

# An important market to develop

PRESENTATION TO NORDIC CAPITAL MARKETS FORUM  
MAY 2011

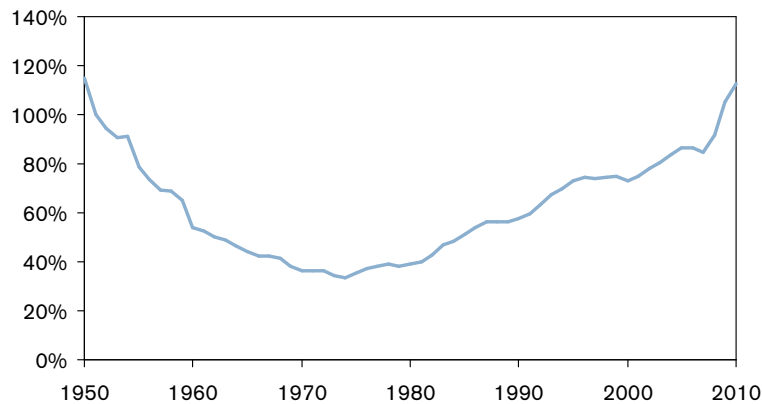
Proventus Capital Partners is a SEK 5 bn co-investment vehicle focusing on investments in private corporate loans and public corporate bonds.

Proventus is a family owned investing company founded in 1980, has total equity of EUR 300m.

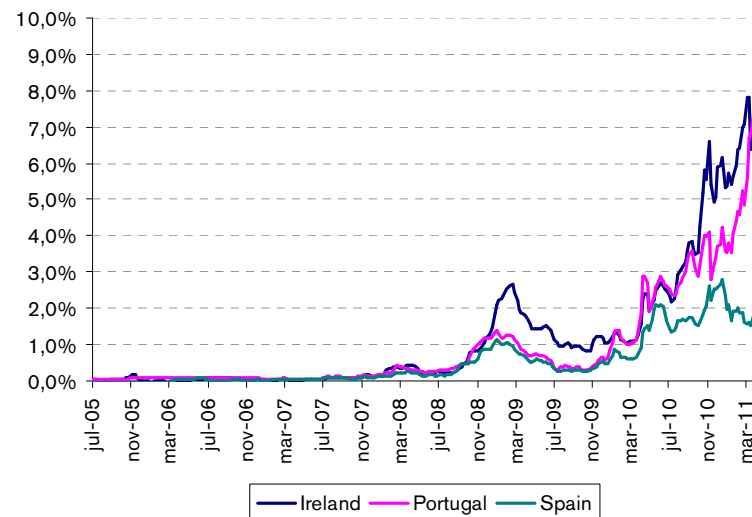
# Macro crisis is over - for now!

- Banking crisis will lead to increased regulation (Basel III, Solvency II)
- Enormous government deficits will have to be financed
- Normalization of monetary policy
- Going forward, ageing population will change dynamics

G7 debt to GDP (%)



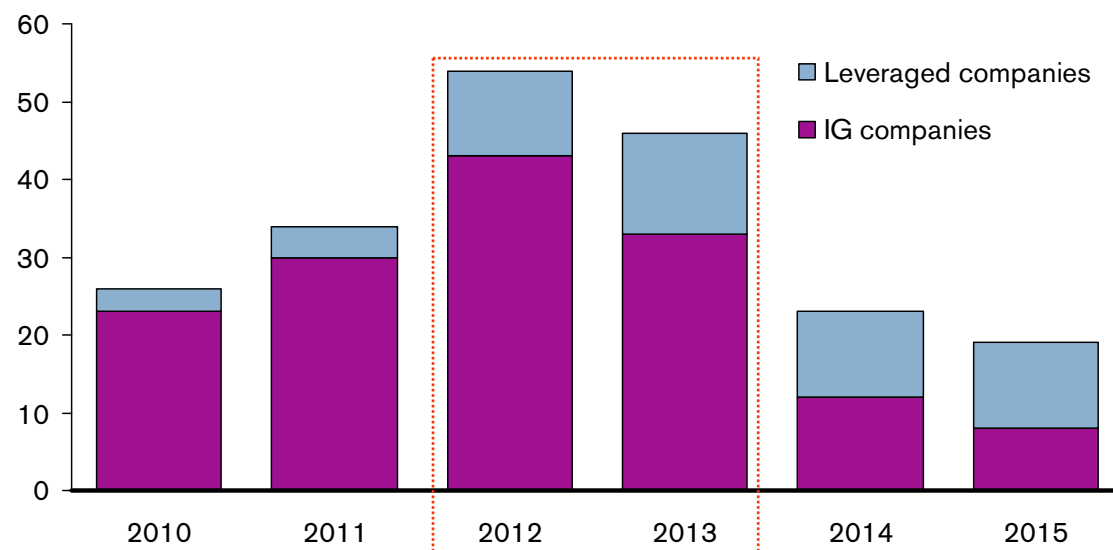
EU 5Y sovereign bond spread (% over Germany)



Source: IMF & Bloomberg

# Increased demand for financing

Nordic syndicated loan maturities (investment grade & leveraged)  
EUR bn

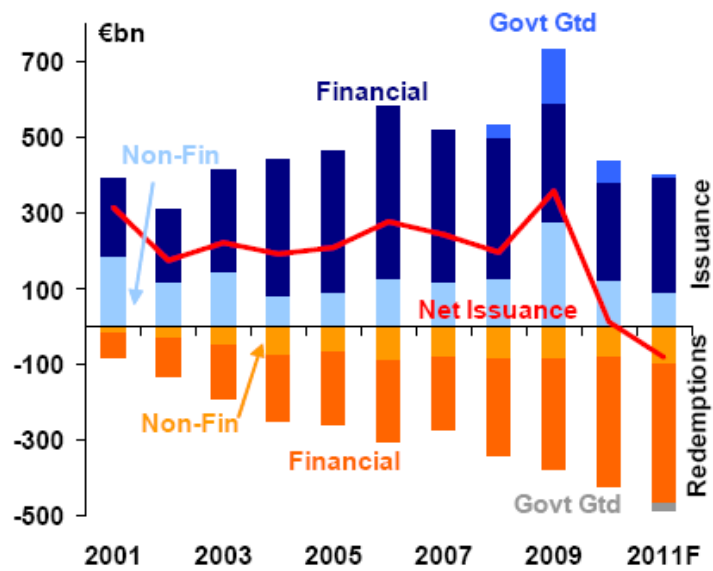


- Refinancing
- Restructuring
- Deleverage
- Acquisition
- Expansion

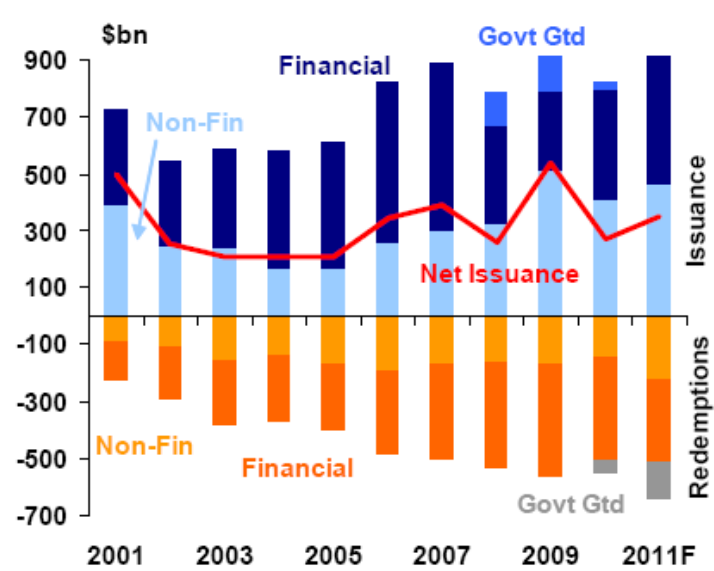
Source:SEB

# European new issuance not impressive . . .

European IG supply and redemptions



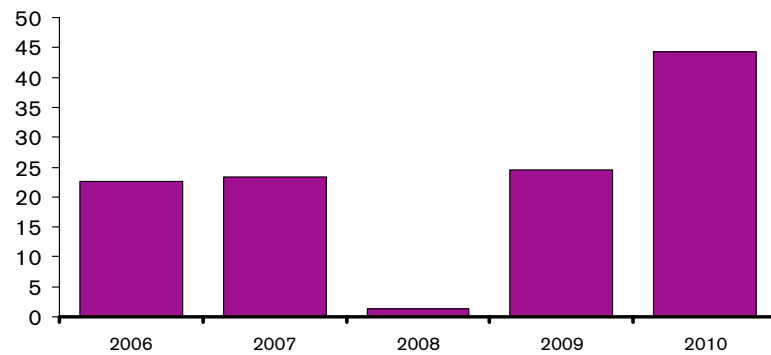
US IG supply and redemptions



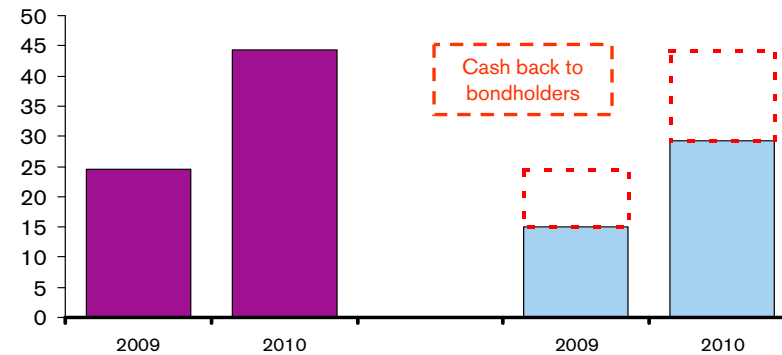
Source: Citigroup Global Markets, May 2011

# Somewhat better in high yield

European high-yield new issuance



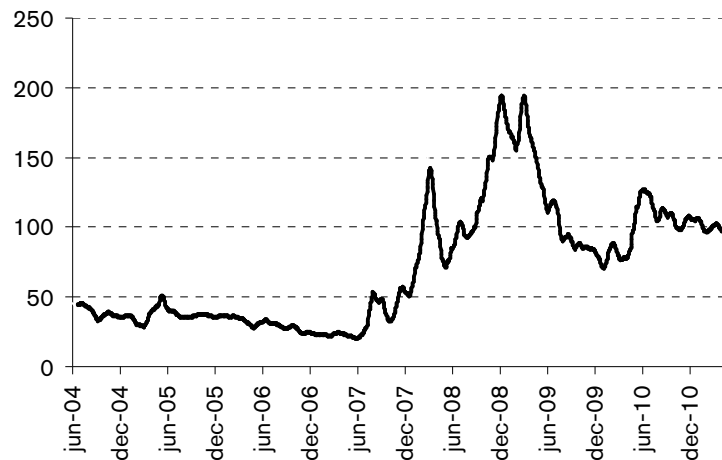
European high-yield net new issuance



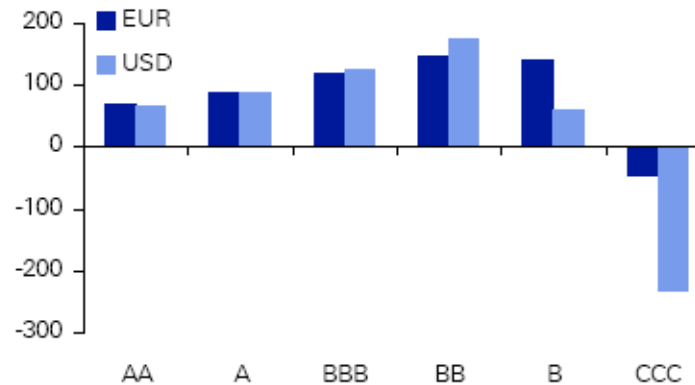
Source: S&P LCD

# IG spreads still high compared with historical levels & expected defaults

IG spread Europe 5Y



Corporate bond spread - excess over historical default cost



Source: ITRAXX main & Deutsche Bank, March 2011

## Additional factors influencing attractiveness of corporate bond market

- Return over risk-free alternative
- Cost of credit analysis
- Historical recovery analysis not applicable
- Liquidity
- Ratings transition risk

# An underdeveloped market

## 1. The Swedish and Nordic corporate bond market is underdeveloped

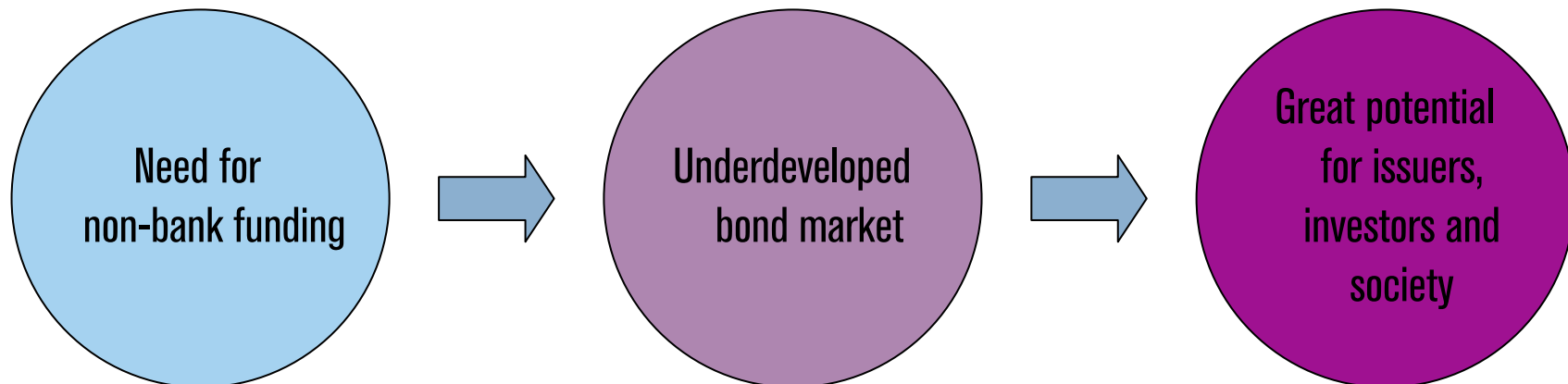
- Low transparency
- Low liquidity
- Investors mainly buy & hold
- No trustee function
- Diverse terms between bonds

## 2. Why is this?

- Strong relationship banking tradition
- Large corporates can access the EUR market
- Low level of bond knowledge among issuers and investors
- investment policies for bonds at the large pension asset managers

## What to do?

- Increase transparency
- Develop trading possibilities
- Standardisation of terms
- Trustee function
- Broader market



## Retail investors have attractive alternatives to IG...

SNDO overnight	1.50% <i>state guarantee</i>
SEB placeringskonto 3M	2.75% <i>state guarantee 100t EUR</i>
Other credit institute*	3.25% <i>state guarantee 100t EUR</i>
Corporate debt 3-6M	2.60 – 3.00% <i>no guarantee</i>

\* Currently best offer in Swedish market "Nordax Finans"

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