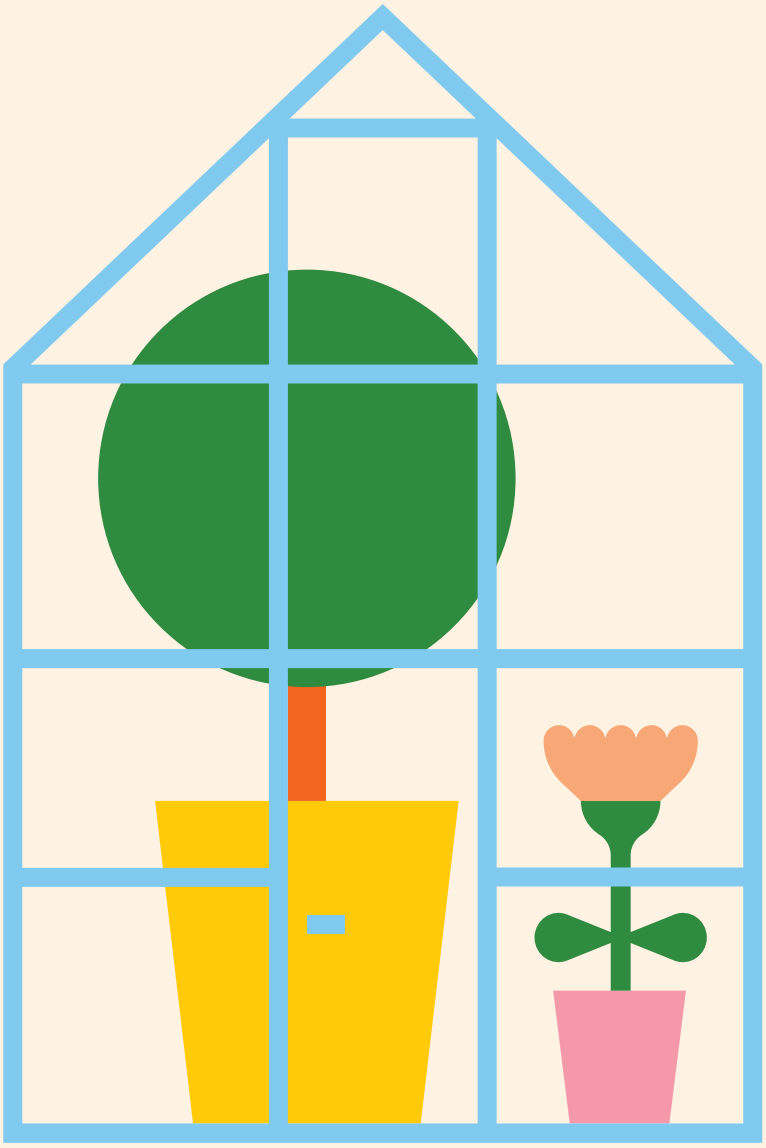
# Green Bond Report 2024



SBAB!

SCBC!
Covered bonds of SBAB

SBAB Bank AB (publ)

AB Sveriges Säkerstallda Obligationer (publ)
(Swedish Covered Bond Corporation – SCBC)

# Welcoming our new Green Bond Framework 2024

The 2020s continue to be marked by rapid and complex changes, and 2024 is no exception. We continue to live in a landscape of uncertainty with persistent inflationary pressures, geopolitical tensions, globally significant political decisions and the accelerating impacts of climate change. Notably, 2024 has been recorded as the hottest ever measured year on earth with only 5 years of the worlds carbon budget remaining to have any chance of staying within 1,5 degrees. These challenges underline the growing need for collaboration and resilience as we navigate this dynamic environment. At the same time, they reinforce the importance of embedding sustainability at the core of our operations to address risks and seize opportunities.

This past year, we have seen significant movement in both market dynamics and regulatory frameworks related to sustainability. For instance, the implementation of Corporate Sustainability Reporting Directive ("CSRD") has taken most companies' attention this past year and have accelerated the integration of sustainability in SBAB's strategic agenda. As a bank deeply connected to the real estate and mortgage markets, we are acutely aware of our role in supporting customers through these transitions. Our efforts to promote sustainable housing solutions remain central to our strategy. We experience growing awareness among homeowners on the importance of energy effi-

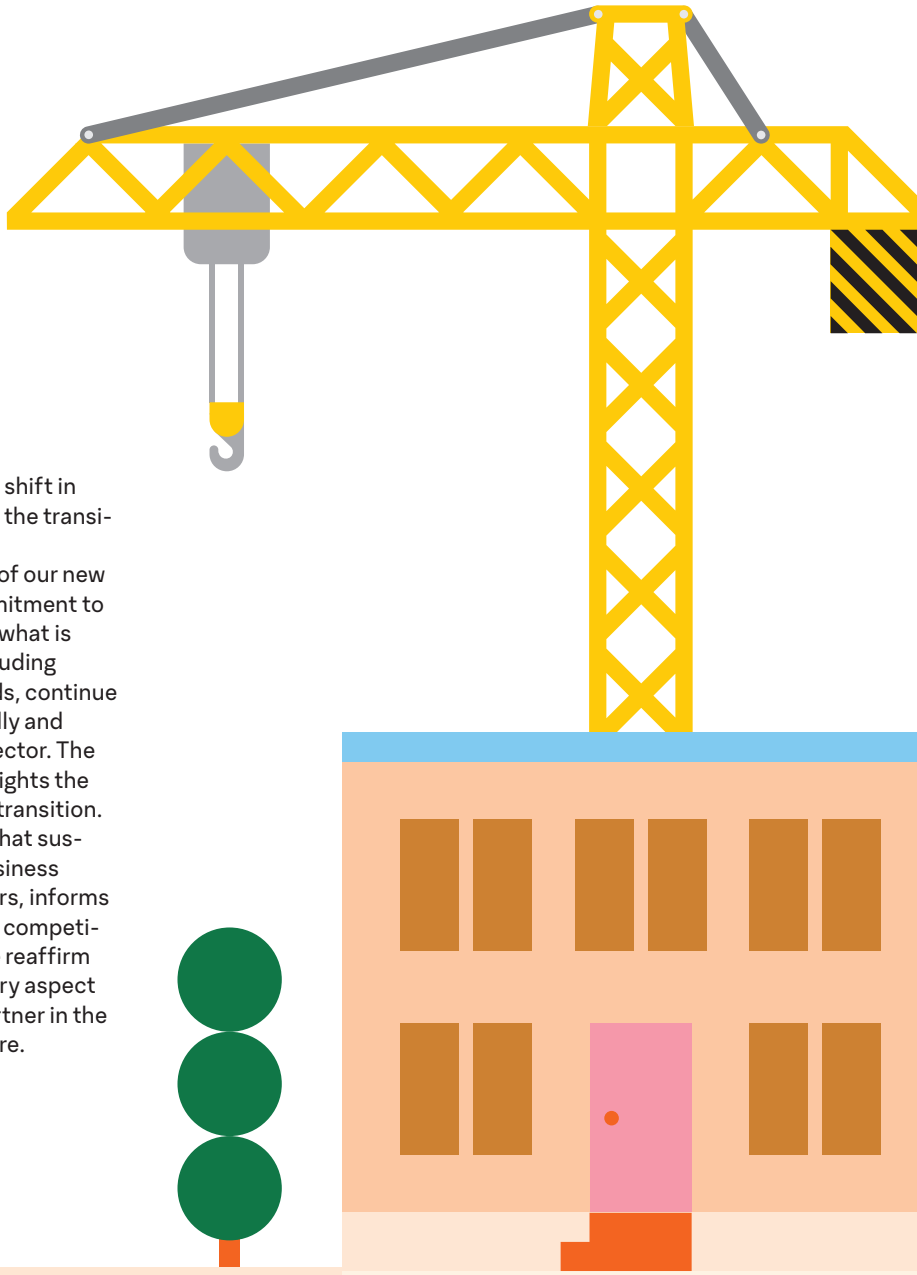


## About the SBAB Group

SBAB Bank AB (publ) ("SBAB") was founded in 1985 and is wholly owned by the Swedish state. SBAB's primary business is to provide loans and savings products to private individuals, property companies and tenant-owners' associations in Sweden. The core product is residential mortgages. The SBAB Group consists of SBAB and its subsidiaries: AB Sveriges Säkerställda Obligationer (publ) (with the parallel trade name The Swedish Covered Bond Corporation) ("SCBC") and Booli Search Technologies AB ("Booli"). SCBC's primary operations are the issuance of covered bonds (Sw. säkerställda obligationer) pursuant to the Swedish Act on Issuance of Covered Bonds (Sw. Lag (2003:1223) om utgivning av säkerställda obligationer), i.e. bonds or other comparable full recourse debt instruments secured by a pool of mortgage credits (the "Cover Pool"), in Swedish and international capital markets. SCBC does not pursue lending activities but instead acquires loans meeting certain criteria from SBAB on a regular basis. Booli develops products and services for the housing market. SBAB and SCBC are hereinafter jointly referred to as "SBAB".

**Vision:** To enable tomorrow's homes and housing

**Mission:** The considerate bank with the best offering in housing and household finances



ciency and resilience to extreme weather events. This shift in consumer priorities validates our focus on facilitating the transition to more sustainable housing solutions.

A notable milestone this year was the publication of our new Green Bond Framework, which underscores our commitment to align with the regulatory changes and streamlining of what is considered green. Our green financing initiatives, including green- and sustainability-linked loans and green bonds, continue to provide critical resources for driving environmentally and socially responsible practices within the real estate sector. The sustained interest from the investor community highlights the growing recognition of the value in funding the green transition.

Looking ahead, we remain steadfast in our belief that sustainability is not only a moral imperative but also a business necessity. It shapes how we engage with our customers, informs our product offerings, and strengthens our long-term competitiveness. As we close another transformative year, we reaffirm our commitment to integrating sustainability into every aspect of our business, ensuring that we remain a trusted partner in the journey toward a more sustainable and equitable future.

Mikael Inglander, CEO of SBAB

## Read more about SBAB's approach to sustainability

*SBAB Annual Report 2024*



## SBAB assigns priority to four Sustainable Development Goals

# Executive summary

At 31 December 2024, SBAB had disbursed a total of SEK 89.3 billion in Green Loans to investments aligned with the criteria set out in our Green Bond Framework 2024. This report presents the expected impacts of these investments as well as the impact reporting methodology applied.

## Background

**SBAB was the first bank in Sweden to issue a Green Bond in 2016**
In 2016, SBAB established its first framework for issuing green bonds (the "SBAB Green Bond Framework 2016"). The Green Bond Proceeds were used exclusively to finance or refinance buildings that met certain energy efficiency criteria or, alternatively, held a selectively defined environmental certification, as described further in the SBAB Green Bond Framework 2016. The framework received a Medium Green shading from the independent climate and environmental research institute CICERO. During October 2022, the last two bonds issued under this framework reached maturity and the framework is no longer active.

**SBAB launches a second framework to enable issuance of Green Covered Bonds**
In January 2019, SBAB published an updated framework for the issuance of green bonds ("SBAB Group Green Bond Framework 2019"). This was for reasons including encompassing a new and broader green customer offering, including SBAB's Green Residential Mortgages to private individuals, as well as to enable further future issuances of green bonds in other formats. The framework enabled SBAB to issue notes in the form of green bonds under SBAB's EMTN programme as well as SCBC to issue covered bonds in the form of green bonds under SCBC's EMTCN Programme, as described further in the SBAB Group Green Bond Framework 2019. The framework had a Medium Green shading from CICERO. Furthermore, CICERO's overall assessment of the governance structure of the framework was rated Excellent. In 2019, SBAB became the first bank in Sweden to issue a Green Covered Bond backed by residential mortgages and property loans.

**SBAB decides on updated Green Bond Framework in 2024**
In April 2024, SBAB published its third and latest Green Bond Framework. This iteration aligns with the latest principles from the International Capital Market Association (ICMA) and incorporates the language and criteria for green buildings outlined in the EU Taxonomy. The new framework fully replaces the previous version, reinforcing SBAB's commitment to driving the transition towards more energy-efficient and climate-smart residential properties.

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. Sustainalytics has provided a Second-Party Opinion (SPO) on the framework, rating it as "credible, impactful, and aligned with the four core components of the Green Bond Principles 2021."

**Continuously updated GHG emission calculation methodology**
During 2022, SBAB applied a new GHG emission calculation methodology to reflect the estimated $CO_2e$ savings more accurately with regards to the different heating sources of our assets. The methodology changed in order to align with how SBAB financed emissions overall is calculated and tracked using the guidelines from Partnership for Carbon Accounting Financials, "PCAF". In 2023, adjustments to some emission factors were made and overall quality of data were improved.

In 2024, SBAB continued its efforts to automate and enhance the collection and quality of emission data. Adjustments were made for geothermal heating and housing electricity, both now calculated using emission factors for electricity. For facilities lacking surface data, proxies are now based on the average of existing facilities instead of PCAF proxies. Additionally, LTV calculations are refined to cap SBAB's share of emissions at the building's total emissions, setting LTV to one if it exceeds this value.

Due to yearly improvements in calculation methodologies, any comparison between avoidance of GHG emissions between different Green Bond Reports (previosuly "Green Bond Impact Report") published by SBAB fails to represent the change of increase or decrease in emissions avoided. Instead, it should be interpreted as the emissions saved for the specific year of each Green Bond Report based on the latest available methodologies and assumptions.

*Read more on page 11*

**Monitoring of green loans and approval of Green Bond Report 2024**
During 2024, the Asset Liability Committee (ALCO) continuously monitored the development of green loans using the Green registry. The ALCO has decided on the Green Bond Report 2024 and its contents and has approved its publication in conjunction with SBAB's Annual Report 2024.

# Green bond development 2024

At year-end 2024, the total amount of green bonds outstanding totalled SEK 35.4 billion, compared to SEK 41.8 billion at year-end 2023. During 2024, green bonds amounting to SEK 5.5 billion were issued while green bonds amounting to SEK 11.9 billion matured. During the year, SBAB carried out two green bond issues under the SBAB Group Green Bond Framework 2024; a SEK 1.5 senior-non preferred bond in August, and a SEK 4.0 billion covered bond in November.

**Outstanding Green Bonds**

| Issuer | Issue date | Nominal Amount Issue[1)] | Format | Maturity | Coupon | ISIN | Framework |
|---|---|---|---|---|---|---|---|
| **SBAB** | 6 May, 2020 | EUR 500 mn (equiv SEK 5.3 bn) | Senior Unsecured | 13 May, 2025 | 0.50% | XS2173114542 | SBAB Group Green Bond Framework 2024 |
| **SBAB** | 20 May, 2021 | EUR 500 mn (equiv SEK 5.1 bn) | Senior Unsecured | 27 August, 2026 | 0.125% | XS2346986990 | SBAB Group Green Bond Framework 2024 |
| **SBAB** | 31 January, 2022 | EUR 500 mn (equiv SEK 5.2 bn) | Senior Unsecured | 8 February, 2027 | 0.50% | XS2441055998 | SBAB Group Green Bond Framework 2024 |
| **SBAB** | 1 June, 2022 | EUR 750 mn (equiv SEK 7.9 bn) | Senior Unsecured | 10 December, 2025 | 1.875% | XS2489627047 | SBAB Group Green Bond Framework 2024 |
| **SBAB** | 25 August, 2022 | SEK 0.6 bn | Senior Non-Preferred | 2 September, 2027 | 4.20% | XS2527965177 | SBAB Group Green Bond Framework 2024 |
| **SBAB** | 26 June, 2023 | EUR 500 mn (equiv SEK 5.8 bn) | Senior Non-Preferred | 26 June, 2026[2)] | 4.875% | XS2641720987 | SBAB Group Green Bond Framework 2024 |
| **SBAB** | 21 August, 2024 | SEK 1.5 bn | Senior Non-Preferred | 2 September, 2028[3)] | 3M Stibor + 70 bps | XS2889897703 | SBAB Group Green Bond Framework 2024 |
| **SCBC** | 26 November, 2024 | SEK 4.0 bn | Covered Bond | 3 December, 2029 | 2.483% | XS2952564354 | SBAB Group Green Bond Framework 2024 |
| **Total** | | **35.4 bn** | | | | | |

[1)] For bonds issued in EUR the conversion to SEK has been made based on the exchange rate at the date of the issue
[2)] First call date 26 June 2025
[3)] First call date 2 September 2027

# Impact Reporting

As of 31st December 2024, SBAB had disbursed a total of SEK 89.3 billion in Eligible Green Loans to investments as defined in the SBAB Group Green Bond Framework 2024.

These projects are estimated to generate an annual avoidance in GHG emissions corresponding to 7,696 tonnes $CO_2e$. SBAB's share of the financing is estimated to correspond to an annual avoidance of 3,536 tonnes $CO_2e$. That in turn corresponds to an estimated avoidance of 0.04 tonnes $CO_2e$ per disbursed SEK 1 million eligible green loans.

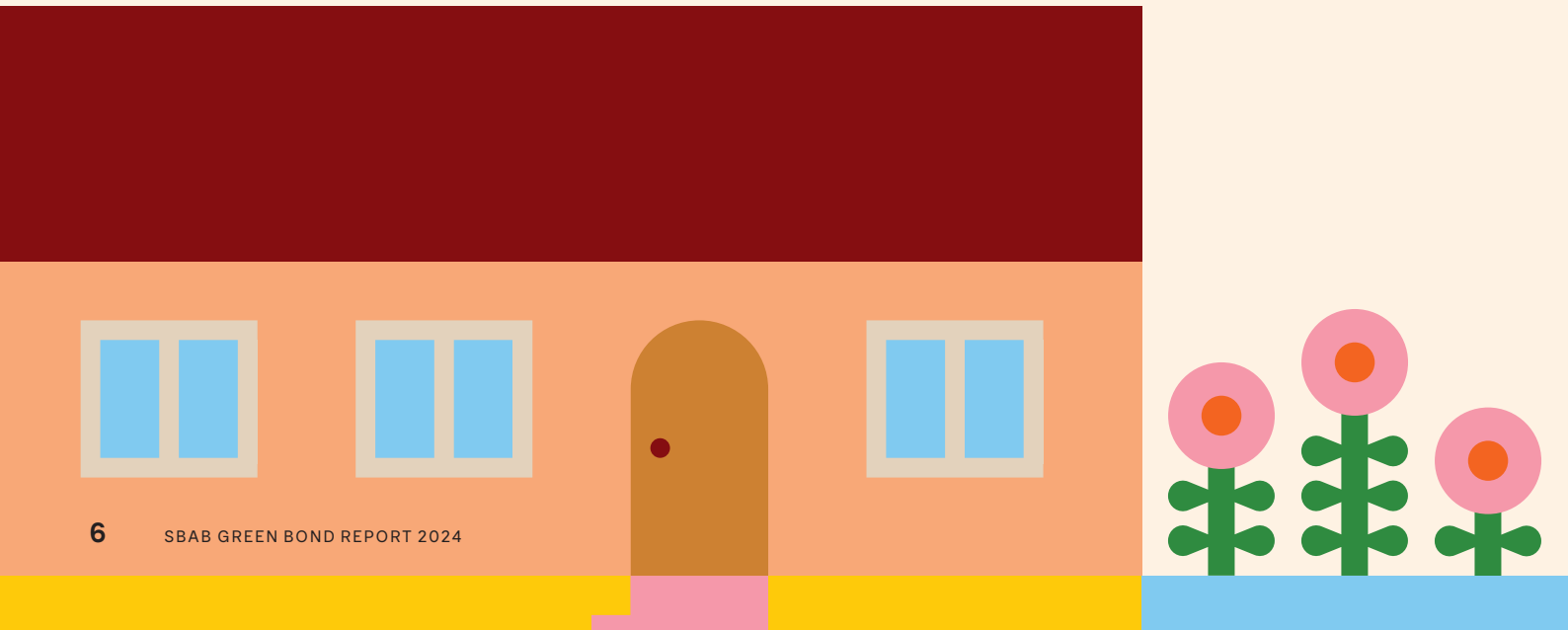
*Read more on page 6-7*

| | |
|---|---|
| **Eligible Green Loans:** | **SEK 89.3 billion** |
| **of which refinancing[1)]:** | **SEK 68.3 billion** |
| **of which new financing[2)]:** | **SEK 21.0 billion** |
| **SBAB financed annual expected avoidance of GHG emissions:** | **3,536 $tCO_2e$** |
| **SBAB financed annual expected aggregated energy savings:** | **67,552,989 kWh** |
| **Expected annual avoidance of GHG emissions per disbursed SEK 1 m in eligible green loans:** | **0.04 $tCO_2e$/ SEK 1 m** |

[1)] Loans disbursed before the reporting period
[2)] Loans disbursed during the reporting period

# Impact Report SBAB Group Green Bond Framework 2024

| Eligible Category | #Objects | Eligible volumes (SEK m) | Estimated avoidance of GHG emissions (tonnes $CO_2e$/year) | | Expected aggregated energy savings (kWh/year) | |
|---|---|---|---|---|---|---|
| | | | Full project expected GHG emissions avoided | SBAB financed expected GHG emissions avoided | Full project expected energy savings | SBAB financed expected energy savings |
| **Retail (Residential mortagages)** | **17,902** | **40,392** | **2,309.29** | **1,336.67** | **60,802,356** | **35,258,160** |
| *New buildings* | *3,958* | *9,345* | *365.17* | *243.65* | *4,578,273* | *2,934,903* |
| EPC A | 53 | 190 | 9.42 | 5.71 | 302,056 | 176,927 |
| EPC B | 1,826 | 4,571 | 202.14 | 135.29 | *2,883,017* | 1,862,327 |
| EPC C | 2,079 | 4,584 | 153.60 | 102.65 | 1,393,199 | 895,649 |
| EPC D | – | – | – | – | – | – |
| *Existing buildings* | *13,944* | *31,048* | *1,944.12* | *1,093.02* | *56,224,084* | *32,323,257* |
| EPC A | 561 | *1,626* | 153.64 | 86.31 | 6,543,887 | 3,642,128 |
| EPC B | 3,897 | 10,888 | 752.63 | 427.20 | 24,762,500 | 14,353,793 |
| EPC C | 7,207 | 14,963 | 837.89 | 471.81 | 21,216,775 | 12,388,606 |
| EPC D | 2,279 | 3,571 | 199.96 | 107.70 | 3,700,921 | 1,938,729 |
| **Corporate Clients & Tenant-Owners' Associations (Corporate loans)** | **628** | **48,909** | **5,387.20** | **2,199.62** | **82,526,814** | **32,294,829** |
| *New buildings* | *209* | *18,113* | *1,513.28* | *758.67* | *21,305,425* | *10,404,767* |
| EPC A | 7 | 470 | 52.57 | 28.40 | 871,528 | 478,002 |
| EPC B | 125 | 10,984 | 1,076.20 | 560.29 | 15,501,484 | 7,743,602 |
| EPC C | 77 | 6,659 | 384.51 | 169.98 | 4,932,413 | 2,183,163 |
| EPC D | – | – | – | – | – | – |
| *Existing buildings* | *419* | *30,797* | *3,873.92* | *1,440.95* | *61,221,389* | *21,890,062* |
| EPC A | 14 | 893 | 174.37 | 71.51 | 2,759,343 | 993,879 |
| EPC B | 93 | 11,706 | 903.95 | 369.58 | 14,735,309 | 6,000,781 |
| EPC C | 231 | 13,633 | 1,836.04 | 661.62 | 28,572,326 | 10,027,362 |
| EPC D | 81 | 4,565 | 959.56 | 338.25 | 15,154,411 | 4,868,041 |
| **Total** | **18,530** | **89,302** | **7,696.48** | **3536.29** | **143,329,170** | **67,552,989** |



# Assets under the Green Bond Framework 2024

As of 31 December 2024, SBAB had disbursed a total of SEK 89.3 billion in Eligible Green Loans as defined in SBAB Group Green Bond Framework 2024. These projects are estimated to generate an annual avoidance in GHG emissions corresponding to 7,696 tonnes $CO_2e$. SBAB's share of the financing is estimated to correspond to an annual avoidance of 3,536 tonnes $CO_2e$. In turn, this corresponds to an annual avoidance of 0.04 tonnes $CO_2e$ per disbursed SEK 1 million in eligible green loans and year.

Only loans within the eligible categories of *New buildings* and *Existing buildings* are included in these figures. The categories of *Major renovations* and *Building energy efficiency measures* are not included due to a lack of data. SBAB aims to incorporate the avoided emissions originating from these activities in future reporting.

In addition to these eligible green loans, SBAB has other yet unclassified loan assets (mainly construction loans) that may qualify to serve as the basis for issuing green bonds in the future.

The eligible green assets only include green buildings and therefore the EU Paris Aligned Benchmark exclusions are met. Net proceeds from Green Bonds are not, nor have been, allocated to loans for which the purpose of the project is fossil energy production, nuclear energy generation, weapons and defence, potentially environmentally harmful resource extraction (such as rare-earth elements or fossil fuels), gambling or tobacco.

More information about the respective Green Loan Category is available in Annex I. The framework is available in full at sbab.se.

**New lending product to promote energy efficiency measures**
As a part of SBAB's long-term sustainability work, a new green lending product was launched for retail customers in 2024 (i.e. the kW-Loan). The kW-Loan is a loan offered to customers who want to increase their existing mortgage (provided scope is available) to finance renovations in their homes that improve energy efficiency. Eligible renovations for a kW-loan include window replacements, installation or maintenance of geothermal heating systems, heat pumps, solar panels, or district heating systems, as well as additional insulation for facades, attics, or outer roofs, and supply and exhaust ventilation systems with heat recovery. The kW-Loan provides customers a reduction of 20 basis points in interest for the next ten years, starting from the date the loan is granted. In time SBAB aims to include the avoided emissions originating from the kW-Loan into the category of "Building energy efficiency measures".

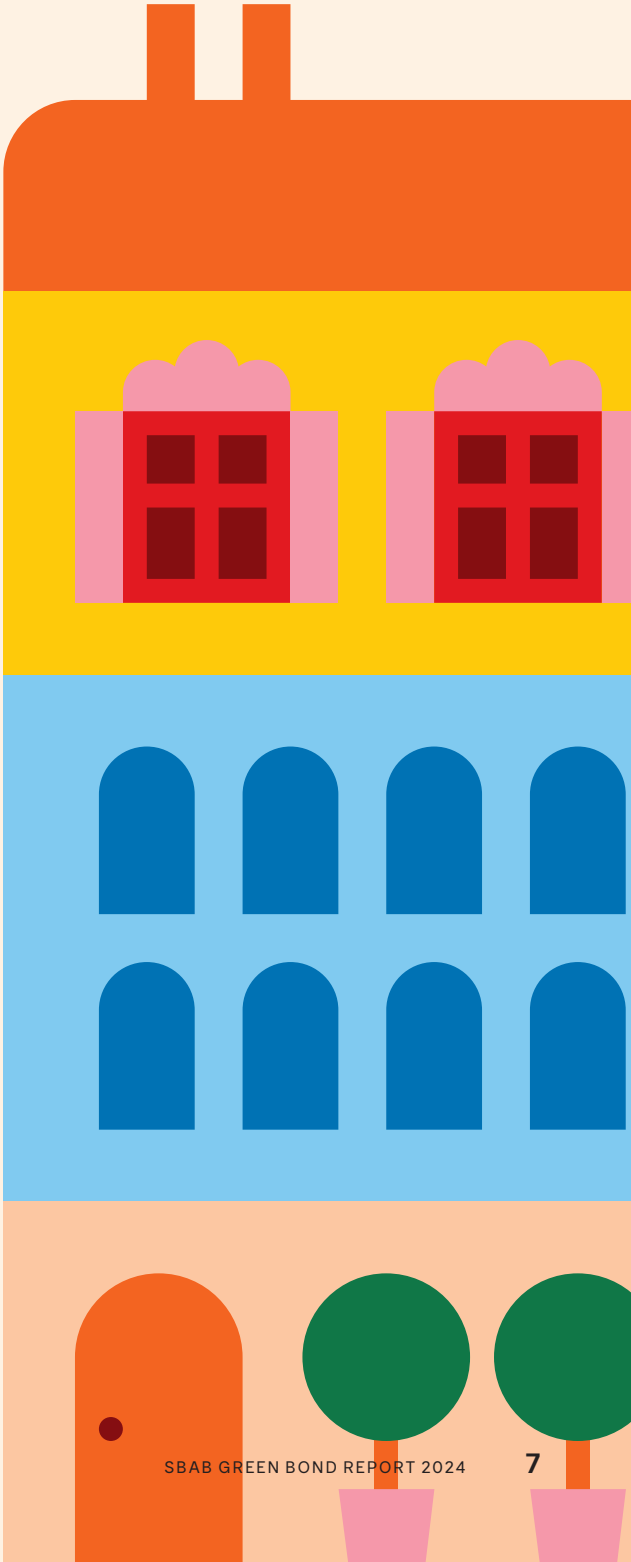
→ *Read more on page 14*

**Eligible Green Loans & SBAB Estimated annual avoidance of GHG emissions**

## SEK 89.3 bn → 3,536 $tCO_2e$

**Outstanding Green Bonds & SBAB Estimated annual avoidance of GHG emissions**

## SEK 35.4 bn → 1,402 $tCO_2e$



Insight

# Fotbollen 1

Boet Bostad is an innovative real estate company with a stated vision to develop housing for everyone and to contribute to a functioning and efficient housing market. The company mainly develops rental properties but also care and special housing in Sweden's major cities, regional cities and university towns.

In the property Fotbollen 1 in Ängelholm in Southern Sweden, completed in 2023, Boet Bostad has created 78 attractive apartments with smart and cost-effective solutions at a reasonable monthly cost. The buildings are also climate-smart and environmentally certified according to Sweden Green Building Council's "Miljöbyggnad Silver" standard and has an EPC rating of A. The houses are very well insulated, has solar panels on the roof and an advanced FTX ventilation system that recycles heat that is already in the building.

Boet Bostad is aligning their properties with the EU Taxonomy and require environmental certifications with a minimum rating of B for all projects they complete. The company does this by only developing properties with high energy efficiency standards and on-site renewables.

| | |
|---|---|
| **Framework:** | SBAB Green Bond Framework 2024 |
| **Eligible Category in framework:** | Energy efficient building, EPC A |
| **Year of completion:** | 2023 |
| **Total energy performance/year:** | 37 kWh/m2/year |
| **Baseline (energy requirement according to BBR:)** | 75 kWh/m2/year |
| **Full project expected GHG emissions avoided:** | 11.16 $tCO_2e$/year |
| **SBAB financed expected GHG emissions avoided:** | 7.28 $tCO_2e$/year |
| **Full project expected energy savings:** | 145,616 kWh |
| **SBAB financed expected energy savings:** | 94,966 kWh |
| **EU Taxonomy aligned:** | Yes |

Insight

# Neptun 1

The Neptun block is Sweden's first multi-family housing project designed as a plus-energy building. Through energy generated by 1,282 sqm of solar panels on the rooftops and by harnessing surplus heat, the three buildings produce more energy than they consume.

Neptun is located in the emerging Öster Mälarstrand district in Västerås and offers approximately 7,000 sqm of leasable area, comprising 121 apartments. Residents benefit from a local energy grid that provides access to the on-site renewable electricity. Additionally, they are equipped with tools to influence their own "climate footprint," such as individual metering for hot water and household electricity.

The buildings are heated using a combination of a ground-source heat pump and underfloor heating. The ventilation system includes a heat recovery unit with 90% efficiency, and fresh air intake is preheated or precooled via a separate borehole in the bedrock. Furthermore, a 3eflow system eliminates energy losses in the hot water circulation.

| | |
|---|---|
| **Framework:** | SBAB Green Bond Framework 2024 |
| **Eligible Category in framework:** | Energy efficient building, EPC A |
| **Year of completion:** | 2018 |
| **Total energy performance/year:** | 19 kWh/m$^2$/year |
| **Baseline (energy requirement according to BBR:)** | 75 kWh/m$^2$/year |
| **Full project expected GHG emissions avoided:** | 28.59 t$CO_2$e/year |
| **SBAB financed expected GHG emissions avoided:** | 17.17 t$CO_2$e/year |
| **Full project expected energy savings:** | 509,040 kWh |
| **SBAB financed expected energy savings:** | 305,755 kWh |
| **EU Taxonomy aligned:** | Yes |

# Reporting methodology

The reporting methodology applied in this report is based on "Nordic Public Sector Issuers: Position Paper on Green Bonds Impact Reporting" and the Partnership for Carbon Accounting Financials ("PCAF") methodology.

As of 2022, the methodology for calculating expected avoidance of GHG emission was updated to align with SBAB's overall updated methodology on calculating GHG emission from assets. The updated methodology is based on a methodology developed from Partnership for Carbon Accounting Financials ("PCAF") in order to be comparable between industry peers.

Since then, SBAB has taken further steps in assuring and adopting commonly used emission factors in line with other banks in Sweden. In 2024, the emission factor for geothermal heating was updated. The update affected both baseline and estimated emissions, but led only to minor effects on estimated avoided emissions.

Read more about our calculations on GHG emissions in our Annual Report 2024, available in full at sbab.se.

The methodology for calculating expected avoidance of GHG emissions are based on the same assumptions and calculation method as previously, which is presented below.

The methodology used since 2022 is more accurate as it takes the source of heating into consideration for each individual property.

The expected avoidance of GHG emissions has been calculated based on how much less energy each eligible properties' actual or expected energy consumption is compared with:

- an average energy consumption for existing buildings (buildings with construction year before 1 January 2014).
- allowed energy consumption as stated in the National Board of Housing, Building and Planning's building codes for new buildings (buildings with construction year after 1 January 2014).

Avoided GHG emissions have been estimated for each object based on average emissions per kWh for the specific type of object (multi family buildings or single-family houses) and its heating source.

All properties which have at least one building that qualifies for the green bond framework will be included in the Green Bond Report. The amount of the building included in the Green Bond Report is allocated based on Atemp ($m^2$) of the qualified building in relation to the total Atemp ($m^2$) of the property. If there are several buildings on one property with different energy labels that qualify for the Green Bond Framework, the building with the lowest label is chosen to represent the property. If there are several buildings located on one property with different energy labels, where not all buildings qualify for the Green Bond Framework, a percentage based on Atemp ($m^2$) is calculated for how much of the property that is included in the Green Bond Report.

As the methodology for calculating avoided emissions continuously evolves, SBAB advises against comparing different reporting periods with each other.

**Calculation formula applied**

$$((A \times B) - (C \times D)) \times E = \text{Full project GHG avoided} \times F$$

$$(A - C) \times E = \text{Full project energy savings} \times F$$

| | |
|---|---|
| **A** | = Baseline for energy consumption or former energy usage per $m^2$ Atemp and year (see "Baseline methodology" for definitions and details) |
| **B** | = Baseline for average GHG emissions ($gCO_2e$) per kWh (see "Baseline methodology" for definitions and details) |
| **C** | = Expected or actual energy consumption for the specific object based on Energy Performance (energy usage per $m^2$ Atemp) |
| **D** | = Average GHG emission ($gCO_2e$) per kWh for the specific objects source of heating [1) 2)] |
| **E** | = Object size, $m^2$ Atemp |
| **F** | = SBAB's share of the financing[3)] |

1) If an object has two or more sources of heating an average of the emission factors are used.

2) If the object is or belongs to a tenant-owned association with multiple buildings an average emission factor for the collective of buildings have been applied. The applicable emission factors can be found in our Sustainability statement in SBAB Annual Report 2024.

3) Existing buildings / New buildings = Loan relative to the market value.

# Baseline methodology

**Baseline for emissions avoided**
The energy performance in the energy performance certificates (EPC) made from 1 January 2019 is based on primary energy demand instead of specific energy usage. The specific energy usage in older EPC:s is defined as delivered energy to the building divided by the floor area Atemp, and different calculations is applied depending on source for heating and the climate zone of the building. The energy performance for buildings with EPC:s issued before 1 January 2019 may therefore be different from those made after 1 January 2019, and the energy performance is not always directly comparable.

Due to this challenge and our lack of complete data to convert EPC:s into primary energy demand, we are taking a conservative approach in our baseline methodology and all threshold values for energy performance are based on available primary energy demand.

On 1 January 2014 the new energy class requirements became mandatory in the building regulations with minimum requirement of Energy label C for all new buildings. Our baseline methodology is therefore different depending on the year of construction. The latest valid EPC at year-end is used to calculate energy consumption and GHG emissions.

**Baseline for average emission factors used**

| Object type | Baseline[1)] |
|---|---|
| Multifamily buildings | 45,2 $gCO_2e$/kWh |
| Single Family houses | 19,1 $gCO_2e$/kWh |

**Baseline for energy consumption or former energy usage**

| Construction year | Data explanation | Baseline |
|---|---|---|
| After 1 January 2014 | Primary energy demand for Energy Class C [2)] | 75 kWh/m²/year |
| Before 1 January 2014 | Average energy demand per square meter for single family homes and multi family homes in 2016[3)] | 118 kWh/m²/year |

[1)] Baseline is calculated based on data sourced from energy distribution is Swedish Energy Agency (Energimyndigheten), 2023 data.
[2)] Data from Swedish National Board of Housing, Building and Planning (Sw. "Boverket").
[3)] Data from 2016 is used due to an average time of 2 years between the completion of building and an issued EPC.

# Methodology for calculating GHG emissions per building category and heating source

SBAB is committed to improving our methods, data quality and calculations for our financed emissions. As of 2022, a methodology developed from PCAF was introduced as our industry common methodology to calculate financed emissions. The methodology aimed to increase comparability between financial institutions. Full calculation methodology and supporting data is presented in SBAB's annual report 2024 which is published on sbab.se.

# EU-Taxonomy alignment of eligible assets

SBAB has assessed the extent to which allocated green assets contribute to the Technical Screening Criteria and Do No Signficant Harm Criteria (DNSH) in the EU taxonomy. The activity for Climate Change Mitigation 7.7, "Acquisition and ownership of buildings" is specifically applied. This assessment is based on available data and current definitions of national thresholds[1].

Eligible green loans within the Retail business area are largely aligned with the taxonomy, with the exception of assets exposed to notable climate risks, specifically water-related risks, which do not meet the DNSH criteria and are therefore excluded from taxonomy alignment.

Eligible green loans with the Corporate Clients & Tenant-Owners' Associations business area are generally not taxonomy aligned. A large majority of SBAB's corporate clients are not classified as NFRD companies, and are therefore not covered by the taxonomy. Tenant-owners' associations are also not covered by the taxonomy.

Read more in SBAB's Annual Report 2024, pages 101–139.

**Volume of assets in Green Bond Framework that meet the criteria of the EU taxonomy:**

| Eligible category | Green Bond Framework eligible green assets, SEK m | Assessed as Taxonomy aligned, SEK m | Assessed as Taxonomy aligned, % |
|---|---|---|---|
| Retail (Residential mortgages) | 40,392 | 38,674 | 95.7% |
| Corporate Clients & Tenant-Owners' Associations | 48,909 | 94 | 0.2% |
| **Total** | **89,301** | **38,768** | **43,4%** |

[1] National definition of building within the top 15% most energy efficient. CIT Energy Management published (14 December 2022) is a report that defines national thresholds for different building types. The threshold for multi-family houses is 81 kWh/m2/year and single-family houses is 78 kWh/m2/year based on current building regulations (BBR29). The National Board of Housing, Building and Planning and the Swedish Energy Agency are investigating their role in developing a method for determining which buildings are the 15% most energy efficient.

# Auditor's Limited Assurance Report on SBAB's Green Bond Report

To SBAB Bank AB (publ), corporate identity number 556253-7513

**Introduction**
We have been engaged by SBAB Bank AB (publ), ("SBAB") to undertake a limited assurance engagement of the Green Bond reporting ("Reporting") for the year 2024 set out in this document.

**Responsibilities of Management**
SBAB's Management is responsible for the preparation of the Reporting in accordance with the applicable criteria, as explained in the SBAB Group Green Bond Framework 2014 (available at *https://www.sbab.se/1/in_english/investor_relations/investor_relations/the_sbab_groups_funding_programmes/sbab_-_unsecured_funding/sbab_green_bond.html*) as well as the accounting and calculation principles that the Company has developed. This responsibility also includes the internal control relevant to the preparation of the Reporting that is free from material misstatements, whether due to fraud or error.

**Responsibilities of the auditor**
Our responsibility is to express a conclusion on the Reporting based on the limited assurance procedures we have performed. Our engagement is limited to historical information presented and does therefore not cover future-oriented information.

We conducted our limited assurance engagement in accordance with ISAE 3000 (revised) *Assurance Engagements Other than Audits or Reviews of Historical Financial Information*. A limited assurance engagement consists of making inquiries, primarily of persons responsible for the preparation of the Reporting, and applying analytical and other limited assurance procedures. The procedures performed in a limited assurance engagement vary in nature from, and are less in extent than for, a reasonable assurance engagement conducted in accordance with International Standards on Auditing and other generally accepted auditing standards in Sweden.

The firm applies International Standard on Quality Management 1, which requires the firm to design, implement and operate a system of quality management including policies or procedures regarding compliance with ethical requirements, professional standards and applicable legal and regulatory requirements. We are independent of SBAB in accordance with professional ethics for accountants in Sweden and have otherwise fulfilled our ethical responsibilities in accordance with these requirements.

The procedures performed consequently do not enable us to obtain assurance that we would become aware of all significant matters that might be identified in a reasonable assurance engagement.

Accordingly, the conclusion of the procedures performed do not express a reasonable assurance conclusion.

Our procedures are based on the criteria defined by SBAB's Management as described above. We consider these criteria suitable for the preparation of the Reporting.

We believe that the evidence we have obtained is sufficient and appropriate to provide a basis for our conclusion below.

**Conclusion**
Based on the limited assurance procedures we have performed, nothing has come to our attention that causes us to believe that the Green Bond Report for the year 2024, is not prepared, in all material respects, in accordance with the applicable criteria, as explained in the SBAB Group Green Bond Framework 2024.

Solna 18 March 2025

Deloitte AB

Malin Lüning
Authorized Public Accountant

Adrian Fintling
Expert Member of FAR

# Annex I:
# Use of Proceeds (SBAB Group Green Bond Framework 2024)

An amount equal to the net proceeds from Green Bonds issued by the SBAB Group will finance or refinance, in whole or in part, loans disbursed by SBAB that promote the transition towards a low-carbon, climate change resilient and environmentally sustainable society, in each case as determined by the SBAB Group in accordance with the Green Loan categories defined below ("Green Loans"). All Green Loans will finance projects in Sweden and form a portfolio of assets ("Green Asset Portfolio") eligible for financing and refinancing by Green Bonds.

## Green Loan categories

| Reference | Eligibility Criteria |
|---|---|
| **ICMA GBP categories:** Green buildings<br><br>**EU Taxonomy sector:** Construction and real estate activities<br><br>**EU Taxonomy objective:** Climate Change Mitigation<br><br>**SDGs:**<br>  | **New buildings**[1]<br>• New Buildings 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").[2]<br><br>*Eligible EU Taxonomy category:*<br>**7.1** "Construction of new buildings" |
| | **Existing buildings**[3]<br>• Buildings with an Energy Performance Certificate (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.<br><br>*Eligible EU Taxonomy category:*<br>**7.7** "Acquisition and ownership of buildings" |
| | **Major renovations**<br>Major renovations complying with one of the following criterion:<br>• The building renovation leads to a reduction in energy use of at least 30% compared to the pre-investment situation, or;<br>• The building renovation meets minimum energy performance requirements of the national building regulation for major renovations.<br><br>*Eligible EU Taxonomy category:*<br>**7.2** "Renovation of existing buildings" |
| | **Building energy efficiency measures**<br>• 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 end charging stations for electric vehicles.<br><br>*Eligible EU Taxonomy categories:*<br>**7.3** "Installation, maintenance and repair of energy efficiency equipment"<br>**7.4** "Installation, maintenance and repair of charging stations for electric vehicles in buildings (and parking spaces attached to buildings)"<br>**7.5** "Installation, maintenance and repair of instruments and devices for measuring, regulation and controlling energy performance of buildings"<br>**7.6** "Installation, maintenance and repair of renewable energy technologies" |

[1] Built after 2020. Threshold values used for SBAB Green Bond Report 2024 are defined in BFS 2020:4 - BBR 29, The National Board of Housing, Building and Planning and the Swedish Energy Agency.
[2] The Swedish Nearly Zero Energy Building (NZEB) requirement is equivalent to the BBR.
[3] Built before 2021. Threshold values used for SBAB Green Bond Report 2024 are defined in *Top 15 and 30 percent of the best buildings*, CIT Energy Management, published (14 December 2022).

# Annex II:
# Energy Performance Certificates

**Energy performance measures**
Energy consumption is described in the energy performance certificate in terms of energy performance measures. Energy performance measures indicate how much energy is consumed by heating, air-conditioning, hot tap water and the building's property electricity. All energy consumed for this in one entire year is aggregated and divided by the heated surface of the building. The result is the number of kilowatt-hours (kWh) used per square meter (m2). Energy performance is expressed in terms of the unit kWh/m2 and year.

**Energy classes from A to G**
Energy classification is included in the certificates to make it easier to compare buildings with each other and to get an idea of their energy consumption. Energy Class A stands for low energy consumption, and G stands for high. A building that has an energy consumption corresponding to the requirement imposed on a newly built building today is placed in Class C.

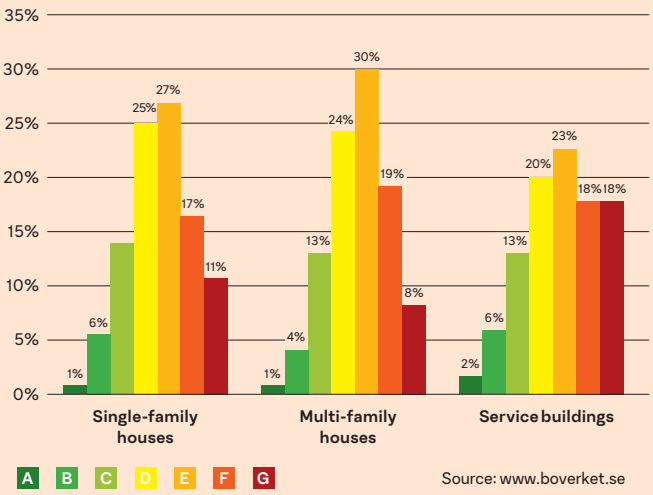
The seven classes on the scale are based on the energy consumption requirement imposed on new buildings built today. These requirements can be found in the building code, BBR (BFS 2011:6) and depend on the type of building, if it is electrically heated or not, and where in Sweden it is situated. Energy Class C corresponds to the particular requirement that would apply to the building if it were built today. Below is a list showing what each energy class stands for.

**EP** = Energy performance measures of the building in question
**≤** = less than or equal to
**>** = more than

**A** = EP is ≤ 50 percent of the requirement for a new building.
**B** = EP is > 50 - ≤ 75 percent of the requirement for a new building.
**C** = EP is > 75 - ≤ 100 percent of the requirement for a new building.
**D** = EP is > 100 - ≤ 135 percent of the requirement for a new building.
**E** = EP is > 135 - ≤ 180 percent of the requirement for a new building.
**F** = EP is > 180 - ≤ 235 percent of the requirement for a new building.
**G** = EP is > 235 percent of the requirement for a new building.

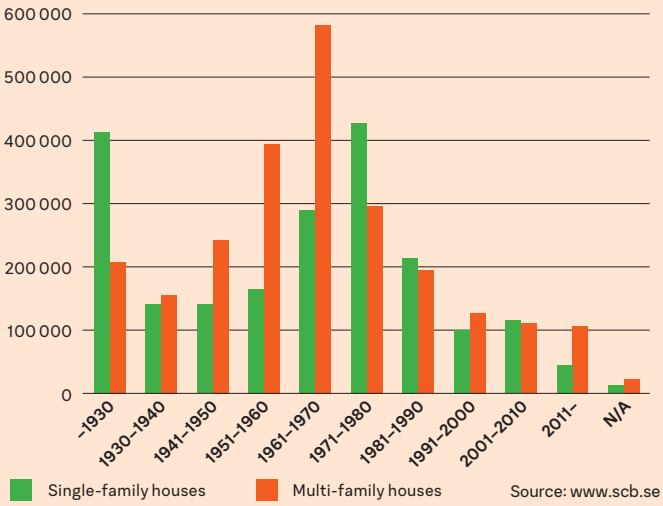
Source: www.boverket.se (2024)

**Distribution of energy classes (A to G) by type of housing**




Source: www.boverket.se

**Number of homes by type of housing and building period**




Source: www.scb.se

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Covered bonds of SBAB