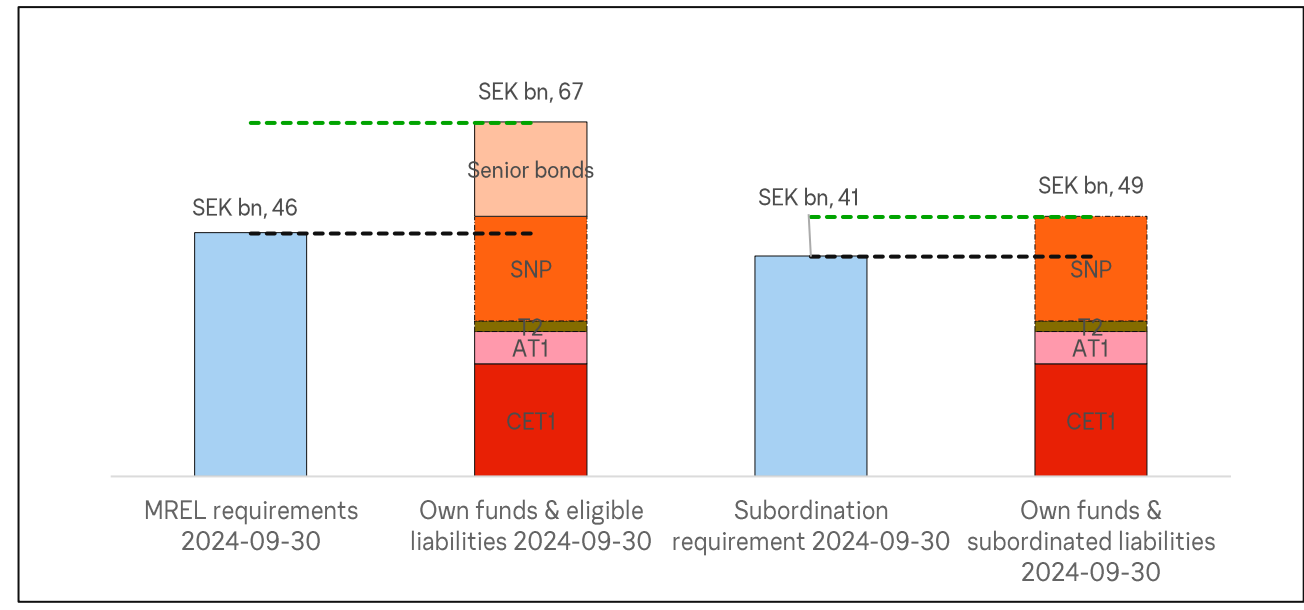
Subordination requirement (Sep 2024)

	%	SEK bn
REA	24.2%	41.5
LRE	6%	39.7
Buffer		7.4

Own funds & eligible liabilities (Sep 2024)

	SEK bn
CET1	21.2
AT1	6,1
T2	2.0
SNP	19.7
Senior bonds	17.8
Total	66.7

49



Liquidity position

- High quality and diversified liquidity reserve within relevant currencies with 95% AAA rated. Liquidity reserve amounting to 101 billion
- LCR and NSFR well above regulatory requirements. Survival horizon implies liquidity need coverage for 253 days under stressed scenario (unchanged lending portfolio, severe deposit outflow and no new funding added)

Key metrics

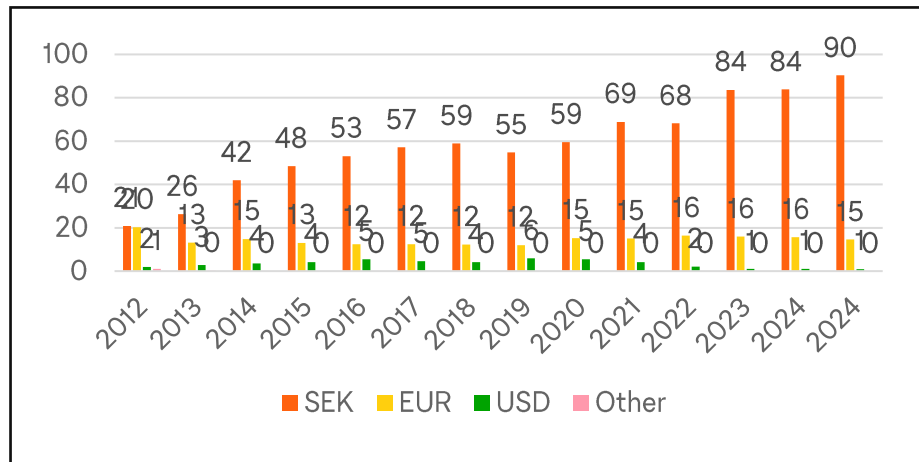
101 bn
Liquidity reserve

258%
LCR

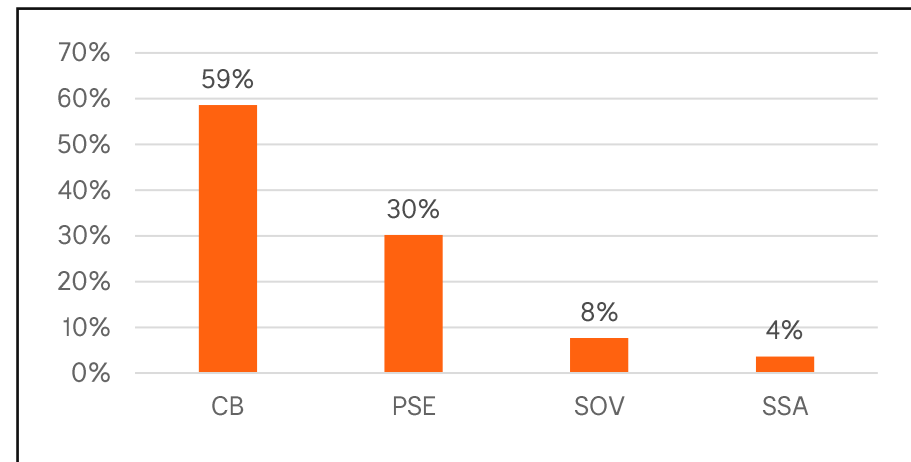
133.6%
NSFR

253 days
Survival horizon

Liquidity portfolio (Currency distribution)



Liquidity portfolio (Securities type)



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1 Business update

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5 SBAB's commitment to sustainability

6 Macro development

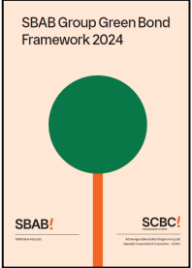


Overview of sustainability






Ambitious (science-based) long-term climate target

<p>Target towards 2038 to reduce emission intensity (kg CO_{2e})</p> <p>-50%</p>	<p>Signatory to Principles for Responsible Banking</p> 
	<p>Signatory to Partnership for Carbon Accounting Financials (PCAF)</p> 
	<p>Signatory to UN Global Compact, Communication on Progress (COP)</p> 



Recurrent Green Bond issuer

<p>Green bonds (YE 2023)</p> <p>SEK ~42 bn</p>		<p>Launch of new framework in April 2024</p> <p>(SBAB Group Green Bond Framework 2024)</p>
---	---	--

Green lending products (YE 2023)

 <p>Green residential mortgages (SEK ~44.1bn)</p>	 <p>Green investment loans to ToA and corporates (SEK ~148 mn)</p>
 <p>The Kilowatt Loan (Sw "Kilowattlånet")</p>	 <p>Sustainability-linked loans to corporate clients</p>
 <p>The Energy Loan (Sw "Energilånet")</p>	

Strong sustainability ratings

	<table border="1"> <tr> <td>Negligible (0-10)</td> <td>Low (10-20)</td> <td>Medium (20-30)</td> <td>High (30-40)</td> <td>Severe (40+)</td> </tr> </table>	Negligible (0-10)	Low (10-20)	Medium (20-30)	High (30-40)	Severe (40+)		
Negligible (0-10)	Low (10-20)	Medium (20-30)	High (30-40)	Severe (40+)				
	<table border="1"> <tr> <td>CCC</td> <td>B</td> <td>BB</td> <td>BBB</td> <td>A</td> <td>AA</td> <td>AAA</td> </tr> </table>	CCC	B	BB	BBB	A	AA	AAA
CCC	B	BB	BBB	A	AA	AAA		



SBAB's timeline on climate change mitigation



Long-term climate target

Long-term science-based climate target* to reduce emission intensity (kg CO₂e)

Target 2030:

-30%

Target 2038:

-50%

Carbon Risk Real Estate Monitoring (CRREM)

Target set based on country and branch specific decarbonisation pathway (kg CO₂e per m²)

Building type	Financed Emissions Baseline (2022)	Financed Emission intensity (2023)	Pathway
Single family houses	3.4	3.24	CRREM
Holiday homes	3.52	3.27	CRREM
Apartments	5.14	5.12	CRREM
Multi-family dwellings	3.54	3.49	CRREM
Commercial real estate	8.69	7.47	CRREM
Total	4.28	4.21	CRREM

Scope 3

CO₂

CO₂

CO₂

- IT equipment
- Copy paper
- Waste
- Work trips
- Data center energy usage
- Etc.

Scope 2

- Energy use, district heating/cooling at our offices

Upstream

Scope 3

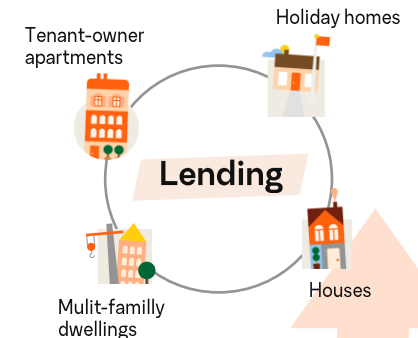
CO₂

CO₂

CO₂

CO₂

SBAB!



Total Co₂ emissions
58,969 tonnes Co₂

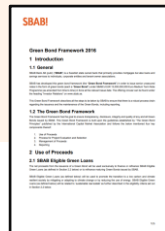
Downstream



Timeline for Green Bonds

2016

- In 2016, SBAB became the first bank in Sweden to issue a Green Bond (after the publishing of its inaugural Green Bond Framework (“Green Bond Framework 2016”))
- Two green bonds issued under this framework (total volume of SEK 3.75 billion)



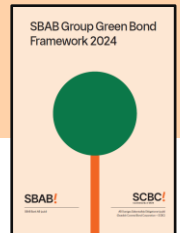
2019

- In early 2019, SBAB published a new, updated framework for issuing green bonds (“SBAB Group Green Bond Framework 2019”) to align with green product offerings (e.g. green residential mortgages) and to enable SCBC to issue covered bonds in the form of green bonds
- To this end, in 2019, the SBAB Group became the first institution in Sweden to issue a green covered bond backed by residential mortgages and property loans
- Eight green bonds issued under this framework (total volume of SEK ~42 billion)



2024

- Publishing of its third Green Bond Framework (“SBAB Group Green Bond Framework 2024”)
- A further step towards increasing the SBAB Group’s engagement and investments in a more sustainable direction and align with best market practices as well as regulatory developments (e.g. the latest ICMA Green Bond Principles and the EU Taxonomy)
- One green bond issued under this framework (total volume of SEK 1.5 billion)

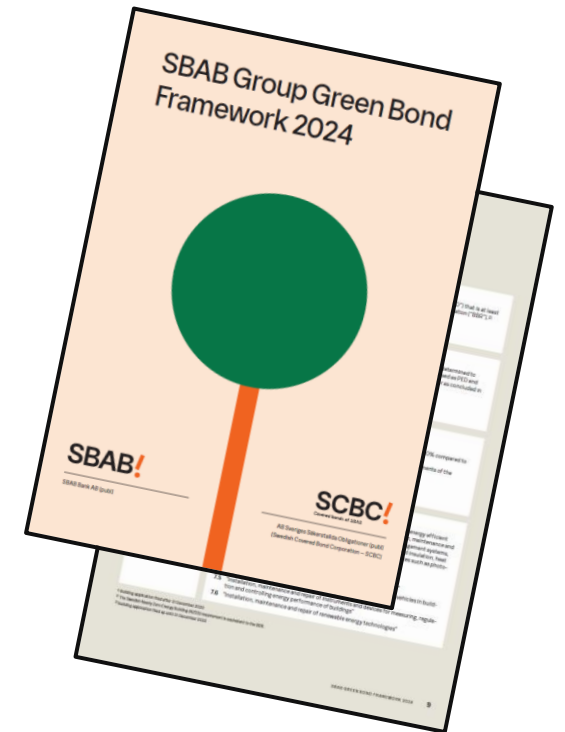


Overview of updated framework

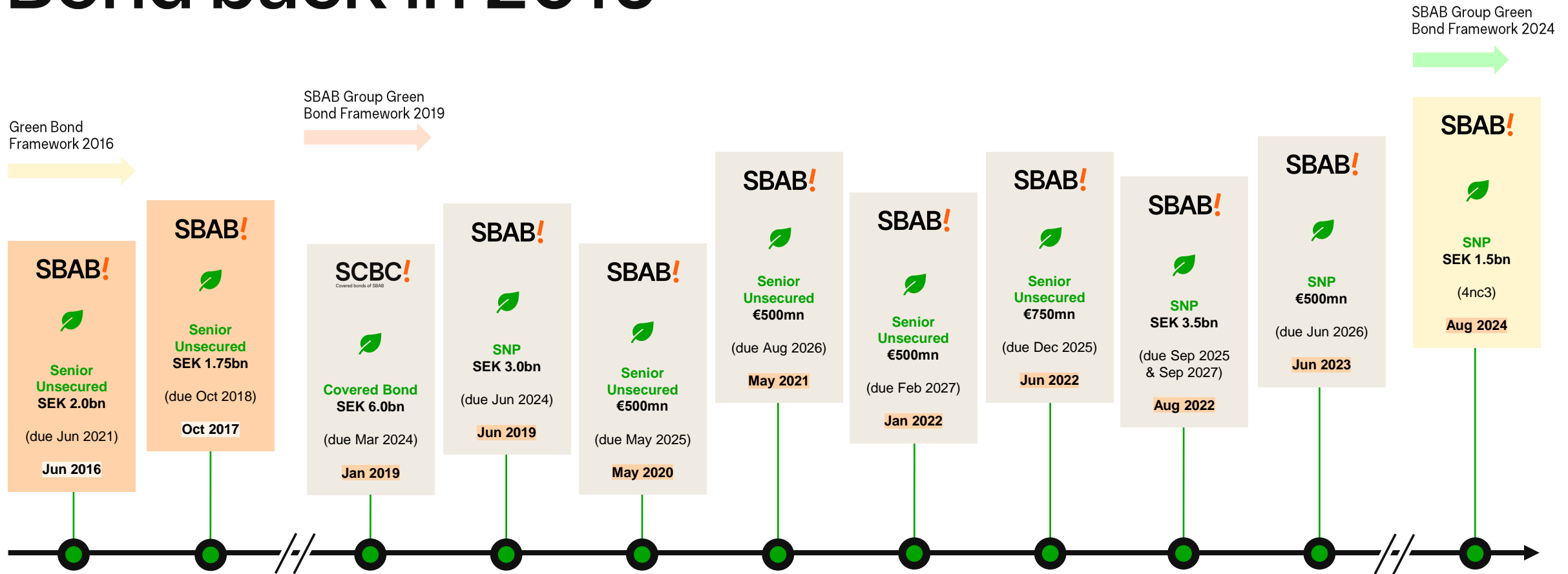
– Updated framework (SBAB Group Green Bond Framework 2024) to align with best market practices as well as regulatory developments

Overview of Green Loan Categories included in framework

- 1** • **New buildings** (built after 2020): Primary Energy Demand (PED) 10% lower than the level required by the Swedish building regulation (“BBR”)
- 2** • **Existing buildings** (built before 2021): EPC A or top 15% of the national or regional building stock
- 3** • **Major renovations:** Meets minimum energy performance requirements of the national building regulation or a reduction in energy use of at least 30%
- 4** • **Building energy efficiency measures:** Direct costs (e.g. material, installation and labour costs) for installing energy efficient technologies or other energy saving measures during the construction, maintenance and service phase of a building



Recurrent issuer since the inaugural Green Bond back in 2016



INSIGHT: Impact reporting

Green Bond Impact Report 2023

Issuer	Issue date	Amount issued	Format	Maturity	Coupon	ISIN	Framework
SCBC	23 January, 2019	SEK 6.0 bn	Covered bond	28 March, 2024	0.75%	XS1943443769	SBAB Group GBF 2019
SBAB	13 June, 2019	SEK 2.25 bn	Senior Non-Preferred	06 June, 2024	3M Stibor +90 bps	XS2015229516	SBAB Group GBF 2019
		SEK 750 mn		06 June, 2024	1.0%	XS2015229862	
SBAB	6 May, 2020	EUR 500 mn (equiv SEK 5.3 bn)	Senior Unsecured	13 May, 2025	0.50%	XS2173114542	SBAB Group GBF 2019
SBAB	20 May 2021	EUR 500 mn (equiv SEK 5.1 bn)	Senior Unsecured	27 August, 2026	0.125%	XS2346986990	SBAB Group GBF 2019
SBAB	31 January, 2022	EUR 500 mn (equiv SEK 5.2 bn)	Senior Unsecured	8 February, 2027	0.50%	XS2441055998	SBAB Group GBF 2019
SBAB	1 June, 2022	EUR 750 mn (equiv SEK 7.9 bn)	Senior Unsecured	10 December, 2025	1.875%	XS2489627047	SBAB Group GBF 2019
SBAB	25 August, 2022	SEK 1.9 bn	Senior Non-Preferred	2 September, 2025	3M Stibor + 95 bps	XS2527964873	SBAB Group GBF 2019
		SEK 0.6 bn		2 September, 2025	3.873%	XS2527964956	
		SEK 1.0 bn		2 September, 2027	4.20%	XS2527965177	
SBAB	26 June, 2023	EUR 500 mn (equiv SEK 5.8 bn)	Senior Non-Preferred	26 June, 2026	4.88%	XS2641720987	SBAB Group GBF 2019
TOTAL		SEK 41.8bn					

SBAB Group Green Bond Framework 2019

SEK 74.5bn → **4,125tCO_{2e}**

Eligible Green Loans & Estimated annual avoidance of GHG emissions



SBAB!

SBAB Bank AB (publ)

SCBC!

Covered bonds of SBAB

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

Sustainability ratings



21.9
("Medium Risk")

Negligible (0-10)	Low (10-20)	Medium (20-30)	High (30-40)	Severe (40+)
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* Latest update in 2024



A

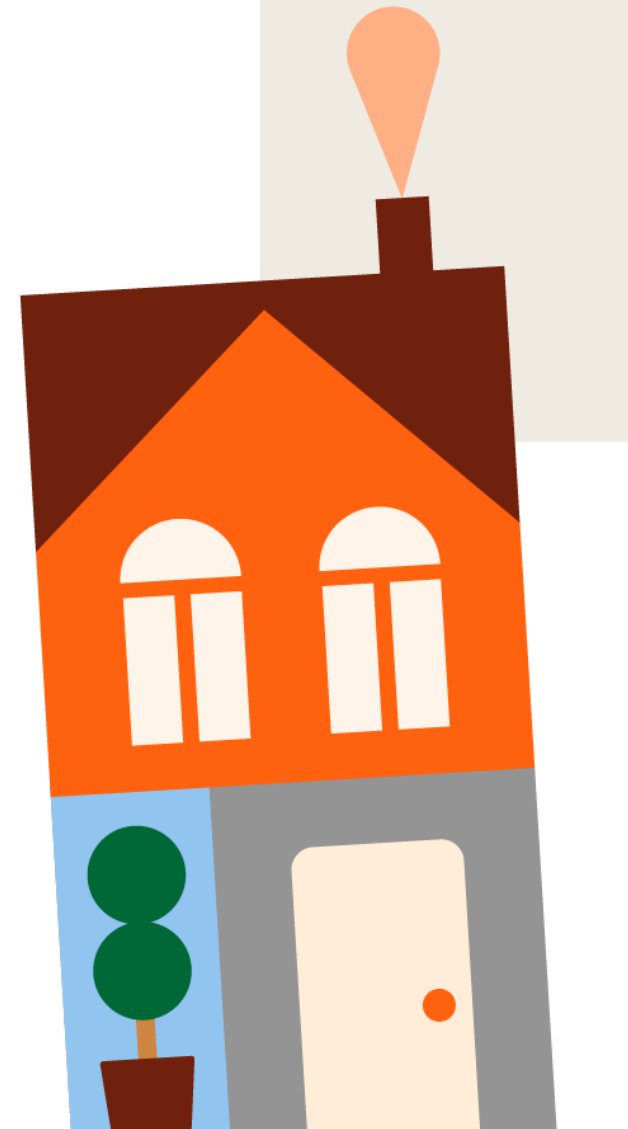
CCC	B	BB	BBB	A	AA	AAA
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* Latest update in 2024



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The Swedish economy

Forecast key figures Sweden

	2023	2024	2025	2026
Real GDP, actual	-0.2 (-0.2)	0.6 (0.7)	2.3 (2.6)	3.0 (2.9)
Household consumption	-2.3 (-2.5)	0.5 (1.5)	2.9 (3.4)	3.4 (3.3)
Public consumption	1.0 (1.5)	1.0 (1.8)	1.3 (1.7)	1.1 (1.2)
Investments	-6.3 (-5.8)	-3.0 (-2.4)	2.7 (2.2)	5.4 (4.7)
Net export, GDP-contribution (pp)	2.3 (2.2)	0.8 (0.3)	0.0 (0.1)	-0.1 (-0.1)
Employment	1.4 (1.4)	-0.4 (-0.2)	0.8 (0.9)	1.1 (1.2)
Unemployment rate (%)	7.7 (7.7)	8.4 (8.4)	8.2 (8.2)	7.7 (7.9)
Inflation, CPIF growth	2.3 (2.3)	1.8 (2.2)	1.9 (2.0)	2.0 (2.0)
Policy rate, yearly average (%)	3.46 (3.46)	3.66 (3.66)	2.29 (2.29)	2.00 (2.00)
KIX-index, yearly average (-)	127.5 (127.5)	126.0 (126.0)	124.0 (124.0)	122.0 (122.0)

Note: Annual percentage growth unless indicated otherwise. Light orange background indicates SBAB Q3 forecast in September 2024. Figures in brackets are SBAB Q2 forecast in April 2024

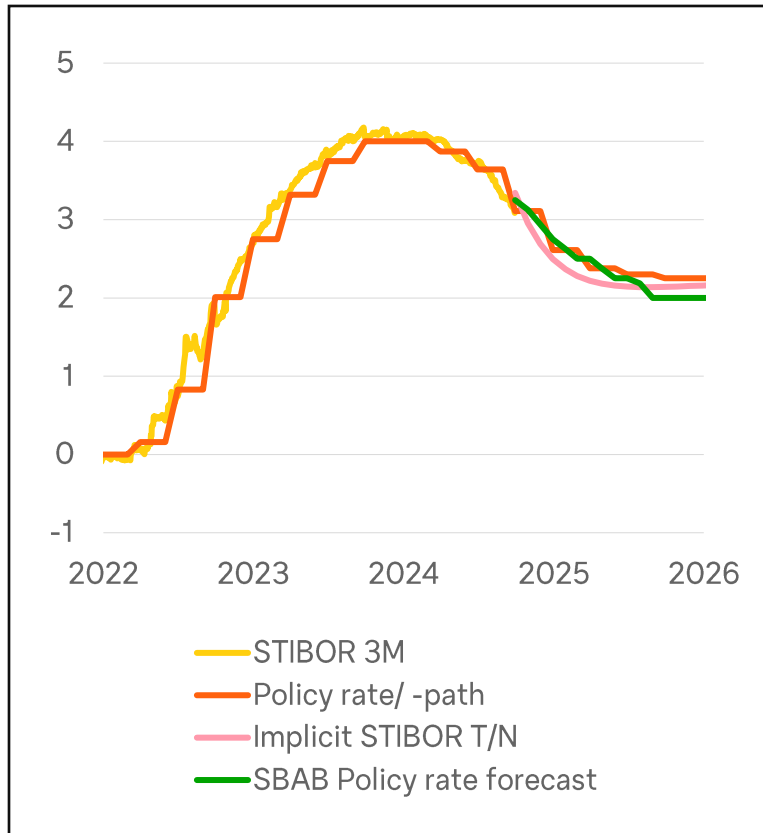
Comments

- Swedish GDP is expected to grow somewhat in 2024, and to grow faster in subsequent years
- Like in many countries, the inflation in Sweden has been high, and therefore the policy rate is high
- In contrast to several other countries, the inflation in Sweden has come down and is currently slightly below the Riksbank target at 2% (measured in terms of 12-month figure), and the Riksbank has lowered the policy rate to 3.25%
- Some characteristics of the Swedish economy are a growing population, many households with large mortgages but also with high savings
- Public finances are sound and central government debt is low



Interest rate development

Interbank rates and policy rate (%)



Mortgage rates (%)

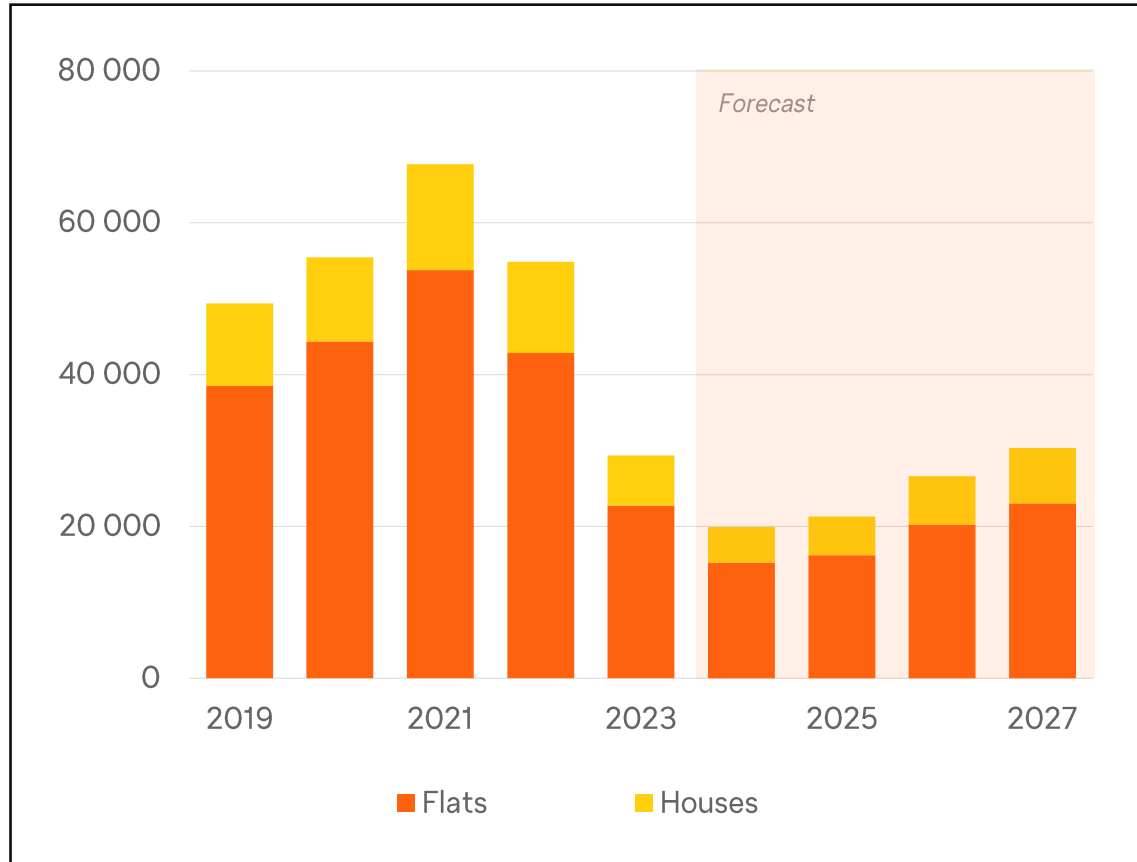
	Length of fixed interest period					
	3 Months	1 Year	2 Years	3 Years	4 Years	5 Years
Sep 2024	4.2%	3.9%	3.7%	3.4%	3.4%	3.3%
Jan 2025	3.7%	3.6%	3.5%	3.4%	3.5%	3.5%
Jan 2026	3.2%	3.3%	3.4%	3.5%	3.7%	3.7%
Jan 2027	3.3%	3.5%	3.6%	3.7%	3.9%	3.9%
Jan 2028	3.4%	3.5%	3.6%	3.8%	4.0%	4.0%

Note: Refers to average interest rates on the mortgage market, not SBAB's list or average interest rates



Lower rate of new housing construction

Housing construction (number of homes)



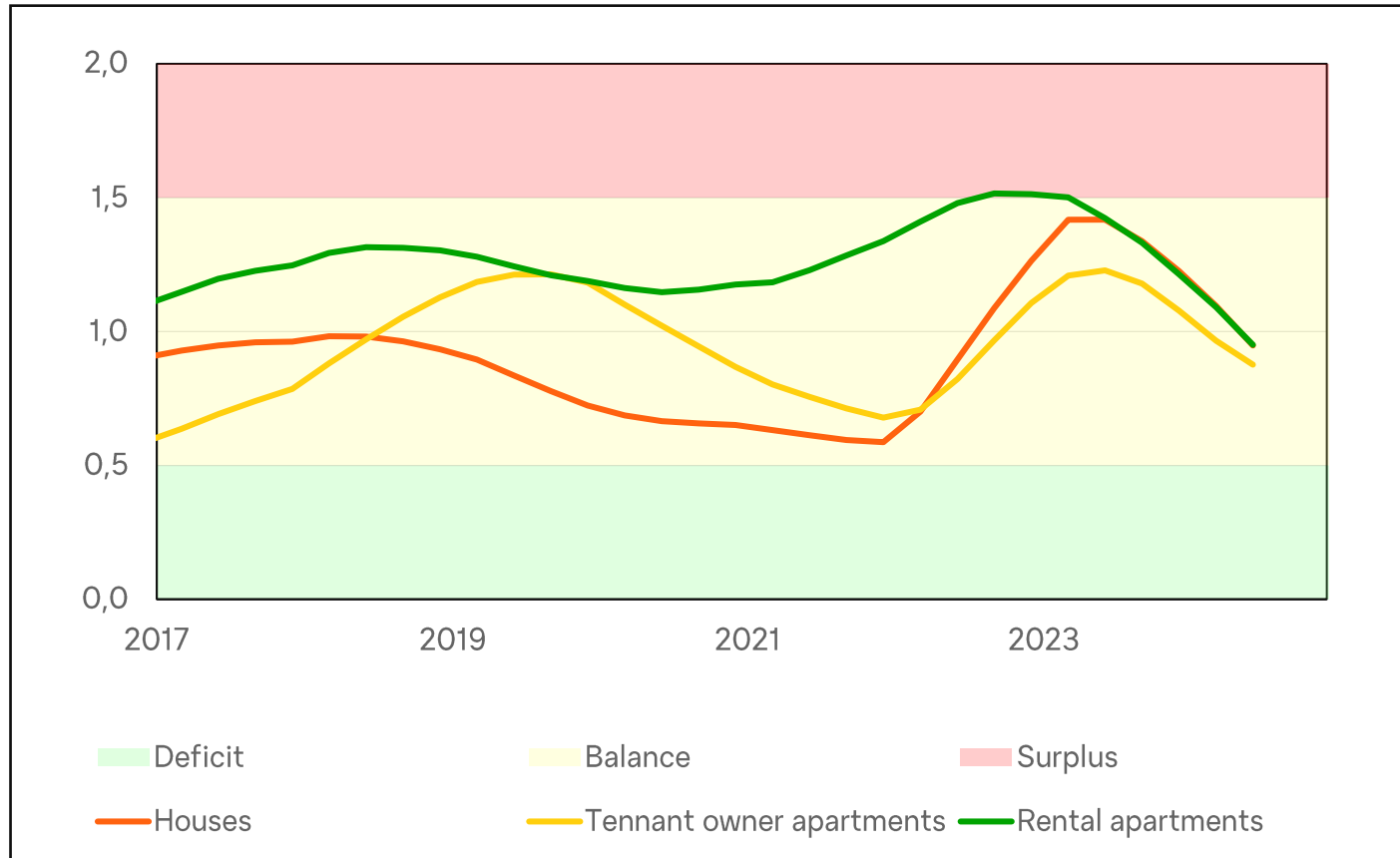
Rapid deceleration - still need for new housing

- Housing construction has declined rapidly, from almost 68,000 homes in 2021 to roughly calculated 25,000 homes in 2023
- A further decline is expected this year to about 20,000 homes in 2024, before the rate of production slowly increases, however, to a much lower level than in recent years
 - The situation for housing construction is expected to strengthen when interest rates fall back and household demand returns
- There is currently a housing deficit in Sweden. The purchasing power-based housing shortage is estimated at roughly 20,000 homes at the end of 2024
- The need for housing increases by around 20,000–30,000 homes per year as a result of population growth



Overall balance in housing construction

SBAB Booli Housing Market Index (HMI) 2024 Q2 (index)



Changes in trends to balance

- Currently, there is an overall balance in the market for newly produced housing, which applies to all forms of housing
- Rising interest rates in 2022 dampened the demand for housing and resulted in a rapid trend towards a surplus of newly produced houses and tenant owner rights (apartments)
- The lower demand for housing was quickly met by a lower construction rate since 2023, which caused the trend to turn around
- There are of course local differences with both surpluses and deficits



Still a bit difficult to sell homes

SBAB Booli Housing market temperature (standard score)



Slow improvement in the housing market

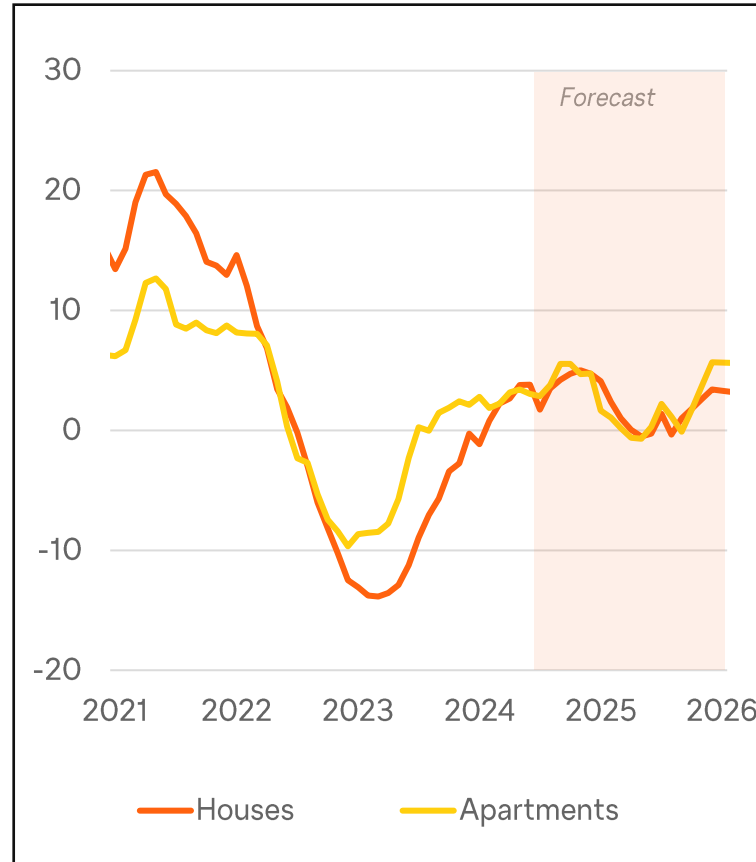
- Starting in fall 2022, the conditions for selling housing have changed dramatically because of rising mortgage rates and other living costs; it can currently be described as cold approaching normal temperature
- In the first half of 2023 there was an improvement in the conditions, but in the second half of the year the situation for apartments deteriorated again
- Since the beginning of 2024, there has again been an improvement, initially mostly for villas, but lately faster for apartments
- The conditions are measured as standardized scores for six variables: housing supply, number of days at Booli, number of republished homes, proportion reduced-price homes, number of bidders, and average bid premium



Housing price are slowly rising

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

	Index Sep-24	Change since		
		1M	3M	12M
Sweden (HPI)	1.88	-0.1%	+0.3%	+4.7%
Flats	1.93	+1.7%	+1.8%	+5.5%
Stockholm	1.81	+2.7%	+2.1%	+5.5%
Gothenburg	1.90	+2.4%	+1.1%	+6.0%
Malmö	2.05	+0.7%	+2.9%	+8.1%
Houses	1.86	-1.1%	-0.4%	+4.2%
Stockholm	1.78	+2.0%	+1.0%	+5.5%
Gothenburg	1.77	-0.1%	+0.7%	+5.3%
Malmö	1.88	-0.9%	+0.5%	+6.6%



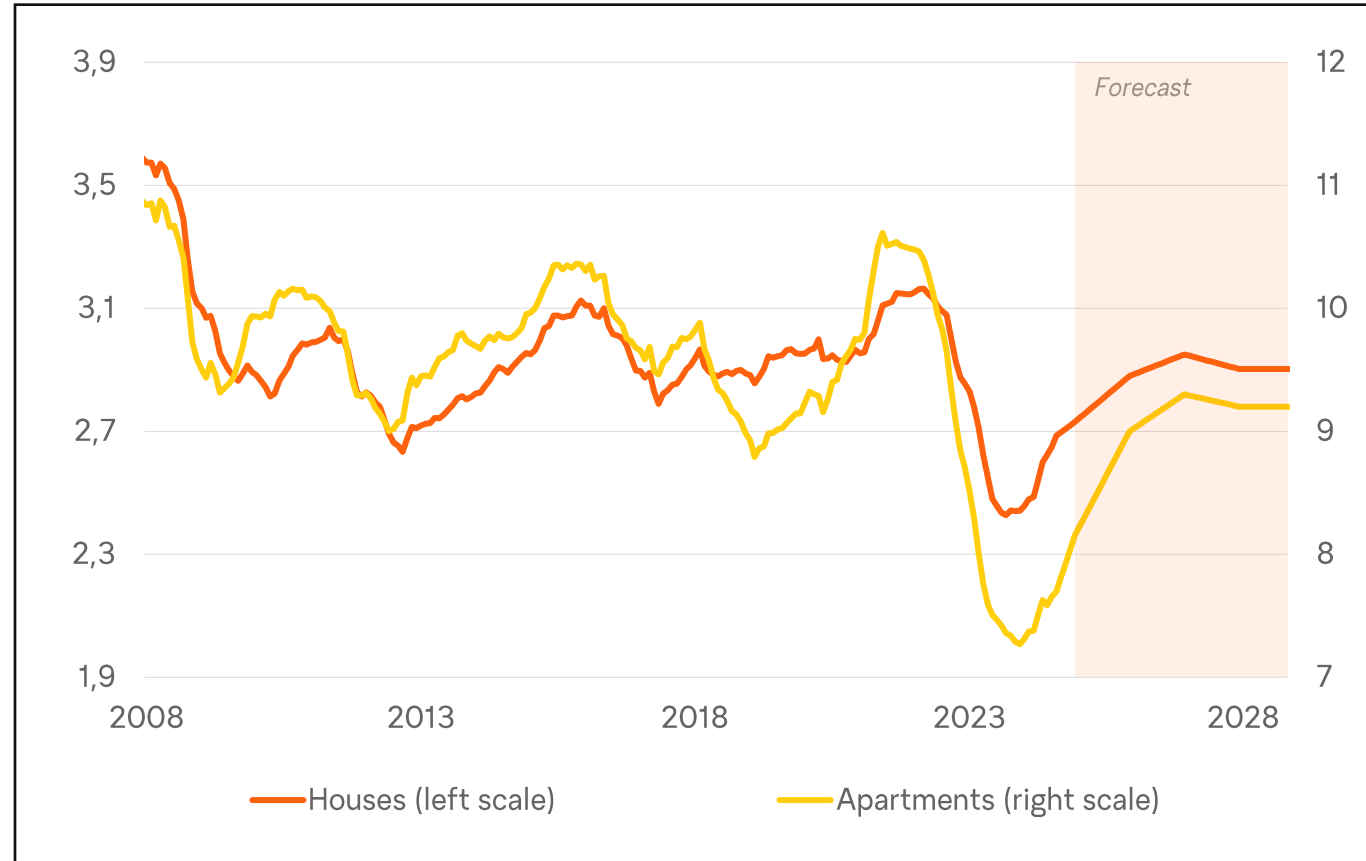
Rising housing prices again

- Housing prices have increased by an average of 5% over the past ten years including 2023
 - History indicates that peak years with housing prices rising more than 15%, and bottom years with falls below -5% are common
 - The recent bottom has been slightly deeper than normal
- SBAB's forecast is that housing prices will increase by about 5% for the full year 2024, where the seasonal contribution is positive in the first half of the year and negative in the second
 - The forecast is based on a user cost of housing model, apparent deviations from this may occur in the short term, e.g. as a result of a mismatch between supply and demand or rapid changes of households' expectations on future factors



Dampened housing turnover in recessions

Housing turnover rate (share per twelve months of each stock (%))



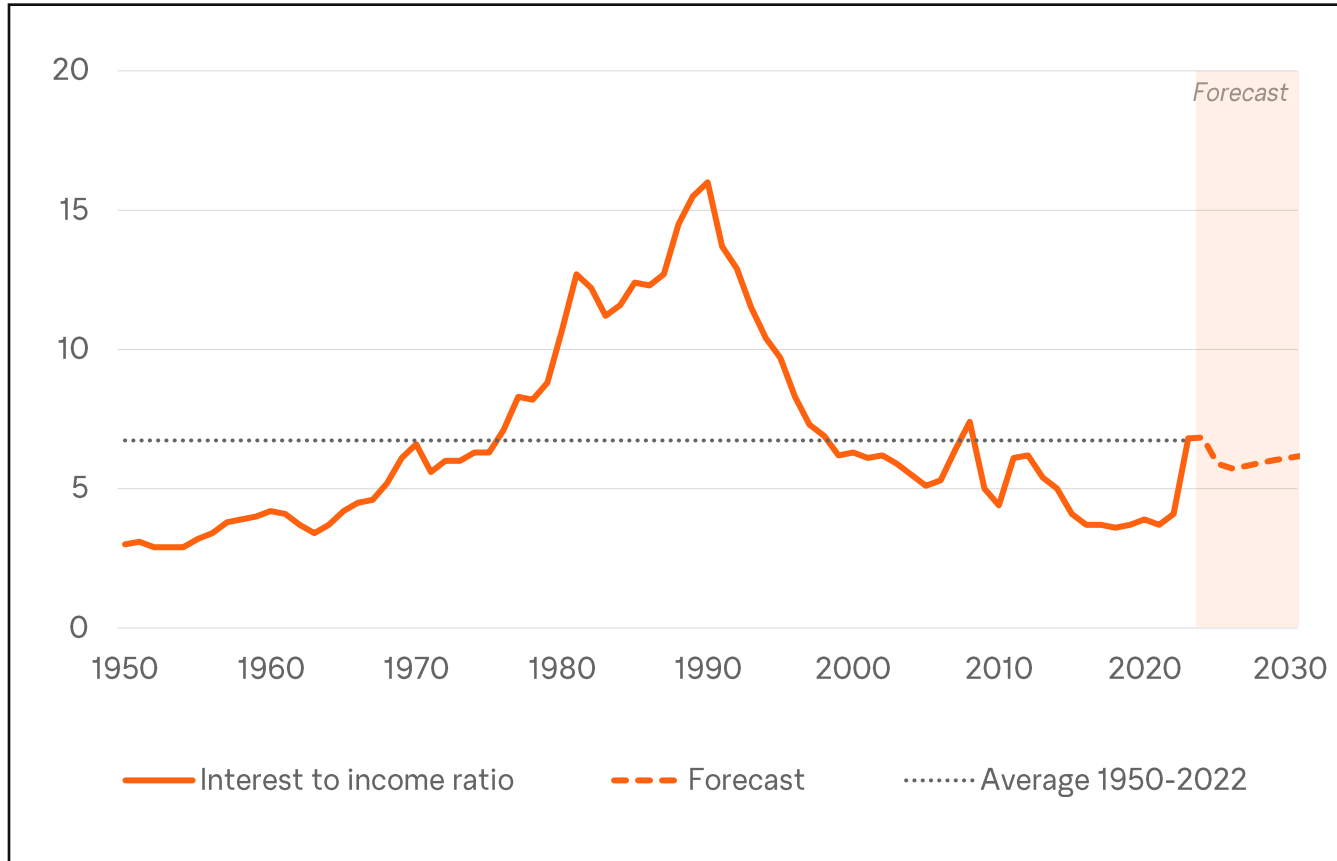
Differences in the normalization of turnover rates

- The housing turnover fell rapidly in 2022 and in first half of 2023, and it has been significantly below the normal level for apartments
- In August 2024, the seasonally adjusted trend turnover rate was 2.9% per year for houses and 8.0% per year for apartments, both figures above the respective 12-month figures
- The housing turnover is expected to recover further in 2024 for apartments, and to reach fairly normal rates in 2025
- The normal turnover rate is estimated at about 2.9% per year for houses and at about 9.2% per year for apartments
- There is a clear historical pattern with high turnover during booms and low during recessions



Interest expenses at a normal level

Gross interest expenditure (% of disposable income)



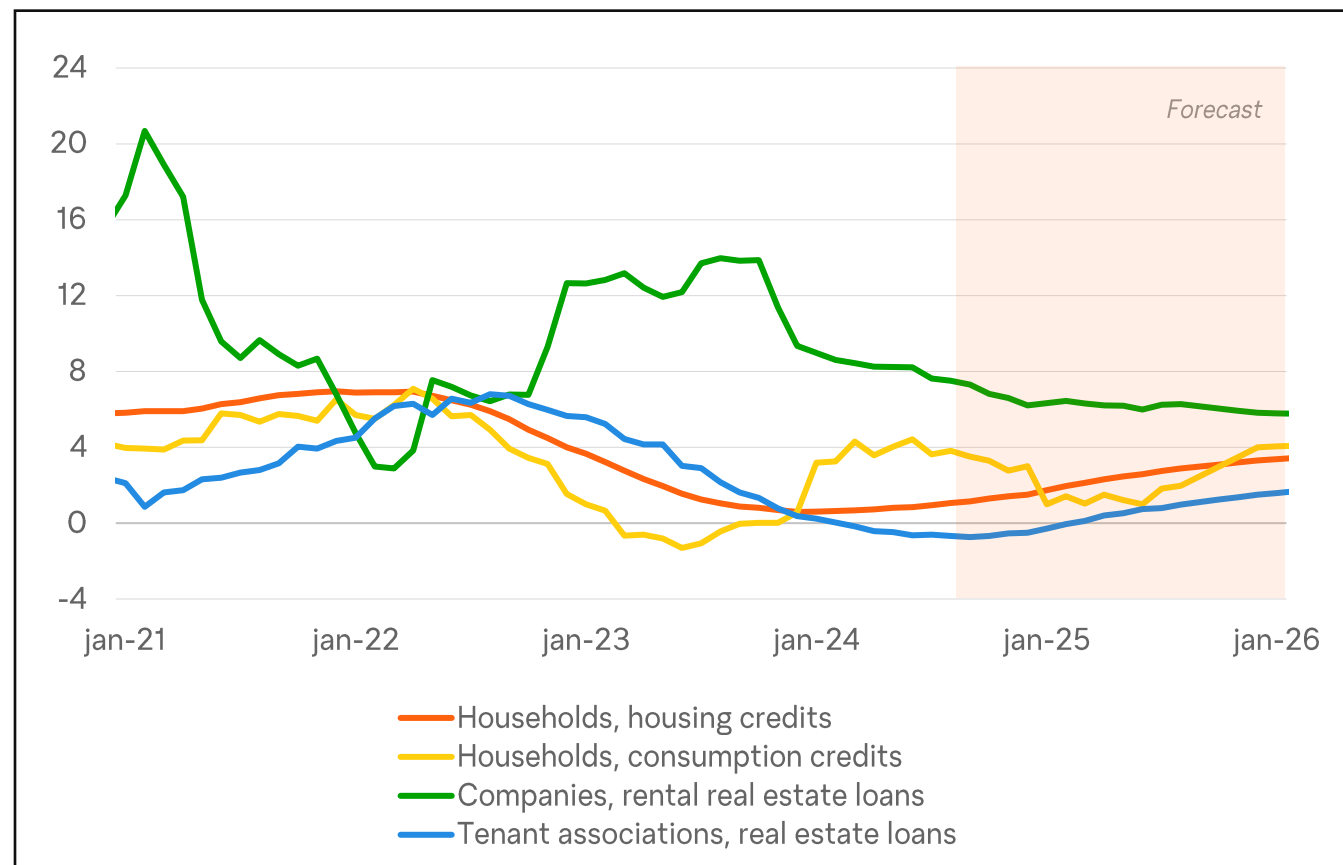
Interest expenses at the historically normal level

- High debt-to-income ratio but still, based on annual data up to and including 2022, low interest costs
- Interest expenses in relation to disposable income (interest to income ratio) at a very low level from a historical perspective
 - At 4.1% in 2022 and 6.8% in 2023 before tax deductions (about 3.0% after tax deductions)
 - Expected to peak at 6.8% in 2024 before tax deductions, and around 5.8% the next few years (after tax deductions to be close to 4.4% in the longer run)
- Factors to consider regarding the interest expenses ratio
 - Interest expenses are, compared to early years, distributed amongst more households
 - Interest expenses as a share of income differs between younger and older homeowners, and between households in metropolitan areas and in sparsely populated areas



Credit growth development

Credit growth, YoY growth rates (%)



A fragile recovery in credit growth to households

- The growth rate of household mortgages has averaged over the past ten year to over 5% per year
- According to SBAB's forecast, the monthly growth rate of household housing credits is expected to pick up speed during 2024 approaching 1.5% per year at the end of the year, to then continue to increase to about 4% per year in a few years
 - The forecast considers e.g. the developments of household income, mortgage rates, housing prices and turnover
- Credit growth for non-financial companies' real estate loans has been high since the end of 2002. In August 2024, the growth rate amounted to 7.8% per year. The growth is expected to slow down this year to about 6.2%
- Credit growth for tenant associations was negative in August 2024 at -1.2%, but is expected to turn around slowly to about 1.5% in 2025



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Appendix



Financial targets from owner

	Target	Results 2023	Results 2022	Results 2021	Results 2020	Results 2019
Profitability: Return on equity over time	≥10%	11.5%	10.5%	11.1 %	10.8%	11.7%
Dividend: Ordinary dividend based on profit for the year after tax, taking the Group's capital structure into account	≥40%	40%	40%	40%	0%	0%
Capitalisation: CET1 capital ratio and total capital ratio above regulatory requirement communicated by the Swedish FSA *	CET1 capital ratio: >0.6%	2.2%	2.6%	4.3%	5.4%	2.4%
	Total capital ratio: >0.6%	2.6%	3.0%	4.2%	5.4%	5.2%



Mortgage pricing

– Small differences in mortgage rates between market participants & continued pressure on margins

Risk-based and transparent pricing model

- Our mortgage rates are based on the current list interest rates for the respective fixed interest period, which are published on sbab.se. The customer's specific interest rate is presented as a deviation from the list rate. The deviation is based on the LTV ratio, i.e. the proportion of the mortgage in relation to the market value of the home, the home's energy class and the size of the mortgage
- Lower risk = better price
- No negotiation & no time-limited discounts
- Focus on transparent pricing with low differences between list rates and actual mortgage rates
- The share of SBAB's mortgage lending with a three-month fixed-interest period amounted to 83.3% at the end of Q3 2024

List rate



Discount

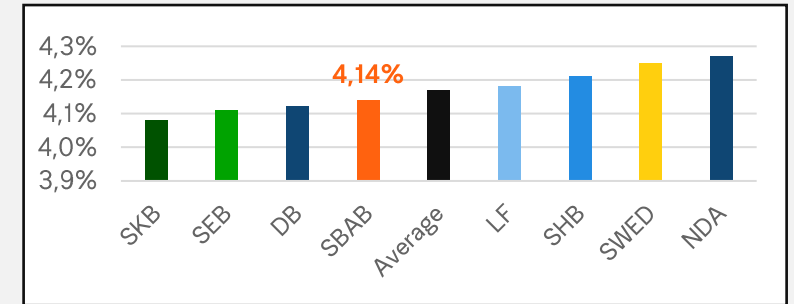
(LTV)

(Size of loan)
(Energy class)

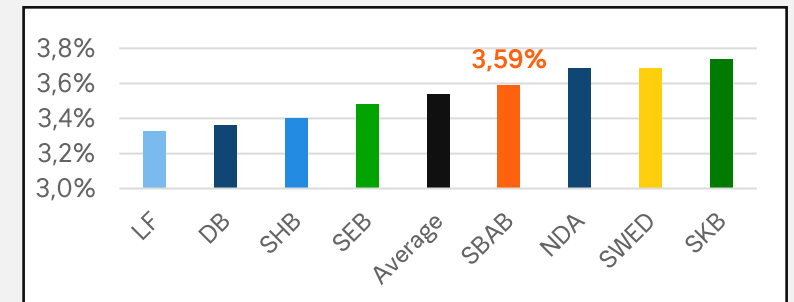


Actual rate

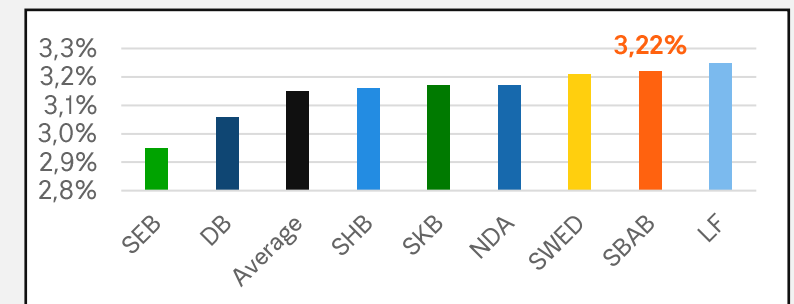
Average mortgage rates(variable 3M) (Sep 2024)



Average mortgage rates (1Y) (Sep 2024)



Average mortgage rates (5Y) (Sep 2024)



Deep dive: Mortgage lending

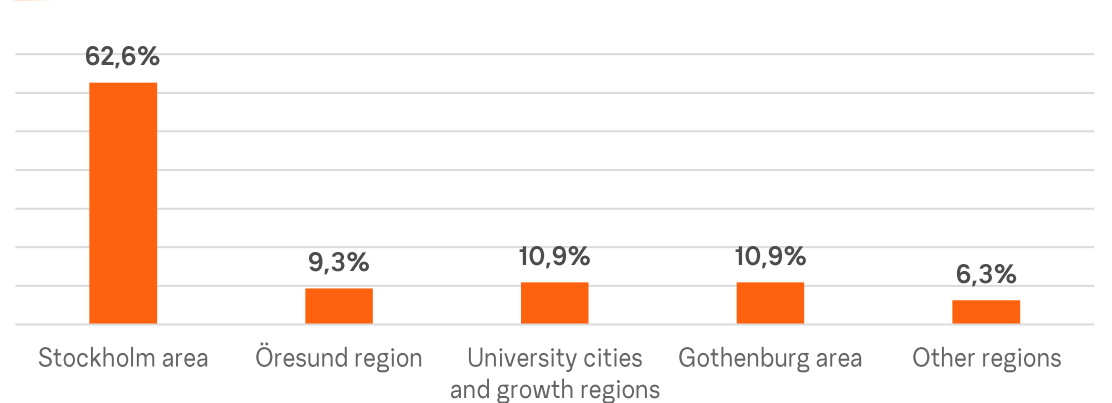
Regulatory requirements:

- Regulatory maximum LTV of 85% since 2010
- Regulatory amortization requirements since 2016 (amortization of 2% per year if LTV = 70-85% and 1% per year if LTV = 50-70%)
- Additional amortization requirement from 2018 (additional 1% amortization on top of the original requirement if DTI > 4.5x)
- Exemption from amortization requirement during April 2020 until August 2021 due to Covid-19

SBAB underwriting criteria:

- Credit granting based on an affordability assessment, i.e. funds left to live on post interest payments (including stressed interest rate), housing expenses and other general living expenses
- Affordability assessment (KALP) revised frequently to factor in increased general living- and housing expenses & stressed interest rate revised in 2022
- Credits granted to at most a DTI of 5.5x (irrespective of LTV)
- At the end of Q2 2024, the average LTV ratio in the mortgage portfolio amounted to 59% (59). At the same date, the average residential mortgage loan amounted to SEK 1.9 million (1.9). LTV and DTI for new lending was 67% (66) and 3.4x (3.4) respectively

Geographical distribution mortgage book (%)



59%

Average
LTV

SEK 1.9 mn

Average
loan



Mortgage lending in Sweden – a low-risk business for several structural reasons



1 **Personal Liability:** A borrower is personally liable even after a default and foreclosure procedure, i.e., full and personal recourse

2 **Affordability Assessment:** Mortgage lending in Sweden is based on household affordability in the long term, i.e. funds left to live on after interest payments (including stressed interest rate), housing expenses and other general living expenses

1 **“Originate and hold” model:** No “originate to distribute” model, no subprime lending

2 **Restricted Buy-to-Let Market:** Restricted buy-to-let market due to regulated rental market and tenant owner subletting restrictions



1 **Social Security:** Well developed welfare system raising households’ ability to service debt even during times of unemployment

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

3 **Credit Information Agency:** National computerized data base with information regarding civil status, income and changes in income, assets, debt, payment complaints and recent inquiries at the agency. Used in every credit process regarding loans

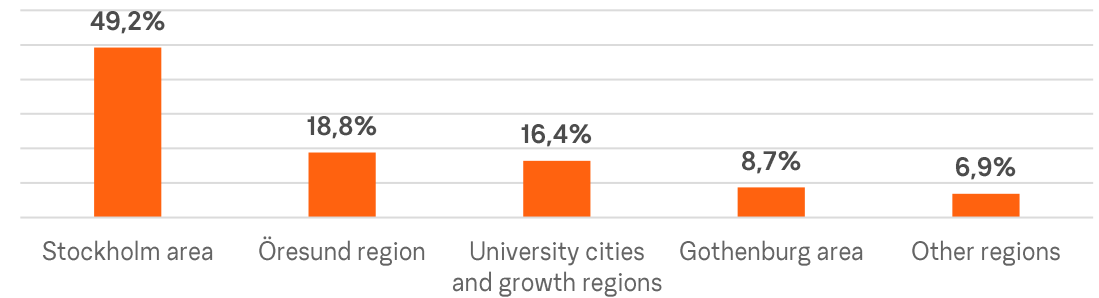
4 **Enforcement Authority:** Lender can initiate an enforcement order with this office to enforce his claim, this process normally takes up to 90 days



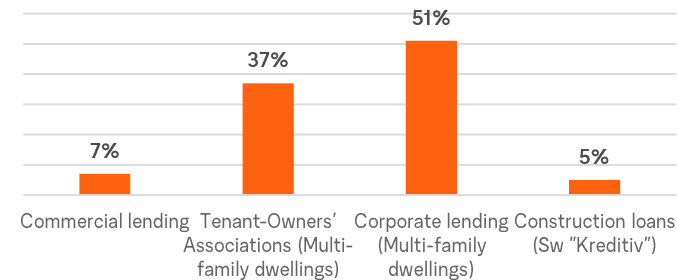
Deep dive: Corporate & TOA lending

- Primary focus is on financing multi-family dwellings ("housing"/"residential") in geographies with strong demand. Focus on large and experienced property companies/groups with strong balance sheet
- Strong volume growth but with no significantly increased asset risk in line with long-term strategy of growing with selected reputable and financially strong customers
- More conservative underwriting standards implemented during recent years (e.g. regarding LTV, amortization and occupancy levels)
- Internal limits for construction loans (Sw "kreditiv") and commercial lending vs. total lending
- Increased frequency of monitoring of property companies/groups with high share of capital market financing and/or customers with construction loans (which could be negatively impacted by rising interest rates and increased prices of input goods and construction material)

Geographical distribution (%)



Lending split



32%
Average LTV (TOA)

61%
Average LTV (Corporate)



Deep dive: Construction loans

Comments

- Rapid fall in new construction (i.e. existing projects being finalised but low inflow of new projects)
- Outstanding construction loans totalling SEK ~12 billion (of which 79% disbursed)
- Focus on major residential developers and existing relationships with solid track records
- Most of the construction loans are to companies with diversified revenue streams (i.e not only from real estate development, but also from rental apartments, infrastructure projects and real estate management)
- Prudent acceptance levels for smaller residential developers, e.g., higher levels of equity, number of sales agreements, etc.. Analysis of the construction loans portfolio is carried out on an ongoing basis and shows no significantly increased asset risk

Key metrics

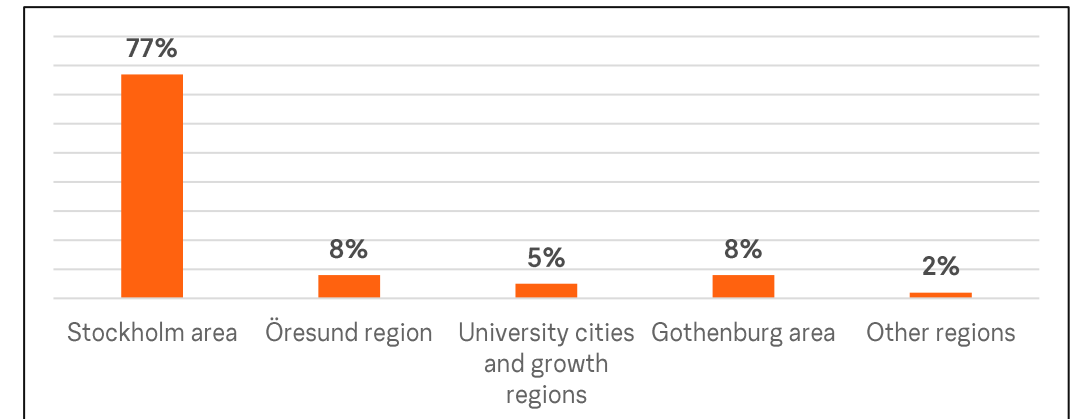
~12_{bn}

Granted credit amount

79%

Disbursed share

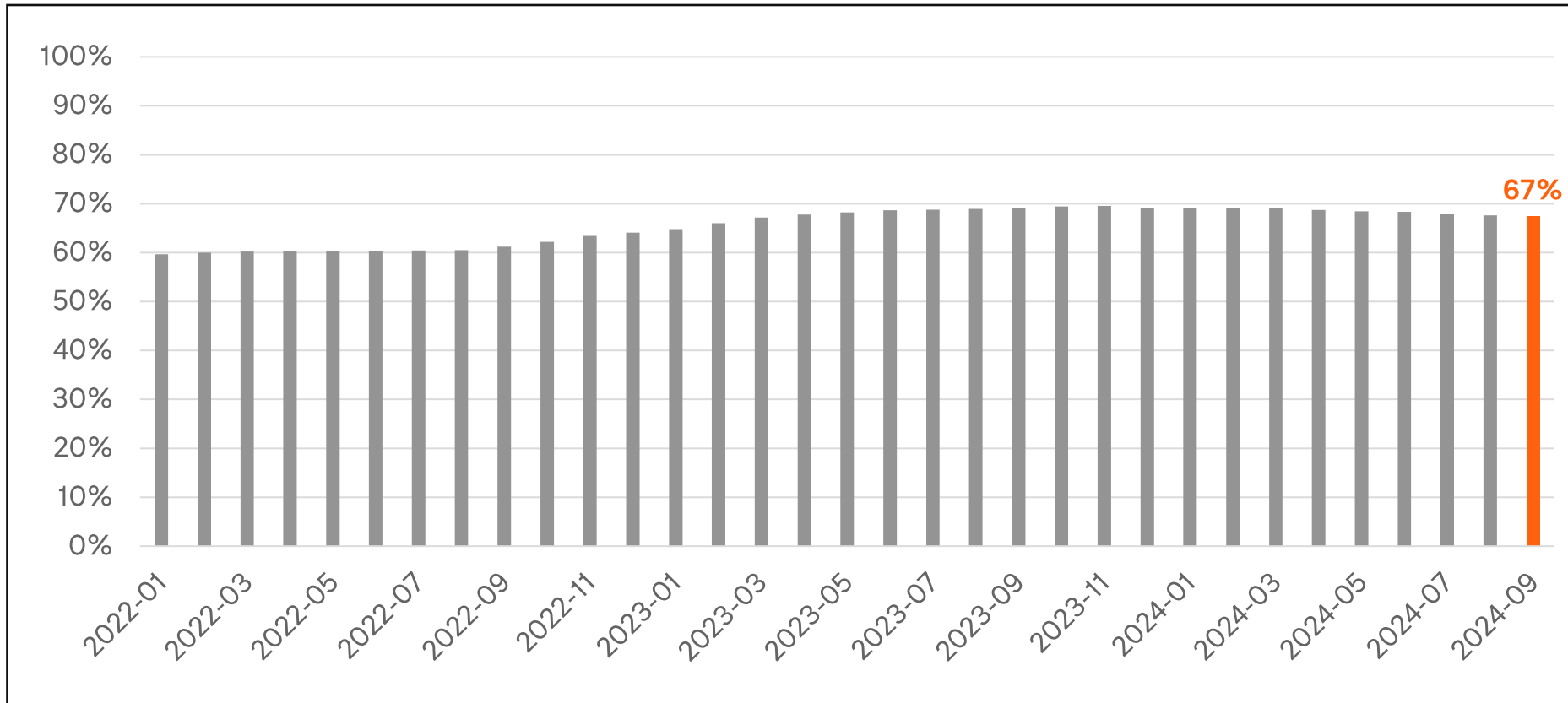
Geographical distribution (%)



Deposit base composition

– Well diversified, granular and stable deposit base

Development of guaranteed deposits (Sep 2024)



67%

Guaranteed deposits
Total

22%

Guaranteed deposits
non-retail

79%

Guaranteed deposits
Retail



Frequent update of macro scenarios in impairment model

(x) = Q2 2024

Comments

Factors	Scenario 1 (40%)			Scenario 2 (10%)			Scenario 3 (25%)			Scenario 4 (25%)		
	2024	2025	2026	2024	2025	2026	2024	2025	2026	2024	2025	2026
GDP ¹⁾ , Δ	+2,1%	+3,1%	+2,0%	+3,2%	+4,7%	+2,8%	-5,9%	+2,9%	+4,5%	-3,0%	-0,7%	+1,5%
Repo rate	3,0%	2,2%	2,2%	3,0%	2,1%	2,4%	3,2%	2,6%	2,5%	3,3%	3,2%	3,2%
Unemployment	8,3%	8,0%	7,6%	8,2%	7,3%	6,4%	8,3%	11,2%	10,2%	8,3%	9,4%	10,1%
House prices, Δ	+6,3%	+3,4%	+2,3%	+6,5%	+6,7%	-0,5%	+4,8%	-6,6%	-3,5%	+3,5%	-12,9%	-14,8%
Prices of tenant-owners' rights, Δ	+6,4%	+5,8%	+5,5%	+6,6%	+9,3%	+2,1%	+3,3%	-8,8%	-6,5%	+2,6%	-11,8%	-10,9%
Property prices, Δ	+0,7%	+0,1%	+1,8%	+0,9%	+2,9%	+1,1%	-2,2%	-7,0%	-6,4%	-2,9%	-7,8%	-9,0%
ECL	SEK 164 million (175)			SEK 155 million (160)			SEK 337 million (383)			SEK 553 million (618)		
Weighted ECL²⁾	SEK 304 million (344)											

- At the end of Q3 2024, total weighted ECL decreased to SEK 304 mn from SEK 344 mn at the end of Q2 2024
- The bank conducts stress tests on its loans, considering severe scenarios like high interest rates, high unemployment, and sharp property price drops. It requires significant stress (i.e. a combination of several deteriorating factors in impairment model) to see any dramatic effects in ECL
- Strengthened ECL metrics in Q3 on the back of decreasing market interest rates

1) Not included in the ECL calculation

2) Of which, SEK 300 million (339) was attributable to lending to the public and SEK 4 million (5) to off-balance-sheet items linked to loan commitments and building credits



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