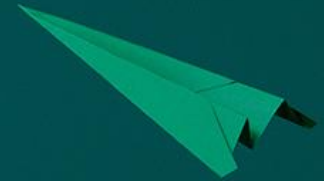


# Skandiabanken

## Investor presentation – Q3 2023

Updated 2023-11-08



**skandia :**

# Agenda

---

**1. Introducing Skandiabanken**

---

2. Financial information

---

3. Credit portfolio

---

4. Funding

---

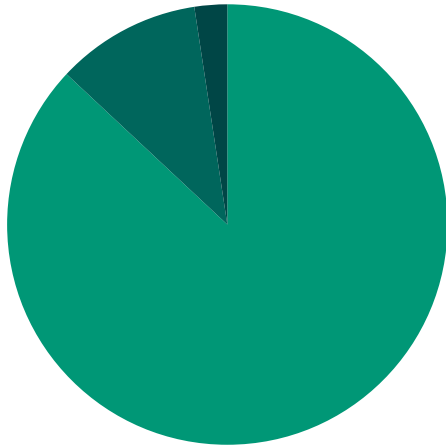
# Skandiabanken

- 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 400 000 customers*
- *A2 (Stable) rating by Moody's (covered bond rating AAA)*
- *Total assets of ~SEK 116 bn*
- *Almost 3 per cent share of the Swedish mortgage and retail savings markets*
- *CEO Arvid Krönmark*

# Business model focused on Swedish mortgages

Distribution of income - 2023



■ Net interest income 87% ■ Net commission income 11% ■ Other 2%

## A Swedish bank for Swedish customers

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

## Product offering

- Loans (>99 per cent mortgages)
- Savings
- Payments

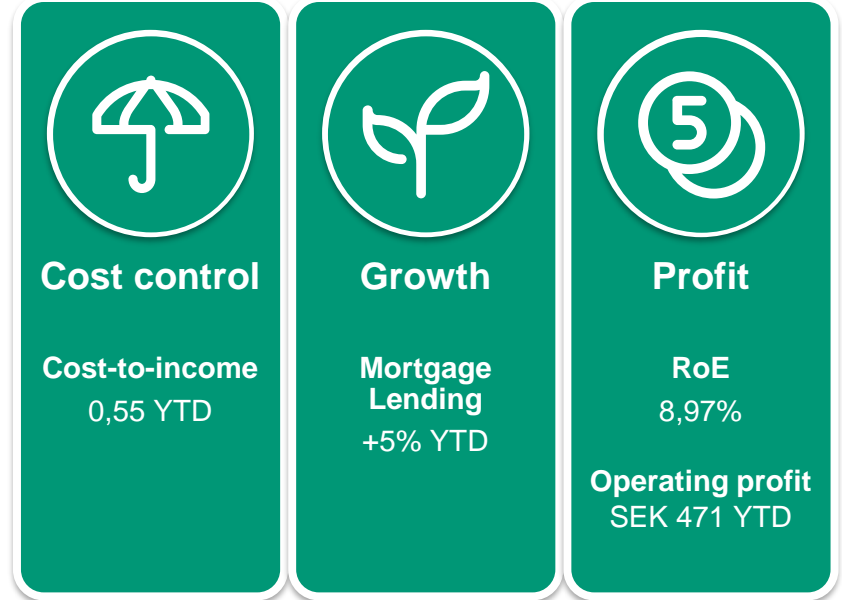
## Low risk business

- 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

- Together with the industry Skandiabanken has launched a code of conduct for mortgage brokers to ensure responsible and transparent lending
- The Principles for responsible banking signed
- Limited carbon footprint that we strive to further reduce. Carbon offsetting since 2012
- Working on a Green bond framework

## 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



UNEP  
FINANCE  
INITIATIVE

PRINCIPLES FOR  
RESPONSIBLE  
BANKING



PARIS2015  
UN CLIMATE CHANGE CONFERENCE  
COP21·CMP11

**skandia:**

# Agenda

---

1. Introducing Skandiabanken

---

2. **Financial information**

---

3. Credit portfolio

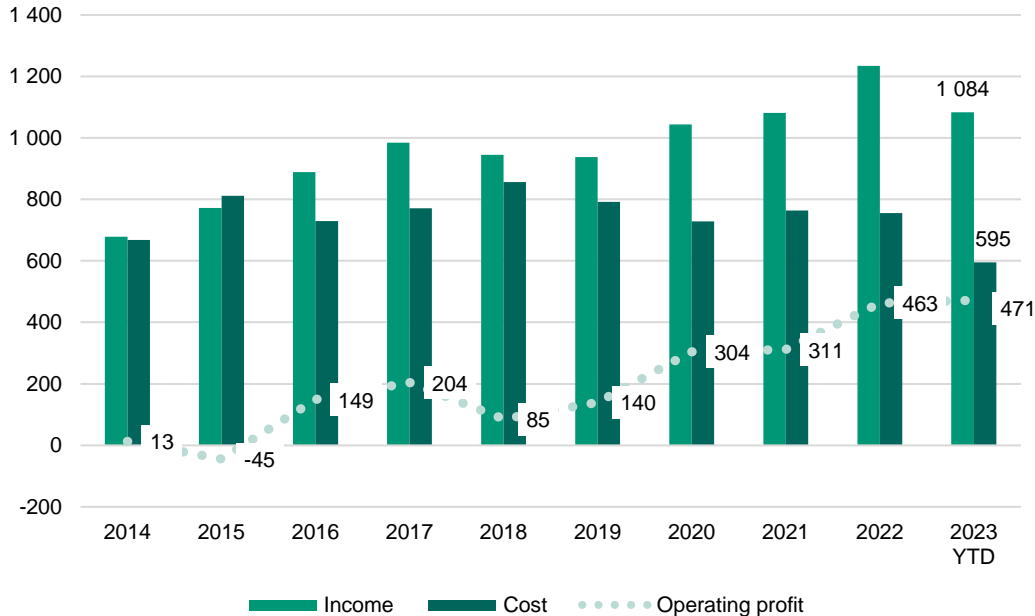
---

4. Funding

---

# Profit development

Income, cost & operating profit (mSEK)



## Investments in 2018

- IT infrastructure and regulatory implementations

## Turnaround in 2019

- Increased volumes and reduced costs

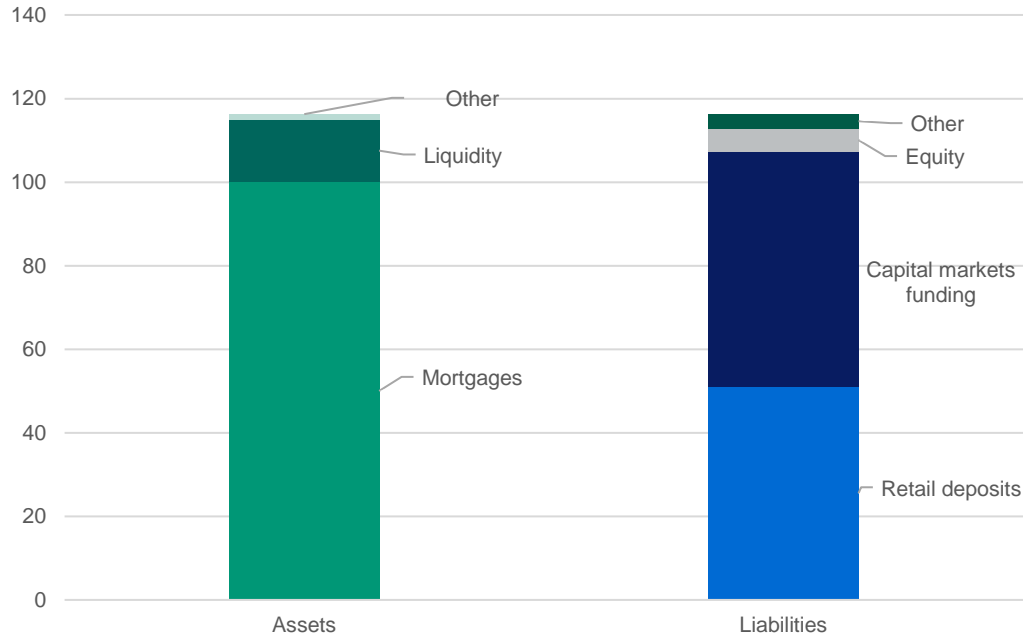
## Profit generation going forward

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



# Balance sheet overview

Balance sheet (SEK bn) as of Q3 2023



## Transparent balance sheet

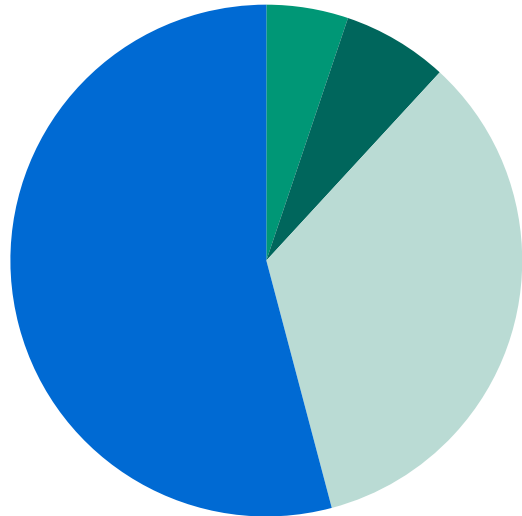
- Approx. 99% mortgages and liquidity reserve
- No corporate lending
- Negligible consumer lending (<1%)

## Sound funding structure

- Loan to deposit ratio 196%
- Deposits and covered bonds account for 87%

# Liquidity position

Liquidity portfolio as of Q3 2023



■ Cash 5% ■ Sovereign 7% ■ Sub-sovereign 34% ■ Covered 54%

## Low appetite for liquidity risk

- High and stable LCR and NSFR
- LCR 242 percent
- NSFR 133 percent

## High quality liquidity reserve

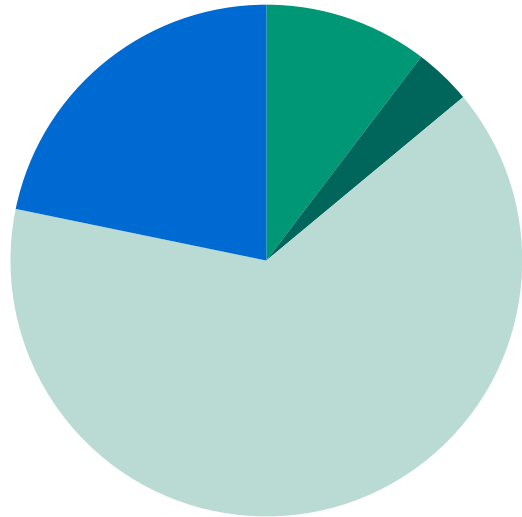
- Riksbank certificates
- Municipal bonds
- Covered bonds
- Assets accepted by the Riksbank as collateral

# Agenda

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

# Distribution of mortgages

Geographical distribution Q3 - 2023



■ Göteborg 10% ■ Malmö 4% ■ Stockholm 62% ■ Other 21%

## 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

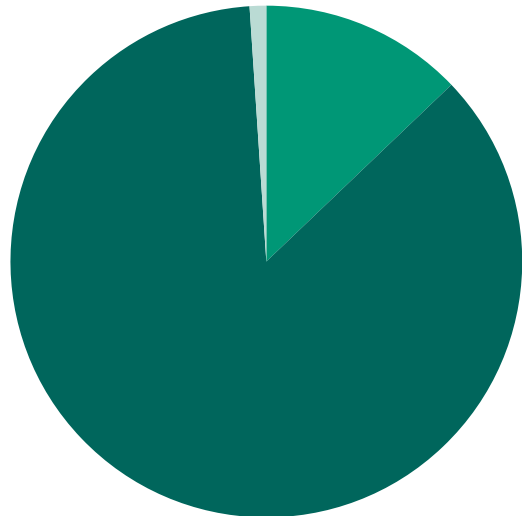
- Single-family houses
- Tenant owner rights
- Second homes

## Increased interest in fixed mortgages

- ~70 percent of the back book in variable rates

# Senior bond holders exposure

Senior bond holders as of Q3 2023

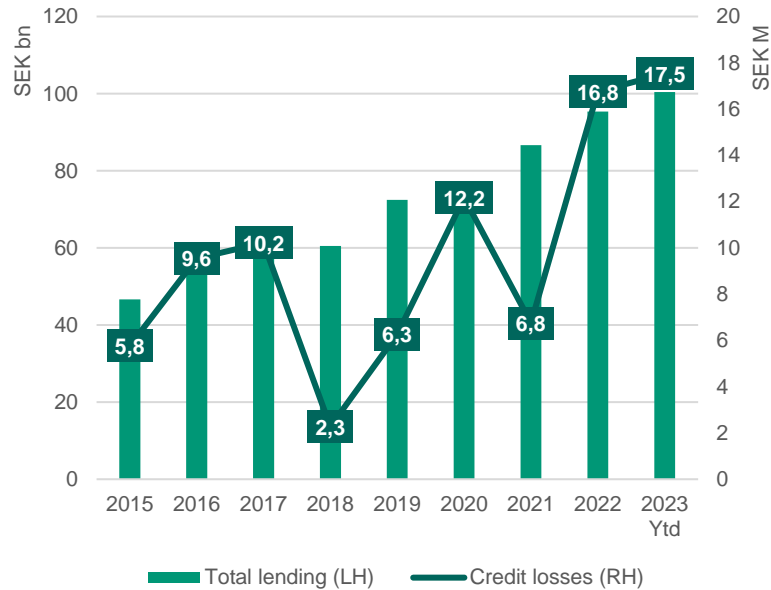


■ Liquidity 13% ■ Mortgages 87% ■ Other 1%

- 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

# Low credit losses

Creditlosses



# Cover pool details

Cover pool data*	
Cover pool size	SEK 67 202 M
Outstanding covered bonds	SEK 49 792 M
Collateral	100 percent Swedish residential mortgages
Over collateralisation	33% (approx. 101% all assets included)
Weighted average LTV	54%
Average loan size	SEK 1 854 000
Interest rate type	Floating & Fixed
Weighted average seasoning	54 months
Pool type	Dynamic
Originator	Skandiabanken AB

\*Figures as of Q3 2023



# Agenda

---

1. Introducing Skandiabanken

---

2. Financial information

---

3. Credit portfolio

---

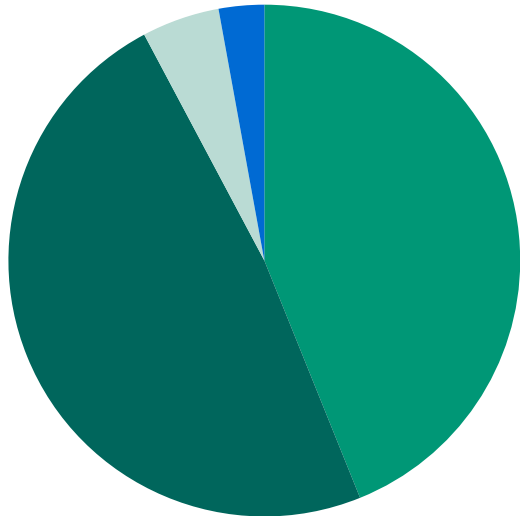
4. **Funding**

---



# Funding overview

Sources of funding Q3 - 2023



■ Retail deposits 44% ■ Capital markets funding 48% ■ Equity 5% ■ Other 3%

## Strategy

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

## Ambition

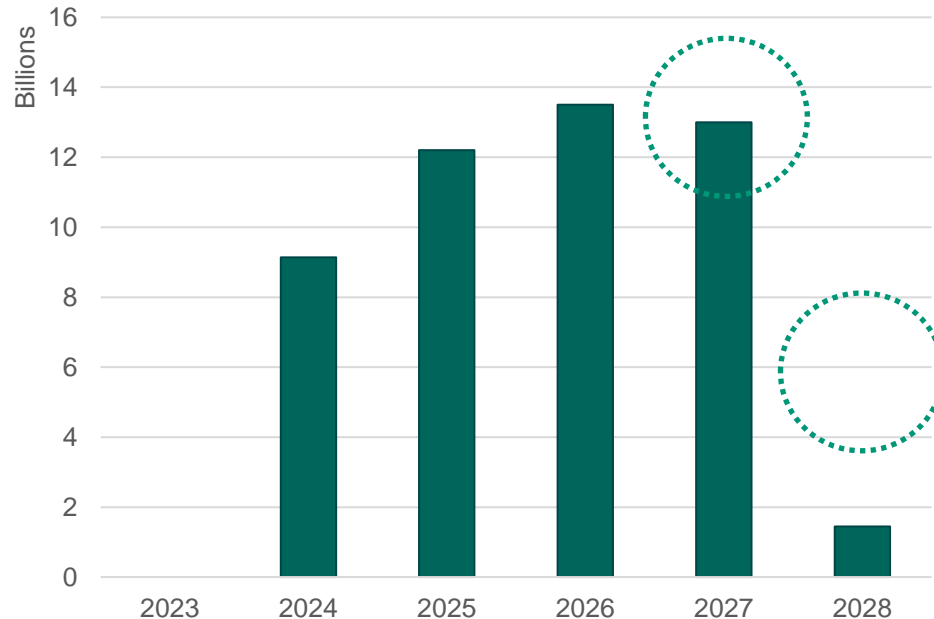
- Equal quality of assets inside and outside cover pool
- Long-term commitment

## Funding

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

# Secured funding

## Maturity profile - Covered bonds



## Covered bonds

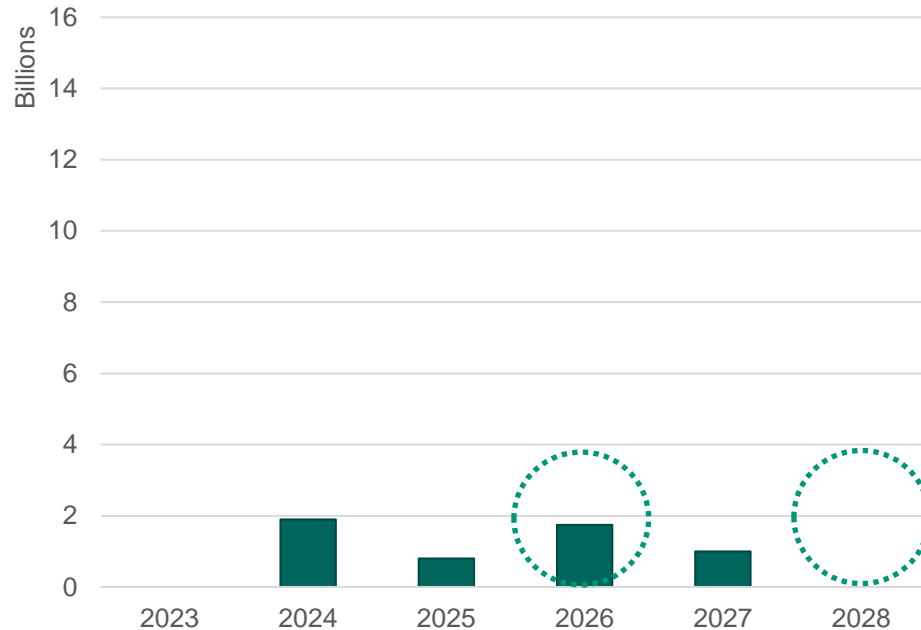
- FRNs in SEK
- High OC
- New bonds compliant with CBD

## 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 - Senior bonds



## Senior preferred

- Private placements
- FRNs or Fixed
- High quality exposure
- 1,25 bn issued in 2023

## Senior non-preferred

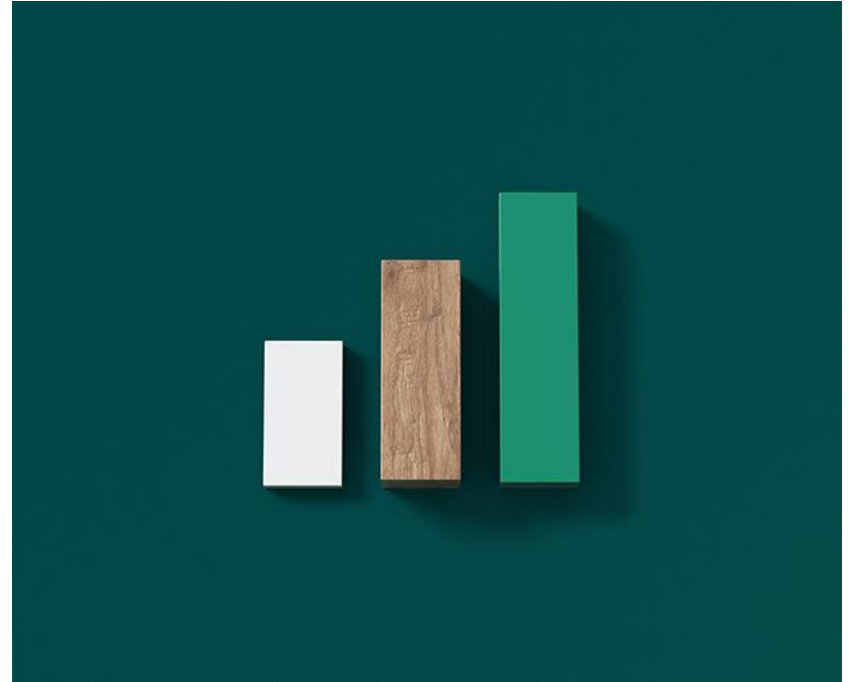
- Driven by MREL-regulation
- Continuously building to 2024
- 1 bn issued in 2023

## Commercial paper

- Source of short-term liquidity
- Maintain presence

# Funding plan 2023

- Continued growth in lending and deposits assumed
- The increase in lending is compensated by the increase in retail deposits
- Senior preferred adjusted to adhere to Moody's rating method
- Senior non-preferred gradually increased to comply with MREL-legislation in January 2024
- Very low appetite for cash for the rest of 2023



# Moving forward

## Green framework

- Describing our sustainable narrative
- Commitment with regards to sustainability
- Focus on energy efficiency of our assets
- Likely to be used for issuing senior bonds
- The framework and SPO expected to be published during Q4



PRINCIPLES FOR  
RESPONSIBLE  
BANKING

## Fixed covered bonds

- New investors
- Increased share of pocket with current investors
- Improved flexibility
- Natural hedge of fixed lending
- Support growth and increased need of funding
- Test trade before any large scale issuance

*“Don’t hold your breath”*

# Appendix

# Appendix - Rating

## Rated by Moody's Investor Services

- Foreign LT Bank Deposits – Rating: A2 (Stable)
- Local LT Bank Deposits – Rating: A2 (Stable)
- Since 2015
  
- Covered bonds - Rating: AAA
- Since 2013

## Rating policy

- All covered bonds are rated
- Senior bonds will not be rated unless that is explicitly negotiated
- Currently evaluating the possibility of implementing a issuer rating

## *”Credit strengths*

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

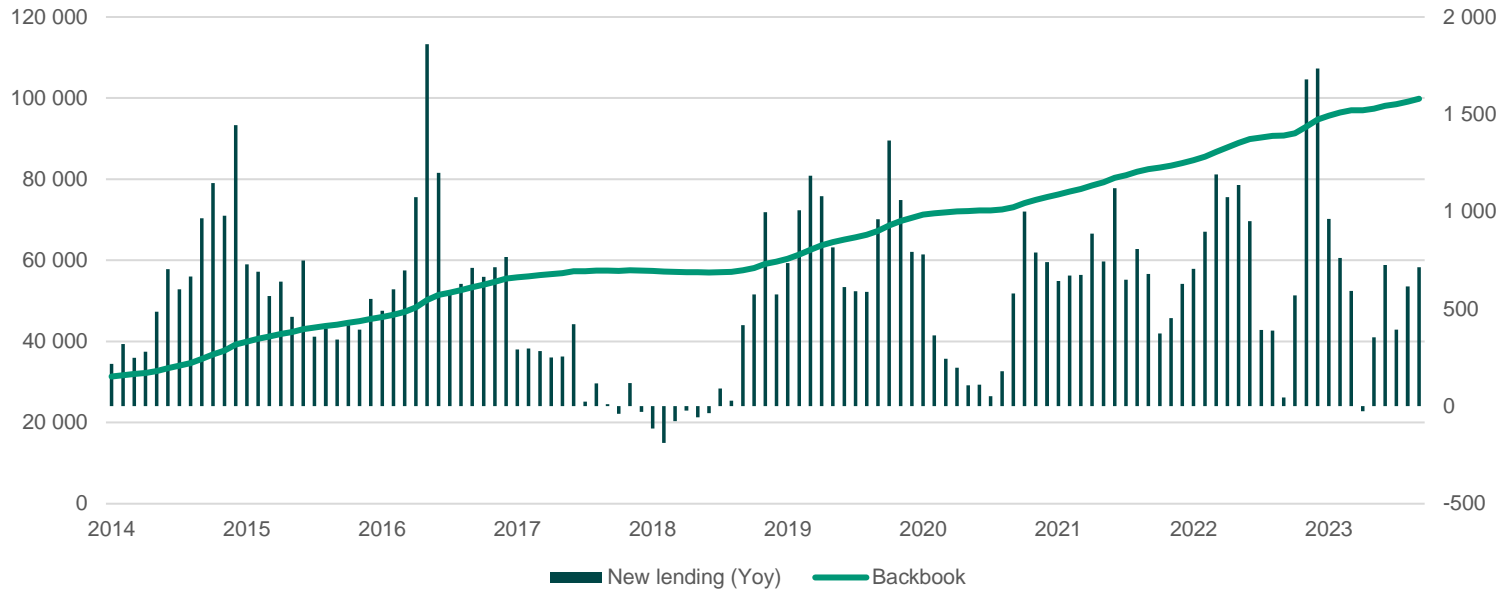
## *Credit challenges*

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

Source: Moody's credit opinion dated October 19, 2022

# Appendix – Swedish mortgage market

Back book and new lending (mSEK)



Source: SCB



# Appendix - Capital position

	Q3 2023	Requirement
Own funds	20,5%	16,0%
Tier 1	18,8%	13,6%
CET 1	18,8%	11,9%
Leverage ratio	4,6%	3,9%
Risk-weighted MREL	28,9%	21,2%
Non-risk-weighted MREL	8,3%	5,5%
Risk-weighted subordination	24,5%	16,2%
Non-risk-weighted subordination	7,2%	5,5%



# Appendix - Key Dates

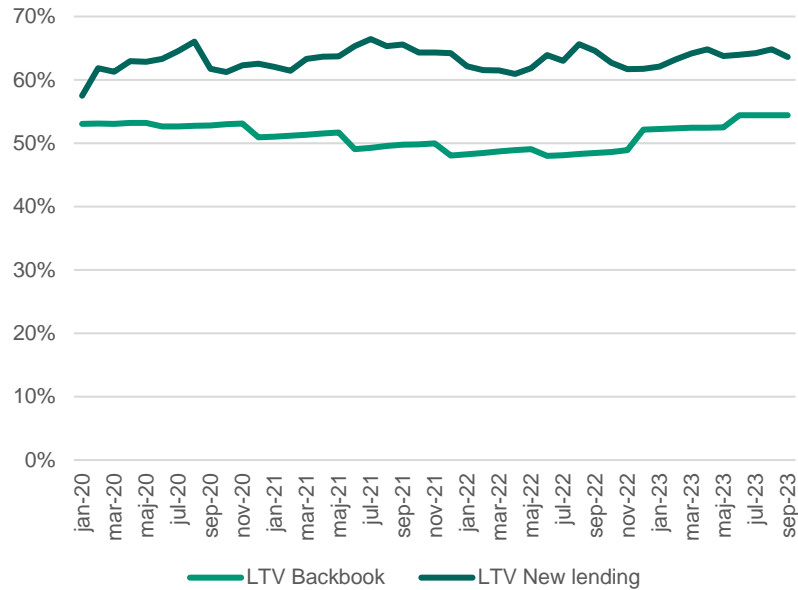
Year-end report 2023

14 February 2024

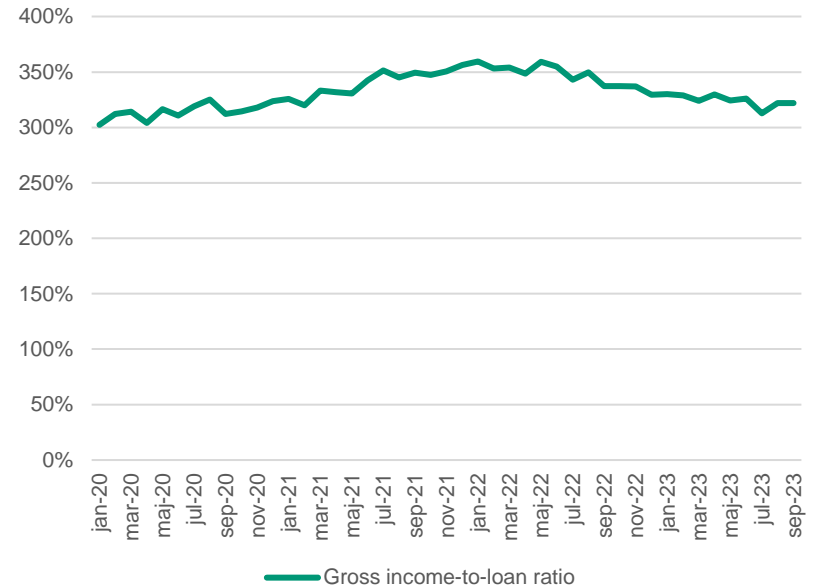


# Appendix - Asset quality

## Loan-to-value

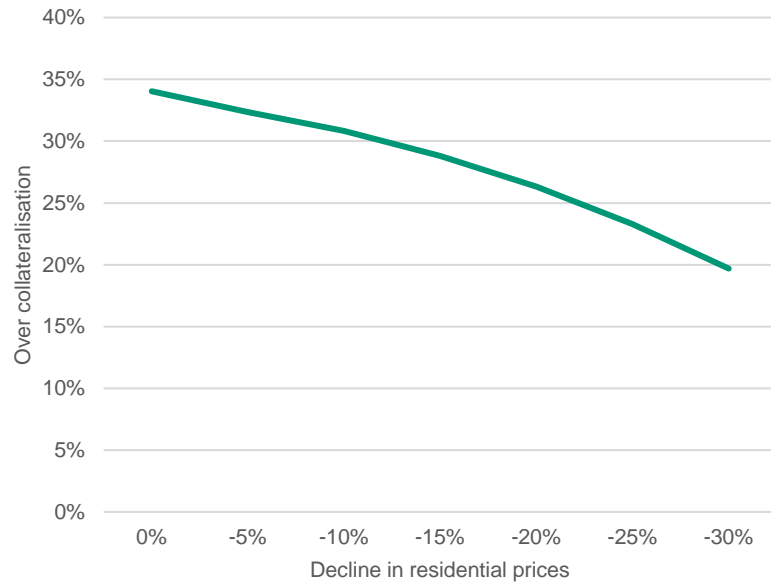


## Gross income-to-loan ratio - New lending



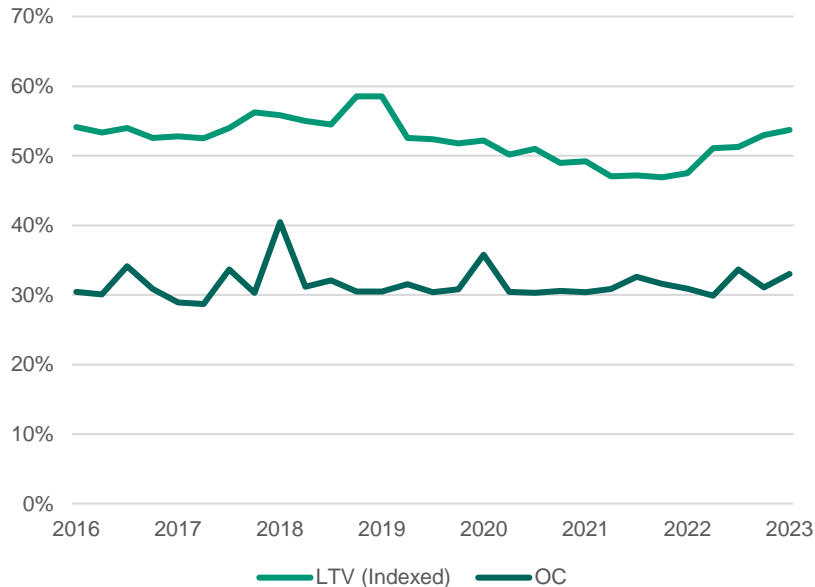
# Appendix – Resilient cover pool

Sensitivity analysis (OC, percentage)



# Appendix – Cover pool: Stable LTV ratio & OC

## LTV & OC



## Over-collateralisation

- Soft target of 30 percent
- Creating a healthy cushion for owners of both secured and unsecured debt

## Loan-to-value

- Assets are revalued twice every year
- Borrowers with low LTV are offered our lowest rates

# Appendix - Outstanding covered bonds

Bond	Maturity	Coupon type	Amount issued	Min piece (MM)
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	1 600 000 000	2
SKANBK Float 09/24/25	2025-09-24	FLOATING	3 950 000 000	2
SKANBK Float 11/24/25	2025-11-24	FLOATING	6 200 000 000	2
SKANBK Float 04/23/26	2026-04-23	FLOATING	6 250 000 000	2
SKANBK Float 11/24/26	2026-11-24	FLOATING	7 250 000 000	2
SKANBK 1.97 02/02/27	2027-02-02	FIXED	250 000 000	1
SKANBK Float 06/23/27	2027-06-23	FLOATING	6 750 000 000	2
SKANBK Float 12/22/27	2027-12-22	FLOATING	6 000 000 000	2
SKANBK Float 05/23/28	2028-05-23	FLOATING	1 450 000 000	2

As of 2023-11-06

Bonds with min.piece 1 MM cannot be tapped

# Appendix - Outstanding senior bonds

Bond	Maturity	Coupon type	Payment rank	Amount issued
SKANBK Float 01/15/24	2024-01-15	FLOATING	Sr Preferred	450 000 000
SKANBK Float 03/26/24	2024-03-26	FLOATING	Sr Unsecured	700 000 000
SKANBK Float 08/23/24	2024-08-23	FLOATING	Sr Unsecured	750 000 000
SKANBK Float 02/10/25	2025-02-10	FLOATING	Sr Preferred	300 000 000
SKANBK Float 08/25/25	2025-08-25	FLOATING	Sr Preferred	500 000 000
SKANBK Float 03/16/26	2026-03-16	FLOATING	Sr Non Preferred	500 000 000
SKANBK Float 05/05/26	2026-05-05	FLOATING	Sr Preferred	500 000 000
SKANBK Float 09/07/26	2026-09-07	FLOATING	Sr Non Preferred	500 000 000
SKANBK Float 10/09/26	2026-10-09	FLOATING	Sr Preferred	250 000 000
SKANBK Float 04/14/27	2027-04-14	FLOATING	Sr Non Preferred	500 000 000
SKANBK Float 09/01/27	2027-09-01	FLOATING	Sr Non Preferred	500 000 000

As of 2023-11-06

# Contacts

## **Anders Hult, Head of Treasury**

anders.hult@skandia.se

+46 (0)8-463 61 76

## **Karl Aigéus, Head of Funding**

karl.aigeus@skandia.se

+46 (0)8-788 22 69



# Disclaimer

## IMPORTANT NOTICE

**THE FOLLOWING APPLIES TO THIS PRESENTATION, ANY ORAL PRESENTATIONS OF THE INFORMATION IN THIS PRESENTATION BY SKANDIABANKEN AKTIEBOLAG (PUBL) (“SKANDIBANKEN”) OR ANY PERSON ON ITS BEHALF, AND ANY QUESTION AND ANSWER SESSION THAT FOLLOWS ANY SUCH ORAL PRESENTATIONS. THIS PRESENTATION IS NOT AN OFFER OR SOLICITATION OF AN OFFER TO BUY OR SELL SECURITIES. IT IS SOLELY FOR USE AT AN INVESTOR PRESENTATION AND IS PROVIDED AS INFORMATION ONLY. THIS PRESENTATION DOES NOT CONTAIN ALL OF THE INFORMATION THAT IS MATERIAL TO AN INVESTOR. THIS PRESENTATION IN AND OF ITSELF SHOULD NOT FORM THE BASIS OF ANY INVESTMENT DECISION. BY ATTENDING THE PRESENTATION OR BY READING THE PRESENTATION SLIDES YOU AGREE TO BE BOUND AS FOLLOWS:**

This presentation does not constitute or form part of any offer or invitation to sell or issue, or any solicitation of any offer to purchase or subscribe for, any securities of Skandiabanken in any jurisdiction, including the United States, nor shall it or any part of it nor the fact of its distribution form the basis of, or be relied on in connection with, any contract or investment decision as it is provided for information purposes only and does not contain all of the information material to an investor. By accessing this presentation the recipient will be deemed to represent that they possess, either individually or through their advisers, sufficient investment expertise to understand the information contained herein. The recipient of this presentation must make its own independent investigation and appraisal of the business and financial condition of Skandiabanken. Each recipient is strongly advised to seek its own independent financial, legal, tax, accounting and regulatory advice in relation to any investment.

No representation or warranty, express or implied, is made or given by or on behalf of Skandiabanken or its directors, officers or employees or any other person as to the accuracy, completeness or fairness of the information or opinions contained in this presentation. Neither Skandiabanken or any of its directors, officers or employees nor any other person accepts any liability whatsoever for any loss arising from any use of this presentation or its contents or otherwise arising in connection therewith.

Certain data in this presentation was obtained from various external data sources and Skandiabanken has not verified such data with independent sources. Accordingly, Skandiabanken makes no representations as to the accuracy or completeness of that data.

Certain statements made in this presentation are forward looking statements. Such statements are based on current expectations and are subject to a number of risks and uncertainties that could cause actual results and performance to differ materially from any expected future results or performance, express or implied, by the forward-looking statements. Factors that might cause forward looking statements to differ materially from actual results include, among other things, regulatory and economic factors. Skandiabanken assumes no responsibility to update or revise any of the forward-looking statements contained herein. In addition, forward-looking statements contained in this presentation regarding past trends or activities should not be taken as a representation that such trends or activities will continue in the future. You should not place undue reliance on forward-looking statements, which speak only as of the date of this presentation.

The presentation may not be reproduced, copied, shared, disseminated or redistributed, in whole or in part, in any manner whatsoever to any other person. This presentation is not intended to and may not be distributed to individuals domiciled in the United States, Australia, Hong Kong, Japan, Canada, Switzerland, Singapore, South Africa or New Zealand or in any other jurisdiction where the distribution may be restricted by law. Persons into whose possession this presentation comes should inform themselves about, and observe, any such restrictions.