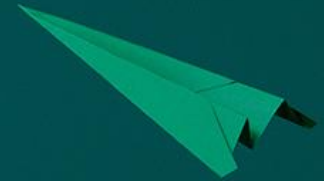


# Skandiabanken

## Investor presentation – Q1 2022

2022-04-26



**skandia :**

# Agenda

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**1. Introducing Skandiabanken**

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2. Financial information

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3. Credit portfolio

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4. Funding

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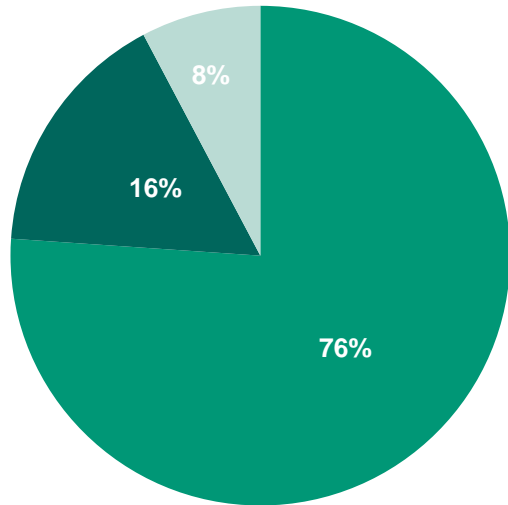
# Skandiabanken

- Swedish retail bank established in 1994
- Three core business lines: Loans - Savings - Payments
- Strong and committed owner with ESG focus
- High customer satisfaction and strong brand
- Healthy funding structure with a base in retail deposits
- High quality of assets
- Strong capital and liquidity position
- Ambitious plans for growth

- *Wholly owned subsidiary of the Skandia Group*
- *Approximately 370 000 customers*
- *A2 (Stable) rating by Moody's (covered bond rating AAA)*
- *Total assets of ~SEK 100 bn*
- *Approximately 2 percent share of the Swedish mortgage and retail savings markets*
- *CEO Johanna Cerwall*

# Business model focused on Swedish mortgages

Distribution of income YTD 2022 - Q1



■ Net interest income ■ Net commission income ■ Other

## A Swedish bank for Swedish customers

- No business outside of Sweden
- Lending only in Swedish krona

## Product offering

- Loans (>99 percent mortgages)
- Savings
- Payments

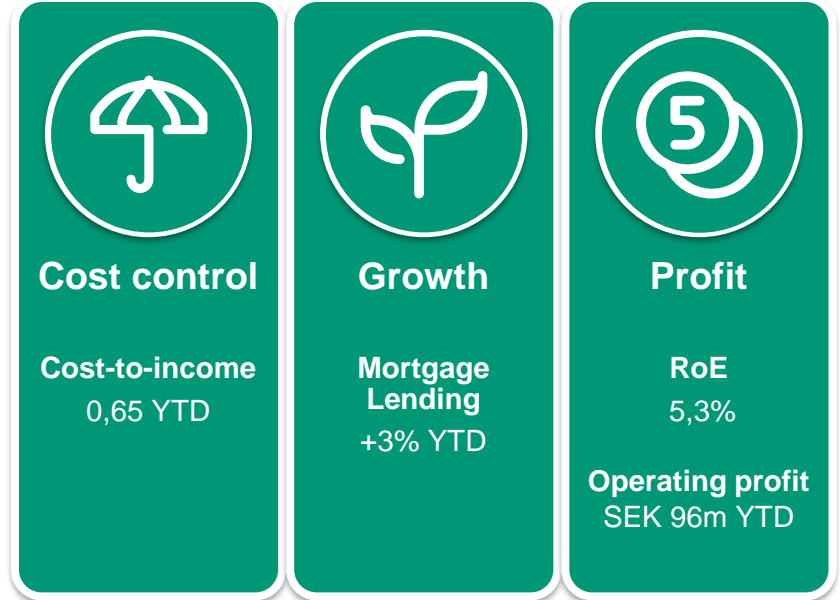
## Low risk business

- Digital business
- No private banking
- No handling of cash

# Strategy to grow

Contribute with financial return and strategic value to the Skandia Group

- Scalable digital infrastructure
- Attractive pricing model
- Access to Skandia Group customers
- Supportive products within savings and payments
- Long-term commitment



# Sustainable banking

*Skandiabanken is to act responsibly and to contribute to sustainable value creation through services that contribute to positive effects for customers, society and the climate*

## Long-term commitment

- High business ethics, actively working to prevent financial crime
- A new sustainability policy and framework pointing out our ambition, long term targets, prioritizations with key indicators established in 2020
- A public voice in the debate of access to finance for young and elderly



## Activities 2021

- Together with the industry Skandiabanken has launched a code of conduct for mortgage brokers to ensure responsible and transparent lending
- Increased number of sustainability funds on our platform
- The Principles for responsible banking signed
- Limited carbon footprint that we always strive to further reduce. Carbon offsetting since 2012



PRINCIPLES FOR  
RESPONSIBLE  
BANKING

## Sustainable offers

- A fair pricing model for mortgages gives customers an interest discount without having to negotiate
- A large range of sustainability funds guided with a selection tool to meet customers sustainability preferences



**skandia:**

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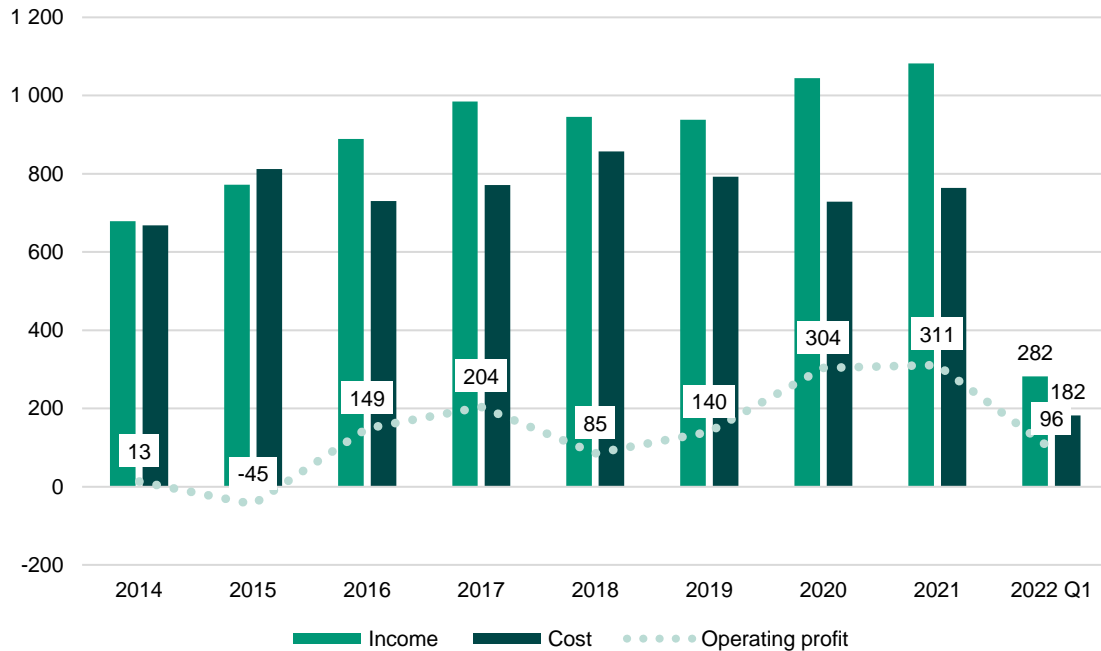
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4. Funding

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# Profit development

## Income, Cost & Operating profit



## Investments in 2018

- IT infrastructure and regulatory implementations

## Turnaround in 2019

- Increased volumes and reduced costs

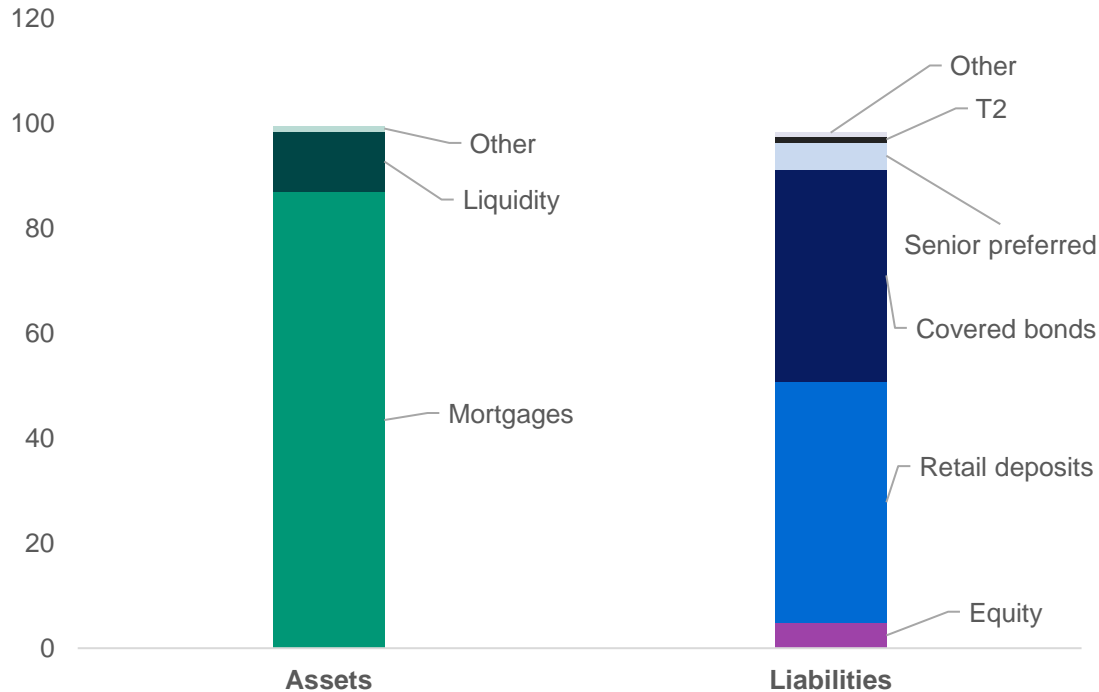
## Profit generation going forward

- Continuous growth
- Cost control proven effective
- Improved C/I and ROE



# Balance sheet overview

Balance sheet (SEK bn) as of Q1 2022



## Transparent balance sheet

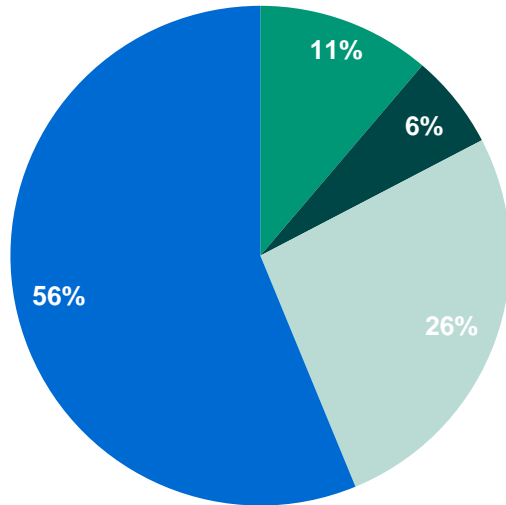
- Approx. 98% mortgages and liquidity reserve
- No corporate lending
- Negligible consumer lending (<1%)

## Sound funding structure

- Loan to deposit ratio 190%
- Deposits and covered bonds account for 87%

# Liquidity position

Liquidity reserve as of Q1 2022



■ Cash ■ Sovereign ■ Sub-sovereign ■ Covered bonds

Low appetite for liquidity risk

- High and stable LCR and NSFR
- LCR 271 percent
- NSFR 135 percent

High quality liquidity reserve

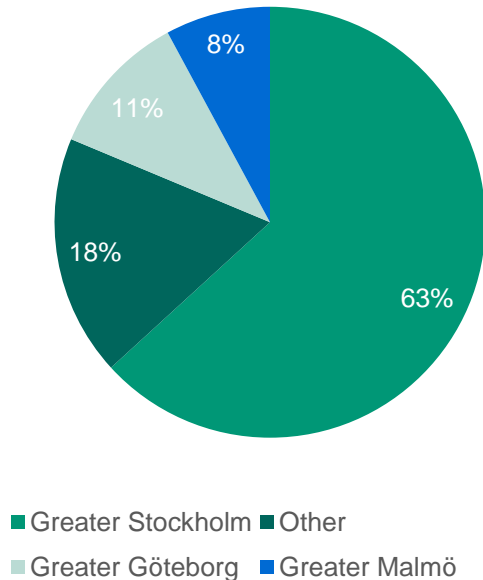
- Riksbank certificates
- Municipal bonds
- Covered bonds
- Assets accepted by the Riksbank as collateral

# Agenda

1. Introducing Skandiabanken
2. Financial information
3. **Credit portfolio**
4. Funding

# Distribution of mortgages

## Geographical distribution



- Majority of lending to urban areas
  - Majority of lending to urban areas
  - High liquidity and transparency in pricing
  - Long-term demand for housing
- Residential mortgages
  - Single-family houses
  - Tenant owner rights
  - Second homes
- Increased interest in fixed mortgages
  - ~70 percent of the back book in variable rates
  - Increasing share of new lending in fixed rates

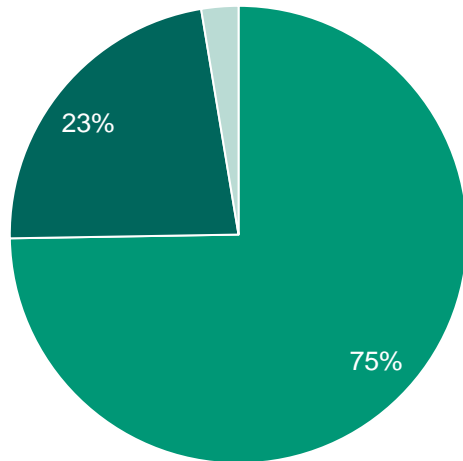
# Cover pool details

Cover pool data*	
Cover pool size	SEK 52 909 M
Outstanding covered bonds	SEK 39 900 M
Collateral	100 percent Swedish residential mortgages
Over collateralisation	33% (approx. 118% all assets included)
Weighted average LTV	47%
Average loan size	SEK 1 624 231
Interest rate type	100% Floating
Weighted average seasoning	62 months
Pool type	Dynamic
Originator	Skandiabanken AB

\*Figures as of Q4 2021

# Senior bond holders exposure

Senior bond holders as of Q1 2022



■ Unpledged mortgages ■ Liquidity reserve ■ Other

- Senior preferred bond holders are exposed to the same quality of mortgages as the holders of covered bonds
- The liquidity reserve is invested in sovereigns, sub-sovereigns and covered bonds (AAA)
- “Other” refers to e.g. collateral and unsecured lending

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1. Introducing Skandiabanken

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3. Credit portfolio

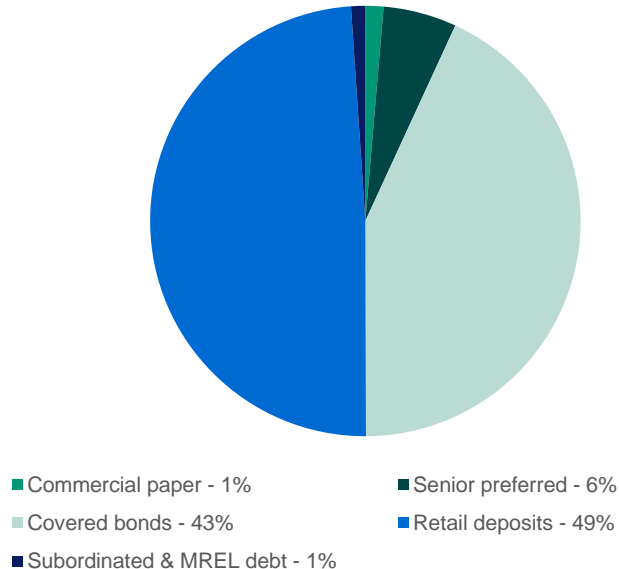
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4. **Funding**

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# Funding overview

## Share of funding as of Q1 2022



## Strategy

- Foundation in retail deposits
- Increased use of covered bonds to support growth
- Floating rate notes in Swedish krona

## Ambition

- Equal quality of assets inside and outside cover pool
- Long-term commitment

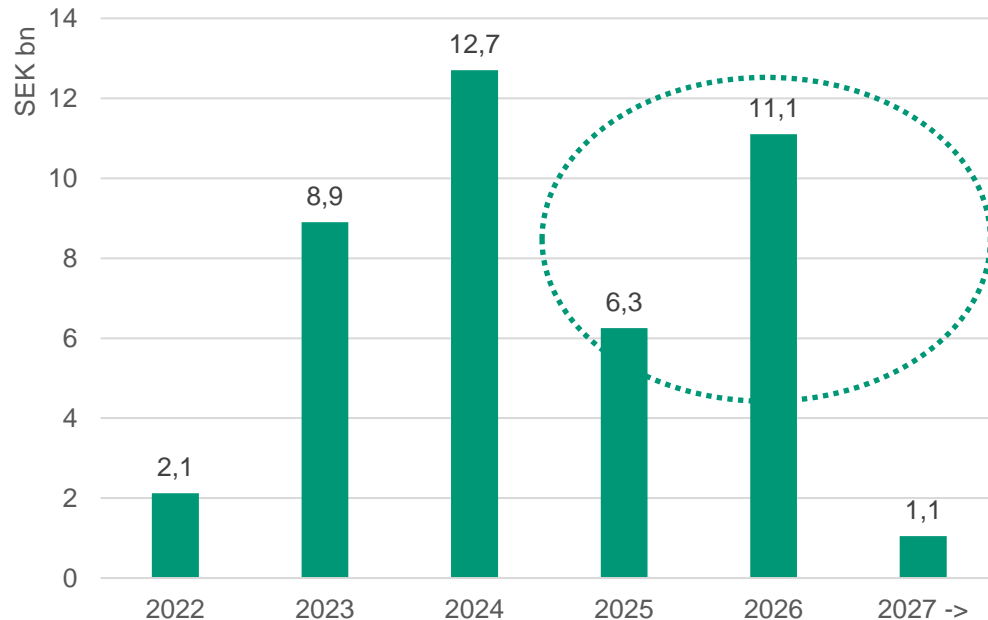
## Funding

- Primarily covered bonds & Retail deposits
- Senior bonds for regulatory purposes and rating
- Maintain presence in the commercial paper market



# Secured funding

Maturity profile of covered bonds as of 2022-04-26



## Covered bonds

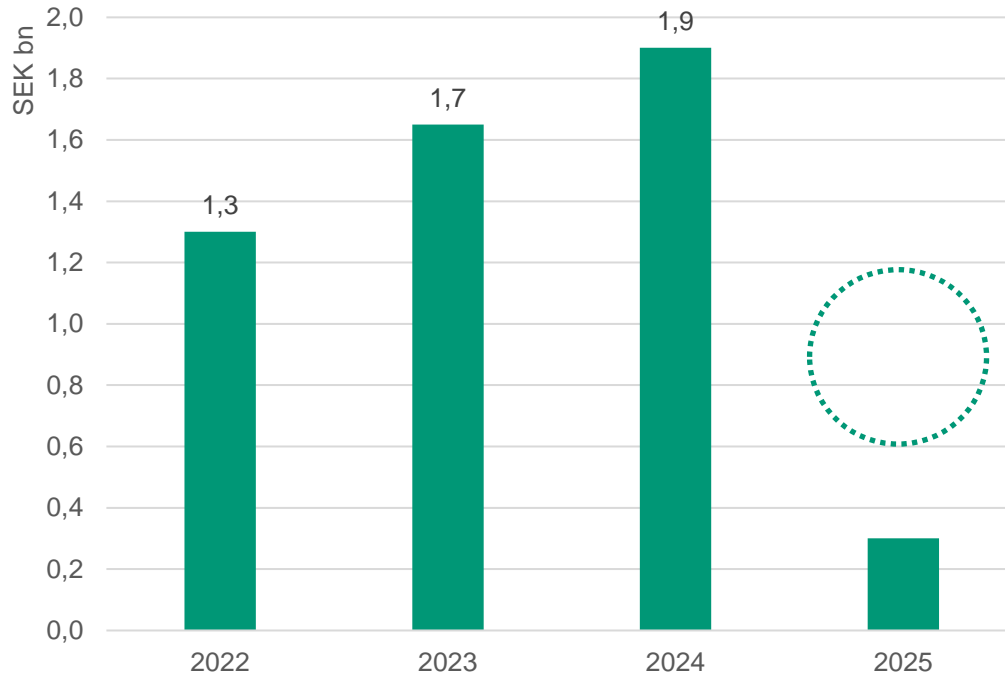
- SEK 2,1 bn maturing in 2022
- FRNs in SEK
- High OC

## Ambitions going forward

- Level 2 bonds available to tap
- 1-2 syndicated issues per year
- Buy-back policy (3-6 months to maturity)
- Larger bond size and improved liquidity to be expected with increased volumes

# Unsecured funding

Maturity profile of senior preferred as of 2022-04-26



## Senior preferred

- SEK 1,3 bn maturing in 2022
- Private placements
- FRNs or Fixed
- High quality exposure
- 300m issued in January

## Senior non-preferred

- Driven by MREL-regulation
- Continuously building to 2024
- 500m issued in April

## Commercial paper

- Source of short-term liquidity
- Maintain presence

# Appendix

# Appendix - Rating

## Rated by Moody's Investor Services

- Foreign LT Bank Deposits – Rating: A2 (Positive)
- Local LT Bank Deposits – Rating: A2 (Positive)
- Since 2015, positive outlook since July 13, 2021
  
- Covered bonds - Rating: AAA
- Since 2013

## Rating policy

- All covered bonds are rated
- Senior bonds will not be rated unless that is explicitly negotiated

## *”Credit strengths*

- *Very strong asset quality*
- *Strong capitalisation*
- *Very strong support from Skandia Group*

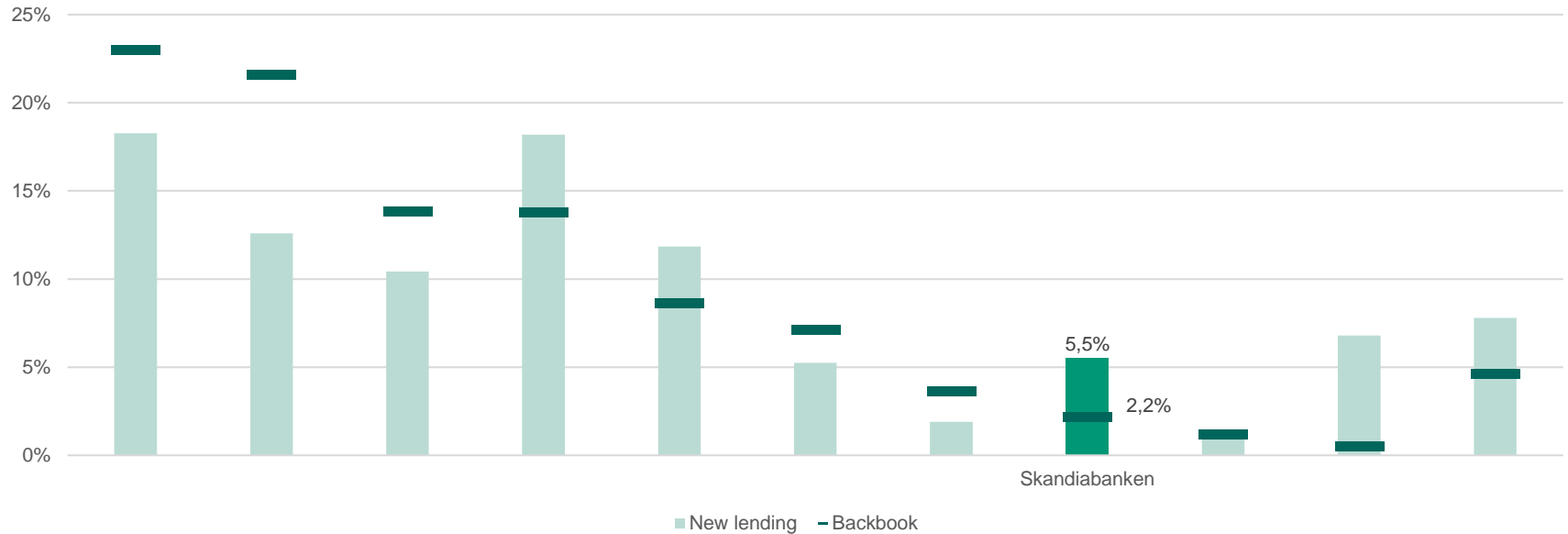
## *Credit challenges*

- *Historical high lending growth*
- *Lower-than-peer efficiency and weak profitability, albeit gradually improving”*

Source: Moody's credit opinion dated October 12, 2021

# Appendix – Swedish mortgage market

Swedish mortgage market 2022



# Appendix - Capital position

Q1 2022

Own funds	19,8%
Tier 1	17,8%
CET 1	17,8%
Leverage ratio	4,5%
Risk-wighted MREL	27,5%
Non-risk-weighted MREL	7,6%
Risk-weighted subordination	19,2%
Non-risk-weighted subordination	5,5%

# Appendix - Asset quality

## LTV

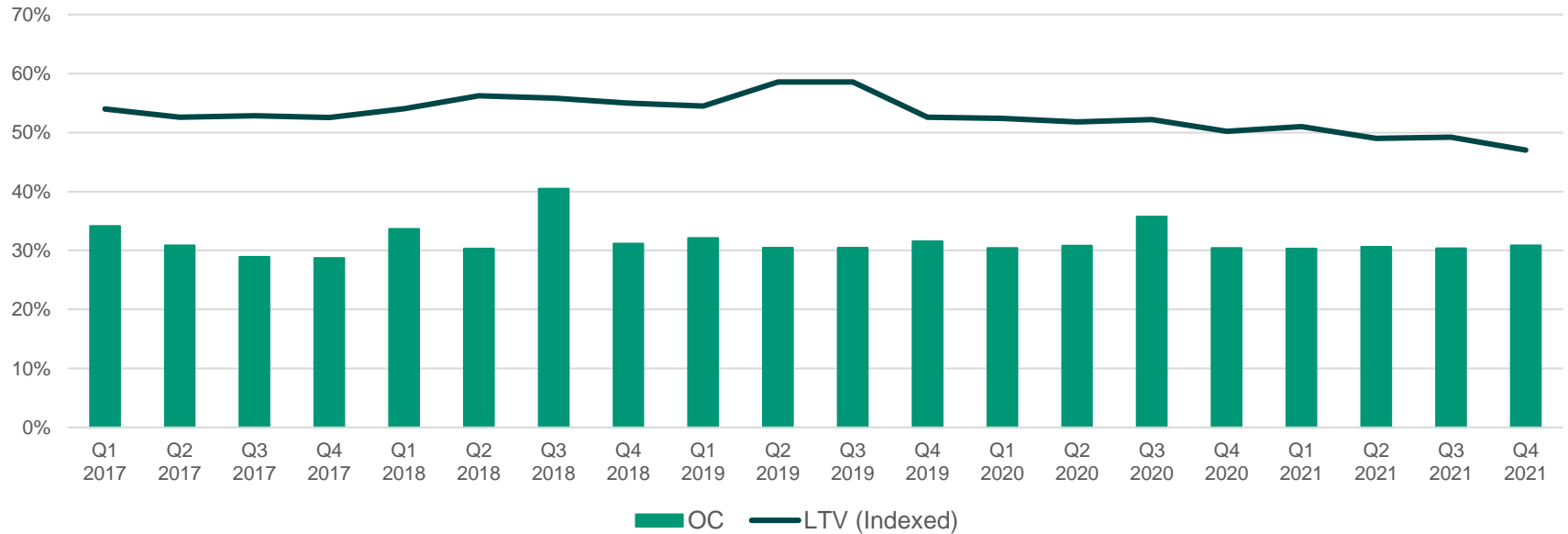


## Gross income-to-loan ratio - New lending



# Appendix – Cover pool: Stable LTV ratio & OC

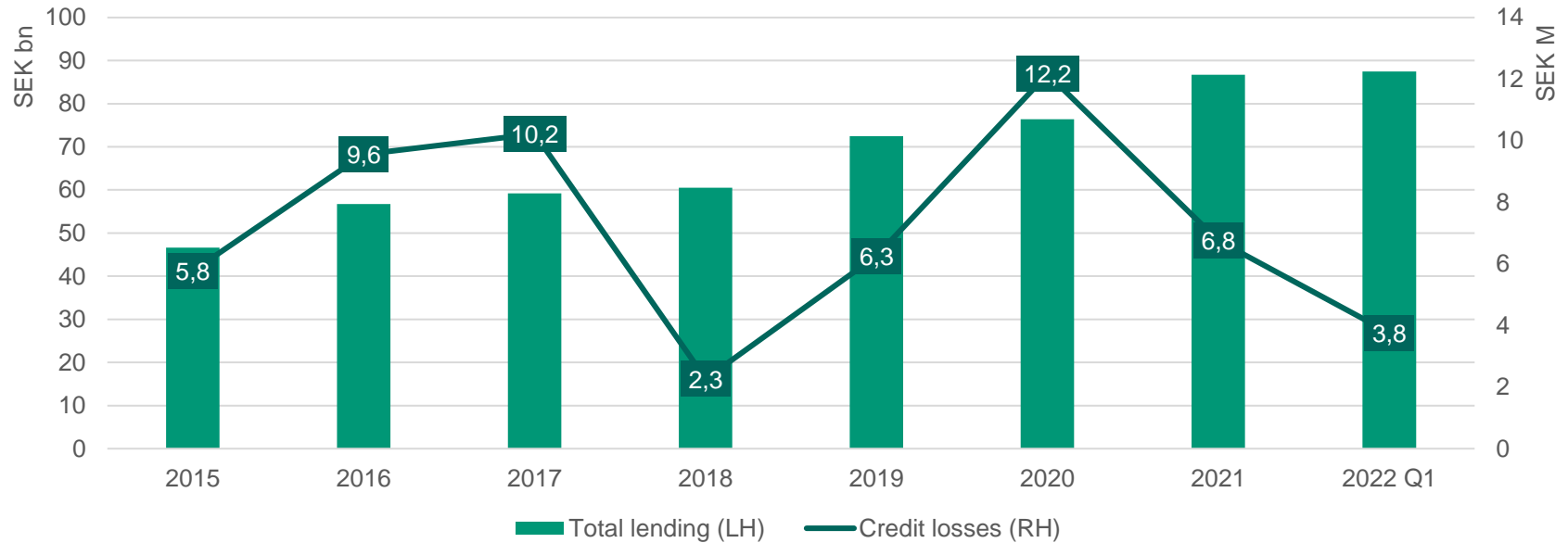
## LTV & OC





# Appendix - Low credit losses

## Credit losses



# Appendix - Outstanding covered bonds

Bond	Maturity	Coupon type	Amount issued	Min piece (MM)
SKANBK Float 08/24/22	2022-08-24	FLOATING	3 600 000 000	1
SKANBK Float 03/15/23	2023-03-15	FLOATING	3 500 000 000	2
SKANBK Float 09/20/23	2023-09-20	FLOATING	5 400 000 000	2
SKANBK Float 02/22/24	2024-02-22	FLOATING	1 700 000 000	2
SKANBK Float 04/24/24	2024-04-24	FLOATING	5 500 000 000	2
SKANBK Float 09/24/24	2024-09-24	FLOATING	5 500 000 000	2
SKANBK Float 04/24/25	2025-04-24	FLOATING	450 000 000	2
SKANBK Float 06/24/25	2025-06-24	FLOATING	800 000 000	2
SKANBK Float 09/24/25	2025-09-24	FLOATING	800 000 000	2
SKANBK Float 11/24/25	2025-11-24	FLOATING	4 200 000 000	2
SKANBK Float 04/23/26	2026-04-23	FLOATING	5 600 000 000	2
SKANBK Float 11/24/26	2026-11-24	FLOATING	5 500 000 000	2
SKANBK 1.97 02/02/27	2027-02-02	FIXED	250 000 000	2
SKANBK Float 06/23/27	2027-06-23	FLOATING	800 000 000	1

As of 2022-04-26

Bonds with min.piece 1 MM cannot be tapped

# Appendix - Outstanding senior bonds

Bond	Maturity	Coupon type	Payment rank	Amount issued	Min piece (MM)
SKANBK 1.1 08/29/22	2022-08-29	FIXED	Sr Unsecured	300 000 000	1
SKANBK Float 09/19/22	2022-09-19	FLOATING	Sr Unsecured	500 000 000	2
SKANBK 0.535 11/04/22	2022-11-04	FIXED	Sr Unsecured	500 000 000	2
SKANBK Float 04/20/23	2023-04-20	FLOATING	Sr Unsecured	400 000 000	2
SKANBK 0.56 05/10/23	2023-05-10	FIXED	Sr Unsecured	500 000 000	2
SKANBK Float 10/13/23	2023-10-13	FLOATING	Sr Preferred	750 000 000	2
SKANBK Float 01/15/24	2024-01-15	FLOATING	Sr Preferred	450 000 000	2
SKANBK Float 03/26/24	2024-03-26	FLOATING	Sr Unsecured	700 000 000	2
SKANBK Float 08/23/24	2024-08-23	FLOATING	Sr Unsecured	750 000 000	2
SKANBK Float 02/10/25	2025-02-10	FLOATING	Sr Preferred	300 000 000	2
SKANBK Float 04/14/27	2027-04-14	FLOATING	Sr Non Preferred	500 000 000	2

*As of 2022-04-26*

*Bonds with min.piece 1 MM cannot be tapped*

# Contacts

## **Christofer Zetterquist, CFO**

christofer.zetterquist@skandia.se  
+46 (0)8-788 20 15

## **Karl Aigéus, Head of Funding**

karl.aigeus@skandia.se  
+46 (0)8-788 22 69

## **Johan Skoglund, Head of Liquidity management and Fx**

johan.skoglund@skandia.se  
+46 (0)8-788 10 47

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