

Investor Presentation

Inaugural EUR Green Senior Debt Issue

SBAB Bank AB (publ)
May 2020

SBAB!

Executive summary



About SBAB Bank AB (publ)

- 100% owned by the Kingdom of Sweden. Swedish mortgage portfolio, predominantly residential mortgages (5th largest player in Sweden)

Credit update Q1 2020

- Underlying financial development and lending growth continued to be healthy in Q1 2020. Limited Covid-19 effects (increased IFRS9 provisions and lower net result of financial transactions (CVA/DVA))
- Strong balance sheet and high quality assets (> 99% secured lending). Gross loans in Stage 3 amounted to 0.08% of total lending in Q1 2020
- 100% retained earnings in 2019 has further strengthened capitalisation and ability to grow lending

Proposed transaction

- SBAB issued its inaugural green bond in 2016 (as the first bank in Sweden) and has since been a regular issuer
- Updated framework launched in January 2019 (including SBAB's Green Residential Mortgages to private individuals)
- Inaugural EUR 5Y Senior Preferred benchmark transaction

Total lending, SEK bn

389

Total deposits, SEK bn

129

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SCBC!
Covered bonds of SBAB

23.9

Eligible Green Loans, SEK bn

12.75

Outstanding Green Bonds, SEK bn



Vision



To offer the best residential mortgages in Sweden

Mission



To contribute to better housing and household finances





Sweden's most satisfied customers

SBAB has Sweden's most satisfied residential mortgage customers according to Swedish Quality Index (Svenskt Kvalitetsindex, SKI), which each year measures customer satisfaction in the banking and finance sector. With a customer satisfaction score of 76.3 out of 100, SBAB ranks well above the sector average of 69.3. For the second consecutive year, SBAB also has Sweden's most satisfied customers in terms of property loans to corporates and tenant-owners' associations.



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Credit update

Q1 2020

Overview of Q1 results

SEK million	Q1 2020	Q4 2019	▲	Q1 2020	Q1 2019	▲
Lending (SEK bn)	389,3	383,8	+1.4%	389,3	366,3	+6,3%
Deposits (SEK bn)	128,7	130,5	-1.4%	128,7	126,1	+2.0%
Net interest income	885	877	+0.9%	885	883	+0.2%
Net commission	-18	-2	-16 mn	-18	-12	-6 mn
Net result financial transact.	-55	-6	-49 mn	-55	13	-68 mn
Costs	-311	-327	-4.6%	-311	-292	+6.5%
Loan losses	-27	-10	+17 mn	-27	-9	+18 mn
Operating profit	485	540	-10.2%	485	590	-17.8%
C/l ratio, %	37.7%	37.2%	+0.5 pp	37.7%	32.8	+4.9 pp
RoE, %	9.2%	10.5%	-1.3 pp	9.2%	12.5	-3.3 pp
Loan loss ratio, %	0.03%	0.01%	+0.02 pp	0.03%	0.01%	+0.02 pp
CET1 capital ratio, %	12.7%	13.1%	-0.4 pp	12.7%	12.4%	+0.3 pp

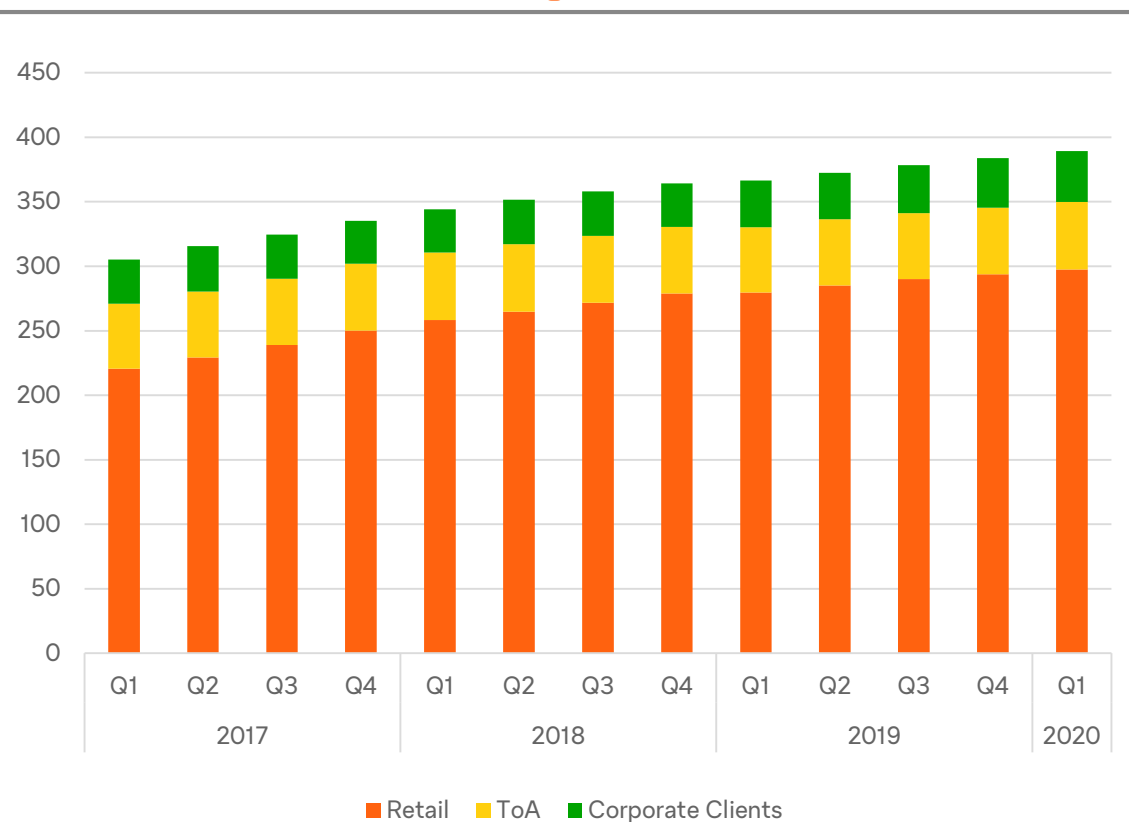


Financial highlights Q1 2020

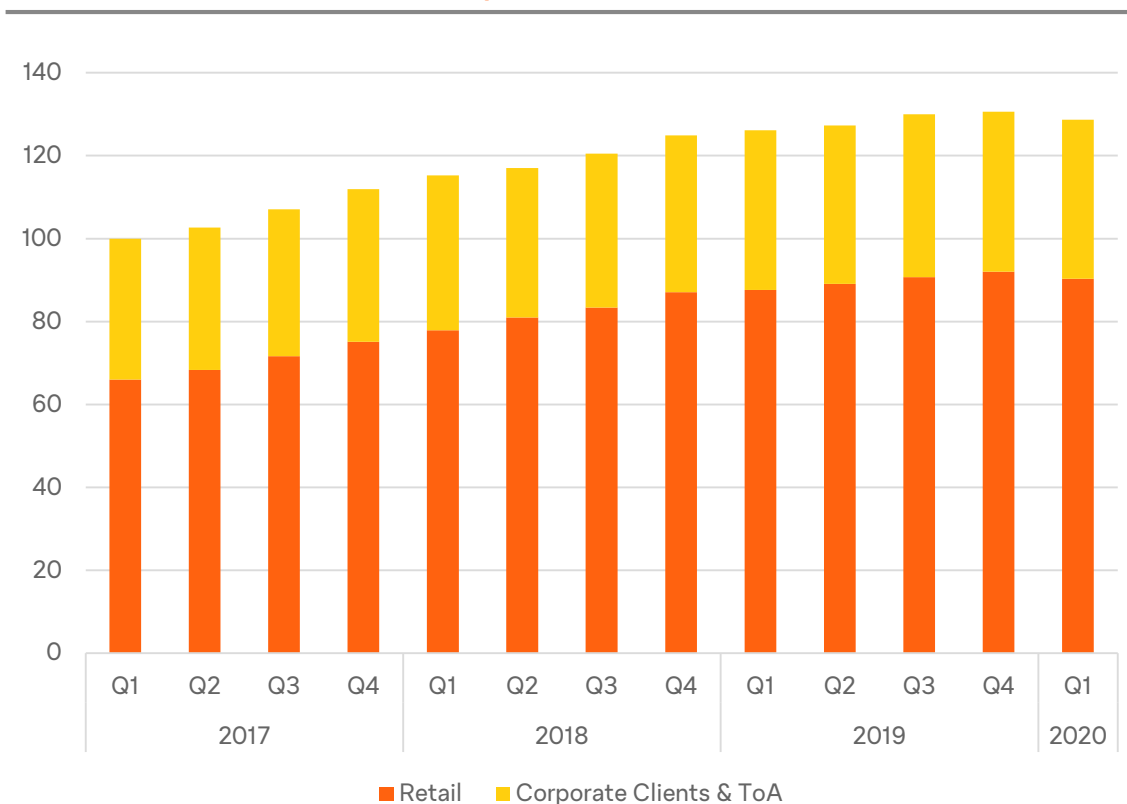
	Q1 2020	Q4 2019	QoQ ▲		Comment	
1	Net interest income	885	877	+0.9%	→	Primary source of income. Development driven by larger lending volumes. Some margin pressure expected ahead
2	Net result fin. transactions	-55	-6	-49 mn	→	Increased counterparty risks in SBAB's derivative exposures (CVA/DVA)
3	Costs	-311	-327	-4.6%	→	Continued investments for future competitiveness according to plan (mainly IT, digitalisation & customer offering/experience/service)
4	Credit losses	-27	-10	+17 mn	→	Very low credit losses over time as expected with SBAB's concentration on mortgages. Increased provisions in Q1 2020 (SEK 19 mn) as a result of the covid-19 outbreak
5	Operating profit	485	540	-10.2%	→	Decreased op. profit in Q1 due to increased provisions, lower net result from financial transactions & lower net commission. Underlying profit generation healthy
6	ROE	9.2%	10.5%	-1.3 pp	→	Risk/return trade off – competitive profitability and returns given SBAB's low risk business. Well above target (>10%) last 5 years. Some pressure in Q1 2020 due to lower operating profit
7	C/l ratio	37.7%	37.2%	+0.5 pp	→	Competitive cost efficiency. Continued investments according to plan
8	CET1 capital ratio	12.7%	13.1%	-0.4 pp	→	Comfortable margin to external and internal requirements. Retained earnings in 2019 has strengthened capitalisation. Increased REA in Q1 2020

Lending & deposits development

Lending (SEK bn)

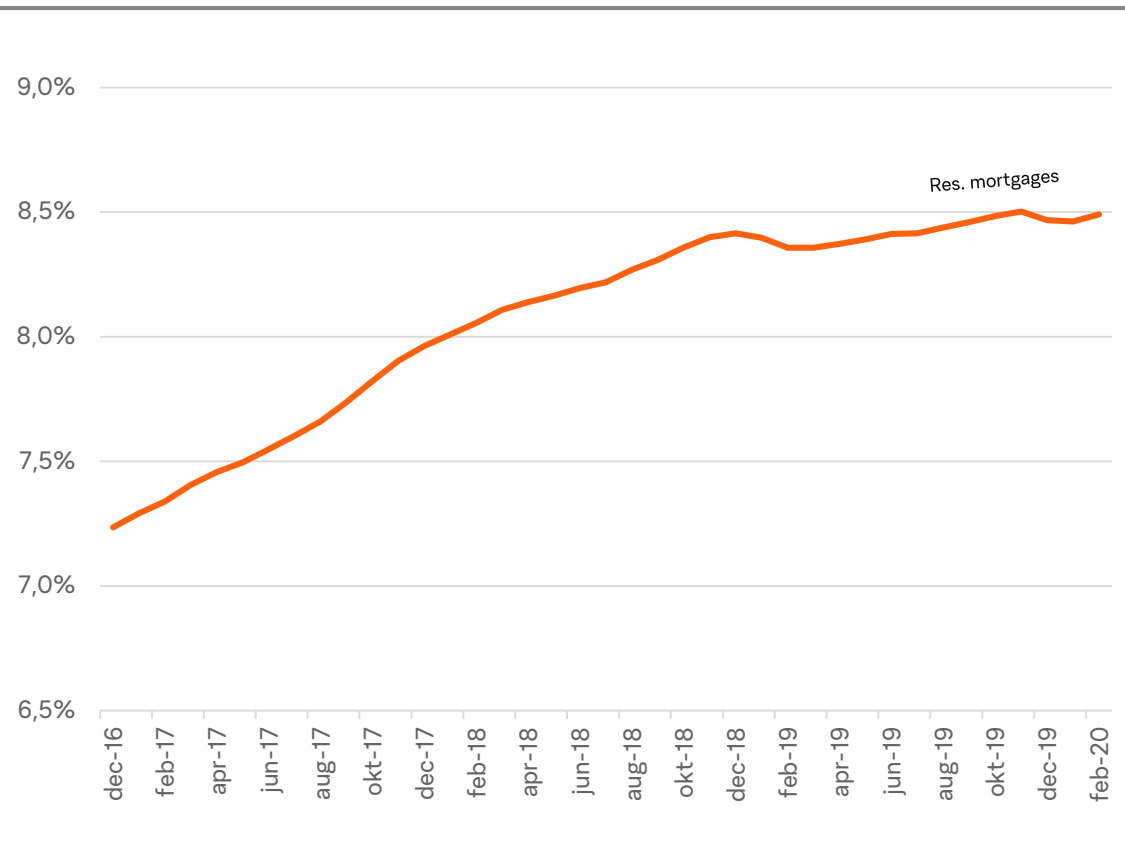


Deposits (SEK bn)

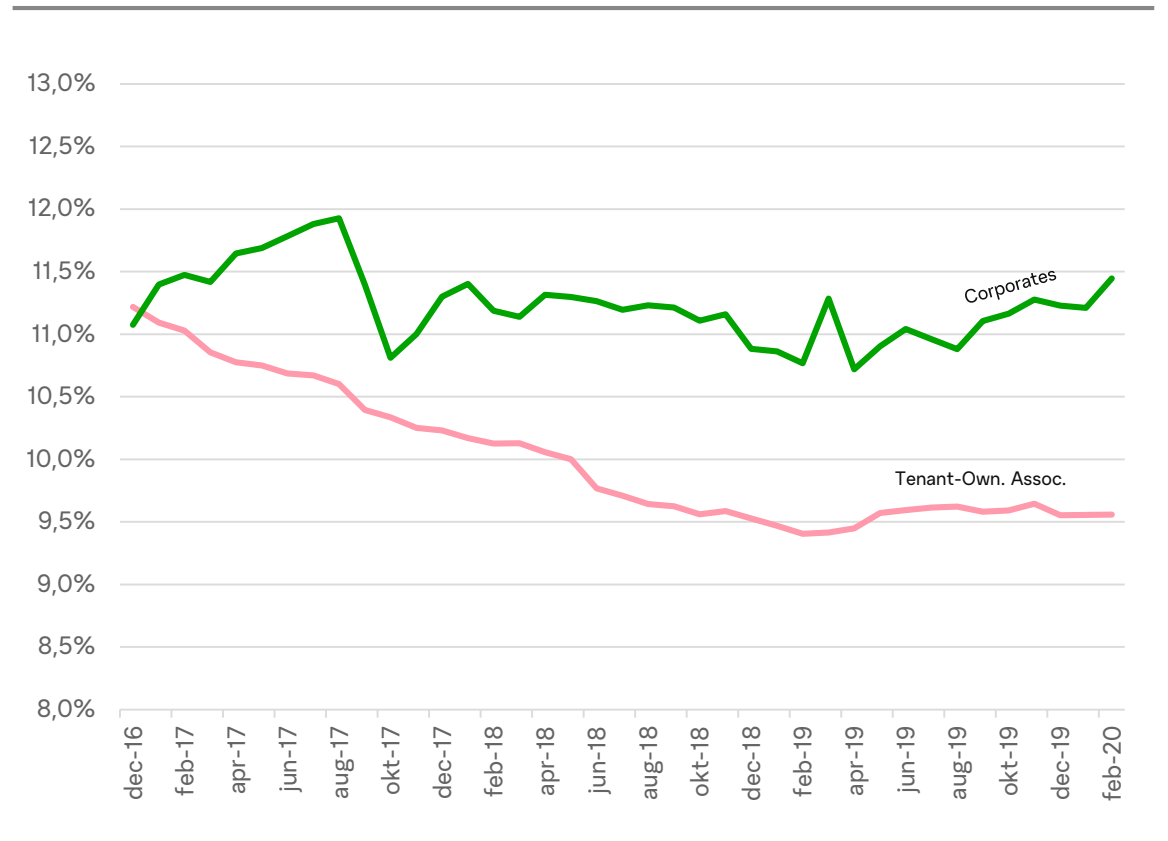


Market share development

Market share, Residential mortgages (Feb 2020)

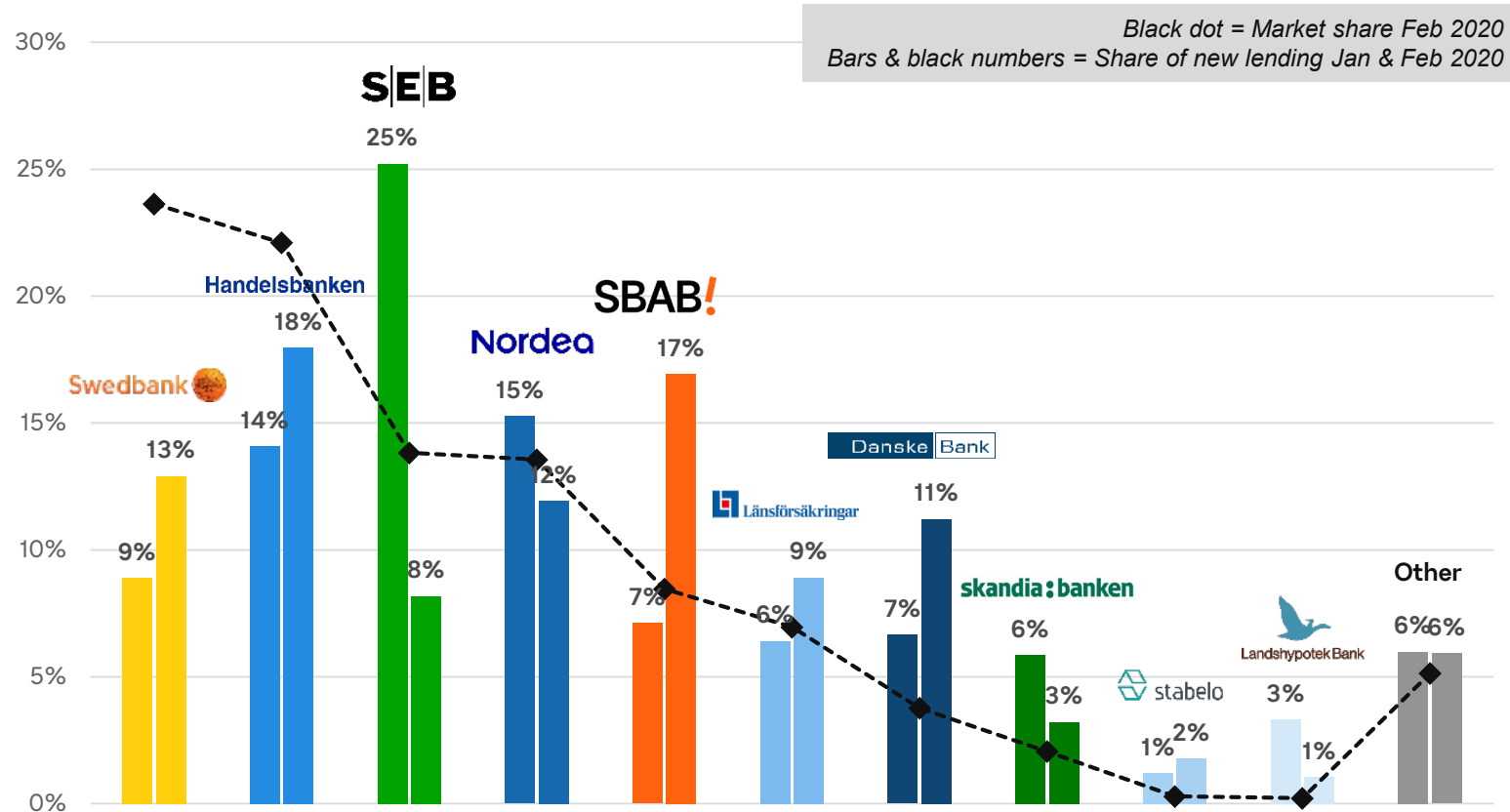


Market shares, Corporate clients & ToA (Feb 2020)



Residential mortgage market 2020

Shares of net growth in the Swedish residential mortgage market Jan-Feb 2020



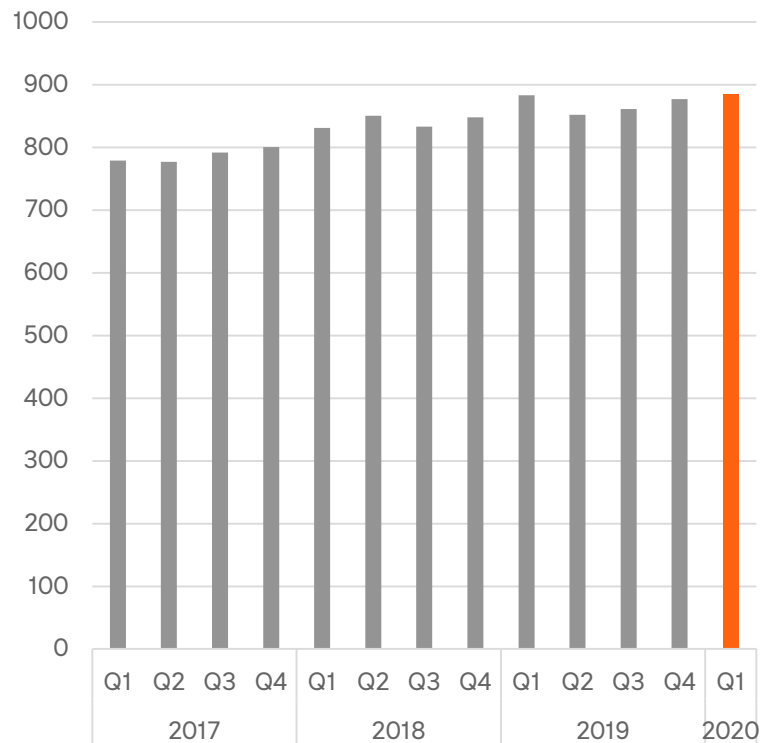
Comments

- Increased competition in the Swedish residential mortgage market
- Many established players are working intensively to retain and defend their positions, and several new competitors have emerged as serious contenders for the residential mortgage customers
- Market growth has slowed down. Currently at 5.1% YoY (Feb 2019). Expected to slow down to 4.7% for FY 2020 and remain at the same rate in 2021
- Price important, but not the whole story

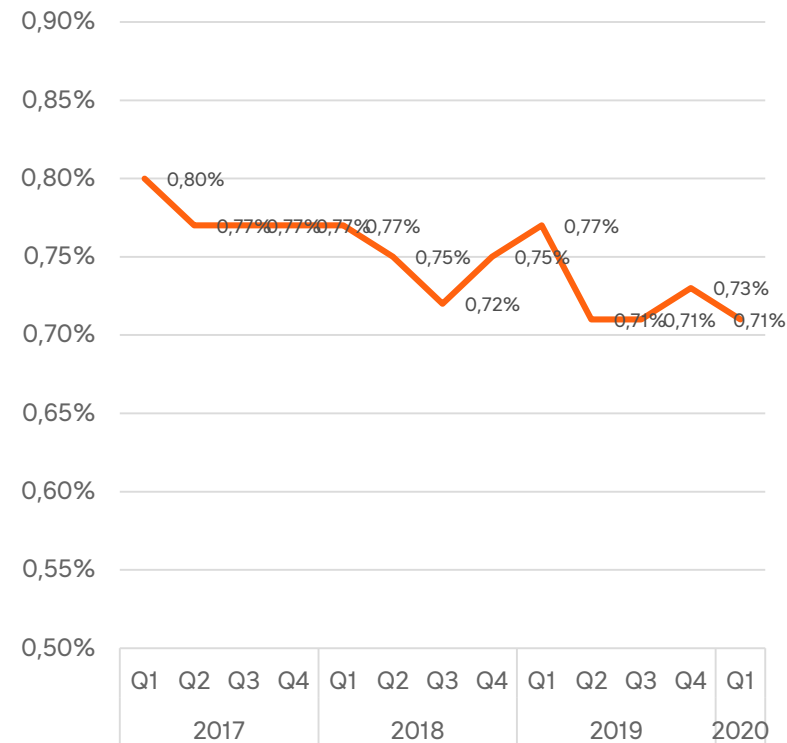
NII development

– Continued growth and stability. Recurring income dominates SBAB’s revenue stream

Net interest income QoQ (%)



Net interest margin QoQ (%)



Comments

- Highest NII to date. NII increased 0.9% to SEK 885 million (877) over the quarter, mainly due to higher lending volumes, lower interest expense linked to deposits and lower guarantee fees
- Increased competition in the retail mortgage market. Lending margins expected to come down slightly during 2020
- Stable lending margins expected for corporate lending and lending to tenant-owners’ associations

NIM calculated as net interest income in relation to total assets



Cost management

– Increased investments for future competitiveness

Cost development QoQ (SEK mn)



Comments

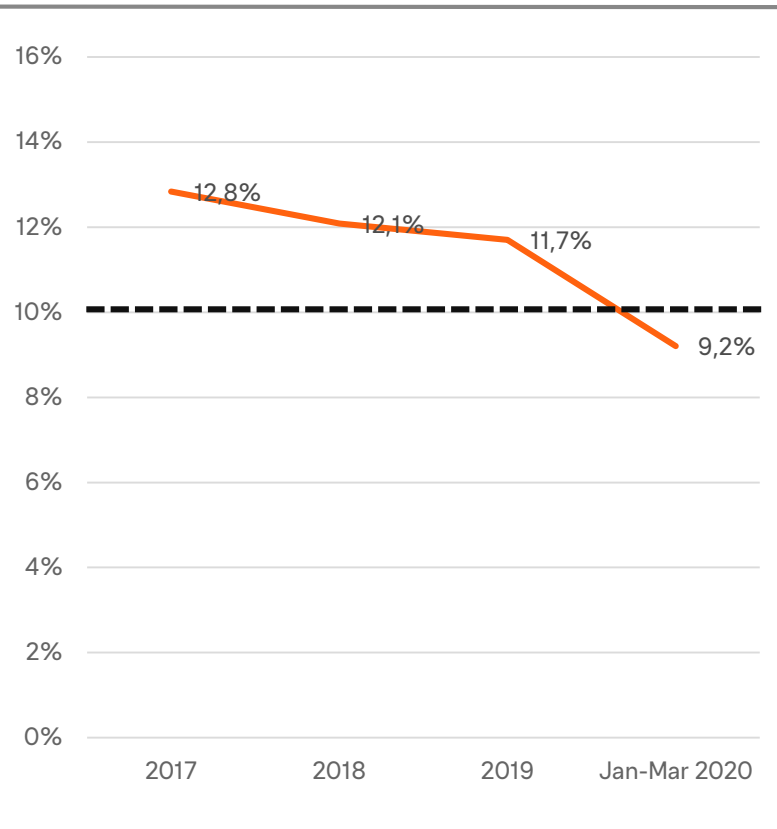
- Increased investments for future competitiveness:
 - Customer offering (incl. customer service & customer experience)
 - Digitalisation
 - Replacement of IT-infrastructure (core banking platform)
 - Increased compliance & regulatory requirements



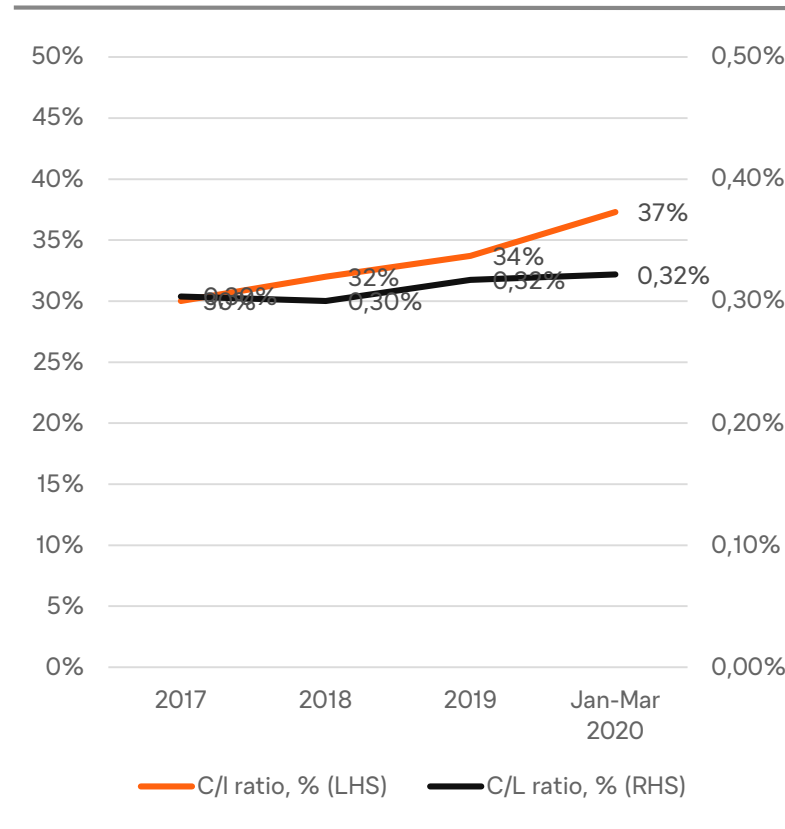
Financial KPIs

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

Return on equity, % *



C/I ratio & C/L ratio, %



Comments

- Pressure on ROE in Q1 2020 as a result of declining operating profit (due to CVA/DVA effects, increased loan loss provisions & lower net commission). Increased CET1 due to 100% retained earnings 2019 has also impacted RoE (-0.4% in Q1 2020)
- Highly competitive cost efficiency, although increased investments (according to plan) has impacted C/I ratio

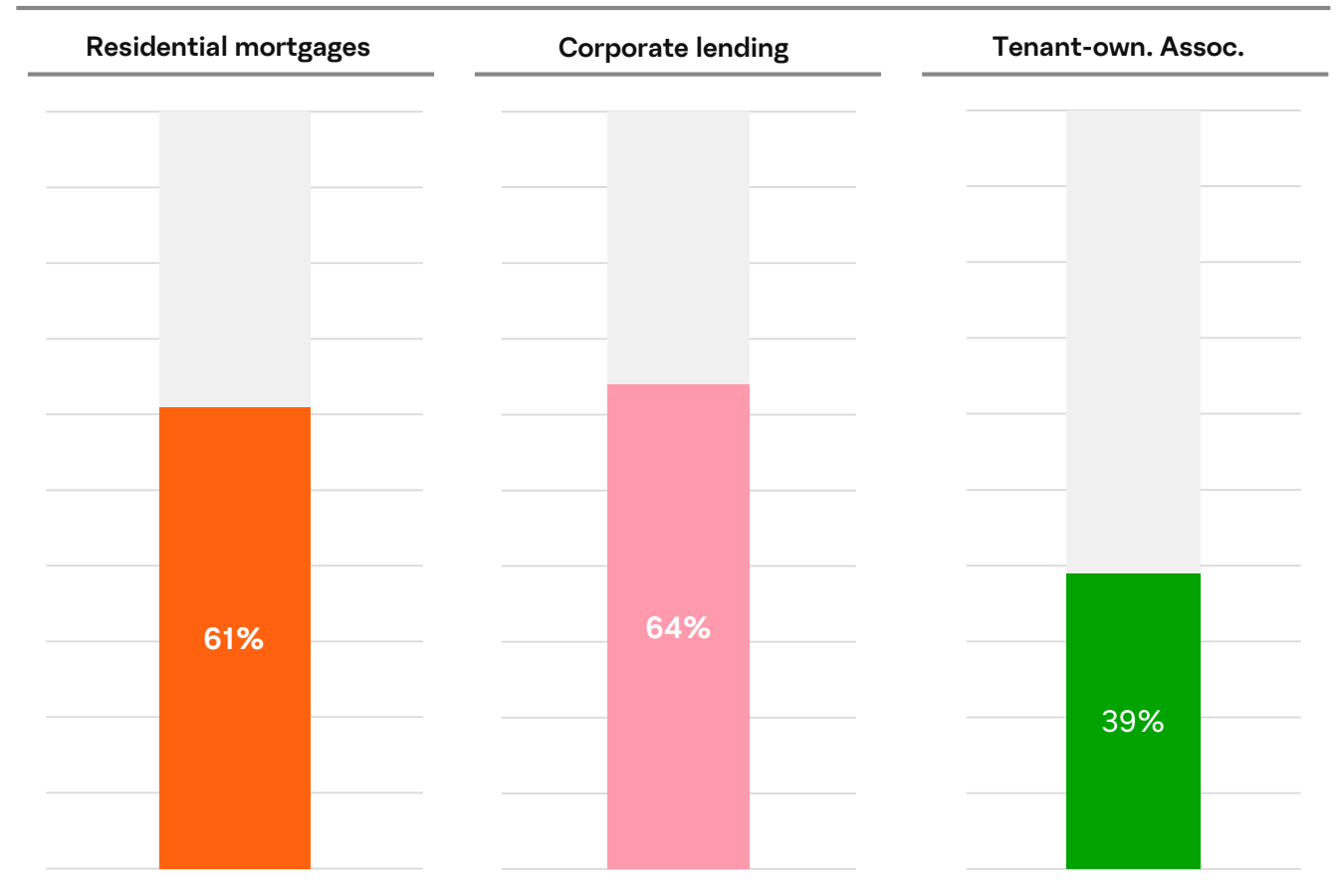


Lending mix

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	SEK bn	%
Residential mortgages	295.3	75.9%
Consumer loans	2.3	0.6%
Corporate lending	39.5	10.1%
- Of which, commercial lending	2.5	0.7%
- Of which, disbursed construction loans	8.4	2.1%
Tenant-owners' associations	52.2	13.4%
Total lending	389.3	

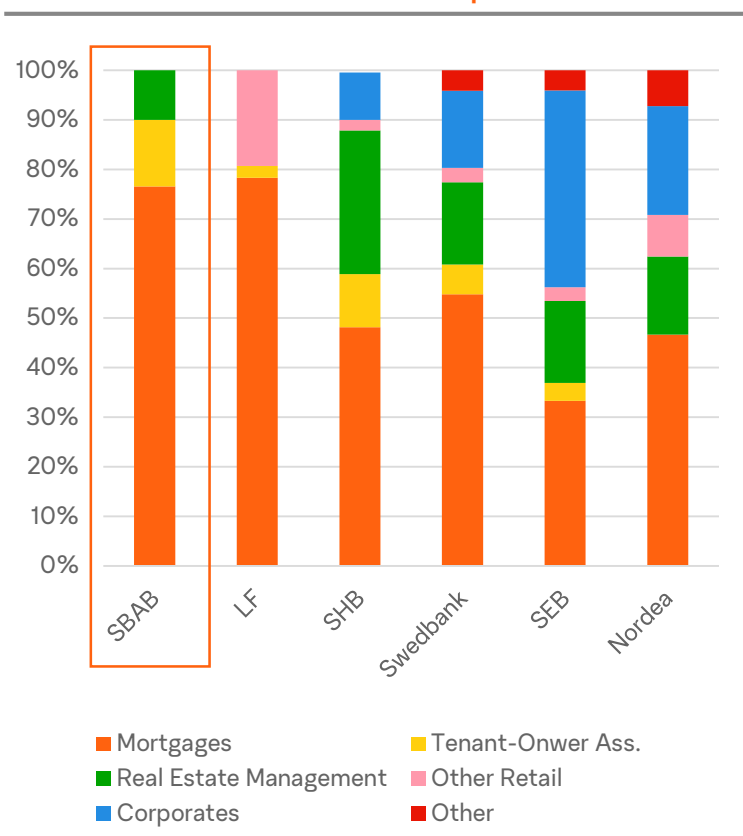
LTV ratios in loan book



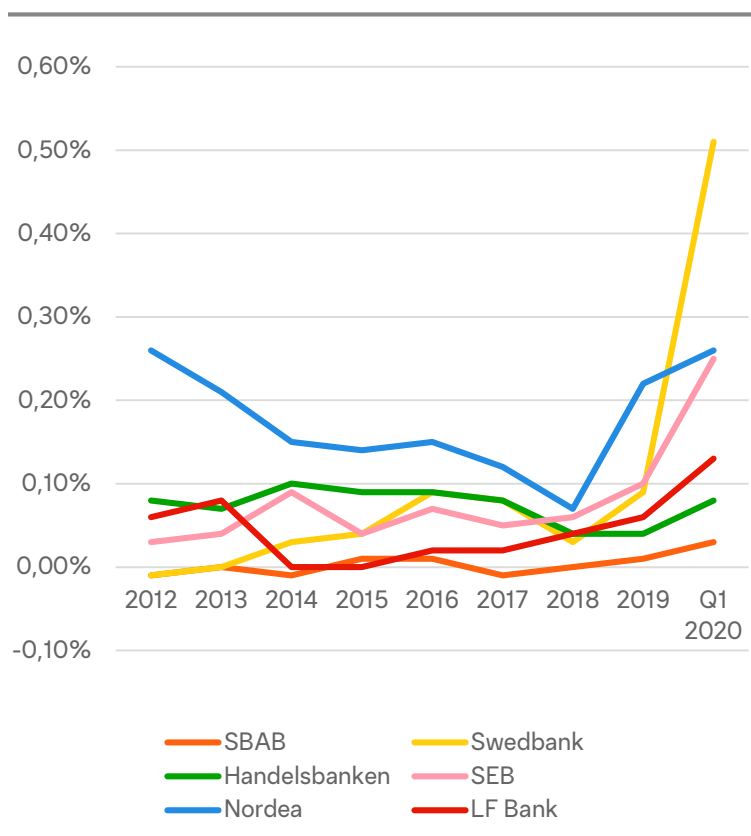
Swedish mortgages – a low risk business

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

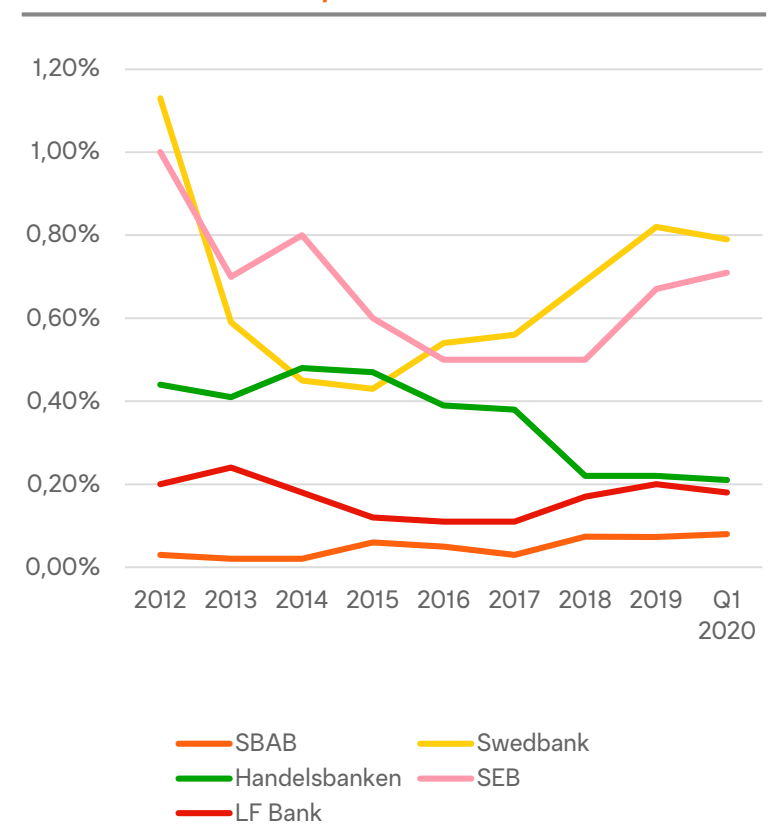
Loan Portfolio Split



Credit losses



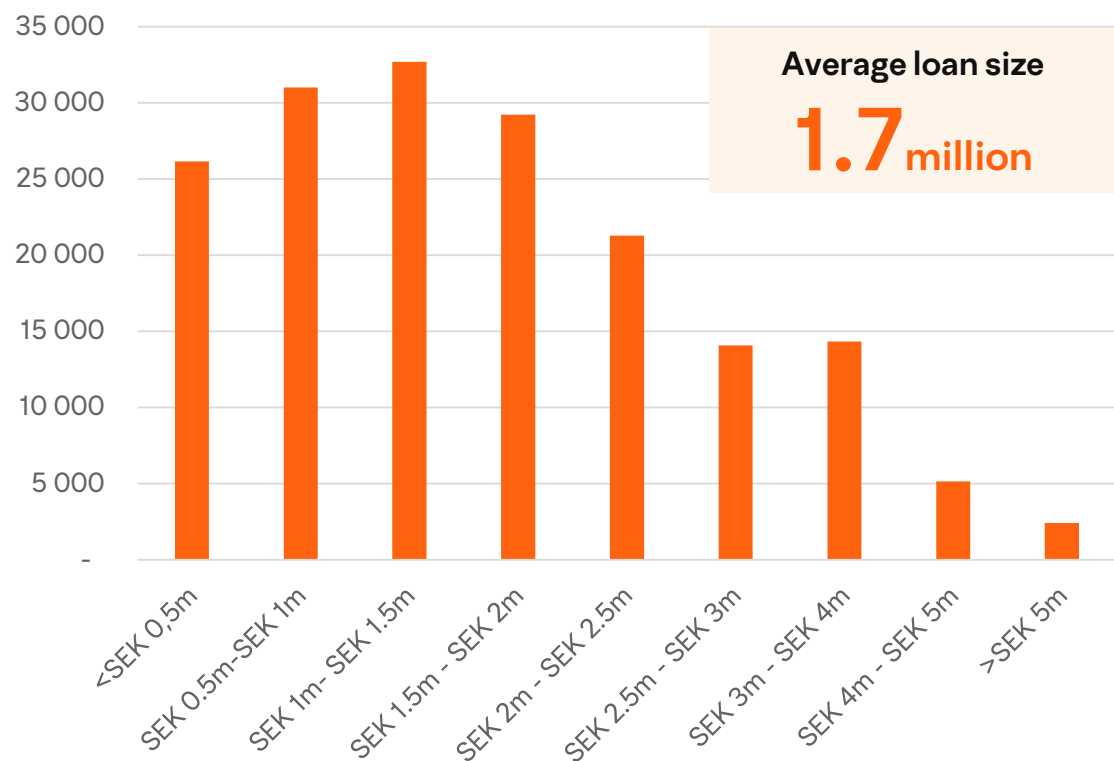
Impaired loans



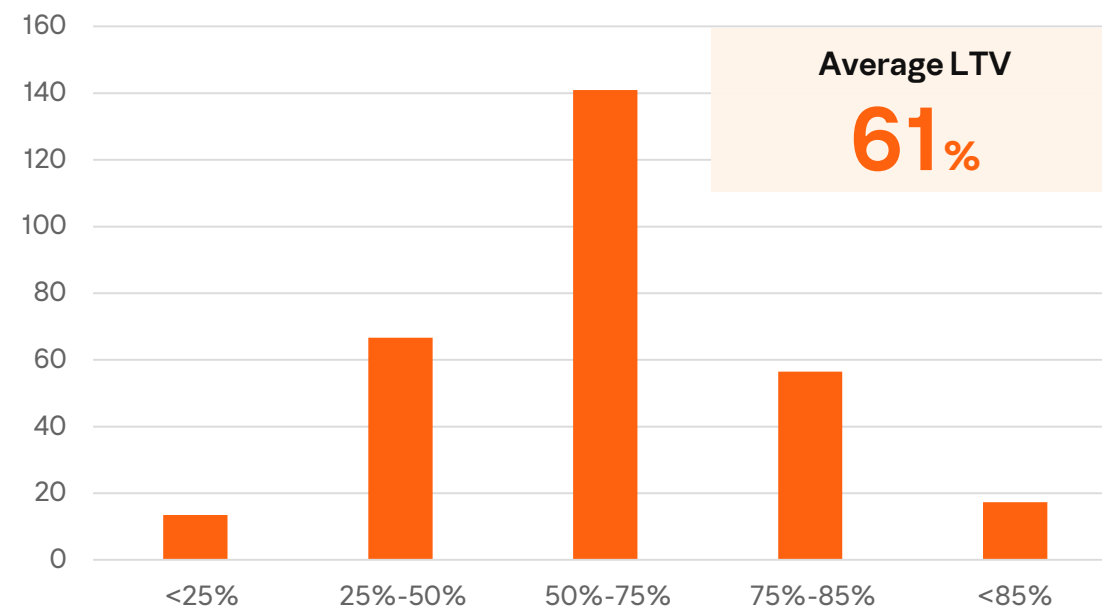
Granular & diversified portfolio

- Lending book spread over a large number of customers with relatively small exposures

Loan size distribution in mortgage book, Q1 2020 (no. of households)



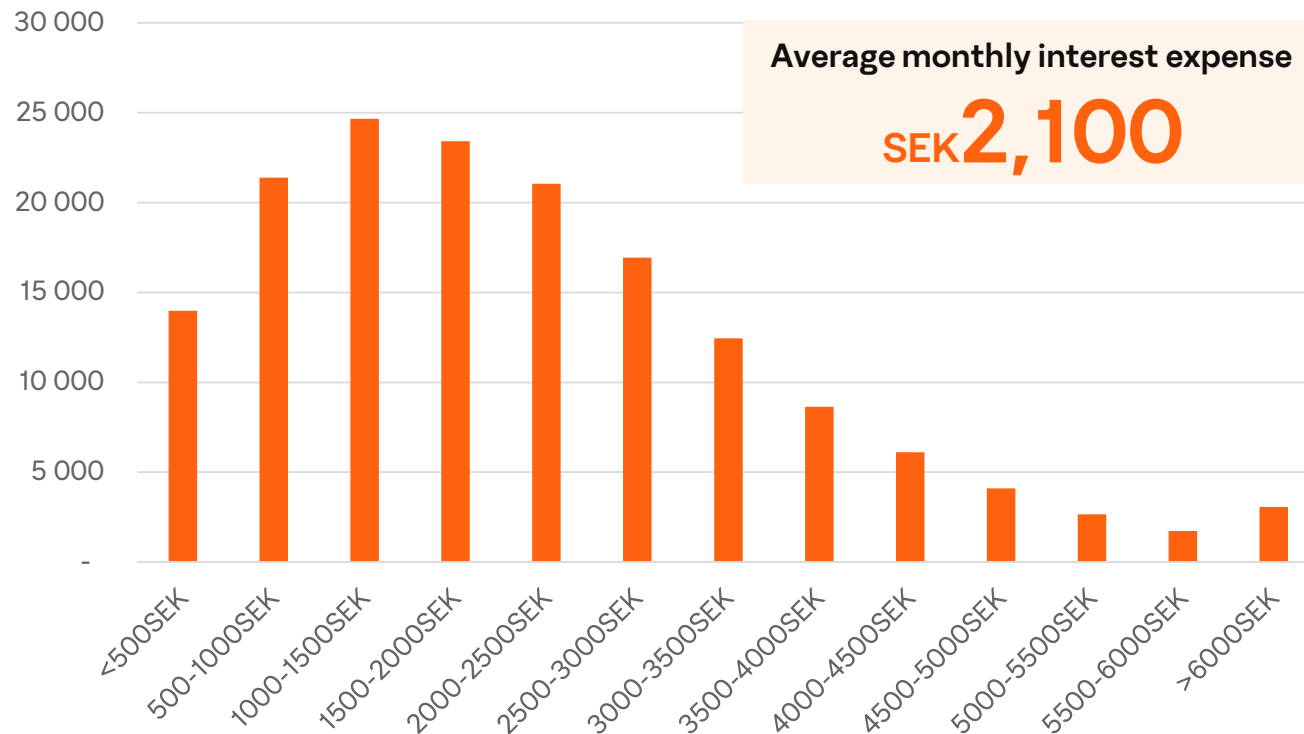
LTV split in mortgage book, Q1 2020 (SEK billion)



Interest expenses at low levels

– Households' interest expenses (in relation to income) at very low levels from a historical perspective

Monthly interest expenses, March 2020 (no. of households)



Comments

- SBAB's average residential mortgage customer has a mortgage of SEK 1.7 million and pays an average of SEK 2,100 per month in interest before tax (excluding amortisation)
- Households' interest expenses for mortgages have not been this low for more than half a century



Provisions & impaired loans Q1 2020

Lending to the public by credit stage

SEK million	31 Mar 2020	31 Dec 2019
Credit stage 1		
Gross lending	368,870	362,317
Provision	-41	-29
Total	368,829	362,288
Credit stage 2		
Gross lending	20,294	21,341
Provision	-77	-74
Total	20,217	21,267
Credit stage 3		
Gross lending	303	281
Provision	-30	-29
Total	273	251
Total gross lending	389,467	383,939
Total provisions	-148	-132
Total	389,319	383,807

Net credit losses

SEK million	Q1 2020	Jan-Dec 2019
Lending to the public		
Confirmed credit losses	-2	-14
Recoveries of previously confirmed credit losses	0	3
Change in provision for the period – credit stage 1	-12	-3
Change in provision for the period – credit stage 2	-3	-1
Change in provision for the period – credit stage 3	-1	3
Guarantees	1	-8
Net credit losses for the period – lending to the public	-17	-20
Loan commitments		
Change in provision for the period – credit stage 1	-7	3
Change in provision for the period – credit stage 2	-3	-9
Change in provision for the period – credit stage 3	0	0
Net credit losses for the period – loan commitment	-10	-6
Total	-27	-26

Of which residential mortgages: SEK 1 million

Of which residential mortgages: SEK 5 million

Revision of the macroeconomic projections applied in the impairment model as a result of the COVID-19 outbreak (total increase in provisions of SEK 19 million)



Funding, liquidity & capital

SBAB's rating composition for senior debt

MOODY'S

STANDARD & POOR'S
RATINGS SERVICES
McGRAW HILL FINANCIAL

Stand-alone rating	Macro profile	Strong+
	Financial profile	a3
	Qualitative	-1
	- <i>Opacity and complexity / Corporate Beh.</i>	0
	- <i>Diversification</i>	-1
Baseline Credit Assessment (BCA)		baa1
Notching	Loss Given Failure (LGF)	+2
	Government Support	+1
	Total notching	+3
Rating	Rating	A1
	Outlook	STABLE

Stand-alone rating	Anchor	a-
	Business Position	-1
	Capital and Earnings	+1
	Risk Position	0
	Funding & liquidity	0
Stand-Alone Credit Profile (SACP)		a-
Notching	ALAC Support	+1
	GRE Support	0
	Group Support	0
	Sovereign Support	0
Total notching		+1
Rating	Rating	A
	Outlook	STABLE

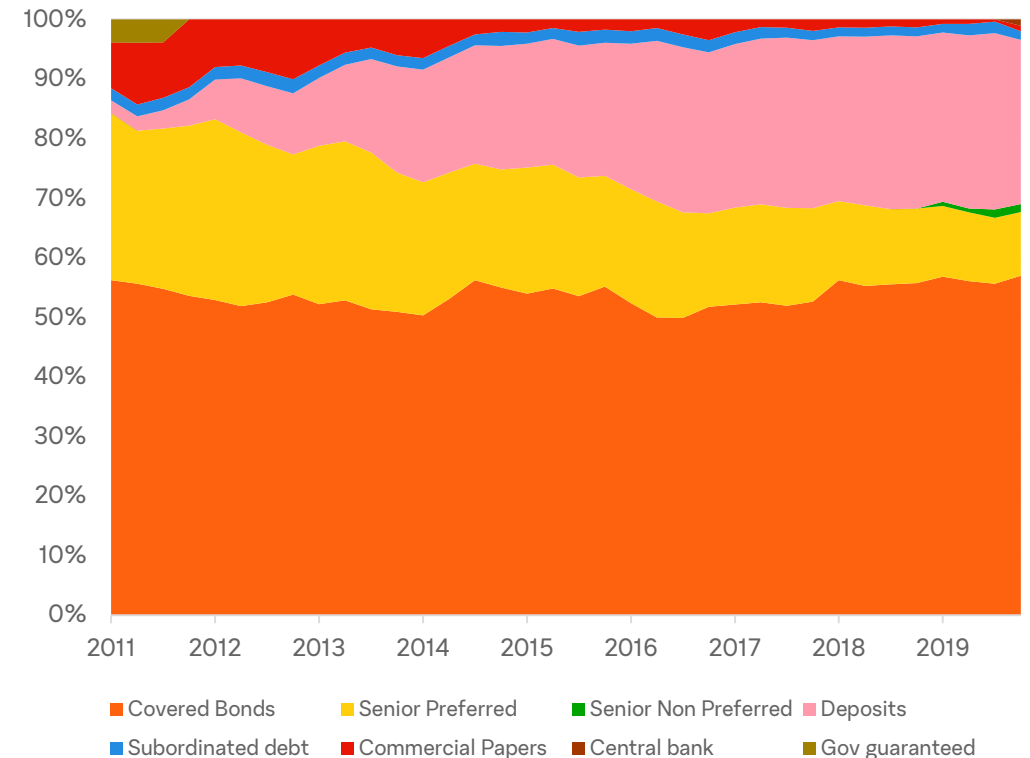


Overview funding strategy

Funding strategy

- Continuous and committed investor work in core markets and towards core investors to further increase name recognition and transparency
- Maintain access to core funding markets - SEK- and EUR-market
 - Regular benchmark issuance in Covered Bond format as and in Senior Unsecured format
 - Private placements as a complement
- Reduced wholesale funding reliance due to growing deposit volumes. Maintain a low reliance on foreign currency funding
- Efficient use of Covered Bond Funding ~ 50% of total funding. Utilising the depth and stability of the Swedish Covered Bond Market
- Limited use of short dated funding through CP-programs, interbank funding and central bank facilities
- Committed to green bond issuances

Development of funding sources over time



Funding activity during current crisis

Overview

- **High funding activity in Q1 2020 with close to SEK 30 bn being raised**
 - Utilized the domestic SEK covered bond market with for example introduction of two new benchmarks
 - Participated in Riksbanks facility for corporate lending not primarily for liquidity but for its favourable terms and for operational and supportive reasons
- **Strong liquidity and funding position enables customer support**
 - Healthy liquidity measures (LCR, NSFR and survival horizon)
 - Flexibility to adjust funding plan given:
 - Limited maturities in 2020 and skewed towards second half
 - Extended duration of funding in recent years
 - Deposit base growth has reduced general dependence on wholesale funding
 - Comfortable OC in cover pool
- **Total long term funding forecast for 2020 around SEK 60 bn**
 - Main focus on covered bonds with smaller need in senior
 - Plan for SNP issuance postponed due to fulfillment of MREL subordination requirement
 - AT1-transaction SEK 1.5 bn called in March
 - Upcoming call dates on T2 capital transaction in June (called) and November
 - Plan nimble to development in lending book and/or deposit base as well as changes in market conditions

Actions from the Riksbank

- The Riksbank has increased its bond purchases by SEK 300 billion in 2020, including government, corporate, covered and municipal bonds
- The Riksbank lends up to SEK 500 billion to corporates through banks
- Liquidity support: Reduce the lending rate for overnight loans to banks from 0.75 to 0.20 percentage points above the repo rate. A weekly, unlimited 3m repo transactions at 0.2% rate is introduced, and rules for collaterals are relaxed
- The Riksbank enables loans in US dollars against collateral. The framework amount is USD 60 billion for the period 19 March 2020 up to and including 18 September 2020
- The repo rate remains at 0%

Actions from Swedish FSA & SNDO

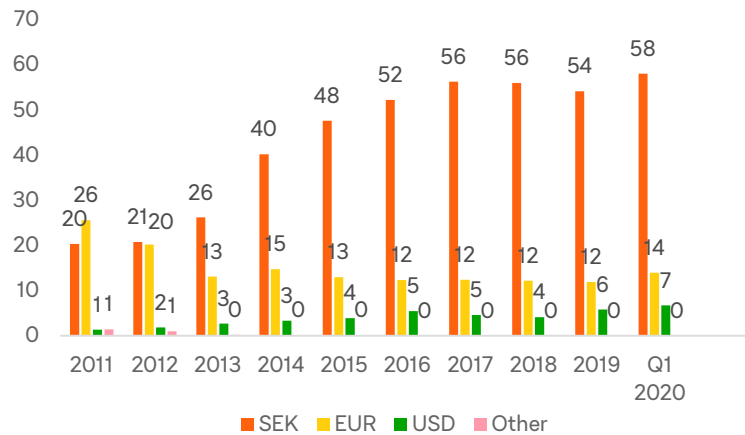
- Removal of Counter Cyclical buffer (from 2,5 to 0%)
- LCR is allowed to go below 100%
- Extended subordination requirement phase in period (from 2022 to 2024)



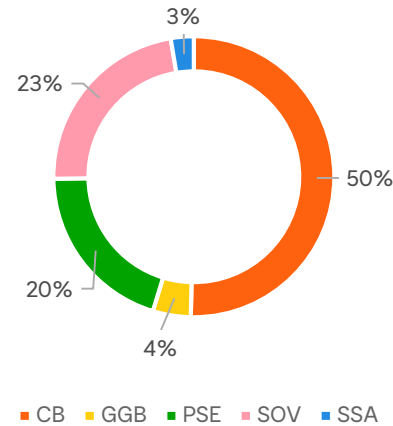
Liquidity position

- Strong liquidity position with LCR and NSFR well above regulatory requirements
- Survival horizon implies liquidity need coverage for 350 days under stressed scenario (unchanged lending portfolio, severe deposit outflow and no new funding added)
- High quality and diversified liquidity reserve within relevant currencies with 96% AAA rated
- Liquidity reserve eligible at the Riksbank and/or ECB

Liquidity portfolio (Currency distribution)



Liquidity portfolio (Securities type)



Key metrics

Liquidity portfolio

79_{bn}

LCR

300%

NSFR

130%

Survival horizon

350_{days}



Capital position

– Retained earnings 2019 has strengthened capital position & SBAB's ability to grow lending

Components of SBAB's capital target

SEK million	Total capital	%	CET1 capital	%
Estimated capital requirements from the S-FSA	14,622	11.7	9,752	7.8
– Of which, Pillar 1 minimum requirement	3,872	3.1	2,178	1.7
– Of which, Pillar 1 risk-weight floor, Swedish mortgages	6,134	4.9	3,450	2.8
– Of which, Pillar 2 core requirement	1,481	1.2	988	0.8
– Of which, Capital conservation buffer	3,127	2.5	3,127	2.5
– Of which, Countercyclical buffer	9	0.0	9	0.0
SBAB's capital target	15,373	12.3	10,502	8.4
SBAB's actual capital	21,877	17.5	15,926	12.7

Comments

- Capital target: CET1 and total capital ratio at least 0.6% above the requirement communicated by the S-FSA – SBAB well above external and internal requirements in Q1 2020
- CCB lowered from 2.5% to 0% in March 2020 after decision from S-FSA following the COVID-19 outbreak
- Retained earnings in 2019 has strengthened capitalisation
- Leverage ratio of 3.69% at 31 March 2020
- Buy-back of AT1 (SEK 1.5 bn) during March 2020
- Planned T2-issuance during 2020



SBAB's commitment to sustainability

SBAB's commitment to sustainability

- Comprehensive business transformation since autumn 2014 in connection with the strategy change from full-service bank to focus on housing and household finances (Sw. "Boende och boendekonomi")
- At SBAB, we do not distinguish between business objectives and sustainability objectives. Sustainability fully integrated in SBAB's business plan/governance structure since 2017
- Three overall (commercial & sustainable) target areas for our operations. Together, they form the basis of a common approach to SBAB's contribution to sustainable societal development:
 - **Responsibility & transparency**
 - **Attractive workplace**
 - **Sound finances**



SBAB assigns priority to four SDGs

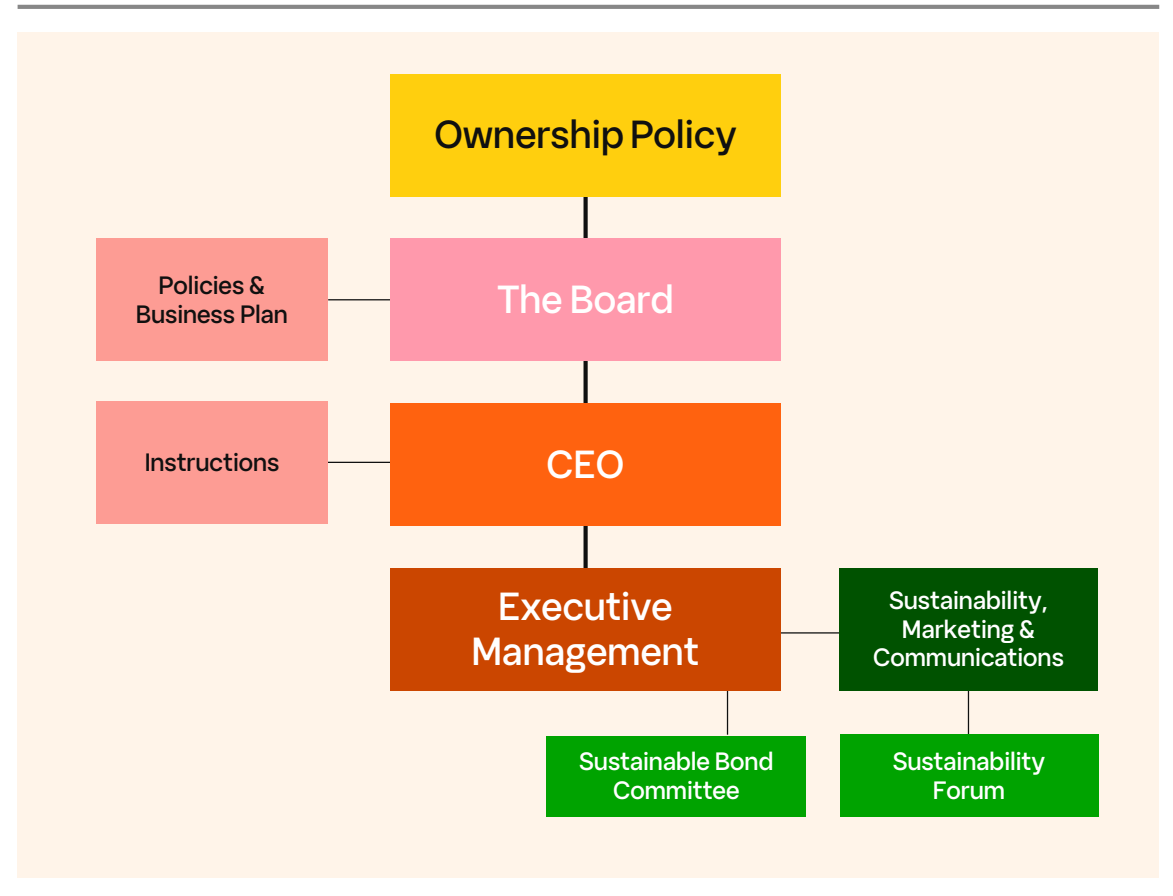
The business sector, including SBAB, has an important role to play in achieving the SDGs within the 2030 Agenda. We have identified and chosen four of the 17 SDGs that we consider particularly important and relevant to our operations. The prioritised SDGs have been chosen based on extensive analysis in the form of internal workshops and ranking exercises within operations, the Executive Management and the Board, and today comprise an important and integrated part of our sustainable governance model.

Governance structure

SBAB's sustainable governance model



Governance structure



Sustainability ratings

ISS-Oekom

Prime C

ISS-Oekom Research AG has issued a sustainability rating of C (on a scale of A+ to D-) to SBAB. With this rating, SBAB classifies as 'Prime'.

(Latest update in April 2018)



Imug

Positive BB

Imug Beratungsgesellschaft has issued a sustainability rating of positive BB (on a scale of AAA to DDD) to SBAB. SBAB ranks number 5 of 41 in its peer group (banks) and 22 of 121 in the region.

(Latest update in March 2020)

Sustainalytics

22.7/100 (Medium Risk)

According to the ESG report from Sustainalytics, SBAB is at medium risk (22.7/100) of experiencing material financial impacts from ESG factors.

(Latest update in 2019)



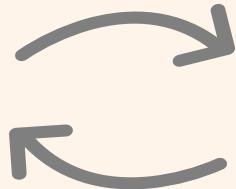
Green lending & funding



Linking green lending to green funding

Green funding

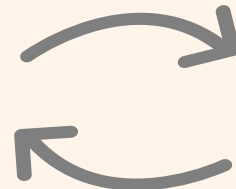
SEK **12.75** bn



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Green lending

SEK **23.9** bn



SBAB GROUP GREEN BOND FRAMEWORK 2019



CICERO
Medium Green

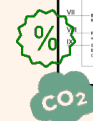
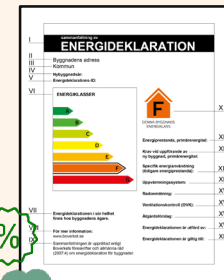
SBAB GREEN BOND FRAMEWORK 2016



CICERO
Medium Green

GREEN LENDING

- Green Residential Mortgages
- Green Investment Loans
- Energy efficient buildings
- New construction



Rationale behind SBAB's green initiatives

- **Green lending:** Stimulate demand for energy efficient housing as well as creating opportunities and incentives (e.g. by offering discounted loans) for customers to invest and implement energy improving measures in their homes and properties
- **Green funding:** Offer investors the opportunity to actively participate in the sustainable transition of the Swedish housing and real estate market



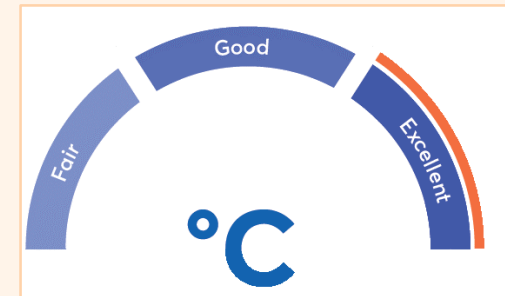
Overview of SBAB Group Green Bond Framework 2019

SBAB Group Green Bond Framework 2019



*“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.**”*

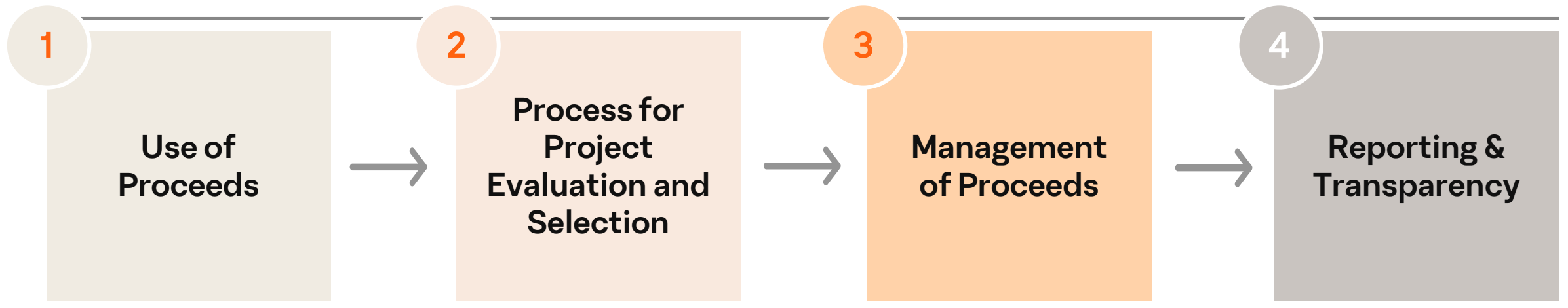


*“The overall assessment of the governance structure of SBAB gives it a **rating of Excellent.** The high score is mainly an acknowledgement of the issuer’s **detailed plans for the selection and reporting aspects of green bond eligible projects.**”*



Overview of framework

- The Green Bond Framework (available at sbab.se) enables (i) SBAB to issue notes in the form of green bonds under SBAB's Euro Medium Term Note Programme and (ii) SCBC to issue covered bonds in the form of green bonds under SCBC's Euro Medium Term Covered Note
- The framework is built upon the guidelines established by "The Green Bond Principles 2018" published by the International Capital Market Association (ICMA)
- Second opinion provided by CICERO



1 Use of Proceeds (Retail)

Residential mortgages (Sw. bolån)

1

Energy efficient buildings

EPC = A, B or C
(before Jan 2014)

EPC = A or B
(after Jan 2014)

SBAB Green Residential Mortgages

ENERGY CLASS **A**: 10 bps
ENERGY CLASS **B**: 10 bps
ENERGY CLASS **C**: 5 bps

Properties (Sw. fastigheter) owned by one or more individuals where the building on such property

- I. has obtained an EPC with **energy class A or B** (where the construction was initiated **on or after 1 January 2014**);
- II. has obtained an EPC with **energy class A, B or C** (where the construction was initiated **before 1 January 2014**); or
- III. has an **energy performance equivalent to a new EPC with the required criteria set out in (i) or (ii) above**

Residential mortgages and/or consumer loans (Sw. privatlån)

2

Reduction of energy usage

Final energy use per sq.m. & year reduced by 30%

Buildings where the final energy use per sq.m. & year on the property has been **reduced by at least 30%**, as evidence e.g. by a new EPC



Use of Proceeds (Corporates & ToA)

Corporate loans

3

Energy efficient and green buildings; new constructions and major renovations



New constructions, including rehabilitations or major renovations, of one or more residential or commercial buildings where the project plan specifies that the intention is either to obtain at least one of the below certifications or to construct/renovate the building according to such certification methods.

- (i) **EPC with energy class A or B;**
- (ii) **Miljöbyggnad, (minimum certification "silver")**
- (iii) **Svanen (Eng. Nordic Swan);**
- (iv) **Passivhus (Eng. Passive House); or**
- (v) **Green Building.**

A building is deemed to be a new construction during the planning phase, the construction or renovation phase (as applicable) and until an EPC has been obtained ("Completion").

Corporate loans & Loans to tenant-owners' associations (Sw. bostadsrättsförening)

4

Energy efficient buildings
(existing buildings)

EPC = A or B
(after Jan 2014)

EPC = A, B or C
(before Jan 2014)

Properties owned by an entity (including a tenant-owner association) where the residential or commercial building on such property

- I. has obtained an **EPC with energy class A or B** (where the **construction was initiated on or after 1 January 2014**);
- II. has obtained an **EPC with energy class A, B or C** (where the **construction was initiated before 1 January 2014**); or
- III. has an **energy performance equivalent to a new EPC with the required criteria set out in (i) or (ii) above** (as applicable).



1

Use of Proceeds (Corporates & ToA)

Corporate loans & Loans to tenant-owners' associations (Sw. bostadsrättsförening)

5

Reduction of energy usage

Final energy use per sq.m. & year reduced by 30%

Buildings where the final energy use per sq.m. & year on the property has been reduced by at least 30%, as evidence e.g. by a new EPC.

SBAB Green Loans to tenant-owners' associations and corporates

6

Energy efficiency and other green investments



Activities in buildings where the project plan specifies that the intention is either to **reduce the energy use in such building (e.g. new heat source) or to have an environment enhancing impact (e.g. removal of certain materials such as PCBs)** and has qualified to be an SBAB Group Green Loan (Sw. Gröna Lån) in accordance with the terms set out from time to time on:
https://www.sbab.se/1/foretag_bostadsrattsforeningar/lan/lan_hos_sbab/grona_lan.html



Impact reporting (2019)

Green Bonds Impact Report 2019

GREENING THE FUTURE

Issuer	Issue date	Amount issued	Format	Maturity	Coupon	ISIN	Framework
SBAB	16 June, 2016	SEK 1.0bn	Senior unsecured	23 June, 2021	1.048%	XS1436518606	SBAB Green Bond Framework 2016
		SEK 1.0bn		23 June, 2021	3M Stibor +95 bps	XS1436728916	
SBAB	4 October, 2017	SEK 1.0bn	Senior unsecured	11 October, 2022	0.98%	XS1697577556	SBAB Green Bond Framework 2016
		SEK 750mn		11 October, 2022	3M Stibor +75 bps	XS1697766951	
SCBC	23 January, 2019	SEK 6.0bn	Covered bond	28 March, 2024	0.75%	XS1943443769	SBAB Group Green Bond Framework 2019
SBAB	13 June, 2019	SEK 2.25bn	Senior Non-Preferred	06 June, 2024	3M Stibor +90 bps	XS2015229516	SBAB Group Green Bond Framework 2019
		SEK 750mn		06 June, 2024	1.0%	XS2015229862	
TOTAL		SEK 12.75bn					



SBAB Green Bond Framework 2016

SEK 4.7bn → 589 tCO_{2e}

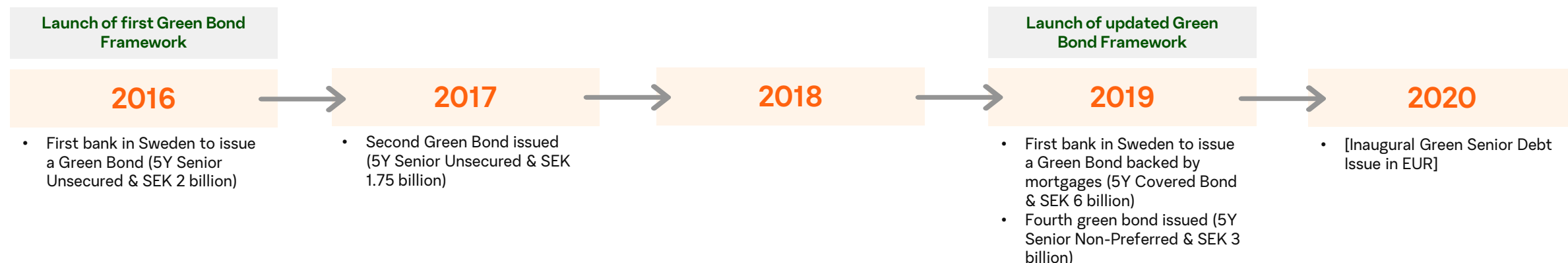
Eligible Green Loans
& Estimated annual avoidance of GHG emissions

SBAB Group Green Bond Framework 2019

SEK 19.8bn → 6,970 tCO_{2e}

Eligible Green Loans
& Estimated annual avoidance of GHG emissions

Dedicated green bond issuer



Issuer	Issue date	Amount issued	Format	Maturity	Coupon	ISIN	Framework
SBAB	16 June, 2016	SEK 1.0bn	Senior Unsecured	23 June, 2021	1.048%	XS1436518606	SBAB Green Bond Framework 2016
		SEK 1.0bn		23 June, 2021	3M Stibor +95 bps	XS1436728916	
SBAB	4 October, 2017	SEK 1.0bn	Senior Unsecured	11 October, 2022	0.98%	XS1697577556	SBAB Green Bond Framework 2016
		SEK 750mn		11 October, 2022	3M Stibor +75 bps	XS1697766951	
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		SEK 750mn		06 June, 2024	1.0%	XS2015229862	
TOTAL		SEK 12.75bn					



Inaugural EUR Green Senior Debt Issue

Summary of key provisions – Term Sheet

Issuer	<ul style="list-style-type: none">• SBAB Bank AB (publ)
Status	<ul style="list-style-type: none">• Senior Preferred, Unsecured and Unsubordinated
Expected issue rating	<ul style="list-style-type: none">• A1 by Moody's / A by S&P
Currency	<ul style="list-style-type: none">• Euro ("EUR")
Nominal Amount	<ul style="list-style-type: none">• EUR 500,000,000
Maturity	<ul style="list-style-type: none">• [X] May 2025
Coupon	<ul style="list-style-type: none">• [X]% payable annually in arrear. Interest will be calculated on the basis of Actual/Actual (ICMA), unadjusted
Use of Proceeds	<ul style="list-style-type: none">• Use of proceeds will be allocated by the Issuer to Eligible Green Loans as set out in the SBAB Group Green Bond Framework 2019, https://www.sbab.se/download/18.61877aa21682db56c3b1b/1548686023034/SBAB%20Group%20Green%20Bond%20Framework%202019_FINAL.pdf
Redemption	<ul style="list-style-type: none">• 100.00% of the Nominal Amount
Listing	<ul style="list-style-type: none">• Application will be made for the Notes to be admitted to the Official List of the Irish Stock Exchange plc regulated market
Documentation	<ul style="list-style-type: none">• Issued pursuant to the Issuer's EMTN Programme dated 31 October 2019 and supplemented on 18 February 2020, 2 April 2020 and 1 May 2020
Governing Law	<ul style="list-style-type: none">• English Law, save for the Status of the Notes which is governed by Swedish Law
MiFID Target Market	<ul style="list-style-type: none">• Eligible counterparties and professional clients only
Denomination	<ul style="list-style-type: none">• EUR 100,000 and integral multiples of EUR 1,000 in excess thereof



Thank you!



SBAB!

Read more

SBAB Green Bond Framework 2016

- SBAB Green Bond Framework 2016
- Second Opinion from CICERO 2016
- Green Bonds Impact Report 2019
- Green Bonds Impact Report 2018
- Green Bonds Investor Letter 2017

https://www.sbab.se/1/in_english/investor_relations/sbab_unsecured_funding/sbab_green_bond.html

SBAB Group Green Bond Framework 2019

- SBAB Group Green Bond Framework 2019
- Second Opinion from CICERO 2019
- Q&A on SBAB Group Green Bond Framework 2019
- Green Bonds Impact Report 2019

https://www.sbab.se/1/in_english/investor_relations/sbab_unsecured_funding/sbab_green_bond.html



Appendix

Appendix I

SBAB's commitment to sustainability



A truly sustainable strategy

Materiality assessment

Gap analysis

Analyses basis for strategic direction & prioritisation

Based on demands from our operating environment, materiality assessment and continuously ongoing stakeholder dialogues, SBAB as established three (commercial & sustainable) target areas that form the basis of a common approach to SBAB's contribution to sustainable societal development. In 2018, an extensive sustainability analysis ("gap analysis") was conducted with the aim of identifying challenges and/or possibilities within our three target areas. The analysis constitutes an important tool for governance, follow-up & prioritisation in daily operations

Responsibility and transparency

- Responsible & transparent offering
- Our business is based on trust

- Together for the climate
- Inclusive housing market

Attractive workplace

- Corporate culture
- Leadership
- Respect & equality
- Attract & recruit

- Learning & development
- Health
- Remuneration

Sound finances

- Sustainable growth & funding
- Cost efficiency
- Capitalisation

- Dividend
- Profitability



SBAB's business/sustainability goals

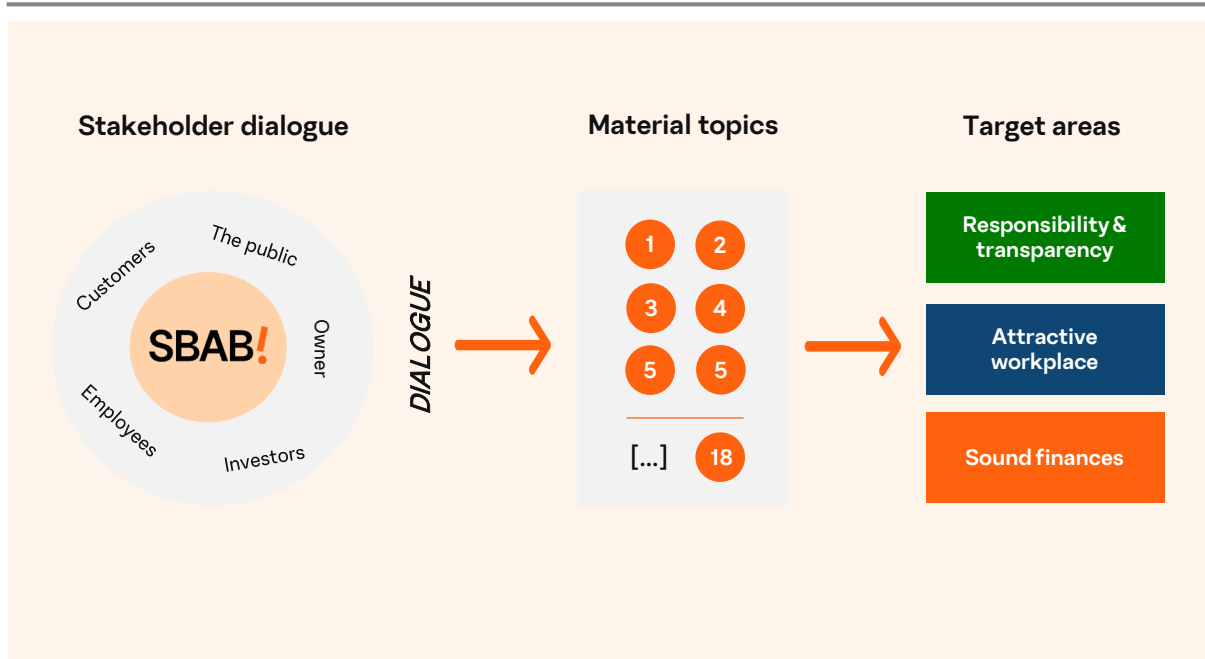
		Goal 2019	Results 2019	
Responsibility & transparency 	Responsibility: SBAB's ranking in Sustainable Brand Index	Top 4	8 th	
	Transparency: Number of customers who find SBAB's offering straightforward and easy to understand	85%	83%	
	Customer satisfaction: Sweden's most satisfied customers according to Swedish Quality Index (Svenskt Kvalitetsindex, SKI)	Residential mortgages	1 st	1 st
		Property loans	1 st	1 st
Attractive workplace 	Equality & diversity: Equality between women/men in management positions (within the range)	45-55%	43/57%	
	Employee experience: Percentage of employees who consider SBAB a great place to work	85%	91%	
	Committed employees: Total Trust Index (GPTW)	81%	86%	
Sound finances 	Profitability: Return on equity over time	≥10%	11.7%	
	Dividend: Ordinary dividend based on profit for the year after tax, taking the Group's capital structure into account	≥40%	0%	
	Capitalisation: CET1 capital ratio & total capital ratio above regulatory requirement communicated by the Swedish FSA	CET1 capital ratio	≥0.6%	2.4%
		Total capital ratio	≥0.6%	5.2%



Process for defining target areas

– Materiality assessment basis for defining strategy, goals & target areas

Overview of process for defining SBAB's target areas



Materiality assessment

- Materiality assessment completed in late 2016 and early 2017
- Interviews & online survey with prioritized stakeholders (e.g. Board members, Executive Management, employees, owner, retail customers, corporate clients, business partners & NGOs)
- With input from the above, together with secondary sources, such as employee and brand surveys, internal exercises were carried out with representatives from operations and Executive Management in order to agree on SBAB's material sustainability topics (a total of 18 topics identified)

SBAB's target areas

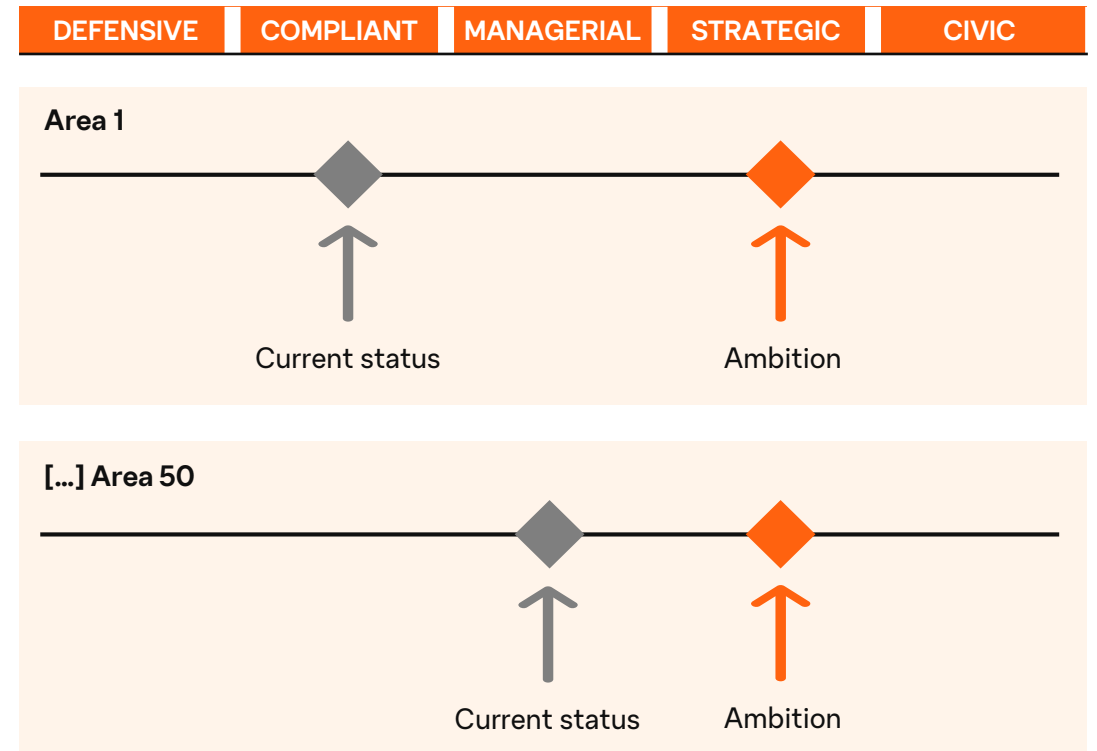
- Based on the materiality assessment, as well as demands from our operating environment and continuously ongoing stakeholder dialogues, SBAB has established three overall commercial and sustainable target areas for the operations: Responsibility and transparency; Attractive workplace; and Sound finances



Gap analysis

– Tool for addressing sustainability challenges and/or opportunities within SBAB’s three target areas

- In 2018, an extensive sustainability analysis (“gap analysis”) was conducted with the aim of identifying challenges and/or possibilities within our three target areas
- In the analysis, 50 areas were identified within which SBAB faces challenges and/or possibilities of varying scope
- The analysis include the current status and ambition level for each identified area, together with an action plan
- The results of the gap analyses were discussed and prepared by the Executive Management for decision by the Board and constitutes an important tool for governance, follow-up & prioritisation in daily operations



Guidelines and obligations

Guidelines & obligations

- **State's ownership policy**

- SBAB follows the state's ownership policy and guidelines for state-owned enterprises 2017, 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

- **SBAB's 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 business and to create a consensus on company-wide issues and areas

- **SBAB's Code of Conduct**

- **UN Global Compact, Communication on Progress (COP)**

- **UN 2030 Agenda and Sustainable Development Goals (SDGs)**

- **Sweden's environmental objectives**

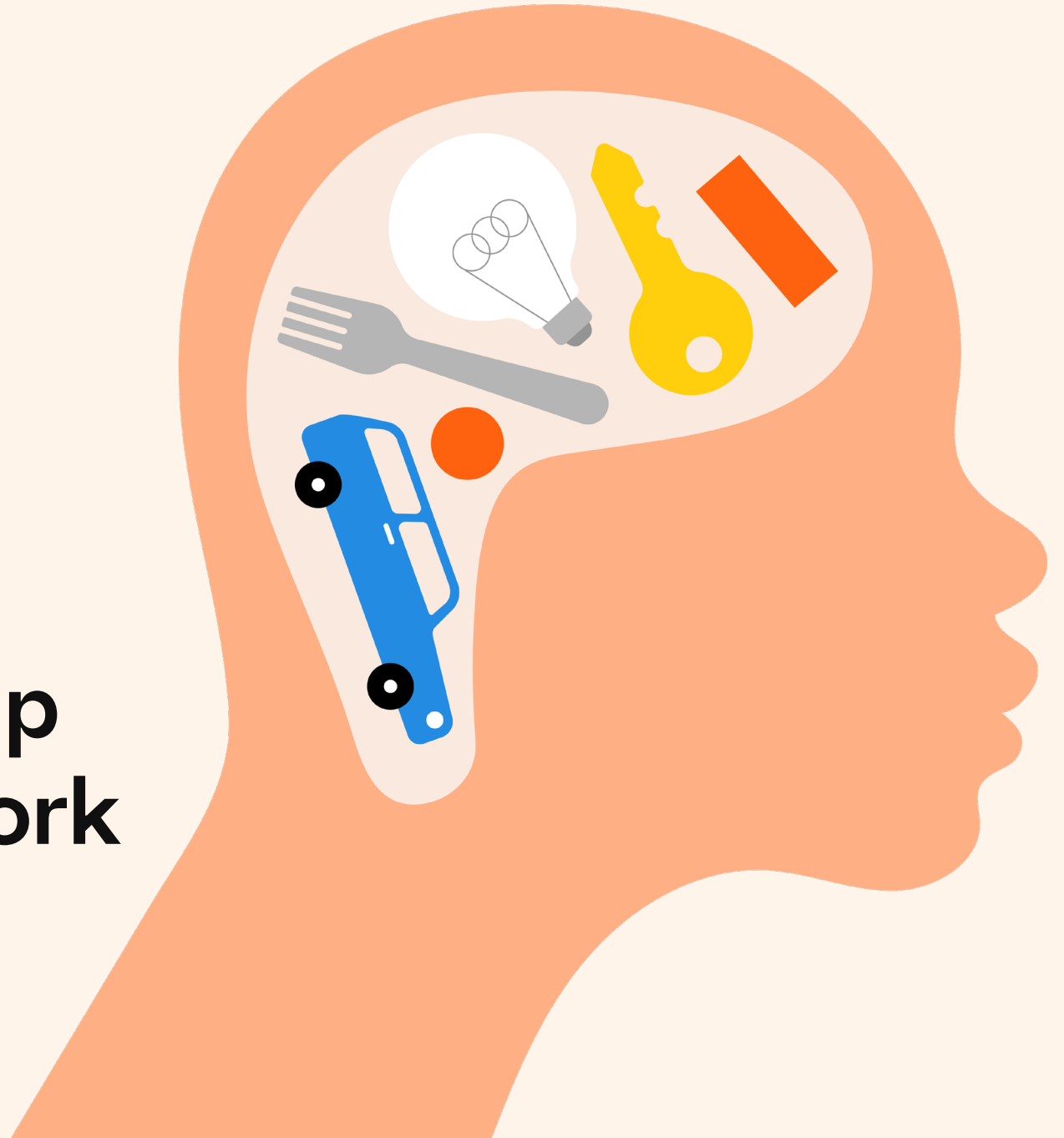
- **The Paris agreement and the EU action plan for financing sustainable growth**

- **SBAB has started to review the possibility of joining the reporting framework of the Task Force on Climate-related Financial Disclosures (TCFD)**



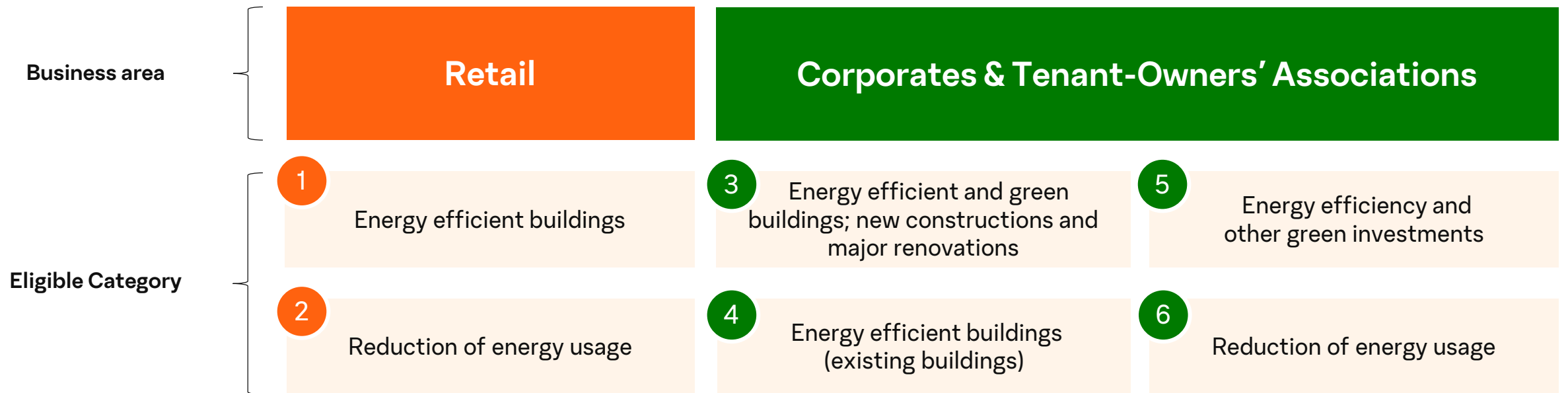
Appendix II

Overview SBAB Group Green Bond Framework 2019



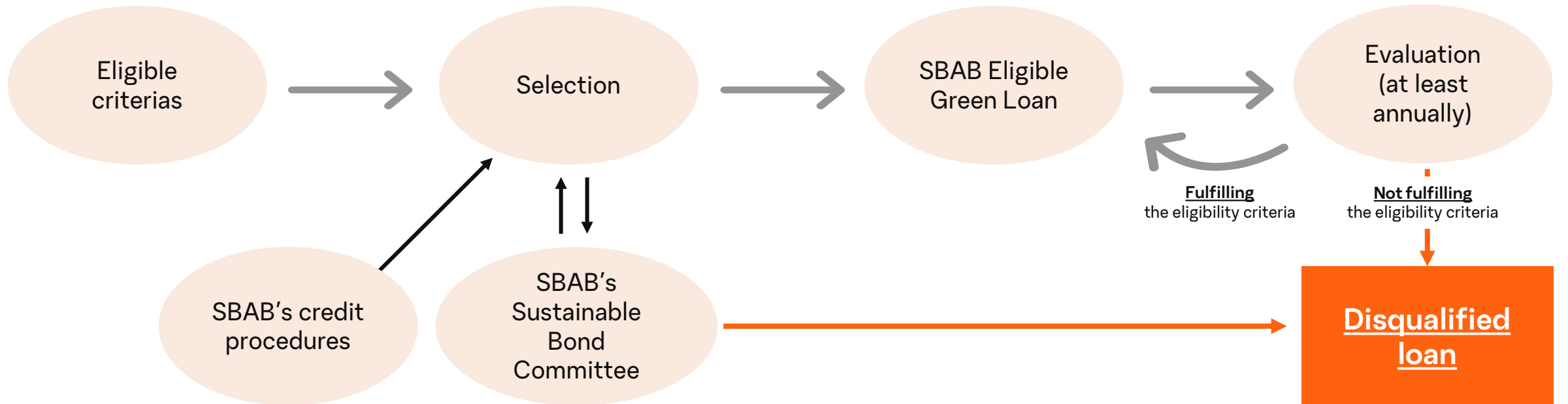
1 Use of Proceeds

- A loan will become an eligible loan if it is used to finance or refinance a project which fulfils one of the below criteria. Each Eligible Green Loan (other than a consumer loan) is primarily secured either by mortgages (Sw. pantbrev) pledged in favour of an entity in the SBAB Group if the loan relates to a property (Sw. fast egendom) or by a pledge in favour of an entity in the SBAB Group if the loan relates to a tenant-owners' right. In certain cases, the Eligible Green Loans are also secured by a share pledge or through a guarantee



Project Evaluation and Selection

- SBAB Eligible Green Loans will be **selected and approved by the SBAB Group's Sustainable Bond Committee** consisting of a representative from Treasury, Head of Corporate Clients & Tenant-owners' Associations (corporate lending), Head of Customer Experience (private lending), Head of Property Valuation, and sustainability strategists from the corporate and private lending divisions based on the eligibility criteria and SBAB's applicable credit procedures



3 Management of Proceeds

Portfolio approach

- The net proceeds received by the SBAB Group through the issuance of SBAB Group Green Bonds will be managed by the SBAB Group in a **portfolio approach**. The net proceeds from an SBAB Group Green Bond will thus be allocated to a portfolio of Eligible Green Loans (selected in accordance with the process set out under “Use of proceeds”) where an Eligible Green Loan may be held by either SBAB or SCBC*

Identification of loans

- The SBAB Group has assigned specific series and identification numbers to its SBAB Group Green Bonds separating them from the companies’ other bonds in issue. Similarly, each loan that fulfils the eligibility criteria will be marked and thus designated as an Eligible Green Loan

Unallocated proceeds

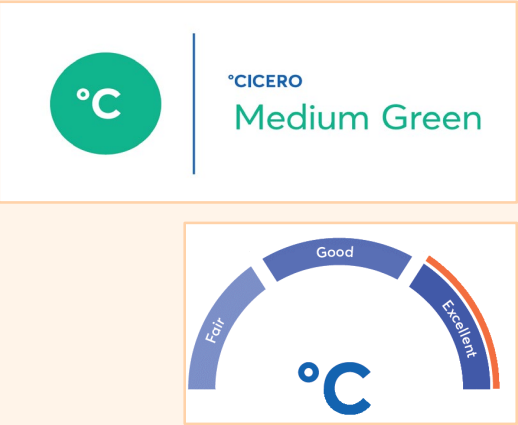
- The SBAB Group will hold or invest any unallocated SBAB Group Green Bond net proceeds, at its own discretion, in its liquidity portfolio managed by SBAB in accordance with SBAB’s liquidity portfolio policy. Details of the composition of the liquidity portfolio are on a yearly basis set out in the SBAB Group’s consolidated annual report.

*It is the SBAB Group’s intention to designate sufficient Eligible Green Loans to the group portfolio of Eligible Green Loans to ensure that the size thereof always exceeds the total balance of all outstanding SBAB Group Green Bonds.



4

Reporting & Transparency

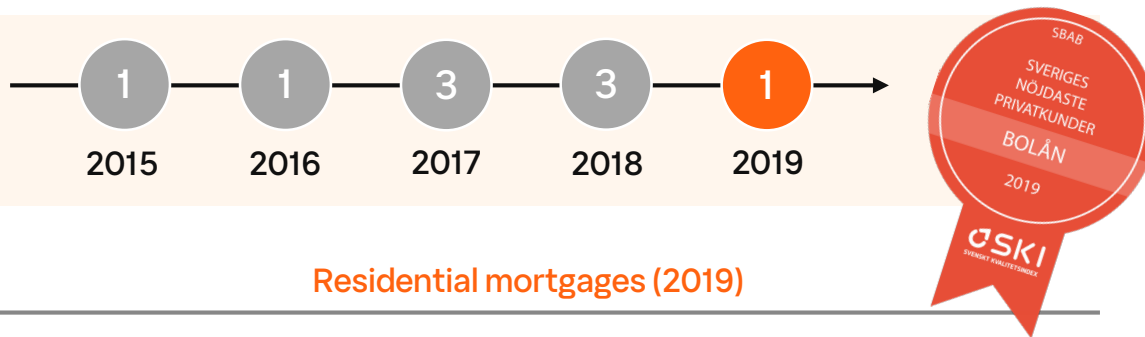


Appendix III

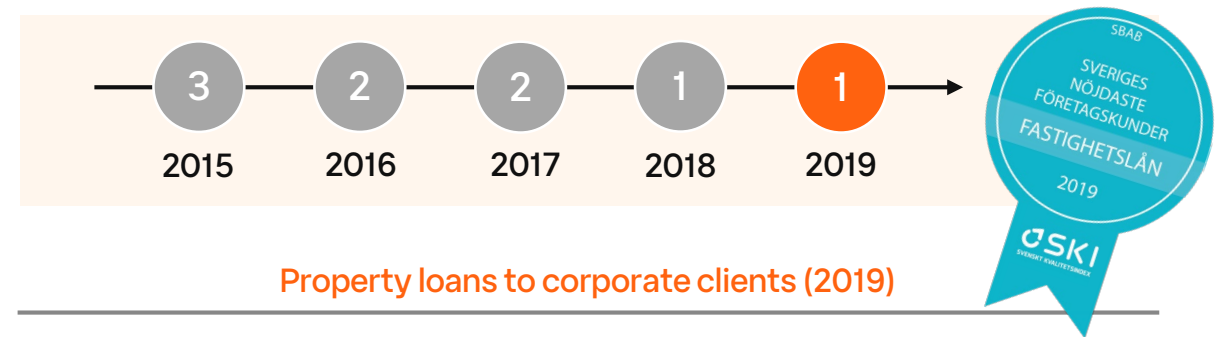
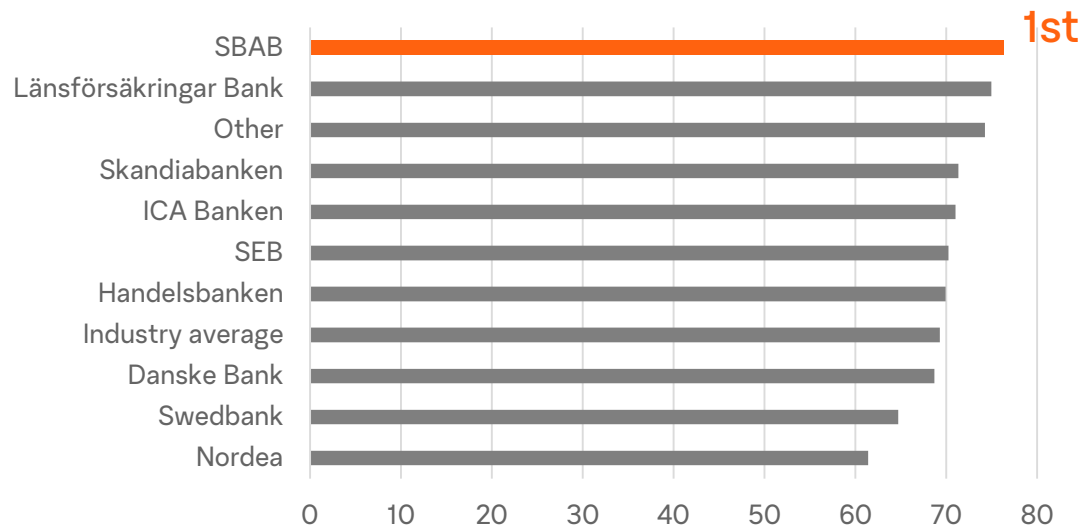
Credit update Q1 2020 & Funding



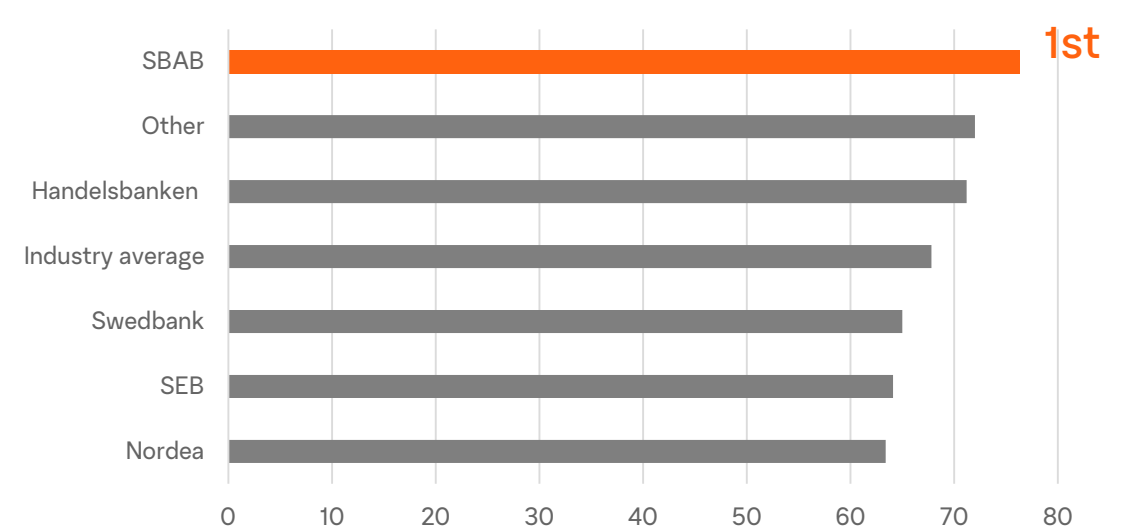
Customer satisfaction



Residential mortgages (2019)



Property loans to corporate clients (2019)



Financial targets from the owner

	Target	Result Q1 2020	Result 2019
Profitability: Return on equity over a business cycle	≥ 10%	9.2%	11.7%
Dividend: Ordinary dividend based on profit for the year after tax, taking the Group's capital structure into account	≥ 40%	40% (expected)	0% (revised)
Capitalisation: CET1 capital ratio and total capital ratio above regulatory requirement communicated by the Swedish FSA	CET1 capital ratio: ≥ 0.6%	4.5%*	2.4%
	Total capital ratio: ≥ 0.6%	5.2%*	5.2%

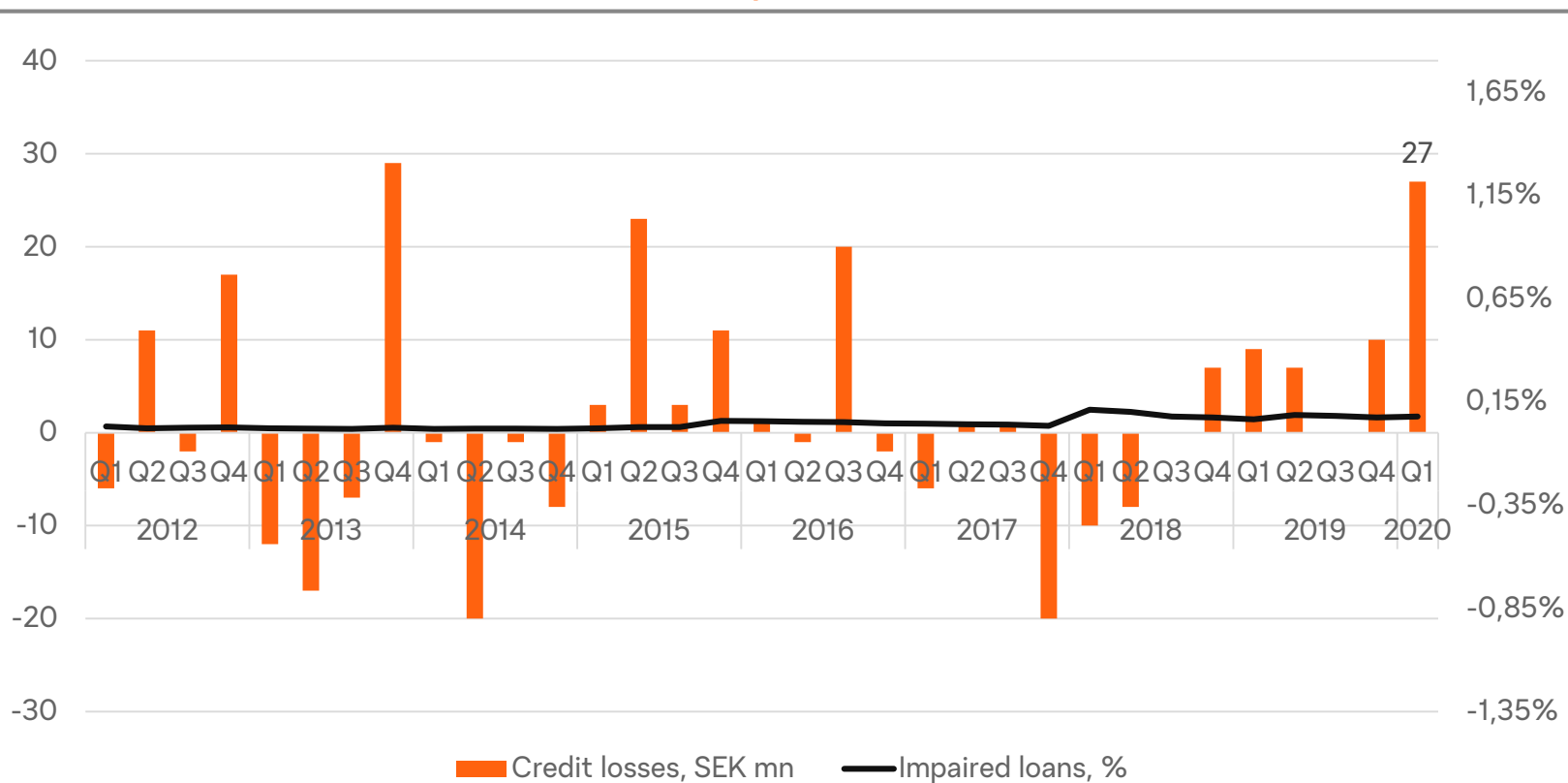
* In relation to expected (internally estimated) capital requirement from the Swedish FSA as of 31 Mar 2020 (CET1 capital ratio requirement: 8.2% & Total capital ratio requirement: 12.3% vs. CET1 capital ratio: 12.7% & Total capital ratio: 17.5%)



Swedish mortgages – a low risk business

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

Credit losses (LHS) & Impaired loans (RHS) QoQ



Key metrics Q1 2020

Credit losses

-27 million

Credit losses / Total lending

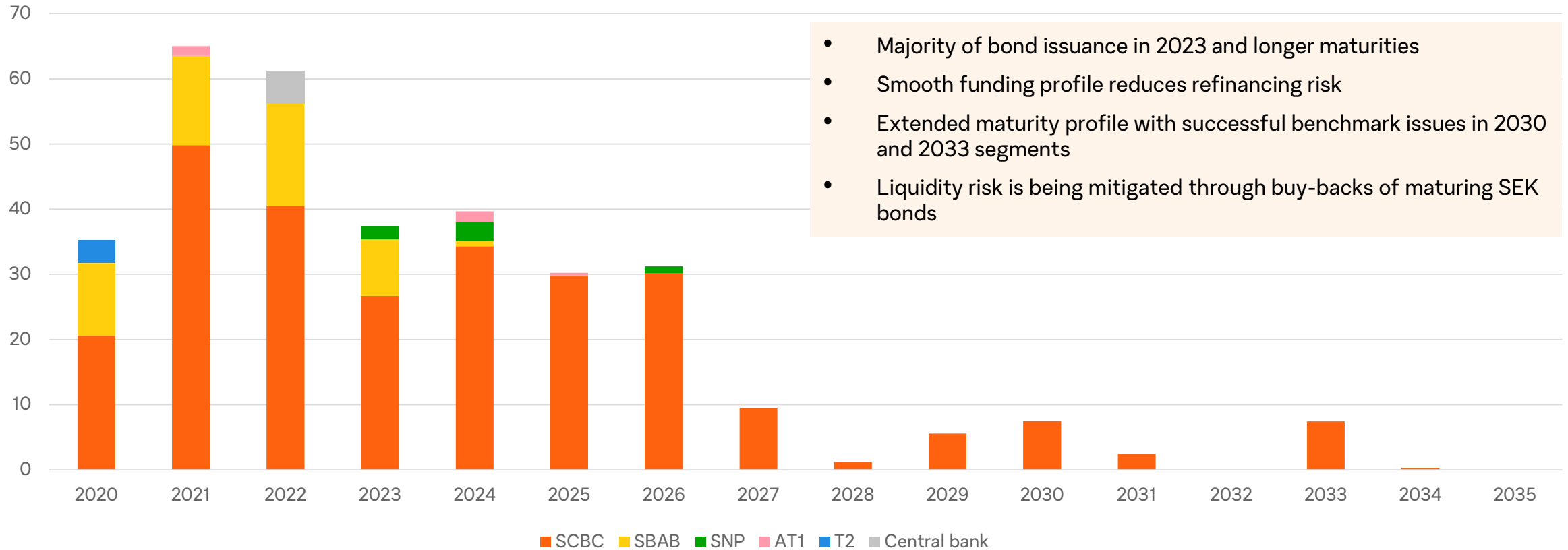
0.03%

Gross loans in Stage 3 / Total lending

0.08%



Maturity profile

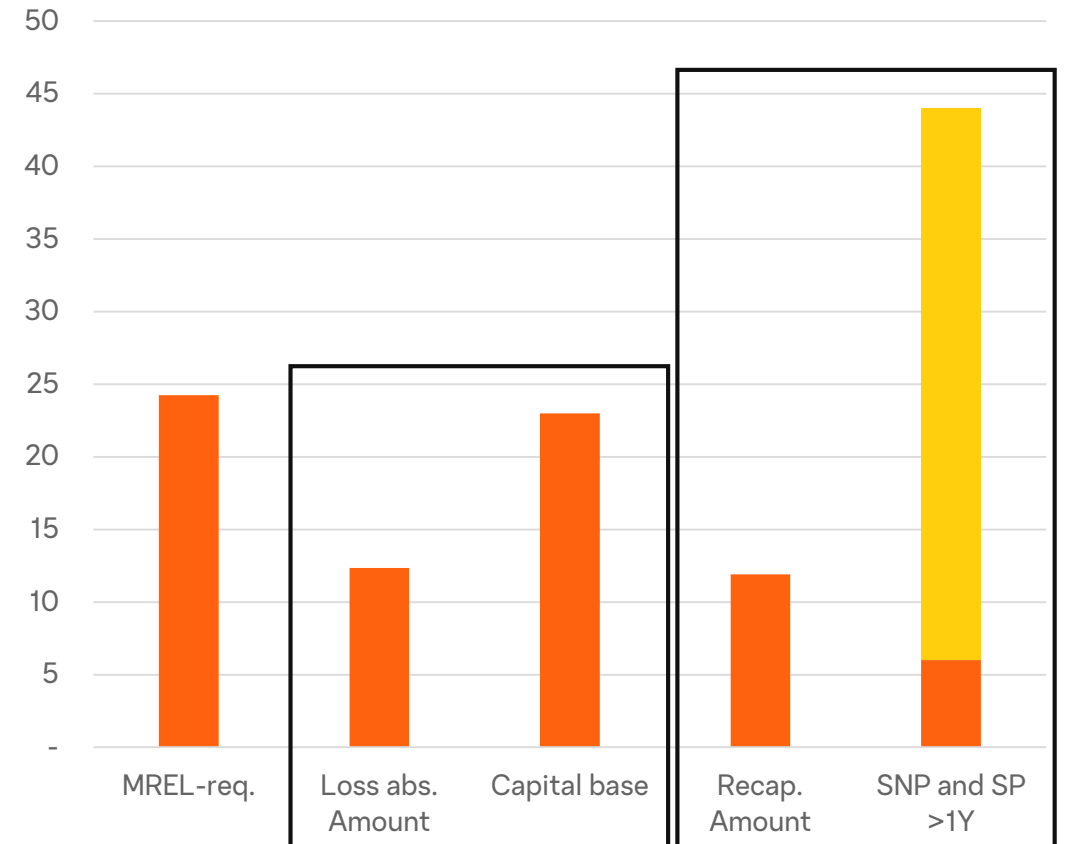


MREL requirement

Background

- In June 2018, SNDO (Riksgälden) made public that the principle of subordinated liabilities shall also apply to the six mid-sized institutions that are critical for the financial system
 - **To support the banking system in current corona pandemic environment, phase in period has been extended until end 2023**
- SBAB's total MREL-requirement is currently set at 5,35% of Total Liabilities and Own Funds (TLOF)
 - Total need for MREL debt around SEK 25 bn, where approximately SEK 12 bn is the recapitalisation amount (to be covered with senior non preferred debt)
 - Compliant with requirement with current outstanding senior unsecured debt
 - SBAB's estimated balance sheet growth and buffer will add to MREL requirement
- Senior non preferred need (requirement and buffer) of approximately SEK 20 bn by end of 2023
- Gradual build up of eligible liabilities (senior non preferred) over coming years (subject to regulatory developments)

MREL requirement Q4 2019, SEK (bn)



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