

15 July 2020

SEB

Financial Results Q2 2020

Johan Torgeby, President & CEO
Masih Yazdi, CFO

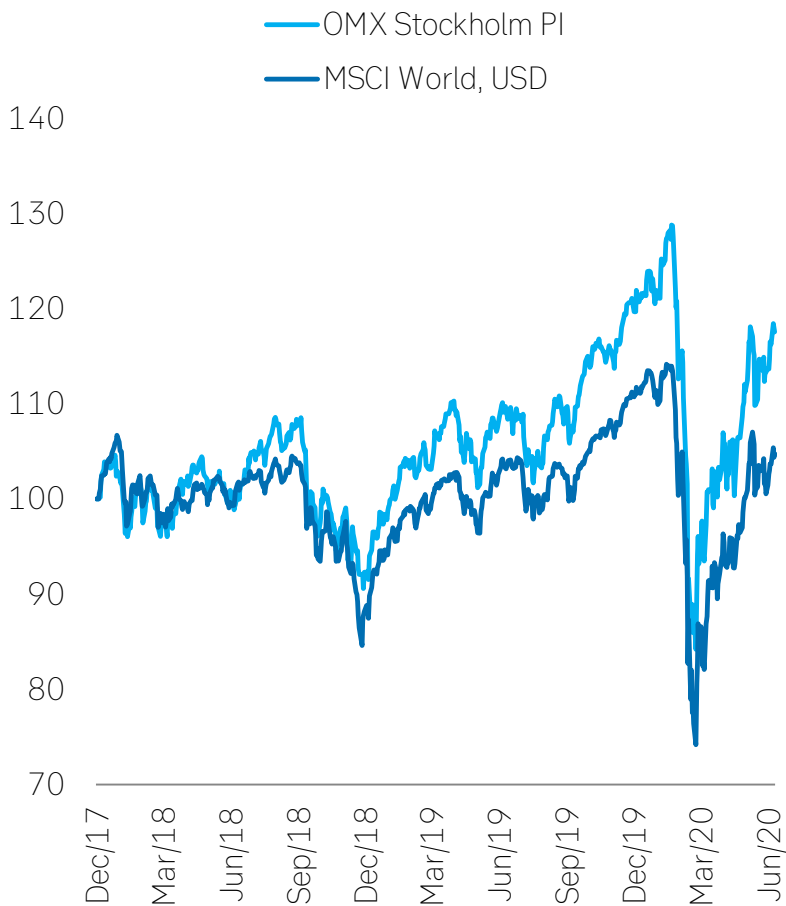


Financial markets development



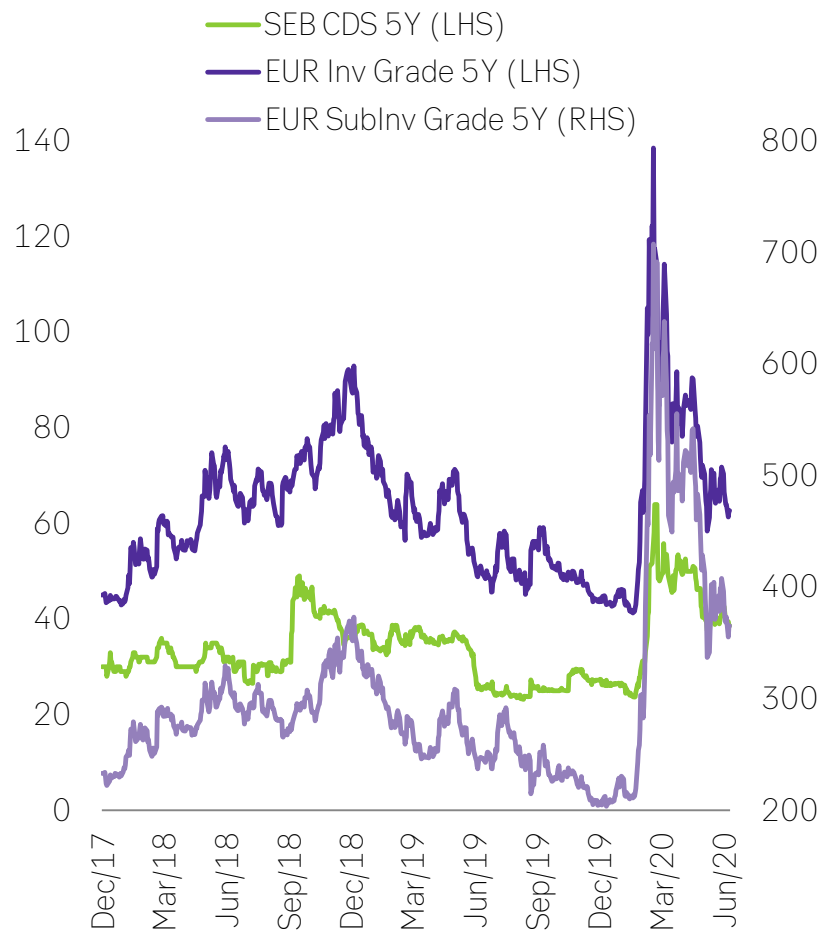
Equity markets

Sweden & Global



Credit spreads

SEB vs. corporate



Interest rates

Annual yield of 10-year gvt bonds

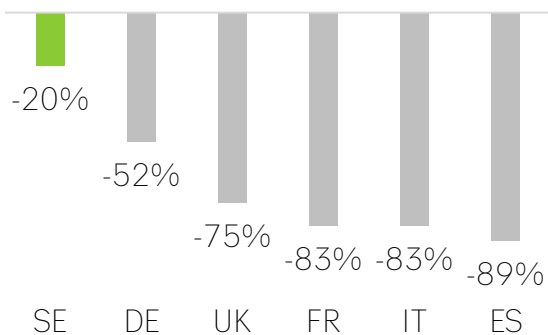


Note: interest rate data as of 1 July 2020, equity market and credit spreads data as of 8 July 2020. Equity market data series are indexed assuming 2017-12-30 = 100.

Economic effects of Covid-19 lockdown

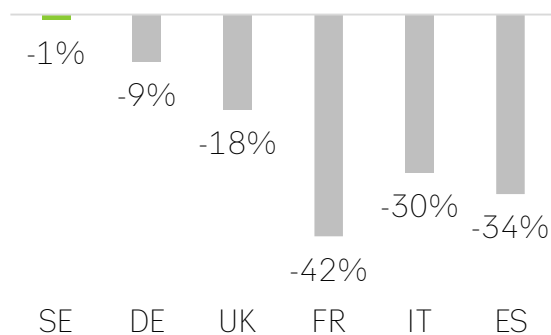
People mobility

Retail and recreation ¹



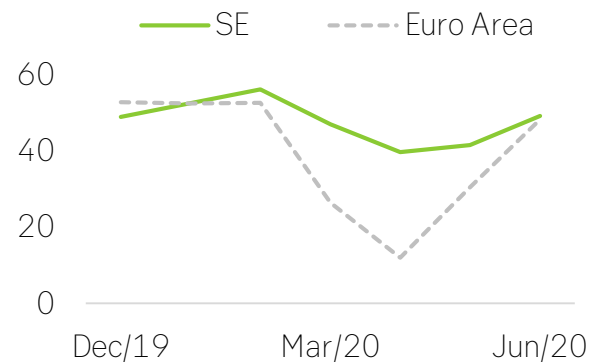
Consumption and production

Retail consumption
April vs. Feb 2020



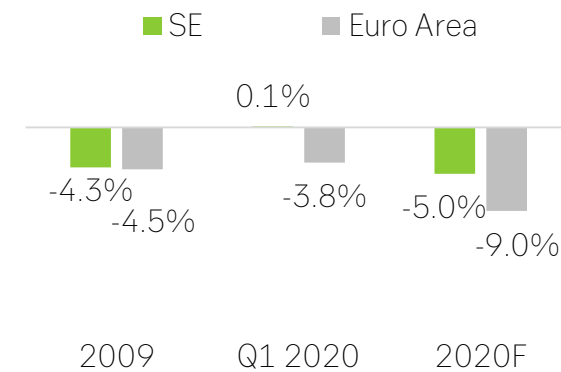
Business sentiment

PMI Services

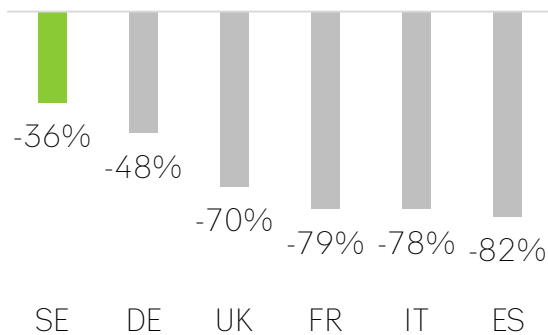


GDP and unemployment

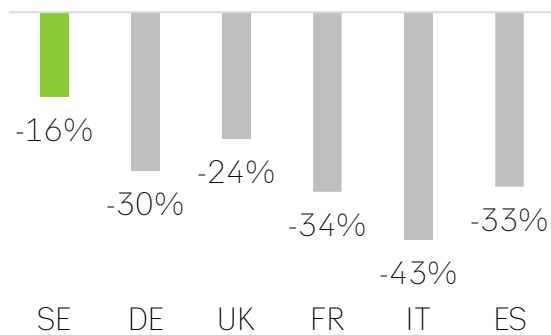
GDP growth ²



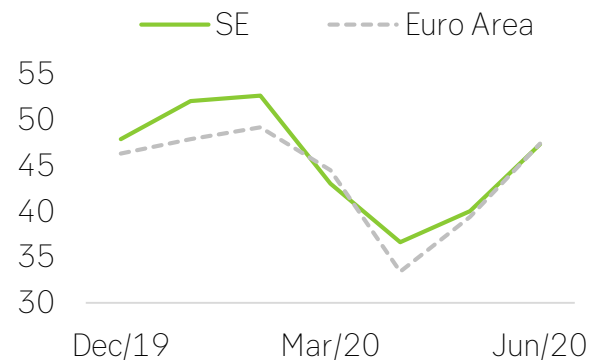
Transit stations ¹



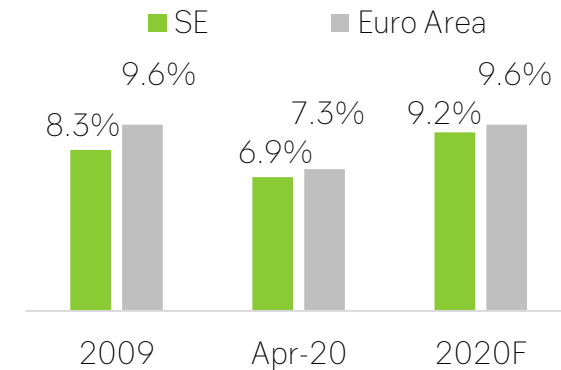
Industry production
April vs. Feb 2020



PMI Manufacturing



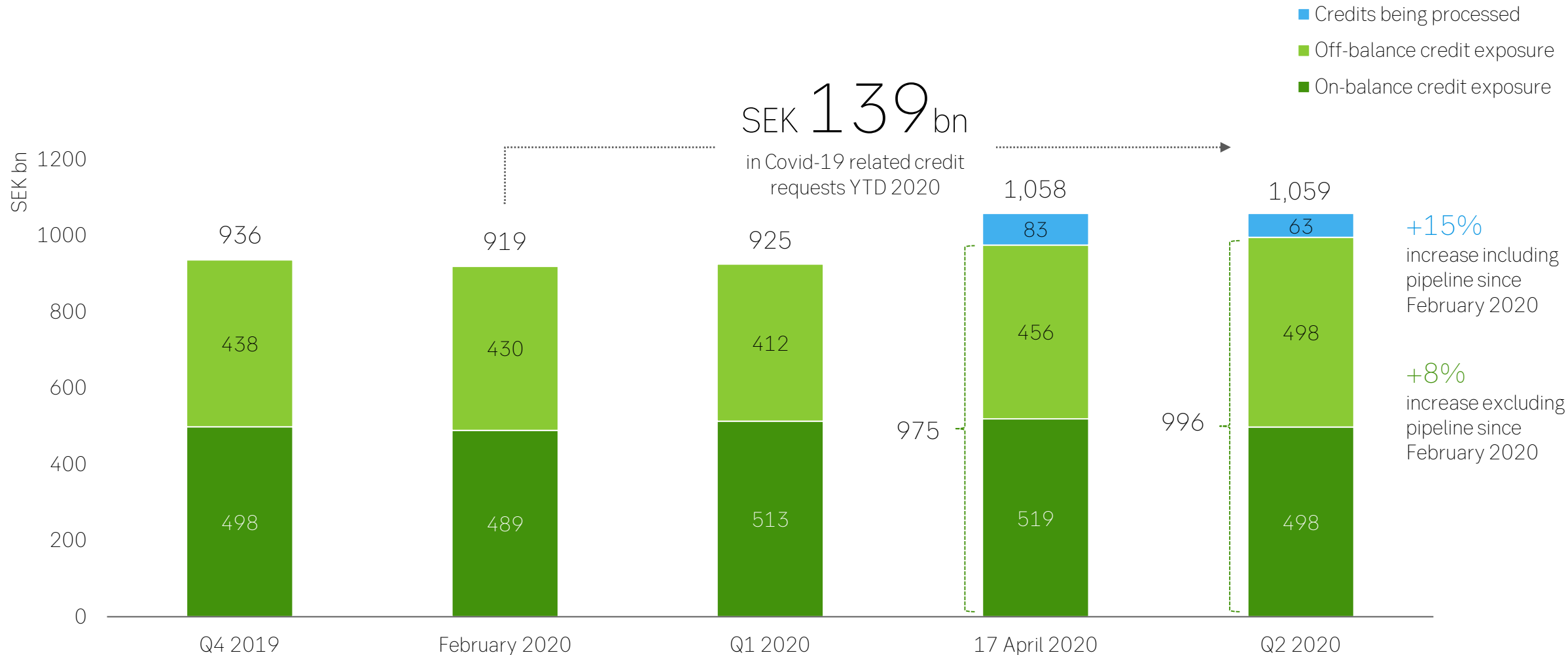
Unemployment ²



Source: Macrobond. ¹ Google data: average of daily change in mobility when comparing April value vs median value during a five-week period between 3 Jan – 6 Feb 2020. ² GDP and unemployment forecast based on SEB forecast update, June 2020.

Covid-19 related credit requests

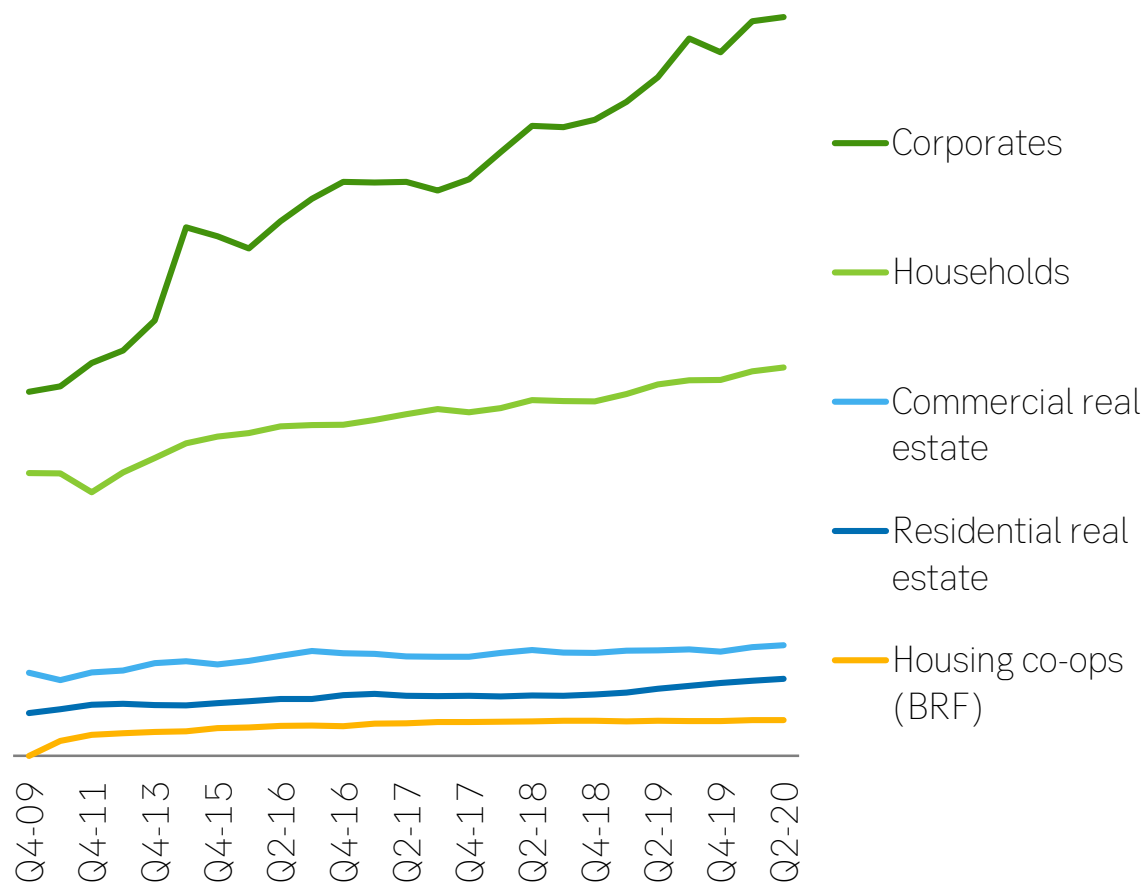
Large Corporates & Financial Institutions



Development of credit portfolio

Credit portfolio by main sectors

SEK bn



Credit portfolio growth rates

Quarter-on-quarter and year-on-year

Sector	QoQ	YoY
Corporates	1%	9%
<i>FX-adjusted</i>	4%	10%
Households	1%	5%
<i>Swedish mortgages</i>	2%	7%
Commercial real estate	2%	5%
Residential real estate	2%	15%
Housing co-ops	0%	2%

Comment on decision by the Swedish FSA

Baltic governance and control

Swedish FSA's decision

- **Remark** – lower degree of administrative sanction.

- **Administrative fine** of SEK 1bn represents ca 14% of maximum amount.

- All Swedish and Baltic supervisory authority **reviews concluded**.

SEB's comment

- SEB questions parts of FSA's conclusions and **proportionality**.

- FSA observations **largely identified, reported and addressed** by SEB.

- SEB has taken, takes and will continue to take **responsibility for its Baltic banks**.

SEB's decision

- Decision **not to appeal**. Lack of clarity in legislation and risk of prolonged process.

- This way SEB **creates more value** for its shareholders and other stakeholders.

- **2021 cost target reiterated**. SEK 1bn accounted for in Q2 2020.

A continuously ongoing work

Long term
ambition

To adhere to current regulations and SEB's high internal requirements.

Corporate
culture

High standards for corporate governance, regulatory compliance and risk management.

Continuous
improvement

Dedicated resources and new technology used for improvement of routines and processes, e.g. SEB's Financial Crime Prevention Programme.

Collaboration

Collaboration between private and public sector to strengthen resilience of financial system, e.g. SAMLIT project.

Continued business development

Advisory leadership

DAIMLER

Region Stockholm

IEQT IFFim Supporting Gavi, The Vaccine Alliance
IDA International Development Association
WORLD BANK GROUP

A selection of **sustainable** transactions and mandates



Most ESG responsible Banking Group in the Nordics

Awarded by CFI, 2020

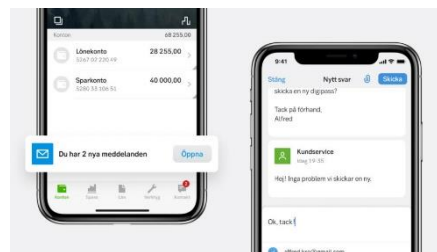
SEB AMF FAM
afa FJÄRDE AP-FONDEN
FÖRSÄKRING

Corona solvency initiative to **support Swedish companies** in need of capital

Operational excellence



Digital fund sales in private mobile app



Secure messaging enabled in private mobile app

Extended presence



Cloud-based e-sign solution for mid and large corporates in Sweden



E-invoice portal for Baltic corporates, enabled through SEB's API structure

Highlights in Q2 2020

- Encouraging client activity and resilient underlying business.
- Positive turn-around in financial markets reversed valuation effects.
- Return on equity of 8.7 per cent, despite increased provisioning and administrative fine.
- Strong capital and liquidity position, well placed to continue supporting our customers.

Financial summary YTD 2020

SEK m	2020 January-June	2019 January-June	%
Total operating income	24,089	24,103	0
Total operating expenses	-11,358	-11,329	0
Profit before credit losses	12,730	12,774	0
Net expected credit losses etc.	-4,184	-807	
Operating profit before IAC	8,547	11,967	-29
IAC	-1,000		
Operating profit	7,547	11,967	-37

Net ECL level

35bps

C/I

0.47

CET 1

17.8 %

RoE

7.4%

Ex IAC

8.6%

Masih Yazdi CFO

SEB



Financial summary Q2 2020

SEK m	Q2 2020	Q1 2020	%	Q2 2019	%
Total operating income	13,999	10,089	39	12,197	15
Total operating expenses	-5,712	-5,646	1	-5,708	0
Profit before credit losses	8,287	4,443	87	6,489	28
Net expected credit losses etc.	-2,690	-1,494		-386	
Operating profit before IAC	5,598	2,950	90	6,103	-8
IAC	-1,000				
Operating profit	4,598	2,950	56	6,103	-25

Net ECL level

46bps

C/I

0.41

CET 1

17.8 %

RoE

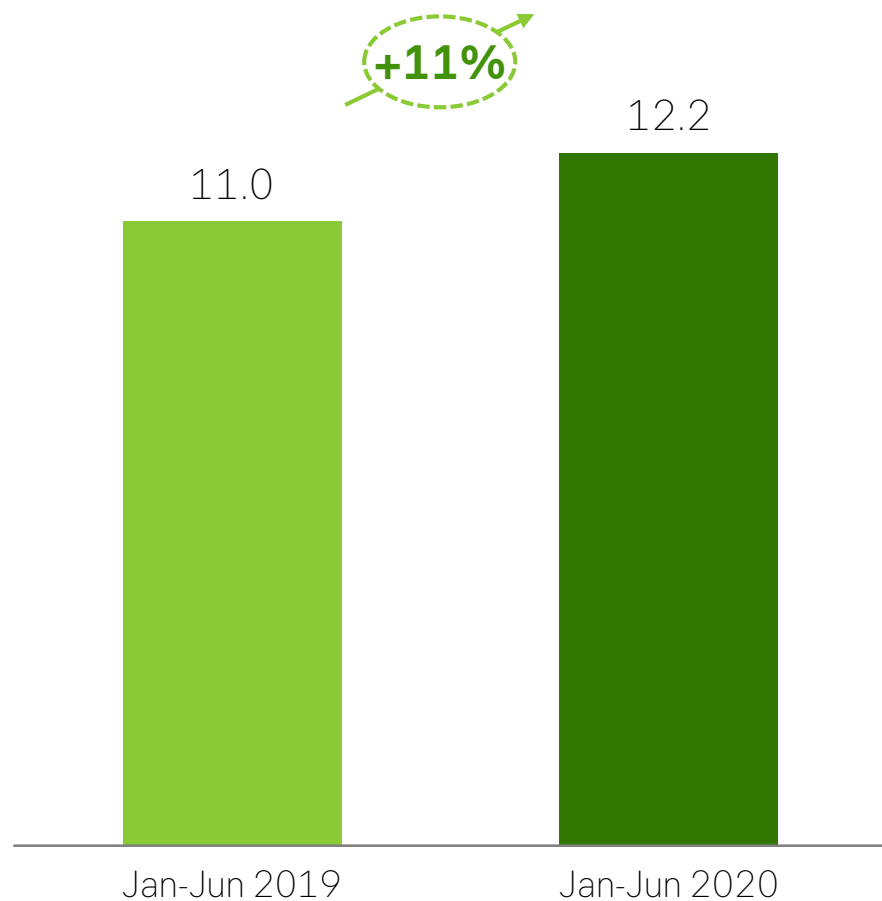
8.7 %

Ex IAC

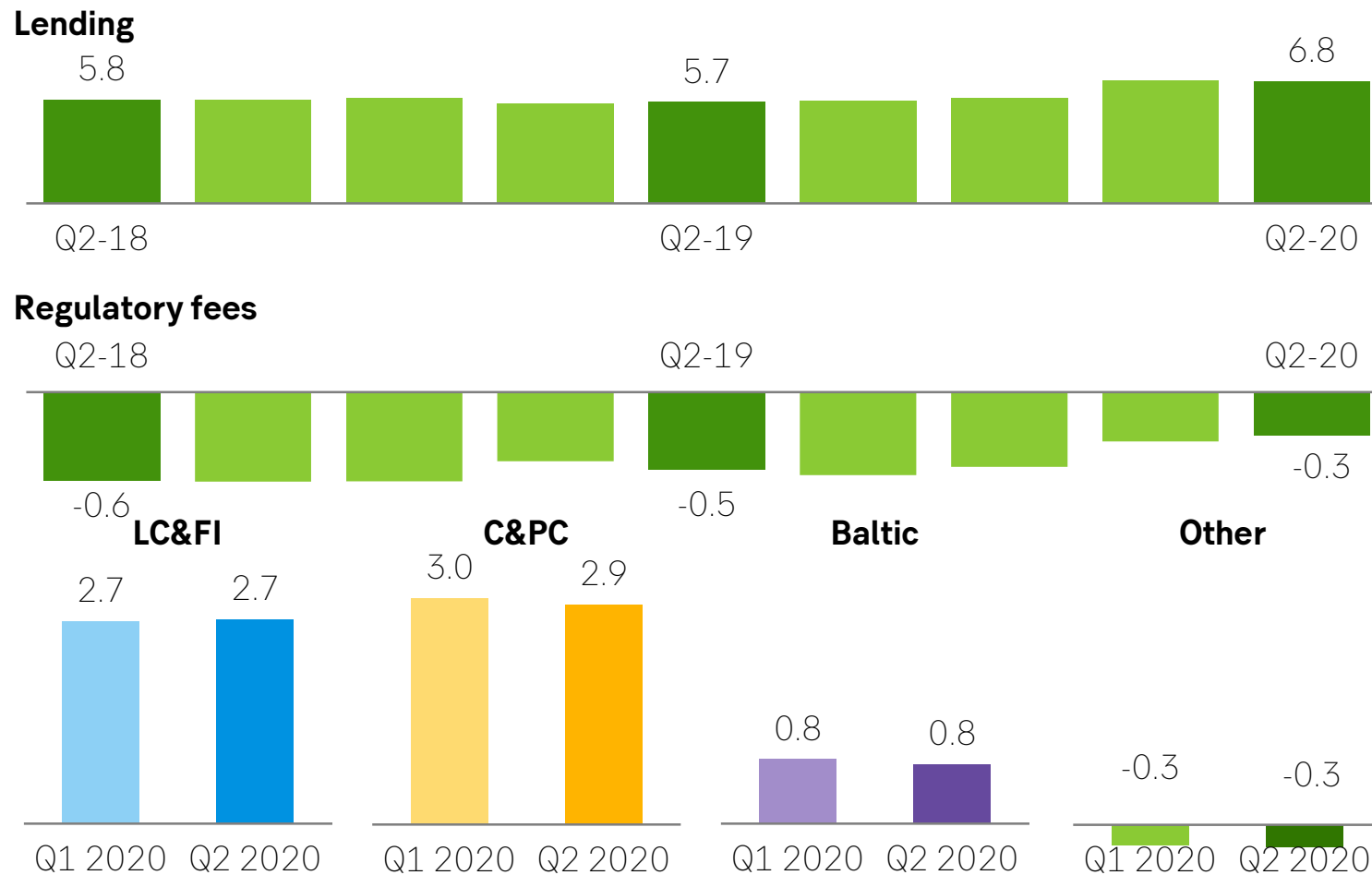
11.2%

Net interest income development

Net interest income (SEK bn)
Jan-Jun 2020 vs. Jan-Jun 2019



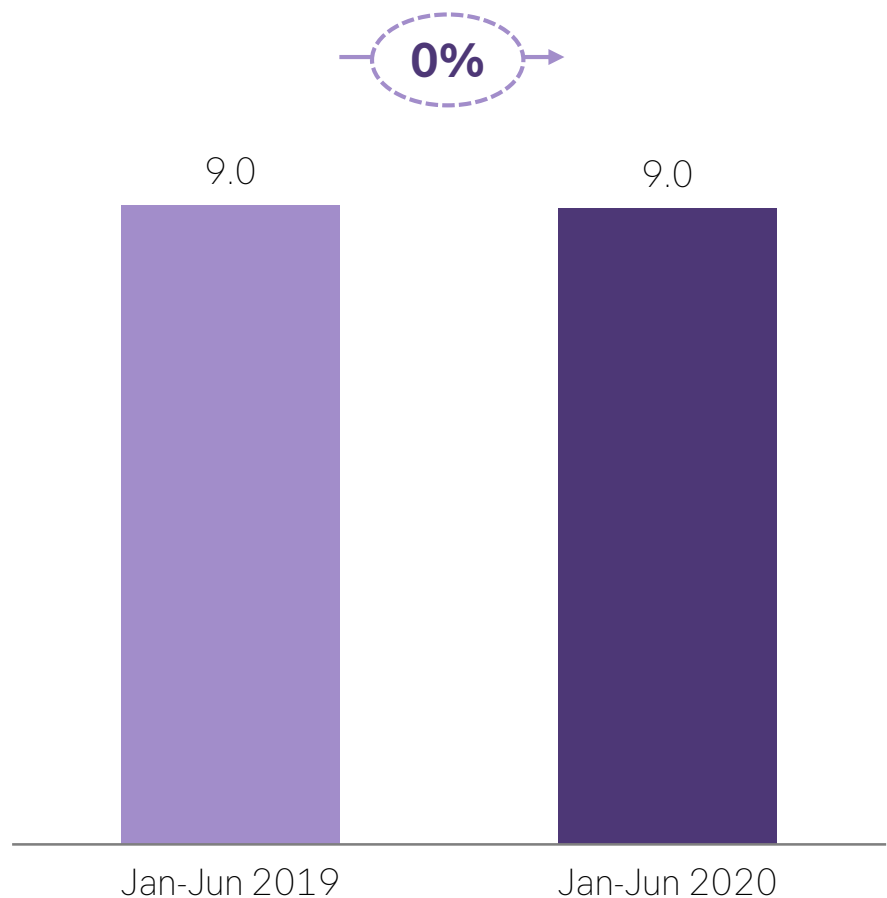
Net interest income type (SEK bn)
Q2 2018 – Q2 2020



Net fee & commission income development

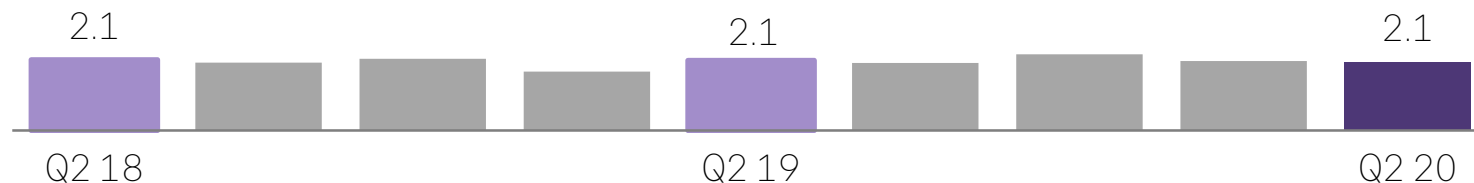


Net fee & commissions (SEK bn)
Jan-Jun 2020 vs. Jan-Jun 2019

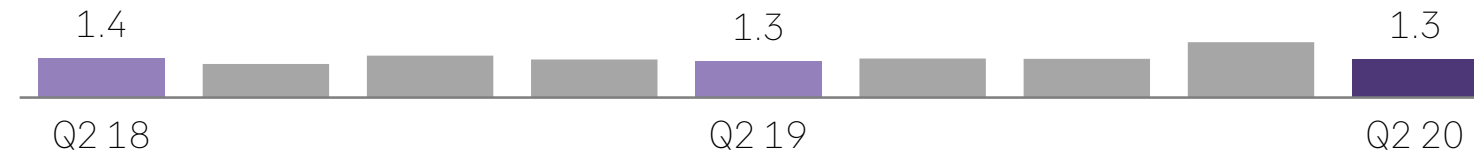


Net fee & commissions by income type (SEK bn)
Q2 2018 – Q2 2020

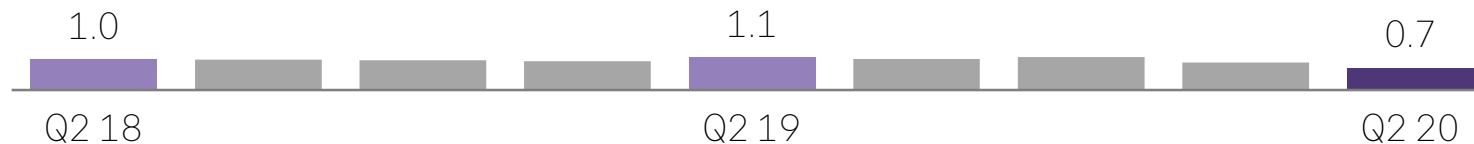
Net securities commissions (custody, mutual funds, brokerage)



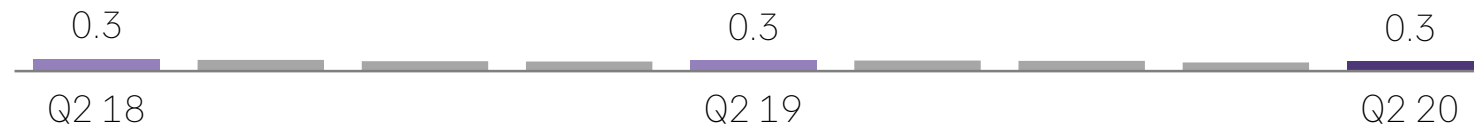
Net advisory fees, lending fees & other commissions



Net payment & card fees

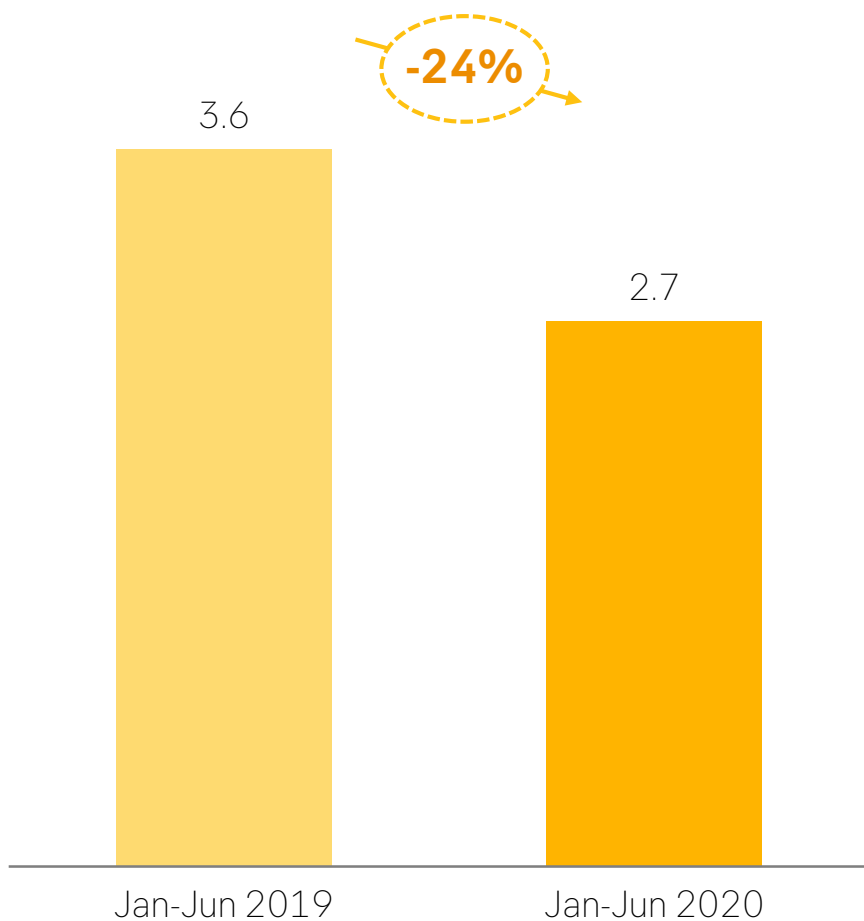


Net life insurance commissions

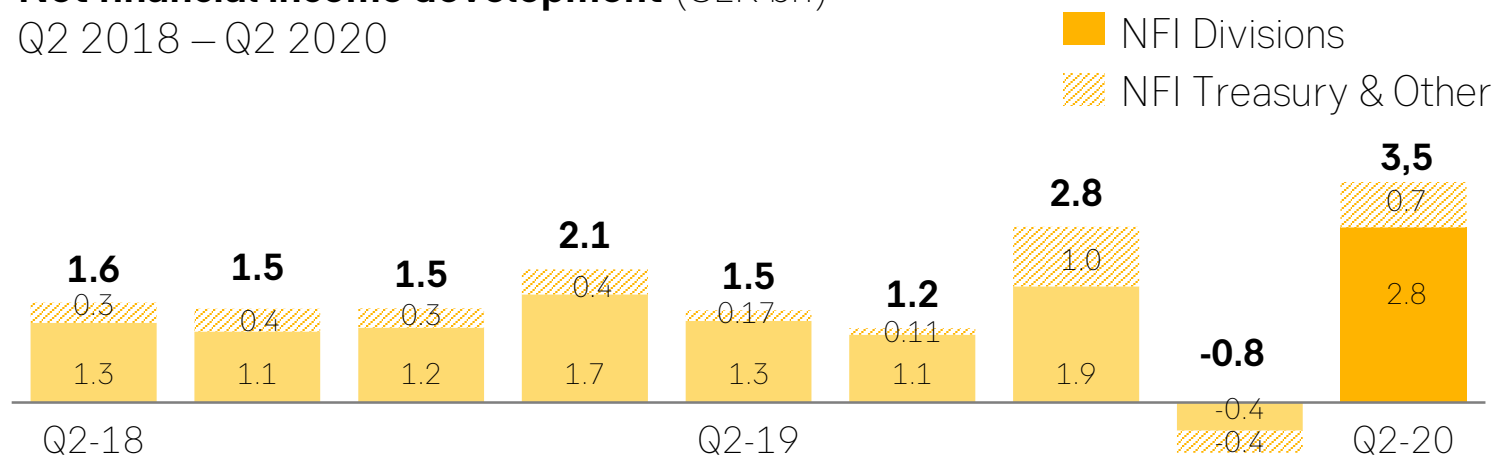


Net financial income development

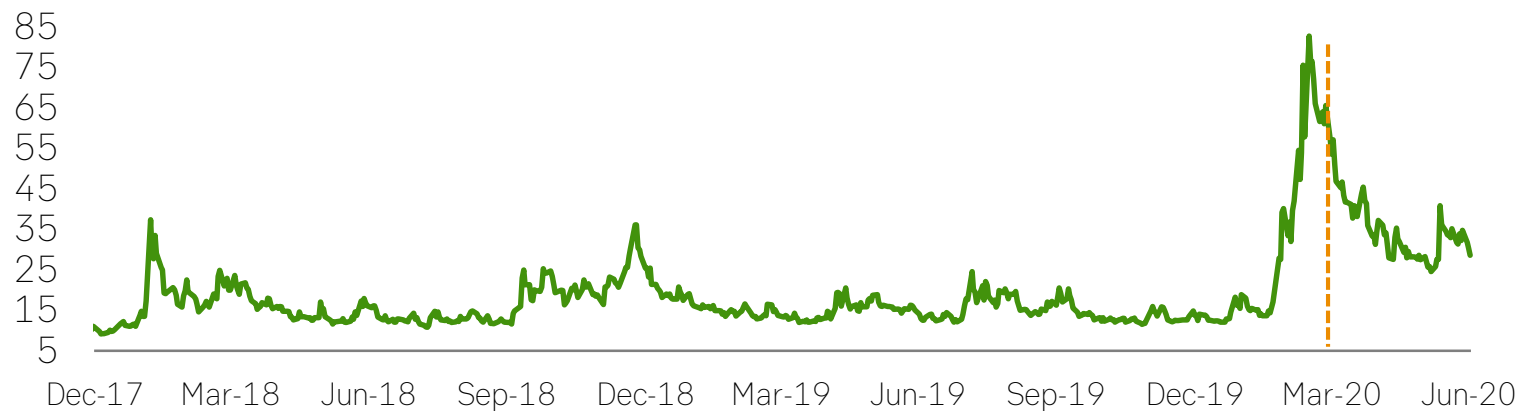
Net financial income (SEK bn)
Jan-Jun 2020 vs. Jan-Jun 2019



Net financial income development (SEK bn)
Q2 2018 – Q2 2020

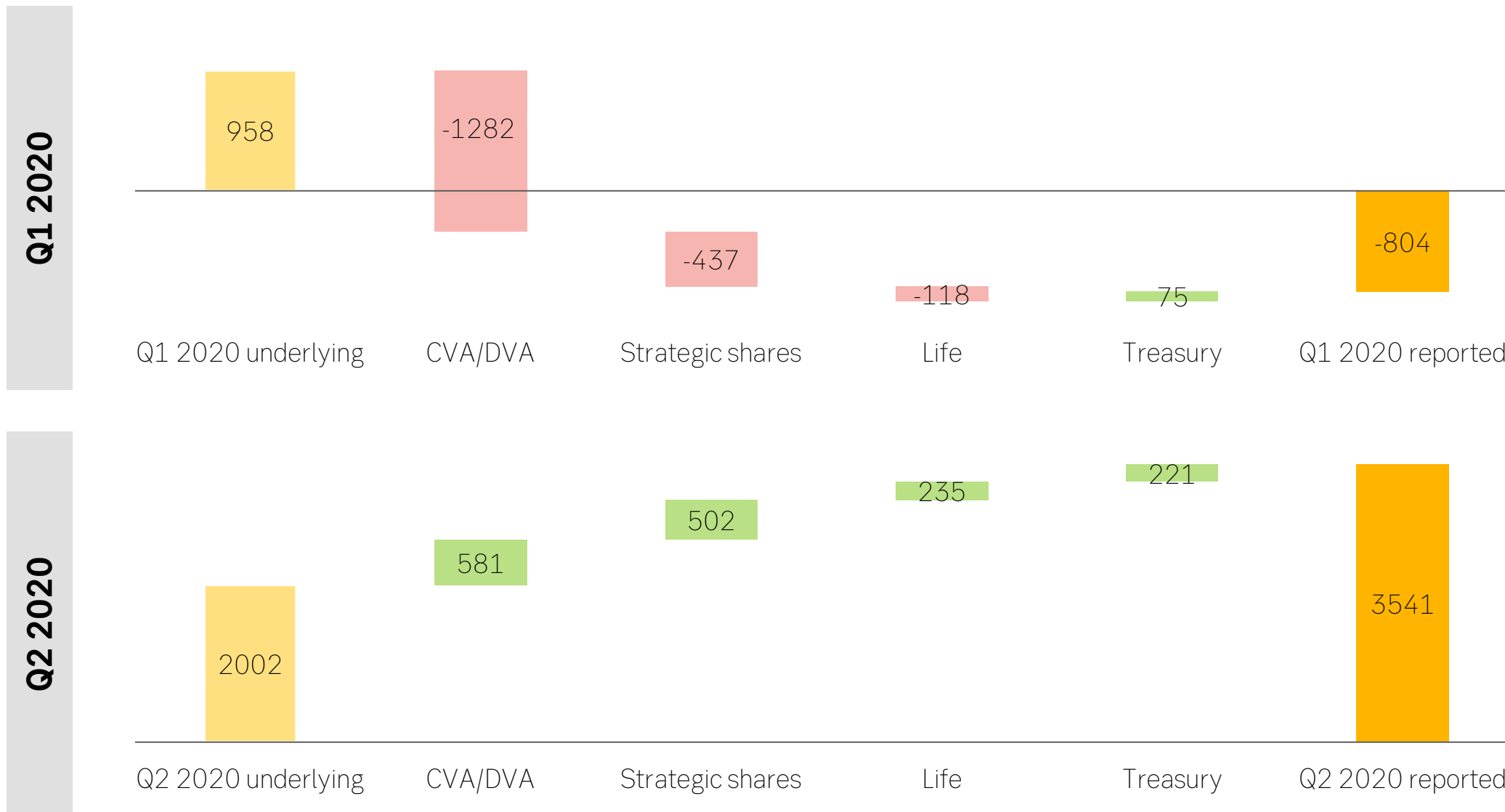


VIX index (VIX S&P 500 volatility)



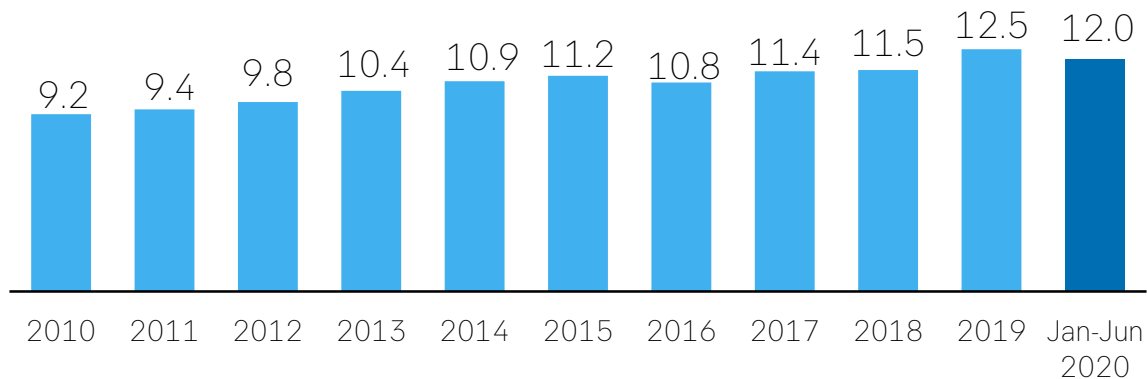
Net financial income development (contd.)

SEK m

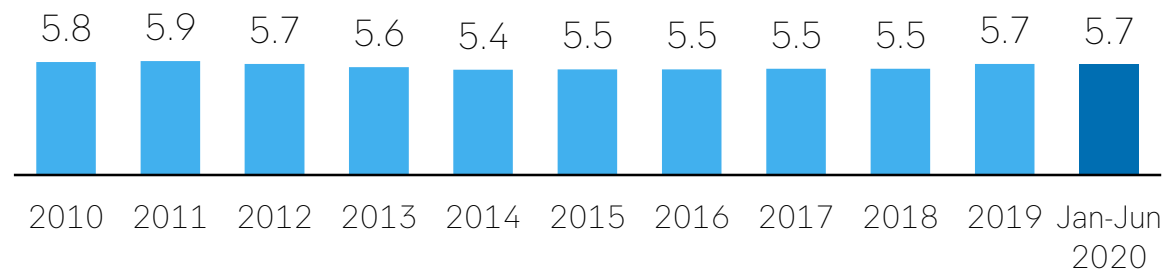


Operating leverage

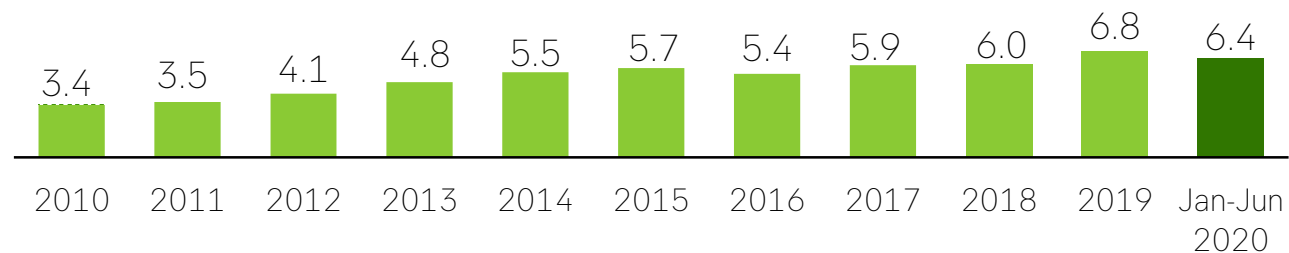
Average quarterly income (SEK bn)



Average quarterly expenses (SEK bn)



Average quarterly profit before credit losses (SEK bn)

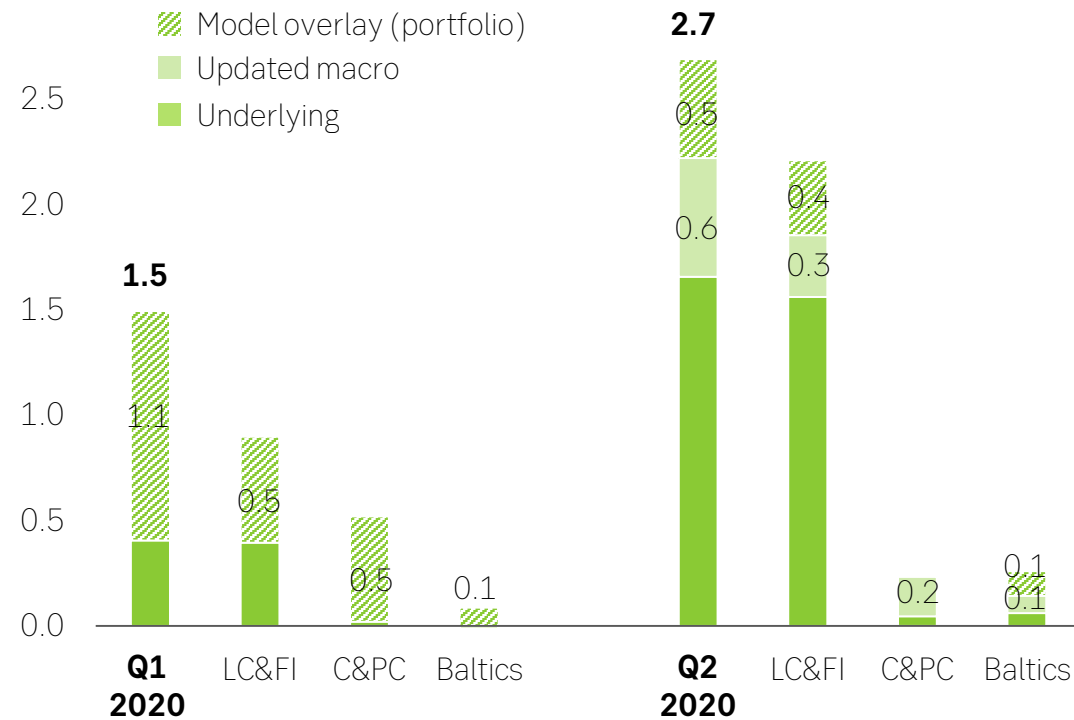


Note: data exclude items affecting comparability.

Provisioning for future expected credit losses due to Covid-19 and oil price

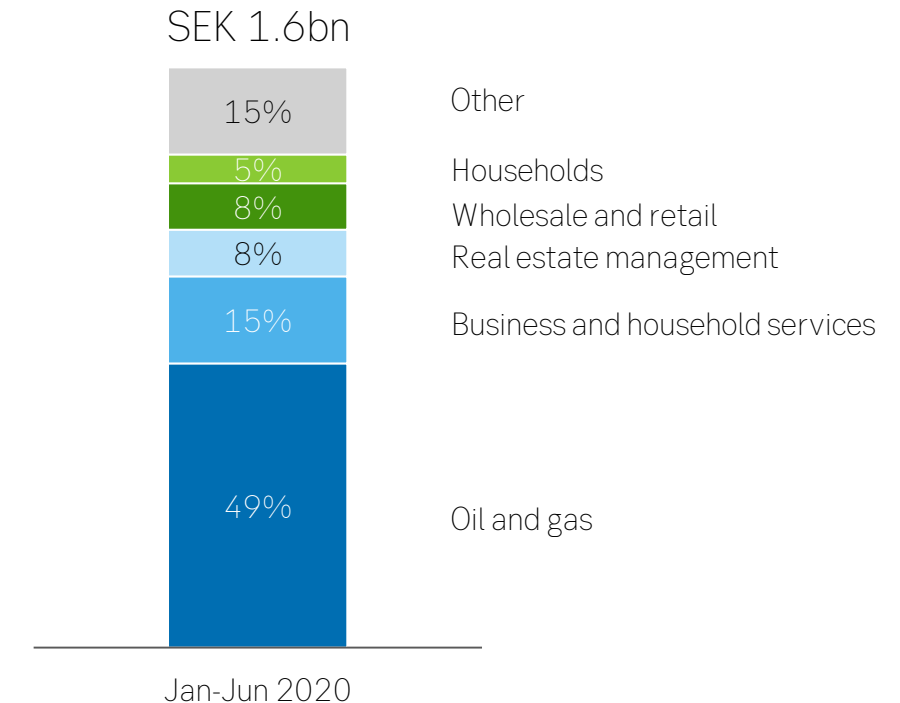
Net ECL development

SEK bn, Jan-Jun 2020



Model overlays

Share of total model overlays by industry, Jan-Jun 2020



FY 2020 net ECL expected to amount to around **SEK 6bn**, given current macroeconomic forecast.

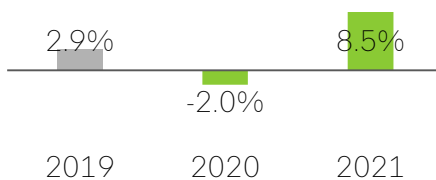
Macroeconomic assumptions and sensitivity

Three scenarios used in ECL modelling

Macro assumptions as of May

Positive – 20% probability

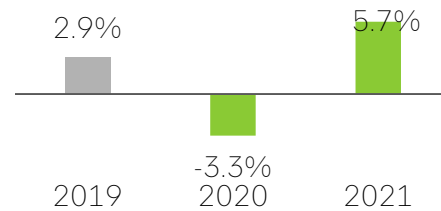
Real world GDP growth



- Assumes that virus spread situation turns out to be more favourable than expected or that for other reasons economies reopen earlier.
- Sweden GDP -4% in 2020, 8.5% in 2021.

Base – 60% probability

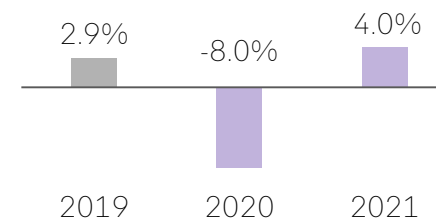
Real world GDP growth



- Assumes that economies reopen gradually and cautiously starting in Q2 2020, implying a relatively clear economic recovery in Q3.
- Sweden GDP -6.5% in 2020, +5% in 2021.

Negative – 20% probability

Real world GDP growth



- Economic recovery is significantly delayed and important parts of the economy do not restart during 2H 2020.
- Sweden GDP -11.5% in 2020, 3% in 2021.



Probability-weighted ECL allowances:
SEK 10,370m

100% probability of positive scenario:
SEK -760m in ECL allowances (-7%)

100% probability of negative scenario:
SEK +1,253m in ECL allowances (+12%)

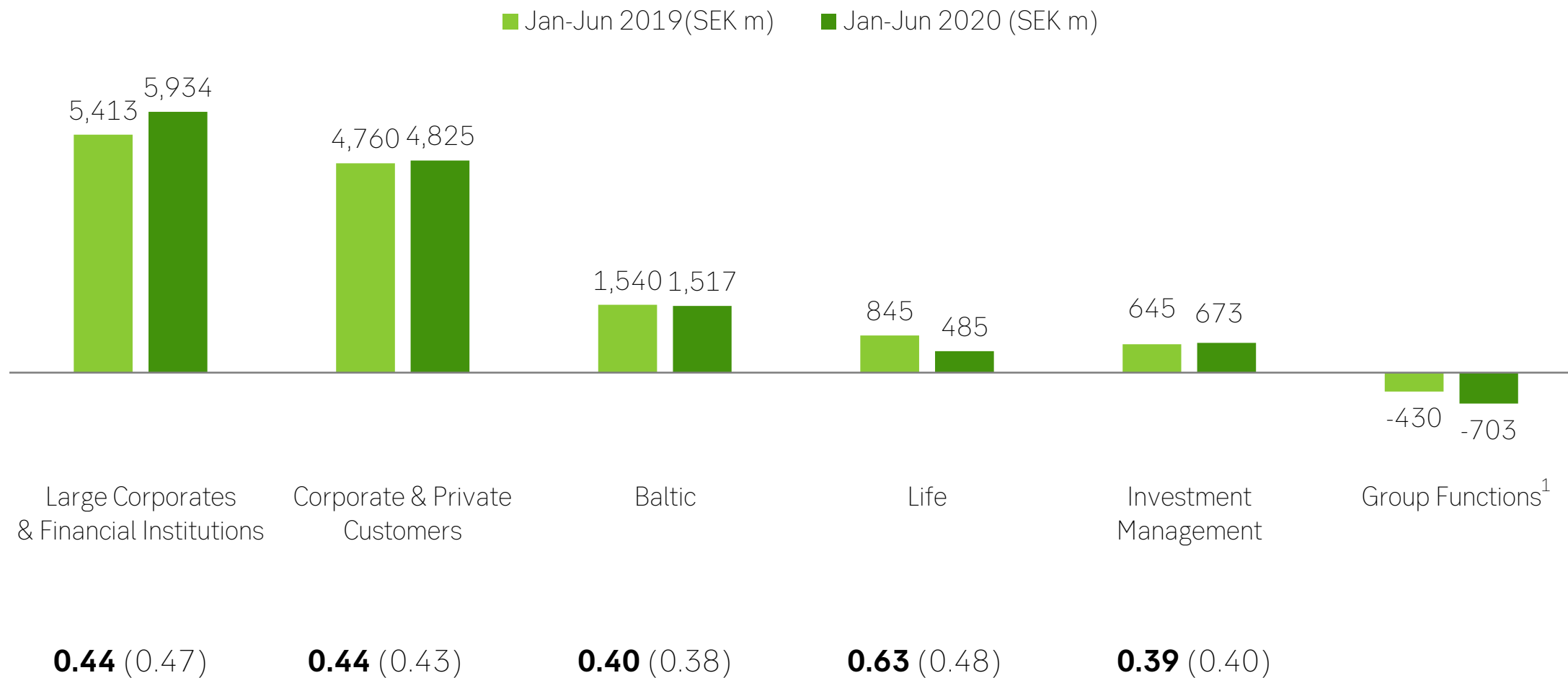
Strong asset quality and balance sheet

		2019	YTD 2020
Asset quality	Net expected credit loss level	0.10%	0.35%
Funding & liquidity	Customer deposits (SEK)	1,161bn	1,433bn
	Liquidity coverage ratio	218%	138%
Capital	CET 1 ratio (Basel 3)	17.6%	17.8%
	CET1 buffer above requirement	250 bps	410 bps
	Total capital ratio (Basel 3)	23.3%	22.2%
	Leverage ratio (Basel 3)	5.1%	4.3%

Appendix



Pre-provision profit by division



¹ Group Functions consist of Business Support, Technology, Treasury, Staff units and the German run-off operations.

Capital development

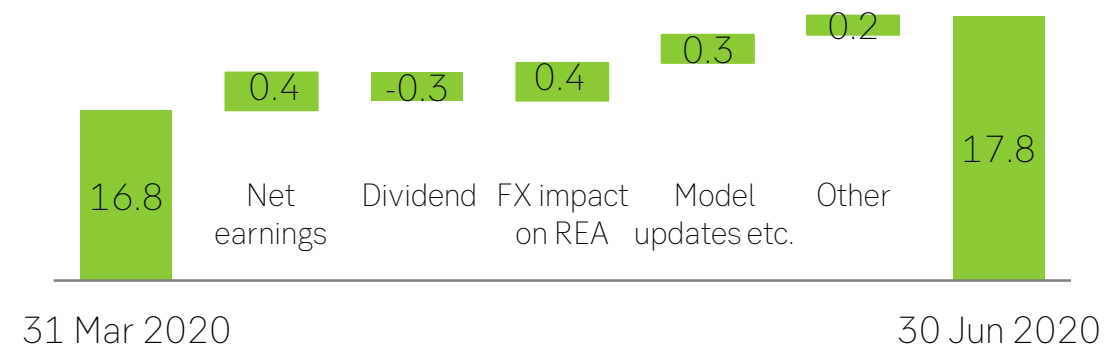


SEK bn

Common Equity T1	125.9	131.2	131.3	132.5
Capital base	159.3	173.4	165.6	165.3
REA	716	746	782	745
Leverage ratio T1, %	5.1	5.1	4.3	4.3

CET1 ratio development

QoQ, %



CET1 buffer development

QoQ, bps

