

# Press Conference Q3-17

**Johan Torgeby**

President & CEO

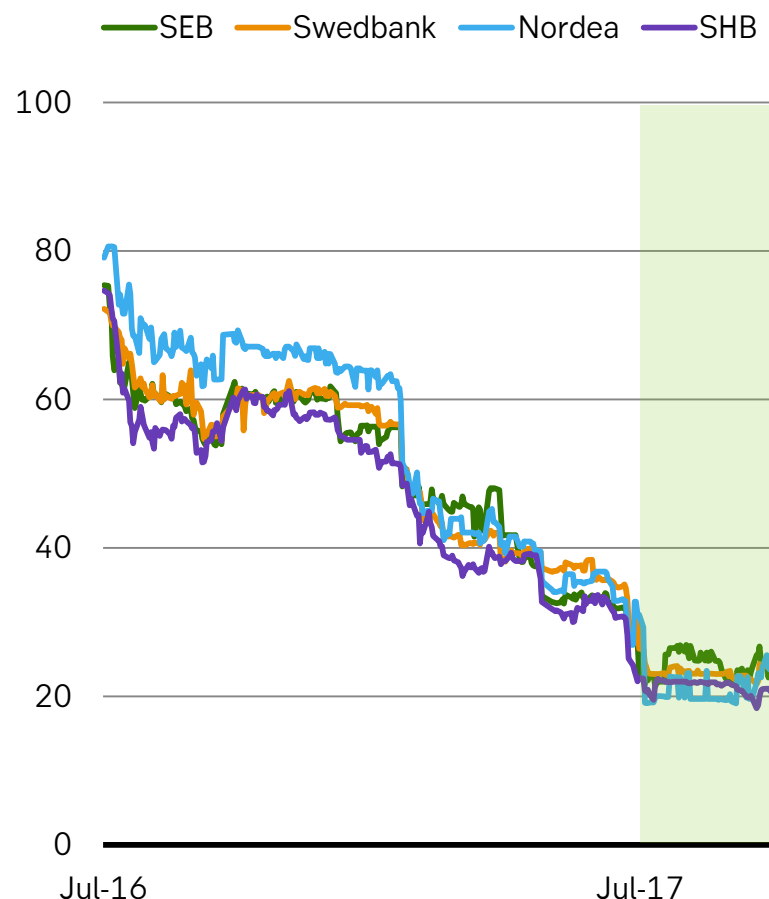
25 October, 2017



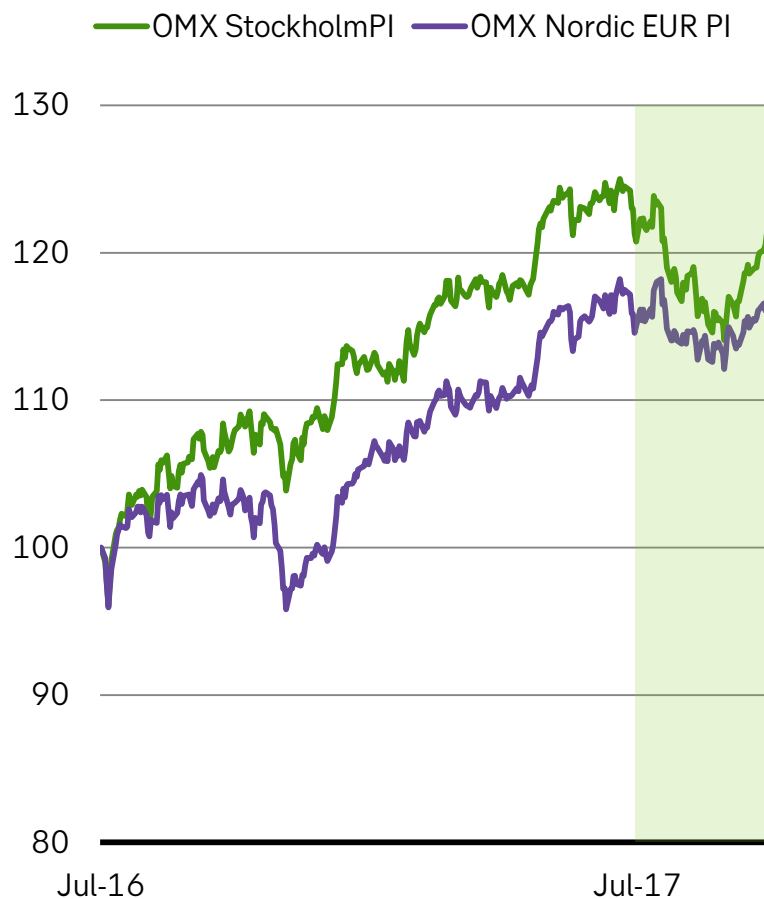


# Strong equity markets and improved market sentiment combined with low volatility and tightening of credit spreads

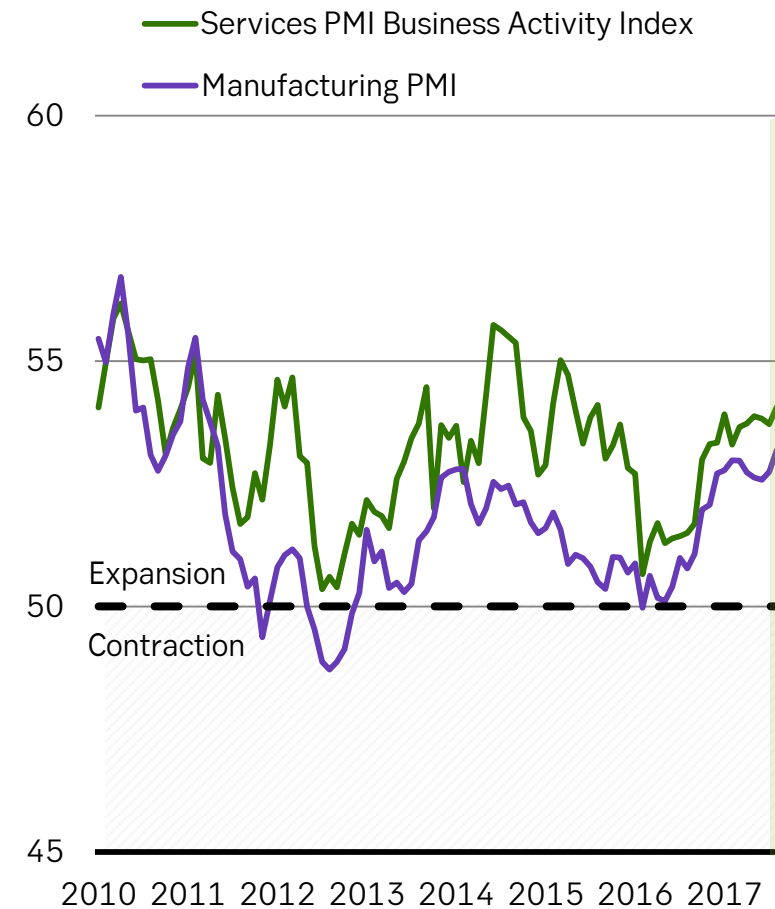
## 5Y CDS Spreads – Swedish Financial Entities



## Equity market – Swedish and Nordic



## Global PMI



# Solid performance in the first nine months

Profit & Loss, (SEK m)	Underlying			Reported		
	Jan-Sep '17	Jan-Sep '16*	%	Jan-Sep '17	Jan-Sep '16	%
<b>Total Operating income</b>	<b>33,750</b>	<b>31,633</b>	<b>7</b>	<b>33,750</b>	<b>32,153</b>	5
Total Operating expenses	-16,331	-16,103	1	-16,331	-22,052	-26
<b>Profit before credit losses</b>	<b>17,419</b>	<b>15,530</b>	12	<b>17,419</b>	<b>10,101</b>	72
Net credit losses etc.	-828	-792	5	-828	-792	5
<b>Operating profit</b>	<b>16,590</b>	<b>14,738</b>	<b>13</b>	<b>16,590</b>	<b>9,309</b>	78

Credit loss level

6bps

Cost/income ratio

0.48

Common Equity Tier 1

19.2 %

Return on Equity\*

12.4%

\* Note: Excluding items affecting comparability: SEB Baltic Visa transaction of SEK +0.5bn and goodwill impairments and restructuring activities of SEK -5.9bn in 2016

# Muted volatility and activity in the third quarter

Profit & Loss, (SEK m)	Q3 2017	Q2 2017	%	Q3 2016	%
<b>Total Operating income</b>	<b>11,141</b>	<b>11,405</b>	-2	<b>10,795</b>	3
Total Operating expenses	-5,423	-5,473	-1	-5,355	1
<b>Profit before credit losses</b>	<b>5,719</b>	<b>5,933</b>	-4	<b>5,440</b>	5
Net credit losses etc.	-338	-252	34	-211	60
<b>Operating profit</b>	<b>5,380</b>	<b>5,681</b>	-5	<b>5,229</b>	3

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Credit loss level

7bps

Cost/income ratio

0.49

Common Equity Tier 1

19.2 %

Return on Equity

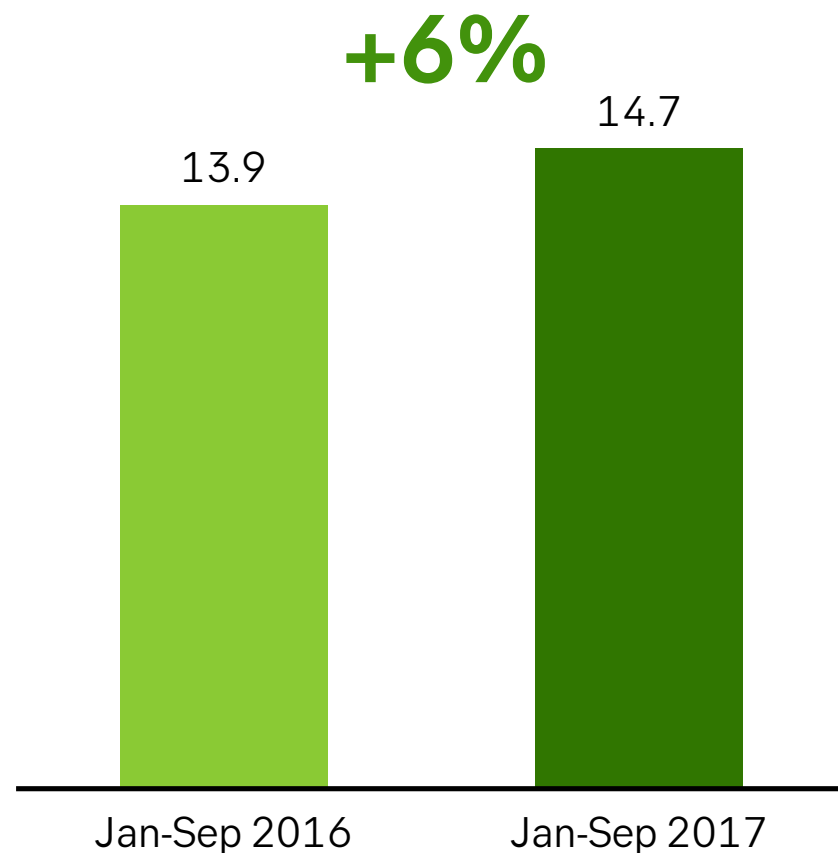
12.1%

# Robust net interest income development

SEK bn

## Net interest income

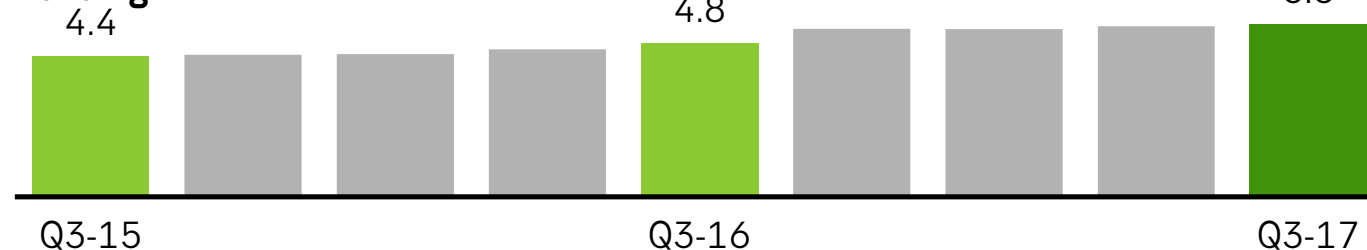
Jan-Sep 2017 vs. Jan-Sep 2016



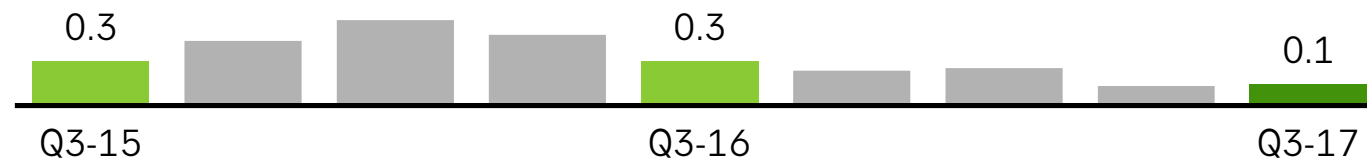
## Net interest income type

Q3 2015 – Q3 2017

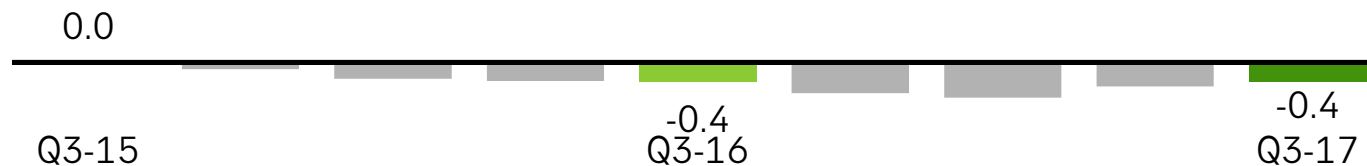
### Lending



### Deposits



### Funding & other

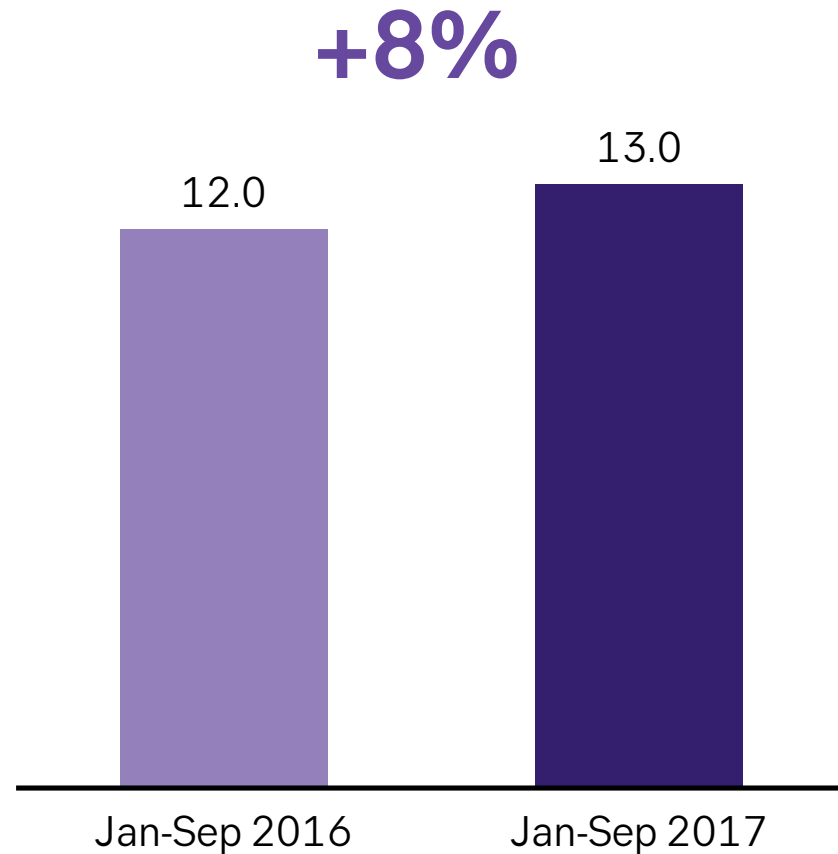


# Quarterly slowdown in net fee and commissions

SEK bn

## Net fee and commissions

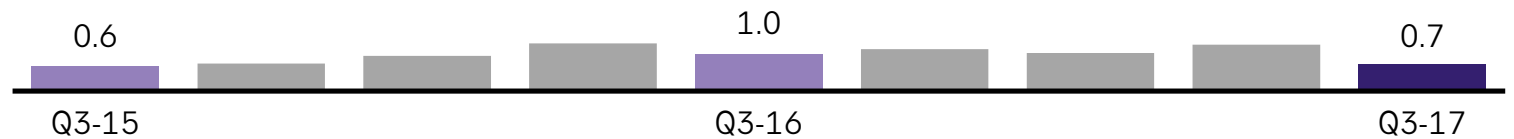
Jan-Sep 2017 vs. Jan-Sep 2016



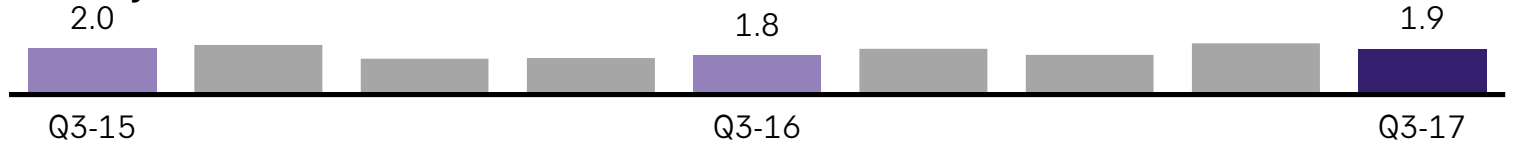
## Gross fee and commissions by income type

Q3 2015 – Q3 2017

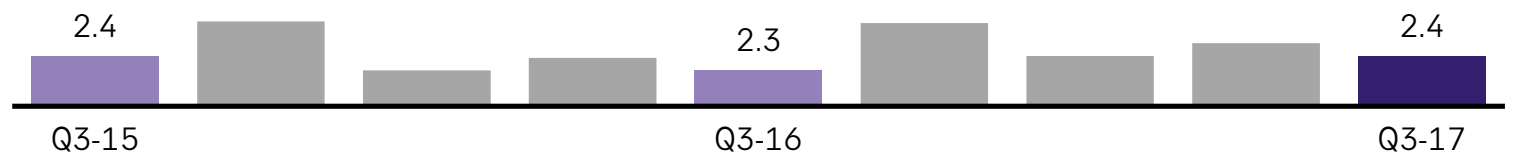
### Advisory, secondary markets and derivatives



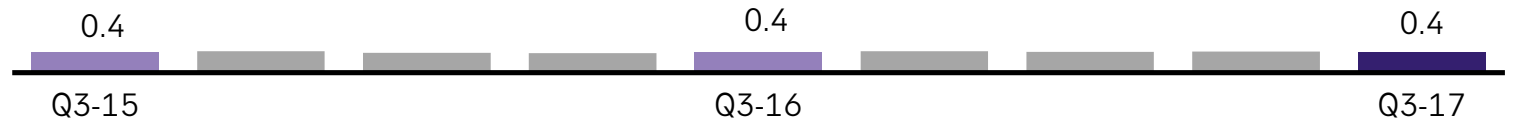
### Custody and mutual funds



### Payments, cards, lending, deposits & guarantees



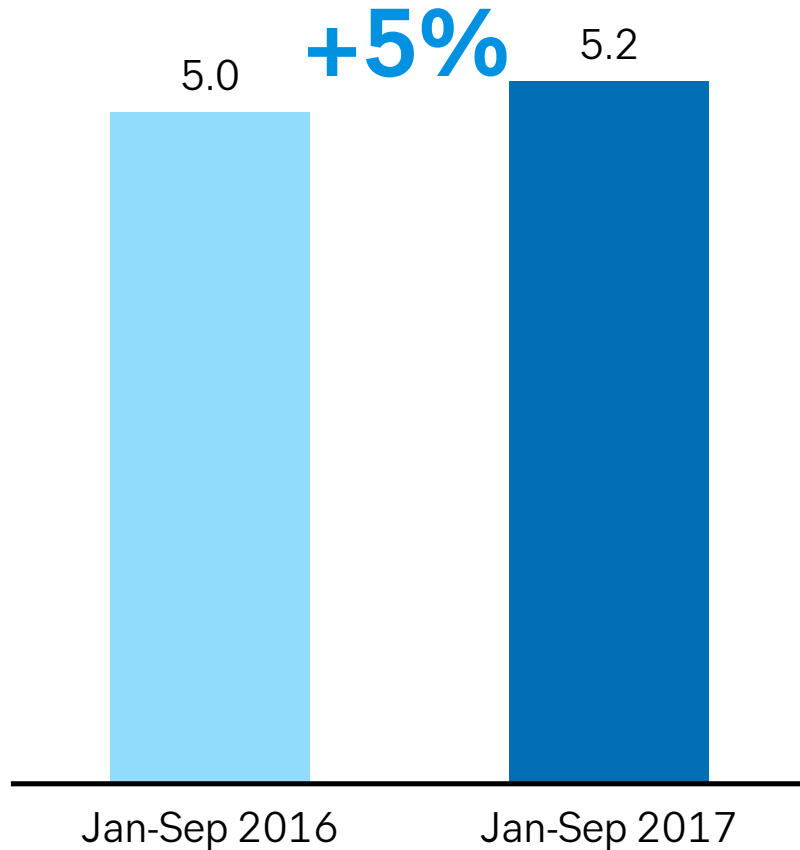
### Life insurance fees



# Still low volatility and muted activity in the quarter

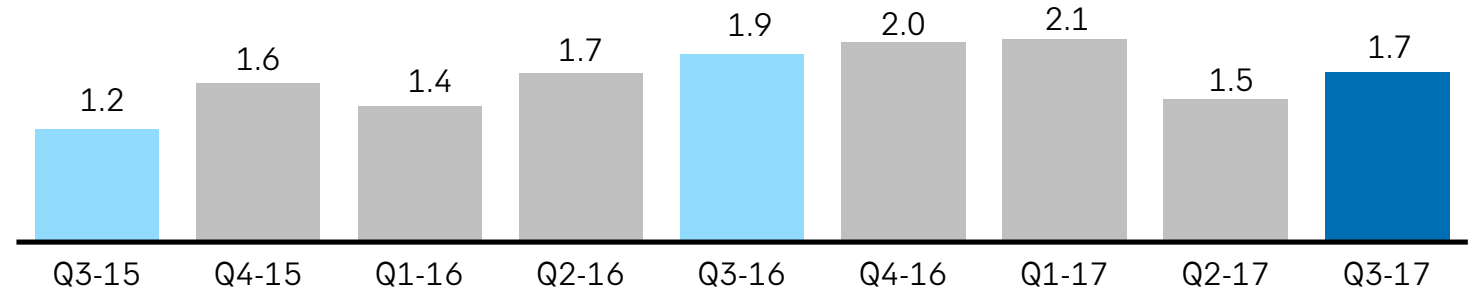
## Net financial income

Jan-Sep 2017 vs. Jan-Sep 2016

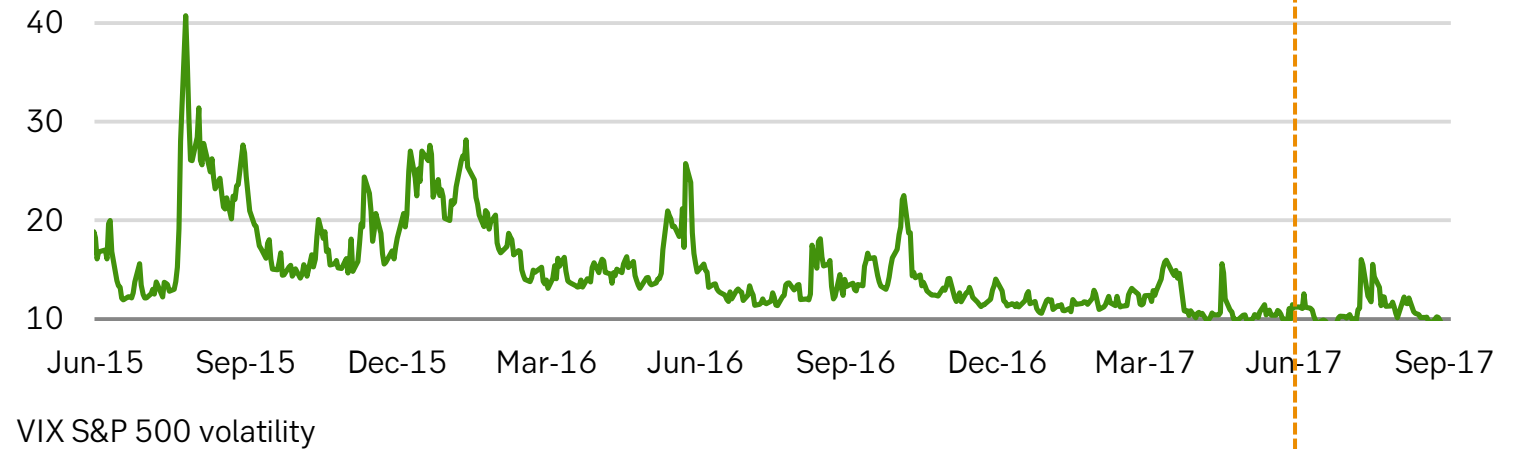


## Net financial income development

Q3 2015 – Q3 2017



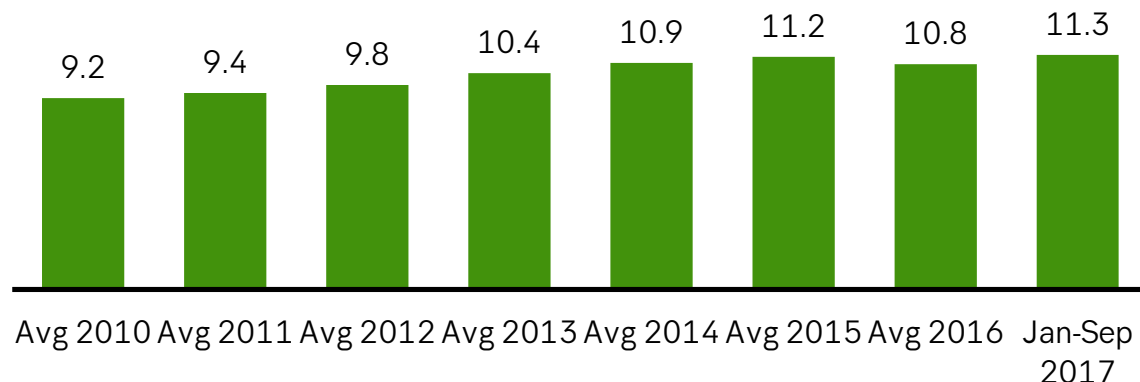
## Low volatility



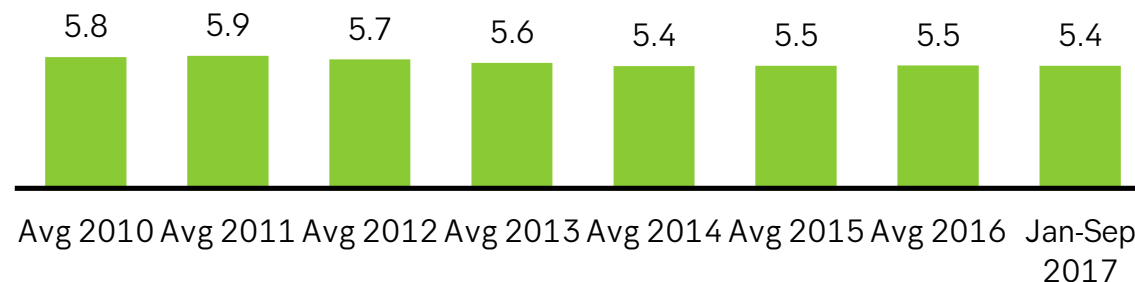
# Business model is creating operating leverage

Excluding items affecting comparability

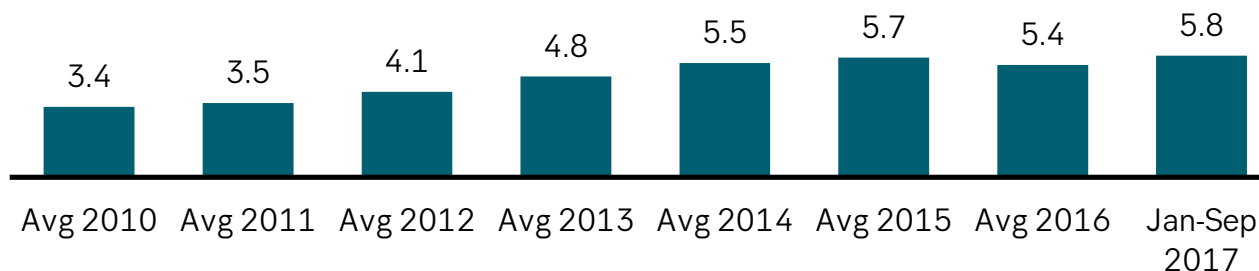
**Average quarterly income (SEK bn)**



**Average quarterly expenses (SEK bn)**



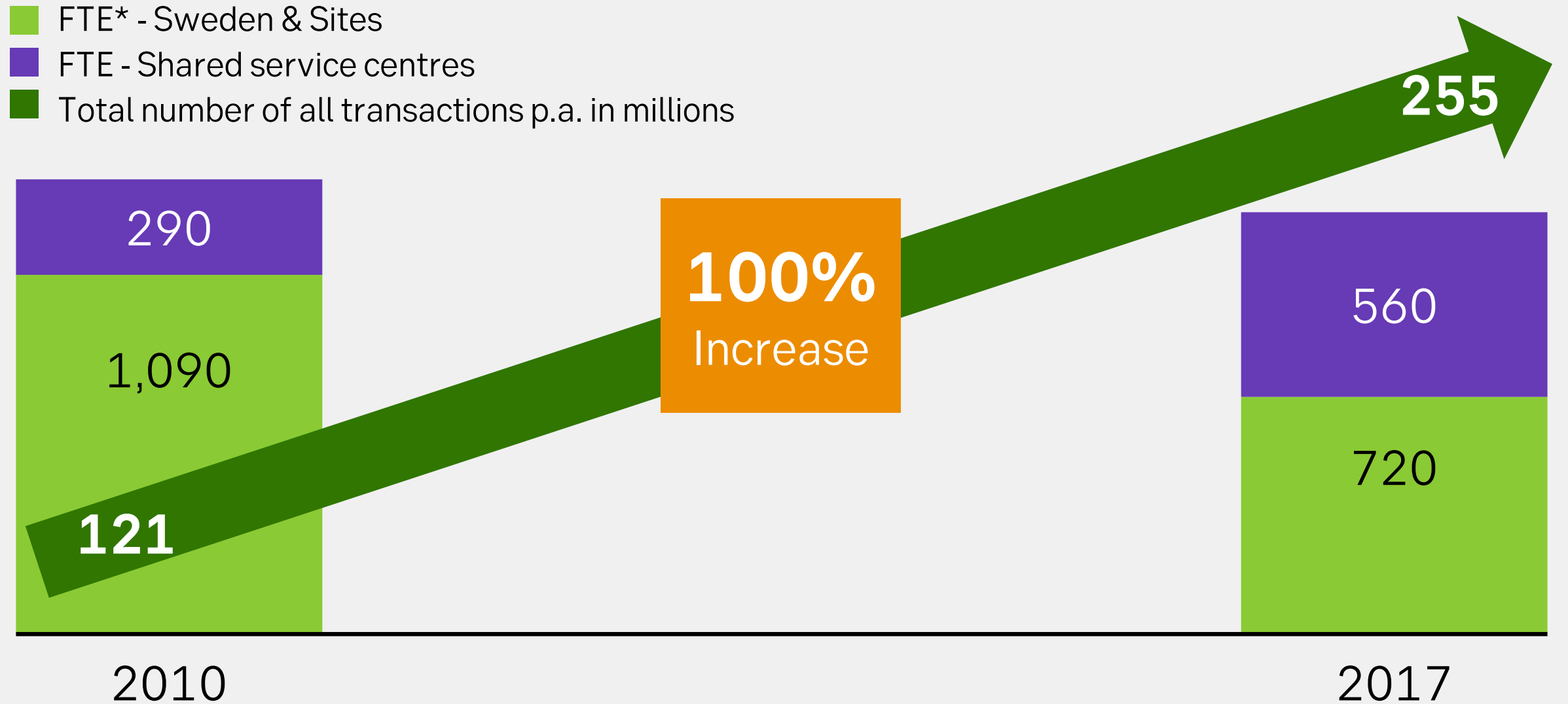
**Average quarterly profit before credit losses (SEK bn)**



*Excluding items affecting comparability (restructuring in 2010, bond buy-back and IT impairment in 2012, sale of MasterCard shares and Euroline in 2014, Swiss withholding tax in 2015, Goodwill impairment, other one-off cost items and SEB Baltic VISA transaction in 2016) Estimated IAS 19 costs in 2010*



# Transformation drives efficiencies in Operations



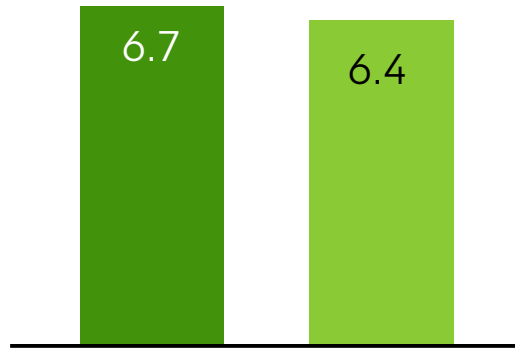
\*Full-Time Employee

## Large Corporates & Financial Institutions

Operating profit & key figures\*

SEK bn

■ Jan-Sep 2016 ■ Jan-Sep 2017



**RoBE**

9.7% (11.1)

**Business Equity**

SEK bn

66.1 (61.6)

- Higher customer activity, especially in the primary equity and bond markets YTD
- Low volatility decreased markets related income and activity

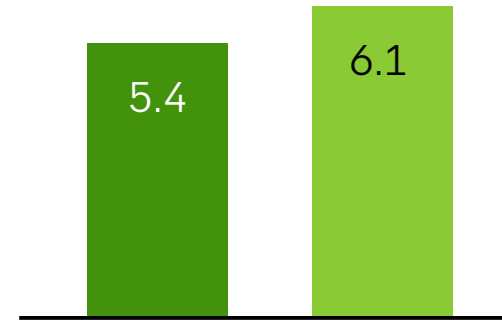
\* Excluding items affecting comparability in 2016

## Corporate & Private Customers

Operating profit & key figures

SEK bn

■ Jan-Sep 2016 ■ Jan-Sep 2017



**RoBE**

15.1% (15.0)

**Business Equity**

SEK bn

40.6 (36.9)

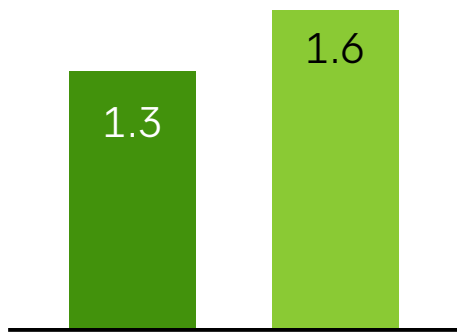
- Modest lending growth with a positive net inflow of corporate customers
- Inflow of private customers combined with pick up in household lending growth continued

## Baltic Banking

Operating profit & key figures\*

SEK bn

■ Jan-Sep 2016 ■ Jan-Sep 2017



**RoBE**

23.8% (19.6)

**Business Equity**

SEK bn

7.8 (7.6)

- Continued improvement in business sentiment in all segments and loan growth in all countries
- Digital solutions enhancing customer experience increasingly utilised

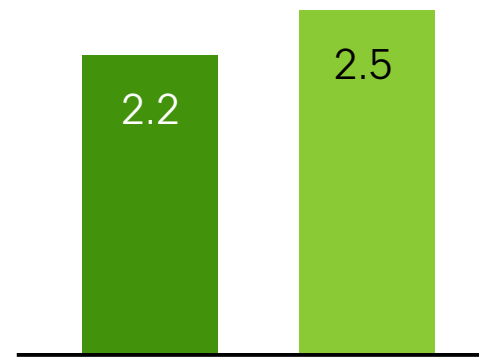
\* Excluding items affecting comparability in 2016

## Life & Investment Management

Operating profit & key figures

SEK bn

■ Jan-Sep 2016 ■ Jan-Sep 2017



**RoBE**

26.5% (21.9)

**Business Equity**

SEK bn

11.0 (11.6)

- Net inflow of AuM SEK 39bn across all customer segments
- Increased demand for both corporate and private insurance solutions

# Strong asset quality and improved capital position

(SEK bn)		2009	2016	Jan - Sep 2017
Asset quality	Non-performing loans	28.6bn	7.6bn	7.3bn
	NPL coverage ratio	65%	63%	68%
	Net credit loss level	0.92%	0.07%	0.06%
Funding and liquidity	Customer deposits	750bn	962bn	1 226bn
	Liquidity coverage ratio	N.A.	168%	120%
Capital	CET 1 ratio (Basel 3)	11.7%	18.8%	19.2%
	Total capital ratio (Basel 3)	14.7% <small>Basel 2.5</small>	24.8%	24.0%
	Leverage ratio (Basel 3)	N.A. <small>Basel 2.5</small>	5.1%	4.7%

# Highlights Q3 2017

- Solid performance in an uneventful quarter
- Low volatility decreased customer activity in the major asset classes
- Further strengthened capital position and robust asset quality

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continues