SBB Treasury Oyj

Business ID

3147399-4

Home municipality

Helsinki

FINANCIAL STATEMENT

Financial period

29 June 2020 – 31 December 2020

To be kept until 31 December 2030

TABLE OF CONTENTS:

The company's Board of Directors approved the financial statements for release on 30 June 2021.
The Board of Directors has the right to amend and re-release the financial statements.

Annual report of the Board of Directors

Profit for the financial period stood at EUR 369,552, of which EUR 680,552 came from interest income on intra-group loans and EUR 309,487 from interest expenses.

SBB Treasury Oyj was founded on 29 June 2020. The financial period ended 31 December 2020 is the company's first and, exceptionally, the duration was from 29 June 2020 to 31 December 2020.

Events during the financial period

In December 2020, SBB Treasury Oyj issued a social senior unsecured bond of EUR 700 million.

The bond is valid for eight years and the fixed coupon is 0.750 per cent. The bond is listed on Euronext Dublin.

Material events after the financial period

In January 2021, the company issued an unsecured bond of EUR 600 million. The bond matures in two years. The loan has a floating interest rate (3-month EURIBOR). Deutsche Bank acted as the intermediary. The company has the right to redeem the loan after approximately one year at nominal value. In addition, in May 2021, the company issued another new bond of EUR 750 million as part of the programme. The bond matures in 2029. The interest rate of the bond is a fixed 1.125%.

Related party transactions

In 2020, the company issued a bond with a nominal value of EUR 700 million, the financial transactions of which have taken place through the parent company's bank account. Thus, at the end of 2020, the company has accrued a long-term receivable from its parent company and a related interest receivable. The fees and incidentals related to the bond had been paid from the parent company's bank account. As a result, the company has accrued a short-term debt to the parent company. The interest rate on mutual outstanding loans and liabilities within SBB Group is fixed at 2%.

According to the internal loan agreement of SBB Group, the debtor (parent company Samhällsbyggnadsbolaget i Norden AB) must, at the request of the creditor (SBB Treasury Oyj), repay the loan in full together with the accrued interest. However, the debtor may, at its own discretion, decide to repay the loan in full together with the accrued interest.

The company's intra-group loan receivables are subject to credit loss risk. The company has no activities other than outstanding loans from the parent company Samhällsbyggnadsbolaget i Norden AB. Samhällsbyggnadsbolaget i Norden AB is dependent on its leases and payments received from its tenants, among other income. The financial performance and cash flow of the parent company may be negatively impacted if tenants are past due on rent or otherwise fail to meet their obligations, or the leases end earlier than expected for some reason, as the result of which SBB Treasury Oyj could be forced to recognise receivables from the parent company as credit losses and be unable to pay off the bond as agreed.

Receivables and liabilities are subject to the risk that their fair value changes due to floating interest rates, for example. Both the bond drawn during the reporting period and the long-term loan to the parent company are unsecured and have a fixed rate. In addition, both receivables and liabilities are denominated in euro and carry no foreign exchange risk. No impact on profit is expected for 2021 as the interest rates of both liabilities and receivables are fixed. The duration of the bond is eight years. Interest is paid once a year on 14 December and the first charge will be on 14 December 2021.

The parent company of SBB Treasury Oyj is Samhällsbyggnadsbolaget i Norden AB (556981-7660); domiciled in Gothenburg), which owns 100% of the company's shares.

Board of Directors of the company

Chair:
Batljan Ilija
Members:
Lekander Oscar Sven
Strid Sofia Eva-Lotta

The auditor is Ernst & Young Oy.
Principal auditor:
Rytilahti Mikko Jarmo Eelis

The company's share capital is EUR 80,000.00 and the number of shares is 1,000. The share capital is divided into 1,000 shares with a nominal value of EUR 80.

The Board of Directors proposes that the profit for the financial period be transferred to the profit account and that no dividend be paid.

Comprehensive income statement

Currency EUR	Note	29 June 2020 – 31 December 2020
Financial income and expenses		
Interest income	8, 19	680 551,89
Interest expenses	7	-309 487,84
Total financial income and expenses		**371 064,05**
Administrative expenses	9	-1 512,54
Profit before tax		**369 551,51**
Profit for the period		**369 551,51**
Other comprehensive income items		0
Total comprehensive income for the period		**369 552**
Breakdown of profit for the period		
To shareholders of the parent company	11	369 552
To non-controlling interests		0
Total		369 552
Average number of shares adjusted for share issue	11	1 000
Calculated from the profit or loss attributable to shareholders of the parent company earnings per share, undiluted and diluted, EUR	11	369,55

Balance sheet

Currency EUR	Note	31 December 2020
ASSETS		
VARIABLE ASSETS		
Receivables		
Long-term		
Receivables from Group companies	12	690 004 000
Total long-term receivables		**690 004 000**
Current		
Receivables from Group companies	12	680 552
Accrued income		2 472
Total current receivables		**683 024**
Total receivables		**690 687 024**
Cash and cash equivalents	15	99 438
Total cash and cash equivalents		**99 438**
TOTAL VARIABLE ASSETS		**690 786 462**
TOTAL ASSETS		**690 786 462**
LIABILITIES AND SHAREHOLDER EQUITY		
Equity attributable to shareholders of the parent company		
Share capital	16	80 000
Retained earnings	16	369 552
TOTAL EQUITY		**449 552**
LIABILITIES		
Long term		
Bonds	12	690 065 571
Liabilities to Group companies	19	20 000
Total long-term liabilities		**690 085 571**
Short term		
Liabilities to Group companies	19	3 422
Interest payable	18	247 917
Total short-term liabilities		**251 339**
TOTAL LIABILITIES		**690 336 910**
TOTAL LIABILITIES AND SHAREHOLDER EQUITY		**690 786 462**

Statement of changes in equity

Equity attributable to shareholders of the parent company

Currency EUR	Note	Share capital	Retained earnings	Share of non-controlling interest	Total equity
Share issue on 29 June 2020	16	80 000			80 000
Profit for the period	16		369 552		369 552
Equity as of 31 December 2020		80 000	369 552		449 552

Cash flow statement

Currency EUR	Note	29 June 2020 – 31 December 2020
Cash flows from operating activities		
Profit for the period	16	369 552
Change in working capital	12, 18	-370 114
Net cash flow from operating activities		**-562**
Cash flows from investing activities		
Net cash flow from investing activities		**0**
Cash flows from financing activities		
Share issue	16	80 000
Other loans	19	20 000
Net cash flow from financing activities		**100 000**
Change in cash and cash equivalents		**99 438**
Cash and cash equivalents at the beginning of the period		0
Cash and cash equivalents at the end of the period		99 438
	Check	*0*

Notes

1. Company's basic information

The financial statements include the information of SBB Treasury Oyj (Business ID 3147399-4). The company is domiciled in Helsinki.

The company was founded in June 2020. The company's line of business is direct and indirect investment in real estate and real estate companies and related development activities; the purchase, sale and rental of immovable property, real estate companies, housing companies and related assets; and the financing of direct and indirect real estate investments. In addition, the company can issue bonds and accept financing.

The duration of the company's financial period ended 31 December 2020 was exceptionally from 29 June 2020 to 31 December 2020. The company's normal financial period is 1 January - 31 December. The Board of Directors approved this Annual Report on 30 June 2021. The financial statements will be presented for approval at the Annual General Meeting on 30 September 2021. A copy of the financial statements is available at Mannerheiminaukio 1 A, 00101 Helsinki, Finland

The company is part of a sub-group whose top parent is Samhällsbyggnadsbolaget i Norden AB (556981-7660; domiciled in Stockholm), represented by SBB i Norden AB (559053-5174; domiciled in Gothenburg).

The company has no subsidiaries. Subsidiaries refer to undertakings in which the parent company has control, directly or indirectly.

At its meeting on 29 April 2021, Treasury Oyj's Board decided that the company's financial statements will be signed no later than 30 June 2021 applying the Finnish Accounting Board's 2015/2021 opinion "Autonomous derogation to extend the period of preparation of the financial statements and the annual report of an individual accounting entity".

2. Accounting principles

The financial statements were prepared in accordance with International Financial Reporting Standards (IFRS). IFRS refers to standards and interpretations adopted for application in the EU in accordance with the procedure laid down in the Finnish Accounting Act and the provisions adopted pursuant to the EU Regulation (EC 1606/2002).

Assets and liabilities are measured at their original cost and items that have been measured at fair value. Interest receivables and interest liabilities are calculated using the effective interest rate method. The effective interest rate is the interest rate which means the present value of all future deposits, and payments during the fixed interest period are equal to the amount of the accounting receivable or liability. Financial income and expenses are in the period to which they relate.

Income tax for the period is calculated at the applicable tax rate decided or reported at the balance sheet date, which is 20.0% at the balance sheet date. Reported tax and tax payable may be distinguished from others due to non-deductible expenses and tax-exempt income. Deferred tax assets have not been recognised due to the prudent calculation principle.

Receivables with a maturity of more than 12 months after the balance sheet date are reported as fixed assets, others as current assets. Receivables are recorded in the amount expected to be paid after an individual assessment. Cash and cash equivalents include cash, bank accounts and short-term investments.

Financial liabilities are measured at the accumulated acquisition value. Expenses which are directly attributable to borrowing correct the acquisition value of the loan and accrue by the effective interest rate method. Expenditure related to bonds is capitalised on the balance sheet and depreciated during the contract by straight-line depreciation. Bonds are classified as debt or equity based on whether they are contractually obliged to pay the contract in cash or otherwise.

The cash flow statement was prepared in accordance with the indirect method. All amounts are expressed in euro, unless otherwise specified. The financial statements were prepared on a going concern basis (continuity).

3. Classification into long-term and short-term receivables and liabilities

The company presents assets and liabilities in the balance sheet as short or long-term based on the following:
An asset is short-term if the following conditions are met:
- Expected to be sold or consumed during the normal operating cycle
- Held primarily for trading purposes
- Realised within 12 months of the balance sheet date
- Cash or deposit, unless it is limited to exchange or used at least for debt payment within 12 months of the balance sheet date

All other assets are classified as long-term.

A liability is short-term when it is:
- Realised during the normal operating cycle
- Held primarily for trading purposes
- Intended to be paid within 12 months of the balance sheet date

Or
- The company does not have the absolute right to defer payment of the liability within at least 12 months of the balance sheet date

The terms of debt contracts, which according to the counterparty could be equity instruments, do not affect its classification.
The company classifies all other liabilities as long-term.
Deferred tax assets and liabilities are classified as long-term assets and liabilities.

The company's financial assets and liabilities are measured at amortised cost. The company has not measured any balance sheet item at fair value in the financial statements on 31 December 2020.

Fair value is the price that would be obtained from the sale of an asset or paid to transfer debt in an organised transaction between market participants on the valuation date. Determination of fair value is based on the assumption that the sale of an asset or transfer of a liability occurs either:

• On the main market of the asset or liability
Or
• If there is no main market, on the most advantageous market for the asset or liability, the company must, as a rule, be available to the main or most advantageous market.

The fair value of an asset or liability is measured using assumptions that market participants would use to price the asset or liability, assuming that market participants act in an economic interest.

The fair value of non-financial assets is determined taking into account the ability of a market participant to generate economic benefits by using the asset for its highest and best use or by selling it to another market participant that would use the assets for the highest and best use.

The company uses valuation techniques that are appropriate in the circumstances and for which there is sufficient information to measure fair value, maximising the use of relevant observable inputs and minimising the use of unobservable inputs.

All assets and liabilities whose fair value is determined or disclosed in the financial statements are classified in the fair value hierarchy as described below, based on the lowest-level input that is significant for the whole fair value determination:

- Level 1 - Quoted (unadjusted) market prices in active markets for similar assets or liabilities
- Level 2 - Valuation techniques where the most significant input to fair value is the lowest measurement directly or indirectly detectable
- Level 3 - Valuation techniques where the lowest input for fair value measurement cannot be detected

The company's Valuation Committee defines policies and procedures for both recurring fair value measurements, such as investment properties and unquoted financial assets, and non-recurring measurements, such as assets held for sale in discontinued operations. The Evaluation Board consists of the head of the investment properties segment, the heads of the company's internal M&A team, the head of the risk management department, the CFOs, and the managers of each property.

External evaluators participate in the valuation of significant assets, such as investment properties and unquoted financial assets, and significant liabilities, such as contingent consideration. The Evaluation Board decides on the participation of external evaluators annually after the company's Audit Committee has discussed and approved the matter. Selection criteria include market knowledge, reputation, independence and maintenance of professional standards. Evaluators are usually changed every three years. After discussions with the external evaluators, the Evaluation Board decides which valuation techniques and inputs to use in each case.

At each reporting date, the Valuation Committee analyses changes in the values of assets and liabilities that need to be re-evaluated or re-evaluated in accordance with the company's financial statements. For the purposes of this analysis, the Evaluation Committee reviews the main inputs used in the latest valuation by agreeing the information in the valuation calculation to contracts and other relevant documents. The Evaluation Board also compares the change in the fair value of each asset and liability with relevant external sources to determine whether the change is reasonable.

The Evaluation Board temporarily presents the evaluation results to the Audit Committee and to the company's independent auditors. This includes a discussion of the main assumptions used in the valuations. For the purpose of presenting fair value, the company has defined the categories of assets and liabilities on the basis of the nature, characteristics and risks of the asset or liability and the level of the fair value hierarchy, as explained above.

Taxes
Income taxes and tax liabilities are valued at the amount expected to be recovered from or paid to the tax authorities. The amount is calculated using tax rates and tax laws that were issued or substantially issued at the balance sheet date in the countries in which the company operates and generates taxable income.

Income tax related to items recognised directly in equity is recognised in equity and not in the income statement. Management regularly assesses positions taken in tax returns in relation to situations where the applicable tax provisions are interpreted and, if necessary, establishes provisions.

Deferred taxes
Deferred tax is calculated using the liability method for temporary differences between the tax bases of assets and liabilities and their carrying amounts at the balance sheet date. Deferred tax liabilities are recognised for all taxable temporary differences except:

- When a deferred tax liability arises from the initial recognition of goodwill or an asset or liability in a transaction that is not a business combination and which, at the time of the transaction, does not affect the profit or taxable income or loss of the accounts

- For taxable temporary differences in interests in subsidiaries, associates and joint arrangements, where the timing of the recovery of temporary differences is manageable and it is likely that temporary differences will not be reversed in the near future.

Deferred tax assets are recognised for all deductible temporary differences, the transfer of unused tax credits and any unused tax losses. Deferred tax assets are recognised to the extent that taxable profits are likely to be available against which deductible temporary differences and the transfer of unused tax credits and unused tax losses may be deducted, except:

- Where a deferred tax asset related to a deductible temporary difference arises from the initial recognition of an asset or liability in a transaction that is not a business combination and which, at the time of the transaction, does not affect the profit or taxable income of the accounts

- For deductible temporary differences in interests in subsidiaries, associates and joint arrangements, deferred tax assets are recognised only to the extent that it is likely that temporary differences will reverse in the near future and taxable income is available that can be used for temporary differences

The carrying amount of deferred tax assets is reviewed at each reporting date and reduced to such an extent that it is no longer likely that sufficient taxable income will be available to use all or part of the deferred tax asset. Unrecognised deferred tax assets are reassessed at each reporting date and recorded to the extent that future taxable gains are likely to allow the recovery of a deferred tax asset.

Deferred tax assets and liabilities are measured at rates that are assumed to be valid in the year in which the asset is realised or the liability has been paid, based on tax rates (and tax laws) that were issued or justified at the balance sheet date.

Deferred tax related to items recognised in profit or loss is recognised in profit or loss. Deferred tax items are recognised in the transaction subject to the correlation either in OCI or directly in equity. Tax benefits acquired in connection with a business combination that do not, however, meet the conditions for separate recognition on that date are recognised at a later date if new information changes in facts and circumstances. The adjustment is treated either as a decrease in goodwill (as long as it does not exceed goodwill) if it was incurred during the valuation period or recognised in profit or loss.

Deferred tax assets and deferred tax liabilities are recognised only if it has a legally enforceable right to set off current tax assets and current tax liabilities and deferred tax assets and deferred tax liabilities relate to taxable entities of the same tax authority, either the same taxable entity or different taxable entities, that intend either to settle current tax liabilities and assets on a net basis or to realise the assets and settle the liabilities simultaneously in each future period in which significant amounts of deferred tax liabilities or assets are expected to be settled or recovered.

Currency

The company's financial statements have been presented in euros, which is also the company's operating currency. Transactions denominated in foreign currency have been recognised at the exchange rate on the transaction date. Foreign currency receivables and liabilities in the balance sheet at the balance sheet date are measured at the exchange rate at the balance sheet date. Exchange rate differences have been recognised in the financial

Distribution of dividends
The company is obligated to pay dividends when the distribution is permitted and is no longer discretionary for the company. According to the EU Companies Act, the distribution of dividends is permitted with the consent of shareholders. The payment of dividends is recognised directly in equity in the balance sheet.

Financial
instruments
Financial instruments are

Hedging instruments
The bond is fixed rate (0.75%). The company has no derivative contracts. Hedge accounting is not applied.

Changes in accounting principles
These financial statements are the first.

New and amended standards
IFRS changes do not have a material impact on the company's financial statements.

4. Significant estimates and assumptions

When preparing financial reports, the Management Team and the Board of Directors must make certain estimates and assumptions that affect the reported value of assets and liabilities, income and expense items, as well as other information to be provided. The estimates are based on experiences and assumptions that management and the Board consider reasonable under the prevailing circumstances. Actual results may then differ from these estimates if other conditions arise. The following describes estimates that are most important in preparing the company's financial reports.

Accounting is particularly sensitive to estimates and assumptions related to the valuation of investment properties. Investment properties are reported at fair value, which is determined by the CEO on the basis of a market assessment. In this way, significant estimates have been made, inter alia, of capital costs and direct return requirements based on the valuers' experience-based assessment of the return requirements of similar properties on the market. Cash flow forecasts for operating, maintenance and administrative costs are based on actual costs, but also on experiences of comparable features.

The second question for assessing financial statements concerns the valuation of deferred tax. Taking into account deferred rules, deferred tax is nominally reported without discounting. The current tax has been calculated on the basis of a nominal rate of 20.0 per cent.

The company uses the provision matrix to calculate the expected credit losses on trade receivables.
The provision matrix is based on historical credit loss factors. Data from previous financial periods is analysed to obtain an estimate of future credit loss factors. At each reporting date, the data is updated and future estimates are adjusted.

The assessment of the correlation between historically observed default rates, projected economic conditions and expected credit losses is very important. Credit loss estimates are sensitive to changes in circumstances and economic forecasts. Moreover, the company's historical credit loss risk experience and economic forecasts cannot guarantee customers' real solvency in the future.

5. Capital management

The company's capital consists of EUR 80,000 in share capital and EUR 369,551.51 in profit for the financial period. SBB Group manages the structure of its subsidiary's capital by monitoring the net gearing ratio and adjusting the amounts of equity so that it would not have been lost, inter alia, through invested unrestricted equity.

The company has issued an EUR 700 million bond that matures in 2028. The interest rate of the bond is a fixed 0.75%. The loan was paid into the account of the parent company Samhällsbyggnadsbolaget i Norden AB and is shown as a long-term receivable in the balance sheet of SBB Treasury Oyj. The interest rate is fixed at 2%.

Net gearing	31.12.2020
Interest-bearing liabilities	690 065 571
Cash and short-term deposits	-99 438
Net debt	**689 966 133**
Equity	449 552
Total equity and net debt	**690 415 685**
Net gearing	**99,93 %**

The bond is subject to covenants that SBB Group must comply with. The covenants' conditions have been met and have not been breached during the financial period.

6. Determination of fair value

Fair value measurement hierarchy on 31 December 2020:

	Measuremer	Total	Level 1	Level 2	Level 3
Assets					
Receivables from Group companies	31.12.2020	690 684 552		690 684 552	
Others	31.12.2020	2 472		2 472	
Total		690 687 024		690 687 024	
Liabilities					
Fixed rate long-term liabilities	31.12.2020	690 065 571	690 065 571		
Liabilities to Group companies	31.12.2020	23 422		23 422	
Total		690 088 993	690 065 571	23 422	

At level 1, the valuation of the instrument is based on a price quoted on an active market, which is used to measure identical financial assets or liabilities.

Al level 2, in addition, verifiable prices other than those quoted on an active market, either directly or derived from, are used as inputs for the valuation of the instrument, using valuation techniques.

At level 3, the valuation is based on non-verifiable market prices.

7. Financial expenses

Interest and financial expenses	29.6.2020 - 31 December 2020
Interest expenses, Bonds	-247 917
Costs related to bonds	-61 571
Exchange rate and conversion differences	
Others	0
Total	**-309 488**

8. Financial income

Interest income from Group companies	29.6.2020 - 31 December 2020
Samhällsbyggnadsbolaget i Norden AB	680 552
Others	0
Total	**680 552**

9. Administrative expenses	29.6.2020 - 31 December 2020
Legal and consultancy services	-950
Banking and financial transaction costs	-562
Total	**-1 513**

10. Income taxes

No deferred tax liabilities or receivables have been calculated for the company during the financial period. During the financial period, the corporate tax rate in Finland was 20.0 per cent. The company is not included in the VAT register.

Tax calculation	29.6.2020 - 31 December 2020
Current tax	0
Deferred tax assets, investment properties	0
Deferred tax assets, financial instruments	0
Others	0
Reported tax	0

Reconciliation of actual tax rate	29.6.2020 - 31 December 2020
Profit before tax	369 552
Tax to the parent company at the rate applicable (20%)	73 910
Tax effect:	0
Change in the tax rate	0
Tax-free income from the sale of shares in subsidiaries	0
Other tax-exempt income	73 910
Unrecognised income	0
Non-deductible costs	0
Non-deducted costs	0
Utilisation of previously unused loss transfers	0
Tax depreciation	0
Temporary differences in characteristics	0
Declared tax	**0**
Check	*0*
Effective tax rate	-20,0%

Deferred tax assets	
Deferred tax assets, investment properties	0
Deferred tax assets, financial instruments	0
Others	0
Total	**0**

Deferred tax liabilities	
Deferred tax liabilities, investment properties	0
Deferred tax liabilities, financial instruments	0
Others	0
Total	**0**

11. Earnings per share

Earnings per share are calculated by dividing the profit for the financial period by the number of shares.

During the financial period, the sole shareholder of the company is Samhällsbyggnadsbolaget i Norden AB. The number of shares has not changed during the financial period and stands at 1,000 pc. There has been no change in the share capital. No dividends will be paid for the financial period.

Earnings per share	31.12.2020
Profit for the period	369 551,51
Number of shares	1 000
Profit per share	**369,55**

12. Financial assets and liabilities

Financial assets

	31.12.2020
Long-term interest-bearing loan, Samhällsbyggnadsbolaget i Norden AB	690 004 000
Short-term interest receivable, Samhällsbyggnadsbolaget i Norden AB	680 552
Others	0
Total	**690 684 552**

Financial liabilities

Financial liabilities are recognised at fair value. Transaction costs are included in the original carrying amount of financial liabilities measured at amortised cost. Subsequently, all financial liabilities are valued at the cost amortised by the effective interest method.

In July 2020, the company established the EUR 4,000 million Euro Medium Term Note programme, which allows the company to issue bonds. All bonds issued by SBB Treasury Oyj are issued under the full guarantee of Samhällsbyggnadsbolaget i Norden AB. The organiser was Nordea Bank Abp. The programme is listed on the Dublin Stock Exchange.

The following banks act as intermediaries:
Citigroup
Danske Bank
Deutsche Bank
DNB Bank
Morgan Stanley
Nordea
SEB
Swedbank

In December 2020, the company issued an EUR 700 million unsecured bond, the terms of which are set out below:

Issuer	SBB Treasury Oyj
Guarantee	Samhällsbyggnadsbolaget i Norden AB (publ)
LEI	549300HX9MRFY47AH564 (Guarantor) / 5493003HHOCW6FIMH724 (Issuer)
Classification	BBB- (Standard & Poor's), BBB- (Fitch)
Intermediaries	BNP Paribas, Citi, DNB, Deutsche Bank, Goldman Sachs International, Morgan Stanley, Nordea
Currency	EUR
Type	Fixed rate
Nominal value of debt	EUR 700,000,000
Begins	14 December 2020 (T + 4)
Matures	14 December 2028
Coupon interest	0,75 %
Interest payment dates	14 December annually from 14 December 2021 until due date

Interest-bearing financial liabilities, long-term	**Interest**	**Maturity date**	**2020**
Balance sheet value on 31 December 2020	**0,75 %**	**14.12.2028**	690 065 571

Financial assets and liabilities

Financial assets and liabilities in the company's balance sheet correspond to fair value:

	Book value	Fair value
Financial assets		
Long-term receivables from Group companies, interest-bearing	690 004 000	690 004 000
Short-term interest receivables from Group companies	680 552	680 552
Total	**690 684 552**	**690 684 552**
Financial liabilities		
Long-term interest-bearing liabilities, fixed interest rate	690 065 571	690 065 571
Short-term interest liabilities	247 917	247 917
Liabilities to Group companies	23 422	23 422
Total	**690 336 910**	**690 336 910**

13. Risk management

Interest rate risk
Receivables and liabilities are subject to the risk that their fair value changes due to floating interest rates. Both the bond drawn during the reporting period and the long-term loan to the parent company have a fixed rate. In addition, both receivables and liabilities are denominated in euro and carry no foreign exchange risk. No impact on profit is expected for 2021 as the interest rates of both liabilities and receivables are fixed. The duration of the bond is eight years. Interest is paid once a year on 14 December and the first charge will be on 14 December 2021.

Credit risk
The other party's failure to meet their obligations in relation to a financial instrument or customer relationship results in a financial loss, i.e. the realisation of credit risk. Credit risk in operations is included, for example, in trade receivables, but also in deposits with banks and financial institutions, foreign exchange transactions and other financial instruments.

Financial receivables carry the risk that the debt taker will not be able to meet their obligations, resulting in the company suffering credit losses. The company has a long-term mutual receivable from the parent company Samhällsbyggnadsbolaget i Norden AB. During the financial period, no credit losses have been recognised for the company on this loan.

Liquidity risk
Liquidity risk is the risk that the company will not be able to meet its payment obligations in its financing. If the company's liquidity sources prove insufficient, it may have a significant adverse effect on the company's operations, performance and financial position. There is also a risk that the cost of acquiring cash to meet the company's payment obligations will increase significantly. SBB Treasury Oyj is also exposed to risks arising from the potential illiquidity of the entire SBB Group portfolio. The types of real estate owned or potentially acquired by SBB Group as a whole may be illiquid. In the case of a sudden sale, there may be a significant difference between the fair value and the acquisition cost of a property. An illiquid market may result in a sale price that is lower than expected or delays the sale. Any such deficiencies may have a material negative impact on the business, performance or financial position of both SBB Group and SBB Treasury. In addition, SBB Group may be subject to restrictions on its ability to sell real estate on the basis of covenants and commitments which restrict the sale of assets. Refinancing may prove impossible or be linked to strongly increased costs. Refinancing risk is the risk that financing costs may be higher and/or refinancing possibilities may be limited or non-existent when a debt of SBB Treasury or another company belonging to SBB Group matures. SBB Group's business is partly financed by capital provided externally. The development and acquisition of real estate requires large amounts of capital, which usually comes from banks, credit institutions or other lenders. There is a risk that lenders will not grant credit to SBB Group or that credit will be provided at a significantly higher cost than planned. In addition, certain loan agreements and terms of debt instruments contain conditions, which may limit SBB Group's ability to acquire new debts.

The following covenants are set out in the agreement, which SBB Group must
- solvency ratio must not exceed 65%
- credit rate must not exceed 45%
- coverage rate of debt must be at least 1.5x

Maturity table

	On demand	< 3 months	3-12 months	1-5 years	> 5 years	Total
Long-term interest-bearing lia					690 065 571	690 065 571
Liabilities to Group companies	23 422					23 422
Short-term interest liabilities			247 917			247 917
			247 917		690 065 571	690 336 910

14. Changes in liabilities due to financial activities

	29.6.2020	Changes in cash flow	Currency changes	Others	31.12.2020
Bonds				690 065 571	690 065 571
Short-term interest liabilities				247 917	247 917
Total				690 313 488	690 313 488

Cash transfers related to the bond took place through the company's parent account, therefore the liability in question is not shown in the cash flow statement.

15. Cash and cash equivalents and short-term deposits

SBB Treasury Oyj's cash and cash equivalents consist of cash. The company does not have any currency accounts or deposits in use.

Cash at bank

	31.12.2020
Bank account Handelsbanken	99 438
Others	0
Total	**99 438**

16. Equity

Share capital

The company's share capital is EUR 80,000.00 (registered on 15 July 2020) and the number of shares is 1,000. The share capital is divided into 1,000 shares

	31.12.2020
Share capital at the beginning of the period	80 000
Share capital on 31 December	80 000
Funds	0
Profit/loss for previous financial periods	0
Profit/loss for the period	369 552
Total equity	449 552

The company has not paid any dividends during the financial period. No conversion or other currency differences have arisen during the financial period.

17. Proposal on dividend distribution and use of retained earnings
Calculation of distributable funds as at 31 December 2020

Distributable unrestricted equity	
Profit/loss for previous financial periods	0
Profit for the period	369 552
Invested unrestricted equity fund	0
Loan repayment fund	0
Amount not to be distributed under the Articles of Association	0
Other non-distributable items	0
Total distributable unrestricted equity	369 552

The Board of Directors proposes that the profit for the financial period be transferred to the profit account and that no dividend be paid.

18. Interest and other liabilities

The interest on the EUR 700 million (nominal value) bond is amortised monthly but paid only once a year. The coupon interest on the loan is 0.75%. Arrangement costs are amortised by the effective interest rate method over the life of the loan.

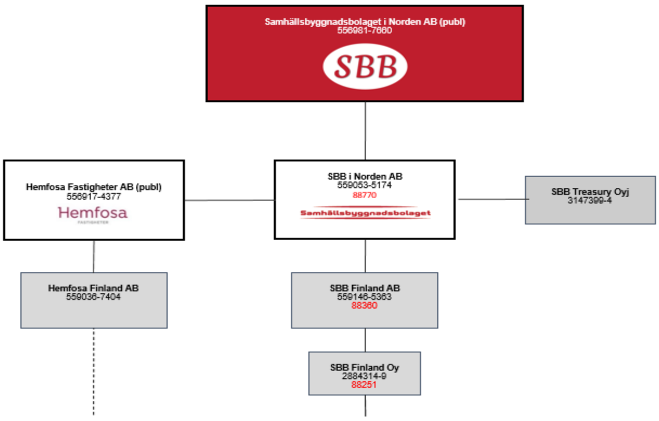
Interest and other short-term liabilities

	31.12.2020
Amortised interest expenses	247 917
Total	**247 917**

At the end of the financial

19. Related party transactions

SBB Treasury Oyj's related parties include the company's parent, Samhällsbyggnadsbolaget i Norden AB (556981-7660; domiciled in Gothenburg), which owns 100% of the company's shares.
The other companies belonging to the Group are sister companies SBB i Norden AB (559053-5174) and Hemfosa Fastigheter AB (556917-4377).



Transactions with related party companies

In 2020, the company issued a bond with a nominal value of EUR 700 million, the financial transactions of which have taken place through the parent company's bank account. Thus, at the end of 2020, the company has accrued a long-term receivable from its parent company and a related interest receivable. The fees and incidentals related to the bond had been paid from the parent company's bank account. As a result, the company has accrued a short-term debt to the parent company. The interest rate on mutual outstanding loans and liabilities within SBB Group is a fixed 2%.

Interest income from Group companies

	31.12.2020
Samhällsbyggnadsbolaget i Norden AB	680 552
Others	0
Total	**680 552**

Receivables from Group companies

	31.12.2020
Long-term, Samhällsbyggnadsbolaget i Norden AB	690 004 000
Short-term, Samhällsbyggnadsbolaget i Norden AB	680 552
Total	**690 684 552**

Liabilities to Group companies

	31.12.2020
Long-term, Samhällsbyggnadsbolaget i Norden AB	20 000
Short-term, Samhällsbyggnadsbolaget i Norden AB	3 422
Others	0
Total	**23 422**

20. Standard changes

The standard changes that entered into force at the beginning of 2021 do not have a material impact on SBB Treasury Oyj's financial statements.

21. Events after the balance sheet date

In January 2021, the company issued an unsecured bond of EUR 600 million. The bond matures in two years. The loan has a floating interest rate (3-month EURIBOR). Deutsche Bank acted as the intermediary. The company has the right to redeem the loan after approximately one year at nominal value. In addition, in May 2021, the company issued another new bond of EUR 750 million as part of the programme. The bond matures in 2029. The interest rate of the loan is a fixed 1.125%. The loan was paid into the account of the parent company Samhällsbyggnadsbolaget i Norden AB and is shown as a long-term receivable in the balance sheet of SBB Treasury Oyj.

During 2020, Covid-19 was one of the biggest factors that affected the global economy. Business development has weakened and the world economy has contracted. Vaccinations only started gradually at the end of 2020 and the situation remains unpredictable. In addition to this, mutations have been detected that greatly affect the duration of the pandemic. The pandemic has had a limited impact on SBB Treasury Oyj's separate financial statements on 31 December 2020.

Covid-19 has had only a minor impact on the entire SBB Group's cash flows, with cash flows coming mainly from tenants who are tax-subsidised by the State or from rent-regulated dwellings. It is likely that demand for and interest in public service properties in the Nordic countries will continue extensively in the future.

Signatures to the financial statements:

Helsinki, _____ /_____ 2021

Batljan Ilija
Chair of the Board of Directors

Sofia Eva-Lotta Strid
Member of the Board of Directors

Oscar Sven Lekander
Member of the Board of Directors

Auditor’s note

A report on the completed audit has been issued today.

Helsinki, _____ /_____ 2021

Ernst & Young Oy
Audit firm

Mikko Rytilahti
Authorised Public Accountant (KHT)

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Business ID 2204039-6,
domiciled in Helsinki

AUDITOR'S REPORT

To the Annual General Meeting of SBB Treasury Oyj

Audit of financial statements

Opinion

We have audited the financial statements of SBB Treasury Oyj (business ID 3147399-4) for the financial period 29 June to 31 December 2020. The financial statements comprise the balance sheet, comprehensive income statement, statement of changes in equity, cash flow statement and notes, including a summary of significant accounting policies.

In our opinion,

- The financial statements give a true and fair view of the company's financial position and performance and its cash flows in accordance with International Financial Reporting Standards (IFRS) as adopted by the EU, and comply with statutory requirements.

Our opinion is consistent with the additional report submitted to the Board of Directors.

Basis for opinion

We conducted our audit in accordance with good auditing practice in Finland. Our responsibilities under good auditing practice are further described in the *Auditor's responsibilities for the audit of the financial statements* section of our report.

We are independent of the company in accordance with the ethical requirements that are applicable in Finland and are relevant to our audit, and we have fulfilled our other ethical responsibilities in accordance with these requirements.

To the best of our knowledge and understanding, the non-audit services that we have provided to the company are in compliance with laws and regulations applicable in Finland regarding these services, and we have not provided any prohibited non-audit services referred to in Article 5(1) of Regulation (EU) 537/2014. We have not provided any non-audit services to the company in 2020.

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

Key audit matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the financial statements of the period under review. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

We have fulfilled the responsibilities described in the *Auditor's responsibilities for the audit of the financial statements* section of our report, including in relation to these matters. Accordingly, our audit included the performance of procedures designed to respond to our assessment of the risks of material misstatement of the financial statements. The results of our audit procedures, including the procedures performed to address the matters below, provide the basis for our audit opinion on the accompanying financial statements.

We have also addressed the risk of management override of internal controls. This includes consideration of whether there was evidence of management bias that represented a risk of material misstatement due to fraud.

Key audit matter	How our audit addressed the key audit matter
Receivables from Group companies *We refer to Notes 12 and 13* At the balance sheet date, receivables from Group companies amounted to EUR 690.7 million, representing 100% of assets. The key audit matter is the valuation of receivables, as determining credit risk involves management judgment and estimates.	To account for the risk of material misstatement related to the valuation of receivables from Group companies, we performed, inter alia, the following audit procedures: • We assessed the risk of counterparty default, resulting in a financial loss. • We assessed the appropriateness of the receivable's book value at the balance sheet date.

Responsibilities of the Board of Directors for the financial statements

The Board of Directors is responsible for the preparation of financial statements that give a true and fair view in accordance with International Financial Reporting Standards (IFRS) as adopted by the EU, and comply with statutory requirements. The Board of Directors is also responsible for such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the Board of Directors is responsible for assessing the company's ability to continue as going concern, disclosing, as applicable, matters relating to going concern and using the going concern basis of accounting. The financial statements are prepared using the going concern basis of accounting unless there is an intention to liquidate the company or cease operations, or there is no realistic alternative but to do so.

Auditor's responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance on whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with good auditing
practice will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the financial statements.

As part of an audit in accordance with good auditing practice, we exercise professional judgment and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion.
  The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of the Board of Directors' and the Managing Director's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the company's ability

to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion.

Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the company to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events so that the financial statements give a true and fair view.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the financial statements of the period under review and therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Other reporting obligations

Information on the audit assignment

As of 29 June 2020, we have been the auditor elected by the Annual General Meeting for an uninterrupted period of one (1) year.

Other information

The Board of Directors is responsible for the other information. The other information comprises the report of the Board of Directors.

Our opinion on the financial statements does not cover the other information.

In connection with our audit of the financial statements, our responsibility is to read the other information identified above and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated. With respect to report of the Board of Directors, our responsibility also includes considering whether the report of the Board of Directors has been prepared in accordance with the applicable laws and regulations.

In our opinion, the information in the report of the Board of Directors is consistent with the information in the financial statements and the report of the Board of Directors has been prepared in accordance with the applicable laws and regulations.

If, based on our work, we conclude that there is a material misstatement in the report of the Board of Directors, we are required to report that fact. We have nothing to report in this regard. Helsinki,1 October 2021

Ernst & Young Oy Audit Firm

Mikko Rytilahti
Authorised Public Accountant (KHT)