

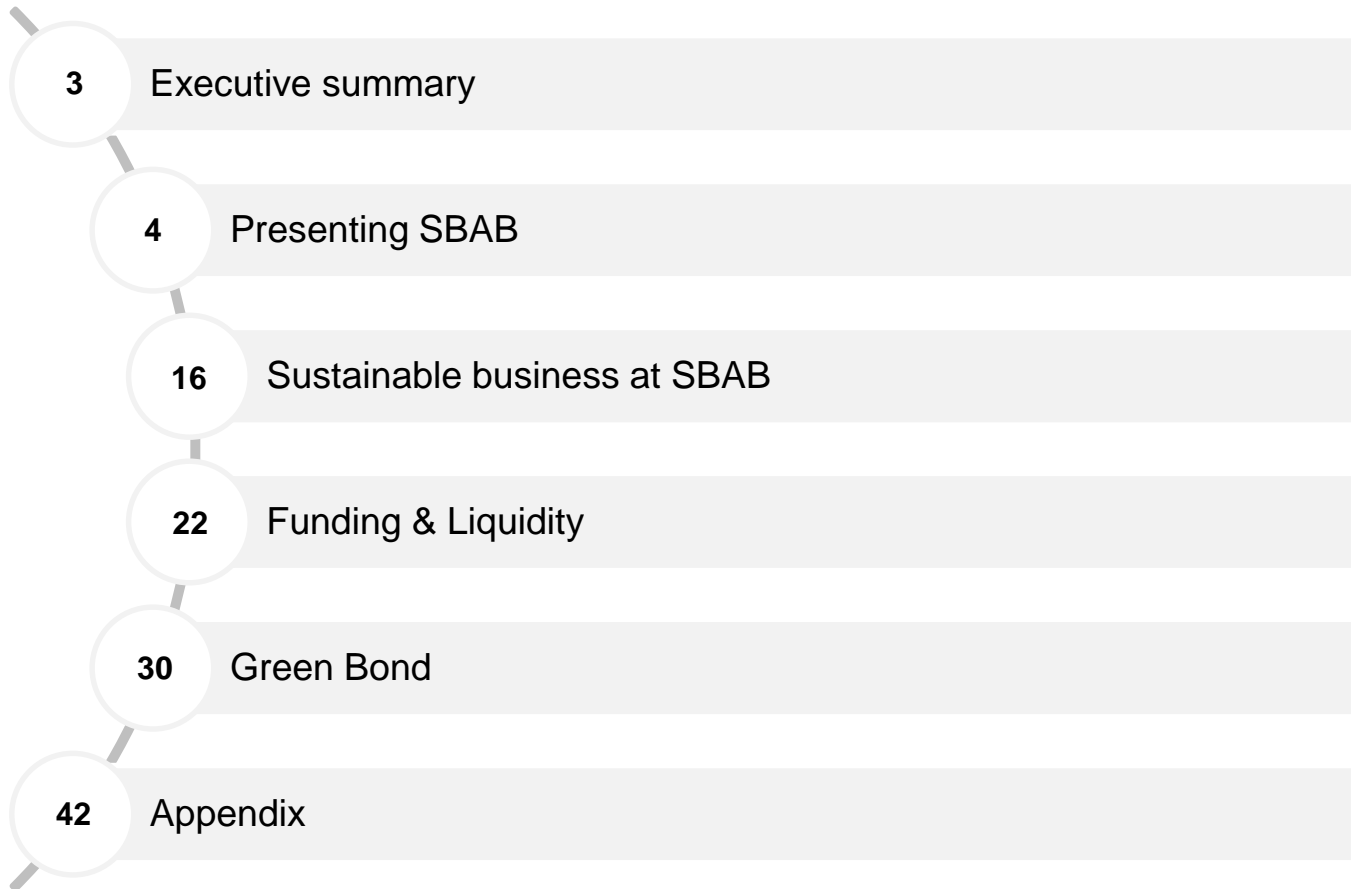


Green Bond Presentation

June, 2016

SBAIB

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Executive summary

- 100% owned by the Kingdom of Sweden
- Business targets:
 - Profitability: RoE > 10%
 - Capitalisation: CET1 Capital Ratio 1.5% above requirement from the Swedish FSA
- Swedish mortgage portfolio, predominantly residential mortgages
- Focus on core business, mortgages in the retail segment
- Deposit offering since 2007, high growth level in recent years
- SBAB senior unsecured investors benefit from government change of ownership clause
- SBAB has developed a Green Bond Framework in order to issue senior unsecured notes in the form of Green Bonds under SBAB's Euro Medium Term Note Programme (EMTN)

	Jan-March 2016	Jan-March 2015
Net Interest Income, SEK mn	630	555
Loan losses, SEK mn	1	3
Mortgage Portfolio, SEK bn	299	265
Cost/Income ratio, % ¹⁾	33	36
RoE, % ¹⁾	10.7	9.4
CET1 Capital Ratio (Basel III), %	27.6	27.5

¹⁾ Excl. net results from financial instruments and restructuring costs

Rating	Moody's	S&P's
SBAB		
- Short term funding	P-1	A-1
- Long term funding	A2	A ¹⁾
SCBC		
- Long term funding	Aaa	

¹⁾ Negative outlook

Presenting SBAB

SBAB!

Business targets

CET1 Capital Ratio	1.5% above requirement from the Swedish FSA	✓
Return on Equity	> 10%	✓
Dividend Target	40% of profit, depending on growth and capitalization requirements	✓
Loan Quality	Aim is to continue to have a strong Swedish lending book with low risk and have proficient provisions in place	✓
Costs	Keep a very competitive C/I ratio vs peers	✓
Rating	Further strengthen our rating position	✓

Key financial highlights

(SEK mn)	Q1 2016	Q1 2015	▲ QoQ	2015	2014	▲ YoY
Net Interest Income	630	555	+13.5%	2,442	2,111	+15.7
Total Expense	212	194	9.3%	809	1,008	-19.7%
Net credit "losses"	1	3	+2	40	-30	-70
Operating profit*	420	336	+25.0%	1,511	1,202	+25.7%
Deposits (bn)	81.2	63.9	+27.1%	76.6	60.6	+26.4%
Loan volume (bn)	299.4	265.0	+13.0%	297.0	261.4	+13.6%
Deposit/Loan ratio	27.1%	24.1%	+12.4%	25.8%	23.2%	+11.2%
Cost/Income ratio	33%	30%	-9.1%	35%	38%	-8,6%
RoE*	10.7%	9.4%	+13.8%	10.3%	9.0%	+14.4%
CET1 Ratio**	27.6%	27.5%	+0,4%	28.6%	29.8%	-4.0%

*Excl. net results from financial instruments and restructuring costs

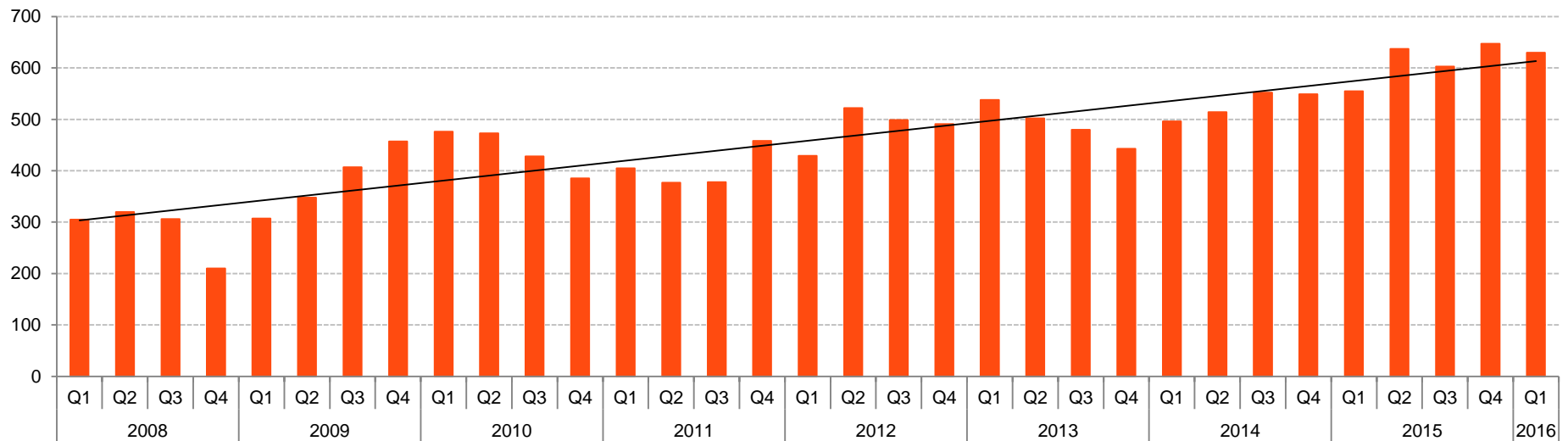
**Without transitional rules

Net interest income

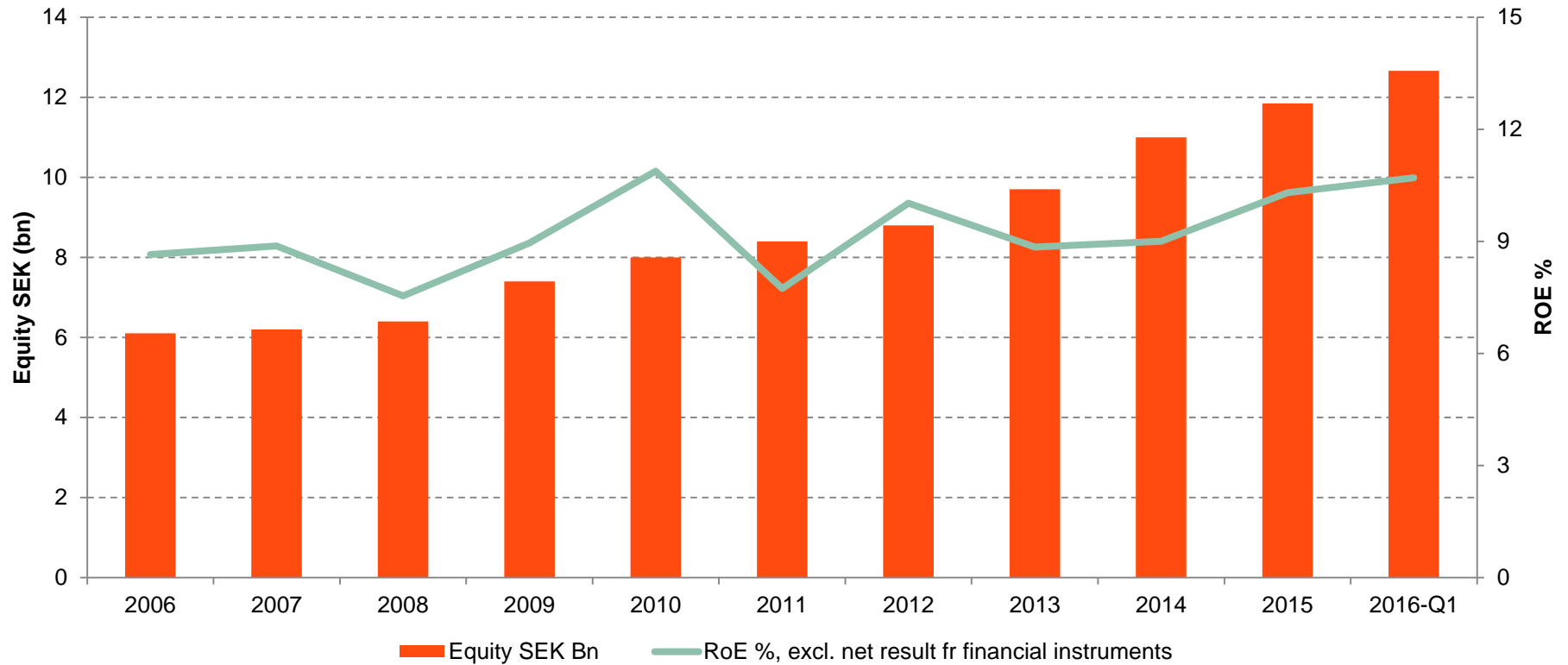
2011–2016Q1

- Improved margins in mortgage lending
- Increased mortgage portfolio
- Decreased funding cost
- New higher regulatory requirements
- Revised and increased profit target in 2013

Net Interest Income

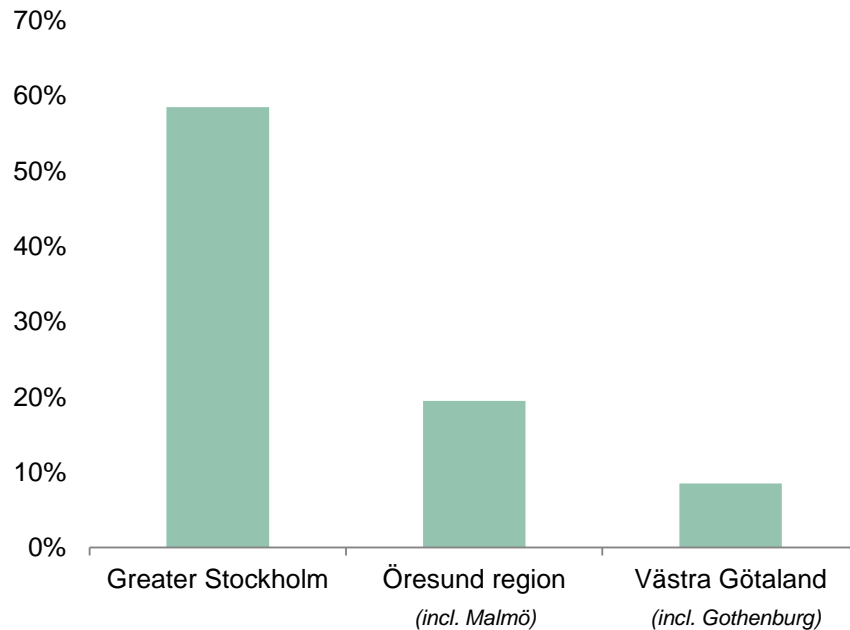


Equity and ROE*



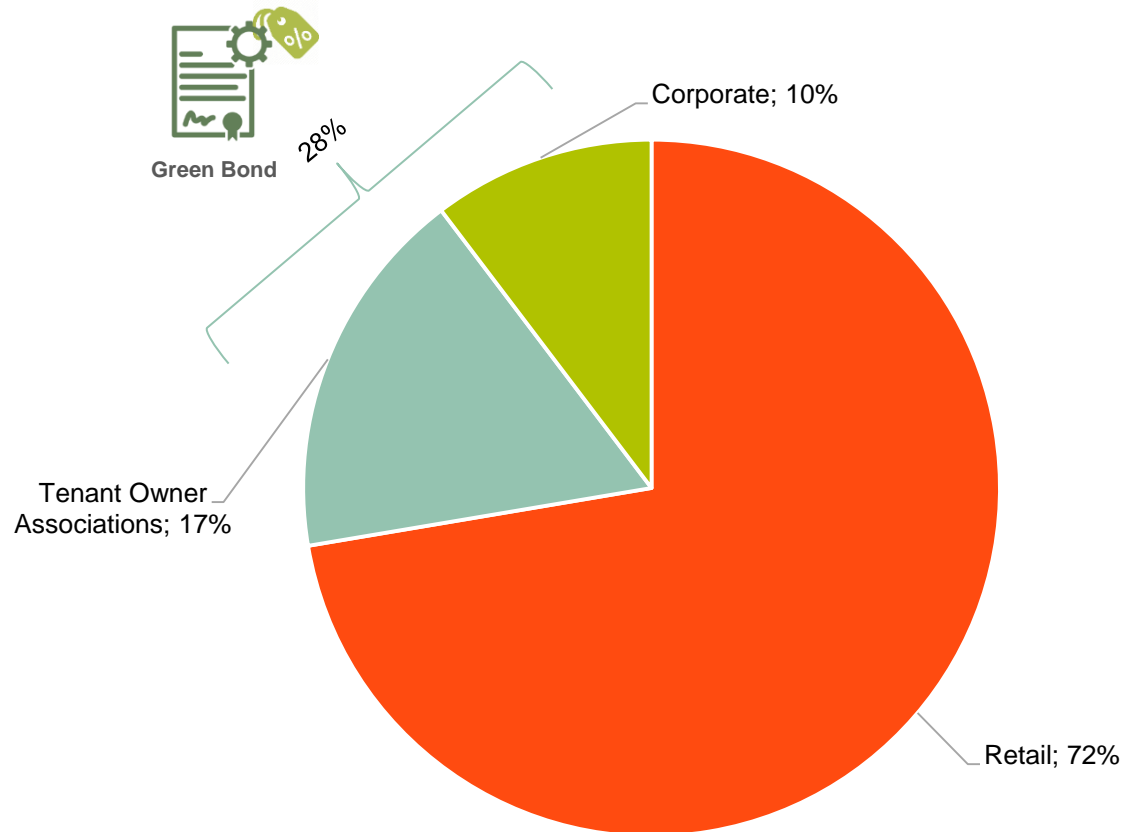
Distribution of lending

- Lending is only offered in Sweden in Swedish Kronor
- SBAB's lending is concentrated to the economic hubs
- Lending operations are **purely Swedish**. Cost efficient origination through internet (since 1998), call-centre and cooperation partners

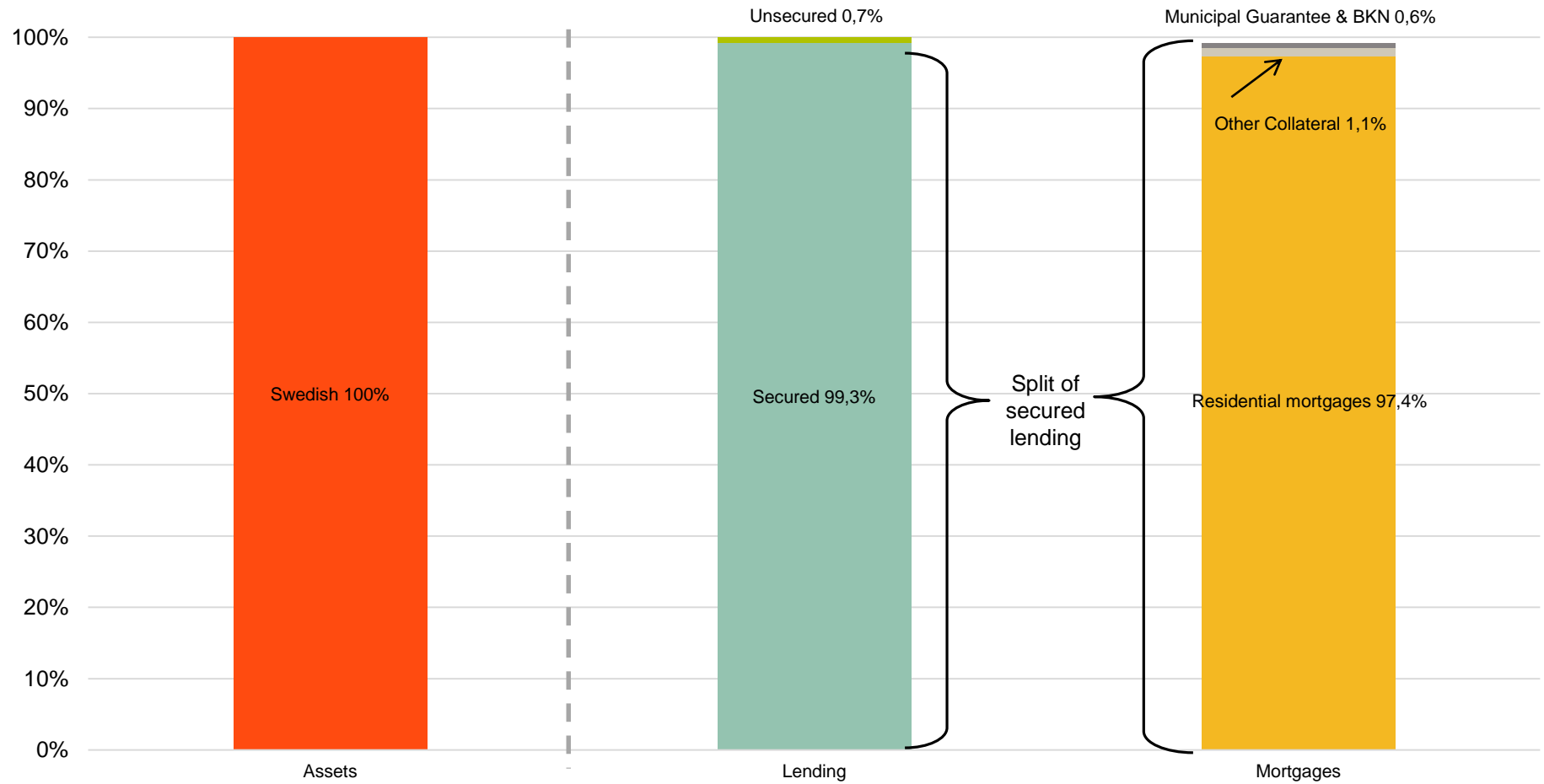


Lending

Total SEK 299bn, Q1 2016

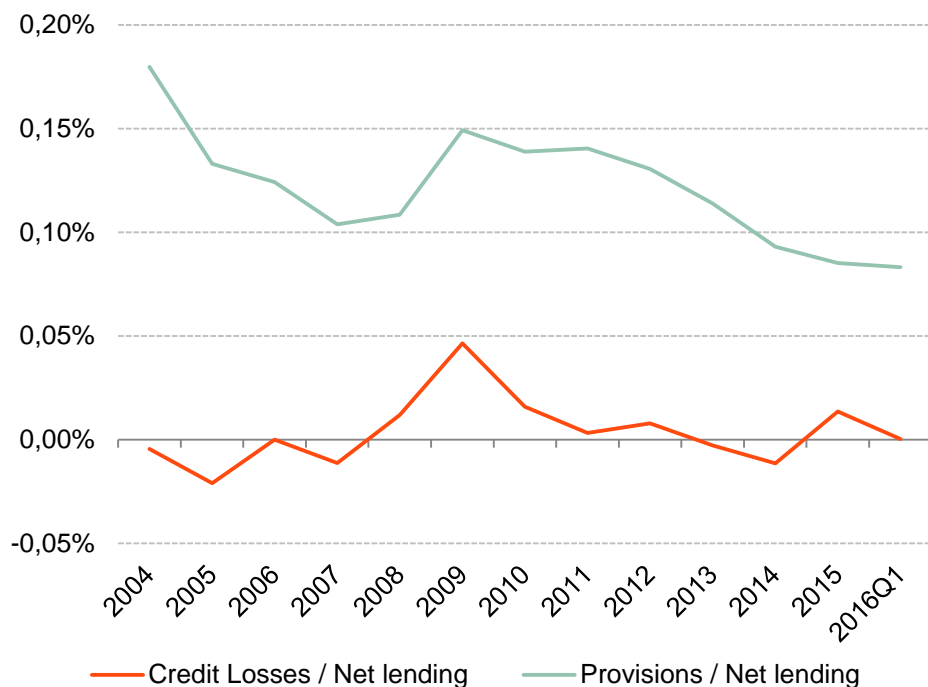


Asset quality

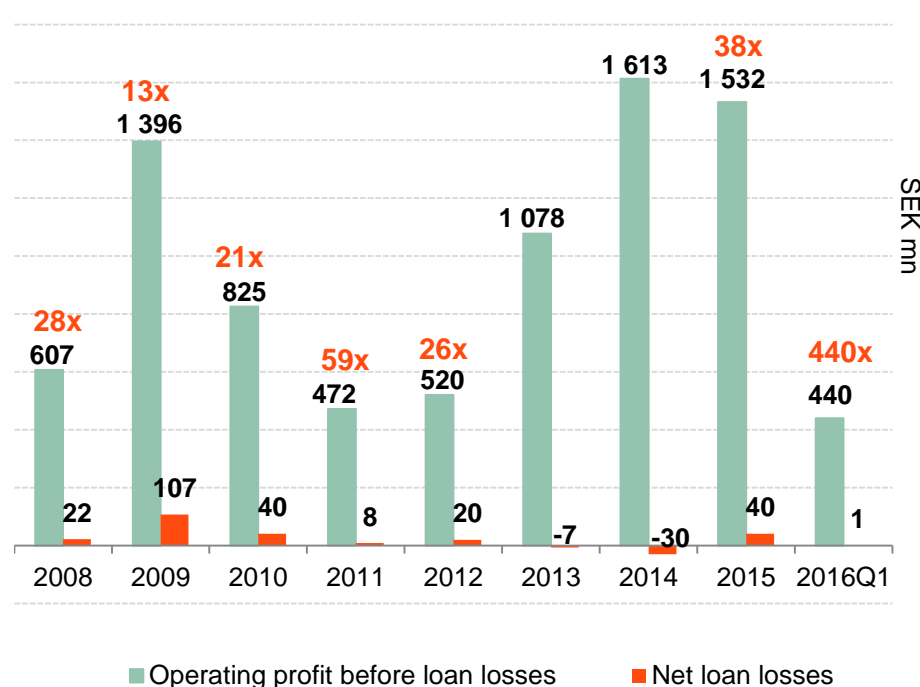


Low loan losses

Net loan losses and provisions vs. net lending



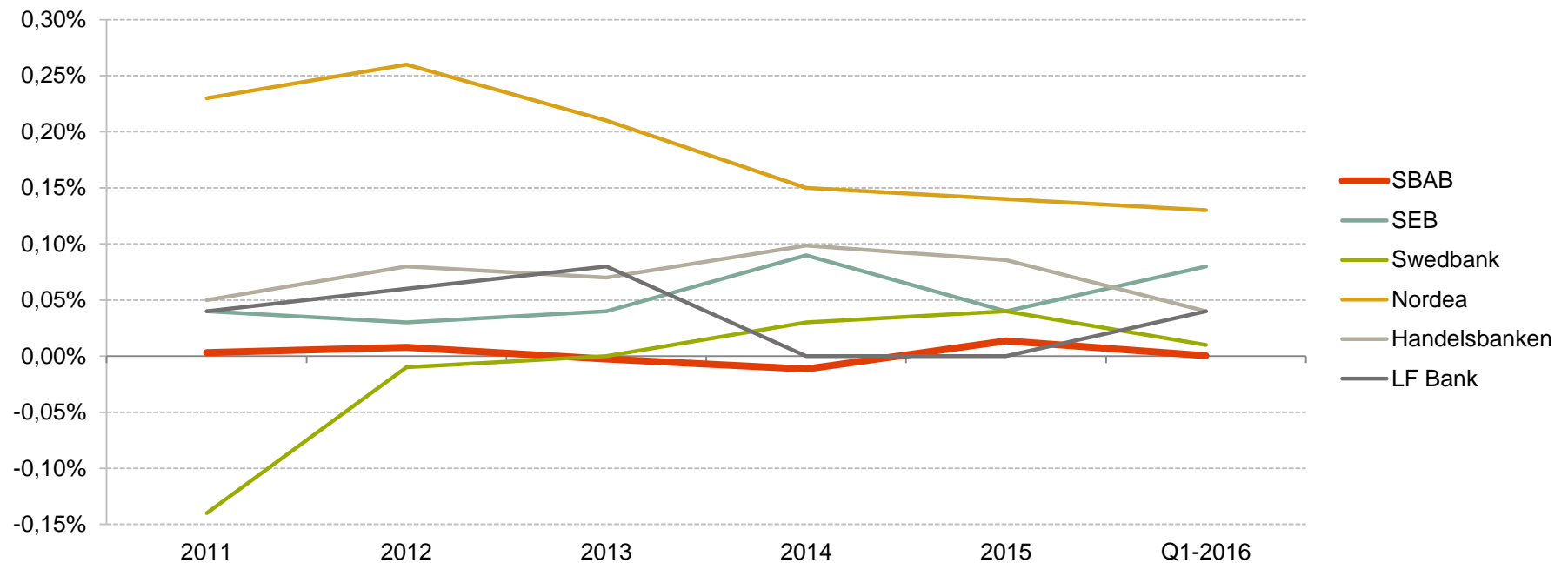
Net loan losses well covered with operating profit



Yearly average credit loss of less than 1 bp over the last 10 years is the lowest of the Swedish banks

Consistently lowest credit losses

Net credit losses* vs. other banks



Thorough credit evaluations and low risk assets achieves low credit losses consistently

* As reported by each bank, definition of credit losses/impairments may vary between banks.

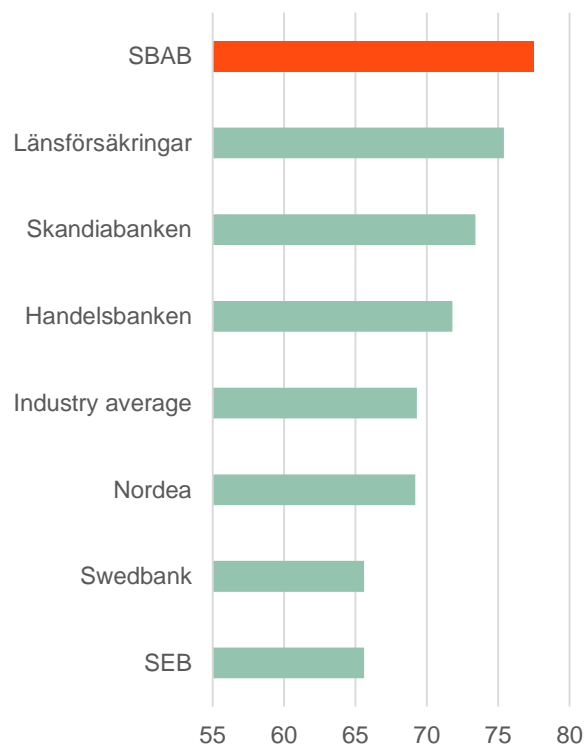
SBAB awarded in 2014 and 2015

”Sweden’s most satisfied residential mortgage customers”



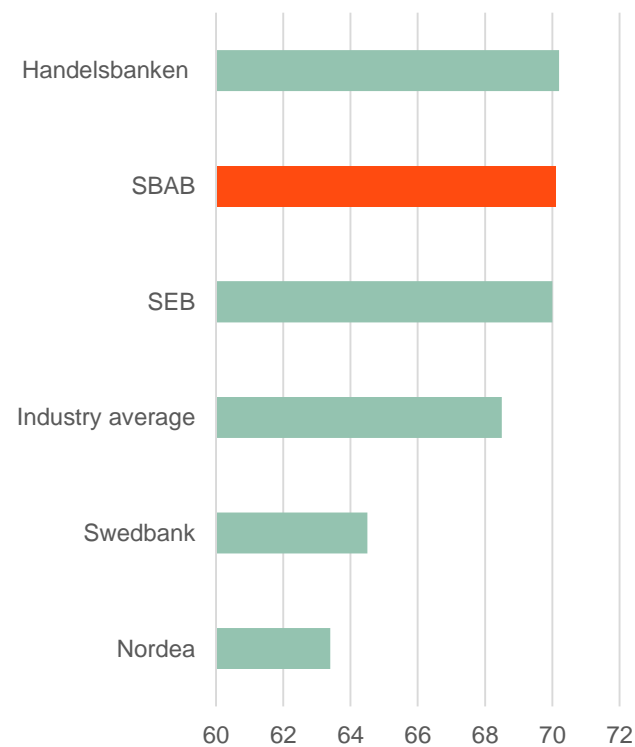
Retail

Customer satisfaction 2015



Corporate

Customer satisfaction 2015



SBAB's value proposition

AVAILABILITY

Residential mortgages online and over the phone, every day and in all situations.

TRANSPARENCY

Competitive pricing and appropriate terms and conditions from the outset.

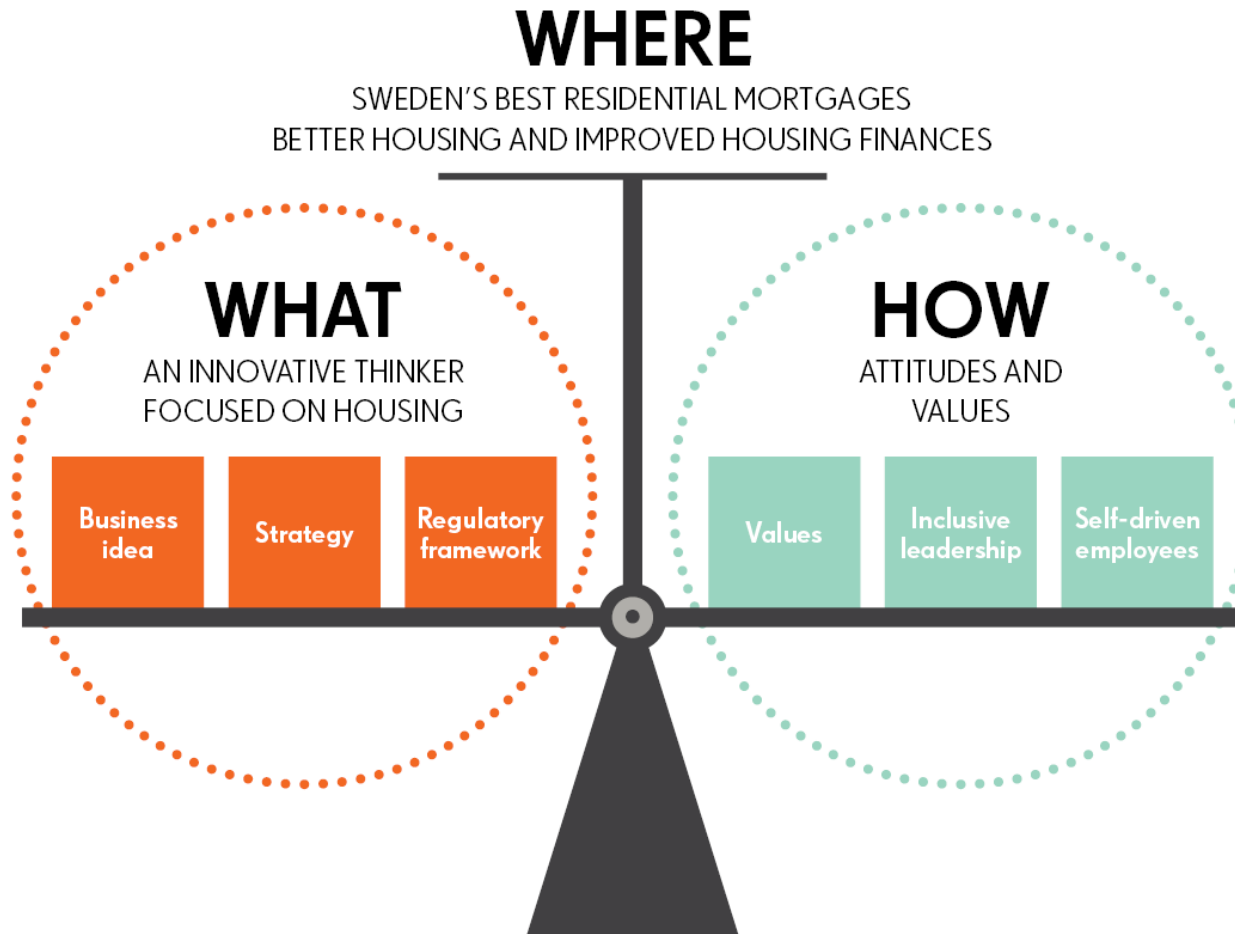
CONSIDERATION

Housing specialists who care.

Sustainable business at SBAB

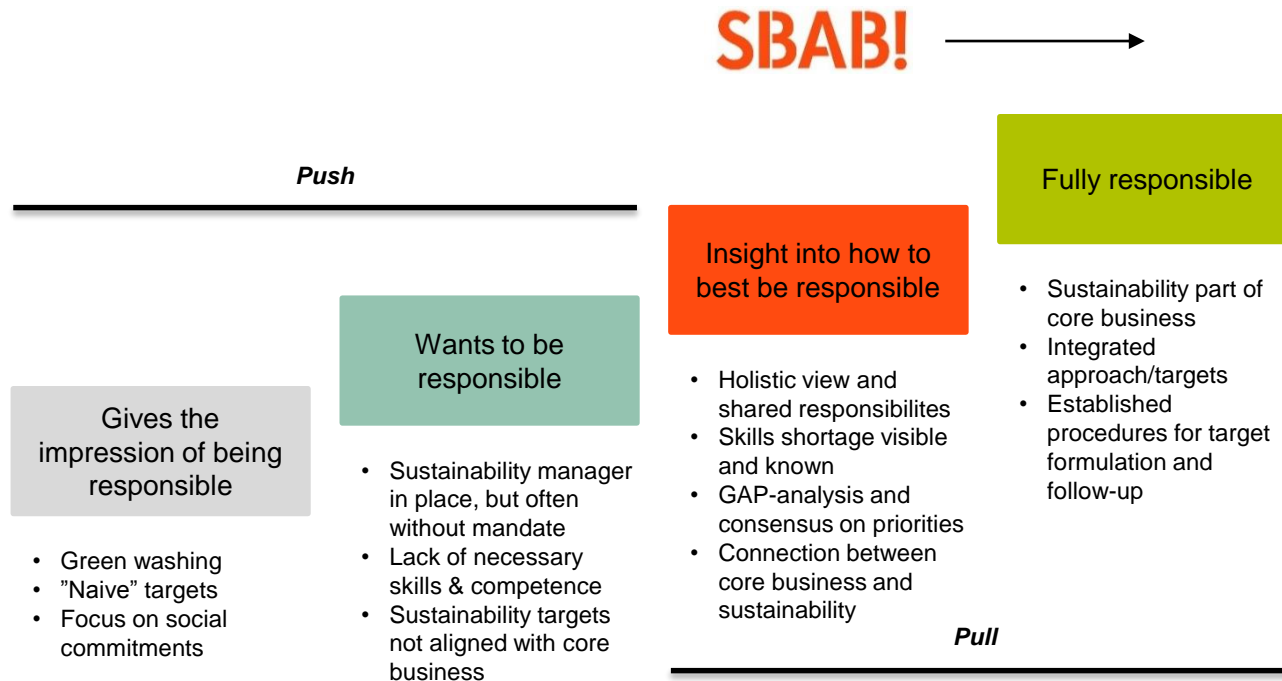
SBAB!

Our governance model



Sustainable business at SBAB

- Continuous improvements



Sustainable business at SBAB

Our mission: "To contribute to better housing and improved housing economy"

SBAB!



Sound finances

Long term profitability allows us to contribute to sustainable development in society.

Responsibility & Transparency

We are open and transparent and accept responsibility, both as a creditor and an employer.

Sustainable housing

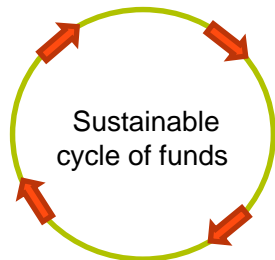
We finance sustainable housing, which results in less environmental impact and a better home environment

Sustainability targets 2016

			Targets 2016
Sound finances	Economic stability and profitability	CET1 Capital Ratio	1.5% above requirement
		RoE	10%
Responsibility & Transparency	Sales and marketing	Proportion of customers who find that SBAB states its terms and conditions in an open and straightforward manner	85%
		Most satisfied customers according to SKI	1 st
	Responsibility as an employer	Proportion of employees recommending SBAB as an employer (9-10 in the NPS)	40%
		Equality between women/men in leading positions	45-55%
Sustainable housing	Financing of new construction	Contribute to the development of new apartments	1,750
	Strategic product development	Retail: Number of users of a sustainable product/service from SBAB	5,000
		Corporate & Tenant-owner Association: Develop a green bond framework and issue a green bond	1

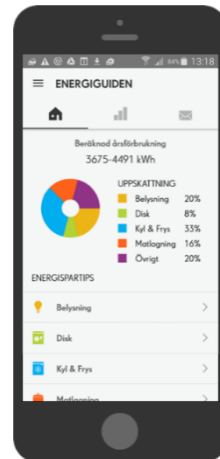
Sustainable business at SBAB

- Sustainable business development



Sustainable lending
("Green" loans)

Sustainable funding
("Green" bonds)



Sustainable services/products (e.g. SBAB's energy efficiency app)



Social responsibility within our mission

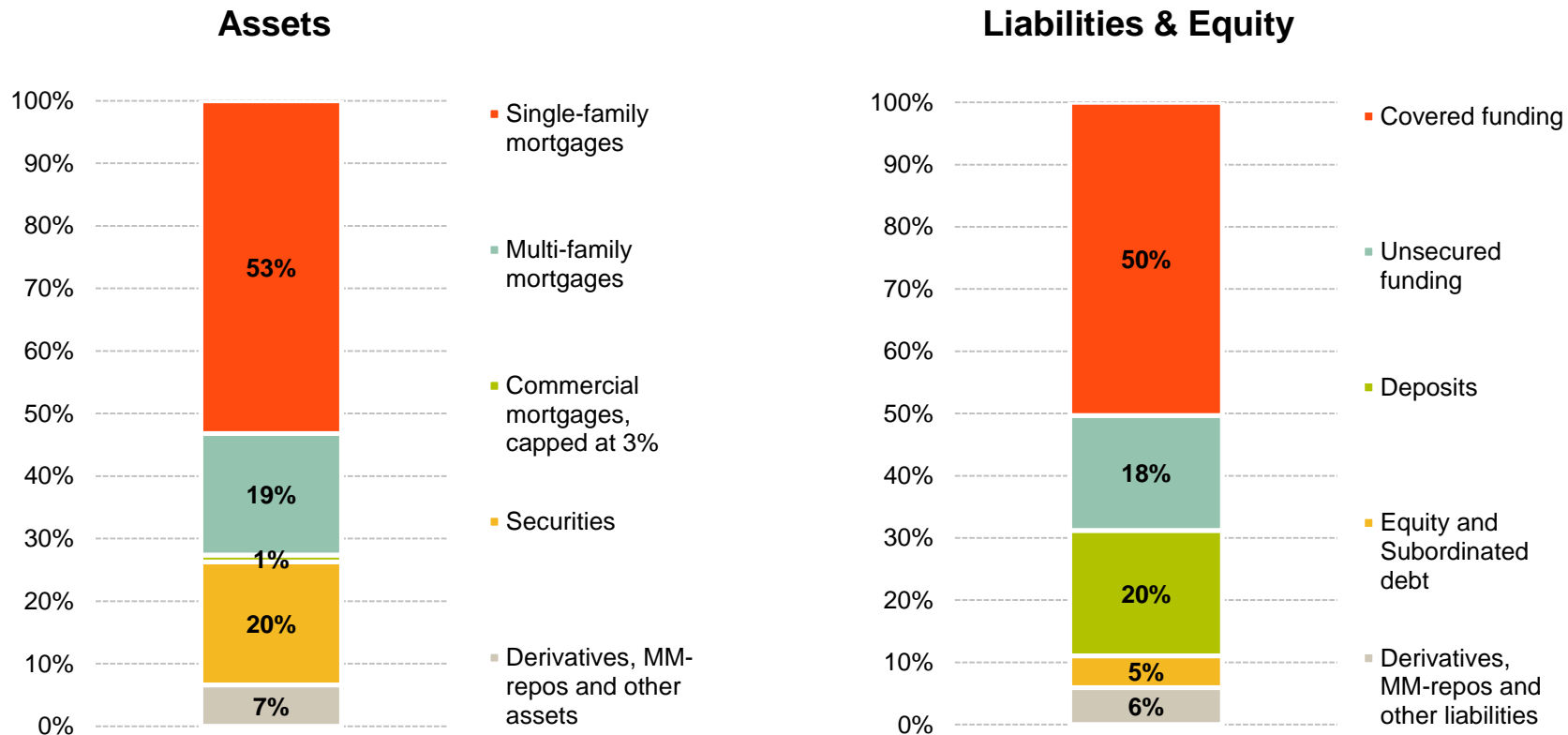


Integrated Annual Report 2015

Funding & Liquidity

SBAB Group balance sheet

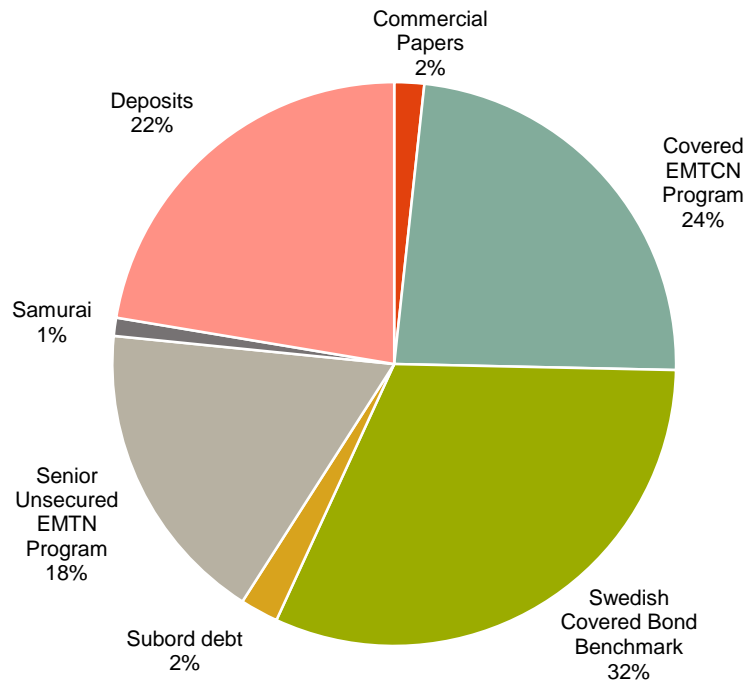
- Total balance sheet SEK 403bn, as of 31 March 2016



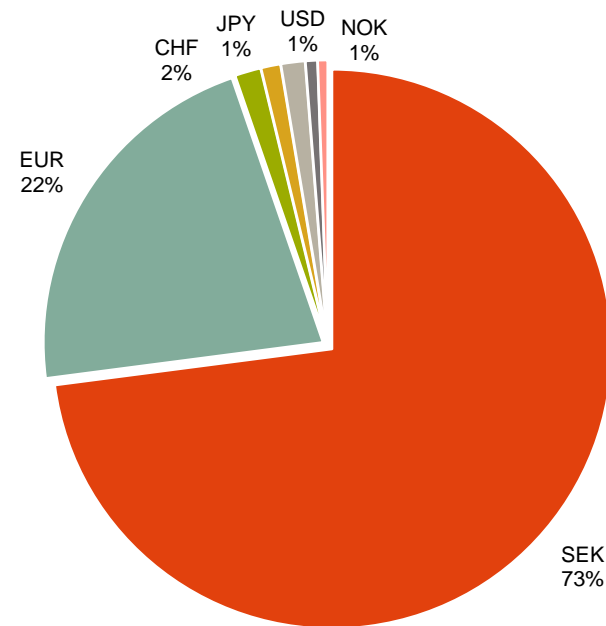
Funding sources

- Total funding portfolio SEK 367bn, Q1 2016

Funding sources



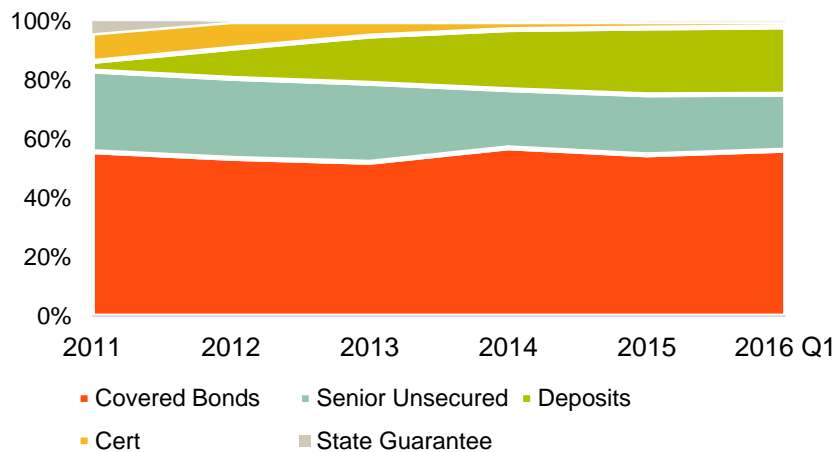
Currency profile



Liabilities and Liquidity Position

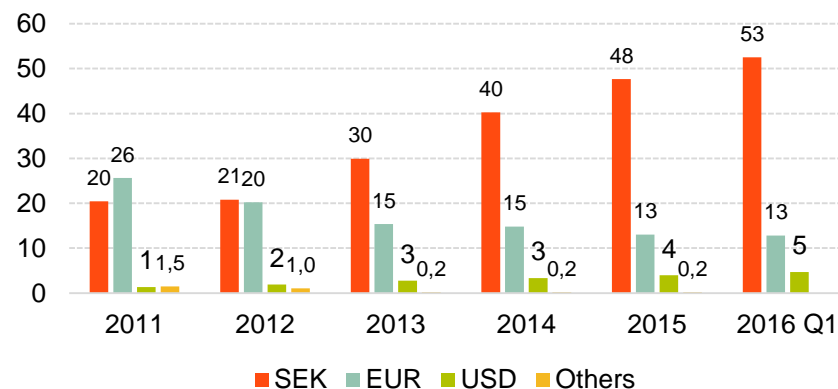
- Deposits steadily growing

Development of Funding Sources

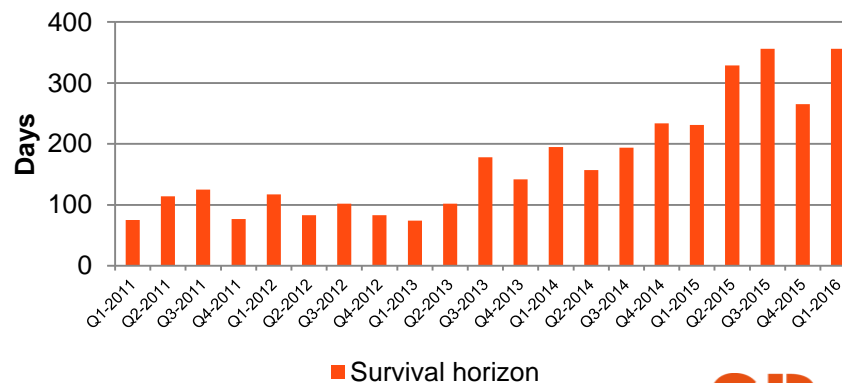


- Increasing deposits has reduced dependency on wholesale markets
- Low CPs outstanding
- Increased liquidity portfolio
- NSFR* at 113% and LCR (total) at 212% end Q1 2016

Liquidity Portfolio

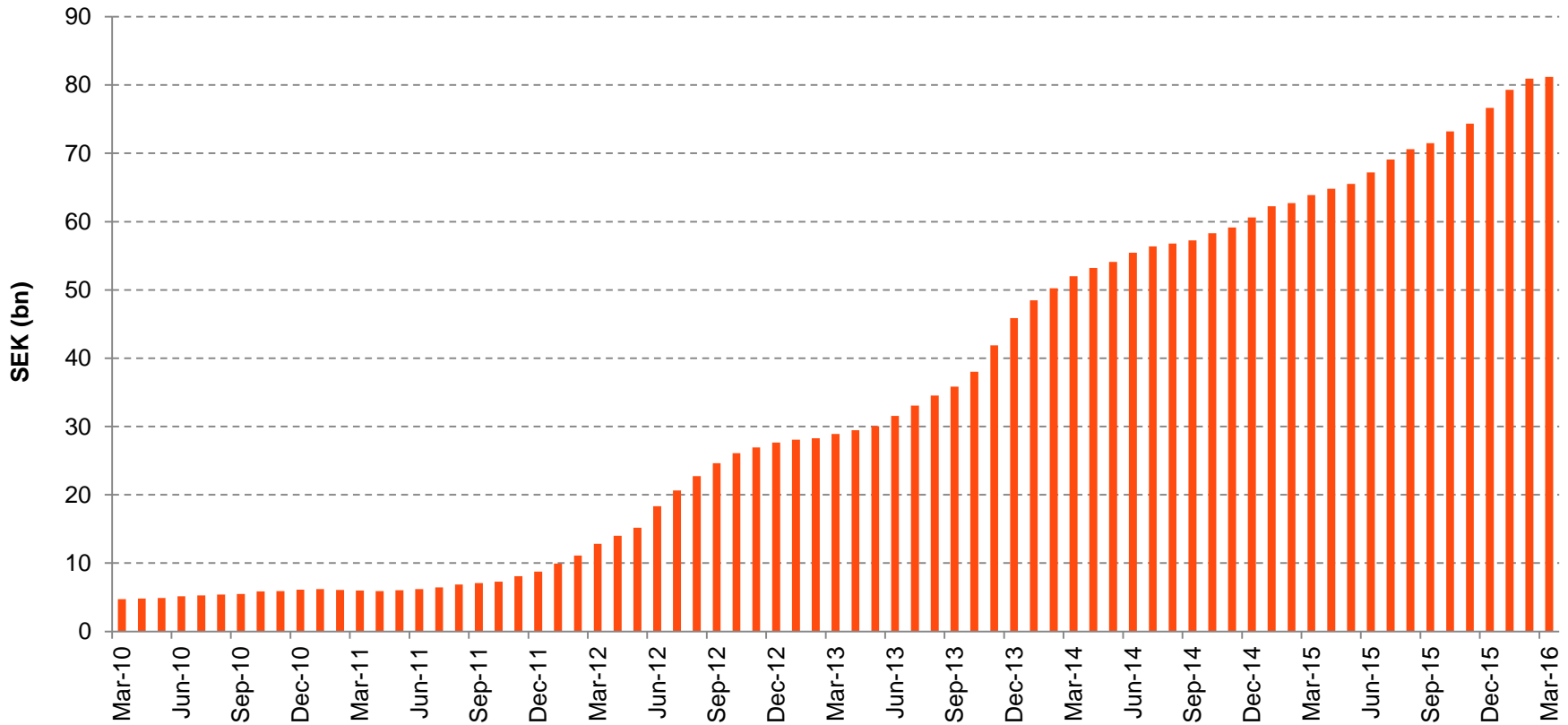


Survival Horizon



SBAB's deposits

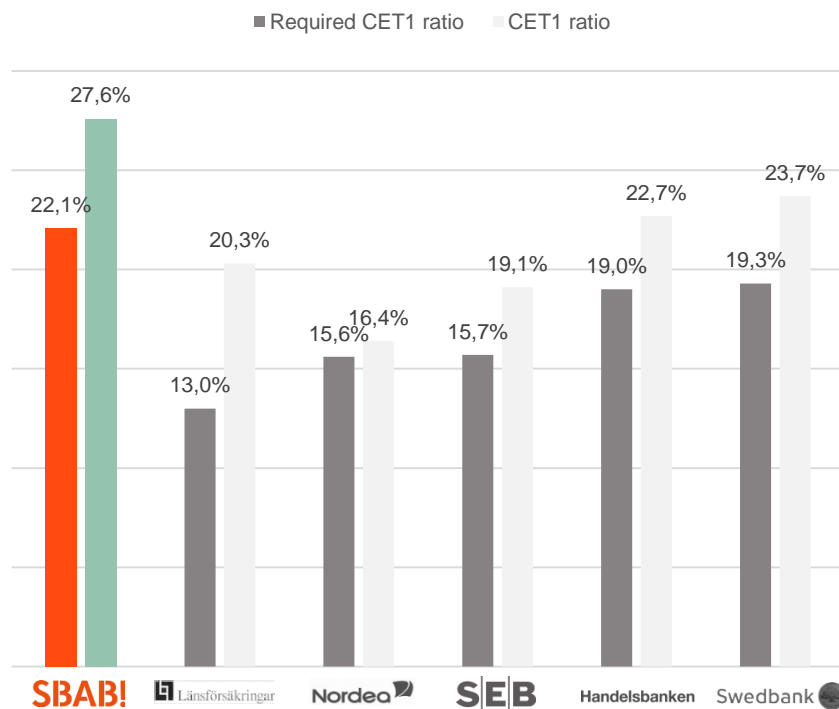
- Historic strong growth, expected to increase further



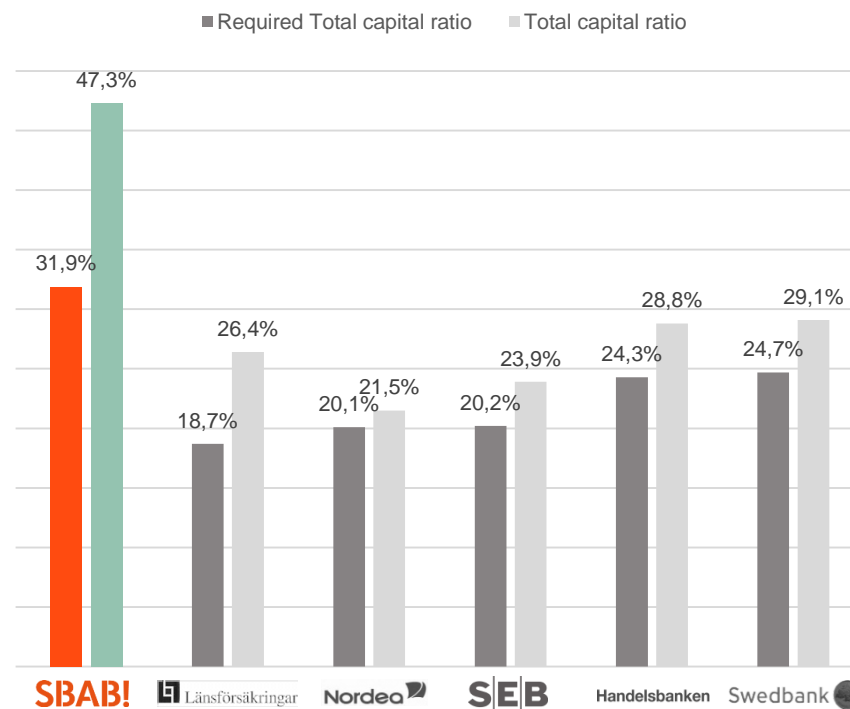
Capital requirements

- SBAB actual requirements vs. Swedish peers (model requirements)

CET1 capital ratio requirement across the major Swedish banks incl. Pillar 2



Total capital ratio requirement across the major Swedish banks incl. Pillar 2



SBAB EMTN Programme

- Government Ownership Clause

(d) *Redemption at the Option of the Noteholders – Unsubordinated Notes*

- (i) If, at any time, the beneficial ownership of the share capital of the Issuer changes so that the Kingdom of Sweden ceases to be entitled to exercise at least 51 per cent. of the votes conferred thereby, then the holder of each Note specified in the applicable Final Terms as unsubordinated will have the option to require the Issuer to redeem such Note (in whole only in the case of a Bearer Note in definitive form) on the Redemption Date (as defined below) at the Early Redemption Amount referred to in paragraph (e) below together with interest accrued, if any, to but excluding the Redemption Date (in accordance with the provisions set out below). Provided that no such option to require the Issuer to redeem Notes will arise if prior to the date of such change the Kingdom of Sweden shall have made arrangements for it to guarantee the obligations of the Issuer under the Notes and the relative Receipts and Coupons (if any) or as otherwise approved by an Extraordinary Resolution of the holders of the Notes.

(i) OPTIONAL:
Investors keep notes

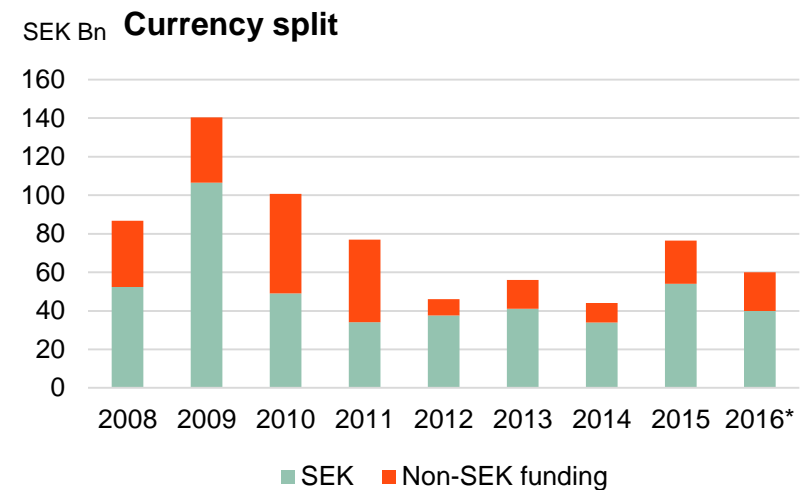
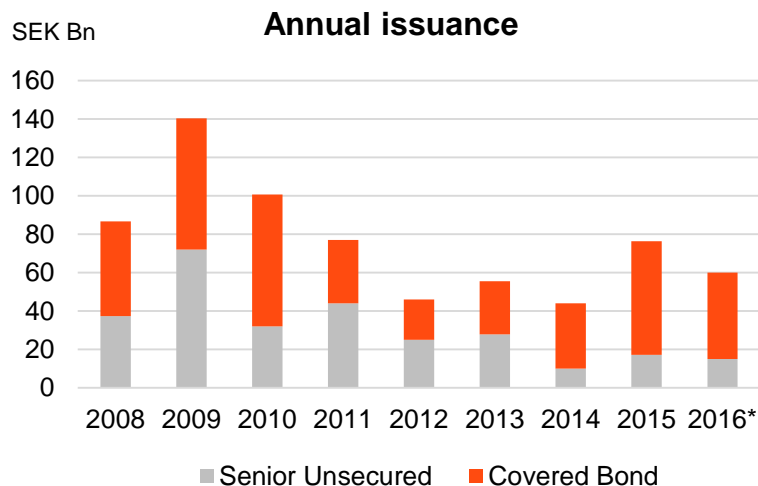
(ii) OPTIONAL:
Investors put back notes to issuer, i.e. SBAB

(iii) MANDATORY:
Kingdom of Sweden Guarantee

SBAB Group funding

- Moderate funding needs ahead

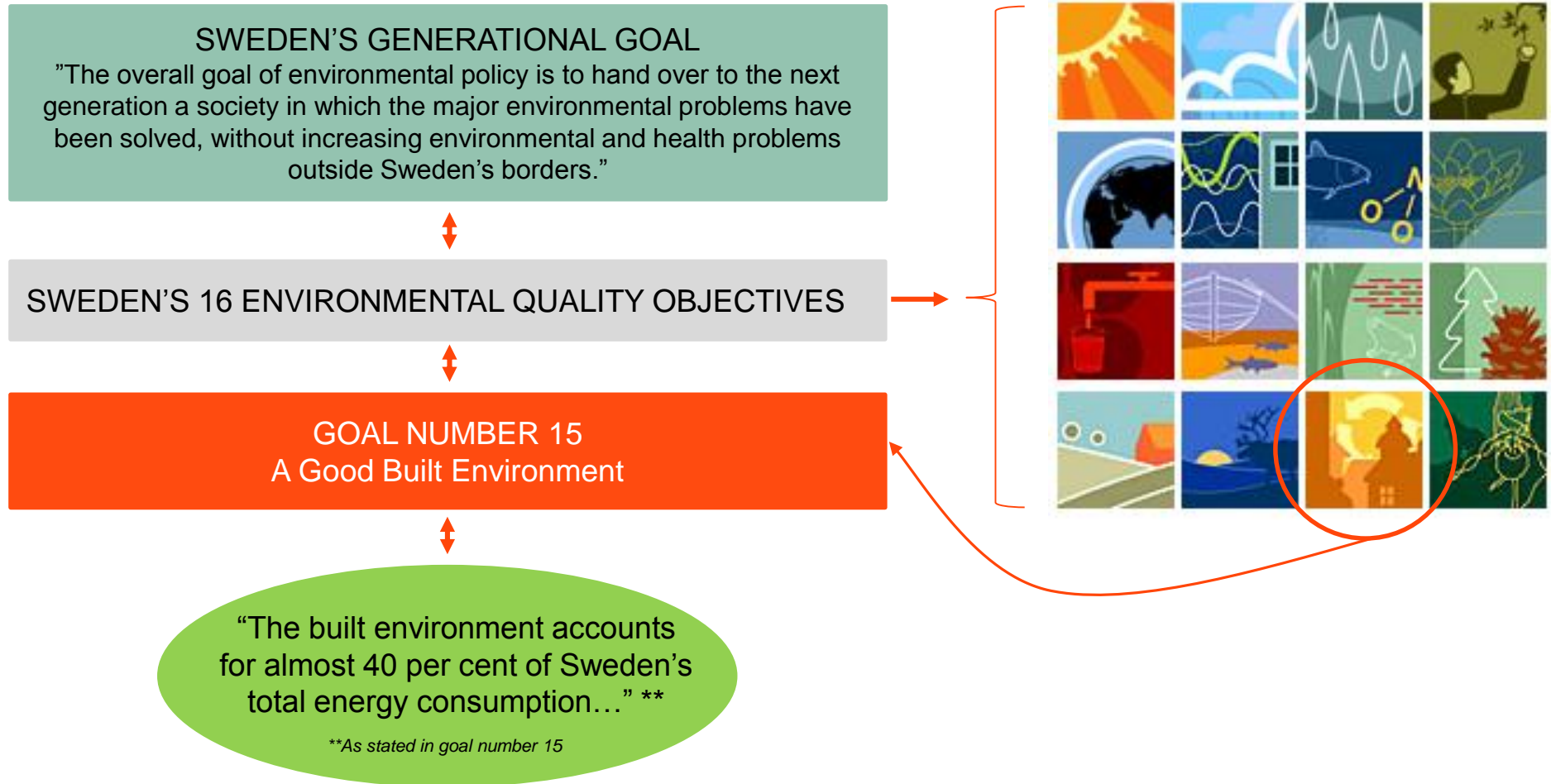
- SBAB Group operates in a number of funding markets. A broad and efficiently diversified investor base is an important part of the Group's funding strategy
- Long term funding estimate for 2016 around SEK 50/60bn of which majority in SEK



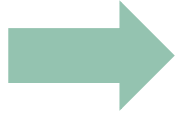
Green Bond

SBAB!

Sweden & sustainable development*



Rationals for issuing Green Bonds



Increased demand for responsible investments in accordance with PRI
(Principles for Responsible Investments)

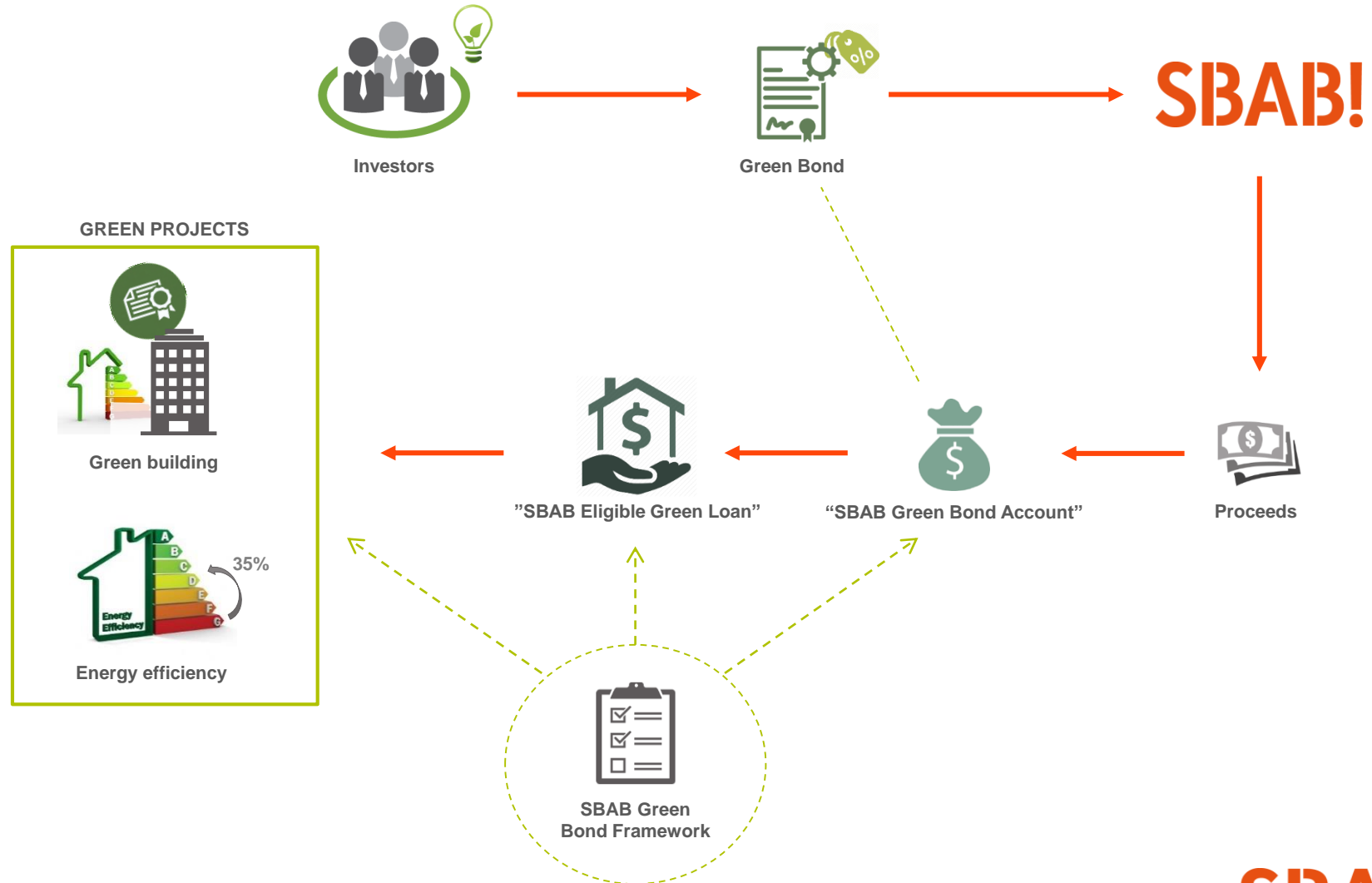
- Enables investors to invest their money responsible while achieving a solid return on their investment



SBAB first Swedish bank to issue a Green Bond

- Leading the way regarding sustainable development in the real estate and in the financial sectors
- Inspiring our stakeholders as well as others to increasingly integrate sustainability in regular business strategies and practices
- Diversifying our investor base and deepening our relations to existing and new investors
- Contributing to global and national environmental objectives being met

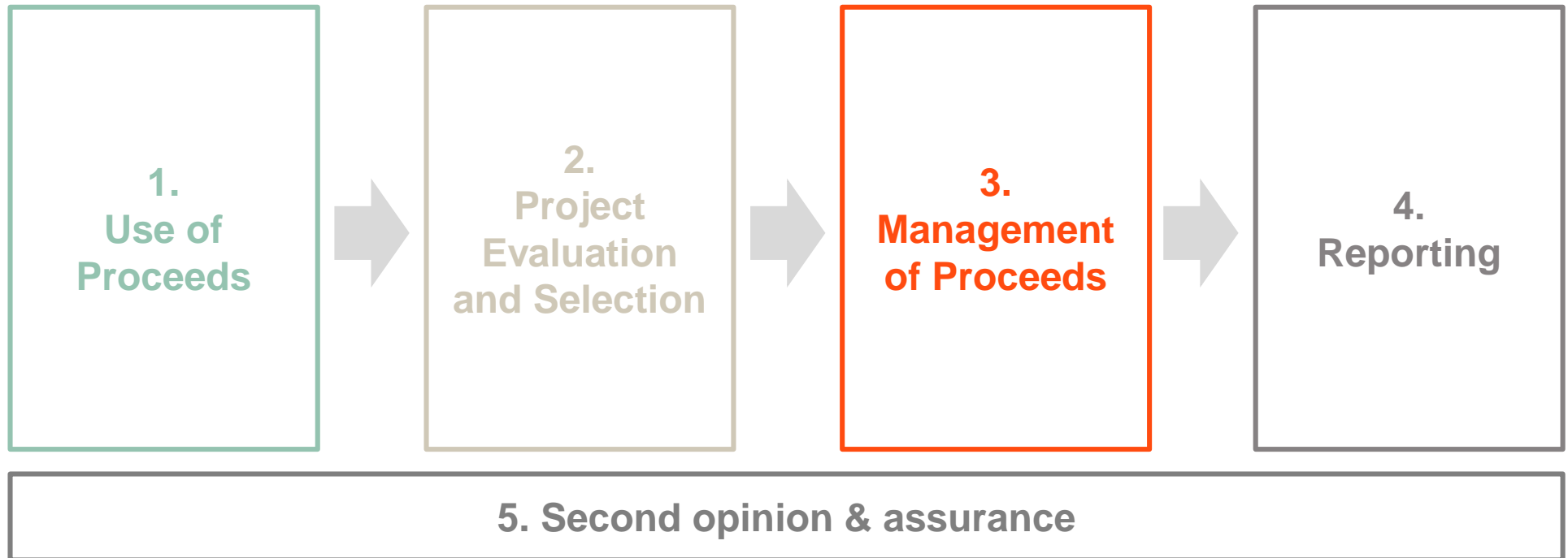
Green Bond



SBAB!

SBAB Green Bond Framework

- SBAB has developed a Green Bond Framework (available at sbab.se) in order to issue senior unsecured notes in the form of Green Bonds under SBAB’s Euro Medium Term Note Programme
- The framework is built upon the guidelines established by “The Green Bond Principles” published by the International Capital Market Association

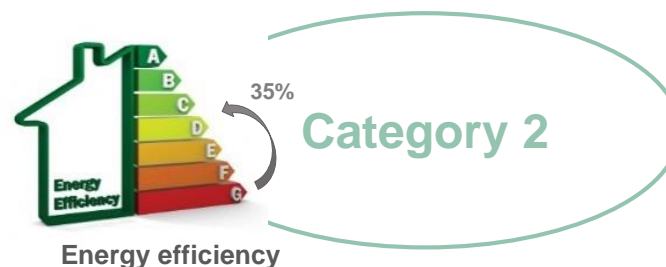


1. Use of Proceeds

The net proceeds from the issuance of a Green Bond will be used exclusively to finance or refinance **SBAB Eligible Green Loans**, or to refinance maturing Green Bonds issued by SBAB. A loan will become an eligible loan if it is used to finance or refinance a project which fulfils one of the below criteria:



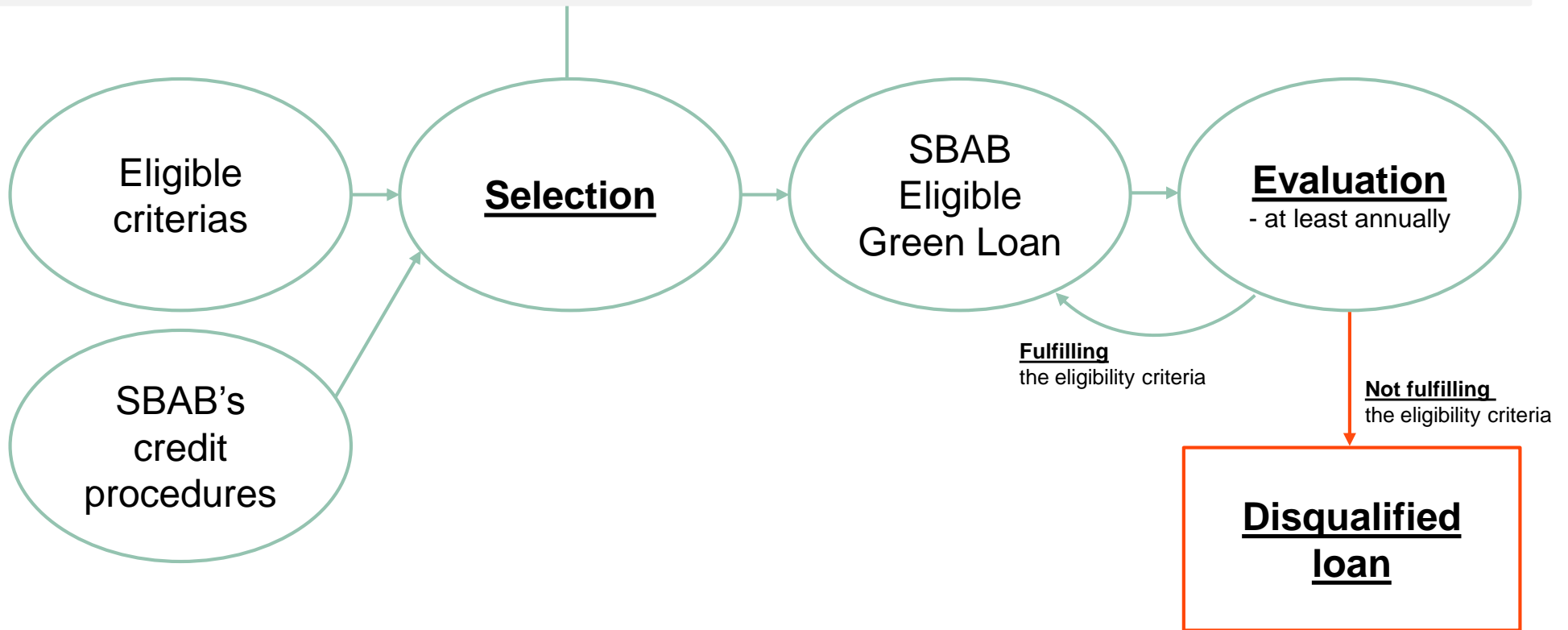
- **Energy performance certificate** (Sw. energideklaration) and at least one of the following **certifications** (or similar):
 - *Energy Performance Certificate with energy class A or B*
 - *Miljöbyggnad (minimum certification “silver”)*
 - *Svanen (Eng. Nordic Swan)*
 - *Passivhus (Eng. Passive House)*
 - *Green Building*
 - *LEED (minimum certification “gold”)*
 - *BREEAM or BREEAM-SE (minimum certification “excellent”)*



- **Rehabilitation or major renovation where the final energy use per square meter and year will or has been reduced by at least 35 per cent**

2. Project Evaluation and Selection

SBAB Eligible Green Loans will be selected by designated staff within SBAB's Corporate Clients, Real Estate Valuations & Tenant-Owner Association departments based on the eligibility criteria and SBAB's applicable credit procedures.



3. Management of Proceeds



- Upon issuance, the net proceeds of a Green Bond will be credited to a designated SBAB Green Bond Account



- As long as the relevant Green Bonds are outstanding, the balance on the SBAB Green Bond Account will be reduced by e.g. a disbursement of a new SBAB Eligible Green Loan or an allocation of funds to existing SBAB Eligible Green Loan



- Should an SBAB Eligible Green Loan become a Disqualified Loan or an SBAB Eligible Green Loan is repaid or replaced, an amount equal to the funds disbursed under that Disqualified Loan or relevant an SBAB Eligible Green Loan will be added back to the SBAB Green Bond Account

* Until disbursement to SBAB's end customer or allocation of an SBAB Eligible Green Loan or until repayment to an investor of a maturing Green Bond, the net proceeds of the Green Bond will form part of SBAB's liquidity portfolio, details of which are described in SBAB's latest published annual report

4. Reporting

- SBAB will, at least annually, publish a **Green Bond Investor Letter** on its website that will contain:
 - information on issued Green Bonds
 - a description of the allocation of proceeds for each category of SBAB Eligible Green Loans (including project examples where customer approval for publication has been obtained)
 - the total amount of disbursed funds
- SBAB encourages its customers to perform **impact reporting** and intends to include details of such customer impact reporting in the Green Bond Investor Letter where applicable
- SBAB reports sustainability in an **Integrated Annual Report** (since 2015)
 - Clear, integrated approach, integrating sustainability and financial information
 - Inspired by the International Integrated Reporting Council's (IIRC) framework
 - In accordance with Global Reporting Initiative's (GRI) G4 Core guidelines
 - Constitutes SBAB's Communication on Progress (COP) to the UN Global Compact



5. Second opinion & assurance

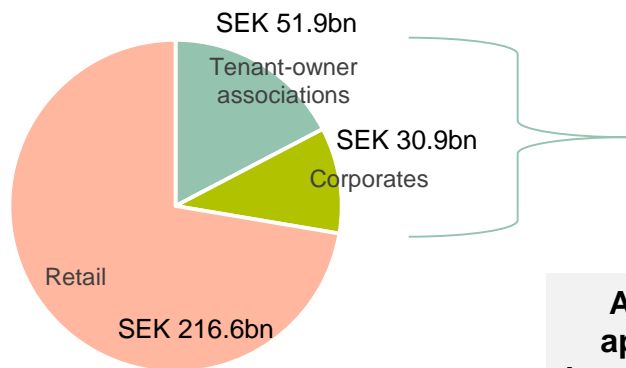
- Second opinion from CICERO (available at sbab.se):

*“Overall, the SBAB Green Bond Framework provides **a detailed and sound framework for climate-friendly investments.** The Green Bond Framework lists eligible projects that are supportive of the objective of promoting a transition to low-carbon and climate-resilient growth and is **supported by a strong governance structure.**”*

*“Based on an overall assessment of the activities that will be financed by the green bonds, SBAB’s Green Bond Framework gets the **Medium Green shading.**”*

- SBAB’s internal auditor will perform an audit of the use of proceeds of the Green Bonds at least annually

Loan book & eligible projects



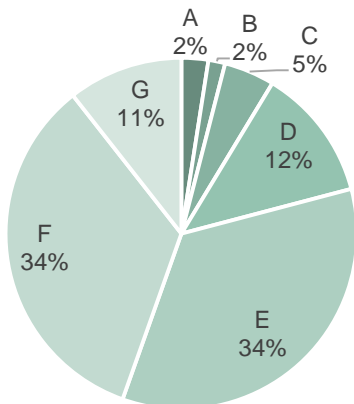
Green Bond

As of now, a total of approx. SEK 4bn has been identified as eligible projects

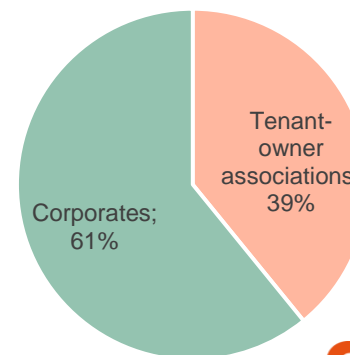
SEK 700mn in new construction

SEK 3.3bn in current portfolio

Energy Performance Certificates



Breakdown Eligible Projects in current portfolio



Examples of eligible projects



Klyvaren 1, Malmö
SEK 119mn
Passive house



Kungsmytan 1, Örebro
SEK 83mn
Miljöbyggnad (Silver)



Kajan 7, Vellinge
SEK 65mn
Miljöbyggnad (Silver)

Appendix

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Rating

Rating	Moody's	S&P's
SBAB		
- Short term funding	P-1	A-1
- Long term funding	A2	A ¹⁾
SCBC		
- Long term funding	Aaa	

¹⁾ *Negative Outlook*

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