UBS Conference

1 September 2022

Masih Yazdi

Chief Financial Officer, SEB

A second chance for European banks

Then

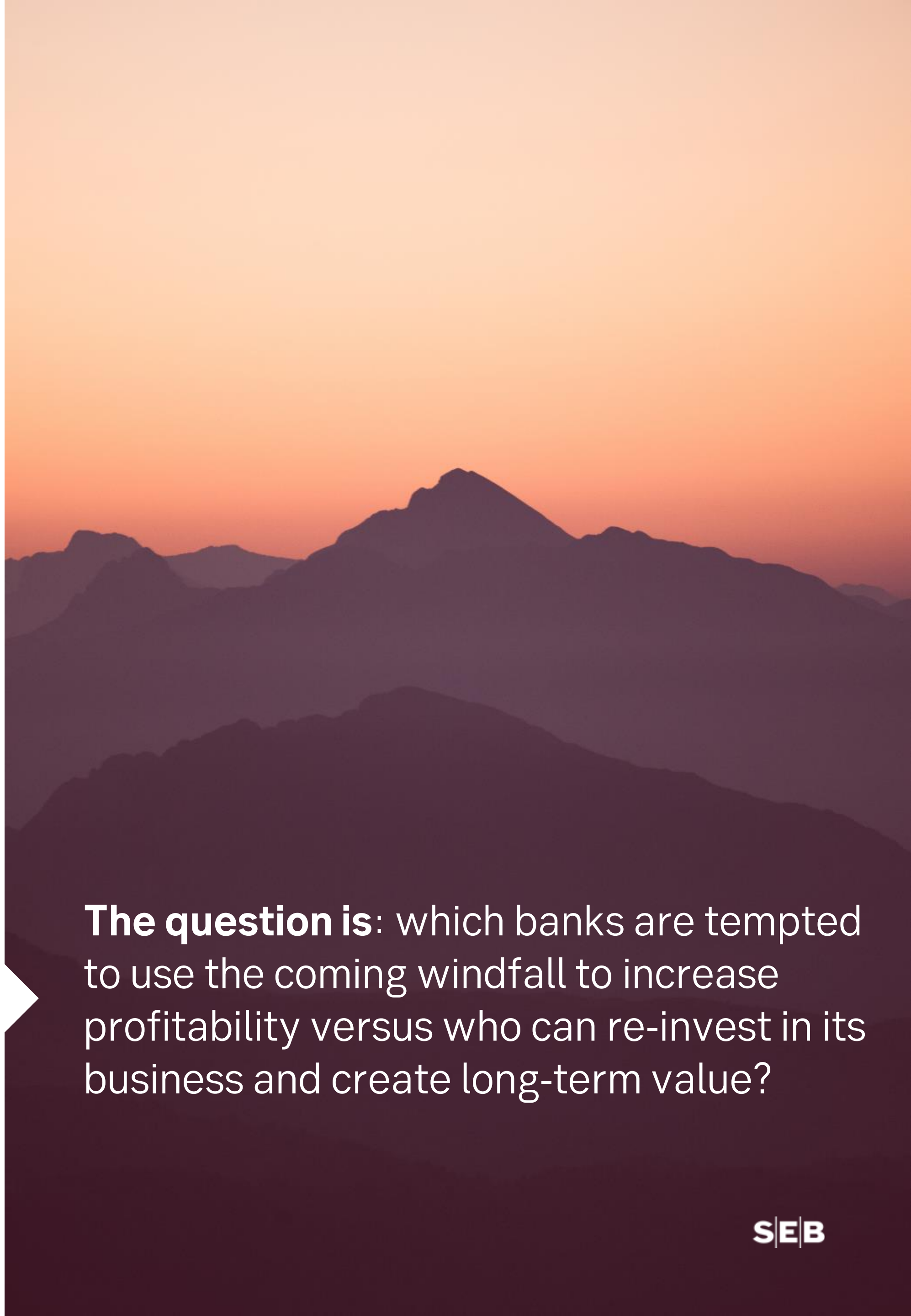
- Since the 2008-2009 crisis, European banks have suffered mainly from;
  - Low interest rate environment.
  - Regulatory headwinds.
  - Increased competition: USD 412bn inflow into the global fintech space since 2012, of which more than 50% in the past three years.

Now

- New macro environment means at least two of the three headwinds above will be reversed.

European banks rate sensitivity

Every 100bps rate increase adds +20-25% to pre-tax profits *Various market expectations*	100bps rate hike leads to an additional EUR ~31bn income among the 35 largest European banks



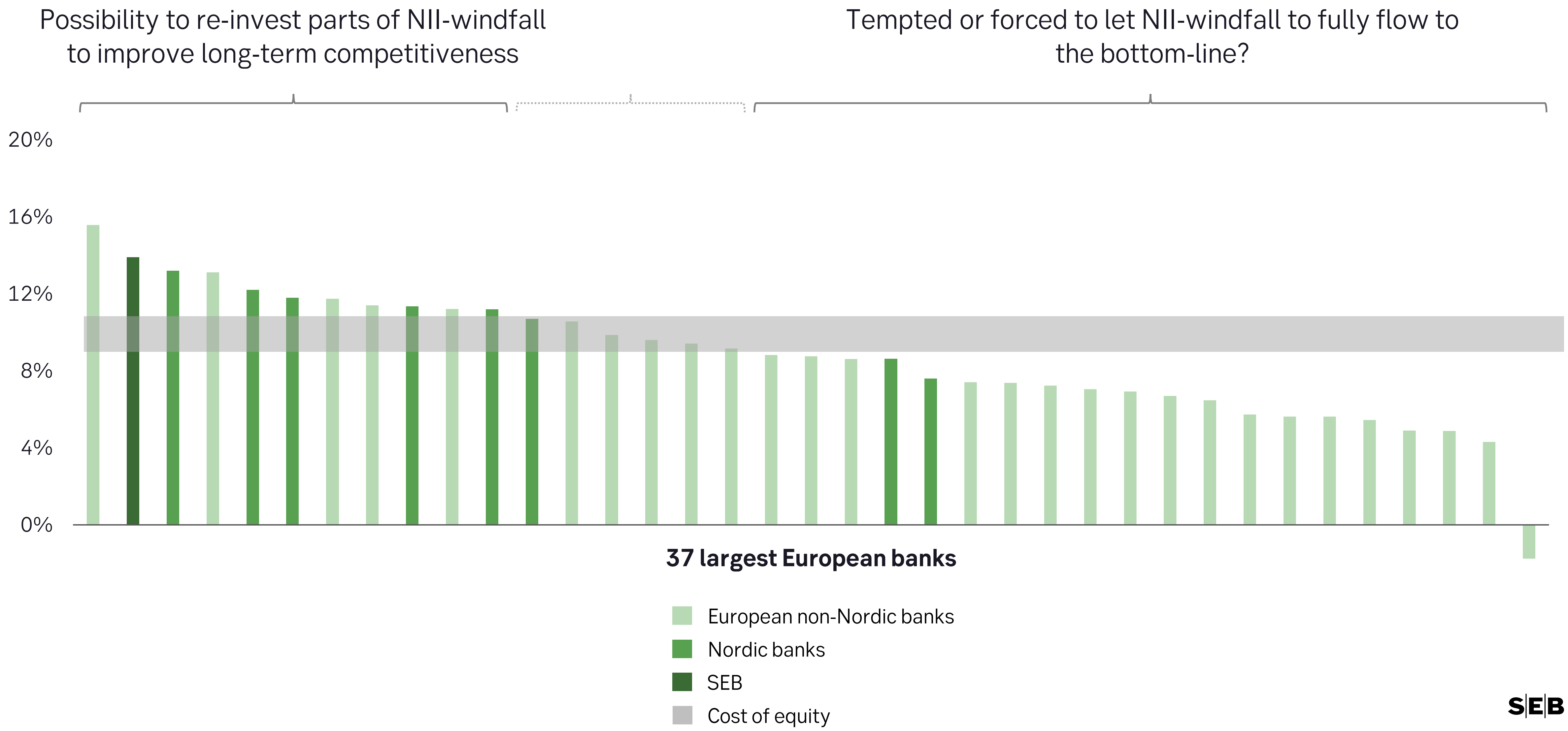
Source: Pitchbook, UBS, Autonomous Research.

What impact will the new macro environment have on banks in general and on SEB specifically?

Impact	Sector	SEB
Increased margins on deposits		
Increased corporate lending margins		
Flow from capital markets financing to bank financing		
Banks with higher rating will have funding advantage		
Possibility for banks to catch up with fintechs		
Rejuvenated Fixed Income business		
Salary inflation		
Activity based on level of asset prices (e.g. IPOs, AuM, ECM)		
Decreased corporate and household credit demand		
In a recession, credit losses are likely to increase		

My view is that this is net positive, especially for strong banks and also relative to other sectors

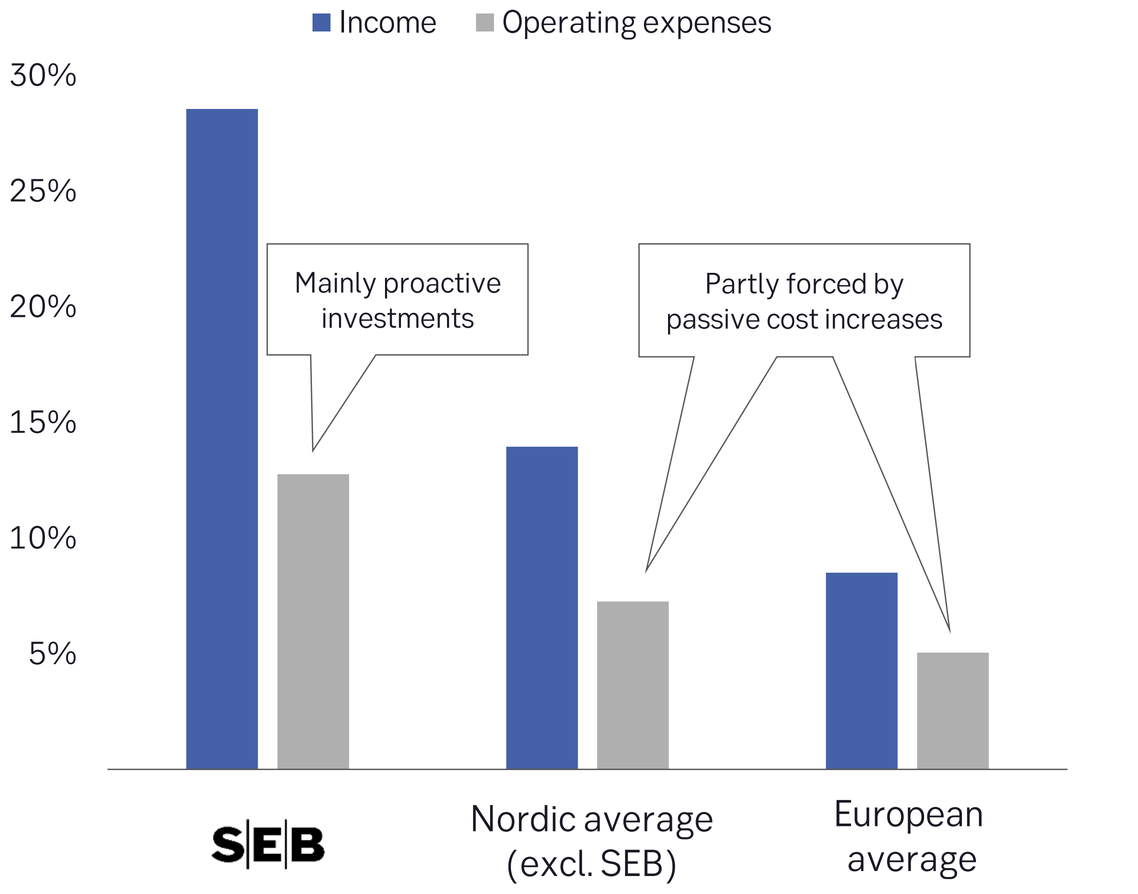
European banks' return on equity 2021



Source: Factset, annual reports.

SEB's higher investments compared to peers seem to have paid off

Income and operating expenses 2022E vs 2018 (% change)



Return on equity (2018-2021 average)

European average	7.0%
Nordic average (excl. SEB)	10.1%
SEB	12.7%

Note: Nordic banks return on equity figures excluding items affecting comparability. Source: Factset, UBS, Goldman Sachs, annual reports.

How SEB intends to create shareholder value

$$P/B = \frac{RoE - g}{CoE - g}$$

RoE	↑	Capital light, not by cutting profitable business
g	↑	Higher profit growth through larger investments, future-proofing the bank
CoE	↓	Financial strength through consecutive years with low ECL and sustainable balance sheet

Creating shareholder value through profitable growth – an illustrative example

Equity	100
ROE	14%
COE	10%
Growth	2%
Price/Book	1.50
Market cap	150

Adds business consuming 20 equity at 11% ROE

Equity	120
ROE	13.5%
Price/Book	1.44
Market cap	173

Market reassesses long-term growth

Equity	120
ROE	13.5%
Growth	4%
Price/Book	1.58
Market cap	190

Gets rid of business consuming 20 equity at 11% ROE

Equity	80
ROE	14.8%
Price/Book	1.59
Dividend	20
Market cap	148

Market reassesses long-term growth

Equity	80
ROE	14.8%
Growth	0%
Price/Book	1.48
Dividend	20
Market cap	138

+38%

SEB

Conclusion

- Changed macroeconomic environment is net positive for banks in general and especially for SEB.

- SEB's strong starting position and ownership enables us to invest more in our business and improve long-term competitiveness.