

Interim report

January–June 2024

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The period in brief

Q2 2024

(Q1 2024)

- Total lending increased 1.3% to SEK 528.0 billion (521.3) for the quarter. Total deposits increased 4.6% to SEK 241.3 billion (230.7).
- Operating profit decreased 8.6% to SEK 736 million (805), primarily due to lower net income from financial transactions and slightly higher personnel and development costs.
- Net interest income declined to SEK 1,354 million (1,372), mainly due to lower interest income. Compared with the previous quarter, the differences in interest income and interest expense were both minor.
- Net credit losses amounted to SEK 21 million (loss: 23) and mainly comprised credit loss allowances. Confirmed credit losses totalled SEK 4 million (2).
- The return on equity amounted to 10.7% (11.9) and the C/I ratio was 34.3% (31.2).
- The Common Equity Tier 1 (CET1) capital ratio was 12.1% (12.1).

Selected key metrics

	GROUP					
	2024	2024	Change	2024	2023	Change
	Q2	Q1		Jan-Jun	Jan-Jun	
Total lending, SEK bn	528.0	521.3	+1.3%	528.0	514.1	+2.7%
Total deposits, SEK bn	241.3	230.7	+4.6%	241.3	193.0	+25.0%
Net interest income, SEK mn	1,354	1,372	-1.3%	2,726	2,799	-2.6%
Net commission, SEK mn	-14	-17	+3 mn	-31	-15	-16 mn
Net result of financial transactions, SEK mn	16	40	-24 mn	56	47	+9 mn
Expenses, SEK mn	-470	-439	+7.1%	-909	-817	+11.3%
Net credit losses, SEK mn	-21	-23	+2 mn	-44	-56	+12 mn
Imposed fees: Risk tax and resolution fee, SEK mn	-142	-142	+0 mn	-284	-268	-16 mn
Operating profit, SEK mn	736	805	-8.6%	1,541	1,715	-10.1%
Return on equity, %	10.7	11.9	-1.2 pp	11.3	13.2	-1.9 pp
C/I ratio, %	34.3	31.2	+3.1 pp	32.7	28.6	+4.1 pp
CET1 capital ratio, %	12.1	12.1	0.0 pp	12.1	11.9	+0.2 pp

This is SBAB

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-owners' associations and property companies in Sweden.

Vision

To enable tomorrow's homes and housing

Mission

The considerate bank with the best offering in housing and household finances

Business Area Private

Business Area Private offers services within housing and household finances, such as savings and loan products, insurance mediation, and housing search and real estate agent services. The core product is residential mortgages complemented with savings accounts. Activities are operated under the SBAB, Booli and HittaMäklare brands. We meet our customers and users digitally or by telephone. Our market share in terms of residential mortgages amounted to 8.49% on 31 May 2024, which makes us the fifth-largest residential mortgage bank in Sweden. Booli.se has Sweden's largest offering of homes for sale.

→ [Read more on page 12](#)

SBAB!

hittamäklare!
A service by SBAB

booli!
A service by SBAB

Business Area Corporate & Associations

Business Area Corporate & Associations (tenant-owners' 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, existing as well as new buildings. 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 corporate clients (multi-family dwellings) was 17.97% on 31 May 2024. At the same time, the market share for lending to tenant-owners' associations was 11.28%.

→ [Read more on page 13](#)



SBAB assigns priority to four Sustainable Development Goals



Read more about our sustainability agenda in SBAB's Annual Report 2023

Statement from the CEO

We posted a stable performance for the second quarter, with good profitability and low credit losses. Despite continued intense competition, we managed to grow our mortgage volumes and increase our market shares during the quarter. The Riksbank decided on an interest rate cut of 0.25 percentage points in May and is projecting two or three additional rate cuts in the second half of 2024. Lower interest rates and continued falling inflation are welcome news for Swedish households and companies as well as important factors in the recovery of the Swedish economy. We continue to attract new savings customers, which is a positive trend that strengthens our financing structure as well as our long-term competitiveness.

Gradually declining interest rates

The Riksbank lowered the policy rate by 0.25 percentage points in May and, at its June meeting, indicated two or three more cuts in the second half of 2024. We responded quickly in our mortgage pricing and lowered the important 3-month interest rate for mortgages ahead of the Riksbank's interest rate cut in May and on several other occasions during 2024. As the policy rate falls, some of our funding costs are reduced, allowing us to lower our mortgage rates despite the pressure on mortgage margins. This is welcome news for many customers who have seen their interest and housing costs rise sharply in recent years. We posted a stable performance for the quarter, with good profitability and increased deposits and lending volumes. As planned, costs increased slightly as we continued to invest in our offering to enable future growth and a strong customer offering. We aim to offer transparent and competitive prices to our customers and want to grow our lending over time to create the preconditions for us as a company to invest in the business and our offering. While mortgage margins remain very low, we expect a cautious recovery as the Riksbank continues to cut the policy rate.

Signs of improvement in the housing market

After a relatively long period of low activity in the housing market, we are now noting a slight increase. Gradually falling mortgage rates, reduced uncertainty and rising real wages mean improved conditions for increased housing market activity with stable or slightly rising house prices. SBAB's own housing indicator, "Bomarknadstempen," is recovering towards more normal levels. There is also some recovery in credit growth, albeit from historically low levels. One sign of this is that we are now processing a growing number of mortgage cases and loan commitments. We grew our mortgage volumes and increased our market shares during the period. While property companies in the corporate market retain a cautious attitude, activity in the transaction market increased slightly compared with previous quarters. Activity in the new construction market remains low. Despite the current negative growth in the credit market, we continue to increase our market shares for lending to tenant-owners' associations. Many tenant-owners' associations are continuing to pay down existing debt and are also cautious about taking out new loans for investments

in the existing property. Despite some challenges both for our retail and for our corporate customers, our credit quality remains good. This is clearly visible in our figures, where we reported credit losses of SEK 21 million for the quarter, corresponding to 0.02% of our lending.

The Kilowatt loan – an initiative to drive the conversion of houses and holiday homes

In spring 2024, we published our updated green framework to better align our green assets with the rules and concepts found in the EU Taxonomy. In line with our updated framework, we have developed a new product to drive and encourage energy improvements in existing buildings, the Kilowatt loan. The Kilowatt loan enables our customers to increase their existing mortgages for an energy renovation of their houses or holiday homes. With the Kilowatt loan, our customers receive an additional 0.20 percentage points off their interest rate, in addition to SBAB's already competitive mortgage rates. Moreover, we guarantee the discount for up to ten years. This is how we as a company want to encourage a sustainable energy transition and concurrently contribute to lower housing costs for our



customers. This initiative is another step in our journey to drive the energy transition and work towards a more sustainable housing market. We are accelerating our work on sustainability and it inspires me to see the progress and drive our employees have when everyone works together.

Fraud, a growing societal problem

Fraud is a growing societal problem and impacts retail customers as well as companies and banks. It is also an income source for organised crime and often causes great harm to the victims. We are therefore developing our monitoring and products as quickly as possible to prevent and mitigate fraud, and to mitigate the damage for customers who have been victimised. Together with the Swedish Bankers' Association and Sweden's banks, we also spread knowledge with the aim of reducing the risk of becoming a victim of fraud.

We continue to grow deposits

We are pleased to note that we continued to attract many new savings customers. During the quarter, the volume of deposits grew 4.6% and now amounts to SEK 241 billion. It is clear that our recipe, with fair interest rates, simple terms and a

high level of trust is leading to more and more customers deciding to switch to our bank for saving. In conjunction with the dramatic rises in interest rates starting in 2022, unlike many of our larger industry colleagues, at SBAB we decided to track this by raising the interest rates on our savings accounts. Since then we have continued to offer highly competitive interest rates. Naturally, I'm very proud of our success and hope and believe that we can continue to grow deposits. However, the expected interest rate cuts from the Riksbank will likely lead to somewhat lower growth going forward.

Conclusion

I would like to take the opportunity to welcome all of SBAB's new customers. I promise that we will continue to work hard to continue earning your trust. I would also like to take this opportunity to extend my sincere appreciation for the good work performed by all of our employees at SBAB in the first half of 2024. Together, we make a difference.

I hope you all have an outstanding summer.

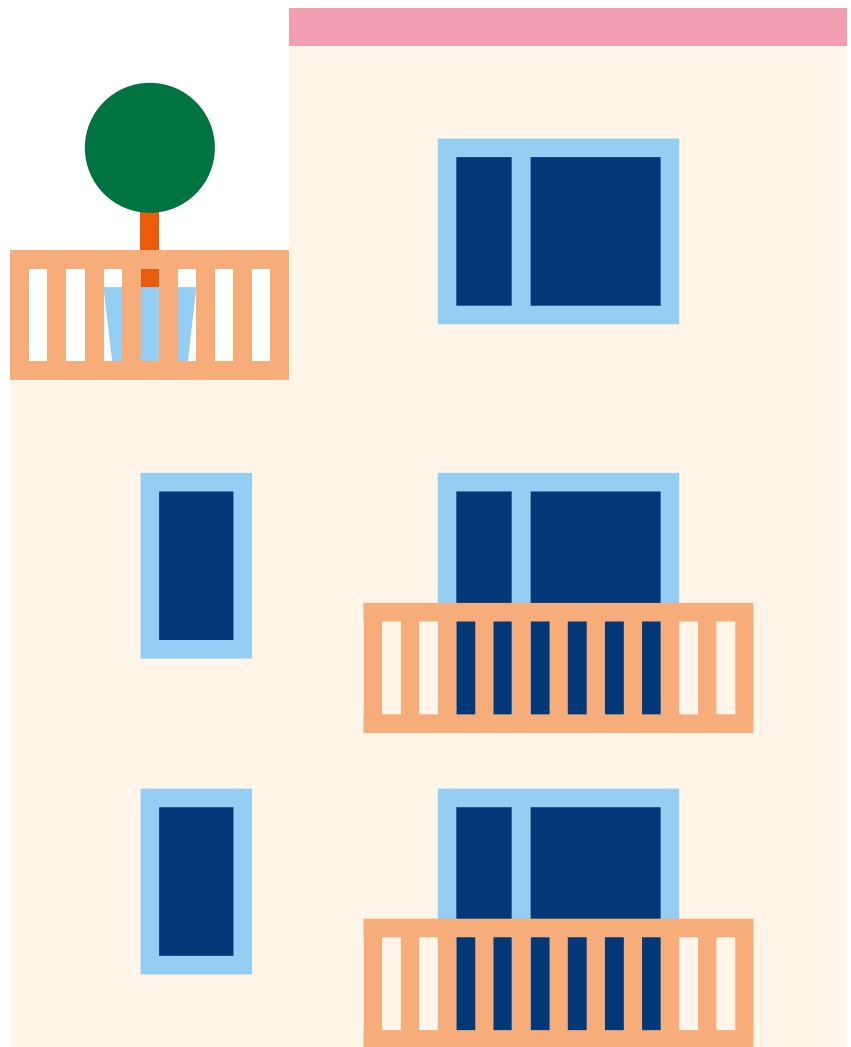
Mikael Inglander
CEO of SBAB

Target areas and long-term strategic goals until 2030

At the end of 2022, SBAB decided on five new target areas and seven long-term strategic goals extending to 2030. Together, these are expected to help SBAB conduct sustainable operations that generate long-term value for the company's stakeholders and that respond to the changes and challenges the company has identified in its operating environment. The financial targets as set by the owner for profitability, capitalisation and dividends remain unchanged.

Target areas		2030 goals
Long-term value creation	Return on equity	≥10%
Customer satisfaction	Market Share Residential Mortgages	10%
	Market share Corporate Clients	20%
	Market share Tenant-owners' associations	15%
Sustainable Society	Reduced emissions	-30% (-50% by 2038) ¹⁾
Efficient Operations	C/I ratio	<30%
Attractive Workplace	Engagement Index (scale from 1 to 5)	≥4

¹⁾ By 2038, emissions from SBAB's lending portfolio and its own emissions from operations will be aligned with the Paris Agreement's 1.5°C goal, which entails 50% lower emissions compared with 2022. Calculation bases may evolve over time where the target level expressed as a percentage may be adjusted.



Market overview

Swedish economy

The economic cycle has more or less levelled out and is now at a standstill. During the first quarter, the economy grew 0.7% on a seasonally adjusted and quarter-on-quarter basis, but early indicators pointed to a slowdown in the second quarter. For the year as a whole, we expect slow GDP growth of around 0.7%. From a big-picture perspective, the Swedish economy will be in a recession this year and throughout all of 2025. Despite the weak economy, conditions are relatively good in terms of a high level of employment and relatively low unemployment.

Inflation has come down to low levels after a long period of declining trends. Looking at the monthly trend, or for example the last six months, it is on target, but looking at the last twelve months it is just above target. In May, the Riksbank lowered the policy rate from 4.00% to 3.75%. The somewhat lower policy rate, however, means that the monetary policy will remain restrictive and that inflation will be brought down in one to two years. We expect the Riksbank to continue to cut the policy rate this year and next, to reach around 2% by mid-2025.

The business community's confidence in the economy continued to increase during the second quarter. The mood can now be said to be close to normal. One exception is housing developers, where sentiment remains weak despite some recent improvement. Household confidence also continued to rise in the second quarter, but has so far only reached 93.3, well below the normal level of 100. The low confidence level is explained by households' views on their own finances and not the macroeconomy. Households have experienced very weak real salary growth for two years and mortgage rates remain high. Despite the implemented interest rate cut and the expectation of future cuts, actual housing costs have yet to be significantly affected.

Read more about the forecasts for Sweden's economy in the latest edition of SBAB Bomarknadsnytt (in Swedish), available [here](#).

Fixed-income market

Short-term market interest rates have moved clearly downwards in the second quarter of 2024, which can be explained, inter alia, by the policy rate cut by the Riksbank. Long-term market interest

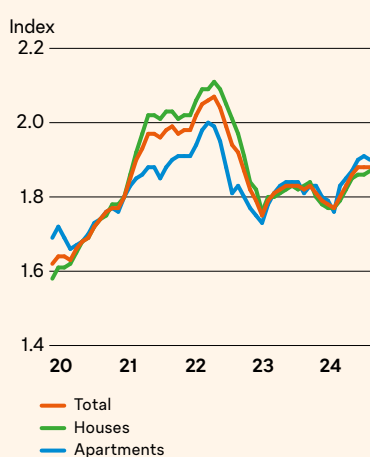
rates declined by around the same amount in the second quarter, even though they were already around one percentage point below short-term rates to start with. Even if everyone is forecasting a normalisation of inflation as well as policy rates, policy rate levels are not as easy to predict for the long term.

As of now, monetary policy seems to have helped lower inflation to the target rate: in May, CPIF was at 2.3% for the last twelve months and at 2.0% in annual terms over the last six months. We expect the Riksbank to continue to cut the policy rate, likely as early as August, to reach the equilibrium level of around 2% next year. Interest rate cuts are expected to lower short-term market interest rates. The long-term market interest rates have already decreased significantly, but interest rates with medium-term maturities could decrease further.

Lower market interest rates during the quarter led to lower mortgage interest rates, primarily for short-term mortgage rates. Variable mortgage rates are expected to fall more sharply when the Riksbank continues to lower the policy rate. Until summer 2025, variable residential mortgage rates are expected to

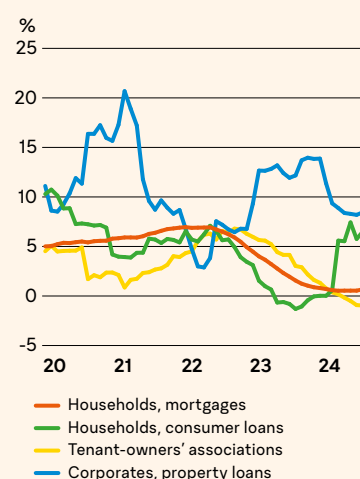
Housing price trend

(SBAB Booli HPI, 2013.01 = 1)



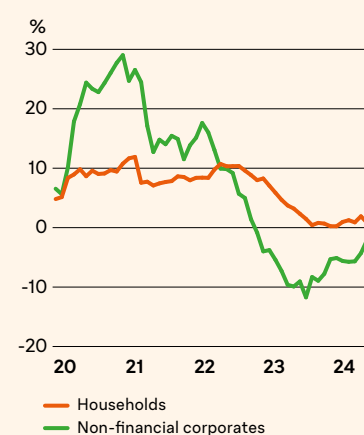
Lending growth

(Percentage, 12-month change)



Deposit growth

(Percentage, 12-month change)



Sources: Macrobond, Statistics Sweden, Booli and SBAB

drop to approximately 3.5%. The long-term level for mortgage rates in general is estimated to range close to 3.5%–4.0%, in the lower interval for variable mortgage rates and the higher interval for longer fixed-interest rates.

Read about forecasts of the mortgage rate trends in the latest edition of SBAB Boräntnytt (in Swedish), available [here](#).

Housing prices

After remaining largely stable in 2023, housing prices rose in the first half of 2024. For houses this was an increase of 6% and for apartments the increase was 7%, exceeding the typical first-half increases of around 3%. SBAB's economists expect housing prices to increase just over 4% for the full-year 2024, with an additional increase during the next two years due to faster growth in household disposable incomes.

The long-term housing price trend can be explained by a range of structural factors, including household incomes and mortgage rates. High inflation that hollowed out households' real scope for consumption as well as higher housing costs due to higher residential mortgage rates led to housing prices declining rapidly in 2022. The Riksbank's rapid increases in the policy rate in autumn 2022 and the announcement later in 2023 of high interest rates for a long time to come affected households' expectations of future mortgage interest rate levels, which put downward pressure on housing prices. During the first half of 2024, households adjusted their expectations for future mortgage rates downward, which could have contributed to the increase in housing prices.

Read more about housing price trends in the latest edition of SBAB Bomarknadsnytt (in Swedish), available [here](#).

Housing market

Housing turnover for existing homes was at a record low from the fourth quarter of 2022 and throughout most of 2023. For houses, however, there was a clear increase during the latter part of 2023 and in both the first and the second quarters of 2024 turnover was at a roughly normal level. The situation is different for apartments. There is nothing to indicate any real increase for apartments in 2023. In the first quarter of 2024 there was some recovery, but in the second quarter it slowed down. Turnover was around 15% lower than the expected normal level during the quarter. Moreover, housing

turnover is below the level normally associated with a recession and during the quarter, the number of homes sold was estimated at around 15,800 houses and 27,200 apartments.

The market for new housing was under severe pressure in 2023 and remained under pressure throughout the year. Unlike the market for existing housing, there has been no real drop in prices for new housing production sold. However, sales of new housing have slowed very significantly, from around 5,600 verified sales in the second quarter of 2021 to 1,500 homes in the second quarter of 2024. Advertising periods more than doubled in length compared with last year.

For Sweden as a whole, the SBAB Booli Housing Market Index (HMI, [available here](#)) indicates that conditions for building housing worsened quickly as the second half of 2022 started. In the second quarter of 2023, the situation stabilised and then improved, and for the first quarter of 2024, the HMI shows new construction in balance for Sweden as a whole. The improvement in the overall HMI figure, however, suggests that a lower rate of construction has led to a production level that is on par with the very weak demand. However, local surpluses or shortages for specific forms of housing do arise despite the overall balance.

Market for deposits and lending

The growth rate for residential mortgages increased in the second quarter compared with the beginning of the year in terms of 12-month figures. The average rate of increase in April and May was 0.6%, compared with 0.5% in the first quarter. However, in terms of the seasonally adjusted 1-month trend, the growth rate had stabilised by the middle of 2023 and has gradually increased since then. This low growth rate was due to weak growth of household purchasing power and high mortgage rates having suppressed demand for housing and pushed down housing prices. Higher interest rates and the weaker economy have also contributed to lower housing turnover and a lower rate of construction which, together with lower housing prices, also reduced demand for credit.

Household consumer loans grew 0.6% last year; a contraction in consumer loans is relatively common in a recession and they are expected to grow again when the economy picks up. Since the beginning of the year, we have noted a moderate uptick in the growth rate of consumer

loans after taking into account seasonally adjusted 1-month figures.

Lending to tenant-owners' associations grew at an even slower rate in 2023 and the beginning of 2024, and in May the 12-month growth rate amounted to a decrease of 1.0%. This is significantly lower growth than the average of 4.9% for 2012–2023. The weak performance can be attributed to pressure on tenant-owners' associations from higher interest rates, leading them to delay certain investments. However, the growth rate remained high for lending to rental property owners, which increased to 8.4% in May in terms of 12-month figures. This relatively high growth rate is due to the completion of many rental properties in the period as well as the difficulties property owners have had to finance its operations through means other than bank loans.

In 12-month terms, deposits from households grew 1.3% in February. This is still a low level compared with a growth rate of over 10% in the middle of 2022, even if there was a slight increase compared with the latter part of 2023 and the beginning of 2024. An economic slowdown and overall economic uncertainty normally lead to households increasing their savings. The now visible reversal in the trend can be attributed to the fact that many households are saving in forms other than deposit accounts, for example by paying off their mortgages. This does not affect household net saving, but decreases their liquidity and can be considered the result of an increased price of liquidity as a result of higher interest rates. The growth in deposits from corporate clients has dropped from increasing nearly 20% in 12-month terms in early 2022 to decreasing almost 4% in 12-month terms in May 2024. Negative deposit growth from corporate clients is not entirely unusual. This was the case, for example, temporarily in 2008 and in a large portion of 2011. However, the current trend is unusual and can be due to the fact that companies, like households, have reviewed their balance sheets as a result of higher interest rates, and that it has become more difficult and expensive for companies to finance their operations in the capital market.

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.

SBAB is continuously evaluating the macroeconomic situation, in recent years with particular focus on inflation, interest rates, household finances, property management, housing construction and effects linked to the operating environment, and continuously assessing the credit quality in lending by evaluating models of various economic scenarios. The rise in inflation in 2022 has led to higher market interest rates and higher mortgage rates, which has raised housing costs for households. In addition, higher prices for many goods and services in combination with a weaker labour market have contributed to a negative real income trends for households for the past couple of years. The risks associated with high inflation are deemed manageable over the long term since growing productivity increases households' disposable income and purchasing power over time, which means that mortgage debt as a share of household income declines.

Similarly as for households, higher prices and higher interest rates have increased costs for property companies. Over time, rising costs in property management are expected to lead to higher rents and therefore revenue. However, considerable uncertainty prevails regarding the possibility of property companies being able to fully negotiate higher rents on the basis of higher capital costs. The stability of the financial system could be impacted if many property companies were to experience rapidly rising costs, or difficulties in refinancing their operations. High interest rates, households under pressure and an uncertain outlook have also contributed to a steep downturn in housing construction. This is deemed to lead to weaker economic growth going forward. The direct effect on the financial sector is considered to constitute rela-

tively small risk, but any indirect effects from a prolonged weak real economic trend may be somewhat greater.

Mortgage rates are expected to remain relatively high throughout essentially all of 2024. Since the majority of Swedish households own their own home and due to many mortgages being subject to floating interest, the Swedish economy is sensitive to rapidly rising interest rates. A risk exists that some indebted households might experience difficulty coping with ongoing loan payments on their mortgages as a result of high interest rates. However, current forecasts indicate that mortgage interest rates will remain, with a relatively good margin, under the stressed interest that banks apply in their credit assessments. Moreover, stress tests indicate low risk of payment problems even in the event of higher interest rates compared with the level at the beginning of 2024.

Rising mortgage rates led to a sharp drop in housing prices in 2022. Prices were largely stagnant for all of 2023, but have moved close to 7% upwards in 2024. When shorter interest rates start to normalise in 2024, and when real incomes gradually increase, housing prices are expected to continue rising slowly. Risks linked to high interest rates could be increased by falling housing prices and sharply rising unemployment. The risk pertains to how a downturn in prices leads to behaviour that triggers a larger price downturn, and how price uncertainty impacts housing turnover and possibilities for 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 macroeconomic events, changes in the monetary policies of central banks or extraordinary events such as pandemics, wars and acts of terrorism.

Above all, armed conflict leads to a great deal of human suffering. However, it

also affects economic performance and the financial markets, not just locally but often globally. Russia's war with Ukraine has led to comprehensive sanctions against Russia and affected its export of gas and oil to Europe as well as the export of items like grains from Russia and Ukraine. Israel's war against the terrorist organisation Hamas has not yet had any clear economic consequences, though it risks spreading to adjacent countries and leading to higher oil prices. 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. War can lead to high inflation, uncertainty about the future and volatility in the financial markets.

Weak economic performance in combination with high inflation is a difficult challenge and makes policies difficult to predict. Inflation has now fallen back and is essentially on target, leading to relief in terms of monetary policy. Nonetheless, monetary policy remains tight, but further interest rate cuts are expected in the autumn and next year. Prevailing interest rate levels and future trends are important variables for SBAB, since they impact strongly on net interest income and operating profit.

Volatility and increased interest rate movements in the financial markets can impact the carrying amount of the financial instruments and holdings that SBAB uses to manage interest-rate and currency risks in the Group's assets and liabilities. This, in turn, can affect net income from financial transactions in the income statement and other comprehensive income reported under equity in the balance sheet.

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

Mortgages and household finances without the hassle

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

<p>SBAB! booli! <small>En tjänst från SBAB</small></p> <h2>Buying</h2> <ul style="list-style-type: none"> ✓ Residential mortgages & housing financing ✓ Housing valuations ✓ Housing advertisements <p>Business partner services:</p> <ul style="list-style-type: none"> • Home insurance • Life insurance • Legal advice • Electricity agreements 	<p>booli! hittamäklare! <small>En tjänst från SBAB En tjänst från SBAB</small></p> <h2>Selling</h2> <ul style="list-style-type: none"> ✓ Estate agent recommendations ✓ Housing valuations ✓ Housing advertisements <p>Business partner services:</p> <ul style="list-style-type: none"> • Tax declaration help 	<p>SBAB!</p> <h2>Living</h2> <ul style="list-style-type: none"> ✓ Refinancing ✓ Saving ✓ Consumer loans <p>Business partner services:</p> <ul style="list-style-type: none"> • Construction advice 
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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 for improving the customer offering and experience.

Business development

Volume trends

	GROUP					
	2024	2024	2023	2024	2023	2023
	Q2	Q1	Q2	Jan-Jun	Jan-Jun	Jan-Dec
New lending for the period, SEK bn	21.1	18.3	21.2	39.4	37.0	71.1
Net change in lending for the period, SEK bn	6.7	3.9	1.6	10.6	4.6	8.1
Total lending, SEK bn	528.0	521.3	514.1	528.0	514.1	517.4
No. of deposit accounts, thousand	961	905	644	961	644	795
Net change in deposits, SEK bn	10.7	15.5	4.5	26.1	10.5	32.8
Total deposits, SEK bn	241.3	230.7	193.0	241.3	193.0	215.2
Deposits/lending, %	45.7	44.3	37.5	45.7	37.5	41.6
Business Area Private						
No. of mortgage customers, thousand	291	287	288	291	288	287
No. of mortgage objects financed, thousand	187	184	185	187	185	184
New lending, SEK bn	17.3	11.9	14.6	29.2	26.3	47.7
Net change in lending for the period, SEK bn	6.0	1.1	-0.7	7.1	0.4	-3.0
Total lending, Private, SEK bn	355.2	349.2	351.5	355.2	351.5	348.1
Residential mortgages, SEK bn	353.5	347.5	349.5	353.5	349.5	346.3
Consumer loans, SEK bn	1.7	1.7	2.0	1.7	2.0	1.8
Market share, Residential mortgages, % ¹⁾	8.49	8.41	8.48	8.49	8.48	8.40
Market share, Consumer loans, % ¹⁾	0.53	0.55	0.66	0.53	0.66	0.58
Total deposits, Private, SEK bn	194.4	186.4	153.6	194.4	153.6	173.1
No. of retail customers with savings accounts, thousand	652	634	544	652	544	602
Market share deposits, Private, % ^{1) 2)}	7.41	7.11	5.96	7.41	5.96	6.69
Business Area Corporate & Associations						
No. of housing financing customers	3,119	3,118	2,986	3,119	2,986	3,080
New lending, SEK bn	3.8	6.4	6.6	10.2	10.8	23.4
Net change in lending for the period, SEK bn	0.7	2.8	2.3	3.5	4.2	11.1
Total lending, Corporate & Associations, SEK bn	172.8	172.1	162.6	172.8	162.6	169.3
Lending, Corporate clients, SEK bn	104.7	103.7	94.7	104.7	94.7	100.8
Lending, Tenant-owners' associations, SEK bn	68.1	68.4	67.9	68.1	67.9	68.5
Market Share Corporate Clients (multi-family dwellings), % ¹⁾	17.97	17.95	17.31	17.97	17.31	17.86
Market share, Tenant-owners' associations, % ¹⁾	11.28	11.23	10.53	11.28	10.53	11.08
Total deposits, Corporate & Associations, SEK bn	46.9	44.3	39.4	46.9	39.4	42.1
No. of customers with savings accounts, Corp. & Organisat.	17,700	17,100	15,000	17,700	15,000	16,300
Market share deposits, Corp. & Organisat, % ^{1) 2)}	3.46	3.22	2.85	3.46	2.85	2.94

1) Source: Statistics Sweden. The figures in the columns for Q2 2024 and Jan-Jun 2024 correspond with the market share as of 31 May 2024. The Q1 2024 column corresponds with the market share as of 29 February 2024. The Q2 2023 and Jan-Jun 2023 columns correspond with the market share as of 31 May 2023. The figures in the column for Jan-Dec 2023 correspond with the market share as of 31 December 2023.

2) The definition for calculating market share for deposits was revised as of the second quarter of 2023. The comparative figures in the table have been adjusted for comparability.

Business Area Private

Trend for Q2 2024 compared with Q1 2024

Business Area Private offers services within housing and household finances, such as savings and loan products, insurance mediation, and housing search and real estate agent services. The core product is residential mortgages complemented with savings accounts. Activities are operated under the SBAB, Booli and HittaMäklare brands. We meet our customers and users digitally or by telephone.

Lending

Activity in the residential mortgage market and the growth rate of mortgage lending in Sweden remain at low levels, primarily due to high interest rates and their effects on the residential mortgage market. However, the low rate of growth turned slightly upwards during the quarter. The Riksbank lowered the policy rate 0.25 percentage points to 3.75% on 8 May. This led to SBAB lowering variable mortgage rates during the quarter (mortgages with three-month fixed-interest periods) on two occasions. The market assessment is that the policy rate will be lowered several times in 2024. The share of total lending with variable interest amounted to 81.6% (78.7) at the end of the quarter.

SBAB offers simple and straightforward terms and conditions, transparent mortgage rates, high availability through digital services and telephone, and mind-

ful service. New lending in the quarter amounted to SEK 17.3 billion (11.9). Total retail lending amounted to SEK 355.2 billion (349.2) at the end of the quarter, of which SEK 353.5 billion (347.5) comprised residential mortgages and SEK 1.7 billion (1.7) consumer loans.

The number of residential mortgage customers amounted to 291,000 (287,000) across 187,000 (184,000) mortgage objects.

The market share of residential mortgages was 8.49% on 31 May 2024 (8.41% on 29 February 2024). At the same date, the market share for consumer loans was 0.53% (0.55% on 29 February 2024).

For more information on credit losses and credit quality, please refer to pages 15–16 and [Note 4](#) and [Note 5](#).

Savings accounts (deposit)

SBAB's retail savings accounts are characterised by competitive savings rates and simple product terms and conditions. SBAB has increased its investments in marketing to raise the visibility of the offering in the market.

Retail deposits amounted to SEK 194.4 billion (186.4) at the end of the quarter. At the same date, approximately 652,000 (634,000) retail customers held a savings account with SBAB. There has been a great deal of interest in savings accounts with fixed-interest periods since their launch in the fourth quarter of 2023. At the end of the quarter, the share of deposits with fixed-interest periods amounted to some SEK 34 billion.

The market share of retail deposits was 7.41% on 31 May 2024 (7.11% on 29 February 2024). The share of retail deposits that was covered by the national deposit guarantee amounted to 79% at the end of the quarter, corresponding to approximately SEK 154 billion.

User trends

Every month, many people visit SBAB's, Booli's and HittaMäklare's websites and apps to manage mortgages and savings or to find inspiration about housing and household finances. The number of visits to www.sbab.se averaged around 1,500,000 (1,400,000). Booli is a popular platform for finding information about supply, demand and price trends for housing. Booli.se offers services including housing searches and valuations. The number of visits to www.booli.se averaged around 9,500,000 (6,000,000). Booli's monthly property valuation email had some 860,000 subscribers at the end of the quarter. The real estate agent service HittaMäklare is part of Booli. HittaMäklare's service for locating estate agents has been used at some time by about 95% of the registered estate agents in Sweden.

Sweden's most satisfied residential mortgage customers

In 2023, for the fifth consecutive year, SBAB had Sweden's most satisfied residential mortgage customers according to Swedish Quality Index (Swe: Svenskt Kvalitetsindex (SKI)), which measures customer satisfaction in the banking and finance sector each year. SBAB received a customer satisfaction score of 73.8 out of 100, compared with the industry average of 65.5. We received particularly good results in the survey in areas such as simplicity, reliability and product quality.



Business Area Corporate & Associations

Trend for Q2 2024 compared with Q1 2024

Business Area Corporate & Associations (tenant-owners' 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, existing as well as new buildings. We offer personal service to our customers, who are concentrated in growth regions surrounding our offices in Stockholm, Gothenburg and Malmö.

Housing financing (lending)

The trend of increased optimism and belief in lower interest rates ahead continued in the second quarter, creating potential for growth. The market as a whole grew and transaction volumes continued to develop healthily. The commercial banks remain well capitalised and competition for the very best customers has intensified significantly. At the same time, the bond market has become an option for a growing number of property companies.

Activity in the new construction market remained relatively low during the second quarter. High prices for land and materials, falling housing prices in the secondhand market in combination with a low willingness to pay among consumers make cost calculations difficult for construction and property development companies. However, property management companies are still posting strong operational results. As earlier, focus is

on own property management and on conducting activities aimed at adapting operations to higher interest rates. This includes selling assets, not distributing dividends or instead distributing smaller ones, conducting new issues and increased cost control.

SBAB's business focuses on lending on residential properties with good collateral in areas with strong demand. In general, we focus on larger corporate customers with diversified revenue streams and good liquidity. SBAB once again noted a slightly decreased inflow of new transaction volumes in the second quarter, at the same time as we retained our market share.

During the quarter, new lending to corporates amounted to SEK 6.5 billion (4.6). The credit portfolio for financing new production performed largely as forecast, with planned projects being completed according to previously agreed-upon financing, but where demand for new building credits remained low.

The market for lending to tenant-owners' associations continues to be dominated by intense competition with low margins while the market as a whole shrank in scope. SBAB's competitive ability is still deemed good and the market share increased. During the quarter, new lending to tenant-owners' associations increased to SEK 3.7 billion (1.8).

Total lending to corporates and tenant-owners' associations increased during the quarter to SEK 172.8 billion (172.1), of which SEK 104.7 billion (103.7) comprised lending to corporates and SEK 68.1 billion (68.4) lending to tenant-owners' associations.

The market share of lending to property companies (multi-family dwellings) was 17.97% on 31 May 2024 (17.95% on 29 February 2024). At the same date, the market share for lending to tenant-owners' associations was 11.28% (11.23% on 29 February 2024).

The number of housing financing customers was 3,119 (3,118) at the end of the quarter.

For more information on credit losses and credit quality, please refer to pages 15–16 and [Note 4](#) and [Note 5](#).

Savings accounts (deposit)

Deposits from corporates and organisations during the quarter totalled SEK 46.9 billion (44.3). At the same time, approximately 17,700 (17,100) customers held savings accounts with SBAB. On 31 May 2024, the market share of deposits from corporate clients and organisations was 3.46% (3.25% on 29 February 2024). The share of deposits from companies and organisations that was covered by the national deposit guarantee amounted to 23.3% at the end of the quarter, corresponding to approximately SEK 11.0 billion.

Sweden's most satisfied corporate customers

In 2023, for the sixth consecutive year, SBAB had Sweden's most satisfied property loan customers according to SKI. SBAB received a customer satisfaction score of 73.5 out of 100, compared with the industry average of 68.7. SBAB's results were particularly strong within areas such as customer service, product quality and loyalty.



Financial performance

Income statement overview

SEK million	GROUP							
	2024 Q2	2024 Q1	2023 Q4	2023 Q3	2023 Q2	2024 Jan-Jun	2023 Jan-Jun	2023 Jan-Dec
Net interest income	1,354	1,372	1,332	1,315	1,386	2,726	2,799	5,446
Net commission	-14	-17	-10	-9	-8	-31	-15	-34
Net result of financial transactions (Note 3)	16	40	-80	-62	45	56	47	-95
Other operating income	13	14	11	14	12	27	25	50
Total operating income	1,369	1,409	1,253	1,258	1,435	2,778	2,856	5,367
Expenses	-470	-439	-448	-398	-423	-909	-817	-1,663
Profit before credit losses and imposed fees	899	970	805	860	1,012	1,869	2,039	3,704
Net credit losses (Note 4) ¹⁾	-21	-23	-31	-6	-23	-44	-56	-93
Imposed fees: Risk tax and resolution fee	-142	-142	-139	-134	-127	-284	-268	-541
Operating profit	736	805	635	720	862	1,541	1,715	3,070
Tax	-155	-173	-147	-154	-182	-328	-361	-662
Net profit for the period	581	632	488	566	680	1,213	1,354	2,408
Return on equity, % ²⁾	10.7	11.9	8.9	10.6	13.1	11.3	13.2	11.5
Return on assets, %	0.4	0.4	0.3	0.3	0.4	0.4	0.4	0.4
C/I ratio, %	34.3	31.2	35.8	31.6	29.5	32.7	28.6	31.0
Credit loss ratio, %	-0.02	-0.02	-0.02	0.00	-0.02	-0.02	-0.02	-0.02
Share of credit stage loans 3, gross, %	0.16	0.16	0.14	0.11	0.10	0.16	0.10	0.14
Net interest margin, %	0.81	0.83	0.82	0.81	0.85	0.83	0.87	0.85
Number of employees (FTEs)	1,008	957	948	917	889	1,008	889	948

1) Including impairment and reversals of impairment of financial assets.

2) When calculating the return on equity for Q1 2024, Q2 2024 and Jan-Jun 2024, average equity has been adjusted for the dividend for 2023 of SEK 963 million. When calculating the return on equity for Q2 2023, Jan-Jun 2023 and Jan-Dec 2023, average equity has been adjusted for the dividend of SEK 832 million for 2022.

Trend for Q2 2024 compared with Q1 2024

Operating profit decreased to SEK 736 million (805), primarily due to lower income from the net result of financial transactions and due to higher costs. The return on equity amounted to 10.7% (11.9) and the C/I ratio was 34.3% (31.2).

Net interest income

Net interest income declined marginally to SEK 1,354 million (1,372). During the quarter, margins for deposits and lending declined slightly and business volumes increased. The fee for the national deposit guarantee amounted to SEK 29 million (29).

Net commission

Net commission expenses were SEK 14 million (expense: 17), primarily due to lower commission expenses linked to funding operations.

Net result of financial transactions

The net income from financial transactions decreased to SEK 16 million (40) as a result of the revaluation of derivatives not encompassed by hedge accounting. For more information, please refer to [Note 3](#).

Expenses

Expenses grew to SEK 470 million (439) in the quarter, which was primarily due to higher personnel-related costs as a consequence of an increase in the number of employees (FTEs). Higher costs linked to development also contributed to the cost increase. At the end of the quarter, FTEs amounted to 1,008 (957).

Credit quality and credit losses

Net credit losses totalled SEK 21 million (23) for the second quarter of 2024. Confirmed credit losses totalled SEK 4 million (2) and recoveries for previous confirmed credit losses amounted to SEK 1 million (1). Total credit loss allowances

increased SEK 20 million during the quarter (increased by 22). Loss provisions for credit stage 1 decreased by SEK 5 million (decreased by 19), but increased by SEK 18 million (increased by 5) for credit stage 2 and by SEK 7 million (increased by 40) for credit stage 3.

The change in loss provisions for loans in all credit stages is affected by an update in the forward-looking information with new macroeconomic scenarios showing smaller price declines for houses and properties as well as a slowdown in interest rate developments. The updated forward-looking information consistently leads to lower loss provisions. During the quarter, the PD estimates in the impairment model for calculating expected credit losses (ECL model) were recalibrated to take into account raised default frequencies during recent years, which in combination with negative rating grade migrations mainly in the Corporate & Associations business area have resulted in increased loss provisions. Within the Private business area, an increased number of customers with payment difficulties contributed to inflows to credit stage 3, which has resulted in increased loss provisions. Overall, the recalibration of PD estimates, negative rating grade migrations in the Corporate & Associations business area and an increased share of credit stage 3 exposures have compensated for the improved macroeconomic forecasts and resulted in an increase in total loss provisions.

Loss provisions for loan commitments and undrawn building credits decreased by SEK 1 million (decreased by 4) for the second quarter of 2024. Guarantees that can be utilised to cover credit losses remained unchanged (unchanged) in the quarter. For more information on credit loss allowances and changes in the forward-looking information in the ECL model, please refer to [Note 4](#).

SBAB's granting of credit to private individuals, tenant-owners' associations and property companies is based on a

sound credit approval process that determines whether customers have the financial capacities required to meet their commitments. Lending within each business area is deemed to be of good credit quality and low credit risk, despite higher interest rates that have led to an increase in defaults.

Due to growing uncertainty in the capital market, SBAB has increased the rate of follow up with those customers in the Corporate & Associations business area who have a high share of market financing and who require refinancing over the short and long term. SBAB continues to follow up customers with building credits for housing production, which has been negatively impacted by rising interest rates as well as increased prices of input goods and construction material.

Imposed fees

Imposed fees includes the Swedish risk tax and the resolution fee. The risk tax amounted to 0.06% of the credit institution's liabilities. Imposed fees totalled SEK 142 million (142) for the quarter, of which the risk tax amounted to SEK 90 million (90) and the resolution fee to SEK 52 million (52).

January–June 2024 compared with January–June 2023

Operating profit decreased to SEK 1,541 million (1,715), due to lower net interest income and higher costs. The return on equity amounted to 11.3% (13.2) and the C/I ratio was 32.7% (28.6).

Net interest income declined to SEK 2,726 million (2,799), mainly due to lower lending margins. An increased share of financing from deposits, along with continued healthy deposit margins, positively impacted the item. The fee for the national deposit guarantee amounted to SEK 58 million (31) for the period.

Net commission income decreased to an expense of SEK 31 million (expense: 15) due to reduced revenue from partnerships.

The net result of financial transactions amounted to income of SEK 56 million (47), mainly due to value changes in hedging instruments and hedged items. For more information, please refer to [Note 3](#).

Costs increased to SEK 909 million (817), due to an increased number of employees and thereby increased personnel-related costs. Costs also increased for product development and marketing. The number of FTEs increased to 1,008 (889) during the period.

Net credit losses totalled SEK 44 million (56) and consisted primarily of credit loss allowances. The difference compared with the January to June 2023 period was mainly due to the management overlay of loss provisions taken in the first quarter of 2023 of SEK 20 million. In addition to the management overlay, the January to June 2024 period included a larger increase of credit stage 3 exposures since more customers with payment difficulties were noted in the Private business area. The update of the forward-looking information has led to a larger unwinding of loss provisions in the January to June 2024 period compared with the corresponding period in 2023.

Confirmed credit losses totalled SEK 6 million (5) for the period. For more information on credit losses, loss allowances and credit quality, please refer to [Note 4](#) and [Note 5](#).

Imposed fees totalled SEK 284 million (268), of which the risk tax amounted to SEK 181 million (177) and the resolution fee to SEK 104 million (91).

Other comprehensive income, recognised directly under equity, amounted to an expense of SEK 665 million (income: 123) for the period, primarily due to interest-rate-related value changes in derivatives, which stemmed from a larger increase in euro interest rates in the current period than in the year-earlier period. For more information, please see below and refer to [page 24](#).

→ Other comprehensive income

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 is recognised directly under equity in the balance sheet.

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 significant volatility during the term, even if the effect of the interest rates movements over time is marginal. The line item is normally affected positively by a decline in market interest rates and negatively by a rise in market 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.

For more information, refer to [page 24](#).

→ Net result of financial transactions

Net result of financial transactions, recognised in profit or loss, mainly arises through SBAB's application of financial instruments, for example derivatives used to manage interest and currency risks in the Group's assets and liabilities.

Within the framework for applying financial instruments, certain accounting temporary ("unrealised") valuation effects arise, which are driven primarily by external market fluctuations. Changes in market interest rates affect, for example, the value of derivatives and interest-rate risk hedged assets and liabilities. The largest items in the net result of financial transactions consist of these types of effects. Over time, market fluctuations and associated valuation effects typically amount to zero for the instruments that remain on the balance sheet until maturity. The majority of SBAB's current financial instruments are held until maturity. Periods with negative earnings are therefore often followed by periods with positive earnings, and vice versa.

Otherwise, the net result of financial transactions is primarily affected by realised gains and losses on divestments and repurchases of financial instruments and by interest compensation.

For more information, please refer to [Note 3](#).

Balance sheet overview

SEK million	GROUP			
	30 Jun 2024	31 Mar 2024	31 Dec 2023	30 Jun 2023
ASSETS				
Cash and balances at central banks	2,300	1,280	6,350	2,080
Chargeable treasury bills, etc.	6,998	32,450	36,650	34,657
Lending to credit institutions	14,573	13,142	11,807	21,320
Lending to the public (Note 5)	527,971	521,294	517,400	514,057
Bonds and other interest-bearing securities	94,734	85,461	64,945	58,111
Total other assets in the balance sheet	13,439	15,719	13,401	19,180
TOTAL ASSETS	660,015	669,346	650,553	649,405
LIABILITIES AND EQUITY				
Liabilities				
Liabilities to credit institutions	7,325	8,518	5,606	12,603
Deposits from the public	241,340	230,686	215,211	192,978
Issued debt securities, etc. (funding)	362,122	379,574	382,770	391,376
Subordinated debt	1,999	1,999	1,998	1,998
Total other liabilities in the balance sheet	21,896	22,572	20,878	30,027
Total liabilities	634,682	643,349	626,463	628,982
Total equity	25,333	25,997	24,090	20,423
– of which reserves/fair value reserve	-4,402	-4,233	-3,737	-6,516
– of which, Tier 1 capital instruments	7,700	7,700	5,800	5,800
TOTAL LIABILITIES AND EQUITY	660,015	669,346	650,553	649,405
CET1 capital ratio, %	12.1	12.1	12.3	11.9
Tier 1 capital ratio, %	16.6	16.7	15.8	15.4
Total capital ratio, %	17.7	17.9	17.0	16.6
Leverage ratio, % ¹⁾	4.39	4.29	4.09	4.09
LCR, %	265	350	258	238
NSFR, %	133	137	132	134

1) Calculated pursuant to Article 429 in Regulation (EU) No. 575/2013 of the European Parliament and of the Council.

Trend for Q2 2024 compared with Q1 2024

Balance sheet comments

During the quarter, chargeable treasury bills decreased to SEK 7 billion (32.5), primarily due to reduced holdings of Riksbank certificates. Cash and balances at central banks increased to SEK 2.3 billion (1.3). Lending to credit institutions increased to SEK 14.6 billion (13.1). The increase was attributable to inflows of securities linked to derivatives (CSAs), which are mainly impacted by changes in interest and exchange rates. The above changes were within the scope of the normal short-term liquidity management. Bonds and other interest-bearing securities increased and amounted to SEK 94.7 billion (85.5). This change was driven by new purchases, which is within the scope of the normal management of the liquidity reserve. Lending to the public increased to SEK 528.0 billion (521.3), of which SEK 353.5 billion comprised residential mortgages, SEK 1.7 billion consumer loans, SEK 104.7 billion lending to property companies and SEK 68.1 billion lending to tenant-owners' associations. For more information on lending to the public, please refer to pages 12–13 and Note 5.

Liabilities to credit institutions decreased during the quarter to SEK 7.3 billion (8.5), primarily driven by outflows of securities connected to derivatives (CSAs). Repo funding increased during the quarter, which was within the scope of the normal short-term liquidity management. Deposits from the public increased SEK 10.6 billion to SEK 241.3 billion (230.7), of which 88% comprised retail deposits and the remainder non-operational deposits pursuant to the liquidity coverage regulation (EU 2015/61). For more information on deposits from the public, please refer to pages 12–13. For information about issued debt securities, please refer to the "Funding" section. Subordinated debt totalled SEK 2.0 billion (2.0). The quarter saw no new issues, repurchases or maturities. Equity amounted to SEK 25.5 billion (26.0) and was affected by value changes linked to cash-flow hedges and net profit for the period. The quarter saw no new issues, repurchases or maturities of AT1 capital. For more information, please refer to page 24.

Funding

The funding market continued on the same path as in the first quarter of the year, with credit spreads narrowing in April and May. Credit spreads then turned upwards after the EU elections, as news of snap elections in France led to an increase in perceived risk in the fixed-income market. The offering in the capital market then slowed down, but as early as the end of June activity returned to the capital market, even if credit spreads remained higher than in the beginning of the quarter.

The US Federal Reserve, which had already had to postpone its first interest rate cut at the beginning of the year, continued to receive surprisingly strong results in terms both of inflation and of the labour market at the beginning of the quarter. This meant that the Fed only forecasted one interest rate cut in 2024.

Unlike the US economy, the Riksbank saw that data for Sweden clearly indicated that inflation was on the way down and therefore decided to lower the policy rate 0.25 percentage points to 3.75% at its May meeting. The rate cut did not come as a surprise to the market and therefore did not cause major volatility in either interest rates or the SEK exchange rate. At the end of June, the Swedish fixed-income market priced two to three interest rate cuts during the year. A month after the Riksbank's cut, the ECB chose to begin a series of interest rate cuts by lowering the key deposit interest rate by 0.25 percentage points to 3.75% in June.

With two quarters in the rear-view mirror, we can now say that the Swedish and European funding markets have performed well so far this year and are accessible for issuers. Swedish banks are offered relatively equal prices in SEK and EUR, which Swedish banks have leveraged by issuing unsecured debt instruments in the EUR market. In the Swedish covered bonds market, the offering was higher and reflected last year's issuing patterns, with most Swedish banks' funding plans front-loaded in the first half of the year. When it comes to unsecured SEK-denominated debt, there was a somewhat smaller offering during the year compared with the same period last year.

Growth in deposit transactions at SBAB entailed the need to gradually reduce funding in the capital market during

the first six months of the year. During the most recent quarter, SBAB did not issue any new debt in either SEK or EUR. SCBC continued to issue covered bonds under the Swedish benchmark programme.

During the quarter as a whole, issued debt securities totalled SEK 6.5 billion (19.4). In parallel, securities were repurchased for SEK 5.8 billion (2.5) and securities amounting to SEK 18.7 billion (21.4) matured. Alongside changes in premiums/discounts and changes in SEK exchange rates, this resulted in a decrease in issued debt securities outstanding of SEK 17.5 billion to a total of SEK 362.1 billion (379.6).

In total, the SBAB Group has issued bonds corresponding to SEK 25.8 billion in 2024 (of which SEK 18.3 billion comprised covered bond funding and SEK 7.5 billion unsecured funding), which can be compared with the total bonds maturing in 2024 of about SEK 50.1 billion. Continued good growth in deposits means that the SBAB Group's funding requirements are somewhat lower, amounting to approximately SEK 35 billion for the full-year 2024.

At the end of the quarter, unsecured funding amounted to SEK 53.6 billion (57.6), of which SEK 21.1 billion (24.2) comprised senior non-preferred bonds, SEK 29.6 billion (30.1) other unsecured bonds (senior preferred) and SEK 2.9 billion (3.3) commercial paper.

Funding through the issue of covered bonds is conducted by the wholly-owned subsidiary, SCBC. Total covered bond funding amounted to SEK 308.5 billion (322.0) at the end of the quarter, of which SEK 232.9 billion was in SEK and SEK 75.6 billion was in foreign currencies.

Liquidity position

SBAB's liquidity reserve primarily comprises liquid, interest-bearing securities with high ratings¹⁾. At the end of the quarter, the market value of the assets in the liquidity reserve amounted to SEK 100.1 billion (113.8). Taking the Riksbank's and the ECB's haircuts into account, the liquidity value of the assets was SEK 96.8 billion (110.7).

SBAB measures and stress-tests liquidity risk, for example, by calculating the survival horizon. The survival horizon at the end of the quarter totalled 347 days (439), which the company deems satisfactory.

According to the European Commission's Delegated Regulation with regard to liquidity coverage requirements, on 30 June 2024, the LCR was 265% (350) in all currencies combined, which exceeds the minimum requirement of 100%. Measured in SEK, the LCR was 197% (247). The net stable funding ratio (NSFR) amounted to 132.9% (136.7) according to Regulation (EU) 2019/876 of the European Parliament and the Council.

For more information on SBAB's liquidity, please refer to [Note 10](#).

1) Also encompasses non-HQLA (high quality liquid assets) classified assets included in the Riksbank's or the ECB's lists of assets eligible as collateral.

Capital position

SBAB's CET1 capital increased during the quarter to SEK 21.0 billion (20.6), primarily due to earnings for the year¹⁾. The risk exposure amount (REA) increased during the quarter to SEK 172.9 billion (169.9), due in part to rating grade migrations within the lending portfolio, primarily within the Corporate & Associations business area, and in part to increased holdings of covered bonds in the liquidity portfolio. On 30 June 2024, SBAB's CET1 capital ratio amounted to 12.1% (12.1) and the total capital ratio was 17.7% (17.9).

As per 30 June 2024, the Swedish FSA's capital requirements are estimated to correspond to a CET1 capital ratio of 10.1% and a total capital ratio of 14.4%. SBAB's capital targets are thus expected to correspond to a CET1 capital ratio of not less than 11.1% and a total capital ratio of not less than 15.0% as of the same date.

SBAB primarily recognises credit risk under the internal ratings-based approach (IRB approach) and has already received approval for new PD models for household exposures and corporate exposures from the Swedish FSA, which have been implemented in operations since 2023. In autumn 2024, SBAB in-

tends to apply for a new LGD model for household exposures. The risk weights for corporate exposures are expected to decrease in conjunction with the implementation of the new Banking Package (the Basel IV framework), which enters force on 1 January 2025, and comprises lower standardised LGD values for exposures secured by collateral in properties.

The Swedish FSA's decision on the supervisory review and evaluation process (SREP) includes Pillar 2 guidance for SBAB of 0% on the risk-weighted capital requirement and 0.5% on the leverage ratio. The total leverage ratio requirement includes this requirement and the minimum requirement of 3% of the exposure amount, which results in a total leverage ratio requirement of 3.50%. The leverage ratio amounted to SEK 4.39% (4.29) on 30 June 2024.

For more information on SBAB's capital position, please refer to [Note 11](#) and [Note 12](#).

1) In a decision by the Swedish FSA, subject to the company's auditors being able to confirm the surplus and that deductions for any dividends and foreseeable costs have been conducted pursuant to the Regulation on Prudential Requirements for Credit Institutions and Investment Firms and that these calculations have been conducted in compliance with the Commission Delegated Regulation (EU) No 241/2014, SBAB received approval for using the full-year surplus in own-funds calculations. Deloitte AB conducted the above review for 30 June 2024. This means that net profit for the year has been included in own funds and that expected dividends have reduced own funds.

Components of the capital target

SEK million	CONSOLIDATED SITUATION			
	30 Jun 2024			
	Total capital	%	CET1 capital	%
Internally assessed capital requirement from the Swedish FSA¹⁾	24,850	14.4	17,382	10.1
– of which, Pillar 1 minimum requirement	8,097	4.7	4,555	2.6
– of which, Pillar 1 risk-weight floor, Swedish mortgages (Art. 458 CRR)	5,732	3.3	3,224	1.9
– of which, Pillar 2 requirement (P2R)	3,232	1.9	1,815	1.1
– of which, Capital conservation buffer	4,322	2.5	4,322	2.5
– of which, Countercyclical buffer	3,467	2.0	3,467	2.0
– of which, Pillar 2 guidance (P2G)	0	0.0	0	0.0
SBAB's capital target²⁾	25,887	15.0	19,111	11.1
SBAB's actual capital	30,657	17.7	20,954	12.1

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

2) The CEO has decided on a supplementary capital target for CET1 capital, which entails, under normal circumstances, SBAB maintaining a buffer equivalent to 1–3 percentage points above the Swedish FSA's communicated requirements over time. The target is a complement to the lower limit of 0.6 percentage points decided by the Board. For more information, please refer to page 20.

Other information

SBAB's financial targets from the owner

- **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. The CEO has decided on a supplementary capital target for CET1 capital, which entails, under normal circumstances, SBAB maintaining a buffer equivalent to 1–3 percentage points above the Swedish FSA's communicated requirements over time. The 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.

Changes in Executive Management

There were no changes in Executive Management during the quarter. The Executive Management consisted of the following individuals: Mikael Inglander (CEO), Sara Davidgård (Head of Business Area Private), Liv Forsström (CHRO), Marko Ivanic (CTO), Peter Svensén (CFO), Malou Sjörin (Head of Sustainability, Marketing & Communication), Deniz Güler (CRO), Stefan Andersson (Head of Corporate & Associations), Robin Silfverhielm (CXO) and Carl Olsson (Head of Business Specialists).

Dividend

The AGM resolved to distribute a dividend of 40% of net profit for the year, corresponding to SEK 963 million, for 2023. Full details of the proposed appropriation of earnings is available from SBAB's 2023 Annual Report, on [page 69](#). The dividend was distributed in May 2024.

Events after the end of the period

No significant events occurred after the end of the period.

Auditors' review report

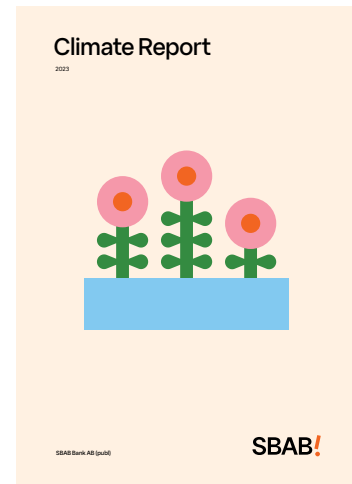
This report has been reviewed by the company's auditor in accordance with the International Standard on Review Engagements (ISRE) 2410. The review report can be found at the end of this report.

Outcomes for owner's financial targets

	2023	2022	2021	2020	2019
Dividend, %	40	40	40	0	0
Return on equity, %	11.5	10.5	11.1	10.8	11.7
CET1 capital ratio, above Swedish FSA requirement, %	2.2	2.6	4.3	5.4	2.4
Total capital ratio, above Swedish FSA requirement, %	2.6	3.0	4.2	5.4	5.2

Long-term climate goal for 2038

At the end of 2022, SBAB adopted a climate goal to reduce the company's emissions intensity (kgCO₂e per m²) for its lending portfolio 50% by 2038, including a milestone of 30% by 2030. This pertains to the direct emissions from our own operations as well as the indirect emissions related to our lending portfolio. The climate goal is a major and important step for SBAB in driving the green transition. The goal is aligned with the Paris Agreement's goal of limiting the global temperature increase to 1.5 °C and is reported each year in a climate report (available here for [2023](#)). The goal is science-based and the plan is for it to be validated with the help of the Science Based Targets initiative.



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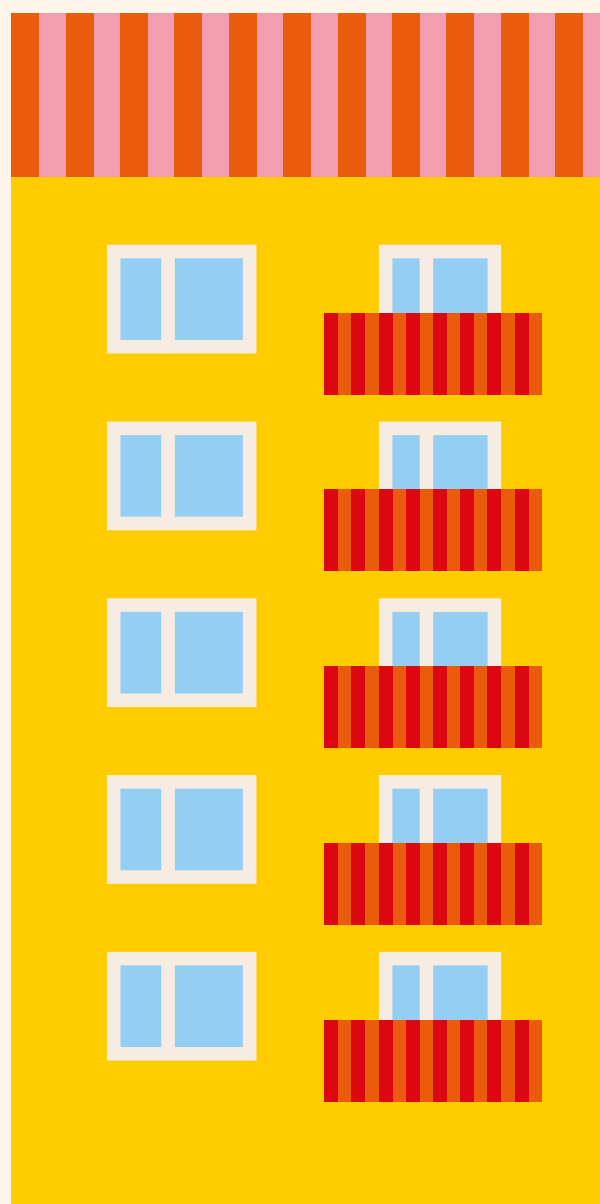
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Condensed income statement

SEK million	GROUP					
	2024 Q2	2024 Q1	2023 Q2	2024 Jan-Jun	2023 Jan-Jun	2023 Jan-Dec
Interest income ¹⁾	7,422	7,462	6,163	14,884	11,341	25,421
Interest expense	-6,068	-6,090	-4,777	-12,158	-8,542	-19,975
Net interest income	1,354	1,372	1,386	2,726	2,799	5,446
Commission income	8	9	14	17	29	48
Commission expense	-22	-26	-22	-48	-44	-82
Net result of financial transactions (Note 3)	16	40	45	56	47	-95
Other operating income	13	14	12	27	25	50
Total operating income	1,369	1,409	1,435	2,778	2,856	5,367
Personnel costs	-252	-240	-218	-492	-429	-890
Other expenses	-179	-160	-153	-339	-301	-608
Depreciation, amortisation and impairment of PPE and intangible assets	-39	-39	-52	-78	-87	-165
Total expenses before credit losses and imposed fees	-470	-439	-423	-909	-817	-1,663
Profit before credit losses and imposed fees	899	970	1,012	1,869	2,039	3,704
Net credit losses (Note 4) ²⁾	-21	-23	-23	-44	-56	-93
Imposed fees: Risk tax and resolution fee	-142	-142	-127	-284	-268	-541
Operating profit	736	805	862	1,541	1,715	3,070
Tax	-155	-173	-182	-328	-361	-662
Net profit for the year/period	581	632	680	1,213	1,354	2,408

¹⁾In Q2 2024 interest income on financial assets measured at amortised cost, calculated using the effective-interest method, amounted to SEK 5,743 million and for the corresponding period the previous year to SEK 4,633 million for the Group.

²⁾Including impairment and reversals of impairment of financial assets.

Condensed statement of comprehensive income

SEK million	GROUP					
	2024 Q2	2024 Q1	2023 Q2	2024 Jan-Jun	2023 Jan-Jun	2023 Jan-Dec
Net profit for the period	581	632	680	1,213	1,354	2,408
Other comprehensive income						
<i>Components that will be reclassified to profit or loss</i>						
Financial assets measured at FVTOCI	145	117	-3	262	-76	-7
Changes related to cash-flow hedges, before tax	-349	-738	-403	-1,087	241	3,680
Tax attributable to components that will be reclassified to profit or loss	42	128	84	170	-34	-756
<i>Components that will not be reclassified to profit or loss</i>						
Revaluation effects of defined-benefit pension plans, before tax	-8	-4	-7	-12	-10	-19
Tax attributable to components that will not be reclassified to profit or loss	1	1	1	2	2	4
Other comprehensive income/loss, net of tax	-169	-496	-328	-665	123	2,902
Total comprehensive income/loss for the period	412	136	352	548	1,477	5,310

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

Other comprehensive income includes changes in cash-flow hedges that consist of unrealised value changes from derivatives used for hedging cash flows in the 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 and inflation are the assumptions that have the strongest impact on the item.

For further information, refer to SBAB's 2023 Annual Report, [Note G 1](#). See also the Financial development section for comments on the outcome of the period.

Condensed balance sheet

SEK million	GROUP		
	30 Jun 2024	31 Dec 2023	30 Jun 2023
ASSETS			
Cash and balances at central banks	2,300	6,350	2,080
Chargeable treasury bills, etc.	6,998	36,650	34,657
Lending to credit institutions	14,573	11,807	21,320
Lending to the public (Note 5)	527,971	517,400	514,057
Value changes of interest-rate-risk hedged items in macro hedges	-1,036	-1,565	-3,920
Bonds and other interest-bearing securities	94,734	64,945	58,111
Derivatives (Note 6)	9,874	12,241	19,304
Shares and participation in associated companies and joint ventures	5	5	5
Deferred tax assets	1,071	911	1,627
Intangible assets	490	468	445
Property, plant and equipment	244	249	258
Other assets	1,469	258	619
Prepaid expenses and accrued income	1,322	834	842
TOTAL ASSETS	660,015	650,553	649,405
LIABILITIES AND EQUITY			
Liabilities			
Liabilities to credit institutions	7,325	5,606	12,603
Deposits from the public	241,340	215,211	192,978
Issued debt securities, etc.	362,122	382,770	391,376
Derivatives (Note 6)	16,014	15,695	25,519
Other liabilities	877	2,021	980
Accrued expenses and deferred income	5,000	3,153	3,476
Provisions	5	9	52
Subordinated debt	1,999	1,998	1,998
Total liabilities	634,682	626,463	628,982
Equity			
Share capital	1,958	1,958	1,958
Reserves/Fair value reserve	-4,402	-3,737	-6,516
Additional Tier 1 instruments	7,700	5,800	5,800
Retained earnings	18,864	17,661	17,827
Net profit for the period	1,213	2,408	1,354
Total equity	25,333	24,090	20,423
TOTAL LIABILITIES AND EQUITY	660,015	650,553	649,405

Condensed statement of changes in equity

SEK million	GROUP				Total equity
	Share capital	Reserves	Additional Tier 1 instruments	Retained earnings and net profit for the year ¹⁾	
Opening balance, 1 January 2024	1,958	-3,737	5,800	20,069	24,090
Additional Tier 1 instruments	-	-	1,900	-	1,900
Additional Tier 1 instruments, dividend	-	-	-	-242	-242
Dividend paid	-	-	-	-963	-963
Other	-	-	-	-	-
Other comprehensive income, net of tax	-	-665	-	-	-665
Net profit for the period	-	-	-	1,213	1,213
Comprehensive income for the period	-	-665	-	1,213	548
Closing balance, 30 June 2024	1,958	-4,402	7,700	20,077	25,333
Opening balance, 1 January 2023	1,958	-6,639	5,800	18,830	19,949
Additional Tier 1 instruments	-	-	-	-	-
Additional Tier 1 instruments, dividend	-	-	-	-175	-175
Dividend paid	-	-	-	-832	-832
Other	-	-	-	4	4
Other comprehensive income, net of tax	-	123	-	-	123
Net profit for the period	-	-	-	1,354	1,354
Comprehensive income for the period	-	123	-	1,354	1,477
Closing balance, 30 June 2023	1,958	-6,516	5,800	19,181	20,423
Opening balance, 1 January 2023	1,958	-6,639	5,800	18,830	19,949
Additional Tier 1 instruments	-	-	-	-	-
Additional Tier 1 instruments, dividend	-	-	-	-340	-340
Dividend paid	-	-	-	-832	-832
Other	-	-	-	3	3
Other comprehensive income, net of tax	-	2,902	-	-	2,902
Net profit for the period	-	-	-	2,408	2,408
Comprehensive income for the period	-	2,902	-	2,408	5,310
Closing balance, 31 December 2023	1,958	-3,737	5,800	20,069	24,090

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

Condensed cash-flow statement

SEK million	GROUP		
	2024	2023	2023
	Jan-Jun	Jan-Jun	Jan-Dec
Opening cash and cash equivalents	18,157	23,625	23,625
OPERATING ACTIVITIES			
Interest and commissions paid/received	4,091	3,815	6,092
Outflows to suppliers and employees	-1,115	-729	-2,039
Taxes paid/refunded	-471	-421	840
Change in assets and liabilities of operating activities	-4,625	-1,959	-9,324
Cash flow from operating activities	-2,120	706	-4,431
INVESTING ACTIVITIES			
Change in property, plant and equipment	-12	-16	-32
Change in intangible assets	-66	-64	-131
Acquisition of subsidiaries, participation in associated companies and joint ventures	-	2	1
Cash flow from investing activities	-78	-78	-162
FINANCING ACTIVITIES			
Dividend paid	-963	-832	-832
Change in Tier 1 capital instrument	1,900	-	-
Repayment of lease liabilities	-23	-21	-43
Cash flow from financing activities	914	-853	-875
Increase/decrease in cash and cash equivalents	-1,284	-225	-5,468
Closing cash and cash equivalents	16,873	23,400	18,157

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

Change in liabilities attributable to financing activities

SEK million	GROUP									
	Opening balance 1 Jan 2024	Cash flow	Non-cash items		Closing balance 30 Jun 2024	Opening balance 1 Jan 2023	Cash flow	Non-cash items		Closing balance 30 Jun 2023
			Fair value	Other				Fair value	Other	
Subordinated debt	1,998	-	-	1	1,999	1,997	-	-	1	1,998
Lease liabilities	183	-23	-	15	175	192	-21	-	24	195
Additional Tier 1 instruments	5,800	1,900	-	-	7,700	5,800	-	-	-	5,800
Total	7,981	1,877	16	16	9,874	7,989	-21	-	25	7,993

Note 1 Accounting policies

The SBAB Group applies 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 Group's interim report fulfils the requirements stipulated under IAS 34, Interim Financial Reporting.

Statutory IFRS is applied for the Parent Company, which means that this interim 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 Swedish FSA's regulations and general guidelines on annual accounts for credit institutions and securities companies (FFFS 2008:25) and the Swedish Annual Accounts Act for Credit Institutions and Securities Companies.

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

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

The financial reports in summary are prepared based on an assumption about the company's survival. The summary financial statements were approved by the board for publication on July 16, 2024.

Note 2 Changes in risks

Credit risk in lending operations

During the second quarter of 2024, no significant increase in credit risk was identified in SBAB's lending. The proportion of customers experiencing payment difficulties remains low and the higher interest rates have thus far only contributed to a minor increase in credit risk among customers in both business areas. Within the Private business area, customers with payment difficulties have however continued to increase, which has led to an inflow to credit stage 3 and increased loss provisions. Within the Corporate & Associations business area, some customer groups have migrated to worse rating grades, which also contributed to increased loss provisions.

The forward-looking information was revised in June 2024 as a result of continuous monitoring of the global economic development. The forward-looking information indicates a stabilisation of the interest rate environment in the near term with declining interest rates over the long term and less severe price drops for houses and properties. The updated forward-looking information leads to lower effects in PD and LGD estimates and has decreased loss provisions in all credit stages. The PD estimates applied in the impairment model for calculating expected credit losses (ECL model) have been recalibrated during the quarter to account for higher observed default rates in recent years. This has resulted in increased loss provisions. Overall, an increased proportion of exposures in credit stage 3 within the Private business area, negative rating grade migrations within the Corporate & Associations business area as well as recalibrated PD estimates have compensated for the improved macroeconomic forecasts and resulted in an increase in total loss provisions.

Total loss provisions amounted to SEK 344 million per June 30, 2024, compared to SEK 324 million per March 31, 2024. SBAB does not rule out the possibility that increased interest costs, slowing housing construction, and potentially declining house and condominium prices may further increase loss provisions during 2024.

The Loan-to-Value (LTV) ratio for private individuals, real estate companies, and tenant-owners' associations amounted to 59%, 60%, and 32% respectively per 30 June 2024, compared to 60%, 61%, and 32% respectively per 31 March 2024. For more information on credit losses, loss allowances, and credit quality, see Note 4.

Since SBAB's business model is exclusively based on financing housing, flood risk within sustainability is identified as one of the primary climate risks in the lending operations. Climate risk within the lending portfolio is measured by a key risk indicator (KRI) that is defined as a value that indicate a change in climate risk profile. The KRI covers the acute physical risks regarding floods and monitors the share of capital linked to houses in zones with an elevated risk of flooding. During the second quarter of 2024 the results from the KRI does not indicate any changes in risk.

Counterparty credit risk in treasury operations

SBAB models counterparty credit risk according to CRR II Standardised Approach (SA-CCR). Total usage of SBAB's limits to transactional counterparties decreased to SEK 5,378 million as of June 30, 2024 compared to SEK 5,567 million as of March 31, 2024.

Liquidity risk

SBAB's liquidity positions remained strong during the second quarter of 2024. LCR by end of the second quarter of 2024 decreased in comparison with LCR level for the first quarter of 2024. The survival horizon decreased in comparison with the first quarter of 2024. The over collateralization level (OC-level) increased in comparison with the first quarter of 2024. The deposit-to-loan ratio increased during the second quarter of 2024 as the deposit growth rate was good. NSFR has decreased in comparison with the first quarter of 2024. See Note 10 and Balance sheet for more information.

Market risk

SBAB uses Value at Risk (VaR) to quantify market 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. At 30 June 2024, SBAB's VaR amounted to SEK 1,631 million, compared to SEK 2,188 million at 31 March, 2024.

Operational risk

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

Business risk

Financial markets and the real economy continue to be impacted by the current geopolitical situation, as well as by the elevated interest rates. The impact on SBAB's financial position is however moderate. Business risk is estimated to be at a low level. No material changes in the competitive landscape were observed during the last quarter and SBAB has not entered any new, or exited any existing, markets or segments.

Concentration risk

The lending to the ten largest customer groups accounted for 7 percent of total lending volume which is unchanged compared to 31 March 2024. SBAB has a limited lending on commercial property which amounted to 2 percent of lending to the public as of 30 June 2024, which is unchanged compared to 31 March 2024. For more information on the geographical distribution of the lending portfolio, please refer to Note 5. SBAB also evaluates the capital requirement for concentration risk on a regular basis and quantifies the risk with economic capital risk for credit risk exposures. For more information, please see Note 12.

Note 3 Net result of financial transactions

SEK million	GROUP					
	2024	2024	2023	2024	2023	2023
	Q2	Q1	Q2	Jan-Jun	Jan-Jun	Jan-Dec
Gains/losses on interest-bearing financial instruments						
- Change in value of hedged items in hedge accounting	-849	833	1,616	-16	876	-3,190
- Derivatives in hedge accounting	865	-838	-1,594	27	-873	3,138
- Other derivatives	31	96	212	127	204	-47
- Interest-bearing securities, Fair Value Option	0	2	0	2	-1	2
- Interest-bearing securities at fair value through other comprehensive income	-29	-59	-196	-88	-196	-213
- Interest-bearing securities at amortised cost	-30	-22	-	-52	-	-43
- Realised gain/loss from financial liabilities at amortised cost	19	22	53	41	82	301
- Loan receivables at amortised cost	7	4	-47	11	-47	-45
Currency translation effects	2	2	1	4	2	2
Total	16	40	45	56	47	-95

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 risk management and hedge accounting strategies entail that profit variations between periods may arise for individual items in the table above, as

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

Note 4 Net credit losses

SEK million	GROUP					
	2024	2024	2023	2024	2023	2023
	Q2	Q1	Q2	Jan-Jun	Jan-Jun	Jan-Dec
Lending to the public						
Confirmed credit losses	-4	-2	-3	-6	-5	-9
Recoveries of previously confirmed credit losses	1	1	1	2	2	4
Adjustment of interest, written down loans	1	0	-	1	-	2
Change in provision for the period – credit stage 1	5	19	3	24	-9	-5
Change in provision for the period – credit stage 2	-18	-5	-4	-23	-20	9
Change in provision for the period – credit stage 3	-7	-40	-1	-47	-2	-113
Guarantees ¹⁾	0	0	-1	0	-1	-3
Net credit losses for the period – lending to the public	-22	-27	-5	-49	-35	-115
Loan commitments and building credits²⁾						
Change in provision for the period – credit stage 1	0	2	8	2	4	18
Change in provision for the period – credit stage 2	1	1	-26	2	-25	5
Change in provision for the period – credit stage 3	0	1	-	1	-	-1
Net credit losses for the period – loan commitments and building credits	1	4	-18	5	-21	22
Other financial instruments						
Change in provision for the period – credit stage 1	0	0	0	0	0	0
Net credit losses for the period – other financial instruments	0	0	0	0	0	0
Total	-21	-23	-23	-44	-56	-93

1) The item includes guarantees for loan commitments.

2) Credit provisions for loan commitments and building credits are included in the "Provisions" item in the balance sheet

Note 4 Net credit losses, Cont.

During the quarter, the total credit loss provisions increased by SEK 19 million (increase by 22). Loss provisions for loans in credit stage 1 decreased by SEK 5 million (decreased by 19) but increased for loans in credit stage 2 by SEK 18 million (increase by 5) and credit stage 3 by SEK 7 million (increased by 40).

The change in loss provisions for loans in all credit stages is affected by an update in the forward-looking information with new macroeconomic scenarios that indicate milder price drops for houses and properties as well as a stabilisation of the interest rate environment. The updated forward-looking information led to decreased loss provisions. The PD estimates in the impairment model for calculating expected credit losses (ECL model) have been recalibrated during the quarter, which in combination with negative rating grade migrations mainly within the Corporates & Associations business area resulted in increased loss

provisions. Within the Private business area, an increased number of customers with payment difficulties has contributed to an inflow to credit stage 3, which has resulted in increased loss provisions. Overall, the calibration of PD estimates, negative rating grade migrations within the Corporates & Associations business area, and an increased proportion of exposures in credit stage 3 within the Private business area have compensated for the improved macroeconomic forecasts and resulted in an increase in total loss provisions.

Loss provisions for loan commitments and building credits decreased by SEK 1 million (decreased by 4) for the second quarter of 2024. Guarantee amounts that can be utilised to cover credit losses remained unchanged (unchanged) during the quarter.

Sensitivity analysis of forward-looking information

Lending to the public and loan commitments

Factors	Scenario 1 (40%)			Scenario 2 (10%)			Scenario 3 (25%)			Scenario 4 (25%)		
	2024	2025	2026	2024	2025	2026	2024	2025	2026	2024	2025	2026
GDP ¹⁾ , Δ	+0.5%	+2.9%	+2.7%	+1.1%	+4.8%	+3.6%	-5.9%	+2.9%	+4.5%	-3.5%	-1.3%	+1.6%
Repo rate	3.2%	2.2%	2.2%	3.0%	2.2%	2.4%	3.4%	2.6%	2.6%	3.8%	3.3%	3.2%
Unemployment	8.3%	8.1%	7.7%	8.1%	7.2%	6.5%	8.6%	11.5%	10.1%	8.5%	9.9%	10.4%
House prices, Δ	+5.9%	+3.0%	+3.5%	+7.8%	+3.5%	+1.9%	+2.2%	-6.1%	-1.2%	+0.6%	-14.8%	-11.1%
Prices of tenant-owners' rights, Δ	+6.6%	+8.2%	+6.8%	+8.7%	+8.5%	+4.8%	+0.4%	-7.1%	-2.1%	+0.2%	-11.4%	-7.7%
Property prices, Δ	+0.7%	+0.1%	+2.2%	+1.8%	+1.8%	+1.4%	-3.7%	-7.2%	-7.4%	-4.1%	-8.7%	-10.6%
ECL	SEK 175 million			SEK 160 million			SEK 383 million			SEK 618 million		
Weighted ECL²⁾	SEK 344 million											

1) Not included in the ECL calculation

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

Impairment model and credit loss provisions

SBAB has evaluated the macroeconomic development during the second quarter of 2024 and received updated macroeconomic forecasts from SBAB's Chief Economist to revise the forward-looking information applied in the impairment model for calculating expected credit losses (ECL model) and thereby credit loss allowances. The updates in the macroeconomic forecasts reflect milder price drops for houses and properties than previously expected as well as a stabilisation of the interest rate environment. The Swedish economy is still expected to be affected by the high interest rate level due to the inflation of recent years and the increased economic uncertainty in the global environment.

In light of the slowdown in the rate of inflation and stabilisation of the interest rate environment, all scenarios in the forward-looking information account for slightly lower interest rates in the coming years, with a peak interest rate already reached in the positive scenarios. As the interest rate situation evolves, the unemployment rate is expected to decrease in the coming years, except for the negative scenarios where further interest rate increases during 2024 affect the Swedish economy and unemployment rates. Swedish property, house and condominium prices are expected to rise with decreasing interest rates in the positive scenarios but remain negative in the two adverse scenarios.

The revised forward-looking information contributed to a reduction in loss provisions of SEK 23 million during the quarter.

As of June 30, 2024, the total loss provisions amount to SEK 344 million, compared to SEK 324 million as of March 31, 2024. In both business areas, Private and Corporates & Associations, ECL and thus loss provisions increased during the quarter, despite the updated macroeconomic forecasts reflecting milder effects in both PD and LGD. Negative rating grade migrations, primarily within the Corporates & Associations business area due to new rating grade decisions, contributed to an increase in loss provisions of SEK 13 million. An increased proportion of exposures in credit stage 3 within the Private business area resulted in an increase in loss provisions of SEK 12 million, and recalibrated

PD estimates in the ECL model for both business areas resulted in an increase in loss provisions of SEK 18 million.

The table above depicts the forward-looking information, consisting of a weighting of the four scenarios with forecasts of the macroeconomic factors applied in the ECL model. The underlying credit risk models for calculating ECL, which largely depend on customers' payment behaviour and the market values of collateral, have only shown a limited increase in credit risk. It cannot be ruled out that persisting and high interest costs, slowing housing construction, and falling house and condominium prices may further increase credit loss allowances in 2024.

SBAB is currently comfortable with the size of the credit loss provisions totalling SEK 344 million as of June 30, 2024.

Overall credit quality

The credit quality in SBAB's lending remains strong despite the prevailing economic circumstances, and the credit risk in lending to private individuals is low. The lending within the Private business area is based on a sound credit approval process that determines whether customers have the financial capacity required to meet their obligations. The Swedish Financial Supervisory Authority's (FSA) annual mortgage survey, with data from 2023, shows that new customers still have good margins to meet their payments obligations despite the prevailing economic situation. The average Loan-to-Value ratio³⁾ (LTV) in the mortgage portfolio at the end of the quarter was 59% (60), and the average mortgage at the same time was SEK 1.9 million (1.9). The LTV in new lending during the quarter was 66% (67), and the Debt-to-Income ratio was 3.4 (3.3). During the second quarter of 2024, more individually assessed loss provisions within the Private business area contributed to an increase of SEK 3 million.

The credit quality in SBAB's lending to real estate companies, property developers, and tenant-owners' associations also remains strong. For real estate companies and tenant-owners' associations, the average LTV at the end

Note 4 Net credit losses, Cont.

of the quarter was 60% (61) and 32% (32), respectively. In the business area Corporates & Associations, the granting of loans is based on an assessment of the customers' ability to generate stable cash flows over time and whether adequate collateral can be provided. With the economic development of high inflation followed by rising interest rates, proactive efforts have been made to identify customers who are or may become particularly financially vulnerable.

SBAB has increased the frequency of monitoring customers with market financing to be refinanced in both the short and long term, as well as those with building credits related to housing production, which are particularly affected by rising interest rates and increasing prices of inputs and building materials.

Furthermore, there is a more frequent evaluation of customers' rating grades using expert assessment. No individually assessed loss provisions within the business area have been deemed necessary during the second quarter of 2024.

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

Note 5 Lending to the public

SEK million	GROUP		
	30 Jun 2024	31 Dec 2023	30 Jun 2023
Opening balance, per year	517,400	509,492	509,492
New lending for the period	39,436	71,068	37,040
Amortisation, repayments	-28,813	-63,042	-32,439
Confirmed credit losses	-6	-9	-5
Change in provision for expected credit losses ¹⁾	-46	-109	-31
Closing balance, per year/period	527,971	517,400	514,057

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

Distribution of lending, including provisions

SEK million	GROUP		
	30 Jun 2024	31 Dec 2023	30 Jun 2023
Lending, Residential mortgages	353,455	346,314	349,463
Lending, Corporate Clients & Tenant-Owners' Associations	172,811	169,321	162,644
Lending, Consumer loans	1,705	1,765	1,950
Total	527,971	517,400	514,057

Geographical composition

	GROUP			
	Lending, Residential mortgages %		Lending, Corporate Clients & Tenant-Owners' Associations %	
	2024	2023	2024	2023
	Q2	Q2	Q2	Q2
Stockholm area	62.9	63.4	49.5	49.2
Öresund region	9.2	9.2	18.9	18.2
University cities and growth regions	10.8	10.7	16.3	16.9
Gothenburg area	10.9	10.9	8.3	8.9
Other regions	6.2	5.8	6.9	6.8

Note 5 Lending to the public, Cont.

Lending to the public by credit stage

SEK million	GROUP		
	30 Jun 2024	31 Dec 2023	30 Jun 2023
Credit stage 1			
Gross lending	476,611	466,456	471,737
Provision	-42	-66	-71
Total	476,569	466,390	471,666
Credit stage 2			
Gross lending	50,867	50,501	42,043
Provision	-105	-81	-109
Total	50,762	50,420	41,934
Credit stage 3			
Gross lending	832	735	491
Provision	-192	-145	-34
Total	640	590	457
Total gross lending	528,310	517,692	517,271
Total provisions	-339	-292	-214
Total	527,971	517,400	514,057

Lending to the public and provisions

SEK million	GROUP							
	Credit stage 1		Credit stage 2		Credit stage 3		Capital	
Capital	Capital	Provision	Capital	Provision	Capital	Provision	Capital	Provision
Opening balance, 1 January 2024	466,456	-66	50,501	-81	735	-145	517,692	-292
Moved to credit stage 1	10,804	-13	-10,787	10	-16	2	0	0
Moved to credit stage 2	-16,215	7	16,332	-18	-117	11	0	0
Moved to credit stage 3	-114	0	-243	2	357	-2	0	0
Volume change*	15,912	0	-4,102	2	-110	11	11,700	12
Revaluation**	-232	30	-834	-20	-11	-74	-1,076	-64
Confirmed credit losses	-	-	-	-	-6	5	-6	5
Closing balance, 30 Jun 2024	476,611	-42	50,867	-105	832	-192	528,310	-339

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

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

For further information on changes in provision for the period – credit stages 1, 2 and 3, please refer to [Note 4](#).

SEK million	GROUP							
	Credit stage 1		Credit stage 2		Credit stage 3		Capital	
Capital	Capital	Provision	Capital	Provision	Capital	Provision	Capital	Provision
Opening balance, 1 January 2023	478,737	-62	30,567	-90	371	-31	509,675	-183
Moved to credit stage 1	17,860	-45	-17,830	43	-30	2	0	0
Moved to credit stage 2	-43,899	9	43,966	-11	-67	2	0	0
Moved to credit stage 3	-218	0	-374	5	592	-5	0	0
Volume change*	12,787	-10	-5,749	3	-115	-9	6,923	-16
Revaluation**	1,189	42	-78	-31	-8	-110	1,103	-99
Confirmed credit losses	-	-	-1	-	-8	6	-9	6
Closing balance, 31 December 2023	466,456	-66	50,501	-81	735	-145	517,692	-292

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

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

For further information on changes in provision for the period – credit stages 1, 2 and 3, please refer to [Note 4](#).

Note 6 Derivatives

SEK million	GROUP					
	30 Jun 2024			31 Dec 2023		
	Assets measured at fair value	Liabilities measured at fair value	Total nominal value	Assets measured at fair value	Liabilities measured at fair value	Total nominal value
Interest-rate-related	3,417	15,897	482,985	5,390	14,946	497,610
Currency-related	6,457	117	87,123	6,851	749	95,549
Total	9,874	16,014	570,108	12,241	15,695	593,159

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

Note 7 Operating segments

SEK million	GROUP					
	Jan–Jun 2024					
	Follow-up of operations			Reconciliation against the statutory income statement		
	Retail	Corporate Clients & Tenant-Owners' Associations	Total	Administrative consultants	IFRS 16 Leasing ¹⁾	Statutory profit
Net interest income	1,615	1,111	2,726	–	–	2,726
Commission income	17	0	17	–	–	17
Commission expense	–34	–14	–48	–	–	–48
Net result of financial transactions	34	22	56	–	–	56
Other operating income	27	0	27	–	–	27
Total operating income	1,659	1,119	2,778	–	–	2,778
Salaries and remuneration	–224	–84	–308	–	–	–308
Other personnel costs	–145	–57	–202	18	–	–184
Other expenses	–264	–79	–343	–18	22	–339
Depreciation, amortisation and impairment of PPE and intangible assets	–37	–19	–56	–	–22	–78
Net credit losses	–36	–8	–44	–	–	–44
Imposed fees: Risk tax and resolution fee	–188	–96	–284	–	–	–284
Operating profit	765	776	1,541	0	0	1,541
Tax	–163	–165	–328	–	–	–328
Profit after standardised tax	602	611	1,213	0	0	1,213
Return on equity, %	9.1	14.3	11.2	–	–	11.2

1) Depreciation charge for right-of-use assets of office premises.

Note 7 Operating segments, Cont.

SEK million	GROUP					
	Jan–Jun 2023					
	Follow-up of operations			Reconciliation against the statutory income statement		
	Retail	Corporate Clients & Tenant-Owners' Associations	Total	Administrative consultants	IFRS 16 Leasing	Statutory profit
Net interest income	1,728	1,071	2,799	–	–	2,799
Commission income	29	0	29	–	–	29
Commission expense	–32	–12	–44	–	–	–44
Net result of financial transactions	31	16	47	–	–	47
Other operating income	24	1	25	–	–	25
Total operating income	1,780	1,076	2,856	–	–	2,856
Salaries and remuneration	–193	–75	–268	–	–	–268
Other personnel costs	–128	–56	–184	23	–	–161
Other expenses	–227	–71	–298	–23	20	–301
Depreciation, amortisation and impairment of PPE and intangible assets	–36	–31	–67	–	–20	–87
Net credit loss	–21	–35	–56	–	–	–56
Imposed fees: Risk tax and resolution fee	–175	–93	–268	–	–	–268
Operating profit	1,000	715	1,715	0	0	1,715
Tax	–210	–151	–361	–	–	–361
Profit after standardised tax	790	564	1,354	0	0	1,354
Return on equity, %	11.4	16.8	13.2	–	–	13.2

All expenses and revenues are fully allocated to the segments Retail and Corporate Clients & Tenant-Owners' Associations. In relation to the statutory income statement, an expense of SEK –18 million (–23) was transferred between the rows "Other expenses" and "Other personnel costs." The cost refers to administrative consultants, which pertain to "Other personnel costs" in the internal monitoring. IFRS 16 is not taken into account in the follow-up of

operations. All expenses identified in IFRS 16, with the exception of the interest component, are to be considered as costs for premises. The effect of IFRS 16 on the Group is recognised in the reconciliation against the statutory income statement. For more information on IFRS 16, please refer to [Note G 1](#) in SBAB's 2023 Annual Report.

Note 8 Classification of financial instruments

Financial assets

SEK million	GROUP						
	30 Jun 2024						
	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	-	-	-	-	2,300	2,300	2,300
Chargeable treasury bills, etc.	-	-	-	6,998	-	6,998	6,998
Lending to credit institutions	-	-	-	-	14,573	14,573	14,573
Lending to the public	-	-	-	-	527,971	527,971	526,351
Value changes of interest-rate-risk hedged items in macro hedges	-	-	-	-	-1,036	-1,036	-
Bonds and other interest-bearing securities	-	-	-	87,136	7,598	94,734	94,734
Derivatives	-	9,484	390	-	-	9,874	9,874
Other assets	-	-	-	-	1,450	1,450	1,450
Prepaid expenses and accrued income	-	-	-	713	410	1,123	1,123
Total financial assets	-	9,484	390	94,847	553,266	657,987	657,403

Financial liabilities

SEK million	GROUP				
	30 Jun 2024				
	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	-	-	7,325	7,325	7,325
Deposits from the public	-	-	241,340	241,340	241,340
Issued debt securities, etc.	-	-	362,122	362,122	354,104
Derivatives	15,408	606	-	16,014	16,014
Other liabilities	-	-	708	708	708
Accrued expenses and deferred income	-	-	4,895	4,895	4,895
Subordinated debt	-	-	1,999	1,999	1,982
Total financial liabilities	15,408	606	618,389	634,403	626,368

Note 8 Classification of financial instruments, Cont.

Financial assets

SEK million	GROUP						
	31 Dec 2023						
	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	-	-	-	-	6,350	6,350	6,350
Chargeable treasury bills, etc.	442	-	-	36,208	0	36,650	36,650
Lending to credit institutions	-	-	-	-	11,807	11,807	11,807
Lending to the public	-	-	-	-	517,400	517,400	515,257
Value changes of interest-rate-risk hedged items in macro hedges	-	-	-	-	-1,565	-1,565	-
Bonds and other interest-bearing securities	0	-	-	54,671	10,274	64,945	64,933
Derivatives	-	11,794	447	-	-	12,241	12,241
Other assets	-	-	-	-	262	262	262
Prepaid expenses and accrued income	6	-	-	351	390	747	747
Total financial assets	448	11,794	447	91,230	544,918	648,837	648,247

Financial liabilities

SEK million	GROUP					
	31 Dec 2023					
	Financial liabilities measured at FVTPL		Held for trading	Financial liabilities measured at amortised cost	Total	Total fair value
Derivatives in hedge accounting						
Liabilities to credit institutions	-	-	-	5,606	5,606	5,606
Deposits from the public	-	-	-	215,211	215,211	215,211
Issued debt securities, etc.	-	-	-	382,770	382,770	374,741
Derivatives	14,815	880	-	-	15,695	15,695
Other liabilities	-	-	-	382	382	382
Accrued expenses and deferred income	-	-	-	3,097	3,097	3,097
Subordinated debt	-	-	-	1,998	1,998	1,973
Total financial liabilities	14,815	880	609,064	624,759	616,705	

Fair value measurement of financial instruments

The measurement policies for financial instruments recognised at fair value in the balance sheet are provided in [Note G 1](#) (Accounting Policies) in SBAB's 2023 Annual Report. 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. Investments 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. As far as possible, calculations made in conjunction with measurement are based on observable market data. Mainly, the models used 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.

Note 9 Fair value disclosures

SEK million	GROUP							
	30 Jun 2024				31 Dec 2023			
	Quoted market prices (Level 1)	Other observable market data (Level 2)	Unobservable market data (Level 3)	Total	Quoted market prices (Level 1)	Other observable market data (Level 2)	Unobservable market data (Level 3)	Total
Assets								
Chargeable treasury bills, etc.	-	6,998	-	6,998	662	35,988	-	36,650
Bonds and other interest-bearing securities	87,136	-	-	87,136	54,670	-	-	54,670
Derivatives	-	9,874	-	9,874	-	12,241	-	12,241
Prepaid expenses and accrued income	713	-	-	713	357	-	-	357
Total	87,849	16,872	-	104,721	55,689	48,229	-	103,918
Liabilities								
Derivatives	-	16,014	-	16,014	-	15,695	-	15,695
Total	-	16,014	-	16,014	-	15,695	-	15,695

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

Quoted market prices (Level 1)

Measurement at quoted prices in an active market for identical assets and liabilities. A market is deemed to be active if the price data is easily accessible and corresponds to actual regularly occurring transactions. 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 and certificates.

Measurement based in part on unobservable data (Level 3)

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

Note 10 Liquidity reserve and liquidity risk

The assets in SBAB's liquidity reserve comprises liquid, interest-bearing securities with high ratings and form an integrated part of the Group's liquidity risk management. Securities holdings are limited by asset class and by country, respectively, and must have at least an AA-rating (as stated by Moody's Investors Service's ratings system) on acquisition. In addition to these collective limits, limits for individual issuers may also be set. The following table is reported according to the Swedish Bankers' Association's template for liquidity reserve disclosures and is based on the European Commission's Delegated Regulation EU (2015/61) with regard to liquidity coverage requirements.

Calculation of survival horizon

SBAB measures and stress tests liquidity risk by calculating the survival horizon, which is an internal metric used to identify how long SBAB will be able to meet its payment obligations without access to capital market funding, and includes outflows from deposits under a stressed scenario. The survival horizon has been limited to a minimum of 180 days at the consolidated level at any given time.

The survival horizon is calculated by totalling the maximum need of liquidity for each coming day and comparing this to the size of the liquidity portfolio after applicable haircuts. 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 and deposits decline. Accordingly, the maximum need for liquidity can be identified for every given future period, and the necessary liquidity reserve can be established. SBAB's survival horizon amounted to 347 days at 30 June 2024 (439 days at 31 March 2024).

Regulatory measures

The liquidity coverage ratio (LCR) is defined in accordance with the European Commission Delegated Regulation with regard to liquidity coverage requirements and calculates the degree to which a bank's liquid assets cover its net cash flows for the coming 30 days in a stressed scenario. Net cash flows comprise contractual inflows and outflows, and theoretical flows based on historical data, for example, withdrawals of the bank's deposits. At 30 June 2024, the LCR was 265% (350% as of 31 March 2024) in all currencies at the consolidated level. The significant currencies for the bank are SEK and EUR, where LCR was 197% (247%) in SEK and 9,885% (6,693%) in EUR.

The net stable funding ratio (NSFR), amounted to 132,9% (136.7%) according to of Regulation (EU)2019/876 of the European Parliament and the Council.

SEK billion		CONSOLIDATED SITUATION									
		30 Jun 2024					31 Dec 2023				
		Total	Distribution by currency				Total	Distribution by currency			
	SEK	EUR	USD	Other		SEK	EUR	USD	Other		
Level 1 assets	91.4	74.9	15.4	1.1	-	100.8	84.1	15.7	1.0	-	
Cash and balances with central banks ¹⁾	9.5	9.5	-	-	-	9.9	9.9	-	-	-	
Securities issued or guaranteed by sovereigns, central banks, MDBs and international organisations	17.8	15.4	2.4	-	-	42.4	40.0	2.4	-	-	
Securities issued by municipalities and public sector entities	16.4	11.8	3.5	1.1	-	12.0	6.9	4.1	1.0	-	
Extremely high quality covered bonds	47.7	38.2	9.5	-	-	36.5	27.3	9.2	-	-	
Other assets	-	-	-	-	-	-	-	-	-	-	
Level 2 assets	8.8	8.8	-	-	-	2.5	2.5	-	-	-	
Level 2A assets	8.8	8.8	-	-	-	2.5	2.5	-	-	-	
Securities issued or guaranteed by sovereigns, central banks, municipalities and public sector entities	-	-	-	-	-	-	-	-	-	-	
High quality covered bonds	8.8	8.8	-	-	-	2.5	2.5	-	-	-	
Corporate debt securities (lowest rating AA-)	-	-	-	-	-	-	-	-	-	-	
Other assets	-	-	-	-	-	-	-	-	-	-	
Level 2B assets	-	-	-	-	-	-	-	-	-	-	
Asset-backed securities	-	-	-	-	-	-	-	-	-	-	
High quality covered bonds	-	-	-	-	-	-	-	-	-	-	
Corporate debt securities (rated A+ to BBB-)	-	-	-	-	-	-	-	-	-	-	
Shares (major stock index)	-	-	-	-	-	-	-	-	-	-	
Other assets	-	-	-	-	-	-	-	-	-	-	
Liquidity reserve	100.2	83.7	15.4	1.1	-	103.3	86.6	15.7	1.0	-	

1) Includes central bank facilities.

Note 11 Capital adequacy, own funds and capital requirements

Amendments to the Banking Package

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

In June 2024 changes in CRR and CRD were published in the Official Journal, which means that the last parts of the Basel 3 regulations have been completed (so called Basel IV). The regulations contain amendments that improve the comparability of risk-based capital measures between banks within EU. This will reduce the scope for unjustified differences. The regulation includes changes to the standardised approach and the internal rating-based

(IRB) approach used to calculate capital requirements for credit risk. For the calculation of capital requirement according to IRB a floor is introduced, where risk-weighted exposure amounts (REA) must not be less than 72.5% of what the standardised approach measures, with a transitional period during 2025 - 2030. The regulations are mainly to be applied from 1 January 2025, but for several years transitional rules will apply.

Buffer requirements

The countercyclical buffer rate for Swedish exposures amounts to 2% as of 30 June 2024. The Swedish FSA has announced in the second quarter 2024 that the countercyclical buffer rate is left unchanged. The countercyclical buffer rates for Denmark and Norway are unchanged at 2.5% as of 30 June 2024.

Capital adequacy

SEK million	CONSOLIDATED SITUATION				
	30 Jun 2024	31 Mar 2024	31 Dec 2023	30 Sep 2023	30 Jun 2023
Available own funds (amounts)					
Common Equity Tier 1 (CET1) capital	20,954	20,638	20,414	20,173	19,903
Tier 1 capital	28,654	28,338	26,214	25,973	25,703
Total capital	30,657	30,342	28,209	27,968	27,698
Risk-weighted exposure amounts					
Total risk exposure amount	172,860	169,898	166,294	173,220	167,274
Capital ratios (as a percentage of risk-weighted exposure amount)					
Common Equity Tier 1 ratio (%)	12.1	12.1	12.3	11.6	11.9
Tier 1 ratio (%)	16.6	16.7	15.8	15.0	15.4
Total capital ratio (%)	17.7	17.9	17.0	16.1	16.6
Additional own funds requirements to address risks other than the risk of excessive leverage (as a percentage of risk-weighted exposure amount)					
Additional own funds requirements to address risks other than the risk of excessive leverage (%)	1.9	1.9	1.9	1.9 ²⁾	2.4 ¹⁾
of which: to be made up of CET1 capital (percentage points)	1.1	1.1	1.1	1.1	1.5
of which: to be made up of Tier 1 capital (percentage points)	1.4	1.4	1.4	1.4	1.8
Total SREP own funds requirements (%)	9.9	9.9	9.9	9.9	10.4
Combined buffer and overall capital requirement (as a percentage of risk-weighted exposure amount)					
Capital conservation buffer (%)	2.5	2.5	2.5	2.5	2.5
Conservation buffer due to macro-prudential or systemic risk identified at the level of a Member State (%)	-	-	-	-	-
Institution specific countercyclical capital buffer (%)	2.0	2.0	2.0	2.0	2.0
Systemic risk buffer (%)	-	-	-	-	-
Global Systemically Important Institution buffer (%)	-	-	-	-	-
Other Systemically Important Institution buffer (%)	-	-	-	-	-
Combined buffer requirement (%)	4.5	4.5	4.5	4.5	4.5
Overall capital requirements (%)	14.4	14.4	14.4	14.4	14.9
CET1 available after meeting the total SREP own funds requirements (%)	6.6	6.6	6.7	6.1	5.9

Note 11 Capital adequacy, own funds and capital requirements, Cont.

SEK million	CONSOLIDATED SITUATION				
	30 Jun 2024	31 Mar 2024	31 Dec 2023	30 Sep 2023	30 Jun 2023
Leverage ratio					
Total exposure measure	653,330	661,207	640,914	634,379	628,347
Leverage ratio (%)	4.4	4.3	4.1	4.1	4.1
Additional own funds requirements to address the risk of excessive leverage (as a percentage of total exposure measure)					
Additional own funds requirements to address the risk of excessive leverage (%)	-	-	-	-	-
of which: to be made up of CET1 capital (percentage points)	-	-	-	-	-
Total SREP leverage ratio requirements (%)	3.0	3.0	3.0	3.0	3.0
Leverage ratio buffer and overall leverage ratio requirement (as a percentage of total exposure measure)					
Leverage ratio buffer requirement (%)	-	-	-	-	-
Overall leverage ratio requirement (%)	3.0	3.0	3.0	3.0	3.0
Liquidity Coverage Ratio					
Total high-quality liquid assets (HQLA) (Weighted value -average)	101,830	100,021	97,063	93,420	91,472
Cash outflows - Total weighted value	56,246	59,392	55,684	53,174	51,414
Cash inflows - Total weighted value	16,957	19,495	17,018	15,266	13,773
Total net cash outflows (adjusted value)	39,289	39,897	38,666	37,908	37,641
Liquidity coverage ratio (%)	259.2	250.7	251.0	246.4	243.0
Net Stable Funding Ratio					
Total available stable funding	551,168	573,250	547,015	543,289	551,262
Total required stable funding	414,806	419,475	414,762	416,469	411,992
NSFR ratio (%)	132.9	136.7	131.9	130.5	133.8

1)The Swedish FSA (Finansinspektionen) communicated during the second quarter 2023 a change of decision that includes a reduction of the Pillar 2 requirement imposed on SBAB Bank Publ (group) for deficiencies in IRB models.

2)The Swedish FSA (Finansinspektionen) decided, during the third quarter of 2023, in connection with its review and evaluation of SBAB Bank Publ (group), to reduce the Pillar 2 requirements.

Note 11 Capital adequacy, own funds and capital requirements, Cont.

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

Own funds

SEK million	GROUP		
	30 Jun 2024	31 Dec 2023	30 Jun 2023
Common Equity Tier 1 (CET1) capital : Instruments and reserves			
Capital instruments and the related share premium accounts	1,958	1,958	1,958
Retained earnings	18,835	17,635	17,823
Accumulated other comprehensive income (and other reserves)	-4,402	-3,737	-6,515
Independently reviewed interim profits net of any foreseeable charge or dividend ¹⁾	738	1,441	788
Common Equity Tier 1 (CET1) capital before regulatory adjustments	17,129	17,297	14,055
Common Equity Tier 1 (CET1) capital: regulatory adjustments			
Additional value adjustments (negative amount)	-121	-121	-125
Intangible assets (net of related tax liability) (negative amount)	-244	-173	-198
Fair value reserves related to gains or losses on cash-flow hedges of financial instruments that are not valued at fair value	4,621	3,758	6,488
Negative amounts resulting from the calculation of expected loss amounts	-408	-330	-251
Gains or losses on liabilities valued at fair value resulting from changes in own credit standing	-	-	-
Other regulatory adjustments ²⁾	-23	-16	-65
Total regulatory adjustments to Common Equity Tier 1 (CET1)	3,825	3,118	5,849
Common Equity Tier 1 (CET1) capital	20,954	20,414	19,903
Additional Tier 1 (AT1) capital: Instrument			
Capital instruments and the related share premium accounts	7,700	5,800	5,800
– of which, classified as equity under applicable accounting standards	7,700	5,800	5,800
– of which, classified as liabilities under applicable accounting standards	-	-	-
Amount of qualifying items referred to in Article 484(4) CRR and the related share premium accounts subject to phase out from AT1	-	-	-
Additional Tier 1 (AT1) capital before regulatory adjustments	7,700	5,800	5,800
Additional Tier 1 (AT1) capital: regulatory adjustments			
Total regulatory adjustments to Additional Tier 1 (AT1) capital	-	-	-
Additional Tier 1 capital (AT1) capital	7,700	5,800	5,800
Tier 1 capital (T1=CET1+AT1)	28,654	26,214	25,703
Tier 2 (T2) capital : instruments			
Capital instruments and the related share premium accounts	1,995	1,995	1,995
Credit risk adjustments	8	-	-
Tier 2 (T2) capital before regulatory adjustments	2,003	1,995	1,995
Tier 2 capital: regulatory adjustments			
Total regulatory adjustments to Tier 2 (T2) capital	-	-	-
Tier 2 (T2) capital	2,003	1,995	1,995
Total capital (TC=T1+T2)	30,657	28,209	27,698
Total risk-exposure amount	172,860	166,294	167,274

Note 11 Capital adequacy, own funds and capital requirements, Cont.

SEK million	GROUP		
	30 Jun 2024	31 Dec 2023	30 Jun 2023
Capital ratios and requirements including buffers %			
Common Equity Tier 1 capital	12.1	12.3	11.9
Tier 1 capital	16.6	15.8	15.4
Total capital	17.7	17.0	16.6
Institution-CET1 overall capital requirements	10.1	10.1	10.5
– of which, capital conservation buffer requirement	2.5	2.5	2.5
– of which, countercyclical buffer requirement	2.0	2.0	2.0
– of which, systemic risk buffer requirement	–	–	–
– of which, G-SII buffer and O-SII buffer	–	–	–
– of which, additional own funds requirements to address the risk other than the risk of excessive leverage	1.1	1.1 ³⁾	1.5
Common Equity Tier 1 capital (as a percentage of risk exposure amount) available after meeting the minimum capital requirements	6.6	6.7	5.9

1) Net profit for the period was reduced by the expected dividend of SEK 485 million. The results have been verified by Deloitte AB pursuant to Article 26, Point 2a of the Capital Requirements Regulation.

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

3) Outcome according to the Supervisory Review and Evaluation Process from the Swedish FSA, communicated and applied from September 2023.

Note 11 Capital adequacy, own funds and capital requirements, Cont.

Risk exposure amounts and capital requirements

SEK million	CONSOLIDATED SITUATION					
	30 Jun 2024		31 Dec 2023		30 Jun 2023	
	Risk exposure amount	Capital requirement	Risk exposure amount	Capital requirement	Risk exposure amount	Capital requirement
Credit risk recognised in accordance with IRB approach						
Exposures to corporates	62,760	5,021	61,670	4,934	41,139	3,291
Retail exposures	19,429	1,554	21,268	1,701	23,307	1,865
– of which, exposures to SMEs	–	–	–	–	1,116	89
– of which, retail exposures secured by immovable property	19,429	1,554	21,268	1,701	22,190	1,775
Total exposures recognised with the IRB approach	82,189	6,575	82,938	6,635	64,446	5,156
Credit risk recognised with the standardised approach						
Exposures to governments and central banks	0	0	0	0	0	0
Exposures to regional governments or local authorities or agencies	0	0	0	0	0	0
Exposures to multilateral development banks	0	0	0	0	0	0
Exposures to international organisations	0	0	0	0	0	0
Exposures to institutions ¹⁾	793	63	1,025	82	5,119	409
– of which, derivatives according to CRR, Appendix 2	728	58	1,025	82	5,103	408
– of which, repos	65	5	–	–	15	1
– of which, other	0	0	0	0	0	0
Retail exposures	2,078	166	1,785	143	2,061	165
Exposures in default	6	1	6	0	10	1
Exposures in the form of covered bonds	6,257	501	4,381	350	4,415	353
Exposures to institutions and corporates with a short-term credit rating	16	1	12	1	95	8
Equity exposures	107	9	106	9	106	8
Other items	589	47	526	42	613	49
Total exposures recognised with standardised approach	9,846	788	7,841	627	12,418	993
Market risk	272	22	257	21	265	21
– of which, position risk	–	–	–	–	–	–
– of which, currency risk	272	22	257	21	265	21
Operational risk	7,603	608	6,669	534	6,669	534
– of which, standardised approach	7,603	608	6,669	534	6,669	534
Credit valuation adjustment risk (CVA risk)	1,305	104	1,704	136	1,427	114
Additional requirements under Article 458 of the CRR	71,645	5,732	66,885	5,351	82,049	6,564
Total risk exposure amount and minimum capital requirements	172,860	13,829	166,294	13,304	167,274	13,382
Capital requirements for capital conservation buffer		4,322		4,157		4,182
Capital requirements for countercyclical buffer		3,467		3,330		3,352
Total capital requirements		21,617		20,791		20,916

1) The risk-weighted amount for counterparty risk according to the CRR, Article 92(3)(f), amounts to SEK 793 million (1,025).

Note 12 Internally assessed capital requirement

The internal capital adequacy assessment aims to ensure that SBAB has sufficient capital to withstand a financial crisis. The internally assessed capital requirement for the SBAB Group amounted to SEK 11,480 million (SEK 11,632 million per 31 December 2023). The internal capital requirement is assessed using internal models for economic capital and is not fully comparable to the estimated capital requirement published by the Swedish FSA due to differences in both assumptions and methodologies. SBAB estimates that total capital requirement as of 30 June 2024 according to Swedish FSA amount to

SEK 24,850 million, of which SEK 3,232 million comprise capital requirement in Pillar 2. SBAB quantifies the internal capital requirement within the scope of the internal capital adequacy assessment process (ICAAP). Internal capital requirement is defined as the higher of the economic capital and the regulatory capital requirement based on Pillar 1, Pillar 2, and buffer requirements for each risk category.

	CONSOLIDATED SITUATION	
	30 Jun 2024	31 Dec 2023
	Internally assessed capital requirement	
	mnkr	mnkr
Credit risk	7,448	7,262
Market risk	1,582	2,070
Operational risk	608	534
Concentration risk	1,635	1,565
Sovereign risk	103	65
CVA	104	136
Other risks ¹⁾	0	0
Total	11,480	11,632
Total Own funds	30,657	28,209

1) This includes pension and business risk

Parent Company

Trend for January–June 2024 compared with January–June 2023

Profit before credit losses and imposed fees decreased to SEK 647 million (775), mainly attributable to higher expenses. Net interest income increased slightly during the period and amounted to SEK 812 million (793), mainly due to an increased share of deposits in the funding mix. Net commission income decreased and amounted to SEK 3 million (17), mainly due to reduced revenue from insurance brokerage and increased expenses linked to funding operations. The net result of financial transactions amounted to an income of SEK 39 million (53). The difference was mainly attributable to changes in market value due to changes in credit spreads for securities in the liquidity

reserve. Other operating income decreased to SEK 693 million (702) and mainly comprised fees from SCBC for administrative services in line with the applicable outsourcing agreements. Expenses increased to SEK 900 million (790), mainly due to higher costs for staff together with higher activity and costs for marketing for the most part linked to deposits. Credit losses amounted to SEK -10 million (-21). The higher loan loss provisions in the previous year were mainly explained by negative risk class migrations. Fees imposed amounted to SEK 100 million (91). Lending to the public amounted to SEK 23.4 billion (26.6) and deposits from the public to SEK 241.3 billion (193.0). The CET1 capital ratio amounted to 28.8% (19.8%) and the total capital ratio was 48.9% (36.3%). The internally assessed capital requirement was SEK 5,968 million (8,359).

Consolidated income statement

SEK million	PARENT COMPANY					
	2024 Q2	2024 Q1	2023 Q2	2024 Jan–Jun	2023 Jan–Jun	2023 Jan–Dec
Interest income	3,538	3,340	2,409	6,878	4,425	10,331
Interest expense	-3,093	-2,973	-2,033	-6,066	3,632	-8,924
Net interest income	445	367	376	812	793	1,407
Dividends received	-	-	-	-	-	5,000
Commission income	15	16	19	31	40	71
Commission expense	-13	-15	-11	-28	-23	-49
Net result of financial transactions	18	21	39	39	53	-68
Other operating income	358	335	355	693	702	1,455
Total operating income	823	724	778	1,547	1,565	7,816
Personnel costs	-262	-244	-224	-506	-441	-910
Other expenses	-200	-180	-171	-380	-335	-679
Depreciation, amortisation and impairment of PPE and intangible assets	-7	-7	-7	-14	-14	-28
Total expenses before credit losses and imposed fees	-469	-431	-402	-900	-790	-1,617
Profit/loss before credit losses and imposed fees	354	293	376	647	775	6,199
Net credit losses	-8	-2	-12	-10	-21	-19
Imposed fees; Risk tax and resolution fee	-49	-51	-45	-100	-91	-194
Impairment of financial assets	-	-	-55	-	-55	-60
Operating profit	297	240	264	537	608	5,926
Tax	-66	-55	-71	-121	-145	-223
Net profit for the period	231	185	193	416	463	5,703

Consolidated statement of comprehensive income

SEK million	PARENT COMPANY					
	2024 Q2	2024 Q1	2023 Q2	2024 Jan-Jun	2023 Jan-Jun	2023 Jan-Dec
Net profit/loss for the period	231	185	193	416	463	5,703
Other comprehensive income						
<i>Components that will be reclassified to profit or loss</i>						
Financial assets measured at FVTOCI	144	117	-3	261	-76	-7
Changes related to cash-flow hedges	7	-10	21	-3	58	124
Tax attributable to components that will be reclassified to profit or loss	-31	-22	-3	-53	4	-24
Other comprehensive income/loss, net of tax	120	85	15	205	-14	93
Total comprehensive income for the period	351	270	208	621	449	5,796

Consolidated balance sheet

SEK million	PARENT COMPANY		
	30 Jun 2024	31 Dec 2023	30 Jun 2023
ASSETS			
Cash and balances at central banks	2,300	6,350	2,080
Chargeable treasury bills, etc.	6,998	36,650	34,657
Lending to credit institutions (Note 13)	187,131	154,568	155,309
Lending to the public	23,398	24,180	26,552
Bonds and other interest-bearing securities	94,734	64,945	58,111
Derivatives	23,293	24,618	41,542
Shares and participations in associated companies and joint ventures	5	5	5
Shares and participations in Group companies	17,201	17,201	12,901
Deferred tax assets	-	27	40
Intangible assets	14	15	10
Property, plant and equipment	59	59	55
Other assets	134	75	495
Prepaid expenses and accrued income	1,709	1,280	869
TOTAL ASSETS	356,976	329,973	332,626
LIABILITIES AND EQUITY			
Liabilities			
Liabilities to credit institutions	8,725	6,980	13,951
Deposits from the public	241,340	215,211	192,978
Issued debt securities, etc.	53,583	56,593	62,755
Derivatives	24,116	25,813	41,741
Other liabilities	612	1,604	600
Accrued expenses and deferred income	4,372	888	2,855
Deferred taxes	30	-	-
Provisions	5	9	52
Subordinated debt	1,999	1,998	1,998
Total liabilities	334,782	309,096	316,930
Equity			
Restricted equity			
Share capital	1,958	1,958	1,958
Statutory reserve	392	392	392
Total restricted equity	2,350	2,350	2,350
Unrestricted equity			
Fair value reserve	146	-59	-166
Additional Tier 1 instruments	7,700	5,800	5,800
Retained earnings	11,582	7,083	7,249
Net profit for the period	416	5,703	463
Total unrestricted equity	19,844	18,527	13,346
Total equity	22,194	20,877	15,696
TOTAL LIABILITIES AND EQUITY	356,976	329,973	332,626

Note 13 Lending to credit institutions

Of the Parent Company's lending to credit institutions at 30 juni, 2024, SEK 172,598 million relates to a receivable from the wholly owned subsidiary AB Sveriges Säkerställda Obligationer (publ) (Swedish Covered Bond Corporation, SCBC), compared with SEK 142,789 million at the end of 2023. This receivable is subordinated in the event of receivership or liquidation, which means that payment is received only after other creditors of the subsidiary have been paid.

Of the total receivable, SEK 30,000 million (24,000) comprises of internal Group debt instruments (senior non-preferred notes), issued by the subsidiary SCBC for the purpose of meeting the minimum requirement for own funds and eligible liabilities (MREL) announced by the Swedish National Debt Office.

Note 14 Capital adequacy, own funds and capital requirements – Parent Company

Amendments to the Banking Package

The capital adequacy is based on the version of the Capital Requirements Regulation and the Capital Requirements Directive which have been adapted to the Banking Package adopted on 7 June 2019.

Information in this note refers to the minimum capital requirements according to Pillar 1 and corresponds to the disclosure requirements in the Capital Requirements Regulation, part eight and the Swedish FSA regulation FFFS 2014:12 on supervisory requirements and capital buffers.

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

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

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

Buffer requirements

The countercyclical buffer rate for Swedish exposures amounts to 2% as of 30 June 2024. The Swedish FSA has announced in the second quarter 2024 that the countercyclical buffer rate is left unchanged. The countercyclical buffer rates for Denmark and Norway are unchanged at 2.5% as of 30 June 2024.

Capital adequacy

SEK million	PARENT COMPANY				
	30 Jun 2024	31 Mar 2024	31 Dec 2023	30 Sep 2023	30 Jun 2023
Available own funds (amounts)					
Common Equity Tier 1 (CET1) capital	13,861	13,849	13,996	9,097	9,230
Tier 1 capital	21,561	21,549	19,796	14,897	15,030
Total capital	23,558	23,545	21,791	16,892	17,025
Risk-weighted exposure amounts					
Total risk exposure amount	48,160	47,196	46,154	49,479	46,548
Capital ratios (as a percentage of risk-weighted exposure amount)					
Common Equity Tier 1 ratio (%)	28.8	29.3	30.3	18.4	19.8
Tier 1 ratio (%)	44.8	45.7	42.9	30.1	32.3
Total capital ratio (%)	48.9	49.9	47.2	34.1	36.6
Additional own funds requirement to address risks other than the risk of excessive leverage (as a percentage of risk-weighted exposure amount)					
Additional own funds requirement to address risks other than the risk of excessive leverage (%)	3.3	3.3	3.3	3.3 ²⁾	4.5 ¹⁾
of which: to be made up of CET1 capital (percentage points)	1.9	1.9	1.9	1.9	2.6
of which: to be made up of Tier 1 capital (percentage points)	2.5	2.5	2.5	2.5	3.3
Total SREP own funds requirement (%)	11.3	11.3	11.3	11.3	12.5

Note 14 Capital adequacy, own funds and capital requirements – Parent Company, Cont.

SEK million	PARENT COMPANY				
	30 Jun 2024	31 Mar 2024	31 Dec 2023	30 Sep 2023	30 Jun 2023
Combined buffer and overall capital requirement (as a percentage of risk-weighted exposure amount)					
Capital conservation buffer (%)	2.5	2.5	2.5	2.5	2.5
Conservation buffer due to macro-prudential or systemic risk identified at the level of a Member State (%)	-	-	-	-	-
Institution specific countercyclical capital buffer (%)	2.0	2.0	2.0	2.0	2.0
Systemic risk buffer (%)	-	-	-	-	-
Global Systemically Important Institution buffer (%)	-	-	-	-	-
Other Systemically Important Institution buffer (%)	-	-	-	-	-
Combined buffer requirement (%)	4.5	4.5	4.5	4.5	4.5
Overall capital requirements (%)	15.8	15.8	15.8	15.8	17.0
CET1 available after meeting the total SREP own funds requirements (%)	22.4	23.0	24.0	12.0	12.7
Leverage ratio					
Total exposure measure	179,079	189,574	168,952	156,237	176,258
Leverage ratio (%)	12.0	11.4	11.7	9.5	8.5
Additional own funds requirements to address the risk of excessive leverage (as a percentage of total exposure measure)					
Additional own funds requirements to address the risk of excessive leverage (%)	-	-	-	-	-
of which: to be made up of CET1 capital (percentage points)	-	-	-	-	-
Total SREP leverage ratio requirements (%)	3.0	3.0	3.0	3.0	3.0
Leverage ratio buffer and overall leverage ratio requirement (as a percentage of total exposure measure)					
Leverage ratio buffer requirement (%)	-	-	-	-	-
Overall leverage ratio requirement (%)	3.0	3.0	3.0	3.0	3.0
Liquidity Coverage Ratio³⁾					
Total high-quality liquid assets (HQLA) (Weighted value -average)					
Cash outflows - Total weighted value					
Cash inflows - Total weighted value					
Total net cash outflows (adjusted value)					
Liquidity coverage ratio (%)					
Net Stable Funding Ratio³⁾					
Total available stable funding					
Total required stable funding					
NSFR ratio (%)					

1) The Swedish FSA (Finansinspektionen) communicated during the second quarter a change of decision that includes a reduction of the Pillar 2 requirement imposed on SBAB Bank AB for deficiencies in IRB models.

2) The Swedish FSA (Finansinspektionen) decided, during the third quarter of 2023, in connection with its review and evaluation of SBAB Bank AB, to reduce the Pillar 2 requirements.

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

Note 14 Capital adequacy, own funds and capital requirements – Parent Company, Cont.

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

Own funds

SEK million	PARENT COMPANY		
	30 Jun 2024	31 Dec 2023	30 Jun 2023
Common Equity Tier 1 (CET1) capital instruments: Instruments and reserves			
Capital instruments and the related share premium accounts	1,958	1,958	1,958
Retained earnings	11,973	7,475	7,640
Accumulated other comprehensive income (and other reserves)	147	-59	-166
Independently reviewed interim profits net of any foreseeable charge or dividend ¹⁾	-69	4,740	-78
Common Equity Tier 1 (CET1) capital before regulatory adjustments	14,009	14,114	9,354
Common Equity Tier 1 (CET1) capital: regulatory adjustments			
Additional value adjustments (negative amount)	-159	-159	-172
Intangible assets (net of related tax liability) (negative amount)	-4	-3	-2
Fair value reserves related to gains or losses on cash-flow hedges of financial instruments that are not valued at fair value	91	88	140
Negative amounts resulting from the calculation of expected loss amounts	-53	-29	-26
Gains or losses on liabilities valued at fair value resulting from changes in own credit standing	-	-	-
Other regulatory adjustments ²⁾	-23	-15	-64
Total regulatory adjustments to Common Equity Tier 1 (CET1)	-148	-118	-124
Common Equity Tier 1 (CET1) capital	13,861	13,996	9,230
Additional Tier 1 (AT1) capital: Instrument			
Capital instruments and the related share premium accounts	7,700	5,800	5,800
– of which, classified as equity under applicable accounting standards	7,700	5,800	5,800
– of which, classified as liabilities under applicable accounting standards	-	-	-
Amount of qualifying items referred to in Article 484(4) CRR and the related share premium accounts subject to phase out from AT1	-	-	-
Additional Tier 1 capital before regulatory adjustments	7,700	5,800	5,800
Additional Tier 1 (AT1) capital: regulatory adjustments			
Total regulatory adjustments to Additional Tier 1 (AT1) capital	-	-	-
Additional Tier 1 (AT1) capital	7,700	5,800	5,800
Tier 1 capital (T1= CET1+AT1)	21,561	19,796	15,030
Tier 2 (T2) capital: Instruments			
Capital instruments and the related share premium accounts	1,995	1,995	1,995
Credit risk adjustments	3	-	0
Tier 2 (T2) capital before regulatory adjustments	1,998	1,995	1,995
Tier 2 (T2) capital: regulatory adjustments			
Total regulatory adjustments to Tier 2 (T2) capital	-	-	-
Tier 2 (T2) capital	1,998	1,995	1,995
Total capital (TC= T1+T2)	23,558	21,791	17,025
Total risk-exposure amount	48,160	46,154	46,548

Note 14 Capital adequacy, own funds and capital requirements – Parent Company, Cont.

SEK million	PARENT COMPANY		
	30 Jun 2024	31 Dec 2023	30 Jun 2023
Capital ratio and requirements including buffers, %			
Common Equity Tier 1 capital	28.8	30.3	19.8
Tier 1 capital	44.8	42.9	32.3
Total capital	48.9	47.2	36.6
Institution CET1 overall capital requirements	10.9	10.9	12.3
– of which, capital conservation buffer requirement	2.5	2.5	2.5
– of which, countercyclical buffer requirement	2.0	2.0	2.0
– of which, systemic risk buffer requirement	–	–	–
– of which, G-SII buffer and O-SII buffer	–	–	–
– of which, additional own funds requirements to address the risk other than the risk of excessive leverage	1.9	1.9 ³⁾	2.6
Common Equity Tier 1 capital (as a percentage of risk exposure amount) available after meeting the minimum capital requirements	22.4	24.0	12.7

1) Net profit for the year was reduced by the expected dividend of SEK 485 million. The results have been verified by Deloitte AB pursuant to Article 26, Point 2a of the Capital Requirements Regulation.

2) A minor amount generated a deduction of NPL backstop, pursuant to Article 36, Point 1m of the Capital Requirements Regulation.

3) Outcome according to the Supervisory Review and Evaluation Process from the Swedish FSA, communicated and applied from September 2023.

Note 14 Capital adequacy, own funds and capital requirements – Parent Company, Cont.

Risk exposure amounts and capital requirements

SEK million	PARENT COMPANY					
	30 Jun 2024		31 Dec 2023		30 Jun 2023	
	Risk exposure amount	Capital requirement	Risk exposure amount	Capital requirement	Risk exposure amount	Capital requirement
Credit risk recognised in accordance with IRB approach						
Exposures to corporates	13,431	1,075	14,709	1,176	13,615	1,089
Retail exposures	1,107	89	832	67	1,354	108
– of which, exposures to SMEs	–	–	–	–	63	5
– of which, retail exposures secured by immovable property	1,107	89	832	67	1,291	103
Total exposures recognised with the IRB approach	14,538	1,164	15,541	1,243	14,969	1,198
Credit risk recognised with the standardised approach						
Exposures to governments and central banks ¹⁾	0	0	10	1	9	1
Exposures to regional governments or local authorities or agencies	0	0	0	0	0	0
Exposures to multilateral development banks	0	0	0	0	0	0
Exposures to international organisations	0	0	0	0	0	0
Exposures to institutions ²⁾	772	62	1,056	85	5,070	406
– of which, derivatives according to CRR, Appendix 2	604	48	902	72	4,982	399
– of which, repos	8	1	–	–	11	1
– of which, other	159	13	154	12	77	6
Retail exposures	2,078	166	1,785	143	2,061	165
Exposures in default	6	1	6	0	10	1
Exposures in the form of covered bonds	6,257	501	4,381	350	4,415	353
Exposures to institutions and corporates with a short-term credit rating	16	1	11	1	94	7
Equity exposures	17,207	1,377	17,206	1,377	12,906	1,032
Other items	229	18	175	13	163	13
Total exposures recognised with standardised approach	26,565	2,125	24,630	1,970	24,728	1,978
Market risk	31	2	35	3	95	8
– of which, position risk	–	–	–	–	–	–
– of which, currency risk	31	2	35	3	95	8
Operational risk	3,835	307	3,292	263	3,292	263
– of which, standardised approach	3,835	307	3,292	263	3,292	263
Credit valuation adjustment risk (CVA risk)	806	64	1,225	98	883	71
Additional requirements under Article 458 of the CRR	2,385	191	1,431	115	2,581	206
Total risk exposure amount and minimum capital requirements	48,160	3,853	46,154	3,692	46,548	3,724
Capital requirements for capital conservation buffer		1,204		1,154		1,164
Capital requirements for countercyclical buffer		969		926		935
Total capital requirements		6,026		5,772		5,822

1) Risk-weighted amount for governments and central banks amounts to SEK 0 million (SEK 10 million as of 31 December 2023) due to deferred tax according to CRR Article 48(4).

2) The risk-weighted amount for counterparty risk according to the CRR, Article 92(3)(f), amounts to SEK 612 million (902).

Alternative performance measures

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

SBAB uses APMs when these are relevant for the presentation and follow-up of 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.

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		
	30 Jun 2024	30 Jun 2023	31 Dec 2023
Deposits from the public	241,340	192,978	215,211
Lending to the public	527,971	514,057	517,400
Deposits/lending, %	45.7	37.5	41.6

C/I ratio

Definition: Total expenses before credit losses for the period in relation to total operating income for the period.

The APM aims to provide the reader with further information regarding the Group's cost-efficiency.

SEK million	GROUP		
	2024	2023	2023
	Jan-Jun	Jan-Jun	Jan-Dec
Expenses	-909	-817	-1,663
Operating income	2,778	2,856	5,367
C/I ratio, %	32.7	28.6	31.0

C/L ratio

Definition: Expenses for the period (annualised) before credit losses in relation to 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		
	2024	2023	2023
	Jan-Jun	Jan-Jun	Jan-Dec
Expenses	-909	-817	-1,663
<i>Annualised expenses</i>	<i>-1,818</i>	<i>-1,634</i>	<i>-1,663</i>
Aver. lending to the public	522,686	511,775	513,446
C/L ratio, %	0.35	0.32	0.32

Return on equity

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

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

SEK million	GROUP		
	2024	2023	2023
	Jan-Jun	Jan-Jun	Jan-Dec
Operating profit after tax	1,213	1,354	2,408
<i>Annualised op. profit after tax</i>	2,426	2,708	2,408
Average equity	21,549 ¹	20,547 ²	20,991 ²
Return on equity, %	11.3	13.2	11.5

1) Average equity has been adjusted for dividend of SEK 832 million for 2022.

2) Average equity has been adjusted for dividend of SEK 832 million for 2021.

Net interest margin

Definition: Net interest income for the period (annualised) in relation to average (calculated using the opening and closing balances for the reporting period) total balance sheet.

The APM aims to provide the reader with further information regarding the Group's profitability.

SEK million	GROUP		
	2024	2023	2023
	Jan-Jun	Jan-Jun	Jan-Dec
Net interest income	2,726	2,799	5,446
<i>Annualised net interest income</i>	5,452	5,598	5,446
Average balance sheet total	655,282	641,154	642,519
Net interest margin, %	0.83	0.87	0.85

Credit loss ratio

Definition: Credit losses for the period (annualised) in relation to total lending (closing balance).

The APM aims to provide the reader with further information regarding the relative ratio of credit losses to total lending.

SEK million	GROUP		
	2024	2023	2023
	Jan-Jun	Jan-Jun	Jan-Dec
Credit losses	-44	-56	-93
<i>Annualised credit losses</i>	-88	-112	-93
Lending to the public	527,971	514,057	517,400
Credit loss ratio, %	-0.02	-0.02	-0.02

Share of Stage 3 loans, gross, %

Definition: Gross lending in credit stage 3 (closing balance) in relation to total lending to the public (closing balance).

The APM aims to provide the reader with further information regarding the proportion of non-performing loans pursuant to accepted accounting standards relative to the total loan portfolio.

SEK million	GROUP		
	30 Jun 2024	30 Jun 2023	31 Dec 2023
Gross lending credit stage 3	833	491	735
Lending to the public	527,971	514,057	517,400
Share of Stage 3 loans, %	0.16	0.10	0.14

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

Number of employees (FTEs)	Number of employees expressed as full-time equivalents (FTEs), adjusted for sick leave and leave of absence
Return on assets	Net profit in relation to balance sheet total
CET1 capital ratio	CET1 capital in relation to risk-weighted assets
Total capital ratio	Own funds in relation to risk-weighted assets
Tier 1 capital ratio	Tier 1 capital in relation to risk-weighted assets
Leverage ratio	Tier 1 capital in relation to total assets and off-balance sheet exposures restated with the application of credit conversion factors
Liquidity coverage ratio, LCR	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
Survival horizon	The number of days that the need for liquidity can be met in a stress scenario before new liquidity is needed
Net stable funding ratio, NSFR	A liquidity risk metric of a structural nature that demonstrates the stability of the Group's funding in relation to its assets. From 30 September 2019, NSFR is calculated pursuant to Regulation (EU) 2019/876 of the European Parliament and the Council

Auditors' review report

Introduction

We have reviewed the interim report for SBAB Bank AB (publ) for the period 1 January – 30 June 2023. The Board of Directors and the CEO are responsible for the preparation and presentation of this interim report in accordance with IAS 34 and the Annual Accounts Act for Credit Institutions and Securities Companies. Our responsibility is to express a conclusion on this interim report based on our review.

Scope of review

We conducted our review in accordance with the International Standard on Review Engagements (ISRE) 2410 Review of Interim Financial Information performed by the company's auditors. A review consists of making inquiries, primarily with persons responsible for financial

and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with ISA and other generally accepted auditing practices. The procedures performed in a review do not enable us to obtain a level of assurance that would make us aware of all significant matters that might be identified in an audit. Therefore, the conclusion expressed based on a review does not give the same level of assurance as a conclusion expressed based on an audit.

Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the interim report for the Group is not, in all material aspects, in accordance with IAS 34 and the Annual Accounts Act for Credit Institutions and Securities

Companies and as regards the parent company in accordance the Annual Accounts Act for Credit Institutions and Securities Companies.

Stockholm July 16, 2024

Deloitte AB

Signature on Swedish original

Malin Lüning
Authorised Public Accountant

The Board of Directors and the CEO affirms that this interim report provides an accurate overview of the operations, financial position and performance of the Parent Company and the Group, and describes the significant risks and uncertainties faced by the Parent Company and the companies in the Group.

Solna, July 16 2024

Jan Sinclair
Chairman of the Board

Fredrik Sauter
Board Member

Synnöve Trygg
Board Member

John Sætre
Board Member

Inga-Lill Carlberg
Board Member

Lars Börjesson
Board Member

Wenche Martinussen
Board Member

Jenny Lahrin
Board Member

Jane Lundgren-Ericsson
Board Member

Margareta Naumburg
Employee representative

Karin Neville
Employee representative

Mikael Inglander
CEO

Financial calendar

Interim Report Jan–Sep 2024	25 October 2024
Year-end Report 2024	7 February 2025

The date for publication of the Year-end Report 2024 has been changed from 31 January 2025 to 7 February 2025.

Credit ratings

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



Contact

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This information was submitted for publication on 17 July 2024 at 08:00 (CET).

SBAB Bank AB (publ)
Corp. Reg. No.: 556253-7513

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