# Investor presentation

Second quarter 2022

14 July 2022

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01 **SEB in brief**

02 Financial update – Q2

03 Credit portfolio and asset quality

04 Capital

05 Liquidity and funding

06 Strategy 2030 and sustainability

07 Macro

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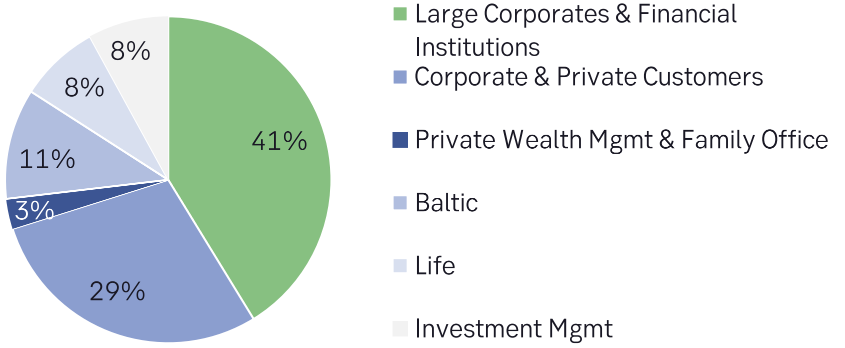
# SEB – a leading northern European bank with international reach


- Unique customer base and **leading market positions**
- Engaged and **long-term focused shareholder** base
- **Diversified business model** delivering **strong, profitable growth over time**
- **Strong capital** and **liquidity** position
- **Solid credit rating :** AA- / Aa3 / A+ with stable outlook (Fitch/Moody's/S&P)

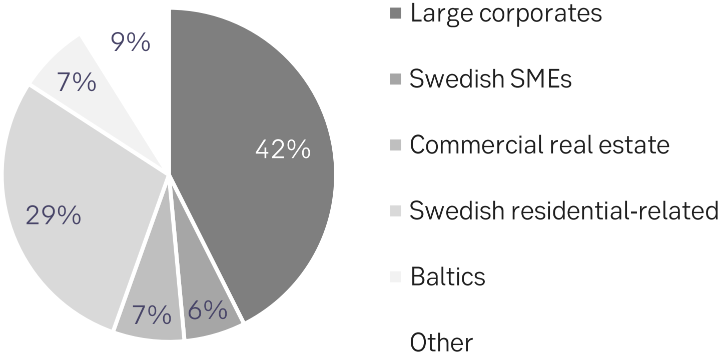
## Key financials
YTD 2022 (FY 2021)

| | |
|---|---|
| Net ECL level | C/I ratio |
| 7bps (2) | 0.41 (0.42) |
| CET1 ratio | Return on equity |
| 18.6% (19.7) | 12.8% (13.9) |

## Operating profit by division[1]
2021

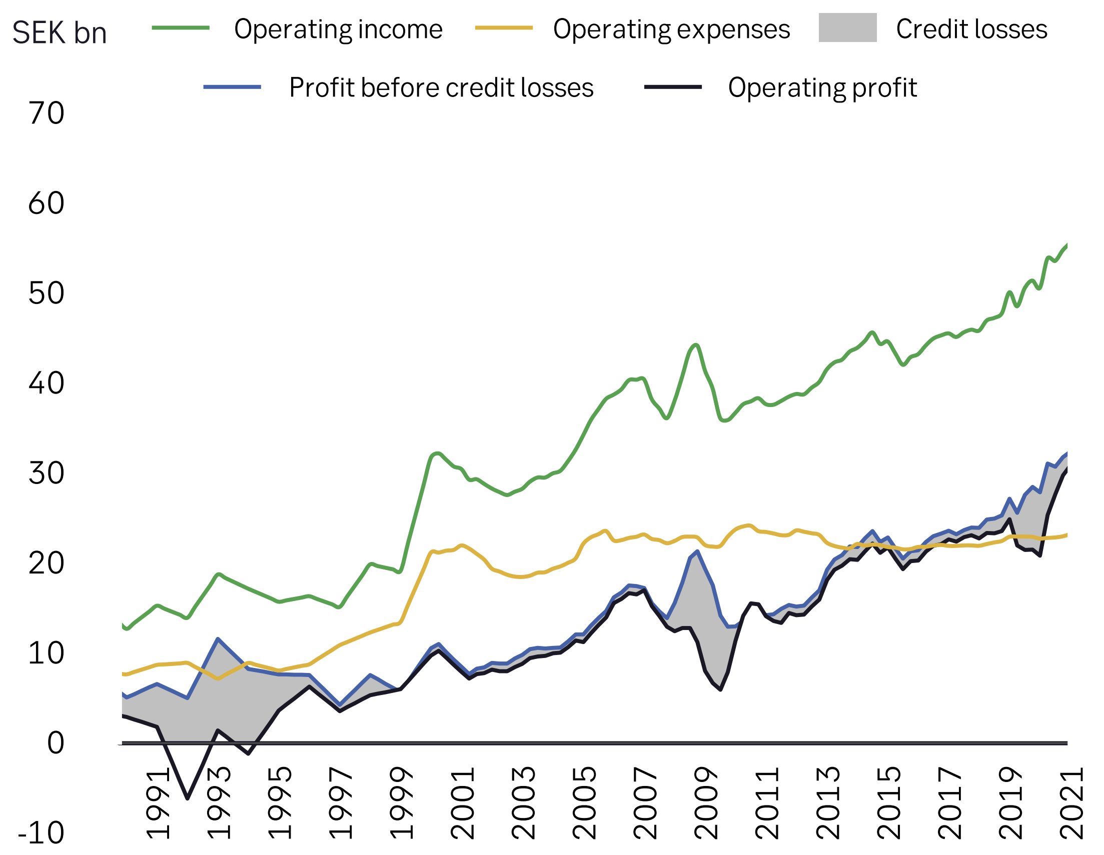



## Credit portfolio breakdown[2]
31 Dec 2021




[1] Business divisions excluding Group functions and eliminations
[2] Swedish residential-related includes household mortgages, residential real estate and housing co-ops

# Attractive profit growth over time…




| CAGR | 1990-2021 | 2011-2021 |
|---|---|---|
| **Operating income** | +5% | +4% |
| **Operating costs** | +4% | 0% |
| **Profit before credit losses** | +6% | +9% |

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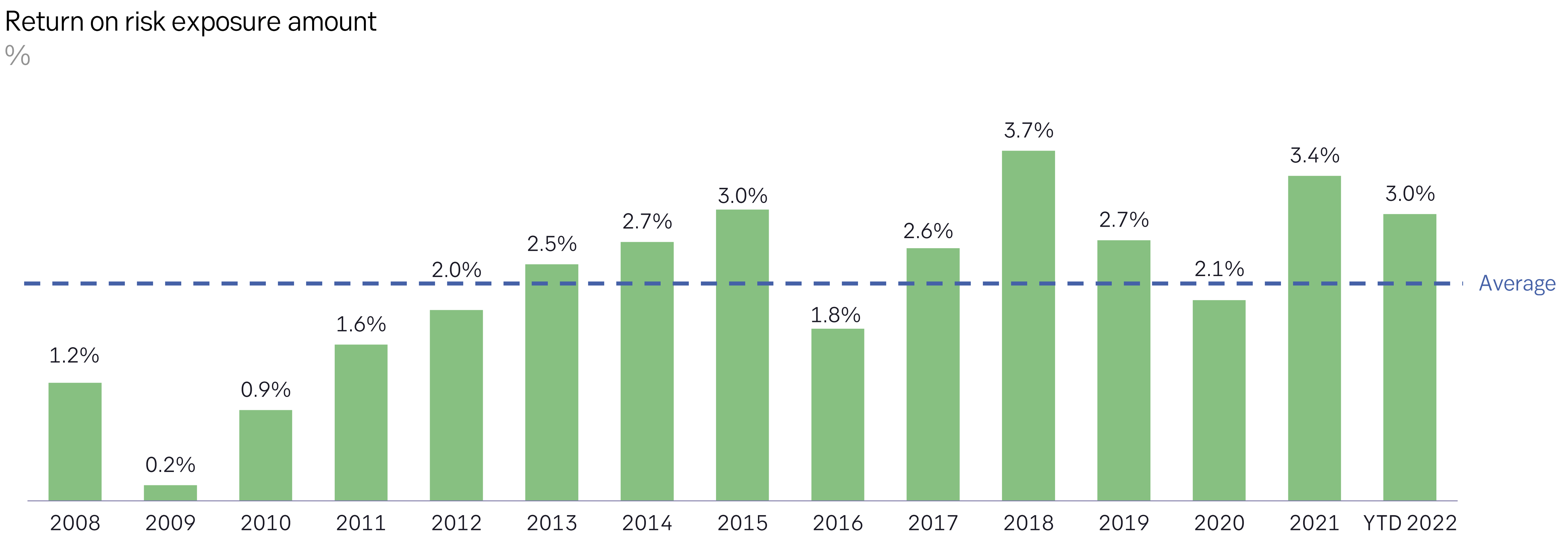
# ...and stable capital generation

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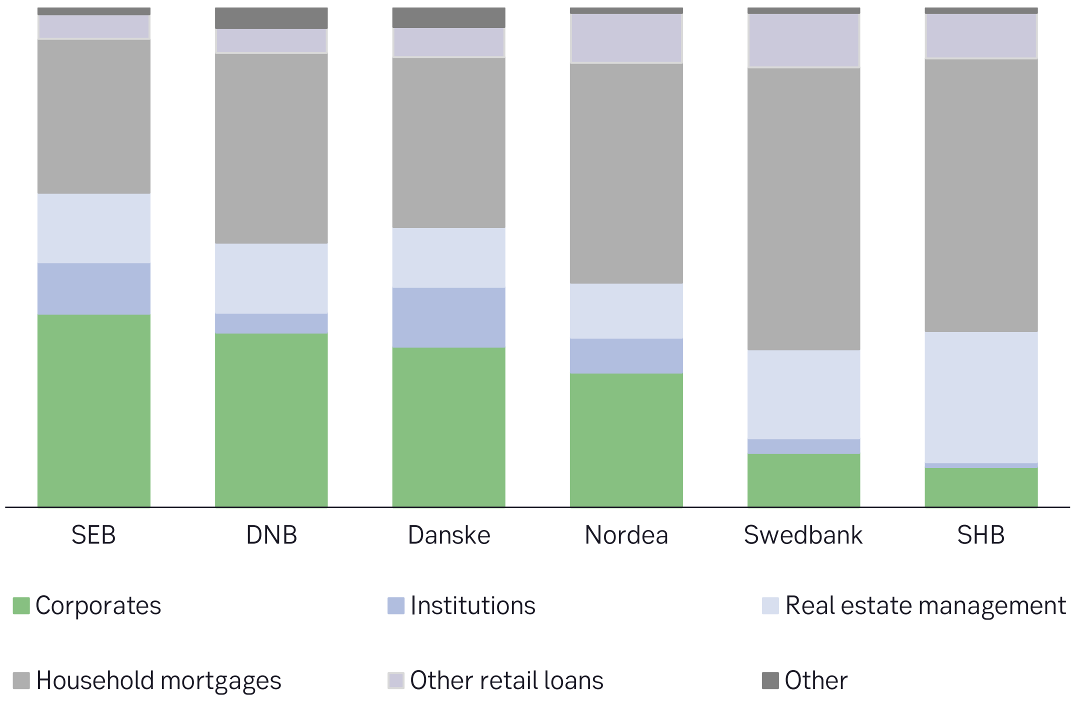
# More diversified than peers

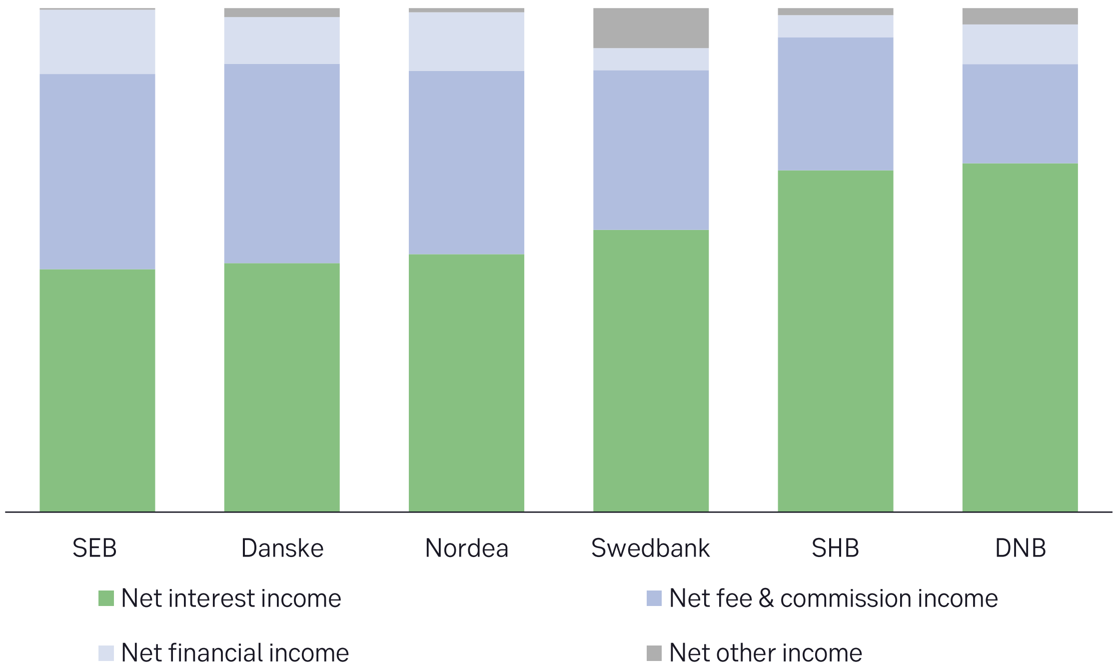
## Well balanced credit portfolio

Credit exposure (EAD) by sector, 31 Dec 2021




## Diversified income stream

Operating income by type, 31 Dec 2021




Source: Annual reports 2021

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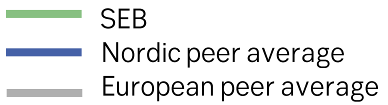
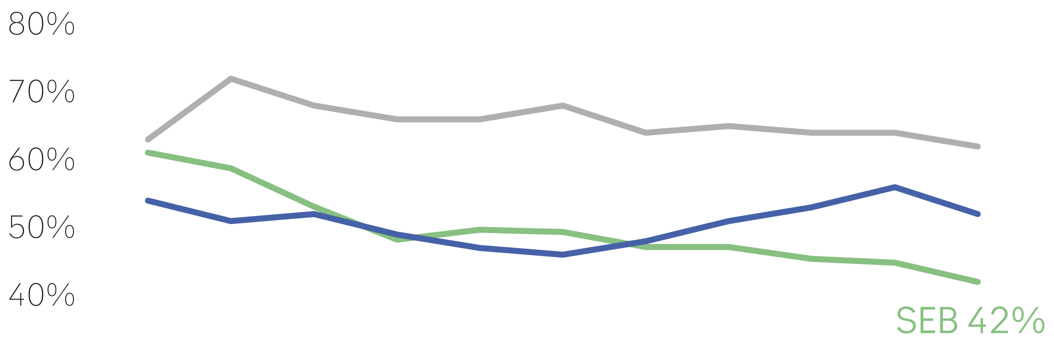
# Relative financial strength



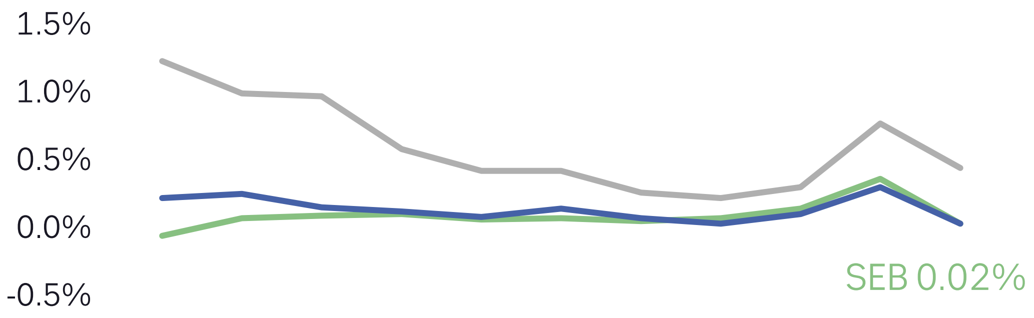

## Cost / income ratio

2011-2021, rolling LTM



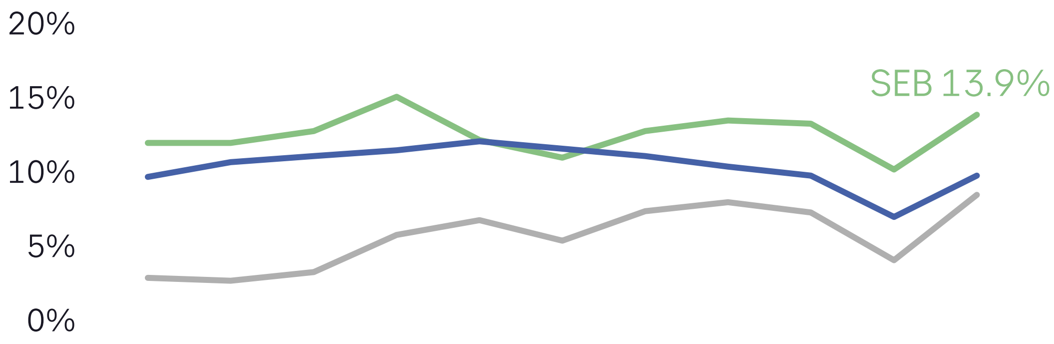

## Cost of risk

2011-2021, rolling LTM



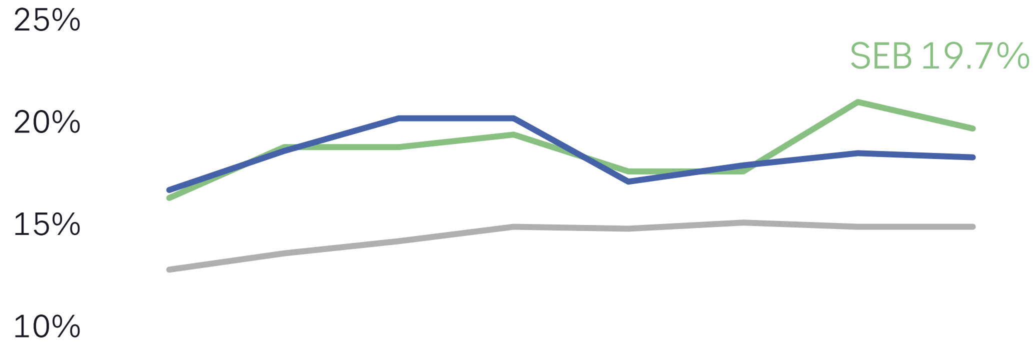

## Return on equity

2011-2021, excluding IAC, rolling LTM




## CET1 capital ratio

2014-2021




Source: S&P Global

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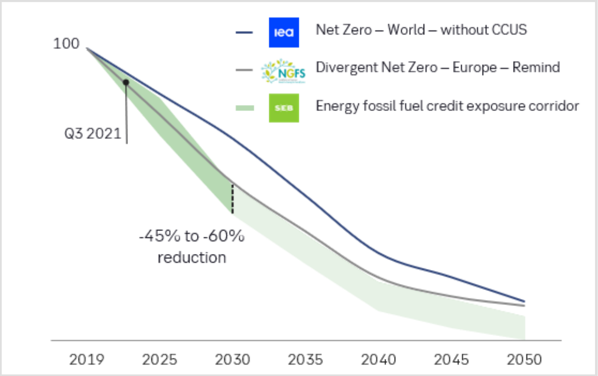
# Our ambition is to be a leading catalyst in the transition towards a sustainable society

## Climate ambitions and goals to ensure our progress

### The Brown
Carbon Exposure Index

Measuring the fossil fuel credit exposure in our energy portfolio

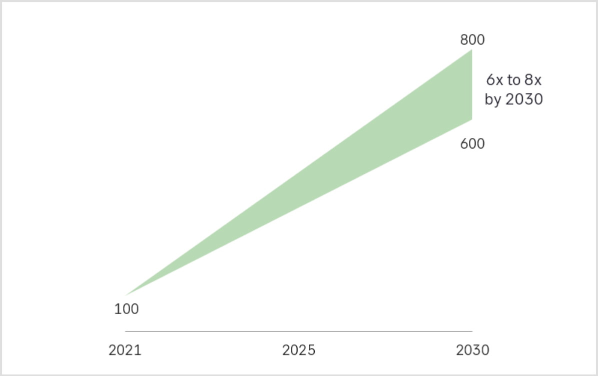
Goal: To reduce exposure by 45-60% by 2030, compared to a 2019 baseline




### The Green
Sustainability Activity Index

Measuring our activities supporting the sustainable development

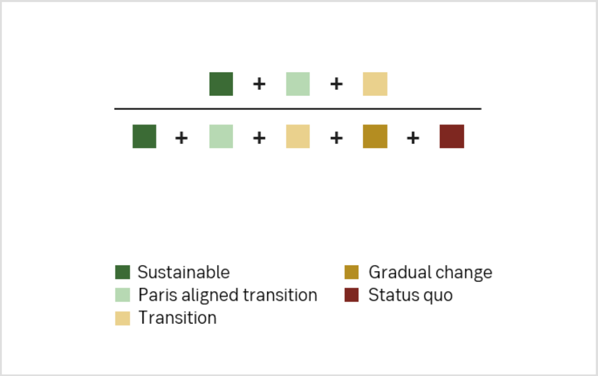
Ambition: To increase average activity 6x-8x by 2030, compared to a 2021 baseline




### The Future
Transition Ratio

Measuring our corporate and real estate credit portfolio's anatomy from a climate perspective

Ambition: To provide a reflection of how our customers, over time, transition in line with the Paris Agreement [1]




[1] Work ongoing to classify credit portfolio. Transition ratio to be communicated in 2022.

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# Our financial targets

| ~50% | 100-300bps | Return on Equity competitive with peers |
|---|---|---|
| Dividend payout ratio of EPS [1] | CET1 ratio above requirement | (Long-term aspiration 15%) |

**Share repurchases** will be the main form of capital distribution when SEB's capital buffer exceeds, and is projected to remain above, the targeted range of 100-300 basis points.

[1] Excluding items affecting comparability.

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# Highlights in Q2 2022

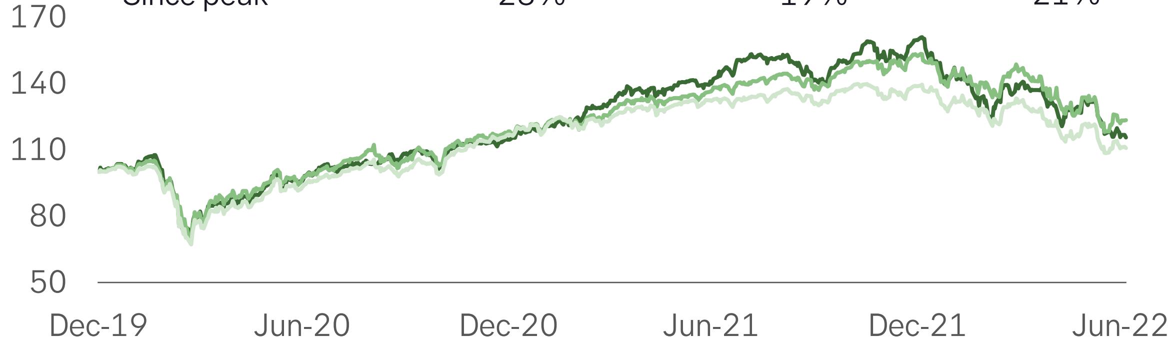
- Solid operating result enabled by our diversified business model, despite a worsening macroeconomic backdrop and Russia’s war in Ukraine
- Return on equity amounted to 12.3 per cent on a capital management buffer that exceeds the regulatory requirement by 480 basis points
- Continued robust asset quality, with net expected credit losses of 6 basis points

# The heightened level of uncertainty prevailed in the second quarter

## Equity markets

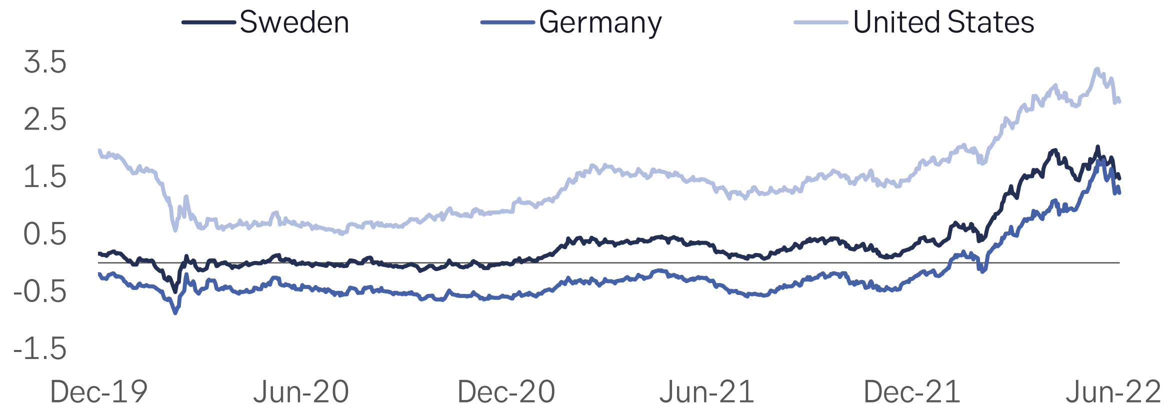
Total shareholder return

| | OMX Stockholm | S&P500 | MSCI World |
|---|---|---|---|
| Since end 2019 | 16% | 23% | 11% |
| Since peak | -28% | -19% | -21% |

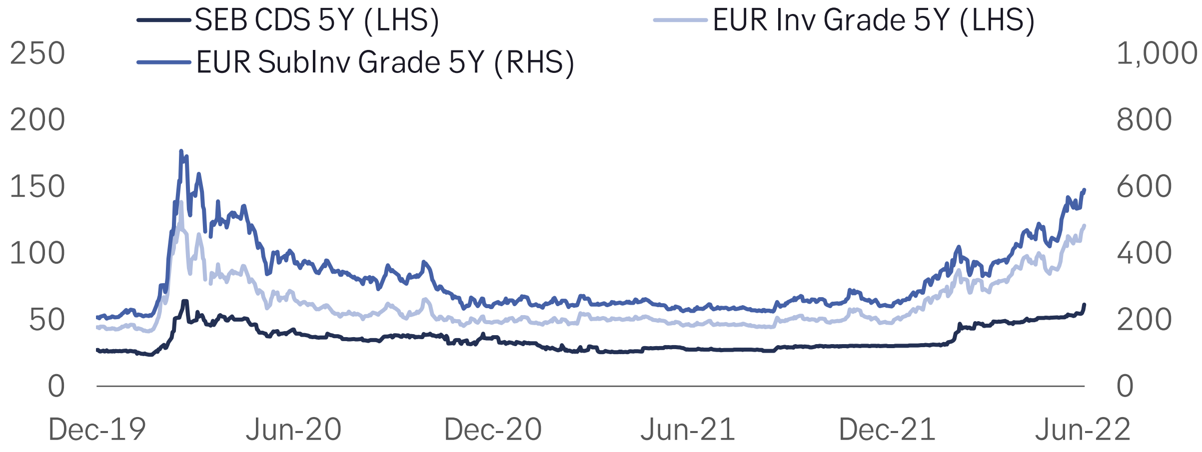



## Interest rates

Annual yield of 10Y government bonds (%)

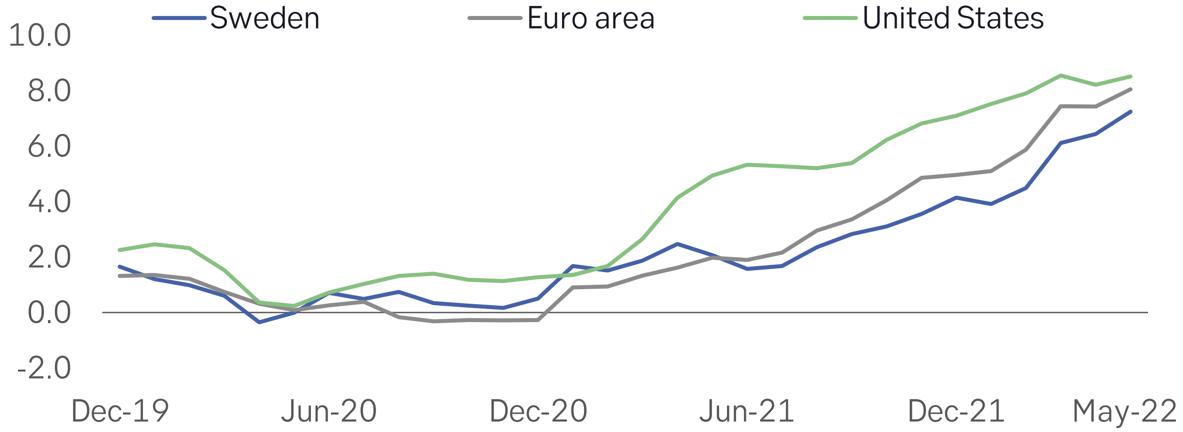



## Credit spreads



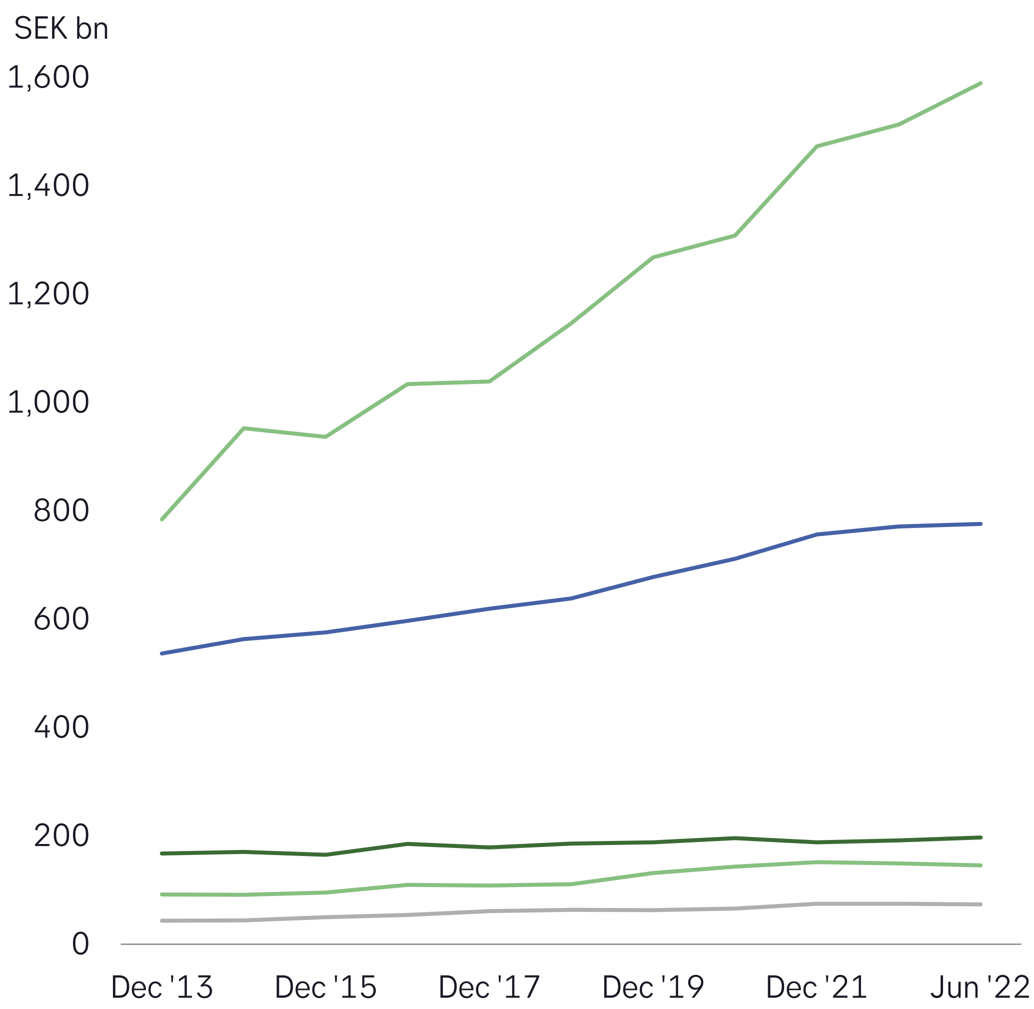

## Inflation rates

Consumer price index, YoY (%)




Note: data as per 5 July. Equity market data is indexed assuming 2019-12-31 = 100. Source: Macrobond.

# Development of credit portfolio




| | Credit portfolio by sector | | | Lending by sector | | |
|---|---|---|---|---|---|---|
| | QoQ | YTD | YoY | QoQ | YTD | YoY |
| **Corporates** | **5%** | **8%** | **21%** | **5%** | **12%** | **21%** |
| *fx-adjusted* | 0% | -1% | 9% | 1% | 6% | 13% |
| **Households** | **1%** | **3%** | **3%** | **1%** | **2%** | **6%** |
| *Swedish mortgages* | 0% | 2% | 2% | 0% | 1% | 4% |
| **Commercial real estate** | **3%** | **5%** | **6%** | **4%** | **9%** | **8%** |
| *fx-adjusted* | 2% | 4% | 5% | 3% | 7% | 6% |
| **Residential real estate** | **-3%** | **-4%** | **-1%** | **-2%** | **-2%** | **1%** |
| **Housing co-ops** | -2% | -2% | 2% | 0% | 1% | 4% |
| **Non-banks** | **3%** | **5%** | **12%** | **3%** | **6%** | **11%** |

Note: credit exposure includes on- and off-balance sheet exposures. FX-adjusted excludes trading products.

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# Financial summary YTD 2022

| SEK m | Jan-Jun 2022 | Jan-Jun 2021 | |
|---|---|---|---|
| **Total operating income** | **29,209** | **27,539** | **+6%** |
| Net interest income | 14,804 | 12,768 | +16% |
| Net fee and commission income | 10,895 | 10,055 | +8% |
| Net financial income | 3,488 | 4,599 | -24% |
| Total operating expenses | -11,995 | -11,477 | +5% |
| **Profit before ECL and imposed levies** | **17,214** | **16,062** | **+7%** |
| Net expected credit losses | -933 | -163 | |
| Imposed levies | -1,138 | -509 | +124% |
| **Operating profit** | **15,142** | **15,391** | **-2%** |

Net ECL level
7 bps

C/I
0.41

CET1
18.6%

RoE
12.8%

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# Financial summary Q2 2022

| SEK m | Q2 2022 | Q1 2022 | | Q2 2021 | |
|---|---|---|---|---|---|
| **Total operating income** | **14,441** | **14,768** | **-2%** | **13,924** | **+4%** |
| Net interest income | 7,742 | 7,062 | +10% | 6,468 | +20% |
| Net fee and commission income | 5,498 | 5,398 | +2% | 5,280 | +4% |
| Net financial income | 1,154 | 2,334 | -51% | 2,056 | -44% |
| Total operating expenses | -6,201 | -5,793 | +7% | -5,759 | +8% |
| **Profit before ECL and imposed levies** | **8,240** | **8,974** | **-8%** | **8,164** | **+1%** |
| Net expected credit losses | -399 | -535 | -26% | -7 | |
| Imposed levies | -556 | -582 | -5% | -242 | +130% |
| **Operating profit** | **7,285** | **7,857** | **-7%** | **7,916** | **-8%** |

Net ECL level
6 bps

C/I
0.43

CET1
18.6%

RoE
12.3%

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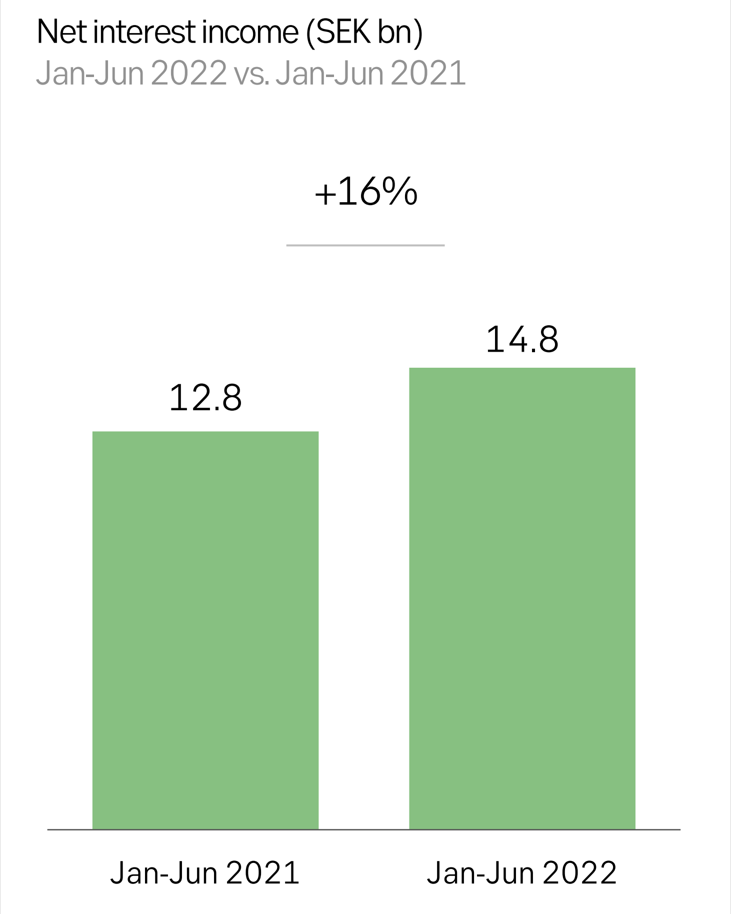
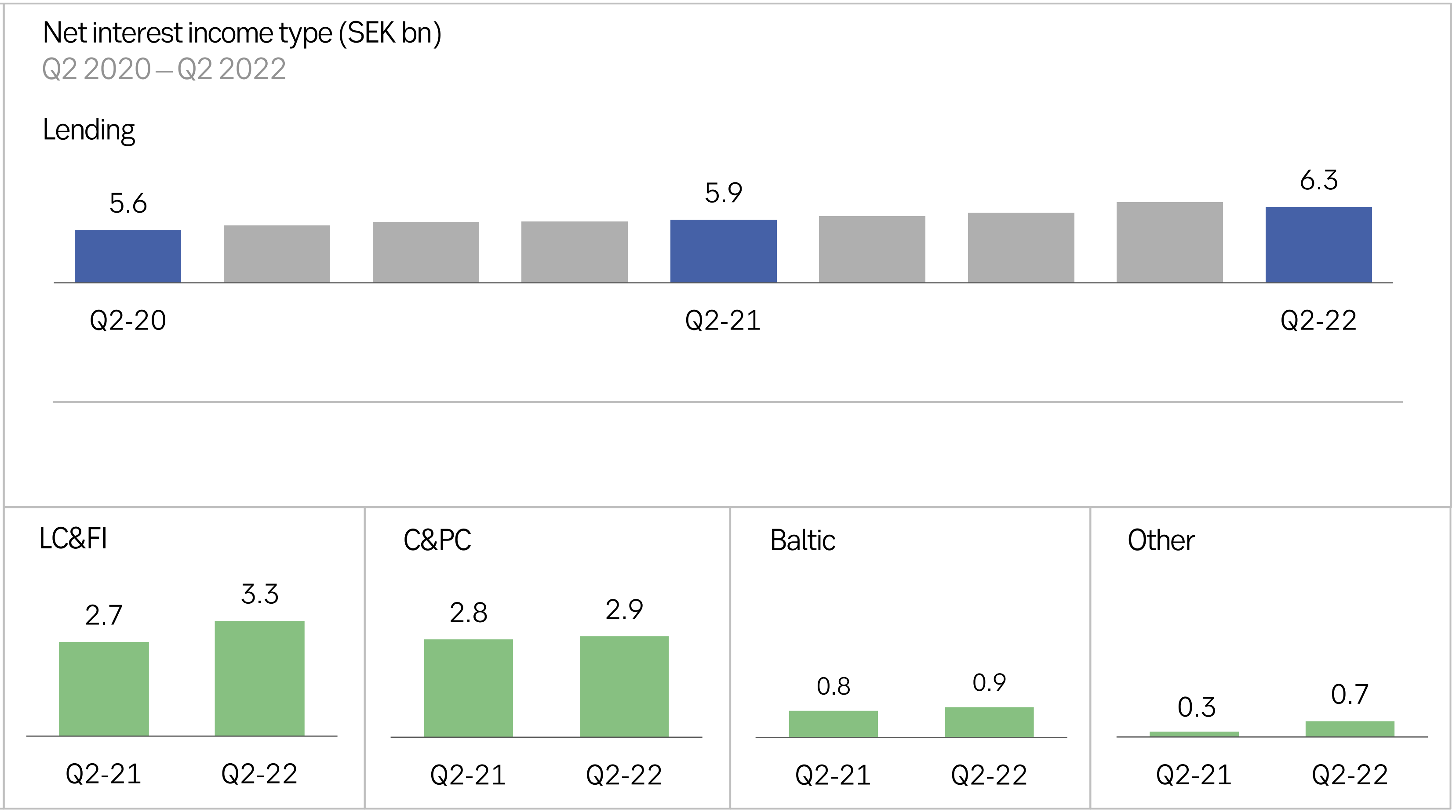
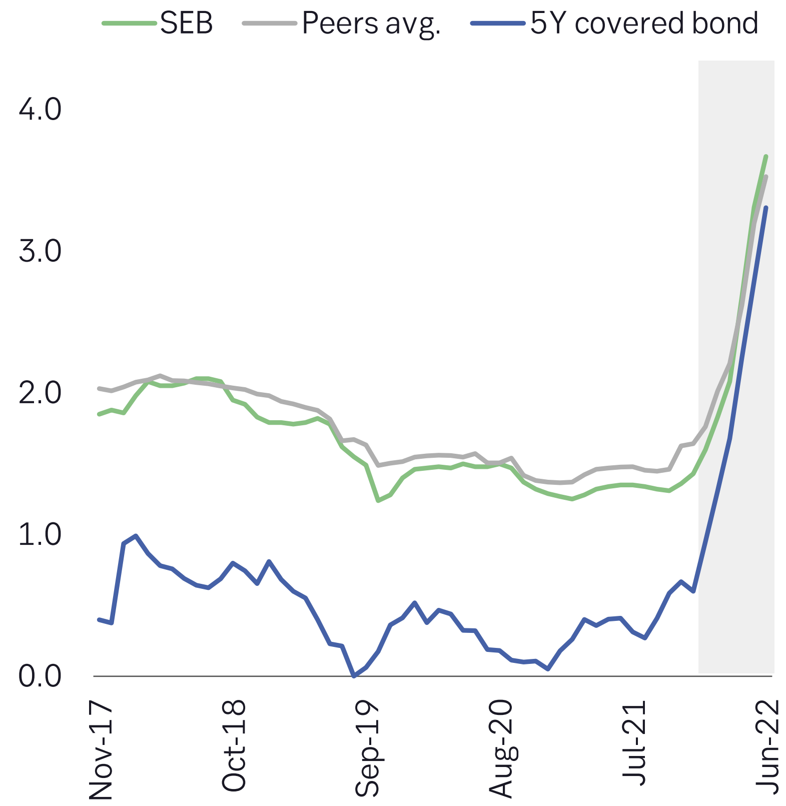
# Net interest income development



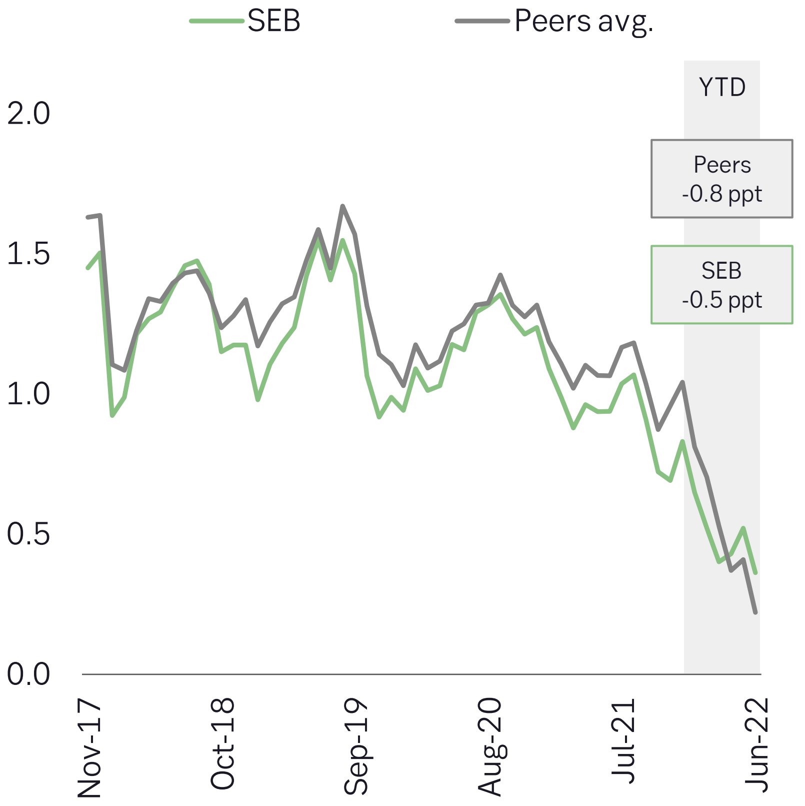



# Mortgage rates have increased less than banks' funding cost

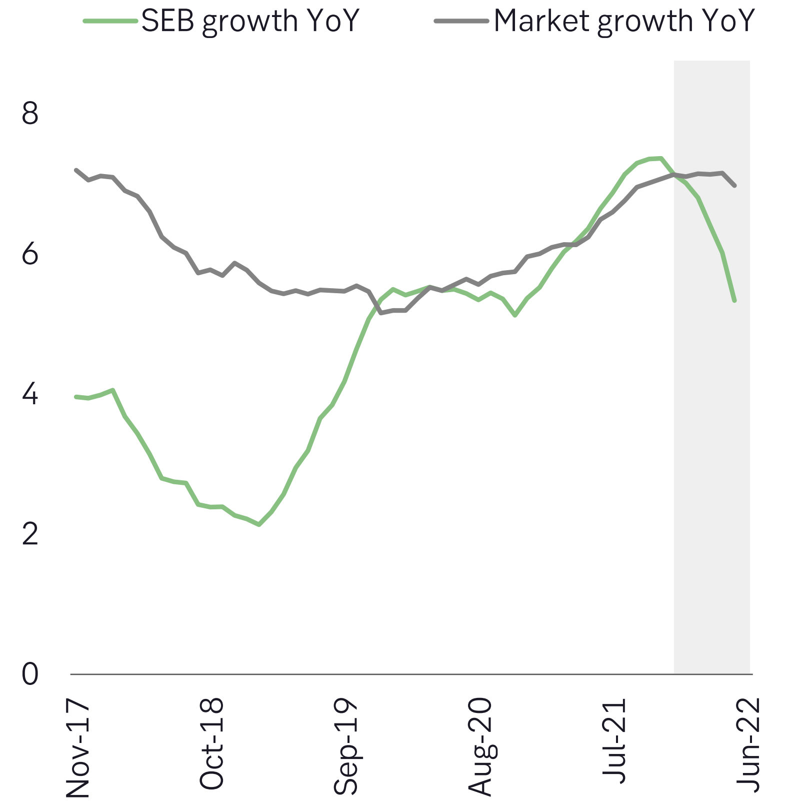
Mortgage rates driven upwards by increased funding cost
Monthly average 5Y new lending mortgage rates (%)




Comparatively more conservative pricing than peers...
Delta between monthly average 5Y new lending mortgage rates and monthly average 5Y covered bond (%)



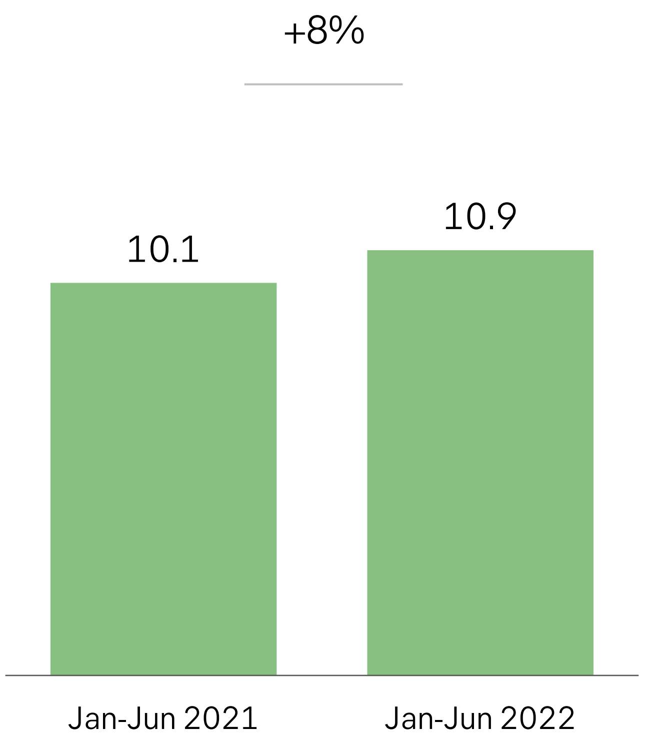

...resulting in lower lending growth
Lending growth YoY (%)



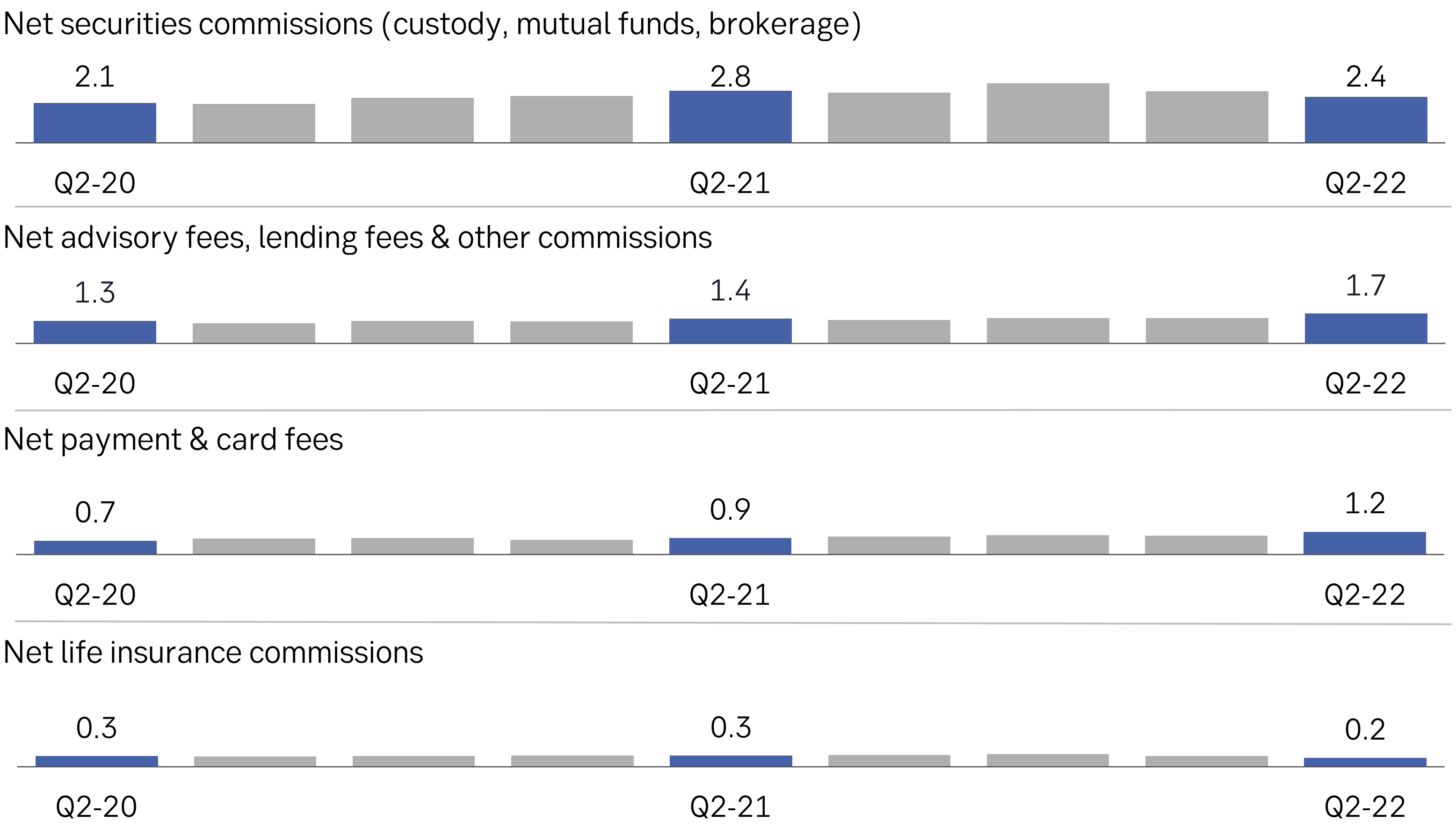

Note: 'Peers avg.' include Swedbank, Handelsbanken, Nordea, SBAB, Länsförsäkringar.
Source: 5Y covered bond: Riksbanken. Monthly average new lending mortgage rates: banks' respective websites. Lending growth: SCB.

# Net fee & commission income development

Net fee & commissions (SEK bn)
Jan-Jun 2022 vs. Jan-Jun 2021




Net fee & commissions by income type (SEK bn)
Q2 2020 – Q2 2022

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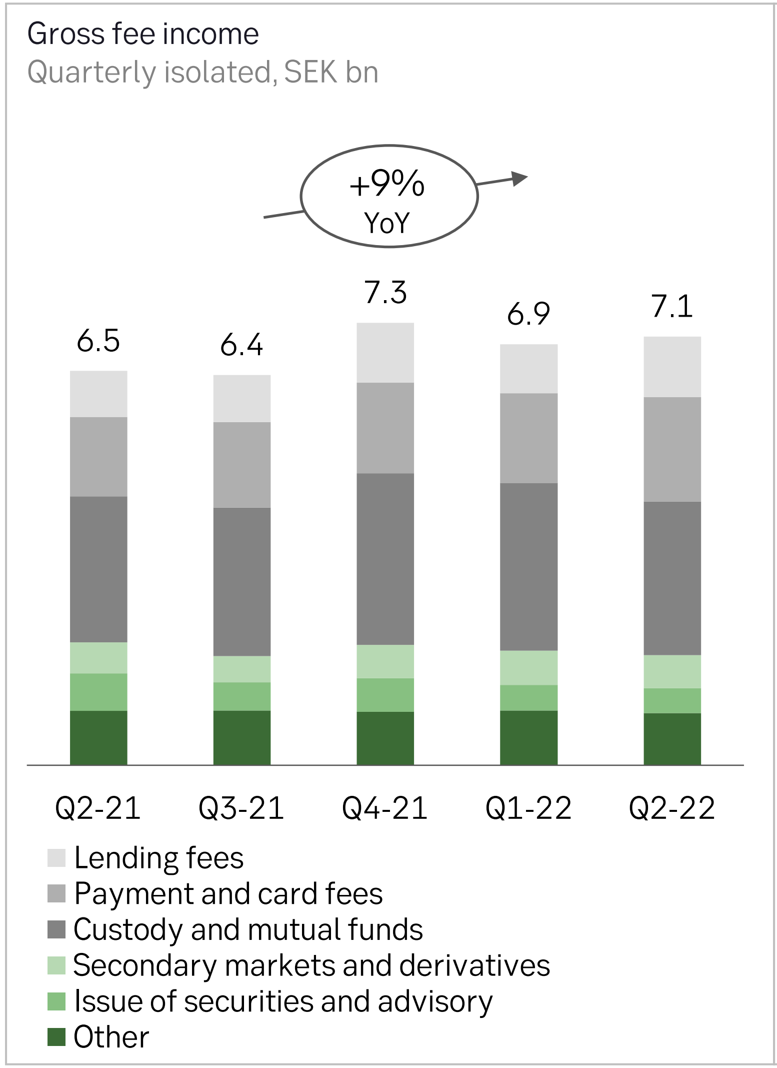
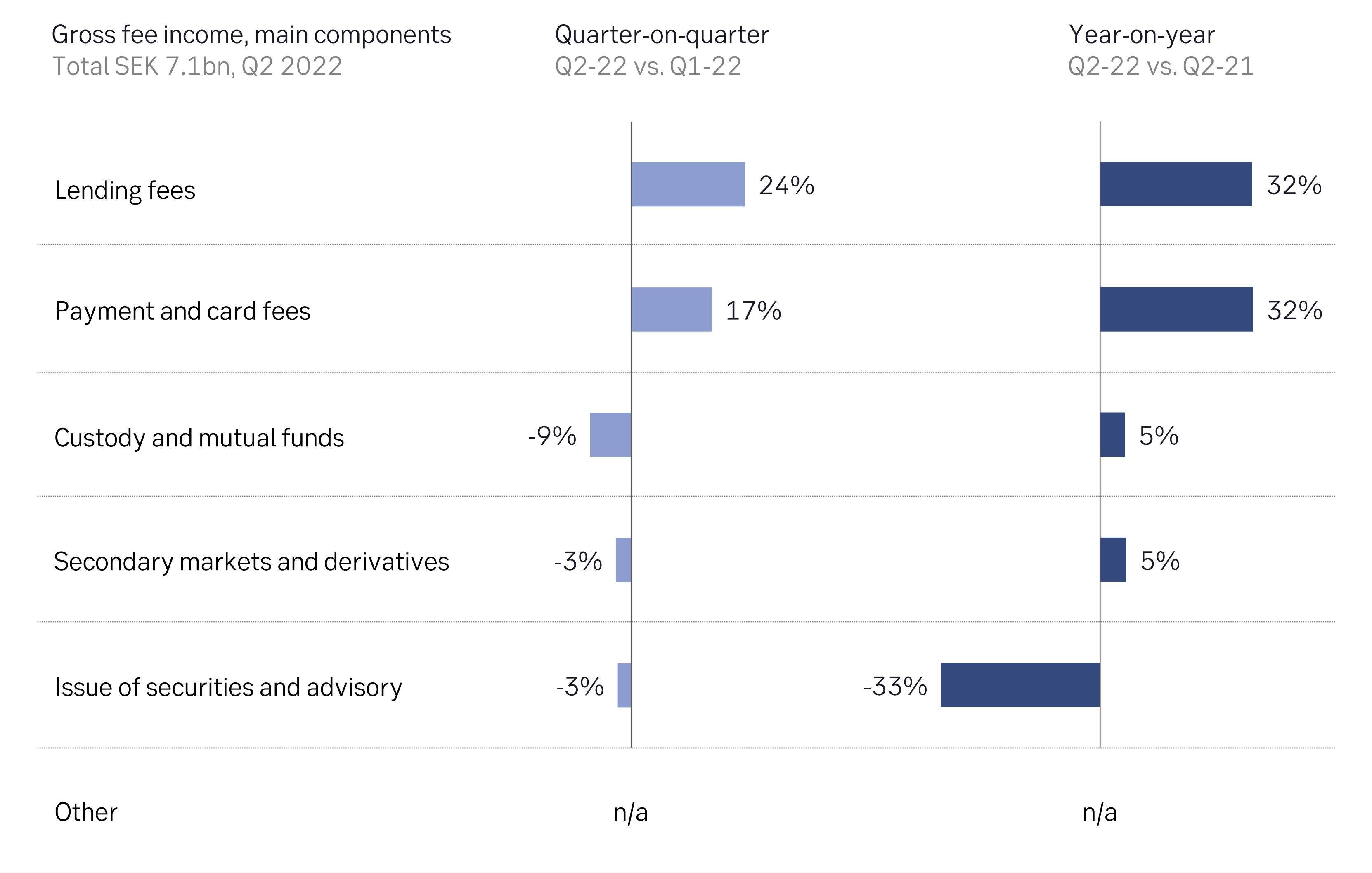
# The strength of a diversified business model: fees and commissions

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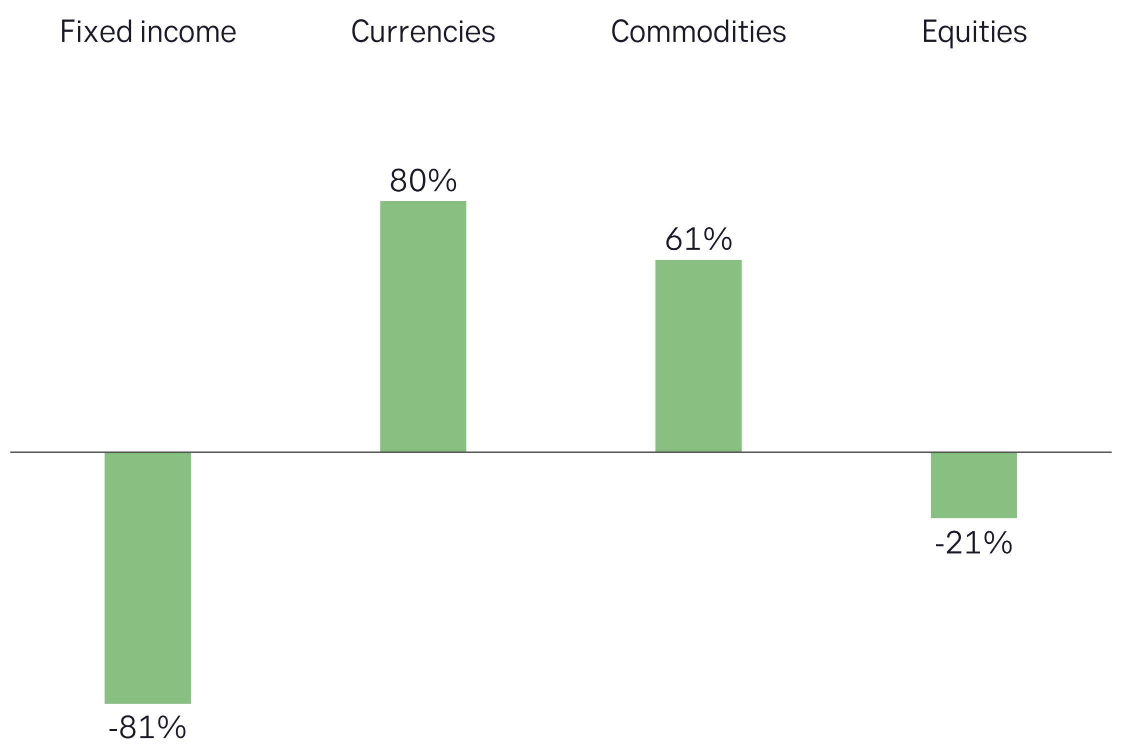
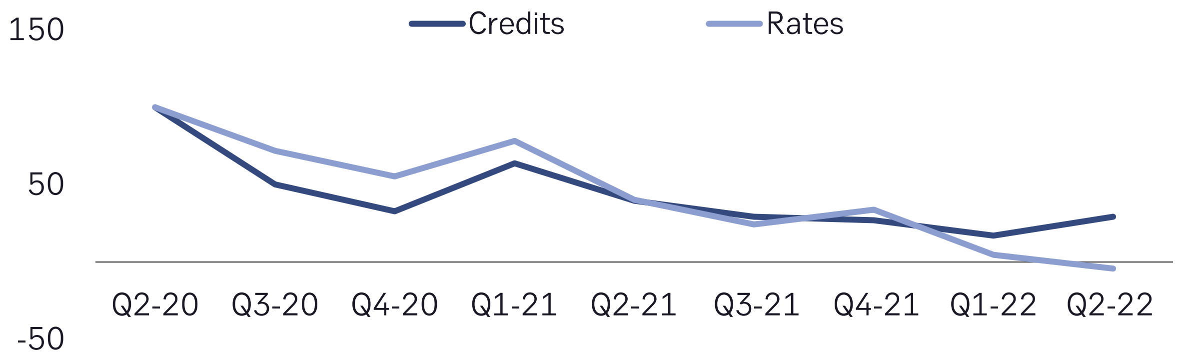
# The strength of a diversified business model: FICC and Equities

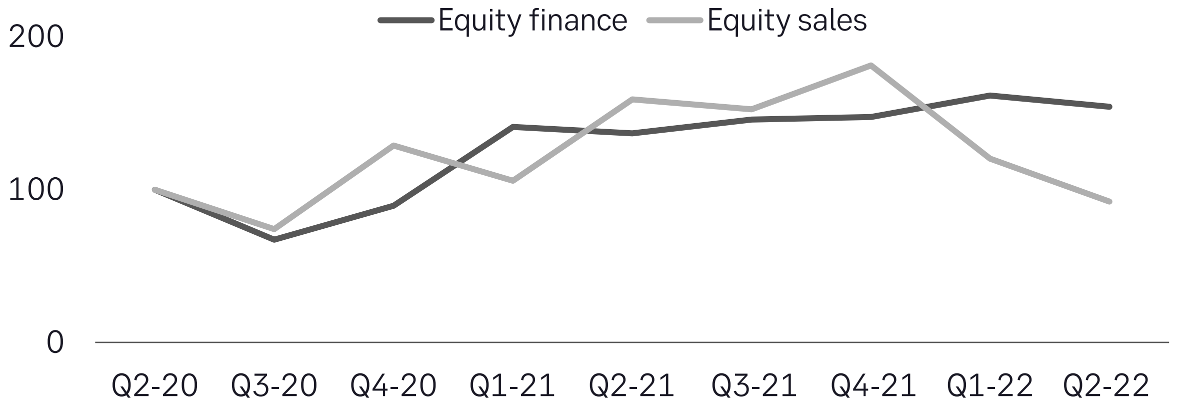
Fixed income, Currencies, Commodities (FICC) and Equities
Operating income, Q2-22 vs. Q2-21




Main components of Fixed income
Operating income, indexed Q2 2020 = 100




Main components of Equities
Operating income, indexed Q2 2020 = 100

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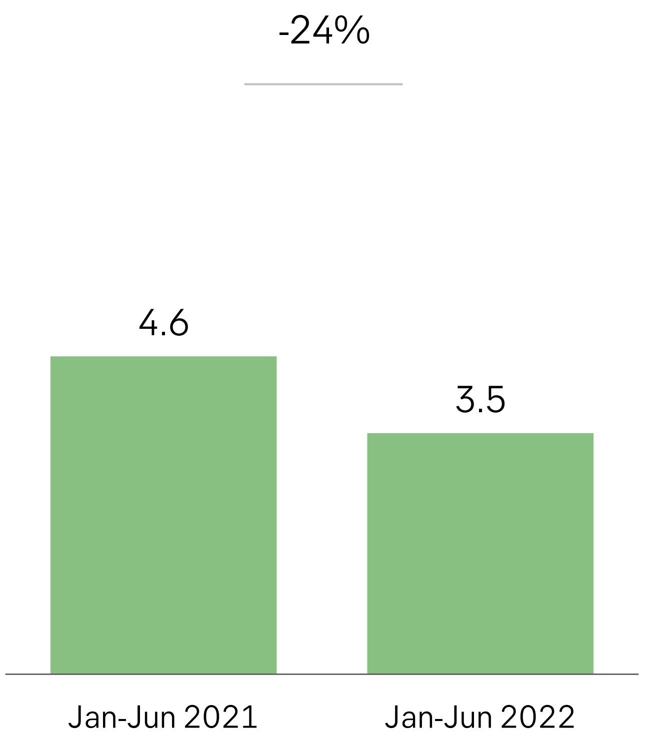
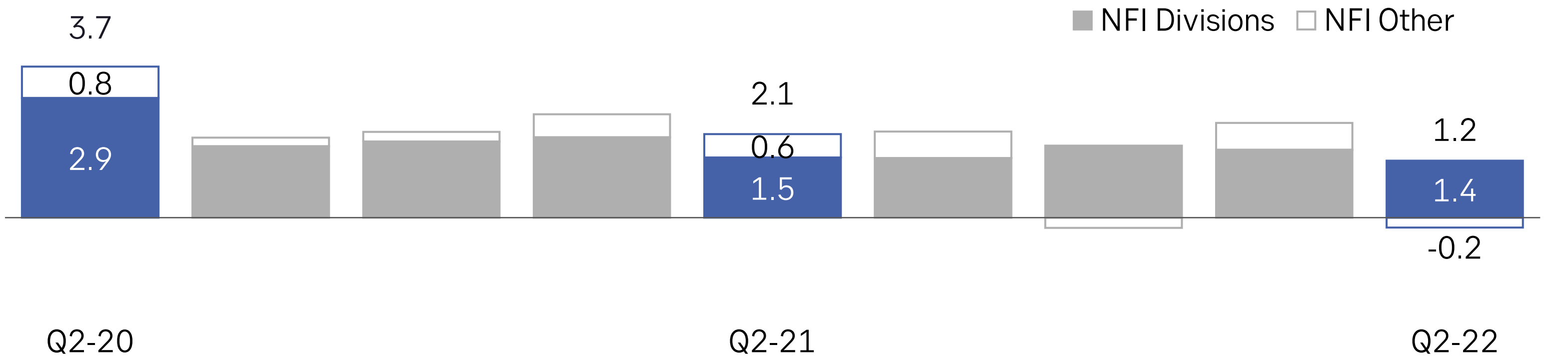
# Net financial income development

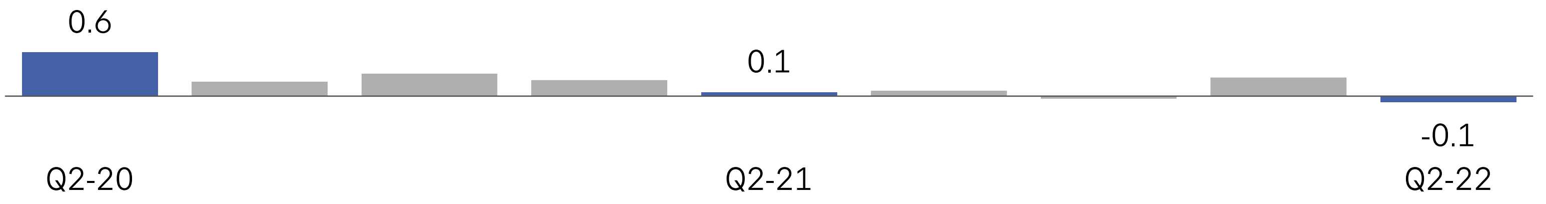
Net financial income (SEK bn)
Jan-Jun 2022 vs. Jan-Jun 2021




Net financial income development (SEK bn)
Q2 2020 – Q2 2022




whereof CVA/DVA

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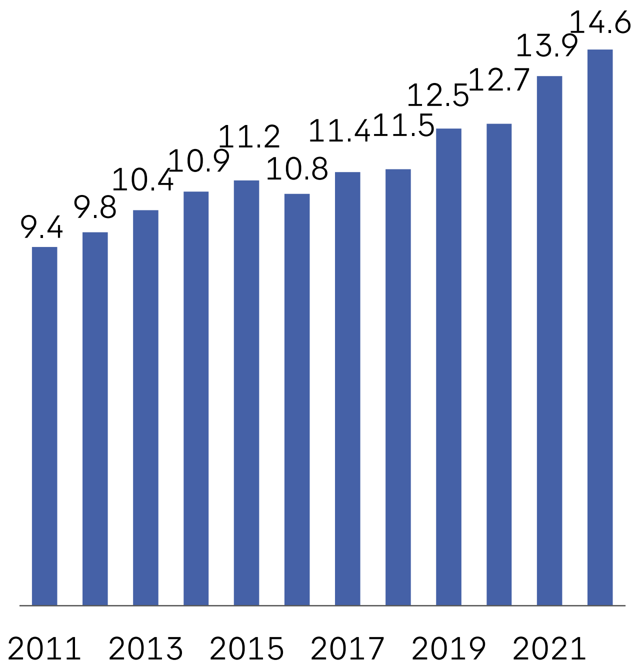
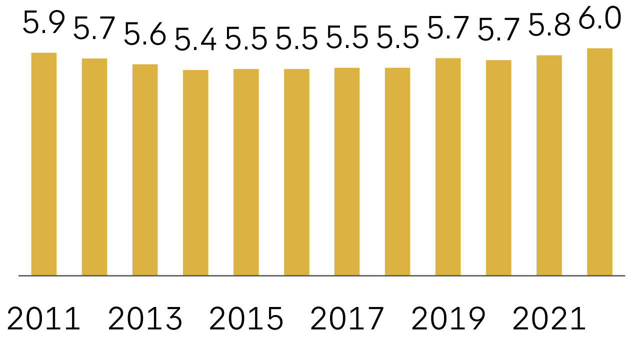
# Operating leverage

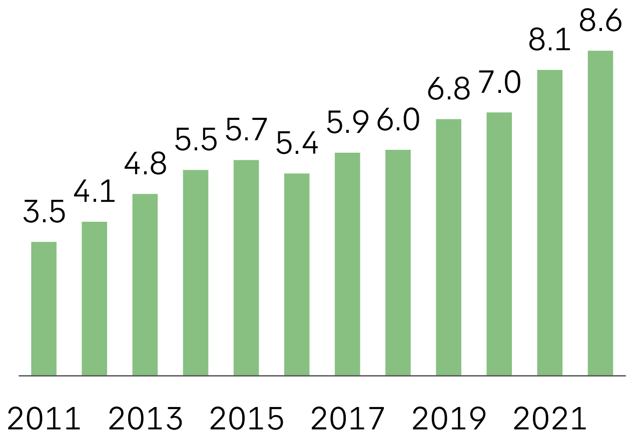
Average quarterly income (SEK bn)




Average quarterly expenses (SEK bn)




Average quarterly profit before expected credit losses and imposed levies (SEK bn)




Note: data exclude items affecting comparability.

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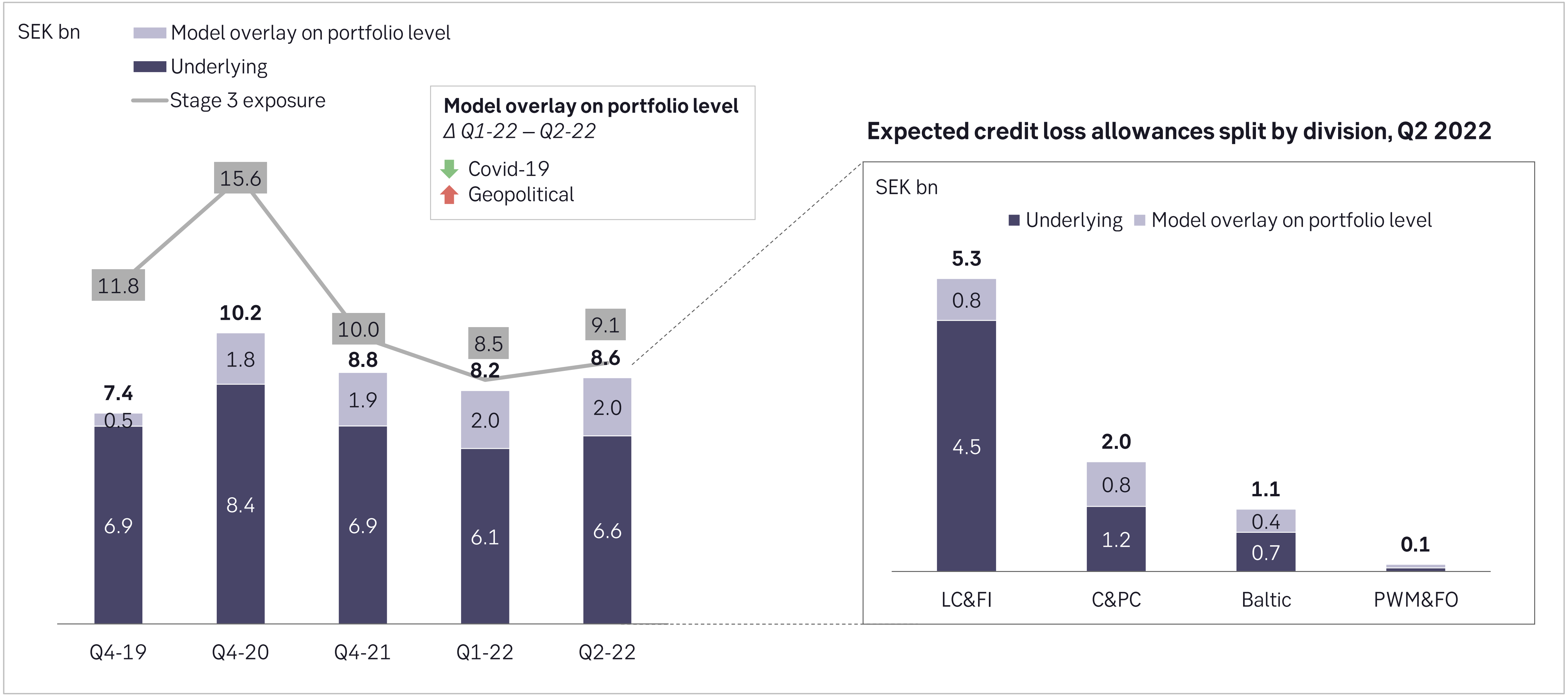
# Expected credit loss allowances

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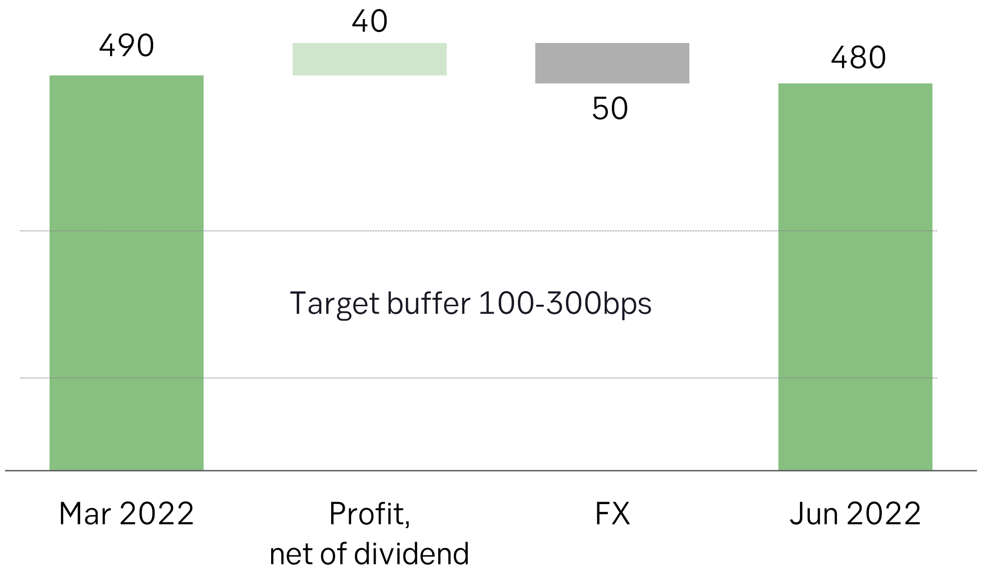
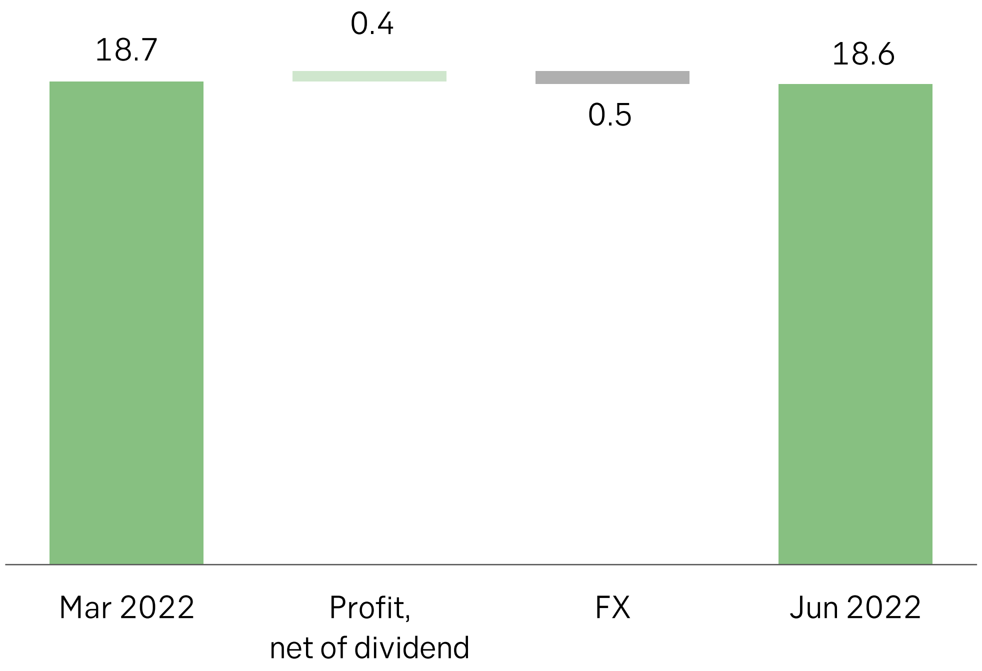
# Capital development in Q2

## CET1 buffer development
Quarter-on-quarter (bps)




## CET1 ratio development
Quarter-on-quarter (percentage points)



# Strong asset quality and balance sheet

## 2021

| | |
|---|---|
| **Asset quality** | |
| Net expected credit loss level | 2 bps |
| **Funding & liquidity** | |
| Customer deposits (SEK) | 1,597bn |
| Liquidity coverage ratio | 145% |
| Net Stable Funding Ratio (NSFR) | 111% |
| **Capital** | |
| CET1 ratio (Basel 3) | 19.7% |
| CET1 buffer above requirement | 590 bps |
| Total capital ratio (Basel 3) | 23.1% |
| Leverage ratio (Basel 3) | 5.0% |

## June 2022

| | |
|---|---|
| **Asset quality** | |
| Net expected credit loss level | 7 bps |
| **Funding & liquidity** | |
| Customer deposits (SEK) | 2,073bn |
| Liquidity coverage ratio | 135% |
| Net Stable Funding Ratio (NSFR) | 110% |
| **Capital** | |
| CET1 ratio (Basel 3) | 18.6% |
| CET1 buffer above requirement | 480 bps |
| Total capital ratio (Basel 3) | 22.0% |
| Leverage ratio (Basel 3) | 4.3% |

SEB

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02 Financial update – Q2

**03 Credit portfolio and asset quality**

04 Capital

05 Liquidity and funding

06 Strategy 2030 and sustainability

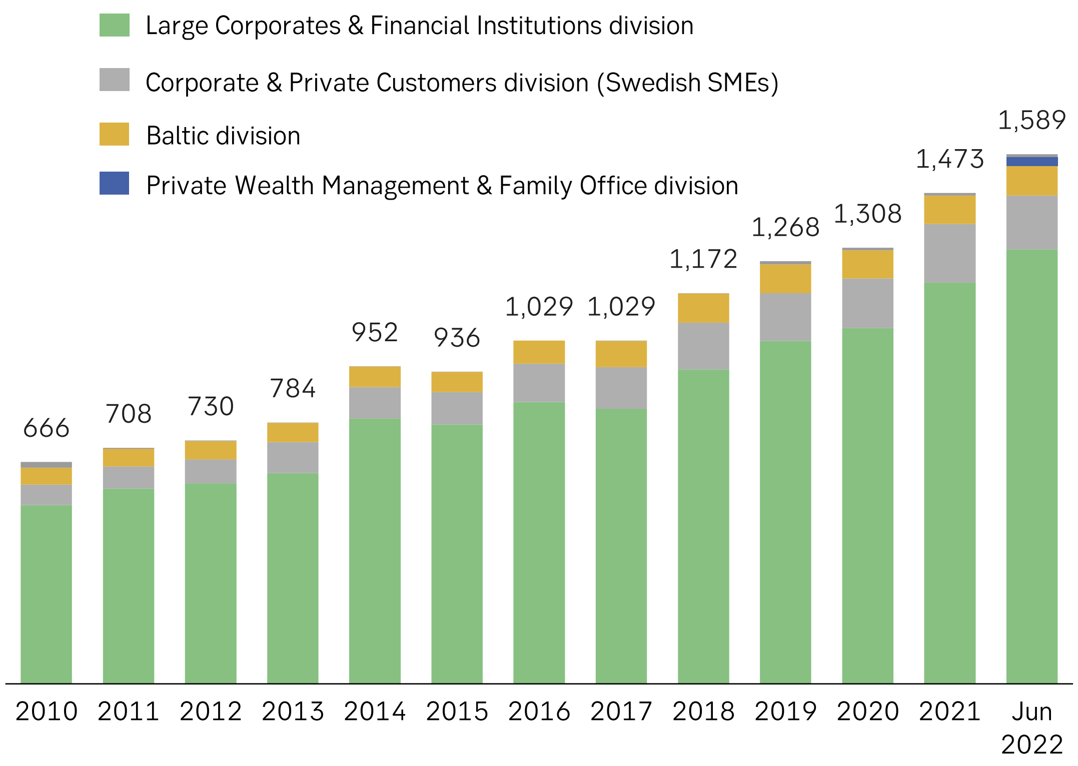
07 Macro

08 Appendix

# Corporate portfolio: focus on large corporates with industry diversification and low on-balance sheet exposure

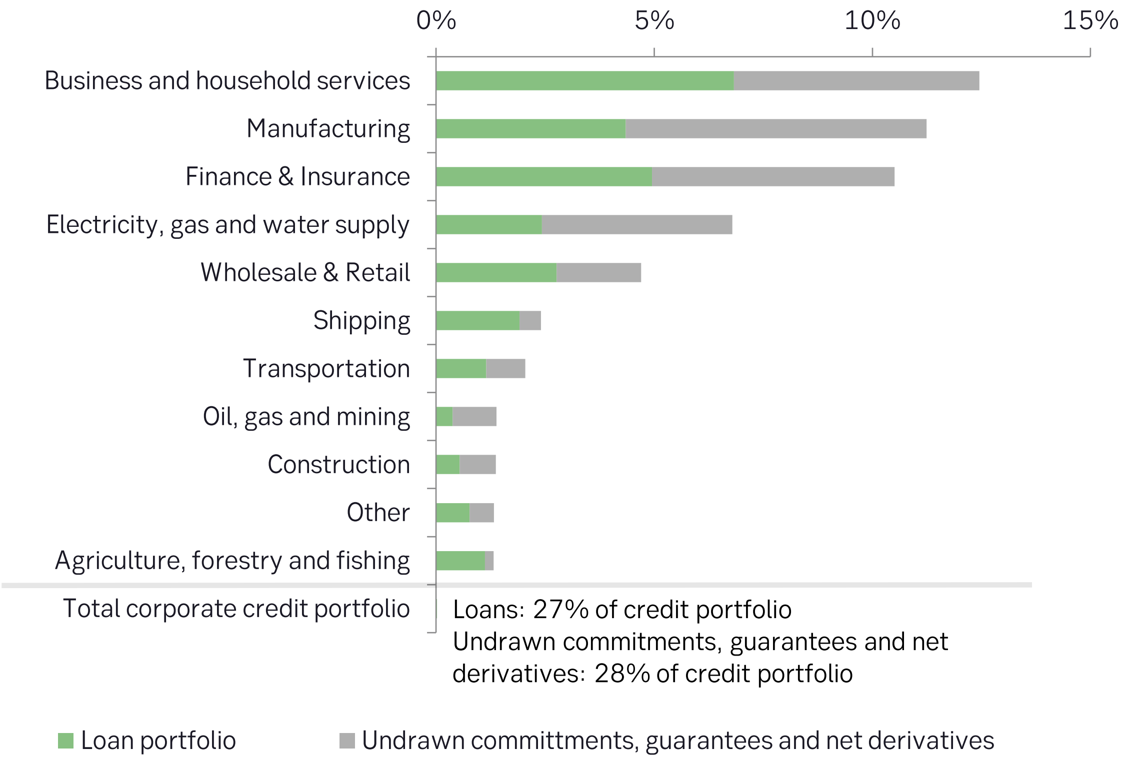
## Corporate credit portfolio

SEK bn (excludes real estate)




## Corporate credit portfolio by sector and credit type

% of credit portfolio excluding banks, 30 June 2022

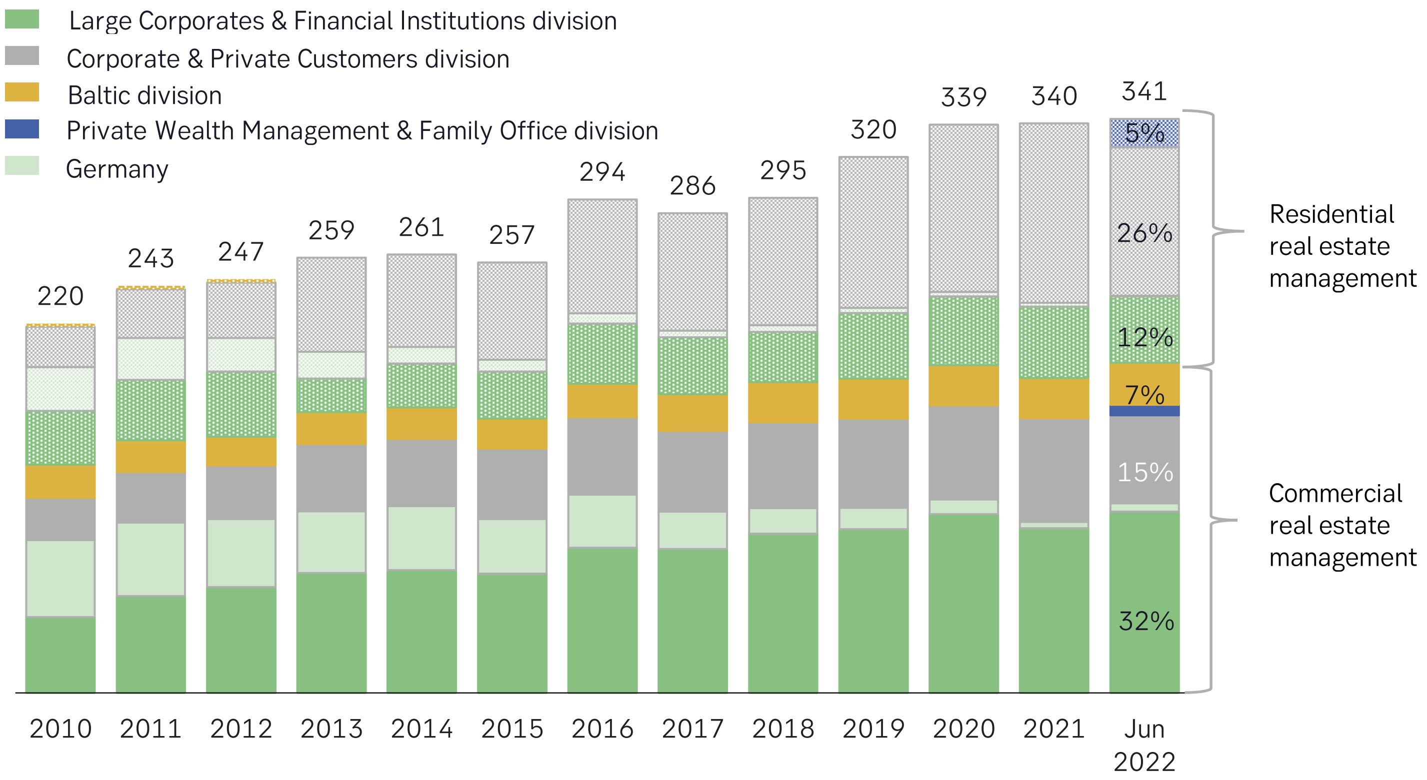



SEB

# Real estate porfolio: focus on Sweden and Nordics with conservative lending standards

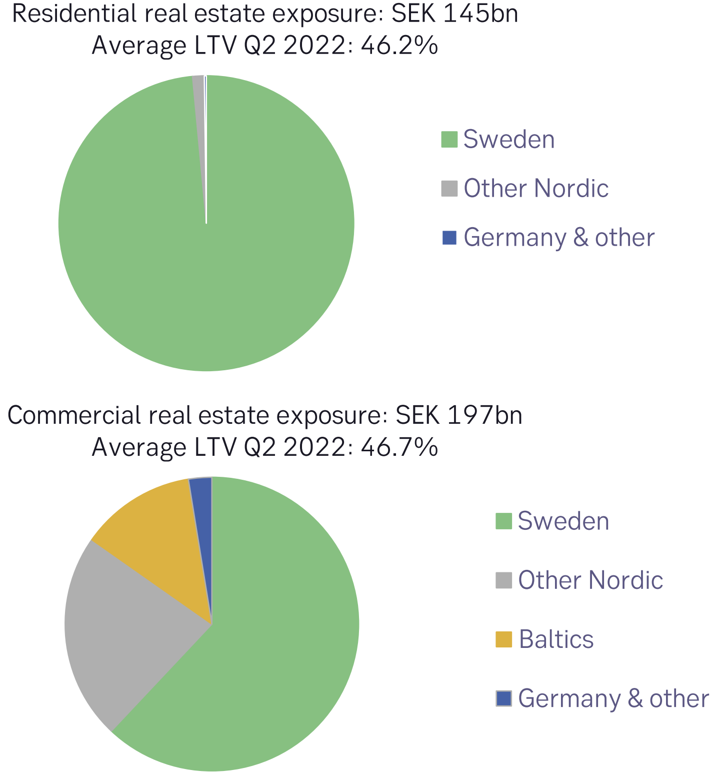
## Real estate management credit portfolio by division

SEK bn



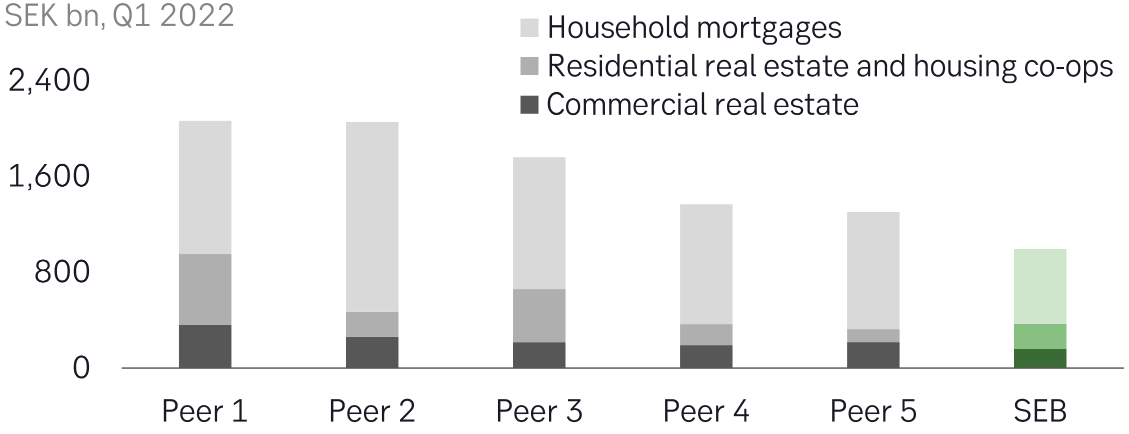

## Real estate management portfolios by geography

30 June 2022

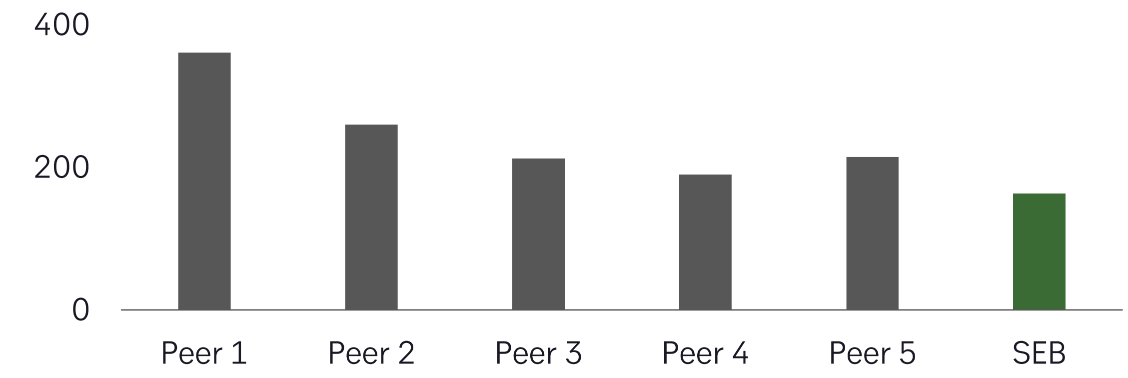


# SEB's real estate portfolio is resilient to higher interest rates

Total real estate and household mortgage lending compared to Nordic peers
SEK bn, Q1 2022




Commercial real estate lending compared to Nordic peers
SEK bn, Q1 2022




*Conservative underwriting standards*

- Group-wide risk tolerance and divisional volume caps.
- Cash-flow based underwriting standards, interest rate stress tests, restrictions on Loan-to-Value and Debt Service Ability.
- Majority of large clients hedging interest rates (average 3-4 years).
- Professional clients operating in Sweden and Nordics with diversified property portfolios and funding sources.

*Average Loan-to-Value, Q2 2022*

| Commercial real estate | Residential real estate | Housing co-ops |
|---|---|---|
| 46.7% | 46.2% | 27.5% |

- Commercial and residential property values need to drop more than ~25% in order to reach regulatory risk weight floors, given current Probability of Default (PD) levels.

*20 largest real estate clients resilient against higher interest rates*

- Average Interest Coverage Ratio (ICR) at 4.6x by Q1 2022.
- Internal stress test assuming a 3M STIBOR at 4% by year-end 2023. [1]
  - Average ICR in stressed scenario: 2.1x.
  - All clients at or above 1x ICR in stressed scenario.

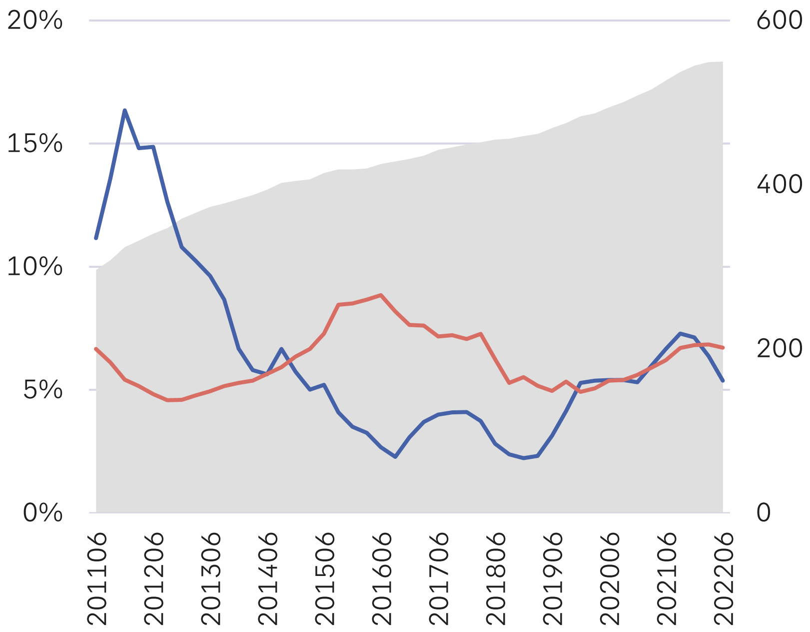
Note: Peer lending figures based on best estimate. Some figures based on Q4 2021 data. Source: Fact books, interim reports, annual reports, risk reports.

[1] Given average interest rate hedging of 3-4 years, this translates to about 200bps higher funding cost vs. Q1 2022. Includes commercial and residential real estate clients.

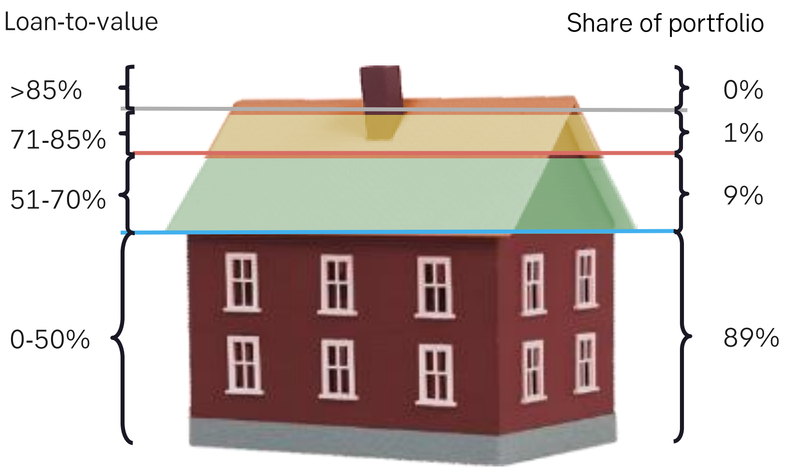
SEB

# Household mortgages: high asset quality and based on affordability

## SEB's household mortgage lending growth vs total market
SEK bn




## Low LTVs by global and regional standards
30 June 2022




Weighted average LTV = 50.5%

## Selective origination - mortgage lending based on affordability

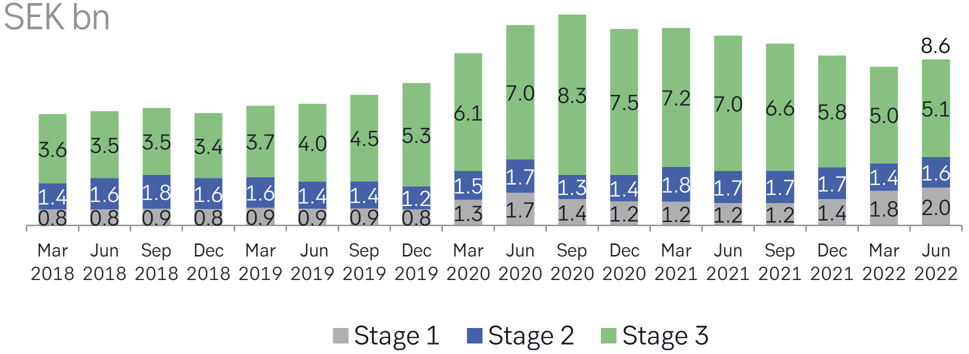
- **Strong customer base**: According to UC AB (national credit information agency), SEB's customers have higher credit quality than market average and are over-proportionally represented in higher income segments. Customers are also concentrated to larger cities
- **High asset quality** – negligible past dues and losses
- **Strict credit scoring and assessment**
- **Strengthened advisory services** - "sell first and buy later"
- **Affordability assessment** (funds left to live on post all fixed costs and taxes) includes stressed interest rate scenario of 6% on personal debt and 4.25% on a housing co-op's debt which indirectly affects the private individual ("double leverage")
- **Amortisation requirement**: LTV 70-85% loans amortise min. 2%/year and between 50-70% at least 1%/year. As of 2018, loans with DTI>4.5x amortise an additional percentage point –regulatory requirement. Amortisation exemption due to Covid-19 lifted per August 2021
- **Max loan amount**: 85% LTV cap since 2011. In general 5x total gross household income irrespective of LTV and no more than one payment remark on any kind of debt

SEB

# Robust credit quality over time

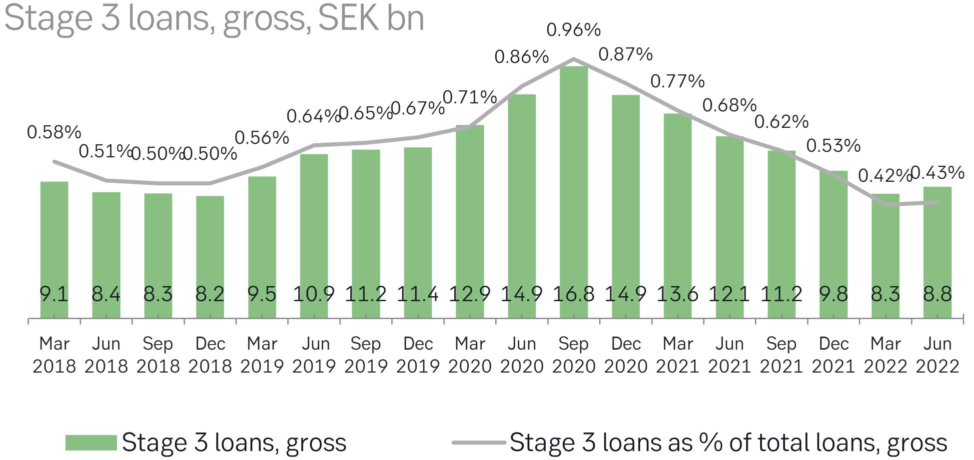
## Total ECL allowances by stage

SEK bn



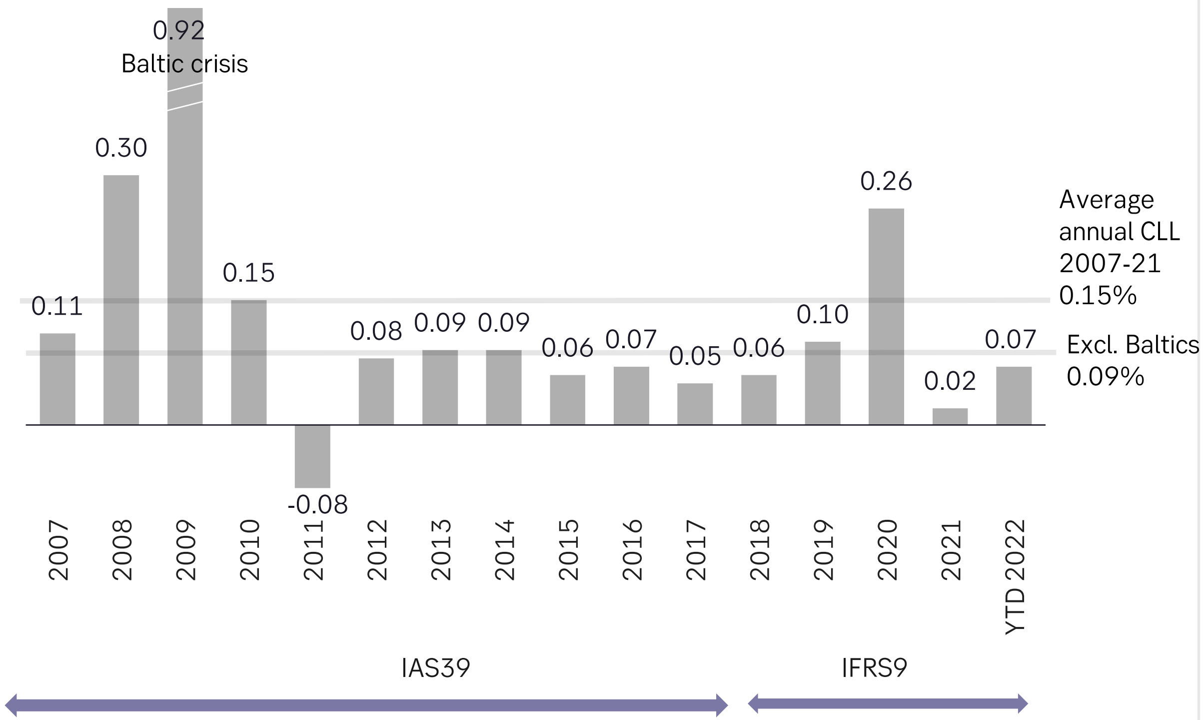

## Credit-impaired loans increase in Q2 mainly due to currency effects

Stage 3 loans, gross, SEK bn




## Credit loss level

%



# Updated macro scenarios and scenario probability weightings led to an increase of ECL allowances in Q2

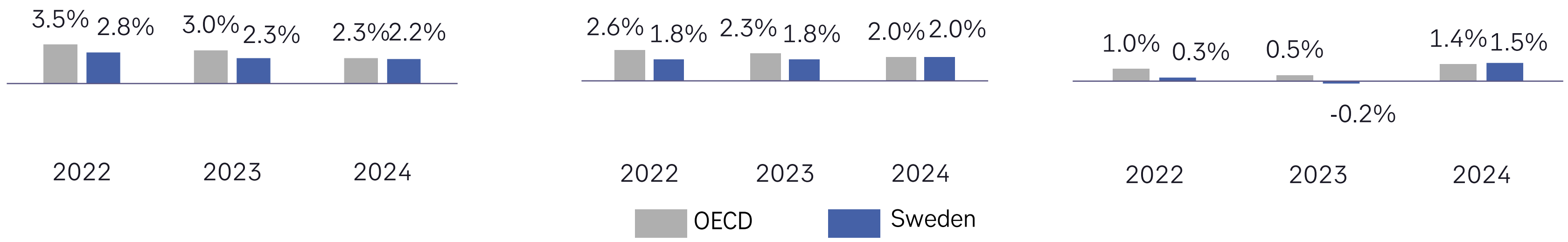
## Three scenarios for ECL modelling

GDP growth assumptions Q2 2022 (Q1 2022)

Positive – 10% (15%) probability

Base – 60% (60%) probability

Negative – 30% (25%) probability




- The upside potential is limited, and the positive scenario assumes a faster resolution of supply side problems and prices normalising more than expected, reinforcing the base effects that are the main drivers of an inflation downturn.

- In the base scenario, the war in Ukraine, continued high energy prices and higher interest rates have significant economic impact and GDP growth forecasts have been lowered for 2022. However, a soft landing is expected supported by a number of positive forces.
- New fiscal stimulus measures will provide short-term support for growth in the euro area. Supply side problems currently driving inflation up will eventually ease and the real interest rates will remain low despite key rate hikes.

- The negative scenario reflects the downside risks of reversals in central bank policies. Factors that may be underestimated include the interest rate sensitivity of the economy, such as the impact of rates and yields on share and home prices, and a stronger and more protracted inflation upturn requiring further central bank actions.
- The possible need for energy rationing in Europe and China's economic headwinds are other downside risks.

Probability-weighted ECL allowances:
SEK 8.6bn

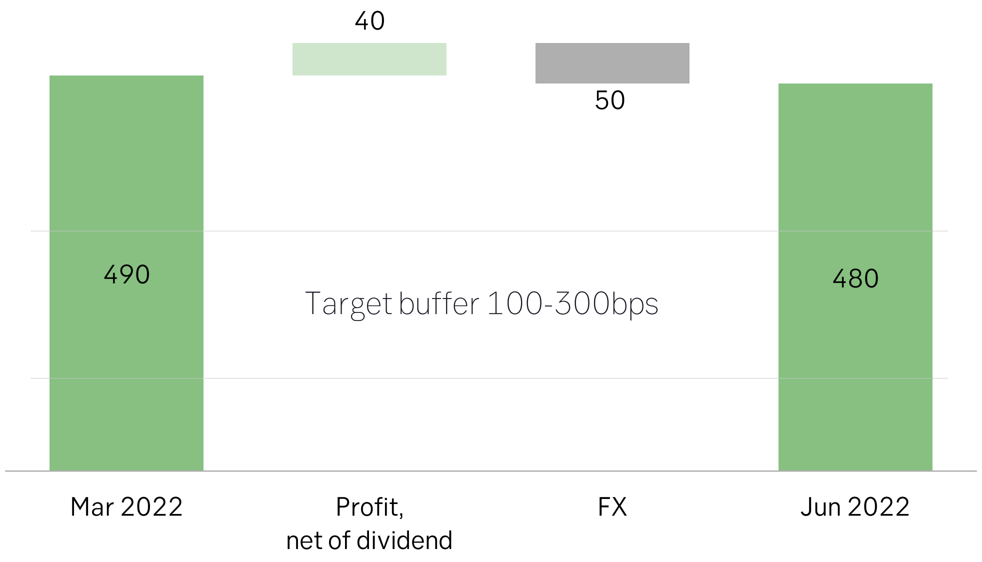
100% probability of positive scenario:
-3% ECL allowances

100% probability of negative scenario:
+3% ECL allowances

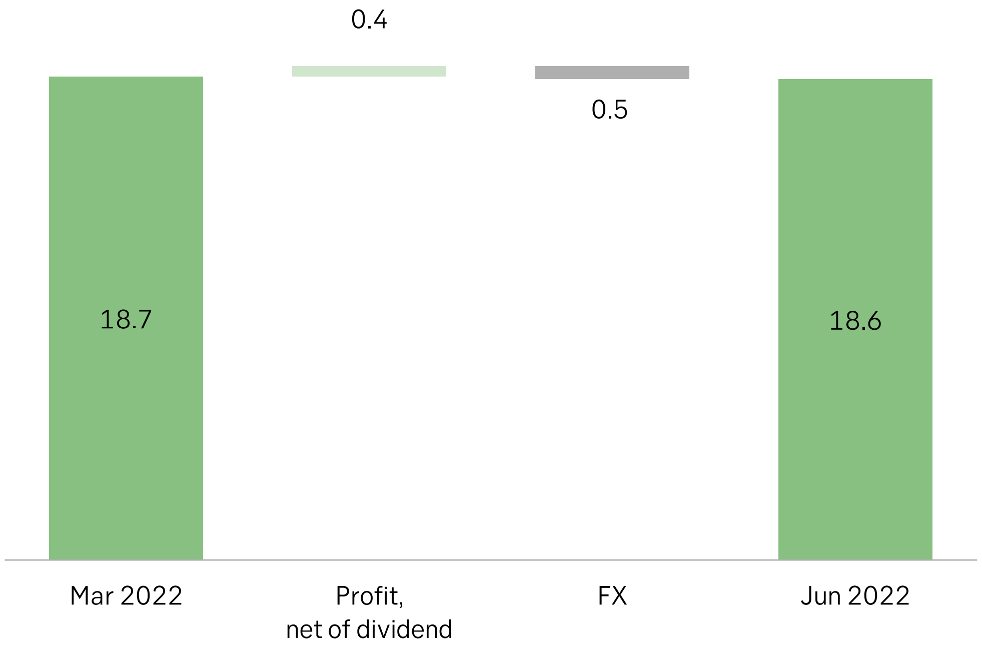
Source: SEB Nordic Outlook May 2022.

# Capital development in Q2

CET1 buffer development
Quarter-on-quarter (bps)



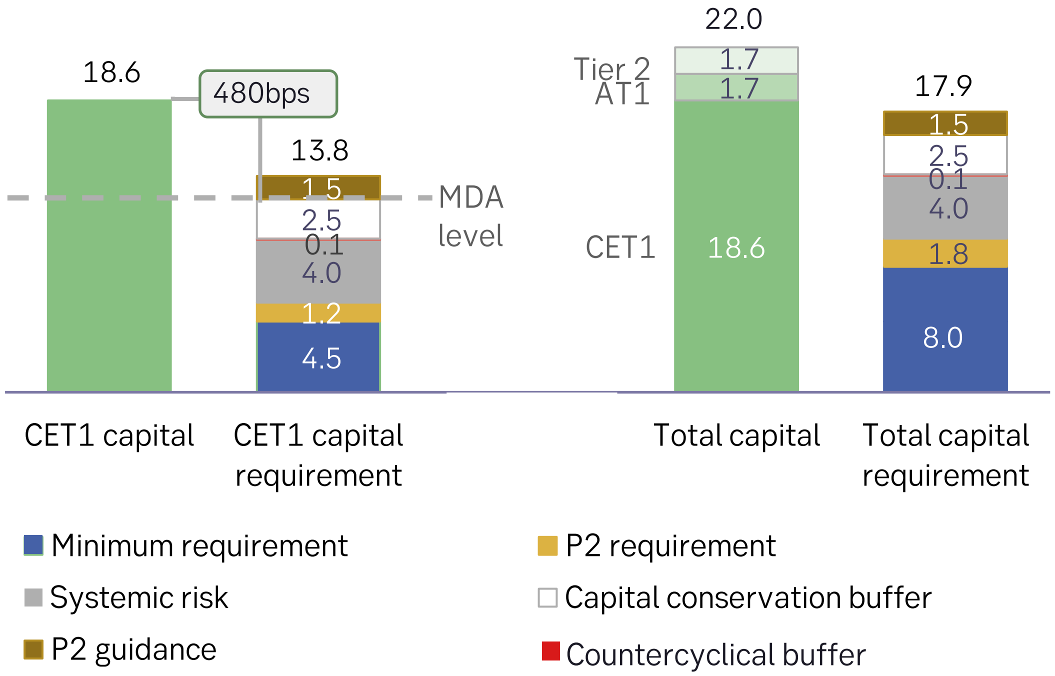

CET1 ratio development
Quarter-on-quarter (%-points)



# Strong capital position vs. requirements

SEB's CET1 and total capital position vs requirements

%, 30 Jun 2022



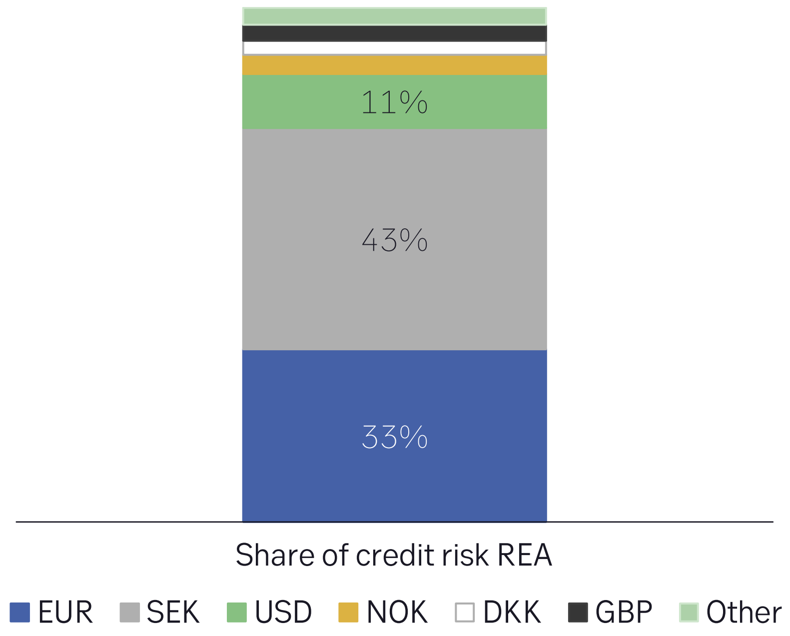

- CET1 capital buffer of 480bps, compared to target buffer of 100-300bps
- Leverage ratio at 4.3% (4.3). The requirement and Pillar 2 guidance is 3.45%
- Countercyclical buffer for Sweden to be raised to 1% in September 2022 and to 2% in June 2023

The minimum requirement for total capital can be met by max 1.5% AT1 and 2.0% Tier 2 capital. The P2 requirement of 1.8% consists of 1.2% in CET1, 0.2% in AT1 (~11% of the P2 requirement) and 0.4% in Tier 2 capital (~23% of the P2 requirement)

# Reasons for management capital buffer

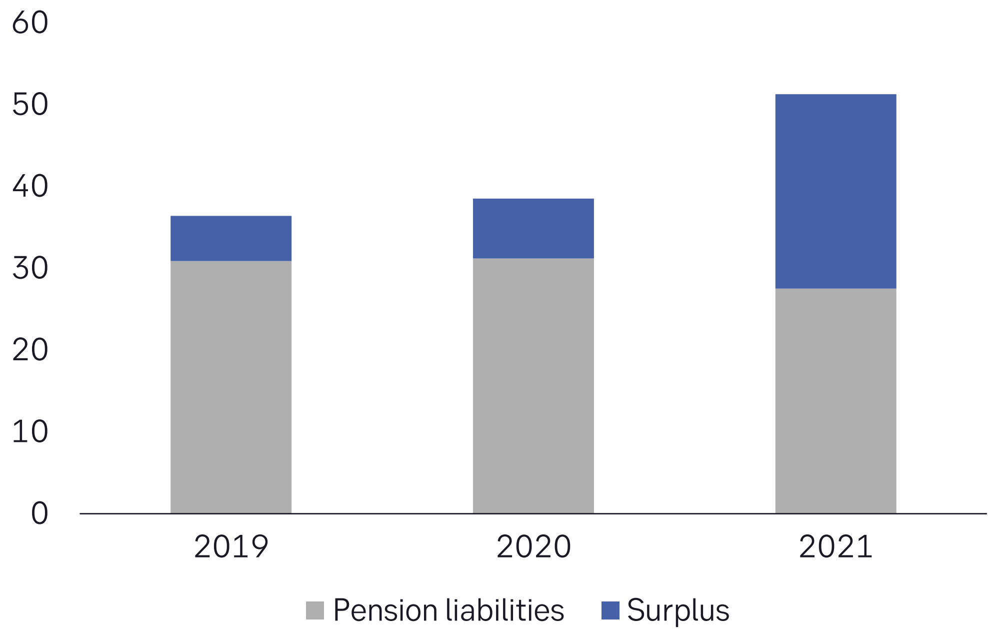
## Sensitivity to currency fluctuations

Impact of ±5% SEK vs other currencies is 50bps on CET1 ratio




## Sensitivity of Swedish pension surplus to interest rates

SEK bn, Impact of -50 bps discount rate is -40bps on CET1 ratio*



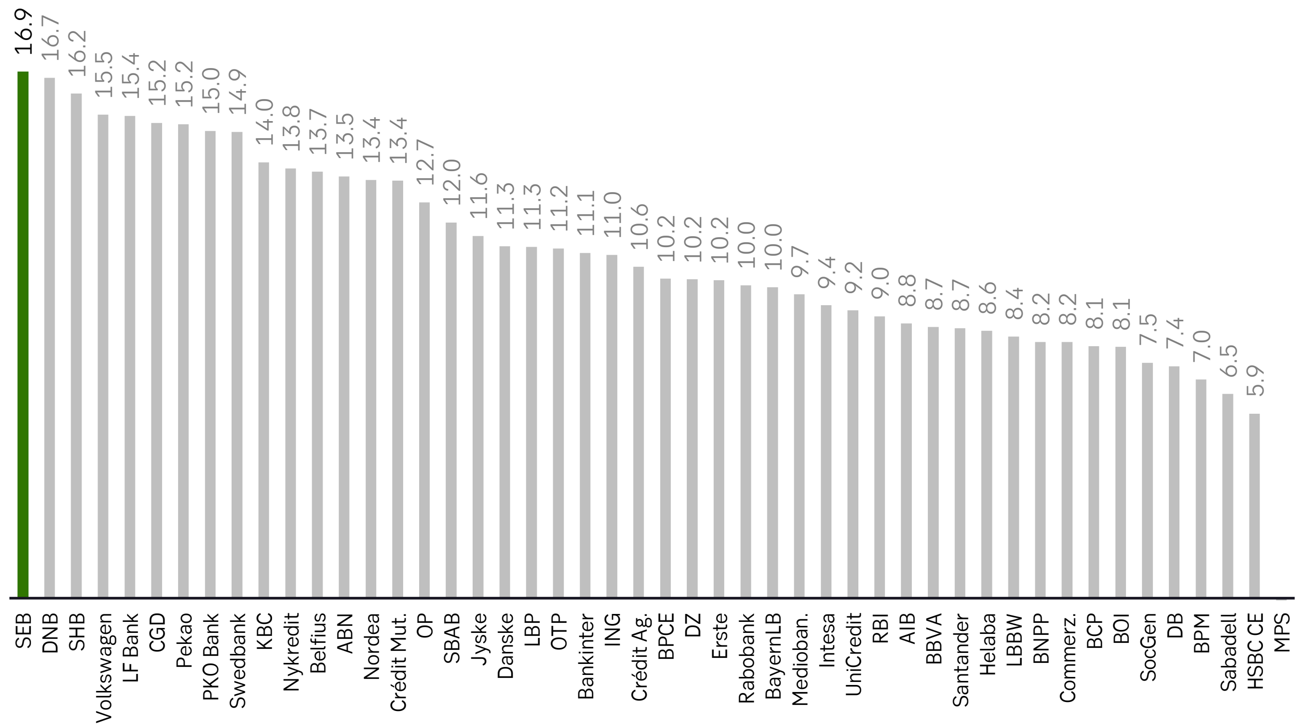

*At current level of net pension assets, impact would be absorbed by surplus.

...& general macroeconomic uncertainties

SEB

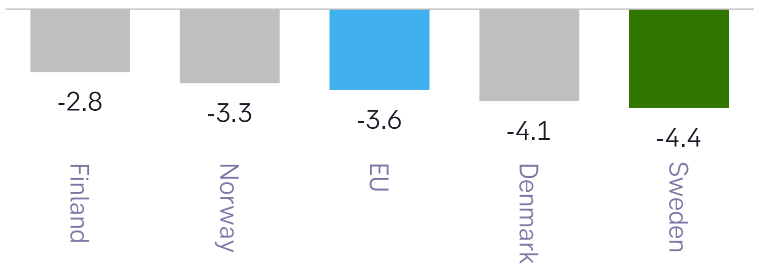
# EBA stress test 2021 confirms SEB's robust capital position

## Year-end CET1 ratio under the Adverse scenario (%)



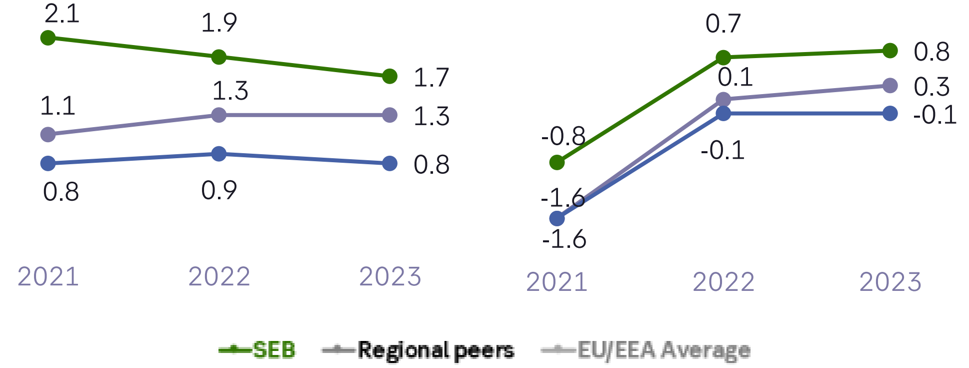

NWB and BNG excluded, as not directly comparable banking model.

## Adverse scenario assumptions -cumulative GDP change (%)




Baseline scenario CET1 generation (%)

Adverse scenario CET1 generation (%)




Regional peers include Danske Bank, DNB, Handelsbanken, Nordea, Nykredit, OP and Swedbank

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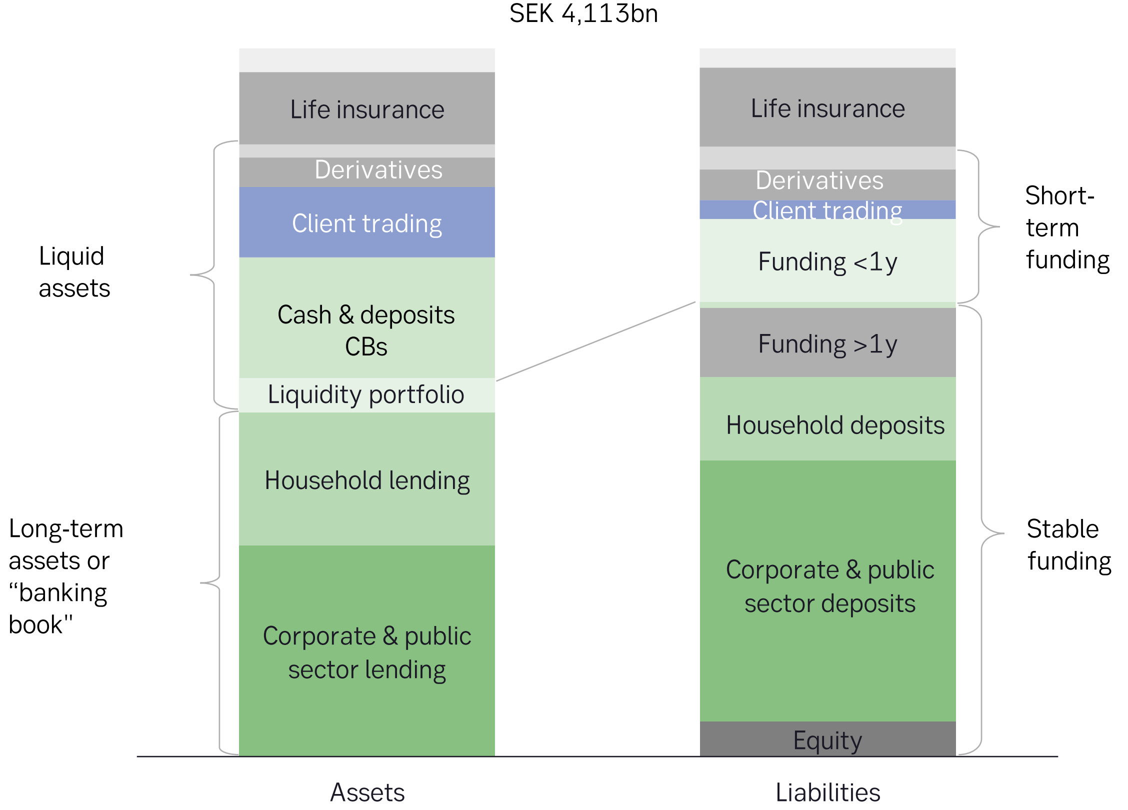
# Strong balance sheet structure with stable deposit base

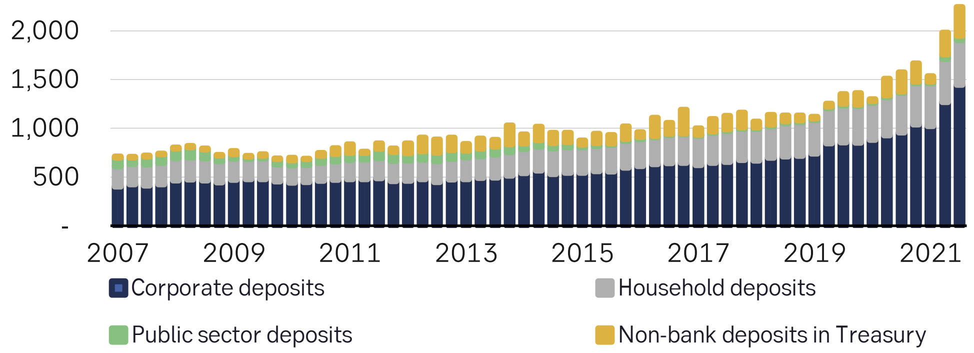
## Strong balance sheet structure with deposits as primary source of funding

30 Jun 2022



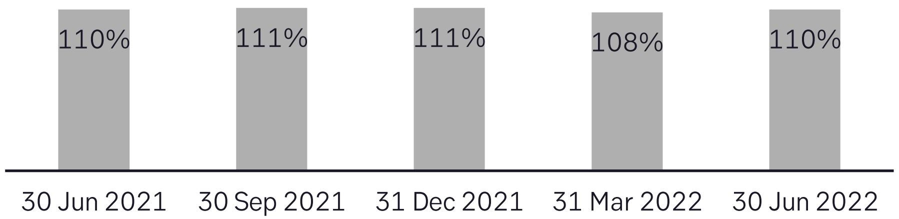

## Long-term stable development of deposit

SEK bn




## Stable structural funding position

Net Stable Funding Ratio (NSFR)

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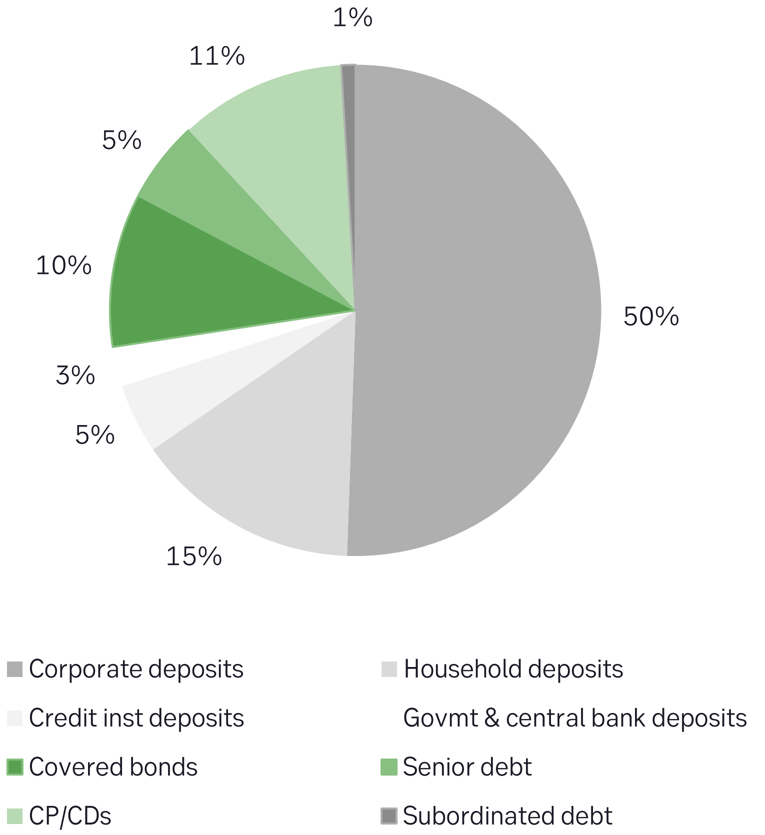
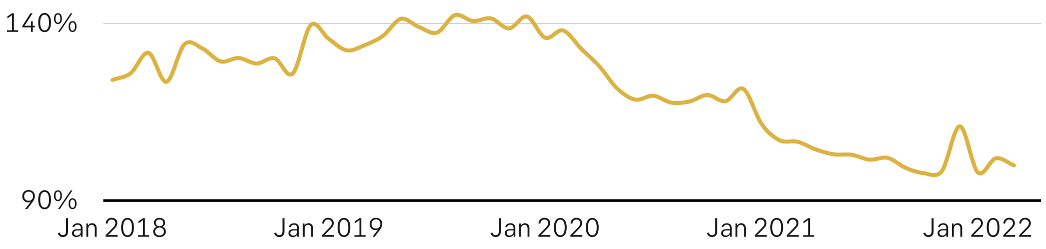
# Diversified funding structure with deposits as primary funding source

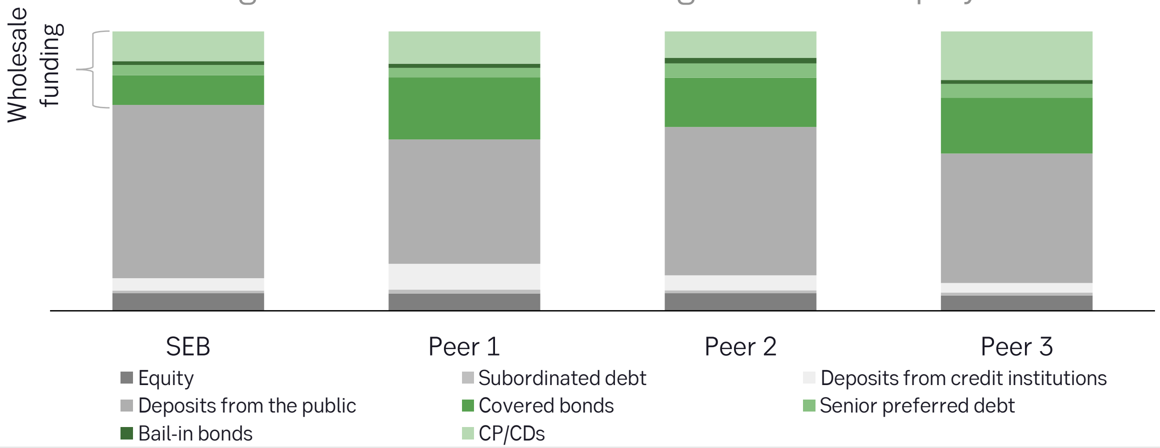
## Funding sources
30 Jun 2022




## Loan to deposit ratio
Excl repos



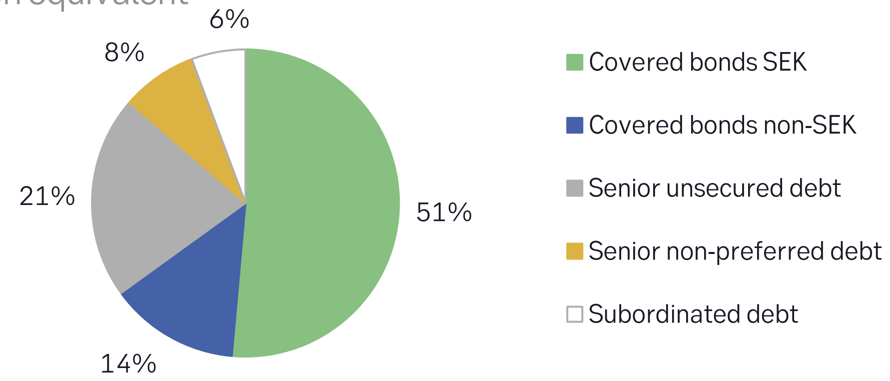

## Lowest dependence on wholesale funding compared to peers
Benchmarking Swedish banks' total funding sources incl equity 31 Mar 2022



# Well-balanced long-term funding profile and solid credit rating

## Wholesale funding by product

SEK 492bn equivalent

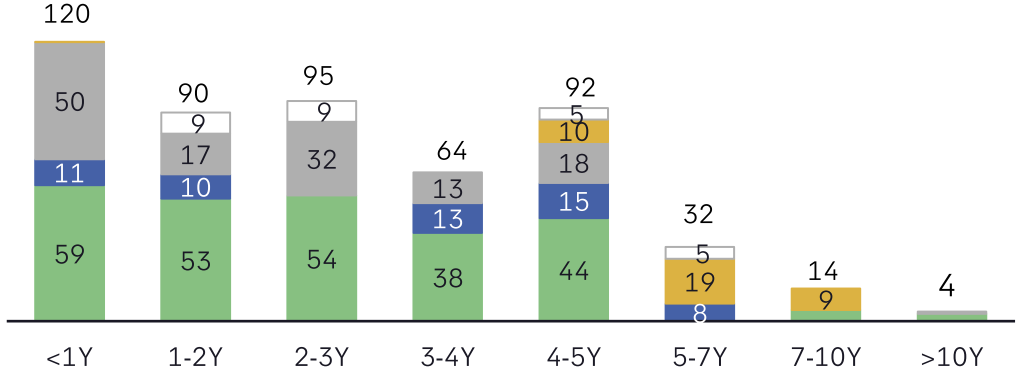



## SEB's credit rating

| Rating Institute | Short term | "Stand-alone rating" | Long term | Uplift | Outlook |
|---|---|---|---|---|---|
| Fitch | F1+ | aa- | AA- | 0 | Stable |
| Moody's | P-1 | a3 | Aa3 | 3 | Stable |
| S&P | A-1 | a | A+ | 1 | Stable |

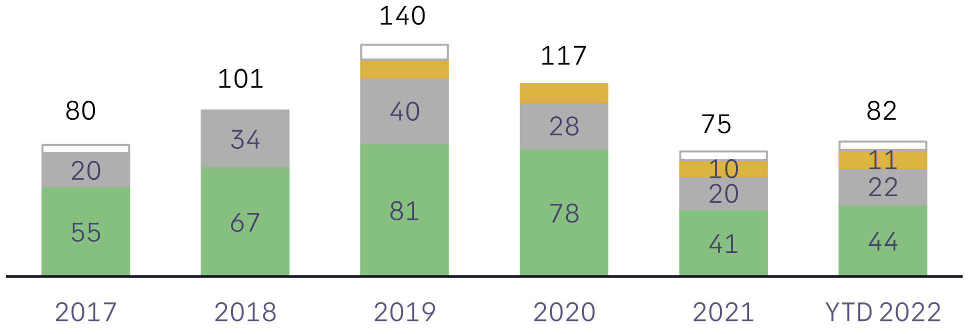
## Maturity profile

SEK bn



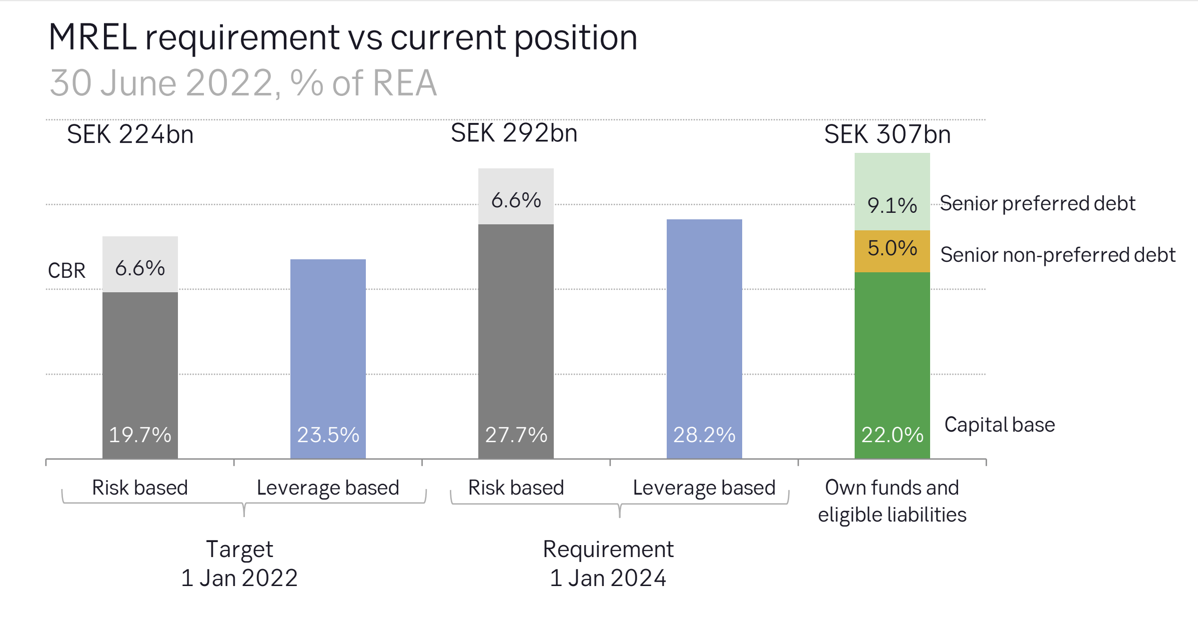

## Issuance history

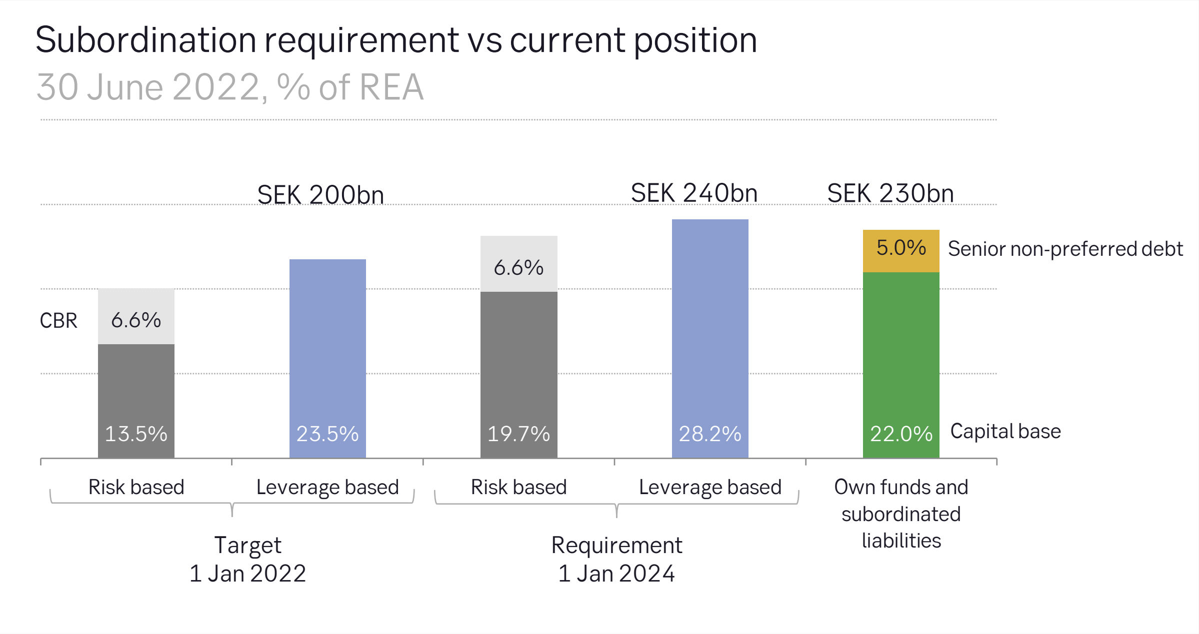
SEK bn




[1] Excluding public covered bonds.
[2] Tier 2 and Additional Tier 1 issues assumed to be called at first call date.

# Swedish implementation of MREL requirements according to BRRD2



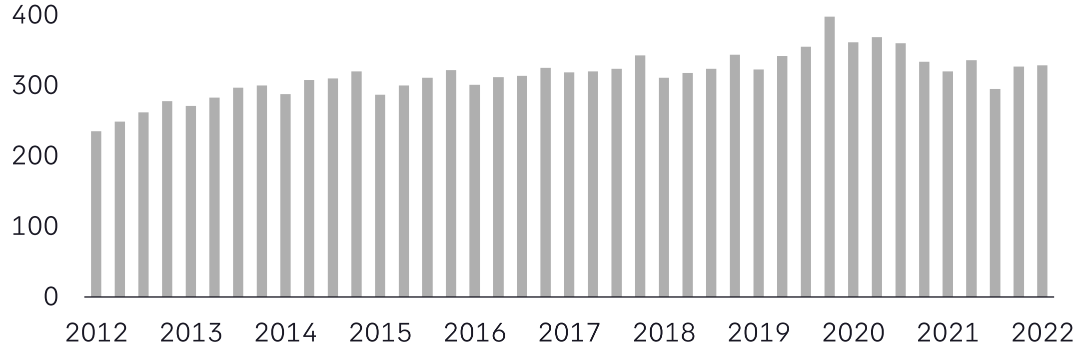




- On 18 October 2021, the Swedish Resolution Authority published its new MREL policy under BRRD2
- MREL requirement will be the higher of:
  - Risk-based: 2 x (P1+P2R) + CBR – Ccyb + P2G
  - Leverage-based: 2 x Minimum Leverage ratio (3%)
- Subordination requirement will be the higher of:
  - Risk-based: 2 x (P1+P2)
  - Leverage-based: 2 x Minimum Leverage ratio (3%)
- Combined Buffer Requirement (CBR) is added on top of risk-based MREL and risk-based subordination requirements
- Requirements will be phased in, with full compliance no later than 1 January 2024. To date, SEB has issued c SEK 40bn in senior non-preferred debt

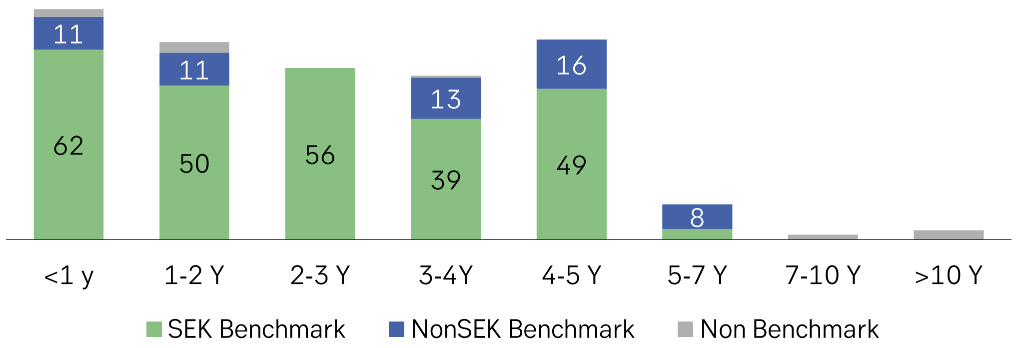
# SEB's covered bonds

| | |
|---|---|
| Moody's rating | Aaa |
| Total outstanding | SEK 329bn |
| Benchmark | Benchmark 97 %<br>Non Benchmark 3% |

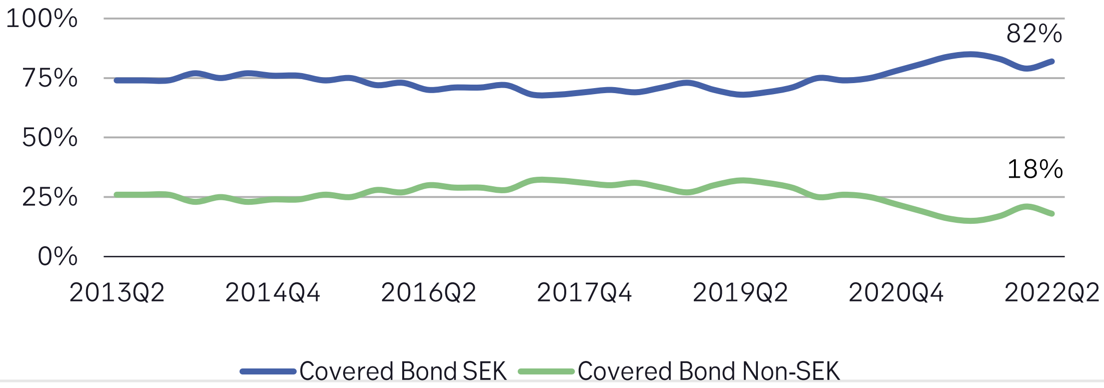
Outstanding covered bonds
SEK bn




Maturity profile
SEK bn




Outstanding covered bonds - % in SEK vs non-SEK




SEB

# Cover pool characteristics: only Swedish residential mortgages in SEB's cover pool

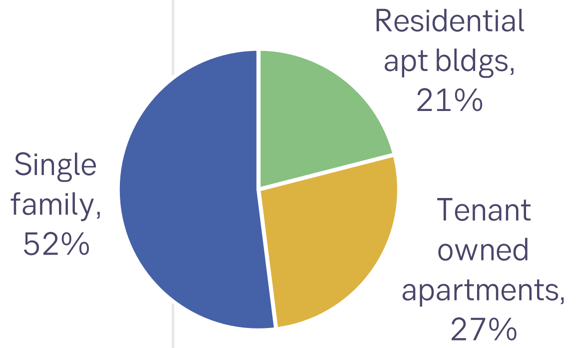
| Cover pool | 30 Jun 2022 | 31 Dec 2021 | 31 Dec 2020 | 31 Dec 2019 |
|---|---|---|---|---|
| Total residential mortgage assets (SEK bn) | 711 | 688 | 653 | 613 |
| Weighted average LTV (property level) | 47% | 47% | 52% | 51% |
| Number of loans ('000) | 764 | 766 | 759 | 737 |
| Number of borrowers ('000) | 433 | 437 | 432 | 428 |
| Weighted average loan balance (SEK '000) | 930 | 899 | 872 | 831 |
| Substitute assets (SEK '000) | 0 | 0 | 0 | 0 |
| Loans past due 60 days (bps) | 4 | 4 | 4 | 5 |
| Net Expected Credit Losses (bps) | 0 | 0 | 0 | 0 |
| Overcollateralisation level | 116% | 133% | 81% | 73% |

- Only Swedish residential mortgages, which historically have had very low credit losses
- More concentrated towards single family homes and tenant-owned apartments, which generally have somewhat higher LTVs
- On parent bank SEB AB's balance sheet contrary to major Swedish peers
  - All eligible Swedish residential mortgages are directly booked in the cover pool on origination, i.e. no cherry picking
  - Covered bonds are issued by SEB AB and investors have full and dual recourse to the parent bank's assets as well as secured exposure to the cover pool
- SEB runs a high overcollateralisation level

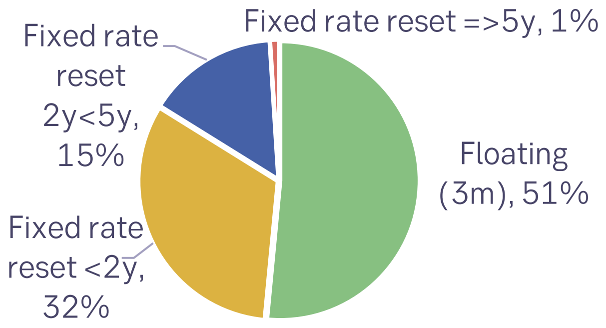
SEB

# Cover pool characteristics: mortgages mainly in three largest and fastest growing city areas in Sweden

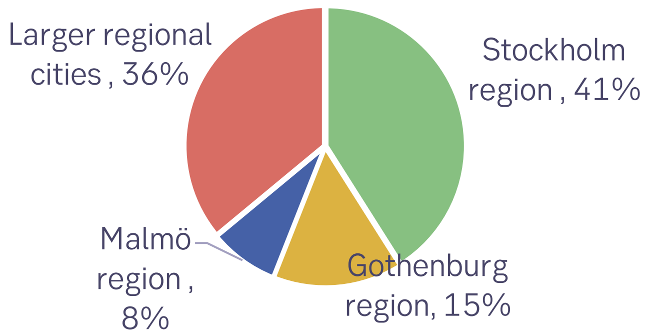
Type of loans



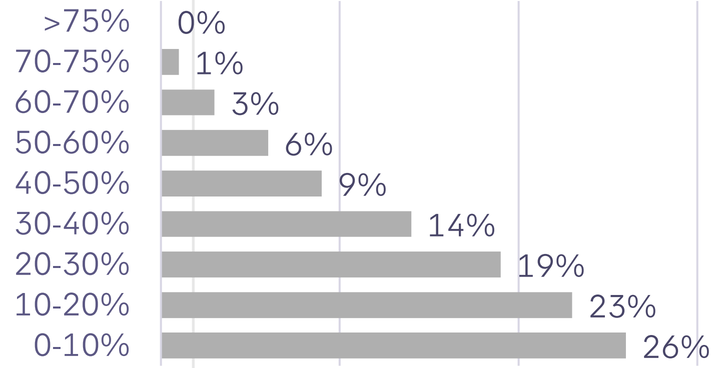

Interest rate type



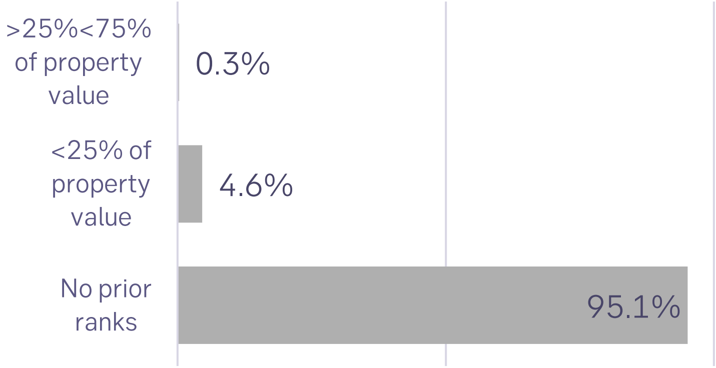

Geographical distribution



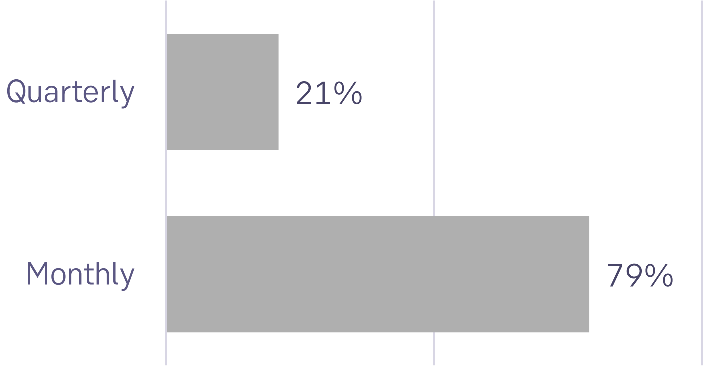

LTV distribution




Prior ranking loans




Interest payment frequency



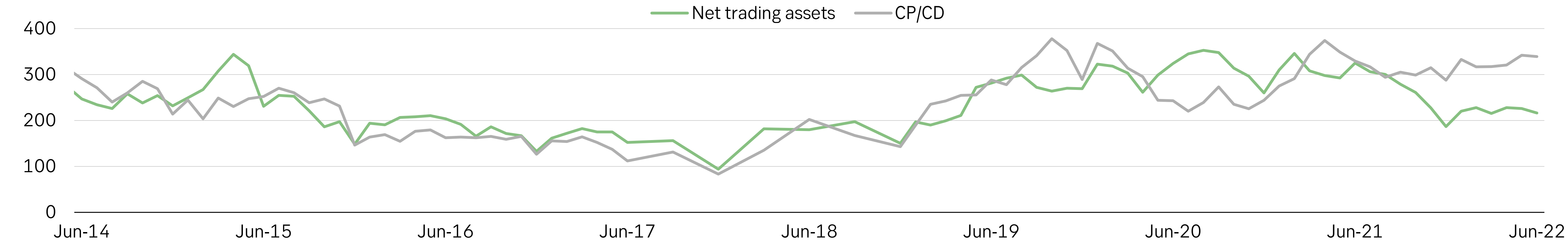

Note: Distribution in different LTV buckets based on exact order of priority for the individual mortgage deeds according to the Association of Swedish Covered Bond Issuers (www.asbc.se)

SEB

# Short-term CP/CD funding to support client facilitation business

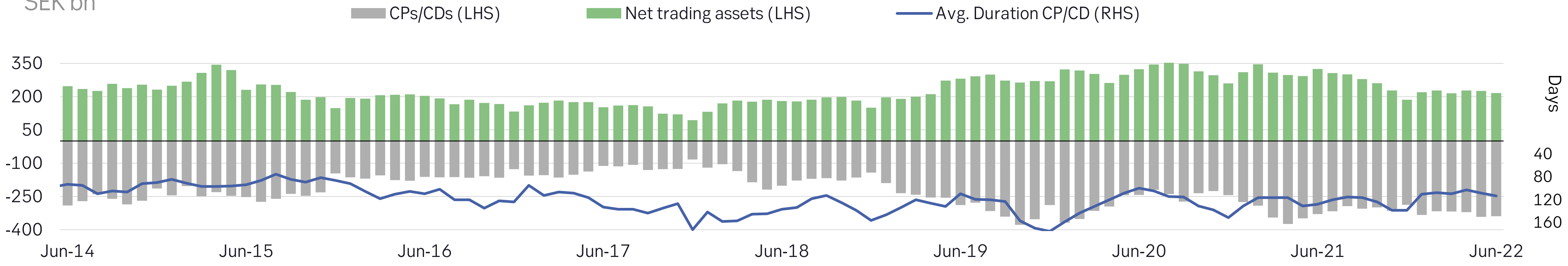
## Volumes: net trading assets adaptable to CP/CD funding access

SEK bn




## Duration: CP/CDs fund net trading assets with considerably shorter duration

SEK bn

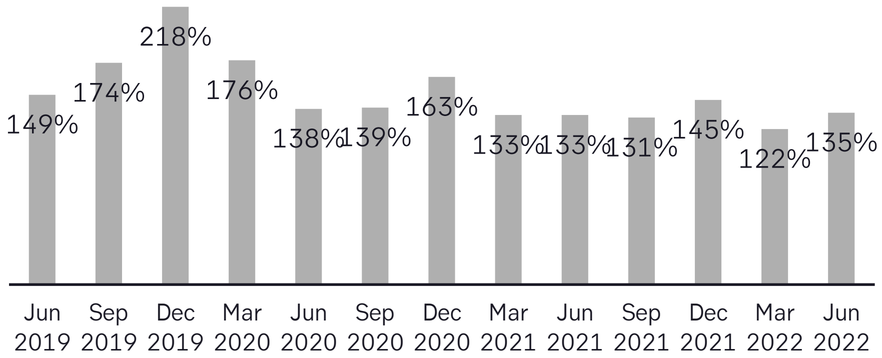



Note: Net Trading Assets = Net of repoable bonds, equities and repos for client facilitation purposes

SEB

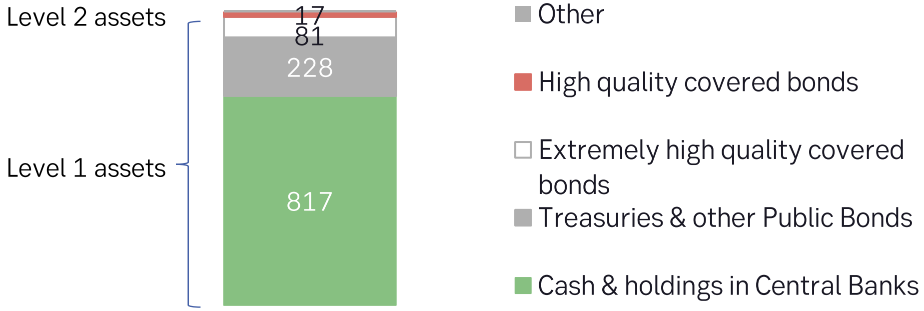
# Strong liquidity position

## Liquidity Coverage Ratio




## Liquid assets

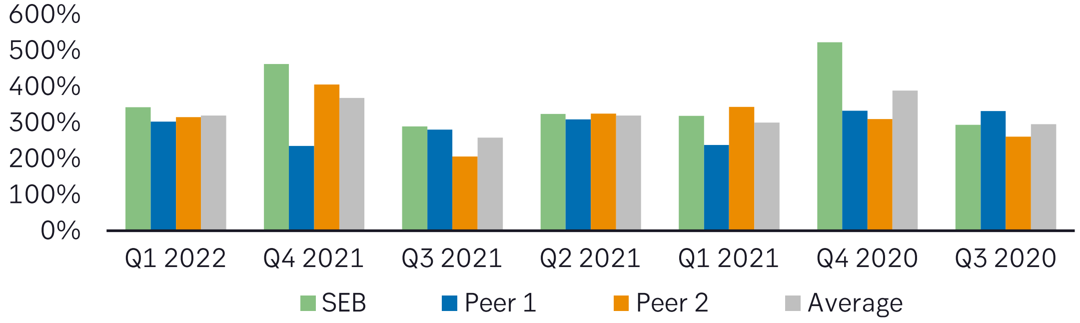
30 Jun 2022, SEK 1,152bn



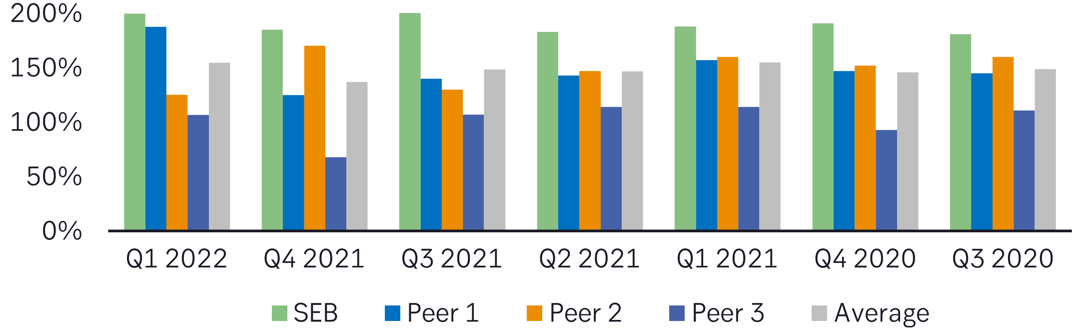

Liquid assets in accordance with Liquidity Coverage Ratio in CRR. Liquid assets defined as on balance sheet cash and balances with central banks + securities (bonds and equities) net of short positions

## Peer benchmarking: 3- and 12-months maturing funding ratio

3 months funding ratio




12 months funding ratio




Funding ratio = liquid assets / (maturing wholesale funding within 3/12m + net interbank borrowing within 3/12m)
Source: Fact Books of SEB and three other major Swedish banks. One peer does not disclose 3m ratio

# Ambition to be a leading catalyst in the transition towards a sustainable society

## Financing the transition

We support our customers, share our knowledge and offer advisory services as well as sustainable financing and investment products.

## Being a corporate citizen

We fulfil our critical role in society, and always strive to take an active part in building for the future.


## Acting as a thought leader

We develop innovative products and services, and set standards for how banks can contribute to a more sustainable society.

## Transforming our business

We sustainably develop our own business, communicate our policies and goals, and transparently and continuously report on our position and progress.

# Climate ambitions and goals to ensure our progress

## The Brown
### Carbon Exposure Index

What: Volume-based metric capturing our fossil fuel credit exposure

How: Measuring the fossil fuel credit exposure in our energy portfolio

Goal: To reduce exposure by 45-60% by 2030, compared to a 2019 baseline

## The Green
### Sustainability Activity Index

What: Volume-based metric capturing our sustainability activity

How: Measuring our activities supporting the sustainable development

Ambition: To increase average activity 6x-8x by 2030, compared to a 2021 baseline

## The Future
### Transition Ratio

What: Volume-based ratio based on our internal Climate Classification Model [1]

How: Measuring our corporate and real estate credit portfolio's anatomy from a climate perspective

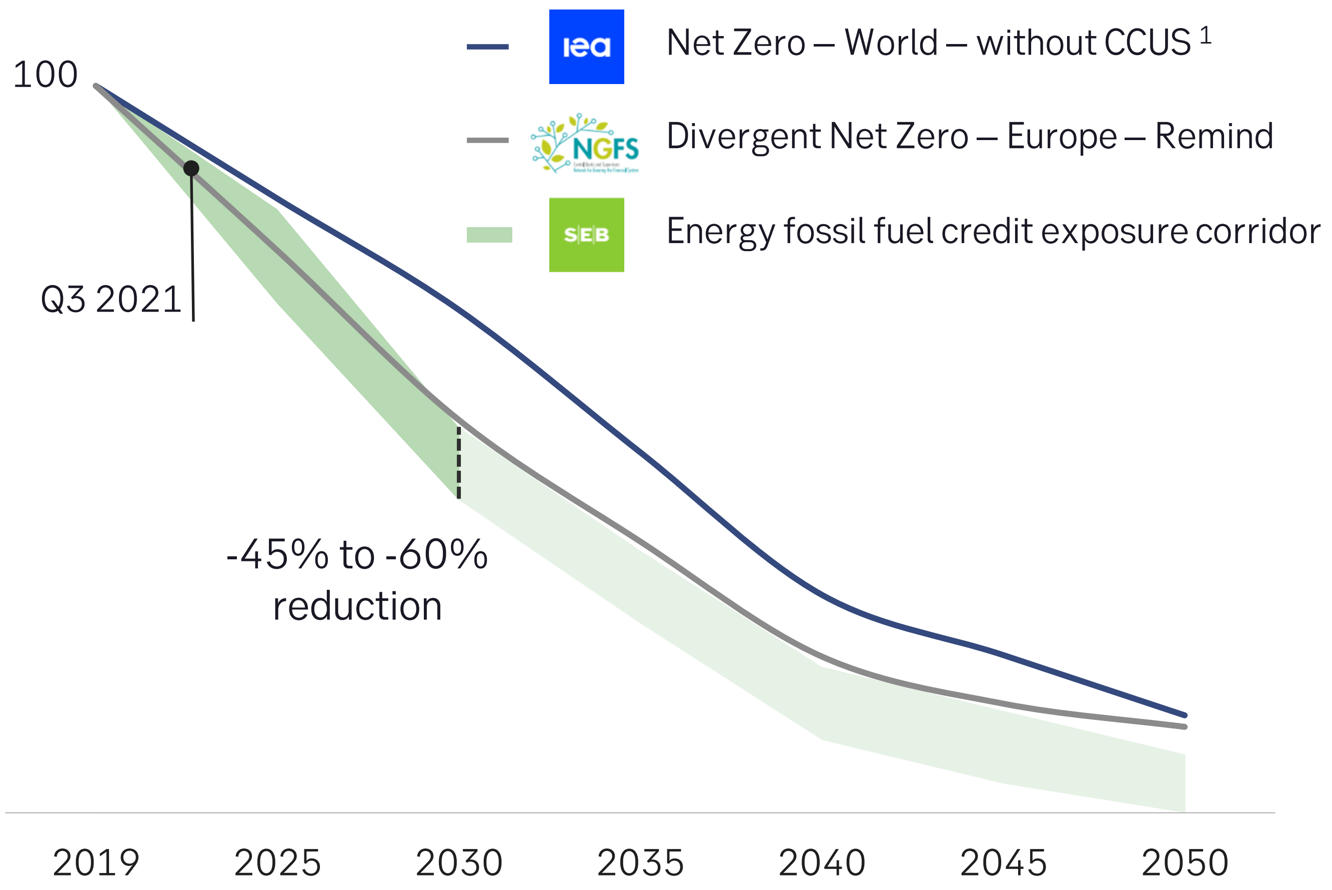
Ambition: To provide a reflection of how our customers, over time, transition in line with the Paris Agreement [2]

[1] Model assessing our customers' and our own climate impact and alignment with the goals set out in the Paris Agreement.
[2] Work ongoing to classify credit portfolio. Transition ratio to be communicated in 2022.

SEB

# The Brown: Carbon Exposure Index to reduce our fossil fuel credit exposure

## Goal to reduce our fossil fuel credit exposure in energy portfolio by 45-60% by 2030




## SEB fossil fuel credit exposure

>30% decrease

>70% decrease

| | Change 2030 vs 2019 |
|---|---|
| Power<br>Generation and transmission | >30% decrease |
| Oil & Gas<br>Exploration and production | >70% decrease |
| Oil & Gas<br>Refining and distribution | >30% decrease |

| | 2019 | 2030 vs 2019 |
|---|---|---|
| Credit exposure | SEK 120bn | 45-60% decrease |
| Share of credit portfolio | 4.8% | |

1.5-degree scenarios applied developed by the International Energy Agency as well as the Network of Central Banks and Supervisors for Greening the Financial System.

[1] CCUS abbreviation for "Carbon Capture Usage and Storage".



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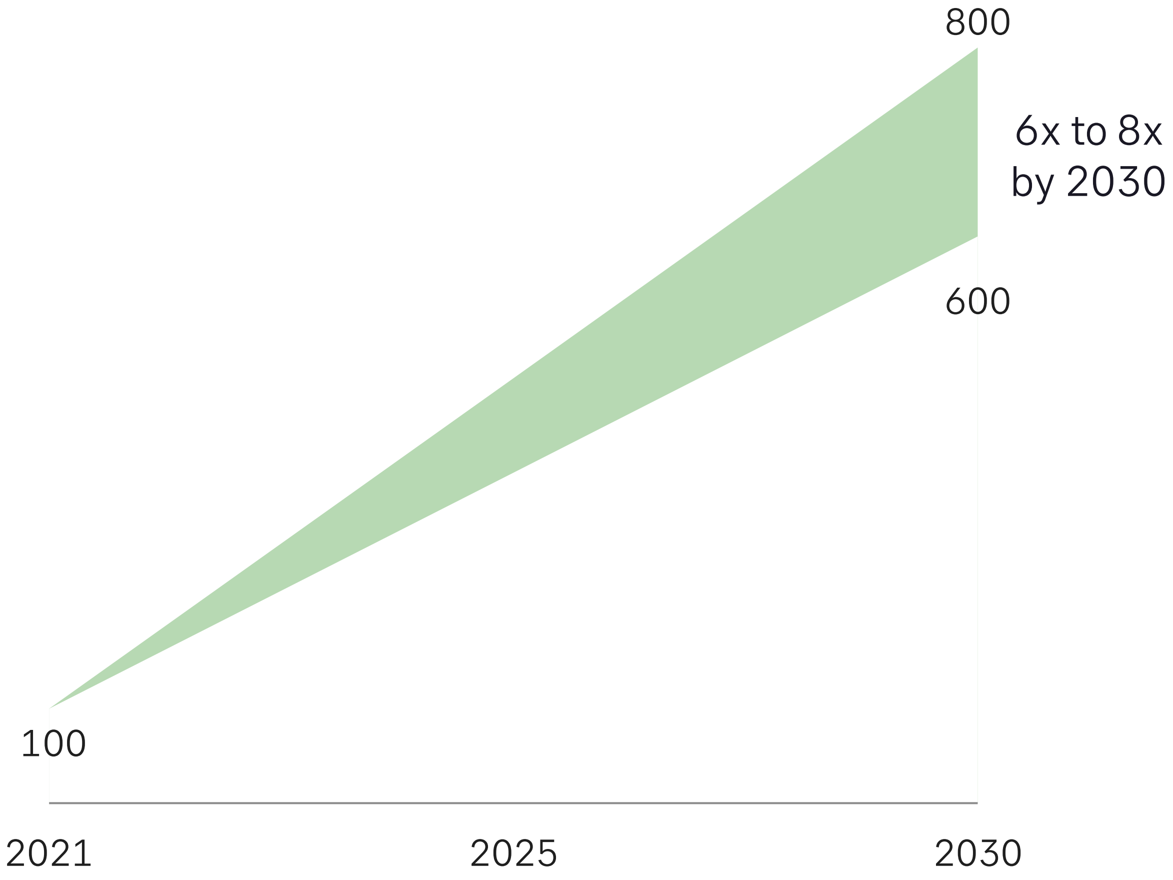
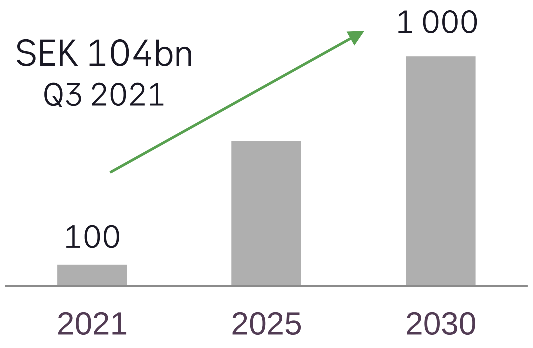
# The Green: Sustainability Activity Index to accelerate our efforts

## Ambition to increase average activity 6x-8x by 2030



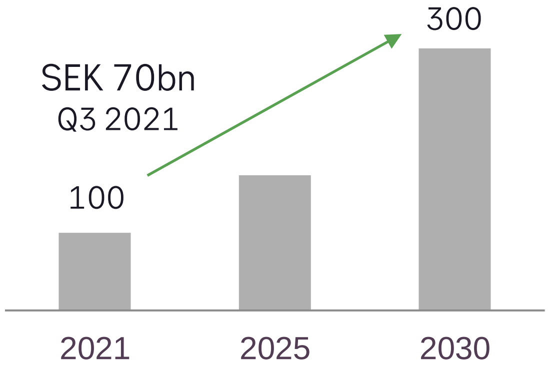

## Sustainability-related lending

Volume, indexed



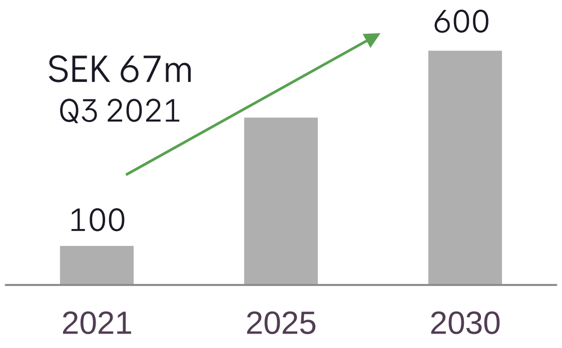

## Sustainable finance advisory

Volume, indexed



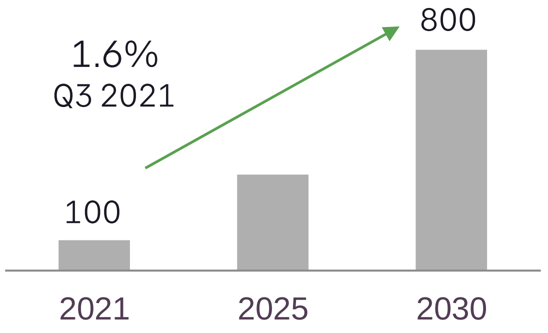

## Greentech VC investments

Volume, indexed




## Article 9 investment products [1]

Share of AuM, indexed




[1] Funds that have sustainable investments as its objective.

# Strategy 2030: Investments will be needed to future-proof our business

## Future-proofing customer relationships and profit generation

### Acceleration of efforts

1

- Expand Corporate and Investment Banking
- Leverage Custody and Markets platforms to become Nordic market leader
- Grow Savings and Investments in the Nordics and the Baltics
- Capture the sustainability supercycle

### Strategic change

2

- Transform Retail Banking to go more digital, with a mobile first approach, in Sweden and the Baltics
- Establish Private Wealth Management & Family Office division in all home markets
- Scale and implement SEBx capabilities

### Strategic partnerships

3

- Rethink ways of producing and distributing products and services
- Strengthen innovation and business momentum through external partnerships

- Open banking
- Fintech partnerships
- Cloud partnership
- Greentech VC
- SEBx
- P27
- SAMLIT
- KYC Utility

## Future-proofing our platform

### Efficiency improvement

4

- Change approach from automation to end-to-end processes
- Develop into a fully data-driven organisation
- Accelerate technology development
- Enhance regulatory efficiency

SEB

# Financial aspirations for divisions evaluated annually

| | Return on Business Equity | | Cost/Income | |
|---|---|---|---|---|
| | Aspiration [1] | *Actual 2021* | Aspiration [1] | *Actual 2021* |
| Large Corporates & Financial Institutions | >13% | *14.3%* | <0.50 | *0.41* |
| Corporate & Private Customers | >16% | *14.8%* | <0.40 | *0.44* |
| Private Wealth Management & Family Office | >25% | *23.1%* | <0.50 | *0.59* |
| Baltic | >20% | *22.3%* | <0.40 | *0.40* |
| Life | >30% | *43.7%* | <0.45 | *0.36* |
| Investment Management | >40% | *76.1%* | <0.40 | *0.35* |
| **SEB Group** | **~15%** | ***13.9%*** | **~0.45** | ***0.42*** |

[1] To be viewed as long-term (5 year perspective) and will be updated based on other Nordic banks' performance.

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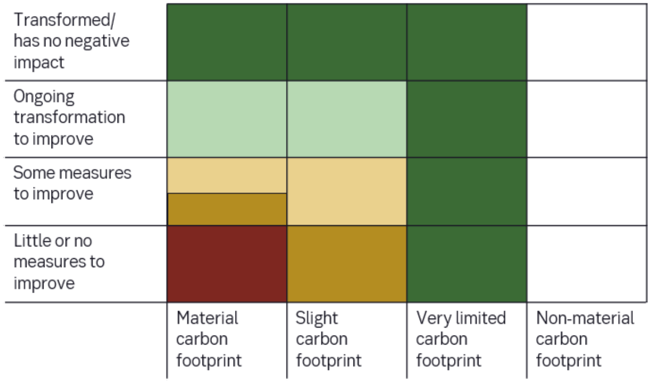
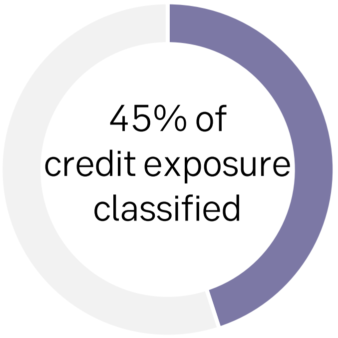
# The Future: Transition Ratio to ensure our customers' transformation over time

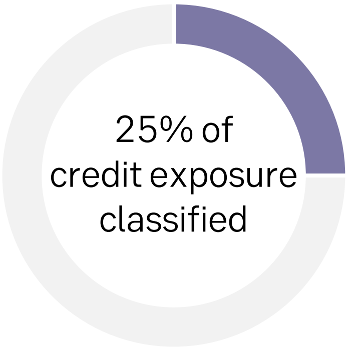
## Assessment based on SEB's Climate Classification Model



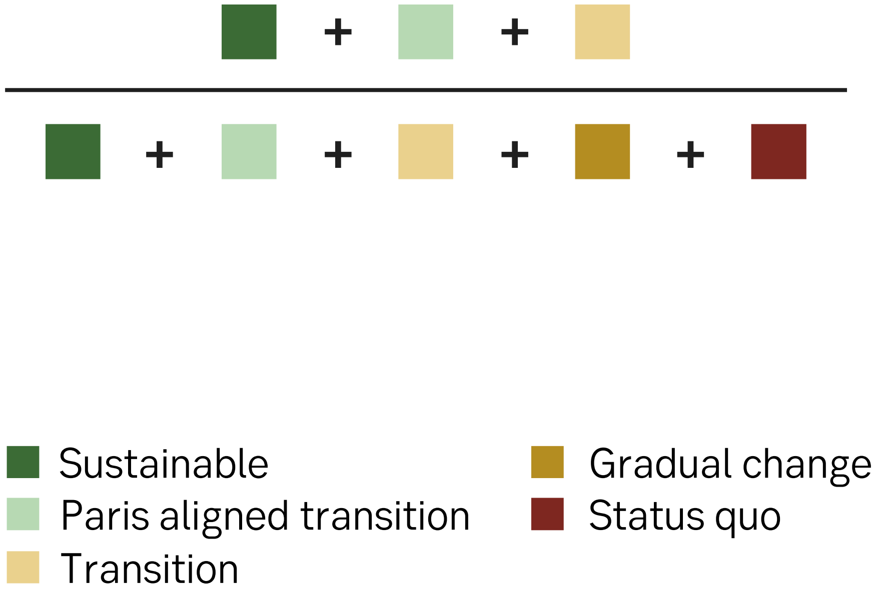

Customers with material carbon footprint [1]




Customers with slight carbon footprint [1]




## Ambition to provide a reflection of customers' transition over time




[1] Measured as share of credit exposure.

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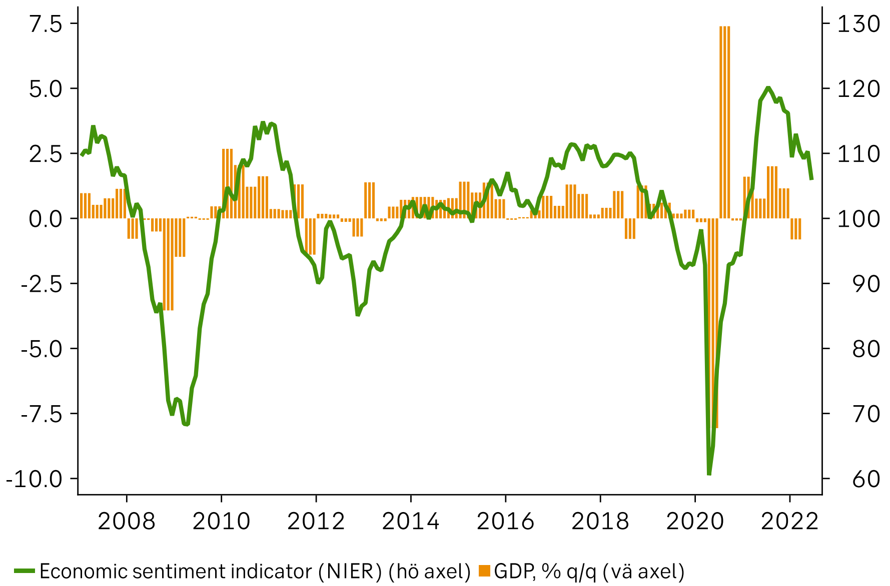
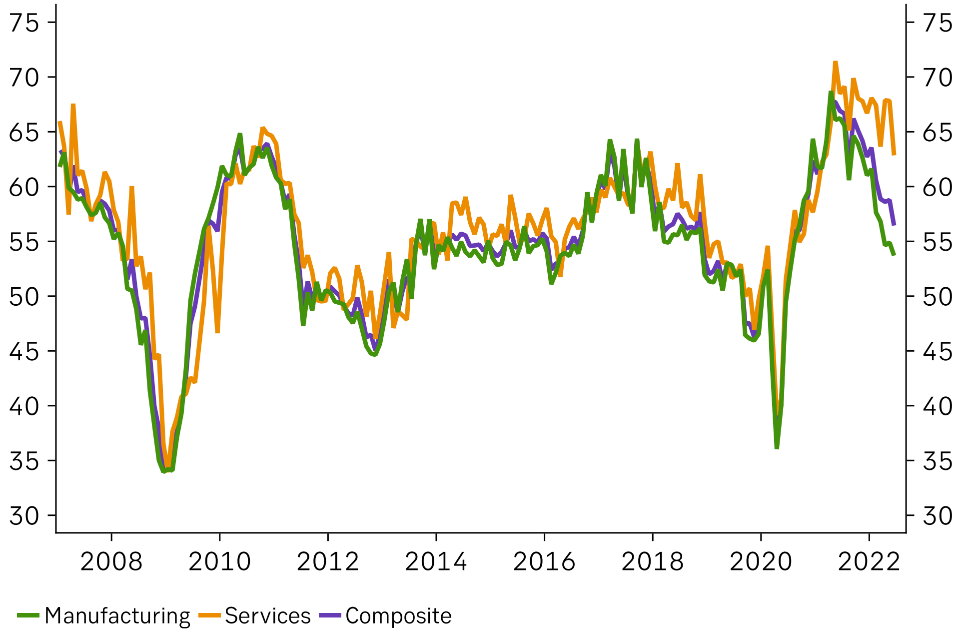
# Sweden: PMI and economic sentiment declining from high levels

## Sweden: Economic sentiment and GDP




- NIER survey declining from all-time high.
- Strong expectations main contributor while current conditions are at more moderate levels

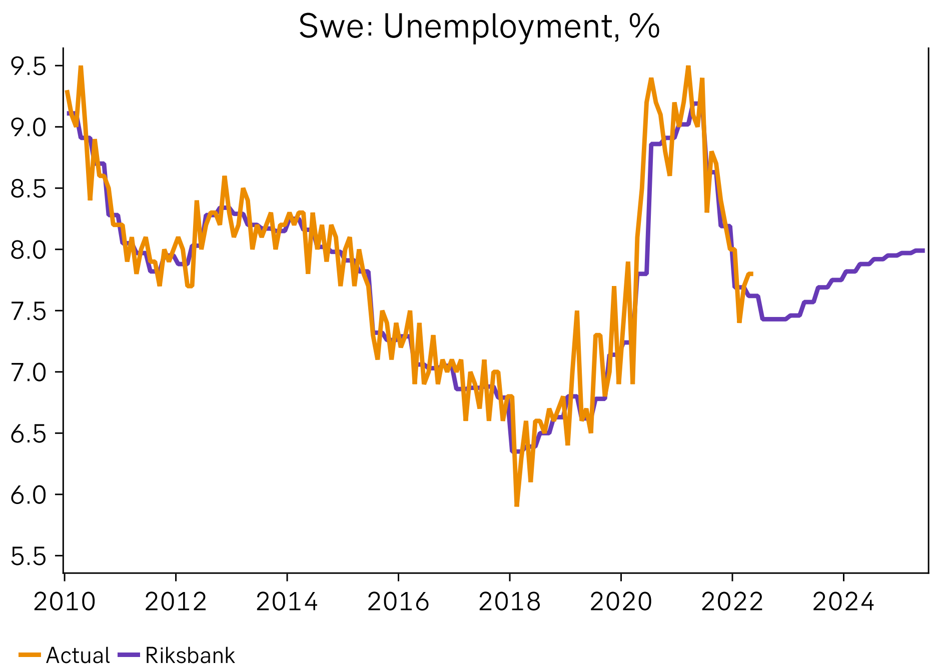
## Sweden: PMI



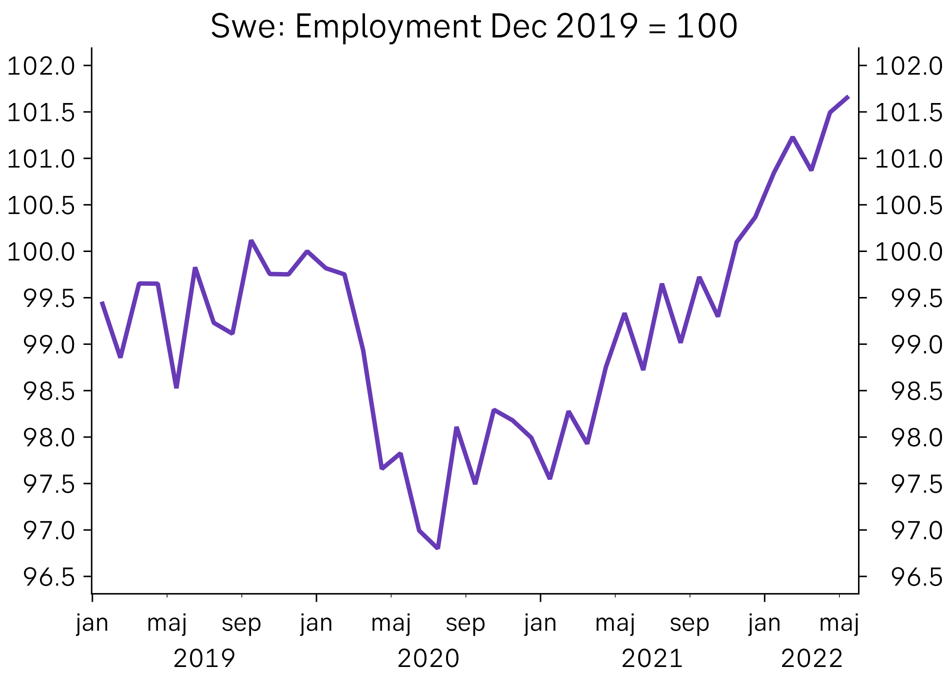

- PMI has declined slightly from a peak in April 2021

# Sweden: Labour market is still strong

## Sweden: Unemployment
%

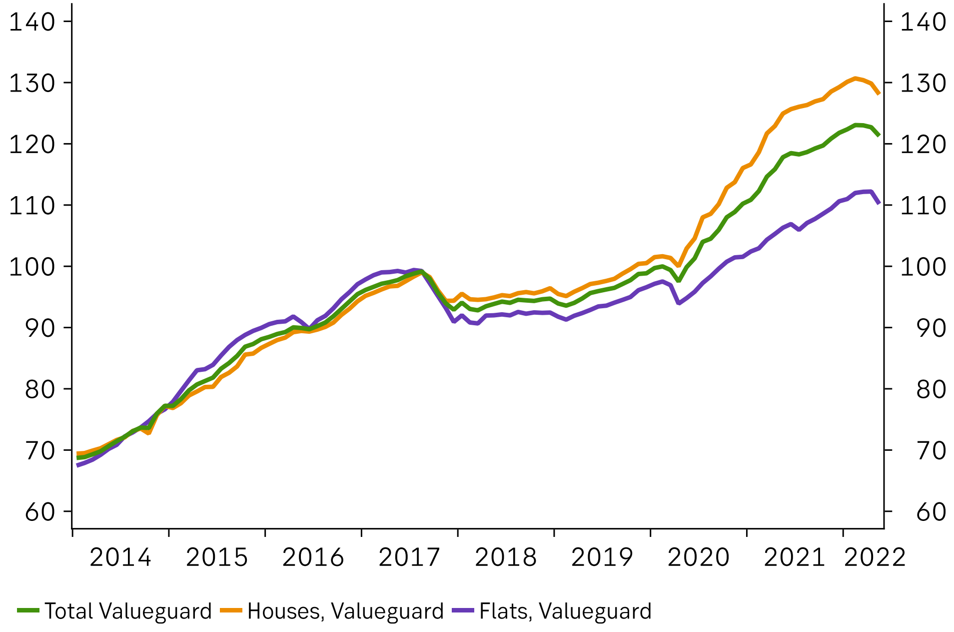



## Sweden: Employment
Index Dec 2019 = 100



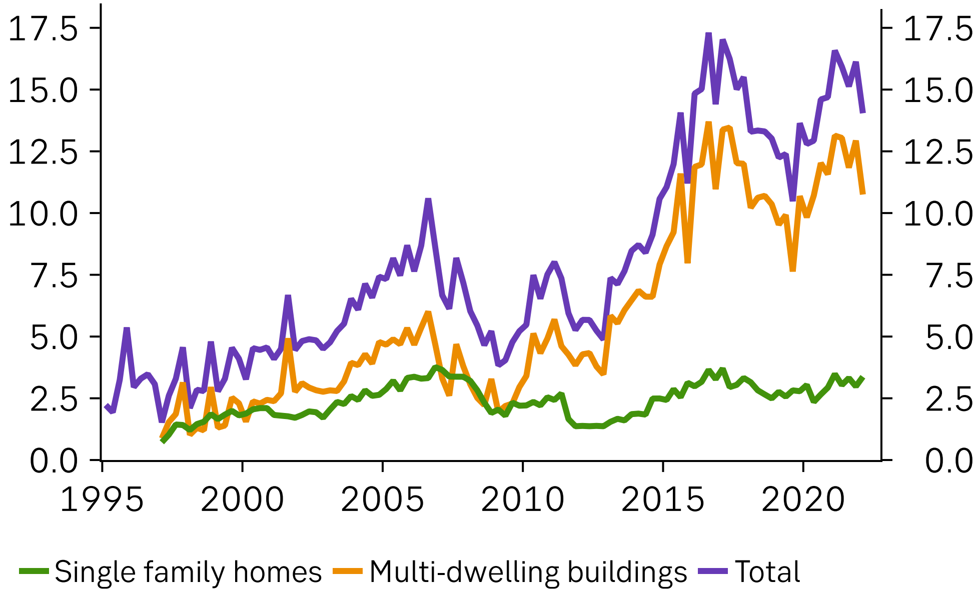
# Sweden: Home prices are turning lower

## Sweden: Home prices
Index Aug 2017 = 100




- Home prices at new highs, houses most important driver
- Indicators suggest continued firm momentum in the near term

## Sweden: Housing starts
1000's

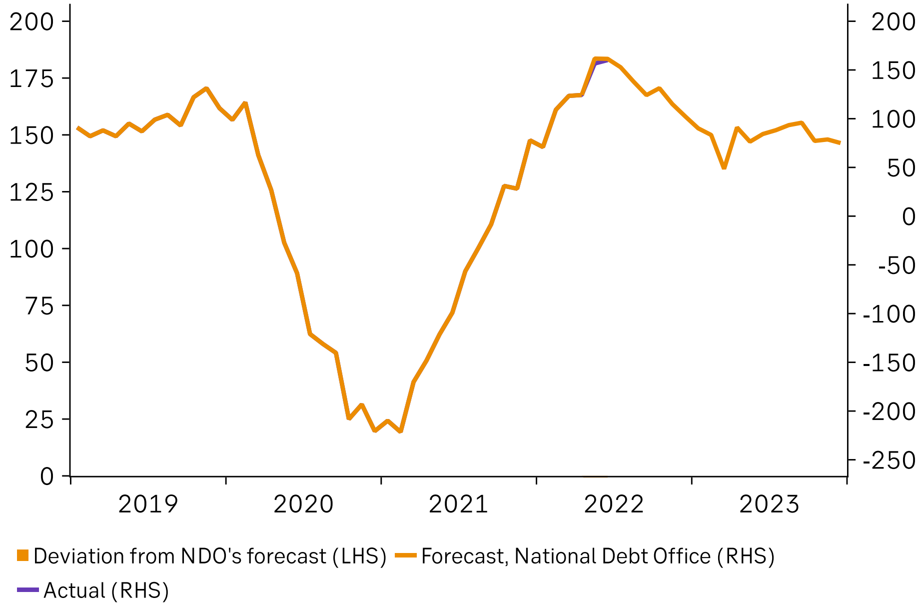



- Housing starts close to peak levels from 2017

# Sweden: Budget deficit is expected to decline

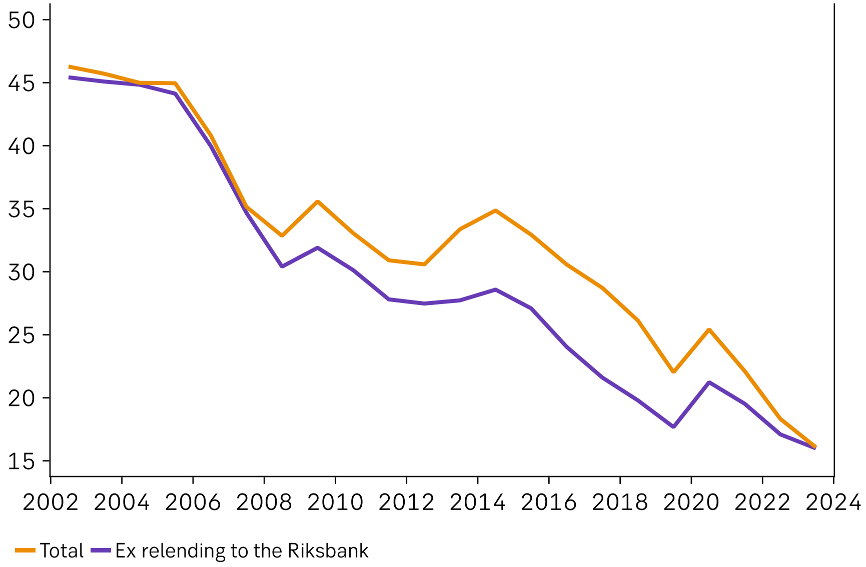
## Sweden: Central government budget balance

SEK bn



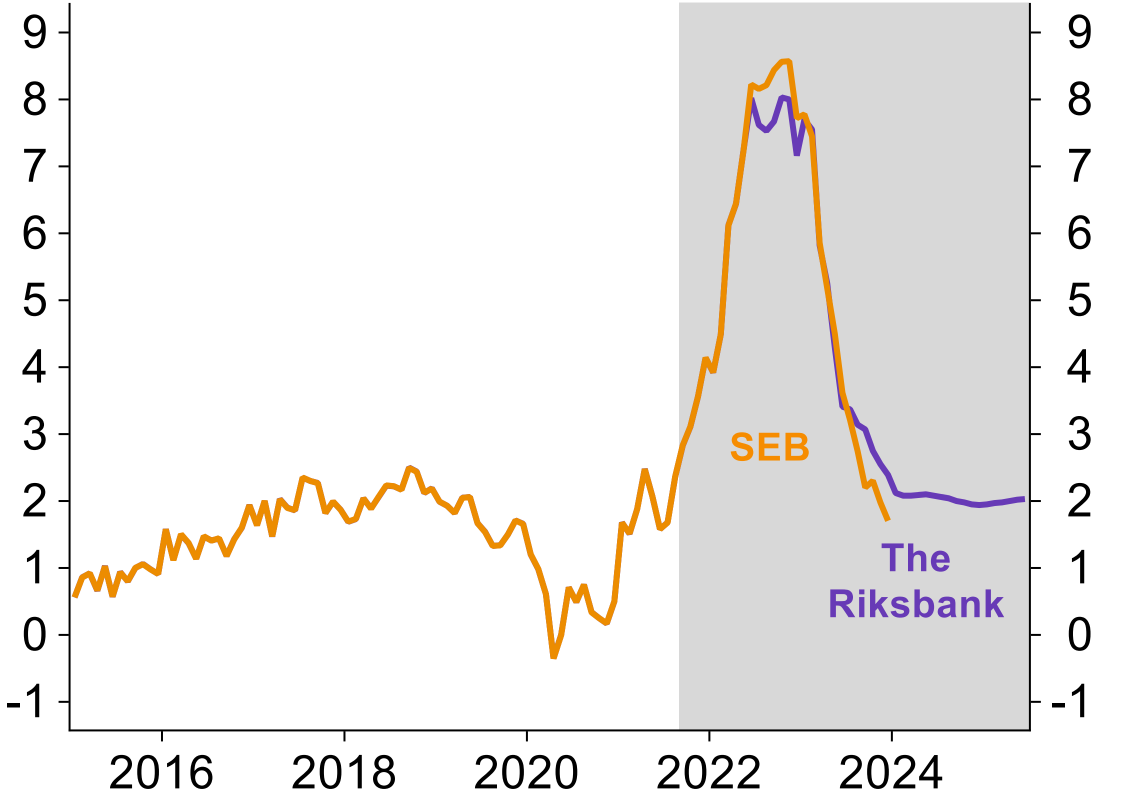

## Sweden: Central government debt

% of GDP

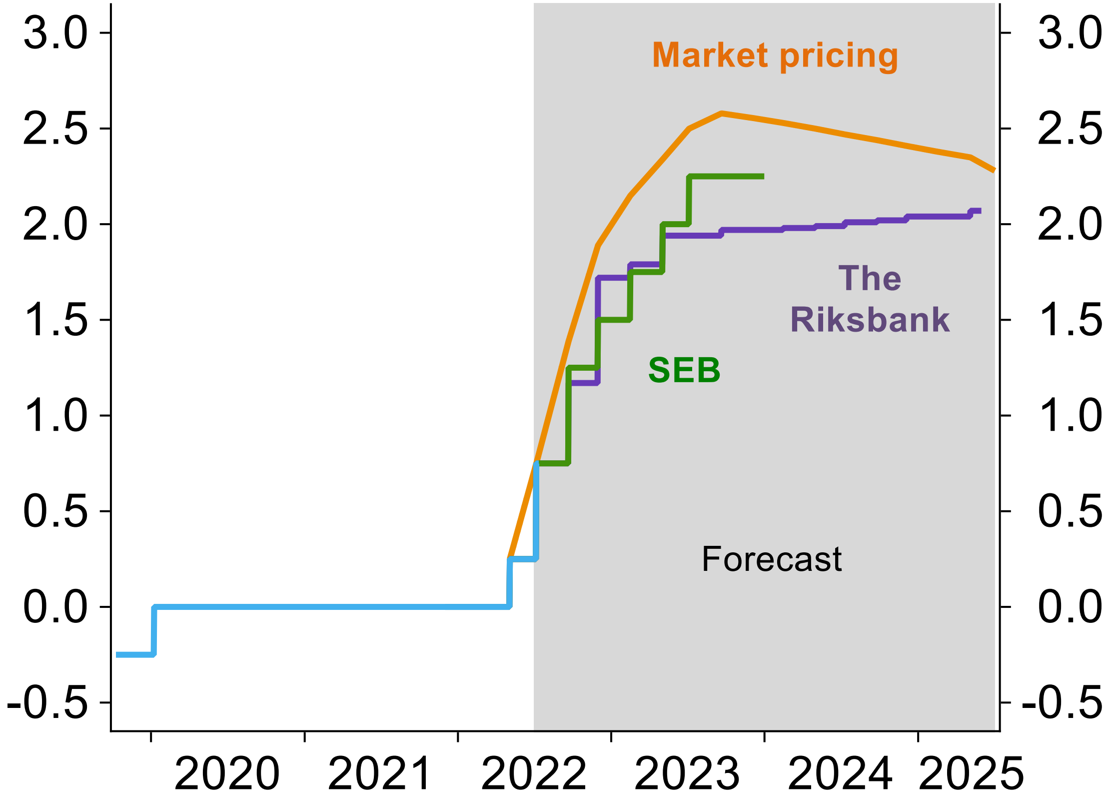


# Sweden: Riksbank hiked by 50bps in June, to reach 2% in 2023

Sweden: Inflation
CPIF, year-on-year percentage change



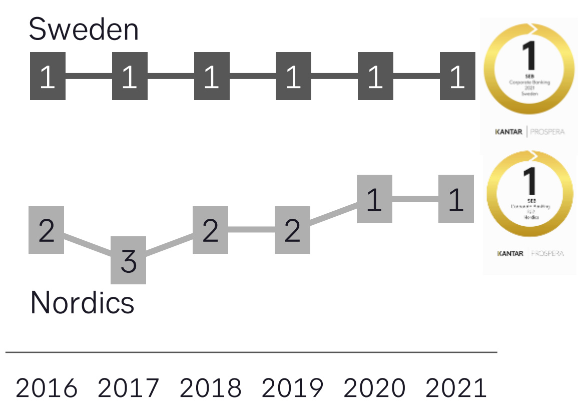

Sweden: Interest rate outlook
Repo rate, %



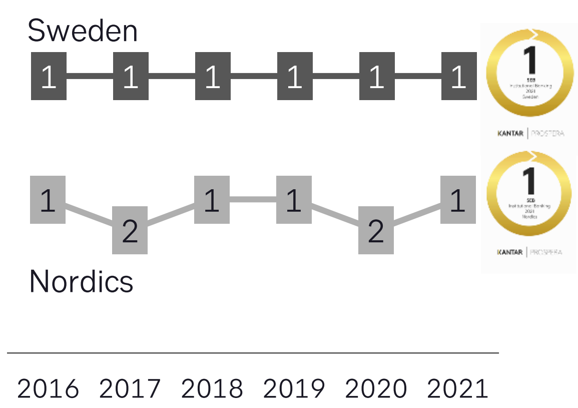
# Our efforts have resulted in high customer satisfaction

'Bank of the Year' 2021

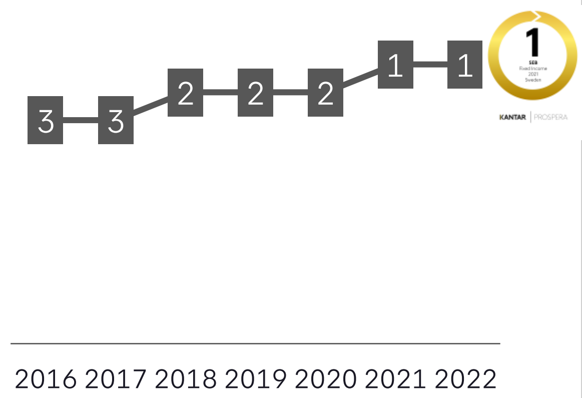
Large Corporates
Prospera, Sweden and Nordics [1]



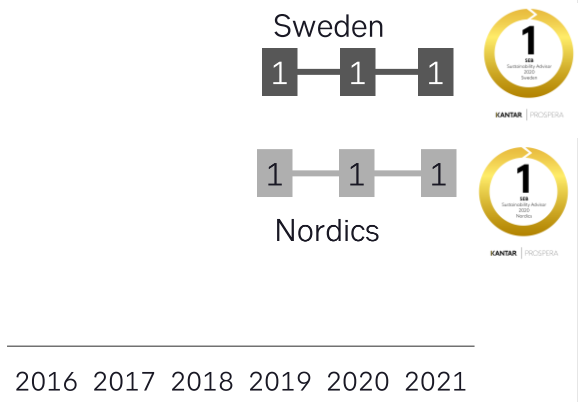

Financial Institutions
Prospera, Sweden and Nordics [1]



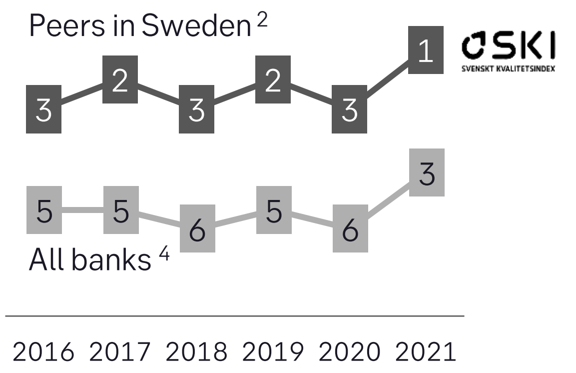

Fixed income
Prospera, Sweden



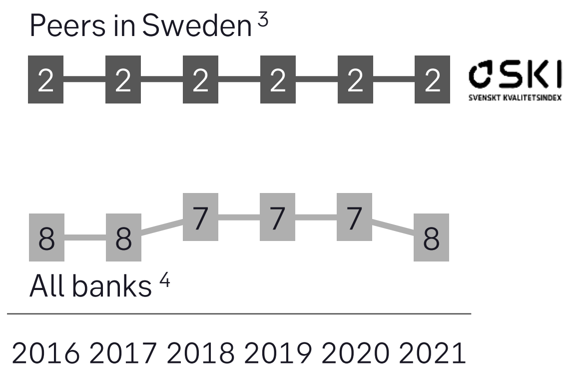

Sustainability advice
Prospera, Sweden and Nordics



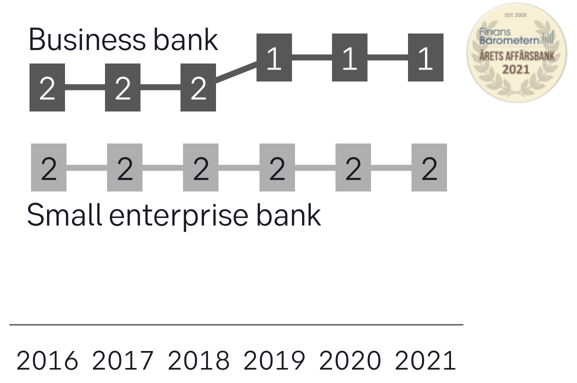

Corporates
Swedish Quality Index (SKI)



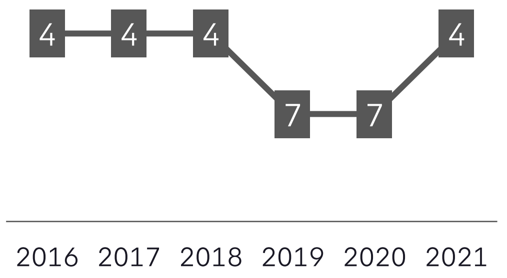

Private individuals
Swedish Quality Index (SKI)




Sweden
Finansbarometern




Private Banking
Prospera, Sweden




[1] All Tiers. [2] Ranking including SEB, Handelsbanken, Swedbank, Nordea, Danske Bank. [3] Ranking including SEB, Handelsbanken, Swedbank, Nordea.
[4] Banks with less than 300 respondents are summarised as one actor ('Other').

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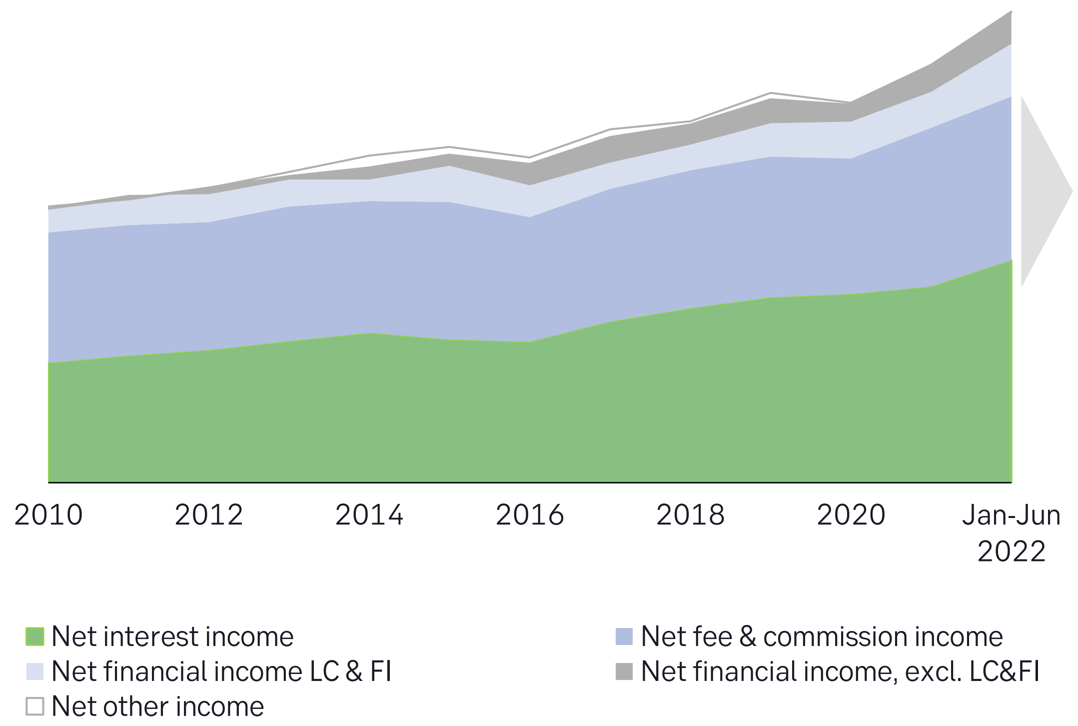
# Business model generates stable income based on diversified income sources

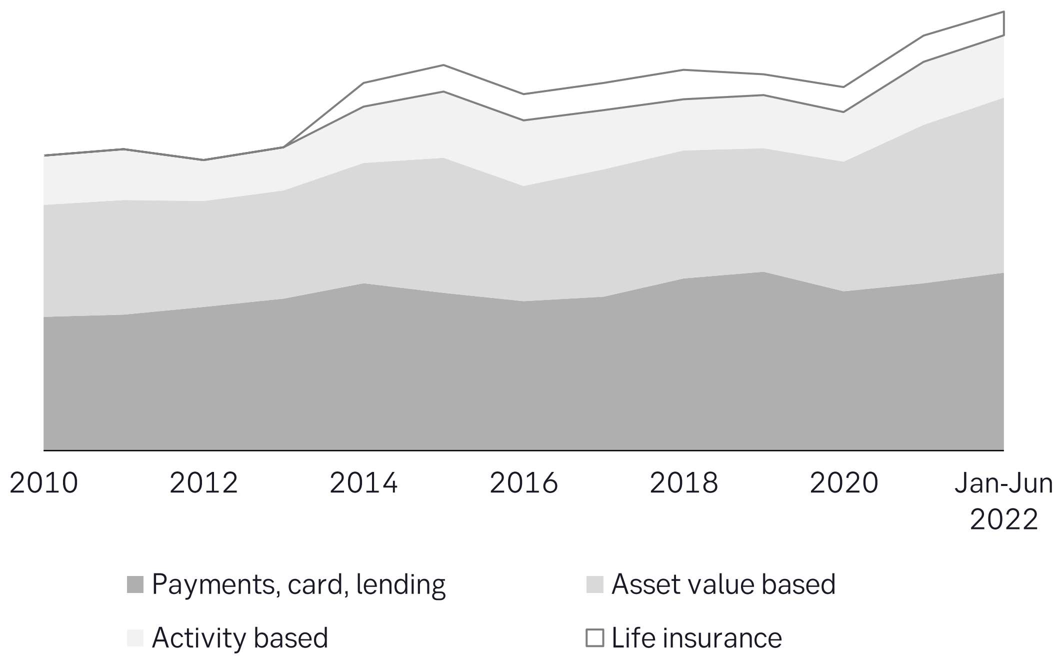
## Balanced mix of net interest income and other income

Average quarterly income, SEK bn




## Growing net fee & commission income generated through strong market franchise and recurring income

Average quarterly net fee & commission income, SEK bn

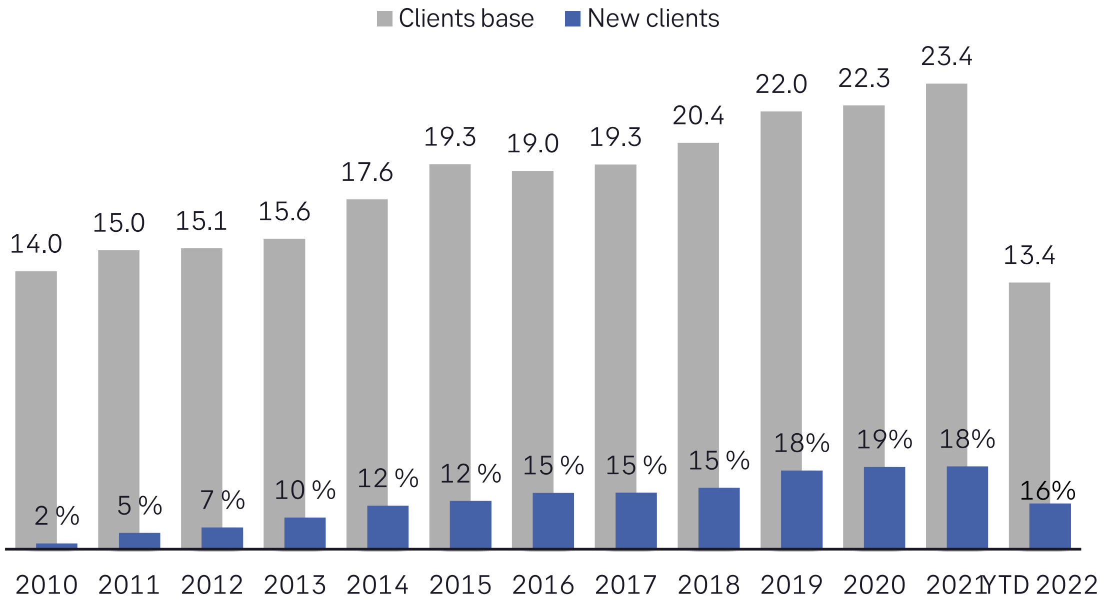



Note: Traditional life income booked as net financial income as of January 2014.

SEB

# Large Corporates & Financial Institutions

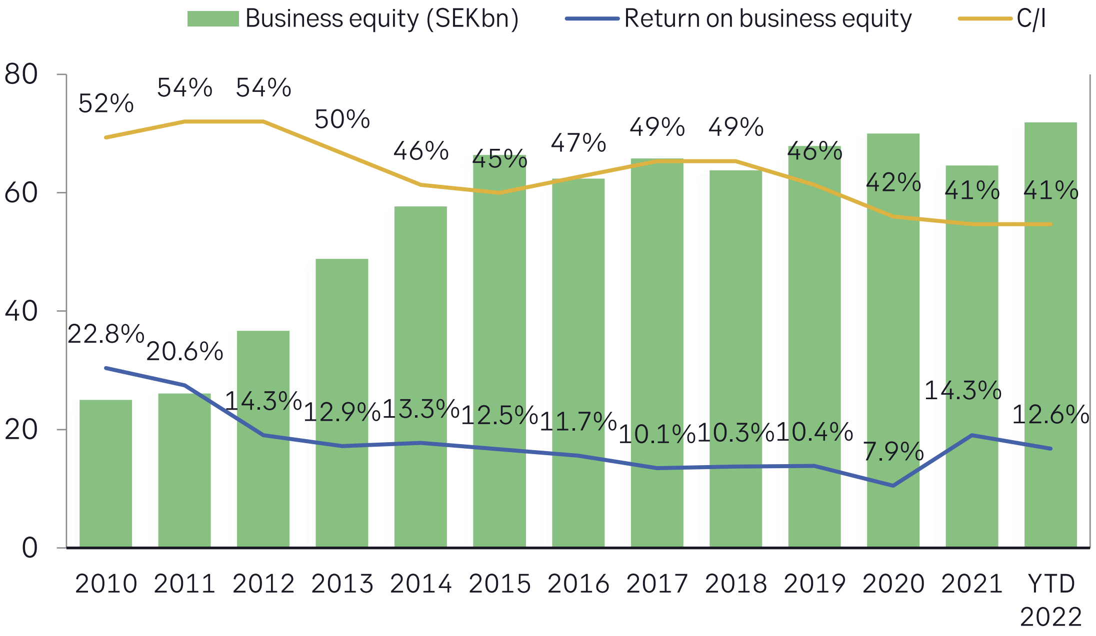
## Large cross-selling potential
Client income, SEK bn




No. of accumulated new clients*

| | | | | | | | | | | | | |
|---|---|---|---|---|---|---|---|---|---|---|---|---|
| 84 | 209 | 305 | 413 | 472 | 535 | 594 | 652 | 713 | 765 | 813 | 854 | 884 |

## Diversified business and solid efficiency render healthy profitability despite higher regulatory requirements




2020-21: Restatement of organisational and income statement changes
2016 C/I: Excl. one-off costs of SEK 354m
2015 C/I: Excl. one-off costs of SEK 902m
2010-13: Restated figures following the new organisational structure as of Jan 1, 2016. As a result 2010-2013 figures not comparable

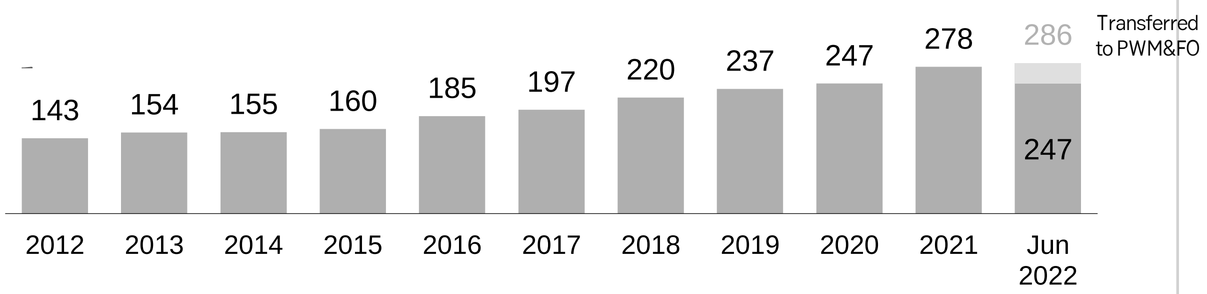
*Including Swedish clients as of 2019.

SEB

# Corporate & Private Customers

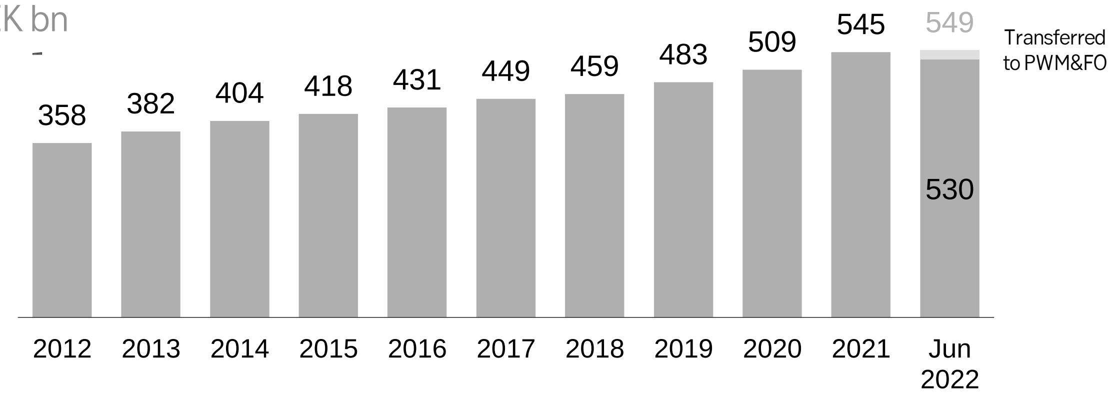
## Stable lending growth in corporate segment

Loans to corporates and real estate management, SEK bn



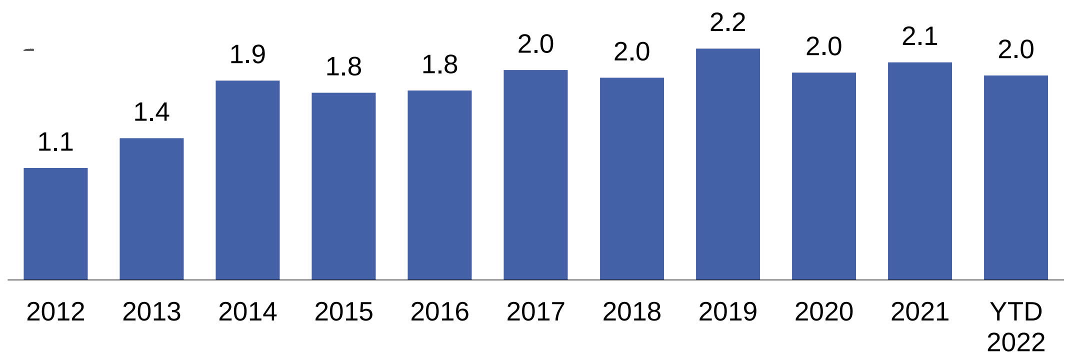

## Stable growth in household mortgages

SEK bn

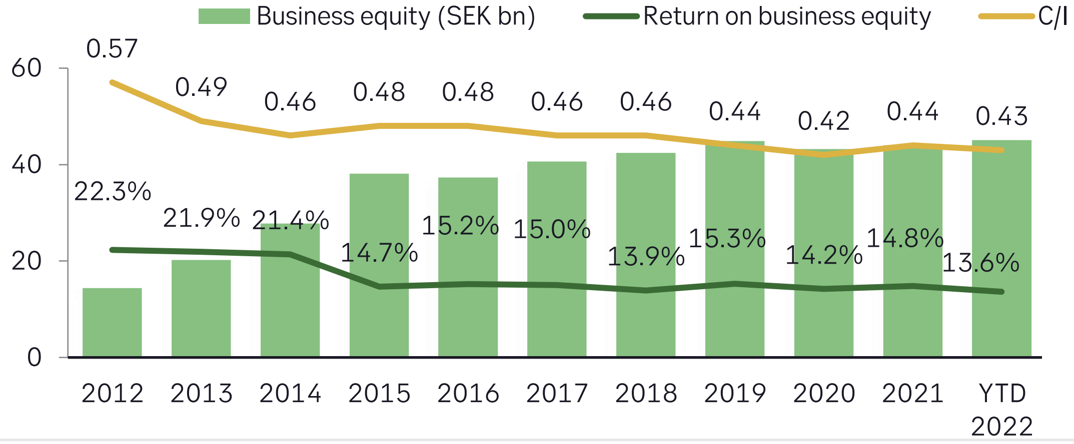



## Solid operating profit

Average quarterly operating profit, SEK bn




## Steady improvement in efficiency and stable profitability

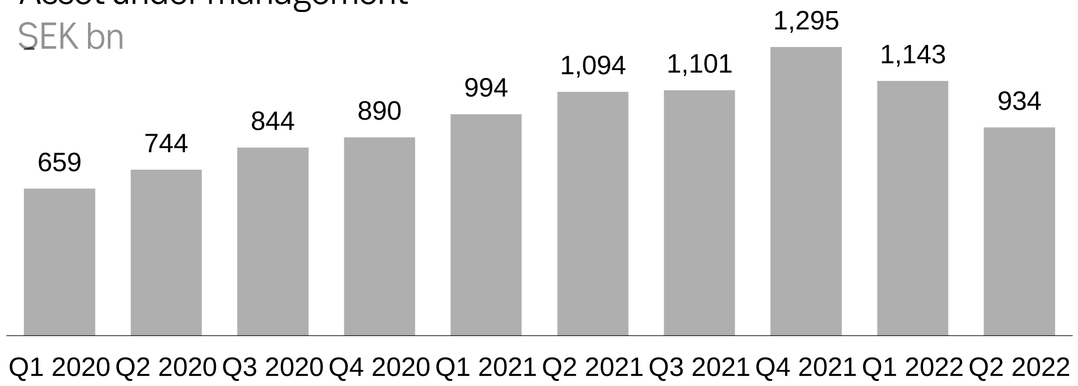



2020-2021: Operating profit and ratios restated for changes in organisation and income statement.
Lending voliumes not restated for organisational change.
2014-2015 restated following the new organisational structure as of 1 Jan 2016. As a result, 2012-2013 figures are not comparable.

# Private Wealth Management & Family Office

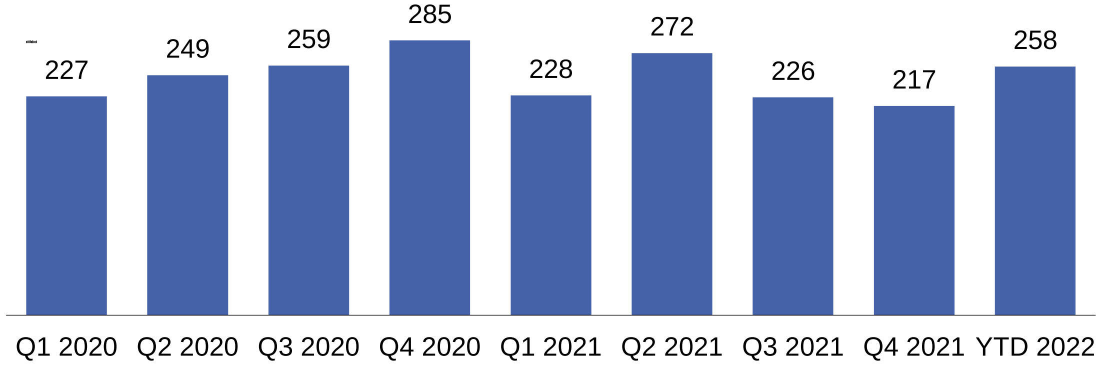
## Asset under management

SEK bn



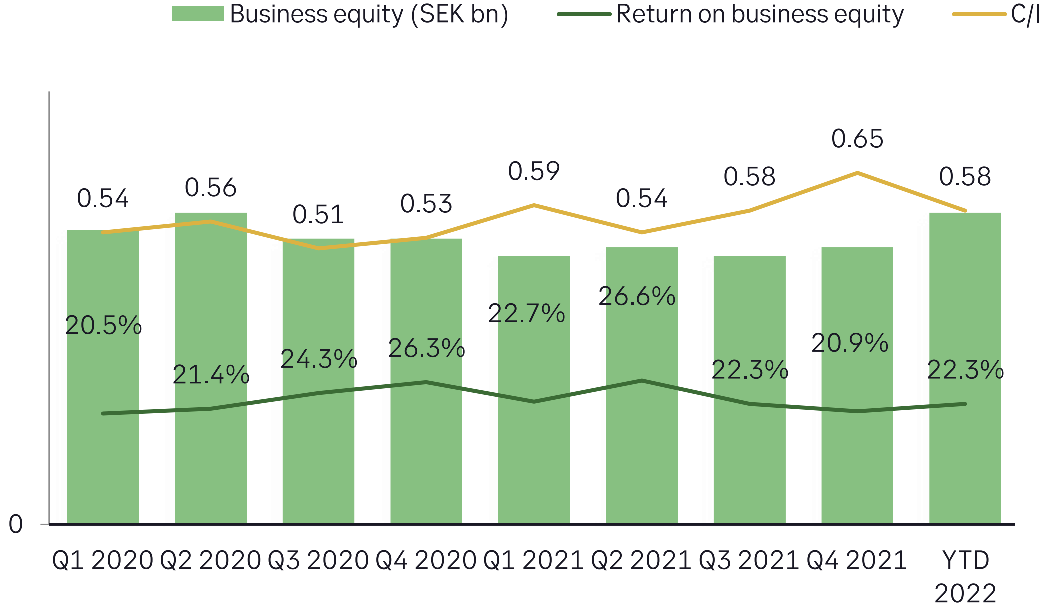

## Solid operating profit

Quarterly operating profit, SEK m




## Stable performance

SEK bn




Operating profit and ratios: 2020-2021 restated for changes in organisation and income statement
2014-2015 restated following the new organisational structure as of 1 Jan 2016. As a result, 2012-2013 figures are not comparable.

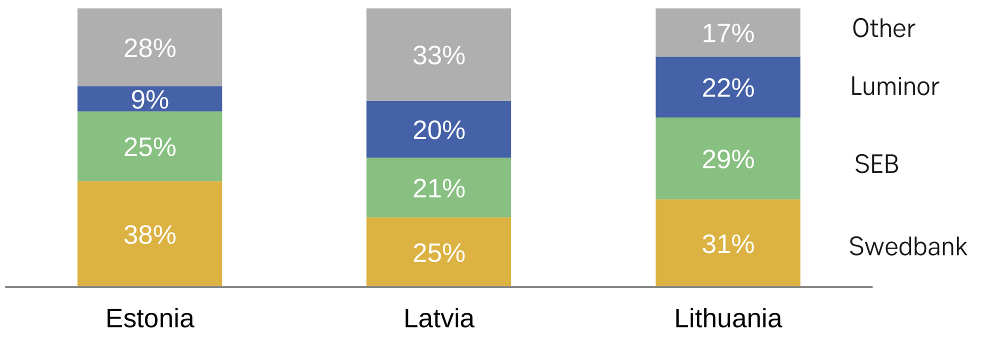
SEB

# Baltic

## SEB in the Baltics

| | Estonia | Latvia | Lithuania |
|---|---|---|---|
| # FTEs (including division and service centers in SEB AB) | 1,103 | 2,011 | 2,893 |
| # offices | 15 | 22 | 22 |
| # customers | 486,000 | 464,000 | 877,000 |
| Operating profit as % of total group | 4% | 2% | 5% |
| Credit exposure as % of total credit portfolio | 2.6% | 1.3% | 2.9% |

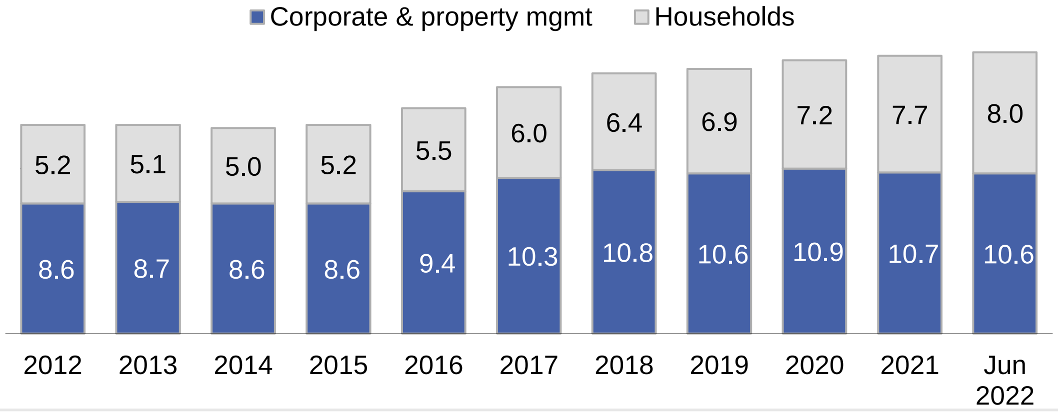
## Second largest bank in terms of lending market share in the Baltic region




Source: Estonian Financial Supervision Authority, Association of Latvian Commercial Banks, Association of Lithuanian Banks, Q1 2022

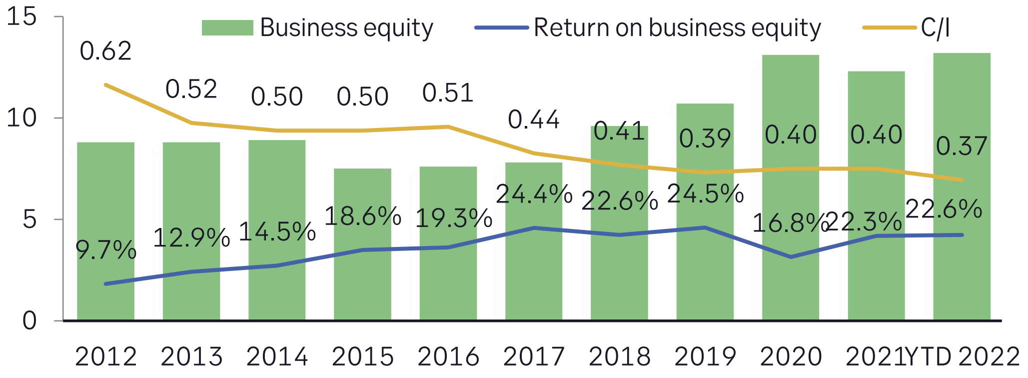
## Credit portfolio growth

EUR bn




## Strong development of profitability and efficiency

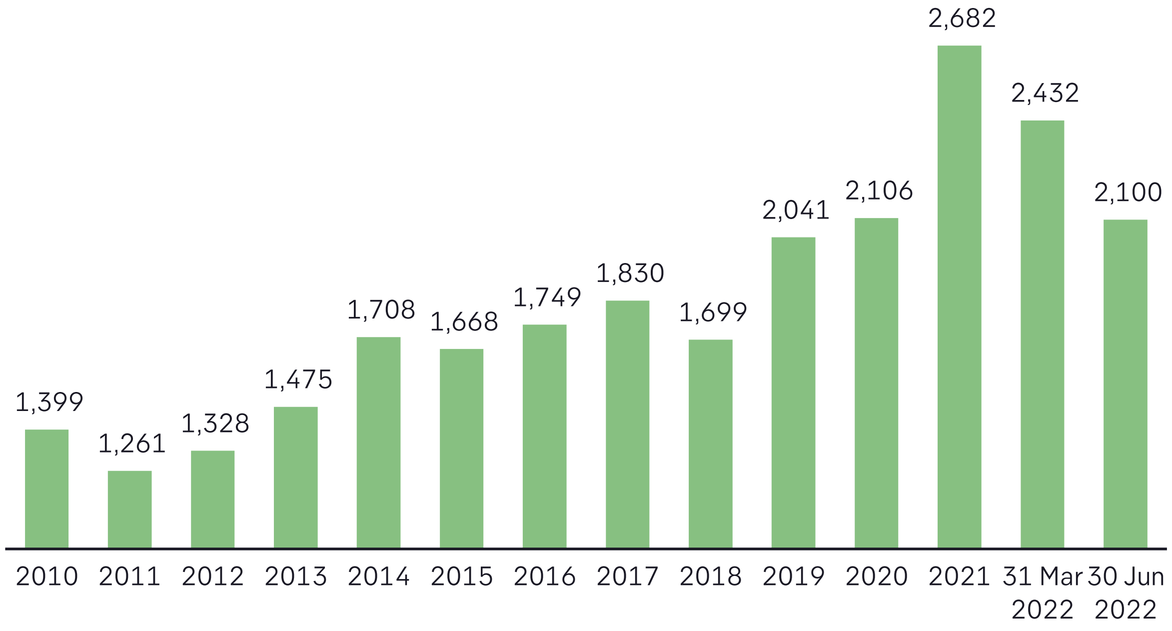
SEK bn



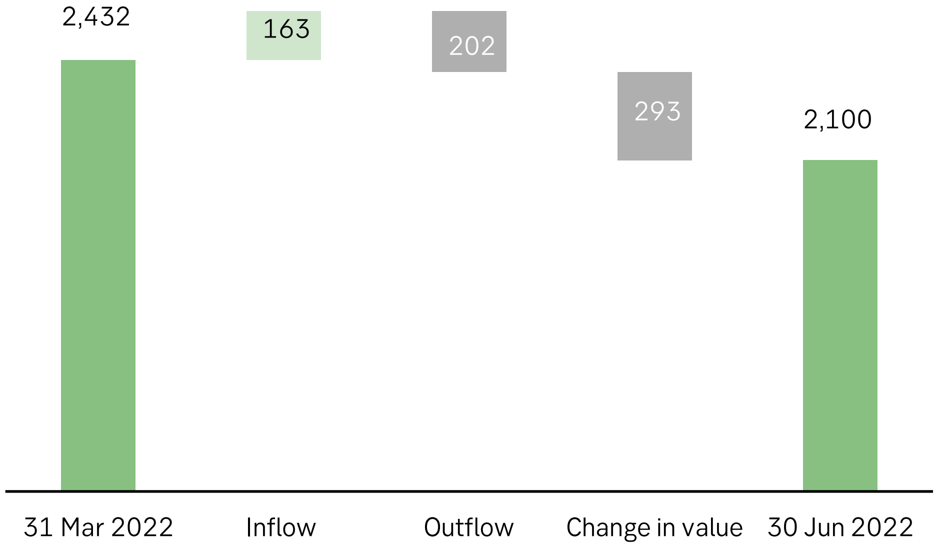

2020: Business equity increased due to updated credit risk models in Q1
2011-2018: Excluding Real Estate Holding Companies
2011: Write-back of provisions of SEK 1.5bn

# Assets under management

Assets under management[1]
SEK bn




Development during Q2 2022
SEK bn




[1] Definition of assets under management changed from 2015. Divestment of SEB Pension DK in 2018 reduced AUM by approx. SEK 116m.

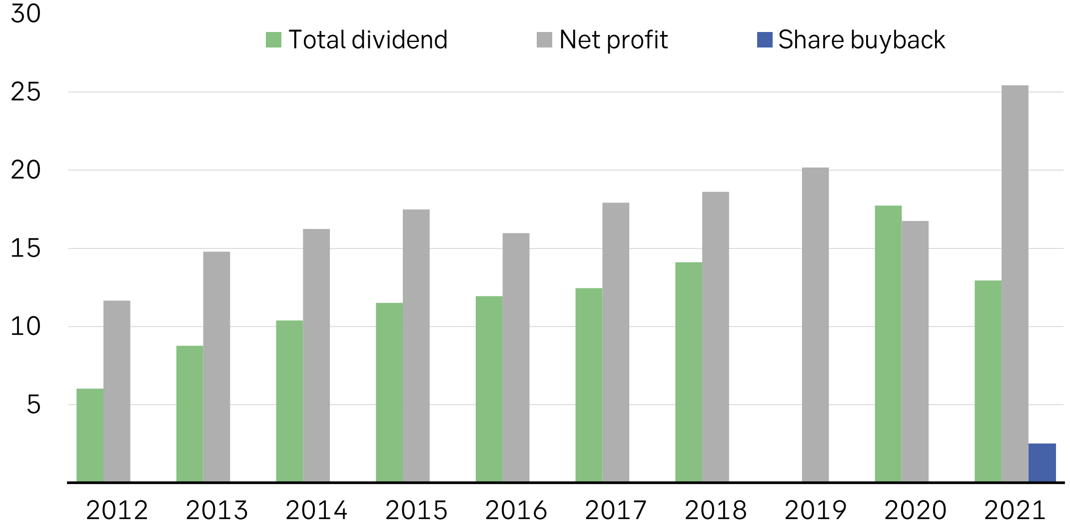
SEB

# Shareholders and dividends

Dividends paid

New dividend policy as of 2021: ~50% of net profit

SEK bn




| | 2012 | 2013 | 2014 | 2015 | 2016 | 2017 | 2018 | 2019 | 2020 | 2021 |
|---|---|---|---|---|---|---|---|---|---|---|
| DPS, SEK | 2.75 | 4.00 | 4.75 | 5.25 | 5.50 | 5.75 | 6,00+ 0.50 | 0.00 | 4.10+ 4.10 | 6.00 |
| Payout ratio | 52% | 59% | 54% | 66% | 75% | 70% | 70% | 0% | 113% | 51% |

- A first 2.5bn share buyback program ran between Oct 2021-Mar 2022. A second SEK 2.5bn share buyback program is running between Mar-Oct 2022

SEB's largest shareholders

| 30 Jun 2022 | Share of capital, per cent |
|---|---|
| Investor AB | 20.9 |
| Alecta Pension Insurance | 5.8 |
| Swedbank Robur Funds | 4.6 |
| Trygg Foundation | 4.2 |
| AMF Insurance & Funds | 4.1 |
| BlackRock | 2.7 |
| SEB Funds | 2.3 |
| Vanguard | 2.1 |
| Own shareholding | 1.9 |
| Handelsbanken Funds | 1.7 |
| Total share of foreign shareholders | 28.8 |

Source: Euroclear Sweden/Modular Finance.

Note: Net profit and payout ratio 2014-2021 excluding items affecting comparability. Payout ratio 2018 excluding extra ordinary DPS, including the latter payout 76%. The ordinary and further ordinary dividend paid in 2021 of SEK 4:10 and SEK 4:10 respectively apply to years 2019-2020 when dividend restrictions were in place leading to a pro forma payout ratio for these years of around 50 per cent. DPS and the payout ratio for 2021 exclude share buybacks.

# Summary key financials

| | YTD 2022 | 2021 | 2020 | 2019 | 2018 | 2017 | 2016 | 2015 | 2014 | 2013 | 2012 | 2011 1) |
|---|---|---|---|---|---|---|---|---|---|---|---|---|
| Return on equity, % 2) | 12.8 | 13.9 | 10.3 | 13.8 | 13.4 | 12.9 | 11.3 | 12.9 | 13.1 | 13.1 | 11.5 | 12.3 |
| Cost/income ratio, % 3) | 41 | 42 | 45 | 46 | 48 | 48 | 50 | 49 | 50 | 54 | 61 | 62 |
| Net ECL level / Credit loss level, % 4) | 0.07 | 0.02 | 0.26 | 0.10 | 0.06 | 0.05 | 0.07 | 0.06 | 0.09 | 0.09 | 0.08 | -0.08 |
| Stage 3 loans/total loans, gross / NPL/lending, % 5) | 0.43 | 0.53 | 0.87 | 0.67 | 0.50 | 0.5 | 0.5 | 0.6 | 0.8 | 0.7 | 1.0 | 1.4 |
| Liquidity Coverage Ratio (LCR), % 6) | 135 | 145 | 163 | 218 | 147 | 145 | 168 | 128 | 115 | 129 | NA | NA |
| Net Stable Funding Ratio (NSFR), % | 110 | 111 | | | | | | | | | | |
| CET1 ratio, % 7) | 18.6 | 19.7 | 21.0 | 17.6 | 17.6 | 19.4 | 18.8 | 18.8 | 16.3 | 15.0 | NA | NA |
| Total capital ratio, % 7) | 22.0 | 23.3 | 25.1 | 23.3 | 22.2 | 24.2 | 24.8 | 23.8 | 22.2 | 18.1 | NA | NA |
| Leverage ratio, % 7) | 4.3 | 5.0 | 5.1 | 5.1 | 5.1 | 5.2 | 5.1 | 4.9 | 4.8 | 4.2 | NA | NA |
| Assets under custody, SEK bn | 19,591 | 21,847 | 12,022 | 10,428 | 7,734 | 8,046 | 6,859 | 7,196 | 6,763 | 5,958 | 5,191 | 4,490 |
| Assets under management, SEK bn | 2,100 | 2,682 | 2,106 | 2,041 | 1,699 | 1,830 | 1,749 | 1,668 | 1,708 | 1,475 | 1,328 | 1,261 |

Notes:
1) Restated for introduction of IAS 19 (pension accounting).
2) Excl. Items affecting comparability incl. technical impairment (write-down) of goodwill
   a. 2014: Excluding capital gains of SEK 2,982m (sale of non-core business and shares)
   b. 2015: Excluding a cost of SEK 902m relating to the Swiss Supreme Court's not unanimous ruling against SEB in the long running tax litigation relating to SEB's refund claim of withholding tax dating back to the years 2006 through 2008
   c. 2016: Excluding the effects of the technical impairment of goodwill to the amount of SEK 5,334m and SEK 615m of one-off costs and derecognition of intangible IT assets no longer in use and the positive tax effect SEK 101m. Excluding a capital gain of SEK 520m from the sale of VISA Europe shares by the Baltic subsidiaries and the generated tax expence SEK 24m
   d. 2017: Excluding a dividend from VISA of SEK 494m, costs related to the transformation to a German branch of SEK 521m, transfer of pension obligation to BVV of SEK 891m, impairment and derecognition of IT intangibles of SEK 978m.
   e. 2018: Excluding the sale of SEB Pension SEK 3.6bn and settlement of UC AB's merger SEK 0.9bn
   f. 2020: Excluding administrative fine from Swedish FSA of SEK 1.0bn

To show the underlying operating momentum in this presentation:

a. and b. The FY 2014 and FY 2015 results' presentations, profitability, capital generation and efficiency ratios exclude the effects of the above-mentioned items affecting comparability

c. and d. The FY 2016 results , profitability and efficiency ratios exclude the effects of the above mentioned items affecting comparability.

3) Restated resolution fee 2020 and 2021
4) Net aggregate of write-offs, write-backs and provisioning. Net ECL (expected credit loss) level (2018) is based on IFRS 9 expected loss model, net credit loss level (2011-2017) is based on IAS39 incurred loss model..
5) ECL coverage ratio for Stage 3 (credit-impaired) loans is based on IFRS 9 expected loss model, NPL coverage ratio and NPL/lending ratio (2011-2017) are based on IAS39 incurred loss model. NPLs = Non Performing Loans, including individually and portfolio assessed impaired loans (loans >60 days past due).
6) LCR based on EU definition as from 2018 and on SFSA definition 2013-2017.
7) 2016 - 2014 is according to CRD IV/CRR and 2013 was estimated based on SEB's interpretation of future regulation.

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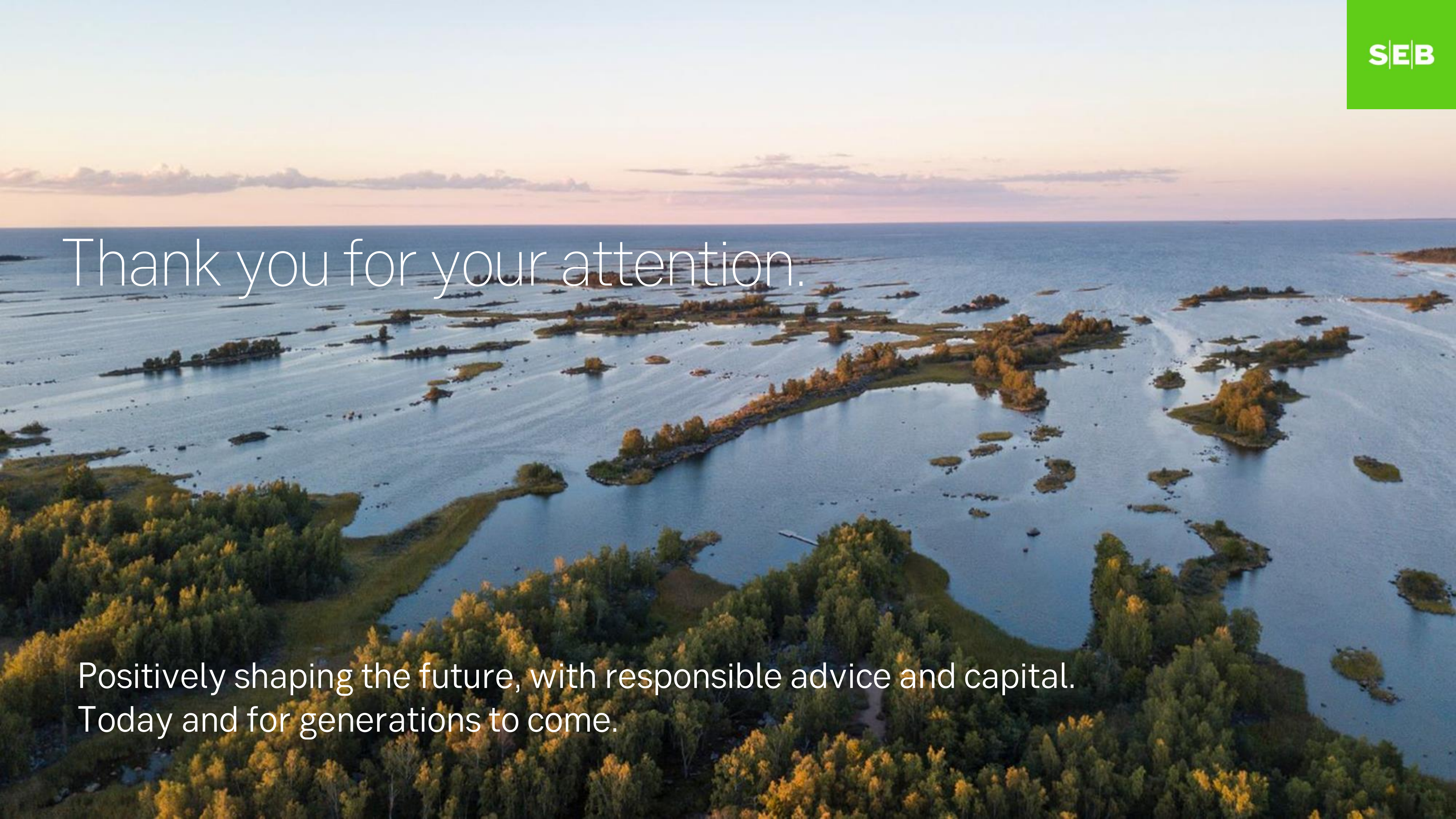
## Financial calendar

| **2022** | |
|---|---|
| *1 Oct* | *Silent period starts* |
| **26 Oct** | **Quarterly report Jan – Sep 2022** |

SEB


Thank you for your attention.
Positively shaping the future, with responsible advice and capital.
Today and for generations to come.