



Modernizing the mortgage market

# INVESTOR PRESENTATION

Q2 2024

# 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

### Moody's ratings

Type	Assigned rating
Covered bond rating	<b>Aaa (Stable)</b>
Long-term Issuer Ratings	<b>Baa2 (Negative)</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

## THE BORGO ECO-SYSTEM

### 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

#### Lån & Spar Bank

Digital bank with loans, savings and credit card offerings. Established in Denmark 1880

*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 Q2 KEY FINANCIALS - SUMMARY

## CONTROLLED GROWTH THROUGH ACQUISITION

Q2 2024



Total lending  
SEK 33.7bn



Equity  
SEK 2.7bn



Liquidity reserve  
SEK 6.7bn



Long term funding  
SEK 24.6bn



OC-level  
22.7%



Total deposits\*  
SEK 13.0bn



Credit losses  
0.00%



Total capital ratio (CET1 ratio)  
19.2%

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

\*Total deposits include Liabilities to credit institutions and Deposits from the public

# 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

### Key areas

#### Broad distribution power

- Borgo's Partners are some of Sweden's strongest brands in their respective fields
- Historical distribution power of strong "back-book" and current distribution ongoing
- Client base covers the entire Swedish demography and geography – highly diversified customer mix

#### Scale from start

- Business with sole focus on Swedish residential mortgage lending
- Through takeover of two mortgage books, Ålandsbanken and Sparbanken Syd, securing scale and volume

#### Corporate governance and industry experience

- Management experienced in field of finance in general and mortgages specifically
- Board of Directors led by former SBAB CEO Eva Cederbalk
- Board members include representatives from Industrial Investors, Financial Investors and independent experts

#### Funding and rating

- Backed by financially strong owners with long term perspective and financial investors
- Access to liquid capital market financing including certificate of deposits, covered and senior unsecured bonds
- Capital market funding in combination with deposits from the public will ensure source of low cost capital over time

#### Low credit risk – market and portfolio specific

- The Swedish mortgage market has close to zero historical losses, even through weaker cycles
- Sweden - no buy to let market, AAA rated economy, comprehensive social security system and strict regulatory framework
- Conservative credit policy and risk-adjusted pricing model

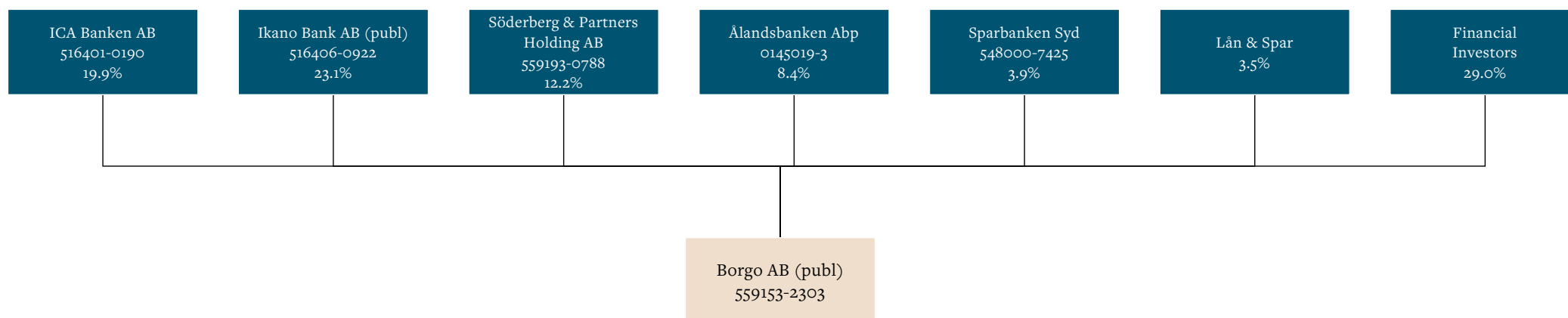
#### Low operational risk – processes and business model

- Proven operational platform for business processes and IT being provided by Ålandsbanken and its subsidiary Crosskey
- Future platform costs set in relation to volume
- Costs associated to sales and distribution are variable – based on volume and mortgage margin
- Borgo solely focused on managing cost of funding, capital structure, credit and liquidity risk

Strong founding partners, seasoned loan book, diversified deposit funding, broad distribution, focus on low credit risk and a legacy free, digitalised platform.

# OWNERSHIP AND CAPITALIZATION Q2 2024

## EQUITY OWNERSHIP STRUCTURE



### Recent Capital Development

- CET 1 Capital injected in 2024: SEK 643m
- New industrial investor Lån & Spar participated with SEK 100m in June 2024

### Capital support for the business plan

- Industrial Investors' combined invested to approximately SEK 1.4bn (Ikano 10.2% as industrial investor)
- Financial Investors' combined invested to approximately SEK 1.3bn
- Current capital supports projected growth 2024-2026. Thereafter self funded by profit generation

# BOARD OF DIRECTORS

## OWNER REPRESENTATIVES AND INDEPENDENTS

### External

**Lennart Francke**  
Board Member Qliro & Affärsvärlden.  
Previous experience: Senior Advisor at  
Swedbank, EVP at Handelsbanken

**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.

**Carolin Runnquist, CIO**

Previous experience: Head of Channel and Offering Development Swedbank, Director Cyber Security and Financial Crime PWC.

**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 & Partners.

**Emma di Nicola, CRO**

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

**Pehr Olofsson, tf CFO**

Previous experience CFO at Avida Finans, Bankgirot, Swedbank Baltic Banking, Entercard and acting CFO at Klarna

**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.

**Karl Aigéus, Head of Treasury (starts Oct)**

Previous experience: Funding Manager at Skandia Banken and portfolio manager at Kommuninvest

**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 Q2

### Balance Sheet and Income Statement

- Well positioned for growth and building a high credit quality mortgage portfolio. Growth post latest acquisition in June primarily focused on organic growth
- Borgo's liquidity portfolio is expected to be corresponding to approx. 15% 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
- Proven track record of attracting capital from new and existing Industrial Investors and Financial Investors. Capital sufficient to deliver existing business plan
- 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	2024 Q2
Total lending	33,658
Liquidity portfolio	6,654
Long term funding	24,616
Deposits	12,988
Net interest income	-5.4
Operation expenses	-48.2
Net Income	-42.4

	Covered bonds/total financing (excl. equity)	57.0%
	Senior unsecured/total financing (excl. equity)	8.4%
	Deposits/lending	38.6%
	Liquidity portfolio/total assets	16.4%
	CET 1 ratio	19.2%
	Leverage ratio	6.1%
	OC	22.7%
	Credit loss ratio (%)	0.0%

# LIQUIDITY MANAGEMENT

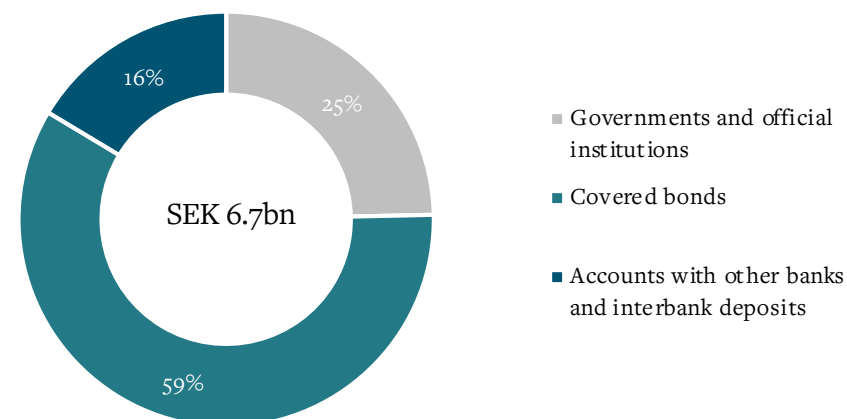
## ENSURING EFFICIENCY AND MAINTAINING LIQUIDITY REQUIREMENTS

- Borgo targets to hold a liquidity portfolio of a minimum of 15% 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 Q2 2024

LCR	526 %
NSFR	115%
Survival Horizon	26 months

### Liquidity portfolio composition Q2 2024



# 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

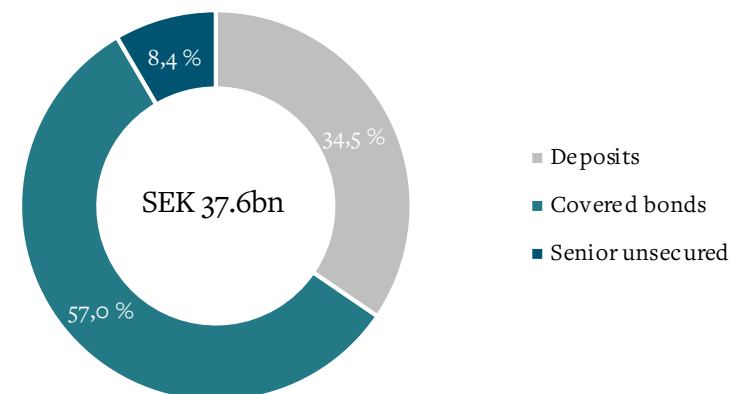
#### Covered bonds

- 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
- Covered Bonds funding need for 2024 is limited

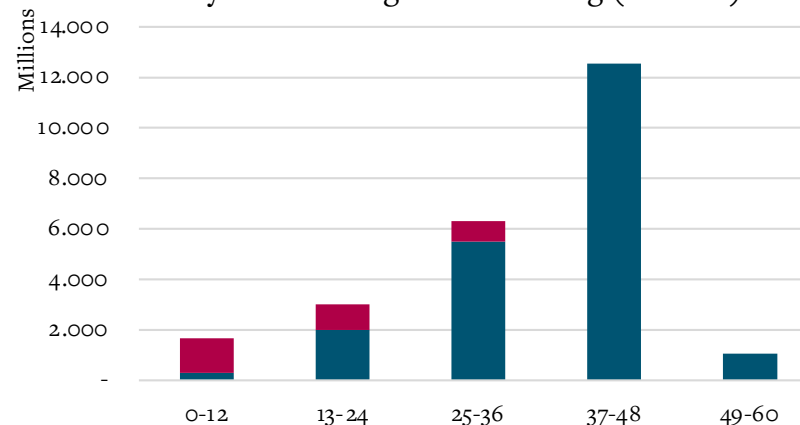
#### Senior unsecured

- 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) Q2 2024

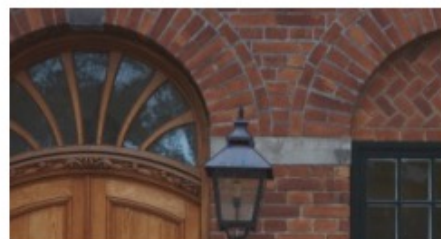
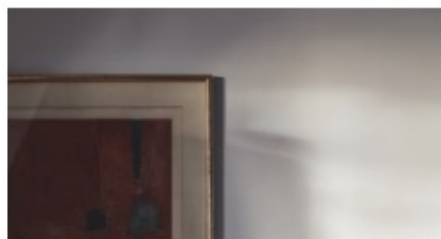
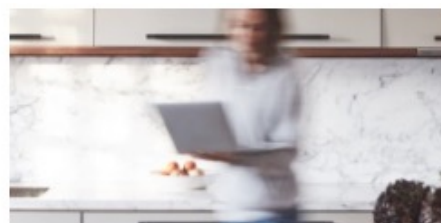
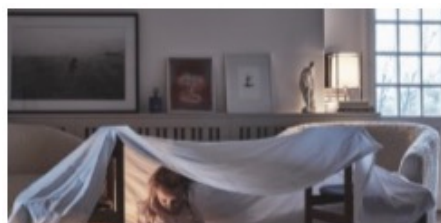


### Maturity Profile Long Term Funding (months)



# 3-YEAR SEK 1BN\*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	3mStibor + 200bps / 100.000%
Coupon	3mStibor + 200bps
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 50,000,000,000 Medium Term Note and Covered Bond Programme dated 24th January 2023 and supplemented 28th of February 2023
Lead Manager	Nordea

## Key insights

Transaction



**Placed with leading Swedish accounts**

*Participating in the private placements*

Borgo









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

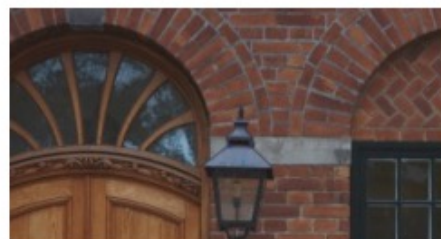
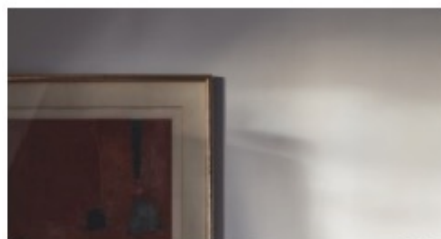
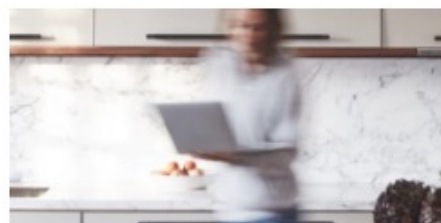
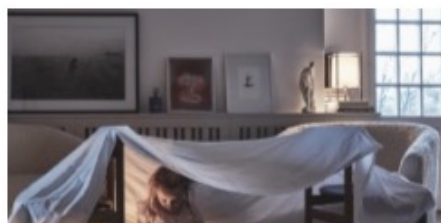
## Transaction overview

- 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
- Borgo is jointly owned by ICA Banken, Ikano Bank, Söderberg & Partners and Ålandsbanken alongside some financial investors. The owners distribute mortgage loans using their own brands with Borgo as credit provider and funding vehicle
- On the 14th of February 2022, Borgo acquired a large portion of the Swedish mortgage portfolio of Ålandsbanken and it also transferred two 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 16th 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



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	3mStibor +58 bps / 100.000%
Coupon	3mStibor +58 bps
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 50,000,000,000 Medium Term Note and Covered Bond Programme dated 24th January 2023 and supplemented 28th of February 2023
Lead Managers	Danske Bank, <b>Nordea</b> , SEB, Swedbank

## Key insights

Transaction

**Placed with a leading Nordic account**

*Participating in the private placement*

Borgo

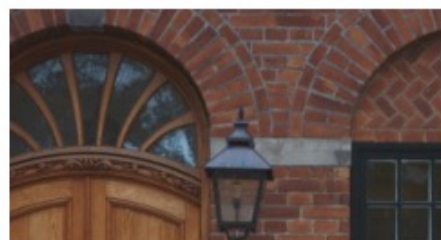
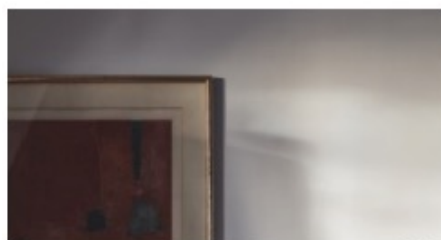
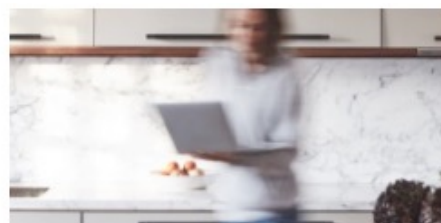
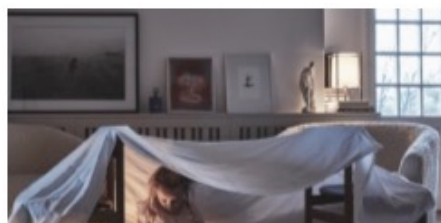
*'Moody's Investors Service assigns a 'Aaa' credit ratings to the mortgage covered bonds issued by Borgo AB (publ)' - 14th February 2022*

## Transaction overview

- 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
- Borgo is jointly owned by ICA Banken, Ikano Bank, Söderberg & Partners and Ålandsbanken alongside some financial investors. The owners distribute mortgage loans using their own brands with Borgo as credit provider and funding vehicle
- On the 14th of February 2022, Borgo acquired a large portion of the Swedish mortgage portfolio of Ålandsbanken, and it also transferred two correspondent SEK covered bonds to Borgo. At the same time Moody's announced a Aaa rating for Borgo's covered bonds
- On the 23rd 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

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

Issued  
May 26th  
2023



Issuer	Borgo AB ("Borgo")
Issuer Rating	Aaa by Moody's
Format	Mortgage Covered Bond
Trade Date	23 May 2023
Settle Date	26 May 2023 (T+3)
Maturity Date	26 May 2028 (Extendable to the 26 May 2029)
ISIN	SE0013361078
Issue Size	SEK 3.5bn
Reoffer	3m Stibor +93 bps / 100.000%
Coupon	3m Stibor +93 bps
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 50,000,000,000 Medium Term Note and Covered Bond Programme dated 24th January 2023 and supplemented 28th of February 2023
Lead Managers	Danske Bank, <b>Nordea</b> , SEB

## Key insights



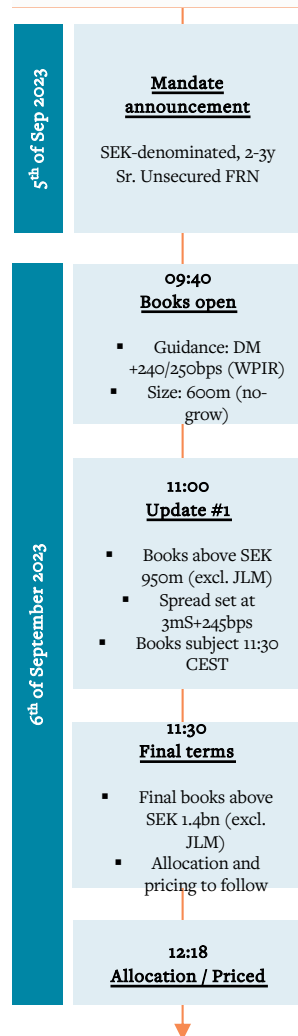
## Transaction overview

- 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

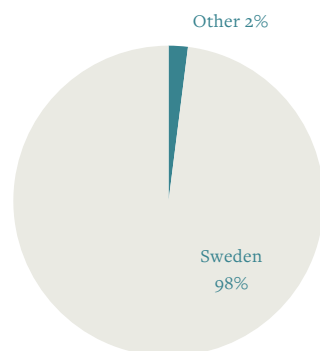
# 3-YEAR SEK 800M FRN SR. UNSECURED BOND NOTES DUE SEPTEMBER 2026

Issued  
Sep & Nov  
2023

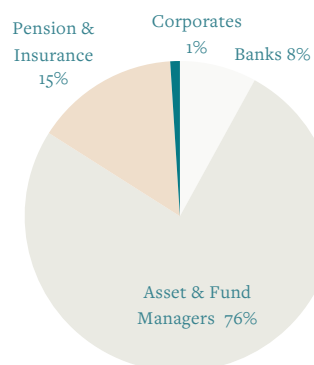
## Timeline (CEST)



## Allocations – Geography



## Allocations – Investor type



Final books above SEK 1.4bn

15 accounts participating

## Key terms at pricing

<b>Issuer</b>	Borgo AB ("Borgo")
<b>Issue Rating</b>	Baa2 (stable) by Moody's
<b>Format</b>	Senior Unsecured, RegS
<b>Trade Date</b>	6 September 2023
<b>Settle Date</b>	15 September 2023 (T+7)
<b>Maturity Date</b>	15 September 2026 (3 years)
<b>ISIN</b>	SE0013361144
<b>Issue Size</b>	SEK 600m
<b>Reoffer</b>	3m Stibor +245 bps / 100.000%
<b>Coupon</b>	3m Stibor +245 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 Notes and Covered Bond Programme dated 24 January 2023 and supplemented by supplements dated 28 February, 2 June and 31 August 2023
<b>Lead Managers</b>	Danske Bank, <b>Nordea</b> , SEB

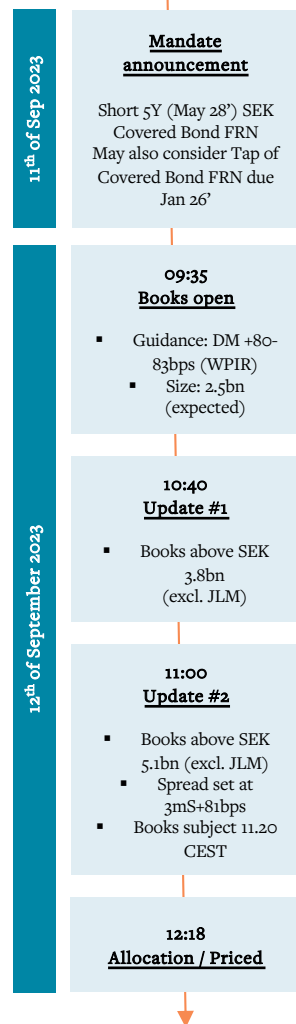
## Transaction overview

- 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 6th of September, Borgo announced their intention to issue a SEK-denominated 2/3-year Senior Unsecured 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 +240/250bps (WPIR) together with a no-grow deal size of SEK 600m
- Evident by the first update at 11:00 CEST, investor demand was strong and roughly one hour after books opened the orders amounted to SEK 950m (excl. JLM). Moreover, the spread was set at 3mS+245bps
- Final terms were sent out 30 minutes later and the books were announced to be above SEK 1.4bn (excl. JLM), a very strong book size and investor demand as the deal size previously was communicated at SEK 600m (no-grow)
- The transaction attracted a diverse investor community with most interest emerging from Sweden but also a set of Danish investors and overall, 15 accounts participated in the transaction. The largest share of the allocated amount was distributed between Asset & Fund Managers (76%), PF / INS (15%) and Banks (8%)
- This successful transaction highlights both a well-thought-out market timing and the strength of Borgo's name among Nordic investors

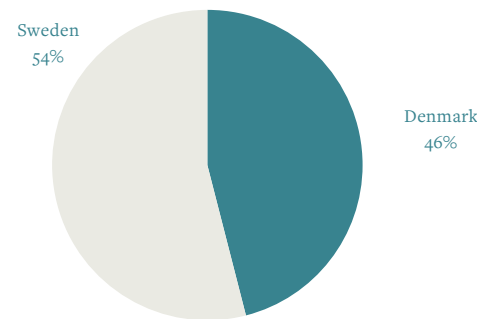
# COMBINED SEK 3BN TAP COVERED BOND FRN NOTES DUE MAY 2028 & JAN 2026

Issued  
Sep 12th  
2023

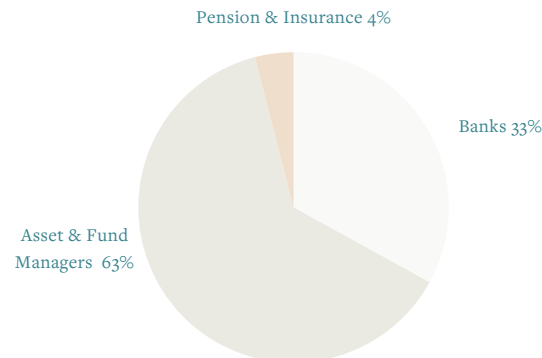
## Timeline (CEST)



## Allocations – Geography



## Allocations – Investor type



Final books above SEK 5.2bn

10 accounts participating

## Key terms at pricing

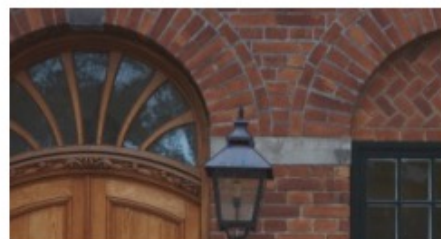
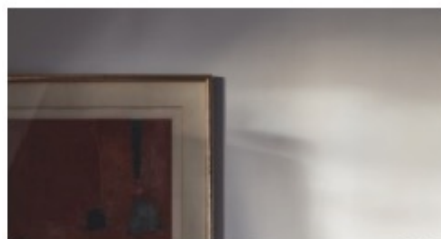
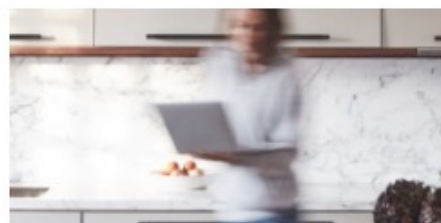
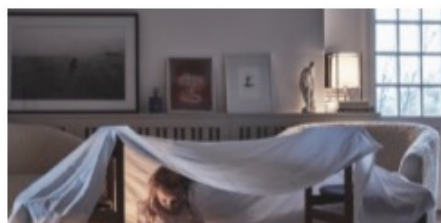
Borgo AB ("Borgo")		
Issuer	Borgo AB ("Borgo")	
Issuer Rating	Aaa by Moody's	
Format	Mortgage Covered Bond / Reg S Bearer	
Trade Date	12 September 2023	
Settle Date	19 September 2023 (T+5)	
Tranche	Tap of May 2028	Tap of January 2026
Maturity Date	26 May 2028	12 January 2026
ISIN	SE0013361078	SE0013105376
Issue Size	SEK 2.5bn	SEK 500m
Reoffer	3m Stibor +81 bps / 100.520%	3m Stibor +49 bps / 100.198%
Coupon	3m Stibor +93 bps	3m Stibor +58 bps
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 50,000,000,000 Medium Term Notes and Covered Bond Programme dated 24 January 2023 and supplemented by supplements dated 28 February, 2 June and 31 August 2023	
Lead Managers	Danske Bank, <b>Nordea</b> , SEB	

## Transaction overview

- 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 11th of September, Borgo announced their intention to tap their Covered Bond FRN due 26th May 2028, taking the total issue size to SEK 6bn and potential tap of the Covered Bond FRN due 12th January 2026
- On the back of stable market sentiment and positive investor feedback with strong IOIs, Borgo opened books on the day following the announcement. Guidance for the May 28' tap was set in the area of 3mS +80-83bps (WPIR) together with an expected deal size of SEK 2.5bn. The Jan 28' tap was simultaneously priced in a private placement format of SEK 500m at 3mS+49bps (C+31)
- Investor demand was strong and roughly one hour after books opened, the orders amounted to SEK 3.8bn (excl. JLMs)
- 20 minutes after the first update, the strong demand was demonstrated further as books grew above SEK 5.1bn (excl. JLMs) and subsequently the spread was set in the tighter area of the guidance at 3mS+81bps (C+35)
- The transaction attracted a diverse investor community with the interest emerging from Sweden (54%) and Denmark (46%) and overall, 10 accounts participated in the transaction. The largest share of the allocated amount was distributed between Asset & Fund Managers (63%), Banks (33%) and Pension Funds & Insurance (8%)
- This successful transaction highlights both a well-thought-out market timing and the strength of Borgo's name among Nordic investors

# 5-YEAR SEK 1.05BN FLOATING RATE COVERED BOND NOTES DUE JUNE 2029

Issued  
June 3rd  
2024



Issuer	Borgo AB ("Borgo")
Issuer Rating	Aaa by Moody's
Format	Mortgage Covered Bond
Trade Date	22 May 2024
Settle Date	3 June 2024 (T+8)
Maturity Date	4 June 2029 (Extendable to the 4 June 2030)
ISIN	SESE0021512951
Issue Size	SEK 1.05bn
Reoffer	3m Stibor +61 bps / 100.000%
Coupon	3m Stibor +61 bps
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 50,000,000,000 Medium Term Notes and Covered Bond Programme dated 19th January 2024 and supplemented 7th of March 2024
Lead Managers	SEB

## Key insights



## Transaction overview

- 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 2024, a couple of investors expressed interest to invest in a new 5-year Covered bond from Borgo.
- Following a stable market back drop and constructive investor dialogues, Borgo decided to act on the interests shown and issue a new SEK 5-year FRN Covered bond.
- In total, 3 individual investors participated at a reoffer spread of 3mS+61bps for a total volume of SEK 1.05bn.

# AGENDA

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# COVER POOL

## A HIGH QUALITY, LOW-RISK LOAN PORTFOLIO

### Borgos mortgage portfolio

- As per June 30, 2024, total mortgage loan volume was SEK 26,252m, consisting of 27,079 loans split by 22,993 clients with an average loan size of SEK 983m per household
- The portfolio is of high quality with an average LTV of 57.7%
- A majority of the portfolio (76.2%) is on a floating rate (0-3 months)
- The portfolio is dominated by exposures in the Stockholm region with 32.8% of the total mortgage portfolio

### Key characteristics of outstanding covered bonds

Outstanding issues in SEK (total: SEK 21,396m)

<b>SE0017232366 (ISIN)</b> <b>SEK 296m</b>	<ul style="list-style-type: none"> <li>• Settlement date: 2020-05-12</li> <li>• Maturity: 2025-05-12</li> <li>• Coupon: 4.320</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: 4.249</li> <li>• Fixed/Floating: Floating</li> </ul>
<b>SE0013360724 (ISIN)</b> <b>SEK 6,050m</b>	<ul style="list-style-type: none"> <li>• Settlement date: 2022-03-30</li> <li>• Maturity: 2027-06-30</li> <li>• Coupon: 4.215</li> <li>• Fixed/Floating: Floating</li> </ul>
<b>SE0013105376 (ISIN)</b> <b>SEK 2,000m</b>	<ul style="list-style-type: none"> <li>• Settlement date: 2023-04-12</li> <li>• Maturity: 2026-01-12</li> <li>• Coupon: 4.582</li> <li>• Fixed/Floating: Floating</li> </ul>
<b>SE0013361078 (ISIN)</b> <b>SEK 6,500m</b>	<ul style="list-style-type: none"> <li>• Settlement date: 2023-05-26</li> <li>• Maturity: 2028-05-26</li> <li>• Coupon: 4.701</li> <li>• Fixed/Floating: Floating</li> </ul>
<b>SE0021512951 (ISIN)</b> <b>SEK 1,050m</b>	<ul style="list-style-type: none"> <li>• Settlement date: 2024-06-03</li> <li>• Maturity: 2029-06-04</li> <li>• Coupon: 4.363</li> <li>• Fixed/Floating: Floating</li> </ul>

### Cover pool overview (June 30, 2024)

<b>Credit rating</b>	Aaa rated by Moody's
<b>Included assets</b>	SEK 26,252m (including SEK 150m substitute assets)
<b>Over-collateralisation</b>	21.3% (nominal)
<b>Type of collateral</b>	100% residential mortgages
<b>Cover pool items</b>	<ul style="list-style-type: none"> <li>• Number of loans 27,079</li> <li>• Number of clients 22,993</li> <li>• Number of properties 14,546</li> <li>• Average loan size TSEK 983</li> </ul>
<b>Regional distribution</b>	Stockholm 32.8% (loan volume SEK 8,552m)
<b>Repayments</b>	<ul style="list-style-type: none"> <li>• Interest only 38.2% (SEK 9,977m)</li> <li>• Amortizing 61.8% (SEK 16,125m)</li> </ul>
<b>Interest rate type</b>	<ul style="list-style-type: none"> <li>• Floating 76.2% (SEK 19,880m)</li> <li>• Fixed 23.8% (SEK 6,222m)</li> </ul>
<b>LTV levels (mortgage assets)</b>	<ul style="list-style-type: none"> <li>• 70-75%: SEK 402m (2% of volume)</li> <li>• 60-70%: SEK 1,316m (5% of volume)</li> <li>• 50-60%: SEK 2,155m (8% of volume)</li> <li>• ≤ 50%: SEK 22,228m (85% of volume)</li> <li>• WALTV: 57.7%</li> </ul>
<b>Loans past due</b>	SEK 190m

# GEOGRAPHICAL DISTRIBUTION IN THE COVER POOL

## Q2 2024

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Regional distribution	Loan Volume, MSEK	Loan Volume, %
Greater Stockholm	8,552	33%
Greater Gothenburg	1,978	8%
Greater Malmoe	3,266	13%
South Sweden	6,090	23%
West Sweden	2,894	11%
North Sweden	1,024	4%
East Sweden	2,298	9%
Outside Sweden	0	0%
<b>Sum</b>	<b>26,102</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 Q2

## 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

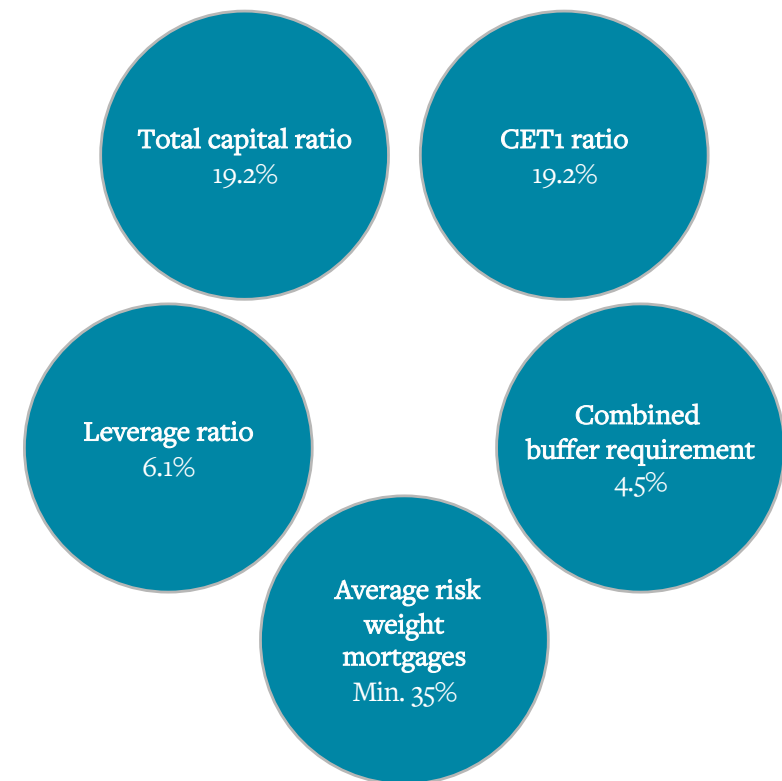
#### Regulatory changes in the risk weight calculation

- 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 Q2 2024



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

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# ESG

## IMPLEMENTING STRATEGIC PILLARS INTO DAY-TO-DAY ACTIVITIES

### FROM STRATEGY TO IMPLEMENTATION

#### 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

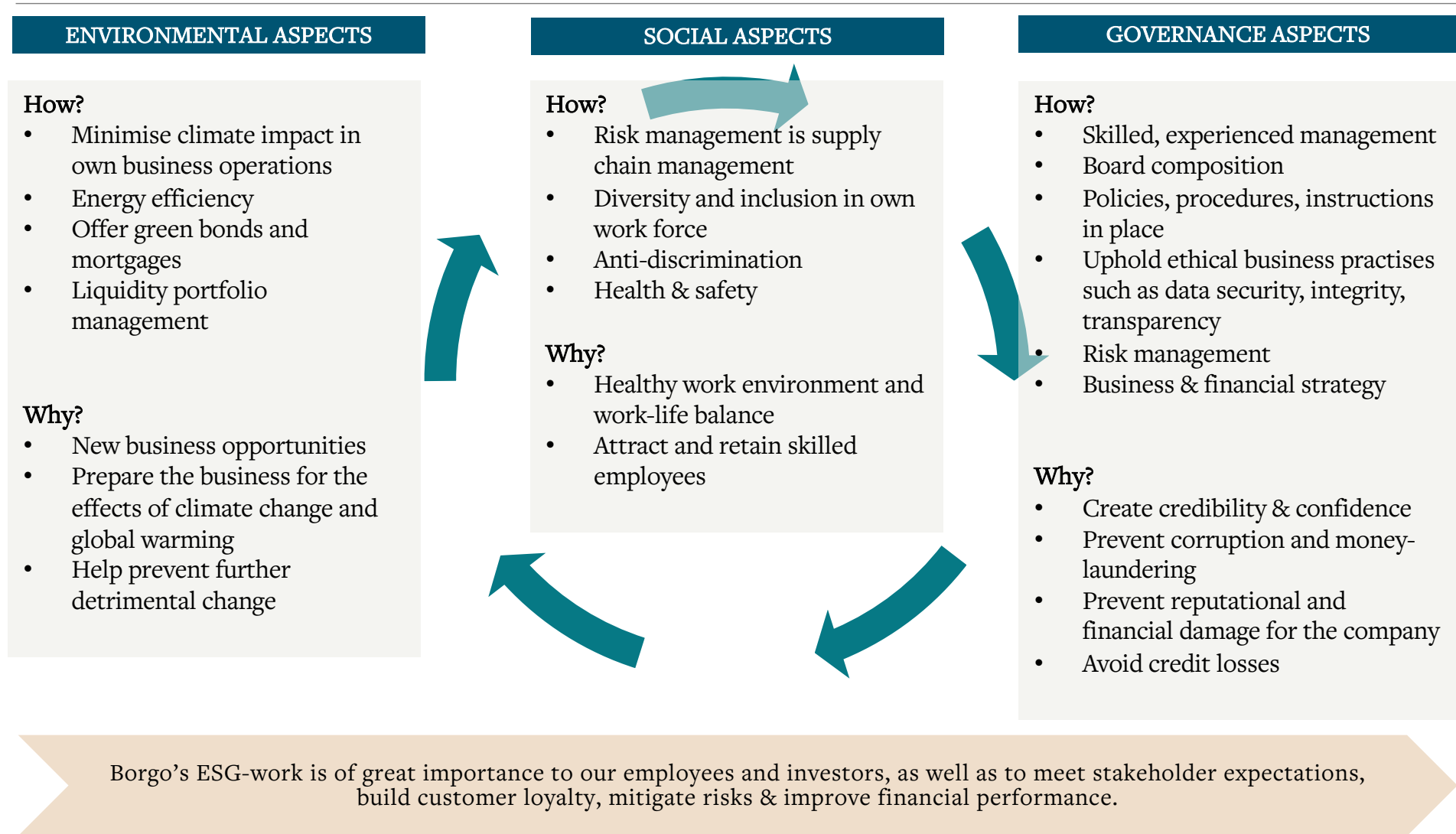
- Borgo presented its first Sustainability Report for 2022 in 2023, produced in accordance with the TCFD. Following Sustainability Reports will also use GRI (Global Reporting Initiative) and PAI (Principal Adverse Impact)

#### 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 2024, and launch green mortgages in 2024/25

# ESG

## ESG IS HIGHLY RELEVANT FOR BORGO



# 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

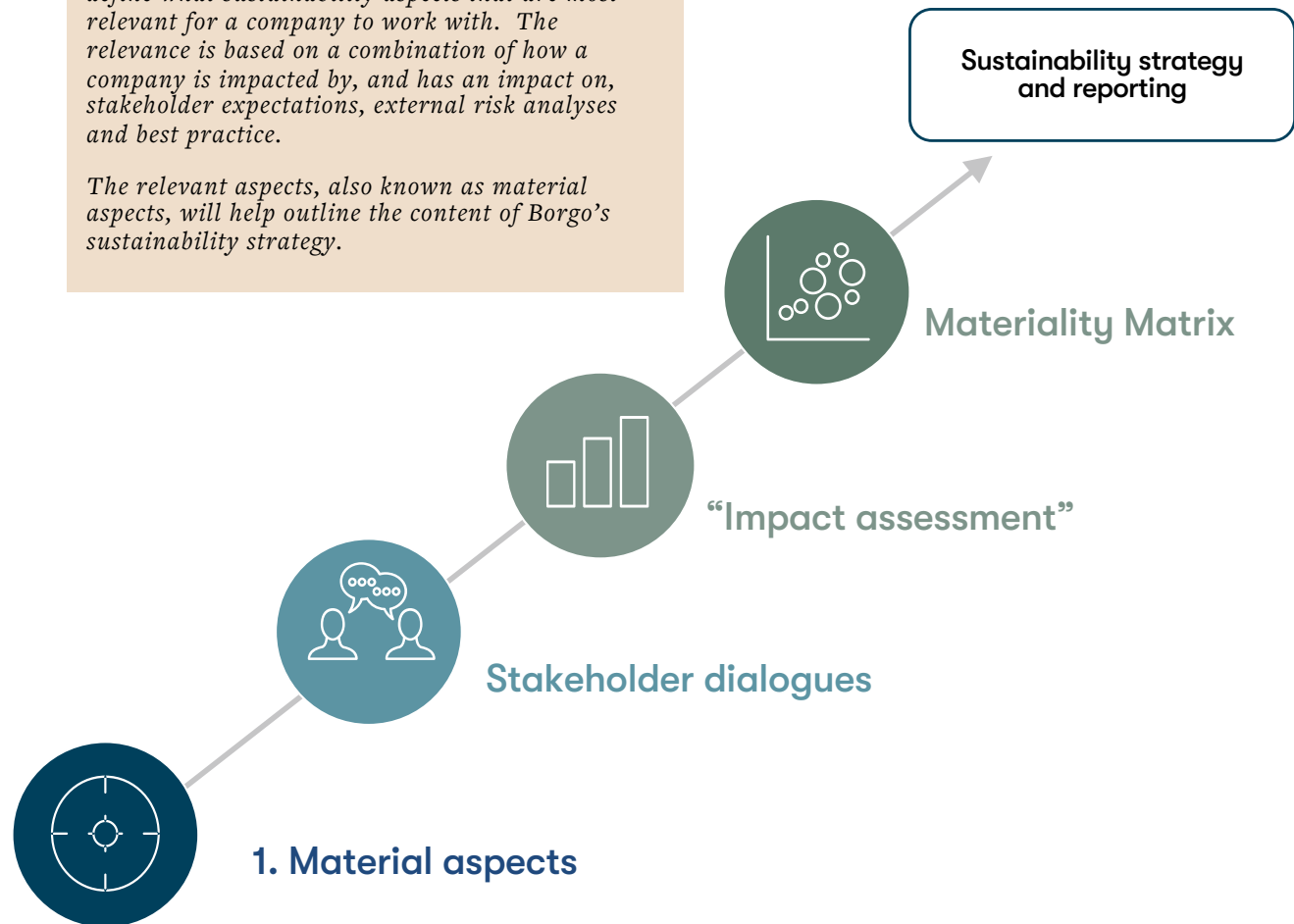
# ESG

## 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

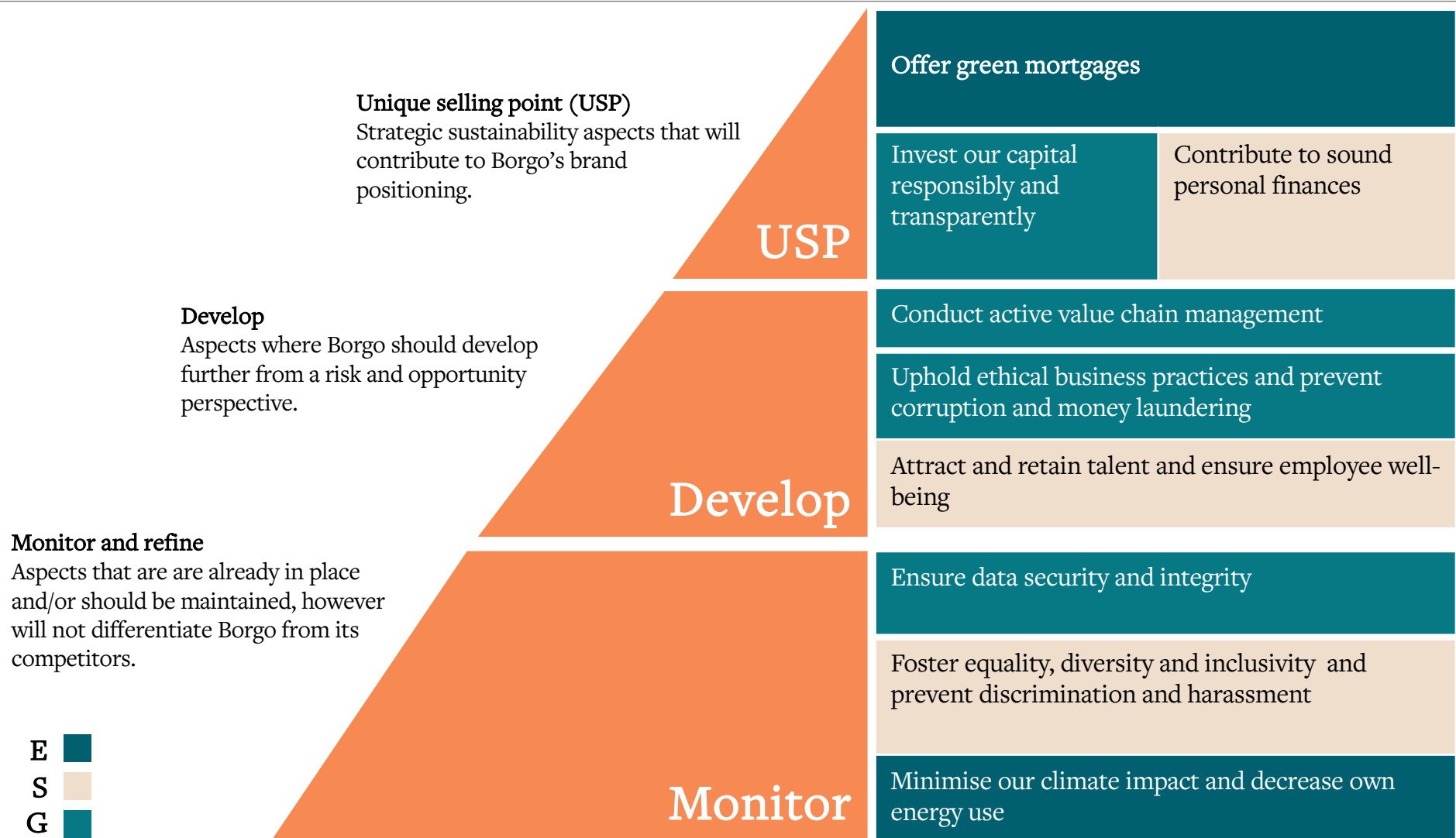
*The double materiality assessment is the method to define what sustainability aspects that are most relevant for a company to work with. The relevance is based on a combination of how a company is impacted by, and has an impact on, stakeholder expectations, external risk analyses and best practice.*

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



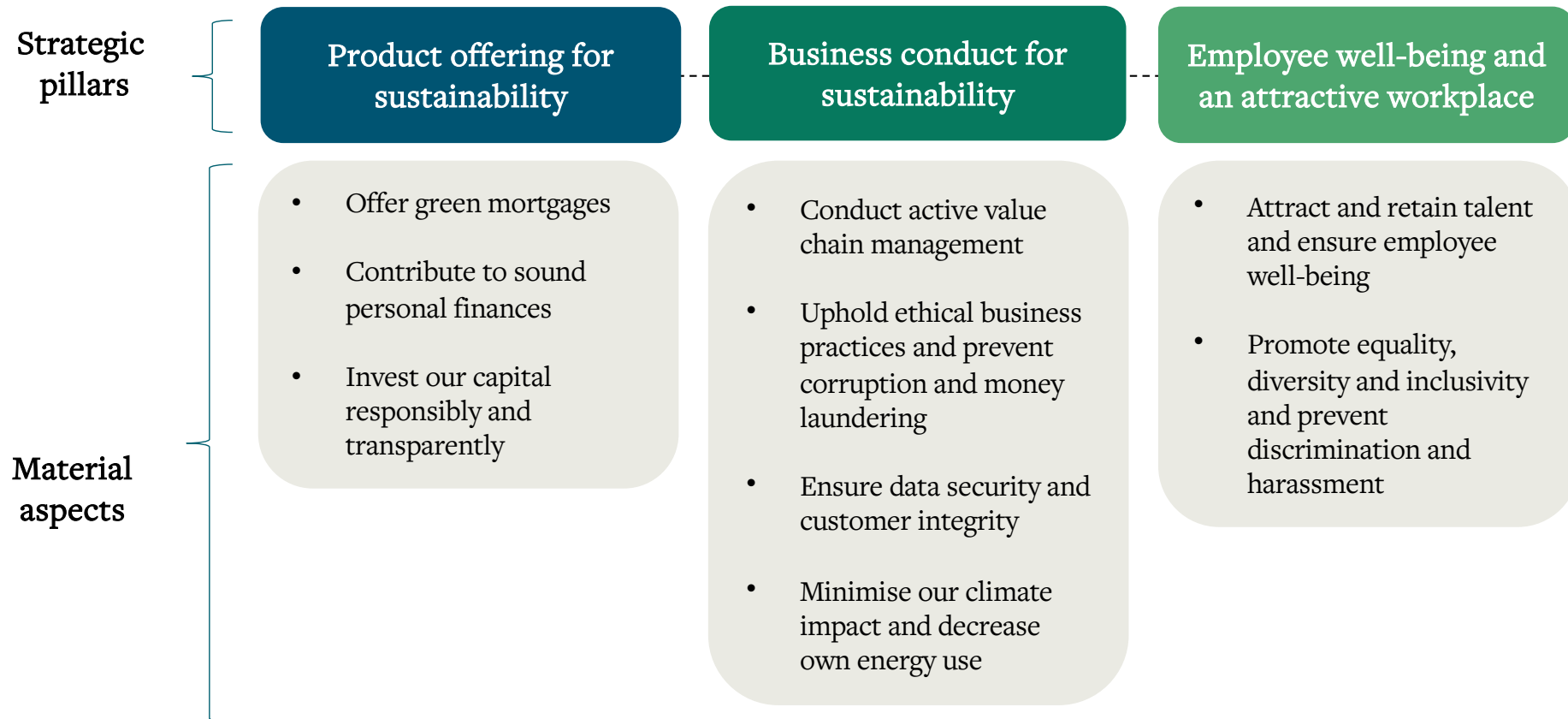
# ESG

## 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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