

# Investor Presentation

January – December 2017



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# Agenda

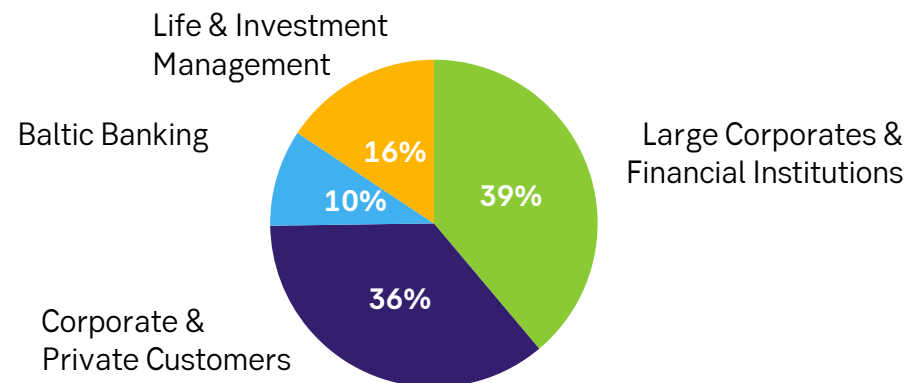


- **SEB in brief** **p.3**
- Financials p.15
- Balance sheet, Credit portfolio & Asset quality p.34
- Capital p.45
- Funding and Liquidity p.52
- Covered bonds and Cover pool p.58
- Business plan p.62
- Contacts, calendar and ADR p.67
- Appendix p.70
  - Swedish housing market
  - Macroeconomics

# Growth & strong credit rating in diversified business

## Diversified Business mix

Operating profit full year 2017



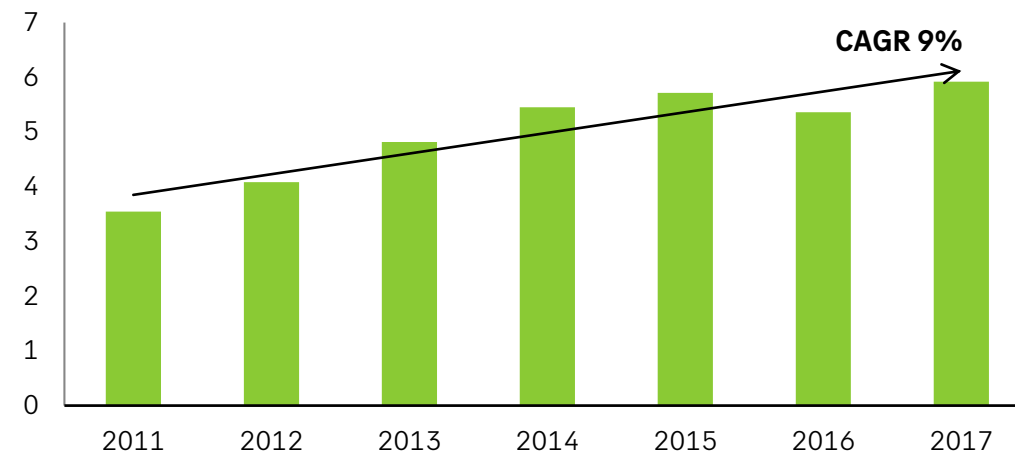
**Operates principally in economically robust AAA rated European countries**



- Universal banking in Sweden and the Baltics
- Principally corporate banking in the other Nordic countries, UK and Germany

## Stable growth trend

Average quarterly profit before credit losses (SEK bn)



- Self financing growth with increased leverage on existing cost cap
- Full focus on Swedish businesses
- Continue to grow in the Nordics, Germany and the UK
- Savings & pension growth

## Strong credit rating

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

\* of which one notch is due to the implicit state support

# Our way of doing business

## Focus since 1856

Full-service customers  
Holistic coverage  
Investments in core services

## Vision 2025

To deliver **world-class service** to our customers

Large  
corporations

**2,300**  
customers

Financial  
institutions

**700**  
customers

SME  
companies

**267k**  
Full-service  
customers

Private  
individuals

**1.4m**  
Full-service  
customers

Since the Wallenberg family founded SEB in 1856 we have been working in the service of enterprise. The journey continues with the vision to deliver world-class service to our customers. The Wallenberg family is still the main shareholder via Investor AB.

# SEB aims to be a role model in sustainability within the financial industry

Market leader in green bonds

Active ownership/Board diversity

Microfinance funds reaching ~20 m customers

MEMBER OF  
**Dow Jones  
Sustainability Indices**  
In Collaboration with RobecoSAM

Advised in the  
world's largest  
social bond issue

Walking the talk

  
Best financial  
company by  
SSE/Misum

SEB

SEB Sustainability  
fund Sweden



# SEB's competitive advantages generate sustainable value creation

## Advantages

### Profit generation

1. Diversified business mix and income distribution
2. Operates in a strong economic environment
3. Leading in core business areas
4. Cost cap keeping expenses down for eight years

## Advantages

### Balance Sheet

1. Strong funding structure
2. Low asset encumbrance
3. Stable long-term ownership structure
4. Strong asset quality and comfortable capital buffers high above SFSA requirements

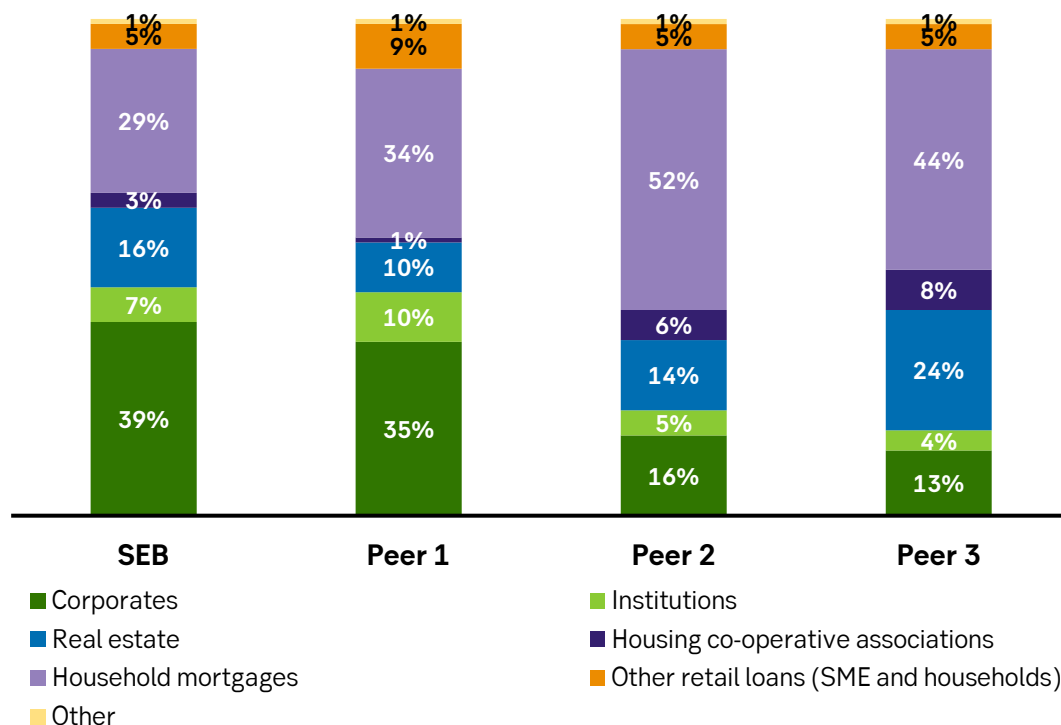
A wide, grey, downward-pointing arrow that spans the width of the two columns of advantages, pointing towards the 'Sustainable value creation' text.

**Sustainable value creation**

# SEB's diversified business mix sustains earnings

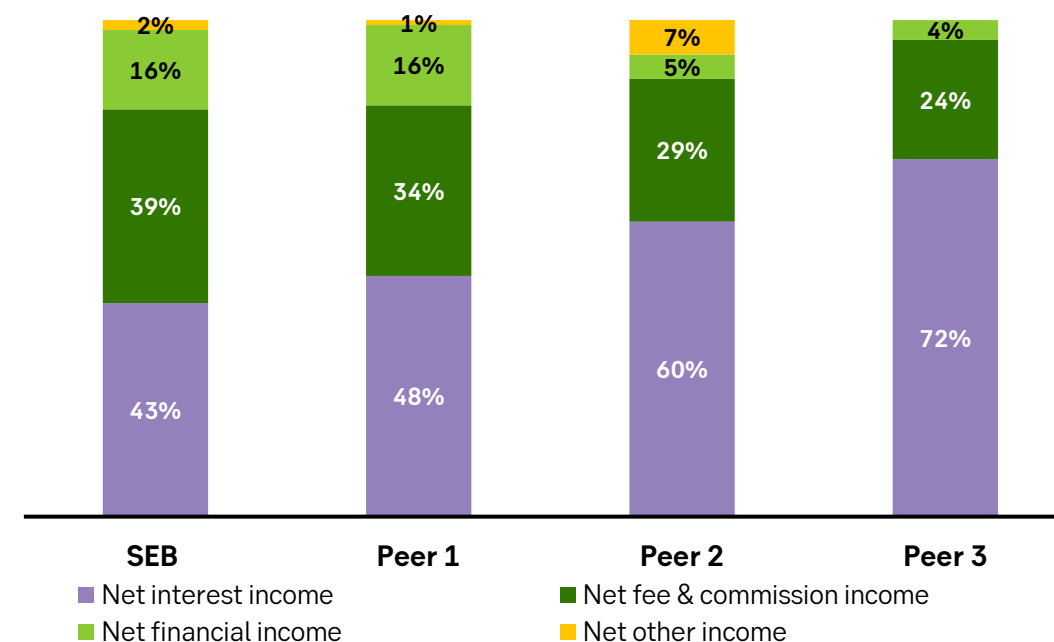
## Highest corporate and institutional exposure and low real estate & mortgage exposure

Sector credit exposure composition, EAD<sup>1)</sup>, Sep 2017



## Diversified income stream with least dependence on NII

Operating income by revenue stream, Sep 2017 rolling 12m



The low Real Estate and Mortgage exposure is due to SEB's roots in servicing large corporates, institutions and high net worth individuals. This is reflected in **the broad income generation base** where SEB is the least dependant on NII.

1) EAD = Risk Exposure Amount / Risk Weight

Source: Companies' Pillar 3 and Q3 17 reports



# Leading market positions in core business areas

## Corporate and Institutional business<sup>1)</sup>

**The leading** Nordic franchise in Trading, Capital Markets and FX activities, Equities, Corporate and Investment banking

**Second largest** Nordic asset manager with SEK 1,830bn under management

**Largest** Nordic custodian with SEK 8,046bn under custody

## Private Individuals<sup>1)</sup>

**The largest** Swedish Private Banking in terms of Assets Under Management

**No. 2** with approx. 10% market share in total Swedish household savings market

**Largest** bank with approx. 9% of the total life and pension business in Sweden

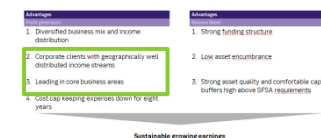
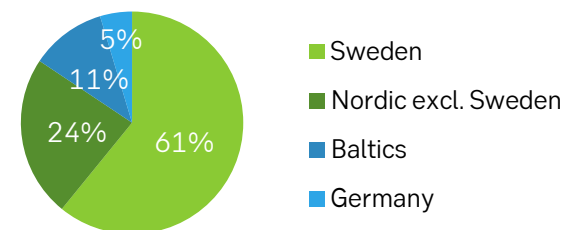
**Swedish** household mortgage lending: approx. 14%

**Second largest** bank in the Baltic countries

## Operates principally in economically robust AAA rated European countries



Share of operating profit - full year 2017 <sup>2)</sup>



1) latest available information

2) Excluding items affecting comparability, Germany excl. Treasury operations

# Operating expenses kept down by cost cap

Self-financing growth through efficiency savings

## Decreasing cost

- Reducing FTEs
- Transfer of business operations to Riga and Vilnius
- Cost synergies
- IT simplification
- Outsource where not distinctive or cost competitive
  - Partnering to achieve scale and reach in offering
  - Collaboration in non-core areas

## Increasing cost

- Investments in growth and customer interface
- Salary inflation
- IT development

SEK bn

25.4

13 % Cost decrease

Cost cap: 22

21.8

21.9

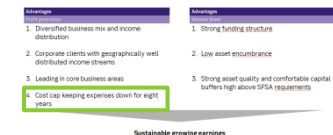
< 22

2008

2016

2017

2018

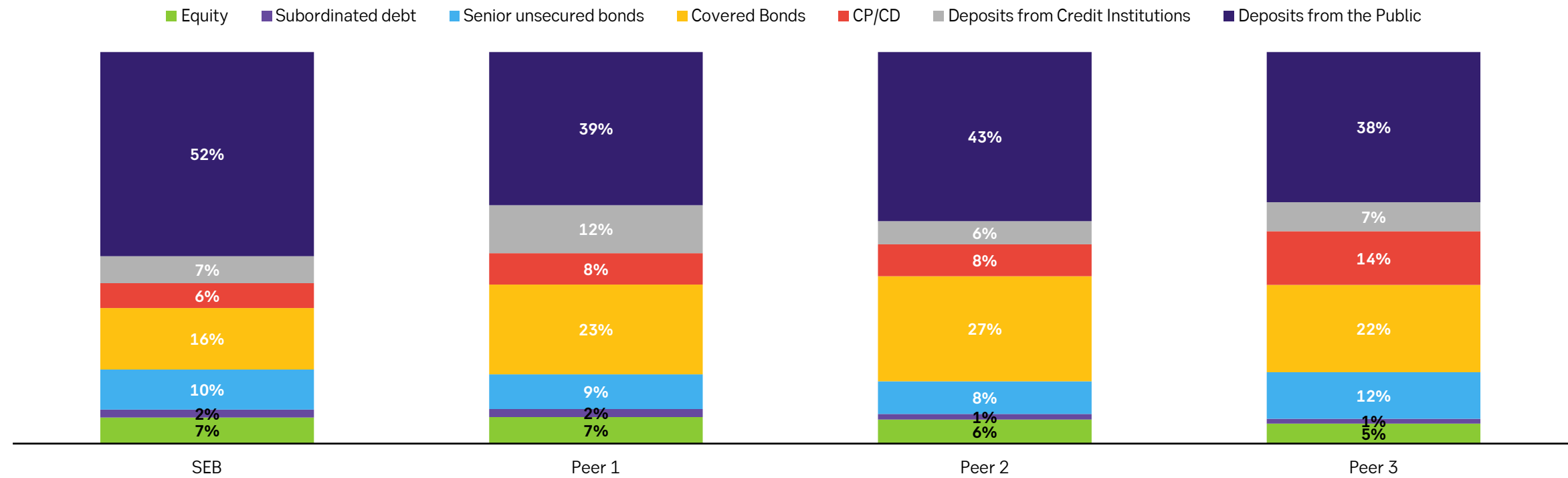


# SEB has a strong funding structure and the lowest asset encumbrance



Benchmarking Swedish bank's total funding sources incl. equity

## Average quarterly balances in 2017



Source: Companies' Q3 17 result reports

Advantages

1. Diversified business mix and income distribution

2. Corporate clients with geographically well distributed income streams

3. Leading in core business areas

4. Cost cap keeping expenses down for eight years

Advantages

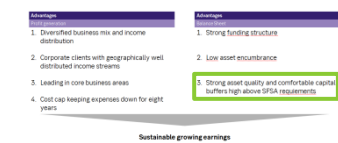
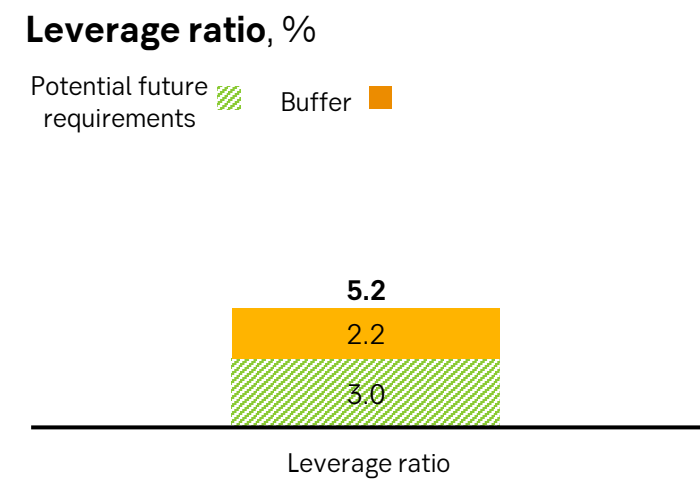
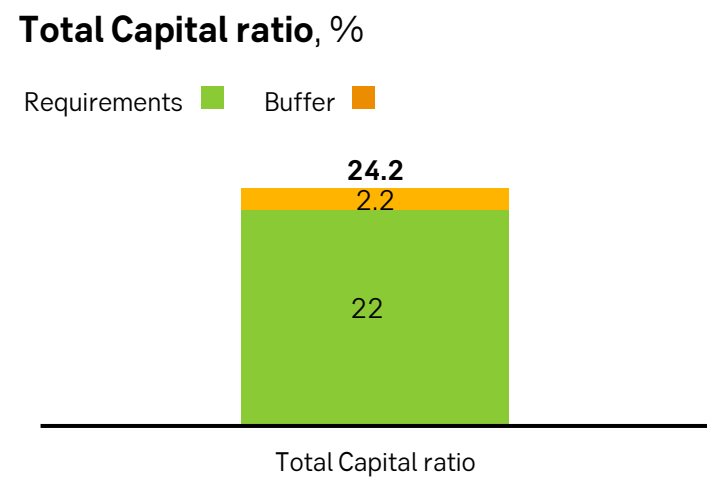
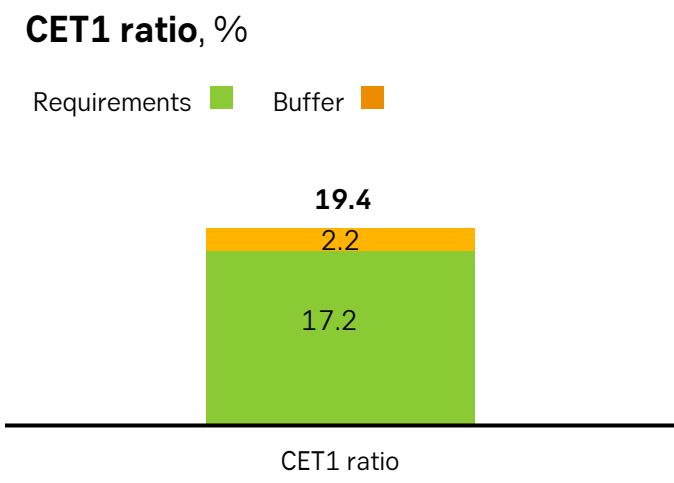
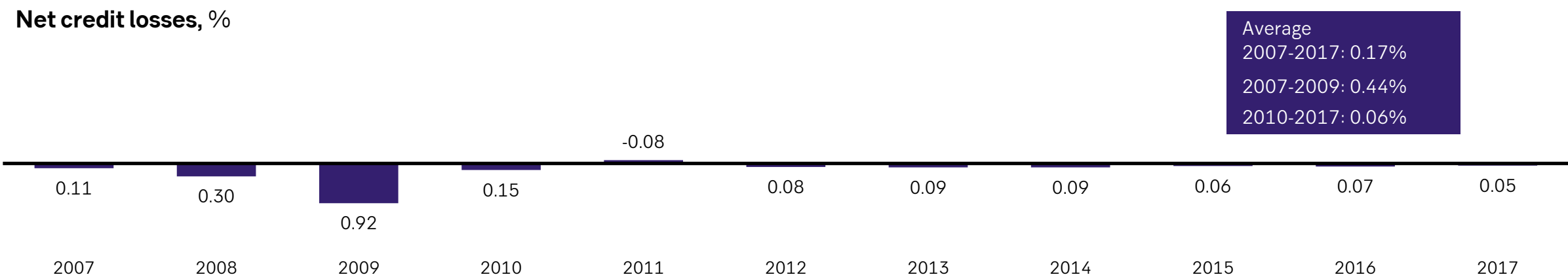
1. Strong funding structure

2. Low asset encumbrance

3. Strong asset quality and comfortable capital buffers high above SFSA requirements

Sustainable growing earnings

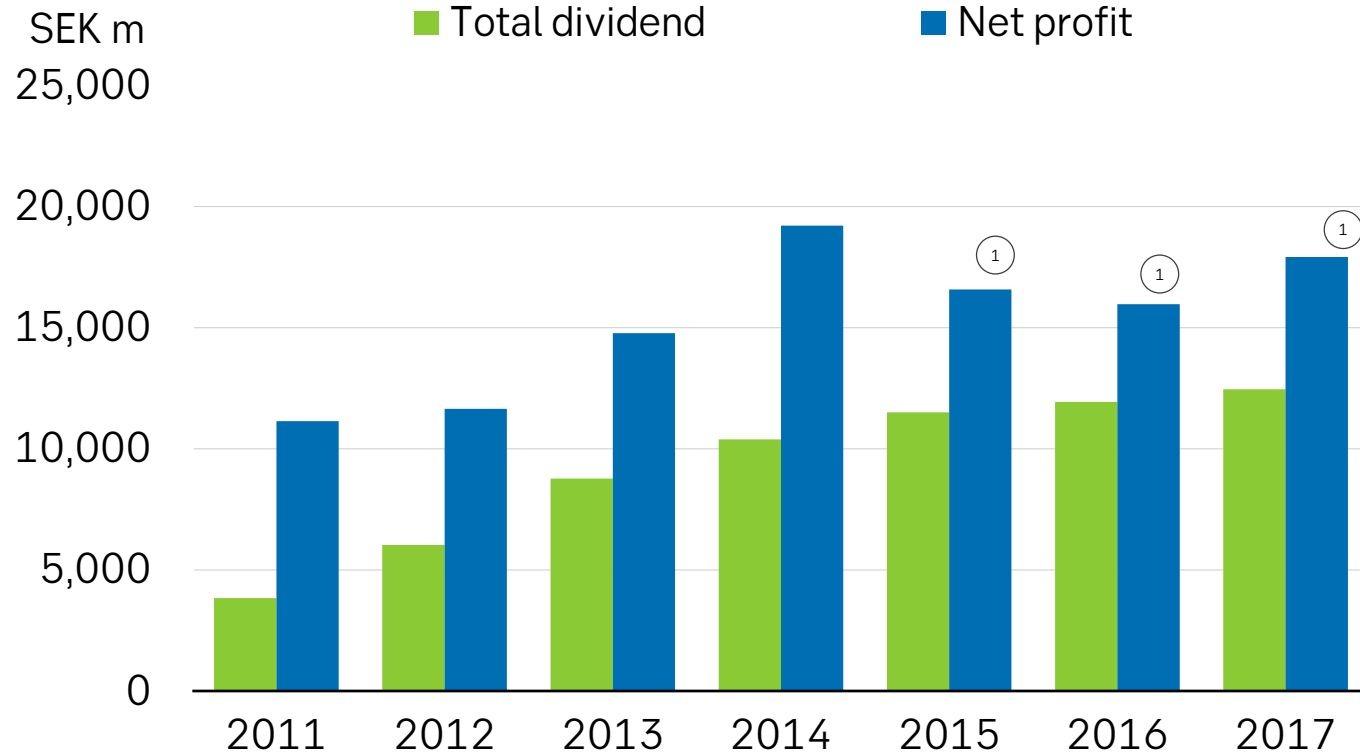
# Strong asset quality and robust capital ratios with comfortable buffers





# Generating sustainable value creation

## Dividends paid



DPS, SEK	1.75	2.75	4.00	4.75	5.25	5.50	5.75 <sup>2</sup>
Pay-out ratio	35%	52%	59%	54%	66% <sup>1</sup>	75% <sup>1</sup>	70% <sup>1,2</sup>

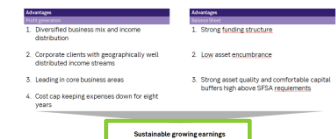
## Dividend policy: 40% or above of net profit (Earnings per share)

1. Excluding items affecting comparability,
2. Proposal to AGM

## SEB's main shareholders

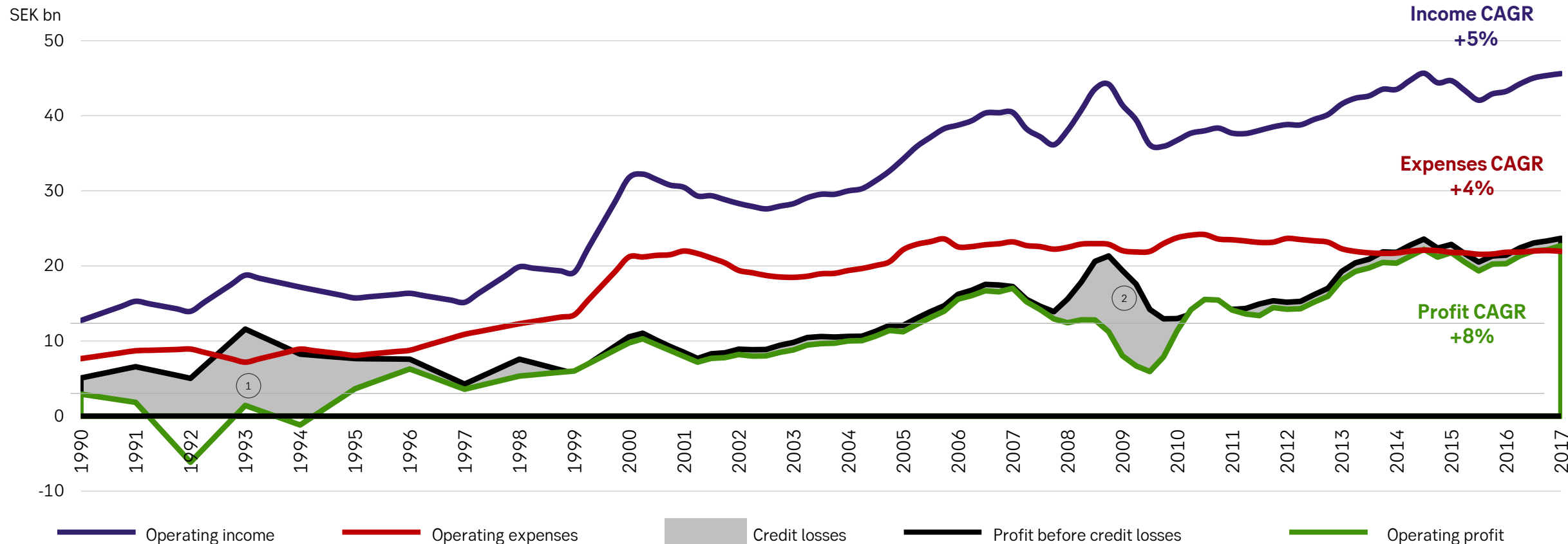
31 Dec 2017	Share of capital, per cent
Investor AB	20.8
Alecta	6.5
Trygg Foundation	5.2
Swedbank/Robur Funds	4.7
AMF Insurance & Funds	3.6
Blackrock	2.1
SEB Funds	1.5
Own share holding	1.2
Vanguard	1.2
Nordea Funds	1.2
Total share of foreign owners	26.4

Source: Euroclear Sweden/Modular Finance



# Sustainable value creation through focused business strategy and cost control

Long-term profit development 1990 – 2017, rolling 12m



1. Consequences of the Swedish economic paradigm shift and the ensuing financial crisis. SEB is one of two of major banks that was not taken over or directly guaranteed by the state
2. Credit losses driven by the Baltics during the Financial Crisis – important to note the strong revenue generation and overall profitability during this period notwithstanding the Financial Crisis
3. Adjusted for items affecting comparability in 2014-2017

Strengths	Weaknesses
1. Diversified business mix and income distribution	1. Strong funding structure
2. Corporate clients with geographically well distributed income streams	2. Low asset encumbrance
3. Leading in core business areas	3. Strong asset quality and comfortable capital buffers high above SPSA requirements
4. Cost cap keeping expenses down for eight years	

Sustainable growing earnings

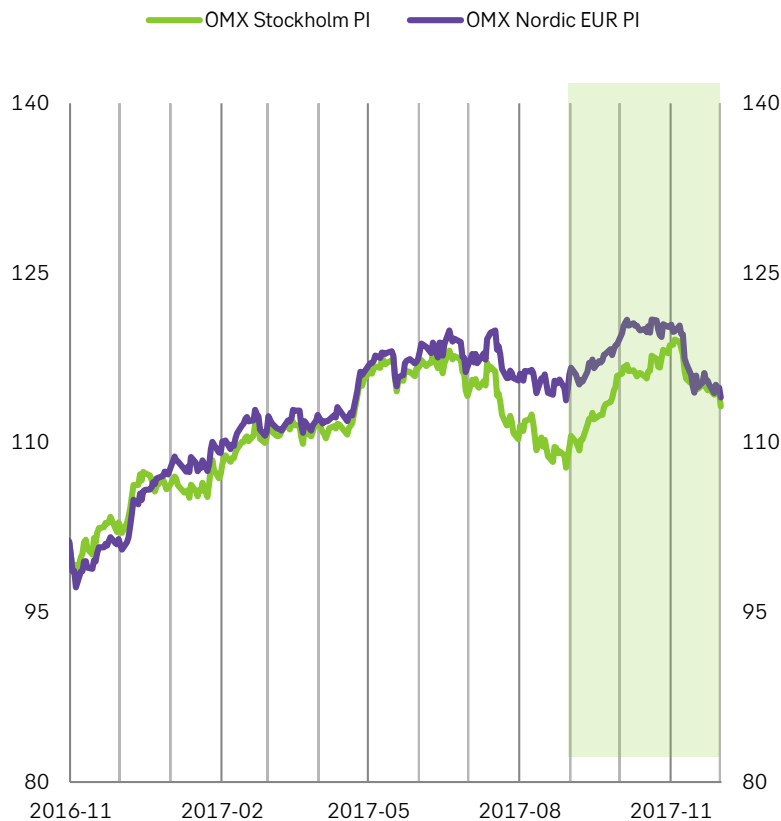
# Agenda



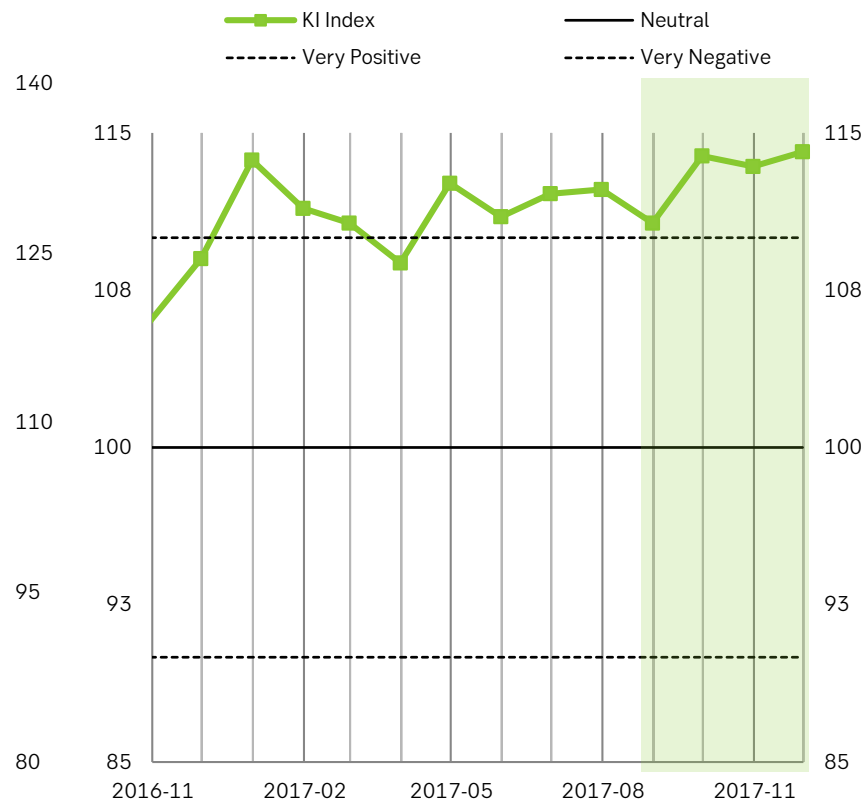
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# Further improved market sentiment combined with low volatility and supportive equity markets

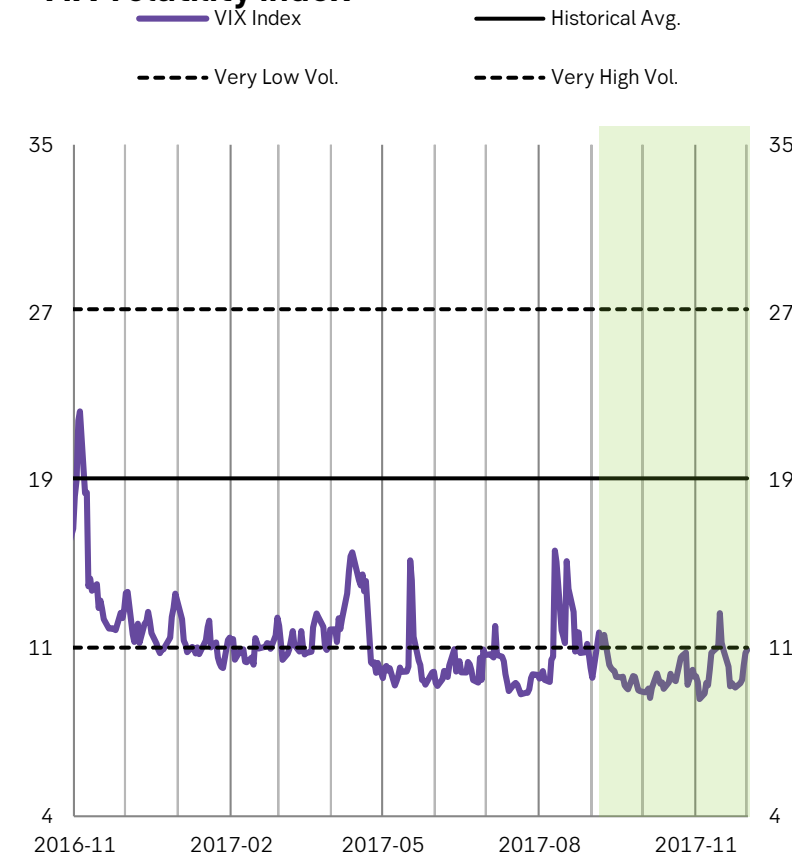
## Equity market – Swedish and Nordic



## Economic Tendency Survey (KI barometern)



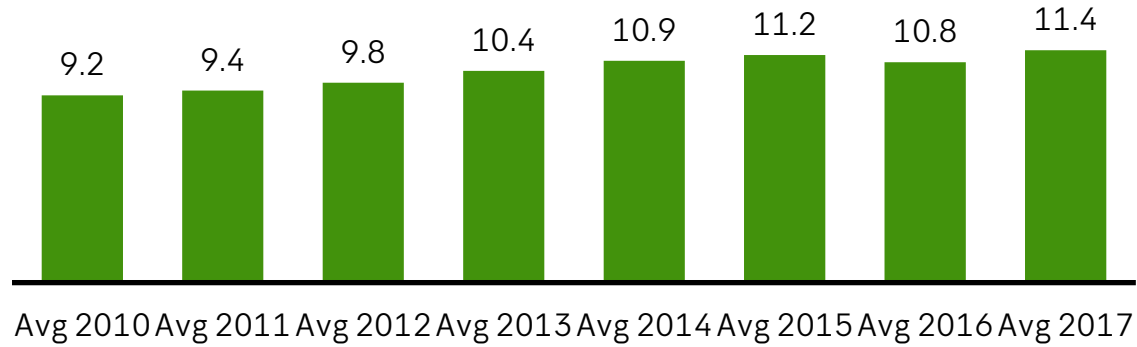
## VIX volatility index



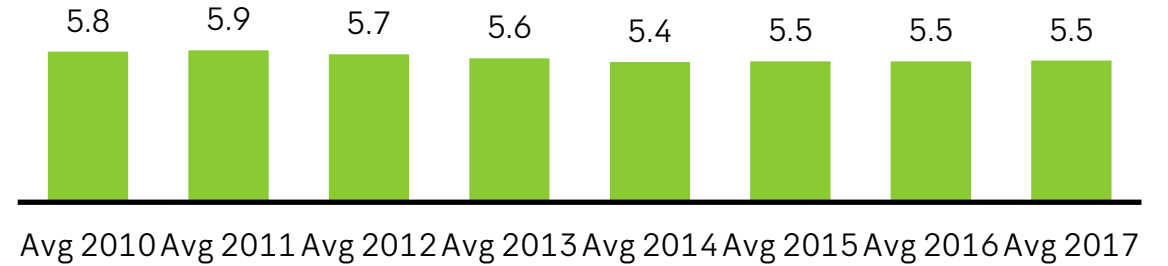


# Operating leverage

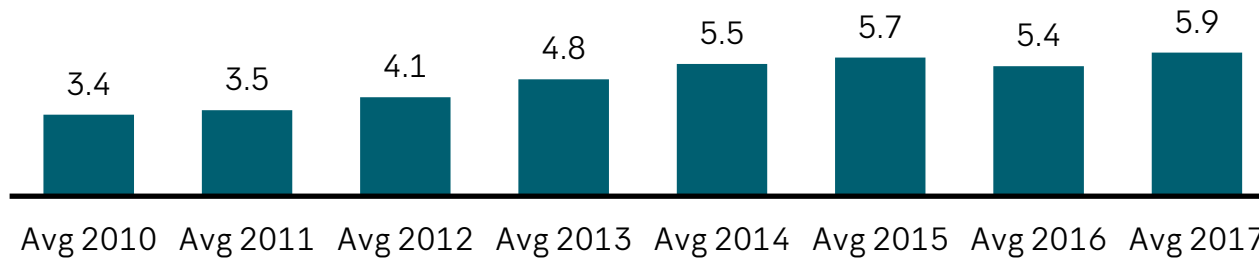
**Average quarterly income\* (SEK bn)**



**Average quarterly expenses\* (SEK bn)**



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



\* Excluding items affecting comparability

# Strong financial development

## SEB's Key Figures 2011 – 2017

	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>	<u>2013</u>	<u>2012</u>	<u>2011 <sup>1)</sup></u>
<b>Return on Equity, % <sup>5)</sup></b>	<b>12.7</b>	<b>11.3</b>	12.9	13.1	13.1	11.5	12.3
<b>Cost /Income ratio, %</b>	<b>48</b>	<b>50</b>	49	50	54	61	62
<b>Common Equity Tier 1 capital ratio, % <sup>2)</sup></b>	<b>19.4</b>	<b>18.8</b>	18.8	16.3	15.0	NA	NA
<b>Total capital ratio, % <sup>2)</sup></b>	<b>24.2</b>	<b>24.8</b>	23.8	22.2	18.1	NA	NA
<b>Leverage Ratio, % <sup>2)</sup></b>	<b>5.2</b>	<b>5.1</b>	4.9	4.8	4.2	NA	NA
<b>Net credit loss level, % <sup>3)</sup></b>	<b>0.05</b>	<b>0.07</b>	0.06	0.09	0.09	0.08	-0.08
<b>NPL coverage ratio, % <sup>4)</sup></b>	<b>55</b>	<b>63</b>	62	59	72	66	64
<b>NPL / Lending, % <sup>4)</sup></b>	<b>0.5</b>	<b>0.5</b>	0.6	0.8	0.7	1.0	1.4
<b>Assets under Management, SEKbn</b>	<b>1,830</b>	<b>1,781</b>	1,700	1,708	1,475	1,328	1,261
<b>Assets under Custody, SEKbn</b>	<b>8,046</b>	<b>6,859</b>	7,196	6,763	5,958	5,191	4,490

### Notes:

1) Restated for introduction of IAS 19 (pension accounting)

2) 2016 - 2014 is according to CRD IV/CRR and 2013 was estimated based on SEB's interpretation of future regulation.

3) Net aggregate of write-offs, write-backs and provisioning.

4) NPLs = Non Performing Loans [individually and portfolio assessed impaired loans (loans >60 days past due)]

5) **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 expense 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.

### 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 one-off gains and costs

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

# Growing franchise drives enhanced profitability

Profit & Loss (SEK m)	FY 2017	FY 2016	%
<b>Total Operating income</b>	<b>45,609</b>	<b>43,251</b>	5
Total Operating expenses	-21,936	-21,812	1
<b>Profit before credit losses</b>	<b>23,672</b>	<b>21,439</b>	10
Net credit losses etc.	-970	-1,143	-15
<b>Operating profit before IAC</b>	<b>22,702</b>	<b>20,296</b>	12
IAC	-1,896	-5,429	
<b>Operating profit</b>	<b>20,806</b>	<b>14,867</b>	40

Credit loss level	Cost/income ratio	CET 1 ratio	ROE*	DPS
5bps	0.48	19.4%	12.7%	SEK 5.75

\* Based on operating profit before items affecting comparability

# Increased activity in the fourth quarter

Profit & Loss, (SEK m)	Q4 2017	Q3 2017	%	Q4 2016	%
<b>Total Operating income</b>	<b>11,858</b>	<b>11,141</b>	6	<b>11,618</b>	2
Total Operating expenses	-5,605	-5,423	3	-5,709	-2
<b>Profit before credit losses</b>	<b>6,253</b>	<b>5,719</b>	9	<b>5,909</b>	6
Net credit losses etc.	-142	-338	-58	-351	-60
<b>Operating profit before IAC</b>	<b>6,112</b>	<b>5,380</b>	14	<b>5,558</b>	10
Items affecting comparability	-1,896				
<b>Operating profit</b>	<b>4,216</b>	<b>5,380</b>	-22	<b>5,558</b>	-24

Credit loss level

Cost/income ratio

CET 1 ratio

ROE\*

3bps

0.47

19.4 %

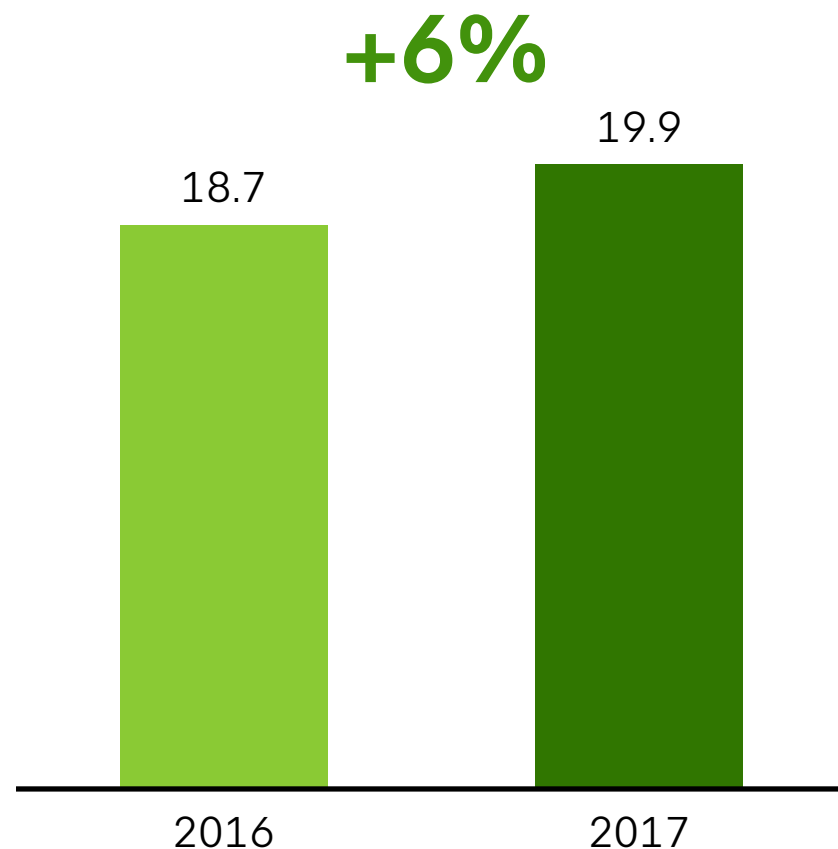
13.5%

\* Based on operating profit before items affecting comparability

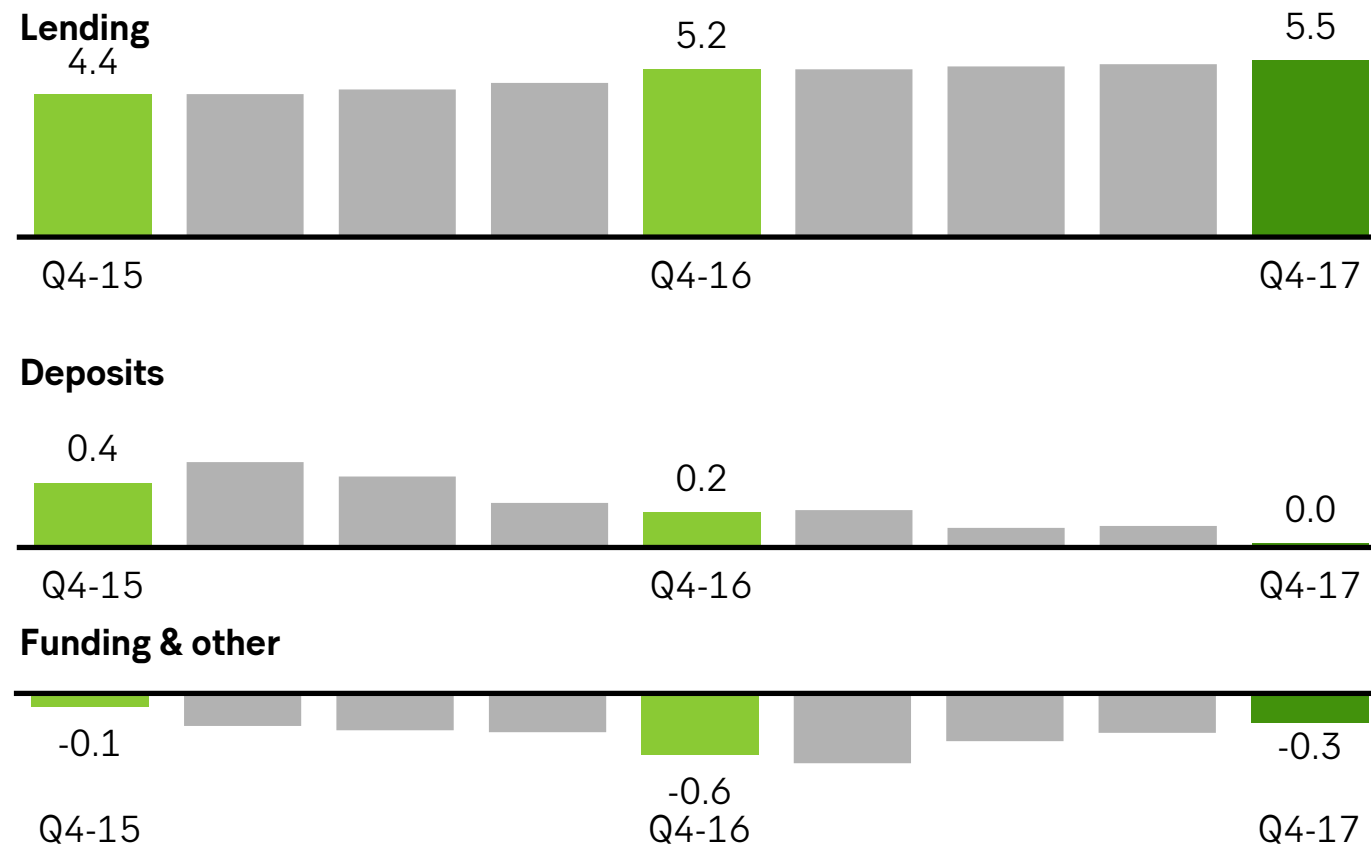


# Net interest income – higher lending volumes and improved funding costs

Net interest income in SEK bn  
2017 vs. 2016

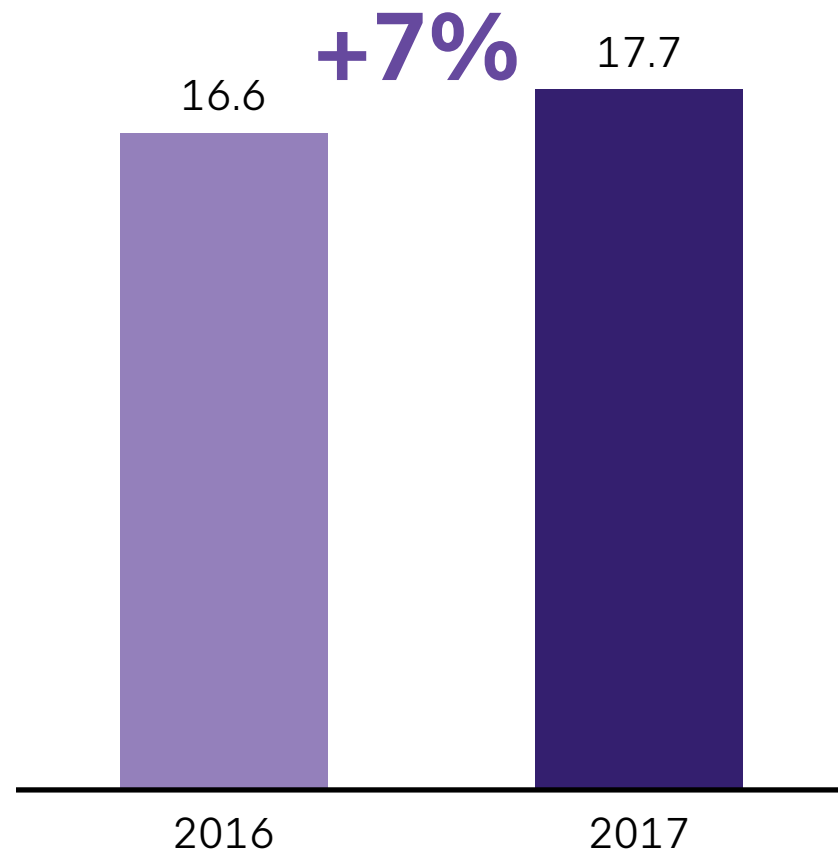


Net interest income type  
Q4 2015 – Q4 2017



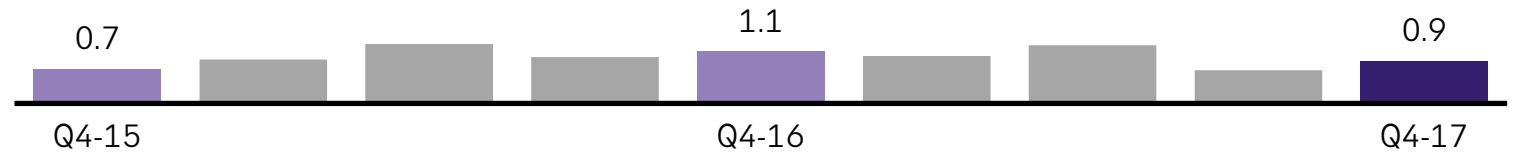
# Net fee and commission income – higher customer activity

Net fee and commissions in SEK bn  
2017 vs. 2016

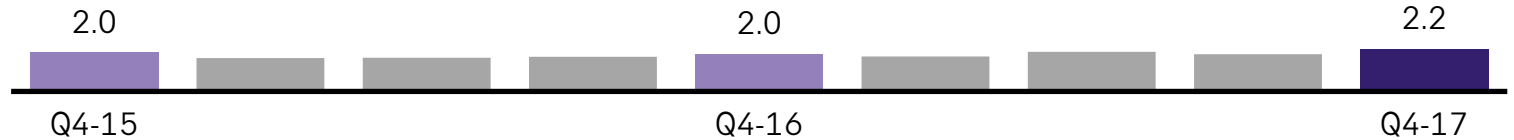


Gross fee and commissions by income type  
Q4 2015 – Q4 2017

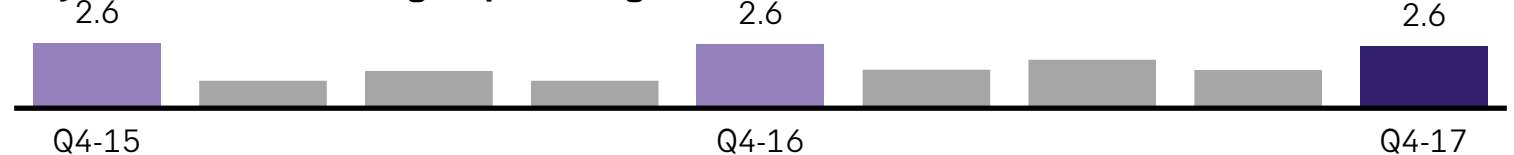
## Advisory, secondary markets and derivatives



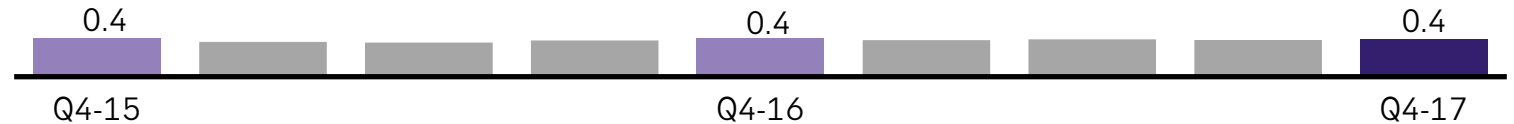
## Custody and mutual funds



## Payments, cards, lending, deposits & guarantees



## Life insurance fees

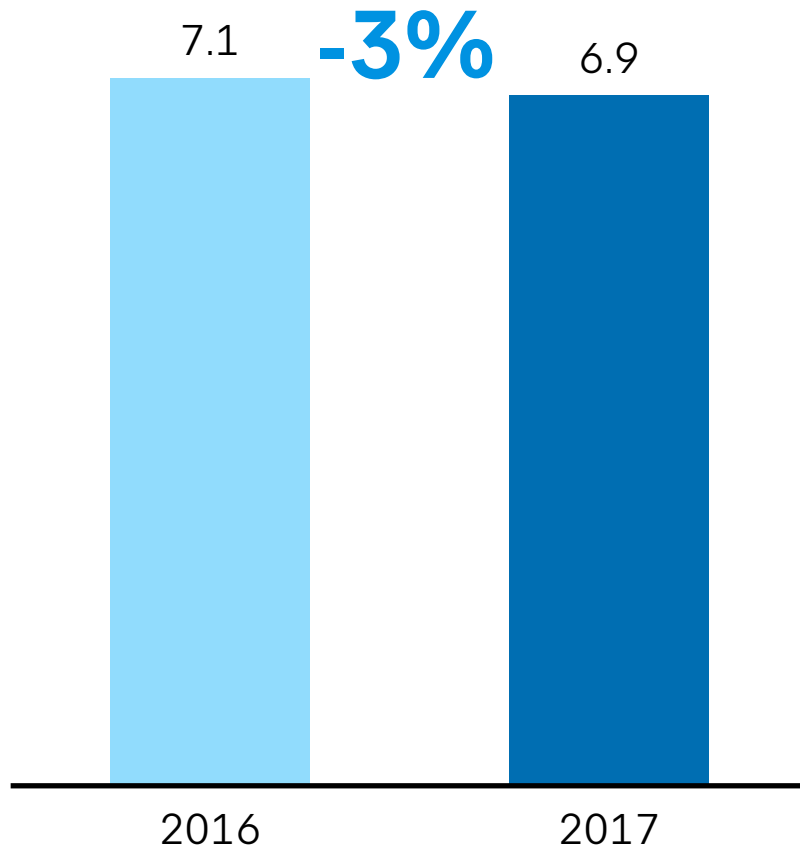


# Net fee and commission income development

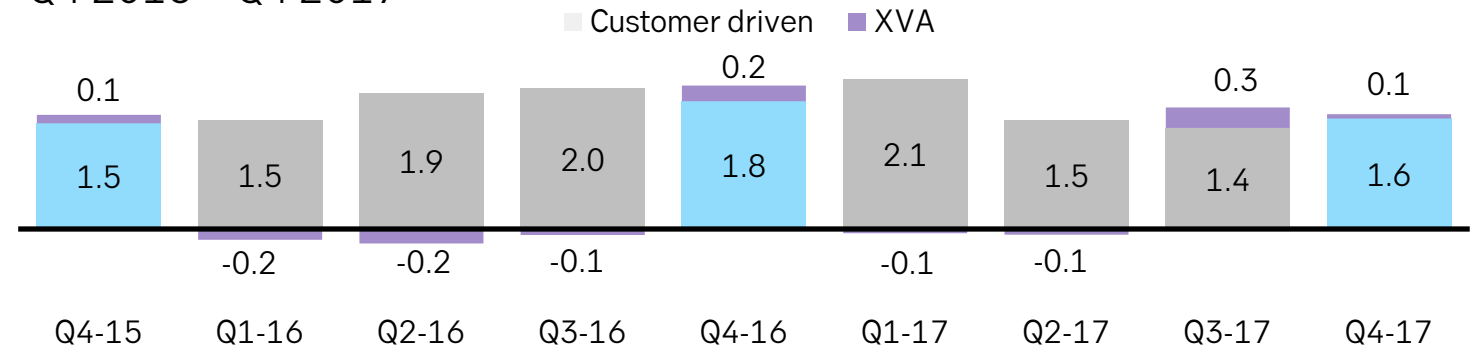
SEK m	Q4 2015	Q1 2016	Q2 2016	Q3 2016	Q4 2016	Q1 2017	Q2 2017	Q3 2017	Q4 2017	Full Year 2016	Full Year 2017
Issue of securities and advisory	258	150	211	208	231	282	430	137	317	800	1,167
Secondary market and derivatives	450	754	1,012	745	842	692	765	547	561	3,353	2,565
Custody and mutual funds	2,030	1,744	1,759	1,811	1,950	1,825	2,063	1,942	2,210	7,264	8,040
<i>Whereof performance and transaction fees</i>	<i>183</i>	<i>22</i>	<i>20</i>	<i>21</i>	<i>212</i>	<i>38</i>	<i>55</i>	<i>39</i>	<i>224</i>	<i>275</i>	<i>356</i>
Payments, cards, lending, deposits, guarantees and other	2,598	2,252	2,341	2,251	2,586	2,353	2,444	2,350	2,570	9,430	9,717
<i>Whereof payments and card fees</i>	<i>1,386</i>	<i>1,247</i>	<i>1,290</i>	<i>1,310</i>	<i>1,356</i>	<i>1,288</i>	<i>1,377</i>	<i>1,366</i>	<i>1,429</i>	<i>5,203</i>	<i>5,460</i>
<i>Whereof lending</i>	<i>648</i>	<i>575</i>	<i>666</i>	<i>563</i>	<i>723</i>	<i>553</i>	<i>581</i>	<i>519</i>	<i>602</i>	<i>2,527</i>	<i>2,254</i>
Life insurance	438	402	395	418	438	422	432	424	429	1,653	1,707
<b>Fee and commission income</b>	<b>5,774</b>	<b>5,302</b>	<b>5,718</b>	<b>5,433</b>	<b>6,047</b>	<b>5,574</b>	<b>6,135</b>	<b>5,400</b>	<b>6,087</b>	<b>22 500</b>	<b>23 196</b>
<b>Fee and commission expense</b>	<b>-1,379</b>	<b>-1,405</b>	<b>-1,644</b>	<b>-1,385</b>	<b>-1,438</b>	<b>-1,306</b>	<b>-1,444</b>	<b>-1,373</b>	<b>-1,348</b>	<b>-5 872</b>	<b>-5 472</b>
<b>Net fee and commission income</b>	<b>4,395</b>	<b>3,897</b>	<b>4,074</b>	<b>4,048</b>	<b>4,609</b>	<b>4,268</b>	<b>4,691</b>	<b>4,026</b>	<b>4,739</b>	<b>16 628</b>	<b>17 725</b>
<i>Whereof Net securities commissions</i>	<i>2,077</i>	<i>1,989</i>	<i>2,009</i>	<i>2,072</i>	<i>2,308</i>	<i>2,094</i>	<i>2,454</i>	<i>1,986</i>	<i>2,356</i>	<i>8,378</i>	<i>8,889</i>
<i>Whereof Net payments and card fees</i>	<i>850</i>	<i>756</i>	<i>839</i>	<i>821</i>	<i>847</i>	<i>821</i>	<i>885</i>	<i>840</i>	<i>908</i>	<i>3,263</i>	<i>3,454</i>
<i>Whereof Net life insurance commissions</i>	<i>281</i>	<i>245</i>	<i>250</i>	<i>268</i>	<i>276</i>	<i>267</i>	<i>282</i>	<i>264</i>	<i>296</i>	<i>1,039</i>	<i>1,109</i>

# Net financial income – stable in low volatility market

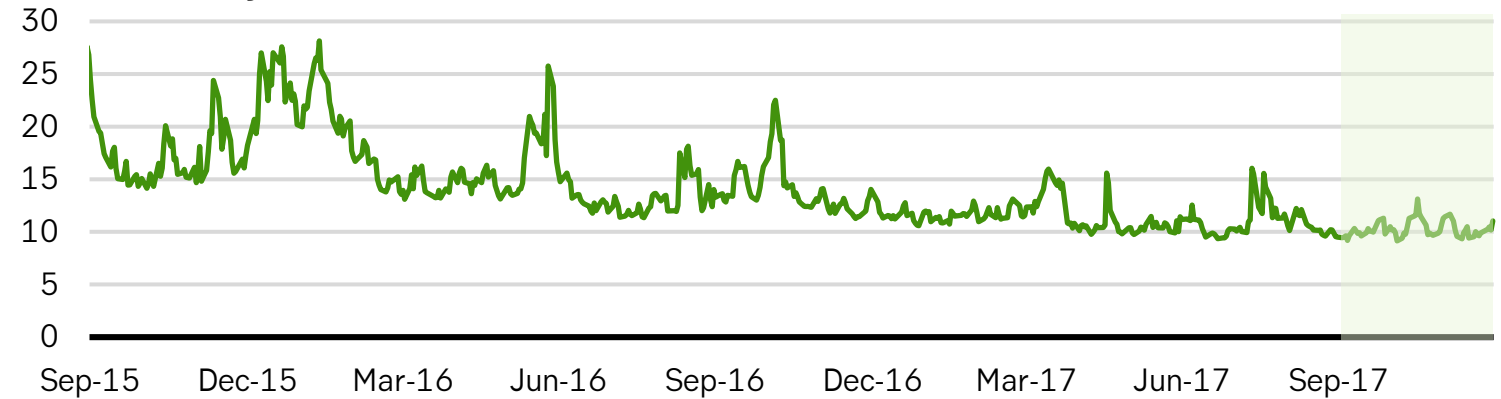
Net financial income in SEK bn  
2017 vs. 2016



Net financial income development  
Q4 2015 – Q4 2017



Low volatility

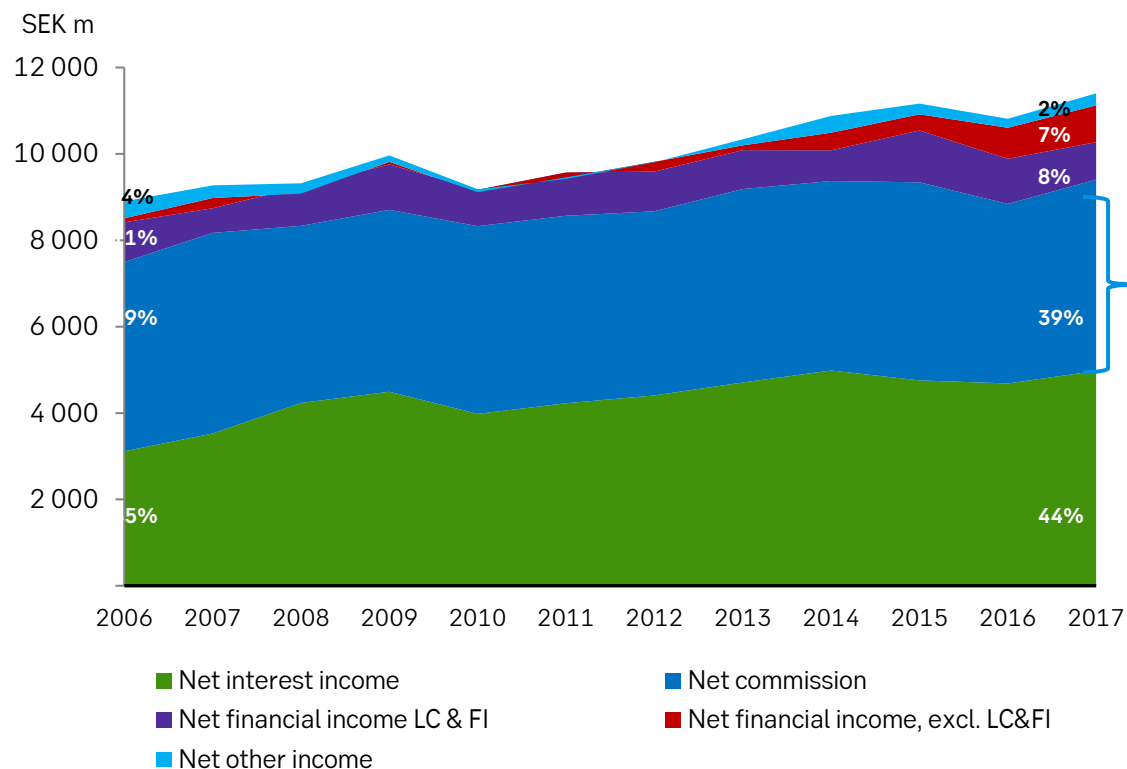




# Business mix create diversified and stable income

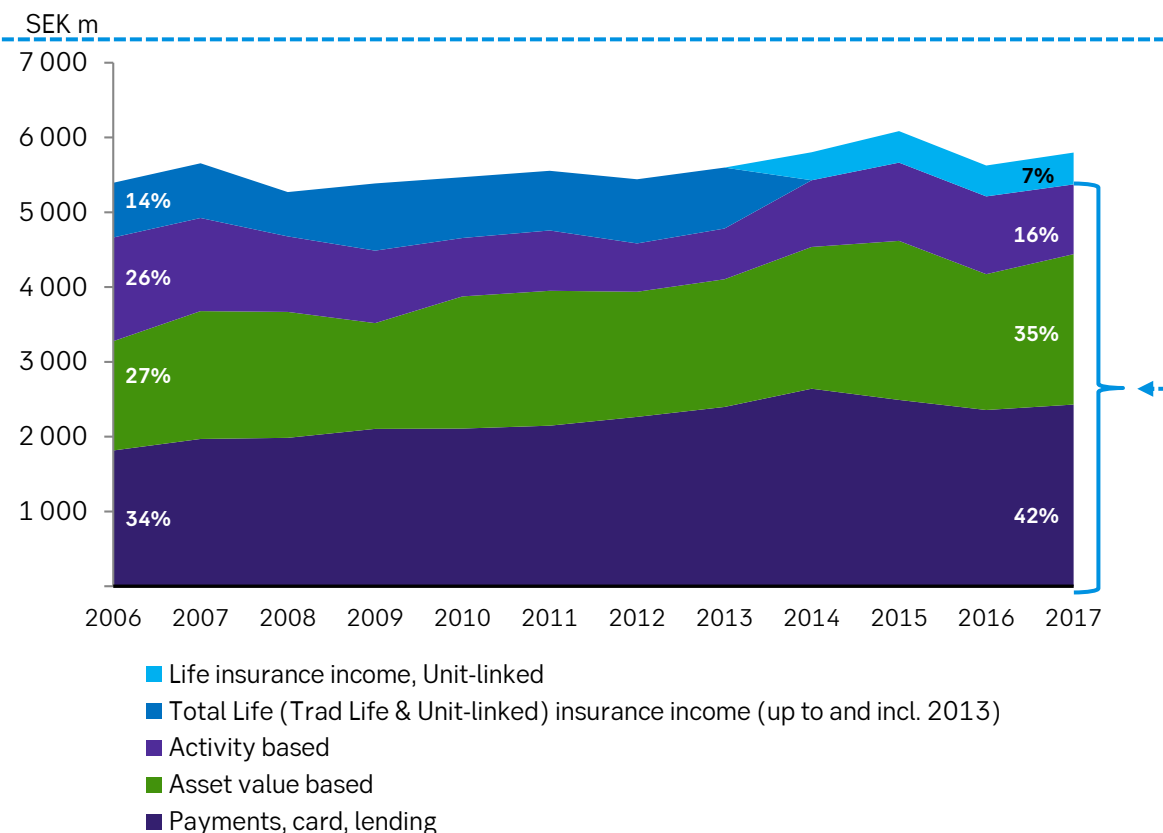
## Non-NII is more important than NII

Average quarterly income



## Strong market franchise and high recurring income generation render stable fees and commissions

Average quarterly fees and commissions income



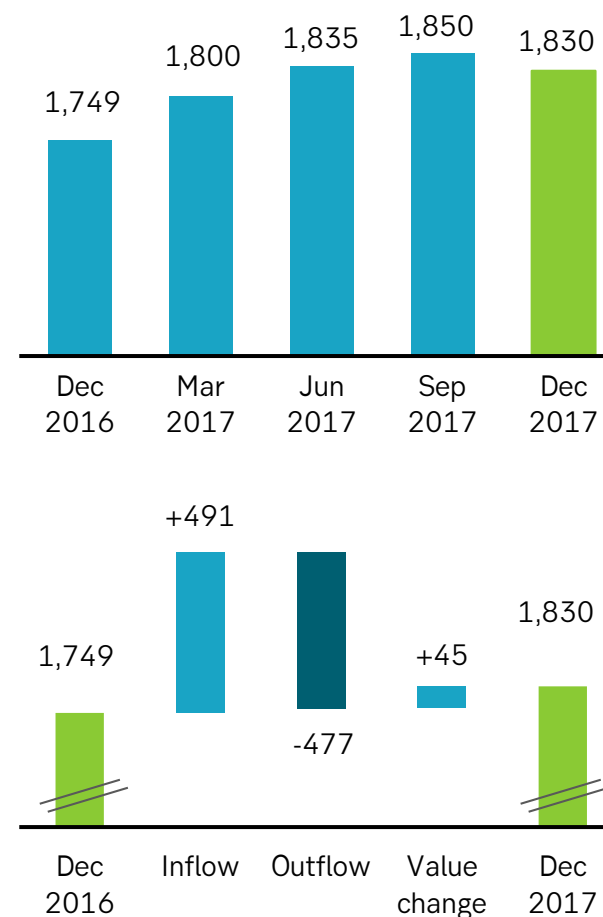
1) LC&FI is the division Large Corporates and Financial Institutions 2) Trad. Life income booked under NFI from Jan 2014

# Business volumes

SEB Group

Condensed SEK bn	31 Dec 2016	31 Mar 2017	30 Jun 2017	30 Sep 2017	31 Dec 2017
Cash & cash balances w. central bank	151	319	225	414	177
Other lending to central banks	67	6	22	22	14
Loans to credit institutions	51	84	74	65	35
Loans to the public	1,453	1,517	1,521	1,537	1,485
Financial assets at fair value	785	869	817	775	576
Available-for-sale financial assets	36	33	33	31	28
Assets held for sale	1	1	0	0	184
Tangible & intangible assets	20	20	20	20	12
Other assets	58	78	65	69	50
<b>Total assets</b>	<b>2,621</b>	<b>2,927</b>	<b>2,777</b>	<b>2,933</b>	<b>2,560</b>
Deposits by central banks	54	59	55	62	44
Deposits by credit institutions	65	106	79	99	45
Deposits & borrowing from the public	962	1,120	1,084	1,226	1,005
Liabilities to policyholders	404	415	420	424	303
Debt securities	669	731	649	659	614
Financial liabilities at fair value	213	201	217	191	114
Liabilities held for sale	0				179
Other liabilities	71	114	90	90	79
Subordinated liabilities	41	46	45	37	32
Total equity	141	135	138	143	144
<b>Total liabilities &amp; equity</b>	<b>2,621</b>	<b>2,927</b>	<b>2,777</b>	<b>2,933</b>	<b>2,560</b>

## Assets under Management\*

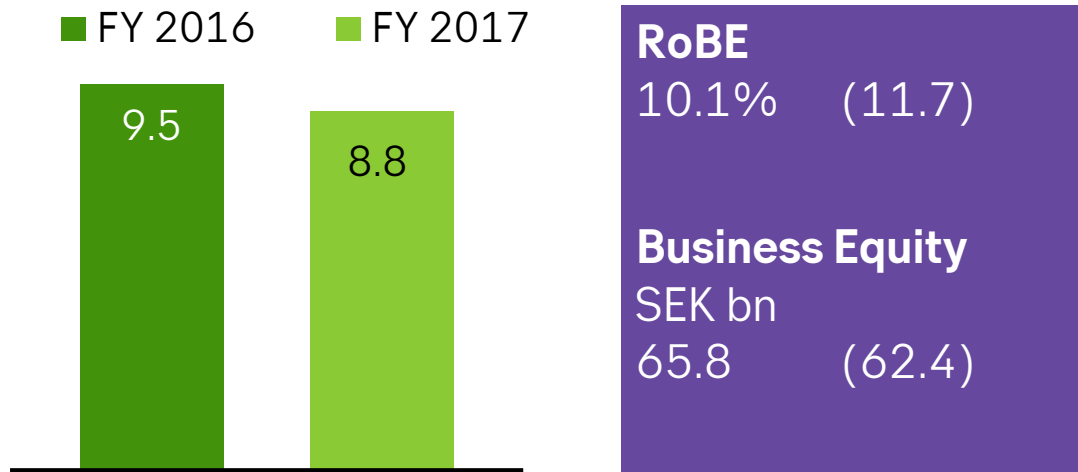


\* AUM – Adjusted definition implemented in Q1 2017, historical periods adjusted according to Proforma.

## Large Corporates & Financial Institutions

Operating profit & key figures\*

SEK bn



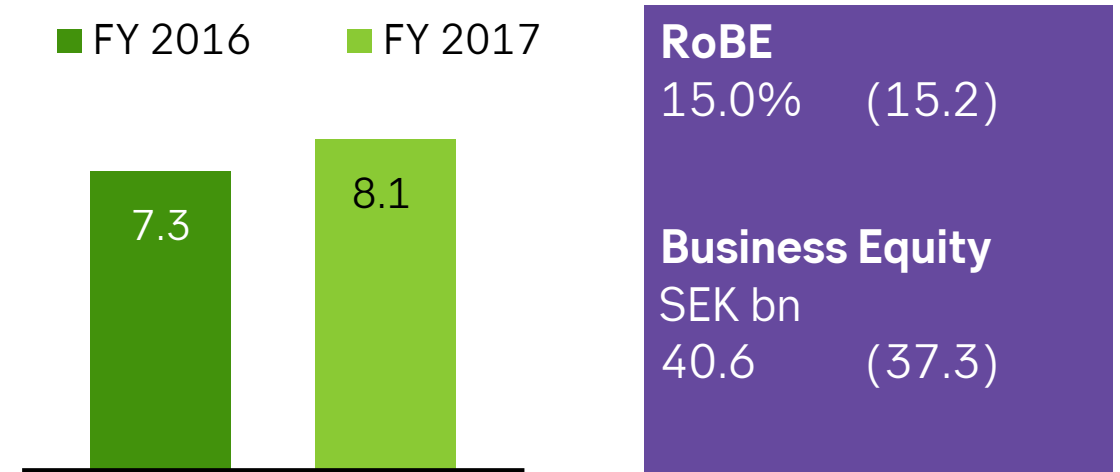
- Higher customer activity, especially in the primary markets for bonds, equity and M&A
- Low volatility decreased markets related income and activity

\* Excluding items affecting comparability in 2016

## Corporate & Private Customers

Operating profit & key figures

SEK bn

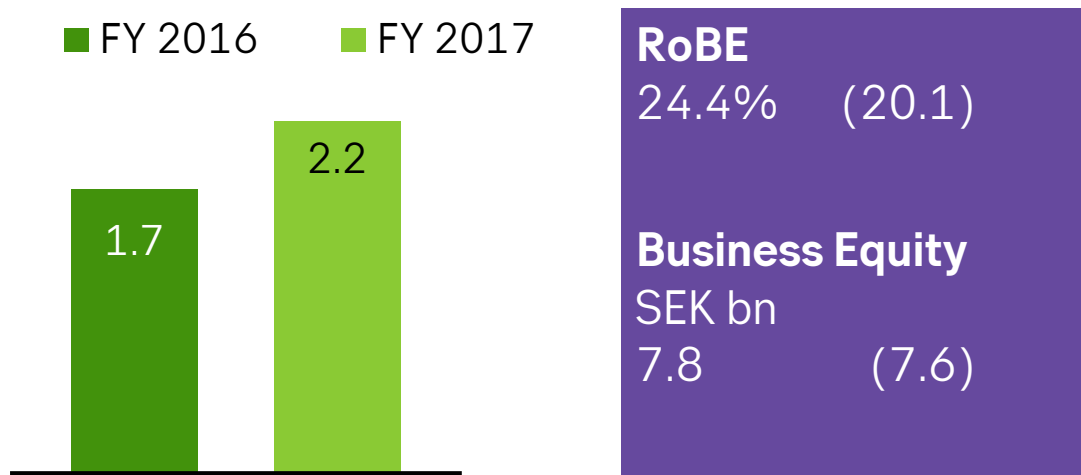


- Modest lending growth with a positive net inflow of corporate customers
- Inflow of private customers combined with pick up in household lending growth continued

## Baltic Banking

Operating profit & key figures\*

SEK bn



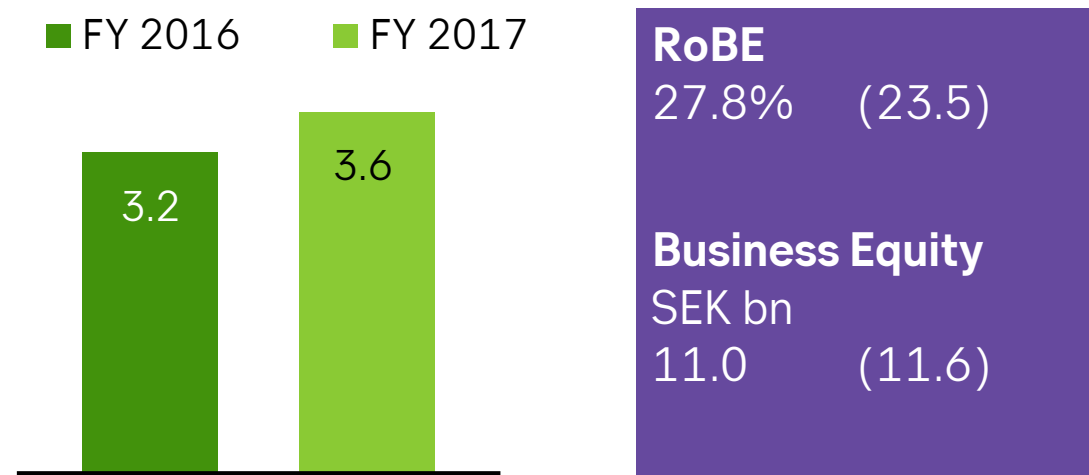
- Continued improvement in business sentiment in all segments and loan growth in all countries
- Digital solutions enhancing customer experience increasingly utilised

\* Excluding items affecting comparability in 2016

## Life & Investment Management

Operating profit & key figures

SEK bn



- Total AuM increased by 81bn to SEK 1,830bn
- Divestment of SEB Pension in Denmark announced 14 December, 2017

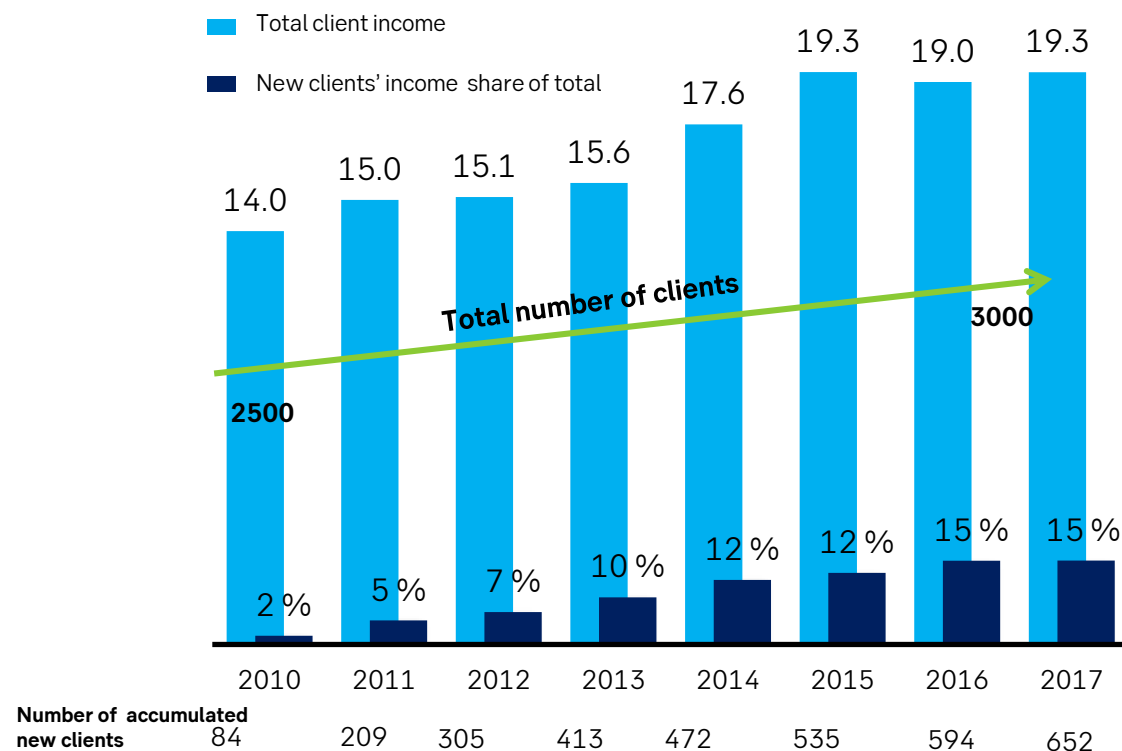
# Strong franchise and successful client acquisition strategy

## SEB's Large Corporate & Financial Institutions Business

### Large cross-selling potential

Total Client income in SEK bn

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



	<u>C/I ratio</u>	<u>Business Equity</u>	<u>RoBE<sup>1)</sup></u>
2017	49%	SEK 65.8bn	10.1%
2016	47%	SEK 62.4bn	11.3%
2015	47%	SEK 66.4bn	11.6%
2014	46%	SEK 57.7bn	13.3%
2013 <sup>2)</sup>	50%	SEK 48.8bn	12.9%
2012 <sup>2)</sup>	54%	SEK 36.7bn	14.3%
2011 <sup>2)</sup>	54%	SEK 26.1bn	20.6%
2010 <sup>2)</sup>	52%	SEK 25.0bn	22.8%

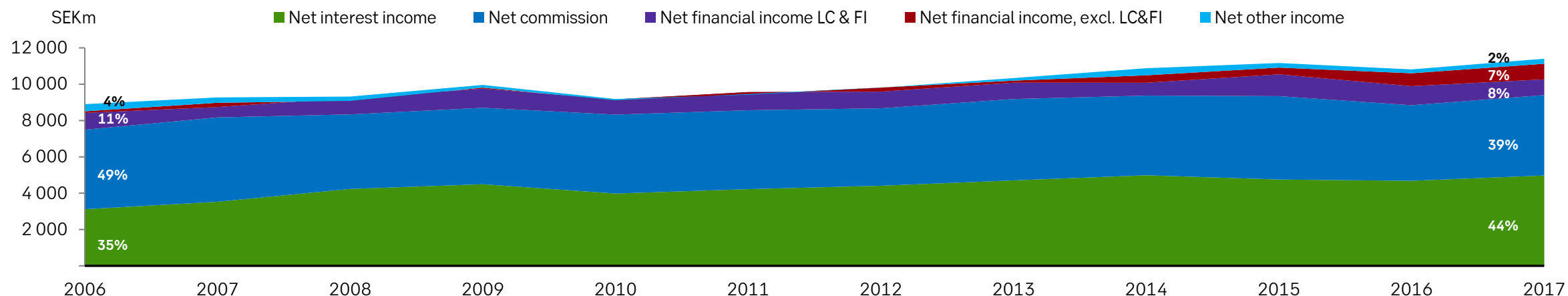
1) Return on Business Equity

2) Restated figures following the new organizational structure as of Jan 1, 2016. As a result 2010-2013 figures not quite comparable<sup>1</sup>

# Entrenched franchise and low risk client facilitation business

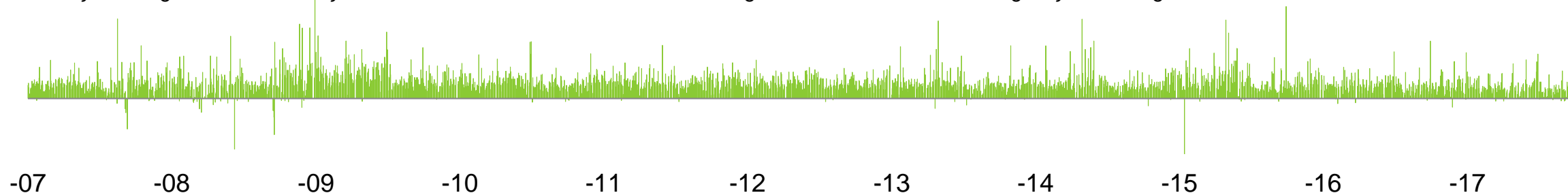
SEB's Large Corporates & Financial Institutions Business

Larger number of clients and a relevant business offering create strong and diversified income streams



Low-risk in client facilitation operations render minimal losses in the markets operations

Daily trading income January 1, 2007 – December 31, 2017. 83 negative out of 2,760 trading days. Average loss SEK 11m



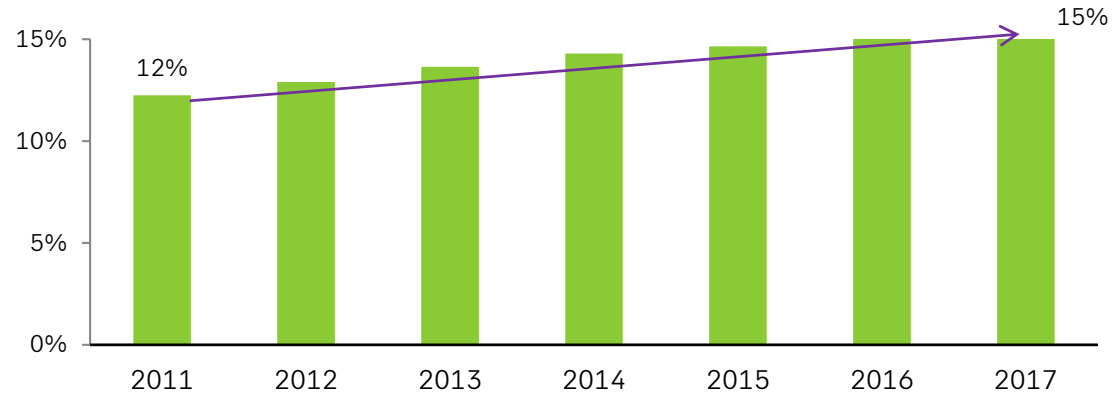
1) Restated figures following the new organizational structure as of Jan 1, 2016.  
As a results 2006-2013 figures are not quite comparable



# Successful client acquisition strategy

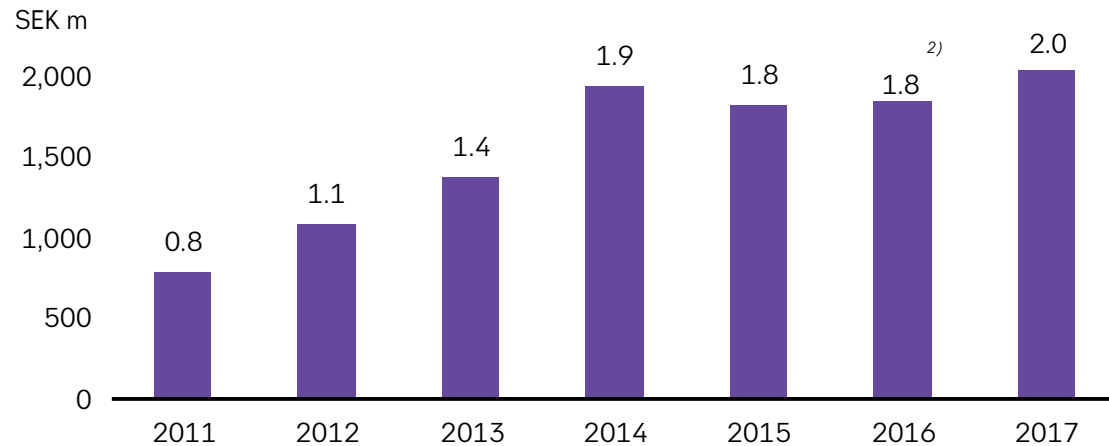
## SEB's Swedish SME and Private Customers Business

### Increasing market shares in the SME market <sup>1)</sup>



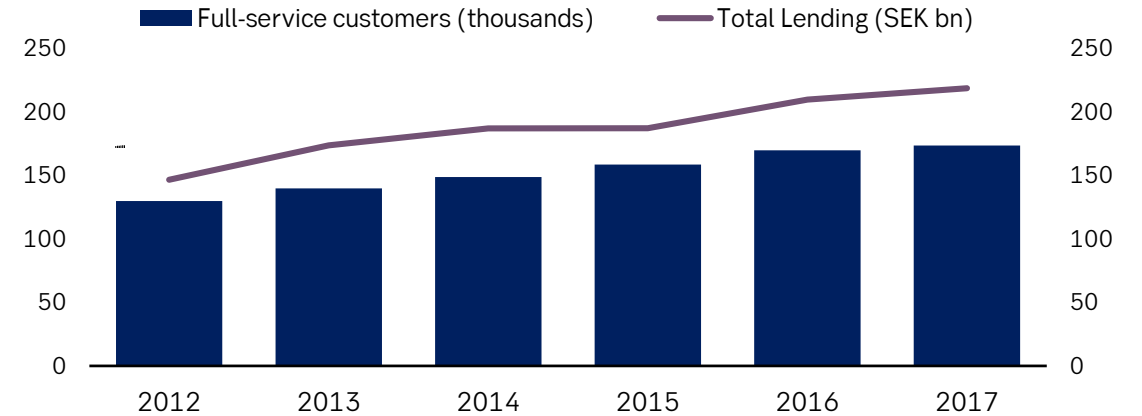
### Substantially increased operating profit since 2011

#### Average quarterly operating profit 2011 – 2017



1) Market share measured as SEB customers compared to total number of registered corporates in Sweden.

### Growing franchise among SMEs in Sweden



### Strong development of efficiency and profitability despite 4x more allocated capital and higher resolution fund fees

	<u>C/I ratio</u>	<u>Business Equity</u>	<u>RoBE</u> <sup>3)</sup>
2017	46%	SEK 40.6bn	15.0%
2016	48%	SEK 37.3bn	15.2%
2015	48%	SEK 38.1bn	14.7%
2014	46%	SEK 27.8bn	21.4%
2013	49%	SEK 20.2bn	21.9%
2012	57%	SEK 14.4bn	22.3%
2011	65%	SEK 10.8bn	21.4%

2) Restated figures following the new organizational structure as of Jan 1, 2016. As a result 2011-2013 figures not quite comparable

3) Return on Business Equity

# Strong profitability

## SEB Baltic Banking

### Relatively strong operating environment

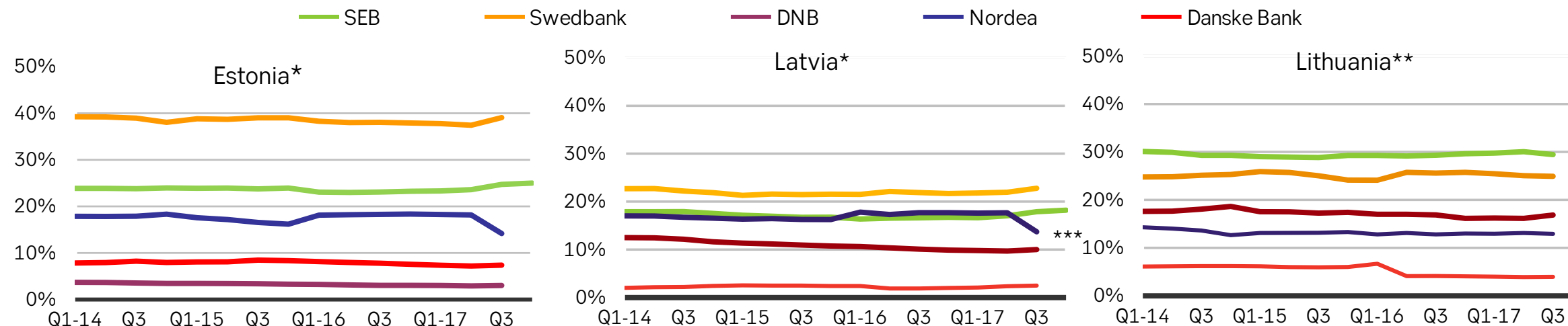
- GDP growth above Eurozone average
- Unemployment rates dropped and salary growth is high in all three countries
- Consumption prime driver, higher investments and growing exports

### Continued strategic focus on service digitalisation and process automation

### Strong development of key ratios

	<u>C/I</u>	<u>Business Equity</u>	<u>RoBE</u>
2017	44%	SEK 7.8bn	24.4%
2016	51%	SEK 7.6bn	19.3%
2015	50%	SEK 7.5bn	18.6%
2014	50%	SEK 8.9bn	14.5%
2013	52%	SEK 8.8bn	12.9%
2012	62%	SEK 8.8bn	9.7%
2011	58%	SEK 8.8bn	29.6%

### Maintaining leading market shares in lending



\* Competitors Q4 2017 volumes are not available at time of publication and Q4 2017 Figures are November 2017

\*\* Lithuania Q4 2017 not available at time of publication

\*\*\* Merger of DNB and Nordea – transfer of part of corporate loan portfolio to the parent bank

# Highlights 2017

- Interest rates and market volatility remain low
- Signs of pick up in corporate activity towards end of the year
- Strong capital position and robust asset quality



# Agenda



- SEB in brief p.3
- Financials p.15
- **Balance sheet, Credit portfolio p.34 & Asset quality**
- Capital p.45
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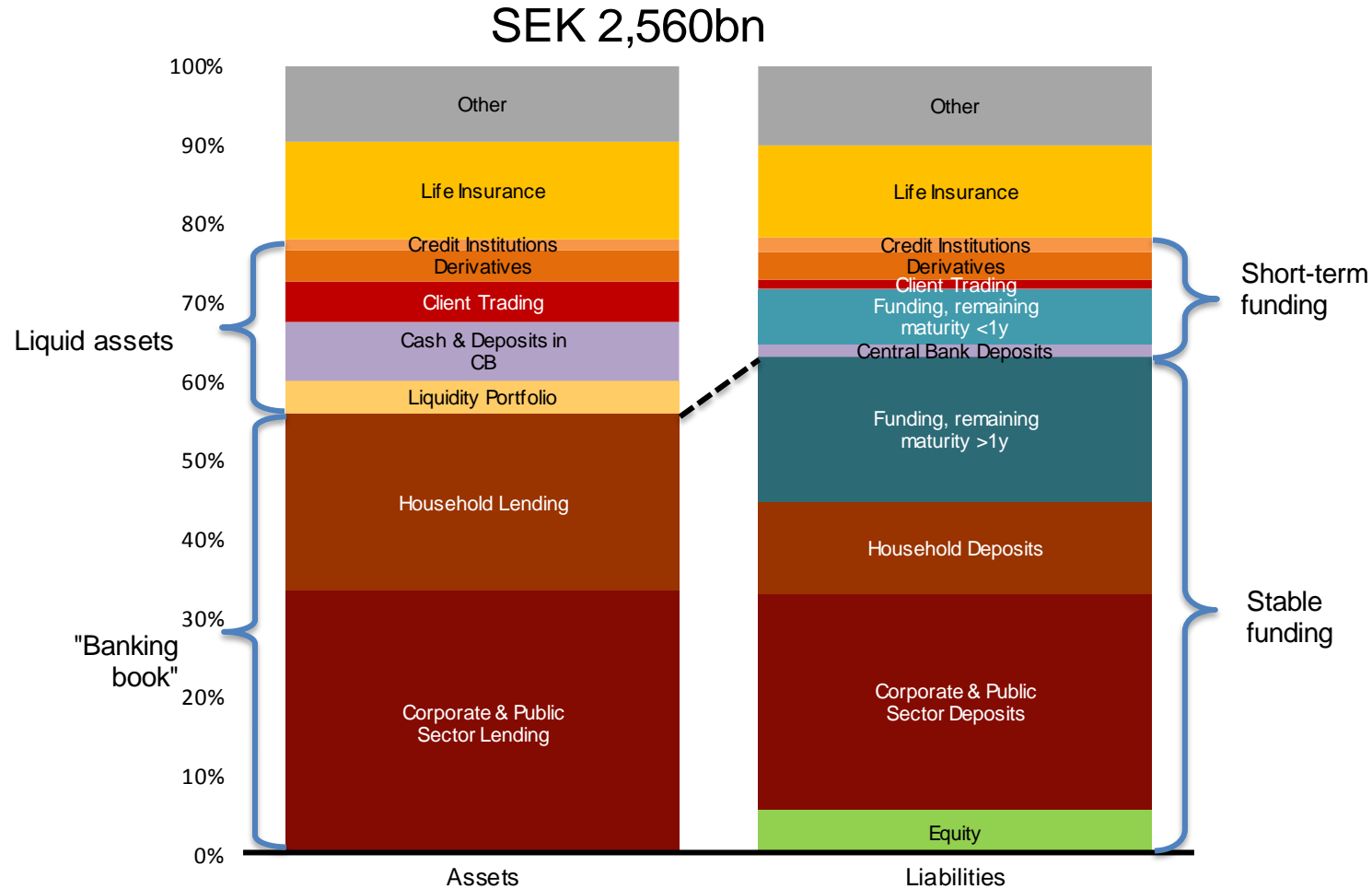
# Strong asset quality and balance sheet

(SEK bn)		2009	2016	2017
Asset quality	Non-performing loans	28.6bn	7.6bn	8.3bn
	NPL coverage ratio	65%	63%	55%
	Net credit loss level	0.92%	0.07%	0.05%
Funding and liquidity	Customer deposits	750bn	962bn	1 005bn
	Liquidity coverage ratio	N.A.	168%	145%
Capital	CET 1 ratio (Basel 3)	11.7%	18.8%	19.4%
	Total capital ratio (Basel 3)	14.7% <small>Basel 2.5</small>	24.8%	24.2%
	Leverage ratio (Basel 3)	N.A. <small>Basel 2.5</small>	5.1%	5.2%

# A strong balance sheet structure

December 2017

## Balance sheet structure

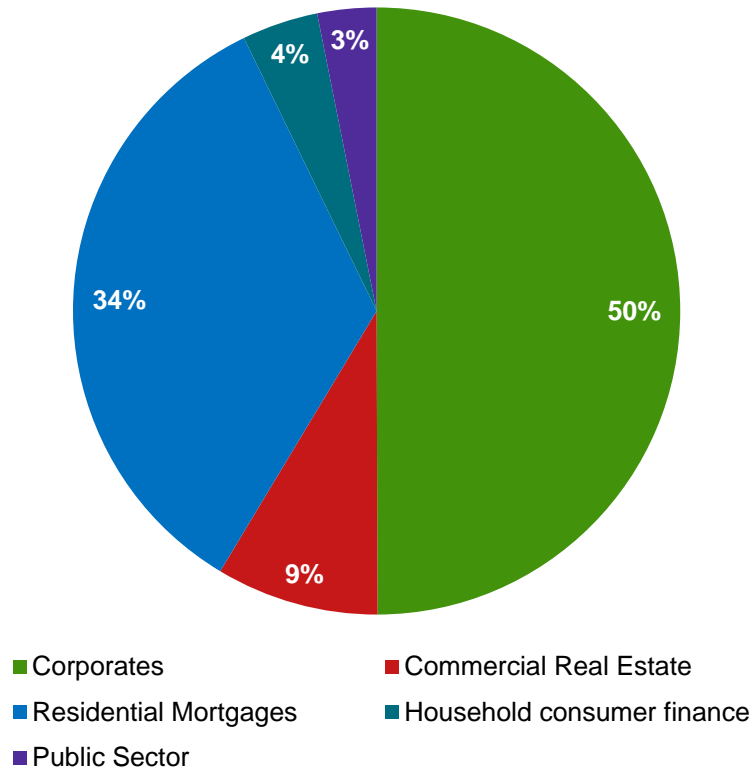




# Segments with low-risk dominate and grow in the Credit Portfolio

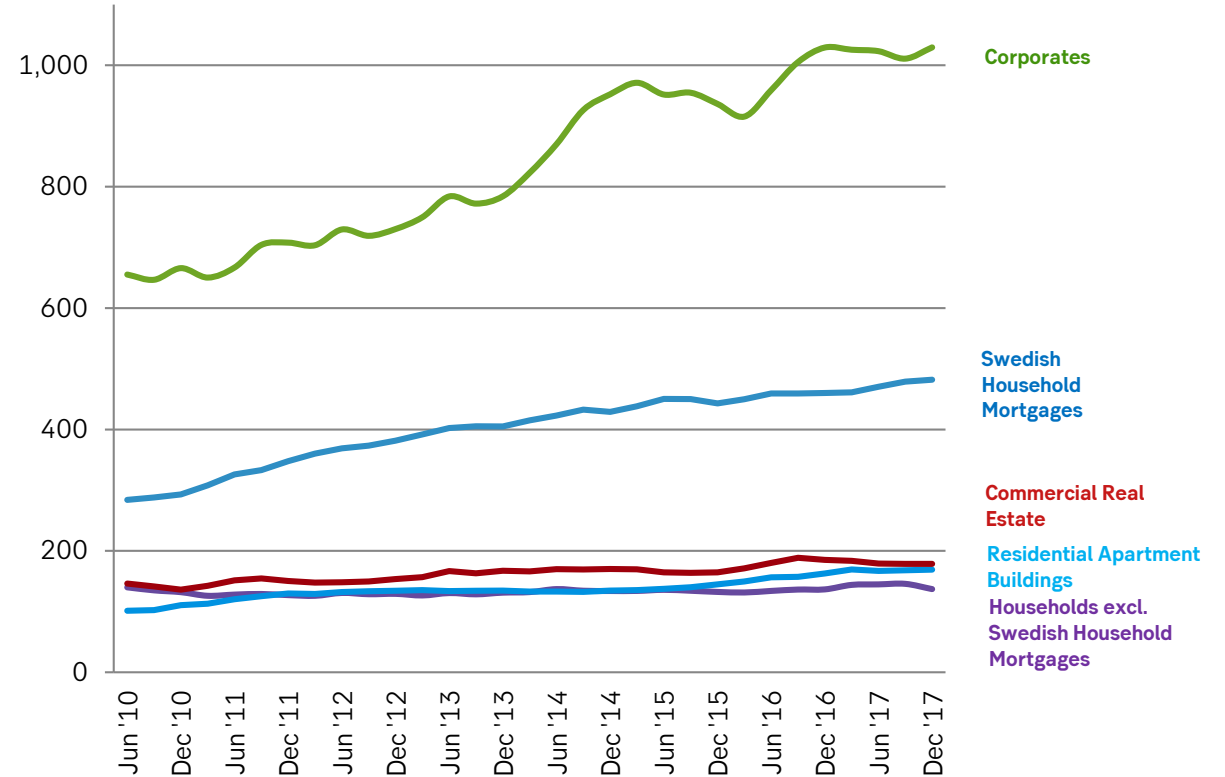
Diversified Corporate and low-risk Swedish Residential Mortgage exposure dominate

SEK 2,061bn (USD 252bn) December 31, 2017



Growth in lower risk sectors

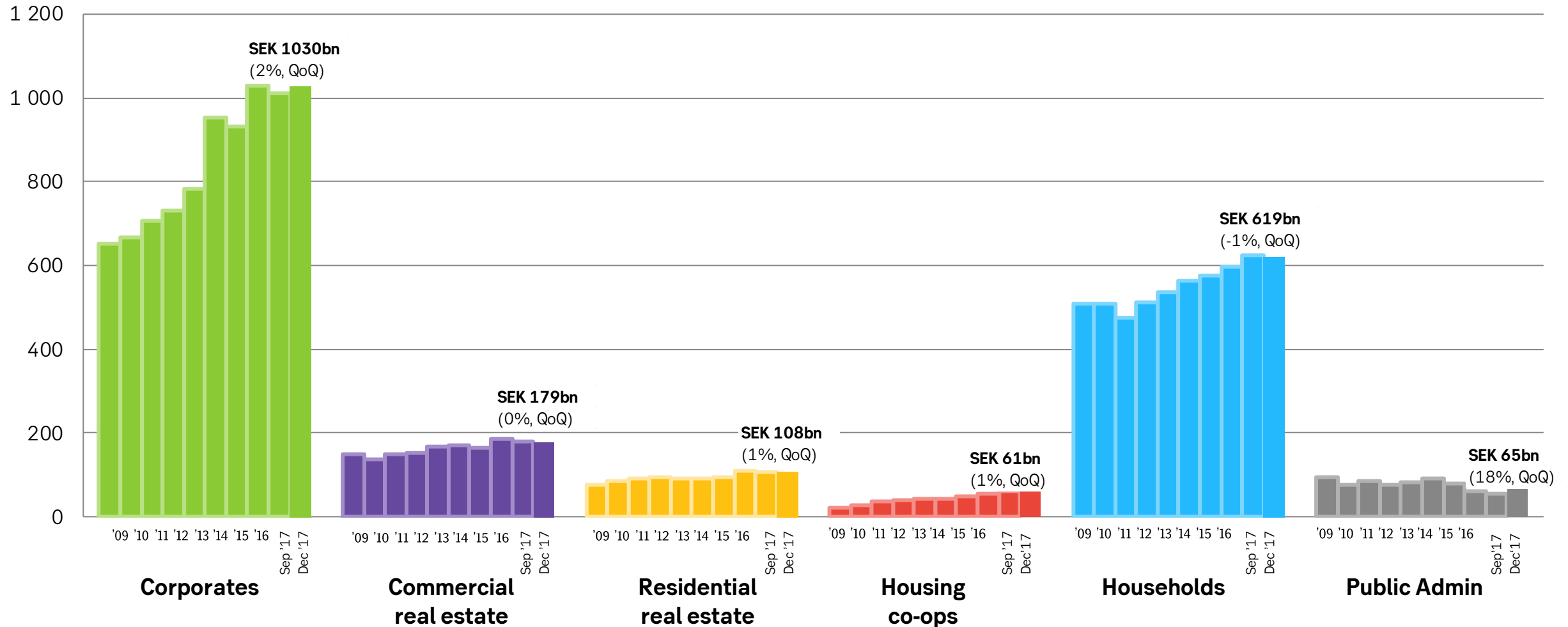
SEK bn SEK 2,061bn (USD 252bn) December 31, 2017



Note: SEB's Total Credit Portfolio excl. Banks (on and off balance sheet)

# Stable credit portfolio development

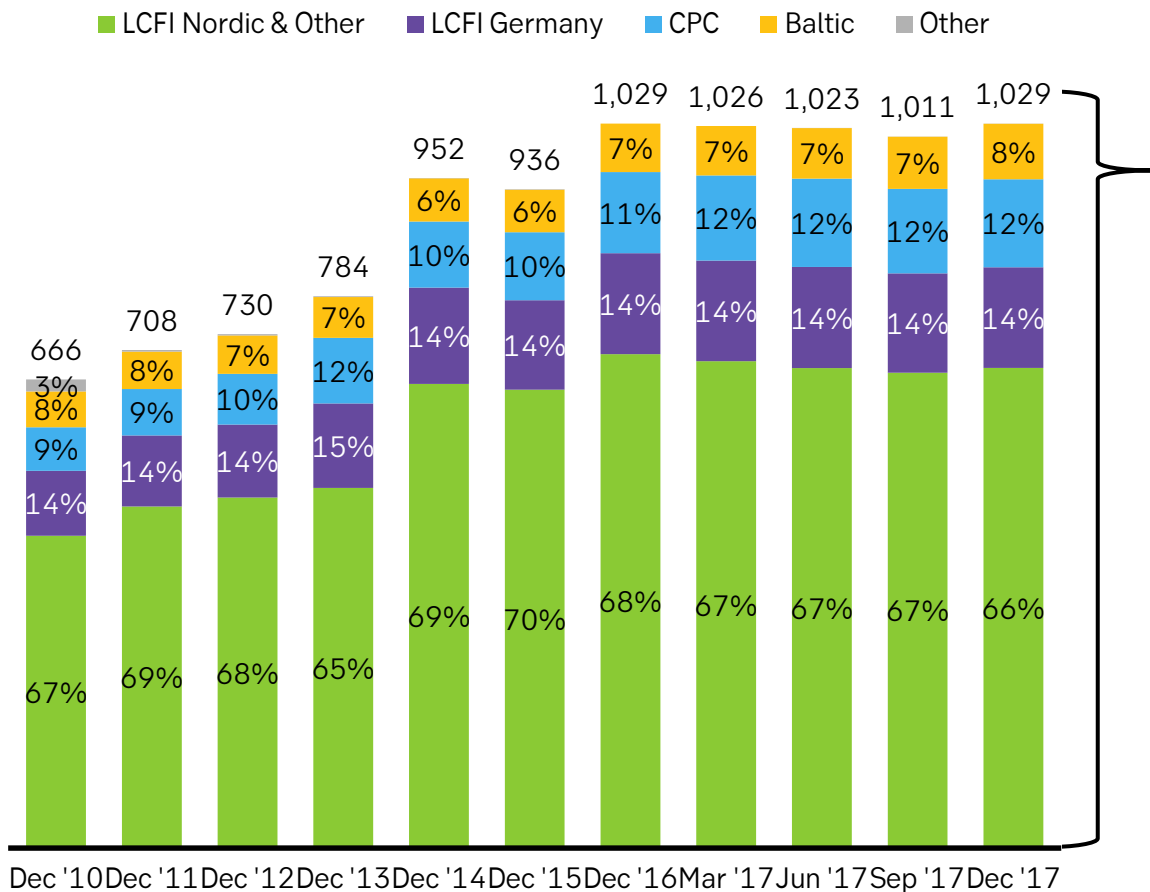
Credit portfolio by sector (SEK bn)



# Low actual on-balance sheet and diversified Large Corporate exposure render lower Credit Risk

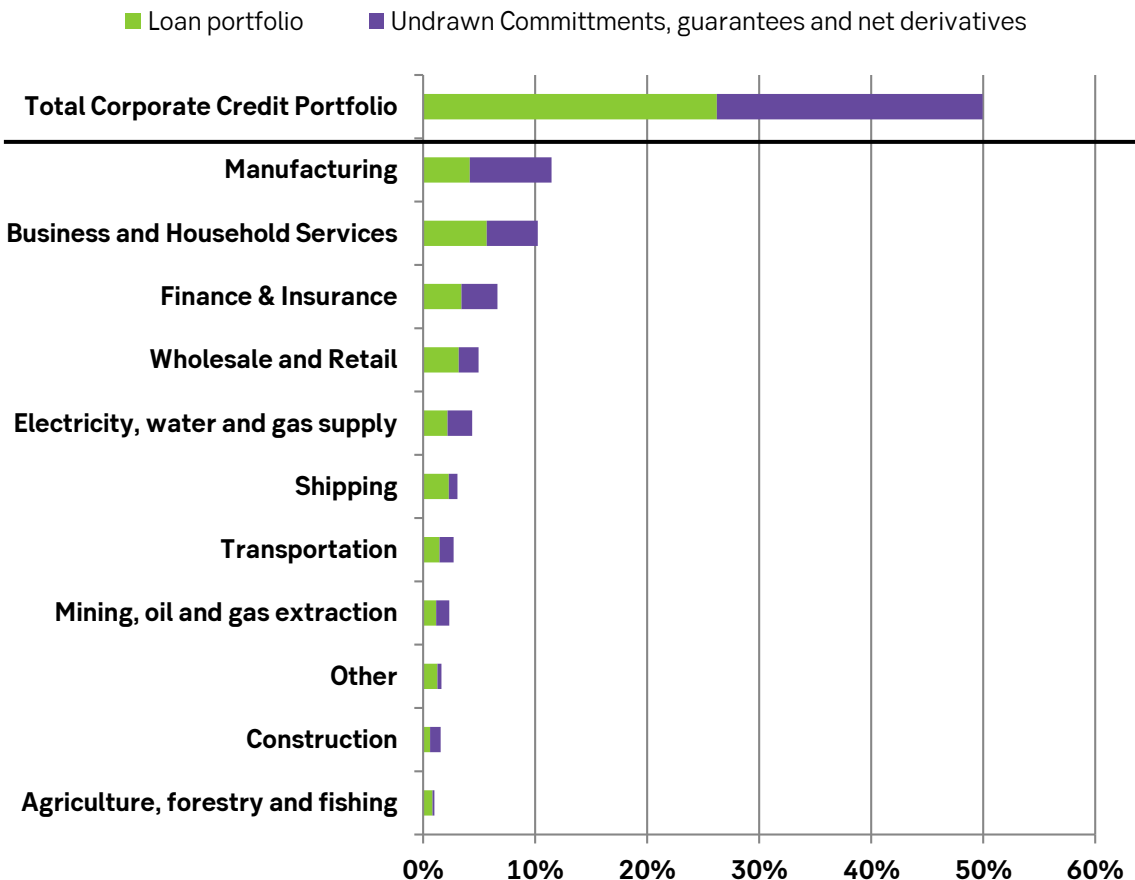


Total Corporate Credit Portfolio split by Business



Total Corporate Credit Portfolio by sector split into loans and other types of exposure

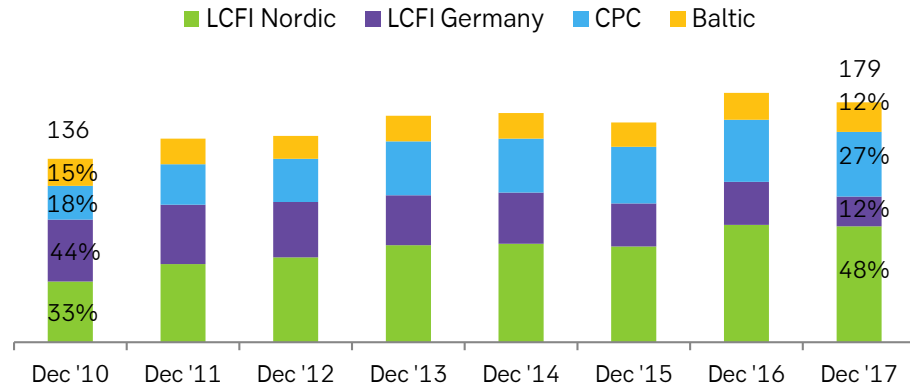
% of Total Credit Portfolio SEK 2,151bn



# Household mortgage dominates the real estate exposure

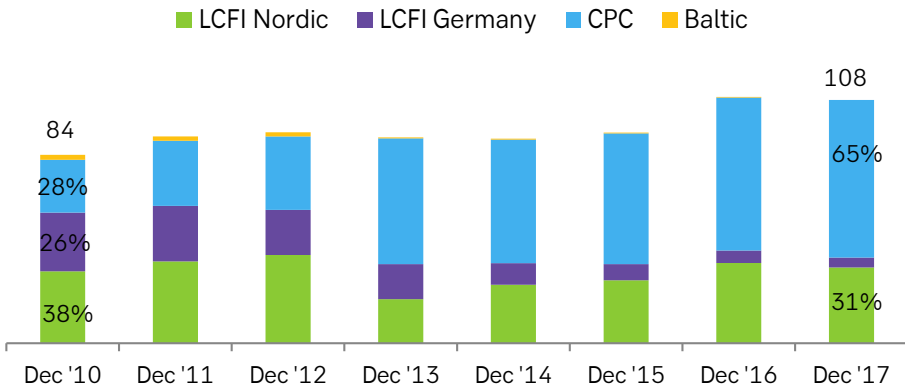
## Commercial real estate

Total Credit portfolio (SEKbn)



## Residential real estate

Total Credit portfolio (SEKbn)



## Swedish Residential and mortgage credit portfolio

Total SEK 642bn (USD 78bn)

### Residential apartment buildings

SEK 165bn (USD 20bn)

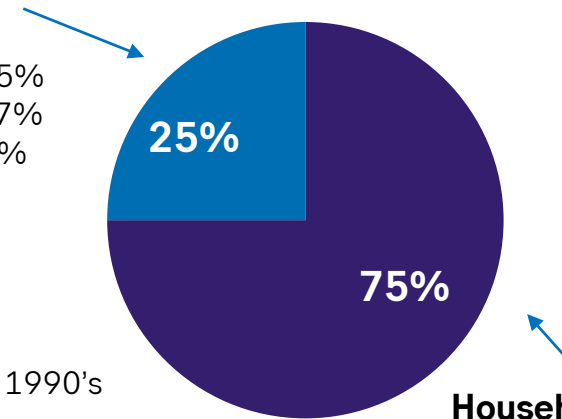
- ☐ Private companies 55%
- ☐ Housing co-op associations 37%
- ☐ State/Community owned 8%

### Strong asset quality

- 0.8 bps (USD 1.3m) gross level of impaired loans
- No major problem loans since the 1990's
- No net credit losses
- Low and conservative LTVs

### Conservative lending policy

- Cash-flow generation
- Legal structure: Counterparty has to have direct and immediate access to the cash-flow and the assets taken in as collateral.
- Tenor max 10 years
- LTV <75% but depending on geographic location. Rural areas LTV<65%.
- Amortization structure required depending on geographic location



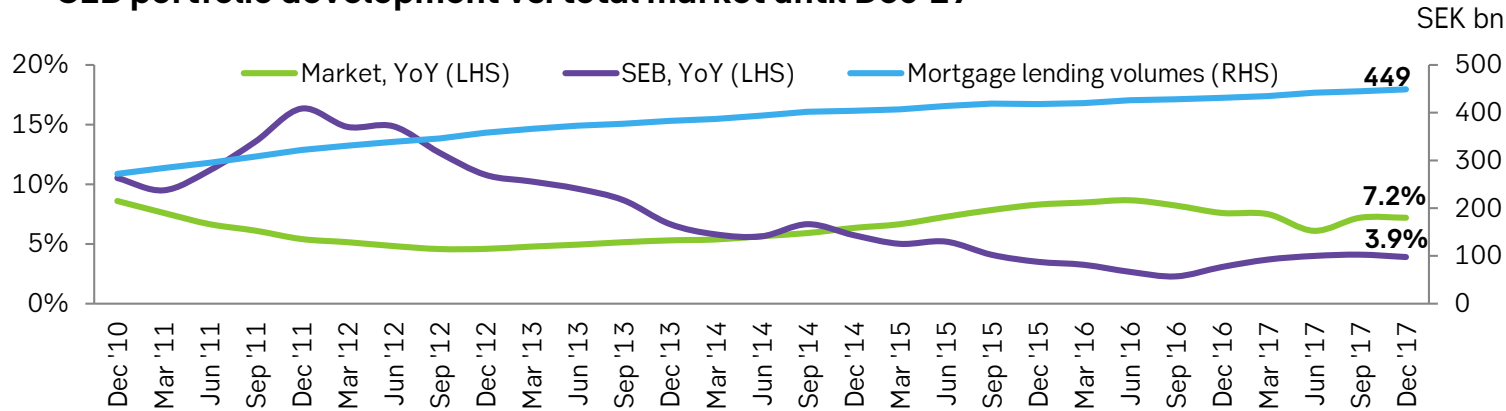
### Household mortgage

SEK 478bn (USD 58bn)

- ☐ Single family houses 62%
- ☐ Tenant owned apartments 33%
- ☐ Second homes 4%

# SEB's Swedish household mortgage lending

## SEB portfolio development vs. total market until Dec-17



## Selective origination

- The mortgage product is the foundation of the client relationship
- SEB's customers have higher credit quality than the market average and are over-proportionally represented in higher income segments (Source: Swedish Credit Bureau ("UC AB"))
- Customers are concentrated to larger cities

## High asset performance

- Net credit loss level 0bps
- Loan book continues to perform – loans past due >60 days 4bps

## Mortgage lending based on affordability

- Strict credit scoring and assessment
- The affordability assessment, funds left to live on after all fixed costs and taxes are considered, includes among other things:
  - A stressed interest rate scenario of 7% on personal debt
  - A stressed interest rate scenario of 5.5% on a housing co-op's debt which indirectly affects the private individual – "double leverage"
- LTVs between 70% and 85% amortized at least 2% a year and between 50% and 70 % at least 1 % a year – a regulatory requirement
- Max loan amount 5x total gross household income irrespective of LTV and no more than one payment remark on any kind of debt (information via national credit information agency ("UC"))
- Strengthened advisory services
- "Sell first and buy later"

## Low LTVs by regional and global standards

### Loan-to-value

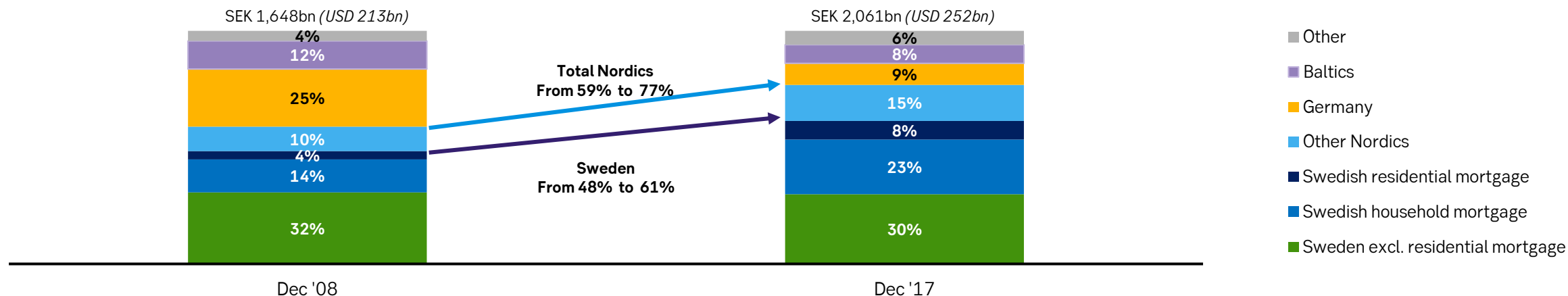
### Share of portfolio



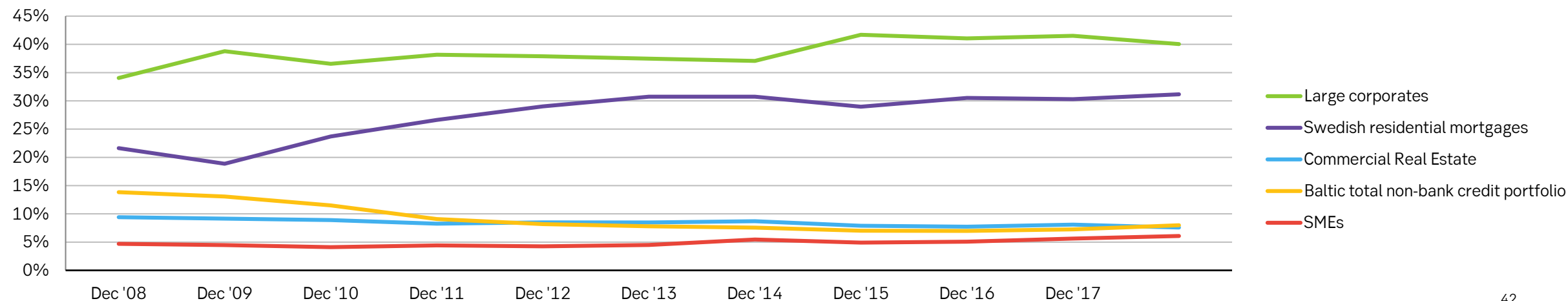
Weighted average LTV = 54%

# Increasing Nordic and low-risk exposure in Credit Portfolio\*

## Credit Portfolio geographic split development



## Development of business mix further strengthened by SEB's diversified and low-risk exposure

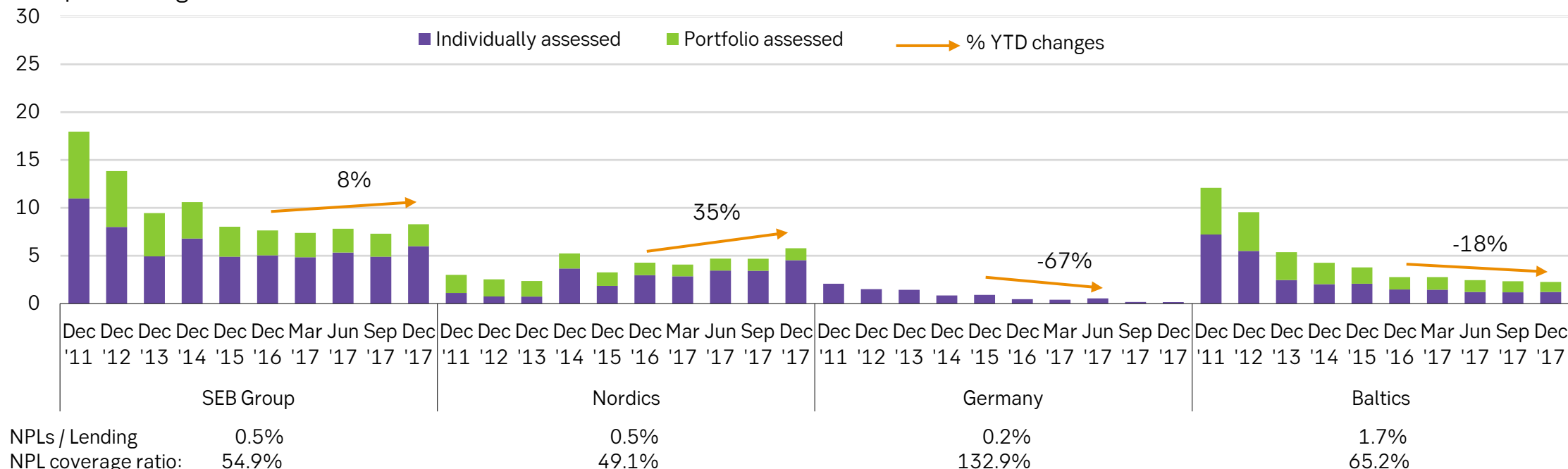


\*Total Credit Portfolio excl. banks (on and off balance sheet)



# Continuously improving asset quality and credit losses remain low

Non-performing loans

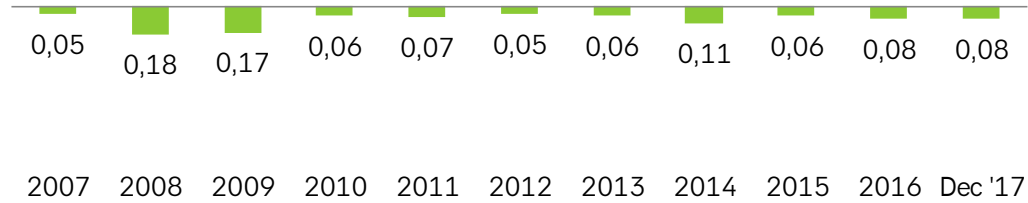


Credit losses, SEK m	Q4 2016	Q1 2017	Q2 2017	Q3 2017	Q4 2017	FY 2017	CLL 2017	FY 2016	CLL 2016
Large Corporates & Financial Institutions	-201	-144	-155	-210	-19	-528	0,08%	-563	0,09%
Corporate & Private Customers	-63	-81	-48	-86	-60	-276	0,04%	-376	0,06%
Baltics	-21	19	-11	11	-26	-7	0,01%	-57	0,05%
Net credit losses	-284	-204	-214	-284	-105	-808	0,05%	-993	0,07%

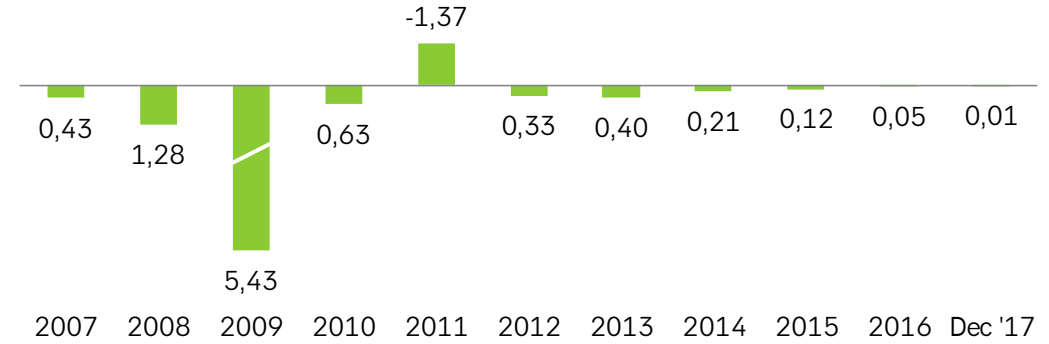
# Low credit loss level in all geographic areas

Annualised Accumulated, in %

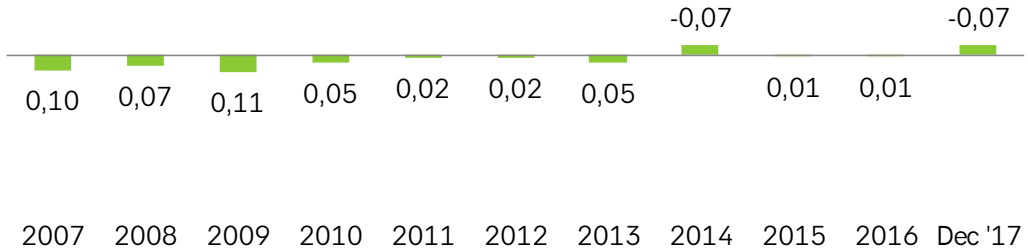
## Nordics



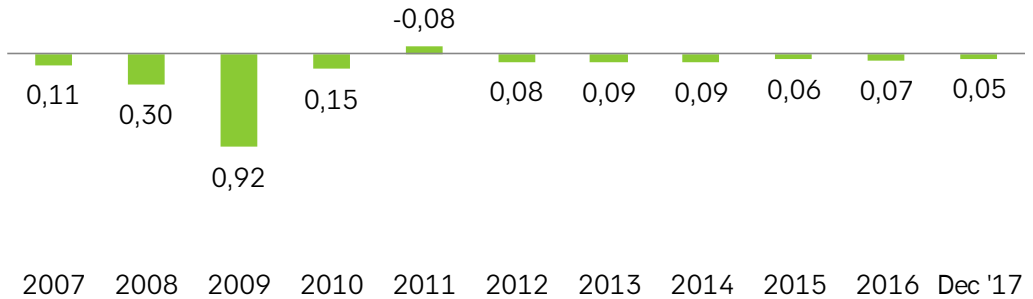
## Baltics



## Germany \*



## SEB Group \*\*



Negative credit loss level = reversal

\*Continuing operations \*\*Total operations

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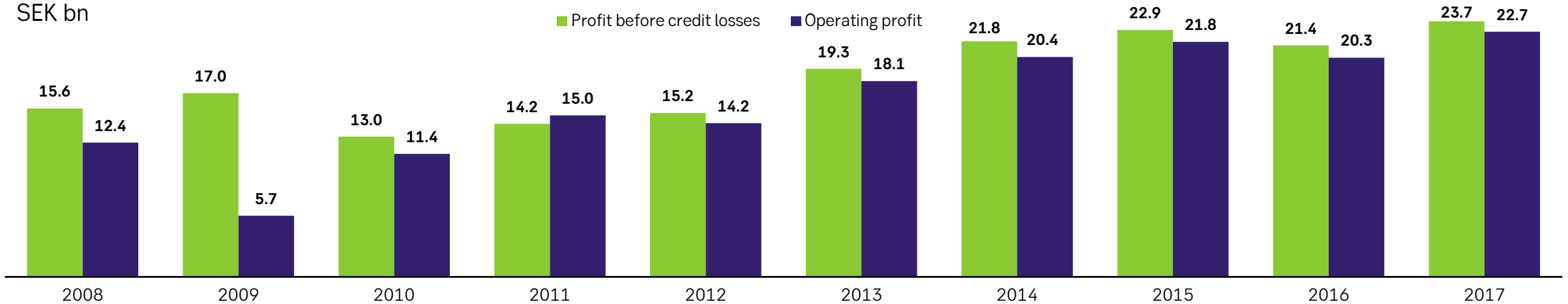
# Sustained strong earnings and capital generation

## Profitable throughout the Financial Crisis

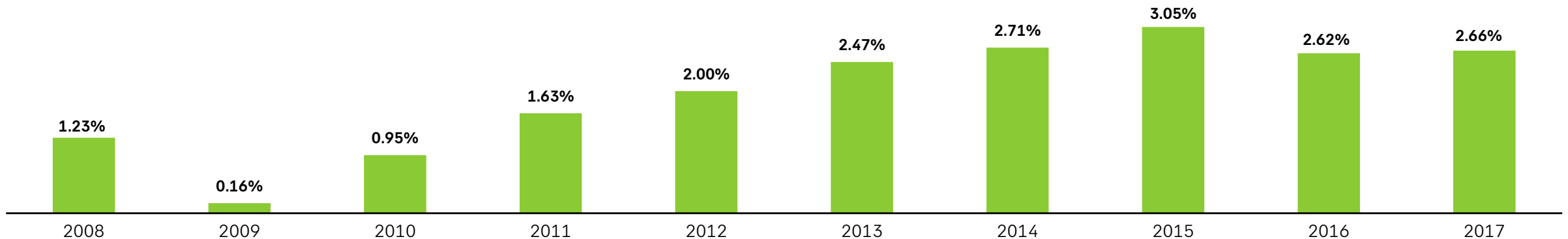
## Sustained underlying profit

SEK bn

■ Profit before credit losses ■ Operating profit



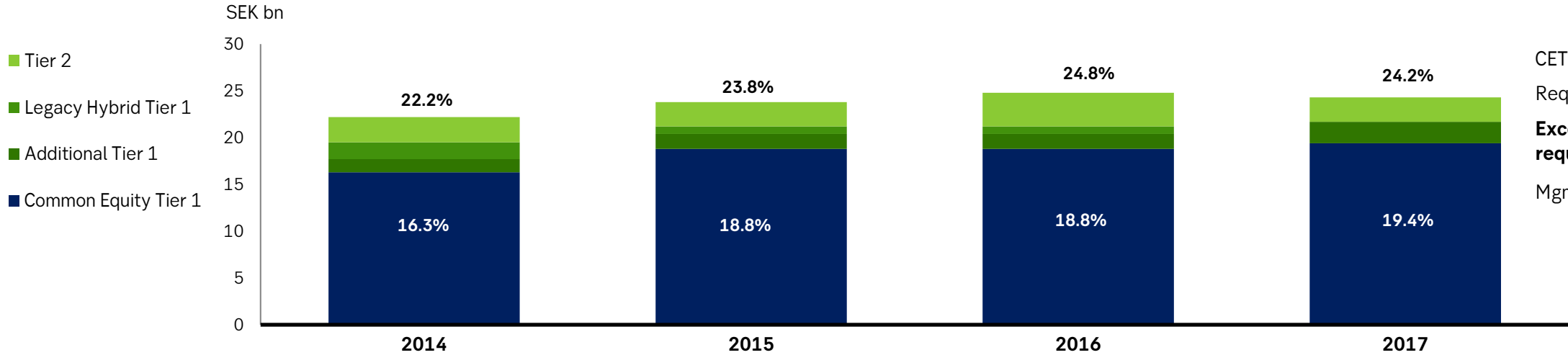
## Strong underlying capital generation, Net Profit /REA



Note: REA = RWA 2008 – 2012 Basel II without transitional floor  
REA 2013 – 2017 Basel III fully implemented, excluding items affecting comparability

# Strong capital base composition

## Basel III - Own Funds and Total capital ratio



CET1 2017 19.4%  
Requirement 17.2%  
**Excess vs. requirement ~2.2%**  
Mgmt buffer ~1.5%

Common Equity Tier 1 ratio	16.3%	18.8%	18.8%	19.4%
Additional Tier 1 ratio	1.4%	1.6%	1.6%	2.3%
Legacy Tier 1 ratio	1.8%	0.8%	0.8%	0 %
Tier 2 ratio	2.7%	2.6%	3.6%	2.6%
Leverage ratio	4.8%	4.9%	5.1%	5.2%
Risk Exposure Amount, SEKbn	617	571	610	611

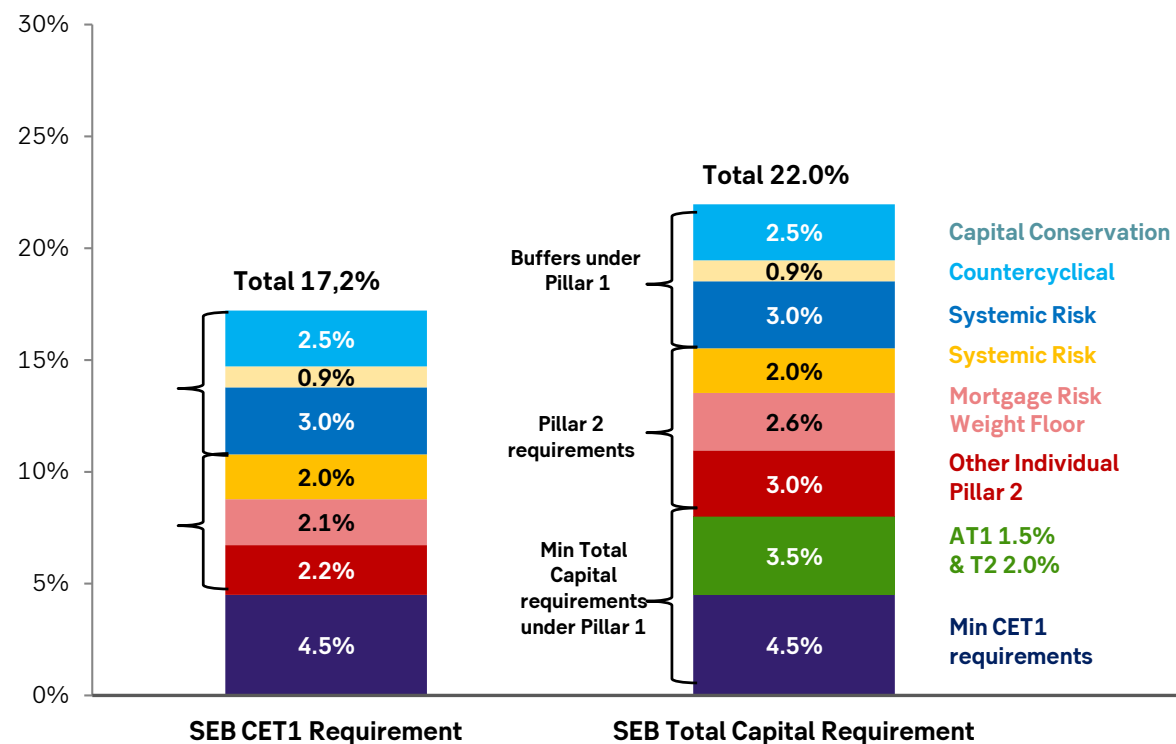
### REA increase 2017 vs. 2016 of SEK 1bn net was mainly due to:

- Credit volume increase but partly offset by FX movements and better asset quality
- An advanced model applied to sovereign risks, in agreement with the SFSA, adding 9 bn of REA

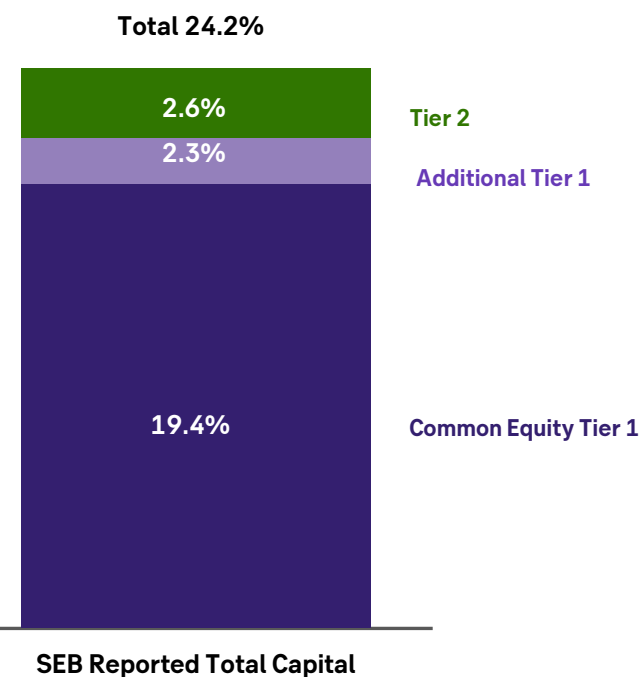
# SFSA's capital requirements and SEB's reported ratios

SEB's ratios exceed SFSA's risk-sensitive and high requirements, Dec 31 2017

## Composition of SEB's CET 1 and Total Capital Requirements



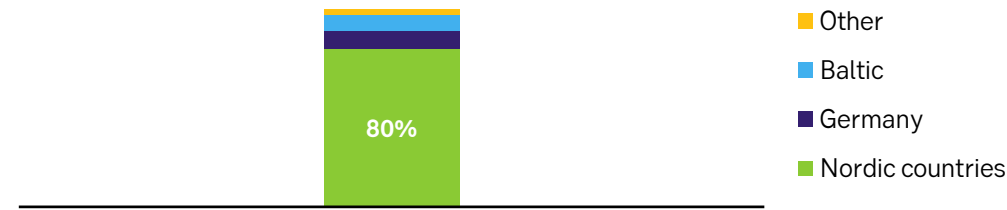
## SEB's reported CET 1 ratio and Total Capital ratio composition



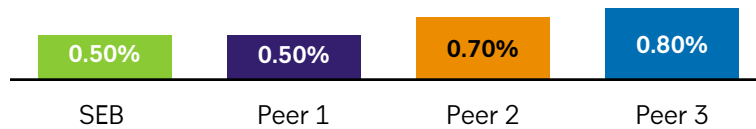
- SEB's CET1 ratio is 2.2% above the SFSA CET1 requirement as at December 2017 and 0.7% above targeted management buffer

# Well-managed Nordic, low-risk business and strong corporate culture render the lowest Pillar 2 capital requirements of Swedish peers

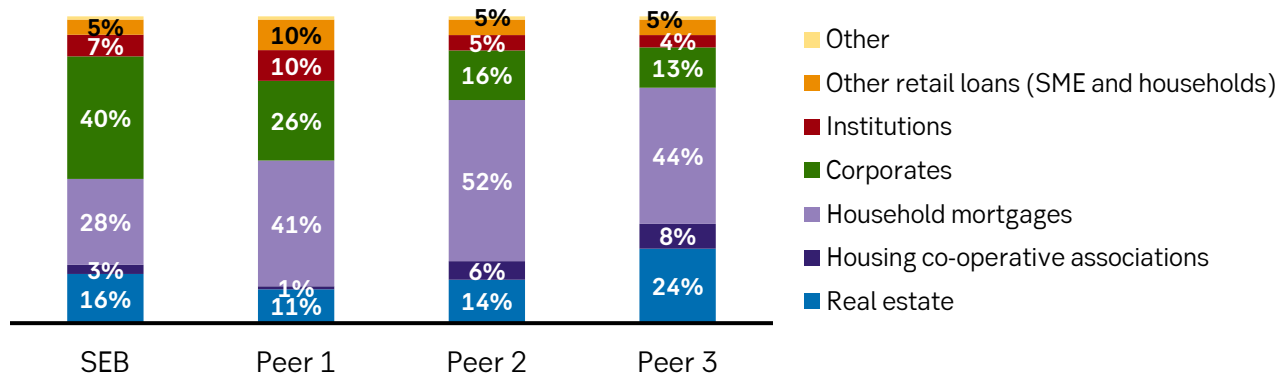
80% of SEB's credit portfolio is in Nordic countries<sup>1)</sup>



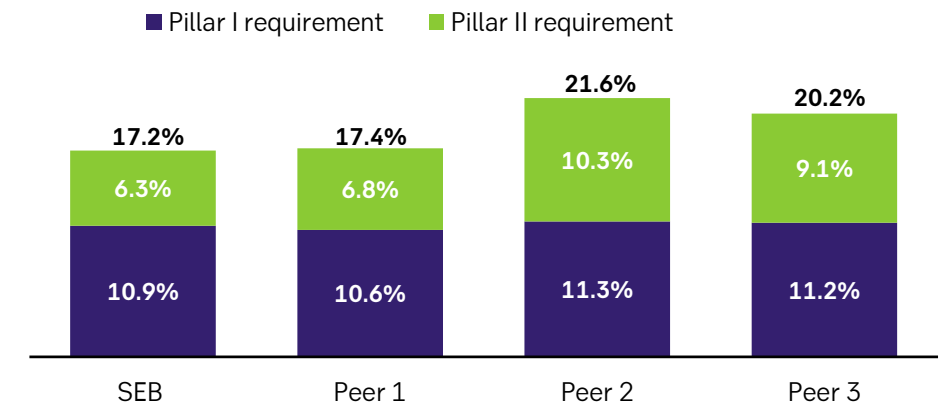
Low credit-related concentration risk <sup>2,3)</sup> (as percentage of total REA)



SEB has the lowest Real Estate & Mortgage Exposure (EAD)<sup>4)</sup>



SEB has the lowest Pillar 2 capital requirements<sup>3)</sup> of Swedish banks



1) As by 31 Dec 2017

2) Including single name, geographical and industry concentration

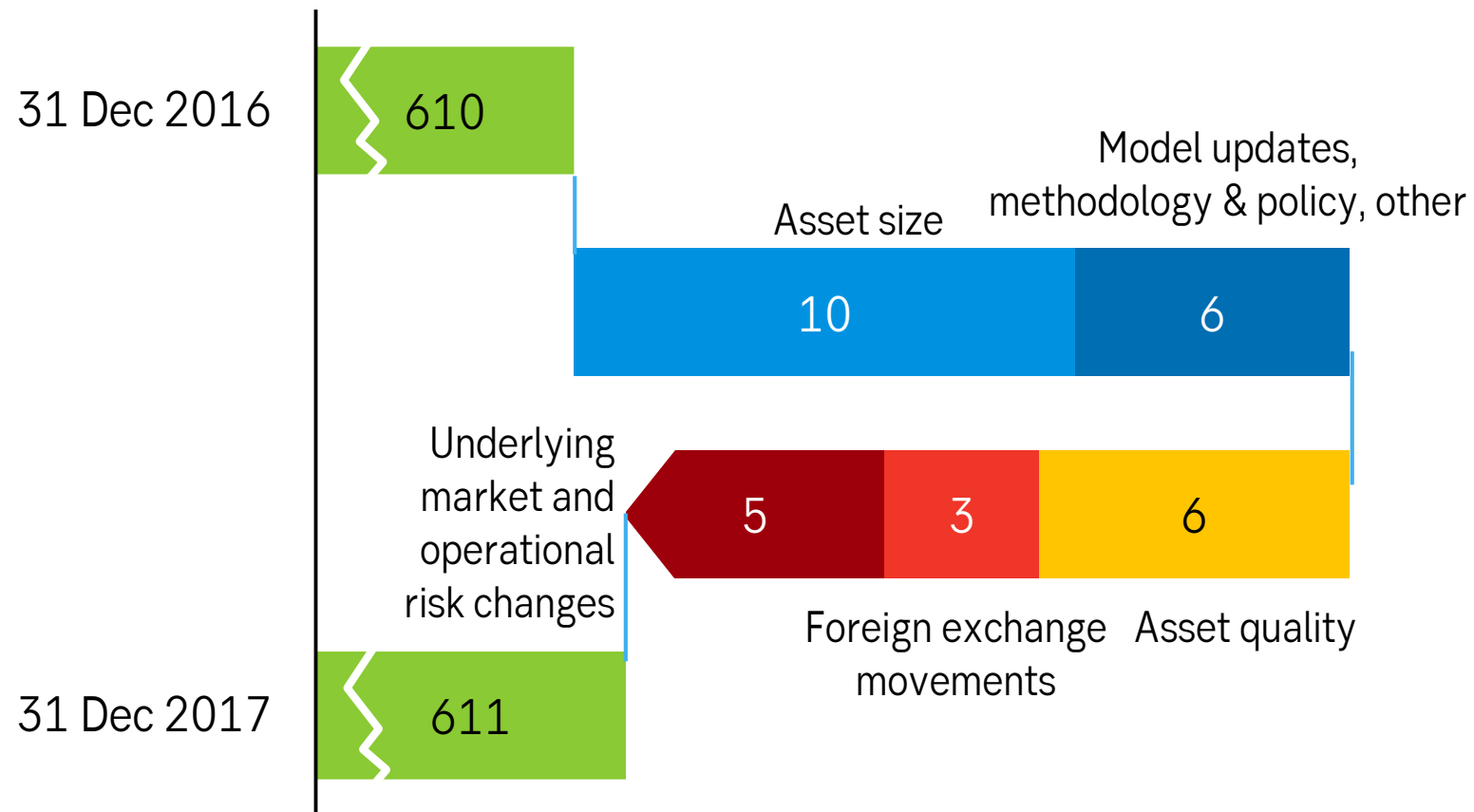
3) SFSA, Capital requirements for the Swedish banks, Q3 2017

4) EAD = Risk Exposure Amount / Risk Weight  
Source: Companies' Pillar 3 reports, Finansinspektionen



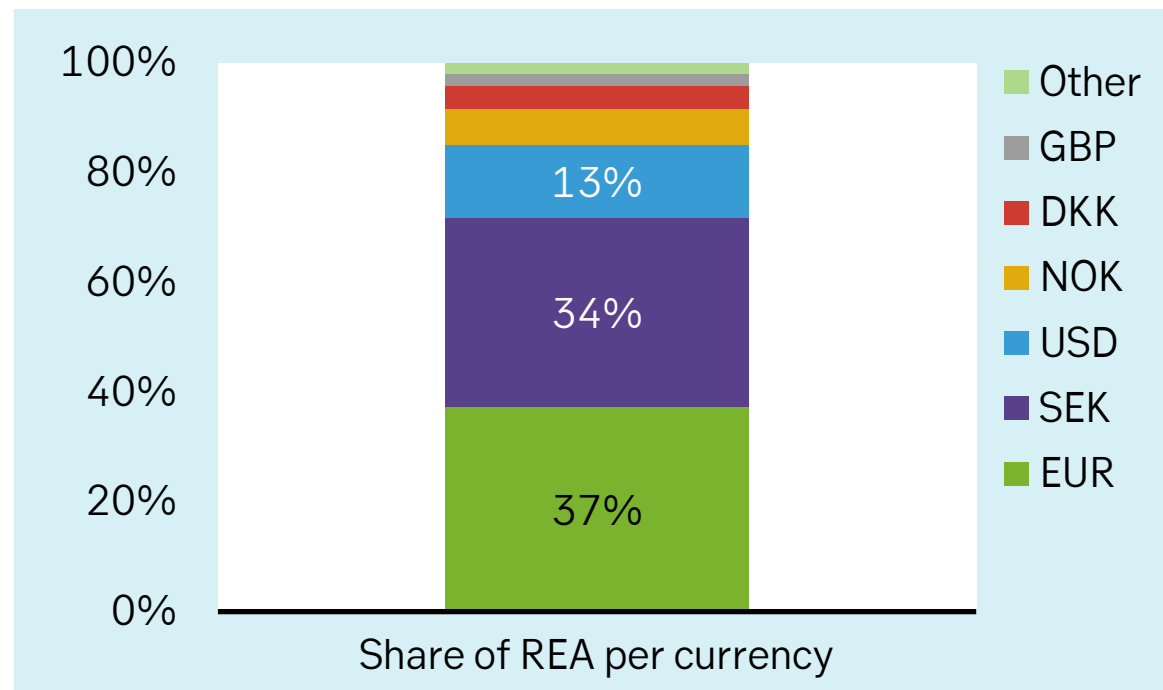
# Risk exposure amount yearly development

SEB Group – Basel III, Dec 2016 – Dec 2017



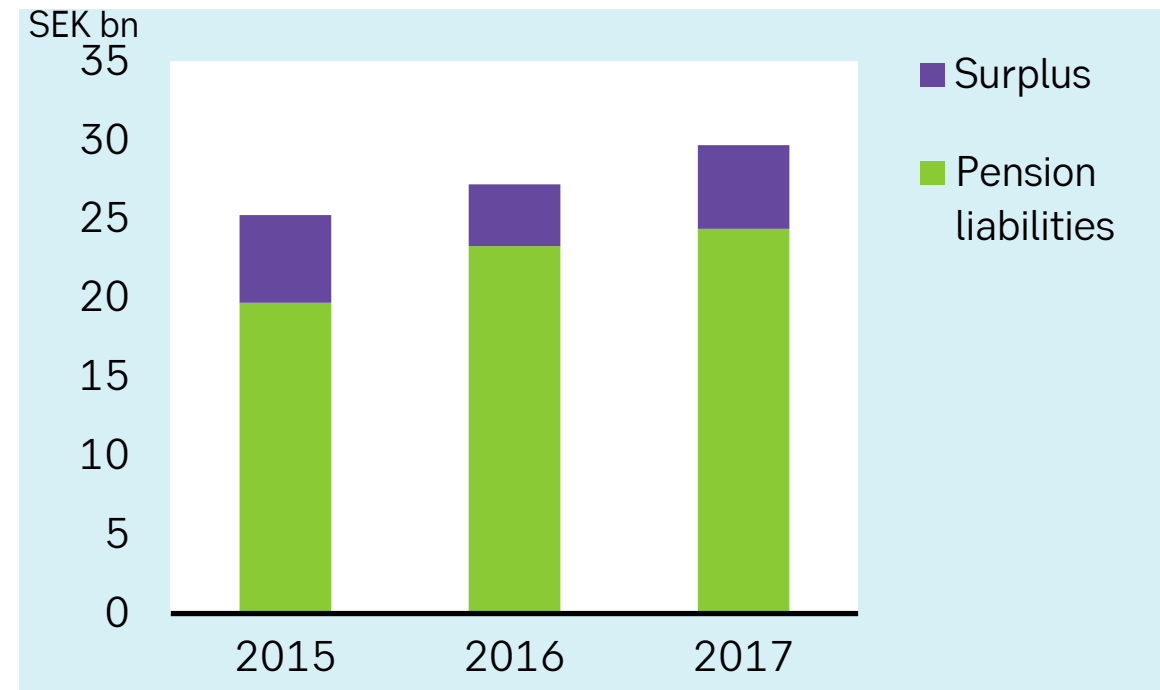
# Reasons for 150bps management buffer

## Sensitivity to currency fluctuations



±5% SEK  
impact 50bps CET1 ratio

## Sensitivity to surplus of Swedish pensions



-50 bps discount rate  
impact -50bps CET1 ratio

&  
general  
macro...

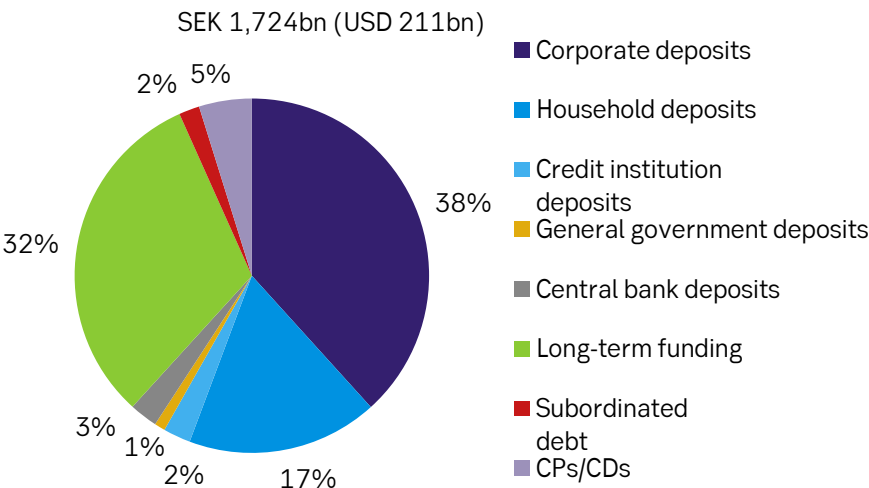
# Agenda



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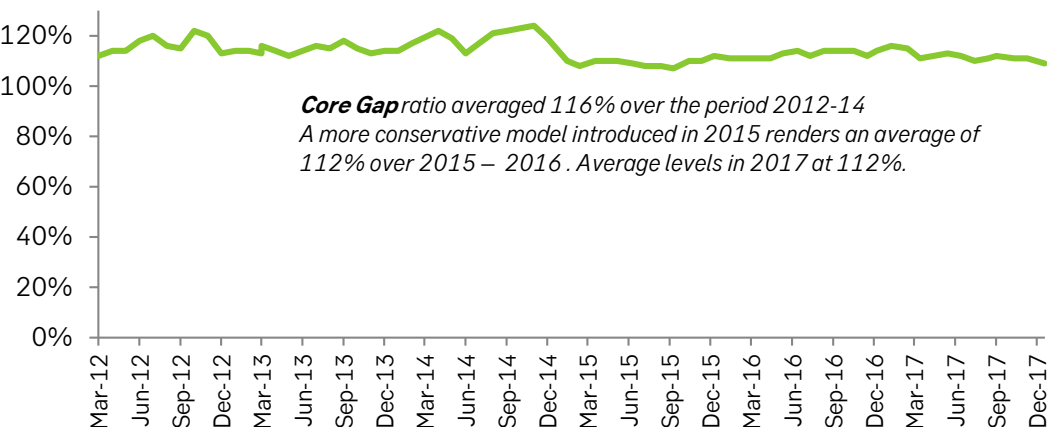
# Stable deposit base and structural funding position

## Wholesale funding represents 38% of the funding base



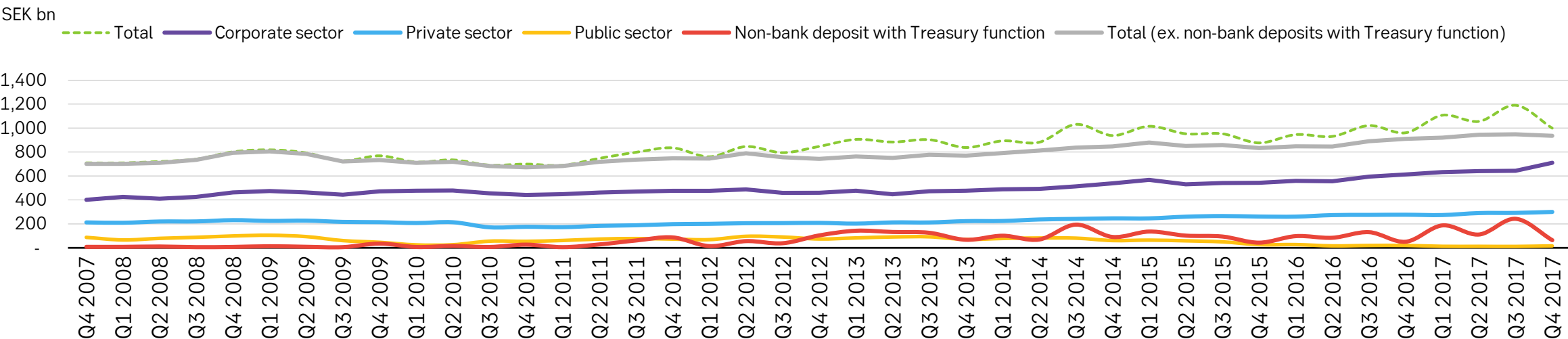
**Note:** Excluding repos and public covered bonds issued by the German subsidiary which are in a run-off mode

## Stable and strong structural funding position, Core Gap Ratio



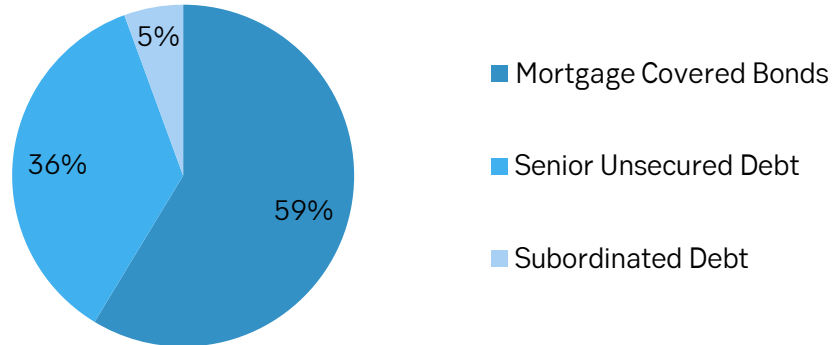
**Core Gap** is the amount of funding in excess of one year in relation to assets with a maturity of more than one year based on internal behavioural modelling

## Stable development of deposits from corporate sector and private individuals



# Well-balanced long-term funding structure

## Long-term wholesale funding mix



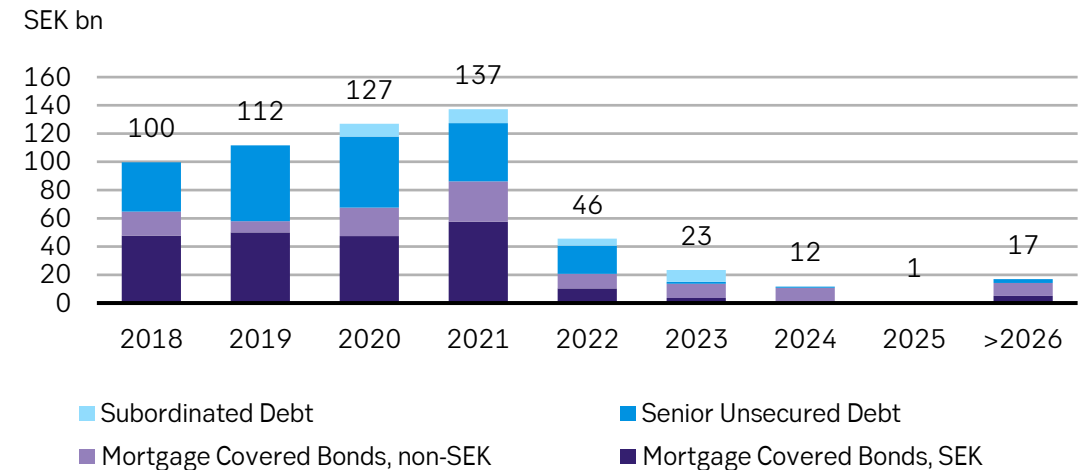
## Issuance of bonds SEKbn

Instrument	2014	2015	2016	2017
Covered bonds	60	55	62	55
Senior unsecured	32	40	74	20
Subordinated debt	17	0	8	5
<b>Total</b>	<b>109</b>	<b>95</b>	<b>145</b>	<b>80</b>

## Strong Credit Ratings

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

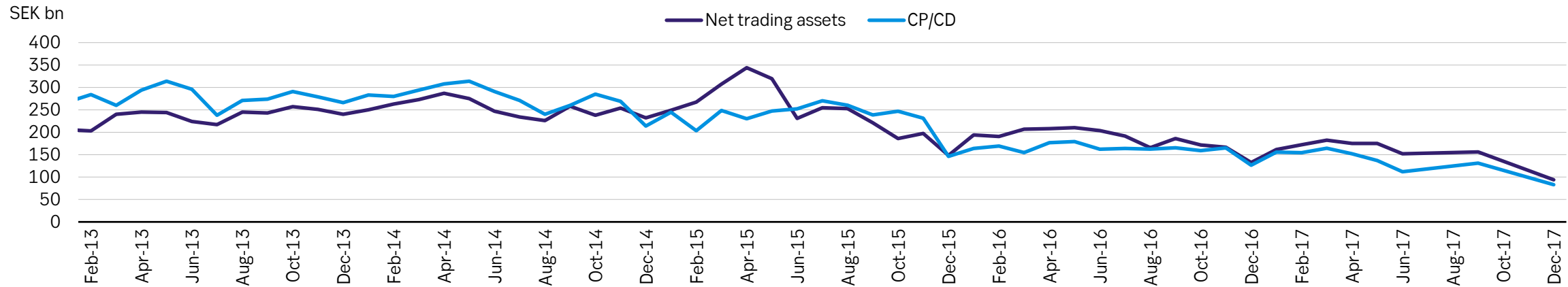
## Maturity profile



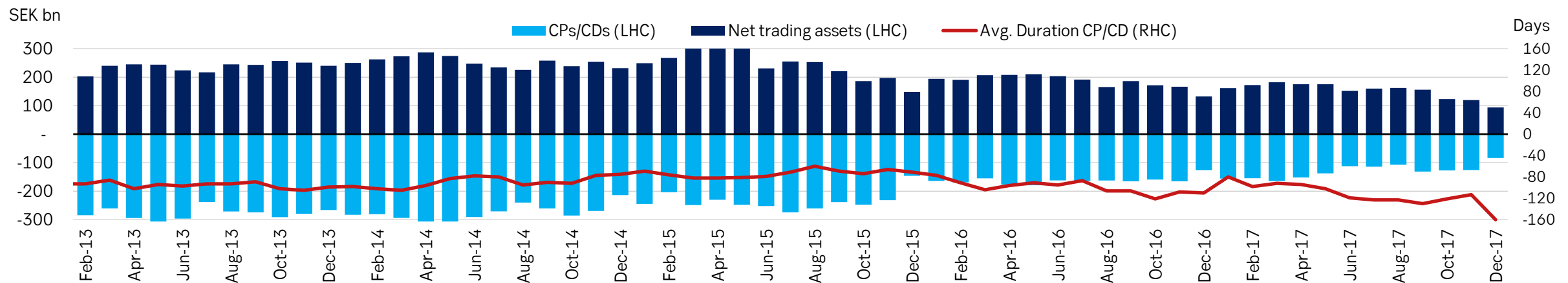
\* of which one notch is due to the implicit state support

# CP/CD funding supports client facilitation business

## Volumes - Net Trading Assets<sup>1</sup> adaptable to CP/CD funding access



## Duration - CP/CD fund net trading assets with considerably shorter duration



1) Net Trading Assets = Net of repoable bonds, equities and repos for client facilitation purposes

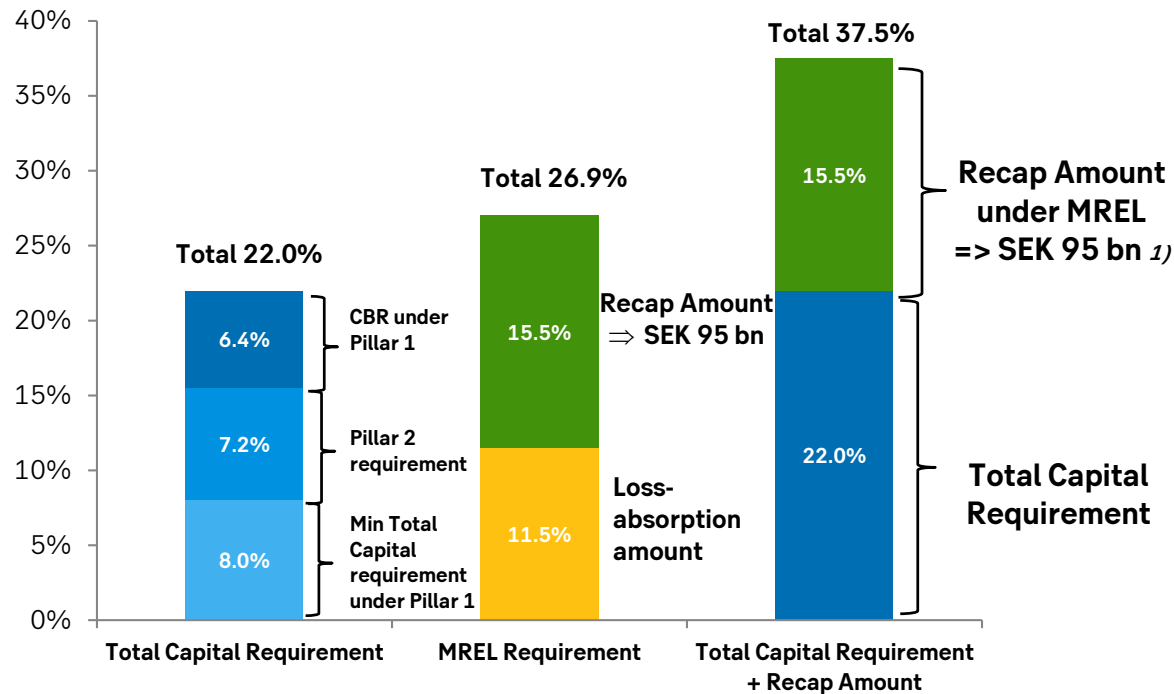
# Modest need for non-preferred senior debt

Current introduction of Swedish MREL

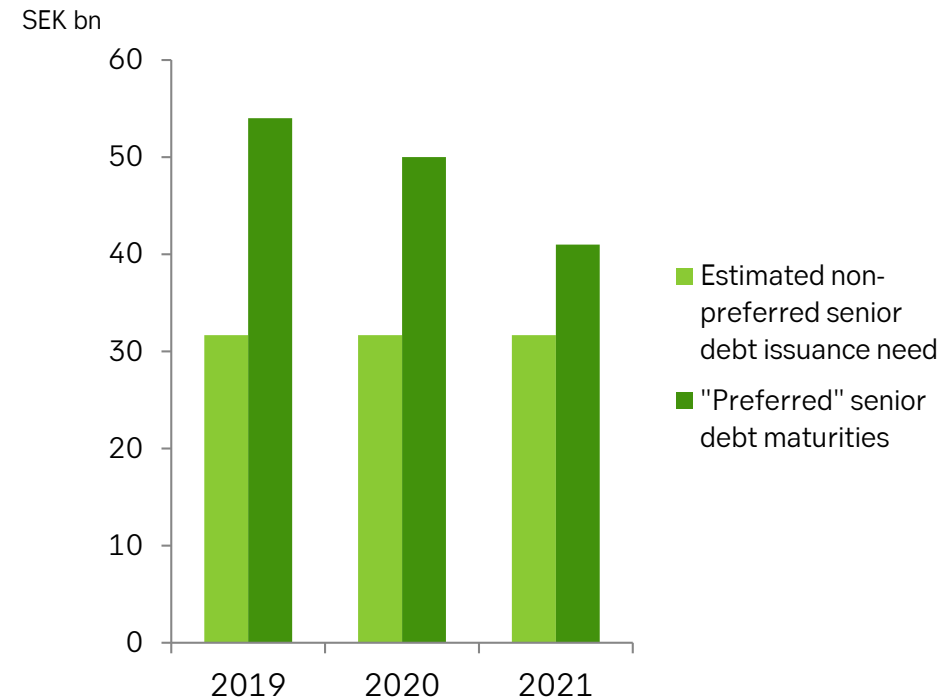
## Estimated phasing-in period of non-preferred senior debt



## SEB Total capital and non-preferred senior debt requirement



## "Preferred" senior debt maturities clearly exceed Non-preferred senior debt issuance needs

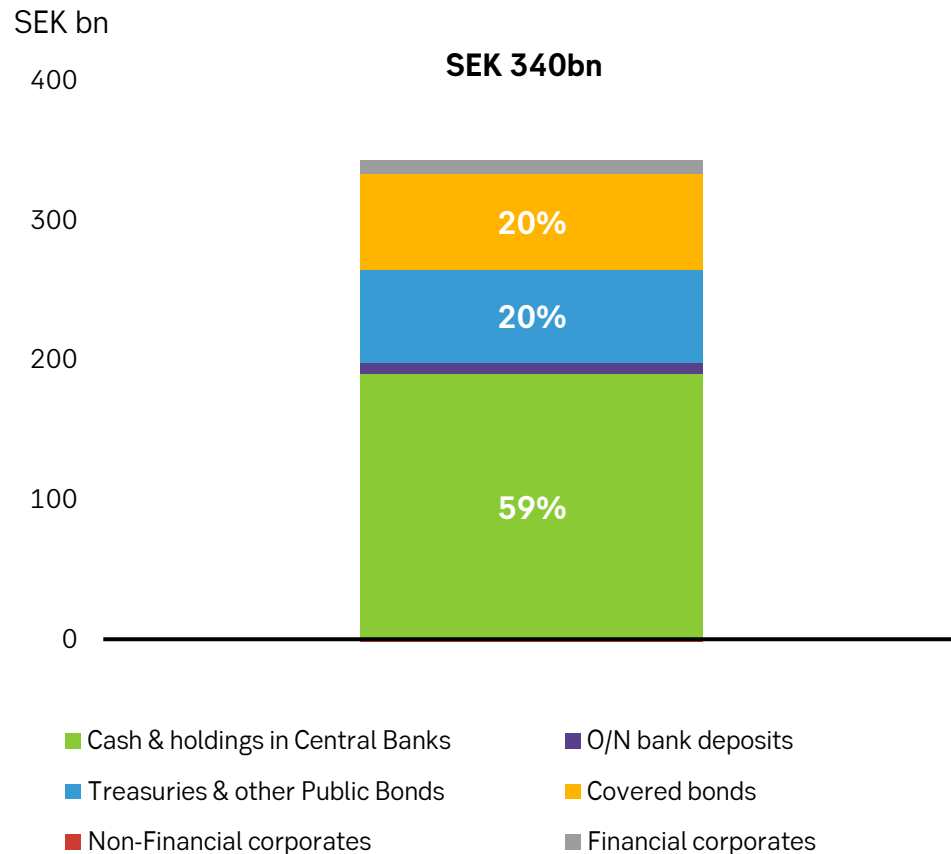


1) Recap amount based on capital requirements at December 31, 2017.

2) Issuance volume recap amount phased in over a 3 year period

# Strong liquidity and maturing funding position

SEB's Liquidity Reserve\* 2017 Q4 is 192% of wholesale funding maturities within 1 year\*\*

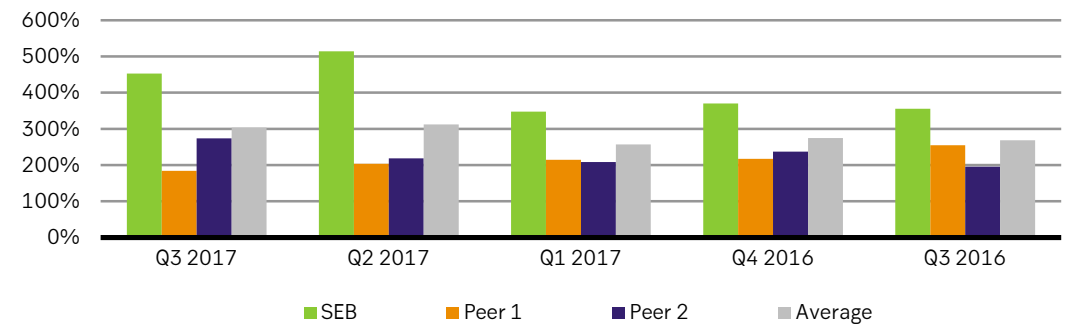


\* Definition of Core Liquidity Reserve according to Swedish Bankers' Association

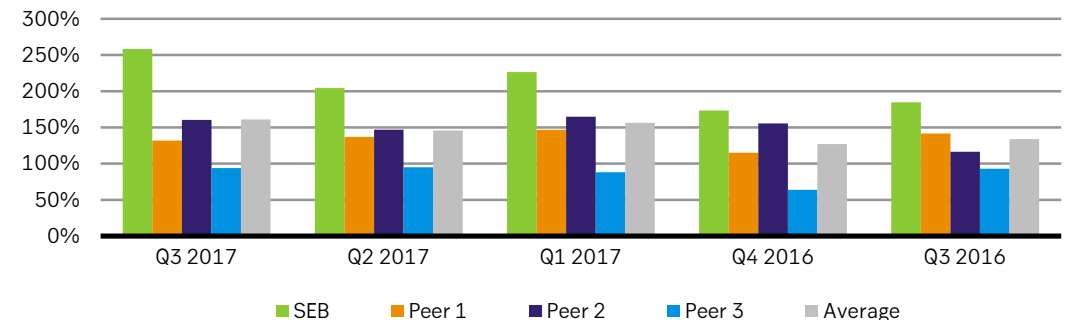
\*\*excluding sub debt with call date within a year

Maturing Funding ratio 3m and 12m, Peer benchmarking

Development 3m funding ratio



Development 12m funding ratio



**Definition:** Liquid Assets <sup>1)</sup> / (Maturing Wholesale Funding within 3/12m + Net interbank borrowing within 3/12m)

1) Liquid assets defined as on balance sheet cash and balances with central banks + securities (bonds and equities) net of short positions

Source : Fact Book of SEB and the three other major Swedish banks. One peer does not disclose the 3m ratio



# Agenda



COVERED BOND  
- L A B E L -

SEB



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# Only Swedish residential mortgages in SEB's cover pool

## Cover Pool and Covered Bonds

### Highlights

- ❑ Only Swedish Residential Mortgages in the Cover Pool, which historically have had very low credit losses
- ❑ SEB's Cover Pool is more concentrated towards Single family and Tenant owned apartments, which generally have somewhat higher LTVs
- ❑ The Cover Pool is on the parent bank's balance sheet contrary to SEB's major Swedish peers
  - All eligible Swedish residential mortgages are directly booked in the Cover Pool on origination , i.e. no cherry picking of mortgages from balance sheet to Cover Pool
  - Covered Bonds are issued out of the parent bank 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 OC – currently at 62%

### Covered Bonds

		Q4 2017	Q4 2016	Q4 2015	Q4 2014
Total outstanding covered bonds (SEK bn)		324	314	311	310
Rating of the covered bond programme		Aaa Moody's	Aaa Moody's	Aaa Moody's	Aaa Moody's
FX distribution	SEK	69%	71%	72%	76%
	non-SEK	31%	29%	28%	24%

### Cover Pool

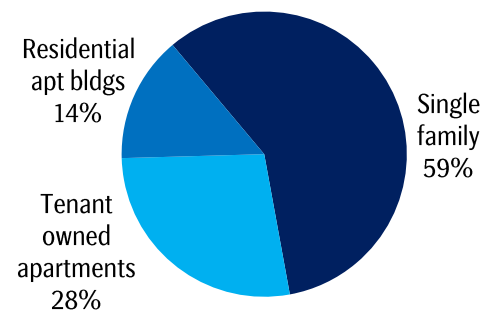
	Q4 2017	Q4 2016	Q4 2015	Q4 2014
Total residential mortgage assets (SEK bn)	525	510	483	465
Weighted average LTV (property level)	51%	50%	57%	57%
Number of loans (thousand)	717	711	697	683
Number of borrowers (thousand)	423	424	427	427
Weighted average loan balance (SEK thousand)	732	718	693	680
Substitute assets (SEK thousand)	0	0	0	0
Loans past due 60 days (basis points)	5	4	4	6
Net credit losses (basis points)	0	0	0	0
Over-Collateralization level	62%	63%	55%	50%

# SEBs mortgage lending is predominantly in the three largest and fastest growing cities with an interest rate reset date within two years

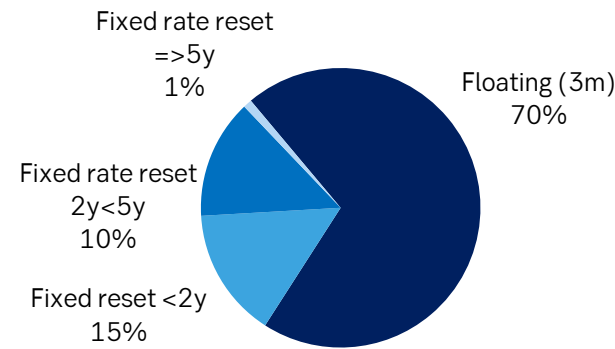


Cover Pool

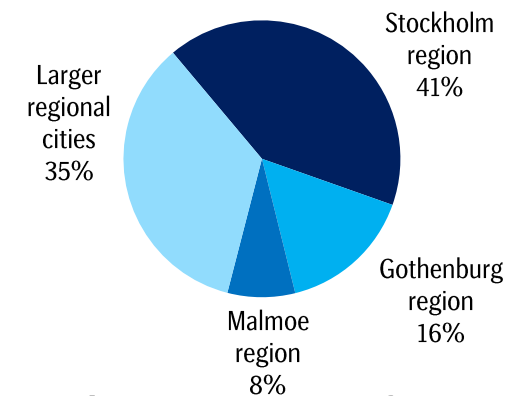
Type of loans



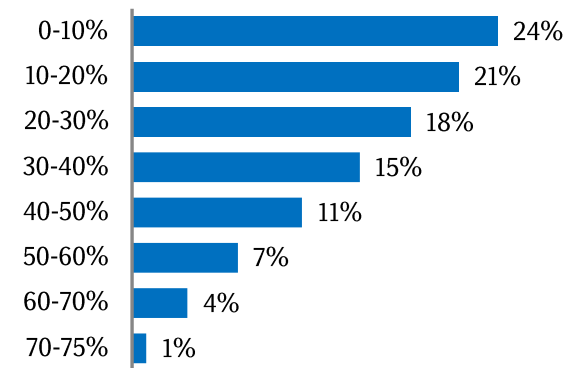
Interest rate type



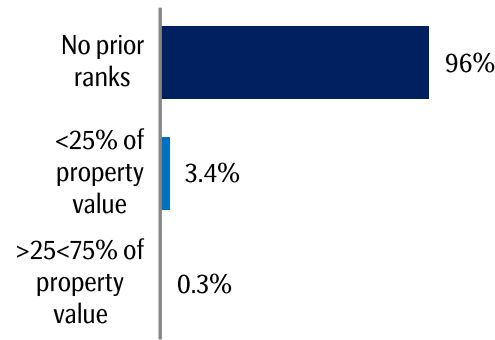
Geographical distribution



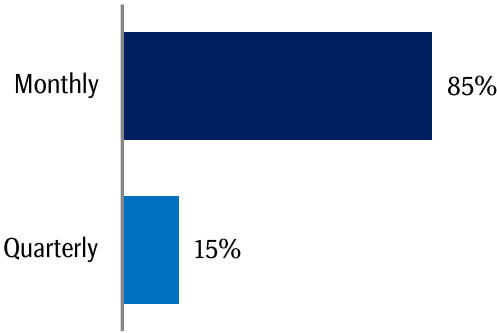
LTV distribution by volume in % of the Cover Pool



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](http://www.asbc.se))

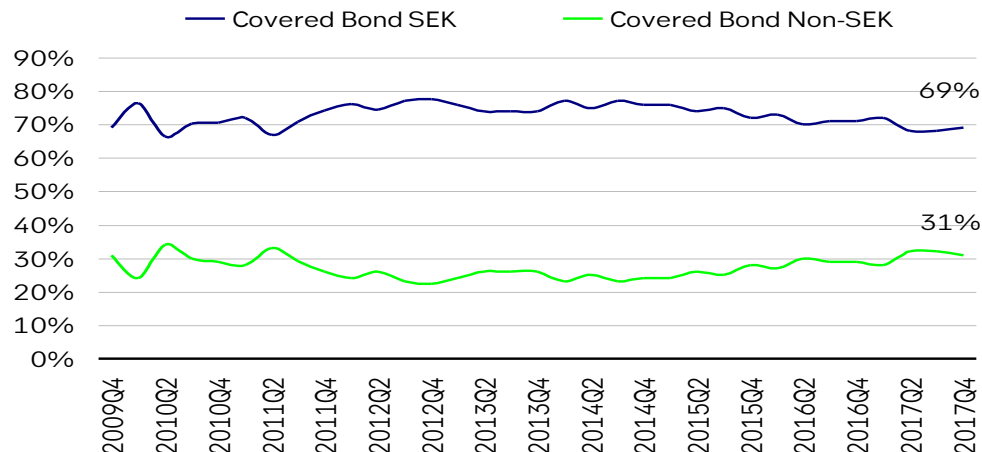
# Profile of outstanding covered bonds

## Covered Bonds

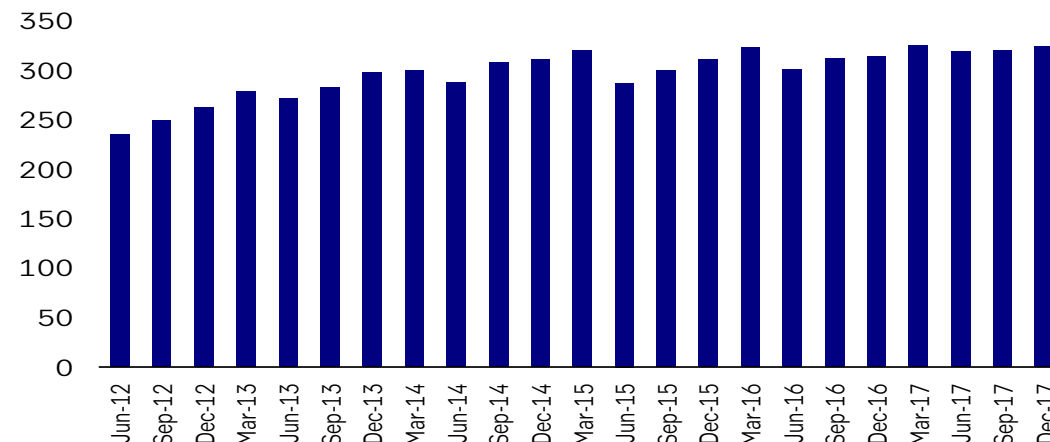
### SEB Swedish Mortgage Covered Bonds

<b>Moody's Rating</b>	Aaa
<b>Total outstanding</b>	SEK 324bn
<b>FX distribution</b>	SEK 69%
	non-SEK 31%
<b>Benchmark</b>	Benchmark 91 %
	Non Benchmark 9 %

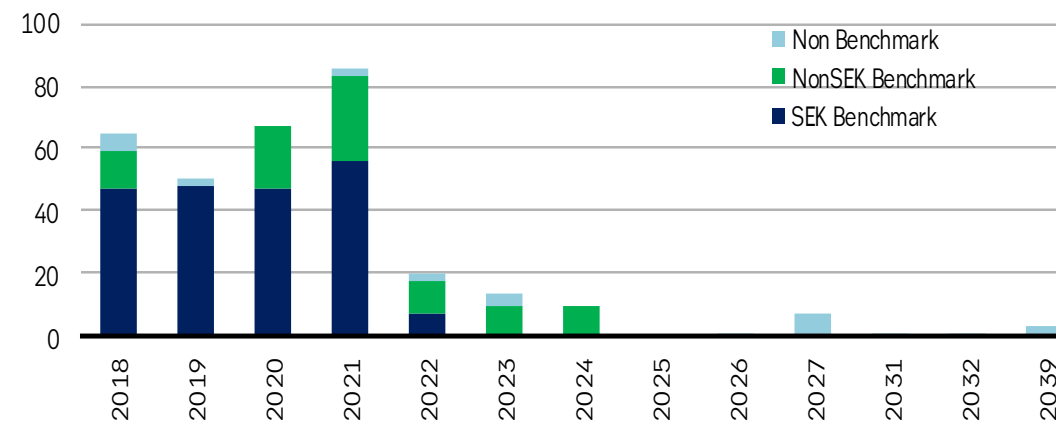
### Currency mix



### Outstanding covered bonds (SEK bn)



### Maturity profile (SEK bn)



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# Focus on growth and transformation continues



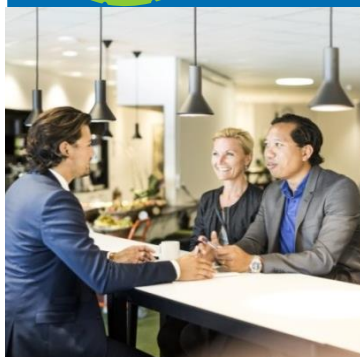
Full focus on  
Swedish  
businesses



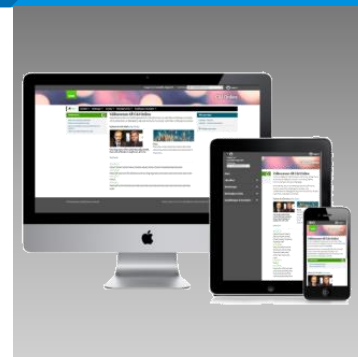
Continue to  
grow in the  
Nordics and  
Germany



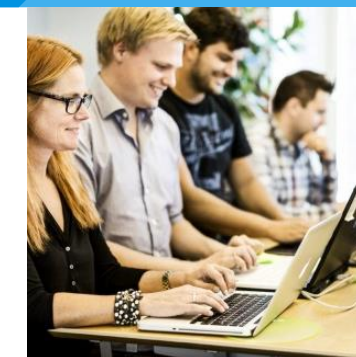
Savings &  
pension  
growth



World-class  
service

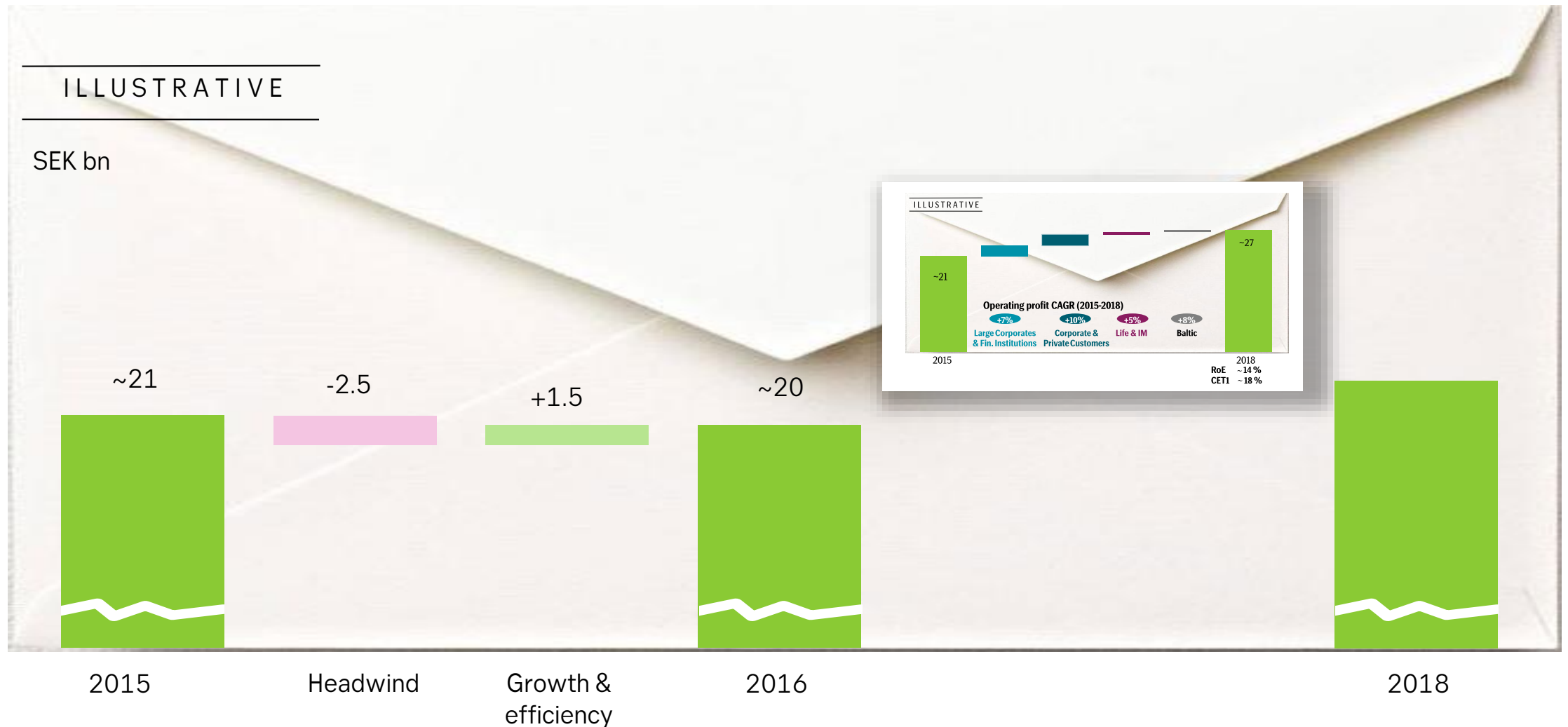


Digitisation and  
automation



Next  
generation  
competences

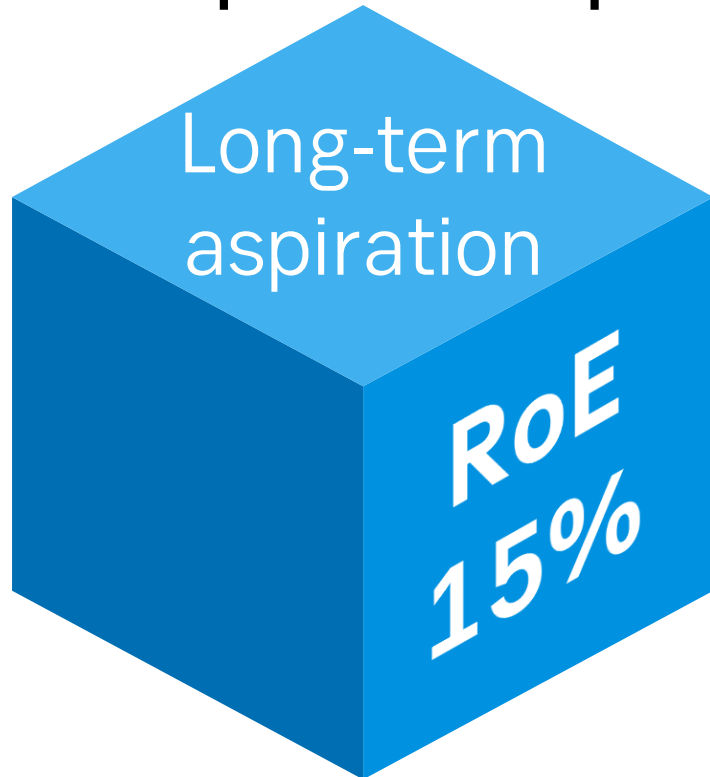
# Growth and efficiency even in a flat interest rate environment and the known headwinds...





# Financial targets

- Dividend pay-out ratio 40% or above
- Common Equity Tier 1 with ~150bps buffer
- RoE competitive with peers





# The journey to world-class service continues

- Focus on meeting changing customer behaviour
- Continued disciplined execution
- Increased emphasis on resilience and long-term perspective in challenging economic climate



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# Investing in Skandinaviska Enskilda Banken AB (Publ.)

- Investors are in a position to hold SEB ordinary shares through a sponsored Level 1 ADR Program
- SEB's ADRs trade on the over-the-counter (OTC) market in the US
- One (1) SEB ADR represents one (1) SEB ordinary share
- SEB's ADRs can be issued and cancelled through Citibank N.A., SEB's Depositary Bank

## Skandinaviska Enskilda Banken's ADR Program

Symbol	SKVKY
ADR : Ordinary Share Ratio	1:1
ADR ISIN	US8305053014
Sedol	4813345
Depositary Bank	Citibank N.A.
Trading Platform	OTC
Country	Sweden

### **Key Broker Contact Details at Citibank N.A., as Depositary Bank for SEB:**

Telephone: New York: +1 212 723 5435

London: +44 (0) 207 500 2030

E-mail: [citiadr@citi.com](mailto:citiadr@citi.com)

Website: [www.citi.com/dr](http://www.citi.com/dr)



# IR contacts and calendar



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Meeting requests and road shows etc.

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## Julia Ehrhardt

Head of Debt Investor Relations

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Mobile: +46 70 591 7311  
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## Financial calendar 2018

**5 March** Annual Report 2017

– published on [sebgroupp.com](http://sebgroupp.com)

**26 March** Annual General Meeting

**30 April** Interim Report January-March

– The silent period starts 10 April

**17 July** Interim Report January-June

– The silent period starts 7 July

**25 October** Interim Report January-September

– The silent period starts 8 October














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# Global GDP growth forecasts as of Nov 2017

GDP, YoY % change		2016	2017	2018E	2019E
US		1.5	2.3	2.8	2.5
China		6.7	6.9	6.6	6.2
Japan		0.9	1.5	1.2	1.0
Euro zone		1.8	2.3	2.5	2.2
Germany		1.9	2.2	2.5	2.2
UK		1.9	1.8	1.4	1.1
OECD		1.8	2.4	2.5	2.2
World		3.2	3.9	4.0	3.9
Sweden		3.2	2.6	2.6	2.4
Norway		1.1	2.0	2.0	2.1
Denmark		2.0	2.1	2.4	2.3
Finland		2.1	3.1	2.5	2.4
Baltics		2.0	4.2	3.5	3.2



# Broad upturn in the Nordic economies

GDP, YoY % change		2016	2017	2018E	2019E
	DEN	2.0	2.1	2.4	2.3
	FIN	2.1	3.1	2.5	2.4
	NOR	1.1	2.0	2.0	2.1
	SWE	3.2	2.6	2.6	2.4

## Denmark: Healthy economic recovery

**Tailwinds:** Strongest GDP growth momentum since the financial crisis, strong global demand, unemployment historically low, consumer confidence and rising home prices.

**Headwinds:** Household savings, weak retail sales and drop in passenger cars sales.

## Finland: Growth is surging after a long stagnation

**Tailwinds:** Record high household optimism, accelerating exports and capital spending. It is a broad-based upturn.

**Headwinds:** Weak pay hikes and disappointing unemployment development

## Norway: Broad-based economic recovery

**Tailwinds:** Expansionary fiscal and monetary policies, unemployment historically low, private consumption and improvements in household real disposable income.

**Headwinds:** Fragile initial oil and gas recovery and sluggish activity in manufacturing

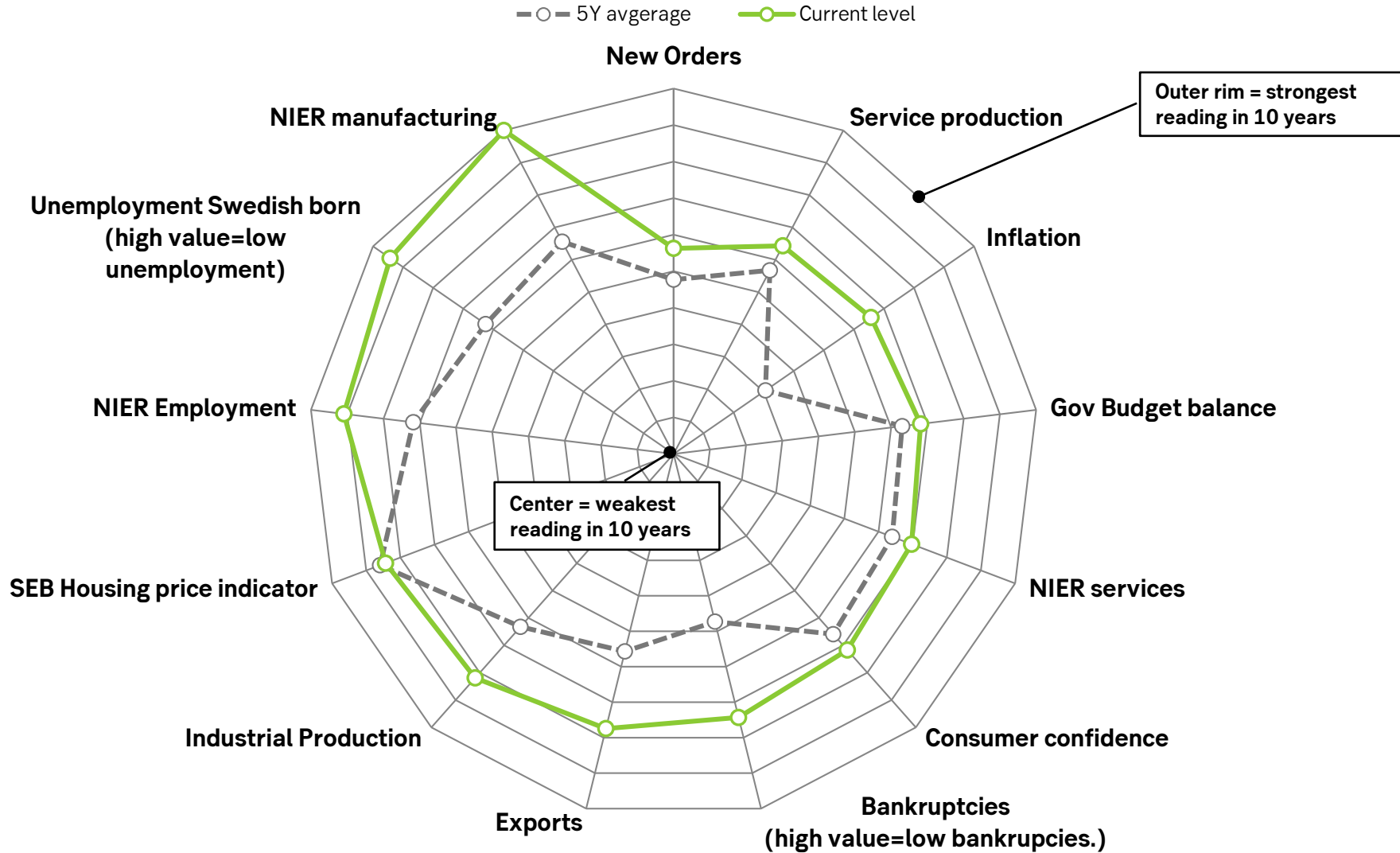
## Sweden: Industry driving growth as home construction declines

**Tailwinds:** Rapid job growth, loose monetary policy and high industrial activity

**Headwinds:** Uncertainty in housing market, cautious households keeping private consumption down and low pay hikes.



# Strong Swedish economy



Note: The further out towards the rim the more economic strength each indicator signals. A reading on the outer edge represents the strongest value seen in the last 10 years, while a reading in the center would represent the weakest reading in 10 years. The grey dotted line is the average reading over the past 5 years. Updated October 2017

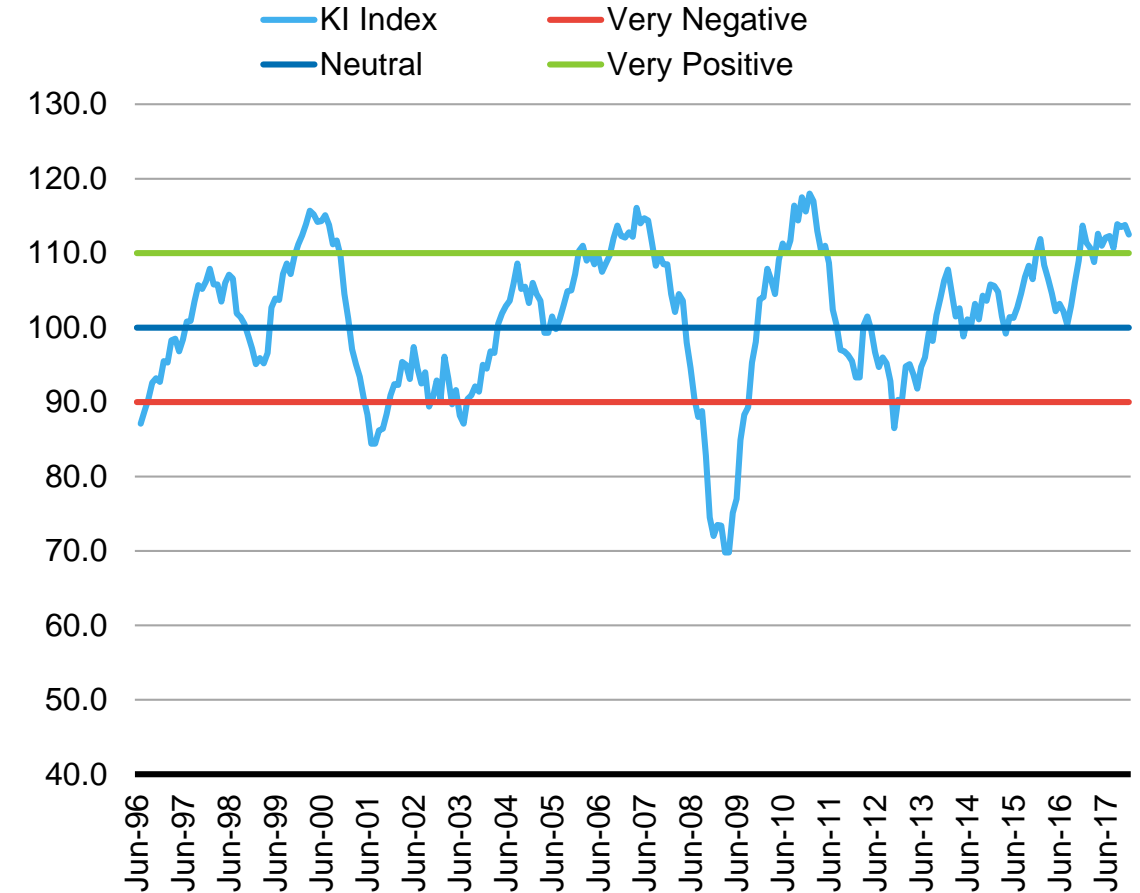
# Business conditions improving in Sweden

## Deloitte/SEB Swedish CFO Survey

– The survey was carried out in September and October 2017



## Swedish Business Confidence, KI index, Dec-17



# Swedish housing market

## – Characteristics and prices

### Svensk Mäklarstatistik – Dec 2017, per cent

Area	Single family homes		Apartments	
	3m	12m	3m	12m
Sweden	-3	+5	-7	-2
Greater Stockholm	-6	-1	-7	-6
Central Stockholm			-8	-5
Greater Gothenburg	-3	+4	-6	+4
Greater Malmoe	-3	+7	-8	+8

### Valueguard – Dec 2017, per cent

Area	Single family homes		Apartments	
	3m	12m	3m	12m
Sweden	-7.1	+0.2	-8.7	-6.5
Stockholm	-8.6	-3.3	-9.6	-9
Gothenburg	-4.8	-1	-7.6	-1.2
Malmoe	-6.6	+2.9	-6.7	0

HOX Sweden -7.8% 3m, -2.5% 12m

## Characteristics of Swedish mortgage market

- No buy-to-let market
- No third party loan origination
- All mortgages on balance sheet (no securitisation)
- Strictly regulated rental market
- State of the art credit information (UC)
- Very limited debt forgiveness
- Strong social security and unemployment scheme
- Strong household income

# Sweden: Industry a new driver...

... as residential construction level falls

European boom is lifting  
exports/investments

Home price decline is lowering  
construction, causing some  
concern

Households are optimistic  
Strong labour market

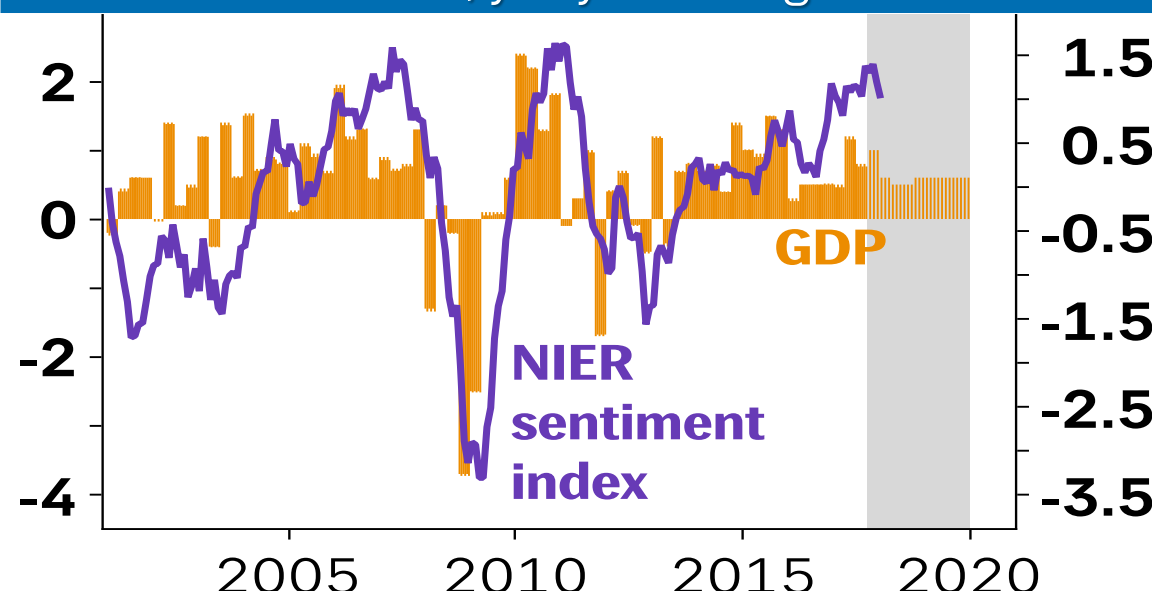
Expansionary policies

Riksbank will hike rate

Our inflation forecast...

## NIER sentiment index, GDP

Index, y-o-y % change

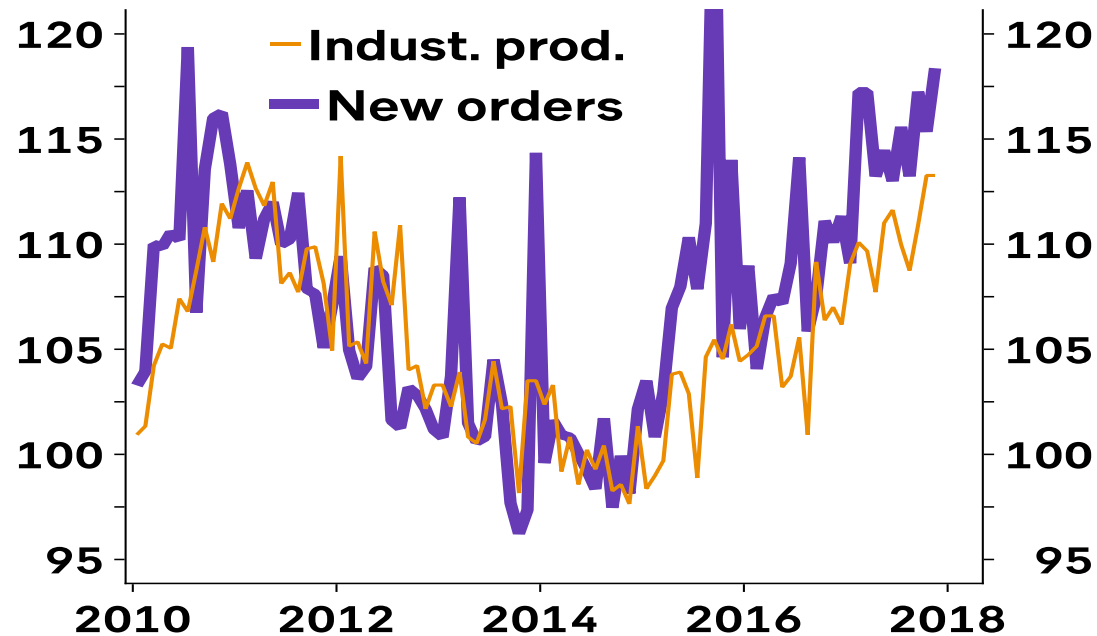


GDP	2016	2017	2018	2019
	3.2%	2.6%	2.6%	2.4%

# Sweden: Europe+SEK=exports up

...optimism and strong labour market

**Order bookings rising**  
Index



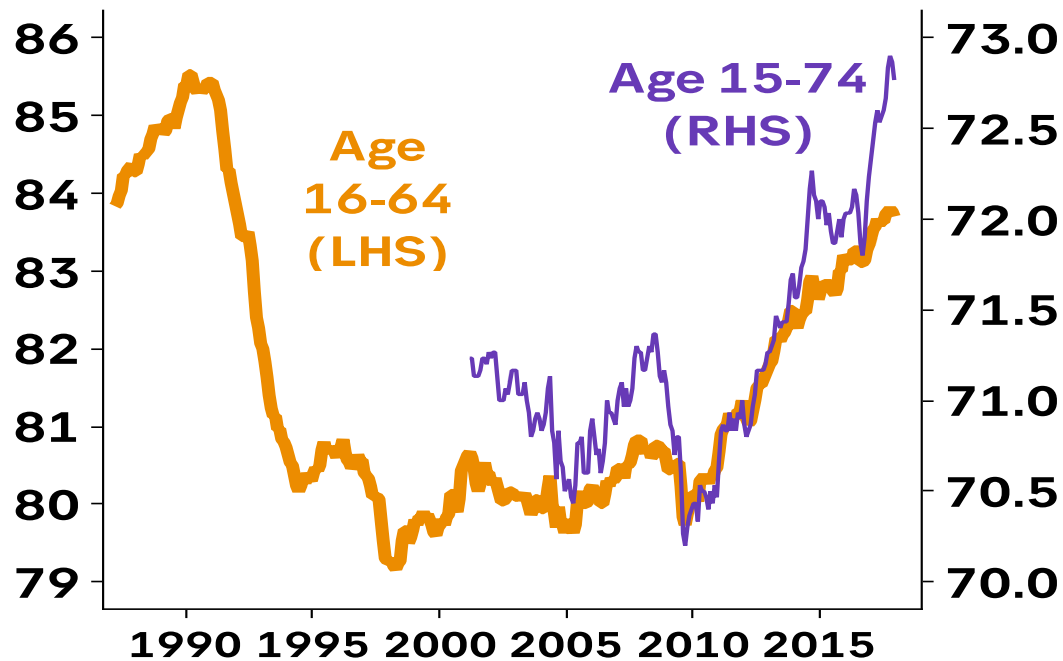
- 75% of exports to other European countries
- Krona 7% undervalued against the euro
- Capital spending due to high capacity utilisation
- Vehicle industry is running in high gear



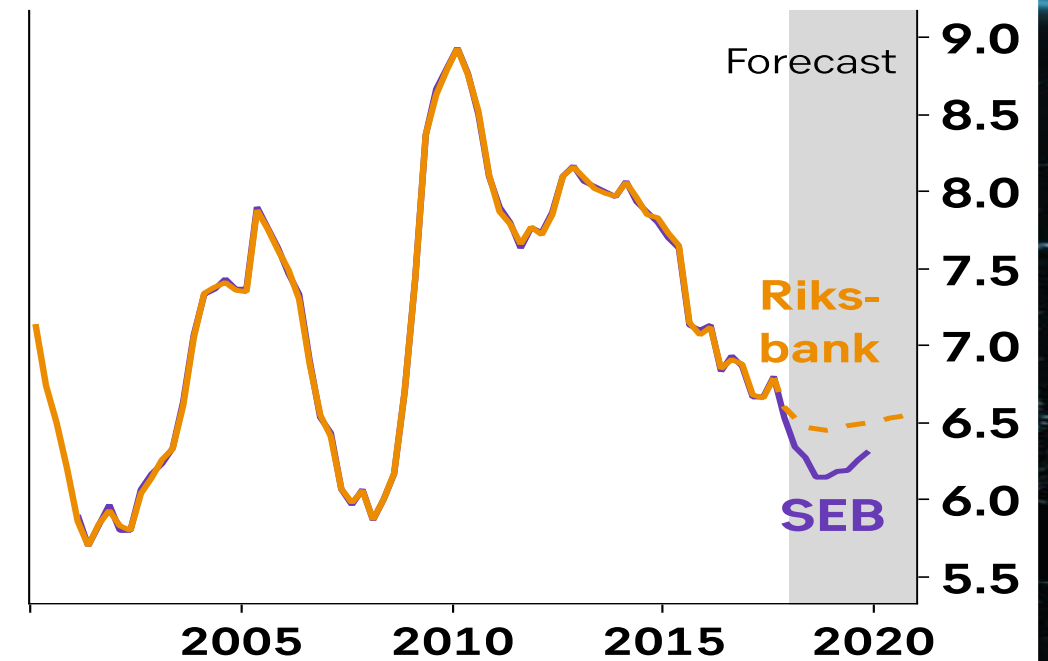
# Sweden: Many new jobs

Unemployment squeezed, but not for everyone

## Participation climbing. Per cent



## Unemployment Per cent



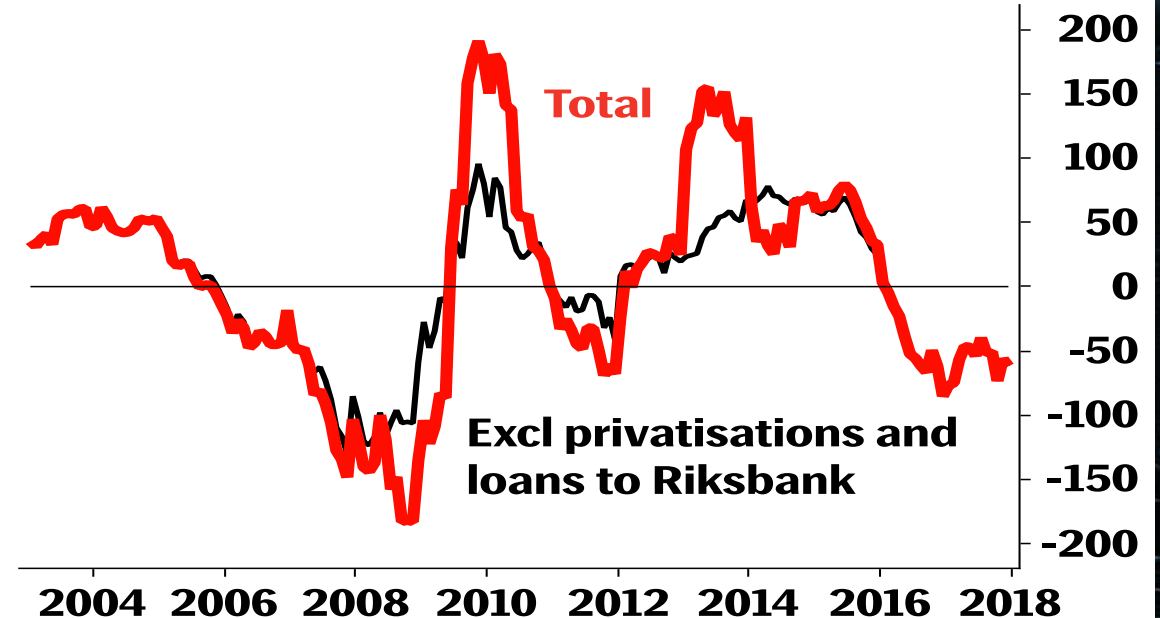
# Sweden: Strong fiscal balance despite SEK 40 bn election budget

% of GDP, SEK bn	2017	2018	2019
Balance	1.3	1.1	1.0
Gov't debt	40	38	35
Borrowing	-62	-48	-50

**Conforms with new fiscal framework (0.33%, 35%)**  
**Lowest debt in 40 years**  
**Good for next government – expansionary again in 2019**

## Borrowing requirement

Total/adjusted. SEK bn (12 mo)

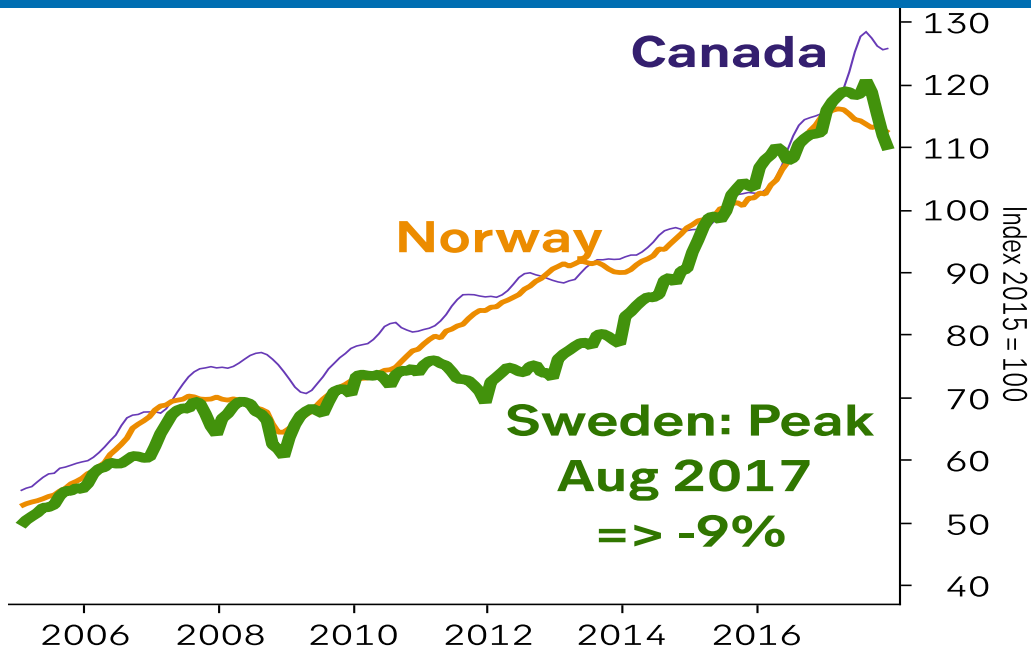


# Sweden: Pumped-up price levels

Sweden, Norway, Canada

## Home price indices

Index 2015 = 100



## Swedish housing market

Positive & negative factors

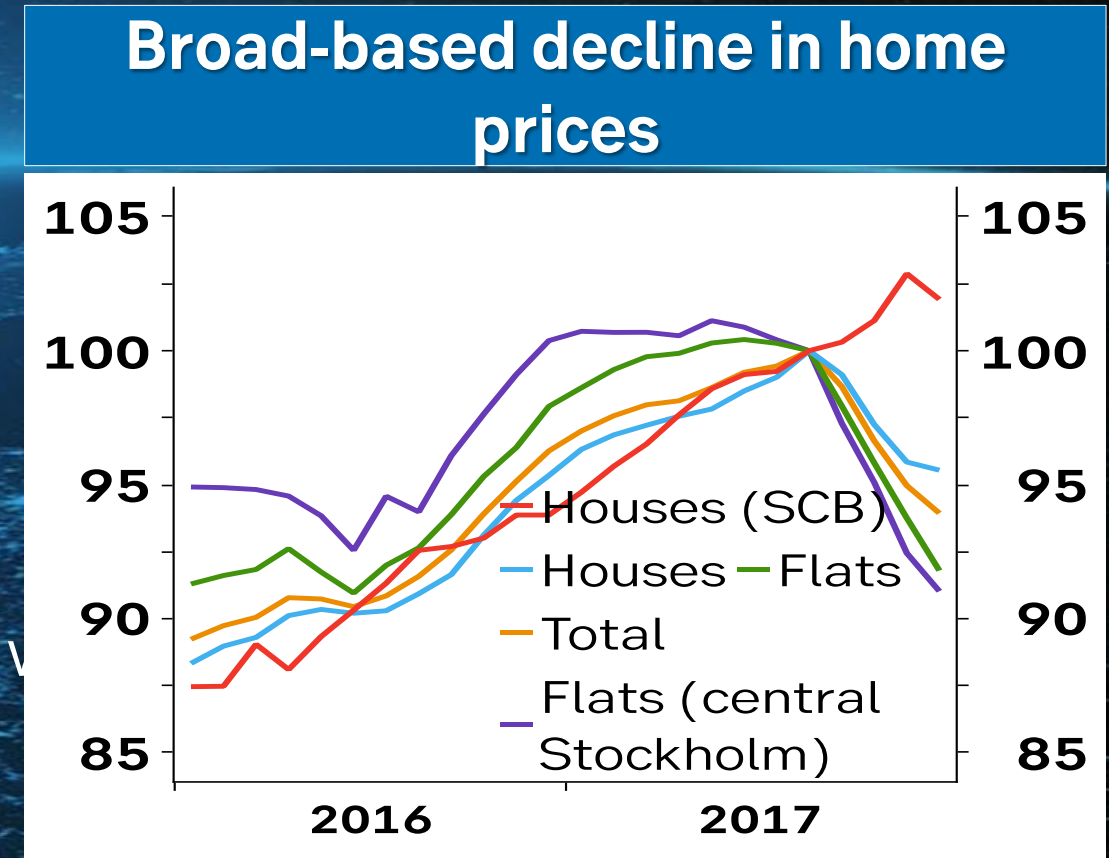
Long-time low homebuilding	High prices (speculation?)
Population growth	Matching problems
Dysfunctional rental market	Tougher borrowing rules
Low interest, good buffers	Similarity to other countries



# Sweden: Broad-based downturn

Main housing scenario = soft landing

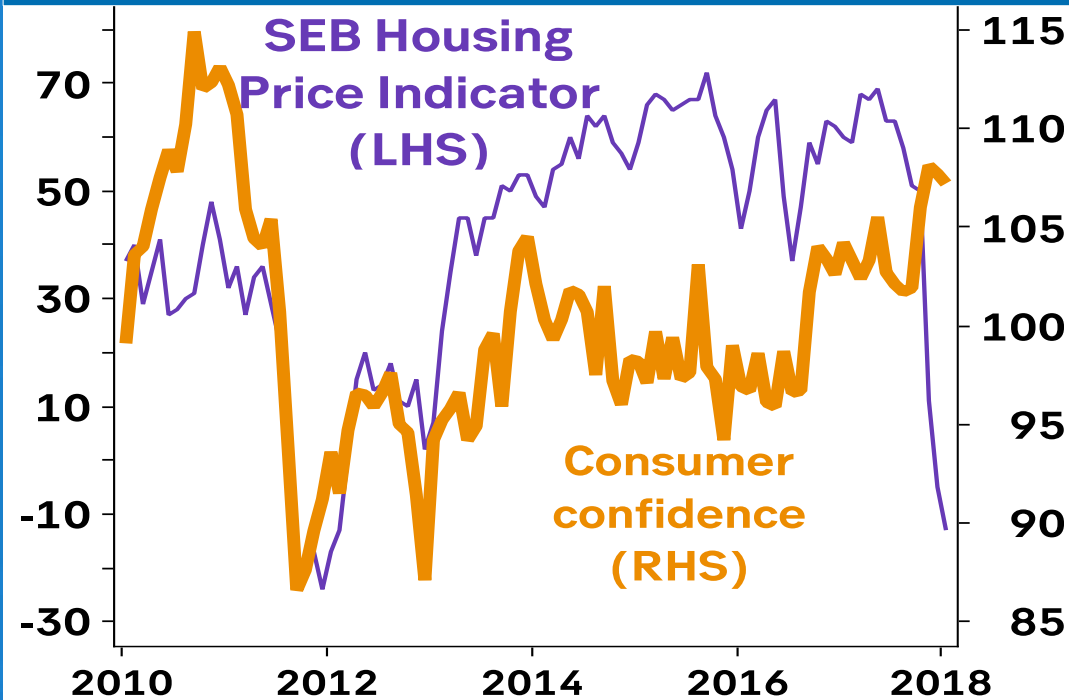
- **Latest: some stabilisation...**  
...but seasonal effects a factor
- **Sales remain brisk**
- **Valueguard exaggerating?**  
Measures larger cities, large weighting for volatile flat prices
- **Broad-based decline worrying**  
-5-10% or -15-20%? By mid-2018, prices will fall by **10%** compared to Aug 2017 peak



# Sweden: Norwegian stabilisation promising for Swedish home prices

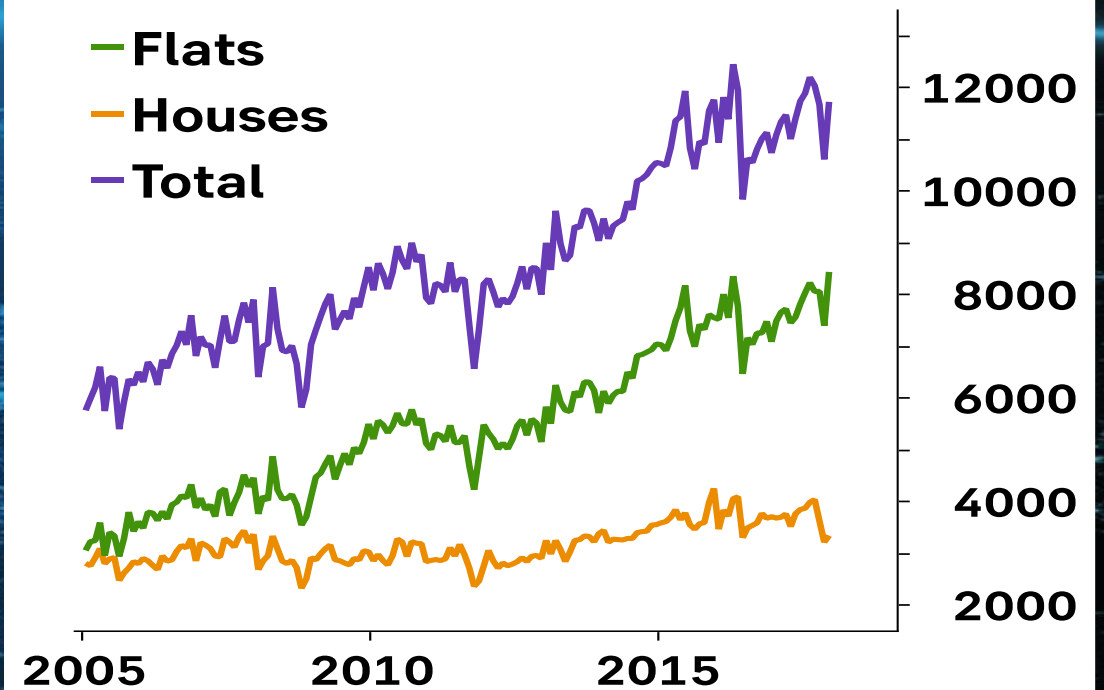
## Optimism defies prices

Index



## Many sales, despite price decline

(2015=100)

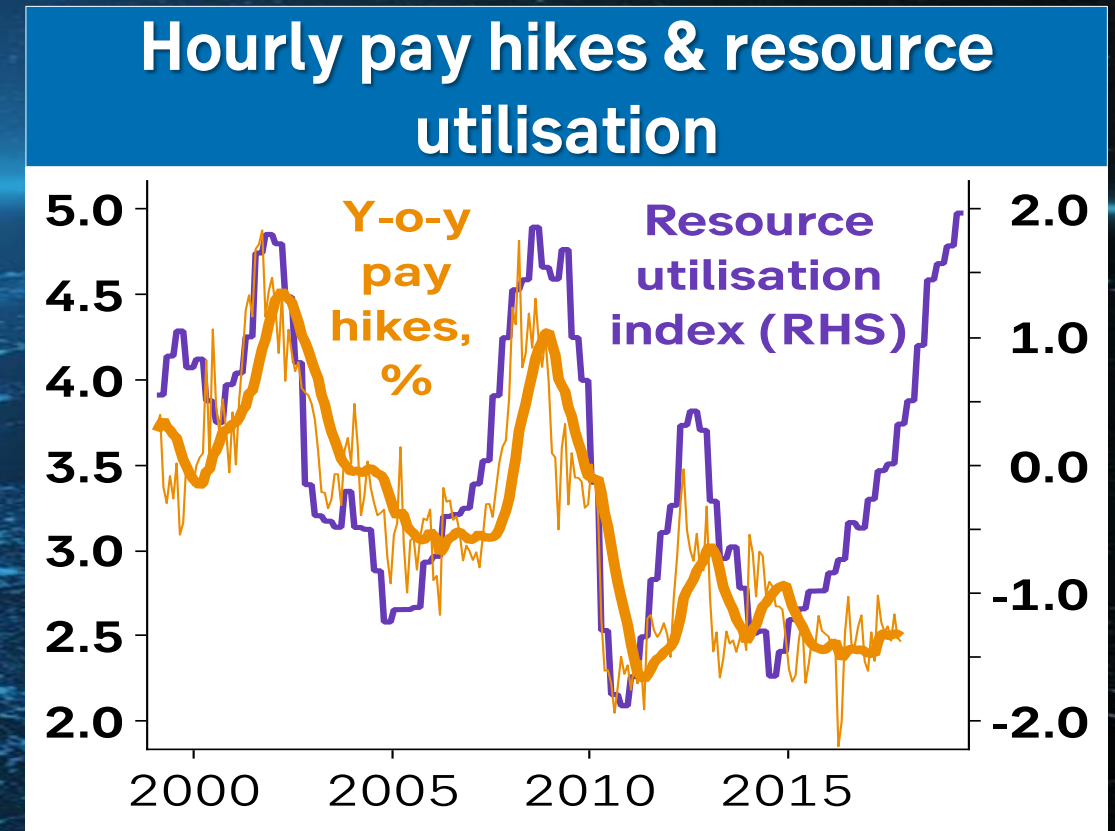


# Sweden: Sluggish pay increases

Despite record-high resource utilisation

- Weak wage response in spite of recruitment problems
- Public sector shortages and pay a bit higher
- EU market squeezing German and Swedish pay

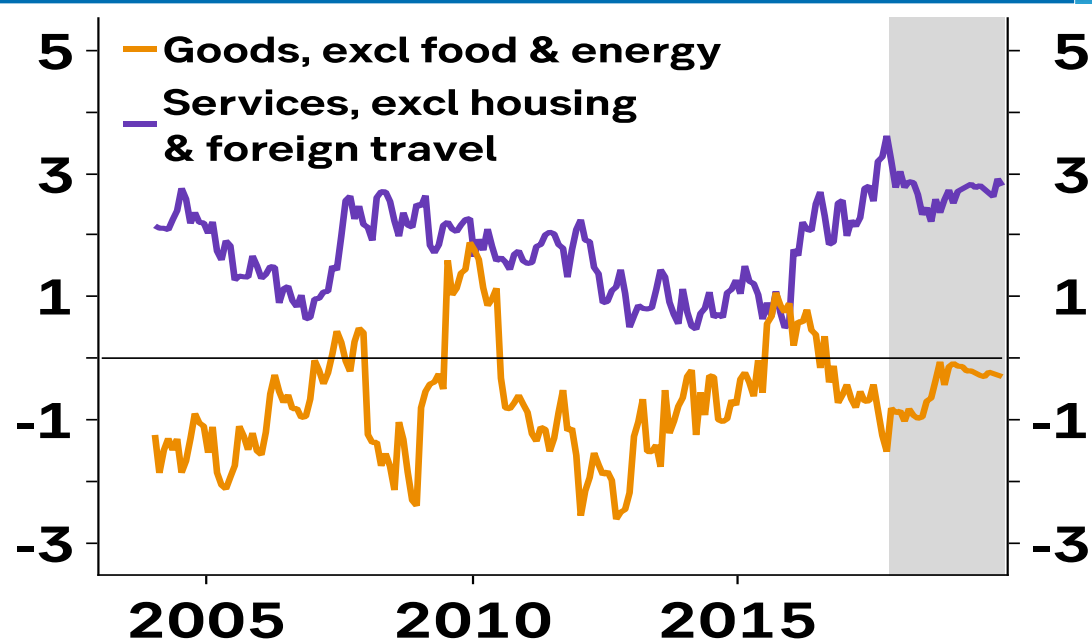
Pay hikes	2017	2018	2019
	2.5%	3.0%	3.3%



# Sweden: Inflation below target

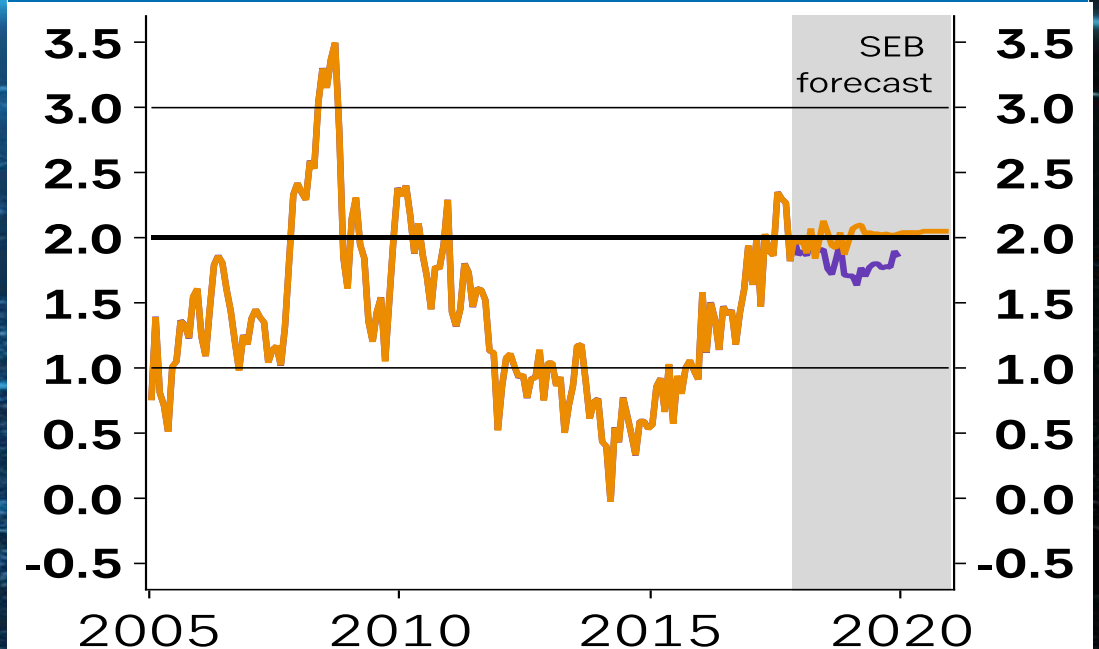
But service prices up nearly 3 per cent

## Divergent inflation rates Per cent



## CPIF will fall in 2018

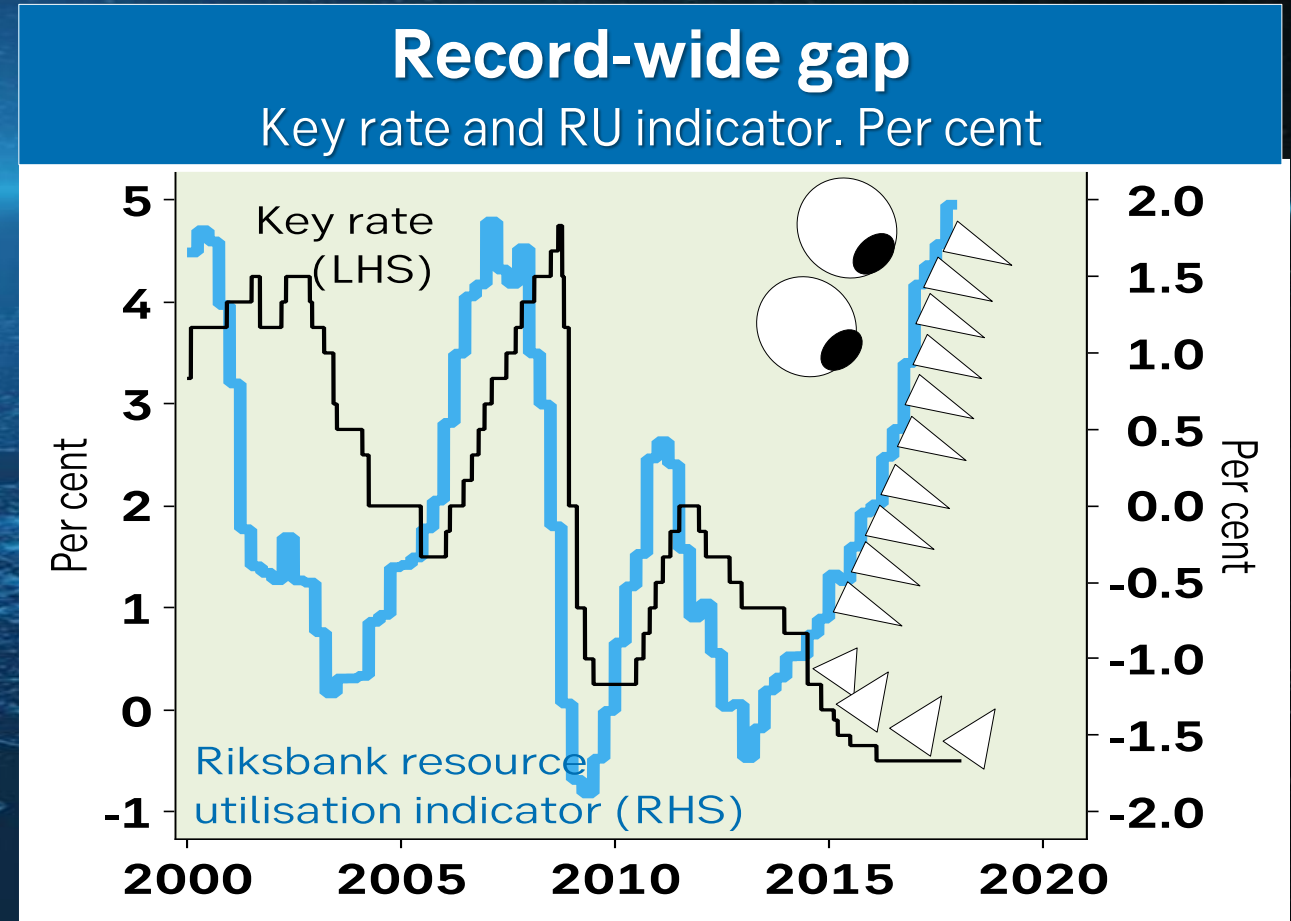
Per cent





# Sweden: Hungry “RB crocodile”

- Extremely low key interest rate despite historically high resource utilisation
- Strong labour market => more cautious monetary policy in other countries...
- ... but not here: Riksbank is completely ignoring Phillips curve



# Sweden: Riksbank has convinced the market

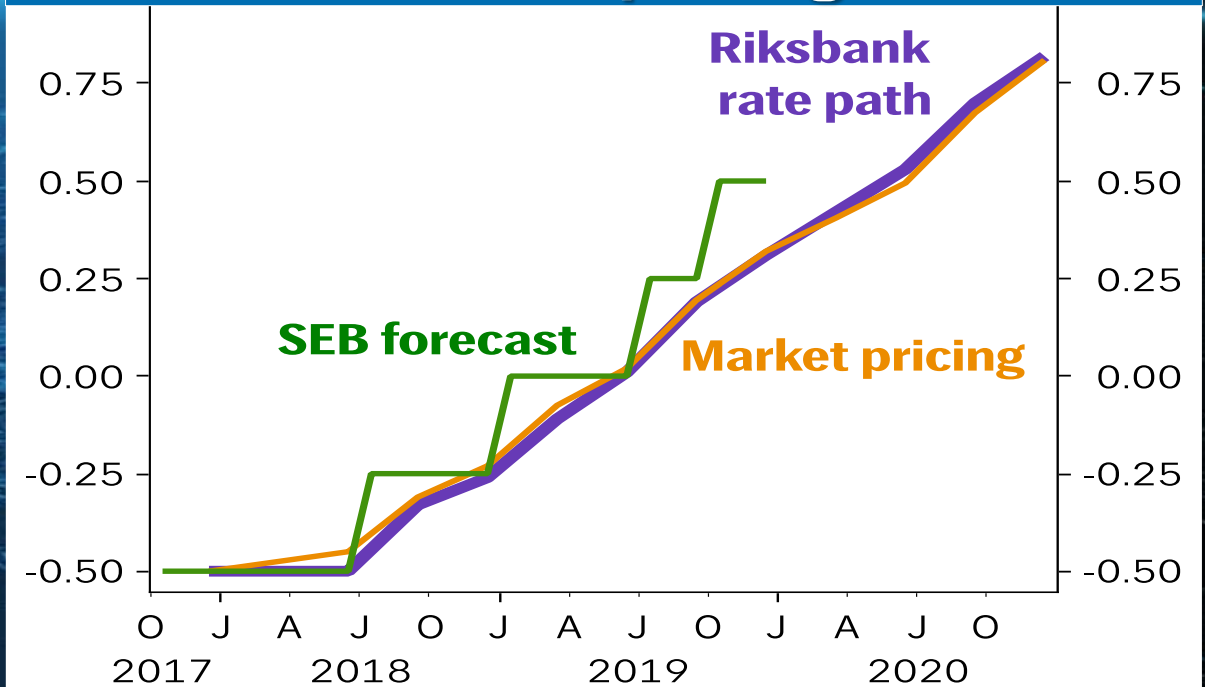
Riksbank rate path unchanged since  
Apr 2017

Most ExecBoard members clearly  
want to follow it

Riksbank & market agree, making  
things easier

**SEB's inflation forecast creates a  
dilemma**

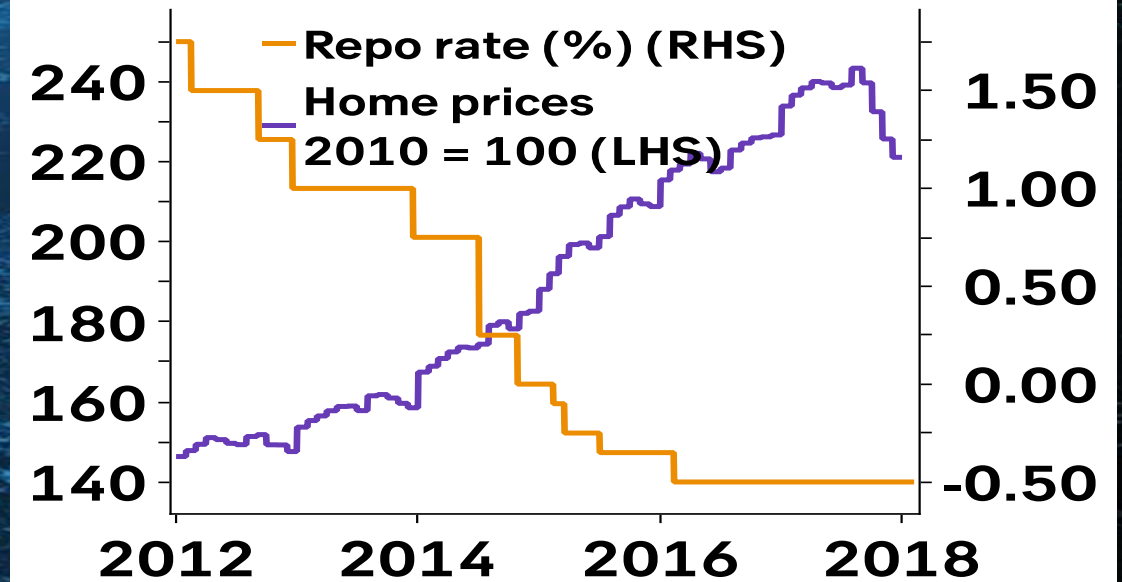
## Riksbank rate path & market pricing



# Sweden: Do falling home prices and rising CPIF create a policy dilemma?

- Loss of confidence can lead to currency-driven inflation
- Deceleration may intensify inflation upturn
- Macroprudential measures help, but are they enough?
- Sharp deceleration would be needed to make Riksbank hold off on hike

## Key rate hikes despite falling home prices



# Sweden: Yield squeeze in spring Riksbank purchases amid smaller supply

**Riksbank: SEK +40 bn**

**Debt Office: SEK +30 bn**

SEB forecast

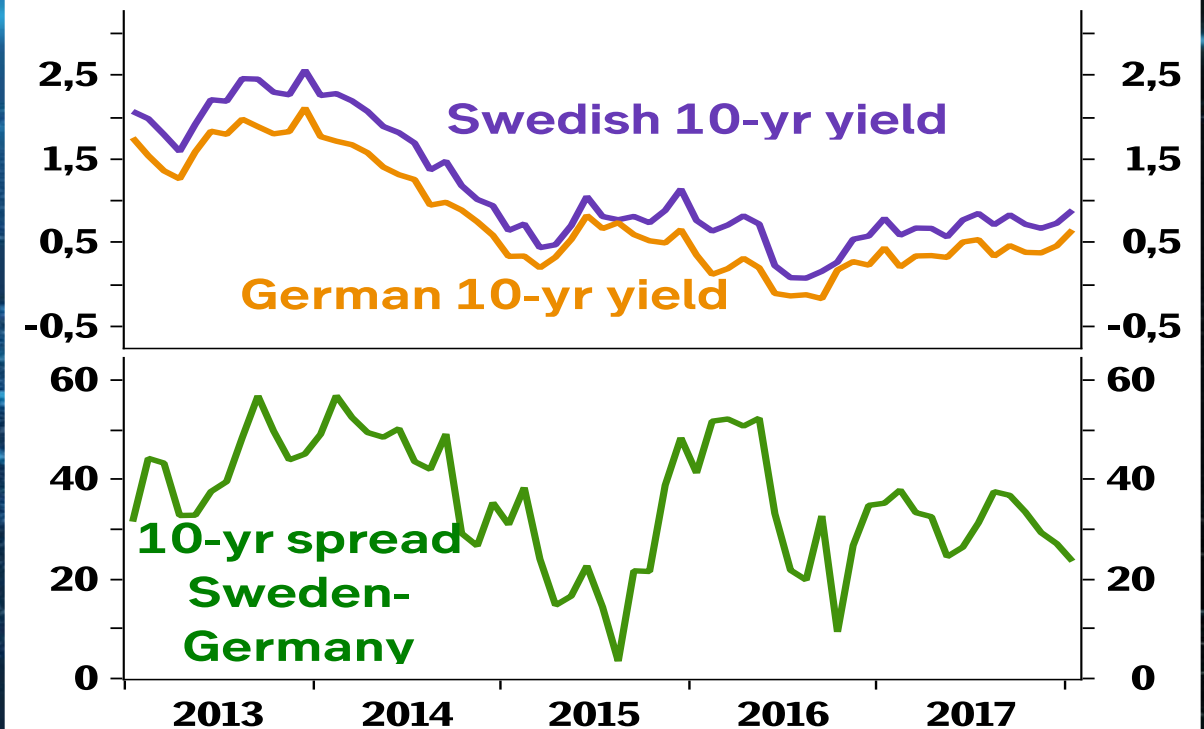
**Global long-term yields ↗**

**Riksbank rate hike ↗**

	Today	2018	2019
<b>Sweden</b>	0.90%	1.50%	2.10%
<b>Germany</b>	0.70%	1.00%	1.50%
<b>Spread</b>	+20 bps	+50 bps	+60 bps

## Yields & spread

Per cent, basis points





# Sweden: Slow SEK appreciation Portfolio

adjustments already made?

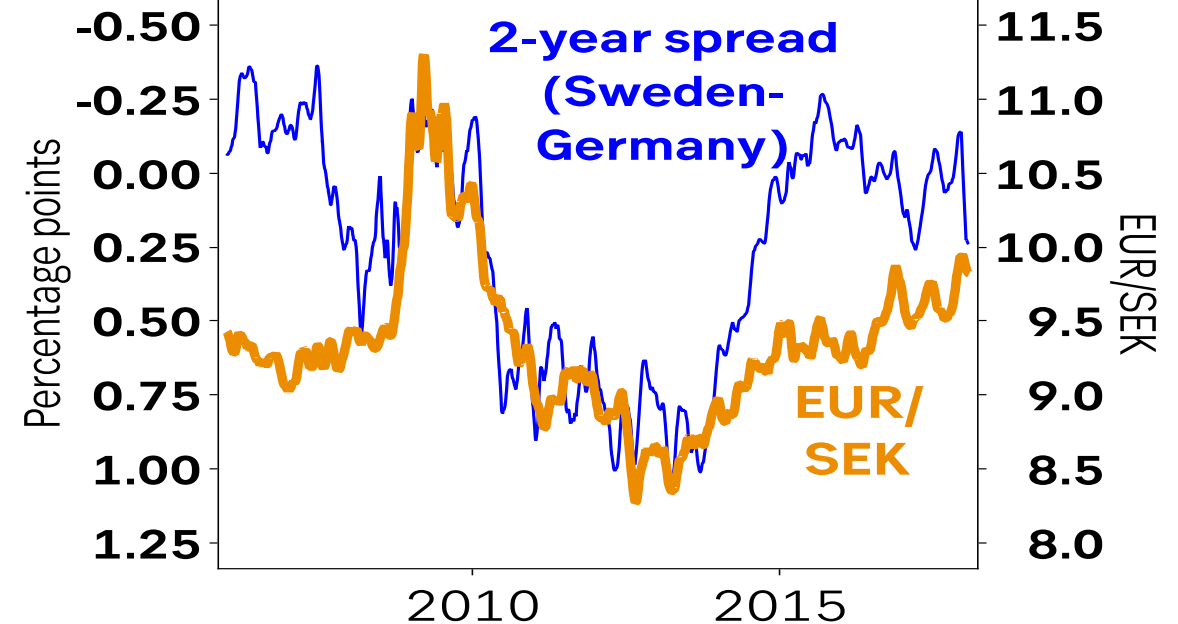
Swedish companies with large  
“currency reserves”

Domestic funds close to “neutral”  
level

Foreign players waiting  
Home prices a risk premium

EUR/	Today	Dec-18	Dec-19
<b>EUR/SEK</b>	<b>9.78</b>	<b>9.50</b>	<b>9.30</b>
<b>USD/SEK</b>	<b>7.85</b>	<b>7.40</b>	<b>7.05</b>

## Help from the Riksbank? Yield spread & EUR/SEK



# Nordic Outlook, February 2018

## Summary

- ❑ **World growth is broad-based: Trump is biding time**

Strong labour markets, increased capacity utilisation

- ❑ **Less but still great dependence on central banks**

Inflation not dead, but manageable: more fruit juice in the punch

- ❑ **Nervous markets: Low volatility can be explained** Higher EUR/USD rate, long-term yields and equities in 2018-19

- ❑ **EU boom offsets weaker Swedish housing market**

Riksbank will stick to hiking plan = +25 bps in September 2018

Below-target inflation challenging – SEK will climb most vs USD