

COMPANY PROFILE

SBAB Bank AB (publ)

Stockholm, Sweden

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Company Overview

SBAB Bank AB (publ) (SBAB) is a Stockholm-based bank that provides residential mortgages, loans and savings services to individuals, corporates and tenant-owner associations throughout Sweden. Through partners, it also provides its mortgage customers with third-party insurance services. As of 30 June 2016, SBAB's market share, as per the bank, in terms of Swedish retail mortgage lending, stood at 7.8%. It reported total consolidated assets of SEK396.1 billion (€42.0 billion) as of 30 June 2016.

SBAB does not have its own branch network. The bank distributes its products and services to individuals primarily through internet and telephone banking. It also distributes its products and services to corporate customers and tenant-owner associations through personal contacts, retail banks and real estate agents.

SBAB was established in 1985 as The Swedish National Housing Finance Corporation by the Kingdom of Sweden (Government of Sweden) to finance government housing loans. In March 2011, it was awarded a full banking licence and began providing banking products and services. Subsequently, it was renamed SBAB Bank AB (publ). As of 30 June 2016, the bank remains wholly owned by the Government of Sweden.

Note: Currency converted using exchange rate of SEK=€0.10614, as of 30 June 2016

Source: *Company Reports (interim report June 2016, annual report Dec 2015 and Dec 2011), Company data, Moody's research, www.oanda.com*

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Financial Highlights (as Reported)

Note: The financials presented below are those reported by the entity and are not adjusted for Moody's analytic purposes. For Moody's generated ratios on SBAB Bank AB (publ), please see <[SBAB Bank AB \(publ\) page on moodys.com](#)>.

EXHIBIT 1

Latest Full-Year Results¹

SBAB Bank AB (publ)

(in SEK Million)	31-Dec-15	31-Dec-14	31-Dec-13	% Change 15/14	% Change 14/13
SEK/€, Period end	0.10904	0.10527	0.11199	–	–
Total Assets	374,552	338,985	335,058	10.49	1.17
Total Shareholders' Equity	11,848	11,001	9,681	7.70	13.63
Capital Base ²	18,867	15,307	14,644	23.26	N/M
Tier 1 Capital Ratio (%) ²	35.1	36.8	30.6	(170) bps	N/M
Net Income	1,162	1,256	873	(7.48)	43.87
Net Interest income	2,442	2,111	1,963	15.68	7.54

Notes: 1) Based on consolidated financial data

2) "Capital Base" and "Tier 1 Capital Ratio" for Dec 2015 and Dec 2014 have been stated in accordance with the Basel III transitional framework, while those for Dec 2013 are in accordance with the Basel II framework.

Source: Company Report (annual report Dec 2015 and Dec 2014), www.oanda.com

EXHIBIT 2

Latest First-Half Results

SBAB Bank AB (publ)

(in SEK Million)	30-June-16	30-June-15	% Change 16/15
SEK/€, Period end	0.10614	0.10832	–
Total Assets	396,082	365,627	8.33
Total Shareholders' Equity	14,725	10,978	34.13
Capital Base	19,189	16,007	19.88
Tier 1 Capital Ratio (%)	35.6	33.2	240 bps
Net Income	724	555	30.45
Net Interest Income	1,322	1,192	10.91

Note: Based on consolidated financial data

Source: Company Report (interim report June 2016), www.oanda.com

Business Activities

SBAB provides residential mortgages, loans and savings services to individuals, corporates and tenant-owner associations. It also offers third-party insurance services, via partners, to its mortgage customers.

The bank operates mainly through the following three business segments: Retail Market; Partner Market; and Corporate Clients and Tenant-owner Associations. It also maintains an Other segment. As of the second quarter of 2016, Partner Market is no longer a separate business segment; instead, it is fully consolidated in

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the Retail Market business segment. In the financial year ended 31 December 2015 (2015), the largest contributor to the bank's total operating income¹ was the Retail Market segment (51.9%).²

Retail Market: This segment provides lending and savings products, including residential mortgages, savings accounts and insurance. These products are distributed to individuals via telephone and the internet. In 2015, the Retail Market segment accounted for 51.9% of the bank's total operating income.

Partner Market: This segment, which accounted for 25.6% of the bank's total income in 2015, provides residential mortgages to private individuals through various partners, including real estate agents and other retail banks.

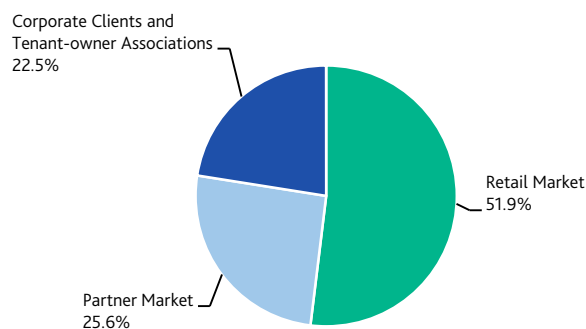
Corporate Clients and Tenant-owner Associations: This segment deals with lending for multi-family dwellings and SBAB's limited lending for commercial properties (1.4% of total lending as of 31 December 2015). In 2015, it accounted for 22.5% of the bank's total income.

Source: Company Report (annual report Dec 2015)

EXHIBIT 3

Business Segment

(% of Total Operating Income, consolidated, for 2015)



Notes: 1) Excluding Other segment due to its noncore activities

2) Total operating income includes net interest income, net commission income and other operating income

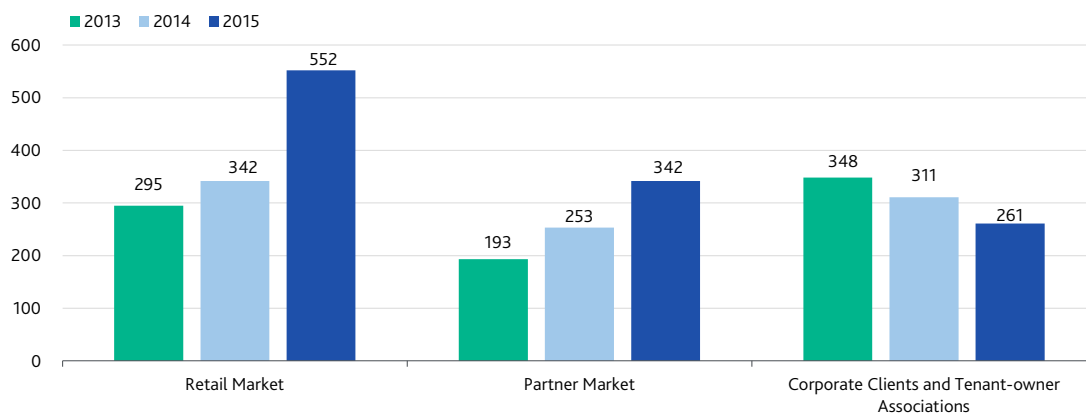
Source: Company Report (annual report Dec 2015, Pg: 124)

¹ Throughout this section, total operating income includes net interest income, net commission income and other operating income.

² Throughout this section, such percentages have been calculated by excluding the Other segment due to its noncore activities.

EXHIBIT 4
Profit/(Loss) after Tax per Business Segment

(consolidated, in SEK Million)



Note: Excluding Other segment due to its noncore activities

Source: Company Reports (annual report Dec 2015, Pg: 124 and Dec 2014, Pg: 118)

Distribution Capacity and Market Share

SBAB does not have its own branch network. It distributes its products and services to individuals primarily through internet and telephone banking. The bank also distributes its products and services to corporate customers and tenant-owner associations through personal contacts and its representative offices in Gothenburg and Malmö. Furthermore, it maintains cooperation agreements with several independent retail banks, domestic financial institutions and real estate agents.

The geographical distribution of the bank's loan portfolio was as follows:

EXHIBIT 5

SBAB Bank AB (publ)

Geographical Segment (%)	Retail		Corporate and Tenant-owner Associations	
	31-Dec-15	31-Dec-14	31-Dec-15	31-Dec-14
Stockholm region	58.5	52.4	50.4	51.1
Öresund region	19.5	25.6	16.1	15.0
Gothenburg region	8.5	7.8	8.6	8.5
University and growth regions	7.1	7.1	15.1	14.7
Other regions	6.5	7.1	9.7	10.6
Total	100.0	100.0	100.0	100.0

SBAB's shares of the Swedish banking system, as per the bank, in terms of total customer lending and deposits, were as follows:

EXHIBIT 6

Market Shares of SBAB Bank AB in terms of Mortgage Lending and Household Deposits

(% Share)	30-June-16	31-Dec-15	31-Dec-14	31-Dec-13
Residential mortgage loans	7.77	7.86	7.30	7.29
Household deposits	3.90	3.76	3.53	2.91

Source: Company Reports (interim report June 2016, annual report Dec 2015 and Dec 2014), Moody's research

Ownership and Structure

SBAB is a public limited company, wholly owned by the Government of Sweden, as of 30 June 2016.

Source: Company Report (interim report June 2016)

Subsidiaries

As of 17 June 2016, SBAB's subsidiaries were as follows:

EXHIBIT 7

SBAB Bank AB (publ)

Subsidiary	Line of Business	% Held
The Swedish Covered Bond Corporation (SCBC)	Credit market company	100
Booli Search Technologies AB	Housing search engine	71

Source: Company Report (SCBC EMTCN prospectus June 2016)

Company Management

Company Management	Current Title	Age*
Klas Danielsson	SBAB: Chief Executive Officer	52
Christine Ehnström	SBAB: Chief Operating Officer	42
Tim Pettersson	SBAB: Head of Corporate Clients and Tenant-owner associations	55
Mikael Inglander	SBAB: Chief Financial Officer	52
Peter Svensén	SBAB: Chief Risk Officer	41
Carina Eriksson	SBAB: Head of Human Resources	50
Klas Ljungkvist	SBAB: Chief Information Officer	49
Elizabet Jönsson	SBAB: Chief Retail Market	39
Daniel Ljungel	SBAB: Head of Business Development	40

As of 21 July 2016

* As of 31 Dec 2015

Board of Directors	Affiliation	Age*	Committees*
Bo Magnusson	SBAB: Chairman of the Board; Carnegie Investment Bank AB, Carnegie Holding AB, Fastighetsaktiebolaget Norrporten, NS Holding AB and AB Sverige Säkerställda Obligationer (publ): Chairman of the Board; KBC Bank NV and Bmag AB: Board Member	53	Audit and Compliance Committee, Credit Committee (C), Remuneration Committee (C)
Jakob Grinbaum	SBAB: Deputy Chairman of the Board; Oscar Properties AB: Chairman; Fourth AP Fund: Deputy Chairman; Östgötågården Foundation in Uppsala, Sport club IK Sirius, J Grinbaum Finanskonsult and Jernhusen AB: Member of the Board; Genesta Property Nordic: Member of the Advisory Board	66	Credit Committee, Risk and Capital Committee (C)
Carl-Henrik Borg	SBAB: Member of the Board; Lägenhetsbyte Sverige AB: Chairman; CABO Consulting AB: Member of the Board	63	–
Lars Börjesson	SBAB: Member of the Board; Taggsvampen AB: Member of the Board	51	–
Johan Ericsson	SBAB: Member of the Board (Employee Representative)	33	–
Johan Grude	SBAB: Deputy Member of the Board (Employee Representative); BRF Boklok Strand: Member of the Board	43	–
Daniel Kristiansson	SBAB: Member of the Board; Green Cargo AB and Vasallen AB: Member of the Board	41	–
Ebba Lindsö	SBAB: Member of the Board; Brummer & Partners: Senior Advisor; Sixth AP Fund: Chairman of the Board; Statistics Sweden: Member of the Advisory Council; King Carl XVI Gustaf's Young Leadership Foundation, Federation of Swedish Farmers Association, Burenstam & Partners, Lindso & Partners, Aktiebolag Veritas and Medica Clinical Nord Holding AB: Member of the Board	60	Risk and Capital Committee
Kristina Ljung	SBAB: Member of the Board (Employee Representative)	49	–
Jane Lundgren Ericsson	SBAB: Member of the Board; Svensk Exportkredit: Deputy Chief Operating Officer	50	Credit Committee, Risk and Capital Committee
Karin Moberg	SBAB: Member of the Board; FriendsOfAdam: Chief Executive Officer and Member of the Board; Care Tech Nordic AB and Doro: Member of the Board; Care Tech AB: Chairman	52	Audit and Compliance Committee (C)

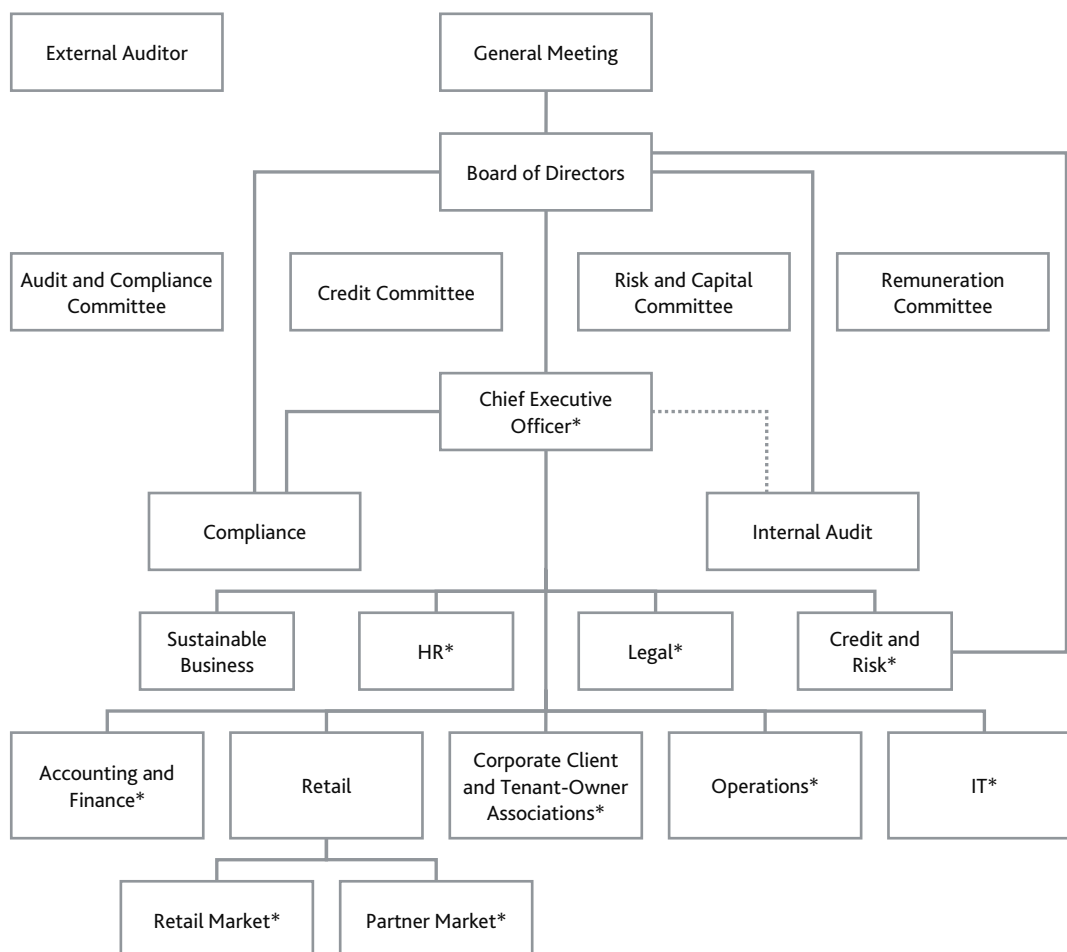
(C) = Committee Chair

As of 21 July 2016

* As of 31 Dec 2015

Source: Company Report (annual report Dec 2015), Company data

EXHIBIT 8

Organisational Chart as of 31 December 2015

*Member of the Executive Committee. The Head of Retail Market is also the Head of Communication and Business Development.

Source: Company Report (annual report Dec 2015)

Company History

SBAB was established by the Government of Sweden in 1985 as The Swedish National Housing Finance Corporation to finance government housing loans. In 1991, its mission was extended to include new lending in the open market to ensure competition and financing diversity in the Swedish mortgage market.

In the early 1990s, SBAB had a large number of agency-approved loans that contributed to severe asset-quality problems and heavy losses. Consequently, a significant number of high-risk government-agency-approved loans were removed from its balance sheet and transferred to the dedicated government workout vehicle Venantius AB (publ). In addition, the Government of Sweden restructured the institution into the following three companies: The Swedish National Housing Finance Corporation (SBAB), a holding company responsible for the group's funding and liquidity management; Statens Bostadslåneaktiebolag, the "M Company", a wholly owned subsidiary to work out the troubled government-agency-approved loans from the early 1990s; and Sveriges Bostadsfinansieringsaktiebolag, the "K Company" (a second wholly owned

subsidiary), which is engaged in open-market lending. In October 2004, the two subsidiaries were merged back into the parent company, with the aim of increasing administrative efficiency.

Subsequently, SBAB expanded its product portfolio to include retail savings (2007) and deposit-taking from corporate and tenant-owner associations (2009).

In early 2009, SBAB participated in the Government of Sweden's medium-term funding guarantee programme, and issued its first government-guaranteed bond in February 2009. The equivalent value of state-guaranteed bonds issued totalled approximately SEK28 billion (€2.4 billion). By March 2012, SBAB had repaid all sums outstanding under the government guarantee programme.

In December 2009, SBAB applied to the Swedish Financial Supervisory Authority for permission to conduct banking operations. In March 2011, it was awarded a full banking licence and began to provide banking products and services. Subsequently, it was renamed SBAB Bank AB (publ). In 2012, SBAB was granted permission to conduct securities operations, and the first mutual fund services were launched in March 2013, managed in a cooperation agreement by Öhman Fonder. However, the fund offering was wound up in 2014. The bank's joint venture FriSpar Kreditkonsult AB (formerly FriSpar Bolån AB) was also wound up in 2014 and liquidated on 19 December 2014.

In August 2014, SBAB's board affirmed the bank's strategic focus on the core business areas of mortgages and residential financing.

In January 2016, SBAB purchased a 71% stake in Booli – one of Sweden's largest housing sites and search engines for homes – included as part of SBAB's retail operations. SBAB also has an option to acquire the remaining shares at a later date.

As of 30 June 2016, the bank remains wholly owned by the Government of Sweden.

Note: Currency converted using exchange rate of SEK-€0.08737, as of 28 Feb 2009
Source: Company Reports (annual report Dec 2015, Dec 2014, Dec 2012 and Dec 2011, Dec 2009, interim report June 2016), Company data, Moody's research, www.oanda.com

Peer Group

- » Swedbank AB
- » Länsförsäkringar Bank AB
- » Skandiabanken AB
- » Skandiabanken ASA
- » Storebrand Bank
- » OBOS-banken AS
- » Coventry Building Society
- » Nationwide Building Society
- » Yorkshire Building Society

Related Websites and Information Sources

For additional information, please see:

- » The company's website: www.sbab.se
- » The regulator's website: www.riksbank.se
- » The financial supervisory authority: www.fi.se

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Moody's Related Research

Credit Opinion:

- » [SBAB Bank AB, May 2016](#)

Banking System Outlook:

- » [Sweden, November 2015 \(1007537\)](#)

Country Statistics:

- » [Sweden](#)

Banking Statistical Supplement:

- » [Sweden, September 2012 \(145354\)](#)

Sector Comments:

- » [Sweden's Countercyclical Capital Buffers Moderate Risks from Excessive Household Lending Growth, June 2014 \(172145\)](#)
- » [Higher Capital Requirement for Mortgages Would Be Credit Positive for Swedish Banks and Covered Bonds, November 2013 \(160387\)](#)
- » [Sweden's Implementation of EU Bank Bail-In Plan Is Credit Negative, August 2013 \(157479\)](#)

Special Comments:

- » [Nordic Banks: Moody's Conducts First-Time Bank Survey, February 2014 \(164647\)](#)
- » [Key Drivers of Swedish Bank Rating Actions, May 2012 \(142124\)](#)

To access any of these reports, click on the entry above. Note that these references are current as of the date of publication of this report and that more recent reports may be available. All research may not be available to all clients.

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