

Speaker's notes, Q1 press conference

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Welcome to the presentation of our results for the first quarter of 2016.

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Highlights Q1 2016



1. It was a quarter that began with a stock market tumble and renewed concern driven by oil prices and the slowdown in China. Credit spreads widened sharply. In addition, both the Riksbank and ECB lowered interest rates during the quarter.
2. As a result, customers became more cautious, which is reflected in the low level of activity and continued strong demand for risk management services. Still, the quarter ended on a few more positive notes.
3. We continue to strengthen our balance sheet, and the credit quality also in this quarter is very good.

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Financial summary

Profit & Loss, (SEK m)	Underlying		Reported Q1 2016	vs. Underlying			
	Q1 2016	One-offs		Q4 2015	%	Q1 2016	%
Total Operating income	10,222		10,222	11,290	-9	11,588	-11
Total Operating expenses	5,416	5,045	11,305	5,428	-1	5,484	-2
Profit before credit losses	4,806	-5,949	-1,143	5,862	-17	6,054	-23
Net credit losses etc.	313		313	292	5	264	19
Operating profit	4,493	-5,949	-1,456	5,569	-18	5,790	-22

Key Ratios	Q1 2016	Q1 2016	Q4 2015	Q1 2015
Return on Equity, %	10.1	-6.7	13.2	13.8
Cost Income ratio	0.53	1.11	0.49	0.48
Earnings per share, SEK	1.62	-1.05	2.10	2.12
CE11 ratio E3, %		19.1	18.8	16.6
Leverage ratio E3, %		4.6	4.9	4.1
Credit loss level, %		0.08	0.06	0.05

Note: Credit loss level of SEK 3.0bn in Q1 2016

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As we have previously communicated, we changed our organisation at the turn of the year based on our customer segments. In connection with this, we also changed the basis for calculating goodwill at a lower organisational level than before, which led to our writing off 5.3 billion Swedish kronor for goodwill. At the same time, we take 600 million in non-recurring expenses related to the derecognition of IT assets we no longer use, and to cost adjustments in the Baltic countries and Germany.

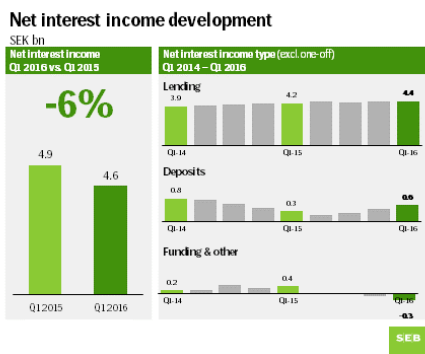
For the sake of simplicity, I will continue to present the underlying operational result, i.e. excluding one-off effects, so you can get a picture of how the bank is doing:

Market conditions were difficult, both for our customers and for us.

Income decreased by 9 percent compared with the last quarter of 2015, costs fell by 1 percent and operating profit fell 18 percent from the previous quarter to 4.5 billion kronor. Return on equity was 10.1 percent and our Common Equity Tier I capital ratio increased to 19.1 percent.

I will now briefly comment on the different line items...

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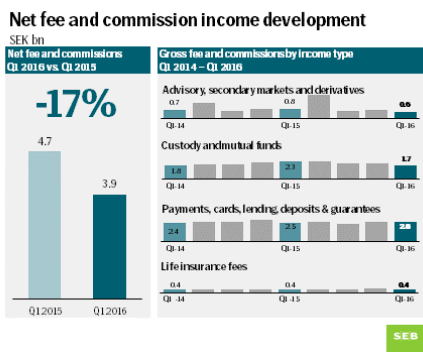
Net interest income decreased 1 percent compared with the previous quarter and by 6 percent compared with the same quarter last year.

Customer-driven net interest income increased by 3 percent compared to the previous quarter, primarily due to slightly better margins on both deposits and lending. In this environment, we support the divisions' intake of deposits. This also explains why net interest income from what we call Funding & Other decreases.

Lending volumes increased slightly, 15 billion since the beginning of the year, as we see higher demand from Swedish small and medium-sized enterprises as well as from certain segments in the Baltics. We have some growth in mortgages, even if we continue to grow more slowly than the market.

It is difficult to predict volume development going forward. Credit demand among large corporates remains low, as they are more affected by international sentiment, but it seems a bit more optimistic for companies operating in Sweden.

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Net fee and commission income fell by 11 percent compared to the previous quarter and by 17 percent from last year.

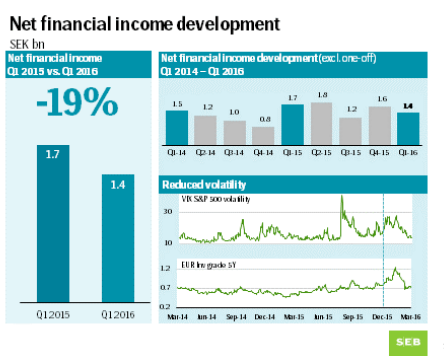
The reason is primarily that stock markets are down in the quarter, for example the Stockholm stock exchange fell 7 percent on average. Lower market values decrease managed volumes and produce very little so-called performance-based income in the quarter.

In the first quarter, we also had full effect from the cap of fees between banks, the so-called interchange fees, which affected the result by 85 million compared to the previous quarter.

Aside from a few IPOs, there has been low activity in business segments, and larger loan transactions have been lacking in the market.

We attracted further inflows of assets under management, 7 billion this quarter.

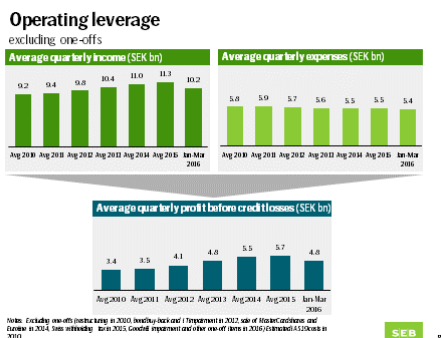
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Net financial income decreased by 15 percent vs. the previous quarter and by 19 percent against the first quarter of 2015. The main reason is that we have had the mark-to-market valuations, or the so-called “letter combinations”, working against us this quarter, which we all know can vary between quarters. In the fourth quarter, they contributed +121 million and now in the first quarter they were negative, -153 million, mainly impacted by volatility in credit spreads.

Customer activity has been good in both the fixed-income and foreign exchange markets as customers have demanded hedging products, while the equity side had some headwinds from stock market trends and the lower number of IPOs during the quarter.

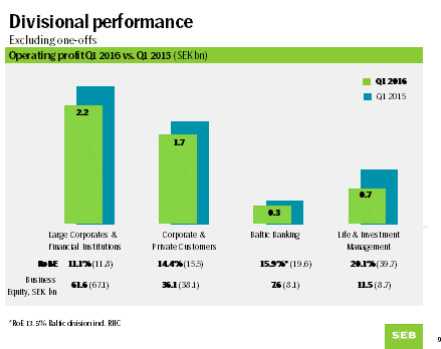
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The first quarter of our new three-year plan has been challenging on the income side. We are now focusing on the 11 quarters that remain on the business plan.

We have, for years, worked successfully with a cost cap. As a result of the change in reporting for the Life business, we have lowered our cost cap to an even 22 billion for 2016 and 2017.

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I will now briefly comment on the new divisions according to our new customer-centric organisation. Seasonally, the first quarter is usually weaker than the fourth quarter, and that is so even this year. Also, there is a very big difference between the first quarter this year and last year, when the stock market went up 15 percent and we did not have negative interest rates at this level. A lot can happen in a year...

If we look at **Large Corporates & Financial Institutions**, the result is down by 19 percent excluding one-time effects from the previous quarter. Given uncertainty in markets, customer demand for risk and hedging services across

all asset classes was good while the number of business transactions have been few and credit demand has been held back by uncertainty.

Among financial institutions, client activity was high, as clients – given the current interest rate environment – looked for other investments with better returns than fixed-income investments.

Profit for the first quarter amounted to 2.2 billion.

Corporates & Private Customers in Sweden were affected by negative interest rates and the interchange fees on cards, and operating income fell by 3 percent compared to the previous quarter.

Since last summer, we have grown more slowly in mortgages, or basically at half the pace of the market. That is still the case. We see that households, in line with the increase in housing prices, find it harder to meet our criteria of 7 percent interest rates, total debt limit of 5 times gross household income, and amortisation.

For private customers, the trend is clear in terms of how to interact with us at the bank. Everyday contact with the bank happens via mobile channels. For advice, people call our telephone customer service, which is open and manned around the clock, and for more major transactions, people want to visit us and get advice in person at our branches. The number of mobile app logins is now at around 14 million per month, which is 3.5 times greater than logins to our internet bank.

On the corporate side, we see that both the number of customers and the volume of loans are increasing, which I will return to shortly.

Life & Investment Management reports lower earnings, down 18 percent from the previous quarter. Here, the stock market decline hits asset values, and both base commissions and performance-based income declined. Weighted new sales within Life increased by 13 billion, or 8 percent. This quarter, we launched traditional insurance even on the occupational pension side.

Baltics showed flat income compared to the previous quarter, and adjusted for non-recurring items, profit increased slightly. We saw a small increase in mortgage loans in Estonia and Lithuania. In Lithuania, corporate lending also increased.

Credit quality remained good.

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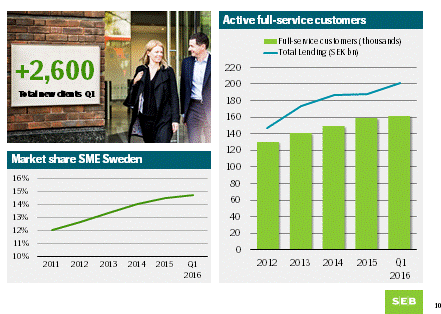
When we presented the new business plan last quarter, two important elements were "growth" and "transformation". Growth in that we want to accelerate in all areas of Sweden, and in other Nordic countries and Germany as a bank for large corporates and institutions and long-term savings.

And "transformation" by improving the customer experience at every level, digitizing not only customer interfaces but also our own processes, and further investing in our staff.

Some examples of what we do:

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Example Grow: Accelerated growth Swedish SMEs



An important part of becoming *the* corporate bank in Sweden is to continue to grow among small and medium-sized enterprises. We are already the leader among large corporates...

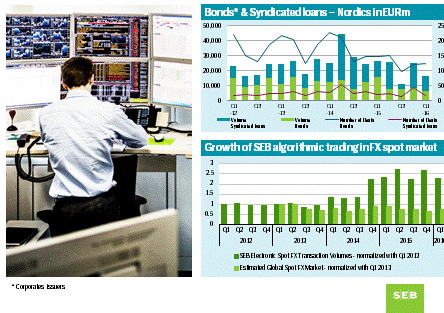
The positive trend seen in the corporate business in the second half of 2015 continued during the first quarter this year. Corporate lending increased to 202 billion kronor (198).

During the first quarter, we welcomed nearly 2,600 new small and medium-sized businesses to SEB. We now have 161,000 full-service customers in this segment.

And if we look at market share, we are making progress within all areas, foremost among entrepreneurs and small businesses.

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Example Transform: Changing customer behaviour



In the Large Corporate segment, we see that electronic trading is increasing. Clients use algorithm-based trading patterns to an ever greater extent. We nowadays set prices every millisecond in areas such as our currency trading.

Demand for credit in both bank-related financing as well as capital-market financing continues to be low by historical standards.

In this quarter, interest rate cuts and uncertain sentiment have contributed to extending that trend.

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Today's customers prefer digital contact with the bank, and not only through mobile apps but also through new ways to communicate with us.

And this suits our new "Security Planner" well; that is, as a corporate customer, you get a complete picture of your financial situation in the event of illness, death and ahead of retirement. Through a screen sharing solution, the customer and bank see and share the same information. Flexibility and

understanding for the customer increases, thereby increasing customer satisfaction.

These common tools are increasing in importance and create value for both the customer and bank.

These are three examples of how we work from our business plan.

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Strong asset quality and balance sheet

	2009	2015	Jan-Mar 2016	
Asset quality	Non-performing loans	28.6bn	8.0bn	8.2bn
	NPL coverage ratio	65%	62%	62%
	Net credit loss level	0.92%	0.06%	0.08%
Funding and liquidity	Customer deposits	750bn	884bn	968bn
	Liquidity resources	> 10%	~25%	~23%
	Liquidity coverage ratio	N.A.	128%	132%
Capital	CET1 ratio (Basel 3)	11.7%	18.2%	19.1%
	Total capital ratio (Basel 3)	14.7%	23.0%	23.9%
	Leverage ratio (Basel 3)	N.A.	4.9%	4.6%

If we go over to the balance sheet, it has been further strengthened during the quarter.

Credit quality remains very good, and the credit loss level is 8 basis points.

We still have around a quarter of our balance sheet in liquidity reserves, compared with about 10 percent in 2009.

Our Common Equity Tier I capital ratio was 19.1 percent compared with 18.8 percent at year-end. The ratio increased primarily due to risk-weighted assets declining in the quarter as a result of lower market risk.

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To conclude:

Customer expectations will be the key to our efforts in fulfilling our goals. The starting point is to always have relevant products and services for our customers. We want satisfied customers who feel that we create value for them.

That is world-class service we will deliver.

With this, I now open the floor for questions...