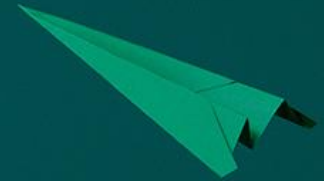


Skandiabanken

Investor presentation – December 2020



skandia :

Agenda

1. Introducing Skandiabanken

2. Financial information

3. Credit portfolio

4. Funding

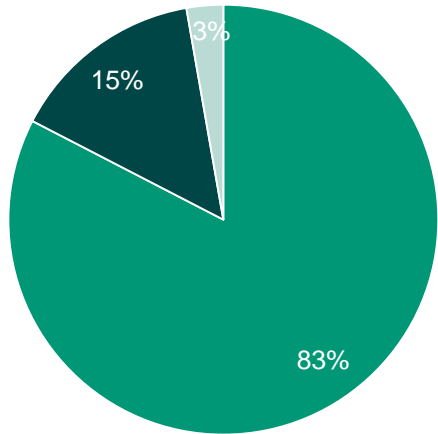
Skandiabanken

- 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 360 000 customers*
- *A2 (Stable) rating by Moody's (covered bond rating AAA)*
- *Total assets of SEK 90 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 2020 Q3



■ 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

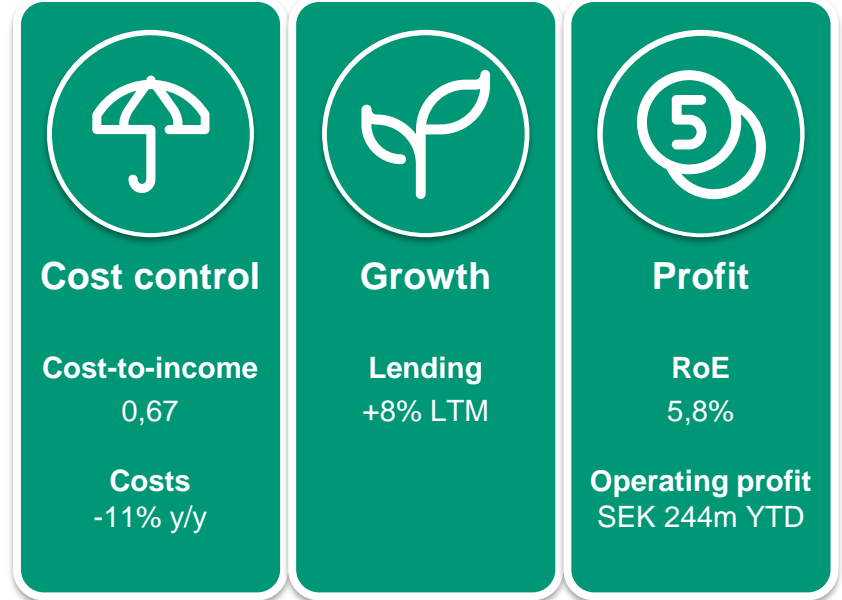
Low risk business

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

Strategy to grow

Overall goal is to contribute with *return on equity*, *cost sharing* 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

Skandia Group's owner's instruction stipulates a transparent business focused on long-term customer relations and sustainability



Long-term commitment

- High business ethics
- Responsible credit granting

Sustainable

- Social & environmental responsibility
- Responsible investments
- Skandia supports international frameworks
- Skandia fully compensates its direct footprint since 2012*

Acting responsibly

- Transparent and fair pricing
- Actively working against financial crime

*Gold standard carbon offsetting scheme. Prony Windfarm on the New Caledonia

Agenda

1. Introducing Skandiabanken

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Implications of Covid-19

Well prepared

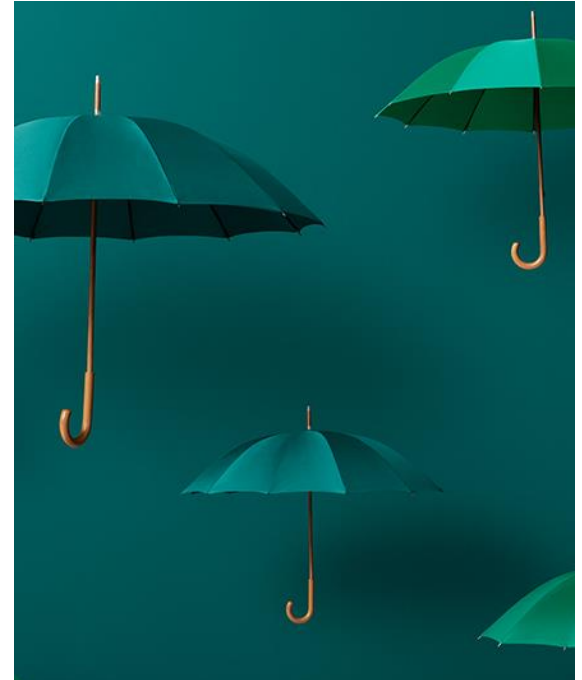
- High degree of digitalisation with the ability to run large parts of the business remotely
- Preventive measures initiated early on, e.g. incident management team activated, and critical functions evaluated to ensure business continuity
- Strong capital and liquidity position and high quality of assets

Business impact

- About 5 000 (15%) loans granted for amortisation easing YTD
- Increased credit impairment provisions (in accordance with IFRS9)
- Delayed growth in 2020

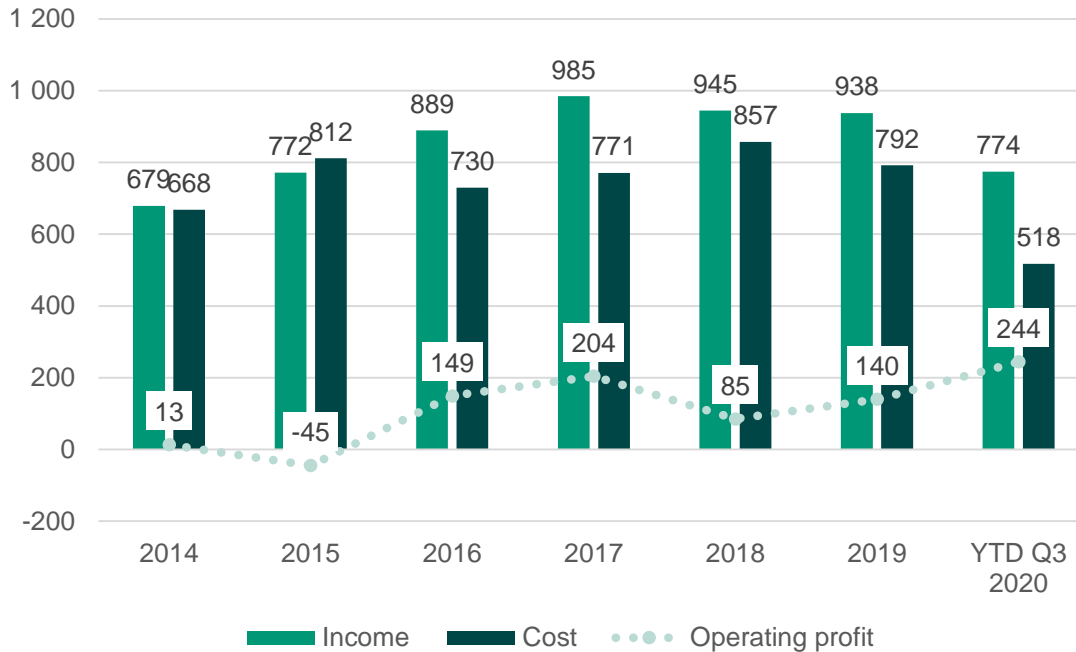
Going forward

- Focus on adapting to current state
- Business as usual with precautions taken



Increased profit in 2020

Income, Cost & Operating profit



Investments in 2018

- IT infrastructure and regulatory implementations

Turnaround in 2019

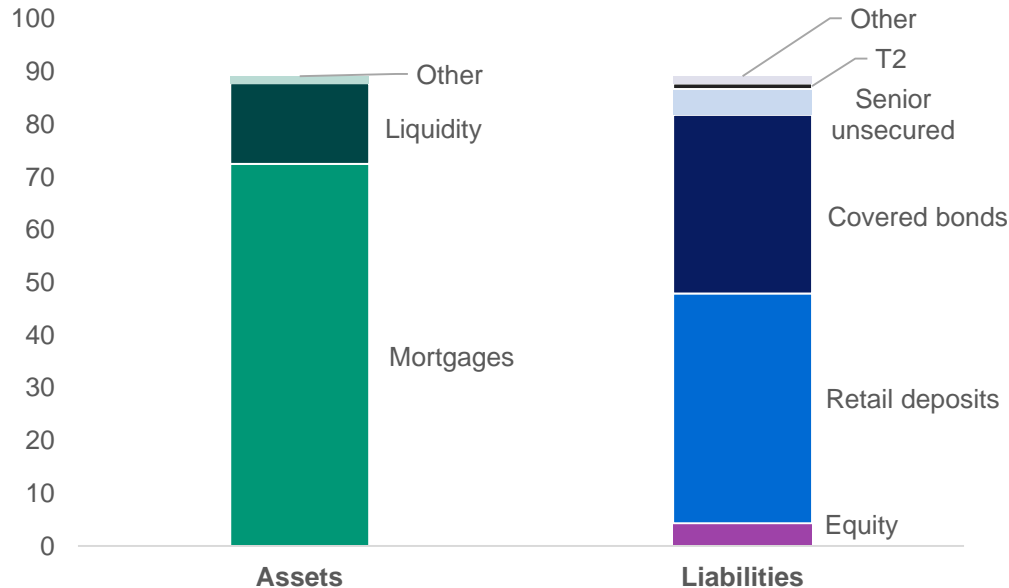
- Increased volumes and reduced costs

Profit generation in 2020

- Continuous growth
- Approx. 85 percent of income from mortgages
- Cost control proven effective
- Improved C/I and ROE

Balance sheet overview

Balance sheet (SEK bn)



Transparent balance sheet

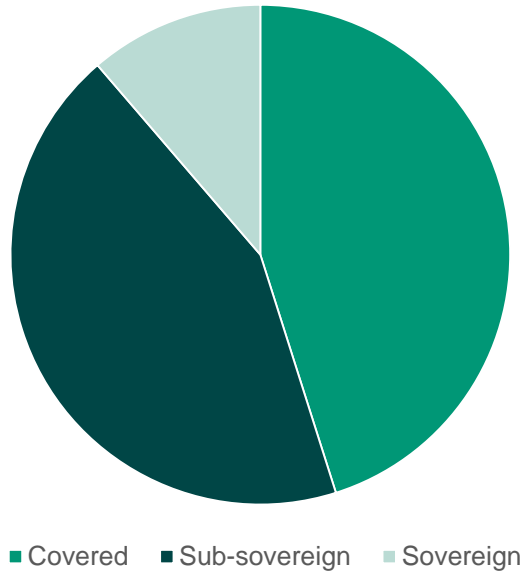
- Approx. 97% mortgages and liquidity reserve
- No corporate lending
- Negligible consumer lending (<1%)

Sound funding structure

- Loan to deposit ratio 174% (significantly below peers)
- More than 85% deposits and covered bonds

Liquidity position

Liquidity portfolio as of Q3 2020



Low appetite for liquidity risk

- High and stable LCR and NSFR
- Survival horizon >300 days
- Loan to deposit ratio 174 percent
- LCR 323 percent

High quality liquidity reserve

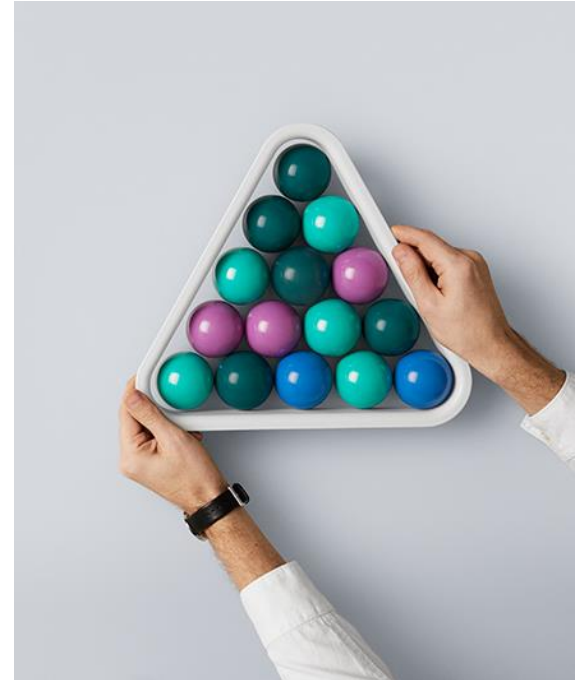
- Riksbank certificates
- Municipal bonds & commercial papers
- Covered bonds
- Focus on assets that are accepted by the Riksbank as collateral

Agenda

1. Introducing Skandiabanken
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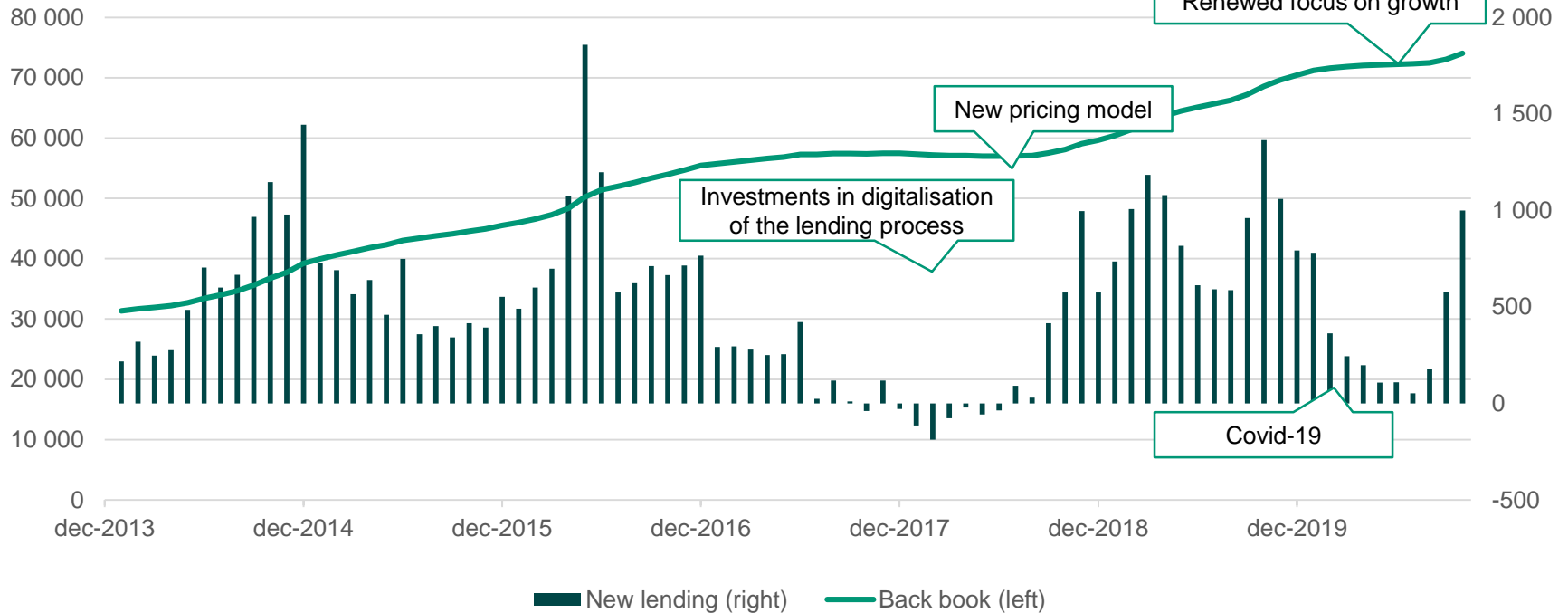
Swedish mortgages

- Strong legislative foundation - Konsumentkreditlag (2010:1846)
- Regulations require lenders to ensure that borrowers can afford to pay the interest also in stressed conditions
- Skandiabanken has a digital process for lending
- Standardised and prudent criteria for lending
- Well defined target group



Growth in mortgages

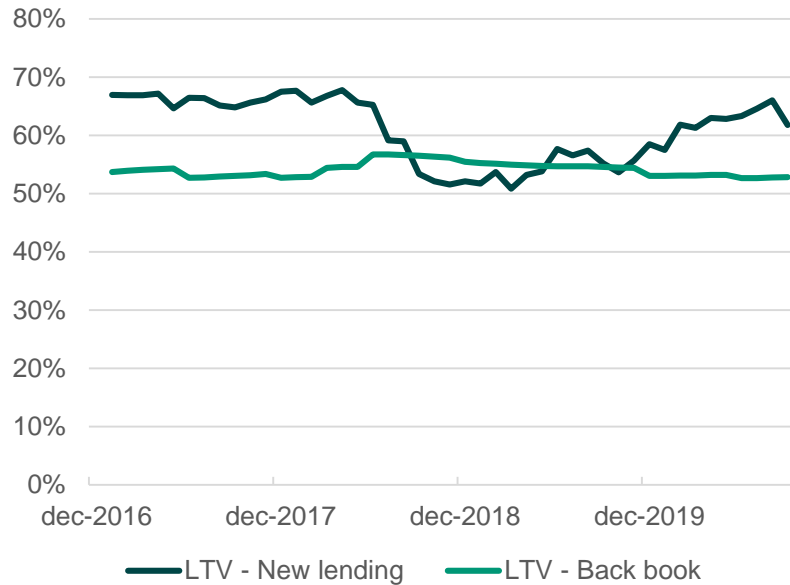
Back book and new lending (mSEK)



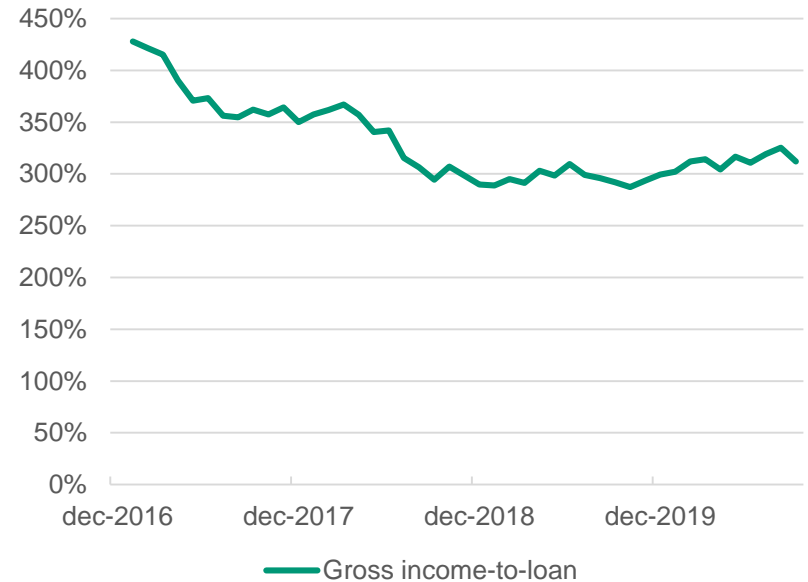
Source: SCB

High quality mortgages

LTV

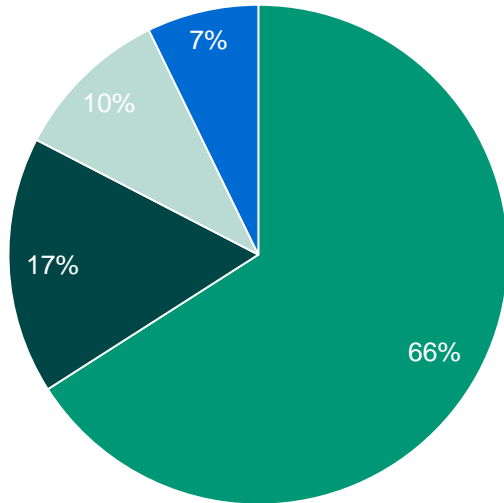


Gross income-to-loan ratio - New lending



Distribution of mortgages

Geographical distribution Q3 2020



■ Stockholm area ■ Other ■ Göteborg area ■ Malmö area

- Urban focus
 - Approx. 80 percent of lending to urban areas
 - Higher liquidity and transparency in pricing
 - Long-term demand for housing
- Majority of lending to single-family houses
 - 54% Single-family houses
 - 42% Tenant owner rights
 - 4% Second homes
- Continued bias towards variable rates
 - 78% Variable rate loans (3 month)
 - 22% Fixed rate loans (1-5 years)

Cover pool details

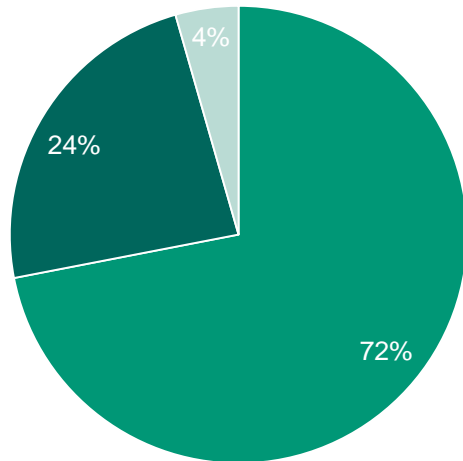
Cover pool data*

Cover pool size	SEK 44 901 M
Outstanding covered bonds	SEK 33 050 M
Collateral	100 percent Swedish residential mortgages
Over collateralisation	36% (approx. 122% all assets included)
Weighted average LTV	52%
Average loan size	SEK 1 593 295
Interest rate type	100% Floating
Weighted average seasoning	63 months
Pool type	Dynamic
Originator	Skandiabanken AB

*Figures as of Q3 2020

Senior bond holders exposure

Senior bond holders as of Q3 2020



■ 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

Agenda

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Funding overview

Strategy

- Foundation in retail deposits
- Covered bonds the second most important source of funding
- Floating rate notes in Swedish krona

Ambition

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

Plan for 2021

- SEK ~14 bn gross funding
- Primarily covered bonds
- Roll senior preferred redemptions
- Seek to maintain presence in the commercial paper market

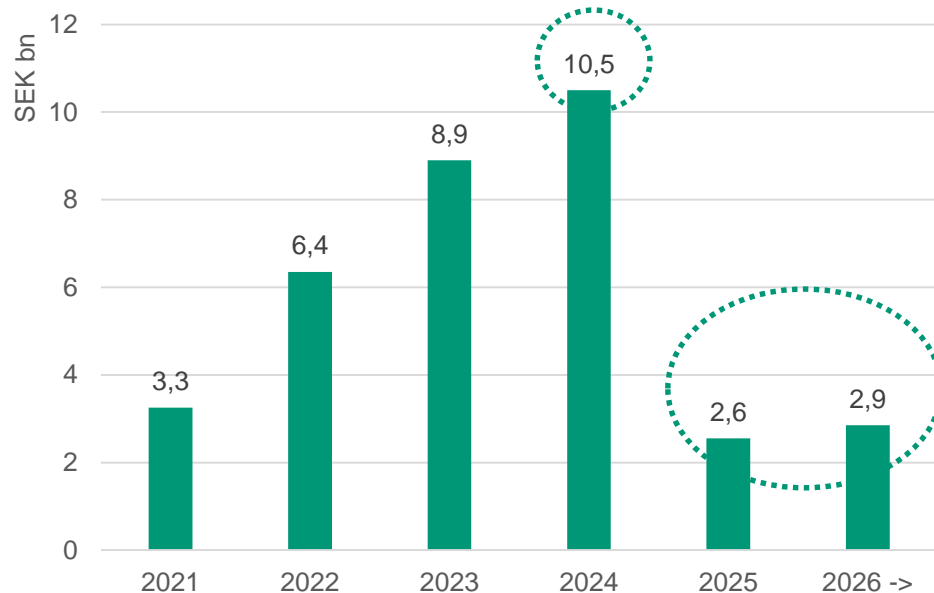
Funding plan 2021	Redemptions	Funding	Net supply	
Covered bonds	3 250	~10 000	~7 000	+/- 3 000
Senior preferred	2 402	~3 000	~500	+/- 500
Senior non-preferred*	-	~1 000	~1 000	
Total**	5 652	~14 000	~8 500	+/- 3 500

*All outstanding subordinated debt and MREL debt is currently owned by Skandia Liv

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

Secured funding

Maturity profile of covered bonds as of 2020-12-01



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

Plan for 2021

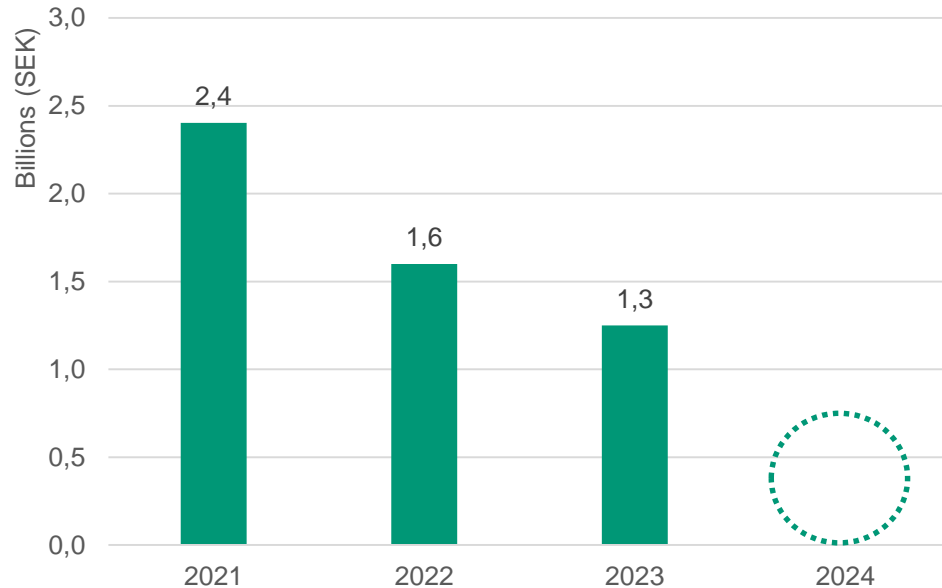
- Redemptions SEK 3,25 bn
- Gross issuance SEK ~10 bn
- FRNs in SEK
- Preferred tenors 5-7 years

Ambitions going forward

- Level 2 bonds available to tap
- 1-2 syndicated issues per year
- Buy-back policy (3-6 months to maturity)
- OC of approximately 30 percent
- Larger bond size and improved liquidity to be expected as we grow

Unsecured funding

Maturity profile of senior preferred as of 2020-12-01



Senior preferred

- Roll maturing bonds
- Private placements
- FRN or Fixed coupon
- Plan to issue SEK ~3 bn in 2021

Senior non-preferred

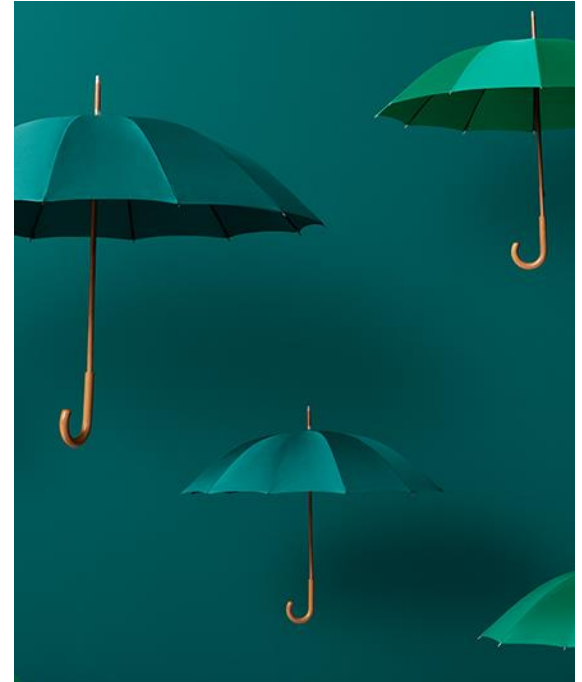
- Plan to issue SEK 1 bn in 2021

Commercial paper

- Source of short-term liquidity
- Seek to regain and maintain presence in the commercial paper market

Summary

- Half of the funding from Swedish retail deposits
- Most of long-term funding via covered bonds with high OC
- Senior bonds issued to diversify funding, support our rating and to comply with regulatory demands
- Senior bond holders get high quality exposure
- Renewed presence in the market for commercial papers



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 bond will not be rated unless that is explicitly negotiated

”Credit strengths

- *Strong asset quality*
- *Very strong capitalisation and higher-than-peers leverage ratio*
- *A retail-based funding profile and adequate liquidity, given wholesale funding needs*
- *Growing importance in the wider Skandia group*

Credit challenges

- *Historical high lending growth*
- *Lower-than-peers efficiency and weak profitability”*

Source: Moody's credit opinion dated April 26, 2019

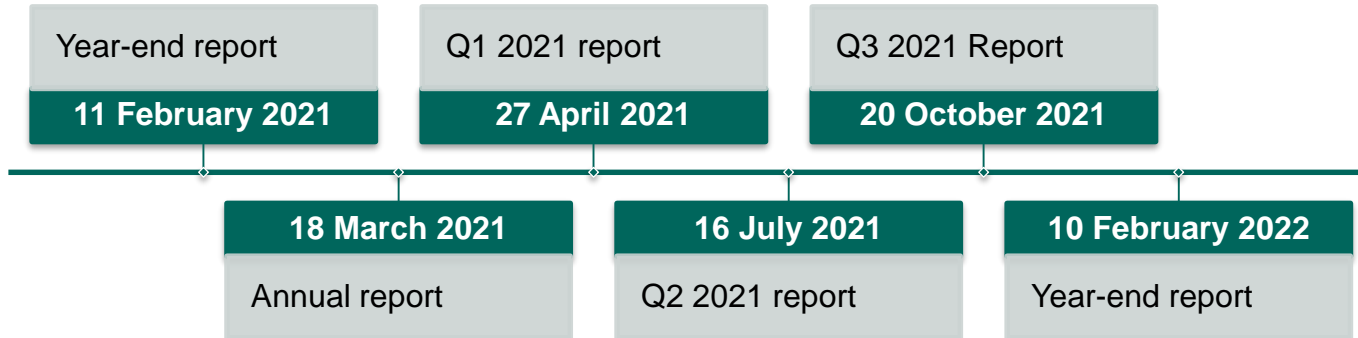
Appendix - Capital position

Figures as of Q3 2020

Own funds	21,2%
Tier 1	18,9%
CET 1	18,9%
Leverage ratio	4,6%
MREL	8,9%
MREL-eligible liabilities (liabilities proportion principle)	14,2%

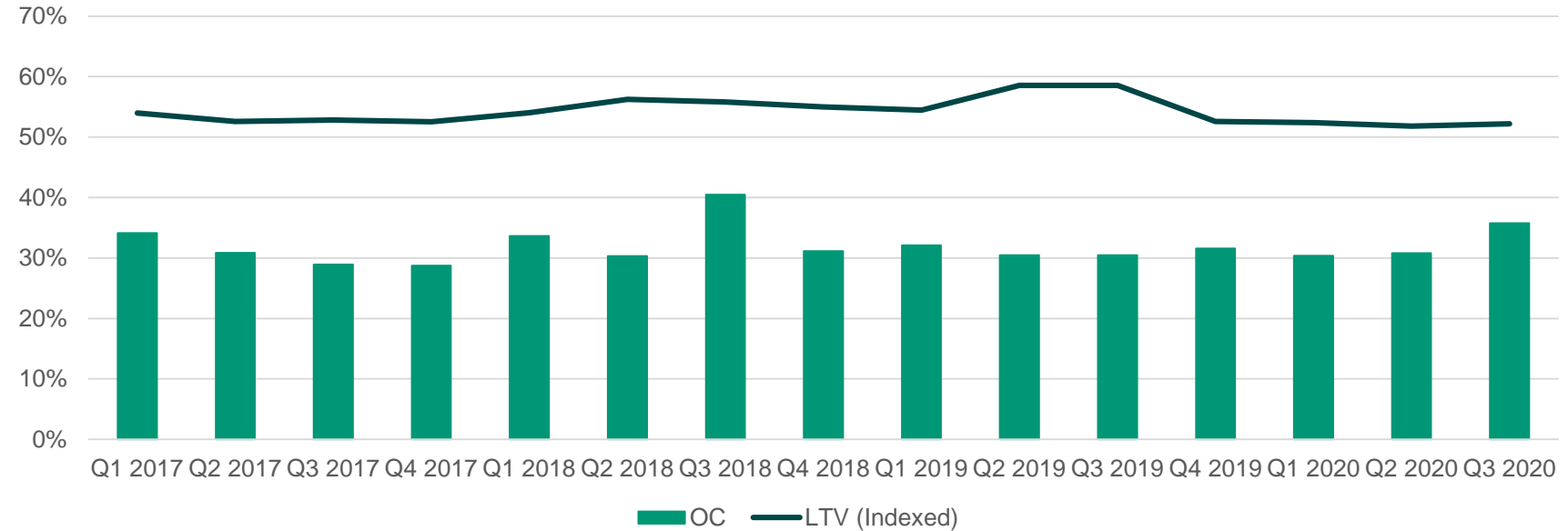
- Strong capital position allows for growth
- Uncertainty regarding future capital requirements and MREL due to regulatory changes

Appendix - Key Dates



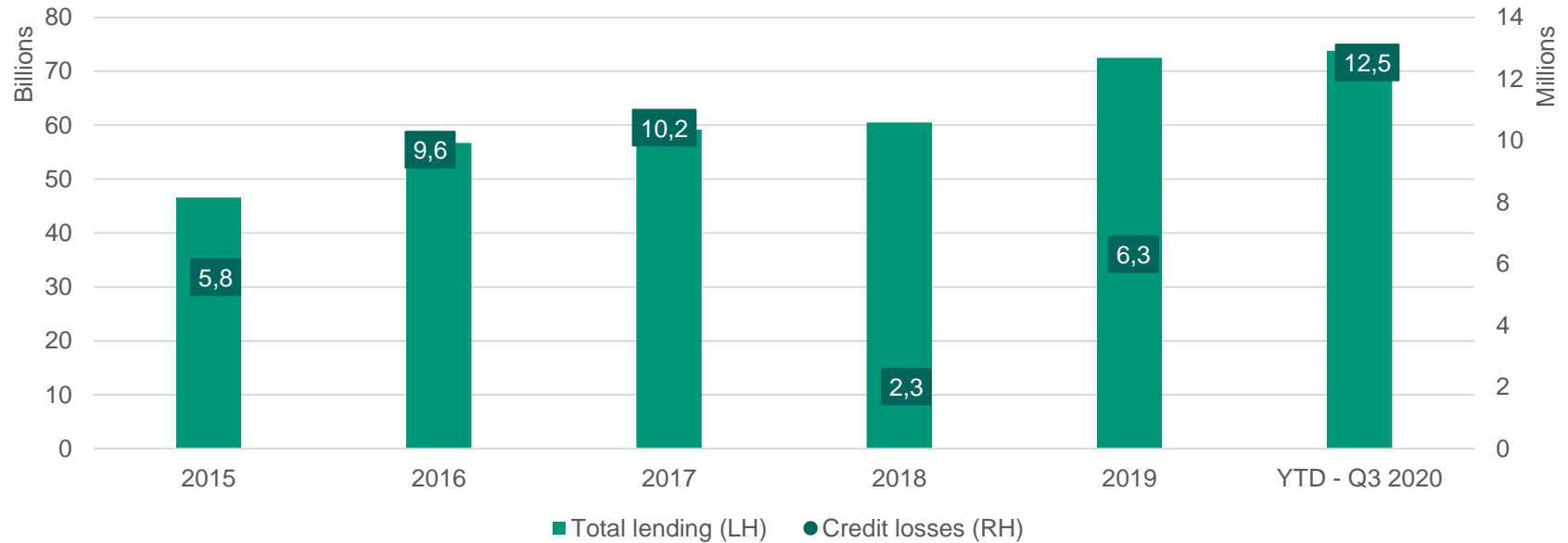
Appendix – Cover pool: Stable LTV ratio & OC

LTV & OC



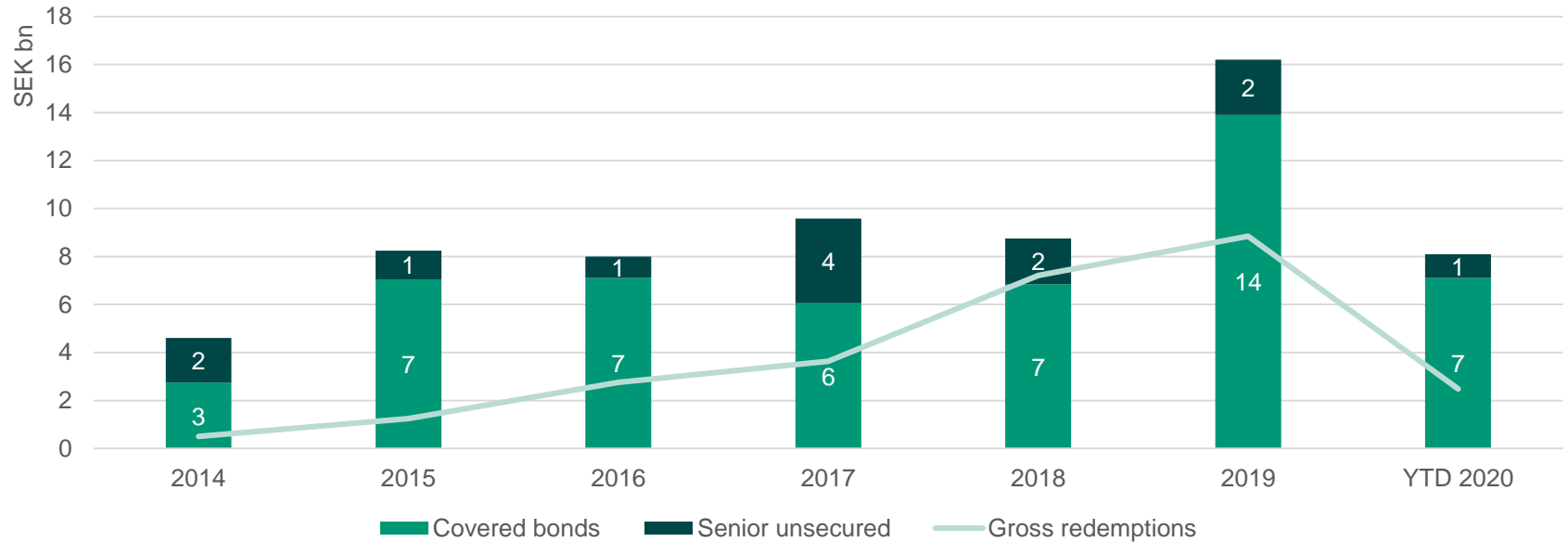
Appendix - Low credit losses

Credit losses



Appendix – Historical funding

Historical funding volumes (SEK)



Appendix - Outstanding covered bonds

Bond	Maturity	Coupon type	Amount issued	Min piece (MM)
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	3 600 000 000	2
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	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	4 300 000 000	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	500 000 000	2
SKANBK Float 04/23/26	2026-04-23	FLOATING	2 600 000 000	2
SKANBK 1.97 02/02/27	2027-02-02	FIXED	250 000 000	1

As of 2020-12-07

Bonds with min.piece 1 MM cannot be tapped

Appendix - Outstanding senior bonds

Bond	Maturity	Coupon type	Amount issued	Min piece (MM)
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
SKANBK 0.535 11/04/22	2022-11-04	FIXED	500 000 000	2
SKANBK 0.56 05/10/23	2023-05-10	FIXED	500 000 000	2
SKANBK Float 10/13/23	2023-10-13	FLOATING	750 000 000	2

As of 2020-12-07

Bonds with min.piece 1 MM cannot be tapped

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