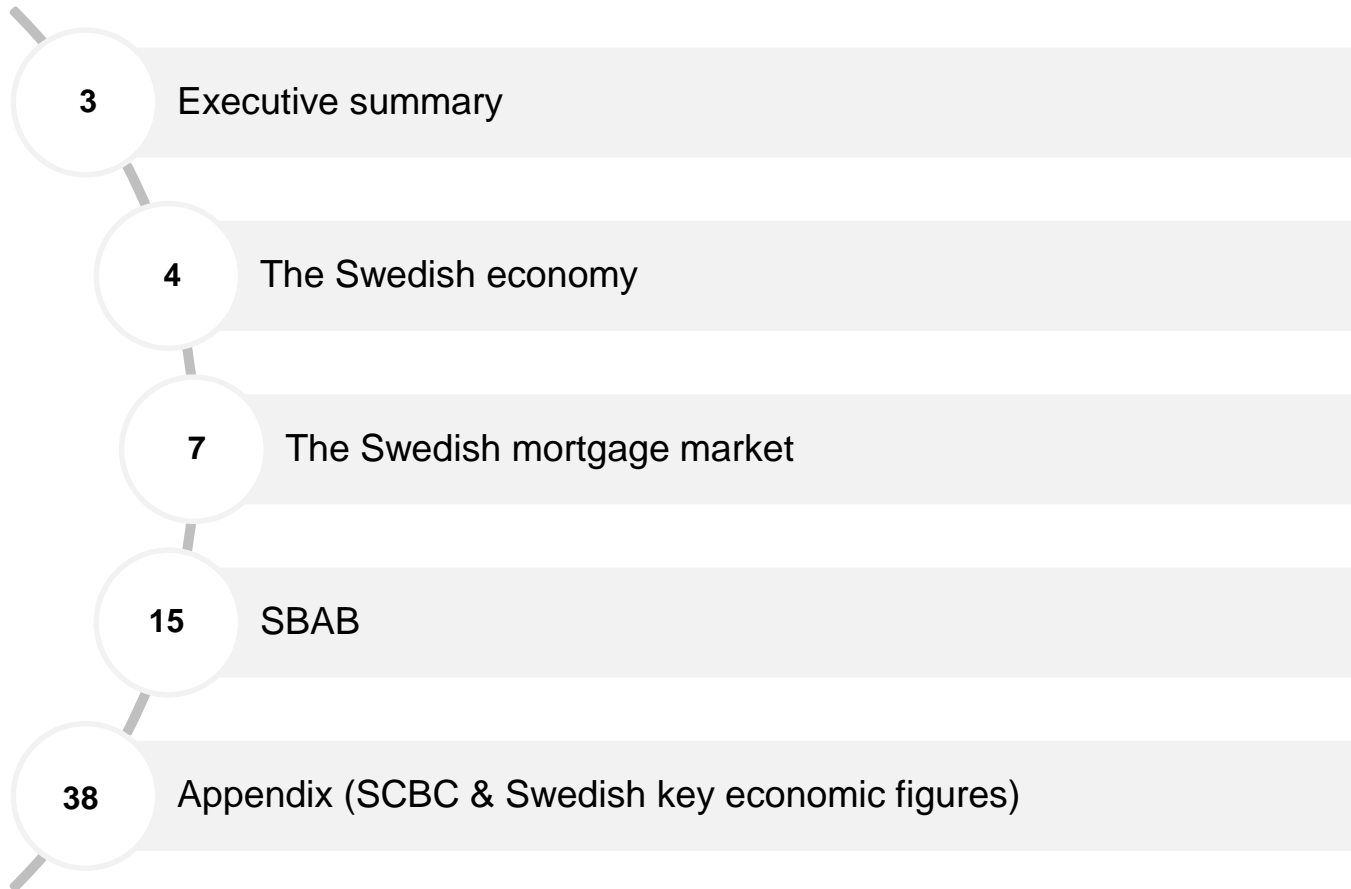


Investor presentation

Full year 2016 | SBAB Bank AB (publ)

SBAB

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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
- Total funding needs for full 2016, expected to be SEK 40/45 billion

	Full year 2016	Full year 2015
Net Interest Income, SEK mn	2,829	2,442
Loan losses, SEK mn	18	40
Mortgage Portfolio, SEK bn	296.0	297.0
Cost/Income ratio, %	30	35
RoE, %	12.3	10.2
CET1 Capital Ratio (Basel III), %	32.2	28.6

Rating	Moody's	S&P's
SBAB		
- Short term funding	P-1	A-1
- Long term funding	A2 ¹⁾	A ²⁾
SCBC		
- Long term funding	Aaa	

¹⁾ Positive outlook ²⁾ Negative outlook

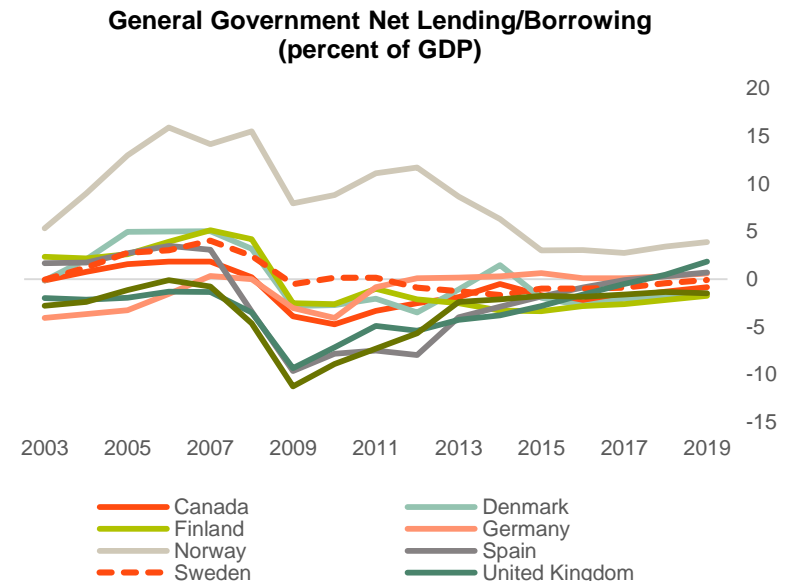
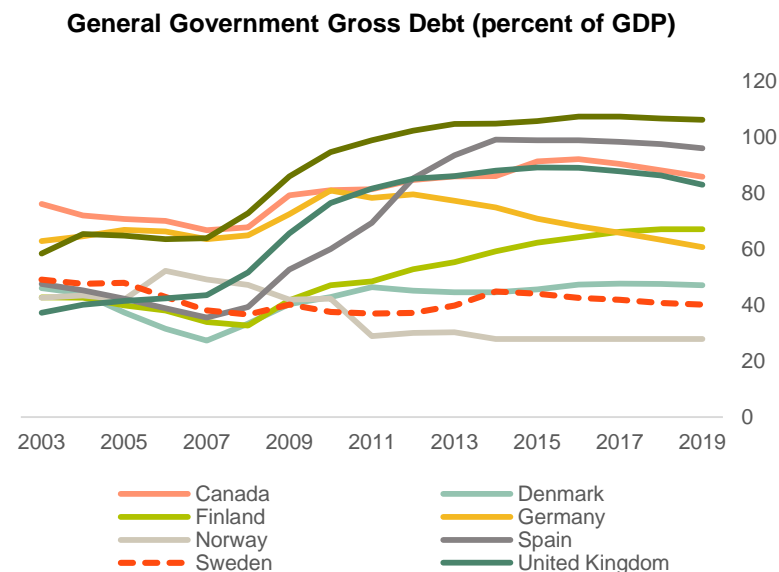


***THE SWEDISH
ECONOMY***

The Swedish economy

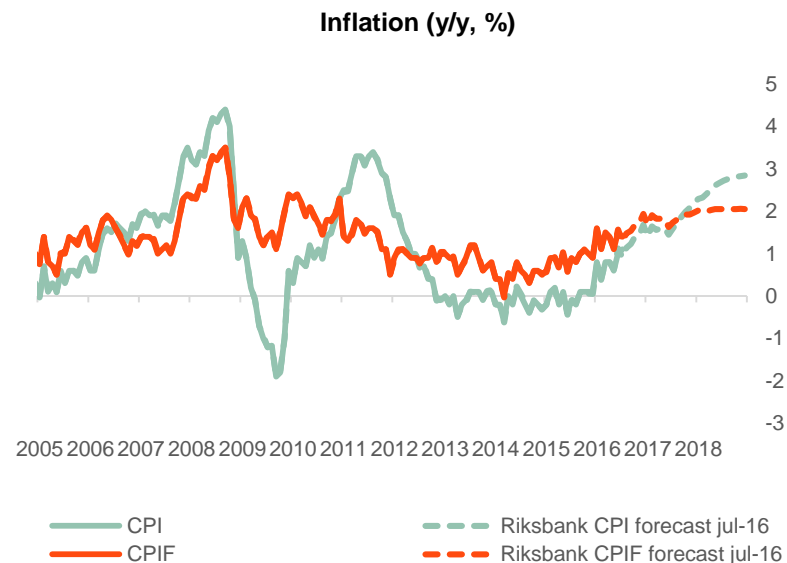
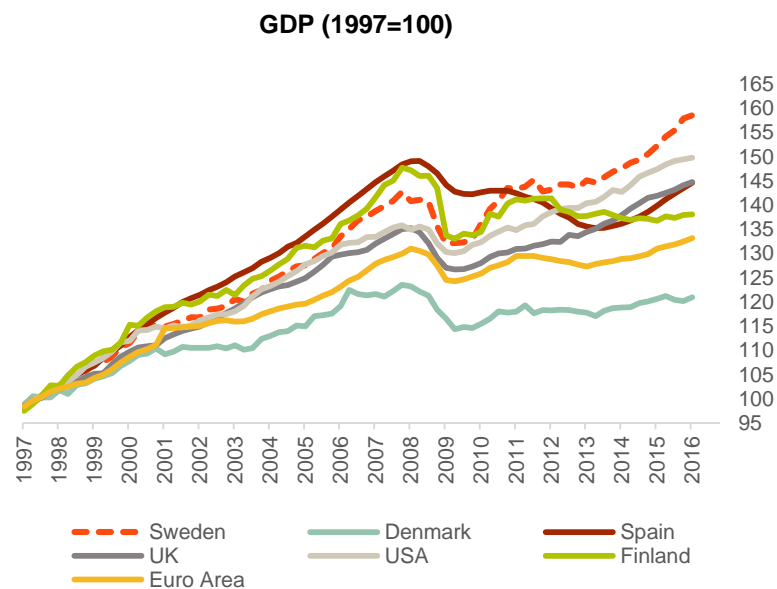
AAA / Aaa / AAA (stable)

- **Government debt is low and declining**
 - Public debt-to-GDP of 43% in 2016, 42% in 2017, 41% in 2018 (IMF)
- **Budget currently very close to balance**
 - Average budget balance has been +0.8% of GDP over the past 15 years
- **Domestic demand has been stimulated by stable public finances, increasing employment, low inflation, sinking interest rates and rising house prices over the past years**



Growth and inflation

- **Average annual GDP-growth has been 2.2% over the last 15 years vs 1.0% in the Euro area**
 - GDP growth is expected to slow down from 4.2% in 2015 to 3.5% in 2016 and 2.3% in 2017 (Consensus Forecast, July 2016)
- **Average inflation has been 1.0% over the last 15 years, well below the target of 2%**
 - Inflation has been 0.0% in 2015, 1.0% is expected in 2016 and 1.5% in 2017 (Consensus, July 2016)



THE SWEDISH MORTGAGE MARKET



Mortgage lending in Sweden

- A low risk business

Credit Information Agency

National computerized data base with information regarding civil status, income and changes in income, assets, debt, payment complaints and recent inquiries at the agency. Used in every credit process regarding loans

Mortgage Deed System

A Mortgage Deed for every house is registered and controlled by the Swedish mapping, cadastral and land registration authority (Lantmäteriet)

Enforcement Authority

Lender can initiate an enforcement order with this office to enforce his claim, this process normally takes up to 90 days

Mortgage lending in Sweden

- A low risk business

“Originate and hold” model

No “originate to distribute” model, no subprime lending

No Buy-to-Let Market

Restricted buy-to-let market due to regulated rental market and tenant owner subletting restrictions

Personal Liability

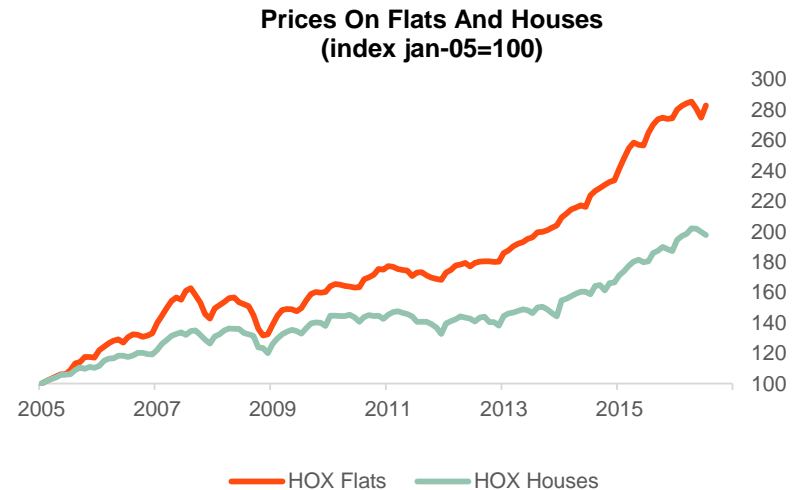
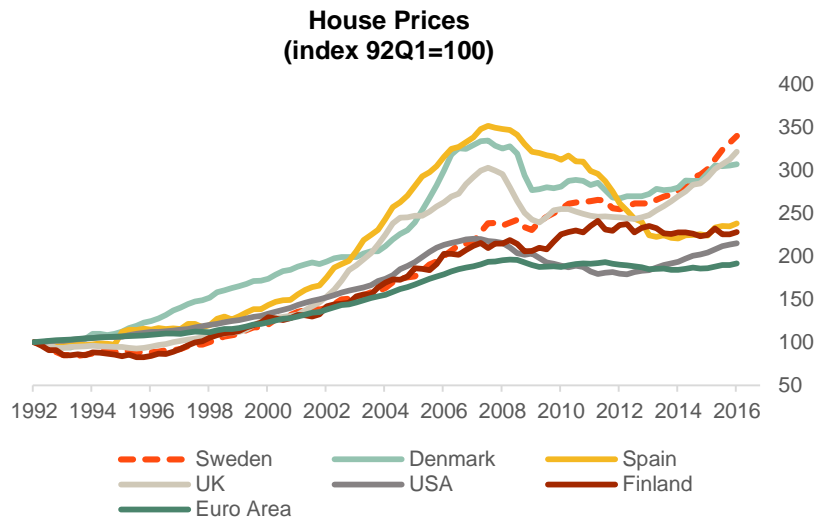
A borrower is personally liable even after a default and foreclosure procedure, i.e. full and personal recourse

Social Security

Well developed welfare system raising households’ ability to service debt even during times of unemployment

House price performance

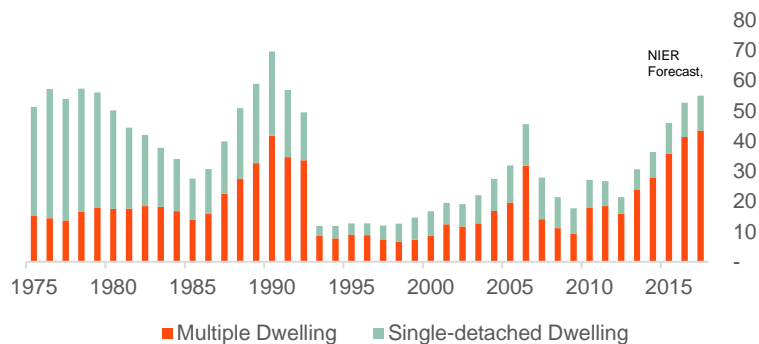
- **House prices have increased by an average of 6.4% over the last 15 years**
 - Increases have been higher in cities and growth regions than in the countryside. Prices on flats have risen more than prices on houses
 - On average prices on flats and houses increased by 14% during 2015, but price increases has slowed down in 2016
- **The Swedish housing market contrasts with the “bubble markets” in a number of ways**
 - Strict regulations on buy-to-let
 - No subprime mortgage market
 - There has not been any speculative building activity



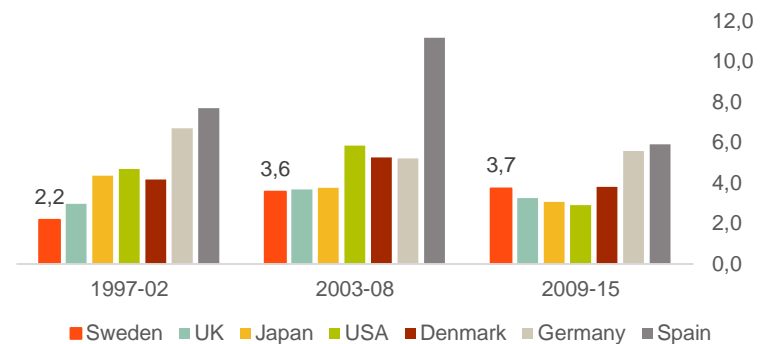
Housing construction

- **Low level of housing construction**
 - After the real estate crisis in the early 1990s, construction has been low in comparison to both history and to other countries
- **Building activity has not kept up with demography**
 - Population is expected to increase from close to 10 million to above 11 million people in less than ten years. Immigration and the number of people aged 20-35, the "first time buyers", has increased
- **Strong demand, easy acces to financing and low interest rates are stimulating housebuilders and the number of new dwellings are increasing**
 - Apr. 60 000 new dwellings per year are needed to keep the stock of dwellings growing at the same pace as the population in the comingten years

Housing Construction (number of dwellings, thousands)

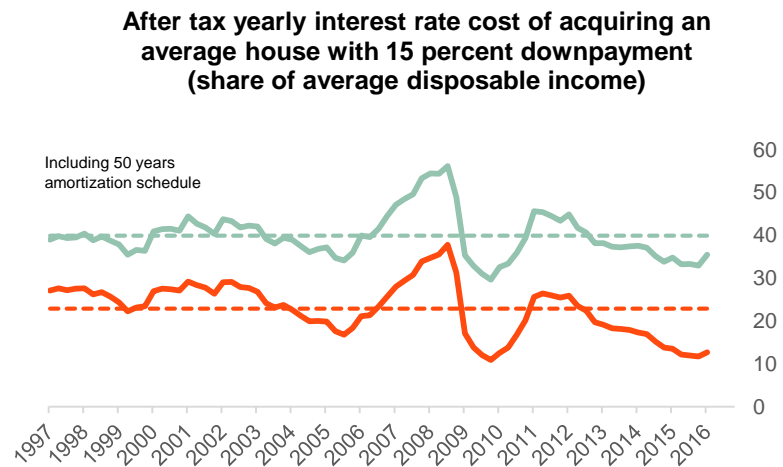
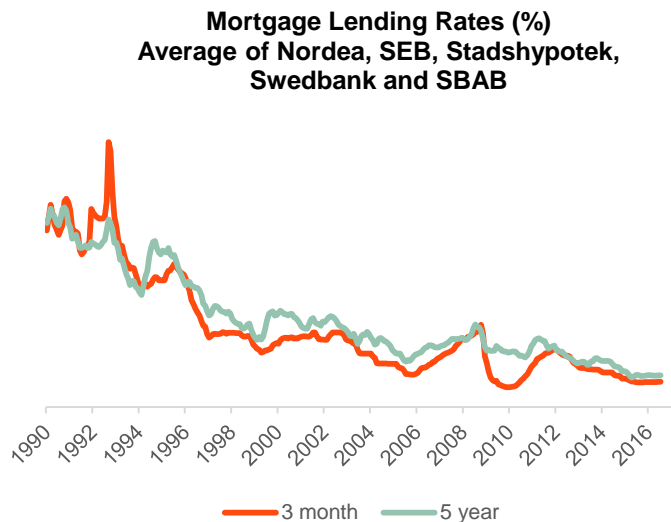


Residential Investment During Different Periods (percent share of GDP)



Lower costs of owning a dwelling

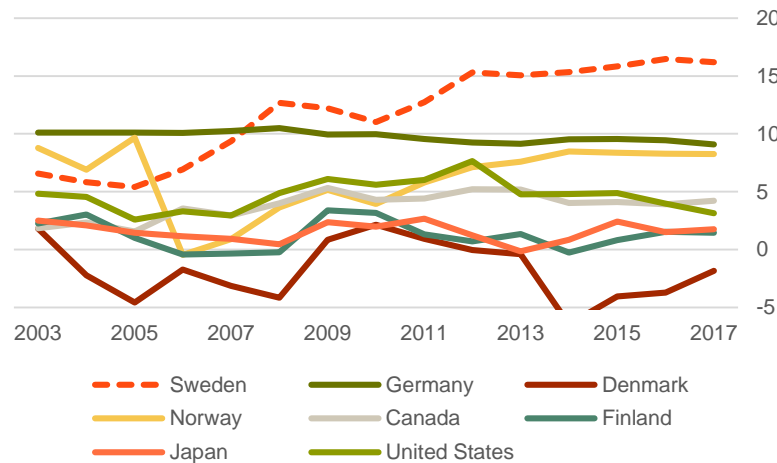
- **Mortgage rates have been on a downward trend for almost 25 years**
 - Mortgage rates and house prices have been highly correlated
 - Interest costs are deductible to 30% (20% on amounts above 100,000 SEK)
- **No increase in debt service costs**
 - Interest rate cost of acquiring an average house have been hovering around 25% of average disposable per capita income over the past 15 years. Now it's 13%
- **Relaxation of taxes connected to housing**
 - Inheritance & gift tax abolished in 2005, wealth tax abolished in 2007
 - Residential real estate tax lowered 2008



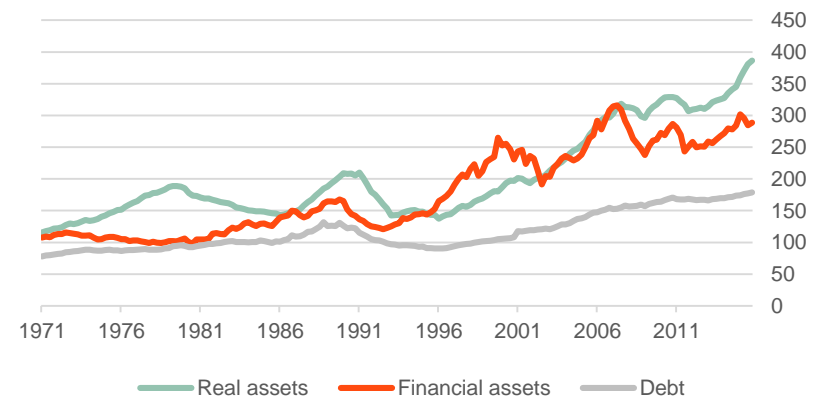
High savings ratio, high net wealth

- **High savings ratio**
 - Swedish households have a savings ratio above 15%, which is very high in comparison to other countries
- **High net wealth**
 - Both financial assets and housing assets have been rising faster than debt. Average net wealth stands at almost 5 times disposable income

Household Savings
(net savings as a share of household income)

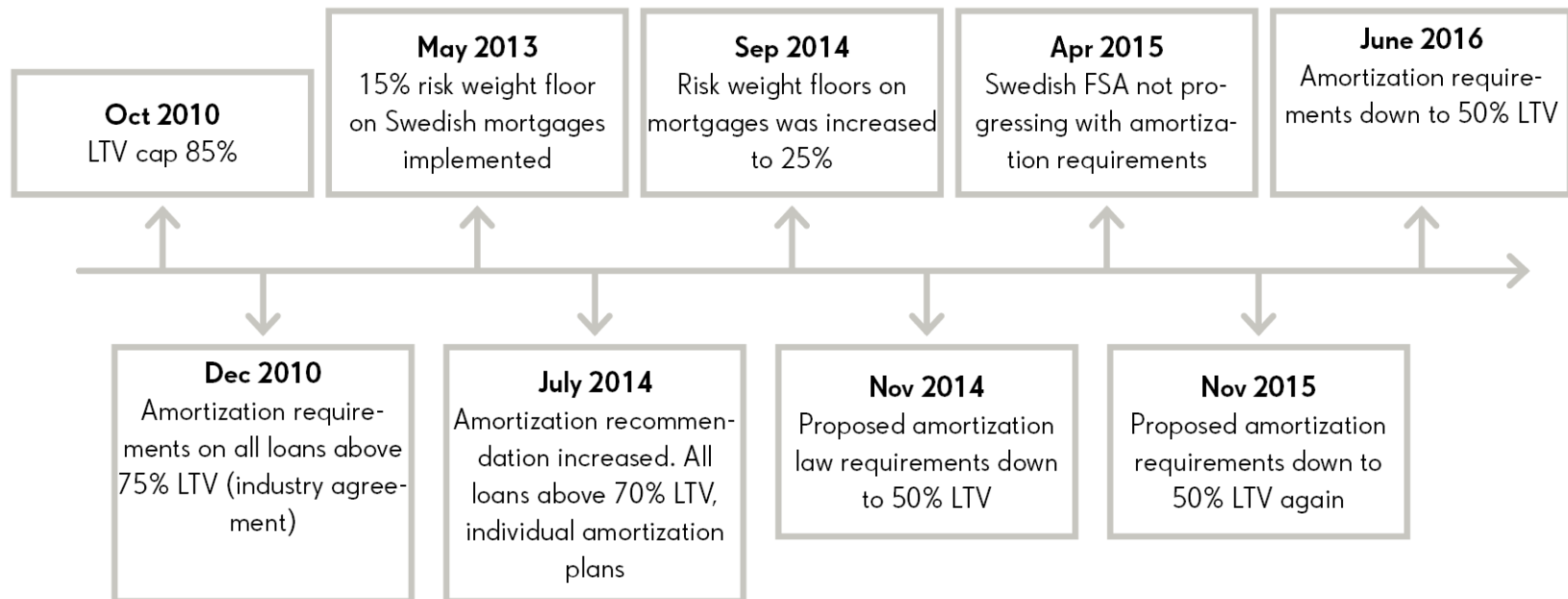


Household Debt And Assets (percentage share of disposable income)



The Swedish mortgage market

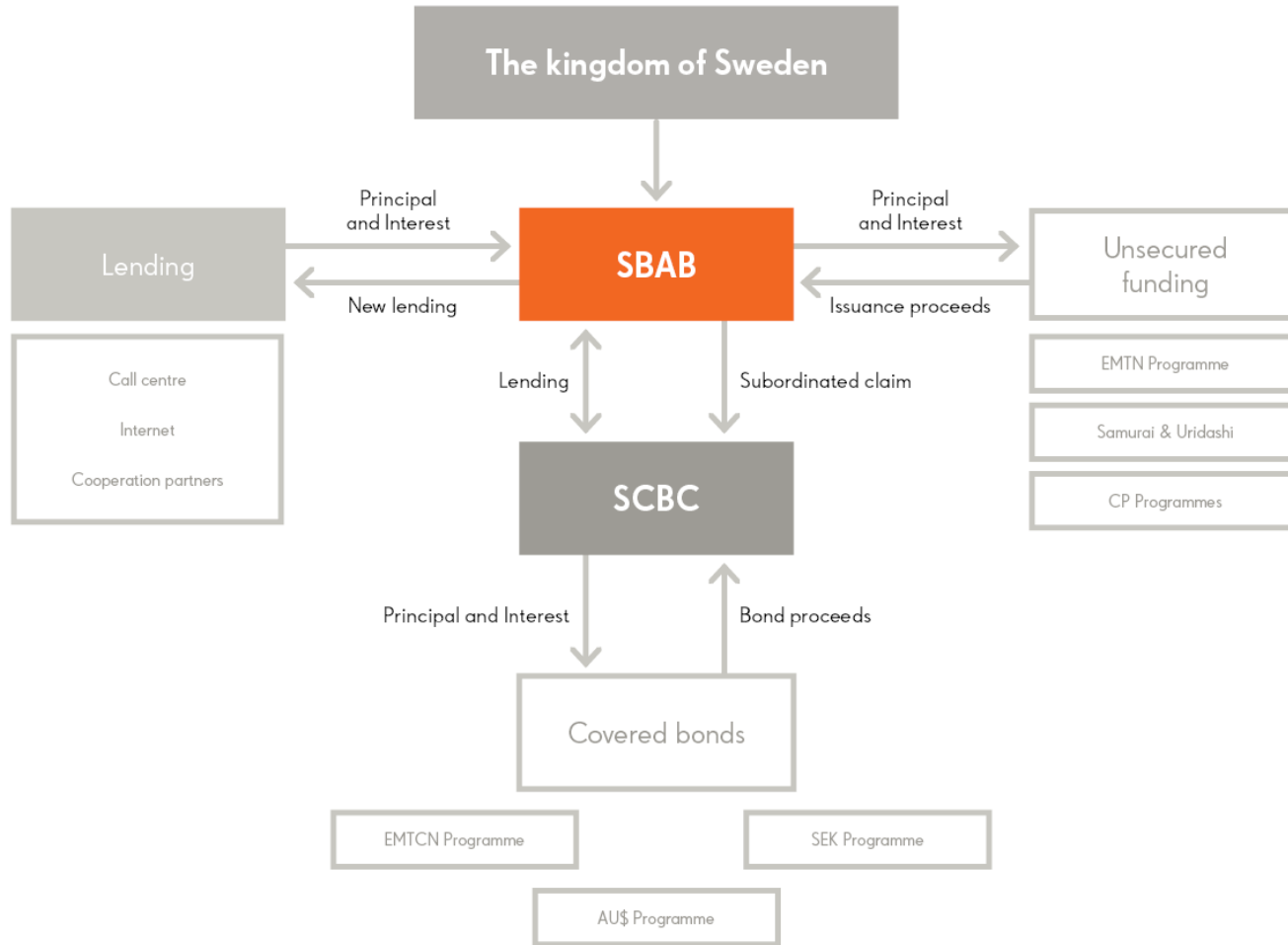
- Measures introduced to slow down the market



SBAB



SBAB Group



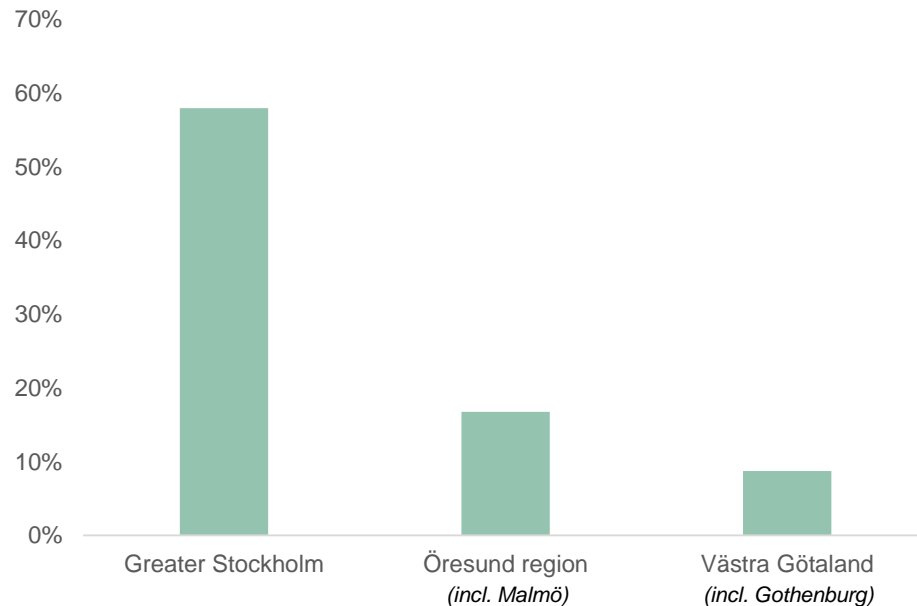
SBAB Bank

- Set up in 1985 by the Kingdom of Sweden
- 100% owned by the Kingdom of Sweden
- Business operations purely in Sweden
- 510 employees (FTE) as of 31st December
- Successful and cost efficient origination through:
 - Call centre
 - Internet platform (since 1998)
 - Co-operation partners
- Two main product offerings:
 - **Lending:** Mortgages are offered to retail, tenant owner associations and property companies. Total lending SEK 296bn
 - **Savings:** Savings accounts are offered to retail, corporate clients and tenant-owner association. Total deposits SEK 97bn



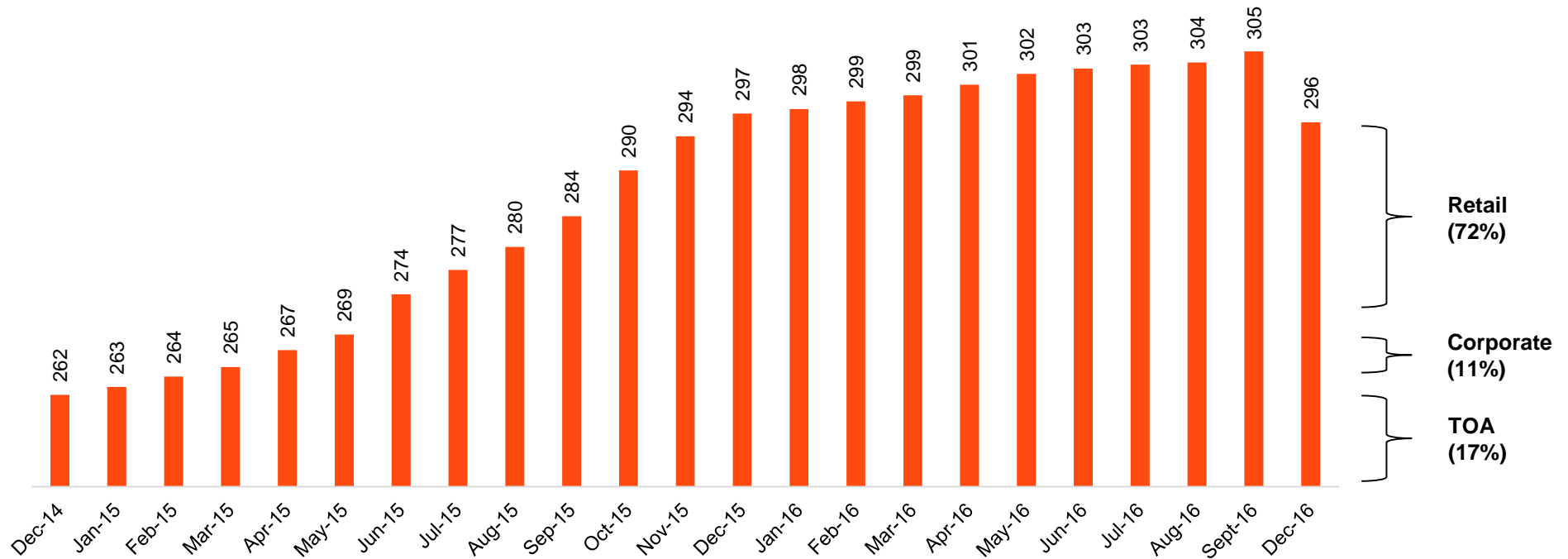
Distribution of lending

- 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 growth

- Total SEK 296bn



Decline in lending attributable to the transfer from SBAB of mortgages of around SEK 20.5 billion from the previous partnership with Sparbanken Öresund during 2016

Our 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.

SBAB!

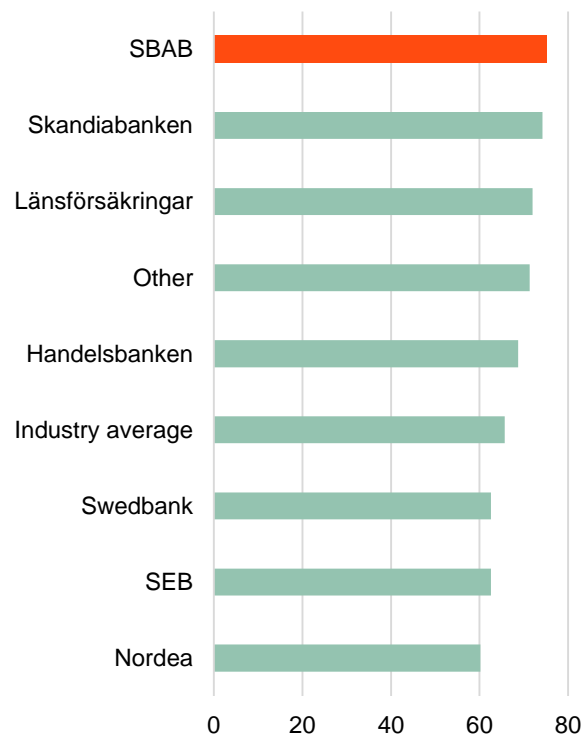
No 1 in 2014, 2015 and 2016

”Sweden’s most satisfied residential mortgage customers”



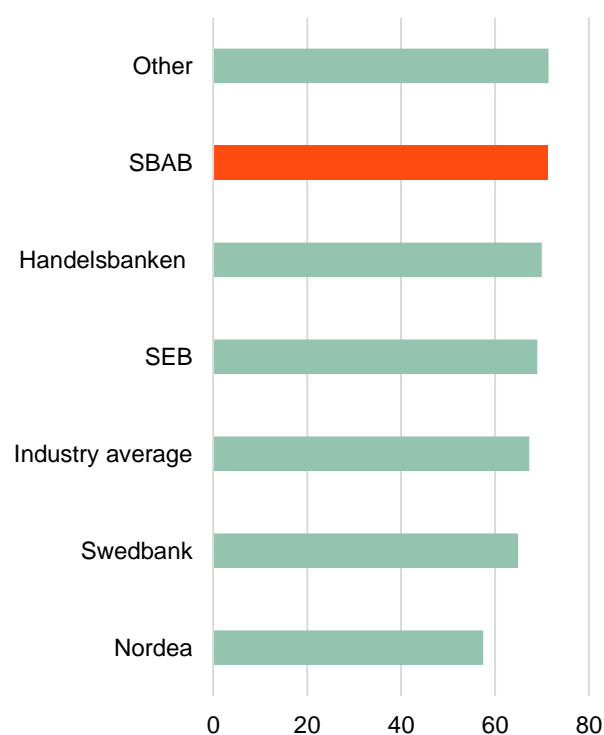
Retail

Customer satisfaction 2016



Corporate

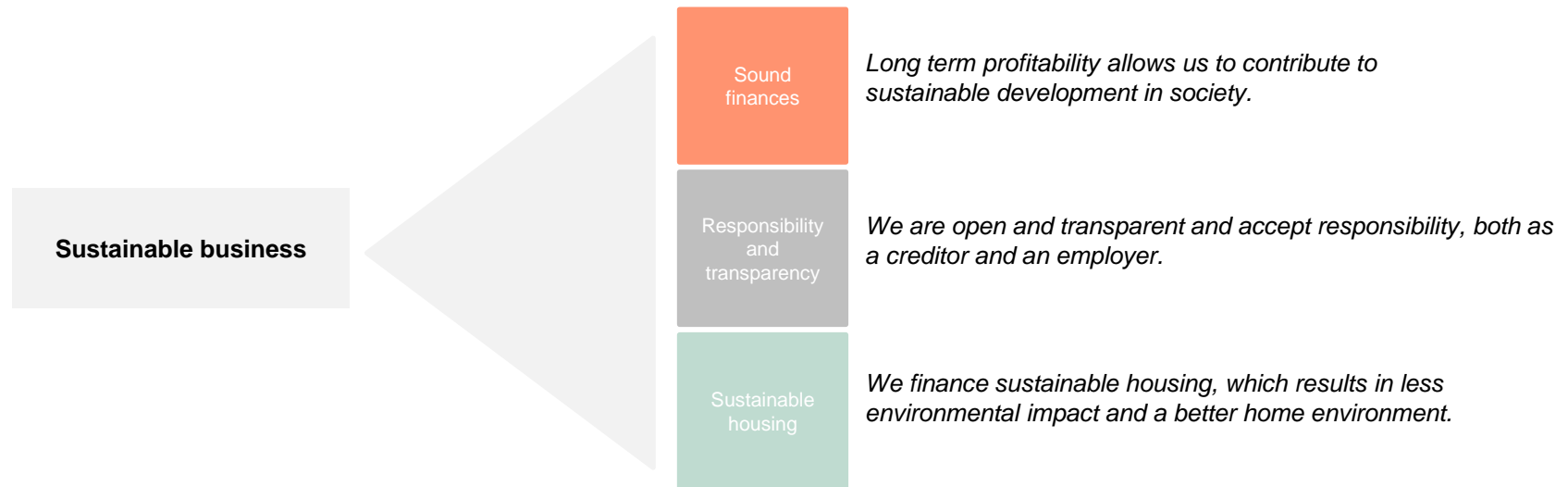
Customer satisfaction 2016



Sustainable business at SBAB

Our mission: To contribute to better housing and improved housing finances

- Sustainable lending (Green loans)
- Sustainable funding (Green bonds)
- Sustainable services (Energy efficiency app)
- Social responsibility (Cooperation with NGOs such as Stockholms Stadsmission)



Way forward

Our vision: To provide the best mortgages in Sweden

What to achieve

- Grow market share in coming years
- Continued deposit growth
- Keep strong loan quality with low loan losses
- Sustain underlying profitability (RoE > 10%)

How to achieve

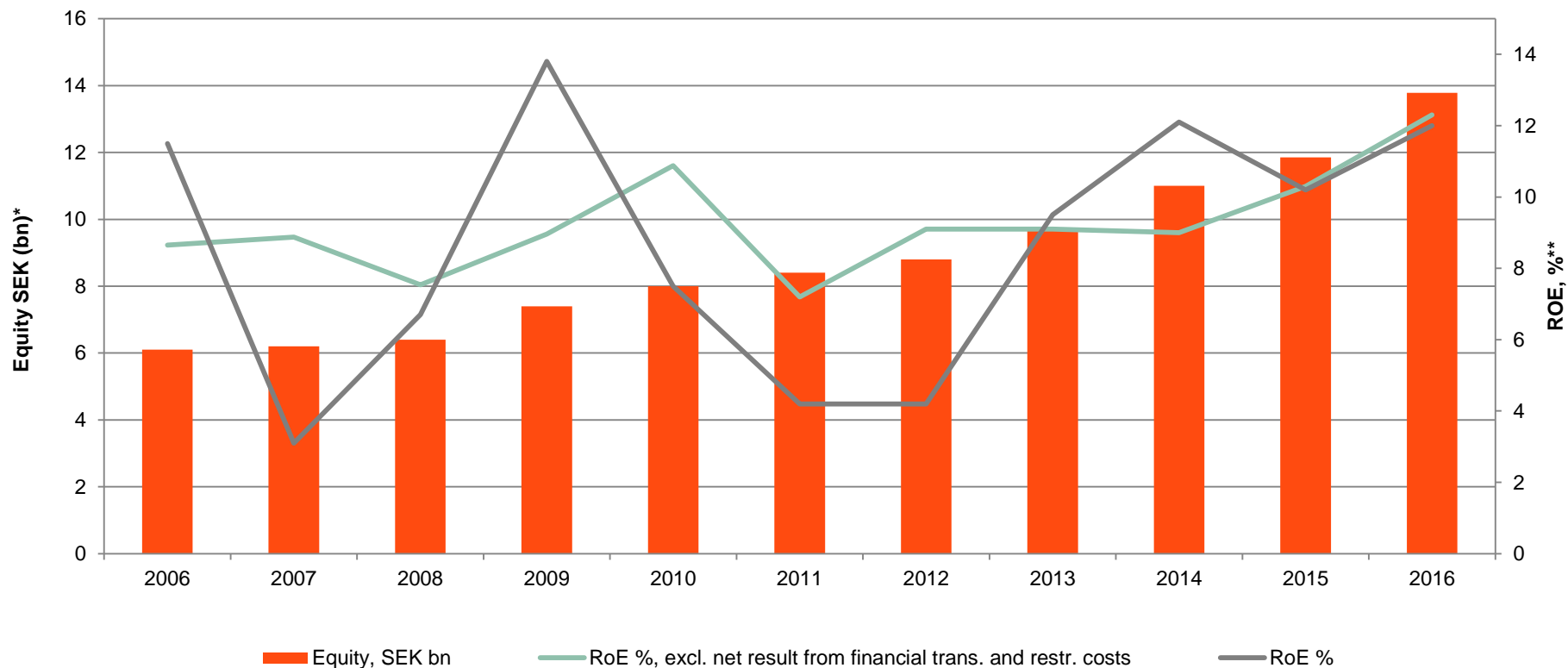
- Develop our customer offering
 - Strategic transition towards housing- and housing-related services
 - Focus on new lending in SBAB's own brand
 - Improve and strengthen brand recognition
 - Unique customer-oriented and efficient lending origination
 - Increase digitalisation further
 - Transparent product terms & competitive offerings



Continued positive development

(SEK mn)	Q4 2016	Q3 2016	▲ QoQ	2016	2015	▲ YoY
NII	762	745	↑	2,829	2,442	↑
Costs	239	214	↑	889	809	↑
Loan losses, net	2 (pos)	20	↓	18	40	↓
Operating profit	548	534	↑	2,011	1,492	↑
Deposits (SEK bn)	96.8	93.4	↑	96.8	76.6	↑
Lending (SEK bn)	296.0	305.0	↓	296.0	297.0	↓
Deposit/lending	32.7%	30.6%	↑	32.7%	25.8%	↑
C/I-ratio	31%	28%	↑	30%	35%	↓
RoE	12.5%	12.0%	↑	12.3%	10.2%	↑
CET1 ratio	32.2%	28.5%	↑	32.2%	28.6%	↑

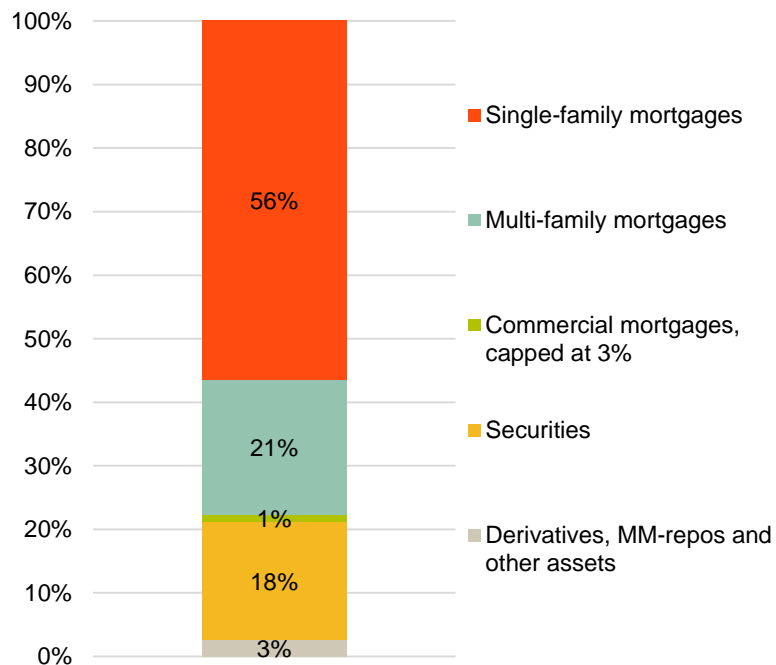
Equity and RoE



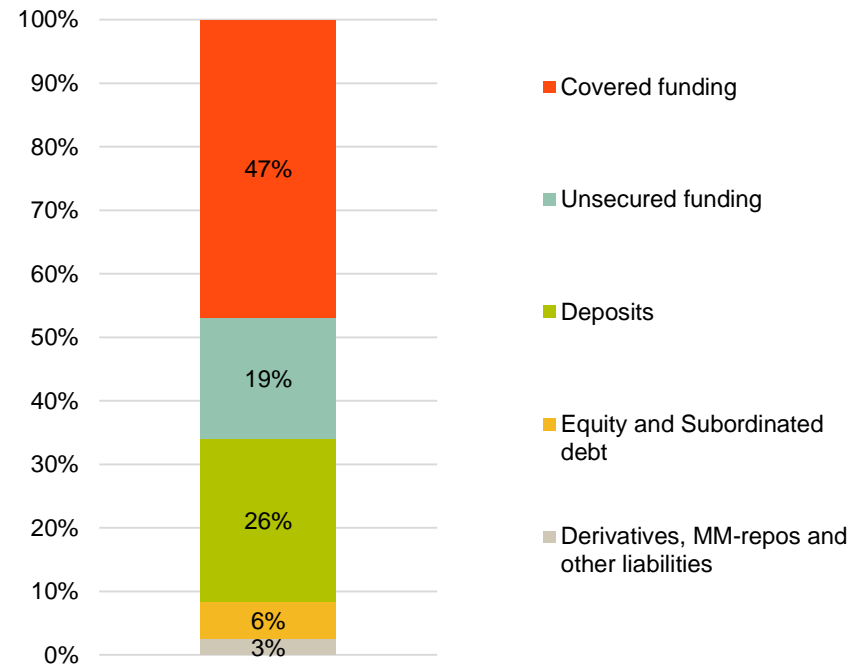
SBAB Group balance sheet

- Total balance sheet SEK 375bn, as of 31st December 2016

Assets

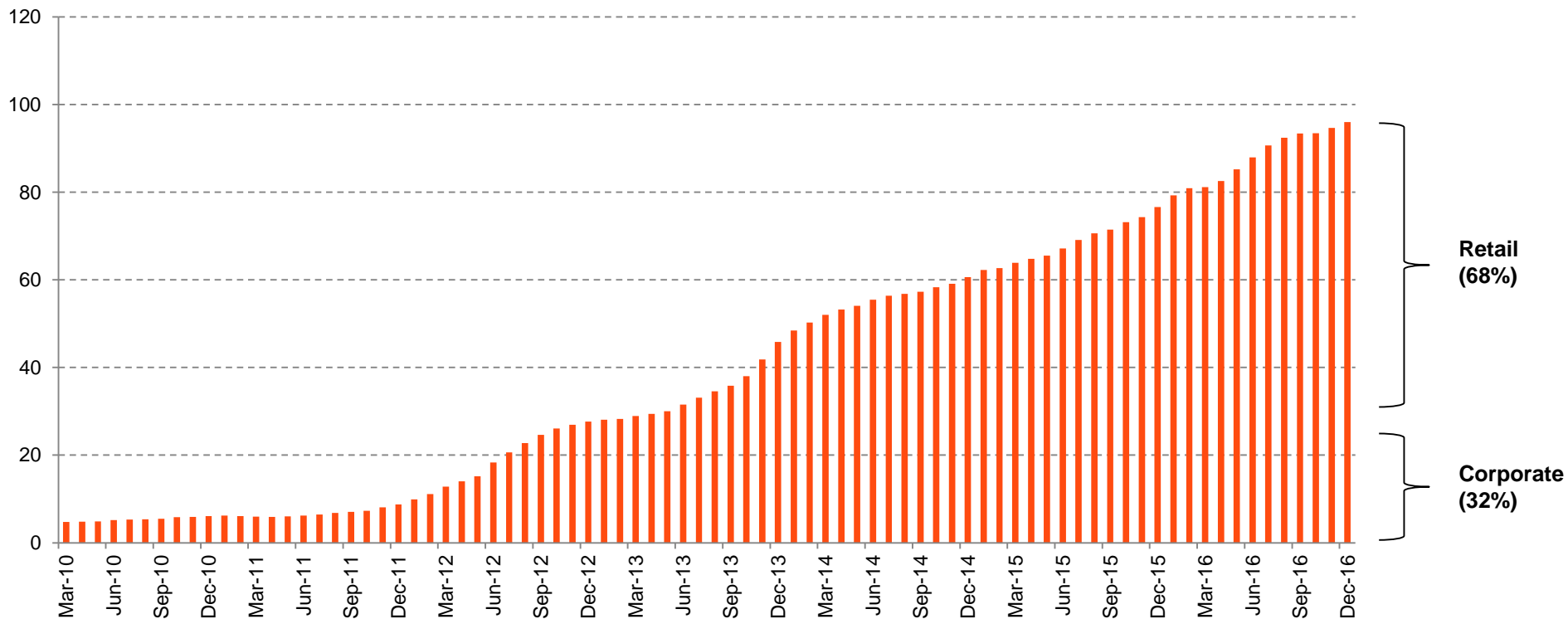


Liabilities and Equity



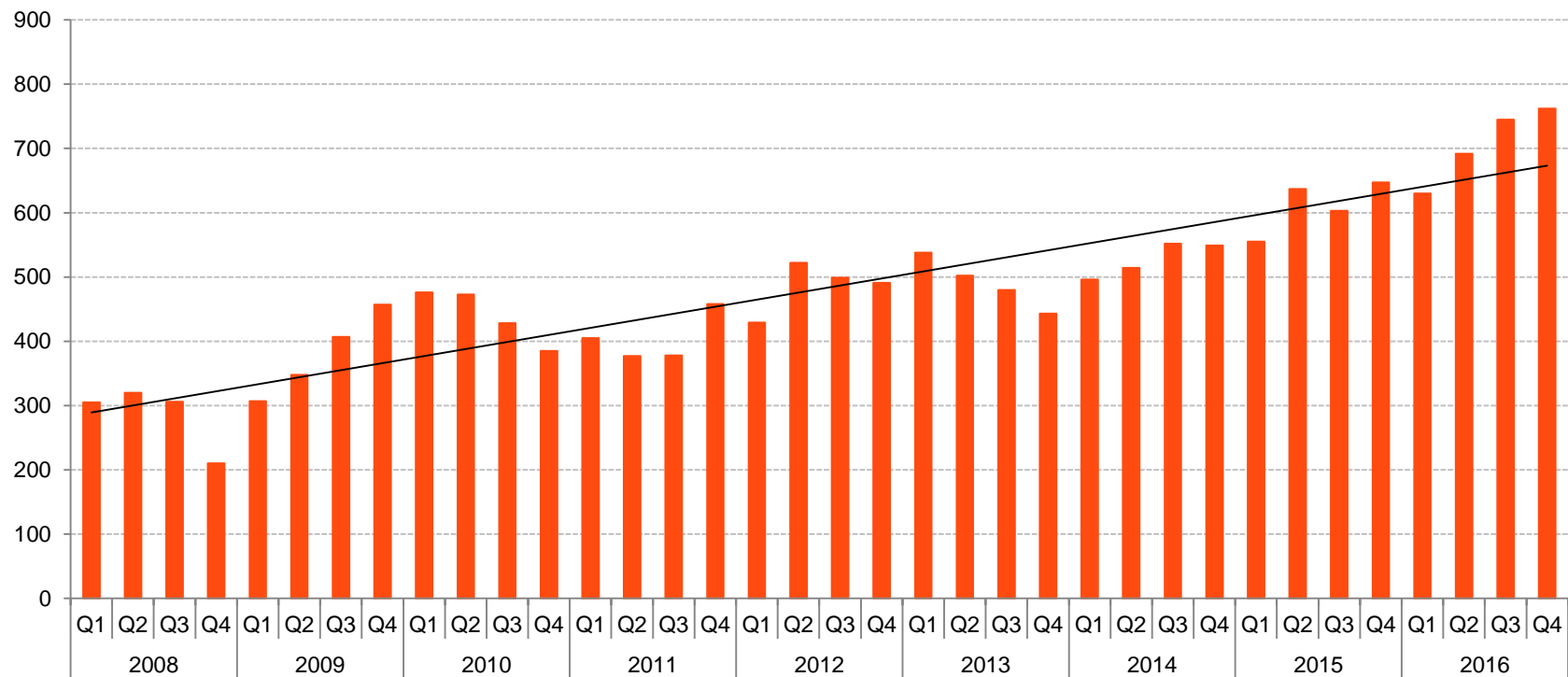
Deposit growth

- Total SEK 97bn



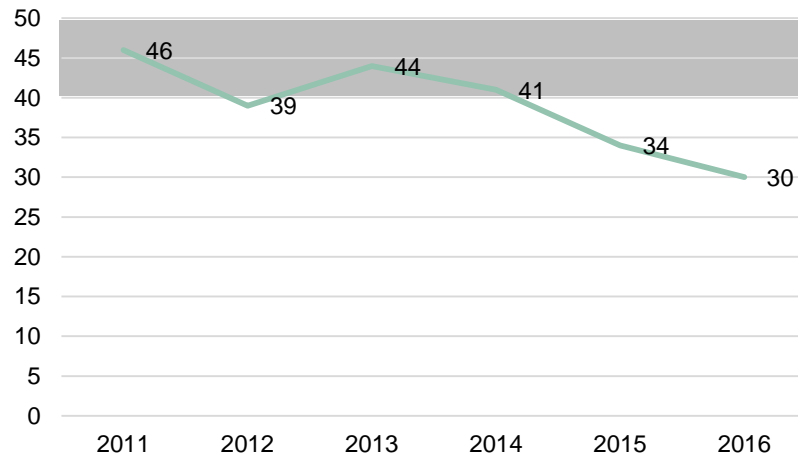
SBAB's net interest income

- Continued stability and growth

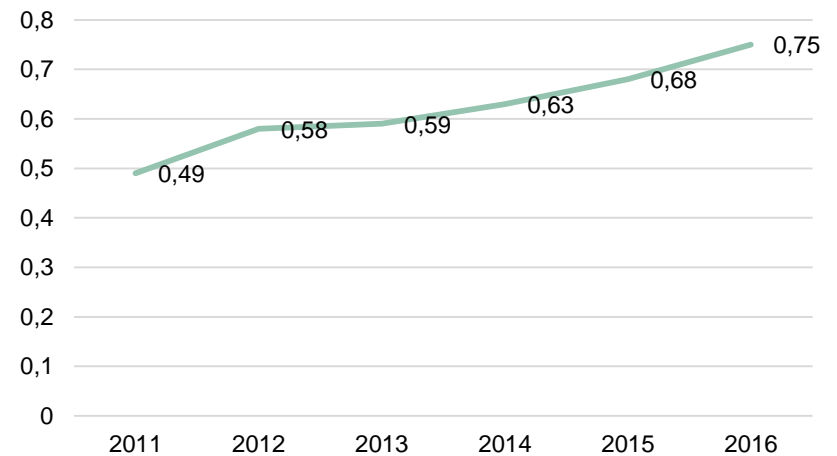


Improved C/I-ratio and NIM

C/I-Ratio *, %



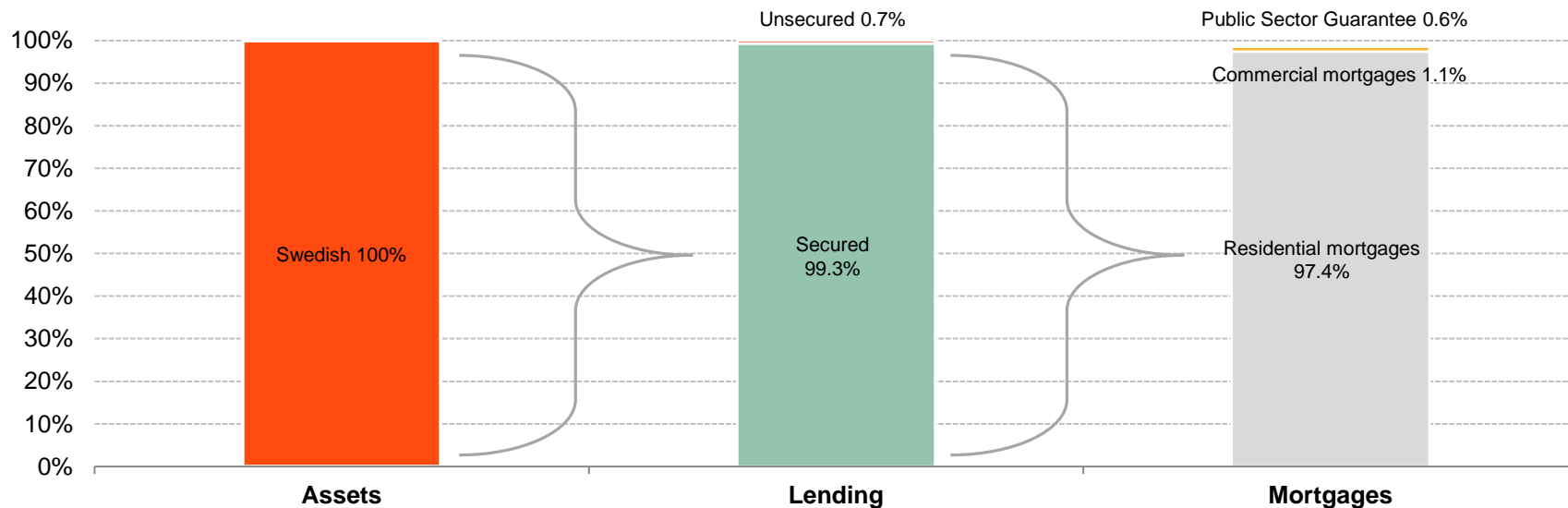
Net Interest Margin, %



Asset quality

"We believe that asset quality, particularly for residential retail mortgage portfolios, should continue to be supported by the central bank's low interest rate policy"

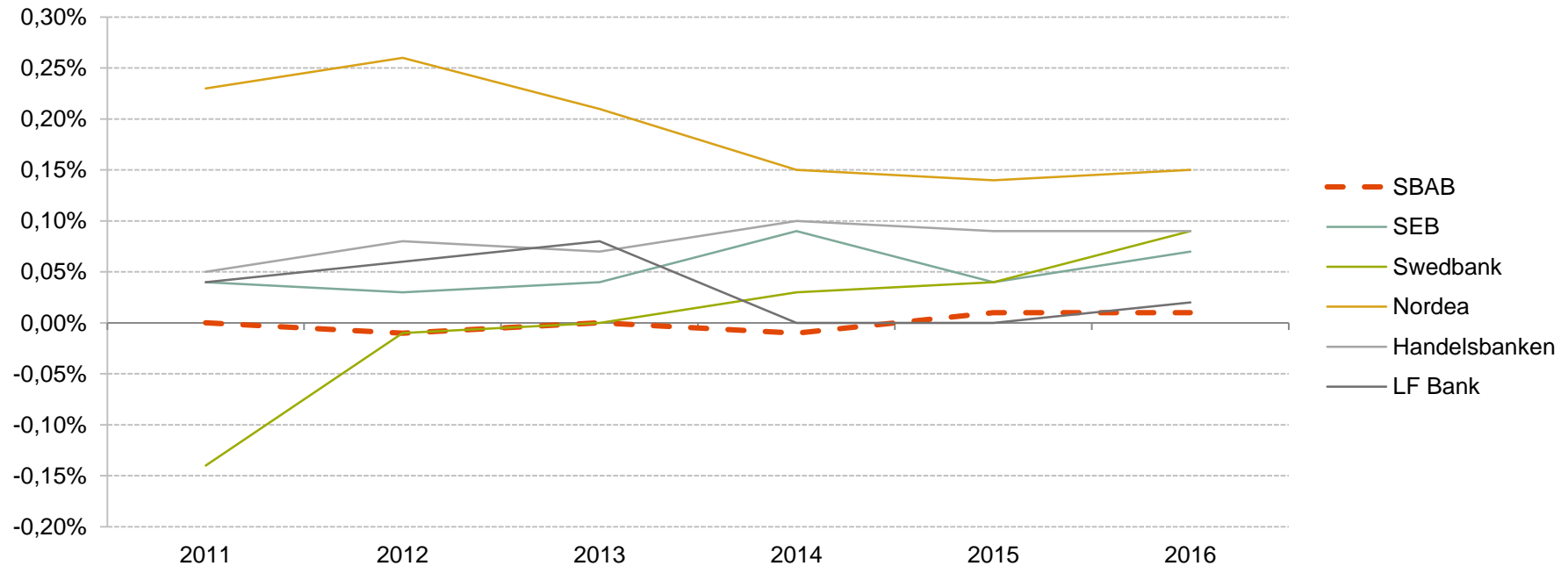
- S&Ps RatingDirect issued Dec 14th 2015



Credit losses vs. peers

- In Sweden, there is a strong culture of timely payment of debt, especially, payment of mortgages
- Yearly average credit loss of less than 1 bp for the past 10 years is the lowest of the Swedish banks

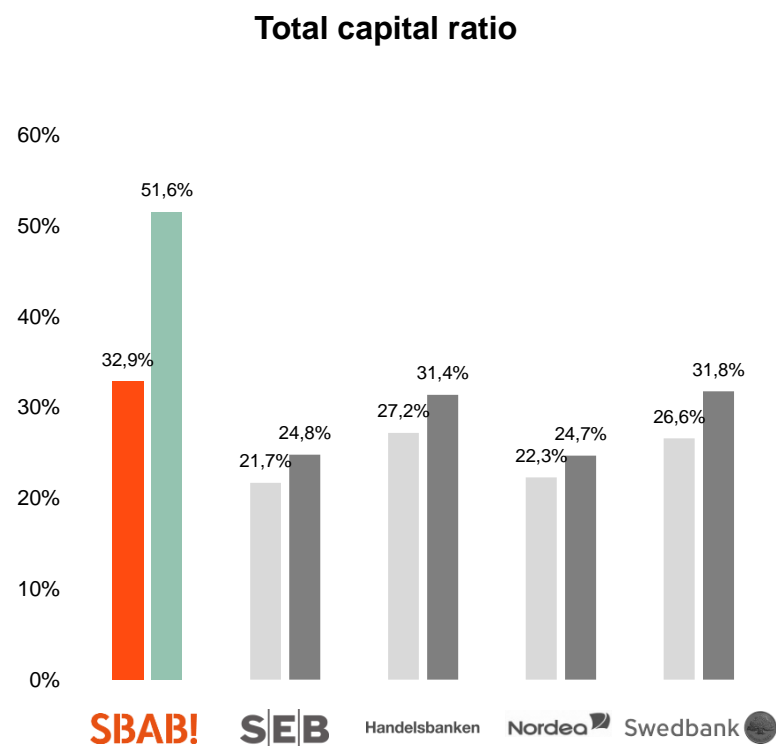
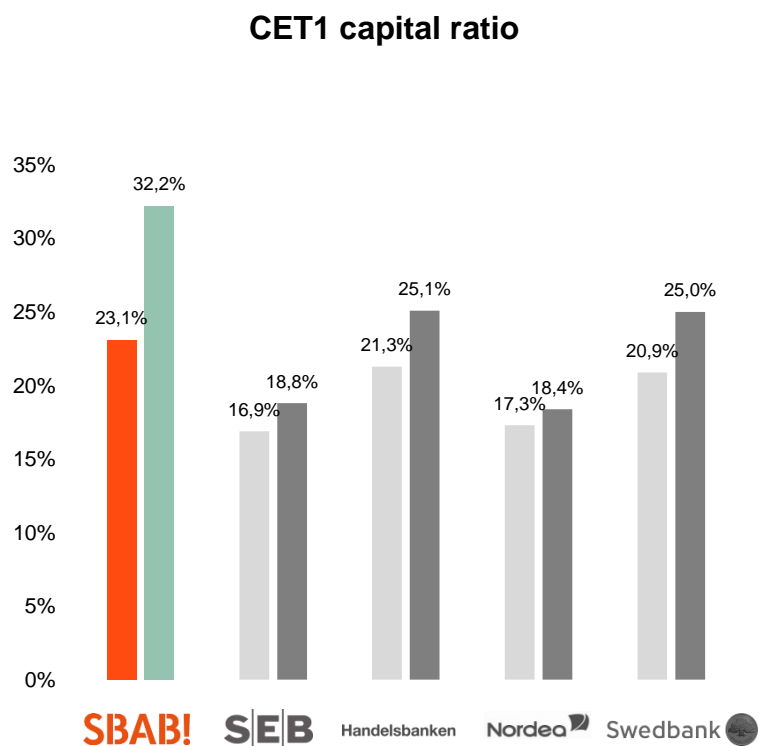
Net credit losses FY16* vs. other banks



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

Strong Capital Buffer

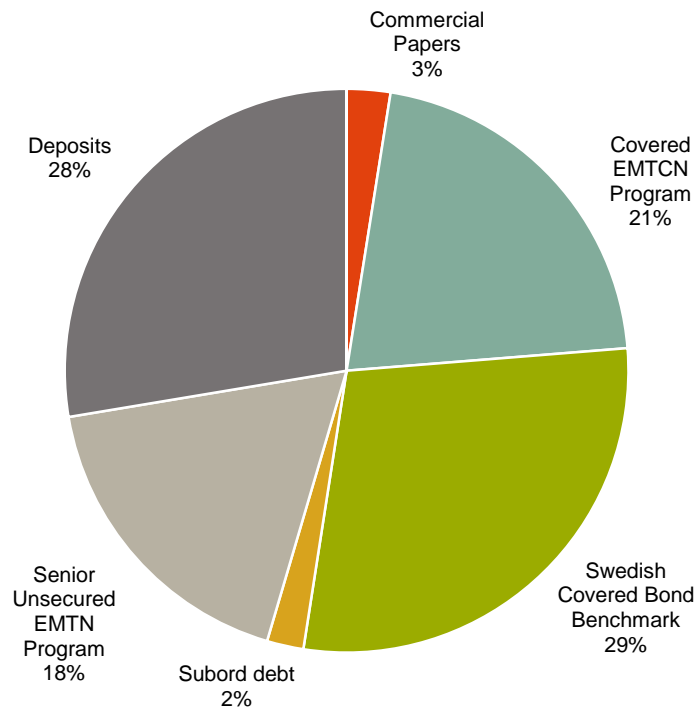
- SBAB's total CET1 available is well above requirements (fully loaded Basel III)



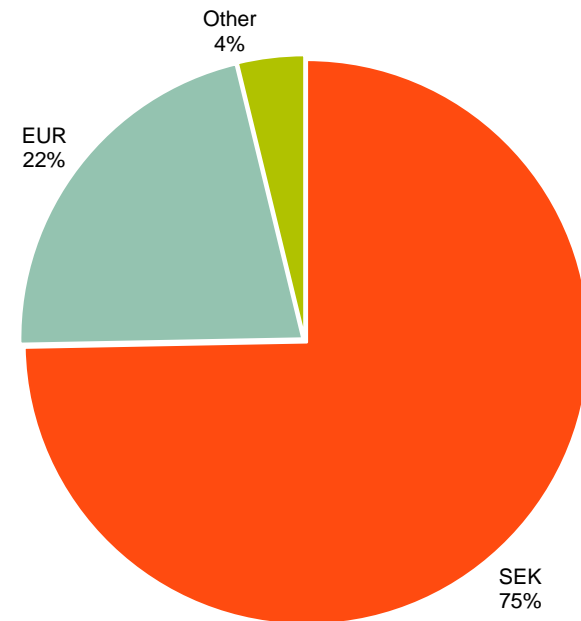
Funding sources

- Total funding portfolio SEK 349bn, as of 31st December 2016

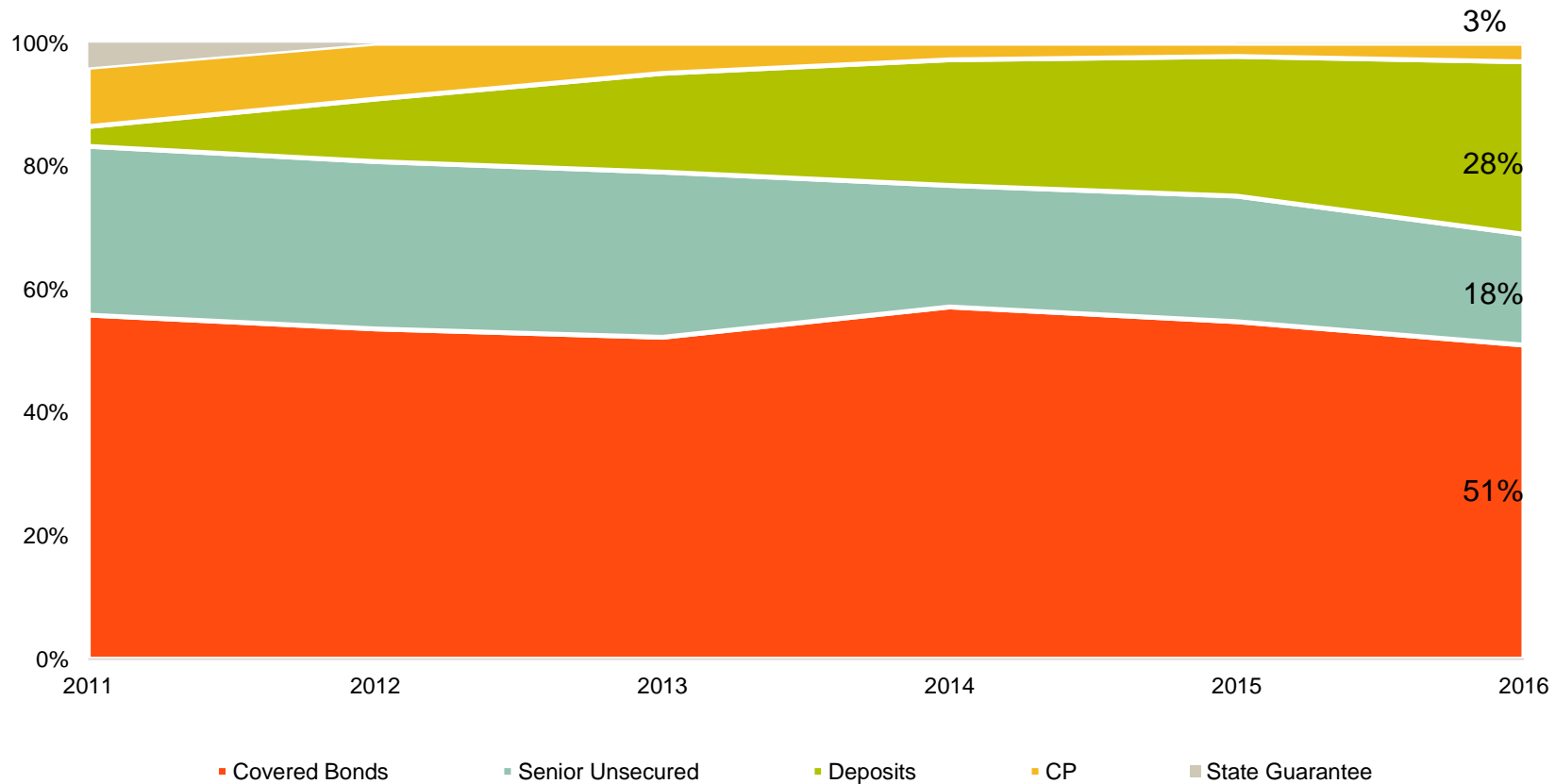
Funding sources



Currency profile



Development of funding sources

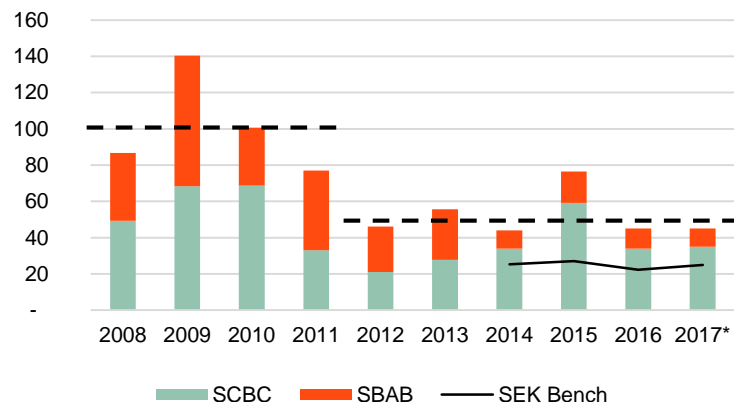


SBAB Group funding

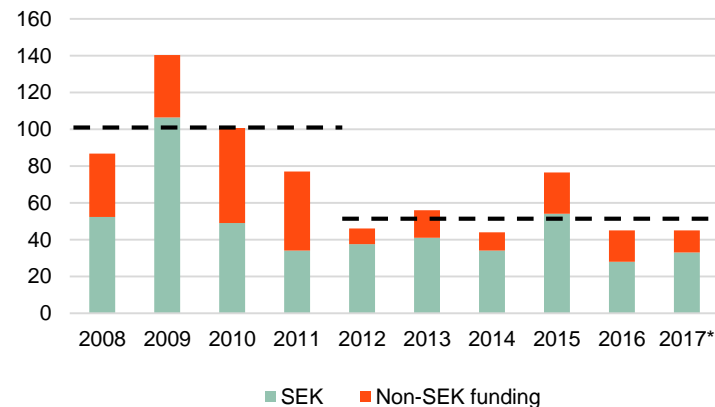
- Moderate funding needs ahead

- 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 volume for 2016 around SEK 45bn and for 2017 estimated to around SEK 40 to 50bn, of which a majority in SEK
- Long term goal to extend maturity

Annual issuance, SEK (bn)



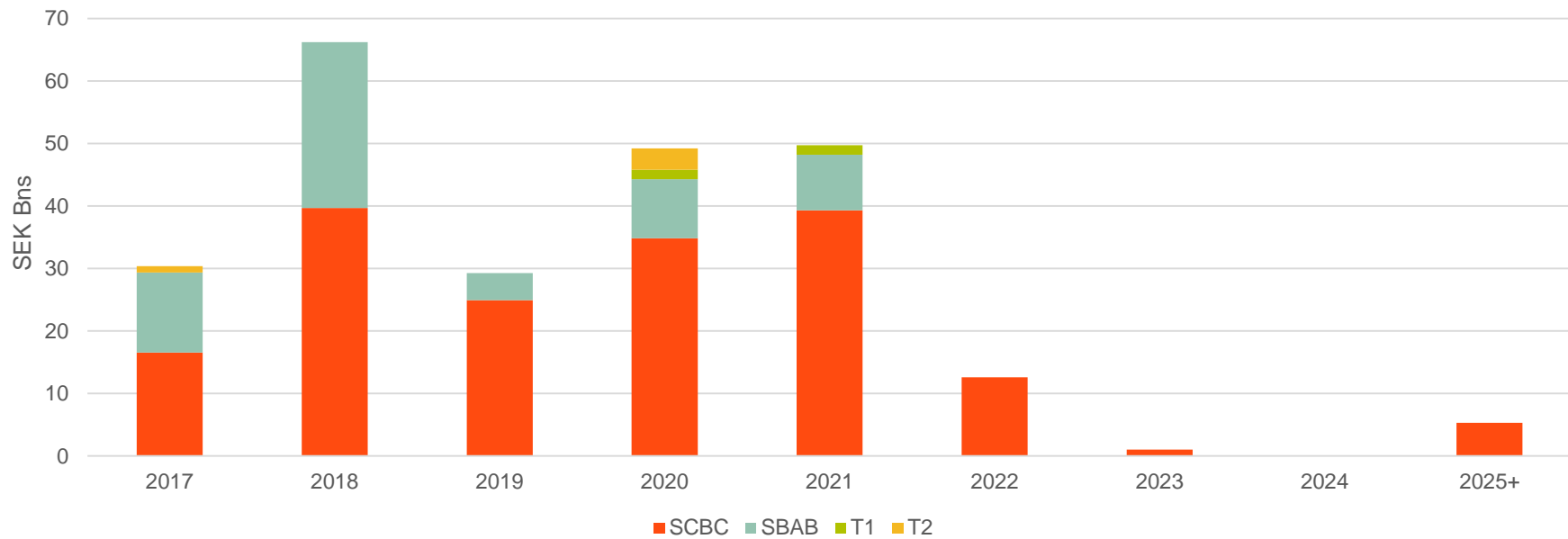
Currency split, SEK (bn)



Maturity profile

- Smooth funding profile reduces refinancing risk
- Liquidity risk is being mitigated through buy-backs of maturing bonds

Maturity profile, SEK (bn)



As of 31st December 2016

Funding programme

- Total long term funding 2017 SEK 40/50bn
 - **1-2 public transactions in international funding markets**
 - **1-2 new SEK covered bond benchmarks** per year
 - Private placements in SEK
 - Private placements in international funding markets
- Overall funding strategy is to maintain presence and regularity in core funding markets (predominantly EUR and SEK)
- SBAB's focus is to further extend its maturity profile
- **Regular future issuance:** Dedicated to SEK and expected to return to EUR covered bond market at least once a year going forward



Regular presence in EUR market

SBAB!

Senior Unsecured
€500mn

0.5%
5y due May '21

April 2016

SBAB!

Senior Unsecured
€750 mn

FRN
3y due Jun '18

May 2015

SBAB!

Senior Unsecured
€750mn

2.375%
7y due Sep '20

Aug 2013

SBAB!

Senior Unsecured
€750mn

1.375%
5y due May '18

Apr 2013

SCBC

— Covered Bonds of SBAB —

Covered Bond
€1bn

0.375%
7y due Feb '24

Jan 2017

SCBC

— Covered Bonds of SBAB —

Covered Bond
€1bn

0.25%
5y due Jan '21

Jan 2016

SCBC

— Covered Bonds of SBAB —

Covered Bond
€750 mn

0.375%
5y due Sep '20

Sep 2015

SCBC

— Covered Bonds of SBAB —

Covered Bond
€500 mn

0.25%
7y due Jun '22

Jun 2015

SBAB!

Key highlights

- **100%** owned by the Kingdom of Sweden
- **Government ownership clause** for senior unsecured investors
- Extremely **low risk business** - purely Swedish mortgage portfolio, predominantly residential mortgages; **extremely low loan losses**
- Sustainable **profitability**
- **Strong liquidity position**
- **Solid capitalization**
- **Deposit growth**
- **Stable funding mix** with good access to both domestic and international capital markets
- International funding **diversification** strategically important
- Regular future issuance



A woman with long brown hair, wearing a green and grey plaid blanket, is sitting on the ground and holding a white mug. She is looking out over a misty, green landscape with tall evergreen trees in the background. The scene is serene and atmospheric.

APPENDIX I

SCBC

The SCBC product

- The limited activities of SCBC provide additional benefits to investors

Robust structure

- Strength of a regulated entity combined with a restricted activity vehicle reduces number of other potential creditors
- As a result, in addition to the eligible assets, investors also benefit from over-collateralisation provided by:
 - Non-eligible assets
 - Regulatory capital held by SCBC (maintain 8% capital adequacy ratio)

Subordination of SBAB Interests

- Fees for services provided by SBAB are subordinated to SCBC's senior creditors
- Where a mortgage certificate serves as collateral for 2 different mortgage loans, SBAB has subordinated its interest to SCBC
- Loans 30 days in arrears are normally repurchased by SBAB

Loans in Arrears

- Loans 30 days in arrears are normally repurchased by SBAB

Other Features

- Loans 30 days in arrears are normally repurchased by SBAB
- Dynamic O C in compliance with Aaa requirements
- UCITS Compliant
- Swedish covered bonds are eligible for repo at Riksbank
- Following the ECBC's labelling initiative

SCBC Cover Pool

- Key characteristics as of 31st December 2016

Collateral	100% Swedish residential mortgages *
Over Collateralization	40.4%
Weighted average LTV	53.7%
Weighted average seasoning	6.2 years
Loans in arrears	Arrears below 0.01% (SBAB buys back loans in arrears > 30 days)
Number of loans	337 853
Average loan size	SEK 710 695
Geographical location	Spread throughout Sweden; concentrated in economic hubs
Pool type	Dynamic
Originator	SBAB Bank Group
Interest rate type	62% floating, 38% fixed / 49% amortising, 51% interest only

National Template

Details published monthly on: www.sbab.com (both in PDF and Excel-format)

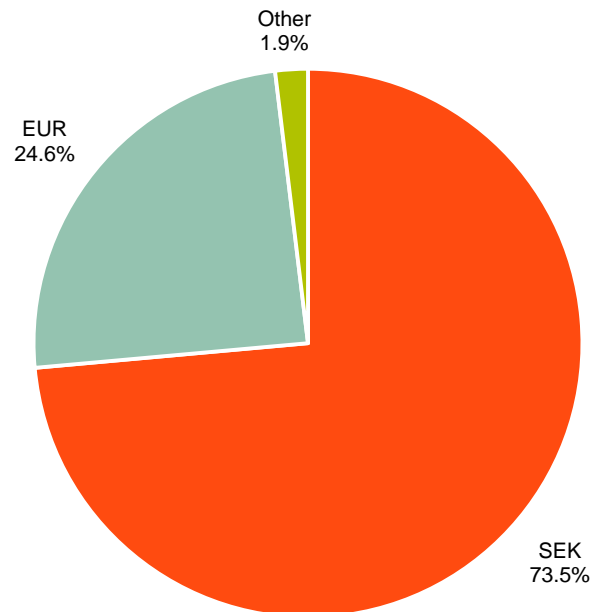
SCBC SBAB BANK			
Issuer			
Issuer:	SCBC	Complies with CRR art. 129.7	
Owner:	SBAB		
Controlling authority:	SSA		
Long Rating	S&P	Moody's	Fitch
Covered bond	-	Aaa	-
Owner	A	A2	-
Report date: 31/01/2016			
Cover pool			
Included assets			
Loan	300 205	Cover pool items	
Supplemental assets	0	Number of loans	367 190
Other	-	Number of clients	153 996
Total	300 205	Number of properties	153 063
		Average loan size	654 172
loan volume, loan volume, Average loan			
Type of collateral	MSEK	%	sec. SEK
Single family housing	98 258	41%	461 300
Tenant owner %Hs	80 971	34%	548 500
Multi family housing	17 544	7%	31 553 658
Tenant owner associations	41 903	17%	6 711 090
Forest & agricultural	-	-	-
Public	1 600	1%	333 038
Commercial	-	-	-
Sum	300 205	100%	
loan volume, loan volume,			
Interest rate type	MSEK	%	
Floating	148 140	62%	
Fixed	93 065	38%	
Sum	300 205	100%	
Average life, years 7.3			
LTV Level			
	10-20%	20-30%	30-40%
Loan volume, MSEK	50 364	46 047	40 778
Loan volume, %	21%	19%	17%
Maturity			
	2016	2017	2018
Nominal amount	175 825	23 952	14 793
Interest rate	1,69%	2,64%	2,52%
Maturity is the time remaining to the next change of interest rate in the contractual terms			
Seasoning			
	0-12 M	12-24 M	24-36 M
Loan volume, MSEK	57 382	25 779	19 006
Loan volume, %	24%	12%	9%
Credit quality			
	1-30 d	31-60 d	61-90 d
Loan volume, MSEK	26	-	-
Share of loan volume, %	0%	-	-
Impaired loans, % 0%			
Key ratios			
OC, annual	34,5%		
LTV, as defined by ASCB	55,3%		

Bonds									
Domestic benchmark bond									
BIN	Amount, MSEK	Opening date	Coupon	Interest rate type	Maturity type	Scheduled maturity	Legal maturity		
S0003172519	14 270	23/03/2011	4,00%	Fixed	Hard bullet	21/09/2016	21/09/2016		
S0003172527	15 250	30/03/2012	4,00%	Fixed	Hard bullet	21/06/2017	21/06/2017		
S0003172535	16 500	07/02/2013	4,00%	Fixed	Hard bullet	21/03/2018	21/03/2018		
S0003180822	13 915	19/12/2012	4,00%	Fixed	Hard bullet	19/12/2018	19/12/2018		
S0005469030	17 141	18/09/2013	4,00%	Fixed	Hard bullet	18/09/2019	18/09/2019		
S0006452900	20 522	24/11/2014	2,00%	Fixed	Hard bullet	17/06/2020	17/06/2020		
S0006758561	7 900	01/04/2015	1,00%	Fixed	Hard bullet	17/03/2021	17/03/2021		
Other benchmark									
BIN	Amount, MSEK	Currency	Issue date	Coupon	Interest rate type	Maturity type	Scheduled maturity	Legal maturity	
XS135548362	9 209	EUR	02/02/2016	0,25%	Fixed	Soft bullet	20/01/2021	20/01/2022	
XS1173454812	9 209	EUR	07/09/2014	0,63%	Fixed	Soft bullet	07/09/2021	07/09/2022	
XS061621624	9 209	EUR	20/04/2011	3,28%	Fixed	Hard bullet	20/04/2016	20/04/2016	
XS0498136255	9 209	EUR	30/03/2010	3,25%	Fixed	Hard bullet	30/03/2017	30/03/2017	
XS069524908	7 000	SEK	10/09/2013	0,01%	Floating	Hard bullet	10/09/2018	10/09/2018	
XS120081077	6 997	EUR	05/09/2015	0,38%	Fixed	Soft bullet	05/09/2020	05/09/2021	
XS038383823	5 500	SEK	02/07/2014	0,26%	Floating	Hard bullet	02/07/2019	02/07/2019	
XS1248349711	4 664	EUR	17/06/2015	0,25%	Fixed	Soft bullet	17/06/2022	17/06/2023	
Amount, M SEK									
Domestic benchmarks 105 948									
Other benchmarks 61 477									
Other bonds 24 832									
Total of outstanding bonds 192 257									
of which swaps 110									
Maturity, expressed in SEK									
	2016	2017	2018	2019	2020	2021-2025	2026-2030	2031-	Sum
Total	31 021	26 941	42 214	23 041	21 203	24 216	1 100	1 308	192 257
Total, %	16%	14%	22%	12%	17%	12%	1%	1%	100%
Interest rate type									
	Amount, MSEK	Amount, %							
Fixed	147 137	77%							
Floating	25 120	13%							
Sum	192 257	100%							
Hedging and risk									
Currency risk, MSEK									
	Pool assets	Covered bonds							
SEK	300 205	133 198							
EUR	-	51 989							
USD	-	341							
Other	-	6 735							
Sum	300 205	192 257							
All currency risk are hedged at the time of the issue and matches the foreign currency liability in terms of coupon payments and principal and final exchange. All foreign currency liabilities are transferred into Swedish krona (SEK) since all assets in the cover pool are in Swedish krona. All currency risk is therefore minimal.									
Interest rate risk, MSEK									
	Pool assets	Covered bonds							
Fixed	92 065	167 127							
Floating	248 140	25 120							
Capped floating	0	0							
Sum	300 205	192 257							
All interest rate risk from the liabilities are to be match with the assets in the cover pool. Fixed rate liabilities are matched with fixed rate liabilities to the extent possible, otherwise interest rate swaps are used to transfer fixed rate payments to floating rate payments.									

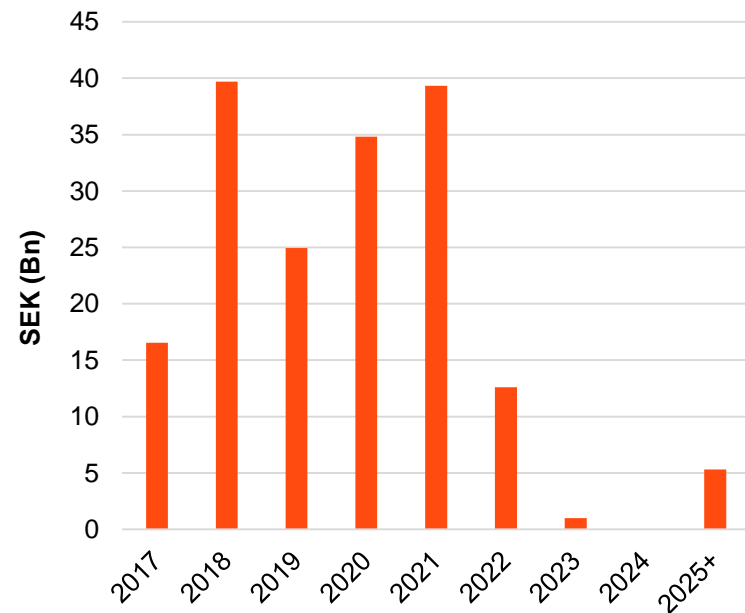
SCBC funding

- Total covered bonds outstanding: SEK 174bn as of 31st December 2016

Currency profile



Maturity profile

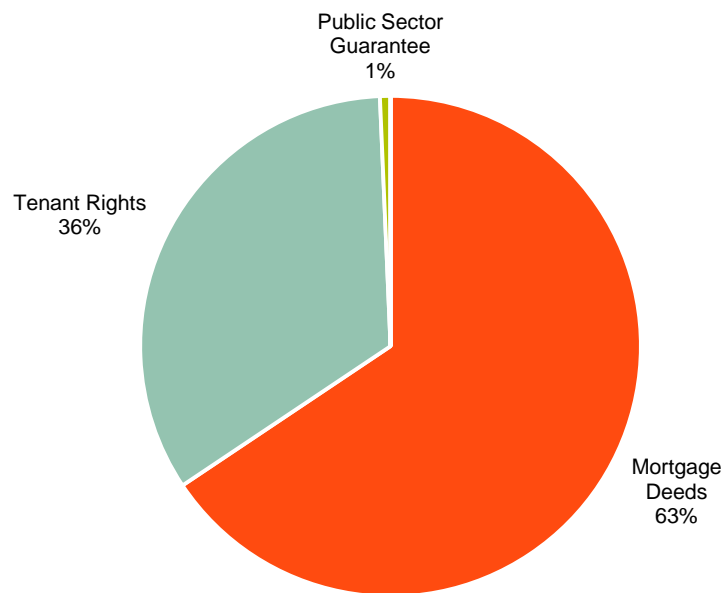


SCBC Cover Pool

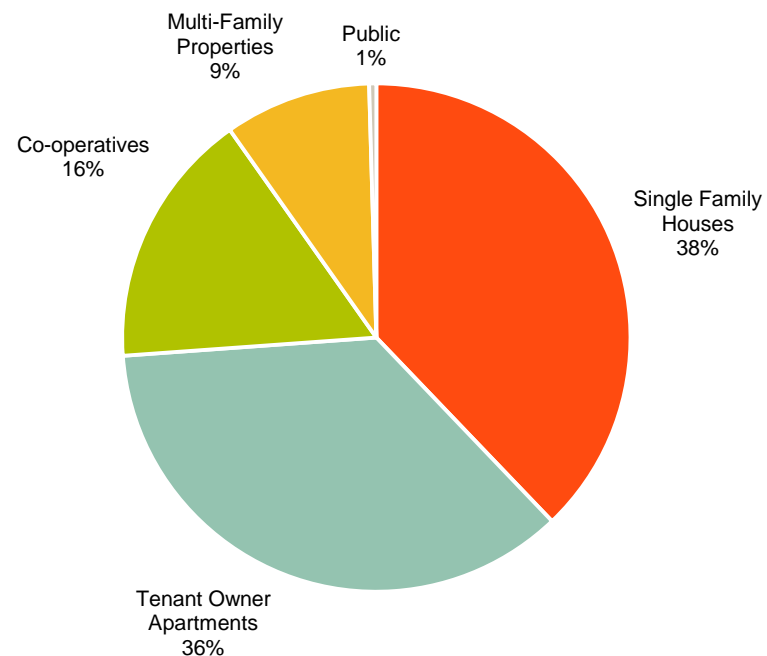
- Distribution by Collateral and Owner as of 31st December 2016

Breakdown by collateral

- Predominantly residential mortgages



Breakdown by owner



OC

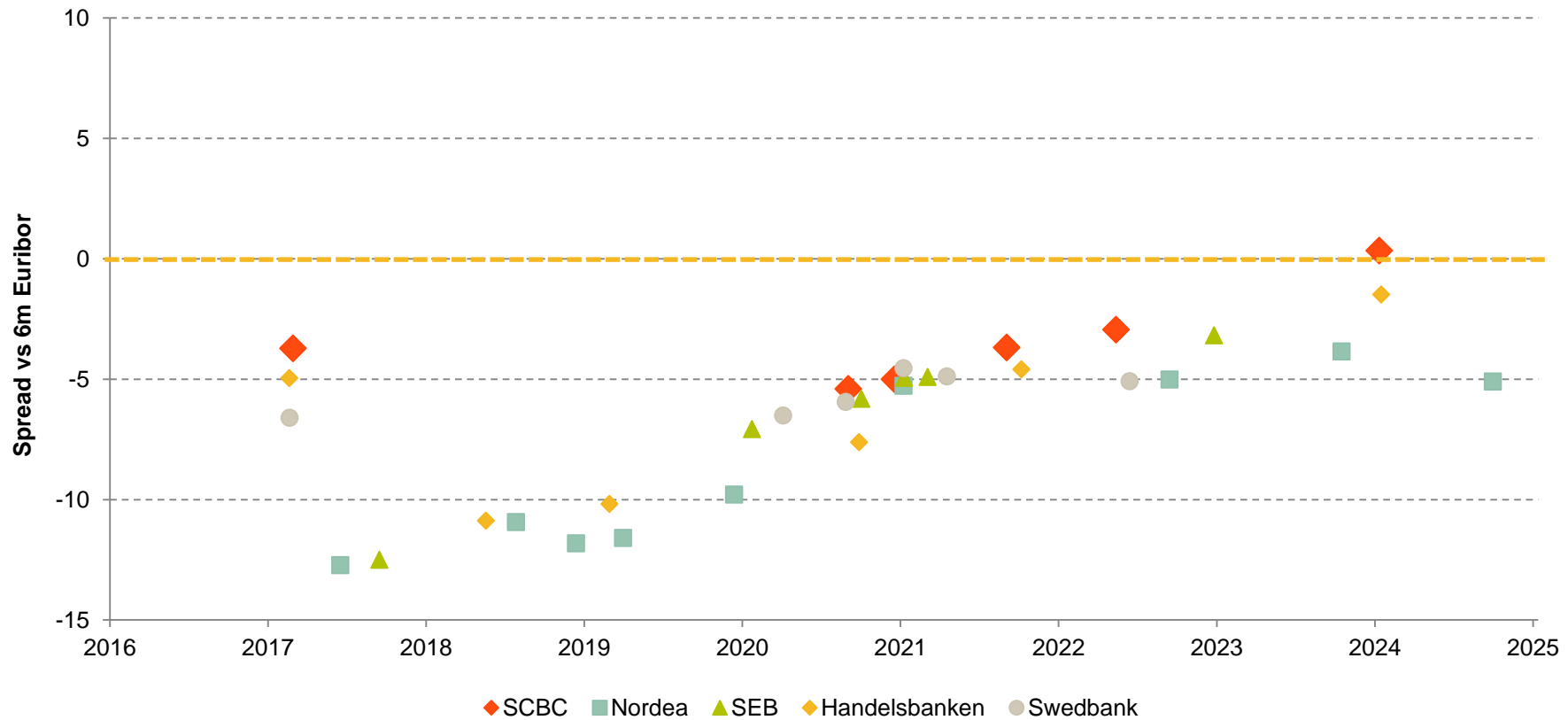
- OC changes with houseprice valuations

- Lending is originated from SBAB and assets are transferred to the cover pool via true sale- typically once a year or when needed according to funding plan
- Large buffer to a significant fall in house prices- Simulation of decline in house prices and the corresponding effect on eligible assets, LTV and OC is shown in the table below as of 31st Dec 2016

Houseprice change	Eligible assets in cover pool (SEK bn)	WA LTV (%)	OC* (%)
0%	238.9	55.2	37.44
-5%	236.5	57.1	36.0
-10%	233.2	58.9	34.1
-15%	228.8	60.6	31.6
-20%	223.0	62.1	28.3
-25%	215.7	63.5	24.1
-30%	206.4	64.7	18.8

Trading levels of outstanding bonds

- EUR Covered Bonds

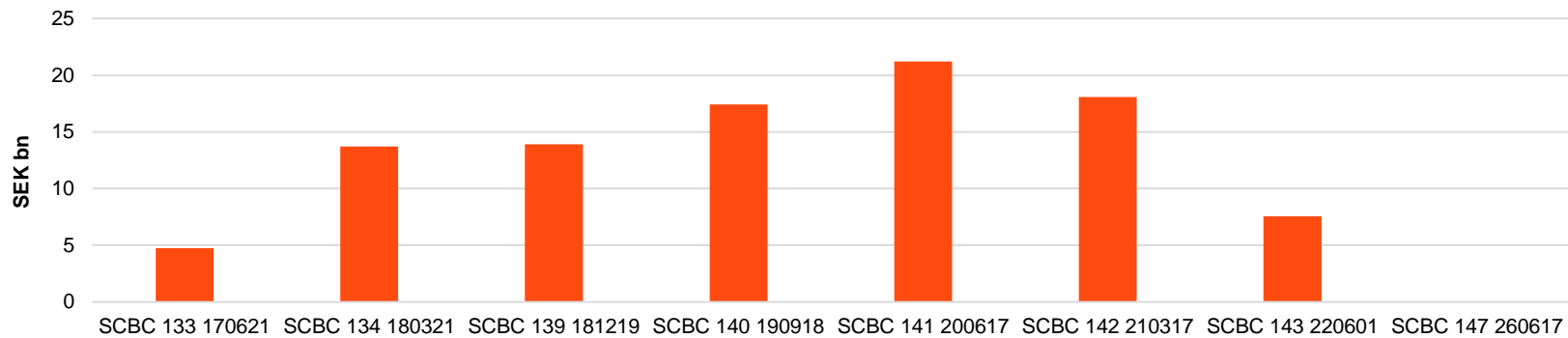
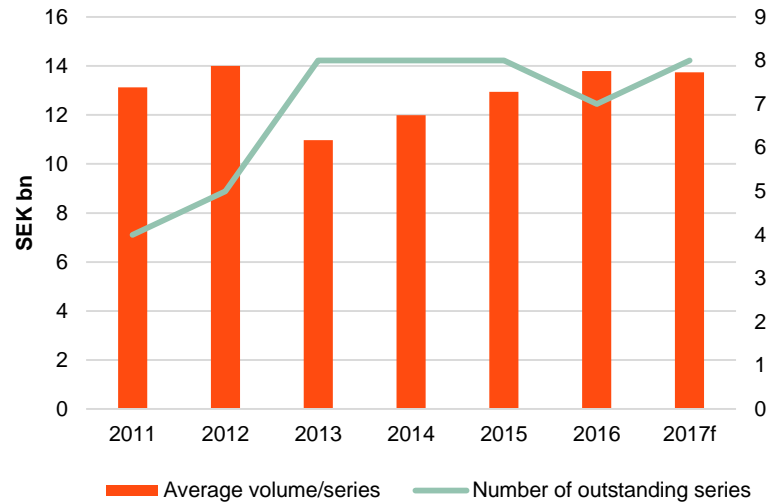
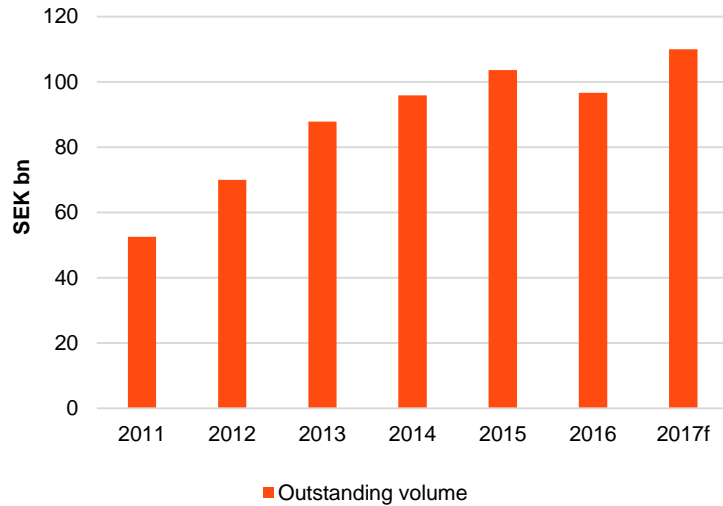


Swedish legislation in comparison

- A secure framework

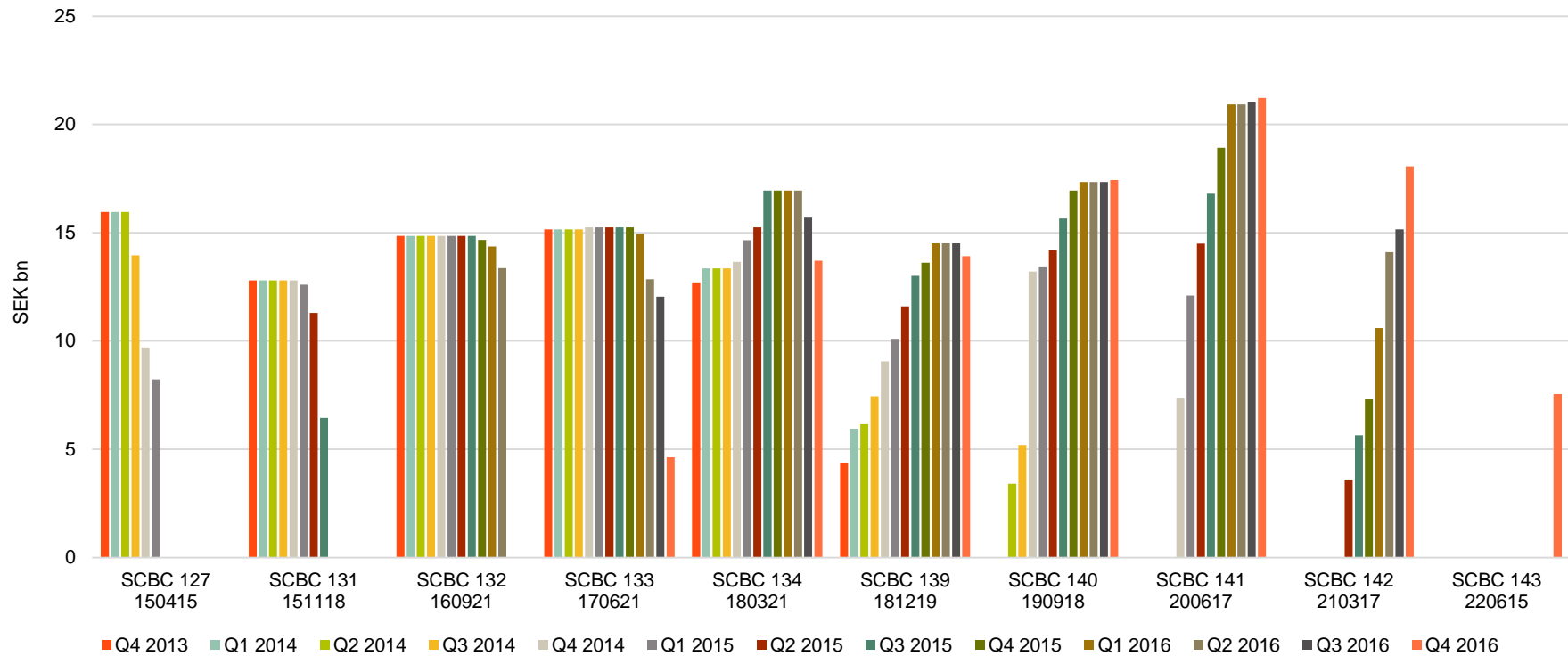
	Sweden	Germany	France	Ireland	Finland
Market structure	On balance sheet issuance	On balance sheet issuance	Special bank	Special bank	Special bank
Max LTV *	75%	60%	80%	75%	60%
Min. overcollateralisation	2%	2%	Not defined	Not defined	Not defined
Max. substitute collateral	20%	20%	20%	20%	20%
Cover register	Yes	Yes	No	Yes	Yes
Independent monitor	Yes	Yes	Yes	Yes	No
BIS Risk weighting	10%	10%	10%	10%	10%
Derivatives as collateral	Yes	Yes	Yes	Yes	Yes
Matching requirements	NPV, nominal value, currency, interest	NPV, nominal value, currency, interest	Nominal value	Nominal value, currency, interest, duration	Nominal value, currency, interest, duration

SEK Benchmark Program



SEK Benchmark Program

- Build up and buy backs



The Swedish covered bond market

- One of the best functioning bond markets in the world

The bond market has been open and well functioning throughout the crisis, providing reliability and liquidity.

Key distinction of the market is the tap issuance format via contracted market makers. Tap issuances can be made on a daily basis in small to medium sizes.

Market is supported by market makers with separate market making agreements and repo functionality providing issuers with enhanced liability management options.

Typically issuers start reducing their outstanding debt about 6-9 months before maturity via successive buy-backs and switches

The total value of the Swedish covered bond market was EUR 222 billion as of Q4 2015



A woman with long brown hair, wearing a thick green knitted blanket, is sitting on a gravel path. She is holding a white mug and looking out over a misty forest. The background is a dense forest of tall evergreen trees, with a small building visible in the distance. The overall atmosphere is calm and serene.

APPENDIX II

SWEDISH KEY ECONOMIC FIGURES

Kingdom of Sweden



- Area : 450 295 sq km
- Population : 9 906 331 (aug 2016)
- Urban population: 85% of total population
- 21 Counties, 290 Municipalities
- Capital : Stockholm
- Constitutional monarchy
- Unicameral Parliament (Riksdag) with 349 seats
- Elections: last held on 14 September 2014 (next to be held on 9 September 2018)
- Government : Coalition of Social Democrats and Greens
- The Swedish economy rests on a capitalist system mixed with public-private partnership, centralized wage negotiations and substantial welfare elements
- Sweden has one of the world's highest per capita income (IMF)

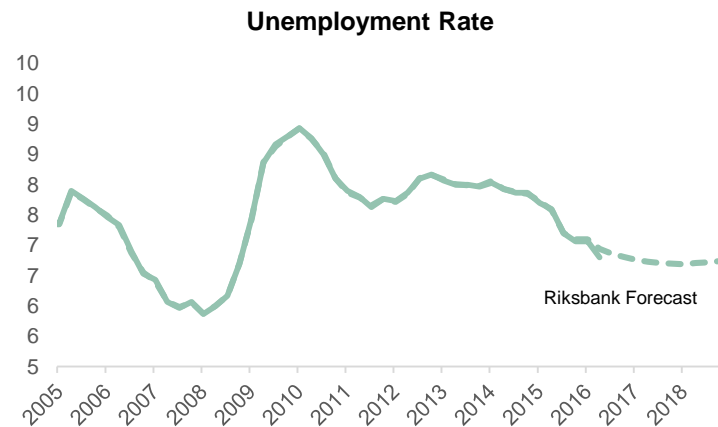
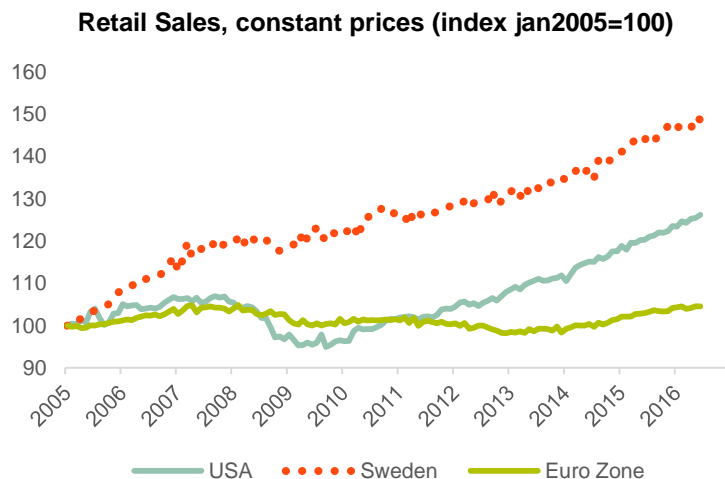
Kingdom of Sweden



- Approx. 45% of GDP is exported. Largest goods trading partners are the Scandinavian countries, Germany and UK
- Sweden joined the EU in 1995, but the euro was rejected in a public referendum 2003
- The currency, the krona, has been floating since 1992 when the fixed exchange rate regime was abandoned
- The Centralbank, Sveriges Riksbank, operates monetary policy under an inflation target of 2%, +/- 1%
- Sweden ranks third in The Economist's Democracy Index 2015, fourteenth in the United Nations' Human Development Index 2015, ninth in the World Economic Forum Global Competitiveness Index 2015-16 and second in the Global Innovation Index 2016

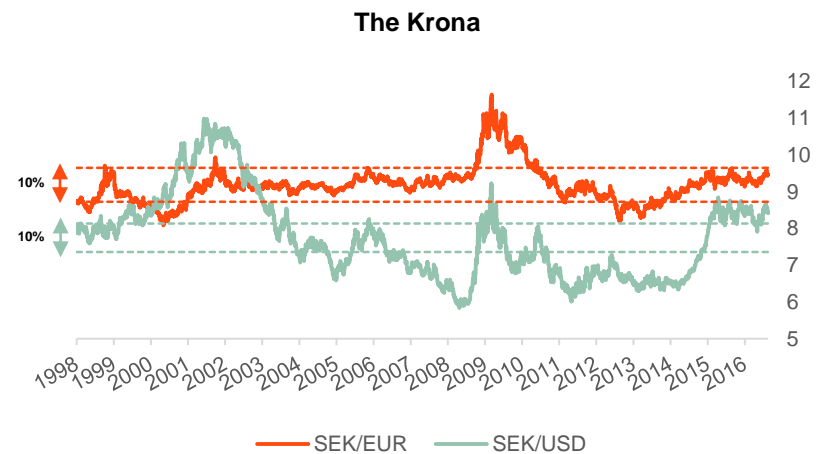
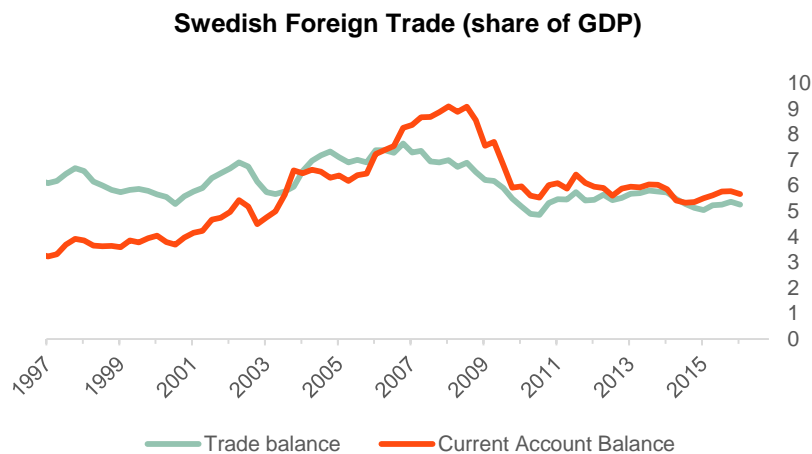
Strong domestic economy

- **Domestic demand has been stimulated by stable public finances, increasing employment, low inflation, sinking interest rates and rising house prices over the past years**
 - Retail sales has risen by almost 50% over the past ten years
- **The labour market has strengthened**
 - Employment has increased by 1.1% on average and hours worked by 1.2% per year over the past ten years. The activity rate (16-64y) has gone from below 80% in 2009 to above 83% in early 2016



Foreign trade and the Krona

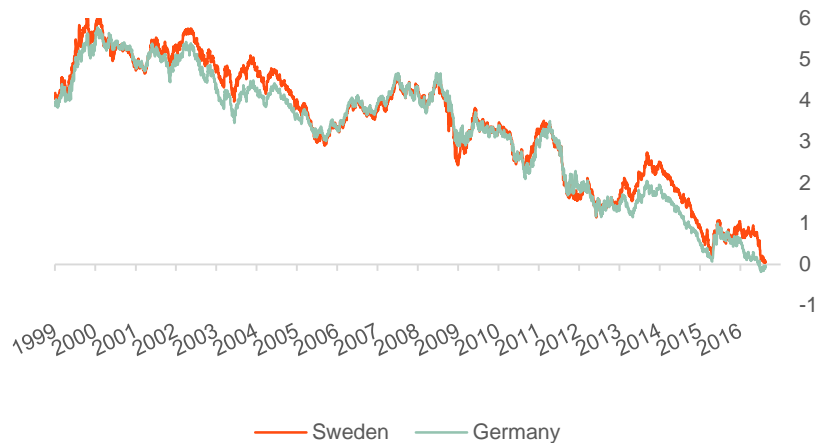
- **Very strong current account**
 - Exports make up about 45% of GDP. Foreign trade has shown a surplus since the mid-1990s
- **The Krona has been floating since 1992**
 - As a fairly small currency it is rather sensitive to changes in international risk appetite and business flows. It has however historically been highly correlated with the Euro
- **The Krona is weaker than its historical average...**
 - ..if compared to a trade weighted basket. Factors contributing to a strong krona are a strong current account, high relative growth, solid public finances while low interest rates and weak export flows are dampening



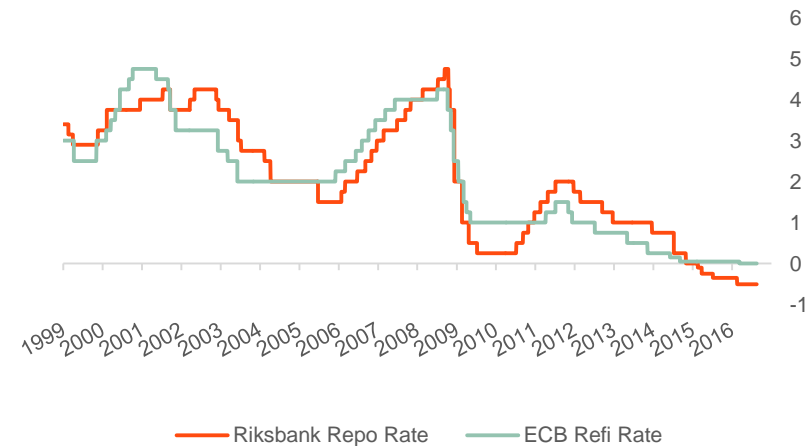
Interest rates

- **Long and short interest rates have a high correlation with European (i.e. German) rates**
 - The ten year spread against Germany has on average been +19bp, over the last 15 years, correlation has been 0.79
- **Sweden has gained something of a safe haven status over the last 10-15 years**
 - Strong public finances, a stable financial system, low inflation and international flight to quality have been holding down long term interest rates

Ten Year Government Bond Rates



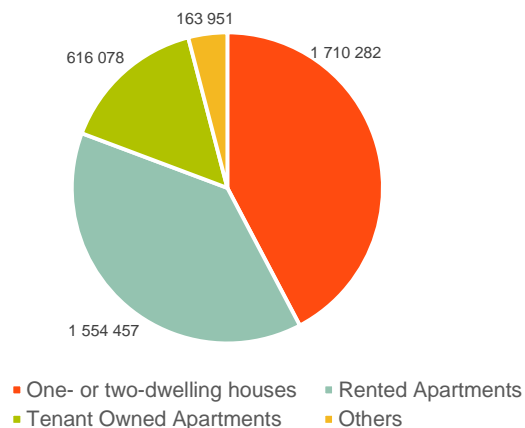
Policy Rates



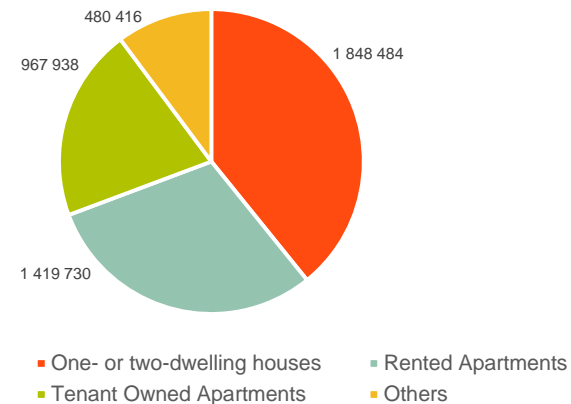
The Swedish housing market

- **Most Swedes own their dwelling**
 - 65 % of the dwelling stock is owner occupied and 35 % is rented
- **The rental market is highly regulated**
 - Rent controls are strong and a large part is owned by property companies controlled by municipalities. The share of rented apartments has been declining due to rent regulations making it unprofitable to build new units where demand is high (large cities)
- **The number of tenant owned apartments has risen**
 - Price increases have made it highly profitable for private (and public) landlords to sell their properties to tenant-owner associations

Number of Dwellings (1990)



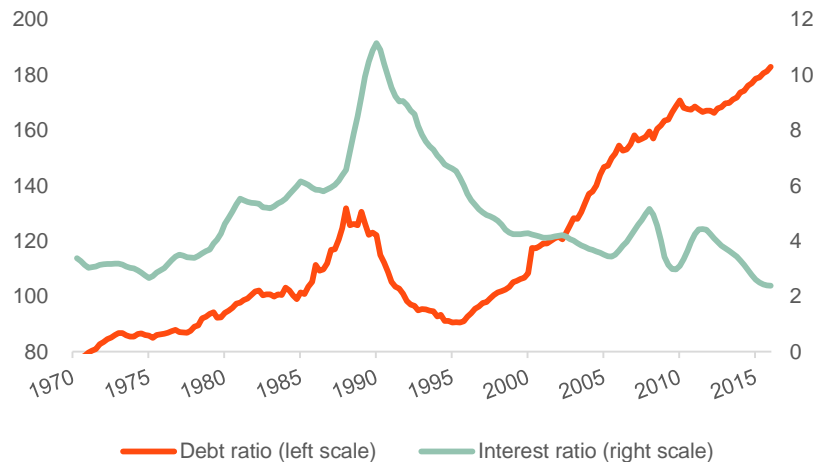
Number of Dwellings (2015)



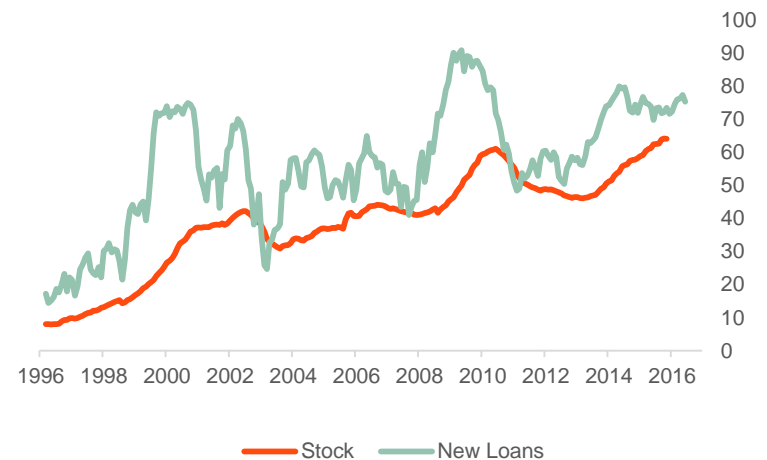
Household debt has increased

- **High debt to income ratio but low interest costs**
 - The household debt to income ratio has increased from around 90% in 1995 to above 170%. The rise in the debt ratio is strongly connected to the decline in interest rates and rising homeownership
- **Average household exposed to interest rate risk**
 - The interest ratio is below 3%. Rising interest rate levels will eventually push up the interest ratio in the coming years. This effect will be reinforced by the increased use of floating interest rates

Household Debt and Interest Cost Share of Income



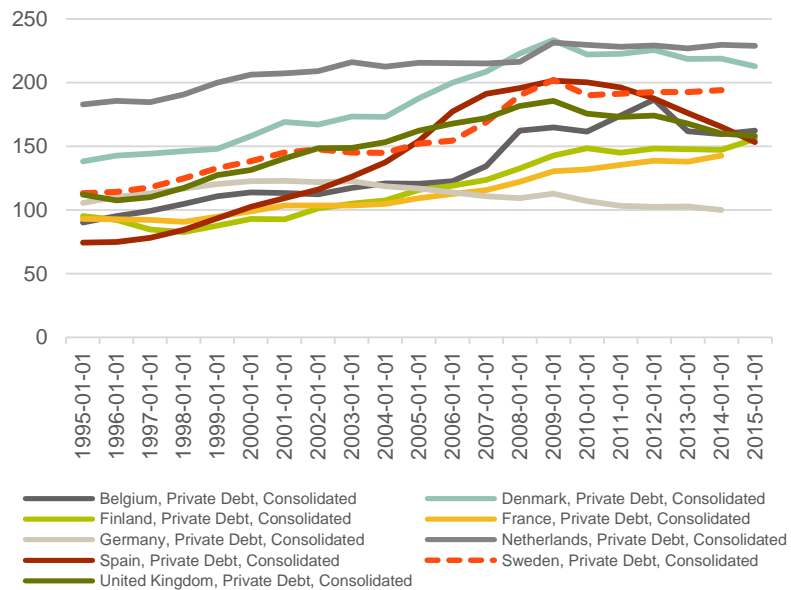
Share of Mortgage Loans with Floating Interest Rates



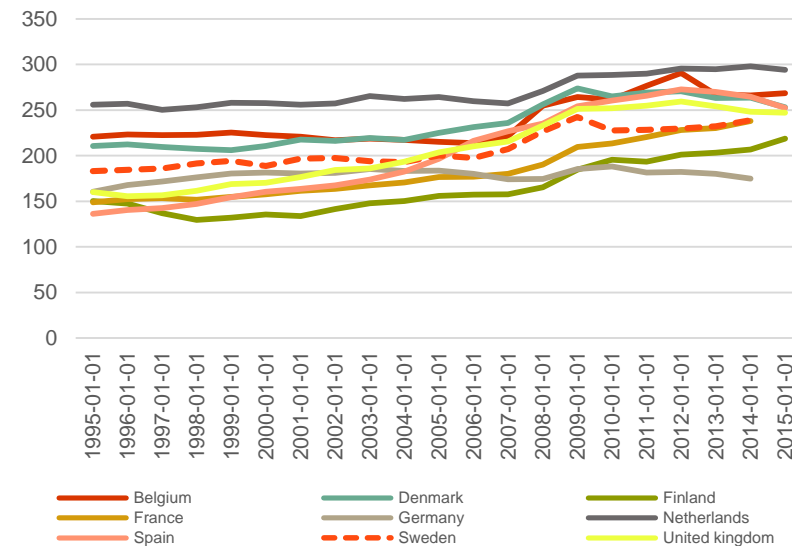
Debt compared to other countries

- **Household debt to income is rather high compared to some other countries**
 - The general conclusion from authorities is that household debt is not a threat to financial stability but future growth should be contained
- **Total debt (household, company and public) around average in an international comparison**
 - Strong public finances puts Sweden in a favorable position

Private Debt (share of GDP)



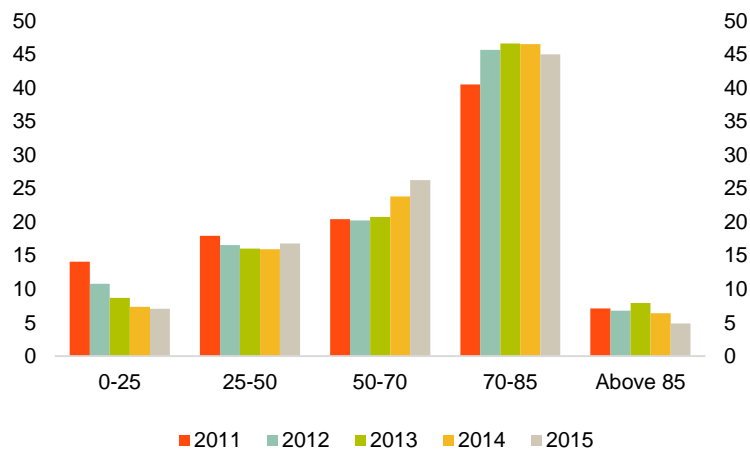
Private and Public Debt (share of GDP)



Measures are working

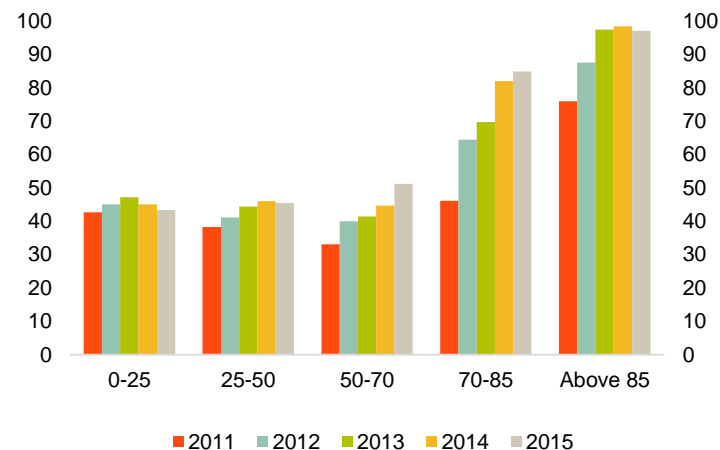
- **Mortgage LTV cap and amortization requirements have had effects**
 - The share of high LTVs has decreased
 - The share of amortising households has gone from 44% to 67%

Share of Households with Different Loan-to-value Ratios, New Loans



Note. Shows the share of households for different loan-to value ratios.

Share of Households Amortising for Different Loan-to-value Ratios, New Loans



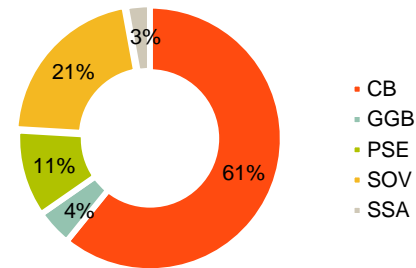
Note. Amortisation according to loan agreement.

Liquidity

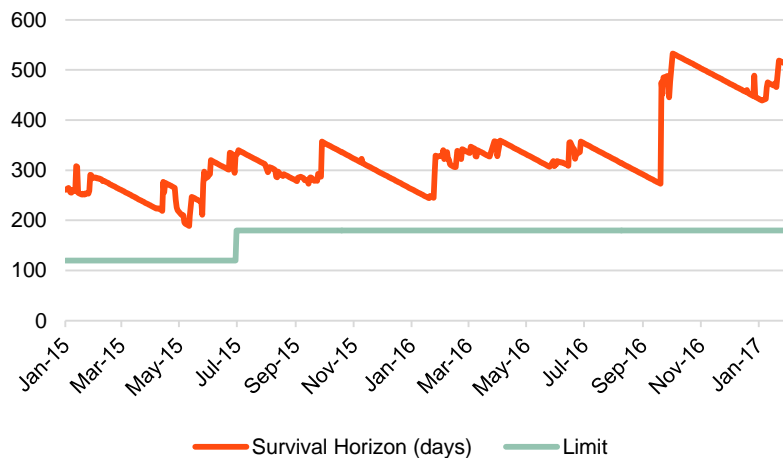
- Securities portfolio - SEK 69,5bn, 100% AAA (from at least one agency)

- LCR compliant since 1st January 2013
 - at the end of Q4 2016, LCR stood at 243% for all currencies combined
- New investment only AAA
- Maximum 10y maturity
- We have increased our portfolio to extend survival horizon, survival horizon stood at 444 days at YE16
- NSFR stood at 122% (31st Dec 2016)

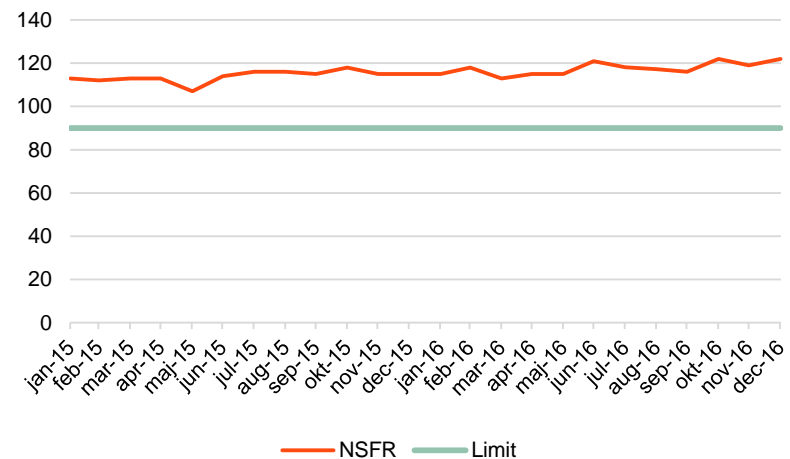
Securities type



Survival horizon (days)

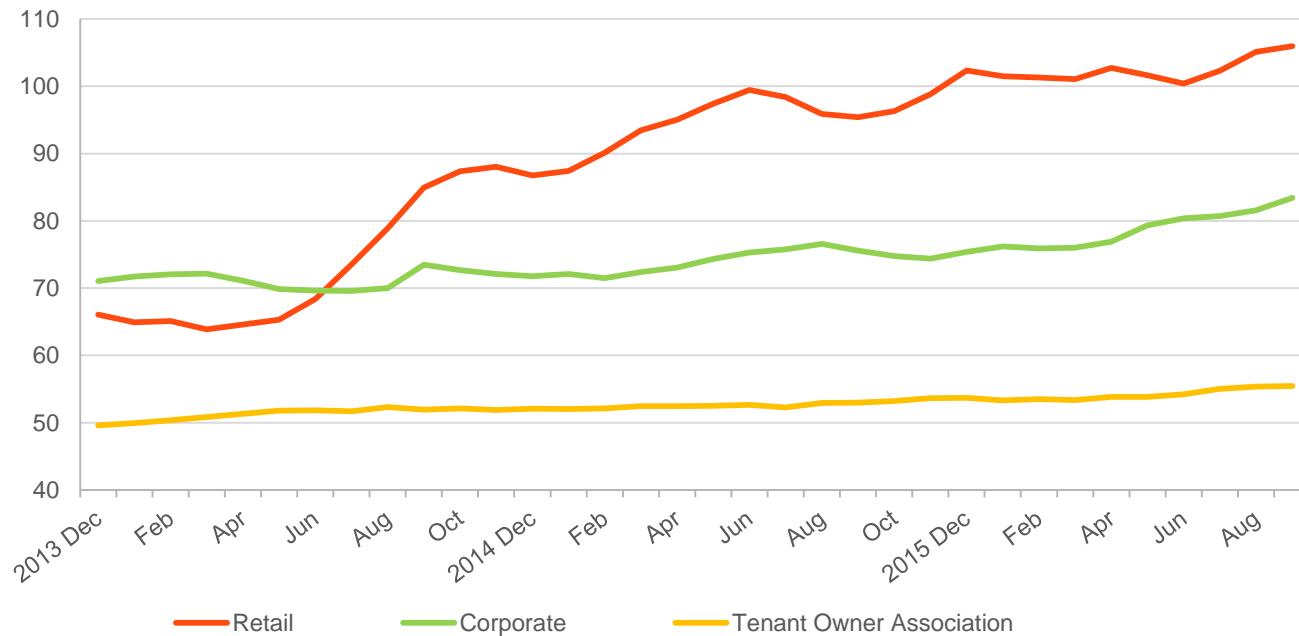


NSFR (%)



Lending margins

- Improved margins in mortgage lending
- Increased mortgage portfolio
- Decreased funding costs
- New higher capitalisation requirements- competition
- Profit targets increased



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Information on the Internet:

www.sbab.com
www.scbc.se
www.ascb.se - Association of Swedish Covered Bond issuers

Bloomberg codes:

SBAB Corp - joint code both for SBAB and SCBC

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