

22 October 2020



Financial Results Q3 2020

Johan Torgeby, President & CEO
Masih Yazdi, CFO

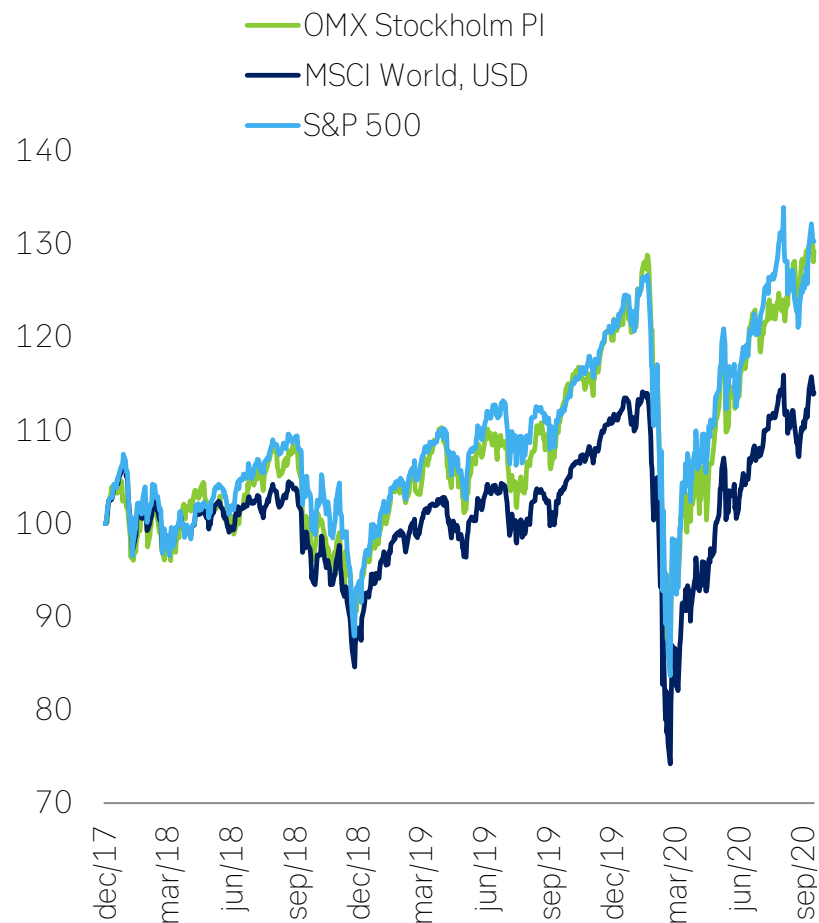


Financial markets development



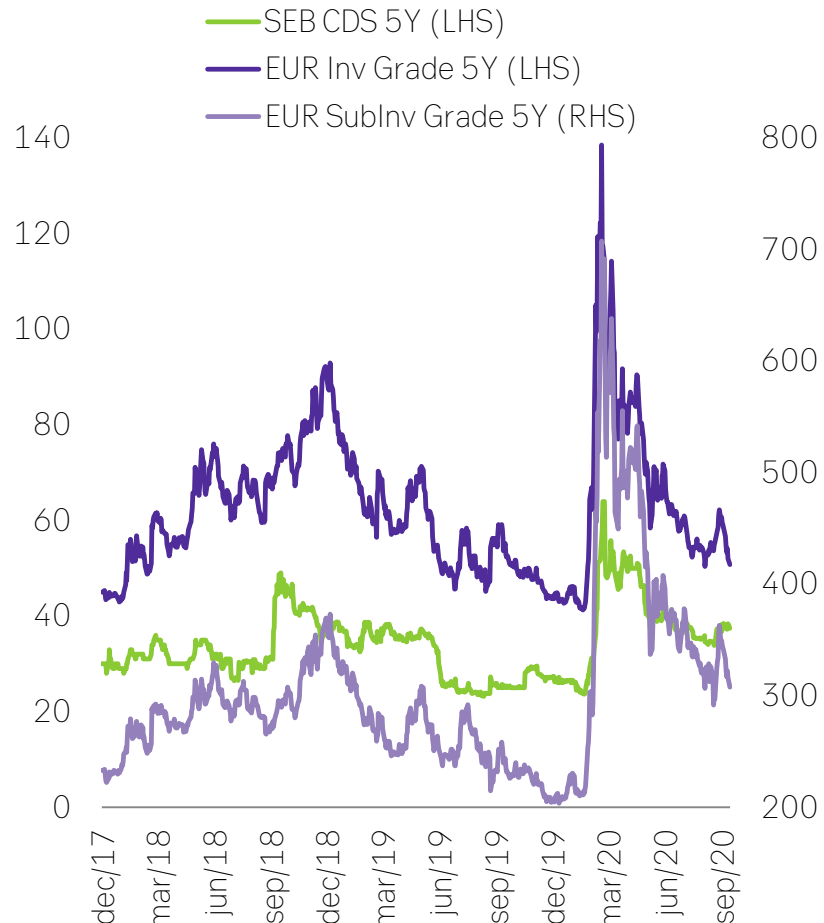
Equity markets

Sweden, US and global



Credit spreads

SEB vs. corporate sector



Interest rates

Annual yield of 10-year gvt bonds

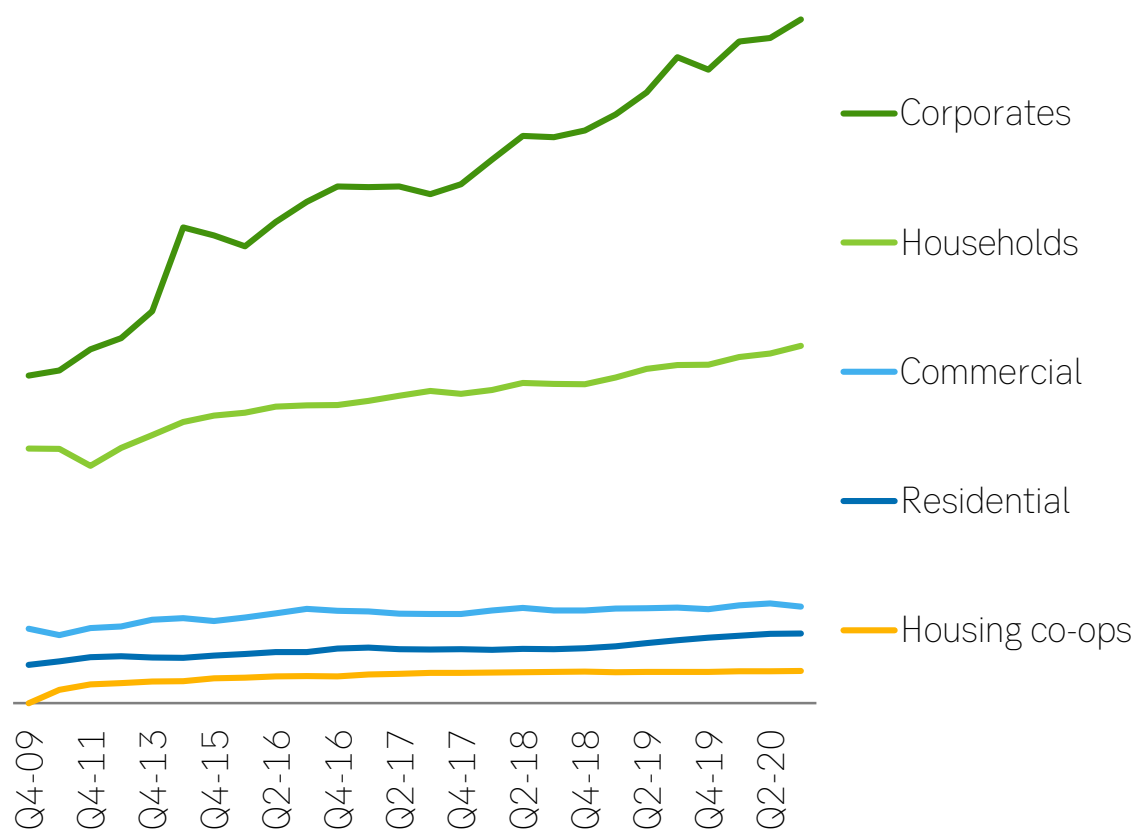


Note: equity market data series are indexed assuming 2017-12-30 = 100.

Development of credit exposure

Credit exposure by main sectors

SEK bn



Credit exposure growth rates

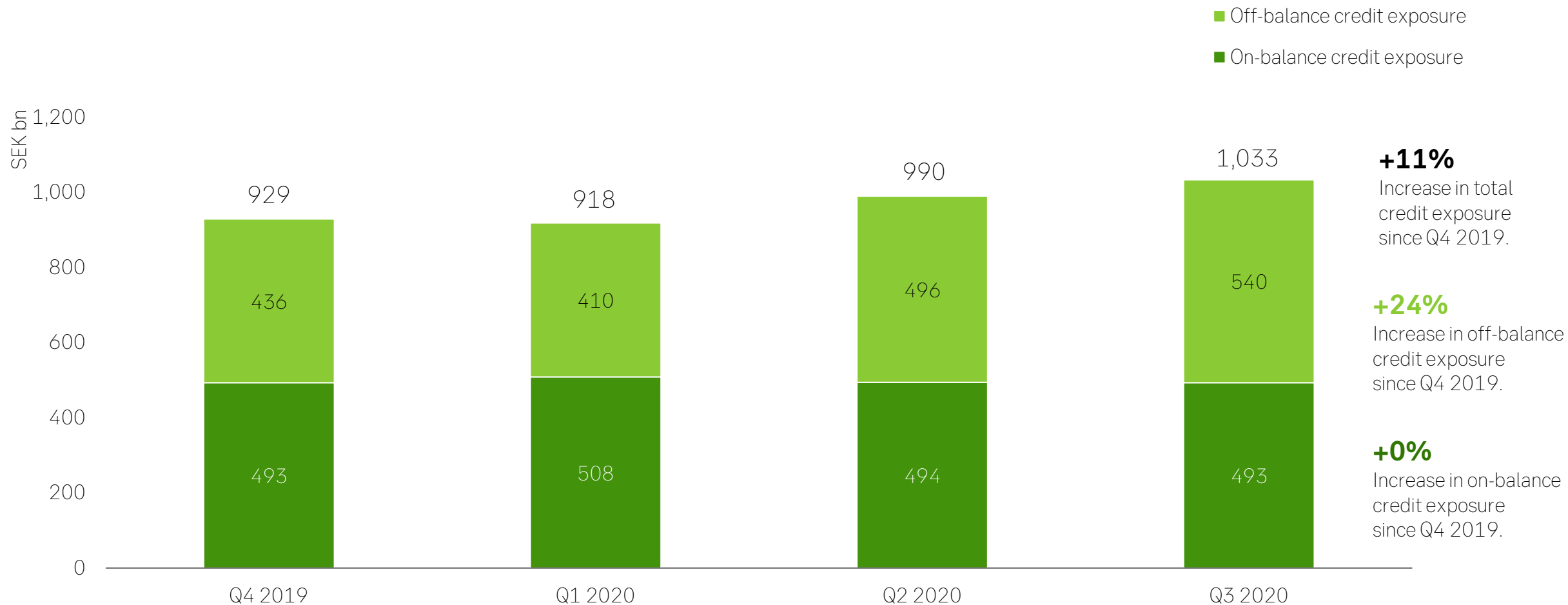
Quarter-on-quarter and year-on-year

Sector	QoQ	YoY
Corporates	3%	6%
<i>FX-adjusted</i>	3%	9%
Households	2%	6%
<i>Swedish mortgages</i>	3%	8%
Commercial real estate	-3%	1%
Residential real estate	1%	11%
Housing co-ops	1%	3%
Total (excluding banks)	1%	6%

Note: data includes on- & off-balance sheet exposures.

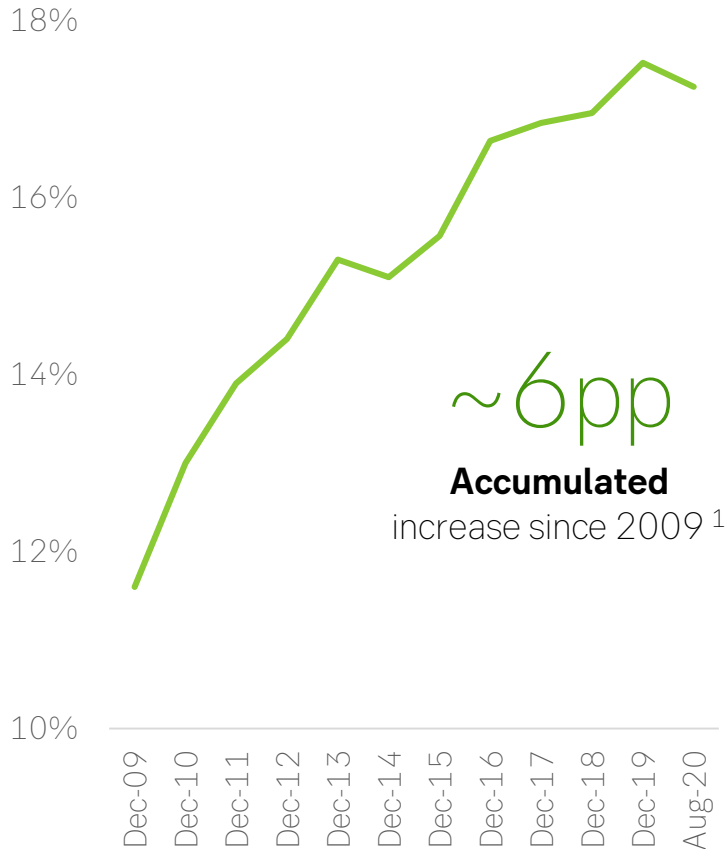
Development of credit exposure

Large Corporates & Financial Institutions

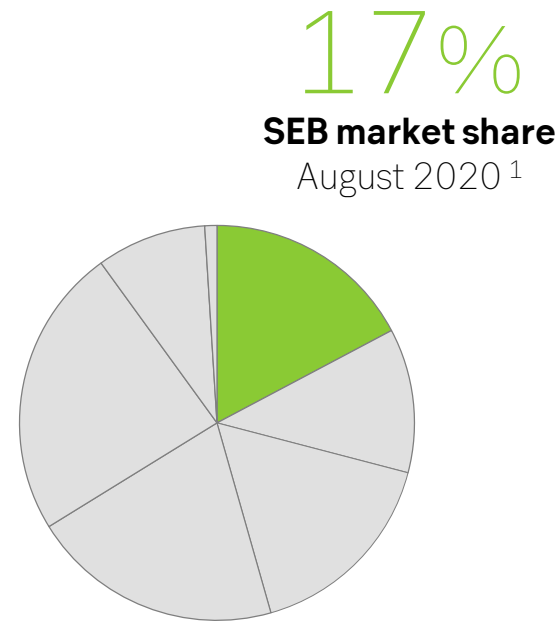


Solid market position among SME customers...

Continuous market share gain



Solid position in Swedish market



Satisfied customers

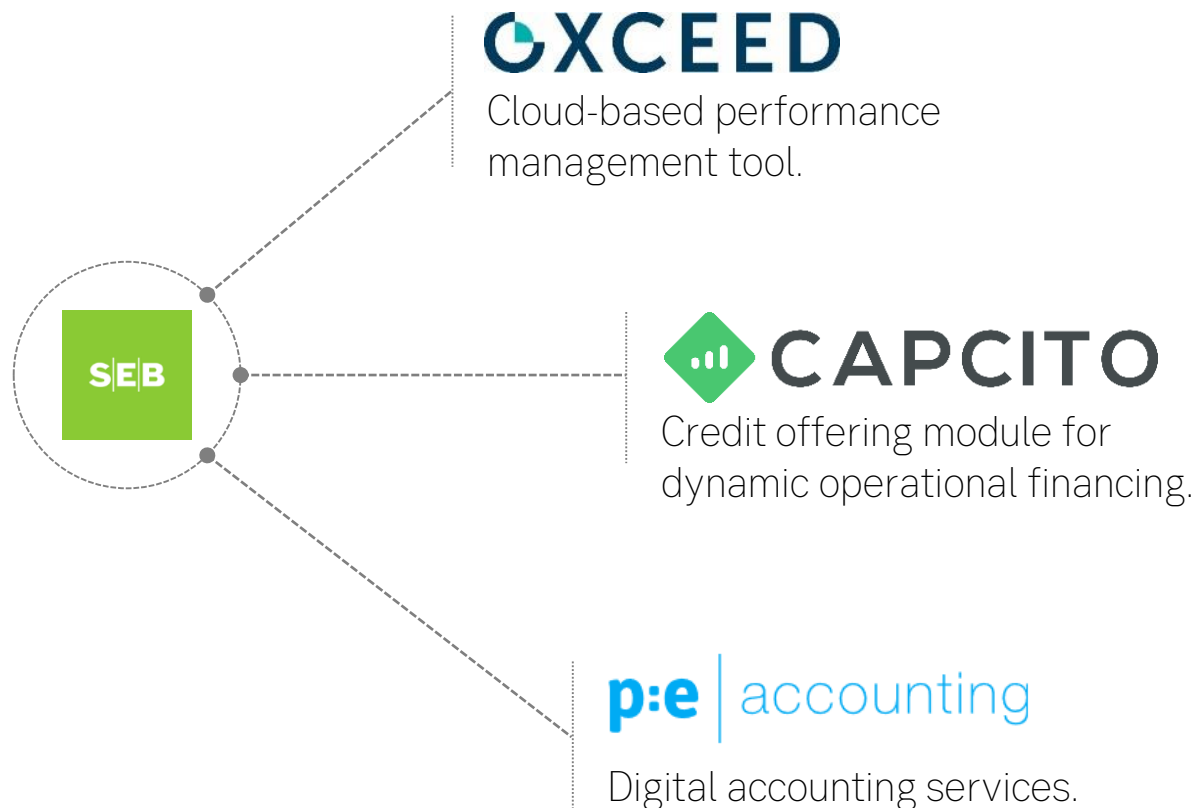
Awarded **Business Bank of the year**
for the second consecutive year²

Ranking(2019)	Bank	Score
1 (1)	SEB	4.7
2 (2)	Peer 1	4.5
	<i>Sector average</i>	3.4
3 (5)	Peer 2	2.8
4 (3)	Peer 3	2.7
5 (4)	Peer 4	2.5

¹Statistics Sweden. ²Finansbarometern as per publication in September 2020.

...while developing next-generation offering to SME customers

Digital ecosystem enabled by SEB's API platform



SEBx – a bank within the bank



- Continued development of **mobile-only** offering to **solopreneurs**.
- Exploration of **new technologies** with insights being shared with SEB Group.

Accelerating the sustainability transition

Strengthened governance

President & CEO

Group Executive Sustainability Committee

C&PC

LC&FI

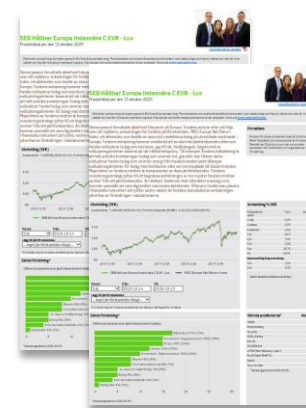
Baltic

Life

IM

- Group-wide **sustainability organisation**.
- Gathers expertise and takes comprehensive approach from a **strategic and business perspective**, including product development.

Enhanced offering



DAIMLER



- Applying **most strict sustainability criteria** to an addition of funds, representing SEK 51bn in AuM.
- A selection of **sustainability transactions**, arranging issues and advising on green frameworks.
- **SEB Greentech** established to invest venture capital in green technology.

Highlights in Q3 2020

- Continued stabilisation of financial markets and customer behaviours.
- Return on equity of 11.7 per cent despite elevated provisions.
- Strong capital and liquidity position, well placed to continue supporting our customers.
- The Board of Directors confirms its previous decision to not propose a dividend during 2020.

Financial summary YTD 2020

SEK m	2020 January-September	2019 January-September	%
Total operating income	36,651	36,045	2
Total operating expenses	-16,905	-16,918	0
Profit before credit losses	19,746	19,127	3
Net expected credit losses etc.	-5,283	-1,296	
Operating profit before IAC	14,463	17,831	-19
IAC	-1,000		
Operating profit	13,463	17,831	-24

Net ECL level

30bps

C/I

0.46

CET 1

19.4 %

RoE¹

9.7%

¹ Excluding items affecting comparability.

Masih Yazdi, CFO



Financial summary Q3 2020

SEK m	Q3 2020	Q2 2020	%	Q3 2019	%
Total operating income	12,563	13,999	-10	11,942	5
Total operating expenses	-5,547	-5,712	-3	-5,589	-1
Profit before credit losses	7,016	8,287	-15	6,353	10
Net expected credit losses etc.	-1,099	-2,690		-488	
Operating profit before IAC	5,916	5,598	6	5,864	1
IAC		-1,000			
Operating profit	5,916	4,598	29	5,864	1

Net ECL level

19bps

C/I

0.44

CET 1

19.4 %

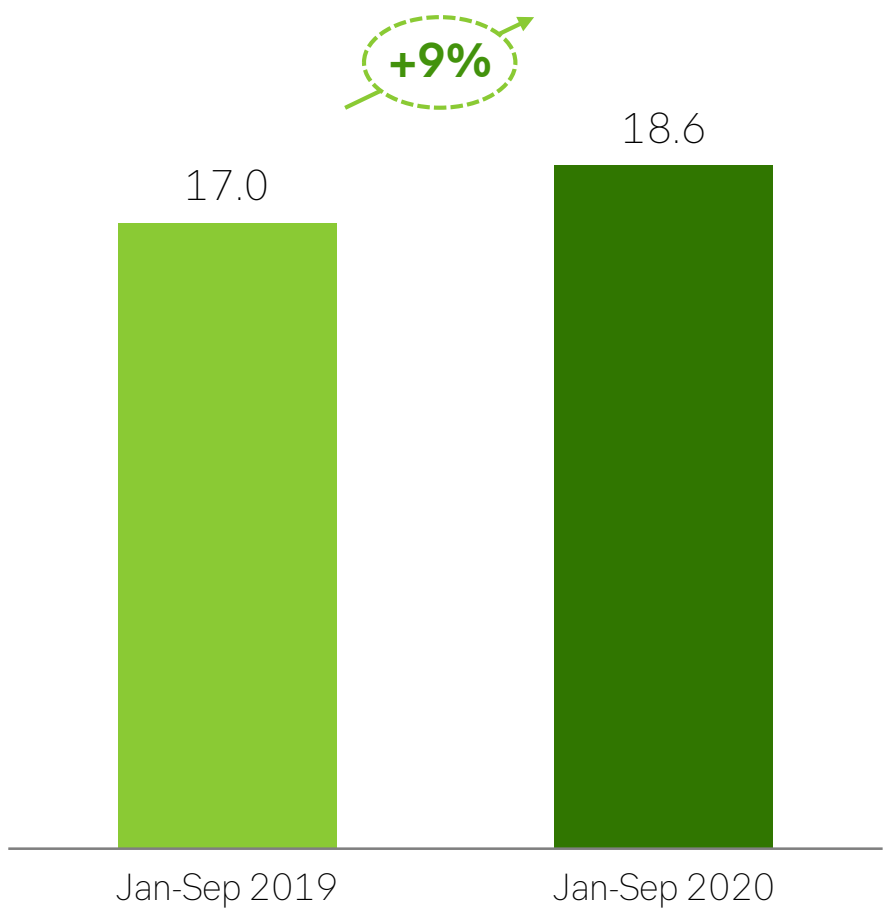
RoE

11.7 %

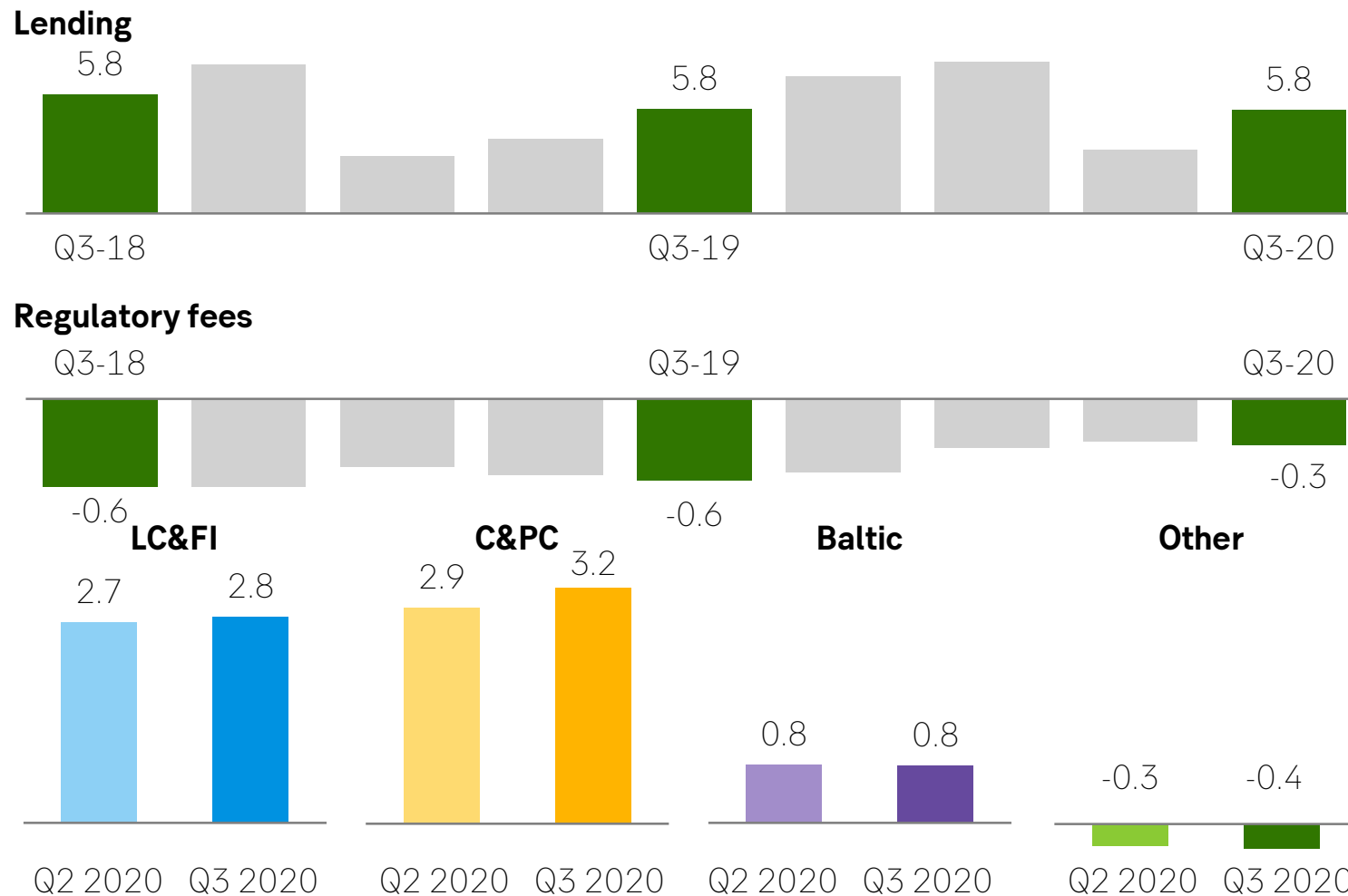
Net interest income development



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

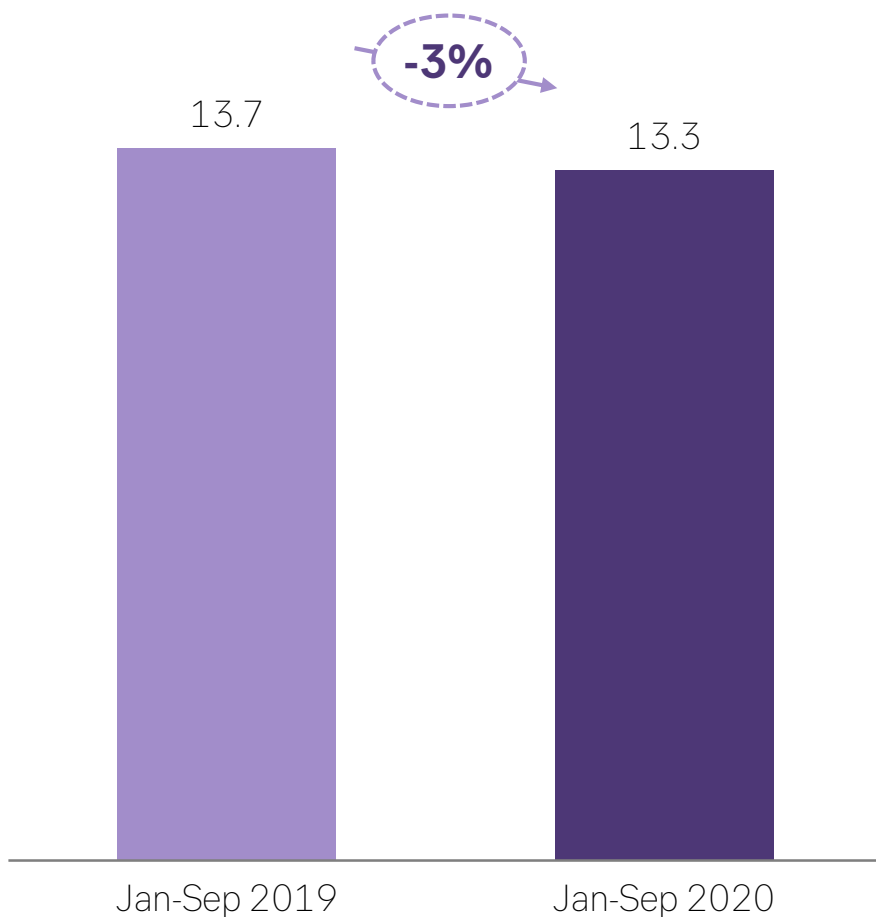


Net interest income type (SEK bn)
Q3 2018 – Q3 2020



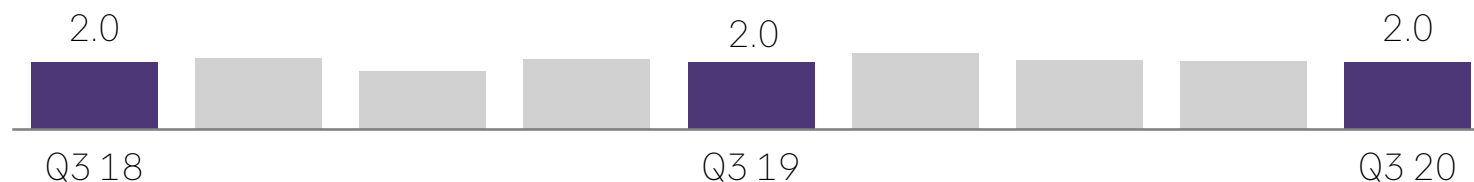
Net fee & commission income development

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

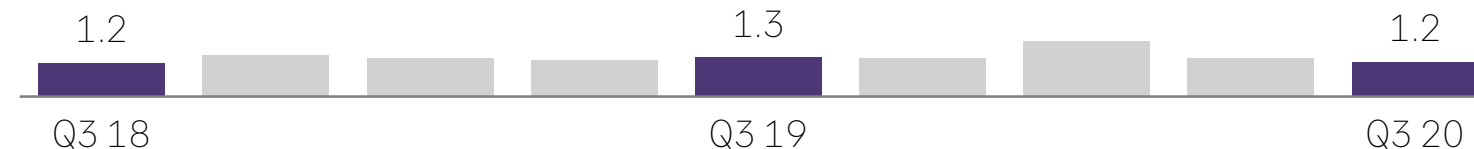


Net fee & commissions by income type (SEK bn)
Q3 2018 – Q3 2020

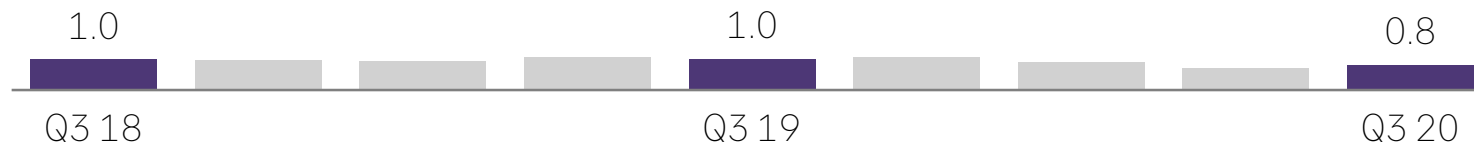
Net securities commissions (custody, mutual funds, brokerage)



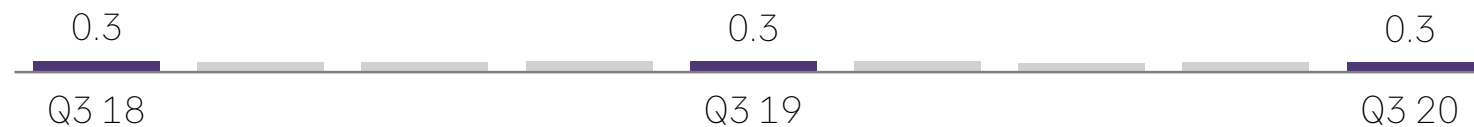
Net advisory fees, lending fees & other commissions



Net payment & card fees

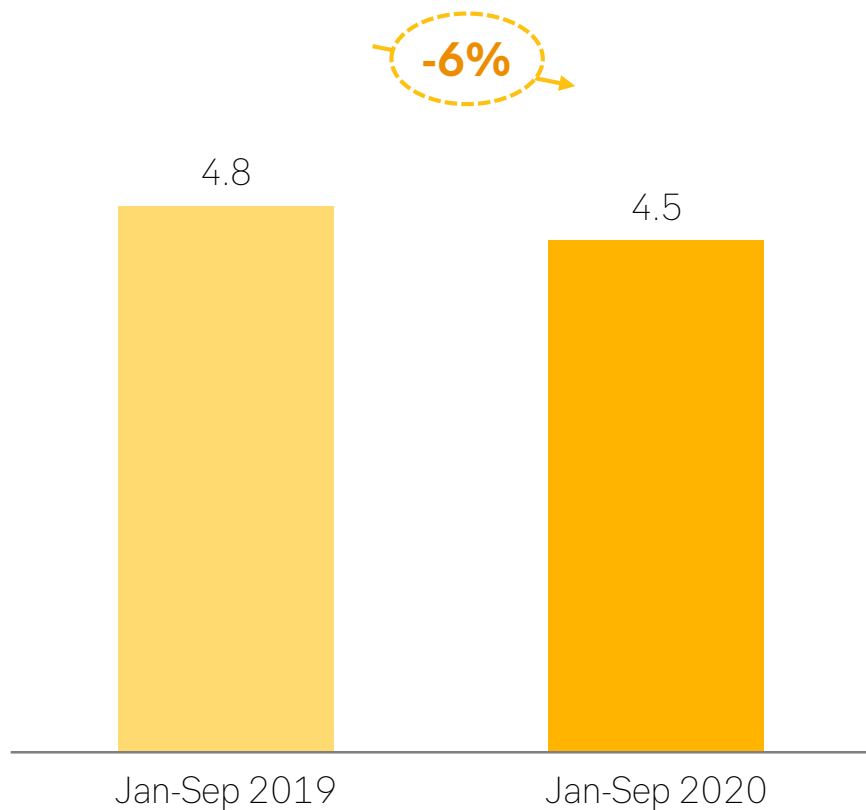


Net life insurance commissions

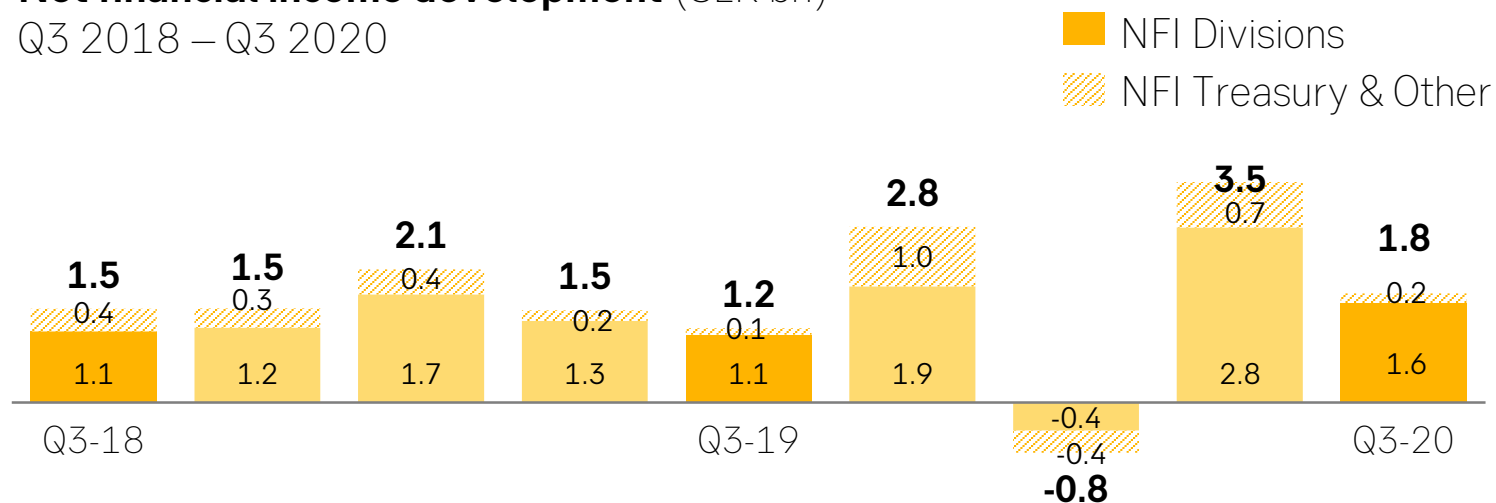


Net financial income development

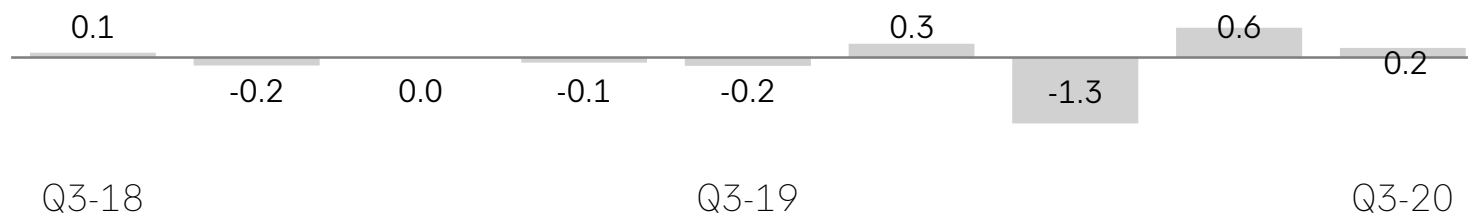
Net financial income (SEK bn)
Jan-Sep 2020 vs. Jan-Sep 2019



Net financial income development (SEK bn)
Q3 2018 – Q3 2020

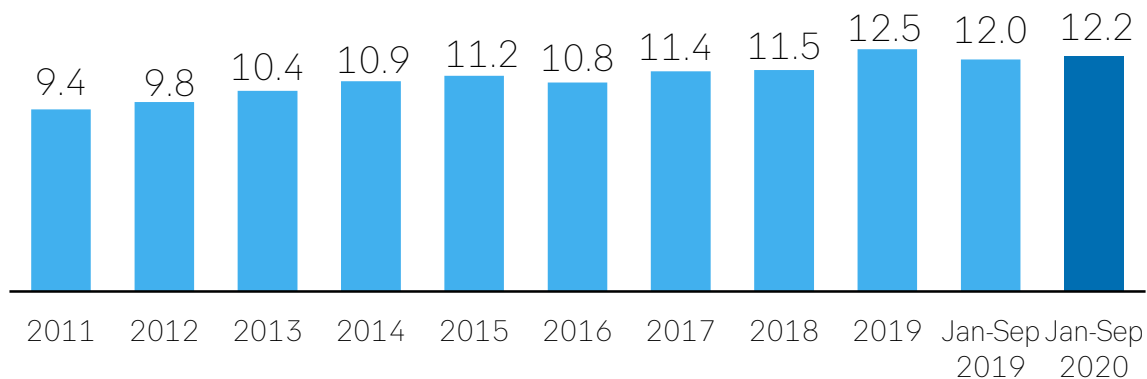


whereof **CVA/DVA** (SEK bn)

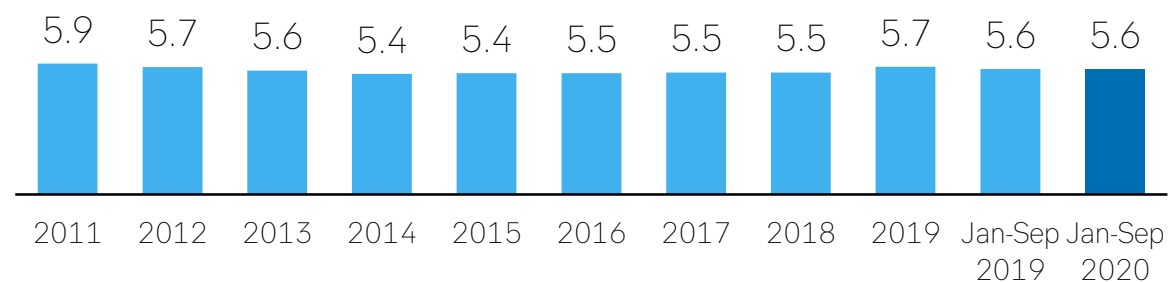


Operating leverage

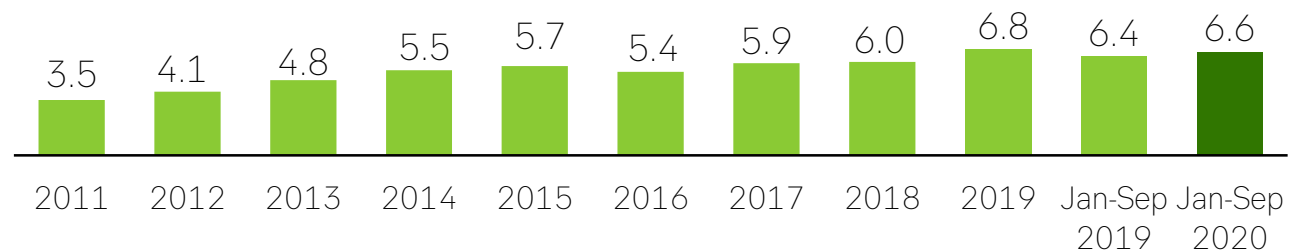
Average quarterly income (SEK bn)



Average quarterly expenses (SEK bn)



Average quarterly profit before credit losses (SEK bn)



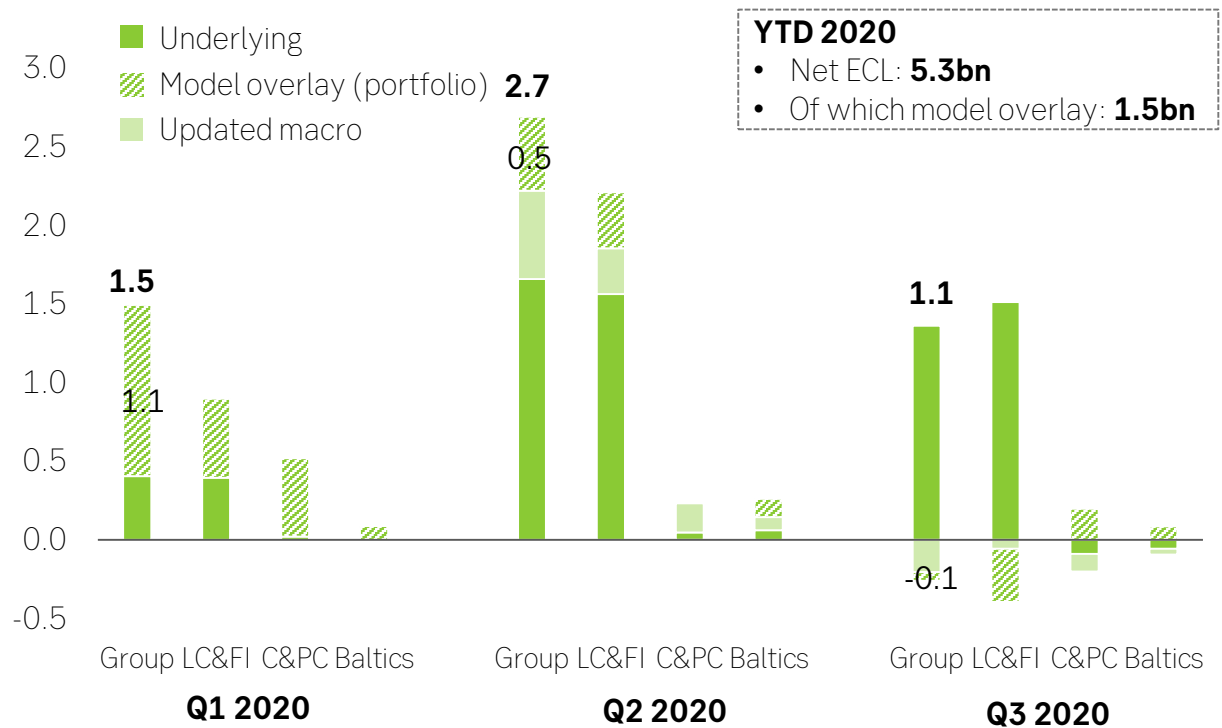
Note: data excludes items affecting comparability.

Provisioning for future expected credit losses



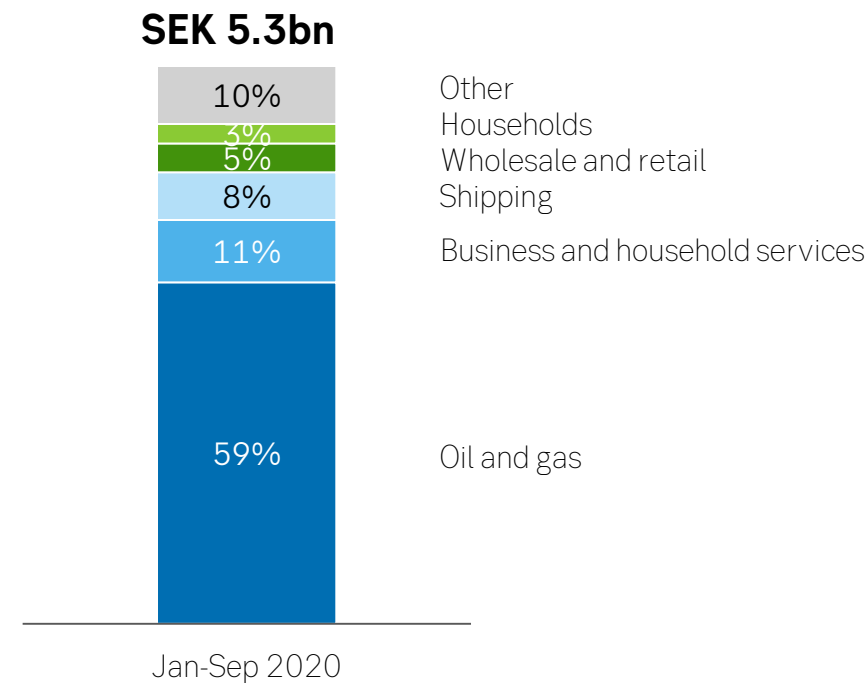
Net ECL development

SEK bn, Jan-Sep 2020



Net ECL by industry

Share of net ECL by industry, Jan-Sep 2020



FY 2020 net ECL expected to amount to **around SEK 6bn.**

Capital development

CET1 ratio development

QoQ, %



CET1 buffer development

QoQ, bps

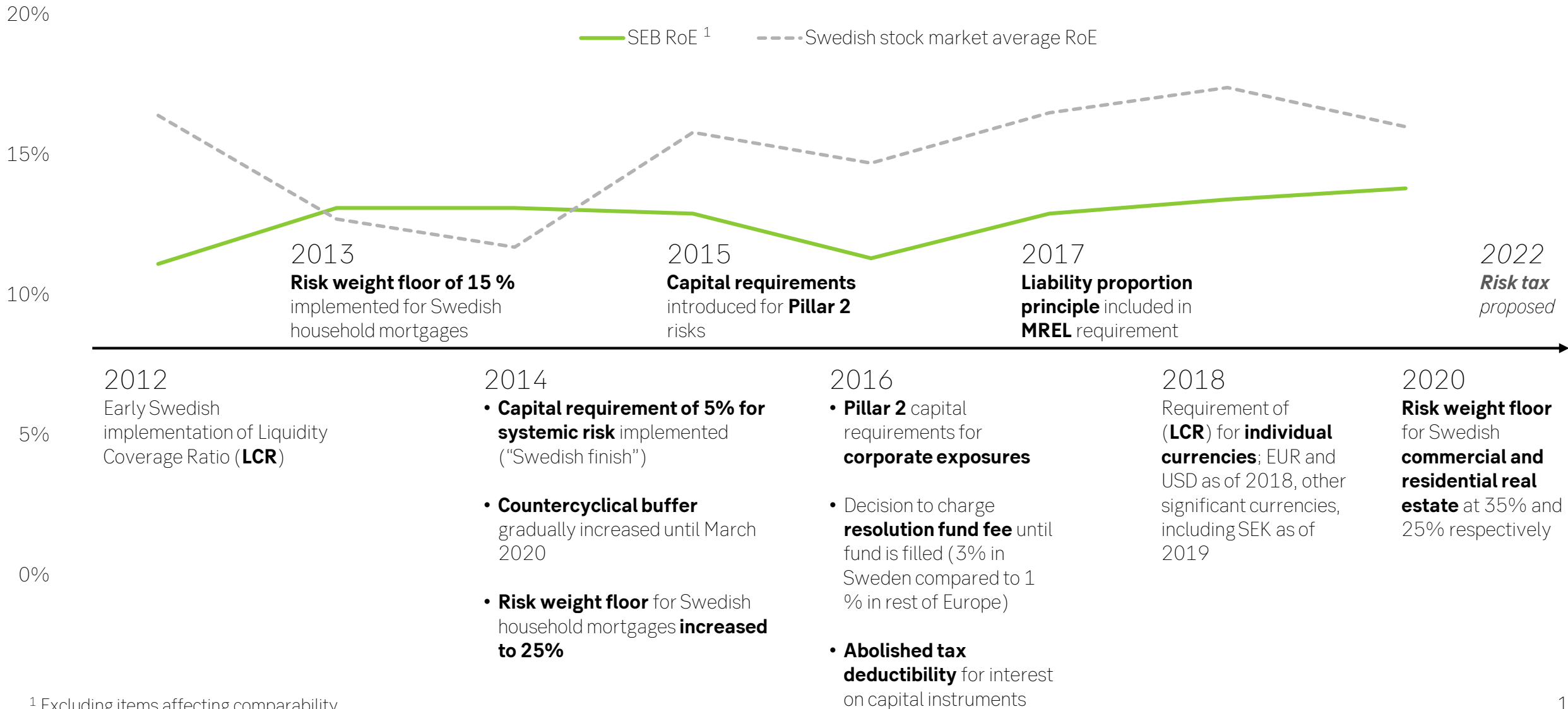


The **buffer change** was positively affected by the initially proposed 2019 dividend that was added back to the capital base and negatively affected by a higher accrued dividend for 2020.

Strong asset quality and balance sheet

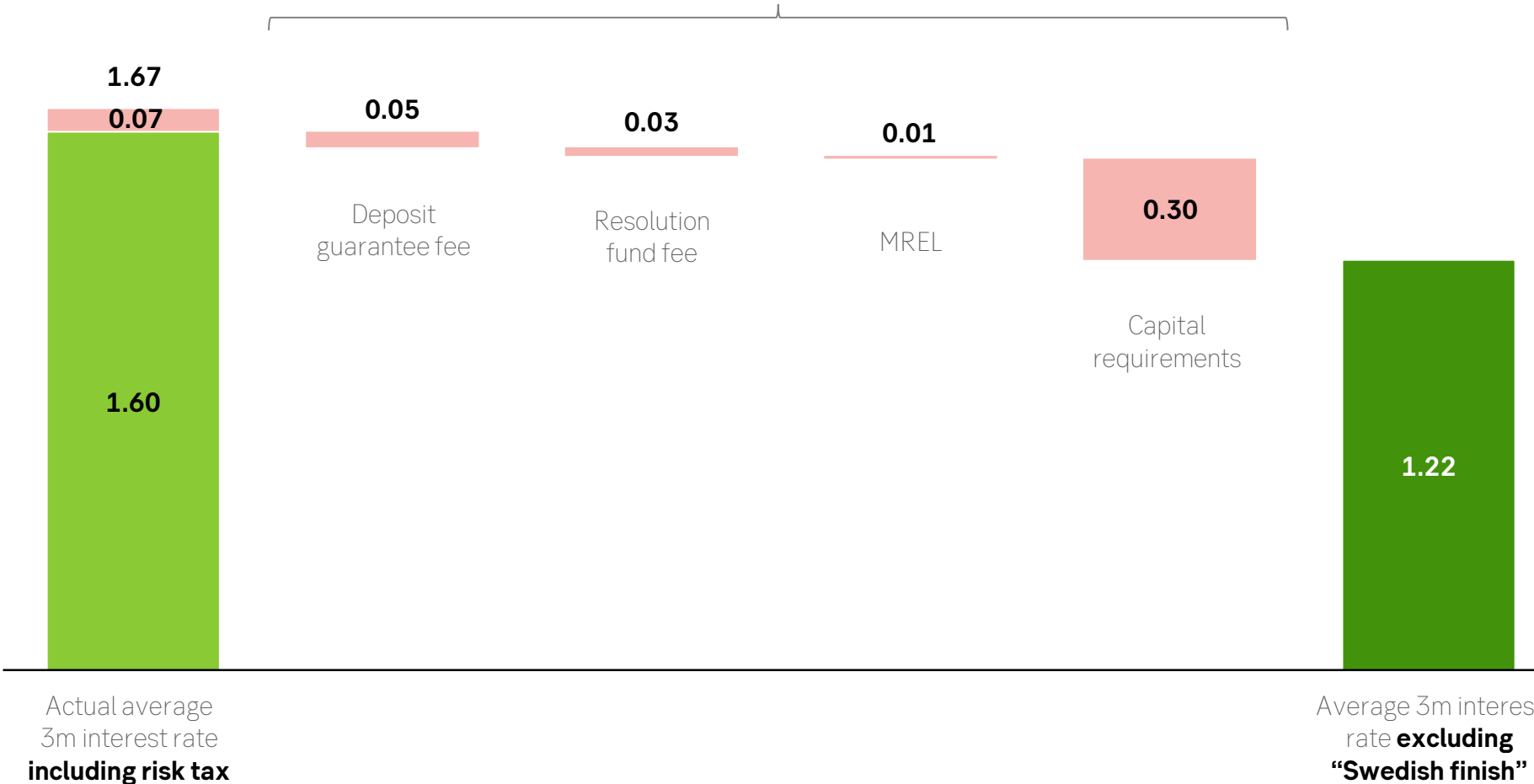
		2019	YTD 2020
Asset quality	Net expected credit loss level	0.10%	0.30%
Funding & liquidity	Customer deposits (SEK)	1,161bn	1,432bn
	Liquidity coverage ratio	218%	139%
Capital	CET 1 ratio (Basel 3)	17.6%	19.4%
	CET1 buffer above requirement	250 bps	580 bps
	Total capital ratio (Basel 3)	23.3%	23.7%
	Leverage ratio (Basel 3)	5.1%	4.6%

Stable profitability despite increased regulations



Impact from Swedish regulation on mortgage rates

Excess Swedish regulation vs. European average



SEK ~16bn

annual cost increase for Swedish households **excluding risk tax**

SEK ~18bn

annual cost increase for Swedish households **including risk tax**

Note: Actual average 3m interest rate is based on an average of SEB, Nordea, Swedbank, Handelsbanken, Danske, Länsförsäkringar and SBAB. Annual cost increase based on assumption of 2.4 million Swedish households, calculated pre interest rate deduction.

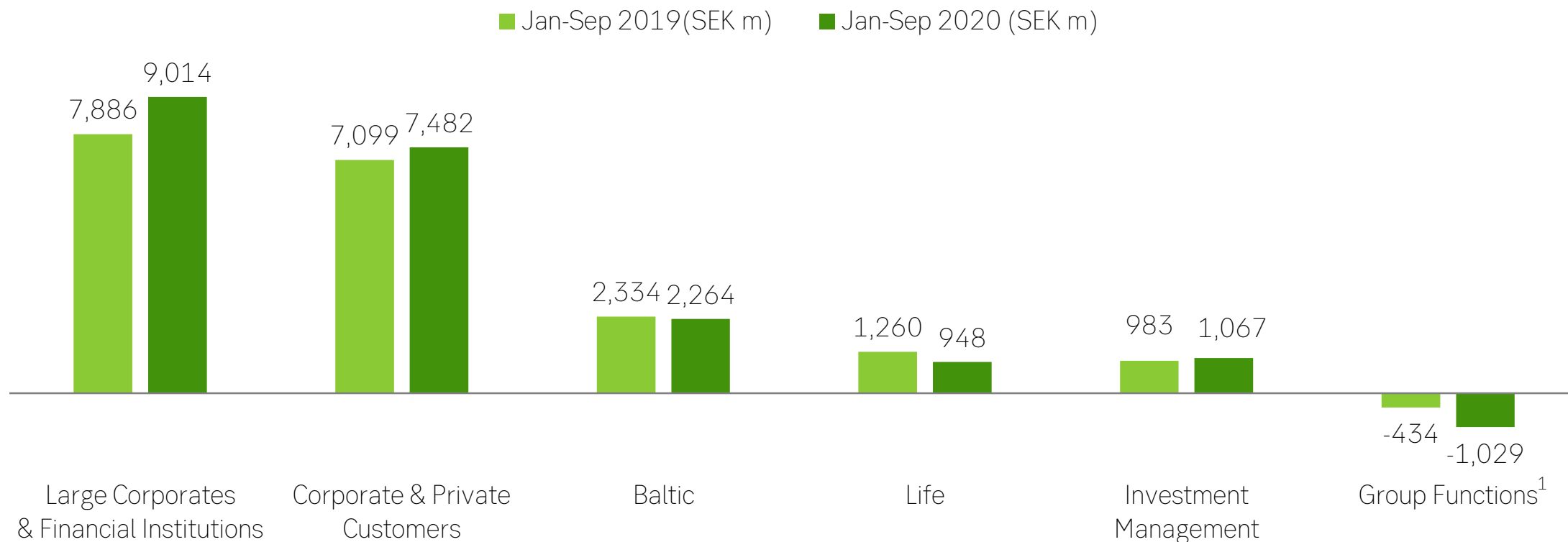
Thank you for your attention

Appendix

SEB



Pre-provision profit by division



RoBE (%)	6.9 (10.5)	14.8 (15.4)	16.8 (24.5)	22.1 (28.8)	48.3 (43.7)
C/I	0.44 (0.47)	0.43 (0.43)	0.40 (0.39)	0.56 (0.48)	0.37 (0.39)

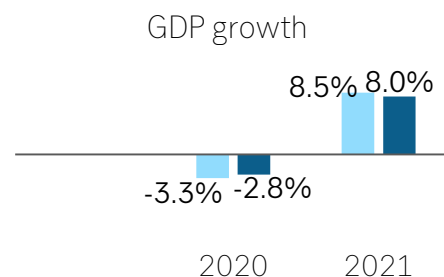
¹ Group Functions consist of Business Support, Technology, Treasury, Staff units and the German run-off operations.

Macroeconomic assumptions and ECL sensitivity

Three scenarios used in ECL modelling

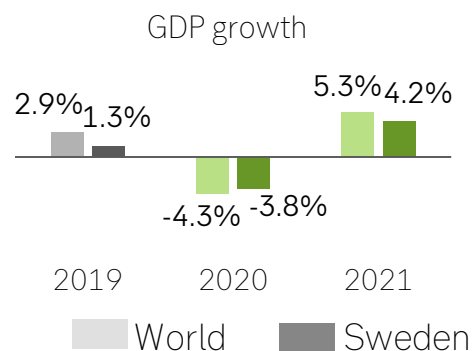
Macro assumptions as of September 2020

Positive – 20% probability



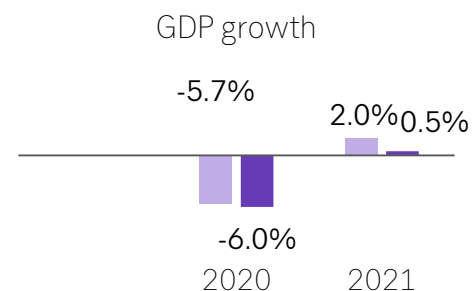
- Large scale vaccinations start early 2021 or current economic policy stimulus are underestimated when it has better conditions to work in.

Base – 60% probability



- Assumes that the world must go through winter without mass vaccinations and the risk of a worsening pandemic situation, with vaccinations available in second half of 2021 reducing need for restrictions.

Negative – 20% probability



- Dominant risk that the pandemic takes off during winter in such a severe way that large new lockdowns are necessary with severe negative impact on GDP and confidence.

Probability-weighted ECL allowances:
SEK 10.9bn

100% probability of positive scenario:
-4% ECL allowances

100% probability of negative scenario:
+9% ECL allowances



SEB