

The logo for Borgo, featuring a stylized 'B' followed by the word 'orgo' in a dark teal, sans-serif font.

Modernizing the mortgage market

# INVESTOR PRESENTATION

Q1 2023

Borgo

# EXECUTIVE SUMMARY

## KEY HIGHLIGHTS



- Borgo is a Swedish mortgage company, focusing on the financing and origination of mortgage loans
- The company is under the supervision of Swedish FSA and has a credit market company as well as covered bond issuance license from 2021
- Borgo is jointly owned by ICA Banken, Ikano Bank, Söderberg & Partners, Sparbanken Syd and Ålandsbanken, as well as several financial investors. The industrial owners distribute mortgage loans using their own brands with Borgo as credit provider and funding vehicle
- Borgo aims to fund the loan portfolio by issuing covered bonds, senior bonds and by receiving deposits from the public

### Key investment highlights

Low risk assets consisting of Swedish prime mortgages

Conservative underwriting standards

Strong capitalisation

Solid ownership structure

Baa2 rating by Moody's with Stable outlook

### Moody's ratings

Type	Assigned rating
Covered bond rating	<b>Aaa (Stable)</b>
Long-term Issuer Ratings	<b>Baa2 (Stable)</b>
Adjusted Baseline Credit Assessment	<b>baa3</b>
Long-term Counterparty Risk Assessment	<b>A3(cr)</b>
Short Term	<b>P-2</b>

# AGENDA

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**1. BACKGROUND, STRATEGY AND BUSINESS MODEL**

**2. FINANCIALS, FUNDING AND LIQUIDITY**

**3. ASSET QUALITY AND CAPITAL ADEQUACY**

**4. ESG**

**5. CONTACT DETAILS**

# BORGO IN BRIEF

## STRONG DISTRIBUTION NETWORKS JOINING FORCES

### Distribution with track-record



SBAB historical mortgage provider and discontinued given capital constraints at the state-owned bank



Short term both Skandia and Bluestep Bank act as mortgage providers, but not perceived as sustainable long term

#### ÅLANDSBANKEN

Has been offering own mortgages in the Swedish market since 2009, expected to benefit from the ability scale up in the partnership, funding wise and operationally

#### Sparbanken Syd

Full-service bank, established in 1827, with existing distribution through SBAB and own balance sheet

*Proven historical distribution capacity*

### Fully operational company

#### Seasoned management team and organisation

With a vision to transform the mortgage market by creating a new financial institution, combining modern technology with responsible lending principles – managing cost of funding, efficient capital structure, credit and liquidity risk

#### Financially strong partners, investors and experienced board of directors

Supporting the company financially and through industrial experience with a long-term perspective

*Pure-play mortgage company with distribution, access to capital market funding and organisation in place*

### Scalable platform

#### Modern platform with high degree of automation

Allowing Borgo to build economies of scale and distributors to focus on sales, customer relationships and service

#### Partnerships with distributors and service providers

Proven IT-systems, payment services, credit administration processes and treasury support – at variable cost based on mortgage volume

*Legacy-free and scalable platform with benefits from outsourced back- and front-end*

# BORGO Q1 KEY FINANCIALS - SUMMARY

## CONTROLLED GROWTH THROUGH ACQUISITION

Q1 2023



Total lending  
SEK 18.5bn



Committed equity  
SEK 2.7bn



Liquidity reserve  
SEK 4.9bn



Long term funding  
SEK 15.5bn



OC-level  
29.7%



Total deposits  
SEK 4.7bn



Credit losses  
0.01%



Total capital ratio (CET1 ratio)  
19.6%

With strong owners, a modern platform and digital processes,  
Borgo offers better mortgages for both distributors and customers

# INTERNAL CREDIT ASSESSMENT PROCESS

## CONSERVATIVE CREDIT SCORING PROCESS

### Overview of credit assessment and scoring process

- Borgo has a restrictive credit policy, in line with traditional banks' credit policies
- The plan to use PSD2-enabled services alongside established credit scoring services to give current and forward-looking view of homeowners' financial state
- All loans are secured by a first ranking pledge over mortgage certificates or rights to tenant owned apartments, in all cases owned solely by the borrower
- Independent valuation function separated from the credit department to ensure independence and unbiased valuations
- Quarterly revaluation of all properties

#### Identification of customers

- All mortgage applicants are identified via BankID, only administered to Swedish residents, to secure a uniform and secure identification
- The legal capacity and financial position of the mortgage applicants are retrieved through a third-party provider

#### Income status

- The income status of the applicant is retrieved through a third-party provider and verified by the applicant

#### Stress testing

- The applicant's current and future payment ability is assessed by establishing a KALP. The KALP outcome is stress-tested with an interest rate level of 6%.

#### Customer scoring

- Each applicant is assigned a credit scoring

#### Additional criteria for inclusion in the cover pool

- The Issuer identifies the mortgages that are eligible for inclusion in the Swedish Cover Pool according to criteria set by the Covered Bond Act and the Issuer
- Prime Swedish residential mortgages

**Applicant(s) should**  
reside in Sweden

**Loan size**  
max. SEK 15m

**LTV**  
below 85%

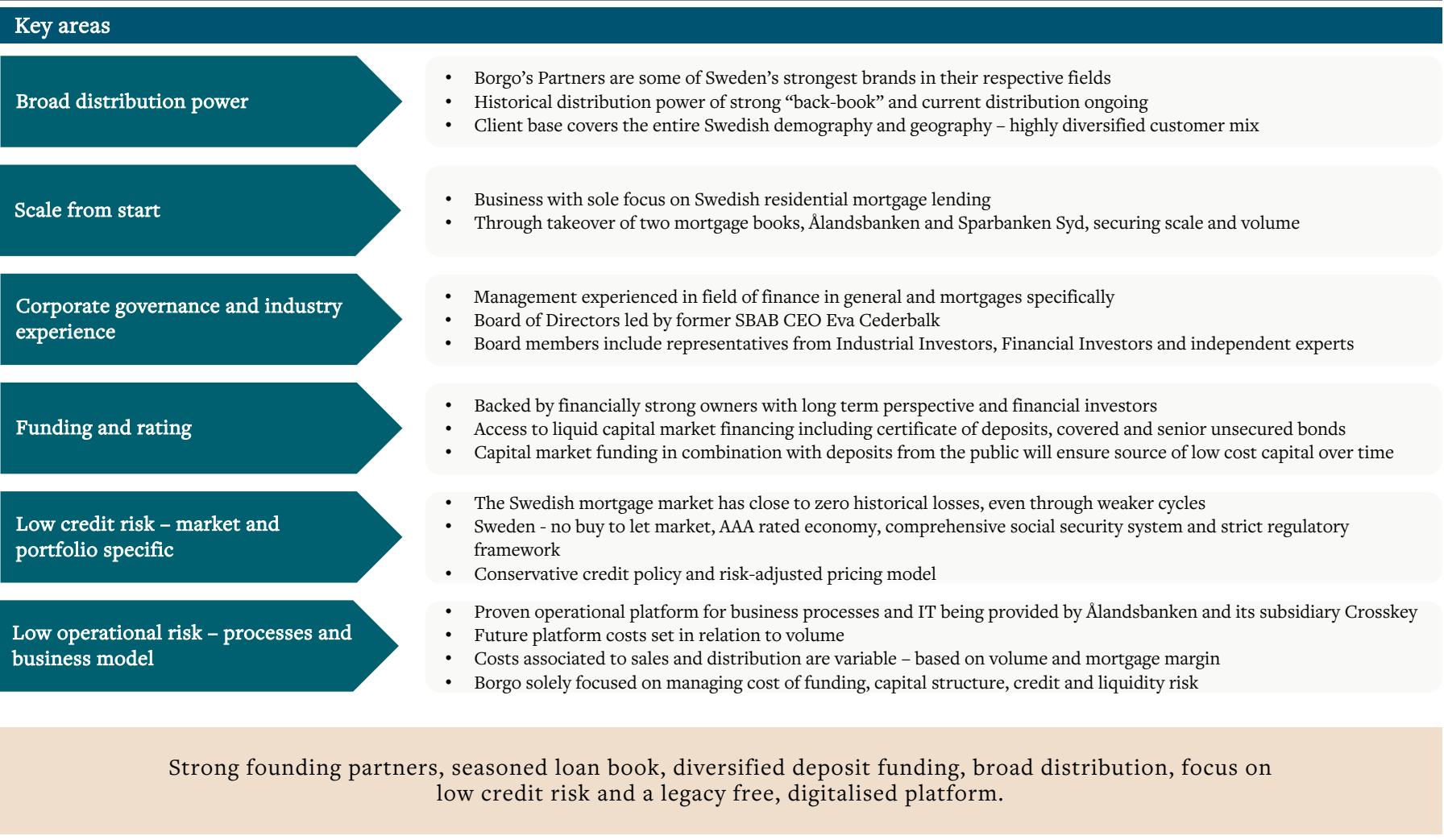
**LTI**  
max. 5x annual income

**KALP**  
interest rate 6%

**Housing society leverage**  
max. SEK 20 k/m<sup>2</sup>

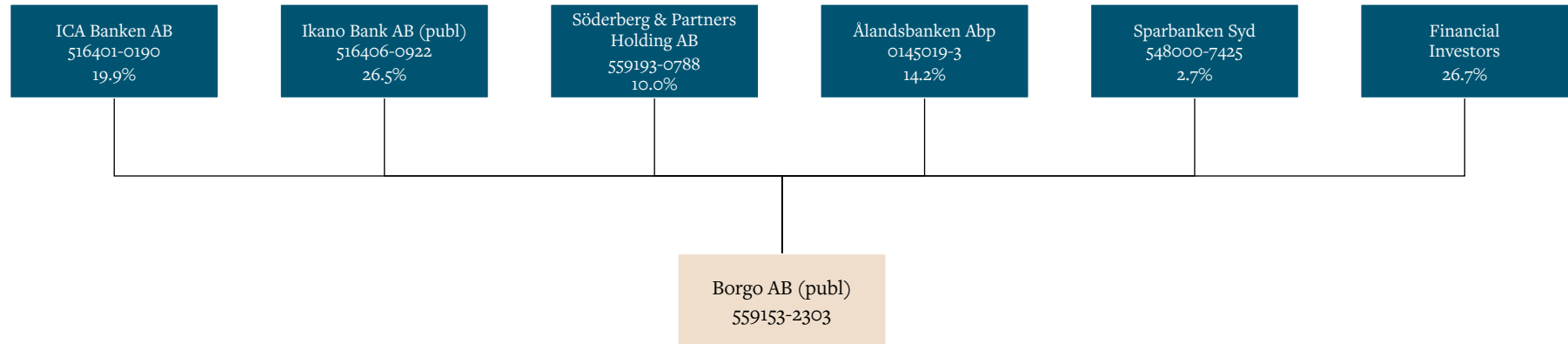
# KEY ASPECTS OF BORGO'S BUSINESS MODEL

## LOW-RISK MORTGAGE BUSINESS



# OWNERSHIP AND CAPITALIZATION Q1 2023

## EQUITY SUPPORT OF BORGO



### Key financial investors

- Ikano Bank 11.8% (14.7% as industrial investor and a total ownership of 26.5%)
- Real Alliance – 6.2%
- Persson Invest – 5.9%
- Ogrob, Rogbo (ICA handlare/Söderberg & Partners Management Team) – 8.1%
- Proventus – 3.1%

### Capital support for the business plan

- As per Q4 2022, Industrial Investors' total combined maximum amount available to support Borgo's business plan is approx. SEK 1.4bn
- Financial Investors' combined commitment exceeds SEK 1.3bn
- Total capital available SEK 2.7bn



# BOARD OF DIRECTORS

## OWNERS AND INDEPENDENT

### External

**Eva Cederbalk, Chairman**  
Board member at Ikano Bank and Svolder  
Previous experience: CEO at SBAB, Chairman at Klarna

**Julia Lannerheim**  
Risk & Compliance Officer Arvato Financial Solutions

**Johan Brodin**  
CTO at Intrum  
Previous experience: CRO at Intrum, CRO at SBAB

### Industrial investors

**ICA Banken**  
Per Balazsi  
(CFO)

**Ikano Bank**  
Anna Wanby  
(CLO)

**Sparbanken Syd**  
Johan Sandberg  
(CFO)

**Söderberg & Partners**  
Gustaf Rentzhog  
(CEO)

**Ålandsbanken**  
Jan-Gunnar Eurell  
(CFO & deputy CEO)

### Financial investors

**Proventus**  
Caj Tigerstedt  
(CIO)

**Persson Invest**  
Björn Rentzhog  
(CEO)

# EXECUTIVE MANAGEMENT & KEY PERSONNEL

## EACH WITH DECADES LONG EXPERIENCE FROM THE FINANCIAL FIELD

### Executive management

#### **Peter Walldour, COO and deputy CEO**

Previous experience: Head of Private banking & Pro at Avanza (implementation of the mortgage offering). Other positions at Collector and Nordea.

#### **Daniel Kolvik, CTO**

Previous experience: CTO at Redeye and Blendow Group.

#### **Gustav Berggren, CEO**

Previous experience: Head of the Private bank division and member of Group Management at Avanza. Oversight of the Stabelo mortgage offering and partnership.

#### **Adam Lewenhaupt, CCO**

Previous experience: M&A Advisory at Goldman Sachs and Ovington Financial Partners. Private equity at Brummer & Partner and entrepreneurial endeavours.

#### **Emma di Nicola, CRO**

Previous experience: Head of CRO Office at Länsförsäkringar Bank. Various positions at the Swedish FSA and EY.

#### **Samuel Tawadros, CFO**

Previous experience: Head of Finance at Landshypotek Bank. Various positions at companies including Deloitte, Bluestep and Santander.

#### **Camilla Philipson Watz, CLO**

Previous experience: Legal counsel at Nordnet Bank, Stadshypotek and the Swedish FSA.

### Other key personnel

#### **Tanya Forsstedt, Head of Compliance**

Previous experience: Compliance Officer and Legal Counsel at Avanza Bank. Compliance officer at Klarna Bank.

#### **Fernanda Echenique, Head of Treasury**

Previous experience: Treasury Manager at SBAB and the Swedish National Debt Office

#### **Linnea Sigot, Head of Credit**

Previous experience: Management consulting, credit and credit risk roles at different Swedish banks (Länsförsäkringar etc)

#### **Mattias Vilhelmsson, Head of Finance**

Previous experience: Financial controller and other related positions at Bluestep Bank

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# FINANCIALS

## SELECTED KEY FIGURES Q1

### Balance Sheet and Income Statement

- Well positioned for growth and building a high credit quality mortgage portfolio
- As part of a conservative approach, Borgo's liquidity portfolio is expected to be corresponding to approx. 20% of total assets
- Stable source of financing will be SEK denominated covered bonds
  - Deep market, historically proved to remain open with high investor confidence even through volatile times
- Existing deposits on balance sheet and continued inflow indicate an interest in depositing funds in Borgo, which alongside additional deposit distribution partnerships provides support for future growth
- Complementary issuance of senior unsecured bonds to achieve a diversified long-term funding profile
- Secured capital from Industrial Investors and Financial Investors provide Borgo with equity to grow well beyond lending volumes of 2022
- Capital requirement calculations are based on Basel III framework (standardised method) and include conservative management buffers vs. regulatory requirements
  - No dividends during growth phase

SEKm (book value)	2023 Q1	
Total lending	18,484	
Liquidity portfolio	4,870	
Long term funding	15,500	
Deposits	4,749	
Net interest income	-7.9	
Operation expenses	-30.0	
Net Income	-40.8	
	Covered bonds/total financing (ex equity)	59.6%
	Senior unsecured/total financing (ex equity)	11.4%
	Deposits/lending	25.7%
	Liquidity portfolio/total assets	20.7%
	CET 1 ratio	19.6%
	Leverage ratio	6.2%
	OC	29.7%
	Credit loss ratio (%)	0.01%

# LIQUIDITY MANAGEMENT

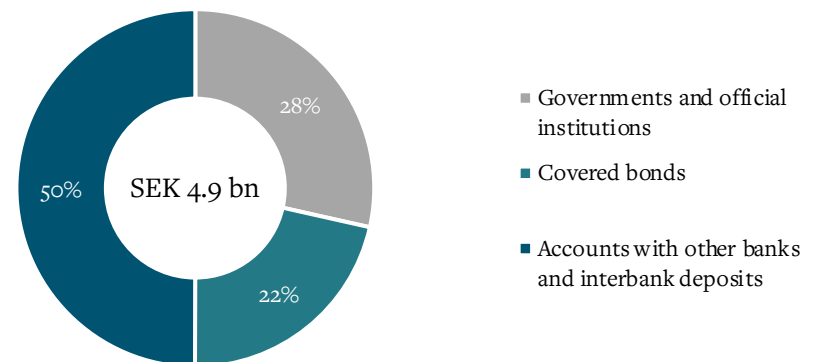
## ENSURING EFFICIENCY AND MAINTAINING LIQUIDITY REQUIREMENTS

- Borgo targets to hold a liquidity portfolio equivalent to 20% of total assets
- The composition of the liquidity portfolio is:
  - High quality liquid assets (HQLA), eligible at Riksbanken or with the ECB
  - Only SEK issued securities, no FX-risk, low duration
- The Board of Directors have decided on a risk appetite framework taking both NSFR and LCR into consideration and the forecasted development of the liquidity portfolio provides a significant buffer to the risk limits set by the Board
- In addition to LCR/NSFR Borgo intends to use an internally defined survival horizon metric to ensure a sufficient liquidity position at all times
- Borgo is well prepared to manage its liquidity and survive stressful conditions

### Key metrics Q1 2023

LCR	1122%
NSFR	116%
Survival Horizon	23 months

### Liquidity portfolio composition Q1 2023



# CAPITAL MARKET FUNDING STRATEGY

## A TRANSPARENT AND REGULAR ISSUER

### Long term strategy to support market demand

#### Strategy

- Transparent issuer, communicating issuance plans
- Building a smooth maturity profile
- Aiming for Level 1 bonds with high liquidity
- Long-term commitment
- Regular issuer in the capital market
- Buy-backs to manage refinancing risk

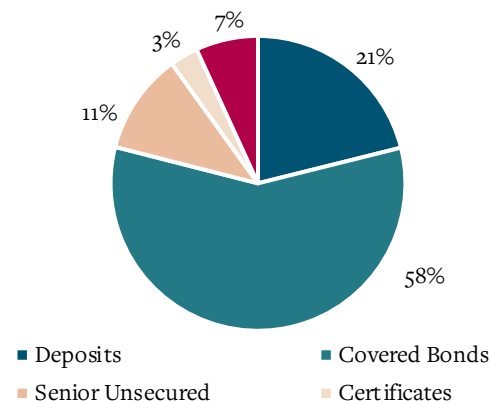
#### Covered bonds

- Swedish krona
- Preferred tenor 3-5 years
- FRN or Fixed, soft bullet
- Both syndicated issues and private placements
- Long-term OC of approximately 20-40 percent

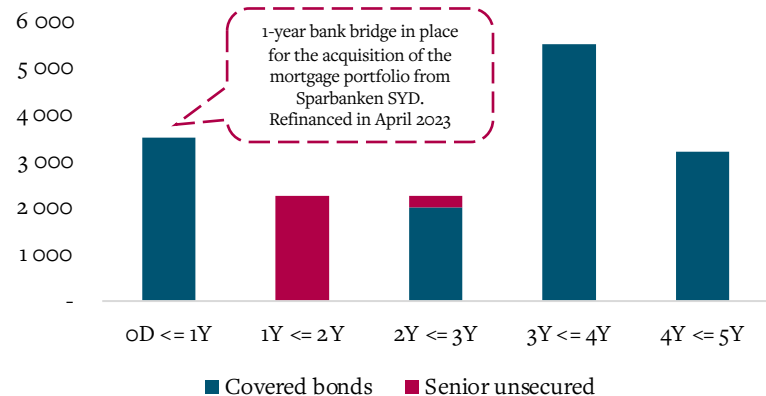
#### Senior unsecured

- Swedish krona
- Preferred tenor 2-3 years
- FRN or Fixed
- Senior unsecured debt issued to support Borgos rating and to diversify the funding sources

### Funding Profile (ex. equity) Q1 2023

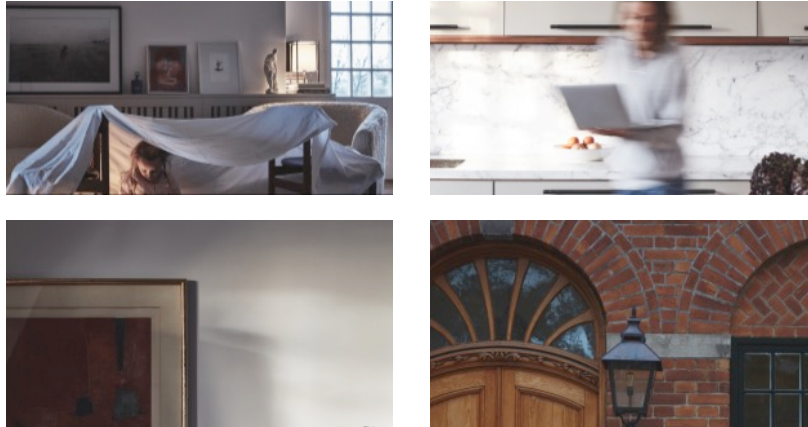


### Maturity profile long term funding

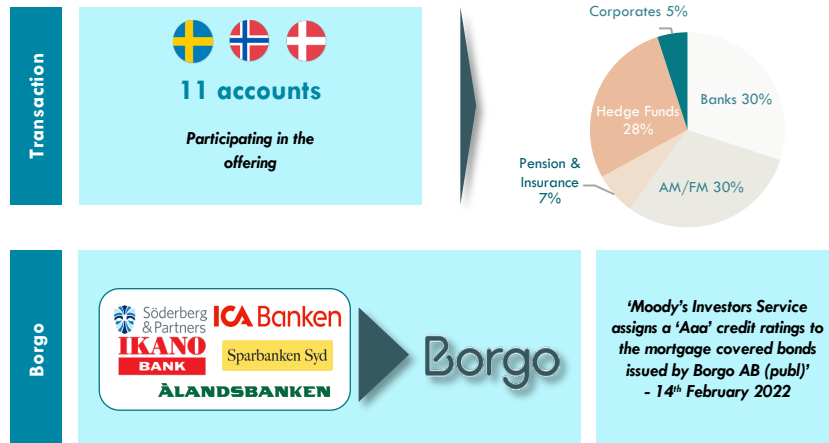


# 5-YEAR SEK 3.5BN FLOATING RATE COVERED BOND NOTES DUE MAY 2028

Issued  
May 26th  
2023



## Key insights

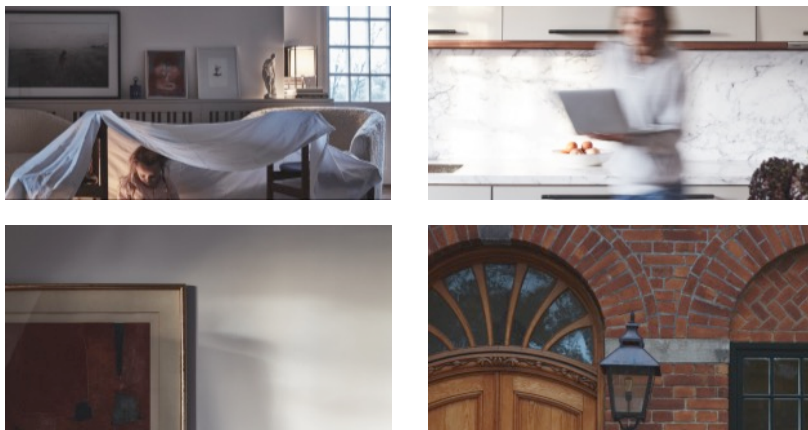


Issuer	Borgo AB ("Borgo")
<b>Issue Rating</b>	Aaa by Moody's
<b>Format</b>	Mortgage Covered Bond
<b>Trade Date</b>	23 May 2023
<b>Settle Date</b>	26 May 2023 (T+3)
<b>Maturity Date</b>	26 May 2028 (Extendable to the 26 May 2029)
<b>ISIN</b>	SE0013361078
<b>Issue Size</b>	SEK 3,5bn
<b>Reoffer</b>	3m Stibor +93 bps / 100%
<b>Coupon</b>	3m Stibor +93 bps
<b>Day Count Fraction</b>	ACT/360, Adjusted, Modified following business day, Quarterly
<b>Denomination</b>	SEK 2,000,000 and increments of SEK 2,000,000 thereof
<b>Business Days</b>	Stockholm
<b>Law</b>	Swedish Law
<b>Listing</b>	Nasdaq Stockholm
<b>Settlement</b>	Euroclear Sweden
<b>Documentation</b>	Issuer's SEK 50,000,000,000 Medium Term Note and Covered Bond Programme dated 24 January 2023 and supplemented 28th of February 2023
<b>Lead Managers</b>	Danske Bank, <b>Nordea</b> , SEB

- Borgo AB ("Borgo") is a Swedish mortgage company focusing on the financing and offering of SEK mortgage loans. The company is under the supervision of Swedish FSA and has both a credit market company and a covered bond issuance license since 2021. On the 22nd of May, Borgo announced their intention to issue a SEK-denominated 5-year Covered FRN bond
- On the back of stable market sentiment and positive investor feedback with solid IOIs, Borgo opened books on the day following the announcement. Guidance was set in the area of 3mS +93/95bps together with an expected Level 2a issue size
- Evident by the first update at 09:50 CEST, investor demand was strong and just about one hour after books opened the orders amounted to SEK 3bn (excl. JLM)
- By the second update, books exceeded SEK 4.7bn (excl. JLM) and based on the strong investor interest the spread was subsequently set in the low end of guidance to 3mS+93bps as the deal size was yet to be established
- Final terms were sent out one hour after the second update and the books were announced to be above SEK 5bn (excl. JLM) together with a final size of SEK 3.5bn. The final reoffer spread of 3mS+93bps would subsequently land the transaction at Caisse +41bps
- The transaction attracted a diverse investor community with most interest emerging from Danish investors and overall, 11 accounts participated in the transaction. The largest share of the allocated amount was distributed between Asset & Fund Managers (30%), Banks (30%) and Hedge Funds (28%)
- This successful transaction highlights both a well-thought-out market timing and the strength of Borgo's name among Nordic investors as well as an increased activity in the Nordic covered market

# 3-YEAR SEK 750M\* FRN SENIOR UNSECURED NOTES DUE MARCH 2026

Issued  
March 10th  
2023



Issuer	Borgo AB ("Borgo")
Issuer Rating	Baa2 (stable) by Moody's
Format	Senior Unsecured
Trade Date	7 March 2023
Settle Date	10 March 2023 (T+3)
Maturity Date	10 March 2026 (3 years)
ISIN	SE0013360955
Issue Size	SEK 250,000,000
Reoffer	3mS+200bp / 100.000%
Coupon	3mS+200bp
Day Count Fraction	ACT/360, Adjusted, Modified following business day, Quarterly
Denomination	SEK 2,000,000 and increments of SEK 2,000,000 thereof
Business Days	Stockholm
Law	Swedish Law
Listing	Nasdaq Stockholm
Settlement	Euroclear Sweden
Documentation	Issuer's SEK 50bn covered and senior MTN programme dated 24th of January 2023, supplemented 28th of February 2023
Lead Manager	<b>Nordea</b>

## Key insights

## Transaction overview

Transaction



### Placed with leading Swedish accounts

*Participating in the private placements*

Borgo



**Borgo**

*'Moody's assigns first time Baa2 Deposit and Issuer ratings to Borgo AB; outlook stable' - 18<sup>th</sup> January 2022*

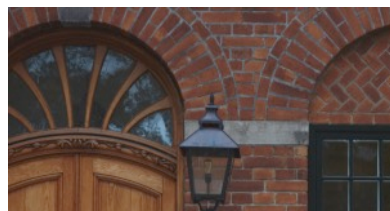
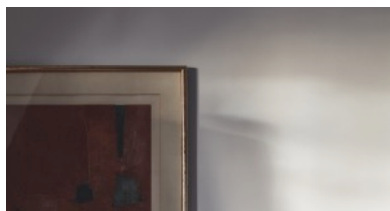
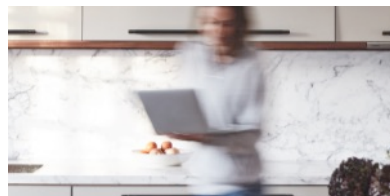
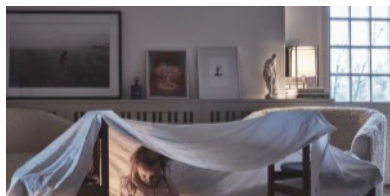
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- On the 14<sup>th</sup> of February 2022, Borgo acquired a large portion of the Swedish mortgage portfolio of Ålandsbanken and it also transferred to correspondent SEK covered bonds to Borgo. At the same time Moody's announced a Aaa rating for Borgo's covered bonds
- Borgo monitored the market for a while and on 16<sup>th</sup> of November 2022, Borgo mandated Nordea with a short notice to capture a good market window by issuing a Senior Unsecured Bond
- At the start of 2023, Borgo followed up on their previous success when they seized a solid execution window by issuing another Senior Unsecured Bond in private placement format. The transaction was a FRN SEK 250m with maturity in March 2026 and reoffer of 3mS+200bp. In May, Borgo followed up with a tap of SEK 500m at reoffer 3mS+230bp

\*Outstanding amount



# 3-YEAR SEK 1.5BN FLOATING RATE COVERED BOND NOTES DUE JANUARY 2026

Issued  
April 12th  
2023



## Key insights

Transaction



Placed with a leading Nordic account

Participating in the private placement

Borgo



Borgo

'Moody's Investors Service assigns a 'Aaa' credit ratings to the mortgage covered bonds issued by Borgo AB (publ)' - 14<sup>th</sup> February 2022

Issuer	Borgo AB ("Borgo")
Issuer Rating	Aaa by Moody's
Format	Mortgage Covered Bond
Trade Date	31 March 2023
Settle Date	12 April 2023 (T+6)
Maturity Date	12 January 2026 (Extended Maturity Date 12 January 2027)
ISIN	SE0013105376
Issue Size	SEK 1,5bn
Reoffer	3mS +58 bp / 100.000%
Coupon	3mS +58 bp
Day Count Fraction	ACT/360, Adjusted, Modified following business day, Quarterly
Denomination	SEK 2,000,000 and increments of SEK 2,000,000 thereof
Business Days	Stockholm
Law	Swedish Law
Listing	Nasdaq Stockholm
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- On the 23<sup>rd</sup> March 2022, Borgo successfully issued its first Covered Bond under its own name. Nearly a year later, Borgo completed the issuance of a second and new Covered Bond – this time a FRN SEK 1,5bn private placement with reoffer at 3mS+58bp
- The transaction was executed in a private placement format on the back of reverse enquiries from well-known Nordic investors, again highlighting the great investor interest towards Borgo name

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# COVER POOL

## A HIGH QUALITY, LOW-RISK LOAN PORTFOLIO

### Borgos mortgage portfolio

- The acquisition of Ålandsbanken's mortgages and transfer of their outstanding covered bonds denominated in SEK
- As per March 31, 2023, total mortgage loan volume was SEK 17 200m, consisting of 14 294 loans split by 12 803 clients with an average loan size of SEK 1 223m per household
- The portfolio is of high quality with an average LTV of 57,0%
- A majority of the portfolio (64.4%) is on a floating rate (0-3 months)
- The portfolio is dominated by exposures in the Stockholm region with 38,0% of the total mortgage portfolio

### Key characteristics of outstanding covered bonds

Outstanding issues in SEK (total: SEK 13 000m)

<b>SE0017232366 (ISIN)</b> <b>SEK 2,000m</b>	<ul style="list-style-type: none"> <li>• Settlement date: 2020-05-12</li> <li>• Maturity: 2025-05-12</li> <li>• Coupon: 3,534</li> <li>• Fixed/Floating: Floating</li> </ul>
<b>SE0017232358 (ISIN)</b> <b>SEK 5,500m</b>	<ul style="list-style-type: none"> <li>• Settlement date: 2021-09-10</li> <li>• Maturity: 2026-09-10</li> <li>• Coupon: 3,756</li> <li>• Fixed/Floating: Floating</li> </ul>
<b>SE0013360724 (ISIN)</b> <b>SEK 2,000m</b>	<ul style="list-style-type: none"> <li>• Settlement date: 2022-03-30</li> <li>• Maturity: 2027-06-30</li> <li>• Coupon: 3,835</li> <li>• Fixed/Floating: Floating</li> </ul>
<b>SE0017780505 (ISIN)</b> <b>SEK 3,500m</b>	<ul style="list-style-type: none"> <li>• Settlement date: 2023-03-10</li> <li>• Maturity: 2024-03-10</li> <li>• Coupon: 3,536</li> <li>• Fixed/Floating: Floating</li> </ul>

### Cover pool overview (March 31, 2023)

<b>Credit rating</b>	Aaa rated by Moody's
<b>Included assets</b>	SEK 17 250m (including SEK 50m substitute assets)
<b>Over-collateralisation</b>	30.3% (nominal)
<b>Type of collateral</b>	100% residential mortgages
<b>Cover pool items</b>	<ul style="list-style-type: none"> <li>• Number of loans 14 294</li> <li>• Number of clients 12 803</li> <li>• Number of properties 8 019</li> <li>• Average loan size TSEK 1 223</li> </ul>
<b>Regional distribution</b>	Stockholm 38,0% (loan volume SEK 6 541m)
<b>Repayments</b>	<ul style="list-style-type: none"> <li>• Interest only 35,1% (SEK 6 042m)</li> <li>• Amortizing 64,9% (SEK 11 158m)</li> </ul>
<b>Interest rate type</b>	<ul style="list-style-type: none"> <li>• Floating 64,4% (SEK 11 079m)</li> <li>• Fixed 35,6% (SEK 6 121m)</li> </ul>
<b>LTV levels (mortgage assets)</b>	<ul style="list-style-type: none"> <li>• 70-75%: SEK 4 428m (26% of volume)</li> <li>• 60-70%: SEK 3 502m (20% of volume)</li> <li>• 50-60%: SEK 3 393m (20% of volume)</li> <li>• ≤ 50%: SEK 5 877m (34% of volume)</li> <li>• WALTV: 57,0%</li> </ul>
<b>Loans past due</b>	SEK 78,9m

# GEOGRAPHICAL DISTRIBUTION IN THE COVER POOL

## Q1 2023

Regional distribution	Loan volume, MSEK	Loan volume, %
Greater Stockholm	6 541	38%
Greater Gothenburg	1 579	9%
Greater Malmoe	1 665	10%
South Sweden	3 051	18%
West Sweden	2 127	12%
North Sweden	681	4%
East Sweden	1 508	9%
Outside Sweden	48	0%
<b>Sum</b>	<b>17 200</b>	<b>100%</b>



- Lending is conducted solely in Sweden
- The geographic distribution of lending is concentrated to the larger city regions; Stockholm, Västra Götaland and Skåne
- Concentrations to these regions is however decreasing with new mortgage loans being more geographically spread across Sweden, slowly resulting in a lower concentration risk

# CAPITAL ADEQUACY IN Q1

## SOUND RISK MANAGEMENT

### Overview of assumptions and basis for calculations

- Borgo submitted its application for credit institute license to the Swedish Financial Supervisory Authority in 2020 and received an approval in the first quarter of 2021

**Capital targets include conservative management buffers above regulatory requirement, determined by the Board of Directors**

- In a stressed scenario the CCyB and CCoB are also assessed to be available to cover unforeseen losses
- The capital planning is forward looking and is based on the continuous ICAAP process where the current estimates on the capital target includes:

#### Combined buffer requirement

- An increase in CCyB to 2,0% in Q2 of 2023 per SFSA communication

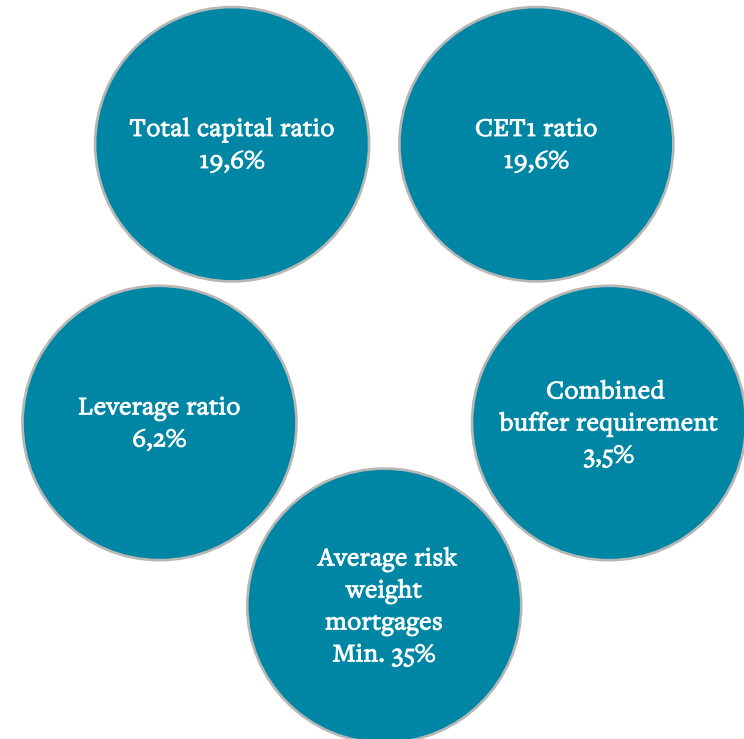
#### Regulatory changes in the risk weight calculation

- The Basel IV framework is assumed to apply as of January 1, 2025 (per the communicated timing on CRR III / CRD VI) resulting in a reduction in the riskweight applied to the mortgage lending

#### Pillar 2

- The Pillar 2 requirement is calculated based on the risk in the company quarterly

### Capital ratios Q1 2023



Borgo is committed to strong capital ratios, diversified funding and a conservative approach to risk.

# AGENDA

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# ESG

## DEVELOPMENTS DURING 2022

### DURING 2022, BORGO HAS TRANSLATED IDEAS INTO STRATEGY

#### Ethos

- Early on in 2022, Borgo engaged ESG-specialist consultancy ESG to ensure the highest level of quality could be achieved in terms of initial analysis and assessment, reporting and advice on implementation of ESG-strategy

#### Materiality Assessment & Strategic Pillars

- During the summer of 2022, Borgo completed a materiality assessment, providing the foundation for Borgo's ESG strategy
- Key focus-areas were identified and will make up the pillars of Borgo's ESG strategy

#### Reporting

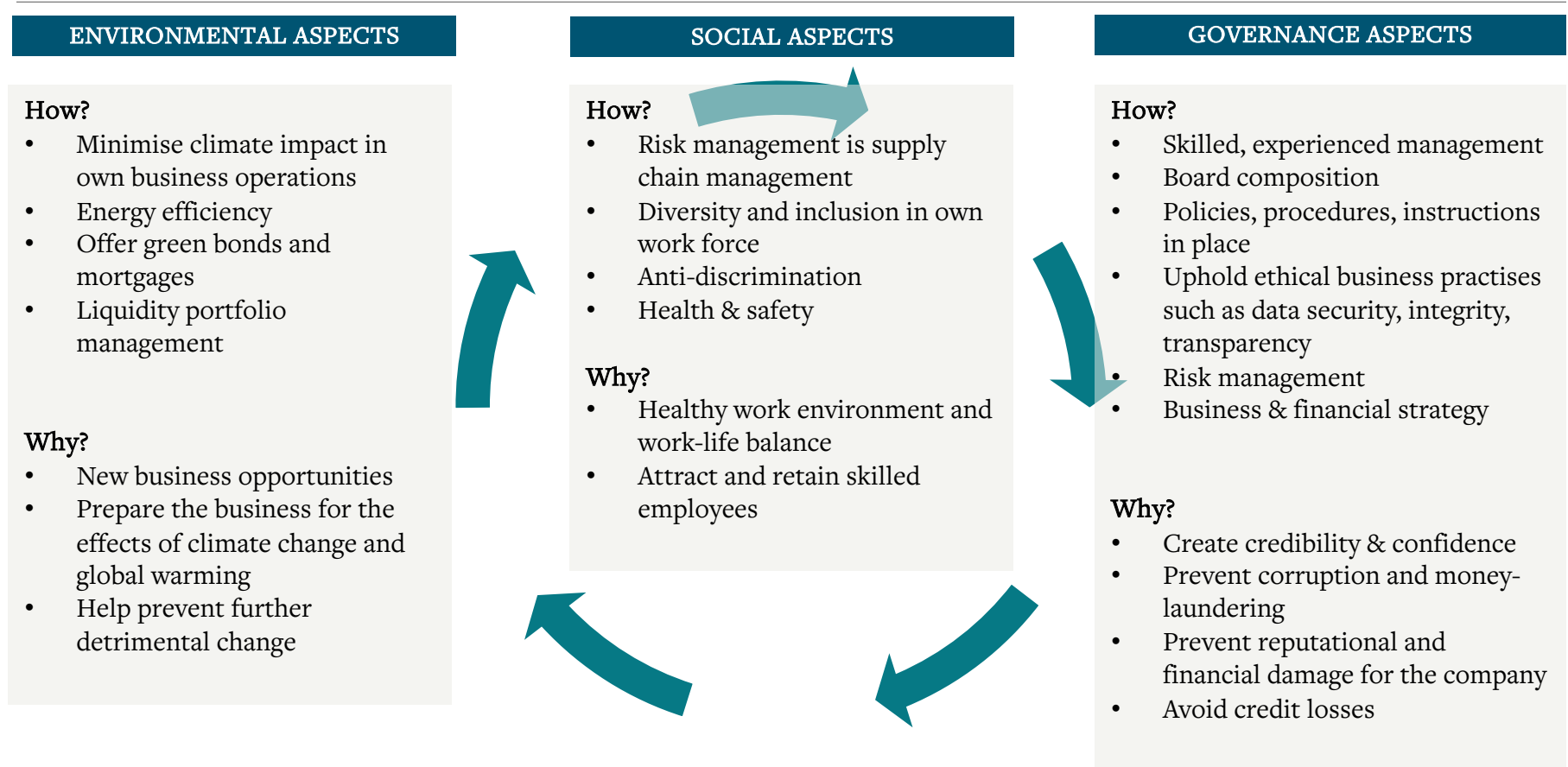
- Borgo is in the final stages of completing its TCFD-report and the first full year Sustainability Report is in progress
- The Sustainability Report for 2022 will be part of the Annual Report

#### Implementing the Strategy

- Borgo's challenge within ESG now lies in fully implementing the Strategic Pillars in the day-to-day business activities
- Borgo is already well on track with numerous aspects, but technical developments will be required over the next few years in order to be able to offer "green products"
- In addition, Borgo will develop its Green Bond Framework, likely during 2023, to prepare for issuing Green Bonds

# ESG

## ESG IS HIGHLY RELEVANT FOR BORGO



Borgo's ESG-work is of great importance to our employees and investors, as well as to meet stakeholder expectations, build customer loyalty, mitigate risks & improve financial performance.



# ESG

## LEGISLATION AND REGULATION

### EXPANDING ESG LEGISLATIONS AND REGULATIONS

- There is a rapid development of ESG/sustainability legislations on a national and EU level. Requirements on investors, and from investors, are growing
- Some of the current and upcoming legislations do not apply directly to Borgo, yet they apply to us through our business relations, where we need to supply data and information to other companies.

### KEY LEGISLATION RELEVANT FOR BORGO (CURRENT)

- NFRD (Non-financial Reporting Directive), incorporated into the Swedish AAA (Årsredovisningslagen)
- CSRD (Corporate Sustainability Reporting Directive), adopted by the EU in November 2022, replaces the NFRD by 2024
- SFDR (Sustainable Finance Disclosure Regulation)
- EU Taxonomy

#### Pending decision-making in the EU:

- Corporate Sustainability Due Diligence
- Human Rights Due Diligence  
*(these may become relevant to Borgo as part of bigger companies' value chains)*

### FUTURE IMPLICATIONS FOR BORGO

- Increased demands for sustainability data to be provided to owners, investors, business partners, clients
- Increased demands on Borgo's own sustainability reporting
- The EU is repainting the sustainable finance landscape, defining what can be called a sustainable economic activity and thus a sustainable investment
- Clients, customers, and consumers will have access to better sustainability information, ensuring they make informed decisions
- Access to capital will be dependent on company's sustainability governance, strategy and performance

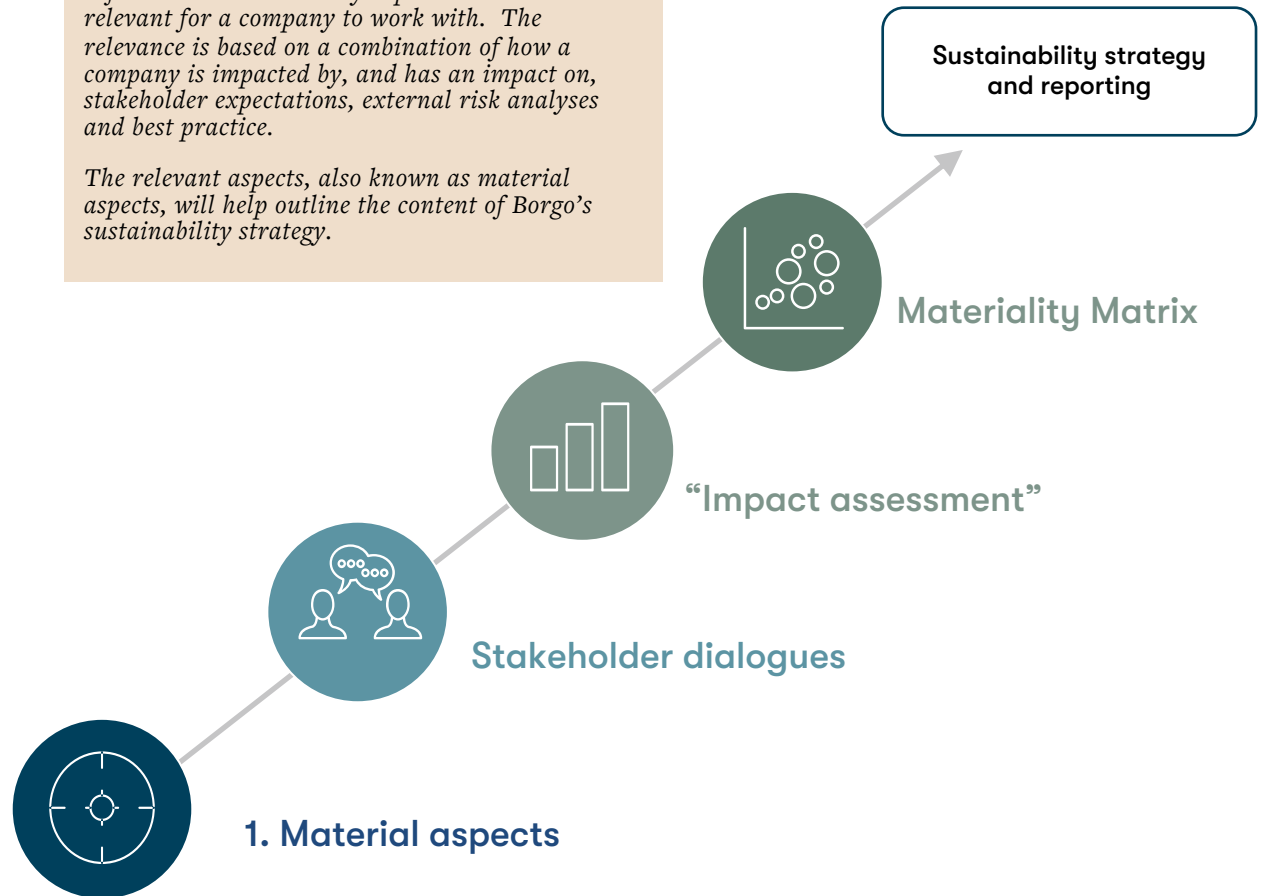
# ESG

## MATERIALITY ASSESSMENT

- The materiality assessment identified nine material aspects, which have been reviewed by Borgo and specialist consultancy firm Ethos to reflect upcoming legislation, stakeholder expectation and best practices
- The top three material aspects are: ‘offer green mortgages’, ‘invest capital responsibly and transparently’, and ‘contribute to sound personal finances’
- In addition to these three aspects, six other aspects are considered material and should be developed and monitored
- The materiality assessment will help Borgo formulate a sustainability strategy, which integrates all aspects in a reasonable and proportional way
- The materiality process is aligned with Borgo’s stakeholders and Borgo’s sustainability impact, and allows Borgo to mitigate risk, prepare for legal requirements, including regarding sustainability reporting and meeting investors’ and customers’ expectations in an evolving sustainability landscape.

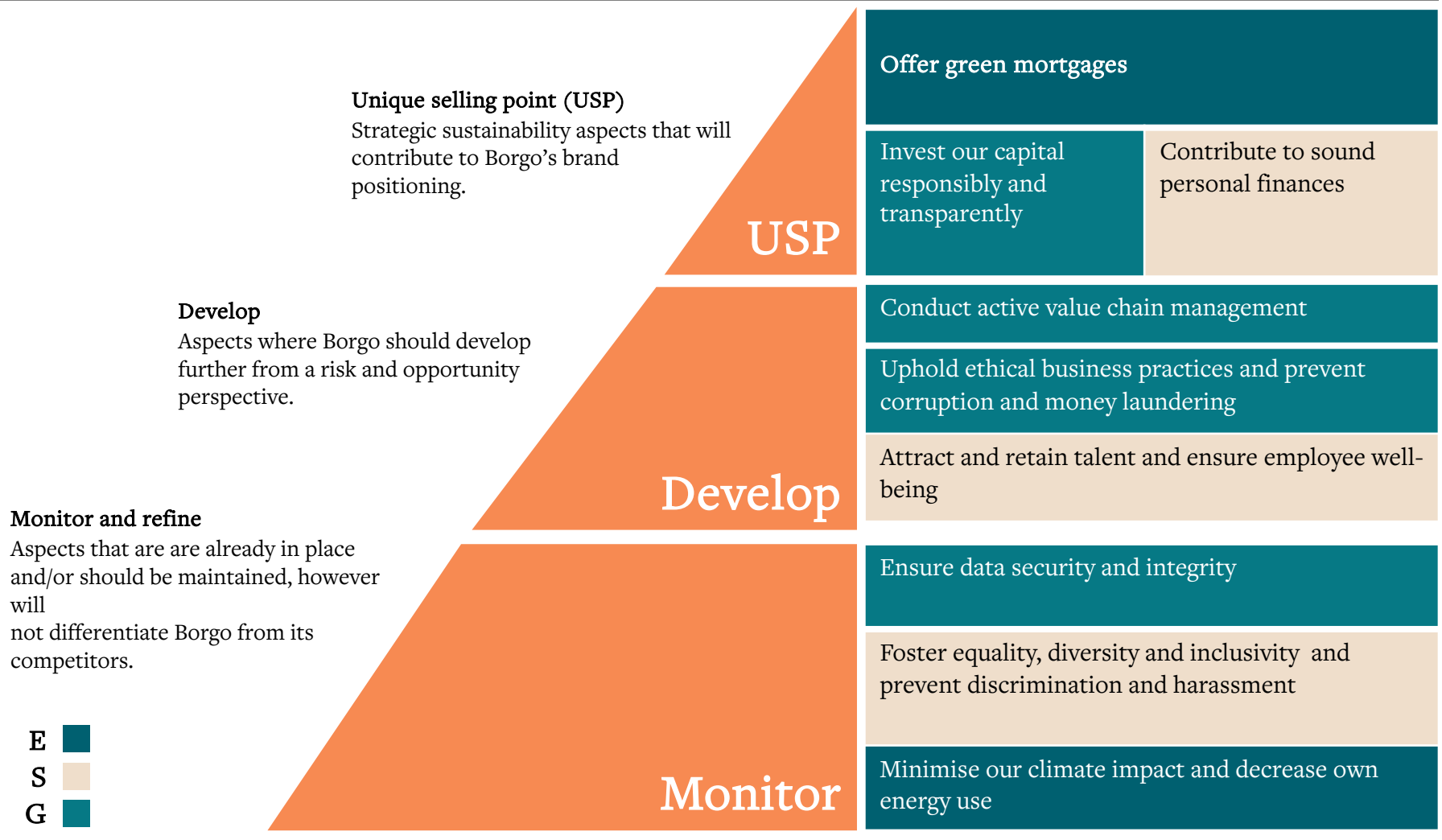
*The double materiality assessment is the method to define what sustainability aspects that are most relevant for a company to work with. The relevance is based on a combination of how a company is impacted by, and has an impact on, stakeholder expectations, external risk analyses and best practice.*

*The relevant aspects, also known as material aspects, will help outline the content of Borgo’s sustainability strategy.*



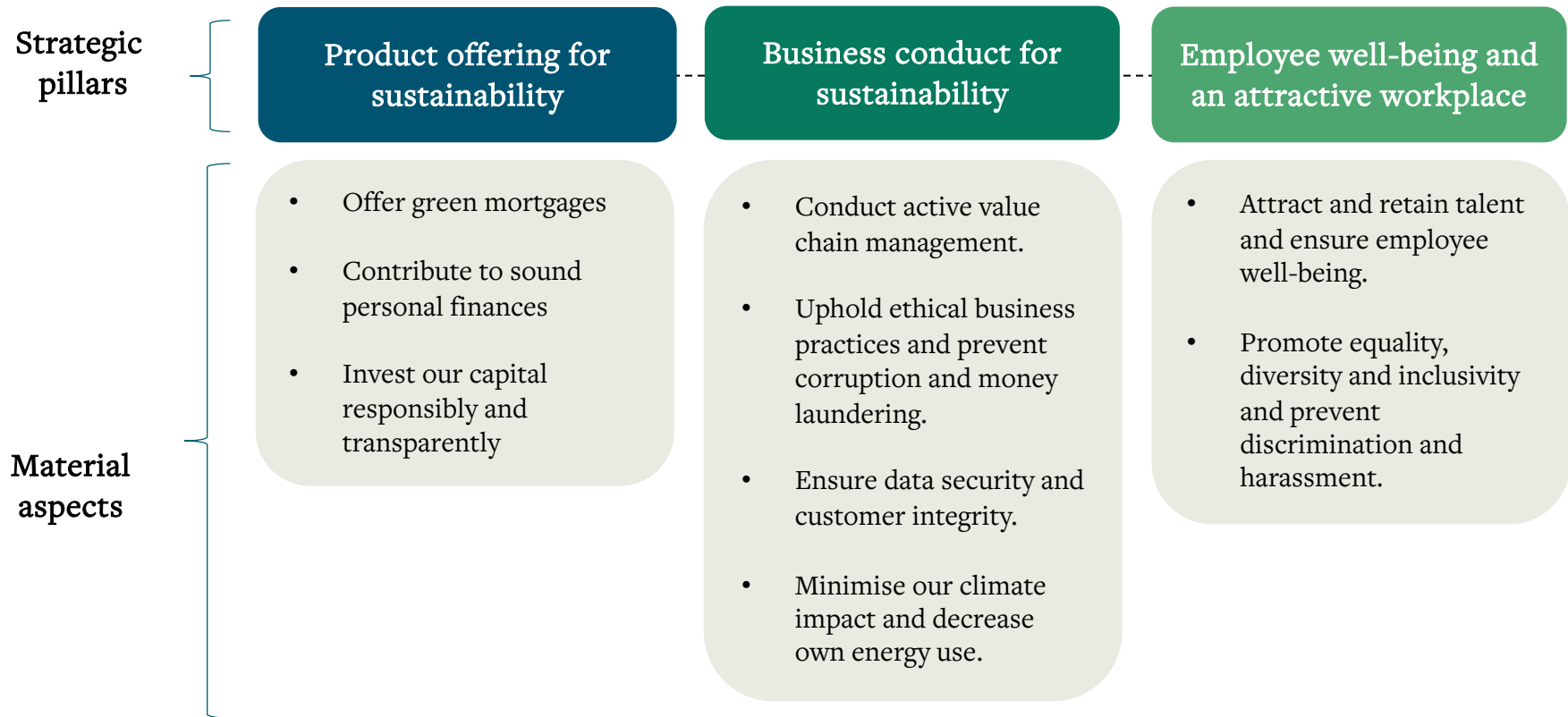
# ESG

## BORGO'S MATERIALITY PYRAMID



# ESG

## BORGO'S STRATEGIC PILLARS & MATERIAL ASPECTS



The strategic pillars and material aspects are based on and aligned with Borgo's stakeholders views, while also being designed to be adapted to a fast evolving sustainability landscape.

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# CONTACT BORGO'S TEAM

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