

Stabelo Fund 1 AB (publ)

Bloomberg: STABIAB SS **Inception date:** 2018-01-03
 Swedish prime residential mortgages with maximum loan-to-value of 60% at origination

Key portfolio information			Yield development		Full quarter				Full quarter
	30 Jun 2019	31 Mar 2019		Q2, 2019	Jun 2019	May 2019	Apr 2019	Q1, 2019	
			%						
Number of borrowers	8 025	6 562	Gross Mortgage yield	1.35%	1.34%	1.35%	1.35%	1.17 %	
Number of properties financed	5 192	4 274	Provision charge for expected credit loss	0.00%	0.00%	0.00%	0.00%	0.00 %	
Average loan per property, SEK	1 402 886	1 411 809	Fund costs and fees	-0.19%	-0.19%	-0.19%	-0.21%	-0.21 %	
			Run-rate yield	1.15%	1.16%	1.17%	1.14%	0.96 %	
Weighted average loan-to-value*	44.6%	44.5%							
Proportion of amortising loans	64.5%	63.3%	Temporary effect of newly purchased loans	-0.01%				-0.01%	
Proportion of 3-month floating loans	83.5%	87.0%	Timing differences due to delayed receipts	-0.01%				0.01%	
			Effect of Fund cash balances	0.00%				-0.02%	
Modified duration of mortgages, years:			Allocated Income yield for the quarter	1.14%				0.94%	
- at period-end	0.627	0.578							
- last 3-months' rolling average	0.544	0.470	Average mortgage book in period, MSEK	7 083.9	7 327.1	7 130.5	6 794.0	4 919.6	
			Average invested funds in period, MSEK	7 137.0	7 393.8	7 193.3	6 823.9	4 938.8	

Fund assets and liabilities			Fund income and costs		Full quarter				Full quarter
	30 Jun 2019	31 Mar 2019		Q2, 2019	Jun 2019	May 2019	Apr 2019	Q1, 2019	
MSEK			MSEK						
Mortgages, at gross book value	7 283.8	6 034.1	Mortgage income received	23.8	8.0	8.2	7.6	14.2	
Provision for expected credit loss	0.0	0.0	Other income received	0.0	0.0	0.0	0.0	0.0	
Valuation adjustment	0.9	0.7	Gross income received	23.8	8.0	8.2	7.6	14.2	
Mortgages, at fair value	7 284.7	6 034.7							
			Provision charge for expected credit loss	-0.0	-0.0	-0.0	-0.0	-0.1	
Bank and other assets	135.7	76.0	Fund costs and fees	-3.5	-1.1	-1.1	-1.2	-2.5	
Funds from issue of new debentures	280.1	734.2							
Fund liabilities and equity	- 26.5	- 20.4	Allocated Income for the quarter	20.3	6.9	7.1	6.4	11.6	
Fund Assets under Management	7 674.0	6 824.5							
Closing number of issued debentures	7 672	6 823							
Net Asset Value per debenture, %	100.0262%	100.0226%							

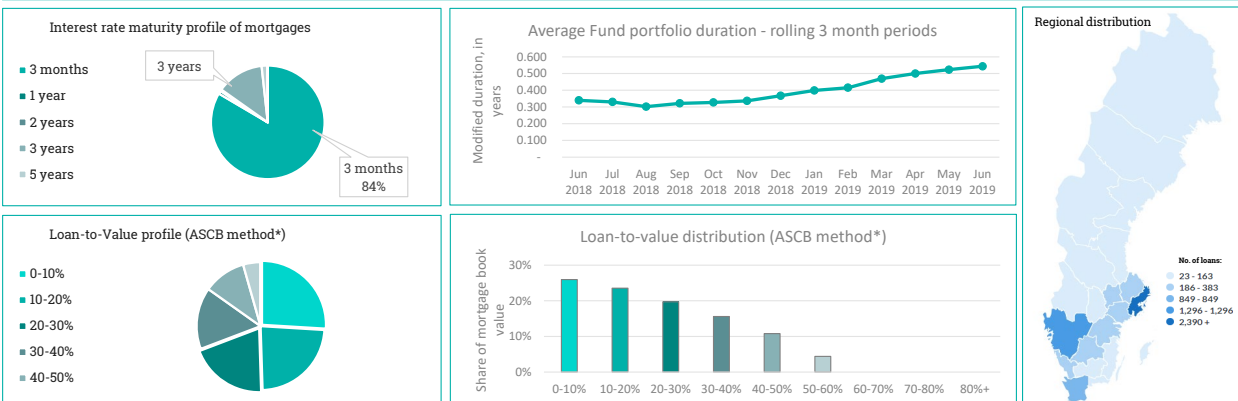
Debenture primary issue price [†]		
	30 Jun 2019	31 Mar 2019
% of debenture base amount		
Portfolio value per debenture, %	100.0262%	100.0226%
Interest compensation per debenture, %	0.0000%	0.0000%
Primary issue price per debenture, %	100.0262%	100.0226%

Quarterly commentary

By the end of Q2, 2019, over 8 000 customers were financing their homes in Sweden together with Stabelo Fund 1. In all, Stabelo home mortgages issued by the Fund and its origination partner Stabelo AB amounted to some SEK 8 billion by 30 June. The continued strong business growth reflects the relevance in the market of Stabelo's fundamental business model as a challenger to the incumbent banks.

The Fund mortgage portfolio grew by 20.7% during Q2, 2019, to SEK 7.3 billion. Fund assets under management reached SEK 7.7 billion as of 30 June. The gross mortgage yield rose to 1.35 percent in Q2 following the Swedish Riksbanken rate hike at the end of 2018. Greater competition among banks for the lucrative Swedish private residential mortgage market has subsequently tempered some of the effects of the rate rise, while market funding rates have declined with the subdued economic outlook. All Fund loans were performing, reflecting the Fund's ultra-prime credit policy and the benign economic environment. An insignificant charge for expected credit loss is incorporated, based on Stabelo's fair value statistical loss model.

Stabelo strives for sustainability and long-term best business practices, and it has been a natural step to introduce green mortgages (Gröna Bolån) for qualifying Stabelo customers during Q2. Those customers whose properties are awarded an 'A' or 'B' energy declaration by Boverket, the Swedish national board of housing, automatically receive a reduction of 0.10% in their mortgage interest rate. We are grateful for our close and continuous dialogue with funding providers in bringing such initiatives to fruition.


Notes:

[†] Portfolio value and primary issue price are stated prior to new subscriptions in process at the month end.

* ASCB method follows Association of Swedish Covered Bond Issuers (ASCB): each loan exposure is allocated across loan-to-value buckets based on available collateral value for the respective loan.

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Stabelo Fund 1 AB (publ)

Swedish prime residential mortgages with maximum loan-to-value of 60% at origination

Fund Manager:	Stabelo Asset Management AB
Fund Owner:	Stabelo Asset Management AB
Legal structure:	Alternative Investment Fund issuing participating debentures
Controlling authority:	Swedish Financial Supervisory Authority
Assets:	Swedish prime residential mortgages with a maximum loan-to-value of 60% at origination
Currency:	SEK
Dividend:	Quarterly participation in net Fund income less deduction for service and management fees
Date of inception:	2018-01-03

Portfolio distribution

30 June 2019

All volume figures are at book value unless otherwise stated

Assets under management	MSEK at fair value	MSEK at book value	%
Mortgage loans	7 284.7	7 283.8	95%
Bank and other assets	135.7	135.7	2%
Funds from issue of new debentures	280.1	280.1	4%
Fund liabilities and equity	- 26.5	- 26.5	0%
Fund Assets under Management	7 674.0	7 673.1	100%

Regional distribution	MSEK	%
Greater Stockholm	2 916.5	40%
East Sweden	1 113.4	15%
Greater Gothenburg	1 218.0	17%
West Sweden	335.6	5%
Greater Malmö	566.7	8%
South Sweden	267.5	4%
Småland & the Islands	302.3	4%
Northern Middle Sweden	312.4	4%
Middle Norrland	99.4	1%
Upper Norrland	151.9	2%
Mortgage loans	7 283.8	100%

Repayments	MSEK	%
Amortizing	4 698.9	65%
Interest only	2 584.9	35%
Mortgage loans	7 283.8	100%

Original interest maturity	MSEK	%
3 months	6 079.7	83.47%
1 year	62.9	0.86%
2 years	33.9	0.47%
3 years	980.8	13.47%
5 years	122.4	1.68%
10 years	4.0	0.06%
Mortgage loans	7 283.8	100%

Residual interest maturity to interest fixing date	0-3M	3-6M	6-9M	9M-1Y	1-2Y	2-3Y	3-4Y	4-5Y	5-10Y	Sum
Mortgage loans, MSEK	6 079.7	-	32.4	30.5	124.2	890.5	14.9	107.5	4.0	7 283.8
Loan volume, %	83%	0%	0%	0%	2%	12%	0%	1%	0%	100%

Residual contractual maturity to principal repayment date including planned customer amortisations	0-2Y	2-4Y	4-6Y	6-8Y	8-10Y	10-15Y	15-20Y	20-25Y	25-30Y	Sum
Mortgage loans, MSEK	230.2	226.6	218.5	210.5	601.3	433.9	381.6	328.8	4 652.5	7 283.8
Loan volume, %	3%	3%	3%	3%	8%	6%	5%	5%	64%	100%

Seasoning profile	0-1Y	1-2Y	2-3Y	3-5Y	5Y -	Sum
Number of months since loan origination						
Mortgage loans, MSEK	5 540.1	1 743.7	-	-	-	7 283.8
Loan volume, %	76%	24%	0%	0%	0%	100%

Loan-to-Value (LTV) of mortgage loans using ASCB methodology	0-10%	10-20%	20-30%	30-40%	40-50%	50-60%	60-70%	70-80%	80%+	Sum
Weighted average LTV	44.6%									
Loans by LTV bucket, MSEK	1 890.8	1 715.0	1 435.9	1 135.8	785.7	320.6	-	-	-	7 283.8 *
LTV distribution, %	26%	24%	20%	16%	11%	4%	0%	0%	0%	100%

* book value of mortgages

Fund items		Number of borrowers servicing each loan	
Number of borrowers	8 025	1 borrower	44.8%
Number of properties	5 192	2 borrowers	55.0%
		>2 borrowers	0.2%

Mortgage loan collateral - type of property	Number of properties	Collateral valuation, MSEK	Mortgage loan amount, MSEK	% of loan amount
Single-family housing	2 884	11 878.9	4 327.5	59.4%
Tenant owner rights	2 308	7 193.5	2 956.3	40.6%
Multi-family housing	-	-	-	0.0%
Total	5 192	19 072.3	7 283.8	100%

Mortgage loan collateral - valuation methodology	Number of properties	Collateral valuation, MSEK	Mortgage loan amount, MSEK	% of loan amount
Statistical valuation	4 726	17 483.6	6 413.7	88.1%
Independent appraisal	464	1 580.5	865.8	11.9%
Acquisition price	2	8.3	4.3	0.1%
Total	5 192	19 072.3	7 283.8	100%

Modified duration of mortgage portfolio	
- at period end	0.627 years
- average last 3 months	0.544 years

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