

collector

Q2 2020

QUARTERLY REPORT PRESENTATION

Summary of Q2 2020

Loan book

SEK 28,970
-1% (Q-o-Q)

Total income

SEK 497m
+1% (Q-o-Q)

Operating profit

SEK 102m
-7% (Q-o-Q)²

Write-down purchased debt portfolios

SEK 50m

Profit before credit losses

SEK 282m
+5% (Q-o-Q)¹

CET1 ratio / Total capital ratio

13.8% / 15.9%

1) Compared to adjusted profit before credit losses of SEK 267m in Q1 2020
2) Compared to adjusted operating profit of SEK 109m in Q1 2020

COVID-19 update

- Extra credit loss provisioning of SEK 50m during Q1 2020
- Collector has not experienced any significant negative consequences
- Even further selective approach towards new business opportunities
- Ongoing monitoring and analysis of the development and increased readiness
- Highly uncertain macroeconomic situation amid COVID-19
- Risk that Collector may be negatively affected in the future

Segment overview Q2 2020

PRIVATE

CONSUMER

- Continued focus on increasing profitability
- Small positive signs of increased profitability
- Higher share through own channels
- Selective approach given balanced growth strategy and COVID-19

PAYMENTS

- Good organic sales growth – underlying and positive effects of COVID-19
- Lower conversion rate
- Continued focus on larger merchants

CORPORATE

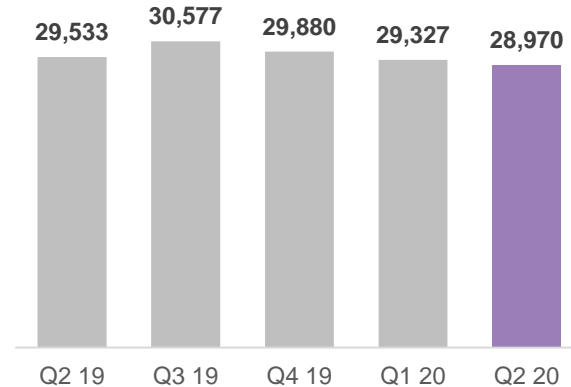
CORPORATE

- Continued focus on increasing profitability
- Selective approach given balanced growth strategy and COVID-19
- Cautious approach within factoring
- Lower demand for corporate lending
- Good demand within real estate lending

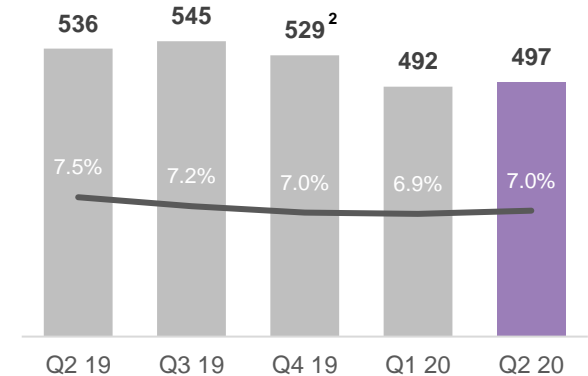
Cautious volume development during the quarter

- Cautious lending volume approach given balanced growth strategy
- Reduced risk appetite given COVID-19
- NIM negatively affected by SEK 50m write-down of purchased debt portfolios
- NIM boosted by seasonal effects – underlying largely flat

Loan book (SEKm)



Total income (SEKm) and NIM¹



Q-o-Q

-1%

Y-o-Y

-2%

Q-o-Q

+1%

Y-o-Y

-7%

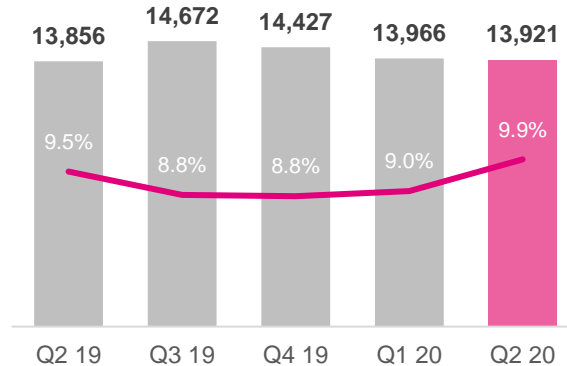
1) Quarterly annualized

2) Adjusted for non-recurring items of SEK 142m. Reported total income of SEK 671m

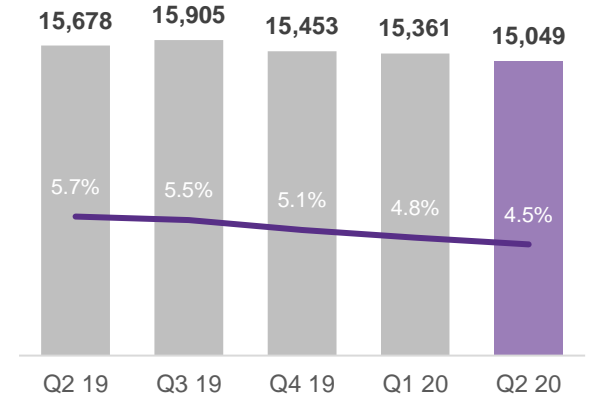
NIM affected by seasonality and write-down of purchased debt portfolios

- Balanced underlying growth strategy continued – COVID-19 driving more selective approach during the quarter
- NIM seasonally strong during Q2
- Corporate segment negatively affected by SEK 50m write-down of purchased debt portfolios

Private – Loan book (SEKm) and NIM¹



Corporate – Loan book (SEKm) and NIM¹



Loan book

Q-o-Q

0%

Y-o-Y

0%

Q-o-Q

-2%

Y-o-Y

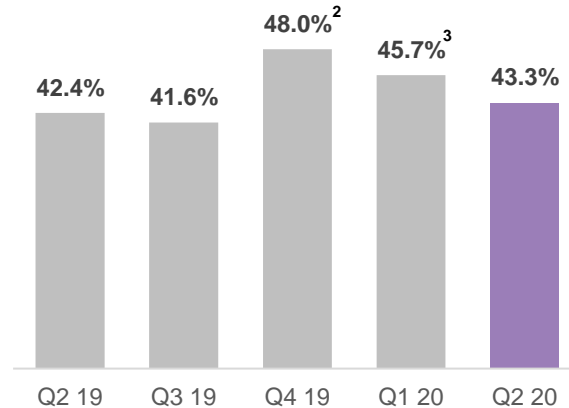
-4%

1) Quarterly annualized

Underlying cost base unchanged – further cost discipline required

- Underlying cost base unchanged from previous quarter
- Cost/income ratio too high
 - Further attention on cost discipline required
- New assumptions for expected credit losses applied in 2020 yielding higher loss level

C/I ratio



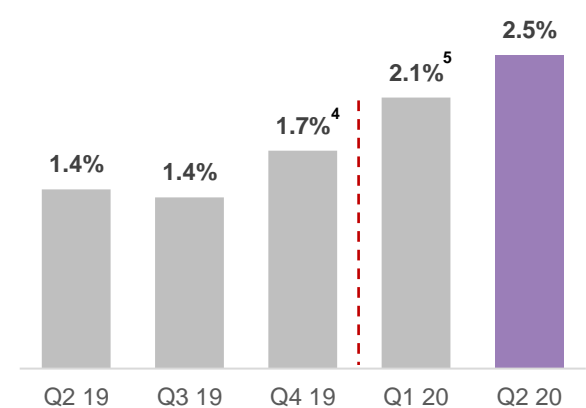
Q-o-Q

-2.4 p.p.

Y-o-Y

+0.9 p.p.

Credit losses – Quarter¹



New assumptions for expected credit losses applied from 1 January 2020

1) Annualized
 2) Total income adjusted for non-recurring items of SEK 142m. Total costs adjusted for non-recurring items of SEK -168m. Reported C/I of 62.8%
 3) Total costs adjusted for non-recurring items of SEK -15m. Reported C/I of 48.8%

4) Adjusted for SEK 800m extra credit loss provisioning. Reported credit losses of 12.3%
 5) Adjusted for SEK 50m extra credit loss provisioning. Reported credit losses of 2.8%

Provisioning levels remain stable

Provisioning

Private customers	30 June 2020	31 Mar 2020	31 Dec 2019
Provision ratio – Stage 1	1.7%	1.6%	1.6%
Provision ratio – Stage 2	18.6%	19.2%	16.0%
Provision ratio – Stage 3 – Non-purchased debt	43.3%	42.6%	42.3%
Provision ratio – Stage 3 – Purchased debt	0.0%	0.0%	0.0%
Provision ratio – Total ¹	14.1%	13.6%	12.5%

Corporate customers	30 June 2020	31 Mar 2020	31 Dec 2019
Provision ratio – Stage 1	0.4%	0.3%	0.3%
Provision ratio – Stage 2	4.2%	2.4%	1.6%
Provision ratio – Stage 3	34.0%	23.5%	20.5%
Provision ratio – Total	2.7%	2.6%	2.1%

1) Excluding purchased debt which is subject to net accounting from the time of acquisition, consequently no provisioning is shown for these receivables

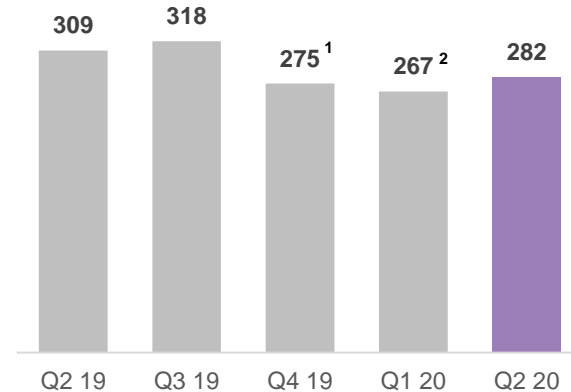
- Extra credit loss provisioning of SEK 800m during Q4 2019

- Extra credit loss provisioning of SEK 50m during Q1 2020 due to COVID-19

- Provision ratio for Private Stage 3 remains stable

Stable underlying earnings development

Profit before credit losses (SEKm)



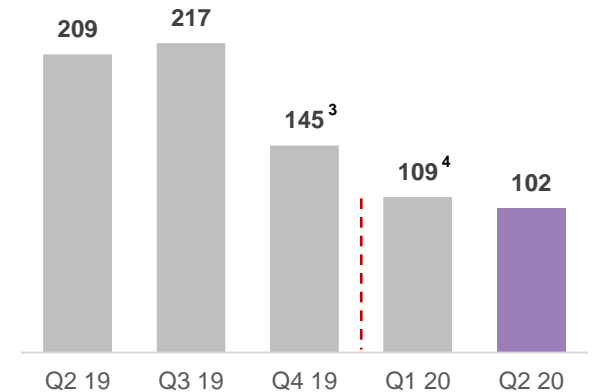
Q-o-Q

+5%

Y-o-Y

-9%

Operating profit (SEKm)



Q-o-Q

-7%

Y-o-Y

-51%

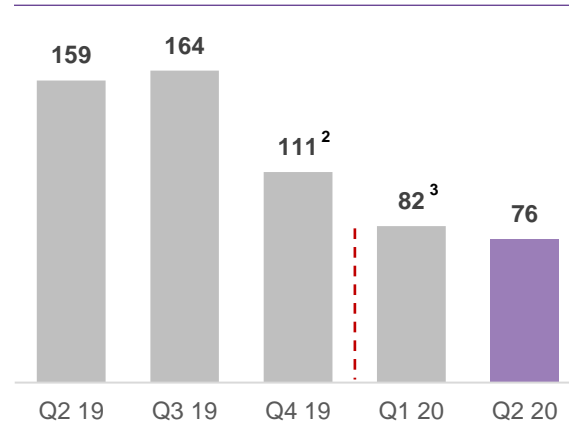
1) Adjusted for non-recurring items of SEK 25m
2) Adjusted for non-recurring items of SEK 15m

3) Adjusted for non-recurring items of SEK 825m
4) Adjusted for non-recurring items of SEK 65m

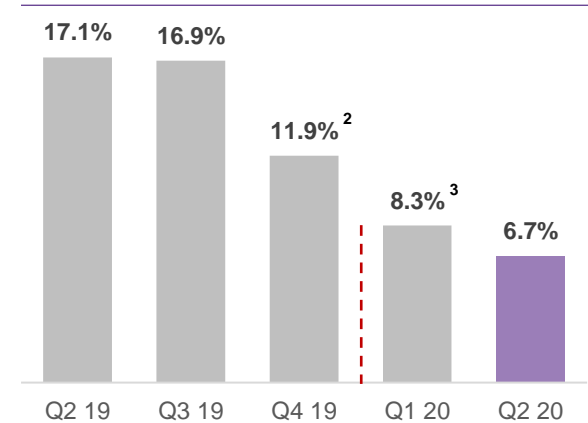
- Stable underlying earnings development
- New assumptions for expected credit losses applied in 2020 yielding lower operating profit

Focus on increasing profitability remains

Net profit (SEKm)



Return on equity – Quarter¹



Q-o-Q

-8%

Y-o-Y

-52%

Q-o-Q

-1.6 p.p.

Y-o-Y

-10.4 p.p.

1)

Annualized

2) Adjusted for non-recurring items of SEK 825m. Tax rate applied affected by non-deductible hybrid costs

3) Adjusted for non-recurring items of SEK 65m. Tax rate applied affected by non-deductible hybrid costs

- Net profit of SEK 76m in Q2 unadjusted

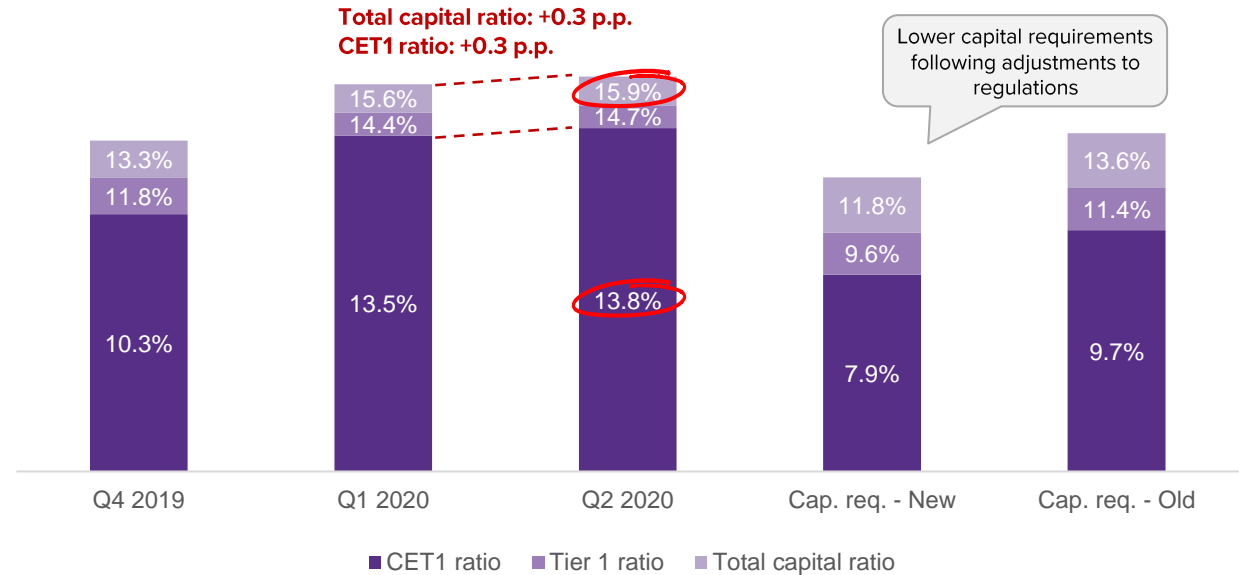
- RoE affected by rights issue of SEK 1,000m carried out during Q1

- Profitability level not satisfactory

Solid capital position

- Solid capital position with CET1 ratio of 13.8% as of Q2
- Total capital ratio of 15.9% as of Q2 after deductions from hybrid capital instruments
- Rights issue of SEK 1,000m carried out during Q1
- Lower capital requirements remain following adjustments to countercyclical buffers during Q1

Capital adequacy ratios and requirements



Focus going forward

- ✓ Prudent balance sheet management
- ✓ Continued and enhanced focus on increasing profitability
 - Profit before growth
 - Selective growth – resource and balance sheet allocation to more profitable products
- ✓ Increased transparency
- ✓ Highly uncertain macroeconomic situation amid COVID-19 – risk that Collector may be negatively affected in the future

collector