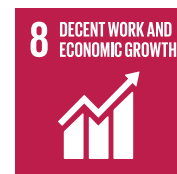


What does your mortgage have to do with climate risks, community, homelessness, illegal employment, carbon emissions, exclusion, respect and equality?



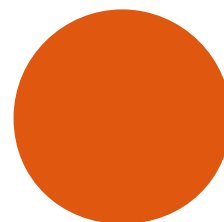


# We contribute to better housing and household finances

SBAB provides an innovative and considerate offering of loans and savings products and other services for better housing and household finances to private individuals, tenant-owner associations and property companies in Sweden. We are passionate about creating opportunities and helping our customers resolve the issues and thoughts that occur in every phase of home-owner life. With our strong customer offering of our services in housing and household finances, we help our customers from their first thoughts about moving through to the purchase of a new home.

SBAB has considerable societal responsibility. We finance about 10% of all housing in Sweden. Sustainable enterprise is fully integrated into our business and steering model for our operations. Our efforts also contribute to reaching the Sustainable Development Goals (SDGs) in the 2030 Agenda framework.

Together with other banks, we are part of Sweden's essential financial infrastructure. Private individuals need to be able to finance their homes. Companies need access to the necessary credit and liquidity to conduct their operations, otherwise the national economy might slow down.





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## Our healthcare model creates conditions for sustainability

"Health has been a focus area in SBAB's HR strategy since 2015 and we work proactively through several health-promoting offerings and activities," says Karin Sjölund, HR Project Manager at SBAB.

An attractive workplace: → page 54



## Booli has made the housing market more transparent

"In 2008 we launched open selling prices. This was ground-breaking. It drew a lot of attention, both in the media and in the estate agent industry," says Sebastian Wickert, CEO of Booli.

→ Insight Booli page 36

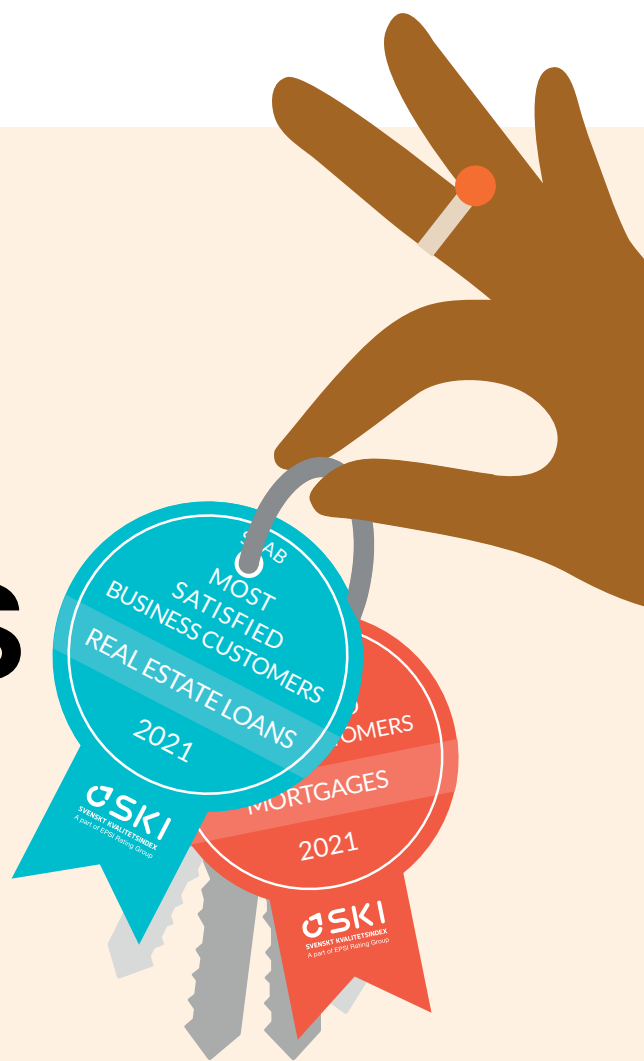


The Annual and Sustainability Report has been prepared in accordance with the GRI Standards: Core option. It also constitutes SBAB's Communication on Progress (COP) to the UN Global Compact, a sustainability report in accordance with the Swedish Annual Accounts Act and information on how SBAB contributes to the 2030 Agenda for sustainable development. For additional information about the Report and the reporting principles, see page 188.

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



# The most satisfied customers – again



The skills, professionalism and consideration shown by our employees on a daily basis are made visible, among other things, in surveys conducted by Swedish Quality Index (SKI), which measures customer satisfaction in the banking and finance sector each year. For the third consecutive year SBAB had Sweden's satisfied residential mortgage customers and the most satisfied property loan customers for the fourth consecutive year.

Sweden's best customer experience → [page 6, 8–9, 33](#)



## How SBAB supports reaching the Sustainable Development Goals

The 2030 Agenda and the SDGs are integrated into SBAB's operations and steering.

The Sustainable Development Goals → [page 22](#)



## The Swedish economy leapt for joy and the housing market stood strong

"The Swedish economy leapt for joy after high rates of vaccination," says Robert Boije, Head Economist at SBAB.

Statement from our Head Economist → [page 12](#)

# The year in brief

## Sweden's most satisfied customers

In 2021, SBAB once again had Sweden's most satisfied residential mortgage and property loan customers according to Swedish Quality Index (Swe: Svenskt Kvalitetsindex (SKI)), which measures customer satisfaction in the banking and finance sector each year. For the third consecutive year, we had the most satisfied mortgage customers with a customer satisfaction score of 76.1 out of 100, which is well above the industry average of 72.0. The driving factors behind these strong results are reliability, simplicity and caring about our customers. We are simple and transparent in our interaction with customers. At SBAB, customers don't need to negotiate their mortgage rate or buy extra services to obtain favourable terms. For the fourth consecutive year, we had the most satisfied property loan customers with a customer satisfaction score of 77.2 out of 100, which is well above the industry average of 72.5. Our corporate customers, in the form of tenant-owners' associations, property companies and construction companies, particularly appreciate our competence, treatment and service.

→ Read more on pages 30 and 33.

## One of Sweden's best workplaces for another consecutive year

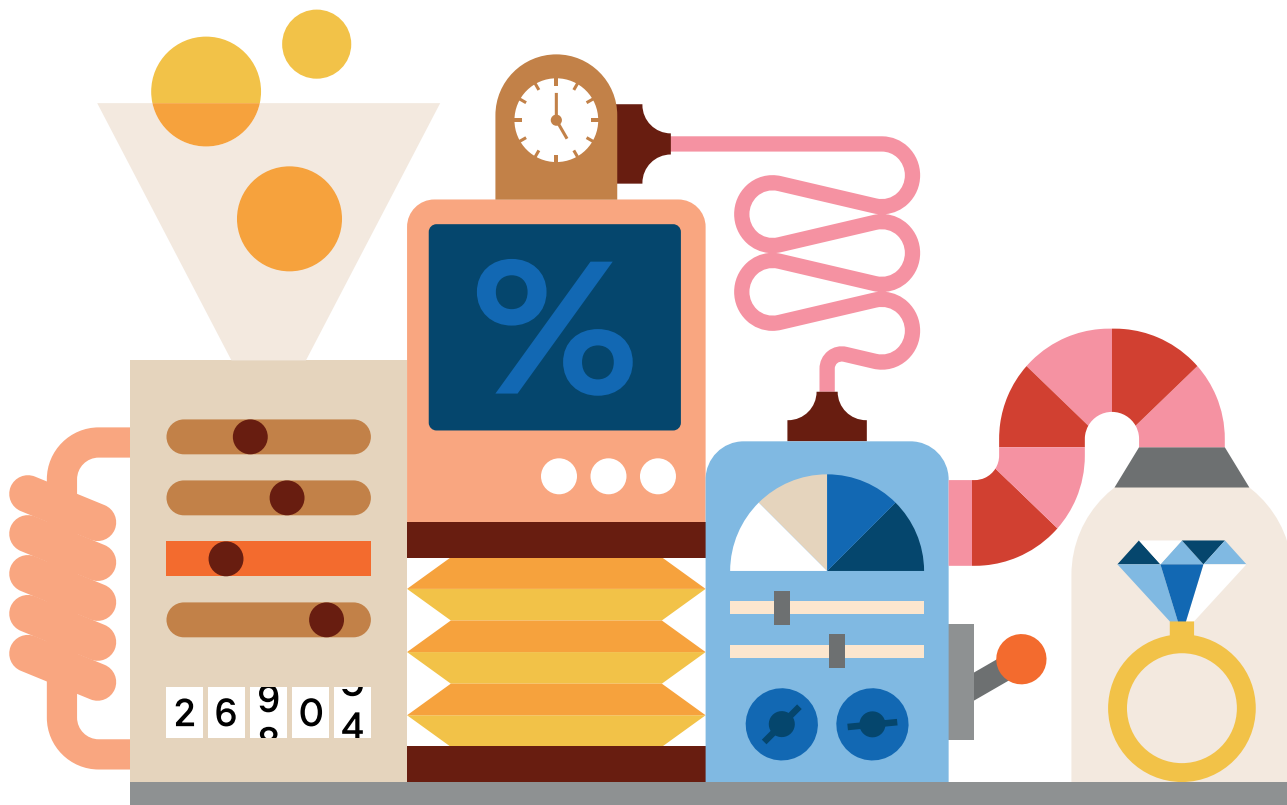
For the third consecutive year we finished in fourth place on Great Place To Work's list of Sweden's top workplaces for 2021. To be one of Sweden's best workplaces requires a determined, long-term and significant commitment from everyone at SBAB. This result is a clear sign that our values-driven way of working, with inclusive leadership and our self-driven employees at its core, is a successful concept for us.

We want to continue to be an attractive workplace and employer where, every day, everyone can thrive, feel comfortable being themselves, and feel like they are all contributing and growing as individuals and together as a team.

At SBAB, we are part of a larger context and our contribution to a better society and a better world is clear. It motivates us and means that every day we go the extra mile to do the little things that really make a difference. We are convinced that motivated and committed employees are the key to long-term success and competitiveness. That is why we dedicate as much energy and focus to our employees' experience as we do to the customer experience.

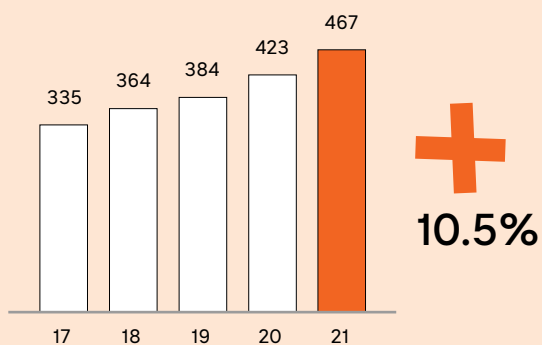
→ Read more on pages 48 and 52.



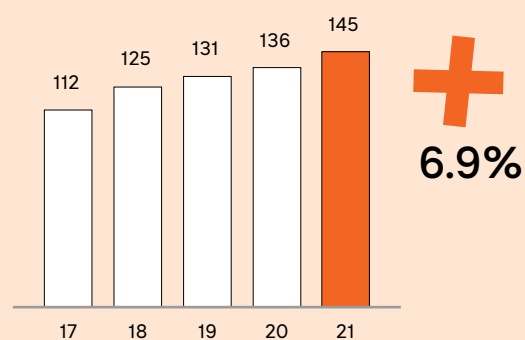


## A year of strong results

Total lending, SEK bn



Total deposits, SEK bn



Net interest income, SEK million

**4,114**      **3,747**  
2021                      2020

Operating profit, SEK million

**2,641**      **2,361**  
2021                      2020

Selected key metrics

SEK million

Net interest income	4,114	3,747
Net commissions	29	-24
Net result of financial transactions	-71	-38
Expenses	-1,492	-1,335
Credit losses/recoveries	11	-32
Operating profit	2,641	2,361
Return on equity, %	11.1	10.8
C/I ratio, %	36.2	35.8
CET1 capital ratio, %	13.5	13.4

GROUP

2021

2020

# Another successful year for SBAB

Jan Sinclair, Chairman of SBAB, and Mikael Inglander, acting CEO, give their thoughts on the 2021 financial year.

**As 2021 comes to a close, what do you think of the year, Jan?**  
It was an excellent year! We exceeded our own earnings goal and growth ambitions both in corporate and in retail business. The market grew significantly faster than what most of us had predicted. Despite the pandemic, the Swedish economy performed very well. Housing prices went up more than anyone could have guessed, since families prioritised housing during the pandemic. We leveraged these opportunities and advanced our positions. We had periods that put pressure on our customer service and occasionally posed a challenge for response times in the telephone queue. Like many others, our operations were affected by the pandemic, since many employees worked remotely. Despite these challenges, our metrics indicate that our customers are overall very pleased, so all in all I'd say we handled the situation well.

**How would you describe the year, Mikael?**  
Eventful. The ongoing pandemic affected our customers and our employees as well as the company as a whole, entailing new challenges and adaptations. We continued with our digitalisation journey. In spring, we strengthened our ecosystem through the acquisition of Boappa, a communication and administration service for tenant-owners' associations. Several events in our operating environment demonstrated that cyber and data security have become even more important, and this is an area we will continue to invest in so that we are well equipped for the future. Our brand has continued to perform well during the year. We have a long list of accomplishments. Overall, our excellent financial performance is a evidence of another successful year.

**Our market share in corporate business increased from 13% to 16%. What are the factors behind this success, Mikael?**  
Yes, we had an incredibly strong year in corporate business. Lending now amounts to close to SEK 70 billion and is a significant part of our business. Like with many other actors, favourable macroeconomic conditions and advantageous funding

terms benefitted us during the year. However, what we hear from customers is that they particularly appreciate our deep expertise, as well as our service and availability. We are perceived as competent and quick to respond, and customers say that we're helpful during new business.

**What are you the most satisfied with about this year, Mikael?**  
We managed to perform well in terms of our goals and we managed to keep the company together under extraordinary circumstances. Our transparent offering appeals to our customers and the fact that we're specialists makes us attractive within the market. Evidence of our success is the fact that we once again received the highest rating from SKI for residential mortgages as well as property loans. We are naturally very proud of this. That we also continue to see high figures in our Great Place to Work employee surveys in such a challenging time, with so much remote working, is also gratifying.

**Our industry is changing quickly. How is SBAB addressing this and leveraging the subsequent opportunities, Jan?**  
By never losing focus on the competition or resting on our laurels. The competition never sleeps. It's always there, developing, growing even tougher. That's why we always have to continue to challenge ourselves when it comes to where the company is headed. We're not going to change our overall strategy, but we always need to be prepared to adapt so that we can stay well equipped for a market that moves and changes quickly.

For the past two years, there has been a strong focus on the pandemic, and we must continue to monitor the risks associated with it, even though the infection now seems to be taking on a new and milder form. We need to be prepared to manage any consequences, for example if families reprioritise the value of their homes or the potentially negative effects to come after the expansionary monetary policy starts to contract. At the same time, we need to continue to develop operations at a high rate, which will ask a lot out of all of our employees.

 Overall, our excellent financial performance is evidence of another successful year.



**There's been more focus recently on the banking industry's role in transitioning into a more sustainable society. How does SBAB work with sustainability, Mikael?**

We have a thorough sustainability plan that's fully integrated into all of our operations. This integration is a considerable strength. During the year, we've focused particularly on adapting to coming regulations and developing our sustainability reporting. This will also be an important theme in 2022. For example, we're covered by the new EU Taxonomy, which has more stringent requirements for sustainability reporting. It's important that we set goals, measure and follow up our efforts so that we can drive change and contribute to sustainable development. We've already taken a significant step forward by measuring carbon emissions from our lending portfolio – our indirect climate impact – in addition to our direct climate impact.

**What are you taking with you into 2022, Mikael?**

We've been riding a wave of success for several years, where the stars have aligned to provide us favourable conditions. Here I'm thinking about the historically low market interest rates, the comprehensive measures from the central banks and the strong Swedish economy that have, as a whole, increased demand for housing. The economic landscape is somewhat changed, most notably with an marked upswing in inflation that we haven't seen in many years that will lead to the necessary tightening of the expansionary monetary policy over time. Increased interest rates and, therefore, increased interest expense for households will have an impact on our market. At the same time, our operating environment is becoming increasingly complex, with new technology and new challengers. To retain our profitability in this environment, we need our loan portfolio to increase. We also need to improve at prioritising between projects

and making sure we reach the goals set for critical activities sooner, as well as leveraging the opportunities we have to grow within an attractive customer segment.

**Mikael, you were appointed acting CEO in November. How has it been so far?**

It's been very exciting and given me several new perspectives. One thing that's become clearer for me is the ability and the drive we have in our entire organisation. All of the responsible and competent colleagues around me who have helped make sure important activities weren't overlooked made assuming my new role as acting CEO much easier. The potential we have now, and the many opportunities we have going forward, have also become apparent.

**What are you both looking forward to the most in 2022?**

Jan: We've been strengthened by the positive development for SBAB's business in 2021 and I look forward to 2022 with confidence. We've laid ambitious plans for the new year. At the same time,

we've taken into account that some things are very likely to change and that competition will remain stiff. This requires focus and the ability to prioritise. Naturally we're continuing to follow how the pandemic and society at large are developing. We need to be prepared for all eventualities.

Mikael: We've laid a solid plan for what we want to accomplish. The goals are ambitious and we have good preconditions for being able to reach them. The key here is our fantastic employees, who I'd like to thank for their fantastic work during the past year. I look forward to the opportunities and the challenges that we'll take on in 2022!

**Strengthened by the positive development for SBAB's business in 2021, we look forward to 2022 with confidence.**

Mikael Inglander

Jan Sinclair





# Trends and driving forces

## Ten trends in the world around us

The increasing rate of change in the environment around us affects customer behaviour and the customer experience, and thereby our future competitiveness. We can summarise the changes SBAB is facing in the wider world in ten trends that affect customers. How we change and develop our operations with respect to these trends is essential for our success. In a quickly changing market, we never reach our goal. Instead, we need to constantly work to achieve our vision and ensure long-term competitiveness.

### Digital processes

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

### AI & data management

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

### Efficiency

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

### Ecosystem

When the customer uses a service or product, there are often several other adjacent problems and opportunities that, ideally, are solved simultaneously. For example, purchasing a home also requires finding home insurance and an electricity agreement. Relevant services like these are referred to as an ecosystem. An offering that meets more of the customer's needs arising from the housing journey can attract new customers and strengthen loyalty among existing customers.

### Sustainability

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

### New financing

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

### Omnichannel & 360

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

### Open banking

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

### Personalisation

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

### Speed

The rate of change in many sectors in society and business is increasing. Speed is therefore a key ability for our survival and long-term competitiveness in today's changing digital world.

# Speed – a key ability

The digital environment means that customer patience and attention is diminishing. Offered services need to change and improve with increasingly shorter lead times. The way of working at a company must be adaptable in order to make quick transitions and frequent shifts in priorities.

## Convenient, speedy and adaptable organisation

Our surroundings and market are changing faster every day. What needs to be done to keep up and to stay ahead is becoming increasingly comprehensive. Customer needs and behaviour are constantly changing and developing. External requirements or opportunities for how we work with sustainability or how we finance ourselves can change rapidly. This applies both to the general rate of change in our operating environment and to individual events that require us to adapt. This was exemplified recently during the coronavirus pandemic, when we quickly transitioned internally by manning an extra emergency office. We divided the largest of our regular offices into various zones and improved our video conferencing room and way of working to allow remote working.

Our customers primarily noticed new, automated processes to handle the large influx of customers who wanted temporary amortisation exemption during the pandemic.

## Technological development

In an increasingly digitalised reality, we also need to be fast when it comes to adopting new technological solutions and meeting challenges. Within customer experience we're now playing in the same arena as global digital giants like Netflix, Amazon and Meta. Of course they don't offer residential mortgages, but our customers use their services and expect a similar responsive customer experience that updates quickly.

At SBAB, speed in technological developments is about quickly moving new initiatives from ideas to launched products and about adapting or changing existing solutions and software to respond to customer as well as regulatory requirements. We also need to retire our old, worn-out system, all at the same time as we maintain a high level of reliability, performance and security in our solutions.

To reach speed in combination with scalability, flexibility and sustainability in our technological development, we need a smart platform. At SBAB we work with an IT architecture that is decoupled and modular to minimise the time it takes to develop new products and services. It also allows for frequent and independent updates, continuous improvement work, innovation and a sound approach to the life cycle of our technical solutions. Our IT architecture is also to maintain a good standard for Open banking, where we collaborate with startups, fintechs and other

companies adjacent to the industry to effectively develop attractive services. With this objective we can ensure that the end user, whether customers or employees, has the right technical solutions quickly, which in turn contributes to a better and faster customer and employee experience.

## Speed in our deliveries to customers

We want to achieve speed in our deliveries to customers through an adaptable organisation and effective technical development. Our objective is a modern and responsive customer experience characterised by an omni-channel approach, where the customer has the same level of service regardless of the channel they choose to contact us through. Customers can manage their errands through a self-service option where, for example, applications are filled in according to automated streams: access to information, automated application streams, and a chat bot. The capacity this frees up can be used to provide quicker help to customers whose needs are better met through personal contact in customer service. At SBAB in general, and with customer service in particular, data management and AI are to help increase knowledge about customers to better understand their circumstances and to provide personalised help through tailored solutions within our ecosystem. Customer service also needs access to an effective guidance system with digital processes that enable simple and time-efficient guidance, credit assessment, etc., by automatically transferring data between various sources.



# The Swedish economy leapt for joy and the housing market stood strong

Despite the continued pandemic, 2021 turned out entirely different from the previous year for the Swedish economy. 2020, was one of the worst years in the modern Swedish economy, with ballooning unemployment, while the GDP increased an entire 5.2%. The unexpectedly strong housing market and its rapidly climbing housing prices continued from 2020 into 2021. Housing investments continued upwards, surprisingly enough. A stable housing market trend is expected for the next few years, without significant variations in housing prices. A somewhat reduced but nonetheless healthy rate of investments in housing, in combination with lower population growth, means that the housing shortage might ameliorate starting in 2027. However, the housing market remains difficult for young people. The Russia-Ukraine conflict creates a great deal of uncertainty about future developments.

## The Swedish economy leapt for joy after high rates of vaccination

It was a tough start to the year. The third wave of the pandemic that many feared became a reality. It also hit portions of household consumption hard. The high vaccination rate during the spring and summer relieved some of the pressure on many operations that had been hit particularly hard by social distancing restrictions, such as hotels, restaurants and tourism. For the year as a whole, growth in household consumption was good. It was also the single factor that contributed the most to GDP growth during the year, followed by investments from the business community. An expansionary monetary and financial policy also contributed positively to economic activity. Economic growth could have been even higher but was restricted by a semiconductor shortage, transportation problems and other bottlenecks that arose during the pandemic. The latter problems look to continue into the new year and can, together with rising energy prices, contribute to inflation that is somewhat higher than the Riksbank's goal. GDP is expected to grow 3.3% in 2022 and 2.3% in 2023.

## Interest rates remain low – fixed interest rates increase

As a result of the expansionary monetary policy from the Riksbank and other central banks, with low key interest rates and extensive purchases of mortgage bonds, market interest rates remained at very low levels in 2021. This also kept mortgage rates low. Unlike the end of 2020, when the slightly longer fixed-interest mortgage rates decreased, they rose in the end of 2021. This could be due to increased interest rate expectations and signals that several central banks will soon tighten their monetary policies as economies start to recover. Given this, slightly longer fixed-interest mortgage rates are expected to rise long before the variable (three-month) interest rate. The three-month interest rate is expected to start increasing around year-end 2022. However, the increase is unlikely to be dramatic. Tough competition between banks is keeping margins back, especially for fixed-interest periods over three months.

## Most interest rates are now fixed for periods over three months

The share of new residential mortgages with fixed-interest periods increased consistently from 20% in the middle of the 1990s to 75% a few years ago (after reaching even higher levels during the 2008/2009 financial crisis). After the Riksbank's substantial purchases of various bonds and the tougher competition between banks for loans with a fixed-interest period longer than three months, today around 60% of loans have interest periods longer than three months. This situation is radically different from the one just a few years ago.

## Housing prices continue to rise, especially for houses

During the first year of the pandemic in 2020, housing prices rose at a rate not seen since the end of the 1980s. This despite a falling GDP and growing unemployment. In the situation entailed by the pandemic, with working from home and difficulties traveling and shopping as usual, housing prices started to rise, especially for larger homes – houses in particular. This price trend continued in 2021. As longer fixed-interest rates increase, prices are expected to stabilise around current levels and then fall slightly in 2023 and 2024. Falling unemployment and rising household incomes offset the negative effect of higher interest rates on housing prices, which would otherwise continue to fall.

## Housing shortage can start easing in 2027

While in the beginning of the pandemic, many feared that investments in housing would fall due to the near complete stop of showings and the difficulties for housing companies to sell new homes based on floor plans, this was not the case. Rather, the increased interest in purchasing a home led to an upswing for the production of new housing. Due to higher investments in housing than expected, in 2021 as well as in 2020, and new population figures and forecasts from Statistics Sweden, SBAB has now revised down its estimate of the overall housing shortage to around 90,000 homes. Even if the investments in housing in the next few years are expected to fall somewhat when GDP growth slows and population growth levels off, the number of new homes is expected to exceed the increase in the number of new families. As it looks now, the overall housing shortage might be eliminated around 2027.



Private consumption increased and the Swedish economy leapt for joy after high rates of vaccination

## Deficit growing for new houses

SBAB's quarterly index of new production (HMI), which monitors households' solvency, shows that there is a shortage of new houses in the regions of Stockholm and Skåne. The shortage follows a decade where the share of houses in new production fell from just over 40% to 20% while the production of rental apartments during the same period increased drastically. HMI also indicates that the trend is moving towards a deficit of tenant-owner apartments after a decrease in new production after the





Robert Boije

peak year of 2017. It also indicates that the priority in new construction going forward should generally be: (i) houses, (ii) tenant-owner apartments and (iii) rental apartments. Naturally it's important to take the differences in regional composition into consideration.

#### The housing market remains difficult for young people

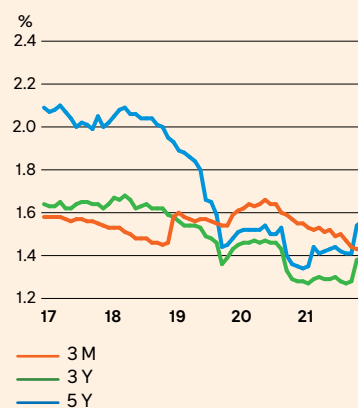
The significant price increase for homes during the year, in combination with amortisation requirements and calculation interest rates, means that more and more first-time buyers are shut out of the owner market. Despite the marked uptick in production of rentals in the most recent decade, long queue times in many regions mean that rental apartments aren't an alternative for young households. One analysis from SBAB's "Young People and Mortgages" report published in 2021 showed that in the three major metropolitan regions, a total of 23,000 young people were limited by the two amortisation requirements. It also showed that an additional 21,000 young people in our three major metropolitan areas would be able to borrow enough for a studio apartment if the bank's calculation interest rate was lowered from 7% to 5%. When the report was published, SBAB had a calculation interest rate of 6%. Shortly after the report was published, several other banks lowered their calculation interest rate from 7% to 6%.

#### Russia-Ukraine conflict

Just in the final phase of the publication of this annual report, war broke out between Russia and Ukraine. This, together with the extensive sanctions imposed on Russia, creates a great deal of uncertainty about future developments.

➔ [Read more on page XX.](#)

#### Mortgage rate performance



# What does your mortgage have to do with community?



Community is more about thriving and feeling comfortable where you live than about interest rates. But we offer more than just mortgages. We also offer other things related to housing, like Boappa – Sweden’s largest app for tenant-owners’ associations and other communities. Neighbours can use it to chat, help each other – maybe with watering flowers – or book a laundry time with a single click. To be better neighbours, in other words. Neighbours that know each other, creating comfort and safety. And that keep an eye out, which is something that significantly reduces the risk of break-ins according to Brå.

It makes work easier for boards. Important information can reach tenants quickly. Boappa creates more community at home. And who knows, maybe a little more coffee and cake in the courtyard.

**SBAB!**





# How we create value

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

## Our customers

### Private individuals

**291,000**

Residential mortgage customers

**402,000**

Savings customers

### Corporates and tenant-owners' associations

**2,558**

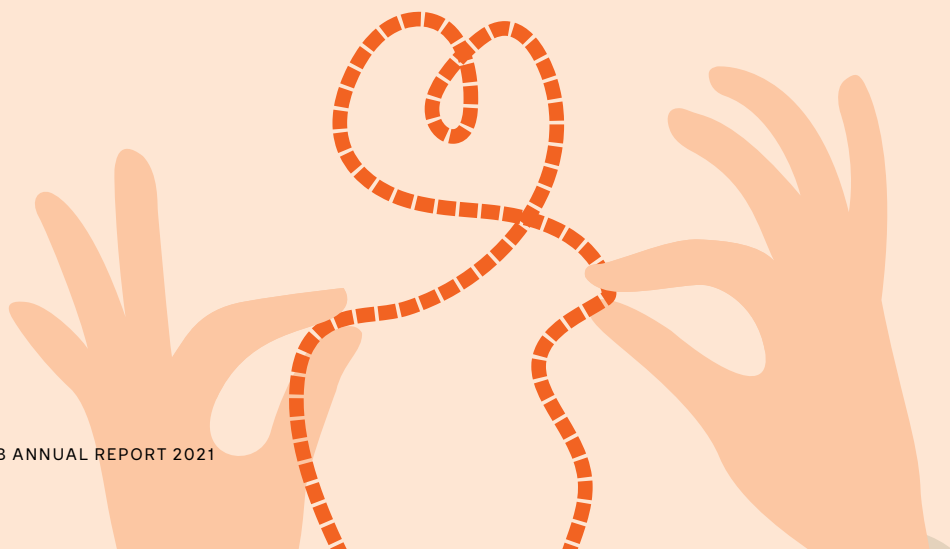
Property loan customers

**12,200**

Savings customers

Within Retail we offer an ecosystem of services in housing and household finances, through our SBAB, Booli, HittaMäklare and Boappa brands and through partnerships. These services include savings and loan products, insurance mediation, housing search engine, real estate-agent services and communication platforms. The core product is residential mortgages. SBAB does not have any offices for physical customer meetings – we meet our customers and users digitally or by telephone. Our market share in terms of residential mortgages amounted to 8.51% at year end, which makes us the fifth-largest residential mortgage bank in Sweden.

In Corporate Clients & Tenant-Owners' Associations business area we offer savings and property financing solutions to property companies, housing developers and tenant-owners' associations as well as savings to companies and organisations. We finance multi-family dwellings. These properties could be existing or in the process of being newly built. Our lending to this business area corresponds to around a quarter of SBAB's total lending. We offer personal service to our customers, who are concentrated in growth regions surrounding our offices in Stockholm, Gothenburg and Malmö. The market share for lending to companies was 16.17% at year end and the market share for lending to tenant-owners' associations was 10.14%.





# An ecosystem of services

With our ecosystem housing and household finances, we have created Sweden's best customer experience through services from SBAB, Booli, HittaMäklare, Boappa and our business partners. Our services help customers throughout the entire housing journey, making it easier and safer.

## Selling – our services

- Estate agent recommendations
- Housing valuations
- Housing advertisements

### Business partner services

- Tax declaration help

**hittamäklare!**  
A service by SBAB

**booli!**  
A service by SBAB

## Buying – our services

- Refinancing
- Consumer loans
- Communication and administration service for tenant-owners' associations and their residents
- Board tools

### Business partner services

- Construction advice
- Interior design

**SBAB!**

**booli!**  
A service by SBAB

**boappa!**  
A service by SBAB

## Dream & Search – our services

- Housing advertisements
- Housing market information
- Saving

**SBAB!**

**booli!**  
A service by SBAB

## Buying – our services

- Residential mortgages & housing financing

### Business partner services

- Home insurance
- Life insurance
- Legal advice
- Electricity agreements

**SBAB!**



# 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. We convert this financial capital to different types of loans and financing for our customers.

## Data

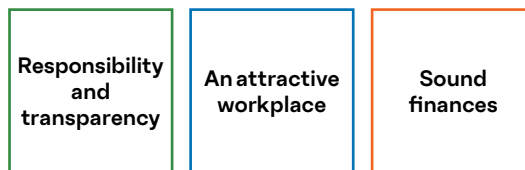
In our operations, we collect and process large amounts of information and data about housing and household finances, which we transparently and responsibly convert to knowledge and services that improve the customer offering and experience.

# How we steer our business

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

## Where

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



## What

An innovative approach focused on housing



## How

A values-driven way of working



## Why

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



## Why

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

SBAB is a purpose-driven company. Our mission explains why we exist and what we contribute to as a company. Our mission makes us proud and committed. It is the reason why we are motivated to go to work each day – filled with energy to do good things for our customers, for SBAB and for society as a whole. By using the word “better” in our mission we take a position and explain that we conduct business responsibly and sustainably and that we play an important part in the national economy. Everything we do should be contained within our mission – it governs our behaviour that will lead us to achieve our vision.

## Where

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

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

Responsibility and transparency

→ Read more on page 30.

An attractive workplace

→ Read more on page 48.

Sound finances

→ Read more on page 60.

# What – An innovative approach focused on housing

## Business idea

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

## Strategies

Much is happening within the development of digital banking and financial services. New players are driving developments and new regulations are redrawing the playing field. Simply offering a comparable banking service is not a winning strategy for the future. An ecosystem is a single entity with services that help customers solve their problems and fulfil their needs. Services relating to housing and household finances represent SBAB's ecosystem. We believe that niche excellence within our ecosystem and driving development in our niche with services that customers love, use and value is a recipe for future success. We have a number of operational strategies that aim to illustrate the way to offer the best residential mortgages in Sweden and clarify our position within the ecosystem. These include strategies for the customer offering and distribution within each business area, along with IT, data science, innovation, risk, funding and HR.

## Regulatory framework

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



## UN's Sustainable Development Goals

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

→ [Read more on page 22.](#)





# How – A values-driven way of working

## SBAB is a values-driven company

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

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

→ Read more on page 50.



## Our values

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

### We are proud professionals

- I am business minded and I deliver.
- We all take responsibility for our customers.
- We strive for long-term relationships.
- I am constantly developing my competence.
- We love doing business.

### We work smart and fast

- I act immediately and own the issue.
- We learn by doing.
- I keep things clear and simple.
- I dare to challenge and to think outside the box.
- We collaborate and calibrate.

### We take responsibility – all the way

- I think one step ahead.
- We make decisions where we can.
- I am money conscious.
- We act sustainably.
- I make a difference and see to the whole picture.

### We succeed together

- We set and meet our goals and celebrate achievements.
- I am straightforward and to the point.
- My knowledge is your knowledge.
- I am humble and considerate.
- We are inclusive and thrive on diversity.



# Guided by the Sustainable Development Goals

By signing up to the 2030 Agenda for Sustainable Development, world leaders have committed to achieving three things by 2030: ending all forms of poverty, fighting inequalities and tackling climate change. SBAB's role and responsibility when it comes to achieving the SDGs is based on our mission – to contribute to better housing and household finances.

Our mission drives us forward, each and every day. As a major player in the Swedish housing market, SBAB can do so much more than merely lend money. By looking outwards and working together with other players in the housing market, we are able to make it more sustainable from both a societal and environmental perspective. To ensure that the full force of SBAB's business is exploited to contribute to better housing and household finances, we prioritise four of the UN's 17 SDGs within the 2030

Agenda for sustainable development; four SDGs that we consider particularly important and relevant for our operations. The prioritised goals are integrated into our steering model for sustainable development. They guide us in terms of making even more responsible and long-term sustainable business decisions and represent an important reference point for priorities within our operations. Naturally, we have a responsibility to contribute to the fulfilment of the other 13 goals too.



## SDG 8: Decent work and economic growth

Promote sustained, inclusive and sustainable economic growth, full and productive employment and decent work for all.

### Together with targets:

- 8.1 Sustain per capita economic growth in accordance with national circumstances and, in particular, at least 7 per cent gross domestic product growth per annum in the least developed countries.
- 8.5 By 2030, achieve full and productive employment and decent work for all women and men, including for young people and persons with disabilities, and equal pay for work of equal value.
- 8.10 Strengthen the capacity of domestic financial institutions to encourage and expand access to banking, insurance and financial services for all.

### What does the goal mean for SBAB?

We want our operations to contribute to growth and jobs in Sweden. We want to ensure that international guidelines and principles are followed and that inclusive, equal and diverse workplaces are promoted. We want to work alongside our customers and suppliers to ensure acceptable and fair working conditions, with active standpoints taken against undeclared wages, bribes and corruption. It is also a question of enhancing our accessibility – we want SBAB's services to be inclusive and accessible to all residents in Sweden.

### Some examples of how we contribute to goal 8:

- Job opportunities that help strengthen Sweden's GDP.
- Ethical and labour requirements for our suppliers.
- Actively working for a more inclusive workplace through increased respect and equality, such as through the Respekttrappan.se tool.
- Proactively working to prevent non-objective salary differences and salary discrimination.
- Spreading and increasing knowledge about issues pertaining to housing and household finances to strengthen the position of consumers in the market.
- Working to ensure access to our customer offering for people with disabilities.



**SDG 11: Sustainable cities and communities**

Make cities inclusive, safe, resilient and sustainable.

**Together with targets:**

- 11.1 By 2030, ensure access for all to adequate, safe and affordable housing and basic services and upgrade slums.
- 11.3 By 2030, enhance inclusive and sustainable urbanization and capacity for participatory, integrated and sustainable human settlement planning and management in all countries.

**What does the goal mean for SBAB?**

By adding extra sustainability criteria to our credit processes, we want to contribute in different ways to the creation of more sustainable and inclusive cities and societies. We engage in a recurrent dialogue about sustainability with our customers and offer customised products and services for this purpose. Other important aspects include working to ensure healthy competition in the market, counteracting illegal employment at construction sites and promoting the construction of safe housing. In addition, we want to promote by way of coordination and collaboration the possibility for all residents in Sweden to have their own home.

**Some examples of how we contribute to goal 11:**

- Cooperating with partners to reduce exclusion in the housing market.
- Conducting industry collaboration to counteract and reduce tax avoidance in the construction industry and to ensure acceptable and just labour conditions for those working on the new construction projects that SBAB is part of financing.
- Offering green loans and loans for green environmental and energy measures in homes and properties.
- Educating and motivating our customers to buy and invest in measures to increase energy efficiency.



**SDG 12: Responsible consumption and production**

Ensure sustainable consumption and production patterns

**Together with targets:**

- 12.8 By 2030, ensure that people everywhere have the relevant information and awareness for sustainable development and lifestyles in harmony with nature.

**What does the goal mean for SBAB?**

We want to make the housing and residential mortgage markets more transparent and inclusive. To make well-informed and wise decisions, our customers need to understand the various issues pertaining to housing and household finances. For this reason, we want to spread and increase awareness within this area – something we want to achieve in as accessible and simple a way as possible.

**Some examples of how we contribute to goal 12:**

- Providing know-how and education to our customers and the public to enable everyone to take wise decisions about housing and household finances.
- Offering tools, services and information that help and inform our consumers on issues regarding housing and household finances.



**SDG 13: Climate action**

Take urgent action to combat climate change and its impacts.

**All of the targets are important**

**What does the goal mean for SBAB?**

Our operations afford us many opportunities to influence our customers and the market through requirements, stimuli and dialogue with the aim of combating climate change. We want to promote sustainable societies with energy-friendly and climate-smart homes and properties, for example via green mortgages. By linking our funding with our lending, we want to offer investors the opportunity to get involved and have an influence. We also want to reduce the carbon footprint within our operations.

**Some examples of how we contribute to goal 13:**

- Offering green loans and mortgages for green environmental and energy measures in homes and properties.
- Offering green bonds for financing in the capital market.
- Structured work to reduce the carbon emissions from our own operations.
- Including sustainability criteria in the credit granting process property loans as part of the overall assessment.
- Offering consultations to property companies and tenant-owners' associations about how residential properties can be more energy-efficient.

**UN Principles for Responsible Banking**

To shift our contribution to sustainable development into higher gear, SBAB signed the UN Principles for Responsible Banking in 2020. The Principles provide a framework for a sustainable banking system that drives the global economy in a sustainable direction. This means that SBAB has clarified its intent, in partnership with other banks, to work together even harder toward the goals set in the Paris Agreement and the UN Sustainable Development Goals.



➔ Read our entire report "The UN Principles for Responsible Banking" on page 201.



# Goals and outcome 2021

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







# SBAB's target areas

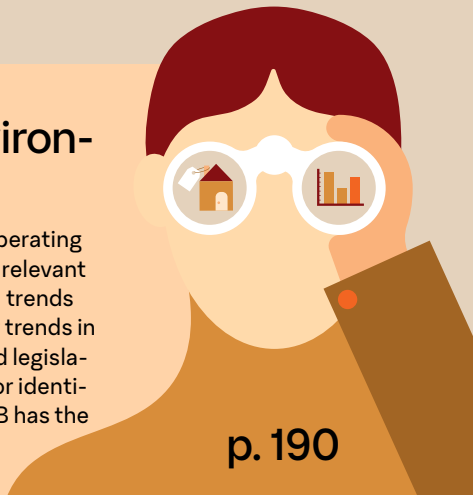
We have three sustainable target areas that we steer operations towards. By meeting these targets we achieve profitability in the short term as well as the long term. When we reach our targets, we contribute to sustainable societal development and the SDGs.

## Analysis as the basis for strategic direction and prioritisation

### Operating environment analysis

An analysis of important operating environmental factors and relevant sustainability risks, our ten trends affecting customers, other trends in society and regulations and legislation lays the groundwork for identifying the areas where SBAB has the largest impact.

p. 190



### Materiality assessment

Through the operating environmental analysis and stakeholder dialogues, we develop a matrix that clarifies which sustainability topics we need to prioritise and focus on as well as report and disclose.

p. 190–191

### Stakeholder dialogue

A dialogue with particularly important stakeholder groups that all affect and are affected by SBAB's operations. Dialogues help us prioritise our work correctly.

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# Three target areas

Based on the stakeholder dialogue and materiality assessment, we have established three sustainable target areas for the operations, with the goals guiding us towards our vision.

Responsibility & transparency

p. 30

An attractive workplace

p. 48

Sound finances

p. 60











Calibration to integrate and update

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

→ Read more on pages 190–191.

# Fulfilment of goals

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

Target areas	Goals for 2021	Results		
		2021	2020	2019
<b>Responsi- bility &amp; transparency</b>    	<b>Target:</b> The Sustainability index, rank in brand surveys <b>Top 3</b>	<b>2nd</b>	<b>2nd</b>	<b>8th</b>
	<b>Transparency:</b> Proportion of customers who believe that SBAB has an offering that is straightforward and easy to understand <b>79%</b>		<b>n/a</b>	<b>n/a</b>
	<b>Customer satisfaction:</b> Sweden's most satisfied customers according to Swedish Quality Index (Svenskt Kvalitetsindex, SKI). Mortgages <b>Top 3</b>	<b>1st</b>	<b>1st</b>	<b>1st</b>
	Property loans <b>Top 3</b>	<b>1st</b>	<b>1st</b>	<b>1st</b>
<b>An attractive workplace</b> 	<b>Equality and diversity:</b> Equality between women/men in management positions (within the range) <b>45–55%</b>	<b>48–52%</b>	<b>49–51%</b>	<b>43–57%</b>
	<b>Employee experience:</b> Percentage of employees who consider SBAB to be an overall great place to work <b>≥90%</b>	<b>91%</b>	<b>94%</b>	<b>91%</b>
	<b>Committed employees:</b> Total Trust Index in Great Place to Work's annual employee survey <b>≥85%</b>	<b>86%</b>	<b>87%</b>	<b>86%</b>
<b>Sound finances</b>   	<b>Profitability:</b> Return on equity over time. <b>≥10%</b>	<b>11.1%</b>	<b>10.8%</b>	<b>11.7%</b>
	<b>Dividend:</b> Ordinary dividend based on profit for the year after tax, taking the Group's capital structure into account. <b>≥40%</b>	<b>40%</b>	<b>0%</b>	<b>0%</b>
	<b>Capitalisation:</b> The CET1 capital ratio and total capital ratio exceed the regulatory requirement communicated by the Swedish FSA. CET1 capital ratio <b>≥0.6%</b>	<b>4.3%</b>	<b>5.4%</b>	<b>2.4%</b>
	Total capital ratio <b>≥0.6%</b>	<b>4.2%</b>	<b>5.4%</b>	<b>5.2%</b>





## Explanation

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

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

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

Read more  
on pages  
30–47

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

**A positive employee experience** is a prerequisite for high performance and thereby realising our vision. We want an overwhelming majority of our employees to have a strongly positive experience of SBAB as a workplace.

**Commitment drives performance.** If we are engaged at work we perform at a high level and drive development and change. Committed employees affect and develop each other. Together they create a genuinely attractive workplace.

Read more  
on pages  
48–59

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

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

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

Read more  
on pages  
60–67

# Responsibility & transparency

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

## Responsibility and transparency in four parts

### Our responsible and transparent offering

Sound and responsible credit granting is the very foundation of our operations. For us, this involves being transparent and that we are clear in respect of our terms, conditions and services, and that we responsibly conduct sales, marketing and credit approvals. We think it is important to spread information and share our expertise, insights and skills. Thanks to access to large amounts of data, we proactively engage in dialogues with our customers in order to increase knowledge of and transparency in the housing and credit markets.

→ [Read more on pages 32–35.](#)

### Our operations build on trust

We regularly manage substantial quantities of data, including personal information about our customers and users. It is crucial that we respect personal integrity, act ethically and ensure a high level of security if we are to win the confidence of our customers and the general public in SBAB and our brands.

→ [Read more on page 38.](#)

### Together for the climate

The business sector has an important role to play in achieving the national and international climate and environmental goals. SBAB finances sustainable housing that results in less environmental impact. We also develop services that help our customers act more sustainably in everything that involves the home.

→ [Read more on pages 40–41.](#)

### Our engagement creates a more inclusive housing market

Through dialogues and collaboration, we want to contribute to improved, healthier and more inclusive housing environments. We believe that it is important that communities and homes are built based on the best pre-conditions and opportunities that apply today and for a sustainable future.

→ [Read more on pages 44–45.](#)

+ [More information about the target area is in the sustainability notes on pages 193–195.](#)

## 2021 Highlights

### Sweden's most satisfied customers – again

Once again this year, SBAB had Sweden's most satisfied mortgage customers and property loan customers according to SKI. In mortgages, SBAB's customer satisfaction score was 76.1 out of 100 and in property loans, SBAB's customer satisfaction score was 77.2 out of 100. Responsibility and transparency recur as material and central themes in SKI's survey.

### Boappa becomes part of SBAB

In spring 2021, SBAB purchased the housing app Boappa, Sweden's largest communication platform for tenant-owners' associations, communities and new production projects. In Boappa, all information and practical functions are gathered in one location – including communication with and between members, booking systems for shared facilities such as laundry rooms and parking, websites as well as a marketplace with local services and offerings.

### Industry initiative for an improved construction industry

The goal is to combat and reduce financial crime in the construction industry by taking into account a number of factors when granting credit. The plan is for the initiative to be implemented in spring 2022.

### Supporting the Sustainable Development Goals







# Our responsible and transparent offering

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

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

The difference between listed rates and average rates for residential mortgages remains high with most major mortgage banks. Many banks start with high listed rates and apply occasional discounts or individual rate-setting after negotiations. Whether or not residential mortgage customers purchase other services by the bank is another factor. At SBAB, we strive to be straightforward, clear and transparent in our offering. We want our customers to trust SBAB and feel secure in having us as their bank and creditor. One of our overall sustainable business goals is exactly that, Responsibility and Transparency: an offering that is straightforward and easy to understand, which was true for 79% of our residential mortgage customers in our latest brand survey.

## **With us you never need to negotiate your mortgage rate**

At SBAB, you never need to negotiate mortgage rates or buy extra services to obtain favourable and fair interest rates on your mortgage. We do not believe that the interest rate you get on your residential mortgage should depend on who you talk to at the bank, how you are dressed or how well-spoken you are. Our

residential mortgage interest rates are based on the current listed rates for each maturity, as published on [www.sbab.se](http://www.sbab.se). The customer's specific mortgage rate is presented as a deviation from the listed rate. This deviation is based on the property's loan-to-value (LTV) ratio, which is the residential mortgage as a percentage of the market value of the property, the property's energy rating and the size of the residential mortgage. At [www.sbab.se](http://www.sbab.se), our customers can work out for themselves the interest rate they would receive, which provides transparent guidance about what determines the individual borrower's mortgage rate in relation to the listed rate. Our transparent pricing model is why the difference between the list rate and the average rate for mortgages is much smaller than that of most other banks.

## **We enthusiastically share our expertise**

One of the most important elements of our offering is explaining, informing and sharing our expertise. Being there when our customers need us. We want to make housing and household finances simple, fun and accessible. Things are often easier to absorb when they are fun. Better informed people are also able to make wiser decisions.

## **Smart, well-informed spokespersons**

Our Head Economist Robert Boije and our Housing Economist Claudia Wörmann spread information and share their expertise with customers, investors, the public and the media. They contribute commentary, analyses and forecasts linked to the Swedish economy, interest rates and the housing market.

## Our ecosystem helps our customers throughout the entire housing journey

These services inform, guide and help our customers with issues regarding housing and household finances throughout the entire housing journey. One of the factors that makes a difference when selling a home is the choice of estate agent, which we help the customer with before the sale through Hit-taMäklare. Through Booli, we help customers find and evaluate housing for sale. Through SBAB we help people finance their homes. And with Boappa, board work becomes easier and more effective while simultaneously increasing engagement among members and creating a sense of community.



## Responsibility and transparency leads to satisfied customers

The skills, professionalism and consideration shown by our employees on a daily basis are made visible, among other things, in surveys conducted by SKI. SKI measures customer satisfaction in the banking and finance sector each year. For the third consecutive year we had Sweden's most satisfied residential mortgage customers with a customer satisfaction score of 76.1 (76.9) out of 100, while customer satisfaction for the entire industry was 72.0 (67.7). We received particularly good results in the survey in areas such as reliability, simplicity and loyalty. Customer satisfaction score relating to property loans to tenant-owners' associations and property companies in 2021 was 77.2 (78.9) out of 100, with the sector average at 72.5 (72.0). Our results were particularly strong within areas such as reliability and service. This means that we, for the

fourth consecutive year, had Sweden's most satisfied customers in terms of property loans to tenant-owners' associations and property companies. SBAB made the top of the list in all underlying categories: Image, Expectations, Product Quality, Service Quality and Value for Money. The perception of SBAB is significant because our reputation and trustworthiness with customers and the public are important factors in success and competitiveness. We continuously monitor the perception and experience of SBAB with tools like a sustainability index that summarizes how we are perceived in different sustainability areas. The sustainability index is measured and followed up every quarter. In 2021 we were ranked second, which is even better than our goal of being in the top three of our industry.



### Responsible credit granting

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

### How we grant credit to retail customers

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

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

We endeavour to have a streamlined, digital and fast credit approval process for the majority of customers. To further allow customers to receive a mortgage and to better reflect societal development in terms of income forms, employment forms and constellations of borrowers, we also make individual considerations. We do the same in order to allow more young people to purchase their first home.

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

→ Read more in the sustainability notes on page 193.

### Amortisation and debt-to-income ratio

At SBAB we believe that amortisation helps ensure sound household finances. We conduct individual dialogues about amortisation with our customers in the event of a new mortgage. We apply loan repayment rules in line with regulations issued by the Swedish FSA. These rules include a repayment rate of 2% per year for new residential mortgages with an LTV ratio of more than 70%, and 1% per year down to an LTV ratio of 50%. Additionally, new customers borrowing more than 4.5 times their gross income must amortise an additional one per cent of the mortgage per year. For some time, we have used a mandatory debt-to-income ratio of 5.5 times gross income when granting credit, which means that it is not possible for a customer to borrow more than 5.5 times their income before tax.

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

SBAB's credit approval of corporates and tenant-owners' associations is primarily based on our customers' financial situation and their future repayment capacity, but we also take qualitative factors into consideration. We do this to create a holistic model of the company, Group or tenant-owners' association. Collateral for the loan is mainly provided in the form of a mortgage deed in immovable property. Customers are managed individually by a team consisting of an account manager, an analyst, a property valuer and a loan administrator. We meet our customers via individual meetings to share our expertise, gather necessary information and to create a close and trustworthy customer relationship.

### If a customer has difficulty making payments

Our ambition is to initiate a dialogue as early as possible in cases where we discover customers are having or risk having difficulty making interest or amortisation payments. Credit monitors in SBAB's insolvency team have extensive experience and work proactively to help and support these customers. We manage and carry out the entire insolvency process internally. This means that throughout the process it is SBAB that helps our customers, not another external insolvency administrator.



## An important role in the national economy

As a banking product and services supplier within housing and household finances, SBAB has an important role in the national economy. Due to the pandemic, in 2020 we offered our residential mortgage customers amortisation relief in the form of a temporary pause in mortgage amortisation in accordance with the guidelines of the Swedish FSA. The temporary amortisation relief ended on 31 August 2021, at which point around 19,000 households had been granted amortisation relief, corresponding to an underlying mortgage volume of about SEK 45 billion.







# Booli has made the housing market more transparent

The year: 2007. The place: a student dorm in Uppsala. The driving factors: frustration over the difficulties of finding housing, inspiration from the rapid development of the internet, the potential in housing transactions, challenging Hemnet and making the housing market more open and transparent. And just like that, Booli was born.

The first version only searched for homes in Stockholm. What was unique about it was the visual aspect, which mapped out all of the homes so the user could see where they were. But in order to grow, Booli needed to further differentiate itself from Hemnet and offer other services.

"We started posting actual selling prices online by 2008, which made the entire housing market more transparent. We were able to do so because we started collecting data early on. Since then we've managed to create the largest open selling price register in Sweden. It opened up the housing market and changed it from the ground up. And we were the first. No other site had that. It drew a lot of attention, in the media and in the estate agent industry. For us it was a natural part of our development and our strategy: creating transparency in the housing market. But not everyone appreciated it in the begin-

ning. Today it's a self-evident necessity for a functioning housing market," says Sebastian Wickert, CEO of Booli.

## Organic growth

Since then, Booli has grown at an astonishing speed. In the 15 years of Booli's existence, 15 other players tried to compete with Hemnet. Booli is one of the few who succeeded. Why?

"We always had incredibly talented developers and enthusiastic employees, so we've been able to grow organically over time. Access to high-quality data is the single most factor for Booli's success and something we build large parts of our strategy on. Becoming a part of SBAB in 2016 strengthened our position considerably and the connection to housing financing is essential. We've always grown our customer offering with new products as well as services, such as HittaMäklare and Booli Pro. This expands our offering and creates clear user value. Today there are three main things that make us unique: we collect the most homes for sale, the most selling prices and the most statistics on price trends for housing. All three a very important for our users," continues Sebastian.

## Housing valuations launched 2015

Booli's housing valuation launched in 2015 and was another step towards a more open and transparent housing market. Valuations were published for most of the houses and apartments on Booli, even those that weren't for sale or hadn't sold yet. This made Booli a unique major player in the valuation market.

"It's obviously good for the seller to know what the house is worth. It allows them to better plan their next housing transaction. We think it's important for homeowners themselves to track how the value of their home trends. A quick snapshot of prices for homes in the area is also valuable for buyers. Our valuation service is the largest of its kind and we publish everything openly on the site. Over one million valuations have been carried out and users can enter additional parameters. We believe that so many valuations have been carried out because they're

perishable and it's important to be able to monitor one of your largest investments. It's quick, free and afterwards we send monthly updates about the change in value via e-mail," says Sebastian.

## "Coming soon" – phenomenal

A quickly growing trend is "coming soon." It was originally driven by estate agents in major cities but has spread around the country. This benefits Booli, since the search service collects all housing advertisements directly from the agent's website or their system.

"There's been a major shift towards 'coming soon,' which is over half of our offering today. This means that we have Sweden's largest collected offering of homes, regardless of whether they're for sale, coming soon, or new builds. In April 2021, our offering on Booli was a full 110% higher than on Hemnet, including homes labelled 'coming soon,' though excluding new builds," continues Sebastian Wickert.

What's the most important thing for Booli going forward?

"Simplicity and speed. The expectations of our users and customers are changing in pace with the general increase in digitalisation in society, and it's happening quickly. We need to constantly improve and develop our digital services and tools. By continuing to create relevant content for home buyers and helping them make smart decisions, we'll be able to successfully integrate offerings in our products in new ways," says Sebastian.

## The buying and selling process is changing

Trends come and go, even in the housing market. The process around buying, selling and marketing has changed a lot in the last ten years. Where do you see them headed?

"How you sell your home will change, I think. The line between offering and what's in the market is getting blurrier." Can we help increase the rate of transaction in the market? "That's not our overall goal today, but it would be an excellent metric when we succeed," concludes Sebastian.





**||** Booli helps users make wiser decisions in the housing market.



**booli!**  
A service by SBAB

- The first housing site in Sweden to show selling prices openly online. Today Booli has 100% coverage for houses from 2008 and onwards and collects around 80% of the selling prices for apartments.
- Booli has over 1.6 million monthly visitors and is growing constantly.
- Acquired HittaMäklare in 2011 and launched Booli Pro in 2012, our analysis tool for professionals in the housing market, two services that Hemnet lacked and thereby making Booli unique.
- With the slogan “Vi samlar Sveriges största utbud” (We collect Sweden’s largest offering), local withdrawals and direct comparisons with the competitor Hemnet, Booli launched its first major ad campaign in 2020.

# Our operations build on trust

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

## How we manage cyber threats

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

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

## Counteracting financial crime

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

## Money laundering and financing of terrorism

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

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

## Corruption

Stable and legally compliant institutions are fundamental for society to function and for interpersonal trust. SBAB enjoys a special trust from the public, which means that it is very important for us to combat corruption and promote best practices. SBAB takes preventive anti-corruption measures and has internal rules for measures to prevent unlawful influence that follow The Swedish Anti-Corruption Institute's (Sw. Institutet Mot Mutor) Code of Business Conduct.

## Code of Conduct

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

### *Code of Conduct for mortgage brokers*

In 2021, together with Skandia and Landshypotek Bank, SBAB developed a Code of Conduct to apply for all mortgage brokers that the banks collaborate with. The requirements in the Code of Conduct ensure consistency in the broker industry in terms of knowledge requirements and regulatory compliance for the broker's employees, and that remuneration in conjunction with mortgage brokering is exclusively fixed remuneration, as per the rules for personnel that apply for banks when it comes to granting credit.

## Supplier Code

SBAB's Supplier Code is attached to all of our supplier agreements. It explains SBAB's view and expectations of our suppliers' sustainability efforts and compliance with international guidelines. During the year we updated the Supplier Code with more stringent standards for labour conditions.

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

## Whistle-blower function

SBAB has an external whistle-blower function, where employees are able to register serious improprieties committed by any of the bank's management or other key personnel at SBAB. A report that meets both of these criteria is called a qualified report (whistle-blowing). Reports can be made anonymously. Instructions regarding this function are available for all employees on SBAB's intranet, Helicopter. There were no whistle-blowing incidents in 2021.

→ *Read more on pages 193–194.*

# What does your mortgage have to do with the climate?



The climate and its changes affect everything. Everything including our homes. In Sweden there are various types of climate risks that affect our homes. Sea levels are gradually rising. The risk for extreme weather and flooding is growing. Increasing water discharge, droughts and diminished plant life also lead to increased risk for collapses and landslides. All of these risks naturally have an influence on where we want to live. There might be concerns surrounding that waterfront property that make it less attractive. And the market value of homes in areas prone to flooding might also be negatively affected. They can be trickier to own, insure and sell. And maybe even to loan against. So mortgages have a clear connection to climate risks.

# Together for the climate

Homes account for a large proportion of the total energy consumption in Sweden and many of them do not meet prevailing energy consumption requirements. Through our financing and credit granting, we can influence the housing market through requirements, terms and dialogue with the aim of reducing energy consumption and our carbon footprint. Together with our colleagues, customers and other stakeholders, we work to contribute to positive developments for our climate.

### Our climate impact is measured – all the way

We are a digital bank. We have no branch offices and are mainly reached by digital channels and the telephone. This enables us to avoid unnecessary transportation and the operation of a number of branch offices around the country. Our direct environmental impact is therefore relatively small but we work systematically to reduce our climate impact across all of our operations. Whatever we cannot reduce, we will climate compensate. Since 2006, we have measured our emissions and prepared a climate report that we annually publish and are constantly developing. In 2021, we decided to set our reduction targets to reduce our own emissions 15% by 2025. As part of our work to reduce our direct cli-

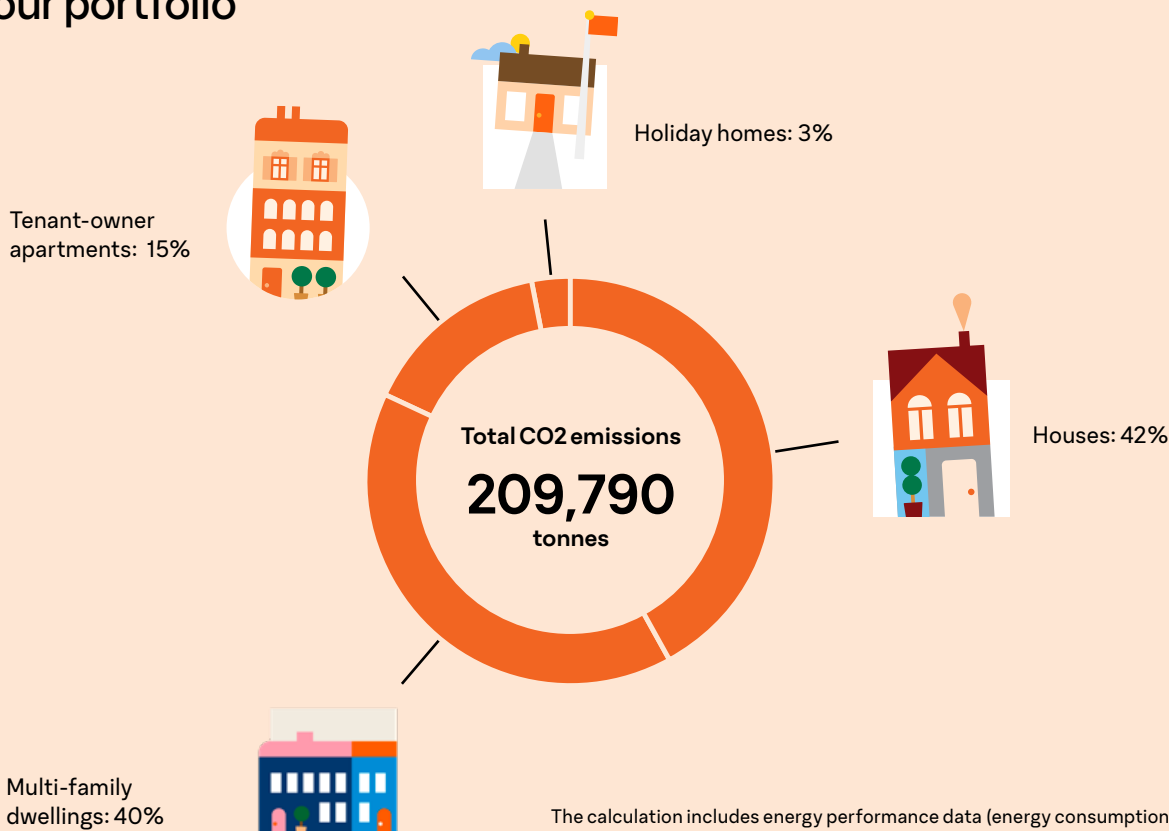
mate impact, we started measuring carbon emissions from our own portfolio in 2021, meaning our and our customers' indirect climate impact. We can make the biggest difference by helping our customers in their climate transition. Measuring the volume of emissions generated by our portfolio allows us to work actively to reduce it. We ensured that the method we use to measure our emissions is in agreement with "Partnership for Carbon Accounting Financials" (PCAF). PCAF is a global standard for the financial industry's accounting and reporting of GHG emissions related to loans and investments. It allows us to take one step closer to setting a science-based reduction target in line with the Paris Agreement.

→ Read more on pages 194–195.

### We inspire our customers to make climate-smart choices

It should feel good to be climate-smart – not just for your conscience, but also for your wallet. Since 2018 we have automatically provided Green Mortgages to customers who live in single-family homes or apartments in multi-family dwellings that have a valid energy performance certificate with energy class A,

## Carbon emissions from our portfolio



The calculation includes energy performance data (energy consumption per sqm and year) (A), Atemp, (area of the respective storey, attic and basement heated to above 10 °C, per sqm) (B), GHG emission factor (C) and SBAB's share of financing (loan to value ratio) (D) and is based on the PCAF's method (A\*B\*C\*D). The data is gathered from the Swedish National Board of Housing, Building and Planning and the Swedish Energy Agency. Read more on pages 194–195.



B or C, that is, in line with or above the energy requirements for new builds in Sweden. The better the energy class, the greater the reduction to the mortgage rate. We see the green mortgage as an incentive for our customers to invest in more energy-efficient homes. At the end of 2021, 15,663 customers had a green mortgage with SBAB, the equivalent of a mortgage volume of SEK 37.2 billion. This means that green mortgages account for approximately 11.1% of SBAB's total residential mortgage stock. We also offer green investment loans to tenant-owners' associations and property companies, which are loans with a particularly advantageous interest rate for customers who implement energy efficiency measures at their properties. These could include replacing windows or investing in a new, fossil-free heating source, for example. At the end of the year, 54 corporate and tenant-owners' association customers had a green investment loan with SBAB, corresponding to a credit volume of SEK 155.4 million (361). We have also closed the money cycle, where our green mortgages and investment loans are financed with earmarked green bonds.

→ Read more on page 65.

#### **We help our customers live more sustainably**

In addition to green lending, we develop partnerships and services to help our customers reduce energy consumption and live more sustainably. This year we were the first bank in Sweden to launch arrangements for electricity agreements together with the electricity company challenger Tibber. The service means that customers at SBAB are offered electricity directly from the supplier, without surcharges and exclusively from renewable energy sources. Tibber's goal is to help our customers reduce their energy consumption, which is in line with SBAB's ambition of supporting sustainable societies through energy-friendly and climate-smart homes. In addition to the partnership with Tibber, we opened dialogues with other players during the year to help our customers become even more climate smart.





# Smart loan commitments simplify the housing journey

**In the end of 2020, SBAB launched Smart loan commitments, which the customer can update and customise for the homes they are interested in. The service is connected to Booli and provides suggestions for homes that suit the customer's loan commitment and shows what the selling prices usually are in the search area. Smart loan commitments make the housing journey easier and more comfortable for customers while also streamlining processes at SBAB.**

There are a lot of things to keep track of when looking for a new home. After finding a suitable home and applying for a loan commitment, sometimes someone else outbids you and you have to start looking for something in your budget all over again. Things can also happen along the way that change how much you can borrow.

Banks typically want the customer to contact them to update their loan commitment when their situation changes. But with smart loan commitments from SBAB, customers can instead update things themselves: for example, a different cash deposit, a higher or lower monthly fee at the prospective home or a different municipality. All of these can

affect the size of the loan commitment, which is updated automatically. Kristoffer Avci Nåmark, Product Owner at SBAB, has helped develop Smart loan commitments and explains the logic behind them:

"Smart loan commitments help us simplify something that used to be difficult for customers and they streamline our own processes. When someone's looking for an apartment or house, there are usually several interesting prospects. That's why we thought it was necessary to create a flexible process that helps the customer see how a prospective home suits their loan commitment. Development was based on finding a way to provide customers with extra manoeuvring room and to allow them to use their loan commitment ahead of each bid. Digitalising this process has opened up many new opportunities, like how customers can update their loan commitments with new conditions themselves instead of calling an administrator. This saves a lot of time for the customer and allows us to help more people make wise decisions in the housing market. We've also been able to connect to the functionality of Booli, which means that we can highlight all of the options in the market that are covered by the loan commitment," says Kristoffer.

## Product recommendations

Product recommendations is typical in most industries today. Spotify provides music recommendations based on what you already listened to, and when you buy things online it's common to see recommendations based on the "many customers who purchased product X also purchased product Y" model. Similarly, customers who use the Smart loan commitment tool can see tips for homes for sale and coming soon that are within their loan commitment. We also enable customers to calculate what different bids will entail in monthly costs, which makes it easier to determine how much they want to bid.

"We know that a lot of people find shopping for a home very stressful. Smart loan commitments are a part of SBAB's ambition to reduce stress and make the housing journey easier and more comfortable for everyone. The reactions so far have been very positive and many customers are using the tool. It also means that there are fewer people calling us for help with their loan commitment, which frees up our advisors for customers with more complex questions," continues Kristoffer.

## Efficiency gains

The current functionality of Smart loan commitments has already led to significant efficiency gains, but this is only the beginning. Kristoffer describes future plans:

"We're looking at the possibility of developing many different functionalities in the future. One of them, for example, would be to connect Smart loan commitments to loan applications. That way it would be possible for customers to convert their loan commitment to a mortgage application themselves on the web after they win a bid. A lot of the information needed in a mortgage application is already in the loan commitment, so by offering this opportunity entirely digitally we can create even more comfort for our customers, who can immediately move on to apply for a mortgage after winning a bid without needing to call us," concludes Kristoffer.



Smart loan commitments make the housing journey easier and more comfortable





# Our engagement creates a more inclusive housing market

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

## Major demand for new housing...

The annual pace of construction of new homes is expected to remain above population growth. Based on existing forecasts for the rate of construction and population growth, the housing shortage might start to turn around by 2027. We still aim to increase our financing of new builds, since we want to help reduce the structural deficit of housing in Sweden. Newly built properties are also more energy-efficient than older properties. In 2021, SBAB was involved in the financing of 5,712 new-build homes (3,678).

## ...that people can afford

There is thus a great need for new homes, but it's important to distinguish between need and demand. Demand can differ from need because it includes several factors such as the rent or price of a home, household income and different credit rules like

amortisation requirements and mortgage ceilings. High prices in combination with mortgage ceilings and amortisation requirements exclude many households from the housing market, even though interest expenses as a portion of household income are historically low. In many municipalities, there are also many years' queue time for rentals due to the rental system and allocation according to time in the queue. Many are therefore forced to jump between expensive sublets. In addition to political measures, collaboration between housing financiers and the construction industry is required to address this problem. This is where SBAB wants to have an active role.

## Partnerships for new forms of housing

Regulations created to relieve debt pressure on Swedish households and to slow price trends for homes have led to many people having limited opportunities to buy a home. New housing and tenure forms have appeared and SBAB holds discussions with customers and other players about potential collaborations. HSB Dela and Riksbyggen are examples of a form of housing designed for younger adults, in which customers purchase half of the apartment, and jointly own the other half with the housing developer. They have the option to purchase the remaining portion after five years.





## Combating crime and promoting human rights during new construction

Alongside the rapid pace of building in Sweden during the 2010s, a worrying development has been observed concerning how homes and infrastructure are built. Several investigations have shown occurrences of tax avoidance, unreported employment and salary dumping, as well as a lack of respect for human rights along the supply chain at construction sites. Banks are an important part of the new construction ecosystem and as part of our shared responsibility and in dialogue with the construction industry, Danske Bank, Handelsbanken, Nordea, SBAB, SEB, Sparbankerna and Swedbank started an industry-wide initiative. The initiative aims to counteract and reduce economic crime in the construction industry by considering a number of new types of factors in lending and thereby set high standards for the bank's customers. The initiative aims to achieve increased control over who conducts work on construction sites across the entire supply chain. Through the initiative banks want to work together to make a difference and create a more sustainable construction industry. The plan is for the initiative to be implemented in spring 2022.



We also collaborate with BoKlok, a housing concept developed by Skanska and IKEA, which develops and builds sustainable housing that more people can afford. We've also had a partnership for several years with Stockholms Stadsmission to address the issue of new forms of housing. During the year we carried out a feasibility study in the form of in-depth interviews and desk studies to better understand the problem behind growing homelessness. We also discussed solutions within the framework of existing housing policy. The feasibility study led to Bostad 2030, a programme that Stockholm Stadsmission conducts focused on finding homes for people who are currently excluded from the housing market.

### Responsible property management

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

### We listen and share our knowledge with property companies and tenant-owners' associations

SBAB regularly participates in housing and property trade shows and holds seminars that are primarily aimed at trustees and board representatives from tenant-owners' associations. Due to the coronavirus pandemic, communication has become more digital, for example with films where our Head Economist discusses the economy, interest rates and the housing market.

### We coach young people in vulnerable neighbourhoods

For several years, SBAB has collaborated with the football club FC Rosengård, which runs the labour market project Boost in the Malmö region that aims to help long-term unemployed youths find work or begin studying. We have a collaboration with Chang-ers Hub, a network for young people in the outskirts of Stockholm, whose members have demonstrated a need and a desire for quite some time to learn more about private finances.

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

The right to a home is stipulated in both the UN Convention on Human Rights and in the Swedish constitution. At least 33,000 people are homeless in Sweden today. This is a failure on both a humanitarian and societal level. We have collaborated with Stockholms Stadsmission in different ways to support their work to find housing solutions for people living in homelessness and in vulnerable social circumstances. With the aim of helping create a better housing situation for homeless and socially vulnerable people, we also support Situation Stockholm and Faktum, societal and cultural magazines whose idea is to attract readers and thereby create work and a personal income for the magazine's sellers.



## Climate risks play a clear role for housing

**The extreme weather of 2021 and its effect on homes, in Sweden and internationally, has made the issue of climate risks highly relevant. We can see that investors are demanding more specific information about how banks manage climate risks and that the regulations in this area are growing more and more stringent. We can also see a clear attitude shift in the general public that will affect how home buyers act in the future. This sets requirements for everyone in the housing market.**

Today there is a comprehensive transition where banks and financial sector bodies have started to map how climate risks will affect their operations financially. The transition is driven by customer demand as well as the risk of stranded assets.

Axel Wallin is Head of Sustainability and is responsible for coordinating climate risks at SBAB.

“Questions from our investors about the impact of climate risks on our operations are becoming more and more tangible. We welcome this development. It

helps us take additional steps to define how climate change will impact our operations and helps us focus on the transition to reduce risks and contribute to positive development. Today we have more clearly integrated climate risks in our operations and have updated our instructions for risk management, including various scenarios based on higher temperatures. We also report according to the Task Force on Climate Related Financial Disclosures (TCFD) framework, which has requirements for how our pro-



**Attitude shift. 60% will take climate risks into consideration when they purchase their next home.**

cesses look, how responsibility is allocated and defines what parts of our portfolio are exposed to climate risks. In addition to climate risks, we work to help our customers adapt their homes for climate change,” says Axel.

### Growing interest but lack of information

Few homeowners in Sweden took climate risks into consideration when they bought their current home. At the same time, 60% of them will do so when they purchase their next home, according to SBAB’s research from autumn 2021. However, research shows that 72% don’t know where to find information about climate risks.

To take climate risks into consideration when purchasing a home today, the buyer needs access to information about

what the climate risks are and which areas are particularly vulnerable. It’s also important to understand the measures that municipalities intend to carry out to mitigate local climate risks. The Swedish Geotechnical Institute (SIG) and the Swedish Civil Contingencies Agency (MSB) have developed a list of areas that are particularly vulnerable to flooding, collapse and landslides, but SBAB’s research shows that few homeowners are aware of it. Axel points out that meeting the growing need for climate risk information will require initiatives from a variety of actors.

“Worry about climate risks is increasing among homeowners, but awareness and knowledge are still low. Right now, it’s not easy to know who’s responsible for what and where you can find information.

This is where municipalities have a responsibility. At SBAB, we have a responsibility to be transparent and help our customers, which is why we provide information that can help our customers understand what climate risks are, who is responsible for what and how you can effectively adapt your home for them,” concludes Axel.

## How to adapt our home for the climate:

### ➔ Before purchase:

**Read** – the inspection record doesn’t take climate risks into consideration. That is why it can be a good idea to find out if the area where you want to move is in a risk area. MSB, SGI and the Swedish Meteorological and Hydrological Institute have map services and information about which areas are vulnerable to risk.

**Ask the municipality** – ask the municipality about plans in the form of measures being taken in the near future, which can affect your home both physically and financially, such as building shoreline protection against rising sea levels and other measures.

### ➔ While you live somewhere:

**Consider climate adaptations in connection with other measures** – if you intend to renovate or otherwise take measures on your property, take the opportunity to look at things from a climate adaptation perspective if it’s relevant for your property. That makes things even more cost-effective.

**Invest in simple maintenance initiatives that really pay off** – there are many ways that maintenance can minimise the risk of future problems.

Here are just a few examples of measures that don’t take a lot of effort but that have a significant positive effect:

- Installing check valves to reduce the risk of water in the building.
- Improving run-off from the building so that water doesn’t collect beside the house, which can cause water damage.
- Building a roof over cellar stairs and other openings
- Regularly flushing and maintaining drains.
- Checking that roof tiles/coverings are securely fastened.
- Planting trees on your property. The tree’s root system protects the soil from erosion and the tree absorbs huge quantities of water!

### ➔ When you’re selling:

**Make sure you’re well-read** – research ahead of time to ensure that you can answer any questions about whether the residence is in a climate risk area and about any plans from the municipality.

**Point out the climate adaptations you’ve made** – if you’ve made climate adaptations, mention them in the housing advertisement

# An attractive workplace

SBAB's employees are the company's most important asset by far. Motivated, committed and self-driven employees are a prerequisite for our long-term competitiveness and success.

To achieve our vision, we need everyone who works at SBAB to be engaged, motivated and to share our attitude and values. We dedicate as much focus to our employees' experience as we do to customer experience. SBAB strives for all employees to feel comfortable being themselves, to have balance in their lives and to feel like we are all contributing and growing as individuals as well as together as a team. We work actively to develop our values-driven way of working, with self-driven employees and inclusive leadership at its core. It is a matter of giving everyone at SBAB the preconditions they need to take initiatives, make wise decisions, implement things and learn by testing new ideas. When many individuals take the initiative, make decisions and get things done, this creates the speed necessary to build a competitive company in our rapidly changing world. SBAB emphasises the value of employees with different experiences. At our company, it is a given that everyone has the same rights, obligations and opportunities in every aspect related to the workplace. We want SBAB to be an equal and inclusive workplace with a high level of integrity that encourages differences and diversity. We are convinced that a mixture of opinions, talents and backgrounds leads to the best solutions and enriches and strengthens our company and thereby our competitiveness.

➔ *More information about the target area is in the sustainability notes on pages 195–196.*

## 2021 Highlights

### A great place to work

In 2021, an entire 91% of us at SBAB agreed to the statement that "Overall, SBAB is a very good workplace." 94% of us thought so in 2020. In 2021, SBAB finished in fourth place for the third consecutive year in GPTW's list of Sweden's best workplaces in the Large Organisations category. This year we were once again one of Europe's top 50 workplaces in the Large Organisations category.

### New job site – our way, as simple as that

In spring 2021 we launched our new job site to show what makes our workplace unique and how we stand out from the crowd. The job site is the result of a comprehensive effort to boost our brand as an employer that started in 2019.

### Health – balance in life

At SBAB, health means feeling well and finding your own balance in life through self-leadership. That is why in 2021 we developed our own health model that supports us in creating conditions for our own sustainability. The model is based on insights and knowledge regarding the importance of reflection, recovery, variation and a holistic approach to health and well-being.

Supporting the Sustainable Development Goals







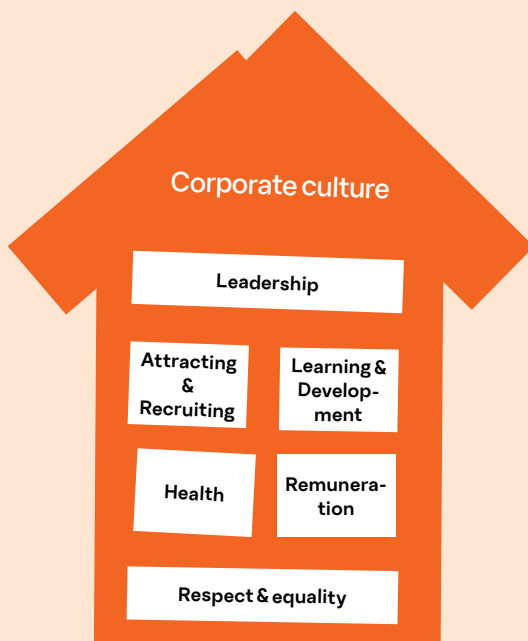
# Our people at SBAB

All of us at SBAB do so because we have a shared attitude. We define our attitude through our values, which form the foundation of our corporate culture. We want to take initiative and work together in a powerful manner that creates impetus. This requires innovation and determination to successfully reach our goal. The way we work together is essential for SBAB to remain a long-term competitive company. We are convinced that our values-driven way of working, with self-driven employees and inclusive leadership at its core, is a recipe for success. That is why we always look for a variety of people who share our attitude and who, with considerable commitment, want to find new ways to advance together with their colleagues. We want to increase diversity at SBAB by challenging and developing how we attract new colleagues. The initial time at a new workplace is vital for an employee to feel welcome and secure in their career choice. It is important to understand the big picture, regardless of role. Boende- och boendeekonomiresan (Eng. The housing and household finances journey) and our one- and two-day Boost Camps aim to introduce new employees in an energising, motivating and inclusive manner to SBAB's corporate culture and our values-driven way of working as well as to SBAB as a whole. In 2021, we completed seven Boende- och boendeekonomiresan days for a total of 168 colleagues and four Boost Camps for a total of 75 colleagues.

## A values-driven way of working

SBAB is a values-driven company where employees calibrate and make their own sensible decisions in the everyday work. We work with our values as a basis to consistently practise, discuss and give feedback. At SBAB, it is not the Executive Management that decides how we reach our goals by delegating and issuing instructions. Instead, the focus is always on our employees. By serving as role models, our leaders build the trust and commitment required to help employees to be independent and self-driven. A self-driven organisation where everyone makes smart decisions in their daily work, gets a tempo that outperforms traditional, hierarchical and bureaucratic companies. Aided by agile working principles, we strive to further develop a working approach characterised by cooperation, continuous learning and full transparency. We strive to create autonomous teams that, aided by targets and frameworks, decide themselves how to achieve the goals we set. We need considerable competence and talent when it comes to leading and living with change. Our aim is to make sure that change management becomes a part of our values and our corporate culture. With full transparency regarding our sustainable governance model, we want to clarify how everyone's input contributes to our vision and our goals. Consequently, we enable everyone to understand how their specific duties contribute to the whole and why they specifically are important for SBAB's success.





## Our HR strategy

We have made long-term, focused efforts in our HR strategy. It includes seven focus areas: Corporate Culture, Leadership, Respect & Equality, Attracting & Recruiting, Learning & Development, Health and Remuneration. By continuously and determinedly working in these areas, we achieve our goal of being one of Sweden's best workplaces.

## Our value drivers

We want all of our employees to act with a clear focus on our vision: offering the best residential mortgages in Sweden. We use the designation value-driver (Sw. Värderingsdrivare) to encourage those of us who are a role model for our values-driven way of working. A value driver is a role model employee who incorporates our values into their life – a lighthouse. Through their philosophy and behaviour, it is clear that they have worked hard to achieve our vision and create value for SBAB. Since the first value drivers were appointed in December 2015, a total of 55 employees have received the award and a place on our digital "Wall of Fame". Three employees were appointed as value drivers in 2021.

## 5 TIMES THE LOVE

5 TIMES THE LOVE – 5x ❤️ is a sort of "value drivers' light" where everyone at SBAB can give appreciative feedback to a colleague, using our symbols to tie their feedback to how their colleague lives out our values. As all of the contributions are published on the intranet landing page, it is an accessible way to highlight good performance and behaviour. 5x ❤️ is the result of a task from one of our leadership programmes. It has become a very popular way to give feedback and in total 5x the love was sent 192 times during 2021. The name is inspired by our feedback model, "five times the love" – five pieces of positive feedback for every piece of constructive feedback.

## Tools to help us apply a values-driven way of working

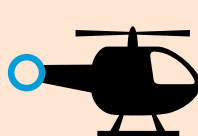
– Our symbols are practical tools in daily life – they symbolise how we are to act in our day-to-day work.



**The glass** symbolises trust, to be trusted and to trust others. Filled by my everyday actions but can also be spilled.



**Being a role model and a good example** is symbolised by the lighthouse that shows the way forward. Actions speak louder than words.



**The whole picture** is symbolised by the helicopter. I fly up high to see the whole picture, and I land to take wise decisions every day.



**Courage** is symbolised by the door. I walk through the door and act despite the unknown, which can sometimes be a bit scary.



**Initiative and discipline** are symbolised by the ladder of initiative. The higher up the ladder, the more initiative.



**Infinite responsibility** is symbolised by fried eggs. I am expected to take on responsibility beyond my role and my team, and see to the whole picture.



### Inclusive leadership

Our values-driven way of working places major demands on having bold leaders with a holistic perspective. We work with inclusive leadership to create the preconditions for everyone to be self-driven and take wise decisions. Leadership is about trust, transparency, clarity and diversity. Self-driven employees increase the pace of operations, enhance daily innovation and strengthen our ability to put things into motion. All leaders are expected to act as role models and to make goals, frameworks and expectations clear. We train leaders regularly in inclusive leadership through several different initiatives.

Every three weeks, for example, we have a digital meeting borne out of the need during the coronavirus pandemic to collect and support all of our leaders by sharing information and airing recent questions. We have a quarterly Leaders' Forum, which is a whole- or half-day competence forum where all of our leaders meet to network and share inspiring expertise and information. We held three Leaders' Forums in 2021. Since 2015, all leaders at SBAB need to complete our leadership program "Values-driven leadership" in the form of three two-day internal courses plus a final exam. A few years after finishing the leadership programme, leaders participate in Leadership Boost (Sw. Ledarskapsboost) to update and build on their knowledge. In 2021, 11 people participated in the leadership programme. No Leadership Boosts were held.

Altogether, 91% of us consider SBAB an extremely good place to work.

### Health – our own sustainability

We want to enable everyone who works with us to have a sound balance in life. Life consists of many different phases and challenges both at work and outside. Our health work strives to provide support on equal terms so that it suits everyone regardless of personal life. At SBAB, health means feeling well and finding your own balance in life through self-leadership. We believe in preventing ill health by offering a healthy work environment, a sustainable work load and proactively support self-leadership within health. Regardless of what your life looks like right now, we want to

inspire, enable and encourage you to think proactively and take action about your sustainability and health. That is why in 2021, we developed our own health model that supports us in creating conditions for our own sustainability. The model is based on insights and knowledge regarding the importance of reflection, recovery, variation and a holistic approach to health and well-being.

→ Read more on page 54.

Our managers are trained in health-promoting leadership and adapt the workplace, as much as possible, to each individual's needs and wishes. Even though we work proactively with health, we know that things happen, which is why also have a support packet we call "Help!". This includes Vardagsstödet (Eng. The everyday support), where employees are offered professional counselling on issues in either their private or work lives, from relationship problems to legal questions. This also includes support from occupational health services in matters of addiction and insurance solutions.

Through our digital health portal, employees can choose between several types of healthcare offerings in all of the locations where we operate. We also have the Hälsoapp where each employee at SBAB is offered knowledge, inspiration and exercise possibilities right in their phone, regardless of time and place. Additionally, we have several activities arranged by our wellness groups and our own cultural association.

### Commitment and experience

Being a really attractive workplace requires persistence and a long-term, significant commitment from everyone at SBAB. This means a shared responsibility in daily routines, where trust, approachability, knowledge sharing and cooperation are essential for everyone to feel energised and thrive together. We measure the progress we have made in our perception of our workplace through our annual employee survey in collaboration with the company GPTW and through supplementary quarterly employee surveys. The aims of such surveys are to increase our understanding of our commitment and how they experience SBAB, based on the areas of trust, pride and camaraderie.

In so doing, we want to create a basis for analysis and dialogue at departmental and team level, as well as a clearer understanding of the activities we should be focusing on to improve and maintain our employees' experiences of SBAB. In the most recent employee survey, 91% (94) of employees consider SBAB an overall great place to work. The level of employee engagement, the Total Trust Index, in GPTW's annual survey was 86% (87). To improve the workplace experience, we also designed our office in Karlstad with the goal of creating Karlstad's Coolest office. When we moved into the premises in July 2021, many agreed that we had met our goal.





### Learning & Development

We believe in the self-driven employee's own strength, ability and will to grow. We know that motivation is intrinsic, which is why we invest so much in creating the conditions and the desire to learn. Learning and development are necessary for performing even better, attracting and retaining new and existing employees, creating employee commitment and remaining competitive. That is why we focus strongly on developing a learning organisation. Above all, we work actively with creating a culture with good conditions for learning. Our ambition is for active, deliberate learning to happen every day, through our values of "I continually develop my skills" and "My knowledge is your knowledge." Routine activities are where we build skills and experi-

ence. Our development efforts are based on the "70-20-10-model." It helps us understand effective learning: 70% comes from everyday work, 20% from learning from others and 10% from traditional training. Reflection and feedback are prerequisites for learning and development. This is why regular progress meetings between manager and employee form an obvious part of our ongoing work. Target-setting is important for defining and finalising the direction of future work. Work with individual goals and development is defined through an individual annual plan, which is continuously followed up and adjusted.



## Great Place to Work

Every year, Great Place to Work® conducts a world-wide workplace study that evaluates the quality of thousands of workplaces from two perspectives: employee and employer. In Sweden, several hundred organisations participate, and the best have the chance to win a seal of approval. SBAB finished in fourth place in this year's list of Sweden's top workplaces in the Large Organisations category. A ranking that also led to us being named the 28th best workplace in Europe in the same category.



## Mortgage licencing

Under an EU directive, the EU Mortgage Credit Directive, the personnel at organisations that offer credit, credit brokering or advisory services in the field of mortgage credits to consumers are required to possess special knowledge and skills. The industry body SwedSec Licensing AB has developed a skills test for personnel who work with mortgages, which in turns leads to a licence to be able to work with mortgages. By year end, 634 employees had an active mortgage licence.



# Our healthcare model creates conditions for sustainability

**It's important that everyone who works at SBAB feels good. For us, health means feeling well and finding your own balance in life. But there's no one-size-fits-all solution. Regardless of what your life looks like right now, we want to inspire, enable and encourage you to think proactively and take action about your sustainability and health. That is why in 2021, we developed our own health model that supports us in creating conditions for everyone's personal sustainability.**

Health has been a focus area in SBAB's HR strategy since 2015 and we work proactively through several health-promoting offerings and activities. In the end of 2020, we decided to take another step forward and asked ourselves: what more can we do? Carrying out activities and finding inspiration related to health isn't difficult, but we wanted to find something that can make a real difference.

"We started by learning more about what contributes to good health and individual sustainability by consulting research and experts. This gave us insights and knowledge regarding the

importance of reflection, recovery, variation and a holistic approach," says Karin Sjölund, the HR Project Manager who led the initiative at SBAB.

SBAB has a strong, highly appreciated corporate culture that builds in our shared attitudes and consideration. By combining new insights with the strengths of our corporate culture and existing health-promoting activities, we created our health model: Health Check-in, +Charge and Help! The health model visualises the goal – our sustainability – and what helps us get there.

"Our Health Check-in is new and it's there to encourage regular reflection. When you understand what your recovery needs are, you can +Charge your battery with what you need to feel good. And, of course, sometimes we need more than what's offered in +Charge. That's when we have access to extra support and help through various partners," continues Karin Sjölund.

## Health Check-in provides time for reflection

Taking the time to reflect can be challenging. But our Health Check-in simpli-

fies this step with a map of eight areas and simple check-in questions.

"The eight areas are different activities that have a positive effect on health, backed by research. Taking variation and the big picture into account is a good basis for individual sustainability. The needs someone has can vary from person to person and from different periods in life. At SBAB, we also want to challenge the classic view of wellness, which has tended to be exclusively associated with physical exercise," says Therese Norborg, the HR Project Leader who developed the model.

Reflection is based on the following questions: Which areas have I checked? What do I need to +Charge? How can I best +Charge today?

"Depending on mood and receptivity, the questions can lead to a deeper insight or simply constitute a quick temperature check. We can also use the check-in questions overall to get an idea of what we can do for our health, collectively and individually. The map also provides us a shared structure and language for health," continues Therese.

## +Charge with what I need to feel good today

+Charge is about creating a functional health-promoting agenda based on a holistic perspective, in a way that suits each employee. But what helps everyone feel good can vary from day to day. Reflection also provides insights into habitual patterns and behaviours that might need to be challenged. We want everyone who works at SBAB to take care of themselves, and each other, to feel their best.

"Activities, tips and inspiration are offered based on the eight areas. Our committed members in various forums, such as the Wellness Group, the Culture Association and Sweden's Best Workplace groups, help us at the +Charge collective by arranging relevant and inclusive activities. Health has its own page on our intranet, Helicopter, where everyone who works at SBAB can learn more about the model, take part in health-related training and be inspired in all areas," concludes Karin.



||| +Charge is about  
creating a functional  
health-promoting  
agenda







## New job site – “We do it our way, as simple as that”

**In spring 2021 we launched our new job site to show what makes our workplace unique and how we stand out from the crowd. The job site is the result of a comprehensive effort to boost our brand as an employer that started in 2019.**

We all have different learning preferences. That was the foundation for SBAB's new job site. This is where visitors can choose if they want to learn about our workplace and who we are by watching, listening, reading or talking. Accessibility and inclusion are in focus for internal as well as external visitors who come to the job site to learn about and experience our corporate culture and attitude.

“Work on the new job site started when we asked our colleagues how they would describe our workplace. That's how we could ensure that we reflected the insider perspective when we explain what

makes our workplace unique. We created focus groups with colleagues from various departments. Everyone had the chance to share their perspective on our shared workplace. That's how our employee promise developed,” says Carina Eriksson, CHRO at SBAB.

### **Attracting new colleagues**

The employee promise quickly demonstrated four clear areas to build on: “our ambition,” “our societal responsibility,” “our employee focus,” and “our culture,” which everyone visualised and communicated on the job site.

“The idea with the employee promise is to make it easier for existing and potential colleagues to understand what it's like to work for us and to be part of our corporate culture. The final result clarifies what distinguishes us from other employers and what makes SBAB special. Based on

these insights, we developed the new communications concept ‘we do it our way, as simple as that,’ which is in line with our brand profile and highlights how important it is for us to always be our own selves and for us to go our own way,” concludes Carina.

### **Four clear main areas**

The goal of the job site is to stand out in the crowd so we can attract new colleagues with a lot of potential. We want to increase awareness of SBAB as an employer by sharing a genuine picture of who we are.

The site allows visitors to get to know some of us who work at SBAB and gives them the opportunity to listen to several different podcast episodes that focus on SBAB as a workplace and what it's like to work here. It also lists all of the available jobs in the entire Group.



# What does your mortgage have to do with respect and equality?



We think that loans should be equal and that everyone with the same loan conditions should be treated equally. You shouldn't even need to negotiate with us about interest rates. It should be comfortable and simple, without any fine print. The same for everyone. This is respect and equality. However, we believe that people need to be different. Anything else would be incredibly dull. No matter who you are, you should be able to be yourself. Regardless of your background or the future ahead of you. This is also respect and equality. That's why we created Respekttrappan. It's an action plan for an equal and respectful workplace. We use it at SBAB, and it's available for free at [respekttrappan.se](#) for anyone else who would like to use it.

## SBAB!

### Respect and equality

For SBAB, it is a given that all employees have the same rights, obligations and opportunities in every aspect related to the workplace. We want to be an equal and inclusive workplace with a high level of integrity that encourages difference. We are convinced that a mixture of opinions, perspectives and backgrounds enriches our company and drives change, growth and innovation. Our HR strategy helps us ensure that we are always focused on respect and equality. Inclusion is central to our values. SBAB also has a policy that emphasises the value of employees with different backgrounds and experiences. One of our overall targets concerns equality between men and women in management positions. At year end, 49% (43) were women and 51% (57) were men. Respect and equality are about much more than just gender. They include all the targets and activities implemented with the aim of promoting equal rights and opportunities at the workplace and thereby combat discrimination. They also include respecting and affirming differences and seeing the people as the assets they are. We want all of our employees to feel that they are seen, appreciated and respected for who they are.

SBAB's values-driven way of working is based on our values. Inclusion with respect and equality is at the core of our values.

Inclusion creates commitment and makes us an attractive employer, which makes us more efficient and stronger in our business. The #metoo movement in autumn 2017 clearly showcased the lack of respect and equality at workplaces. Together

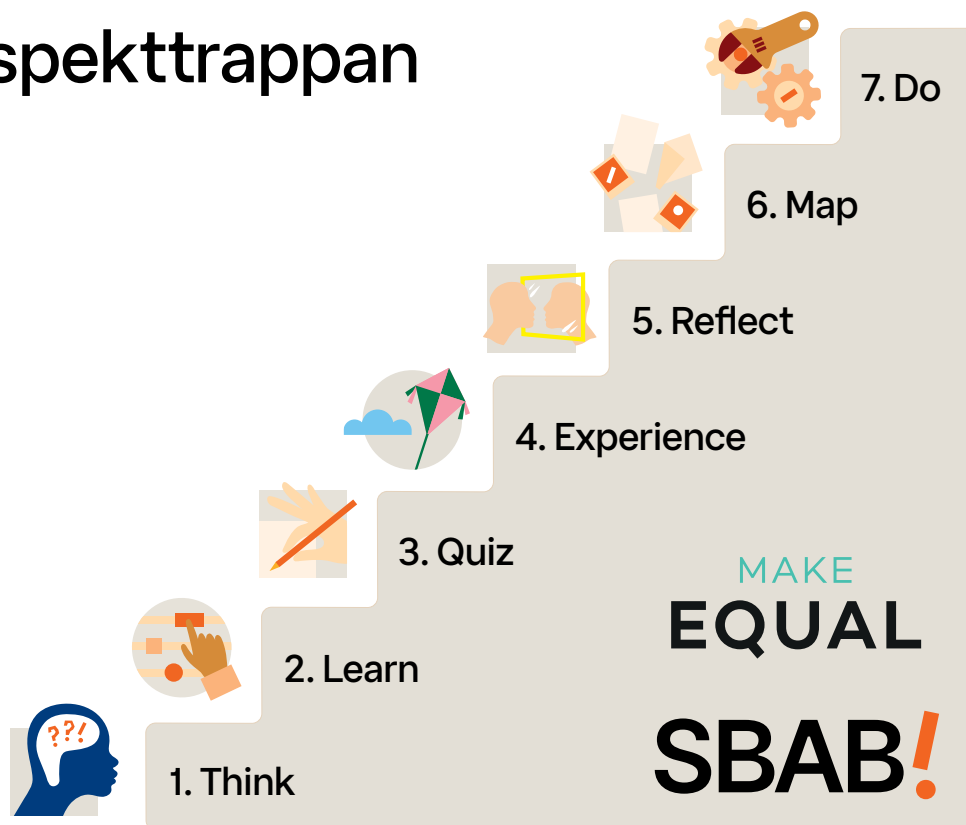
with the Make Equal foundation, in 2018 we created Respekttrappan (Eng. Respect Ladder), a practical tool with seven steps of exercises. Respekttrappan focuses on a playful approach to create the preconditions that, from differing perspectives and in various ways, enable us to learn more about, to reflect on and talk about respect and equality. Respekttrappan is based on a change perspective. Each step includes various exercises of differing character that address different subjects. Some exercises are individual, but most are group-based. These eye-opening exercises

create trust within the group and can lead to strong emotional reactions and discussions. Everyone at SBAB, including our consultants, completes the exercises on work time together with their groups.

In 2019 we launched Respekttrappan externally at [www.respekttrappan.se](http://www.respekttrappan.se) (in Swedish and English) for companies and organisations to use, free of charge, as part of their efforts to create more inclusive workplaces. The number of Respekttrappan.se users is growing steadily. In 2021, we passed the 200-user milestone in registered companies and organisations.

**"I'm proud to tell people where I work"**  
**91%**

# Respekttrappan





# Sound finances

Sound finances are essential for our ability to maintain a sustainable business, and to create long-term value for SBAB and our stakeholders. Our responsible and transparent loans and savings services, together with our ecosystem of services, contribute to better housing and household finances for our customers. We invest for long-term competitiveness and we are growing and capturing market shares. Growth and cost efficiency lead to profitability and sound finances.

As part of the housing market and financial system, SBAB has a responsibility to promote a national economy that is sustainable over the long term. Well-functioning banks contribute to growth, societal development and employment and constitute an important element of financial stability.

To ensure SBAB's long-term competitiveness, our operations need investments in a better customer offering and improved efficiency. Investments, in turn, require growth and large business volumes. We want to grow responsibly, with good profitability and always at an acceptable risk.

➔ *More information about the target area is in the sustainability notes on page 196.*

## 2021 Highlights

### Lending to corporate clients continues to grow

Lending for housing financing to property companies and tenant-owners' associations continued to grow well in 2021, with growth of 26.8% and 10.3%, respectively.

### A year of good growth

In 2021, SBAB's total lending grew 10.5% and amounted to SEK 467.0 billion at the end of the year, of which SEK 334.9 billion comprised residential mortgages, SEK 2.3 billion consumer loans, SEK 68.7 billion lending to property companies and SEK 61.1 billion lending to tenant-owners' associations. Deposits also grew at a good rate and increased 6.9% in 2021 to a total of SEK 145.0 billion.

### Green bonds

Total volume of green bonds outstanding at the end of 2021 amounted to SEK 21.1 billion.

### Supporting the Sustainable Development Goals







### Responsible growth

Growth is essential for companies in competitive markets. If they grow, it is proof that their customer offering is in demand. Responsible lending is a prerequisite for SBAB's responsible credit growth and our lending is to always be long-term sustainability. We have a responsibility to finance homes for customers who are creditworthy – we do not want our customers to have problems paying interest and amortisation. We always need to develop our ability to assess creditworthiness to ensure that SBAB's risk taking is always reasonable and that our customers borrow the right amount at the right price.

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

### We are developing our climate risk agenda

In 2019, we conducted stress tests for climate-related risk to understand the impact on the residential mortgage portfolio. In 2020 we carried out an equivalent analysis of our property loan portfolio in the form of our loans to property companies and tenant-owners' associations. This was based on recommenda-

tions from the TCFD. In 2021, we further integrated our work with climate risks and developed a KRI that is monitored quarterly in the ongoing risk reporting. We also updated our risk instructions during the year, which establishes our work with climate risks.

→ Read more in the sustainability notes on pages 198–199.

### How we achieve our results

Our lending to private individuals, property companies and tenant-owners' associations totalled SEK 467.0 billion at year end. We receive interest as compensation for these loans. The difference between the interest expense on our funding and the total sum paid by our borrowers in the form of interest is referred to as net interest income. Put simply, our final earnings consist of the net interest income less expenses for running our opera-



## Good credit quality is important, especially in a crisis

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

We work determinedly and continuously to ensure good credit quality in our lending portfolio. Important metrics include the customer's LTV ratio and debt-to-income ratio. We follow the quality of our customer inflows carefully and make adjustments in our credit rules if necessary. Such adjustments have meant adapting operations to new amortisation regulations and developing credit rules that we apply in our credit granting processes. An important instrument for ensuring good credit quality is our rate-setting model for granting credit, which gives our customers incentive to reduce risk for themselves as well as for SBAB. We have also worked on distribution and customer communication customised for target groups.

The credit quality of SBAB's lending remains healthy and the risks entailed in lending are deemed low, despite the increased financial uncertainty in the wake of the coronavirus pandemic. SBAB has no exposure to particularly vulnerable sectors and has extremely limited exposure to corporate lending where the col-

lateral does not consist of a residential property. In previous economic crises in Sweden, banks' credit losses linked to housing have been low. We are carefully monitoring developments and making ongoing assessments and analyses of the credit risks in SBAB's lending.

SBAB's net credit losses for the full-year 2021 were positive with recoveries of SEK 11 million (loss: 32), which corresponds to a credit loss ratio of -0.00% (0.01). The positive outcome in 2021 was due to a reduced need for credit loss allowances. This is clarified primarily in a revision of the forward-looking information, due to more positive macroeconomic forecasts and an noted upward trend in housing prices in the market. The credit risk for

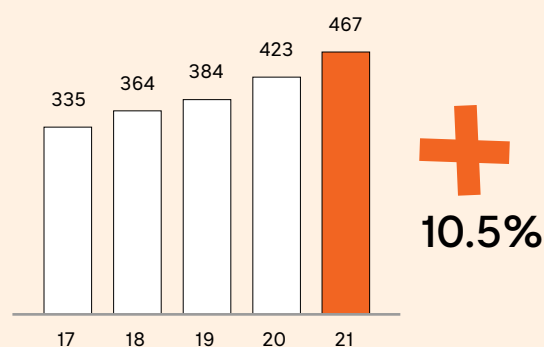
tions and credit losses. Earnings for 2021 totalled SEK 2,081 million (1,839).

### A year of good growth

In 2021, SBAB's total lending grew 10.5% (10.2) and amounted to SEK 467.0 billion (422.8) at the end of the year, of which SEK 334.9 billion (310.8) comprised residential mortgages, SEK 2.3 billion (2.5) consumer loans, SEK 68.7 billion (54.1) lending to property companies and SEK 61.1 billion (55.4) lending to tenant-owners' associations. Deposits also grew at a good rate and increased 6.9% (4.0) in 2021 to a total of SEK 145.0 billion (135.7).

The fact that so many people want to become customers of SBAB is clear confirmation that we have an attractive and esteemed customer offering.

### Total lending, SEK bn



### Selected key metrics

	GROUP	
	2021	2020
<b>Balance-sheet items</b>		
Total lending, SEK bn	467.0	422.8
Total deposits, SEK bn	145.0	135.7
<b>Income-statement items</b>		
Net interest income, SEK million	4,114	3,747
Net commission, SEK million	29	-24
Net result of financial transactions, SEK million	-71	-38
Expenses, SEK million	-1,492	-1,335
Credit losses, SEK million	11	-32
Operating profit, SEK million	2,641	2,361
<b>Key performance indicators</b>		
Return on equity, %	11.1	10.8
C/I ratio, %	36.2	35.8
CET1 capital ratio, %	13.5	13.4
Dividend, %	40	0

### ...per segment

#### Residential mortgages to private individuals

The total volume of residential mortgages to private individuals increased 7.7% in 2021 to SEK 334.9 billion (310.8). New lending totalled SEK 68.4 billion (57.9).

**+7.7%**

#### Housing financing for property companies

The total volume of housing financing for property companies increased 26.8% in 2021 to SEK 68.7 billion (54.2). New lending totalled SEK 17 billion (19.4).

**+26.8%**

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

The total volume of housing financing for tenant-owners' associations increased 10.3% in 2021 to SEK 61.1 billion (55.4). New lending totalled SEK 11.3 billion (10.1).

**+10.3%**

building credits also improved, which contributed to the unwinding of credit loss allowances. Confirmed credit losses remained low and totalled SEK 13 million (9).

The share of credit stage 3 loans was 0.05% (0.06) at the end of the year. At the end of the year, the average LTV ratio in SBAB's mortgage portfolio was 55% (58). At the same date, the average residential mortgage to retail customers amounted to SEK 1.8 million (1.7). The average LTV ratios for property companies and tenant-owners' associations were 63% (64) and 36% (38), respectively.



### Cost efficiency

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

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

We are primarily a remote actor, which means that we have no physical bank branches. Our customer experience takes place through digital channels and the telephone, except for our large

commercial mortgage and tenant-owners' association customers with whom we normally have physical meetings as well as remote ones.

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

SBAB's expenses increased 11.8% (12.5%) during the year to SEK 1,492 million (1,335) primarily due to increased investments in areas including customer experience and service, digitalisation and IT. One important way of measuring total cost efficiency is the C/I ratio – costs in relation to income. This is a metric that describes how much each krona earned actually costs SBAB. We continue to be the most cost-efficient residential mortgage bank in Sweden with a C/I ratio of 36.2% (35.8).





### Profitability

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

We achieve profitability through developing and working with both revenue and cost streams. The revenue factors with the largest impact are growth in the form of more customers, growth in lending and interest-rate margins on lending. As regards costs, low marginal costs is the most important factor for achieving long-term cost efficiency, both for conducting operations and for growth. SBAB's profitability target specifies a return on equity of no less than 10% over a business cycle. Return on equity in 2021 amounted to 11.1% (10.8).



## How SBAB's green bonds work

The funds SBAB raises through our green bond issues are used to finance or refinance residential properties that meet a number of energy-efficiency criteria or hold certain environmental certification. The terms for onward lending and the conditions for issuing our green bonds are described in more detail in SBAB's green bond frameworks ("SBAB Green Bond Framework 2016" and "SBAB Green Bond Framework 2019"), available on [www.sbab.se](http://www.sbab.se). The independent climate and environmental research institute, Center for International Climate and Environmental Research – Oslo (CICERO) has reviewed SBAB's sustainability work and approved the investment categories chosen as green investments. SBAB's two green bond frameworks are classified as Medium Green. Green bonds outstanding at the end of the year totalled SEK 21.1 billion (18.05).

### Dividend

Part of our funding comes from our owner, the Swedish state, in the form of equity. In return for its contribution, the owner receives a return through the profit generated by operating activities. In accordance with the owner's dividend target, at least 40% of profit after tax is to be distributed, taking SBAB's capital structure into consideration. The Board proposes a dividend of 40% (0) for 2021, corresponding to SEK 832 million (0). The rest of the profit is to be reinvested in operations.

### Capitalisation

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

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

According to SBAB's capital targets, the CET1 capital ratio and the total capital ratio should under normal conditions be at least 0.6 percentage points higher than the requirement communicated by the Swedish FSA. The Swedish FSA's requirements corresponded at year end to a CET1 capital ratio of 9.2% and a total capital ratio of 13.9%. At the end of the year, the CET1 capital ratio amounted to 13.5% (13.3) and the total capital ratio to 18.1% (17.6). This provides a comfortable margin to internal targets and external regulatory requirements.

→ Read more about green bonds on page 84.

## How SBAB's green bonds contribute

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

Eligible investment objects within SBAB's green bond frameworks amounted at year end to SEK 43 billion. According to SBAB's calculations, these objects are estimated to generate an annual avoidance in GHG emissions corresponding to 22 857 tonnes CO<sub>2</sub>e. SBAB's share of the financing is expected to correspond to an annual avoidance of 11,613 tonnes of CO<sub>2</sub>e.

→ Read more in the sustainability notes on page 196 and in the Impact Report 2021.



## Our lending for new production of multi-family dwellings – the strong engine of our growth

The housing shortage is a challenge for the country's economic growth as well as social sustainability. One way to tackle this problem is to build more new homes. A clear directive from SBAB's owner is that SBAB is to promote new production, a directive that is echoed in other stated goals such as how many apartments we are to finance and for our financing to be sustainable.

**In 2021, SBAB significantly increased lending for new production, meaning we thereby contributed to construction starts for 5,700 apartments, compared with 3,600 in 2020. David Larson, Account Manager Corporate Clients, what's the reason for the excellent results this year?**

- "One key factor is that we are where our customers are, wherever in the country that may be, and that we focus on positive, long-term and sustainable relationships with our customers. Each customer has a single contact point throughout the entire project. It's important for us to stay close to the customer and to understand their customer as well, which is often a tenant-owner apartment owner or tenant."

**Another one of our goals for new production is for the financing to be sustainable. But what does that actually entail?**

- "It means we need to support sustainable housing through our offering to tenant-owners' associations, where we

work with our customers to promote environmentally conscious management and to develop the social elements of the housing environment. Focus on this has increased dramatically in the last few years and our customers are often focused on environmental sustainability. That's why we often help our tenant-owners' association customers with environmental sustainability initiatives, which can also provide economic advantages for the association and its members through discounts on mortgages. When it comes to social sustainability, we help increase the sense of community and trust between neighbours through Boappa, our tool to support safe communities and the sharing economy," says David.

**Today we finance approximately 100 ongoing productions of multi-family dwellings across the country. But what part of the country are we focusing on?**

- "Geographically, we often work close to our offices in Stockholm, Malmö and Gothenburg, but we finance new production projects from Malmö in the south to Kiruna in the north. We are present wherever our customers and their projects are," continues David.

**Before we finance a project, it's important to understand who the customer is. How does that work?**

- "Regardless of whether it's an existing or a new customer, all of them go through

the same credit rating and processes. Our financing decisions are always based on a thorough analysis of who is going to own the property and their expertise in long-term management. We conduct an exhaustive financial analysis so we can ensure that the building will be successfully completed. We also look at the project's viability: demand, end user payment capacity, the current and future vacancy situation, and so on," says David.

**In conclusion, what do you think is the most important point for new production business in 2022?**

- "Continued focus on well-established, large construction and property companies that have processes for socially and environmentally sustainable construction. We're going to expand the specialist functions in our team, shorten lead times and offer security and quality in the implementation. We also need to be sensitive to customer's needs and open to new, innovative forms of housing that can help ensure that more people can afford their own homes, whether buying or renting, for example young adults and single parents. This will bring us successfully into the future and offer our customer's Sweden's best property financing," concludes David.

# What do mortgages have to do with illegal employment?



Nothing that makes a home a little more comfortable, whether big or small, should go unappreciated. That is why we do so much more than merely lend money. That is why we find things that make it a little easier to make wise housing decisions. That is why, together with construction companies and major banks, we developed a bank initiative to ensure that houses are built or renovated in an above-board manner. That way it's sustainable for those who live there as well as those who built the houses. Our own sustainability work begins where we can make the biggest difference – in the housing market. Since we lend money and finance homes, we can also affect what is built and how, as well as how it is renovated and maintained. This way people's homes are a little more comfortable – and sustainable. In the end, our purpose is to help everyone feel comfortable and thrive in better homes that they're satisfied with. Put simply, we make homes a little more homey. And that's a lot of fun!

**SBAB!**

# Financial report 2021



## Condensed income statement

### + SBAB's income

SEK million	2021 (2020)
<b>Net interest income</b>	<b>4,114</b>
SBAB's largest and most important revenue item is net interest income, which comprises the difference between interest income and interest expenses. Interest income is primarily from residential mortgages and property loans, while interest expenses mainly comprise funding and deposit costs.	(3,747)
<b>Net commission</b>	<b>29</b>
Net commission mainly comprises income from insurance broking and other credit-related fees and expenses related to funding and valuations.	(-24)
<b>Net result of financial transactions</b>	<b>-71</b>
The net result of financial transactions arises through SBAB's application of financial instruments and as a result of accounting valuation effects.	(-38)
<b>Other operating income</b>	<b>50</b>
Other operating income primarily consists of income from housing and household financial services in the form of fees and advertising revenue.	(43)
<b>Total income</b>	<b>4,122</b>
	(3,728)

### - SBAB's expenses

SEK million	2021 (2020)
<b>Expenses</b>	<b>-1,492</b>
SBAB's expenses mainly comprise personnel, premises and marketing costs and costs for IT and business development.	(-1,335)
<b>Credit losses</b>	<b>11</b>
Credit losses arise when SBAB's customers are unable to pay interest and make loan repayments. We work to minimise credit losses, based on our adopted risk tolerance levels. According to regulatory requirements, we also prepare for expected credit losses through provisions.	(-32)
<b>Tax</b>	<b>-560</b>
Tax consists of income tax of 20.6% of net profit for the year with an addition for tax adjustments and any adjustments of tax for previous years.	(-522)
<b>Total expenses</b>	<b>-2,041</b>
	(-1,889)
<b>= Net profit for the year</b>	<b>2,081</b>
	(1,839)

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

## Condensed balance sheet

### SBAB's assets

SEK billion	2021 (2020)
<b>Securities (liquidity reserve)</b>	<b>83</b>
In order to maintain high liquidity, SBAB has various forms of securities, mainly in the form of a liquidity portfolio. The liquidity portfolio was set up to ensure access to finance at times when SBAB's normal funding sources are not operating satisfactorily.	(76)
<b>Lending to the public</b>	<b>467</b>
SBAB's largest asset item in the balance sheet was lending to the public. This item comprises residential mortgages and consumer loans to consumers as well as property loans to businesses and tenant-owners' associations.	(423)
<b>Lending to credit institutions</b>	<b>1</b>
For short-term liquidity management, SBAB utilises, inter alia, the repo market to invest or borrow money from other banks.	(1)
<b>Derivatives</b>	<b>7</b>
SBAB utilises various forms of derivatives both on the asset and liability sides to protect the company against undesired changes in interest rates or exchange rates.	(11)
<b>Total assets</b>	<b>558</b>
	(511)

### SBAB's liabilities and equity

SEK billion	2021 (2020)
<b>Deposits</b>	<b>145</b>
SBAB's lending is financed by, among other things, deposits from the public. Deposits refer to private individuals, corporates or tenant-owners' associations saving money in SBAB's savings accounts, in return for interest on their savings.	(136)
<b>Liabilities to credit institutions</b>	<b>16</b>
See the comment under the post "Lending to credit institutions" above.	(20)
<b>Issued debt securities (funding)</b>	<b>364</b>
The largest part of SBAB's lending is financed through capital market funding, which is referred to in the balance sheet as issued debt securities.	(324)
<b>Derivatives</b>	<b>3</b>
See the comment under the item "Derivatives" above.	(3)
<b>Subordinated debt</b>	<b>2</b>
SBAB utilises subordinated debt to strengthen its capital position. The fact that the debt is subordinated means in the event of a bankruptcy, the debt will be realised only when other liabilities have been paid.	(2)
<b>Equity</b>	<b>25</b>
	(24)
<b>Total liabilities and equity</b>	<b>558</b>
	(511)

# Group performance

## General information

The Board of Directors have signed, and thereby submitted, the Annual and Sustainability Report in its entirety. The statutory annual report, including this administration report, is revised and includes pages 68–87, 95 and 100–186. SBAB has prepared a statutory sustainability report pursuant to the requirements of the Annual Accounts Act. The statutory sustainability report is included in the sustainability report that has been prepared in accordance with the GRI Standards: Core option. SBAB's sustainability data is shown in cross reference to the Annual Accounts Act and the GRI on pages 197 and 202–203. The Sustainability Report has been subject to a limited assurance review. The Corporate Governance Report is subject to a statutory review, which is less comprehensive than an audit or auditor's review.

## Organisation and operations

SBAB Bank AB (publ) has two business areas: Retail and Corporate Clients & Tenant-Owners' Associations. On 31 December 2021, SBAB had 839 (760) employees (Full Time Equivalents – FTEs) at five offices: 376 (336) in Solna, 46 (38) in Stockholm, 400 (369) in Karlstad, 8 (8) in Gothenburg and 9 (9) in Malmö. Our main IT unit and central functions are in Solna. Booli and Boappa are located in Stockholm. Our Customer service and certain other functions are located in Karlstad. In Gothenburg and Malmö, there are local account managers and appurtenant services serving the Corporate Clients & Tenant-Owners' Associations Business Area.

## Financial targets

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

- **Profitability:** A return on equity of no less than 10% over a business cycle.
- **Capitalisation:** The CET1 capital ratio and total capital ratio should be at least 0.6 percentage points higher than the requirements communicated by the Swedish FSA.

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

## Business development

Lending to the public increased 10% during the year to SEK 467 billion (423). New lending amounted to SEK 107 billion (95). Of total lending at year end, SEK 334.9 billion (310.9) comprised residential mortgages, SEK 2.3 billion (2.5) consumer loans, SEK 68.7 billion (54.2) lending to property companies and SEK 61.1 billion (55.4) lending to tenant-owners' associations.

## Financial results

Operations continued to develop well in 2021. SBAB's operating profit was SEK 2,641 million (2,361). The return on equity was 11.1% (10.8).

## Income

Net interest income grew to SEK 4,114 million (3,747), mainly due to higher lending volumes and lower funding costs. Guarantee fees amounted to SEK 221 million (201) for 2021, of which SEK 172 million (154) comprised the resolution fee and SEK 49 million (47) the fee payable to the national deposit guarantee. The net commission income increased during the year to SEK 29 million (expense: 24). The increase was primarily attributable to a lower commission expense linked to market maker fees and higher commission income from corporate business.

The net expense from financial transactions was SEK 71 million (expense: 38). The difference was primarily due to the revaluation of credit risk in derivatives.

## Expenses

Expenses grew to SEK 1,492 million (1,335) due to increased operational investments in terms of number of employees in areas including customer experience and customer service, digitalisation and IT.

During the year, substantial focus was given to the development of new regulatory adaptations in parallel with the con-

tinued replacement of SBAB's base system. Modern, flexible system support is a key component for strengthening SBAB's future competitiveness, and its ability to develop digital services and enhance the customer interface and experience. The number of FTEs increased from 760 to 839 over the year. Personnel costs amounted to SEK 786 million (687). Other expenses exclusive of depreciation, amortisation and impairment amounted to SEK 589 million (490). Depreciation, amortisation and impairment of PPE and intangible assets amounted to SEK 117 million (158). The C/I ratio was 36.2% (35.8). The C/L ratio was 0.34% (0.33).

## Credit losses

Net credit losses were positive and amounted to a recovery of SEK 11 million (loss: 32). The change was mainly attributable to the increase in credit loss allowances in the previous year in conjunction with the revision of the forward-looking information applied in the impairment model as a result of the coronavirus pandemic.

## Dividends and appropriation of profits

The Board's proposal to the AGM entails the distribution of a dividend of 40% (0) for 2021. The detailed proposed appropriation of profits can be found later in this report. See Note [G 3](#).

## Remuneration

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

## Events after the balance-sheet date

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

## Further information

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

➔ Read more on page 101.

# A year with exceptionally high turnover

**The housing market last year was characterised by high turnover in line with usual patterns during economic booms. House prices continued to rise rapidly in the first six months before slowing to a more normal pace.**

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

## Low interest rates support housing market

The Riksbank kept the key interest rate at 0% throughout the year. To date during the pandemic, the Riksbank has chosen not to change the repo rate and has instead focused on quantitative easing to promote a well-functioning fixed-income market. This entailed buying assets in the form of, inter alia, government bonds and covered bonds. In 2021, the Riksbank's

securities holdings ranged from SEK 600 to 900 billion. Primarily as a result of net purchases of covered bonds.

The Riksbank's actions probably contributed to stabilising interest rates as well as lower interest rates for slightly longer maturities. However, there is increasing volatility in the fixed-income market compared with 2020, which could be due to rising public debt but perhaps primarily to high inflation outcomes. A gradually rising trend is also emerging for interest rates on government bonds and covered bonds. Interest rates for long-term mortgage bonds in the fourth quarter, for example, were an average of 20 basis points higher compared with the average for the first three quarters of the year.

Despite the upturn, many indicators point to mortgage rates remaining relatively low for the extended future. In the long term, however, mortgage rates could also rise as a result of increasing inflation as a result, inter alia, of bottlenecks and expansionary fiscal policies.

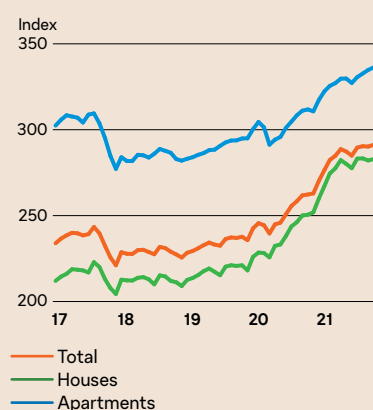
## A stable housing market

The rising price trend for housing continued in the first six months of 2021. This was followed by a slowdown to a normal rate of development. Overall, housing prices rose during the year with price rises of around 12% for houses and about 8% for tenant-owner apartments.

The turnover of existing homes accelerated rapidly during the beginning of 2021, with 59,000 houses and 132,000 tenant-owned apartments sold in the full year. This represents an increase of almost 4% for houses and 10% for apartments compared with last year. Housing sales are high and tenant-owner apartment sales are entirely in line with previous boom periods. However, turnover of houses is down slightly compared with a normal boom. This is likely due to the pandemic, as many homeowners have decided to put off selling their houses, especially older people who would prefer more living space over a smaller apartment during the prevailing circumstances. Otherwise, short advertising periods and low supply has characterised

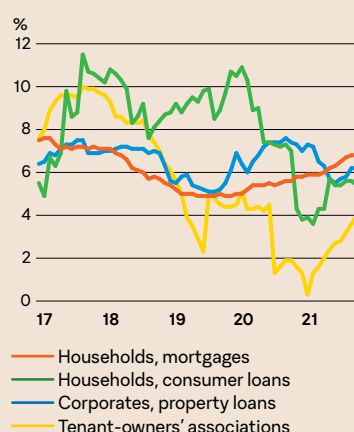
## Housing price trend

(HOX index 2005=100)



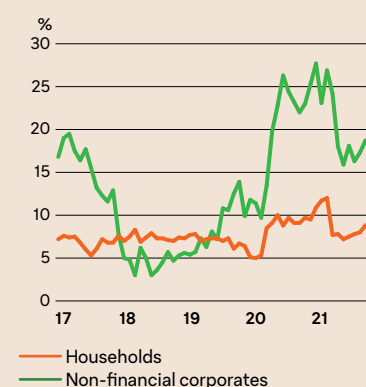
## Lending growth

(Percentage, 12-month change)



## Deposit growth

(Percentage, 12-month change)



Source: Valueguard, Statistics Sweden (SCB).

the housing market. Moreover, objects have had a high number of bidders and rapidly rising prices. However, since the summer, the increase rate has slowed.

Similar to the market for existing housing stock, the market for new housing production has fared well through all of 2021. The trend over the last couple of years, with a shrinking supply of housing, has continued. Advertising periods have also continued to decrease and are now at almost the same low levels as five years ago. The number of homes sold decreased somewhat during the fourth quarter, though since advertising periods also decreased this was likely due to a shrinking offering. On the other hand, the pace of construction has increased significantly. According to preliminary data for the first six months of the year, new housing starts were up 11% year-on-year, amounting to 44,000. Taking into account the reporting lag, this is more likely to represent an increase in construction of over 15%.

For Sweden as a whole, the SBAB Boli Housing Market Index (HMI, available [here](#)) indicates balanced conditions for supply and demand for new housing in different ownership forms. HMI also indicates balanced conditions for supply and demand in our three major metropolitan

areas in terms of the total amount of new housing production in the respective areas. However, a clear shortage exists in terms of the new production of houses in, for example, the Stockholm region.

### **Deposits grew faster than lending**

During the year, households' mortgages grew 6.8% (5.8) to SEK 3,868 billion (3,644). Loans to property companies including tenant-owners' associations grew 6.2% (7.3) to SEK 919 billion (872). The high growth was attributable to high housing turnover and a continued strong price trend for housing. The slowdown in loan growth to property companies can be explained by a slight decline in the number of completed apartments in multi-family buildings. Accordingly, historical data shows no close link between the development of housing credit and GDP development.

The growth rate for households' consumer loans rose slightly to 5.4% (4.3) during the year, totalling SEK 276 billion (260). The relatively strong, albeit uncertain, economic conditions have led to some upturns and downturns in the growth rate, but the rate is significantly lower than in the pre-pandemic years.

During the year, household deposits increased 8.1% (10.9) and at the end of

2021, households' deposits amounted to SEK 2,385 billion (2,224). Households' deposits, which largely comprise bank accounts, therefore increased at a faster rate than their mortgages, despite the low interest rate. Changed consumption patterns and precautionary savings during the pandemic have contributed to the high rate of household savings.

The market for deposits from non-financial corporates, including tenant-owners' associations, grew very quickly during the year by 19.9% (27.7) to SEK 1,754 billion (1,507). The downturn compared with 2020 was attributable to improved investment conditions, and a further decline is expected as the pandemic subsidies and bottleneck problems become less pronounced.



# Retail business area

The Retail business area offers private individuals a range of services related to housing and household finances, with mortgages being our core product. In addition to mortgages, we offer other savings and loan products, home search and valuation services, real estate-agent services, communication in housing associations, home insurance mediation and electricity agreements. Activities are operated under the SBAB, Booli, Hit-taMäklare and Boappa brands, and regardless of through which brand the customer comes into contact with us, this is done digitally or by telephone, without physical customer meetings. Our market share in terms of residential mortgages amounted to 8.51% at year end, which makes us the fifth-largest residential mortgage bank in Sweden. Booli has Sweden's largest offering of homes for sale. Booli has Sweden's largest offering of homes for sale and coming soon. Over the year, Booli averaged 1,550,000 unique visitors. Our strategy entails offering a differentiated, value-creating customer offering related to housing and household finances with services facilitating the entire housing journey.

## Residential mortgages

2021 was a year of high activity in the housing market. Prices for houses and tenant-owner apartments have both risen, with the increase for houses higher than that for tenant-owner apartments and strongest in the first half of the year. The market for housing loans grew 7.1% during the year, which was higher than in previous years when the market grew more than 5% annually. This was partly due to a year-on-year rise in the number of properties sold in the market. The right to amortisation exemption in connection with the coronavirus pandemic was phased out in the autumn.

Competition in the residential mortgage market was intense during the year and we expect it to remain so. Competition is being driven, inter alia, by increased focus on mortgages from the major banks as well as by the establishment of new mortgage providers. Increased competition is further driving the need for digitalisation to enhance customer experience and efficiency. SBAB's new lending for residential mortgages during the year amounted to SEK 68.4 billion (57.9) and the total mortgage

volume increased 7.7% (6.6) during the year, representing a market share of net growth in the residential mortgage market of 9% (9). SBAB's total mortgage volume was SEK 334.9 billion (310.8) at the end of the year, which puts SBAB in fifth place after the four major banks with a market share of the Swedish residential mortgage market of 8.51% (8.47). The mortgage volume was distributed over 291,000 residential mortgage customers (286,000) and allocated over 186,000 mortgage objects financed (183,000). SBAB's lending is concentrated to the Stockholm, Öresund and Gothenburg regions, which together represent 83.9% of the residential mortgage stock. The majority of SBAB's residential mortgage customers chose one of the shorter fixed-interest periods during the year. The share of total lending with a three-month fixed-interest period amounted to 59.7% (70.3) at year end. At the end of 2021, the average LTV ratio in SBAB's mortgage portfolio was 55% (58). At the same date, the average residential mortgage to retail customers amounted to SEK 1.8 million (1.7).

## Condensed income statement, Retail

SEK million	2021	2020	2019
Operating income	3,163	2,875	2,691
Expenses	-1,186	-1,099	-957
Net credit losses	2	-27	-16
<b>Operating profit</b>	<b>1,978</b>	<b>1,749</b>	<b>1,718</b>
<b>Return on equity, %</b>	<b>11.3</b>	<b>10.9</b>	<b>11.8</b>

## Composition of collateral in the loan portfolio, Retail

SEK billion	2021	2020	2019
Mortgage deeds	170.5	156.3	146.1
Tenant-owner apartments	163.6	153.9	145.1
Municipal guarantees and direct loans to municipalities	0.0	0.0	0.0
Government guarantees	0.0	0.0	0.0
Bank guarantees	0.0	0.0	0.0
Other collateral	0.0	0.0	0.0
Consumer loans <sup>1)</sup>	3.3	3.2	2.8
<b>Total</b>	<b>337.3</b>	<b>313.4</b>	<b>294.0</b>

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

## Retail business area, Cont.

**Partnerships**

A smaller part of SBAB's lending to consumers is carried out through partnerships with other intermediaries. At year end, the total volume of mediated residential mortgages amounted to around SEK 17 billion (19), which is equivalent to about 5.1% (6.1) of SBAB's total lending to retail customers. The portfolio of mediated mortgages is partly comprised of loans mediated under SBAB's own brand, SEK 10 billion (10), and partly of loans mediated under other brands with SBAB as the creditor, about SEK 7 billion (9). In the fourth quarter of 2019, SBAB and Sparbanken Syd entered into an amended agreement relating to the parties' partnership agreement regarding the mediation of mortgage loans, whereby Sparbanken Syd mediated mortgages under its own brand with SBAB as the creditor. According to the amended agreement, Sparbanken Syd is entitled to acquire the entire residential mortgage stock, or parts thereof, mediated by Sparbanken Syd during the period from 1 July

2020 until 31 December 2023. On 31 December 2019, Sparbanken Syd's residential mortgage stock with SBAB amounted to SEK 9.2 billion. Sparbanken Syd ceased to mediate residential mortgages as per the agreement on 30 November 2020.

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

**Consumer loans**

A consumer loan is a loan without a requirement for collateral. Unlike residential mortgages, consumer loans are not connected to any specific purpose,

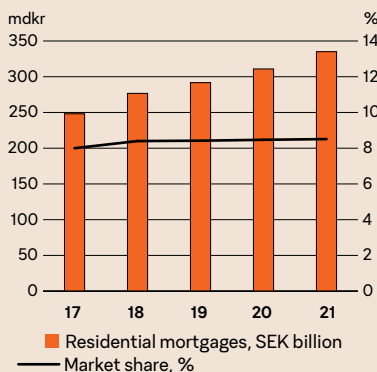
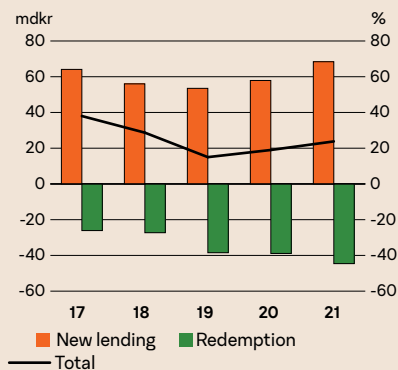
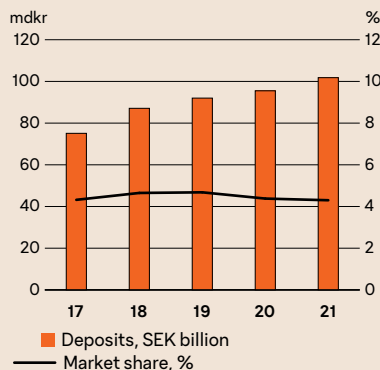
although they are frequently used to supplement residential mortgages in relation to home finance. At the end of the year, the total consumer loan volume amounted to SEK 2.3 billion (2.5). At the same date, the market share was 0.78% (0.87). On 31 December 2021, about 34,000 (35,000) customers had consumer loans with SBAB.

**Savings accounts**

In comparison with the zero interest offered by the major banks, SBAB's attractive savings offering with straightforward and favourable terms has resulted in many customers choosing to save with us. Deposits are extremely important if we are to have a competitive offering in terms of residential mortgages and housing financing since it comprises a valuable share of our funding for lending. Our savings accounts offer competitive interest rates, are free of charge, have free withdrawals and are covered by the national deposit guarantee. Retail deposits during the year amounted to

**Increased market shares**

During the year, the total volume of retail mortgages increased around 7.7% to a total of SEK 334.9 billion (310.8) driven by the continued strength of the customer offering, competitive rates and high levels of brand awareness. The residential mortgage market share increased to 8.51% (8.47).

**Volume and market share, residential mortgages****New lending and redemption, residential mortgages****Volume and market share, deposits, retail**

<sup>1)</sup> From Q4 2020, an updated definition of the residential mortgage market was used that includes residential mortgage volumes from Mortgage Institutions (Bostadskreditinstitut, BKI) and Alternative investment funds (Alternativa Investeringsfonder, AIF), meaning that our market share looks marginally lower than previously. According to the previous definition our market share was 8.51% on 31 December 2020 and 8.47% on 31 December 2019.

SEK 101.8 billion (95.5). At the same date, the market share was 4.30% (4.38). At year end, approximately 402,000 (379,000) retail customers held savings accounts with SBAB. The increase was due to a competitive savings rate, marketing initiatives and a continuing high level of deposits in savings accounts by households.

#### User trends and the ecosystem

Our customer offering to private individuals is an ecosystem of services related to housing and household finances. We aim to meet our customers' needs throughout the housing journey with our service offering from Booli, HittaMäklare, Boappa, SBAB and business partners. Every month, many people visit SBAB's website to manage mortgages and savings or to find inspiration about housing and household finances. The number of unique visitors per month to www.sbab.se averaged around 478,000 (491,000) over the year. During the past year, we surpassed 125,000 active monthly users

for the SBAB app. Booli is a popular platform for finding information about supply, demand and price trends for housing. The average number of unique visitors per month to www.booli.se was around 1,550,000 (1,340,000) over the year. Booli's monthly home valuation email had approximately 664,000 subscribers at the end of 2021. HittaMäklare is Sweden's largest service for locating and recommending estate agents. About 93% of the registered estate agents in Sweden had used HittaMäklare's service in 2021. On its acquisition in May, Boappa had some 50,000 users.

#### Insurance broking

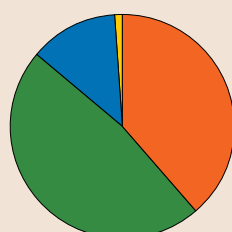
We offer two insurance products that are related to residential mortgages and housing in different ways: mortgage insurance and home insurance. Mortgage income insurance insures customers against unemployment or sick leave, by compensating the monthly cost of the loan. Mortgage life insurance means that the borrower's residential mortgage may

be wholly or partially written off in the event of death. Home insurances pay compensation to the homeowner in case of damage to the home. These products protect our customers, but they also add value for SBAB, as good insurance protection reduces the risk of credit losses.

#### Sound credit quality in the lending portfolio

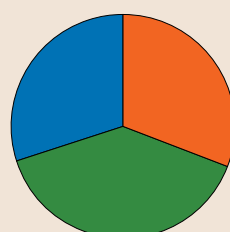
We work determinedly and continuously to ensure sound credit quality in our lending portfolio. This has meant adapting operations to new amortisation regulations, developing existing credit regulations and implementing more risk-based pricing. In addition, we are working on distribution and customer communication customised for target groups.

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



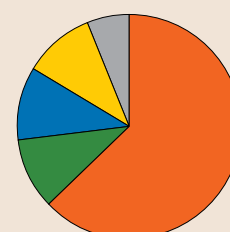
- LTV 0-50% 39% (31)
- LTV 50-75% 47% (48)
- LTV 75-85% 13% (17)
- LTV >85% 1% (4)

Average debt-to-income ratio in new lending in 2020



- Debt ratio ≤3.5 31% (38)
- Debt ratio <3.5 - ≤4.5 39% (38)
- Debt ratio >4.5 30% (24)

Geographic distribution of the mortgage portfolio



- Stockholm region 63.0% (63.0)
- Öresund region 10.2% (10.7)
- Gothenburg region 10.6% (10.1)
- University and growth areas 10.1% (9.6)
- Other regions 6.1% (6.6)

# Corporate Clients & Tenant-Owners' Associations Business Area

The Corporate Clients & Tenant-Owners' Associations business area 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 construction. Our lending to this segment corresponds to just over a quarter of SBAB's total lending. We offer personal service to our customers, who are concentrated in growth regions surrounding our offices in Stockholm, Gothenburg and Malmö. The market share for lending to companies increased 2.82 percentage points and was 16.17% at the end of 2021, and the market share for lending to tenant-owners' associations rose 0.21 percentage points to 10.14%.

## Property financing

SBAB finances multi-family dwellings, both privately owned and owned by tenant-owners' associations. The proper-

ties may consist of existing buildings or new construction, where we mortgage the land with development rights and the construction. In our credit process, we regularly monitor developments in the property market and conduct reviews and risk evaluations of all customer relationships. SBAB's total lending to corporates and tenant-owners' associations continued the preceding year's robust growth and increased 18.5% (21.9) over the year and, as of 31 December 2021, amounted to SEK 129.8 billion (109.6), of which SEK 68.7 billion (54.2) comprised lending to corporate clients and SEK 61.1 billion (55.4) lending to tenant-owners' associations.

## Property companies

Activity in terms of corporate business was very high during the year. During the coronavirus pandemic, SBAB's strong focus on housing finance resulted in us being able to provide the attention demanded by customers, which strength-

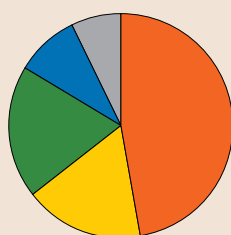
## Composition of collateral in the loan portfolio, Corporate Clients & Tenant-Owners' Associations

SEK billion	2021	2020	2019
Mortgage deeds	118.7	100.5	81.3
Tenant-owner apartments	0.0	0.0	0.0
Municipal guarantees and direct loans to municipalities	0.3	0.3	0.3
Government guarantees	0.0	0.0	0.0
Bank guarantees	0.0	0.0	0.0
Other collateral	10.9	8.8	8.3
<b>Total</b>	<b>129.8</b>	<b>109.6</b>	<b>89.9</b>

## Increased lending volumes for corporate business

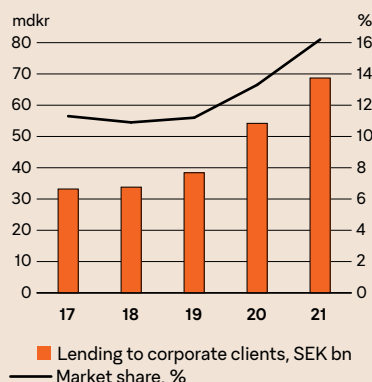
SBAB's lending to property companies during the year increased to a total of SEK 68.7 billion (54.2). At the same date, the market share was 16.17% (13.35).<sup>1)</sup>

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

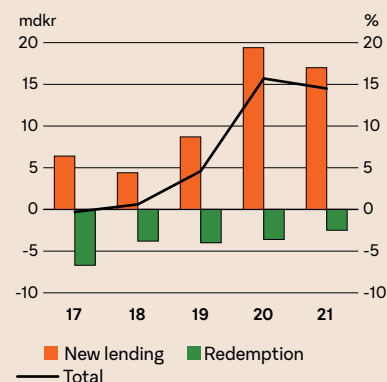


Stockholm region	47.3% (45.6)
University and growth areas	17.4% (18.5)
Öresund region	19.0% (18.4)
Gothenburg region	9.1% (9.1)
Other regions	7.2% (8.4)

## Volume and market share, Corporate clients



## New lending and redemption, Corporate clients





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

SEK million	2021	2020	2019
Operating income	959	853	826
Expenses	-305	-235	-224
Credit losses/ recoveries	10	-5	-11
<b>Operating profit</b>	<b>663</b>	<b>613</b>	<b>592</b>
<b>Return on equity, %</b>	<b>10.5</b>	<b>10.6</b>	<b>11.6</b>

ened customer relationships and resulted in an increased number of transactions in 2021. New lending to property companies was very favourable and amounted to SEK 17.0 billion (19.4) in 2021. Total lending amounted to SEK 68.7 billion (54.2) at the end of the year. The number of large property company customers amounted to 110 (84). SBAB's lending to commercial properties excluding residential properties is limited and amounted to SEK 1.9 billion (2.2) on 31 December 2021.

At year end, the market share for lending to property companies was 16.17% (13.35).<sup>1)</sup>

#### Building credits

The housing market has performed strongly during the pandemic, including new construction of apartments. According to the Swedish National Board of Housing, Building and Planning, construction has increased around 30%

year-on-year. SBAB prioritises contributing to eliminating the housing shortage. Our building credit lending has grown in this segment, and in 2021 we participated in financing the production of some 5,700 new homes.

The Swedish National Board of Housing, Building and Planning estimates that the high rate of construction starts will continue in 2022, but that starts may be postponed due to uncertain supply conditions for various construction materials, the decided phase-out of investment support for rental housing and student housing, and the availability of cement. Our credit granting for tenant-owner rights sets pre-sales requirements on binding purchase agreements before the start of production and own investment by the customer when lending for new build projects. Moreover, SBAB focuses lending on established customer relationships and large, experienced property developers in growth regions with the greatest housing shortages.

#### Tenant-owners' associations

SBAB holds a strong market position and activity remained relatively high during the year. At the end of 2021, SBAB's total lending to tenant-owners' associations amounted to SEK 61.1 billion (55.4). New lending totalled SEK 11.3 billion (10.1). The market for lending to tenant-owners' associations has remained dominated by intense price competition with low mar-

gins, not least in the major metropolitan areas. Despite intense price competition, we succeeded in slightly increasing our market share, which ended the year at 10.14% (9.93)<sup>1)</sup>. The number of tenant-owners' association customers increased and amounted to 2,058 (1,899) at the end of 2021.

#### Savings accounts

Deposits from corporate clients and tenant-owners' associations increased over the year and totalled SEK 43.2 billion (40.2), and the market share was 2.25% (2.38) at the end of 2021. At year end, 7,800 corporate clients (8,100) and 4,500 tenant-owners' associations (4,400) held savings accounts with SBAB.

#### Building credits

	2021	2020	2019
Approved construction loans, No.	82	78	70
Approved construction loans, SEK bn	19.4	15.0	14.0
Of which disbursed, %	55	65	64

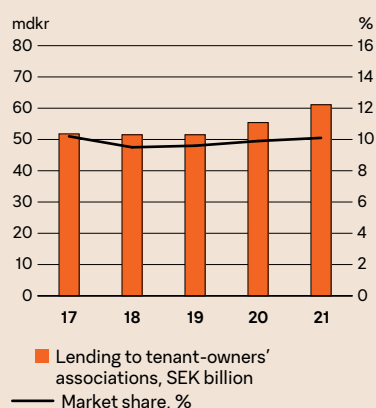
As of 31 December 2021, our lending to commercial properties amounted to SEK 1.9 billion (2.2).

<sup>1)</sup> Comparative data from Statistics Sweden has been updated retroactively. The historic amounts in the above tables have been adjusted pursuant to the updated comparative data.

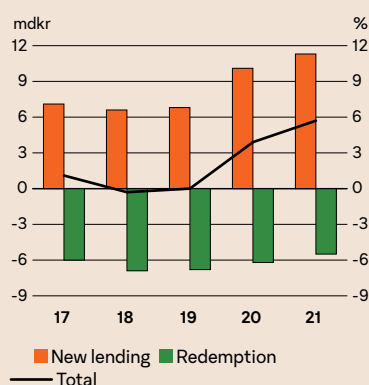
### Strong position and high activity in terms of lending to tenant-owners' associations

Despite the market for lending to tenant-owners' associations continuing to be dominated by intense price competition with low margins, the market share of lending to tenant-owners' associations increased slightly. At year end, the market share was 10.14% (9.93)<sup>1)</sup>.

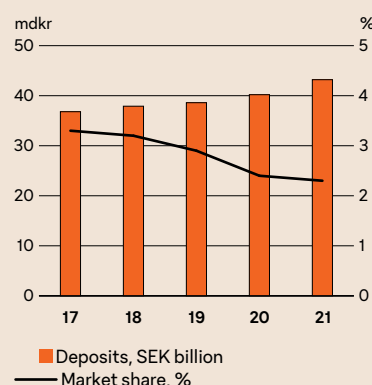
#### Volume and market share, Tenant-owners' associations



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



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



# Funding and liquidity

## Funding operations

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

## Long-term funding sources

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

## Short-term funding sources

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

## 2021 in brief

2021 was largely characterised by a strong recovery and relatively positive risk sentiment, as coronavirus-related

restrictions were gradually lifted in pace with falling infection rates and increasing numbers of people vaccinated. The leading central banks maintained a highly expansionary monetary policy throughout the year in the form of quantitative easing programmes and low key interest rates, which, together with fiscal stimuli and increased private consumption, contributed to a periodically very strong trend for the business cycle.

Moreover, parts of the year showed signs of the problems that have arisen in the pandemic's wake and parts of 2021 were dominated by growing concerns, inter alia, pertaining to more persistent inflation, but also some concern about the economic trend. Inflation rates, as they appeared at producer and consumer levels, were high during some periods in 2021, which was attributed to rising raw material and energy prices. In parallel, economic activity showed some signs of problems arising from component shortages and global supply chain disruption, which led to periodic production constraints for some manufacturers.

Toward the end of the year, attention focused increasingly on central banks and questions were raised about their future actions. With inflation seemingly becoming more persistent, the market

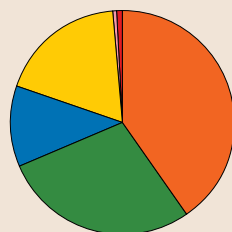
began to price in an increased risk of interest rate hikes from the Federal Reserve, the ECB and the Riksbank in the coming years. Concurrently, the Fed began tapering its bond purchases.

During the year, the Swedish central bank maintained support for Sweden's economy and the Swedish bond market through low key interest rates and continued bond purchases under its expanded securities purchase programme. During 2021, the Riksbank purchased Swedish covered bonds for SEK 225 billion, inter alia, which helped keep Swedish credit spreads and interest rates at historically low levels.

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

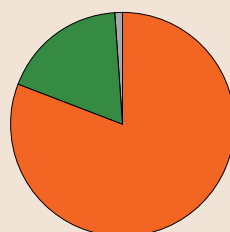
In 2021, the SBAB Group issued long-term bonds for SEK 99.2 billion (74.9). In January, a new six-year benchmark bond was issued in the Swedish covered bond market, along with a new 11-year bond. Other issues during the year included an EUR 500 million five-year green uncovered bond and a capital transaction (AT1) of SEK 2.3 billion. The transactions were generally well received by the market. Moreover, one previously issued AT1 bond was redeemed during the year for a total

Funding sources, Group



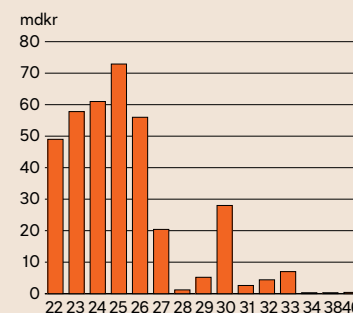
- Swedish benchmark covered bonds SCBC 40.5% (35.3)
- Deposits 28.3% (29.3)
- EMTN programme SBAB 11.6% (11.9)
- EMTCN programme SCBC 18.4% (22.1)
- Subordinated loans 0.4% (0.4)
- ECP 0.8% (1.0)
- SVCP 0.0% (0.0)

Funding sources, distribution by currency, Group



- SEK 81% (77)
- EUR 18% (22)
- Other currencies 1% (1)

Outstanding maturity profile, Group



of SEK 1.5 billion on the first possible early redemption date.

Issued debt securities outstanding amounted to SEK 364.4 billion (323.7) at the end of the year, of which SEK 300.9 billion (263.9) comprised covered bond funding and SEK 63.5 billion (59.8) unsecured funding.

### Funding Strategy

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

### Unsecured funding

#### Long-term funding

SBAB's business involves mortgage lending, which in turn requires stable long-term funding. Continued strong deposit inflows and healthy liquidity have contributed to a slight reduction in the need for long-term unsecured funding in the last few years. At year end, long-term unsecured funding amounted to SEK 59.3 billion (54.7), of which SEK 9.2 billion (6.0) comprised senior non-preferred bonds and SEK 50.0 billion (48.7) other senior unsecured bonds.

### Short-term funding

Short-term funding in the form of commercial paper continues to represent a limited part of SBAB's total funding and amounted to SEK 4.2 billion (5.2) at year end. We mainly use short-term funding to manage and balance liquidity between different periods.

### Covered bond funding

Funding through the issue of covered bonds is carried out by the wholly-owned subsidiary, AB Sveriges Säkerställda Obligationer (publ) (Swedish Covered Bond Corporation – SCBC). Total covered bond funding amounted to SEK 300.9 billion (263.9) at the end of the year, of which SEK 229.9 billion was in SEK and SEK 71.0 billion was in foreign currencies.

### Liquidity

The primary purpose of SBAB's liquidity reserve is to act as a provision for situations when the ability to obtain liquidity from other sources is limited or rendered materially more difficult. SBAB's liquidity reserve primarily comprises liquid, interest-bearing securities with high ratings. At the end of the year, the market value of the assets in the liquidity reserve amounted to SEK 82.3 billion (70.9). Taking the Riksbank's and the ECB's haircuts into account, the liquidity value of the assets was SEK 78.4 billion (68). Both external regulations and internal limits dictate the size and composition of the liquidity reserve. Securities holdings are limited by asset class and by country, respectively, and must have at least an AA rating on acquisition. At year end, at least 95% of the reserve had at least an AAA rating. In addition to these collective limits, limits for individual issuers may also be set. Investments are mainly in SEK, EUR and USD and SBAB uses derivatives to manage the portfolio's interest-rate and currency risks.

### Green bonds in the liquidity reserve

At the end of 2021, our holdings in green bonds amounted to about SEK 6.2 billion (5.4). It is our aim to increase these holdings within the scope of the current investment policy.

### Key figures for liquidity

	2021	2020
Survival horizon	254	266
LCR, % <sup>1)</sup>	228	170
NSFR, %	129	129

### Credit rating

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

### Rating

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

### SCBC in brief

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

# Risk and capital management

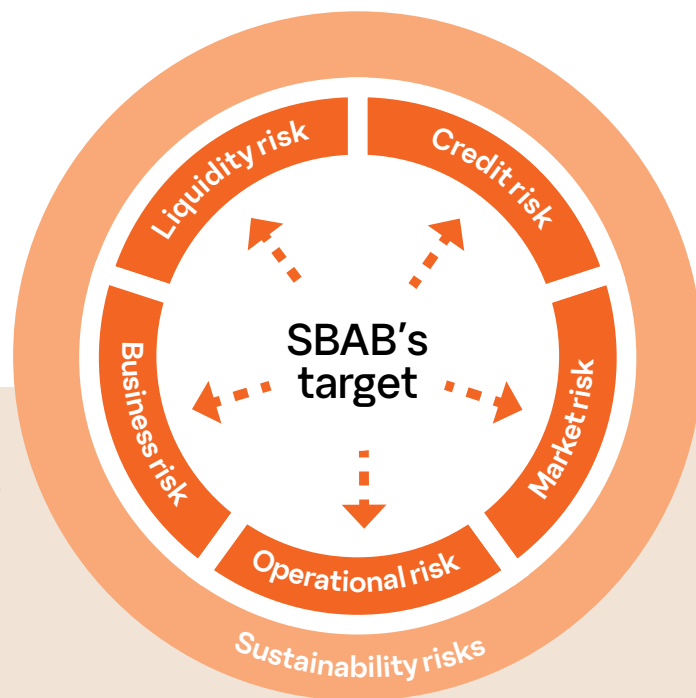
**Risk management involves ensuring that SBAB is resilient in different situations and that the company is capitalised to the effect that even unexpected risks can be managed.**

SBAB's independent risk control function identifies, analyses and develops methods to manage various types of risks in our operations. The main risk is credit risk arising from lending, primarily to retail customers, but also to tenant-owners' associations and multi-family dwellings. In addition, SBAB is exposed to credit risk in treasury operations, above all the counterparty risk for the derivatives and repo contracts SBAB enters into in order to manage financial risks. Other risks in SBAB's operations pertain to market risk, liquidity risk, business risk, operational risk and sustainability risk. SBAB retains sufficient capital and liquidity to cover these risks, even in stressed situations. SBAB is well capitalised and has own funds that comfortably exceed both the internally estimated need of own funds and the capital requirement calcu-

lated by the Swedish FSA. Liquidity risk is managed beyond capital by maintaining a liquidity reserve and through diversified funding.

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

strategy, a risk policy, a capital policy and a risk appetite. The risk policy sets out SBAB's risk management objectives and defines the risks to which SBAB's operations are or could be exposed. With the exceptions of business risk and sustainability risk, the limits specified in the risk appetite are used to keep exposures to the respective risk types in check. Sustainability risk is a general risk, elements of which can be found throughout the bank's operations, and is integral to other risks. The following diagram illustrates SBAB's overriding goals and sets a frame-



**SBAB's risk appetite**  
→ Read more on page 86

## The three lines of defence





work for the objectives of risk management. Within the various risk classes, SBAB's risk appetite should be aligned with, and indirectly controlled by, the goals.

→ Read more on pages 84–85.

### Risk governance

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

### Risk strategy

The Board adopts the strategic direction and the overarching risk level that SBAB is willing to accept, based on operations and how value is created for our customers. This means SBAB is to consciously expose itself only to risks that are directly connected to or are regarded as necessary for its operations. SBAB's profitability is dependent on its ability to assess, manage and price risks. It is also about maintaining sufficient liquidity and capital to meet unforeseen events.

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

### Risk taking

SBAB's risk taking is kept at a level consistent with our short-term and long-term plans for strategy, capital and financial

stability. An important part of SBAB's business model is that the risks to which SBAB is exposed are low and predictable. In reality, this does not mean that each individual credit exposure has very low risk, rather that the total lending portfolio consists largely of low-risk loans and that every loan's internal risk effect is such that the total risk is limited. The basis for SBAB's appetite for risk is that it should fit within the company's risk-bearing capacity. Risk-bearing capacity refers to the capacity to cover expected and unexpected losses without breaching the established capital requirements. The scope of acceptable risks is clearly linked to how important these are to SBAB's business model, in other words the positive effects anticipated to be achieved in the form of expected revenue, cost savings or the mitigation of other risks. SBAB minimises undesired risks through appropriate functions, strategies, processes, procedures, internal rules, limits and controls.

## Credit risk trends in 2021

The overall credit quality in SBAB's loan portfolio is assessed as good. In 2021, credit risk in SBAB's portfolio increased slightly in terms of risk-weighted assets due to the increased lending volume, primarily in the Corporate Clients & Tenant-Owners' Associations business area. However, the development of risk metrics that measure PD and loss given default has been positive and the metrics have declined, driven by the improved repayment capacity of customers and higher housing prices. Customers' debt-to-income ratios for loans disbursed in 2021 averaged 3.9, up slightly on last year (3.7). The loan-to-value ratio for loans disbursed during the year averaged 69%, down marginally on 2020 (70). In terms of the total residential mortgage stock, volume-weighted LTV ratios declined over the year to 55% (58) at year end, due to reasons including a stronger housing market. During the year, SBAB has offered customers amortisation relief until 31 August 2021, in accordance with the guidelines of the supervisory authorities.

The positive credit risk trend in the portfolio in conjunction with an improved macroeconomic outlook, has led to a reduced need for loss allowances for future credit losses. The unwinding of the loss allowances and continued low confirmed credit losses have together contributed to recoveries of credit losses in 2021, which totalled SEK 11 million.

The EBA's guidelines on loan origination and monitoring entered force on 30 June 2021. SBAB used a gap analysis in its assessment of the credit process and internal regulations, which were found to already be largely aligned with the guidelines on the decision date for their entry into force. The occasional gaps identified have been addressed through, for example, clarifications in the credit process and incorporation of ESG risks in governing documents.

### Sustainability risks

SBAB's sustainable governance model permeates all operations, where it simplifies and clarifies the full picture. The basic principle of SBAB's work with sustainability risks is that they cannot be separated from other risks. There are elements of sustainability risks across SBAB's entire operations. Risk's work with sustainability risks is limited to a number of clearly defined areas, where the risk can be identified, measured and followed up. In this report, sustainability risks pertain to the risk of loss or reduced future income due to sustainability-related events. These include events in the following categories: i) personnel, societal conditions, human rights; ii) climate; and iii) financial crime and corruption. SBAB's aim is to manage sustainability risks with a risk-based approach integrated into daily operations. In the event of high risk, the aim is to conduct an in-depth sustainability review and, where necessary, set requirements to counteract the adverse impact. These efforts are inspired and guided by international legislation and guidelines. SBAB also conducts an ongoing dialogue on sustainability risks across all operations. SBAB's proactive sustainability approach further contributes to sustainable risk management through, inter alia, gap analyses and defined objectives as well as their follow-up and reporting.

➔ Read more on page 85

### Capital adequacy

SBAB's CET1 capital ratio amounted to 13.5% (13.4) at year end. At the same date, the total capital ratio was 18.1% (17.6). This can be compared with the Swedish FSA's capital requirements, which are expected to correspond to a CET1 capital ratio of 9.2% and a total capital ratio of 13.9%. SBAB's capital targets corresponded at year end to a CET1 capital ratio of not less than 9.8% and a total capital ratio of not less than 14.5%. Capital requirements increased during the year as a result of the Swedish FSA's SREP decision in the fourth quarter of 2021 to increase the Pillar 2 capital requirement, which amounted to SEK 4.6 billion for SBAB at year end.

Accordingly, the margins for the Swedish FSA's capital requirements decreased from last year. CET1 capital increased SEK 1.3 billion to SEK 18.8 billion (17.5) during the year. Net profit for the year had a positive impact on CET1 capital of SEK 1.3 billion. Equity increased SEK 2.1 billion during the year to SEK 25.1 billion (23.0), mainly due to the issue of an AT1 loan of SEK 2.0 billion. During the year, the risk exposure amount (REA) increased to SEK 138.9 billion (130.3), mainly driven by higher lending volumes. SBAB has previously identified faults with the internal models used to cover capital requirements for credit risk and SBAB has therefore, voluntarily applied an Article 3

surcharge on Pillar 1 capital adequacy and in its reports, and has also completed efforts to update the IRB models. SBAB's assessment is that the implementation of the updated models, following approval from the Swedish FSA, should rectify the identified faults and therefore lead to a decreased Pillar 2 requirement. In October 2021, the Board of SBAB decided to remove the voluntarily applied Article 3 surcharge following the Pillar 2 surcharge announced by the Swedish FSA. Net profit for the year is included in the calculation of own funds and Tier 1 capital.

Expected dividends calculated according to SBAB's dividend policy have been deducted. The leverage ratio amounted to 3.98% (4.00) as of 31 December 2021.

In September 2021, the Swedish FSA communicated one expected effect from the Pillar 2 guidance for SBAB: 0 percentage points on the risk-weighted capital requirement and about 0.3 percentage points on the leverage ratio, equivalent to SEK 1.7 billion. Further information on capital adequacy is provided in Note **RC 8**.

### Components of the capital target

SEK million	2021				2020			
	Total capital	%	CET1 capital	%	Total capital	%	CET1 capital	%
<b>Capital requirement from the Swedish FSA</b>	<b>19,251</b>	<b>13.9</b>	<b>12,780</b>	<b>9.2</b>	<b>15,944</b>	<b>12.2</b>	<b>10,469</b>	<b>8.0</b>
– Of which, Pillar 1 minimum requirement	4,087	2.9	2,299	1.7	3,889	3.0	2,188	1.7
– Of which, Pillar 1 risk-weight floor, Swedish mortgages	7,023	5.1	3,951	2.8	6,532	5.0	3,674	2.8
– Of which, Pillar 2 core requirement	4,652	3.4	3,041	2.2	2,249	1.7	1,333	1.0
– Of which, Capital conservation buffer	3,472	2.5	3,472	2.5	3,257	2.5	3,257	2.5
– Of which, Countercyclical buffer	17	0.0	17	0.0	17	0.0	17	0.0
<b>SBAB's capital target</b>	<b>20,085</b>	<b>14.5</b>	<b>13,613</b>	<b>9.8</b>	<b>16,726</b>	<b>12.8</b>	<b>11,250</b>	<b>8.6</b>
<b>SBAB's actual capital</b>	<b>25,106</b>	<b>18.1</b>	<b>18,811</b>	<b>13.5</b>	<b>22,992</b>	<b>17.6</b>	<b>17,492</b>	<b>13.4</b>

# Sustainability risks

Risk area	Risk description	Impact on SBAB	Risk mitigation measures
<p><b>Personnel, social conditions and human rights</b></p> <p>The risk of SBAB's operations, business relationships and business undertakings having a negative impact on personnel, customers or external parties, social conditions or human rights.</p>	<p><b>Internal:</b> In its own operations, risk is primarily linked to SBAB as an employer and SBAB's corporate culture. Motivated and committed employees are a prerequisite for SBAB's success. SBAB's operations and corporate culture affect the work conditions of employees. Risks pertaining to personnel include health and safety at the workplace, the occurrence of discrimination, remuneration levels and workloads.</p> <p><b>External:</b> SBAB is exposed to risks linked to social conditions and human rights in conjunction with lending to property companies, for example on lending for new production projects with several levels of subcontractors. The controls performed by the main contractor in areas such as working conditions are made more complex when production is outsourced. SBAB is also exposed to these risks in conjunction with the procurement of services and goods. The area also encompasses the risk that SBAB's services and products are not available to all members of society. Accessibility pertains to equality and non-discrimination, and is a crucial prerequisite for people with disabilities to be able to exercise their human rights and fundamental freedoms.</p>	<p>Possible damage to reputation and negative impact on the Group's financial position.</p>	<p>SBAB has determined a long-term, focused and extended HR strategy. SBAB has clear company-wide goals to support equality and diversity and to ensure a positive employee experience and high employee commitment. SBAB has an equality and diversity policy and an equality plan that emphasises the value of employees with different backgrounds. SBAB's Code of Conduct provides guidance on how employees should act and conduct themselves in various situations based on SBAB's values and the inherent responsibilities of being a SBAB employee. SBAB aims to manage risks linked to personnel, social conditions and human rights in lending through in-depth customer dialogues and industry collaboration. SBAB has a Supplier Code that addresses SBAB's view and expectations of our suppliers' sustainability efforts and compliance with international guidelines and principles. Accessibility comprises a key area for product and service development. SBAB conducts accessibility tests on an ongoing basis.</p> <p>➔ Read more on pages 34, 38, 44–45, 48–59, 187–203</p> <p>Examples of relevant policies within the area include the Remuneration Policy, Equality and Diversity Policy, Work Environment Instruction, Whistleblower Process Instruction, Ethics Policy and the Policy for Sustainable Enterprise.</p>
<p><b>Climate</b></p> <p>This is divided into physical risks and transition risks. Physical risks encompass the direct effects of climate change that give rise to financial costs and risks, for example the physical impact on properties resulting from climate change. Transition risks encompass financial risks related to the transition to a less fossil-based economy.</p>	<p><b>Internal:</b> The physical climate risk linked to SBAB's operations primarily pertains to the risk of increased damage and value declines in assets and collateral as a result of climate change. SBAB's operations are exposed to transition risks in cases where SBAB does not succeed in adapting operations to the higher environmental and climate requirements set by tomorrow's sustainable economy. This also applies to demand for SBAB's products and services.</p> <p><b>External:</b> SBAB is exposed to climate risks in conjunction with credit granting. Future climate changes could affect customers' capacity to pay and the value of assets and collateral. Physical climate risks encompass, inter alia, higher sea levels, extreme weather as well as collapses and landslides.</p>	<p>Possible negative impact on the Group's financial position.</p>	<p>Climate risk is mainly managed through a broadened customer dialogue, internal training, product development and customer communication. In our credit granting process for property companies and tenant-owners' associations, certain sustainability criteria are considered as a part of the overall assessment. In 2019, SBAB completed an initial analysis of how the future physical climate risks could impact the mortgage portfolio. The analysis indicates that rises in sea levels and the risk of flooding have limited impact on SBAB's portfolio. In 2021, the analysis led to a KRI at portfolio level. The KRI monitors the share of capital linked to houses in zones with an elevated risk of flooding.</p> <p>➔ Read more on pages 40–41, 46–47, 65 and 187–203.</p> <p>Examples of relevant policies within the area, in addition to those mentioned above, include the Policy for Sustainable Enterprise, Credit Policy, Risk Policy, Risk Appetite and the Credit Instruction.</p>
<p><b>Financial crime and corruption</b></p> <p>Financial crime pertains to money laundering, financing of terrorism, fraud and other economic crime. In simple terms, corruption is often described as an act whereby people utilise their positions or act inappropriately to obtain unfair advantage for their own or other parties' benefit, for example by giving or accepting a bribe.</p>	<p><b>Internal:</b> The occurrence of financial crime and/or corruption can seriously affect the confidence of the public, the owner, customers and employees in SBAB and thereby the company's future competitiveness. The risk of financial crime and/or corruption is relevant to all parts of SBAB's operations.</p> <p><b>External:</b> Financial crime and/or corruption undermine democracy, hinder economic growth and distort competition in society. The risk of financial crime and/or corruption is relevant at every stage where money is handled. This means that SBAB can be used throughout the value chain, including deposits from the public, funding from capital markets or lending to the public (consumers, companies and tenant-owners' associations).</p>	<p>Possible reputational risk and government agency notice with sanctions.</p>	<p>SBAB has a separate unit, Anti-Financial Crime (AFC), which acts to strengthen SBAB's overall capacity to prevent financial crime. SBAB's efforts in this area encompass, inter alia, conducting risk assessments, obtaining a good level of KYC, monitoring activities and transactions, continuous training and ensuring adequate internal control. Examination is conducted in the first, second and third lines in terms of daily operations, procedures and processes. SBAB has an internal framework regulating how operations should work to counteract bribes and other forms of corruption. The framework is designed to reflect the Code of Business Conduct published by the Swedish Anti-Corruption Institute. To that end, SBAB conducts ongoing courses in this area.</p> <p>➔ Read more on pages 38, 44–45 and 187–203.</p> <p>Examples of relevant policies in the area, aside from those mentioned above, include the Policy and Instruction for Counteracting Money Laundering and Financing of Terrorism, and Compliance with Financial Sanctions, the Ethics Policy, the Policy for Sustainable Enterprise, the Whistleblower Process Instruction, the Code of Conduct, Bribery and other Corruption Awareness, and the Supplier Code.</p>

# SBAB's risk appetite

Risk type		Risk appetite	
		Classification	Level
	<p><b>Credit risk in lending operations</b></p> <p>The risk that the counterparty does not fulfil its payment obligations towards SBAB. Credit risk arises in conjunction with loans and loan commitments, as well as in connection with value changes in pledged assets entailing that these no longer cover the Group's receivables. The credit risk also includes concentration risk, which refers to the increase in credit risk that arises in large exposures to individual counterparties, or in the case of concentrations toward specific regions or industries.</p> <p>→ Read more in Note <b>RC 1</b></p>	Wanted risk	Medium
	<p><b>Credit risk in treasury operations</b></p> <p>Defined as the total of counterparty risk and investment risk. Counterparty risk is defined as credit risk in derivatives that arises when the value of the instrument is affected by, for example, changes in interest rates and/or currency exchange rates, which means SBAB receives a claim against the counterparty. In addition, counterparty risk entails that SBAB's financial counterparties cannot meet their commitments under repo contracts. Investment risk is defined as credit risk in financial investments and entails the risk that a debtor does not fulfil its payment obligations. Financial investments are incorporated in liquidity management, which aims to reduce liquidity risk and utilise surplus capital to contribute to increased profitability.</p> <p>→ Read more in Note <b>RC 2</b></p>	Necessary risk	Low
	<p><b>Market risk</b></p> <p>In SBAB's operations, the risk of loss or reduced future income due to market fluctuations comprises interest-rate, currency, credit spread, basis and pension risk. Interest-rate risk pertains to interest rate variations that lead to losses or lower future income as assets and liabilities have different fixed-interest periods and/or interest terms. Currency risk refers to the risk of changes in SEK exchange rates leading to losses or lower future income. Credit spread risk pertains to an exposure to changing conditions between an issuer's interest expense in comparison with a reference rate. Basis risk refers to the risk associated with deposits and lending that are fixed to different interest bases. Pension risk pertains to the risk arising from value changes in the portfolio intended to cover the bank's pension commitments.</p> <p>→ Read more in Note <b>RC 4</b></p>	Necessary risk	Low
	<p><b>Operational risk</b></p> <p>The risk of losses due to inadequate or failed internal processes, human error, faulty systems or from external events, including legal risks. Legal risk pertains to the risk of legal sanctions or failure to discharge legal undertakings. The category also includes compliance risks. Regulatory compliance is essential in maintaining confidence in SBAB's operations, but market practice and ethical guidelines also impact SBAB's approach to employees and customers.</p> <p>→ Read more in Note <b>RC 5</b></p>	Necessary risk	Low
	<p><b>Business risk</b></p> <p>The risk of declining earnings due to harsher competition, inappropriate strategies or erroneous decisions. SBAB differentiates business risk between strategic risk, the risk of weaker earnings and reputational risk. Strategic risk pertains to the risk of a loss arising, for example, due to unfavourable business decisions, erroneous implementation of strategic decisions or changes in the political environment. The risk of weaker earnings encompasses the risk arising from, for example, more expensive financing or more intense competition. Reputational risk pertains to the risk of loss of reputation as a result of the failure to manage the above risks as well as other events.</p> <p>→ Read more in Note <b>RC 6</b></p>	Necessary risk	Low
	<p><b>Liquidity risk</b></p> <p>The risk of being unable to meet its payment obligations without the cost of obtaining funds increasing significantly. Short-term liquidity risk pertains to the risk of being impacted in the short term by a lack of liquidity, while structural liquidity risk arises from differences between assets and liabilities in terms of maturities, which risks leading to a lack of liquidity in the longer term.</p> <p>→ Read more in Note <b>RC 3</b></p>	Necessary risk	Low
	<p><b>Sustainability risks</b></p> <p>Sustainability risks pertain to the risk of loss or reduced future income due to sustainability-related events. These include events in three categories: i) climate; ii) personnel, societal conditions and human rights; and iii) financial crime and corruption.</p> <p>→ Read more on page 85</p>	Necessary risk	Low



## Risk profile

## Risk management

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

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

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

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

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

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

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

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

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

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

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

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

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

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

# Information due to Covid-19

Assessing the long-term impact of Covid-19 on SBAB's business is very difficult. Our overall assessment is that there will be no major negative lasting effects on the business from Covid-19.

We don't know how long the pandemic will last. Moreover, considerable uncertainty prevails regarding the development of new mutations with unknown characteristics. Based on current knowledge, strong indications exist that Covid-19, following a troublesome transition period, will become an endemic virus, like many other seasonal viruses.

The IMF has estimated that the pandemic has contributed to a permanent drop in global GDP of 3% in the future compared with what it would otherwise have been. As a small export-dependent country, Sweden will naturally be affected by this. At the same time, relative to most other economies, Sweden's economy has fared better during the pandemic. GDP in Sweden is already above its pre-pandemic level. Our assessment is that the indirect lasting GDP-related impact on the Swedish housing market via is therefore marginal (in the absence of new troublesome mutations that prolong the pandemic).

Based on analyses of past pandemics, the IMF has also shown that real interest rates tend to fall relatively sharply for several decades following a pandemic. One plausible reason for the above being that pandemics help boost people's precautionary savings and, for the same reason, businesses cut back on investment. It is reasonable for lower real interest rates to contribute to higher housing prices which, everything else being equal, should benefit SBAB's business. However, unlike previous pandemics, most

countries have implemented major fiscal and monetary stimuli this time. Together with lower mortality rates than in previous pandemics and the fact that mortality rates in this pandemic have hit the elderly (who save more than younger people) hardest, suggests that this time around, savings will not increase as much or for such a long duration as following previous pandemics. This is also the IMF's assessment.

The pandemic has boosted housing consumption relative to other consumption due to increased interest in working from home. Many employers have said that they will continue to permit employees to work partly or entirely from home even after the pandemic. Furthermore, if households are prepared for new pandemics moving forward, strong indications exist that the increased interest in residential consumption during the pandemic will be largely sustained. This should also benefit SBAB's business.

In parallel, the high inflation of late together with the steep rise in long-term market interest rates – also partly due to several central banks announcing reduced support purchases – will raise the slightly longer-term fixed mortgage rates. This could result in increased competition for residential mortgage customers due to increased incentive to find the lowest possible interest rate. Rising interest rates may also contribute to falling housing prices and lower lending growth. Should the pandemic persist for an extended period following the spread of the new Omicron variant, with major shutdowns to society and a sharp rise in unemployment, this will of course eventually spill over into a more negative trend for the housing market. In such circum-

stances, it is not possible to rule out a substantial burden on public finances, with the risk of rising risk premiums on government bonds and thus rising mortgage interest rates. Sharply rising unemployment and risk premiums would lead to large declines in housing prices. This would be negative for SBAB's business.

Nevertheless, based on current information and knowledge, our overall assessment is that Covid-19 will not have any major lasting adverse effects on SBAB's business as long as Sweden experiences no sharp increase in unemployment or dramatic fall in housing prices. If anything, indications point to the net permanent effect of the pandemic being slightly positive for SBAB's business. This is particularly true if the increased interest in housing consumption relative to other consumption during the pandemic persists.

# Risks and uncertainties

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

Population growth has outpaced housing construction for many years. This has contributed to a housing shortage and strong demand for housing. The growing proportion of home owners together with rising housing prices have led to a gradual increase in indebtedness and some highly indebted households. Housing costs as a percentage of household income are generally low, which is attributable to favourable income trends and low interest rates.

Over the coming years, market interest rates and mortgage rates are both expected to rise slowly. Since the majority of 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 indebted households experience difficulty coping with ongoing loan payments on their mortgages as a result of rising interest rates. However, stress tests indicate that this risk is low in the event of moderate interest hikes.

Rising mortgage interest rates are expected to slow the price trend for housing to such an extent that prices decline for a few years before starting to rise again. Risks linked to rising interest rates could be increased by falling housing prices and rapidly rising unemployment. The risk largely pertains to the degree to which a downturn in prices leads to behaviour that triggers a larger price downturn, and how price uncer-

tainty impacts housing turnover and possibilities for building new housing units.

Rising inflation has triggered long-term market interest rates to start rising, which in turn has driven up mortgage rates with slightly longer terms. In the short term, this will increase housing costs for households. However, the risks associated with rising inflation are deemed low as inflation also drives increases in households' disposable income over time, hereby resulting in a decline in mortgage debt as a share of household income. Even if real interest rates remain unaffected by inflation, higher inflation will result in a cash strain on households. Rising energy prices also contribute to higher inflation, but do not necessarily lead to the Riksbank responding by raising the repo rate. This is because rising energy prices are often caused by supply disruptions and are not linked to high underlying inflationary pressure stemming from high economic activity and rising wages.

## **Risks related to disruptions in global credit markets and the economy**

The Swedish economy is also susceptible to global economic developments and to conditions in the international financial markets. Accordingly, any disruption in global credit 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. Such 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.

The coronavirus outbreak and the measures implemented to contain its spread have resulted in significant movements in the international financial markets, inter alia, in the form of falling interest rates, widening credit spreads and stock market volatility. Since the outbreak of the virus, international credit markets have now stabilised and to some extent recovered, partly due to the extensive fiscal and monetary support measures launched both in Sweden and internationally. A risk exists of further disruption in financial markets in pace with the gradual withdrawal of these stabilising support measures by issuing authorities and central banks.

On 24 February 2022, Russia launched a major military attack on Ukraine, causing great suffering to the Ukrainian people and threatening international peace and security. The outside world has responded by imposing extensive sanctions on Russia. Although SBAB has no presence in the war- or sanction-affected areas, the bank is indirectly affected by the unrest through its impact on the global economy. Widespread disruption and volatility in the international financial markets has arisen from the situation in Eastern Europe and, going forward, the situation is expected to continue to affect the global economy and global financial markets. In addition, greater uncertainty with regard to economic developments in combination with rising inflation makes it difficult to assess the path of central banks going forward, which could contribute further uncertainty and volatility.

# Corporate Governance Report

SBAB Bank AB (publ) (SBAB) is a Swedish public limited banking company that is wholly owned by the Swedish state. SBAB is domiciled in Solna. Owner governance of SBAB is exercised through general shareholder meetings, the Board of Directors and the CEO in accordance with the Companies Act, the Articles of Association, and the policies and instructions adopted by SBAB. Moreover, SBAB applies the State Ownership Policy and principles for state-owned enterprises, as adopted by the government on 27 February 2020 (the "Ownership Policy") which, inter alia, requires that SBAB apply the applicable parts of the Swedish Corporate Governance Code (the "Code"). This Corporate Governance Report has been prepared pursuant to the regulations covering corporate governance reports in the Code and the applicable annual accounts act pursuant to the Ownership Policy.

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

## The foundation of SBAB's corporate governance

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

## Application of the Code

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

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

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

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

*Code rule 4.1* – strive for gender balance on the Board. More specific gender balance guidelines are given for state-owned companies as a result of the Swedish Ministry of Enterprise and Innovation's coordinated board nomination process.

*Code rules 2.6, 4.4, 4.5, 4.6 and 10.2* – information to be provided concerning the independence of Board members in relation to major shareholders. No such information is provided since the primary

objective of the Code rules in question is to protect minority shareholders in companies with dispersed ownership. Consequently, in accordance with the corporate governance principles for state-owned enterprises, there is no reason for such information concerning independence to be disclosed in entirely state-owned companies.

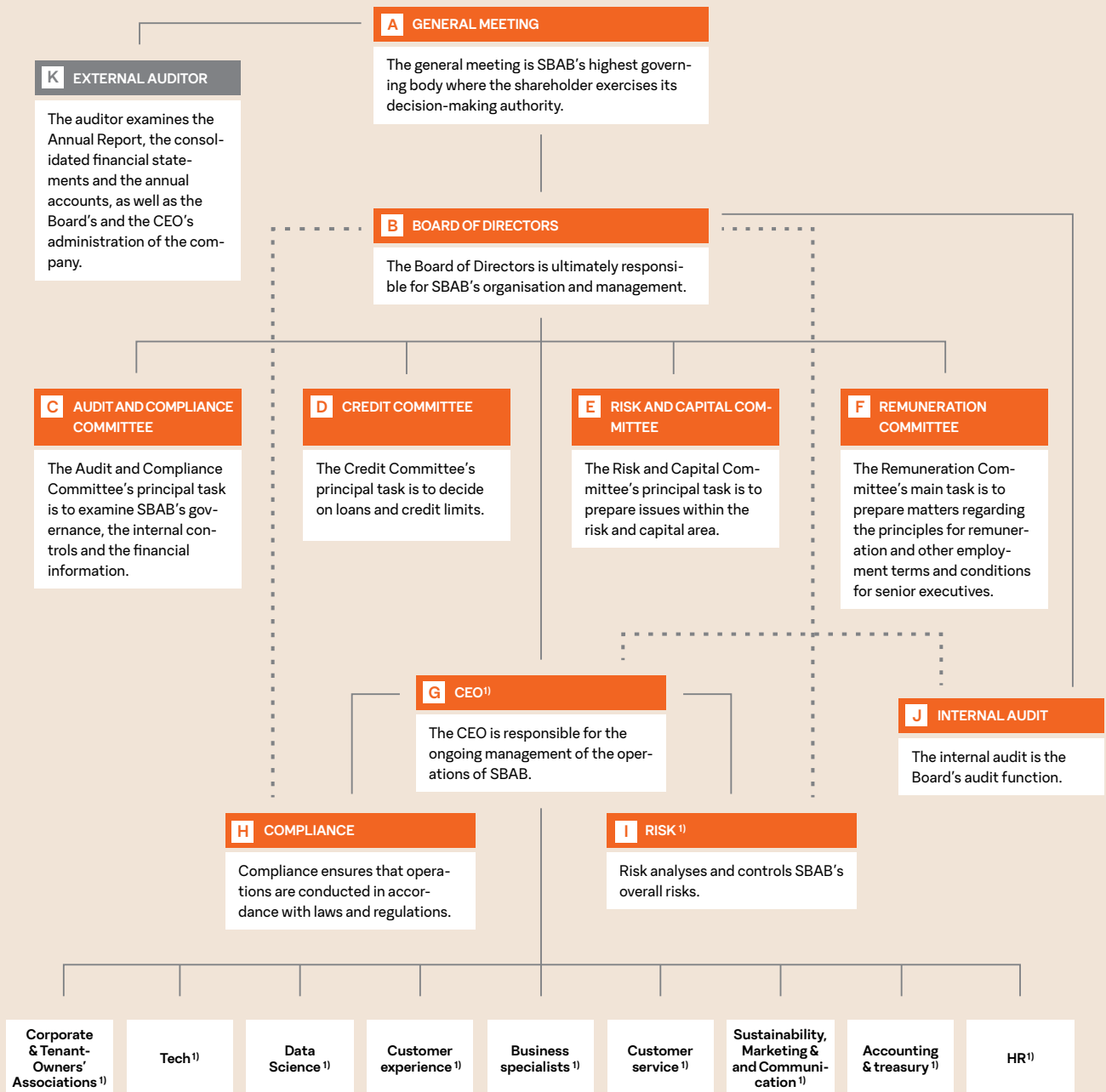
## Articles of Association

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

## A General meeting of shareholders

SBAB's Annual General Meeting was held on 28 April 2021. The members of parliament were invited to attend the AGM through online participation. The AGM was not open to the public due to the coronavirus pandemic. The owner was represented by Gustaf Hygrell, the Swed-





1) Included in Executive Management.

Corporate Governance Report, cont.

ish Ministry of Enterprise and Innovation. Most of SBAB's Board members, the CEO and SBAB's auditor also attended the AGM. Jan Sinclair, Chairman of the Board of SBAB, served as the Chairman of the AGM. The General Meeting resolved to elect the following Board members: Jan Sinclair (Chairman), Lars Börjesson, Inga-Lill Carlberg, Daniel Kristiansson, Jane Lundgren Ericsson, Leif Pagrotsky, Johan Prom and Synnöve Trygg. At the time of the AGM, the local trade unions had appointed Anders Heder and Margareta Naumburg as employee representatives on the Board of Directors, with David Larsson as deputy. Jenny Gustafsson, who had previously been appointed as deputy for Anders Heder, notified her intent to step down to the Swedish Companies Registration Office on 13 April 2021. Anders Heder was subsequently replaced by Karin Neville as employee representative and in conjunction with this, Anders Heder was appointed as deputy, which was registered with the Swedish Companies Registration Office on 22 September 2021. Furthermore, Johan Prom stepped down from the Board at his own request as of 30 November 2021. The AGM passed resolutions regarding the discharge from liability for the Board of Directors and the CEO, the appropri-

tion of profits and the adoption of the annual accounts for 2020. The meeting elected Deloitte AB, with Patrick Honeth as the auditor-in-charge, as SBAB's auditor until the close of the 2022 AGM. The meeting reviewed the guidelines for remuneration to senior executives adopted by the 2020 AGM, see Note IC 5 for details of the guidelines, and adopted new guidelines for remuneration to senior executives. The meeting also decided on the fees to be paid to the members of the Board. No fees will be paid to Board members who are either employed by the Government Offices of Sweden or are employee representatives. The CEO and Chairman reported on the operations of the bank and the work of the Board of Directors in 2020.

**B The Board of Directors**

*Composition and nomination procedure*  
In state-owned companies, uniform and shared principles are applied to achieve a structured nomination process for the appointment of board members. The objective is to ensure an adequate supply of competence for the boards of directors of these companies. The Board nomination process at the Government Offices of Sweden is coordinated by the Swedish Ministry of Enterprise and Inno-

vation. For each company, competence needs are analysed on the basis of the company's business, circumstances and future challenges, as well as the composition of the Board of Directors and the Board assessments that have been conducted. Recruitment requirements are then established and work commences. Members are selected from a broad recruitment base in order to draw on the expertise of both women and men, as well as individuals with different backgrounds and experience.

*Diversity and eligibility policies*

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

## Work of the Board of Directors in 2021

In 2021, the Board of Directors held eight scheduled and five additional board meetings.

JANUARY	FEBRUARY	MARCH	APRIL	MAY	JUNE
Report on operations including follow-up of crisis management due to the coronavirus pandemic, performance in 2020 and adoption of the year-end report, quarterly statements and reporting from control functions and the auditor's review of the Q4 accounts together with an in-depth report on credit losses and credit provisions, decision on assumptions for the ICLAAP (internal capital and liquidity adequacy assessment processes), decision on outsourced operations, follow-up of strategic projects, succession issues and evaluation of the Board's work in 2020.			Statutory board meeting, resolutions regarding internal governance documents and statutory matters, report on operations including follow-up of crisis management due to the coronavirus pandemic, Q1 2021 performance and adoption of the interim report, quarterly reporting from control functions and the auditor's review of the Q1 accounts together with an in-depth report on credit losses and credit provisions, presentation of report on outsourced operations, follow-up of strategic projects and decision on remuneration to the CEO.		
	Additional meeting to address the CEO's proposal regarding the appointment of a new CRO. Report on operations including follow-up of crisis management due to the coronavirus pandemic, training in the IRB (internal ratings-based approach and the SBAB Group's internal models for calculating risk-weighted capital requirements), decision on SBAB's ICLAAP (internal capital and liquidity adequacy assessment process), decisions on the Annual Report, Sustainability Report and Pillar 3 Report as well as the Remuneration Report for 2020, matters prior to SBAB's AGM, and implementation of fit and proper assessment as well as a decision on remuneration to senior executives. Additional meeting to decide on company acquisition and appurtenant matters.				Advanced training in the IRB (internal ratings-based approach and the SBAB Group's internal models for calculating risk-weighted capital requirements), follow-up of projects and activities, including follow-up of strategic projects, more detail on sustainability topics, forecasting and business planning, status monitoring of new/changed business-critical regulations, decisions on material risks, report on operations including follow-up of crisis management due to the coronavirus pandemic and discussion of workplace strategy following the coronavirus pandemic.

### Chairman of the Board

The Chairman of the Board is elected by the AGM. If the Chairman of the Board resigns during the mandate period, the Board is to appoint one of the Board members as the new Chairman until the end of the AGM, when a new Chairman will be elected by the AGM. The Chairman leads the Board's work, monitors to ensure that the Board is performing its

duties, represents the Board in relation to the owner and maintains contact with the owner. The Chairman is also responsible for initiating and following up the annual evaluation of the Board's and the CEO's work. The Chairman of the Board ensures that the Board receives adequate information and decision data for its work and the training necessary for the Board to function efficiently.

### Board governance and activities

At SBAB's AGM, eight members were elected by the AGM to SBAB's Board. At the end of the year, SBAB's Board comprised seven of these eight members elected by the AGM and two members appointed by the employees' organisations, SACO and the Financial Sector Union of Sweden. The CEO is not a member of the Board. None of the board mem-

### Attendance of the Board of Directors in 2021

The table presents the meeting attendance of the Board and its committees in 2021. During the year, Johan Prom stepped down as a member of the Board. During the year, Anders Heder stepped down as employee representative and, instead, took the role of deputy employee representative, in conjunction with Karin Neville joining the Board as employee representative. Moreover, Jenny Gustafsson (Deputy, employee representative) stepped down from the Board during the year. Accordingly, attendance figures for Johan Prom, Anders Heder, Karin Neville and Jenny Gustafsson pertain to part of the year.

Board members	Board of Directors	Credit Committee	Risk and Capital Committee	Audit and Compliance Committee	Remuneration Committee
Jan Sinclair (Chairman of the Board/Board member)	13/13	19/20	12/12	6/6	
Lars Börjesson (Board member)	12/13	6/20			6/6
Inga-Lill Carlberg (Board member)	13/13	19/20			6/6
Daniel Kristiansson (Board member)	12/13			5/6	6/6
Jane Lundgren Ericsson	13/13	18/20	12/12	6/6	
Leif Pagrotsky (Board member)	13/13			5/6	
Johan Prom (Board member)	12/13	11/20	10/12		
Synnöve Trygg (Board member)	13/13		12/12	6/6	
Anders Heder (Employee representative)/ (Deputy, employee representative)	10/13				
Margareta Naumburg (Employee representative)	13/13				
Karin Neville (Employee representative)	3/13				
David Larsson (Deputy, employee representative)	0/13				
Jenny Gustafsson (Deputy, employee representative)	0/13				

#### JULY

Report on operations, performance in the second quarter and adoption of the interim report, quarterly reports from control functions and the auditor's review of the second quarter accounts as well as an in-depth report on credit losses and credit provisions as well as follow-up of the SREP (the Swedish FSA's annual supervisory review and evaluation process)

#### AUGUST

Additional meeting to address the CEO's proposal regarding the appointment of a new Head of Business Specialists.

Strategy questions, incl. analysis of competitors, trend and business environment analysis and a review of strategy per business area, updated projections, report on operations including follow-up of crisis management due to the coronavirus pandemic, follow-up of strategic projects, sustainability topics and status follow-up of new/changed business-critical regulations.

#### SEPTEMBER

Report on operations, performance in the third quarter and adoption of the interim report, quarterly reports from control functions and the auditor's review of the third quarter accounts as well as an in-depth report on credit losses and credit provisions, decision on strategic issues, decision on recovery plan and governance documents, follow-up of the SREP (the Swedish FSA's annual supervisory review and evaluation process), follow-up of strategic projects.

#### OCTOBER

Additional meeting to dismiss the CEO and appoint an acting CEO.

Additional meeting to address the acting CEO's proposal to appoint an acting CFO, acting Head of Business Specialists and a Head of Retail as well as to address remuneration matters and fit and proper assessments.

#### NOVEMBER

#### DECEMBER

Report on operations, decision on the forecast, budget and strategies for 2022 as well as annual plans for the control functions, decision on preliminary assumptions for the ICLAAP (internal capital and liquidity adequacy assessment processes), report on the employee survey, follow-up of strategic projects, direction decision regarding the dividend.

## The Board's committees

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

### C Audit and Compliance Committee



**Jane Lundgren Ericsson** (*Chairman*)  
Daniel Kristiansson (member)  
Leif Pagrotsky (member)  
Jan Sinclair (member)  
Synnöve Trygg (member)

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

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



**Jane Lundgren Ericsson** (*Chairman*)  
Inga-Lill Carlberg (member)  
Jan Sinclair (member)

The principal task of the Credit Committee is to decide on loans and credit limits in SBAB's lending and funding operations. The Committee also has the task of preparing matters involving changes in the credit policy and credit instructions for decision by the Board, the assessment of portfolio strategies, the transparency of the loan portfolio, the evaluation of existing or proposed portfolio strategies, the evaluation of existing or new delegation rights and the Board's annual review of regulatory frameworks, models for granting credits and outcomes in terms of retail credit granting. The Committee prepares all matters relating to credit risk and approves new IRB models and significant changes to existing models. The Credit Committee held 20 meetings during the year.

<sup>1)</sup> Johan Prom was appointed a member at the statutory Board meeting on 28 April 2021 and replaced Lars Börjesson. Johan Prom subsequently stepped down from the Board and the Committee.

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



**Synnöve Trygg** (*Chairman*)  
Jane Lundgren Ericsson (member)  
Jan Sinclair (member)

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

<sup>1)</sup> Johan Prom stepped down from SBAB's Board and the Committee during the year.

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



**Inga-Lill Carlberg** (*Chairman*)  
Lars Börjesson (member)  
Daniel Kristiansson (member)

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

<sup>1)</sup> Inga-Lill Carlberg was appointed Chairman at the statutory Board meeting on 28 April 2021 and replaced Daniel Kristiansson.



## Corporate Governance Report, cont.

bers or the CEO hold shares by SBAB, since SBAB is wholly owned by the Swedish state, or financial instruments issued by SBAB.

For information regarding lending to key personnel, please refer to Note **A 2**. The Board adopts business objectives and strategies for SBAB's operations. The Board ensures that an efficient system is in place for the follow-up and control of SBAB's operations. The Board is also tasked with appointing, evaluating and if the need arises, dismissing the CEO. The work of the Board complies with the formal work plan adopted annually at the Board of Directors' statutory Board meeting immediately after the AGM. The formal work plan regulates decision-making within SBAB, the arrangements for Board meetings and the division of work among the Board, the Chairman of the Board and the Board committees. The work of the Board complies with an annual plan that satisfies, inter alia, the Board's need for information. SBAB's Board makes decisions on matters relating to SBAB's strategic direction, for example by means of a business plan, and makes decisions regarding larger investments, funding, capitalisation (including capital and liquidity adequacy assessments), significant organisational issues, policies and certain guidelines. The Board addresses and determines the company's interim reports. The Board also follows up SBAB's risks, compliance, and reports on the effectiveness of internal control within SBAB by means of reports provided by SBAB's independent Risk Control, Compliance and Internal Audit units. The Board also receives reports from SBAB's auditor regarding the reporting of completed audits, and financial reporting assessments and internal control. The CEO attends the meetings of the Board of Directors, and other SBAB officers may participate in a reporting role if necessary.

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

The Board has formulated instructions for the CEO's work. The CEO is responsible for the ongoing management of the operations in accordance with guidelines, established policies and instructions issued by the Board. The CEO reports to the Board. Executive Management provides the CEO with support in exercising operational management of SBAB. The Executive Management comprises the following functions: Accounting & Treasury; Risk; Business Specialists; Data Sci-

ence; HR; Customer Service; Customer Experience & Tech; and Sustainability, Marketing and Communication.

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

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

### *Governance of sustainable enterprise*

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

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

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

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

### **Internal Governance and Control**

Internal control is important for ensuring that SBAB's operations are conducted in accordance with prevailing regulations, as well as ensuring that SBAB identifies, measures and controls relevant risks and has an efficient organisation and opera-

tional management, and reliable financial reporting. The Board and the CEO are ultimately responsible for ensuring good internal control and governance. The Board and the CEO of SBAB are assisted in this work by several functions. Key control functions in this regard are the Compliance, Risk and Internal Audit functions, which are described in further detail below. Other functions, including Accounting, Credit and Legal, support the Board and the CEO with regard to good internal governance and control. All managers in each area of responsibility are responsible for the activities they oversee being conducted with good internal governance and control.

### **H** Compliance

SBAB has a central Compliance function. The Compliance function's area of responsibility comprises rules on internal governance and control, customer protection and market conduct. Compliance is independent of the business operations and is directly subordinate to the CEO. Compliance provides advice and support to the operations on compliance matters, analyses compliance risks and monitors regulatory compliance in respect of operations requiring licences. Reporting occurs on an ongoing basis to the CEO and quarterly by means of a written report to the Board and the CEO. The scope and focus of the work of Compliance is established in an annual plan adopted by the CEO.

### **I** Risk

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

**J Internal audit**

SBAB's Internal Audit unit constitutes an internal independent audit function. Accordingly, the main function of the Internal Audit is to examine and evaluate governance and internal controls, to examine and evaluate that the company's organisation, control processes, IT systems, models and routines are appropriate and efficient, and to review and regularly assess the reliability and quality of the work conducted in other control functions in SBAB. All reporting to the Board and its Audit and Compliance Committee is conducted in accordance with a reporting and meeting plan.

**K External auditor**

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

Government Offices of Sweden monitor all stages of the procurement process from tendering criteria to selection and evaluation. At the AGM, the owner appoints the auditor or the accounting firm that is commissioned to audit SBAB. Auditors must be authorised public accountants or an authorised accounting firm with an auditor-in-charge. As of 2011, SBAB's auditor is appointed annually in accordance with the Companies Act and the Articles of Association. From the 2016 AGM, Deloitte AB has been appointed as auditor, with Patrick Honeth as the auditor-in-charge. A more detailed presentation of the auditor and the fees and expenses paid to auditors is provided in Note IC 6. The auditor examines the Annual Report, the consolidated financial statements and the accounting records, as well as the Board's and the CEO's administration of the company. In addition, the auditor reviews SBAB's interim

reports and year-end reports and presents his findings to the Audit and Compliance Committee at regular meetings of the Committee, when the interim and year-end reports reviewed by the auditor are considered, and when the internal control review is reported to the Board. The auditor also reviews SBAB's Sustainability Report and the Communication on Progress (COP).

## Internal control of financial reporting

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

**The control environment**

The internal control of financial reporting uses SBAB's values, organisational structure, codes of conduct, policies, instructions and directions for SBAB's operations as its starting point.

**Risk assessment**

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

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

**Control activities**

Business-support processes that provide data for the financial statements are charted and contain control activities in the form of descriptions of processes, reasonability assessments, reconciliations, attestations and performance analyses. An internal set of rules, including accounting policies, planning and reporting procedures, ensures the application of control activities.

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

**Information and communication**

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

**Follow-up**

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

# Proposed appropriation of profits

SBAB Bank AB (publ) posted a net profit for the year after tax of SEK 346,106,080. According to SBAB's balance sheet, SEK 13,202,195,471 is at the disposal of the Annual General Meeting.

Fair value reserve	165,262,688
Additional Tier 1 instruments	4,300,000,000
Retained earnings	8,390,826,703
Net profit for the year	346,106,080
<b>Total</b>	<b>13,202,195,471</b>

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

A dividend distribution of SEK 42,500 per share, in total	832,277,500
To be carried forward	12,369,917,971
<b>Total</b>	<b>13,202,195,471</b>

The proposed dividend, which amounts to 40% of the Group's net profit for the year, has been proposed with consideration for the rules on buffer capital, risk limitation and transparency under the Banking and Financing Business Act. Unrealised changes in value on assets and liabilities measured at fair value had a net impact on equity for SBAB Bank AB (publ) of SEK 167 million. The applicable regulations on capital adequacy mean that the company's own funds at any given time are to correspond to not less than the total capital requirement, which encompasses Pillar 1 capital requirements, Pillar 2 capital requirements, buffer requirements and any Pillar 2 guidance. After the proposed appropriation of profits, own funds amounted to SEK 25,106 million (24,334) and the total capital requirement amounted to SEK 138,876 million (138,024). The items are specified in Note [RC 8](#).

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

# Board of Directors

Updated as of 31 December 2021

## → Daniel Kristiansson

### Board Member

MSc in Economics, Stockholm School of Economics. Born 1974. Year of election 2016.

**Board assignments:** Board member of Swedfund International AB and Stiftelsen Industrifonden.

**Other assignments:** Investment Director, Government Offices of Sweden

**Previous assignments:** Vice President Citigroup

## → Inga-Lill Carlberg

### Board Member

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

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

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

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

## → Jan Sinclair

### Chairman of the Board

Master of Business Administration and Economics. Born 1959. Elected in 2018.

**Board assignments:** Chairman and Board member of the Swedish Covered Bond Corporation (publ) and Fastighets Aktiefbolaget Victorhuset. Board member of STS Alpresor AB, Almi företagspartner AB, Bipon AB, FCG Holding Sverige AB, FCG Group AB, FCG Management AB and Jan M.L. Sinclair AB.

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

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

## → Jane Lundgren Ericsson

### Board Member

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

**Board assignments:** Board member of the Swedish Covered Bond Corporation (publ), Visma Finance AB, Copperstone Resources AB (publ) and deputy Board member of Miskatonic Ventures Aktiefbolag.

**Other assignments:** Visma Finance AB (General Counsel), Bagarmossen Kärrtorp Bollklubb (Chairman).

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

## → Karin Neville

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

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

**Board assignments:** –

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

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

## → Lars Börjesson

### Board Member

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

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

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

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

## → Leif Pagrotsky

### Board Member

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

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

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

**Previous assignments:** Various positions within parliament and the government, including State Secretary for Finance Market Affairs at the Ministry of Finance, Minister of Trade and Industry as well as Minister of Education and Culture. Moreover, as vice Chairman of the Council of the Swedish National Bank, Chairman of Business Sweden and Consul General in New York.

## → Margareta Naumburg

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

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

**Board assignments:** –

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

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

## → Synnöve Trygg

### Board Member

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

**Board assignments:** Board member and deputy Chairman of Volvofinans Bank AB, Board member of Precise Biometrics AB, Synnöve Trygg Consulting AB.

**Other assignments:** CEO Synnöve Trygg Consulting AB.

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

*Not in the picture.*





From left:

Back row – Lars Börjesson, Daniel Kristiansson. Middle row – Inga-Lill Carlberg, Jane Lundgren Ericsson, Jan Sinclair, Karin Neville. Front row – Margareta Naumburg, Leif Pagrotsky. (Not in the picture: Synnöve Trygg)

## Deputies

### Anders Heder

Deputy, employee representative the Financial Sector Union of Sweden

Born: 1962. Appointed: 2021

Board assignments: Board member of SBAB

Other assignments: Controller at SBAB (since 1999).

Previous assignments: Employee in Göteborgs bank and Wermlandsbanken, i.a. with a focus on fund, notary and money investment. Employment as group manager for various departments within SBAB from 1992.

### David Larsson

Deputy, employee representative (SACO)

Born: 1976. Appointed: 2018

Board assignments: –

Other assignments: Account manager Corporate Clients & tenant-owner associations business area (Ftg&Brf) in SBAB, Vice Club President in SACO's local club.

Previous assignments: Various roles at SBAB.



From left: Carl Olsson, Sara Davidgård, Robin Silfverhielm, Carina Eriksson, Kristina Frid, Kristina Tänneryd, Malou Sjörin, Mikael Inglander. (Not in the picture: Andras Valko, Johan Prom)

# Executive Management

Updated as of 31 December 2021

## → Andras Valko

**Chief Data Science Officer (CDSO)**

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

**Board assignments:** –

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

*Not in the picture.*

## → Carina Eriksson

**Chief Human Resources Officer (CHRO)**

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

**Board assignments:** –

**Previous assignments:** Scandinavian HR Business Partner Lead for Trygg Hansa/Codan, Scandinavian HR Director for Personal Lines Trygg Hansa/Codan, HR Director Microsoft Sweden, COO for Deutsche Bank Nordic Equities.

## → Carl Olsson

**acting Chief Financial Officer (CFO)**

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

**Board assignments:** –

**Previous assignments:** Director of Corporate Development & Strategy at Trustly, Strategy manager at SBAB (2019–2020), Business strategist SBAB (2017–2019), Strategy manager at Skandia, Management consultant at Bain & Company

*Previously, Head of Business Specialists, from 26 November 2021 acting CFO.*

## → Johan Prom

**Head of Business Area Private**

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

**Board assignments:** Watersprint AB (Board Member), Publit Sweden AB (Board Member), NoseOption AB (Board Member), Johan Prom AB (Board Member) and Johan Prom Consulting and Investment AB (Board Member).

**Previous assignments:** Board Member of SBAB Bank AB (publ), Avanza (CEO), several senior executive positions within ICA-group, among others

*Not in the picture.*

## → Kristina Frid

**Head of Customer Service**

Degree of Bachelor of Arts, Media and Communication Studies. Born 1976. Year of employment: 2017.

**Board assignments:** –

**Previous assignments:** Head of Branch Region Nordea, Chairman Chamber of Commerce Karlstad Section. Various management positions and other positions within Nordea.

## → Kristina Tänneryd

**acting Head of Business Specialists**

Born 1971. Year of employment: 2021.

**Board assignments:** –

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





### → Malou Sjörin

#### Head of Sustainability, Marketing & Communication

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

#### Board assignments: –

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

### → Mikael Inglander

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

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

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

**Previous assignments:** CEO of Lindorff Sverige AB, Executive Vice President and CFO of Swedbank AB, Regional Manager and Executive Vice President of ForeningsSparbanken AB, Board member of ICA Banken, OK-Q8 Bank AB, HansaBank Group AS, and others.

*Previously CFO, from 8 November 2021 acting CEO.*

### → Robin Silfverhielm

#### CXO and CIO

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

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

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

### → Sara Davidgård

#### Chief Risk Officer (CRO)

Master of Business Administration and Economics. Born 1974.

Year of employment: 2017.

#### Board assignments: –

**Previous assignments:** Head of Risk Swedish Banking at Swedbank, Board member Sparia, Segment Manager at Swedbank, various management positions within Swedbank as well as other positions within Swedbank Robur.

*Previously, Head of Business Specialists, from 16 March 2021 acting CRO.*

## Auditors

### Patrick Honeth

#### Deloitte AB

Auditor-in-charge at SBAB since 2016.

# Income statement

SEK million	Note	GROUP		PARENT COMPANY	
		2021	2020	2021	2020
Interest income	IC 1	6,039	6,316	1,593	1,811
Interest expense	IC 1	-1,925	-2,569	-1,000	-1,217
<b>Net interest income</b>		<b>4,114</b>	<b>3,747</b>	<b>593</b>	<b>594</b>
Dividends received/Group contributions		-	-		719
Commission income	IC 2	101	93	106	95
Commission expense	IC 2	-72	-117	-37	-39
Net result of financial transactions	IC 3	-71	-38	-1	33
Other operating income	IC 4	50	43	1,299	1,181
<b>Total operating income</b>		<b>4,122</b>	<b>3,728</b>	<b>1,960</b>	<b>2,583</b>
Personnel costs	IC 5	-786	-687	-774	-682
Other expenses	IC 6	-589	-490	-685	-585
Depreciation, amortisation and impairment of PPE and intangible assets	IC 7	-117	-158	-19	-43
<b>Total expenses before credit losses</b>		<b>-1,492</b>	<b>-1,335</b>	<b>-1,478</b>	<b>-1,310</b>
<b>Profit before credit losses</b>		<b>2,630</b>	<b>2,393</b>	<b>482</b>	<b>1,273</b>
Net credit losses <sup>1)</sup>	IC 8	11	-32	4	-11
Impairment of financial assets		-	-	-30	-
<b>Operating profit</b>		<b>2,641</b>	<b>2,361</b>	<b>456</b>	<b>1,262</b>
Tax	TX 1	-560	-522	-110	-289
<b>Net profit for the year</b>		<b>2,081</b>	<b>1,839</b>	<b>346</b>	<b>973</b>

<sup>1)</sup> Including impairment and reversals of impairment of financial assets.

Interest income on financial assets measured at amortised cost calculated using the effective-interest method amounted to SEK 6,359 million (6,361) for the Group and SEK 1,784 million (1,825) for the Parent Company.

# Statement of comprehensive income

SEK million	Note	GROUP		PARENT COMPANY	
		2021	2020	2021	2020
<b>Net profit for the year</b>		<b>2,081</b>	<b>1,839</b>	<b>346</b>	<b>973</b>
<b>Other comprehensive income</b>					
<i>Components that will be reclassified to profit or loss</i>	EQ 1				
Financial assets measured at FVTOCI		-13	4	-13	4
Changes related to cash-flow hedges, before tax		-1,813	461	-82	-2
Tax attributable to components that will be reclassified to profit or loss		376	-75	20	2
<i>Components that will not be reclassified to profit or loss</i>	EQ 1				
Revaluation effects of defined-benefit pension plans, before tax		60	-34	-	-
Tax attributable to components that will not be reclassified to profit or loss		-12	6	-	-
<b>Other comprehensive income, net of tax</b>		<b>-1,402</b>	<b>362</b>	<b>-75</b>	<b>4</b>
<b>Total comprehensive income for the year</b>		<b>679</b>	<b>2,201</b>	<b>271</b>	<b>977</b>



## Comments to the consolidated income statement

### Operating profit and key metrics

Operating profit rose to SEK 2,641 million (2,361). Return on equity amounted to 11.1% (10.8) and the C/I ratio was 36.2% (35.8).

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

Net interest income grew to SEK 4,114 million (3,747), mainly due to higher lending volumes and lower funding costs. Guarantee fees amounted to SEK 221 million (201) for 2021, of which SEK 172 million (154) comprised the resolution fee and SEK 49 million (47) the fee payable to the national deposit guarantee.

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

The net commission income increased during the year to SEK 29 million (expense: 24). The increase was primarily attributable to a lower commission expense linked to market maker fees and higher commission income from corporate business.

### Net result of financial transactions

**IC 3**

The net result of financial transactions was an expense of SEK 71 million (expense: 38). The difference was primarily due to the revaluation of credit risk in derivatives.

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

Expenses grew to SEK 1,492 million (1,335) due to increased operational investments in terms of number of employees in areas including customer experience and customer service, digitisation and IT. During the year, substantial focus was given to the development of new regulatory adaptations in parallel with the continued replacement of SBAB's base system. Modern, flexible system support is a key component for strengthening SBAB's future competitiveness, and its ability to develop digital services and enhance the customer interface and experience. The number of FTEs increased from 760 to 839 over the year. Personnel costs amounted to SEK 786 million (687). Other expenses exclusive of depreciation, amortisation and impairment amounted to SEK 589 million (490). Depreciation, amortisation and impairment of PPE and intangible assets amounted to SEK 117 million (158).

### Credit losses **IC 8**

Net credit losses were positive and amounted to a recovery of SEK 11 million (loss: 32). The change was mainly attributable to the increase in credit loss allowances in the previous year in conjunction with the revision of the forward-looking information applied in the impairment model as a result of the coronavirus pandemic.

Confirmed credit losses for the year totalled SEK 13 million (loss: 9).

### Taxes **TX 1**

Tax consists of income tax of 20.6% (21.4) of net profit for the year with an addition for tax adjustments and any adjustments of tax for previous years. The tax expense amounted to SEK 560 million (522) for the year.

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

Other comprehensive income decreased to an expense of SEK 1,402 million (income: 362) due to the increase in EUR interest rates during the year.<sup>1)</sup>

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

Other comprehensive income includes changes in cash-flow hedges that consist of unrealised value changes from derivatives used for hedging cash flows in the Group's funding in foreign currencies. Underlying funding is measured at amortised cost, where value changes are not recognised while derivatives that hedge borrowing are marked to market. This means that changes in rates, primarily in euro, can lead to volatility during the term, even if the long-term result is zero. The line item is normally affected positively by a decline in interest rates and negatively by a rise in interest rates.

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

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

### Parent Company

Operating profit declined to SEK 456 million (1,262), primarily due to the retroactive dividend of SEK 719 million from the subsidiary SCBC in the comparative period. Net interest income was essentially unchanged and amounted to SEK 593 million (594) for the period. Net commission income increased to SEK 72 million (56), as a result of increased commission income from corporate lending. The net result of financial transactions amounted to an expense of SEK 1 million (income: 33), primarily due to lower interest compensation received and the difference in the revaluation of credit risk in derivatives. Other operating income rose to SEK 1,299 million (1,181), and mainly comprised fees from SCBC for administrative services in line with the applicable outsourcing agreements. Expenses increased to SEK 1,478 million (1,310) mainly as a result of increased personnel costs. Net credit losses were positive and amounted to a recovery of SEK 4 million (loss: 11).

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

SCBC is a wholly-owned subsidiary of SBAB whose primary operations comprise of the issuance of covered bonds to fund the lending of the SBAB Group. SCBC's operating profit for 2021 totalled SEK 2,119 million (1,797). Net interest income totalled SEK 3,522 million (3,154) and net commission amounted to an expense of SEK 35 million (expense: 73). The net result of financial transactions increased to an expense of SEK 70 million (expense: 73). SCBC's total expenses amounted to SEK 1,305 million (1,190) for 2021. The majority of the expenses were attributable to costs for operations outsourced to SBAB. Net credit losses were positive and amounted to a recovery of SEK 7 million (loss: 21). SCBC's 2021 Annual Report is available at [www.sbab.se](http://www.sbab.se).

# Balance sheet

SEK million	Note	GROUP		PARENT COMPANY	
		2021	2020	2021	2020
<b>ASSETS</b>					
Cash and balances at central banks		10,100	6,530	10,100	6,530
Chargeable treasury bills, etc.	A 1	22,549	10,894	22,549	10,894
Lending to credit institutions	A 2	643	945	123,419	121,069
Lending to the public	A 3	467,041	422,835	24,974	24,806
Value changes of interest-rate-risk hedged items in macro hedges		-563	142	-	-
Bonds and other interest-bearing securities	A 4	50,254	58,180	50,254	58,180
Derivatives	A 5	6,920	10,890	8,904	12,320
Shares and participations in Group companies	A 6	0	-	10,450	10,401
Intangible assets	A 7	460	330	21	14
Property, plant and equipment	A 8	274	112	57	34
Other assets	A 9	249	79	198	746
Prepaid expenses and accrued income	A 10	410	422	285	391
<b>TOTAL ASSETS</b>		<b>558,337</b>	<b>511,359</b>	<b>251,211</b>	<b>245,385</b>
<b>LIABILITIES AND EQUITY</b>					
<b>Liabilities</b>					
Liabilities to credit institutions	L 1	16,372	20,184	16,033	20,184
Deposits from the public	L 2	144,950	135,658	144,950	135,658
Issued debt securities, etc.	L 3	364,365	323,704	63,452	59,841
Derivatives	A 5	2,844	3,124	8,610	12,153
Other liabilities	L 4	532	416	278	512
Accrued expenses and deferred income	L 5	1,886	1,769	292	309
Deferred tax liabilities	TX 2	304	651	37	58
Provisions	L 6	143	219	11	20
Subordinated debt	L 7	1,996	1,995	1,996	1,995
<b>Total liabilities</b>		<b>533,392</b>	<b>487,720</b>	<b>235,659</b>	<b>230,730</b>
<b>Equity</b>					
Share capital	EQ 1	1,958	1,958	1,958	1,958
Statutory reserve		-	-	392	392
Reserves/Fair value reserve	EQ 1	919	2,321	165	241
Additional Tier 1 instruments	L 7	4,300	3,500	4,300	3,500
Retained earnings		15,687	14,021	8,391	7,591
Net profit for the year		2,081	1,839	346	973
<b>Total equity</b>		<b>24,945</b>	<b>23,639</b>	<b>15,552</b>	<b>14,655</b>
<b>TOTAL LIABILITIES AND EQUITY</b>		<b>558,337</b>	<b>511,359</b>	<b>251,211</b>	<b>245,385</b>

## Comments to the consolidated balance sheet

### ASSETS

#### Cash and balances at central banks

Cash and balances at central banks increased to SEK 10.1 billion (6.5), also attributable to higher surplus liquidity deposited with the Riksbank.

#### Chargeable treasury bills

**A 1** During the year, chargeable treasury bills increased to SEK 22.5 billion (10.9), primarily due to an increase in surplus liquidity deposited with the Riksbank via commercial paper. Other changes were within the scope of the normal management of the liquidity reserve to maintain the desired duration and credit risk profile.

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

Lending to credit institutions decreased to SEK 0.6 billion (0.9), attributable to inflows of securities connected to derivatives (CSAs). The above changes were within the scope of the normal short-term liquidity management.

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

Lending to the public increased 10.5% during the year to SEK 467.0 billion (422.8). New lending totalled SEK 107.1 billion (95.1). Of total lending at year end, SEK 334.9 billion (310.8) comprised residential mortgages, SEK 2.3 billion (2.5) consumer loans, SEK 68.7 billion (54.1) lending to property companies and SEK 61.1 billion (55.4) lending to tenant-owners' associations.

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

Bonds and other interest-bearing securities declined to SEK 50.3 billion (58.2). The change was also primarily within the scope of the normal management of the liquidity reserve.

### LIABILITIES AND EQUITY

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

Liabilities to credit institutions decreased in the year to SEK 16.4 billion (20.2), primarily attributable to outflows of collateral connected to derivatives (CSAs). The changes were within the scope of the normal short-term liquidity management.

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

Deposits from the public increased 6.8% in 2021 to a total of SEK 145.0 billion (135.7). Of total deposits, SEK 101.8 billion (95.5) pertained to retail deposits and SEK 43.2 billion (40.2) deposits from corporate clients and tenant-owners' associations.

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

Issued debt securities outstanding increased SEK 40.7 billion over the year to a total of SEK 364.4 billion (323.7), of which SEK 300.9 billion (263.9) comprised covered funding and SEK 63.5 billion (59.8) unsecured funding.

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

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

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

Equity amounted to SEK 24.9 billion (23.6). Over the year, additional Tier 1 instruments of SEK 2.3 billion were issued and SEK 1.5 SEK billion matured.

#### Parent Company

Lending to the public totalled SEK 25.0 billion (24.8). Deposits from the public totalled SEK 144.9 billion (135.7).

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

SCBC does not conduct any new lending itself but instead acquires loans from SBAB Bank, on an ongoing basis or as necessary. The aim of securing these loans is to include them, in part or in full, in the assets that comprise collateral for holders of SCBC's covered bonds. SCBC's lending portfolio comprises loans for residential mortgages, with lending to consumers the largest segment. At the end of the period, SCBC's lending amounted to SEK 442.1 billion (398.0). Information regarding SCBC's lending, the cover pool, is published monthly on the website [www.sbab.se](http://www.sbab.se). SCBC's 2021 Annual Report is available at [www.sbab.se](http://www.sbab.se).

# Statement of changes in equity

GROUP						
SEK million	Note	Share capital	Reserves/Fair value reserve	Additional Tier 1 instruments	Retained earnings and net profit for the year <sup>1)</sup>	Total equity
<b>Opening balance, 1 Jan 2021</b>		1,958	2,321	3,500	15,860	23,639
Additional Tier 1 instruments		-	-	800	-	800
Additional Tier 1 instruments, dividend		-	-	-	-173	-173
Dividend		-	-	-	-	-
Other comprehensive income, net of tax	EQ 1	-	-1,402	-	-	-1,402
Net profit for the year		-	-	-	2,081	2,081
<b>Comprehensive income for the year</b>		-	-1,402	-	2,081	679
<b>Closing balance, 31 Dec 2021</b>		1,958	919	4,300	17,768	24,945
<b>Opening balance, 1 Jan 2020</b>		1,958	1,959	3,500	14,164	21,581
Additional Tier 1 instruments, dividend		-	-	-	-143	-143
Other comprehensive income, net of tax	EQ 1	-	362	-	-	362
Net profit for the year		-	-	-	1,839	1,839
<b>Comprehensive income for the year</b>		-	362	-	1,839	2,201
<b>Closing balance, 31 Dec 2020</b>		1,958	2,321	3,500	15,860	23,639

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



SEK million	Note	PARENT COMPANY						Total equity
		Restricted equity		Unrestricted equity				
		Share capital	Statutory reserve	Fair value reserve	Additional Tier 1 instruments	Retained earnings and net profit for the year		
<b>Opening balance, 1 Jan 2021</b>		1,958	392	241	3,500	8,564	14,655	
Additional Tier 1 instruments		-	-	-	800	-	800	
Additional Tier 1 instruments, dividend		-	-	-	-	-173	-173	
Other comprehensive income, net of tax	EQ 1	-	-	-76	-	-	-76	
Net profit for the year		-	-	-	-	346	346	
<b>Comprehensive income for the year</b>		-	-	-76	-	346	270	
<b>Closing balance, 31 Dec 2021</b>		1,958	392	165	4,300	8,737	15,552	
<b>Opening balance, 1 Jan 2020</b>		1,958	392	237	3,500	7,734	13,821	
Additional Tier 1 instruments, dividend		-	-	-	-	-143	-143	
Other comprehensive income, net of tax	EQ 1	-	-	4	-	-	4	
Net profit for the year		-	-	-	-	973	973	
<b>Comprehensive income for the year</b>		-	-	4	-	973	977	
<b>Closing balance, 31 Dec 2020</b>		1,958	392	241	3,500	8,564	14,655	

# Cash-flow statement

SEK million	GROUP		PARENT COMPANY	
	2021	2020	2021	2020
Opening cash and cash equivalents	7,475	6,167	127,599	108,346
<b>OPERATING ACTIVITIES</b>				
Interest received	6,076	6,423	1,721	2,043
Commission received	85	87	106	95
Interest paid	-1,810	-2,632	-1,026	-1,262
Commission paid	-99	-116	-63	-37
Outflows to suppliers and employees	-1,375	-1,177	-1,459	-1,267
Taxes paid/refunded	-782	-593	-278	-94
Change in lending to the public	-44,195	-39,061	-194	54
Change in chargeable treasury bills, etc.	-11,792	5,009	-11,734	5,009
Change in bonds and other interest-bearing securities and fund units	7,285	-2,177	7,285	-2,176
Change in liabilities to credit institutions	-3,812	9,657	-4,151	9,657
Change in deposits from the public	9,292	5,116	9,291	5,116
Change in debt securities issued, etc.	43,914	19,023	3,775	3,055
Change in other assets and liabilities	-88	4,873	1,222	1,501
<b>Cash flow from operating activities</b>	<b>2,699</b>	<b>4,432</b>	<b>4,495</b>	<b>21,694</b>
<b>INVESTING ACTIVITIES</b>				
Sale of property plant and equipment	0	0	-13	0
Investments in PPE	-36	-28	-35	-28
Investments in intangible assets	-130	-113	0	-
Investments in subsidiaries	-31	-	-46	-
Dividends received	-	-	-	-
Group contributions received	-	-	719	539
<b>Cash flow from investing activities</b>	<b>-197</b>	<b>-141</b>	<b>625</b>	<b>511</b>
<b>FINANCING ACTIVITIES</b>				
Dividends paid	-	-	-	-
Repayment of subordinated debentures	0	-2,952	0	-2,952
Change in additional Tier 1 instruments	800	-	800	-
Repayment of lease liabilities	-35	-31	-	-
<b>Cash flow from financing activities</b>	<b>765</b>	<b>-2,983</b>	<b>800</b>	<b>-2,952</b>
<b>Increase/decrease in cash and cash equivalents</b>	<b>3,267</b>	<b>1,308</b>	<b>5,920</b>	<b>19,253</b>
<b>Closing cash and cash equivalents</b>	<b>10,742</b>	<b>7,475</b>	<b>133,519</b>	<b>127,599</b>

## Comments to the cash-flow statement

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

## Cont. Cash-flow statement

## Change in liabilities attributable to financing activities

SEK million	GROUP											
	Opening balance, 1 Jan 2021	Cash flow	Non-cash items			Closing balance, 31 Dec 2021	Opening balance, 1 Jan 2020	Cash flow	Non-cash items			Closing balance, 31 Dec 2020
			Fair value	Other					Fair value	Other		
Subordinated debt	1,995	-	0	1	1,996	4,949	-2,952	-1	-1	1,995		
Lease liabilities	69	-35	-	174	208	91	-31	-	9	69		
Additional Tier 1 instruments	3,500	800	-	-	4,300	3,500	-	-	-	3,500		
<b>Total</b>	<b>5,564</b>	<b>765</b>	<b>0</b>	<b>175</b>	<b>6,504</b>	<b>8,540</b>	<b>-2,983</b>	<b>-1</b>	<b>8</b>	<b>5,564</b>		

SEK million	PARENT COMPANY											
	Opening balance, 1 Jan 2021	Cash flow	Non-cash items			Closing balance, 31 Dec 2021	Opening balance, 1 Jan 2020	Cash flow	Non-cash items			Closing balance, 31 Dec 2020
			Fair value	Other					Fair value	Other		
Subordinated debt	1,995	-	0	1	1,996	4,949	-2,952	-1	-1	1,995		
Additional Tier 1 instruments	3,500	800	-	-	4,300	3,500	-	-	-	3,500		
<b>Total</b>	<b>5,495</b>	<b>800</b>	<b>0</b>	<b>1</b>	<b>6,296</b>	<b>8,449</b>	<b>-2,952</b>	<b>-1</b>	<b>-1</b>	<b>5,495</b>		

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## G:1 Accounting policies

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

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

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

On 21 March 2022, the Board of Directors approved the financial statements for publication and these await final adoption by the Annual General Meeting on 27 April 2022.

These financial statements have been prepared on a going concern basis. On 21 March 2022, the Board of Directors approved the financial statements for publication.

### Introduction of new and amended accounting standards, 2021

#### Amendments resulting from the Interest Rate Benchmark Reform – Phase 2 Amendments to IFRS 9, IAS 39 and IFRS 7

The amendments address the accounting issues that arise when financial instruments benchmarked against interbank offer rates (IBORs) transition to alternative benchmark interest rates. The new rules include a practical expedient for modifications required by the Interest Rate Benchmark Reform, to be treated as changes to a floating interest rate. They also permit changes required by the Interest Rate Benchmark Reform to be implemented in hedge designations and hedge documentation without the hedging relationship being discontinued. The adoption had no impact on the Group's financial position, earnings, cash flow or disclosures.

#### IFRS 16 – Leases – amendment to the standard regarding Covid-19-related rent concessions

In May 2020, the IASB introduced a practical relief in IFRS 16 Leases pertaining to Covid-19-related rent concessions. The original amendment was limited to rent concessions for periods prior to 30 June 2021. In March, the IASB extended the expedient for one year, with the result that the expedient now encompasses rent concessions for periods until 30 June 2022. The adoption had no impact on the Group's financial position, earnings, cash flow or disclosures.

#### Other amendments

Other amended and introduced accounting standards have had limited impact on the Group's accounting and financial reports.

#### Forthcoming amendments that enter force 2022 or later

According to SBAB's preliminary assessment, forthcoming new or amended accounting standards that have been published but not yet applied will have a limited effect on the Group's accounting and financial reports.

### General accounting policies

#### Consolidated financial statements

The consolidated financial statements were prepared in accordance with the acquisition method and include the Parent Company SBAB and its subsidiaries. Entities qualify as subsidiaries if they are controlled by the Parent Company. A parent company is deemed to have control of a subsidiary when it not only controls the subsidiary and is exposed to, or is entitled to, variable

returns from the subsidiary but when it can also affect the returns from the subsidiary by means of its influence. The companies are consolidated as of the date when the Parent Company assumes control of the subsidiary, and the consolidation ends when the Parent Company no longer exercises controlling influence over the subsidiary. Intra-Group transactions and receivables, and liabilities between Group companies are eliminated.

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

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

### Financial instruments

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

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

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

#### Offsetting

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

#### Recognition of income and expense

Interest income and interest expense (including interest income from impaired receivables) are recognised using the effective-interest method. The calculation of the effective interest rate includes all fees paid or received between the parties to the contract, including transaction costs.

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

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

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

### Classification

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

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

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

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

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

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

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

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

#### *Financial assets measured at FVTOC*

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

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

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

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

#### *Financial assets measured at FVTPL*

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

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

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

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

#### *Financial liabilities measured at FVTPL*

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

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

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

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

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

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

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

### Repos

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

### Fair value measurement

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

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

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

### Equity instruments

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

### Derivatives and hedge accounting

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

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

#### *Fair value hedging*

In the case of fair value hedging, the derivative hedging instrument is measured at fair value at the same time as the hedged asset or liability is measured with an addition for accumulated changes in fair value attributable to the hedged risk associated with the hedged item. Changes in fair value are recognised directly in profit or loss under "Net result of financial transactions." The effective interest rate of the hedge is recognised in net interest income.

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

**Macro hedges**

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

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

**Cash-flow hedges**

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

**Credit losses and impairment of financial assets**

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

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

Where in the balance sheet a loss allowance is recognised depends on the classification of the financial asset under IFRS 9 and its cash flow characteristics:

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

**ECL for lending portfolio**

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

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

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

**Credit stage 1**

Loans will, at a minimum, have a loss allowance that corresponds to a 12-month ECL. Three risk parameters are taken into consideration when measuring ECL; Probability of default (PD), Loss given default (LGD), and Exposure at Default (EAD), where the product results in the ECL. To calculate the 12-month ECL, SBAB uses its credit risk models under the internal ratings-based approach (IRB) which are intended for capital adequacy purposes, but where appropriate adjustments have been made to ensure an accurate and point-in-time value of the ECL that reflects both the prevailing economic conditions as well as forward-looking information. The adjustments include the removal of margins of conservatism and through-the-cycle calibration of the risk parameter estimates through an economic cycle as stipulated in the Capital Requirements Regulation (CRR). This way, the ECL reflects the actual credit risk. Moreover, the effects of macroeconomic factors, which constitute the forward-looking information, are applied to the risk parameter estimates to capture variations of possible outcomes in ECL. The same procedure for adjusting the risk parameters from IRB is also applied in stages 2 and 3. For more information on IRB, please refer to Note [RC 1](#).

**Credit stage 2**

For loans where the credit risk has increased significantly since initial recognition, the loss allowance will correspond to a lifetime ECL. Assessments of whether a significant increase in credit risk has occurred is made on an individual and a collective basis for homogeneous credit risk groups, known as rating grades. SBAB assesses whether credit risk has increased significantly since initial recognition by measuring the deviations from an expected PD trajectory for the original rating grade. In addition to measurement of the change in PD, an assumption of a significant increase in credit risk in payments more than 30 days past due is also applied. Due to the coronavirus pandemic outbreak in 2020, the bank introduced a qualitative indicator for assessing a significant increase in credit risk relating to amortisation exemptions for consumer loans. Amortisation exempted consumer loans are automatically migrated to stage 2. No further qualitative indicators exist for the assessment of a significant increase in credit risk, given that qualitative factors are already taken into account when estimating PD, which also includes manual adjustments of rating grades for borrowers in the Corporate Clients & Tenant-Owners' Associations business area.

**Credit stage 3**

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

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

**ECL for off-balance exposure**

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

### ECL for liquidity portfolio

Under IFRS 9, ECL should also be measured for financial assets in the liquidity portfolio. ECLs are calculated for instruments measured at amortised cost and for assets measured at FVTOCI. The holdings in the liquidity portfolio solely comprise of liquid interest-bearing securities with high ratings where all of the securities are classified as investment grade. Since investment grade is applied as an approximation to allow the use of the low-credit-risk exemption under IFRS 9, this entails that all securities are allocated to credit stage 1 as long as their ratings qualify as investment grade. SBAB conducts regular checks to ensure the securities are investment grade and has internal policies that require the liquidity portfolio to only include high quality assets. A 12-month ECL is therefore calculated for the liquidity portfolio, and is performed for all positions. Since SBAB uses external ratings for securities in the liquidity portfolio, changes in ratings are captured when calculating credit risk at the balance-sheet date.

### Measuring significant increases in credit risk

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

### Forward-looking information

Forward-looking information is used to account for future cyclical fluctuations in the economy when calculating ECL and thus achieve an objective estimate that considers variations in the outcome. The forward-looking information comprises forecasts of macroeconomic factors that are highly significant for the Swedish housing market and that strongly correlate with default rates and confirmed credit losses in lending. The forward-looking information extends 36 months forward and is aligned with the forecast period applied in SBAB's Internal Capital and Liquidity Adequacy Assessment process (ICLAAP). Moreover, 36 months is considered to encompass the effective period of an economic downturn (or upturn). After 36 months, the bank assumes that the economy will swing back to the baseline as per the balance-sheet date, which will thereafter apply for the remaining time until maturity for the loans. The assumption has been assessed as reasonable since loans have relatively limited expected maturities – less than ten years – and the occurrence of several consecutive major economic fluctuations over the remaining maturity is deemed unlikely. The repo rate and unemployment are both factors with correlations to PD and default rates in the Swedish housing market. Changes in the repo rate will indirectly affect borrowers' interest expenses, while changes in employment will directly impact their capacity to pay. To measure the effect on PD, a linear regression has been used, where the changes in the two macroeconomic factors explain the changes in the bank's default rates. For LGD, housing prices have been used as macroeconomic factors to explain the changes in loss rates. As credit losses on secured lending are largely attributable to the loan-to-value (LTV) ratio and thereby to market values of collateral, a perfect correlation with the LGD is deemed to exist here. Therefore, a simple scaling of the LGD is carried out to reflect the effect of this factor. The forward-looking information should be viewed as an adjustment to the two risk parameters, PD and LGD, which impact both the allocation of credit stages and the level of the ECL. In the identification of the macroeconomic factors, separate correlations between factors were analysed in order to ensure reasonable scenarios. With regards to EAD, cash flows are projected by the amortisation schedule. An early redemption factor has also been applied to take into account the expected remaining duration of the loan. The same macroeconomic factors and their effects are applied consistently for the entire lending portfolio. Currently, four scenarios are modelled, in which positive and negative forecasts for the above macroeconomic fac-

tors are evaluated. These scenarios are deemed to be sufficient to capture the range of possible outcomes in ECL based on prevailing economic conditions.

The final ECL is then weighted according to the likelihood that SBAB will experience credit losses of the scale envisaged in respective scenario. Internal data of experienced default and credit loss rates, together with forward-looking information analysed through macroeconomic factors in various scenarios, ensures that SBAB obtains an objective and probability-weighted ECL pursuant to IFRS 9.

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

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

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

### Time value of money

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

### Uncertainty in calculating ECL

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

Another source of uncertainty is the thresholds for PD, which is assessed as representing a significant increase in credit risk. The thresholds have a direct impact on the size of the ECL. The following table presents how lending is allocated over the credit stages for various PD thresholds and how large the ECL change is, based on the current threshold, which corresponds to deviations in PD at the tenth percentile.

### Sensitivity analysis of PD thresholds

Allocation of EAD over credit stage and change in ECL	Percentile		
	20	10	5
Credit stage 1	89.0%	94.8%	97.9%
Credit stage 2	10.9%	5.2%	2.0%
Credit stage 3	0.1%	0.1%	0.1%
<b>Δ ECL</b>	<b>+16.6%</b>	<b>-</b>	<b>-15.8%</b>

### Modification of financial assets

If the contractual cash flows from a loan are renegotiated or otherwise modified, SBAB assesses whether the change is significant to the extent that the modification will lead to derecognition or will result in a modification gain or loss. The change is deemed material when the renegotiated terms and conditions imply that the net present value of cash flows differs more than 10% from the net present value according to the original terms and conditions. The 10% threshold for materiality is decided based on a qualitative assessment of what is considered a reasonable level. Moreover, this level corresponds to the materiality threshold for modification of debt instruments pur-



suant to IFRS 9. A significant modification that leads to derecognition, will lead to the loan receiving a new initial recognition and thus a new original rating grade. Due to the continued coronavirus pandemic in 2021, a large number of modifications have been observed due to amortisation exemptions. Amortisation exemptions will be classified as modifications in the event they result in changes of the loans' terms and conditions. However, no modifications due to amortisation exemptions have led to any modification gains or losses during the year as they do not affect the net present value of the loan.

#### Input data for calculating ECL

The majority of the input data used in the calculation of ECL with regard to PD and LGD comes from the bank's central base system that contains information about borrowers, their loans and underlying collateral. Since the lending operations focus on housing finance with a very similar product offering, all loans are processed by SBAB in the same systems. In addition to the information in the base system, external data such as financial statements and payment histories is collected from credit rating agencies. Data from Statistics Sweden and the Riksbank is used to construct the macroeconomic factors to be applied in the forward-looking information.

#### Model changes for calculating ECL

During 2021, no changes in either methodology or estimates in the risk parameters have been made in the model for ECL. The validation of the model carried out at the end of 2021 and beginning of 2022 showed satisfactory results, although some areas for improvement were identified regarding the components that measure a significant increase in credit risk and PD over lifetime. Efforts have been on-going since the end of 2021 with the adaptation of the ECL model to the new PD and LGD models under the IRB framework, for which, in September 2021, SBAB applied to the Swedish FSA for permission to use. The only changes in calculating ECL that have taken place in 2021 concern the forward-looking information that has been revised on two occasions, during the first and second quarter respectively following updated macroeconomic scenarios, as well as a minor calibration of the LGD estimate for consumer loans. The forward-looking information is reviewed regularly, at least every quarter, and updated as necessary. For more information on the revision of the forward-looking information and the impact on the ECL, please refer to Note [RC 1](#).

#### Other

##### Functional currency

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

##### Foreign currency translation of receivables and liabilities

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

##### Leases

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

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

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

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

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

##### Property, plant and equipment

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

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

##### Depreciation of property, plant and equipment

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

##### Intangible assets

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

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

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

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

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

##### Amortisation of intangible fixed assets

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

##### Impairment of non-financial assets

The recoverable amount of an asset is measured when there is any indication that an asset may be impaired. Development work not yet available for use is tested annually for impairment irrespective of whether there is any indication of impairment. An asset is impaired when its carrying amount exceeds its

recoverable amount. The impairment loss for each period is charged against net profit/loss for the period.

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

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

#### Tax

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

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

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

#### Cash and cash equivalents

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

#### Pensions

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

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

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

#### Segment reporting

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

### Parent Company accounting policies

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

#### Differences compared with the Group

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

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

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

#### Intangible assets

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

#### Leases

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

#### Pensions

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

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

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

#### Subsidiaries

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

#### Dividend

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

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

#### Group contributions

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

## Critical accounting estimates and judgements

### Critical assumptions

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

### Measurement of loan receivables

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

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

### Financial instruments measured at fair value

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

### Recognition of defined-benefit pensions

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

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

### Recognition of deferred tax assets

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

### Impairment testing of goodwill

The value of recognised goodwill is tested at least once a year with regard to a potential need for impairment. This testing requires an assessment to be made of the value in use of the cash-generating unit to which the goodwill value is attributable. Furthermore, an assumption regarding expected future cash flows is required along with the establishment of a relevant discount rate for calculating the present cash flow value. The assessments conducted as of 31 December 2021 are described in Note [A 7](#).

## G:2 Related party disclosures

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

### Group companies

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

Group SEK million	SBAB		SCBC		BOOLI	
	2021	2020	2021	2020	2021	2020
<b>Assets</b>						
Lending to credit institutions	122,789	120,127	-	-	-	-
Derivatives	2,120	1,641	5,766	9,078	-	-
Accrued income and prepaid expenses	14	76	-	-	1	-
Other assets	2	6	-	-	-	1
<b>Total</b>	<b>124,925</b>	<b>121,850</b>	<b>5,766</b>	<b>9,078</b>	<b>1</b>	<b>1</b>
<b>Liabilities and equity</b>						
Liabilities to credit institutions	-	-	122,789	120,127	-	-
Derivatives	5,766	9,078	2,120	1,641	-	-
Accrued expenses and deferred income	2	-	2	6	0	0
Other liabilities	-	1	14	76	-	-
Group contributions paid	-	-	30	749	-	-
<b>Total</b>	<b>5,768</b>	<b>9,079</b>	<b>124,955</b>	<b>122,599</b>	<b>0</b>	<b>0</b>

Group SEK million	SBAB		SCBC		BOOLI	
	2021	2020	2021	2020	2021	2020
<b>Income and expenses</b>						
Interest income	1,223	1,075	1,038	678	-	-
Interest expense	-1,038	-678	-1,223	-1,075	-	-
Group contributions received	-	719	-	-	30	30
Commission income <sup>1)</sup>	29	21	-	-	-	-
Commission expense	1	0	-29	-21	-	-
Other operating income <sup>2, 3)</sup>	1,292	1,177	-	-	3	4
Other administrative expenses	0	-	-1,291	-1,176	1	-1
Marketing <sup>3)</sup>	3	-4	-	-	-	-

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

<sup>2)</sup> The Parent Company receives fees from its subsidiaries SCBC and Booli for administrative services provided, refer to Note [IC 4](#)

<sup>3)</sup> Booli receives fees from its Parent Company for marketing and product development, refer to Note [IC 6](#)

During the year, SBAB paid a shareholder contribution of SEK 15 million to Boappa. Boappa also received marketing remuneration of SEK 0 million, which is recognised under the item other administrative expenses by SBAB.



## Loans to key personnel

SEK million	GROUP			
	2021		2020	
	Lending	Interest income	Lending	Interest income
CEO	–	–	–	–
Board of Directors	18	0	7	0
Other key senior executives	47	0	28	0
<b>Total</b>	<b>65</b>	<b>0</b>	<b>35</b>	<b>0</b>

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

## Deposits from key personnel

SEK million	GROUP			
	2021		2020	
	Deposits	Interest expense	Deposits	Interest expense
CEO and other key senior executives	4	0	5	0
Board of Directors	3	0	2	0
<b>Total</b>	<b>7</b>	<b>0</b>	<b>7</b>	<b>0</b>

Lending to a member of the board of SBAB Bank AB (publ) or to an employee who holds a senior position in the company does not take place on other terms than those SBAB Bank AB (publ) normally applies when granting credit.

Employee holding a senior position, like other employees, is entitled to a benefit credit while a member of the board is not entitled to a preferential credit.

The ceiling for total capital debt on preferential terms is SEK 2,000,000 per household on the condition that the loan is within 85% of the property's LTV. On preferential loans of up to SEK 2,000,000, a 2 percentage point discount is given against SBAB's current list rate. The preferential loan is taxable. The interest rate received after the discount must not be less than 0.25%.

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

**Other related parties**

SBAB engages FCG Financial Compliance Group, where SBAB's Chairman Jan Sinclair was a Board member at the end of the business, to provide customary banking and accounting services.

Information on the Board and their board assignments is presented in the Corporate Governance Report, refer to page 88.

## G:3 Proposed appropriation of profits

SBAB Bank AB (publ) posted a net profit for the year after tax of SEK 346,106,080. According to SBAB's balance sheet, SEK 13,202,195,471 is at the disposal of the Annual General Meeting.

Fair value reserve	165,262,688
Additional Tier 1 instruments	4,300,000,000
Retained earnings	8,390,826,703
Net profit for the year	346,106,080
<b>Total</b>	<b>13,202,195,471</b>

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

A dividend distribution of SEK 42,500 per share, in total	832,277,500
To be carried forward	12,369,917,971
<b>Total</b>	<b>13,202,195,471</b>

The proposed dividend, which amounts to 40% of the Group's net profit for the year, has been proposed with consideration for the rules on buffer capital, risk limitation and transparency under the Banking and Financing Business Act. Unrealised changes in value on assets and liabilities measured at fair value had a net impact on equity for SBAB Bank AB (publ) of SEK 167 million. The applicable regulations on capital adequacy mean that the company's own funds at any given time are to correspond to not less than the total capital requirement, which encompasses Pillar 1 capital requirements, Pillar 2 capital requirements, buffer requirements and any Pillar 2 guidance. After the proposed appropriation of profits, own funds amounted to SEK 25,106 million

(24,334) and the total capital requirement amounted to SEK 138,876 million (138,024). The items are specified in Note [RC 8](#).

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

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

### Risk tax

On 14 December 2021, the Swedish parliament adopted a new risk tax for banks that will be introduced 1 January 2022. The risk tax is payable by credit institutions that, at the start of the fiscal year, have a debt threshold in excess of SEK 150 billion. For Swedish institutions, the debt threshold is calculated based on debt attributable to their operations in Sweden but also includes debt attributable to operations at branches abroad. For foreign credit institutions, the threshold is only calculated based on debt attributable to their operations at branches in Sweden. The tax will be levied at a rate of 0.05% of the credit institution's liabilities in 2022, and increase to 0.06% in 2023. SBAB is one of ten Swedish banks and credit institutions that is expected to be affected by the new tax.

### Acquisition of shares in Boappa

On 19 January, SBAB acquired additional shares in Boappa. SBAB currently owns 1,096,583 shares representing 59.48% of the total shares.

### Supplementary capital target

In January 2022, the CEO decided to introduce a supplementary capital target for Common Equity Tier 1 capital. The target will apply from 28 February and includes that over time, and under normal circumstances, SBAB will maintain a buffer corresponding to 1-3 % above FI's communicated requirements. The new target is a complement to the lower limit of 0.6 % decided by the Board.

### Due to the situation in Ukraine

On 24 February 2022, Russia launched a major military attack on Ukraine, causing great suffering to the Ukrainian people and threatening international peace and security. The outside world has responded by imposing extensive sanctions on Russia. Although SBAB has no presence in the war- or sanction-affected areas, the bank is indirectly affected by the unrest through its impact on the global economy. Widespread disruption and volatility in the international financial markets has arisen from the situation in Eastern Europe and, going forward, the situation is expected to continue to affect the global economy and global financial markets. In addition, greater uncertainty with regard to economic developments in combination with rising inflation makes it difficult to assess the path of central banks going forward, which could contribute further uncertainty and volatility.

### Reorganization

Decisions to reorganize and implement changes in Management have been made. From 1 April, a management group will be established for the Private Business Area, which includes Customer Service. CTO Marko Ivanic takes a seat on the Company Management, at the same time as Head of Customer Service Kristina Frid leaves and takes on the role as Operations Manager Business Area Private. The mission as CIO disappears and Robin Silverhielm will focus on the role of CXO.

## G:5 Business combinations

### Acquisitions in 2021

On 3 May 2021, SBAB obtained controlling influence over Boappa AB, when SBAB took possession of its acquisition of 58% of the shares in Boappa AB. For the remaining shares, put and call options exist with maturities up to five years after the acquisition. The liability pertaining to the remaining shares is calculated at the present value of the expected exercise price based on the option clauses in the contract and, as a consequence, the acquisition of Boappa is recognised without any non-controlling interest at the day of taking possession.

Boappa is an app that simplifies daily life for the boards and members of tenant-owners' associations, communities and new production projects. Boappa gathers all information and practical functions in one location: communication with members, booking systems for shared facilities and tools to aid with board work. Boappa started in 2015 and currently has five employees in Sweden (CEO, Head of Sales, COO, Head of Communication & Client support) as well as a three-person development team. The number of signed-up tenant-owners' association amounted to 3,000 at year end.

### Net assets acquired at the acquisition date:

SEK million	Fair value recognized on acquisition
Property, plant and equipment	-
Intangible assets	70
Software	20
Brand	5
Non-compete clause	1
Customer relationships	5
Goodwill (non-deductible)	39
Accounts and other receivables	0
Cash and cash equivalents	0
Trade and other payables	-2
Deferred tax	-4
<b>Net assets and consideration</b>	<b>64</b>

### The consideration consists of:

Cash	31
Liability to the owners of the remaining shares	33

Intangible assets were identified in conjunction with the acquisition that primarily comprised brands, software, customer relationships and a non-compete clause. In addition, a goodwill item arose that is attributable to synergies.

The transaction costs related to the acquisition (SEK 1.4 million) were charged to profit or loss under Other expenses in the second quarter. The acquisition had no material impact on the Group's earnings.

### Analysis of the acquisition's impact on consolidated cash flows at the acquisition date:

SEK million	Fair value recognized on acquisition
Consideration	31
Less:	
Cash and cash equivalents (acquired)	0
<b>Net cash outflows</b>	<b>31</b>

## RC:1 Credit risk in lending operations

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

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

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

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

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

The models are validated annually and adjusted when needed. In 2021, the validations conducted of the models did not lead to any changes in the PD and LGD models. However, the CCF model applied to loan commitments was changed to adapt the model to more current disbursement frequencies. The adjusted CCF model is expected to enter use in 2022 and is assessed to have very limited impact on risk-weighted assets. Given the entry into force of new regulatory requirements aimed at harmonising bank's PD and LGD estimates, SBAB submitted applications to Finansinspektionen (the Swedish FSA) for new PD and LGD models in the IRB framework in September 2021, both for retail and for corporate exposures.

Borrowers are ranked according to credit risk based on the risk parameters, PD, LGD, EAD, and expected and unexpected credit losses can be estimated. Unexpected credit losses are relevant for the capital adequacy purposes. In order to assess the repayment capacity, the borrower is assigned one of eight rating grades for retail and corporate exposures<sup>2)</sup>, of which the eighth grade comprises borrowers in default. Trends for exposures in worse rating grades are monitored thoroughly and managed actively, when necessary, by credit experts in the bank's insolvency team. The expected credit loss EL under IRB differs from the expected credit loss ECL in the accounts that constitute the loss allowance and thus the credit loss provisions. The calculation of EL according to Pillar 1 under the Basel framework is regulated by the Capital Requirements Regulation (CRR)<sup>3)</sup>. According to CRR, the measurement of credit risk should be based on historical default rates and credit losses over a longer period of time and must include economic downturn periods. For the calculation of ECL in accordance with IFRS 9, the measurement of credit risk must be based both on historical data but also on forward-looking information in order to predict the negative impact on future cash flows. For more information on impairment of financial assets, please refer to Note G 1. Total EL for SBAB's lending under IRB amounted to SEK 178 million (199) at the end of 2021. Total ECL in accordance with IFRS 9, reduced for guarantees, amounted to SEK 135 million (154). For capital adequacy purposes, IRB separates non-performing loans from other loans when calculating EL. A positive difference when EL exceeds ECL reduces the CET1 capital by the corresponding amount.

For loans granted by SBAB, adequate collateral must be provided. Adequate collateral primarily refers to mortgage deeds for real property or shares in tenant-owners' associations within a maximum of 75–85% of the market value. The 85% level only applies if collateral can be obtained with a primary lien and the borrower is assigned a better rating grade. The lower rating grades for retail customers (Retail – R) consist of the levels R1–R4, while the lower rating grades for corporate customers, (Corporate – C) consist of the levels C0–C3, and manually adjusted from C3 to C4). In other cases for lending to corporates and tenant-owners' associations, a loan-to-value<sup>4)</sup> (LTV) of 75% generally applies. In addition to collateral in the form of mortgage deeds for real property or tenant-owners' rights, it is possible to grant loans against, inter alia, collateral in the form of a government guarantee, municipal guarantee, securities, bank guarantees and deposits in a Swedish bank. A limited part of total lending, less than 1%, comprises consumer loans without any collateral, i.e. unsecured loans. For corporates and tenant-owners' associations, building credits are normally secured through notes of lien and guarantor commitments. SBAB also normally requires a set percentage of sales to end customers before any disbursement is made. Disbursements continue according to payment plans in line with the progress of the building. SBAB does not repossess any collateral to protect loans. Lending to the public accounts for 84% (81) of SBAB's total assets. The table below presents lending in relation to the market value of underlying collateral. As the majority of SBAB's lending has an LTV under 70%, the portfolio is deemed to be well-covered and its credit quality as very high.

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

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

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

<sup>4)</sup> The loan-to-value ratio is defined as the size of a loan in relation to the market value of pledged collateral. The reported average is the weighted average. Where applicable, the calculation takes into consideration contributory factors such as guarantees and the collateral's lien priority. SBAB verifies property values on a regular basis. For residential properties and tenant-owners' rights, the property value is verified at least every third year.



## Loan amounts broken down by LTV interval

SEK million	GROUP 2021				SEK million	GROUP 2020			
	Residential mortgages	Corporate Clients & Tenant-Owners' Associations	Loans without formal collateral	Total		Residential mortgages	Corporate Clients & Tenant-Owners' Associations	Loans without formal collateral	Total
<b>Lending to the public</b>					<b>Lending to the public</b>				
LTV <50%	129,212	55,753	-	184,965	LTV <50%	96,355	47,766	-	144,121
LTV 50-69%	126,007	42,780	-	168,787	LTV 50-69%	115,340	35,027	-	150,367
LTV >69%	79,317	20,499	-	99,816	LTV >69%	98,897	18,508	-	117,405
Unsecured	447	10,815	2,349	13,611	Unsecured	346	8,263	2,484	11,093
<b>Total</b>	<b>334,983</b>	<b>129,847</b>	<b>2,349</b>	<b>467,179</b>	<b>Total</b>	<b>310,938</b>	<b>109,564</b>	<b>2,484</b>	<b>422,986</b>
Off-balance-sheet items <sup>1)</sup>	59,865	9,695	101	69,661	Off-balance-sheet items <sup>1)</sup>	53,321	5,905	112	59,338

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

## ECL and forward-looking information

Factors	Scenario 1 (45%)			Scenario 2 (20%)			Scenario 3 (20%)			Scenario 4 (15%)		
	2021	2022	2023	2021	2022	2023	2021	2022	2023	2021	2022	2023
GDP <sup>1)</sup>	3.3%	3.2%	2.3%	3.5%	4.8%	3.5%	-6.2%	3.1%	3.8%	-2.1%	-1.9%	1.3%
Repo rate (proxy STIBOR)	0.1%	0.1%	0.4%	0.1%	0.2%	0.6%	0.3%	0.5%	0.4%	1.1%	1.2%	1.2%
Unemployment	8.8%	8.0%	7.5%	8.7%	7.4%	6.3%	11.2%	11.1%	9.8%	9.4%	10.0%	10.3%
House prices, Δ	+16.3%	-0.8%	-3.2%	+16.9%	-0.8%	-3.0%	-10.4%	-12.2%	-3.4%	-15.4%	-15.3%	-16.0%
Prices of tenant-owners' rights, Δ	+9.6%	+0.4%	-3.1%	+10.0%	+0.2%	-2.9%	-11.8%	-14.8%	-6.2%	-20.0%	-28.6%	-15.4%
Property prices, Δ	+2.4%	+4.8%	+4.2%	+2.8%	+4.5%	+4.4%	-6.4%	-11.1%	-4.8%	-11.3%	-23.6%	-17.2%
<b>ECL</b>	<b>SEK 63 million</b>			<b>SEK 65 million</b>			<b>SEK 144 million</b>			<b>SEK 524 million</b>		
<b>Weighted ECL<sup>2)</sup></b>	<b>SEK 149 million</b>											

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

<sup>2)</sup> Of which, SEK 138 million was attributable to lending to the public and SEK 11 million to off-balance-sheet items linked to loan commitments and building credits.

## ECL and forward-looking information

Based on updated macroeconomic forecasts, SBAB has revised the forward-looking information on two occasions during the year, in the first and the second quarter. The forward-looking information is applied in the impairment model to calculate ECL. The updated macroeconomic projections, completed in the first and second quarters, are based on a slightly more positive outlook in terms of the economic recovery from the coronavirus pandemic. Moreover, substantial price increases have been recorded for residential properties and tenant owners' rights on the Swedish housing market in 2021. Despite the above, the bank believes that some uncertainty continues to apply for Sweden's housing market and for economic development in general. During the second quarter, revisions were therefore made to the scenario weighting applied in the forward-looking information, which reflect the likelihood of experiencing credit losses of corresponding magnitude, to thereby temporarily limit the positive impact of updated macroeconomic forecasts. As in the third quarter, no further revisions to the forward-looking information have been necessary in the fourth quarter, as the bank believes that the revised scenarios in the second quarter remain relevant. The first-quarter revision of the forward-looking information led to reduced credit loss provisions of SEK 15 million, while the second-quarter revision resulted in an increase of SEK 4 million. In addition, the impairment model was slightly adjusted with regard to consumer loans in the first quarter to address the recommendation from the previous validation with the aim of calibrating ECL in closer alignment with actual outcomes. This resulted in increased credit loss provisions of SEK 2 million for this segment. On 31 December 2021, the loss provisions amounted to SEK 149 million, compared with SEK 171 million on 31 December 2020. Together, the above impairment model adjustments account for SEK 9 million of the decrease, while the remainder was mainly attributable to higher market values for residential properties and tenant owners' rights as well as lower credit risk exposure towards building credits. The table above presents the forward-looking information consisting of a weighting of the four scenarios with forecasts of the macroeconomic factors used to calculate the ECL. In 2021, SBAB has closely followed the credit risk exposure in the

lending portfolio due to macroeconomic developments. The underlying credit risk models in the impairment model are largely based on customers' payment behaviour and market values of collateral and, since the start of the coronavirus pandemic in the beginning of 2020, have yet to show any increase in credit risk. The bank is comfortable with the size of the credit loss provisions, totaling SEK 149 million (171) on 31 December 2021.

## Overall credit quality

Despite the prevailing conditions, the credit quality of SBAB's lending remains good and the credit risks entailed in retail lending are low. The bank's granting of loans to retail customers is based on a sound credit approval process that determines whether customers have the financial capacity required to meet their commitments. The Swedish FSA's annual mortgage market survey, with data from 2020, found that, overall, new residential mortgage customers continue to have healthy margins to cover repayment of their mortgages even in a worse economic climate. At the end of 2021, the average LTV in the mortgage portfolio was 55% (58) and the average mortgage amounted to SEK 1.8 million (1.7). At the end of the year, the LTV for new lending was 68% (68) and the debt-to-income ratio was 3.9 (3.7).

The credit quality of SBAB's lending to corporate customers which are property companies, property developers and tenant-owners' associations is also assessed as good. The average LTV for property companies and tenant-owners' associations at the end of 2021 were 63% (64) and 36% (38), respectively. In this business area, the granting of loans is based on an assessment of customers' ability to generate stable cash flows over time and on whether adequate collateral can be provided. Due to the coronavirus pandemic, the bank is working proactively to identify customers who are, or who could become, particularly financially exposed. Since customers' underlying cash flows primarily derive from housing, they are expected to be less affected or affected at a later stage if the pandemic persists. As yet no impact has been noted. The bank's assessment is that credit risks may be higher for property developers and property companies that are more dependent on capital markets with refinancing need in the near future. The same applies for

tenant-owners' associations with significant revenue from rental premises. Only a limited portion of SBAB's lending exposures is subject to this possibly raised credit risk. No individual provision or further manual adjustments of rating grades for corporate customers have proved necessary during the year.

#### Temporary amortisation exemption

Due to the coronavirus pandemic, SBAB offered its residential mortgage customers a temporary pause in mortgage amortisation until 31 August 2021 in accordance with the guidelines of the Swedish FSA (FI Ref. 20-8061). The bank made the assessment that the previously granted amortisation exemptions did not affect the bank's credit risk and, in consequence, there has been no need for further credit loss provisions. Amortisation exemption has instead mitigated the increased credit risk that had temporarily arisen for the customers. Those customers who declared that the application for amortisation exemption was a result of loss of income due to the coronavirus pandemic are being managed by the bank's insolvency team to determine whether any increase in credit risk applies and, accordingly, a possible migration to credit stage 2 for relevant loans, or alternatively whether the amortisation exemptions should be classified as a forbearance measure and identification of default and thus a migration to credit stage 3. The above is all in accor-

dance with IFRS 9 and the CRR. In the case of customers who were granted amortisation exemptions on consumer loans, this is always considered an indication of a significant increase in credit risk and the individual loan is moved to credit stage 2. Due to the coronavirus pandemic, since 2020, a large number of modifications pursuant to the IFRS 9 have been observed due to amortisation exempted loans. The granting of amortisation exemptions will be classified as modifications in the event they result in changes of the loans' terms and conditions when the fixed-interest period is longer than three months. However, no amortisation exemptions have led to material modifications and nor have they led to any write-offs.

#### Lending to the public broken down by rating grade

As per 31 December 2021, SBAB's lending to the public amounted to SEK 467 billion (423). Every borrower is allocated to a rating grade. Borrowers in default are allocated to the rating grade C8 applicable to corporates and tenant-owners' associations or the rating grade R8 for private individuals. The rating grade C0 consists of loans to Swedish municipalities which receive a risk weight of 0%. Transaction costs of SEK 16 million (15), which were attributable to loans brokered by business partners, are distributed in the table on a pro rata basis.

Total	GROUP							
	2021							
	Credit stage 1		Credit stage 2		Credit stage 3		Total	
SEK million	Gross lending	Provision	Gross lending	Provision	Gross lending	Provision	Gross lending	Provision
R0/C0	-	-	-	-	-	-	-	-
R1/C1	233,932	-3	1	0	0	0	233,933	-3
R2/C2	130,244	-5	379	0	0	0	130,623	-5
R3/C3	55,150	-12	2,082	-2	0	0	57,232	-14
R4/C4	22,544	-15	7,538	-7	0	0	30,082	-22
R5/C5	4,204	-9	8,051	-21	1	0	12,256	-30
R6/C6	179	-1	1,595	-10	0	0	1,774	-11
R7/C7	11	0	1,038	-22	19	-1	1,068	-23
R8/C8	0	0	0	0	211	-30	211	-30
<b>Total</b>	<b>446,264</b>	<b>-45</b>	<b>20,684</b>	<b>-62</b>	<b>231</b>	<b>-31</b>	<b>467,179</b>	<b>-138</b>
Guarantees <sup>1)</sup>	-	1	-	2	-	0	-	3
<b>Total</b>	<b>446,264</b>	<b>-44</b>	<b>20,684</b>	<b>-60</b>	<b>231</b>	<b>-31</b>	<b>467,179</b>	<b>-135</b>

Total	GROUP							
	2020							
	Credit stage 1		Credit stage 2		Credit stage 3		Total	
SEK million	Gross lending	Provision	Gross lending	Provision	Gross lending	Provision	Gross lending	Provision
R0/C0	-	-	-	-	-	-	-	-
R1/C1	209,345	-4	1	0	0	0	209,346	-4
R2/C2	117,167	-5	555	0	0	0	117,722	-5
R3/C3	51,436	-9	1,517	0	0	0	52,953	-9
R4/C4	21,304	-15	6,486	-7	0	0	27,790	-22
R5/C5	4,043	-10	7,477	-21	0	0	11,520	-31
R6/C6	221	-2	1,693	-13	0	0	1,914	-15
R7/C7	15	0	1,485	-32	20	-1	1,520	-33
R8/C8	0	0	0	0	221	-32	221	-32
<b>Total</b>	<b>403,531</b>	<b>-45</b>	<b>19,214</b>	<b>-73</b>	<b>241</b>	<b>-33</b>	<b>422,986</b>	<b>-151</b>
Guarantees <sup>1)</sup>	-	2	-	3	-	0	-	5
<b>Total</b>	<b>403,531</b>	<b>-43</b>	<b>19,214</b>	<b>-70</b>	<b>241</b>	<b>-33</b>	<b>422,986</b>	<b>-146</b>

<sup>1)</sup> Guarantees are included in the balance-sheet item "Prepaid expenses and accrued income."

		GROUP							
		2021							
RESIDENTIAL MORTGAGES		Credit stage 1		Credit stage 2		Credit stage 3		Total	
SEK million		Gross lending	Provision	Gross lending	Provision	Gross lending	Provision	Gross lending	Provision
R1		141,962	-2	0	0	0	0	141,962	-2
R2		100,173	-3	153	0	0	0	100,326	-3
R3		46,717	-8	1,415	-1	0	0	48,132	-9
R4		22,267	-14	7,422	-7	0	0	29,689	-21
R5		4,149	-9	7,875	-19	1	0	12,025	-28
R6		177	-1	1,576	-10	0	0	1,753	-11
R7		10	0	883	-18	19	-1	912	-19
R8		0	0	0	0	184	-17	184	-17
<b>Total</b>		<b>315,455</b>	<b>-37</b>	<b>19,324</b>	<b>-55</b>	<b>204</b>	<b>-18</b>	<b>334,983</b>	<b>-110</b>
Guarantees <sup>1)</sup>		-	0	-	2	-	0	-	2
<b>Total</b>		<b>315,455</b>	<b>-37</b>	<b>19,324</b>	<b>-53</b>	<b>204</b>	<b>-18</b>	<b>334,983</b>	<b>-108</b>

		GROUP							
		2020							
RESIDENTIAL MORTGAGES		Credit stage 1		Credit stage 2		Credit stage 3		Total	
SEK million		Gross lending	Provision	Gross lending	Provision	Gross lending	Provision	Gross lending	Provision
R1		130,604	-2	0	0	0	0	130,604	-2
R2		93,242	-3	92	0	0	0	93,334	-3
R3		44,587	-8	897	0	0	0	45,484	-8
R4		20,895	-14	6,215	-6	0	0	27,110	-20
R5		3,943	-9	7,248	-20	0	0	11,191	-29
R6		218	-2	1,668	-12	0	0	1,886	-14
R7		15	0	1,104	-27	20	-1	1,139	-28
R8		0	0	0	0	190	-18	190	-18
<b>Total</b>		<b>293,504</b>	<b>-38</b>	<b>17,224</b>	<b>-65</b>	<b>210</b>	<b>-19</b>	<b>310,938</b>	<b>-122</b>
Guarantees <sup>1)</sup>		-	1	-	3	-	0	-	4
<b>Total</b>		<b>293,504</b>	<b>-37</b>	<b>17,224</b>	<b>-62</b>	<b>210</b>	<b>-19</b>	<b>310,938</b>	<b>-118</b>

<sup>1)</sup> Guarantees are included in the balance-sheet item "Prepaid expenses and accrued income."

		GROUP							
		2021							
CORPORATE CLIENTS & TENANT-OWNERS' ASSOCIATIONS		Credit stage 1		Credit stage 2		Credit stage 3		Total	
SEK million		Gross lending	Provision	Gross lending	Provision	Gross lending	Provision	Gross lending	Provision
C0		-	-	-	-	-	-	-	-
C1		91,220	-1	0	0	0	0	91,220	-1
C2		29,404	-2	221	0	0	0	29,625	-2
C3		7,994	-4	644	-1	0	0	8,638	-5
C4		86	0	23	0	0	0	109	0
C5		8	0	88	0	0	0	96	0
C6		0	0	0	0	0	0	0	0
C7		0	0	142	-2	0	0	142	-2
C8		0	0	0	0	17	-7	17	-7
<b>Total</b>		<b>128,712</b>	<b>-7</b>	<b>1,118</b>	<b>-3</b>	<b>17</b>	<b>-7</b>	<b>129,847</b>	<b>-17</b>
Guarantees <sup>1)</sup>		-	1	-	0	-	-	-	1
<b>Total</b>		<b>128,712</b>	<b>-6</b>	<b>1,118</b>	<b>-3</b>	<b>17</b>	<b>-7</b>	<b>129,847</b>	<b>-16</b>

		GROUP							
		2020							
CORPORATE CLIENTS & TENANT-OWNERS' ASSOCIATIONS		Credit stage 1		Credit stage 2		Credit stage 3		Total	
SEK million		Gross lending	Provision	Gross lending	Provision	Gross lending	Provision	Gross lending	Provision
C0		-	-	-	-	-	-	-	-
C1		78,069	-1	0	0	0	0	78,069	-1
C2		23,218	-2	460	0	0	0	23,678	-2
C3		6,289	-1	596	0	0	0	6,885	-1
C4		187	0	192	0	0	0	379	0
C5		42	-1	132	0	0	0	174	-1
C6		0	0	0	0	0	0	0	0
C7		0	0	361	-4	0	0	361	-4
C8		0	0	0	0	18	-8	18	-8
<b>Total</b>		<b>107,805</b>	<b>-5</b>	<b>1,741</b>	<b>-4</b>	<b>18</b>	<b>-8</b>	<b>109,564</b>	<b>-17</b>
Guarantees <sup>1)</sup>		-	1	-	0	-	-	-	1
<b>Total</b>		<b>107,805</b>	<b>-4</b>	<b>1,741</b>	<b>-4</b>	<b>18</b>	<b>-8</b>	<b>109,564</b>	<b>-16</b>

<sup>1)</sup> Guarantees are included in the balance-sheet item "Prepaid expenses and accrued income."



CONSUMER LOANS	GROUP							
	2021							
	Credit stage 1		Credit stage 2		Credit stage 3		Total	
SEK million	Gross lending	Provision	Gross lending	Provision	Gross lending	Provision	Gross lending	Provision
R1	753	0	1	0	0	0	754	0
R2	666	0	5	0	0	0	671	0
R3	438	0	24	0	0	0	462	0
R4	191	-1	93	0	0	0	284	-1
R5	47	0	87	-1	0	0	134	-1
R6	2	0	19	-1	0	0	21	-1
R7	0	0	13	-2	0	0	13	-2
R8	0	0	0	0	10	-6	10	-6
<b>Total</b>	<b>2,097</b>	<b>-1</b>	<b>242</b>	<b>-4</b>	<b>10</b>	<b>-6</b>	<b>2,349</b>	<b>-11</b>
Guarantees <sup>1)</sup>	-	-	-	-	-	-	0	0
<b>Total</b>	<b>2,097</b>	<b>-1</b>	<b>242</b>	<b>-4</b>	<b>10</b>	<b>-6</b>	<b>2,349</b>	<b>-11</b>

CONSUMER LOANS	GROUP							
	2020							
	Credit stage 1		Credit stage 2		Credit stage 3		Total	
SEK million	Gross lending	Provision	Gross lending	Provision	Gross lending	Provision	Gross lending	Provision
R1	672	0	1	0	0	0	673	0
R2	707	0	3	0	0	0	710	0
R3	560	0	25	0	0	0	585	0
R4	222	-1	80	0	0	0	302	-1
R5	58	-1	96	-1	0	0	154	-2
R6	3	0	25	-1	0	0	28	-1
R7	0	0	19	-2	0	0	19	-2
R8	0	0	0	0	13	-6	13	-6
<b>Total</b>	<b>2,222</b>	<b>-2</b>	<b>249</b>	<b>-4</b>	<b>13</b>	<b>-6</b>	<b>2,484</b>	<b>-12</b>
Guarantees <sup>1)</sup>	-	-	-	-	-	-	-	-
<b>Total</b>	<b>2,222</b>	<b>-2</b>	<b>249</b>	<b>-4</b>	<b>13</b>	<b>-6</b>	<b>2,484</b>	<b>-12</b>

<sup>1)</sup> Guarantees are included in the balance-sheet item "Prepaid expenses and accrued income."

#### Loans with unpaid amounts more than five days past due

The table describes loans with a past-due amount. All amounts are distributed by segment. Loans with past-due amounts in several time intervals are shown in full in the oldest time interval. At year-end 2021, 99.9% (99.9) of lending had no past-due unpaid amounts and was not assessed as doubtful.

SEK million	GROUP							
	2021				2020			
	Residential mortgages	Corporate Clients & Tenant-Owners' Associations	Consumer loans	Total	Residential mortgages	Corporate Clients & Tenant-Owners' Associations	Consumer loans	Total
Past due 5–30 days <sup>1)</sup>	5	-	-	5	3	15	1	19
Past-due 31–60 days	59	-	4	63	67	-	4	71
Past-due 61–90 days	27	142	1	170	16	0	1	17
Past-due 91–180 days	24	-	2	26	28	-	2	30
Past due >180 days	47	-	3	50	53	-	5	58
<b>Total</b>	<b>162</b>	<b>142</b>	<b>10</b>	<b>314</b>	<b>167</b>	<b>15</b>	<b>13</b>	<b>195</b>

<sup>1)</sup> For the first time interval, amounts past-due by five days or less are not taken into consideration to ensure that the analysis is not distorted by payments delayed because the payment date is a holiday.

**Lending to the public**

The following tables present changes in gross lending and credit loss allowances during the period for the respective segment. A brief description of the reported items:

- Moved to credit stage – Movements between credit stages show opening balances for the period for migrated loans.
- Remeasurement of provision – Net changes of provisions for each credit stage. This includes changes due to movements between credit stages.

- New lending, net – New loans that have arisen in the reporting period. A new loan that becomes credit impaired during the reporting period will consequently be recognised under credit stage 3.
- Repayment and redemption – Loans that have been derecognised from the balance sheet during the period and which have not been written-off, for example, confirmed credit losses.
- Write-offs due to confirmed credit losses – Confirmed credit losses during the reporting period.
- Other – Residual items.

TOTAL	GROUP							
	2021							
	Credit stage 1		Credit stage 2		Credit stage 3		Total	
SEK million	Gross lending	Provision	Gross lending	Provision	Gross lending	Provision	Gross lending	Provision
Opening balance	403,531	-45	19,214	-73	241	-33	422,986	-151
Moved to credit stage 1	11,444	-29	-11,419	28	-25	1	0	0
Moved to credit stage 2	-9,548	3	9,578	-4	-30	1	0	0
Moved to credit stage 3	-52	0	-90	2	142	-2	0	0
Remeasurement of provision	1,680	34	-72	-14	-3	-8	1,605	12
New lending, net <sup>1)</sup>	86,353	-20	8,097	-18	2	0	94,452	-38
Purchases	0	-	-	-	-	-	0	0
Sales	-	-	-	-	-	-	0	0
Loan repayments	-953	0	-189	0	-2	0	-1,144	0
Redemption	-46,191	9	-4,435	13	-81	4	-50,707	26
Write-offs due to confirmed credit losses	0	0	0	0	-13	6	-13	6
Change in risk parameters during the period <sup>2)</sup>	-	3	-	4	-	0	0	7
Change in model/method	-	-	-	-	-	-	-	-
Other	0	0	0	0	-	-	0	0
<b>Closing balance</b>	<b>446,264</b>	<b>-45</b>	<b>20,684</b>	<b>-62</b>	<b>231</b>	<b>-31</b>	<b>467,179</b>	<b>-138</b>

TOTAL	GROUP							
	2020							
	Credit stage 1		Credit stage 2		Credit stage 3		Total	
SEK million	Gross lending	Provision	Gross lending	Provision	Gross lending	Provision	Gross lending	Provision
Opening balance	362,317	-29	21,341	-74	281	-29	383,939	-132
Moved to credit stage 1	13,013	-29	-13,002	28	-11	1	0	0
Moved to credit stage 2	-9,573	2	9,658	-5	-85	3	0	0
Moved to credit stage 3	-68	0	-83	2	151	-2	0	0
Remeasurement of provision	4,304	55	573	-6	-4	-14	4,873	35
New lending, net <sup>1)</sup>	79,234	-20	5,894	-17	0	0	85,128	-37
Purchases	-	-	-	-	-	-	-	-
Sales	-	-	-	-	-	-	-	-
Loan repayments	-1,289	0	-58	0	-1	0	-1,348	0
Redemption	-44,406	6	-5,108	13	-82	3	-49,596	22
Write-offs due to confirmed credit losses	0	0	-1	0	-8	5	-9	5
Change in risk parameters during the period <sup>2)</sup>	-	-30	-	-14	-	0	-	-44
Change in model/method	-	-	-	-	-	-	-	-
Other	-1	0	-1	0	0	0	-2	0
<b>Closing balance</b>	<b>403,531</b>	<b>-45</b>	<b>19,214</b>	<b>-73</b>	<b>241</b>	<b>-33</b>	<b>422,986</b>	<b>-151</b>

<sup>1)</sup> Net amount is the loan's total amount less any internal transfers from other loans.

<sup>2)</sup> The change in risk parameters during the period also includes changes in forward-looking information.

GROUP									
2021									
RESIDENTIAL MORTGAGES	Credit stage 1		Credit stage 2		Credit stage 3		Total		
SEK million	Gross lending	Provision	Gross lending	Provision	Gross lending	Provision	Gross lending	Provision	
Opening balance	293,504	-38	17,224	-65	210	-19	310,938	-122	
Moved to credit stage 1	9,994	-27	-9,970	26	-24	1	0	0	
Moved to credit stage 2	-8,646	2	8,674	-3	-28	1	0	0	
Moved to credit stage 3	-49	0	-83	2	132	-2	0	0	
Remeasurement of provision	-3,744	34	-145	-13	-2	-7	-3,891	14	
New lending, net <sup>1)</sup>	59,832	-18	7,328	-16	2		67,162	-34	
Purchases	-	-	-	-	-	-	-	-	
Sales	-	-	-	-	-	-	-	-	
Loan repayments	-389	0	-33	0	-1	0	-423	0	
Redemption	-35,047	8	-3,671	12	-79	5	-38,797	25	
Write-offs due to confirmed credit losses	0	0	0	-	-6	2	-6	2	
Change in risk parameters during the period <sup>2)</sup>	-	2	-	2	-	1	0	5	
Change in model/method	-	-	-	-	-	-	-	-	
Other	0	0	0	-	-	-	0	0	
<b>Closing balance</b>	<b>315,455</b>	<b>-37</b>	<b>19,324</b>	<b>-55</b>	<b>204</b>	<b>-18</b>	<b>334,983</b>	<b>-110</b>	

GROUP									
2020									
RESIDENTIAL MORTGAGES	Credit stage 1		Credit stage 2		Credit stage 3		Total		
SEK million	Gross lending	Provision	Gross lending	Provision	Gross lending	Provision	Gross lending	Provision	
Opening balance	272,405	-25	19,071	-64	253	-17	291,729	-106	
Moved to credit stage 1	11,638	-27	-11,627	27	-11	0	0	0	
Moved to credit stage 2	-8,163	2	8,246	-5	-83	3	0	0	
Moved to credit stage 3	-64	0	75	1	139	-1	0	0	
Remeasurement of provision	-3,234	41	-164	-9	-2	-9	-3,400	23	
New lending, net <sup>1)</sup>	51,397	-17	5,248	-15	0	0	56,645	-32	
Purchases	-	-	-	-	-	-	-	-	
Sales	-	-	-	-	-	-	-	-	
Loan repayments	-373	-0	-37	0	-1	0	-411	0	
Redemption	-30,102	5	-3,437	10	-82	3	-33,621	18	
Write-offs due to confirmed credit losses	0	0	0	0	-4	2	-4	2	
Change in risk parameters during the period <sup>2)</sup>	-	-17	-	-10	-	0	0	-27	
Change in model/method	-	-	-	-	-	-	-	-	
Other	0	0	-1	0	1	0	0	0	
<b>Closing balance</b>	<b>293,504</b>	<b>-38</b>	<b>17,224</b>	<b>-65</b>	<b>210</b>	<b>-19</b>	<b>310,938</b>	<b>-122</b>	

<sup>1)</sup> Net amount is the loan's total amount less any internal transfers from other loans.

<sup>2)</sup> The change in risk parameters during the period also includes changes in forward-looking information.

GROUP								
2021								
CORPORATE CLIENTS & TENANT-OWNERS' ASSOCIATIONS	Credit stage 1		Credit stage 2		Credit stage 3		Total	
	Gross lending	Provision	Gross lending	Provision	Gross lending	Provision	Gross lending	Provision
SEK million								
Opening balance	107,805	-5	1,741	-4	18	-8	109,564	-17
Moved to credit stage 1	1,308	0	-1,308	0	0	0	0	0
Moved to credit stage 2	-799	0	799	0	0	0	0	0
Moved to credit stage 3	0	0	0	0	0	0	0	0
Remeasurement of provision	5,795	-2	110	0	-1	1	5,904	-1
New lending, net <sup>1)</sup>	25,672	-2	635	-1	0	0	26,307	-3
Purchases	0	0	0	-	-	-	0	0
Sales	0	0	0	-	-	-	0	0
Loan repayments	-470	0	-149	0	0	0	-619	0
Redemption	-10,599	1	-710	1	0	0	-11,309	2
Write-offs due to confirmed credit losses	0	0	0	0	0	0	0	0
Change in risk parameters during the period <sup>2)</sup>	-	1	-	1	-	0	0	2
Change in model/method	-	-	-	-	-	-	-	-
Other	0	0	0	0	0	0	0	0
<b>Closing balance</b>	<b>128,712</b>	<b>-7</b>	<b>1,118</b>	<b>-3</b>	<b>17</b>	<b>-7</b>	<b>129,847</b>	<b>-17</b>

GROUP								
2020								
CORPORATE CLIENTS & TENANT-OWNERS' ASSOCIATIONS	Credit stage 1		Credit stage 2		Credit stage 3		Total	
	Gross lending	Provision	Gross lending	Provision	Gross lending	Provision	Gross lending	Provision
SEK million								
Opening balance	87,860	-3	2,037	-5	18	-9	89,915	-17
Moved to credit stage 1	1,238	0	-1,238	0	0	0	0	0
Moved to credit stage 2	-1,311	-1	1,311	1	0	0	0	0
Moved to credit stage 3	0	0	-1	0	1	0	0	0
Remeasurement of provision	7,903	7	773	-2	-1	0	8,675	5
New lending, net <sup>1)</sup>	26,868	-2	499	-1	0	0	27,367	-3
Purchases	-	-	-	-	-	-	-	-
Sales	-	-	-	-	-	-	-	-
Loan repayments	-851	0	-13	0	0	0	-864	0
Redemption	-13,903	0	-1,627	2	0	1	-15,530	3
Write-offs due to confirmed credit losses	-	-	-	-	-	-	-	-
Change in risk parameters during the period <sup>2)</sup>	-	-6	-	1	-	0	-	-5
Change in model/method	-	-	-	-	-	-	-	-
Other	1	-	0	-	0	-	1	-
<b>Closing balance</b>	<b>107,805</b>	<b>-5</b>	<b>1,741</b>	<b>-4</b>	<b>18</b>	<b>-8</b>	<b>109,564</b>	<b>-17</b>

<sup>1)</sup> Net amount is the loan's total amount less any internal transfers from other loans.

<sup>2)</sup> The change in risk parameters during the period also includes changes in forward-looking information.

GROUP								
2021								
CONSUMER LOANS	Credit stage 1		Credit stage 2		Credit stage 3		Total	
	Gross lending	Provision	Gross lending	Provision	Gross lending	Provision	Gross lending	Provision
SEK million								
Opening balance	2,222	-2	249	-4	13	-6	2,484	-12
Moved to credit stage 1	142	-2	-141	2	-1	0	0	0
Moved to credit stage 2	-105	0	106	-1	-1	1	0	0
Moved to credit stage 3	-3	0	-6	0	9	0	0	0
Remeasurement of provision	-369	3	-40	-2	-2	-3	-411	-2
New lending, net <sup>1)</sup>	849	-1	135	-1	0	0	984	-2
Purchases	-	-	-	-	-	-	-	-
Sales	-	-	-	-	-	-	-	-
Loan repayments	-94	0	-7	0	0	0	-101	0
Redemption	-545	1	-54	1	-2	-1	-601	1
Write-offs due to confirmed credit losses	0	0	0	0	-6	4	-6	4
Change in risk parameters during the period <sup>2)</sup>	-	0	-	1	-	-1	0	0
Change in model/method	-	-	-	-	-	-	-	-
Other	0	0	0	0	0	0	0	0
<b>Closing balance</b>	<b>2,097</b>	<b>-1</b>	<b>242</b>	<b>-4</b>	<b>10</b>	<b>-6</b>	<b>2,349</b>	<b>-11</b>

GROUP								
2020								
CONSUMER LOANS	Credit stage 1		Credit stage 2		Credit stage 3		Total	
	Gross lending	Provision	Gross lending	Provision	Gross lending	Provision	Gross lending	Provision
SEK million								
Opening balance	2,052	-1	233	-4	10	-4	2,295	-9
Moved to credit stage 1	137	-1	-136	1	-1	0	0	0
Moved to credit stage 2	-100	0	101	0	-1	0	0	0
Moved to credit stage 3	-4	0	-7	1	11	-1	0	0
Remeasurement of provision	-365	2	-37	0	-2	-4	-404	-2
New lending, net <sup>1)</sup>	969	-1	146	-1	0	0	1,115	-2
Purchases	-	-	-	-	-	-	-	-
Sales	-	-	-	-	-	-	-	-
Loan repayments	-65	0	-8	0	0	0	-73	0
Redemption	-401	0	-43	0	-1	1	-445	1
Write-offs due to confirmed credit losses	0	0	0	0	-4	2	-4	2
Change in risk parameters during the period <sup>2)</sup>	-	-1	-	-1	-	0	-	-2
Change in model/method	-	-	-	-	-	-	-	-
Other	-1	0	0	0	1	0	0	0
<b>Closing balance</b>	<b>2,222</b>	<b>-2</b>	<b>249</b>	<b>-4</b>	<b>13</b>	<b>-6</b>	<b>2,484</b>	<b>-12</b>

<sup>1)</sup> Net amount is the loan's total amount less any internal transfers from other loans.

<sup>2)</sup> The change in risk parameters during the period also includes changes in forward-looking information.



GROUP								
2021								
LOAN COMMITMENTS AND PROVISIONS	Credit stage 1		Credit stage 2		Credit stage 3		Total	
	Loan commitments	Provision	Loan commitments	Provision	Loan commitments	Provision	Loan commitments	Provision
SEK million								
Opening balance	58,644	9	695	11	0	0	59,339	20
Moved to credit stage 1	-	-	-	-	-	-	-	-
Moved to credit stage 2	-170	0	170	0	-	-	0	0
Moved to credit stage 3	-	-	-	-	-	-	-	-
Remeasurement of provision	-1,733	-3	-311	-3	-	-	-2,044	-6
New lending, net	68,407	10	223	1	-	-	68,630	11
Write-offs, redemption, etc.	-55,819	-6	-445	-10	-	-	-56,264	-16
Change in risk parameters during the period <sup>1)</sup>	-	0	-	2	-	-	0	2
Change in model/method	-	-	-	-	-	-	-	-
<b>Closing balance</b>	<b>69,329</b>	<b>10</b>	<b>332</b>	<b>1</b>	<b>0</b>	<b>0</b>	<b>69,661</b>	<b>11</b>

GROUP								
2020								
LOAN COMMITMENTS AND PROVISIONS	Credit stage 1		Credit stage 2		Credit stage 3		Total	
	Loan commitments	Provision	Loan commitments	Provision	Loan commitments	Provision	Loan commitments	Provision
SEK million								
Opening balance	48,273	4	389	9	0	0	48,662	13
Moved to credit stage 1	42	0	-42	0	0	0	0	0
Moved to credit stage 2	-170	0	170	0	0	0	0	0
Moved to credit stage 3	0	0	0	0	0	0	0	0
Remeasurement of provision	-1,640	5	-160	3	0	0	-1,800	8
New lending, net	58,189	8	686	11	0	0	58,875	19
Write-offs, redemption, etc.	-46,050	-2	-348	-9	0	0	-46,398	-11
Change in risk parameters during the period <sup>1)</sup>	-	-6	-	-3	-	0	0	-9
Change in model/method	-	-	-	-	-	-	-	-
<b>Closing balance</b>	<b>58,644</b>	<b>9</b>	<b>695</b>	<b>11</b>	<b>0</b>	<b>0</b>	<b>59,339</b>	<b>20</b>

<sup>1)</sup> The change in risk parameters during the period also includes changes in forward-looking information.

#### Modified loans, loans with renegotiated terms and conditions

In exceptional cases, loans may be renegotiated outside of the loans' terms and conditions due to a deterioration of the borrower's financial position or because the borrower has encountered other financial problems. Such loans are specifically monitored and are referred to as modified financial assets in

accordance with IFRS 9. Since the outbreak of the coronavirus pandemic in 2020 until 31 August 2021, many loans were modified due to the granting of amortisation exemptions because of the coronavirus pandemic. However, no modified loans have led to a derecognition and consequently no initial recognitions of new loans.

## Modified loans, loans with renegotiated terms and conditions in credit stages 2 and 3 (that have not led to derecognition)

SEK million	GROUP			
	2021			
	Residential mortgages	Corporate Clients & Tenant-Owners' Associations	Consumer loans	Total
Amortised cost prior to modification	216	-	0	216
Modification gain/loss, net	0	-	0	0
<b>Amortised cost after modification</b>	<b>216</b>	<b>-</b>	<b>0</b>	<b>216</b>
<i>Of which, carrying amount prior to provision for assets migrated from credit stage 2 or 3 to credit stage 1.</i>	<i>34</i>	<i>-</i>	<i>0</i>	<i>34</i>

SEK million	GROUP			
	2020			
	Residential mortgages	Corporate Clients & Tenant-Owners' Associations	Consumer loans	Total
Amortised cost prior to modification	831	-	4	835
Modification gain/loss, net	0	-	0	0
<b>Amortised cost after modification</b>	<b>831</b>	<b>-</b>	<b>4</b>	<b>835</b>
<i>Of which, carrying amount prior to provision for assets migrated from credit stage 2 or 3 to credit stage 1.</i>	<i>114</i>	<i>-</i>	<i>0</i>	<i>114</i>

## RC:2 Credit risk in treasury operations

Credit risk in treasury operations comprises the risk of the counterparty being unable to fulfil its payment obligations. Credit risk arises, in part, in the form of counterparty risk for the derivative and repo contracts entered into by SBAB to manage financial risks and, in part, as a result of investments in the liquidity portfolio and of surplus liquidity.

The SBAB Group's counterparties are banks and credit institutions, and the underlying exposure in this note includes investments, derivatives and repos. The limits are set by the Board's Credit Committee within the confines of the framework adopted by the Board of Directors. The utilised limit is calculated as the exposure from financial derivatives, repos and investments. For deriva-

tives or repos the effect of collateral pledged or received under CSAs or GMRAs, respectively, is included in the total limit. Moreover, for derivatives, an add-on amount is also calculated for future risk-related changes. The limit is coordinated with the credit limit for counterparties who also are loan customers. Counterparty limits may be established for a period of no longer than one year, after which a new assessment must be conducted. The decisions of the Credit Committee are reported to the Board at the following Board meeting. All of SBAB's counterparties have a rating from either Moody's or Standard & Poor's.

### Limit utilisation per rating category

SEK million	CONSOLIDATED SITUATION				PARENT COMPANY			
	2021		2020		2021		2020	
	Limit	Utilised limit	Limit	Utilised limit	Limit	Utilised limit	Limit	Utilised limit
AAA	-	-	-	-	-	-	-	-
AA- to AA+	8,400	2,179	8,400	2,807	8,400	2,136	8,400	2,807
A- to A+	16,850	3,958	16,750	4,458	16,850	3,667	16,750	4,226
Lower than A-	2,300	21	2,400	55	2,300	21	2,400	55
Unrated	-	-	-	-	-	-	-	-
<b>Total</b>	<b>27,550</b>	<b>6,158</b>	<b>27,550</b>	<b>7,320</b>	<b>27,550</b>	<b>5,823</b>	<b>27,550</b>	<b>7,088</b>

The "Limit utilisation" table shows the limits and the utilised limits, respectively, for SBAB's derivative counterparties. The limits for each derivative counterparty are proposed by SBAB's Treasury and adopted by the Board's Credit Com-

mittee within the confines of the framework adopted by the Board of Directors. The values in the table are an aggregate of individual derivative counterparty's total exposure and the limits for the respective rating category.

**Distribution of chargeable treasury bills, etc., bonds and other interest-bearing securities by rating category**

The tables below show an analysis of lending to credit institutions, chargeable treasury bills, bonds and other interest-bearing securities distributed in

accordance with the lowest rating as of 31 December 2021 and 31 December 2020, based on Standard & Poor's rating or equivalent.

SEK million	CONSOLIDATED SITUATION				
	2021				
	Covered bonds	Government guaranteed securities	Sovereigns, supranationals and agencies	Non-governmental public sector entities	Total
AAA	31,022	25,098	2,867	9,997	68,984
AA- to AA+	-	436	464	2,919	3,819
A- to A+	-	-	-	-	-
Lower than A-	-	-	-	-	-
<b>Total</b>	<b>31,022</b>	<b>25,534</b>	<b>3,331</b>	<b>12,916</b>	<b>72,803</b>
Provisions for expected credit losses	0	0	0	0	0
<b>Total after provisions</b>	<b>31,022</b>	<b>25,534</b>	<b>3,331</b>	<b>12,916</b>	<b>72,803</b>

SEK million	CONSOLIDATED SITUATION				
	2020				
	Covered bonds	Government guaranteed securities	Sovereigns, supranationals and agencies	Non-governmental public sector entities	Total
AAA	36,630	13,515	2,232	11,680	64,057
AA- to AA+	638	438	456	3,486	5,018
A- to A+	-	-	-	-	-
Lower than A-	-	-	-	-	-
<b>Total</b>	<b>37,268</b>	<b>13,953</b>	<b>2,688</b>	<b>15,166</b>	<b>69,075</b>
Provisions for expected credit losses	-1	0	0	0	-1
<b>Total after provisions</b>	<b>37,267</b>	<b>13,953</b>	<b>2,688</b>	<b>15,166</b>	<b>69,074</b>

**Geographical distribution of chargeable treasury bills, bonds and other interest-bearing securities**

SEK million	CONSOLIDATED SITUATION			
	2021			
	Sweden	Other EU	Other	Total
Covered bonds	17,541	8,329	5,152	31,022
Government guaranteed securities	21,905	3,630	-	25,534
Sovereigns, supranationals and agencies	-	3,332	-	3,332
Non-governmental public sector entities	8,889	4,026	-	12,915
<b>Total as per 31 December 2021</b>	<b>48,335</b>	<b>19,316</b>	<b>5,152</b>	<b>72,804</b>
<b>Total as per 31 December 2020</b>	<b>45,801</b>	<b>17,991</b>	<b>5,283</b>	<b>69,075</b>

### Counterparty credit risk

Counterparty credit risk is the risk that SBAB's financial counterparties cannot meet their commitments pursuant to the completed derivatives and repo contracts, and such risk consists primarily of exposures to well-reputed and established banks. This exposure is predominantly covered by collateral agreements, where the counterparty posts collateral to reduce net exposure. In accordance with SBAB's credit instruction, the credit-risk limits are established by SBAB's Credit Committee for all counterparties in treasury operations.

To limit the potential counterparty risk associated with derivative transactions involving non-standardised derivatives that are not cleared by qualified central counterparties approved by the competent authority (in accordance with Regulation (EU) No 648/2012), a framework agreement is to be entered into with the counterparty. In most cases, the framework agreement, an ISDA Master Agreement or similar agreements with terms for final settlement, have been supplemented with an associated collateral agreement, known as a Credit Support Annex (CSA). A CSA must always be established for counterparties entering into derivative contracts with SBAB and SCBC. The framework agreements entitle the parties to offset receivables against debt in the event of a payment default.

Counterparty credit risk is monitored on a daily basis for all counterparties. When entered into, CSAs are reconciled on a daily or weekly basis. Derivative

transactions entered into with external counterparties are mostly entered into by the Parent Company, where the CSAs are reconciled with all counterparties on a daily basis. When CSAs are in place, collateral is pledged to reduce net exposures. Wherever applicable, the posted and received collateral takes the form of cash with a transfer of title, which entitles the party that receives the collateral to use the collateral in its operations. The effects of posted and received collateral are shown in greater detail in Note F 3.

SBAB participates in the calculation of the STIBOR (Stockholm Interbank Offered Rate) reference rate for the Swedish market. STIBOR is a reference rate that shows an average of the interest rates at which a number of the banks active in the Swedish money market are prepared to lend to each other without collateral under different maturities.

In 2016, it became mandatory under the European Markets Infrastructure Regulation (EMIR) for SBAB to clear interest-rate derivatives via central counterparties, known as clearing houses. The aim is for clearing houses to act as counterparties for buyers and sellers, and to participate in ensuring payment obligations are discharged.

On 28 June 2021, parts of CRR2 entered force, which means that since that date, SBAB has calculated counterparty risk using the Standardised Approach to Counterparty Credit Risk (SA-CCR). This results in a difference between the year-end values and those for the previous year.

### Maximum credit-risk exposure in treasury operations

SEK million	CONSOLIDATED SITUATION			
	Without taking into account collateral received or other credit enhancements		Taking into account collateral received or other credit enhancements	
	2021	2020	2021	2020
Lending to credit institutions	643	945	643	945
Chargeable treasury bills, etc.	22,549	10,894	22,549	10,894
Bonds and other interest-bearing securities	58,180	58,180	58,180	58,180
Derivatives	6,920	10,890	4,178	7,322
<b>Total</b>	<b>88,292</b>	<b>80,909</b>	<b>85,550</b>	<b>77,341</b>

### Collateral posted and received under collateral agreements, by company

SEK million	CONSOLIDATED SITUATION			
	2021		2020	
	Collateral pledged	Collateral received	Collateral pledged	Collateral received
SBAB	556	2,742	896	3,568
SCBC	0	0	0	0

## Lending to credit institutions, chargeable treasury bills, bonds and other interest-bearing securities

CONSOLIDATED SITUATION						
2021						
SEK million	Financial assets measured at amortised cost		Financial assets measured at FVTOCI	Financial assets measured at FVTPL	Total	
	Credit stage 1		Credit stage 1			
	Securities, gross	Provision	Securities, gross	Securities, gross	Securities, gross	Provision
Opening balance	39,940	1	35,033	1,577	76,550	1
Change in cash balances	3,615	-	-	-	3,615	-
Purchases	364,417	0	559,403	-	923,820	0
Sales	-450	0	-1,260	-	-1,710	0
Maturity	-368,916	0	-549,115	-612	-918,643	0
Write-offs, redemption, etc.	-	-	-	-	-	-
Change in risk parameters during the period	-	-	-	-	-	-
Change in model/method	-	-	-	-	-	-
Currency revaluation	684	-	102	-71	715	-
Other <sup>1)</sup>	-385	0	-379	-35	-799	0
<b>Closing balance</b>	<b>38,905</b>	<b>1</b>	<b>43,784</b>	<b>859</b>	<b>83,548</b>	<b>1</b>

CONSOLIDATED SITUATION						
2020						
SEK million	Financial assets measured at amortised cost		Financial assets measured at FVTOCI	Financial assets measured at FVTPL	Total	
	Credit stage 1		Credit stage 1			
	Securities, gross	Provision	Securities, gross	Securities, gross	Securities, gross	Provision
Opening balance	37,946	-1	36,939	2,899	77,784	-1
Change in cash balances	-9,897	-	-	-	-9,897	-
Purchases	799,064	-0	35,423	-	834,487	-0
Sales	-481	0	-4,470	-	-4,951	0
Maturity	-785,806	0	-33,261	-1,100	-820,167	0
Write-offs, redemption, etc.	-	-	-	-	-	-
Change in risk parameters during the period	-	-	-	-	-	-
Change in model/method	-	-	-	-	-	-
Currency revaluation	-1,122	-	-353	-229	-1,704	-
Other <sup>1)</sup>	236	0	755	8	999	0
<b>Closing balance</b>	<b>39,940</b>	<b>-1</b>	<b>35,033</b>	<b>1,578</b>	<b>76,551</b>	<b>-1</b>

<sup>1)</sup> Unrealised changes in fair value in addition to the exchange rate revaluation.



## RC:3 Liquidity risk

Liquidity risk is defined as the risk that the company will not be able to meet its payment obligations on the date of maturity without the related cost increasing significantly. The SBAB Group has long identified the importance of well-functioning and proactive liquidity risk management. SBAB's liquidity risk management is described below.

### Broad and diversified funding

Because the SBAB Group has maintained an active presence in the international capital market since 1989, its brand is well established. The SBAB Group has access to the covered bond market, both in Sweden and internationally, through SCBC. In addition to issuing bonds, SBAB is funded by retail deposits.

### Liquidity reserve

SBAB has a liquidity portfolio in place to ensure liquidity in times when normal market funding does not function adequately or in the case of outflows of deposits. The portfolio acts as a buffer, as the securities in the portfolio can be sold to free up liquidity, either through repos or through the sales of parts of the portfolio. The liquidity portfolio also comprises a business advantage in normal market conditions in the form of bridge financing for maturing debt and with ensuring intraday liquidity.

The portfolio holdings are long-term and mainly comprise liquid, interest-bearing securities with high ratings, where 100% of the portfolio's holdings can be used as collateral for repos with the Riksbank or the European Central Bank (ECB). The size of SBAB's holdings of individual securities as a percentage of the total volume outstanding is also limited with the aim of reducing concentration risk.

The liquidity reserve is defined as the reserve value of the securities in the liquidity portfolio and other liquid short-term investments. When calculating the reserve value of the securities included in the liquidity reserve, the SBAB Group applies the haircuts issued in accordance with the Riksbank's Guidelines for Collateral Management in the regulatory framework for RIX and monetary policy instruments as well as the ECB list of eligible marketable assets.

Excluding pledged collateral, SBAB's liquidity reserve amounted to SEK 82.3 billion on 31 December 2021 (reserve value of SEK 78.4 billion at the Riksbank or the ECB) with an average tenor of 2.47 years (2.63). Moreover, unutilised issuance capacity for covered bonds comprises an additional reserve that is not included in the calculation of the above liquidity metrics.

### Liquidity reserve

SEK billion		CONSOLIDATED SITUATION									
		31 Dec 2021					31 Dec 2020				
		Distribution by currency					Distribution by currency				
	Total	SEK	EUR	USD	Other	Total	SEK	EUR	USD	Other	
<b>Level 1 Assets</b>	<b>79.6</b>	<b>60.6</b>	<b>14.8</b>	<b>4.2</b>	<b>-</b>	<b>67.8</b>	<b>47.6</b>	<b>14.7</b>	<b>5.5</b>	<b>-</b>	
Cash and balances at central banks	11.5	11.5	-	-	-	7.7	7.7	-	-	-	
Securities issued or guaranteed by governments, central banks, multinational development banks and international organisations	28.1	20.7	5.5	1.9	-	13.9	6.6	4.8	2.5	-	
Securities issued by municipalities or PSEs	12.8	4.8	5.8	2.2	-	15.3	6.9	5.5	2.9	-	
Covered bonds with extremely high quality	27.2	23.6	3.5	0.1	-	30.9	26.4	4.4	0.1	-	
Other assets	-	-	-	-	-	-	-	-	-	-	
<b>Level 2 Assets</b>	<b>2.7</b>	<b>2.4</b>	<b>0.3</b>	<b>-</b>	<b>-</b>	<b>3.1</b>	<b>2.6</b>	<b>0.5</b>	<b>-</b>	<b>-</b>	
<i>Level 2A assets</i>	<i>2.7</i>	<i>2.4</i>	<i>0.3</i>	<i>-</i>	<i>-</i>	<i>3.1</i>	<i>2.6</i>	<i>0.5</i>	<i>-</i>	<i>-</i>	
Securities issued or guaranteed by governments, central banks, municipalities and PSEs	-	-	-	-	-	-	-	-	-	-	
Covered bonds with high quality	2.7	2.4	0.3	-	-	3.1	2.6	0.5	-	-	
Corporate bonds (minimum AA- rating)	-	-	-	-	-	-	-	-	-	-	
Other assets	-	-	-	-	-	-	-	-	-	-	
<i>Level 2B assets</i>	<i>-</i>	<i>-</i>	<i>-</i>	<i>-</i>	<i>-</i>	<i>-</i>	<i>-</i>	<i>-</i>	<i>-</i>	<i>-</i>	
Asset-backed securities (ABS)	-	-	-	-	-	-	-	-	-	-	
Covered bonds with high quality	-	-	-	-	-	-	-	-	-	-	
Corporate bonds (A+ to BBB rating)	-	-	-	-	-	-	-	-	-	-	
Equities	-	-	-	-	-	-	-	-	-	-	
Other assets	-	-	-	-	-	-	-	-	-	-	
<b>Liquidity reserve</b>	<b>82.3</b>	<b>63.0</b>	<b>15.1</b>	<b>4.2</b>	<b>-</b>	<b>70.9</b>	<b>50.2</b>	<b>15.2</b>	<b>5.5</b>	<b>-</b>	

### Continuous monitoring of liquidity risk

Proactive and continuous liquidity planning in the relevant currencies, active debt management and the scope, content and management of the liquidity reserve are key factors in SBAB's liquidity risk management. By viewing funding activities as a natural part of both operational work and the strategic planning of liquidity risk, concentrations of excessively large funding maturities are avoided. Another important part of the ongoing liquidity risk management is the continuous monitoring and testing of the practical liquidity value of the liquidity reserve in the secondary market.

### Liquidity risk measurements – short-term liquidity risk

At SBAB, the risk of being exposed to insufficient liquidity in the short term is known as short-term liquidity risk. SBAB regularly monitors a number of metrics for short-term liquidity risk. One of these is the liquidity coverage ratio as defined in the European Commission delegated regulation (EU) 2015/61. The liquidity coverage ratio is a metric of the degree to which the liquidity reserve covers a 30-day net cash outflow in a stressed scenario. Under the regulations, the metric must amount to not less than 100% for all currencies on a consolidated basis. On 31 December 2021, figures for 31 December 2020 in parenthesis, the metric was 228% (170) at the consolidated level, and 6,415% (340) and 938% (1,300), respectively, in EUR and USD. In 2021, the LCR never fell below 173% (170) at the consolidated level.

In addition to regulatory-controlled liquidity risk measurements, SBAB has a number of internal metrics. These include the measurement and stress testing of the liquidity risk by totalling the maximum conceivable need for liquidity for each coming day. This liquidity risk metric is referred to as the survival horizon. The calculations are based on a crisis scenario in which all loans are assumed to be extended on maturity, meaning that no liquidity is added through loan redemption, and where no funding is available. Retail deposits are treated with a conservative assumption, whereby withdrawals from the portfolio are distributed over time on the basis of historical changes. Accordingly, the maximum need for liquidity can be identified for every given future period, and the necessary liquidity reserve can be established. The survival horizon corresponds to the number of days for which the liquidity reserve covers the maximum outflow and it has been limited to a minimum of 180 days at the consolidated currency level at any given time.

On 31 December 2021, figures for 31 December 2020 in parenthesis, the survival horizon was 254 days (266) at the consolidated level, and 168 days (174) for SEK, 1,700 days (1,594) for EUR and 159 days (524) for USD. In 2021, the survival horizon was never less than 254 days (247) at the consolidated level.

In addition to the above metrics, limits are applied to short-term liquidity risk through further internal metrics, for which limits apply.

### Liquidity risk measurements – structural liquidity risk

Structural liquidity risk is a measure of the differences in maturity structures between assets and liabilities in terms of loan-to-maturity, which risks leading to a lack of liquidity in the longer term. SBAB aims to have a diversified funding. The SBAB Group has adopted a conservative approach to the management of funding. A larger share of future maturities is being pre-financed and the share of total funding attributable to short-term funding is being maintained at a low level. SBAB works actively to ensure an even distribution of maturities, while at the same time extending the maturity of the liabilities. Monitoring of upcoming maturities, repurchases, replacements and pre-financing constitute key elements of the practical management aimed at reducing the risk.

SBAB limits its dependence on market funding by applying a limit on the ratio between retail deposits and lending to the public. On 31 December 2021, the ratio was 31% (32) compared with a limit of 28%.

Moreover, access to funding from covered bonds is secured by monitoring that the over-collateralisation (OC level) in the cover pool at each point in time, including in stressed circumstances, exceeds Moody's requirements for Aaa ratings. On 31 December 2021, the OC level was 30.1%.

SBAB also measures its structural liquidity risk through a metric for maturity matching that measures the relationship between the maturities of assets and liabilities from a liquidity perspective at various points in the future. This can be viewed as SBAB's internal version of the net stable funding ratio (NSFR), in which the maturity, in terms of liquidity, on deposits and lending is estimated by means of SBAB's own statistical models, which are based on historical data of the behaviour of SBAB's customers. The metric is subject to a one-year floor limit of not less than 90% at a consolidated level, 60% for USD and currencies for which the liability exceeds 5% of total liabilities. On 31 December 2021, maturity matching was 135% (127) at the consolidated level, 130% (126) in SEK, 146% (110) in EUR and 92% (127) in USD.

The NSFR according to Regulation (EU) 2019/876 ("CRR2") of the European Parliament and of the Council was 128.6% (128.8).

The tables "Maturities of hedged cash flows in cash-flow hedges" and "Maturities of financial assets and liabilities" show the status of SBAB's future cash flows as of 31 December 2021 and 31 December 2021, respectively, from both a short-term and long-term perspective.

**Maturities of financial assets and liabilities***(amounts refer to contractual, undiscounted cash flows)*

The maturity of the amortisation for amortised receivables and liabilities has been calculated as the period up to the date of maturity of the respective amortisation. Foreign currency cash flows have been converted using the closing rate on 31 December 2020. Future interest-rate cash flows with floating interest rates are estimated until the next fixing date using forward interest rates based on the actual interest base, usually the three-month STIBOR.

The Parent Company, SBAB, is the creditor for the subsidiary SCBC's subordinated debt. If the maturity is not specified, current debt is recognised as having no maturity and without estimated interest-rate cash flows.

The item "Loan commitments and other credit-related commitments" for the Group, which totals SEK 69,661 million (59,339), amounted to SEK 21,075 million (17,952) after application of the internal calculation for CCF. The reduction has not been included in the table.

SEK million	CONSOLIDATED SITUATION													
	2021							2020						
	No maturity	<3 months	3-6 months	6-12 months	1-5 years	>5 years	Total	No maturity	<3 months	3-6 months	6-12 months	1-5 years	>5 years	Total
<b>Financial assets</b>														
Cash and balances at central banks	10,100	-	-	-	-	-	10,100	6,530	-	-	-	-	-	6,530
Chargeable treasury bills, etc.	-	16,748	2,081	215	3,300	249	22,593	-	3,091	81	763	6,722	250	10,907
Lending to credit institutions	27	616	-	-	-	-	643	35	905	-	-	-	-	940
Lending to the public	-	2,336	49,188	2,935	4,500	407,915	466,875	-	3,010	2,304	5,497	36,376	375,563	422,751
Bonds and other interest-bearing securities	-	762	3,395	3,435	39,186	4,029	50,807	-	1,181	2,178	9,412	41,777	3,798	58,346
<i>of which classified as loans and accounts receivable</i>	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Derivatives	-	527	1,242	447	2,329	1,129	5,674	-	1,049	1,135	1,068	4,831	1,880	9,963
Other assets	610	-	-	-	-	-	610	452	-	-	-	-	-	452
<b>Total</b>	<b>10,737</b>	<b>20,989</b>	<b>55,906</b>	<b>7,032</b>	<b>49,315</b>	<b>413,322</b>	<b>557,302</b>	<b>7,017</b>	<b>9,236</b>	<b>5,698</b>	<b>16,740</b>	<b>89,706</b>	<b>381,491</b>	<b>509,889</b>
<b>Financial liabilities</b>														
Liabilities to credit institutions	-	3,371	5,000	-	8,000	-	16,371	-	7,184	-	-	13,000	-	20,184
Deposits from the public	140,449	1,802	661	1,621	417	-	144,950	131,561	1,054	1,435	1,392	216	-	135,658
Issued debt securities, etc.	-	10,486	33,563	8,023	251,541	72,630	376,243	-	31,475	10,213	13,255	202,810	74,348	332,101
Derivatives	-	141	-	303	2,392	1,510	4,346	-	228	220	420	2,188	1,583	4,639
Other liabilities	2,416	-	-	-	-	-	2,416	2,200	-	-	-	-	-	2,200
Subordinated debt	-	71	47	69	6,900	-	7,087	-	44	1,584	44	4,391	-	6,063
Loan commitments and other credit-related commitments	-	46,588	14,246	290	8,537	-	69,661	-	39,598	14,073	474	5,194	-	59,339
<b>Total</b>	<b>142,865</b>	<b>62,459</b>	<b>53,517</b>	<b>10,306</b>	<b>277,787</b>	<b>74,140</b>	<b>621,074</b>	<b>133,761</b>	<b>79,583</b>	<b>27,525</b>	<b>15,585</b>	<b>227,799</b>	<b>75,931</b>	<b>560,184</b>

**Maturities of hedged cash flows in cash-flow hedges**

SEK million	CONSOLIDATED SITUATION						
	No maturity	<3 months	3-6 months	6-12 months	1-5 years	>5 years	Total
Interest-rate-hedged	-	150	209	68	1,145	803	2,375
Currency-hedged	-	-2,448	-5,140	-5,140	-39,317	-30,663	-82,708
<b>Net, 31 Dec 2021</b>	<b>-</b>	<b>-2,298</b>	<b>-4,931</b>	<b>-5,072</b>	<b>-38,172</b>	<b>-29,860</b>	<b>-80,333</b>
<b>Net, 31 Dec 2020</b>	<b>-</b>	<b>-11,082</b>	<b>-4,784</b>	<b>-9,897</b>	<b>-48,293</b>	<b>-19,927</b>	<b>-93,983</b>

**Maturities of financial assets and liabilities***(amounts refer to contractual, undiscounted cash flows)*

SEK million	PARENT COMPANY													
	2021							2020						
	No maturity	<3 months	3-6 months	6-12 months	1-5 years	>5 years	Total	No maturity	<3 months	3-6 months	6-12 months	1-5 years	>5 years	Total
<b>Financial assets</b>														
Cash and balances at central banks	10,100	-	-	-	-	-	10,100	6,530	-	-	-	-	-	6,530
Chargeable treasury bills, etc.	-	16,748	2,081	215	3,300	249	22,593	-	3,091	81	763	6,722	250	10,907
Lending to credit institutions	96,951	4,109	8,018	3,464	6,076	-	118,618	103,814	4,439	4,675	2,346	6,100	-	121,374
Lending to the public	-	271	4,578	693	458	19,004	25,004	-	464	266	719	3,669	19,719	24,836
Bonds and other interest-bearing securities	-	762	3,395	3,435	39,186	4,029	50,807	-	1,181	2,178	9,412	41,777	3,798	58,346
<i>of which classified as loans and accounts receivable</i>	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Derivatives	-	572	997	605	4,210	2,520	8,904	-	1,159	1,217	1,203	6,117	3,112	12,808
Other assets	428	-	-	-	-	-	428	1,085	-	-	-	-	-	1,085
<b>Total</b>	<b>107,478</b>	<b>22,463</b>	<b>19,069</b>	<b>8,412</b>	<b>53,230</b>	<b>25,802</b>	<b>236,454</b>	<b>111,429</b>	<b>10,334</b>	<b>8,417</b>	<b>14,443</b>	<b>64,385</b>	<b>26,879</b>	<b>235,886</b>
<b>Financial liabilities</b>														
Liabilities to credit institutions	-	3,033	5,000	-	8,000	-	16,033	-	7,184	-	-	13,000	-	20,184
Deposits from the public	140,449	1,802	661	1,621	417	-	144,950	131,561	1,054	1,435	1,392	216	-	135,658
Issued debt securities, etc.	-	6,788	5,281	7,770	44,611	-	64,450	-	8,885	8,333	1,051	41,369	1,008	60,646
Derivatives	-	604	912	333	4,365	2,497	8,711	-	1,239	842	1,423	6,090	3,210	12,804
Other liabilities	568	-	-	-	-	-	568	820	-	-	-	-	-	820
Subordinated debt	-	71	47	69	6,900	-	7,087	-	44	1,584	44	4,391	-	6,063
Loan commitments and other credit-related commitments	-	46,588	14,246	290	8,537	-	69,661	-	39,598	14,073	474	5,194	-	59,339
<b>Total</b>	<b>141,017</b>	<b>58,886</b>	<b>26,147</b>	<b>10,083</b>	<b>72,830</b>	<b>2,497</b>	<b>311,461</b>	<b>132,381</b>	<b>58,004</b>	<b>26,267</b>	<b>4,384</b>	<b>70,260</b>	<b>4,218</b>	<b>295,514</b>

**Maturities of hedged cash flows in cash-flow hedges**

SEK million	PARENT COMPANY						
	No maturity	<3 months	3-6 months	6-12 months	1-5 years	>5 years	Total
Interest-rate-hedged	-	-	39	17	55	-	111
Currency-hedged	-	-	-	-5,140	-6,168	-	-11,308
<b>Net, 31 Dec 2021</b>	<b>-</b>	<b>-</b>	<b>39</b>	<b>-5,123</b>	<b>-6,113</b>	<b>-</b>	<b>-11,197</b>
<b>Net, 31 Dec 2020</b>	<b>-</b>	<b>-1,215</b>	<b>-4,954</b>	<b>17</b>	<b>-9,929</b>	<b>-999</b>	<b>-17,080</b>

**Stress tests**

SBAB performs regular stress tests of liquidity risk aimed at internal requirements for analytical and contingency management of liquidity risk. The stress tests have been designed in line with the Swedish FSA's regulations regarding management of liquidity risks in credit institutions and investment firms, which impose general requirements on stress tests (FFFS 2010:7). The models analyse SBAB's capacity to meet the need for cash and cash equivalents in various market scenarios and to assess the effect of protracted stress on SBAB's ability to finance its operations. The scenarios are designed on the basis of SBAB's specific risk profile and cover both company-specific and market-related scenarios that may render the financing of the operations difficult. The scenarios are divided into different stages that illustrate increasing levels of stress intensity to reflect how a crisis can continuously deteriorate. The scenarios simulated by the stress tests include:

- The 2008/2009 financial crisis – stress in the funding operations, with funding programmes closing at various stages
- Rating-related stress, with gradually lower ratings for SBAB and SCBC

- Falling property market prices – various levels of falling prices, which increase LTV ratios, thus lowering the share of funding that can be conducted via covered bonds
- Stress of liquidity in the liquidity reserve
- Sizeable fluctuations in interest and currency exchange rates, leading to larger amounts having to be secured through CSAs, which could thus impair liquidity.

The stress tests are under continuous development and the assumptions on which the various scenarios are based are assessed regularly. The stress tests are conducted and reported quarterly, with results assessed against SBAB's established risk appetite and used to adapt strategies and guidelines.

**Developments in liquidity risk regulation**

The area of liquidity risk is subject to constant regulatory development. The following regulatory changes are on the agenda for the immediate future:

## Other regulatory changes

### Harmonised rules for covered bonds

In November 2019, Directive (EU) 2019/2162 of the European Parliament and of the Council on the issue of covered bonds was published. The Directive introduces harmonised rules for covered bonds within the EU. The most tangible change introduced by the rules being the requirement for issuers to hold sufficient highly liquid assets in the cover pool to cover net liquidity outflows from covered bonds for a period of 180 days. This requirement entails an overlapping of the existing liquidity reserve requirements in the LCR regulations.

Efforts are ongoing at EU level to change the LCR regulations to avoid institutions having to hold double liquidity reserves. A proposal came in 2020, which allows the liquidity requirement imposed for the first 30 of the total of 180 days to also be used as a liquidity buffer to meet the liquidity coverage requirement. Through these amendments, the directive must be transposed into Swedish law no later than 8 July 2021 and enter force not more than one year thereafter. The coming provisions apply in full for covered bonds issued from 8 July 2022. Covered bonds issued prior to 8 July 2022 are subject to

the provisions of the Covered Bonds Issuance Act (LUSO 2003:1223) and, accordingly, are not subject to the 180-day liquidity coverage requirement. Given that SBAB does not normally issue covered bonds with maturities of less than 2 years, the covered bonds issued by SBAB after 8 July 2022 will not result in any real liquidity coverage requirement until 2024 at the earliest.

### LCR relief

Since March 2020, the Swedish FSA has permitted banks to fall below the LCR in conjunction with the coronavirus pandemic. LCRs are temporarily permitted to fall below the requirement for individual currencies and total currencies. This measure aims to ensure that the liquidity coverage requirement create funding difficulties for banks, which in turn promote the functioning supply of credit in the economy. SBAB strives to continue to meet the liquidity coverage requirement despite the pandemic and the relief provided by Swedish FSA. Internal LCR limit requirements, which are more stringent than external limit requirements, continue to apply for SBAB.

## RC:4 Market risk

Market risk is the risk of loss or reduced future income due to market fluctuations. SBAB is characterised by low risk taking, with the Board determining the overall risk appetite and setting the limits for the risk metric Value at Risk (VaR). The Board has also decided on additional limits, over and above the overall VaR limits, to limit interest-rate risk in the banking book. In addition to the limits established by the Board, a number of supplementary risk-based metrics set by the CEO of SBAB are also subject to limitation. Through daily reports, the Risk function checks compliance with current risk levels and limits. Market risk is followed up on the Group level as well as broken down to lower levels.

The general principle governing SBAB's exposure to market risk is that the level of risk taking should be low. As a general principle, interest-rate risk is to be mitigated through direct funding or the use of derivatives. SBAB's interest-rate structure as of 31 December 2021 is shown in the table "Fixed-interest periods for financial assets and liabilities." Currency risk refers to the risk that changes in the exchange rate for SEK against other currencies result in losses or lower future income. The risk is mitigated as funding in international currency is hedged through currency swaps or matched against assets in the liquidity portfolio in the same currency. The total effect per currency is reported in the table "Nominal amounts for assets, liabilities and derivatives in foreign currency."

### Value at Risk

VaR is a comprehensive portfolio measurement expressing the potential loss that could occur given a certain level of probability and holding period. SBAB's model is a historical model and applies percentiles in historical market data from the past two years. Since the model is based on historical data there is a degree of inherent inertia and the model could underestimate the risk in a rapidly changing market. Due to the above and that the model is based on several assumptions, the model is validated daily using back testing analysis, in other words a check of VaR against actual outcomes.

Limits for the day-to-day follow up are set at three levels: SBAB's total market risk, all market risks which Treasury is responsible for managing, and stressed VaR for SBAB's credit-spread risk. The limit for SBAB's total market risk is based on the VaR metric that applies a probability level of 99% and a holding period of one year. The market risk which Treasury is responsible for managing applies a probability level of 99% and a holding period of one day. The stressed metric is based on a historical, stressed period with a probability level of 99% and a holding period of 90 days.

As per 31 December 2021, SBAB's total market risk exposure was SEK 221 million, compared with the limit of SEK 1,200 million. Exposure to market risks managed by Treasury was SEK 14 million and the limit was SEK 60 million. For the stressed metric, the exposure was SEK 569 million and the limit was SEK 1,200 million.

### Interest-rate risk in other operations

The Board has also decided on two limits, over and above the overall VaR limits, to limit interest-rate risk in other operations. One limit is expressed as on overall interest-rate risk metric, measured as the effect of a +100 bps parallel shift, and the second limit is expressed as a target value for the duration of equity.

Interest-rate risk in other operations is measured and reported to the Swedish FSA in accordance with FFFS 2007:4. As per 31 December 2021, the effect on the present value was negative SEK 214 million (negative: 51.4) for a 2 percentage-point parallel upward shift and a positive SEK 213 million (46.8) for a 2 percentage-point parallel downward shift. As own funds amounted to SEK 25.1 billion (23.0) on 31 December 2021, the effect of the stress tests amounted to negative 0.85% (negative: 0.22) and 0.85% (0.20) of own funds, respectively.

### Interest-rate risk in the banking book

SBAB covers interest-rate risk in the banking book pursuant to the Swedish FSA's methodology as described in FI Ref. 19-4434. This showed that on 31 December 2021, the scenario with the greatest impact on the banking book was "Flattening," which is reported in the variable "ΔEVE" in the "Interest-rate risk in the banking book" table. In 2021, the Swedish FSA's method FI Ref. 19-4434 replaced the previous method described in FI Ref. 14-14414, which results in value differences compared with previous years.

The net interest income effect is measured to capture the impact of changes in interest rates on profit or loss. The metric reflects the differences in volume and fixed-interest periods between assets, liabilities and derivatives in other operations. The net interest income effect is calculated pursuant to the instructions stated in EBA/GL/2018/02 and is based on an instantaneous parallel shift of one percentage point up and down over a 12-month time horizon. The value is reported in the variable "ΔNII" in the "Interest-rate risk in the banking book" table.

### Supplementary risk metrics

In addition to the limits determined by the Board, the CEO has set a number of supplementary risk metrics for different kinds of risks to which SBAB is exposed. For interest-rate risk, there are limits for parallel shifts, where the effect on the present value of a one percentage point shift in the yield curve is measured, and curve risk where the effect on the present value is measured in different scenarios, in which the short end of the yield curve is adjusted down (up) and the long end is adjusted up (down). To limit interest-rate risk in the banking book, limits are set for duration of equity. Currency risk is controlled by measuring the effect on present value when currency exchange rates change compared to SEK, and in the liquidity portfolio by controlling the matching of the principal in each currency. There are also limits for basis risk and credit-spread risk.

In addition to the above-mentioned supplementary risk metrics, sensitivity analysis is performed with stressed interest rates, currency rates and credit spreads together with its effect on the company's CET1 capital requirement.

### Interest Rate Benchmark Reform

The ongoing Interest Rate Benchmark Reform (IBOR transition) will replace existing benchmark interbank offered rates (IBORs) with alternative risk-free rates. SBAB has relatively limited exposure to reference rates other than STIBOR.

SBAB has focused on ensuring compliance pursuant to the Benchmarks Regulation (BMR), which affects SBAB both as a user of benchmarks and as a reporter of input data for benchmarks, where STIBOR is expected to be approved under the BMR in 2022, and in a broader perspective within the framework of internal governance and control.

Continuous market monitoring and adjustment is required and, therefore, other benchmarks, including risk-free rates (RFR), need to be used in the long term. Accordingly, focus has been on ensuring systemic support for the use of RFR-linked products, mainly in the form of derivatives and bonds, and on managing the transition of actual exposures to IBORs, such as EONIA and LIBOR, whose end-dates are known. Furthermore, SBAB has actively participated in the development of STIBOR and the process for its approval under the BMR together with the development of the Riksbank's new SWESTR.



Interest-rate risk in the banking book<sup>1</sup>

SEK million	CONSOLIDATED SITUATION				PARENT COMPANY			
	2021		2020		2021		2020	
	ΔEVE	ΔNII	ΔEVE	ΔNII	ΔEVE	ΔNII	ΔEVE	ΔNII
Parallel up	-135	25	-156	123	-235	-1,204	-376	-1,195
Parallel down	-19	-25	-11	-123	94	1,204	3	1,195
Short rate up	-542		-166		-406		-341	
Short rate down	227		-6		89		-1	
Steepening	399		2		137		-45	
Flattening	-564		-10		-340		3	
<b>Worst outcome</b>	<b>-564</b>	<b>-25</b>	<b>-166</b>	<b>-123</b>	<b>-406</b>	<b>-1,204</b>	<b>-376</b>	<b>-1,195</b>
<b>Own funds</b>	<b>25,106</b>		<b>22,992</b>		<b>16,574</b>		<b>17,008</b>	

<sup>1)</sup> Part of the change between 2021 and 2020 was due to the change in methodology for calculation of interest-rate risk in the banking book.

## Nominal amounts for assets, liabilities and derivatives in foreign currency

SEK million	CONSOLIDATED SITUATION				PARENT COMPANY			
	2021		2020		2021		2020	
	Assets and liabilities	Derivatives	Assets and liabilities	Derivatives	Assets and liabilities	Derivatives	Assets and liabilities	Derivatives
EUR	-81,389	81,384	-91,119	91,109	-12,434	12,432	-13,769	13,762
GBP	-2,876	2,876	-2,678	2,678	-428	428	-446	446
NOK	0	0	-479	479	0	0	0	0
USD	1,568	-1,575	2,106	-2,106	1,568	-1,575	2,106	-2,106
<b>Total</b>	<b>-82,697</b>	<b>82,685</b>	<b>-92,170</b>	<b>92,160</b>	<b>-11,294</b>	<b>11,285</b>	<b>-12,109</b>	<b>12,102</b>

## Fixed-interest periods for financial assets and liabilities

SEK million	CONSOLIDATED SITUATION													
	2021							2020						
	Without interest period	<3 months	3-6 months	6-12 months	1-5 years	>5 years	Total	Without interest period	<3 months	3-6 months	6-12 months	1-5 years	>5 years	Total
<b>ASSETS</b>														
Cash and balances held at central banks	-	10,100	-	-	-	-	10,100	-	6,530	-	-	-	-	6,530
Chargeable treasury bills, etc.	-	16,731	2,032	208	3,331	247	22,549	-	3,068	-	742	6,833	251	10,894
Lending to credit institutions	-	627	-	-	-	-	627	-	939	-	-	-	-	939
Lending to the public	-	268,701	11,368	25,421	147,241	14,310	467,041	-	277,783	11,165	21,697	99,713	12,477	422,835
Change in fair value of interest-rate-hedged loan receivables	-	1	2	5	-335	-216	-563	-	2	3	4	133	-	142
Bonds and other interest-bearing securities	-	8,156	3,323	3,088	31,660	4,027	50,254	-	7,612	1,868	8,702	36,217	3,781	58,180
Derivatives	-	1,333	130	23	1,993	3,441	6,920	-	2,727	41	101	2,132	5,889	10,890
Other assets	654	-	-	-	-	-	654	496	-	-	-	-	-	496
<b>Total</b>	<b>654</b>	<b>305,649</b>	<b>16,855</b>	<b>28,745</b>	<b>183,870</b>	<b>21,809</b>	<b>557,582</b>	<b>496</b>	<b>298,661</b>	<b>13,077</b>	<b>31,246</b>	<b>145,028</b>	<b>22,398</b>	<b>510,906</b>
<b>LIABILITIES</b>														
Liabilities to credit institutions	-	16,372	-	-	-	-	16,372	-	20,184	-	-	-	-	20,184
Deposits from the public	140,482	1,774	661	1,616	417	-	144,950	131,565	1,050	1,435	1,392	216	-	135,658
Issued debt securities, etc.	-	35,733	27,637	6,886	224,325	69,784	364,365	-	53,363	7,155	11,730	176,642	74,814	323,704
Derivatives	-	4,939	24	48	-1,352	-815	2,844	-	3,379	47	428	839	713	3,124
Other liabilities	2,444	-	-	-	-	-	2,444	2,200	-	-	-	-	-	2,200
Subordinated debt	4,300	1,397	-	-	599	-	6,296	3,500	1,397	-	-	598	-	5,495
<b>Total</b>	<b>147,226</b>	<b>60,215</b>	<b>28,322</b>	<b>8,550</b>	<b>223,989</b>	<b>68,969</b>	<b>537,271</b>	<b>137,265</b>	<b>79,373</b>	<b>8,637</b>	<b>12,694</b>	<b>178,295</b>	<b>74,101</b>	<b>490,365</b>
Difference assets and liabilities	-146,572	245,434	-11,467	20,195	-40,119	-47,160	20,311	-136,769	219,288	4,440	18,552	-33,267	-51,703	20,541

SEK million	PARENT COMPANY													
	2021							2020						
	Without interest period	<3 months	3-6 months	6-12 months	1-5 years	>5 years	Total	Without interest period	<3 months	3-6 months	6-12 months	1-5 years	>5 years	Total
<b>ASSETS</b>														
Cash and balances held at central banks	-	10,100	-	-	-	-	10,100	-	6,530	-	-	-	-	6,530
Chargeable treasury bills, etc.	-	16,371	2,032	208	3,331	247	22,549	-	3,068	-	742	6,833	251	10,894
Lending to credit institutions	-	114,248	5,712	3,458	-	-	123,418	-	116,404	2,329	2,335	-	-	121,068
Lending to the public	-	20,406	376	385	3,556	251	24,974	-	19,072	529	685	4,031	489	24,806
Change in fair value of interest-rate-hedged loan receivables	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Bonds and other interest-bearing securities	-	8,156	3,323	3,088	31,660	4,027	50,254	-	7,612	1,868	8,702	36,217	3,781	58,180
Derivatives	-	5,091	138	48	1,594	2,033	8,904	-	4,225	59	113	2,366	5,557	12,320
Other assets	483	-	-	-	-	-	483	1,137	-	-	-	-	-	1,137
<b>Total</b>	<b>483</b>	<b>174,732</b>	<b>11,581</b>	<b>7,187</b>	<b>40,141</b>	<b>6,558</b>	<b>240,682</b>	<b>1,137</b>	<b>156,911</b>	<b>4,785</b>	<b>12,577</b>	<b>49,447</b>	<b>10,078</b>	<b>234,935</b>
<b>LIABILITIES</b>														
Liabilities to credit institutions	-	16,033	-	-	-	-	16,033	-	20,184	-	-	-	-	20,184
Deposits from the public	140,482	1,774	661	1,616	417	-	144,950	131,565	1,050	1,435	1,392	216	-	135,658
Issued debt securities, etc.	-	28,069	1,637	6,886	26,860	-	63,452	-	26,622	7,155	701	24,360	1,003	59,841
Derivatives	-	5,756	137	48	601	2,068	8,610	-	4,870	49	168	2,518	4,548	12,153
Other liabilities	569	-	-	-	-	-	569	820	-	-	-	-	-	820
Subordinated debt	4,300	1,397	-	-	599	-	6,296	3,500	1,397	-	-	598	-	5,495
<b>Total</b>	<b>145,351</b>	<b>53,029</b>	<b>2,435</b>	<b>8,550</b>	<b>28,477</b>	<b>2,068</b>	<b>239,910</b>	<b>135,885</b>	<b>54,123</b>	<b>8,639</b>	<b>2,261</b>	<b>27,692</b>	<b>5,551</b>	<b>234,151</b>
Difference assets and liabilities	-144,868	121,703	9,146	-1,363	11,664	4,490	772	-134,748	102,788	-3,854	10,316	21,755	4,527	784

## RC:5 Operational risk

Operational risk means the risk of losses due to inappropriate or unsuccessful processes, human error, faulty systems or external events, including legal risks.

### Risk management

The process for managing operational risk is based on the continuous identification, analysis and assessment of risks as well as their management and follow-up. An analysis of risk levels is reported to the Board, the CEO and the Executive Management. The Risk department has overall responsibility for the methods and procedures used in the management of operational risk. The work with managing operational risk is conducted based on SBAB's risk appetite and the significant processes for the business. This entails constant efforts to develop employees' risk awareness and the bank's risk culture, to improve processes and procedures as well as to provide tools to efficiently and proactively manage day-to-day operational risk. As part of strengthening SBAB's risk culture, the bank implemented risk and compliance coordinators (RCCs) in the first line. The RCCs support the business managers with a focus on risk management, process mapping, internal controls, incident management and regulatory compliance.

### Self-evaluation

The self-evaluation process encompasses the identification and evaluation of operational risks in all significant processes. Self-evaluation is carried out using a shared method and documented in the shared system support. The result of the self-evaluation is reported annually to the Board, the CEO and the Executive Management.

### Incident management

SBAB has procedures and system support intended to facilitate the reporting and follow-up of incidents. The Risk department supports the operations with the analysis of reported incidents to ensure that root causes are identified and suitable measures are implemented. Even incidents that have not caused direct damage or financial loss are reported, to promote proactive risk management.

### Management of material changes

SBAB's process for the management of material changes is applied for new or significantly altered products, services, markets, processes and IT systems as well as in the event of major operational and organisational changes at SBAB. The aim of the process is to evaluate any potential risks related to the change and to draw attention to any impact the change may have on capital position.

### Continuity management

SBAB works in a pre-emptive manner to prevent events that may affect the company's ability to conduct operations. A contingency organisation has been established for the management and communication in case of serious incidents, crises or disasters. This organisation is tested regularly in collaboration with external crisis management experts. The contingency organisation worked systematically during the year with risk management related to the coronavirus crisis.

### Significant operational risks

SBAB has identified a number of risks that, were they to occur, are assessed as potentially having a larger impact on SBAB's operations than other risks. The development of these risk is monitored on an ongoing basis by the Executive Management and the Board, and is taken into consideration within the framework of SBAB's business planning. The significant operational risks are detailed below.

#### Information security risk

It is critical for the entire business that the bank's control environment for information is both rigorous and transparent. Several potential risk drivers exist for the possible compromise of data in terms of confidentiality, accuracy and availability. Examples of such drivers, include attacks by cyber criminals, erroneous management of cloud services and errors in the replacement of the bank's base system. SBAB has a dedicated security team comprised of specialists tasked with attaining and maintaining a high level of cyber security for the bank. This is achieved through proactive efforts to ensure strong, digital perimeter protection and a high level of security within this protective shield. The team endeavours to increase risk and security awareness throughout SBAB with the aim of achieving the right level of security for our customers, systems and personnel. Moreover, the bank has a separate department for information linked to natural and legal persons called Privacy. This department reviews the processing of personal data in cloud services and sets requirements for such processing so as to ensure the bank complies with the applicable rules. In order to implement the IT strategy in a secure manner, operations retain the approach, under the existing governance model, of making small deliveries frequently to minimise any risk of major disruptions.

#### Technical risk

Market advances in technology have been rapid in recent years, which has led to certain parts of SBAB's infrastructure becoming obsolete and outdated. An extensive project to replace the system platform began in 2017 and has continued at full intensity and with high priority since then. The project is expected to be completed in 2023. Clearly defined objectives and priorities are in place for SBAB's IT strategy to ensure that the identified risks are managed effectively. The Executive Management and the Board closely monitor the development and outcome related to time plans and expenses. The shorter target and lead times entailed by the agile working method as well as

shorter intervals between production increase flexibility and enable more efficient working practices.

#### Financial crime

The threat level from criminals is deemed to be such that the bank risks being exposed to money laundering attempts. Moreover, a risk exists that the bank will be exposed to internal fraud. SBAB has a separate unit, Anti-Financial Crime (AFC), which acts to strengthen SBAB's overall capacity to prevent financial crime. SBAB's efforts in this area encompass, inter alia, conducting risk assessments, obtaining a good level of KYC, monitoring activities and transactions, continuous training and ensuring adequate internal control is performed through examination in the first, second and third lines in terms of daily operations, procedures and processes. SBAB has an internal framework regulating how operations should work to counteract bribes and other forms of corruption. The framework is designed to reflect the Code on Gifts, Rewards and other Benefits in Business published by the Swedish Anti-Corruption Institute. To that end, SBAB conducts ongoing courses in this area.

#### Competence

SBAB aims to be an attractive workplace with dedicated and motivated employees who, on their own initiative, generate ideas, collaborate and identify solutions. Like many other companies, SBAB faces the risk of not succeeding in attracting and retaining the right skills. SBAB uses a clearly defined and transparent HR strategy together with ambitious goals in this area to actively develop the value-driven work approach and to ensure inclusive leadership that can generate driven employees.

Regulatory risk is increasingly becoming a significant risk. New external regulations in areas including sustainability that impact SBAB will be implemented and training will be conducted to secure a high level of competence and thus high regulatory compliance in all parts of SBAB.

#### Capital requirements for operational risks

SBAB uses the standardised approach to calculate capital requirements for operational risk within the Pillar 1 framework. The capital requirements for operational risk are presented in the Risk Exposure Amounts and Capital requirements table (Note RC 8).

## RC:6 Business risk

SBAB differentiates its business risk between strategic risk and the risk of weaker earnings. Strategic risk is defined as the risk of a loss arising due to unfavourable business decisions, erroneous implementation of strategic decisions or a lack of sensitivity to changes in the industry, the political environment or legal circumstances. The risk of weaker earnings encompasses the risk of, for example, reduced margins, which in turn may arise due to more expensive financing or more intense competition.

New business is usually relatively similar to the business SBAB already has. Changes in the form of new products or new markets may only constitute a small part of SBAB's activities and must be implemented at such a pace that SBAB does not substantially jeopardise its earnings level and with great probability avoids pressure on its own funds.

Risks related to strategy and earnings are evaluated on an ongoing basis over the year within the first line's strategy work. Strategically important decisions are managed within the framework for managing material changes. Furthermore, the Board receives an annual evaluation of the material risks that clearly addresses strategic business risk and the bank's overall earnings. Business risk is included in the calculation of the Pillar 2 capital requirement as part of SBAB's stress tests, and where the effects of a scenario corresponding to a normal economic downturn are evaluated. For business risk within Pillar 2, refer to the "Capital adequacy and risk management 2021" report.

## RC:7 Concentration risk

Concentration risk arises when exposures are concentrated to certain counterparties, regions or types of businesses/industries. Through a direction decision as part of the business planning, SBAB's Board has established the concentration of risk based on the actual conditions for SBAB. The Board's risk appetite sets the framework for concentration risk, which is calculated based on the size of the exposures, industry and geographical concentration.

SBAB is primarily considered to be exposed to credit-risk related concentration risk in its lending operations. The risk department continuously monitors and analyses concentration in the lending portfolio based on, inter alia, geographical area, collateral, segment and product type. Moreover, large

exposures to single counterparties are monitored on an ongoing basis. Total lending to the ten largest customer groups accounted for 6% of lent capital. For more information on the lending portfolio's geographical breakdown, please refer to pages 77 and 78.

SBAB also evaluates the ongoing capital requirement for concentration risk and quantifies the economic capital risk for credit-risk exposures, see Note RC 9.

For concentration risk in liquidity, please refer to Note RC 3.

## RC:8 Capital adequacy analysis

### Regulatory framework

Uniform prudential requirements for credit institutions were adopted by the EU on 7 June 2019 through amendments of the Capital Requirements Regulation, the Capital Requirements Directive and the Bank Recovery & Resolution Directive (the banking package). The purpose of the rules is in part to make institutions more resilient to new crises, and in part to raise confidence in the institutions' ability to manage new crises. The regulations include capital requirements, requirements on capital quality, a non-risk-based metric (leverage ratio) and quantitative liquidity requirements. The majority of the amendments to the CRR started to apply from 28 June 2021. Legislative amendments linked to the Capital Requirements Directive entered force on 29 December 2020. Binding leverage ratio requirements of 3% entered force on 28 June 2021.

During the first quarter of 2020, the Swedish FSA reduced the countercyclical capital buffer requirement from 2.5% to 0%, due to the coronavirus pandemic. On 29 September 2021, the Swedish FSA announced that the countercyclical buffer value would be raised to 1%, effective from 29 September 2022. The Danish government has decided to raise the countercyclical capital buffer requirement from 0% to 1%, effective from 30 September 2022. In June, the central bank of Norway also decided to raise the countercyclical capital buffer from 1% to 1.5%, effective from 30 June 2022.

From 31 December 2018, a risk-weight floor of 25% for residential mortgages to Swedish households within Pillar 1 is included, following a decision by the Swedish FSA. The decision applied for two years. Thereafter, the Swedish FSA resolved to apply the floor in Pillar 1 until 30 December 2021. In September 2021, the Swedish FSA advised the European Commission and the European Systemic Risk Board (ESRB) of its plans to continue to apply the risk-weight floor for Swedish mortgages for two further years, according to Article 458 of the Capital Requirements Regulation. The credit institutions encompassed by the measure are those authorised to use the IRB approach and which have exposures to Swedish residential mortgages.

Banks that are considered systemic will be subject to additional capital requirements. SBAB is not subject to these requirements.

The Swedish National Debt Office has decided a minimum requirement for own funds and eligible liabilities (MREL) and a subordination requirement for SBAB for 2022 and on full implementation from 2024. The new MREL and subordination requirement are expressed as risk-weighted and as non risk-weighted requirements. On full implementation, the MREL for SBAB amounts to 25.2% of REA and 6% of the leverage ratio exposure (LRE). On full implementation, the requirement for subordinated debt amounts to 22.7% of REA and 6% of LRE. The target levels for 2022 amount to an MREL of 22.7% from a risk-weighted perspective and to an LRE of 5% from a non risk-weighted perspective, as well as to a subordination requirement of 13.5% from a risk-weighted perspective and 5% from a non risk-weighted perspective.

An amendment to the Commission Delegated Regulation (EU) No 241/2014 was published in December 2020 with regard to the prudential measurement of software assets. The key amendments in this regulation entail the replacement of deduction for the full amount of software assets from CET1 capital with a limited deduction based on the prudential amortisation of these assets calibrated over a period of not more than three years. The change is expected to have a marginal impact on SBAB's capital ratios.

On 27 October 2021, the European Commission published a new "banking package," which consists of three elementary legislative overhauls: a proposal to amend the Capital Requirements Directive, the Regulation on Prudential Requirements for Credit Institutions and Investment Firms, and the Bank Recovery & Resolution Directive. The comprehensive regulatory changes aim to address existing problems in the current European regulatory framework and to further improve capitalisation, liquidity and leverage ratios, without impairing the competitiveness of European banks. This will strengthen resilience across the entire financial sector, enabling it to better absorb adverse shocks. The ECB has completed comprehensive analysis, which found different interpretations of the EU framework between banks using internal models, thereby leading to asymmetric results in the calculation of risk-weighted assets for portfolios with the same underlying risk. This is one of the key issues taken up in the new regulatory proposal, which addresses the problem

by introducing several limiting factors for the IRB approach, including input floors for PD, LGD and CCF estimates. The main source of risk for SBAB stems from credit risk. The regulatory proposal encompasses a number of changes both to the standardised approach and to the IRB approach. Besides the changes to the calculation of credit risk, changes have also been proposed for CVA and operational risk as well as for the leverage ratio buffer. SBAB is closely monitoring the regulatory approval process and is ready to implement the new requirements following their approval by European and national authorities.

### SBAB's capital

SBAB is well capitalised, and to retain a strong capital position, SBAB's Board of Directors adopted a new capital policy. According to SBAB's capital targets, under normal conditions, the Bank's CET1 capital ratio and its total capital ratio should both be at least 0.6 percentage points higher than the capital requirement communicated by the Swedish FSA. In September 2021, the Swedish FSA communicated one expected effect from the Pillar 2 guidance for SBAB: 0 percentage points on the risk-weighted capital requirement and 0.3 percentage points on the leverage ratio, which are to be covered by CET1 capital. The bank is also tasked with meeting any other regulatory capital requirements. By means of a strong capital position and good risk management, SBAB meets the supervisory rules adopted by the EU.

SBAB primarily recognises credit risk in accordance with the internal ratings-based (IRB) approach, and other risk types in accordance with the standardised approach.

The SBAB Group has no securitised loans of its own and has not contributed to any other institution's securitisation.

Note RC:9 contains a summary of the method used to assess the internal capital requirement.

### Own funds

SBAB's own funds comprise equity as well as additional Tier 1 capital and Tier 2 capital consisting of own funds instruments. SBAB's own funds amounted to SEK 25,106 million (22,992) as per 31 December 2021. Over the year, the CET1 capital was affected primarily by the fact that net profit/loss for the period was added. The surplus has been verified by the company's auditors, in accordance with Article 26, item 2, of the CRR. During the year, Tier 1 capital increased from SEK 3,500 million to SEK 4,300 million as a result of the issue of AT1 instruments.

According to Article 35 of the CRR, the institution shall, except in the case of the items referred to in Article 33, not make adjustments to remove from own funds unrealised gains or losses on assets or liabilities recognised at fair value. According to this Article, SEK 919 million (2,321) has been added to CET1 capital.

According to Article 33, item 1, of the CRR, part of the fair-value reserves related to gains or losses on cash-flow hedges of financial instruments that are not measured at fair value, including projected cash flows, is not to be included in own funds. The CET1 capital has been adjusted for cash-flow hedges amounting to negative SEK 868 million (negative: 2,307).

Changes in fair value that depend on the institution's own credit standing and that are related to derivatives had a negative impact of SEK 12 million (negative: 24) on the CET1 capital, in accordance with Article 33, item 1b.

With reference to Articles 34 and 105 of the CRR, SEK 55 million (51) has been deducted due to the requirements for prudent valuation.

A deduction of SEK 12 million (204) for intangible assets and a deduction of SEK 43 million (51) for net provisions were made in accordance with Article 36. Positive net provisions amounted to SEK 0 million (5) in accordance with Article 62.

### The consolidated situation

The table below lists the companies that are included in the consolidated situation within the SBAB Group. There are no ongoing or unforeseen material obstacles or legal barriers to a rapid transfer of funds from own funds other than what is stipulated in the terms and conditions governing own funds instruments (see Note L:7).



**Companies included in the consolidated situation**

Company	Corporate Registration Number	Ownership share	Consolidation method used in the accounts	Consolidation method used for capital adequacy	Company description
SBAB Bank AB (publ)	556253-7513	Parent Company	-	-	Institution
AB Sveriges Säkerställda Obligationer (publ) (Swedish Covered Bond Corporation – SCBC)	556645-9755	100%	Fully consolidated	Acquisition method	Institution

**Companies not included in the consolidated situation**

Company	Corporate Registration Number	Ownership share	Consolidation method used in the accounts	Consolidation method used for capital adequacy	Company description
Booli Search Technologies AB	556733-0567	100%	Fully consolidated	Not consolidated	IT company
Boappa AB	559081-8273	58%	Fully consolidated	Not consolidated	IT company

**Subordinated debt and own funds instruments**

Subordinated debt may be included in the calculation of Tier 1 capital if certain conditions are present. SBAB includes four own funds instruments with a nominal value of SEK 4,300 million as Tier 1 capital in own funds. Tier 2 capital amounted to SEK 1,995 million and comprised two own funds instruments.

Own funds instruments are subordinate to the Parent Company's other liabilities, and own funds instruments that are included in Tier 1 capital are subordinate to other own funds instruments. Please refer to the link under "Capi-

tal adequacy and risk management" at [www.sbab.se](http://www.sbab.se) for a specification of own funds and the complete terms and conditions for own funds instruments in accordance with Commission Implementing Regulation (EU) No 2021/637. The complete terms and conditions for each own funds instrument are specified in the same place. For further information on own funds instruments, also refer to Note [L 7](#).

## Capital adequacy – KPIs

SEK million	CONSOLIDATED SITUATION		
	31 Dec 2021	30 Sep 2021	30 Jun 2021
<b>Available own funds (amount)</b>			
CET1 capital	18,811	18,318	18,039
Tier 1 capital	23,111	22,618	22,339
Total capital	25,106	24,613	24,334
<b>Risk exposure amount (REA)</b>			
Total REA	138,876	137,666	138,024
<b>Capital ratios (as a percentage of REA)</b>			
CET1 capital ratio (%)	13.5	13.3	13.1
Tier 1 capital ratio (%)	16.6	16.4	16.2
Total capital ratio (%)	18.1	17.9	17.6
<b>Additional own funds requirements to address risks other than the risk of excessive leverage (as a percentage of REA)</b>			
Additional own funds requirements to address risks other than the risk of excessive leverage (%)	3.4	3.4	1.6
of which: to be made up of CET1 capital (percentage points)	2.2	2.2	0.9
of which: to be made up of Tier 1 capital (percentage points)	2.5	2.5	1.2
Total SREP own funds requirements (%)	11.4	11.4	9.6
<b>Combined buffer and overall capital requirements (as a percentage of REA)</b>			
Capital conservation buffer (%)	2.5	2.5	2.5
Capital conservation buffer due to macro-prudential or systemic risk identified at the level of a Member State (%)	-	-	-
Institution-specific countercyclical capital buffer (%)	0.0	0.0	0.0
Systemic risk buffer (%)	-	-	-
Global Systemically Important Institution buffer (%)	-	-	-
Other Systemically Important Institution buffer (%)	-	-	-
Combined buffer requirement (%)	2.5	2.5	2.5
Overall capital requirements (%)	13.9	13.9	12.1
CET1 capital available after meeting the total SREP own funds requirements (%)	6.9	6.6	7.7

SEK million	CONSOLIDATED SITUATION		
	31 Dec 2021	30 Sep 2021	30 Jun 2021
<b>Leverage ratio</b>			
Total exposure measure	580,521	581,249	558,051
Leverage ratio (%)	4.0	3.9	4.0
<b>Additional own funds requirements to address the risk of excessive leverage (as a percentage of total exposure measure)</b>			
Additional own funds requirements to address the risk of excessive leverage (%)	-	-	-
of which: to be made up of CET1 capital (percentage points)	-	-	-
Total SREP leverage ratio requirements (%)	3.0	3.0	3.0
<b>Leverage ratio buffer and overall leverage ratio requirement (as a percentage of total exposure measure)</b>			
Leverage ratio buffer requirement (%)	-	-	-
Overall leverage ratio requirement (%)	3.0	3.0	3.0
<b>Liquidity coverage ratio</b>			
Total high-quality liquid assets (HQLA) (weighted value – average)	79,000	77,236	76,879
Cash outflows – total weighted value	43,300	42,713	42,464
Cash inflows – total weighted value	9,316	8,722	8,777
Total net cash outflows (adjusted value)	33,984	33,992	33,688
Liquidity coverage ratio (%)	232.5	227.2	228.2
<b>Net Stable Funding Ratio<sup>1)</sup></b>			
Total available stable funding	477,485	483,891	469,032
Total required stable funding	371,325	360,419	351,207
NSFR (%)	128.6	134.3	133.5

1) A technical calculation error resulted in the publication of an NSFR for the second quarter of 2021 that was too high. The published ratio was 138.3%, but the correct ratio should have been 133.55%. The bank does not believe this will have any material effect on liquidity risk.

## Own funds

SEK million	CONSOLIDATED SITUATION	
	2021	2020
<b>CET1 capital instruments: Instruments and reserves</b>		
Capital instruments and the related share premium accounts	1,958	1,958
Retained earnings	15,653	13,995
Accumulated other comprehensive income (and other reserves)	919	2,321
Independently verified net profit for the year net of any foreseeable charge or dividend <sup>1)</sup>	1,271	1,855
<b>CET1 capital before regulatory adjustments</b>	<b>19,801</b>	<b>20,129</b>
<b>CET1 capital: Regulatory adjustments</b>		
Additional value adjustments (negative amount)	-55	-51
Intangible assets (net of related tax liability) (negative amount)	-12	-204
Fair value reserves related to gains or losses on cash-flow hedges of financial instruments that are not valued at fair value	-868	-2,307
Negative amounts resulting from the calculation of expected loss amounts	-43	-51
Gains or losses on liabilities valued at fair value resulting from changes in own credit standing	-12	-24
Other regulatory adjustments <sup>2)</sup>	-	-
<b>Total regulatory adjustments to CET1 capital</b>	<b>-990</b>	<b>-2,637</b>
<b>CET1 capital</b>	<b>18,811</b>	<b>17,492</b>
<b>Additional Tier 1 capital: Instruments</b>		
Capital instruments and the related share premium accounts	4,300	3,500
<i>of which, classified as equity under applicable accounting standards</i>	4,300	3,500
<i>of which, classified as liabilities under applicable accounting standards</i>	-	-
Amount of qualifying items referred to in Article 484(4) and the related share premium accounts subject to phase out from Additional Tier 1 capital	-	-
<b>Additional Tier 1 capital before regulatory adjustments</b>	<b>4,300</b>	<b>3,500</b>
<b>Additional Tier 1 capital: regulatory adjustments</b>		
<b>Total regulatory adjustments to Additional Tier 1 capital</b>	<b>-</b>	<b>-</b>
<b>Additional Tier 1 capital</b>	<b>4,300</b>	<b>3,500</b>
<b>Tier 1 capital (Tier 1 capital = CET1 + Additional Tier 1 capital)</b>	<b>23,111</b>	<b>20,992</b>
<b>Tier 2 capital: instruments</b>		
Capital instruments and the related share premium accounts	1,955	1,995
Credit risk adjustments	0	5
<b>Tier 2 capital before regulatory adjustments</b>	<b>1,995</b>	<b>2,000</b>
<b>Tier 2 capital: Regulatory adjustments</b>		
<b>Total regulatory adjustments to Tier 2 capital</b>	<b>-</b>	<b>-</b>
<b>Tier 2 capital: instruments</b>	<b>1,995</b>	<b>2,000</b>
<b>Total capital (Total capital = Tier 1 capital + Tier 2 capital)</b>	<b>25,106</b>	<b>22,992</b>
<b>Total risk exposure amount</b>	<b>138,876</b>	<b>130,267</b>

## Cont. Own funds

SEK million	CONSOLIDATED SITUATION	
	2021	2020
<b>Capital ratios and requirements including buffers, %</b>		
CET1 capital	13.5	13.4
Tier 1 capital	16.6	16.1
Total capital	18.1	17.6
Institution – CET1 overall capital requirements	9.2 <sup>3)</sup>	7.0
<i>of which, capital conservation buffer requirement</i>	2.5	2.5
<i>of which, countercyclical buffer requirement</i>	0.0	0.0
<i>of which, systemic risk buffer requirement</i>	–	–
<i>of which, G-SII buffer and O-SII buffer</i>	–	–
<i>of which, additional own funds requirements to address risks other than the risk of excessive leverage</i>	2.2 <sup>3)</sup>	–
Common Equity Tier 1 capital (as a percentage of risk exposure amount) available after meeting the minimum capital requirements	6.9 <sup>3)</sup>	8.9
<b>Capital instruments subject to phase-out arrangements (only applicable between 1 January 2014 and 1 January 2022)</b>		
Current cap on AT1 instruments subject to phase-out arrangements	–	–
Amount excluded from AT1 due to cap (excess over cap after redemptions and maturities)	–	–
Current cap on T2 instruments subject to phase-out arrangements	–	–

<sup>1)</sup> Net profit for the year was reduced by the expected dividend of SEK 832 million. The results have been verified by Deloitte AB pursuant to Article 26, Point 2a of the Capital Requirements Regulation.

<sup>2)</sup> There are no results that generate deduction of NPL backstop since entry into force.

<sup>3)</sup> Amended requirements by Regulation (EU) 2021/637 with application from Q2 2021.



SBAB has previously identified faults with the internal models used to cover capital requirements for credit risk and SBAB has therefore, voluntarily applied an Article 3 surcharge on Pillar 1 capital adequacy, and has also completed efforts to update the internal rating-based models. SBAB's assessment is that the implementation of the updated models, following approval

from the Swedish FSA, should rectify the identified faults and therefore lead to a decreased Pillar 2 requirement. In October 2021, the Board of SBAB decided to remove the voluntarily applied Article 3 surcharge as a result of the Pillar 2 requirements communicated by the Swedish FSA.

### Risk exposure amounts and capital requirements

SEK million	CONSOLIDATED SITUATION			
	2021		2020	
	Risk exposure amount	Capital requirement	Risk exposure amount	Capital requirement
<b>Credit risk recognised in accordance with IRB approach</b>				
Exposures to corporates	20,110	1,609	16,578	1,326
Retail exposures	12,889	1,031	12,181	975
<i>of which, exposures to SMEs</i>	1,070	86	913	73
<i>of which, retail exposures secured by immovable property</i>	11,819	945	11,268	902
<b>Total exposures recognised with the IRB approach</b>	<b>32,999</b>	<b>2,640</b>	<b>28,759</b>	<b>2,301</b>
<b>Credit risk recognised with the standardised approach</b>				
Exposures to governments and central banks	0	0	0	0
Exposures to regional governments or local authorities or agencies	0	0	0	0
Exposures to multilateral development banks	0	0	0	0
Exposures to international organisations	0	0	0	0
Exposures to institutions <sup>1)</sup>	3,904	312	4,042	323
<i>of which, derivatives according to CRR, Appendix 2</i>	3,739	299	4,014	321
<i>of which, repos</i>	164	13	28	2
<i>of which other</i>	1	0	0	0
Retail exposures	2,705	216	2,613	209
Exposures in default	5	0	7	1
Exposures in the form of covered bonds	3,111	249	3,738	299
Exposures to institutions and corporates with a short-term credit rating	14	1	10	1
Equity exposures	150	12	1,266	101
Other items	644	53	327	26
<b>Total exposures recognised with standardised approach</b>	<b>10,533</b>	<b>843</b>	<b>12,003</b>	<b>960</b>
<b>Market risk</b>	<b>341</b>	<b>27</b>	<b>348</b>	<b>28</b>
<i>of which, position risk</i>	-	-	-	-
<i>of which, currency risk</i>	341	27	348	28
<b>Operational risk</b>	<b>5,547</b>	<b>444</b>	<b>5,212</b>	<b>417</b>
<i>of which, standardised approach</i>	5,547	444	5,212	417
<b>Credit valuation adjustment risk</b>	<b>1,665</b>	<b>133</b>	<b>1,504</b>	<b>120</b>
<b>Additional requirements under Article 458 of the CRR</b>	<b>87,791</b>	<b>7,023</b>	<b>81,649</b>	<b>6,532</b>
<b>Additional requirements under Article 3 of the CRR</b>	<b>-</b>	<b>-</b>	<b>792</b>	<b>63</b>
<b>Total risk exposure amount and minimum capital requirements</b>	<b>138,876</b>	<b>11,110</b>	<b>130,267</b>	<b>10,421</b>
<b>Capital requirements for capital conservation buffer</b>		<b>3,472</b>		<b>3,257</b>
<b>Capital requirements for countercyclical buffer</b>		<b>17</b>		<b>17</b>
<b>Total capital requirements</b>		<b>14,599</b>		<b>13,695</b>

<sup>1)</sup> The risk exposure amount for counterparty risk according to the CRR, Article 92(3)(f), amounts to SEK 3,903 million (4,042).

## Average risk weight for credit risk recognised using the IRB approach

SEK million	CONSOLIDATED SITUATION									
	2021					2020				
	Exposure before credit risk hedge	Exposure after CCF	Risk expo- sure amount	Capital require- ment	Average risk weight, %	Exposure before credit risk hedge	Exposure after CCF	Risk expo- sure amount	Capital require- ment	Average risk weight, %
<b>Credit risk in lending portfolio recognised under the IRB approach</b>										
Exposures to corporates	84,150	81,554	20,110	1,609	24.7	64,103	62,379	16,578	1,326	26.6
Retail exposures	447,687	402,719	12,889	1,031	3.2	413,709	375,321	12,181	975	3.2
<i>of which, single-family dwellings and holiday homes</i>	173,763	172,796	4,952	396	2.9	160,081	159,094	4,685	375	2.9
<i>of which, tenant-owners' rights</i>	168,828	167,482	6,574	526	3.9	159,732	158,372	6,334	507	4.0
<i>of which, tenant-owners' associations</i>	55,542	55,069	1,070	86	1.9	51,617	51,185	913	73	1.8
<b>Total credit risk under the IRB approach</b>	<b>531,837</b>	<b>484,273</b>	<b>32,999</b>	<b>2,640</b>	<b>6.8</b>	<b>477,812</b>	<b>437,700</b>	<b>28,759</b>	<b>2,301</b>	<b>6.6</b>

## Capital adequacy – KPIs

SEK million	PARENT COMPANY		
	31 Dec 2021	30 Sep 2021	30 Jun 2021
<b>Available own funds (amount)</b>			
CET1 capital	10,279	10,407	10,579
Tier 1 capital	14,579	14,707	14,879
Total capital	16,574	16,702	16,874
<b>Risk exposure amount (REA)</b>			
Total REA	36,358	37,604	39,630
<b>Capital ratios (as a percentage of REA)</b>			
CET1 capital ratio (%)	28.3	27.7	26.7
Tier 1 capital ratio (%)	40.1	39.1	37.5
Total capital ratio (%)	45.6	44.4	42.6
<b>Additional own funds requirements to address risks other than the risk of excessive leverage (as a percentage of REA)</b>			
Additional own funds requirements to address risks other than the risk of excessive leverage (%)	4.6	4.6	2.7
of which: to be made up of CET1 capital (percentage points)	2.7	2.7	1.5
of which: to be made up of Tier 1 capital (percentage points)	3.5	3.5	2.0
Total SREP own funds requirements (%)	12.6	12.6	10.7
<b>Combined buffer and overall capital requirements (as a percentage of REA)</b>			
Capital conservation buffer (%)	2.5	2.5	2.5
Capital conservation buffer due to macro-prudential or systemic risk identified at the level of a Member State (%)	-	-	-
Institution-specific countercyclical capital buffer (%)	0.0	0.0	0.0
Systemic risk buffer (%)	-	-	-
Global Systemically Important Institution buffer (%)	-	-	-
Other Systemically Important Institution buffer (%)	-	-	-
Combined buffer requirement (%)	2.5	2.5	2.5
Overall capital requirements (%)	15.1	15.2	13.2
CET1 capital available after meeting the total SREP own funds requirements (%)	21.1	20.5	20.7

SEK million	PARENT COMPANY		
	31 Dec 2021	30 Sep 2021	30 Jun 2021
<b>Leverage ratio</b>			
Total exposure measure	145,590	158,213	147,709
Leverage ratio (%)	10.0	9.3	10.1
<b>Additional own funds requirements to address the risk of excessive leverage (as a percentage of total exposure measure)</b>			
Additional own funds requirements to address the risk of excessive leverage (%)	-	-	-
of which: to be made up of CET1 capital (percentage points)	-	-	-
Total SREP leverage ratio requirements (%)	3.0	3.0	3.0
<b>Leverage ratio buffer and overall leverage ratio requirement (as a percentage of total exposure measure)</b>			
Leverage ratio buffer requirement (%)	-	-	-
Overall leverage ratio requirement (%)	3.0	3.0	3.0
<b>Liquidity coverage ratio</b>			
Total high-quality liquid assets (HQLA) (weighted value – average)	79,000	77,236	76,879
Cash outflows – total weighted value	50,797	52,419	52,656
Cash inflows – total weighted value	6,566	8,210	9,003
Total net cash outflows (adjusted value)	44,231	44,209	43,653
Liquidity coverage ratio (%)	178.6	174.7	176.1
<b>Net Stable Funding Ratio</b>			
Total available stable funding	196,156	196,729	196,612
Total required stable funding	148,580	133,920	140,936
NSFR (%)	132.0	146.9	139.5

## Own funds

SEK million	PARENT COMPANY	
	2021	2020
<b>CET1 capital instruments: Instruments and reserves</b>		
Capital instruments and the related share premium accounts	1,958	1,958
Retained earnings	8,782	7,983
Accumulated other comprehensive income (and other reserves)	165	241
Independently verified net profit for the year net of any foreseeable charge or dividend <sup>1)</sup>	-485	973
<b>CET1 capital before regulatory adjustments</b>	<b>10,420</b>	<b>11,155</b>
<b>CET1 capital: Regulatory adjustments</b>		
Additional value adjustments (negative amount)	-73	-71
Intangible assets (net of related tax liability) (negative amount)	-13	-14
Fair value reserves related to gains or losses on cash-flow hedges of financial instruments that are not valued at fair value	-24	-89
Negative amounts resulting from the calculation of expected loss amounts	-19	-39
Gains or losses on liabilities valued at fair value resulting from changes in own credit standing	-12	-25
Other regulatory adjustments <sup>2)</sup>	-	-
<b>Total regulatory adjustments to CET1 capital</b>	<b>-141</b>	<b>-238</b>
<b>CET1 capital</b>	<b>10,279</b>	<b>10,917</b>
<b>Additional Tier 1 capital</b>		
Capital instruments and the related share premium accounts	4,300	3,500
<i>of which, classified as equity under applicable accounting standards</i>	4,300	3,500
<i>of which, classified as liabilities under applicable accounting standards</i>	-	-
Amount of qualifying items referred to in Article 484(4) and the related share premium accounts subject to phase out from Additional Tier 1 capital	-	-
<b>Additional Tier 1 capital before regulatory adjustments</b>	<b>4,300</b>	<b>3,500</b>
<b>Additional Tier 1 capital: regulatory adjustments</b>		
<b>Total regulatory adjustments to Additional Tier 1 capital</b>	<b>-</b>	<b>-</b>
<b>Additional Tier 1 capital</b>	<b>4,300</b>	<b>3,500</b>
<b>Tier 1 capital (Tier 1 capital = CET1 + Additional Tier 1 capital)</b>	<b>14,579</b>	<b>14,417</b>
<b>Tier 2 capital: instruments</b>		
Capital instruments and the related share premium accounts	1,995	1,995
Credit risk adjustments	-	-
<b>Tier 2 capital before regulatory adjustments</b>	<b>1,995</b>	<b>1,995</b>
<b>Tier 2 capital: Regulatory adjustments</b>		
<b>Total regulatory adjustments to Tier 2 capital</b>	<b>-</b>	<b>-</b>
<b>Tier 2 capital: instruments</b>	<b>1,995</b>	<b>1,995</b>
<b>Total capital (Total capital=Tier 1 capital + Tier 2 capital)</b>	<b>16,574</b>	<b>16,412</b>
<b>Total risk exposure amount</b>	<b>36,358</b>	<b>38,322</b>



## Cont. Own funds

SEK million	PARENT COMPANY	
	2021	2020
<b>Capital ratios and requirements including buffers, %</b>		
CET1 capital	28.3	28.5
Tier 1 capital	40.1	37.6
Total capital	45.6	42.8
Institution – CET1 overall capital requirements	9.7 <sup>3)</sup>	7.0
<i>of which, capital conservation buffer requirement</i>	2.5	2.5
<i>of which, countercyclical buffer requirement</i>	0.0	0.0
<i>of which, systemic risk buffer requirement</i>	–	–
<i>of which, G-SII buffer and O-SII buffer</i>	–	–
<i>of which, additional own funds requirements to address risks other than the risk of excessive leverage</i>	2.7 <sup>3)</sup>	–
Common Equity Tier 1 capital (as a percentage of risk exposure amount) available after meeting the minimum capital requirements	21.1 <sup>3)</sup>	24.0
<b>Capital instruments subject to phase-out arrangements (only applicable between 1 January 2014 and 1 January 2022)</b>		
Current cap on AT1 instruments subject to phase-out arrangements	–	–
Amount excluded from AT1 due to cap (excess over cap after redemptions and maturities)	–	–
Current cap on T2 instruments subject to phase-out arrangements	–	–

<sup>1)</sup> Net profit for the year was reduced by the expected dividend of SEK 832 million. The results have been verified by Deloitte AB pursuant to Article 26, Point 2a of the Capital Requirements Regulation.

<sup>2)</sup> There are no results that generate deduction of NPL backstop since entry into force.

<sup>3)</sup> Amended requirements by Regulation (EU) 2021/637 with application from Q2 2021.

## Risk exposure amounts and capital requirements

SEK million	PARENT COMPANY			
	2021		2020	
	Risk exposure amount	Capital requirement	Risk exposure amount	Capital requirement
<b>Credit risk recognised in accordance with IRB approach</b>				
Exposures to corporates	8,146	651	7,740	619
Retail exposures	1,060	85	941	75
<i>of which, exposures to SMEs</i>	81	7	58	5
<i>of which, retail exposures secured by immovable property</i>	979	78	883	70
<b>Total exposures recognised with the IRB approach</b>	<b>9,206</b>	<b>736</b>	<b>8,681</b>	<b>694</b>
<b>Credit risk recognised with the standardised approach</b>				
Exposures to governments and central banks	0	0	0	0
Exposures to regional governments or local authorities or agencies	0	0	0	0
Exposures to multilateral development banks	0	0	0	0
Exposures to international organisations	0	0	0	0
Exposures to institutions <sup>1)</sup>	3,429	274	3,934	315
<i>of which, derivatives according to CRR, Appendix 2</i>	3,429	274	3,899	312
<i>of which, repos</i>	0	0	19	2
<i>of which other</i>	0	0	16	1
Retail exposures	2,705	216	2,613	209
Exposures in default	5	0	7	1
Exposures in the form of covered bonds	3,111	249	3,738	299
Exposures to institutions and corporates with a short-term credit rating	15	1	11	1
Equity exposures	10,450	836	11,566	925
Other items	153	13	96	7
<b>Total exposures recognised with standardised approach</b>	<b>19,868</b>	<b>1,589</b>	<b>21,965</b>	<b>1,757</b>
<b>Market risk</b>	<b>61</b>	<b>5</b>	<b>74</b>	<b>6</b>
<i>of which, position risk</i>	-	-	-	-
<i>of which, currency risk</i>	61	5	74	6
<b>Operational risk</b>	<b>2,567</b>	<b>205</b>	<b>2,148</b>	<b>172</b>
<i>of which, standardised approach</i>	2,567	205	2,148	172
<b>Credit valuation adjustment risk</b>	<b>870</b>	<b>70</b>	<b>1,286</b>	<b>103</b>
<b>Additional requirements under Article 458 of the CRR</b>	<b>3,786</b>	<b>304</b>	<b>3,992</b>	<b>320</b>
<b>Additional requirements under Article 3 of the CRR</b>	<b>-</b>	<b>-</b>	<b>176</b>	<b>14</b>
<b>Total risk exposure amount and minimum capital requirements</b>	<b>36,358</b>	<b>2,909</b>	<b>38,322</b>	<b>3,066</b>
<b>Capital requirements for capital conservation buffer</b>		<b>909</b>		<b>958</b>
<b>Capital requirements for countercyclical buffer</b>		<b>7</b>		<b>7</b>
<b>Total capital requirements</b>		<b>3,825</b>		<b>4,031</b>

<sup>1)</sup> The risk-weighted amount for counterparty risk according to the CRR, Article 92(3)(f), amounts to SEK 3,429 million (3,918).

## Average risk weight for credit risk recognised using the IRB approach

SEK million	PARENT COMPANY									
	2021					2020				
	Exposure before credit risk hedge	Exposure after CCF	Risk exposure amount	Capital requirement	Average risk weight, %	Exposure before credit risk hedge	Exposure after CCF	Risk exposure amount	Capital requirement	Average risk weight, %
<b>Credit risk in lending portfolio recognised under the IRB approach</b>										
Exposures to corporates	25,575	23,038	8,146	652	35.4	21,705	20,045	7,740	619	38.6
Retail exposures	63,972	19,378	1,060	85	5.5	57,727	19,734	941	75	4.8
<i>of which, single-family dwellings and holiday homes</i>	5,317	4,352	295	24	6.8	5,631	4,646	244	20	5.3
<i>of which, tenant-owners' rights</i>	7,081	5,735	391	31	6.8	7,692	6,332	390	31	6.2
<i>of which, tenant-owners' associations</i>	2,020	1,920	81	6	4.2	2,125	2,087	58	5	2.8
<b>Total credit risk under the IRB approach</b>	<b>89,547</b>	<b>42,416</b>	<b>9,206</b>	<b>736</b>	<b>21.7</b>	<b>79,432</b>	<b>39,779</b>	<b>8,681</b>	<b>694</b>	<b>21.8</b>

## RC:9 Internally assessed capital requirement

Within the framework of Pillar 2, the Basel regulations impose the requirement that banks' management and assessment of risks must be satisfactory to ensure that the banks can fulfil their obligations. To meet this requirement, the banks must have methods that enable them to continuously evaluate and uphold capital in an amount, type and distribution sufficient to cover the risks to which they are or will become exposed. This is known as the company's internal capital adequacy assessment process, which is part of SBAB's internal capital and liquidity adequacy assessment process (ICLAAP). At present, liquidity risk does not give rise to any actual capital requirement for SBAB. Refer to Note RC 3 for more information about liquidity risk.

The ICAAP aims to identify, evaluate and manage the risks to which SBAB is exposed and ensure that the consolidated situation has sufficient own funds for its selected risk profile. The ICAAP is revised annually to identify changes in the operating environment and changed regulations and supervisory practices that continuously affect the bank's performance. The amount of own funds required to manage the combined risk in the operations is based primarily on the calculation of SBAB's economic capital. Economic capital is defined as the amount of capital needed to ensure solvency over a one-year period.

However, if the economic capital for risks included in Pillar 1 is less than the capital requirements under Pillar 1 for a given type of risk, the capital requirements under Pillar 1 are applied. The internally assessed capital requirement for the Group amounted to SEK 17,019 million (SEK 15,206 million) on 31 December 2021. The internal capital requirement is assessed with the help of SBAB's internal models for economic capital and is not fully compatible with the capital requirements published by the Swedish FSA. According to the Swedish FSA's report "Capital requirements of Swedish banks as of Q4 2021," SBAB's total capital requirement amounted to SEK 19,251 million.

Finally, consideration is given to the risk associated with deteriorating macro-economic conditions, which is illustrated in conjunction with stress tests. Taken together, the above comprise the capital that, in accordance with Basel 3, is required to meet all risks in the operations. Additional information on the internal capital requirement can be found in the document "Capital Adequacy and Risk Management 2021," which is published on [www.sbab.se](http://www.sbab.se). For the Parent Company, the internally assessed capital requirement amounted to SEK 5,794 million (5,553).

SEK million		CONSOLIDATED SITUATION			
		31 Dec 2021		31 Dec 2020	
		Internally assessed capital requirement		Internally assessed capital requirement	
		Incl. risk-weight floor, SEK million	Incl. risk-weight floor, %	Incl. risk-weight floor, SEK million	Incl. risk-weight floor, %
Pillar 1	Credit risk & CVA risk	3,616	2.6	3,381	2.6
	Market risk	27	0.0	28	0.0
	Operational risk	444	0.3	417	0.3
	Risk-weight floor <sup>1)</sup>	7,023	5.1	6,532	5.0
	Surcharge, corporate exposures <sup>2)</sup>	-	-	63	0.1
	<b>Total Pillar 1</b>	<b>11,110</b>	<b>8.0</b>	<b>10,421</b>	<b>8.0</b>
Pillar 2	Credit risk	1,152	0.8	1,124	0.9
	Market risk	1,207	0.9	387	0.3
	Operational risk	-	-	-	-
	Pension risk	61	0.0	-	-
	<b>Total Pillar 2</b>	<b>2,420</b>	<b>1.7</b>	<b>1,511</b>	<b>1.2</b>
Buffers	Capital conservation buffer	3,472	2.5	3,257	2.5
	Countercyclical buffer	17	0.0	17	0.0
	<b>Total Buffers</b>	<b>3,489</b>	<b>2.5</b>	<b>3,274</b>	<b>2.5</b>
<b>Total</b>	<b>17,019</b>	<b>12.3</b>	<b>15,206</b>	<b>11.7</b>	
<b>Total own funds</b>	<b>25,106</b>		<b>22,992</b>		

<sup>1)</sup> On 23 August 2018, the Swedish FSA decided to amend the method for applying the risk-weight floor for Swedish mortgages, which was previously applied in Pillar 2, by replacing it with the corresponding requirement within the framework of Article 458 of the Regulation on Prudential Requirements for Credit Institutions and Investment Firms (CRR). The change means the capital requirement is set as a requirement in Pillar 1. The amendment entered force from 31 December 2018 and applied for two years. Thereafter, the Swedish FSA resolved to apply the floor in Pillar 1 until 30 December 2021. In September 2021, the Swedish FSA advised the European Commission and the European Systemic Risk Board (ESRB) of its plans to continue to apply the risk-weight floor for Swedish mortgages for two further years, according to Article 458 of the Capital Requirements Regulation.

<sup>2)</sup> Surcharge after decision by the Board pursuant to Article 3 of the CRR. In October 2021 the Board decided to remove the Article 3 surcharge, as a result of the Swedish FSA communicated Pillar 2 requirements.

## IC Income and expenses

p.p. 159–165

## IC:1 Net interest income

SEK million	GROUP		PARENT COMPANY	
	2021	2020	2021	2020
<b>Interest income</b>				
Lending to credit institutions	27	50	1,098	1,095
Lending to the public <sup>1)</sup>	6,187	6,149	517	568
Interest-bearing securities	335	432	335	432
Derivatives	-510	-315	-358	-284
<b>Total interest income</b>	<b>6,039</b>	<b>6,316</b>	<b>1,592</b>	<b>1,811</b>
<i>of which, interest income from financial assets that is not measured at FVTPL</i>	<i>6,603</i>	<i>6,589</i>	<i>2,005</i>	<i>2,053</i>
<b>Interest expense</b>				
Liabilities to credit institutions	-11	-6	-11	-6
Deposits from the public	-604	-582	-604	-582
Issued debt securities	-2,194	-2,454	-324	-504
Subordinated debt	-44	-90	-44	-90
Derivatives	1,150	765	66	44
Other <sup>2)</sup>	-1	-1	-	-
Resolution fee	-172	-154	-33	-32
Deposit guarantee scheme fee	-49	-47	-49	-47
<b>Total interest expense</b>	<b>-1,925</b>	<b>-2,569</b>	<b>-999</b>	<b>-1,217</b>
<i>of which, interest expense from financial liabilities that is not measured at FVTPL</i>	<i>-3,076</i>	<i>-3,334</i>	<i>-1,065</i>	<i>-1,261</i>
<b>Net interest income</b>	<b>4,114</b>	<b>3,747</b>	<b>593</b>	<b>594</b>

<sup>1)</sup> Includes interest income from doubtful receivables of SEK 1 million (2).

<sup>2)</sup> The item other includes interest expense for lease liabilities pertaining to property leases of SEK 1 million (1)

## IC:2 Commission

SEK million	GROUP		PARENT COMPANY	
	2021	2020	2021	2020
<b>Commission income</b>				
Commission on lending <sup>1)</sup>	64	54	40	34
Other commissions <sup>2)</sup>	37	39	66	61
<b>Total</b>	<b>101</b>	<b>93</b>	<b>106</b>	<b>95</b>
<b>Commission expense</b>				
Commission on securities	-43	-80	-33	-29
Other commissions	-29	-37	-4	-10
<b>Total</b>	<b>-72</b>	<b>-117</b>	<b>-37</b>	<b>-39</b>
<b>Net commission</b>	<b>29</b>	<b>-24</b>	<b>69</b>	<b>56</b>

<sup>1)</sup> Commission on lending is primarily recognised when the service is provided, in other words at a specific date.

<sup>2)</sup> Other commissions are mainly recognised when these services are rendered, in other words, in a straight line over time.

## IC:3 Net result of financial transactions

SEK million	GROUP		PARENT COMPANY	
	2021	2020	2021	2020
<b>Gains/losses on interest-bearing financial instruments</b>				
Change in value of hedged items in hedge accounting	1,876	-429	-508	370
Derivatives in hedge accounting	-1,885	427	516	-373
Other derivatives	4	45	20	56
Interest-bearing securities, fair value option	-35	-44	-35	-44
Interest-bearing securities measured at FVTOCI	6	17	6	17
Interest-bearing securities at amortised cost	0	0	0	0
Realised gain/loss from financial liabilities at amortised cost	-64	-113	0	-12
Loan receivables at amortised cost	29	57	1	17
Currency translation effects	-2	2	-1	2
<b>Total</b>	<b>-71</b>	<b>-38</b>	<b>-1</b>	<b>33</b>

SBAB uses derivatives to manage interest-rate and currency risk in the Group's assets and liabilities. Derivatives are recognised at fair value in the balance sheet. SBAB's policies for risk management and hedge accounting entail variations in results as a consequence of changed market interest rates, which can arise between periods for individual items in the above presentation. These are generally offset by variations in the results in other items. Variations in results that are not neutralised through risk management and hedge accounting are commented in the administration report.

## IC:4 Other operating income

SEK million	GROUP		PARENT COMPANY	
	2021	2020	2021	2020
Administrative services on behalf of subsidiary	-	-	-1,291	-1,177
Other operating income <sup>1)</sup>	-50	-43	-8	-4
<b>Total</b>	<b>-50</b>	<b>-43</b>	<b>-1,299</b>	<b>-1,181</b>

<sup>1)</sup> Other operating income primarily includes revenue from Booli.



## IC:5 Personnel costs

SEK million	GROUP		PARENT COMPANY	
	2021	2020	2021	2020
Salaries and other remuneration	-496	-435	-483	-425
Pension costs	-75	-62	-79	-70
Social security expenses	-178	-155	-175	-154
Other personnel costs <sup>1)</sup>	-37	-35	-37	-33
<b>Total</b>	<b>-786</b>	<b>-687</b>	<b>-774</b>	<b>-682</b>

<sup>1)</sup> SBAB has received SEK 0 million (1.9) in compensation from the Swedish Social Insurance Agency for sick pay during the coronavirus pandemic.

### Salaries and other remuneration

SEK million	GROUP		PARENT COMPANY	
	2021	2020	2021	2020
CEO <sup>1)</sup>	-17	-6	-17	-6
Senior executives who report directly to the CEO	-21	-21	-21	-21
Other employees	-458	-408	-445	-398
<b>Total salaries and other remuneration</b>	<b>-496</b>	<b>-435</b>	<b>-483</b>	<b>-425</b>

<sup>1)</sup> Refer also to the table Salaries and other remuneration and pensions to the CEO and other senior executives who report directly to the CEO

Salaries and other remuneration for employees of the subsidiary Booli Search Technologies AB and Boappa AB are included in the Group's expenses in the Other employees item. Board Members who are employed by the Parent Company receive remuneration and pension benefits as a result of their employment. No additional remuneration or pension benefits are paid for Board assignments. No remuneration was paid to the CEO of the subsidiary Swedish Covered Bond Corporation (SCBC). The number of senior executives who reported directly to the CEO as per the end of the year was 10 (10).

### Average number of employees

	GROUP		PARENT COMPANY	
	2021	2020	2021	2020
Women	411	391	396	376
Men	384	342	361	320
<b>Average number of employees</b>	<b>795</b>	<b>733</b>	<b>757</b>	<b>696</b>

### Sickness leave, %

	GROUP		PARENT COMPANY	
	2021	2020	2021	2020
<b>Total sickness absence</b>	<b>3.8</b>	<b>3.5</b>	<b>3.8</b>	<b>3.8</b>
Women	2.6	2.4	2.6	2.6
Men	1.2	1.1	1.2	1.2
29 or younger	3.6	3.6	3.7	3.7
30–49	3.9	3.4	4.0	3.5
50 or older	3.6	4.1	3.6	4.1
Proportion of long-term sickness absence compared to total sickness (absence that exceeded 60 days)	31.3	36.7	31.3	37.5

### Gender distribution among senior executives

	GROUP		PARENT COMPANY	
	2021	2020	2021	2020
<b>Board of Directors</b>				
Women	8	6	5	4
Men	17	15	4	6
<b>Total</b>	<b>25</b>	<b>21</b>	<b>9</b>	<b>10</b>
<b>Executive Management</b>				
Women	4	4	4	4
Men	6	5	5	5
<b>Total</b>	<b>10</b>	<b>9</b>	<b>9</b>	<b>9</b>

The Group includes the Board Members of the subsidiaries: Swedish Covered Bond Corporation (SCBC), Booli Search Technologies AB and Boappa AB.

### Form of employment

	GROUP		PARENT COMPANY	
	2021	2020	2021	2020
<b>Total number of employees at year end</b>	<b>839</b>	<b>760</b>	<b>800</b>	<b>723</b>
<i>of whom, women, %</i>	<i>51.5</i>	<i>53.0</i>	<i>52.3</i>	<i>53.5</i>
<i>of whom, managers, %</i>	<i>13.2</i>	<i>13.3</i>	<i>12.6</i>	<i>12.7</i>
<i>of managers, women, %</i>	<i>47.7</i>	<i>48.5</i>	<i>47.5</i>	<i>48.9</i>
<i>of whom, temporary employees, %</i>	<i>5.5</i>	<i>6.4</i>	<i>5.6</i>	<i>6.8</i>
<i>of whom, part-time employees, %</i>	<i>0.1</i>	<i>0.3</i>	<i>0.1</i>	<i>0.3</i>

### Personnel turnover

	GROUP		PARENT COMPANY	
	2021	2020	2021	2020
<b>Number of permanent employees who terminated employment during the year</b>	<b>85</b>	<b>64</b>	<b>81</b>	<b>58</b>
<i>of whom, women, %</i>	<i>43.8</i>	<i>43.8</i>	<i>40.7</i>	<i>43.1</i>
<i>of whom, 29 or younger, %</i>	<i>21.2</i>	<i>18.8</i>	<i>22.2</i>	<i>15.5</i>
<i>of whom, 30–49, %</i>	<i>67.1</i>	<i>65.6</i>	<i>65.4</i>	<i>67.2</i>
<i>of whom, 50 or older, %</i>	<i>11.8</i>	<i>15.6</i>	<i>12.4</i>	<i>17.2</i>

### Salary, remuneration and pension costs for the CEO

No company car or non-cash benefits were provided to the CEO. The company pays for a defined-contribution pension insurance plan corresponding to 30% of the CEO's pensionable salary, although not longer than until age 65.

### Salaries and other remuneration

Fringe benefits (subsidised interest rate, company car and sickness benefit) to senior executives who report directly to the CEO amounted to SEK 0.1 million (0.1). Refer to the table on pages 161–162 for details of the salary and other remuneration paid to senior executives.

### Changes and reorganisations

In November, Klas Danielsson, who has been CEO of SBAB Bank AB (publ) ("SBAB") since 2014, parted ways with SBAB and was replaced by Mikael Inglander as acting CEO.

## Salaries and other remuneration and pensions to the CEO and other senior executives who report directly to the CEO

SEK million	PARENT COMPANY			
	2021			
	Period	Salary and other remuneration	Pension cost	Severance pay <sup>2)</sup>
Klas Danielsson, CEO and <sup>1)</sup>	1 January–7 November 2021	4.9	2.3	11.5
Mikael Inglander, Head of Corporate Clients & Tenant-Owners' Associations and acting CEO <sup>1)</sup>	8 November–31 December 2021	0.9	0.2	–
Mikael Inglander, CFO and Head of Corporate Clients & Tenant-Owners' Associations <sup>1)</sup>	1 January–7 November 2021	2.9	1.3	–
Carl Olsson, acting CFO <sup>3)</sup>	3 September–31 December 2021	0.5	0	–
Sara Davidgård, CRO <sup>3)</sup>	1 January–31 December 2021	2.5	0.7	–
Johan Prom, Head of Retail	1 December–31 December 2021	0.2	0	–
Carina Eriksson, CHRO	1 January–31 December 2021	2.1	0.6	–
Malou Sjörin, Head of Sustainability, Marketing & Communication	1 January–31 December 2021	1.9	0.6	–
Fredrik Stenbeck, CRO	1 January–16 March 2021	0.5	0.5	2.9
Andras Valko, CDSO	1 January–31 December 2021	1.6	0.5	–
Kristina Frid, Head of Customer Service	1 January–31 December 2021	0.5	0.2	–
Robin Silfverhielm, CXO and CIO	1 January–31 December 2021	2.4	0.7	–
Sofia Blomgren, Chief Compliance Officer	1 January–31 December 2021	1.3	0.3	–
Sari Zander, Head of Internal Audit	1 January–31 December 2021	1.7	0.4	–
<b>Total remuneration to members of Group management in 2021</b>		<b>23.9</b>	<b>8.3</b>	<b>14.4</b>

<sup>1)</sup> Klas Danielsson stepped down as CEO on 7 November 2021 and was replaced by Mikael Inglander as acting CEO. Part of the pension cost for Mikael Inglander pertains to the period from 2018 to 2020.

<sup>2)</sup> An expense was recognised in November, in conjunction with Klas Danielsson stepping down as CEO, for salary including holiday pay of SEK 3.4 million and a pension cost of SEK 0.9 million during the six-month notice period together with severance pay amounting to 18 months' salary of SEK 8.6 million. The amounts will be paid monthly over a two-year period and any income from new employment or income from another activity during the period will be deducted.

<sup>2)</sup> In conjunction with Fredrik Stenbeck stepping down as CRO, a cost was recognised for salary during the six-month notice period of SEK 1.0 million and severance pay of SEK 1.9 million to be paid over 12 months and where the first payment was made in September 2021. Income from other employment of SEK 0.1 million has been deducted from the severance pay.

<sup>3)</sup> The role of Head of Business Specialists was held by Sara Davidgård from 1 January 2021 until 16 March 2021 and by Carl Olsson from 11 October 2021 until 25 November 2021. In those periods during the year without a permanent Head of Business Specialists, SBAB has engaged consultants as an interim solution.

SEK million	PARENT COMPANY			
	2020			
	Period	Salary and other remuneration	Pension cost	Severance pay
Klas Danielsson, CEO	1 January–31 December 2020	5.7	1.7	–
Sara Davidgård, Head of Business Specialists	1 January–31 December 2020	2.3	0.6	–
Mikael Inglander, CFO and Head of Corporate Clients & Tenant-Owners' Associations	1 January–31 December 2020	3.1	0.7	–
Carina Eriksson, CHRO	1 January–31 December 2020	2.0	0.6	–
Klas Ljungkvist, CIO	1 January–30 September 2020	1.8	0.4	–
Malou Sjörin, Head of Sustainability, Marketing & Communication	7 January–31 December 2020	1.8	0.6	–
Fredrik Stenbeck, CRO	1 January–31 December 2020	1.9	0.6	–
Andras Valko, CDSO	1 January–31 December 2020	1.6	0.5	–
Kristina Frid, Head of Customer Service	1 January–31 December 2020	1.7	0.6	–
Robin Silfverhielm, CXO and CIO	1 January–31 December 2020	2.1	0.6	–
Sofia Blomgren, Chief Compliance Officer	1 January–31 December 2020	1.2	0.3	–
Sari Zander, Head of Internal Audit	1 January–31 December 2020	1.7	0.4	–
<b>Total remuneration to members of Group management in 2020</b>		<b>26.9</b>	<b>7.6</b>	<b>–</b>

Each year, the Board decides on SBAB's remuneration policy and the identification of employees with risk profiles, in accordance with the Swedish FSA's regulations regarding remuneration structures in credit institutions, investment firms and fund management companies licensed to conduct discretionary portfolio management (FFFS 2011:1). Risk analyses for SBAB's remuneration system and remuneration policy are published on [www.sbab.se](http://www.sbab.se). The composition and mandates of the Remuneration Committee are described in the Corporate Governance Report on pages 91–93.

Identifying employees with a risk profile is based on the EBA's technical standards. Salaries and other remuneration to employees whose duties materially impact SBAB's risk profile, 71 employees (68), excluding senior executives who report directly to the CEO, amounted to SEK 55.0 million (54.8).

## Remuneration to the Board

PARENT COMPANY						
2021						
SEK thousand	Period	Board of Directors	Credit Committee	Risk and Capital Committee	Audit and Compliance Committee	Remuneration committee
Jan Sinclair, Chairman of the Board <sup>1)</sup>	1 January–31 December 2021	495	38	37	47	–
Leif Pagrotsky, Board member	1 January–31 December 2021	239	–	–	47	–
Johan Prom (member) <sup>5)</sup>	1 January–30 November 2021	219	23	34	–	–
Jane Lundgren Ericsson, Board Member <sup>2)</sup>	1 January–31 December 2021	239	53	37	58	–
Lars Börjesson, Board Member	1 January–31 December 2021	239	11	–	–	25
Inga-Lill Carlberg, Board Member	1 January–31 December 2021	239	38	–	–	28
Synnöve Trygg (member) <sup>3)</sup>	1 January–31 December 2021	239	–	42	47	–
Daniel Kristiansson, Board Member <sup>4)</sup>	1 January–31 December 2021	–	–	–	–	–
Anders Heder, Employee representative <sup>4)</sup>	1 January 2021– 16 September 2021	–	–	–	–	–
Karin Neville, Employee representative <sup>4)</sup>	17 September 2021– 31 December 2021	–	–	–	–	–
Margareta Naumberg, Employee Representative <sup>4)</sup>	1 January–31 December 2021	–	–	–	–	–
<b>Total Fees &amp; Remuneration 2021</b>		<b>1,909</b>	<b>163</b>	<b>150</b>	<b>199</b>	<b>53</b>

PARENT COMPANY						
2020						
SEK thousand	Period	Board of Directors	Credit Committee	Risk and Capital Committee	Audit and Compliance Committee	Remuneration committee
Jan Sinclair, Chairman of the Board <sup>1)</sup>	1 January–31 December 2020	475	35	35	44	–
Leif Pagrotsky, Board member	14 February–31 December 2020	202	–	–	30	–
Johan Prom (member) <sup>5)</sup>	14 February–31 December 2020	202	–	24	–	–
Jane Lundgren Ericsson, Board Member <sup>2)</sup>	1 January–31 December 2020	230	50	35	55	–
Lars Börjesson, Board Member	1 January–31 December 2020	230	35	–	–	25
Inga-Lill Carlberg, Board Member	1 January–31 December 2020	230	24	–	–	25
Synnöve Trygg (member) <sup>3)</sup>	1 January–31 December 2020	230	–	40	44	–
Daniel Kristiansson, Board Member <sup>4)</sup>	1 January–31 December 2020	–	–	–	–	–
Anders Heder, Employee representative <sup>4)</sup>	1 January–31 December 2020	–	–	–	–	–
Margareta Naumberg, Employee Representative <sup>4)</sup>	1 January–31 December 2020	–	–	–	–	–
<b>Total Fees &amp; Remuneration 2020</b>		<b>1,799</b>	<b>144</b>	<b>134</b>	<b>173</b>	<b>50</b>

<sup>1)</sup> Jan Sinclair also received Board fees from SCBC of SEK 180 thousand (180)

<sup>2)</sup> Jane Lundgren-Ericsson also received Board fees from SCBC of SEK 130 thousand (130)

<sup>3)</sup> Synnöve Trygg also received Board fees from SCBC of SEK 88 thousand (0).

<sup>4)</sup> No Board fees are payable to Board members employed at the Government Offices of Sweden or who are employee representatives. No Board fees are payable to the Board members of SBAB's subsidiaries Booli and Boappa.

<sup>5)</sup> Johan Prom stepped down as a Board member of SBAB in conjunction with his employment as Head of Retail at SBAB.

## Pensions

Employees recruited to SBAB from 1 February 2013 are covered by the new collective pension plan BTP1, which is a defined-contribution plan. The plan encompasses disability and survivors' pensions, as well as provisions for retirement pensions. In BTP1, employees have a high degree of self-determination in how premiums are invested.

Employees recruited to SBAB before 1 February 2013 are covered by the BTP2 collective pension plan, which is a defined-benefit plan. BTP2 entails that the employee is guaranteed a lifelong pension corresponding to a specified percentage of the employee's final salary and mainly comprises retirement pension, disability pension, survivors' pension, supplementary pension (BTPK) and, where applicable, family pension. The levels of remuneration vary for salaries within different income base amounts. For salaries over 30 income base amounts, no pension is payable under BTP2. Employees who earn more

than ten income base amounts are provided the possibility of selecting an alternative investment for part of the premium.

BTP2 is a collective defined-benefit employer plan secured through insurance with the insurance company SPP and comprises several employers. SPP is responsible for investing the pension capital of the BTP2 plan. The aim of the investment strategy is to obtain a high and consistent return while ensuring the investors' guaranteed increase in value.

SBAB's costs for its defined-benefit pensions amounted to SEK 13 million (12.9), excluding payroll tax. SBAB's costs for its defined-contribution pensions amounted to SEK 42.3 million (36.8), excluding payroll tax. In 2022, pension contributions for defined-benefit plans are expected to total SEK 12.1 million. Further information is provided in Note [L 6](#).

### Guidelines adopted by the AGM for remuneration and other employment terms and conditions for senior executives

The AGM's principles for remuneration and other employment terms and conditions for senior executives, which were adopted by the 2021 AGM, state that remuneration and terms and conditions are to be reasonable and well-considered. With regard to remuneration and other terms and conditions of employment, SBAB will continue to apply the principles set out in the "State Ownership Policy and principles for state-owned enterprises 2021," and in particular with the principles for remuneration and other terms of employment for senior officers in state-owned enterprises.

This remuneration should be competitive, with a set ceiling and appropriate for its purpose, as well as contributing to high ethical standards and a good corporate culture. Remuneration should not correspond to a leading salary level in relation to comparable companies but be characterised by moderation. This is also to provide guidance for the total amount of remuneration to other employees. Variable salary is not paid to senior executives. These guidelines were not amended following the resolution of the AGM in 2021. The guidelines are published in full at [www.sbab.se](http://www.sbab.se).

### Other terms and conditions for the CEO and senior executives

As regards pension conditions, notice periods and severance pay for senior executives, SBAB observes the principles stated in the State Ownership Policy and principles for state-owned enterprises 2021.

The company pays for a defined-contribution pension insurance corresponding to 30% of the CEO's pensionable salary, although not longer than until age 65.

For other managers who report directly to the CEO, the company pays a defined-contribution pension premium corresponding to 30% of pensionable salary.

There are no other pension agreements that deviate from the general rules of collective agreements in the banking area.

### Agreements on severance pay

The CEO and SBAB are subject to a mutual notice period of six months. If the company gives notice of termination, the period of notice must not exceed six months. Severance pay must be limited to at most twelve months' salary. Severance pay stipulated in employment contracts made no later than on 31 December 2016 must be no more than eighteen months' salary. Severance pay must be paid monthly and consist only of the fixed monthly salary with no pension benefits or other benefits.

No severance pay is paid if the employee gives notice of termination.

Severance pay is paid until the agreed age of retirement at the latest and is never paid after the age of 65 years. If the former employee takes new employment or some other additional paid assignment or earns income from business activity, remuneration from the terminating enterprise has to be reduced by an amount equivalent to the new income during the period covered by salary for notice of termination and severance pay.

For other members of Executive Management, agreements have been concluded regarding severance pay in case of termination by the company. In addition to salary and pension during the notice period, the company will pay severance pay corresponding to 12 months' salary. Deductions will be made from the remuneration should new employment or income from another activity be received during the 12-month period.

### Loans to senior executives

Loans to senior executives are presented in Note [G 2](#).

### Incentive programme

SBAB has no incentive programme.

## IC:6 Other expenses

SEK million	GROUP		PARENT COMPANY	
	2021	2020	2021	2020
IT expenses	-347	-264	-438	-353
Rent <sup>1)</sup>	-13	-14	-43	-40
Other costs for premises	-14	-10	-14	-10
Other administrative expenses	-106	-100	-97	-95
Marketing	-76	-71	-72	-67
Other operating expenses	-33	-31	-21	-20
<b>Total</b>	<b>-589</b>	<b>-490</b>	<b>-685</b>	<b>-585</b>

<sup>1)</sup> IFRS 16 has been applied from 1 January 2019.

Development expenditure amounted to SEK 356 million (280), of which SEK 118 million (112) pertained to internally produced intangible Group assets. Most of the development work is pursued in project form and includes the budgets of entire projects, including such expenses as planning, analysis, specification of requirements, programming, implementation and quality testing, etc.

### Fees and expenses to the elected auditors

SEK million	GROUP		PARENT COMPANY	
	2021	2020	2021	2020
Audit assignment	-4.0	-4.0	-2.9	-2.3
Audit activities other than audit assignment	-1.9	-2.1	-1.0	-1.5
<b>Total</b>	<b>-5.9</b>	<b>-6.1</b>	<b>-3.9</b>	<b>-3.8</b>

The AGM on 28 April 2021 appointed Deloitte as SBAB's auditors. The audit assignment includes examination of the annual report, the accounting records and the administration by the Board and CEO. The audit assignment also includes other assistance resulting from such examination.

Audit tasks in addition to the audit assignment pertain to the examination of interim reports/year-end report and such other duties that may only be performed by the signing-off auditor, such as the preparation of various types of certificates.

## IC:7 Depreciation, amortisation and impairment of PPE and intangible assets

SEK million	GROUP		PARENT COMPANY	
	2021	2020	2021	2020
<b>Property, plant and equipment</b>				
Depreciation, computer hardware	-9	-6	-8	-6
Depreciation, leases	-34	-30	-	-
Depreciation, other equipment	-5	-15	-5	-14
Impairment, other equipment	-	-13	-	-13
Disposals/divestments	-0	0	-0	0
<b>Intangible assets</b>				
Amortisation, acquired software	-6	-6	-6	-6
Amortisation, internally developed part of software	-32	-29	-	-
Amortisation of trademarks	-1	0	-	-
Amortisation of non-compete clause	-0	-	-	-
Impairment, acquired software	-	-4	-	-4
Impairment, internally developed part of software	-	-55	-	-
Impairment of goodwill	-30	-	-	-
<b>Total</b>	<b>-117</b>	<b>-158</b>	<b>-19</b>	<b>-43</b>

At the end of the year, a customary review of all tangible and intangible assets was conducted and an impairment need was identified, which impacted expenses in 2021.

## IC:8 Net credit losses

SEK million	GROUP		PARENT COMPANY	
	2021	2020	2021	2020
<b>Lending to the public</b>				
Confirmed credit losses	-13	-9	-10	-7
Recoveries of previously confirmed credit losses	4	4	4	4
Change in provision for the year – credit stage 1	0	-16	-1	-1
Change in provision for the year – credit stage 2	11	1	1	2
Change in provision for the year – credit stage 3	2	-4	1	-1
Guarantees <sup>1)</sup>	-2	-1	0	-1
<b>Net credit losses for the period – lending to the public</b>	<b>2</b>	<b>-25</b>	<b>-5</b>	<b>-4</b>
<b>Loan commitments <sup>2)</sup></b>				
Change in provision for the year – credit stage 1	-1	-5	-1	-5
Change in provision for the year – credit stage 2	10	-2	10	-2
Change in provision for the year – credit stage 3	0	0	0	0
<b>Net credit losses for the period – loan commitments</b>	<b>9</b>	<b>-7</b>	<b>9</b>	<b>-7</b>
<b>Other financial instruments</b>				
Change in provision for the year – credit stage 1	0	0	0	0
<b>Net credit losses for the period – other financial instruments</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>
<b>Total</b>	<b>11</b>	<b>-32</b>	<b>4</b>	<b>-11</b>

<sup>1)</sup> The item includes guarantees for loan commitments.

<sup>2)</sup> Credit provisions for loan commitments are included in the "Provisions" item in the balance sheet.



## IC:9 Operating segments

Operating segments are reported in accordance with IFRS 8 Operating Segments, which means that the segment information is presented in a manner that corresponds to that applied internally for monitoring and control purposes. The Group has identified the CEO as the chief operating decision maker and the internal reporting used by the CEO to monitor and make decisions regarding the allocation of resources as the basis for the information to

be presented. The Retail Market includes lending for single-family homes, holiday homes and tenant-owned apartments, as well as all retail deposits. Corporate Clients & Tenant-Owners' Associations mainly include lending to multifamily dwellings as well as commercial properties. The expenses are allocated to the business areas using distribution quotas.

### Income statement by segment

SEK million	GROUP											
	2021						2020					
	Follow-up of operations			Reconciliation against the statutory income statement			Follow-up of operations			Reconciliation against the statutory income statement		
	Corporate Clients & Tenant-Owners' Associations		Total	Administrative consultants	IFRS 16 Leases <sup>1)</sup>	Statutory profit	Corporate Clients & Tenant-Owners' Associations		Total	Administrative consultants	IFRS 16 Leases <sup>1)</sup>	Statutory profit
	Retail	Associations					Retail	Associations				
Net interest income	3,182	932	4,114	-	-	4,114	2,921	826	3,747	-	-	3,747
Commission income	50	51	101	-	-	101	48	45	93	-	-	93
Commission expense	-59	-13	-72	-	-	-72	-94	-23	-117	-	-	-117
Net result of financial transactions	-60	-11	-71	-	-	-71	-43	5	-38	-	-	-38
Other operating income	49	1	50	-	-	50	43	0	43	-	-	43
<b>Total operating income</b>	<b>3,162</b>	<b>960</b>	<b>4,122</b>	<b>-</b>	<b>-</b>	<b>4,122</b>	<b>2,875</b>	<b>853</b>	<b>3,728</b>	<b>-</b>	<b>-</b>	<b>3,728</b>
Salaries and remuneration	-396	-99	-495	-	-	-495	-354	-80	-434	-	-	-434
Other personnel costs	-247	-67	-314	23	-	-314	-216	-54	-270	17	-	-253
Other expenses	-497	-102	-599	-23	33	-599	-424	-80	-504	-17	31	-490
Depreciation, amortisation and impairment of PPE and intangible assets	-47	-37	-84	-	-33	-84	-106	-21	-127	-	-31	-158
Net credit losses	1	10	11	-	-	11	-27	-5	-32	-	-	-32
<b>Operating profit</b>	<b>1,976</b>	<b>665</b>	<b>2,641</b>	<b>0</b>	<b>0</b>	<b>2,641</b>	<b>1,748</b>	<b>613</b>	<b>2,361</b>	<b>0</b>	<b>0</b>	<b>2,361</b>
Tax	-420	-140	-560	-	-	-560	-387	-135	-522	-	-	-522
<b>Profit/loss after standardised tax</b>	<b>1,556</b>	<b>525</b>	<b>2,081</b>	<b>0</b>	<b>0</b>	<b>2,081</b>	<b>1,361</b>	<b>478</b>	<b>1,839</b>	<b>0</b>	<b>0</b>	<b>1,839</b>
Return on equity, %	11.3	10.5	11.1	-	-	11.1	10.9	10.6	10.8	-	-	10.8

<sup>1)</sup> Depreciation of right-of-use assets pertaining to offices

SBAB acquired the company Boappa in May 2021. All costs and income have been allocated in full to the Retail and Corporate Clients & Tenant-Owners' Associations segments. In relation to the statutory income statement, an expense of SEK 23 million (expense: 17) was transferred between the rows "Other personnel costs" and "Other expenses." The cost refers to administrative consultants, which pertain to "Other personnel costs" in the internal monitoring.

The return on equity is calculated as earnings after tax in relation to average equity, after adjustment for additional Tier 1 instruments and value changes in financial assets recognised in equity.

The Group has no single customer that accounts for more than 10% of its total income.

## TX Tax

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## TX:1 Tax

SEK million	GROUP		PARENT COMPANY	
	2021	2020	2021	2020
Current tax	-547	-519	-111	-291
Deferred tax on changes in temporary differences	-13	-3	1	2
<b>Total</b>	<b>-560</b>	<b>-522</b>	<b>-110</b>	<b>-289</b>
<i>The effective tax rate differs from the nominal tax rate in Sweden as below</i>				
Profit before tax	2,641	2,361	456	1,262
Nominal tax rate in Sweden 20.6% (21.4)	-544	-505	-94	-270
Recalculation of deferred tax regarding changed tax rate	-	2	-	0
Tax pertaining to non-taxable income and non-deductible costs	-16	-19	-16	-19
Tax for prior years and other	0	0	-	-
<b>Total tax</b>	<b>-560</b>	<b>-522</b>	<b>-110</b>	<b>-289</b>
Effective tax rate, %	21.2	22.1	24.1	22.9

## TX:2 Deferred tax

SEK million	GROUP		PARENT COMPANY	
	2021	2020	2021	2020
<i>Deferred tax assets (+)/tax liabilities (-) for temporary differences in:</i>				
Stock of financial instruments	-43	-48	-37	-39
Hedging instruments	-225	-599	-6	-23
Intangible assets	-72	-49	-	-
Pension provision	27	41	-	-
Loss carry-forwards	4	-	-	-
Other	6	4	6	4
<b>Total</b>	<b>-304</b>	<b>-651</b>	<b>-37</b>	<b>-58</b>
<i>Change in deferred tax</i>				
Acquired deferred tax	-4	-	-	-
Deferred tax in the income statement	-13	-3	1	2
Deferred tax attributable to items recognised directly against other comprehensive income	364	-69	20	2
<b>Total</b>	<b>347</b>	<b>-72</b>	<b>21</b>	<b>4</b>
<i>Deferred tax distributed by expected maturity date, carrying amount</i>				
More than 1 year	-304	-651	-37	-58
<b>Total</b>	<b>-304</b>	<b>-651</b>	<b>-37</b>	<b>-58</b>

## A Assets

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## A:1 Chargeable treasury bills, etc.

SEK million	GROUP		PARENT COMPANY	
	2021	2020	2021	2020
Swedish state	21,905	10,248	21,905	10,248
Foreign states	644	646	644	646
<b>Total</b>	<b>22,549</b>	<b>10,894</b>	<b>22,549</b>	<b>10,894</b>

## A:2 Lending to credit institutions

SEK million	GROUP		PARENT COMPANY	
	2021	2020	2021	2020
Lending in SEK	71	42	122,845	120,163
Lending in foreign currency	572	903	574	906
<b>Total</b>	<b>643</b>	<b>945</b>	<b>123,419</b>	<b>121,069</b>
<i>of which, repos</i>	<i>1</i>	<i>8</i>	<i>15,072</i>	<i>10,620</i>

Of the Parent Company's lending to credit institutions, SEK 107,718 million (109,515) relates to receivables from the wholly owned subsidiary, AB Sveriges Säkerställda Obligationer (publ) (Swedish Covered Bond Corporation – SCBC). These receivables are subordinated, which means that payment is received only after other creditors of the subsidiary have been paid.

Of the total receivables, SEK 11,000 million (6,000) comprises an internal Group debt instrument (senior non-preferred notes) that was acquired by the Parent Company SBAB Bank AB (publ) from the subsidiary SCBC for the purpose of meeting the minimum requirement for own funds and eligible liabilities (MREL) announced by the Swedish National Debt Office in SCBC.

Interest-bearing securities that SBAB purchases with an obligation to sell at a predetermined price are not recognised in the balance sheet, while the purchase price paid is recognised in the balance sheet under Lending to credit institutions. The securities are regarded as collateral received and can be pledged or sold by SBAB. In the event that the counterparty is unable to meet its repurchase obligation, SBAB is entitled to keep the security. The fair value of collateral received in the Group was SEK 3 million (8), of which no collateral (-) was pledged or sold. The fair value of collateral received in the Parent Company was SEK 14,906 million (10,555), of which SEK 14,906 million (10,555) has been pledged or sold.

## A:3 Lending to the public

SEK million	GROUP		PARENT COMPANY	
	2021	2020	2021	2020
<b>Opening balance</b>	<b>422,835</b>	<b>383,807</b>	<b>24,806</b>	<b>24,871</b>
New lending for the year	107,076	95,138	107,076	95,138
Transferred to/from Group companies	-	-	-90,073	-79,286
Loan repayments	-2,039	-1,479	-1,110	-699
Redemption	-60,831	-54,603	-15,716	-15,210
Confirmed losses	-13	-9	-10	-7
Change in provision for expected credit losses <sup>1)</sup>	13	-19	1	-1
<b>Closing balance</b>	<b>467,041</b>	<b>422,835</b>	<b>24,974</b>	<b>24,806</b>

<sup>1)</sup> For more information, please refer to Note **IC 8**.

### Distribution of lending, including provisions

SEK million	GROUP		PARENT COMPANY	
	2021	2020	2021	2020
Lending, Residential mortgages	334,873	310,816	4,779	4,472
Lending, Corporate Clients & Tenant-Owners' Associations	129,830	109,547	17,857	17,862
Lending, Consumer loans	2,338	2,472	2,338	2,472
<b>Total</b>	<b>467,041</b>	<b>422,835</b>	<b>24,974</b>	<b>24,806</b>

### Lending to the public by credit stage – compared with opening balance

SEK million	GROUP		PARENT COMPANY	
	2021	2020	2021	2020
<b>Credit stage 1</b>				
Gross lending	446,264	403,531	23,793	23,500
Provision	-45	-45	-5	-4
<b>Total</b>	<b>446,219</b>	<b>403,486</b>	<b>23,788</b>	<b>23,496</b>
<b>Credit stage 2</b>				
Gross lending	20,684	19,214	1,184	1,303
Provision	-62	-73	-8	-8
<b>Total</b>	<b>20,622</b>	<b>19,141</b>	<b>1,176</b>	<b>1,295</b>
<b>Credit stage 3</b>				
Gross lending	231	241	16	23
Provision	-31	-33	-6	-8
<b>Total</b>	<b>200</b>	<b>208</b>	<b>10</b>	<b>1,295</b>
<b>Total gross lending</b>	<b>467,179</b>	<b>422,986</b>	<b>24,993</b>	<b>24,826</b>
<b>Total provisions</b>	<b>-138</b>	<b>-151</b>	<b>-19</b>	<b>-20</b>
<b>Total</b>	<b>467,041</b>	<b>422,835</b>	<b>24,974</b>	<b>24,806</b>

For more information regarding changes pertaining to gross lending and loss allowances for the respective credit stages and segments, please refer to Note **RC 1**.

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

### Distribution of holdings by issuer, etc.

SEK million	GROUP		PARENT COMPANY	
	2021	2020	2021	2020
<b>Listed securities</b>				
<i>Issued by public bodies</i>				
Sovereigns, supranationals and agencies	3,332	2,688	3,332	2,688
Other public issuers	12,915	15,166	12,915	15,166
<i>Issued by other borrowers</i>				
Swedish mortgage institutions	23,257	30,637	23,257	30,637
Other foreign issuers	7,765	6,631	7,765	6,631
Other foreign issuers (with government guarantee)	2,985	3,058	2,985	3,058
<b>Total listed securities</b>	<b>50,254</b>	<b>58,180</b>	<b>50,254</b>	<b>58,180</b>

## A:5 Derivatives and hedge accounting

SEK million	GROUP							
	2021				2020			
	Assets measured at fair value	Liabilities measured at fair value	Nominal value	Year's value change on hedge ineffectiveness	Assets measured at fair value	Liabilities measured at fair value	Nominal value	Year's value change on hedge ineffectiveness
<b>Derivatives in fair-value hedging</b>								
Interest-rate-related	1,977	1,715	366,432	-1,867	3,275	1,153	314,636	435
Currency-related	-	-	-	-18	-	49	547	-8
<b>Total</b>	<b>1,977</b>	<b>1,715</b>	<b>366,432</b>	<b>-1,885</b>	<b>3,275</b>	<b>1,202</b>	<b>315,183</b>	<b>427</b>
<b>Derivatives in cash-flow hedges</b>								
Interest-rate-related	1,796	251	78,891	-1,972	3,598	-	92,569	557
Currency-related	2,813	671	79,976	159	3,374	1,499	94,194	-96
<b>Total</b>	<b>4,609</b>	<b>922</b>	<b>158,867</b>	<b>-1,813</b>	<b>6,972</b>	<b>1,499</b>	<b>186,763</b>	<b>461</b>
<b>Other derivatives</b>								
Interest-rate-related	177	207	20,717	-	325	416	35,735	-
Currency-related	157	0	3,843	-	318	7	6,379	-
<b>Total</b>	<b>334</b>	<b>207</b>	<b>24,560</b>	<b>-</b>	<b>643</b>	<b>423</b>	<b>42,114</b>	<b>-</b>

Currency interest-rate swaps are classified as currency-related.

### Derivatives allocated by remaining maturity, carrying amounts

SEK million	GROUP			
	2021		2020	
	Fair value	Nominal value	Fair value	Nominal value
Maximum 3 months	327	14,890	796	47,948
3–12 months	1,069	92,283	1,154	92,144
1–5 years	1,516	334,514	2,080	302,664
Longer than five years	1,164	108,172	3,736	101,304
<b>Total</b>	<b>4,076</b>	<b>549,859</b>	<b>7,766</b>	<b>544,060</b>

### Hedged items in fair value hedges:

SEK million	GROUP				
	2021				
	Carrying amount	Revaluation for the period of hedged items in fair value hedges	Accrued value adjustment from fair value hedges	Gain/loss on terminated hedges	Remaining accrued value adjustment on terminated hedges
<b>Assets</b>					
Chargeable treasury bills, etc.	6,537	-71	22	-	-
Lending to the public	121,326	-	-	-	-
Value changes of interest-rate-risk hedged items in macro hedges	-563	-708	-564	3	1
Bonds and other interest-bearing securities	42,207	-601	-121	-	-
<b>Total assets</b>	<b>169,507</b>	<b>-1,380</b>	<b>-663</b>	<b>3</b>	<b>1</b>
<b>Liabilities</b>					
Issued debt securities, etc.	194,941	-3,253	-564	-	-
Subordinated debt	-	-	-	-	-
<b>Total liabilities</b>	<b>194,941</b>	<b>-3,253</b>	<b>-564</b>	<b>-</b>	<b>-</b>
<b>Net assets – liabilities</b>	<b>-25,434</b>	<b>1,873</b>	<b>-99</b>	<b>3</b>	<b>1</b>
<i>Hedging instruments</i>					
Ineffectiveness		-1,885			
		-12			

SEK million	GROUP				
	2020				
	Carrying amount	Revaluation for the period of hedged items in fair value hedges	Accrued value adjustment from fair value hedges	Gain/loss on terminated hedges	Remaining accrued value adjustment on terminated hedges
<b>Assets</b>					
Chargeable treasury bills, etc.	7,180	32	93	-	-
Lending to the public	99,772	-	-	-	-
Value changes of interest-rate-risk hedged items in macro hedges	142	322	144	1	-2
Bonds and other interest-bearing securities	50,520	300	480	-	-
<b>Total assets</b>	<b>157,614</b>	<b>654</b>	<b>717</b>	<b>1</b>	<b>-2</b>
<b>Liabilities</b>					
Issued debt securities, etc.	162,944	1,084	2,689	-	-
Subordinated debt	-	-1	-	-	-
<b>Total liabilities</b>	<b>162,944</b>	<b>1,083</b>	<b>2,689</b>	<b>-</b>	<b>-</b>
<b>Net assets – liabilities</b>	<b>-5,330</b>	<b>-429</b>	<b>-1,972</b>	<b>1</b>	<b>-2</b>
<i>Hedging instruments</i>		427			
Ineffectiveness		-2			

## Hedged items in cash-flow hedges:

SEK million	GROUP			
	2021			
	Revaluation for the period of hedged items in cash-flow hedges	Accrued value adjustment from cash-flow hedges	Gain/loss on terminated hedges reclassified to Net result of financial transactions	Remaining accrued value adjustment on terminated hedges
<b>Hedged items in cash-flow hedges:</b>				
Hedged items/Hypothetical derivatives	1,813	-1,093	-	-
<b>Total</b>	<b>1,813</b>	<b>-1,093</b>	<b>-</b>	<b>-</b>
<i>Hedging instruments</i>	-1,813			
Ineffectiveness	0			
Hedge reserve	-1,813	1,093		

SEK million	GROUP			
	2020			
	Revaluation for the period of hedged items in cash-flow hedges	Accrued value adjustment from cash-flow hedges	Gain/loss on terminated hedges reclassified to Net result of financial transactions	Remaining accrued value adjustment on terminated hedges
<b>Hedged items in cash-flow hedges:</b>				
Hedged items/Hypothetical derivatives	-461	-2,906	-	-
<b>Total</b>	<b>-461</b>	<b>-2,906</b>	<b>-</b>	<b>-</b>
<i>Hedging instruments</i>	461			
Ineffectiveness	0			
Hedge reserve	461	2,906		



## Hedge ineffectiveness recognised in profit or loss:

SEK million	GROUP	
	2021	2020
	Gains and losses on hedging instruments	Gains and losses on hedging instruments
Fair value hedges	-12	-2
Cash-flow hedges	0	-
<b>Total</b>	<b>-12</b>	<b>-2</b>

SEK million	PARENT COMPANY							
	2021				2020			
	Assets measured at fair value	Liabilities measured at fair value	Nominal value	Year's value change on hedge ineffectiveness	Assets measured at fair value	Liabilities measured at fair value	Nominal value	Year's value change on hedge ineffectiveness
<b>Derivatives in fair-value hedging</b>								
Interest-rate-related	217	431	69,847	516	122	802	72,393	-373
Currency-related	-	-	-	0	-	-	-	-
<b>Total</b>	<b>217</b>	<b>431</b>	<b>69,847</b>	<b>516</b>	<b>122</b>	<b>802</b>	<b>72,393</b>	<b>-373</b>
<b>Derivatives in cash-flow hedges</b>								
Interest-rate-related	94		10,279	-91	185	-	15,554	-19
Currency-related	384	87	10,957	9	676	236	16,762	17
<b>Total</b>	<b>478</b>	<b>87</b>	<b>21,236</b>	<b>-82</b>	<b>861</b>	<b>236</b>	<b>32,316</b>	<b>-2</b>
<b>Other derivatives</b>								
Interest-rate-related	5,039	5,080	764,511	-	7,058	7,146	702,343	-
Currency-related	3,170	3,012	141,881	-	4,279	3,969	161,242	-
<b>Total</b>	<b>8,209</b>	<b>8,092</b>	<b>906,392</b>	<b>-</b>	<b>11,337</b>	<b>11,115</b>	<b>863,585</b>	<b>-</b>

Currency interest-rate swaps are classified as currency-related.

## Derivatives allocated by remaining maturity, carrying amounts

SEK million	PARENT COMPANY			
	2021		2020	
	Fair value	Nominal value	Fair value	Nominal value
Maximum 3 months	59	23,912	40	87,908
3-12 months	466	161,508	317	160,187
1-5 years	-257	606,114	-39	528,634
Longer than five years	26	205,941	-151	191,565
<b>Total</b>	<b>294</b>	<b>997,475</b>	<b>167</b>	<b>968,294</b>

## Hedged items in fair value hedges:

PARENT COMPANY					
2021					
SEK million	Carrying amount	Revaluation for the period of hedged items in fair value hedges	Accrued value adjustment from fair value hedges	Gain/loss on terminated hedges	Remaining accrued value adjustment on terminated hedges
<b>Assets</b>					
Chargeable treasury bills, etc.	6,537	-71	22	-	-
Bonds and other interest-bearing securities	42,207	-601	-121	-	-
<b>Total assets</b>	<b>48,744</b>	<b>-672</b>	<b>-99</b>	<b>-</b>	<b>-</b>
<b>Liabilities</b>					
Issued debt securities, etc.	20,399	-164	-105	-	-
Subordinated debt	-	-	-	-	-
<b>Total liabilities</b>	<b>20,399</b>	<b>-164</b>	<b>-105</b>	<b>-</b>	<b>-</b>
<b>Net assets – liabilities</b>	<b>28,345</b>	<b>-508</b>	<b>6</b>	<b>-</b>	<b>-</b>
<i>Hedging instruments</i>					
Ineffectiveness		8			

PARENT COMPANY					
2020					
SEK million	Carrying amount	Revaluation for the period of hedged items in fair value hedges	Accrued value adjustment from fair value hedges	Gain/loss on terminated hedges	Remaining accrued value adjustment on terminated hedges
<b>Assets</b>					
Chargeable treasury bills, etc.	7,180	32	93	-	-
Bonds and other interest-bearing securities	50,520	300	480	-	-
<b>Total assets</b>	<b>57,700</b>	<b>332</b>	<b>573</b>	<b>-</b>	<b>-</b>
<b>Liabilities</b>					
Issued debt securities, etc.	14,744	-37	59	-	-
Subordinated debt	-	-1	-	-	-
<b>Total liabilities</b>	<b>14,744</b>	<b>-38</b>	<b>59</b>	<b>-</b>	<b>-</b>
<b>Net assets – liabilities</b>	<b>42,956</b>	<b>370</b>	<b>514</b>	<b>-</b>	<b>-</b>
<i>Hedging instruments</i>					
Ineffectiveness		-3			

## Hedged items in cash-flow hedges:

PARENT COMPANY				
2021				
SEK million	Revaluation for the period of hedged items in cash-flow hedges	Accrued value adjustment from cash-flow hedges	Gain/loss on terminated hedges reclassified to Net result of financial transactions	Remaining accrued value adjustment on terminated hedges
<b>Hedged items in cash-flow hedges:</b>				
Hedged items/Hypothetical derivatives	82	-31	-	-
<b>Total</b>	<b>82</b>	<b>-31</b>	<b>-</b>	<b>-</b>
<i>Hedging instruments</i>	-82			
Ineffectiveness	0			
Hedge reserve	-82	31		

PARENT COMPANY				
2020				
SEK million	Revaluation for the period of hedged items in cash-flow hedges	Accrued value adjustment from cash-flow hedges	Gain/loss on terminated hedges reclassified to Net result of financial transactions	Remaining accrued value adjustment on terminated hedges
<b>Hedged items in cash-flow hedges:</b>				
Hedged items/Hypothetical derivatives	2	-113	-	-
<b>Total</b>	<b>2</b>	<b>-113</b>	<b>-</b>	<b>-</b>
<i>Hedging instruments</i>	-2			
Ineffectiveness	0			
Hedge reserve	-2	113		

## Hedge ineffectiveness recognised in profit or loss:

PARENT COMPANY		
2021		2020
SEK million	Hedging gains and losses recognised in Net result of financial transactions.	Hedging gains and losses recognised in Net result of financial transactions.
Fair value hedges	8	-3
Cash-flow hedges	0	-
<b>Total</b>	<b>8</b>	<b>-3</b>

The accounting policies for hedge accounting are described in Note [G 1](#). The Group's liquidity and market risk is described in notes [RC 3](#) and [RC 4](#).

## A:6 Shares and participations in Group companies

SEK million	PARENT COMPANY				
	2021				
	Corporate Registration Number	Cost	Number of shares	Share of equity, %	Carrying amount
<b>Swedish credit institutions</b>					
AB Sveriges Säkerställda Obligationer (publ), Solna	556645-9755	10,300	500,000	100	10,300
<b>Other companies</b>					
Booli SearchTechnologies AB, Stockholm	556733-0567	101	329,540	100	101
Boappa AB, Stockholm <sup>1)</sup>	559081-8273	64	1,069,283	58	49

<sup>1)</sup> During the year, the Parent Company paid a shareholder contribution of SEK 15 million to Boappa. In addition, an impairment of SEK 30 million was recognised in the carrying amount for the shares in Boappa.

SEK million	2020				
	Corporate Registration Number	Cost	Number of shares	Share of equity, %	Carrying amount
	<b>Swedish credit institutions</b>				
AB Sveriges Säkerställda Obligationer (publ), Solna	556645-9755	10,300	500,000	100	10,300
<b>Other companies</b>					
Booli SearchTechnologies AB, Stockholm	556733-0567	101	329,540	100	101

## A:7 Intangible assets

SEK million	GROUP									
	2021					2020				
	Goodwill	Trade-marks	Software	Non-competete clause	Total	Goodwill	Trade-marks	Software	Non-competete clause	Total
Opening balance, cost	75	3	477	-	555	75	3	364	-	442
Acquisitions during the year	39	10	151	1	201	-	-	113	-	113
<b>Closing balance, cost</b>	<b>114</b>	<b>13</b>	<b>628</b>	<b>1</b>	<b>756</b>	<b>75</b>	<b>3</b>	<b>477</b>	<b>-</b>	<b>555</b>
Opening balance, amortisation	-	-3	-160	0	-163	-	-3	-125	-	-128
Amortisation for the year according to plan	-	-1	-38	-0	-39	-	0	-35	-	-35
Amortisation of acquisitions during the year	-	-	-2	-	-2	-	-	-	-	-
<b>Closing balance, accumulated amortisation</b>	<b>-</b>	<b>-4</b>	<b>-200</b>	<b>-0</b>	<b>-204</b>	<b>-</b>	<b>-3</b>	<b>-160</b>	<b>-</b>	<b>-163</b>
Opening balance, impairment	-	-	-62	-	-62	-	-	-3	-	-3
Impairment for the year	-30	-	0	-	-30	-	-	-59	-	-59
<b>Closing balance, accumulated impairment</b>	<b>-30</b>	<b>-</b>	<b>-62</b>	<b>-</b>	<b>-92</b>	<b>-</b>	<b>-</b>	<b>-62</b>	<b>-</b>	<b>-62</b>
<b>Net carrying amount</b>	<b>84</b>	<b>9</b>	<b>366</b>	<b>1</b>	<b>460</b>	<b>-</b>	<b>0</b>	<b>255</b>	<b>-</b>	<b>330</b>

SEK million	PARENT COMPANY							
	2021				2020			
	Goodwill	Trademarks	Software	Total	Goodwill	Trademarks	Software	Total
Opening balance, cost	-	-	62	62	-	-	62	62
Acquisitions during the year	-	-	13	13	-	-	-	-
<b>Closing balance, cost</b>	<b>-</b>	<b>-</b>	<b>75</b>	<b>75</b>	<b>-</b>	<b>-</b>	<b>62</b>	<b>62</b>
Opening balance, amortisation	-	-	-44	-44	-	-	-38	-38
Amortisation for the year according to plan	-	-	-6	-6	-	-	-6	-6
<b>Closing balance, accumulated amortisation</b>	<b>-</b>	<b>-</b>	<b>-50</b>	<b>-50</b>	<b>-</b>	<b>-</b>	<b>-44</b>	<b>-44</b>
Opening balance, impairment	-	-	-4	-4	-	-	-	-
Impairment for the year	-	-	-	-	-	-	-4	-4
<b>Closing balance, accumulated impairment</b>	<b>-</b>	<b>-</b>	<b>-4</b>	<b>-4</b>	<b>-</b>	<b>-</b>	<b>-4</b>	<b>-4</b>
<b>Net carrying amount</b>	<b>-</b>	<b>-</b>	<b>21</b>	<b>21</b>	<b>-</b>	<b>-</b>	<b>14</b>	<b>14</b>

At the end of the year, a customary review of all intangible assets was conducted and an impairment need was identified, which impacted expenses in 2021. SBAB acquired the subsidiary Boappa AB in May 2021. Goodwill, trademarks and software derive from the acquisition of the subsidiaries Booli Search Technologies AB and Boappa AB. The non-compete clause derives from Boappa AB. Other software pertains to internally produced intangible assets, which are reported in the consolidated financial statements. Intangible assets are subject to impairment testing on an annual basis. When impairment testing, the value in use is calculated by discounting estimated future

cash flows with a discounting factor that takes into account risk-free interest and the risks associated with the specific asset.

The year's impairment testing of goodwill is based on expected future synergies in the form of increased lending volumes and cost savings as well as a discount rate of 12% (12) after tax, corresponding to a rate of 14% (14) before tax. The first five years for estimated future cash flows are based on forecasts of increased volumes and cost savings. Thereafter, the assumption is zero growth or cost savings.

## A:8 Property, plant and equipment

SEK million	GROUP						PARENT COMPANY			
	31 Dec 2021			31 Dec 2020			31 Dec 2021		31 Dec 2020	
	Equipment	Leases	Total	Equipment	Leases	Total	Equipment	Total	Equipment	Total
Opening balance, cost	119	135	254	92	126	218	118	118	90	90
Acquisitions during the year	36	174	188	28	9	37	36	36	28	28
Divestments during the year	-	-22	-22	-1	-	-1	-	-	-	-
<b>Closing balance, cost</b>	<b>155</b>	<b>287</b>	<b>442</b>	<b>119</b>	<b>135</b>	<b>254</b>	<b>154</b>	<b>154</b>	<b>118</b>	<b>118</b>
Opening balance, depreciation	-71	-58	-129	-51	-28	-79	-71	-71	-51	-51
Depreciation for the year according to plan	-14	-34	-48	-21	-30	-51	-13	-13	-20	-20
Divestments during the year	-0	22	22	1	-	1	-0	-0	0	0
<b>Accumulated depreciation according to plan</b>	<b>-85</b>	<b>-70</b>	<b>-155</b>	<b>-71</b>	<b>-58</b>	<b>-129</b>	<b>-84</b>	<b>-84</b>	<b>-71</b>	<b>-71</b>
Opening balance, impairment	-13	-	-13	-	-	-	-13	-13	-	-
Impairment for the year	-	-	-	-13	-	-13	-	-	-13	-13
<b>Closing balance, accumulated impairment</b>	<b>-13</b>	<b>-</b>	<b>-13</b>	<b>-13</b>	<b>-</b>	<b>-13</b>	<b>-</b>	<b>-</b>	<b>-13</b>	<b>-13</b>
<b>Net carrying amount</b>	<b>57</b>	<b>217</b>	<b>274</b>	<b>35</b>	<b>77</b>	<b>112</b>	<b>57</b>	<b>57</b>	<b>34</b>	<b>34</b>

At the end of the year, a customary review of all tangible assets was conducted and an impairment need was identified, which impacted expenses in 2021.



**A:9 Other assets**

SEK million	GROUP		PARENT COMPANY	
	2021	2020	2021	2020
Tax assets	1	37	-	-
Interest receivables	32	24	10	9
Group contributions received	-	-	-	719
Other	216	18	188	18
<b>Total</b>	<b>249</b>	<b>79</b>	<b>198</b>	<b>746</b>
<i>Other assets distributed by remaining maturity, carrying amount</i>				
Maximum 1 year	249	79	198	746
<b>Total</b>	<b>249</b>	<b>79</b>	<b>198</b>	<b>746</b>

**A:10 Prepaid expenses and accrued income**

SEK million	GROUP		PARENT COMPANY	
	2021	2020	2021	2020
Prepaid expenses	50	50	56	52
Accrued interest income	308	345	203	332
Accrued guarantees	3	5	0	0
Other accrued income	61	22	26	7
<b>Total</b>	<b>410</b>	<b>422</b>	<b>285</b>	<b>391</b>
<i>Prepaid expenses and accrued income distributed by remaining maturity, carrying amount, carrying amounts</i>				
Maximum 1 year	408	419	285	391
More than 1 year	2	3	0	0
<b>Total</b>	<b>410</b>	<b>422</b>	<b>285</b>	<b>391</b>

**L Liabilities**

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**L:1 Liabilities to credit institutions**

SEK million	GROUP		PARENT COMPANY	
	2021	2020	2021	2020
Liabilities in SEK	13,561	14,023	13,222	14,023
Liabilities in foreign currencies	2,811	6,161	2,811	6,161
<b>Total</b>	<b>16,372</b>	<b>20,184</b>	<b>16,033</b>	<b>20,184</b>
<i>of which, repos</i>	339	-	-	-

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

SEK million	GROUP		PARENT COMPANY	
	2021	2020	2021	2020
<b>Commercial paper</b>				
Commercial paper in SEK				
– at amortised cost	200	450	200	450
Commercial paper in foreign currency				
– at amortised cost	4,015	4,740	4,015	4,740
<b>Total</b>	<b>4,215</b>	<b>5,190</b>	<b>4,215</b>	<b>5,190</b>
<b>Bond loans</b>				
Bond loans in SEK				
– at amortised cost	82,876	59,066	27,541	22,662
– in fair value hedges	182,293	157,437	7,752	9,734
Bonds loans in foreign currency				
– at amortised cost	82,333	96,504	11,297	17,245
– in fair value hedges	12,648	5,507	12,647	5,010
<b>Total</b>	<b>360,150</b>	<b>318,514</b>	<b>59,237</b>	<b>54,651</b>
<b>Total issued debt securities, etc.</b>	<b>364,365</b>	<b>323,704</b>	<b>63,452</b>	<b>59,841</b>
– of which, covered bonds	300,913	263,863	-	-
– of which senior non-preferred bonds	9,207	5,996	9,207	5,996
– of which, other unsecured bonds and commercial paper	54,245	53,845	54,245	53,845

**L:2 Deposits from the public**

SEK million	GROUP		PARENT COMPANY	
	2021	2020	2021	2020
Consumers	101,775	95,457	101,775	95,457
Tenant-owners' associations	9,468	8,883	9,468	8,883
Corporates	33,707	31,318	33,707	31,318
<b>Total</b>	<b>144,950</b>	<b>135,658</b>	<b>144,950</b>	<b>135,658</b>

Parts of SBAB's long-term funding programme include a possibility for a bondholder to demand premature redemption of the holder's bonds if the Swedish state ceases to own the majority of the shares in SBAB and the Swedish state, before such change in ownership, has not taken steps to guarantee SBAB's commitments ensuing from the bond loan or the bondholders have accepted this in such a way as is described in the current terms and conditions. Total funding to which these terms apply amounted to SEK 9.9 billion (18.7) on 31 December 2021. Subordinated loans, Additional Tier 1 capital and senior non-preferred bonds issued under long-term funding programmes are not encompassed by this option.

## L:4 Other liabilities

SEK million	GROUP		PARENT COMPANY	
	2021	2020	2021	2020
Trade payables	27	17	25	17
Employee withholding taxes	15	14	15	13
Liabilities to the public	160	165	149	155
Lease liabilities	208	69	-	-
Other	122	151	89	327
<b>Total</b>	<b>532</b>	<b>416</b>	<b>278</b>	<b>512</b>
<i>Other liabilities distributed by remaining maturity, carrying amount</i>				
Within one year	356	374	278	512
1-5 years	176	42	-	-
<b>Total</b>	<b>532</b>	<b>416</b>	<b>278</b>	<b>512</b>

SEK million	GROUP	
	2021	2020
<b>Remaining lease liabilities</b>		
Lease liabilities	208	69
<b>Total</b>	<b>69</b>	<b>69</b>
<i>Lease liability distributed by remaining maturity</i>		
Within one year	32	27
1-5 years	176	42
6-12 years	-	-
<b>Total</b>	<b>208</b>	<b>69</b>

## L:5 Accrued expenses and deferred income

SEK million	GROUP		PARENT COMPANY	
	2021	2020	2021	2020
Accrued interest expense	1,672	1,557	131	157
Other accrued expenses	214	212	161	152
<b>Total</b>	<b>1,886</b>	<b>1,769</b>	<b>292</b>	<b>309</b>
<i>Accrued expenses and deferred income distributed by remaining maturity, carrying amount</i>				
Maximum 1 year	1,886	1,769	292	309
<b>Total</b>	<b>1,886</b>	<b>1,769</b>	<b>292</b>	<b>309</b>

## L:6 Provisions

SEK million	GROUP		PARENT COMPANY	
	2021	2020	2021	2020
Pension provisions	107	160	-	-
Provision for special employer's contribution on pensions	25	39	-	-
Provision for expected credit losses, loan commitments	11	20	11	20
<b>Total</b>	<b>143</b>	<b>219</b>	<b>11</b>	<b>20</b>

### Pension provisions excl. special employer's contributions

Summary of defined-benefit pension plan

SEK million	GROUP	
	2021	2020
Present value of the obligation, closing balance	544	583
Fair value of plan assets	-437	-423
<b>Total</b>	<b>107</b>	<b>160</b>

### Reconciliation of change in present value of obligation

SEK million	GROUP	
	2021	2020
<b>Present value of the obligation, opening balance</b>	<b>583</b>	<b>537</b>
Service costs during the current year	11	10
Interest expense	7	10
Gain/loss arising from changed financial assumptions	-49	45
Experience-based gains/losses	2	-9
Pension disbursements from plan	-10	-10
Gain/loss due to demographic assumptions	-	-
<b>Present value of the obligation, closing balance</b>	<b>544</b>	<b>583</b>

The weighted average maturity of the defined-benefit obligation is 20.01 years (20.98).

## Reconciliation of change in plan assets

SEK million	GROUP	
	2021	2020
<b>Opening balance</b>	<b>423</b>	<b>397</b>
Interest income	5	7
Return on plan assets, excluding amounts included in interest expense/interest income	1	8
Premiums paid by employer	18	21
Pension disbursements from plan	-10	-10
<b>Closing balance</b>	<b>437</b>	<b>423</b>

## Distribution of plan assets

%	GROUP	
	2021	2020
Swedish shares	2	2
Foreign shares	12	12
Government bonds	17	21
Mortgage bonds	6	9
Corporate bonds	28	27
Properties	13	12
Other	22	17
<b>Total</b>	<b>100</b>	<b>100</b>

The defined-benefit pension plan is secured through insurance with SPP Pension och Forsakring AB. Through investments in shares, interest-bearing instruments and property, the insurance capital will track the performance of the financial markets. The aim of the management is to achieve a high and consistent return while ensuring a guaranteed increase in value.

## Financial and demographic assumptions

%	GROUP	
	2021	2020
<i>Financial assumptions</i>		
Discount rate	1.85	1.15
Annual salary increase	3.40	3.40
Annual inflation	2.00	1.70
Annual increase in income base amount	3.00	3.00
Annual increase in pension disbursements	2.00	1.70
<i>Demographic assumptions</i>		
Personnel turnover	5.00	5.00
Mortality table	DUS14	DUS14

## Sensitivity analysis of discount rate

SEK million	GROUP
	2021
<i>Assumption, %</i>	2.35
Present value of the obligation	492
Service costs during the current period	9
Interest expense	12
<i>Assumption, %</i>	1.35
Present value of the obligation	604
Service costs during the current period	12
Interest expense	6

## Sensitivity analysis, inflation

SEK million	GROUP
	2021
<i>Assumption, %</i>	2.50
Present value of the obligation	599
Service costs during the current period	12
Interest expense	11
<i>Assumption, %</i>	1.50
Present value of the obligation	495
Service costs during the current period	9
Interest expense	9

The sensitivity analysis above is based on a change in one assumption while all other assumptions are kept constant. In the calculation of sensitivity in the defined-benefit obligation, the same method is applied as in the calculation of the reported pension provision.

For further information on pensions, see Note [G 1](#) and Note [IC 5](#).

## L:7 Subordinated debt and capital instruments

PARENT COMPANY AND GROUP								
Loan designation	Cur- rency	Nominal amount	Nominal amount outstanding	First possible redemption right for SBAB	Interest rate, % 31 December 2021	Maturity date	Carrying amount, SEK million	
							2021	2020
<b>SUBORDINATED DEBT</b>								
Subordinated loan 1	SEK	1,400,000,000	1,400,000,000	2025	3M STIBOR +2.100	3 June 2030	1,397	1,397
Subordinated loan 2 <sup>1)</sup>	SEK	600,000,000	600,000,000	2025	2.268	3 June 2030	599	598
<b>TOTAL</b>							<b>1,996</b>	<b>1,995</b>
<b>ADDITIONAL TIER 1 CAPITAL (equity)</b>								
Subordinated loan 3	SEK	725,000,000	-	2021	3M STIBOR +4.750	Perpetual	-	725
Subordinated loan 4 <sup>2)</sup>	SEK	775,000,000	-	2021	5.052	Perpetual	-	775
Subordinated loan 5	SEK	1,600,000,000	1,600,000,000	2024	3M STIBOR +3.650	Perpetual	1,600	1,600
Subordinated loan 6 <sup>3)</sup>	SEK	400,000,000	400,000,000	2025	3.670	Perpetual	400	400
Subordinated loan 7	SEK	1,500,000,000	1,500,000,000	2026	3M STIBOR +2.800	Perpetual	1,500	-
Subordinated loan 8 <sup>4)</sup>	SEK	800,000,000	800,000,000	2026	3.047	Perpetual	800	-
<b>TOTAL</b>							<b>4,300</b>	<b>3,500</b>

<sup>1)</sup> Interest rate: For the period 3 June 2020 to 3 June 2025: 2.268%. For the subsequent period: Floating interest corresponding to 3 month STIBOR plus 2.100%.

<sup>2)</sup> Interest rate: For the period 17 May 2016 to 17 June 2021: 5.052%. For the subsequent period: Floating interest corresponding to 3 month STIBOR plus 4.750%.

<sup>3)</sup> Interest rate: For the period 5 September 2019 to 5 March 2025: 3.670%. For the subsequent period: Floating interest corresponding to 3 month STIBOR plus 3.800%.

<sup>4)</sup> Interest rate: For the period 25 February 2021 to 3 May 2026: 3.047%. For the subsequent period: Floating interest corresponding to 3 month STIBOR plus 2.800%.

Subordinated loans are subordinate to the Parent Company's other liabilities, which means that they carry entitlement to payment only after other unsubordinated creditors have received payment. Subordinated loans comprise issued capital instruments, which solely comprise Additional Tier 1 capital (AT1) or Tier 2 capital instruments. The subordinated loans numbered 1 and 2 comprise Tier 2 capital instruments. The subordinated loans numbered 3, 4, 5, 6, 7 and 8, which are subordinate to other subordinated loans, comprise additional Tier 1 capital. The crucial difference between subordinated loans rec-

ognised respectively as subordinated debt or equity, is the financial nature of equity, as per the definitions in IAS 32. Subordinated loans (capital instruments) that have not been redeemed are included in own funds when calculating the capital adequacy of the Parent Company and the Group. For further information on the terms and conditions of SBAB's subordinated loans, see [www.sbab.se](http://www.sbab.se) and Note [RC 8](#).

## EQ Equity

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## EQ:1 Equity

The share capital amounted to SEK 1,958,300,000. On 31 December 2021, the number of shares was 19,583 (19,583), each with a quotient value of SEK 100,000. All shares are owned by the Swedish state. Dividends are proposed by the Board in accordance with the provisions of the Companies Act and are resolved by the Annual General Meeting, refer to Note G 3. Further information on equity is provided in the "Statement of Changes in Equity" on page 104.

## Statement of changes in reserves

SEK million	GROUP	
	2021	2020
<b>Financial assets measured at FVTOCI/Available-for-sale financial assets, opening balance</b>	<b>151</b>	<b>146</b>
Unrealised change in value over the year	-11	17
Reclassified to profit or loss during the year	-2	-13
Tax attributable to the change	3	1
<b>Financial assets measured at FVTOCI/Financial assets available-for-sale, closing balance</b>	<b>141</b>	<b>151</b>
<b>Cash-flow hedges, opening balance</b>	<b>2,307</b>	<b>1,922</b>
Unrealised change in value over the year	767	-3,667
Reclassified to profit or loss during the year	-2,580	4,128
Tax attributable to the change	373	-76
<b>Cash-flow hedges, closing balance</b>	<b>867</b>	<b>2,307</b>
<b>Defined-benefit pension plans, opening balance</b>	<b>-137</b>	<b>-109</b>
Revaluation effects of defined-benefit pension plans	60	-34
Tax attributable to the change	-12	6
<b>Defined-benefit pension plans, closing balance</b>	<b>-89</b>	<b>-137</b>
<b>Total</b>	<b>919</b>	<b>2,321</b>

## Specification of changes in the fair value reserve

SEK million	PARENT COMPANY	
	2021	2020
<b>Financial assets measured at FVTOCI/Available-for-sale financial assets, opening balance</b>	<b>151</b>	<b>146</b>
Unrealised change in value over the year	-11	17
Reclassified to profit or loss during the year	-2	-13
Tax attributable to the change	3	1
<b>Financial assets measured at FVTOCI/Available-for-sale financial assets, closing balance</b>	<b>141</b>	<b>151</b>
<b>Cash-flow hedges, opening balance</b>	<b>90</b>	<b>91</b>
Unrealised change in value over the year	232	-774
Realised change in value, reclassified to profit or loss	-315	772
Tax attributable to the change	17	1
<b>Cash-flow hedges, closing balance</b>	<b>24</b>	<b>90</b>
<b>Total</b>	<b>165</b>	<b>241</b>

Further information on Reserves and the Fair value reserve is provided in Note G 1 Accounting policies, in the sections "Financial assets measured at FVTOCI," "Cash-flow hedges" and "Pensions."



## AC Collateral pledged and contingent liabilities

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## AC:1 Assets pledged for own liabilities

SEK million	GROUP		PARENT COMPANY	
	2021	2020	2021	2020
Loan receivables	407,754	358,910	-	-
Other receivables	-	-	14,906	10,555
Securities	2,161	6,207	2,161	6,207
<b>Total</b>	<b>409,915</b>	<b>365,117</b>	<b>17,067</b>	<b>16,762</b>

Of the assets pledged, SEK 407.8 billion (358.9) comprise the cover pool for covered bonds totalling SEK 300.9 billion (263.8).

Loan receivables pledged as collateral mainly consist of the registered cover pool benefiting holders of covered bonds issued by SCBC and SCBC's covered derivative counterparties. In the event that the company becomes insolvent, the holders of the covered bonds and the covered derivatives counterparties have priority rights to the pledged assets under the Covered Bonds Issuance Act and the Rights of Priority Act.

## AC:2 Contingent liabilities

SEK million	GROUP		PARENT COMPANY	
	2021	2020	2021	2020
<b>Contingent liabilities concerning future payments &amp; Other contingent liabilities</b>				
Loan commitments and other credit-related contingent liabilities	69,661	59,339	69,661	59,339
Other contingent liabilities	-	-	29,378	36,520
<b>Total</b>	<b>69,661</b>	<b>59,339</b>	<b>99,039</b>	<b>95,859</b>
<i>Contingent liabilities distributed by remaining maturity</i>				
Within one year	61,123	54,145	90,501	90,665
1-5 years	8,537	5,194	8,537	5,194
<b>Total</b>	<b>69,661</b>	<b>59,339</b>	<b>99,039</b>	<b>95,859</b>

Excluding building credits of SEK 8,616 million (5,279), loan commitments and other credit-related contingent liabilities in the Group totalling SEK 60,922 million (54,060) were reduced to SEK 14,557 million (14,451) after taking into account the credit conversion factor, meaning the statistically calculated probability that the exposure will lead to disbursement of the loan.

Excluding building credits of SEK 8,616 million (5,279), the corresponding figures for the Parent Company were SEK 60,922 million (54,060) and SEK 14,557 million (14,451), respectively. The Parent Company's other commitments include an agreement concerning a liquidity facility with the subsidiary, SCBC, through which SCBC may borrow funds from the Parent Company for its operations if the need arises.

## FI Financial instruments

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## FI:1 Classification of financial instruments

## Financial assets

SEK million	GROUP						
	31 Dec 2021						
	Financial assets measured at FVTPL			Financial assets measured at FVTOCI	Financial assets measured at amortised cost	Total	Total fair value
	Fair value option	Derivatives in hedge accounting	Other (Obligatory) classification				
Cash and balances at central banks		-	-	-	10,100	10,100	10,100
Chargeable treasury bills, etc.	644	-	-	18,165	3,740	22,549	22,548
Lending to credit institutions	-	-	-	-	643	643	643
Lending to the public	-	-	-	-	467,041	467,041	465,691
Value changes of interest-rate-risk hedged items in macro hedges	-	-	-	-	-563	-563	-
Bonds and other interest-bearing securities	215	-	-	25,619	24,420	50,254	50,384
Derivatives	-	6,586	334	-	-	6,920	6,920
Other assets	-	-	-	-	51	51	51
Prepaid expenses and accrued income	9	-	-	126	227	362	362
<b>Total financial assets</b>	<b>868</b>	<b>6,586</b>	<b>334</b>	<b>43,910</b>	<b>505,659</b>	<b>557,357</b>	<b>556,699</b>

## Financial liabilities

GROUP						
31 Dec 2021						
SEK million	Financial liabilities measured at FVTPL		Financial liabilities measured at amortised cost	Total	Total fair value	
	Derivatives in hedge accounting	Held for trading				
Liabilities to credit institutions	-	-	16,372	16,372	16,372	
Deposits from the public	-	-	144,950	144,950	144,950	
Issued debt securities, etc.	-	-	364,365	364,365	366,733	
Derivatives	2,637	207	-	2,844	2,844	
Other liabilities	-	-	512	512	512	
Accrued expenses and deferred income	-	-	1,837	1,837	1,837	
Subordinated debt	-	-	1,996	1,996	1,992	
<b>Total financial liabilities</b>	<b>2,637</b>	<b>207</b>	<b>530,032</b>	<b>532,876</b>	<b>535,240</b>	

## Financial assets

GROUP							
31 Dec 2020							
SEK million	Financial assets measured at FVTPL			Financial assets measured at FVTOCI	Financial assets measured at amortised cost	Total	Total fair value
	Fair value option	Derivatives in hedge accounting	Other (Obligatory) classification				
Cash and balances at central banks	-	-	-	-	6,530	6,530	6,530
Chargeable treasury bills, etc.	646	-	-	3,612	6,636	10,894	10,889
Lending to credit institutions	-	-	-	-	945	945	945
Lending to the public	-	-	-	-	422,835	422,835	423,363
Value changes of interest-rate-risk hedged items in macro hedges	-	-	-	-	142	142	-
Bonds and other interest-bearing securities	931	-	-	31,421	25,828	58,180	58,282
Derivatives	-	10,247	643	-	-	10,890	10,890
Other assets	-	-	-	-	43	43	43
Prepaid expenses and accrued income	20	-	-	146	210	376	376
<b>Total financial assets</b>	<b>1,597</b>	<b>10,247</b>	<b>643</b>	<b>35,179</b>	<b>474,838</b>	<b>510,835</b>	<b>511,318</b>

## Financial liabilities

GROUP						
31 Dec 2020						
SEK million	Financial liabilities measured at FVTPL		Financial liabilities measured at amortised cost	Total	Total fair value	
	Derivatives in hedge accounting	Held for trading				
Liabilities to credit institutions	-	-	20,184	20,184	20,184	
Deposits from the public	-	-	135,658	135,658	135,658	
Issued debt securities, etc.	-	-	323,704	323,704	328,360	
Derivatives	2,701	423	-	3,124	3,124	
Other liabilities	-	-	398	398	398	
Accrued expenses and deferred income	-	-	1,727	1,727	1,727	
Subordinated debt	-	-	1,995	1,995	1,997	
<b>Total financial liabilities</b>	<b>2,701</b>	<b>423</b>	<b>483,666</b>	<b>486,790</b>	<b>491,448</b>	

## Financial assets

PARENT COMPANY							
31 Dec 2021							
SEK million	Financial assets measured at FVTPL			Financial assets measured at FVTOCI	Financial assets measured at amortised cost	Total	Total fair value
	Fair value option	Derivatives in hedge accounting	Other (Obligatory) classification				
Cash and balances at central banks	-	-	-	-	10,100	10,100	10,100
Chargeable treasury bills, etc.	644	-	-	18,165	3,740	22,549	22,548
Lending to credit institutions	-	-	-	-	123,419	123,419	123,419
Lending to the public	-	-	-	-	24,974	24,974	24,998
Value changes of interest-rate-risk hedged items in macro hedges	-	-	-	-	0	0	0
Bonds and other interest-bearing securities	215	-	-	25,619	24,420	50,254	50,384
Derivatives	-	696	8,208	-	-	8,904	8,904
Other assets	-	-	-	-	25	25	25
Prepaid expenses and accrued income	9	-	-	-	95	230	230
<b>Total financial assets</b>	<b>868</b>	<b>696</b>	<b>8,208</b>	<b>43,910</b>	<b>186,773</b>	<b>240,455</b>	<b>240,608</b>

## Financial liabilities

PARENT COMPANY					
31 Dec 2021					
SEK million	Financial liabilities measured at FVTPL		Financial liabilities measured at amortised cost	Total	Total fair value
	Derivatives in hedge accounting	Held for trading			
Liabilities to credit institutions	-	-	16,033	16,033	16,033
Deposits from the public	-	-	144,950	144,950	144,950
Issued debt securities, etc.	-	-	63,452	63,452	63,512
Derivatives	518	8,092	-	8,610	8,610
Other liabilities	-	-	115	115	115
Accrued expenses and deferred income	-	-	246	246	246
Subordinated debt	-	-	1,996	1,996	1,992
<b>Total financial liabilities</b>	<b>518</b>	<b>8,092</b>	<b>226,792</b>	<b>235,402</b>	<b>235,458</b>

## Financial assets

SEK million	PARENT COMPANY						
	31 Dec 2020						
	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	-	-	-	-	6,530	6,530	6,530
Chargeable treasury bills, etc.	646	-	-	3,612	6,636	10,894	10,889
Lending to credit institutions	-	-	-	-	121,069	121,069	121,069
Lending to the public	-	-	-	-	24,806	24,806	24,871
Value changes of interest-rate-risk hedged items in macro hedges	-	-	-	-	0	0	0
Bonds and other interest-bearing securities	931	-	-	31,421	25,828	58,180	58,282
Derivatives	-	983	11,337	-	-	12,320	12,320
Other assets	-	-	-	-	742	742	742
Prepaid expenses and accrued income	20	-	-	146	173	339	339
<b>Total financial assets</b>	<b>1,597</b>	<b>983</b>	<b>11,337</b>	<b>35,179</b>	<b>185,784</b>	<b>234,880</b>	<b>235,042</b>

## Financial liabilities

SEK million	PARENT COMPANY				
	31 Dec 2020				
	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	-	-	20,184	20,184	20,184
Deposits from the public	-	-	135,658	135,658	135,658
Issued debt securities, etc.	-	-	59,841	59,841	60,058
Derivatives	1,038	11,115	-	12,153	12,153
Other liabilities	-	-	303	303	303
Accrued expenses and deferred income	-	-	270	270	270
Subordinated debt	-	-	1,995	1,995	1,997
<b>Total financial liabilities</b>	<b>1,038</b>	<b>11,115</b>	<b>218,251</b>	<b>230,404</b>	<b>230,623</b>

## Fair value measurement of financial instruments

The measurement policies for financial instruments recognised at fair value in the balance sheet are provided in Note G 1. In the "total fair value" column above, information is also provided on the fair value of financial instruments that are recognised at amortised cost in the balance sheet.

The carrying amounts for current receivables and liabilities have been assessed as equal to their fair values. Securities recognised at amortised cost were measured at quoted prices, Level 1.

For Lending to the public, Issued debt securities and Subordinated debt, fair value is established based on generally accepted valuation techniques. Calculations made in conjunction with measurement are based on observable

market data with the exception of the credit margin when valuing lending to the public. The models are based on discounted cash flows.

Issued debt securities and subordinated debt are measured at the Group's current borrowing rate, Level 2.

For lending to the public, where no observable credit margin data is available at the time of measurement, the credit margin on the most recent stipulated date of expiry is applied to set the discount rate, Level 3.

## FI:2 Fair value disclosures

SEK million	GROUP							
	2021				2020			
	Quoted market prices (Level 1)	Other observable market data (Level 2)	Unobservable market data (Level 3)	Total	Quoted market prices (Level 1)	Other observable market data (Level 2)	Unobservable market data (Level 3)	Total
<b>Assets</b>								
Chargeable treasury bills, etc.	3,441	15,368	-	18,809	4,258	-	-	4,258
Bonds and other interest-bearing securities	25,834	-	-	25,834	32,352	-	-	32,352
Derivatives	-	6,920	-	6,920	-	10,890	-	10,890
Prepaid expenses and accrued income	135	-	-	135	166	-	-	166
<b>Total</b>	<b>29,410</b>	<b>22,288</b>	<b>-</b>	<b>51,698</b>	<b>36,776</b>	<b>10,890</b>	<b>-</b>	<b>47,666</b>
<b>Liabilities</b>								
Derivatives	-	2,844	-	2,844	-	3,124	-	3,124
<b>Total</b>	<b>-</b>	<b>2,844</b>	<b>-</b>	<b>2,844</b>	<b>-</b>	<b>3,124</b>	<b>-</b>	<b>3,124</b>
SEK million	PARENT COMPANY							
	2021				2020			
	Quoted market prices (Level 1)	Other observable market data (Level 2)	Unobservable market data (Level 3)	Total	Quoted market prices (Level 1)	Other observable market data (Level 2)	Unobservable market data (Level 3)	Total
<b>Assets</b>								
Chargeable treasury bills, etc.	3,441	15,368	-	18,809	4,258	-	-	4,258
Bonds and other interest-bearing securities	25,834	-	-	25,834	32,352	-	-	32,352
Derivatives	-	8,904	-	8,904	-	12,320	-	12,320
Prepaid expenses and accrued income	135	-	-	135	166	-	-	166
<b>Total</b>	<b>-</b>	<b>8,610</b>	<b>-</b>	<b>8,610</b>	<b>36,776</b>	<b>12,320</b>	<b>-</b>	<b>49,096</b>
<b>Liabilities</b>								
Derivatives	-	8,610	-	8,610	-	12,153	-	12,153
<b>Total</b>	<b>-</b>	<b>8,610</b>	<b>-</b>	<b>8,610</b>	<b>-</b>	<b>12,153</b>	<b>-</b>	<b>12,153</b>

### Parent Company and Group

In the table, financial assets and liabilities recognised at fair value in the balance sheet are divided on the basis of the measurement methods used.

No transfers were made between levels in 2020 or in 2021.

#### Quoted market prices (Level 1)

Measurement at quoted prices in an active market for identical assets and liabilities. A market is deemed to be active if the price data is easily accessible and corresponds to actual regularly occurring transactions. The measurement method is used for holdings of quoted interest-bearing securities and for publicly quoted derivatives, primarily interest-rate futures.

#### Measurement based on observable market data (Level 2)

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

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

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



## FI:3 Offsetting disclosures

### Financial instruments offset in the balance sheet or encompassed by netting agreements

SEK million	GROUP						
	2021						
	Amounts reported in the balance sheet		Related amounts not offset in the balance sheet				
Amounts subject to offsetting	Amounts not offset in the balance sheet	Amounts reported in the balance sheet	Financial instruments	Provided (+)/Received (-) collateral – securities	Provided (+)/Received (-) cash collateral		
<b>Assets</b>							
Derivatives	6,920	-	6,920	-2,324	-	-3,023	1,573
Repos	9,121	-9,120	1	-	0	-	1
<b>Liabilities</b>							
Derivatives	-2,844	-	-2,844	2,324	-	520	0
Repos	-9,459	9,120	-339	1	338	0	0
<b>Total</b>	<b>3,738</b>	<b>0</b>	<b>3,738</b>	<b>1</b>	<b>338</b>	<b>-2,503</b>	<b>1,574</b>

SEK million	GROUP						
	2020						
	Amounts reported in the balance sheet		Related amounts not offset in the balance sheet				
Amounts subject to offsetting	Amounts not offset in the balance sheet	Amounts reported in the balance sheet	Financial instruments	Provided (+)/Received (-) collateral – securities	Provided (+)/Received (-) cash collateral		
<b>Assets</b>							
Derivatives	10,890	-	10,890	-2,166	-	-7,040	1,685
Repos	2,455	-2,447	8	-	5	0	13
<b>Liabilities</b>							
Derivatives	-3,124	-	-3,124	2,166	-	889	-70
Repos	-2,447	2,447	0	-	0	0	0
<b>Total</b>	<b>7,774</b>	<b>0</b>	<b>7,774</b>	<b>0</b>	<b>5</b>	<b>-6,151</b>	<b>1,628</b>

## Financial instruments offset in the balance sheet or encompassed by netting agreements

PARENT COMPANY							
2021							
SEK million	Amounts reported in the balance sheet		Related amounts not offset in the balance sheet				Net amount
	Amounts subject to offsetting	Amounts not offset in the balance sheet	Amounts reported in the balance sheet	Financial instruments	Provided (+)/ Received (-) collateral – securities	Provided (+)/ Received (-) cash collateral	
<b>Assets</b>							
Derivatives	8,904	-	8,904	-4,445	-	-3,023	1,437
Repos	15,072	-	15,072	-	-14,906	-	165
<b>Liabilities</b>							
Derivatives	-8,610	-	-8,610	4,445	-	520	-3,646
Repos	-	-	-	-	-	-	-
<b>Total</b>	<b>15,366</b>	<b>-</b>	<b>15,366</b>	<b>0</b>	<b>-14,906</b>	<b>-2,503</b>	<b>-2,044</b>

PARENT COMPANY							
2020							
SEK million	Amounts reported in the balance sheet		Related amounts not offset in the balance sheet				Net amount
	Amounts subject to offsetting	Amounts not offset in the balance sheet	Amounts reported in the balance sheet	Financial instruments	Provided (+)/ Received (-) collateral – securities	Provided (+)/ Received (-) cash collateral	
<b>Assets</b>							
Derivatives	12,320	-	12,320	-3,806	-	-7,040	1,474
Repos	12,771	-2,151	10,620	-	10,560	0	21,179
<b>Liabilities</b>							
Derivatives	-12,153	-	-12,153	3,806	-	889	-7,458
Repos	-2,151	2,151	0	-	0	0	0
<b>Total</b>	<b>10,787</b>	<b>0</b>	<b>10,787</b>	<b>0</b>	<b>10,560</b>	<b>-6,151</b>	<b>15,195</b>

To limit the potential counterparty risk associated with derivative transactions involving non-standardised derivatives that are not cleared by clearing organisations approved by the competent authority (in accordance with Regulation (EU) No 648/2012), a framework agreement is to be entered into with the counterparty.

When applicable, the framework agreement, an ISDA Master Agreement or similar agreements with terms for final settlement, have been supplemented with an associated collateral agreement, known as a Credit Support Annex (CSA). A collateral agreement or CSA must always be established for counterparties entering into derivative contracts with SBAB. Counterparty risk is rec-

onciled on a daily basis for all counterparties. When entered into, collateral agreements or CSAs are reconciled on a daily or weekly basis.

When collateral agreements have been entered into, collateral is pledged to reduce net exposures. Wherever applicable, the posted and received collateral takes the form of cash with a transfer of title, which entitles the party that receives the collateral to use the collateral in its operations. Repos are recognised in the balance sheet under the headings Lending and Liabilities to credit institutions, respectively.

For further information on offsetting, see Note RC 2, in the section on Counterparty risk.

# Sustainability notes

## S:1 General information

**SBAB's Annual and Sustainability Report has been prepared in accordance with the GRI Standards: Core option. It also constitutes SBAB's Communication on Progress (COP) to the UN Global Compact, SBAB's report to the UN Principles for Responsible Banking (PRB), reporting pursuant to the EU Taxonomy Regulation, a sustainability report in accordance with the Swedish Annual Accounts Act and information on how SBAB contributes to the 2030 Agenda for sustainable development.**

### Report defined by the Board of Directors

The Board of Directors have signed, and thereby submitted, the Annual and Sustainability Report in its entirety.

### Sustainability reporting in accordance with the Swedish Annual Accounts Act

This report comprises SBAB's statutory sustainability report pursuant to the requirements of the Swedish Annual Accounts Act.

→ Read more on pages 71, 197 and 202–203.

### Reporting in accordance with the EU Taxonomy Regulation

This comprises SBAB's first report in accordance with the EU Taxonomy Regulation.

→ Read more on pages 197–198

### UN Global Compact & the 2030 Agenda for Sustainable Development

The state's ownership policy stipulates that state-owned enterprises should serve as role models in the area of sustainable enterprise and otherwise act in a manner that generates public confidence. Acting as a role model includes working strategically and transparently with a focus on collaboration. These efforts are inspired and guided by international guidelines including the ten principles of the UN Global Compact as well as the SDGs of the 2030 Agenda for Sustainable Development.

→ Read more on pages 22–23 and 200

### Sustainability reporting under the Global Reporting Initiative (GRI)

SBAB's Annual and Sustainability Report pertains to the 2021 calendar year and has been prepared in accordance with the GRI Standards: Core option. The separate GRI and COP index sets out the location of the different GRI and COP disclosures in the report.

→ Read more on pages 202–203

### Principles for Responsible Banking (PRB)

In 2020, SBAB signed the UN Principles for Responsible Banking, which aim to provide a framework for a sustainable banking system that drives the global economy in a sustainable direction. This year's report will be SBAB's first and will be developed going forward.

→ Read more on page 201. SBAB's Annual Report is published on our website: [www.sbab.se](http://www.sbab.se).

### The report's scope and boundaries

The Annual Report encompasses the Parent Company, SBAB Bank AB (publ). The subsidiaries AB Sveriges Säkerställda Obligationer (publ) (Swedish Covered Bond Corporation – SCBC), Booli Search Technologies AB and Boappa AB issue their own annual reports. The Sustainability Report encompasses the Parent Company, SBAB Bank AB (publ), AB Sveriges Säkerställda Obligationer (publ) and, unless otherwise stated, Booli Search Technologies AB and Boappa. SBAB's material impact occurs within the organisation and in connection with SBAB's lending.

### Audit and limited assurance report

The formal Annual Report is to be found in specially marked sections, and has been audited. The Sustainability Report has been subject to a limited assurance review. The Corporate Governance Report is subject to a statutory review, which is less comprehensive than an audit or auditor's review.

Deloitte submits an audit report for the Annual Report and the Corporate Governance Report, and a separate limited assurance report for the Sustainability Report.

→ Read more on pages 205–208

## S:2 Guidelines and obligations

### S:2.1 Guidelines

#### State's ownership policy

SBAB follows the State Ownership Policy and principles for state-owned enterprises 2020, which also encompasses the Guidelines for external reporting in state-owned enterprises and Guidelines for remuneration and other terms of employment for senior executives in state-owned enterprises.

#### Policies, instructions and directions

Each year, SBAB's Board of Directors adopts a number of policies and instructions at the statutory Board meeting. These are an important part of the internal governance and help the company to promote sustainable enterprise and to create a consensus on company-wide issues and areas.

For example, the Board of SBAB has adopted policies and instructions covering Sustainable Enterprise, Ethics, Equality and Diversity, Remuneration, Complaints Handling, Risk, Credit, Capital, Compliance, Independent Risk Control, Internal Audit, Measures to Preventing Money Laundering and the Financing of Terrorism, as well as Compliance with Financial Sanctions and Recovery Plans.

In addition to policies and instructions decided by the Board, there are a number of instructions decided by the CEO or by persons with authority delegated by the CEO. Examples of such instructions include Policies, Outsourcing, Authorisation Instruction, Communication, Working Environment, Against Bribes and other Corruption, Banking Secrecy, Whistleblower Process, IT Governance and Security.

#### Code of Conduct

We let our values and Code of Conduct act as a moral compass in terms of defining our behaviour and what we stand for as a company. Our Code of Conduct is decided by the Board of Directors and is available for all employees on our intranet. It provides guidance on how we should act and conduct ourselves in various situations and the inherent responsibilities of being a SBAB employee. Employees, managers, consultants, members of the Executive Management and Board members are responsible for understanding and complying with our Code of Conduct.

#### Supplier Code

SBAB's Supplier Code addresses SBAB's view and expectations of our suppliers' sustainability efforts and compliance with international guidelines and principles. The Supplier Code is included in all agreements with suppliers and is available in full at [www.sbab.se](http://www.sbab.se).

### S:2.2 Obligations

The state's ownership policy stipulates that state-owned enterprises should serve as role models in the area of sustainable enterprise and otherwise act in a manner that generates public confidence. Acting as a role model includes working strategically and transparently with a focus on collaboration. These efforts are inspired and guided by international guidelines including the ten principles of the UN Global Compact and the SDGs of the 2030 Agenda for Sustainable Development.

#### UN Global Compact, Communication on Progress (COP)

SBAB joined the UN Global Compact in 2009. SBAB's commitment to the Global Compact means that SBAB reports its work on implementing the Ten Principles of the Global Compact in the areas of human rights, labour, environment and anti-corruption in an annual Communication on Progress (COP). The separate GRI/COP index states which parts of the report constitute SBAB's Communication on Progress, which is based on the BASIC GUIDE Communication on Progress, GC Active Level, developed by the Global Compact. The UN Global Compact includes a precaution principle. SBAB is implementing a number of precautionary measures in operating activities, including employee training. We are also implementing ongoing efforts to identify, manage and integrate sustainability risks in all central processes.

#### UN 2030 Agenda for sustainable development and the SDGs

The state's ownership policy states that, within the framework of their operations, state-owned enterprises must analyse the SDGs contained in the 2030 Agenda for Sustainable Development to identify which goals the company can influence and contribute to through its activities. Companies are also expected to identify business opportunities that contribute to achieving the goals. SBAB has identified and chosen four of the 17 SDGs that we consider particularly important and relevant for our operations. The goals have been chosen based on extensive analysis in the form of internal workshops and ranking exercises within operations, the Executive Management and the Board, and thus comprise an integrated part of SBAB's governance model and daily operations. SBAB's contribution to the respective goals is presented in a separate table and in the freestanding GRI/COP index.

→ Read more on pages 22–23 and 200

#### Sweden's environmental objectives

The environmental objective system contains one generation goal, 16 environmental quality goals and 17 intermediate goals in the areas of waste, biodiversity, hazardous substances and climate. Sweden's environmental objectives are the national implementation of the ecological dimension of the SDGs. SBAB supports these objectives and actively contributes to the overall objective for environmental policy, the generation goal, which is to be able to hand over a society to the next generation in which the major environmental problems have been solved, without causing more environmental and health problems beyond Sweden's borders. One of the environmental quality goals, goal 15, refers to a healthy built-up environment and has synergies with two of SBAB's four prioritised SDGs, namely 11 and 12. SBAB is a leading player in the housing financing sector and has a responsibility to drive development in this area.

#### The Paris agreement and the EU action plan for financing sustainable growth

SBAB works to promote realising the goals of the Paris agreement and the EU action plan for financing sustainable growth. This year's report will be SBAB's first pursuant to the EU Taxonomy Regulation. SBAB also reports on climate risk in accordance with the Task Force on Climate-related Financial Disclosures (TCFD).

→ Read more on pages 197–199

#### Principles for Responsible Banking (PRB)

In 2020, SBAB signed the UN Principles for Responsible Banking, which aim to provide a framework for a sustainable banking system that drives the global economy in a sustainable direction. Through signing the principles, SBAB undertakes to report its negative and positive impact in material sustainability areas and to clearly state which science-based sustainability goals SBAB is working to achieve. Moreover, SBAB undertakes, in partnership with other banks, to promote shared sustainability goals whereby work approaches are synchronised and become comparable.

→ Read more on page 201

#### Partnership for Carbon Accounting Financials (PCAF)

Under 2021 SBAB joined the PCAF initiative, a partnership between financial institutions aimed at creating a standardised methodology for measuring GHG emissions tied to lending and investment portfolios. The PCAF aims to help financial institutions contribute to meeting the goal of the Paris agreement. By committing to the PCAF, SBAB has undertaken, together with the initiatives other signatories, to develop standardised methodologies for measuring GHG emissions tied to lending and investment portfolios.

→ Read more on page 194

## S:3 Definition of the reporting content

SBAB's Annual and Sustainability Report has been prepared pursuant to the GRI's principles for defining report content and quality. Stakeholder dialogues and materiality assessments form the basis for SBAB's prioritised sustainability topics.

### S:3.1 Stakeholder dialogue

SBAB has identified a number of particularly important stakeholder groups that all affect and are affected by our operations in various ways. From a business perspective, the most important stakeholders in the short, medium and long term are the customers, the employees, the owner and investors. This priority has grown out of a recurring internal dialogue regarding the bank's

business logic in the Board of Directors, the Executive Management and in operations. We maintain ongoing communication, primarily with the most important stakeholders, to set the right priorities in our business development and sustainability work. Communication is conducted through means including customer surveys and meetings, dialogue with owner representatives, question forums on [www.sbab.se](http://www.sbab.se), physical meetings in various formats, dialogues regarding accounting, and other formats for stakeholder engagement.

### FORMATS FOR STAKEHOLDER ENGAGEMENT

#### Customers

The confidence our customers have in SBAB determines our ability to develop in many respects, and therefore also our ability to take on a greater role in societal development. The knowledge, skills, professionalism and consideration shown by our employees on a daily basis are apparent in surveys conducted by Svenskt Kvalitetsindex (Swedish Quality Index, SKI).

#### In dialogues through:

The internet ([www.sbab.se](http://www.sbab.se)), telephone, customer surveys (SKI, brand surveys, customer panels, focus groups, etc.), social media, customer and support forum, blogs, personal meetings, customer meetings, seminars and conferences, the AGM, marketing communication, etc.

#### Employees

SBAB's employees are its most important asset. Motivated and committed employees are a prerequisite for our success and one of the most important resources in terms of achieving our vision. Our employees' motivation to create value through stakeholder relations depends on a number of factors, including leadership, skills development, development opportunities and our corporate culture.

#### In dialogues through:

Performance evaluations, meetings, employee surveys, workplace dialogues with trade unions, monthly and departmental meetings, the intranet, AGMs, CEO blogs, etc.

#### Owner & investors

Owner: SBAB is wholly owned by the Swedish state. The Swedish government's ambition for Swedish state-owned companies – to set good examples and serve as role models for sustainable enterprise – has inspired us to clarify our role in the sustainable development of society.

Investors: Investor confidence in SBAB is based on investors' interaction with our employees as well as on a belief in our business model and our ability to support positive and sustainable economic developments.

#### In dialogues through:

Owner: Ownership policy, owner instructions, continuous ministerial contacts, board representation, AGMs, network meetings, etc.

Investors: Personal meetings, group presentations, financial statements, [www.sbab.se](http://www.sbab.se), etc.

#### The public

Confidence from the general public and other stakeholders such as non-profit organisations, business partners, media, suppliers and interest organisations affects our opportunities to develop the operations in the desired direction. Confidence from the public is a prerequisite for attracting new customers, establishing long-term relationships and growing.

#### In dialogues through:

Personal meetings, network meetings, seminars and conferences, media, blogs, social media, AGMs, marketing communication, etc.

### S:3.2 Material topics

In 2020, a new materiality assessment was conducted in line with the GRI guidelines. This included a new stakeholder dialogue comprising 24 interviews of key stakeholders such as Board members, Executive Management, corporate customers, the owner, collaboration partners, business partners, investors and trade organisations. Moreover, surveys were conducted with 482 of SBAB's employees, 384 retail customers and 23 tenant-owners' association customers. The stakeholder dialogue captured the stakeholders' perspectives as to which sustainability topics are most relevant for SBAB. In addition to input from the stakeholder dialogue, a new analysis was carried out of the operating environment, including key factors and relevant sustainability risks, trends and legislation to form the basis for identifying the areas where SBAB has the greatest impact.

By utilising input from the stakeholder dialogue and the operating environment analysis as a foundation, an internal exercise was carried out, with representatives from operations, Executive Management and the Board, in order to agree on SBAB's material sustainability topics. These efforts identified and calibrated a total of 14 sustainability topics, which are presented on the next page.

#### Three target areas

Based on the materiality assessment, SBAB has prepared and established three overall commercial and sustainable development target areas for the operations: Responsibility and transparency; Attractive workplace; and Sound finances.

➔ [Read more on pages 26–29](#)

#### How the material sustainability topics have been reported

For each target area, we have adopted fixed strategies and activities, overall targets and metrics, and determined how the results should be reported. Activities, targets and metrics are reviewed each year in conjunction with the business planning process. Since 2017, SBAB's business plan has been fully integrated, which means that SBAB does not differentiate between business targets and sustainability targets. SBAB's targets are presented earlier in this report.

➔ [Read more on page 191](#)



All of the sustainability topics identified through stakeholder and materiality assessments are reported as material in SBAB's sustainability report. These are reported in our three target areas as follows:

**Responsibility and transparency**

- Business ethics and transparency
- Secure IT systems and integrity
- Product development and innovation
- Climate impact – products and services
- Set requirements for suppliers and partners
- Community engagement
- Accessibility and a socially inclusive offering
- Financial offers with societal impact
- Identify and manage climate-related risks
- Climate impact – own operations

**Attractive workplace**

- Respect and equality – own operations
- Develop and retain employees
- Attract competent employees

**Sound finances**

- Financial stability

The above responsibility issues have been delimited in the report to include SBAB's direct efforts and are reported using at least one GRI indicator per material aspect.

➔ Read more on pages 202–203

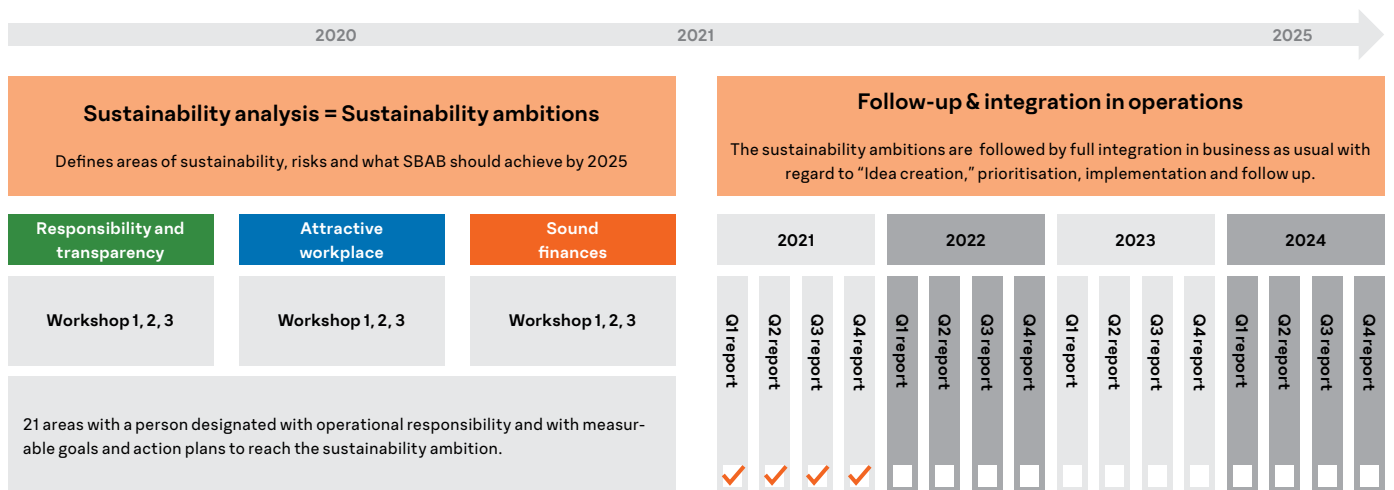
SBAB's material impact occurs within the organisation and in connection with our lending.

**Sustainability analysis to identify sustainability ambitions**

In 2021, SBAB's Board decided to conduct a sustainability analysis of SBAB's operations based on the new materiality assessment. The analysis identified the current status and ambition levels as well as objectives for 2025. The analysis identified 21 prioritised areas within which SBAB faced challenges or possibilities of varying scope.

The current status and objectives were established based on SBAB's materiality assessment, business plan, model for governance and follow-up, prioritised SDGs and other national and international guidelines. The internal basis was complemented with an analysis of factors in the operating environment and industry practice in the area of sustainability. This functioned as the basis for a number of workshops, where actual representatives from the entire operations participated with the aim of calibrating the current status and the objectives.

The result of all of the workshops was 21 sustainability ambitions including the current status, ambition level and objective for 2025 within the respective area, together with an action plan. The action plans include activities and milestones aimed at reaching the objective. The results of the work were discussed and prepared by the Executive Management for decision by the Board. Read more about reporting and monitoring on the next page.



## S:4 Governance and follow-up

### S:4.1 Overarching governance

SBAB has a number of functions for the governance and follow-up of sustainability efforts.

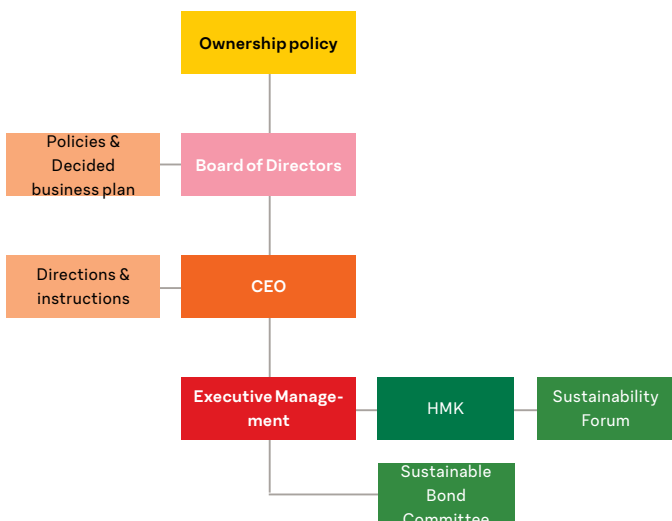
Within SBAB, the Board is ultimately responsible for ensuring that active, long-term efforts to achieve sustainable development are carried out within the bank. The Board also adopts a strategy, objectives and a policy for sustainable enterprise. Furthermore, the Board monitors and assesses SBAB's sustainability efforts.

The Executive Management presents the bank's strategic business plan, including its aims, direction and objectives for sustainability efforts, in conjunction with deciding the business plan and budget. SBAB's sustainability efforts are fully integrated in SBAB's business plan. The Executive Management are to control and take decisions on priorities and strategic direction for sustainability in accordance with the decided business strategy.

The Sustainability Marketing and Communication department (HMK) is led by the Head of HMK, who is a member of the Executive Management and reports to the CEO. HMK includes the Sustainability unit, which is led by the Head of Sustainability who reports to the Head of HMK and the CEO. The Sustainability unit is tasked with coordinating sustainability efforts at SBAB at an overall and total level, as well as in relation to the overriding target areas and their measurable goals, together with the individuals with operational responsibility in the business. The Head of Sustainability together with the Head of HMK are tasked with driving SBAB's strategic sustainability efforts with the CEO and the Board, and are responsible for internal and external communication issues pertaining to sustainability efforts. The Head of Sustainability also participates in and represents SBAB with regard to sustainability topics in contact with the owner and in other external contexts. Within the Sustainability unit there are three sustainability strategists who, together with the Head of Sustainability, work full-time with sustainability topics and who assist with coordinating and leading sustainability efforts in the operations.

SBAB has a Sustainability Forum with representatives from different parts of the operation who meet around two times per year. The representatives are well versed in SBAB's sustainability efforts and are also responsible for managing these issues in their parts of the organisation. The Sustainability Forum is seen as a complement to the business planning, whereby sustainability is integrated into the business goals. The aim of the Sustainability Forum is to inspire, raise awareness and enable us to learn from one another. The Forum is led by the Head of Sustainability together with the sustainability strategists.

SBAB has a Sustainable Bond Committee (SBC) that regularly meets four times a year, or more often if needed. The aim of the SBC is to secure the process whereby green and/or sustainable bonds can be issued, managed and discontinued. The SBC is comprised of seven individuals from different parts of the operations. The Chairman of the SBC is SBAB's CFO.



### S:4.2 Follow-up

SBAB has decided on a number of overriding, measurable and quantifiable goals for the respective target areas. These are presented earlier in this report. A number of specific metrics (KPIs) exist for the respective target areas, which are measured and reported to the CEO and Board each month. In addition to the overriding business plan and its contents, operational goals and activities are in place at a departmental and functional level.

#### Reporting of sustainability ambitions

Some 21 areas were identified in the sustainability analysis. Responsibility has been allocated to a representative of Executive Management and to an individual with operational responsibility for each area. Moreover, each area has been allocated a sustainability strategist from the Sustainability unit. Each quarter, progress in the various areas is reported to the Executive Management as part of following up efforts and ensuring integration of sustainability. A progress summary is reported twice each year to the Board.

#### Responsibility and transparency

The ongoing governance and follow-up of goals linked to this area are allocated between Accounting & Treasury, Business Specialists, Customer Experience, Data Science, Customer Service, Corporate Clients & Tenant-Owners' Associations, HMK, Tech and Risk.

#### Attractive workplace

SBAB's HR department is responsible for the ongoing governance and follow-up of the goals linked to this area.

#### Sound finances

The ongoing governance and follow-up of the goals linked to this area are mainly the responsibility of SBAB's Accounting & Treasury department, and SBAB's Tech department, for which sustainable technical development comprises a key element. The goals in Sound finances include the financial goals set by SBAB's owner, the Swedish state.

### S:4.3 Goals for 2022

SBAB has adopted the following goals for 2022:

<b>Sustainability:</b> Ranking in the Sustainability index		<b>Top 3</b>
<b>Transparency:</b> Proportion of customers who believe that SBAB has an offering that is straightforward and easy to understand		<b>90%</b>
<b>Customer satisfaction:</b> Sweden's most satisfied customers according to the Swedish Quality Index	Mortgages	<b>Top 3</b>
	Property loans	<b>Top 3</b>
<b>Equality &amp; diversity:</b> Equality between women/men in management positions (within the range)		<b>45-55%</b>
<b>Employee experience:</b> Percentage of employees who consider SBAB an overall great place to work		<b>≥90%</b>
<b>Committed employees:</b> Total Trust Index in Great Place to Work's annual employee survey		<b>≥85%</b>
<b>Profitability:</b> A return on equity over time		<b>≥10.0%</b>
<b>Dividend:</b> Ordinary dividend based on profit for the year after tax, taking the Group's capital structure into account		<b>≥40%</b>
<b>Capitalisation:</b> The CET1 capital ratio and total capital ratio exceed the regulatory requirement communicated by the Swedish FSA	CET1 capital ratio	<b>&gt;1.0% &lt;3.0%</b>
	Total capital ratio	<b>&gt;1.0% &lt;3.0%</b>

## S:5 Supplementary information per target area

### S:5.1 Responsibility and transparency

#### Responsible and transparent offering

##### How we grant loans to consumers

When we consider granting a loan, we first test whether the customer has the necessary repayment capacity. Central to the credit approval process is establishing how secure and reliable a customer's income is, as well as whether the housing cost calculation is within the customer's capabilities. All of the above is to ensure customers have the long-term financial prerequisites to pay interest and amortisation. In the housing cost calculation we use various parameters such as housing and living costs as well as parameters that ensure customers can manage any interest rate hikes over time. We call this parameter the calculation interest rate. If the calculation indicates a sufficient surplus, a loan is granted, provided that the customer satisfies other credit rules.

If a customer applies for a mortgage for a tenant-owner apartment, we also assess the customer's calculation in relation to any risk of the monthly fee to the tenant-owners' association being raised. This is carried out by analysing the tenant-owners' association's financial prerequisites, including the debt for tenant-owners' association per square metre.

We base our credit approval process on information received from the customer, our credit rules and information received from credit rating agencies and the Land Registry, for example.

For SBAB's mortgages, collateral is provided in the form of a mortgage deed in immovable property or rights in a tenant-owners' association. The loan is permitted to correspond to a maximum of 85% of the value of the property.

Our mortgage specialists and their knowledge, expertise and professionalism comprise key elements of the credit granting process and we also work continuously to improve and streamline our processes to identify automation and digitalisation possibilities for our customers and for SBAB.

To support them in their work, our mortgage specialists have a large number of automated controls of customers' prerequisites in relation to our credit rules. We carry out continuous random follow-ups along with other reviews to ensure that all of our credit approvals are conducted with high quality standards that comply with our credit rules, and apply a sound and sustainable approach.

#### Housing cost calculation

+	Borrower's income <sup>1)</sup>
-	Housing expenses <sup>2)</sup>
-	Living expenses <sup>3)</sup>
=	Surplus (or deficit)

<sup>1)</sup> The stated income is checked using the credit information service UC, among others.

<sup>2)</sup> Repayments, running costs, monthly fees and stressed interest rates.

<sup>3)</sup> In accordance with the Swedish Consumer Agency's guidelines, taking the number of minors and adults in the household into account.

#### Amortisation and debt-to-income ratio

At SBAB we believe that amortisation helps ensure sound personal finances. We conduct individual amortisation dialogues with all our customers and follow the Swedish FSA's regulations pertaining to amortisation requirements. These rules include a repayment rate of not less than 2% per year for new residential mortgages with an LTV ratio of more than 70%, and thereafter not less than 1% per year down to an LTV ratio of 50%. In 2018, we introduced the increased amortisation requirement for households with high debt ratios, which entails that all customers borrowing more than 4.5 times their gross income (their pre-tax income) must amortise an additional one percent per year. The debt-to-income ratio gives us a good indication of how sensitive our customers' repayment capacity is to changes in interest rate or income levels, for example. We already apply a mandatory debt-to-income ratio of 5.5 times gross income in our lending, where we also consider any other loans in addition to the mortgage, such as consumer loans.

In light of the coronavirus, we have helped many of our customers during the year to get temporary amortisation relief in face of fears of loss of income or because customers wanted to create a buffer.

#### Changes in the credit granting process

We have made adjustments to our credit process over the last few years to better reflect society, including in terms of constellations of borrowers and forms of employment (permanent, temporary and project), but also with the aim of enabling young adults to buy their first home.

Customer Service has a special function to handle credit cases of a more complex or infrequent nature. Cases that require special skills, understanding and experience. This function enables customers to meet mortgage specialists who understand their situation and who have expertise in their specific areas. This may include, for example, sole traders who are applying for a mortgage, customers who wish to take over a mortgage in the event of a divorce and customers who are approaching retirement with regard to understanding how income may be affected in the future.

Key elements of our work moving forward with the credit granting process primarily comprise further efficiency enhancement, automation and digitalisation of the credit granting process and better management of any climate risks.

#### Preventative insolvency management

It is important for us to work on preventative insolvency management. This entails early contact by SBAB in cases where we find that our customers could have difficulties in making their interest and amortisation payments. Sickness, unemployment, divorce and split-ups are the most common causes of payment difficulties for our customers. Normally, the process starts with a dialogue and asking the customer to create a household budget to then progress to a discussion on how we will proceed. We manage the entire insolvency management process in-house at SBAB. Considerate, close and clear dialogue with customers often leads to a favourable outcome for our customers and for us.

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

Our credit approval of property companies and tenant-owners' associations is primarily based on their repayment capacity. In addition to repayment capacity, which we assess, inter alia, by analysing income and cash-flow statements as well as sensitivity analyses, we also assess more qualitative parameters such as the organisation, management and governance. We analyse and assess the collateral, including its value, for customers' loans. When we lend for construction of new properties, we conduct an analysis of the project and make a projection for the completed production. The properties being loaned against are appraised by SBAB's property valuation department. As part of this valuation, we also assess future maintenance requirements. We also assess the customer's ability to finance such requirements. We also follow up all our property companies and tenant-owners' associations at least once each year.

#### Sustainability criteria in the credit granting process for corporates and tenant-owners' associations

We promote sound environmental risk management and sustainability in issued loans. This means any negative impact on the climate or environment should be avoided wherever possible, or at least minimised, mitigated or compensated for. In our credit granting process for property companies and tenant-owners' associations, we consider ethical requirements, the work environment, sound finances and environmental criteria as a part of the overall assessment. When viewing and valuing properties, in addition to factors such as the property's location, condition and standard, special attention is paid to any occurrence of environmentally disturbing factors, such as polluted land, substandard ventilation and harmful building materials.

#### SBAB's products and services should be accessible to all

Since 2018, a cross-functional working group has worked to ensure that our channels are accessible for people with disabilities. The group works closely with the organisation Axxess Lab, who specialise in accessibility. During the year, we updated our instructions so that we can handle calls from customers who use one of the Post and Telecom Agency's help tools, including text telephony or videophony, so we can offer equal service to all customers regardless of need. We work with learning and development in order to make our services more accessible across a greater number of needs.

#### Our operations build on trust

##### Cyber security

We work proactively with compliance and security issues to ensure that we comply with the regulations and requirements that apply to operations. Banking secrecy is a key point of departure for our security efforts. Living up to the expectations and requirements placed on us as a company is of vital importance to the confidence that our customers, owner, employees and other stakeholders have in SBAB. Security efforts are based on an international standard (ISO/IEC 27001:2017), with an information security management system. The bank's security organisation leads our dedicated work with cyber security. The security organisation consists of a Chief Information Security Officer and a Tech Security Manager who report to the Executive Management and the Board (when necessary) and two security teams (information and IT security). Work with cyber security involves both prevention and control. We take actions to detect and counteract threats in advance and we reg-

ularly check that our protective measures are effective. The Bank's critical systems are subjected to periodic security reviews, risk and vulnerability assessments, and penetration tests. These are conducted both internally and externally by independent third parties. Security awareness is important to the bank and employees undergo annual cyber security training.

#### Marketing communication

SBAB's Communication instruction regulates SBAB's external and internal communication and information disclosure. This instruction also aims to ensure that SBAB's information disclosure to the market is correct, relevant and adheres to the applicable communication rules. We also have a Direction for the marketing process, which describes SBAB's work procedures for marketing activities.

#### Integrity and protection of personal data

The General Data Protection Regulation (GDPR) aims to protect the fundamental rights and freedoms of individuals. SBAB's Privacy Office comprises our data protection officer and data protection specialists, who report quarterly to SBAB's Board and Executive Management. Privacy Office ensures our compliance with applicable data protection legislation and works, inter alia, with proactively raising data protection awareness in the organisation, managing data subjects' rights and any personal data incidents that arise. The Data Protection Officer conducts ongoing audits. SBAB has policies in place to help the operations comply with data protection legislation. Respect for personal privacy is part of or DNA and permeates everything we do.

#### Financial crime

Money laundering and terrorism financing are serious threats that inhibit economic growth and affect confidence in the financial system as well as democracy and public security. Countering these is of critical importance and are included in the SDGs of the 2030 Agenda. The products provided by banks and other financial institutions are utilised by criminals and networks to commit financial crime, hide criminal proceeds and generate new illicit proceeds. In many cases, the parties behind fraud and money laundering activities are also active in other forms of organised crime encompassing weapons and narcotics. Therefore, combating financial crime is also a way of combating other criminal activities that threaten society. For this reason, it is very important for us at SBAB to conduct our operations in such a manner as to counter these risks.

#### Complaints handling

At times, customers who are dissatisfied with SBAB's handling of a case contact SBAB with a complaint. It is critical that we take the time needed to address these matters in a professional manner. The primary aims of our complaints procedure is to ensure continued customer satisfaction and gain input on how we can enhance the customer journey, which can also pre-empt any future complaints. SBAB has policies in place to govern the conduct of our complaint handling. Our instruction for complaint handling is decided by the Board. The instruction is complemented by the Customer complaints guidelines, which explain how employees should manage complaints. Our policies are adapted to external requirements that we must address, such as the Swedish FSA's General guidelines regarding complaints management concerning financial services for consumers (FFFS 2002:23), Regulations for insurance distribution (FFFS 2018:10) and the Payment Services Act (2010:751). SBAB's complaints officer, or customer ombudsman, is registered with the Swedish FSA, and information guiding customers in how to make a complaint is available at [www.sbab.se](http://www.sbab.se)

#### Responsible sourcing and the Supplier Code

SBAB's supply chain includes suppliers of various services and materials. The four largest supplier categories (consulting and staffing services; communication and event; property and office services; and software and IT services) comprise around 80% of SBAB's total costs within procurement. Each supplier category has been subjected to a sustainability-centric risk analysis together with skills-raising initiatives for the relevant agreement owners. The aim is to create awareness and to manage sustainability risks in the supply chain in a structured and preventative manner. No material risks were identified in the supplier analysis.

In 2022, a follow-up of the Supplier Code will be conducted with SBAB's largest suppliers. The ongoing work with ensuring and developing compliance with the Supplier Code among our suppliers and business partners will continue in 2022 through the appointed working group under the leadership of the Head of Purchasing.

#### Tax

SBAB is wholly owned by the Swedish government. We only conduct operations in Sweden, which means that we only pay tax in Sweden. Since SBAB employs 839 people, we are a relatively small employer. The employers' contributions we pay on behalf of our employees help to strengthen security in society. We also pay guarantee fees, mainly in the form of the resolution fee

and fees to the national deposit guarantee, which help maintain financial stability in society. Guarantee fees rose in 2021 to SEK 221 million. Our tax expense amounted to SEK 560 million.

#### Together for the climate

SBAB works actively to limit postal mailings to customers, to thereby reduce climate impact from operations. The digital distribution of loan documents and collaboration with KIVRA has resulted in improvements and a drastic reduction in postal mailings during our collaboration. Today, payment notifications, terms and conditions, and annual statements to our retail customers as well as our employees' pay slips are all sent with Kivra.

#### Calculation of emissions for portfolio (Scope 3 downstream)

In 2021, we began measuring carbon emissions for our own portfolio (Scope 3 downstream). Measuring the emissions generated by our portfolio allows us to systematically work towards reduce emissions, and set relevant reduction targets aligned with the Paris agreement.

The methodology we use to measure our emissions is based on the PCAF global standard for the financial industry's accounting and reporting of GHG emissions related to loans and investments. PCAF supported the process with feedback on SBAB's application of the methodology. The calculation includes energy performance data (energy use per sqm and year) (A), Atemp, (area of the respective storey, attic and basement heated to above 10°C, sqm) (B), GHG emission factor (C) and SBAB's share of financing (loan to value ratio) (D) and is based on PCAF's method (A\*B\*C\*D). Read more about the methodology behind our GHG emissions factors on page 13 of SBAB's Green Bond Impact Report 2020.

The data was compiled from the Swedish National Board of Housing, Building and Planning and the Swedish Energy Agency. For 67% of our portfolio, we have energy use data that is object-specific and from energy declarations supplied by the Swedish National Board of Housing, Building and Planning and the remainder of the energy use data is based on average values for heating and hot water per object type (houses, multi-family dwellings and tenant-owner apartments) from the Swedish Energy Agency. When we have several buildings in the same object, we apply the energy declaration with the worst energy performance. When we have both tenant-owners' associations and right-of-use assets in the same object, we have excluded the right-of-use assets to avoid double counting. According to the PCAF's data quality reporting system, our data is classified as dataclass 4 (1 represents the best data quality and 5 is the poorest data quality). This is the first year for this reporting, going forward we hope to develop both in the development of the calculation methodology and data quality.

#### Emissions portfolio, Scope 3 (downstream)

CO <sub>2</sub> emissions, tonnes <sup>1)</sup>	2021
<b>Total emissions SBAB portfolio</b>	<b>209 790.5</b>
<b>Emission per object type</b>	
Houses	87 819.9
Holiday homes	5 970.4
Multi-family dwellings	84 203.2
Tenant-owner apartments	31 619.4
Commercial/offices	177.6
<b>Emission per energy class (share of lent capital)</b>	
Energy class A (0,3%)	232.5
Energy class B (4,2%)	3 398.6
Energy class C (9,3%)	11 071.1
Energy class D (14,4%)	24 162.5
Energy class E (22,7%)	55 549.1
Energy class F (12,6%)	39 232.4
Energy class G (3,5%)	16 626.6
N/A (33%)	59 522.5

<sup>1)</sup> The calculation includes energy performance use (energy consumption per sqm and year) (A), Atemp, (area of the respective storey, attic and basement heated to above 10°C, sqm) (B), GHG emission factor (C) and SBAB's share of financing (loan to value ratio) (D) and is based on PCAF's method (A\*B\*C\*D). The data is gathered from the Swedish National Board of Housing, Building and Planning and the Swedish Energy Agency.



### SBAB's own climate impact

In recent years, we have implemented a series of measures and activities to reduce our environmental impact. We buy green electricity from renewable energy sources to all of our offices. The property we rent in Solna is BREEAM certified as Good.

Since 2019, SBAB's working group for overall operations has systematically led efforts to reduce the climate impact of its operations. This is part of the overall work with sustainability approved by the Board and followed up by the Executive Management. In 2021, the Executive Management decided on a reduction target of 15% by 2025 for SBAB's own operations. This target excludes Scope 3 (downstream) as well as "IT purchases." SBAB climate compensates 100% of its own operations' emissions. Read more about this in the analysis of the 2021 Climate Report at [www.sbab.se](http://www.sbab.se).

### Climate report for 2021

The table data shows greenhouse gas emissions expressed in tonnes of carbon dioxide equivalents, CO<sub>2e</sub>. SBAB's climate report for 2021 was conducted in collaboration with the company U&We and using the Our Impacts tool. The climate report and analysis, along with information on calculation principles and overall emission factors as well as proposed improvement measures is available in full at [www.sbab.se](http://www.sbab.se).

#### Emissions divided by scope<sup>1)</sup>

CO <sub>2e</sub> emissions, tonnes	2021	2020	2019	2018	2017
Scope 1	0	1.4	12.3	12.4	17.0
Scope 2	44.4	54.1	39.6	22.9	22.9
Scope 3	417.5	546.4	481.8	157.2	144.2
<b>Total</b>	<b>461.9</b>	<b>601.8</b>	<b>533.7</b>	<b>192.5</b>	<b>184.1</b>

#### Emissions divided by source<sup>1)</sup>

CO <sub>2e</sub> emissions, tonnes	2021	2020	2019	2018	2017
<b>Scope 1</b>					
Vehicles (SBAB owned)	0	1.4	12.3	12.4	17.0
<b>Scope 2</b>					
District heating	25.7	13.7	23.2	21.4	21.5
District cooling	0	0.2	0.1	0.2	0.1
Electricity	18	40.2	16.3	1.3	1.3
<b>Scope 3</b>					
Water consumption <sup>2) 4)</sup>	0.5	0.3	0.3	0.3	-
Waste for incineration <sup>4)</sup>	0.1	0.1	0.4	0.1	0.4
Vehicles	21.7	22.8	14.9	8.7	11.7
Air travel	9.0	35.8	131.6	130.3	115.9
Rail travel	0.1	0.1	0.4	0.4	0.4
Copying paper <sup>2) 5)</sup>	0	0.8	0.7	0.4	-
Server halls <sup>3)</sup>	31.8	24.8	88.6	-	-
IT procurement <sup>3)</sup>	322.8	439.3	209.0	-	-
Hotel nights <sup>3)</sup>	8.0	6.8	19.6	-	-
Taxis <sup>4)</sup>	0.7	1.1	3.3	3.6	3.7
District heating (upstream)	3.7	2	2.8	2.7	2.7
Electricity (upstream)	19.7	12.4	10.2	10.7	9.4
<b>Total</b>	<b>461.9</b>	<b>601.8</b>	<b>533.7</b>	<b>192.5</b>	<b>184.1</b>

<sup>1)</sup> The figures prior to 2019 comprise data excluding the subsidiary Booli Search Technologies AB.

<sup>2)</sup> New values for 2018.

<sup>3)</sup> New values for 2019.

<sup>4)</sup> Data excluding the subsidiary Booli Search Technologies AB.

## S:5.2 Attractive workplace

### Remuneration

Our remuneration policy encompasses all SBAB employees, regardless of position. In accordance with the relevant policy, SBAB's remuneration is to be competitive, capped and appropriate, moderate, reasonable, well considered and not salary-leading. It should also contribute to high ethical standards and

a good corporate culture. The same applies to the benefits we offer – available to all employees, regardless of position. Since 2012, there have been no incentive programmes and no variable remuneration within the Group. The total level of remuneration is determined based on responsibility, complexity and results within the respective employee's area, and on how well the employee lives our values.

SBAB applies individual salary-setting in accordance with our collective bargaining agreement, which means that remuneration and salary growth is individual and differentiated. All Group employees are covered by collective agreements. Salary reviews take place annually by way of individual salary interviews, whereby performance in the role and applicable salary criteria are taken into consideration. Employees also receive training each year in SBAB's remuneration model to create transparency and to increase all employees' insight into the salary setting process. SBAB conducts annual salary surveys to ensure the success of work to prevent non-objective salary differences and salary discrimination.

### Initiatives to promote Learning and development in an inclusive manner

SBAB believes in the self-driven employee's own ability and will to grow. We promote a learning organisation where employees have space to develop. Continuously developing their skills means possessing relevant knowledge and learning new things to be able to best contribute to SBAB's and their own development. We work continuously to increase learning through a values-driven way of working including, for example, retrospectives, agile coaching, competence forums and feedback. Moreover, classroom training is provided in the form of induction days and leadership programs. In addition, we conduct e-learning covering everything from banking knowledge, goal management, respect and equality, work environment, the mortgage process, and feedback to regulatory training. 75% of all employees at SBAB have a mortgage license from Swedsec. Learning at SBAB should include and not discriminate. For these reasons, a checklist is used for all learning activities to ensure inclusion and representation.

### Volunteering

Since spring 2016, SBAB employees have had an opportunity to undertake two days of voluntary work per year at organisations that contribute to any of the 17 SDGs. With this initiative, SBAB wants to enable our employees to become involved and to contribute to sustainable development. Since 2020, volunteer work has declined due to the prevailing pandemic.

### Volunteer days

	2021	2020
Whole days	4	9
Half days	1	10
Number of hours	35	105

### Age distribution women/men

Age distribution on 31 December 2021	Percentage distribution (%)		
	Women	Men	Total
20–29	8	10	18
30–39	20	18	38
40–49	13	10	23
50–59	10	7	17
60–69	2	2	4
<b>Total</b>	<b>53</b>	<b>47</b>	<b>100</b>

### Length of employment women/men

Length of employment on 31 December 2021	Percentage distribution (%)		
	Women	Men	Total
<3 years	28	26	54
4–6 years	10	10	20
7–9 years	3	3	6
10–12 years	2	2	4
13–15 years	1	2	3
>16 years	8	5	13
<b>Total</b>	<b>52</b>	<b>48</b>	<b>100</b>

## Key employee figures<sup>1)</sup>

Key performance indicators	2021	2020	2019	2018	2017
Total number of employees at the end of the year <sup>2)</sup>	839	760	695	574	506
of whom, women <sup>2)</sup> , %	51	54	52	52	54
Temporary employees <sup>3)</sup> , %	47	6	5.0	1.0	1.6
Part-time employees <sup>3)</sup> , %	1	0.3	0.3	0.9	1.4
Average age, years	40	39	39	41	41
People who left the company over the year	85	64	78	61	74
People who joined the company over the year	160	123	158	133	100
Personnel turnover <sup>4)</sup> , %	10.3	8.3	12	10	14
<b>Equality</b>					
Share of women on the Board of Directors <sup>4)</sup> , %	56	42	50	50	44
Share of women in the Executive Management <sup>4)</sup> , %	50	44	38	56	40
Share of female managers, %	47	49	43	44	45
Proportion of male employees, receiving parental leave allowance, %	30	44	38	37	47
<b>Sick leave and wellness</b>					
Short-term sick leave, %	2.6	2.3	2.3	2.2	2.0
Long-term sick leave, %	1.2	1.3	0.8	1.3	1.7
Total sick leave, %	3.8	3.6	3.1	3.5	3.7
Use of health-promotion contribution by all employees, %	84.5	78	78	79	79

<sup>1)</sup> The figures prior to 2021 comprise data excluding the subsidiary Boappa AB, and the figures prior to 2019 comprise data excluding the subsidiary Booli Search Technologies AB.

<sup>2)</sup> Number of employees expressed as full-time equivalents (FTEs), adjusted for sick leave and leave of absence.

<sup>3)</sup> Total number of employees at the end of the year.

<sup>4)</sup> Pertains only to the Parent Company SBAB Bank AB (publ).

## S:5.3 Sound finances

### Green bonds impact reporting

Eligible investment objects within SBAB's green bond frameworks ("SBAB Green Bond Framework 2016" and "SBAB Green Bond Framework 2019") totalled SEK 43.2 billion on 31 December 2021. According to SBAB's calculations, these objects are estimated to generate an annual avoidance in GHG emissions corresponding to 22 857 tonnes CO<sub>2</sub>e. SBAB's share of the financing is expected to correspond to an annual avoidance of 11 613 tonnes of CO<sub>2</sub>e. The expected avoidance of GHG emissions has been calculated based on how much less energy the respective eligible investment object's actual or expected energy consumption is compared with the various baselines decided by SBAB. Thereafter, savings in CO<sub>2</sub>e emissions have been estimated for the respective objects based on the average emissions per kWh.

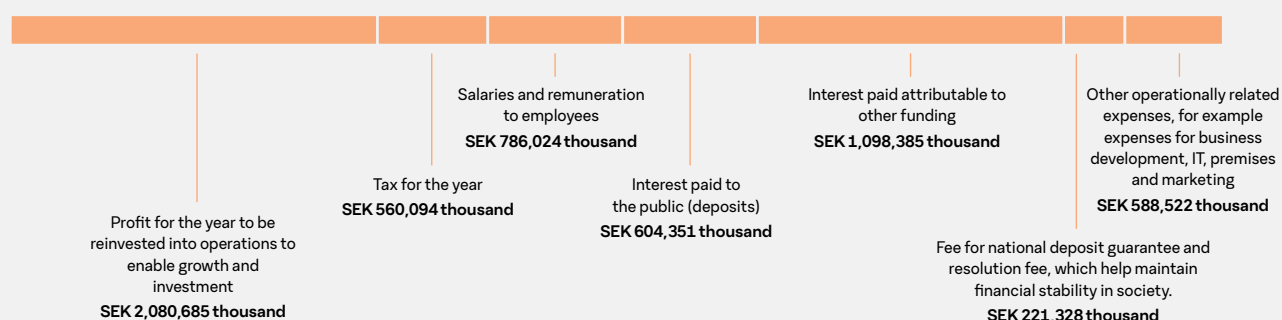
Further information is available in the SBAB Group Green Bonds Impact Report 2021, which is published on SBAB's website.

### Summary of green bonds impact reporting

	2021
<b>Eligible investment objects within SBAB's green bond frameworks, SEK bn</b>	<b>43.2</b>
of which, SBAB Green Bond Framework 2016	2.3
of which, SBAB Green Bond Framework 2019	40.9
<b>Expected avoidance of GHG emissions, tonnes CO<sub>2</sub>e/year</b>	<b>22 857</b>
of which, SBAB Green Bond Framework 2016	350
of which, SBAB Green Bond Framework 2019	22 507
<b>SBAB's share of the financing: Expected avoidance of GHG emissions, tonnes CO<sub>2</sub>e/year</b>	<b>11 613</b>
of which, SBAB Green Bond Framework 2016	208
of which, SBAB Green Bond Framework 2019	11 405

### Financial value creation 2021

SBAB reports how financial value is created by breaking down created value for different stakeholders.





## S:6 Sustainability reporting in accordance with the Swedish Annual Accounts Act

From financial years starting after 31 December 2016, large undertakings must report sustainability in line with the rules in the Swedish Annual Accounts Act pertaining to sustainability reporting. The provisions are based on an amendment to the EU Accounting Rules Directive (Directive 2014/95/EU of the European Parliament and the Council amending Directive 2013/34/EU as regards disclosure of non-financial and diversity information by certain large undertakings and groups). Under the new rules, a sustainability report is a report con-

taining the requisite sustainability information to enable gaining an understanding of the company's development, position and performance as well as the consequences for the operations. This information should encompass questions pertaining to the environment, social conditions, personnel, respect for human rights and anti-corruption efforts. The following table, with references to the relevant pages of the report, to clarify how SBAB meets the rules in the Swedish Annual Accounts Act pertaining to sustainability reporting.

	Climate and the environment	Societal conditions & respect for human rights	Anti-Corruption efforts and other action against financial crime
<b>Business model</b>	→ Pages 16–17	→ Pages 16–17	→ Pages 16–17
<b>Policies and governance documents</b>	<ul style="list-style-type: none"> <li>• Policy for Sustainable Enterprise</li> <li>• Credit Policy</li> <li>Climate risk – instructions</li> <li>• Sustainable Bond Committee Instruction</li> </ul>	<ul style="list-style-type: none"> <li>• Policy for Sustainable Enterprise</li> <li>• Equality and Diversity Policy</li> <li>• Policy to Promote Board Diversity</li> <li>• Ethics Policy</li> <li>• Remuneration Policy</li> <li>• Work Environment Instruction</li> <li>• Whistleblower Process Instruction</li> <li>• Code of Conduct</li> <li>• Supplier Code</li> <li>• Sustainable Bond Committee Instruction</li> </ul>	<ul style="list-style-type: none"> <li>• Policy for Sustainable Enterprise</li> <li>• Policy and Instruction for Counteracting Money Laundering and Financing of Terrorism, and Compliance with Financial Sanctions</li> <li>• Instruction to Combat Bribes and Other Forms of Corruption</li> <li>• Whistleblower Process Instruction</li> <li>• Code of Conduct</li> <li>• Supplier Code</li> </ul>
<b>Results and reference to the GRI</b>	<p><b>Results:</b></p> <p>→ Pages 40–41, 46–47, 62, 192–194</p> <p><b>GRI reference:</b></p> <ul style="list-style-type: none"> <li>• 305: Emissions</li> <li>• G4-FS8: Monetary value of products and services designed to deliver a specific environmental benefit for each business line broken down by purpose</li> </ul>	<p><b>Results:</b></p> <p>→ Pages 38, 44–45, 48–59, 193–194</p> <p><b>GRI reference:</b></p> <ul style="list-style-type: none"> <li>• 205: Anti-corruption</li> <li>• 403: Occupational Health and Safety</li> <li>• 404: Training and education</li> <li>• 405: Diversity and Equal Opportunity</li> <li>• 406: Non-Discrimination</li> <li>• 413: Local Communities</li> </ul>	<p><b>Results:</b></p> <p>→ Pages 38, 45</p> <p><b>GRI reference:</b></p> <ul style="list-style-type: none"> <li>• 205: Anti-corruption</li> </ul>
<b>Risk management</b>	→ Pages 84–85	→ Pages 84–85	→ Pages 84–85

## S:7 Reporting in accordance with the EU Taxonomy

The disclosure requirements in the EU Taxonomy Regulation enter force from and including the 2021 financial year. The Regulation imposes disclosure requirements regarding the extent to which SBAB's operations are associated with economic activities that qualify as environmentally sustainable. The regulation will have a phased entry into force. Guidelines and SBAB's reporting and data quality will therefore be developed over time. This year's report will be SBAB's first.

### Background and accounting principles

#### Taxonomy-eligible exposures

The majority of SBAB's assets consist of residential mortgages to private individuals and housing financing solutions for real estate companies, housing

developers and tenant-owner associations. Lending related to mortgages and households, together with certain private loans, is covered by the criteria defined in the Taxonomy Regulation. The information consists of exposures to households and is based on actual data from SBAB's loan accounts. Lending to real estate companies and housing developers takes place in a close dialogue between the corporate customer and customer managers. Due to the bilateral correspondence and relationship, it is possible to ensure that it is in fact data and is thus covered by the Taxonomy Regulation.

#### Exposures that are not Taxonomy-eligible

The reporting of "Exposures that are not Taxonomy-eligible" includes, among other things, consumer loans that are not covered by the Taxonomy Regula-

tion and housing finance for companies smaller companies that are not covered by the EU Non-Financial Reporting Directive (NFRD). Large parts of these exposures are reported separately below

*Exposure to companies to be accounted separately*

Exposures to smaller companies that are not subject to the EU Non-Financial Reporting Directive (NFRD) are to be reported separately and, therefore, do not have to report themselves under the Taxonomy Regulation. SBAB's interpretation is that tenant-owners' associations qualify as smaller companies and are therefore included in these separate disclosures. The KPIs that SBAB reports separately are prepared and verified by the operational account managers and are based on published information. To secure the process going forward, KPI criteria will be built into the credit process and automated for future reporting.

**In-depth explanation of the economic activities**

SBAB will proactively develop efforts to ensure that our operations are environmentally sustainable and thus in compliance with the Taxonomy Regulation. Our green mortgage is one example of creating incentives for our customers to invest in more energy-efficient homes since it is rewarded with a lower interest rate. We measure emissions tied to our lending portfolio and will define reduction targets to purposefully reduce energy consumption over time. Read more about how we work together with our customers to improve the climate on pages 40–41.

We are noting increased demand in the capital markets for green assets. This creates additional incentives to drive development. Read more about our work with and reporting on green assets and bonds on page 196.

We are monitoring the development of national thresholds for, inter alia, technical screening criteria, defined in the delegated regulations for the Taxonomy. Over time, we will develop our products, methods and processes pursuant to the above and with the ambition of expanding our Green Rate Ratio.

**Supplementary information about SBAB's strategies and Taxonomy-aligned operations**

A clear structure and ownership from management and operations applies to our sustainability work. Read more about our integrated sustainability approach on pages 191–192. Compliance with the Taxonomy Regulation in business strategy, product design and undertakings with customers and counterparties will evolve over time.

Assets	Percentage of total assets, %
Exposures to Taxonomy-eligible economic activities <sup>1)</sup>	67.0%
Exposures to economic activities that are not Taxonomy-eligible <sup>2)</sup>	33.0%
Exposures to central governments, central banks and supranational issuers <sup>3)</sup>	7.1%
Derivatives	1.2%
Exposures to corporates not subject to the NFRD <sup>4)</sup>	16.2%
Trading portfolio <sup>5)</sup>	0.2%
On-demand interbank loans	0%

<sup>1)</sup> Residential mortgages, equity holdings and repossessed collateral, excluding corporate credits  
<sup>2)</sup> Retail exposures and corporate credits that are not Taxonomy-eligible  
<sup>3)</sup> "Cash and balances at central banks (including facilities at central banks)" and "Securities issued or guaranteed by governments, central banks, multinational development banks and international organisations" in Note RC3  
<sup>4)</sup> including Tenant-owners' associations  
<sup>5)</sup> Equivalent to the financial instruments measured at fair value option in the Note "Classification of financial instruments," and represents the share of the liquidity reserve classified as "held-for-trading"

**S:8 Reporting pursuant to the Task Force on Climate-related Financial Disclosures (TCFD).**

SBAB has supplemented its operational reporting pursuant to the recommendations of the TCFD framework to describe SBAB's strategic approach to climate-related risks and opportunities. The table below describes the reporting scope together with page references. An analysis based on two different climate scenarios was conducted in 2021 to assess climate risks and opportunities. This analysis is presented on the next page.

Governance	Strategy	Risk management	Indicators & Goals
The Board's oversight of climate-related risks and opportunities.  → Pages 90–91, 191–192	Climate-related risks and opportunities identified by the organisation.  → Pages 40–41, 62, 84–85, 188–190, 193	The organisation's processes for managing climate-related risks.  → Pages 84–85	The organisation's metrics for evaluating climate-related risks and opportunities.  → Pages 40–41, 188–190, 192–193, 200–201
Management's role in assessing and managing climate-related risks and opportunities.  → Page 190	The impact from risks and opportunities on the organisation's operations, strategy and financial planning.  → Pages 84–85, 188–190	Integration of the above processes in the organisation's general risk management.  → Pages 84–85, 188–190	Scope 1, 2 and 3 emissions pursuant to the Greenhouse Gas Protocol.  → Pages 192–193
	The resilience of the organisation's strategy, taking into consideration different climate-related scenarios.  → Pages 62, 84–85, 188–190		Targets used to manage climate-related risks and opportunities  → Pages 40–41, 188–190, 192–193

**Scenario analysis**

SBAB conducts climate scenario analyses to assess the climate risks and opportunities that may affect the business and its collateral and investments, today and in the future. The aim is to prepare SBAB for different societal developments and future-proof the business and its collateral. SBAB reports in line with the framework of the Task Force on Climate-related Financial Disclosures (TCFD). An analysis, based on two different climate scenarios pre-

pared by the IPCC (RCP 8.5 and RCP 2.6), was conducted in 2021 to assess climate risks and opportunities. This analysis is presented on the next page. The scenario descriptions are based on definitions from the Swedish Meteorological and Hydrological Institute (SMHI). While both scenarios present risks, they also present opportunities for SBAB. The business needs to be resilient and adapt to changing climate conditions both locally and nationally.

**Scenario RCP 8.5 – Continued high GHG emissions**

- By 2100, GHG emissions are at three times the current levels.
- Methane emissions increase substantially.
- The world's population grows to 12 billion, leading to increased demand for grazing and arable land for agricultural production.
- Technological progress toward greater energy efficiency continues at a slow pace.
- High dependency on fossil fuels and high energy intensity.
- No additional climate policies

	Short term (1 year)	Medium term (5–10 years)	Long term (40 years)
<b>Risks</b>	<p><i>Transition risks</i></p> <p>Excludes investors with a clear climate profile</p> <p>Increased costs for natural disasters due to extreme weather events</p>	<p>Reputational risk arising from inadequate own management of climate risks</p> <p>Increased insurance costs for natural damage events in known climate risk areas</p> <p>Impact on market value of exposed properties in climate risk areas</p> <p>Extreme weather impacts the supply chain and construction processes, thereby leading to more frequent delays in new production</p> <p>Reduced demand for properties in climate risk areas</p>	<p>Risk of properties becoming obsolete when the cost of climate adaptation measures exceeds the property value</p> <p>Changed negative value trends in the housing market leading to sharply reduced demand for owning housing</p> <p>Climate shifts and demographic changes impact the Swedish housing market</p>
	<p><i>Physical risks</i></p> <p>Damage to roofs and facades due to extreme weather events such as downpours, storms, heatwaves and fires</p>	<p>Damage to roofs and facades due to extreme weather events such as downpours, storms, heatwaves and fires</p> <p>Extreme weather can reduce the property value and increase the LTV ratio for customers</p>	<p>Water damage due to flooding of built-up areas near the shoreline and in low-lying areas</p> <p>Damage to roofs and facades due to extreme weather events such as storms, heatwaves and fires</p> <p>Extreme weather can reduce the property value and increase the LTV ratio for customers</p>
<b>Opportunities</b>	<p>Increased customer demand for climate-adapted advice and products</p>	<p>Increased customer demand for climate-adapted advice and products</p> <p>Increased need for financing of climate-adapted renovations</p> <p>Increased demand for housing in areas not classified as being at climate risk</p>	<p>Increased demand for housing in areas not classified as being at climate risk</p>

**Scenario RCP 2.6 – GHG emissions culminate around 2020**

- Even stronger climate policies
- Low energy intensity
- Reduced use of oil
- The world's population grows to 9 billion
- No significant change in the acreage of grazing land
- Increased acreage of agricultural land due to bioenergy production
- Methane emissions decrease 40%

	Short term (1 year)	Medium term (5–10 years)	Long term (40 years)
<b>Risks</b>	<p><i>Transition risks</i></p> <p>Volatile and increased energy costs</p> <p>Increased regulation, taxes and fees for GHG emissions</p> <p>Increased regulation and political initiatives</p> <p>Changes in behaviour and consumption patterns</p>	<p>Major changes to the business model are required due to demands for zero GHG emissions across the value chain and a circular economy</p> <p>New resource efficiency technologies required</p> <p>More stringent requirements for building energy efficiency resulting in extensive renovation being required</p> <p>Increased competition from low-cost players without a sustainable agenda</p> <p>Increased changes in behaviour and consumption patterns</p> <p>Lower demand for energy intensive properties leads to declining values</p>	<p>New resource efficiency technologies required</p> <p>Rising carbon prices and energy efficiency standards for buildings can affect the creditworthiness of commercial and private properties</p>
	<p><i>Physical risks</i></p> <p>Damage to objects due to extreme weather events such as downpours, storms, heatwaves and fires</p>	<p>Substantial damage to properties due to extreme weather events such as downpours, storms, heatwaves and fires</p>	<p>Substantial damage to properties due to extreme weather events such as downpours, storms, heatwaves and fires</p>
<b>Opportunities</b>	<p>Increased customer demand for products and services in the area of energy efficiency</p> <p>Increased demand for green and sustainability-linked bonds (providing us with more favourable borrowing costs)</p> <p>Subsidies for energy efficiency investments result in increased demand for energy efficiency loans</p>	<p>Increased customer demand for products and services in the area of energy efficiency</p> <p>Increased demand for green and sustainability-linked bonds</p> <p>Transition to increasing circularity and resource efficiency improves property owners' housing calculations</p>	<p>Increased demand for circular and resource-efficient products</p>

## S:9 UN Sustainable Development Goals

SBAB has identified and chosen four of the 17 SDGs that we consider particularly important and relevant for our operations. The goals have been chosen based on extensive analysis in the form of internal workshops and ranking exercises within operations, the Executive Management and the Board, and thus comprise an integrated part of SBAB's governance model and daily operations. The following supplements the report which can be found on page xx.

UN Sustainable Development Goals	UN's associated targets	Examples of SBAB's activities and initiatives	Page reference
 <b>SDG 8: Decent work and economic growth</b>	Promote sustained, inclusive and sustainable economic growth, full and productive employment and decent work for all	8.1 Sustain per capita economic growth in accordance with national circumstances and, in particular, at least 7 per cent gross domestic product growth per annum in the least developed countries	Contribute to GDP growth and jobs in Sweden 69, 196
		8.5 By 2030, achieve full and productive employment and decent work for all women and men, including for young people and persons with disabilities, and equal pay for work of equal value	Promote transparency to strengthen the position of consumers in the housing and residential mortgage market 32–34
		8.10 Strengthen the capacity of domestic financial institutions to encourage and expand access to banking, insurance and financial services for all	Equality plan (including diversity) and goals 57–58 Tools, Respektrappan, to promote respect and equality in the workplace 58 Annual salary surveys to prevent non-objective salary differences and salary discrimination 195 Efforts to ensure that our channels are accessible for people with disabilities 193 Volunteering opportunities for all employees 195 Collaboration with Boost by FC Rosengård to increase employment among young people 45 Set ethical and labour requirements for suppliers through the Supplier Code 194
 <b>SDG 11: Sustainable cities and communities</b>	Make cities and human settlements inclusive, safe, resilient and sustainable.	11.1 By 2030, ensure access for all to adequate, safe and affordable housing and basic services and upgrade slums	Green investment loans to property companies and tenant-owners' associations for green environmental and energy measures in properties 40–41
		11.3 By 2030, enhance inclusive and sustainable urbanization and capacity for participatory, integrated and sustainable human settlement planning and management in all countries	Arranging electricity agreements together with electricity company challengers Tibber for measures to improve energy efficiency 41 Green mortgages for energy-efficient housing 40–41 Educate and motivate our customers to buy and invest in measures to increase energy efficiency 40–41 Financing new housing production to increase access to housing in Sweden 44–45 Green bonds to finance energy-friendly and climate-smart housing 65, 196 Collaboration with Stockholms Stadsmission, Faktum and Situation Stockholm to reduce homelessness and exclusion 45
		12.8 By 2030, ensure that people everywhere have the relevant information and awareness for sustainable development and lifestyles in harmony with nature	To provide know-how and education to our customers and the public to enable everyone to take informed decisions about housing and the residential mortgage market 32–33 Tools, services and information pages that help and inform our consumers on issues regarding housing and household finances 32, 42 Collaboration with Boost by FC Rosengård and Changers Hub to increase financial awareness among young people 45
 <b>SDG 12: Responsible consumption and production</b>	Ensure sustainable consumption and production patterns	12.8 By 2030, ensure that people everywhere have the relevant information and awareness for sustainable development and lifestyles in harmony with nature	To provide know-how and education to our customers and the public to enable everyone to take informed decisions about housing and the residential mortgage market 32–33 Tools, services and information pages that help and inform our consumers on issues regarding housing and household finances 32, 42 Collaboration with Boost by FC Rosengård and Changers Hub to increase financial awareness among young people 45
		13.1 Strengthen resilience and reduce vulnerability to climate-related hazards and extreme weather events so that a significant fraction of populations in high-risk areas are no longer exposed to new or existing hazards	Arranging electricity agreements together with electricity company challengers Tibber for measures to improve energy efficiency 41 Green consumer loans (see above) 40–41 Green residential mortgages (see above) 40–41 Monitoring the climate impact of our own operations 40–41, 194–195 Consultations (together with SBAB's business partners) for corporate clients and tenant-owners' associations regarding how to improve property energy-efficiency 41 Financing new housing production that is more energy-efficient than the older housing stock 46–47 Green bonds (See above) 65, 196 Working with climate risks in the residential mortgage portfolio 62 Green bonds in the liquidity portfolio 81
		13.2 Integrate climate change measures into national development planning	Green bonds (See above) 65, 196 Working with climate risks in the residential mortgage portfolio 62 Green bonds in the liquidity portfolio 81

## S:10 UN Principles for Responsible Banking

In 2020, SBAB signed the UN Principles for Responsible Banking. Through signing the principles, SBAB undertakes to report its negative and positive impact in material sustainability areas and to clearly state which science-based sustainability goals SBAB is working to achieve. This year's report is SBAB's first and sets a baseline for future years during which it will be refined and revised in partnership with the industry. SBAB's report to the PRB has been reviewed by a third party and is included in the auditor's report on page 208. During the year, SBAB worked actively on implementing the principles. A summary of the complete report, which is available in full at [www.sbab.se](http://www.sbab.se), can be read below.

### The principles

The PRB comprises six principles: (1) Alignment, (2) Impact & target setting, (3) Clients & customers, (4) Stakeholders, (5) Governance & culture, and (6) Transparency & accountability. The Principles comprise a global framework that entails that the banks and institutions that commit to the initiative have to adapt their business strategies to align with and promote the Paris agreement and the UN SDGs.

In summary, over the year, SBAB has conducted activities in the respective Principles' areas and where two significant projects were central to the implementation. One project being the development of SBAB's strategic focus with integrated sustainability work based on an updated materiality assessment. The bank's more focused approach is presented on page 191. The second project being the implementation of a comprehensive impact analysis to enhance understanding of how SBAB, through its products and services, impacts and creates value for SBAB's stakeholders and society at large.

### Analysis of the bank's impact

In 2021, SBAB completed a materiality assessment and an impact analysis. Read more about the methodology and process on pages 190–191.

Given that our products and services focus on financing housing in Sweden, we can essentially analyse our impact using the parameters of scope, intensity and links to national goals and strategies. According to our impact analysis, the impact is highest in relation to the climate impact of our products and services and in our work on ethics and transparency, which includes decent work.

SBAB's impact analysis has been cross-checked using the PRB Portfolio Impact Analysis Tool, which identified positive impacts in the area of decent work and a negative climate impact, thereby confirming the accuracy of the original analysis.

### Targets and governance

Our ambitions and targets for 2025 were strategically reprioritised based on our materiality assessment and impact analysis. The process involved our sustainability team, business operational managers with area responsibility, the Executive Management and the Board. Our Board approved the updated ambitions and targets in mid-September 2021.

The prioritised areas include working to reduce our climate impact, both from our own operations and in our portfolio, and integrating climate risk into our risk analysis system. Business ethics and transparency were also identified as prioritised areas, which includes our Hållbar Byggbranch (Eng: Sustainable Construction Industry) project which focuses on decent work. In the context of the PRB, this can be summarised as climate change mitigation and decent employment.

Following our materiality assessment and impact analysis, SBAB will continue to develop targets in line with the PRB's recommendations for these areas.

Responsibility for each prioritised area has been allocated to a representative of Executive Management and to a business operational manager with area responsibility. Moreover, each area has been allocated a sustainability strategist from the Sustainability unit. Each quarter, progress in the various areas is reported to the Executive Management as part of following up efforts and ensuring integration of sustainability. A progress summary is reported twice each year to the Board. This includes adaptation to international and national standards, as well as development and implementation of activities, and integration with strategies and processes. SBAB's Board receives updates on the overall progress and provides feedback and guidance. Read more about the structure and reporting of SBAB's sustainability efforts on pages 191–192.

### Summary

Below is a summary of the progress made by SBAB over the past 18 months in line with each of the principles:

- 1) *Alignment* – Strengthen our sustainable governance model where our prioritised SDGs are integrated in our business model.
- 2) *Impact and Target Setting* – Completed a materiality assessment and impact analysis to identify our main impact areas as well as their positive and negative aspects.
  - Identified prioritised areas and worked with setting strategic targets and ambitions. Significant progress in setting targets for reducing climate change including:
    - setting targets for emissions from our operations (scopes 1 and 2, and Scope 3 upstream)
    - join the PCAF and work on calculating emissions from our portfolio (Scope 3 downstream)
    - expand our reporting and measures to integrate climate risks pursuant to the TCFD framework.
    - SBAB continues to support the Paris agreement's goal of carbon neutrality by 2050 by reducing direct emissions and by offering green financing and investment products.
- 3) *Clients & Customers* – Initiated external discussions with customers on the further development of green, sustainable loan products. Developed the Hållbar Byggbransch (Eng: Sustainable Construction Industry) project to combat financial crime and promote human rights. Spread the Respekttrappan tool to more than 200 companies and organisations to work on equality.
- 4) *Stakeholders* – Increased the scope of stakeholders included in the basis for our materiality assessment.
- 5) *Governance & Culture* – Our sustainability agenda governance model includes the Board, the Executive Management, the sustainability team and operational managers who have all been actively engaged in both the materiality assessment and the impact analysis as well as setting targets and setting targets for our prioritised areas. This work included a series of presentations and workshops where the Board, the Executive Management and operational managers led the process from materiality to identifying positive and negative impacts and to setting new targets and ambitions for SBAB's prioritised areas. Sustainability is included in our internal training and introduction courses.
- 6) *Transparency & Accountability* – Our climate impact is reported in our annual climate report and our Green bonds' impact report is regularly published with the aim of transparency regarding our emissions and impact. SBAB strives to report emissions from our entire portfolio in line with our goal of setting SMART targets linked to limiting climate change.

To conclude, over the past 18 months, SBAB has laid the foundation, and structured and started its work within the framework of the Principles for Responsible Banking. This work will be developed moving forward and where the focus for the coming year is to set targets aligned with these efforts.

## S:11 GRI/COP INDEX

## General disclosures (Core option)

GRI Standard	Description	Page reference	Comment/Omission	UNGC principle	SDG
<b>Organisational profile</b>					
102-1	Name of the organisation		SBAB Bank AB (publ)		
102-2	Activities, brands, products and services	16–17, 75–79			
102-3	Location of headquarters		Solna, Sweden		
102-4	Location of operations		SBAB only has operations in Sweden		
102-5	Ownership and legal form		Limited company. SBAB is wholly owned by the Swedish government.		
102-6	Markets served	16–17, 71, 75–79			
102-7	Scale of the organisation	16–17, 71			
102-8	Information on employees and other workers	48–60, 160–163, 195–196			8
102-9	Supply chain	38, 194		4, 5	
102-10	Significant changes to the organisation and its supply chain		No significant changes during the reporting period		
102-11	Precautionary principle or approach	189			
102-12	External initiatives	45, 57–58			
102-13	Memberships of associations	189			
<b>Strategy</b>					
102-14	Statement from senior decision-maker	8–9	Statements from the CEO and the Chairman		
<b>Ethics and integrity</b>					
102-16	Values, principles, standards, and norms of behaviour	21, 38, 50–51, 189		10	
<b>Governance</b>					
102-18	Governance structure	192			
<b>Stakeholder engagement</b>					
102-40	List of stakeholder groups	190			
102-41	Collective bargaining agreements	195		3	
102-42	Identifying and selecting stakeholders	190		3	
102-43	Approach to stakeholder engagement	26–27, 190–191			
102-44	Key topics and concerns raised	190–191			
<b>Reporting practice</b>					
102-45	Entities included in the consolidated financial statements	71			
102-46	Defining report content and topic Boundaries	26–27, 190–191			
102-47	List of material topics/sustainability topics	190–191			
102-48	Restatements of information		No material changes		
102-49	Changes in reporting		No material changes		
102-50	Reporting period		1 January–31 December 2021		
102-51	Date of most recent report		26 March 2021		
102-52	Reporting cycle		Updated annually as of 31 December		
102-53	Contact point for questions regarding the report	211			
102-54	Claims of reporting in accordance with the GRI Standards	188			
102-55	GRI content index	202			
102-56	External assurance	208			

## Topic-specific disclosures

GRI Standard	Description	Page reference	Comment/Omission	UNGC principle	SDG	Sustainability topic in SBAB's materiality assessment
<b>Economic Performance</b>						
<b>201: Economic performance – boundaries: within SBAB</b>						
103-1–103-3	Management approach	192				
201-1	Direct economic value generated and distributed	196			8	Financial stability
201-2	Financial implications and other risks and opportunities due to climate change	84–85, 198–199	Identify and manage climate-related risks		13	Identify and manage climate-related risks
<b>205: Anti-corruption – boundaries: within SBAB</b>						



GRI Standard	Description	Page reference	Comment/Omission	UNGC principle	SDG	Sustainability topic in SBAB's materiality assessment
103-1-103-3	Management approach	192				Business ethics and transparency
205-2	Communication and training about anti-corruption policies and procedures	38		10		
205-3	Confirmed incidents of corruption and actions taken		No incidents of corruption were reported during the year	10		
<b>ENVIRONMENTAL</b>						
<b>305: Emissions – boundaries: within SBAB</b>						
103-1-103-3	Management approach	192				Climate impact – own operations
305-1	Direct (Scope 1) GHG emissions	195		7, 8	12, 13	
305-2	Indirect (Scope 2) GHG emissions	195		7, 8	12, 13	
305-3	Other indirect (Scope 3) GHG emissions	40, 194-195		7, 8	12, 13	
<b>308: Supplier environmental assessment – boundaries: within SBAB</b>						
103-1-103-3	Management approach	192				Set requirements for suppliers
308-1	New suppliers that were screened using environmental criteria	194			12	
<b>SOCIAL</b>						
<b>401: Employment</b>						
103-1-103-3	Management approach	192				Attract employees
401-1	New employee hires and employee turnover	196			8	
<b>403: Occupational health and safety – boundaries: within SBAB</b>						
103-1-103-3	Management approach	192				Develop and retain employees
403-9	Types of injury and rates of injury, occupational diseases, lost days, and absenteeism, and number of work-related fatalities	196	It is only relevant for SBAB to report sick leave. Divergencies: statistics not broken down by gender or region		8	
<b>404: Training and education – boundaries: within SBAB</b>						
103-1-103-3	Management approach	192				Develop and retain employees
404-3	Percentage of employees receiving regular performance and career development reviews		2021, 80% completed "My Plan" Divergencies: statistics not broken down by gender or employment category		8	
<b>405: Diversity and equal opportunity – boundaries: within SBAB</b>						
103-1-103-3	Management approach	192				Respect and equality – own operations
405-1	Diversity of governance bodies and employees	196	Divergencies: statistics not broken down by minority group membership	6	8	
<b>406: Non-discrimination – boundaries: within SBAB</b>						
103-1-103-3	Management approach	192		1, 2		Respect and equality – own operations
406-1	Incidents of discrimination and corrective actions taken		No significant cases were reported during the year	6	8	
<b>413: Local communities – boundaries: within SBAB</b>						
103-1-103-3	Management approach	192				Community engagement
413-1	Community engagement	44-45				
<b>414: Supplier social assessment</b>						
103-1-103-3	Management approach	192				Set requirements for suppliers
413-1	New suppliers that were screened using social criteria	194			12	
<b>418: Customer privacy – boundaries: within SBAB</b>						
103-1-103-3	Management approach	192				Secure IT systems
418-1	Substantiated complaints concerning breaches of customer privacy and losses of customer data		No significant cases were reported during the year			
<b>419: Socioeconomic compliance – boundaries: within SBAB</b>						
103-1-103-3	Management approach	192				Business ethics and transparency
419-1	Non-compliance with laws and regulations in the social and economic area		Significant fines or sanctions imposed on the organisation for non-compliance with laws and regulations			
<b>FINANCIAL SERVICES SECTOR DISCLOSURES (GRI G4)</b>						
<b>Product Portfolio</b>						
G4-DMA	Management approach	192		1-10		Product development and innovation Climate impact – products and services
G4-FS8	Monetary value of products and services designed to deliver a specific environmental benefit for each business line broken down by purpose	40-41, 196		1-10	8, 11, 13	
G4-FS14	Measures to increase accessibility	193			8	Accessibility and a socially inclusive offering

# The Board of Directors' signatures

The Board of Directors of SBAB hereby submit SBAB's Annual Report, which includes both the Annual Report and the Sustainability Report. The formal Annual Report is to be found in specially marked sections, which are also apparent from the table of contents. The Sustainability Report has been prepared in accordance with the Global Reporting Initiative's (GRI) guidelines; GRI Standards: Core option. It also constitutes SBAB's Communication on Progress (COP) to the UN Global Compact, a sustainability report in accordance with the Swedish Annual Accounts Act and information on how SBAB contributes to the 2030 Agenda for sustainable development.

The Board and the CEO certify that the sections pertaining to the formal annual accounts and the consolidated financial statements were prepared in accordance with the international accounting standards (IFRS) as adopted by the EU and provide a true and fair view of the Group's position and earnings. The formal annual accounts were otherwise prepared in accordance with generally accepted accounting policies and provide a true and fair view of the Parent Company's position and earnings. The Administration Report, which is provided on pages that have been marked specially, provides a true and fair view of the development of the operations, position and earnings, and describes the significant risks and uncertainties

faced by the Parent Company and the companies included in the Group.

In accordance with Chapter 6, Section 2, Item 2 of the Annual Accounts Act for Credit Institutions and Securities Companies, the Board considers the Group's equity to be sufficiently large in relation to the scope and risks of the operations.

The information provided gives a true and fair view of the circumstances of the company and nothing of material significance has been omitted which might affect the view of the company created by the Annual Report.

Solna, 21 March 2021

Jan Sinclair,  
*Chairman*

Leif Pagrotsky  
*Board Member*

Inga-Lill Carlberg  
*Board Member*

Lars Börjesson  
*Board Member*

Daniel Kristiansson  
*Board Member*

Jane Lundgren Ericsson  
*Board Member*

Synnöve Trygg  
*Board Member*

Margareta Naumburg  
*Employee representative*

Karin Neville  
*Employee representative*

Mikael Inglander  
*acting CEO*

Our audit report was submitted on 21 March 2021

Deloitte AB

Patrick Honeth  
*Authorised Public Accountant*

# Auditor's Report

To the general meeting of the shareholders of SBAB Bank AB (publ) corporate identity number 556253-7513

## Report on the annual accounts and consolidated accounts

### Opinions

We have audited the annual accounts and consolidated accounts of SBAB Bank AB (publ) ("SBAB") for the year 2021 except for the corporate governance statement on pages 88-94. The annual accounts and consolidated accounts of the company are included on pages 68-87, 95-186 and 204 in this document.

In our opinion, the annual accounts have been prepared in accordance with the Annual Accounts Act for Credit Institutions and Securities Companies and present fairly, in all material respects, the financial position of parent company as of December 31, 2021 and its financial performance and cash flow for the year then ended in accordance with the Annual Accounts Act for Credit Institutions and Securities Companies. The consolidated accounts have been prepared in accordance with the Annual Accounts Act for Credit Institutions and Securities Companies and present fairly, in all material respects, the financial position of the group as of 31 December 2021 and their financial performance and cash flow for the year then ended in accordance with International Financial Reporting Standards (IFRS), as adopted by the EU, and the Annual Accounts Act for Credit Institutions and Securities Companies. Our opinions do not cover the corporate governance statement on pages 88-94. The statutory administration report is consistent with the other parts of the annual accounts and consolidated accounts.

We therefore recommend that the general meeting of shareholders adopts the income statement and balance sheet for the parent company and the group.

Our opinions in this report on the annual accounts and consolidated accounts are consistent with the content of the additional report that has been submitted to the parent company's audit committee in accordance with the Audit Regulation (537/2014) Article 11.

### Basis for Opinions

We conducted our audit in accordance with International Standards on Auditing (ISA) and generally accepted auditing standards in Sweden. Our responsibilities under those standards are further described in the Auditor's Responsibilities section. We are independent of the parent company and the group in accordance with professional ethics for accountants in Sweden and have otherwise fulfilled our ethical responsibilities in accordance with these requirements. This includes that, based on the best of our knowledge and belief, no prohibited services referred to in the Audit Regulation (537/2014) Article 5.1 have been provided to the audited company or, where appli-

cable, its parent company or its controlled companies within the EU.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinions.

### Key Audit Matters

Key audit matters of the audit are those matters that, in our professional judgment, were of most significance in our audit of the annual accounts and consolidated accounts of the current period. These matters were addressed in the context of our audit of, and in forming our opinion thereon, the annual accounts and consolidated accounts as a whole, but we do not provide a separate opinion on these matters.

### Judgments and estimates with respect to valuation of loan receivables

Recognition and measurement of financial instruments as regulated in IFRS 9 is a complex area with significant impact on SBAB's business and financial reporting. IFRS 9 is a complex accounting standard which requires significant judgment to determine the loan loss provision.

Key areas of judgment include:

- The interpretation of the requirements to determine loan loss provisions under application of IFRS 9, which is reflected in the Bank's expected credit loss model.
- The identification of exposures with a significant deterioration in credit quality.
- Assumptions used in the expected credit loss model such as the financial condition of the counterparty, expected future cash flows and forward looking macroeconomic factors (e.g. unemployment rates, interest rates, gross domestic product growth, property prices).
- The impact from Covid-19 on the above key areas of judgment.

At December 31, 2021, loans to the public amounted to 467 041 million, with loan loss provisions of 138 million. Given the significance of loans to the public (representing 83% of total assets), the impact from the inherent uncertainty and subjectivity involved in assessing loan loss provisions, as well as the extensive disclosures required under IFRS 9, we consider this to be a key audit matter for our audit.

Refer to critical judgments and estimates in note **G 1** in the financial statements and related disclosures of credit risk in note **RC 1**.

Our audit procedures included, but were not limited to:

- We evaluated relevant controls within the loan loss provision process to verify if they are appropriately designed and implemented

during the year. We also obtained an understanding of the process for key decisions from management and committee meetings that form part of the approval process for loan loss provisions.

- We obtained an understanding of system-based and manual controls over the recognition and measurement of loan loss provisions and for key controls designed tests to verify if the controls were implemented during the year.
- We assessed, supported by our credit risk modelling specialists, the modelling techniques and model methodologies against the requirements of IFRS 9. We assessed the sufficiency of a selection of the underlying models developed for loan loss provisions.
- As part of the above audit procedures, we have considered the impact of Covid-19.
- Finally, we assessed the completeness and accuracy of the disclosures relating to loan loss provision to assess compliance with disclosure requirements included in IFRS.

### IT-systems that support complete and accurate financial reporting

SBAB is dependent on their IT-systems to (1) serve customers, (2) support their business processes, (3) ensure complete and accurate processing of financial transactions and (4) support the overall internal control framework. Many of SBAB's internal controls over financial reporting are dependent upon automated application controls and completeness and integrity of reports generated by the IT-systems. Given the high dependency on technology, we consider this to be a key audit matter for our audit.

We categorise key IT-risk and control domains relating to financial reporting in the following sections:

- Changes to the IT-environment
- Operations and monitoring of the IT-environment
- Information security

### Changes to the IT-environment

Inappropriate changes to the IT-environment may result in systems that do not function as expected and result in unreliable data processing with impact on financial reporting. Hence SBAB has implemented processes and controls to support that changes to the IT-environment are appropriately implemented and function consistently with management's intentions.

Our audit procedures included, but were not limited to:

- We assessed management principles and processes for change management in the IT-environment.

## Auditor's Report

- We assessed management monitoring of changes in the IT-environment.
- We evaluated segregations of duties.

### Operations and monitoring of the IT-environment

Inappropriate operation and monitoring of the IT-environment may result in the inability to prevent or detect incorrect data processing. Hence SBAB has implemented processes and controls to support that IT-environment is monitored continuously and that incorrect data processing is identified and corrected.

Our audit procedures included, but were not limited to:

- We evaluated the appropriateness of IT-System job scheduling and alarm configuration capabilities.
- We evaluated the process for monitoring IT-System.

### Information security

If logical security tools and controls are not configured, implemented and appropriately, key control activities may be ineffective, desired segregation of duties may not be maintained, and information may be modified inappropriately, become unavailable or disclosed inappropriately. This is of particular importance considering the current cyber threat level. Hence SBAB has implemented processes and controls to support that information is safeguarded through access controls and that known vulnerabilities are managed timely.

Our audit procedures included, but were not limited to:

- We evaluated the process for identity and access management, including access granting, change and removal.
- We evaluated the process and tools that management use for the purpose of ensuring availability of data as per user request and business requirements.
- We evaluated the appropriateness of controls for security governance to protect systems and data from unauthorised use.

### Other information than the annual accounts and consolidated accounts

This document also contains other information than the annual accounts and consolidated accounts and is found on pages 1-67 and 187-203. The Board of Directors and the Managing Director are responsible for this other information.

Our opinion on the annual accounts and consolidated accounts does not cover this other information and we do not express any form of assurance conclusion regarding this other information.

In connection with our audit of the annual accounts and consolidated accounts, our responsibility is to read the information identified above and consider whether the information is materially inconsistent with the annual accounts and consolidated accounts. In this procedure we also take into account our knowledge otherwise obtained in the audit and assess whether the information otherwise appears to be materially misstated.

If we, based on the work performed concerning this information, conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

### Responsibilities of the Board of Directors and the Managing Director

The Board of Directors and the Managing Director are responsible for the preparation of the annual accounts and consolidated accounts and that they give a fair presentation in accordance with the Annual Accounts Act for Credit Institutions and Securities Companies and, concerning the consolidated accounts, in accordance with IFRS as adopted by the EU. The Board of Directors and the Managing Director are also responsible for such internal control as they determine is necessary to enable the preparation of annual accounts and consolidated accounts that are free from material misstatement, whether due to fraud or error.

In preparing the annual accounts and consolidated accounts, The Board of Directors and the Managing Director are responsible for the assess-

ment of the company's and the group's ability to continue as a going concern. They disclose, as applicable, matters related to going concern and using the going concern basis of accounting. The going concern basis of accounting is however not applied if the Board of Directors and the Managing Director intends to liquidate the company, to cease operations, or has no realistic alternative but to do so.

The Audit Committee shall, without prejudice to the Board of Director's responsibilities and tasks in general, among other things oversee the company's financial reporting process.

### Auditor's responsibility

Our objectives are to obtain reasonable assurance about whether the annual accounts and consolidated accounts as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinions. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs and generally accepted auditing standards in Sweden will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these annual accounts and consolidated accounts.

A further description of our responsibilities for the audit of the annual accounts and consolidated accounts is located at the Swedish Inspectorate of Auditors website: [www.revisorsinspektionen.se/revisorsansvar](http://www.revisorsinspektionen.se/revisorsansvar). This description forms part of the auditor's report.

From the matters communicated with the Board of Directors, we determine those matters that were of most significance in the audit of the annual accounts and consolidated accounts, including the most important assessed risks for material misstatement, and are therefore the key audit matters. We describe these matters in the auditor's report unless law or regulation precludes disclosure about the matter.

## Report on other legal and regulatory requirements

### Opinions

In addition to our audit of the annual accounts and consolidated accounts, we have also audited the administration of the Board of Directors and the Managing Director of SBAB Bank AB (publ) for the year 2021 and the proposed appropriations of the company's profit or loss.

We recommend to the general meeting of shareholders that the profit to be appropriated in accordance with the proposal in the statutory administration report and that the members of the Board of Directors and the Managing Director be discharged from liability for the financial year.

### Basis for Opinions

We conducted the audit in accordance with generally accepted auditing standards in Sweden. Our responsibilities under those standards are further described in the Auditor's Responsibilities section. We are independent of the parent com-

pany and the group in accordance with professional ethics for accountants in Sweden and have otherwise fulfilled our ethical responsibilities in accordance with these requirements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinions.

### Responsibilities of the Board of Directors and the Managing Director

The Board of Directors is responsible for the proposal for appropriations of the company's profit or loss. At the proposal of a dividend, this includes an assessment of whether the dividend is justifiable considering the requirements which the company's and the group's type of operations, size and risks place on the size of the parent company's and the group's equity, consolidation requirements, liquidity and position in general.

The Board of Directors is responsible for the company's organization and the administration of the company's affairs. This includes among other things continuous assessment of the company's and the group's financial situation and ensuring that the company's organization is designed so that the accounting, management of assets and the company's financial affairs otherwise are controlled in a reassuring manner. The Managing Director shall manage the ongoing administration according to the Board of Directors' guidelines and instructions and among other matters take measures that are necessary to fulfill the company's accounting in accordance with law and handle the management of assets in a reassuring manner.

### Auditor's responsibility

Our objective concerning the audit of the administration, and thereby our opinion about discharge

from liability, is to obtain audit evidence to assess with a reasonable degree of assurance whether any member of the Board of Directors or the Managing Director in any material respect:

- has undertaken any action or been guilty of any omission which can give rise to liability to the company, or
- in any other way has acted in contravention of the Companies Act, the Banking and Financing Business Act, the Annual Accounts Act for Credit Institutions and Securities Companies or the Articles of Association.

Our objective concerning the audit of the proposed appropriations of the company's profit or loss, and thereby our opinion about this, is to assess with reasonable degree of assurance whether the proposal is in accordance with the Companies Act.

Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with generally accepted auditing standards in Sweden will always detect actions or omissions that can give rise to liability to the company, or that the proposed appropria-

tions of the company's profit or loss are not in accordance with the Companies Act.

A further description of our responsibilities for the audit of the annual accounts and consolidated accounts is located at the Swedish Inspectorate of Auditors website: [www.revisorsinspektionen.se/revisornsansvar](http://www.revisorsinspektionen.se/revisornsansvar). This description forms part of the auditor's report.

## The auditor's examination of the Esef report

### Opinion

In addition to our audit of the annual accounts and consolidated accounts, we have also examined that the Board of Directors and the Managing Director have prepared the annual accounts and consolidated accounts in a format that enables uniform electronic reporting (the Esef report) pursuant to Chapter 16, Section 4a of the Swedish Securities Market Act (2007:528) for SBAB Bank AB (publ) for the financial year 2021.

Our examination and our opinion relate only to the statutory requirements.

In our opinion, the Esef report fbd5a31e5bbba-29be089578fb223f9abf73c0bb62fa2b-f40b99f093791845745 has been prepared in a format that, in all material respects, enables uniform electronic reporting.

### Basis for opinion

We have performed the examination in accordance with FAR's recommendation RevR 18 Examination of the Esef report. Our responsibility under this recommendation is described in more detail in the Auditors' responsibility section. We are independent of SBAB Bank AB (publ) in accordance with professional ethics for accountants in Sweden and have otherwise fulfilled our ethical responsibilities in accordance with these requirements.

We believe that the evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

### Responsibilities of the Board of Directors and the Managing Director

The Board of Directors and the Managing Director are responsible for the preparation of the Esef report in accordance with the Chapter 16, Section 4a of the Swedish Securities Market Act (2007:528), and for such internal control that the Board of Directors and the Managing Director determine is necessary to prepare the Esef report without material misstatements, whether due to fraud or error.

### Auditor's responsibility

Our responsibility is to obtain reasonable assurance whether the Esef report is in all material respects prepared in a format that meets the requirements of Chapter 16, Section 4(a) of the

Swedish Securities Market Act (2007:528), based on the procedures performed.

RevR 18 requires us to plan and execute procedures to achieve reasonable assurance that the Esef report is prepared in a format that meets these requirements.

Reasonable assurance is a high level of assurance, but it is not a guarantee that an engagement carried out according to RevR 18 and generally accepted auditing standards in Sweden will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the Esef report.

The audit firm applies ISQC 1 Quality Control for Firms that Perform Audits and Reviews of Financial Statements, and other Assurance and Related Services Engagements and accordingly maintains a comprehensive system of quality control, including documented policies and procedures regarding compliance with professional ethical requirements, professional standards and legal and regulatory requirements.

The examination involves obtaining evidence, through various procedures, that the Esef report has been prepared in a format that enables uniform electronic reporting of the annual accounts and consolidated accounts. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement in the report, whether due to fraud or error. In carrying out this risk assessment, and in order to design audit procedures that are appropriate in the circumstances, the auditor considers those elements of internal control that are relevant to the preparation of the Esef report by the Board of Directors and the Managing Director, but not for the purpose of expressing an opinion on the effectiveness of those internal controls. The examination also includes an evaluation of the appropriateness and reasonableness of assumptions made by the Board of Directors and the Managing Director.

The procedures mainly include a technical validation of the Esef report, i.e., if the file containing the Esef report meets the technical specification set out in the Commission's Delegated Regulation (EU) 2019/815 and a reconciliation of the Esef

report with the audited annual accounts and consolidated accounts.

Furthermore, the procedures also include an assessment of whether the Esef report has been marked with iXBRL which enables a fair and complete machine-readable version of the consolidated statement of financial performance, financial position, changes in equity and cash flow.

The auditor's examination of the corporate governance statement

The Board of Directors is responsible for that the corporate governance statement on pages 88-94 has been prepared in accordance with the Annual Accounts Act.

Our examination of the corporate governance statement is conducted in accordance with FAR's auditing standard RevR 16 The auditor's examination of the corporate governance statement. This means that our examination of the corporate governance statement is different and substantially less in scope than an audit conducted in accordance with International Standards on Auditing and generally accepted auditing standards in Sweden. We believe that the examination has provided us with sufficient basis for our opinions.

A corporate governance statement has been prepared. Disclosures in accordance with chapter 6 section 6 the second paragraph points 2-6 of the Annual Accounts Act and chapter 7 section 31 the second paragraph the same law are consistent with the other parts of the annual accounts and consolidated accounts and are in accordance with the Annual Accounts Act for Credit Institutions and Securities Companies.

Deloitte was appointed auditor of SBAB Bank AB by the general meeting of the shareholders on April 28, 2021 and has been the company's auditor since April 28, 2016.

Stockholm March 21, 2022  
Deloitte AB

Signature on Swedish original  
Patrick Honeth  
Authorised Public Accountant

# Auditor's Limited Assurance Report on SBAB Bank AB's (publ) Sustainability Report and statement regarding the Statutory Sustainability Report

To the general meeting of the shareholders of SBAB Bank AB (publ) corporate identity number 556253-7513

## Introduction

We have been engaged by the Board of Directors of SBAB Bank AB (publ) to under-take a limited assurance engagement of the SBAB Bank AB (publ) Sustainability Report for the year 2020. The Company has defined the scope of the Sustainability Report on page 1–65 and 187–203 and the Statutory Sustainability Report on page 197.

## Responsibilities of the Board of Directors and the Executive Management

The Board of Directors and the Executive Management are responsible for the preparation of the Sustainability Report including the Statutory Sustainability Report in accordance with the applicable criteria and the Annual Accounts Act respectively. The criteria are defined on page 197 in the Sustainability Report and are part of the Sustainability Reporting Standards published by GRI (The Global Reporting Initiative), that are applicable to the Sustainability Report, as well as the accounting and calculation principles that the Company has developed. This responsibility also includes the internal control relevant to the preparation of a Sustainability Report that is free from material misstatements, whether due to fraud or error.

## Responsibilities of the auditor

Our responsibility is to express a conclusion on the Sustainability Report based on the limited assurance procedures we have performed and to express an opinion regarding the Statutory Sustainability Report. Our engagement is limited to historical information presented and does therefore not cover future-oriented information.

We conducted our limited assurance engagement in accordance with ISAE 3000 Assurance

Engagements Other than Audits or Reviews of Historical Financial Information. A limited assurance engagement consists of making inquiries, primarily of persons responsible for the preparation of the Sustainability Report, and applying analytical and other limited assurance procedures. Our examination regarding the Statutory Sustainability Report has been conducted in accordance with FAR's accounting standard RevR 12. The auditor's opinion regarding the Statutory Sustainability Report. A limited assurance engagement and an examination according to RevR 12 is different and substantially less in scope than an audit conducted in accordance with International Standards on Auditing and generally accepted auditing standards in Sweden.

The firm applies ISQC 1 (International Standard on Quality Control) and accordingly maintains a comprehensive system of quality control including documented policies and procedures regarding compliance with ethical requirements, professional standards and applicable legal and regulatory requirements. We are independent of SBAB Bank AB (publ) in accordance with professional ethics for accountants in Sweden and have otherwise fulfilled our ethical responsibilities in accordance with these requirements.

The limited assurance procedures performed and the examination according to RevR 12 do not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. The conclusion based on a limited assurance engagement and an examination according to RevR 12 does not provide the same level of assurance as a conclusion based on an audit.

Our procedures are based on the criteria defined by the Board of Directors and the Executive Management as described above. We consider these criteria suitable for the preparation of the Sustainability Report.

We believe that the evidence obtained is sufficient and appropriate to provide a basis for our conclusions below.

## Opinions

Based on the limited assurance procedures we have performed, nothing has come to our attention that causes us to believe that the Sustainability Report, is not prepared, in all material respects, in accordance with the criteria defined by the Board of Directors and Executive Management.

A Statutory Sustainability Report has been prepared.

Stockholm March 21, 2021

Deloitte AB

Patrick Honeth  
Authorised Public Accountant



# Five-year Summary

## Income-statement items

SEK million	GROUP				
	2021	2020	2019	2018	2017
Interest income	6,039	6,316	5,868	4,924	4,572
Interest expense	-1,925	-2,569	-2,395	-1,562	-1,423
<b>Net interest income</b>	<b>4,114</b>	<b>3,747</b>	<b>3,473</b>	<b>3,362</b>	<b>3,149</b>
Other operating income <sup>1)</sup>	8	-19	48	-82	14
<b>Total operating income</b>	<b>4,122</b>	<b>3,728</b>	<b>3,521</b>	<b>3,280</b>	<b>3,163</b>
Depreciation, amortisation and impairment of PPE and intangible assets	-117	-158	-71	-32	-31
Other operating expenses	-1,375	-1,177	-1,116	-1,017	-928
<b>Total operating expenses</b>	<b>-1,492</b>	<b>-1,335</b>	<b>-1,187</b>	<b>-1,049</b>	<b>-959</b>
Profit before credit losses	2,630	2,393	2,334	2,231	2,204
Credit losses/recoveries	11	-32	-26	10	24
<b>Operating profit</b>	<b>2,641</b>	<b>2,361</b>	<b>2,308</b>	<b>2,241</b>	<b>2,228</b>

## Balance-sheet items

SEK million	2021	2020	2019	2018	2017
Lending portfolio	467,041	422,835	383,807	364,215	335,111
Other assets	91,296	88,524	91,725	84,140	81,676
<b>Total assets</b>	<b>558,337</b>	<b>511,359</b>	<b>475,532</b>	<b>448,355</b>	<b>416,787</b>
Deposits	144,950	135,658	130,542	124,926	111,895
Issued debt securities, etc.	364,365	323,704	303,597	290,795	274,517
Other liabilities	21,777	25,712	14,285	10,258	9,540
Deferred tax liabilities	304	651	579	194	83
Subordinated debt	1,996	1,995	4,948	4,946	4,942
Equity	24,945	23,639	21,581	17,236	15,810
<b>Total liabilities and equity</b>	<b>558,337</b>	<b>511,359</b>	<b>475,532</b>	<b>448,345</b>	<b>416,787</b>

## Key performance indicators

%	2021	2020	2019	2018	2017
New lending, SEK million	107.1	95,138	75,514	74,264	82,282
Net interest margin	0.77	0.76	0.75	0.78	0.80
Credit loss ratio	0.00	-0.01	-0.01	0.00	0.01
C/I ratio	36.2	36	34	32	30
Return on equity <sup>2)</sup>	11.1	10.8	11.7	12.1	12.5
Return on assets	0.4	0.4	0.4	0.4	0.4
Number of employees at year-end, FTEs <sup>3)</sup>	839	760	695	602	530
CET1 capital ratio	13.5	13.4	13.1	12.5	32.2
Tier 1 capital ratio	16.6	16.1	17.3	15.1	39.3
Total capital ratio	18.1	17.6	20.1	18.1	47.6

<sup>1)</sup> The item includes net commission, the net result of financial transactions and other operating income.

<sup>2)</sup> From 2017, SBAB has used a new definition to calculate the return on equity. The comparative figures for previous years have not been restated.

<sup>3)</sup> Number of employees expressed as full-time equivalents (FTEs), adjusted for sick leave and leave of absence.

# Alternative performance measures

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

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

## 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.

## Credit loss ratio

**Definition:** Credit losses for the period in relation to total lending to the public (closing balances).

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

SEK million	GROUP	
	2021	2020
Credit losses/recoveries	11	-32
Lending to the public	467,041	422,835
<b>Credit loss ratio, %</b>	<b>0.00</b>	<b>-0.01</b>

## Return on equity

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

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

SEK million	GROUP	
	2021	2020
Profit after tax	2,081	1,839
Average equity	18,772	16,965
<b>Return on equity, %</b>	<b>11.1</b>	<b>10.8</b>

## Net interest margin

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

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

SEK million	GROUP	
	2021	2020
Net interest income	4,114	3,747
Average total assets	534,848	493,446
<b>Net interest margin, %</b>	<b>0.77</b>	<b>0.76</b>

## C/I ratio

**Definition:** Expenses for the period before credit losses in relation to operating income for the period.

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

SEK million	GROUP	
	2021	2020
Total operating expenses	-1,492	-1,335
Total operating income	4,121	3,728
<b>C/I ratio, %</b>	<b>36.2</b>	<b>35.8</b>

## C/L ratio

**Definition:** Expenses for the period before credit losses in relation to total lending to the public (calculated using the opening and closing balances for the period).

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

SEK million	GROUP	
	2021	2020
Total operating expenses	-1,492	-1,335
Lending to the public	444,938	403,321
<b>C/L ratio, %</b>	<b>0.34</b>	<b>0.33</b>

## Definitions of other key performance indicators

<b>Number of employees (FTEs)</b>	Number of employees expressed as full-time equivalents (FTEs), adjusted for sick leave and leave of absence
<b>Return on assets</b>	Net profit for the period after tax in relation to average total assets
<b>CET1 capital ratio</b>	CET1 capital in relation to risk-weighted assets
<b>Total capital ratio</b>	Own funds in relation to risk-weighted assets
<b>Tier 1 capital ratio</b>	Tier 1 capital in relation to risk-weighted assets
<b>Leverage ratio</b>	Tier 1 capital in relation to total assets and off-balance sheet exposures restated with the application of credit conversion factors
<b>Liquidity coverage ratio, LCR</b>	Liquid assets in relation to net cash outflows over a 30-day stress scenario in accordance with the European Commission's Delegated Regulation EU (2015/61) with regard to liquidity coverage requirements
<b>Survival horizon</b>	The number of days that the need for liquidity can be met in a stress scenario before new liquidity is needed
<b>Net stable funding ratio, NSFR</b>	A liquidity risk metric of a structural nature that demonstrates the stability of the Group's funding in relation to its assets. The NSFR was calculated pursuant to Regulation (EU) 2019/876 of the European Parliament and the Council on 31 December 2020

# Financial calendar

# Credit rating

			Moody's	Standard & Poor's
Interim Report Jan–Mar 2022	28 April 2022	Long-term funding, SBAB	A1	A
Interim report Jan–Jun 2022	18 July 2022	Long-term funding, SCBC	Aaa	–
Interim report Jan–Sep 2022	27 October 2022	Short-term funding, SBAB	P–1	A–1
Year-end report 2023	7 February 2023			

SBAB's Annual General Meeting will be held on 27 April 2022 in Solna.

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**SBAB!**