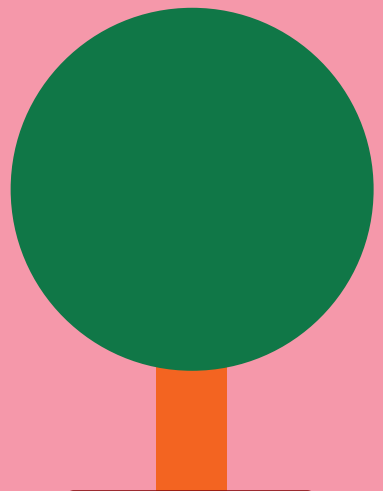
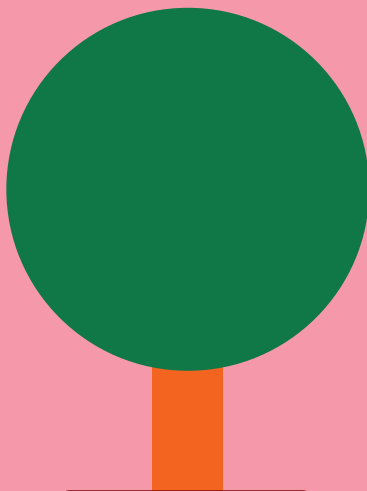
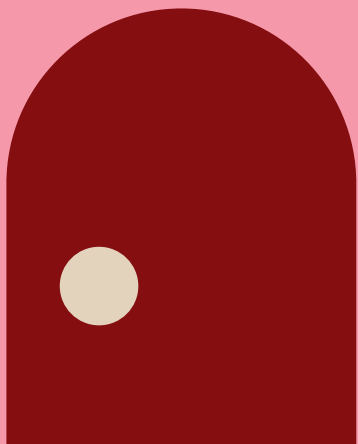
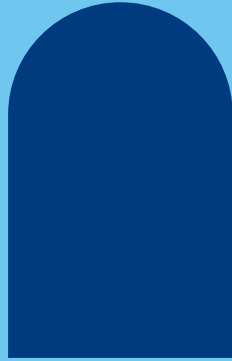
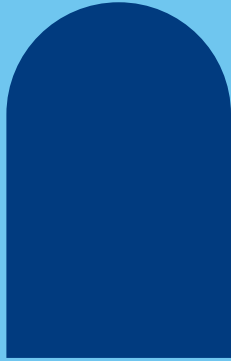
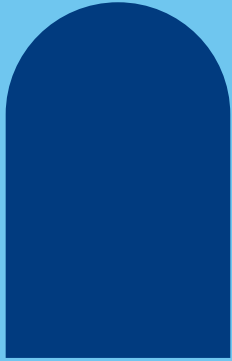
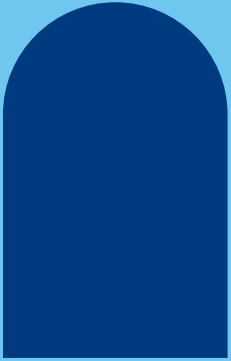
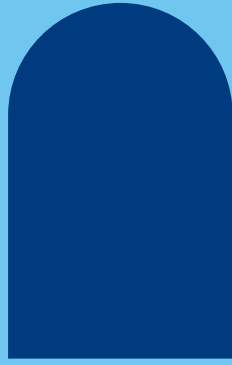
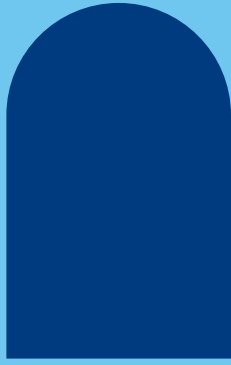
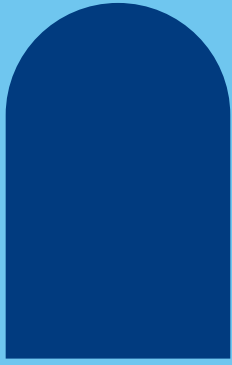
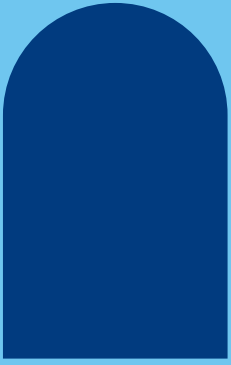


# 2022

## Annual Report








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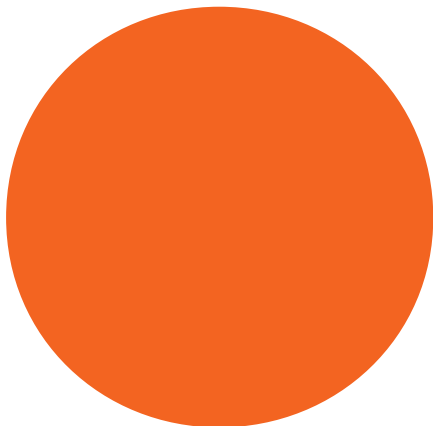
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The Annual and Sustainability Report has been prepared in accordance with the GRI Standards: Core option. It also constitutes SBAB's Communication on Progress (COP) to the UN Global Compact, a sustainability report in accordance with the Swedish Annual Accounts Act and information on how SBAB contributes to the 2030 Agenda for sustainable development. For additional information about the Report and the reporting principles, see page 166.

The pages that have been audited have been colour-coded in yellow in the table of contents. The Corporate Governance Report has been subject to a statutory review by the company's auditor.

**We contribute to better housing and household finances.**



SBAB provides an innovative and considerate offering of loans and savings products and other services for better housing and household finances to private individuals, tenant-owner associations and property companies in Sweden. We want to enable and facilitate every phase of home-owner life for our customers – be it buying, selling or just living in a home – with our services.

SBAB has considerable societal responsibility. We finance about 10% of all housing in Sweden. We want everyone to have somewhere to live, to take wise decisions for secure household finances and to be able to live sustainably and safely. Both today and in the future.

Sustainable enterprise is fully integrated into our business and steering model for our operations. We prioritise four of the UN's 17 Sustainable Development Goals (SDGs) within the Agenda 2030 framework that we consider particularly important and relevant for SBAB. They guide us in terms of making even more responsible, long-term sustainable business decisions and represent an important reference point for priorities within our operations. Naturally, we have a responsibility to contribute to the fulfilment of the other 13 SDGs too.

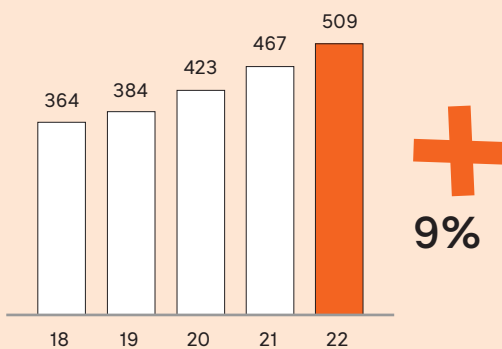
Together with other banks, we are part of Sweden's essential financial infrastructure. Private individuals need to be able to finance their homes. Companies need access to the necessary credit and liquidity to conduct their operations. This is necessary for a well-functioning national economy.

# The year

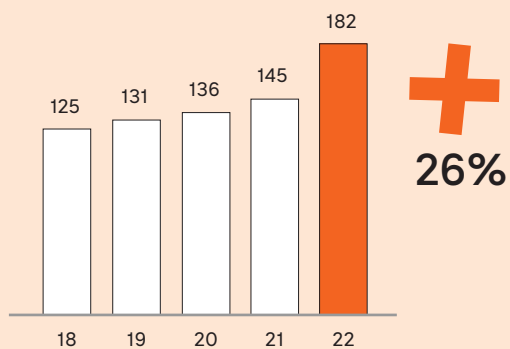


## A year of strong results

Total lending, SEK bn



Total deposits, SEK bn



# in brief

## Highlights of the year

### → Continued healthy growth

We are continuing to grow. SBAB's total lending increased 9.1% during the year to SEK 509.5 billion. Of that, SEK 349 billion comprised mortgages, SEK 2 billion comprised consumer loans, SEK 91 billion comprised lending to property companies and SEK 68 billion was in lending to tenant-owners' associations.

### → Increased focus on deposits

Deposits are an important piece of the puzzle when it comes to SBAB's ability to provide a competitive offering in terms of residential mortgages and housing financing since it comprises an important and significant share of our total funding. The share of deposits in relation to lending increased during the year to 35.8%.

### → Green bonds remain an important priority

SBAB's bond purchasers are increasingly taking sustainability criteria into consideration when making investment decisions. During the year, SBAB continued to issue green bonds based on our green bond framework. At the end of 2022, the total volume of green bonds outstanding was SEK 36 billion, equivalent to about 9 of our total bond financing.

### → The most satisfied customers – again

In 2022, SBAB once again had Sweden's most satisfied residential mortgage and property loan customers according to Swedish Quality Index (Swe: Svenskt Kvalitetsindex (SKI)), which measures customer satisfaction in the banking and finance sector each year.

### → "Tillsammans" creating everyday partnerships

Teamwork is central to SBAB's values-driven way of working and our success depends on our ability to cooperate. To further strengthen this, we developed a team development concept during the year. We call it "Tillsammans" (Eng: Together) because the aim is to strengthen and improve our ability to succeed together.

### → SBAB decides on climate goal

In December 2022, we took a major step in the green transition when we adopted a climate goal to reduce emissions from our lending portfolio 50% by 2038. The goal is aligned with the global 1.5°C target and is science-based.

Net interest income, SEK million

4,655

2022

4,114

2021

Operating profit, SEK million

2,639

2022

2,641

2021

Selected key metrics

SEK million

Net interest income	4,655	4,114
Net commission	12	29
Net result of financial transactions	-35	-71
Expenses	-1,529	-1,492
Credit losses/recoveries	-68	11
Imposed fees	-445	(-)
Operating profit	2,639	2,641
Return on equity, %	10.5	11.1
C/I ratio, %	32.7	36.2
CET1 capital ratio, %	12.8	13.5

GROUP

2022

2021

# A successful year in a turbulent and uncertain time

Jan Sinclair, Chairman of SBAB, and Mikael Inglander, CEO, give their thoughts on a successful, but unusual, year.

## What are your thoughts on 2022?

**Jan:** This year was a different one, to say the least. First and foremost, the situation in Ukraine is deeply regrettable, especially from a humanitarian perspective. In the aftermath, high inflation and rising interest rates have led to increased costs for households in Sweden. The situation is very complex and uncertainty remains high. From an internal perspective, it is reassuring that we spent the last few years building a resilient, flexible organisation that can adapt to and manage changing conditions.

## What are you most proud of?

**Mikael:** As CEO of SBAB, there is much to be proud of. I'm probably most proud of our employees and our collective ability to adapt to changing conditions, exactly like Jan just said. We've successfully made an agile and considerate transition in our operations to focus on helping and assisting our customers – whether speaking about one of our many mortgage specialists providing support to a worried customer or one of our broader communications initiatives to raise awareness in a variety of topics, including how key interest rate hikes affect the economy, inflation and mortgage interest rates as well as how private individuals can reduce electricity consumption at home.

## How does competition look in the residential mortgage market and how does this affect SBAB?

**Jan:** Competition in the residential mortgage market has increased considerably over the past few years, from existing as well as new players. We think that increased competition is essentially a good thing. It benefits customers, since they can finance their homes on better terms. At the same time, it means that we need to offer a more powerful and cutting-edge offering. We should also not forget that market growth for housing loans slowed during the year in pace with the trend in the housing market. We expect it to continue to slow down even more in the future. Our ambition is to continue to grow and capture market

shares, but I would say that the future looks somewhat more challenging. However, we are pleased and humbled that so many people chose to become customers with us in 2022.

## Deposits grew significantly in 2022. Why?

**Mikael:** I believe that an important explanation for our strong growth is about responsibility and transparency. As interest rate hikes came from the Riksbank, we continuously adjusted the interest rate on our savings accounts upwards. In this matter, I think that the consistency in the industry as a whole has been lacking. It is gratifying that many customers recognised this fact.

“Why should I, as a customer, save money at a bank with a low or non-existent interest rate when I can get a better deal somewhere else?”

**Jan:** The current situation is very different to the one we experienced over the last few years. Borrowing through the capital market has become more expensive as interest rates have gone up. Deposits are becoming an increasingly important piece of the puzzle when it comes to SBAB's ability to provide a competitive offering in terms of residential

mortgages and housing financing. It is positive and important that the share of deposits in relation to lending increased during the year and we naturally would like to see it continue to increase in the future.

## Lending to property companies also grew significantly. Why?

**Jan:** Several years ago, we decided on a new strategic direction that involved growing together with prioritised customer groups at an acceptable risk and with good profitability. By prioritised customer groups, we mean companies that build or own residential properties, for example rental apartments, tenant-owner apartments and public sector properties. Our lending continued to grow in 2022, which is a sign that our strategy works. It also signals that we have a strong offering and extremely professional and competent employees. This trend is good from a diversification perspective, in terms of our revenue as well as the composition of our lending portfolio.



Proud of our employees and our collective ability to adapt to changing conditions.



### How has SBAB's credit quality been impacted by recent developments, if at all?

**Mikael:** Despite developments and the growing uncertainty, we have not yet seen any significant changes in the credit quality of our lending portfolio. This isn't necessarily so strange, since the assets in our balance sheet consist of homes and residential properties, which tend to remain relatively secure and stable as assets over time. However, credit quality is an extremely important area for us and we are aware that it might become challenging for households as well as businesses in the next few years. We have probably not yet seen the full effects in the economy or in the housing market of the rapid interest rate hikes. We are continuing to analyse and monitor the lending portfolio carefully. We also make continuous adjustments to the terms we apply when we grant credit so that they fairly and accurately reflect the prevailing market conditions. Of course we intend to remain available for our customers.

### There has been increasing focus on the finance sector's role in the green transition. What is SBAB doing in this area?

**Jan:** We have worked extensively and broadly in terms of sustainability for a long time. We are both pleased and proud about that. Expectations for how companies are expected to work with these issues will continue to grow moving forward. To remain relevant over time, we need to constantly raise the level of our ambitions. A part of this is about getting better at setting goals and following up on our work. In 2022, amongst other things, SBAB decided on a new long-term climate reduction goal, meaning that we are to reduce our total emissions from operations in accordance with the Paris Agreement's goal to limit the global temperature increase to 1.5°C. This pertains to the direct emissions from our own operations as well as the indirect emissions related to our lending.

## Our positive trend enables a high rate of investment.

### Are you pleased with the financial performance for 2022?

**Jan:** We are on stable ground. The financial performance for 2022 remained strong despite certain challenges in terms of for example margins for mortgages and the new bank tax. We are growing with healthy profitability, in line with our owner's long-term goal of achieving a return on equity of at least 10%.

**Mikael:** Our positive trend enables a high rate of investment to be maintained within operations, with the aim of achieving long-term competitiveness and tackling the challenges facing SBAB and the market. We see a clear need to maintain and develop our existing operations as well as to create growth and develop the business by changing and build new. Right now we're focusing on investments in technical infrastructure to create the right preconditions moving forward. Over time, we hope to shift our

focus to developments that are closer to the customer in order to further improve interactions with customers and our total customer offering with a focus on digitalisation, sustainability and simplicity.

### In conclusion, Mikael, what is your primary focus for 2023?

**Mikael:** We will continue to invest in helping our customers adapt to more difficult economic conditions. Most sources agree that things will take some time to turn around and it will be even more important in the future that we share our knowledge and offer advice and support to the customers who need it. I am convinced that our knowledgeable and thoughtful employees can help us succeed with this task as we continue to grow and capture market shares.

Jan Sinclair

Mikael Inglander



# Trends and driving forces

## Ten trends in the world around us

Our operating environment has been characterised by a great deal of uncertainty, worry and change in the last few years, including a pandemic, an energy crisis, inflation and war. This is why we are now facing a recession. While SBAB is working actively and tactically to manage uncertainty and help our customers, there are also larger, more structural changes happening in our industry, including the requirements we have to meet in our operations. In this section we discuss trends and the accelerating rate of change in customer behaviour as well as their expectations – and our preconditions for creating a customer experience to address these.

Ten long-term trends affecting customers summarise the changes in the operating environment that we believe to have the largest impact on SBAB now and in the future. How we change and develop our operations with respect to these trends is essential for SBAB's long-term competitiveness and success. In a quickly changing market, we never reach our goal. Instead, we need to constantly work to achieve our vision.

# 1

### AI & data management

Thanks to predictive models, companies have more opportunities than ever to make their customer offering more relevant, both through what they offer and when. To distinguish its customer offering from other players, a company needs to control the management of internal and external data, which in the long run can generate insights about what customers need before they inquire about it. Optimising marketing and offering a higher degree of self-service through efficient communication is becoming increasingly important.

# 2

### Digital processes

More and more of the value change is being digitalised. This is about speed and a heightened customer experience through digital customer flows and processes, about cost-efficiency in onboarding and managing, and about cross-sales and service in all channels.

# 3

### Efficiency

Efficiency in the form of lower marginal costs on large business volumes and high satisfaction levels for customer contacts are both crucial to long-term profitability. As digitalisation simplifies, develops and improves customer and business processes, the future's marginal costs approach zero.

# 4

### Sustainability

The world has a business plan: the SDGs in the 2030 Agenda for sustainable development. The world, society and customers are increasingly expecting and demanding sustainability. The company is expected to take responsibility for the big picture and create results for all stakeholders that are affected by operations, and to contribute to reaching the SDGs in the 2030 Agenda by integrating them into operational governance.

# 5

### New financing

New financing includes sustainable bond financing in the form of green and social bonds. Within housing finance, new financing can also pertain to asset-backed securities and mortgage funds.

# 6

### Omnichannel & 360

Digital development is creating new communication channels. Customers are setting increasingly high demands on companies' ability to make the customer interface simple and relatively independent of the channel(s) the customer chooses. Each channel needs to contribute clearly to the customer experience and relationship, and function together for a frictionless process and experience. Every channel needs to be connected to allow the best service.



# 7

## **Open banking**

Digitalisation and regulations like the Revised Payment Service Directive (PSD2/3) increase transparency and open things up for managing transactions and customer information through other players instead of only at the customer's bank. This openness of data changes the customer experience in banking. Collecting all of the customer's data from different banks and relevant sources helps provide the customer with an improved experience.

# 8

## **Personalisation**

The personalisation trend is growing. Products, services, content and offerings are adapted and customised based on each consumer. Successful personalisation leads to an improved customer experience (meaning increased relevance of solutions, at the right price and the right time), which leads to increased customer satisfaction, loyalty and profitability.

# 9

## **Platform economy and total offering**

More services are shifting towards fewer, larger platforms that can meet several related customer needs in one place. When the customer uses a service or product, there are often several other adjacent problems and opportunities that, ideally, are solved simultaneously. For example, purchasing a home also requires finding home insurance and an electricity agreement. These needs can be addressed with a total offering. Such an offering that meets more of the customer's needs arising from the housing journey can attract new customers and strengthen loyalty among existing customers.

# 10

## **Speed**

The rate of change in many sectors in society and business is increasing. Speed and the ability to adjust our business are therefore key abilities for our survival and long-term competitiveness in today's changing digital world. This applies for our organisation, our employees, our products and our customers.

# Sweden's economy dominated by the war in Ukraine

After the extremely high GDP growth in 2021 due to the widespread relief following the worst phase of the coronavirus pandemic, the Swedish economy grew much slower in 2022. Still, growth slightly exceeded the historical annual average, even with inflation of over 10% (measured with CPIF) and markedly raised interest rates. Investments from the business community and household consumption were the largest contributing factors to the relatively good growth. Despite eroding real salaries, private consumption increased as a result of very positive trends in the labour market such as increased employment and decreased unemployment. High household savings ratios also played a major role in this. High inflation is expected to finally take its toll this year (2023) and lead to a decline in GDP.

## Highest inflation since the 1990s

As early as the end of 2021, there were clear signals that inflation was going up, yet well into the new year many forecast-

ers, especially Riksbank, declared that the uptick was temporary and that inflation would soon fall to normal levels. Russia's invasion of Ukraine in the morning hours of 24 February was the final nail in the coffin for that assessment. The inflation that followed the invasion reached levels not seen since the 1990s due to increased supply problems for various important goods, including food and energy, and the economic sanctions imposed on Russia. Continued delivery problems from China in the wake of comprehensive coronavirus lockdowns were another contributing factor. Inflation is not expected to return to Riksbank's goal until 2024 at the earliest.

## Rapid rise in interest rates due to runaway inflation

As early as autumn 2021, SBAB had taken coming interest rate hikes into account in forecasts, but no model in the world could have predicted would happen after Russia invaded Ukraine. The rapid increase in – and generally high – inflation

drive up market interest rates to levels not seen in many years. This also increased the lending costs at banks by several percentage points, which in turn drove up mortgage interest rates to between 4% and 5%, depending on fixed-interest periods.

## Dramatic price drop for homes

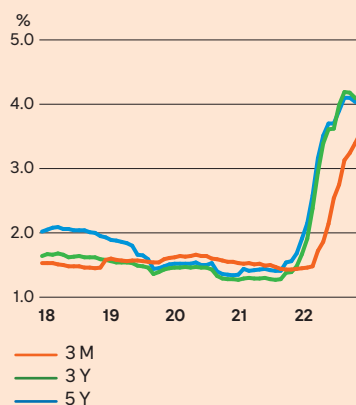
In the beginning of the pandemic, several forecasters predicted that prices for homes would drop. The opposite happened instead. In the early years of the pandemic, housing prices went up unexpectedly – and significantly – despite drastically growing unemployment and relatively unchanged interest rates. In retrospect, this increase was attributable to household preferences and a drastic increase in willingness to pay in this situation, when the pandemic meant that many were working from home and choosing "staycations." The dramatic price drop for homes came, instead, in 2022 following a significant increase in mortgage interest rates.

### Macroeconomic trend

	GROUP	
	2022	2021
GDP trend (%)	2.6	5.1
Inflation, CPI (%)	12.3	3.9
Key interest rate, at year end (%)	2.50	0.00
Housing prices (%)	-12.4	11.2
Housing investments (No. started)	56,200	67,600

Source: SBAB, 16 February 2023 projection for GDP trend and housing investments.

### Average mortgage interest rates



In the past year, housing prices fell between 15% and 20%, depending on form of housing and region. Several forecasters, including SBAB, predicted a decrease of around 20% after the extent of interest rate hikes became clearer. This drop can seem dramatic for households that entered the housing market and purchased at its peak. At the same time, prices are still higher than the unexpected increase we saw in the early pandemic years.

### **Significant reduction in housing market activity**

The dramatic decline in housing prices went hand in hand with a dramatic downturn in housing turnover. The number of offers declined significantly in 2022 and advertising periods grew longer. The offering of homes for sale increased drastically and, during the second half of the year, was well over levels from the past three years. Demand for new housing production also declined significantly.

### **Triple blow against housing construction**

The construction sector is one that was hit the hardest by inflation and interest rate increases, which was particularly clear in the end of 2022 when demand for new production fell drastically, including the number of construction starts.

The construction cost index has gone up much more than overall inflation due to dramatic price hikes for several important materials and rising fuel prices. Construction companies have not been able to compensate for these higher prices, since prices for competing homes in the secondary market have fallen. Additionally, reduced household purchasing power due to inflation and markedly higher mortgage interest rates have reduced overall demand for homes. All of this together has contributed to a dramatic reduction in profitability for building new homes. Many planned projects have therefore been postponed. There are 35,000 planned construction starts for homes in 2023, a decrease of almost 50% or 33,000 homes compared to the peak year of 2021.

Despite the lower rate of housing construction, the housing shortage is expected to improve since the population is not growing as quickly as construction. The housing shortage is expected to amount to around 51,000 homes by the end of this year.



# How we create value

Our innovation and consideration make it possible for over half a million people to own their homes and for companies to finance residential properties. Through responsible operations, we want to enable and facilitate life's different housing phases and help increase knowledge in housing and household finances.

## Our customers

### Business Area Private

---

<b>292,000</b>	<b>485,000</b>
Residential mortgage customers	Savings customers

---

Business Area Private offers services within housing and household finances, such as savings and loan products, housing search engines, real estate agent services, communication platforms and insurance mediation. Activities are operated under the SBAB, Booli, HittaMäklare and Boappa brands. The core product is residential mortgages. SBAB does not have any offices for physical customer meetings – we meet our customers and users digitally or by telephone. Our market share in terms of residential mortgages amounted to 8.51% at year end, which makes us the fifth-largest residential mortgage bank in Sweden. Booli.se has Sweden's largest collected offering of homes for sale.

### Business Area Corporates & Associations

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<b>2,942</b>	<b>13,700</b>
Property loan customers	Savings customers

---

In Business Area Corporates & Associations we offer savings and property financing solutions to property companies, housing developers and tenant-owners' associations as well as savings to companies and organisations. We finance multi-family dwellings, existing as well as new construction. We offer personal service to our customers, who are concentrated in growth regions surrounding our offices in Stockholm, Gothenburg and Malmö. Our lending to this business area corresponds to around 30% of SBAB's total lending. The market share for lending to companies was 17.38% at year end and the market share for lending to tenant-owners' associations was 10.69%.

# Mortgages and household finances without the hassle

We want to enable and facilitate every phase of home-owner life – be it buying, selling or just living in a home – with our services within housing and household finances.

<p><b>SBAB! booli!</b> A service by SBAB</p> <h2>Buying</h2> <ul style="list-style-type: none"> <li>✓ Residential mortgages &amp; housing financing</li> <li>✓ Housing valuations</li> <li>✓ Housing advertisements</li> </ul> <p>Business partner services:</p> <ul style="list-style-type: none"> <li>• Home insurance</li> <li>• Life insurance</li> <li>• Legal advice</li> <li>• Electricity agreements</li> </ul> 	<p><b>booli! hittamäklare!</b> A service by SBAB A service by SBAB</p> <h2>Selling</h2> <ul style="list-style-type: none"> <li>✓ Estate agent recommendations</li> <li>✓ Housing valuations</li> <li>✓ Housing advertisements</li> </ul> <p>Business partner services:</p> <ul style="list-style-type: none"> <li>• Tax declaration help</li> </ul> 	<p><b>SBAB! boappa!</b> A service by SBAB</p> <h2>Living</h2> <ul style="list-style-type: none"> <li>✓ Refinancing</li> <li>✓ Saving</li> <li>✓ Consumer loans</li> <li>✓ Communication and administration service for tenant-owners' associations and their residents</li> <li>✓ Board tools</li> </ul> <p>Business partner services:</p> <ul style="list-style-type: none"> <li>• Construction advice</li> </ul> 
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## Building blocks for our offering

### Financial capital & lending

We receive our financial capital from three different sources: equity from owners, funding via the capital market and deposits from the public. In return, we pay interest and dividends. We convert this financial capital to different types of loans and financing for our customers.

### Data

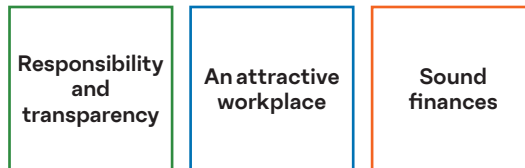
In our operations, we collect and process large amounts of information and data about housing and household finances, which we transparently and responsibly convert to knowledge and services that improve the customer offering and experience.

# How we steer our business

We govern our business through our sustainable steering model. It clearly and simply describes what our purpose is, where we are going, what steps we will take to get there and how we will achieve it. Focus and prioritisation through the balance between what we will do and how we will do it is a prerequisite for realising our vision – to offer the best residential mortgages in Sweden.

## Where

**Vision:** To offer the best residential mortgages in Sweden



## What

An innovative approach focused on housing



## How

A values-driven way of working



## Why

**Mission:** To contribute to better housing and household finances





# Why

**Mission:** To contribute to better housing and household finances

SBAB is a purpose-driven company. Our mission explains why we exist and what we contribute to as a company. Our mission makes us proud and committed. By using the word “better” in our mission we take a position and explain that we conduct business responsibly and sustainably and that we play an important part in the national economy.

# Where

**Vision:** To offer the best residential mortgages in Sweden

Our vision is our destination and what we want to offer our customers. Our vision encourages us to constantly improve. SBAB’s focus and primary products are residential mortgages to private individuals and housing financing for tenant-owners’ associations and property companies. Offering the best residential mortgages in Sweden entails great demands for innovation and consideration. When we have achieved our goals within our three target areas – Responsibility and transparency, An attractive workplace and Sound finances – then we will have realised our vision of offering the best residential mortgages in Sweden.

Responsibility and transparency

→ Read more on page 26.

An attractive workplace

→ Read more on page 34

Sound finances

→ Read more on page 38

# What

## – An innovative approach focused on housing

### Business idea

Our business idea is to be innovative and considerate in our offering of loans and savings products and other services for better housing and household finances to private individuals, tenant-owner associations and property companies in Sweden. Innovative means continuously developing and improving our customer offering. Consideration means consistently, responsibly and with transparency working on long-term relationships and putting our customers first, whatever the situation. Loans are residential mortgages, housing financing and consumer loans. Savings products are deposit services. Our lending to private individuals, tenant-owners' associations and property companies is concentrated in Stockholm, Gothenburg and Malmö as well as other university cities and growth regions where demand is strongest. Housing and household financial services include searching for a home, estate agent recommendations, housing valuations and insurance services.

### Strategies

Much is happening within the development of digital banking and financial services. New players are driving developments and new regulations are redrawing the playing field. Simply offering a comparable banking service is not a winning strategy for the future. Our total offering of services in housing and household finances helps customers solve their problems and fulfil their needs throughout the entire housing journey. We believe that niche excellence and driving development in our niche with services that customers need, use and value is a recipe for future success. We have a number of operational strategies that aim to illustrate the way to offer the best residential mortgages in Sweden and clarify our position within the housing journey. These

include strategies for the customer offering and distribution within each business area, along with IT, data science, innovation, risk, funding and HR.

### Regulatory framework

Efficient risk management, regulatory compliance, internal governance and control are self-evident basic conditions for SBAB. They also enable a fast pace in operations. Regulation of the banking and financial sector has increased considerably over the past few years and SBAB works continuously to ensure that we comply with applicable regulations. Our efforts to ensure good regulatory compliance include internal rules in the form of governance documents. We promote a corporate culture where every employee is expected to take responsibility all the way, to act ethically and to comply with the external and internal regulations.

## UN's Sustainable Development Goals

SBAB, like the entire business sector, has an important role to play in achieving the UN's SDGs. We have identified and prioritised four SDGs that we consider particularly important for our operations and guide us to making even more responsible and long-term sustainable decisions.

→ Read more on page 179.



# How

## – A values-driven way of working

### SBAB is a values-driven company

Success in a competitive market in constant change requires a values-driven way of working. Our values-driven way of working involves inclusive leadership and self-driven employees making smart decisions in their daily work. This creates the pace necessary for SBAB to be competitive. This approach is based on clarity, transparency and trust, which promote and create determination, courage, fresh ideas, everyday innovation and continual learning. The result of this is satisfied customers, growth, profitability and long-term competitiveness. We work actively to develop our values-driven way of working, with self-driven employees and inclusive leadership at its core. Our values-driven way of working coordinates our approach, ensuring that we work

with our values as guidance. Just like a team, we train, talk, discuss, and provide feedback to become better. It involves always enabling everyone to take initiatives and make wise decisions. The values-driven way of working places major demands on having bold leaders with a holistic perspective. Leaders serve as role models, are clear about expectations and demonstrate trust by refraining from micromanaging or delegating solutions – this is how we build the joint commitment we need for everyone to be self-driven.

→ [Read more on page 35](#)



## Our values

Our four values, with their explanatory sub-items, represent our shared attitude, our approach and the basis of our corporate culture.

### We are proud professionals

I am business minded and I deliver.

We all take responsibility for our customers.

We strive for long-term relationships.

I am constantly developing my competence.

We love doing business.

### We work smart and fast

I act immediately and own the issue.

We learn by doing.

I keep things clear and simple.

I dare to challenge and to think outside the box.

We collaborate and calibrate.

### We take responsibility – all the way

I think one step ahead.

We make decisions where we can.

I am money conscious.

We act sustainably.

I make a difference and see to the whole picture.

### We succeed together

We set and meet our goals and celebrate achievements.

I am straightforward and to the point.

My knowledge is your knowledge.

I am humble and considerate.

We are inclusive and thrive on diversity.

# Goals and outcome 2022

We do not make a distinction between business goals and sustainability goals – the basis of our entire business must be sustainable.



# SBAB's target areas

SBAB has three sustainable target areas that we steer operations towards. By meeting these targets we achieve profitability in the short term as well as the long term. We contribute to sustainable societal development not only when we reach our targets but also when we strive towards them.

## Analysis as the basis for strategic direction and prioritisation

### Operating environment analysis

An analysis of important operating environment factors based on SBAB's ten trends affecting customers, sustainability factors, other trends in society and regulations and legislation lays the groundwork for identifying the areas where SBAB has the biggest impact.

### Sustainability analysis

The sustainability analysis consists of stakeholder dialogues with particularly important stakeholder groups that all affect and are affected by SBAB's operations. Dialogues help us prioritise our work correctly and clarifies the sustainability topics we need to focus on.

p.168

# Three target areas

Based on the stakeholder dialogue and our analyses, we have established three sustainable target areas for the operations, with the aim of guiding us towards our vision.



**Responsibility & transparency**

**Calibration to integrate and update**

p.26



**An attractive workplace**

We need to calibrate our sustainable target areas to ensure we continuously manage and operate our business sustainably at the pace and in the direction required. To accomplish this, we update our sustainability analysis regularly to identify challenges and/or opportunities in our target areas. The analysis is an important tool for governance, follow-up and prioritising in the daily operations. It guides and directs how we develop and integrate sustainability into operations.

p.34



**Sound finances**









→ *Read more on pages 168–169.*

p.38



# Fulfilment of goals

SBAB's vision is to offer the best residential mortgages in Sweden. We use our three sustainable target areas to explain our vision. Each target area contains a number of overriding goals. Reaching the overriding goals means we will have realised our vision.

Target areas	Goals for 2022	Results		
		2022	2021	2020
<b>Responsibility &amp; transparency</b>    	<b>Target:</b> The Sustainability index, rank in brand surveys <b>Top 3</b>	2nd	2nd	2nd
	<b>Transparency:</b> Proportion of customers who believe that SBAB has an offering that is straightforward and easy to understand <b>n/a</b>	78%	79%	n/a
	<b>Customer satisfaction:</b> Sweden's most satisfied customers according to Swedish Quality Index (Svenskt Kvalitetsindex, SKI). Mortgages <b>Top 3</b>	1st	1st	1st
	Property loans <b>Top 3</b>	1st	1st	1st
<b>An attractive workplace</b> 	<b>Equality and diversity:</b> Equality between women/men in management positions (within the range) <b>45/55%</b>	47/53%	48/52%	49/51%
	<b>Employee experience:</b> Average rating for SBAB as a "very good workplace" in the employee survey on a scale from 1 to 5. <b>n/a</b>	4.4	4.5	n/a
	<b>Committed employees:</b> Average rating on the Engagement Index in the employee survey on a scale from 1 to 5. <b>n/a</b>	4.2	n/a	n/a
<b>Sound finances</b>   	<b>Profitability:</b> Return on equity over time. <b>≥10%</b>	10.5%	11.1%	10.8%
	<b>Dividend:</b> Ordinary dividend based on profit for the year after tax, taking the Group's capital structure into account. <b>≥40%</b>	40%	40%	0%
	<b>Capitalisation:</b> The CET1 capital ratio and total capital ratio exceed the regulatory requirement communicated by the Swedish FSA (FI). CET1 capital ratio <b>≥0.6%</b>	2.6%	4.3%	5.4%
	Total capital ratio <b>≥0.6%</b>	3.0%	4.2%	5.4%





## Explanation

**We make no distinction between sustainability and business.** A sustainable approach to our business and operations allows us to be competitive in the short and long term. Every quarter we monitor how customers and the general public view SBAB's responsibility in a survey that focuses on the perception of SBAB as a sustainable company. The quarterly assessment includes twelve of our competitors.

**We strive** to be as transparent, simple and clear as possible in our customer offering and in our communication. This helps our customers take wise and informed decisions.

**Satisfied customers** are a prerequisite for strong results and an important acknowledgement of our progress in achieving our vision. Transparency, responsibility, simplicity, accessibility and good service combined with digitalisation and a sustainable customer offering are all crucial to success.

Read more  
on pages  
26–33

**Equality and diversity** are two of the most important issues of our time. We also know that demographically diverse organisations perform better. For us, equality is an important dimension within diversity and equality. We have set a target that at least 45% of management positions should be held by the underrepresented gender.

**A positive employee experience** is a prerequisite for high performance and thereby realising our vision. We want an overwhelming majority of our employees to have a strongly positive experience of SBAB as a workplace. This was a new employee survey this year, so there are no historic outcomes or goals set for next year.

**Commitment drives performance.** If we are engaged at work we perform at a high level and drive development and change. Committed employees affect and develop each other. Together they create a genuinely attractive workplace. This was a new employee survey this year, so there are no historic outcomes or goals set for next year.

Read more  
on pages  
34–37

**Strong profitability** is the ultimate testament of an efficient business. Satisfied customers who drive growth along with underlying cost efficiency shape the conditions for long-term profitability. Our target is to achieve a return on equity exceeding 10% over time.

**Part of our funding** comes from our owner, the Swedish state, in the form of equity. In return for its contribution, the owner receives a return in the profit generated by operating activities. In accordance with the owner's dividend target, at least 40% of profit after tax is to be distributed, taking SBAB's capital structure into consideration.

**It is important for SBAB to be well capitalised**, since this promotes confidence from our stakeholders, financial stability and the opportunity to grow. According to our capital targets and in line with the owner's financial target, the CET1 capital ratio and the total capital ratio should, under normal conditions, be 0.6 percentage points higher than the requirement communicated by the Swedish FSA.

Read more  
on pages  
38–43

# Responsibility & transparency

As a banking and services supplier within housing and household finances, SBAB has an important role in the national economy. We help many people own their own homes by providing mortgages for private individuals and we provide financing to property companies and tenant-owners' associations for multi-family dwellings. SBAB's operations affect the housing market, which entails a great responsibility.

**+** *More information about the target area is in the sustainability notes on page 171.*

## Supporting the Sustainable Development Goals



# Our responsible and transparent offering

Customers appreciate a competitive, transparent and simple pricing model for residential mortgages. For us at SBAB, it is a self-evident part of a trustworthy customer relationship. This is also a reason that more and more customers are choosing SBAB for their residential mortgages, which means that we are growing and capturing market shares.

## We strive for increased transparency in the residential mortgage market

The difference between listed rates and average rates for residential mortgages remains high with most major mortgage banks. Many banks start with high listed rates and apply occasional discounts or individual rate-setting after negotiations. Whether or not residential mortgage customers purchase other services by the bank is another factor. At SBAB, we strive to be straightforward, clear and transparent in our offering. We want our customers to trust SBAB and feel secure in having us as their bank and creditor. One of our overall sustainable business goals is exactly that, Responsibility and Transparency: an offering that is straightforward and easy to understand, which was true for 78% of our residential mortgage customers in our latest brand survey.

## You never need to negotiate your mortgage rate

No one ever needs to negotiate mortgage rates or buy extra services to obtain favourable and fair interest rates on their mortgage with SBAB. We do not believe that the interest rate on someone's mortgage should depend on who they talk to at the bank, how they are dressed or how well-spoken they are. Our residential mortgage interest rates are based on the current listed rates for each maturity, as published on [www.sbab.se](http://www.sbab.se). The customer's specific mortgage rate is presented as a deviation from the listed rate. This deviation is based on the property's loan-to-value (LTV) ratio, which is the residential mortgage as a percentage of the market value of the property, the property's energy rating and the size of the residential mortgage. At [www.sbab.se](http://www.sbab.se), our customers can work out for themselves the interest rate they would receive, which provides transparent guidance about what determines the individual borrower's mortgage rate in relation to the listed rate. SBAB's transparent pricing model is

why the difference between the list rate and the average rate for mortgages is much smaller than that of most other banks.

## We enthusiastically share our expertise

One of the most important elements of SBAB's offering is explaining, informing and sharing our expertise. Being there when our customers need us. We want to make housing and household finances simple, fun and accessible. Things are often easier to absorb when they are fun. Better informed people are also able to make wiser decisions. Our Head Economist and Housing Economist spread information and share their expertise with customers, investors, the public and the media through commentary, analyses and forecasts related to the Swedish economy, interest rates and the housing market.



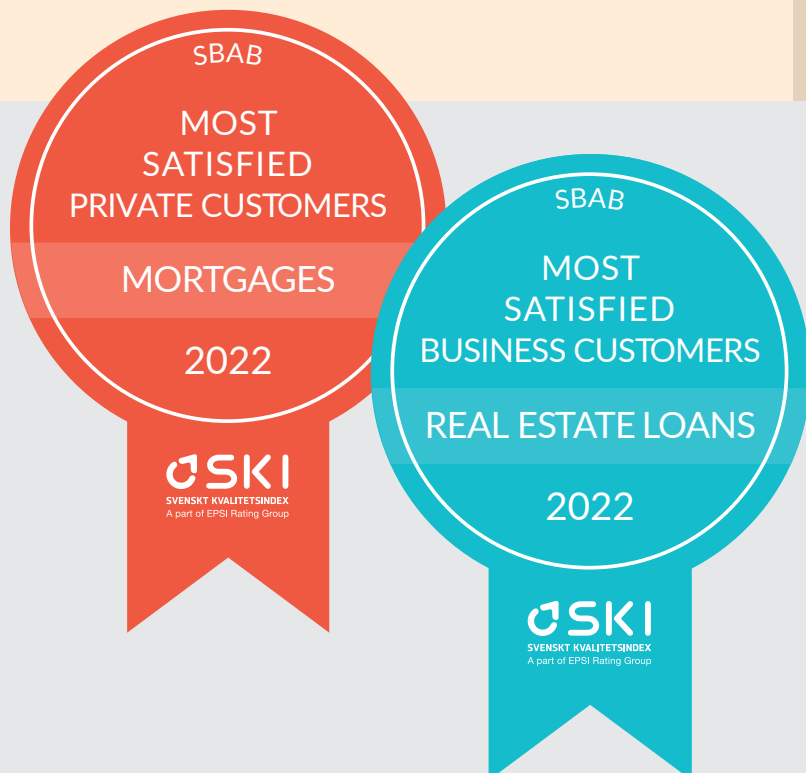
## Sweden's most satisfied customers – again

Responsibility and transparency leads to satisfied customers. The skills, professionalism and consideration shown by our employees on a daily basis are made visible, among other things, in surveys conducted by SKI. Every year, SKI measures customer satisfaction in the banking and finance sector. For the fourth consecutive year SBAB had Sweden's most satisfied residential mortgage customers with a customer satisfaction score of 76.4 (76.1) out of 100, while customer satisfaction for the entire industry decreased to 67.5 (72.0). We received particularly good results in the survey in areas such as product quality, reliability and loyalty. For the fifth consecutive year SBAB had the highest customer satisfaction rating for property loans to tenant-owners' associations, with a score of 78.0 (77.2) out of 100, while customer satisfaction for the entire industry decreased to 72.3 (72.5). Our results were particularly strong within areas such as image, product quality and loyalty.

SBAB is strengthening its position and remains at the top of the list in all of the underlying categories: image, expectations, product quality, service quality and value for money. The perception of SBAB is significant because our reputation and trustworthiness with customers and the public are important factors in success and competitiveness. We continuously monitor the perception and experience of SBAB with tools like a sustainability index that summarizes how we are perceived in different sustainability areas. The sustainability index is measured and followed up every quarter. In 2022 we were ranked second, which is even better than our goal of being in the top three of our industry.

## Mortgages and household finances without the hassle

Our total offering of services helps our customers in every phase of home-owner life. At SBAB we offer our customers mortgages without complicated terms and reliable savings accounts with interest. At Booli.se, which has Sweden's largest collected offering of homes for sale, we help customers find their next home, assess their home and check actual selling prices. Choosing the right agent when selling can be an essential factor. The Hit-taMäklare service guides customers to the best estate agents in their area when they want to sell. And Boappa helps customers, their neighbours and boards with communication in tenant-owners' associations or homeowners associations. Board work becomes easier and more effective while simultaneously increasing engagement among members and creating a sense of community. We have many secure and simple services for people buying, selling or just living in a home. We call this mortgages and household finances without the hassle.



# Responsible credit granting

SBAB's credit granting and credit growth is to be sustainable in the long term – for our customers, for SBAB and for society. We have a responsibility to determine whether our customers can make their interest and amortisation payments on their loans. This requires extensive understanding and knowledge of our customers and their circumstances.

## How SBAB grants credit to retail customers

Granting of credit to consumers is based on a credit approval process that demonstrates whether customers have the financial capacity required to meet their commitments. First and foremost, SBAB assesses the customer's repayment ability, but also the collateral provided for the loan.

We base our credit approval process on existing credit rules, information received from credit rating agencies and the Land Registry as well as information provided by the customers themselves. Credit is granted if repayment capacity is sufficient. The credit approval process centres around a calculation of household costs, which is based on the income of the customers and their mortgage and household expenses. We also use various costing parameters in the calculation of household costs and take into consideration the rise and fall of the interest rates and other costs. If the calculation indicates a sufficient surplus, a loan is normally granted provided that the customer satisfies other formal requirements and credit regulations.

SBAB endeavours to have a streamlined, digital and efficient credit approval process for the majority of customers. To further allow customers to receive a mortgage and to better reflect societal development in terms of income forms, employment forms and constellations of borrowers, we also make individual considerations. We do the same for, among other things, self-employed people and for more young people to be able to purchase their acquire their first home.

Collateral is provided for residential mortgage in the form of a mortgage deed in immovable property or rights in a tenant-owners' association, and the loan cannot exceed 85% of the property's value.

→ Read more in the sustainability notes on page 171.

## Amortisation and debt-to-income ratio

At SBAB we believe that amortisation helps ensure sound household finances. We conduct individual dialogues about amortisation with our customers in the event of a new mortgage. We apply loan repayment rules in line with regulations issued by the Swedish FSA. These rules include a repayment rate of 2% per year for new residential mortgages with an LTV ratio of more than 70%, and 1% per year down to an LTV ratio of 50%. Customers borrowing more than 4.5 times their gross income must also amortise an additional one per cent of the mortgage per year. For some time, we have used a mandatory debt-to-income ratio of 5.5 times gross income when granting credit, which means that it is not possible for a customer to borrow more than 5.5 times their income before tax. According to the regulations issued by the Swedish FSA, for a limited period of time we can pause amortisation for borrowers under special circumstances. This applies in situations when the financial situation has deteriorated considerably, after the mortgage has been granted. Typical situations include unemployment, long-term sick leave, a death in the family, studies, separation and parental leave.

## How we grant loans to corporates and tenant-owners' associations

SBAB's credit approval process for corporates and tenant-owners' associations is primarily based on their repayment capacity, our customers' financial situation and various individual factors. We create a holistic model of the company, Group or tenant-owners' association. Collateral for the loan is mainly provided in the form of a mortgage deed in immovable property. Customers are managed individually by a team consisting of an account manager, an analyst, a property valuer and a loan administrator. We meet corporates and tenant-owners' associations digitally as well as physically. When it comes to corporate customers, we have physical meetings where we share our expertise, gather necessary information and create a close and trustworthy customer relationship.

## If a customer has difficulty making payments

SBAB's ambition is to initiate a dialogue as early as possible in cases where we discover customers are having, or risk having, difficulty making interest or amortisation payments. Credit monitors in SBAB's insolvency team have extensive experience and work proactively to help and support these customers. At SBAB, we are the ones who are responsible for carrying out the entire insolvency management process and thus help our customers every step of the way.

# Our operations build on trust

As a bank, SBAB wants to contribute to a well-functioning financial system. That is why we focus on security and regulation issues. A high level of trust from customers, employees, suppliers and society at large helps us successfully reach our vision of offering the best residential mortgages in Sweden.

## How we manage cyber threats

Identity theft, ransomware, denial-of-service attacks and other forms of cyber threats are major current societal problems. Companies, banks, authorities and legislators are working intensively to tackle the changes and challenges posed by digitalisation and the connected society. SBAB dedicates considerable work to cyber security to ensure and maintain a high level of security in our operations. The goal is to protect our customers and the bank's information. We work proactively on increasing risk and security awareness with our customers and our employees, as well as on constantly improving security in our IT environments. Continuity planning is an important part of our work to ensure that SBAB has a robust ability to conduct critical processes at an acceptable level during any possible disruptions. By steering and monitoring suppliers, SBAB works to ensure that our suppliers meet our security requirements.

We work continuously to spread knowledge within SBAB and inform our customers about what they should watch out for and what measures they should take to protect themselves and their information. SBAB also has a Security Incident Response Team (SIRT), which is responsible for identifying, analysing and rectifying IT security incidents.

## Countering financial crime

The banking sector's role in combating financial crime is important. By conducting operations in a manner that combats financial crime such as money laundering, financing of terrorism, fraud and corruption, SBAB helps protect our customers and create a healthier economy. SBAB has an Anti-Financial Crime (AFC) unit that focuses specifically on our work in these issues.

## Money laundering and financing of terrorism

We evaluate and update our "General risk assessment" every year and as needed, where we assess how services can be used for money laundering and financing of terrorism as well as how substantial the risk is of this occurring. We have a policy for this issue that has been resolved by the Board. We have routines and guidelines that are adapted to the risks we see, our customers and the services they use.

We follow developments carefully, as well as the patterns, methods and anything else relevant that prevents us from being used for money laundering or financing of terrorism. SBAB has independent review functions that ensure, through monitoring and controls, that SBAB meets the requirements for measures and routines set internally and in legislation.

## Corruption

Stable and legally compliant institutions are fundamental for society to function and for interpersonal trust. SBAB enjoys a special trust from the public, which means that it is very important for us to combat corruption and promote best practices. SBAB takes preventive anti-corruption measures and has inter-

nal rules for measures to prevent unlawful influence that follow The Swedish Anti-Corruption Institute's (Sw. Institutet Mot Mutor) Code of Business Conduct.

## Fraud

Various kinds of fraud, such as welfare fraud, VAT fraud and social engineering are estimated to earn billions every year for organised crime. There is also a clear connection between fraud and other financial crime, such as money laundering. Fraud is on the rise and older people are more vulnerable than others, especially for methods referred to as social engineering. This is a technique used by fraudsters to manipulate people into sharing sensitive information or giving them access to money or other valuables. Fraud targeting the elderly is a societal problem where banks, together with other players, carry out initiatives to raise awareness among customers and thereby increase their resilience to fraud. At SBAB we work actively to prevent fraud and to limit its impact on our customers.

## Code of Conduct

SBAB's Code of Conduct provides guidance on how we should act and conduct ourselves in various situations and the inherent responsibilities of being an SBAB employee. Employees, consultants, members of the Executive Management and Board members are responsible for understanding and complying with our Code.

→ *The code is published on [www.sbab.se](http://www.sbab.se).*

## Code of Conduct for mortgage brokers

Together with Skandia and Landshypotek Bank, SBAB developed a Code of Conduct to apply for all mortgage brokers that the banks collaborate with. The requirements in the Code of Conduct ensure consistency in the broker industry in terms of knowledge requirements and regulatory compliance for the broker's employees, and that remuneration in conjunction with mortgage brokering is exclusively fixed remuneration, as per the rules for personnel that apply for banks when it comes to granting credit.

## Supplier Code

SBAB's Supplier Code is attached to all of our supplier agreements. It explains SBAB's view and expectations of our suppliers' sustainability efforts and compliance with international guidelines. We also monitor how our largest suppliers comply with the Supplier Code of Conduct.

→ *The code is published on [www.sbab.se](http://www.sbab.se).*

## Whistle-blower function

At SBAB, it is very open for us to have an open corporate culture and for any irregularities to be identified right away. We have an internal whistle-blower channel that is managed by an external supplier. This is where suspected irregularities that are of general interest or that in conflict with union-protected rights are reported confidentially and anonymously. There was one whistle-blowing case in 2022.

→ *Read more on pages 171–172.*

# Our engagement creates a more inclusive housing market

## Our engagement creates a more inclusive housing market

At SBAB, we want everyone to live in homes they can afford, to take wise decisions for secure household finances and to be able to live sustainably. Both today and in the future. As a credit provider, SBAB participates in and influences what is built as well as how it is built. Through dialogues and collaboration, we want to contribute to improved, healthier and more inclusive housing environments.

## A sustainable society is a society where everyone has somewhere to live

High prices in combination with mortgage ceilings and amortisation requirements exclude many households from the housing market. In many municipalities, rental apartments are still difficult to find. Many are therefore forced to jump between expensive sublets. In addition to political measures, collaboration between housing financiers and the construction industry is required to address this problem. This is where SBAB wants to have an active role, which includes the financing of new-build homes. In 2022, SBAB was involved in the financing of 7,181 new-build homes (5,712).

## Partnerships for new forms of housing

Regulations created to relieve debt pressure on Swedish households and to slow price trends for homes have led to a very high threshold to entering the Swedish housing market. New housing and tenure forms have appeared and SBAB holds discussions with customers and other players about potential collaborations. HSB Dela and Riksbyggen are examples of a form of housing designed for younger adults, in which customers purchase half of the apartment, and jointly own the other half with the housing developer. They have the option to purchase the remaining portion after five years. SBAB also collaborates with BoKlok, a housing concept developed by Skanska and IKEA, which develops and builds sustainable housing that more people can afford.

We've also had a partnership for several years with Stockholms Stadsmission to address the issue of new forms of housing. This includes SBAB's contribution to Bosstad 2030, a programme that Stockholm

Stadsmission conducts focused on finding homes for people who are currently excluded from the housing market.

## Combating crime and promoting human rights during new construction

Alongside the rapid pace of building in Sweden during the 2010s, a worrying development has been observed concerning how homes and infrastructure are built. Several investigations have shown occurrences of tax avoidance, unreported employment and salary dumping, as well as a lack of respect for labour rights along the supply chain at construction sites. Banks are an important part of the entire process in new construction and as part of our shared responsibility and in dialogue with the construction industry, Danske Bank, Handelsbanken, Nordea, SBAB, SEB, Sparbankerna and Swedbank started an industry-wide initiative. The initiative aims to counteract and reduce economic crime in the construction industry by considering a number of factors in lending and thereby setting higher standards whereby the bank's customers are to have control over their production. The initiative aims to achieve increased control over who conducts work on construction sites across the entire supply chain. Through the initiative banks want to create a more sustainable construction industry.

## Responsible property management

A close public dialogue is a success factor for property owners who are focused on long-term value creation. Many property owners make different investments for better societal development in their neighbourhoods, for example measures to increase safety, to increase community engagement and voter turnout and to improve school performance. SBAB participates in different social projects together with our customers to help improve housing and household finances and a more inclusive housing market.

## Everyone has a right to a home and being socially secure

The right to a home is stipulated in both the UN Convention on Human Rights and in the Swedish constitution. We have collaborated with Stockholms Stadsmission in different ways to support their work to find housing solutions for people living in homelessness and in vulnerable social circumstances. With the aim of helping create a better housing situation for homeless and socially vulnerable people, we also support Situation Stockholm and Faktum, societal and cultural magazines whose idea is to attract readers and thereby create work and a personal income for the magazine's sellers.

SBAB!

# Gillar!

Positive and sustainable initiative for better housing



SBAB Gillar! takes a big-picture view, inspired by positive initiatives by others in areas like safety, sustainability, new homes, homes for the elderly or student housing. The world is full of voices and players with inspiring initiatives for better, more sustainable living. We like this! In 2022 we published five articles to draw attention to good examples in the above themes.

# Together for the climate

Housing accounts for a large proportion of the total energy consumption in Sweden. Nor do many properties live up to the requirements we now have for energy consumption. This is where, as a financier, SBAB can make a major difference. Together with our customers, suppliers and other stakeholders, we work to reduce both our customers' energy consumption as well as our own climate impact.

### Guided by our climate goal

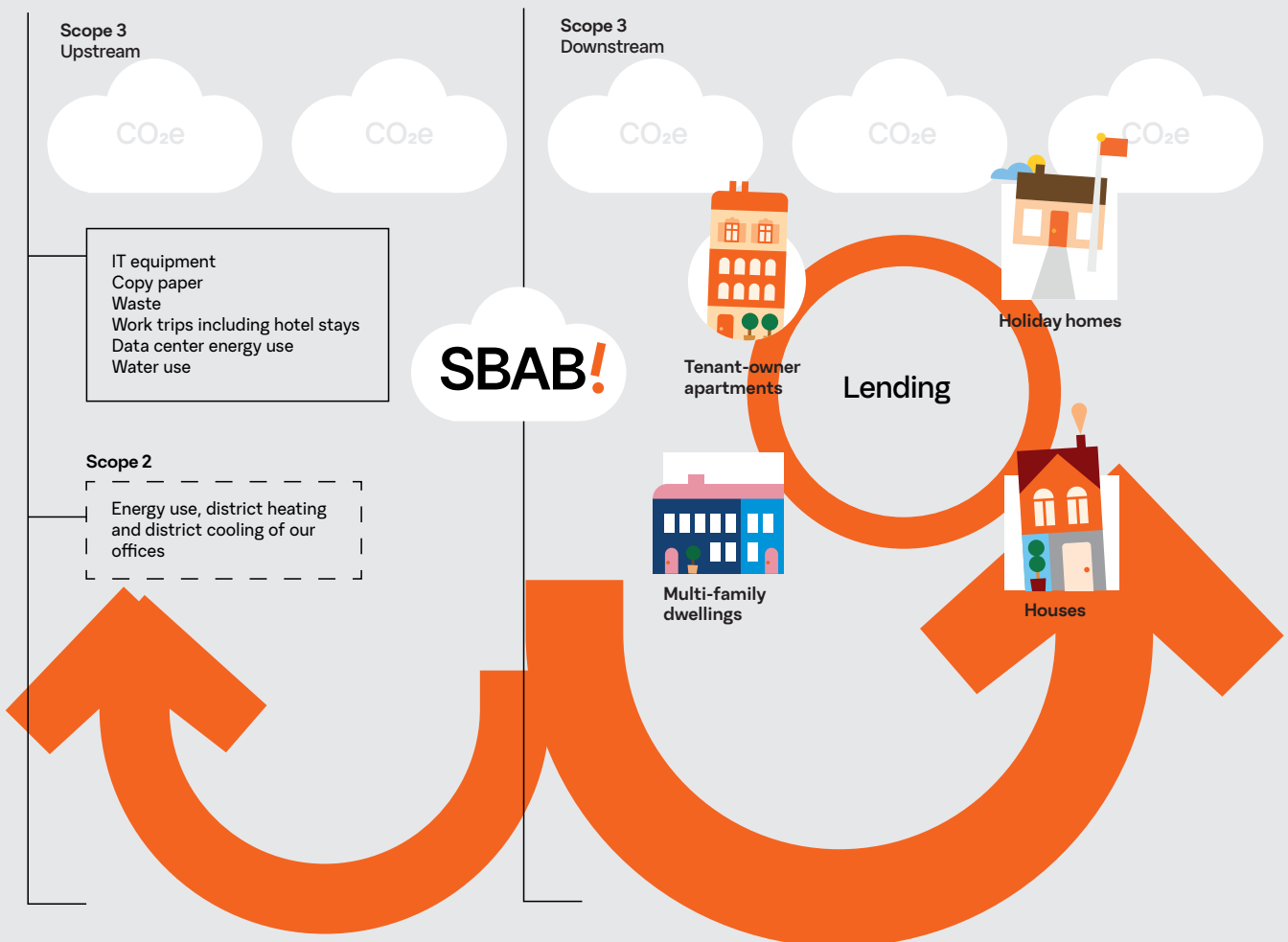
The basis for meaningful climate work is in carbon emissions: understanding them, measuring them and setting goals to reduce them. At SBAB, we believe that we make the biggest dif-

ference by helping our customers in their climate transition. That was why in December 2022, SBAB adopted a climate goal to reduce emissions intensity (kgCO<sub>2</sub>e per m<sup>2</sup>) from our lending portfolio 50% by 2038. The climate goal is a major and important step for SBAB in driving the green transition. The goal is aligned with the global 1.5°C target and is reported annually in our climate report. The goal is science-based and will be validated with the help of the Science Based Targets initiative. By measuring and targeting the emissions caused by our customers' homes and properties, we can work purposefully to reduce our biggest climate impact – our financing.

→ Read more on pages 172–173.

## SBAB's emissions according to the Green House Gas protocol

SBAB's emissions mainly include lending to customers (Scope 3 downstream). SBAB's indirect emissions that come from purchased energy is limited (Scope 2 & Scope 3 upstream). SBAB has no direct emissions from owned or operated assets (Scope 1).



The GHG Protocol includes seven greenhouse gases: carbon dioxide (CO<sub>2</sub>), methane gas (CH<sub>4</sub>), nitrous oxide (N<sub>2</sub>O), hydrofluorocarbons (HFCs), perfluorocarbons (PFCs), nitrogen trifluoride (NF<sub>3</sub>) and sulphur hexafluoride (SF<sub>6</sub>). These gases have various levels of global warming potential (GWP). For example CO<sub>2</sub> has a GWP of 1, while CH<sub>4</sub> has a GWP of 25. All gases are therefore converted to carbon dioxide equivalents (CO<sub>2</sub>e).



### Together we improve energy efficiency in Sweden's homes

To reach our goal, we need a close partnership with our customers. Through our lending, we can influence the housing market through innovative solutions, requirements, terms and tips to reduce our customers' energy consumption. In 2022, SBAB launched a partnership with Hemma®, where retail customers could calculate energy investments for their homes. Hemma® gives our customers recommendations for energy improvements and a cost calculator. Energy improvements could be, for example, installing solar cells, geothermal heating pumps, air heat pumps, etc. In addition to the Hemma service, SBAB offers several others that help our customers save money and live more energy efficiently. Retail customers at SBAB can receive an advantage electricity agreement through Tibber, which also helps them maintain control over their energy consumption by optimising and reducing it. They can also receive energy consultations through Anticimex.

### Encouragement from SBAB's green loans

Since 2018, we have automatically provided Green Mortgages to customers who live in houses or multi-family dwellings that have a valid energy performance certificate with energy class A, B or C. The better the energy class, the greater the reduction to the mortgage rate. We see the green mortgage as an incentive for our customers to invest in more energy-efficient homes. At the end of 2022, 17,305 (15,663) private homes had a green mortgage with SBAB, corresponding to a mortgage volume of SEK 41.7 billion. This means that green mortgages account for approximately 12% (11.1) of SBAB's total residential mortgage stock.

SBAB also offers green investment loans to tenant-owners' associations and property companies, which are loans suited for customers who implement energy efficiency measures at their properties. These could include replacing windows or investing in a new, fossil-free heating source, for example. At the end of the year, 50 (54) corporate and tenant-owners' association customers had a green investment loan with SBAB, corresponding to a credit volume of SEK 136.0 million (155.4). We have also closed the money cycle, where our green mortgages and investment loans are financed with earmarked green bonds.

→ [Read more about our green bonds on page 42.](#)

### SBAB reducing our own climate impact

SBAB is a digital bank. We have no branch offices and are mainly reached by digital channels and the telephone. This enables us to avoid unnecessary transportation and the operation of a number of branch offices around the country. SBAB's direct environmental impact is therefore relatively small but we work systematically to reduce our climate impact across all of our operations. Whatever we cannot reduce, we will climate compensate. Since 2006, we have measured our emissions and prepared a climate report that we annually publish and are constantly developing. To this end we have a reduction target to reduce our direct and indirect (upstream) emissions 15% between 2021 and 2025. One example of an emissions source we are actively working to reduce is emissions from the server halls that we use. We have a proactive dialogue with our suppliers, who are deliberately working to reduce their emissions.

→ [Read more on pages 172–173.](#)

# Watt?!

## Closer to 8,600 kWh, actually\*

→ [sbab.se/kilowattjakten](https://sbab.se/kilowattjakten)

\* Pertains to the possible average annual savings for one household in a detached house or townhouse that chooses to invest in the most energy-efficient measures suggested by our partner Hemma.

# An attractive workplace

Working at SBAB means making a difference and being part of a community with a high level of commitment where people are ready to work or laugh together. Together, we are the company's most important asset. Our motivation, commitment and personal drive are a prerequisite for SBAB's long-term competitiveness and success. Everyone at SBAB has the opportunity to grow.

**+** *More information about the target area is in the sustainability notes on page 173.*

Supporting the Sustainable Development Goals



# Our people at SBAB

To achieve our vision, we need everyone who works at SBAB to be engaged, motivated and to share our attitude. We define our attitude through our values, which also form the foundation of our corporate culture. We are convinced that the way we work together is essential for SBAB to remain a long-term competitive company. That is why we work actively to develop our values-driven way of working, with self-driven employees, teams and leadership at its core. We have a well-established HR strategy that is the result of focused long-term work. It includes seven focus areas: corporate culture, leadership, respect & equality, attracting & recruiting, learning & development, health and remuneration. By continuously and determinedly working in these areas and developing them, we remain one of Sweden's best workplaces.

## Commitment and experience

Becoming and staying an attractive workplace over time is a deliberate and long-term effort. SBAB's values-driven way of working is characterised by trust, approachability, knowledge sharing and cooperation. This creates the preconditions for personal drive, commitment and motivation. To investigate the shared commitment and perception of the workplace, we carry out employee surveys. In 2022, SBAB developed the method and process to capture new perspectives and a better digital tool. Each measurement is the basis for analysis and dialogue at the department, team and individual level. A better understanding of what works well and what needs to be developed helps us focus our initiatives correctly. Tips and exercises are designed based on our values-driven way of working and developed for individuals as well as teams.

An entire 97% of SBAB participated in the employee survey in Q3 2022. The survey features statements that inspire commitment, and altogether the Engagement Index was 4.2 out of 5.0. We were ranked as Sweden's fifth best workplace in the Large Organisations category by Great Place to Work (GPTW) for 2022. In GPTW's European list, we placed eighth among Large Organisations.

## A genuinely values-driven way of working

SBAB is a values-driven company. Our values permeate all of our operations and everything we do, characterising how we treat each other and our customers. At SBAB, we do not expect Executive Management to decide how we reach our goals by delegating and issuing instructions. Instead, it is our strong shared commitment that helps us reach our ambitions. At SBAB, everyone takes responsibility and makes wise decisions, which allows us to keep up a competitive pace. To further strengthen our ability to work together, in 2022 we developed a team development concept. We call it "Tillsammans" (Eng: Together) because the aim is to strengthen and improve our ability to succeed together. Increased knowledge and practical support in daily issues creates effective teamwork. In our employee survey, statements that measured the perception of our relationships with our colleagues was the highest rated area (Relationship with colleagues index was 4.5 out of 5.0).

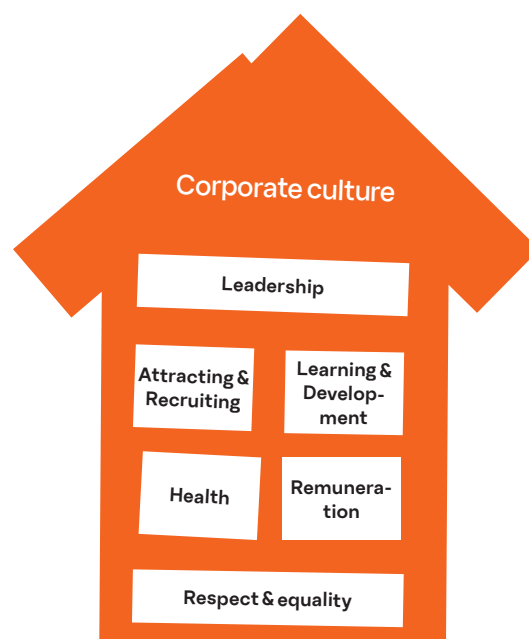
## Leadership characterised by clarity and empathy

SBAB's leadership is based on trust and inclusion and aims to create the conditions for everyone to be self-driven

employees. Leadership is characterised by clarity, empathy and a holistic approach. At SBAB we expect all of our leaders to be inclusive and understanding as well as clear and transparent. We also expect them to take responsibility and make the decisions necessary for our business. Our employee survey indicates that leadership at SBAB is highly appreciated. Statements measuring perceptions of immediate supervisors were among the top three of highest rated areas (Relationship with manager index was 4.4 out of 5.0). We want to give our leaders the conditions to succeed. Important forums for sharing knowledge, development and communication for leaders are our Ledarpuls meetings and Leaders' Forum.

## Health model for long-term and sustainable health

We want to enable everyone who works at SBAB to have a sound balance in life. Life consists of many different phases and challenges both at work and outside. Health at SBAB aims to support everyone on equal terms, regardless of personal life. We want to help everyone find a balance in life through self-leadership. SBAB strives to prevent ill health by offering a healthy work environment, a sustainable work load and proactively support



self-leadership within health. Regardless of what their lives look like right now, we inspire, enable and encourage people to think proactively and take action about their sustainability and health. Our health model supports each and every one of us in creating the conditions for our own sustainability. The model emphasises the importance of reflection, recovery, variation and a holistic approach to health and well-being. The employee survey indicates that our work to support health is appreciated by employees. The Health index was 4.2 out of 5.0, measuring the perception of support, inspiration for health and well-being and the ability to find balance between work and leisure.

### Recruitment our way, as simple as that

When we recruit, we focus on finding people with the right attitude who can make our team stronger through diversity, expertise and experiences. Our employee promise means that we make it easier for candidates to decide if we are the right workplace for them. It consists of four main ideas that reflect who we are:

- **Ambition:** Always one step ahead – for better housing and household finances.
- **Our societal responsibility:** Our goal – a sustainable society.
- **Our employee focus:** You matter – we want to see you grow.
- **Our culture:** Ready to work and laugh together – our important community.

SBAB's job site is an important meeting place where visitors can experience what working here is like. By watching, listening to podcasts, reading or speaking to some of us who work at SBAB, visitors have the chance to meet us when it best suits them.

### Learning and development, we never stop growing

To remain competitive over the long term in a changing world, everyone needs to develop their skills over time. Learning and development are essential for SBAB's future and central to attracting and retaining colleagues. SBAB's values-driven way of working creates the preconditions for a learning organisation. Our strategy here is based on three dimensions:

- **Want:** every one of us wants to develop and understands that learning is important
- **Can:** learning is encouraged and there are preconditions and support for continuous development as an individual and as a team
- **Do:** every one of us has the ability and habits that make learning and development a natural part of daily work

### Training for everyone in respect and equality, self-evidently important topics

For SBAB, it is a given that everyone has the same rights, obligations and opportunities in every aspect related to the workplace. Inclusion is central to our values and we are convinced that a mixture of

opinions, perspectives and backgrounds enriches SBAB and drives change, growth and innovation. Together with the Make Equal foundation, we have created Respekttrappan, a practical tool that creates the preconditions for learning, reflecting, and discussing more about respect and equality. At SBAB we like sharing our knowledge and contributing to a more inclusive society. That is why Respekttrappan is also available for free at [respekttrappan.se](http://respekttrappan.se). The tool is available in Swedish and English, and is suited for all workplaces regardless of industry.





# Sound finances

As part of the housing market and financial system, SBAB has a responsibility to promote a national economy that is sustainable over the long term. Well-functioning banks contribute to growth, societal development and employment and constitute an important element of financial stability. Sound finances are a prerequisite for our ability to achieve sustainable operations, and by extension to create value for SBAB, our stakeholders and society in general.

**+** *More information about the target area is in the sustainability notes on page 174.*

## Supporting the Sustainable Development Goals



# Sustainable operations

## Responsible growth

Growth is essential for companies in competitive markets. If they grow, it is proof that their customer offering is in demand. Responsible lending is a prerequisite for SBAB's responsible credit growth and our lending is to always be long-term sustainability.

SBAB's total lending grew 9.1% (10.5) in 2022 and amounted to SEK 509.5 billion (467.0) at the end of the year. Of total lending, SEK 349.0 billion (334.9) comprised residential mortgages, SEK 2.1 billion (2.3) consumer loans, SEK 90.7 billion (68.7) lending to property companies and SEK 67.7 billion (61.1) lending to tenant-owners' associations. Deposits grew 25.9% (6.9) in 2022 to a total of SEK 182.4 billion (145.0). The fact that so many people want to become customers of SBAB is clear confirmation that we have an attractive and esteemed customer offering.

As a bank, we have a great responsibility to not put our customers at risk of ending up in financial difficulties. That is why there are major demands placed on us to, as far as possible, ensure that a customer can manage the interest expenses and amortisation that a loan entails over time. We always need to develop our ability to assess creditworthiness to ensure that SBAB's risk taking is reasonable and that our customers borrow the right amount at the right price. Important metrics include the customer's LTV ratio and debt-to-income ratio. We follow the quality of our customer inflows

carefully and make adjustments in our credit rules if necessary. Such adjustments can mean adapting operations to new amortisation regulations and developing credit rules that we apply in our credit granting processes. An important instrument for ensuring good credit quality is our rate-setting model for granting credit, which gives our customers incentive to reduce risk for themselves as well as for SBAB.

## Climate increasingly important for our portfolio

Responsible growth also involves ensuring that our growth is sustainable over the long term with respect to energy efficiency and climate. This means that we are to help the housing and properties we finance to become more energy-efficient. We can do this through stimuli in the form of green lending products, technical consultations with our business partners and strategic choices in our lending. Different sustainability criteria will be given more importance in future credit granting decisions.

➔ *Read more on page 32.*

Responsible growth takes climate risks into account. We do this by measuring and reporting on the climate risks in our portfolio. In 2022, we further integrated our work with climate risks into our operations and developed a key figure indicator (KRI) that is monitored quarterly in the ongoing risk reporting. Climate risk is also included in our overall risk instructions.

## Cost efficiency

To ensure SBAB's long-term competitiveness, our operations need investments. Investments, in turn, require growth and large business volumes. We want to grow responsibly, with good profitability and always at an acceptable risk. Good profitability requires high long-term cost efficiency with low marginal costs for growth and developing the customer offering.

In recent years, banking operations have become increasingly complex and demanding due to increased digitalisation and changed customer needs as well as regulatory developments, which include issues pertaining to customer experience, accounting, reporting, capital, risk and liquidity. This increased complexity has led to an increased need for investments which in turn increase fixed expenses for conducting banking operations.

Digitalisation and new customer needs fundamentally change the value of the customer offering, how it is offered and what the customer pays for each product and service. Digitalisation makes it significantly easier to compare products and prices, which increases the competition for goods and services. The expenses for distributing services digitally, including financial services, are low. The marginal cost of offering one more digital service is very low and often approaches zero. One exception is the price on money borrowed – this is a finite resource. Borrowing money also entails a risk, which is why borrowed money always has a price.

At SBAB, our customer experience takes place through digital channels and the telephone, except for our large commercial mortgage and tenant-owners'



## How we achieve our results

Our lending to private individuals, property companies and tenant-owners' associations totalled SEK 509.5 billion at year end. We receive interest as compensation for these loans. The difference between the interest expense on our funding and the total sum paid by our borrowers in the form of interest is referred to as net interest income. Put simply, our final earnings consist of the net interest income less expenses for running our operations and credit losses. Earnings for 2022 totalled SEK 2,081 million (2,081).

association customers with whom we have physical meetings as well as remote ones.

Cost-efficiency is therefore very important. To ensure long-term competitiveness, we invest in our operations. Not only to improve our customer offering, but also to make it possible for us to grow with the lowest possible marginal costs. We strive for marginal costs for growing with more customers and larger volumes to be so low that we will always be able to offer competitive terms.

SBAB's expenses increased 2.5% (11.8%) during the year to SEK 1,529 million (1,492), primarily due to continued investment in areas including customer experience and service, digitalisation and IT. Percentage-wise, costs are growing

somewhat slower than previously, due in part to clearer prioritisation in operations.

We are continuing to focus on wrapping up our work with replacing our core banking platform. The new platform is being implemented gradually in separate phases, the majority of which in 2022. The remaining phases will be implemented in the beginning of 2023. Modern, flexible system support is a key component for strengthening SBAB's future competitiveness, and its ability to develop digital services and enhance the digital customer interface.

One important way of measuring total cost efficiency is the C/I ratio – costs in relation to income. This is a metric that describes how much each krona earned actually costs SBAB. We continue to be the most cost-efficient residential mortgage bank in Sweden with a C/I ratio of 32.7% (36.2).

### Profitability

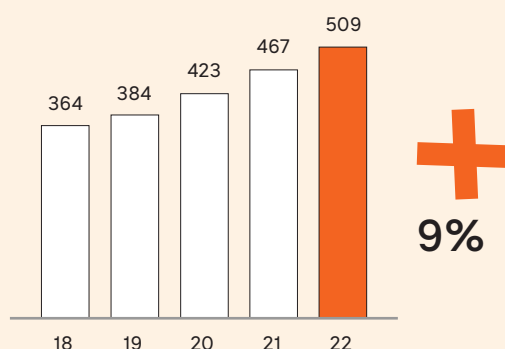
Profitability creates the prerequisites for growth and investments in our operations. It also provides SBAB with the pre-conditions for building stable own funds, which is crucial for confidence among our stakeholders such as customers, bond investors, ratings institutes and government authorities.

We achieve profitability through developing and working with both revenue and cost streams. The revenue factors with the largest impact are growth in the form of more customers, increased volumes in lending and interest-rate margins on lending. As regards costs, low marginal costs is the most important factor for achieving long-term cost efficiency, both for conducting operations and for growth. SBAB's profitability target from its owner, the Swedish government, specifies a return on equity of no less than 10% over a business cycle. Return on equity in 2022 amounted to 10.5% (11.1).

### Capitalisation

It is important for SBAB to be well capitalised, since this promotes confidence from our stakeholders as well as financial stability. This is also important because it enables growth in lending and builds resiliency for difficult periods.

Total lending, SEK bn



Selected key metrics

	GROUP	
	2022	2021
<b>Balance-sheet items</b>		
Total lending, SEK bn	509.5	467.0
Total deposits, SEK bn	182.4	145.0
<b>Income-statement items</b>		
Net interest income, SEK million	4,655	4,114
Net commission, SEK million	12	29
Net result of financial transactions, SEK million	-35	-71
Expenses, SEK million	-1,529	-1,492
Credit losses/recoveries, SEK million	-68	11
Imposed fees: Risk tax and resolution fee, SEK million	-445	0
Operating profit, SEK million	2,639	2,641
<b>Key performance indicators</b>		
Return on equity, %	10.5	11.1
C/I ratio, %	32.7	36.2
CET1 capital ratio, %	12.8	13.5
Dividend, %	40	40



To a large extent, SBAB's capital requirements are governed by laws and regulations, supervised by the Swedish FSA. The owner's capital targets govern which safety margins we need in relation to the regulatory requirements.

According to SBAB's capital targets from the owner, the CET1 capital ratio and the total capital ratio should under normal conditions be at least 0.6 percentage points higher than the requirement communicated by the Swedish FSA. In 2022, the CEO decided to introduce a supplementary capital target for CET1 capital. The target has applied since February 2022 and entails, under normal circumstances, SBAB maintaining a buffer equivalent to 1–3 percentage points above the Swedish FSA's communicated requirements over time.

The Swedish FSA's requirements corresponded at year end to a CET1 capital ratio of 10.2% and a total capital ratio of 14.9%. At the end of the year, SBAB's actual CET1 capital ratio amounted to 12.8% (13.5) and the total capital ratio to 17.8% (18.1). This provides a comfortable margin to internal targets and external regulatory requirements.

→ Read more about green bonds on page 59.

### Dividend

Part of our funding comes from our owner, the Swedish state, in the form of equity. In return for its contribution, the owner receives a return through the profit generated by operating activities. In accordance with the owner's dividend target, at least 40% of profit after tax is to be distributed, taking SBAB's capital structure into consideration. The Board proposes a dividend of SEK 832 million (832) for 2022, in line with the owner's target. The rest of the profit is to be reinvested in operations.

### Implementation of new tax for Swedish banks

On 14 December 2021, the Swedish parliament adopted a new risk tax for banks that was introduced 1 January 2022. The risk tax is payable by credit institutions that, at the start of the fiscal year, have a debt threshold in excess of SEK 150 billion. The tax will be levied at a rate of 0.05% of the credit institution's liabilities in 2022, and increase to 0.06% in 2023. For SBAB, this tax amounted to SEK 261 million (–) for 2022 and thus had a significant impact on SBAB's earnings and key financial metrics. The new tax is reported in a new row in the income statement, Imposed fees, along with the resolution fee that was previously reported in net interest income. The resolution fee was SEK 184 million (172) for the year.

### ...per segment

#### Residential mortgages to private individuals

The total volume of residential mortgages to private individuals increased 4.2% in 2022 to SEK 349.0 billion (334.9). New lending totalled SEK 57.2 billion (68.4).

**+4.2%**

#### Housing financing for property companies

The total volume of housing financing for property companies increased 32.0% in 2022 to SEK 90.7 billion (68.7). New lending totalled SEK 25.9 billion (17.0).

**+32.0%**

#### Housing financing for tenant-owners' associations

The total volume of housing financing for tenant-owners' associations increased 10.8% in 2022 to SEK 67.7 billion (61.1). New lending totalled SEK 12.5 billion (11.3).

**+10.8%**

## Good credit quality is important, especially in uncertain times

Good credit quality is important for SBAB's long-term profitability because it helps us avoid credit losses. We also have a responsibility to ensure that our customers do not end up in difficult situations if, for example, interest rates increase. Moreover, good credit quality is a condition for a high credit rating, which affects SBAB's access to advantageous funding in the bond market.

The credit quality of SBAB's lending remains healthy, despite the increased financial uncertainty in the operating environment. We are carefully monitoring developments and making ongoing assessments and analyses of the credit risks in SBAB's portfolio.

During the latter portion of 2022, household expenses increased substantially, due to factors like rising interest rates, growing inflation and increasing electricity and energy prices. When granting a loan, we use a housing cost calculation (KALP) that assesses a customer's repayment capacities in the short and long term. During the year we updated the standardised household costs in the calculation, as in the cost of living and housing, which resulted in a significant increase for several households. The calculation also uses assumptions of higher interest rates in the future, the calculation interest rate, which we decided to raise from 6% to 7% in the fourth quarter. Overall, SBAB's residential mortgage customers are deemed to have a healthy margin for managing increased costs and interest rates. At the end of 2022, the average LTV ratio in SBAB's mortgage portfolio was 59% (55) and the average residential mortgage for retail customers was SEK 1.9 million (1.8).

The credit quality of SBAB's lending to property companies, property developers and tenant-owners' associations is also assessed as good. Due to growing uncertainty in the capital market, during the year SBAB has increased the rate of follow up with property company customers who have a high share of market financing and who require refinancing over the short and long term. We continue to follow up with customers and building credits for housing production, which could be negatively impacted by rising interest rates as well as increased prices of input goods and construction material. The average LTV ratios for property companies and tenant-owners' associations at the end of 2022 were 62% (63) and 33% (36), respectively. Net credit losses for 2022 totalled SEK 68 million (recoveries: 11) and consisted primarily of higher provisions for future credit losses. Confirmed credit losses remained low and totalled SEK 7 million (13) for 2022. The share of credit stage 3 loans was 0.07% (0.05) at the end of the year.

## How SBAB's green bonds work

The funds SBAB raises through our green bond issues are used to finance or refinance residential properties that meet a number of energy-efficiency criteria or hold certain environmental certification. The terms for onward lending and the conditions for issuing our green bonds are described in more detail in SBAB's green bond frameworks ("SBAB Green Bond Framework 2016" and "SBAB Green Bond Framework 2019"), available on [www.sbab.se](http://www.sbab.se).

The independent climate and environmental research institute, Center for International Climate and Environmental Research – Oslo (CICERO) has reviewed SBAB's sustainability work and approved the investment categories chosen as green investments in the framework. SBAB's two green bond frameworks are classified as Medium Green. Green bonds outstanding at the end of the year totalled approximately SEK 36 billion (21.1).

## How SBAB's green bonds contribute

Every year, SBAB publishes the "Green Bonds Impact Report," which describes the effects that the residential properties which SBAB finances with green bonds have on the environment in terms of savings in greenhouse gas emissions, expressed in carbon dioxide equivalents, CO<sub>2</sub>e.

Eligible investment objects within SBAB's two green bond frameworks amounted at year end to SEK 58 billion. The framework, which was published alongside associated securities in 2016, expired in October 2022. For the remainder of the year, the applicable framework was the one published in 2019. These objects are estimated to generate a total annual avoidance in greenhouse gas emissions corresponding to 9 784 tonnes CO<sub>2</sub>e. SBAB's share of the financing is expected to correspond to an annual avoidance of 4 714 tonnes of CO<sub>2</sub>e.

→ Read more about SBAB's green bonds in the sustainability notes on page 174 and in the Impact Report 2022.



# Financial report 2022

## Condensed income statement

### + SBAB's income

SEK million	2022 (2021)
<b>Net interest income</b>	<b>4,655</b> (4,114)
SBAB's largest and most important revenue item is net interest income, which comprises the difference between interest income and interest expenses. Interest income is primarily from residential mortgages and property loans, while interest expenses mainly comprise costs for funding and deposits.	
<b>Net commission</b>	<b>12</b> (29)
Net commission mainly comprises income from insurance broking and other credit-related fees and expenses related to funding and valuations.	
<b>Net result of financial transactions</b>	<b>-35</b> (-71)
The net result of financial transactions arises through SBAB's application of financial instruments and as a result of accounting valuation effects.	
<b>Other operating income</b>	<b>49</b> (50)
Other operating income primarily consists of income from housing and household financial services in the form of fees and advertising revenue.	
<b>Total income</b>	<b>4,681</b> (4,122)

### - SBAB's EXPENSES

SEK million	2022 (2021)
<b>Expenses</b>	<b>-1,529</b> (-1,492)
SBAB's expenses mainly comprise personnel, premises and marketing costs and costs for IT and business development.	
<b>Credit losses</b>	<b>-68</b> (11)
Credit losses arise when SBAB's customers are unable to pay interest and make loan repayments. We work to minimise credit losses, based on our adopted risk appetite. According to regulatory requirements, we also prepare for expected credit losses through provisions.	
<b>Imposed fees</b>	<b>-445</b> (0)
New reporting row for 2022. Imposed fees include the new risk tax that was introduced in 2022 as well as the resolution fee that was previously reported in net interest income.	
<b>Tax</b>	<b>-558</b> (-560)
Tax consists of income tax of 20.6% of net profit for the year with an addition for tax adjustments and any adjustments of tax for previous years.	
<b>Total expenses</b>	<b>-2,600</b> (-2,041)
<b>= Net profit for the year</b>	<b>2,081</b> (2,081)

The net profit for the year comprises total income less total expenses. Net profit is returned to equity.

## Condensed balance sheet

### SBAB's ASSETS

SEK billion	2022 (2021)
<b>Securities (liquidity reserve)</b>	<b>89</b> (83)
In order to maintain high liquidity, SBAB has various forms of securities, mainly in the form of a liquidity portfolio. The liquidity portfolio was set up to ensure access to finance at times when SBAB's normal funding sources are not operating satisfactorily.	
<b>Lending to the public</b>	<b>509</b> (467)
SBAB's largest asset item in the balance sheet was lending to the public. This item comprises residential mortgages and consumer loans to consumers as well as property loans to businesses and tenant-owners' associations.	
<b>Lending to credit institutions</b>	<b>20</b> (1)
For short-term liquidity management, SBAB utilises, inter alia, the repo market to invest or borrow money from other banks.	
<b>Derivatives</b>	<b>16</b> (7)
SBAB utilises various forms of derivatives both on the asset and liability sides to protect the company against undesired changes in interest rates or exchange rates.	
<b>Total assets</b>	<b>634</b> (558)

### SBAB's liabilities and equity

SEK billion	2022 (2021)
<b>Deposits</b>	<b>182</b> (145)
SBAB's lending is financed by, among other things, deposits from the public. Deposits refer to private individuals, corporates or tenant-owners' associations saving money in SBAB's savings accounts, in return for interest on their savings.	
<b>Liabilities to credit institutions</b>	<b>8</b> (16)
See the comment under the post "Lending to credit institutions" above.	
<b>Issued debt securities (funding)</b>	<b>394</b> (364)
The largest part of SBAB's lending is financed through capital market funding, which is referred to in the balance sheet as issued debt securities.	
<b>Derivatives</b>	<b>25</b> (3)
See the comment under the item "Derivatives" above.	
<b>Subordinated debt</b>	<b>2</b> (2)
SBAB utilises subordinated debt to strengthen its capital position. The fact that the debt is subordinated means in the event of a bankruptcy, the debt will be realised only when other liabilities have been paid.	
<b>Equity</b>	<b>20</b> (25)
<b>Total liabilities and equity</b>	<b>634</b> (558)

# Group performance

## General information

The Board of Directors have signed, and thereby submitted, the Annual and Sustainability Report in its entirety. The statutory annual report, including this administration report, is revised and includes pages 44–65, 73 and 78–164. SBAB has prepared a statutory sustainability report pursuant to the requirements of the Annual Accounts Act. The statutory sustainability report is included in the sustainability report that has been prepared in accordance with the GRI Standards: Core option. SBAB's sustainability data is shown in cross reference to the Annual Accounts Act and the GRI on pages 175 and 181–182.

The Sustainability Report has been subject to a limited assurance review. The Corporate Governance Report is subject to a statutory review, which is less comprehensive than an audit or auditor's review.

## Organisation and operations

SBAB Bank AB (publ) has two business areas: Private and Corporates & Associations. On 31 December 2022, SBAB had 863 (839) employees (Full Time Equivalents – FTEs) at five offices: 388 (376) in Solna, 49 (46) in Stockholm, 401 (400) in Karlstad, 12 (8) in Gothenburg and 13 (9) in Malmö. Our main IT unit and central functions are in Solna. Booli and Boappa are located in Stockholm. Our Customer service and certain other functions are located in Karlstad. In Gothenburg and Malmö, there are local account managers and appurtenant services serving the Corporate Clients & Tenant-Owners' Associations Business Area.

## Financial targets

Our owner, the Swedish government, has established the following overall financial targets for SBAB:

- Profitability: A return on equity of no less than 10% over a business cycle.
- Capitalisation: The CET1 capital ratio and total capital ratio should be at least 0.6 percentage points higher than the requirements communicated by the Swedish FSA. In January 2022, the CEO decided to introduce a supplementary capital target for CET1 capital. The target has applied since 28 February and

entails, under normal circumstances, SBAB maintaining a buffer equivalent to 1–3 percentage points above the Swedish FSA's communicated requirements over time. The new target is a complement to the lower limit of 0.6 percentage points decided by the Board.

- Dividend: Ordinary dividend of at least 40% of profit for the year after tax, taking the Group's capital structure into account.

## Business development

Lending to the public increased 9% during the year to SEK 509.5 billion (467.0). New lending amounted to SEK 105 billion (107). Of total lending at year end, SEK 349.0 billion (334.9) comprised residential mortgages, SEK 2.1 billion (2.3) consumer loans, SEK 90.7 billion (68.7) lending to property companies and SEK 67.7 billion (61.1) lending to tenant-owners' associations.

## Financial results

Operations continued to develop well in 2022. SBAB's operating profit was SEK 2,639 million (2,641). The return on equity was 10.5% (11.1). Return on equity, after adjustment for the risk tax, amounted to 11.5%.

## Income

Net interest income rose to SEK 4,655 million (4,114), primarily due to an increased share of financing from deposits and higher deposit margins. Increased lending volumes had a positive impact on the item, while decreased lending margins for mortgages had a negative impact. During the period, net commission income decreased to SEK 12 million (29). The net expense from financial transactions was SEK 35 million (expense: 71).

## Expenses

Expenses grew to SEK 1,529 million (1,492), mainly driven by higher personnel costs and higher depreciation, amortisation and impairment costs for projects. The number of FTEs increased from 839 to 863 over the year. Personnel costs amounted to SEK 823 million (786). Other expenses exclusive of depreciation, amortisation and impairment amounted to SEK 530 million (589). Depreciation, amortisa-

tion and impairment of PPE and intangible assets amounted to SEK 176 million (117). The C/I ratio amounted to 32.7% (36.2) and the C/L ratio was 0.31% (0.34).

## Credit losses

Net credit losses increased to SEK 68 million (recoveries: 11) during the year, primarily due to increased credit loss allowances related to the changed operating environment and higher interest rates. Confirmed credit losses totalled SEK 7 million (13).

## Imposed fees

During 2022, a new line item was added in the income statement, imposed fees, placed after the item Net credit losses. Imposed fees includes Sweden's new risk tax as well as the resolution fee that was previously reported in net interest income. This impacts the comparability of net interest income with previous years. The risk tax will be levied at a rate of 0.05% of the credit institution's liabilities in 2022, and increase to 0.06% in 2023. Imposed fees totalled SEK 445 million (–) for 2022, of which the risk tax amounted to SEK 261 million (–) and the resolution fee to SEK 184 million (172).

## Dividends and appropriation of profits

The Board's proposal to the AGM entails the distribution of a dividend of 40% (40) for 2022. The detailed proposed appropriation of profits can be found later in this report. See Note [G 3](#).

## Remuneration

There are no differences between the proposed guidelines for remuneration and other terms of employment for senior executives to be adopted at the next AGM compared to the guidelines that applied over the year. The most recently adopted guidelines are provided in Note [IC 5](#).

## Events after the balance-sheet date

Information about events after the balance sheet date is available in Note [G 4](#).

## Further information

Further comments on the Group's financial position can be found later in this report.

➔ Read more on page 78.

# Rising interest rates lead to falling prices for homes

2022 began with a strong performance in the real economy, moderate inflation, low interest rates, rising prices for homes and an overall hot housing market. However, growing inflation led to central banks around the world raising their key interest rates, including the Riksbank in Sweden. Housing prices subsequently dropped, housing turnover decreased and the economy slowed down. Even if overall economic conditions at the end of the year were relatively strong, based on factors like low unemployment, households and companies are sceptical about the future, as a recession is unavoidable.

Developments in the Swedish housing market impact SBAB's lending and profitability. In turn, developments in the housing market are affected by the general state of the Swedish economy. Sweden is a small, heavily export-dependent economy that is highly influenced by international economic developments.

## Low interest rates support housing market

The Riksbank introduced a cycle of increases in the key interest rate in the previous year. A moderate increase from 0% to 0.25% was made in the end of April. Then came significantly larger increases, first 0.5 percentage points in July followed by a record-high 1 percentage point hike in September. At the end of the year, the key interest rate was 2.5% and mortgage interest rates were around 4%.

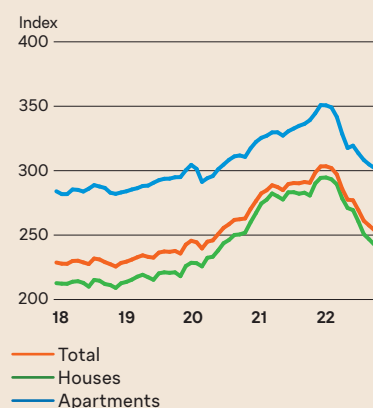
The Riksbank's securities holdings, which increased SEK 334 billion in 2021, decreased SEK 155 billion in 2022. The Riksbank purchased securities, including state bonds and covered bonds, to keep interest rates low and promote a functioning supply of credit. The settlement of securities in 2022 needs to be considered within the context of the Riksbank's ambition to limit rapidly growing inflation. How quickly holdings can be settled also depends on how the financial markets work, including the offering of and demand for various kinds of securities.

The longer mortgage interest rates rose early in the year due to rapidly rising market interest rates for mortgage bonds. Long-term market interest rates rose rapidly as investors required higher nominal yields, citing the risk of long-term high inflation if the central banks fail to bring inflation down to target levels. The Riksbank's key interest rate hikes from May and onwards were one reason for rapidly rising interest rates for residential mortgages, particularly ones with short fixed-interest periods. Later in the year, when there was greater confidence in the monetary policy, the higher key interest rate almost exclusively impacted interest rates for short-term mortgages, while long-term interest rates were largely unaffected.

The Riksbank continued to raise the key interest rate in early 2023 and might raise it further if inflation remains high. However, by the end of the year inflation and the key interest rate are expected to return to normal levels, and thus also mortgage interest rates.

## Housing price trend

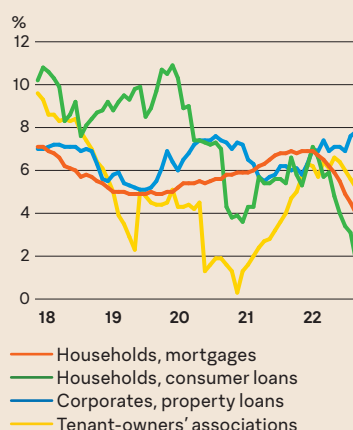
(HOX index 2005=100)



Source: Valueguard, Statistics Sweden (SCB).

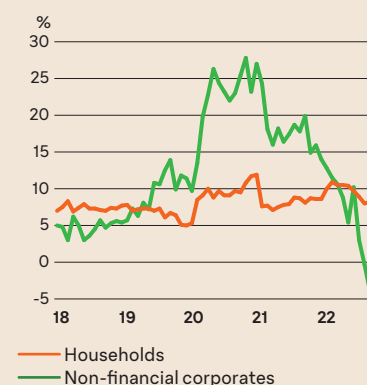
## Lending growth

(Percentage, 12-month change)



## Deposit growth

(Percentage, 12-month change)



### Housing market – from red hot to ice cold within a year

2022 began with rising prices for homes only to begin falling in March. Starting in August, the trend definitively shifted towards falling prices, something that continued throughout the rest of the year. Calculated from January to December, housing prices fell overall. For houses they fell around 14% and for tenant-owner apartments they fell around 10%.

Housing turnover at the beginning of the year was high. For houses the rate was 2.9% and for apartments it was approximately 9.9% in each portfolio. This is the equivalent of a seasonally adjusted sales rate of around 4,700 houses and 10,700 apartments per month. By the end of the year, the rate of sales fell to a seasonally-adjusted 4,200 houses and around 8,300 apartments per month, or a downturn of 9% for houses and 23% for apartments compared with the beginning of the year. Housing turnover during the year thus sank from an initially healthy level to one associated with recessions. Other changes in the housing market included longer advertising times, fewer offers, lower bid premiums and a rapidly growing offering. These trends are largely connected with rapidly rising interest rates and uncertainty about future economic development.

The market for new housing production was affected in different ways than the market for existing housing. The amount of new construction was relatively high in 2022, though the rate of construction was lower compared with the previous year. However, by the end of the year the sales rate fell drastically while the proportion of housing with lowered prices rose from record lows to more normal levels. The mechanisms in this market are nonetheless different than the ones in the market for existing housing. There were no major changes in

prices during the year. Large, sudden price changes during the production phase were rare. Continued weak performance in the new production market should not be ruled out, however, following an improved market for existing housing stock.

For the first time since SBAB began following the balance in new homes production through the SBAB Booli Housing Market Index (HMI, available here), in 2022 there was a surplus of rentals for Sweden as a whole. In the beginning of the year this could be explained by high rates of construction in relation to high rent. Later in the year, there was a drastic downturn in demand (calculated based on purchasing power) for new housing production. At the same time, the trend towards a deficit for houses reversed. By the end of the year, the weaker demand also affected new production markets for houses and tenant-owner apartments, which can be described as balanced despite the change and longer selling times.

### Deposits from households grew significantly faster than lending

During the year, households' mortgages grew 4.0% (6.9) to SEK 4,050 billion (3,894). Loans to property companies including tenant-owners' associations grew 7.8% (6.0) to SEK 996 billion (924). The lower growth rate of household mortgages were partly attributable to lower prices for homes and lower housing turnover. The relatively high loan growth to property companies can be explained by an abundance of completed apartments in multi-family dwellings, and that property companies can no longer finance their operations as easily on their own, but to a greater extent go through the banks.

The growth rate for households' consumer loans fell sharply to 1.8% (6.6)

during the year, totalling SEK 282 billion (277). The quickly deteriorating economy means that households have had to reduce consumption of durable goods, which historically speaking is a typical pattern, which reduced the need for these loans.

During the year, household deposits increased 7.1% (8.4) and at the end of 2022, households' deposits amounted to SEK 2,561 billion (2,393). Households' deposits, which largely comprise bank accounts, therefore increased at a much faster rate than their mortgages, which is due in part to the higher interest rate. Uncertainty in the economy and precautionary savings also contributed to the high rate of household savings.

The market for deposits from non-financial corporates, including tenant-owners' associations, fell 3.4% (17.2) during the year to SEK 1,429 billion (1,479). The change compared with 2021 and the large decline is due to high rates of investments and rapidly rising costs for several inputs, including energy, during the year.



# Business Area Private

Business Area Private offers private individuals a range of services related to housing and household finances, with mortgages being our core product. In addition to mortgages, we offer other savings and loan products, home search and valuation services, real estate agent services, communication in housing associations, home insurance mediation and electricity agreements. Activities are operated under the SBAB, Booli, HittaMäklare and Boappa brands, and regardless of through which brand the customer comes into contact with us, this is done digitally or by telephone, without physical customer meetings. Our market share in terms of residential mortgages amounted to 8.51% at year end, which makes us the fifth-largest residential mortgage bank in Sweden. Booli has Sweden's largest offering of homes for sale and coming soon, with an average of 1,415,000 unique visitors during the year. SBAB's strategy entails offering a differentiated, value-creating customer offering related to housing and household finances with services facilitating the entire housing journey.

## Residential mortgages

2022 was, overall, a year of lower activity in the housing market. The market for

housing loans grew 4.2% in 2022 compared with an annual growth rate of just over 6% in the last three years. The development is due to fewer properties sold in the market than in 2021. The negative price trend also affected the volume of housing loans. During the year, prices for houses fell around 14% and for tenant-owner apartments they fell around 10%.

Competition in the residential mortgage market remains intense. It increased as major banks once again increased their focus on residential mortgages and as new players established themselves in the market. Increased competition is further driving the need for digitalisation to enhance customer experience and efficiency.

SBAB's new lending in residential mortgages for the year amounted to SEK 57.2 billion (68.4). The total volume of residential mortgages increased 4.2% (7.7) during the year to SEK 349.0 billion (334.9). This puts SBAB in fifth place after the four major banks, with a market share of 8.51% (8.51). The mortgage volume was distributed over 292,000 residential mortgage customers (291,000) at the end of the year and allocated over 187,000 mortgage objects financed (186,000). SBAB's lending is concentrated to the Stockholm, Öresund and

Gothenburg regions, which together represent 83.4% of the residential mortgage stock. The majority of SBAB's residential mortgage customers chose one of the shorter fixed-interest periods during the year. The share of total lending with a three-month fixed-interest period amounted to 53.2% (59.7) at year end. At the end of 2022, the average LTV ratio in SBAB's mortgage portfolio was 59% (55). At the same date, the average residential mortgage to retail customers amounted to SEK 1.9 million (1.8).

## Partnerships

A smaller part of SBAB's lending to consumers is carried out through partnerships with other intermediaries. At year end, the total volume of mediated residential mortgages amounted to around SEK 17 billion (17), which is equivalent to 5.0% (5.1) of SBAB's total lending to retail customers. The portfolio of mediated mortgages is partly comprised of loans mediated under SBAB's own brand, SEK 11 billion (10), and partly of loans mediated under other brands with SBAB as the creditor, about SEK 6 billion (7). In the fourth quarter of 2019, SBAB and Sparbanken Syd entered into an amended agreement relating to the parties' partnership agreement regarding the media-

## Condensed income statement, Private

SEK million	2022	2021	2020
Operating income	3,414	3,163	2,875
Expenses	-1,232	-1,186	-1,099
Net credit losses	-44	2	-27
Imposed fees	-360		
<b>Operating profit</b>	<b>1,778</b>	<b>1,978</b>	<b>1,749</b>
<b>Return on equity, %</b>	<b>9.9</b>	<b>11.3</b>	<b>10.9</b>

## Composition of collateral in the loan portfolio, Private

SEK billion	2022	2021	2020
Mortgage deeds	178.4	170.5	156.3
Tenant-owner apartments	170.2	163.6	153.9
Municipal guarantees and direct loans to municipalities	0.0	0.0	0.0
Government guarantees	0.0	0.0	0.0
Bank guarantees	0.0	0.0	0.0
Other collateral	0.0	0.0	0.0
Consumer loans <sup>1)</sup>	2.6	3.3	3.2
<b>Total</b>	<b>351.2</b>	<b>337.3</b>	<b>313.4</b>

<sup>1)</sup> Unsecured loans to retail customers.

tion of mortgage loans, whereby Sparbanken Syd mediated mortgages under its own brand with SBAB as the creditor. According to the amended agreement, Sparbanken Syd is entitled to acquire the entire residential mortgage stock, or parts thereof, mediated by Sparbanken Syd during the period from 1 July 2020 until 31 December 2023. The agreed date for the transfer is now May 2023. On 31 December 2022, Sparbanken Syd's residential mortgage stock with SBAB amounted to SEK 5.5 billion.

SBAB will also continue to broker residential mortgages under its own brand via selected partnerships. It is of material importance to achieving responsible growth that all distribution channels work sustainably. This means that SBAB's business partners are to promote transparency in the customer offerings and act in such a manner that strengthens confidence in SBAB and the financial market in general. We prioritise business partners

where we see growth potential through modern and digital distribution methods.

**Consumer loans**

A consumer loan is a loan without a requirement for collateral. Unlike residential mortgages, consumer loans are not connected to any specific purpose, although they are frequently used to supplement residential mortgages in relation to home finance. At the end of the year, the total consumer loan volume amounted to SEK 2.1 billion (2.3). At the same date, the market share was 0.70% (0.78). On 31 December 2022, about 31,000 (34,000) customers had consumer loans with SBAB.

**Savings accounts**

In comparison with the zero interest offered by other players in the market, SBAB's attractive savings offering with straightforward and favourable terms has resulted in many customers choosing to

save with us. Deposits are extremely important if we are to have a competitive offering in terms of residential mortgages and housing financing since it comprises a growing and valuable share of our funding for lending. Our savings accounts offer competitive interest rates, are free of charge, have free withdrawals and are covered by the national deposit guarantee. Retail deposits performed well in 2022 and amounted to SEK 140.7 billion (101.8) at the end of the year. At the same date, the market share was 5.53% (4.30). At year end, approximately 485,000 (402,000) retail customers held savings accounts with SBAB. The above increase was due to a competitive savings rate, marketing initiatives and a continuing high level of deposits in savings accounts by households.

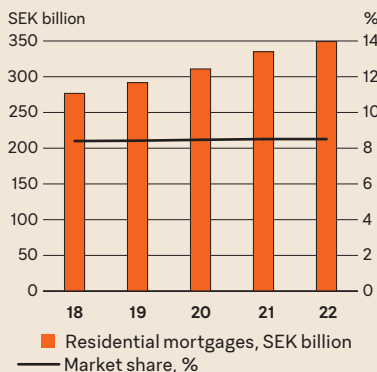
**User trends and services**

Our customer offering to private individuals is an ecosystem of services related to

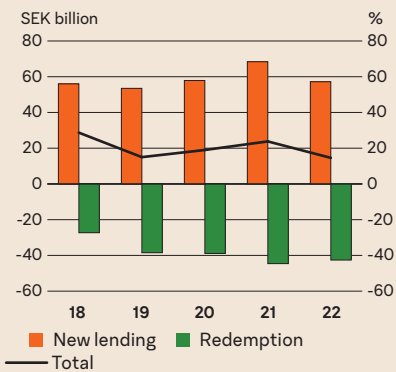
**Increased market shares**

During the year, the total volume of retail mortgages increased around 4.2% to a total of SEK 349.0 billion (334.9) driven by the continued strength of the customer offering, competitive rates and high levels of brand awareness. The residential mortgage market share increased to 8.51% (8.51).

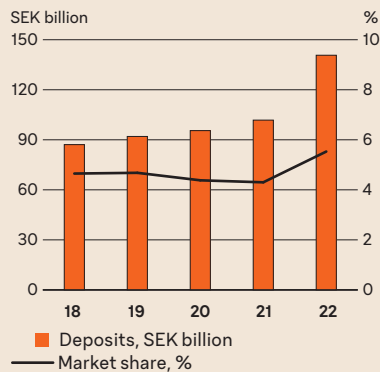
**Volume and market share, residential mortgages**



**New lending and redemption, residential mortgages**



**Volume and market share, deposits, retail**



housing and household finances. We aim to meet our customers' needs throughout the housing journey with our service offering from Booli, HittaMäklare, Boappa, SBAB and business partners. Every month, many people visit SBAB's website to manage mortgages and savings or to find inspiration about housing and household finances. The number of unique visitors per month to www.sbab.se averaged around 519,000 (478,000) over the year. During the past year, we surpassed 150,000 active monthly users for the SBAB app. Booli is a popular platform for finding information about supply, demand and price trends for housing. The average number of unique visitors per month to www.booli.se was around 1,415,000 (1,550,000) over the year. Booli's monthly home valuation email had approximately 737,000 subscribers at the end of 2022. HittaMäklare is Sweden's largest service for locating and recommending estate agents. About 93% of

the registered estate agents in Sweden had used HittaMäklare's service in 2022. At the end of the year, Boappa had around 1,100 registered tenant-owners' associations.

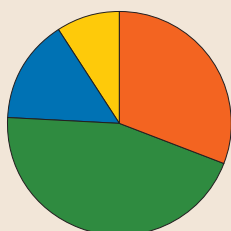
**Insurance broking**

We offer two insurance products that are related to residential mortgages and housing in different ways: mortgage insurance and home insurance. Mortgage income insurance insures customers against unemployment or sick leave, by compensating the monthly cost of the loan. Mortgage life insurance means that the borrower's residential mortgage may be wholly or partially written off in the event of death. Home insurances pay compensation to the homeowner in case of damage to the home. These products protect our customers, but they also add value for SBAB, as good insurance protection reduces the risk of credit losses.

**Sound credit quality in the lending portfolio**

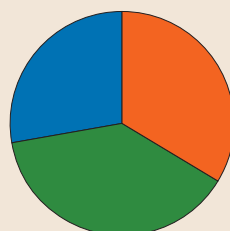
We work determinedly and continuously to ensure sound credit quality in our lending portfolio. In the last few years, we have developed existing credit regulations, implemented more risk-based pricing and adapted operations to updated amortisation regulations. In addition, we are working on distribution and customer communication customised for target groups.

**Loan-to-value (LTV) ratio in the mortgage portfolio**



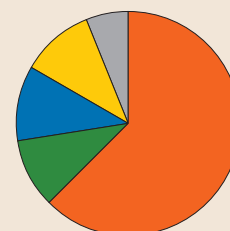
- LTV 0-50% 31% (39)
- LTV 50-75% 45% (47)
- LTV 75-85% 15% (13)
- LTV >85% 9% (2)

**Average debt-to-income ratio in new lending in 2022**



- Debt ratio ≤3.5 34% (31)
- Debt ratio <3.5 - ≤4.5 39% (39)
- Debt ratio >4.5 28% (30)

**Geographic distribution of the mortgage portfolio**



- Stockholm region 62.6% (63.0)
- Öresund region 10.1% (10.2)
- Gothenburg region 10.7% (10.6)
- University and growth areas 10.5% (10.1)
- Other regions 6.1% (6.1)

# Business Area Corporates & Associations

Business Area Corporates & Associations offers savings and property financing solutions to property companies, housing developers and tenant-owners' associations as well as savings to companies and organisations. We finance multi-family dwellings. These properties could be existing or in the process of being newly built. Our lending to this segment corresponds to just over a quarter of SBAB's total lending. We offer personal service to our customers, who are concentrated in growth regions surrounding our offices in Stockholm, Gothenburg and Malmö. The market share for lending to companies increased 2.76 percentage points during the year and was 17.38% at the end of the year, and the market share for lending to tenant-owners' associations rose 0.55 percentage points to 10.69%.

## Property financing

SBAB finances multi-family dwellings, both privately owned and owned by tenant-owners' associations. The properties may consist of existing buildings or new construction, where we mortgage the land with development rights and the construction. In our credit process, we regularly monitor developments in the property market and conduct reviews and risk evaluations of all customer relationships. SBAB's total lending to property companies and tenant-owners' associations increased an entire 22.0% (18.5) during the year and amounted to SEK 158.4 billion (129.8) as of 31 December 2022. Of this, SEK 90.7 billion (68.7) comprised lending to property companies and SEK 67.7 billion (61.1) lending to tenant-owners' associations.

## Composition of collateral in the loan portfolio, Corporate Clients & Tenant-Owners' Associations

SEK billion	2022	2021	2020
Mortgage deeds	143.1	118.7	100.5
Tenant-owner apartments	0.0	0.0	0.0
Municipal guarantees and direct loans to municipalities	0.3	0.3	0.3
Government guarantees	0.0	0.0	0.0
Bank guarantees	0.0	0.0	0.0
Other collateral	15.0	10.9	8.8
<b>Total</b>	<b>158.4</b>	<b>129.8</b>	<b>109.6</b>

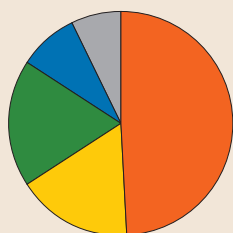
## Condensed income statement, Corporate Clients & Tenant-Owners' Associations

SEK million	2022	2021	2020
Operating income	1,267	959	853
Expenses	-297	-305	-235
Credit losses/recoveries	-24	10	-5
Imposed fees	-85		
<b>Operating profit</b>	<b>861</b>	<b>663</b>	<b>613</b>
<b>Return on equity, %</b>	<b>11.8</b>	<b>10.5</b>	<b>10.6</b>

## Increased lending volumes for corporate business

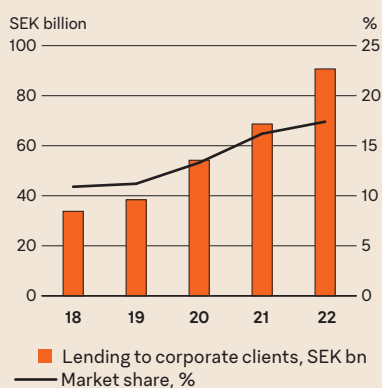
SBAB's lending to property companies during the year increased to a total of SEK 90.7 billion (68.7). At the end of the year, the market share was 17.4% (16.2).

## Geographic distribution of the loan portfolio, Corporate Clients & Tenant-Owners' Associations

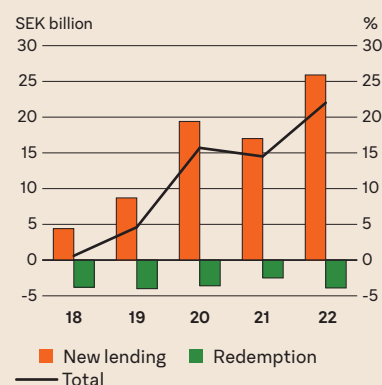


Stockholm region	49.2% (47.3)
University and growth areas	16.9% (17.4)
Öresund region	18.3% (19.0)
Gothenburg region	8.6% (9.1)
Other regions	7.0% (7.2)

## Volume and market share, Corporate clients



## New lending and redemption, Corporate clients



**Property companies**

Activity in terms of corporate business was very high during the year. This was due in part to demand in the current market environment from many property companies for financing through the banking sector rather than through bond financing in the capital market. SBAB's focus on housing financing and strong customer relationships creates excellent prerequisites to assist more and larger customers with more transactions.

New lending to property companies amounted to SEK 25.9 billion (17.0) in 2022. Total lending amounted to SEK 90.7 billion (68.7) at the end of the year. The number of large property company customers amounted to 135 (110). SBAB's lending to commercial properties excluding residential properties amounted to SEK 8.0 billion (1.9) on 31 December 2022. At year end, the market share for lending to property companies was 17.38% (14.62).<sup>1)</sup>

**Building credits**

The housing market, which was unusually strong during the pandemic, continued to perform well in the beginning of 2022. Later in the year, however, it stalled due to the prevailing market conditions. According to the Swedish National Board of Housing, Building and Planning, new

construction decreased approximately 20% in 2022 compared with 2021. SBAB's priorities for many years have been to ensure enough construction to address the housing shortage in Sweden. In 2022, SBAB financed the construction of approximately 7,200 new homes.

The Swedish National Board of Housing, Building and Planning estimates that the number of construction starts in 2023 will decrease an additional 20% from 2022 levels, due in part to difficulties with selling newly constructed apartments, uncertainty about inflation and rising interest rates.

SBAB focuses lending on established customer relationships and large, experienced property developers in growth regions with the greatest housing shortages. Our credit granting for new build projects sets pre-sales requirements on own investments and binding purchase agreements before the start of production.

**Tenant-owners' associations**

SBAB holds a strong market position and activity remained relatively high during the year. At the end of 2022, SBAB's total lending to tenant-owners' associations amounted to SEK 67.7 billion (61.1). New lending totalled SEK 12.5 billion (11.3). The market for lending to tenant-owners' associations has remained dominated by

intense price competition with low margins, not least in the major metropolitan areas. Despite intense price competition, we succeeded in slightly increasing our market share, which ended the year at 10.69% (10.14). The number of tenant-owners' association customers amounted to 2,293 (2,058) at the end of 2022.

**Savings accounts**

Deposits from corporate clients and tenant-owners' associations decreased over the year and totalled SEK 41.8 billion (43.2), and the market share was 2.25% (2.25) at the end of 2022. At year end, 9,000 corporate clients (7,800) and 4,700 tenant-owners' associations (4,500) held savings accounts with SBAB.

**Building credits**

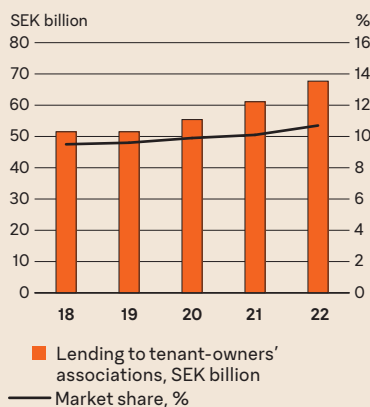
	2022	2021	2020
Approved construction loans, No.	109	82	78
Approved construction loans, SEK bn	25.0	19.4	15.0
Of which disbursed, %	61	55	65

<sup>1)</sup> The definition for calculating market share for lending to property companies was revised in the third quarter of 2022, since some properties (primarily health care facilities) were reclassified from rental properties to commercial properties. The comparative figures have been adjusted for comparability.

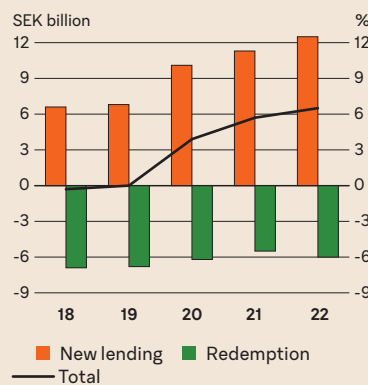
**Strong position and high activity in terms of lending to tenant-owners' associations**

Despite the market for lending to tenant-owners' associations continuing to be dominated by intense price competition with low margins, the market share of lending to tenant-owners' associations increased. At year end, the market share was 10.7% (10.1).

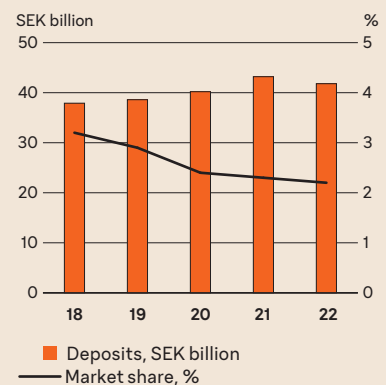
**Volume and market share, Tenant-owners' associations**



**New lending and redemption, Tenant-owners' associations**



**Volume and market share, deposits, Corporate clients & Tenant-owners' associations**



# Funding and liquidity

## Funding operations

SBAB's operations are primarily funded through the capital market, but for the last several years, also increasingly through deposits from the public. The SBAB Group is active in both the senior unsecured bond market through the Parent Company SBAB, as well as in the covered bond market through the wholly owned subsidiary SCBC.

## Long-term funding sources

	Limit
Euro Medium Term Note Programme (EMTN), SBAB	EUR 13 billion
Euro Medium Term Covered Note Programme (EMTCN), SCBC	EUR 16 billion
Swedish covered bond programme, SCBC	[No fixed limit]

## Short-term funding sources

	Limit
Swedish Commercial Paper Programme (SVCP)	SEK 25 billion
European Commercial Paper Programme (ECP)	EUR 3 billion

## 2022 in brief

High inflation, increased interest rates and a general slowdown in the economy continue to characterise large portions of

2022. Uncertainty regarding inflation and how the central banks might act created a great deal of volatility in the financial markets and the overall risk sentiment was worse during the year. The market was also dominated by geopolitical concerns arising from Russia's invasion of Ukraine. In the wake of the conflict in Ukraine, uncertainty has spread, inter alia, about future economic developments and energy supplies in Europe.

Inflation, which in the beginning of the year could be attributed to rising costs for raw goods and energy, extended its grip on the economy and rising core inflation could be noted in Sweden and in other countries. During the year, leading central banks initiated a more stringent monetary policy through higher key interest rates and quantitative tightening. The challenge for central banks was to control inflation without bringing about a long-term recession.

In May 2022, for the first time in two years, the Riksbank chose to raise the key interest rate. The key interest rate was raised four times during the year, from 0% at the beginning of the year to 2.5% at the end of the year.

The Riksbank also reduced its purchase of bonds in the Swedish market during the year. In 2022, the central bank

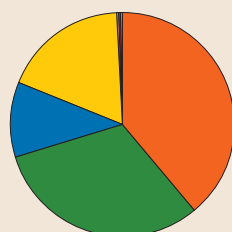
purchased SEK 29 billion in Swedish covered bonds, compared with SEK 225 billion in the previous year. The higher key interest rate and reduced purchases were significant contributors to higher Swedish interest rates and credit spreads at the end of the year, even if these were normal levels from historical perspective.

Overall, leading stock market indices performed poorly during the year, while both short- and long-term interest rates rose.

In 2022, the SBAB Group issued long-term bonds for SEK 86.3 billion (99.2). An EUR 1.25 million covered bond and two green unsecured bonds of EUR 500 million and EUR 750 million, respectively, were issued in the European market. An Additional Tier 1 Capital loan (AT1) of SEK 1.5 billion and a green senior non-preferred bond of SEK 3.5 billion was issued in the Swedish market. The transactions were generally well received by the market.

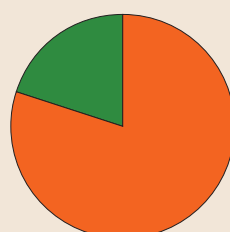
Issued debt securities outstanding amounted to SEK 393.9 billion (364.4) at the end of the year, of which SEK 328.9 billion (300.9) comprised covered bond funding and SEK 65.0 billion (63.5) unsecured funding.

Funding sources, Group



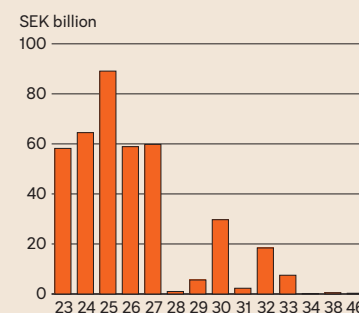
- Swedish benchmark covered bonds SCBC 38.9% (40.5)
- Deposits 31.5% (28.3)
- EMTN programme SBAB 10.8% (11.6)
- EMTCN programme SCBC 18.0% (18.4)
- Subordinated loans 0.3% (0.4)
- ECP 0.4% (0.8)
- SVCP 0.1% (0.0)

Funding sources, distribution by currency, Group



- SEK 80% (81)
- EUR 20% (18)
- Other currencies 0% (1)

Outstanding maturity profile, Group



## Funding Strategy

Through access to stable and competitive funding, we ensure that SBAB can offer lending at attractive terms. We actively work to diversify our sources of funding through increased retail and corporate deposits. Growing deposit volumes have in recent years reduced our dependence on capital markets at the same time as these have provided us with a better and more balanced funding mix. The cornerstones of our funding strategy are to promote diversified borrowing and to be a regular issuer in both the Swedish and the European bond markets. Active debt management, in part through repurchasing bonds with short remaining maturities, as well as a balanced maturity profile are other key elements. We also attach great importance to regularly meeting and updating investors in the markets where we operate, primarily in Sweden and Europe.

## Unsecured funding

### Long-term funding

SBAB's business involves mortgage lending, which in turn requires stable long-term funding. Continued strong deposit inflows and healthy liquidity have contributed to a slight reduction in the need for long-term unsecured funding as a share of total financing over time. At year end, long-term unsecured funding amounted to SEK 62.2 billion (59.3), of which SEK 13.3 billion (9.2) comprised senior non-preferred bonds and SEK 48.9 billion (50.0) other senior unsecured bonds.

### Short-term funding

Short-term funding in the form of commercial paper continues to represent a limited part of SBAB's total funding and amounted to SEK 2.8 billion (4.2) at year end. We mainly use short-term funding to manage and balance liquidity between different periods.

## Covered bond funding

Funding through the issue of covered bonds is carried out by the wholly-owned subsidiary, AB Sveriges Säkerställda Obligationer (publ) (Swedish Covered Bond Corporation – SCBC). Total covered bond funding amounted to SEK 328.9 billion (300.9) at the end of the year, of which SEK 246.5 billion was in SEK and SEK 82.4 billion was in foreign currencies.

## Liquidity

The primary purpose of SBAB's liquidity reserve is to act as a provision for situations when the ability to obtain liquidity from other sources is limited or rendered materially more difficult. SBAB's liquidity reserve primarily comprises liquid, interest-bearing securities with high ratings. At the end of the year, the market value of the assets in the liquidity reserve amounted to SEK 87.9 billion (82.3). Taking the Riksbank's and the ECB's haircuts into account, the liquidity value of the assets was SEK 85.4 billion (78.4). Both external regulations and internal limits dictate the size and composition of the liquidity reserve. Securities holdings are limited by asset class and by country, respectively, and must have at least an AA rating on acquisition. At year end, at least 95% of the reserve had at least an AAA rating. In addition to these collective limits, limits for individual issuers may also be set. Investments are mainly in SEK, EUR and USD and SBAB uses derivatives to manage the portfolio's interest-rate and currency risks.

### Green bonds in the liquidity reserve

At the end of 2022, our holdings in green bonds amounted to about SEK 7.4 billion (6.2).

## Key figures for liquidity<sup>1)</sup>

	2022	2021
Survival horizon	347	254
LCR, %	250	228
NSFR, %	128	129

1) Pertains to the consolidated situation.

## Credit rating

Long- and short-term credit ratings from Moody's and Standard & Poor's were unchanged during the year.

## Rating

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

## SCBC in brief

SCBC's primary operations comprise the issue of covered bonds in the Swedish and international capital markets. The company's funding programmes have received the highest possible long-term rating of Aaa from the rating agency Moody's. SCBC does not conduct any lending activities itself, but instead acquires loans from SBAB, with the aim that these are included wholly or in part in the cover pool that serves as collateral for SCBC's covered bonds. Information on SCBC's covered bonds and cover pool is published monthly on [www.sbab.se](http://www.sbab.se).

# Risk and capital management

**Risk management involves ensuring that SBAB is resilient in different situations and that the company is capitalised to the effect that even unexpected risks can be managed.**

SBAB's independent risk control function identifies, analyses and develops methods to manage various types of risks in our operations. The main risk is credit risk arising from lending, primarily to retail customers, but also to tenant-owners' associations and multi-family dwellings. In addition, SBAB is exposed to credit risk in treasury operations, above all the counterparty risk for the derivatives and repo contracts SBAB enters into in order to manage financial risks.

Other risks in SBAB's operations pertain to market risk, liquidity risk, business risk, operational risk and sustainability risk. SBAB retains sufficient capital and liquidity to cover these risks, even in stressed situations. SBAB is well capitalised and has own funds that comfortably

exceed both the internally estimated need of own funds and the capital requirement calculated by the Swedish FSA. Liquidity risk is managed beyond capital by maintaining a liquidity reserve and through diversified funding.

### SBAB's risks and risk management

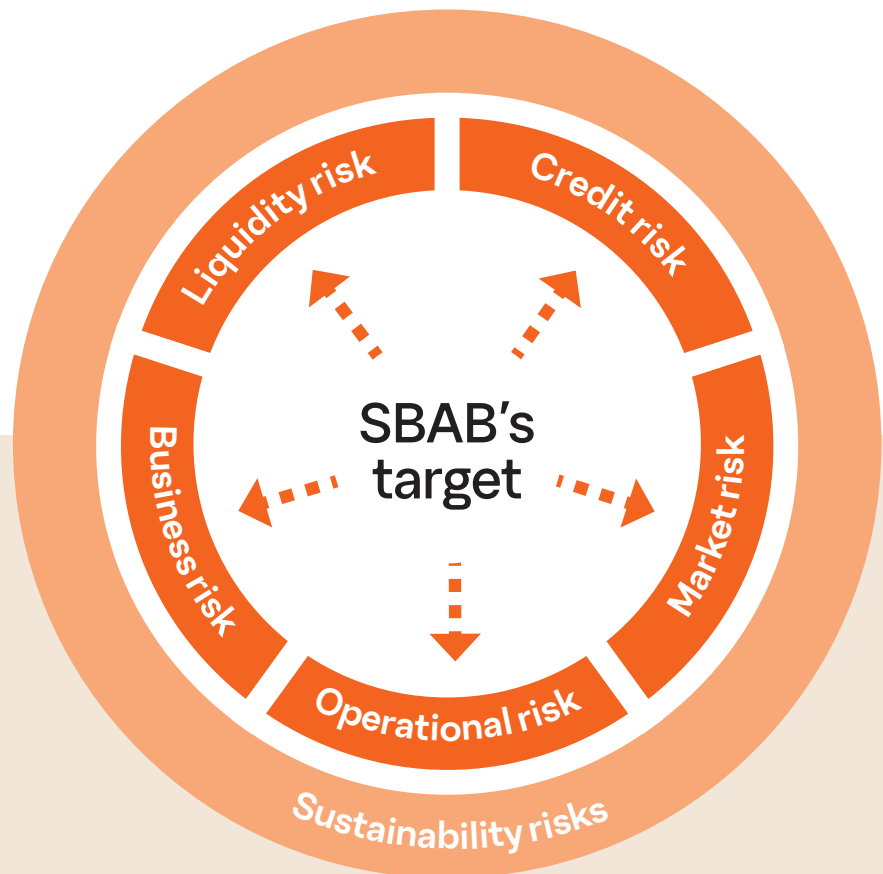
Risk is defined as a potentially negative impact that may arise due to ongoing or future internal or external events. The definition of risk includes the probability that an event occurs as well as the impact the event could have on SBAB's profit, capital, liquidity or value. SBAB's risk management framework comprises a risk strategy, a risk policy, a capital policy and a risk appetite. The risk policy sets out

SBAB's risk management objectives and defines the risks to which SBAB's operations are or could be exposed. With the exceptions of business risk and sustainability risk, the limits specified in the risk appetite are used to keep exposures to the respective risk types in check. Sustainability risk is a general risk, elements of which can be found throughout the bank's operations, and is integral to other risks. The following diagram illustrates SBAB's overriding goals and sets a framework for the objectives of risk management. Within the various risk classes, SBAB's risk appetite should be aligned with, and indirectly controlled by, the goals.

➔ Read more on pages 62–63.

## SBAB's risk appetite

➔ Read more on page 62





**Risk governance**

All material risks are monitored and reported to the Board of Directors. The Board of Directors bears overarching responsibility for SBAB's total risk exposure. It is the Board's responsibility to ensure that operations are conducted with good internal controls. The CEO is responsible for ongoing operational management and monitors that each unit's, including Risk, reporting to the Board of Directors is conducted in accordance with the relevant instructions. Risk is responsible for the identification, quantification, analysis and reporting of all risks. The Chief Risk Officer ("CRO") is responsible for Risk and reports directly to the CEO and the Board of Directors of SBAB.

**Risk strategy**

The Board adopts the strategic direction and the overarching risk level that SBAB is willing to accept, based on operations and how value is created for our customers. This means SBAB is to consciously expose itself only to risks that are directly

connected to or are regarded as necessary for its operations. SBAB's profitability is dependent on its ability to assess, manage and price risks. It is also about maintaining sufficient liquidity and capital to meet unforeseen events.

Knowledge and awareness of any risks that SBAB may be exposed to, together with the right expertise to estimate the size of existing and potential risks, is therefore absolutely necessary for our operations. All risks must be evaluated based on the risk appetite decided by the Board.

**Risk taking**

SBAB's risk taking is kept at a level consistent with our short-term and long-term plans for strategy, capital and financial stability. An important part of SBAB's business model is that the risks to which SBAB is exposed are low and predictable. In reality, this does not mean that each individual credit exposure has very low risk, rather that the total lending portfolio consists largely of low-risk loans and that

every loan's internal risk effect is such that the total risk is limited. The basis for SBAB's appetite for risk is that it should fit within the company's risk-bearing capacity. Risk-bearing capacity refers to the capacity to cover expected and unexpected losses without breaching the established capital requirements. The scope of acceptable risks is clearly linked to how important these are to SBAB's business model, in other words the positive effects anticipated to be achieved in the form of expected revenue, cost savings or the mitigation of other risks. SBAB minimises undesired risks through appropriate functions, strategies, processes, procedures, internal rules, limits and controls.

## The three lines of defence



## Credit risk trends in 2022

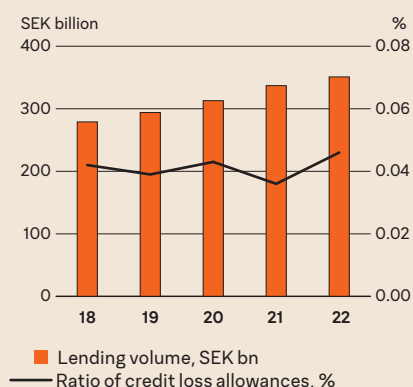
The overall credit quality in SBAB's lending portfolio is assessed as good. In 2022, credit risk increased somewhat, primarily due to a new macroeconomic situation with high inflation. The trend in the risk parameter that measures the probability of default (PD) increased in the Private and Corporate Clients & Tenant-Owners' Associations business areas, but is still at low levels. The risk parameter that measures loss given default (LGD) was also low due to good LTV ratios. The risk-weighted assets (REA) mainly increased in Corporate Clients & Tenant-Owners' Associations as a result of increased lending volume, including increased exposure to building credits. Increased lending volumes in combination with a changed macroeconomic situation has led to the bank proactively working with credit analyses and more frequent follow up with Corporate Clients & Tenant-Owners' Associations customers. No significant effect has yet been noted and analyses of building credits indicate a balanced risk scenario.

In terms of repayment capacities, the share of lending to customers who have received reminders was at stable levels during the year. For the share of lending to customers in Private who have received collection letters, on the other hand, increased slightly. There has also been an increase among residential mortgage customers who have applied for tempo-

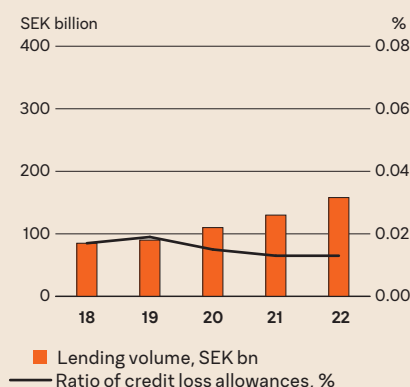
rary amortisation relief. In order to take care of customers, the bank increased the minimum amount in the KALP calculation and adjusted the calculation interest rate upwards when granting credit within Private. The falling market values for houses and tenant-owner apartments in the housing market, driven by increased interest expenses and energy prices, have led to additional indexing of market values by the bank during the fourth quarter. The falling prices in the housing market had an effect on the volume-weighted LTV in the mortgage portfolio, amounting to 59% (55) at the end of the year.

Due to continued uncertainty in the housing market owing to sharp hikes in interest rates and falling prices for houses and tenant-owner apartments, the bank has noted the need for increased credit loss allowances for future credit losses. Credit losses for the year totalled SEK 68 million (recoveries: 11), of which SEK 7 million (13) pertain to confirmed credit losses. Recoveries for previous confirmed credit losses amounted to SEK 4 million (4).

**Business Area Private**



**Business Area Corporates & Associations**



**Capital adequacy**

SBAB's CET1 capital ratio amounted to 12.8% (13.5) at year end. At the same date, the total capital ratio was 17.9% (18.1). This can be compared with the Swedish FSA's capital requirements, which are expected to correspond to a CET1 capital ratio of 10.2% and a total capital ratio of 14.9%. SBAB's capital targets corresponded at year end to a CET1 capital ratio of not less than 11.2% and a total capital ratio of not less than 15.5%. Capital requirements increased during the year due to the Swedish FSA's increase of the countercyclical buffer value for Swedish exposures in September 2022 from 0% to 1%.

Accordingly, the margins for the Swedish FSA's capital requirements decreased from last year. CET1 capital increased SEK 0.9 billion to SEK 19.7 billion (18.8) during the year. Net profit for the year had a positive impact on CET1 capital of SEK 1.3 billion. Equity increased

SEK 2.4 billion during the year to SEK 27.5 billion (25.1), mainly due to the issue of an AT1 loan. During the year, the risk exposure amount (REA) increased to SEK 154.1 billion (138.9), mainly driven by higher lending volumes. The Swedish FSA has previously announced that it expects Swedish banks to analyse and update their current internal ratings-based systems (IRB systems) to be able to meet the new European Banking Authority (EBA) guidelines. SBAB has therefore, over an extended period, worked on preparing new IRB models, which are expected to be implemented after the decision from the Swedish FSA. In December 2022, SBAB's application to use a new PD model for household exposure was approved, and in January 2023, SBAB's new PD models for corporate exposures were approved. The new models are expected to be implemented in the first half of 2023. SBAB has not yet received feedback on its applications to imple-

ment new LGD models for household exposures or corporate exposures. Net profit for the year is included in the calculation of own funds and Tier 1 capital. Expected dividends calculated according to SBAB's dividend policy have been deducted. The leverage ratio amounted to 4.12% (3.98) as of 31 December 2022.

In September 2021, the Swedish FSA communicated one expected effect from the Pillar 2 guidance for SBAB: 0 percentage points on the risk-weighted capital requirement and about 0.3 percentage points on the leverage ratio, equivalent to SEK 1.9 billion. Further information on capital adequacy is provided in Note [RC 8](#).

**Components of the capital target**

SEK million	2022				2021			
	Total capital	%	CET1 capital	%	Total capital	%	CET1 capital	%
<b>Capital requirement from the Swedish FSA<sup>1)</sup></b>	<b>22,914</b>	<b>14.9</b>	<b>15,731</b>	<b>10.2</b>	<b>19,251</b>	<b>13.9</b>	<b>12,780</b>	<b>9.2</b>
– Of which, Pillar 1 minimum requirement	5,160	3.3	2,903	1.9	4,087	2.9	2,299	1.7
– Of which, Pillar 1 risk-weight floor, Swedish mortgages	7,172	4.7	4,034	2.6	7,023	5.1	3,951	2.8
– of which, Pillar 2 requirement (P2R)	5,164	3.4	3,376	2.2	4,652	3.4	3,041	2.2
– Of which, Capital conservation buffer	3,854	2.5	3,854	2.5	3,472	2.5	3,472	2.5
– Of which, Countercyclical buffer	1,564	1.0	1,564	1.0	17	0.0	17	0.0
– of which, Pillar 2 guidance (P2G)	-	-	-	-	-	-	-	-
<b>SBAB's capital target</b>	<b>23,839</b>	<b>15.5</b>	<b>17,272–20,355</b>	<b>11.2–13.2</b>	<b>20,085</b>	<b>14.5</b>	<b>13,613</b>	<b>9.8</b>
<b>SBAB's actual capital</b>	<b>27,484</b>	<b>17.8</b>	<b>19,689</b>	<b>12.8</b>	<b>25,106</b>	<b>18.1</b>	<b>18,811</b>	<b>13.5</b>

1) Pertains to the statutory requirements including the Swedish FSA's P2R and P2G.

# Sustainability risks

## Sustainability risks

As a bank, SBAB has an important role in society by providing credit and managing assets from financial operations in a way that supports sustainable economic growth. Our tools for identifying, defining, measuring and controlling sustainability risks is being continuously refined. SBAB's sustainable governance model permeates all operations, where it simplifies and clarifies the full picture. The basic principle of SBAB's work with sustainability risks is that they cannot be separated from other risks. There are elements of sustainability risks across SBAB's entire operations. Risk's work with sustainability risks is limited to a number of clearly defined areas, where the risk can be identified, measured and followed up. In this report, sustainability

risks pertain to the risk of loss or reduced future income due to sustainability-related events. These include events in three categories: climate (E); personnel, social conditions and human rights (S); and financial crime and corruption (G). SBAB's aim is to manage sustainability risks with a risk-based approach integrated into daily operations. In the event high risk is identified, the aim is to conduct an in-depth sustainability review and, where necessary, set requirements to counteract the adverse impact. Key risk indicators, climate scenario analyses and climate sensitivity analyses are used for measuring and control.

Our processes aim to identify and assess material sustainability risks and to include them in analyses based on SBAB's compliance and reputational risk per-

spectives. Sustainability risks are included and assessed in the existing process for new credits and annual presentations of existing matters pursuant to agreed-upon credit instructions and are to be followed up and approved by the governing body.

These efforts are inspired and guided by national and external legislation and guidelines, primarily determined by the EU. SBAB conducts an ongoing dialogue on sustainability risks across all operations. SBAB's proactive sustainability approach further contributes to sustainable risk management through, inter alia, annual risk identification, gap analyses and defined objectives as well as their follow-up and reporting.

Risk area	Risk description	Impact on SBAB	Risk mitigation measures
<p><b>Personnel, social conditions and human rights</b></p> <p>The risk of SBAB's operations, business relationships and business undertakings having a negative impact on personnel, customers or external parties, social conditions or human rights.</p>	<p><b>Internal:</b> In its own operations, risk is primarily linked to SBAB as an employer and SBAB's corporate culture. Motivated and committed employees are a prerequisite for SBAB's success. SBAB's operations and corporate culture affect the work conditions of employees. Risks pertaining to personnel include health and safety at the workplace, the occurrence of discrimination, remuneration levels and workloads. SBAB's operations and corporate culture affect the work conditions of employees. Risks pertaining to personnel include health and safety at the workplace, the occurrence of discrimination, remuneration levels and workloads</p> <p><b>External:</b> SBAB is exposed to risks linked to social conditions and human rights in conjunction with lending to property companies, for example on lending for new production projects with several levels of subcontractors. The controls performed by the main contractor in areas such as working conditions are made more complex when production is outsourced. SBAB is also exposed to these risks in conjunction with the procurement of services and goods. The area also encompasses the risk that SBAB's services and products are not available to all members of society.</p>	<p>Possible damage to reputation and negative impact on the Group's financial position.</p>	<p>SBAB has determined a long-term, focused and extended HR strategy. SBAB has clear company-wide goals to support equality and diversity and to ensure a positive employee experience and high employee commitment. SBAB has an equality and diversity policy and an equality plan that emphasises the value of employees with different backgrounds. SBAB's Code of Conduct provides guidance on how employees should act and conduct themselves in various situations based on SBAB's values and the inherent responsibilities of being a SBAB employee. SBAB aims to manage risks linked to personnel, social conditions and human rights in lending through in-depth customer dialogues and industry collaboration. SBAB and other business banks conduct Bankinitiativet för en Hållbar byggbransch (Eng: Bank initiative for a sustainable construction industry) to protect labour rights and combat criminality through stricter requirements in lending. SBAB has a Supplier Code that addresses SBAB's view and expectations of our suppliers' sustainability efforts and compliance with international guidelines and principles. Accessibility comprises a key area for product and service development. SBAB conducts accessibility tests on an ongoing basis.</p> <p>➔ <i>Read more on pages 29–31, 34–37, 165–182</i></p> <p>Examples of relevant policies within the area include the Remuneration Policy, Equality and Diversity Policy, Work Environment Instruction, Whistleblower Process Instruction, Ethics Policy and the Policy for Sustainable Enterprise.</p>

Risk area	Risk description	Impact on SBAB	Risk mitigation measures
<p><b>Climate</b></p> <p>This is divided into physical risks and transition risks. Physical risks encompass the direct effects of climate change that give rise to financial costs and risks, for example the physical impact on properties resulting from climate change. Transition risks encompass financial risks related to the transition to a less fossil-based economy.</p>	<p><b>Internal:</b> The physical climate risk linked to SBAB's operations primarily pertains to the risk of increased damage and value declines in assets and collateral as a result of climate change. SBAB's operations are exposed to transition risks in cases where SBAB does not succeed in adapting operations to the higher environmental and climate requirements set by tomorrow's sustainable economy. This also applies to demand for SBAB's products and services.</p> <p><b>External:</b> SBAB is exposed to climate risks in conjunction with credit granting. Future climate changes could affect customers' capacity to pay and the value of assets and collateral. Physical climate risks encompass, inter alia, higher sea levels, extreme weather as well as collapses and landslides.</p>	<p>Possible negative impact on the Group's financial position.</p>	<p>Climate risk is mainly managed through a broadened customer dialogue, internal training, product development and customer communication. In our credit granting process for property companies and tenant-owners' associations, certain sustainability criteria are considered as a part of the overall assessment. SBAB holds annual climate risk workshops and in 2022 identified two primary sustainability risks: the physical risk of flooding due to rising water levels and flooding in watercourses and lakes, and the transition risk of energy prices. SBAB has a KRI that monitors the share of capital linked to houses in zones with an elevated risk of flooding and works continuously to evaluate the bank's climate risks. Several analyses were carried out to quantify sustainability risks. In 2022, a scenario analysis was carried out based on energy prices and their impact on residential mortgage customers' costs and PD. SBAB also developed a climate goal by the end of 2022 that will guide future product development, data collection and adaptation of the credit-granting process to reach our goal of reduced greenhouse gas emissions.</p> <p>➔ Read more on pages 32–33 and 165–182.</p> <p>Examples of relevant policies within the area, in addition to those mentioned above, include the Policy for Sustainable Enterprise, Credit Policy, Risk Policy, Risk Appetite, Credit Instruction and climate risk instruction.</p>
<p><b>Financial crime</b></p> <p>Financial crime threatens all of society. Criminal individuals and networks are constantly on the hunt after new ways to exploit the bank and our customers. Fraud and money laundering account for billions of Swedish kronor every year, and in the last few years fraud has become one of the largest sources of income for organised crime. Creating peaceful and inclusive societies through crime prevention is part of the UN SDGs and an essential part of SBAB's business operations. Financial operations include the following areas:</p> <ul style="list-style-type: none"> <li>• Fraud</li> <li>• Money laundering</li> <li>• Financing of terrorism</li> <li>• Bribes &amp; corruption</li> <li>• Welfare fraud</li> <li>• Data security</li> <li>• Cyber crime</li> </ul>	<p><b>Internal:</b> The occurrence of all kinds of financial crime or internal corruption enabled by SBAB employees can seriously affect the confidence of the public, the owner, customers and employees in SBAB and thereby the company's future competitiveness. The risk of financial crime and corruption is relevant to all parts of SBAB's operations where money or decisions with major mandates are a factor.</p> <p><b>External:</b> Financial crime undermines democracy, hinders economic growth and distorts competition in society. The risk of financial crime through the use of SBAB's products or services is relevant at every stage where money is handled. This means that SBAB can be used throughout the value chain, including deposits, lending or transactions through the bank's accounts.</p>	<p>Possible reputational risk, operating losses linked to fraud and censure by government agencies together with sanctions connected to regulatory requirements required of the bank for the purpose of counteracting financial crime.</p>	<p>SBAB has a separate unit, Anti-Financial Crime (AFC), which acts to strengthen SBAB's overall capacity to prevent financial crime. SBAB's efforts in this area encompass, inter alia, conducting risk assessments, obtaining a good level of KYC, monitoring activities and transactions, continuous training and ensuring adequate internal control. Examination is conducted in the first, second and third lines in terms of daily operations, procedures and processes. SBAB has an internal framework regulating how operations should work to counteract financial crime. To that end, SBAB conducts ongoing courses in this area.</p> <p>➔ Read more on pages 30–31, 165–182.</p> <p>Examples of relevant policies in the area include the Policy and Instruction for Counteracting Money Laundering and Financing of Terrorism, and Compliance with Financial Sanctions, the Ethics Policy, the Policy for Sustainable Enterprise, the Whistleblower Process Instruction, the Code of Conduct, Bribery and other Corruption Awareness, and the Supplier Code.</p>

# SBAB's risk appetite

Risk type	Risk appetite	
	Classification	Level
 <p><b>Credit risk in lending operations</b></p> <p>The risk that the counterparty does not fulfil its payment obligations towards SBAB. Credit risk arises in conjunction with loans and loan commitments, as well as in connection with value changes in pledged assets entailing that these no longer cover the Group's receivables. The credit risk also includes concentration risk, which refers to the increase in credit risk that arises in large exposures to individual counterparties, or in the case of concentrations toward specific regions or industries.</p> <p style="text-align: right;"><a href="#">→ Read more in Note RC 1</a></p>	Wanted risk	Medium
 <p><b>Credit risk in treasury operations</b></p> <p>Defined as the total of counterparty risk and investment risk. Counterparty risk is defined as credit risk in derivatives that arises when the value of the instrument is affected by, for example, changes in interest rates and/or currency exchange rates, which means SBAB receives a claim against the counterparty. In addition, counterparty risk entails that SBAB's financial counterparties cannot meet their commitments under repo contracts. Investment risk is defined as credit risk in financial investments and entails the risk that a debtor does not fulfil its payment obligations. Financial investments are incorporated in liquidity management, which aims to reduce liquidity risk and utilise surplus capital to contribute to increased profitability.</p> <p style="text-align: right;"><a href="#">→ Read more in Note RC 2</a></p>	Necessary risk	Low
 <p><b>Market risk</b></p> <p>In SBAB's operations, the risk of loss or reduced future income due to market fluctuations comprises interest-rate, currency, credit spread, basis and pension risk. Interest-rate risk pertains to interest rate variations that lead to losses or lower future income as assets and liabilities have different fixed-interest periods and/or interest terms. Currency risk refers to the risk of changes in SEK exchange rates leading to losses or lower future income. Credit spread risk pertains to an exposure to changing conditions between an issuer's interest expense in comparison with a reference rate. Basis risk refers to the risk associated with deposits and lending that are fixed to different interest bases. Pension risk pertains to the risk arising from value changes in the portfolio intended to cover the bank's pension commitments.</p> <p style="text-align: right;"><a href="#">→ Read more in Note RC 4</a></p>	Necessary risk	Low
 <p><b>Operational risk</b></p> <p>The risk of losses due to inadequate or failed internal processes, human error, faulty systems or from external events, including legal risks. Legal risk pertains to the risk of legal sanctions or failure to discharge legal undertakings. The category also includes compliance risks. Regulatory compliance is essential in maintaining confidence in SBAB's operations, but market practice and ethical guidelines also impact SBAB's approach to employees and customers.</p> <p style="text-align: right;"><a href="#">→ Read more in Note RC 5</a></p>	Necessary risk	Low
 <p><b>Business risk</b></p> <p>The risk of declining earnings due to harsher competition, inappropriate strategies or erroneous decisions. SBAB differentiates business risk between strategic risk, the risk of weaker earnings and reputational risk. Strategic risk pertains to the risk of a loss arising, for example, due to unfavourable business decisions, erroneous implementation of strategic decisions or changes in the political environment. The risk of weaker earnings encompasses the risk arising from, for example, more expensive financing or more intense competition. Reputational risk pertains to the risk of loss of reputation as a result of the failure to manage the above risks as well as other events.</p> <p style="text-align: right;"><a href="#">→ Read more in Note RC 6</a></p>	Necessary risk	Low
 <p><b>Liquidity risk</b></p> <p>The risk of being unable to meet its payment obligations without the cost of obtaining funds increasing significantly. Short-term liquidity risk pertains to the risk of being impacted in the short term by a lack of liquidity, while structural liquidity risk arises from differences between assets and liabilities in terms of maturities, which risks leading to a lack of liquidity in the longer term.</p> <p style="text-align: right;"><a href="#">→ Read more in Note RC 3</a></p>	Necessary risk	Low
 <p><b>Sustainability risks</b></p> <p>Sustainability risks pertain to the risk of loss or reduced future income due to sustainability-related events. These include events in three categories: i) climate; ii) personnel, societal conditions and human rights; and iii) financial crime and corruption.</p> <p style="text-align: right;"><a href="#">→ Read more on pages 60–61.</a></p>	Necessary risk	Low

## Risk profile

## Risk management

SBAB primarily offers housing mortgages to consumers, tenant-owners' associations and property companies where collateral comprises mortgage deeds in immovable property or rights-of-use. The majority of SBAB's customer base is concentrated to major metropolitan areas.

Credit risk is central to SBAB's business model and it is considered to be the dominant risk in operations. Credit granting in SBAB is characterised by responsible credit granting taking into account the customer's long-term repayment capacity and resilience as well as the value of posted collateral. Credit rules and credit management are continuously analysed, processed and improved. Corporate clients are processed individually while retail customers are analysed using a structured process in conjunction with the credit approval process. Concentration risk and major exposures are carefully monitored and followed up.

SBAB's counterparty risks and investment risks are low and are not considered dominant risks.

Counterparty-risk exposure is primarily covered through collateral agreements in which the counterparty provides collateral in an effort to reduce exposure. Investment risk is mitigated as SBAB only invests in interest-bearing bonds with high credit ratings.

SBAB's market risk is low and is not considered a dominant risk.

Interest-rate risk is to be mitigated through direct funding in matched currencies and tenors or the use of derivatives. Currency risks are mitigated as funding in international currency is hedged through currency swaps or matched against assets in the liquidity portfolio in the same currency.

Operational risk is a natural part of all business. SBAB aims to optimise the relationship between costs for reducing risk and any of its potential outcomes. Operational risk is a prerequisite for implementing the business concept efficiently and competitively, taking into account operations, strategy, risk appetite and the macro environment.

SBAB manages operational risk in a consistent manner and the analysis of risk level is conducted on a regular basis and reported to the Board, the CEO and the Executive Management. Self-evaluation of material processes is performed annually. Changes with potential to affect the bank's risk level together with related risks are identified at an early stage and, prior to decision on implementation, the second line of defence submits a report. Unexpected events that can negatively affect the bank are to be reported as incidents and managed according to pre-determined instructions.

SBAB's business risk is low and is not considered a dominant risk.

Risks related to strategy and earnings are evaluated on an ongoing basis over the year within the first line's strategy work. Strategically important decisions are managed within the framework for material changes. The Board receives an annual evaluation of the material risks that addresses strategic business risk and the bank's overall earnings. Moreover, business risk is evaluated in SBAB's stress tests.

SBAB has a low liquidity risk and diversified funding. Securities that are part of the liquidity reserve have high credit ratings and are eligible as collateral with either the Riksbank or the European Central Bank, to guarantee liquidity.

SBAB's liquidity strategy includes proactive and continuous liquidity planning, active debt management and an adequate liquidity reserve. The funding strategy takes into consideration the expected maturity on the asset side. On this basis, SBAB limits its structural liquidity risk by maintaining diversified funding with sufficiently long maturities. SBAB has several liquidity metrics, for which limits apply, most of which are monitored and reported on a daily basis.

SBAB defines sustainability risk as a necessary risk that should be held at a level that does not materially jeopardise SBAB's assets, resources and reputation.

The assessment of whether the Group's level of sustainability risk is within the defined risk appetite is primarily performed through the monitoring and analysis of key risk indicators, scenario analyses outcomes, monitoring of the bank's strategic work with sustainability and disclosures in SBAB's reporting pursuant to the TCFD standard.

# Risks and uncertainties

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 SBAB's future earnings capacity, and the quality of our assets is mainly exposed to credit risks 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 many years. This has contributed to a housing shortage and strong demand for housing. The growing proportion of home owners together with rising housing prices have led to higher levels of private indebtedness, including some highly indebted households. Housing costs as a percentage of household income are generally low, especially among homeowners, which is attributable to favourable income trends and low interest rates.

Rapidly rising prices, particularly for energy and food but also for increasing kinds of goods and services, have driven up the rate of inflation to levels not seen in several decades. Early in 2022, unexpectedly high inflation led to a drastic increase in market interest rates. Later in the year, rising interest rates were driven by a stringent monetary policy in the form of higher key interest rates in order to bring down demand and thereby inflation.

## Increased housing costs for households a burden

Rising key interest rates and market interest rates have driven up mortgage interest rates, a trend that is expected to continue throughout 2023. 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 rapidly rising interest rates. While this is positive for the monetary policy's impact, there is a risk of indebted households experiencing difficulty coping with ongoing payments on their mortgages as a result of rising interest rates. However, stress tests indicate that this risk is low in the event of moderate or foreseen interest hikes.

Together with price increases, the increase in interest rates has increased housing costs and cost ratios for households. However, the long-term risks associated with rising inflation are deemed low as inflation also drives increases in

households' disposable income over time, thereby resulting in a decline in mortgage debt as a share of household income. Even if real interest rates remain unaffected by inflation, higher inflation will result in a cash strain on households.

Rising interest rates for mortgages have led to a decrease in housing prices. Calculated based on the beginning of 2022, prices for houses fell 14% and prices for apartments fell 10%. Continually rising interest rates for mortgages are expected to drive housing prices down further before they eventually begin to increase again. 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.

## 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 SBAB 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 macro-economic events, changes in the monetary policies of central banks or extraordinary events such as pandemics, wars and acts of terrorism.

The coronavirus outbreak and the measures implemented to contain its spread caused significant movements in the international financial markets in 2020, for example, in the form of falling interest rates, widening credit spreads and stock market volatility. International financial markets have since stabilised, in part as a result of comprehensive economic and monetary policy support measures introduced in Sweden and internationally. When these support measures are withdrawn, especially the purchase of state and mortgage bonds by central banks, there is a risk of disruption in the financial markets.

## Russia's invasion of Ukraine

Russia's military attack on Ukraine has led to an incredible amount of suffering for the population of Ukraine and large streams of refugees in Europe, in addition

to threatening international peace and security. The outside world has responded by imposing extensive sanctions on Russia, who in turn cut off deliveries of gas to Europe and blocked the export of grains from Ukraine. Although SBAB 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. The war has contributed to today's high inflation, uncertainty about the future and volatility in the financial markets. The war is also expected to affect the global economy and the financial markets going forward. The weak economic performance in combination with high inflation has made it difficult to predict what central banks will do, but their focus right now is clearly on limiting inflation.





# Corporate Governance Report

SBAB Bank AB (publ) (SBAB) is a Swedish public limited banking company that is wholly owned by the Swedish state. SBAB is domiciled in Solna. Owner governance of SBAB is exercised through general shareholder meetings, the Board of Directors and the CEO in accordance with the Companies Act, the Articles of Association, and the policies and instructions adopted by SBAB. The owner also governs SBAB through application of the State Ownership Policy and principles for state-owned enterprises, as adopted by the government on 27 February 2020 (the "Ownership Policy") which, inter alia, requires that SBAB apply the applicable parts of the Swedish Corporate Governance Code (the "Code"). This Corporate Governance Report has been prepared pursuant to the regulations covering corporate governance reports in the Code and the applicable annual accounts act pursuant to the Ownership Policy. SBAB also follows a number of international sustainability guidelines and the regulations that apply for companies with listed securities in the regulated markets where SBAB's securities are listed.

This Corporate Governance Report has been subject to a statutory review by the company's auditor.

## The foundation of SBAB's corporate governance

Well-functioning corporate governance, risk management and internal governance are essential for SBAB to reach set targets and gain the confidence of its stakeholders. In addition to corporate governance in the traditional sense, which describes the system by which a company is governed and controlled, SBAB's vision, mission, business idea and values are important elements in SBAB's governance model, as is information transparency, corporate culture, leadership and the long-term sustainable conduct of operations. This, together with corporate governance, leads to an overall high level of confidence in SBAB's operations. Confidence forms the basis of all banking operations.

## Application of the Code

Since SBAB is wholly owned by the state, SBAB applies the Code with the exception of those rules pertaining to the Nomination Committee and the rules covering the election of the Board and auditors. Moreover, SBAB does not apply those rules that are specifically aimed at companies with more than one owner. In cases where the rules for remuneration to senior executives in the Code differ from the principles from the government in the Ownership Policy, the latter apply. Based on the ownership structure and with

observance of the Ownership Policy, the following deviations from the Code rules have occurred:

*Code rule 1.1* – publication of information regarding the shareholders' right to propose business for the Annual General Meeting (AGM). The purpose of this rule is to give shareholders the opportunity to prepare ahead of time for the AGM and have matters included in the agenda for the AGM. In companies entirely owned by the Swedish state, in accordance with the owner's guidelines, the public shall be invited to attend the AGM. As a notice is sent to the Central Bureau of the Swedish Riksdag (parliament), members of parliament also have the opportunity to attend.

*Code rule 1.3* – proposal of a chair for the annual general meeting. In state-owned companies, the owner submits its proposed nominee for the chair at the general meeting.

*Code rule 2* – the establishment of a nomination committee responsible for matters such as the appointment and remuneration of the Board of Directors and the auditor. The reason for the deviation is that nomination matters in state-owned companies are handled by the government in the manner described in the Ownership Policy.

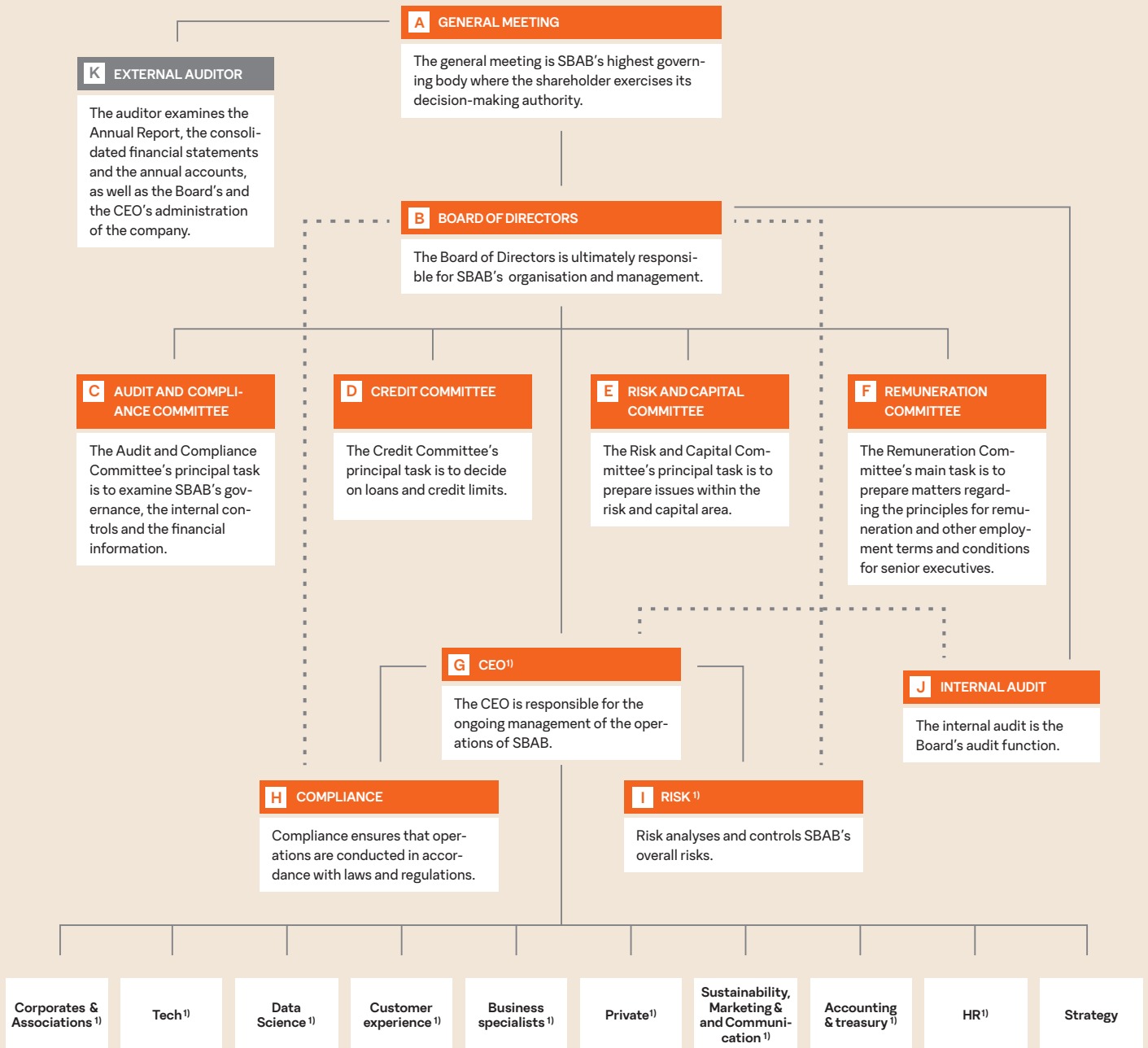
*Code rule 4.1* – strive for gender balance on the Board. More specific gender balance guidelines are given for state-owned companies as a result of the Swedish Min-

istry of Enterprise and Innovation's coordinated board nomination process.

*Code rules 2.6, 4.4, 4.5, 4.6 and 10.2* – information to be provided concerning the independence of Board members in relation to major shareholders. No such information is provided since the primary objective of the Code rules in question is to protect minority shareholders in companies with dispersed ownership. Consequently, in accordance with the corporate governance principles for state-owned enterprises, there is no reason for such information concerning independence to be disclosed in entirely state-owned companies.

## Articles of Association

SBAB's Articles of Association regulate matters such as the company's business objectives, which are primarily to conduct banking operations. The Articles of Association do not include any stipulations regulating the appointment or dismissal of Board members, with the exception of stipulations stating that the AGM is to appoint the Chairman of the Board and determine the minimum and maximum number of Board members. It is further stated that if the Chairman of the Board resigns from his or her office during the mandate period, the Board is to appoint one of the Board members as the new Chairman until the end of the AGM, when a new Chairman will be elected by the AGM. For amendments to be made to the Articles of Association, the notice of the extraordinary general meeting that will



<sup>1)</sup> Included in Executive Management.

address amendments to the Articles of Association is to be issued not earlier than six weeks and not later than four weeks prior to the meeting.

**A General meeting of shareholders**

SBAB's Annual General Meeting was held on 27 April 2022. The members of parliament as well as the general public were invited to attend the AGM, either physically or digitally. The owner is represented by Matilde Abejón of the Swedish Ministry of Enterprise and Innovation. Most of SBAB's Board members, the CEO and SBAB's auditor also attended the AGM. Jan Sinclair, Chairman of the Board of SBAB, served as the Chairman of the AGM. The General Meeting resolved to elect the following Board members: Jan Sinclair (Chairman), Lars Börjesson, Inga-Lill Carlberg, Jenny Lahrin, Jane Lundgren Ericsson, Wenche Martinussen, Leif Pagrotsky and Synnöve Trygg. At the time of the AGM, the local trade unions had appointed Karin Neville and Margareta Naumburg as employee representatives on the Board of Directors, with Therese Sandberg and David Larsson as deputies. The AGM passed resolutions regarding the discharge from liability for the Board of Directors and the CEO, the appropriation of profits and the adoption of the annual accounts for 2021. The AGM resolved on a dividend of SEK 832 million to be distributed to the owner. The meeting elected Deloitte AB, with Patrick Honeth as the auditor-in-charge, as

SBAB's auditor until the close of the 2023 AGM. The meeting reviewed the guidelines for remuneration to senior executives adopted by the 2021 AGM, see Note IC 5 for details of the guidelines, and adopted new guidelines for remuneration to senior executives. The meeting also decided on the fees to be paid to the members of the Board. No fees will be paid to Board members who are either employed by the Government Offices of Sweden or are employee representatives. The CEO and Chairman reported on the operations of the bank and the work of the Board of Directors in 2021.

**B The Board of Directors**

*Composition and nomination procedure*  
In state-owned companies, uniform and shared principles are applied to achieve a structured nomination process for the appointment of board members. The objective is to ensure an adequate supply of competence for the boards of directors of these companies. The Board nomination process at the Government Offices of Sweden is coordinated by the Swedish Ministry of Enterprise and Innovation. For each company, competence needs are analysed on the basis of the company's business, circumstances and future challenges, as well as the composition of the Board of Directors and the Board assessments that have been conducted. Recruitment requirements are then established and work commences. Members are selected from a broad

recruitment base in order to draw on the expertise of both women and men, as well as individuals with different backgrounds and experience.

*Diversity and eligibility policies*

The Board has adopted a policy on diversity in the Board and an instruction for fit and proper assessments for Board members, the CEO and senior executives. The diversity policy includes statements to the effect that the composition of the Board should be such that a balance is achieved with regard to background, areas of competence, experience and gender. The eligibility instruction states that the fit and proper assessment of the Board, the CEO and the senior executives should take into account the individual's skills, experience, reputation and judgement.

*Chairman of the Board*

The Chairman of the Board is elected by the AGM. If the Chairman of the Board resigns during the mandate period, the Board is to appoint one of the Board members as the new Chairman until the end of the AGM, when a new Chairman will be elected by the AGM. The Chairman leads the Board's work, monitors to ensure that the Board is performing its duties, represents the Board in relation to the owner and maintains contact with the owner. The Chairman is also responsible for initiating and following up the annual evaluation of the Board's and the CEO's work. The Chairman of the Board ensures

## Work of the Board of Directors in 2022

In 2022, the Board of Directors held eight scheduled and five additional board meetings, three of which were held per capsulam. Two of the ordinary meetings were longer strategy meetings. In addition to meetings, the Board had two training days focused on regulation and governance issues and risk issues, respectively.

The Board regularly receives the following reporting: (i) interim reports; (ii) quarterly financial forecasts; (iii) quarterly

operational reports from each business area (Private and Corporates & Associations); (iv) reporting on strategic regulation and development projects; (v) six-month sustainability reports; (vi) quarterly reports on first line compliance including forward-looking regulation monitoring, and (vii) quarterly reports from Risk, Compliance and Internal Audit.

JANUARY	FEBRUARY	MARCH	APRIL	MAY	JUNE
<p><b>Q1</b> Year-end report; Internal capital and liquidity adequacy assessment processes (ICLAAP); Annual presentation of bad credit; Evaluation of the Board's work; Goals for the CEO; Decision to appoint new CTO; Strategy issues; In-depth macro environment; Decision on the Annual and Sustainability Report, Pillar 3 report and remuneration report; Decision ahead of SBAB's AGM, Fit and proper assessments, Succession issues; Decision on remuneration to senior executives.</p>			<p><b>Q2</b> Statutory Board meeting; Decision on internal governance documents and statutory issues, Quarterly report; Report on outsourced operations, Decision to appoint CEO. Decision on appointment of new CFO; Strategy issues, In-depth macro environment; Decision on material risks.</p>		

that the Board receives adequate information and decision data for its work and the training necessary for the Board to function efficiently.

#### Board governance and activities

At SBAB's AGM, eight members were elected by the AGM to SBAB's Board. At the end of the year, SBAB's Board comprised these eight members elected by the AGM and two members appointed by the employees' organisations, SACO and the Financial Sector Union of Sweden. The CEO is not a member of the Board. None of the board members or the CEO hold shares by SBAB, since SBAB is wholly owned by the Swedish state, or financial instruments issued by SBAB.

For information regarding lending to key personnel, please refer to Note A 2. The Board adopts business objectives and strategies for SBAB's operations. The Board ensures that an efficient system is in place for the follow-up and control of SBAB's operations. The Board is also tasked with appointing, evaluating and if the need arises, dismissing the CEO. The work of the Board complies with the formal work plan adopted annually at the Board of Directors' statutory Board meeting immediately after the AGM. The formal work plan regulates decision-making within SBAB, the arrangements for Board meetings and the division of work among the Board, the Chairman of the Board and the Board committees. The work of the

Board complies with an annual plan that satisfies, inter alia, the Board's need for information and regular training. SBAB's Board makes decisions on matters relating to SBAB's strategic direction, for example by means of a business plan, and makes decisions regarding larger investments, funding, capitalisation (including capital and liquidity adequacy assessments), significant organisational issues, policies and certain guidelines. The Board addresses and determines the company's interim reports. The Board also follows up SBAB's risks, compliance, and reports on the effectiveness of internal control within SBAB by means of reports provided by SBAB's independent Risk Control, Compliance and Internal Audit units.

### Attendance of the Board of Directors in 2022

The table presents the meeting attendance of the Board and its committees in 2022. During the year, Daniel Kristiansson stepped down as a member of the Board and was replaced by Jenny Lahrin. Both are active in the Swedish Ministry of Enterprise and Innovation. Wenche Martinussen was appointed a member at the AGM. The Financial Sector Union of Sweden also

appointed Therese Sandberg as deputy employee representative instead of Anders Heder in conjunction with the AGM. The composition of the committees also changed at the AGM. Attendance for Daniel Kristiansson, Jenny Lahrin, Wenche Martinussen, Anders Heder and Therese Sandberg therefore pertains to only part of the year.

Board members	Board of Directors	Credit Committee	Risk and Capital Committee	Audit and Compliance Committee	Remuneration Committee
Jan Sinclair (Chairman of the Board/Board member)	13/13	22/24	12/12	6/6	2/7
Lars Börjesson (Board member)	13/13				6/7
Inga-Lill Carlberg (Board member)	13/13	19/24			7/7
Daniel Kristiansson (Board member)	5/13			4/6	4/7
Jenny Lahrin (Board member)	8/13			1/6	3/7
Jane Lundgren Ericsson (Board member)	12/13	23/24	12/12	6/6	
Wenche Martinussen (Board member)	8/13		7/12		
Leif Pagrotsky (Board member)	12/13			6/6	
Synnöve Trygg (Board member)	12/13	17/24	12/12	6/6	
Margareta Naumburg (Employee representative SACO)	13/13				
Karin Neville (Employee representative Financial Sector Union of Sweden)	12/13				
David Larsson (Deputy, employee representative SACO)	0/13				
Anders Heder (Deputy, employee representative Financial Sector Union of Sweden)	0/13				
Therese Sandberg (Deputy, employee representative Financial Sector Union of Sweden)	1/13				

JULY

AUGUST

SEPTEMBER

OCTOBER

NOVEMBER

DECEMBER

#### Q3

Interim report; Amended instructions for suspected irregularities (previously whistle-blowing); Strategy issues, In-depth macro environment; Review of the owner's sustainability report for state-owned companies.

#### Q4

Quarterly report; Decision on consolidated recovery plan; Decision on goal for operations, including climate goals; Strategy issues; Decision regarding business planning, strategy documentation and budget; Decision on material risks; Review of general risk assessment for money laundering and financing of terrorism.

## The Board's committees

The Board has established the following committees to prepare matters ahead of the Board's decisions.

### C Audit and Compliance Committee <sup>1)</sup>



**Jane Lundgren Ericsson** (Chairman)

Jenny Lahrin (member)  
Leif Pagrotsky (member)  
Jan Sinclair (member)  
Synnöve Trygg (member)

The main task of the Audit and Compliance Committee is to examine the SBAB Group's governance, internal controls and financial information and to prepare issues in these areas for decision by the Board. This is done at the request of the owner and on the basis of the applicable regulations. The Committee is also tasked with monitoring the efficiency of risk management and of the work carried out by Compliance and Internal Audit. Annual plans and reports from Internal Audit and Compliance are also addressed by the Committee in preparation for decision by the Board of Directors. The Committee receives and processes reports from SBAB's external auditors, Internal Audit, Compliance and the Operational Risk unit within the Risk organisation. The Committee is also responsible for evaluating external auditing work, informing the owner of the results of this work and assisting in the drafting of proposals for auditors. The Committee is also to review and monitor the external auditor's impartiality and independence. The Audit and Compliance Committee held six meetings during the year.

<sup>1)</sup> Jenny Lahrin was appointed a member at the statutory Board meeting on 26 October 2022. Daniel Kristiansson stepped down from the Board in conjunction with the 2022 AGM.

### D Credit Committee <sup>1)</sup>



**Jane Lundgren Ericsson** (Chairman)

Inga-Lill Carlberg (member)  
Jan Sinclair (member)  
Synnöve Trygg (member)

The principal task of the Credit Committee is to decide on loans and credit limits in SBAB's lending and funding operations. The Committee also has the task of preparing matters involving changes in the credit policy and credit instructions for decision by the Board, the assessment of portfolio strategies, the transparency of the loan portfolio, the evaluation of existing or proposed portfolio strategies, the evaluation of existing or new delegation rights and the Board's annual review of regulatory frameworks, models for granting credits and outcomes in terms of retail credit granting. The Committee prepares all matters relating to credit risk and approves new IRB models and significant changes to existing models. The Credit Committee held 24 meetings during the year.

<sup>1)</sup> Synnöve Trygg was appointed a member at the statutory Board meeting on 27 April 2022.

### E Risk and Capital Committee <sup>1)</sup>



**Synnöve Trygg** (Chairman)

Jane Lundgren Ericsson (member)  
Jan Sinclair (member)  
Wenche Martinussen (member)

The Risk and Capital Committee prepares matters concerning SBAB's treasury operations, matters related to risk and capital and the use of new financial instruments. The Committee also prepares issues for resolution by the Board of Directors concerning objectives, strategies and control documents within the areas of risk and capital. The Committee approves changes in the forward-looking assumptions in the financial reporting used to estimate credit losses. The Committee prepares the approval of new IRB models and significant changes to existing models. The Committee consists of at least three members (currently four) appointed by the Board. The Committee comprises the statutory Risk Committee of the SBAB Group. The Risk and Capital Committee held 12 meetings during the year.

<sup>1)</sup> Wenche Martinussen was appointed a member at the statutory Board meeting on 2 June 2022.

### F Remuneration Committee <sup>1)</sup>



**Inga-Lill Carlberg** (Chairman)

Lars Börjesson (member)  
Jenny Lahrin (member)  
Jan Sinclair (member)

The principal task of the Remuneration Committee is to prepare issues regarding principles for remuneration and other employment terms and conditions for senior executives for resolution by the Board. The Committee also prepares matters pertaining to SBAB's remuneration system and fit and proper assessments of Board members and senior executives ahead of Board decisions. The Committee follows up remuneration structures and remuneration levels within SBAB. The Remuneration Committee held seven meetings during the year.

<sup>1)</sup> Jenny Lahrin was appointed a member at the statutory Board meeting on 27 April 2022. Daniel Kristiansson stepped down from the Board in conjunction with the 2022 AGM. Jan Sinclair was appointed a member at the statutory Board meeting on 2 June 2022.

The Board also receives reports from SBAB's auditor regarding the reporting of completed audits, and financial reporting assessments and internal control. The CEO attends the meetings of the Board of Directors, and other SBAB officers may participate in a reporting role if necessary.

### **G** CEO and Executive Management

The Board has formulated instructions for the CEO's work. The CEO is responsible for the ongoing management of the operations in accordance with guidelines, established policies and instructions issued by the Board. The CEO reports to the Board. Executive Management provides the CEO with support in exercising operational management of SBAB. SBAB's Board appointed Mikael Inglander as CEO of the bank on 10 May 2022. He had previously been appointed acting CEO on 8 November 2021. The Executive Management comprises the following functions: Accounting & Treasury; Risk; Business Specialists; Data Science; HR; Business Area Private; Customer Experience; Tech; and Sustainability, Marketing and Communication. The CEO is responsible for the Business Area Corporates & Associations.

#### *The CEO's councils and committees*

The CEO has appointed a number of councils and committees within SBAB to support him in his work in the management of the operations. These are tasked with preparing issues for the CEO, either prior to his decisions or his recommendations on matters to be determined by the Board. These established councils and committees are primarily the Price Council, ALCO (Asset and Liability Committee) and the Credit Council. The Price Council prepares matters related to the pricing of SBAB's products, ALCO prepares issues related to the Group's financial operations, balance-sheet risks and capital issues, and the Credit Council prepares and has a certain scope to make decisions on matters connected to SBAB's credit operations and limits for the financial operations.

#### *Governance of sustainable enterprise*

Within SBAB, the Board is ultimately responsible for ensuring that proactive,

long-term efforts to achieve sustainable development are carried out within the company. The Board also adopts a strategy, objectives and a policy for sustainable enterprise. Furthermore, the Board monitors and assesses SBAB's sustainability efforts. Read more on page 189.

### **Remuneration of the Board of Directors and senior executives**

Information regarding the remuneration of the Board, the CEO and Executive Management is presented in Note **IC 5**. Guidelines for remuneration to senior executives are adopted by the AGM. The Board's proposed guidelines are prepared by the Remuneration Committee before the Board adopts the proposal for decision by the owner.

In addition to regulation by the Companies Act, the guidelines for the remuneration of senior executives follow the Guidelines for remuneration and other terms of employment for senior executives in state-owned enterprises.

### **Internal Governance and Control**

Internal control is important for ensuring that SBAB's operations are conducted in accordance with prevailing regulations, as well as ensuring that SBAB identifies, measures and controls relevant risks and has an efficient organisation and operational management, and reliable financial reporting. The Board and the CEO are ultimately responsible for ensuring good internal control and governance. The Board and the CEO of SBAB are assisted in this work by several functions. Key control functions in this regard are the Compliance, Risk and Internal Audit functions, which are described in further detail below. Other functions, including Accounting, Credit and Legal, support the Board and the CEO with regard to good internal governance and control. All managers in each area of responsibility are responsible for the activities they oversee being conducted with good internal governance and control.

### **H** Compliance

SBAB has a central Compliance function. The Compliance function's area of responsibility comprises rules on internal governance and control, customer pro-

tection and market conduct. Compliance is independent of the business operations and is directly subordinate to the CEO. Compliance provides advice and support to the operations on compliance matters, analyses compliance risks and monitors regulatory compliance in respect of operations requiring licences. Reporting occurs on an ongoing basis to the CEO and quarterly by means of a written report to the Board and the CEO. The scope and focus of the work of Compliance is established in an annual plan adopted by the CEO.

### **I** Risk

The SBAB Group has a central Risk department with overall responsibility for developing and ensuring that risk-taking strategies are conducted in accordance with the Board's intention, and that policies and processes facilitate relevant follow-up. Risk is responsible for the identification, quantification, analysis and reporting of all risks. The CRO is responsible for Risk. The CRO is directly subordinate to the CEO and reports to the Board and CEO of SBAB. Risk is to ensure that risk awareness and acceptance are sufficient to be able to manage risks on a daily basis. Risk also has a supportive role and works to ensure that the operations have the requisite procedures, systems and tools for daily management of risks, thereby ensuring that operations comply with the applicable laws and regulations in Risk's area of responsibility.

### **J** Internal Audit

Internal Audit at SBAB is an internal, independent review function pursuant to the Swedish FSA's regulations and general guidelines for governance, risk management and control in credit institutions. The function is directly subordinate to the Board. Internal Audit conducts its work according to best practices for internal audits, established by the International Professional Practices Framework (IPPF). One of Internal Audit's primary assignments is to review and evaluate internal governance and control as well as to create value and improvements within operations. Internal Audit's review work is carried out according to a plan annually decided by the Audit and Com-

pliance Committee and approved by the Board. The Head of Internal Audit reports orally and in writing to the Audit and Compliance Committee and the Board. The responsibilities, work assignments and work and reporting procedures of Internal Audit are determined by the policy decided annually by the Board.

#### **K External auditor**

The General Meeting appoints the auditor. SBAB's Audit and Compliance Committee evaluates the contribution of the auditor and assists the owner in preparing motions for the auditor. Officials at the Government Offices of Sweden monitor

all stages of the procurement process from tendering criteria to selection and evaluation. At the AGM, the owner appoints the auditor or the accounting firm that is commissioned to audit SBAB. Auditors must be authorised public accountants or an authorised accounting firm with an auditor-in-charge. As of 2011, SBAB's auditor is appointed annually in accordance with the Companies Act and the Articles of Association. From the 2016 AGM, Deloitte AB has been appointed as auditor, with Patrick Honeth as the auditor-in-charge. A more detailed presentation of the auditor and the fees and expenses paid to auditors is provided

in Note **IC 6**. The auditor examines the Annual Report, the consolidated financial statements and the accounting records, as well as the Board's and the CEO's administration of the company. In addition, the auditor reviews SBAB's interim reports and year-end reports and presents his findings to the Audit and Compliance Committee at regular meetings of the Committee, when the interim and year-end reports reviewed by the auditor are considered, and when the internal control review is reported to the Board. The auditor also reviews SBAB's Sustainability Report and the Communication on Progress (COP).

## Internal control of financial reporting

At SBAB, the internal control of financial reporting is primarily aimed at ensuring that an effective and reliable procedure for SBAB's financial reporting is in place, and that both internal and external reporting is correct and accurate. Internal control over financial reporting primarily comprises the following internal control components.

#### **The control environment**

The internal control of financial reporting uses SBAB's organisational structure, governance documents, process maps and valuations.

#### **Risk assessment**

Each unit within SBAB identifies, evaluates, manages and assesses its own risks. The analysis of risk levels in all operations, including financial reporting, is conducted on a regular basis and reported to the Executive Management, the CEO and the Board. Each year, a risk assessment is performed in the form of a self-evaluation of all business-support processes, including financial reporting, and is managed and reported using separate risk tools.

SBAB has an NPAP in place for the implementation of new or significantly altered products, services, markets, processes and IT systems as well as major operational and organisational changes at SBAB. The aim of the process is to evaluate any potential risks related to the change and to draw attention to any impact the change may have on capital.

#### **Control activities**

Business-support processes that provide data for the financial statements are charted and contain control activities in the form of descriptions of processes, reasonability assessments, reconciliations, attestations and performance analyses. Control activities for financial reporting include an internal set of rules, including accounting policies, planning and reporting procedures as well as identifying key control activities in operations.

SBAB's financial position and performance, target attainment and analysis of operations is reported on a monthly basis to both the Executive Management and the Board. The Board's Audit and Compliance Committee supervises the financial reporting as well as the management of internal control.

#### **Information and communication**

The Economy and Finance unit ensures that the instructions on accounting and financial reporting are updated, communicated and made available for the units that need them for their work. The instructions are also available on SBAB's intranet.

#### **Follow-up**

The Board's measures to follow up on the internal control of financial reporting include the Board's regular follow-up of SBAB's financial position and performance, etc., but also include the Board's review and follow-up on the auditor's review reports.



# Proposed appropriation of profits

SBAB Bank AB (publ) posted a net profit for the year after tax of SEK 533,067,817. According to SBAB's balance sheet, SEK 13,899,748,151 is at the disposal of the Annual General Meeting.

Fair value reserve	-151,824,962
Additional Tier 1 instruments	5,800,000,000
Retained earnings	7,718,505,296
Net profit for the year	533,067,817
<b>Total</b>	<b>13,899,748,151</b>

The Board proposes that the earnings be appropriated as follows (SEK):

A dividend distribution of SEK 42,500 per share, in total	832,277,500
To be carried forward	13,067,470,651
<b>Total</b>	<b>13,899,748,151</b>

The proposed dividend, which amounts to 40% of the Group's net profit for the year, has been proposed with consideration for the rules on buffer capital, risk limitation and transparency under the Banking and Financing Business Act. Unrealised changes in value on assets and liabilities measured at fair value had a net negative impact on equity for SBAB Bank AB (publ) of SEK 127 million. The applicable regulations on capital adequacy mean that the company's own funds at any given time are to correspond to not less than the total capital requirement, which encompasses Pillar 1 capital requirements, Pillar 2 capital requirements, buffer requirements and any Pillar 2 guidance. After the proposed appropriation of profits, own funds amounted to SEK 27,485 million (25,106) and the total capital requirement amounted to SEK 153,965 million (138,876). The items are specified in Note [RC 8](#).

In the Board's assessment, the proposed dividend is justified considering the requirements that the nature, scope and risks of the operations impose on the scale of equity in the Parent Company and the Group, as well as on the needs of the Parent Company and the Group in terms of consolidation, liquidity and position. Furthermore, the Board assesses that the Parent Company and the Group's financial position do not give rise to any assessment other than that the Parent Company and the Group are expected to fulfil its obligations in the short and long term.

From left: Jane Lundgren-Ericsson, Karin Neville, Margareta Naumburg, Leif Pagrotsky, Synnöve Trygg, Jan Sinclair, Lars Börjesson, Jenny Lahrin and Wenche Martinussen. (Not in the picture: Inga-Lill Carlberg)

# Board of Directors

Updated as of 31 December 2022

## → Jan Sinclair

### Chairman of the Board

Master of Business Administration and Economics. Born 1959. Year of election 2018.

**Board assignments:** Chairman of AB Sveriges Säkerställda Obligationer (publ), Chairman and Board member of Fastighets Aktiebolaget Victorhuset, Nilsson Energy AB and REH2 AB. Board member of STS Alpresor AB, Almi AB, Bipon AB, and Jan M.L. Sinclair AB.

**Other assignments:** German honorary consul, Industrial advisor (own business).

**Previous assignments:** CEO SEB A.G, Group Treasurer as well as other senior positions within SEB. Board assignments at the FCG Group.

## → Lars Börjesson

### Board Member

Master of Engineering. Born 1964. Year of election 2014.

**Board assignments:** Board member and Chairman of KGH Customs Service AB, KGH Global Consulting AB, KGH Digital AB and Atlantic Continental Holding AB, Board member of KGH Customs AB and Taggsvampen AB.

**Other assignments:** CEO and President of KGH Customs Service AB and CEO of KGH Digital AB, Atlantic Continental Holding AB and KGH Group AB as well as Chairman and Board member of Brf Viktoriahuset.

**Previous assignments:** CEO of Stena Technology, Director of Strategy and Business Development Stena Metall, Senior partner at Accenture, including Managing Director of Accenture Management Consulting Nordic.

## → Inga-Lill Carlberg

### Board Member

MSc in Economics, Stockholm School of Economics. Born 1962. Year of election 2019.

**Board assignments:** Chairman and Board member of Trill Impact Microfinance AB and Board member of Trill Impact AB, Trill Impact Executive Holding AB, Trill Impact GP S.ä.r.l. and Institute for Financial Research.

**Other assignments:** COO Trill Impact AB and CEO of Trill Impact Verwaltungs GmbH.

**Previous assignments:** Several leading positions within Nordea, Board Member of Tredje AP Fonden, Nordea Investment Funds and Mistra Sustainable Investments.

## → Jenny Lahrin

### Board Member

Master of Laws, Uppsala University. LLM, University of Amsterdam. EMBA Stockholm School of Economics Born 1971. Year of election in 2022.

**Board assignments:** Board member V.S. VisitSweden AB and AB Göta kanalbolag.

**Other assignments:** Investment Director, Government Offices of Sweden; Board member and Chairman of BRF Badhotellet i Saltsjöbaden.

**Previous assignments:** Board assignments at RISE Research Institutes of Sweden, Swedavia AB, SOS Alarm Sverige AB, General Counsel and member of the management group Veolia Transport Northern Europe AB.

## → Jane Lundgren Ericsson

### Board Member

Master of laws, University of Stockholm, LLM London. Born 1965. Year of election 2013.

**Board assignments:** Board member of AB Sveriges Säkerställda Obligationer (publ), Invett AB, Copperstone Resources AB (publ) and deputy Board member of Miskatonic Ventures Aktiebolag.

**Other assignments:** CEO Visma Finance AB, Chairman of Bagarmossen Kärrtorp Bollklubb (Chairman).

**Previous assignments:** SEK Securities (CEO), Executive Director & Head of Lending at Svensk Exportkredit AB.

## → Wenche Martinussen

### Board Member

Master in Business and Marketing, Master of Management programme in E-commerce and Master of Management programme in Scenarios, Foresight and Strategy BI (Norwegian business school); INSEAD strategy programme. Born 1968. Year of election 2022.

**Board assignments:** Board member of Oslo Philanthropic Exchange.

**Other assignments:** Sales and Marketing Director, BI Norwegian Business School.

**Previous assignments:** Chairman of the Board Storebrand Finansiell rådgivning AS, Storebrand Fondene AS, The Norwegian Insurer Association. Communication positions within Nordea Bank AB. Several roles within digitalisation, IT development and operations at Storebrand/SPP. CCO Storebrand, CCO SATS Group ASA, COO Oslo Philanthropic Exchange.



### → Margareta Naumburg

**Board member, Employee representative (Confederation of Professional Associations)**

MSc in Economics, University of Linköping. Born 1964. Appointed: 2018 (appointed as deputy: 2017).

**Board assignments:** –

**Other assignments:** Compliance Officer at SBAB, Chairman of SACO's local club.

**Previous assignments:** Manager and specialist roles in internal audit, compliance, risk and finance in SBAB, Matteus Bank and Holmen AB. External auditor at Price Waterhouse

### → Karin Neville

**Board Member, Employee Representative (Financial Sector Union of Sweden)**

Degree in Real Estate, Royal Institute of Technology. Born 1987. Appointed: 2021.

**Board assignments:** –

**Other assignments:** Compliance Officer at SBAB, Vice Chairman of Financial Sector Union of Sweden's local club.

**Previous assignments:** Different roles within Customer Service and Risk at SBAB since 2009.

### → Leif Pagrotsky

**Board Member**

Bachelor's Degree in Philosophy, Pol. Mag., Degree in Economics, University of Gothenburg. Born 1951. Year of election 2020.

**Board assignments:** Board member and Chairman of Beckmans Skola AB, Husvärden L Larsson & Co AB, Vitartes Intea Holding AB and Smartilizer Scandinavia AB. Board member of YA Holding AB and Leif Pagrotsky AB.

**Other assignments:** Consulting assignments in Yrkesakademien AB.

**Previous assignments:** Minister: Minister of Trade and Industry, Minister for Nordic Cooperation, Minister of Education and Culture. State Secretary in the Ministry of Finance, Vice Chair of the Council of Riksbanken, Chairman of Business Sweden and Consul General of Sweden in New York City. Board assignments from Stockholms Fondbörs, AB Tipstjänst, AB Vin & Sprit, European Investment Bank (EIB) Luxembourg and Avanza Pension.

### → Synnöve Trygg

**Board Member**

Degree in Economics Stockholm University, Advanced Management Program Stockholm School of Economics. Born 1959. Year of election 2019.

**Board assignments:** Board member AB Sveriges Säkerställda Obligationer (publ), Board member and Vice Chairman of Volvofinans Bank AB and Board member of Precise Biometrics AB.

**Other assignments:** –

**Previous assignments:** CEO of SEB Kort AB, Eurocard AB and Diners Club Nordic AB. Board Member of Nordax Bank AB, Trygg Hansa AB, Mastercard Europe Board and Valitor Hf.

## Deputies

### Therese Sandberg

**Deputy, employee representative the Financial Sector Union of Sweden**

**Born:** 1990. **Appointed:** 2022.

**Board assignments:** –

**Other assignments:** Mortgage specialist SBAB, Vice Chairman of Financial Sector Union of Sweden's local club.

**Previous experience:** –

### David Larsson

**Deputy, employee representative (SACO)**

**Born:** 1976. **Appointed:** 2018

**Board assignments:** –

**Other assignments:** Account manager Business Area Corporates & Associations in SBAB, Vice Chairman of SACO's local club.

**Previous assignments:** Various roles at SBAB.



From left: Carl Olsson, Sara Davidgård, Kristina Tänneryd, Mikael Inglander, Marko Ivanic, Malou Sjörin, Johan Prom, Carina Eriksson, Robin Silfverhielm and Andras Valko.

# Executive Management

Updated as of 31 December 2022

## → Mikael Inglander

**CEO and Head of Corporate Clients & Tenant-Owners' Associations**

Master of Business Administration and Economics. Born 1963. Year of employment: 2014.

**Board assignments:** Board member of AB Sveriges Säkerställda Obligationer (publ) and Booli Search Technologies AB.

**Previous assignments:** CFO SBAB, CEO of Lindorff Sverige AB, Executive Vice President and CFO of Swedbank AB as well as other assignments, Regional Manager and Executive Vice President of FöreningsSparbanken AB, Board member of ICA Banken, OK-Q8 Bank AB, HansaBank Group AS, CEO of AB Sveriges Säkerställda Obligationer (publ) and others.

## → Sara Davidgård

**Chief Risk Officer (CRO)**

Master of Business Administration and Economics. Born 1974. Year of employment: 2017.

**Board assignments:** –

**Previous assignments:** Head of Business Specialists SBAB, acting Head of Business Area Company & Brf SBAB, acting Head of Business Area Private SBAB, COO at SBAB, Head of Risk Swedish Banking at Swedbank, Board member Sparia, Segment Manager at Swedbank, various management positions within Swedbank as well as other positions within Swedbank Robur.

## → Carina Eriksson

**Chief Human Resources Officer (CHRO)**

Master of Business Administration and Economics. Born 1965. Year of employment: 2015.

**Board assignments:** –

**Previous assignments:** Scandinavian HR Business Partner Lead for Trygg Hansa/Codan, Scandinavian HR Director for Personal Lines Trygg Hansa/Codan, HR Director Microsoft Sweden, Nordic COO for Deutsche Bank Nordic Equities and other roles within Debt Capital Markets at SEB and JP Bank.

## → Marko Ivanic

**Chief Technology Officer**

Born 1979. Year of employment: 2018.

**Board assignments:** –

**Previous assignments:** Head of IT Operations SBAB, Deputy CTO Nordnet and other management roles within IT at Nordnet

## → Carl Olsson

**acting Chief Financial Officer (CFO)**

Master of Business Administration and Economics. Born 1983. Year of employment: 2021.

**Board assignments:** –

**Previous assignments:** Director of Corporate Development & Strategy at Trustly, Strategy manager at SBAB, Business strategist SBAB, Strategy manager at Skandia, Management consultant at Bain & Company.

## → Johan Prom

**Head of Business Area Private**

Master of Financial Economics. Born 1972. Year of employment: 2021.

**Board assignments:** Board member of Watersprint AB, Publit Sweden AB, NoseOption AB, Johan Prom AB and Johan Prom Consulting and Investment AB.

**Previous assignments:** Board member of SBAB Bank AB (publ) and others, CEO of Avanza, several senior executive positions within the ICA group, management consultant at McKinsey & company and Boston Consulting Group.



### → Robin Silfverhielm

#### Chief Experience Officer (CXO)

Master of Engineering. Born 1973. Year of employment: 2019.

**Board assignments:** Chairman of Booli Search Technologies AB.

**Previous assignments:** CIO SBAB, CDO Skandia, Management Consultant Accenture, Project Manager OMX.

### → Malou Sjörin

#### Head of Sustainability, Marketing & Communication

Master of Business Administration and Economics. Born 1972. Year of employment: 2020.

**Board assignments:** –

**Previous assignments:** Senior Vice President Communication Trygg Hansa/Codan and SJ AB, Management Consultant Cap Gemini Ernst & Young.

### → Kristina Tänneryd

#### acting Head of Business Specialists

Born 1971. Year of employment: 2021.

**Board assignments:** –

**Previous assignments:** Chief Product Officer at Skandiabanken, Head of Group Payments and Cash Management at Swedbank, Nordic Chief Operating Officer at Alfred Berg Asset Management AB.

### → Andras Valko

#### Chief Data Science Officer (CDSO)

PhD Computer Science, MSc Engineering, BSc Economics. Born 1971. Year of employment: 2019.

**Board assignments:** –

**Previous assignments:** Head of Technology & Chief Architect, Ericsson Analytics and Assurance, Head of Customer Experience Management and Analytics at Ericsson, Head of Network Management Research at Ericsson.

## Auditors

### Patrick Honeth

Deloitte AB

Auditor-in-charge at SBAB since 2016.

# Income statement

SEK million	Note	GROUP		PARENT COMPANY	
		2022	2021	2022	2021
Interest income <sup>1)</sup>	IC 1	9,853	6,039	3,185	1,593
Interest expense	IC 1	-5,198	-1,925	-2,315	-1,000
<b>Net interest income</b>		<b>4,655</b>	<b>4,114</b>	<b>870</b>	<b>593</b>
Commission income	IC 2	91	101	96	106
Commission expense	IC 2	-79	-72	-44	-37
Net result of financial transactions	IC 3	-35	-71	57	-1
Other operating income	IC 4	49	50	1,330	1,299
<b>Total operating income</b>		<b>4,681</b>	<b>4,122</b>	<b>2,309</b>	<b>1,960</b>
Personnel costs	IC 5	-823	-786	-817	-774
Other expenses	IC 6	-530	-589	-594	-685
Depreciation, amortisation and impairment of PPE and intangible assets	IC 7	-176	-117	-26	-19
<b>Total expenses before credit losses and imposed fees</b>		<b>-1,529</b>	<b>-1,492</b>	<b>-1,437</b>	<b>-1,478</b>
<b>Profit before credit losses and imposed fees</b>		<b>3,152</b>	<b>2,630</b>	<b>872</b>	<b>482</b>
Net credit losses	IC 8	-68	11	-29	4
Imposed fees: Risk tax and resolution fee	IC 10	-445	-	-144	-
Impairment of financial assets		-	-	-9	-30
<b>Operating profit</b>		<b>2,639</b>	<b>2,641</b>	<b>690</b>	<b>456</b>
Tax	TX 1	-558	-560	-157	-110
<b>Net profit for the year</b>		<b>2,081</b>	<b>2,081</b>	<b>533</b>	<b>346</b>

<sup>1)</sup> Interest income on financial assets measured at amortised cost calculated using the effective-interest method amounted to SEK 8,882 million (6,359) for the Group and SEK 2,761 million (1,784) for the Parent Company.

# Statement of comprehensive income

SEK million	Note	GROUP		PARENT COMPANY	
		2022	2021	2022	2021
<b>Net profit for the year</b>		<b>2,081</b>	<b>2,081</b>	<b>533</b>	<b>346</b>
<b>Other comprehensive income</b>					
<i>Components that will be reclassified to profit or loss</i>	EQ 1				
Financial assets measured at FVTOCI		-133	-13	-133	-13
Changes related to cash-flow hedges, before tax		-9,505	-1,813	-266	-82
Tax attributable to components that will be reclassified to profit or loss		1,986	376	82	20
<i>Components that will not be reclassified to profit or loss</i>	EQ 1				
Revaluation effects of defined-benefit pension plans, before tax		119	60	-	-
Tax attributable to components that will not be reclassified to profit or loss		-25	-12	-	-
<b>Other comprehensive income, net of tax</b>		<b>-7,558</b>	<b>-1,402</b>	<b>-317</b>	<b>-75</b>
<b>Total comprehensive income for the year</b>		<b>-5,477</b>	<b>679</b>	<b>216</b>	<b>271</b>

## Comments to the consolidated income statement

### Operating profit and key metrics

Operating profit was essentially unchanged at SEK 2,639 million (2,641). The return on equity amounted to 10.5% (11.1) and the C/I ratio was 32.7% (36.2).

### Net interest income **IC 1**

Net interest income rose to SEK 4,655 million (4,114). During 2022, the resolution fee was moved from net interest income to imposed fees. Adjusted for the resolution fee, net interest income increased SEK 357 million, primarily due to an increased share of financing from deposits and higher deposit margins. Increased lending volumes had a positive impact on the item, while decreased lending margins for mortgages had a negative impact. The fee for the national deposit guarantee amounted to SEK 49 million (49).

### Net commission income **IC 2**

During the year, net commission income decreased to SEK 12 million (29), mainly driven by updated calculation models for amortised cost. Starting in the third quarter of 2022, corporate lending arrangement fees are now accrued over the maturity of the loan in net interest income.

### Net result of financial transactions **IC 3**

The net result of financial transactions was an expense of SEK 35 million (expense: 71). The difference was primarily due to the impact from the buyback of own debt.

### Expenses **IC 5 IC 6 IC 7**

Expenses grew to SEK 1,529 million (1,492), mainly driven by higher personnel costs and higher depreciation, amortisation and impairment costs for projects. The number of FTEs increased to 863 (839) during the period. The replacement of SBAB's core banking platform is ongoing. The new platform is being implemented gradually in separate phases. The remaining phases will be implemented in the beginning of 2023. Personnel costs amounted to SEK 823 million (786). Other expenses exclusive of depreciation, amortisation and impairment amounted to SEK 530 million (589). Depreciation, amortisation and impairment of PPE and intangible assets amounted to SEK 176 million (117).

### Credit losses **IC 8**

Net credit losses totalled SEK 68 million (recoveries: 11). The change between the periods was mainly attributable to updated macroeconomic projections for

the forward-looking information applied in the impairment model, increased provisions related to the disbursement of building credits, risk class migrations in credit stages 1 and 2 within the Private business area and market value indexing of the lending portfolio. Confirmed credit losses totalled SEK 7 million (13).

### Imposed fees

In 2022, a new line item was added in the income statement, imposed fees. Imposed fees includes Sweden's new risk tax as well as the resolution fee that was previously reported in net interest income. The risk tax will be levied at a rate of 0.05% of the credit institution's liabilities in 2022, and increase to 0.06% in 2023. Imposed fees totalled SEK 445 million (-) for 2022, of which the risk tax amounted to SEK 261 million (-) and the resolution fee to SEK 184 million (172).

### Taxes **TX 1**

Tax consists of income tax of 20.6% (20.6) of net profit for the year with an addition for tax adjustments and any adjustments of tax for previous years. The tax expense amounted to SEK 558 million (560) for the year.

### Other comprehensive income **EQ 1**

Other comprehensive income for the period amounted to a loss of SEK 7,558 million (loss: 1,402), primarily due to interest-rate-related value changes in derivatives due to rising EUR interest rates, which had a substantial negative impact on the item.<sup>1)</sup>

<sup>1)</sup> The Group's financial position and development is reflected primarily in the income statement and balance sheet. Moreover, the applied accounting policies give certain revaluation effects, among other effects, which are recognised in other comprehensive income. Other comprehensive income consists of items which are reported directly in equity.

Other comprehensive income includes changes in cash-flow hedges that consist of unrealised value changes from derivatives used for hedging cash flows in the Group's funding in foreign currencies. Underlying funding 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 long-term result is zero. The line item is normally affected positively by a decline in interest rates and negatively by a rise in interest rates.

Financial assets measured at FVTOCI consist of unrealised value changes in securities (classified according to certain principles) in the liquidity reserve. The line item is primarily affected by changes in credit spreads in bond holdings.

The item revaluation effects of defined-benefit pension plans includes actuarial gains and losses where changes in the discount rate is the assumption that has the strongest impact on the item.

### Parent Company

Operating profit grew to SEK 690 million (456). Net interest income grew to SEK 870 million (593), mainly due to a higher share of financing from deposits in combination with increased deposit margins. Net commission income decreased to SEK 52 million (69), mainly driven by updated calculation models for amortised cost. Starting in the third quarter of 2022, corporate lending arrangement fees are now accrued over the maturity of the loan in net interest income. The net result of financial transactions amounted to an income of SEK 57 million (expense: 1), mainly due to differences in value changes in hedging instruments and hedged items. Other operating income rose to SEK 1,330 million (1,299), and mainly comprised fees from SCBC for administrative services in line with the applicable outsourcing agreements. Expenses decreased to SEK 1,437 million (1,478), mainly as a result of higher costs for regulatory adaptations in the comparative period. Net credit losses totalled SEK 29 million (recoveries: 4).

### AB Sveriges Säkerställda Obligationer (publ), SCBC

SCBC is a wholly-owned subsidiary of SBAB whose primary operations comprise of the issuance of covered bonds to fund the lending of the SBAB Group. SCBC's operating profit for 2022 totalled SEK 1,978 million (2,119). Net interest income totalled SEK 3,787 million (3,522) and net commission amounted to an expense of SEK 34 million (expense: 35). The net result of financial transactions amounted to an expense of SEK 92 million (expense: 70). SCBC's total expenses amounted to SEK 1,344 million (1,305) for 2022. The majority of the expenses were attributable to costs for operations outsourced to SBAB. Net credit losses increased to SEK 39 million (recoveries: 7). SCBC's 2022 Annual Report is available at [www.sbab.se](http://www.sbab.se).

# Balance sheet

SEK million	Note	GROUP		PARENT COMPANY	
		2022	2021	2022	2021
<b>ASSETS</b>					
Cash and balances at central banks		3,534	10,100	3,534	10,100
Chargeable treasury bills, etc.	A 1	29,886	22,549	29,886	22,549
Lending to credit institutions	A 2	20,091	643	147,568	123,419
Lending to the public	A 3	509,492	467,041	25,754	24,974
Value changes of interest-rate-risk hedged items in macro hedges		-4,944	-563	-	-
Bonds and other interest-bearing securities	A 4	57,490	50,254	57,490	50,254
Derivatives	A 5	15,943	6,920	37,712	8,904
Shares and participations in associated companies and joint ventures	A 6	3	-	3	-
Shares and participations in Group companies	A 7	-	-	10,452	10,450
Deferred tax assets	TX 2	1,664	-	38	21
Intangible assets	A 8	438	460	14	21
Property, plant and equipment	A 9	249	274	49	57
Other assets	A 10	110	249	107	198
Prepaid expenses and accrued income	A 11	529	410	684	285
<b>TOTAL ASSETS</b>		<b>634,485</b>	<b>558,337</b>	<b>313,291</b>	<b>251,211</b>
<b>LIABILITIES AND EQUITY</b>					
<b>Liabilities</b>					
Liabilities to credit institutions	L 1	8,237	16,372	9,215	16,033
Deposits from the public	L 2	182,443	144,950	182,443	144,950
Issued debt securities, etc.	L 3	393,885	364,365	65,004	63,452
Derivatives	A 5	24,934	2,844	37,430	8,610
Other liabilities	L 4	781	532	484	278
Accrued expenses and deferred income	L 5	2,228	1,886	437	292
Deferred tax liabilities	TX 2	-	304	-	37
Provisions	L 6	31	143	31	11
Subordinated debt	L 7	1,997	1,996	1,997	1,996
<b>Total liabilities</b>		<b>614,536</b>	<b>533,392</b>	<b>297,041</b>	<b>235,659</b>
<b>Equity</b>					
Share capital	EQ 1	1,958	1,958	1,958	1,958
Statutory reserve		-	-	392	392
Reserves/Fair value reserve	EQ 1	-6,639	919	-152	165
Additional Tier 1 instruments	L 7	5,800	4,300	5,800	4,300
Retained earnings		16,749	15,687	7,719	8,391
Net profit for the year		2,081	2,081	533	346
<b>Total equity</b>		<b>19,949</b>	<b>24,945</b>	<b>16,250</b>	<b>15,552</b>
<b>TOTAL LIABILITIES AND EQUITY</b>		<b>634,485</b>	<b>558,337</b>	<b>313,291</b>	<b>251,211</b>



## Comments to the consolidated balance sheet

### ASSETS

#### Cash and balances at central banks

Cash and balances at central banks decreased to SEK 3.5 billion (10.1), attributable to lower surplus liquidity deposited with the Riksbank's RIX account.

#### Chargeable treasury bills **A 1**

During the year, chargeable treasury bills increased to SEK 29.9 billion (22.5), primarily due to an increase in surplus liquidity deposited with the Riksbank via commercial paper. Other changes were within the scope of the normal management of the liquidity reserve to maintain the desired duration and credit risk profile.

#### Lending to credit institutions **A 2**

Lending to credit institutions increased to SEK 20.1 billion (0.6). The increase was due to increased collateral provided in the form of CSAs for the Group's derivative positions. The collateral is primarily affected by changes in interest and exchange rates. The above changes were within the scope of the normal short-term liquidity management.

#### Lending to the public **A 3**

Lending to the public increased to SEK 509.5 billion (467.0), of which SEK 349.0 billion (334.9) comprised residential mortgages, SEK 2.1 billion (2.3) consumer loans, SEK 90.7 billion (68.7) lending to property companies and SEK 67.7 billion (61.1) lending to tenant-owners' associations.

→ Read more on pages 49–53

#### Bonds and other interest-bearing securities **A 4**

Bonds and other interest-bearing securities increased to SEK 57.5 billion (50.3) as per the end of the year. The change pertained primarily to new bond purchases within the scope of the normal liquidity reserve management.

### LIABILITIES AND EQUITY

#### Liabilities to credit institutions **L 1**

Liabilities to credit institutions decreased to SEK 8.2 billion (16.4), primarily driven by repayment of loans linked to the Riksbank's programme for onward lending to companies via the banks.

#### Deposits from the public **L 2**

Deposits from the public increased to SEK 182.4 billion (144.9). Of total deposits, SEK 140.6 billion (101.8) pertained to retail deposits and SEK 41.8 billion (43.2) deposits from corporate clients and tenant-owners' associations.

→ Read more on pages 54–55

#### Issued debt securities, etc. **L 3**

Issued debt securities outstanding increased to a total of SEK 393.9 billion (364.4), of which SEK 328.9 billion (300.9) comprised covered funding and SEK 65.0 billion (63.5) unsecured funding.

→ Read more on pages 54–55

#### Subordinated debt **L 7**

Subordinated debt totalled SEK 2.0 billion (2.0). The year saw no new issues, repurchases or maturities.

#### Equity **EQ 1 L 7**

Equity decreased to SEK 19.9 billion (24.9) during the year, primarily due to the development of the fair value reserve. Net profit/loss for the year and emissions of additional Tier 1 instruments (AT1) of SEK 1.5 billion positively impacted the item.

#### Parent Company

Lending to the public totalled SEK 25.8 billion (25.0).

Deposits from the public totalled SEK 182.4 billion (144.9).

#### AB Sveriges S akerst allda Obligationer (publ), SCBC

SCBC does not conduct any new lending itself but instead acquires loans from SBAB Bank, on an ongoing basis or as necessary. The aim of securing these loans is to include them, 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 2022, SCBC's lending amounted to SEK 483.7 billion (442.1). Information regarding SCBC's lending, the cover pool, is published monthly on the website [www.sbab.se](http://www.sbab.se). SCBC's 2022 Annual Report is available at [www.sbab.se](http://www.sbab.se).

# Statement of changes in equity

GROUP						
SEK million	Note	Share capital	Reserves/Fair value reserve	Additional Tier 1 instruments	Retained earnings and net profit for the year <sup>1)</sup>	Total equity
<b>Opening balance, 1 Jan 2022</b>		1,958	919	4,300	17,768	24,945
Additional Tier 1 instruments		-	-	1,500	-	1,500
Additional Tier 1 instruments, dividend		-	-	-	-187	-187
Dividend		-	-	-	-832	-832
Other comprehensive income, net of tax	EQ 1	-	-7,558	-	-	-7,558
Net profit for the year		-	-	-	2,081	2,081
<b>Comprehensive income for the year</b>		-	-7,558	-	2,081	-5,477
<b>Closing balance 31 Dec 2022</b>		1,958	-6,639	5,800	18,830	19,949
<b>Opening balance, 1 Jan 2021</b>		1,958	2,321	3,500	15,860	23,639
Additional Tier 1 instruments		-	-	800	-	800
Additional Tier 1 instruments, dividend		-	-	-	-173	-173
Dividend		-	-	-	-	-
Other comprehensive income, net of tax	EQ 1	-	-1,402	-	-	-1,402
Net profit for the year		-	-	-	2,081	2,081
<b>Comprehensive income for the year</b>		-	-1,402	-	2,081	679
<b>Closing balance, 31 Dec 2021</b>		1,958	919	4,300	17,768	24,945

<sup>1)</sup> Retained earnings includes the Parent Company's statutory reserve, which is not distributable.

PARENT COMPANY							
SEK million	Note	Restricted equity		Unrestricted equity			Total equity
		Share capital	Statutory reserve	Fair value reserve	Additional Tier 1 instruments	Retained earnings and net profit for the year	
<b>Opening balance, 1 Jan 2022</b>		1,958	392	165	4,300	8,737	15,552
Additional Tier 1 instruments		-	-	-	1,500	-	1,500
Additional Tier 1 instruments, dividend		-	-	-	-	-187	-187
Dividends paid		-	-	-	-	-832	-832
Other		-	-	-	-	1	1
Other comprehensive income, net of tax	EQ 1	-	-	-317	-	-	-317
Net profit for the year		-	-	-	-	533	533
<b>Comprehensive income for the year</b>		-	-	-317	-	533	216
<b>Closing balance 31 Dec 2022</b>		1,958	392	-152	5,800	8,252	16,250
<b>Opening balance, 1 Jan 2021</b>		1,958	392	241	3,500	8,564	14,655
Additional Tier 1 instruments		-	-	-	800	-	800
Additional Tier 1 instruments, dividend		-	-	-	-	-173	-173
Other comprehensive income, net of tax	EQ 1	-	-	-76	-	-	-76
Net profit for the year		-	-	-	-	346	346
<b>Comprehensive income for the year</b>		-	-	-76	-	346	270
<b>Closing balance, 31 Dec 2021</b>		1,958	392	165	4,300	8,737	15,552

# Cash-flow statement

SEK million	GROUP		PARENT COMPANY	
	2022	2021	2022	2021
Opening cash and cash equivalents	10,742	7,475	133,519	127,599
<b>OPERATING ACTIVITIES</b>				
Interest received	9,735	6,076	2,777	1,721
Commission received	89	85	81	106
Interest paid	-4,847	-1,810	-2,151	-1,026
Commission paid	-84	-99	-49	-63
Outflows to suppliers and employees	-1,797	-1,375	-1,556	-1,459
Taxes paid/refunded	-838	-782	-334	-278
Change in lending to the public	-42,519	-44,195	-818	-194
Change in chargeable treasury bills, etc.	-7,400	-11,792	-7,458	-11,734
Change in bonds and other interest-bearing securities and fund units	-9,827	7,285	-9,827	7,285
Change in liabilities to credit institutions	-8,135	-3,812	-6,819	-4,151
Change in deposits from the public	37,493	9,292	37,493	9,291
Change in issued debt securities, etc.	45,262	43,914	3,882	3,775
Change in other assets and liabilities	-4,807	-88	1,709	1,222
<b>Cash flow from operating activities</b>	<b>12,325</b>	<b>2,699</b>	<b>16,930</b>	<b>4,495</b>
<b>INVESTING ACTIVITIES</b>				
Sale of property plant and equipment	-	-	-	-13
Investments in PPE	-12	-36	-11	-35
Investments in intangible assets	-57	-130	0	0
Investments in subsidiaries	-	-31	-1	-46
Investments in joint ventures	-3	-	-3	-
Dividends received	-	-	-	-
Group contributions received	-	-	-	719
<b>Cash flow from investing activities</b>	<b>-72</b>	<b>-197</b>	<b>-15</b>	<b>625</b>
<b>FINANCING ACTIVITIES</b>				
Dividends paid	-832	-	-832	-
Repayment of subordinated debentures	-	-	-	-
Change in additional Tier 1 instruments	1,500	800	1,500	800
Repayment of lease liabilities	-38	-35	-	-
<b>Cash flow from financing activities</b>	<b>630</b>	<b>765</b>	<b>668</b>	<b>800</b>
<b>Increase/decrease in cash and cash equivalents</b>	<b>12,883</b>	<b>3,267</b>	<b>17,583</b>	<b>5,920</b>
<b>Closing cash and cash equivalents</b>	<b>23,625</b>	<b>10,742</b>	<b>151,102</b>	<b>133,519</b>

## Comments to the cash-flow statement

The cash-flow statement is reported in accordance with IAS 7, and cash and cash equivalents are defined as cash and balances at central banks as well as lending to credit institutions. Subordinated receivables (receivables from Group companies) are included in cash and cash equivalents for the Parent Company, and are recognised in the Parent Company's balance sheet under Lending to credit institutions.

cont. Cash-flow statement

## Change in liabilities attributable to financing activities

SEK million	GROUP											
	Opening balance, 1 Jan 2022	Cash flow	Non-cash items			Closing balance 31 Dec 2022	Opening balance, 1 Jan 2021	Cash flow	Non-cash items			Closing balance, 31 Dec 2021
			Fair value	Other					Fair value	Other		
Subordinated debt	1,996	-	-	1	1,997	1,995	-	0	1	1,996		
Lease liabilities	208	-38	-	22	192	69	-35	-	174	208		
Additional Tier 1 instruments	4,300	1,500	-	-	5,800	3,500	800	-	-	4,300		
<b>Total</b>	<b>6,504</b>	<b>1,462</b>	<b>-</b>	<b>23</b>	<b>7,989</b>	<b>5,564</b>	<b>765</b>	<b>0</b>	<b>175</b>	<b>6,504</b>		

SEK million	PARENT COMPANY											
	Opening balance, 1 Jan 2022	Cash flow	Non-cash items			Closing balance 31 Dec 2022	Opening balance, 1 Jan 2021	Cash flow	Non-cash items			Closing balance, 31 Dec 2021
			Fair value	Other					Fair value	Other		
Subordinated debt	1,996	-	-	1	1,997	1,995	-	0	1	1,996		
Additional Tier 1 instruments	4,300	1,500	-	-	5,800	3,500	800	-	-	4,300		
<b>Total</b>	<b>6,296</b>	<b>1,500</b>	<b>-</b>	<b>1</b>	<b>7,797</b>	<b>5,495</b>	<b>800</b>	<b>0</b>	<b>1</b>	<b>6,296</b>		

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## G:1 Accounting policies

SBAB Bank AB (publ), "SBAB," and its subsidiaries mainly conduct lending to consumers, tenant-owners' associations and companies in the Swedish residential mortgage market. SBAB's offering also includes savings products. SBAB is a Swedish public limited banking company domiciled in Solna, Sweden. The address of the Head Office is SBAB Bank AB (publ), Box 4209, SE-171 04 Solna, Sweden.

The Annual Report for SBAB has been prepared in accordance with the International Financial Reporting Standards (IFRS) as adopted by the EU. In addition to these accounting standards, Finansinspektionen's (the Swedish FSA) regulations and general guidelines on annual accounts for credit institutions and securities companies (FFFS 2008:25), the Swedish Annual Accounts Act for Credit Institutions and Securities Companies and the Swedish Financial Reporting Board's recommendation RFR 1 Supplementary Accounting Rules for Groups were taken into consideration.

The Annual Report has been prepared in accordance with the cost method, apart from the revaluation of derivatives, financial assets and liabilities measured at fair value through profit or loss (FVTPL), financial assets measured at fair value through other comprehensive income (FVTOCI) and hedge-accounted items.

On 22 March 2023, the Board of Directors approved the financial statements for publication and these await final adoption by the Annual General Meeting on 27 April 2023.

These financial statements have been prepared on a going concern basis. On 22 March 2023, the Board of Directors approved the financial statements for publication.

### Introduction of new and amended accounting standards, 2022

No new accounting standards effective as of 1 January 2022 have been added. Accounting policies and calculation methods are, with the exception of the below, unchanged compared with the annual report for 2021.

Previously, the resolution fee was reported under Net interest income. Since 1 January 2022, the Resolution fee has been reported under a new line item in the income statement, Imposed fees, where the Risk tax is also reported. The item Imposed fees is located after Net credit losses in the income statement.

SBAB uses an approximate calculation model for the amortised cost for Lending to the public. The approximate calculation model was refined in the third quarter of 2022, which means that arrangement fees are periodised over an estimated duration time for the loans in the item Net interest income. Previously, arrangement fees have been reported under Net commission.

During the year, SBAB acquired shares in a joint venture. Companies where SBAB together with one or more parties have a controlling influence are reported as joint ventures.

Joint ventures are reported according to the equity method. Profit shares in joint ventures are reported under Other operating income in the Income statement.

### Forthcoming amendments that enter force 2023 or later

#### Amendments to IAS 1 Presentation of Financial Statements (disclosures pertaining to accounting policies)

The amendments entail that the IAS 1 requirement for disclosure of significant accounting policies is replaced with a requirement for disclosure of material information about accounting policies. At the same time, the IASB's Practice Statement 2 Making Materiality Judgements is being updated with guidance and examples intended to illustrate the application of materiality criteria to disclosures about accounting policies.

While the change in wording may seem trivial, the objective is to achieve a real change in accounting practice toward better, more effective communication in the financial statements. Companies that apply IFRS will need to review which disclosures are made about accounting policies to ensure compliance with the changed requirement. Particular attention should be paid to disclosures that only summarise IFRS requirements.

The amendments will apply for financial years beginning on or after 1 January 2023. Early application is permitted. The changes have been endorsed by the EU. SBAB will analyse the impact of the amendment to IAS 1 regarding the disclosure of accounting policies.

#### Other amendments

Other coming amended accounting standards are assessed as having no or limited impact on the Group's accounting and financial statements.

### General accounting policies

#### Consolidated financial statements

The consolidated financial statements were prepared in accordance with the acquisition method and include the Parent Company SBAB and its subsidiaries. Entities qualify as subsidiaries if they are controlled by the Parent Company. A parent company is deemed to have control of a subsidiary when it not only controls the subsidiary and is exposed to, or is entitled to, variable returns from the subsidiary but when it can also affect the returns from the subsidiary by means of its influence. The companies are consolidated as of the date when the Parent Company assumes control of the subsidiary, and the consolidation ends when the Parent Company no longer exercises controlling influence over the subsidiary. Intra-Group transactions and receivables, and liabilities between Group companies are eliminated.

The cost of an acquisition consists of the fair value of any assets provided by way of remuneration and any arisen or assumed liabilities. Any unsettled consideration for a put option is valued at the present value of the redemption amount. Identifiable acquired assets and assumed liabilities and contingent liabilities are valued at fair value on the acquisition date. Any consideration transferred for corporate acquisitions that exceeds the fair value of identifiable acquired net assets is recognised as goodwill. Goodwill is distributed over cash-generating units (CGUs) or groups of CGUs, which are expected to benefit from the acquisition through synergies. The CGUs to which goodwill is distributed correspond to the lowest level within the Group where goodwill is followed up in the internal governance.

Transaction costs, with the exception of transaction costs related to the issue of equity or debt instruments, which arise through the acquisition are recognised directly in net profit/loss for the year. For acquisitions where a put option has been issued, the anticipated-acquisition method is applied, which means that the put option for the remaining shares is considered as acquired at the time of acquisition. Consequently, no minority holdings are recognised. The debt regarding the present value of the redemption price for a put option will thereby be included in the fair value of the total consideration.

#### Joint Ventures

Companies where SBAB together with one or more parties have a joint controlling influence are reported as joint ventures. Joint ventures are reported according to the equity method. This means that the investment is initially recognised at cost, and the carrying amount is increased or decreased to recognise SBAB's share of the profit or loss after the date of acquisition. The carrying amount of the investment is reduced for any dividends. Profit shares in joint ventures are reported under Other operating income in the Income statement.

### Financial instruments

#### Recognition in and derecognition from the balance sheet

Financial instruments are recognised when the company is involved with the instrument's contractual terms. Issued and acquired securities, including all derivatives, are recognised on the trade date, meaning the date on which the significant risks and rights are transferred between the parties. Other financial instruments are recognised on the settlement date.

A financial asset is derecognised from the balance sheet when the contractual rights to receive cash flows from the financial asset expire and the Group has transferred essentially all of the risks and rewards of ownership of the asset. A financial liability is derecognised from the balance sheet when it is extinguished, meaning when the obligation specified in the contract is fulfilled, cancelled or has expired.

#### Offsetting

Financial assets and financial liabilities are to be offset and recognised at net amounts only where the recognised amounts may legally be offset and the intention is to settle the items with a net amount or to simultaneously realise the asset and settle the liability.

#### Recognition of income and expense

Interest income and interest expense (including interest income from impaired receivables) are recognised using the effective-interest method. The

calculation of the effective interest rate includes all fees paid or received between the parties to the contract, including transaction costs.

Since transaction costs in the form of remuneration to business partners or issue expenses attributable to the acquisition of loans constitute part of the acquisition cost of the loan, these costs are recognised in the balance sheet and included in profit or loss using the effective-interest method via net interest income over the expected tenor of the loan.

IFRS 15 – Revenue from Contracts with Customers is applied for various types of services that are mainly recognised in profit or loss as Commission income. Revenue from lending is primarily recognised when the service is provided, in other words at a specific date. Other commission income and Other operating income are mainly recognised when these services are rendered, in other words, in a straight line over time. Commission expenses are included in profit or loss continuously in accordance with the contractual terms.

In the event of premature redemption of loans, the customer pays interest compensation intended to cover the cost that arises for SBAB. This compensation is recognised as income directly under the heading “Net result of financial transactions.” Other items under this heading are described in the “Classification” section.

#### Classification

All financial instruments covered by IFRS 9 are classified pursuant to this standard in the following categories:

- Financial assets measured at amortised cost
- Financial assets measured at FVTOCI
- Financial assets measured at FVTPL
- Financial liabilities measured at FVTPL
- Financial liabilities measured at amortised cost

The instruments in the respective categories are valued in the following reporting, and where applicable, together with the required adjustments under the hedge accounting rules.

#### *Financial assets measured at amortised cost*

Assets in this category are recognised at cost, defined as fair value plus transaction costs, on the acquisition date and thereafter at amortised cost after application of the effective-interest method.

This category consists of assets that are held within the framework of a business model where the objective is to hold financial assets in order to collect contractual cash flows solely comprised of capital and interest. The assets in this category encompass lending, interest-bearing securities and other assets that meet the above terms.

Impairment losses are recognised in profit or loss under “Impairment of financial assets” for securities and under “Net credit losses” for other assets, while the effective interest rate is recognised as interest income. Refer also to the “Credit losses and impairment of financial assets” section.

Realised gains or losses from the sale of assets are recognised directly in profit or loss under “Net result of financial transactions.”

#### *Financial assets measured at FVTOCI*

Assets in this category are recognised on the acquisition date at fair value plus transaction costs, and thereafter at fair value in the balance sheet, with unrealised changes in value recognised as a component of other comprehensive income and accumulated in a separate reserve (the fair value reserve) in equity.

This category consists of assets that are held within the framework of a business model where the objective is to hold or sell these assets in order to collect contractual cash flows solely comprised of capital and interest. The category consists of interest-bearing securities.

The assets are subject to ongoing impairment testing. Refer also to the “Credit losses and impairment of financial assets” section. Impairments are recognised in profit or loss under “Net result of financial transactions” and as a change in the fair value reserve in equity via other comprehensive income.

Changes in fair value are transferred from other comprehensive income to the net result of financial transactions in profit or loss when the asset has been realised or an impairment is recognised. (Changes in value that are attributable to exchange rate changes are recognised in profit or loss).

#### *Financial assets measured at FVTPL*

On initial recognition, assets in this category are recognised at fair value, while related transaction costs are recognised in profit or loss.

Changes in fair value and realised gains or losses for these assets are recognised directly in profit or loss under the heading “Net expense from financial transactions,” while the effective interest rate is recognised as interest income.

The category encompasses interest-bearing securities that, on initial recognition, were identified as measured at FVTPL to eliminate inconsistencies in valuation and recognition, the so-called fair value option.

Furthermore, this category includes assets that do not meet the definitions for other valuation categories and, accordingly, are measured at FVTPL. (For example, assets classed as held for trading and assets with cash flows other than capital and interest on capital). At SBAB, these assets consist exclusively of derivatives.

#### *Financial liabilities measured at FVTPL*

On initial recognition, liabilities in this category are recognised at fair value, while related transaction costs are recognised in profit or loss.

The category is divided into financial liabilities held for trading and financial liabilities that Executive Management has designated as such upon initial recognition.

All of SBAB’s liabilities in this category consist of derivatives that are used to hedge financial risk and which have been defined as held for trading in the financial reporting.

Changes in fair value and realised gains or losses for these liabilities are recognised in profit or loss under “Net result of financial transactions,” while the effective interest rate is recognised as interest expense.

#### *Financial liabilities measured at amortised cost*

Financial liabilities that are not classified as “Financial liabilities measured at FVTPL” are initially recognised at fair value with an addition for transaction costs and are subsequently recognised at amortised cost using the effective-interest method. This category consists mainly of issued debt securities, deposits from the public and liabilities to credit institutions. Realised gains or losses from the buyback of own debt affects net profit for the year when incurred and are recognised under the heading “Net result of financial transactions,” while the effective interest rate is recognised as interest expense.

Liabilities to the owners of as yet unsettled shares and warrants in subsidiaries, for which put options have been issued, are classified as other financial liabilities and recognised under other liabilities. The amounts recognised are based on the amounts expected to be disbursed under the option agreements outstanding. The revaluation of the liability is recognised against retained earnings. For ownership details, refer to Note [A 6](#) and Note [A 7](#).

#### Repos

Repos are agreements where the parties have reached agreement on the sale and repurchase of a particular security at a pre-determined price. Securities that have been provided or received under these repo agreements are not derecognised from or not recognised in the balance sheet, respectively. Payments received are recognised in the balance sheet as liabilities to credit institutions and payments made are recognised as lending to credit institutions. The impact on profit or loss is attributable to the difference between sale and repurchase prices and is recognised as interest income or interest expense, respectively.

#### Fair value measurement

Fair value is defined as the price that would be received on the valuation date on the sale of an asset or the price that would be paid to transfer a liability in an orderly transaction between market participants.

Fair value measurement of financial instruments measured at fair value and traded in an active market is based on quoted prices (Level 1).

If the market for a financial instrument is not active, the fair value is established on the basis of generally accepted measurement methods (Level 2). As far as possible, calculations made in conjunction with measurement are based on observable market data. The main tools used are models based on discounted cash flows. In individual cases, the calculations may also be based on assumptions or estimates (Level 3).

#### Equity instruments

Issued debt securities with the financial nature of equity, as per the definitions in IAS 32, are recognised as additional Tier 1 capital under equity. Interest payments on these instruments are recognised as a deduction from equity at the time of payment.

#### Derivatives and hedge accounting

Derivatives are used primarily to manage interest-rate and currency risk in the Group’s assets and liabilities, and are recognised at fair value in the balance sheet.

For economic hedges where the risk of a significant fluctuation in profit or loss is the greatest and that meet the formal hedge accounting criteria, SBAB has chosen to apply hedge accounting for the hedging of interest-rate and currency risk. There are also other economic hedges for which hedge accounting is not applied. For hedge accounting, the carve-out version of IAS 39 is applied, as adopted by the EU.

#### Fair value hedging

In the case of fair value hedging, the derivative hedging instrument is measured at fair value at the same time as the hedged asset or liability is mea-



sured with an addition for accumulated changes in fair value attributable to the hedged risk associated with the hedged item. Changes in fair value are recognised directly in profit or loss under “Net result of financial transactions.” The effective interest rate of the hedge is recognised in net interest income.

If hedging relationships are terminated, the cumulative gains or losses are accrued in profit or loss, after adjustment of the carrying amount of the hedged item. The accrual extends over the remaining maturity of the hedged item. Both the accrual and the realised gain or loss arising from premature closure of a hedging instrument are recognised in profit or loss under “Net result of financial transactions.”

**Macro hedges**

In this type of hedging, derivatives are used at an aggregated level to hedge interest-rate risks. In the financial statements, derivatives designated as macro hedges are treated in the same way as other fair-value hedging instruments.

In fair-value hedging of portfolios of assets, the gain or loss attributable to the hedged risk is recognised under “Value changes of interest-rate-risk hedged items in macro hedges” in the balance sheet. The hedged item is a portfolio of lending transactions based on the next contractual renewal date. The hedging instrument used is a portfolio of interest-rate swaps grouped in accordance with renewal intervals based on conditions in the fixed leg of the swap.

**Cash-flow hedges**

In the case of cash-flow hedges, the hedging instrument (the derivative) is valued at fair value. The effective part of the total change in value is reported as a component in other comprehensive income and accumulated in a separate reserve (hedge reserve) in equity. The accumulated amount is reversed in the income statement in periods where the hedged item affects the profit or loss. The ineffective part of the derivative’s change in value is transferred to the income statement under “Net result of financial transactions,” where the realised gain or loss arising at the end of the hedging relationship is recognised. The effective interest-rate of the derivative is recognised in net interest income.

**Credit losses and impairment of financial assets**

Changes in expected credit losses (ECL) during the year, together with deductions for guarantees expected to be utilised or that have been utilised plus any recoveries, are recognised as credit losses in the income statement. The term “confirmed credit losses” refers to losses where the amounts are definite or established with a high level of probability and have thus been derecognised from the balance sheet.

**Impairment – expected credit losses (ECL)**

The recognition of a loss allowance on the balance sheet depends on the classification of the exposure under IFRS 9 and its cash flow characteristics:

- For financial assets measured at amortised cost, the loss allowance is recognised as a deductible item together with the asset.
- For financial assets measured at FVTOCI, the loss allowance is recognised in equity.
- For exposures that are not recognised in the balance sheet (for example, loan commitments and building credits), the loss allowance is recognised as a provision under liabilities in the balance sheet.

**ECL for lending portfolio**

Under IFRS 9, following initial recognition, financial assets in lending operations are divided into three stages according to their relative credit risk:

	←.....Change in credit risk.....→		
	Stage 1	Stage 2	Stage 3
<b>Timing</b>	From initial recognition	On a significant increase in credit risk following initial recognition	On default
<b>Loss allowance</b>	12-month ECL	Lifetime ECL	Lifetime ECL
<b>Interest income</b>	Based on gross carrying amount	Based on gross carrying amount	Based on net carrying amount

Depending on the credit stage, the loss allowance is determined by calculating the ECL for the next 12-month period or the remaining expected lifetime. Loans can migrate between stages from one balance-sheet date to another. This is decided based on changes in credit risk compared with initial recognition. Interest income for loans in credit stage 3 are based on the net carrying

amount after deduction of the loss allowance, while interest income for the other credit stages is based on the gross carrying amount.

**Credit stage 1**

For loans where the credit risk has not increased significantly since initial recognition, the loss allowance will correspond to a 12-month ECL. Three risk parameters are taken into consideration when measuring ECL, Probability of default (PD), Loss given default (LGD), and exposure at default (EAD), where the product results in the ECL. To calculate the ECL, SBAB uses its credit risk models under the internal ratings-based approach (IRB) which are intended for capital adequacy purposes, but where appropriate adjustments have been made to ensure an accurate and point-in-time value of the ECL that reflects both the prevailing economic conditions as well as forward-looking information. The adjustments include the removal of margins of conservatism and through-the-cycle calibration of the risk parameter estimates through an economic cycle as stipulated in the Capital Requirements Regulation (CRR). This way, the ECL reflects the actual credit risk. Moreover, the effects of macroeconomic factors, which constitute the forward-looking information, are applied to the risk parameter estimates to capture variations of possible outcomes in ECL. The same procedure for adjusting the risk parameters from IRB is also applied in credit stage 2 and 3. For more information about credit risk models under the IRB framework, please refer to Note RC 1.

**Credit stage 2**

For loans where the credit risk has increased significantly since initial recognition, the loss allowance will correspond to a lifetime ECL. Assessments of whether a significant increase in credit risk has occurred is made on an individual and a collective basis for homogeneous credit risk groups, known as rating grades. Determination of the above is based on historical default rates for the respective rating grades and the forward-looking information in the form of projected macroeconomic factors that show a correlation to the bank’s default rates. SBAB assesses whether credit risk has increased significantly since initial recognition by measuring the deviations from an expected PD trajectory for the original rating grade. In addition to measurement of the change in PD, overdue payments by more than 30 days is also applied as a criterion for significant increase in credit risk. Due to the coronavirus pandemic, in 2020, the bank introduced a qualitative indicator for assessing a significant increase in credit risk relating to amortisation exemptions for consumer loans. Amortisation exempted consumer loans are automatically migrated to credit stage 2. No further qualitative indicators exist for the assessment of a significant increase in credit risk, given that qualitative factors are already taken into account when estimating PD in the Corporate Clients & Tenant-Owners’ Associations business area. Qualitative factors capture aspects of, among other things, maintenance needs and management of properties as well as financial stability of the borrowers. Furthermore, credit experts within this business area may also manually adjust the rating grade and hence the estimated PD if justified.

**Credit stage 3**

Credit impaired loans should also be assigned a loss allowance that corresponds to a lifetime ECL. The internal default definition is applied to determine whether a loan has suffered credit deterioration. SBAB deems a default to have occurred if any of the following criteria are met:

- The borrower has entered into liquidation, officially suspended payments or applied for a composition.
- The borrower has payments that are overdue by more than 90 days.
- The credit has been restructured and the borrower has been granted significant forbearance measures.
- The borrower is categorised as insolvent based on expert judgements for unlikelyness to pay.

**ECL for off-balance exposure**

For off-balance exposures, initial recognition is defined as the moment the bank enters into the irrevocable undertaking. The loss allowance is calculated in the same manner as for loans, but includes the application of a credit conversion factor (CCF). The CCF measures the proportion of the commitments that is expected to be converted into an on-balance exposure. In common with other risk parameters, the CCF is also used in the IRB approach for capital adequacy. Furthermore, appropriate adjustments have been made to adapt the estimate for ECL purposes where add-ons for conservatism have been removed.

**ECL for liquidity portfolio**

Under IFRS 9, ECL should also be measured for financial assets in the liquidity portfolio. ECLs are calculated for instruments measured at amortised cost and for assets measured at FVTOCI. The holdings in the liquidity portfolio solely comprise liquid, interest-bearing securities with high ratings, and where all of the securities are classified as investment grade. Since investment

grade is applied as an indicator to allow assessment as a low credit risk pursuant to IFRS 9, this entails that all securities are allocated to credit stage 1 as long as they meet these requirements. For this reason, SBAB conducts regular checks to ensure the securities are investment grade and has internal policies that require the liquidity portfolio to only include high quality assets. The loss allowance for the liquidity portfolio corresponds to a 12-month ECL. Since SBAB uses external ratings, any changes in ratings are captured when calculating ECL at the balance-sheet date.

#### Measuring significant increases in credit risk

To measure significant increases in credit risk, historical default rates have been analysed in terms of the PD trend over time given the original rating grades at initial recognition. The thresholds representing a significant increase in credit risk are determined through analysis of relative deviations from expected PD trajectory for each of the original rating grades. The thresholds encompass PD deviations that constitute the tenth percentile of yearly cohorts extending from the start of year 2000 and onwards. A significant increase in credit risk is considered to have taken place if the PD for a loan receivable in a given month exceeds the corresponding threshold. The loan then migrates to credit stage 2 and remains there for as long as its PD is above the threshold. The thresholds are calibrated with a statistical test using correlation coefficients where the PD levels are based on an optimisation to maximise the identification of future credit losses for non-credit-impaired loans (not belonging to stage 3). Migration from credit stage 2 to credit stage 1 is controlled exclusively by the PD threshold and the assumption of overdue payments by more than 30 days, as prescribed in IFRS 9. No probation period is applied for migrations back to stage 1. The bank has not deemed this necessary since PD is largely based on the borrower's payment history, which entails a certain time delay.

#### Forward-looking information

Forward-looking information is used to account for future cyclical fluctuations in the economy when calculating ECL and thus achieve an objective estimate that considers variations in the outcome. The forward-looking information comprises forecasts of macroeconomic factors that are highly significant for the Swedish housing market and that strongly correlate with default rates and credit losses in lending. The forward-looking information extends 36 months forward and is aligned with the forecast period applied in SBAB's Internal Capital and Liquidity Adequacy Assessment process (ICLAAP). Moreover, 36 months is considered to encompass the effective period of an economic downturn (or upturn). After 36 months, the bank assumes that the economy will swing back to the baseline as per the balance-sheet date, which will thereafter apply for the remaining time until maturity for the loans. The assumption has been assessed as reasonable since loans have relatively limited expected maturities – less than ten years – and the occurrence of several consecutive major economic fluctuations over the remaining maturity is deemed unlikely.

The repo rate and unemployment are both factors with correlations to PD and default rates in the Swedish housing market. Changes in the repo rate will indirectly affect borrowers' interest expenses, while changes in employment will directly impact their capacity to pay. To measure the effect on PD, a linear regression has been used, where the changes in the two macroeconomic factors explain the changes in the bank's default rates. For LGD, housing prices have been used as macroeconomic factors to explain the changes in loss rates. As credit losses on secured lending are largely attributable to the loan-to-value (LTV) ratio and thereby to market values of collateral, a perfect correlation with the LGD is assumed to exist here. Therefore, a simple scaling of the LTV and indirectly LGD is carried out to reflect the effect of this factor. The forward-looking information should be viewed as an adjustment to the two risk parameters, PD and LGD, which impact both the allocation of credit stages and the level of the ECL. In the identification of the macroeconomic factors, separate correlations between these factors were analysed to secure reasonable scenarios.

With regards to EAD, cash flows are projected by the amortisation schedule. An early redemption factor has also been applied to take into account the expected remaining duration of the loan. The same macroeconomic factors and their effects are applied consistently for all exposure types in the bank's lending portfolio for all exposure types. Currently, four scenarios are modelled, in which relatively positive and negative forecasts of the above macroeconomic factors are evaluated. These scenarios are assessed to be sufficient to capture the range of possible outcomes in ECL based on prevailing economic conditions.

The final ECL is weighted according to the likelihood that SBAB will experience credit losses of the scale envisaged in the respective scenario. Internal

data of experienced default and credit loss rates, together with forward-looking information analysed through macroeconomic factors in various scenarios, ensures that SBAB obtains an objective and probability-weighted ECL pursuant to IFRS 9.

#### Decisions on forward-looking information and management overlays

The Chief Risk Officer (CRO), supported by the Chief Economist and credit risk experts, submits proposal for updates in the forward-looking information including likelihood for scenario weights based on expert-judgement. The proposal is presented to the Assets and Liabilities Committee (ALCO), which takes decision regarding the forecasts of macroeconomic factors and the weighting of ECL in respective scenario. The decision from ALCO also needs to be approved by relevant board members on the Risk and the Capital Committee.

In the event of larger shocks to the housing or financial markets, manual adjustment in form of management overlays of the ECL may be necessary. As for the forward-looking information, the proposal needs to be submitted to ALCO for decision which subsequently is to be approved by Risk and the Capital Committee. Management overlays may involve add-ons to both PD and LGD and should be managed in the same way as the forward-looking information. Where adjustments are to be made within geographical areas or certain product types that are particularly affected by the shocks, a manual allocation of ECL to affected loans may be necessary.

#### Time value of money

Under IFRS 9, the ECL for loans with variable interest rates should be discounted with the effective interest rate. All loans in SBAB's lending portfolio have variable interest rates with different maturities. The nominal interest rate of the loan, according to actual terms and conditions, has been used as an approximation of the effective interest rate. Since no arrangement fees are charged to borrowers and invoicing charges only arise to a limited extent, this is assessed to be a reasonable approximation.

#### Uncertainty in calculating ECL

The largest source of uncertainty in calculating the ECL is the forward-looking information. SBAB simulates ECL in several scenarios that are positive and negative in nature to capture the variation in the outcome for future credit losses. The macroeconomic factors impact the risk parameters PD and LGD and have in turn a significant impact on the final ECL. The estimate of the ECL varies depending on the choice of weights assigned to the forward-looking scenarios. For information about the scenarios applied at the closing period, scenario weighting and the variation in ECL that demonstrates the sensitivity of the forward-looking information, please refer to Note RC 1.

Another source of uncertainty is the thresholds for PD, which are used to measure a significant increase in credit risk. The thresholds have a direct impact on the size of the ECL. The following table presents how the lending exposure is allocated over the credit stages for various PD thresholds and the impact on ECL based on the current threshold, corresponding to deviations in PD at the tenth percentile.

#### Sensitivity analysis of PD thresholds

Allocation of EAD over credit stage and change in ECL	Percentile		
	20	10	5
Credit stage 1	89.0%	94.8%	97.9%
Credit stage 2	10.9%	5.2%	2.0%
Credit stage 3	0.1%	0.1%	0.1%
$\Delta$ ECL	+16.6%	-	-15.8%

#### Modification of financial assets

If the contractual cash flows from a loan are renegotiated or otherwise modified, SBAB assesses whether the change will result in a modification gain or loss and whether the amount is significant to the extent that the modification will lead to derecognition. The change is deemed material when the renegotiated terms and conditions imply that the net present value of cash flows differ more than 10% from the net present value according to the original terms and conditions. The 10% threshold for materiality is decided based on a qualitative assessment of what is considered a reasonable level. Moreover, this level corresponds to the materiality threshold in terms of the modification of debt instruments pursuant to IFRS 9. A significant modification that leads to derecognition, will lead to the loan receiving a new initial recognition and thus a new original rating grade. Amortisation exemptions will be classified as

modifications in the event they result in changes of the loans' terms and conditions. However, amortisation exemptions do not lead to any modification gains or losses as they do not affect the net present value of the loan.

#### Input data for calculating ECL

Most of the input data used in the calculation of ECL with regard to PD and LGD comes from the bank's central database that contains information about borrowers, loans and underlying collateral. Since the lending operations focus on housing finance with a very similar product offering, all loans are processed by SBAB in the same loan ledger.

In addition to the information in the database, external data such as financial statements and external payment behaviour is collected from credit reference agencies. Data from Statistics Sweden and the Riksbank is used to construct the macroeconomic factors to be applied in the forward-looking information.

#### Model changes for calculating ECL

Since the end of year 2021 and throughout 2022 a project has been ongoing in order to update and adapt the model for ECL to new developed credit risk models in the IRB framework. The new model for ECL has not yet been implemented because of delays in the approval of model applications at the Swedish FSA and consequently implementation of the new credit risk models under the IRB framework. Therefore, no changes in either methodology or estimates in the risk parameters have been made in the model for ECL during 2022.

In the validation of the model carried out at the end of 2022 some known deficiencies were identified regarding the components that measure a significant increase in credit risk and PD over lifetime and an overall adaptation to the new IRB system.

The abovementioned deficiencies as well as other areas of improvement have been addressed in the development of the new model for ECL. It is assessed that the updated model will only have a limited impact on the level of credit loss allowances.

The only changes in calculating ECL that have taken place in 2022 concern the forward-looking information that has been revised at the end of each quarter following updated macro-economic scenarios. For more information on the revision of the forward-looking information and the impact on the ECL, please refer to Note [RC 1](#).

## Other

#### Functional currency

Functional currency is the currency used in the primary economic environments in which the Group operates. The companies included in the Group are the Parent Company and subsidiaries. The Parent Company's functional currency and presentation currency is SEK. The Group's presentation currency is SEK.

#### Foreign currency translation of receivables and liabilities

Foreign currency transactions are recognised by applying the exchange rate on the transaction date, and foreign currency receivables and liabilities are translated using the closing-date rate. Foreign exchange gains or losses resulting from settlements of foreign currency transactions and from the translation of monetary assets and liabilities in foreign currency are recognised in profit or loss under "Net result of financial transactions."

#### Leases

Existing leases relate to normal leases for SBAB's operations and mainly concern office premises and office equipment. Current property leases (with the exception of short-term and smaller leases) are recognised under PPE (right-of-use assets) with a corresponding liability (lease liability) in the balance sheet.

The property leases pertain to premises and extend for a term of two to 12 years. Variable rental fees, such as electricity, water and heating are excepted from lease assets. Cash flows pertaining to property leases are classified as finance leases in accordance with IFRS 16. The lease payments are recognised in profit or loss as depreciation of the leased asset and as an interest expense on the lease liability. A lease liability and a right-of-use asset arise on entering into a lease contract.

The lease liability is initially recognised at the present value of remaining lease payments, discounted using the bank's incremental borrowing rate. The lease payments included in the measurement of the lease liability mainly comprise fixed payments and variable payments that depend on an index. On subsequent measurement of the lease liability, the carrying amount is increased with the interest expense and decreased by the lease payments made. Furthermore, the lease liability increases or decreases when tested or in the case of lease modifications.

The right-of-use asset is initially recognised at cost, which corresponds to the initial valuation of the lease liability and any prepaid lease payments. For subsequent measurement, the right-of-use asset is measured at cost less accumulated depreciation and any accumulated impairment losses; moreover it is also adjusted for any remeasurement of the lease liability.

The right-of-use asset is depreciated over the lease term. Right-of-use assets are included under the balance-sheet item Property, plant and equipment, and lease liabilities are included under the balance-sheet item Other liabilities. Short-term leases of less than 12 months, or leases of low-value assets (less than USD 5,000), are recognised as costs in a straight line over the lease term and, accordingly, are not included in lease liabilities or right-of-use assets.

#### Property, plant and equipment

Property, plant and equipment are recognised as assets in the balance sheet if it is probable that future financial benefits will flow to the entity and the cost of the item can be measured reliably. Property, plant and equipment are recognised at cost less any accumulated depreciation and impairment losses.

The present value of current property leases is measured pursuant to IFRS 16, where the lease cost, the lease duration and the discount rate form the most material parameters. SBAB uses the incremental borrowing rate as a discount rate, and it applies for the entire duration of the contract, including any indexing.

#### Depreciation of property, plant and equipment

The depreciable amount is calculated as the cost of the asset less its estimated residual value at the end of its useful life. The depreciable amount is allocated on a straight-line basis over the estimated useful life of the asset, and the depreciation charge for each period is recognised in profit or loss. This means that computer hardware is depreciated over four years and other equipment over five years. The residual value and useful life of an asset are assessed annually. At the start of the contract, the total present value of a property lease is depreciated over the period of the contract (straight-line depreciation).

#### Intangible assets

Investments in acquired computer software or software developed by SBAB are recognised at cost after accumulated amortisation and impairment losses have been deducted. Costs for the maintenance of software are expensed as they arise. Development expenditure that is directly attributable to the development and testing of identifiable and unique software products controlled by the Group is recognised as an intangible asset when the following criteria are fulfilled:

- It is technically possible to complete the software so that it can be used;
- The company intends to complete the software product and use it;
- It can be demonstrated how the software will generate probable future financial benefits; and that adequate technical, financial and other resources for completing the development and for using the software are available; and
- The expenditure attributable to the software product during its development can be reliably measured.

Other development expenditure that does not fulfil these criteria is expensed as it arises. Development expenditure that has previously been expensed may not be recognised as an asset in a later period.

Additional expenses for capitalised intangible assets are recognised as assets in the balance sheet only in cases where they increase the future financial benefits of the specific asset to which they are attributable. All other costs are expensed as they arise. Development expenditure is capitalised only in the consolidated financial statements.

On the acquisition of a subsidiary, its identifiable assets, liabilities and contingent liabilities are measured at fair value on the acquisition date. The portion of the acquisition cost that exceeds the fair value of the net identifiable assets is recognised as goodwill. Goodwill is allocated to the CGUs and tested not less than once each year for impairment.

#### Amortisation of intangible fixed assets

Amortisation is allocated on a straight-line basis over the useful life of the asset. The assets are assessed as having useful lives of four or five years. The amortisation period and amortisation method for intangible fixed assets are reviewed at each financial year-end.

**Impairment of non-financial assets**

The recoverable amount of an asset is measured when there is any indication that an asset may be impaired. Development work not yet available for use is tested annually for impairment irrespective of whether there is any indication of impairment. An asset is impaired when its carrying amount exceeds its recoverable amount. The impairment loss for each period is charged against net profit/loss for the period.

Impairment of goodwill is recognised when a CGU (group of CGUs) carrying amount exceeds its recoverable amount. An impairment is recognised as an expense in net profit for the year. When a need for impairment is identified for a CGU (group of CGUs), the impairment amount is primarily allocated to goodwill. Thereafter, proportional impairment is applied to the other assets in the CGU (group of CGUs). Goodwill impairment is never reversed.

The impairment amount is the higher of fair value less costs to sell and value in use. When calculating the value in use, future cash flows are discounted using a discounting factor that takes into account risk-free interest and the risks associated with the asset in question.

**Tax**

Total tax consists of current tax and deferred tax. Current tax comprises tax that is to be paid or received for taxable earnings during the current year and adjustments of current tax for previous years. Accordingly, for items recognised in profit or loss, the related tax effects are also recognised in profit or loss.

The tax effects of items recognised in other comprehensive income or directly in equity are recognised in other comprehensive income or directly in equity.

Deferred tax assets and tax liabilities are measured according to the balance sheet method on the basis of temporary differences that arise between the carrying amount and the tax base of an asset or liability. Deferred tax assets are recognised for unutilised tax losses to the extent that it is probable that the carry-forwards can be used to offset future taxable profit. Deferred tax is calculated in accordance with the tax rate applicable at the time of taxation.

**Cash and cash equivalents**

Cash and cash equivalents are defined as cash and balances at central banks, and lending to credit institutions.

**Pensions**

The Group has both defined-contribution and defined-benefit pension plans. For the defined-contribution pension plans, fixed fees are paid to an independent unit, following which no additional obligations arise. Pension costs for defined-contribution plans are expensed on a continuous basis in pace with vesting by the individual employee.

The Group's net obligation with regard to defined-benefit plans is calculated separately for each plan by estimating the future benefit that employees have earned through their service in current and prior periods, with that benefit being discounted to its present value. The present value of the defined-benefit obligation is determined by discounting the estimated future cash flows applying the interest rate for mortgage bonds in SEK with maturities comparable to those of the pension obligation in question. Changes or reductions in a defined-benefit plan are recognised on the earliest of the following dates: a) when the change or reduction in the plan occurs or b) when the company reports related restructuring costs and severance benefits. The changes/reductions are recognised directly in net profit for the year. The defined-benefit pension obligation is calculated annually by independent actuaries using the "projected unit credit method."

The provision recognised in the balance sheet for defined-benefit pension plans represents the present value of the defined-benefit obligation at the close of the reporting period less the fair value of the plan assets. The provision includes special employer's contributions. All of the components included in the period's cost for a defined-benefit plan are recognised in operating profit. This includes the return on plan assets, calculated applying the same discount rate used to calculate the present value of the obligation. Revaluation effects consist of actuarial gains and losses, including the difference between the actual return on plan assets and the total included in operating profit. All revaluation effects are recognised under "Reserves" in equity.

**Segment reporting**

An operating segment is a part of a business for which independent financial information is available, that conducts business operations from which income can be generated and expenses incurred and whose operating profits are regularly assessed by the company's chief operating decision maker as a basis for decisions regarding the allocation of resources to segments and an assessment of the segment's profit or loss. At SBAB, the CEO is the function that is responsible for allocating resources and assessing the profit or loss of the operating segment.

## Parent Company accounting policies

The Parent Company, SBAB Bank AB (publ), applies statutory IFRS, which means that this Annual Report has been prepared in compliance with IFRS subject to the additions and exceptions that ensue from the Swedish Financial Reporting Board's recommendation RFR 2 Accounting for Legal Entities, the Annual Accounts Act for Credit Institutions and Securities Companies and the Swedish FSA's regulations and general guidelines on annual accounts for credit institutions and securities companies (FFFS 2008:25).

### Differences compared with the Group

The main differences between the accounting policies of the Group and those of the Parent Company are shown below:

#### Presentation of the income statement and balance sheet

The Parent Company, as well as the Group, complies with the presentation standards for income statements and balance sheets stipulated in the Annual Accounts Act for Credit Institutions and Securities Companies. There is, however, a different presentation of equity. The Parent Company's statutory reserve is recognised in the Group as retained earnings, while the Parent Company's Fair value reserve is included in the Group's Reserves.

#### Intangible assets

Expenses attributable to proprietary software are recognised in the Parent Company as a cost in profit or loss.

#### Leases

Existing leases relate to normal leases for SBAB's operations and mainly concern office premises and office equipment. SBAB has chosen to apply IFRS 16 in the Group when there is no requirement to apply IFRS 16 to legal entities according to RFR 2.

#### Pensions

The Swedish Pension Obligations Vesting Act and regulations issued by the Swedish FSA contain rules requiring a different method of recognising defined-benefit pension plans compared with that stipulated in IAS 19. Application of the Swedish Pension Obligations Vesting Act is a prerequisite for tax deductibility of the pension payments. In view of this, RFR 2 states that the regulations of IAS 19 in terms of defined-benefit pension plans need not be applied by the legal entity.

#### Measurement in relation to the assumption of receivables

SBAB is the initial lender for all residential mortgages provided by the SBAB Group. Loan receivables, which meet the regulatory requirements for inclusion in the cover pool that provides security for the covered bonds issued by SCBC, are transferred on a daily basis from the Parent Company to the subsidiary, SCBC. The transfers are conducted at fair value.

#### Subsidiaries

Participations in subsidiaries are recognised in the Parent Company in accordance with the cost method.

#### Dividend

Dividends received from subsidiaries are recognised in profit or loss. Anticipated dividends from subsidiaries are recognised in cases where formal decisions have been taken in the subsidiary or where the Parent Company otherwise has full control over the decision-making process before it publishes its financial statements.

Dividends paid are recognised as a reduction of unrestricted equity following the passing of a resolution on dividends at the Annual General Meeting.

#### Group contributions

Group contributions received from subsidiaries are recognised in profit or loss, while Group contributions paid to subsidiaries by the Parent Company are recognised as increased participations in Group companies.

## Critical accounting estimates and judgements

### Critical assumptions

Preparing the annual accounts in compliance with statutory IFRS requires that Executive Management use estimates and judgements based on historical experience and assumptions that are considered to be reasonable and fair. No critical assumptions have been made over and above those that entail estimates. These estimates have a material impact on the carrying amounts of assets, liabilities and off-balance sheet exposures, as well as income and expenses presented in the Annual Report. Subsequently, the actual outcome may differ to some extent from the estimates made.

### Measurement of loan receivables

The transition to IFRS 9 entails basing the valuation of all loan receivables on the ECL. The ECL must either relate to a 12-month period or the remaining maturity of the receivable if a significant increase in credit risk has occurred. When estimating credit losses, previously observable data is used together with assumptions pertaining to macroeconomic trends. As with all estimates of future outcomes, ECL assessment is uncertain, not least in terms of loan receivables that show a significant increase in credit risk, which may lead to asset adjustments. Moreover, an individual expert assessment for credit impaired loan receivables is carried out where the risk of loss is imminent, which in itself gives rise to considerable uncertainty. Transfers of loan receivables within the Group are conducted at fair value.

For more information, see also the "Credit losses and impairment of financial assets" section.

### Financial instruments measured at fair value

The valuation is made based on observable market data, in part through the direct application of market prices, and in part through generally accepted measurement methods. Critical estimates and judgements in conjunction with fair value measurement are made in the choice of which valuation technique and market data to use. In both cases, judgements are made with regard to how the valuation techniques and market data used comprise a good estimate of the fair value.

### Recognition of defined-benefit pensions

Measurement of the Group's defined-benefit pension obligations is based on a number of actuarial and financial assumptions that have a material impact on carrying amounts.

SBAB uses the yield on mortgage bonds for discounting pension obligations since a functioning market for mortgage bonds exists in Sweden. The assumptions upon which the measurement is based, as well as a sensitivity analysis, are presented in Note L 6.

### Recognition of deferred tax assets

The recognition of deferred tax assets pertaining to deductible temporary differences or loss carry-forwards is based on management's assessment of the future likelihood of the company generating taxable profits corresponding to the basis for deferred tax assets.

### Impairment testing of goodwill

The value of recognised goodwill is tested at least once a year with regard to a potential need for impairment. This testing requires an assessment to be made of the value in use of the cash-generating unit to which the goodwill value is attributable. Furthermore, an assumption regarding expected future cash flows is required along with the establishment of a relevant discount rate for calculating the present cash flow value. The assessments conducted as of 31 December 2022 are described in Note A 8.

## G:2 Related party disclosures

SBAB Bank AB (publ) is a Swedish public limited company that is wholly owned by the Swedish state.

### Group companies

The Swedish Covered Bond Corporation (SCBC), Booli Technologies AB and Boappa AB are to be regarded as subsidiaries and recognised in accordance with the acquisition method, which entails the elimination of internal transactions at Group level. Transactions with related parties have taken place at market terms.

Group SEK million	SBAB		SCBC		BOOLI		BOAPPA	
	2022	2021	2022	2021	2022	2021	2022	2021
<b>Assets</b>								
Lending to credit institutions	128,457	122,789	-	-	-	-	-	-
Derivatives	21,769	2,120	12,556	5,766	-	-	-	-
Accrued income and prepaid expenses	375	14	-	-	1	1	0	-
Other assets	2	2	-	-	-	-	-	-
Shareholders' contribution paid	10	15	-	-	-	-	-	-
<b>Total</b>	<b>150,613</b>	<b>124,940</b>	<b>12,566</b>	<b>5,766</b>	<b>1</b>	<b>1</b>	<b>0</b>	<b>-</b>
<b>Liabilities and equity</b>								
Liabilities to credit institutions	-	-	128,457	122,789	-	-	-	-
Derivatives	12,556	5,766	21,769	2,120	-	-	-	-
Accrued expenses and deferred income	1	2	2	2	0	0	0	-
Other liabilities	-	-	375	14	-	-	-	-
Group contributions paid	-	-	30	30	-	-	-	-
Shareholders' contributions received	-	-	-	-	-	-	10	15
<b>Total</b>	<b>12,557</b>	<b>5,768</b>	<b>150,633</b>	<b>124,955</b>	<b>0</b>	<b>0</b>	<b>10</b>	<b>15</b>

Group SEK million	SBAB		SCBC		BOOLI		BOAPPA	
	2022	2021	2022	2021	2022	2021	2022	2021
<b>Income and expenses</b>								
Interest income	1,158	1,223	175	1,038	-	-	-	-
Interest expense	-175	-1,038	-1,158	-1,223	-	-	-	-
Group contributions received	-	-	-	-	30	30	-	-
Commission income <sup>1)</sup>	24	29	-	-	-	-	-	-
Commission expense	-1	-1	-24	-29	-	-	-	-
Other operating income <sup>2, 3, 4)</sup>	1,327	1,292	-	-	4	3	0	0
Cost of premises <sup>4)</sup>	-	-	-	-	-	-	-1	-
Other administrative expenses	-	0	-1,327	-1,291	-1	-1	-1	-
Marketing <sup>3)</sup>	-2	-3	-	-	-	-	-	-

<sup>1)</sup> The Parent Company is compensated by the subsidiary SCBC for allowing SCBC to utilise a liquidity facility at the Parent Company, refer to Note IC 4

<sup>2)</sup> The Parent Company receives fees from its subsidiaries SCBC, Booli and Boappa for administrative services provided, refer to Note IC 6

<sup>3)</sup> Booli receives fees from the Parent Company for marketing and product development, refer to Note IC 6

<sup>3)</sup> Boappa receives fees from the Parent Company for marketing, which is reported under the item Other operating income in Boappa.

<sup>4)</sup> Booli receives fees from Boappa for the cost of premises.

## Loans to key personnel

SEK million	GROUP			
	2022		2021	
	Lending	Interest income	Lending	Interest income
CEO	-	-	-	-
Board of Directors	8	0	18	0
Other key senior executives	59	1	47	0
<b>Total</b>	<b>67</b>	<b>1</b>	<b>65</b>	<b>0</b>

The CEO and the Board of Directors refer to the Parent Company. Wherever relevant, the managing directors and boards of other Group companies are included under "Other key senior executives."

## Deposits from key personnel

SEK million	GROUP			
	2022		2021	
	Deposits	Interest expense	Deposits	Interest expense
CEO and other key senior executives	9	0	4	0
Board of Directors	5	0	3	0
<b>Total</b>	<b>14</b>	<b>0</b>	<b>7</b>	<b>0</b>

Lending to a member of the Board of SBAB Bank AB (publ) or to an employee who holds a senior position in the company does not take place on other terms than those SBAB Bank AB (publ) normally applies when granting credit. An employee holding a senior position, like other employees, is entitled to a benefit credit while a member of the Board is not entitled to a preferential credit. The ceiling for total capital debt on preferential terms is SEK 2,000,000 per household on the condition that the loan is within 85% of the property's LTV. On preferential loans of up to SEK 2,000,000, a 2-percentage point discount

is given against SBAB's current list rate. The preferential loan is taxable. The interest rate received after the discount must not be less than 0.25%.

Further disclosures pertaining to Board members and the Group Management are available in Note **IC 5** Personnel costs

**Other related parties**

Information on the Board and their Board assignments is presented in the Corporate Governance Report, refer to page 66.

## G:3 Proposed appropriation of profits

SBAB Bank AB (publ) posted a net profit for the year after tax of SEK 533,067,817. According to SBAB's balance sheet, SEK 13,899,748,151 is at the disposal of the Annual General Meeting.

Fair value reserve	-151,824,962
Additional Tier 1 instruments	5,800,000,000
Retained earnings	7,718,505,296
Net profit for the year	533,067,817
<b>Total</b>	<b>13,899,748,151</b>
<i>The Board proposes that the earnings be appropriated as follows (SEK):</i>	
A dividend distribution of SEK 42,500 per share, in total	832,277,500
To be carried forward	13,067,470,651
<b>Total</b>	<b>13,899,748,151</b>

The proposed dividend, which amounts to 40% of the Group's net profit for the year, has been proposed with consideration for the rules on buffer capital, risk limitation and transparency under the Banking and Financing Business Act. Unrealised changes in value on assets and liabilities measured at fair value had a net negative impact on equity for SBAB Bank AB (publ) of SEK 127 million. The applicable regulations on capital adequacy mean that the company's own funds at any given time are to correspond to not less than the total capital requirement, which encompasses Pillar 1 capital requirements, Pillar 2 capital requirements, buffer requirements and any Pillar 2 guidance. After the proposed appropriation of profits, own funds amounted to SEK 27,484 million (25,106) and the total capital requirement amounted to SEK 154,151 million (138,876). The items are specified in Note **RC 8**.

In the Board's assessment, the proposed dividend is justified considering the requirements that the nature, scope and risks of the operations impose on the scale of equity in the Parent Company and the Group, as well as on the needs of the Parent Company and the Group in terms of consolidation, liquidity and position. Furthermore, the Board assesses that the Parent Company and the Group's financial position do not give rise to any assessment other than that the Parent Company and the Group are expected to fulfil its obligations in the short and long term.

## G:4 Events after the balance-sheet date

### SBAB Upgraded By Standard & Poor's To 'A+/A-1'

Given the likely supportive resolution strategy for SBAB Bank AB (publ) ("SBAB") and its expanded subordinated recapitalization capacity, Standard & Poor's ("S&P") see a further reduced risk of the bank defaulting on obligations to senior preferred creditors in the unlikely event that the bank fails.

On 17 February 2023, S&P therefore raised the long-term issuer credit rating on SBAB to 'A+' from 'A', and affirmed the 'A-1' short-term rating. At the same time, S&P also raised the long-term resolution counterparty ratings to 'AA-/A-1+' from 'A+/A-1'. The stable outlook was confirmed.

### Approval from the Swedish FSA to use new PD models in IRB approaches

In December 2022, SBAB's application to use a new PD model for household exposure was approved by the Swedish FSA, and new PD models for corporate exposures followed suit in January 2023. The approvals from the Swedish FSA to apply the new PD models means a major step forward can be taken in the process to implement an upgraded IRB system. Developing SBAB's IRB models is part of the adaption to the work that the EBA has initiated with the aim of harmonising the banks' IRB systems used to calculate credit risk. The overall target is to have clearer requirements in place with robust capital requirements that are consistent and comparable between different banks.

### Changes in company management

As of January 1, 2023, Peter Svensén assumed the position as CFO and member of company management. On 1 January 2023, Carl Olsson resumed the role of Manager Business specialists and member of the company management, but because of Carl Olsson's parental leave from 1 January 2023, Kristina Tänneryd continues to hold the role of acting Head Business Specialist until then Carl Olsson is back in service. Per on January 1, 2023, Stefan Andersson assumed the position of Head of Business Area Company & Brf and member of the company management. As of February 7, 2023, Carina Eriksson left SBAB and her position as Chief Human Resource Officer (CHRO), on the same day, Kajsa Ekehult assumed the position as acting CHRO and member in company management.



## RC:1 Credit risk in lending operations

Credit risk in lending operations is defined as the risk that the customer is unable to fulfil its payment obligations. Credit risk is measured, in part, based on the customer's repayment capacity and, in part, through value changes in pledged collateral relative to the loan. Credit risk also arises in treasury operations, please refer to Note RC 2.

The first step in managing credit risk in lending operations is through a credit-granting process wherein the ability of customers to meet their interest and capital repayments is analysed. Loans are only granted to customers who are assessed to be able to make repayments when interest rates comfortably exceed the interest rate that was current at the time of the credit decision. Moreover, the credit risk is restricted by credit limits adopted for various customers or customer groups. SBAB applies a debt-to-income ratio ceiling<sup>1)</sup> for new retail loans of 5.5 with the aim of keeping down customers' debt levels. The internal credit risk framework is supplemented with a quantitative model for the measurement of credit risk when granting credit. The model assesses the probability of default (PD) and ranks customers according to repayment capacity. Loans are only granted to borrowers with a low credit risk and therefore assigned one of the better rating grades (see below). In conjunction with the measurement of credit risk when lending to corporate customers, i.e. corporates and tenant-owners' associations, systematic qualitative assessments are also conducted through a questionnaire as well as manual adjustments by credit experts. The qualitative assessments could potentially adjust the credit risk measurement of the customer. As a result, the estimated PD corresponding to a rating grade will be a balanced mix of the two methods. In this way a more tailored repayment capacity assessment can be carried out since different corporates and tenant-owners' associations can differ significantly. In the second step the credit risk is managed using an internal ratings-based approach (IRB). The IRB is used for capital adequacy as well as for the control and follow-up of the credit risk for new and existing customers in the lending portfolio. SBAB applies an advanced IRB (AIRB) for retail loans and loans to tenant-owners' associations. Foundation IRB (FIRB) is applied for loans to corporates as well as to larger tenant-owners' associations with a turnover more than EUR 50 million. The standardised approach is used for measuring credit risk from a capital adequacy perspective for consumer loans, as in unsecured loans.

IRB has been used since 2007 for assessing credit risk in lending operations for loans where a property deed or a tenant-owners' right is used as collateral. In 2015, SBAB also received permission to use IRB for excess exposures that are not fully covered by deeds, property financing using other collateral than directly pledged deeds, and building credits.

The credit risk models in the IRB framework deal with the following risk parameters:

- Probability of default by the customer – PD (Probability of Default)
- Share of loss in the event of default – LGD (Loss Given Default);
- The part of the off-balance sheet exposure that is expected to be converted to the balance sheet – CCF (Credit Conversion Factor);
- The expected exposure in the event of default – EAD (Exposure at Default); and
- The expected credit loss – EL, where EL is the product of PD multiplied by LGD and EAD.

The models in the IRB framework are validated annually and adjusted when needed. In 2022, the completed validations of the models did not lead to any changes. During the year the CCF model has been adapted to consider higher disbursement frequencies which have been observed the last couple of years. The implementation of the adjusted CCF model led to a limited impact on the risk exposure amount (REA). Given the entry into force of new regulatory requirements aimed at harmonising bank's PD and LGD estimates, SBAB submitted applications to the Swedish FSA for new PD and LGD models in the IRB framework in September 2021, both for retail and for corporate exposures. SBAB received permission from Swedish FSA in November 2022 and January 2023 to use the new PD models for retail and corporate exposures respectively. The new PD models will be implemented during 2023. The bank is still awaiting feedback on the applications for the new LGD models.

Customers are ranked according to credit risk based on the risk parameters PD, LGD and EAD, and expected and unexpected credit losses can be estimated. Unexpected credit losses are relevant for the capital adequacy purposes. In order to assess the repayment capacity, the borrower is assigned one of eight rating grades for retail and corporate exposures<sup>2)</sup>, of which the eighth grade comprises defaults. Trends for exposures in worse rating grades are monitored thoroughly and managed actively, when necessary, by credit experts in the bank's insolvency team. The expected credit loss EL under IRB differs from the expected credit loss ECL in the accounting that constitute the loss allowance and thus the credit loss provisions. The calculation of EL according to Pillar 1 under the Basel framework is regulated by the Capital Requirements Regulation (CRR)<sup>3)</sup>. According to CRR, the measurement of credit risk should be based on historical default rates and credit losses over a longer time period and must include economic downturn periods. For the calculation of ECL in accordance with IFRS 9, the measurement of credit risk must be based both on historical data but also on forward-looking information to predict the negative impact on future cash flows. For more information on impairment of financial assets, please refer to Note G 1. Total EL for SBAB's lending under the IRB approach amounted to SEK 211 million (178) at the end of 2022. Total ECL in accordance with IFRS 9, reduced for guarantees, amounted to SEK 192 million (135). For capital adequacy purposes, the IRB approach separates non-performing loans from other loans when calculating EL. A positive difference when EL exceeds ECL reduces the CET1 capital by the corresponding amount.

For loans granted by SBAB, adequate collateral must be provided. Adequate collateral primarily refers to property deeds for real estate or shares in tenant-owners' associations within a maximum of 75–85% of the market value. The 85% level only applies if collateral can be obtained with a primary lien and the borrower is assigned a better rating grade. The lower rating grades for retail customers (Retail – R) consist of the levels R1–R4, while the lower rating grades for corporate customers, (Corporate – C) consist of the levels C0–C3, and manually adjusted from C3 to C4). In other cases for lending to corporates and tenant-owners' associations, a loan-to-value<sup>4)</sup> (LTV) of 75% generally applies. In addition to collateral in the form of property deeds for real estate or tenant-owners' rights, it is possible to grant loans against, inter alia, collateral in the form of a government guarantee, municipal guarantee, securities, bank guarantees and deposits in a Swedish bank. A limited part of total lending, less than 1%, comprises consumer loans without any collateral, i.e. unsecured loans. For corporates and tenant-owners' associations, building credits are normally secured through notes of lien and guarantor commitments. SBAB normally requires a set percentage of sales to end customers before any disbursement is made. Disbursements continue according to payment plans in line with the progress of the building. SBAB has not repossessed any collateral to protect loans. Lending to the public accounts for 80% (84) of SBAB's total assets. The table below presents lending in relation to the market value of underlying collateral. As the majority of SBAB's lending has an LTV under 70%, the portfolio is assessed to be well-covered and its credit quality as very high.

<sup>1)</sup> Gross income before tax in relation to loan.

<sup>2)</sup> Retail exposures refer to residential mortgages to private individuals with collateral consisting of loans for houses, holiday homes and tenant-owners' rights, as well as property loans to tenant-owners' associations with a turnover of less than EUR 50 million. Corporate exposures refer to property loans to corporates, i.e. legal entities, as well as property loans to tenant-owners' associations with a turnover of more than EUR 50 million.

<sup>3)</sup> The CRR refers to Regulation (EU) No. 575/2013 of the European Parliament and of the Council on prudential requirements for credit institutions and investment firms.

<sup>4)</sup> The loan-to-value 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. SBAB verifies property values on a regular basis. For residential properties and tenant-owners' rights, the property value is verified at least every third year.

## Loan amounts broken down by LTV interval

SEK million	GROUP				SEK million	GROUP			
	2022					2021			
	Residen- tial mort- gages	Corporate Clients & Tenant- Owners' Associa- tions	Loans without formal collateral	Total		Residen- tial mort- gages	Corporate Clients & Tenant- Owners' Associa- tions	Loans without formal collateral	Total
<b>Lending to the public</b>					<b>Lending to the public</b>				
LTV <50%	109,231	66,309	-	175,540	LTV <50%	129,212	55,753	-	184,965
LTV 50-69%	121,916	53,112	-	175,028	LTV 50-69%	126,007	42,780	-	168,787
LTV >69%	117,705	25,359	-	143,064	LTV >69%	79,317	20,499	-	99,816
Unsecured	274	13,602	2,167	16,043	Unsecured	447	10,815	2,349	13,611
<b>Total</b>	<b>349,126</b>	<b>158,382</b>	<b>2,167</b>	<b>509,675</b>	<b>Total</b>	<b>334,983</b>	<b>129,847</b>	<b>2,349</b>	<b>467,179</b>
Off-balance-sheet items <sup>1)</sup>	37,098	10,167	60	47,325	Off-balance-sheet items <sup>1)</sup>	59,865	9,695	101	69,661

<sup>1)</sup> Off-balance-sheet items include loan commitments and building credits.

## ECL and forward-looking information

Factors	Scenario 1 (40%)			Scenario 2 (20%)			Scenario 3 (20%)			Scenario 4 (20%)		
	2023	2024	2025	2023	2024	2025	2023	2024	2025	2023	2024	2025
GDP <sup>1)</sup>	+1.2%	+2.2%	+2.8%	-0.4%	+0.8%	+2.6%	-3%	+4.4%	+3.6%	-4%	+0%	+2.8%
Repo rate (proxy STIBOR)	3%	2.4%	2.3%	3%	2.3%	2.1%	3.3%	2.8%	2.6%	3.9%	3.5%	3.2%
Unemployment	7.9%	8%	7.8%	8.3%	9.1%	8.9%	10.8%	10.8%	9.8%	8.7%	10.2%	10.6%
House prices, Δ	-3.9%	+1.8%	+4.2%	-5.2%	+1.7%	+5.1%	-13.3%	-3.9%	+4.2%	-19.1%	-15.2%	+0.3%
Prices of tenant-owners' rights, Δ	-3.2%	+3.7%	+5.7%	-4.4%	+3.9%	+6.7%	-12.2%	-3.9%	+5.7%	-19.3%	-12.4%	+1.3%
Property prices, Δ	0%	-1.7%	-2.5%	-0.9%	-2.2%	-1.8%	-6%	-9.8%	-4.9%	-9.9%	-18.7%	-11%
<b>ECL</b>	<b>SEK 151 million</b>			<b>SEK 157 million</b>			<b>SEK 219 million</b>			<b>SEK 394 million</b>		
<b>Weighted ECL <sup>2)</sup></b>	<b>SEK 214 million</b>											

<sup>1)</sup> Not included in the calculation of ECL but has been included in the table to illustrate the structure of the macroeconomic scenarios.

<sup>2)</sup> Of which, SEK 183 million was attributable to lending to the public and SEK 11 million to off-balance-sheet items linked to loan commitments and building credits.

## ECL and forward-looking information

Based on updated macroeconomic forecasts, SBAB has revised the forward-looking information on during each respective quarter in 2022. The forward-looking information is applied in the impairment model to calculate ECL. The updates to the macroeconomic projections in the first quarter are based on Russia's invasion of Ukraine and the resulting turmoil in the global economy. The updates in the consecutive three quarters are based on the persisting high inflation and hence rising interest rates as well as recorded falling prices for residential properties and tenant owners' rights in the Swedish housing market. Because of the realized price drops during the third and fourth quarter the projections of prices for residential properties and tenant owners' rights are now softer than earlier in the year. Despite the above, the bank believes that some uncertainty continues to apply for Sweden's housing market and for economic development in general. During the fourth quarter, revisions were therefore made to the scenario weighting in the forward-looking information, which reflect the likelihood of experiencing credit losses of corresponding magnitude, to temporarily limit the positive impact of updated macroeconomic forecasts. Accordingly, a weight of 5% was moved from scenario 3 to scenario 4.

The revision of the forward-looking information during the first and second quarter led to increased credit loss provisions of SEK 14 million and SEK 7 million respectively. The revision during the fourth quarter led to decreased credit loss provisions of SEK 16 million, while the revision conducted in the third quarter had a neutral effect.

Moreover, throughout the year an increased exposure and a slightly higher level of credit risk has been observed for building credits, which has contributed to an increase in credit loss provisions of SEK 15 million. The realized

price drops for residential properties and tenant owners' rights, which were recorded in August and October when the market values were re-indexed, has contributed to an increase in credit loss provisions of SEK 4 million and SEK 20 million respectively. Increased interest costs for retail customers have also resulted in increased credit loss provisions of SEK 17 million due to rating grade migrations. In November, new credit information from credit reference agency was loaded. The new credit information showed on an overall better credit risk but resulted in some inflow to stage 2 and thereby increased credit loss provisions of SEK 5 million.

On 31 December 2022, the loss provisions amounted to SEK 214 million, compared with SEK 149 million on 31 December 2021. The table above presents the forward-looking information consisting of four scenarios with forecasts of the macroeconomic factors and their corresponding weight used to calculate the ECL. In 2022, SBAB has closely followed the credit risk exposure in the lending portfolio due to both the macroeconomic developments and concerns on the Swedish housing market. The underlying credit risk models in the impairment model are largely based on customers' payment behaviour and market values of collateral have yet only showed on a limited increase in credit risk in spite of the heavy rise in interest rates and prices drops for residential properties and tenant owners' rights. The bank is comfortable with the size of the credit loss provisions, totalling SEK 214 million (149) on 31 December 2022.

No management overlays in the calculation of ECL has been deemed necessary during the year.

### Overall credit quality

The credit quality of SBAB's lending portfolio remains good and the risks entailed in the lending to private individuals within the business area Retail are low despite the prevailing circumstances. The bank's granting of loans to retail customers is based on a sound credit approval process that determines whether customers have the financial capacity required to meet their obligations. The Swedish FSA's annual mortgage market survey, with data from 2021, found that, overall, new residential mortgage customers continue to have healthy margins to cover repayment of their mortgages even in a worse economic climate. At the end of 2022, the average LTV in the mortgage portfolio was 59% (55) and the average mortgage amounted to SEK 1.9 million (1.8). At the end of the year, the LTV for new lending was 71% (68) and the debt-to-income ratio was 3.7 (3.9).

The credit quality of SBAB's lending to corporate customers which are represented by property companies, property developers and tenant-owners' associations is also good. The average LTV for property companies and tenant-owners' associations at the end of 2022 were 62% (63) and 33% (36) respectively. In the business area Corporate Clients & Tenant-Owners' Associations, the granting of loans is based on an assessment of customers' ability to generate stable cash flows over time and on whether adequate collateral can be provided. Due to the global economic development with high inflation resulting in rising interest rates, the bank has and is working proactively to identify customers who are or could become particularly financially affected. The bank is continuously identifying risks and need for measures for individual customers. Changed market situation can lead to increased credit risk. The bank has increased the frequency of follow-up of customers which are more dependent on market funding as well as customers with building credits, which can be particularly affected by increased interest rates and raised costs for building materials. Furthermore, there is a more frequent evaluation of exposures' rating grades by expert judgement. During the year only a few overrides of the rating grades have been made. No individual credit loss provisions within the business area have been deemed necessary during 2022.

### Climate risk aspects when measuring credit risk

The credit risk models used within the IRB framework and in the model and in the impairment model do not involve any risk factors which are directly linked to climate risks. On the other hand, there are risk factors that reflect realization of climate risks, such as LTV related to physical risks, as well as payment behaviour for repayment capacity related to transition risks. Furthermore, it is

possible to include macroeconomic forecasts specific to climate risks in the forward-looking information subject to the impairment model, something that is not yet deemed necessary. When additional climate data is identified and collected, the bank will re-evaluate relevant risk factors which reflect climate risk. These analyses will be carried out in the regular credit risk model reviews within both IRB and IFRS 9.

Since SBAB's business model is exclusively based on financing housing, flood risk and transition risk based on energy prices and investments within sustainability are identified as the two primary climate risks in the lending portfolio. During the year, the bank has implemented new disclosure requirements within ESG about collateral classification based on energy efficiency as well as the lending portfolio's sensitivity to potential impact of physical risks. Only a limited part of the portfolio is assessed to be sensitive to the physical impact of floods. Moreover, sensitivity analyses have also been carried out regarding stressed energy prices where potential impacts in PD and hence the customer repayment capabilities have been studied.

Due to the increased energy prices throughout 2022, an update of operating costs has been made in the left-to-live-on calculation for private individuals. Similar updates have been made to the operating costs used in the cash flow calculations for tenant-owners' associations and property companies. SBAB has not observed any impact on credit quality, credit risk exposures or customers repayment capability as a consequence of either physical climate risks or transition risks during the year.

### Lending to the public broken down by rating grade

As per 31 December 2022, SBAB's lending to the public amounted to SEK 509 billion (467). Every borrower is allocated to a rating grade. Borrowers in default are allocated to the rating grade C8 applicable to corporates and tenant-owners' associations or the rating grade R8 for private individuals. The rating grade C0 consists of loans to Swedish municipalities which receive a risk weight of 0%. Transaction costs attributable to loans brokered by business partners and arrangement fees for loans related to the Corporate Clients & Tenant-Owners' Associations business area have together reduced lending to the public by SEK 2 million. These have been distributed in the table on a pro rata basis.

		GROUP							
		2022							
TOTAL		Credit stage 1		Credit stage 2		Credit stage 3		Total	
SEK million		Gross lending	Provision	Gross lending	Provision	Gross lending	Provision	Gross lending	Provision
R0/C0		-	-	-	-	-	-	-	-
R1/C1		225,396	-4	0	0	0	0	225,396	-4
R2/C2		152,453	-9	1,641	-1	0	0	154,094	-10
R3/C3		71,359	-15	4,787	-3	0	0	76,146	-18
R4/C4		25,100	-20	10,247	-11	0	0	35,347	-31
R5/C5		4,150	-12	10,168	-29	1	0	14,319	-41
R6/C6		268	-2	2,699	-20	15	-1	2,982	-23
R7/C7		11	0	1,025	-26	122	-3	1,158	-29
R8/C8		0	0	0	0	233	-27	233	-27
<b>Total</b>		<b>478,737</b>	<b>-62</b>	<b>30,567</b>	<b>-90</b>	<b>371</b>	<b>-31</b>	<b>509,675</b>	<b>-183</b>
Guarantees <sup>1)</sup>		-	1	-	1	-	-	-	2
<b>Total</b>		<b>478,737</b>	<b>-61</b>	<b>30,567</b>	<b>-89</b>	<b>371</b>	<b>-31</b>	<b>509,675</b>	<b>-181</b>

		GROUP							
		2021							
TOTAL		Credit stage 1		Credit stage 2		Credit stage 3		Total	
SEK million		Gross lending	Provision	Gross lending	Provision	Gross lending	Provision	Gross lending	Provision
R0/C0		-	-	-	-	-	-	-	-
R1/C1		233,932	-3	1	0	0	0	233,933	-3
R2/C2		130,244	-5	379	0	0	0	130,623	-5
R3/C3		55,150	-12	2,082	-2	0	0	57,232	-14
R4/C4		22,544	-15	7,538	-7	0	0	30,082	-22
R5/C5		4,204	-9	8,051	-21	1	0	12,256	-30
R6/C6		179	-1	1,595	-10	0	0	1,774	-11
R7/C7		11	0	1,038	-22	19	-1	1,068	-23
R8/C8		0	0	0	0	211	-30	211	-30
<b>Total</b>		<b>446,264</b>	<b>-45</b>	<b>20,684</b>	<b>-62</b>	<b>231</b>	<b>-31</b>	<b>467,179</b>	<b>-138</b>
Guarantees <sup>1)</sup>		-	1	-	2	-	0	-	3
<b>Total</b>		<b>446,264</b>	<b>-44</b>	<b>20,684</b>	<b>-60</b>	<b>231</b>	<b>-31</b>	<b>467,179</b>	<b>-135</b>

<sup>1)</sup> Guarantees are included in the balance-sheet item "Prepaid expenses and accrued income."

		GROUP							
		2022							
RESIDENTIAL MORTGAGES		Credit stage 1		Credit stage 2		Credit stage 3		Total	
SEK million		Gross lending	Provision	Gross lending	Provision	Gross lending	Provision	Gross lending	Provision
R1		126,000	-2	0	0	0	0	126,000	-2
R2		110,202	-4	134	0	0	0	110,336	-4
R3		58,892	-10	1,586	-2	0	0	60,478	-12
R4		24,284	-19	9,743	-10	0	0	34,027	-29
R5		4,101	-11	9,938	-27	1	0	14,040	-38
R6		246	-2	2,645	-18	15	-1	2,906	-21
R7		11	0	1,003	-22	121	-3	1,135	-25
R8		0	0	0	0	204	-15	204	-15
<b>Total</b>		<b>323,736</b>	<b>-48</b>	<b>25,049</b>	<b>-79</b>	<b>341</b>	<b>-19</b>	<b>349,126</b>	<b>-146</b>
Guarantees <sup>1)</sup>		-	-	-	1	-	-	-	1
<b>Total</b>		<b>323,736</b>	<b>-48</b>	<b>25,049</b>	<b>-78</b>	<b>341</b>	<b>-19</b>	<b>349,126</b>	<b>-145</b>

		GROUP							
		2021							
RESIDENTIAL MORTGAGES		Credit stage 1		Credit stage 2		Credit stage 3		Total	
SEK million		Gross lending	Provision	Gross lending	Provision	Gross lending	Provision	Gross lending	Provision
R1		141,962	-2	0	0	0	0	141,962	-2
R2		100,173	-3	153	0	0	0	100,326	-3
R3		46,717	-8	1,415	-1	0	0	48,132	-9
R4		22,267	-14	7,422	-7	0	0	29,689	-21
R5		4,149	-9	7,875	-19	1	0	12,025	-28
R6		177	-1	1,576	-10	0	0	1,753	-11
R7		10	0	883	-18	19	-1	912	-19
R8		0	0	0	0	184	-17	184	-17
<b>Total</b>		<b>315,455</b>	<b>-37</b>	<b>19,324</b>	<b>-55</b>	<b>204</b>	<b>-18</b>	<b>334,983</b>	<b>-110</b>
Guarantees <sup>1)</sup>		-	0	-	2	-	0	-	2
<b>Total</b>		<b>315,455</b>	<b>-37</b>	<b>19,324</b>	<b>-53</b>	<b>204</b>	<b>-18</b>	<b>334,983</b>	<b>-108</b>

<sup>1)</sup> Guarantees are included in the balance-sheet item "Prepaid expenses and accrued income."

		GROUP							
		2022							
CORPORATE CLIENTS & TENANT-OWNERS' ASSOCIATIONS		Credit stage 1		Credit stage 2		Credit stage 3		Total	
SEK million		Gross lending	Provision	Gross lending	Provision	Gross lending	Provision	Gross lending	Provision
C0		-	-	-	-	-	-	-	-
C1		99,144	-2	0	0	0	0	99,144	-2
C2		41,730	-5	1,501	-1	0	0	43,231	-6
C3		11,768	-4	3,101	-1	0	0	14,869	-5
C4		610	0	382	0	0	0	992	0
C5		5	0	91	0	0	0	96	0
C6		19	0	12	0	0	0	31	0
C7		0	0	0	0	0	0	0	0
C8		0	0	0	0	19	-7	19	-7
<b>Total</b>		<b>153,276</b>	<b>-11</b>	<b>5,087</b>	<b>-2</b>	<b>19</b>	<b>-7</b>	<b>158,382</b>	<b>-20</b>
Guarantees <sup>1)</sup>		-	1	-	-	-	-	-	1
<b>Total</b>		<b>153,276</b>	<b>-10</b>	<b>5,087</b>	<b>-2</b>	<b>19</b>	<b>-7</b>	<b>158,382</b>	<b>-19</b>

		GROUP							
		2021							
CORPORATE CLIENTS & TENANT-OWNERS' ASSOCIATIONS		Credit stage 1		Credit stage 2		Credit stage 3		Total	
SEK million		Gross lending	Provision	Gross lending	Provision	Gross lending	Provision	Gross lending	Provision
C0		-	-	-	-	-	-	-	-
C1		91,220	-1	0	0	0	0	91,220	-1
C2		29,404	-2	221	0	0	0	29,625	-2
C3		7,994	-4	644	-1	0	0	8,638	-5
C4		86	0	23	0	0	0	109	0
C5		8	0	88	0	0	0	96	0
C6		0	0	0	0	0	0	0	0
C7		0	0	142	-2	0	0	142	-2
C8		0	0	0	0	17	-7	17	-7
<b>Total</b>		<b>128,712</b>	<b>-7</b>	<b>1,118</b>	<b>-3</b>	<b>17</b>	<b>-7</b>	<b>129,847</b>	<b>-17</b>
Guarantees <sup>1)</sup>		-	1	-	0	-	-	-	1
<b>Total</b>		<b>128,712</b>	<b>-6</b>	<b>1,118</b>	<b>-3</b>	<b>17</b>	<b>-7</b>	<b>129,847</b>	<b>-16</b>

<sup>1)</sup> Guarantees are included in the balance-sheet item "Prepaid expenses and accrued income."

CONSUMER LOANS	GROUP							
	2022							
	Credit stage 1		Credit stage 2		Credit stage 3		Total	
SEK million	Gross lending	Provision	Gross lending	Provision	Gross lending	Provision	Gross lending	Provision
R1	252	0	0	0	0	0	252	0
R2	521	0	6	0	0	0	527	0
R3	699	-1	100	0	0	0	799	-1
R4	206	-1	122	-1	0	0	328	-2
R5	44	-1	139	-2	0	0	183	-3
R6	3	0	42	-2	0	0	45	-2
R7	0	0	22	-4	1	0	23	-4
R8	0	0	0	0	10	-5	10	-5
<b>Total</b>	<b>1,725</b>	<b>-3</b>	<b>431</b>	<b>-9</b>	<b>11</b>	<b>-5</b>	<b>2,167</b>	<b>-17</b>
Guarantees <sup>1)</sup>	-	-	-	-	-	-	-	-
<b>Total</b>	<b>1,725</b>	<b>-3</b>	<b>431</b>	<b>-9</b>	<b>11</b>	<b>-5</b>	<b>2,167</b>	<b>-17</b>

CONSUMER LOANS	GROUP							
	2021							
	Credit stage 1		Credit stage 2		Credit stage 3		Total	
SEK million	Gross lending	Provision	Gross lending	Provision	Gross lending	Provision	Gross lending	Provision
R1	753	0	1	0	0	0	754	0
R2	666	0	5	0	0	0	671	0
R3	438	0	24	0	0	0	462	0
R4	191	-1	93	0	0	0	284	-1
R5	47	0	87	-1	0	0	134	-1
R6	2	0	19	-1	0	0	21	-1
R7	0	0	13	-2	0	0	13	-2
R8	0	0	0	0	10	-6	10	-6
<b>Total</b>	<b>2,097</b>	<b>-1</b>	<b>242</b>	<b>-4</b>	<b>10</b>	<b>-6</b>	<b>2,349</b>	<b>-11</b>
Guarantees <sup>1)</sup>	-	-	-	-	-	-	0	0
<b>Total</b>	<b>2,097</b>	<b>-1</b>	<b>242</b>	<b>-4</b>	<b>10</b>	<b>-6</b>	<b>2,349</b>	<b>-11</b>

<sup>1)</sup> Guarantees are included in the balance-sheet item "Prepaid expenses and accrued income."

#### Loans with unpaid amounts more than five days past due

The table describes loans with a past-due amount. All amounts are distributed by segment. Loans with past-due amounts in several time intervals are shown

in full in the oldest time interval. At year-end 2022, 99.9% (99.9) of lending had no past-due unpaid amounts and was not assessed as doubtful.

SEK million	GROUP							
	2022				2021			
	Residential mortgages	Corporate Clients & Tenant-Owners' Associations	Consumer loans	Total	Residential mortgages	Corporate Clients & Tenant-Owners' Associations	Consumer loans	Total
Past due 5-30 days <sup>1)</sup>	11	3	0	14	5	-	-	5
Past-due 31-60 days	276	-	5	281	59	-	4	63
Past-due 61-90 days	41	-	1	42	27	142	1	170
Past-due 91-180 days	54	-	3	57	24	-	2	26
Past due >180 days	45	-	4	49	47	-	3	50
<b>Total</b>	<b>427</b>	<b>3</b>	<b>13</b>	<b>443</b>	<b>162</b>	<b>142</b>	<b>10</b>	<b>314</b>

<sup>1)</sup> For the first time interval, amounts past-due by five days or less are not taken into consideration to ensure that the analysis is not distorted by payments delayed because the payment date is a holiday.

**Lending to the public**

The following tables present changes in gross lending and credit loss allowances during the period for the respective segment. A brief description of the reported items:

- Moved to credit stage – Movements between credit stages show opening balances for the period for migrated loans.
- Remeasurement of provision – Net changes of provisions for each credit stage. This includes changes due to movements between credit stages.

- New lending, net – New loans that have arisen in the reporting period. A new loan that becomes credit impaired during the reporting period will consequently be recognised under credit stage 3.
- Repayment and redemption – Loans that have been derecognised from the balance sheet during the period and which have not been written off, for example, confirmed credit losses.
- Write-offs due to confirmed credit losses – Confirmed credit losses during the reporting period.
- Other – Residual items.

TOTAL	GROUP							
	2022							
	Credit stage 1		Credit stage 2		Credit stage 3		Total	
SEK million	Gross lending	Provision	Gross lending	Provision	Gross lending	Provision	Gross lending	Provision
Opening balance	446,264	-45	20,684	-62	231	-31	467,179	-138
Moved to credit stage 1	12,269	-27	-12,233	26	-36	1	0	0
Moved to credit stage 2	-15,229	3	15,260	-5	-31	2	0	0
Moved to credit stage 3	-91	0	-199	3	290	-3	0	0
Remeasurement of provision	-398	35	67	-39	-8	-10	-339	-14
New lending, net <sup>1)</sup>	80,784	-29	12,039	-31	20	-1	92,843	-61
Purchases	-	-	-	-	-	-	-	-
Sales	-	-	-	-	-	-	-	-
Loan repayments	-1,391	-	-165	-	-1	-	-1,557	-
Redemption	-43,452	6	-4,886	11	-87	5	-48,425	22
Write-offs due to confirmed credit losses	0	0	0	0	-7	4	-7	4
Change in risk parameters during the period <sup>2)</sup>	0	-5	0	7	0	2	-	4
Change in model/method	-	-	-	-	-	-	-	-
Other	-19	-	-	-	-	-	-19	-
<b>Closing balance</b>	<b>478,737</b>	<b>-62</b>	<b>30,567</b>	<b>-90</b>	<b>371</b>	<b>-31</b>	<b>509,675</b>	<b>-183</b>

TOTAL	GROUP							
	2021							
	Credit stage 1		Credit stage 2		Credit stage 3		Total	
SEK million	Gross lending	Provision	Gross lending	Provision	Gross lending	Provision	Gross lending	Provision
Opening balance	403,531	-45	19,214	-73	241	-33	422,986	-151
Moved to credit stage 1	11,444	-29	-11,419	28	-25	1	0	0
Moved to credit stage 2	-9,548	3	9,578	-4	-30	1	0	0
Moved to credit stage 3	-52	0	-90	2	142	-2	0	0
Remeasurement of provision	1,680	34	-72	-14	-3	-8	1,605	12
New lending, net <sup>1)</sup>	86,353	-20	8,097	-18	2	0	94,452	-38
Purchases	0	-	-	-	-	-	0	0
Sales	-	-	-	-	-	-	0	0
Loan repayments	-953	0	-189	0	-2	0	-1,144	0
Redemption	-46,191	9	-4,435	13	-81	4	-50,707	26
Write-offs due to confirmed credit losses	0	0	0	0	-13	6	-13	6
Change in risk parameters during the period <sup>2)</sup>	-	3	-	4	-	0	0	7
Change in model/method	-	-	-	-	-	-	-	-
Other	0	0	0	0	-	-	0	0
<b>Closing balance</b>	<b>446,264</b>	<b>-45</b>	<b>20,684</b>	<b>-62</b>	<b>231</b>	<b>-31</b>	<b>467,179</b>	<b>-138</b>

<sup>1)</sup> Net amount is the loan's total amount less any internal transfers from other loans.

<sup>2)</sup> The change in risk parameters during the period also includes changes in forward-looking information.



GROUP									
2022									
RESIDENTIAL MORTGAGES	Credit stage 1		Credit stage 2		Credit stage 3		Total		
	Gross lending	Provision	Gross lending	Provision	Gross lending	Provision	Gross lending	Provision	
	SEK million								
Opening balance	315,455	-37	19,324	-55	204	-18	334,983	-110	
Moved to credit stage 1	11,572	-25	-11,536	24	-36	1	0	0	
Moved to credit stage 2	-12,379	3	12,408	-4	-29	1	0	0	
Moved to credit stage 3	-87	0	-190	3	277	-3	0	0	
Remeasurement of provision	-5,822	27	-310	-38	-4	-7	-6,136	-18	
New lending, net <sup>1)</sup>	46,887	-22	8,906	-27	18	-1	55,811	-50	
Purchases	-	-	-	-	-	-	-	-	
Sales	-	-	-	-	-	-	-	-	
Loan repayments	-827	-	-59	-	-1	-	-887	-	
Redemption	-31,060	6	-3,494	8	-85	4	-34,639	18	
Write-offs due to confirmed credit losses	0	0	0	0	-3	2	-3	2	
Change in risk parameters during the period <sup>2)</sup>	-	0	-	10	-	2	-	12	
Change in model/method	-	-	-	-	-	-	-	-	
Other	-3	-	-	-	-	-	-3	-	
<b>Closing balance</b>	<b>323,736</b>	<b>-48</b>	<b>25,049</b>	<b>-79</b>	<b>341</b>	<b>-19</b>	<b>349,126</b>	<b>-146</b>	

GROUP									
2021									
RESIDENTIAL MORTGAGES	Credit stage 1		Credit stage 2		Credit stage 3		Total		
	Gross lending	Provision	Gross lending	Provision	Gross lending	Provision	Gross lending	Provision	
	SEK million								
Opening balance	293,504	-38	17,224	-65	210	-19	310,938	-122	
Moved to credit stage 1	9,994	-27	-9,970	26	-24	1	0	0	
Moved to credit stage 2	-8,646	2	8,674	-3	-28	1	0	0	
Moved to credit stage 3	-49	0	-83	2	132	-2	0	0	
Remeasurement of provision	-3,744	34	-145	-13	-2	-7	-3,891	14	
New lending, net <sup>1)</sup>	59,832	-18	7,328	-16	2	-	67,162	-34	
Purchases	-	-	-	-	-	-	-	-	
Sales	-	-	-	-	-	-	-	-	
Loan repayments	-389	0	-33	0	-1	0	-423	0	
Redemption	-35,047	8	-3,671	12	-79	5	-38,797	25	
Write-offs due to confirmed credit losses	0	0	0	-	-6	2	-6	2	
Change in risk parameters during the period <sup>2)</sup>	-	2	-	2	-	1	0	5	
Change in model/method	-	-	-	-	-	-	-	-	
Other	0	0	0	-	-	-	0	0	
<b>Closing balance</b>	<b>315,455</b>	<b>-37</b>	<b>19,324</b>	<b>-55</b>	<b>204</b>	<b>-18</b>	<b>334,983</b>	<b>-110</b>	

<sup>1)</sup> Net amount is the loan's total amount less any internal transfers from other loans.

<sup>2)</sup> The change in risk parameters during the period also includes changes in forward-looking information.

GROUP								
2022								
CORPORATE CLIENTS & TENANT-OWNERS' ASSOCIATIONS	Credit stage 1		Credit stage 2		Credit stage 3		Total	
	Gross lending	Provision	Gross lending	Provision	Gross lending	Provision	Gross lending	Provision
	SEK million							
Opening balance	128,712	-7	1,118	-3	17	-7	129,847	-17
Moved to credit stage 1	571	-1	-571	1	0	0	0	0
Moved to credit stage 2	-2,671	0	2,671	0	0	0	0	0
Moved to credit stage 3	0	0	-3	0	3	0	0	0
Remeasurement of provision	5,749	5	443	0	-1	0	6,191	5
New lending, net <sup>1)</sup>	33,354	-5	2,847	-1	0	0	36,201	-6
Purchases	-	-	-	-	-	-	-	-
Sales	-	-	-	-	-	-	-	-
Loan repayments	-486	-	-93	-	0	-	-579	-
Redemption	-11,937	0	-1,325	2	0	0	-13,262	2
Write-offs due to confirmed credit losses	-	-	-	-	-	-	-	-
Change in risk parameters during the period <sup>2)</sup>	-	-3	-	-1	-	-	0	-4
Change in model/method	-	-	-	-	-	-	-	-
Other	-16	-	-	-	-	-	-16	-
<b>Closing balance</b>	<b>153,276</b>	<b>-11</b>	<b>5,087</b>	<b>-2</b>	<b>19</b>	<b>-7</b>	<b>158,382</b>	<b>-20</b>

GROUP								
2021								
CORPORATE CLIENTS & TENANT-OWNERS' ASSOCIATIONS	Credit stage 1		Credit stage 2		Credit stage 3		Total	
	Gross lending	Provision	Gross lending	Provision	Gross lending	Provision	Gross lending	Provision
	SEK million							
Opening balance	107,805	-5	1,741	-4	18	-8	109,564	-17
Moved to credit stage 1	1,308	0	-1,308	0	0	0	0	0
Moved to credit stage 2	-799	0	799	0	0	0	0	0
Moved to credit stage 3	0	0	0	0	0	0	0	0
Remeasurement of provision	5,795	-2	110	0	-1	1	5,904	-1
New lending, net <sup>1)</sup>	25,672	-2	635	-1	0	0	26,307	-3
Purchases	0	0	0	-	-	-	0	0
Sales	0	0	0	-	-	-	0	0
Loan repayments	-470	0	-149	0	0	0	-619	0
Redemption	-10,599	1	-710	1	0	0	-11,309	2
Write-offs due to confirmed credit losses	0	0	0	0	0	0	0	0
Change in risk parameters during the period <sup>2)</sup>	-	1	-	1	-	0	0	2
Change in model/method	-	-	-	-	-	-	-	-
Other	0	0	0	0	0	0	0	0
<b>Closing balance</b>	<b>128,712</b>	<b>-7</b>	<b>1,118</b>	<b>-3</b>	<b>17</b>	<b>-7</b>	<b>129,847</b>	<b>-17</b>

<sup>1)</sup> Net amount is the loan's total amount less any internal transfers from other loans.

<sup>2)</sup> The change in risk parameters during the period also includes changes in forward-looking information.

GROUP								
2022								
CONSUMER LOANS	Credit stage 1		Credit stage 2		Credit stage 3		Total	
	Gross lending	Provision	Gross lending	Provision	Gross lending	Provision	Gross lending	Provision
SEK million								
Opening balance	2,097	-1	242	-4	10	-6	2,349	-11
Moved to credit stage 1	126	-1	-126	1	0	0	0	0
Moved to credit stage 2	-179	0	181	-1	-2	1	0	0
Moved to credit stage 3	-4	0	-6	0	10	0	0	0
Remeasurement of provision	-325	2	-66	-1	-3	-3	-394	-1
New lending, net <sup>1)</sup>	543	-2	286	-3	2	0	831	-5
Purchases	-	-	-	-	-	-	-	-
Sales	-	-	-	-	-	-	-	-
Loan repayments	-78	-	-13	-	0	-	-91	-
Redemption	-455	0	-67	1	-2	1	-524	2
Write-offs due to confirmed credit losses	0	0	0	0	-4	2	-4	2
Change in risk parameters during the period <sup>2)</sup>	-	-1	-	-2	-	0	0	-4
Change in model/method	-	-	-	-	-	-	-	-
Other	-	-	-	-	-	-	-	-
Closing balance	1,725	-3	431	-9	11	-5	2,167	-17

GROUP								
2021								
CONSUMER LOANS	Credit stage 1		Credit stage 2		Credit stage 3		Total	
	Gross lending	Provision	Gross lending	Provision	Gross lending	Provision	Gross lending	Provision
SEK million								
Opening balance	2,222	-2	249	-4	13	-6	2,484	-12
Moved to credit stage 1	142	-2	-141	2	-1	0	0	0
Moved to credit stage 2	-105	0	106	-1	-1	1	0	0
Moved to credit stage 3	-3	0	-6	0	9	0	0	0
Remeasurement of provision	-369	3	-40	-2	-2	-3	-411	-2
New lending, net <sup>1)</sup>	849	-1	135	-1	0	0	984	-2
Purchases	-	-	-	-	-	-	-	-
Sales	-	-	-	-	-	-	-	-
Loan repayments	-94	0	-7	0	0	0	-101	0
Redemption	-545	1	-54	1	-2	-1	-601	1
Write-offs due to confirmed credit losses	0	0	0	0	-6	4	-6	4
Change in risk parameters during the period <sup>2)</sup>	-	0	-	1	-	-1	0	0
Change in model/method	-	-	-	-	-	-	-	-
Other	0	0	0	0	0	0	0	0
Closing balance	2,097	-1	242	-4	10	-6	2,349	-11

<sup>1)</sup> Net amount is the loan's total amount less any internal transfers from other loans.

<sup>2)</sup> The change in risk parameters during the period also includes changes in forward-looking information.

LOAN COMMITMENTS AND PROVISIONS	GROUP							
	2022							
	Credit stage 1		Credit stage 2		Credit stage 3		Total	
SEK million	Loan commitments	Provision	Loan commitments	Provision	Loan commitments	Provision	Loan commitments	Provision
Opening balance	69,329	10	332	1	0	0	69,661	11
Moved to credit stage 1	-	-	-	-	-	-	-	-
Moved to credit stage 2	-874	0	874	-	-	-	0	0
Moved to credit stage 3	-	-	-	-	-	-	-	-
Remeasurement of provision	-3,238	8	-611	2	-	-	-3,849	10
New lending, net	43,357	21	1,512	6	-	-	44,869	27
Write-offs, redemption, etc.	-63,116	-6	-240	0	-	-	-63,356	-6
Change in risk parameters during the period <sup>1)</sup>	-	-10	-	-1	-	-	-	-11
Change in model/method	-	-	-	-	-	-	-	-
<b>Closing balance</b>	<b>45,458</b>	<b>23</b>	<b>1,867</b>	<b>8</b>	<b>0</b>	<b>0</b>	<b>47,325</b>	<b>31</b>

LOAN COMMITMENTS AND PROVISIONS	GROUP							
	2021							
	Credit stage 1		Credit stage 2		Credit stage 3		Total	
SEK million	Loan commitments	Provision	Loan commitments	Provision	Loan commitments	Provision	Loan commitments	Provision
Opening balance	58,644	9	695	11	0	0	59,339	20
Moved to credit stage 1	-	-	-	-	-	-	-	-
Moved to credit stage 2	-170	0	170	0	-	-	0	0
Moved to credit stage 3	-	-	-	-	-	-	-	-
Remeasurement of provision	-1,733	-3	-311	-3	-	-	-2,044	-6
New lending, net	68,407	10	223	1	-	-	68,630	11
Write-offs, redemption, etc.	-55,819	-6	-445	-10	-	-	-56,264	-16
Change in risk parameters during the period <sup>1)</sup>	-	0	-	2	-	-	0	2
Change in model/method	-	-	-	-	-	-	-	-
<b>Closing balance</b>	<b>69,329</b>	<b>10</b>	<b>332</b>	<b>1</b>	<b>0</b>	<b>0</b>	<b>69,661</b>	<b>11</b>

<sup>1)</sup> The change in risk parameters during the period also includes changes in forward-looking information.

#### Modified loans, loans with renegotiated terms and conditions

In exceptional cases, loans may be renegotiated outside of the loan agreement due to a deterioration of the customer's financial position or because the customer has encountered other financial problems. Such loans are spe-

cifically monitored and are referred to as modified financial assets in accordance with IFRS 9. In 2022 no modifications have been deemed significant and have led to derecognition of loans.

## Modified loans, loans with renegotiated terms and conditions in credit stages 2 and 3 (that have not led to derecognition)

SEK million	GROUP			
	2022			
	Residential mortgages	Corporate Clients & Tenant-Owners' Associations	Consumer loans	Total
Amortised cost prior to modification	1,331	-	1	1,332
Modification gain/loss, net	0	-	0	0
<b>Amortised cost after modification</b>	<b>1331</b>	<b>-</b>	<b>1</b>	<b>1,332</b>
<i>Of which, carrying amount prior to provision for assets migrated from credit stage 2 or 3 to credit stage 1.</i>	<i>431</i>	<i>-</i>	<i>0</i>	<i>431</i>

SEK million	GROUP			
	2021			
	Residential mortgages	Corporate Clients & Tenant-Owners' Associations	Consumer loans	Total
Amortised cost prior to modification	216	-	0	216
Modification gain/loss, net	0	-	0	0
<b>Amortised cost after modification</b>	<b>216</b>	<b>-</b>	<b>0</b>	<b>216</b>
<i>Of which, carrying amount prior to provision for assets migrated from credit stage 2 or 3 to credit stage 1.</i>	<i>34</i>	<i>-</i>	<i>0</i>	<i>34</i>

## RC:2 Credit risk in treasury operations

Credit risk in treasury operations comprises the risk of the counterparty being unable to fulfil its payment obligations. Credit risk arises, in part, in the form of counterparty risk for the derivative and repo contracts entered into by SBAB to manage financial risks and, in part, as a result of investments in the liquidity portfolio and of surplus liquidity.

The SBAB Group's counterparties are banks and credit institutions, and the underlying exposure in this note includes investments, derivatives and repos. The limits are set by the Board's Credit Committee within the confines of the framework adopted by the Board of Directors. The utilised limit is calculated as the exposure from financial derivatives, repos and investments. For deriva-

tives or repos the effect of collateral pledged or received under CSAs or GMRA's, respectively, is included in the total limit. Moreover, for derivatives, an add-on amount is also calculated for future risk-related changes. The limit is coordinated with the credit limit for counterparties who also are loan customers. Counterparty limits may be established for a period of no longer than one year, after which a new assessment must be conducted. The decisions of the Credit Committee are reported to the Board at the following Board meeting. All of SBAB's counterparties have a rating from either Moody's or Standard & Poor's.

### Limit utilisation per rating category

SEK million	CONSOLIDATED SITUATION				PARENT COMPANY			
	2022		2021		2022		2021	
	Limit	Utilised limit	Limit	Utilised limit	Limit	Utilised limit	Limit	Utilised limit
AAA	-	-	-	-	-	-	-	-
AA- to AA+	8,400	2,261	8,400	2,179	8,400	2,256	8,400	2,136
A- to A+	16,450	2,793	16,850	3,958	16,450	2,169	16,850	3,667
Lower than A-	2,200	8	2,300	21	2,200	8	2,300	21
Unrated	-	-	-	-	-	-	-	-
<b>Total</b>	<b>27,050</b>	<b>5,062</b>	<b>27,550</b>	<b>6,158</b>	<b>27,050</b>	<b>4,433</b>	<b>27,550</b>	<b>5,823</b>

The "Limit utilisation" table shows the limits and the utilised limits, respectively, for SBAB's derivative counterparties. The limits for each derivative counterparty are proposed by SBAB's Treasury and adopted by the Board's Credit Committee within the confines of the framework adopted by the

Board of Directors. The values in the table are an aggregate of individual derivative counterparty's total exposure and the limits for the respective rating category.

### Distribution of chargeable treasury bills, etc., bonds and other interest-bearing securities by rating category

The tables below show an analysis of lending to credit institutions, chargeable treasury bills, bonds and other interest-bearing securities distributed in

accordance with the lowest rating as of 31 December 2022 and 31 December 2021, based on Standard & Poor's rating or equivalent.

SEK million	CONSOLIDATED SITUATION				
	2022				
	Covered bonds	Government guaranteed securities	Sovereigns, supranationals and agencies	Non-governmental public sector entities	Total
AAA	40,232	32,529	2,297	8,456	83,514
AA- to AA+	226	441	497	2,698	3,862
A- to A+	-	-	-	-	-
Lower than A-	-	-	-	-	-
<b>Total</b>	<b>40,458</b>	<b>32,970</b>	<b>2,794</b>	<b>11,154</b>	<b>87,376</b>
Provisions for expected credit losses	0	0	0	0	0
<b>Total after provisions</b>	<b>40,458</b>	<b>32,970</b>	<b>2,794</b>	<b>11,154</b>	<b>87,376</b>

SEK million	CONSOLIDATED SITUATION				
	2021				
	Covered bonds	Government guaranteed securities	Sovereigns, supranationals and agencies	Non-governmental public sector entities	Total
AAA	31,022	25,098	2,867	9,997	68,984
AA- to AA+	-	436	464	2,919	3,819
A- to A+	-	-	-	-	-
Lower than A-	-	-	-	-	-
<b>Total</b>	<b>31,022</b>	<b>25,534</b>	<b>3,331</b>	<b>12,916</b>	<b>72,803</b>
Provisions for expected credit losses	0	0	0	0	0
<b>Total after provisions</b>	<b>31,022</b>	<b>25,534</b>	<b>3,331</b>	<b>12,916</b>	<b>72,803</b>

### Geographical distribution of chargeable treasury bills, bonds and other interest-bearing securities

SEK million	CONSOLIDATED SITUATION			
	2022			
	Sweden	Other EU	Other	Total
Covered bonds	23,968	10,849	5,641	40,458
Government guaranteed securities	29,445	3,525	-	32,970
Sovereigns, supranationals and agencies	-	2,794	-	2,794
Non-governmental public sector entities	7,395	3,758	-	11,153
<b>Total as per 31 Dec 2022</b>	<b>60,808</b>	<b>20,926</b>	<b>5,641</b>	<b>87,375</b>
<b>Total as per 31 Dec 2021</b>	<b>48,335</b>	<b>19,316</b>	<b>5,152</b>	<b>72,804</b>

### Counterparty credit risk

Counterparty credit risk is the risk that SBAB's financial counterparties cannot meet their commitments pursuant to the completed derivatives and repo contracts, and such risk consists primarily of exposures to well-reputed and established banks. This exposure is predominantly covered by collateral agreements, where the counterparty posts collateral to reduce net exposure. In accordance with SBAB's credit instruction, the credit-risk limits are established by SBAB's Credit Committee for all counterparties in treasury operations.

To limit the potential counterparty risk associated with derivative transactions involving non-standardised derivatives that are not cleared by qualified central counterparties approved by the competent authority (in accordance with Regulation (EU) No 648/2012), a framework agreement is to be entered into with the counterparty. In most cases, the framework agreement, an ISDA Master Agreement or similar agreements with terms for final settlement, have been supplemented with an associated collateral agreement, known as a Credit Support Annex (CSA). A CSA must always be established for counterparties entering into derivative contracts with SBAB and SCBC. The framework agreements entitle the parties to offset receivables against debt in the event of a payment default.

Counterparty credit risk is monitored on a daily basis for all counterparties. When entered into, CSAs are reconciled on a daily or weekly basis. Derivative transactions entered into with external counterparties are mostly entered into by the Parent Company, where the CSAs are reconciled with all counterparties on a daily basis. When CSAs are in place, collateral is pledged to reduce net exposures. Wherever applicable, the posted and received collateral takes the form of cash with a transfer of title, which entitles the party that receives the collateral to use the collateral in its operations. The effects of posted and received collateral are shown in greater detail in Note [FI 3](#).

SBAB participates in the calculation of the STIBOR (Stockholm Interbank Offered Rate) reference rate for the Swedish market. STIBOR is a reference rate that shows an average of the interest rates at which a number of the banks active in the Swedish money market are prepared to lend to each other without collateral under different maturities.

In 2016, it became mandatory under the European Markets Infrastructure Regulation (EMIR) for SBAB to clear interest-rate derivatives via central counterparties, known as clearing houses. The aim is for clearing houses to act as counterparties for buyers and sellers, and to participate in ensuring payment obligations are discharged.

### Maximum credit-risk exposure in treasury operations

SEK million	CONSOLIDATED SITUATION			
	Without taking into account collateral received or other credit enhancements		Taking into account collateral received or other credit enhancements	
	2022	2021	2022	2021
Lending to credit institutions	20,091	643	20,091	643
Chargeable treasury bills, etc.	29,886	22,549	29,886	22,549
Bonds and other interest-bearing securities	57,490	58,180	57,490	58,180
Derivatives	15,943	6,920	7,707	4,178
<b>Total</b>	<b>123,410</b>	<b>88,292</b>	<b>115,174</b>	<b>85,550</b>

### Collateral posted and received under collateral agreements, by company

SEK million	CONSOLIDATED SITUATION			
	2022		2021	
	Collateral pledged	Collateral received	Collateral pledged	Collateral received
SBAB	139	8,236	556	2,742
SCBC	0	0	0	0

## Lending to credit institutions, chargeable treasury bills, bonds and other interest-bearing securities

SEK million	CONSOLIDATED SITUATION					
	2022					
	Financial assets measured at amortised cost		Financial assets measured at FVTOCI		Financial assets measured at FVTPL	
	Credit stage 1		Credit stage 1		Total	
	Securities, gross	Provision	Securities, gross	Securities, gross	Securities, gross	Provision
<b>Opening balance</b>	<b>38,905</b>	<b>-1</b>	<b>43,784</b>	<b>859</b>	<b>83,548</b>	<b>-1</b>
Change in cash balances	-6,595	-	-	-	-6,595	-
Purchases	45,754	-	1,464,352	-	1,510,106	-
Sales	-278	0	-714	-	-992	0
Maturity	-30,005	0	-1,444,266	-178	-1,474,449	0
Write-offs, redemption, etc.	-	-	-	-	-	-
Change in risk parameters during the period	-	-	-	-	-	-
Change in model/method	-	-	-	-	-	-
Currency revaluation	1,664	-	329	14	2,007	-
Other <sup>1)</sup>	-1,060	-	-1,530	-33	-2,623	-
<b>Closing balance</b>	<b>48,385</b>	<b>-1</b>	<b>61,955</b>	<b>662</b>	<b>111,002</b>	<b>-1</b>

SEK million	CONSOLIDATED SITUATION					
	2021					
	Financial assets measured at amortised cost		Financial assets measured at FVTOCI		Financial assets measured at FVTPL	
	Credit stage 1		Credit stage 1		Total	
	Securities, gross	Provision	Securities, gross	Securities, gross	Securities, gross	Provision
<b>Opening balance</b>	<b>39,940</b>	<b>-1</b>	<b>35,033</b>	<b>1,577</b>	<b>76,550</b>	<b>-1</b>
Change in cash balances	3,615	-	-	-	3,615	-
Purchases	364,417	0	559,403	-	923,820	0
Sales	-450	0	-1,260	-	-1,710	0
Maturity	-368,916	0	-549,115	-612	-918,643	0
Write-offs, redemption, etc.	-	-	-	-	-	-
Change in risk parameters during the period	-	-	-	-	-	-
Change in model/method	-	-	-	-	-	-
Currency revaluation	684	-	102	-71	715	-
Other <sup>1)</sup>	-385	0	-379	-35	-799	0
<b>Closing balance</b>	<b>38,905</b>	<b>-1</b>	<b>43,784</b>	<b>859</b>	<b>83,548</b>	<b>-1</b>

<sup>1)</sup> Unrealised changes in fair value in addition to the exchange rate revaluation.



## RC:3 Liquidity risk

Liquidity risk is defined as the risk that the company will not be able to meet its payment obligations on the date of maturity without the related cost increasing significantly. The SBAB Group has long identified the importance of well-functioning and proactive liquidity risk management. SBAB's liquidity risk management is described below.

### Broad and diversified funding

Because the SBAB Group has maintained an active presence in the international capital market since 1989, its brand is well established. The SBAB Group has access to the covered bond market, both in Sweden and internationally, through SCBC. In addition to issuing bonds, SBAB is funded by retail deposits.

### Liquidity reserve

SBAB has a liquidity portfolio in place to ensure liquidity in times when normal market funding does not function adequately or in the case of outflows of deposits. The portfolio acts as a buffer, as the securities in the portfolio can be sold to free up liquidity, either through repos or through the sales of parts of the portfolio. The liquidity portfolio also comprises a business advantage in normal market conditions in the form of bridge financing for maturing debt and with ensuring intraday liquidity.

The portfolio holdings are long-term and mainly comprise liquid, interest-bearing securities with high ratings, where 100% of the portfolio's holdings can be used as collateral for repos with the Riksbank or the European Central Bank (ECB). The size of SBAB's holdings of individual securities as a percentage of the total volume outstanding is also limited with the aim of reducing concentration risk.

The liquidity reserve is defined as the reserve value of the securities in the liquidity portfolio and other liquid short-term investments. When calculating the reserve value of the securities included in the liquidity reserve, the SBAB Group applies the haircuts issued in accordance with the Riksbank's Guidelines for Collateral Management in the regulatory framework for RIX and monetary policy instruments as well as the ECB list of eligible marketable assets.

Excluding pledged collateral, SBAB's liquidity reserve amounted to SEK 87.9 billion on 31 December 2022 (reserve value of SEK 82.3 billion at the Riksbank or the ECB) with an average tenor of 2.42 years (2.47). Moreover, unutilised issuance capacity for covered bonds comprises an additional reserve that is not included in the calculation of the above liquidity metrics.

### Liquidity reserve

SEK billion		CONSOLIDATED SITUATION									
		31 Dec 2022					31 Dec 2021				
		Total	Distribution by currency				Total	Distribution by currency			
SEK	EUR		USD	Other	SEK	EUR		USD	Other		
	<b>Level 1 Assets</b>	<b>84.4</b>	<b>66.4</b>	<b>15.9</b>	<b>2.1</b>	-	<b>79.6</b>	<b>60.6</b>	<b>14.8</b>	<b>4.2</b>	-
	Cash and balances at central banks	4.7	4.7	-	-	-	11.5	11.5	-	-	-
Level 1	Securities issued or guaranteed by governments, central banks, multinational development banks and international organisations	33.7	27.9	5.2	0.6	-	28.1	20.7	5.5	1.9	-
	Securities issued by municipalities or PSEs	11.5	4.0	6.0	1.5	-	12.8	4.8	5.8	2.2	-
	Covered bonds with extremely high quality	34.5	29.8	4.7	-	-	27.2	23.6	3.5	0.1	-
	Other assets	-	-	-	-	-	-	-	-	-	-
	<b>Level 2 Assets</b>	<b>3.5</b>	<b>3.2</b>	<b>0.3</b>	-	-	<b>2.7</b>	<b>2.4</b>	<b>0.3</b>	-	-
	<i>Level 2A assets</i>	3.5	3.2	0.3	-	-	2.7	2.4	0.3	-	-
	Securities issued or guaranteed by governments, central banks, municipalities and PSEs	-	-	-	-	-	-	-	-	-	-
	Covered bonds with high quality	3.5	3.2	0.3	-	-	2.7	2.4	0.3	-	-
	Corporate bonds (minimum AA- rating)	-	-	-	-	-	-	-	-	-	-
Level 2	Other assets	-	-	-	-	-	-	-	-	-	-
	<i>Level 2B assets</i>	-	-	-	-	-	-	-	-	-	-
	Asset-backed securities (ABS)	-	-	-	-	-	-	-	-	-	-
	Covered bonds with high quality	-	-	-	-	-	-	-	-	-	-
	Corporate bonds (A+ to BBB rating)	-	-	-	-	-	-	-	-	-	-
	Equities	-	-	-	-	-	-	-	-	-	-
	Other assets	-	-	-	-	-	-	-	-	-	-
	<b>Liquidity reserve</b>	<b>87.9</b>	<b>69.6</b>	<b>16.2</b>	<b>2.1</b>	-	<b>82.3</b>	<b>63.0</b>	<b>15.1</b>	<b>4.2</b>	-

### Continuous monitoring of liquidity risk

Proactive and continuous liquidity planning in the relevant currencies, active debt management and the scope, content and management of the liquidity reserve are key factors in SBAB's liquidity risk management. By viewing funding activities as a natural part of both operational work and the strategic planning of liquidity risk, concentrations of excessively large funding maturities are avoided. Another important part of the ongoing liquidity risk management is the continuous monitoring and testing of the practical liquidity value of the liquidity reserve in the secondary market.

### Liquidity risk measurements – short-term liquidity risk

At SBAB, the risk of being exposed to insufficient liquidity in the short term is known as short-term liquidity risk. SBAB regularly monitors a number of metrics for short-term liquidity risk. One of these is the liquidity coverage ratio as defined in the European Commission delegated regulation (EU) 2015/61. The liquidity coverage ratio is a metric of the degree to which the liquidity reserve covers a 30-day net cash outflow in a stressed scenario. Under the regulations, the metric must amount to not less than 100% for all currencies on a consolidated basis. On 31 December 2022, figures for 31 Dec 2021 in parentheses, the metric was 250% (228) at the consolidated level, and 7,045% (6,415) and 1,335% (938), respectively, in EUR and USD. In 2022, the LCR never fell below 155% (173) at the consolidated level.

In addition to regulatory-controlled liquidity risk measurements, SBAB has a number of internal metrics. These include the measurement and stress testing of the liquidity risk by totalling the maximum conceivable need for liquidity for each coming day. This liquidity risk metric is referred to as the survival horizon. The calculations are based on a crisis scenario in which all loans are assumed to be extended on maturity, meaning that no liquidity is added through loan redemption, and where no funding is available. Retail deposits are treated with a conservative assumption, whereby withdrawals from the portfolio are distributed over time on the basis of historical changes. Accordingly, the maximum need for liquidity can be identified for every given future period, and the necessary liquidity reserve can be established. The survival horizon corresponds to the number of days for which the liquidity reserve covers the maximum outflow and it has been limited to a minimum of 180 days at the consolidated currency level at any given time.

On 31 December 2022, figures for 31 Dec 2021 in parentheses, the survival horizon was 347 days (254) at the consolidated level, and 172 days (168) for SEK, 1,500 days (1,700) for EUR and 129 days (159) for USD. In 2022, the survival horizon was never less than 250 days (254) at the consolidated level.

In addition to the above metrics, limits are applied to short-term liquidity risk through further internal metrics, for which limits apply.

### Liquidity risk measurements – structural liquidity risk

Structural liquidity risk is a measure of the differences in maturity structures between assets and liabilities in terms of loan-to-maturity, which risks leading to a lack of liquidity in the longer term. SBAB aims to have a diversified funding. The SBAB Group has adopted a conservative approach to the management of funding. A larger share of future maturities is being pre-financed and the share of total funding attributable to short-term funding is being maintained at a low level. SBAB works actively to ensure an even distribution of maturities, while at the same time extending the maturity of the liabilities. Monitoring of upcoming maturities, repurchases, replacements and pre-financing constitute key elements of the practical management aimed at reducing the risk.

SBAB limits its dependence on market funding by applying a limit on the ratio between retail deposits and lending to the public. On 31 December 2022, the ratio was 36% (31) compared with a limit of 28%.

Moreover, access to funding from covered bonds is secured by monitoring that the over-collateralisation (OC level) in the cover pool at each point in time, including in stressed circumstances, exceeds Moody's requirements for Aaa ratings. On 31 December 2022, the OC level was 25.4%.

SBAB also measures its structural liquidity risk through a metric for maturity matching that measures the relationship between the maturities of assets and liabilities from a liquidity perspective at various points in the future. This can be viewed as SBAB's internal version of the net stable funding ratio (NSFR), in which the maturity, in terms of liquidity, on deposits and lending is estimated by means of SBAB's own statistical models, which are based on historical data of the behaviour of SBAB's customers. The metric is subject to a one-year floor limit of not less than 90% at a consolidated level, 60% for USD and currencies for which the liability exceeds 5% of total liabilities. On 31 December 2022, maturity matching was 143% (135) at the consolidated level, 131% (130) in SEK, 143% (146) in EUR and 83% (92) in USD.

The NSFR according to Regulation (EU) 2019/876 ("CRR2") of the European Parliament and of the Council was 127.9% (128.6).

The tables "Maturities of hedged cash flows in cash-flow hedges" and "Maturities of financial assets and liabilities" show the status of SBAB's future cash flows as of 31 December 2022 and 31 December 2021, respectively, from both a short-term and long-term perspective.

**Maturities of financial assets and liabilities***(amounts refer to contractual, undiscounted cash flows)*

The maturity of the amortisation for amortised receivables and liabilities has been calculated as the period up to the date of maturity of the respective amortisation. Foreign currency cash flows have been converted using the closing rate on 31 December 2022. Future interest-rate cash flows with floating interest rates are estimated until the next fixing date using forward interest rates based on the actual interest base, usually the three-month STIBOR.

The Parent Company, SBAB, is the creditor for the subsidiary SCBC's subordinated debt. If the maturity is not specified, current debt is recognised as having no maturity and without estimated interest-rate cash flows.

The item "Loan commitments and other credit-related commitments" for the Group, which totals SEK 47,325 million (69,661), amounted to SEK 16,564 million (21,075) after application of the internal calculation for CCF. The reduction has not been included in the table.

SEK million	CONSOLIDATED SITUATION													
	2022							2021						
	No maturity	<3 months	3-6 months	6-12 months	1-5 years	>5 years	Total	No maturity	<3 months	3-6 months	6-12 months	1-5 years	>5 years	Total
<b>Financial assets</b>														
Cash and balances at central banks	3,534	-	-	-	-	-	3,534	10,100	-	-	-	-	-	10,100
Chargeable treasury bills, etc.	-	26,712	2,569	-	455	249	29,985	-	16,748	2,081	215	3,300	249	22,593
Lending to credit institutions	2	20,091	-	-	-	-	20,093	27	616	-	-	-	-	643
Lending to the public	-	3,494	57,257	5,528	6,090	437,159	509,527	-	2,336	49,188	2,935	4,500	407,915	466,875
Bonds and other interest-bearing securities	-	4,033	4,670	6,379	44,084	3,720	62,886	-	762	3,395	3,435	39,186	4,029	50,807
<i>of which classified as loans and accounts receivable</i>	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Derivatives	-	789	1,937	2,104	8,014	3,278	16,122	-	527	1,242	447	2,329	1,129	5,674
Other assets	587	-	-	-	-	-	587	610	-	-	-	-	-	610
<b>Total</b>	<b>4,123</b>	<b>55,119</b>	<b>66,433</b>	<b>14,011</b>	<b>58,643</b>	<b>444,406</b>	<b>642,734</b>	<b>10,737</b>	<b>20,989</b>	<b>55,906</b>	<b>7,032</b>	<b>49,315</b>	<b>413,322</b>	<b>557,302</b>
<b>Financial liabilities</b>														
Liabilities to credit institutions	-	8,237	-	-	-	-	8,237	-	3,371	5,000	-	8,000	-	16,371
Deposits from the public	173,616	1,013	1,301	4,673	1,840	-	182,443	140,449	1,802	661	1,621	417	-	144,950
Issued debt securities, etc.	-	4,014	49,524	5,760	273,995	65,545	398,838	-	10,486	33,563	8,023	251,541	72,630	376,243
Derivatives	-	1,326	1,140	4,779	15,588	4,252	27,085	-	141	-	303	2,392	1,510	4,346
Other liabilities	3,011	-	-	-	-	-	3,011	2,416	-	-	-	-	-	2,416
Subordinated debt	-	119	104	202	8,712	-	9,137	-	71	47	69	6,900	-	7,087
Loan commitments and other credit-related commitments	-	37,368	9,572	158	227	-	47,325	-	46,588	14,246	290	8,537	-	69,661
<b>Total</b>	<b>176,627</b>	<b>52,077</b>	<b>61,641</b>	<b>15,572</b>	<b>300,362</b>	<b>69,797</b>	<b>676,075</b>	<b>142,865</b>	<b>62,459</b>	<b>53,517</b>	<b>10,306</b>	<b>277,787</b>	<b>74,140</b>	<b>621,074</b>

**Maturities of hedged cash flows in cash-flow hedges**

SEK million	CONSOLIDATED SITUATION						
	No maturity	<3 months	3-6 months	6-12 months	1-5 years	>5 years	Total
	Interest-rate-hedged	-	342	183	60	2,011	1,882
Currency-hedged	-	-	-13,898	-	-37,526	-38,727	-90,151
<b>Net, 31 Dec 2022</b>	<b>-</b>	<b>342</b>	<b>-13,715</b>	<b>60</b>	<b>-35,515</b>	<b>-36,845</b>	<b>-85,673</b>
<b>Net, 31 Dec 2021</b>	<b>-</b>	<b>-2,298</b>	<b>-4,931</b>	<b>-5,072</b>	<b>-38,172</b>	<b>-29,860</b>	<b>-80,333</b>

**Maturities of financial assets and liabilities***(amounts refer to contractual, undiscounted cash flows)*

SEK million	PARENT COMPANY													
	2022							2021						
	No maturity	<3 months	3-6 months	6-12 months	1-5 years	>5 years	Total	No maturity	<3 months	3-6 months	6-12 months	1-5 years	>5 years	Total
<b>Financial assets</b>														
Cash and balances at central banks	3,534	-	-	-	-	-	3,534	10,100	-	-	-	-	-	10,100
Chargeable treasury bills, etc.	-	26,712	2,569	-	455	249	29,985	-	16,748	2,081	215	3,300	249	22,593
Lending to credit institutions	117,029	20,111	63	6,135	-	-	143,338	96,951	4,109	8,018	3,464	6,076	-	118,618
Lending to the public	-	1,626	2,019	414	346	21,426	25,831	-	271	4,578	693	458	19,004	25,004
Bonds and other interest-bearing securities	-	4,033	4,670	6,379	44,084	3,720	62,886	-	762	3,395	3,435	39,186	4,029	50,807
<i>of which classified as loans and accounts receivable</i>	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Derivatives	-	1,865	2,825	6,429	21,407	7,297	39,823	-	572	997	605	4,210	2,520	8,904
Other assets	735	-	-	-	-	-	735	428	-	-	-	-	-	428
<b>Total</b>	<b>121,298</b>	<b>54,347</b>	<b>12,146</b>	<b>19,357</b>	<b>66,292</b>	<b>32,692</b>	<b>306,132</b>	<b>107,478</b>	<b>22,463</b>	<b>19,069</b>	<b>8,412</b>	<b>53,230</b>	<b>25,802</b>	<b>236,454</b>
<b>Financial liabilities</b>														
Liabilities to credit institutions	-	9,119	101	-	-	-	9,220	-	3,033	5,000	-	8,000	-	16,033
Deposits from the public	173,616	1,013	1,301	4,673	1,840	-	182,443	140,449	1,802	661	1,621	417	-	144,950
Issued debt securities, etc.	-	4,014	12,253	4,763	48,874	-	69,904	-	6,788	5,281	7,770	44,611	-	64,450
Derivatives	-	1,860	2,330	6,328	21,812	7,240	39,570	-	604	912	333	4,365	2,497	8,711
Other liabilities	922	-	-	-	-	-	922	568	-	-	-	-	-	568
Subordinated debt	-	119	104	202	8,712	-	9,137	-	71	47	69	6,900	-	7,087
Loan commitments and other credit-related commitments	-	37,368	9,572	158	227	-	47,325	-	46,588	14,246	290	8,537	-	69,661
<b>Total</b>	<b>174,538</b>	<b>53,493</b>	<b>25,661</b>	<b>16,124</b>	<b>81,465</b>	<b>7,240</b>	<b>358,521</b>	<b>141,017</b>	<b>58,886</b>	<b>26,147</b>	<b>10,083</b>	<b>72,830</b>	<b>2,497</b>	<b>311,461</b>

**Maturities of hedged cash flows in cash-flow hedges**

SEK million	PARENT COMPANY						
	No maturity	<3 months	3-6 months	6-12 months	1-5 years	>5 years	Total
Interest-rate-hedged	-	-	40	6	19	-	65
Currency-hedged	-	-	-5,559	-	-1,668	-	-7,227
<b>Net, 31 Dec 2022</b>	<b>-</b>	<b>-</b>	<b>-5,519</b>	<b>6</b>	<b>-1,649</b>	<b>-</b>	<b>-7,162</b>
<b>Net, 31 Dec 2021</b>	<b>-</b>	<b>-</b>	<b>39</b>	<b>-5,123</b>	<b>-6,113</b>	<b>-</b>	<b>-11,197</b>

**Stress tests**

SBAB performs regular stress tests of liquidity risk aimed at internal requirements for analytical and contingency management of liquidity risk. The stress tests have been designed in line with the Swedish FSA's regulations regarding management of liquidity risks in credit institutions and investment firms, which impose general requirements on stress tests (FFFS 2010:7). The models analyse SBAB's capacity to meet the need for cash and cash equivalents in various market scenarios and to assess the effect of protracted stress on SBAB's ability to finance its operations. The scenarios are designed on the basis of SBAB's specific risk profile and cover both company-specific and market-related scenarios that may render the financing of the operations difficult. The scenarios are divided into different stages that illustrate increasing levels of stress intensity to reflect how a crisis can continuously deteriorate. The scenarios simulated by the stress tests include:

- The 2008/2009 financial crisis – stress in the funding operations, with funding programmes closing at various stages

- Rating-related stress, with gradually lower ratings for SBAB and SCBC
- Falling property market prices – various levels of falling prices, which increase LTV ratios, thus lowering the share of funding that can be conducted via covered bonds
- Stress of liquidity in the liquidity reserve
- Sizeable fluctuations in interest and currency exchange rates, leading to larger amounts having to be secured through CSAs, which could thus impair liquidity.

The stress tests are under continuous development and the assumptions on which the various scenarios are based are assessed regularly. The stress tests are conducted and reported quarterly, with results assessed against SBAB's established risk appetite and used to adapt strategies and guidelines.

### Developments in liquidity risk regulation

The area of liquidity risk is subject to constant regulatory development. The following regulatory changes are on the agenda for the immediate future:

#### Other regulatory changes

##### *Harmonised rules for covered bonds*

In November 2019, Directive (EU) 2019/2162 of the European Parliament and of the Council on the issue of covered bonds was published. The Directive introduces harmonised rules for covered bonds within the EU. The most tangible change introduced by the rules being the requirement for issuers to hold sufficient highly liquid assets in the cover pool to cover net liquidity outflows from covered bonds for a period of 180 days. This requirement entails an overlapping of the existing liquidity reserve requirements in the LCR regulations.

Work has been conducted at EU level to change the LCR regulations to avoid institutions having to hold double liquidity reserves. A proposal came in 2020, which allows the liquidity requirement imposed for the first 30 of the total of 180 days to also be used as a liquidity buffer to meet the liquidity coverage requirement. Through these amendments, the directive has been transposed into Swedish law as of 8 July 2021 and entered force one year thereafter. The provisions apply in full for covered bonds issued from 8 July 2022. Covered bonds issued prior to 8 July 2022 are subject to the provisions of the Covered Bonds Issuance Act (2003:1223) and, accordingly, are not subject to the 180-day liquidity coverage requirement. Given that SBAB does not normally issue covered bonds with maturities of less than 2 years, the covered bonds issued by SBAB after 8 July 2022 will not result in any real liquidity coverage requirement until 2024 at the earliest.

## RC:4 Market risk

Market risk is the risk of loss or reduced future income due to market fluctuations. SBAB is characterised by low risk taking, with the Board determining the overall risk appetite and setting the limits for the risk metric Value at Risk (VaR). The Board has also decided on additional limits, over and above the overall VaR limits, to limit interest-rate risk in the banking book. In addition to the limits established by the Board, a number of supplementary risk-based metrics set by the CEO of SBAB are also subject to limitation. Through daily reports, the Risk function checks compliance with current risk levels and limits. Market risk is followed up on the Group level as well as broken down to lower levels.

The general principle governing SBAB's exposure to market risk is that the level of risk taking should be low. As a general principle, interest-rate risk is to be mitigated through direct funding or the use of derivatives. SBAB's interest-rate structure as of 31 December 2022 is shown in the table "Fixed-interest periods for financial assets and liabilities." Currency risk refers to the risk that changes in the exchange rate for SEK against other currencies result in losses or lower future income. The risk is mitigated as funding in international currency is hedged through currency swaps or matched against assets in the liquidity portfolio in the same currency. The total effect per currency is reported in the table "Nominal amounts for assets, liabilities and derivatives in foreign currency."

#### Value at Risk

VaR is a comprehensive portfolio measurement expressing the potential loss that could occur given a certain level of probability and holding period. SBAB's model is a historical model and applies percentiles in historical market data from the past two years. Since the model is based on historical data there is a degree of inherent inertia and the model could underestimate the risk in a rapidly changing market. Due to the above and that the model is based on several assumptions, the model is validated daily using back testing analysis, in other words a check of VaR against actual outcomes.

Limits for the day-to-day follow up are set at two levels: SBAB's total market risk and stressed VaR for SBAB's credit spread risk. The limit for SBAB's total market risk is based on the VaR metric that applies a probability level of 99% and a holding period of one year. This means that the loss in one year with 99% probability is less than the outcome of the VaR, given that the same portfolio is held during the period. The stressed metric is based on a historical, stressed period with a probability level of 99% and a holding period of 90 days. This means that the loss in 90 days with 99% probability is less than the outcome of the VaR, given that the same portfolio is held during the period.

As per 31 December 2022, the VaR for SBAB's total market risk exposure was SEK 793 million, compared with the limit of SEK 2,000 million. For the stressed metric, VaR was SEK 744 million and the limit was SEK 1,200 million.

#### Interest-rate risk in other operations

The Board has also decided on two limits, over and above the overall VaR limits, to limit interest-rate risk in other operations. One limit is expressed as an overall interest-rate risk metric, measured as the effect of a +100 bps parallel shift, and the second limit is expressed as a target value for the duration of equity.

Interest-rate risk in other operations is measured and reported to the Swedish FSA in accordance with FFFS 2007:4. As per 31 December 2022, the effect on the present value was negative SEK 152 million (negative: 214) for a 2 percentage-point parallel upward shift and a positive SEK 151 million (213) for

a 2 percentage-point parallel downward shift. As own funds amounted to SEK 27.5 billion (25.1) as of 31 December 2022, the effect of the stress tests amounted to negative 0.55% (negative: 0.85) and 0.55% (0.85) of own funds, respectively.

#### Interest-rate risk in the banking book

SBAB covers interest-rate risk in the banking book pursuant to the Swedish FSA's methodology as described in FI Ref. 19-4434. This showed that on 31 December 2022, the scenario with the greatest impact on the banking book was "Parallel down," which is reported in the variable "ΔEVE" in the "Interest-rate risk in the banking book" table.

The net interest income effect is measured to capture the impact of changes in interest rates on profit or loss. The metric reflects the differences in volume and fixed-interest periods between assets, liabilities and derivatives in other operations. The net interest income effect is calculated pursuant to the instructions stated in EBA/GL/2018/02 and is based on an instantaneous parallel shift of one percentage point up and down over a 12-month time horizon. The value is reported in the variable "ΔNII" in the "Interest-rate risk in the banking book" table.

#### Supplementary risk metrics

In addition to the limits determined by the Board, the CEO has set a number of supplementary risk metrics for different kinds of risks to which SBAB is exposed. For interest-rate risk, there are limits for parallel shifts, where the effect on the present value of a one percentage point shift in the yield curve is measured, and curve risk where the effect on the present value is measured in different scenarios, in which the short end of the yield curve is adjusted down (up) and the long end is adjusted up (down). To limit interest-rate risk in the banking book, limits are set for duration of equity. Currency risk is controlled by measuring the effect on present value when currency exchange rates change compared to SEK, and in the liquidity portfolio by controlling the matching of the principal in each currency. There are also limits for basis risk and credit spread risk.

In addition to the above-mentioned supplementary risk metrics, sensitivity analysis is performed with stressed interest rates, currency rates and credit spreads together with its effect on the company's CET1 capital requirement.

#### Interest Rate Benchmark Reform

The ongoing Interest Rate Benchmark Reform (IBOR transition) will replace existing benchmark interbank offered rates (IBORs) with alternative risk-free rates. SBAB has relatively limited exposure to reference rates other than STI-BOR. Focus during the year has been on ensuring compliance pursuant to the Benchmarks Regulation (BMR), which affects SBAB both as a user of benchmarks and as a reporter of input data for benchmarks.

Continuous market monitoring and adjustment is required and, therefore, other benchmarks, including risk-free rates (RFR), need to be used. Therefore, it has been important to ensure systemic support for the use of RFR-linked products, mainly in the form of derivatives and bonds, and on managing the transition of actual exposures to IBORs.

Interest-rate risk in the banking book<sup>1</sup>

SEK million	CONSOLIDATED SITUATION				PARENT COMPANY			
	2022		2021		2022		2021	
	ΔEVE	ΔNII	ΔEVE	ΔNII	ΔEVE	ΔNII	ΔEVE	ΔNII
Parallel up	746	-82	-135	25	-93	-1,168	-235	-1,204
Parallel down	-910	82	-19	-25	89	1,168	94	1,204
Short rate up	-22		-542		-264		-406	
Short rate down	17		227		268		89	
Steepening	550		399		222		137	
Flattening	-387		-564		-241		-340	
<b>Worst outcome</b>	<b>-910</b>	<b>-82</b>	<b>-564</b>	<b>-25</b>	<b>-264</b>	<b>-1,168</b>	<b>-406</b>	<b>-1,204</b>
<b>Own funds</b>	<b>27,484</b>		<b>25,106</b>		<b>17,416</b>		<b>16,574</b>	

## Nominal amounts for assets, liabilities and derivatives in foreign currency

SEK million	CONSOLIDATED SITUATION				PARENT COMPANY			
	2022		2021		2022		2021	
	Assets and liabilities	Derivatives	Assets and liabilities	Derivatives	Assets and liabilities	Derivatives	Assets and liabilities	Derivatives
EUR	-94,775	94,833	-81,389	81,384	-11,885	11,911	-12,434	12,432
GBP	0	0	-2,876	2,876	0	0	-428	428
NOK	0	0	0	0	0	0	0	0
USD	173	0	1,568	-1,575	173	0	1,568	-1,575
<b>Total</b>	<b>-94,602</b>	<b>94,833</b>	<b>-82,697</b>	<b>82,685</b>	<b>-11,712</b>	<b>11,911</b>	<b>-11,294</b>	<b>11,285</b>

## Fixed-interest periods for financial assets and liabilities

SEK million	CONSOLIDATED SITUATION													
	2022							2021						
	Without interest period	<3 months	3-6 months	6-12 months	1-5 years	>5 years	Total	Without interest period	<3 months	3-6 months	6-12 months	1-5 years	>5 years	Total
<b>ASSETS</b>														
Cash and balances held at central banks	-	3,534	-	-	-	-	3,534	-	10,100	-	-	-	-	10,100
Chargeable treasury bills, etc.	-	26,696	2,541	-	441	208	29,886	-	16,731	2,032	208	3,331	247	22,549
Lending to credit institutions	-	20,066	-	-	-	-	20,066	-	627	-	-	-	-	627
Lending to the public	-	295,052	15,915	54,540	132,032	11,953	509,492	-	268,701	11,368	25,421	147,241	14,310	467,041
Change in fair value of interest-rate-hedged loan receivables	-	-76	-116	-1,004	-3,381	-367	-4,944	-	1	2	5	-335	-216	-563
Bonds and other interest-bearing securities	-	15,759	3,880	5,072	29,580	3,199	57,490	-	8,156	3,323	3,088	31,660	4,027	50,254
Derivatives	-	18,848	-22	-49	-2,487	-347	15,943	-	1,333	130	23	1,993	3,441	6,920
Other assets	634	-	-	-	-	-	634	654	-	-	-	-	-	654
<b>Total</b>	<b>634</b>	<b>379,879</b>	<b>22,198</b>	<b>58,559</b>	<b>156,185</b>	<b>14,646</b>	<b>632,101</b>	<b>654</b>	<b>305,649</b>	<b>16,855</b>	<b>28,745</b>	<b>183,870</b>	<b>21,809</b>	<b>557,582</b>
<b>LIABILITIES</b>														
Liabilities to credit institutions	-	-8,237	-	-	-	-	-8,237	-	16,372	-	-	-	-	16,372
Deposits from the public	-173,616	-1,013	-1,301	-4,673	-1,840	-	-182,443	140,482	1,774	661	1,616	417	-	144,950
Issued debt securities, etc.	-	-29,417	-45,570	-1,747	-251,606	-65,545	-393,885	-	35,733	27,637	6,886	224,325	69,784	364,365
Derivatives	-	-36,937	4	11	6,719	5,269	-24,934	-	4,939	24	48	-1,352	-815	2,844
Other liabilities	-3,021	-	-	-	-	-	-3,021	2,444	-	-	-	-	-	2,444
Subordinated debt	-5,800	-1,398	-	-	-599	-	-7,797	4,300	1,397	-	-	599	-	6,296
<b>Total</b>	<b>-182,437</b>	<b>-77,002</b>	<b>-46,867</b>	<b>-6,409</b>	<b>-247,326</b>	<b>-60,276</b>	<b>-620,317</b>	<b>147,226</b>	<b>60,215</b>	<b>28,322</b>	<b>8,550</b>	<b>223,989</b>	<b>68,969</b>	<b>537,271</b>
Difference assets and liabilities	-181,803	302,877	-24,669	52,150	-91,141	-45,630	11,784	-146,572	245,434	-11,467	20,195	-40,119	-47,160	20,311

SEK million	PARENT COMPANY													
	2022							2021						
	Without interest period	<3 months	3-6 months	6-12 months	1-5 years	>5 years	Total	Without interest period	<3 months	3-6 months	6-12 months	1-5 years	>5 years	Total
<b>ASSETS</b>														
Cash and balances held at central banks	-	3,534	-	-	-	-	3,534	-	10,100	-	-	-	-	10,100
Chargeable treasury bills, etc.	-	26,696	2,541	-	441	208	29,886	-	16,371	2,032	208	3,331	247	22,549
Lending to credit institutions	-	147,568	-	-	-	-	147,568	-	114,248	5,712	3,458	-	-	123,418
Lending to the public	-	23,370	143	456	1,594	191	25,754	-	20,406	376	385	3,556	251	24,974
Change in fair value of interest-rate-hedged loan receivables	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Bonds and other interest-bearing securities	-	15,759	3,880	5,072	29,580	3,199	57,490	-	8,156	3,323	3,088	31,660	4,027	50,254
Derivatives	-	50,358	37	-65	-7,475	-5,143	37,712	-	5,091	138	48	1,594	2,033	8,904
Other assets	792	-	-	-	-	-	792	483	-	-	-	-	-	483
<b>Total</b>	<b>792</b>	<b>267,285</b>	<b>6,601</b>	<b>5,463</b>	<b>24,140</b>	<b>-1,545</b>	<b>302,736</b>	<b>483</b>	<b>174,732</b>	<b>11,581</b>	<b>7,187</b>	<b>40,141</b>	<b>6,558</b>	<b>240,682</b>
<b>LIABILITIES</b>														
Liabilities to credit institutions	-	-9,115	-100	-	-	-	-9,215	-	16,033	-	-	-	-	16,033
Deposits from the public	-173,616	-1,013	-1,301	-4,673	-1,840	-	-182,443	140,482	1,774	661	1,616	417	-	144,950
Issued debt securities, etc.	-	-23,899	-8,299	-750	-32,056	-	-65,004	-	28,069	1,637	6,886	26,860	-	63,452
Derivatives	-	-50,470	7	36	8,126	4,871	-37,430	-	5,756	137	48	601	2,068	8,610
Other liabilities	-922	-	-	-	-	-	-922	569	-	-	-	-	-	569
Subordinated debt	-5,800	-1,398	-	-	-599	-	-7,797	4,300	1,397	-	-	599	-	6,296
<b>Total</b>	<b>-180,338</b>	<b>-85,895</b>	<b>-9,693</b>	<b>-5,387</b>	<b>-26,369</b>	<b>4,871</b>	<b>-302,811</b>	<b>145,351</b>	<b>53,029</b>	<b>2,435</b>	<b>8,550</b>	<b>28,477</b>	<b>2,068</b>	<b>239,910</b>
Difference assets and liabilities	-179,546	181,390	-3,092	76	-2,229	3,326	-75	-144,868	121,703	9,146	-1,363	11,664	4,490	772

## RC:5 Operational risk

Operational risk means the risk of losses due to inappropriate or unsuccessful processes, human error, faulty systems or external events, including legal risks.

### Risk management

The process for managing operational risk is based on the continuous identification, analysis and assessment of risks as well as their management and follow-up. An analysis of risk levels is reported to the Board, the CEO and the Executive Management. The Risk department has overall responsibility for the methods and procedures used in the management of operational risk. The work with managing operational risk is conducted based on SBAB's risk appetite and the significant processes for the business. This entails constant efforts to develop employees' risk awareness and the bank's risk culture, to improve processes and procedures as well as to provide tools to efficiently and proactively manage day-to-day operational risk. As part of strengthening SBAB's risk culture, the bank implemented risk and compliance coordinators (RCCs) in the first line. The RCCs support the business managers with a focus on risk management, process mapping, internal controls, incident management and regulatory compliance.

### Self-evaluation

The self-evaluation process encompasses the identification and evaluation of operational risks in all significant processes. Self-evaluation is carried out using a shared method and documented in the shared system support. The result of the self-evaluation is reported annually to the Board, the CEO and the Executive Management.

### Incident management

SBAB has procedures and system support intended to facilitate the reporting and follow-up of incidents. The Risk department supports the operations with the analysis of reported incidents to ensure that root causes are identified and suitable measures are implemented. Even incidents that have not caused direct damage or financial loss are reported, to promote proactive risk management.

### Management of material changes

SBAB's process for the management of material changes is applied for new or significantly altered products, services, markets, processes and ICT systems as well as in the event of major operational and organisational changes at SBAB. The aim of the process is to evaluate any potential risks related to the change and to draw attention to any impact the change may have on capital position.

### Continuity management

SBAB works in a pre-emptive manner to prevent events that may affect the company's ability to conduct operations. A contingency organisation has been established for the management and communication in case of serious incidents, crises or disasters. This organisation is tested regularly in collaboration with external crisis management experts.



### Significant operational risks

SBAB has identified a number of risks that, were they to occur, are assessed as potentially having a larger impact on SBAB's operations than other risks. The development of these risk is monitored on an ongoing basis by the Executive Management and the Board, and is taken into consideration within the framework of SBAB's business planning. The significant operational risks are detailed below.

#### Information security risk

It is critical for the entire business that the bank's control environment for information is both rigorous and transparent. Several potential risk drivers exist for the possible compromise of data in terms of confidentiality, accuracy and availability. Examples of such risk drivers, include attacks by cyber criminals, erroneous management of cloud services and errors in the replacement of the bank's base system. SBAB has a dedicated security team comprised of specialists tasked with attaining and maintaining a high level of cyber security for the bank. This is achieved through proactive efforts to ensure strong, digital perimeter protection and a high level of security within this protective shield. The team endeavours to increase risk and security awareness throughout SBAB with the aim of achieving the right level of security for our customers, systems and personnel. Moreover, the bank has a separate department for information linked to natural and legal persons called Privacy. This department reviews the processing of personal data in cloud services and sets requirements for such processing so as to ensure the bank complies with the applicable rules. In order to implement the IT strategy in a secure manner, operations retain the approach, under the existing governance model, of making small deliveries frequently to minimise any risk of major disruptions.

#### Technical risk

Market advances in technology have been rapid in recent years, which has led to certain parts of SBAB's infrastructure becoming obsolete and outdated. An extensive project to replace the system platform began in 2017 and has continued at full intensity and with high priority since then. The project is expected to be completed in 2023. Clearly defined objectives and priorities are in place for SBAB's IT strategy to ensure that the identified risks are managed effectively. The Executive Management and the Board closely monitor the development and outcome related to time plans and expenses. The shorter target and lead times entailed by the agile working method as well as

shorter intervals between production increase flexibility and enable more efficient working practices.

#### Financial crime

The threat level from criminals is deemed to be such that the bank risks being exposed to money laundering attempts. Moreover, a risk exists that the bank will be exposed to internal fraud. SBAB has a separate unit, Anti-Financial Crime (AFC), which acts to strengthen SBAB's overall capacity to prevent financial crime. SBAB's efforts in this area encompass, inter alia, conducting risk assessments, obtaining a good level of KYC, monitoring activities and transactions, continuous training and ensuring adequate internal control is performed through examination in the first, second and third lines in terms of daily operations, procedures and processes. SBAB has an internal framework regulating how operations should work to counteract bribes and other forms of corruption. The framework is designed to reflect the Code on Gifts, Rewards and other Benefits in Business published by the Swedish Anti-Corruption Institute. To that end, SBAB conducts ongoing courses in this area.

#### Competence

SBAB aims to be an attractive workplace with dedicated and motivated employees who, on their own initiative, generate ideas, collaborate and identify solutions. Like many other companies, SBAB faces the risk of not succeeding in attracting and retaining the right skills. SBAB uses a clearly defined and transparent HR strategy together with ambitious goals in this area to actively develop the value-driven work approach and to ensure inclusive leadership that can generate driven employees.

Regulatory risk is increasingly becoming a significant risk. New external regulations in areas including sustainability that impact SBAB will be implemented and training will be conducted to secure a high level of competence and thus high regulatory compliance in all parts of SBAB.

#### Capital requirements for operational risks

SBAB uses the standardised approach to calculate capital requirements for operational risk within the Pillar 1 framework. The capital requirements for operational risk are presented in the Risk Exposure Amounts and Capital requirements table (Note RC 8).

## RC:6 Business risk

SBAB differentiates its business risk between strategic risk and the risk of weaker earnings. Strategic risk is defined as the risk of a loss arising due to unfavourable business decisions, erroneous implementation of strategic decisions or a lack of sensitivity to changes in the industry, the political environment or legal circumstances. The risk of weaker earnings encompasses the risk of, for example, reduced margins, which in turn may arise due to more expensive financing or more intense competition.

New business is usually relatively similar to the business SBAB already has. Changes in the form of new products or new markets may only constitute a small part of SBAB's activities and must be implemented at such a pace that SBAB does not substantially jeopardise its earnings level and with great probability avoids pressure on its own funds.

Risks related to strategy and earnings are evaluated on an ongoing basis over the year within the first line's strategy work. Strategically important decisions are managed within the framework for managing material changes. Furthermore, the Board receives an annual evaluation of the material risks that clearly addresses strategic business risk and the bank's overall earnings. Business risk is included in the calculation of the Pillar 2 capital requirement as part of SBAB's stress tests, and where the effects of a scenario corresponding to a normal economic downturn are evaluated. For business risk within Pillar 2, refer to the "Capital adequacy and risk management 2022" report.

## RC:7 Concentration risk

Concentration risk arises when exposures are concentrated to certain counterparties, regions or types of businesses/industries. Through a direction decision as part of the business planning, SBAB's Board has established the concentration of risk based on the actual conditions for SBAB. The Board's risk appetite sets the framework for concentration risk, which is calculated based on the size of the exposures, industry and geographical concentration.

SBAB is primarily considered to be exposed to credit-risk related concentration risk in its lending operations. The risk department continuously monitors and analyses concentration in the lending portfolio based on, inter alia, geographical area, collateral, segment and product type. SBAB's portfolio is concentrated to the housing and property market. SBAB also has limited lending on commercial property, which amounted to 2% of lending to the

public as of 31 December 2022. For more information on the breakdown of SBAB's secured and unsecured lending, refer to the Loan amounts broken down by LTV interval table in Note RC 1. Moreover, large exposures to single counterparties are monitored on an ongoing basis. Total lending to the ten largest customer groups accounted for 7% of lending to the public. For more information on the lending portfolio's geographical breakdown, please refer to pages 51 and 52. SBAB also evaluates the ongoing capital requirement for concentration risk and quantifies the economic capital risk for credit-risk exposures, see Note RC 9. For concentration risk in liquidity, please refer to Note RC 3.

## RC:8 Capital adequacy analysis

### Regulatory framework

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

The purpose of the rules is in part to make institutions more resilient to new crises, and in part to raise confidence in the institutions' ability to manage new crises. The regulations include capital requirements, requirements on capital quality, a non-risk-based metric (leverage ratio) and quantitative liquidity requirements. The majority of the amendments to the CRR started to apply from 28 June 2021. Legislative amendments linked to the Capital Requirements Directive entered force on 29 December 2020. Binding leverage ratio requirements of 3% entered force on 28 June 2021.

In the fourth quarter of 2021, the European Commission published the proposed finalisation of the Basel 3 regulation (Banking Package 2021), which consists of three elementary legislative overhauls: a proposal to amend the Capital Requirements Directive, the Regulation on Prudential Requirements for Credit Institutions and Investment Firms, and the Bank Recovery & Resolution Directive. The comprehensive regulatory changes aim to address existing problems in the current European regulatory framework and to further improve capitalisation, liquidity and leverage ratios, without impairing the competitiveness of European banks. This will strengthen resilience across the entire financial sector, enabling it to better absorb adverse shocks. The ECB has completed comprehensive analysis, which found different interpretations of the EU framework between banks using internal models, thereby leading to asymmetric results in the calculation of risk-weighted assets for portfolios with the same underlying risk. This is one of the key issues taken up in the new regulatory proposal, which addresses the problem by introducing several limiting factors for the IRB approach, including a capital requirements floor, where risk-weighted assets are not permitted to fall under 72.5% of what is given in the standardised approach. The main source of risk for SBAB stems from credit risk. The regulatory proposal encompasses a number of changes both to the standardised approach and to the IRB approach. Over and above the changes to the calculation of credit risk, changes have also been proposed for CVA and operational risk as well as for the leverage ratio buffer. The European Commission's proposal is to be introduced with a transitional period during 2025–2030. Negotiations on the proposal are ongoing in the European Council and the European Parliament. SBAB is closely monitoring the regulatory approval process and is ready to implement the new requirements following their approval by European and national authorities.

The countercyclical capital buffer requirement for Swedish exposures has been raised from 0% to 1%, effective from 29 September 2022. The Swedish FSA has informed that the countercyclical buffer value will increase to 2% with application from 22 June 2023. The Government of Denmark has decided to increase the countercyclical buffer value in 2022 from 0% to 1%, effective from 30 September 2022 with a further increase to 2% applicable from 31 December 2022. Furthermore, Norges Bank (the central bank of Norway) has decided to raise the countercyclical capital buffer from 1.5% to 2%, effective from 31 December 2022 followed by a further increase to 2.5%, effective from 31 March 2023.

From 31 December 2018, a risk-weight floor of 25% for residential mortgages to Swedish households within Pillar 1 is included following a decision by the Swedish FSA supported by article 458 in the CRR. The decision applied for two years. Thereafter, the Swedish FSA resolved to apply the floor in Pillar 1 until 30 December 2023. The credit institutions encompassed by the measure are those authorised to use the IRB approach and which have exposures to Swedish residential mortgages.

Banks that are considered systemic will be subject to additional capital requirements. SBAB is not subject to these requirements.

The Swedish National Debt Office (SNDO) has decided a minimum requirement for own funds and eligible liabilities (MREL) and a subordination requirement for SBAB that applies on full implementation from 2024. Furthermore, the SNDO has decided on an appropriate level that will apply from 2023 for a linear phase-in of the respective requirements. The new MREL and subordination requirement are expressed as risk-weighted and as non risk-weighted requirements. On full implementation, the MREL for SBAB amounts to 25.20% of REA and 6% of the leverage ratio exposure (LRE). On full imple-

mentation, the requirement for subordinated debt amounts to 22.70% of REA and 6.00% of LRE. The appropriate levels for 2023 amount to an MREL of 23.95% from a risk-weighted perspective and to an LRE of 5.50% from a non risk-weighted perspective, as well as to a subordination requirement of 18.10% from a risk-weighted perspective and 5.50% from a non risk-weighted perspective.

### SBAB's capital

SBAB is well capitalised, and to retain a strong capital position, SBAB's Board of Directors adopted a new capital policy. According to SBAB's capital targets from the owner, under normal conditions, the Bank's CET1 capital ratio and its total capital ratio should both be at least 0.6 percentage points higher than the capital requirement communicated by the Swedish FSA. In 2022, the CEO decided to introduce a supplementary capital target for CET1 capital. The target has applied since February 2022 and entails, under normal circumstances, SBAB maintaining a buffer equivalent to 1–3 percentage points above the Swedish FSA's communicated requirements over time. In September 2021, the Swedish FSA communicated one expected effect from the Pillar 2 guidance for SBAB: 0 percentage points on the risk-weighted capital requirement and about 0.3 percentage points on the leverage ratio, which is to be covered with CET1 capital. The bank is also tasked with meeting any other regulatory capital requirements. By means of a strong capital position and good risk management, SBAB meets the supervisory rules adopted by the EU.

SBAB primarily recognises credit risk in accordance with the internal ratings-based (IRB) approach, and other risk types in accordance with the standardised approach.

The SBAB Group has no securitised loans of its own and has not contributed to any other institution's securitisation.

Note RC:9 contains a summary of the method used to assess the internal capital requirement.

### Own funds

SBAB's own funds comprise equity as well as additional Tier 1 capital and Tier 2 capital consisting of own funds instruments. SBAB's own funds amounted to SEK 27,484 million (25,106) as per 31 December 2022. Over the year, the CET1 capital was affected primarily by the fact that net profit/loss for the period was added. The surplus has been verified by the company's auditors, in accordance with Article 26, item 2, of the CRR. During the year, Tier 1 capital increased from SEK 4,300 million to SEK 5,800 million as a result of the issue of AT1 instruments.

According to Article 35 of the CRR, the institution shall, except in the case of the items referred to in Article 33, not make adjustments to remove from own funds unrealised gains or losses on assets or liabilities recognised at fair value. According to this Article, an adjustment in a negative amount of SEK 6,639 million (positive: 919) has been made to CET1 capital.

According to Article 33, item 1, of the CRR, part of the fair-value reserves related to gains or losses on cash-flow hedges of financial instruments that are not measured at fair value, including projected cash flows, is not to be included in own funds. The CET1 capital has been adjusted for cash-flow hedges of SEK 6,679 million (negative: 868).

Changes in fair value that depend on the institution's own credit standing and that are related to derivatives had a negative impact of SEK 48 million (negative: 12) on the CET1 capital, in accordance with Article 33, item 1b.

With reference to Articles 34 and 105 of the CRR, SEK 101 million (55) has been deducted due to the requirements for prudent valuation.

A deduction of SEK 137 million (12) for intangible assets and a deduction of SEK 19 million (43) for net provisions were made in accordance with Article 36. Positive net provisions amounted to SEK 0 million (0) in accordance with Article 62.

### The consolidated situation

The table below lists the companies that are included in the consolidated situation within the SBAB Group. There are no ongoing or unforeseen material obstacles or legal barriers to a rapid transfer of funds from own funds other than what is stipulated in the terms and conditions governing own funds instruments (see Note L:7).

## Companies included in the consolidated situation

Company	Corporate Registration Number	Ownership share	Consolidation method used in the accounts	Consolidation method used for capital adequacy	Company description
SBAB Bank AB (publ)	556253-7513	Parent Company	–	–	Institution
AB Sveriges Säkerställda Obligationer (publ) (Swedish Covered Bond Corporation – SCBC)	556645-9755	100%	Fully consolidated	Acquisition method	Institution

## Companies not included in the consolidated situation

Company	Corporate Registration Number	Ownership share	Consolidation method used in the accounts	Consolidation method used for capital adequacy	Company description
Booli Search Technologies AB	556733-0567	100%	Fully consolidated	Not consolidated	IT company
Boappa AB	559081-8273	67%	Fully consolidated	Not consolidated	IT company

## Joint ventures not included in the consolidated situation

Company	Corporate Registration Number	Ownership share	Consolidation method used in the accounts	Consolidation method used for capital adequacy	Company description
Tibern AB	559384-3542	14%	Equity method	Not consolidated	IT company

## Subordinated debt and own funds instruments

Subordinated debt may be included in the calculation of Tier 1 capital if certain conditions are present. SBAB includes five own funds instruments with a nominal value of

SEK 5,800 million as Tier 1 capital in own funds. Tier 2 capital amounted to SEK 1,995 million and comprised two own funds instruments.

Own funds instruments are subordinate to the Parent Company's other liabilities, and own funds instruments that are included in Tier 1 capital are sub-

ordinate to other own funds instruments. Please refer to the report under "Capital adequacy and risk management (Pillar 3)" at [www.sbab.se](http://www.sbab.se) for a specification of own funds and the complete terms and conditions for own funds instruments in accordance with Commission Implementing Regulation (EU) No 2021/637. For further information on own funds instruments, also refer to Note [L 7](#).

## Capital adequacy – KPIs

SEK million	CONSOLIDATED SITUATION				
	31 Dec 2022	30 Sep 2022	30 Jun 2022	31 Mar 2022	31 Dec 2021
<b>Available own funds (amount)</b>					
CET1 capital	19,689	19,311	19,076	18,920	18,811
Tier 1 capital	25,489	25,111	24,876	23,220	23,111
Total capital	27,484	27,106	26,871	25,215	25,106
<b>Risk exposure amount (REA)</b>					
Total REA	154,151	151,178	150,145	144,217	138,876
<b>Capital ratios (as a percentage of REA)</b>					
CET1 capital ratio (%)	12.8	12.8	12.7	13.1	13.5
Tier 1 capital ratio (%)	16.5	16.6	16.6	16.1	16.6
Total capital ratio (%)	17.8	17.9	17.9	17.5	18.1
<b>Additional own funds requirements to address risks other than the risk of excessive leverage (as a percentage of REA)</b>					
Additional own funds requirements to address risks other than the risk of excessive leverage (%)	3.4	3.4	3.4	3.4	3.4
of which: to be made up of CET1 capital (percentage points)	2.2	2.2	2.2	2.2	2.2
of which: to be made up of Tier 1 capital (percentage points)	2.5	2.5	2.5	2.5	2.5
Total SREP own funds requirements (%)	11.4	11.4	11.4	11.4	11.4
<b>Combined buffer and overall capital requirements (as a percentage of REA)</b>					
Capital conservation buffer (%)	2.5	2.5	2.5	2.5	2.5
Capital conservation buffer due to macro-prudential or systemic risk identified at the level of a Member State (%)	-	-	-	-	-
Institution-specific countercyclical capital buffer (%)	1.0	1.0	0.0	0.0	0.0
Systemic risk buffer (%)	-	-	-	-	-
Global Systemically Important Institution buffer (%)	-	-	-	-	-
Other Systemically Important Institution buffer (%)	-	-	-	-	-
Combined buffer requirement (%)	3.5	3.5	2.5	2.5	2.5
Overall capital requirements (%)	14.9	14.9	13.9	13.9	13.9
CET1 capital available after meeting the total SREP own funds requirements (%)	6.1	6.1	6.0	6.4	6.9

SEK million	CONSOLIDATED SITUATION				
	31 Dec 2022	30 Sep 2022	30 Jun 2022	31 Mar 2022	31 Dec 2021
<b>Leverage ratio</b>					
Total exposure measure	618,926	609,015	601,402	584,238	580,521
Leverage ratio (%)	4.1	4.1	4.1	4.0	4.0
<b>Additional own funds requirements to address the risk of excessive leverage (as a percentage of total exposure measure)</b>					
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
<b>Leverage ratio buffer and overall leverage ratio requirement (as a percentage of total exposure measure)</b>					
Leverage ratio buffer requirement (%)	-	-	-	-	-
Overall leverage ratio requirement (%)	3.0	3.0	3.0	3.0	3.0
<b>Liquidity coverage ratio</b>					
Total high-quality liquid assets (HQLA) (weighted value - average)	81,220	80,669	82,714	82,388	79,000
Cash outflows - total weighted value	45,867	46,361	45,755	43,867	43,300
Cash inflows - total weighted value	8,783	9,476	8,983	9,197	9,316
Total net cash outflows (adjusted value)	37,084	36,886	36,772	34,670	33,984
Liquidity coverage ratio (%)	219.0	218.7	224.9	237.6	232.5
<b>Net Stable Funding Ratio</b>					
Total available stable funding	521,568	529,834	512,667	493,513	477,485
Total required stable funding	407,665	399,767	393,909	384,083	371,325
NSFR (%)	127.9	132.5	130.1	128.5	128.6

## Own funds

SEK million	CONSOLIDATED SITUATION	
	2022	2021
<b>CET1 capital instruments: Instruments and reserves</b>		
Capital instruments and the related share premium accounts	1,958	1,958
Retained earnings	16,713	15,653
Accumulated other comprehensive income (and other reserves)	-6,639	919
Independently verified net profit for the year net of any foreseeable charge or dividend <sup>1)</sup>	1,282	1,271
<b>CET1 capital before regulatory adjustments</b>	<b>13,314</b>	<b>19,801</b>
<b>CET1 capital: Regulatory adjustments</b>		
Additional value adjustments (negative amount)	-101	-55
Intangible assets (net of related tax liability) (negative amount)	-137	-12
Fair value reserves related to gains or losses on cash-flow hedges of financial instruments that are not valued at fair value	6,680	-868
Negative amounts resulting from the calculation of expected loss amounts	-19	-43
Gains or losses on liabilities valued at fair value resulting from changes in own credit standing	-48	-12
Other regulatory adjustments <sup>2)</sup>	-	-
<b>Total regulatory adjustments to CET1 capital</b>	<b>6,375</b>	<b>-990</b>
<b>CET1 capital</b>	<b>19,689</b>	<b>18,811</b>
<b>Additional Tier 1 capital</b>		
Capital instruments and the related share premium accounts	5,800	4,300
<i>of which, classified as equity under applicable accounting standards</i>	<i>5,800</i>	<i>4,300</i>
<i>of which, classified as liabilities under applicable accounting standards</i>	<i>-</i>	<i>-</i>
Amount of qualifying items referred to in Article 484(4) and the related share premium accounts subject to phase out from Additional Tier 1 capital	-	-
<b>Additional Tier 1 capital before regulatory adjustments</b>	<b>5,800</b>	<b>4,300</b>
<b>Additional Tier 1 capital: regulatory adjustments</b>		
<b>Total regulatory adjustments to Additional Tier 1 capital</b>	<b>-</b>	<b>-</b>
<b>Additional Tier 1 capital</b>	<b>5,800</b>	<b>4,300</b>
<b>Tier 1 capital (Tier 1 capital = CET1 + Additional Tier 1 capital)</b>	<b>25,489</b>	<b>23,111</b>
<b>Tier 2 capital: instruments</b>		
Capital instruments and the related share premium accounts	1,995	1,955
Credit risk adjustments	-	0
<b>Tier 2 capital before regulatory adjustments</b>	<b>1,995</b>	<b>1,995</b>
<b>Tier 2 capital: Regulatory adjustments</b>		
<b>Total regulatory adjustments to Tier 2 capital</b>	<b>-</b>	<b>-</b>
<b>Tier 2 capital: instruments</b>	<b>1,995</b>	<b>1,995</b>
<b>Total capital (Total capital = Tier 1 capital + Tier 2 capital)</b>	<b>27,484</b>	<b>25,106</b>
<b>Total risk exposure amount</b>	<b>154,151</b>	<b>138,876</b>

## Cont. Own funds

SEK million	CONSOLIDATED SITUATION	
	2022	2021
<b>Capital ratios and requirements including buffers, %</b>		
CET1 capital	12.8	13.5
Tier 1 capital	16.5	16.6
Total capital	17.8	18.1
Institution – CET1 overall capital requirements	10.2	9.2
<i>of which, capital conservation buffer requirement</i>	2.5	2.5
<i>of which, countercyclical buffer requirement</i>	1.0	0.0
<i>of which, systemic risk buffer requirement</i>	–	–
<i>of which, G-SII buffer and O-SII buffer</i>	–	–
<i>of which, additional own funds requirements to address risks other than the risk of excessive leverage</i>	2.2	2.2
Common Equity Tier 1 capital (as a percentage of risk exposure amount) available after meeting the minimum capital requirements	6.1	6.9

<sup>1)</sup> Net profit for the year was reduced by the expected dividend of SEK 832 million. The results have been verified by Deloitte AB pursuant to Article 26, Point 2a of the Capital Requirements Regulation.

<sup>2)</sup> There are no results that generate deduction of NPL backstop since entry into force.

SBAB has previously identified faults with the internal models used to cover capital requirements for credit risk and SBAB has therefore, voluntarily applied an Article 3 surcharge on Pillar 1 capital adequacy and in its reports, and has also completed efforts to update the internal rating-based models. SBAB's assessment is that the implementation of the updated models, fol-

lowing approval from the Swedish FSA, should rectify the identified faults and therefore lead to a decreased Pillar 2 requirement. In October 2021, the Board of SBAB decided to remove the voluntarily applied Article 3 surcharge as a result of the Pillar 2 requirements communicated by the Swedish FSA.

### Risk exposure amounts and capital requirements

SEK million	CONSOLIDATED SITUATION			
	2022		2021	
	Risk exposure amount	Capital requirement	Risk exposure amount	Capital requirement
<b>Credit risk recognised in accordance with IRB approach</b>				
Exposures to corporates	30,158	2,413	20,110	1,609
Retail exposures	14,877	1,190	12,889	1,031
<i>of which, exposures to SMEs</i>	1,066	85	1,070	86
<i>of which, retail exposures secured by immovable property</i>	13,811	1,105	11,819	945
<b>Total exposures recognised with the IRB approach</b>	<b>45,035</b>	<b>3,603</b>	<b>32,999</b>	<b>2,640</b>
<b>Credit risk recognised with the standardised approach</b>				
Exposures to governments and central banks	0	0	0	0
Exposures to regional governments or local authorities or agencies	0	0	0	0
Exposures to multilateral development banks	0	0	0	0
Exposures to international organisations	0	0	0	0
Exposures to institutions <sup>1)</sup>	4,747	380	3,904	312
<i>of which, derivatives according to CRR, Appendix 2</i>	4,734	379	3,739	299
<i>of which, repos</i>	13	1	164	13
<i>of which other</i>	0	0	1	0
Retail exposures	2,112	169	2,705	216
Exposures in default	6	0	5	0
Exposures in the form of covered bonds	4,061	325	3,111	249
Exposures to institutions and corporates with a short-term credit rating	7	1	14	1
Equity exposures	154	12	150	12
Other items	525	42	644	53
<b>Total exposures recognised with standardised approach</b>	<b>11,612</b>	<b>929</b>	<b>10,533</b>	<b>843</b>
<b>Market risk</b>	<b>390</b>	<b>31</b>	<b>341</b>	<b>27</b>
<i>of which, position risk</i>	-	-	-	-
<i>of which, currency risk</i>	390	31	341	27
<b>Operational risk</b>	<b>6,035</b>	<b>483</b>	<b>5,547</b>	<b>444</b>
<i>of which, standardised approach</i>	6,035	483	5,547	444
<b>Credit valuation adjustment risk</b>	<b>1,429</b>	<b>114</b>	<b>1,665</b>	<b>133</b>
<b>Additional requirements under Article 458 of the CRR</b>	<b>89,650</b>	<b>7,172</b>	<b>87,791</b>	<b>7,023</b>
<b>Additional requirements under Article 3 of the CRR</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Total risk exposure amount and minimum capital requirements</b>	<b>154,151</b>	<b>12,332</b>	<b>138,876</b>	<b>11,110</b>
<b>Capital requirements for capital conservation buffer</b>		<b>3,854</b>		<b>3,472</b>
<b>Capital requirements for countercyclical buffer</b>		<b>1,564</b>		<b>17</b>
<b>Total capital requirements</b>		<b>17,750</b>		<b>14,599</b>

<sup>1)</sup> The risk exposure amount for counterparty risk according to the CRR, Article 92(3)(f), amounts to SEK 4,747 million (3,903).



## Average risk weight for credit risk recognised using the IRB approach

SEK million	CONSOLIDATED SITUATION									
	2022					2021				
	Exposure before credit risk hedge	Exposure after CCF	Risk expo- sure amount	Capital require- ment	Average risk weight, %	Exposure before credit risk hedge	Exposure after CCF	Risk expo- sure amount	Capital require- ment	Average risk weight, %
<b>Credit risk in lending portfolio recognised under the IRB approach</b>										
Exposures to corporates	107,657	105,154	30,158	2,413	28.7	84,150	81,554	20,110	1,609	24.7
Retail exposures	446,023	418,111	14,877	1,190	3.6	447,687	402,719	12,889	1,031	3.2
<i>of which, single-family dwellings and holiday homes</i>	180,342	179,896	5,657	453	3.1	173,763	172,796	4,952	396	2.9
<i>of which, tenant-owners' rights</i>	173,603	172,948	7,995	640	4.6	168,828	167,482	6,574	526	3.9
<i>of which, tenant-owners' associations</i>	61,186	60,738	1,067	85	1.8	55,542	55,069	1,070	86	1.9
<b>Total credit risk under the IRB approach</b>	<b>553,680</b>	<b>523,265</b>	<b>45,035</b>	<b>3,603</b>	<b>8.6</b>	<b>531,837</b>	<b>484,273</b>	<b>32,999</b>	<b>2,640</b>	<b>6.8</b>

## Capital adequacy – KPIs

SEK million	PARENT COMPANY				
	31 Dec 2022	30 Sep 2022	30 Jun 2022	31 Mar 2022	31 Dec 2021
<b>Available own funds (amount)</b>					
CET1 capital	9,615	9,551	9,731	10,030	10,279
Tier 1 capital	15,415	15,351	15,531	14,330	14,579
Total capital	17,416	17,355	17,527	16,325	16,574
<b>Risk exposure amount (REA)</b>					
Total REA	39,963	41,541	42,487	39,389	36,358
<b>Capital ratios (as a percentage of REA)</b>					
CET1 capital ratio (%)	24.1	23.0	22.9	25.5	28.3
Tier 1 capital ratio (%)	38.6	37.0	36.6	36.4	40.1
Total capital ratio (%)	43.6	41.8	41.3	41.4	45.6
<b>Additional own funds requirements to address risks other than the risk of excessive leverage (as a percentage of REA)</b>					
Additional own funds requirements to address risks other than the risk of excessive leverage (%)	4.6	4.6	4.6	4.6	4.6
of which: to be made up of CET1 capital (percentage points)	2.7	2.7	2.7	2.7	2.7
of which: to be made up of Tier 1 capital (percentage points)	3.5	3.5	3.5	3.5	3.5
Total SREP own funds requirements (%)	12.6	12.6	12.6	12.6	12.6
<b>Combined buffer and overall capital requirements (as a percentage of REA)</b>					
Capital conservation buffer (%)	2.5	2.5	2.5	2.5	2.5
Capital conservation buffer due to macro-prudential or systemic risk identified at the level of a Member State (%)	-	-	-	-	-
Institution-specific countercyclical capital buffer (%)	1.0	1.0	0.0	0.0	0.0
Systemic risk buffer (%)	-	-	-	-	-
Global Systemically Important Institution buffer (%)	-	-	-	-	-
Other Systemically Important Institution buffer (%)	-	-	-	-	-
Combined buffer requirement (%)	3.5	3.5	2.5	2.5	2.5
Overall capital requirements (%)	16.2	16.1	15.2	15.1	15.1
CET1 capital available after meeting the total SREP own funds requirements (%)	16.8	15.8	15.7	18.2	21.1

SEK million	PARENT COMPANY				
	31 Dec 2022	30 Sep 2022	30 Jun 2022	31 Mar 2022	31 Dec 2021
<b>Leverage ratio</b>					
Total exposure measure	143,087	147,642	169,589	144,680	145,590
Leverage ratio (%)	10.8	10.4	9.2	9.9	10.0
<b>Additional own funds requirements to address the risk of excessive leverage (as a percentage of total exposure measure)</b>					
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
<b>Leverage ratio buffer and overall leverage ratio requirement (as a percentage of total exposure measure)</b>					
Leverage ratio buffer requirement (%)	-	-	-	-	-
Overall leverage ratio requirement (%)	3.0	3.0	3.0	3.0	3.0
<b>Liquidity coverage ratio <sup>1)</sup></b>					
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 (%)					
<b>Net Stable Funding Ratio <sup>1)</sup></b>					
Total available stable funding					
Total required stable funding					
NSFR (%)					

<sup>1)</sup> SBAB Bank AB together with AB Sveriges Säkerställda obligationer (SCBC) are treated as one liquidity sub-group pursuant to Article 8 of the CRR and as per the decision by the Swedish FSA. For this reason, disclosure of the liquidity coverage ratio and the net stable funding ratio is not assessed as material at company level.

## Own funds

SEK million	PARENT COMPANY	
	2022	2021
<b>CET1 capital instruments: Instruments and reserves</b>		
Capital instruments and the related share premium accounts	1,958	1,958
Retained earnings	8,110	8,782
Accumulated other comprehensive income (and other reserves)	-152	165
Independently verified net profit for the year net of any foreseeable charge or dividend <sup>1)</sup>	-299	-485
<b>CET1 capital before regulatory adjustments</b>	<b>9,618</b>	<b>10,420</b>
<b>CET1 capital: Regulatory adjustments</b>		
Additional value adjustments (negative amount)	-141	-73
Intangible assets (net of related tax liability) (negative amount)	-1	-13
Fair value reserves related to gains or losses on cash-flow hedges of financial instruments that are not valued at fair value	187	-24
Negative amounts resulting from the calculation of expected loss amounts	-	-19
Gains or losses on liabilities valued at fair value resulting from changes in own credit standing	-48	-12
Other regulatory adjustments <sup>2)</sup>	-	-
<b>Total regulatory adjustments to CET1 capital</b>	<b>-3</b>	<b>-141</b>
<b>CET1 capital</b>	<b>9,615</b>	<b>10,279</b>
<b>Additional Tier 1 capital</b>		
Capital instruments and the related share premium accounts	5,800	4,300
<i>of which, classified as equity under applicable accounting standards</i>	<i>5,800</i>	<i>4,300</i>
<i>of which, classified as liabilities under applicable accounting standards</i>	<i>-</i>	<i>-</i>
Amount of qualifying items referred to in Article 484(4) and the related share premium accounts subject to phase out from Additional Tier 1 capital	-	-
<b>Additional Tier 1 capital before regulatory adjustments</b>	<b>5,800</b>	<b>4,300</b>
<b>Additional Tier 1 capital: regulatory adjustments</b>		
<b>Total regulatory adjustments to Additional Tier 1 capital</b>	<b>-</b>	<b>-</b>
<b>Additional Tier 1 capital</b>	<b>5,800</b>	<b>4,300</b>
<b>Tier 1 capital (Tier 1 capital = CET1 + Additional Tier 1 capital)</b>	<b>15,415</b>	<b>14,579</b>
<b>Tier 2 capital: instruments</b>		
Capital instruments and the related share premium accounts	1,995	1,995
Credit risk adjustments	6	-
<b>Tier 2 capital before regulatory adjustments</b>	<b>2,001</b>	<b>1,995</b>
<b>Tier 2 capital: Regulatory adjustments</b>		
<b>Total regulatory adjustments to Tier 2 capital</b>	<b>-</b>	<b>-</b>
<b>Tier 2 capital: instruments</b>	<b>2,001</b>	<b>1,995</b>
<b>Total capital (Total capital=Tier 1 capital + Tier 2 capital)</b>	<b>17,416</b>	<b>16,574</b>
<b>Total risk exposure amount</b>	<b>39,963</b>	<b>36,358</b>

## Cont. Own funds

SEK million	PARENT COMPANY	
	2022	2021
<b>Capital ratios and requirements including buffers, %</b>		
CET1 capital	24.1	28.3
Tier 1 capital	38.6	40.1
Total capital	43.6	45.6
Institution – CET1 overall capital requirements	10.7	9.7
<i>of which, capital conservation buffer requirement</i>	2.5	2.5
<i>of which, countercyclical buffer requirement</i>	1.0	0.0
<i>of which, systemic risk buffer requirement</i>	-	-
<i>of which, G-SII buffer and O-SII buffer</i>	-	-
<i>of which, additional own funds requirements to address risks other than the risk of excessive leverage</i>	2.7	2.7
Common Equity Tier 1 capital (as a percentage of risk exposure amount) available after meeting the minimum capital requirements	16.9	21.1

<sup>1)</sup> Net profit for the year was reduced by the expected dividend of SEK 832 million. The results have been verified by Deloitte AB pursuant to Article 26, Point 2a of the Capital Requirements Regulation.

<sup>2)</sup> There are no results that generate deduction of NPL backstop since entry into force.

## Risk exposure amounts and capital requirements

SEK million	PARENT COMPANY			
	2022		2021	
	Risk exposure amount	Capital requirement	Risk exposure amount	Capital requirement
<b>Credit risk recognised in accordance with IRB approach</b>				
Exposures to corporates	11,148	892	8,146	651
Retail exposures	699	56	1,060	85
<i>of which, exposures to SMEs</i>	91	7	81	7
<i>of which, retail exposures secured by immovable property</i>	607	49	979	78
<b>Total exposures recognised with the IRB approach</b>	<b>11,847</b>	<b>948</b>	<b>9,206</b>	<b>736</b>
<b>Credit risk recognised with the standardised approach</b>				
Exposures to governments and central banks	0	0	0	0
Exposures to regional governments or local authorities or agencies	0	0	0	0
Exposures to multilateral development banks	0	0	0	0
Exposures to international organisations	0	0	0	0
Exposures to institutions <sup>1)</sup>	4,688	375	3,429	274
<i>of which, derivatives according to CRR, Appendix 2</i>	4,613	369	3,429	274
<i>of which, repos</i>	0	0	0	0
<i>of which other</i>	75	6	0	0
Retail exposures	2,112	169	2,705	216
Exposures in default	6	0	5	0
Exposures in the form of covered bonds	4,061	325	3,111	249
Exposures to institutions and corporates with a short-term credit rating	6	0	15	1
Equity exposures	10,454	836	10,450	836
Other items	136	11	153	13
<b>Total exposures recognised with standardised approach</b>	<b>21,463</b>	<b>1,717</b>	<b>19,868</b>	<b>1,589</b>
<b>Market risk</b>	<b>84</b>	<b>7</b>	<b>61</b>	<b>5</b>
<i>of which, position risk</i>	-	-	-	-
<i>of which, currency risk</i>	84	7	61	5
<b>Operational risk</b>	<b>2,982</b>	<b>239</b>	<b>2,567</b>	<b>205</b>
<i>of which, standardised approach</i>	2,982	239	2,567	205
<b>Credit valuation adjustment risk</b>	<b>852</b>	<b>68</b>	<b>870</b>	<b>70</b>
<b>Additional requirements under Article 458 of the CRR</b>	<b>2,736</b>	<b>219</b>	<b>3,786</b>	<b>304</b>
<b>Additional requirements under Article 3 of the CRR</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Total risk exposure amount and minimum capital requirements</b>	<b>39,963</b>	<b>3,197</b>	<b>36,358</b>	<b>2,909</b>
<b>Capital requirements for capital conservation buffer</b>		<b>999</b>		<b>909</b>
<b>Capital requirements for countercyclical buffer</b>		<b>410</b>		<b>7</b>
<b>Total capital requirements</b>		<b>4,607</b>		<b>3,825</b>

<sup>1)</sup> The risk-weighted amount for counterparty risk according to the CRR, Article 92(3)(f), amounts to SEK 4,613 million (3,429).

## Average risk weight for credit risk recognised using the IRB approach

SEK million	PARENT COMPANY									
	2022					2021				
	Exposure before credit risk hedge	Exposure after CCF	Risk exposure amount	Capital requirement	Average risk weight, %	Exposure before credit risk hedge	Exposure after CCF	Risk exposure amount	Capital requirement	Average risk weight, %
<b>Credit risk in lending portfolio recognised under the IRB approach</b>										
Exposures to corporates	28,268	25,821	11,148	892	43.2	25,575	23,038	8,146	652	35.4
Retail exposures	41,289	13,737	699	56	5.1	63,972	19,378	1,060	85	5.5
<i>of which, single-family dwellings and holiday homes</i>	3,377	2,931	189	15	6.4	5,317	4,352	295	24	6.8
<i>of which, tenant-owners' rights</i>	4,880	4,225	261	21	6.2	7,081	5,735	391	31	6.8
<i>of which, tenant-owners' associations</i>	2,140	2,052	91	7	4.4	2,020	1,920	81	6	4.2
<b>Total credit risk under the IRB approach</b>	<b>69,557</b>	<b>39,558</b>	<b>11,847</b>	<b>948</b>	<b>29.9</b>	<b>89,547</b>	<b>42,416</b>	<b>9,206</b>	<b>736</b>	<b>21.7</b>

## RC:9 Internally assessed capital requirement

Within the framework of Pillar 2, the Basel regulations impose the requirement that banks' management and assessment of risks must be satisfactory to ensure that the banks can fulfil their obligations. To meet this requirement, the banks must have methods that enable them to continuously evaluate and uphold capital in an amount, type and distribution sufficient to cover the risks to which they are or will become exposed. This is known as the company's internal capital adequacy assessment process, which is part of SBAB's internal capital and liquidity adequacy assessment process (ICLAAP). At present, liquidity risk does not give rise to any actual capital requirement for SBAB. Refer to Note RC 3 for more information about liquidity risk.

The ICAAP aims to identify, evaluate and manage the risks to which SBAB is exposed and ensure that the consolidated situation has sufficient own funds for its selected risk profile. The ICAAP is revised annually to identify changes in the operating environment and changed regulations and supervisory practices that continuously affect the bank's performance. The amount of own funds required to manage the combined risk in the operations is based primarily on the calculation of SBAB's economic capital. Economic capital is defined as the amount of capital needed to ensure solvency over a one-year period. However, if the economic capital for risks included in Pillar 1 is less than the capital requirements under Pillar 1 for a given type of risk, the capital require-

ments under Pillar 1 are applied. During the second quarter, the Swedish FSA presented a new Pillar 2 method for pension risk. The internal assessment is that the new method does not impact SBAB's capital requirement. The internally assessed capital requirement for the Group amounted to SEK 20,764 million (SEK 17,019 million) on 31 December 2022. The internal capital requirement is assessed with the help of SBAB's internal models for economic capital and is not fully compatible with the capital requirements published by the Swedish FSA. According to the Swedish FSA's report "Capital requirements of Swedish banks as of Q4 2022," SBAB's total capital requirement amounted to SEK 19,251 million.

Finally, consideration is given to the risk associated with deteriorating macro-economic conditions, which is illustrated in conjunction with stress tests. Taken together, the above comprise the capital that, in accordance with Basel 3, is required to meet all risks in the operations. Additional information on the internal capital requirement can be found in the document "Capital Adequacy and Risk Management 2022," which is published on [www.sbab.se](http://www.sbab.se). For the Parent Company, the internally assessed capital requirement amounted to SEK 6,949 million (5,794).

		CONSOLIDATED SITUATION			
		31 Dec 2022		31 Dec 2021	
		Internally assessed capital requirement		Internally assessed capital requirement	
SEK million		SEK million	%	SEK million	%
Pillar 1	Credit risk & CVA risk	4,646	3.0	3,616	2.6
	Market risk	31	0.0	27	0.0
	Operational risk	483	0.3	444	0.3
	Risk-weight floor <sup>1)</sup>	7,172	4.7	7,023	5.1
	<b>Total Pillar 1</b>	<b>12,332</b>	<b>8.0</b>	<b>11,110</b>	<b>8.0</b>
Pillar 2	Credit risk	1,279	0.9	1,152	0.8
	Market risk	1,735	1.1	1,207	0.9
	Operational risk	-	-	-	-
	Pension risk	0	0.0	61	0.0
	<b>Total Pillar 2</b>	<b>3,014</b>	<b>2.0</b>	<b>2,420</b>	<b>1.7</b>
Buffers	Capital conservation buffer	3,854	2.5	3,472	2.5
	Countercyclical buffer	1,564	1.0	17	0.0
	<b>Total Buffers</b>	<b>5,418</b>	<b>3.5</b>	<b>3,489</b>	<b>2.5</b>
<b>Total</b>	<b>20,764</b>	<b>13.5</b>	<b>17,019</b>	<b>12.3</b>	
<b>Total own funds</b>	<b>27,484</b>		<b>25,106</b>		

<sup>1)</sup> In 2018, the Swedish FSA decided to amend the method for applying the risk-weight floor under Pillar 2 and replace it with a Pillar 1 requirement in accordance with Article 458 of the CRR. The amendment entered into force in 2018 and applied for two years. The Swedish FSA has extended the capital requirement, and it is currently in force until 30 December 2023.



## IC Income and expenses

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## IC:1 Net interest income

SEK million	GROUP		PARENT COMPANY	
	2022	2021	2022	2021
<b>Interest income</b>				
Lending to credit institutions	98	27	1,803	1,098
Lending to the public <sup>1)</sup>	8,607	6,187	782	517
Interest-bearing securities	616	335	615	335
Derivatives	532	-510	-15	-358
<b>Total interest income</b>	<b>9,853</b>	<b>6,039</b>	<b>3,185</b>	<b>1,592</b>
<i>of which, interest income from financial assets that is not measured at FVTPL</i>	<i>9,095</i>	<i>6,603</i>	<i>2,974</i>	<i>2,005</i>
<b>Interest expense</b>				
Liabilities to credit institutions	-62	-11	-60	-11
Deposits from the public	-1,474	-604	-1,473	-604
Issued debt securities	-3,276	-2,194	-621	-324
Subordinated debt	-53	-44	-53	-44
Derivatives	-283	1,150	-58	66
Other <sup>2)</sup>	-1	-1	-1	-
Resolution fee	-	-172	-	-33
Deposit guarantee scheme fee	-49	-49	-49	-49
<b>Total interest expense</b>	<b>-5,198</b>	<b>-1,925</b>	<b>-2,315</b>	<b>-999</b>
<i>of which, interest expense from financial liabilities that is not measured at FVTPL</i>	<i>-4,915</i>	<i>-3,075</i>	<i>-2,257</i>	<i>-1,065</i>
<b>Net interest income</b>	<b>4,655</b>	<b>4,114</b>	<b>870</b>	<b>593</b>

<sup>1)</sup> Includes interest income from doubtful receivables of SEK 3 million (1).

<sup>2)</sup> The item other includes interest expense for lease liabilities pertaining to property leases of SEK 1 million (1).

## IC:2 Commission

SEK million	GROUP		PARENT COMPANY	
	2022	2021	2022	2021
<b>Commission income</b>				
Commission on lending <sup>1)</sup>	49	64	30	40
Other commissions <sup>2)</sup>	42	37	66	66
<b>Total</b>	<b>91</b>	<b>101</b>	<b>96</b>	<b>106</b>
<b>Commission expense</b>				
Commission on securities	-39	-43	-28	-33
Other commissions	-40	-29	-16	-4
<b>Total</b>	<b>-79</b>	<b>-72</b>	<b>-44</b>	<b>-37</b>
<b>Net commission</b>	<b>12</b>	<b>29</b>	<b>52</b>	<b>69</b>

<sup>1)</sup> Commission on lending is primarily recognised when the service is provided, in other words at a specific date.

<sup>2)</sup> Other commissions are mainly recognised when these services are rendered, in other words, in a straight line over time.

## IC:3 Net result of financial transactions

SEK million	GROUP		PARENT COMPANY	
	2022	2021	2022	2021
<b>Gains/losses on interest-bearing financial instruments</b>				
Change in value of hedged items in hedge accounting	8,823	1,876	-208	-508
Derivatives in hedge accounting	-8,842	-1,885	244	516
Other derivatives	-12	4	45	20
Interest-bearing securities, fair value option	-41	-35	-41	-35
Interest-bearing securities measured at FVTOCI	2	6	2	6
Interest-bearing securities at amortised cost	0	0	0	0
Realised gain/loss from financial liabilities at amortised cost	11	-64	0	0
Loan receivables at amortised cost	26	29	19	1
Currency translation effects	-2	-2	-4	-1
<b>Total</b>	<b>-35</b>	<b>-71</b>	<b>57</b>	<b>-1</b>

SBAB uses derivatives to manage interest-rate and currency risk in the Group's assets and liabilities. Derivatives are recognised at fair value in the balance sheet. SBAB's policies for risk management and hedge accounting entail variations in results as a consequence of changed market interest rates, which can arise between periods for individual items in the above presentation. These are generally offset by variations in the results in other items. Variations in results that are not neutralised through risk management and hedge accounting are commented in the administration report.

## IC:4 Other operating income

SEK million	GROUP		PARENT COMPANY	
	2022	2021	2022	2021
Administrative services on behalf of subsidiary	-	-	1,328	1,291
Other operating income <sup>1)</sup>	49	50	2	8
<b>Total</b>	<b>49</b>	<b>50</b>	<b>1,330</b>	<b>1,299</b>

<sup>1)</sup> The item Other operating income primarily includes revenue from Booli as well as the share of the joint venture loss amounting to SEK 0.6 million.

## IC:5 Personnel costs

SEK million	GROUP		PARENT COMPANY	
	2022	2021	2022	2021
Salaries and other remuneration	-512	-496	-500	-483
Pension costs	-85	-75	-94	-79
Social security expenses	-185	-178	-183	-175
Other personnel costs <sup>1)</sup>	-41	-37	-40	-37
<b>Total</b>	<b>-823</b>	<b>-786</b>	<b>-817</b>	<b>-774</b>

<sup>1)</sup> SBAB has received SEK 1.0 million (0) in compensation from the Swedish Social Insurance Agency for sick pay during the coronavirus pandemic.

### Salaries and other remuneration

SEK million	GROUP		PARENT COMPANY	
	2022	2021	2022	2021
CEO <sup>1)</sup>	-6	-17	-6	-17
Senior executives who report directly to the CEO	-21	-21	-21	-21
Other employees	-485	-458	-473	-445
<b>Total salaries and other remuneration</b>	<b>-512</b>	<b>-496</b>	<b>-500</b>	<b>-483</b>

<sup>1)</sup> Refer also to the table Salaries and other remuneration and pensions to the CEO and other senior executives who report directly to the CEO

Salaries and other remuneration for employees of the subsidiary Booli Search Technologies AB and Boappa AB are included in the Group's expenses in the Other employees item. Board Members who are employed by the Parent Company receive remuneration and pension benefits as a result of their employment. No additional remuneration or pension benefits are paid for Board assignments. No remuneration was paid to the CEO of the subsidiary Swedish Covered Bond Corporation (SCBC). The number of senior executives who reported directly to the CEO as per the end of the year was 10 (10).

### Average number of employees

	GROUP		PARENT COMPANY	
	2022	2021	2022	2021
Women	441	411	426	396
Men	408	384	383	361
<b>Average number of employees</b>	<b>849</b>	<b>795</b>	<b>809</b>	<b>757</b>

### Sickness leave, %

	GROUP		PARENT COMPANY	
	2022	2021	2022	2021
<b>Total sickness absence</b>	<b>4.1</b>	<b>3.8</b>	<b>4.2</b>	<b>3.8</b>
Women	2.8	2.6	2.9	2.6
Men	1.3	1.2	1.3	1.2
29 or younger	4.7	3.6	4.8	3.7
30–49	3.9	3.9	4.0	4.0
50 or older	4.3	3.6	4.3	3.6
Proportion of long-term sickness absence compared to total sickness (absence that exceeded 60 days)	31.2	31.3	30.9	31.3

### Gender distribution among senior executives

	GROUP		PARENT COMPANY	
	2022	2021	2022	2021
<b>Board of Directors</b>				
Women	12	8	7	5
Men	15	17	3	4
<b>Total</b>	<b>27</b>	<b>25</b>	<b>10</b>	<b>9</b>
<b>Executive Management</b>				
Women	3	4	3	4
Men	7	6	6	5
<b>Total</b>	<b>10</b>	<b>10</b>	<b>9</b>	<b>9</b>

The Group includes the Board Members of the subsidiaries: Swedish Covered Bond Corporation (SCBC), Booli Search Technologies AB and Boappa AB.

### Form of employment

	GROUP		PARENT COMPANY	
	2022	2021	2022	2021
<b>Total number of employees at year end</b>	<b>863</b>	<b>839</b>	<b>821</b>	<b>800</b>
<i>of whom, women, %</i>	52.4	51.5	53.1	52.3
<i>of whom, managers, %</i>	12.2	13.2	11.9	12.6
<i>of managers, women, %</i>	46.6	47.7	45.9	47.5
<i>of whom, temporary employees, %</i>	5.4	5.5	5.6	5.6
<i>of whom, part-time employees, %</i>	0.2	0.1	0.2	0.1

### Personnel turnover

	GROUP		PARENT COMPANY	
	2022	2021	2022	2021
<b>Number of permanent employees who terminated employment during the year</b>	<b>136</b>	<b>85</b>	<b>127</b>	<b>81</b>
<i>of whom, women, %</i>	45.6	43.8	44.9	40.7
<i>of whom, 29 or younger, %</i>	20.6	21.2	20.5	22.2
<i>of whom, 30–49, %</i>	67.6	67.1	66.9	65.4
<i>of whom, 50 or older, %</i>	11.8	11.7	12.6	12.4

### Salary, remuneration and pension costs for the CEO

No company car or non-cash benefits were provided to the CEO. The company pays for a defined-contribution pension insurance plan corresponding to 30% of the CEO's pensionable salary, although not longer than until age 65.

### Salaries and other remuneration

Fringe benefits (subsidised interest rate, company car and sickness benefit) to senior executives who report directly to the CEO amounted to SEK 0.2 million (0.1). Refer to the table on pages 139–140 for details of the salary and other remuneration paid to senior executives.

### Changes and reorganisations

In April, a reorganisation was carried out for Business Area Private, which encompasses Products and Services as well as Customer service. Johan Prom is Head of the business area.

## Salaries and other remuneration and pensions to the CEO and other senior executives who report directly to the CEO

SEK million	PARENT COMPANY			
	2022			
	Period	Salary and other remuneration	Pension cost <sup>2)</sup>	Severance pay
Mikael Inglander, Head of Corporate Clients and Tenant-Owners' Associations and CEO <sup>1)</sup>	1 January–31 December 2022	6.0	1.8	–
Carl Olsson, acting CFO	1 January–31 December 2022	2.0	0.8	–
Sara Davidgård, CRO	1 January–31 December 2022	2.6	0.8	–
Johan Prom, Head of Business Area Private	1 January–31 December 2022	2.7	0.9	–
Kristina Frid, Head of Customer Service	1 January–31 March 2022	0.5	0.1	–
Carina Eriksson, CHRO	1 January–31 December 2022	2.1	0.7	–
Malou Sjörin, Head of Sustainability, Marketing & Communication	1 January–31 December 2022	2.0	0.6	–
Andras Valko, CDSO	1 January–31 December 2022	1.9	0.6	–
Robin Silfverhielm, CXO	1 January–31 December 2022	2.4	0.8	–
Marko Ivanic, CTO	1 January–31 December 2022	2.0	0.6	–
Sofia Blomgren, Chief Compliance Officer	1 January–31 December 2022	1.3	0.3	–
Sari Zander, Head of Internal Audit	1 January–31 December 2022	1.8	0.5	–
<b>Total remuneration to members of Group management in 2022</b>		<b>27.3</b>	<b>8.5</b>	<b>–</b>

<sup>1)</sup> Mikael Inglander was acting CEO until 10 May 2022 when he took over the position permanently.

<sup>2)</sup> Total amounts for pension costs include risk insurance premiums, which should not be included in the calculation of the 30% of pensionable salary. Pension premium is on an annual basis is = or <30%. The total amount includes adjustment of the pension premium for 2021. Pension premium on an annual basis is = or <30%.

SEK million	PARENT COMPANY			
	2021			
	Period	Salary and other remuneration	Pension cost	Severance pay
Klas Danielsson, CEO	1 January–7 November 2021	4.9	2.3	11.5
Mikael Inglander, Head of Corporate Clients & Tenant-Owners' Associations and acting CEO	8 November–31 December 2021	0.9	0.2	–
Mikael Inglander, CFO and Head of Corporate Clients & Tenant-Owners' Associations	1 January–7 November 2021	2.9	1.3	–
Carl Olsson, acting CFO	3 September–31 December 2021	0.5	0	–
Sara Davidgård, CRO	1 January–31 December 2021	2.5	0.7	–
Johan Prom, Head of Business Area Private	1 December–31 December 2021	0.2	0	–
Carina Eriksson, CHRO	1 January–31 December 2021	2.1	0.6	–
Malou Sjörin, Head of Sustainability, Marketing & Communication	1 January–31 December 2021	1.9	0.6	–
Fredrik Stenbeck, CRO	1 January–16 March 2021	0.5	0.5	2.9
Andras Valko, CDSO	1 January–31 December 2021	1.6	0.5	–
Kristina Frid, Head of Customer Service	1 January–31 December 2021	0.5	0.2	–
Robin Silfverhielm, CXO and CIO	1 January–31 December 2021	2.4	0.7	–
Sofia Blomgren, Chief Compliance Officer	1 January–31 December 2021	1.3	0.3	–
Sari Zander, Head of Internal Audit	1 January–31 December 2021	1.7	0.4	–
<b>Total remuneration to members of Group management in 2021</b>		<b>23.9</b>	<b>8.3</b>	<b>14.4</b>

Each year, the Board decides on SBAB's remuneration policy and the identification of employees with risk profiles, in accordance with the Swedish FSA's regulations regarding remuneration structures in credit institutions, investment firms and fund management companies licensed to conduct discretionary portfolio management (FFFS 2011:1). Risk analyses for SBAB's remuneration system and remuneration policy are published on [www.sbab.se](http://www.sbab.se). The composition and mandates of the Remuneration Committee are described in the Corporate Governance Report on pages 66–72.

Identifying employees with a risk profile is based on the EBA's technical standards. Salaries and other remuneration to employees whose duties materially impact SBAB's risk profile, 77 employees (71), excluding senior executives who report directly to the CEO, amounted to SEK 60.0 million (55.0).

## Remuneration to the Board

PARENT COMPANY						
2022						
SEK thousand	Period	Board of Directors	Credit Committee	Risk and Capital Committee	Audit and Compliance Committee	Remuneration committee
Jan Sinclair, Chairman of the Board <sup>1)</sup>	1 January–31 December 2022	539	44	41	51	15
Leif Pagrotsky, Board member	1 January–31 December 2022	258	–	–	51	–
Jane Lundgren Ericsson, Board Member <sup>2)</sup>	1 January–31 December 2022	258	62	41	64	–
Lars Börjesson, Board Member	1 January–31 December 2022	258	–	–	–	25
Inga-Lill Carlberg, Board Member	1 January–31 December 2022	258	44	–	–	30
Jenny Lahrin, Board member	27 April–31 December 2022	–	–	–	–	–
Wenche Martinussen, Board member	27 April–31 December 2022	180	–	–	–	24
Synnöve Trygg, Board member <sup>3)</sup>	1 January–31 December 2022	258	31	47	51	–
Karin Neville, Employee representative <sup>4)</sup>	1 January–31 December 2022	–	–	–	–	–
Margareta Naumberg, Employee Representative <sup>4)</sup>	1 January–31 December 2022	–	–	–	–	–
<b>Total Fees &amp; Remuneration 2022</b>		<b>2,009</b>	<b>181</b>	<b>129</b>	<b>217</b>	<b>94</b>

<sup>1)</sup> Jan Sinclair also received Board fees from SCBC of SEK 191 thousand (180)

<sup>2)</sup> Jane Lundgren-Ericsson also received Board fees from SCBC of SEK 137 thousand (130)

<sup>3)</sup> Synnöve Trygg also received Board fees from SCBC of SEK 137 thousand (88).

<sup>4)</sup> No Board fees are payable to Board members employed at the Government Offices of Sweden or who are employee representatives. No Board fees are payable to the Board members of SBAB's subsidiaries Booli and Boappa.

PARENT COMPANY						
2021						
SEK thousand	Period	Board of Directors	Credit Committee	Risk and Capital Committee	Audit and Compliance Committee	Remuneration committee
Jan Sinclair, Chairman of the Board	1 January–31 December 2021	495	38	37	47	–
Leif Pagrotsky, Board member	1 January–31 December 2021	239	–	–	47	–
Johan Prom, Board member	1 January–30 November 2021	219	23	34	–	–
Jane Lundgren Ericsson, Board Member	1 January–31 December 2021	239	53	37	58	–
Lars Börjesson, Board Member	1 January–31 December 2021	239	11	–	–	25
Inga-Lill Carlberg, Board Member	1 January–31 December 2021	239	38	–	–	28
Synnöve Trygg, Board Member	1 January–31 December 2021	239	–	42	47	–
Daniel Kristiansson, Board Member	1 January–31 December 2021	–	–	–	–	–
Anders Heder, Employee Representative	1 January–16 September 2021	–	–	–	–	–
Karin Neville, Employee representative	17 September–31 December 2021	–	–	–	–	–
Margareta Naumberg, Employee Representative	1 January–31 December 2021	–	–	–	–	–
<b>Total Fees &amp; Remuneration 2021</b>		<b>1,909</b>	<b>163</b>	<b>150</b>	<b>199</b>	<b>53</b>

## Pensions

Employees recruited to SBAB from 1 February 2013 are covered by the new collective pension plan BTP1, which is a defined-contribution plan. The plan encompasses disability and survivors' pensions, as well as provisions for retirement pensions. In BTP1, employees have a high degree of self-determination in how premiums are invested.

Employees recruited to SBAB before 1 February 2013 are covered by the BTP2 collective pension plan, which is a defined-benefit plan. BTP2 entails that the employee is guaranteed a lifelong pension corresponding to a specified percentage of the employee's final salary and mainly comprises retirement pension, disability pension, survivors' pension, supplementary pension (BTPK) and, where applicable, family pension. The levels of remuneration vary for salaries within different income base amounts. For salaries over 30 income base amounts, no pension is payable under BTP2. Employees who earn more than ten income base amounts are provided the possibility of selecting an alternative investment for part of the premium.

BTP2 is a collective defined-benefit employer plan secured through insurance with the insurance company SPP and comprises several employers. SPP

is responsible for investing the pension capital of the BTP2 plan. The aim of the investment strategy is to obtain a high and consistent return while ensuring the investors' guaranteed increase in value.

SBAB's costs for its defined-benefit pensions amounted to SEK 12.0 million (13.0), excluding payroll tax. In 2023, pension contributions for defined-benefit plans are expected to total SEK 5.9 million. Further information is provided in Note **L 6**. SBAB's costs for its defined-contribution pensions amounted to SEK 58.2 million (42.3), excluding payroll tax.

From 1 January 2022, changes were implemented for pension provisions for all employees covered by the BTP1 agreement (excluding the Executive Management) and for all employees covered by the BTP2 agreement who were born after 1966. The change entails an increase in the pension provision of 2% by exchanging the holiday pay supplement of 1.45% for pension.

There are no other pension agreements that deviate from the general rules of collective agreements in the banking area.

### Guidelines adopted by the AGM for remuneration and other employment terms and conditions for senior executives

The AGM's principles for remuneration and other employment terms and conditions for senior executives, which were adopted by the 2022 AGM, state that remuneration and terms and conditions are to be reasonable and well-considered. With regard to remuneration and other terms and conditions of employment, SBAB will continue to apply the principles set out in the "State Ownership Policy and principles for state-owned enterprises 2022," and in particular with the principles for remuneration and other terms of employment for senior officers in state-owned enterprises.

This remuneration should be competitive, with a set ceiling and appropriate for its purpose, as well as contributing to high ethical standards and a good corporate culture. Remuneration should not correspond to a leading salary level in relation to comparable companies but be characterised by moderation. This is also to provide guidance for the total amount of remuneration to other employees. Variable salary is not paid to senior executives. These guidelines were not amended following the resolution of the AGM in 2022. The guidelines are published in full at [www.sbab.se](http://www.sbab.se).

### Other terms and conditions for the CEO and senior executives

As regards pension conditions, notice periods and severance pay for senior executives, SBAB observes the principles stated in the State Ownership Policy and principles for state-owned enterprises 2022.

The company pays for a defined-contribution pension insurance corresponding to 30% of the CEO's pensionable salary, although not longer than until age 65.

For other managers who report directly to the CEO, the company pays a defined-contribution pension premium corresponding to 30% of pensionable salary.

### Agreements on severance pay

The CEO and SBAB are subject to a mutual notice period of six months. If the company gives notice of termination, the period of notice must not exceed six months. Severance pay must be limited to at most twelve months' salary. Severance pay stipulated in employment contracts made no later than on 31 December 2016 must be no more than eighteen months' salary. Severance pay must be paid monthly and consist only of the fixed monthly salary with no pension benefits or other benefits.

No severance pay is paid if the employee gives notice of termination. Severance pay is paid until the agreed age of retirement at the latest and is never paid after the age of 65 years. If the former employee takes new employment or some other additional paid assignment or earns income from business activity, remuneration from the terminating enterprise has to be reduced by an amount equivalent to the new income during the period covered by salary for notice of termination and severance pay.

For other members of Executive Management, agreements have been concluded regarding severance pay in case of termination by the company. In addition to salary and pension during the notice period, the company will pay severance pay corresponding to 12 months' salary. Deductions will be made from the remuneration should new employment or income from another activity be received during the 12-month period.

### Loans to senior executives

Loans to senior executives are presented in Note [G 2](#).

### Incentive programme

SBAB has no incentive programme.

## IC:6 Other expenses

SEK million	GROUP		PARENT COMPANY	
	2022	2021	2022	2021
IT expenses	-282	-347	-341	-438
Rent <sup>1)</sup>	-9	-13	-42	-43
Other costs for premises	-13	-14	-12	-14
Other administrative expenses	-108	-106	-98	-97
Marketing	-82	-76	-77	-72
Other operating expenses	-36	-33	-24	-21
<b>Total</b>	<b>-530</b>	<b>-589</b>	<b>-594</b>	<b>-685</b>

<sup>1)</sup> IFRS 16 has been applied from 1 January 2019.

Development expenditure amounted to SEK 336 million (356), of which SEK 96 million (118) pertained to internally produced intangible Group assets. Most of the development work is pursued in project form and includes the budgets of entire projects, including such expenses as planning, analysis, specification of requirements, programming, implementation and quality testing, etc.

### Fees and expenses to the elected auditors

SEK million	GROUP		PARENT COMPANY	
	2022	2021	2022	2021
Audit assignment	-6.0	-4.0	-4.1	-2.9
Audit activities other than audit assignment	-2.5	-1.9	-2.3	-1.0
<b>Total</b>	<b>-8.5</b>	<b>-5.9</b>	<b>-6.4</b>	<b>-3.9</b>

The AGM on 27 April 2022 appointed Deloitte as SBAB's auditors. The audit assignment includes examination of the annual report, the accounting records and the administration by the Board and CEO. The audit assignment also includes other assistance resulting from such examination.

Audit tasks in addition to the audit assignment pertain to the examination of interim reports/year-end report and such other duties that may only be performed by the signing-off auditor, such as the preparation of various types of certificates.

## IC:7 Depreciation, amortisation and impairment of PPE and intangible assets

SEK million	GROUP		PARENT COMPANY	
	2022	2021	2022	2021
<b>Property, plant and equipment</b>				
Depreciation, computer hardware	-12	-9	-11	-8
Depreciation, leases	-37	-34	-	-
Depreciation, other equipment	-8	-5	-8	-5
Impairment, other equipment	0	-	0	-
Disposals/divestments	0	0	0	0
<b>Intangible assets</b>				
Amortisation, acquired software	-7	-6	-7	-6
Amortisation, internally developed part of software	-71	-32	-	-
Amortisation of trademarks	-1	-1	-	-
Amortisation of non-compete clause	0	0	-	-
Impairment, acquired software	-	-	-	-
Impairment, internally developed part of software	-31	-	-	-
Impairment of goodwill	-9	-30	-	-
<b>Total</b>	<b>-176</b>	<b>-117</b>	<b>-26</b>	<b>-19</b>

At the end of the year, a customary review of all tangible and intangible assets was conducted and an impairment need was identified, which impacted expenses in 2022.

## IC:8 Net credit losses

SEK million	GROUP		PARENT COMPANY	
	2022	2021	2022	2021
<b>Lending to the public</b>				
Confirmed credit losses	-7	-13	-5	-10
Recoveries of previously confirmed credit losses	4	4	4	4
Change in provision for the year – credit stage 1	-17	0	-4	-1
Change in provision for the year – credit stage 2	-27	11	-3	1
Change in provision for the year – credit stage 3	-1	2	-1	1
Guarantees <sup>1)</sup>	0	-2	0	0
<b>Net credit losses for the period – lending to the public</b>	<b>-48</b>	<b>2</b>	<b>-9</b>	<b>-5</b>
<b>Loan commitments <sup>2)</sup></b>				
Change in provision for the year – credit stage 1	-13	-1	-13	-1
Change in provision for the year – credit stage 2	-7	10	-7	10
Change in provision for the year – credit stage 3	0	0	-	0
<b>Net credit losses for the period – loan commitments</b>	<b>-20</b>	<b>9</b>	<b>-20</b>	<b>9</b>
<b>Other financial instruments</b>				
Change in provision for the year – credit stage 1	0	0	0	0
<b>Net credit losses for the period – other financial instruments</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>
<b>Total</b>	<b>-68</b>	<b>11</b>	<b>-29</b>	<b>4</b>

<sup>1)</sup> The item includes guarantees for loan commitments.

<sup>2)</sup> Credit provisions for loan commitments are included in the "Provisions" item in the balance sheet.

## IC:9 Operating segments

Operating segments are reported in accordance with IFRS 8 Operating Segments, which means that the segment information is presented in a manner that corresponds to that applied internally for monitoring and control purposes. The Group has identified the CEO as the chief operating decision maker and the internal reporting used by the CEO to monitor and make decisions regarding the allocation of resources as the basis for the information to

be presented. Private includes lending for single-family homes, holiday homes and tenant-owned apartments, as well as all retail deposits. Corporate Clients & Tenant-Owners' Associations mainly include lending to multifamily dwellings as well as commercial properties. The expenses are allocated to the business areas using distribution quotas.

### Income statement by segment

SEK million	GROUP											
	2022						2021					
	Follow-up of operations			Reconciliation against the statutory income statement			Follow-up of operations			Reconciliation against the statutory income statement		
	Private	Corporate Clients & Tenant-Owners' Associations		Adminis- trative consul- tants	IFRS 16 Leases <sup>1)</sup>	Statu- tory profit	Private	Corporate Clients & Tenant-Owners' Associations		Adminis- trative consul- tants	IFRS 16 Leases <sup>1)</sup>	Statu- tory profit
Total								Total				
Net interest income	3,424	1,231	4,655	-	-	4,655	3,182	932	4,114	-	-	4,114
Commission income	54	37	91	-	-	91	50	51	101	-	-	101
Commission expense	-64	-15	-79	-	-	-79	-59	-13	-72	-	-	-72
Net result of financial transactions	-46	11	-35	-	-	-35	-60	-11	-71	-	-	-71
Other operating income	47	2	49	-	-	49	49	1	50	-	-	50
<b>Total operating income</b>	<b>3,415</b>	<b>1,266</b>	<b>4,681</b>	<b>-</b>	<b>-</b>	<b>4,681</b>	<b>3,162</b>	<b>960</b>	<b>4,122</b>	<b>-</b>	<b>-</b>	<b>4,122</b>
Salaries and remuneration	-407	-105	-512	-	-	-512	-396	-99	-495	-	-	-495
Other personnel costs	-266	-75	-341	30	-	-311	-247	-67	-314	23	-	-314
Other expenses	-452	-86	-538	-30	38	-530	-497	-102	-599	-23	33	-599
Depreciation, amortisation and impairment of PPE and intangible assets	-108	-30	-138	-	-38	-176	-47	-37	-84	-	-33	-84
Net credit losses	-44	-24	-68	-	-	-68	1	10	11	-	-	11
Imposed fees: Risk tax and resolution fee	-360	-85	-445	-	-	-445	-	-	-	-	-	-
<b>Operating profit</b>	<b>1,778</b>	<b>861</b>	<b>2,639</b>	<b>0</b>	<b>0</b>	<b>2,639</b>	<b>1,976</b>	<b>665</b>	<b>2,641</b>	<b>0</b>	<b>0</b>	<b>2,641</b>
Tax	-376	-182	-558	-	-	-558	-420	-140	-560	-	-	-560
<b>Profit/loss after standardised tax</b>	<b>1,402</b>	<b>679</b>	<b>2,081</b>	<b>0</b>	<b>0</b>	<b>2,081</b>	<b>1,556</b>	<b>525</b>	<b>2,081</b>	<b>0</b>	<b>0</b>	<b>2,081</b>
Return on equity, %	9.9	11.8	10.5	-	-	10.5	11.3	10.5	11.1	-	-	11.1

1) Depreciation of right-of-use assets pertaining to offices

All costs and income have been allocated in full to the Private and Corporate Clients & Tenant-Owners' Associations segments. In relation to the statutory income statement, an expense of SEK 30 million (expense: 23) was transferred between the rows "Other personnel costs" and "Other expenses." The cost refers to administrative consultants, which pertain to "Other personnel costs" in the internal monitoring.

The return on equity is calculated as earnings after tax in relation to average equity, after adjustment for additional Tier 1 instruments and value changes in financial assets recognised in equity.

The Group has no single customer that accounts for more than 10% of its total income.

## IC:10 Imposed fees

SEK million	GROUP		PARENT COMPANY	
	2022	2021	2022	2021
Risk tax <sup>1)</sup>	-261	-	-109	-
Resolution fee <sup>2)</sup>	-184	-	-35	-
<b>Total</b>	<b>-445</b>	<b>-</b>	<b>-144</b>	<b>-</b>

<sup>1)</sup> On 14 December 2021, the Swedish parliament adopted a new risk tax for banks that was introduced 1 January 2022. The risk tax is payable by credit institutions that, at the start of the fiscal year, have a debt threshold in excess of SEK 150 billion. The tax will be levied at a rate of 0.05% of the credit institution's liabilities in 2022, and increase to 0.06% in 2023.

<sup>2)</sup> From January 2022 the Resolution fee that was previously reported under Net interest income is reported under a new line item Imposed fees in the income statement. The comparative figures have not been restated. The resolution fee amounted to SEK 172 million for the group and to SEK 33 million for the parent company in 2021.

## TX Tax

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## TX:1 Tax

SEK million	GROUP		PARENT COMPANY	
	2022	2021	2022	2021
Current tax	-565	-547	-150	-111
Deferred tax on changes in temporary differences	7	-13	-7	1
<b>Total</b>	<b>-558</b>	<b>-560</b>	<b>-157</b>	<b>-110</b>
<i>The effective tax rate differs from the nominal tax rate in Sweden as below</i>				
Profit before tax	2,639	2,641	690	456
Nominal tax rate in Sweden 20.6% (20.6)	-543	-544	-142	-94
Tax pertaining to non-taxable income and non-deductible costs	-15	-16	-15	-16
Tax for prior years and other	-	0	-	-
<b>Total tax</b>	<b>-558</b>	<b>-560</b>	<b>-157</b>	<b>-110</b>
Effective tax rate, %	21.1	21.2	22.8	24.1

## TX:2 Deferred tax

SEK million	GROUP		PARENT COMPANY	
	2022	2021	2022	2021
<i>Deferred tax assets (+)/tax liabilities (-) for temporary differences in:</i>				
Stock of financial instruments	-10	-43	-15	-37
Hedging instruments	1,733	-225	48	-6
Intangible assets	-71	-72	-	-
Pension provision	-	27	-	-
Loss carry-forwards	6	4	-	-
Other	6	6	5	6
<b>Total</b>	<b>1,664</b>	<b>-304</b>	<b>38</b>	<b>-37</b>
<i>Change in deferred tax</i>				
Acquired deferred tax	-	-4	-	-
Deferred tax in the income statement	7	-13	-7	1
Deferred tax attributable to items recognised directly against other comprehensive income	1,961	364	82	20
<b>Total</b>	<b>1,968</b>	<b>347</b>	<b>75</b>	<b>21</b>
<i>Deferred tax distributed by expected maturity date, carrying amount</i>				
More than 1 year	1,664	-304	38	-37
<b>Total</b>	<b>1,664</b>	<b>-304</b>	<b>38</b>	<b>-37</b>

## A Assets

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## A:1 Chargeable treasury bills, etc.

SEK million	GROUP		PARENT COMPANY	
	2022	2021	2022	2021
Swedish state	29,445	21,905	29,445	21,905
Foreign states	441	644	441	644
<b>Total</b>	<b>29,886</b>	<b>22,549</b>	<b>29,886</b>	<b>22,549</b>

## A:2 Lending to credit institutions

SEK million	GROUP		PARENT COMPANY	
	2022	2021	2022	2021
Lending in SEK	8,047	71	135,562	122,845
Lending in foreign currency	12,044	572	12,006	574
<b>Total</b>	<b>20,091</b>	<b>643</b>	<b>147,568</b>	<b>123,419</b>
<i>of which, repos</i>	<i>0</i>	<i>1</i>	<i>-</i>	<i>15,072</i>

Of the Parent Company's lending to credit institutions, SEK 127,506 million (107,718) relates to receivables from the wholly owned subsidiary, AB Sveriges Säkerställda Obligationer (publ) (Swedish Covered Bond Corporation – SCBC). These receivables are subordinated, which means that payment is received only after other creditors of the subsidiary have been paid.

Of the total receivables, SEK 17,000 million (11,000) comprises an internal Group debt instrument (senior non-preferred notes) that was acquired by the Parent Company SBAB Bank AB (publ) from the subsidiary SCBC for the pur-



pose of meeting the minimum requirement for own funds and eligible liabilities (MREL) announced by the Swedish National Debt Office in SCBC. Interest-bearing securities that SBAB purchases with an obligation to sell at a predetermined price are not recognised in the balance sheet, while the purchase price paid is recognised in the balance sheet under Lending to credit institutions. The securities are regarded as collateral received and can be pledged or sold by SBAB. In the event that the counterparty is unable to meet its repurchase obligation, SBAB is entitled to keep the security. The fair value of collateral received in the Group was SEK 0 million (3), of which no collateral (-) was pledged or sold. The fair value of collateral received in the Parent Company was SEK - million (14,906), of which SEK - million (14,906) has been pledged or sold.

## A:3 Lending to the public

SEK million	GROUP		PARENT COMPANY	
	2022	2021	2022	2021
<b>Opening balance</b>	<b>467,041</b>	<b>422,835</b>	<b>24,974</b>	<b>24,806</b>
New lending for the year	105,404	107,076	105,404	107,076
Transferred to/from Group companies	-	-	-83,440	-90,073
Loan repayments	-6,215	-2,039	-5,442	-1,110
Redemption	-56,686	-60,831	-15,729	-15,716
Confirmed credit losses	-7	-13	-5	-10
Change in provision for expected credit losses <sup>1)</sup>	-45	13	-8	1
<b>Closing balance</b>	<b>509,492</b>	<b>467,041</b>	<b>25,754</b>	<b>24,974</b>

<sup>1)</sup> For more information, please refer to Note **RC 8**.

### Distribution of lending, including provisions

SEK million	GROUP		PARENT COMPANY	
	2022	2021	2022	2021
Lending, Residential mortgages	348,980	334,873	3,440	4,779
Lending, Corporate Clients & Tenant-Owners' Associations	158,362	129,830	20,164	17,857
Lending, Consumer loans	2,150	2,338	2,150	2,338
<b>Total</b>	<b>509,492</b>	<b>467,041</b>	<b>25,754</b>	<b>24,974</b>

### Lending to the public by credit stage – compared with opening balance

SEK million	GROUP		PARENT COMPANY	
	2022	2021	2022	2021
<b>Credit stage 1</b>				
Gross lending	478,737	446,264	23,498	23,793
Provision	-62	-45	-8	-5
<b>Total</b>	<b>478,675</b>	<b>446,219</b>	<b>23,490</b>	<b>23,788</b>
<b>Credit stage 2</b>				
Gross lending	30,567	20,684	2,259	1,184
Provision	-90	-62	-11	-8
<b>Total</b>	<b>30,477</b>	<b>20,622</b>	<b>2,248</b>	<b>1,176</b>
<b>Credit stage 3</b>				
Gross lending	371	231	24	16
Provision	-31	-31	-8	-6
<b>Total</b>	<b>340</b>	<b>200</b>	<b>16</b>	<b>10</b>
<b>Total gross lending</b>	<b>509,675</b>	<b>467,179</b>	<b>25,781</b>	<b>24,993</b>
<b>Total provisions</b>	<b>-183</b>	<b>-138</b>	<b>-27</b>	<b>-19</b>
<b>Total</b>	<b>509,492</b>	<b>467,041</b>	<b>25,754</b>	<b>24,974</b>

For more information regarding changes pertaining to gross lending and loss allowances for the respective credit stages and segments, please refer to Note **RC 1**.

## A:4 Bonds and other interest-bearing securities

### Distribution of holdings by issuer, etc.

SEK million	GROUP		PARENT COMPANY	
	2022	2021	2022	2021
<b>Listed securities</b>				
<i>Issued by public bodies</i>				
Sovereigns, supnationals and agencies	2,794	3,332	2,794	3,332
Other public issuers	11,153	12,915	11,153	12,915
<i>Issued by other borrowers</i>				
Swedish mortgage institutions	30,457	23,257	30,457	23,257
Other foreign issuers	10,002	7,765	10,002	7,765
Other foreign issuers (with government guarantee)	3,084	2,985	3,084	2,985
<b>Total listed securities</b>	<b>57,490</b>	<b>50,254</b>	<b>57,490</b>	<b>50,254</b>

## A:5 Derivatives and hedge accounting

SEK million	GROUP							
	2022				2021			
	Assets measured at fair value	Liabilities measured at fair value	Nominal value	Year's value change on hedge ineffectiveness	Assets measured at fair value	Liabilities measured at fair value	Nominal value	Year's value change on hedge ineffectiveness
<b>Derivatives in fair-value hedging</b>								
Interest-rate-related	7,396	15,884	421,017	-8,842	1,977	1,715	366,432	-1,867
Currency-related	-	-	-	-	-	-	-	-18
<b>Total</b>	<b>7,396</b>	<b>15,884</b>	<b>421,017</b>	<b>-8,842</b>	<b>1,977</b>	<b>1,715</b>	<b>366,432</b>	<b>-1,885</b>
<b>Derivatives in cash-flow hedges</b>								
Interest-rate-related	0	8,510	88,452	-9,896	1,796	251	78,891	-1,972
Currency-related	8,127	118	81,729	391	2,813	671	79,976	159
<b>Total</b>	<b>8,127</b>	<b>8,628</b>	<b>170,181</b>	<b>-9,505</b>	<b>4,609</b>	<b>922</b>	<b>158,867</b>	<b>-1,813</b>
<b>Other derivatives</b>								
Interest-rate-related	419	416	10,237	-	177	207	20,717	-
Currency-related	1	6	4,913	-	157	0	3,843	-
<b>Total</b>	<b>420</b>	<b>422</b>	<b>15,150</b>	<b>-</b>	<b>334</b>	<b>207</b>	<b>24,560</b>	<b>-</b>

Currency interest-rate swaps are classified as currency-related.

### Derivatives allocated by remaining maturity, carrying amounts

SEK million	GROUP			
	2022		2021	
	Fair value	Nominal value	Fair value	Nominal value
Maximum 3 months	104	32,136	327	14,890
3-12 months	1,992	120,242	1,069	92,283
1-5 years	-4,866	345,960	1,516	334,514
Longer than five years	-6,221	108,010	1,164	108,172
<b>Total</b>	<b>-8,991</b>	<b>606,348</b>	<b>4,076</b>	<b>549,859</b>

### Hedged items in fair value hedges:

SEK million	GROUP				
	2022				
	Carrying amount	Revaluation for the period of hedged items in fair value hedges	Accrued value adjustment from fair value hedges	Gain/loss on terminated hedges	Remaining accrued value adjustment on terminated hedges
<b>Assets</b>					
Chargeable treasury bills, etc.	3,319	-87	-65	-	-
Lending to the public	141,614	-	-	-	-
Value changes of interest-rate-risk hedged items in macro hedges	-4,944	-4,381	-4,945	0	1
Bonds and other interest-bearing securities	45,017	-2,451	-2,572	-	-
<b>Total assets</b>	<b>185,006</b>	<b>-6,919</b>	<b>-7,582</b>	<b>0</b>	<b>1</b>
<b>Liabilities</b>					
Issued debt securities, etc.	202,806	-15,742	-16,306	-	-
<b>Total liabilities</b>	<b>202,806</b>	<b>-15,742</b>	<b>-16,306</b>	<b>-</b>	<b>-</b>
<b>Net assets - liabilities</b>	<b>-17,800</b>	<b>8,823</b>	<b>8,724</b>	<b>0</b>	<b>1</b>
<i>Hedging instruments</i>		-8,842			
Ineffectiveness		-19			

SEK million	GROUP				
	2021				
	Carrying amount	Revaluation for the period of hedged items in fair value hedges	Accrued value adjustment from fair value hedges	Gain/loss on terminated hedges	Remaining accrued value adjustment on terminated hedges
<b>Assets</b>					
Chargeable treasury bills, etc.	6,537	-71	22	-	-
Lending to the public	121,326	-	-	-	-
Value changes of interest-rate-risk hedged items in macro hedges	-563	-708	-564	3	1
Bonds and other interest-bearing securities	42,207	-601	-121	-	-
<b>Total assets</b>	<b>169,507</b>	<b>-1,380</b>	<b>-663</b>	<b>3</b>	<b>1</b>
<b>Liabilities</b>					
Issued debt securities, etc.	194,941	-3,253	-564	-	-
<b>Total liabilities</b>	<b>194,941</b>	<b>-3,253</b>	<b>-564</b>	<b>-</b>	<b>-</b>
<b>Net assets – liabilities</b>	<b>-25,434</b>	<b>1,873</b>	<b>-99</b>	<b>3</b>	<b>1</b>
<i>Hedging instruments</i>		-1,885			
Ineffectiveness		-12			

## Hedged items in cash-flow hedges:

SEK million	GROUP			
	2022			
	Revaluation for the period of hedged items in cash-flow hedges	Accrued value adjustment from cash-flow hedges	Gain/loss on terminated hedges reclassified to Net result of financial transactions	Remaining accrued value adjustment on terminated hedges
<b>Hedged items in cash-flow hedges:</b>				
Hedged items/Hypothetical derivatives	9,505	8,413	-	-
<b>Total</b>	<b>9,505</b>	<b>8,413</b>	<b>-</b>	<b>-</b>
<i>Hedging instruments</i>	-9,505			
Ineffectiveness	0			
Hedge reserve	-9,505	-8,413		

SEK million	GROUP			
	2021			
	Revaluation for the period of hedged items in cash-flow hedges	Accrued value adjustment from cash-flow hedges	Gain/loss on terminated hedges reclassified to Net result of financial transactions	Remaining accrued value adjustment on terminated hedges
<b>Hedged items in cash-flow hedges:</b>				
Hedged items/Hypothetical derivatives	1,813	-1,093	-	-
<b>Total</b>	<b>1,813</b>	<b>-1,093</b>	<b>-</b>	<b>-</b>
<i>Hedging instruments</i>	-1,813			
Ineffectiveness	0			
Hedge reserve	-1,813	1,093		

## Hedge ineffectiveness recognised in profit or loss:

SEK million	GROUP	
	2022	2021
	Gains and losses on hedging instruments	Gains and losses on hedging instruments
Fair value hedges	-19	-12
Cash-flow hedges	0	0
<b>Total</b>	<b>-19</b>	<b>-12</b>

SEK million	PARENT COMPANY							
	2022				2021			
	Assets measured at fair value	Liabilities measured at fair value	Nominal value	Year's value change on hedge ineffectiveness	Assets measured at fair value	Liabilities measured at fair value	Nominal value	Year's value change on hedge ineffectiveness
<b>Derivatives in fair-value hedging</b>								
Interest-rate-related	2,519	2,485	83,512	244	217	431	69,847	516
Currency-related	-	-	-	-	-	-	-	0
<b>Total</b>	<b>2,519</b>	<b>2,485</b>	<b>83,512</b>	<b>244</b>	<b>217</b>	<b>431</b>	<b>69,847</b>	<b>516</b>
<b>Derivatives in cash-flow hedges</b>								
Interest-rate-related	0	81	5,893	-174	94		10,279	-91
Currency-related	448	118	6,528	-92	384	87	10,957	9
<b>Total</b>	<b>448</b>	<b>199</b>	<b>12,421</b>	<b>-266</b>	<b>478</b>	<b>87</b>	<b>21,236</b>	<b>-82</b>
<b>Other derivatives</b>								
Interest-rate-related	27,065	27,060	848,364	-	5,039	5,080	764,511	-
Currency-related	7,680	7,686	155,316	-	3,170	3,012	141,881	-
<b>Total</b>	<b>34,745</b>	<b>34,746</b>	<b>1,003,680</b>	<b>-</b>	<b>8,209</b>	<b>8,092</b>	<b>906,392</b>	<b>-</b>

Currency interest-rate swaps are classified as currency-related.

## Derivatives allocated by remaining maturity, carrying amounts

SEK million	PARENT COMPANY			
	2022		2021	
	Fair value	Nominal value	Fair value	Nominal value
Maximum 3 months	1	54,086	59	23,912
3-12 months	552	211,312	466	161,508
1-5 years	-662	628,014	-257	606,114
Longer than five years	391	206,201	26	205,941
<b>Total</b>	<b>282</b>	<b>1,099,613</b>	<b>294</b>	<b>997,475</b>

## Hedged items in fair value hedges:

PARENT COMPANY						
2022						
SEK million	Carrying amount	Revaluation for the period of hedged items in fair value hedges	Accrued value adjustment from fair value hedges	Gain/loss on terminated hedges	Remaining accrued value adjustment on terminated hedges	
<b>Assets</b>						
Chargeable treasury bills, etc.	3,319	-87	-65	-	-	
Bonds and other interest-bearing securities	45,017	-2,451	-2,572	-	-	
<b>Total assets</b>	<b>48,336</b>	<b>-2,538</b>	<b>-2,637</b>	<b>-</b>	<b>-</b>	
<b>Liabilities</b>						
Issued debt securities, etc.	29,146	-2,330	-2,435	-	-	
<b>Total liabilities</b>	<b>29,146</b>	<b>-2,330</b>	<b>-2,435</b>	<b>-</b>	<b>-</b>	
<b>Net assets – liabilities</b>	<b>19,190</b>	<b>-208</b>	<b>-202</b>	<b>-</b>	<b>-</b>	
<i>Hedging instruments</i>		244				
Ineffectiveness		36				
PARENT COMPANY						
2021						
SEK million	Carrying amount	Revaluation for the period of hedged items in fair value hedges	Accrued value adjustment from fair value hedges	Gain/loss on terminated hedges	Remaining accrued value adjustment on terminated hedges	
<b>Assets</b>						
Chargeable treasury bills, etc.	6,537	-71	22	-	-	
Bonds and other interest-bearing securities	42,207	-601	-121	-	-	
<b>Total assets</b>	<b>48,744</b>	<b>-672</b>	<b>-99</b>	<b>-</b>	<b>-</b>	
<b>Liabilities</b>						
Issued debt securities, etc.	20,399	-164	-105	-	-	
<b>Total liabilities</b>	<b>20,399</b>	<b>-164</b>	<b>-105</b>	<b>-</b>	<b>-</b>	
<b>Net assets – liabilities</b>	<b>28,345</b>	<b>-508</b>	<b>6</b>	<b>-</b>	<b>-</b>	
<i>Hedging instruments</i>		516				
Ineffectiveness		8				

## Hedged items in cash-flow hedges:

PARENT COMPANY					
2022					
SEK million	Revaluation for the period of hedged items in cash-flow hedges	Accrued value adjustment from cash-flow hedges	Gain/loss on terminated hedges reclassified to Net result of financial transactions	Remaining accrued value adjustment on terminated hedges	
<b>Hedged items in cash-flow hedges:</b>					
Hedged items/Hypothetical derivatives	266	235	-		-
<b>Total</b>	<b>266</b>	<b>235</b>	<b>-</b>		<b>-</b>
<i>Hedging instruments</i>	-266				
Ineffectiveness	0				
Hedge reserve	-266	-235	-		-

PARENT COMPANY					
2021					
SEK million	Revaluation for the period of hedged items in cash-flow hedges	Accrued value adjustment from cash-flow hedges	Gain/loss on terminated hedges reclassified to Net result of financial transactions	Remaining accrued value adjustment on terminated hedges	
<b>Hedged items in cash-flow hedges:</b>					
Hedged items/Hypothetical derivatives	82	-31	-		-
<b>Total</b>	<b>82</b>	<b>-31</b>	<b>-</b>		<b>-</b>
<i>Hedging instruments</i>	-82				
Ineffectiveness	0				
Hedge reserve	-82	31			

## Hedge ineffectiveness recognised in profit or loss:

PARENT COMPANY			
2022		2021	
SEK million	Hedging gains and losses recognised in Net result of financial transactions.	Hedging gains and losses recognised in Net result of financial transactions.	
Fair value hedges	36	8	
Cash-flow hedges	0	0	
<b>Total</b>	<b>36</b>	<b>8</b>	

The accounting policies for hedge accounting are described in Note [G 1](#). The Group's liquidity and market risk is described in notes [RC 3](#) and [RC 4](#).

## A:6 Shares and participations in associated companies and joint ventures

GROUP					
2022					
SEK million	Corporate Registration Number	Domicile	Number of shares	Share of equity, %	Carrying amount at the end of the year
<b>Company name</b>					
Tibern AB	559384-3542	Stockholm	4,000	14	3

PARENT COMPANY					
2022					
SEK million	Corporate Registration Number	Domicile	Number of shares	Share of equity, %	Carrying amount at the end of the year
<b>Company name</b>					
Tibern AB	559384-3542	Stockholm	4,000	14	3

SEK million	GROUP		PARENT COMPANY	
	2022	2021	2022	2021
Value at beginning of the year	-	-	-	-
Acquisitions/disposals during the year	3	-	3	-
Share of net profit for the year	0	-	0	-
Dividend	-	-	-	-
<b>Carrying amount at the end of the year</b>	<b>3</b>	<b>-</b>	<b>3</b>	<b>-</b>

Together with six other mortgage banks, SBAB has formed a jointly-owned company, Tibern AB, and exercised an option to purchase the housing transaction portal Tambur from UC AB. The acquisition of Tambur via Tibern AB was approved by the European Commission in October 2022. The acquisition will be completed according to plan in Q2 2023. The company currently conducts no operations.

## A:7 Shares and participations in Group companies

PARENT COMPANY					
2022					
SEK million	Corporate Registration Number	Cost	Number of shares	Share of equity, %	Carrying amount at the end of the year
<b>Swedish credit institutions</b>					
AB Sveriges Säkerställda Obligationer (publ), Solna	556645-9755	10,300	500,000	100	10,300
<b>Other companies</b>					
Booli SearchTechnologies AB, Stockholm	556733-0567	101	329,540	100	101
Boappa AB, Stockholm <sup>1)</sup>	559081-8273	64	1,233,083	67	51

<sup>1)</sup> During the year, the Parent Company paid a shareholder's contribution of SEK 10 million (15) to Boappa. In addition, an impairment of SEK 9 million (30) was recognised in the carrying amount for the shares in Boappa.

2021					
SEK million	Corporate Registration Number	Cost	Number of shares	Share of equity, %	Carrying amount at the end of the year
<b>Swedish credit institutions</b>					
AB Sveriges Säkerställda Obligationer (publ), Solna	556645-9755	10,300	500,000	100	10,300
<b>Other companies</b>					
Booli SearchTechnologies AB, Stockholm	556733-0567	101	329,540	100	101
Boappa AB, Stockholm	559081-8273	64	1,069,283	58	49

## A:8 Intangible assets

SEK million	GROUP									
	2022					2021				
	Goodwill	Trade-marks	Software	Non-com-pete clause	Total	Goodwill	Trade-marks	Software	Non-com-pete clause	Total
Opening balance, cost	114	13	628	1	756	75	3	477	-	555
Acquisitions during the year	-	-	97	-	97	39	10	151	1	201
<b>Closing balance, cost</b>	<b>114</b>	<b>13</b>	<b>725</b>	<b>1</b>	<b>853</b>	<b>114</b>	<b>13</b>	<b>628</b>	<b>1</b>	<b>756</b>
Opening balance, amortisation	-	-4	-200	0	-204	-	-3	-160	0	-163
Amortisation for the year according to plan	-	-1	-78	-	-79	-	-1	-38	0	-39
Amortisation of acquisitions during the year	-	-	-	-	-	-	-	-2	-	-2
<b>Closing balance, accumulated amortisation</b>	<b>-</b>	<b>-5</b>	<b>-278</b>	<b>0</b>	<b>-283</b>	<b>-</b>	<b>-4</b>	<b>-200</b>	<b>-0</b>	<b>-204</b>
Opening balance, impairment	-30	-	-62	-	-92	-	-	-62	-	-62
Impairment for the year	-9	-	-31	-	-40	-30	-	0	-	-30
<b>Closing balance, accumulated impairment</b>	<b>-39</b>	<b>-</b>	<b>-93</b>	<b>-</b>	<b>-132</b>	<b>-30</b>	<b>-</b>	<b>-62</b>	<b>-</b>	<b>-92</b>
<b>Net carrying amount</b>	<b>75</b>	<b>8</b>	<b>354</b>	<b>1</b>	<b>438</b>	<b>84</b>	<b>9</b>	<b>366</b>	<b>1</b>	<b>460</b>

SEK million	PARENT COMPANY									
	2022					2021				
	Goodwill	Trademarks	Software	Total	Goodwill	Trademarks	Software	Total		
Opening balance, cost	-	-	75	75	-	-	62	62		
Acquisitions during the year	-	-	-	-	-	-	13	13		
<b>Closing balance, cost</b>	<b>-</b>	<b>-</b>	<b>75</b>	<b>75</b>	<b>-</b>	<b>-</b>	<b>75</b>	<b>75</b>		
Opening balance, amortisation	-	-	-50	-50	-	-	-44	-44		
Amortisation for the year according to plan	-	-	-7	-7	-	-	-6	-6		
<b>Closing balance, accumulated amortisation</b>	<b>-</b>	<b>-</b>	<b>-57</b>	<b>-57</b>	<b>-</b>	<b>-</b>	<b>-50</b>	<b>-50</b>		
Opening balance, impairment	-	-	-4	-4	-	-	-4	-4		
Impairment for the year	-	-	-	-	-	-	-	-		
<b>Closing balance, accumulated impairment</b>	<b>-</b>	<b>-</b>	<b>-4</b>	<b>-4</b>	<b>-</b>	<b>-</b>	<b>-4</b>	<b>-4</b>		
<b>Net carrying amount</b>	<b>-</b>	<b>-</b>	<b>14</b>	<b>14</b>	<b>-</b>	<b>-</b>	<b>21</b>	<b>21</b>		

At the end of the year, a customary review of all intangible assets was conducted and an impairment need was identified, which impacted expenses in 2022. Goodwill, trademarks and software derive from the acquisition of the subsidiaries Booli Search Technologies AB and Boappa AB. The non-competete clause derives from Boappa AB. Other software pertains to internally produced intangible assets, which are reported in the consolidated financial statements. Intangible assets are subject to impairment testing on an annual basis. When impairment testing, the value in use is calculated by discounting estimated future cash flows with a discounting factor that takes into account risk-free interest and the risks associated with the specific asset.

The year's impairment testing of goodwill is based on expected future synergies in the form of increased lending volumes and cost savings as well as a discount rate of 12% (12) after tax, corresponding to a rate of 14% (14) before tax. The first five years for estimated future cash flows are based on forecasts of increased volumes and cost savings. Thereafter, the assumption is zero growth or cost savings.



**A:9** Property, plant and equipment

SEK million	GROUP						PARENT COMPANY			
	31 Dec 2022			31 Dec 2021			31 Dec 2022		31 Dec 2021	
	Equipment	Leases	Total	Equipment	Leases	Total	Equipment	Total	Equipment	Total
Opening balance, cost	155	287	442	119	135	254	154	154	118	118
Acquisitions during the year	11	21	32	36	174	188	11	11	36	36
Divestments during the year	-	-20	-20	-	-22	-22	-	-	-	-
<b>Closing balance, cost</b>	<b>166</b>	<b>288</b>	<b>454</b>	<b>155</b>	<b>287</b>	<b>442</b>	<b>165</b>	<b>165</b>	<b>154</b>	<b>154</b>
Opening balance, depreciation	-85	-70	-155	-71	-58	-129	-84	-84	-71	-71
Depreciation for the year according to plan	-20	-37	-57	-14	-34	-48	-19	-19	-13	-13
Divestments during the year	0	20	20	0	22	22	-	-	0	0
<b>Accumulated depreciation according to plan</b>	<b>-105</b>	<b>-87</b>	<b>-192</b>	<b>-85</b>	<b>-70</b>	<b>-155</b>	<b>-103</b>	<b>-103</b>	<b>-84</b>	<b>-84</b>
Opening balance, impairment	-13	-	-13	-13	-	-13	-13	-13	-13	-13
Impairment for the year	0	-	0	-	-	-	-	-	-	-
<b>Closing balance, accumulated impairment</b>	<b>-13</b>	<b>-</b>	<b>-13</b>	<b>-13</b>	<b>-</b>	<b>-13</b>	<b>-13</b>	<b>-13</b>	<b>-</b>	<b>-</b>
<b>Net carrying amount</b>	<b>48</b>	<b>201</b>	<b>249</b>	<b>57</b>	<b>217</b>	<b>274</b>	<b>49</b>	<b>49</b>	<b>57</b>	<b>57</b>

**A:10** Other assets

SEK million	GROUP		PARENT COMPANY	
	2022	2021	2022	2021
Tax assets	-	1	-	-
Interest receivables	90	32	27	10
Group contributions received	-	-	-	-
Other	20	216	80	188
<b>Total</b>	<b>110</b>	<b>249</b>	<b>107</b>	<b>198</b>
<i>Other assets distributed by remaining maturity, carrying amounts</i>				
Maximum 1 year	110	249	107	198
<b>Total</b>	<b>110</b>	<b>249</b>	<b>107</b>	<b>198</b>

**A:11** Prepaid expenses and accrued income

SEK million	GROUP		PARENT COMPANY	
	2022	2021	2022	2021
Prepaid expenses	61	50	61	56
Accrued interest income	426	308	611	203
Accrued guarantees	3	3	0	0
Other accrued income	39	61	12	26
<b>Total</b>	<b>529</b>	<b>410</b>	<b>684</b>	<b>285</b>
<i>Prepaid expenses and accrued income distributed by remaining maturity, carrying amounts</i>				
Maximum 1 year	527	408	684	285
More than 1 year	2	2	-	-
<b>Total</b>	<b>529</b>	<b>410</b>	<b>684</b>	<b>285</b>

## L Liabilities

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## L:1 Liabilities to credit institutions

SEK million	GROUP		PARENT COMPANY	
	2022	2021	2022	2021
Liabilities in SEK	2,695	13,561	3,645	13,222
Liabilities in foreign currencies	5,542	2,811	5,570	2,811
<b>Total</b>	<b>8,237</b>	<b>16,372</b>	<b>9,215</b>	<b>16,033</b>
<i>of which, repos</i>	339	339	-	-

Parts of SBAB's long-term funding programme have included a possibility for the bondholder to demand premature redemption of the holder's bonds if the Swedish state ceases to own the majority of the shares in SBAB and the Swedish state, before such change in ownership, has not taken steps to guarantee SBAB's commitments ensuing from the bond loan or the bondholders have accepted this in such a way as is described in the current terms and conditions. Total funding to which these terms apply amounted to SEK – billion (9.9) on 31 December 2022. Subordinated loans, Additional Tier 1 capital and senior non-preferred bonds issued under long-term funding programmes are encompassed by this option.

## L:2 Deposits from the public

SEK million	GROUP		PARENT COMPANY	
	2022	2021	2022	2021
Private individuals	140,665	101,775	140,665	101,775
Tenant-owners' associations	9,477	9,468	9,477	9,468
Corporates	32,301	33,707	32,301	33,707
<b>Total</b>	<b>182,443</b>	<b>144,950</b>	<b>182,443</b>	<b>144,950</b>

## L:3 Issued debt securities, etc.

SEK million	GROUP		PARENT COMPANY	
	2022	2021	2022	2021
<b>Commercial paper</b>				
Commercial paper in SEK				
– at amortised cost	358	200	358	200
Commercial paper in foreign currency				
– at amortised cost	2,464	4,015	2,464	4,015
<b>Total</b>	<b>2,822</b>	<b>4,215</b>	<b>2,822</b>	<b>4,215</b>
<b>Bond loans</b>				
Bond loans in SEK				
– at amortised cost	98,784	82,876	26,033	27,541
– in fair value hedges	177,274	182,293	3,614	7,752
Bonds loans in foreign currency				
– at amortised cost	89,473	82,333	7,003	11,297
– in fair value hedges	25,532	12,648	25,532	12,647
<b>Total</b>	<b>391,063</b>	<b>360,150</b>	<b>62,182</b>	<b>59,237</b>
<b>Total issued debt securities, etc.</b>	<b>393,885</b>	<b>364,365</b>	<b>65,004</b>	<b>63,452</b>
– of which, covered bonds	328,881	300,913	-	-
– of which senior non-preferred bonds	13,272	9,207	13,272	9,207
– of which, other unsecured bonds and commercial paper	51,732	54,245	51,732	54,245

## L:4 Other liabilities

SEK million	GROUP		PARENT COMPANY	
	2022	2021	2022	2021
Trade payables	25	27	23	25
Employee withholding taxes	15	15	14	15
Liabilities to the public	418	160	356	149
Lease liabilities	192	208	-	-
Other	131	122	90	89
<b>Total</b>	<b>781</b>	<b>532</b>	<b>484</b>	<b>278</b>
<i>Other liabilities distributed by remaining maturity, carrying amount</i>				
Within one year	618	356	484	278
1–5 years	147	176	-	-
6–12 years	16	-	-	-
<b>Total</b>	<b>781</b>	<b>532</b>	<b>484</b>	<b>278</b>

SEK million	GROUP	
	2022	2021
<b>Remaining lease liabilities</b>		
Lease liabilities	192	208
<b>Total</b>		
Lease liability distributed by remaining maturity		
Within one year	29	32
1–5 years	147	176
6–12 years	16	-
<b>Total</b>	<b>192</b>	<b>208</b>

## L:5

## Accrued expenses and deferred income

SEK million	GROUP		PARENT COMPANY	
	2022	2021	2022	2021
Accrued interest expense	2,023	1,672	295	131
Other accrued expenses	204	214	142	161
<b>Total</b>	<b>2,228</b>	<b>1,886</b>	<b>437</b>	<b>292</b>
<i>Accrued expenses and deferred income distributed by remaining maturity, carrying amount</i>				
Maximum 1 year	2,228	1,886	437	292
<b>Total</b>	<b>2,228</b>	<b>1,886</b>	<b>437</b>	<b>292</b>

## L:6

## Provisions

SEK million	GROUP		PARENT COMPANY	
	2022	2021	2022	2021
Pension provisions	-	107	-	-
Provision for special employer's contribution on pensions	-	25	-	-
Provision for expected credit losses, loan commitments	31	11	31	11
<b>Total</b>	<b>31</b>	<b>143</b>	<b>31</b>	<b>11</b>

## Pension provisions excl. special employer's contributions

## Summary of defined-benefit pension plan

SEK million	GROUP	
	2022	2021
Present value of the obligation, closing balance	392	544
Fair value of plan assets	-400	-437
Restriction of excess in the plan with the intention of asset cap	8	-
<b>Total</b>	<b>-</b>	<b>107</b>

## Reconciliation of change in present value of obligation

SEK million	GROUP	
	2022	2021
<b>Present value of the obligation, opening balance</b>	<b>544</b>	<b>583</b>
Service costs during the current year	10	11
Interest expense	10	7
Gain/loss arising from changed financial assumptions	-157	-49
Experience-based gains/losses	-1	2
Pension disbursements from plan	-10	-10
Gain/loss due to demographic assumptions	-4	-
<b>Present value of the obligation, closing balance</b>	<b>392</b>	<b>544</b>

The weighted average maturity of the defined-benefit obligation is 16.68 years (20.01).

## Reconciliation of change in plan assets

SEK million	GROUP	
	2022	2021
<b>Opening balance</b>	<b>437</b>	<b>423</b>
Interest income	8	5
Return on plan assets, excluding amounts included in interest expense/interest income	-57	1
Premiums paid by employer	22	18
Pension disbursements from plan	-10	-10
<b>Closing balance</b>	<b>400</b>	<b>437</b>

## Distribution of plan assets

%	GROUP	
	2022	2021
Swedish shares	2	2
Foreign shares	12	12
Government bonds	16	17
Mortgage bonds	5	6
Corporate bonds	22	28
Properties	16	13
Other	27	22
<b>Total</b>	<b>100</b>	<b>100</b>

The defined-benefit pension plan is secured through insurance with SPP Pension och Forsakring AB. Through investments in shares, interest-bearing instruments and property, the insurance capital will track the performance of the financial markets. The aim of the management is to achieve a high and consistent return while ensuring a guaranteed increase in value.

## Financial and demographic assumptions

%	GROUP	
	2022	2021
<i>Financial assumptions</i>		
Discount rate	3.80	1.85
Annual salary increase	3.50	3.40
Annual inflation	2.10	2.00
Annual increase in income base amount	3.00	3.00
Annual increase in pension disbursements	2.10	2.00
<i>Demographic assumptions</i>		
Personnel turnover	5.00	5.00
Mortality table	DUS21	DUS14

## Sensitivity analysis of discount rate

	GROUP
SEK million	2022
Assumption, %	4.30
Present value of the obligation	361
Service costs during the current period	6
Interest expense	15
Assumption, %	3.30
Present value of the obligation	428
Service costs during the current period	7
Interest expense	14

## Sensitivity analysis, inflation

	GROUP
SEK million	2022
Assumption, %	2.60
Present value of the obligation	426
Service costs during the current period	7
Interest expense	16
Assumption, %	1.60
Present value of the obligation	362
Service costs during the current period	6
Interest expense	14

The sensitivity analysis above is based on a change in one assumption while all other assumptions are kept constant. In the calculation of sensitivity in the defined-benefit obligation, the same method is applied as in the calculation of the reported pension provision.

For further information on pensions, see Note [G 1](#) and Note [IC 5](#).

## L:7 Subordinated debt and capital instruments

## PARENT COMPANY AND GROUP

Loan designation	Cur- rency	Nominal amount	Nominal amount outstanding	First possible redemption right for SBAB	Interest rate, % 31 Dec 2022	Maturity date	Carrying amount, SEK million	
							2022	2021
<b>SUBORDINATED DEBT</b>								
Subordinated loan 1	SEK	1,400,000,000	1,400,000,000	2025	3M STIBOR +2.100	3 June 2030	1,398	1,397
Subordinated loan 2 <sup>1)</sup>	SEK	600,000,000	600,000,000	2025	2.27	3 June 2030	599	599
<b>TOTAL</b>							<b>1,997</b>	<b>1,996</b>
<b>ADDITIONAL TIER 1 CAPITAL (equity)</b>								
Subordinated loan 3	SEK	1,600,000,000	1,600,000,000	2024	3M STIBOR +3.650	Perpetual	1,600	1,600
Subordinated loan 4 <sup>2)</sup>	SEK	400,000,000	400,000,000	2025	3.67	Perpetual	400	400
Subordinated loan 5	SEK	1,500,000,000	1,500,000,000	2026	3 M STIBOR + 2.80	Perpetual	1,500	1,500
Subordinated loan 6 <sup>3)</sup>	SEK	800,000,000	800,000,000	2026	3.05	Perpetual	800	800
Subordinated loan 7	SEK	1,500,000,000	1,500,000,000	2027	3 M STIBOR + 3.20	Perpetual	1,500	-
<b>TOTAL</b>							<b>5,800</b>	<b>4,300</b>

<sup>1)</sup> Interest rate: For the period 3 June 2020 to 3 June 2025: 2.268%. For the subsequent period: Floating interest corresponding to 3 month STIBOR plus 2.100%.

<sup>2)</sup> Interest rate: For the period 5 September 2019 to 5 September 2025: 3.670%. For the subsequent period: Floating interest corresponding to 3 month STIBOR plus 3.800%.

<sup>3)</sup> For the period 25 February 2025 to 25 February 2026: 3.047%. For the subsequent period: Floating interest corresponding to 3 month STIBOR plus 2.800%.

Subordinated loans are subordinate to the Parent Company's other liabilities, which means that they carry entitlement to payment only after other unsecured creditors have received payment. Subordinated loans comprise issued capital instruments, which solely comprise Additional Tier 1 capital (AT1) or Tier 2 capital instruments. The subordinated loans numbered 1 and 2 comprise Tier 2 capital instruments. The subordinated loans numbered 3, 4, 5, 6, and 7, which are subordinate to other subordinated loans, comprise additional Tier 1 capital. Decisive for subordinated loans to be reported as equity is

that the issues have the characteristics of equity according to the definitions in IAS 32, in these cases mainly that according to the issue conditions, there is no obligation to pay payment to holders. Subordinated loans (capital instruments) that have not been redeemed are included in own funds when calculating the capital adequacy of the Parent Company and the Group. For further information on the terms and conditions of SBAB's subordinated loans, see [www.sbab.se](#) and Note [RC 8](#).

## EQ Equity

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## EQ:1 Equity

The share capital amounted to SEK 1,958,300,000. On 31 December 2022, the number of shares was 19,583 (19,583), each with a quotient value of SEK 100,000. All shares are owned by the Swedish state. Dividends are proposed by the Board in accordance with the provisions of the Companies Act and are resolved by the Annual General Meeting, refer to Note G 3. Further information on equity is provided in the "Statement of Changes in Equity" on page 82.

## Statement of changes in reserves

SEK million	GROUP	
	2022	2021
<b>Financial assets measured at FVTOCI/Available-for-sale financial assets, opening balance</b>	<b>141</b>	<b>151</b>
Unrealised change in value over the year	-132	-11
Reclassified to profit or loss during the year	-1	-2
Tax attributable to the change	27	3
<b>Financial assets measured at FVTOCI/Financial assets available-for-sale, closing balance</b>	<b>35</b>	<b>141</b>
<b>Cash-flow hedges, opening balance</b>	<b>867</b>	<b>2,307</b>
Unrealised change in value over the year	-2,760	767
Reclassified to profit or loss during the year	-6,744	-2,580
Tax attributable to the change	1,958	373
<b>Cash-flow hedges, closing balance</b>	<b>-6,679</b>	<b>867</b>
<b>Defined-benefit pension plans, opening balance</b>	<b>-89</b>	<b>-137</b>
Revaluation effects of defined-benefit pension plans	119	60
Tax attributable to the change	-25	-12
<b>Defined-benefit pension plans, closing balance</b>	<b>5</b>	<b>-89</b>
<b>Total</b>	<b>-6,639</b>	<b>919</b>

## Specification of changes in the fair value reserve

SEK million	PARENT COMPANY	
	2022	2021
<b>Financial assets measured at FVTOCI/Available-for-sale financial assets, opening balance</b>	<b>141</b>	<b>151</b>
Unrealised change in value over the year	-132	-11
Reclassified to profit or loss during the year	-1	-2
Tax attributable to the change	27	3
<b>Financial assets measured at FVTOCI/Available-for-sale financial assets, closing balance</b>	<b>35</b>	<b>141</b>
<b>Cash-flow hedges, opening balance</b>	<b>24</b>	<b>90</b>
Unrealised change in value over the year	410	232
Realised change in value, reclassified to profit or loss	-676	-315
Tax attributable to the change	55	17
<b>Cash-flow hedges, closing balance</b>	<b>-187</b>	<b>24</b>
<b>Total</b>	<b>-152</b>	<b>165</b>

Further information on Reserves and the Fair value reserve is provided in Note G 1 Accounting policies, in the sections "Financial assets measured at FVTOCI," "Cash-flow hedges" and "Pensions."

## AC Collateral pledged and contingent liabilities

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## AC:1 Assets pledged for own liabilities

SEK million	GROUP		PARENT COMPANY	
	2022	2021	2022	2021
Loan receivables	431,320	407,754	-	-
Other receivables	-	-	-	14,906
Securities	4,673	2,161	4,673	2,161
<b>Total</b>	<b>435,993</b>	<b>409,915</b>	<b>4,673</b>	<b>17,067</b>

Of the assets pledged, SEK 432.3 billion (407.8) comprise the cover pool for covered bonds totalling SEK 328.9 billion (300.9).

Loan receivables pledged as collateral mainly consist of the registered cover pool benefiting holders of covered bonds issued by SCBC and SCBC's covered derivative counterparties. In the event that the company becomes insolvent, the holders of the covered bonds and the covered derivatives counterparties have priority rights to the pledged assets under the Covered Bonds Issuance Act and the Rights of Priority Act.

## AC:2 Contingent liabilities

SEK million	GROUP		PARENT COMPANY	
	2022	2021	2022	2021
<b>Contingent liabilities concerning future payments &amp; Other contingent liabilities</b>				
Loan commitments and other credit-related contingent liabilities	47,325	69,661	47,325	69,661
Other contingent liabilities	-	-	38,419	29,378
<b>Total</b>	<b>47,325</b>	<b>69,661</b>	<b>85,744</b>	<b>99,039</b>
<i>Contingent liabilities distributed by remaining maturity</i>				
Within one year	47,099	61,123	85,518	90,501
1-5 years	227	8,537	227	8,537
<b>Total</b>	<b>47,325</b>	<b>69,661</b>	<b>85,744</b>	<b>99,039</b>

Excluding building credits of SEK 9,629 million (8,616), loan commitments and other credit-related contingent liabilities in the Group totalling SEK 37,697 million (60,922) were reduced to SEK 9,326 million (14,457) after taking into account the credit conversion factor, meaning the statistically calculated probability that the exposure will lead to disbursement of the loan.

Excluding building credits of SEK 9,629 million (8,616), the corresponding figures for the Parent Company were SEK 37,697 million (60,922) and SEK 9,326 million (14,457), respectively.

The Parent Company's other commitments include an agreement concerning a liquidity facility with the subsidiary, SCBC, through which SCBC may borrow funds from the Parent Company for its operations if the need arises.

## FI Financial instruments

pages 158-164

## FI:1 Classification of financial instruments

## Financial assets

SEK million	GROUP						
	31 Dec 2022						
	Financial assets measured at FVTPL				Financial assets measured at amortised cost	Total	Total fair value
	Fair value option	Derivatives in hedge accounting	Other (Obligatory) classification	Financial assets measured at FVTOCI			
Cash and balances at central banks	-	-	-	-	3,534	3,534	3,534
Chargeable treasury bills, etc.	441	-	-	26,886	2,559	29,886	29,885
Lending to credit institutions	-	-	-	-	20,091	20,091	20,091
Lending to the public	-	-	-	-	509,492	509,492	499,092
Value changes of interest-rate-risk hedged items in macro hedges	-	-	-	-	-4,944	-4,944	-
Bonds and other interest-bearing securities	221	-	-	35,070	22,199	57,490	57,529
Derivatives	-	15,523	420	-	-	15,943	15,943
Other assets	-	-	-	-	109	109	109
Prepaid expenses and accrued income	8	-	-	133	336	477	477
<b>Total financial assets</b>	<b>670</b>	<b>15,523</b>	<b>420</b>	<b>62,089</b>	<b>553,376</b>	<b>632,078</b>	<b>626,660</b>

## Financial liabilities

SEK million	GROUP					Total	Total fair value
	31 Dec 2022						
	Financial liabilities measured at FVTPL		Held for trading	Financial liabilities measured at amortised cost	Total		
Derivatives in hedge accounting							
Liabilities to credit institutions	-	-	-	8,237	8,237	8,237	
Deposits from the public	-	-	-	182,443	182,443	182,443	
Issued debt securities, etc.	-	-	-	393,885	393,885	380,056	
Derivatives	24,512	422	-	-	24,934	24,934	
Other liabilities	-	-	-	983	983	983	
Accrued expenses and deferred income	-	-	-	2,175	2,175	2,175	
Subordinated debt	-	-	-	1,997	1,997	1,952	
<b>Total financial liabilities</b>	<b>24,512</b>	<b>422</b>	<b>422</b>	<b>589,720</b>	<b>614,654</b>	<b>600,780</b>	

## Financial assets

SEK million	GROUP						
	31 Dec 2021						
	Financial assets measured at FVTPL			Financial assets measured at FVTOCI	Financial assets measured at amortised cost	Total	Total fair value
Fair value option	Derivatives in hedge accounting	Other (Obligatory) classification					
Cash and balances at central banks	-	-	-	-	10,100	10,100	10,100
Chargeable treasury bills, etc.	644	-	-	18,165	3,740	22,549	22,548
Lending to credit institutions	-	-	-	-	643	643	643
Lending to the public	-	-	-	-	467,041	467,041	465,691
Value changes of interest-rate-risk hedged items in macro hedges	-	-	-	-	-563	-563	-
Bonds and other interest-bearing securities	215	-	-	25,619	24,420	50,254	50,384
Derivatives	-	6,586	334	-	-	6,920	6,920
Other assets	-	-	-	-	51	51	51
Prepaid expenses and accrued income	9	-	-	126	227	362	362
<b>Total financial assets</b>	<b>868</b>	<b>6,586</b>	<b>334</b>	<b>43,910</b>	<b>505,659</b>	<b>557,357</b>	<b>556,699</b>

## Financial liabilities

SEK million	GROUP					Total	Total fair value
	31 Dec 2021						
	Financial liabilities measured at FVTPL		Held for trading	Financial liabilities measured at amortised cost	Total		
Derivatives in hedge accounting							
Liabilities to credit institutions	-	-	-	16,372	16,372	16,372	
Deposits from the public	-	-	-	144,950	144,950	144,950	
Issued debt securities, etc.	-	-	-	364,365	364,365	366,733	
Derivatives	2,637	207	-	-	2,844	2,844	
Other liabilities	-	-	-	512	512	512	
Accrued expenses and deferred income	-	-	-	1,837	1,837	1,837	
Subordinated debt	-	-	-	1,996	1,996	1,992	
<b>Total financial liabilities</b>	<b>2,637</b>	<b>207</b>	<b>207</b>	<b>530,032</b>	<b>532,876</b>	<b>535,240</b>	

## Financial assets

PARENT COMPANY							
31 Dec 2022							
SEK million	Financial assets measured at FVTPL			Financial assets measured at FVTOCI	Financial assets measured at amortised cost	Total	Total fair value
	Fair value option	Derivatives in hedge accounting	Other (Obligatory) classification				
Cash and balances at central banks	-	-	-	-	3,534	3,534	3,534
Chargeable treasury bills, etc.	441	-	-	26,886	2,559	29,886	29,885
Lending to credit institutions	-	-	-	-	147,568	147,568	147,568
Lending to the public	-	-	-	-	25,754	25,754	25,767
Value changes of interest-rate-risk hedged items in macro hedges	-	-	-	-	0	0	0
Bonds and other interest-bearing securities	221	-	-	35,070	22,199	57,490	57,529
Derivatives	-	2,968	34,744	-	-	37,712	37,712
Other assets	-	-	-	-	43	43	43
Prepaid expenses and accrued income	8	-	-	133	486	627	627
<b>Total financial assets</b>	<b>670</b>	<b>2,968</b>	<b>34,744</b>	<b>62,089</b>	<b>202,143</b>	<b>302,614</b>	<b>302,665</b>

## Financial liabilities

PARENT COMPANY						
31 Dec 2022						
SEK million	Financial liabilities measured at FVTPL		Financial liabilities measured at amortised cost	Total	Total fair value	
	Derivatives in hedge accounting	Held for trading				
Liabilities to credit institutions	-	-	9,215	9,215	9,215	
Deposits from the public	-	-	182,443	182,443	182,443	
Issued debt securities, etc.	-	-	65,004	65,004	64,618	
Derivatives	2,683	34,747	-	37,430	37,430	
Other liabilities	-	-	-119	-119	-119	
Accrued expenses and deferred income	-	-	388	388	388	
Subordinated debt	-	-	1,997	1,997	1,952	
<b>Total financial liabilities</b>	<b>2,683</b>	<b>34,747</b>	<b>258,928</b>	<b>296,358</b>	<b>295,927</b>	



## Financial assets

SEK million	PARENT COMPANY						
	31 Dec 2021						
	Financial assets measured at FVTPL			Financial assets measured at FVTOCI	Financial assets measured at amortised cost	Total	Total fair value
Fair value option	Derivatives in hedge accounting	Other (Obligatory) classification					
Cash and balances at central banks	-	-	-	-	10,100	10,100	10,100
Chargeable treasury bills, etc.	644	-	-	18,165	3,740	22,549	22,548
Lending to credit institutions	-	-	-	-	123,419	123,419	123,419
Lending to the public	-	-	-	-	24,974	24,974	24,998
Value changes of interest-rate-risk hedged items in macro hedges	-	-	-	-	0	0	0
Bonds and other interest-bearing securities	215	-	-	25,619	24,420	50,254	50,384
Derivatives	-	696	8,208	-	-	8,904	8,904
Other assets	-	-	-	-	25	25	25
Prepaid expenses and accrued income	9	-	-	126	95	230	230
<b>Total financial assets</b>	<b>868</b>	<b>696</b>	<b>8,208</b>	<b>43,910</b>	<b>186,773</b>	<b>240,455</b>	<b>240,608</b>

## Financial liabilities

SEK million	PARENT COMPANY				
	31 Dec 2021				
	Financial liabilities measured at FVTPL		Financial liabilities measured at amortised cost	Total	Total fair value
Derivatives in hedge accounting	Held for trading				
Liabilities to credit institutions	-	-	16,033	16,033	16,033
Deposits from the public	-	-	144,950	144,950	144,950
Issued debt securities, etc.	-	-	63,452	63,452	63,512
Derivatives	518	8,092	-	8,610	8,610
Other liabilities	-	-	115	115	115
Accrued expenses and deferred income	-	-	246	246	246
Subordinated debt	-	-	1,996	1,996	1,992
<b>Total financial liabilities</b>	<b>518</b>	<b>8,092</b>	<b>226,792</b>	<b>235,402</b>	<b>235,458</b>

## 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. 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 have been assessed as equal to their fair values. Securities recognised at amortised cost were measured at quoted prices, Level 1.

For Lending to the public, Issued debt securities and Subordinated debt, fair value is established based on generally accepted valuation techniques. Calculations made in conjunction with measurement are based on observable

market data with the exception of the credit margin when valuing lending to the public. The models are based on discounted cash flows.

Issued debt securities and subordinated debt are measured at the Group's current borrowing rate, Level 2.

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 stipulated date of expiry is applied to set the discount rate, Level 3.

## FI:2 Fair value disclosures

SEK million	GROUP							
	2022				2021			
	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
<b>Assets</b>								
Chargeable treasury bills, etc.	1,202	26,125	-	27,327	3,441	15,368	-	18,809
Bonds and other interest-bearing securities	35,291	-	-	35,291	25,834	-	-	25,834
Derivatives	-	15,943	-	15,943	-	6,920	-	6,920
Prepaid expenses and accrued income	141	-	-	141	135	-	-	135
<b>Total</b>	<b>36,634</b>	<b>42,068</b>	<b>-</b>	<b>78,702</b>	<b>29,410</b>	<b>22,288</b>	<b>-</b>	<b>51,698</b>
<b>Liabilities</b>								
Derivatives	-	24,934	-	24,934	-	2,844	-	2,844
<b>Total</b>	<b>-</b>	<b>24,934</b>	<b>-</b>	<b>24,934</b>	<b>-</b>	<b>2,844</b>	<b>-</b>	<b>2,844</b>
SEK million	PARENT COMPANY							
	2022				2021			
	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
<b>Assets</b>								
Chargeable treasury bills, etc.	1,202	26,125	-	27,327	3,441	15,368	-	18,809
Bonds and other interest-bearing securities	35,291	-	-	35,291	25,834	-	-	25,834
Derivatives	-	37,712	-	37,712	-	8,904	-	8,904
Prepaid expenses and accrued income	141	-	-	141	135	-	-	135
<b>Total</b>	<b>36,634</b>	<b>63,837</b>	<b>-</b>	<b>100,471</b>				
<b>Liabilities</b>								
Derivatives	-	37,430	-	37,430	-	8,610	-	8,610
<b>Total</b>	<b>-</b>	<b>37,430</b>	<b>-</b>	<b>37,430</b>	<b>-</b>	<b>8,610</b>	<b>-</b>	<b>8,610</b>

### Parent Company and Group

In the table, financial assets and liabilities recognised at fair value in the balance sheet are divided on the basis of the measurement methods used.

No transfers were made between levels in 2021 or 2022.

#### 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. The measurement method is used for holdings of quoted interest-bearing securities and for publicly quoted derivatives, primarily interest-rate futures.

#### 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 unobservable market 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.

## FI:3 Offsetting disclosures

### Financial instruments offset in the balance sheet or encompassed by netting agreements

SEK million	GROUP							Net amount
	2022							
	Amounts reported in the balance sheet		Related amounts not offset in the balance sheet					
	Amounts subject to offsetting	Amounts not offset in the balance sheet	Amounts reported in the balance sheet	Financial instruments	Provided (+)/Received (-) collateral – securities	Provided (+)/Received (-) cash collateral		
<b>Assets</b>								
Derivatives	15,943	-	15,943	-7,870	-	-8,072	1	
Repos	1,289	-1,289	0	-	0	-	0	
<b>Liabilities</b>								
Derivatives	-24,934	-	-24,934	7,870	2,161	14,838	-65	
Repos	-1,290	1,289	-1	-	1	-	0	
<b>Total</b>	<b>-8,992</b>	<b>0</b>	<b>-8,992</b>	<b>0</b>	<b>2,162</b>	<b>6,766</b>	<b>-64</b>	

SEK million	GROUP							Net amount
	2021							
	Amounts reported in the balance sheet		Related amounts not offset in the balance sheet					
	Amounts subject to offsetting	Amounts not offset in the balance sheet	Amounts reported in the balance sheet	Financial instruments	Provided (+)/Received (-) collateral – securities	Provided (+)/Received (-) cash collateral		
<b>Assets</b>								
Derivatives	6,920	-	6,920	-2,324	-	-3,023	1,573	
Repos	9,121	-9,120	1	-	0	-	1	
<b>Liabilities</b>								
Derivatives	-2,844	-	-2,844	2,324	-	520	0	
Repos	-9,459	9,120	-339	1	338	0	0	
<b>Total</b>	<b>3,738</b>	<b>0</b>	<b>3,738</b>	<b>1</b>	<b>338</b>	<b>-2,503</b>	<b>1,574</b>	

## Financial instruments offset in the balance sheet or encompassed by netting agreements

PARENT COMPANY							
2022							
SEK million	Amounts reported in the balance sheet		Related amounts not offset in the balance sheet				Net amount
	Amounts subject to offsetting	Amounts not offset in the balance sheet	Amounts reported in the balance sheet	Financial instruments	Provided (+)/ Received (-) collateral – securities	Provided (+)/ Received (-) cash collateral	
<b>Assets</b>							
Derivatives	37,712	-	37,712	-20,425	-	-8,072	9,214
Repos	-	-	-	-	-	-	-
<b>Liabilities</b>							
Derivatives	-37,430	-	-37,430	20,425	2,161	14,838	-6
Repos	-951	-	-951	-	945	-	-6
<b>Total</b>	<b>-669</b>	<b>-</b>	<b>-669</b>	<b>0</b>	<b>3,106</b>	<b>6,766</b>	<b>9,203</b>

PARENT COMPANY							
2021							
SEK million	Amounts reported in the balance sheet		Related amounts not offset in the balance sheet				Net amount
	Amounts subject to offsetting	Amounts not offset in the balance sheet	Amounts reported in the balance sheet	Financial instruments	Provided (+)/ Received (-) collateral – securities	Provided (+)/ Received (-) cash collateral	
<b>Assets</b>							
Derivatives	8,904	-	8,904	-4,445	-	-3,023	1,437
Repos	15,072	-	15,072	-	-14,906	-	165
<b>Liabilities</b>							
Derivatives	-8,610	-	-8,610	4,445	-	520	-3,646
Repos	-	-	-	-	-	-	-
<b>Total</b>	<b>15,366</b>	<b>-</b>	<b>15,366</b>	<b>0</b>	<b>-14,906</b>	<b>-2,503</b>	<b>-2,044</b>

To limit the potential counterparty risk associated with derivative transactions involving non-standardised derivatives that are not cleared by clearing organisations approved by the competent authority (in accordance with Regulation (EU) No 648/2012), a framework agreement is to be entered into with the counterparty.

When applicable, the framework agreement, an ISDA Master Agreement or similar agreements with terms for final settlement, have been supplemented with an associated collateral agreement, known as a Credit Support Annex (CSA). A collateral agreement or CSA must always be established for counterparties entering into derivative contracts with SBAB. Counterparty risk is rec-

onciled on a daily basis for all counterparties. When entered into, collateral agreements or CSAs are reconciled on a daily or weekly basis.

When collateral agreements have been entered into, collateral is pledged to reduce net exposures. Wherever applicable, the posted and received collateral takes the form of cash with a transfer of title, which entitles the party that receives the collateral to use the collateral in its operations. Repos are recognised in the balance sheet under the headings Lending and Liabilities to credit institutions, respectively.

For further information on offsetting, see Note RC 2, in the section on Counterparty risk.

# Sustainability notes

## S:1 General information

SBAB's Annual and Sustainability Report has been prepared in accordance with the GRI Universal Standards 2021 and encompasses the entire Group. It also constitutes a part of SBAB's Communication on Progress (COP) to the UN Global Compact, SBAB's report to the UN Principles for Responsible Banking (PRB), reporting pursuant to the EU Taxonomy Regulation, a sustainability report in accordance with the Swedish Annual Accounts Act and information on how SBAB contributes to the 2030 Agenda for Sustainable Development.

### Report defined by the Board of Directors

The Board of Directors have signed, and thereby submitted, the Annual and Sustainability Report in its entirety.

### Sustainability reporting in accordance with the Swedish Annual Accounts Act

This report comprises SBAB's statutory sustainability report pursuant to the requirements of the Swedish Annual Accounts Act.

→ Read more on page 175

### Reporting in accordance with the EU Taxonomy Regulation

This comprises SBAB's second report in accordance with the EU Taxonomy Regulation. The reporting will be developed going forward.

→ Read more on page 176

### UN Global Compact & the 2030 Agenda for Sustainable Development

The state's ownership policy stipulates that state-owned enterprises should serve as role models in the area of sustainable enterprise and otherwise act in a manner that generates public confidence. Acting as a role model includes working strategically and transparently with a focus on collaboration. These efforts are inspired and guided by international guidelines including the ten principles of the UN Global Compact as well as the SDGs of the 2030 Agenda for Sustainable Development.

→ Read more on page 179

### Sustainability reporting under the Global Reporting Initiative (GRI)

SBAB's Annual and Sustainability Report pertains to the 2022 calendar year and has been prepared in accordance with the GRI Universal Standards 2021. The separate GRI and COP index sets out the location of the different GRI and COP disclosures in the report.

→ Read more on pages 181–182

### Principles for Responsible Banking (PRB)

In 2020, SBAB signed the UN Principles for Responsible Banking, which aim to provide a framework for a sustainable banking system that drives the global economy in a sustainable direction. This year's report will be SBAB's second and will be developed going forward.

→ Read more on page 180

### The report's scope and boundaries

The Annual Report encompasses the Parent Company, SBAB Bank AB (publ). The subsidiaries AB Sveriges Säkerställda Obligationer (publ) (Swedish Covered Bond Corporation – SCBC), Booli Search Technologies AB and Boappa AB issue their own annual reports. The Sustainability Report encompasses the Parent Company, SBAB Bank AB (publ), AB Sveriges Säkerställda Obligationer (publ) and, unless otherwise stated, Booli Search Technologies AB and Boappa. SBAB's material impact occurs within the organisation and in connection with SBAB's lending.

### Audit and limited assurance report

The Sustainability Report has been subject to a limited assurance review.

→ Read more on pages 184–187

## S:2 Guidelines and obligations

### S:2.1 Guidelines

#### State's ownership policy

SBAB follows the State Ownership Policy and principles for state-owned enterprises 2020, which also encompasses the Guidelines for external reporting in state-owned enterprises and Guidelines for remuneration and other terms of employment for senior executives in state-owned enterprises.

#### Policies, instructions and directions

Each year, SBAB's Board of Directors adopts a number of policies and instructions at the statutory Board meeting. These are an important part of the internal governance and help the company to promote sustainable enterprise and to create a consensus on company-wide issues and areas.

For example, the Board of SBAB has adopted policies and instructions covering Sustainable Enterprise, Ethics, Equality and Diversity, Remuneration, Complaints Handling, Risk, Credit, Capital, Compliance, Independent Risk Control, Internal Audit, Measures to Preventing Money Laundering and the Financing of Terrorism, as well as Compliance with Financial Sanctions and Recovery Plans.

In addition to policies and instructions decided by the Board, there are a number of instructions decided by the CEO or by persons with authority delegated by the CEO. Examples of such instructions include Policies, Outsourcing, Authorisation Instruction, Communication, Working Environment, Against Bribes and other Corruption, Banking Secrecy, Whistleblower Process, IT Governance and Security.

#### Code of Conduct

We let our values and Code of Conduct act as a moral compass in terms of defining our behaviour and what we stand for as a company. Our Code of Conduct is decided by the CEO and is available for all employees on our intranet. It provides guidance on how we should act and conduct ourselves in various situations and the inherent responsibilities of being a SBAB employee. Employees, managers, consultants, members of the Executive Management and Board members are responsible for understanding and complying with our Code of Conduct.

#### Supplier Code

SBAB's Supplier Code addresses SBAB's view and expectations of our suppliers' sustainability efforts and compliance with international guidelines and principles. The Supplier Code is included in all agreements with suppliers and is available in full at [www.sbab.se](http://www.sbab.se).

### S:2.2 Obligations

The state's ownership policy stipulates that state-owned enterprises should serve as role models in the area of sustainable enterprise and otherwise act in a manner that generates public confidence. Acting as a role model includes working strategically and transparently with a focus on collaboration. These efforts are inspired and guided by international guidelines including the ten principles of the UN Global Compact and the SDGs of the 2030 Agenda for Sustainable Development.

#### UN Global Compact, Communication on Progress (COP)

SBAB joined the UN Global Compact in 2009. SBAB's commitment to the Global Compact means that SBAB reports its work on implementing the Ten Principles of the Global Compact in the areas of human rights, labour, environment and anti-corruption in an annual Communication on Progress (COP). The separate GRI/COP index states which parts of the report constitute SBAB's Communication on Progress, which is based on the BASIC GUIDE Communication on Progress, GC Active Level, developed by the Global Compact. The UN Global Compact includes a precaution principle. SBAB is implementing a number of precautionary measures in operating activities, including employee training. We are also implementing ongoing efforts to identify, manage and integrate sustainability risks in all central processes.

#### UN 2030 Agenda for Sustainable Development and the SDGs

The state's ownership policy states that, within the framework of their operations, state-owned enterprises must analyse the SDGs contained in the 2030 Agenda for Sustainable Development to identify which goals the company can influence and contribute to through its activities. Companies are also expected to identify business opportunities that contribute to achieving the goals. SBAB has identified and chosen four of the 17 SDGs that we consider particularly important and relevant for our operations. The goals have been chosen based on extensive analysis in the form of internal workshops and ranking exercises within operations, the Executive Management and the Board, and thus comprise an integrated part of SBAB's governance model and daily operations. SBAB's contribution to the respective goals is presented in a separate table and in the freestanding GRI/COP index.

→ Read more on pages 179–182

#### Sweden's environmental objectives

The environmental objective system contains one generation goal, 16 environmental quality goals and 17 intermediate goals in the areas of waste, biodiversity, hazardous substances and climate. Sweden's environmental objectives are the national implementation of the ecological dimension of the SDGs. SBAB supports these objectives and actively contributes to the overall objective for environmental policy, the generation goal, which is to be able to hand over a society to the next generation in which the major environmental problems have been solved, without causing more environmental and health problems beyond Sweden's borders. One of the environmental quality goals, goal 15, refers to a healthy built-up environment and has synergies with two of SBAB's four prioritised SDGs, namely 11 and 12. SBAB is a leading player in the housing financing sector and has a responsibility to drive development in this area.

#### The Paris agreement and the EU action plan for financing sustainable growth

SBAB works to promote realising the goals of the Paris agreement and the EU action plan for financing sustainable growth. This year's report will be SBAB's second pursuant to the EU Taxonomy Regulation.

→ Read more on page 176

#### Task Force on Climate-related Financial Disclosures (TCFD)

SBAB also reports on climate risk in operations pursuant to the Task Force on Climate-related Financial Disclosures (TCFD).

→ Read more on pages 177–178

#### Principles for Responsible Banking (PRB)

SBAB is a signatory of the UN Principles for Responsible Banking, which aim to provide a framework for a sustainable banking system that drives the global economy in a sustainable direction. Through signing the principles, SBAB undertakes to report its negative and positive impact in material sustainability areas and to clearly state which science-based sustainability goals SBAB is working to achieve. Moreover, SBAB undertakes, in partnership with other banks, to promote shared sustainability goals whereby work approaches are synchronised and become comparable.

→ Read more on page 180

#### Partnership for Carbon Accounting Financials (PCAF)

SBAB has signed up to the PCAF initiative, a partnership between financial institutions aimed at creating a standardised methodology for measuring GHG emissions tied to lending and investment portfolios. The PCAF aims to help financial institutions contribute to meeting the goal of the Paris agreement. By committing to the PCAF, SBAB has undertaken, together with the initiatives other signatories, to develop standardised methodologies for measuring GHG emissions tied to lending and investment portfolios.

→ Read more on page 172

## S:3 Definition of the reporting content

SBAB's Annual and Sustainability Report has been prepared pursuant to the GRI's principles for defining report content and quality. Stakeholder dialogues and materiality assessments form the basis for SBAB's prioritised sustainability topics and work.

### S:3.1 Stakeholder dialogue

SBAB has identified a number of particularly important stakeholder groups that all affect and are affected by our operations in various ways. From a business perspective, the most important stakeholders in the short, medium and long term are the customers, the employees, the owner and investors. This priority has grown out of a recurring internal dialogue regarding the bank's

business logic in the Board of Directors, the Executive Management and in operations. We maintain ongoing communication, primarily with the most important stakeholders, to set the right priorities in our business development and sustainability work. Communication is conducted through means including customer surveys and meetings, dialogue with owner representatives, question forums on [www.sbab.se](http://www.sbab.se), physical meetings in various formats, dialogues regarding accounting, and other formats for stakeholder engagement.

#### FORMATS FOR STAKEHOLDER ENGAGEMENT

##### Customers

The confidence our customers have in SBAB determines our ability to develop in many respects, and therefore also our ability to take on a greater role in societal development. The knowledge, skills, professionalism and consideration shown by our employees on a daily basis are apparent in surveys conducted by Svenskt Kvalitetsindex (Swedish Quality Index, SKI).

##### In dialogues through:

The internet ([www.sbab.se](http://www.sbab.se)), telephone, customer surveys (SKI, brand surveys, customer panels, focus groups, etc.), social media, customer and support forum, blogs, personal meetings, customer meetings, seminars and conferences, the AGM, marketing communication, etc.

##### Employees

SBAB's employees are its most important asset. Motivated and committed employees are a prerequisite for our success and one of the most important resources in terms of achieving our vision. Our employees' motivation to create value through stakeholder relations depends on a number of factors, including leadership, skills development, development opportunities and our corporate culture.

##### In dialogues through:

Performance evaluations, meetings, employee surveys, workplace dialogues with trade unions, monthly and departmental meetings, the intranet, AGMs, etc.

##### Owner & investors

Owner: SBAB is wholly owned by the Swedish state. The Swedish government's ambition for Swedish state-owned companies – to set good examples and serve as role models for sustainable enterprise – has inspired us to clarify our role in the sustainable development of society.

Investors: Investor confidence in SBAB is based on investors' interaction with our employees as well as on a belief in our business model and our ability to support positive and sustainable economic developments.

##### In dialogues through:

Owner: Ownership policy, owner instructions, continuous ministerial contacts, board representation, AGMs, network meetings, etc.

Investors: Personal meetings, group presentations, financial statements, [www.sbab.se](http://www.sbab.se), etc.

##### The public

Confidence from the general public and other stakeholders such as non-profit organisations, business partners, media, suppliers and interest organisations affects our opportunities to develop the operations in the desired direction. Confidence from the public is a prerequisite for attracting new customers, establishing long-term relationships and growing.

##### In dialogues through:

Personal meetings, network meetings, seminars and conferences, media, blogs, social media, AGMs, marketing communication, etc.

### S:3.2 Material topics

SBAB's materiality assessment is based on an extensive stakeholder dialogue conducted in 2021. The dialogue comprised interviews of key stakeholders such as Board members, Executive Management, corporate customers, the owner, collaboration partners, business partners, investors and trade organisations. Moreover, surveys were conducted with 482 of SBAB's employees, 384 retail customers and 23 tenant-owners' association customers. The stakeholder dialogue captured the stakeholders' perspectives as to which sustainability topics are most relevant for SBAB – both in terms of positive and of negative impact. The stakeholder dialogue was supplemented with an updated analysis of the operating environment including key factors thereof as well as relevant sustainability risks, opportunities, trends and legislation to form the basis for identifying the areas where SBAB has the greatest positive and negative impact. A workshop was conducted, utilising input from the stakeholder dialogue and the operating environment analysis, with representatives from operations, Executive Management and the Board, in order to agree on SBAB's material sustainability topics. These efforts settled on a total of 14 sustainability topics, which are presented on the next page. SBAB's materiality assessment was calibrated in 2022 with input from external parties and analysed together with other events in the operating environment that impacted SBAB's operations.

#### Three target areas

Based on the materiality assessment, SBAB has prepared and established three overall commercial and sustainable development target areas for the operations: Responsibility and transparency; Attractive workplace; and Sound finances.

➔ [Read more on pages 169–170](#)

#### How the material sustainability topics have been reported

For each target area, we have adopted fixed strategies and activities, overall targets and metrics, and determined how the results should be reported. Activities, targets and metrics are reviewed each year in conjunction with the business planning process. Since 2017, SBAB's business plan has been fully integrated, which means that SBAB does not differentiate between business targets and sustainability targets. SBAB's targets are presented earlier in this report.

➔ [Read more on page 169](#)



All of the sustainability topics identified through stakeholder and materiality assessments are reported as material in SBAB's sustainability report. These are reported in our three target areas as follows:

**Responsibility and transparency**

- Business ethics and transparency
- Secure IT systems and integrity
- Product development and innovation
- Climate impact – products and services
- Set requirements for suppliers and partners
- Community engagement
- Accessibility and a socially inclusive offering
- Financial offers with societal impact
- Identify and manage climate-related risks
- Climate impact – own operations

**Attractive workplace**

- Respect and equality – own operations
- Develop and retain employees
- Attract competent employees

**Sound finances**

- Financial stability

The above responsibility issues have been delimited in the report to include SBAB's direct efforts and are reported using at least one GRI indicator per material aspect.

➔ Read more on pages 181–182

SBAB's material impact occurs within the organisation and in connection with our lending.

**Sustainability analysis to identify sustainability ambitions**

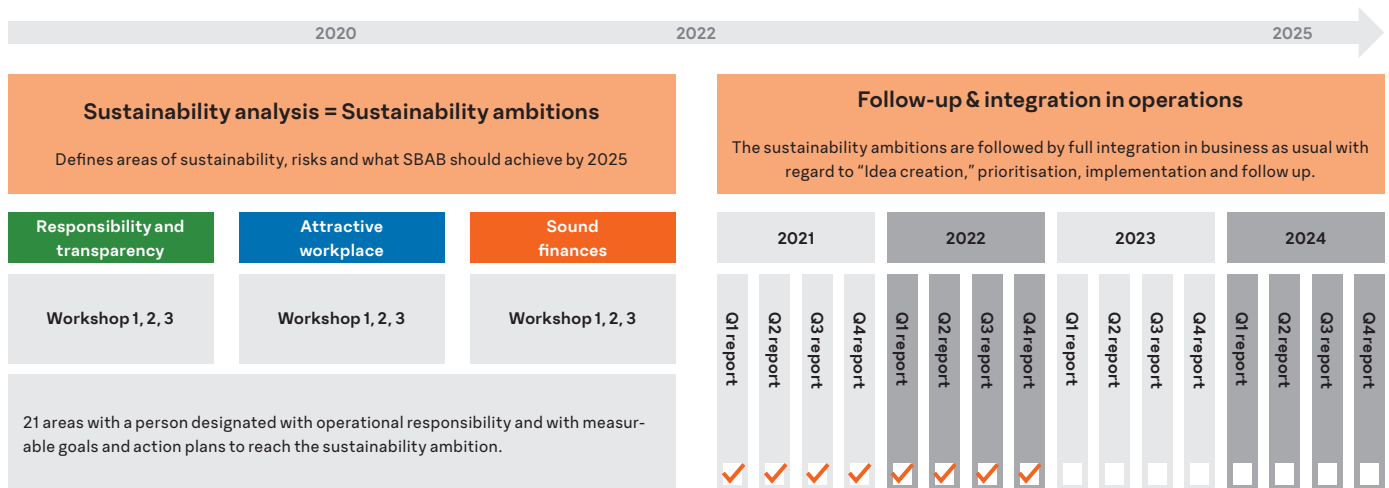
In 2021, SBAB's Board decided to conduct a sustainability analysis of SBAB's operations based on the updated materiality assessment. The analysis identified the current status and ambition level as well as objectives for 2025. The analysis identified 21 prioritised areas within which SBAB faced challenges or possibilities of varying scope.

The current status and objectives were established based on SBAB's materiality assessment, business plan, model for governance and follow-up, prioritised SDGs and other national and international guidelines. The internal basis was complemented with an analysis of factors in the operating environment and industry practice in the area of sustainability. This functioned as the basis for a number of workshops, where actual representatives from the entire operations participated with the aim of calibrating the current status and the objectives.

The result of all of the workshops was 21 sustainability ambitions including the current status, ambition level and objective for 2025 within the respective area, together with an action plan. The action plans include activities and milestones aimed at reaching the objective. The results of the work were discussed and prepared by the Executive Management for decision by the Board.

*Integration and reporting of sustainability ambitions*

Some 21 areas were identified in the sustainability analysis. Responsibility has been allocated to a representative of Executive Management and to an individual with operational responsibility for each area. Moreover, each area has been allocated a sustainability strategist from the Sustainability unit. Each quarter, progress in the various areas is reported to the Executive Management as part of following up efforts and ensuring integration of sustainability. A progress summary is reported twice each year to the Board.



**S:4 Governance and follow-up**

**S:4.1 Overarching governance**

SBAB has a number of functions for the governance and follow-up of sustainability efforts.

Within SBAB, the Board is ultimately responsible for ensuring that active, long-term efforts to achieve sustainable development are carried out within the bank. The Board also adopts a strategy, objectives and a policy for sustainable enterprise. Furthermore, the Board monitors and assesses SBAB’s sustainability efforts. In 2022, particular focus was placed on initiatives to raise awareness and on analysis of climate-related risks and opportunities in the Board work.

The Executive Management presents the bank’s strategic business plan, including its aims, direction and objectives for sustainability efforts, in conjunction with deciding the business plan and budget. SBAB’s sustainability efforts are fully integrated in SBAB’s business plan, which means that most of the members of Executive Management have responsibility for sustainability topic that affect their respective areas of responsibility. The Executive Management are to control and take decisions on priorities and strategic direction for sustainability in accordance with the decided business strategy.

The Sustainability Marketing and Communication department (HMK) is led by the Head of HMK, who is a member of the Executive Management and reports to the CEO. HMK includes the Sustainability unit, which is led by the Head of Sustainability who reports to the Head of HMK and the CEO. The Sustainability unit is tasked with coordinating sustainability efforts at SBAB at an overall and total level, as well as in relation to the overriding target areas and their measurable goals, together with the individuals with operational responsibility in the business. The Head of Sustainability together with the Head of HMK are tasked with driving SBAB’s strategic sustainability efforts with the CEO and the Board, and are responsible for internal and external communication issues pertaining to sustainability efforts. The Head of Sustainability also participates in and represents SBAB with regard to sustainability topics in contact with the owner and in other external contexts. Within the Sustainability unit there are four sustainability strategists who, together with the Head of Sustainability, work full-time with sustainability topics and who assist with coordinating and leading sustainability efforts in the operations.

SBAB has a Sustainability Forum with representatives from different parts of the operation who meet around two times per year. The representatives are well versed in SBAB’s sustainability efforts and are also responsible for managing these issues in their parts of the organisation. The Sustainability Forum is seen as a complement to the business planning, whereby sustainability is

integrated into the business goals. The aim of the Sustainability Forum is to inspire, raise awareness and enable us to learn from one another. The Forum is led by the Head of Sustainability together with the sustainability strategists.

SBAB has a Sustainable Bond Committee (SBC) that regularly meets four times a year, or more often if needed. The aim of the SBC is to secure the process whereby green and/or sustainable bonds can be issued, managed and discontinued. The SBC is comprised of seven individuals from different parts of the operations. The Chairman of the SBC is SBAB’s CFO.

**S:4.2 Follow-up**

SBAB has decided on a number of overriding, measurable and quantifiable goals for the respective target areas. These are presented earlier in this report. A number of specific metrics (KPIs) exist for the respective target areas, which are measured and reported to the CEO and Board each month. In addition to the overriding business plan and its contents, operational goals and activities are in place at a departmental and functional level.

*Responsibility and transparency*

The ongoing governance and follow-up of goals linked to this area are allocated between Accounting & Treasury, Business Specialists, Customer Experience, Data Science, Customer Service, Corporate Clients & Tenant-Owners’ Associations, HMK, Tech and Risk.

*Attractive workplace*

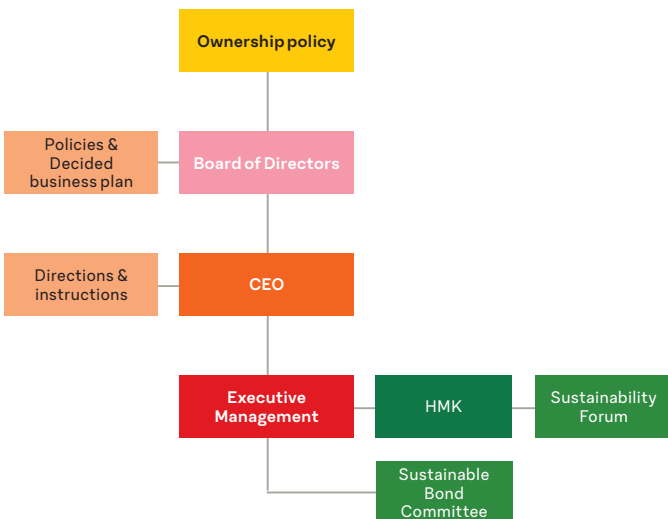
SBAB’s HR department is responsible for the ongoing governance and follow-up of the goals linked to this area.

*Sound finances*

The ongoing governance and follow-up of the goals linked to this area are mainly the responsibility of SBAB’s Accounting & Treasury department, and SBAB’s Tech department, for which sustainable technical development comprises a key element. The goals in Sound finances include the financial goals set by SBAB’s owner, the Swedish state.

**S:4.3 Goals for 2023**

To better respond to new market conditions and changes in the world around us, SBAB has developed and decided new target areas and business goals during the year. From 2023, we will report on the new business goals that extend to 2030. Our climate goal is one of five business goals and is fully integrated into our operations.



## S:5 Supplementary information per target area

### S:5.1 Responsibility and transparency

#### Responsible and transparent offering

##### How we grant loans to consumers

When we consider granting a loan, we first test whether the customer has the necessary repayment capacity. Central to the credit approval process is establishing how secure and reliable a customer's income is, as well as whether the housing cost calculation is within the customer's capabilities. All of the above is to ensure customers have the long-term financial prerequisites to pay interest and amortisation. In the housing cost calculation we use various parameters such as housing and living costs as well as parameters that ensure customers can manage any interest rate hikes over time. We call this parameter the calculation interest rate. If the calculation indicates a sufficient surplus, a loan is granted, provided that the customer satisfies other credit rules.

If a customer applies for a mortgage for a tenant-owner apartment, we also assess the customer's calculation in relation to any risk of the monthly fee to the tenant-owners' association being raised. This is carried out by analysing the tenant-owners' association's financial prerequisites, including the debt for tenant-owners' association per square metre.

We base our credit approval process on information received from the customer, our credit rules and information received from credit rating agencies and the Land Registry, for example.

For SBAB's mortgages, collateral is provided in the form of a mortgage deed in immovable property or rights in a tenant-owners' association. The loan is permitted to correspond to a maximum of 85% of the value of the property.

Our mortgage specialists and their knowledge, expertise and professionalism comprise key elements of the credit granting process and we also work continuously to improve and streamline our processes to identify automation and digitalisation possibilities for our customers and for SBAB.

To support them in their work, our mortgage specialists have a large number of automated controls of customers' prerequisites in relation to our credit rules. We carry out continuous random follow-ups along with other reviews to ensure that all of our credit assessments are conducted with high quality standards that comply with our credit rules, and apply a sound and sustainable approach.

#### Housing cost calculation

+	Borrower's income <sup>1)</sup>
-	Housing expenses <sup>2)</sup>
-	Living expenses <sup>3)</sup>
=	Surplus (or deficit)

<sup>1)</sup> The stated income is checked using the credit information service UC, among others.

<sup>2)</sup> Repayments, running costs, monthly fees and stressed interest rates.

<sup>3)</sup> In accordance with the Swedish Consumer Agency's guidelines, taking the number of minors and adults in the household into account.

#### Amortisation and debt-to-income ratio

At SBAB we believe that amortisation helps ensure sound personal finances. We conduct individual amortisation dialogues with all our customers and follow the Swedish FSA's regulations pertaining to amortisation requirements. These rules include a repayment rate of not less than 2% per year for new residential mortgages with an LTV ratio of more than 70%, and thereafter not less than 1% per year down to an LTV ratio of 50%. In 2018, we introduced the increased amortisation requirement for households with high debt ratios, which entails that all customers borrowing more than 4.5 times their gross income (their pre-tax income) must amortise an additional one percent per year. The debt-to-income ratio gives us a good indication of how sensitive our customers' repayment capacity is to changes in interest rate or income levels, for example. We already apply a mandatory debt-to-income ratio of 5.5 times gross income in our lending, where we also consider any other loans in addition to the mortgage, such as consumer loans.

In light of the coronavirus, we have helped many of our customers during the year to get temporary amortisation relief in face of fears of loss of income or because customers wanted to create a buffer.

#### Changes in the credit granting process

We have made adjustments to our credit process over the last few years to better reflect society, including in terms of constellations of borrowers and forms of employment (permanent, temporary and project), but also with the aim of enabling young adults to buy their first home.

Customer Service has a special function to handle credit cases of a more complex or infrequent nature. Cases that require special skills, understanding and experience. This function enables customers to meet mortgage specialists who understand their situation and who have expertise in their specific areas. This may include, for example, sole traders who are applying for a mortgage, customers who wish to take over a mortgage in the event of a divorce and customers who are approaching retirement with regard to understanding how income may be affected in the future.

Key elements of our work moving forward with the credit granting process primarily comprise further efficiency enhancement, automation and digitalisation of the credit granting process and better management of any climate risks.

#### Preventative insolvency management

It is important for us to work on preventative insolvency management. This entails early contact by SBAB in cases where we find that our customers could have difficulties in making their interest and amortisation payments. Sickness, unemployment, divorce and split-ups are the most common causes of payment difficulties for our customers. Normally, the process starts with a dialogue and asking the customer to create a household budget to then progress to a discussion on how we will proceed. We manage the entire insolvency management process in-house at SBAB. Considerate, close and clear dialogue with customers often leads to a favourable outcome for our customers and for us.

#### How we grant loans to corporates and tenant-owners' associations

Our credit assessment of property companies and tenant-owners' associations is primarily based on their repayment capacity. In addition to repayment capacity, which we assess, inter alia, by analysing income and cash-flow statements as well as sensitivity analyses, we also assess more qualitative parameters such as the organisation, management and governance. We analyse and assess the collateral, including its value, for customers' loans. When we lend for construction of new properties, we conduct an analysis of the project and make a projection for the completed production. The properties being loaned against are appraised by SBAB's property valuation department. As part of this valuation, we also assess future maintenance requirements. We also assess the customer's ability to finance such requirements. We also follow up all our property companies and tenant-owners' associations at least once each year.

#### Sustainability criteria in the credit granting process for corporates and tenant-owners' associations

We promote sound climate risk management and sustainability in issued loans. This means any negative impact on the climate or society should be avoided wherever possible, or at least minimised, mitigated or compensated for. In our credit granting process for property companies and tenant-owners' associations, we consider ethical requirements, the work environment, sound finances and climate criteria as a part of the overall assessment. When viewing and valuing properties, in addition to factors such as the property's location, condition and standard, special attention is paid to any climate-related factors, such as polluted land, substandard ventilation and harmful building materials. SBAB is also developing the process for considering climate risks and other climate data such as heat source in the credit approval process. This work will continue in 2023.

#### SBAB's products and services should be accessible to all

Since 2018, a cross-functional working group has worked to ensure that our channels are accessible for people with disabilities. The group works closely with the organisation Axess Lab, who specialise in accessibility. During the year, Axess Lab together with SBAB has reviewed accessibility, for example, the process for applications to move a mortgage with the aim of identifying development opportunities. Our User Experience department works continuously with developing SBAB's design system, for which accessibility is now a requirement, with the aim of creating the preconditions for future development to be aligned with the European Accessibility Act.

#### Our operations build on trust

##### Cyber security

We work proactively with compliance and security issues to ensure that we comply with the regulations and requirements that apply to operations. Banking secrecy is a key point of departure for our security efforts. Living up to the expectations and requirements placed on us as a company is of vital importance to the confidence that our customers, owner, employees and other stakeholders have in SBAB. Security efforts are based on an international standard (ISO/IEC 27001:2017), with an information security management system. The bank's security organisation leads our dedicated work with cyber

security. The security organisation consists of a Chief Information Security Officer and a Tech Security Manager who report to the Executive Management and the Board (quarterly and when necessary) and two security teams (information and IT security). Work with cyber security involves both prevention and control. We take actions to detect and counteract threats in advance and we regularly check that our protective measures are effective. The Bank's critical systems are subjected to periodic security reviews, risk and vulnerability assessments, and penetration tests. These are conducted both internally and externally by independent third parties. Security awareness is important to the bank and employees undergo annual cyber security training.

#### Marketing communication

SBAB's Communication instruction regulates SBAB's external and internal communication and information disclosure. This instruction also aims to ensure that SBAB's information disclosure to the market is correct, relevant and adheres to the applicable communication rules. We also have a Direction for the marketing process, which describes SBAB's work procedures for marketing activities.

#### Integrity and protection of personal data

The General Data Protection Regulation (GDPR) aims to protect the fundamental rights and freedoms of individuals. SBAB's Privacy Office comprises our data protection officer and data protection specialists, who report quarterly to SBAB's Board and Executive Management. Privacy Office ensures our compliance with applicable data protection legislation and works, inter alia, with proactively raising data protection awareness in the organisation, managing data subjects' rights and any personal data incidents that arise. The Data Protection Officer conducts ongoing audits. SBAB has policies in place to help the operations comply with data protection legislation. Respect for personal privacy is part of or DNA and permeates everything we do.

#### Financial crime

Money laundering and terrorism financing are serious threats that inhibit economic growth and affect confidence in the financial system as well as democracy and public security. Countering these is of critical importance and are included in the SDGs of the 2030 Agenda. The products provided by banks and other financial institutions are utilised by criminals and networks to commit financial crime, hide criminal proceeds and generate new illicit proceeds. In many cases, the parties behind fraud and money laundering activities are also active in other forms of organised crime encompassing weapons and narcotics. Therefore, combating financial crime is also a way of combating other criminal activities that threaten society. For this reason, it is very important for us at SBAB to conduct our operations in such a manner as to counter these risks. The Anti-Financial Crime (AFC) unit focuses specifically on our work with these issues and reports regularly to the Executive Management and Board.

#### Complaints handling

At times, customers who are dissatisfied with SBAB's handling of a case contact SBAB with a complaint. It is critical that we take the time needed to address these matters in a professional manner. The primary aims of our complaints procedure is to ensure continued customer satisfaction and gain input on how we can enhance the customer journey, which can also pre-empt any future complaints. SBAB has policies in place to govern the conduct of our complaint handling. Our Instruction for complaint handling is decided by the Board. The instruction is complemented by the Customer complaints guidelines, which explain how employees should manage complaints. Our policies are adapted to external requirements that we must address. SBAB's complaints officer, or customer ombudsman, is registered with the Swedish FSA, and information guiding customers in how to make a complaint is available at [www.sbab.se](http://www.sbab.se)

#### Responsible sourcing and the Supplier Code

SBAB's supply chain includes suppliers of various services and materials. The four largest supplier categories (consulting and staffing services; communication and event; property and office services; and software and IT services) comprise around 80% of SBAB's total costs within procurement. Each supplier category has been subjected to a sustainability-centric risk analysis together with skills-raising initiatives for the relevant agreement owners. The aim is to create awareness and to manage sustainability risks in the supply chain in a structured and preventative manner. No material risks were identified in the supplier analysis.

In 2022, a follow-up of the Supplier Code was conducted with SBAB's largest suppliers. The follow-up has provided us with good insight into how our largest suppliers comply with our Supplier Code. No actions were required after the follow-up. The continued follow-up and ongoing work with ensuring and developing compliance with the Supplier Code among our suppliers and business partners will continue in 2023 through the appointed working group under the leadership of the Head of Purchasing.

#### Tax

SBAB is wholly owned by the Swedish government. We only conduct operations in Sweden, which means that we only pay tax in Sweden. Since SBAB employs 863 people, we are a relatively small employer. The employers' contributions we pay on behalf of our employees help to strengthen security in society. We also pay guarantee fees, mainly in the form of the resolution fee, risk tax and fees to the national deposit guarantee, which help maintain financial stability in society. Guarantee fees rose in 2022 to SEK 493 million. Our tax expense amounted to SEK 558 million.

#### Together for the climate

##### Climate goal

In 2022, SBAB's Board adopted a climate goal for our lending that is aligned with the Paris Agreement's 1.5°C goal. This means that by 2038, SBAB's lending portfolio will reduce its emissions intensity (kg CO<sub>2</sub>e. per sqm) by 50% compared with 2022. The climate goal also includes interim targets. Performance relative to the goal is reported annually in our Climate Report. Calculation bases may evolve over time where the target level expressed as a percentage may be adjusted. The goal is based on science-based methodologies and will be validated in a next step using the Science Based Targets initiative. Read more about our climate goal in our Climate Report at [www.sbab.se](http://www.sbab.se).

##### Calculation of emissions for portfolio (Scope 3 downstream)

In 2022, development was conducted of the method for measuring carbon emissions for our own portfolio (Scope 3 downstream). The methodology we use to measure our emissions is based on the PCAF global standard for the financial industry's accounting and reporting of GHG emissions related to loans and investments. Read more about our calculation methodology in our Climate Report at [www.sbab.se](http://www.sbab.se).

##### Emissions portfolio, Scope 3 (downstream)

CO <sub>2</sub> emissions, tonnes <sup>1)</sup>	2022
<b>Total emissions for SBAB's portfolio</b>	<b>124 098</b>
<b>Emissions per object type</b>	
Houses	46 553
Holiday homes	3 130
Multi-family dwellings	46 134
Tenant-owner apartments	27 197
Commercial/offices	1 083
<b>Emissions per energy class (share of lent capital)</b>	
Energy class A (0.5%)	108
Energy class B (5.4%)	2 921
Energy class C (10.6%)	8 236
Energy class D (15.3%)	13 638
Energy class E (23.4%)	30 671
Energy class F (12.7%)	22 320
Energy class G (3.6%)	9 638
N/A (28,5%)	36 566

<sup>1)</sup> The calculation method is stated in SBAB's Climate Report at [www.sbab.se](http://www.sbab.se).

#### SBAB's own climate impact and climate report for 2022

In recent years, we have implemented a series of measures and activities to reduce our environmental impact. We buy green electricity from renewable energy sources to all of our offices. The property we rent in Solna is BREEAM certified as Good. Since 2019, SBAB's working group for overall operations has systematically led efforts to reduce the climate impact of its operations. Our own climate impact is one of our sustainability ambitions. Since 2006, we have measured our emissions and prepared a climate report that we annually publish and are constantly developing. To this end we have a reduction target to reduce our direct and indirect (upstream) emissions 15% between 2021 and 2025.

The table data shows greenhouse gas emissions expressed in tonnes of carbon dioxide equivalents, CO<sub>2</sub>e. SBAB's climate report for 2022 was conducted in collaboration with the company U&We and using the Our Impacts tool. The climate report and analysis, along with information on calculation principles and overall emission factors as well as proposed improvement measures is available in full in this year's climate report at [www.sbab.se](http://www.sbab.se).

**Emissions divided by scope<sup>1)</sup>**

CO <sub>2</sub> e emissions, tonnes	2022	2021	2020	2019	2018
Scope 1	0	0	1.4	12.3	12.4
Scope 2 <sup>2)</sup>	38.7	44.4	54.1	39.6	22.9
Scope 3 <sup>3)</sup>	124 371.1	417.5	546.4	481.8	157.2
<b>Total</b>	<b>124 409.8</b>	<b>461.9</b>	<b>601.8</b>	<b>533.7</b>	<b>192.5</b>

**Emissions divided by source<sup>1)</sup>**

CO <sub>2</sub> e emissions, tonnes	2022	2021	2020	2019	2018
<b>Scope 1</b>					
Vehicles (SBAB owned)	0	0	1.4	12.3	12.4
<b>Scope 2</b>					
District heating	20.1	25.7	13.7	23.2	21.4
District cooling	0	0	0.2	0.1	0.2
Electricity	18.6	18	40.2	16.3	1.3
<b>Scope 3</b>					
Water consumption <sup>5)</sup>	0.3	0.5	0.3	0.3	0.3
Waste for incineration <sup>5)</sup>	0.1	0.1	0.1	0.4	0.1
Vehicles	29.5	21.7	22.8	14.9	8.7
Air travel	38.6	9.0	35.8	131.6	130.3
Rail travel	0.1	0.1	0.1	0.4	0.4
Copying paper	0	0	0.8	0.7	0.4
Server halls <sup>4)</sup>	54.7	31.8	24.8	88.6	-
IT procurement <sup>4)</sup>	119.4	322.8	439.3	209.0	-
Hotel nights <sup>4)</sup>	18.5	8.0	6.8	19.6	-
Taxis <sup>5)</sup>	2.3	0.8	1.1	3.3	3.6
District heating (upstream)	2.2	3.7	2	2.8	2.7
Electricity (upstream)	7.4	19.7	12.4	10.2	10.7
Lending (downstreams) <sup>3)</sup>	124 098	-	-	-	-
<b>Total</b>	<b>124 409.8</b>	<b>461.9</b>	<b>601.8</b>	<b>533.7</b>	<b>192.5</b>

<sup>1)</sup> The figures prior to 2019 comprise data excluding the subsidiary Booli Search Technologies AB.

<sup>2)</sup> Scope 2 is reported by the market-based method.

<sup>3)</sup> New value for 2022 when SBAB has secured a method for calculating emissions in lending (Scope 3 downstream). Read more in SBAB's Climate Report at sbab.se

<sup>4)</sup> New value for 2019 when collection of data was expanded. This resulted in an increase of approx. 60% of the total emission for SBAB.

<sup>5)</sup> Data excluding the subsidiary Booli Search Technologies AB.

**S:5.2 Attractive workplace****Remuneration**

Our remuneration policy encompasses all SBAB employees, regardless of position. In accordance with the relevant policy, SBAB's remuneration is to be competitive, capped and appropriate, moderate, reasonable, well considered and not salary-leading. It should also contribute to high ethical standards and a good corporate culture. The same applies to the benefits we offer – available to all employees, regardless of position. Since 2012, there have been no incentive programmes and no variable remuneration within the Group. The total level of remuneration is determined based on responsibility, complexity and results within the respective employee's area, and on how well the employee lives our values. SBAB applies individual salary-setting in accordance with our collective bargaining agreement, which means that remuneration and salary growth is individual and differentiated. All Group employees are covered by collective agreements. Salary reviews take place annually by way of individual salary interviews, whereby performance in the role and applicable salary criteria are taken into consideration. Employees also receive training each year in SBAB's remuneration model to create transparency and to increase all employees' insight into the salary setting process. SBAB conducts annual salary surveys to ensure the success of work to prevent non-objective salary differences and salary discrimination.

**Initiatives to promote Learning and development in an inclusive manner**

We promote a learning organisation where employees have space to develop. SBAB believes in the self-driven employee's own ability and will to grow. Continuously developing their skills means possessing relevant knowledge and learning new things to be able to best contribute to SBAB's and their own development. Learning at SBAB should include and not discriminate. For these reasons, a checklist is used for all learning activities to ensure inclusion. We offer a blended learning format comprised of physical classroom activities, workshops and e-learning. Through SBAB's digital learning platform "Academy," we provide everything from annual information updates to information about our operations and work methods. At year end, 72% of all employees at SBAB had a mortgage license from Swedsec.

**Updated employee survey**

We changed our approach to employee surveys during the year. This has provided us with new angles from which to explore our workplace experience and our commitment. The survey findings provide us with a good basis for analysis and dialogue. In the first survey using the new methodology, participation was at a record high. A full 97% of us chose to participate and our Engagement Index scored 4.2 out of 5.0, a result we are very proud of!

**Volunteering**

Since spring 2016, SBAB employees have had an opportunity to undertake two days of voluntary work per year at organisations that contribute to any of the 17 SDGs. With this initiative, SBAB wants to enable our employees to become involved and to contribute to sustainable development. Use of the volunteer days decreased during the pandemic.

**Volunteer days**

	2022	2021
Whole days	14	4
Half days	11	1
Number of hours	143	35

**Age distribution women/men**

Age distribution on 31 December 2022	Percentage distribution (%)		
	Women	Men	Total
20–29	5.1	5.7	10.8
30–39	17.0	16.5	33.5
40–49	13.9	12.9	26.7
50–59	13.2	8.6	21.8
60–69	4.0	3.2	7.2
<b>Total</b>	<b>53.2</b>	<b>46.8</b>	<b>100</b>

**Length of employment women/men**

Length of employment on 31 December 2022	Percentage distribution (%)		
	Women	Men	Total
<3 years	24.9	26.9	51.8
4–6 years	11.7	8.8	20.5
7–9 years	4.4	3.8	8.2
10–12 years	1.4	1.4	2.8
13–15 years	1.8	1.6	3.4
>16 years	8.4	4.9	13.3
<b>Total</b>	<b>52.5</b>	<b>47.5</b>	<b>100</b>

Key employee figures<sup>1)</sup>

Key performance indicators	2022	2021	2020	2019	2018
Total number of employees at the end of the year <sup>2)</sup>	863	839	760	695	574
<i>of whom, women</i> <sup>2)</sup> , %	50.8	51	54	52	52
Temporary employees <sup>3)</sup> ,	52	47	6	5.0	1.0
Part-time employees <sup>3)</sup> ,	2	1	0.3	0.3	0.9
Average age, years	40.1	40	39	39	41
People who left the company over the year	136	85	64	78	61
People who joined the company over the year	155	160	123	158	133
Personnel turnover <sup>5)</sup> , %	15.1	10.3	8.3	12	10
<b>Equality</b>					
Share of women on the Board of Directors <sup>4)</sup> , %	63	56	42	50	50
Share of women in the Executive Management <sup>4)</sup> , %	40	50	44	38	56
Share of female managers, %	47	47	49	43	44
Proportion of male employees, receiving parental leave allowance, %	38.6	30	44	38	37
<b>Geographical breakdown</b>					
Stockholm	457				
Karlstad	431				
Gothenburg/Malmö	28				
<b>Sick leave and wellness</b>					
Short-term sick leave, %	2.8	2.6	2.3	2.3	2.2
Long-term sick leave, %	1.3	1.2	1.3	0.8	1.3
Total sick leave, %	4.1	3.8	3.6	3.1	3.5
Use of health-promotion contribution by all employees, %	82.5	82.2	78	78	79

<sup>1)</sup> The figures prior to 2021 comprise data excluding the subsidiary Boappa AB, and the figures prior to 2019 comprise data excluding the subsidiary Booli Search Technologies AB.

<sup>2)</sup> Number of employees expressed as full-time equivalents (FTEs), adjusted for sick leave and leave of absence.

<sup>3)</sup> Total number of employees at the end of the year.

<sup>4)</sup> Pertains only to the Parent Company SBAB Bank AB (publ).

<sup>5)</sup> The figures prior to 2022 comprise data excluding the subsidiaries Boappa AB and Booli Search Technologies AB.

## S:5.3 Sound finances

## Green bonds impact reporting

Eligible investment objects within SBAB's green bond frameworks ("SBAB Green Bond Framework 2016" and "SBAB Green Bond Framework 2019") totalled SEK 58 135 billion on 31 December 2022. According to SBAB's calculations, these objects are estimated to generate an annual avoidance in GHG emissions corresponding to 4 714 tonnes CO<sub>2e</sub>. SBAB's share of the financing is expected to correspond to an annual avoidance of 3 030 tonnes of CO<sub>2e</sub>. The expected avoidance of GHG emissions has been calculated based on how much less energy the respective eligible investment object's actual or expected energy consumption is compared with the various baselines decided by SBAB. Thereafter, savings in CO<sub>2e</sub> emissions have been estimated for the respective objects based on the average emissions per kWh.

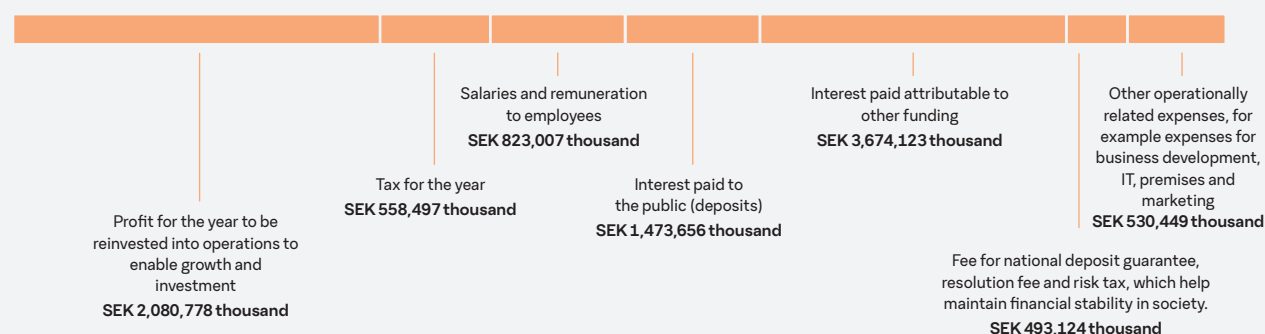
Further information is available in the SBAB Group Green Bonds Impact Report 2022, which is published on SBAB's website.

## Summary of green bonds impact reporting

	2022
<b>Eligible investment objects within SBAB's green bond frameworks, SEK bn</b>	<b>58 135</b>
<i>of which, SBAB Green Bond Framework 2016</i>	2 016
<i>of which, SBAB Green Bond Framework 2019</i>	56 119
<b>Expected avoidance of GHG emissions, tonnes CO<sub>2e</sub>/year</b>	<b>4 714</b>
<i>of which, SBAB Green Bond Framework 2016</i>	74
<i>of which, SBAB Green Bond Framework 2019</i>	4 640
<b>SBAB's share of the financing: Expected avoidance of GHG emissions, tonnes CO<sub>2e</sub>/year</b>	<b>3 030</b>
<i>of which, SBAB Green Bond Framework 2016</i>	64
<i>of which, SBAB Green Bond Framework 2019</i>	2 976

### Financial value creation 2022

SBAB reports how financial value is created by breaking down created value for different stakeholders.



## S:6

### Sustainability reporting in accordance with the Swedish Annual Accounts Act

From financial years starting after 31 December 2016, large undertakings must report sustainability in line with the rules in the Swedish Annual Accounts Act pertaining to sustainability reporting. The provisions are based on an amendment to the EU Accounting Rules Directive (Directive 2014/95/EU of the European Parliament and the Council amending Directive 2013/34/EU as regards disclosure of non-financial and diversity information by certain large undertakings and groups). Under the new rules, a sustainability report is a report containing the requisite sustainability information to enable gaining

an understanding of the company's development, position and performance as well as the consequences for the operations. This information should encompass questions pertaining to the environment, social conditions, personnel, respect for human rights and anti-corruption efforts. The following table, with references to the relevant pages of the report, to clarify how SBAB meets the rules in the Swedish Annual Accounts Act pertaining to sustainability reporting.

	Climate and the environment	Societal conditions & respect for human rights	Anti-Corruption efforts and other action against financial crime
<b>Business model</b>	→ Pages 14–15	→ Pages 14–15	→ Pages 14–15
<b>Policies and governance documents</b>	<ul style="list-style-type: none"> <li>• Policy for Sustainable Enterprise</li> <li>• Credit Policy</li> <li>Climate risk – instructions</li> <li>• Sustainable Bond Committee Instruction</li> </ul>	<ul style="list-style-type: none"> <li>• Policy for Sustainable Enterprise</li> <li>• Equality and Diversity Policy</li> <li>• Policy to Promote Board Diversity</li> <li>• Ethics Policy</li> <li>• Remuneration Policy</li> <li>• Work Environment Instruction</li> <li>• Whistleblower Process Instruction</li> <li>• Code of Conduct</li> <li>• Supplier Code</li> <li>• Sustainable Bond Committee Instruction</li> </ul>	<ul style="list-style-type: none"> <li>• Policy for Sustainable Enterprise</li> <li>• Policy and Instruction for Counteracting Money Laundering and Financing of Terrorism, and Compliance with Financial Sanctions</li> <li>• Instruction to Combat Bribes and Other Forms of Corruption</li> <li>• Whistleblower Process Instruction</li> <li>• Code of Conduct</li> <li>• Supplier Code</li> </ul>
<b>Results and reference to the GRI</b>	<p><b>Results:</b></p> <p>→ Pages 172–173</p> <p><b>GRI reference:</b></p> <ul style="list-style-type: none"> <li>• 305: Emissions</li> <li>• G4-FS8: Monetary value of products and services designed to deliver a specific environmental benefit for each business line broken down by purpose</li> </ul>	<p><b>Results:</b></p> <p>→ Pages 173–174, 181–182</p> <p><b>GRI reference:</b></p> <ul style="list-style-type: none"> <li>• 205: Anti-corruption</li> <li>• 403: Occupational Health and Safety</li> <li>• 404: Training and education</li> <li>• 405: Diversity and Equal Opportunity</li> <li>• 406: Non-Discrimination</li> <li>• 413: Local Communities</li> </ul>	<p><b>Results:</b></p> <p>→ Pages 30, 172, 182</p> <p><b>GRI reference:</b></p> <ul style="list-style-type: none"> <li>• 205: Anti-corruption</li> </ul>
<b>Risk management</b>	→ Pages 60–61	→ Pages 60–61	→ Page 60–61

## S:7 Reporting in accordance with the EU Taxonomy Regulation

The EU Taxonomy Regulation imposes disclosure requirements regarding the extent to which SBAB's operations are associated with economic activities that qualify as environmentally sustainable. The regulation will have a phased entry into force. Guidelines and SBAB's reporting and data quality will therefore be developed over time.

### Background and accounting policies

#### Taxonomy-eligible exposures

The majority of SBAB's assets consist of residential mortgages to private individuals and housing financing solutions for real estate companies, housing developers and tenant-owner associations. Lending related to mortgages and households, together with certain consumer loans, is covered by the criteria defined in the Taxonomy Regulation. The information consists of exposures to households and is based on actual data from SBAB's lending ledger. Lending to real estate companies and housing developers takes place in a close dialogue between the corporate customer and account managers. Due to the bilateral correspondence and relationship, it is possible to ensure that it is in fact data and is thus covered by the Taxonomy Regulation.

#### Exposures that are not Taxonomy-eligible

The reporting of "Exposures that are not Taxonomy-eligible" includes retail loans, excluding residential mortgages. Examples of the loans included comprise car loans and unsecured loans.

#### Exposure to companies to be accounted for separately

Exposures to smaller companies that are not subject to the EU Non-Financial Reporting Directive (NFRD) are to be reported separately and, therefore, do not have to report themselves under the Taxonomy Regulation. A large proportion of SBAB's corporate customers are defined as non-NFRD companies. SBAB's interpretation is that tenant-owners' associations qualify as smaller companies and are therefore included in these separate disclosures. To secure the process going forward, KPI criteria will be built into the credit process and automated for future reporting.

### In-depth explanation of the economic activities

SBAB will proactively work with ensuring that our operations are environmentally sustainable and thus in compliance with the Taxonomy Regulation. In December 2002, SBAB adopted a climate goal to reduce emissions intensity (kgCO<sub>2</sub>e per m<sup>2</sup>) from our lending portfolio 50% by 2038. The climate goal is a major and important step for SBAB in driving the green transition. The goal is aligned with the global 1.5°C target and is reported annually in our climate report. The goal is science-based and will be validated with the help of the Science Based Targets initiative. By measuring and targeting the emissions caused by our customers' homes and properties, we can work purposefully to reduce our biggest climate impact – our financing. Our green mortgage is one example of how we exert influence by creating incentives for our customers to invest in more energy-efficient homes since it is rewarded with a lower interest rate. We are also noting increased demand in the capital markets for green assets. This creates additional incentives to drive development. Read more about our work with and reporting on green assets and bonds on page 174.

We are monitoring the development of national thresholds for, inter alia, technical screening criteria, defined in the delegated regulations for the Taxonomy. Over time, we will develop our products, methods and processes pursuant to the above to thereby ensure our operations are environmentally sustainable pursuant to the Taxonomy.

### Supplementary information about SBAB's strategies and Taxonomy-aligned operations

A clear structure and ownership from management and operations applies to our sustainability work. Read more about our integrated sustainability approach on pages 169–170. Compliance with the Taxonomy Regulation in business strategy, product design and undertakings with customers and counterparties will evolve over time.

Assets encompassed by the reporting pursuant to the applicable regulations <sup>1)</sup>	Percentage of total assets, %
Exposures to Taxonomy-eligible economic activities	57.2%
Exposures to economic activities that are not Taxonomy-eligible	0.4%
Exposures to central governments, central banks and supranational issuers <sup>2)</sup>	6.1%
Derivatives	2.5%
Exposures to corporates not subject to the NFRD <sup>3)</sup>	22.7%
Trading portfolio <sup>4)</sup>	0%
On-demand interbank loans	0%

<sup>1)</sup> Only reported insofar as data is available for the underlying exposures.

<sup>2)</sup> "Cash and balances at central banks (including facilities at central banks)" and "Securities issued or guaranteed by governments, central banks, multinational development banks and international organisations."

<sup>3)</sup> Including Tenant-owners' associations classified as SMEs.

<sup>4)</sup> Equivalent to the financial instruments measured at fair value option in the Note "Classification of financial instruments," and represents the share of the liquidity reserve classified as "held-for-trading."



## S:8 Reporting pursuant to the Task Force on Climate-related Financial Disclosures (TCFD).

SBAB has supplemented its operational reporting pursuant to the recommendations of the TCFD framework to describe SBAB's strategic approach to climate-related risks and opportunities. The table below describes the reporting scope together with page references.

Governance	Strategy	Risk management	Indicators & Goals
The Board's oversight of climate-related risks and opportunities.	Climate-related risks and opportunities identified by the organisation.	The organisation's processes for managing climate-related risks.	The organisation's metrics for evaluating climate-related risks and opportunities.
→ Pages 66–72, 170	→ Pages 60–61, 177–178	→ Pages 60–61	→ Pages 61, 172–173
Management's role in assessing and managing climate-related risks and opportunities.	The impact from risks and opportunities on the organisation's operations, strategy and financial planning.	Describe the organisation's processes for managing climate-related risks.	Scope 1, 2 and 3 emissions pursuant to the Greenhouse Gas Protocol.
→ Pages 168–170	→ Pages 32–33, 168–170	→ Pages 39, 60–61	→ Pages 172–173
	The resilience of the organisation's strategy, taking into consideration different climate-related scenarios.	Integration of the above processes in the organisation's general risk management.	Targets used to manage climate-related risks and opportunities
	→ Pages 176–177	→ Pages 60–61	→ Page 172

### Scenario analysis

SBAB conducts climate scenario analyses to assess the climate risks and opportunities that may affect the business and its collateral and investments, today and in the future. The aim is to prepare SBAB for different societal developments and future-proof the business and its collateral. SBAB reports in line with the framework of the Task Force on Climate-related Financial Disclosures (TCFD). An analysis, based on two different climate scenarios prepared by the IPCC (RCP 8.5 and RCP 2.6), was conducted in 2021 to assess climate risks and opportunities. This analysis is presented on the next page. The scenario descriptions are based on definitions from the Swedish Meteorological and Hydrological Institute (SMHI). While both scenarios present risks, they also present opportunities for SBAB. The business needs to be resilient and adapt to changing climate conditions both locally and nationally. Work began in 2022 on gathering data to make adequate scenario analyses. This work will be completed in 2023.

### Scenario RCP 8.5 – Continued high GHG emissions

- By 2100, GHG emissions are at three times the current levels.
- Methane emissions increase substantially.
- The world's population grows to 12 billion, leading to increased demand for grazing and arable land for agricultural production.
- Technological progress toward greater energy efficiency continues at a slow pace.
- High dependency on fossil fuels and high energy intensity.
- No additional climate policies

	Short term (1 year)	Medium term (5–10 years)	Long term (40 years)
Risks	<p><i>Transition risks</i></p> <p>Excludes investors with a clear climate profile</p> <p>Increased costs for natural disasters due to extreme weather events</p>	<p>Reputational risk arising from inadequate own management of climate risks</p> <p>Increased insurance costs for natural damage events in known climate risk areas</p> <p>Impact on market value of exposed properties in climate risk areas</p> <p>Extreme weather impacts the supply chain and construction processes, thereby leading to more frequent delays in new production</p> <p>Reduced demand for properties in climate risk areas</p>	<p>Risk of properties becoming obsolete when the cost of climate adaptation measures exceeds the property value</p> <p>Changed negative value trends in the housing market leading to sharply reduced demand for owning housing</p> <p>Climate shifts and demographic changes impact the Swedish housing market</p>
	<p><i>Physical risks</i></p> <p>Damage to roofs and facades due to extreme weather events such as downpours, storms, heatwaves and fires</p>	<p>Damage to roofs and facades due to extreme weather events such as downpours, storms, heatwaves and fires</p> <p>Extreme weather can reduce the property value and increase the LTV ratio for customers</p>	<p>Water damage due to flooding of built-up areas near the shoreline and in low-lying areas</p> <p>Damage to roofs and facades due to extreme weather events such as storms, heatwaves and fires</p> <p>Extreme weather can reduce the property value and increase the LTV ratio for customers</p>
Opportunities	<p>Increased customer demand for climate-adapted advice and products</p>	<p>Increased customer demand for climate-adapted advice and products</p> <p>Increased need for financing of climate-adapted renovations</p> <p>Increased demand for housing in areas not classified as being at climate risk</p>	<p>Increased demand for housing in areas not classified as being at climate risk</p>

**Scenario RCP 2.6 – GHG emissions culminate around 2020**

- Even stronger climate policies
- Low energy intensity
- Reduced use of oil
- The world’s population grows to 9 billion
- No significant change in the acreage of grazing land
- Increased acreage of agricultural land due to bioenergy production
- Methane emissions decrease 40%

	Short term (1 year)	Medium term (5–10 years)	Long term (40 years)
<b>Risks</b>	<p><i>Transition risks</i></p> <p>Volatile and increased energy costs Increased regulation, taxes and fees for GHG emissions Increased regulation and political initiatives Changes in behaviour and consumption patterns</p>	<p>Major changes to the business model are required due to demands for zero GHG emissions across the value chain and a circular economy New resource efficiency technologies required More stringent requirements for building energy efficiency resulting in extensive renovation being required Increased competition from low-cost players without a sustainable agenda Increased changes in behaviour and consumption patterns Lower demand for energy intensive properties leads to declining values</p>	<p>New resource efficiency technologies required Rising carbon prices and energy efficiency standards for buildings can affect the creditworthiness of commercial and private properties</p>
	<p><i>Physical risks</i></p> <p>Damage to objects due to extreme weather events such as downpours, storms, heatwaves and fires</p>	<p>Substantial damage to properties due to extreme weather events such as downpours, storms, heatwaves and fires</p>	<p>Substantial damage to properties due to extreme weather events such as downpours, storms, heatwaves and fires</p>
<b>Opportunities</b>	<p>Increased customer demand for products and services in the area of energy efficiency Increased demand for green and sustainability-linked bonds (providing us with more favourable borrowing costs) Subsidies for energy efficiency investments result in increased demand for energy efficiency loans</p>	<p>Increased customer demand for products and services in the area of energy efficiency Increased demand for green and sustainability-linked bonds Transition to increasing circularity and resource efficiency improves property owners’ housing calculations</p>	<p>Increased demand for circular and resource-efficient products</p>

## S:9 UN Sustainable Development Goals

SBAB has identified and chosen four of the 17 SDGs that we consider particularly important and relevant for our operations. The goals have been chosen based on extensive analysis in the form of internal workshops and ranking exercises within operations, the Executive Management and the Board, and thus comprise an integrated part of SBAB's governance model and daily operations. The following supplements the report which can be found on pages 22–23.

UN Sustainable Development Goals	UN's associated targets	Examples of SBAB's activities and initiatives	Page reference
 <b>SDG 8: Decent work and economic growth</b> Promote sustained, inclusive and sustainable economic growth, full and productive employment and decent work for all	8.1 Sustain per capita economic growth in accordance with national circumstances and, in particular, at least 7 per cent gross domestic product growth per annum in the least developed countries  8.5 By 2030, achieve full and productive employment and decent work for all women and men, including for young people and persons with disabilities, and equal pay for work of equal value  8.10 Strengthen the capacity of domestic financial institutions to encourage and expand access to banking, insurance and financial services for all	Contribute to GDP growth and jobs in Sweden  Promote transparency to strengthen the position of consumers in the housing and residential mortgage market  Equality plan (including diversity) and goals  Tools, Respekttrappan, to promote respect and equality in the workplace  Annual salary surveys to prevent non-objective salary differences and salary discrimination  Efforts to ensure that our channels are accessible for people with disabilities  Volunteering opportunities for all employees  Set ethical and labour requirements for suppliers through the Supplier Code	175  27–29  24–25  36  173  171  173  172
 <b>SDG 11: Sustainable cities and communities</b> Make cities and human settlements inclusive, safe, resilient and sustainable.	11.1 By 2030, ensure access for all to adequate, safe and affordable housing and basic services and upgrade slums  11.3 By 2030, enhance inclusive and sustainable urbanization and capacity for participatory, integrated and sustainable human settlement planning and management in all countries	Green investment loans to property companies and tenant-owners' associations for green environmental and energy measures in properties  Combating crime and promoting human rights during new construction  Educate and motivate our customers to buy and invest in measures to increase energy efficiency  Financing new housing production to increase access to housing in Sweden  Green bonds to finance energy-friendly and climate-smart housing  Collaboration on new housing and tenure forms aimed at lowering entry thresholds to the housing market.	33  31  32–33  31  174  31
 <b>SDG 12: Responsible consumption and production</b> Ensure sustainable consumption and production patterns	12.8 By 2030, ensure that people everywhere have the relevant information and awareness for sustainable development and lifestyles in harmony with nature	To provide know-how and education to our customers and the public to enable everyone to take informed decisions about housing and the residential mortgage market  Tools, services and information pages that help and inform our consumers on issues regarding housing and household finances  Efforts to ensure that our channels are accessible for people with disabilities	27–29  27–29  171
 <b>SDG 13: Climate action</b> Take urgent action to combat climate change and its impacts.		Climate goal for the lending portfolio  Green investment loans to property companies and tenant-owners' associations for green environmental and energy measures in properties  Green residential mortgage  Monitoring the climate impact of our own operations  Consultations (together with SBAB's business partners) for corporate clients and tenant-owners' associations regarding how to improve property energy-efficiency  Financing new housing production that is more energy-efficient than the older housing stock  Green bonds  Working with climate risks in the residential mortgage portfolio	32, 172  33  32  172–173  33  31  174  39

## S:10 UN Principles for Responsible Banking

In 2020, SBAB signed the UN Principles for Responsible Banking. Through signing the principles, SBAB undertakes to report its negative and positive impact in material sustainability areas and to clearly state which science-based sustainability goals SBAB is working to achieve. The full report is available at [sbab.se](http://sbab.se).

SBAB's report to the PRB has been reviewed by a third party and is included in the auditor's report on page 185. During the year, SBAB worked actively on implementing the principles. A summary of the complete report can be read below.

### The principles

The PRB comprises six principles: (1) Alignment, (2) Impact & target setting, (3) Clients & customers, (4) Stakeholders, (5) Governance & culture, and (6) Transparency & accountability. The Principles comprise a global framework that entails that the banks and institutions that commit to the initiative have to adapt their business strategies to align with and promote the Paris agreement and the UN SDGs.

In summary, over the year, SBAB has conducted activities in the respective Principles' areas and where two significant projects have been to develop a banking sector-wide method for measuring emissions from our lending and setting an intensity-based reduction goal for our lending portfolio. Read more about the method and the climate goal in our Climate Report at [www.sbab.se](http://www.sbab.se).

### Analysis of the bank's impact

In 2021, SBAB completed a materiality assessment and an impact analysis. Read more about the methodology and process on pages 166–167. In autumn 2022, SBAB also updated the comprehensive impact analysis to enhance understanding of how SBAB, through its products and services, impacts and creates value for SBAB's stakeholders and society at large and ensures that we still have the right priorities. Given that our products and services focus on financing housing in Sweden, we can essentially analyse our impact using the parameters of scope, intensity and links to national goals and strategies. According to our impact analysis, the impact is highest in relation to the climate impact of our products and services and in our work on ethics and transparency, which includes decent work. SBAB's impact analysis has been cross-checked using the UNEP FI Impact Analysis tool.

### Targets and governance

Our ambitions and targets for 2025 were strategically reprioritised based on our materiality assessment and impact analysis. The process involved our sustainability team, business operational managers with area responsibility, the Executive Management and the Board. Our Board approved the updated ambitions and targets in mid-September 2021 and we have continued to work toward the objectives in 2022.

The prioritised areas include working to reduce our climate impact, both from our own operations and in our lending. Business ethics and transparency were also identified as prioritised areas, which includes our Hållbar Byggbransch (Eng: Sustainable Construction Industry) project which focuses on decent work. Responsibility for each prioritised area has been allocated to a representative of Executive Management and to a business operational manager with area responsibility. Moreover, each area has been allocated a sustainability strategist from the Sustainability unit. Each quarter, progress in the various areas is reported to the Executive Management as part of following up efforts and ensuring integration of sustainability. A progress summary is reported twice each year to the Board. This includes adaptation to international and national standards, as well as development and implementation of activities, and integration with strategies and processes. SBAB's Board receives updates on the overall progress and provides feedback and guidance.

Read more about the structure and reporting of SBAB's sustainability efforts on pages 168–170.

Following an extensive consultation process that included the Executive Management and the Board, a climate goal was agreed in 2022 as one of our SMART targets. The goal is one of our Group-wide business goals and is fully integrated into our operations. The climate goal entails a reduction in emissions intensity (kgCO<sub>2</sub>e per m<sup>2</sup>) from our lending portfolio of 50% by 2038. We have also set internal targets for 2030. The goal is aligned with the global 1.5°C target and is reported annually in our climate report. The goal is science-based and will be validated with the help of the Science Based Targets initiative. Read more in the climate report at [www.sbab.se](http://www.sbab.se).

### Summary

Below is a summary of the progress made by SBAB over the past 12 months in line with each of the principles:

#### 1) Alignment

The climate goal is one of our five Group-wide business goals.

#### 2) Impact and Target Setting

Updated the impact analysis to identify our main impact areas, which has resulted in:

- advances toward our targets for emissions from our operations (scopes 1 and 2, and Scope 3 upstream)
- banking sector-wide method for measuring emissions from our portfolio (Scope 3 downstream) in line with the PCAF method and improved quality in terms of calculations with the new banking sector-wide method
- expanded reporting on the calculation method, emissions from the portfolio and the climate goal in the climate report (see the report at [www.sbab.se](http://www.sbab.se))
- set a science-based climate goal linked to the lending portfolio
- continue to offer green financing and investment products

#### 3) Clients & Customers

Initiated internal and external discussions with customers on the further development of green, sustainable loan products. Increased focus on green and Taxonomy-aligned products to reach the climate goal

Developed the Hållbar Byggbransch (Eng: Sustainable Construction Industry) project to combat financial crime and promote human rights.

#### 4) Stakeholders

Collaborated with other banks, the Board and Executive Management, and employees to develop the emissions calculation methodology and gain acceptance for the climate goal.

#### 5) Governance & culture

Our sustainability agenda governance model includes the Board, the Executive Management, the sustainability team and operational managers who have all been actively engaged both in the materiality assessment and in the impact analysis as well as setting objectives for our prioritised areas. Since the climate goal is one of our five business goals, it will be followed up and highly prioritised in the organisation. Sustainability is also a component of our internal training and introduction courses.

#### 6) Transparency & Accountability

Our climate impact is reported in our annual climate accounts, climate report and our Green bonds' impact report is regularly published with the aim of transparency regarding our emissions and impact. SBAB will continuously report emissions from our entire lending portfolio as well as the direct climate impact in our climate report together with progress toward our climate goal which is our SMART goal linked to climate change mitigation.

To conclude, over the past year, SBAB has structured and started its work within the framework of the Principles for Responsible Banking and set its first SMART target. This work will be developed moving forward and where the focus for the coming year is to work actively with our climate goal, in areas where we have the greatest impact and to develop a SMART goal linked to the sector-wide initiative Hållbar Byggbransch (Eng: Sustainable Construction Industry).

## S:11 GRI/COP INDEX

### General disclosures

GRI Standard	Description	Page reference	Comment/Omission	UNGC principle
<b>GRI 2: General disclosures (2021)</b>				
2-1	Organisational details	46		
2-2	Entities included in the organisation's sustainability reporting	166		
2-3	Reporting period, frequency and contact point	189		
2-4	Restatements of information	167		
2-5	External assurance	187		
2-6	Activities, value chain and other business relationships	14-15, 32, 172		4, 5
2-7	Employees	173-174		
2-8	Workers who are not employees	-	We do not register the number of consultants at a consolidated level	
2-9	Governance structure and composition	66-72, 170		
2-10	Nomination and selection of the highest governance body	66-72		
2-11	Chair of the highest governance body	66-72		
2-12	Role of the highest governance body in overseeing the management of impacts	170		
2-13	Delegation of responsibility for managing impacts	170		
2-14	Role of the highest governance body in sustainability reporting	186		
2-15	Conflicts of interest	66-72		
2-16	Communication of critical concerns	30, 71-72		
2-17	Collective knowledge of the highest governance body	66-72		
2-18	Evaluation of the performance of the highest governance body	66-72		
2-19	Remuneration policies	138-140, 173		
2-20	Process to determine remuneration	138-140, 173		
2-21	Annual total compensation ratio	173	Since 2012, there have been no incentive programmes and no variable remuneration within the Group	
2-22	Statement on sustainable development strategy	8-9		
2-23	Policy commitments	175		
2-24	Embedding policy commitments	170		
2-25	Processes to remediate negative impacts	170		
2-26	Mechanisms for seeking advice and raising concerns	30, 36, 60-61		10
2-27	Compliance with laws and regulations			
2-28	Membership associations	167		
2-29	Approach to stakeholder engagement	168		3
2-30	Collective bargaining agreements	173		3

### Specific disclosures

GRI Standard	Description	Page reference	Comment/Omission	UNGC principle
<b>GRI 3: Material topics (2021)</b>				
3-1	Process to determine material topics	168-170		
3-2	List of material topics	169		

GRI Standard	Description	Page reference	Comment/ Omission	UNGC principle
<b>Economic Performance</b>				
<b>201: Economic Performance (2016)</b>				
3-3	Management of material topics	38–42, 60–61, 171–173, 175		
201-1	Direct economic value generated and distributed	174		
201-2	Financial implications and other risks and opportunities due to climate change	60–61, 176		
<b>205: Anti-corruption</b>				
3-3	Management of material topics	23, 30, 60–61, 172, 196		
205-2	Communication and training about anti-corruption policies and procedures	30, 172		10
205-3	Confirmed incidents of corruption and actions taken		No incidents reported in 2022	10
<b>ENVIRONMENTAL</b>				
<b>305: Emissions</b>				
3-3	Management of material topics	23, 32–33, 60–61, 168–169, 172, 175		
305-1	Direct (Scope 1) GHG emissions	173		7,8
305-2	Indirect (Scope 2) GHG emissions	173		7,8
205-3	Other indirect (Scope 3) GHG emissions	32–33, 173		7,8
<b>308: Supplier Environmental Assessment</b>				
3-3	Management of material topics	23, 30, 60–61, 168–169, 172		
308-1	New suppliers that were screened using environmental criteria	172		
<b>SOCIAL</b>				
<b>401: Employment</b>				
3-3	Management of material topics	31, 60–61, 169, 175	Consultants have not been included	
401-1	New employee hires and employee turnover	173–174		
<b>403: Occupational Health and Safety (2018)</b>				
3-3	Management of material topics	23, 35–36, 60–61, 168–169, 175		
403-9	Work-related injuries	173		
<b>404: Training and education</b>				
3-3	Management of material topics	34–36, 60–61, 168–169, 173,		
404-3	Percentage of employees receiving regular performance and career development reviews	173	In 2022, 90% completed "My Plan"	
<b>405: Diversity and Equal Opportunity</b>				
3-3	Management approach	22–23, 36, 60–61, 168–169, 175		
405-1	Diversity of governance bodies and employees	174		6
<b>406: Non-Discrimination</b>				
3-3	Management of material topics	27, 29, 36, 168–169, 171, 173–175,		1,2
406-1	Incidents of discrimination and corrective actions taken		No cases in 2022	
<b>413: Local Communities</b>				
3-3	Management of material topics	31, 170		6
413-1	Operations with local community engagement, impact assessments, and development programs		No cases in 2022	
<b>414: Supplier social assessment</b>				
3-3	Management of material topics	23, 30, 60–61, 168–169, 172		
414-1	New suppliers that were screened using social criteria	172		
<b>418: Customer Privacy</b>				
3-3	Management of material topics	27, 168–169, 171–173		
418-1	Substantiated complaints concerning breaches of customer privacy and losses of customer data		No complaints	

# The Board of Directors' signatures

The Board of Directors of SBAB hereby submit SBAB's Annual Report, which includes both the Annual Report and the Sustainability Report. The formal Annual Report is to be found in specially marked sections, which are also apparent from the table of contents. The Sustainability Report has been prepared in accordance with the Global Reporting Initiative's (GRI) guidelines; GRI Standards: Core option. It also constitutes SBAB's Communication on Progress (COP) to the UN Global Compact, a sustainability report in accordance with the Swedish Annual Accounts Act and information on how SBAB contributes to the 2030 Agenda for Sustainable Development.

The Board and the CEO certify that the sections pertaining to the formal annual accounts and the consolidated financial statements were prepared in accordance with the international accounting standards (IFRS) as adopted by the EU and provide a true and fair view of the Group's position and earnings. The formal annual accounts were otherwise prepared in accordance with generally accepted accounting policies and provide a true and fair view of the Parent Company's position and earnings. The Administration Report, which is provided on pages that have been marked specially, provides a true and fair view of the development of the operations, position and earnings, and

describes the significant risks and uncertainties faced by the Parent Company and the companies included in the Group.

In accordance with Chapter 6, Section 2, Item 2 of the Annual Accounts Act for Credit Institutions and Securities Companies, the Board considers the Group's equity to be sufficiently large in relation to the scope and risks of the operations.

The information provided gives a true and fair view of the circumstances of the company and nothing of material significance has been omitted which might affect the view of the company created by the Annual Report.

Solna, 22 March 2023

Jan Sinclair,  
*Chairman*

Leif Pagrotsky  
*Board Member*

Inga-Lill Carlberg  
*Board Member*

Lars Börjesson  
*Board Member*

Jenny Lahrin  
*Board Member*

Wenche Martinussen  
*Board Member*

Jane Lundgren Ericsson  
*Board Member*

Synnöve Trygg  
*Board Member*

Margareta Naumburg  
*Employee representative*

Karin Neville  
*Employee representative*

Mikael Inglander  
*CEO*

Our audit report was submitted on 22 March 2023

Deloitte AB

Patrick Honeth  
*Authorised Public Accountant*

# Auditor's Report

To the general meeting of the shareholders of SBAB Bank AB (publ) corporate identity number 556253-7513

## Report on the annual accounts and consolidated accounts

### Opinions

We have audited the annual accounts and consolidated accounts of SBAB Bank AB (publ) for the financial year 2022-01-01 - 2022-12-31 except for the corporate governance statement on pages 66-72. The annual accounts and consolidated accounts of the company are included on pages 44-164 and 183 in this document.

In our opinion, the annual accounts have been prepared in accordance with the Annual Accounts Act for Credit Institutions and Securities Companies and present fairly, in all material respects, the financial position of the parent company as of 31 December 2022 and its financial performance and cash flow for the year then ended in accordance with the Annual Accounts Act for Credit Institutions and Securities Companies. The consolidated accounts have been prepared in accordance with the Annual Accounts Act for Credit Institutions and Securities Companies and present fairly, in all material respects, the financial position of the group as of 31 December 2022 and their financial performance and cash flow for the year then ended in accordance with International Financial Reporting Standards (IFRS), as adopted by the EU, and the Annual Accounts Act for Credit Institutions and Securities Companies. The statutory administration report is consistent with the other parts of the annual accounts and consolidated accounts.

We therefore recommend that the general meeting of shareholders adopts the income statement and balance sheet for the parent company and the group.

Our opinions in this report on the annual accounts and consolidated accounts are consistent with the content of the additional report that has been submitted to the parent company's audit committee in accordance with the Audit Regulation (537/2014) Article 11.

### Basics for Opinions

We conducted our audit in accordance with International Standards on Auditing (ISA) and generally accepted auditing standards in Sweden. Our responsibilities under those standards are further described in the Auditor's Responsibilities section. We are independent of the parent company and the group in accordance with professional ethics for accountants in Sweden and have otherwise fulfilled our ethical responsibilities in accordance with these requirements. This includes that, based on the best of our knowledge and belief, no prohibited services referred to in the Audit Regulation (537/2014) Article 5.1 have been provided to the audited company or, where applicable, its parent company or its controlled companies within the EU.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinions.

### Key Audit Matters

Key audit matters of the audit are those matters that, in our professional judgment, were of most significance in our audit of the annual accounts and consolidated accounts of the current period. These matters were addressed in the context of our audit of, and in forming our opinion thereon, the annual accounts and consolidated accounts as a whole, but we do not provide a separate opinion on these matters.

### Judgments and estimates with respect to valuation of loan receivables

Recognition and measurement of financial instruments as regulated in IFRS 9 is a complex area with significant impact on SBAB's business and financial reporting. IFRS 9 is a complex accounting standard which requires significant judgment to determine the loan loss provision.

Key areas of judgment include:

- The interpretation of the requirements to determine loan loss provisions under application of IFRS 9, which is reflected in the Bank's expected credit loss model.
- The identification of exposures with a significant deterioration in credit quality.
- Assumptions used in the expected credit loss model such as the financial condition of the counterparty, expected future cash flows and forward looking macroeconomic factors (e.g. unemployment rates, interest rates, gross domestic product growth, property prices).
- Effect from current geopolitical situation, high energy prices, inflation and rising interest rates on material judgements mentioned above.

At December 31, 2022, loans to the public amounted to 509 492 million SEK, with loan loss provisions of 183 million SEK. Given the significance of loans to the public (representing 80% of total assets), the impact from the inherent uncertainty and subjectivity involved in assessing loan loss provisions, as well as the extensive disclosures required under IFRS 9, we consider this to be a key audit matter for our audit.

Refer to critical judgments and estimates in note [G 1](#) in the financial statements and related disclosures of credit risk in note [RC 1](#).

Our audit procedures included, but were not limited to:

- We evaluated relevant controls within the loan loss provision process to verify if they are appropriately designed and implemented during the year. We also obtained an under-

standing of the process for key decisions from management and committee meetings that form part of the approval process for loan loss provisions.

- We obtained an understanding of system-based and manual controls over the recognition and measurement of loan loss provisions and for key controls designed tests to verify if the controls were implemented during the year.
- We assessed, supported by our credit risk modelling specialists, the modelling techniques and model methodologies against the requirements of IFRS 9. We assessed the sufficiency of a selection of the underlying models developed for loan loss provisions.
- We have audited a selection of loans with identifiable worsened credit to evaluate the reasonableness in the bank's judgement of the loan loss provision for these loans.
- We have taken into account the effect from current geopolitical situation, high energy prices, inflation and rising interest rates.

Finally, we assessed the completeness and accuracy of the disclosures relating to loan loss provision to assess compliance with disclosure requirements included in IFRS.

### IT-systems that support complete and accurate financial reporting

SBAB is dependent on their IT-systems to (1) serve customers, (2) support their business processes, (3) ensure complete and accurate processing of financial transactions and (4) support the overall internal control framework. Many of SBAB's internal controls over financial reporting are depend upon automated application controls and completeness and integrity of reports generated by the IT-systems. Given the high dependency on technology, we consider this to be a key audit matter for our audit.

We categorise key IT-risk and control domains relating to financial reporting in the following sections:

- Changes to the IT-environment
- Operations and monitoring of the IT-environment
- Information security

### Changes to the IT-environment

Inappropriate changes to the IT-environment may result in systems that do not function as expected and result in unreliable data processing with impact on financial reporting. Hence SBAB has implemented processes and controls to support that changes to the IT-environment are appropriately implemented and function consistently with management's intentions.



Our audit procedures included, but were not limited to:

- We assessed management principles and processes for change management in the IT-environment.
- We assessed management monitoring of changes in the IT-environment.
- We evaluated segregations of duties.

#### Operations and monitoring of the IT-environment

Inappropriate operation and monitoring of the IT-environment may result in the inability to prevent or detect incorrect data processing. Hence SBAB has implemented processes and controls to support that IT-environment is monitored continuously and that incorrect data processing is identified and corrected.

Our audit procedures included, but were not limited to:

- We evaluated the appropriateness of IT-System job scheduling and alarm configuration capabilities.
- We evaluated the process for monitoring IT-System.

#### Information security

If logical security tools and controls are not configured, implemented and appropriately, key control activities may be ineffective, desired segregation of duties may not be maintained, and information may be modified inappropriately, become unavailable or disclosed inappropriately. This is of particular importance considering the current cyber threat level. Hence SBAB has implemented processes and controls to support that information is safeguarded through access controls and that known vulnerabilities are managed timely.

Our audit procedures included, but were not limited to:

- We evaluated the process for identity and access management, including access granting, change and removal.
- We evaluated the process and tools that management use for the purpose of ensuring availability of data as per user request and business requirements.

## Report on other legal and regulatory requirements

### Opinions

In addition to our audit of the annual accounts and consolidated accounts, we have also audited the administration of the Board of Directors and the Managing Director of SBAB Bank AB (publ) for the financial year 2022-01-01 - 2022-12-31 and the proposed appropriations of the company's profit or loss.

We recommend to the general meeting of shareholders that the profit to be appropriated in accordance with the proposal in the statutory administration report and that the members of the Board of Directors and the Managing Director be discharged from liability for the financial year.

### Basis for Opinions

We conducted the audit in accordance with generally accepted auditing standards in Sweden. Our responsibilities under those standards are further described in the Auditor's Responsibilities section. We are independent of the parent company and the group in accordance with profes-

- We evaluated the appropriateness of controls for security governance to protect systems and data from unauthorised use.

### Other information than the annual accounts and consolidated accounts

This document also contains other information than the annual accounts and consolidated accounts and is found on pages 1-43, 165-182 and 188-191. Other information also consist of the Remuneration report in which we obtained prior to the date of this auditor's report. The Board of Directors and the Managing Director are responsible for this other information.

Our opinion on the annual accounts and consolidated accounts does not cover this other information and we do not express any form of assurance conclusion regarding this other information.

In connection with our audit of the annual accounts and consolidated accounts, our responsibility is to read the information identified above and consider whether the information is materially inconsistent with the annual accounts and consolidated accounts. In this procedure we also take into account our knowledge otherwise obtained in the audit and assess whether the information otherwise appears to be materially misstated.

If we, based on the work performed concerning this information, conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

### Responsibilities of the Board of Directors and the Managing Director

The Board of Directors and the Managing Director are responsible for the preparation of the annual accounts and consolidated accounts and that they give a fair presentation in accordance with the Annual Accounts Act for Credit Institutions and Securities Companies and, concerning the consolidated accounts, in accordance with IFRS as adopted by the EU. The Board of Directors and the Managing Director are also responsible for such internal control as they determine is necessary to enable the preparation of annual accounts and consolidated accounts that are free from material misstatement, whether due to fraud or error.

sional ethics for accountants in Sweden and have otherwise fulfilled our ethical responsibilities in accordance with these requirements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinions.

### Responsibilities of the Board of Directors and the Managing Director

The Board of Directors is responsible for the proposal for appropriations of the company's profit or loss. At the proposal of a dividend, this includes an assessment of whether the dividend is justifiable considering the requirements which the company's and the group's type of operations, size and risks place on the size of the parent company's and the group's equity, consolidation requirements, liquidity and position in general.

The Board of Directors is responsible for the company's organization and the administration of the company's affairs. This includes among other things continuous assessment of the company's

In preparing the annual accounts and consolidated accounts, The Board of Directors and the Managing Director are responsible for the assessment of the company's and the group's ability to continue as a going concern. They disclose, as applicable, matters related to going concern and using the going concern basis of accounting. The going concern basis of accounting is however not applied if the Board of Directors and the Managing Director intends to liquidate the company, to cease operations, or has no realistic alternative but to do so.

The Audit Committee shall, without prejudice to the Board of Director's responsibilities and tasks in general, among other things oversee the company's financial reporting process.

### Auditor's responsibility

Our objectives are to obtain reasonable assurance about whether the annual accounts and consolidated accounts as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinions. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs and generally accepted auditing standards in Sweden will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these annual accounts and consolidated accounts.

A further description of our responsibilities for the audit of the annual accounts and consolidated accounts is located at the Swedish Inspectorate of Auditors website: [www.revisorsinspektionen.se/revisorsansvar](http://www.revisorsinspektionen.se/revisorsansvar). This description forms part of the auditor's report.

From the matters communicated with the Board of Directors, we determine those matters that were of most significance in the audit of the annual accounts and consolidated accounts, including the most important assessed risks for material misstatement, and are therefore the key audit matters. We describe these matters in the auditor's report unless law or regulation precludes disclosure about the matter.

and the group's financial situation and ensuring that the company's organization is designed so that the accounting, management of assets and the company's financial affairs otherwise are controlled in a reassuring manner. The Managing Director shall manage the ongoing administration according to the Board of Directors' guidelines and instructions and among other matters take measures that are necessary to fulfill the company's accounting in accordance with law and handle the management of assets in a reassuring manner.

### Auditor's responsibility

Our objective concerning the audit of the administration, and thereby our opinion about discharge from liability, is to obtain audit evidence to assess with a reasonable degree of assurance whether any member of the Board of Directors or the Managing Director in any material respect:

## Auditor's Report

- has undertaken any action or been guilty of any omission which can give rise to liability to the company, or
- in any other way has acted in contravention of the Companies Act, the Annual Accounts Act for Credit Institutions and Securities Companies or the Articles of Association.

Our objective concerning the audit of the proposed appropriations of the company's profit or loss, and thereby our opinion about this, is to assess with reasonable degree of assurance whether the proposal is in accordance with the Companies Act.

Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with generally accepted auditing standards in Sweden will always detect actions or omissions that can give rise to liability to the company, or that the proposed appropriations of the company's profit or loss are not in accordance with the Companies Act.

As part of an audit according to generally accepted auditing standards in Sweden we use professional judgement and have a professional sceptical attitude throughout the whole audit. The audit of the company's administration and proposal for appropriations of the company's profit or loss is based mainly on the audit of the financials.

What other additional audit procedures that is performed is based on our professional judgement and stems from risk and materiality. This means our main focus in the audit are procedures, areas and conditions in which are material for the operations and where deviations would have material impact on the company's situation. We assess made decisions, underlying documentation for decisions, taken measures and other conditions relevant for our opinion about discharge from liability. As grounds for our opinion of the Board of Directors proposed appropriations of the company's profit or loss we have audited if the proposal is in accordance with the Companies Act.

## The auditor's examination of the Esef report

### Opinion

In addition to our audit of the annual accounts and consolidated accounts, we have also examined that the Board of Directors and the Managing Director have prepared the annual accounts and consolidated accounts in a format that enables uniform electronic reporting (the Esef report) pursuant to Chapter 16, Section 4 a of the Swedish Securities Market Act (2007:528) for SBAB Bank AB (publ) for the financial year 2022-01-01 - 2022-12-31.

Our examination and our opinion relate only to the statutory requirements.

In our opinion, the Esef report has been prepared in a format that, in all material respects, enables uniform electronic reporting.

### Basis for opinion

We have performed the examination in accordance with FAR's recommendation RevR 18 Examination of the Esef report. Our responsibility under this recommendation is described in more detail in the Auditors' responsibility section. We are independent of SBAB Bank AB (publ) in accordance with professional ethics for accountants in Sweden and have otherwise fulfilled our ethical responsibilities in accordance with these requirements.

We believe that the evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

### Responsibilities of The Board of Directors and the Managing Director

The Board of Directors and the Managing Director are responsible for the preparation of the Esef report in accordance with the Chapter 16, Section 4 a of the Swedish Securities Market Act (2007:528), and for such internal control that the Board of Directors and the Managing Director determine is necessary to prepare the Esef report without material misstatements, whether due to fraud or error.

### Auditor's responsibility

Our responsibility is to obtain reasonable assurance whether the Esef report is in all material respects prepared in a format that meets the requirements of Chapter 16, Section 4(a) of the Swedish Securities Market Act (2007:528), based on the procedures performed.

RevR 18 requires us to plan and execute procedures to achieve reasonable assurance that the Esef report is prepared in a format that meets these requirements.

Reasonable assurance is a high level of assurance, but it is not a guarantee that an engagement carried out according to RevR 18 and generally accepted auditing standards in Sweden will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the Esef report.

The firm applies International Standard on Quality Management 1, which requires the firm to design, implement and operate a system of quality management including policies or procedures regarding compliance with ethical requirements, professional standards and applicable legal and regulatory requirements.

The examination involves obtaining evidence, through various procedures, that the Esef report has been prepared in a format that enables uniform electronic reporting of the annual accounts and consolidated accounts. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement in the report, whether due to fraud or error. In carrying out this risk assessment, and in order to design audit procedures that are appropriate in the circumstances, the auditor considers those elements of internal control that are relevant to the preparation of the Esef report by the Board of Directors and the Managing Director, but not for the purpose of expressing an opinion on the effectiveness of those internal controls. The examination also includes an evaluation of the appropriateness and reasonableness of assumptions made by the Board of Directors and the Managing Director.

The procedures mainly include a validation that the Esef report has been prepared in a valid XHTML format and a reconciliation of the Esef report with the audited annual accounts and consolidated accounts.

Furthermore, the procedures also include an assessment of whether the consolidated statement of financial performance, financial position, changes in equity, cash flow and disclosures in the Esef report have been marked with iXBRL in

accordance with what follows from the Esef regulation.

### The auditor's examination of the corporate governance statement

The Board of Directors is responsible for that the corporate governance statement on pages 66-72 has been prepared in accordance with the Annual Accounts Act.

Our examination of the corporate governance statement is conducted in accordance with FAR's standard Rev 16 The auditor's examination of the corporate governance statement. This means that our examination of the corporate governance statement is different and substantially less in scope than an audit conducted in accordance with International Standards on Auditing and generally accepted auditing standards in Sweden. We believe that the examination has provided us with sufficient basis for our opinions.

A corporate governance statement has been prepared. Disclosures in accordance with chapter 6 section 6 the second paragraph points 2-6 of the Annual Accounts Act and chapter 7 section 31 the second paragraph the same law are consistent with the other parts of the annual accounts and consolidated accounts and are in accordance with the Annual Accounts Act for Credit Institutions and Securities Companies.

Deloitte AB, was appointed auditor of SBAB Bank AB by the general meeting of the shareholders on the 2022-04-27 and has been the company's auditor since 2016-04-28.

Stockholm 22 March 2023  
Deloitte AB

Signature on Swedish original

Patrick Honeth  
Authorised Public Accountant

# Auditor's Limited Assurance Report on SBAB Bank AB:s Sustainability Report, self-assessment of the Principles for Responsible Banking and statement regarding the Statutory Sustainability Report

This is the translation of the auditor's report in Swedish.

To SBAB Bank AB (publ), corporate identity number 556253-7513

## Introduction

We have been engaged by the Board of Directors of SBAB Bank AB (publ) to undertake a limited assurance engagement of the SBAB Bank AB Sustainability Report and SBAB Bank AB self-assessments/assertions of its fulfilment of its commitments as a signatory of the Principles for Responsible Banking for the year 2022. The Company has defined the scope of the Sustainability Report on page 1-42 and 165-182, the self-assessment/assertions of the Principles for Responsible Banking on page 180, and the Statutory Sustainability Report on page 175.

## Responsibilities of the Board of Directors and the Executive Management

The Board of Directors and the Executive Management are responsible for the preparation of the Sustainability Report, the self-assessment of the Principles for Responsible Banking, and the Statutory Sustainability Report in accordance with the applicable criteria and the Annual Accounts Act respectively. The criteria are defined on page 175 in the Sustainability Report, and are part of the Sustainability Reporting Guidelines published by GRI (Global Reporting Initiative), which are applicable to the Sustainability Report, as well as the accounting and calculation principles that the Company has developed. The criteria for SBAB Bank AB's self-assessment of its fulfilments of its commitments as signatory of the Principles for Responsible Banking are summarised on page 180 and described fully in the self-assessment (available at SBAB:s webpage). This responsibility also includes the internal control relevant to the preparation of a Sustainability Report that is free from material misstatements, whether due to fraud or error.

## Responsibilities of the auditor

Our responsibility is to express a conclusion on the Sustainability Report based on the limited assurance procedures we have performed and to express an opinion regarding the Statutory Sustainability Report. Our engagement is limited to historical information presented and does therefore not cover future-oriented information.

We conducted our limited assurance engagement in accordance with ISAE 3000 (revised) Assurance Engagements Other than Audits or Reviews of Historical Financial Information. A limited assurance engagement consists of making inquiries, primarily of persons responsible for the preparation of the Sustainability Report, and applying analytical and other limited assurance procedures. Our examination regarding the Statutory Sustainability Report has been conducted in accordance with FAR's accounting standard RevR 12 The auditor's opinion regarding the Statutory Sustainability Report. A limited assurance engagement and an examination according to RevR 12 is different and substantially less in scope than an audit conducted in accordance with International Standards on Auditing and generally accepted auditing standards in Sweden.

The firm applies International Standard on Quality Management 1, which requires the firm to design, implement and operate a system of quality management including policies or procedures regarding compliance with ethical requirements, professional standards and applicable legal and regulatory requirements. We are independent of SBAB Bank AB in accordance with professional ethics for accountants in Sweden and have otherwise fulfilled our ethical responsibilities in accordance with these requirements.

The limited assurance procedures performed and the examination according to RevR 12 do not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. The conclusion based on a limited assurance engagement and an examination according to RevR 12 does not provide the same level of assurance as a conclusion based on an audit.

Our procedures are based on the criteria defined by the Board of Directors and the Executive Management as described above. We consider these criteria suitable for the preparation of the Sustainability Report.

We believe that the evidence we have obtained is sufficient and appropriate to provide a basis for our conclusion below.

## Conclusion

Based on the limited assurance procedures we have performed, nothing has come to our attention that causes us to believe that the Sustainability Report and the self-assessment of the Principles for Responsible Banking, is not prepared, in all material respects, in accordance with the criteria defined by the Board of Directors and Executive Management.

A Statutory Sustainability Report has been prepared.

Stockholm 22 March 2023

Deloitte AB

Signature on Swedish original

Patrick Honeth  
Authorized Public Accountant

# Five-year summary

## Income-statement items

SEK million	GROUP				
	2022	2021	2020	2019	2018
Interest income	9,853	6,039	6,316	5,868	4,924
Interest expense	-5,198	-1,925	-2,569	-2,395	-1,562
<b>Net interest income</b>	<b>4,655</b>	<b>4,114</b>	<b>3,747</b>	<b>3,473</b>	<b>3,362</b>
Other operating income <sup>1)</sup>	26	8	-19	48	-82
<b>Total operating income</b>	<b>4,681</b>	<b>4,122</b>	<b>3,728</b>	<b>3,521</b>	<b>3,280</b>
Depreciation, amortisation and impairment of PPE and intangible assets	-176	-117	-158	-71	-32
Other operating expenses	-1,353	-1,375	-1,177	-1,116	-1,017
<b>Total operating expenses</b>	<b>-1,529</b>	<b>-1,492</b>	<b>-1,335</b>	<b>-1,187</b>	<b>-1,049</b>
Profit before credit losses and imposed fees	3,152	2,630	2,393	2,334	2,231
Credit losses/recoveries	-68	11	-32	-26	10
Imposed fees: Risk tax and resolution fee	-445	-	-	-	-
<b>Operating profit</b>	<b>2,639</b>	<b>2,641</b>	<b>2,361</b>	<b>2,308</b>	<b>2,241</b>

## Balance-sheet items

SEK million	2022	2021	2020	2019	2018
Lending portfolio	509,492	467,041	422,835	383,807	364,215
Other assets	124,993	91,296	88,524	91,725	84,140
<b>Total assets</b>	<b>634,485</b>	<b>558,337</b>	<b>511,359</b>	<b>475,532</b>	<b>448,355</b>
Deposits	182,443	144,950	135,658	130,542	124,926
Issued debt securities, etc.	393,885	364,365	323,704	303,597	290,795
Other liabilities	36,211	21,777	25,712	14,285	10,258
Deferred tax liabilities	-	304	651	579	194
Subordinated debt	1,997	1,996	1,995	4,948	4,946
Equity	19,949	24,945	23,639	21,581	17,236
<b>Total liabilities and equity</b>	<b>634,485</b>	<b>558,337</b>	<b>511,359</b>	<b>475,532</b>	<b>448,345</b>

## Key performance indicators

%	2022	2021	2020	2019	2018
New lending, SEK million	105,404	107,076	95,138	75,514	74,264
Net interest margin	0.78	0.77	0.76	0.75	0.78
Credit loss ratio	-0.01	0.00	-0.01	-0.01	0.00
C/I ratio	32.7	36.2	36	34	32
Return on equity	10.5	11.1	10.8	11.7	12.1
Return on assets	0.4	0.4	0.4	0.4	0.4
Number of employees at year-end, FTEs <sup>2)</sup>	863	839	760	695	602
CET1 capital ratio	12.8	13.5	13.4	13.1	12.5
Tier 1 capital ratio	16.6	16.6	16.1	17.3	15.1
Total capital ratio	17.9	18.1	17.6	20.1	18.1

<sup>1)</sup> The item includes net commission, the net result of financial transactions and other operating income.

<sup>2)</sup> Number of employees expressed as full-time equivalents (FTEs), adjusted for sick leave and leave of absence.

# 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 (for example, 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 the Group's financial position and when

these metrics are deemed to provide additional valuable information to readers of the financial reports. SBAB 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, SBAB's metrics are not directly comparable with similar metrics presented by other companies.

## Credit loss ratio

**Definition:** Credit losses for the period in relation to total lending to the public (closing balances).

The APM aims to provide the reader with further information regarding the relative ratio of credit losses to total lending.

SEK million	GROUP	
	2022	2021
Credit losses/recoveries	-68	11
Lending to the public	509,492	467,041
<b>Credit loss ratio, %</b>	<b>-0.01</b>	<b>0.00</b>

## Return on equity

**Definition:** Profit after tax in relation to average equity for the period (calculated using the opening and closing balances for the 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 Group's profitability in relation to unrestricted equity.

SEK million	GROUP	
	2022	2021
Profit after tax	2,081	2,081
Average equity	19,841	18,772
<b>Return on equity, %</b>	<b>10.5</b>	<b>11.1</b>

## Return on equity excl. risk tax

**Definition:** Profit after tax in relation to average equity for the period (calculated using the opening and closing balances for the period), after adjustment for additional Tier 1 instruments and value changes in financial assets recognised in equity as well as the risk tax imposed as of 2022.

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

SEK million	GROUP	
	2022	2021
Operating profit after tax	2,287	-
Gen. equity	19,943	-
<b>Return excl. risk tax, %<sup>1)</sup></b>	<b>11.5</b>	<b>-</b>

<sup>1)</sup> The risk tax for the period Jan–Dec 2022 amounted to SEK 261 million.

## C/I ratio

**Definition:** Expenses for the period before credit losses in relation to operating income for the period.

The APM aims to provide the reader with further information regarding the Group's cost-efficiency.

SEK million	GROUP	
	2022	2021
Total operating expenses	-1,529	-1,492
Total operating income	4,681	4,121
<b>C/I ratio, %</b>	<b>32.7</b>	<b>36.2</b>

## C/I ratio excl. transfer of resolution fee

**Definition:** Expenses for the period before credit losses in relation to operating income for the period after adjustment for the transfer of the resolution fee from net interest income to imposed fees in 2022.

The APM aims to provide the reader with further information regarding the Group's cost-efficiency.

SEK million	GROUP	
	2022	2021
Expenses	-1,529	-
Operating income excl. transfer of resolution fee	4,497	-
<b>C/I ratio excl. transfer of resolution fee, %</b>	<b>34.0</b>	<b>-</b>

## C/L ratio

**Definition:** Expenses for the period before credit losses in relation to total lending to the public (calculated using the opening and closing balances for the period).

The APM aims to provide the reader with further information regarding the Group's cost-efficiency.

SEK million	GROUP	
	2022	2021
Total operating expenses	-1,529	-1,492
Lending to the public	488,267	444,938
<b>C/L ratio, %</b>	<b>0.31</b>	<b>0.34</b>

## Deposits/lending

**Definition:** Ratio of total deposits to total lending (closing balances).

The APM aims to provide the reader with further information regarding the relative ratio of deposits to lending.

SEK million	GROUP	
	2022	2021
Deposits from the public	182,443	144,950
Lending to the public	509,492	467,041
<b>Deposits/lending, %</b>	<b>35.8</b>	<b>31.0</b>

## New lending

**Definition:** Gross lending for the period.

The APM aims to provide the reader with an image of the inflow of new business during the reporting period.

## Definitions of other key performance indicators

<b>Number of employees (FTEs)</b>	Number of employees expressed as full-time equivalents (FTEs), adjusted for sick leave and leave of absence
<b>Return on assets</b>	Net profit for the period after tax in relation to average total assets
<b>CET1 capital ratio</b>	CET1 capital in relation to risk-weighted assets
<b>Total capital ratio</b>	Own funds in relation to risk-weighted assets
<b>Tier 1 capital ratio</b>	Tier 1 capital in relation to risk-weighted assets
<b>Leverage ratio</b>	Tier 1 capital in relation to total assets and off-balance sheet exposures restated with the application of credit conversion factors
<b>Liquidity coverage ratio, LCR</b>	Liquid assets in relation to net cash outflows over a 30-day stress scenario in accordance with the European Commission's Delegated Regulation EU (2015/61) with regard to liquidity coverage requirements
<b>Survival horizon</b>	The number of days that the need for liquidity can be met in a stress scenario before new liquidity is needed
<b>Net stable funding ratio, NSFR</b>	A liquidity risk metric of a structural nature that demonstrates the stability of the Group's funding in relation to its assets. The NSFR was calculated pursuant to Regulation (EU) 2019/876 of the European Parliament and the Council on 31 December 2020

## Outcome key figures 2013-2022

	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022
Dividend	0	502	0	628	684	690	0	0	832	
RoE <sup>2)</sup>	9.50%	12.10%	10.20%	12.30%	12.50%	12.10%	11.70%	10.80%	11.10%	10.50%
Capitalisation: CET1 capital ratio above requirement from the Swedias FSA	<sup>1)</sup>	8.8%	6.0%	8.3%	6.00%	2.20%	2.40%	5.40%	4.30%	2.6%

<sup>1)</sup> No data available before 2014 when different regulations applied.

<sup>2)</sup> Definition changed in 2017, hence difference (2013-2017) compared to previously published figures

# Financial calendar

Interim Report Jan–Mar 2023	27 April 2023
Interim report Jan–Jun 2023	19 July 2023
Interim report Jan–Sep 2023	26 October 2023
Year-end report 2024	2 February 2024

SBAB's Annual General Meeting will be held on 27 April 2023 in Solna.

# Credit rating

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

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### Information for investors

For more information and contacts, see [www.sbab.se](http://www.sbab.se)

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**SBAB!**