

Green Bonds Impact Report 2019

GREENING THE FUTURE

SBAB!

SBAB Bank AB (publ)

SCBC

— Covered Bonds of SBAB —

AB Sveriges Säkerställda Obligationer (publ)
(Swedish Covered Bond Corporation — SCBC)

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ABOUT THE SBAB GROUP

SBAB Bank AB (publ) ("SBAB") was founded in 1985 and is wholly owned by the Swedish state. SBAB primarily provides residential mortgages but also offers other loan and savings products to consumers, tenant-owners' associations and property companies in Sweden.

The SBAB Group consists of SBAB and the 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 comprise 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 the Swedish and international capital markets. SCBC does not pursue lending activities but instead acquires loans that meet 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".



SBAB assigns priority to four Sustainable Development Goals



Read more about SBAB's approach to sustainability



We see considerable interest in the housing market for building a sustainable society with energy-friendly and climate-smart housing. Similarly, we see considerable demand from investors to fund these developments. Funds raised from our green bonds are used to finance or refinance residential properties that meet certain energy-efficiency criteria or hold certain environmental certification. Our green bonds thus enable investors to contribute to the financing of a climate-smart transformation of both the Swedish housing market and the wider society. In addition, these efforts constitute an important part of the contribution toward the realisation of the Sustainable Development Goals within the Agenda 2030 framework.

Klas Danielsson, CEO of SBAB

Executive summary

At 31 December 2019, SBAB had committed and disbursed a total of SEK 24.5 billion in Green Loans to investment projects aligned with our Green Bond Frameworks. This report presents the expected impacts of these projects as well as the impact reporting methodology we apply.

Background

SBAB first bank in Sweden to issue a Green Bond in 2016

In 2016, SBAB established its framework for issuing Green Bonds (the "SBAB Green Bond Framework 2016"). The Green Bond Proceeds are used exclusively to finance or refinance buildings that meet certain energy-efficiency criteria or, alternatively, hold a selectively defined environmental certification, as described further in the SBAB Green Bond Framework 2016. The framework has a Medium Green shading from the independent climate and environmental research institute CICERO.

In June 2016, SBAB became the first bank in Sweden to issue Green Bonds. The SEK 2.0 billion Green Bond was issued out of the Euro Medium Term Note (EMTN) Programme, in Senior Unsecured format with a tenor of five years. During October 2017, SBAB

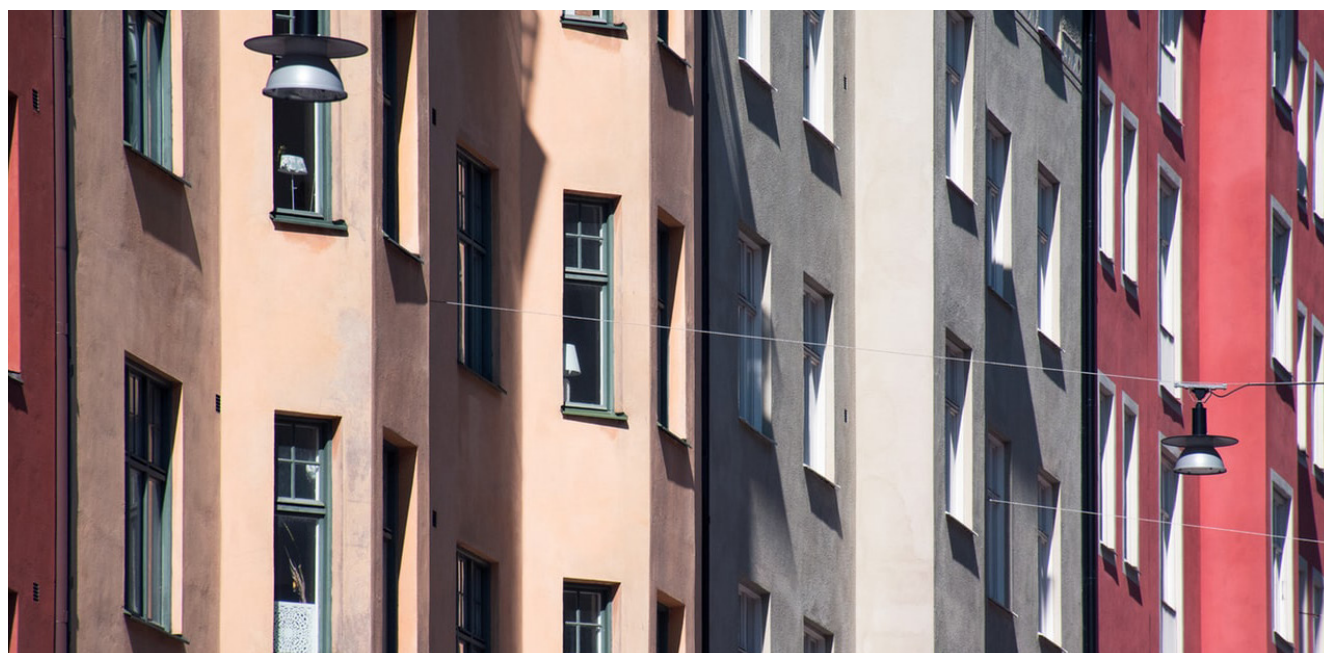
issued its second Green Bond amounting to SEK 1.75 billion.

SBAB launches updated framework to enable issuance of Green Covered Bonds

In January 2019, SBAB published an updated framework for the issue of Green Bonds (the "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 enabling further future issues of green bonds in other formats. The framework enables 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 Euro Medium Term Covered Note (EMTCN)

Programme, as described further in the SBAB Group Green Bond Framework 2019. The updated framework has a Medium Green shading from CICERO. Furthermore, CICERO's overall assessment of the governance structure of the framework is a rating of Excellent.

In January 2019, SBAB became the first bank in Sweden to issue a Green Covered Bond backed by residential mortgages and property loans. The Bond was issued out of the SCBC's EMTCN Programme. The transaction amounted to SEK 6.0 billion with a tenor of five years. On 13 June 2019, SBAB issued its second Green Bond under the updated green bond framework. The SEK 3.0 billion Green Bond was issued in Senior Non-Preferred format with a tenor of five years. The Bond was issued out of the SBAB's EMTN Programme.



Result as of 31 December 2019

Outstanding Green Bonds

Issuer	Issue date	Amount issued	Format	Maturity	Coupon	ISIN	Framework
SBAB	16 June, 2016	SEK 1.0bn	Senior Unsecured	23 June, 2021	1.048%	XS1436518606	SBAB Green Bond Framework 2016
		SEK 1.0bn		23 June, 2021	3M Stibor +95 bps	XS1436728916	SBAB Green Bond Framework 2016
SBAB	4 October, 2017	SEK 1.0bn	Senior Unsecured	11 October, 2022	0.98%	XS1697577556	SBAB Green Bond Framework 2016
		SEK 750mn		11 October, 2022	3M Stibor +75 bps	XS1697766951	SBAB Green Bond Framework 2016
SCBC	23 January, 2019	SEK 6.0bn	Covered bond	28 March, 2024	0.75%	XS1943443769	SBAB Group Green Bond Framework 2019
SBAB	13 June, 2019	SEK 2.25bn	Senior Non-Preferred	06 June, 2024	3M Stibor +90 bps	XS2015229516	SBAB Group Green Bond Framework 2019
		SEK 0.75bn		06 June, 2024	1.0%	XS2015229862	SBAB Group Green Bond Framework 2019
Total		SEK 12.75bn					

Impact Reporting

SBAB Green Bond Framework 2016

At 31 December 2019, SBAB had disbursed and/or committed a total of SEK 4.7 billion in Eligible Green Loans to investment projects as defined in SBAB Green Bond Framework 2016. These projects are estimated to generate an annual avoidance in GHG emissions corresponding to 917 tonnes CO₂e. SBAB's share of the financing is estimated to correspond to an annual avoidance of 589 tonnes CO₂e. That in turn corresponds to an estimated avoidance of 0.13 tonnes CO₂e per committed/dispursed SEK 1 million and year.

[Read more on page 8](#)

SEK 4.7 billion

Eligible Green Loans

589 tCO₂e

Expected annual avoidance of GHG emissions

0.13 tCO₂e

Expected annual avoidance of GHG emissions per committed/dispursed SEK 1 million

SBAB Group Green Bond Framework 2019

At 31 December 2019, SBAB had disbursed a total of SEK 19.8 billion in Eligible Green Loans to investment projects as defined in SBAB Group Green Bond Framework 2019. These projects are estimated to generate an annual avoidance in GHG emissions corresponding to 12,131 tonnes CO₂e. SBAB's share of the financing is estimated to correspond to an annual avoidance of 6,970 tonnes CO₂e. That in turn corresponds to an estimated avoidance of 0.35 tonnes CO₂e per disbursed SEK 1 million and year.

[Read more on page 8](#)

SEK 19.8 billion

Eligible Green Loans

6,970 tCO₂e

Expected annual avoidance of GHG emissions

0.35 tCO₂e

Expected annual avoidance of GHG emissions per disbursed SEK 1 million

INSIGHT: Gjutformen 2

Gjutformen 2 is Vita Örn's second project in Limhamns Sjöstad in Malmö and comprises 196 apartments. The property is what is known as a "passive building," which means that its total energy consumption is under 25 kWh/m²/year. The property is operated only with renewable energy. A car pool with electric- and low carbon emission cars and individual measurements gives every resident the opportunity to live climate smart and promote a car-free inner city. Entry to the property is scheduled for December 2020 to March 2021.

Framework:	SBAB Green Bond Framework 2016
Eligible Category in framework:	Category 1: Certification: Passivhus (eng. <i>Passive building</i>)
Year of completion:	Under construction
Total energy performance/year:	12 kWh/m ²
Baseline (energy requirement according to BBR25):	80 kWh/m ²
Project full expected GHG emissions avoided:	123 tCO ₂ e/year
SBAB financed expected GHG emissions avoided:	97 tCO ₂ e/year





INSIGHT: HSB Brf Mariedahl i Mölndal

In Mölndal, outside of Gothenburg, the construction of the property of the newly established tenant-owners' association HSB Brf Mariedahl is ongoing. The upcoming property is located approximately one kilometre east of central Mölndal in close proximity to nature. The surrounding area to the construction site mainly consist of other newly developed tenant-owners' associations. The property will hold a total of 116 apartments, divided over two main houses with four and six storages respectively. Entry to the property is scheduled for the second quarter of 2020.

Framework:	SBAB Green Bond Framework 2016
Eligible Category in framework:	Category 1: Certification: Miljöbyggnad (Silver)
Year of completion:	Under construction
Total energy performance/year:	58 kWh/m ²
Baseline (energy requirement according to BBR25):	80 kWh/m ²
Expected GHG emissions avoided:	21 tCO ₂ e/year
SBAB financed expected GHG emissions avoided:	20 tCO ₂ e/year

Impact Report as of 31 December 2019

Impact Report SBAB Green Bond Framework 2016

Eligible Category	#Objects	Construction loans			Total eligible volumes	Estimated avoidance of GHG emissions (tonnes CO ₂ e/year)		
		Committed, SEK million	(Of which disbursed, SEK million)	Mortgage loans, SEK million		Full project expected GHG emissions avoided	SBAB financed expected GHG emissions avoided	SBAB Green Bond financed expected GHG emissions avoided
Category 1								
Energy efficient buildings (EPC A or B and/or certification)	26	2,091	(1,658)	2,578	4,669	917	589	
Category 2								
Reduction of energy usage	–	–	–	–	–	–	–	
Total		2,091	(1,658)	2,578	4,669	917	589	473

Impact Report SBAB Group Green Bond Framework 2019

			Eligible volumes (SEK mn)				
Eligible Category	Eligible Green Loan	#Objects	EPC A	EPC B	EPC C (Construction initiated before 1 January 2014)	Other	Total
Retail							
Energy efficient buildings	Residential mortgages (Sw. bolån)	6,891	419	4,537	10,942	–	15,898
Reduction of energy usage	Residential mortgages and/or consumer loan (Sw. privatlån)	–	–	–	–	–	–
Corporate Clients & Tenant-Owners' Associations							
Energy efficient and green buildings; new constructions and major renovations	Corporate loans	0	0	0	0	–	0
Energy efficient buildings	Corporate loans Loans to tenant-owners' associations (Sw. bostadsrättsförening)	97	410	1,310	2,106	–	3,827
Reduction of energy usage	Corporate loans Loans to tenant-owners' associations	–	–	–	–	–	–
Energy efficiency and other green investments	SBAB Green Loans to tenant-owners' associations and corporations	15	–	–	–	58	58
Total			829	5,847	13,048	58	19,783

Results

At 31 December 2019, SBAB had disbursed and/or committed a total of SEK 4.7 billion in Eligible Green Loans to investment projects as defined in SBAB Green Bond Framework 2016. These projects are estimated to generate an annual avoidance in GHG emissions corresponding to 917 tonnes CO₂e. SBAB's share of the financing is estimated to correspond to an annual avoidance of 589 tonnes CO₂e. That in turn corresponds to an estimated avoidance of 0.13 tonnes CO₂e per committed/dispursed SEK 1 million and year.

At year-end, outstanding Green Bonds within the SBAB Green Bond Framework 2016 amounted to SEK 3.75 billion. These Green Bonds are estimated to generate an annual avoidance of 473 tonnes CO₂e.

More information about the respective eligible category is available in Annex I. The framework is available in full on sbab.se.

 [Read more on page 15](#)

SEK 4.7 billion → 589 tCO₂e

Eligible Green Loans & Estimated annual avoidance of GHG emissions

SEK 3.75 billion → 473 tCO₂e

Outstanding Green Bonds & Estimated annual avoidance of GHG emissions

Results

At 31 December 2019, SBAB had disbursed a total of SEK 19.8 billion in Eligible Green Loans to investment projects as defined in SBAB Group Green Bond Framework 2019. These projects are estimated to generate an annual avoidance in GHG emissions corresponding to 12,131 tonnes CO₂e. SBAB's share of the financing is estimated to correspond to an annual avoidance of 6,970 tonnes CO₂e. That in turn corresponds to an estimated avoidance of 0.35 tonnes CO₂e per disbursed SEK 1 million and year.

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

At year-end, outstanding Green Bonds within the SBAB Group Green Bond Framework 2019 amounted to SEK 9.0 billion. These Green Bonds are estimated to generate an annual avoidance of 3,171 tonnes CO₂e.

More information about the respective eligible category is available in Annex II. The framework is available in full on sbab.se.

 [Read more on page 16](#)

SEK 19.8 billion → 6,970 tCO₂e

Eligible Green Loans & Estimated annual avoidance of GHG emissions

SEK 9.0 billion → 3,171 tCO₂e

Outstanding Green Bonds & Estimated annual avoidance of GHG emissions

Estimated avoidance of GHG emissions (tonnes CO₂e/year)

EPC A	EPC B	EPC C (Construction initiated before 1 January 2014)	Other	Full project expected GHG emis- sions avoided	SBAB financed expected GHG emissions avoided	SBAB Green Bond financed expected GHG emissions avoided
465	3,103	6,206	-	9,775	6,238	
-	-	-	-	-	-	
-	-	-	-	-	-	
186	664	1,506	-	2,356	732	
-	-	-	-	-	-	
-	-	-	n/a	n/a	n/a	
651	3,767	7,712	n/a	12,131	6,970	3,171

Reporting methodology

The reporting methodology applied in this report is based on “Nordic Public Sector Issuers: Position Paper on Green Bonds Impact Reporting, February 2020.”

SBAB Green Bond Framework 2016

The expected avoidance of GHG emissions has been calculated based on how much less energy each Eligible Project's actual or expected energy consumption is compared with the allowed consumption as stated in the National Board of

Housing, Building and Planning's building codes for new construction (Energy Class C). Thereafter, reduction in GHG emissions have been estimated for each Eligible Project based on average GHG emissions per kWh.

CALCULATION FORMULA

$$(A - (B - C)) \times D \times E = \text{FULL PROJECT GHG EMISSIONS AVOIDED} \times F$$

A = Allowed energy consumption per m2 Atemp and year (see “Baseline methodology” for definitions and details)

B = Expected/actual energy consumption per m2 Atemp and year

C = Own energy production per m2 Atemp and year

D = Object size, m2 Atemp

E = Average GHG emissions per kWh (see “Methodology for calculating GHG emissions per building category” for definitions and details)

F = SBAB's share of the financing¹⁾

¹⁾ Expected/actual amounts disbursed relative to the production cost

SBAB Group Green Bond Framework 2019

The expected avoidance of GHG emissions has been calculated based on how much less energy each Eligible Projects' actual or expected energy consumption is compared with average energy consumption for existing buildings

(buildings with construction year before 1 January 2014) or 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 (depending on type of object).

CALCULATION FORMULA

$$(A - B) \times C \times D = \text{FULL PROJECT GHG EMISSIONS AVOIDED} \times F$$

A = Baseline for energy consumption per m² Atemp and year (see "Baseline methodology" for definitions and details)

B = Expected or actual energy consumption per m² Atemp and year

C = Object size, m² Atemp

D = Average GHG emissions (CO₂e) per kWh (see "Methodology for calculating GHG emissions per building category" for definitions and details)

F = SBAB's share of the financing¹⁾

¹⁾ Existing buildings = Loan relative to the market value. Buildings under construction = Expected amounts disbursed relative to the production cost

Baseline methodology

Buildings with construction year after 1 January 2014

The energy performance for Energy Class C per climate zone, expressed in kWh/m²/year, is used as baseline. 1 January 2014 was the date when the new energy class requirements (EPC) became mandatory in the building regulations (BBR25) with minimum requirement of Energy Class C for all new buildings.

Additional information is available in Annex III.

Climate zone	Energy Class requirements in building code	Energy performance per climate zone
1 Norrbotten, Västerbotten and Jämtland counties	C	130 kWh/m ² /year
2 Västernorrlands, Gävleborg, Dalarnas and Värmland county	C	110 kWh/m ² /year
3 Jönköpings, Kronobergs, Östergötlands, Södermanlands, Örebro, Västmanlands, Stockholm, Uppsala, Gotland County and Västra Götaland County except the municipalities of Gothenburg, Härryda, Mölndal, Partille and Öckerö	C	90 kWh/m ² /year
4 Kalmar, Blekinge, Skåne and Halland counties and in Västra Götaland County, the municipalities of Gothenburg, Härryda, Mölndal, Partille and Öckerö	C	80 kWh/m ² /year

Buildings with construction year before 1 January 2014

The average energy performance within the average Energy Class (per Climate Zone)¹ expressed in kWh/m²/year is used as baseline. January 1, 2014 was the date when the new Energy Class requirements (Energy Performance Certificate, EPC) became mandatory in the building regulations (BBR25) with minimum requirement of Energy Class C for all new buildings.

Additional information is available in Annex III.

Climate zone	Average Energy Class per climate zone	Average energy performance within the Energy Class
1 Norrbotten, Västerbotten and Jämtland counties	D	152.75 kWh/m²/year Calculation: 130 kWh/m ² /year (requirement within Energy Class C) x 117.5% (added average energy consumption within Energy Class D (100-135% above requirements within Energy Class C)) = 152.75 kWh/m ² /year
2 Västernorrlands, Gävleborg, Dalarnas and Värmland county	D	129.25 kWh/m²/year Calculation: 110 kWh/m ² /year (requirement within Energy Class C) x 117.5% (added average energy consumption within Energy Class D (100-135% above requirements within Energy Class C)) = 129.25 kWh/m ² /year
3 Jönköpings, Kronobergs, Östergötlands, Södermanlands, Örebro, Västmanlands, Stockholm, Uppsala, Gotland County and Västra Götaland County except the municipalities of Gothenburg, Härryda, Mölndal, Partille and Öckerö	E	141.75 kWh/m²/year Calculation: 90 kWh/m ² /year (requirement within Energy Class C) x 157.5% (added average energy consumption within Energy Class E (135-180% above requirements within Energy Class C)) = 141.75 kWh/m ² /year
4 Kalmar, Blekinge, Skåne and Halland counties and in Västra Götaland County, the municipalities of Gothenburg, Härryda, Mölndal, Partille and Öckerö	E	126.00 kWh/m²/year Calculation: 80 kWh/m ² /year (requirement within Energy Class C) x 157.5% (added average energy consumption within Energy Class E (135-180% above requirements within Energy Class C)) = 126.00 kWh/m ² /year

¹⁾ <https://www.boverket.se/sv/energideklaration/energideklaration/bakgrund/statistik-om-energideklaration>

Methodology for calculating GHG emissions per building category

GHG emissions (CO₂e) per kWh for multifamily buildings and corporate properties (sw. *flerbostadshus*)

District heating is the most common heating sources followed by electricity.¹

Heating sources	% distribution	Gram CO ₂ e per kWh
District heating	91%	63 g CO ₂ e per kWh ²
Electricity	9%	315 g CO ₂ e per kWh ²

$$(0.91 \times 63 \text{ g}) + (0.09 \times 315 \text{ g}) = 85.68 \text{ g CO}_2\text{e per kWh}$$

¹⁾ <https://www.energimyndigheten.se/globalassets/statistik/bostader/energistatistik-for-flerbostadshus-2016.pdf>

²⁾ https://kommuninvest.se/wp-content/uploads/2020/02/NPSI_Position_paper_2020.pdf

GHG emissions per kWh for single family houses (sw. *småhus*)

Electricity is the most common heating sources, followed by biofuels and district heating.¹

Heating sources	% distribution	Gram CO ₂ e per kWh
Electricity	47%	315 g CO ₂ e per kWh ²
Biofuels (wood, pellets)	36%	16,1 g CO ₂ e per kWh ³
District heating	17%	63 g CO ₂ e per kWh ²

$$(0.47 \times 315 \text{ g}) + (0.36 \times 16,1 \text{ g}) + (0.17 \times 63 \text{ g}) = 164.55 \text{ g CO}_2\text{e per kWh}$$

¹⁾ <https://www.energimyndigheten.se/globalassets/statistik/officiell-statistik/statistikprodukter/energistatistik-i-smahus/rapporter/energistatistik-for-smahus-2016.pdf>

²⁾ https://kommuninvest.se/wp-content/uploads/2020/02/NPSI_Position_paper_2020.pdf

³⁾ <http://pelletsforbundet.se/wp-content/uploads/2015/01/IVL-V%C3%A4rdeutsläpp-f%C3%B6r-svensk-pelletsproduktion.pdf>

Limited Assurance Report from the independent auditor

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

Introduction

We have been engaged by SBAB Bank AB (publ) to undertake a limited assurance engagement of the Green Bond Impact reporting as of 31 December 2019 as set out in this document ("the Reporting").

Responsibilities of SBAB's management

SBAB's Management is responsible for the preparation of the Reporting in accordance with the applicable criteria, as explained in the SBAB Green Bond Framework 2016 and the SBAB Group Green Bond Framework 2019 (available at https://www.sbab.se/1/in_english/investor_relations/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 *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 ISQC 1 (International Standard on Quality Control) and accordingly maintains a comprehensive system of quality control including documented policies and procedures regarding compliance with ethical requirements, professional standards and applicable legal and regulatory requirements. We are independent of SBAB Bank AB 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.

Conclusions

Based on the limited assurance procedures we have performed, nothing has come to our attention that causes us to believe that the Green Bond Impact reporting as of 31 December as set out in this document, is not prepared, in all material respects, in accordance with the criteria.

Solna 23 March 2020

Deloitte AB

Patrick Honeth
Authorized Public Accountant

Adrian Fintling
Expert Member of FAR

ANNEX I: Use of Proceeds (SBAB Green Bond Framework 2016)

A loan provided by SBAB will become an eligible loan (each an "SBAB Eligible Green Loan") if it is used to finance or refinance a project which fulfils one of the below criteria.

Eligible Category	Eligibility Criteria
Category 1	
Energy efficient buildings (EPC A or B and/or certification)	<p>Is either a new construction, a rehabilitation or major renovation by a corporate entity or a tenant-owner association (Sw. <i>bostadsrättsförening</i>) of one or more of its residential or commercial buildings which has/have obtained or will obtain:</p> <p>(i) an energy performance certificate (Sw. <i>energideklaration</i>) issued by the Swedish National Board of Housing, Building and Planning (Sw. <i>Boverket</i>) (an "Energy Performance Certificate"), regardless of energy class; and</p> <p>(ii) at least one of the following certifications (or similar): Energy Performance Certificate with energy class A or B;</p> <ul style="list-style-type: none"> • Energy Performance Certificate with energy class A or B; • Miljöbyggnad (minimum certification "silver"); • Svanen (Eng. Nordic Swan); • Passivhus (Eng. Passive House); • Green Building; • LEED (minimum certification "gold"); or • BREEAM or BREEAM-SE (minimum certification "excellent").
Category 2	
Reduction of energy usage	<p>A rehabilitation or major renovation by a corporate entity or a tenant-owner association of one or more of its residential or commercial buildings where the final energy use per square meter and year will be or has been reduced by at least 35 per cent.</p>

ANNEX II: Use of Proceeds (SBAB Group Green Bond Framework 2019)

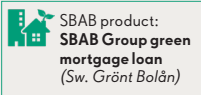
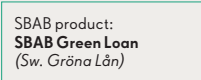
A loan provided and held by the SBAB Group will become an eligible loan (each an “**Eligible Green Loan**”) if it fulfils the eligibility criteria of one of the below categories.

Each Eligible Green Loan (other than a consumer loan) is primarily secured either by mortgages (Sw. *pantbrev*)

pledged in favour of an entity in the SBAB Group if the loan relates to a property (Sw. *fast egendom*) or a by a pledge in favour of an entity in the SBAB Group if the loan relates to a tenant-owners’ right. In certain cases, the Eligible Green Loans are also secured

by a share pledge or through a guarantee.

The loan may be regarded as an Eligible Green Loan during **10 years** from the time of selection in accordance with Section 3 in the Framework.

Eligible Category	Eligible Green Loan	Eligibility Criteria
Retail		
Energy efficient buildings	Residential retail mortgage loans (Sw. <i>bolån</i>) 	<ul style="list-style-type: none"> • Properties (Sw. <i>fastigheter</i>) owned by one or more individuals where the building on such property (i) has obtained an EPC with energy class A or B (where the construction was initiated on or after 1 January 2014); (ii) has obtained an EPC with energy class A, B or C (where the construction was initiated before 1 January 2014); or (iii) has an energy performance equivalent to a new EPC with the required criteria set out in (i) or (ii) above (as applicable); or • Tenant-owners’ rights (Sw. <i>bostadsrätter</i>) held by one or more individuals where the building owned by the tenant-owner association (Sw. <i>bostadsrättsförening</i>) to which the tenant-owners’ right relate (i) has obtained an EPC with energy class A or B (where the construction was initiated on or after 1 January 2014); (ii) has obtained an EPC with energy class A, B or C (where the construction was initiated before 1 January 2014); or (iii) has an energy performance equivalent to a new EPC with the required criteria set out in (i) or (ii) above (as applicable).
Reduction of energy usage	Residential retail mortgage loan and/or consumer loan (Sw. <i>privatlån</i>)	<ul style="list-style-type: none"> • Buildings where the final energy use per sq.m. & year on the property has been reduced by at least 30%, as evidence e.g. by a new EPC.
Corporate Clients & Tenant-Owners’ Associations		
Energy efficient and green buildings; new constructions and major renovations	Corporate loans	<ul style="list-style-type: none"> • New constructions, including rehabilitations or major renovations, of one or more residential or commercial buildings where the project plan specifies that the intention is either to obtain at least one of the below certifications or to construct/renovate the building according to such certification methods. <ul style="list-style-type: none"> (i) EPC with energy class A or B; (ii) Miljöbyggnad, (minimum certification “silver”); (iii) Svanen (Eng. <i>Nordic Swan</i>); (iv) Passivhus (Eng. <i>Passive House</i>); or (v) Green Building. A building is deemed to be a new construction during the planning phase, the construction or renovation phase (as applicable) and until an EPC has been obtained (“Completion”).
Energy efficient buildings	Corporate loans Loans to tenant-owners’ associations (Sw. <i>bostadsrättsförening</i>)	<ul style="list-style-type: none"> • Properties owned by an entity (including a tenant-owner association) where the residential or commercial building on such property (i) has obtained an EPC with energy class A or B (where the construction was initiated on or after 1 January 2014); (ii) has obtained an EPC with energy class A, B or C (where the construction was initiated before 1 January 2014); or (iii) has an energy performance equivalent to a new EPC with the required criteria set out in (i) or (ii) above (as applicable).
Reduction of energy usage	Corporate loans Loans to tenant-owners’ associations	<ul style="list-style-type: none"> • Buildings where the final energy use per sq.m. & year on the property has been reduced by at least 30%, as evidence e.g. by a new EPC.
Energy efficiency and other green investments	SBAB Green Loans to tenant-owners’ associations and corporations 	<ul style="list-style-type: none"> • Activities in buildings where the project plan specifies that the intention is either to reduce the energy use in such building (e.g. new heat source) or to have an environment enhancing impact (e.g. removal of certain materials such as PCBs) and has qualified to be an SBAB Group green loan (Sw. <i>Gröna Lån</i>) in accordance with the terms set out from time to time on www.sbab.se.

For the avoidance of doubt, net proceeds of a Green Bond will not be allocated to fossil energy generation, nuclear energy generation, research and/or development within weapons and defence, potentially environmentally negative resource extraction (such as rare-earth elements or fossil fuels), gambling or tobacco. Neither SBAB nor SCBC provides any loans for the financing of any of the above.

ANNEX III: Energy Performance Certificates

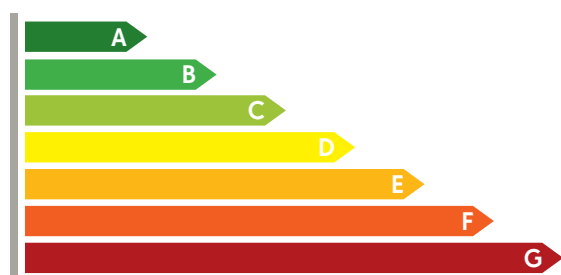
Energy performance measures

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.

Seven energy classes A to G



Source: www.boverket.se

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.

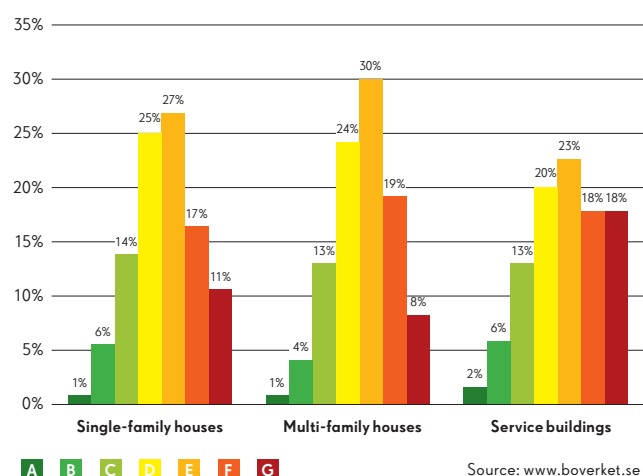
E = EP is > 135 - ≤ 180 percent of the requirement for a new building.

F = EP is > 180 - ≤ 235 percent of the requirement for a new building.

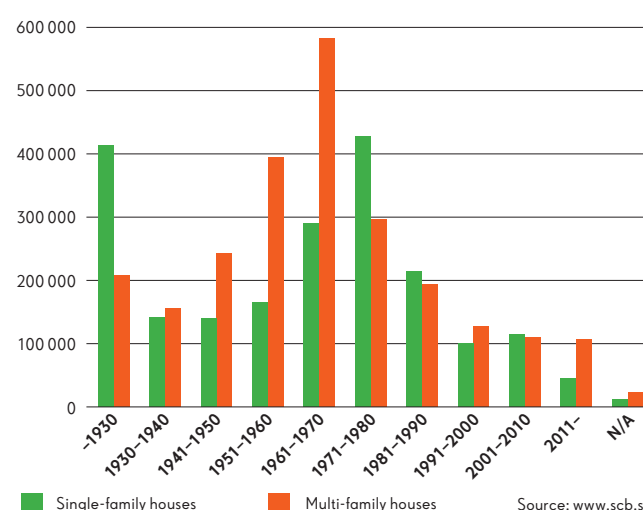
G = EP is > 235 percent of the requirement for a new building.

Source: www.boverket.se

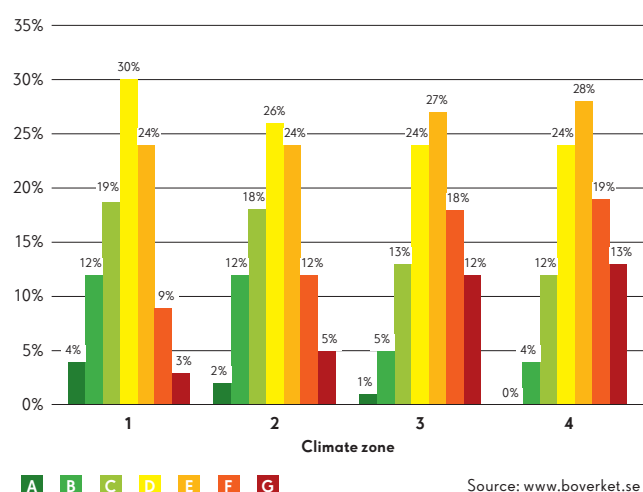
Distribution of energy classes (A to G) by type of housing



Number of homes by type of housing and building period



Distribution of energy classes (A to G) per climate zone





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