

29 April 2020



# Financial Results Q1 2020

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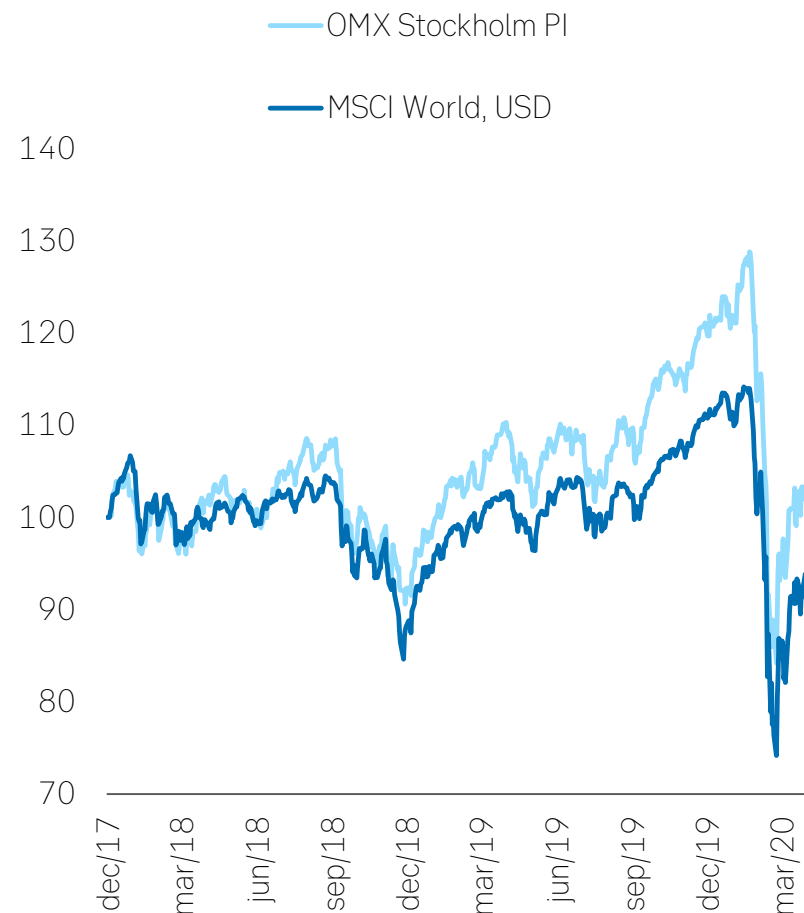
Johan Torgeby, President & CEO  
Masih Yazdi, CFO



# Financial markets development

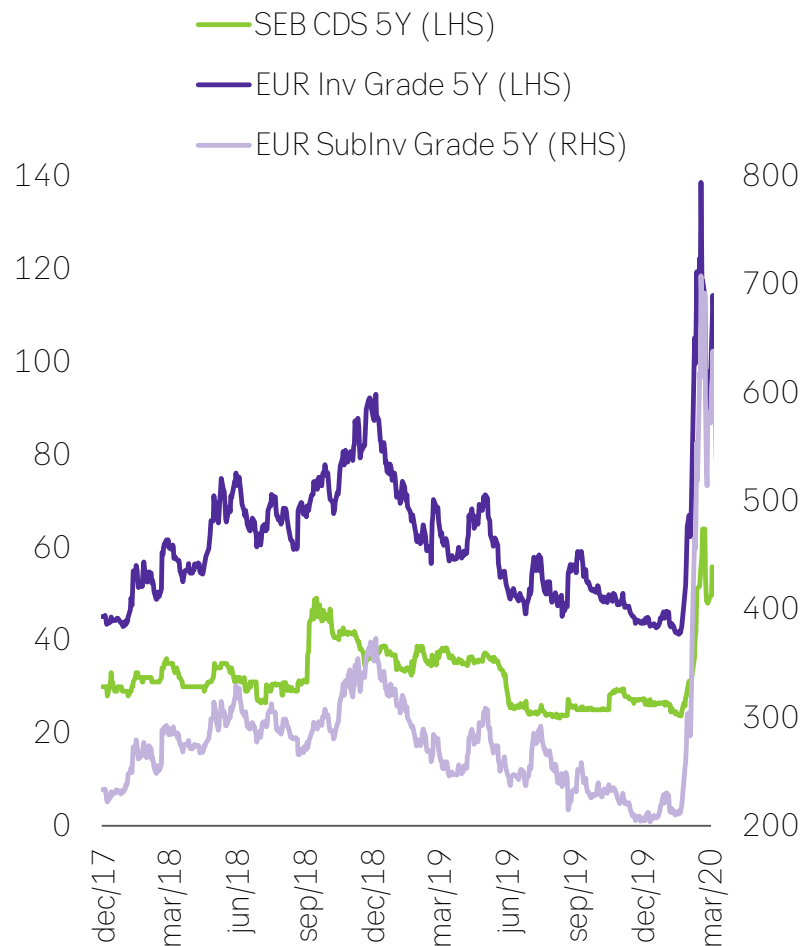
## Equity markets

Sweden and Global



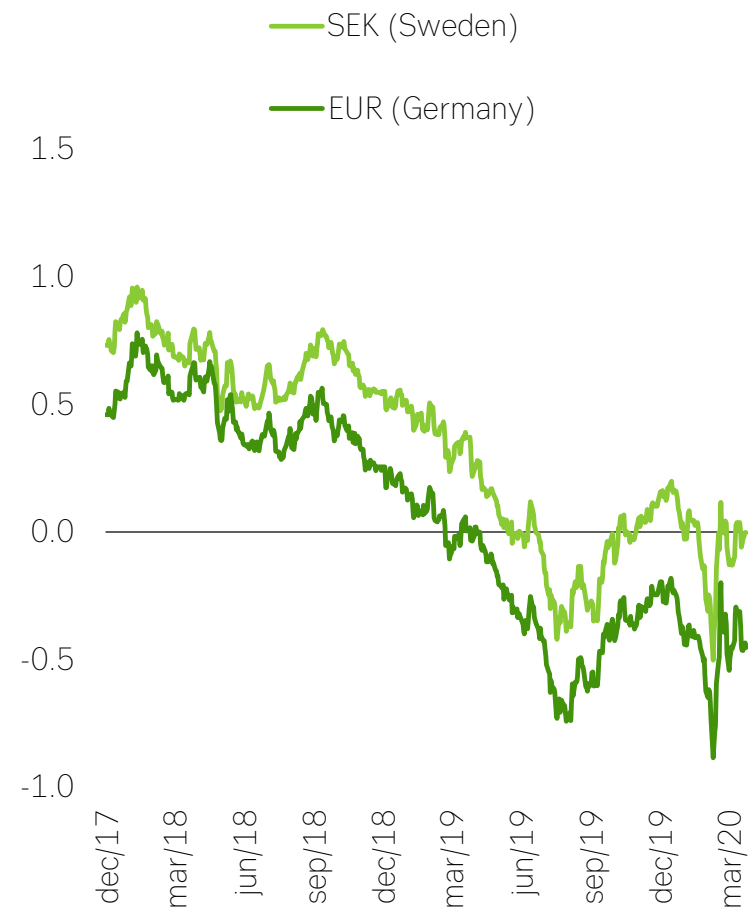
## Credit spreads

SEB vs. corporate



## Interest rates

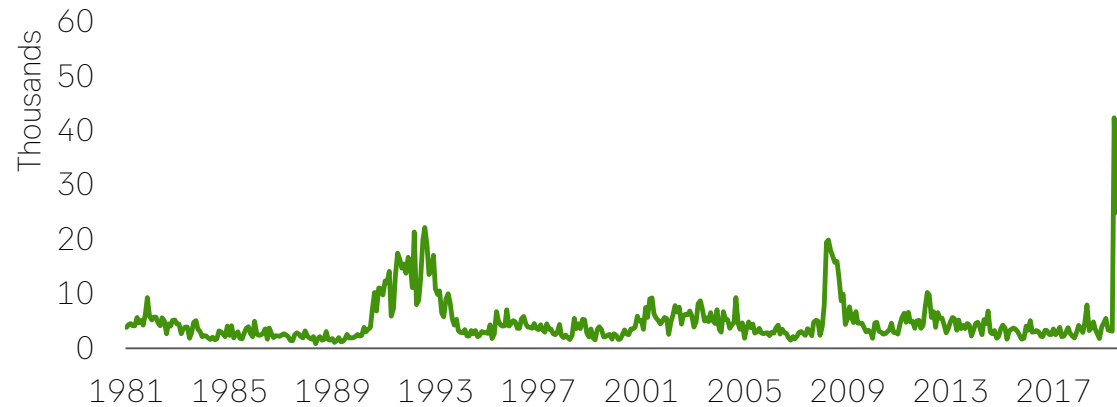
Annual yield of 10-year gvt. bonds



# Impact of Covid-19 on the Swedish economy

## Redundancy notices at record-high level

Number of redundancy notices per month, 1981-YTD 2020



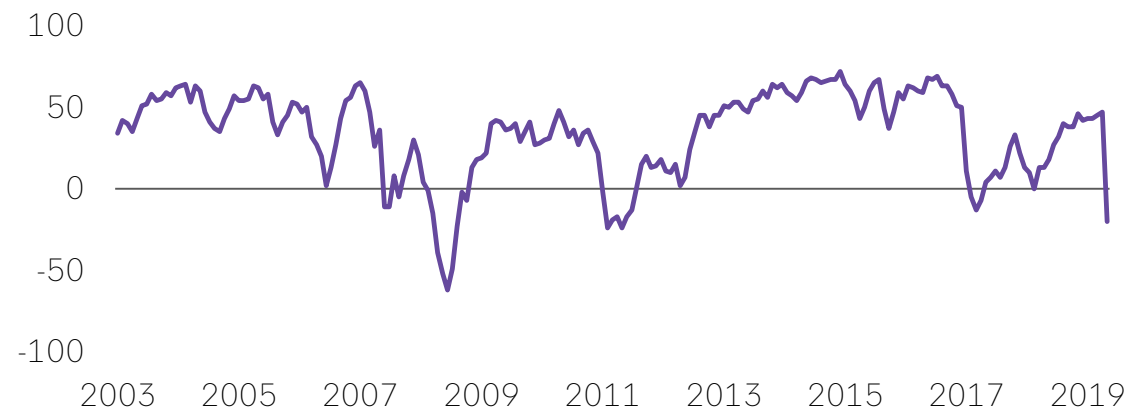
## Newly registered unemployed at previous crisis-level

Number of newly registered per month, 1997-YTD 2020



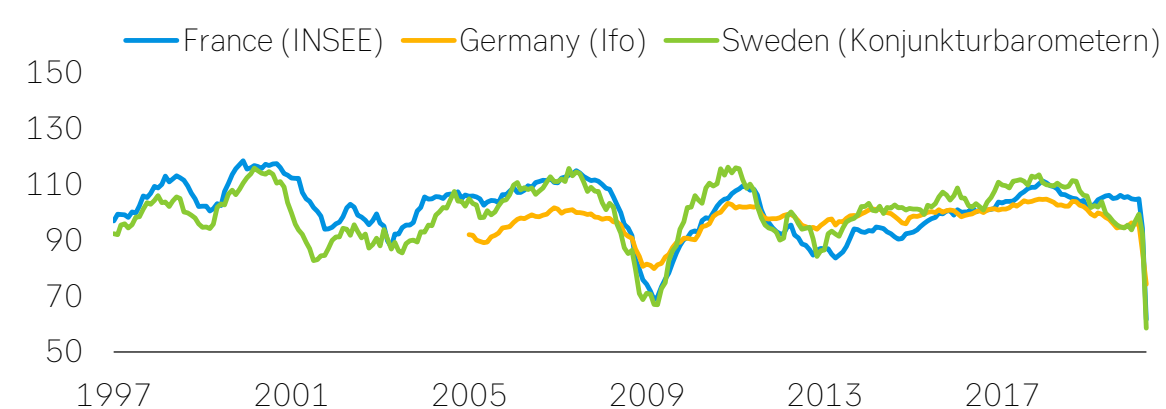
## Deteriorating housing market sentiment

SEB Housing Price Indicator, 2003-YTD 2020



## Business climate at record-low level

Business surveys, 1997-YTD 2020



# SEB card turnover (SEB Kort)

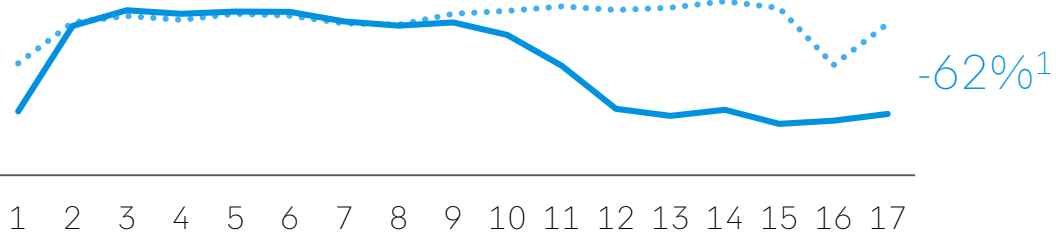
Corporate  
Private

SEB

## Corporate customers

Card turnover per week, YTD 2020, Nordic total

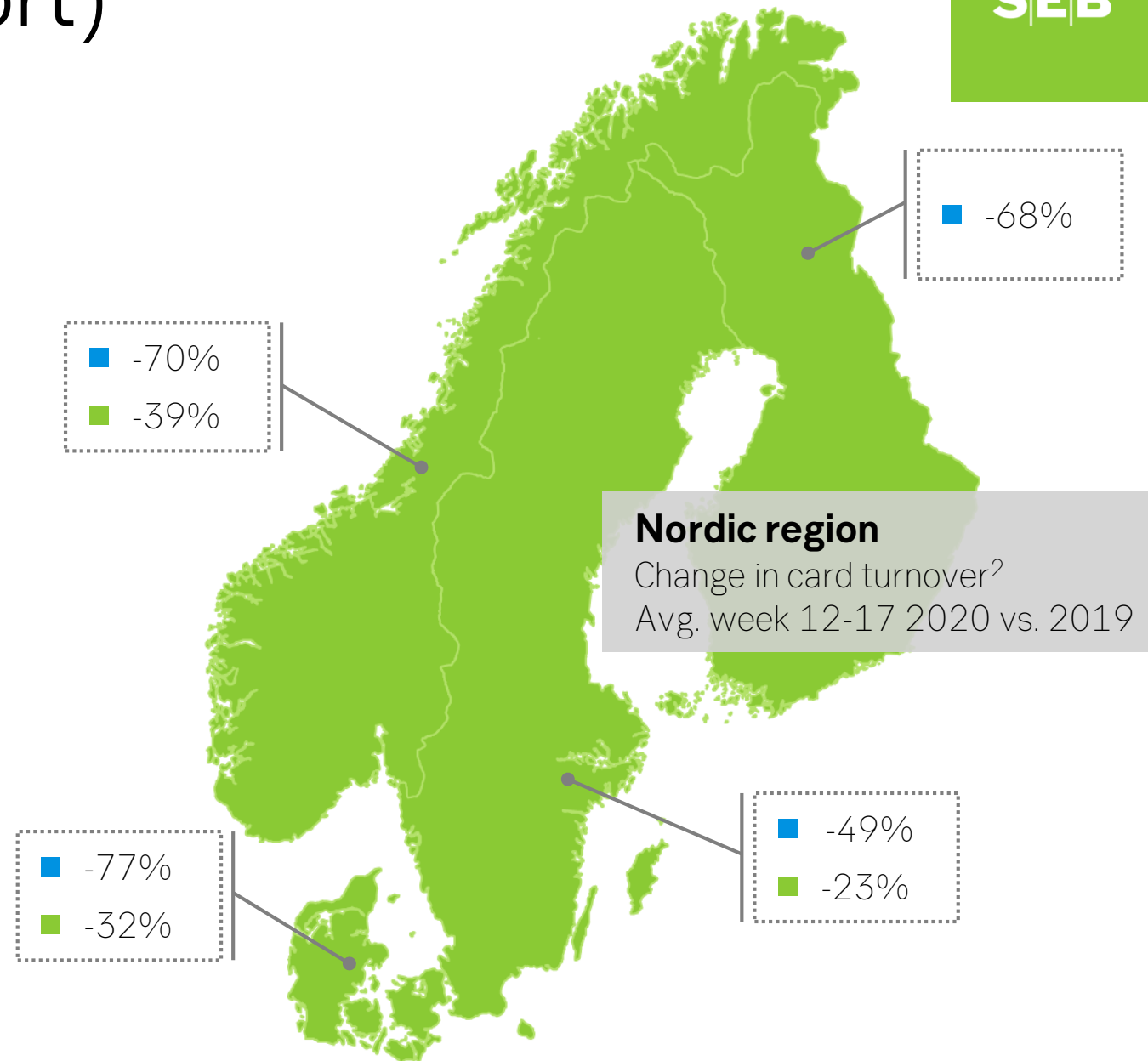
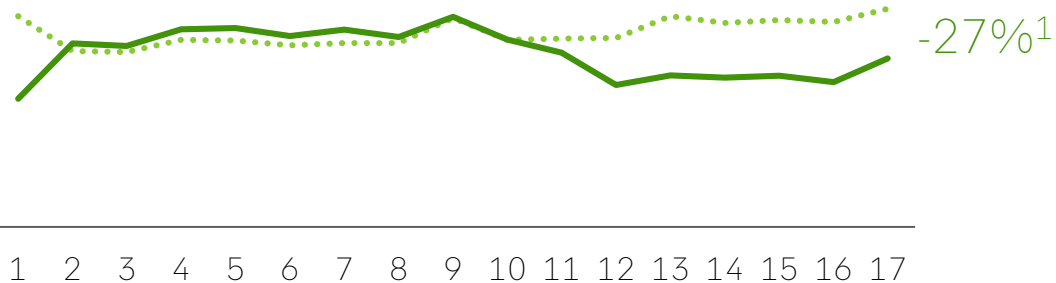
..... 2019 — 2020



## Private customers

Card turnover per week, YTD 2020, Nordic total

..... 2019 — 2020



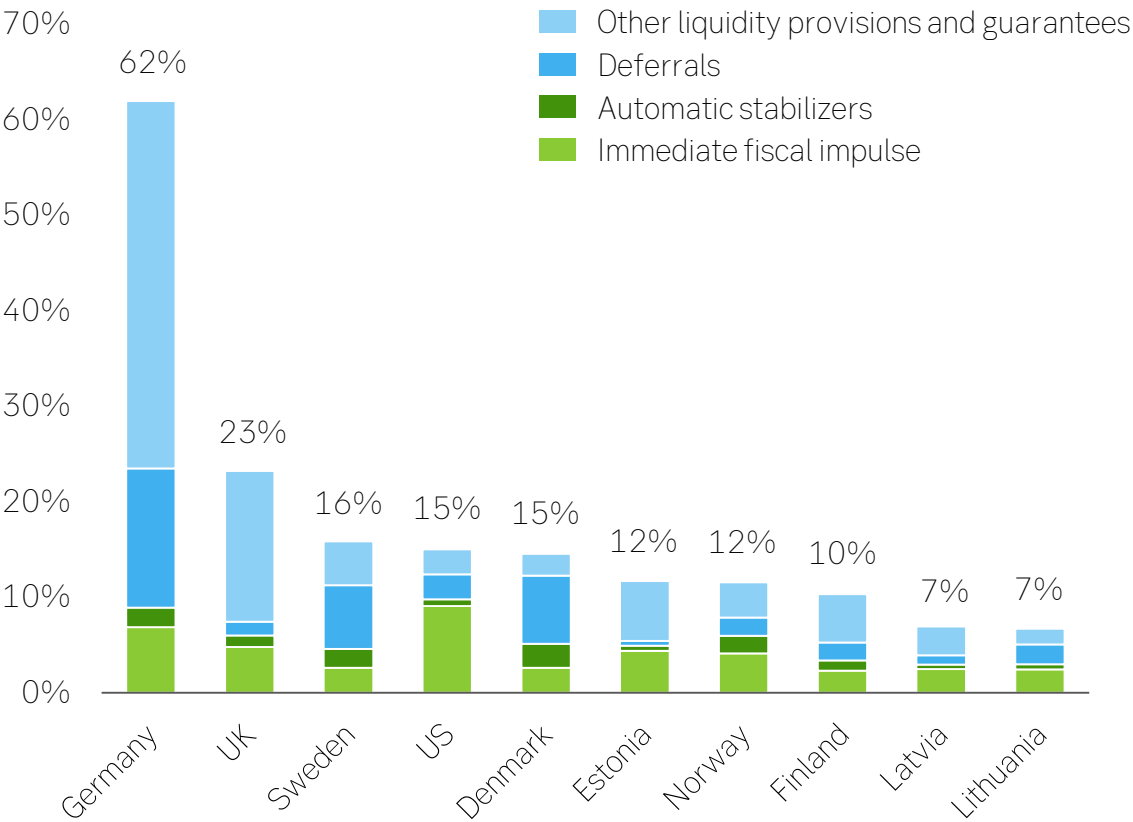
¹ Change measured as weekly average (week 12-17) 2020 vs. same period 2019; ² Development of card turnover partly dependent on product mix.



# Swedish public finances in a relative position of strength

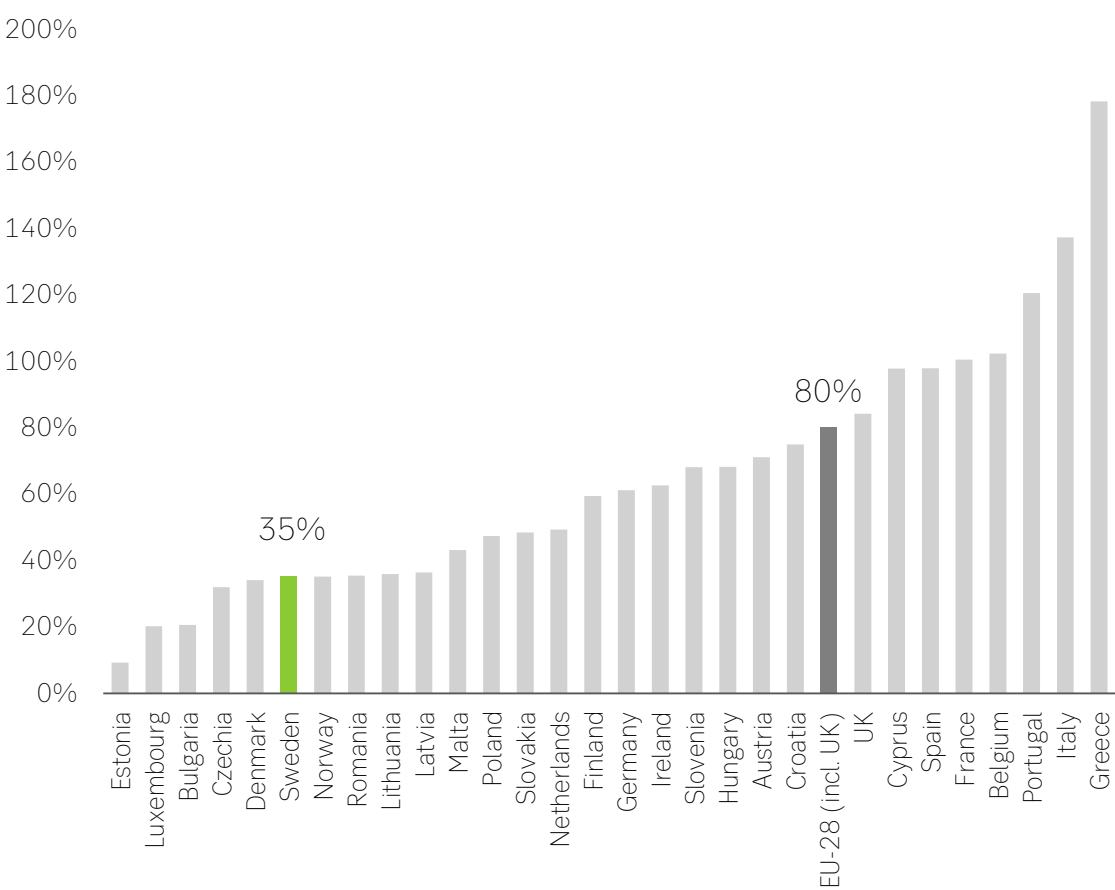
## Government relief measures

Share of GDP, 2019 (YTD estimates as of 28 April 2020)<sup>1</sup>



## Government debt

Share of GDP, Q3 2019<sup>2</sup>



<sup>1</sup> IMF, Bruegel, National Governments and SEB estimates as of 28 April 2020; <sup>2</sup> Eurostat.

# Our response to Covid-19



## Customers

Significant increase in Covid-19 related credit requests.

Grace period on lending and pension solutions granted for ca 18,600 customers.

Arranger of several Covid-19 related transactions in private and public sector.

All branch offices open in Sweden and by appointment in the Baltics.

Ca 30% increase in incoming calls to our customer service centre.

Ca 70% increase in transactions in Private Banking Active Trading.

3-5x normal levels of processed transactions in Trading and Fund Operations.



## Communities

Constructively engaged in dialogue with government and authorities.

Participation in central bank lending facility in Sweden, Norway and Denmark.

Issuance of state-guaranteed loans and close collaboration with EKN in Sweden.

Partner to Hack the crisis Sweden; a virtual hackathon by the Swedish government.

Covid-19 related communication with 0.5m visitors on seb.se and 1.2m on Facebook.



## Employees

Business contingency plan and crisis management structures, including split teams.

Health measures limiting physical interaction, adjusting food service routines etc.

Ca 35% of employees working from home.

2-3x more use of digital collaboration tools, such as audio and video conference.

# Covid-19 related transactions



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## **Sustainable development bond**

Sole lead arranger

SEK 11.5bn



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## **Social bond**

Sole lead arranger

SEK 3.0bn



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## **Response bond**

Joint lead arranger

SEK 4.0bn



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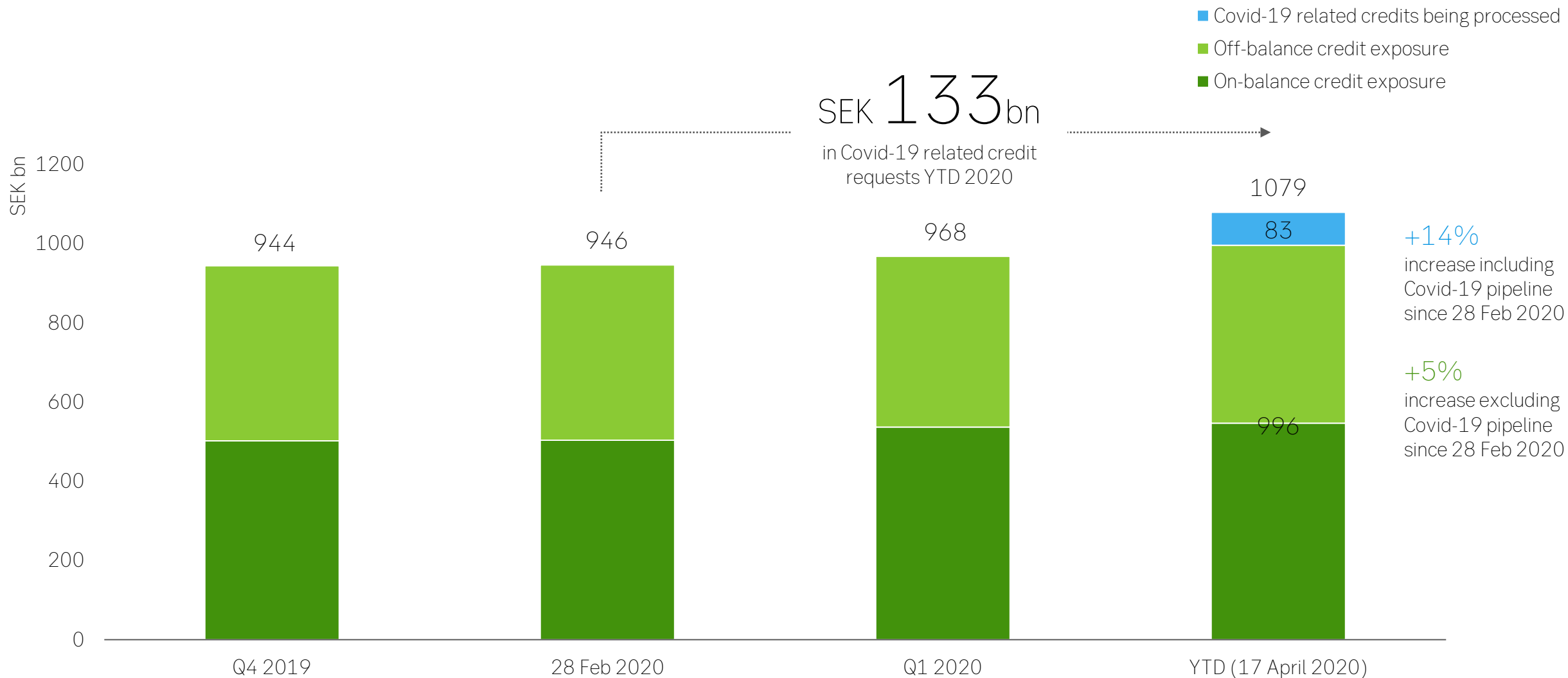
## **Commercial paper**

Sole lead arranger

SEK 1.0bn

# Covid-19 related credit requests

Large Corporates & Financial Institutions





# Q1 highlights

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Underlying business remained robust, the result mainly impacted by negative market valuation effects following the Covid-19 outbreak.

Asset quality remained strong, but the uncertain macroeconomic outlook and lower oil prices required additional provisioning.

Strong capitalisation and comfortable liquidity position to continue supporting our customers.



# Financial summary Q1 2020

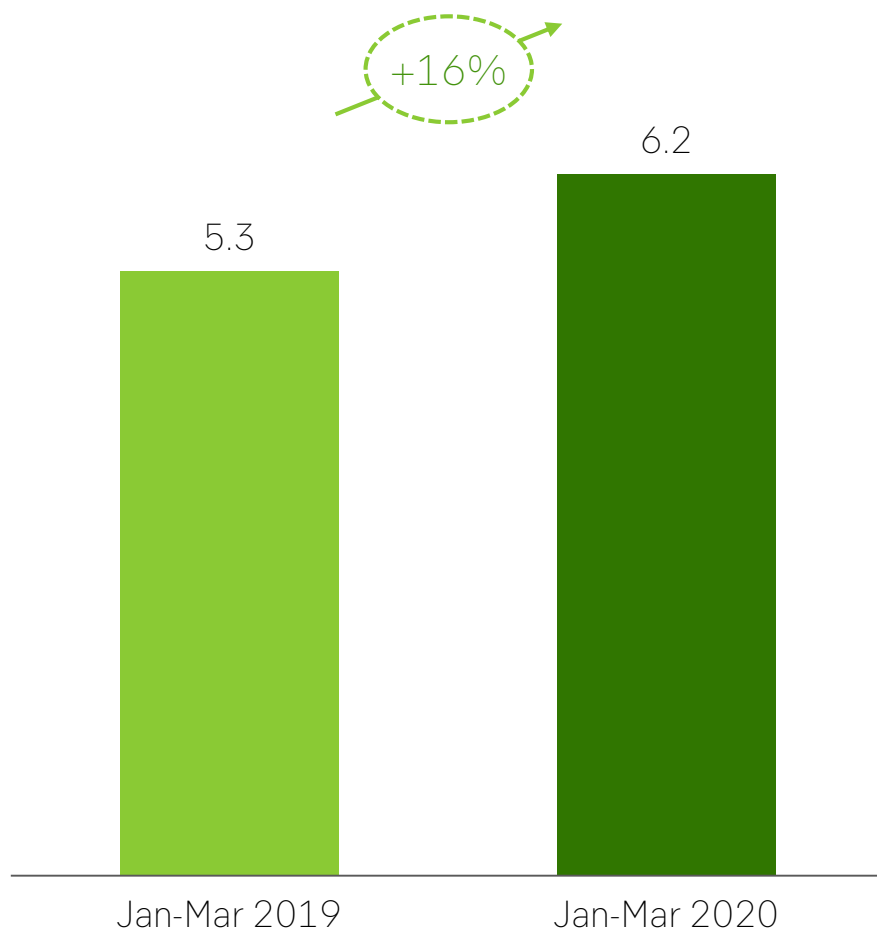
SEK m	Q1 2020	Q4 2019	%	Q1 2019	%
<b>Total operating income</b>	<b>10,089</b>	<b>14,089</b>	-28	<b>11,907</b>	-15
Total operating expenses	-5,646	-6,026	-6	-5,622	0
<b>Profit before credit losses</b>	<b>4,443</b>	<b>8,063</b>	-45	<b>6,285</b>	-29
Net expected credit losses etc.	-1,494	-1,000	49	-422	
<b>Operating profit</b>	<b>2,950</b>	<b>7,063</b>	-58	<b>5,864</b>	-50

	Net ECL level	C/I	CET 1	RoE
<i>Reported</i>	25bps	0.56	16.8 %	6.0 %
<i>Ex CVA/DVA</i>		0.50		9.3 %

# Net interest income development

## Net interest income

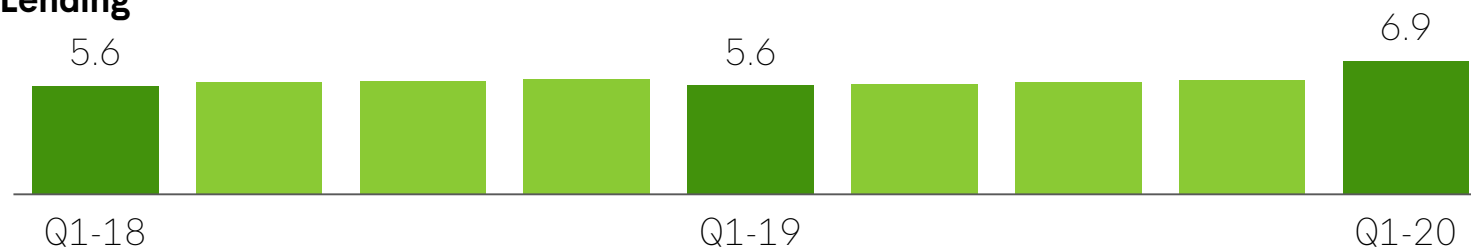
Jan-Mar 2020 vs. Jan-Mar 2019 (SEK bn)



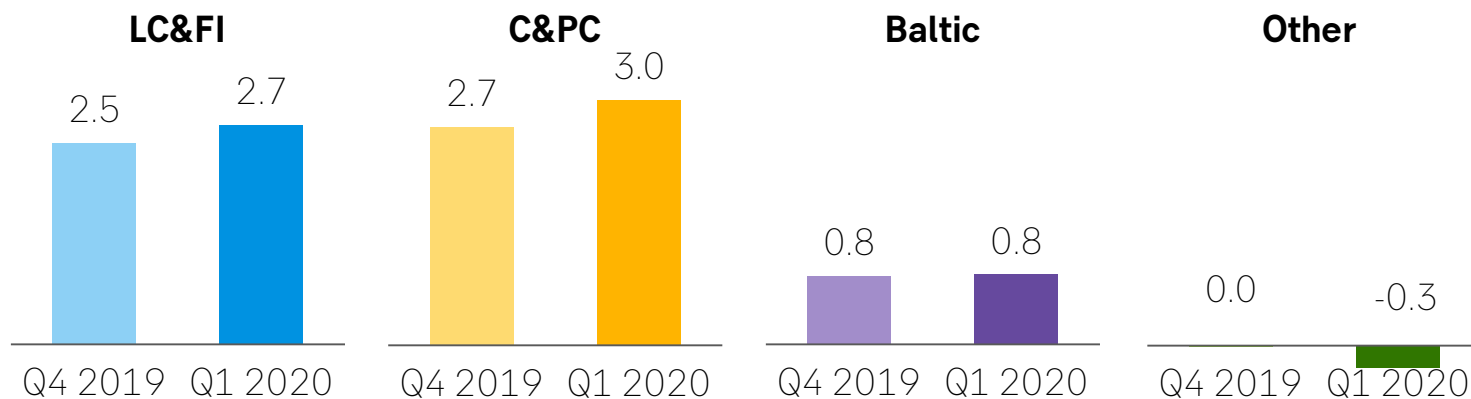
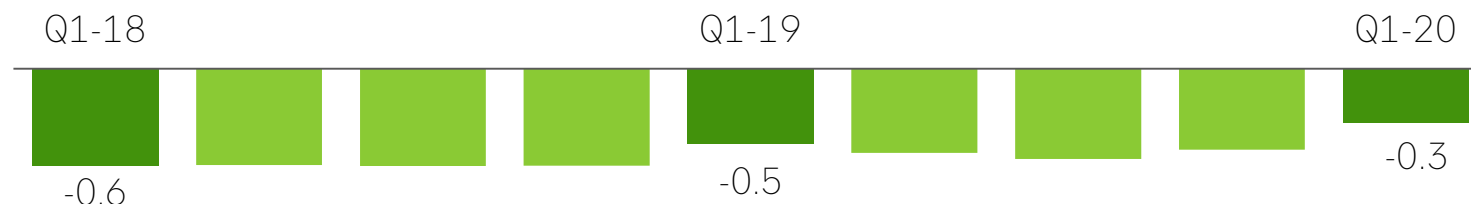
## Net interest income type

Q1 2018 – Q1 2020 (SEK bn)

### Lending



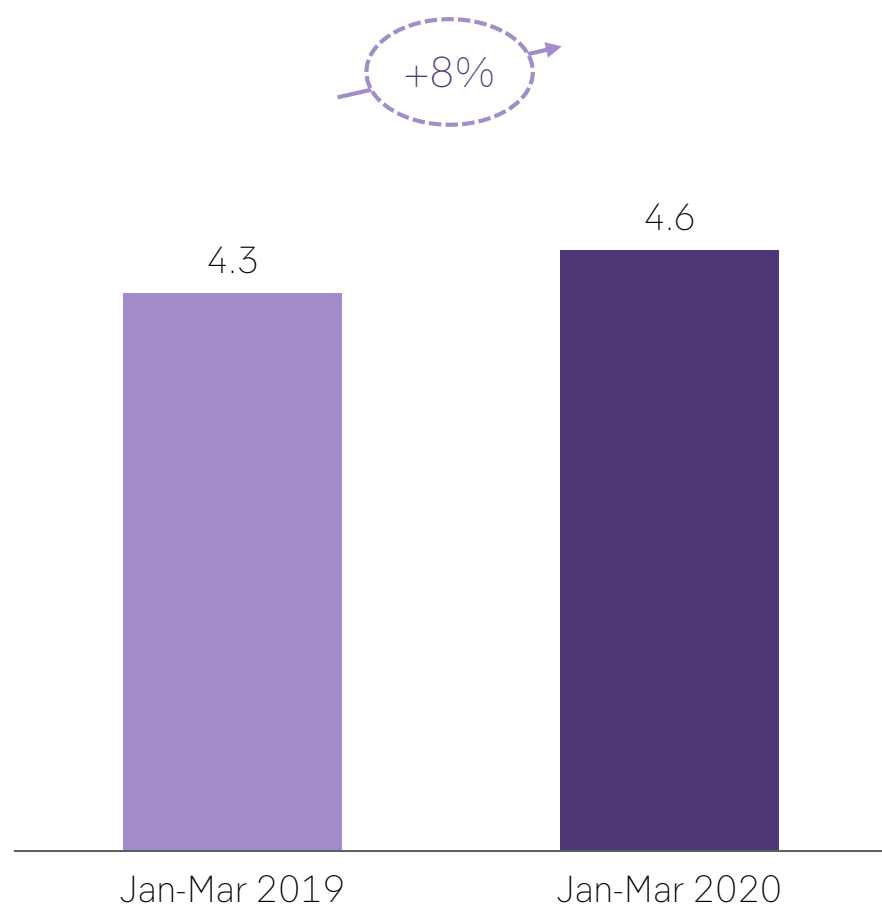
### Regulatory fees



# Net fee & commission income development

## Net fee & commissions

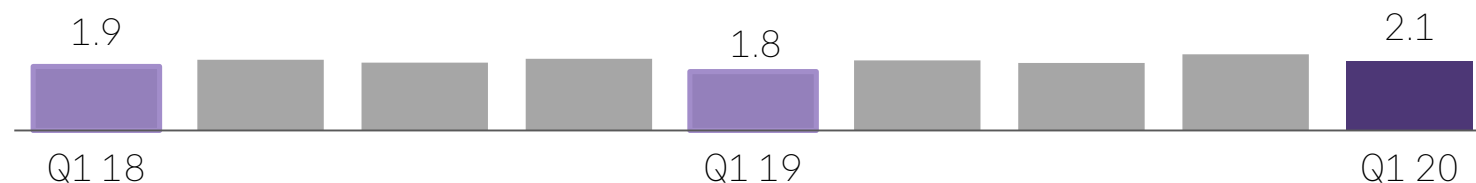
Jan-Mar 2020 vs. Jan-Mar 2019 (SEK bn)



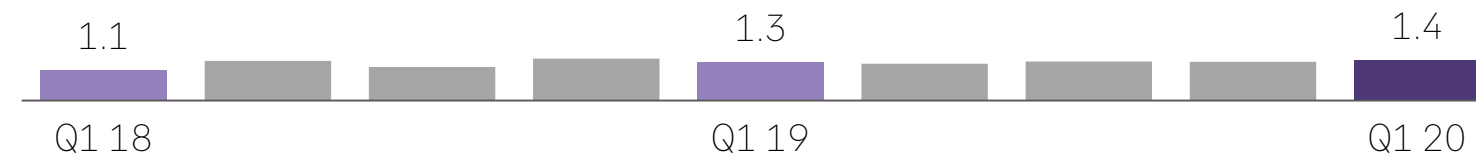
## Net fee & commissions by income type

Q1 2018 – Q1 2020 (SEK bn)

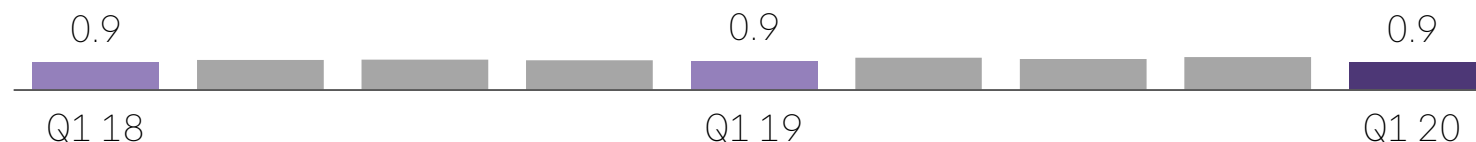
### Net securities commissions (custody, mutual funds, brokerage)



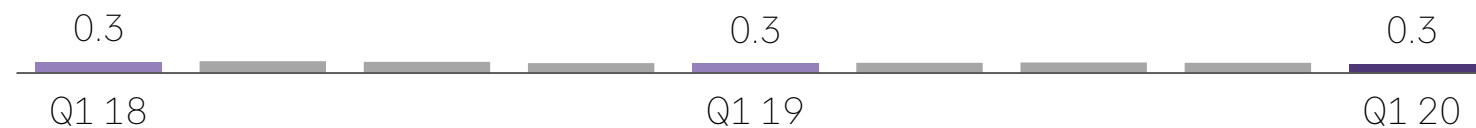
### Net advisory fees, lending fees & other commissions



### Net payment & card fees



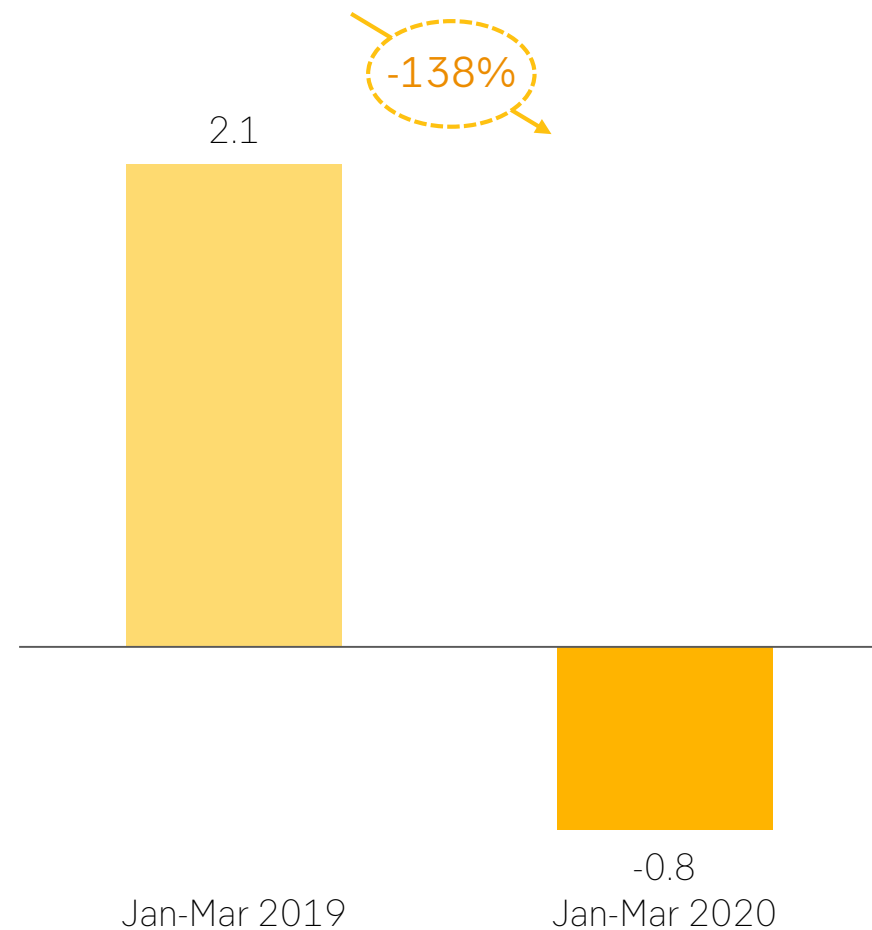
### Net life insurance commissions



# Net financial income development

## Net financial income

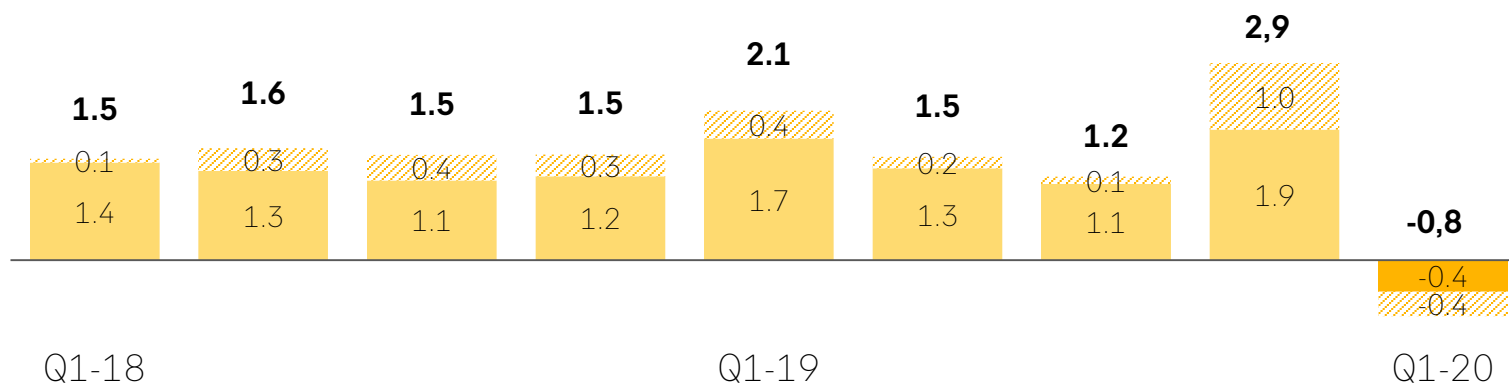
Jan-Mar 2020 vs. Jan-Mar 2019 (SEK bn)



## Net financial income development

Q1 2018 – Q1 2020 (SEK bn)

■ NFI Divisions  
▨ NFI Treasury & Other



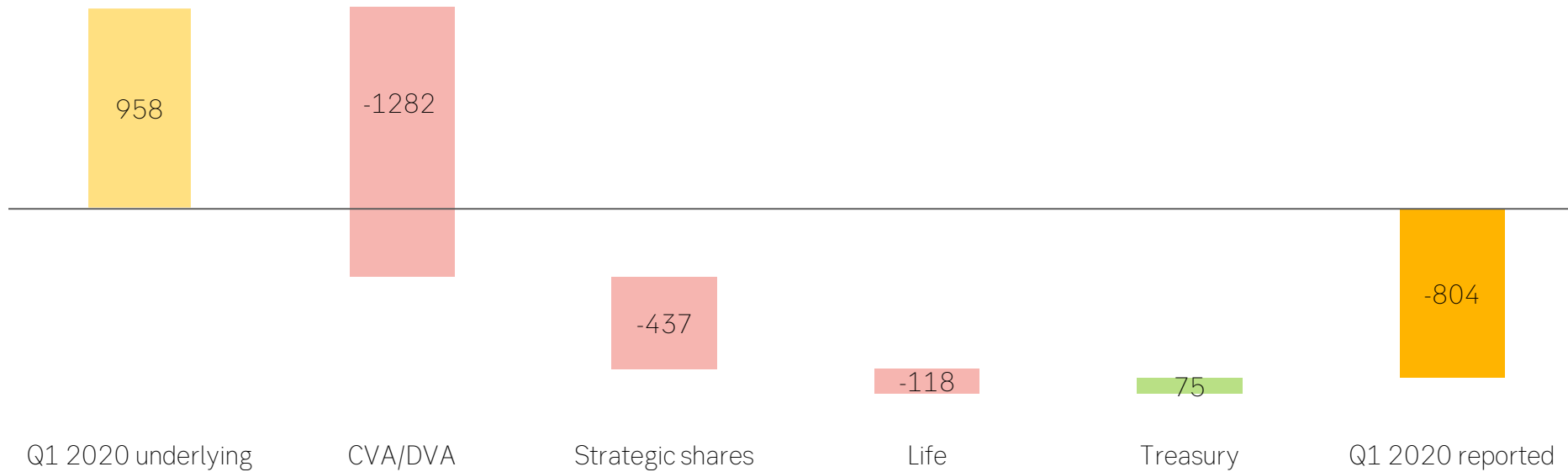
## VIX index (VIX S&P 500 volatility)



# Net financial income development (contd.)

## Net financial income in Q1 2020

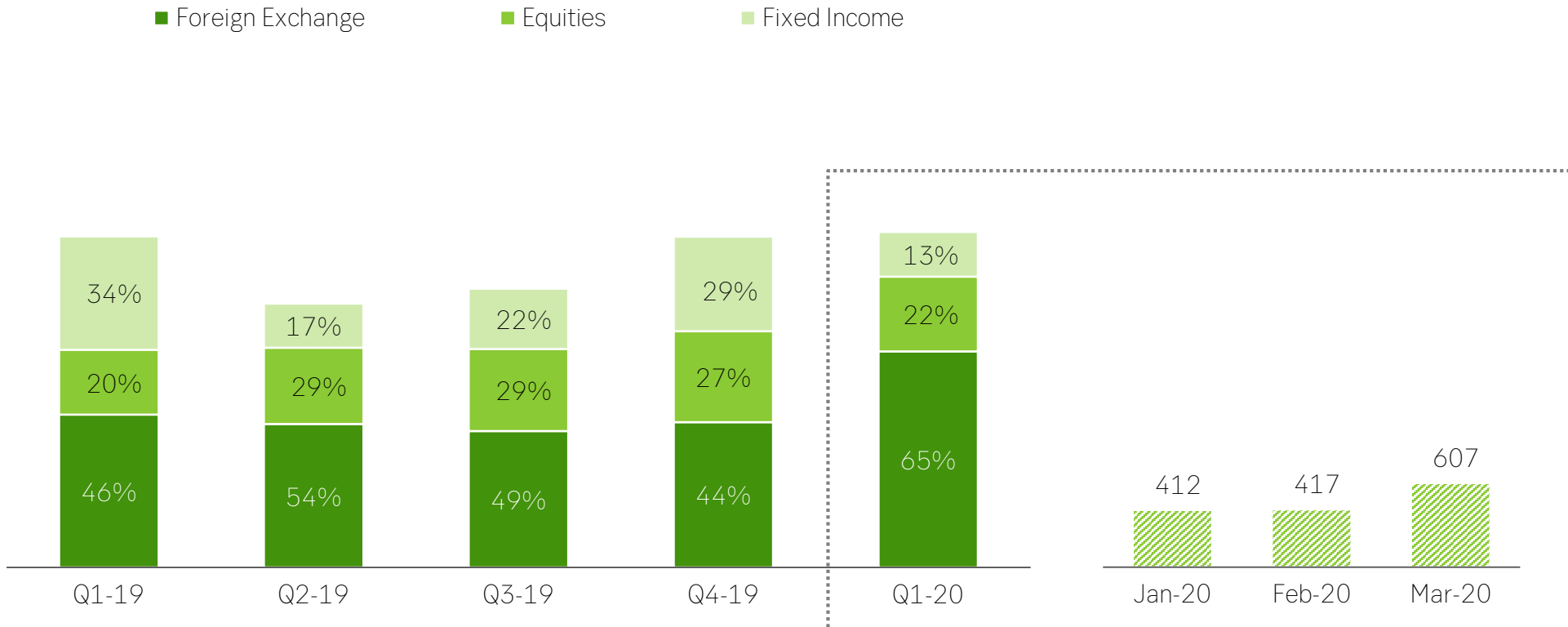
SEK m





## Markets income by main product cluster and by month

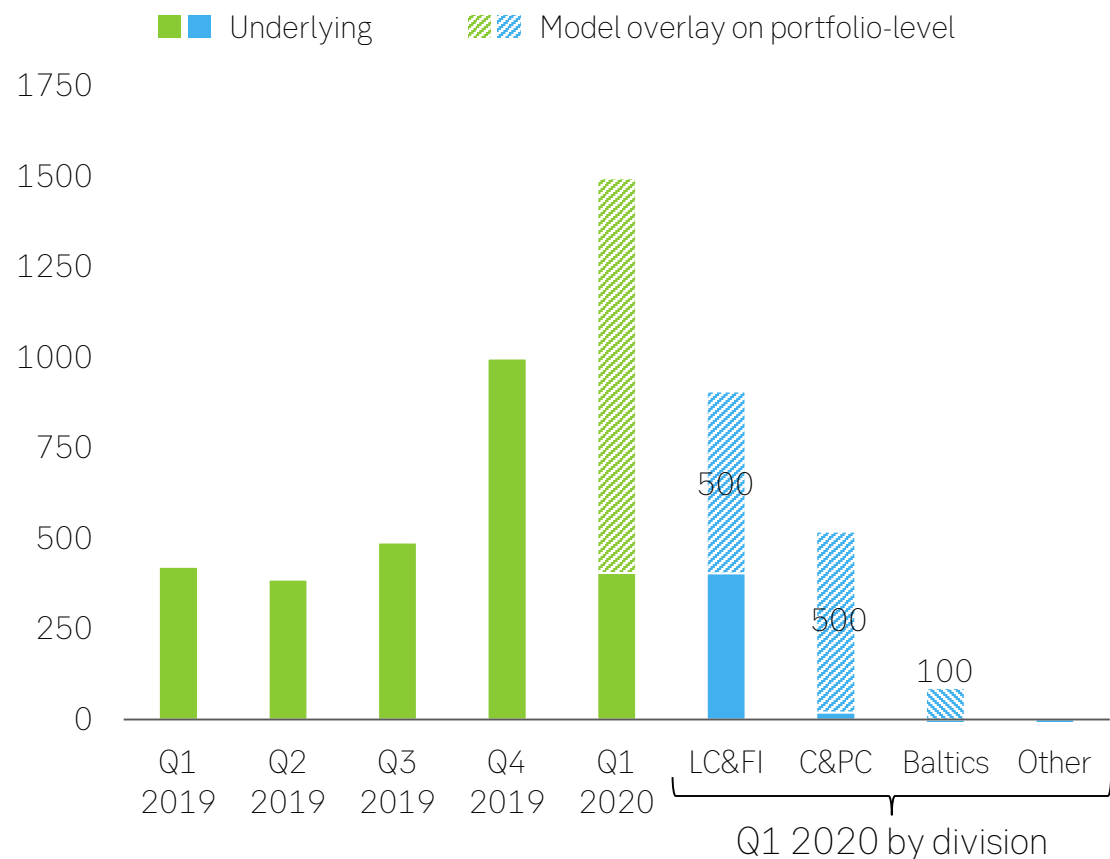
Excluding XVA, SEK m



# Underlying robust asset quality – provisioning for future expected deterioration

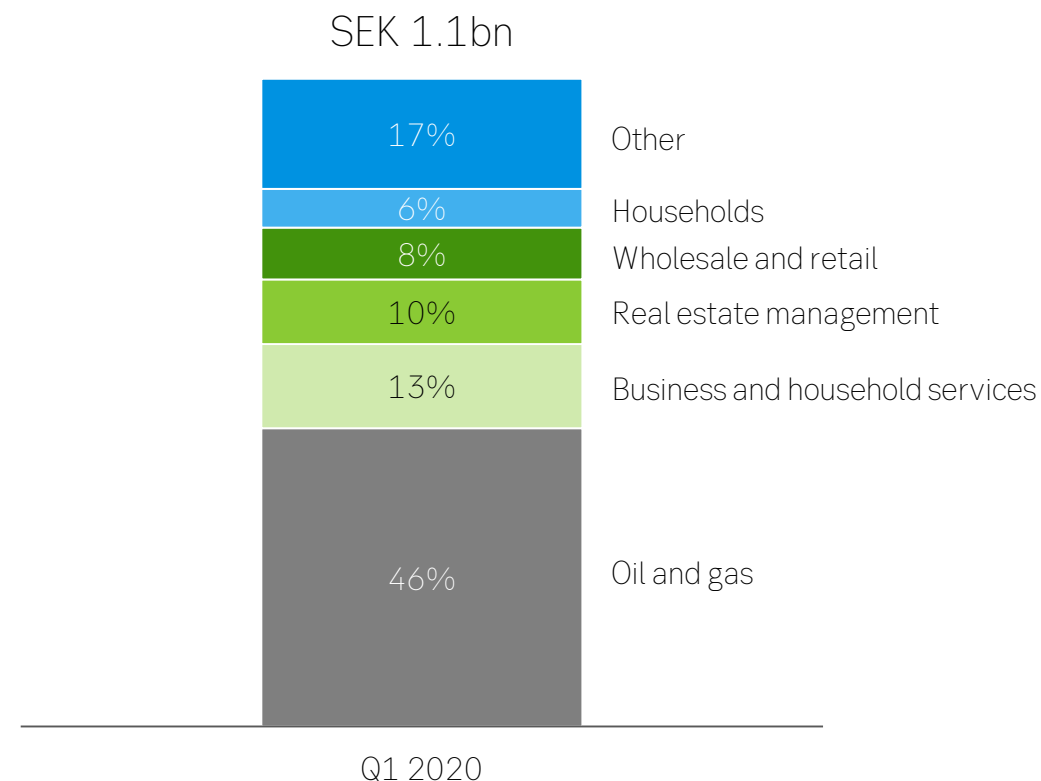
## Net ECL development

SEK m



## Model overlay by sector

Share of total model overlay



# Estimating future expected losses in an uncertain environment

## Expert credit judgement

A combined approach for model overlay

1

Top-down scenario analysis

2

Bottom-up analysis by customer

3

Analysis of exposed sectors

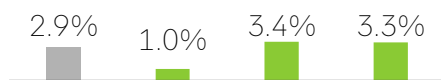


## A range of macro scenarios used

Macro assumptions as of March

### Mild, Covid-19

Real world GDP growth



2019 2020 2021 2022

- Two months lockdown.
- Temporary contraction, reversed during H2 and strong growth in 2021 and 2022.
- Sweden GDP -2% in 2020.

### Severe, Covid-19

Real world GDP growth



2019 2020 2021 2022

- Up to five months lockdown, leading to negative spill-over effects.
- Contraction continues full 3 year period.
- Sweden GDP -5% in 2020.



SEK 1.1 bn

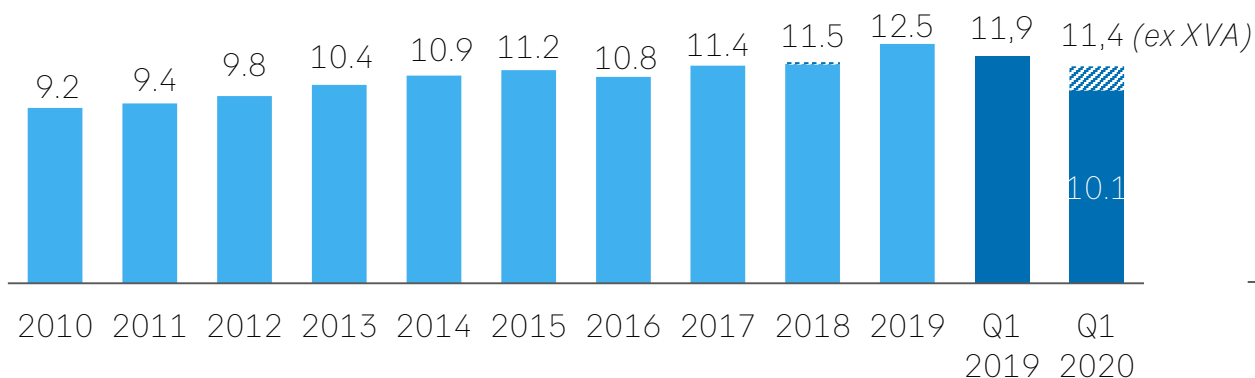
in model overlay on portfolio-level

Impact on economy and individual counterparties will depend on length of lockdown, efficiency and magnitude of political responses and recovery pace.

# Operating leverage

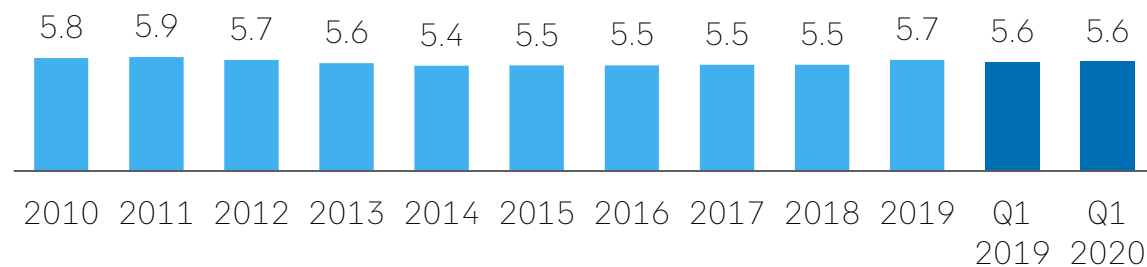
## Average quarterly income

SEK bn



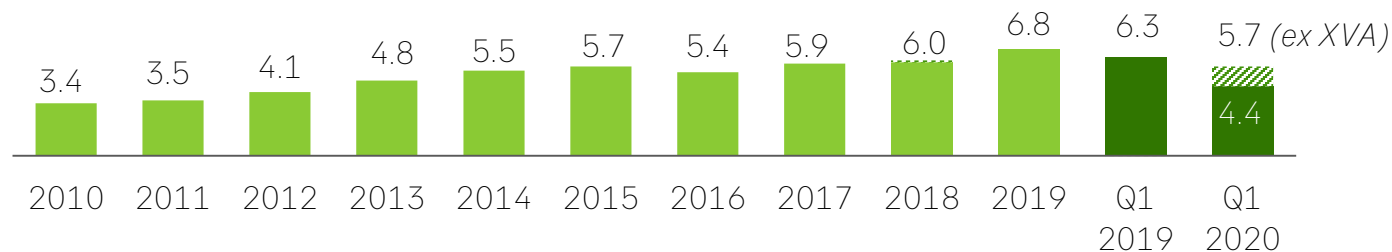
## Average quarterly expenses

SEK bn

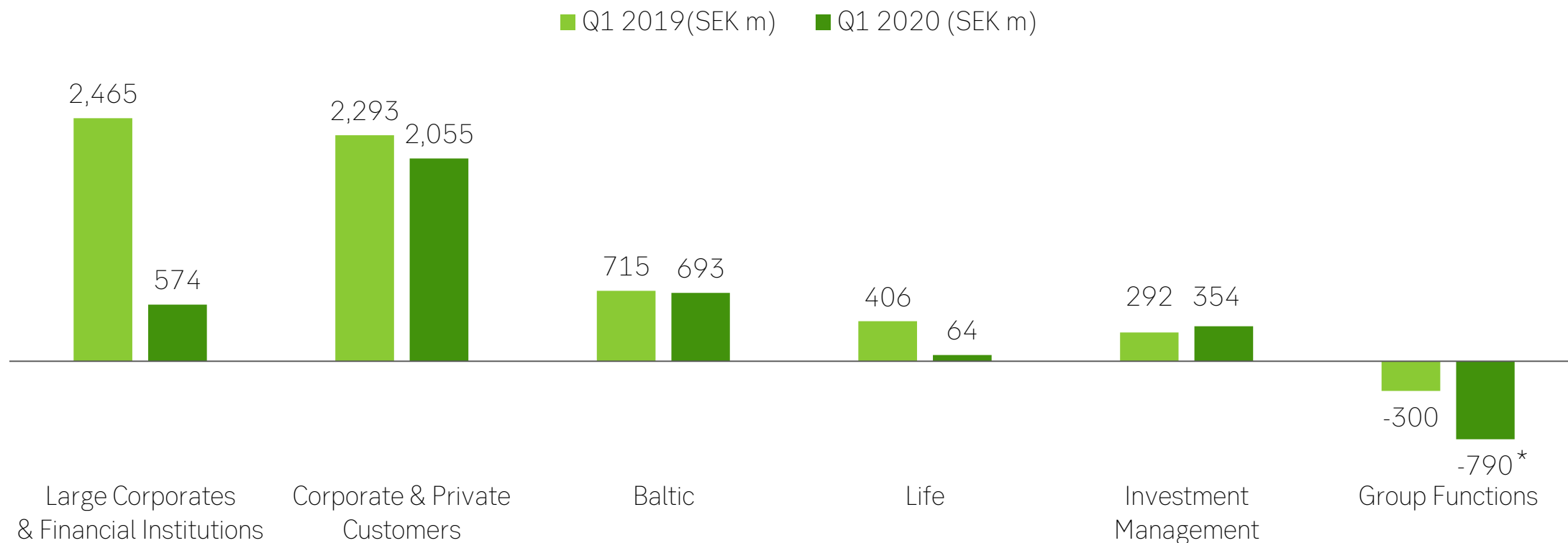


## Average quarterly profit before credit losses

SEK bn



# Operating profit by division



<b>RoBE (%)</b>	<b>2.5</b> (11.8)	<b>13.7</b> (15.6)	<b>17.9</b> (23.3)	<b>4.4</b> (27.8)	<b>48.9</b> (38.4)
<b>C/I</b>	<b>0.61</b> (0.46)	<b>0.42</b> (0.44)	<b>0.40</b> (0.39)	<b>0.86</b> (0.49)	<b>0.39</b> (0.42)

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

# Strong asset quality and balance sheet

		2019	Q1 2020
Asset quality	<b>Net expected credit loss level</b>	0.10%	0.25%
Funding and liquidity	<b>Customer deposits</b> (SEK)	1,161bn	1,337bn
	<b>Liquidity coverage ratio</b>	218%	176%
Capital	<b>CET 1 ratio</b> (Basel 3)	17.6%	16.8%
	<b>CET1 buffer above requirement</b>	250bps	310 bps
	<b>Total capital ratio</b> (Basel 3)	23.3%	21.2%
	<b>Leverage ratio</b> (Basel 3)	5.1%	4.3%



# Appendix

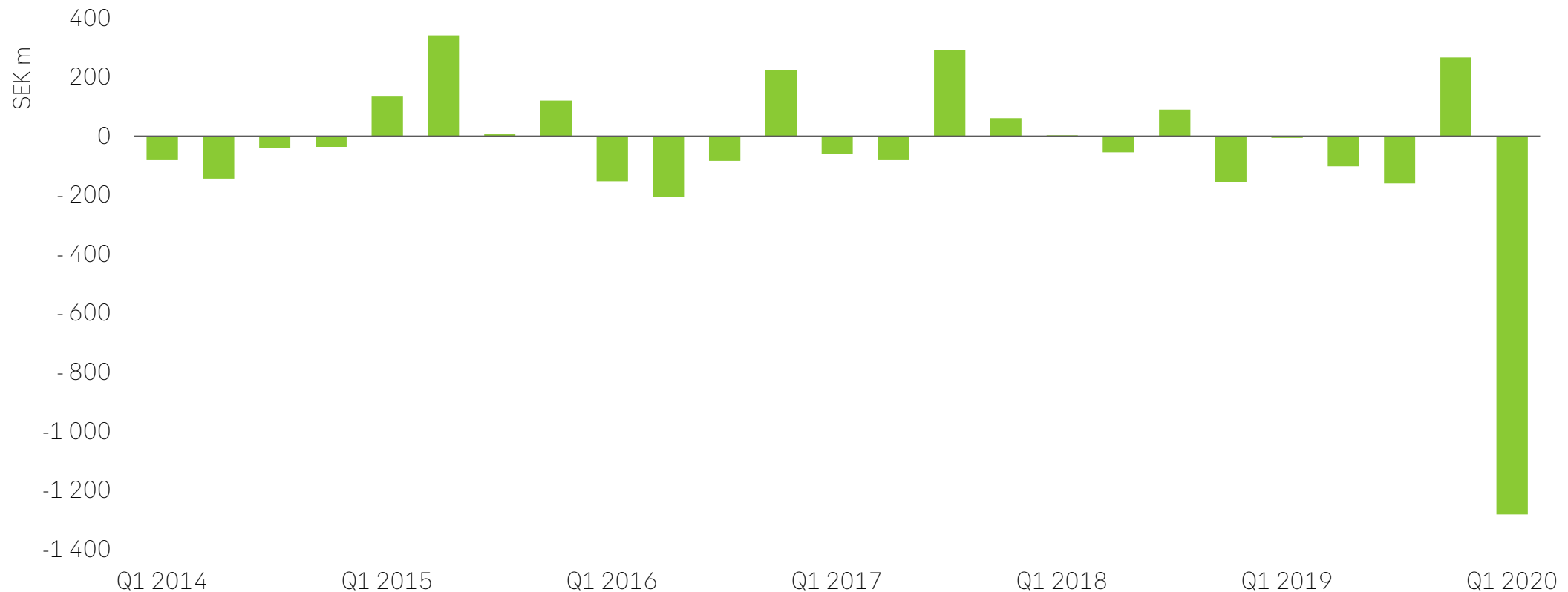
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Financial Results Q1 2020



# Development of XVA (CVA and DVA)

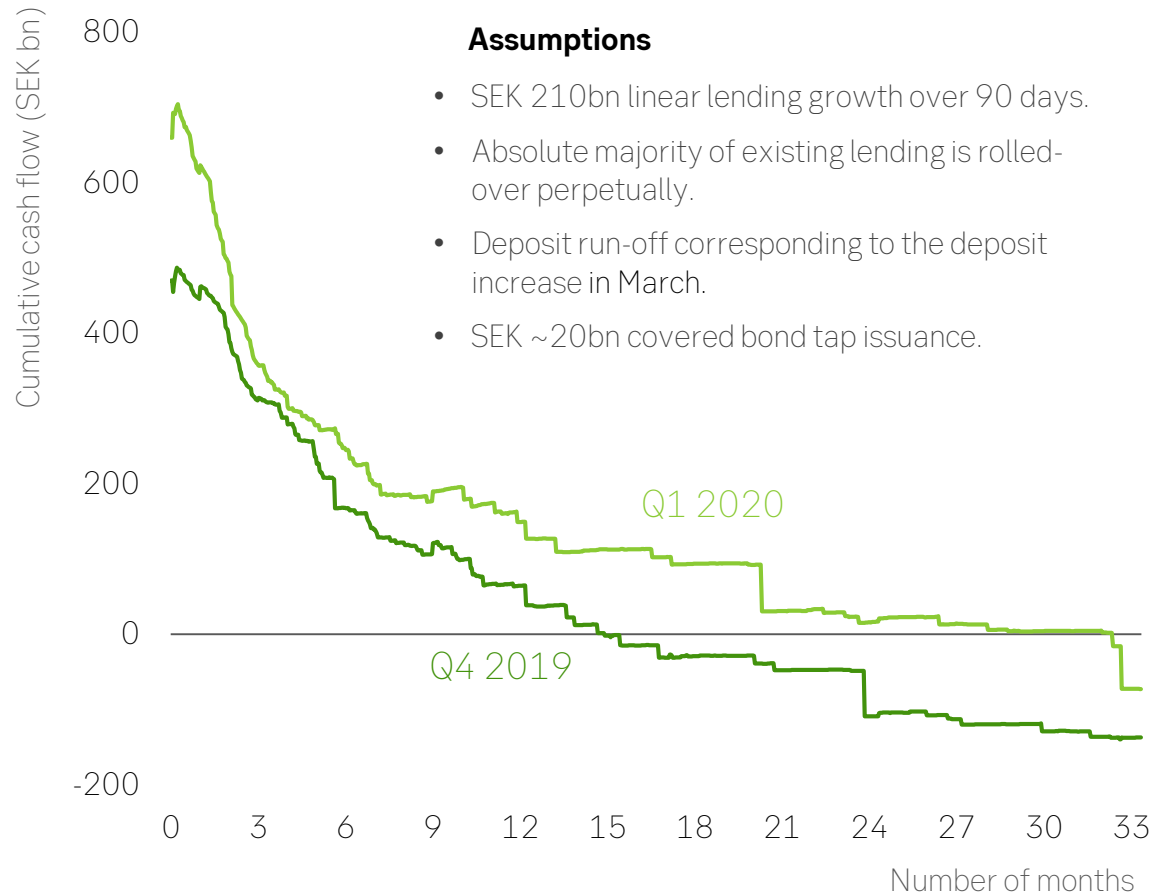
SEK 173m net contribution to NFI during 2014-2019



# Strong liquidity and maturing funding position

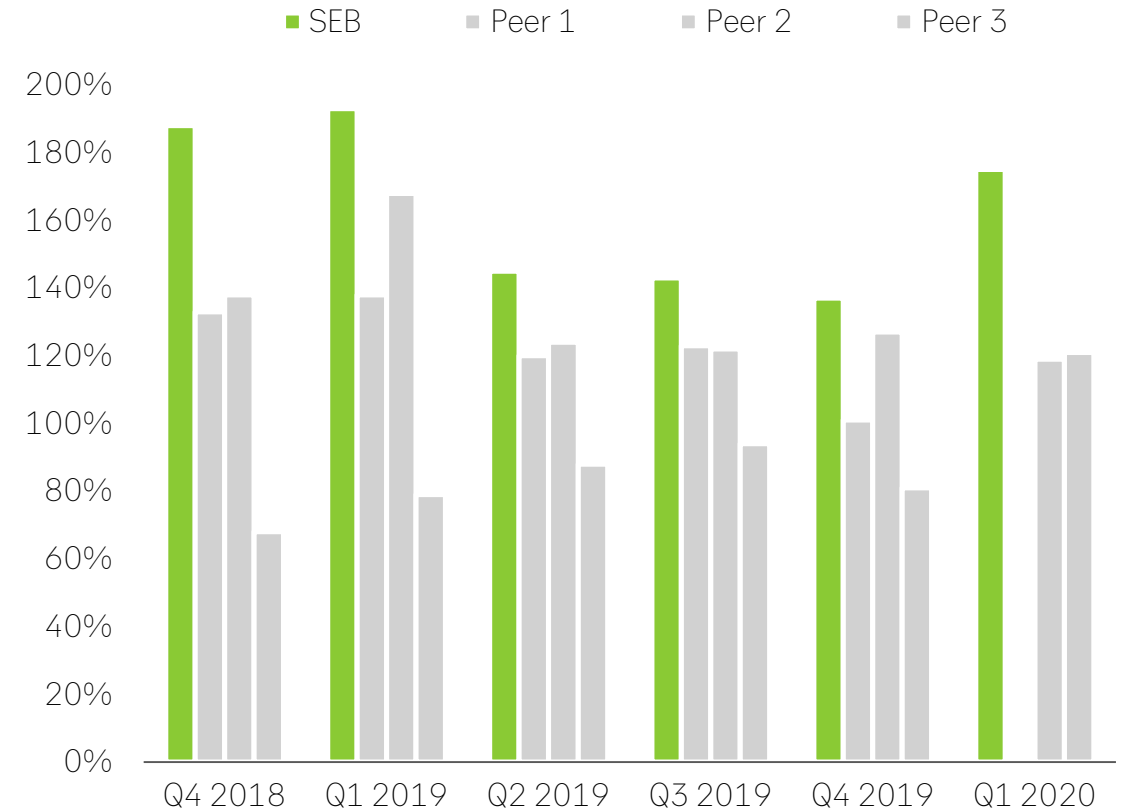
## Survival horizon

Scenarios based on balance sheet as of Q1 2020 and Q4 2019

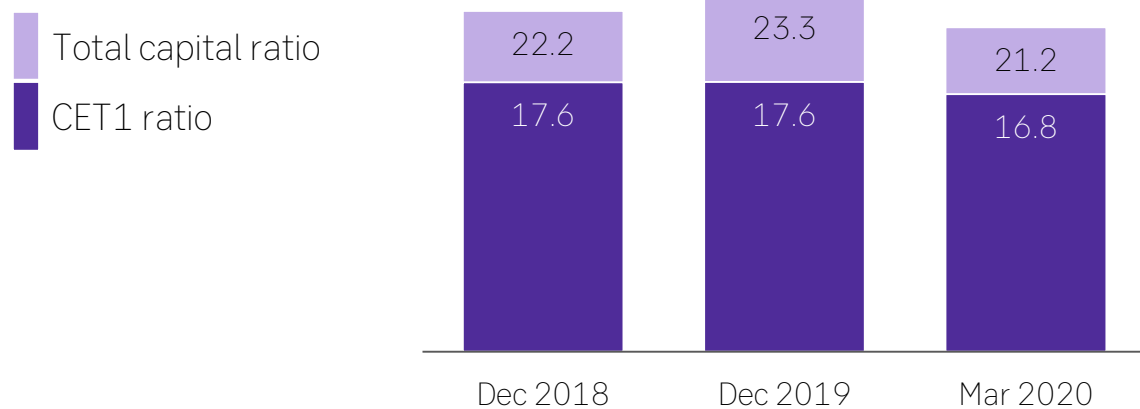


## Development of funding ratio

12 months



# Capital development

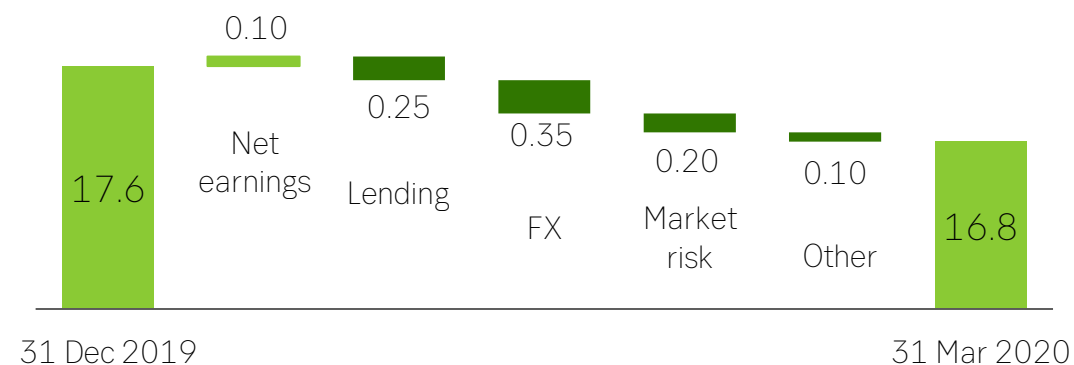


SEK bn

<b>Common Equity T1</b>	125.9	131.2	131.3
<b>Capital base</b>	159.3	173.4	165.6
<b>REA</b>	716	746	782
<b>Leverage ratio T1, %</b>	5.1	5.1	4.3

## CET1 ratio development

QoQ, %



## CET1 buffer development

QoQ, bps

