

27 January 2021

Financial Results Q4 2020

Johan Torgeby, President & CEO
Masih Yazdi, CFO

Highlights in Q4 2020

- Return on equity increased to 12.2% on a CET1 ratio of 21%
- Net expected credit losses decreased to 14 basis points
- Revised Group financial targets to support customers through increased financial flexibility

Financial summary 2020

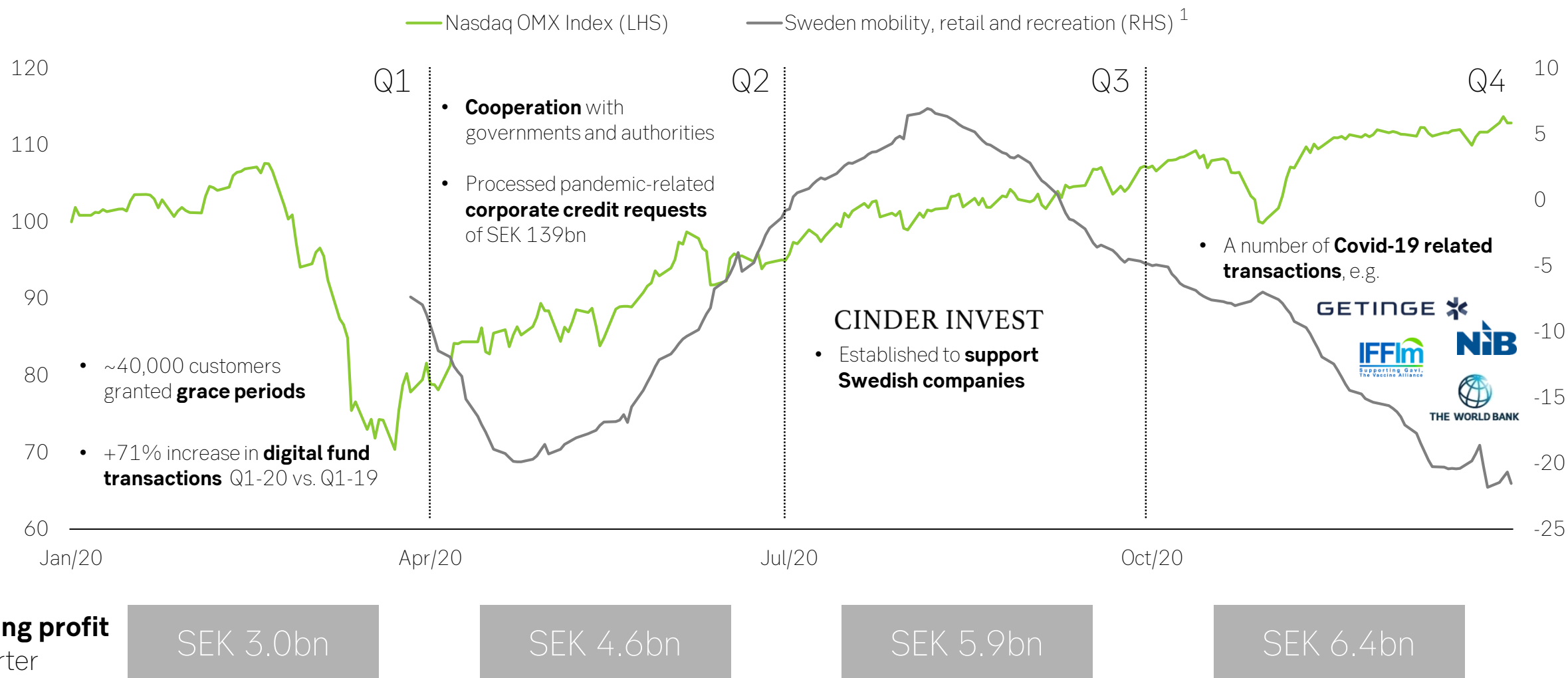
SEK m	2020 January-December	2019 January-December	%
Total operating income	49,717	50,134	-1
Total operating expenses	-22,747	-22,945	-1
Profit before credit losses	26,970	27,190	-1
Net expected credit losses etc.	-6,124	-2,296	
Operating profit before IAC	20,846	24,894	-16
IAC	-1,000		
Operating profit	19,846	24,894	-20

Net ECL level	C/I	CET 1	RoE¹	DPS²
26bps	0.46	21.0%	10.3%	4.10

¹ Excluding items affecting comparability. Reported Return on Equity 9.7%. ² As proposed by SEB's Board of Directors to the Annual General Meeting.

Development of 2020

Our response to the pandemic

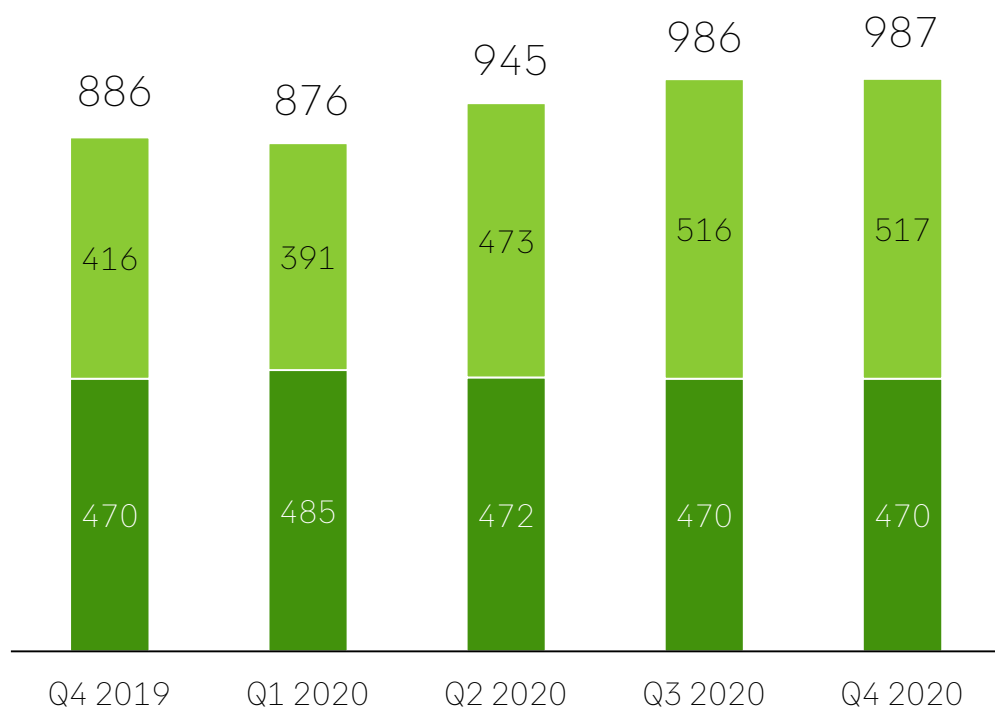


Large Corporates and Financial Institutions

High activity among corporates and institutions despite muted loan demand

Development of credit exposure in 2020

■ Off-balance credit exposure (SEK bn) ■ On-balance credit exposure (SEK bn)



Activity highlights in 2020

- Debt Capital Markets continued to perform, and Corporate Finance turned trend in Q4; +75% increase in *Issue of Securities and Advisory Services* quarter-on-quarter.
- Volatility in Q2 contributed to Markets' income, driven by Fixed Income, Currencies and Commodities.
- Strong development in Corporate Loan Origination throughout the year.
- Credit exposure increased by 11% year-on-year in Q4, but low propensity to convert to actual borrowing.

Progress update on business plan 2019-2021

Total investments of SEK ~1bn in strategic initiatives so far

Strategic initiatives	A selection of achievements 2019-20	Investments 2019-20
Critical enablers	<ul style="list-style-type: none">Strengthened efforts on sustainability (governance and products), ways of working (agile and SEB Campus) and regulatory compliance (governance)	SEK ~300m
Advisory	<ul style="list-style-type: none">Enhanced advisory capabilities (energy and technology) towards large corporates, and improved offering and digital interface to PB customers	SEK ~200m
Assets entrusted to us	<ul style="list-style-type: none">Growth in AuC combined with enhanced product offering, improved digital advisory tools and initiated review of investment processes in SEB IM	SEK ~100m
Ecosystem	<ul style="list-style-type: none">Development of digital ecosystems for SMEs through strategic partnerships with fintechs and launch of new APIs	SEK ~250m
Digital explorer (SEBx)	<ul style="list-style-type: none">Launch of first business concept to solopreneurs (UNQUO) and exploration of new technology through partnerships with fintechs	SEK ~200m

Business plan 2021

Focus areas for continued development



Savings and investments



Sustainability



Digitalisation

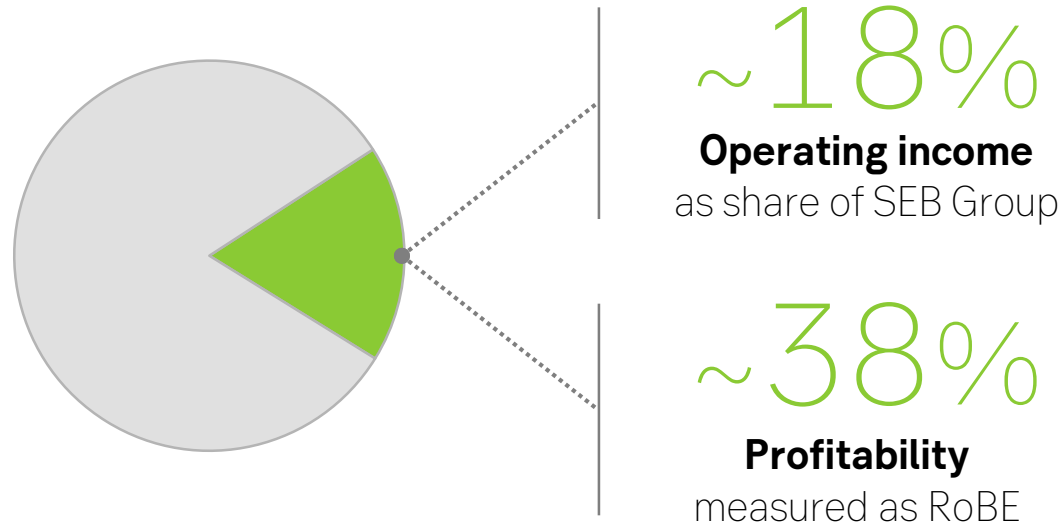


Regulatory compliance

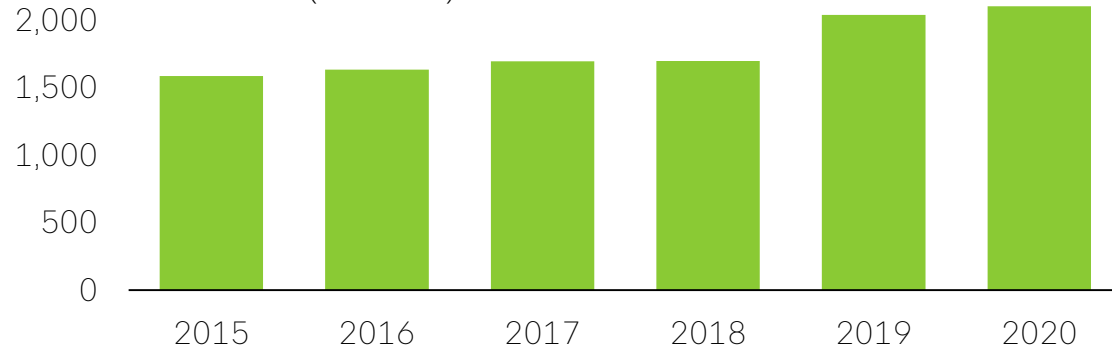


Business plan 2021

Savings and investments



Assets under Management
(SEK bn)¹



Key areas to accelerate growth

Accelerate product innovation with focus on

- alternative investments
- sustainability

Improve fund performance through

- revised investment policies and processes
- more efficient life cycle management

Grow net sales by

- developing the digital channel
- leveraging bancassurance
- establishing new partnerships

¹ Adjusted for divestment of SEB Pension in Denmark in 2018.

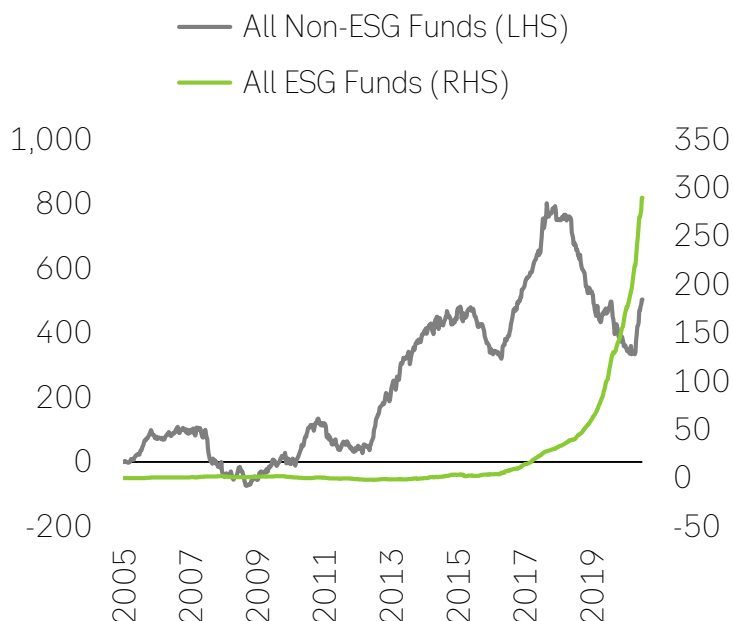
Business plan 2021

Sustainability

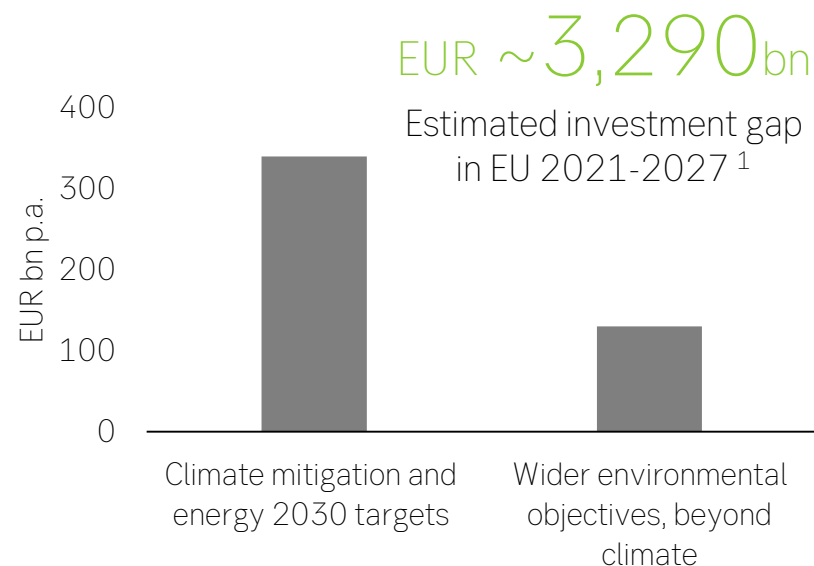
The green transition ongoing



Global cumulative net sales (USD bn)



Public and private investments needed



EUR 1,800bn EU budget and recovery plan for 2021-2027



USD 2,000bn climate plan to reach net zero greenhouse gas emissions by 2035 ²

SEB to take an active role

- Innovate sustainability-related products and services
- Review and classify SEB's credit portfolio based on greenhouse gas emissions
- Develop sustainability policy framework including thematic and sector policies
- Involve in private and public partnerships and collaborations

¹ Estimates based on 40% reduction of greenhouse gas emissions by 2030; Identifying Europe's recovery needs, EU Commission, 2020. ² Greenhouse gas emissions from the power sector.

Masih Yazdi, CFO



Financial summary Q4 2020

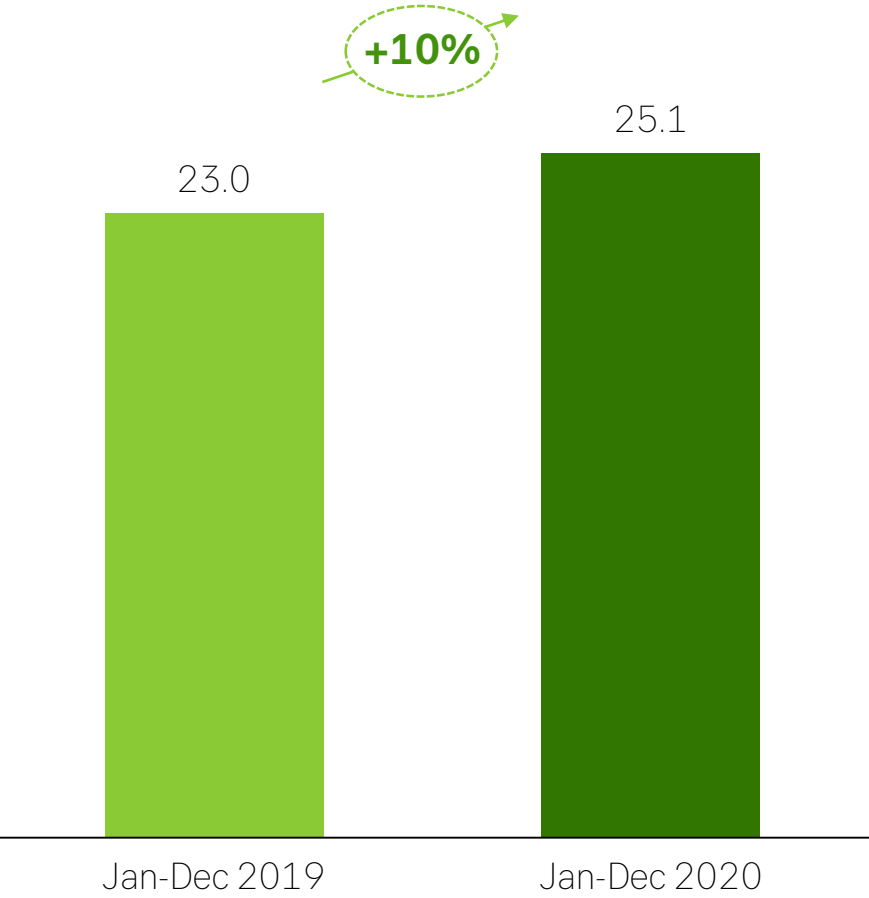
SEK m	Q4 2020	Q3 2020	%	Q4 2019	%
Total operating income	13,066	12,563	4	14,089	-7
Total operating expenses	-5,842	-5,547	5	-6,026	-3
Profit before credit losses	7,224	7,016	3	8,063	-10
Net expected credit losses etc.	-841	-1,099		-1,000	
Operating profit before IAC	6,382	5,916	8	7,063	-10
IAC					
Operating profit	6,382	5,916	8	7,063	-10
Net ECL level	C/I		CET 1		RoE¹
14bps	0.45		21.0%		12.1%

¹ Excluding items affecting comparability. Reported return on equity 12.2%.

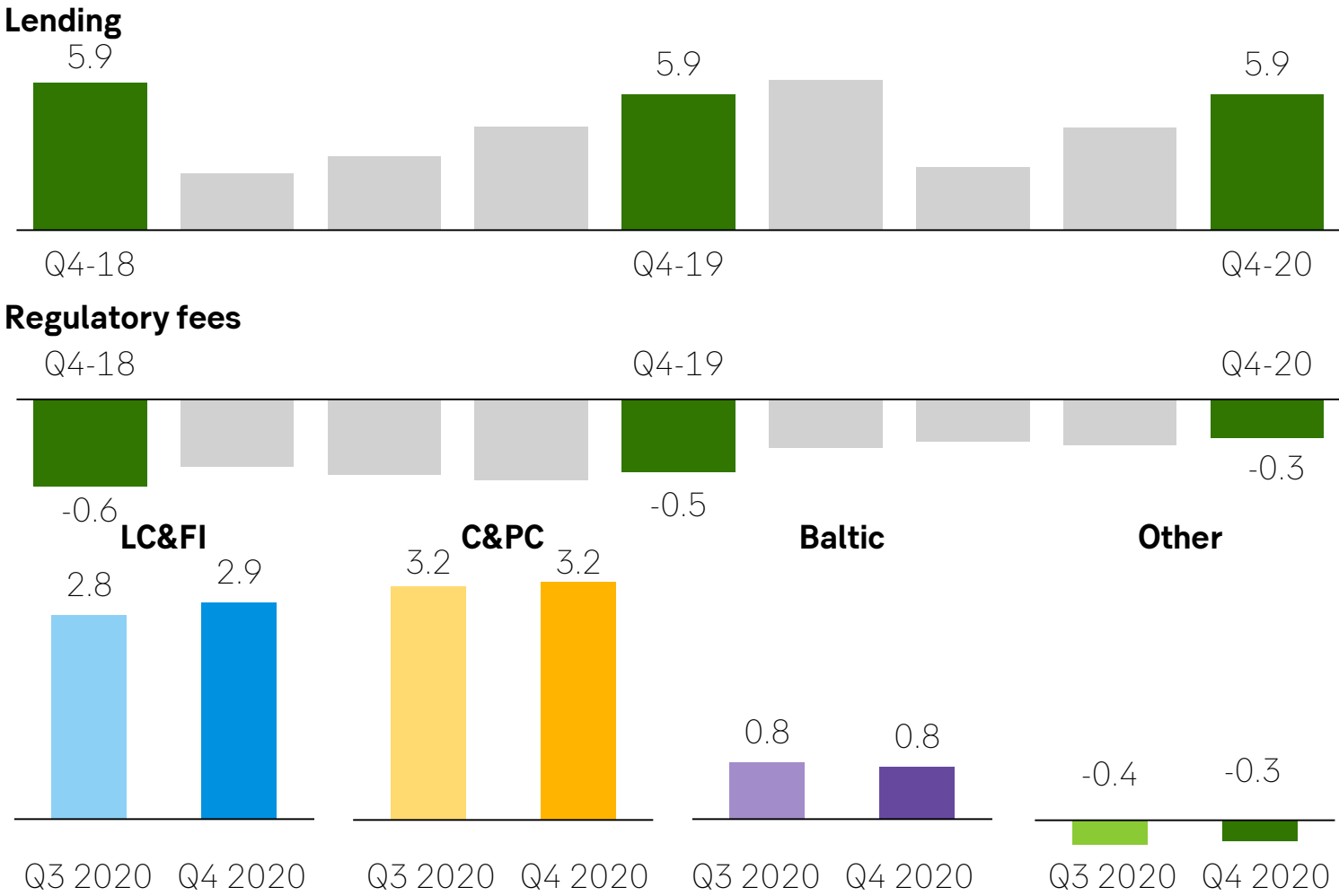
Net interest income development



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

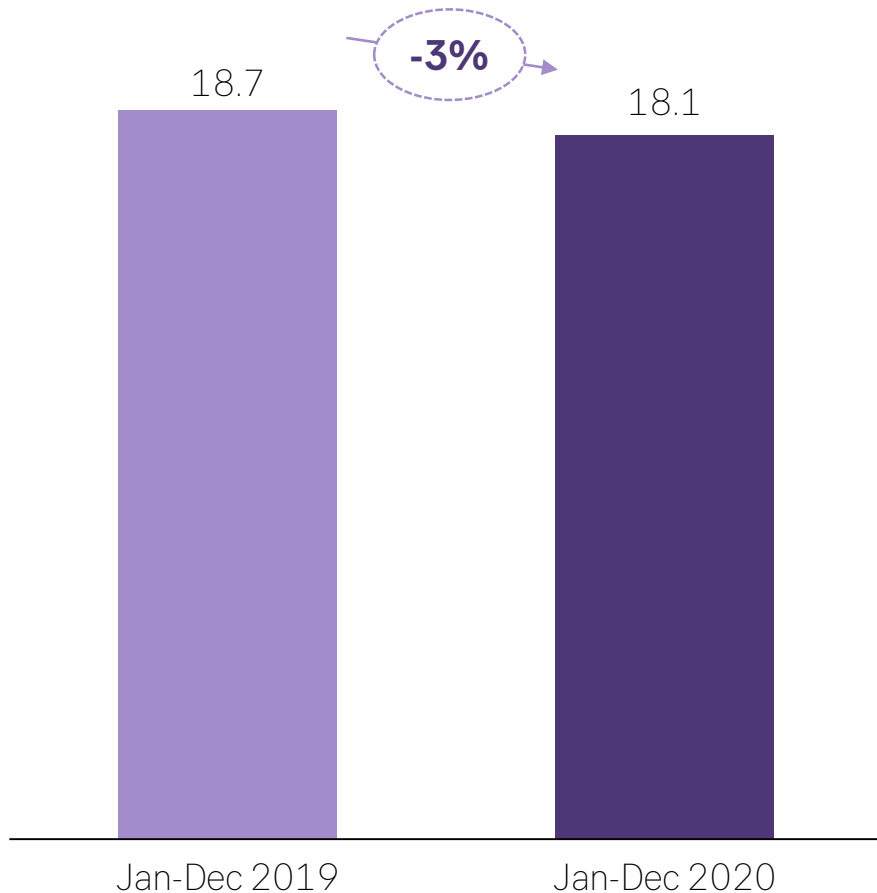


Net interest income type (SEK bn)
Q4 2018 – Q4 2020



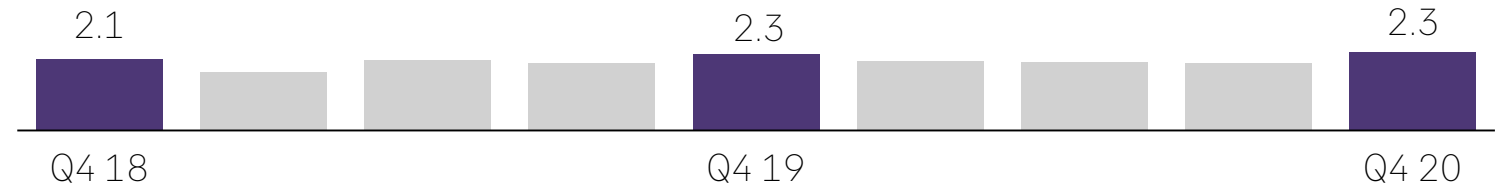
Net fee & commission income development

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

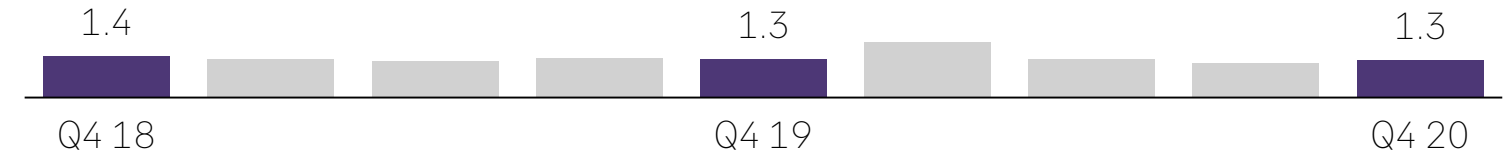


Net fee & commissions by income type (SEK bn)
Q4 2018 – Q4 2020

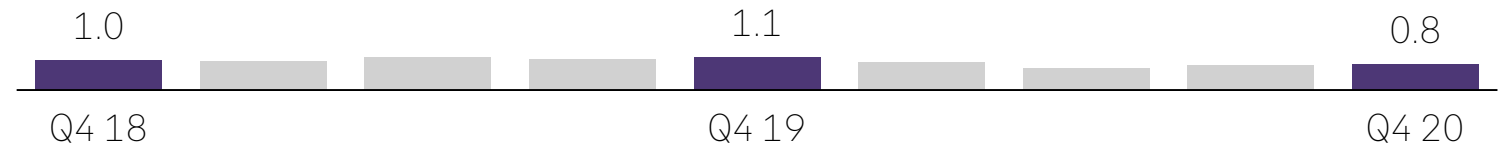
Net securities commissions (custody, mutual funds, brokerage)



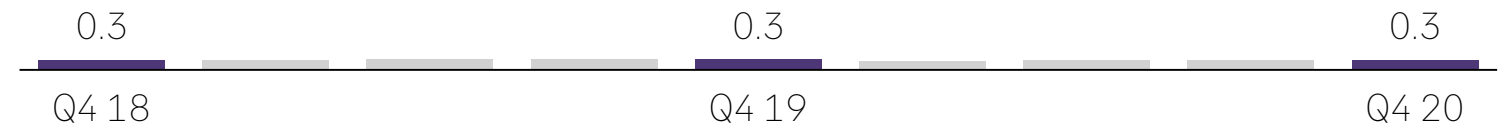
Net advisory fees, lending fees & other commissions



Net payment & card fees

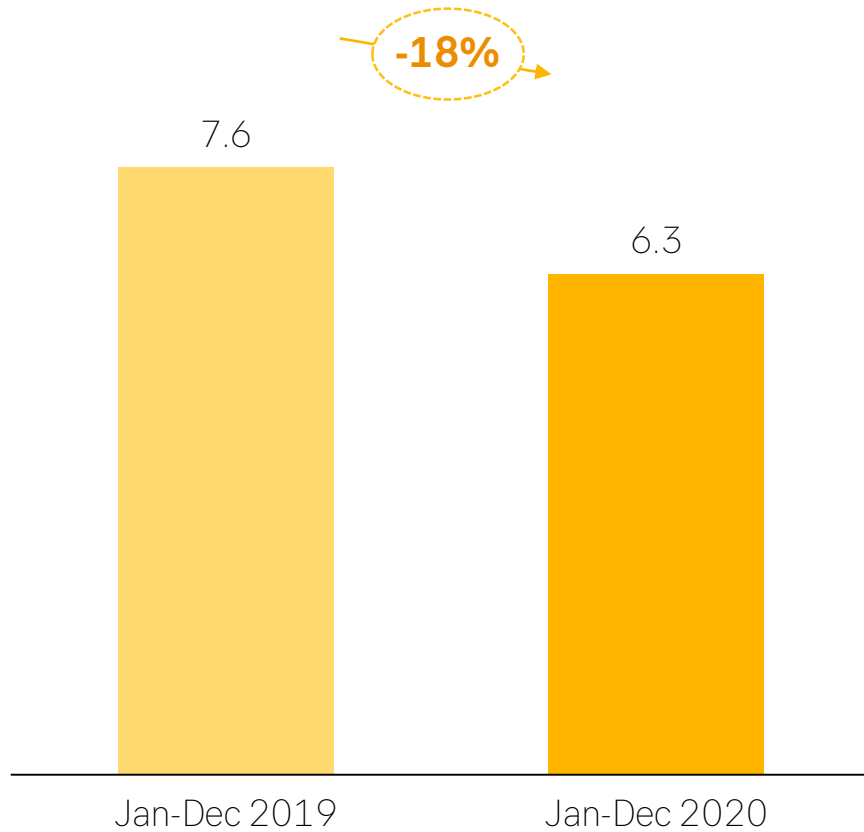


Net life insurance commissions

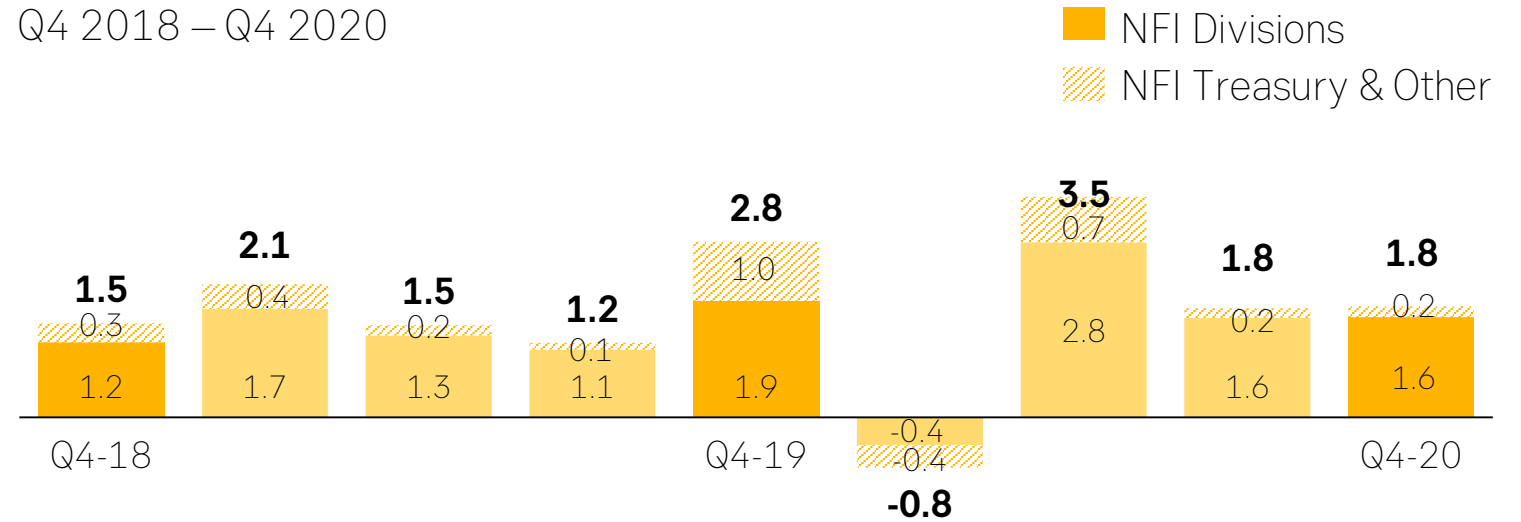


Net financial income development

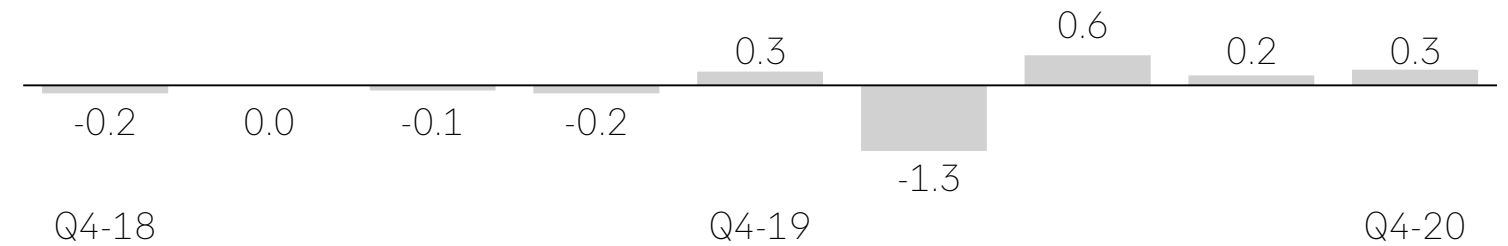
Net financial income (SEK bn)
Jan-Dec 2020 vs. Jan-Dec 2019



Net financial income development (SEK bn)
Q4 2018 – Q4 2020

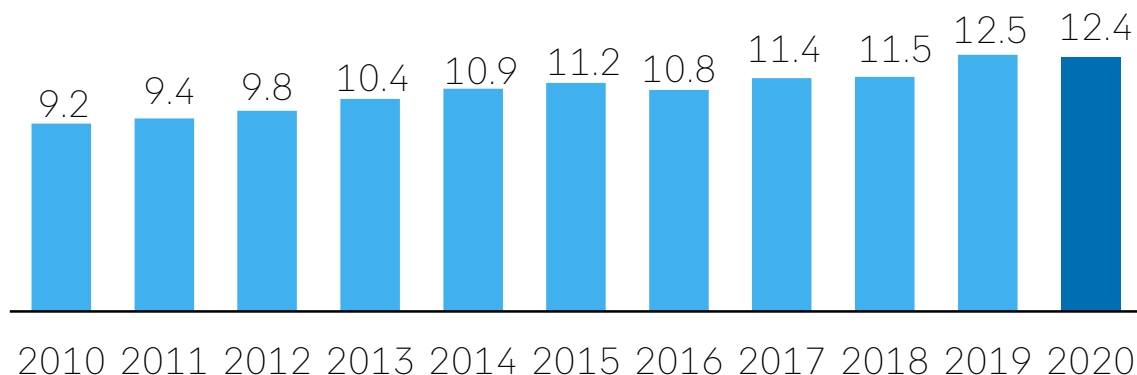


whereof **CVA/DVA** (SEK bn)

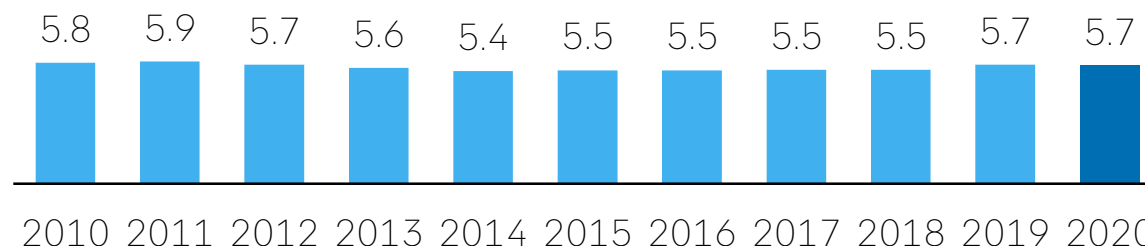


Operating leverage

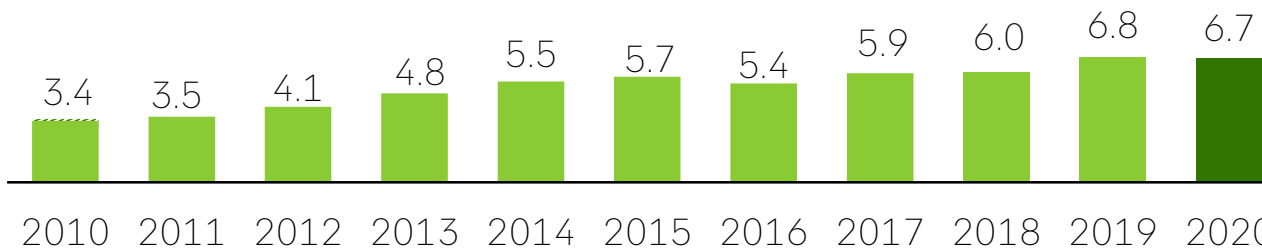
Average quarterly income (SEK bn)



Average quarterly expenses (SEK bn)

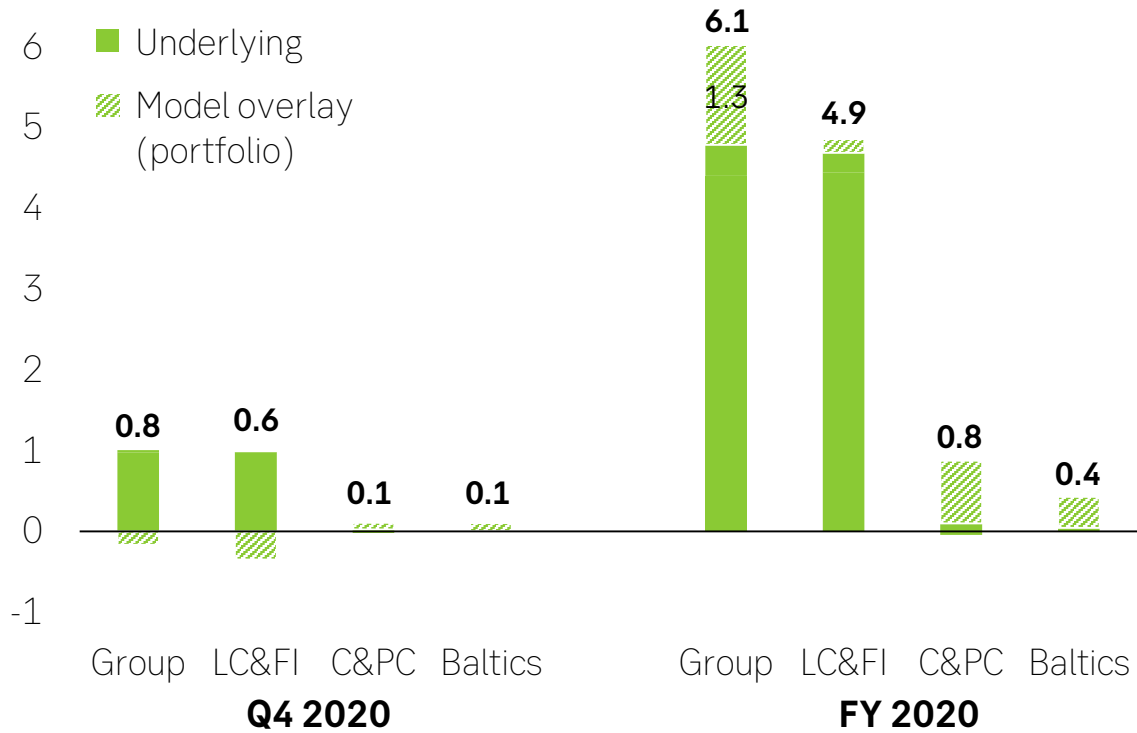


Average quarterly profit before credit losses (SEK bn)

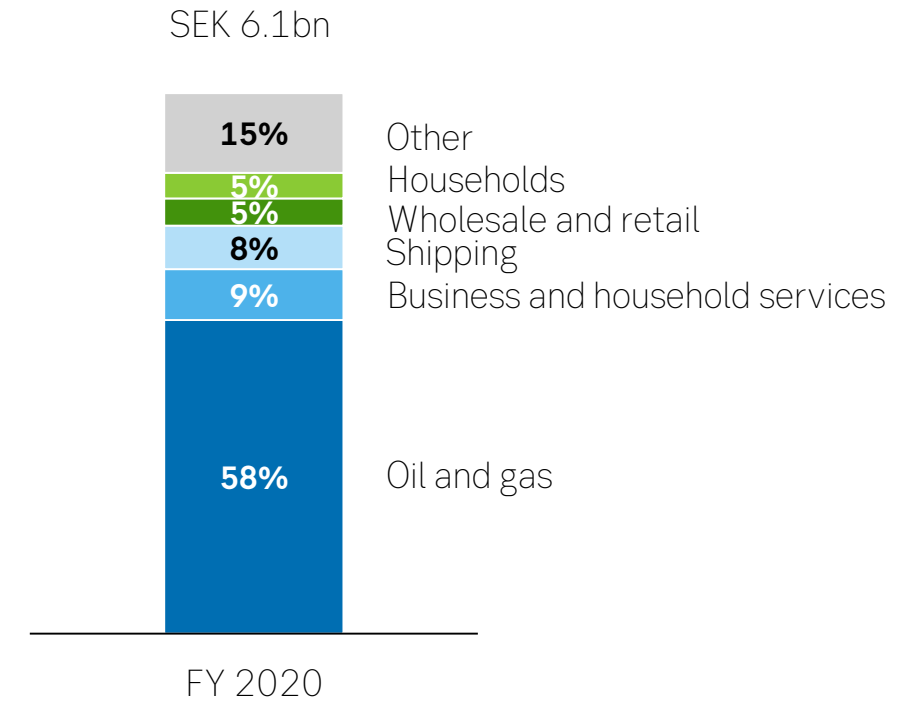


Provisioning for future expected credit losses

Net ECL development (SEK bn)



Net ECL by industry (share of total net ECL)



Based on the macroeconomic outlook stated in Nordic Outlook, we expect 2021 to be a transitional year towards a more normalised level of net expected credit losses in 2022.

Strong asset quality and balance sheet

		2019	2020
Asset quality	Net expected credit loss level	0.10%	0.26%
Funding & liquidity	Customer deposits (SEK)	1,161bn	1,371bn
	Liquidity coverage ratio	218%	163%
Capital	CET 1 ratio (Basel 3)	17.6%	21.0%
	CET1 buffer above requirement	250 bps	840 bps
	Total capital ratio (Basel 3)	23.3%	25.1%
	Leverage ratio (Basel 3)	5.1%	5.1%

Revised SEB Group financial targets

CURRENT TARGETS

$\geq 40\%$

Dividend payout ratio of EPS

$\sim 150_{\text{bps}}$

CET1 ratio above requirement

Return on Equity
competitive with peers
(Long-term aspiration 15%)



REVISED TARGETS

$\sim 50\%$

Dividend payout ratio of EPS ¹

$100-300_{\text{bps}}$

CET1 ratio above requirement

Return on Equity
competitive with peers
(Long-term aspiration 15%) ²



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. ² Return on Equity target remains unchanged.

Long-term aspirations for SEB divisions

	Return on Business Equity		Cost/Income	
	Aspiration ¹	<i>Actual 2020</i>	Aspiration ¹	<i>Actual 2020</i>
Large Corporates & Financial Institutions	>13%	8.1%	<0.50	0.44
Corporates & Private Customers	>17%	15.1%	<0.40	0.43
Baltic	>20%	16.8%	<0.35	0.40
Life	>30%	25.5%	<0.45	0.52
Investment Management	>40%	49.2%	<0.40	0.38
SEB Group (including Group functions)	~15%	10.3% ²	<0.45	0.46

¹ To be viewed as long-term (5 year perspective), and will be updated based on other Nordic banks' performance. ² Excluding items affecting comparability.

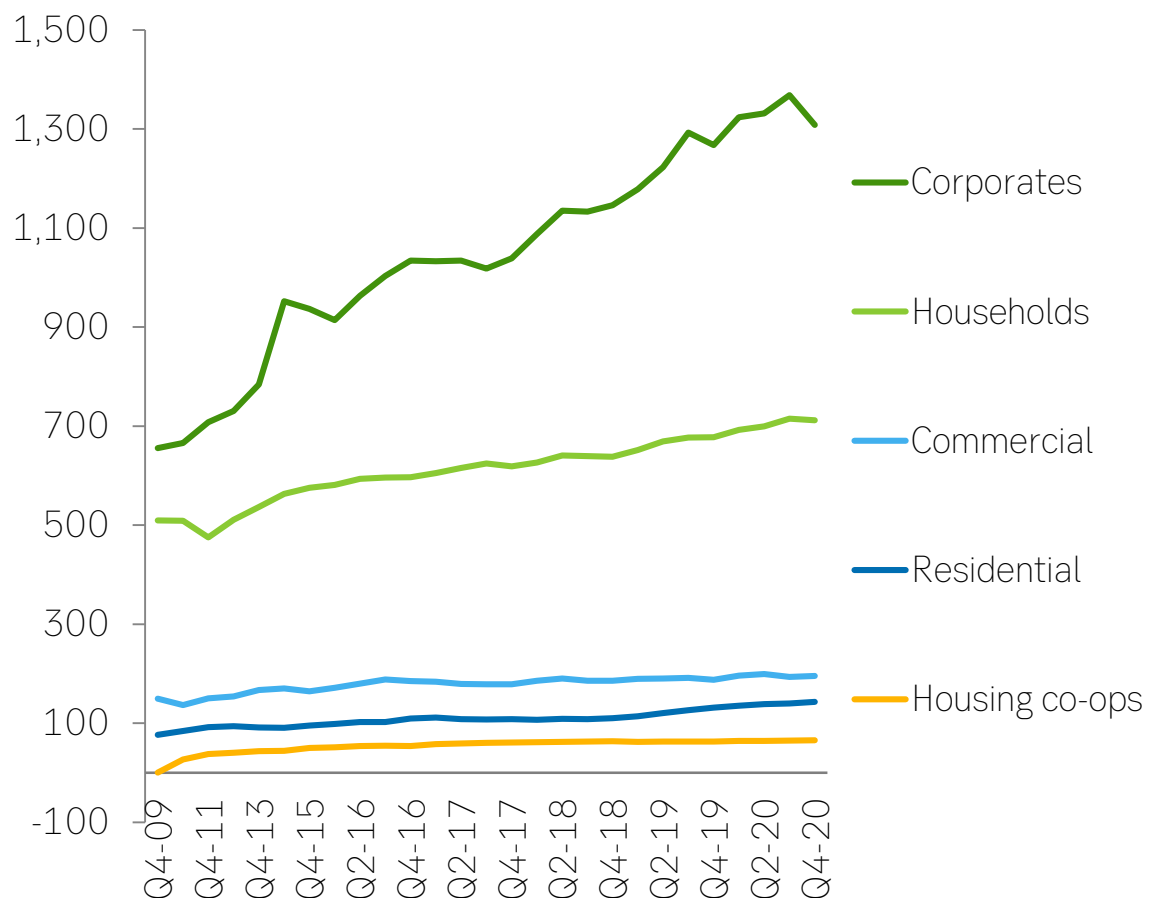
Thank you for your attention.

Appendix

Development of credit exposure

Credit exposure by main sectors

SEK bn



Credit exposure growth rates

Quarter-on-quarter and year-on-year

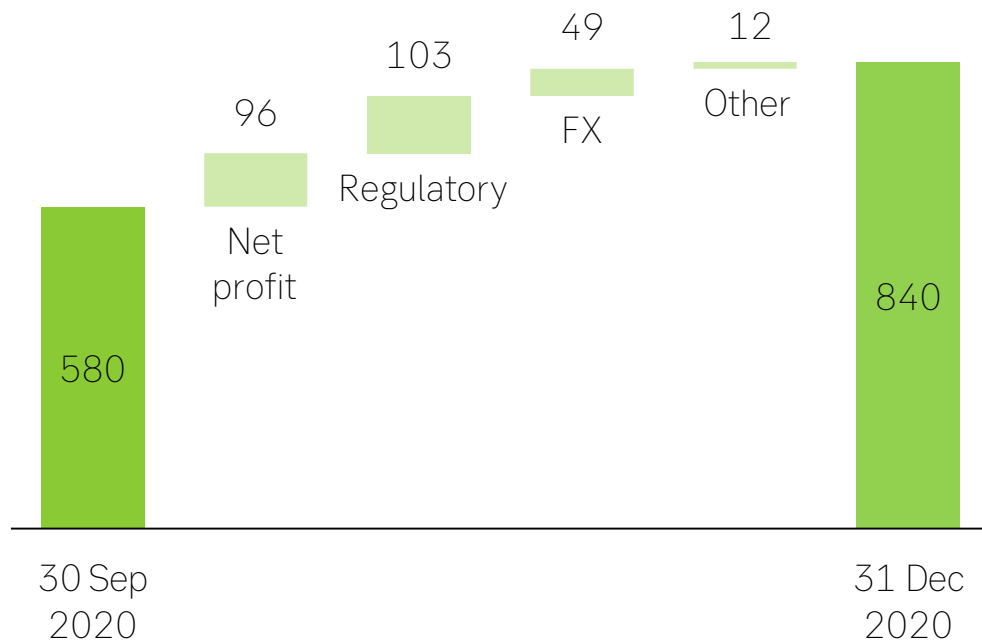
Sector	QoQ	YoY
Corporates	-4%	3%
<i>FX-adjusted ¹</i>	<i>0%</i>	<i>10%</i>
Households	0%	5%
<i>Swedish mortgages</i>	<i>0%</i>	<i>8%</i>
Commercial real estate	1%	4%
Residential real estate	2%	9%
Housing co-ops	2%	5%
Total (excluding banks)	-2%	4%

Capital development

CET1 ratio of 21.0% in Q4

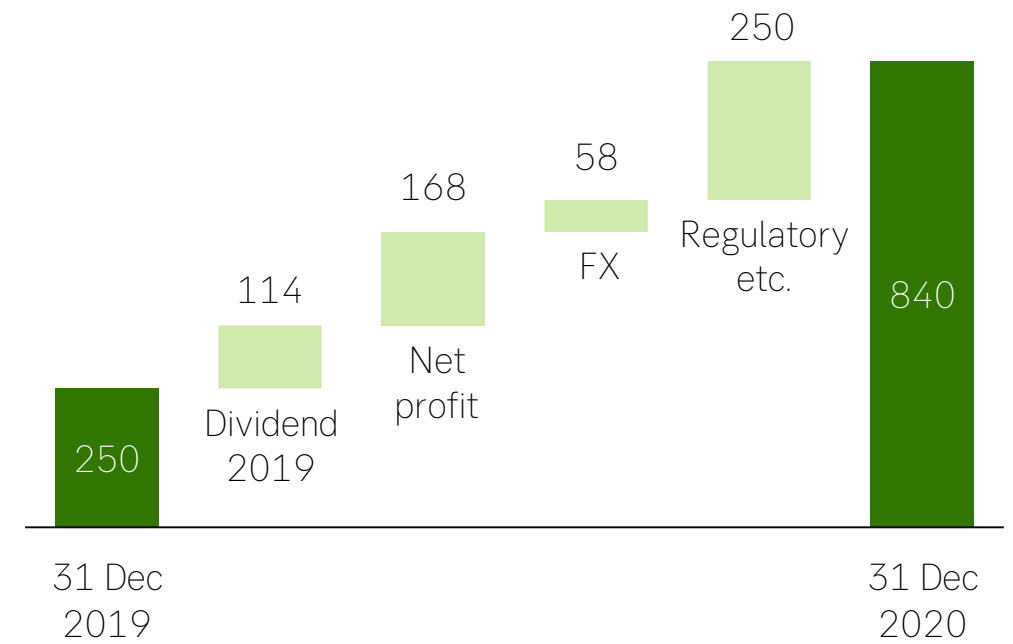
CET1 buffer development

Quarter-on-quarter (bps)



CET1 buffer development

Year-on-year (bps)



Macroeconomic assumptions and sensitivity

Three scenarios used in ECL modelling Q4 2020

GDP growth assumptions as of December 2020

