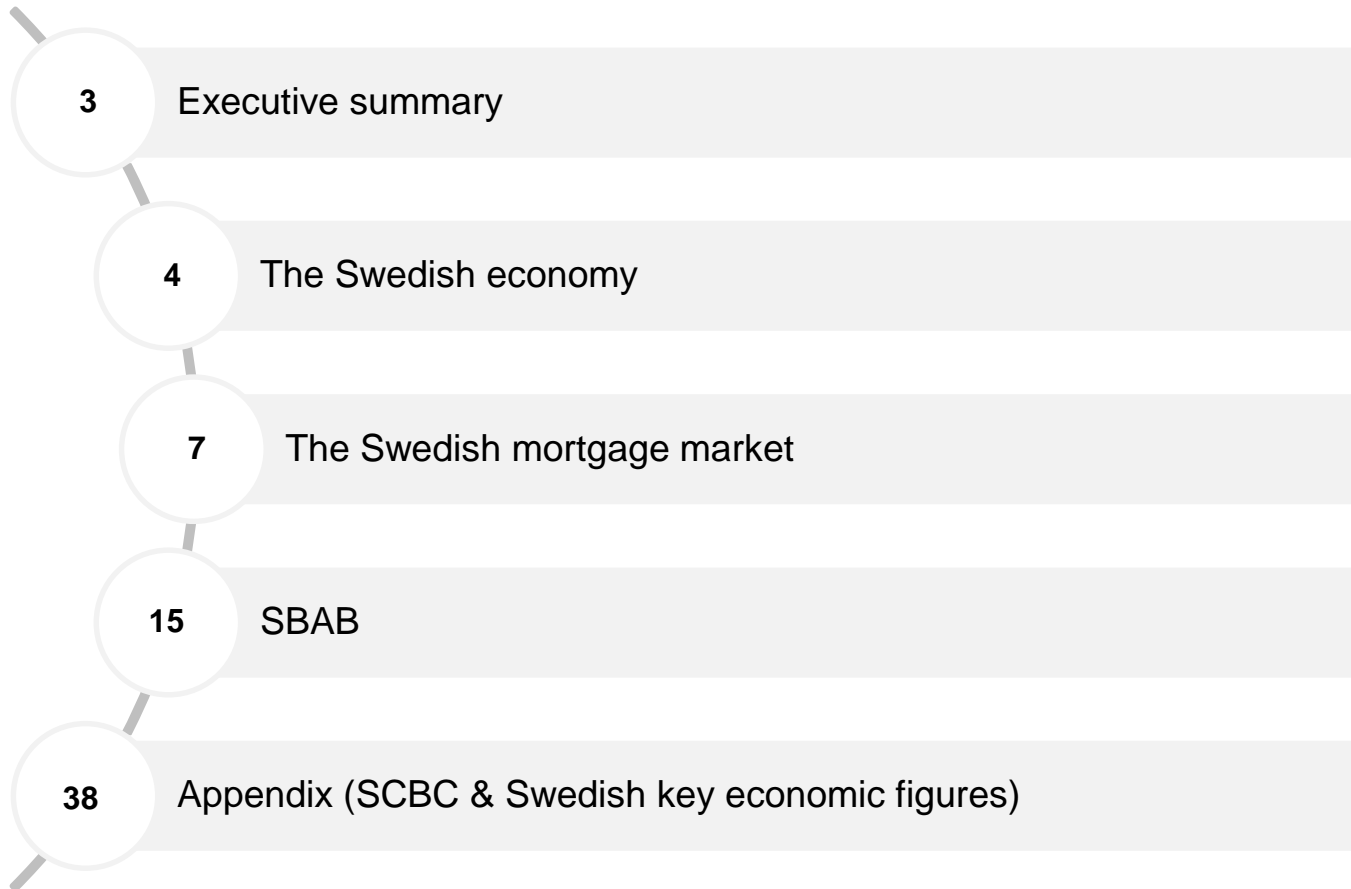


Investor presentation

First quarter 2016 | SBAB Bank AB (publ)

SBAB

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4	The Swedish economy
7	The Swedish mortgage market
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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
- SBAB senior unsecured investors benefit from government change of ownership clause
- Focus on core business, mortgages in the retail segment
- Total funding needs for full 2016, expected to be SEK 50/60 billion

	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

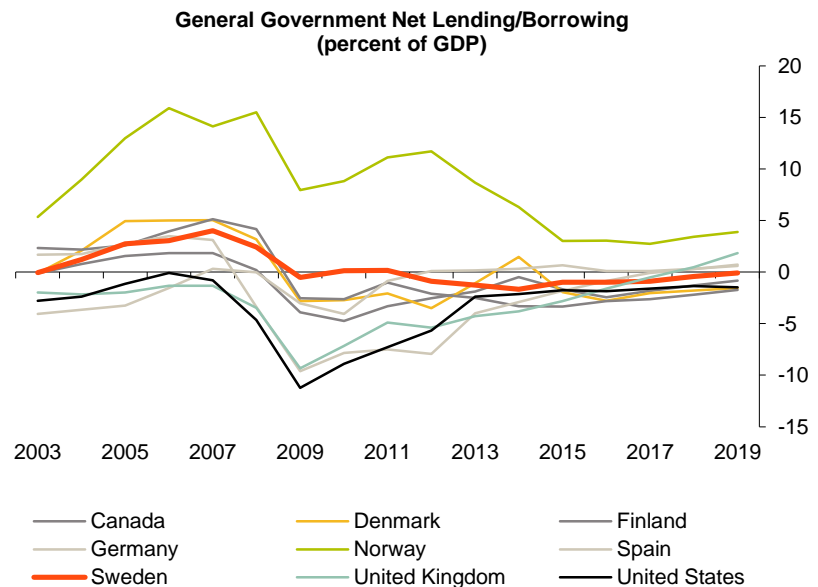
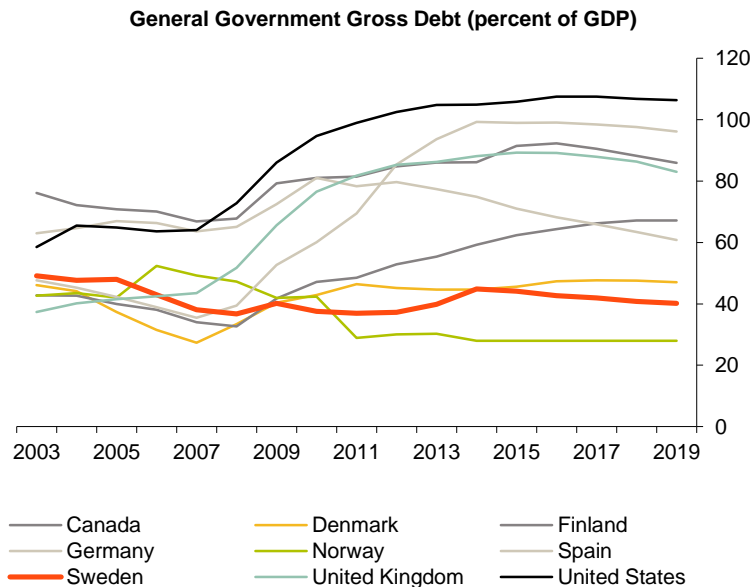


***THE SWEDISH
ECONOMY***

The Swedish economy

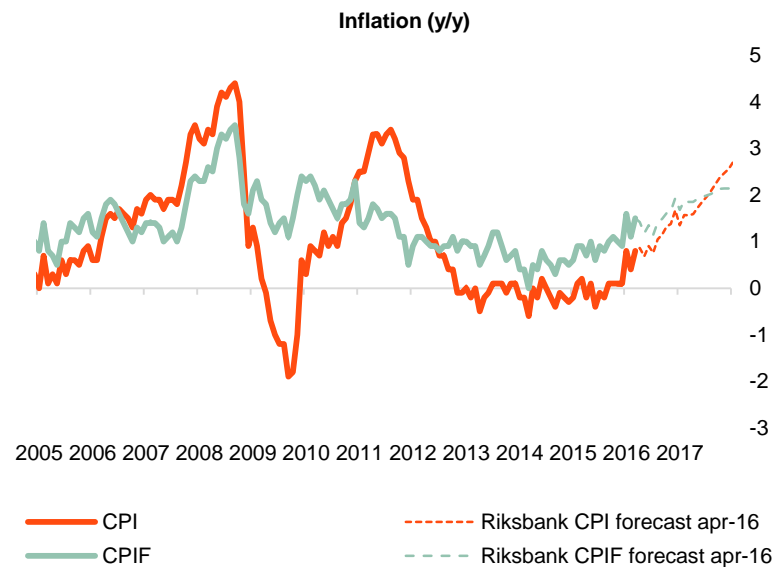
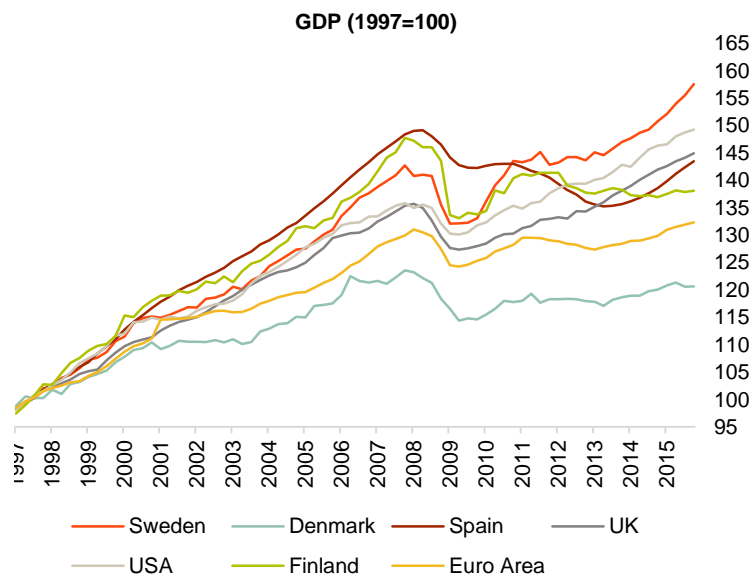
AAA / Aaa / AAA (stable)

- **Government debt is low and declining**
 - Public debt-to-GDP of 44% in 2011, 43% in 2016, 42% in 2016 (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 2.1% over the last 15 years vs 1.2% in the Euro area**
 - GDP growth is expected to slow down from 4,1% in 2015 to 3.4% in 2016 and 2.6% 2017 (Consensus Forecast, Apr-16)
- **Average inflation has been 1.2% over the last 15 years, well below the target of 2%**
 - Inflation has been 0,0% in 2014, 0.8% is expected in 2016 and 1.6% in 2017 (Consensus, Apr-16)



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 or apartment 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

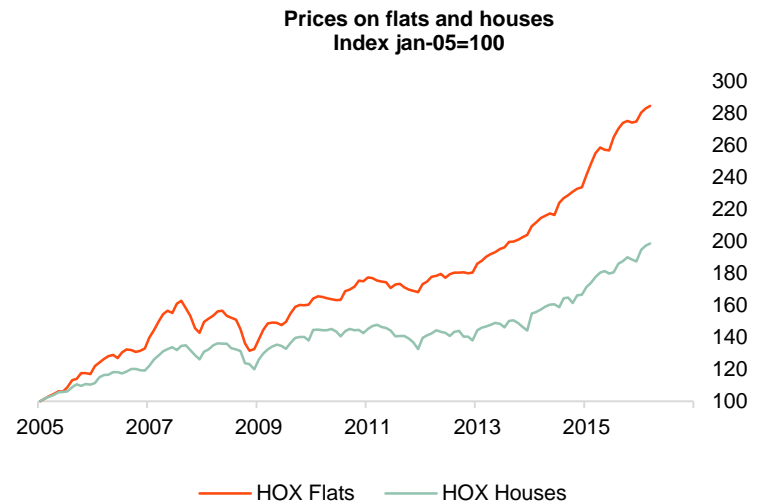
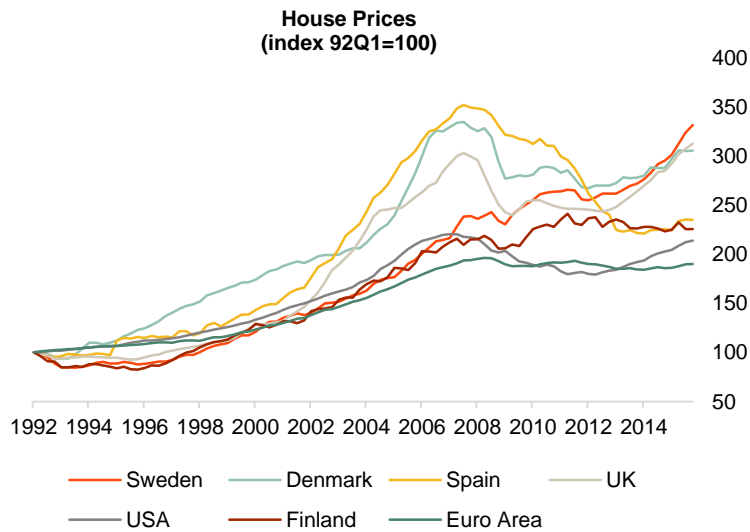
A borrower is personally liable even after a default and foreclosure procedure, i.e. full and personal recourse

Social Security

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

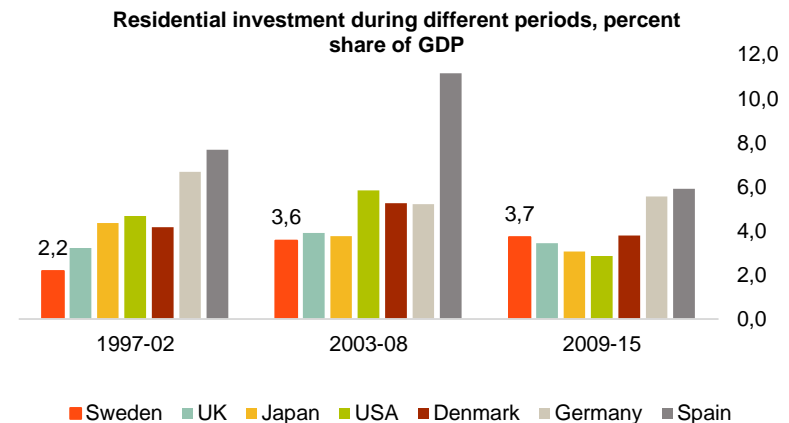
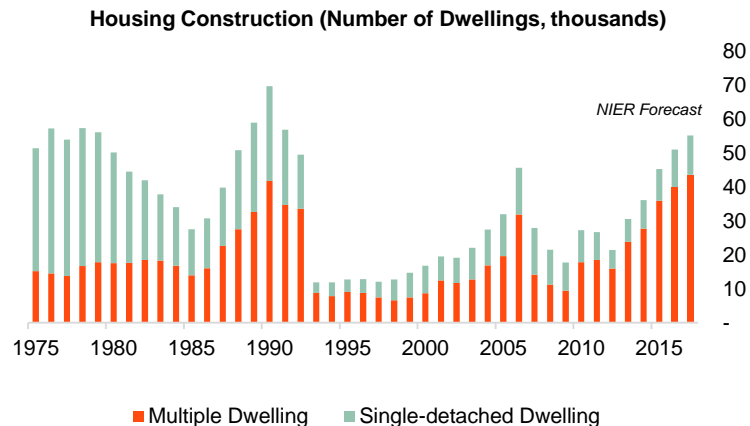
House price performance

- **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 15% during 2014 and 14% during 2015
- **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



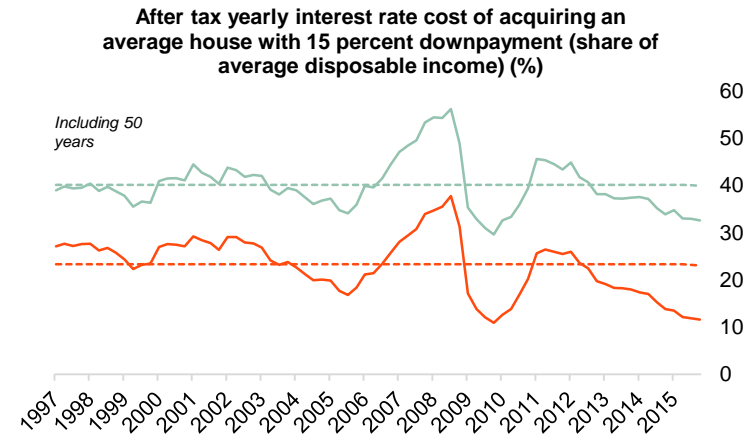
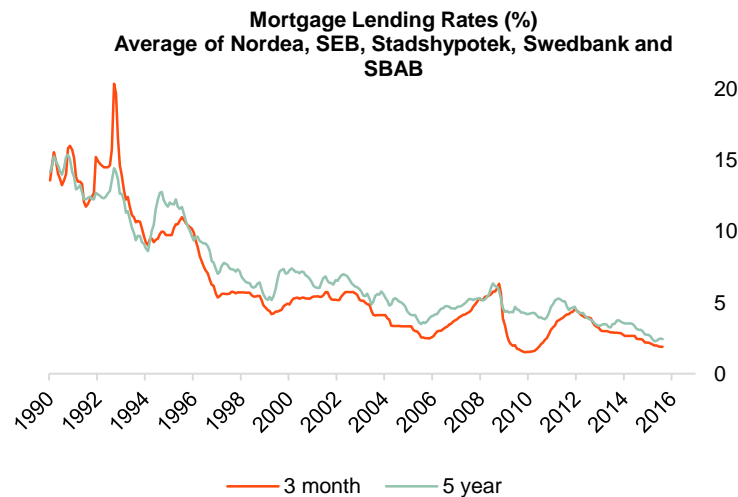
Housing construction

- **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 during the next ten years. Immigration and the number of people aged 20-35, the "first time buyers", has increased
- **Strong demand, easy access to financing and low interest rates are stimulating housebuilders and the number of new dwellings are increasing**
 - 70 – 80,000 new dwellings are needed to keep the stock of dwellings growing at the same pace as the population



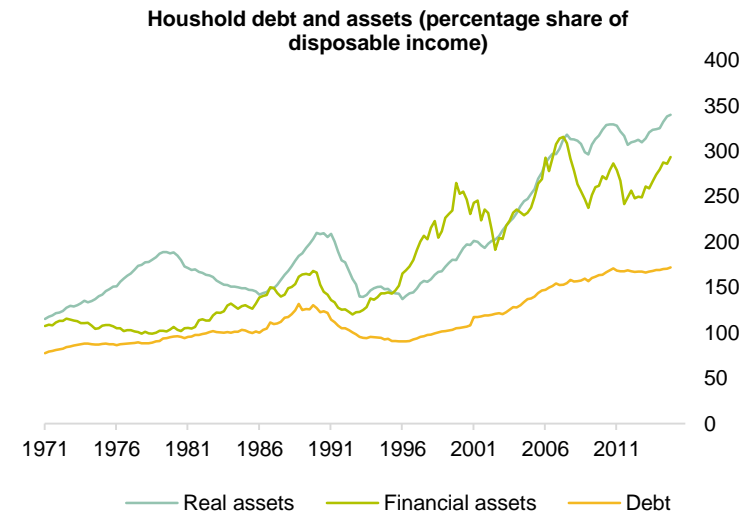
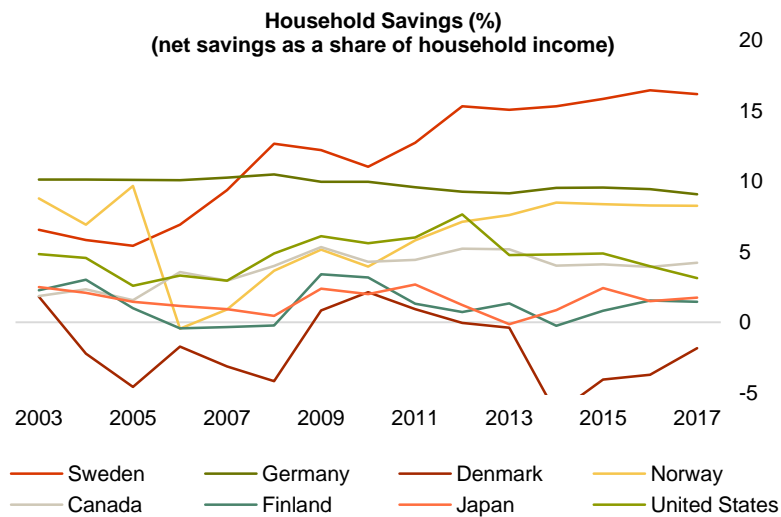
Lower costs of owning a dwelling

- **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 12%
- **Relaxation of taxes connected to housing**
 - Inheritance & gift tax abolished in 2005, wealth tax abolished in 2007
 - Residential real estate tax lowered 2008



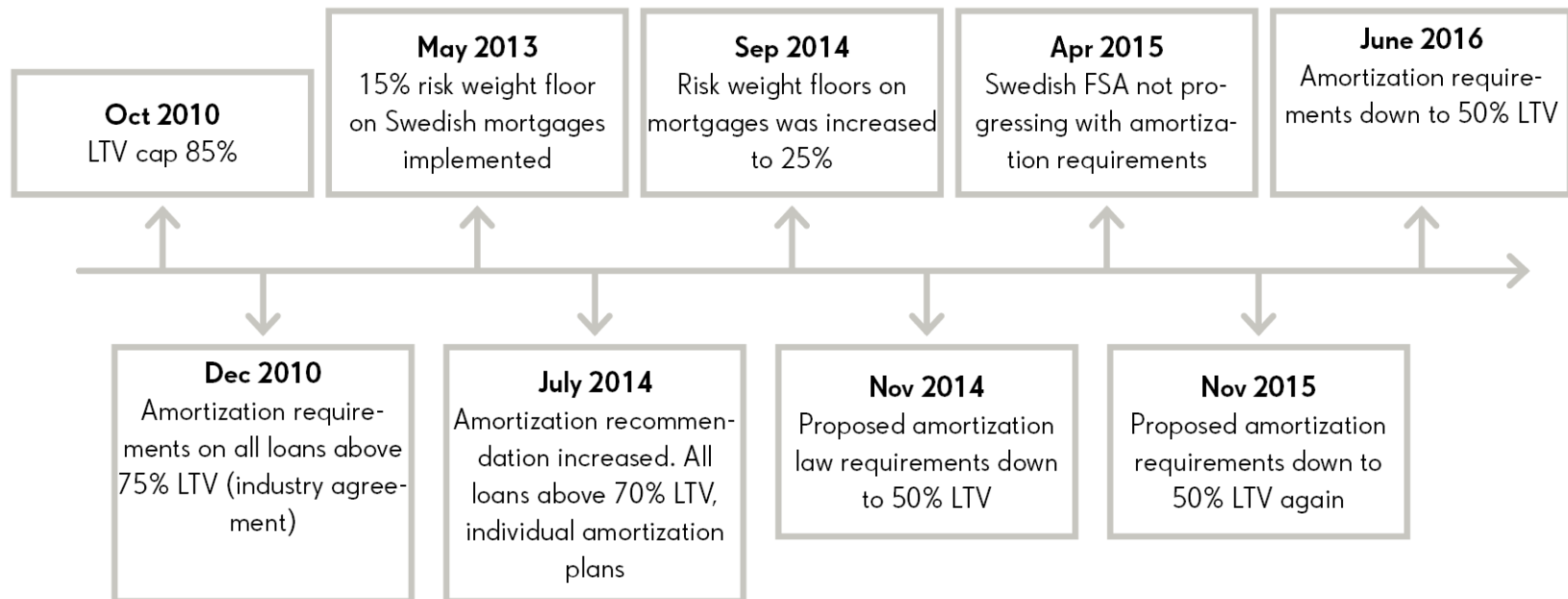
High savings ratio, high net wealth

- **High savings ratio**
 - Swedish households have a savings ratio above 15%, which is 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 above 400% of disposable income



The Swedish mortgage market

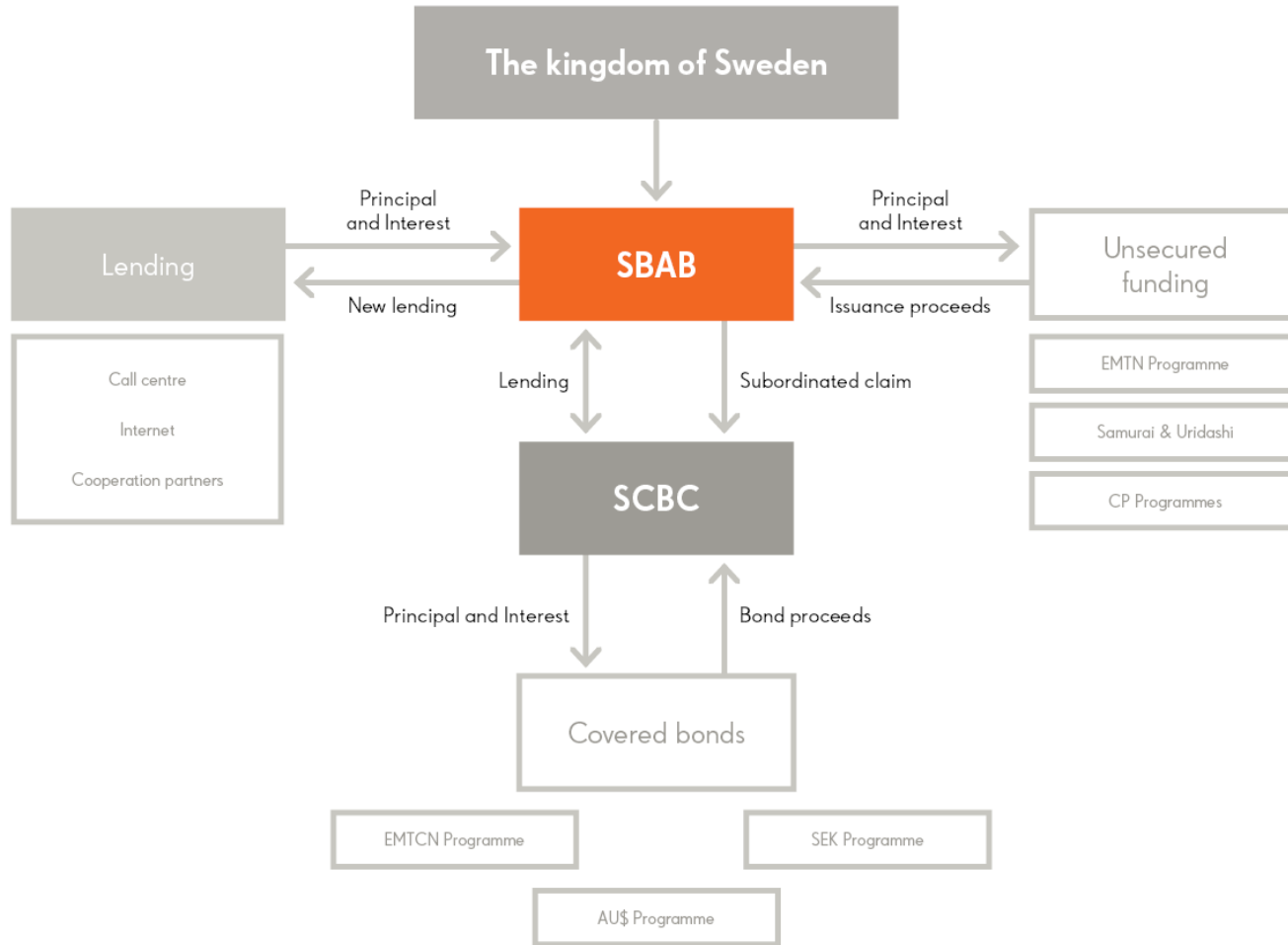
- Measures introduced to slow down the market



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
- 429 employees (FTE) at year end 2015
- Successful and cost efficient origination through:
 - Call centre
 - Internet platform (since 1998)
 - Cooperation partners
- Two main product offerings:
 - **Lending:** Mortgages are offered to retail, tenant owner associations and property companies. Total lending SEK 299bn
 - **Savings:** Savings accounts are offered to retail, corporate clients and tenant-owner association. Total deposits SEK 81bn



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



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

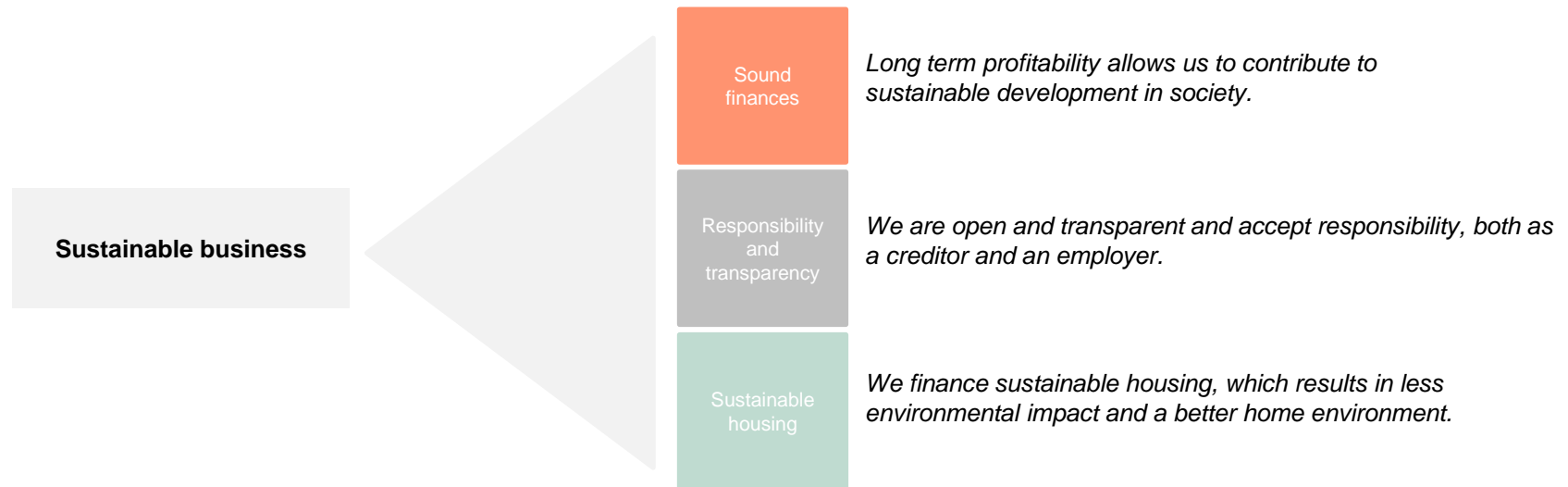
Housing specialists who care.

SBAB!

Sustainable business at SBAB

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

- 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

Highlighted numbers

(SEK mn)	Q1 2016	Q4 2015	▲ QoQ
Net Interest Income	630	647	-2.7%
Total Expense	212	235	-10.8%
Net credit "losses"	1	11	10
Operating profit *	420	395	+6.3%
Deposits (bn)	81.2	76.6	+6.0%
Loan volume (bn)	299.4	297.0	+0.8%
Deposit/Loan ratio	27.1%	25.8%	+5.0%
Cost/Income ratio *	33%	35%	-6.1%
RoE *	10.7%	10.5%	+1.9%
CET1 Ratio	27.6%	28.6%	-3.6%

Jan-March 2016	Jan-March 2015	▲ YoY
630	555	+13.5%
212	194	+9.3%
1	3	2
420	336	+25.0%
81.2	63.9	+27.1%
299.4	265.0	+13.0%
27.1%	24.1%	+12.4%
33%	36%	-9.1%
10.7%	9.4%	+13.8%
27.6%	27.5%	+0.4%

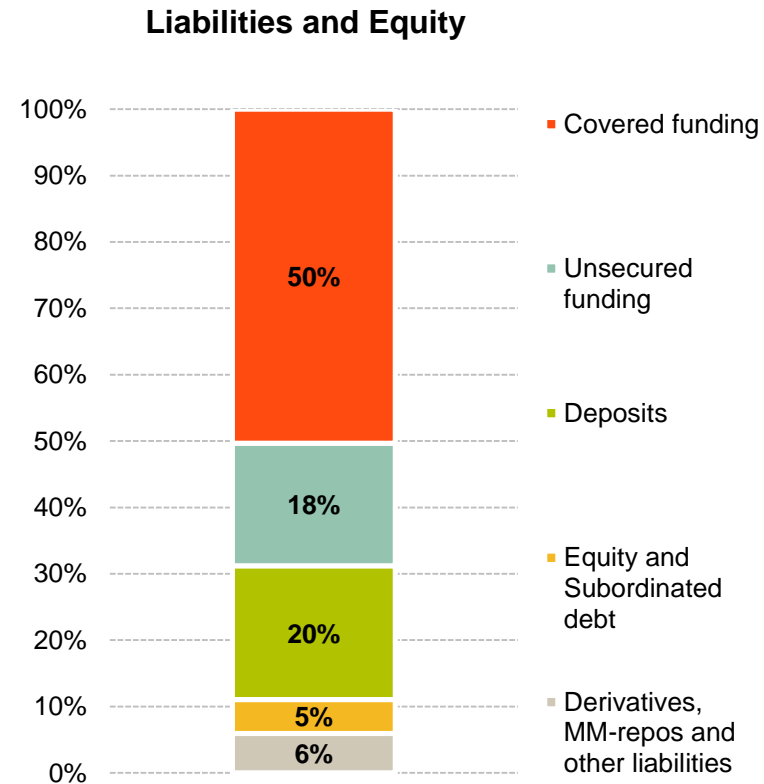
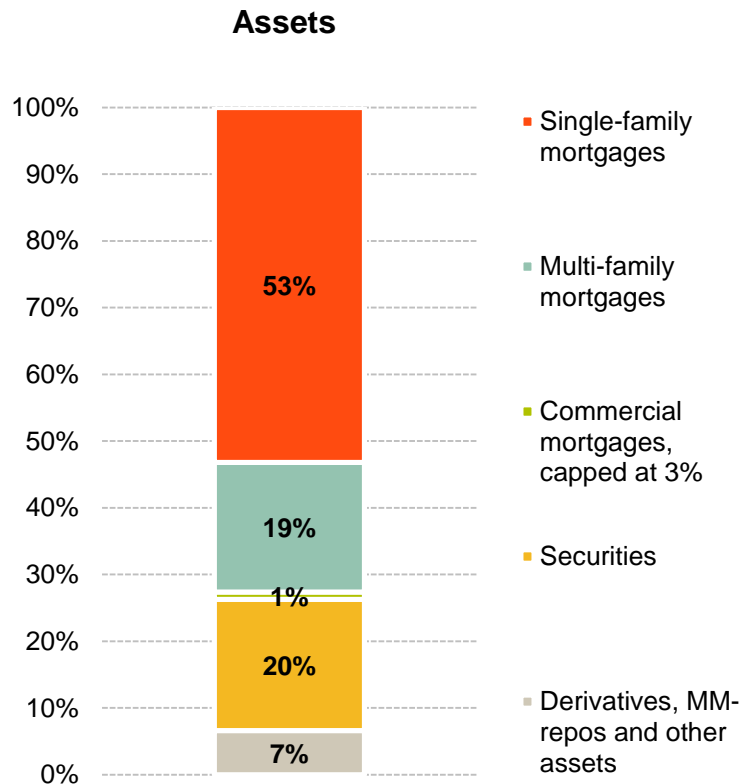
Note: * Excl. net results from financial instruments and restructuring costs

SBAB's equity and RoE *



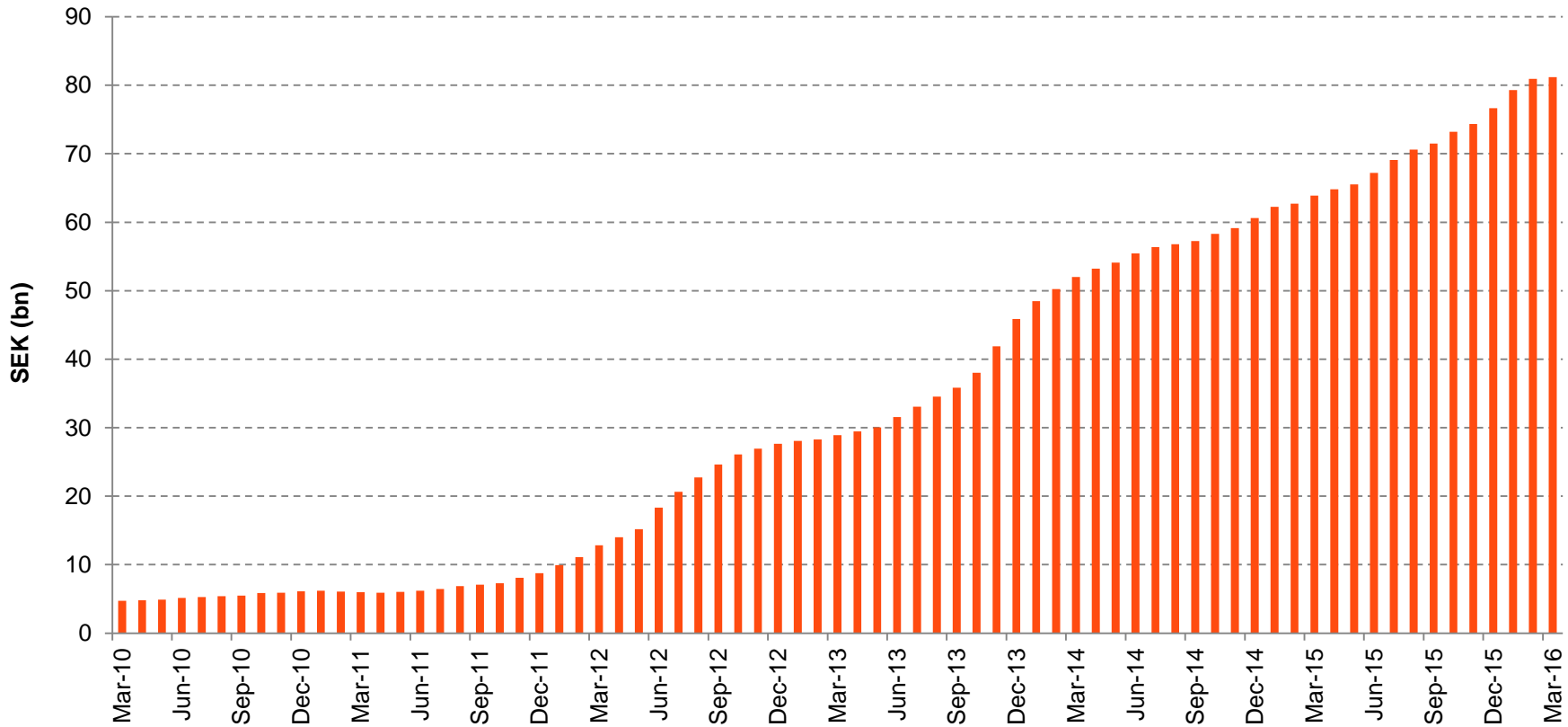
SBAB Group balance sheet

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



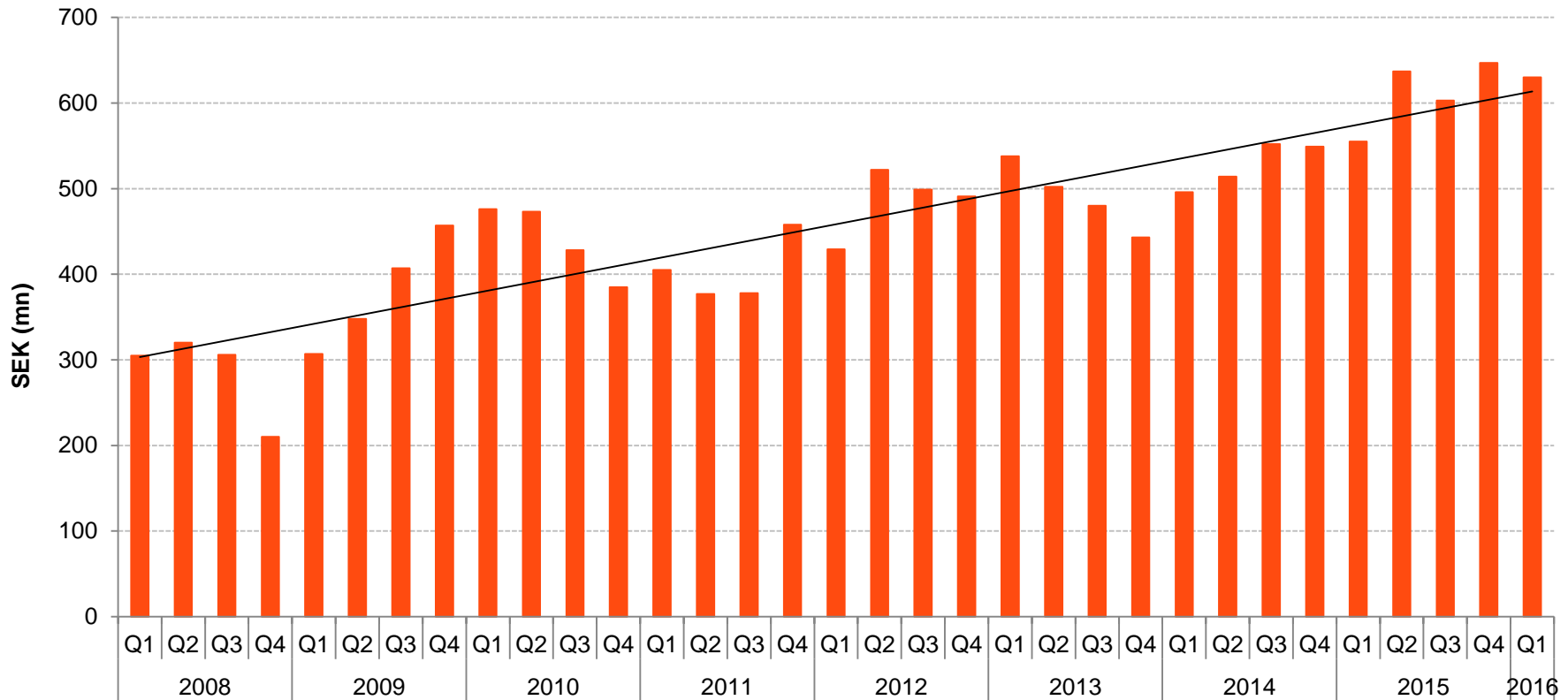
SBAB's deposits

- Historic strong growth, expected to increase further but at slower pace



SBAB's net interest income

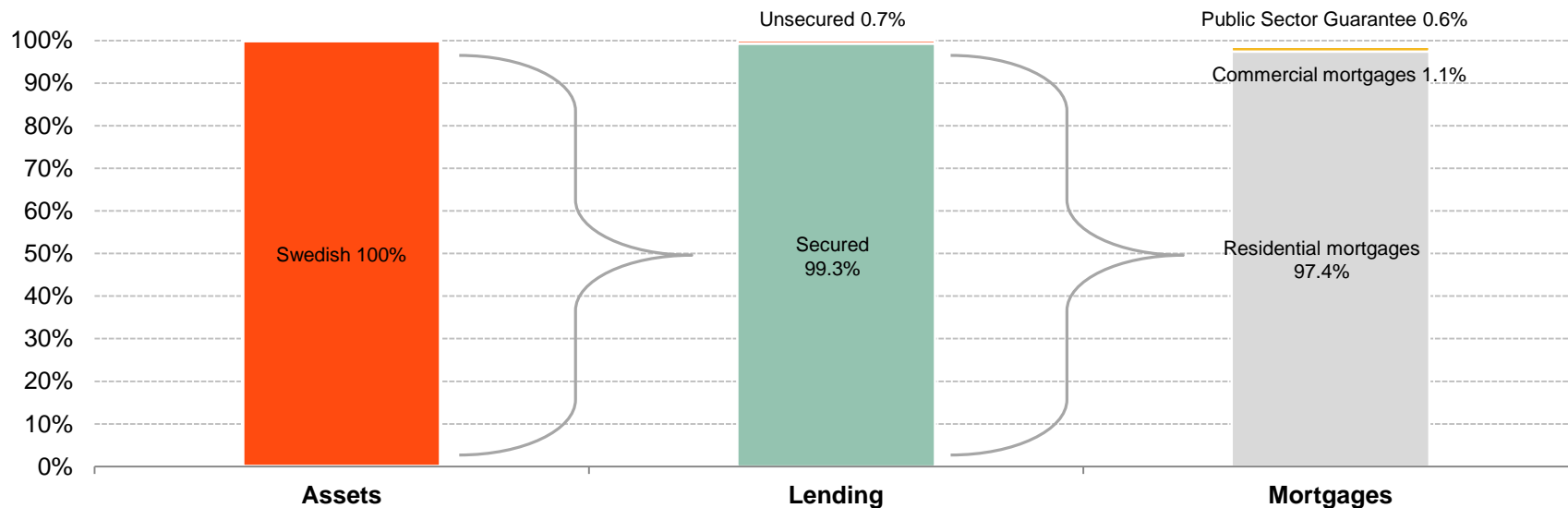
- Continued stability and growth



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"

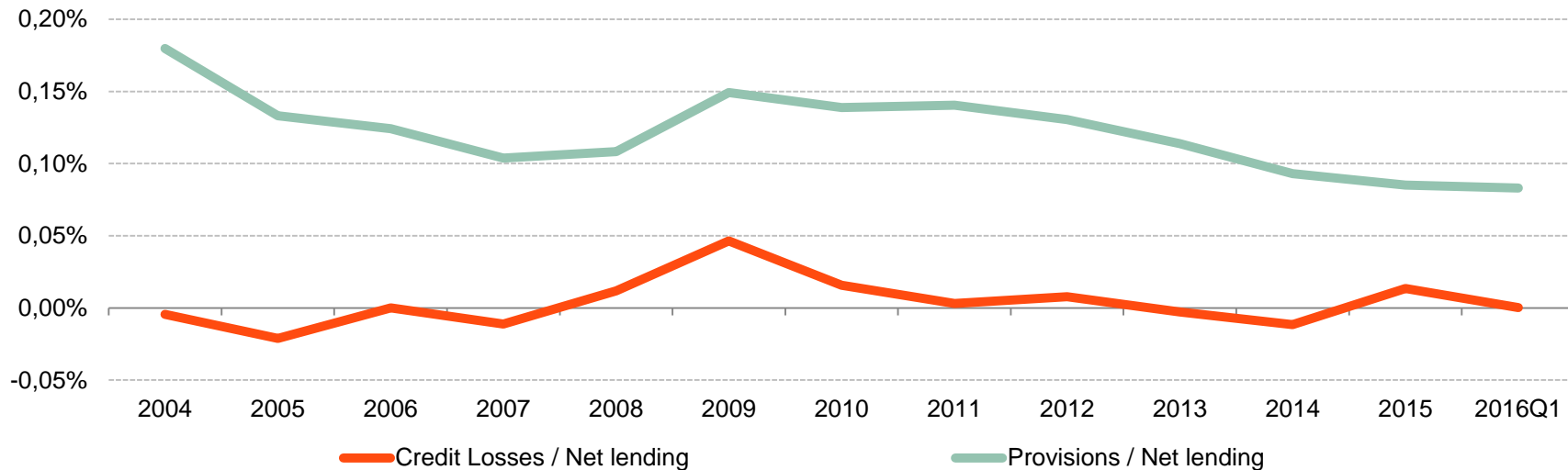
- S&Ps RatingDirect issued Dec 14th 2015



SBAB's loan losses

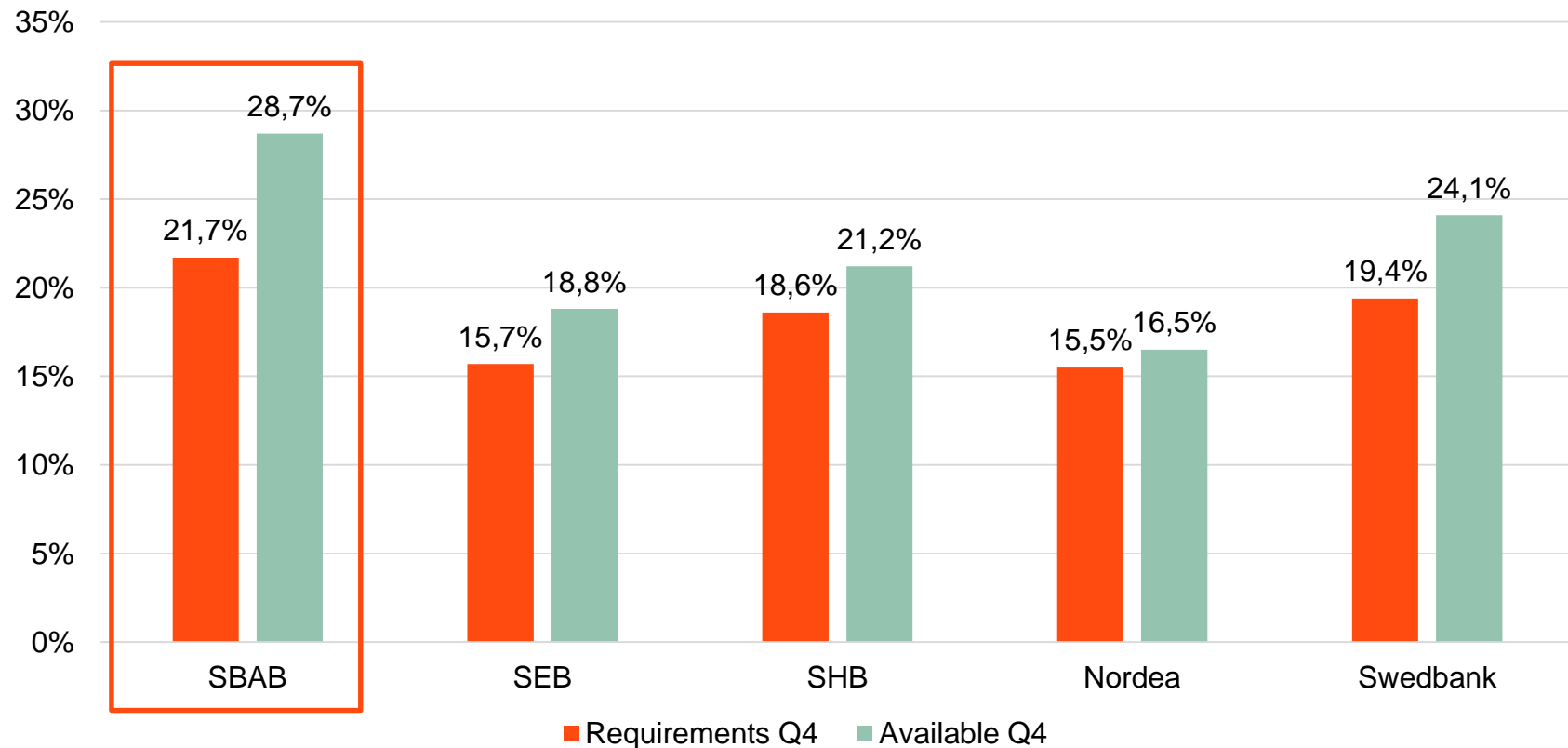
- In Sweden, there is a strong culture of timely payment of debt, especially, payment of mortgages
- Yearly average credit loss of less than 1 bp for the past 10 years is the lowest of the Swedish banks

Net credit losses vs. provisions (total portfolio SEK 299bn, 31st March 2016)



Strong capital buffer

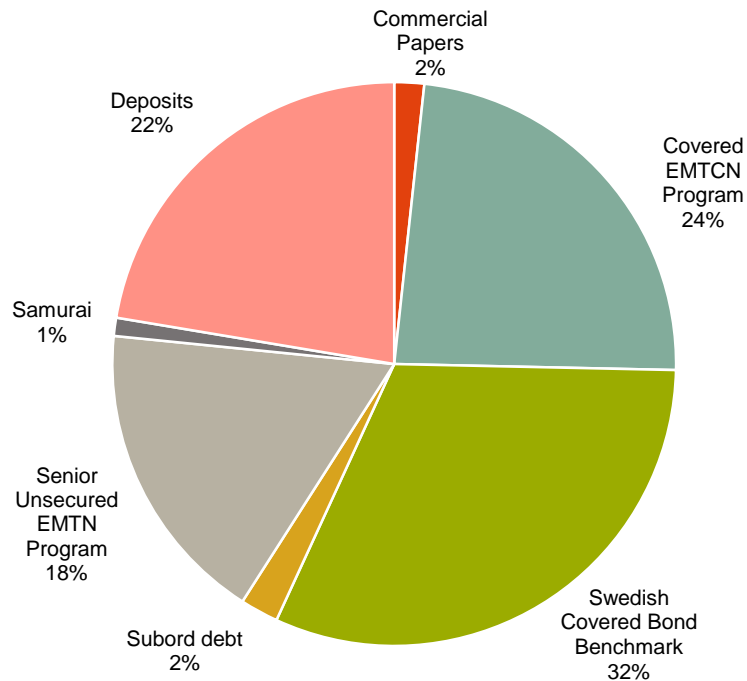
- SBAB's total CET1 available is well above requirements (fully loaded Basel III)



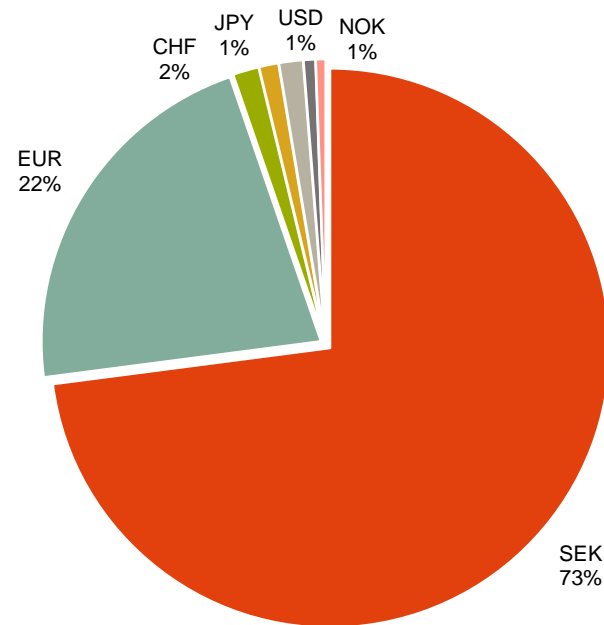
Funding sources

- Total funding portfolio SEK 367bn, Q1 2016

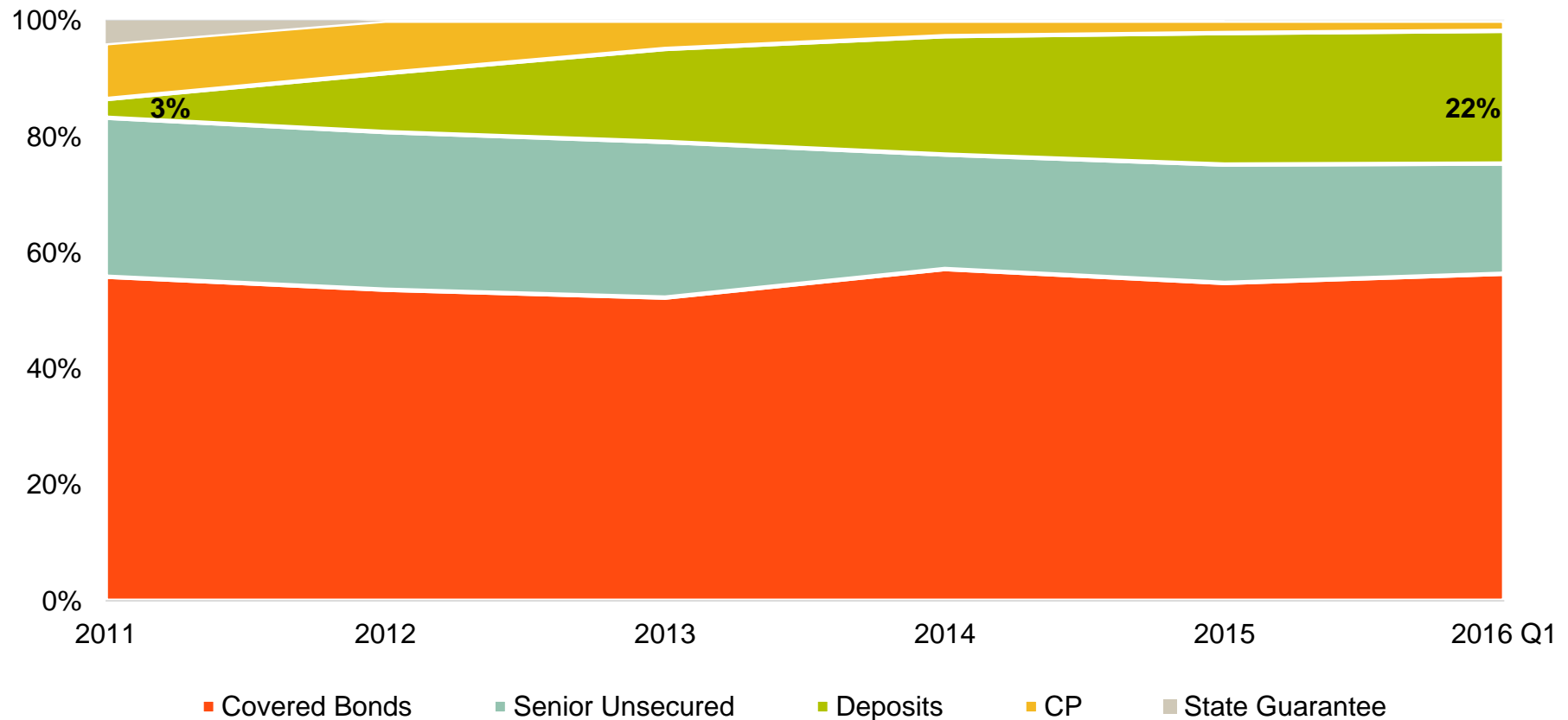
Funding sources



Currency profile



Development of funding sources



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

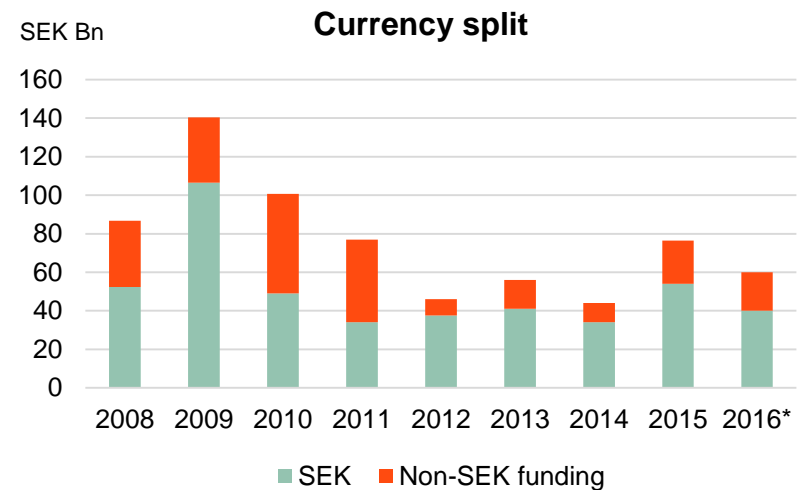
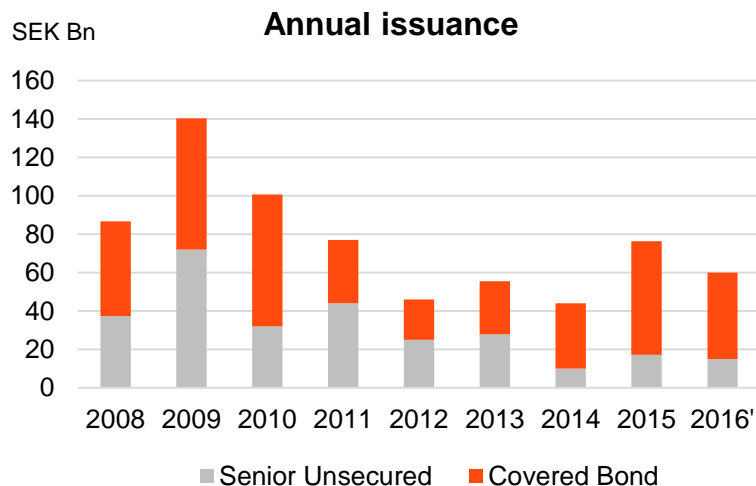
(ii) OPTIONAL:
Investors put back notes to issuer, i.e. SBAB

(iii) MANDATORY:
Kingdom of Sweden Guarantee

SBAB Group funding

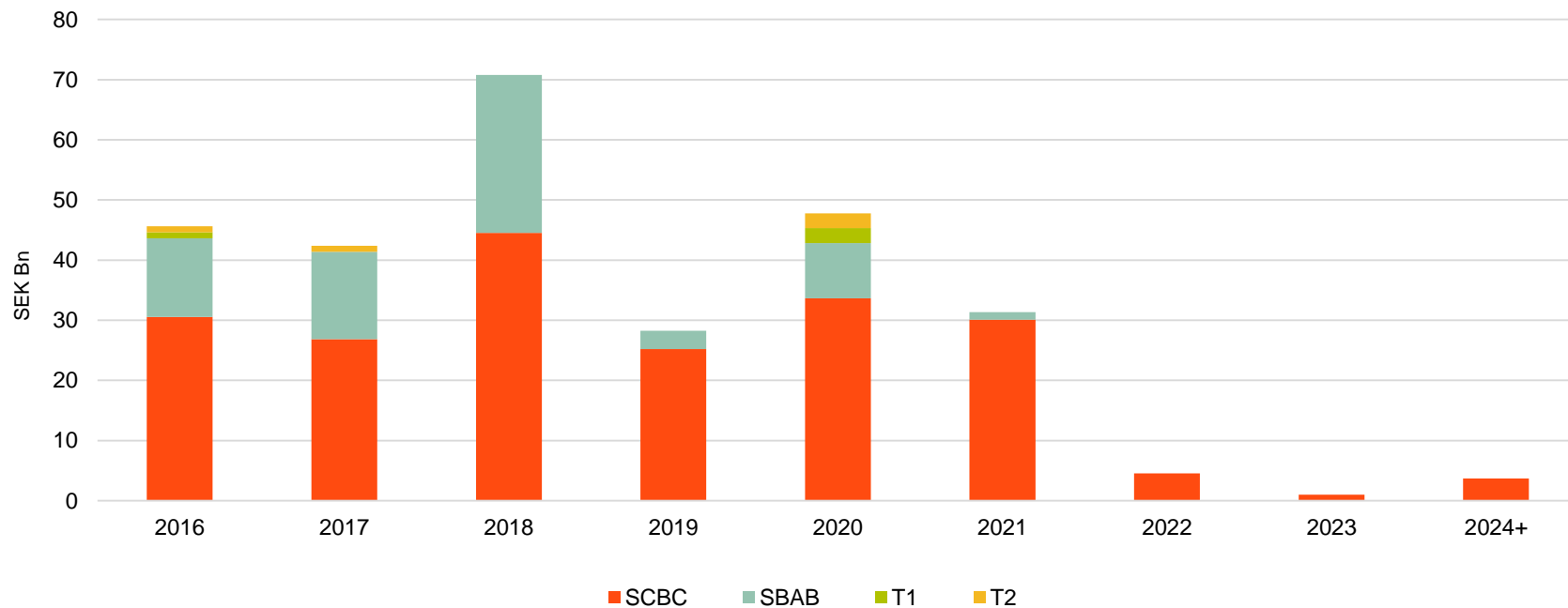
- Moderate funding needs ahead

- 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



Maturity profile

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



Funding programme

- Total long term funding 2016 SEK 50/60bn
 - **2-3 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:** 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

0.25%
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

SCBC

— Covered Bonds of SBAB —

Covered Bond
€1bn

0.625%
7y due Oct '21

Sep 2014

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**
- **Stable funding mix** with good access to both domestic and international capital markets
- Regular future issuance
- **Deposit growth**
- **Solid capitalization**
- International funding **diversification** strategically important



A woman with long brown hair is sitting on a gravel path, wrapped in a thick green and white plaid blanket. She is holding a white mug and looking out over a misty, green forest. The background is a soft-focus landscape with tall evergreen trees and a small building in the distance.

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 March 31st 2016

Collateral	100% Swedish residential mortgages *
Over Collateralization	22.5%
Weighted average LTV	55.4%
Weighted average seasoning	6.4 years
Loans in arrears	Arrears below 0.01% (SBAB buys back loans in arrears > 30 days)
Number of loans	363 674
Average loan size	SEK 660 572
Geographical location	Spread throughout Sweden; concentrated in economic hubs
Pool type	Dynamic
Originator	SBAB Bank Group
Interest rate type	62% floating, 38% fixed / 48% amortising, 52% interest only

National Template

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

SCBC		SBAB BANK	
ISSUER			
Issuer:	SCBC	Compliance with CRR art. 129-7	Yes
Owner:	SBAB		
Controlling authority:	SFA		
Long Rating			
Issuer:	S&P	Moody's	Fitch
Owner:	A	A2	-
Report date:	31/01/2016		
Cover pool			
Included assets			
Loans	240 205	Number of loans	367 190
Supplemental assets	0	Number of clients	155 896
Other	-	Number of properties	153 963
Total	240 205	Average loan size	654 172
Other pool items			
loan volume, MSEK	loan volume, %	loan volume, MSEK	loan volume, %
Single-family housing	99 258	41%	461 740
Multi-family housing	80 971	34%	549 560
Tenant owner associations	17 564	7%	31 053 650
Public	41 803	17%	6 711 090
Commercial	1 630	1%	333 038
Sum	240 205	100%	
Regional distribution			
Greater Stockholm	117 890	53%	
Greater Gothenburg	19 286	8%	
Greater Malmoe	18 330	8%	
South Sweden	30 915	13%	
West Sweden	19 568	8%	
North Sweden	4 860	2%	
East Sweden	20 030	8%	
Outside Sweden	-	-	
Sum	240 205	100%	
Interest rate type			
loan volume, MSEK	loan volume, %	Repayments, MSEK	Repayments, %
Floating	148 180	61%	82%
Fixed	92 065	39%	18%
Sum	240 205	100%	
Average life, years			
7.3			
LTV Level			
loan volume, MSEK	loan volume, %	loan volume, MSEK	loan volume, %
<10%	50 364	21%	207 841
10-20%	46 047	19%	194 158
20-30%	40 728	17%	170 477
30-40%	34 622	14%	142 585
40-50%	27 899	12%	111 410
50-60%	20 778	9%	83 531
60-70%	13 008	5%	49 442
70-75%	3 950	2%	15 000
75%+	0	0%	0
Sum	237 897		
Maturity			
loan volume, MSEK	loan volume, %	loan volume, MSEK	loan volume, %
2016	3016	1%	12 000
2017	3017	1%	12 000
2018	2619	1%	10 000
2019	2619	1%	10 000
2020	2021	1%	8 000
2021	2022	1%	8 000
2022	2023	1%	8 000
2023+	2024+	1%	8 000
Sum	175 805	73%	680 000
Interest rate	1.68%	2.64%	2.55%
Maturity is the time remaining to the next change of interest rate in the contractual terms			
Staircase			
loan volume, MSEK	loan volume, %	loan volume, MSEK	loan volume, %
0-12 M	57 282	24%	215 923
13-24 M	19 379	8%	72 624
25-36 M	19 379	8%	72 624
37-48 M	19 379	8%	72 624
49-60 M	19 379	8%	72 624
Sum	136 738	57%	506 421
Credit quality			
loan volume, MSEK	loan volume, %	loan volume, MSEK	loan volume, %
1-30 d	26	0%	100%
31-60 d	-	0%	0%
61-90 d	-	0%	0%
>90 d	-	0%	0%
Sum	26	0%	100%
Impaired loans, %			
0%			
Key ratios			
OC, annual	34.9%		
LTV, as defined by ACS	55.3%		

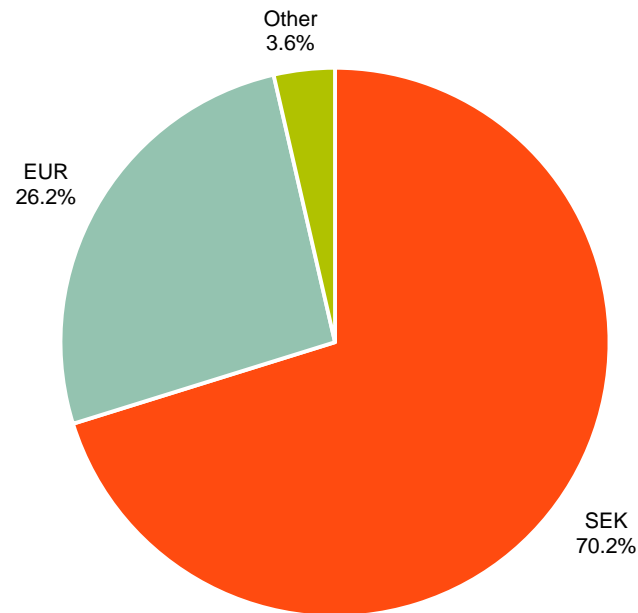
Bonds										
Domestic benchmark Bond										
ISIN	Amount, MSEK	Opening date	Coupon	Interest rate type	Maturity type	Scheduled maturity	Legal maturity			
SE0001172519	14 270	13/02/2015	4.00%	Fixed	Hard bullet	21/09/2016	21/09/2016			
SE0001172517	15 350	30/03/2015	4.00%	Fixed	Hard bullet	21/06/2017	21/06/2017			
SE0001172525	16 650	07/02/2013	4.00%	Fixed	Hard bullet	21/03/2018	21/03/2018			
SE0001172522	13 915	19/12/2012	4.00%	Fixed	Hard bullet	19/12/2018	19/12/2018			
SE0001172510	17 141	18/09/2013	4.00%	Fixed	Hard bullet	18/09/2018	18/09/2018			
SE0006452900	20 522	24/11/2014	2.00%	Fixed	Hard bullet	17/06/2020	17/06/2020			
SE0006758561	7 800	01/04/2015	3.00%	Fixed	Hard bullet	17/03/2021	17/03/2021			
Other benchmark										
ISIN	Amount, MSEK	Currency	Issue date	Coupon	Interest rate type	Maturity type	Scheduled maturity	Legal maturity		
XS135493162	9 209	EUR	02/02/2016	0.25%	Fixed	Soft bullet	30/09/2021	30/09/2021		
XS117542412	9 209	EUR	07/10/2014	0.63%	Fixed	Soft bullet	07/10/2022	07/10/2022		
XS0619624628	9 209	EUR	20/09/2011	3.38%	Fixed	Hard bullet	30/04/2016	30/04/2016		
XS049616255	9 209	EUR	30/03/2010	3.25%	Fixed	Hard bullet	30/03/2017	30/03/2017		
XS0901529508	7 000	SEK	10/09/2013	0.00%	Floating	Hard bullet	30/09/2018	30/09/2018		
XS100811077	6 997	EUR	05/10/2015	0.38%	Fixed	Soft bullet	05/10/2020	05/10/2021		
XS1083859503	5 500	SEK	02/07/2014	0.36%	Floating	Hard bullet	02/07/2019	02/07/2019		
XS124348721	4 664	EUR	17/06/2015	0.75%	Fixed	Soft bullet	17/06/2022	17/06/2022		
Amount, M SEK										
Domestic benchmarks in SEK	115 548									
Other benchmarks in SEK	61 477									
Other bonds	34 821									
Total of outstanding bonds of which we own	192 257									
Maturity, expressed in SEK										
Total	31 031	24 944	42 214	23 241	22 263	34 116	1 100	1 308	192 257	Sum
Total, %	16%	13%	22%	12%	12%	18%	1%	1%	100%	
Interest rate type										
Fixed	147 137									
Floating	15 120									
Sum	192 257									
Hedging and risk										
Currency risk, MSEK										
Pool assets	240 205									
Covered bonds	133 188									
EUR	51 989									
USD	348									
Other	6 735									
Sum	240 205									
All currency risk is hedged at the time of the issue and includes the foreign currency liability in terms of coupon payments and interest and final exchange. All foreign currency liabilities are hedged in Swedish krona (SEK) since all assets in the cover pool are in Swedish krona. All currency risk is shared on all nine bonds.										
Interest rate risk, MSEK										
Pool assets	240 205									
Covered bonds	167 137									
Fixed	92 065									
Floating	148 180									
Capital floating	0									
Sum	240 205									
All interest rate risk from the liabilities to be matched 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.										

SBAB!

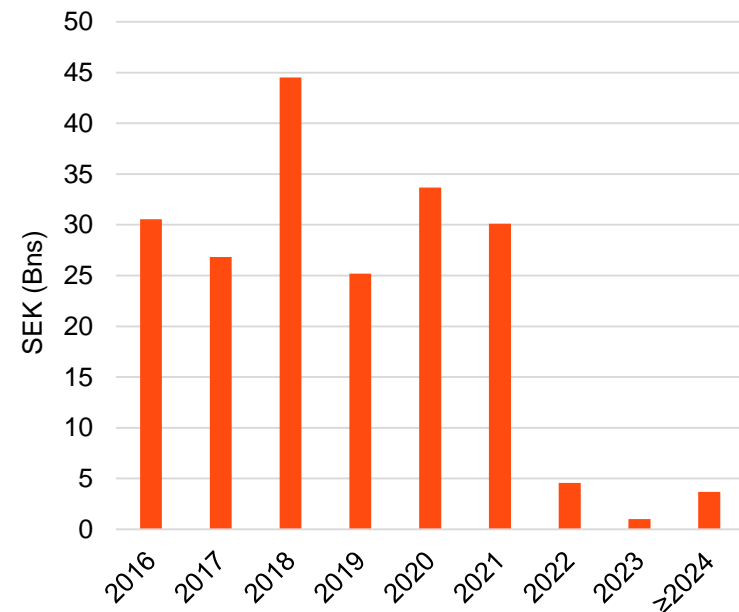
SCBC funding

- Total covered bonds outstanding: SEK 196bn as of 31st March 2016

Currency profile



Maturity profile

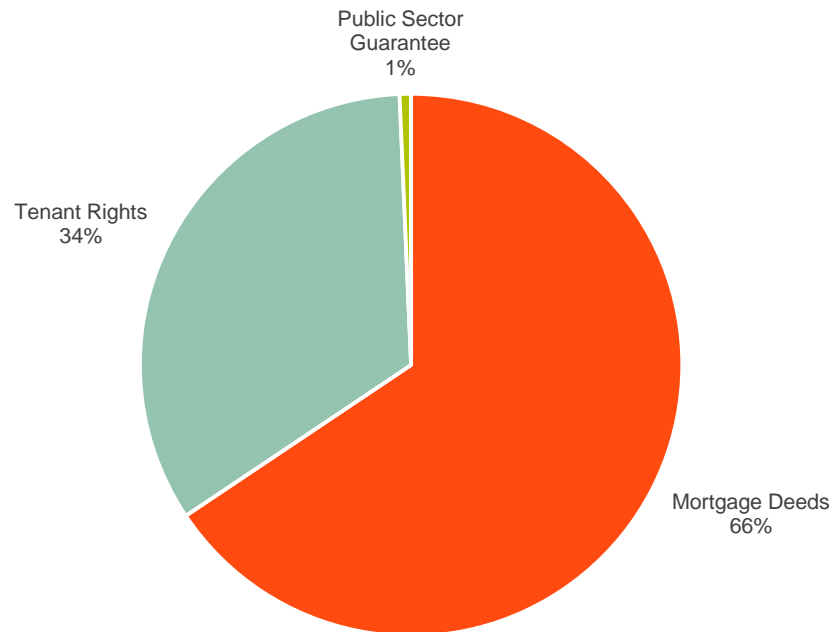


SCBC Cover Pool

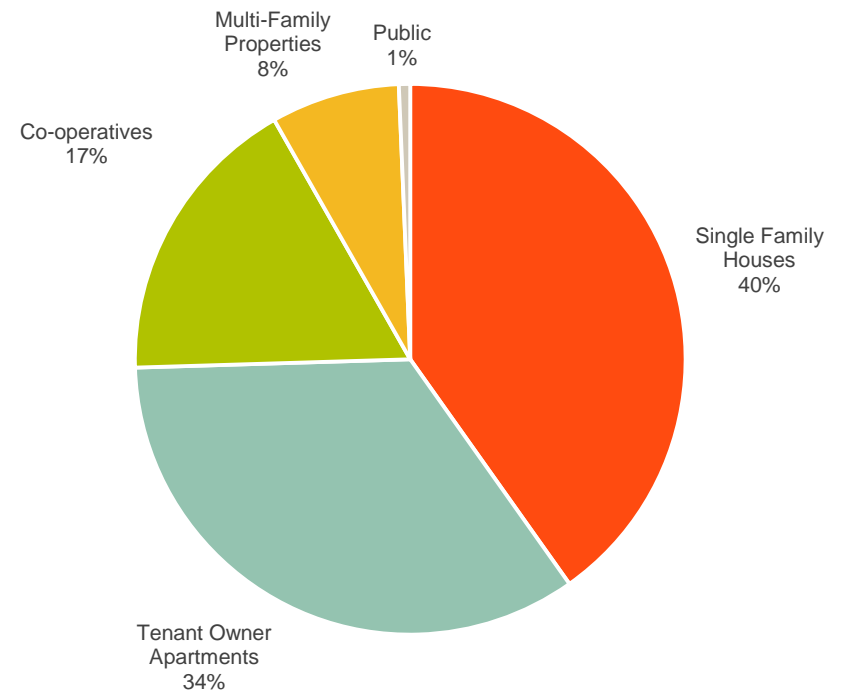
- Distribution by Collateral and Owner as of 31st March 2016

Breakdown by Collateral

- Predominantly residential mortgages

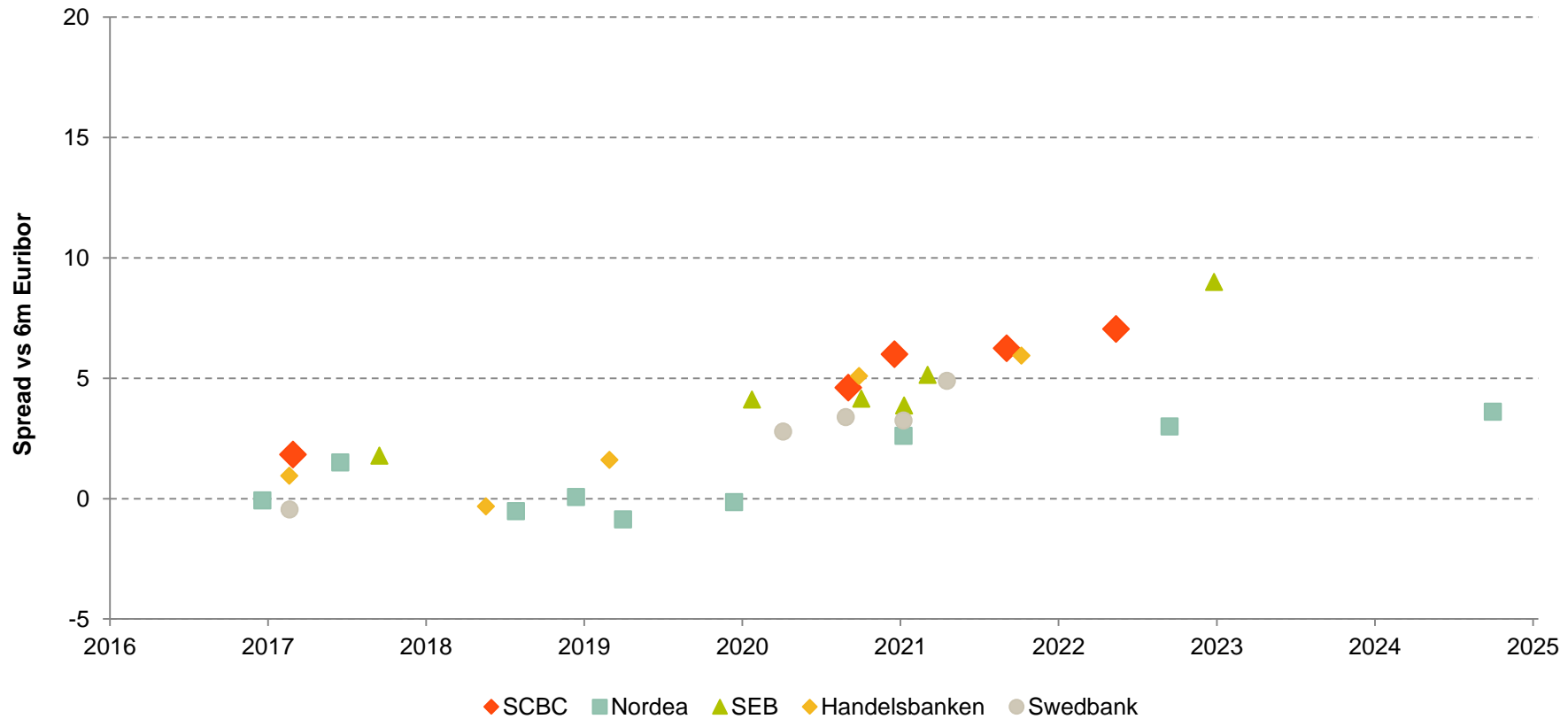


Breakdown by Owner



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	Not defined	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

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 212 billion as of Q3 2014



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 : 9 716 962(Aec 2014)
- 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 the world's seventh highest per capita income (IMF)

Kingdom of Sweden

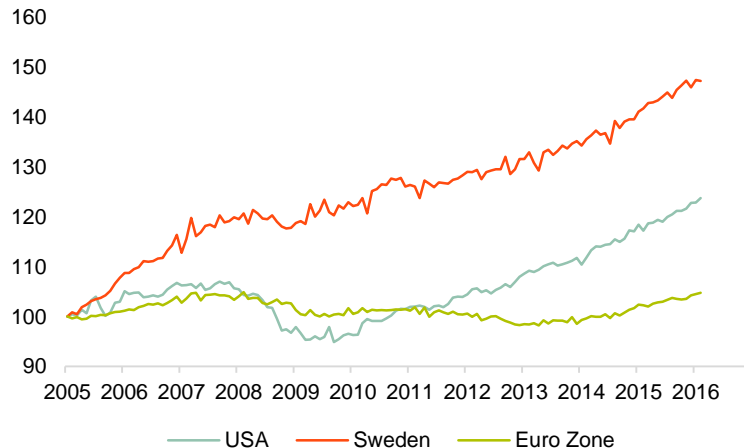


- Approx. 45% of GDP is exported. Largest goods trading partners are the Scandinavian countries, Germany and UK
- Sweden joined the EU in 1995, but the euro was rejected in a public referendum 2003
- The currency, the krona, has been floating since 1992 when the fixed exchange rate regime was abandoned
- The Centralbank, Sveriges Riksbank, operates monetary policy under an inflation target of 2%, +/- 1%
- Sweden ranks second in The Economist's Democracy Index 2013, seventh in the United Nations' Human Development Index 2014, sixth in the World Economic Forum Global Competitiveness Index 2013-14 and second in the Global Innovation Index 2014

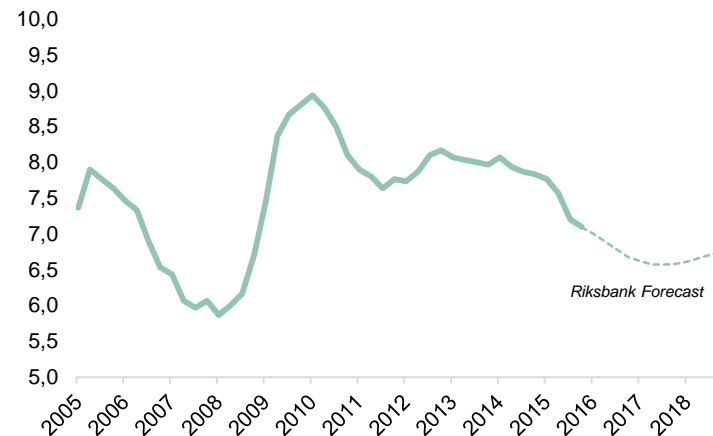
Strong domestic economy

- **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 64% in 2009 to almost 67% in early 2016

Retail Sales, constant prices, Index jan2005=100

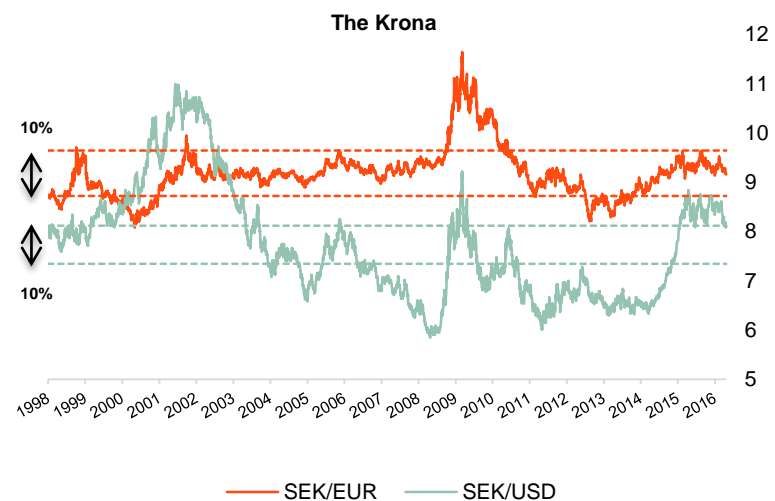
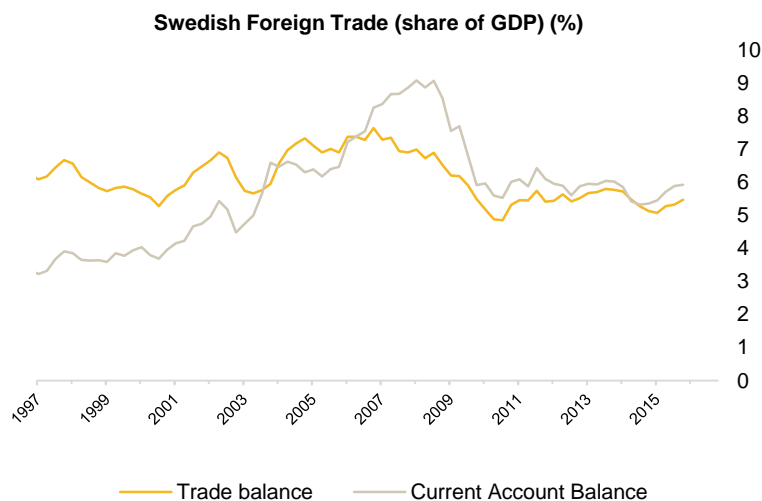


Unemployment Rate (%)



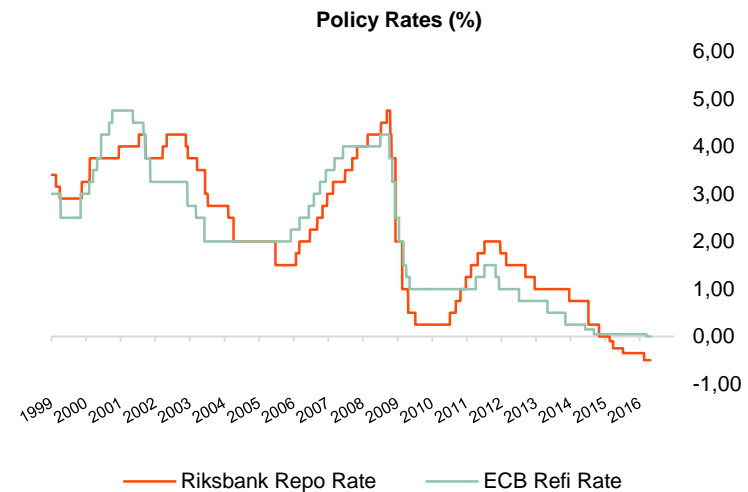
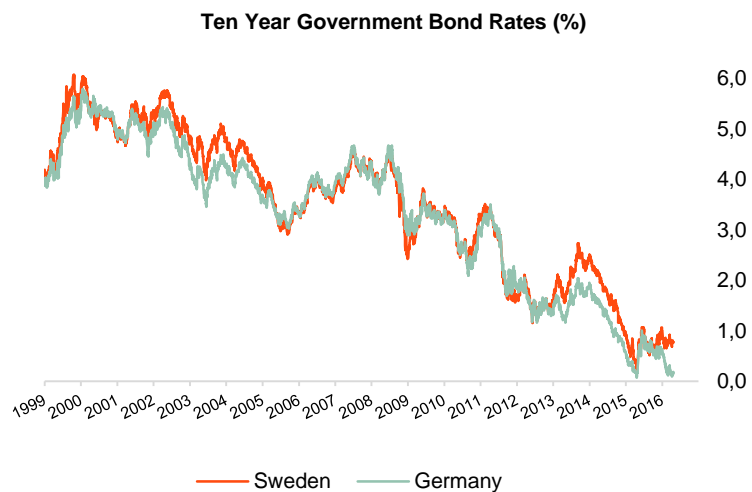
Foreign trade and the Krona

- **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 at its historical average...**
 - ..if compared to a trade weighted basket. Factors contributing to a continued 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

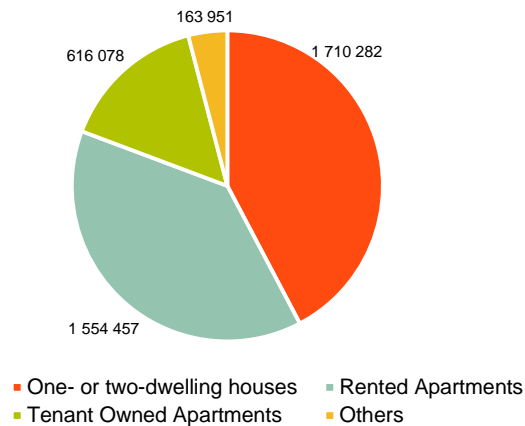
- **Long and short interest rates have a high correlation with European (i.e. German) rates**
 - The ten year spread against Germany has on average been +19bp, over the last 15 years, correlation has been 0.79
- **Sweden has gained something of a safe haven status over the last 10-15 years**
 - Strong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



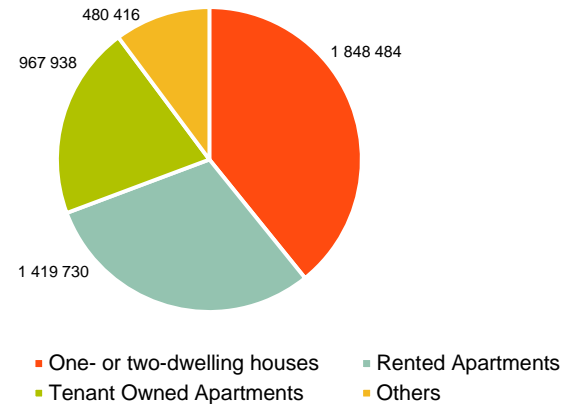
The Swedish housing market

- **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 ('000) 1990

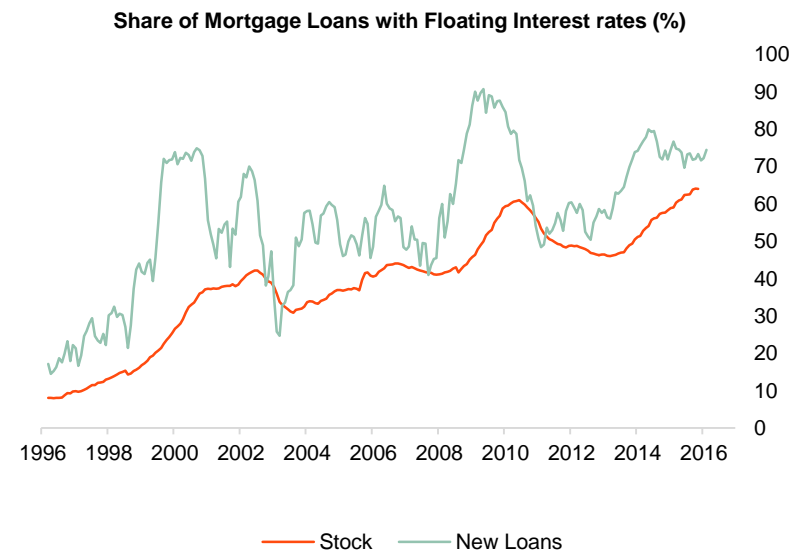
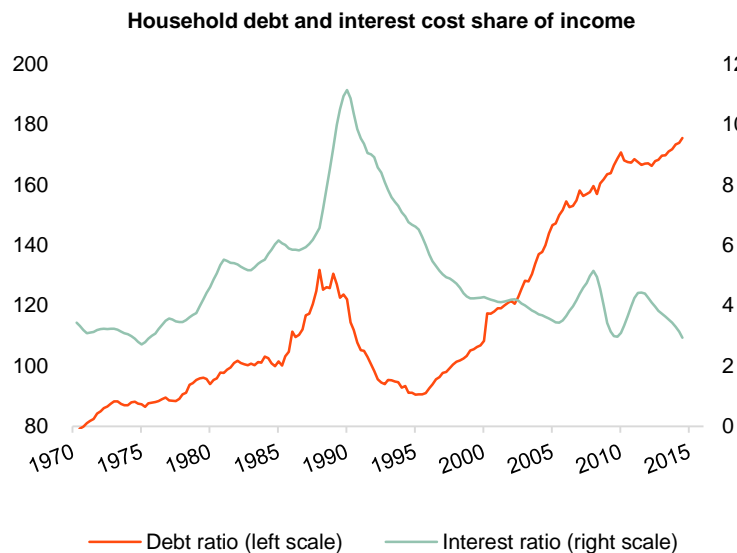


Number of dwellings ('000) 2015



Household debt has increased

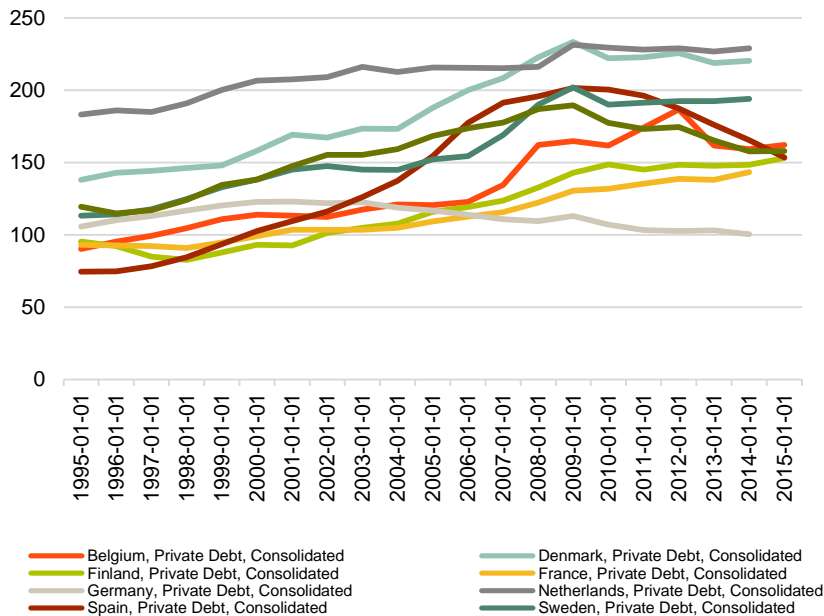
- **High debt to income ratio but low interest costs**
 - The household debt to income ratio has increased from around 90% in 1995 to above 170%. The rise in the debt ratio is strongly connected to the decline in interest rates and rising homeownership
- **Average household exposed to interest rate risk**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



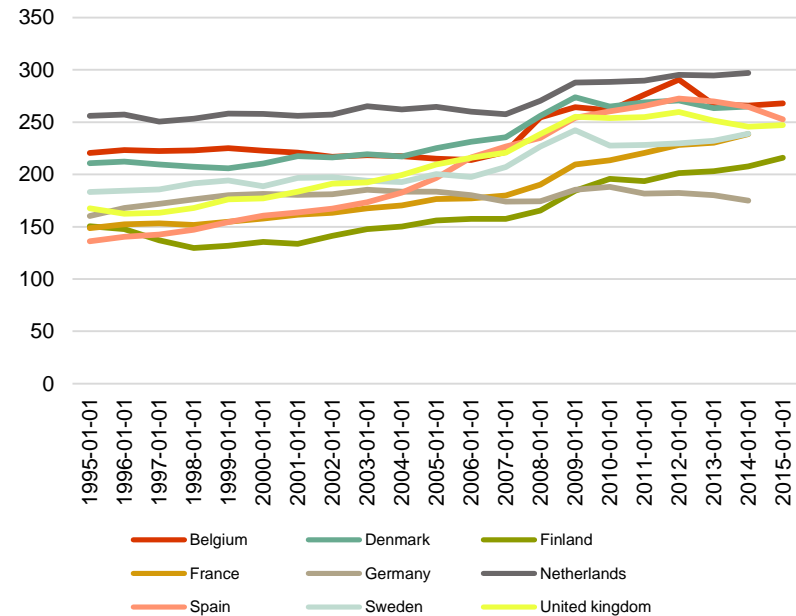
Debt compared to other countries

- **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)



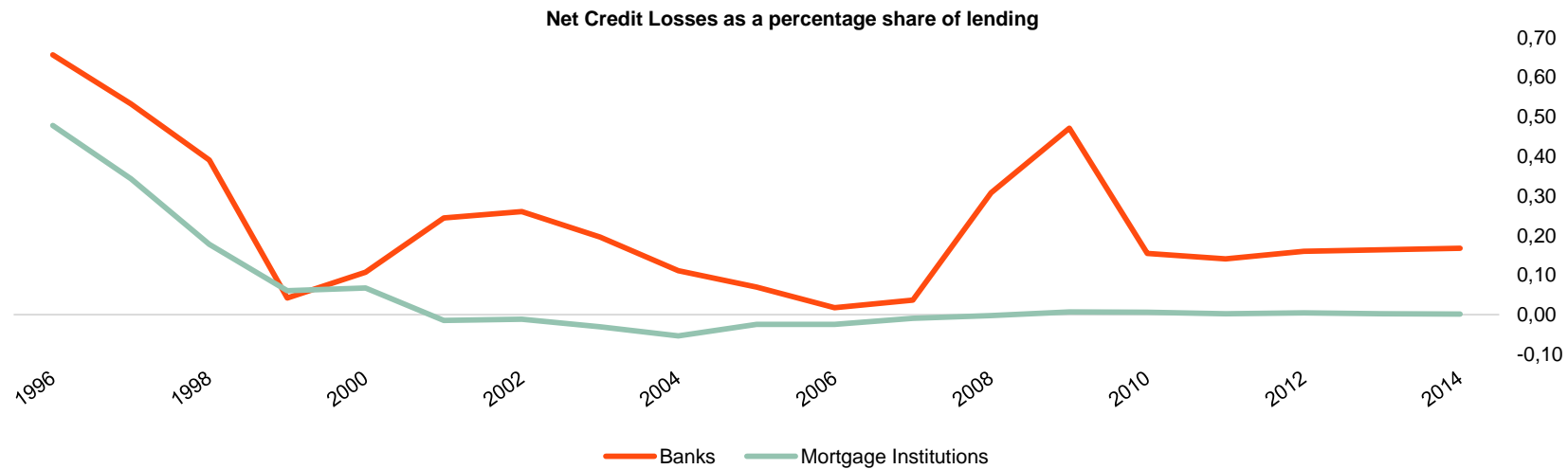
Private and Public Debt (share of GDP) (%)



Low credit losses

- **A history of low Credit losses**

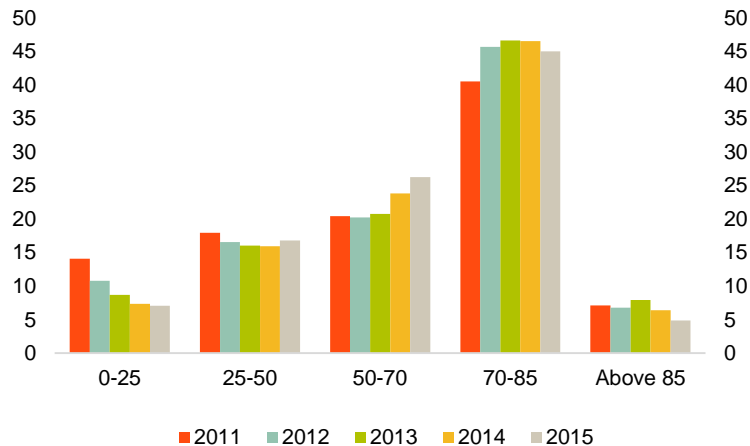
- At the height of the 1990s crises, yearly credit losses in Swedish banks were more than 6% of their lending. Mortgage institutions lost 0.7% during the worst years
- Over the past 10 years, mortgage losses have been insignificant



Measures are working

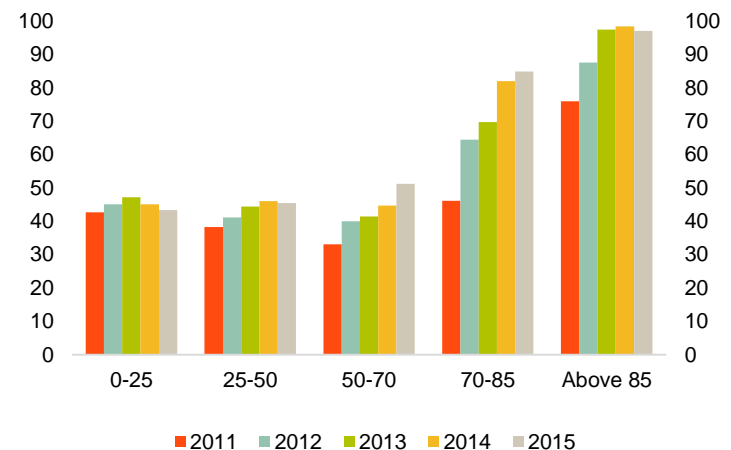
- **Mortgage LTV cap and amortization requirements have had effects**
 - The share of high LTVs has decreased
 - The share of amortising households has gone from 44% to 67%

Diagram 3. Share of households with different loan-to-value ratios, new loans (Source: FI's sample, %)



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

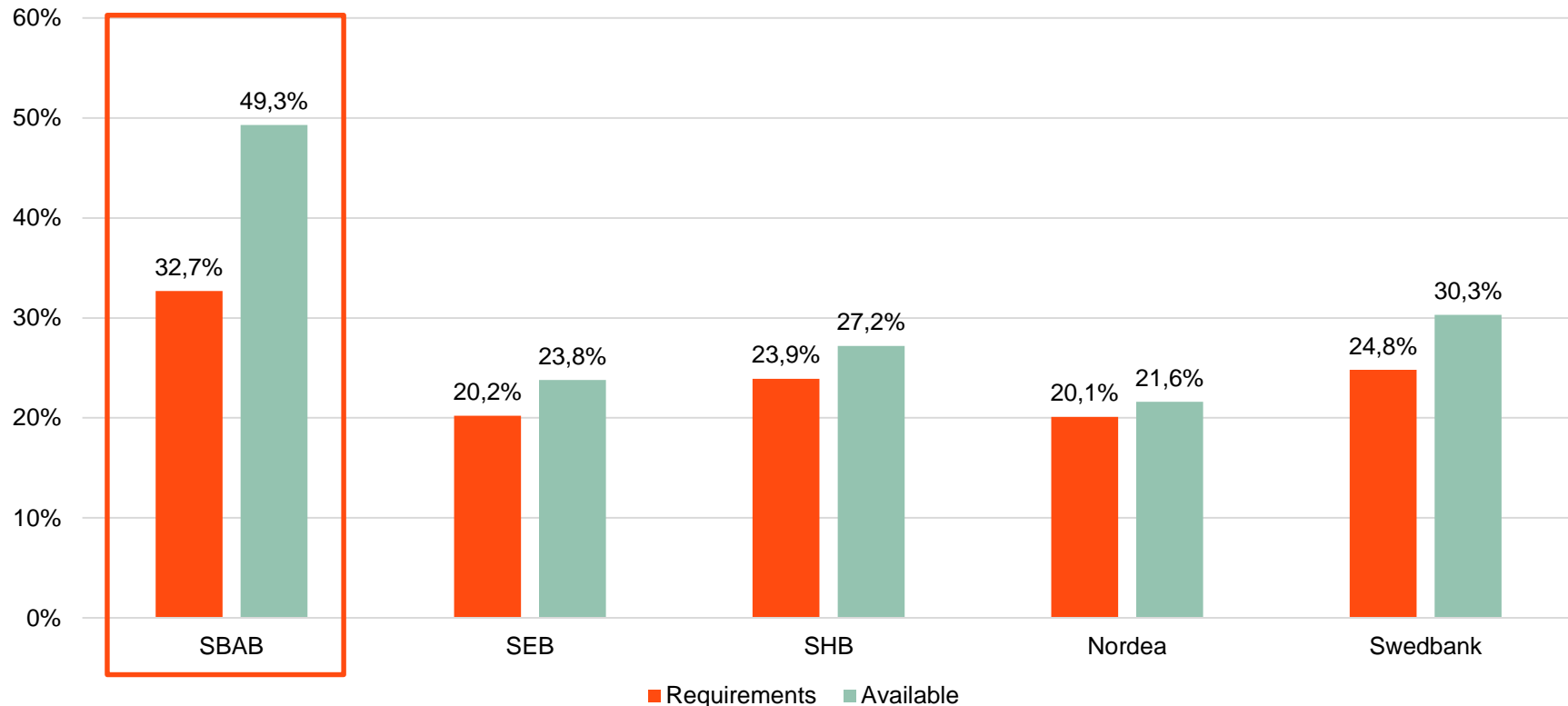
Diagram 3. Share of households amortising for different loan-to-value ratios, new loans (Source: FI's sample, %)



Note. Amortisation according to loan agreement.

Total capital required and available

- SBAB meets the new Swedish requirements with a margin

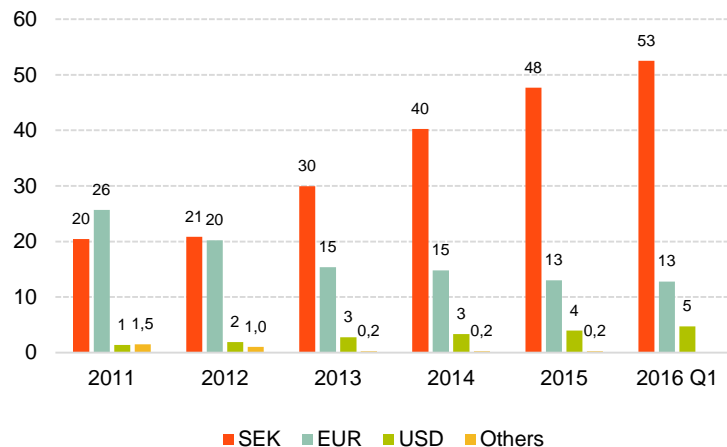


Securities portfolio

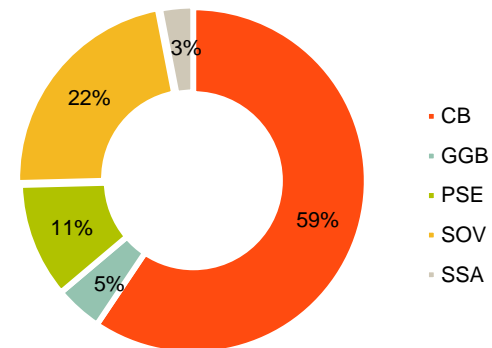
- SEK 65.3bn, 100% AAA (from at least one agency)

- LCR compliant since 1st January 2013
 - at the end of Q1 2016, LCR stood at 212% for all currencies combined
- New investment only AAA
- Maximum 10y maturity
- We have increased our portfolio to extend survival horizon

Currency distribution

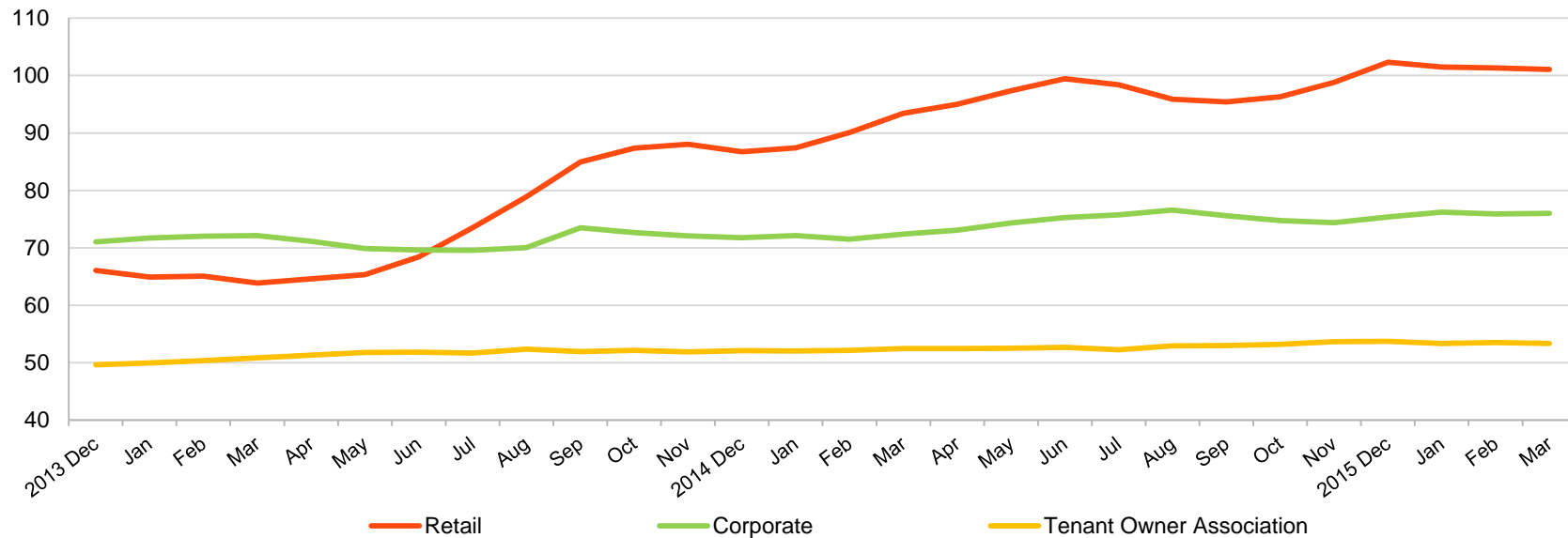


Securities type



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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