

SBAB Bank AB (publ)

Sustainability Report 2012

SBAB!

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Statement by the CEO

SBAB's success is mainly due to our customers and the public feeling confident that our operations are conducted and developed in a sustainable and responsible manner. Sustainable enterprise should be a matter of course in all parts of our operations, which is why Corporate Responsibility (CR), with clearly defined objectives and strategies, has been an integral part of our business plan since 2009.

Customer satisfaction surveys and various confidence and reputation surveys reveal that public confidence in the banking sector is low. This is a problem that we must take with the utmost seriousness and do our very best to change. CR is a key component of our strategic plans for success. By accepting clear social, financial and environmental responsibility, we will build confidence and simultaneously create new business opportunities.

Regarding SBAB's sustainability goals, we have successfully reduced our need for air and train travels, in part through the effective use of video conferencing equipment. The proportion of female executives increased for the third consecutive year. In the coming years we see great opportunities for SBAB to contribute to positive social development through our sustainability efforts.

We want to make a real difference for our customers and to how people perceive us. Accordingly, one of our challenges during the coming years will be to ensure that the products and services we offer provide a basis for sustainable and responsible enterprise. This requires close and active dialogue with our stakeholders. By being the easiest to access and understand, and sensitive to the needs of our customers, I am convinced that we will succeed in achieving our long-term reputation objective and our new vision to create a new banking era by providing the best customer experience.



Carl-Viggo Östlund
CEO

Read more at sbab.se

Strategy and objective

To achieve SBAB's established objective, it is crucial that our customers and the general public feel confident that we are conducting and developing our operations in a sustainable and responsible manner.

Social and economic responsibility in focus

At SBAB, sustainable enterprise is defined as efforts undertaken over and above applicable laws to integrate social, economic and environmental responsibility into operations.

Based on the company's values, SBAB is to pursue sound business activities that lead to sustainable economic development. With a focus on ethics and responsibility, these activities contribute to attainment of the company's overall reputation objective. By engaging in active dialogue with its stakeholders, the bank gains an awareness and understanding of the expectations on our operations, which contributes to the company developing in the right direction toward sustainable progress.

SBAB puts particular emphasis on areas that concern SBAB's reputation, equality and the environment. Moreover, these are areas which SBAB's owner regard as important. In 2013, a new materiality analysis will be conducted to identify SBAB's prioritised areas for the coming years.



Overall sustainability objectives

	2013 Objective	Outcome 2012	Outcome 2011
Reputation Objective ¹	65.5	61.5	63.5
50/50 allocation between male and female managers ²	50/50	56/44	61/39
Environmental objective: reduce CO ₂ emissions by 20% from 2011 to 2014 ³	-5%/-15%	-6.2%/-15.7%	-10.2%/-10.2%

1) Value in the Reputation Index from the Nordic Brand Academy (NBA)

2) Percentage distribution

3) The starting point for the measurement is carbon emissions in 2010. The target means an annual reduction in carbon emissions by 5%. In the table, the reduction in the current year as well as the total reduction since 2010 is stated. The target is set in relation to the scale of the operations and measured in adjusted numbers of active employees. The adjusted number of active employees includes the average number of employees and engaged consultants, restated as full-time equivalents.

Sustainability activities

Achieved in 2012

- New, smaller and more executive CR council (including CEO) in place
- Training/information to Board of Directors, executive management and CR ambassadors
- Additional CR ambassadors with more clearly defined roles in place
- Continued increased usage of video conferencing equipment
- Started the analysis regarding the prerequisites for adapting operations in accordance with ISO 14001

Focus for 2013–2014

- Continued work on the climate action plan to achieve the defined environmental objective
- Continued internal and external work on communication, information and training in the CR area
- Development of a social commitment strategy
- Development of products and services that contribute to the attainment of SBAB's reputation objective

Stakeholder dialogue

By engaging in dialogue with the company's stakeholders, the company is able to set the right priorities when establishing focus areas for CR. As a result of an internal analysis, SBAB has decided to prioritise the following stakeholders; customers, investors and employees. It is SBAB's ambition, whenever reasonably possible, to meet the wishes, expectations and demands of its stakeholders.

SIMPLE, CUSTOMER-DRIVEN AND BOLD

SBAB creates long-term customer relations by being the easiest bank to access and understand, and exceeding customer expectations of a banking experience (services, products and service). SBAB monitors the market's credibility and reputation surveys. In the 2012 Swedish Quality Index (SQI) for Residential mortgages, SBAB was once again voted number one by tenant-owner-association customers and climbed to second position among retail customers. By continuing to engage in active dialogue with its customers, SBAB is striving to achieve a top ranking in all survey segments.

Channels for stakeholder dialogue: Customer surveys, user tests, brand analyses, customer meetings, Q&A forums at sbab.se, the Annual General Meeting, Sustainability Report, CR at sbab.se, information from SBAB's financial secretariat via sbab.se, twitter and blogs and social media.

A SUSTAINABLE INVESTMENT

SBAB's investor relations are based on confidence in the bank's employees, the operations and sustainable financial development. Close contact with the market ensures that SBAB is aware of the demands and requirements that investors impose on the company. On behalf of investors, extensive surveys of SBAB's sustainability efforts are also conducted and these have become increasingly relevant as more investors integrate sustainability into their analyses and investment decisions.

Channels for stakeholder dialogue: CR surveys among investors, investor presentations, rating company analyses, personal contacts, the Annual General Meeting, the Sustainability Report, CR at sbab.se, cr@sbab.se.



MOTIVATED AND COMPETENT EMPLOYEES

SBAB's employees are the principal driving force in achieving the company's established objectives. This requires motivated and competent employees. Through clear and active dialogue between the company's managers and employees, with a focus on the company's values, objective and vision, SBAB will achieve its jointly defined objectives and create a new banking experience. An experience characterised by unique customer service and with SBAB being the easiest bank to access and understand.

Channels for stakeholder dialogue: Employee surveys, the intranet, leadership days, the business plan, monthly meetings with all employees, the Sustainability Report, CR at sbab.se, cr@sbab.se.

CLIMATE-SMART BANK

SBAB's business model is climate-smart since banking business is mainly conducted via the Internet and telephone. By implementing new, innovative IT solutions, the climate impact of the operations can be further reduced. A climate action plan has been established to achieve the climate objective of reducing SBAB's CO₂ emissions by 20% between 2011 and year-end 2014.

Channels for stakeholder dialogue: CR surveys from investors, and dialogue with suppliers and external consultants such as CO₂ focus.

A sustainable economy

To contribute to sustainable social development, it is crucial that SBAB pursues sound business operations, with sustainable environmental development. Building a new bank presents opportunities to leverage our responsibility and quality in order to make a challenge in other areas, in addition to property financing.

SBAB's role

By providing households and tenant-owner associations with home financing as well as simple and competitive alternatives for savings, SBAB has a key function in society. To succeed with this mission, the company must conduct the operations responsibly and cost-effectively, while focusing on customer requirements. Over the past few years, the economic crisis and business recession have had a major impact on society. Accordingly, showing customers and the business environment that the bank can be trusted is vital not only when business is good, but also in a tougher market. SBAB has continued to meet the financing requirements of its customers thanks to its stable finances, low risk and favourable liquidity. SBAB's stable funding situation in 2012 also demonstrates that customers and the business environment have confidence in the bank and the SBAB brand.

Investors

SBAB's investor relations are based on confidence in the bank's employees, the business that is pursued and sustainable financial development. Close contact with the market ensures that SBAB is aware of the demands and requirements that investors impose on the company. Each year, the bank meets the rating agencies Standard & Poor's and Moody's. These meetings involve a rigorous review of the bank and its operations. The review provides a basis for the official rating that is subsequently established. Extensive surveys of SBAB's sustainability efforts are also conducted on behalf of investors. Oekom is one of the companies commissioned by asset managers to conduct corporate sustainability analyses. In the past, this was mainly related to equity investments. However, in recent years, investor interest in also analysing companies that issue bonds has grown. The significance of a positive result for these analyses is growing in pace with increased numbers of investors who integrate sustainability with company analyses and investment decisions. SBAB is one of only a few companies in its industry to achieve the "Oekom Prime" rating.

Financial key figures

Key figures	2012	2011	2010
Expenditure/Income ratio, excl. loan losses, %	58	60	42
Loan loss rate, %	0.01	0.00	0.02
Return on equity, %	4.2	4.2	7.5
Capital adequacy ratio ¹ , %	11.5	10.7	10.2

1) With transitional regulations

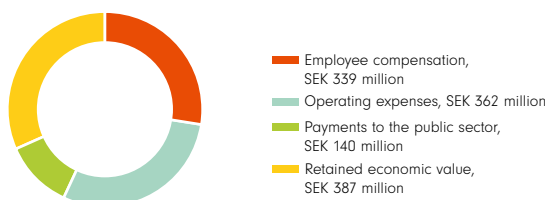
GREEN BONDS

The company's direct environmental impact is not the only significant factor. By investing in bonds that finance various types of climate projects, SBAB is contributing to a positive climate trend. In 2012, SBAB invested in a Climate Awareness Bond, issued by the European Investment Bank (EIB). This bond finances projects that contribute to energy efficiency and the development of renewable energy. Financing these projects contributes to making Europe's energy supplies more sustainable, safe and competitive, which also contributes to the EU attaining its climate objective for 2020. SBAB aims to increase this holding, within the framework of the current investment policy.

Return requirement

SBAB's return requirement, set by the owner, is a return on equity corresponding to the yield on five-year Government bonds plus five percentage points after tax over a business cycle. The owner's dividend policy entails that one third of net profit after tax be distributed to the owner. In view of the continued application of the transitional regulations in 2012 and the forthcoming new capital adequacy regulations, the Board proposes that net profit for 2012 be carried forward and that no dividend be paid.

Direct economic value generated, pursuant to GRI (indicator EC1) Income in 2012: SEK 1,228 million



Responsible granting of loans

SBAB seeks to create long-term and trustful customer relations. This requires taking responsibility by ensuring that customers have the financial capacity required to meet their undertakings. For this reason, every customer undergoes a rigorous credit assessment, enabling the bank to determine whether the customer has

the financial capacity required for a loan to be granted. The customer's repayment capacity is assessed first, followed by collateral. Loans are not granted in the event of insufficient income or repayment capacity. Using a residence as collateral, a customer may borrow up to a maximum of 85% of the property value. Since repayment of a residential mortgage contributes to sound household finances, loan amounts exceeding 75% of the value of the residence are subject to a repayment requirement. In 2012, SBAB made it easier for customers to change lenders by removing the interest compensation normally charged for the redemption of three-month loans.

It is important that the company's customers understand how the operations work and the costs that are associated with a residential mortgage. For this reason, SBAB's costs for a residential mortgage are clearly described at sbab.se. The pricing model that is applied for SBAB's residential mortgages is also described there.

Counteracting financial crime

SBAB works actively to prevent exploitation of the company for criminal activities. The bank complies with applicable legislation and regulations, and conducts company-wide risk assessments at least once annually. These actions are designed to identify risks and enable action to be taken that prevents operations from being exploited for money laundering, the financing of terrorism or other criminal activities. The key factor is understanding the customer's business, in part through knowledge of his/her transactions with SBAB. Clearly defined operations, rigorous procedures and continuous checks add further to reducing the risk of SBAB being exploited for criminal or other undesirable activities.

CREDIT EVALUATION MODEL FOR RETAIL MORTGAGES

1. Repayment capacity:

The bank stress-tests the customer's repayment capacity against a computed rate of interest. The computed rate of interest accounts for such factors as the forecast interest-rate development and also includes a buffer for unexpected interest-rate hikes.

2. Calculation of residual disposable income:

The bank reviews the customer's financial status to estimate his/her residual disposable income. Among other factors, the calculation is based on information from the Swedish Consumer Agency's assessments of household costs and operating expenses for real estate.

3. Collateral:

Collateral for a residential mortgage is not relevant until the customer's financial position passes the bank's credit evaluation. The valuation is conducted using SBAB's approved valuation models. Using a residence as collateral, a customer may borrow up to a maximum of 85% of its value.

Satisfied customers

We create long-term customer relations by being the easiest bank to access and understand, and exceeding customer expectations of service and communication. It is also important that our products and services are straightforward, simple and competitive. Through active dialogue with the company's customers, using customer and user surveys, for example, SBAB is able to continuously improve its services and products on the basis of customer requirements and requests. SBAB monitors various confidence surveys conducted in the market. In the 2012 survey by the Swedish Quality Index (SQI), SBAB retained its top ranking as a residential mortgage company with the most satisfied institutional customers for the ninth consecutive year. SBAB strengthened its position in the retail market and is now ranked second among the market's major players. SBAB's long-term objective (for 2017) is to achieve the highest ranking by customer in all segments included in the survey.

Because customer relations are also influenced by SBAB's reputation and customer confidence, SBAB has decided to monitor the Reputation Index, which is conducted annually by the Nordic Brand Academy (NBA). SBAB's target for 2013 is a value of 65.5 and, over time, to become the bank with reputation most appreciated

by the general public. In 2012, the average reputation value for financial companies was 58.0 (59.8). SBAB's value was 61.5 (63.5).

SBAB's private sector economist and senior economist regularly communicate analyses of economic conditions, interest-rate developments, residential market trends, how bank customers are choosing fixed-interest periods, brokerage statistics, and so forth. Communication channels include twitter, blogs and sbab.se. The bank thus contributes to raising awareness among customers and the general public of how interest rates and the residential mortgage market can impact personal finances.

Key figures SBAB's results in customer confidence surveys

Key figures	2013 Objectives			
	2013 Objectives	2012	2011	2010
SQI Retail market ¹⁾	-	74.0	69.8	71.7
SQI Tenant-owner associations	First place	71.0	71.1	73.3
Reputation Index ²⁾	65.5	61.5	63.5	64.3

1) Retail market objective is first position by 2014.

2) Value in the Reputation Index from the NBA.

SBAB'S ROLE IN THE REORGANISATION OF RENTAL APARTMENTS INTO TENANT-OWNED APARTMENTS

Reorganising a property and creating a functioning tenant-owner association is a complex and often lengthy process. For most people, this could be the first time they have ever applied for a major bank loan and the first time they become involved in an association. SBAB's customer account managers can assist the boards and members of tenant-owner associations by offering relevant and clear advice, which makes a positive contribution to the financial and social activities of the associations. Each tenant-owner association has access to their own customer account manager, plus an analytical and valuation group. Four times annually, seminars are arranged during which the boards of tenant-owner associations can learn from SBAB and each other in matters related to finance, operation and maintenance, the environment, involvement in the property and tenant satisfaction. SBAB thus contributes to stable tenant-owner associations, while also creating long-term and positive customer relations.



Satisfied employees for satisfied customers

Motivated, competent, committed and proud employees lead to increased customer satisfaction. This contributes to SBAB's success and strengthens the brand. Attracting new employees and developing existing skills and leaders are key areas for building a new bank in the years ahead.

All employees are building the new bank

SBAB has now entered an intensive phase in developing the bank and challenging the current banking world. In 2012, important vision and strategy efforts took place and were communicated internally to clarify the bank's focus. The company's organisation and staffing were adapted to meet future challenges, and to develop and build the new bank. SBAB's employees are the most valuable asset in this process and have a unique opportunity to break new ground in banking.

Ethics

SBAB's Board sets a business ethics policy every year at its statutory Board meeting. The policy establishes that the bank is to be operated in such a manner that ensures the continued confidence of its owner, customers, business partners and the public in SBAB and the financial market. It is important that every employee understands and adapts the policy to his or her everyday duties. In 2012, both the Legal and Compliance function were strengthened and, in 2013, efforts to clarify cur-

rent internal and external guidelines will continue. This will include work to ensure that the new guidelines from the European Banking Authority (EBA) concerning compliance with Internal Governance (GL 44) are implemented throughout SBAB. In connection with this, communication efforts will be conducted into what this entails in practice for the company and its employees. SBAB's business ethics policy is available at sbab.se.

Leadership

SBAB depends on the confidence of its stakeholders, the business environment and its employees. This imposes high demands for skilled leadership and competent employees. The company's managers play a key role in motivating, coaching and contributing to employee development. Leadership in SBAB is characterised by managers who, according to employees, have good leadership qualities. In the 2012 employee satisfaction survey, SBAB's managers received an overall index value of 81 (81) compared with the industry

THE BEST ASPECTS OF WORKING AT SBAB



Listen to employee opinions at sbab.se under "Jobba hos oss" (in Swedish only)

Challenger
 Sound values Proximity
 Unity Variety
 Sufficiently large Influence
 Development opportunities

average of 69 (71). The participation of managers in work on the new vision and strategy, and its inclusion in the business plan, is essential to the involvement of all employees. In employee dialogues, which comprise a personal business plan, employee objectives are linked to the bank's overall business plan, enabling everyone to see their own individual contribution to the entirety. The aim is that all employees will have an employee dialogue and a follow-up review annually. In 2012, 80% (81) of the bank's employees took part in an employee dialogue.

At SBAB, the company's managers undergo continuous development and training. In 2012, courses in coaching leadership for new managers and safety and emergency training were conducted. Leadership days during the year focused on the business plan and development of the bank.

At the beginning of the year, we worked on the joint advancement of the company toward a prioritised focus area simplicity as part of efforts to continuously develop the business and employees. This process, which was first launched in 2010, is referred to as organisational development (OD), a key aim of which is to promote commitment and participation. OD leaders are recruited from the operations, thus providing opportunities to test a leadership role and receive continuous feedback. The leaders received coaching, thus making the OD process an additional training feature.

Employee satisfaction surveys

Conducting regular employee satisfaction surveys enables rapid identification of the areas that require improvement and of appropriate measures. Two employee satisfaction surveys are conducted every year at SBAB. The purpose is to identify areas of improvement, establish action plans and adopt the measures that are required for each work team and for the company as a whole.

The 2012 employee satisfaction survey revealed that SBAB continues to maintain a high level compared with the industry average in Sweden. However, the results were slightly lower compared with the preceding year. The initiative that is now being implemented to develop and broaden the operations will lead to continuous adaptations in an effort to meet future challenges as efficiently as possible. These adaptations, combined with growing demand for the bank's savings products, which has increased the workload for customer services, have probably contributed to the lower value for the year. Each work team has formulated its own action plans to enable rapid implementation of the relevant measures. However, in an assessment of immediately superiors, the index value remains considerably higher than the industry average.

Competency development

Adopting new roles and accepting greater responsibility both require and develop skills. Product training programmes are conducted regularly as part of the work to develop SBAB and broaden the product offering. In 2012, many new employees were recruited who have undergone an introductory training course in the bank. New employees in customer services also participated in complementary courses, encompassing business acumen and product training. A number of employees also participated in a SwedSec license training programme during the year. Courses in bank confidentiality, complaints management and security, as well as anti-fraud training and loan regulations were also held.

Since SBAB is a relatively small organisation, opportunities are provided for internal flexibility and mobility. It is the company's goal that all available positions are to be advertised internally to provide opportunities for internal development and skills utilisation.

Results from external employee satisfaction survey (ESS)

Questions/areas	2012		2011	
	ESS	Industry	ESS	Industry
Overall employee satisfaction	70	70	73	71
Professional and personal development	68	64	70	65
Immediately superior manager				
Professional competence	83	73	84	75
Leadership qualities	77	63	78	65
Persistent in reaching set goals	82	n.a.	81	n.a.

Key employee figures

Key figures	2012	2011	2010
Satisfied employees	70	73	77 ¹⁾
Female executives at year-end, %	44	39	33
Positions at year-end, of which, held by women	414	399	382
	232	232	218
Average age, years	42	42	42
Personnel turnover, %	9	14	4
Short-term sickness absence, %	1.9	1.9	1.6
Long-term sickness absence, %	0.2	0.6	0.9
Total sickness absence, %	2.1	2.5	2.5
Use of health-promotion contribution by all employees, %	78	69	65
Proportion of male employees, receiving parental leave allowance, %	41	33	16

1) Prior to 2011, the employee satisfaction survey (Tempen) was conducted internally. The results have been recalculated for comparison with external employee satisfaction surveys.

Healthy workplace

Healthy workplaces improve creativity and work satisfaction. Accordingly, SBAB actively promotes the health of its employees. In addition to direct health-promotion initiatives, including a health-promotion contribution, health-promotion hour, free access to a gym, subsidised medical insurance, free medical care and medication, the company also appoints health and wellness ambassadors whose role is to inspire employee participation in a range of activities. The physical work environment is continuously improved through better ergonomics, air, lighting and noise levels, with a major focus on employee comfort and requirements.

In 2012, three cases of work-related injuries were reported to the Swedish Social Insurance Agency (zero in 2011). The injuries were incurred in connection with travel by bicycle to and from work.

Achieving a work-life balance is important. SBAB makes this easier by offering flexible working hours, as well as supplemental parental payments to employees who are at home with children under 18 months. The company also works proactively to prevent long-term illness. This is achieved through close contact with employees, managers, the company healthcare service and the Swedish National Insurance Office. The bank also seeks to identify flexible solutions that enable employees to return to work on a part-time basis. In 2012, sickness absence at SBAB was 2.1% (2.5). Read more about sickness absence in SBAB's Annual Report, Note 8.

Equality and diversity

SBAB aims to be an equal-opportunities workplace with scope for diversity. A diverse work environment contributes to effective decision-making and promotes learning in the company. At SBAB, all employees are to have equal rights, responsibilities and opportunities in every aspect of the workplace, regardless of gender, transgender identity or expression, ethnicity, religion or other beliefs, sexual orientation, functional disabilities or age. Equality and diversity must always be consid-

ered in the recruitment process. SBAB endeavours to attract both male and female applicants from diverse backgrounds. SBAB conducts regular salary reviews to prevent any systematic or unreasonable salary differences. A review of salary differences was conducted in 2012, to rule out any unreasonable differences. In cases where unreasonable salary differences were identified, an action plan was established for future salary revisions. In the 2012 salary review, SBAB made a special prioritisation to ensure that women's salaries were in line with men's salaries for equal work.

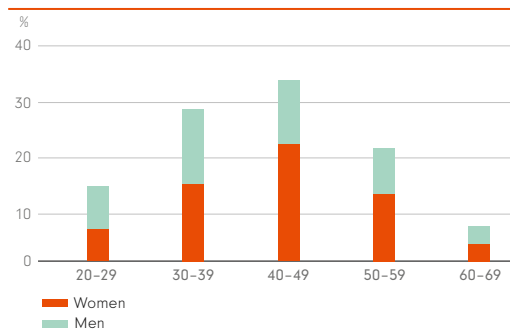
If workplace bullying is reported, the company has procedures in place for investigating and taking remedial action. Reports are made to immediate superiors who then contact the HR department. Alternatively, employees can approach the HR department directly. Trade union organisations are then engaged during the investigation stage. No cases of workplace bullying were reported in 2012.

The bank's target is a 50/50 gender distribution between men and women among executives with HR responsibilities. At year-end, 44% (39) of executives were women. Diversity also creates new business opportunities and accordingly, it contributes to the company's long-term profitability. Today, SBAB can serve customers in eight different languages. The goal is to offer services in more than ten languages.

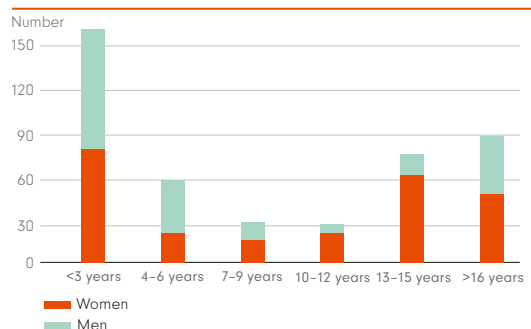
Discontinued incentive programme

In 2011, the Board resolved to discontinue the incentive programme. In practice, this entails that none of SBAB's employees, regardless of their position, will receive any form of variable financial incentive as part of their remuneration for work performed in 2012. The decision was primarily based on the unclear and insufficient effects of the incentive programme in relation to the company's profitability. For more information regarding remuneration, see SBAB's Annual Report.

Breakdown by age



Employment periods



Social commitment

The aim of SBAB's social partnership projects and support at the local level is to contribute to positive social development. Over the years, SBAB has supported a number of different projects and organisations. Since 2009, the bank has chosen to support BRIS (Children's Rights in Society), Stockholm City Mission and the Worldwide Fund for Nature (WWF), based on the priorities of its employees.

BRIS

SBAB holds "gold company" member status with Children's Rights in Society (BRIS). BRIS aims to strengthen children's and young people's rights and to improve their living conditions. During the year, BRIS held presentations for the bank's employees at which BRIS described its operations and how they work to create opportunities for vulnerable children to talk to an adult outside the home.

The City Mission

The City Mission conducts activities geared toward homeless people and those suffering from addiction. The activities aim to ease the acute suffering of vulnerable individuals and provide hope and courage to face life, as well as helping them to independently take control of their lives. In addition to financial assistance, SBAB has organised clothing collections and also donated working computers that are no longer in use, including equipment, which the Stockholm City Mission could give to disadvantaged families with children who cannot afford their own computers.

WWF

SBAB is a Friend of WWF and thus supports the organisation's environmental efforts, which have been conducted in more than 100 countries since 1961.

Financial Coalition Against Child Pornography

In November 2012, SBAB joined the Financial Coalition against Child Pornography, which is a partnership between ECPAT Sweden, the Swedish Police and a number of banks and finance companies. The coalition's primary purpose is to stop the trade in child pornography. The membership in the coalition means that SBAB takes a clear stand against child sex trafficking.

EMPLOYEES HELP THE HOMELESS

In December, a number of SBAB employees initiated a project to help the City Missions in Stockholm, Gothenburg, Malmö and Karlstad. In each of these cities, employees gathered in central locations to collect money and encourage public support for the City Mission's work. They also donated unused, working computers to the various missions and arranged clothing collections. The money collections generated SEK 26,990, and a large amount of clothing and 15 computers were donated, providing Christmas presents for families without any means to buy their own computers.



Climate-smart bank

SBAB's business model is climate-smart since banking business is mainly conducted via the Internet and telephone. A climate action plan has been established to achieve the climate goal of reducing SBAB's carbon emissions by 20% from 2011 to 2014. The climate action plan is available at sbab.se.

Bank without an office network

SBAB primarily distributes services and products via the Internet and by telephone. As a result, the environmental impact of an office network with branches can be reduced. SBAB's IT infrastructure is contained on a number of data servers. The servers are managed by external providers in environmentally certified server rooms. By enhancing the efficiency of its IT operations, the bank has reduced its energy consumption.

Recycle and reuse

SBAB aims to reuse all types of office material and technical equipment. One example is the donation of unused working computers to the Stockholm City Mission. When it is not possible to reuse office material internally or externally, it is sent to a recycling facility. Business phones, for example, are sent to recycling companies. The payment that SBAB receives is donated to charity. In 2012, SBAB donated SEK 7,262 to Plan International Sweden.

Property owners are engaged in regular dialogue to identify solutions that can further improve the source sorting of waste from households and material without a recycling programme. In 2012, the management of all household waste from the bank's Stockholm offices was reviewed. This led to a more efficient source sorting sys-

tem and also ensured that external suppliers managed their waste correctly.

Internal paper consumption and, accordingly, paper waste has been reduced by introducing printing procedures that require a personal code. To the extent possible, SBAB's long-term ambition is to eliminate paper-based banking documents. Digital signatures and other security solutions present new opportunities and development is ongoing.

Virtual meetings

Most of SBAB's business travel takes the form of domestic train travel. Due to the development of the operations, 2012 was also an intensive year in terms of meetings. During the year, a continued increase in the use of video-conference equipment was noticed. Since the end of 2012, the CEO has also held digital monthly meetings for all employees. Video-based meetings rose about 8% per month compared with 2011. For the period 2010 to 2012, this represents an increase of about 218%. This is a valuable contribution to the achievement of our defined environmental objective and also demonstrates that the digital meeting initiative has been effective. In 2013, video meeting capacity will be further enhanced with the potential to take part in video meetings at personal workstations.

ENVIRONMENTALLY SOUND RENOVATION

Between 2009 and 2012, SBAB's premises in Karlstad and Stockholm were extensively renovated. The main purpose was to optimise space and modernise the interiors. Choosing environment-friendly materials was also important. By doing so, the renovation not only contributed to space-efficient and pleasant premises, but also to costs savings and reduced environmental impact.

- LED lighting reduces electricity consumption by around 75 percent
- Carpeting designed to meet the highest environmental, noise and hygiene standards
- White goods with the best environmental performance
- Eco-labelled furniture



Climate-adjusted workplace

Most of the bank's more than 400 employees work in two properties in Stockholm and Karlstad. These premises are undergoing gradual environmental adjustments. The Stockholm property is certified in accordance with the Green Building standard, which represents high energy efficiency. SBAB engages in dialogue with the property owner concerning individual measurement of the energy consumption. This type of solution would make it easier for the bank to measure its own consumption, thereby enabling a lower climate impact. The process of selecting and cooperating with suppliers is a significant and effective measure for reducing the environmental impact. The bank has concentrated its purchasing to fewer suppliers, making it easier to impose environmental demands when purchasing. SBAB strives for sustainable supplier relations and rewards proactive suppliers that offer environmentally smart solutions. In 2012, SBAB started the analysis regarding the prerequisites for adapting operations in accordance with ISO 14001.

Climate reporting and action plan

SBAB's environmental objective is to reduce the company's CO₂ emissions by 20% between 2011 and 2014, which implies an annual reduction by 5%. The objective is to be set in relation to the size of the operations. The size of the operations pertains to the number of people who are active on SBAB's premises. The adjusted number of active employees includes the average number of employees and consultants that are engaged, restated as full-time equivalents. SBAB achieved its environmental objective in 2011 and 2012 when accounting for the adjusted number of active employees. If the Swedish energy mix had also been constant between 2010 and 2012, the combined CO₂ emissions for the period would have been even lower.

The increased use of video meetings has also reduced SBAB's need for air and train travel.

Since it is important that the entire organisation contributes, the environmental objective has been included

Business travel		
	No. of trips	
Type of travel	2012	2011
Train	2,704	3,654
Air (domestic)	117	359
Air (international)	253	202
Total	3,074	4,215

Total carbon emissions (tonnes CO ₂)		
	Tonnes CO ₂	
Source of emissions	2012	2011
Vehicle fuel	24.8	27.5
District heating	37.9	36.9
Electricity	125.2	98
Train	8.3	8.8
Air travel	40.8	66.8
Residual waste	0.5	0.6
Total	237.5	238.6

in SBAB's business plan. A climate action plan has been established to achieve the objective. The actions include fewer and environmentally smarter business trips, purchasing energy-efficient equipment, minimising paper consumption and engaging in dialogue with property owners regarding efficiency measures in such areas as heating and cooling. The latest climate action plan from November 2012 is available at sbab.se.

Performance in 2012:

- The company's overall environmental objective for 2012 was achieved
- Started the analysis regarding the prerequisites for adapting operations in accordance with ISO 14001
- Continued increased usage of the video-conferencing equipment, which clearly contributed to achievement of the 2012 environmental objective
- Review of the source-sorting process at the Stockholm office, which led to improved internal procedures and correct external management of all household waste
- SBAB's car park comprises green cars only. SBAB purchases the best cars from an environmental perspective, at any given time. The car park is to comprise cars with low greenhouse gas emissions in the form of minimal fossil fuel consumption or the use of renewable fuels.

Since the 2008 financial year, SBAB has published a climate report in line with the Greenhouse Gas Protocol (GHG protocol). The climate report provides an opportunity to identify the measures that can effectively contribute to reducing the bank's climate impact. The report is updated annually and is available at sbab.se. As of the 2010 financial year, SBAB has carbon offset its reported net emissions. Carbon offsetting is effected by purchasing CER (Certified Emissions Reduction) units, which are issued by the United Nations. Read more about the projects supported by the certificate at sbab.se.

Key environmental figures

Key figures	2012	2011	2010
Total emissions (tonnes CO ₂)	237.5	238.7	240
Adjusted number of employees ¹⁾	561	529	478
- Average number of employees	413	419	431
- Consultants (restated as number of full-time equivalents)	148	110	47
Total emissions (tonnes CO ₂ per adjusted number of employees)	0.423	0.451	0.502
Percentage decrease of CO ₂ emissions from preceding year	-6.2%/	-10.2%/	-
	-15.7%	-10.2%	-
Total business travel (tonnes CO ₂)	74	103	102
- Business travel, car (10,000 kms/tonnes CO ₂)	205/24.8	223/27.5	211/29.4
- Business travel, train ^{3)/tonnes CO₂}	88%/8.3	87%/8.7	83%/6.7
- Business travel, air/tonnes CO ₂	12%/40.8	13%/66.7	17%/65.4

1) To calculate the number of active employees on SBAB's premises, engaged consultants have been restated as full-time equivalents and then added to the average number of employees during the year.

2) Reduction during the year as well as the total reduction since 2010.

3) Percentage of the number of business trips taken, excluding car journeys.

Responsibility, governance and reporting

SBAB's CR strategy is integrated into the business plan and the bank reports on its sustainable development in accordance with the GRI reporting standard.

Responsibility

The Board of Directors is ultimately responsible for ensuring that SBAB conducts proactive, long-term work to achieve sustainable development. Executive Management is responsible for all performance indicators, which are reported in accordance with GRI. The Communications Department is responsible for coordinating the bank's sustainable development work. The bank has established a CR Council. In 2012, the CR Council was streamlined and now includes the CEO and the Chief Communication Officer.

There are also a number of CR ambassadors who represent all of the departments and units. The role of the ambassadors is to facilitate and support the various parts of the operations and to deliver in line with the company's overall CR targets.

Control

The owner's view is that state-owned enterprises should be role models in the field of sustainable business. The owner believes that sustainability issues are central from a business strategy perspective and important in order for SBAB to compete for customers and creating value for the owner.

Since it is vital to SBAB that CR is an integrated part of its operations, the bank has chosen to measure, report and monitor CR targets in the same manner as

other targets and key indicators. Sustainable enterprise is an integrated component of SBAB's overall business plan. To elucidate on this shared approach, a CR policy is available, which was approved by the Board of Directors in April 2012. Other internal CR guidelines are set by Executive Management. The actual CR work is to take place out in the organisation, where the operation-specific competencies exist. Identified activities are integrated into the business plans of each unit/department and contribute to the attainment of SBAB's overall CR targets.

Reporting

SBAB reports its sustainable development work on the basis of GRI, level C+. Reports encompass the Parent Company, SBAB Bank AB (publ), and the wholly owned subsidiary, SCBC. SCBC's operations are pursued by employees of the Parent Company and the applicable rules and guidelines encompass both companies.

SBAB reports on specific indicators depending on their relevance and the availability of data and information. The quality of the reporting is assured by independent auditing and confirmation. More information about sustainable development and policies is available at sbab.se.

UN GLOBAL COMPACT

In 2009, SBAB signed the UN Global Compact (UNGC) and thus supports the ten principles in respect of human rights, labour standards, environment and anti-corruption. SBAB commits to issuing an annual progress report, in accordance with the UNGC's requirements. This is undertaken in a "Communication on Progress" (COP) report, which is posted on the Global Compact website, www.unglobalcompact.org.

GRI index

It is SBAB's own opinion that this report fulfils the reporting requirements for the C+ application level, according to GRI version 3.0. PwC has audited the report and assures that it fulfils the requirements for the C+ application level.

Indicator	Sustainability Report	Annual Report	sbab.se	Reported fully (X) or partially (/)	Comments
Strategy and analysis					
1.1 Statement by the CEO	2				
Organisational profile					
2.1 Name of the organisation		5			
2.2 Primary brands, products and/or services		4			
2.3 Operational structure of the organisation, including main divisions, operating companies, subsidiaries and joint ventures		5, 81			
2.4 Location of the organisation's headquarters		Cover			
2.5 Number of countries where the organisation operates		II, cover			SBAB conducts operations in Sweden.
2.6 Nature of ownership and legal form		5, 80			
2.7 Markets served		II, 6-11			
2.8 Scale of the reporting organisation		II, 1, 50			
2.9 Significant changes during the reporting period regarding size, structure or ownership		1			
2.10 Awards received in the reporting period					No awards or recognitions were received during the reporting period.
Report profile					
3.1 Reporting period					1 January to 31 December 2012
3.2 Date of most recent previous report					30 March 2012
3.3 Reporting cycle		II			SBAB's Sustainability Report is updated annually as at 31 December.
3.4 Contact point for questions regarding the report or its contents			X		Olof Norberg (olof.norberg@sbab.se)
Report scope and boundary					
3.5 Process for defining report contents	3				Priority is assigned to maintaining an ethical, responsible approach in all areas of operation, combined with sustainable financial development. No particular limitations other than what is presented in the sustainability report.
3.6 Boundary of the report	14				
3.7 Specific limitations					No revisions have been made since the 2011 report.
3.8 Basis for reporting on joint ventures, subsidiaries, etc.	14				
3.10 Restatement of information					No changes have taken place since the previous year.
3.11 Significant changes from previous reporting period					No significant changes have taken place since the previous reporting period.
3.12 GRI content index	15-16				

Indicator	Sustainability Report	Annual Report	sbab.se	Reported fully (X) or partially (/)	Comments
Governance, commitments and engagement					
4.1 Governance structure of the organisation	14	80-90			
4.2 Chairman's position		79-90			
4.3 Number of members of the highest governance body that are independent and/or non-executive members		80-90			
4.4 Mechanisms for shareholders and employees	4, 8-10	80-81			
4.14 Stakeholder groups engaged by the organisation	4				
4.15 Basis for identification and selection of stakeholders with whom to engage	4				
Performance indicators					
Economic performance indicators					
EC1 Direct economic value generated and distributed, including income, operating costs and employee compensation	6			X	
EC9 Understanding and describing significant indirect economic impacts	5-7			/	
Environmental performance indicators					
EN3 Direct energy consumption by primary energy source	12-13		X	X	
EN4 Indirect energy consumption by primary source	12-13		X	X	
EN5 Energy saved due to conservation and efficiency improvements	12-13		X	/	
EN16 Total direct and indirect greenhouse gas emissions by weight	12-13		X	X	
EN17 Other relevant indirect greenhouse gas emissions by weight	12-13		X	X	
EN22 Total weight of waste by type and disposal method			X	X	
Supplement for the financial sector					
FS6 Percentage of the portfolio for business lines by specific region, size and sector		6-9		X	
FS13 Access points in low-populated or economically disadvantaged areas	12	II		/	
FS16 Initiatives to enhance financial literacy	7			/	
Labour practices and decent work performance indicators					
LA1 Total workforce	9	50		/	
LA2 Total number and rate of employee turnover	9	50		/	
LA4 Percentage of employees covered by collective bargaining agreements				X	All SBAB employees, except the CEO, are covered by collective bargaining agreements
LA7 Rates of injury, occupational diseases, lost days and absenteeism	9	50		/	In 2012, three cases of work-related injuries were reported to the Swedish Social Insurance Agency (zero in 2011). The injuries were incurred in connection with travel by bicycle to and from work.
LA10 Hours of training per employee and year		51		X	
LA12 Percentage of employees receiving regular performance and career development reviews	9			X	
LA13 Composition of governance bodies and breakdown of employees per category according to gender and age group	10	50, 86-89		X	Only gender distribution is reported.
Human rights					
HR4 Total number of incidents of discrimination and actions taken				X	No cases of discrimination were reported during the year.
Society performance indicators					
SO8 Monetary value of significant fines and total number of non-monetary sanctions for non-compliance with laws and regulations				X	The organisation does not owe any significant amounts nor have any sanctions been imposed on it for noncompliance with laws and regulations.

Indicator	Sustainability Report	Annual Report	sbab.se	Reported fully (X) or partially (/)	Comments
Product responsibility performance indicators					
PR5	Practices related to customer satisfaction, including results of surveys measuring customer satisfaction	4, 7		/	
PR9	Monetary value of significant fines for non-compliance with laws and regulations concerning the provision and use of products and services			X	SBAB has not been fined for non-compliance with laws and regulations concerning the provision and use of products and services.

1) A separate climate report and SBAB's climate action plan are available at sbab.se under Corporate Responsibility.
 N.B. The indicators are reported in full or in part depending on the relevance and availability of data and information.

Report Application Level		C	C+	B	B+	A	A+
Standard Disclosures	G3 Profile disclosures INFORMATION	Report on: 1.1 2.1 - 2.10 3.1 - 3.8, 3.10 - 3.12 4.1 - 4.4, 4.14 - 4.15	Report Externally Assured	Report on all criteria listed for Level C, plus: 1.2 3.9 - 3.13 4.5 - 4.13, 4.16 - 4.17	Report Externally Assured	Same as requirement for Level B	Report Externally Assured
	G3 Disclosures on management approach INFORMATION	Not required		Management Approach Disclosures for each Indicator Category.		Management Approach disclosures for each Indicator Category.	
	G3 Performance indicators & sector Supplement Performance Indicators INFORMATION	Report fully on a minimum of any 10 Performance Indicators, including at least one from each of: social, economic and environment.		Report fully on a minimum of any 20 Performance Indicators, at least one from each of: economic, environmental, human rights, labour practices and decent work, society and product responsibility.		Respond on each core and Sector Supplement* indicator with due regard to the materiality Principle by either a) reporting on the indicator or b) explaining the reason for its omission.	

*Sector supplement addition in final version

Auditor's review report on Sustainability Report 2012

To the readers of the SBAB Bank AB (publ) Sustainability Report

We have been engaged by the management of SBAB Bank AB (publ) to review the Sustainability Report for the year 2012. The Board of Directors and Executive Management team are responsible for the company's activities regarding environment, health & safety, social responsibility, and sustainable development, and for the preparation and presentation of the sustainability report in accordance with applicable criteria. Our responsibility is to express a conclusion on the sustainability report based on our review.

The scope of the review

We have performed our review in accordance with RevR 6 Assurance of Sustainability Reports issued by FAR. A review consists of making inquiries, primarily of persons responsible for the preparation of the Sustainability Report, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with IAASB's Standards on Auditing and Quality Control and other generally accepted auditing standards in Sweden. 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 an audit. Accordingly, we do not express an audit opinion.

The criteria on which our review is based are the parts of the Sustainability Reporting Guidelines G3, published by the Global Reporting Initiative (GRI), which are applicable to the Sustainability Report, as well as the accounting and calculation principles that the company has developed and disclosed. We consider these criteria suitable for the preparation of the Sustainability Report.

Our review has, based on an assessment of materiality and risk, included e.g. the following procedures:

- a. update of our knowledge and understanding of SBAB organization and activities,
- b. assessment of the outcome of the company's stakeholder dialogue,
- c. interviews with management at group level and at selected business units in order to assess if the qualitative and quantitative information stated in the Sustainability Report is complete, accurate and sufficient,
- d. examination of internal and external documents in order to assess if the information stated in the Sustainability Report is complete, accurate and sufficient,
- e. evaluation of the design of systems and processes used to obtain, manage and validate sustainability information,
- f. analytical procedures of the information stated in the Sustainability Report,
- g. assessment of the company's declared application level according to the GRI guidelines,
- h. assessment of the overall impression of the Sustainability Report, and its format, taking into consideration the consistency of the stated information with applicable criteria.

Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the Sustainability Report has not, in all material respects, been prepared in accordance with the above stated criteria.

Stockholm 14 March 2013
Öhrlings PricewaterhouseCoopers AB

Catarina Ericsson
Authorised Public Accountant

Fredrik Ljungdahl
Expert Member of FAR

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SBAB!