

Investor presentation

Skandiabanken

Q3 2019



skandia :

Agenda

1

Introducing Skandiabanken

2

Financials

3

Credit portfolio

4

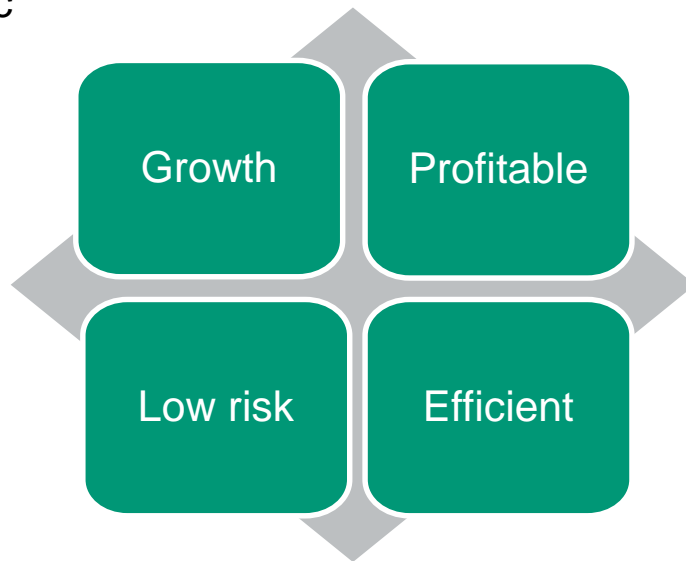
Funding

Skandiabanken

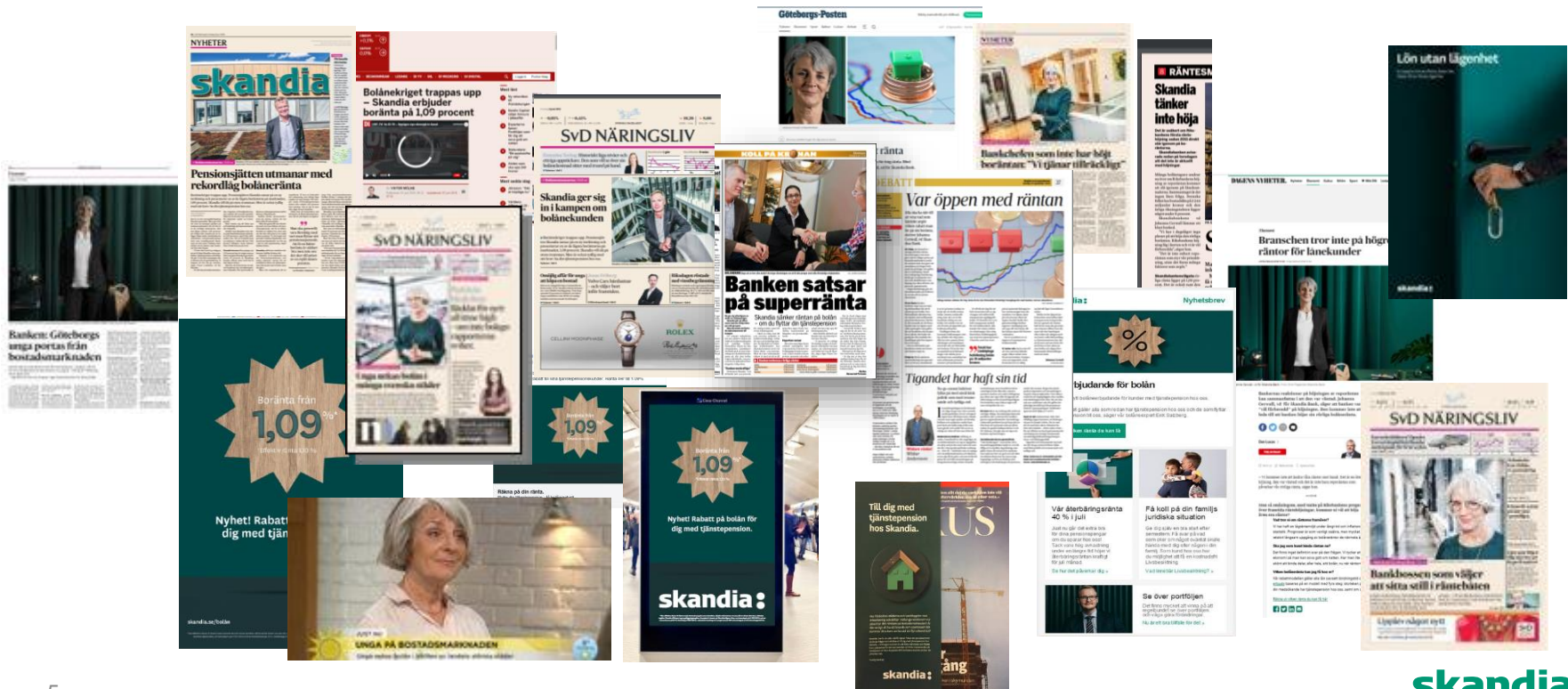
- Swedish retail bank founded in 1994
 - Strong and committed owner with ESG focus
 - Three core business lines: Loans - Savings - Payments
 - High customer satisfaction and strong brand
 - Strong growth
 - Healthy funding structure with focus on retail deposits
 - Solid asset quality (low-risk mortgages)
 - Strong capital and liquidity position
- Wholly owned subsidiary of the Skandia Group
 - Approximately 360 000 customers
 - A2 (Stable) rating by Moody's (covered bond rating AAA)
 - Total assets of SEK 80 bn
 - Approximately 2 percent share of the Swedish mortgage and retail savings markets
 - CEO Johanna Cerwall

Our strategy is set for growth

- Skandiabanken contributes with profit and strategic value to the Skandia Group
- Growth strategy focused on mortgages
 - Scalable digital infrastructure
 - New pricing model for mortgages
- Complementary products within savings and payments
- Focus on cost efficiency



Increased presence and visibility



Sustainable business

Skandia Group's sustainability work is based on the owner's instructions which stipulates that the business shall be transparent, focused on long-term customer relations and sustainable business

Skandia's corporate sustainability strategy

- Transparency and long-term customer relationships
- Social responsibility
- Responsible investments
- Environmental responsibility
- Long-term employer
- Business ethics

Skandia supports international frameworks



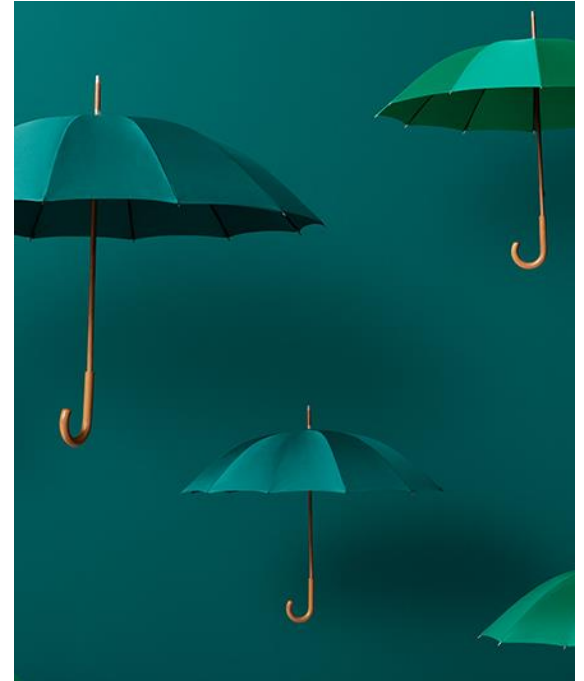
THE GLOBAL GOALS
For Sustainable Development



skandia:

Skandiabanken and ESG

- Skandia fully compensates its direct footprint since 2012
 - Gold standard carbon offsetting scheme (a wind farm project Prony Windfarm on the New Caledonia)
- Updated ESG policy with ambitious targets
- Transparent price structure
- High business ethics
- Translating our ESG ambition into our everyday business is of very high priority



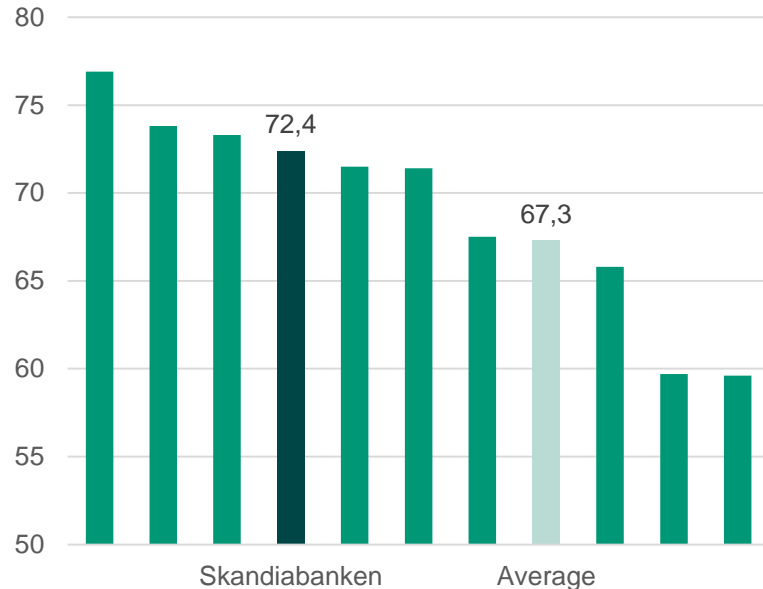
Strong resilience to money laundering

- Focus on Swedish private retail clients
- Limited products and services for corporate customers
- No foreign operations
- Digital business without branch offices
- No treatment of cash notes



High customer satisfaction

SKI Swedish banks - Autumn 2019



- The Swedish Quality Index (SKI), measures customer satisfaction in its annual survey of the Swedish banks
- Skandiabanken improves its index and is well above the industry average
- Mortgage customers give us high ratings
 - High service level, reliable and our customers want to recommend us to others
- We are proud to contribute with simplicity and transparency to our customers

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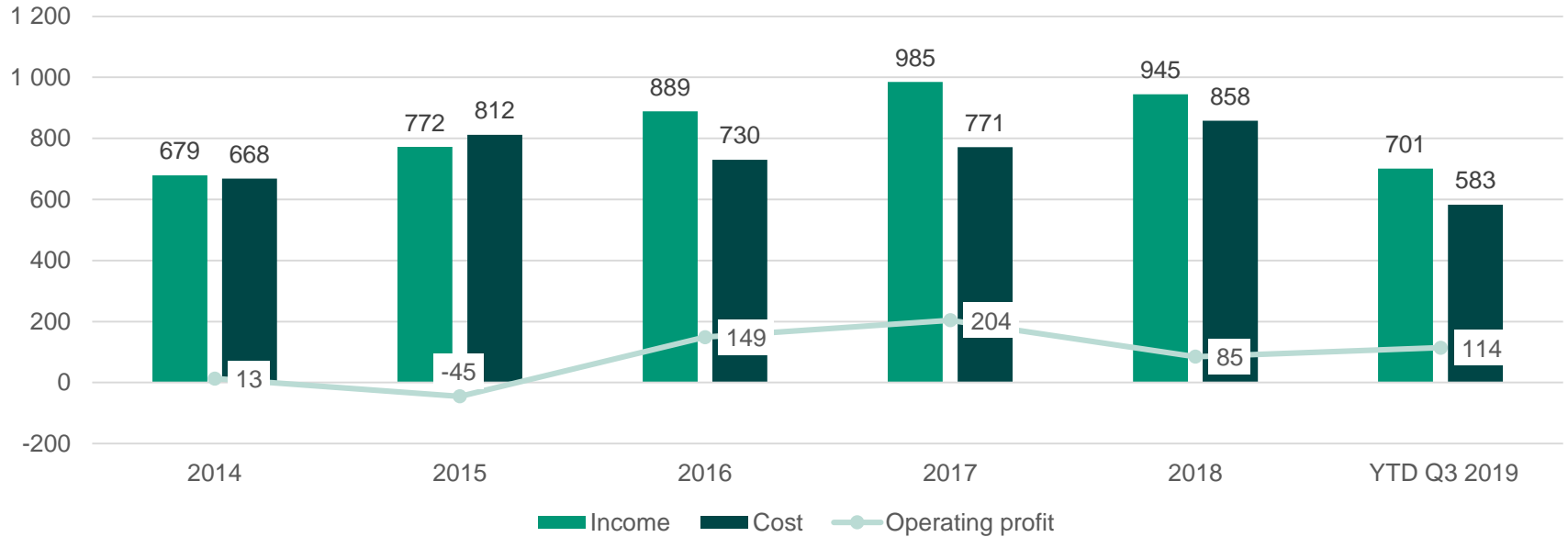
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4

Funding

Turnaround in 2019

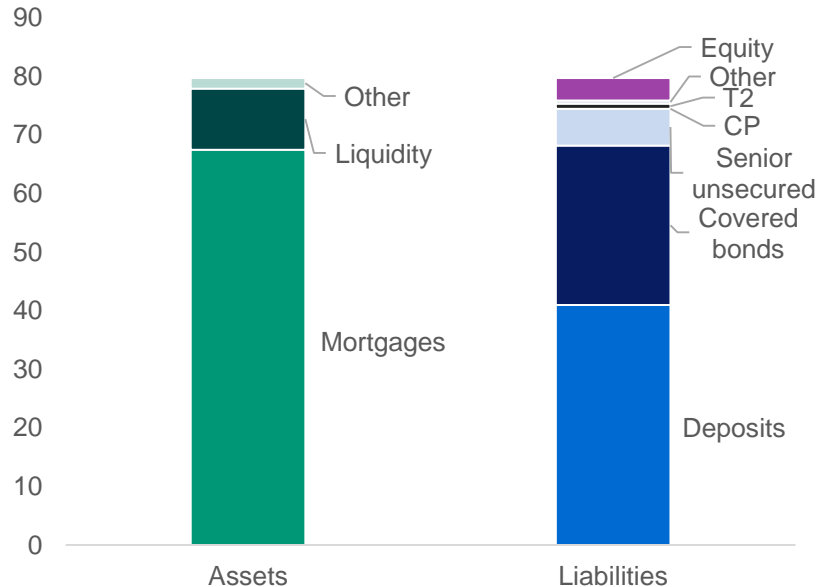
Income, Cost & Operating profit



2015 is excluding write-down of intangible assets, -246 Mkr
2016 is excluding extraordinary revenue from VISA, 43 Mkr

Business model focused on low-risk lending

Balance sheet (SEK bn Q3 2019)



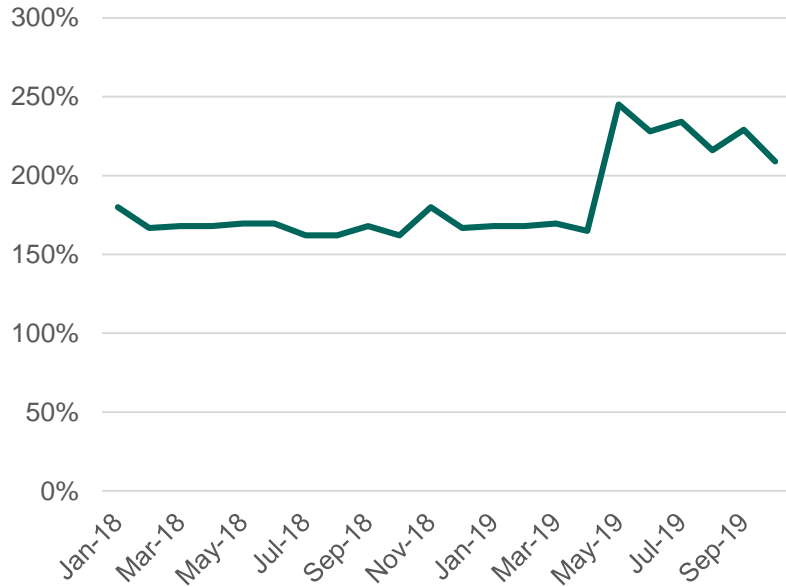
- Transparent balance sheet: ~98% mortgages and liquidity reserve
- Strategic focus on low risk mortgages
 - No corporate lending
 - Very limited consumer lending (<1%)
- Funding primarily comprised by deposits and covered bonds (>85%)

Strong capital position enables growth

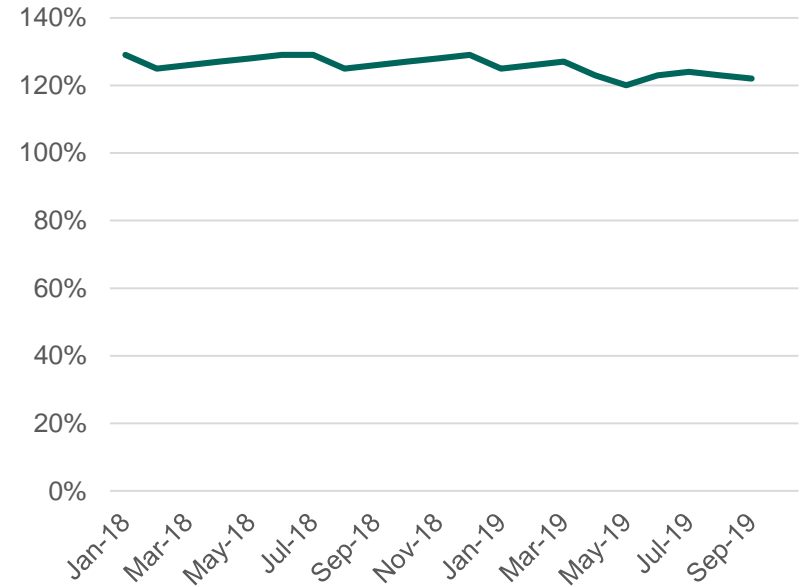
Figures as of Q3 2019	Skandiabanken
Own funds	21,8%
Tier 1	17,5%
CET 1	17,5%
Leverage ratio	4,4%
MREL	10,2%
MREL-eligible liabilities (liabilities proportion principle)	19,0%

Strong liquidity and funding position

Liquidity Coverage Ratio



Net Stable Funding Ratio



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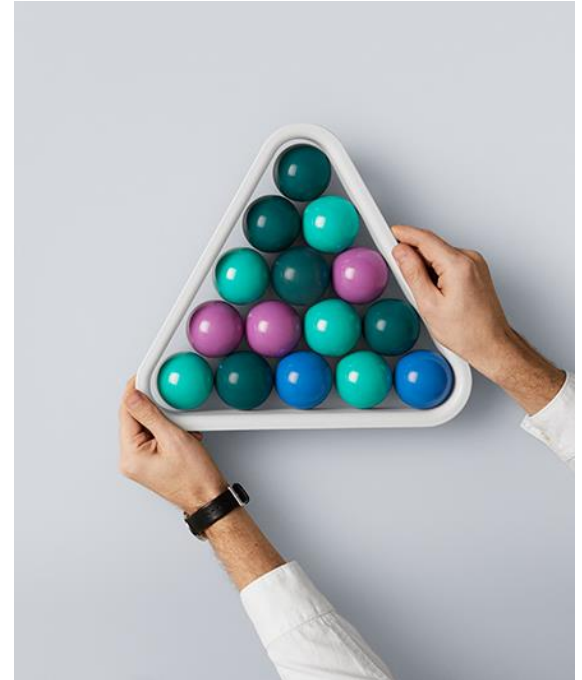
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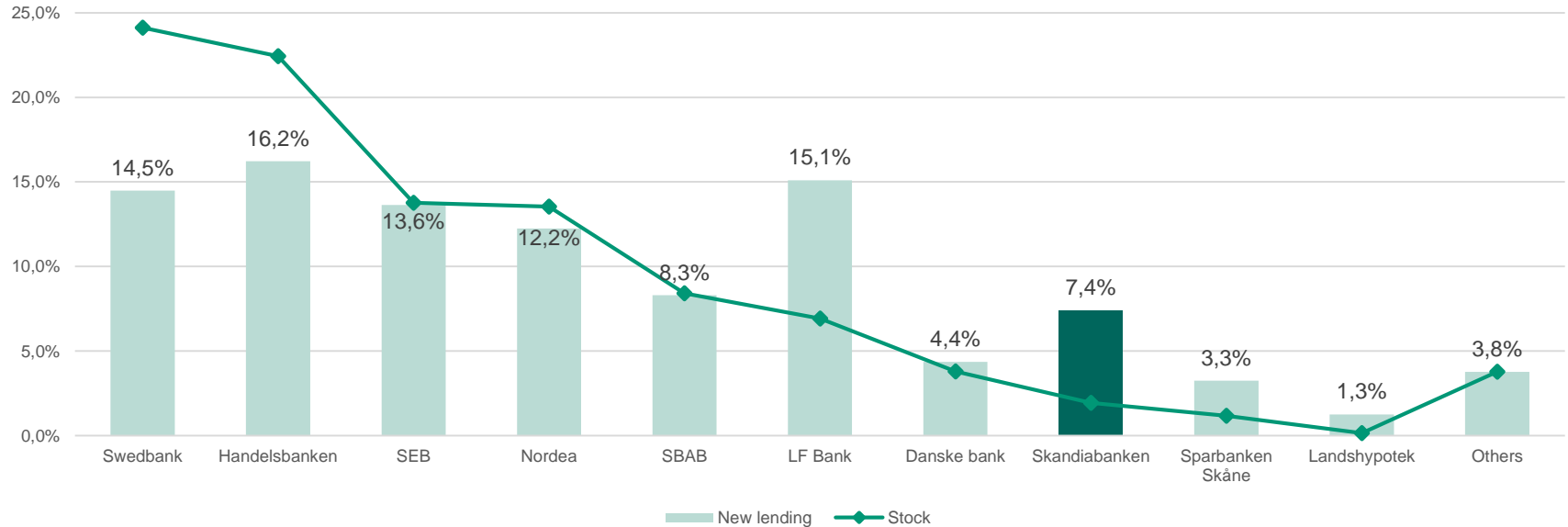
The Swedish mortgage market

- Strong legislative foundation - Konsumentkreditlag (2010:1846)
- Regulations require the lender to ensure that the borrower can afford to borrow also in stressed conditions
- Skandiabanken has a highly standardised and digital process for lending
- Skandiabanken has highly standardised and prudent criteria for lending



Intensified competition in Swedish mortgages

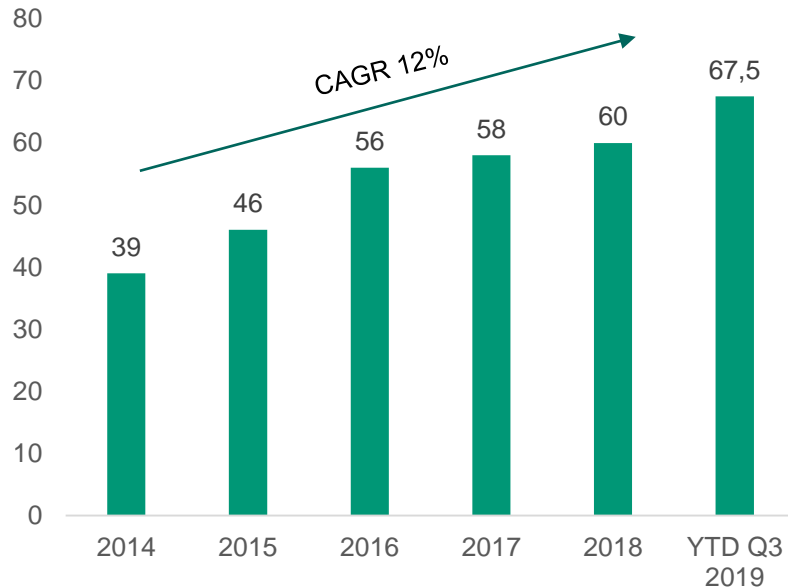
Swedish mortgage market (First half 2019)



Source: SCB data Q1-Q2 2019

Strong growth based on scalable model

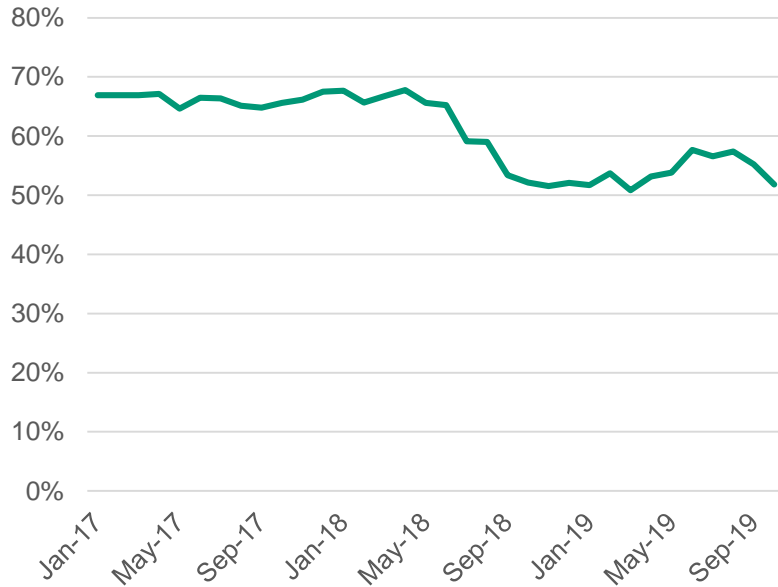
Mortgage volume (SEK bn)



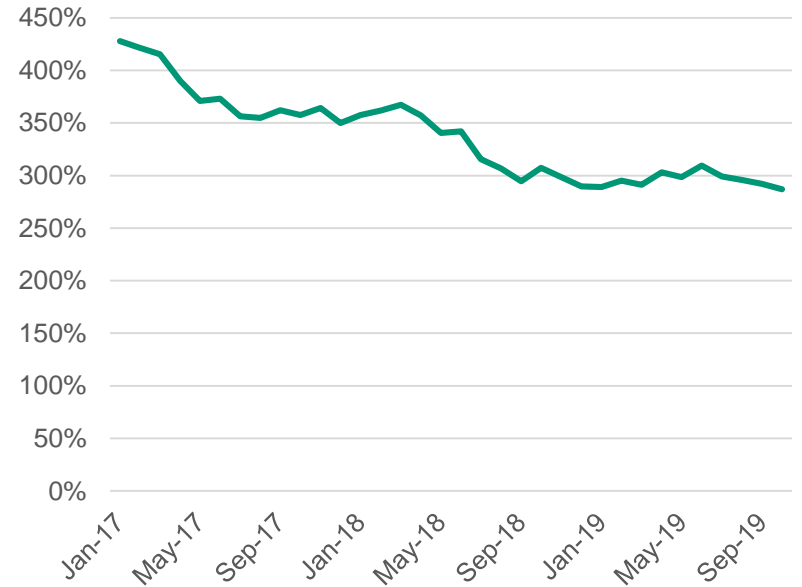
- Improved pricing model with focus on
 - Low risk mortgage clients
 - Skandia pension clients
- New IT-infrastructure
 - Significantly improved underwriting process for mortgages
 - Digital platform set for growth
- Targeting existing Skandia customers
 - Win-win for bank and insurance, >1 million Skandia occupational pension clients in the Group
 - Skandiabanken a strategic part of Skandia

Increased quality of mortgages

Loan-to-value - New lending

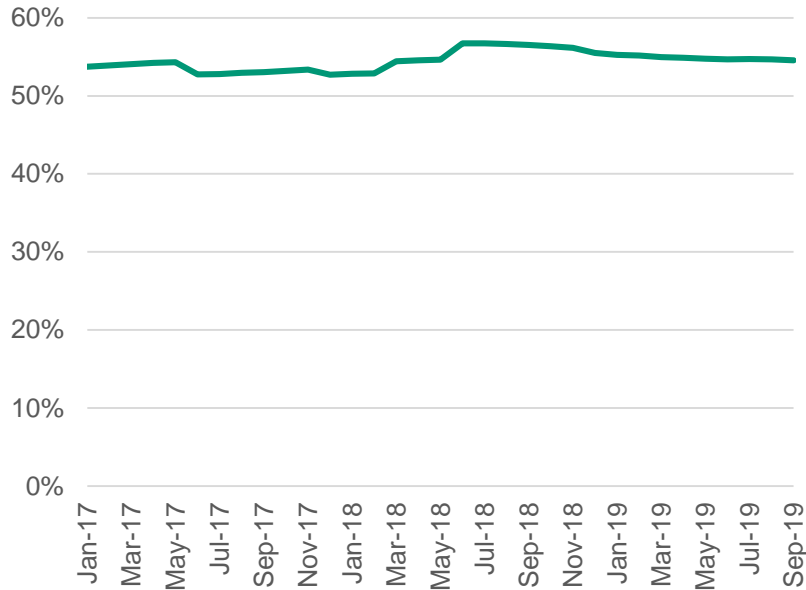


Gross income to loan ratio - New lending

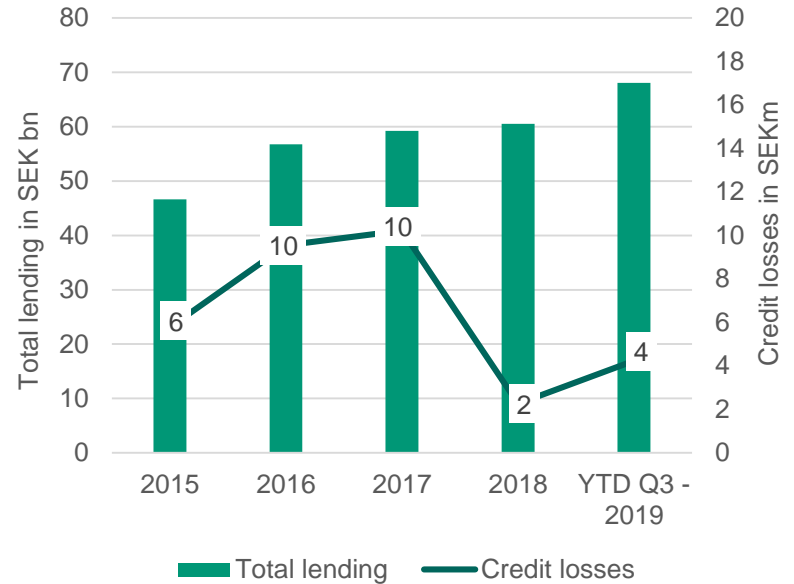


History of stable LTV ratio and low credit losses

LTV development



Credit losses



High quality assets

Cover pool data*	
Cover pool size	SEK 35 206 M
Outstanding covered bonds	SEK 26 848 M
Collateral	100 percent Swedish residential mortgages
Over collateralisation	31% (approx. 131% all assets included)
Weighted average LTV	54%
Average loan size	SEK 1 573 936
Interest rate type	100% Floating
Weighted average seasoning	56 months
Pool type	Dynamic
Originator	Skandiabanken AB

*Figures as of Q3 2019

Additional information available at:

www.skandia.se/om-oss/om-skandia/finansiell-information/finansiell-info/sakerstallda-obligationer/

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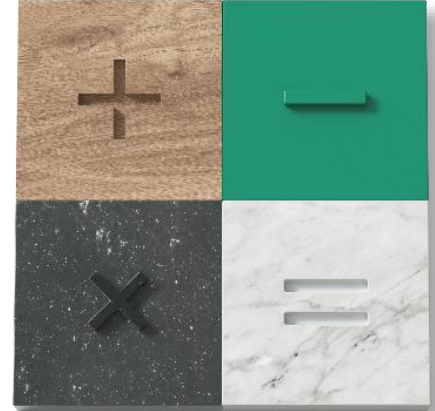
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Funding strategy

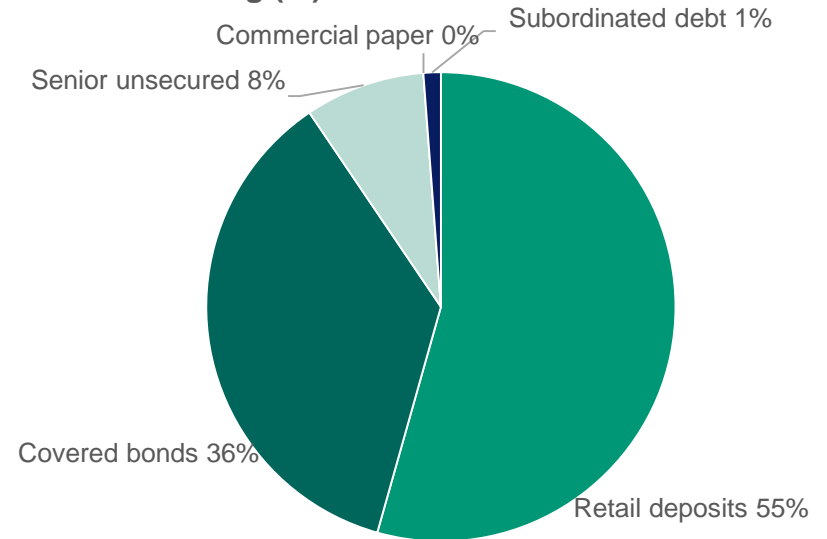
- SEK issuances
- Floating rate notes preferred
- Long-term commitment
- Reverse inquiries
- Transparent and flexible approach
- Buy-back policy (3-6 months to maturity)



Sources of funding

- Available programmes
 - Swedish covered bond
 - Medium term note
 - Commercial paper
- Subordinated debt fully owned by Skandia Liv

Share of funding (%)

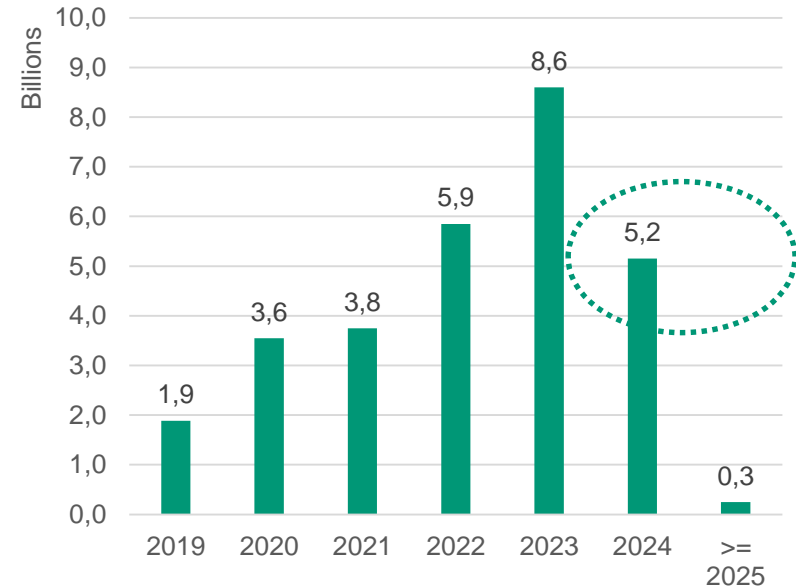


Secured funding

Funding target

- 14-16 bn during 2019*
- Continued focus on FRNs in SEK
- Preferred tenors 3-5 years
- Level 2 bonds available to tap
- Active buy-back policy (3-6 months to maturity)
- Fixed coupon and longer tenors discussed on request

Maturity profile of covered bonds (SEK)



*Uncertainty of the estimation is driven by the amount of new lending and retail deposits

Unsecured funding

Senior unsecured:

- Roll maturing bonds
- Private placements
- A means to diversify funding

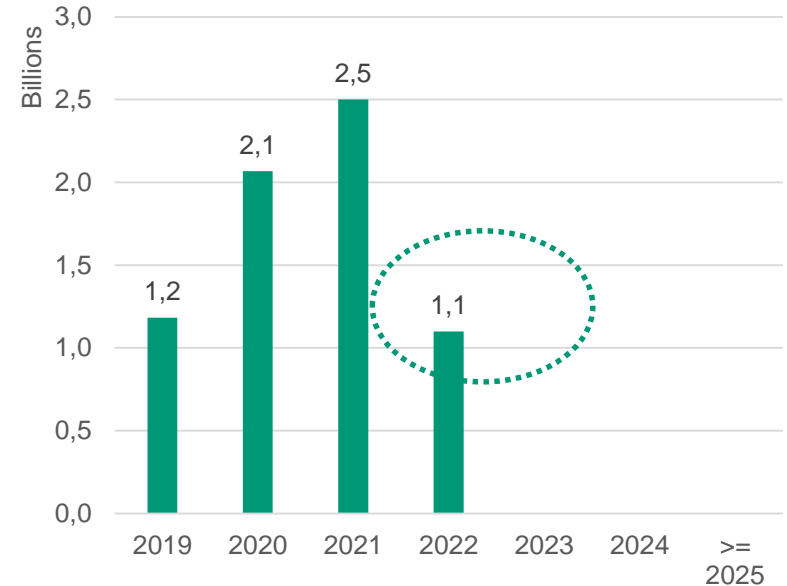
Non-preferred senior:

- Documentation completed in may 2019
- First issuance before year end 2019

Commercial paper:

- A means to handle temporary needs, not a strategic source of funding

Maturity profile of senior unsecured (SEK)

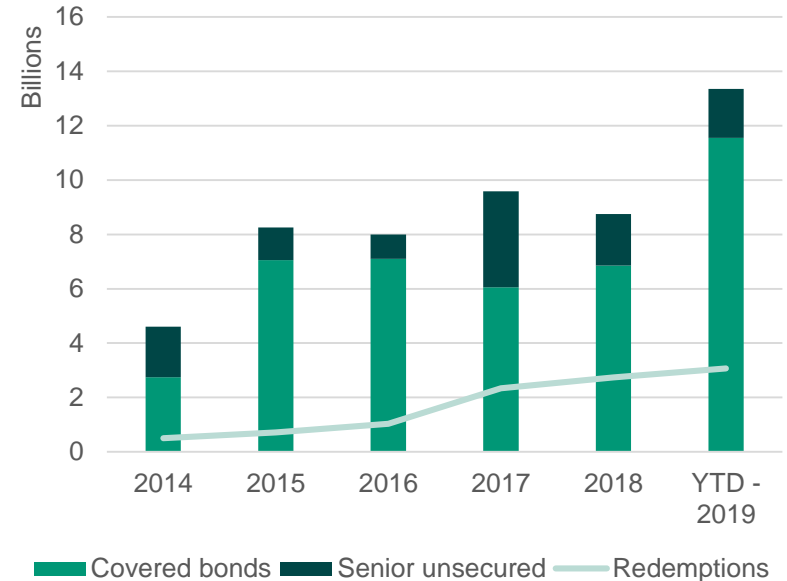


Estimated long-term funding needs – 2019

Funding need	YTD	→31/12	Gross supply
Covered bonds	11,5 bn	2-4 bn	14-16 bn*
Senior unsecured	1,8 bn	0,5 bn	~2,3 bn
Senior non-preferred	-	0,5 bn	0,5 bn

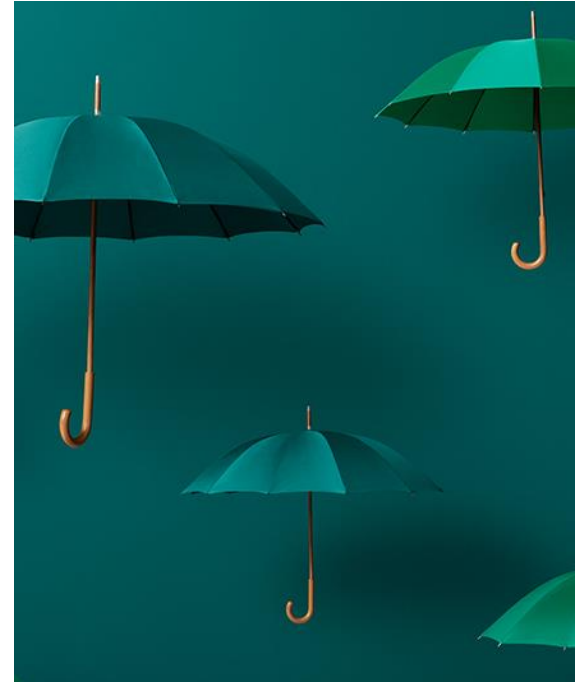
*Uncertainty of the estimation is driven by the amount of new lending and retail deposits

Historical funding volumes (SEK)



Funding - Summary

- +50 percent of funding comprised by retail deposits
- Continued focus on covered bonds in FRN/SEK format
- Senior unsecured to comply with regulatory demands and to support rating
- MREL (Non-Preferred Senior) bonds to comply with financial regulations
- Commercial papers to manage short-term funding needs
- Continue to investigate and work towards green lending and EU Green bonds – prioritised issue



Appendix - Outstanding covered bonds

Bond	Maturity	Coupon type	Amount issued	Min piece (MM)
SKANBK Float 10/21/19	2019-10-21	FLOATING	2 500 000 000	1
SKANBK Float 02/21/20	2020-02-21	FLOATING	250 000 000	1
SKANBK Float 04/07/20	2020-04-07	FLOATING	800 000 000	1
SKANBK Float 09/08/20	2020-09-08	FLOATING	2 500 000 000	1
SKANBK Float 05/24/21	2021-05-24	FLOATING	500 000 000	2
SKANBK 0.43 09/13/21	2021-09-13	FIXED	300 000 000	1
SKANBK Float 09/15/21	2021-09-15	FLOATING	2 950 000 000	1
SKANBK Float 03/02/22	2022-03-02	FLOATING	2 750 000 000	1
SKANBK Float 08/24/22	2022-08-24	FLOATING	3 100 000 000	2
SKANBK Float 03/15/23	2023-03-15	FLOATING	3 200 000 000	2
SKANBK Float 09/20/23	2023-09-20	FLOATING	5 400 000 000	2
SKANBK Float 02/22/24	2024-02-22	FLOATING	700 000 000	2
SKANBK Float 04/24/24	2024-04-24	FLOATING	3 750 000 000	2
SKANBK Float 09/24/24	2024-09-24	FLOATING	700 000 000	2
SKANBK 1.97 02/02/27	2027-02-02	FIXED	250 000 000	1

As of 2019-10-16

Bonds with min.piece 1 MM cannot be tapped

Appendix - Outstanding senior bonds

Bond	Maturity	Coupon type	Amount issued	Min piece (MM)
SKANBK Float 10/25/19	2019-10-25	FLOATING	300 000 000	1
SKANBK 0.06 12/27/19	2019-12-27	FIXED	500 000 000	1
SKANBK Float 02/28/20	2020-02-28	FLOATING	935 000 000	1
SKANBK 0.07 02/28/20	2020-02-28	FIXED	500 000 000	1
SKANBK 0.35 05/26/20	2020-05-26	FIXED	600 000 000	1
SKANBK 0.34 09/14/20	2020-09-14	FIXED	300 000 000	1
SKANBK Float 02/08/21	2021-02-08	FLOATING	500 000 000	2
SKANBK Float 02/22/21	2021-02-22	FLOATING	100 000 000	1
SKANBK 0 3/8 03/22/21	2021-03-22	FIXED	500 000 000	2
SKANBK Float 09/20/21	2021-09-20	FLOATING	900 000 000	2
SKANBK Float 12/20/21	2021-12-20	FLOATING	500 000 000	2
SKANBK Float 03/18/22	2022-03-18	FLOATING	300 000 000	2
SKANBK 1.1 08/29/22	2022-08-29	FIXED	300 000 000	1
SKANBK Float 09/19/22	2022-09-19	FLOATING	500 000 000	2

As of 2019-10-16

Bonds with min.piece 1 MM cannot be tapped

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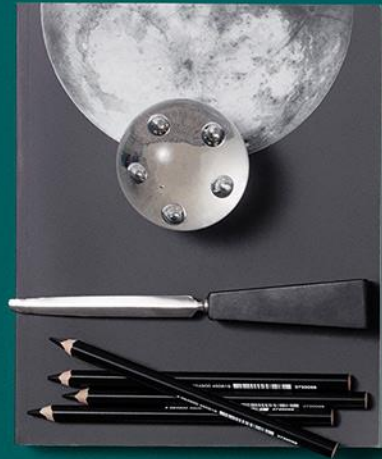
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