

# SBAB!

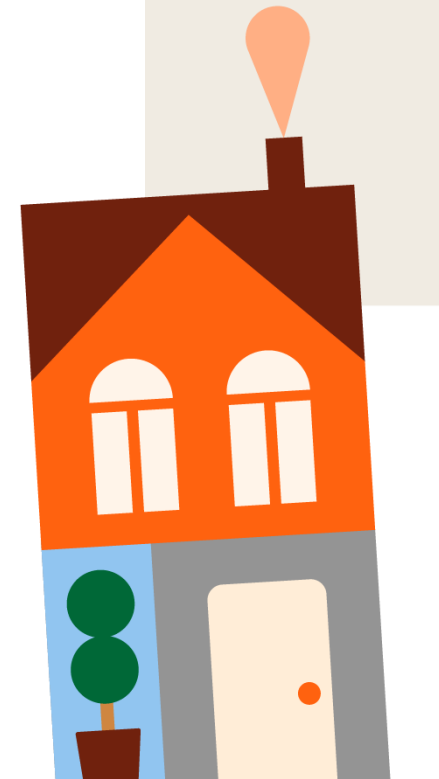
## SBAB Group Green Bond Framework 2024

Investor Presentation



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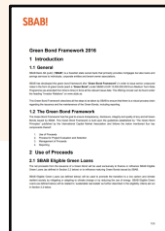
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# Timeline for Green Bonds

## 2016

- In 2016, SBAB became the first bank in Sweden to issue a Green Bond (after the publishing of its inaugural Green Bond Framework (“Green Bond Framework 2016”))
- Two green bonds issued under this framework (total volume of SEK 3.75 billion)



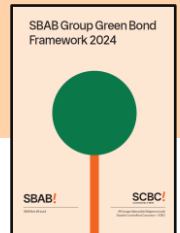
## 2019

- In early 2019, SBAB published a new, updated framework for issuing green bonds (“SBAB Group Green Bond Framework 2019”) to align with green product offerings (e.g. green residential mortgages) and to enable SCBC to issue covered bonds in the form of green bonds
- To this end, in 2019, the SBAB Group became the first institution in Sweden to issue a green covered bond backed by residential mortgages and property loans
- Eight green bonds issued under this framework (total volume of SEK ~42 billion)

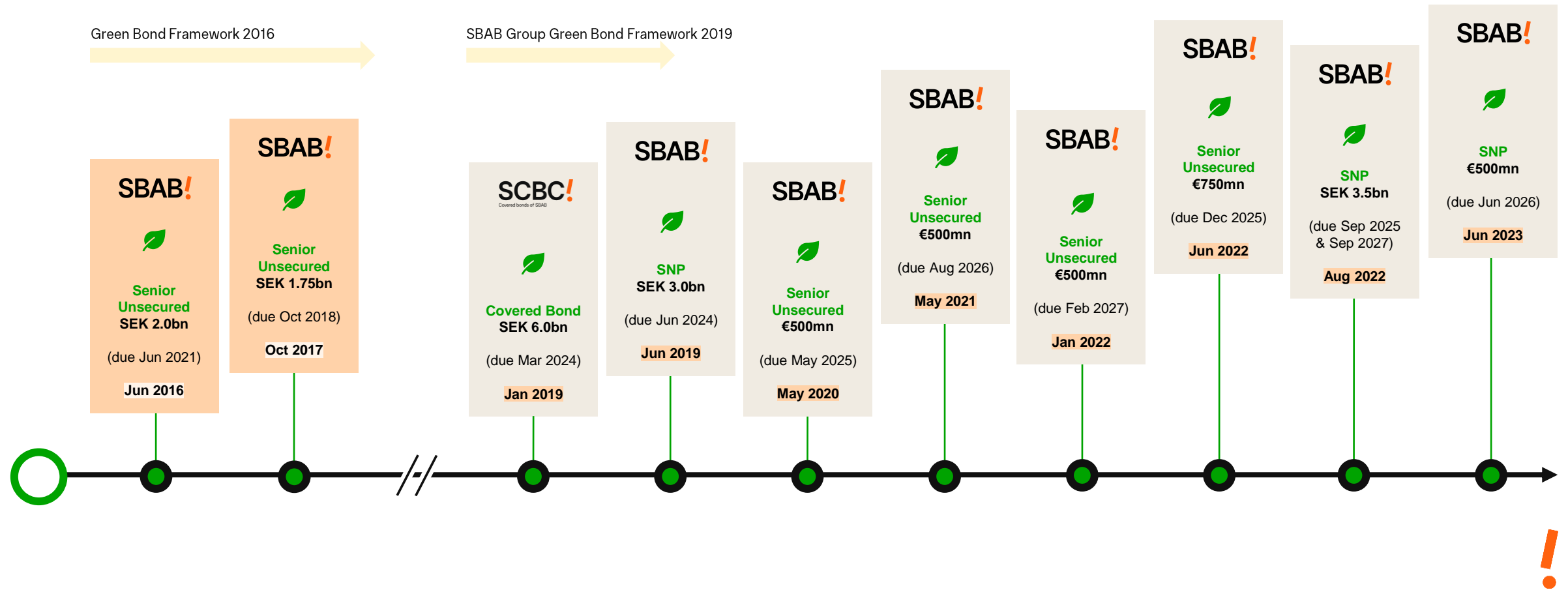


## 2024

- Publishing of its third Green Bond Framework (“SBAB Group Green Bond Framework 2024”)
- A further step towards increasing the SBAB Group’s engagement and investments in a more sustainable direction and align with best market practices as well as regulatory developments (e.g. the latest ICMA Green Bond Principles and the EU Taxonomy)



# Recurrent issuer since the inaugural Green Bond back in 2016



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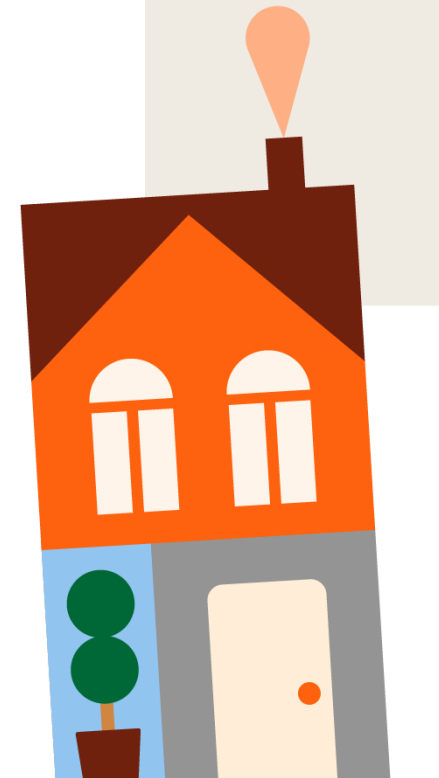
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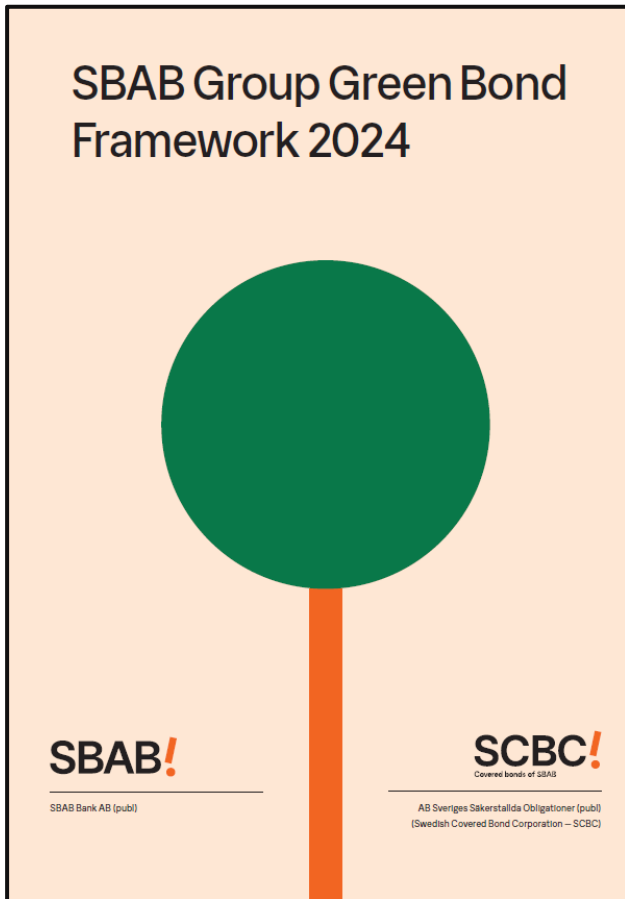
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# Introduction to the framework



- The SBAB Group Green Bond Framework 2024 (the “Framework”) enables SBAB to issue notes in the form of Green Bonds under SBAB’s Euro Medium Term Note Programme and SCBC to issue covered bonds in the form of Green Bonds under SCBC’s Euro Medium Term Covered Note Programme

- The Framework is developed to align with ICMA’s Green Bond Principles (as of 2021 with June 2022 Appendix 1) and the four core components of the ICMA Green Bond Principles:

- 1 Use of Proceeds
- 2 Process for evaluation and selection
- 3 Management of proceeds
- 4 Reporting & external review

- Second opinion provided by Sustainalytics

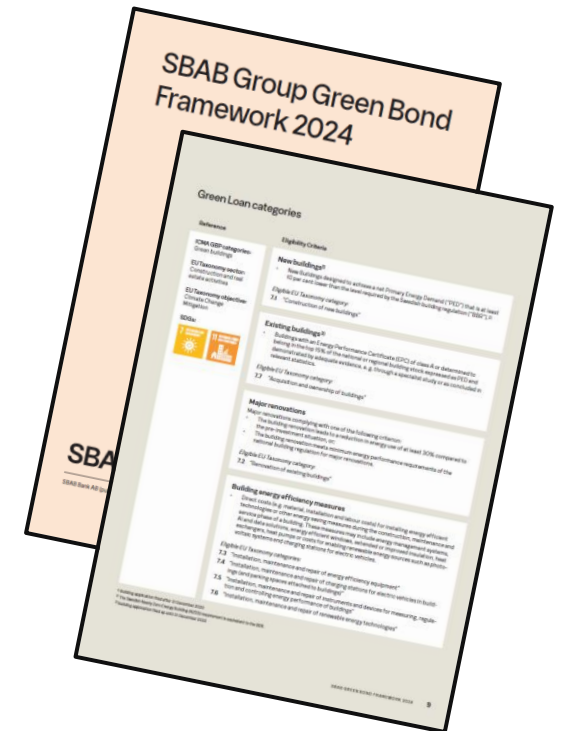


# 1. Use of Proceeds

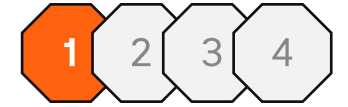


## Overview of Green Loan Categories included in framework

- 1** • **New buildings** (built after 2020): Primary Energy Demand (PED) 10% lower than the level required by the Swedish building regulation ("BBR")
- 2** • **Existing buildings** (built before 2021): EPC A or top 15% of the national or regional building stock
- 3** • **Major renovations**: Meets minimum energy performance requirements of the national building regulation or a reduction in energy use of at least 30%
- 4** • **Building energy efficiency measures**: Direct costs (e.g. material, installation and labour costs) for installing energy efficient technologies or other energy saving measures during the construction, maintenance and service phase of a building



# Green Loan Categories (1/2)



- Eligibility Criteria



Single family houses and multi-family dwellings (new and existing)

Built after 2020

Built before 2021

## New buildings

- Buildings designed to achieve a PED that is at least 10 per cent lower than the level required by the Swedish building regulation ("BBR")

Eligible EU Taxonomy category: 7.1 "Construction of new buildings"

Estimated Eligible Green Loans: **SEK 20.1 billion**

## Existing buildings

- Buildings with an EPC A or determined to be in the top 15% of the national or regional building stock expressed as operational PED and demonstrated by adequate evidence

Eligible EU Taxonomy category: 7.7 "Acquisition and ownership of buildings"

Estimated Eligible Green Loans: **SEK 45.3 billion**





# Green Loan Categories (2/2)



– Eligibility Criteria

## Major renovations

Major renovations complying with one of the following criterion:

- The building renovation meets minimum energy performance requirements of the national building regulation for major renovations, or
- The building renovation leads to a reduction in energy use of at least 30% compared to the pre-investment situation

Eligible EU Taxonomy category: 7.2 “Renovation of existing buildings”

Estimated Eligible Green Loans : **Under evaluation**

## Building energy efficiency measures

- Direct costs (e.g. material, installation and labour costs) for installing energy efficient technologies or other energy saving measures during the construction, maintenance and service phase of a building. These measures may include energy management systems, AI and data solutions, energy efficient windows, extended or improved insulation, heat exchangers, heat pumps or costs for enabling renewable energy sources such as photovoltaic systems and charging stations for electric vehicles

Eligible EU Taxonomy category:

- 7.3 “Installation, maintenance and repair of energy efficiency equipment”
- 7.4 “Installation, maintenance and repair of charging stations for electric vehicles in buildings (and parking spaces attached to buildings)”
- 7.5 “Installation, maintenance and repair of instruments and devices for measuring, regulation and controlling energy performance of buildings”
- 7.6 “Installation, maintenance and repair of renewable energy technologies”

Estimated Eligible Green Loans : **Under evaluation**



# 2. Evaluation and Selection



The process to evaluate, select and allocate Green Bond proceeds to eligible Green Loans comprise the following steps



Nomination of potential loans from Business representatives

- Relevant representatives from each business area & representatives from Treasury, Data Science, Sustainability select and evaluate potential Green Loans, their compliance with the Green Loan Category, and their environmental benefits

ALCO responsible for decision to acknowledge loans as green

- A list of the potential Green Loans is presented to the Asset-liability committee (ALCO). The ALCO is solely responsible for the decision to acknowledge the loan as green, in line with the Green Loan Criteria. A decision to allocate net proceeds will require a consensus decision by the ALCO

Green Loans recorded into a "Green Registry"

- Green Loans and related environmental details, together with the ALCO's decision, will be recorded into a dedicated registry (the "Green Registry")



# 3. Management of Proceeds

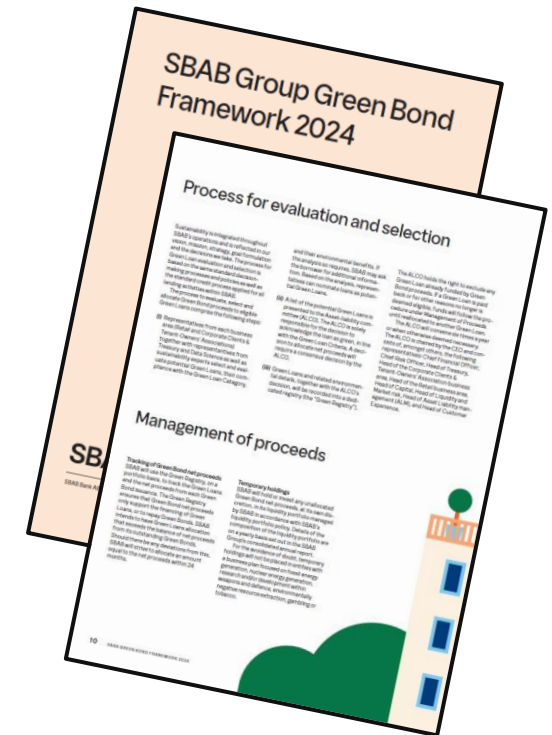


## Tracking of Green Bond net proceeds

- The SBAB Group will use the Green Registry, on a portfolio basis, to track the Green Loans and the net proceeds from each Green Bond issuance. The Green Registry ensures that Green Bond net proceeds only support the financing of Green Loans, or to repay Green Bonds. The SBAB Group intends to have Green Loans allocation that exceeds the balance of net proceeds from its outstanding Green Bonds. Should there be any deviations from this, the SBAB Group will strive to allocate an amount equal to the net proceeds within 24 months.

## Temporary holdings

- The SBAB Group will hold or invest any unallocated 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. For the avoidance of doubt, temporary holdings will not be placed in entities with a business plan focused on fossil energy generation, nuclear energy generation, research and/or development within weapons and defence, environmentally negative resource extraction, gambling or tobacco.



# 4. Reporting



To enable the monitoring of performance and provide insight into prioritised areas, the SBAB Group will annually, until the maturity date of green bonds issued, provide investors with a report describing the allocation of proceeds and the environmental impact of the Green Loans (the “Green Bond Report”)

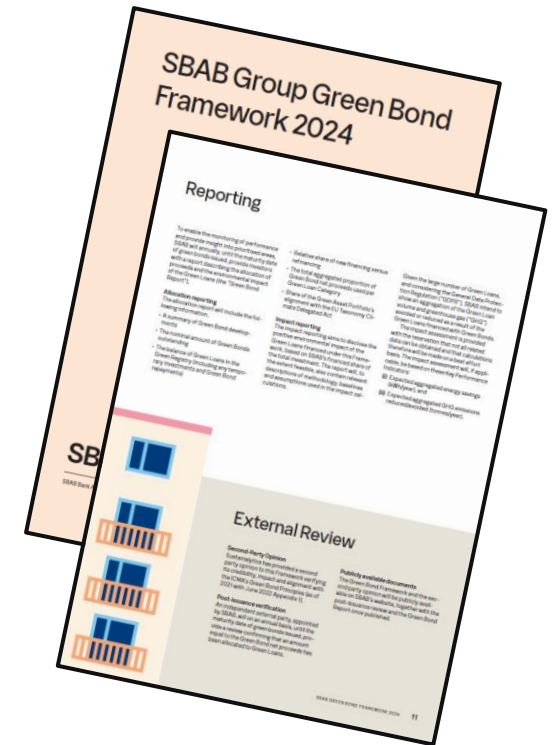
## Green Bond Report

### Allocation reporting

- A summary of Green Bond developments
- The nominal amount of Green Bonds outstanding
- The balance of Green Loans in the Green Registry (including any temporary investments and Green Bond repayments)
- Relative share of new financing versus refinancing
- The total aggregated proportion of Green Bond net proceeds used per Green Loan Category
- Share of the Green Asset Portfolio’s alignment with the EU Taxonomy Climate Delegated Act

### Impact reporting

- Positive environmental impact of the Green Loans financed based on the SBAB Group’s financed share of the total investment
- Aggregation of the Green Loan volume and greenhouse gas (“GHG”) avoided or reduced as a result of the Green Loans financed with Green Bonds
- The impact assessment will, if applicable, be based on: (i) Expected aggregated energy savings (kWh/year), and (ii) Expected aggregated GHG emissions reduced/avoided (tonnes/year)



# 4. External Review



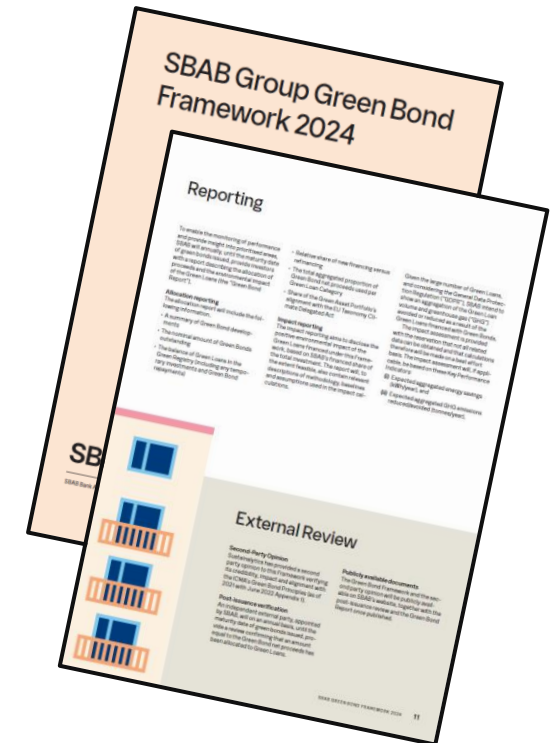
## Second-Party Opinion

- Sustainalytics has provided a second party opinion to this Framework verifying its credibility, impact and alignment with the ICMA's Green Bond Principles (as of 2021 with June 2022 Appendix 1)

## Post-issuance verification

- An independent external party, appointed by the SBAB Group, will on an annual basis, until the maturity date of green bonds issued, provide a review confirming that an amount equal to the Green Bond net proceeds has been allocated to Green Loans

The Green Bond Framework and the second party opinion will be publicly available on SBAB's website, together with the post-issuance review and the Green Bond Report once published.



# Second Party Opinion



“Sustainalytics is of the opinion that the SBAB Group Green Bond Framework is credible and impactful and aligns with the four core components of the Green Bond Principles 2021. This assessment is based on the following [...]”



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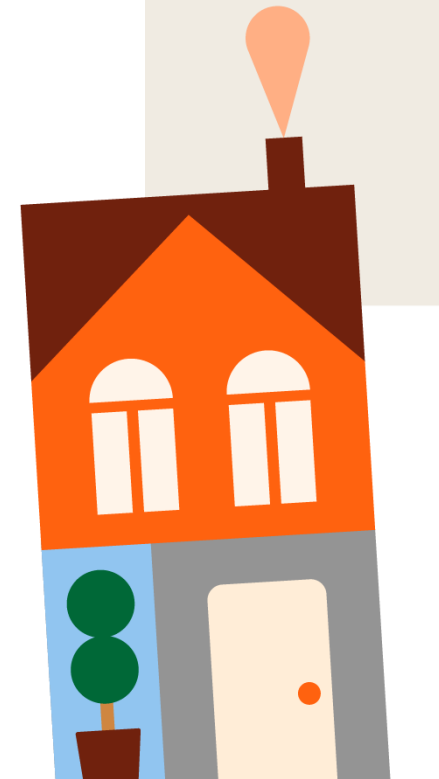
Background

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Summary of Framework

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Estimated volumes of Green Loans



# Methodology for selection (1/2)

– Energy Performance Certificates (EPCs) currently used as the foundation for identifying and selecting Green Loans

## Existing buildings (built before 2021)

**EPC**  
Issued up to and including  
31 Dec 2018

**EPC**  
Issued up to and including  
30 Aug 2020

**EPC**  
Issued from 31 Aug 2020 and  
onwards

## New buildings (built after 2020)

**EPC**  
Issued from 31 Aug 2020 and  
onwards

**Before BBR 25**

**BBR 25**

**BBR 29**

**BBR 29**

**Eligibility criteria:**

**Today:** Only buildings with EPC A

*Future possibility: Conversion of older EPCs to BBR29*

**Eligibility criteria:**

**Today:** Buildings with EPC A or belonging to the top 15% of the national building stock\*

\*Thresholds for top 15% retrieved from expert study

**Eligibility criteria:**

**Today:** Current building requirements (BBR29) minus 10% (PED) (i.e. A + B + high grade C)

*Future possibility: Adding construction loans*





# Methodology for selection (2/2)

Calculated by SBAB

Retrieved from expert study

## Top 15% thresholds determined in expert study

- Researchers, in collaboration with the Swedish Energy Agency (sw "Energimyndigheten") and the National Board of Housing, Building and Planning (sw "Boverket"), have calculated and determined top 15% thresholds for different types of properties



Byggnadskategori	Primärenergital (kWh/m <sup>2</sup> A <sub>temp</sub> och år)	
	Topp 15 procent	Topp 30 procent
Småhus	78	96
Flerbostadshus	81	93
Kontor och förvaltning	80	98
Skolor	89	108
Hotell, pensionat och elevhem	91	114
Restaurang	100	124
Vård dagtid	84	100
Vård dygnet runt	86	103
Köpcentrum	87	110
Butik och lagerlokaler för livsmedel	75	101
Butik och lagerlokaler för övrig handel	67	85
Bad-, sport- och idrottsanläggningar	78	100
Teater-, konsert, biograflokaler och övriga samlingslokaler	85	104
Övriga lokaler	77	98

## Thresholds applied for new and existing buildings

Objektsgrupp (byggnadskategori)	A <sub>temp</sub>	Thresholds for existing buildings category (top 15%)	Thresholds for new buildings category (BBR29 -10%)
Småhus (2. En- och tvåbostadshus)	>130	78	81
Småhus (2. En- och tvåbostadshus)	>90<=130	78	85
Småhus (2. En- och tvåbostadshus)	>50<=90	78	90
Småhus (2. En- och tvåbostadshus)	<=50	78	N/A
Affär/kontor (4. Lokal- och specialbyggnader, 5. Lokalbyggnader)	>50	80	63
Affär/kontor (4. Lokal- och specialbyggnader, 5. Lokalbyggnader)	<=50	80	N/A
Flerbostadshus (1. Flerbostadshus)	N/A	81	67

- The above thresholds are currently only applicable for buildings with EPCs issued according to BBR29 (i.e. as of 31 Aug 2020 and onwards)

# Estimate of Eligible Green Loans

1	• New buildings	▶	SEK 20.1 bn
2	• Existing buildings	▶	SEK 45.3 bn
3	• Major renovations	▶	Under evaluation
4	• Building energy efficiency measures	▶	Under evaluation
<hr/>			
	TOTAL	▶	SEK 65.3 bn



# Eligible Green Loans per category (1/2)

## Green Loan Category

### 1 New Buildings

*New Buildings, built after 2020, designed to achieve a net Primary Energy Demand ("PED") that is at least 10 per cent lower than the level required by the Swedish building regulation ("BBR")*

## Estimated Eligible Green Loans (March 31, 2024)

Business segment (asset type)	Eligible volume
Retail (Tenant Owner Rights)	SEK 5.8 bn
Retail (Single Family Housing)	SEK 0.8 bn
Corporate (Multi Family Assets)	SEK 8.7 bn
ToA* (Co-Operative Assets)	SEK 4.8 bn
<b>TOTAL</b>	<b>SEK 20.1 bn</b>

\* Tenant-owners' Associations



# Eligible Green Loans per category (2/2)

## Green Loan Category

2

Existing Buildings

*Buildings, built before 2021, with an EPC of class A or determined to belong in the top 15% of the national or regional building stock expressed as PED and demonstrated by adequate evidence, e. g. through a specialist study or as concluded in relevant statistics*

## Estimated Eligible Green Loans (March 31, 2024)

Business segment (asset type)	Eligible volume
Retail (Tenant Owner Rights)	SEK 15.8 bn
Retail (Single Family Housing)	SEK 9.7 bn
Corporate (Multi Family Assets)	SEK 12.6 bn
ToA* (Co-Operative Assets)	SEK 7.2 bn
<b>TOTAL</b>	<b>SEK 45.3 bn</b>

\* Tenant-owners' Associations



Thank  
you!



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