



## INVESTOR PRESENTATION

Financial information as of Q1 2025

Updated 2025-06-04

# TABLE OF CONTENTS

---

1. INTRODUCTION TO BORGO

2. BUSINESS MODEL

3. FINANCIAL UPDATE

4. ASSET QUALITY

5. FUNDING AND LIQUIDITY

6. CONTACTS



---

# 1. INTRODUCTION TO BORGO

# BORG0 IN SHORT

- Borgo is a Swedish mortgage company
- Originating & financing Swedish mortgages
- Lending via distribution partners
- Funding via covered bonds, senior bonds and retail deposits
- Owned by ICA Banken, Ikano Bank, Söderberg & Partners, Sparbanken Syd, Lån & Spar and Ålandsbanken, as well as several financial investors

**ICA** Banken

**IKANO**  
BANK

Sparbanken Syd

 Söderberg  
& Partners

**ÅLANDSBANKEN**

Total assets:  
SEK 45,5bn

Lending:  
SEK 36,2bn

Credit losses:  
0,01%

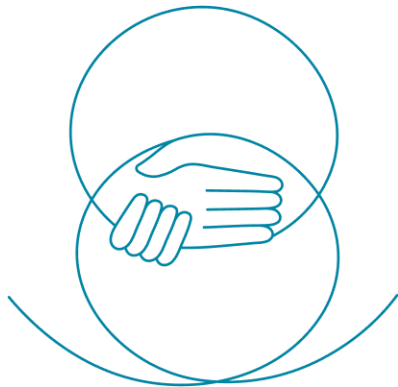
Retail deposits:  
SEK 12bn

Customers:  
~23 000

CET1 ratio:  
20.2%

# OWNERS

- Strategic owners
  - Act as distribution partners
  - Providing access to a nationwide network
- Financial investors
  - Borgo as a financial investment
- Securing strong capitalization and long-term commitment



**IKANO**  
**BANK**

~23%

**ICA Banken**

~20%

 Söderberg  
& Partners

~12%

**ÅLANDSBANKEN**

~8%

Sparbanken Syd

~4%

Lån & SparBank

~4%

Financial investors

~29%

---

## 2. BUSINESS MODEL: THE BORGO WAY

Borgo

# STRAIGHT FORWARD BUSINESS MODEL

---

- Mortgage lending to Swedish homeowners
- Distribution via some of Sweden's strongest consumer brands
- Lending only SEK
- Lending only through owners
- Conservative underwriting standards
- Digital business
- No corporate lending
- No handling of cash
- No international business

## Distribution

- Partnering with strong names
- Extensive network
- Strategic owners

## In-house origination

- Mortgage lending to Swedish homeowners
- Business only in SEK
- Digital process

## Funding and risk-mitigation

- Retail deposits
- Wholesale funding
- Interest rate risk

# THE BORGO WAY

---

- Borgo is characterised by a flat organization and short chain of command
- Large part of the operation is outsourced to Ålandsbanken and its subsidiary Crosskey
- Borgo focused on managing the core business:
  - Loan origination
  - Retail & wholesale funding
  - Capital structure
  - Risk management
- Lending is distributed via partners, but credit decisions are made in-house
- Deposits are handled both via distribution partners and via the Borgo brand

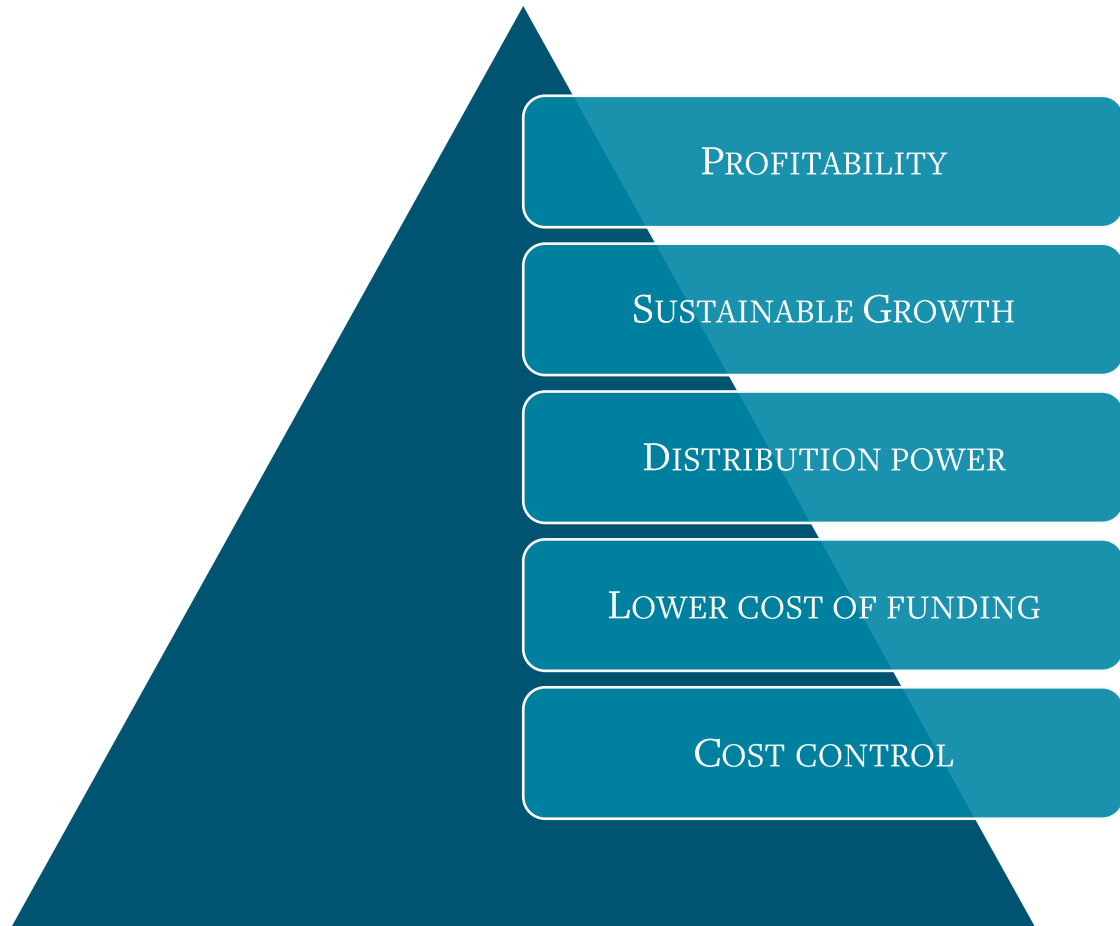




# ROADMAP TO PROFIT

---

- Modern setup
- Efficient execution
- Economies of scale



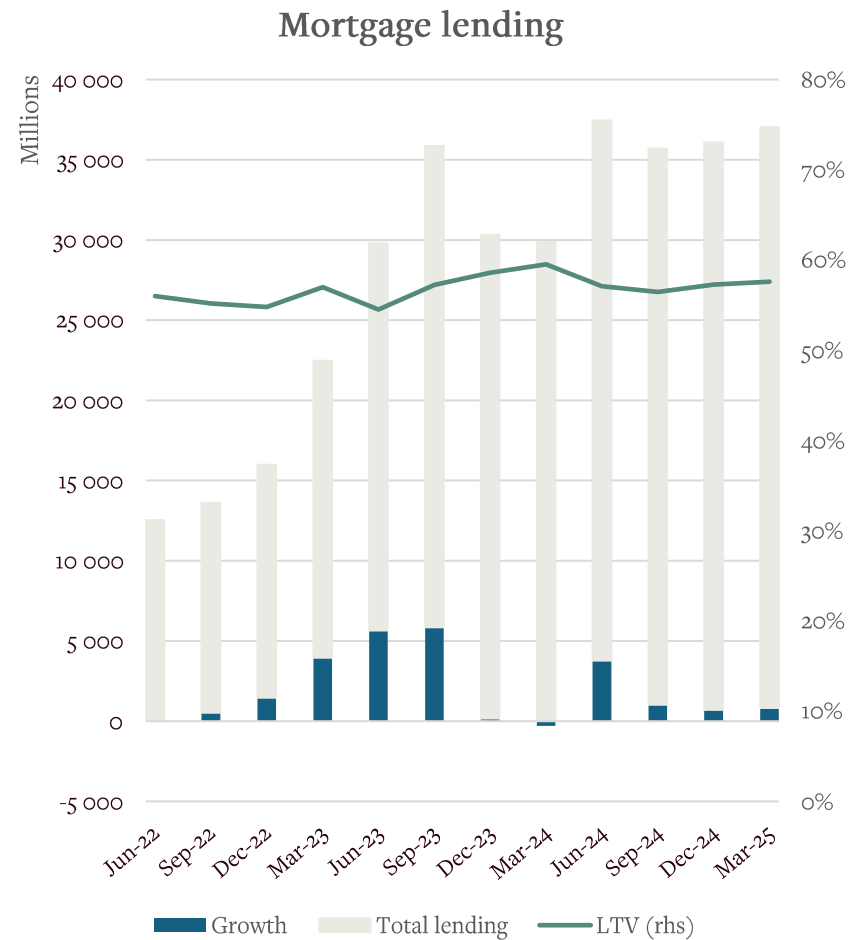
---

### 3. FINANCIAL UPDATE

Borgo

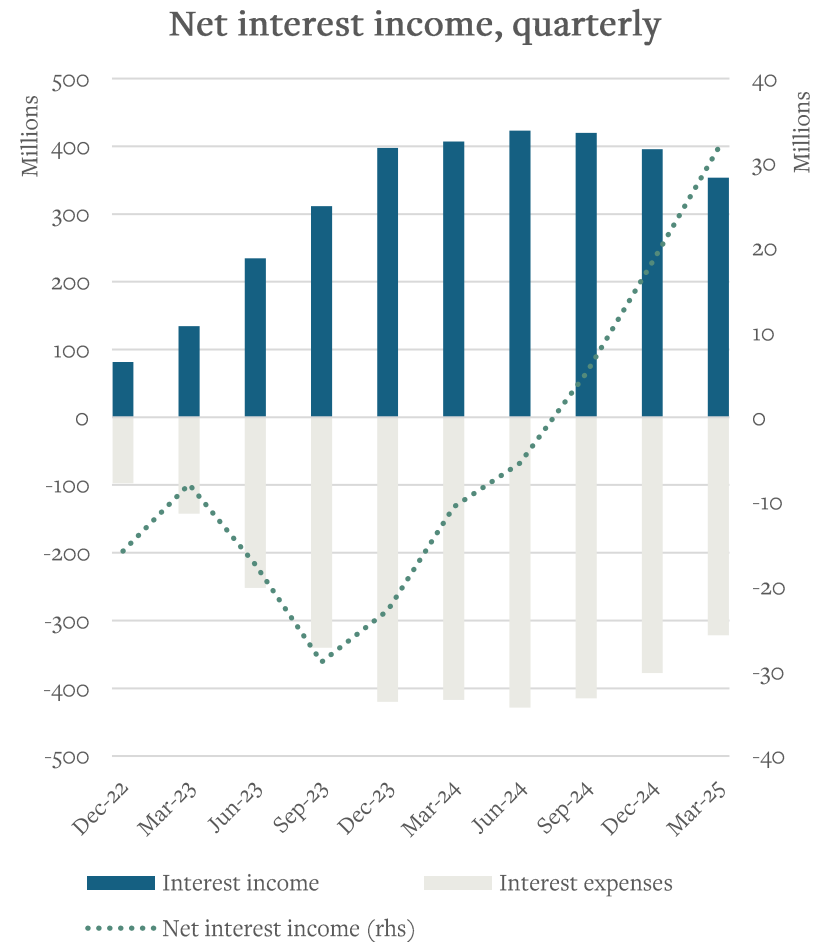
# SUSTAINABLE GROWTH

- Nation-wide distribution
- Competitive pricing
- Conservative underwriting standards
- Risk-adjusted pricing matrix



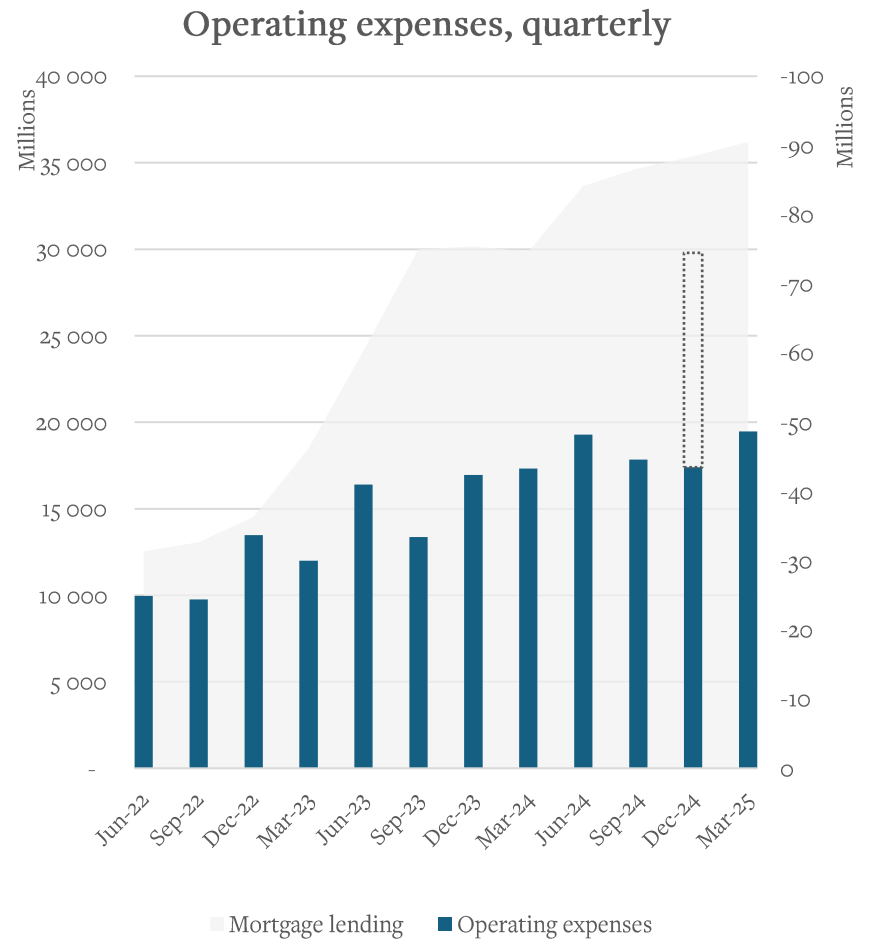
# INCREASING NET INTEREST INCOME

- Improving net interest income
- Lower cost of funding
- Increasing mortgage volumes
- Diluting expensive funding



# CURBING OPERATIONAL EXPENSES

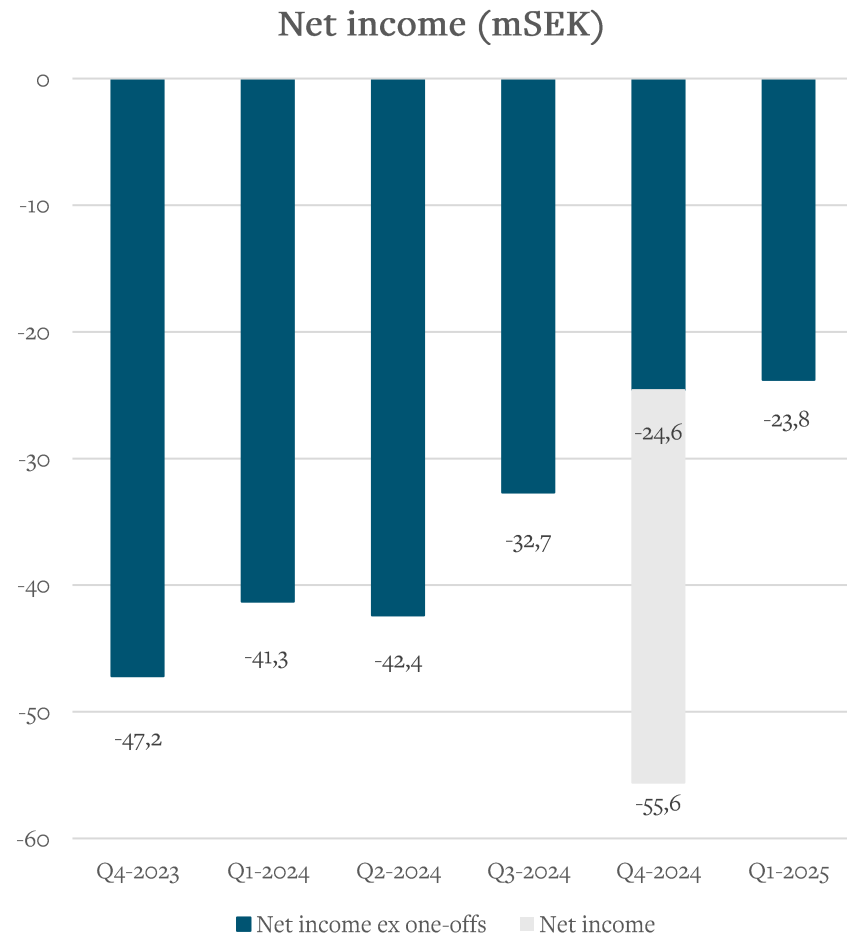
- Scalability is key
- Focus on cost control
- Managed to keep expenses stable despite balance sheet growth
- Some SEK 31m One-offs taken in Q4 2024



\*Adjusted for SEK 31m one-off expenses in Q4 2024

# IMPROVED NET INCOME

- Net income loss for the 1st quarter
- Some 31m one-off expenses in Q4 2024
- Accounting for one-offs



# BORGGO KEY FINANCIALS

- Growing balance sheet
- Strong base of equity
- Increasing income
- Improving net interest income
- Risk-metrics on healthy levels
- One-off costs in Q4 2024

Income statement	Q1 2025	Q4 2024	Q1 2024
Interest income	354	396	407
Interest expenses	-322	-377	-417
Net interest income	32	18	-11
Net income*	-24	-56	-41

Balance sheet	Q1 2025	Q1 2024	Change
Mortgage lending	36 207	29 873	21%
Retail deposits	12 074	9 968	21%
Wholesale funding	29 861	24 851	20%
Equity	2 604	2 226	17%

Asset quality	Q1 2025	Q1 2024
Loan-to-value (LTV)	57.6%	59.5%
Credit losses	0.00%	0.00%

Liquidity measures	Q1 2025	Q1 2024
LCR	1062%	372%
NSFR	111%	112%

\*Net income Q4 2024 include 31mkr one-off expenses

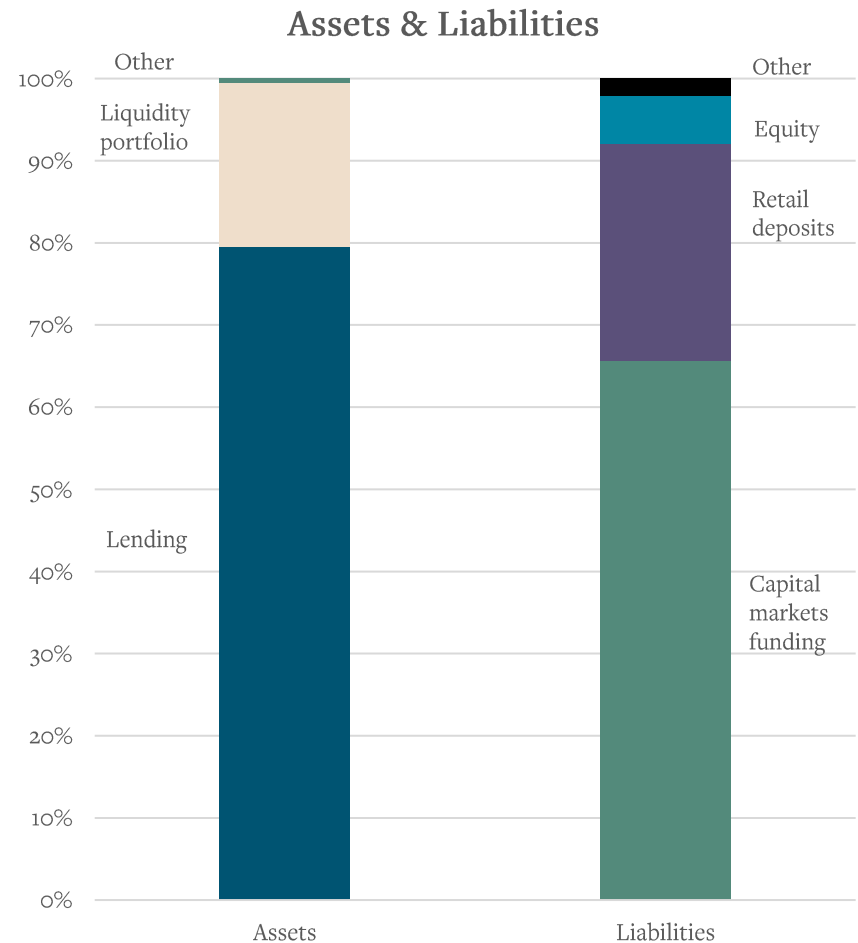
# WHAT YOU SEE IS WHAT YOU GET

## Assets

- Lending
- Liquidity portfolio

## Liabilities

- Capital markets funding
- Retail deposits
- Equity





# POSITIONED FOR GROWTH

- Capital metrics are positioned for growth
- Buffer covering future needs of capital
- Committed owners with a strategic and long-term horizon

Metric	Value
Total capital ratio*	20,2%
CET1 ratio*	20,2%
Leverage ratio	4,9%
Solidity	5,7%

\*Introduction of Basel 4 is expected to increase capital ratios



---

## 4. ASSET QUALITY

Borgo

# LENDING AT BORGO

---



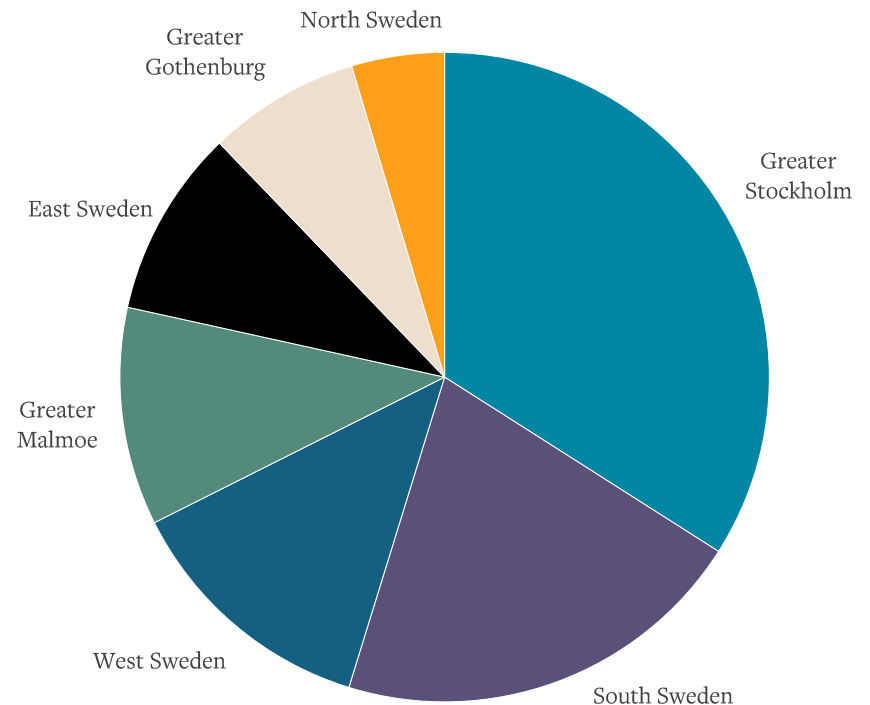
- Lending only to homeowners
- Swedish mortgages
- Digital process
- Mainstreet underwriting standards
- KALP stress-tested at 6%
- All loans secured by a first ranking pledge
- Quarterly revaluation of all properties
- Competitive pricing to support growth
- Risk-adjusted pricing model

# ASSET DISTRIBUTION

---

- Skewed towards the more densely populated areas of Sweden, such as Stockholm and Southern Sweden
- Representing the customer base of the distributors
- Distribution broadens as we grow
- Single family housing: 63%
- Tenant owner rights: 37%

Regional distribution



# COVER POOL

---

Metric	Value
Collateral:	100 percent Swedish mortgages
Property type:	Residential properties only
Cover pool size:	MSEK 31 552
Outstanding covered bonds:	MSEK 25 946
Number of borrowers:	27 308
Average loan size:	SEK 970 825
Loan-to-value (indexed):	57,6 %
Over-collateralisation:	20,5 %
Floating rate (0-3 months):	79,9 %
Fixed rate (>3 months):	20,1 %
Weighted average seasoning:	3,3 years
Pool type:	Dynamic
Rating:	Aaa by Moody's

---

## 5. FUNDING & LIQUIDITY

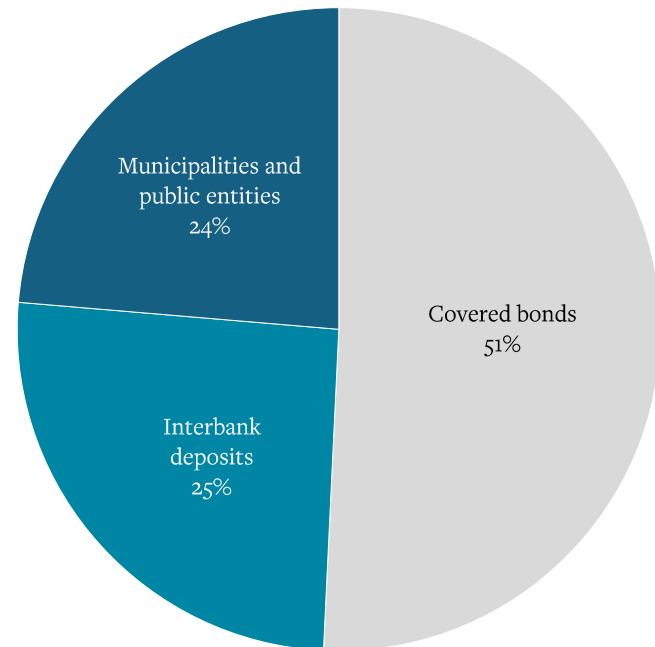
Borgo

# SAFEGUARDING OUR LIQUIDITY

---

- Buffer of liquid assets to cover regulatory demands and business needs
- Portfolio of high-quality liquid assets (HQLA), eligible as collateral at Riksbanken or with the ECB
- LCR: 1062%
- NSFR: 111%
- All cashflows in Stibor3m to match liabilities

Liquidity portfolio

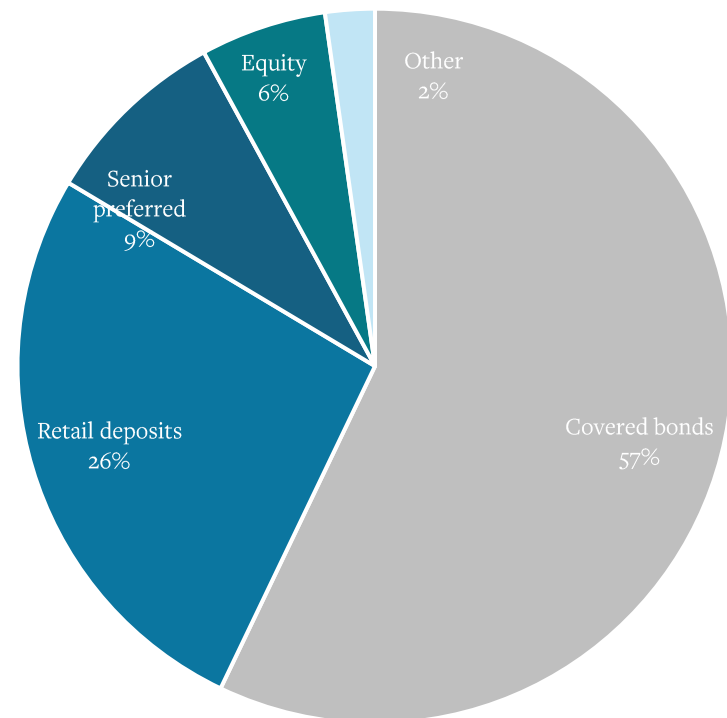


# FUNDING STRATEGY

---

- Covered Bonds
  - The cornerstone of our funding strategy
  - Cost-efficient and reliable funding source
- Retail Deposits
  - Stable and granular funding base, enhancing resilience during periods of market stress
  - Strengthens funding diversification
- Senior Preferred
  - Senior preferred instruments offer flexibility and supports our credit rating via the LGF-metric
- Equity
  - A robust equity base underpins our creditworthiness and ensures compliance with regulatory capital requirements
- Other Funding
  - Reflects the nature of our business and includes received collateral, customer receivables, and tax-related assets

Sources of funding

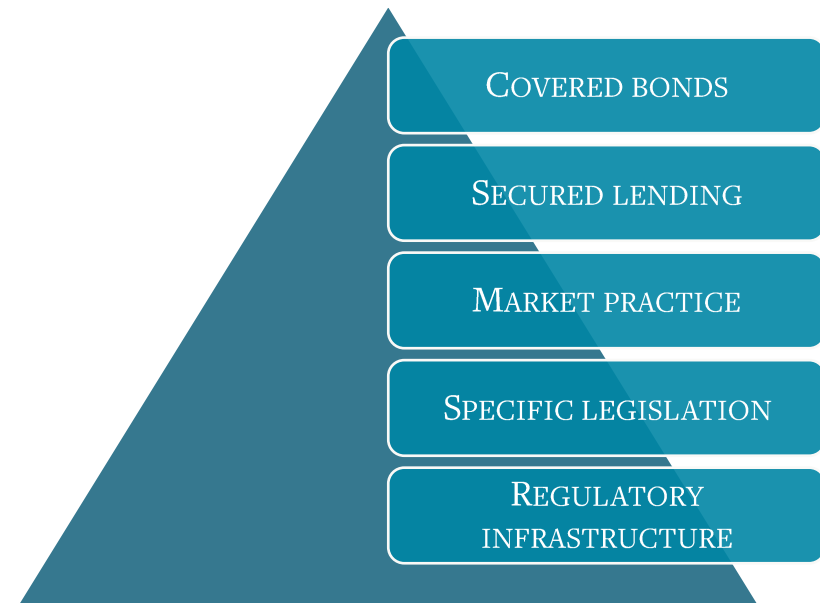




# THE SWEDISH MORTGAGE MARKET

---

- Robust infrastructure
  - Sweden's regulatory system provides a strong and reliable foundation for secured lending and financing. Built on well-established legislation aligned with EU directives, it ensures legal certainty and robust investor protection
- Comprehensive Legislation
  - The legal framework seamlessly governs the transition from secured lending to secured financing. This process is underpinned by transparent and well-defined procedures
- Established Market Practice
  - Market participants operate under well grounded practices, supported by strong institutions and regulatory oversight. This contributes to a high degree of predictability and efficiency
- Low Credit Risk Environment
  - Sweden's economy is characterized by strong macroeconomic fundamentals, prudent fiscal policies, and a resilient banking sector. Coupled with conservative underwriting standards, this creates a low-risk environment



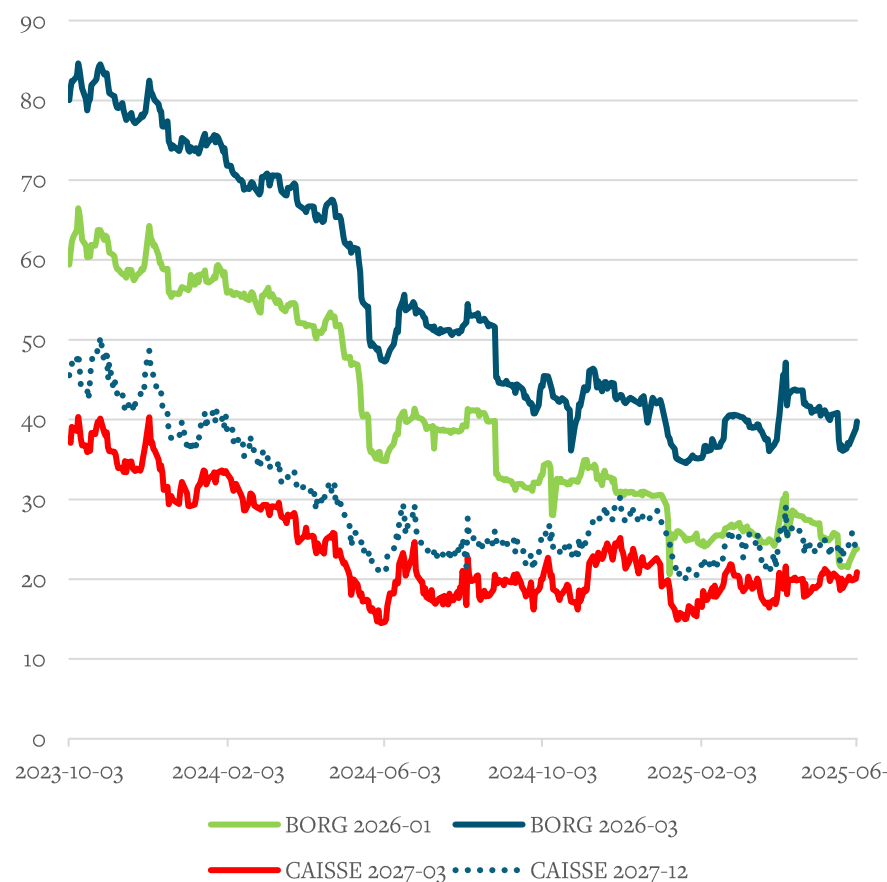
# DEBT MANAGEMENT FRAMEWORK

---

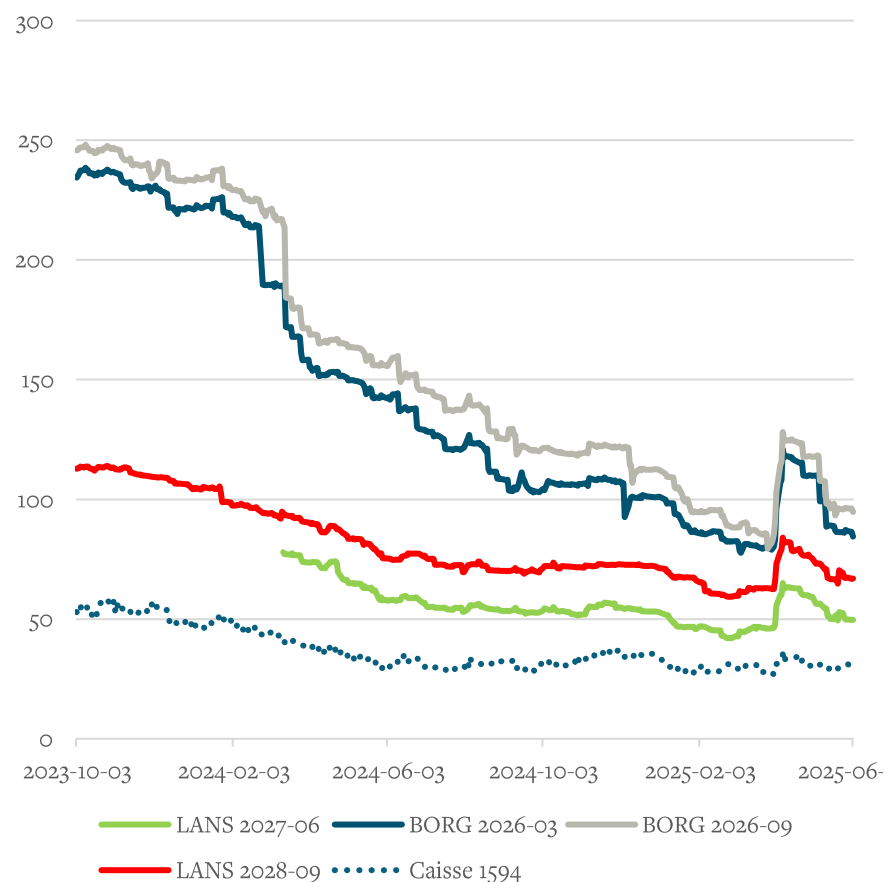
- Focus on reducing long-term funding costs
  - We are committed to continuously optimizing our funding structure with the goal of lowering the cost of funding. This includes proactive market engagement and maintaining a strong credit profile to ensure access to competitive pricing
- Covered bonds as the main source of funding
  - Covered bonds remain our primary source of funding due to their efficiency, investor appeal, and alignment with our asset structure.
- Commitment to transparency
  - We strive to maintain a high level of transparency in all aspects of our funding strategy. Regular updates, clear communication, and accessible information are central to fostering trust with our counterparties
- Recurring issuer
  - Our ambition is to become a recurring and reliable issuer in the capital markets. By maintaining a predictable and transparent issuance pattern, we aim to build long-term relationships with investors and strengthen our market reputation
- Long-term strategic commitment
  - Our debt management approach is guided by a long-term perspective. We are dedicated to maintaining financial stability, supporting sustainable growth, and ensuring that our funding strategy aligns with our objectives

# REDUCED SPREAD TO PEERS

## Historical spreads - Covered bonds

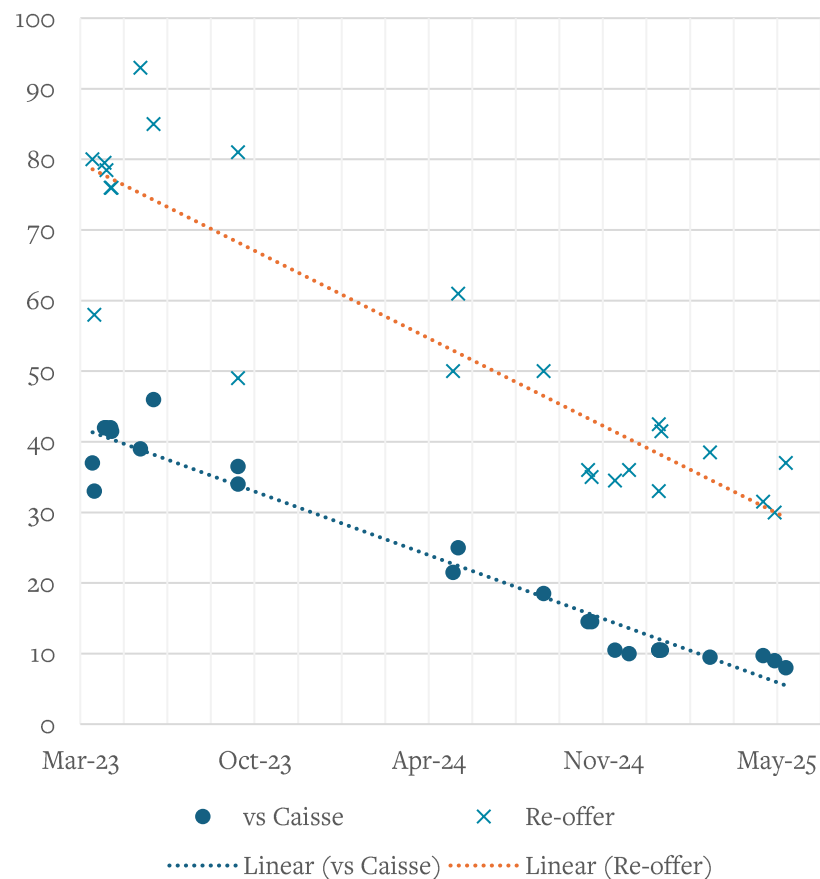


## Historical spreads - Senior bonds

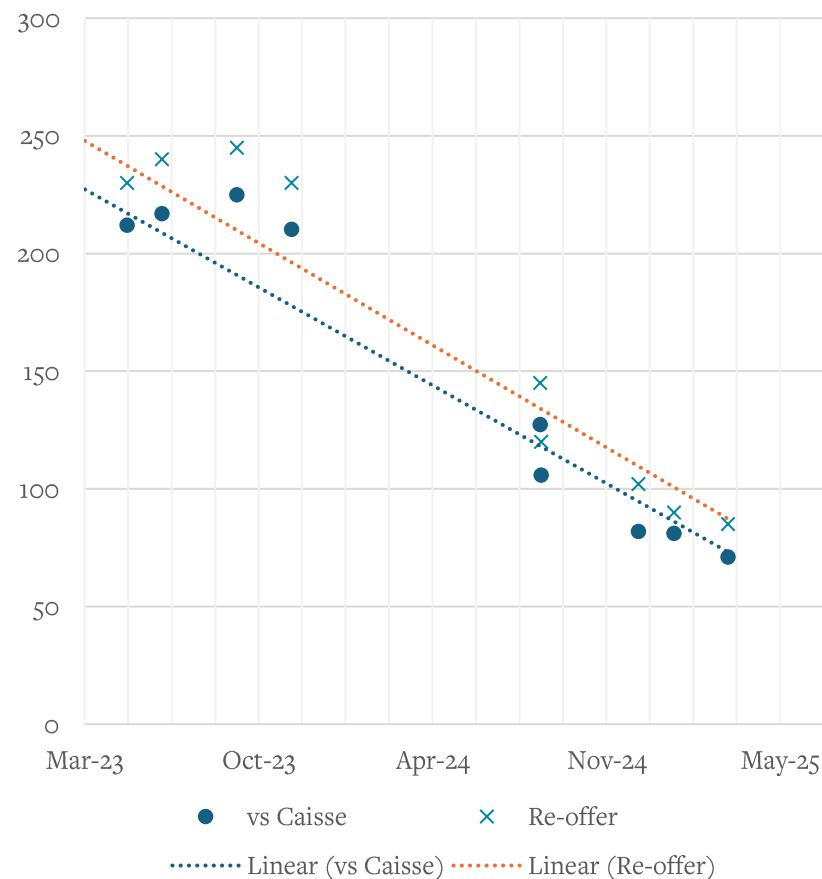


# NEW ISSUANCE AT LOWER SPREADS

## Covered bonds vs Caisse



## Senior preferred vs Caisse

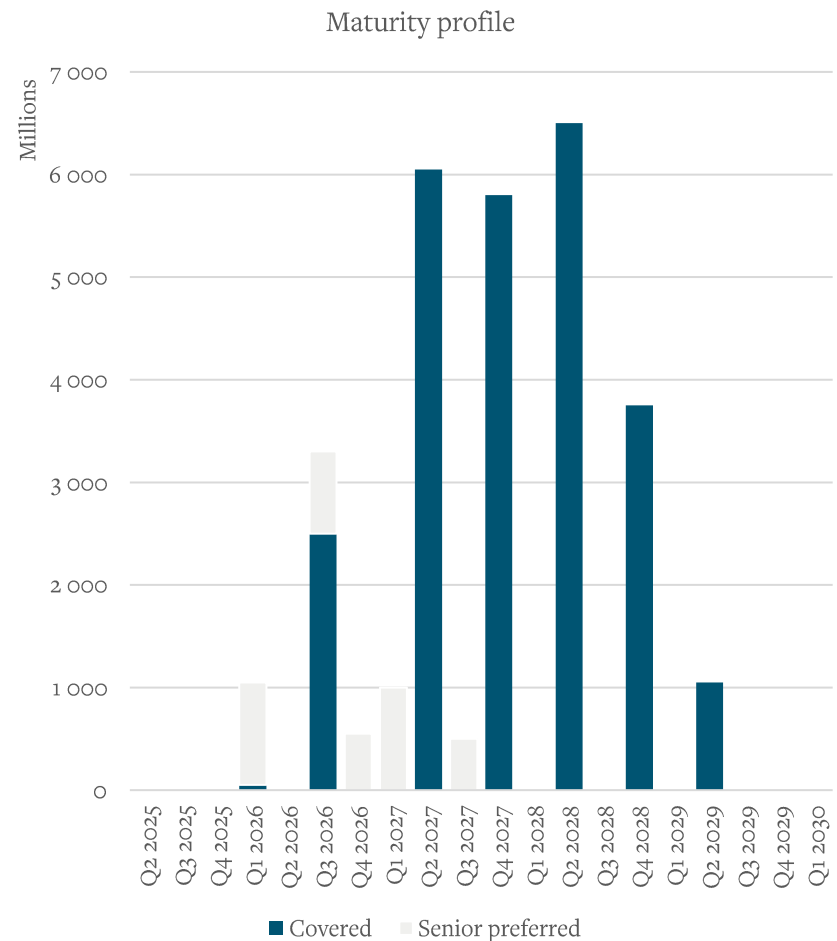


# FUNDING PLAN

- In 2025, the focus will be on financing the company's organic growth and managing upcoming debt redemptions
- Covered bond issuance will be skewed toward shorter maturities
- The volume of unsecured funding will be guided by rating agency requirements and the development of retail deposit inflows

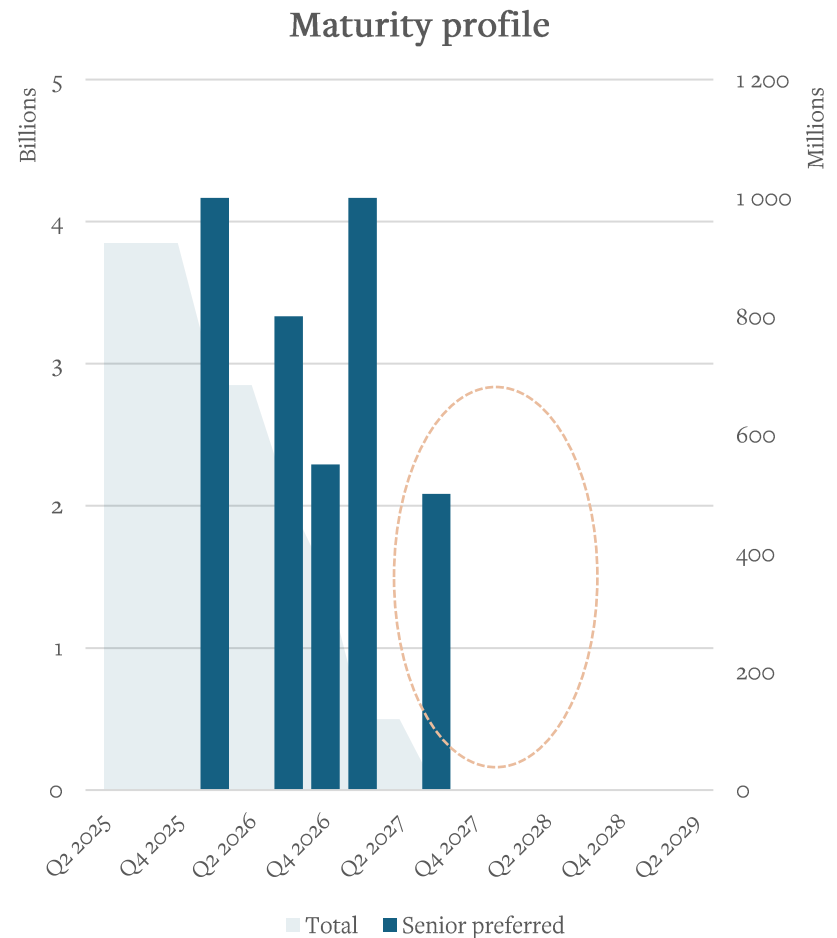
## Bonds outstanding:

Senior preferred	~4 bn
Covered bonds	~26 bn
<b>Total</b>	<b>~30 bn</b>



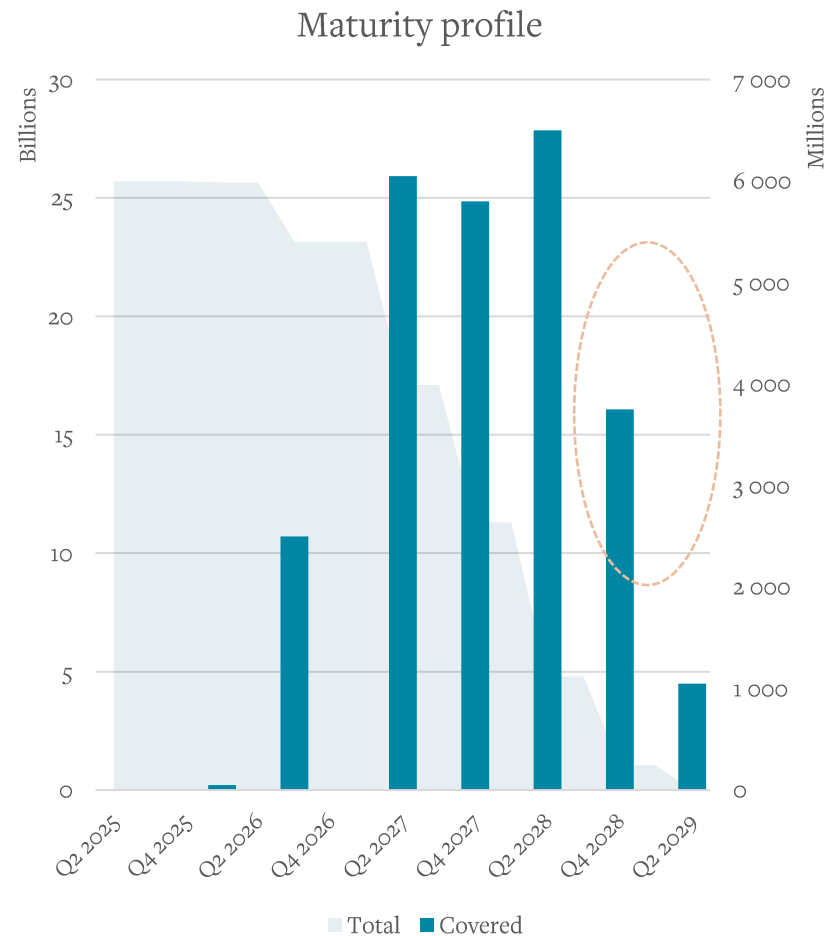
# SENIOR PREFERRED

- Senior debt needed to comply with Moody's Loss Given Default (LGF) metric
- Preferred tenor 2-3 years
- FRN or Fixed
- Preferred size SEK 250-750m
- Smaller redemptions help reduce the impact when the bond is due
- Currently SEK ~4 bn outstanding
- SEK 654m matured in February 2025
- Estimated need for 2025: SEK ~0,5 bn

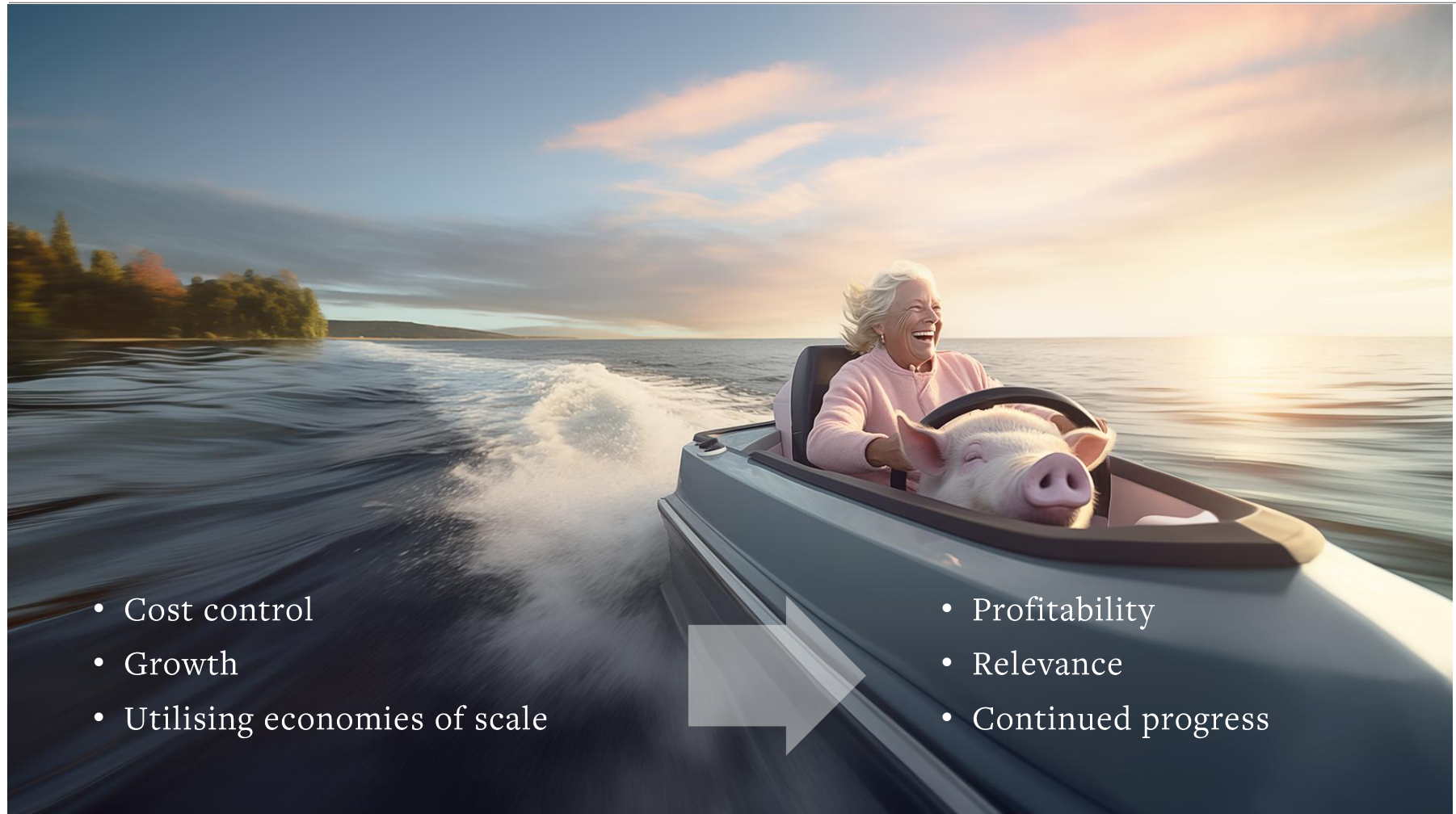


# COVERED BONDS

- The main source of funding together with retail deposits
- Aaa Covered bonds rating by Moody's
- Preferred tenor 3-5 years, FRN or Fixed
- Preferred tap size SEK 250-750m
- Private placements or syndicated trades when suitable, focused on Lvl 2 or Lvl 1
- Currently ~26 bn outstanding
- SEK 296m matured in May 2025
- Estimated need for 2025: SEK 3-7 bn



# PLANS GOING FORWARD



- Cost control
- Growth
- Utilising economies of scale

- Profitability
- Relevance
- Continued progress



---

## 6. CONTACTS

Borgo

# CONTACT BORGO'S TEAM

---

Gustav Berggren, CEO

Pehr Olofsson, CFO

Karl Aigéus, Head of Treasury

072-648 00 85

[karl.aigeus@borgohypotek.se](mailto:karl.aigeus@borgohypotek.se)

[ir@borgohypotek.se](mailto:ir@borgohypotek.se)

# APPENDIX

---

# BUSINESS MODEL

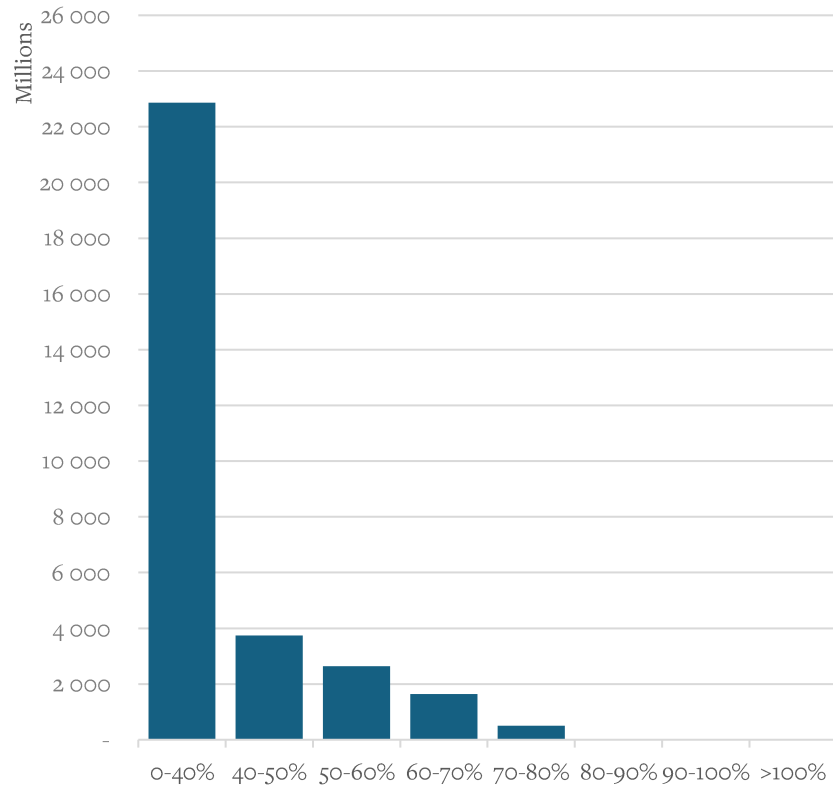
---

- Originating & financing mortgages in SEK
- Lending via distribution partners
- Conservative underwriting standards
- Lending only SEK in Sweden
- Digital business
- Low operational risk
- No corporate lending
- No handling of cash

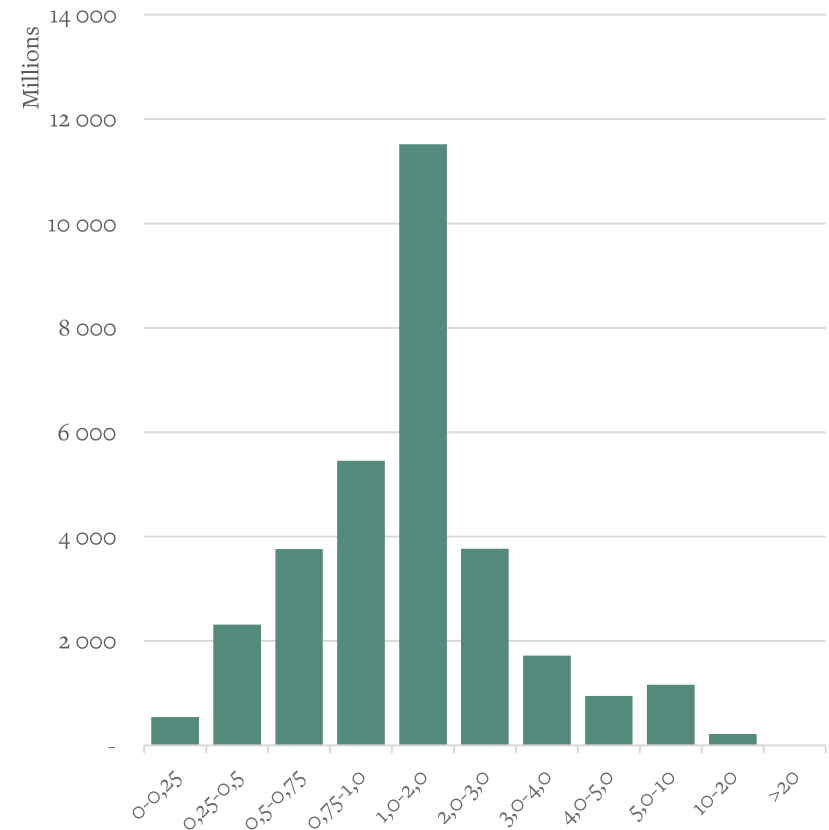


# RESILIENT PORTFOLIO OF ASSETS

Cover pool volume and LTV



Cover pool volume and loan size



# RATING

---

## Credit strengths

- Very strong asset quality, with lending consisting of Swedish mortgages
- Demonstrated investor backing and access to capital

## Credit challenges

- Limited financial track record and governance risks stemming from outsourcing of key services
- Loss making, given the rising funding costs and fast balance sheet growth
- Monoline business model, with limited revenue diversification

Type	Assigned rating
Covered Bond Rating	Aaa (Stable)
Long-term Issuer Rating	Baa2 (Negative)
Adjusted Baseline Credit Assessment	baa3
Long-term Counterparty Risk Assessment	A3(cr)
Short Term	P-2

# FINANCIAL CALENDAR

---

Report	Date
Year-end report 2024	26 February 2025
Annual report 2024	22 April 2025
Q1 report 2025	28 May 2025
Q2 report 2025	27 August 2025
Q3 report 2025	26 November 2025

# BOARD OF DIRECTORS

---

External	<b>Lennart Francke</b> Board Member Qliro & Affärsvärlden. Previous senior advisor Swedbank, EVP at Handelsbanken	<b>Julia Lannerheim</b> Risk & Compliance Officer Arvato Financial Solutions	<b>Johan Brodin</b> CTO at Intrum Previous experience: CRO at Intrum, CRO at SBAB
	<b>ICA Banken</b> Per Balazsi (CFO)	<b>Ikano Bank</b> Anna Wanby (CLO)	<b>Sparbanken Syd</b> Johan Sandberg (CFO)
	<b>Söderberg &amp; Partners</b> Gustaf Rentzhog (CEO)	<b>Ålandsbanken</b> Jan-Gunnar Eurell (CFO & deputy CEO)	
Financial investors	<b>Proventus</b> Caj Tigerstedt (CIO)	<b>Persson Invest</b> Björn Rentzhog (CEO)	



# EXECUTIVE MANAGEMENT & KEY PERSONNEL

## 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.

### **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.

### **Pehr Olofsson, tf CFO**

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

### **Carolyn Runnquist, CIO**

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

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

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

## 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**

Previous experience: Head of Funding at Skandiabanken and Portfolio Manager at Kommuninvest

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

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

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

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

# BACKGROUND

---

- The company was set up by Gustav Berggren, Peter Walldour, Carl Martinson and Adam Lewenhaupt in 2018, and thereafter acquired by ICA Banken, Ikano Bank, Söderberg & Partners and Ålandsbanken in 2019 with Sparbanken Syd joining the shareholder list in 2022 and Lån&Spar in 2024
- In less than two operating years, Borgo has become a leading independent mortgage challenger offering mortgages up to 85% LTV servicing the whole Swedish prime mortgage market