



Full year Financials 2015 Debt Investor Presentation

Thomas Bengtson
John Arne Wang

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SEB

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Content

SEB's Core Markets, Franchise, Financial Results and Strategy p.7

Credit Portfolio and Asset Quality p.20

Capital p.26

Balance Sheet, Liquidity and Funding p.30

Financial Targets and Conclusion p.38

Additional information:

- Macro-economic data p.41
- Additional financial info and funding mix p.45
- Swedish housing market p.49
- SEB's Swedish Residential Mortgage Lending p.58
- SEB's Swedish Cover Pool and Covered Bonds p.64

Highest underlying Operating Profit ever
despite increasingly uncertain markets

Diversified Business Mix sustains strong Earnings Generation
and mitigates effects of negative interest rates and increased uncertainty

Resilient Capital and Liquidity position and High Asset Quality

Business Plan 2013 – 2015 Income Growth Target of 15% was reached
Increased corporate franchise in the other Nordic countries and Germany and
among SMEs in Sweden and good performance in the Long-term Savings area

1. **FY 2014** reported results have been somewhat distorted by large **one-off capital gains** (sales of non-core business and shares) of SEK 2,982m (USD 354m) of which SEK 1,321m (USD 157m) relates to Q3 2014 and the remainder SEK 1,661 (USD 197m) relates to Q4 2014
2. **FY 2015** reported results have been somewhat distorted by a large **one-off cost** of SEK 902m (USD 107m) dating back to 2006-2008
The one-off cost is related 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
3. To show underlying operating momentum, the FY 2014 and FY 2015 income presentations, profitability, capital generation and efficiency ratios have excluded the effects of the above-mentioned one-off gains and costs

SEB in Brief

December 2015

Relatively strong Macro-Economic Operating Environment

- ❑ Operates principally in economically robust AAA rated European countries

Long-term Ownership Structure

- ❑ SEB's founder in 1856, the Wallenberg family, remains the main shareholder with over 20% of voting rights

Diversified and Balanced Business Model

- ❑ Long-term relationship banking creating a business income mix of ca.45% large corporate and institutional banking, ca.35% retail banking and ca.20% wealth management, life and pension business
- ❑ The leading Nordic franchise in Trading, Capital Markets and Fx activities, Equities, Corporate and Investment banking
- ❑ Second largest Nordic asset manager with SEK 1,700bn (*USD 202bn*) under management
- ❑ Largest Nordic custodian with SEK 7,196bn (*USD 855bn*) under custody
- ❑ No. 2 as regards Swedish household total savings with approx 11% market share
- ❑ Approx 7.5% of the total life and pension business in Sweden
- ❑ Approx 16% of the Swedish household mortgage lending market

Strong Capital Generation and one of Europe's Best Capitalized Banks

- ❑ Strong internal capital generation (*Net Profit / REA*) of approx.3% p.a. and CET 1 ratio of 18.8%

Solid Rating Position

- ❑ Moody's Aa3 (stable) / S&P A+ (stable) / Fitch A+ (positive)

Summary - Strong Financial Development

Key Figures	2015	2014	2013	2012	2011 ¹⁾	2010
☐ Return on Equity, % ²⁾	12.9	13.1	13.1	11.5	12.3	8.9
☐ Cost /Income ratio, % ²⁾	49	50	54	61	62	65
☐ Common Equity Tier 1 capital ratio, % ³⁾	18.8	16.3	15.0	NA	NA	NA
☐ Tier I capital ratio, % ³⁾	21.3	19.5	17.1	NA	NA	NA
☐ Total capital ratio, % ³⁾	23.8	22.2	18.1	NA	NA	NA
☐ Net credit loss level, % ⁴⁾	0.06	0.09	0.09	0.08	-0.08	0.15
☐ Reserve ratio, % ⁵⁾	68	62	87	74	71	69
☐ NPL coverage ratio, % ⁶⁾	62	59	72	66	64	66
☐ NPL / Lending, % ⁶⁾	0.6	0.8	0.7	1.0	1.4	1.8
☐ Assets under Management, SEKbn	1,700	1,708	1,475	1,328	1,261	1,399
☐ Assets under Custody, SEKbn	7,196	6,763	5,958	5,191	4,490	5,072

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

2) 2014: Excluding one-off capital gains of SEK 2,982m

2015: Excluding a one-off 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.

3) 2015 and 2014 is according to CRD IV/CRR and 2013 was estimated based on SEB's interpretation of future regulation.

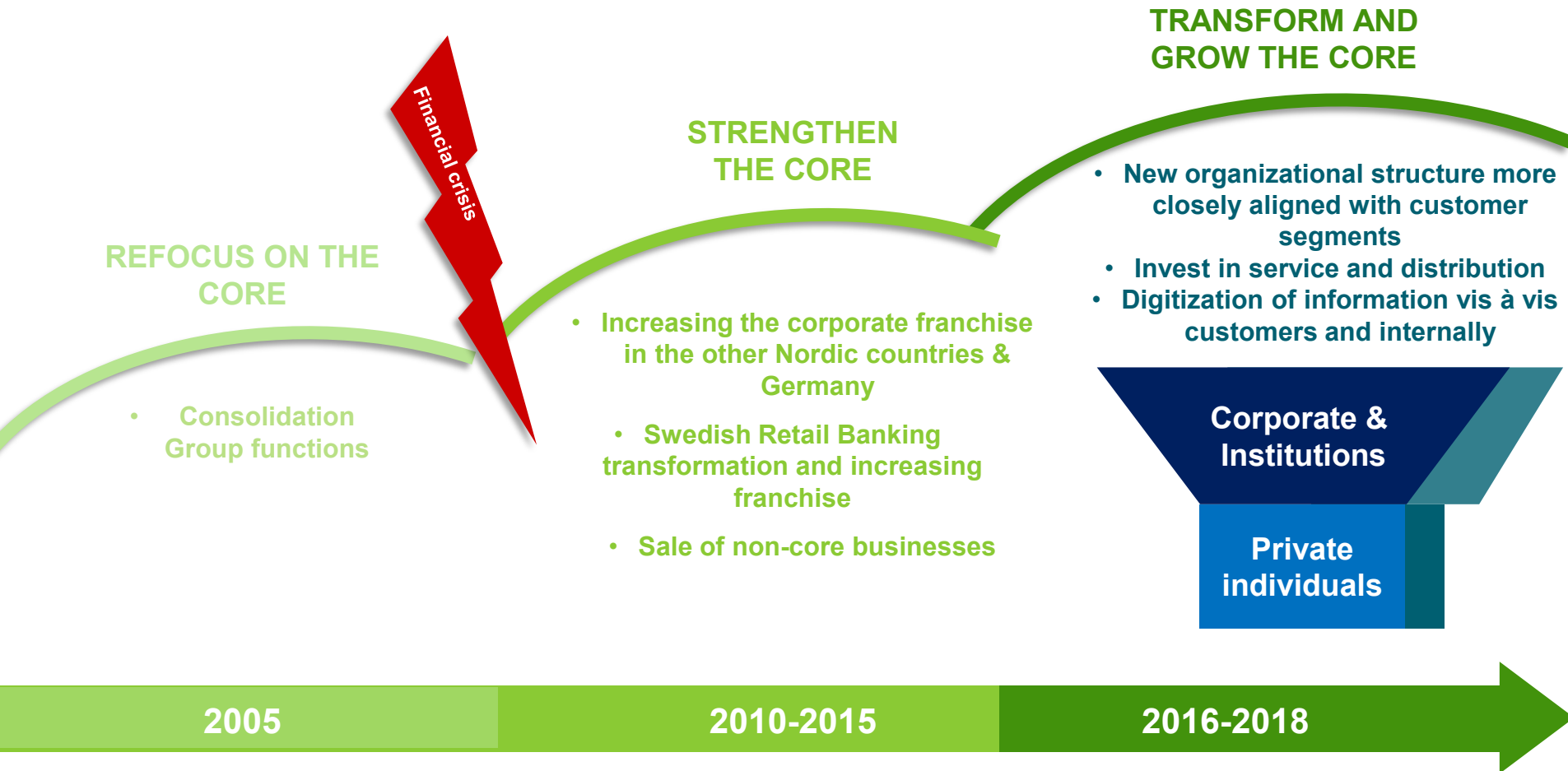
4) Net aggregate of write-offs, write-backs and provisioning.

5) Total reserve ratio for individually assessed impaired loans.

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

SEB's Core Markets, Strategy, Franchise and Financial Results

Expanding the Corporate Franchise and Transformation of the Retail business



Well diversified business in a strong economic environment

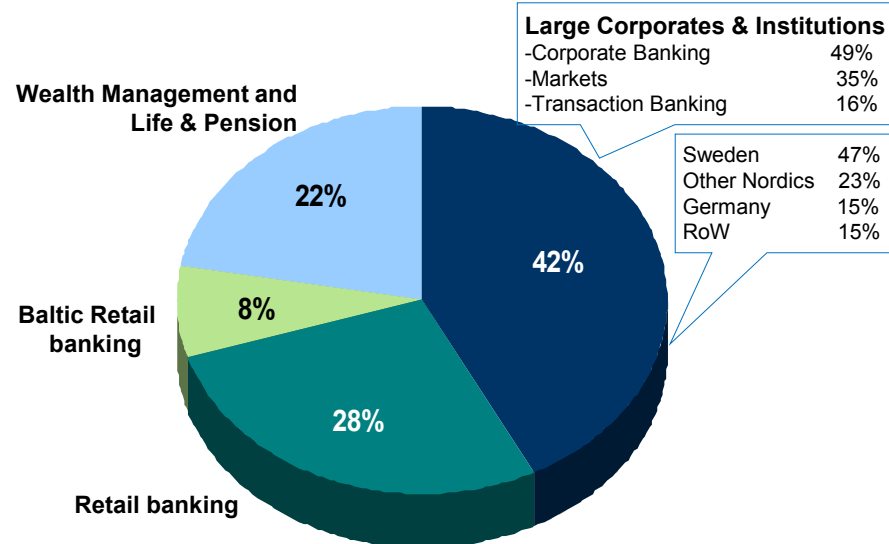
Operates principally in economically robust
AAA rated European countries

Diversified Business mix



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

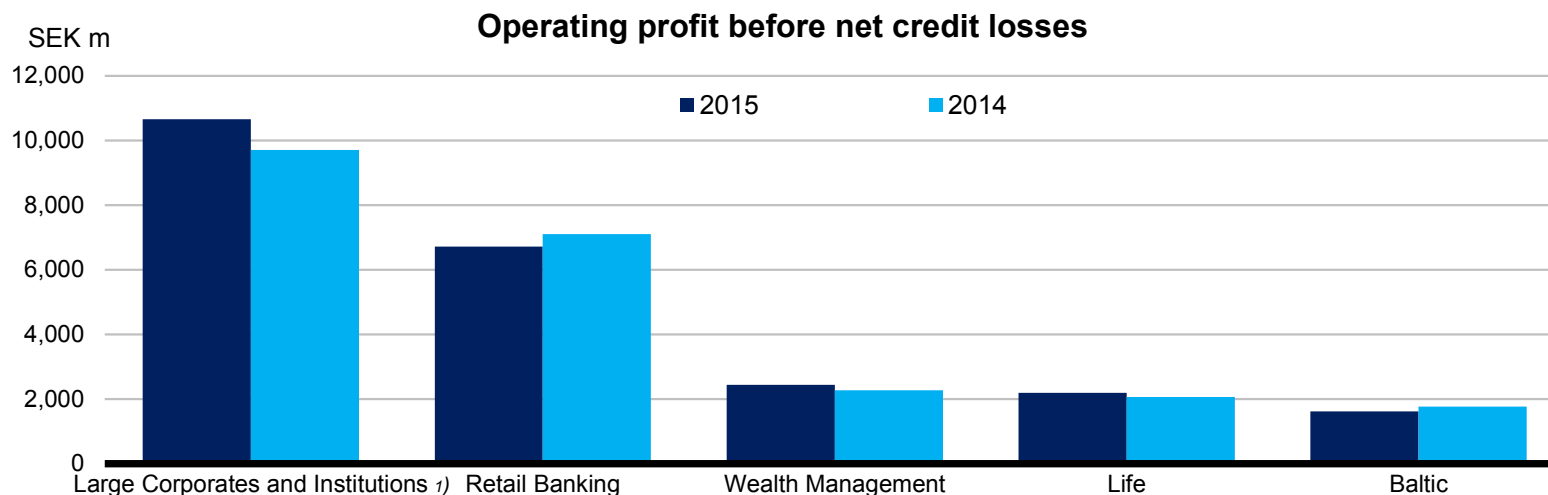
Total operating income from business divisions – rolling 12m Dec 2015
SEK 45.1bn (USD 5.4bn) *excluding one-offs*



SEB's Business Divisions' Financial Development FY 2015 vs. FY 2014

Resilient earnings due to a diversified business and income mix

- ❑ The increased franchise, broad product offering and higher market volatility benefitted the *Large Corporate and Institutional* business and mitigated the muted corporate investment activity
- ❑ Improving mortgage lending margins during the course of 2015 and somewhat higher investment activity during H2 2015 mitigated the impact of negative SEK interest rates on *Retail Banking's* income
- ❑ High net inflows of assets under management and performance fees due to strong sales and positive equity markets in Q1 and Q4 2015 benefitted the *Wealth and Life divisions* mitigating effects of lower asset values and rising long-term interest rates in Q2 and Q3 2015
- ❑ Resilient *Baltic business* maintains good profitability despite geo-political uncertainty and write-downs of assets held for sale



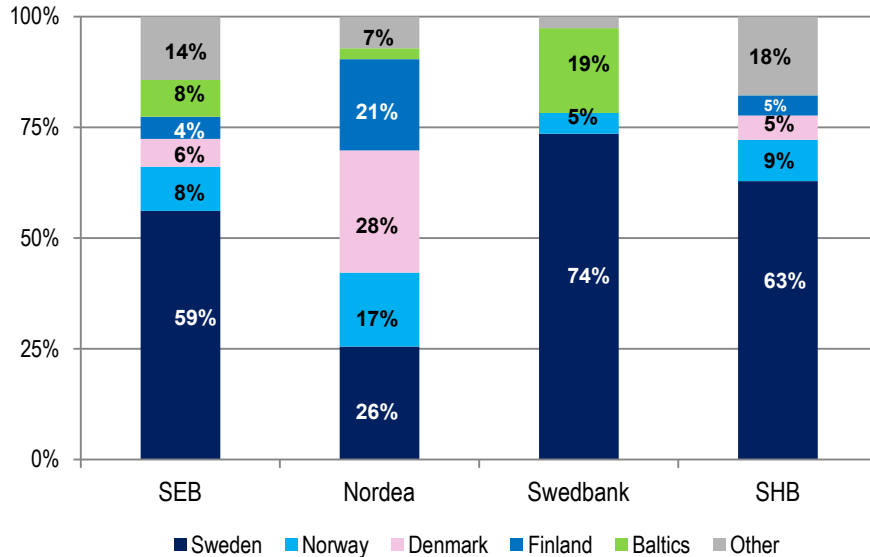
Dec 31, 2015

❑ Business equity, SEK bn	61.8	34.4	9.5	8.4	7.9
❑ Return on business equity, %	13.3	14.0	19.8	22.7	14.4
❑ Cost / income ratio, %	45	46	51	56	52
❑ Net Credit Losses, %	0.05	0.08	0	0	0.12
❑ Net Credit Losses, SEKm	299 (USD 36m)	459 (USD 55m)	0	0	128 (USD 15m)

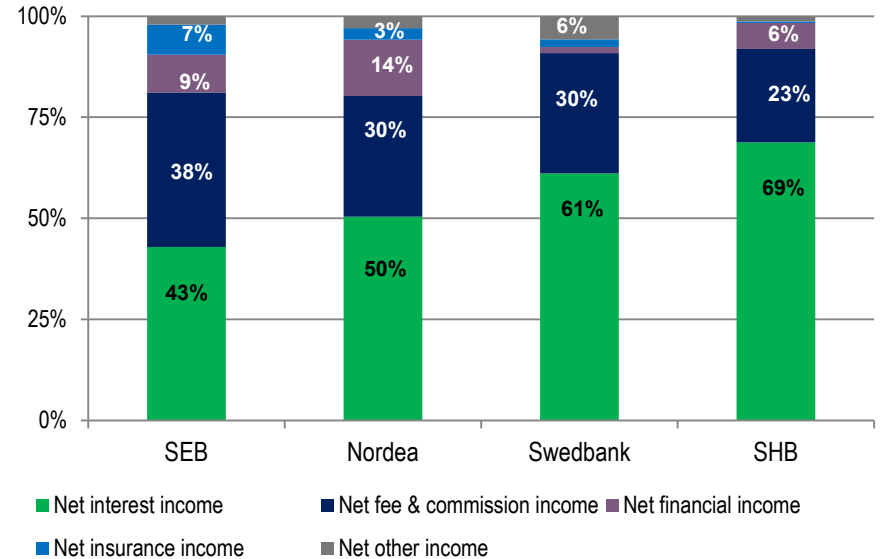
¹⁾ Excluding a one-off cost of SEK 902m relating to the Swiss Supreme Court's not unanimous ruling against SEB in the long running tax litigation relating to SEB's refund claim of withholding tax dating back to the years 2006 through 2008

SEB's diversified business mix sustains earnings

Operating income by geography, FY 2015



Operating income by revenue stream, FY 2015

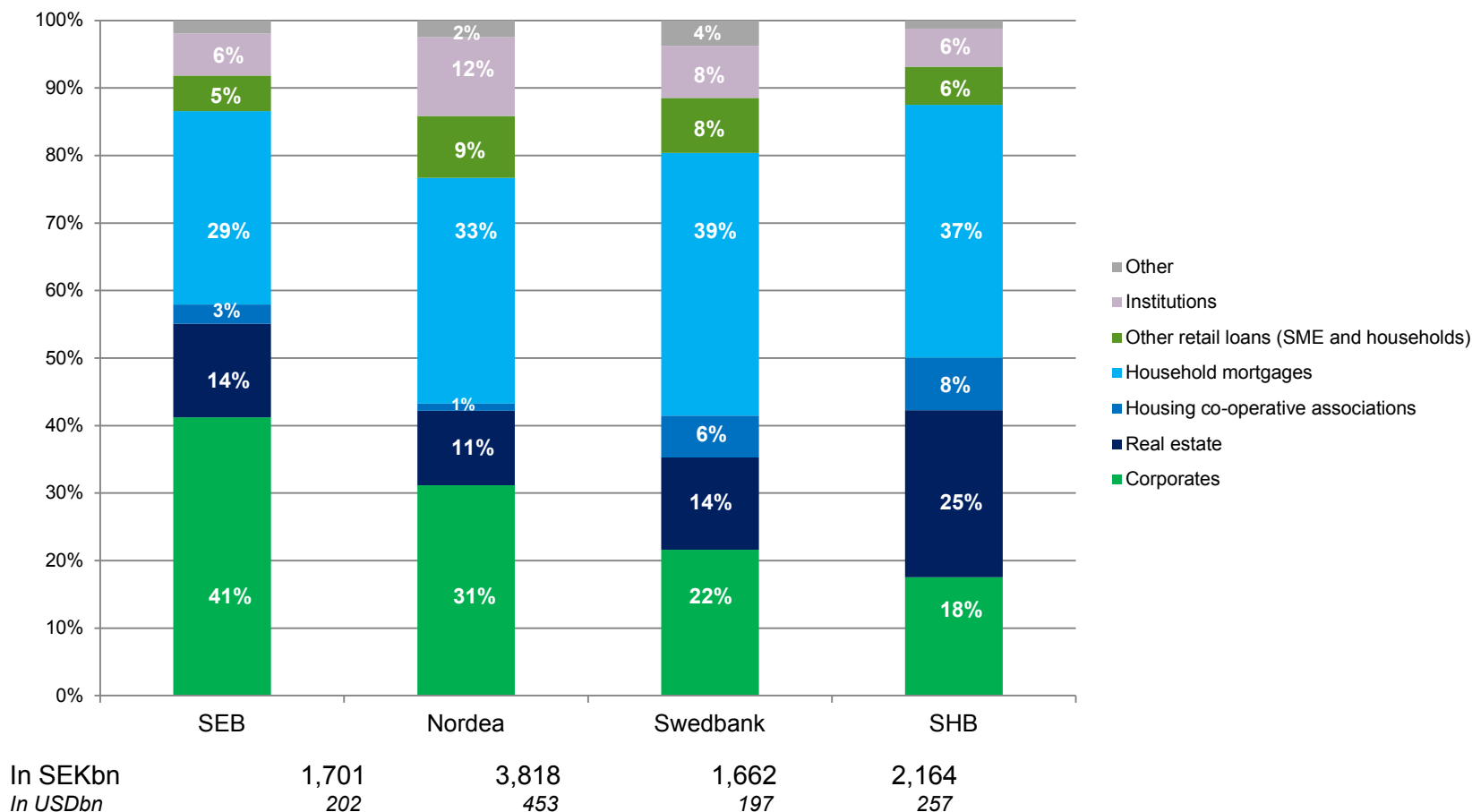


- SEB has a great share of income derived from large Swedish, other Nordic and German internationally oriented corporates with diverse geographical income streams creating further geographical income diversification rendering SEB an indirect diversification of income

- SEB has its roots in servicing large corporates and institutions and high net worth individuals which is reflected in the broadest income generation base with less dependence on NII
- Some of SEB's domestic peers are more heavily focused on households and real estate lending rendering a greater dependence on NII

SEB has high diversification and low exposure to household mortgage and real estate

Sector credit exposure composition (EAD) ¹⁾ FY 2015



- ❑ **SEB** corporate exposure is to 83% large Swedish, other Nordic and German international corporates with geographically diversified sales and income streams
- ❑ **SEB** has the lowest total real estate and mortgage exposure

1) EAD = Risk Exposure Amount / Risk Weight

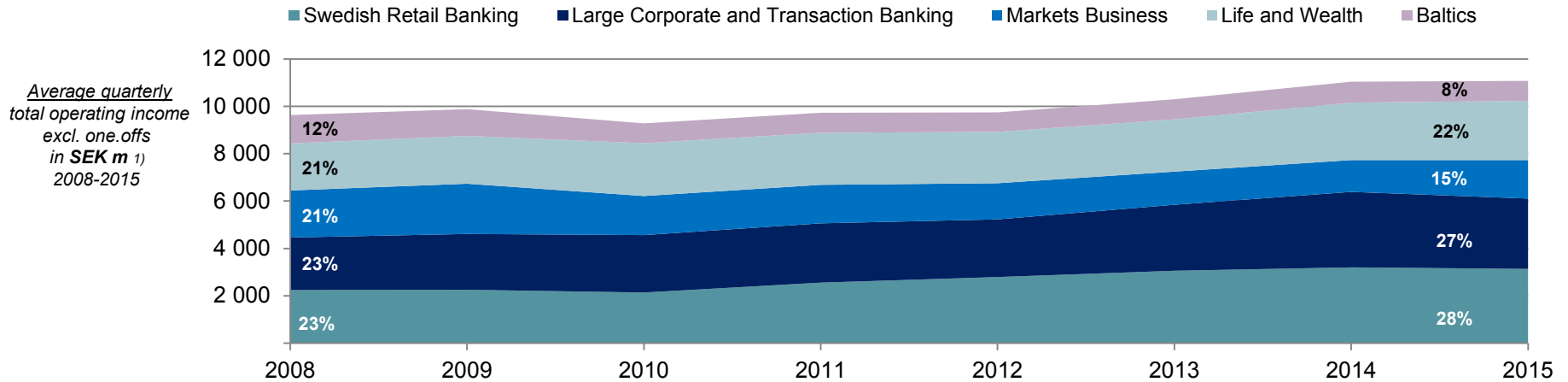
Source: Companies' Pillar 3 reports

SEB's Business Profile Development

Growing number of clients and a greater share of their business drive increasing operating income

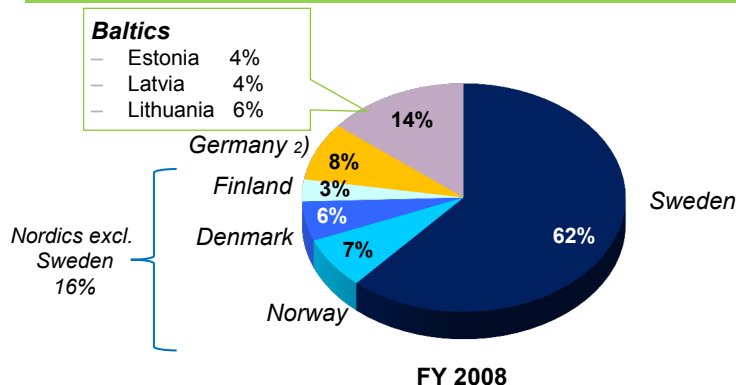
Business sectors' importance

Profitable growth of Swedish retail and Nordic large corporate and institutional business

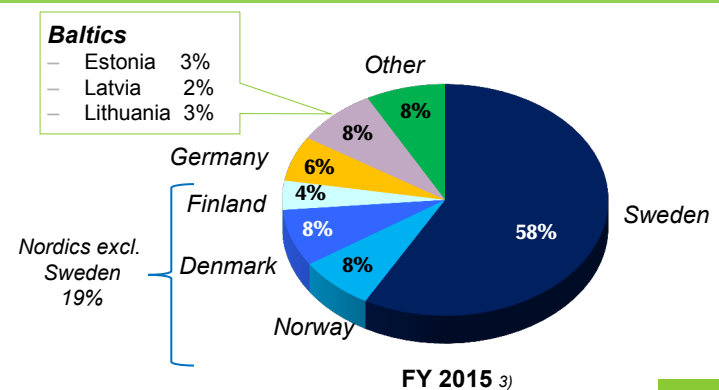


Geographic importance

Growing Nordic importance and deleveraging in the Baltics



1) Operating income of each area as a percentage of total operating income of the businesses
2) Excluding centralized Treasury operations



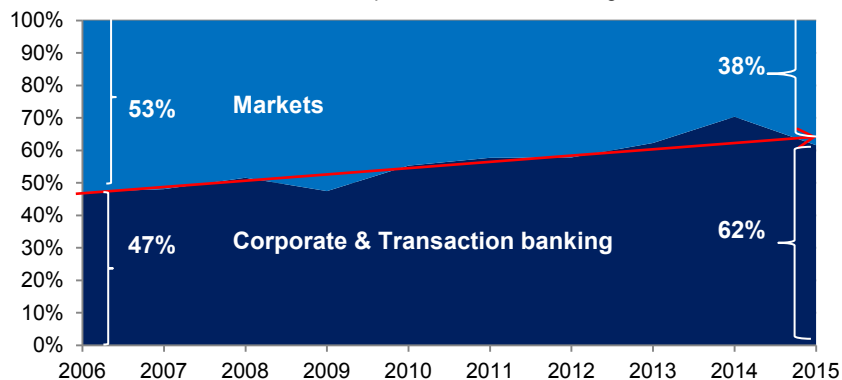
3) Excluding a one-off cost of SEK 902m relating to the Swiss Supreme Court's not unanimous ruling against SEB in the long running tax litigation relating to SEB's refund claim of withholding tax dating back to the years 2006 through 2008

SEB's Large Corporates & Institutions Business

Entrenched Business Franchise and growing Customer Base

Increasing stability of income due to more clients and cross-selling

- Larger number of clients and share of clients' business mean
 - Improving resistance and mitigating risks due to
 - ✓ Geographic diversification
 - ✓ Broad products/services offering



Strong profitability due to diversification and efficiency despite higher capital requirements

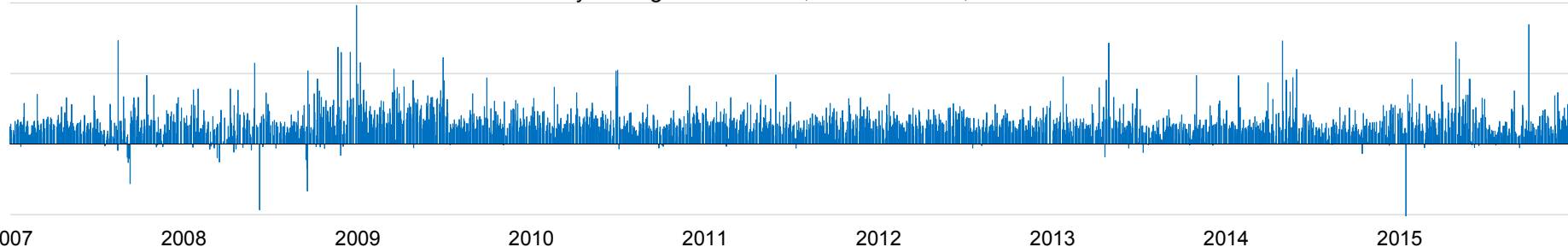
- A more than doubling of allocated capital to SEB's Large Corporates and Institutions business the last few years
- Diversified income mix - net interest earnings typically constitute 40-45%

	<u>C/I ratio ¹⁾</u>	<u>Business Equity</u>	<u>RoBE ^{1) 2)}</u>
2015	45%	SEK 61.8bn	13.3%
2014	46%	SEK 52.3bn	13.4%
2013	50%	SEK 48.8bn	12.9%
2012	54%	SEK 36.7bn	14.3%
2011	54%	SEK 26.1bn	20.6%
2010	54%	SEK 25.8bn	20.5%

Low risk in trading operations renders minimal losses in the markets operations

60 negative trading days out of 2,255. Average loss SEK 13m (USD 1.5m)

Daily trading income Jan 1, 2007 – Dec 31, 2015

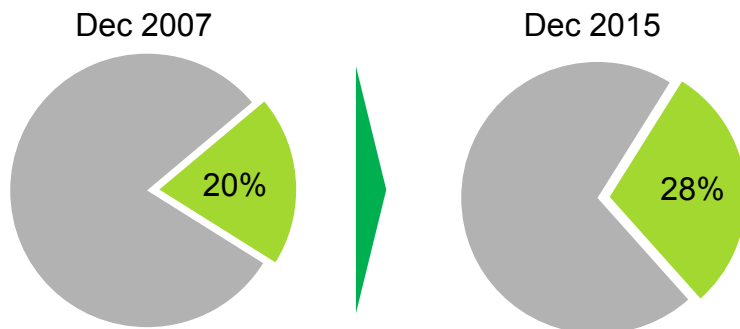


1) Adjusted for a one-off cost of SEK 902m relating to the Swiss Supreme Court's not unanimous ruling against SEB in the long running tax litigation relating to SEB's refund claim of withholding tax dating back to the years 2006 through 2008

2) Return on Business equity

Successful business strategy increases Retail Banking's importance

Increased relative importance of income

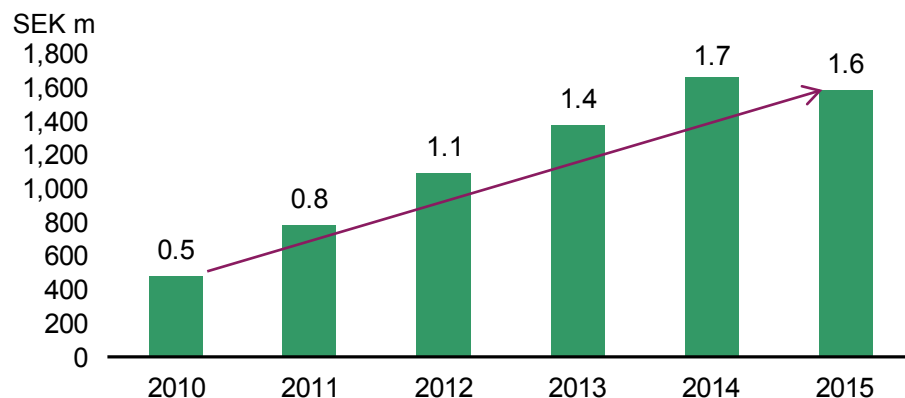


Focused and successful client acquisition strategy

- ❑ Strategic move in 2008 resulted in a more efficient, professional, advisory-driven organization and customer centric distribution capacity
- ❑ Successful re-organization, product offerings, accessibility 24/7 and focus on long-term customer relationships increased the number of clients, business volume and operating profit
- ❑ Diversified income mix – net interest earnings constitute typically around 60%
- ❑ New digital banking organization
- ❑ Success of strategy confirmed by EPSI ¹⁾ ratings 2015 on customer satisfaction where SEB holds a leading position

Substantially increased operating profit since 2010

Average quarterly operating profit 2010 – 2015



Strong development of efficiency and profitability despite 3.5x more allocated capital

	<u>C/I ratio</u>	<u>Business Equity</u>	<u>RoBE ²⁾</u>
2015	46%	SEK 34.4bn	14.0%
2014	45%	SEK 24.6bn	20.7%
2013	49%	SEK 20.2bn	21.9%
2012	57%	SEK 14.4bn	22.3%
2011	65%	SEK 10.8bn	21.4%
2010	71%	SEK 9.7bn	14.5%

¹⁾ EPSI = Extended Performance Satisfaction Index

²⁾ Return on Business Equity

Strong profitability despite uncertain times

Relatively good economic environment

- ❑ Domestic markets cushion export challenges
 - Falling unemployment and increasing employment and real income
 - Consumption and investments
- ❑ Economic health remains above Eurozone average
 - Deleveraged corporates and private individuals
 - Competitive industry
 - New markets – diversification of trading partners
 - Small budget and government debt imbalances
- ❑ SEB's business and exposures are of a different nature than prior to the financial crisis

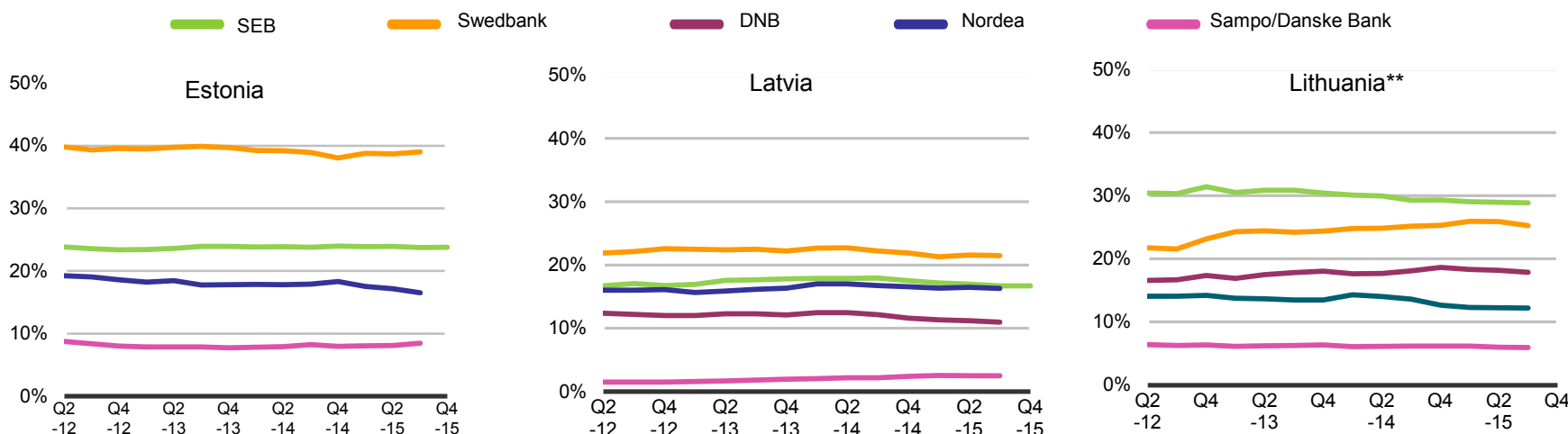
Strong development of key ratios

	<u>C/I</u>	<u>Business Equity</u>	<u>RoBE ¹⁾</u>
2015	52%	SEK 7.9bn	14.4%
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% ^{2/}
2010	66%	SEK 11.8bn	2.2%

¹⁾ Return on Business Equity

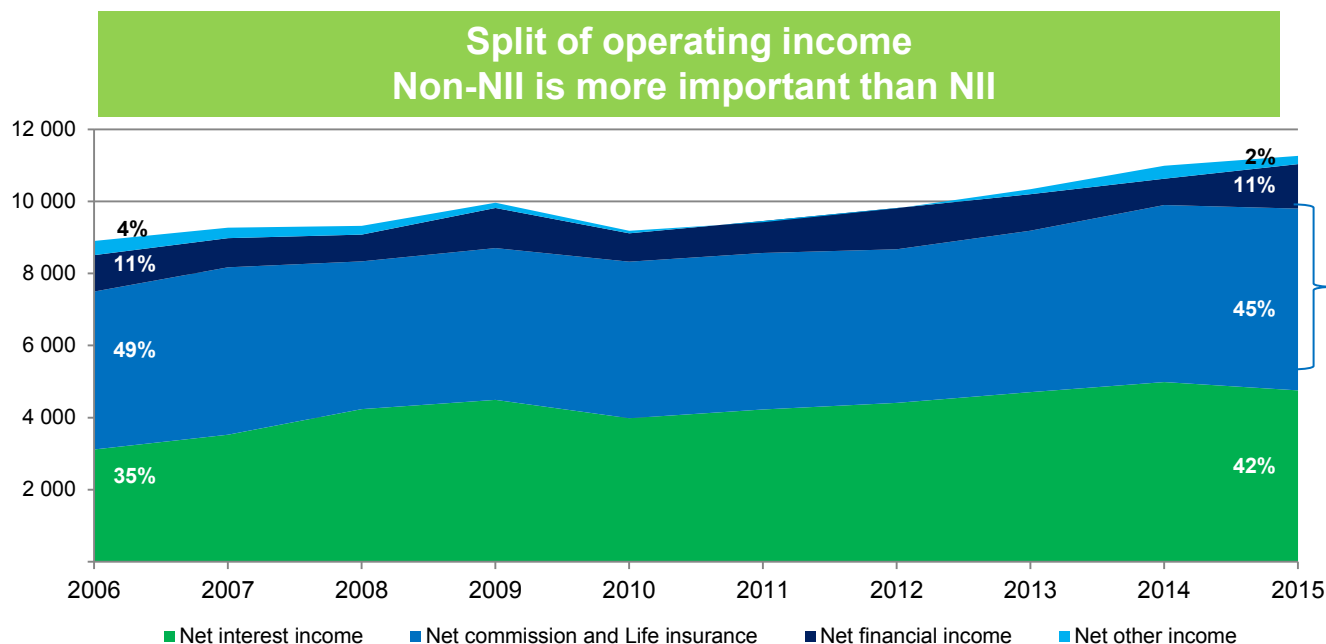
²⁾ Write-backs of provisions of SEK 1.5bn

Maintaining leading market shares in lending

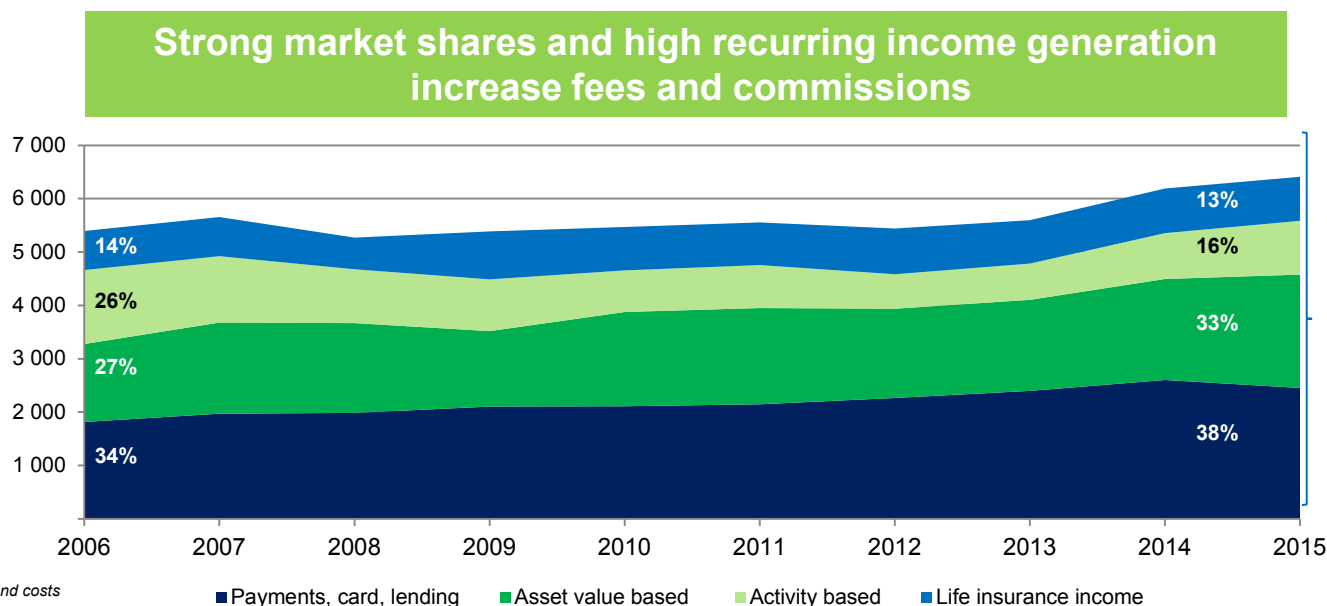


SEB's Income Profile Development

Business mix and more clients create diversified and stable income ¹⁾



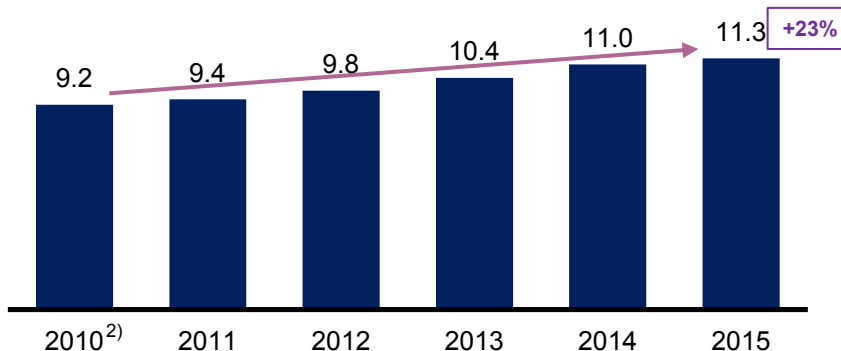
Average quarterly fees and commissions income in SEK m 2006-2015



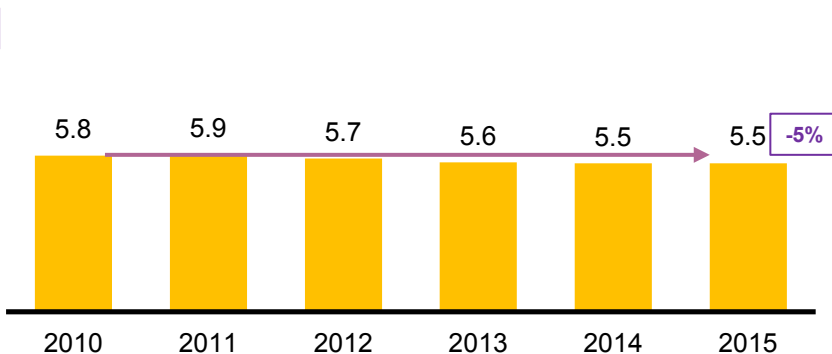
¹⁾ Excluding one-off gains and costs

Continuously improving operating leverage¹⁾

Average quarterly income (SEK bn)



Average quarterly expenses (SEK bn)



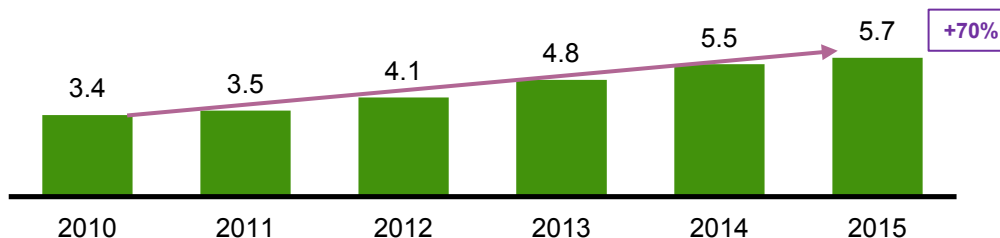
Larger Number of Clients

Larger Share of Clients' Wallet

Increased Cost Efficiency

Operating leverage

Average quarterly profit before credit losses (SEK bn)



1) Excluding one-off gains and costs

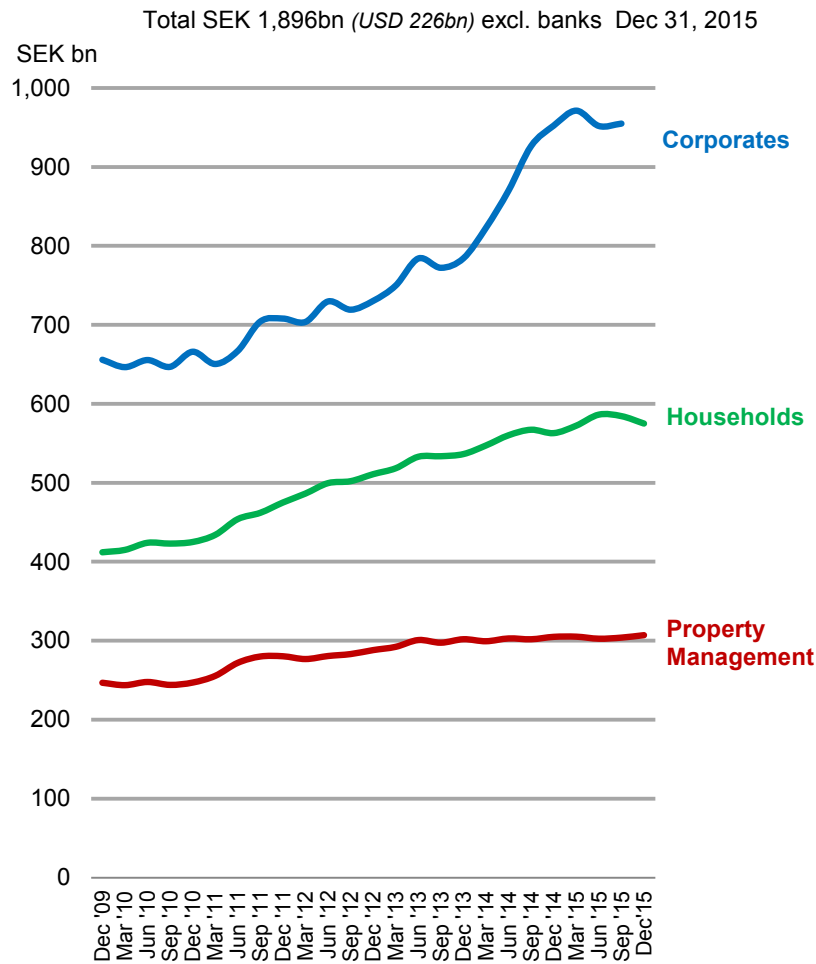
2) Estimated IAS 19 (pension accounting) costs in 2010

Credit Portfolio and Asset Quality

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

Diversified large Corporate and low-risk Swedish Residential Mortgage exposure dominate

Development of Credit portfolio by sector



Profitable growth in lower risk sectors

- ❑ Strong growth of diversified **Large Corporate Portfolio** but stagnant overall corporate portfolio YTD
 - 83% large Swedish, other Nordic and German international corporates with geographically diversified sales and income streams
- ❑ Households is principally **Swedish Household Mortgage** exposure:
 - Constitutes approx. 80% of the total household exposure and 90% of total mortgage exposure
 - No losses and next to no past dues
 - SEB's Swedish mortgages growing 3.5% YTD vs. Market 7.4%
- ❑ Stable **Property Management** exposure encompassing Commercial Real Estate ("CRE"), housing co-ops and other multifamily housing
 - 80% is Swedish exposure.
 - **CRE** is 53% of the total portfolio and is capped at 10% of the total credit portfolio, excl. banks
 - Nordic portfolio
 - ✓ No losses and next to no impaired loans
 - In non-Nordic portfolio
 - ✓ CRE - very low losses and impaired loans are in work-out mode or held for sale.
 - ✓ Multifamily housing – next to no losses and impaired loans

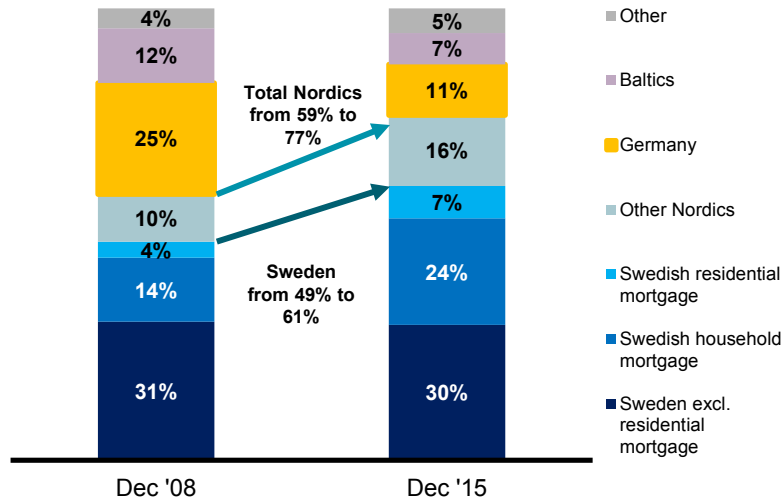
Total Credit Portfolio (*on and off balance sheet*), excl. banks

More Nordic and low-risk exposure

Credit Portfolio geographic split development

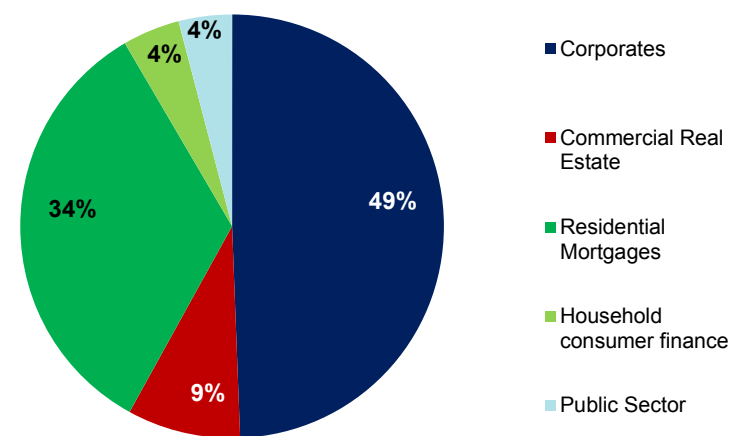
SEK 1,649bn (USD 196bn)

SEK 1,896bn (USD 226bn)

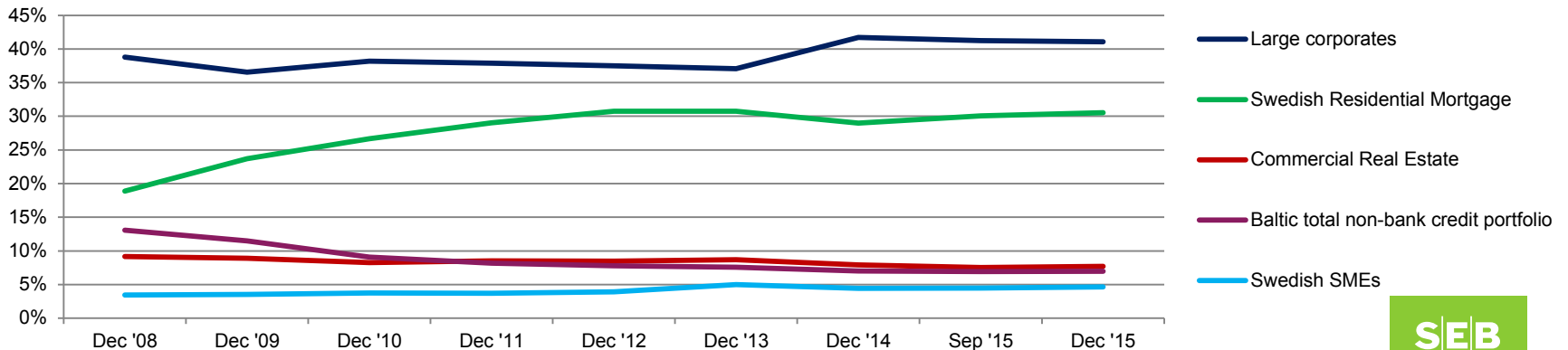


Credit Portfolio - Business split

SEK 1,896bn (USD 226bn)



Development of certain business areas' relative importance

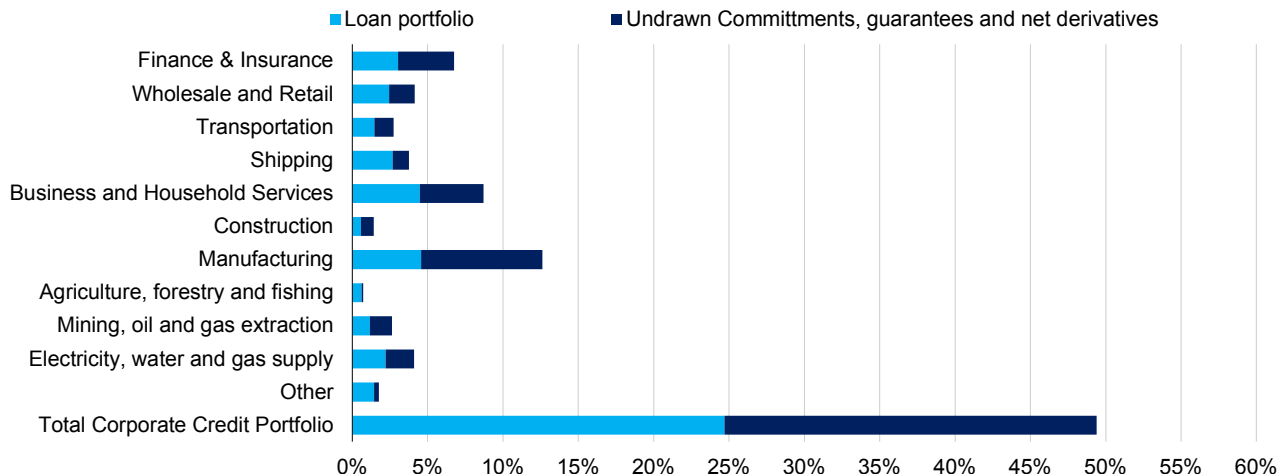


Total Corporate Credit Portfolio Dec 31, 2015 (on and off balance sheet), excl. banks

Low actual corporate loan exposure renders short duration and lower credit risk

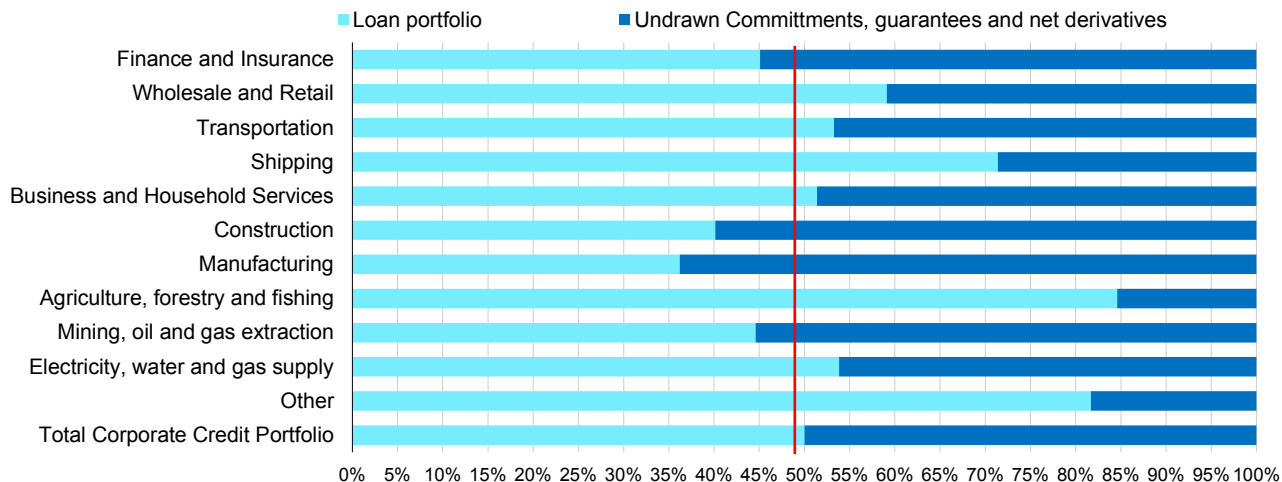
Low actual corporate loan exposure in per cent of Total Credit Portfolio excluding banks

Corporate credit portfolio split into loans and other types of exposure by sector in % of Total Credit Portfolio



Low relative loan exposure, 50%, of total corporate credit portfolio

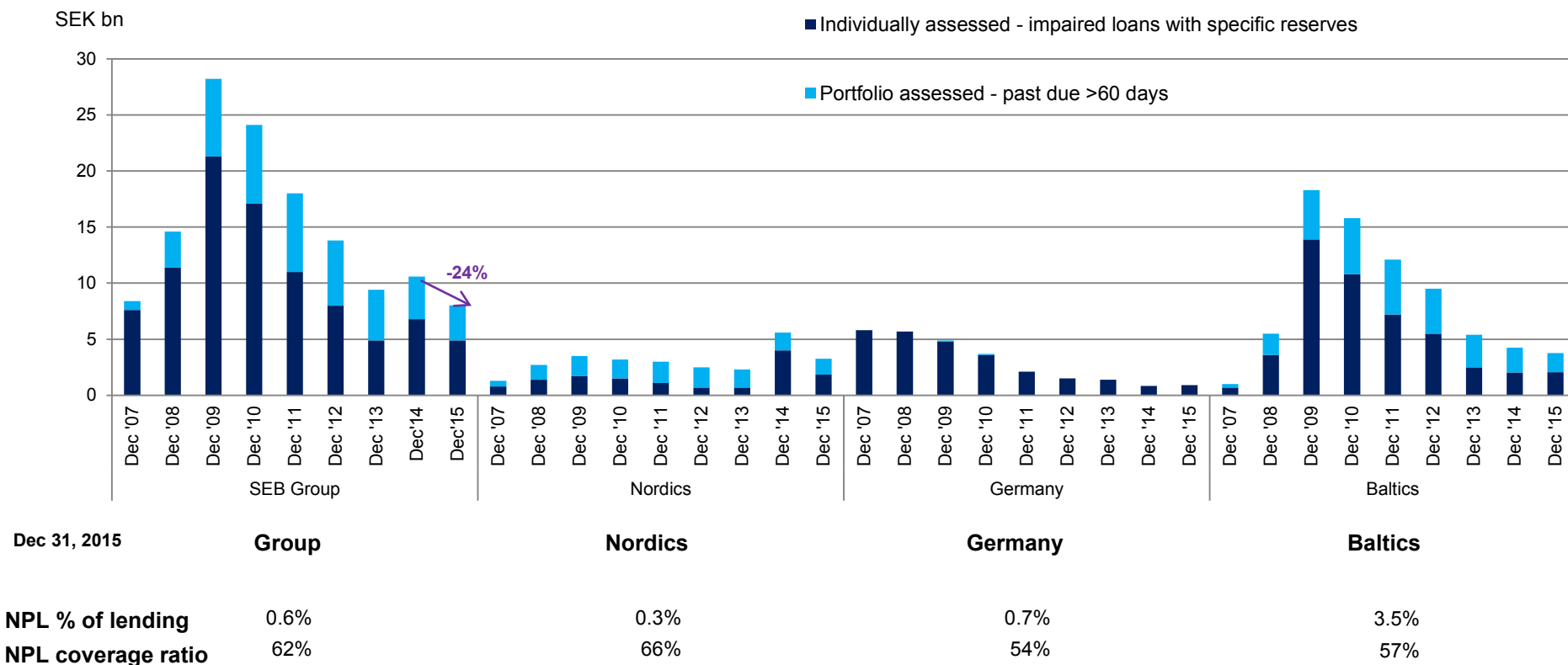
Corporate credit portfolio split in loans and other types of exposure by sector



Asset Quality – the Group and Geographic regions

Continuously improving asset quality

Non-performing loans development (SEK bn)

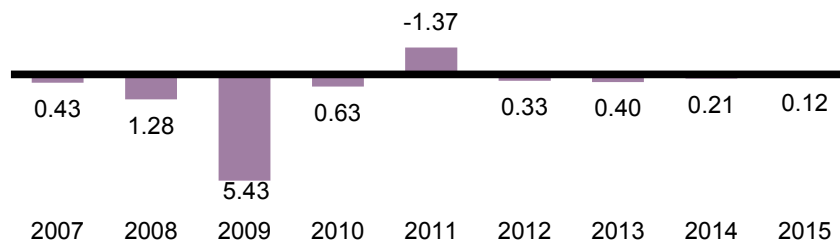


Low net credit losses in all geographic areas

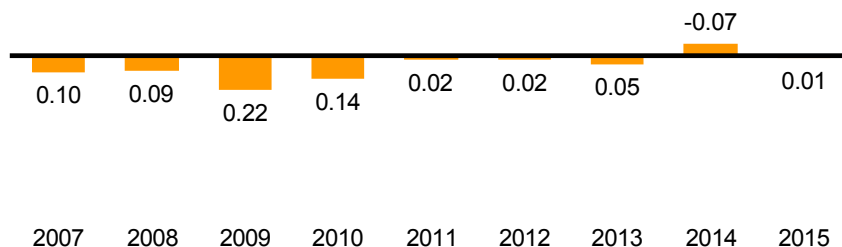
Nordic countries, net credit losses in %



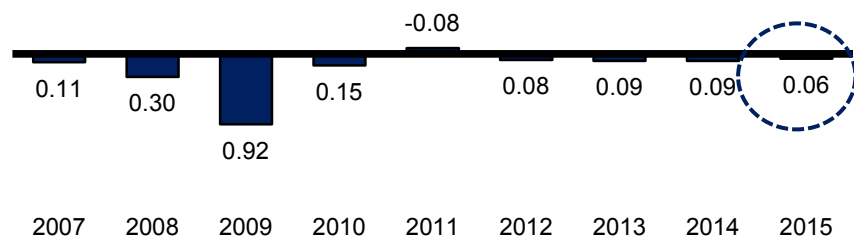
Baltic countries, net credit losses in %



Germany, net credit losses in %



SEB Group, net credit losses in %



Net credit losses = the aggregated net of write-offs, write-backs and provisions

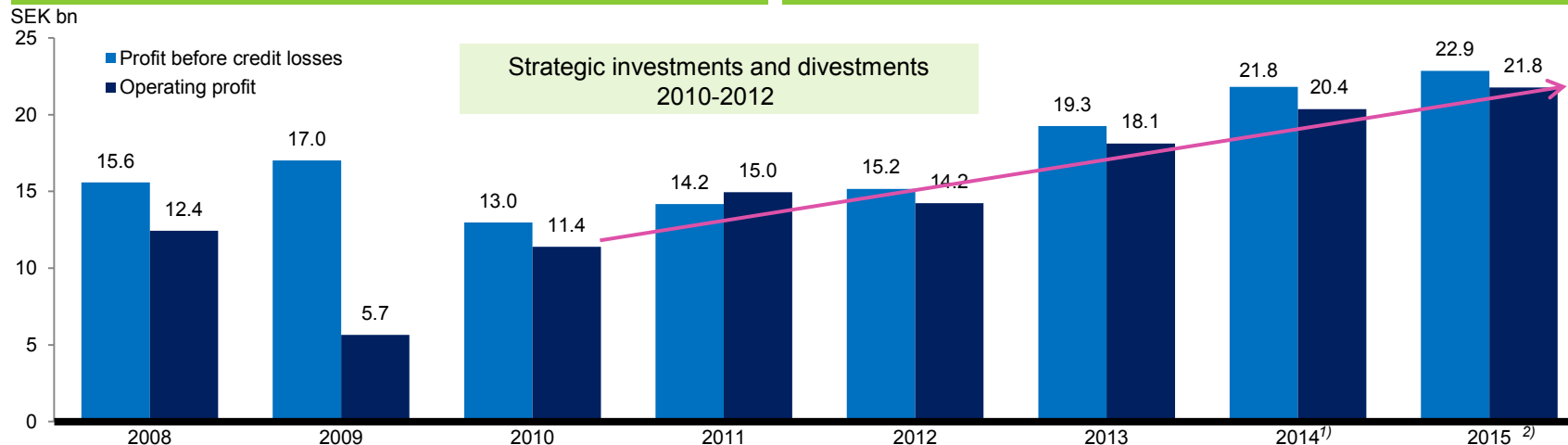
Negative net credit losses = reversals

Capital

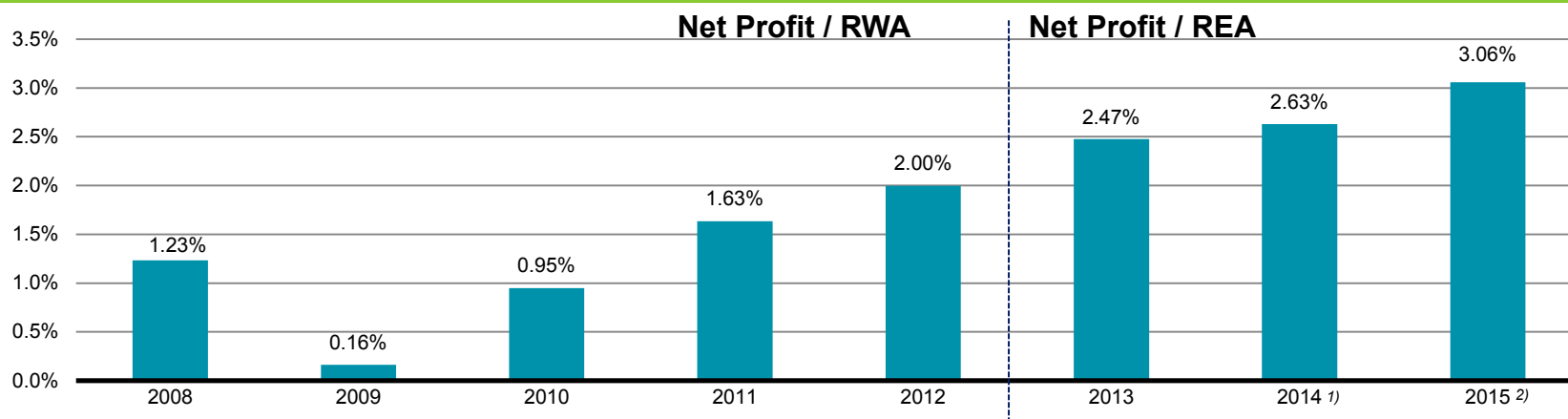
Increasing Earnings and Capital Generation

Profitable throughout the Financial Crisis

2015 Highest underlying profit ever



Strong underlying capital generation

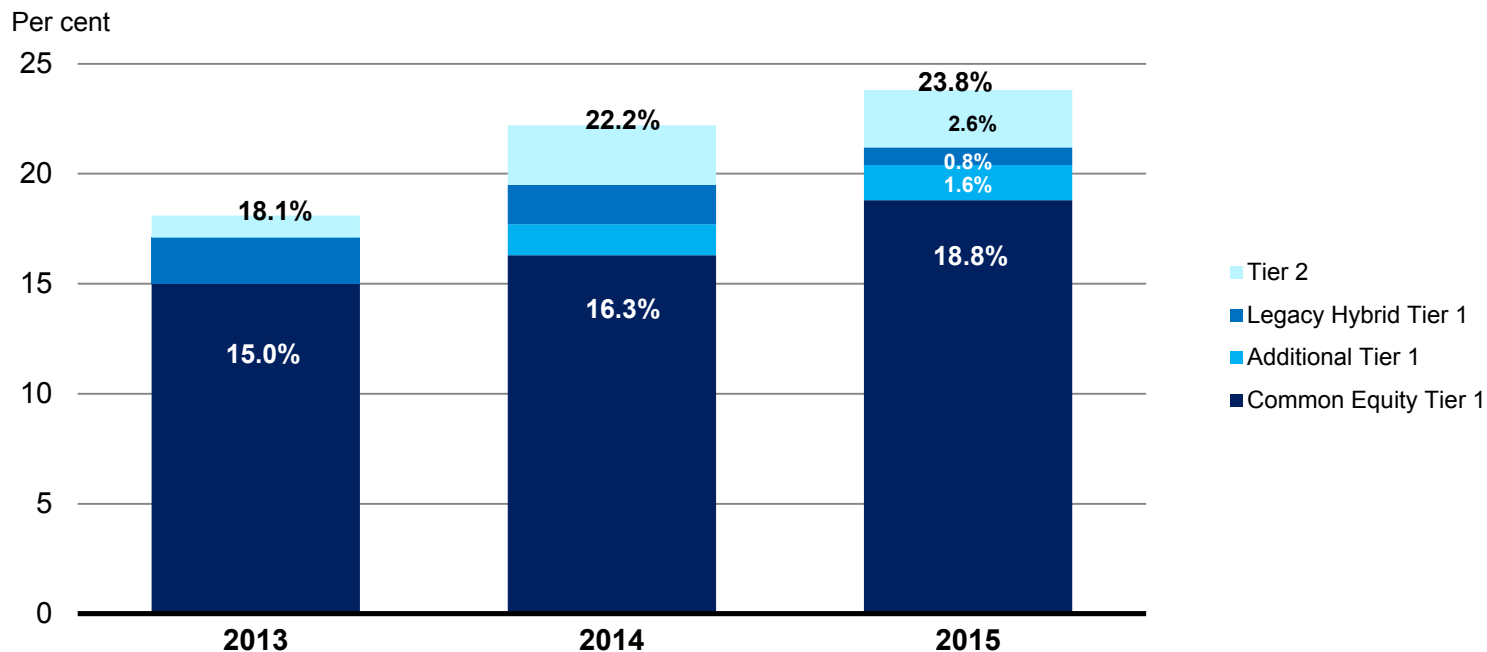


Note: All issuer's financial figures are based on 2014 and historical financials
 RWA 2008 – 2012 Basel II without transitional floor
 REA 2013 – 2015 Basel III fully implemented

1) Excluding one-off gains of SEK 2,982m.
 2) Excluding a one-off 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

Strong Capital Base composition

Basel III - Own Funds and Basel III ratios



Common Equity Tier 1 ratio	15.0%	16.3%	18.8%
Additional Tier 1 ratio	N/A	1.4%	1.6%
Legacy Tier 1 ratio	2.1%	1.8%	0.8%
Tier 2 ratio	1.0%	2.7%	2.6%
Leverage ratio	4.2%	4.8%	4.9%
Risk Exposure Amount, SEK bn	598	617	571

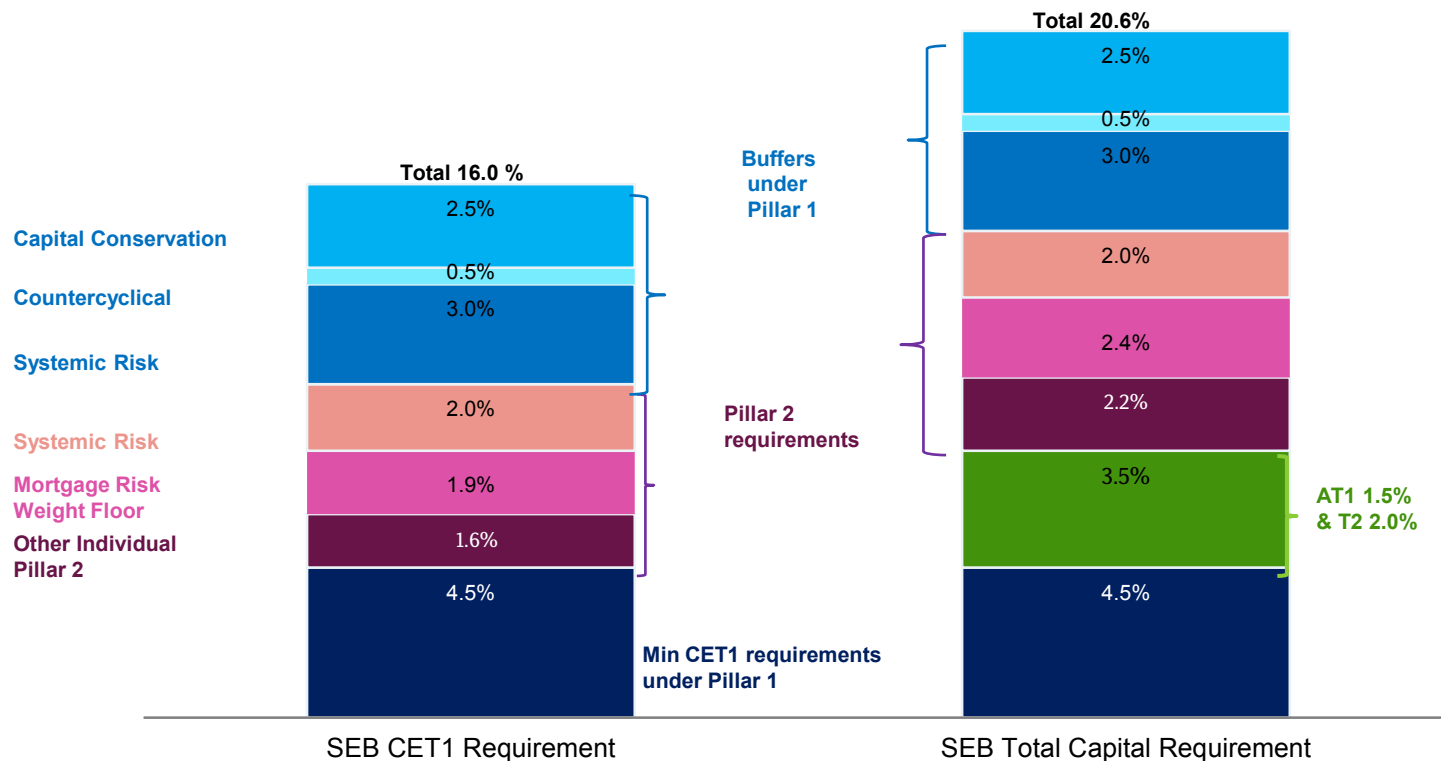
The REA decrease 2015 vs. 2014 of SEK 46bn net is mainly due to:

- ✓ Lower volumes and improved asset quality (risk composition).
- ✓ The effects from model approvals by the SFSA which amounted to SEK 16bn, relating to both credit and counterparty risk.
- ✓ Against the background of the SFSA's upcoming review of corporate risk weights, SEB has agreed with the SFSA to increase the Risk Exposure Amount by SEK 9 bn as a measure of prudence.

SFSA's capital requirements estimated by SEB as at December 2015

SEB's current capital ratios exceed required ratios

Composition of SEB's CET 1 and Total Capital Requirements by the SFSA



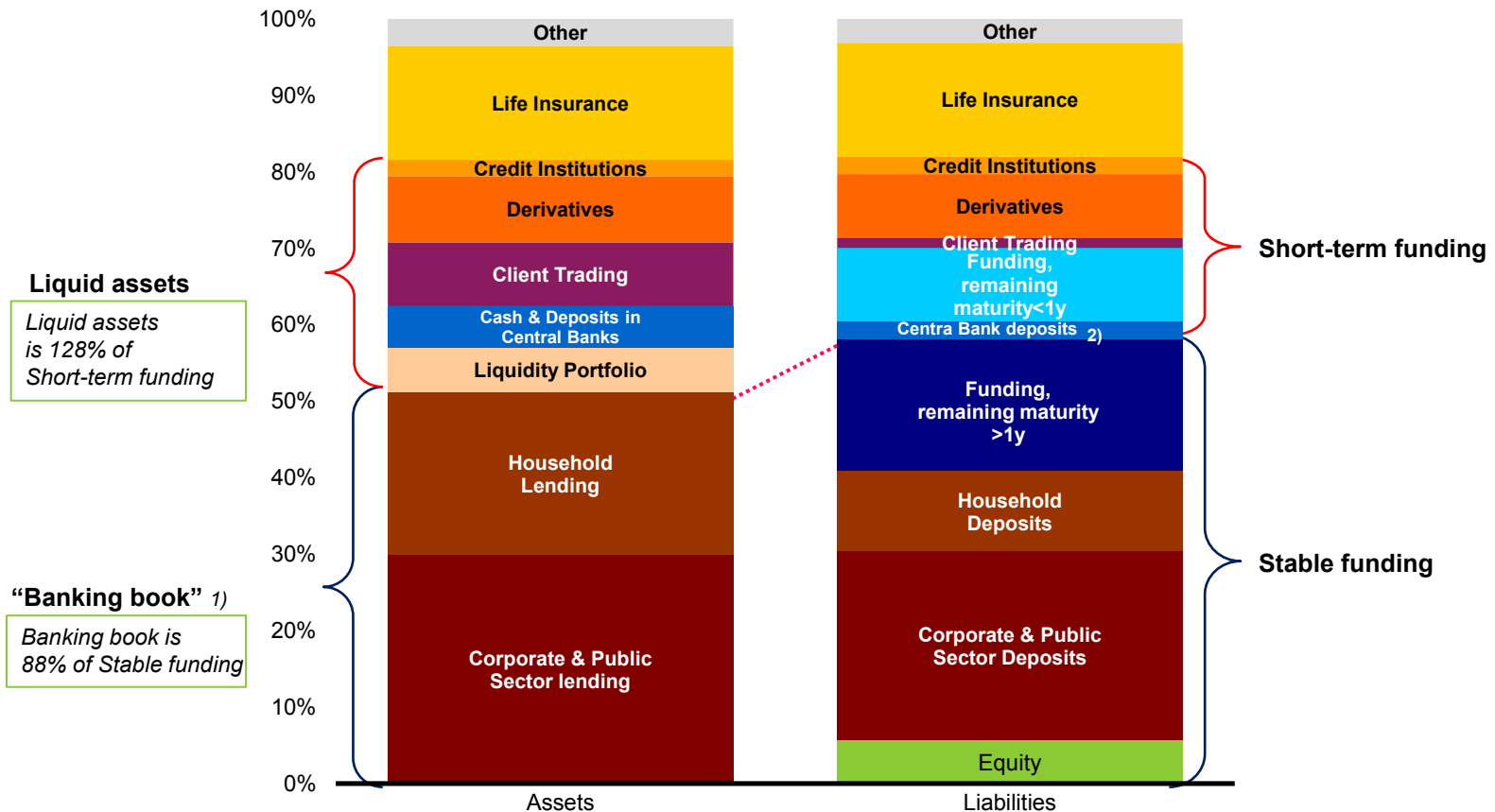
SEB's CET1 ratio is 2.8% above the CET1 requirement as at Dec 30, 2015 and 1.3% above the management buffer which is to be at least 1.5% above the SFSA requirement

Balance sheet, liquidity and funding

Balance sheet Dec 31, 2015

Diversified and Liquid Balance Sheet

Total Assets SEK 2,496bn (USD 296bn)



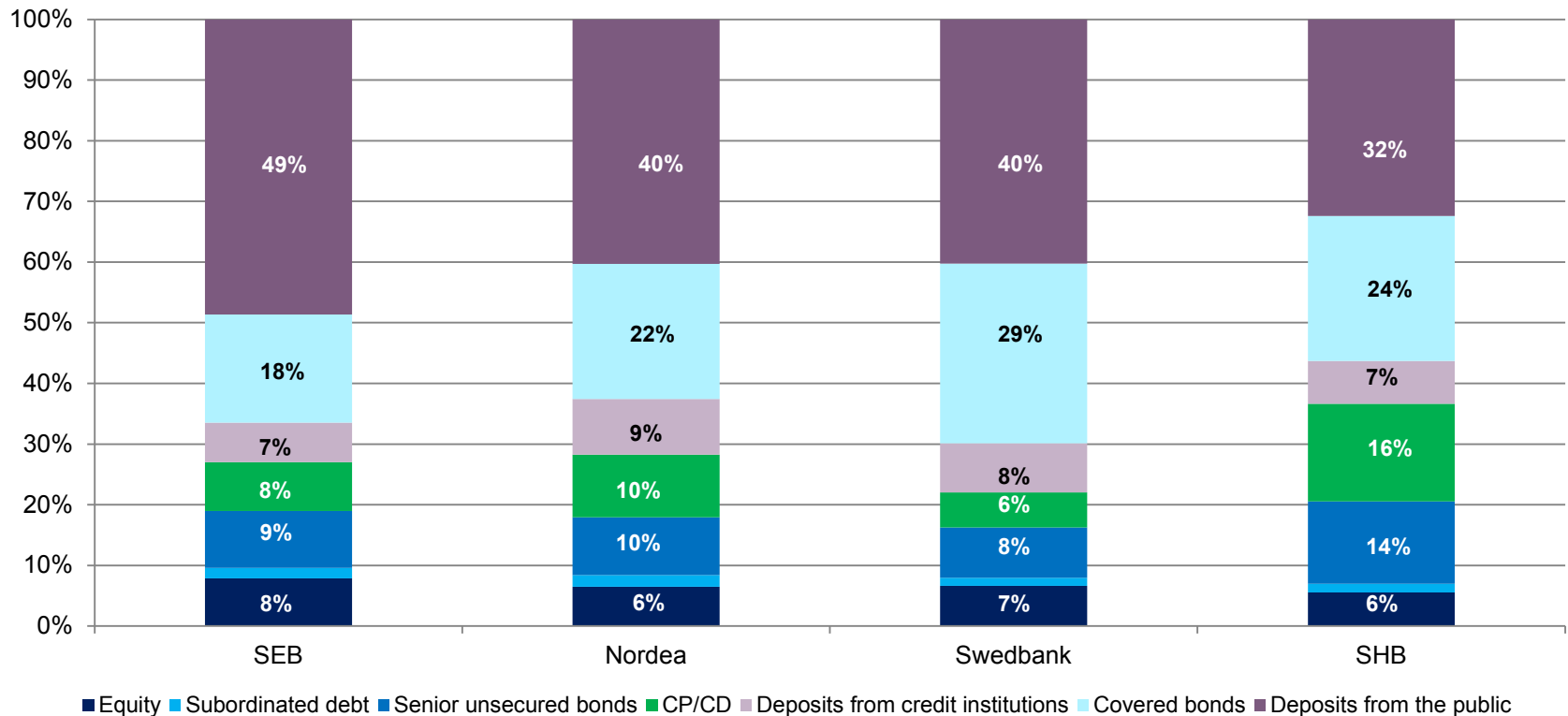
1. A relatively large share of lending is contractually short which allows for swift re-pricing to adjust for e.g. changed funding costs.

2. Central bank deposits refer to long-term relationship-based deposits from central banks and do not refer to borrowings from central banks

Benchmarking Swedish Banks' Total Funding Sources

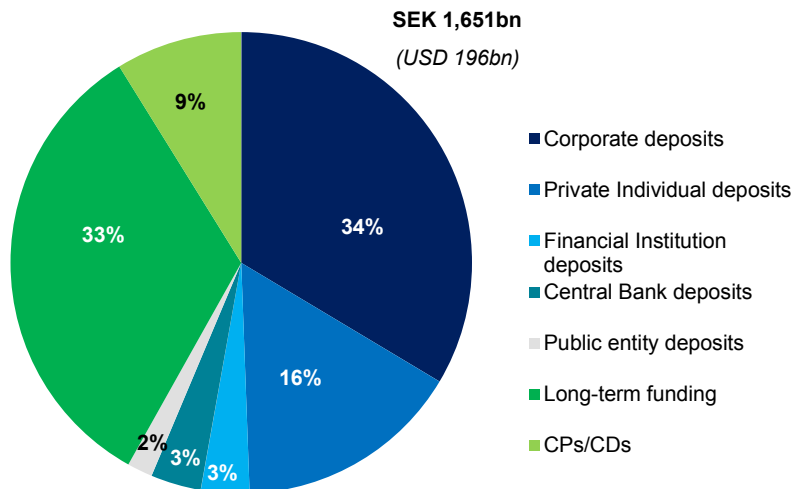
SEB is the least dependent on wholesale funding and has low asset encumbrance

Total Funding sources composition of Swedish Banks Dec 31, 2015



Stable structural funding position

Wholesale funding & deposits base

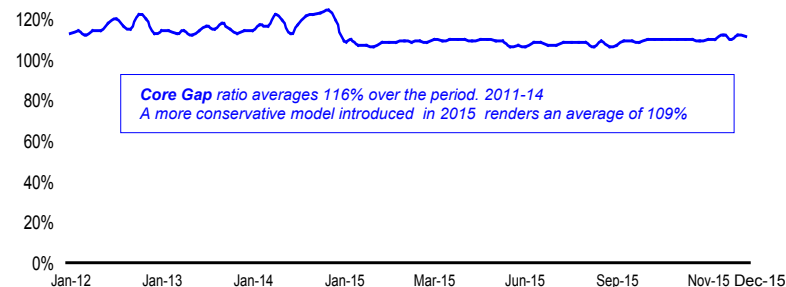


Note:

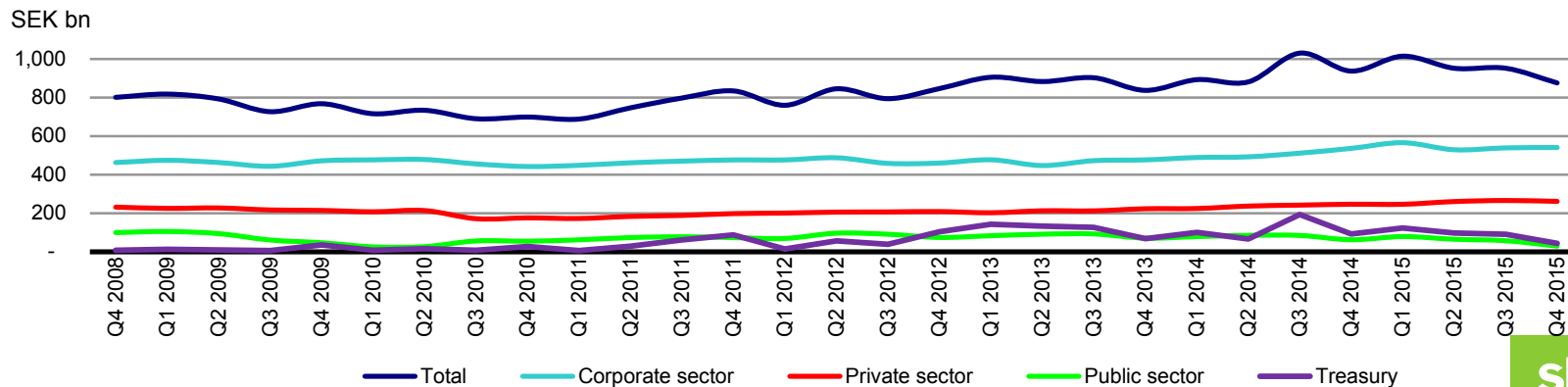
- Excluding repos
- Excluding public covered bonds issued by the German subsidiary which are in a run-off mode

Stable and strong structural funding position

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 behavioral modelling



Stable development of deposits from corporate sector and private individuals

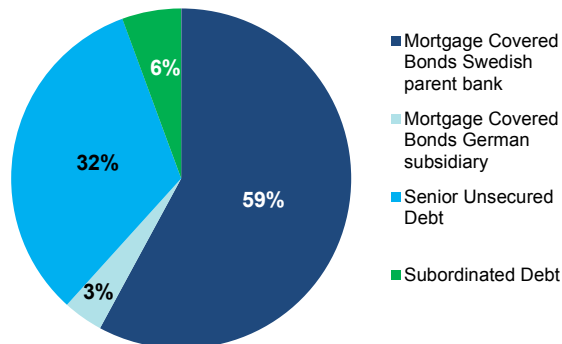


Long-term wholesale funding Dec 31, 2015

Well-balanced long-term funding structure

Long-term wholesale funding mix

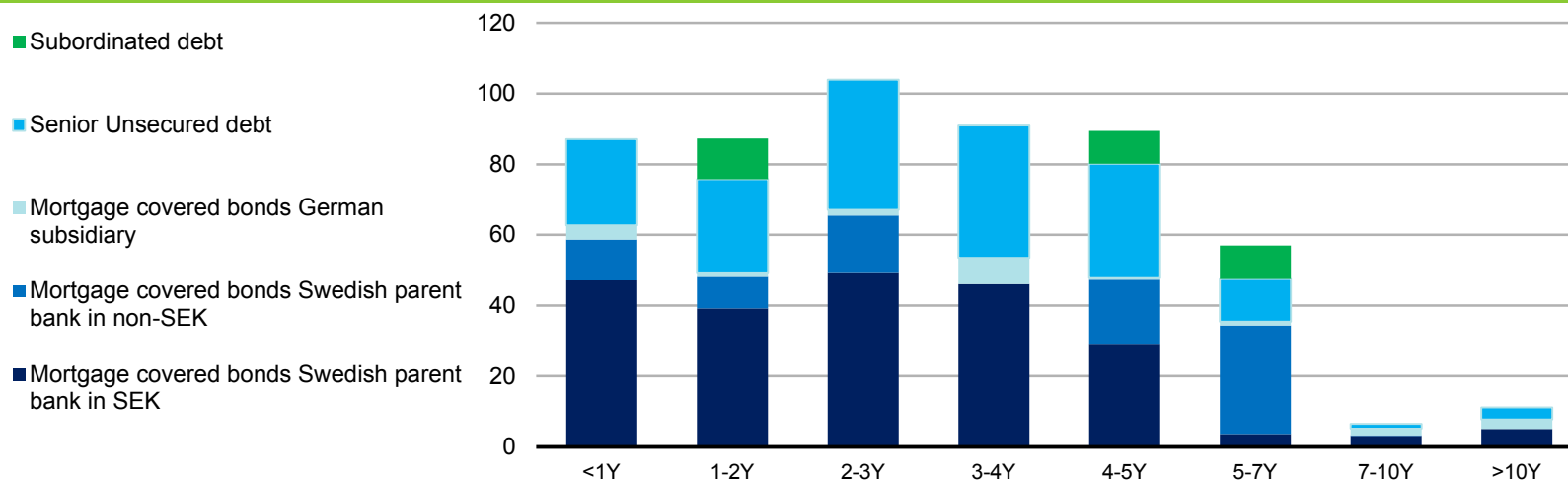
SEK 545bn (USD 65bn)



Issuance of bonds in SEKbn equivalent

Instrument	2012	2013	2014	2015
Senior unsecured	42	45	32	40
Covered bonds Parent bank	81	73	60	52
Covered bonds German subsidiary	1	2	0	3
Subordinated debt	6	0	17	0
Total	131	120	109	95

Maturity profile SEKbn

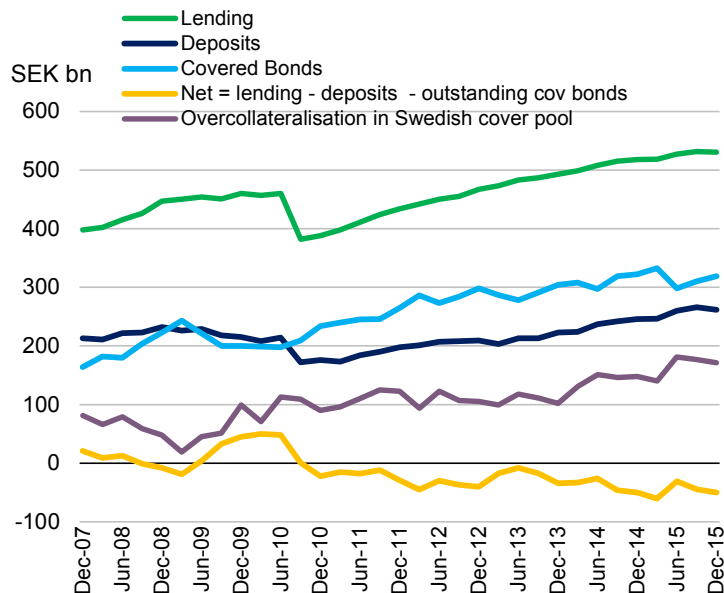


Balance Sheet

Strategic lending growth funded through deposits and long-term debt

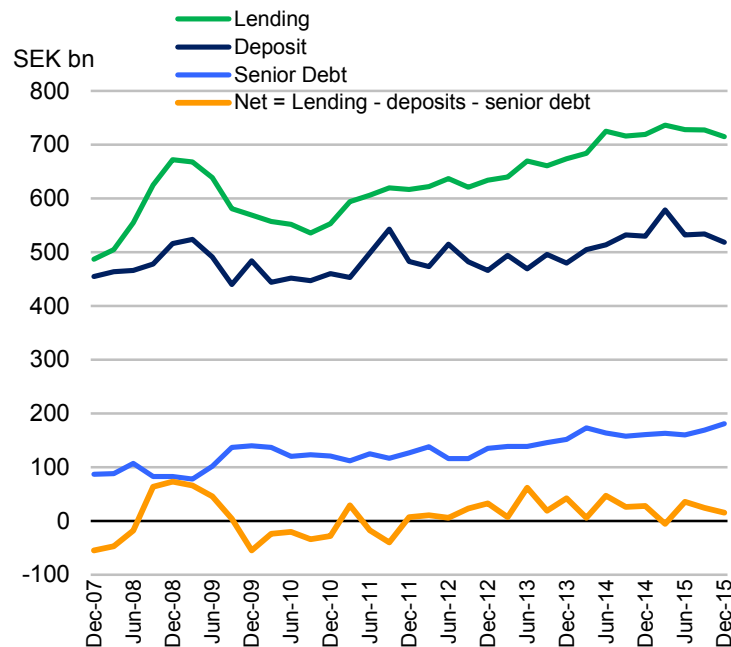
SEB Group, Dec 2015

Household lending deposits and covered bond funding



Household lending growth funded by deposit increases and issued covered bonds

Corporate & public lending deposits and senior bonds

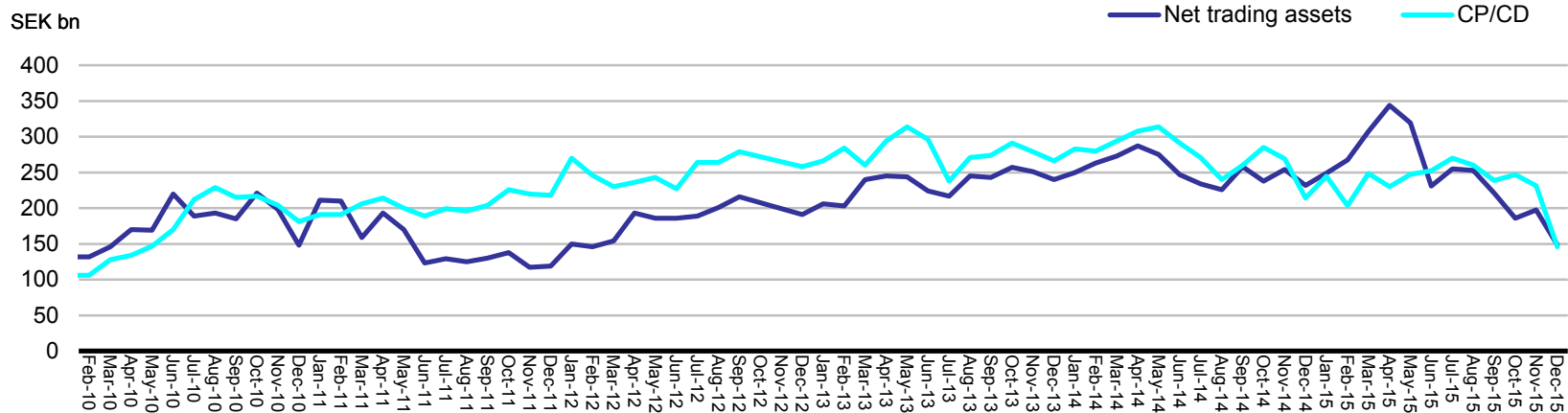


Corporate lending growth funded by deposit increases and issued senior unsecured bonds

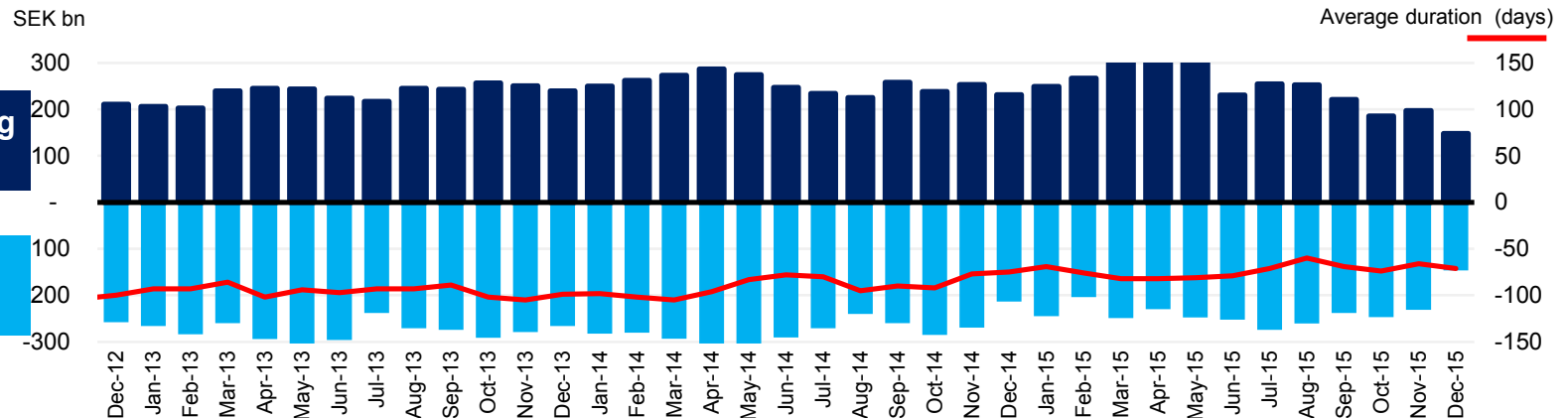
Short-term Funding

CP/CD funding supports Markets' business

Volumes - Net Trading Assets¹ 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

Liquidity

Strong Liquidity and Maturing Funding position also vs. peers

SEB's Core Liquidity Reserve is 151% of wholesale funding maturities within 1 year

SEK bn

400

300

200

100

0

352

Financial corporates

Covered bonds

O/N bank deposits

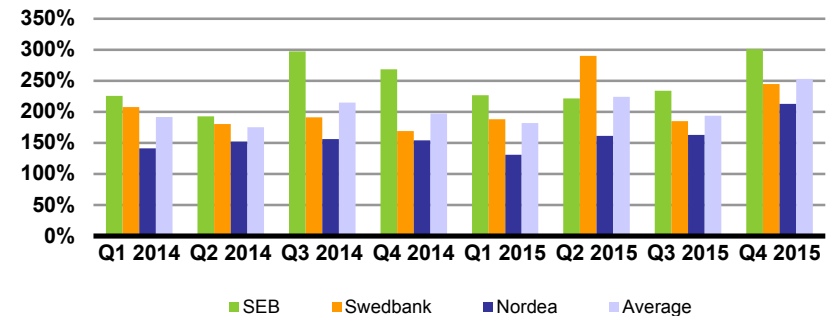
Non-Financial corporates

Treasuries & other Public Bonds

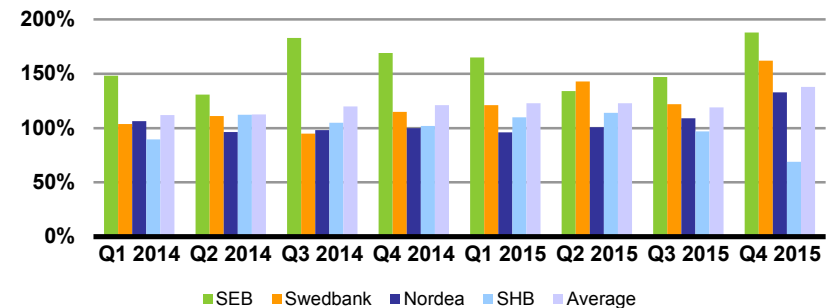
Cash & holdings in Central Banks

Maturing Funding ratio 3m and 12m
Peer benchmarking

Development 3m funding ratio Q1 2014-Q2 2015



Development 12m funding ratio Q1 2014-Q2 2015



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

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

Source : Liquidatum, Fact Book SEB, Swedbank, Nordea and Svenska Handelsbanken (SHB). SHB does not disclose the 3m ratio

SEB

Financial Targets

Profitability	<ul style="list-style-type: none"> Return on Equity 	<ul style="list-style-type: none"> Competitive with peers - long-term aspiration of 15%
Capital	<ul style="list-style-type: none"> Common Equity Tier 1 ratio 	<ul style="list-style-type: none"> 150 bps over the regulatory requirement
Dividend	<ul style="list-style-type: none"> Pay-out ratio 	<ul style="list-style-type: none"> 40% or above of EPS Focus on development of nominal amount
Ratings	<ul style="list-style-type: none"> Funding access and credibility as counterpart 	<ul style="list-style-type: none"> Maintain credit ratings in support of competitive funding access and costs and as a viable counterpart in financial markets
Efficiency	<ul style="list-style-type: none"> Nominal cost cap 	<ul style="list-style-type: none"> < SEK 22.5bn in 2016 and 2017

Higher profitability via an enlarged customer base and a focused and cost efficient organic growth

Resilient and diversified income base

Conservative underwriting standards and strong asset quality

Well-aligned balance sheet structure, strong liquidity and high quality capital structure

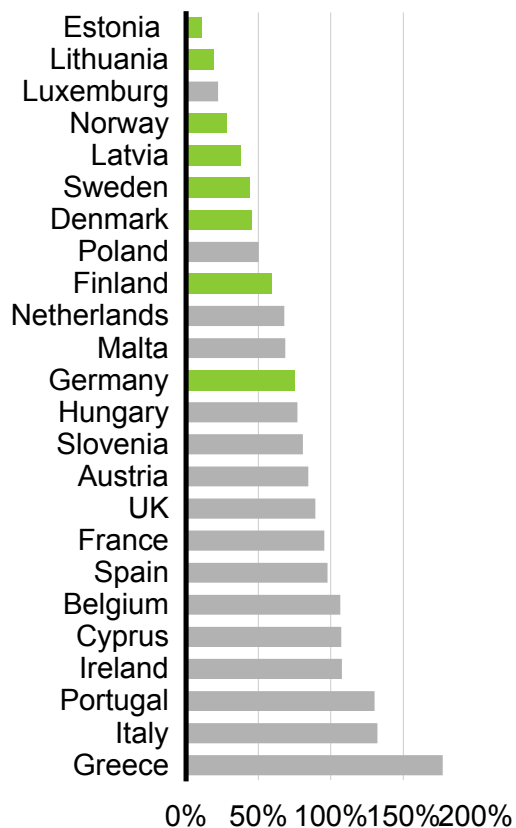
Additional Information

Macro

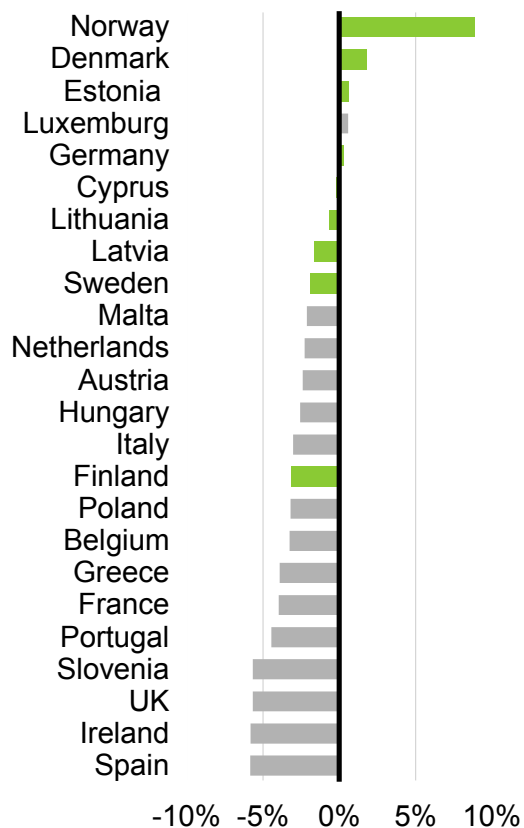
Strong sovereign finances

% of GDP

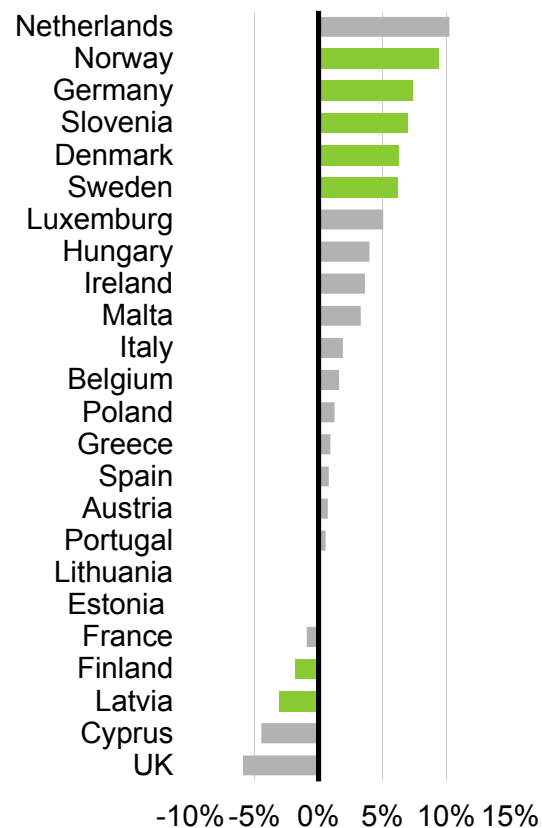
Sovereign Debt



Budget Deficit



Current Account Balance

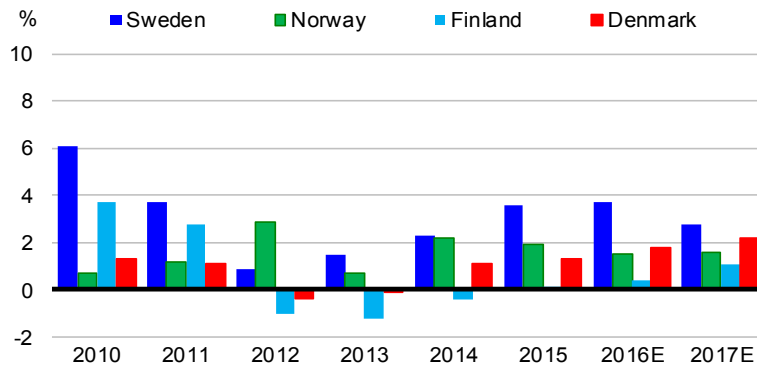


Source: IMF WEO 14/1 2016

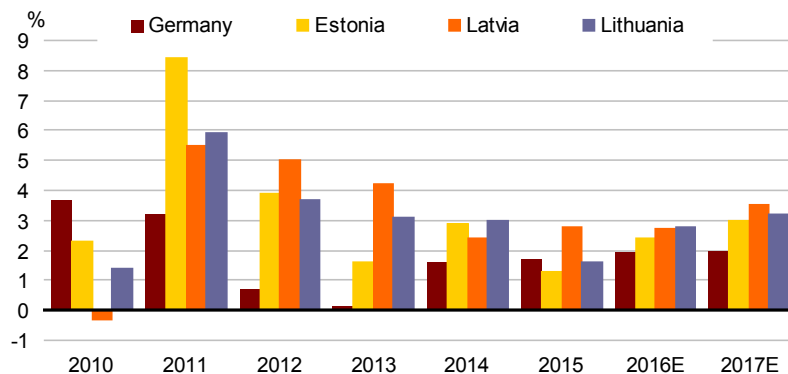
Economic fundamentals remain good



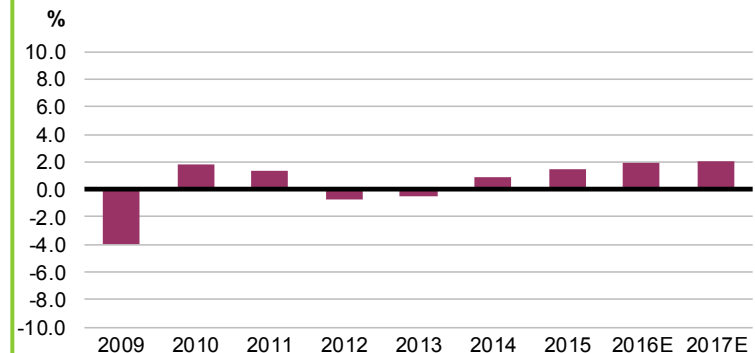
Nordic GDP development *



German and Baltic GDP development *



Eurozone GDP development *



* Source: SEB Nordic Outlook, February 2016

Swedish Economy 2015 to 2017



❑ Strong GDP-growth in a European context

- GDP growth of 2.3% in 2014 and expected to be 3.6% in 2015 and 3.7% in 2016 and 2.8% in 2017
- ✓ Drivers are: Private and public consumption, residential investments and a slight upturn in manufacturing

❑ Current Account surplus approx. 6% as a % of GDP in recent years

❑ Exports constitute approx 45% of GDP in 2014 (GDP 2014 was approx. SEK 3,900bn (USD 465bn)

- Goods constituted approx. 30%. Services constitute approx. 15% and are increasing in importance
- Roughly 50% of exports were to the Nordic countries, Germany, UK and the USA

❑ General government gross debt is stable at around 44%

- Central Government debt is approx. 35% and below 30% excluding re-lending to the Swedish Central bank
- Budget deficit will increase due to migration costs. Higher than expected tax revenues work in the opposite direction
- Public sector net financial deficit of 1.1% in 2015 and 2016 increasing slightly in 2017

❑ Healthy new job creation

- Employment numbers are healthy with 2.0 % yoy growth at Dec 2015 and are above 2008 peak
- Unemployment is falling only slowly due to strong population growth.

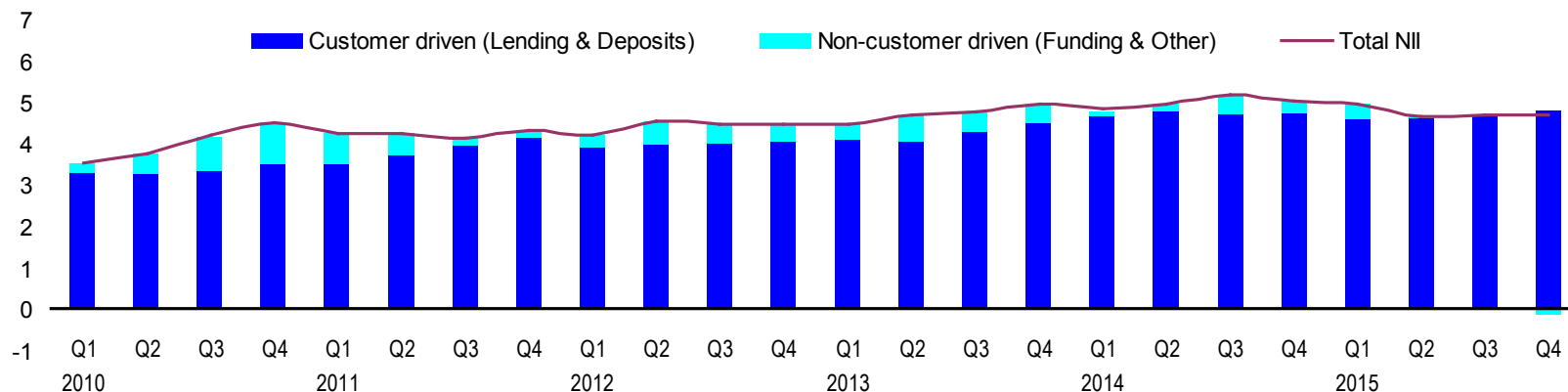
❑ Low Inflation ("CPI")

- In 2015 was on average 0.0% well below the target of 2%
- Is expected to pick up to 0.6% in 2016 and to around 1.6% in 2017
- Central bank's repo rate lowered to -0.25% in March 2015 from -0.10% due to well below inflation target. Reduced by 0.10% to -0.35% in July and by 0.15% in February 2016 to -0.50%

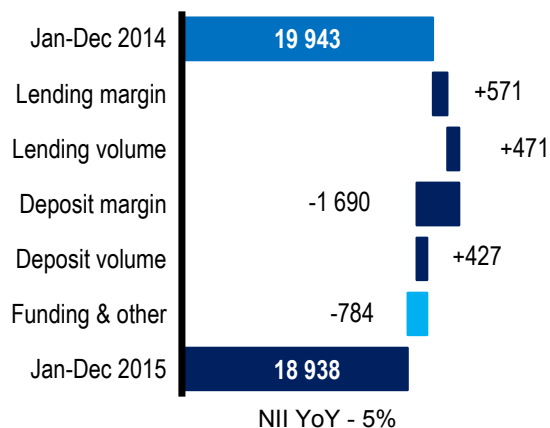
Additional financial info and Funding mix

Strategic growth initiatives form the basis for a relatively stable NII despite low interest rates

SEKbn



2015 - Lending margins and deposit and lending volumes support NII in a very low interest rate



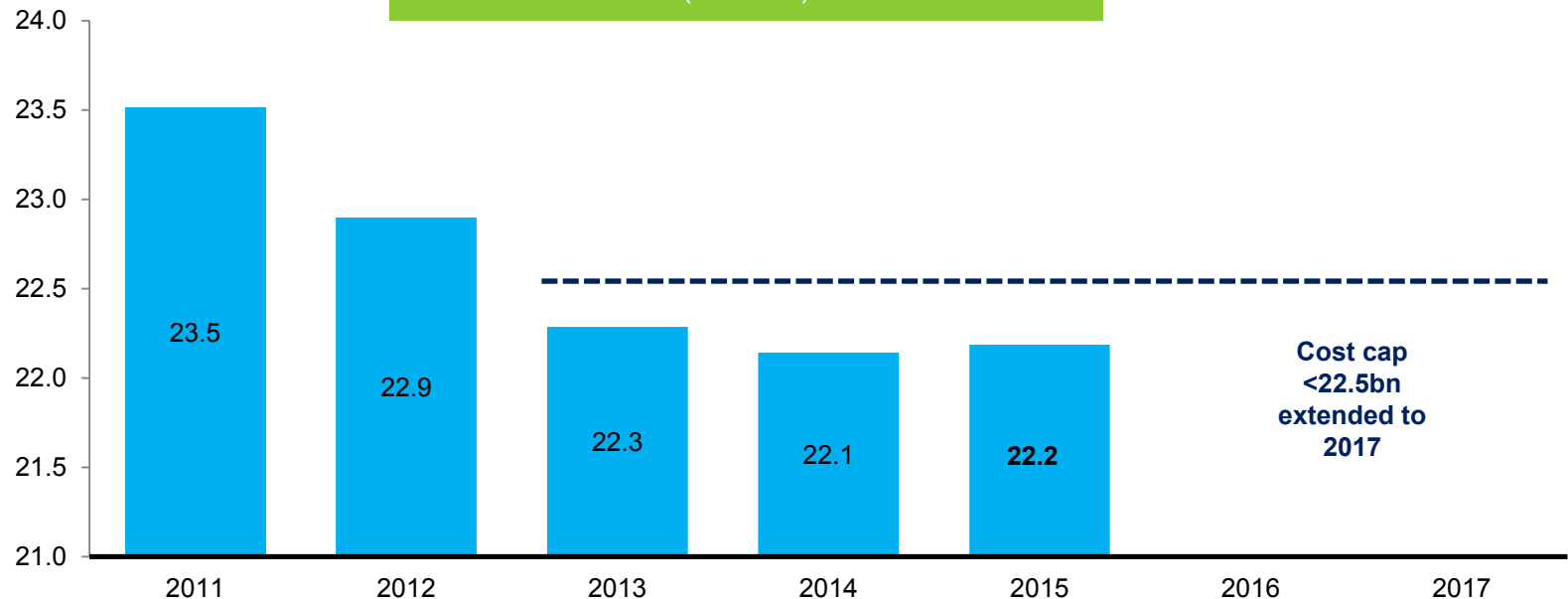
- The SEK repo rate has on average been 71 bps lower than in 2014
- Volume growth and lending margin improvements mitigated the lower repo rate's negative effect on deposit margins and treasury

Increased leverage on existing cost caps

Activities

- ❑ Decentralisation of DM
- ❑ Synergies and streamlining
- ❑ Transfer of business operations to Riga and Vilnius
- ❑ Outsource where not distinctive or cost competitive
 - Partnering to achieve scale and reach in offering
 - Collaboration in non-core areas
- ❑ Investments in growth and customer interface
- ❑ Agile IT development
- ❑ All development and management of digital services are assembled in one department
- ❑ Business 100% responsible for IT development

Development of Operating expenses (SEK bn)

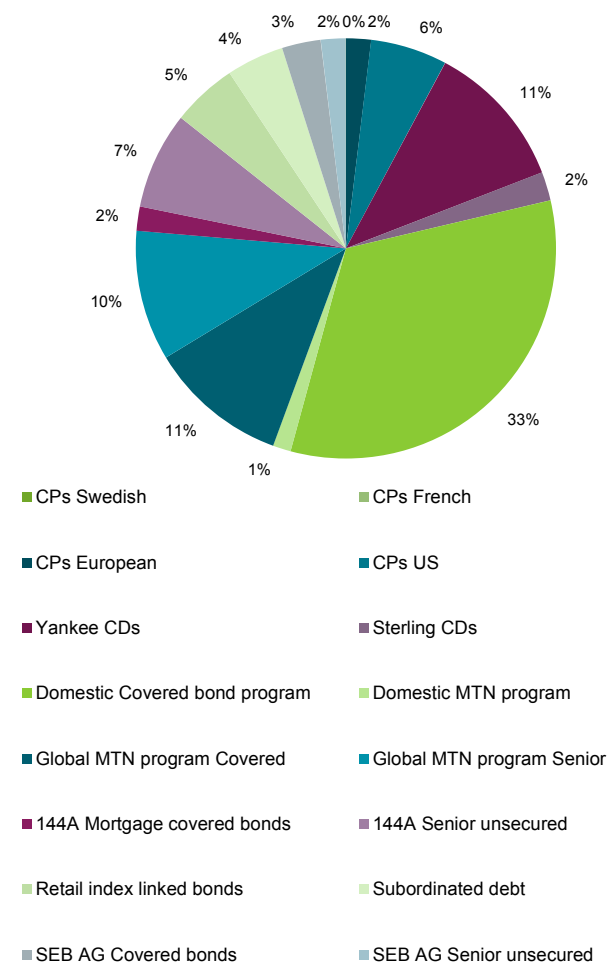


Diversified funding mix

Wholesale funding

Short-term funding sources		Q1 2015	Q2 2015	Q3 2015	Q4 2015
Commercial paper (CP) programs					
Total		129	125	80	53
Swedish		3	0	2	0
French		0	1	0	0
Global					
European		17	32	16	13
US		108	92	62	40
Commercial deposit (CD) programs					
Total		120	124	159	91
Yankee CDs		106	101	139	76
Sterling CDs		14	23	20	15
Long-term funding sources		Q1 2015	Q2 2015	Q3 2015	Q4 2015
SEB AB		502	475	494	500
Domestic Covered bond program		245	213	224	223
Domestic MTN program		10	10	9	9
Global MTN programs					
Covered		61	61	62	72
Senior		65	65	71	68
144A Mortgage covered bonds		13	12	13	13
144A Senior unsecured		42	48	49	50
Retail index linked bonds		35	35	35	34
Subordinated debt		31	31	31	30
SEB AG		39	38	36	33
Mortgage covered bonds		24	24	22	20
Senior unsecured		15	14	13	13

Wholesale funding distribution



Swedish Housing Market

House price developments – some key features

❑ Upward pressures

- *Severe structural lack of supply particularly in the major cities to which there is a strong migration*
- *Political inability to stimulate further increased new residential investments*
- *Low interest rates*
- *Increase of households' disposable income*
- *Households' expenditure on housing as a percentage of total expenditure on consumption is at a record low level*

❑ Regulatory bodies' actions to stem households' indebtedness and increasing house prices

- *Regulatory LTV cap of 85% (Fall 2010)*
- *New and extended regulatory requirements on banks*
 - ✓ *Swedish rules stricter than Basel III and EU requirements*
 - ✓ *Mortgage risk-weight floor – 25% under Pillar 2 effective from Jan 1, 2015*
 - ✓ *Higher counter-cyclical buffers for Swedish exposure – increase from 1% to 1.5% in June 2016 and to 2% in March 2017*
- *Strict amortization requirements on LTVs above 50% proposed by SFSA to be introduced in June 2016*
- *An increase of residential investments is clearly discernible*

❑ Topics publicly discussed to further lower the risk of the house price development

- *Hottest topic:*
 - ✓ *Gradual decrease and eventual abolishment of the ability of households to deduct interest rate costs for tax purposes favored by important bodies such as the SFSA, the Central Bank, Swedish Bankers Association, and many independent economists*
(today: 30% up to about USD15k and 21% on the amount above USD15k can be deducted for tax purposes)
- *Gradual abolishment of the regulation of rents i.e. stimulate the construction of rental apartment buildings*
- *Cap on household leverage (debt to income ratio)*
- *A lowering of the regulatory LTV cap from the current 85%*

Households' indebtedness and affordability - key features

- ❑ **Households' aggregated debt to disposable income ratio (debt ratio) is about 175% ⁴⁾**
 - *This ratio increased from 100% to 170% between the late 1990s and 2010 when it slowed down considerably*
 - *The increase that took place before 2010 was mainly due to changing ownership structure and higher affordability*
 - *Since early 2014 it has started to rise again and is now around 175%*
 - *Crises typically follow periods of rapid increases of debt-to-income ratios*

- ❑ **The most indebted people are the ones that can afford it ^{1), 2)}**
 - *Approx. 80% of households' debt is **mortgage loans** and household debt is closely linked to house prices*
 - **The most indebted people** are the ones with:
 - ✓ *the highest income and net wealth,*
 - ✓ *highest level of education and*
 - ✓ *live in the economically more prosperous and flourishing regions in Sweden*
 - *For **indebted** households, the aggregated debt ratio was 242% in Q4 2013: ²⁾*
 - ✓ *The top three income deciles have 51% of total income and 46% of total debt*
 - ✓ *The lowest three income deciles have 13% of total income and 16% of total debt*

- ❑ **Mitigating factors of private indebtedness ^{3), 6)}**
 - *Aggregated **total wealth, excluding collective insurances, is 6 times higher** than household disposable income*
 - *Aggregated **net wealth** (total assets minus total debt) **is 4 times higher** than disposable income*
 - *Aggregated assets are three times higher than aggregated debt*
 - *Increased affordability:*
 - ✓ *Increased disposable income due to higher real salaries,*
 - ✓ *Income tax cuts,*
 - ✓ *Abolishment of wealth tax and a substantial lowering of real estate tax*
 - ✓ *Low interest rates*
 - ✓ *High savings ratio*
 - *The potential risks with **Households' indebtedness is offset** by a low public sector debt and a capacity for countercyclical measures*
 - **Socio-economic factors**

1) A government report from November 2013

2) The Central Bank's report "How indebted are Swedish Households?" May 2014.

The volume of loans in the data covers about 80% of all household loans and 94% of all mortgages

3) Swedish Central Bank's Financial Stability Report of November 2014

4) Swedish Central Bank's Financial Stability Report of November 2015

5) SFSA Stability in the financial system of December 2015

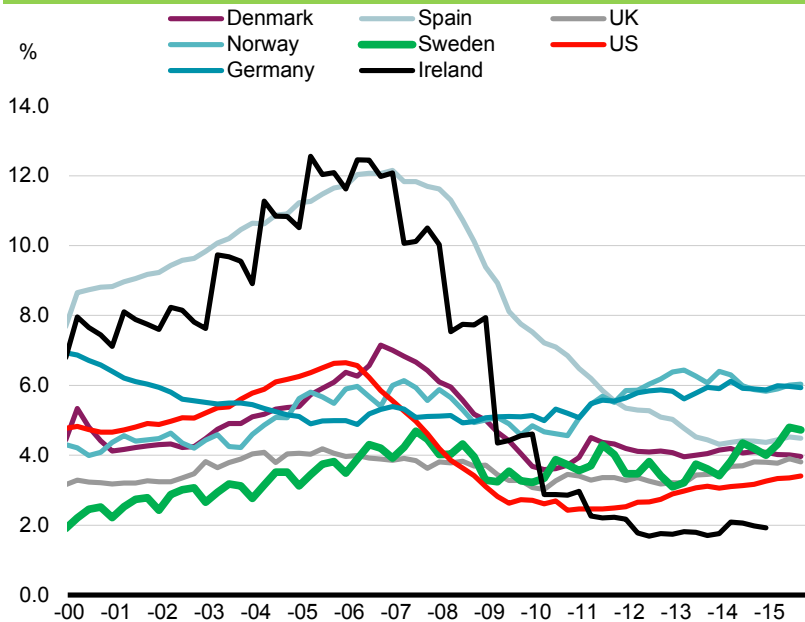
Swedish Housing Market – Long-term development

Structural lack of housing has an upward pressure on prices

- ❑ Shift in government policy on subsidies for residential mortgage purposes and deregulation of the credit markets in the late 1980s and the beginning of the 90s had a huge negative impact on residential construction
- ❑ The lack of housing is most pronounced in the larger cities of Stockholm, Göteborg and Malmö to which there continues to be a strong migration
- ❑ Maintained rent regulation, high land and construction costs incl. planning and environmental legislation, ability to appeal against planned housing constructions and poor competition in the building sector continue to reduce the incentive for the construction of rental apartment buildings
- ❑ Residential investments (housing construction) rose by nearly 20% in 2015 at about the same pace as in 2014 and is expected to increase at the same pace in 2016

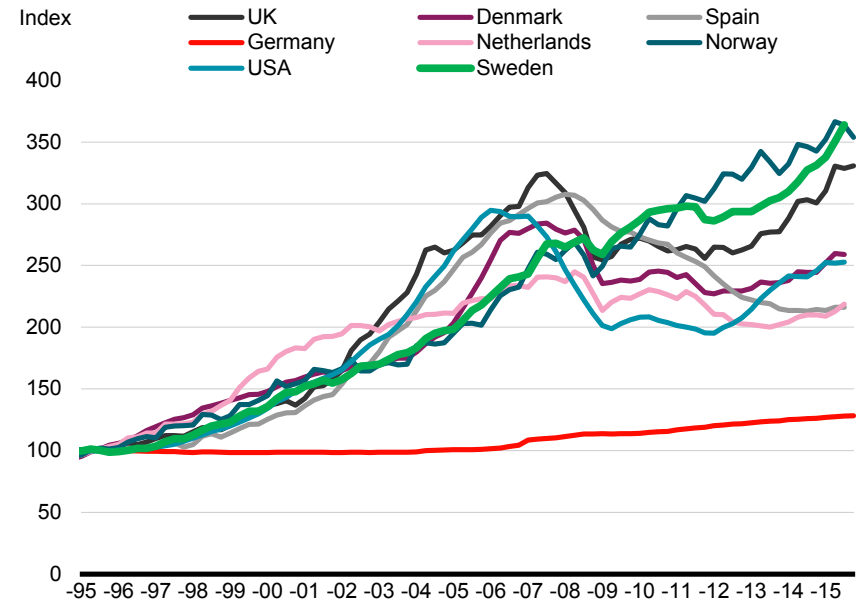
Relatively low residential investment

as a % of GDP



House prices (index 1995=100)

International comparison



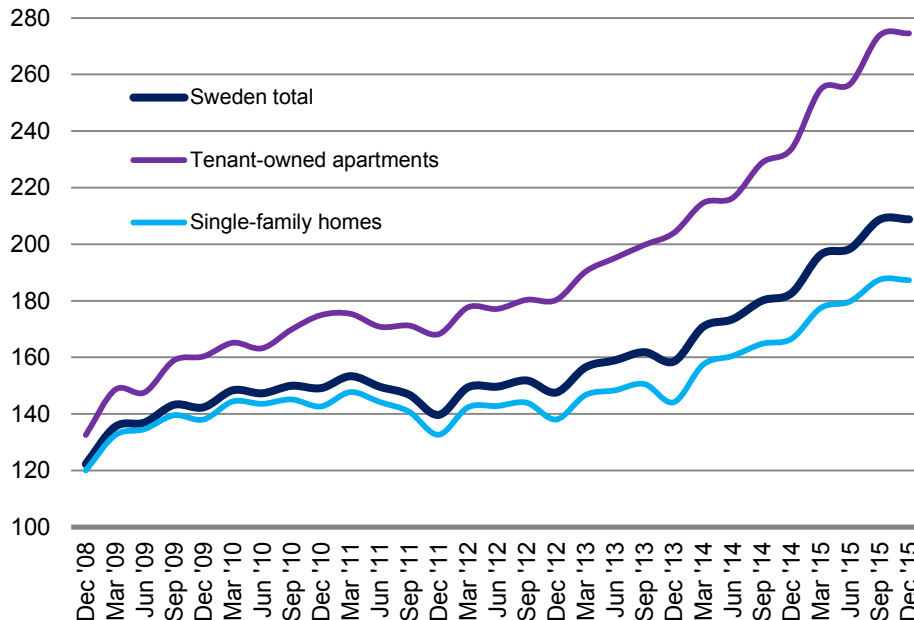
Swedish Housing Market – Long-term development

Population growth outpaces housing completions and puts upward pressure on prices

- ❑ Despite increasing housing completions, there need to be approx. 400,000 new units completed by 2020 to match the population growth; twice today's construction pace

Increasing residential housing prices but stable development the last 3 months

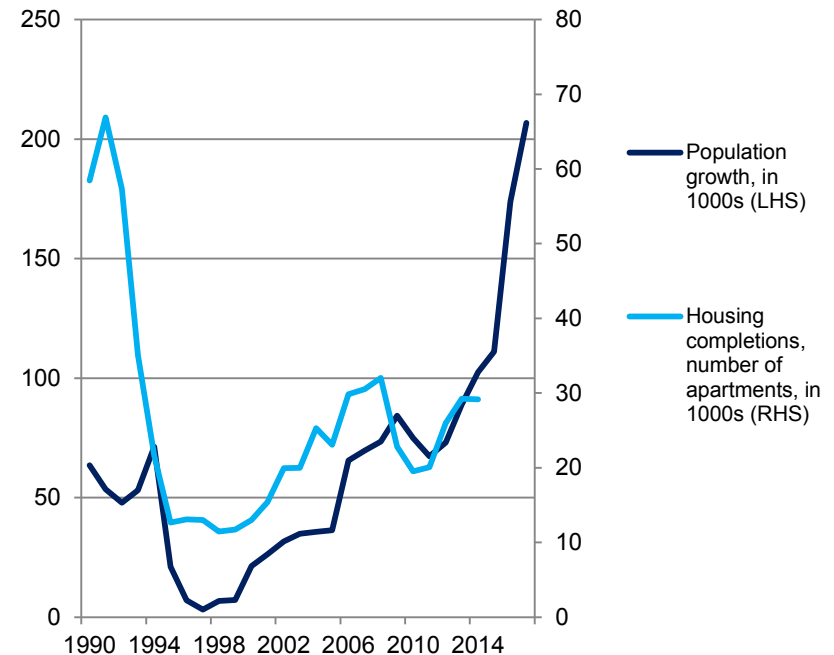
Swedish house prices (index=100 in January 2005)



Source: SEB and Valueguard

Population growth vs housing completions

Sweden



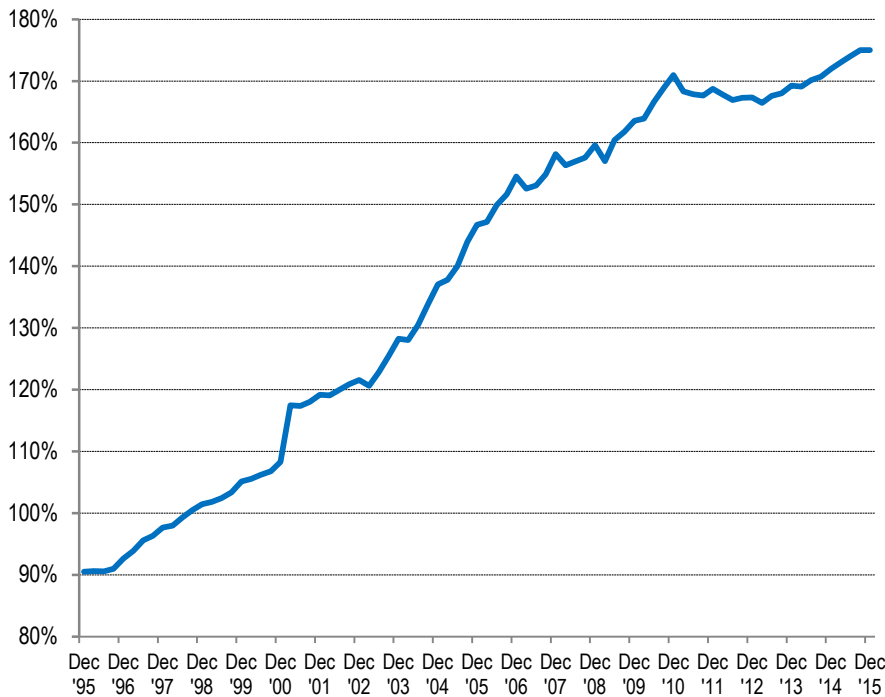
Source: Statistics Sweden, SEB
Latest available data from Swedish National Board of Housing

Swedish Households' borrowing - Current market development

Debt to income ratio increases less than lending growth

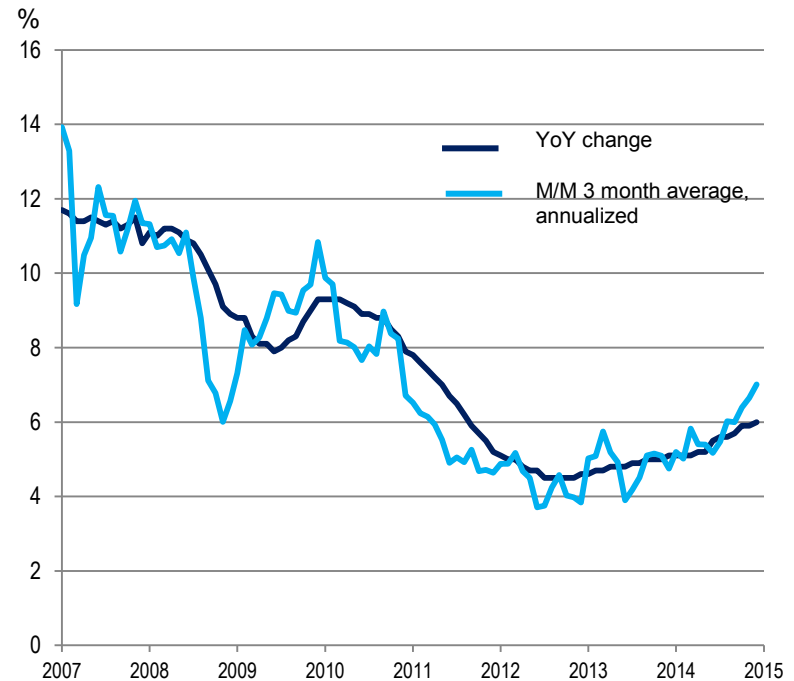
- ❑ Households' aggregated debt to disposable income ratio is approximately 175% and has been rising faster than household income the few years which is not sustainable. 80% of the household debt is mortgage debt.
- ❑ The increase that took place before 2010 was due to the changing ownership structure and higher affordability

Household debt as a % of disposable income



Source: Swedish Central Bank report November 2015

Increasing lending growth to Swedish Households

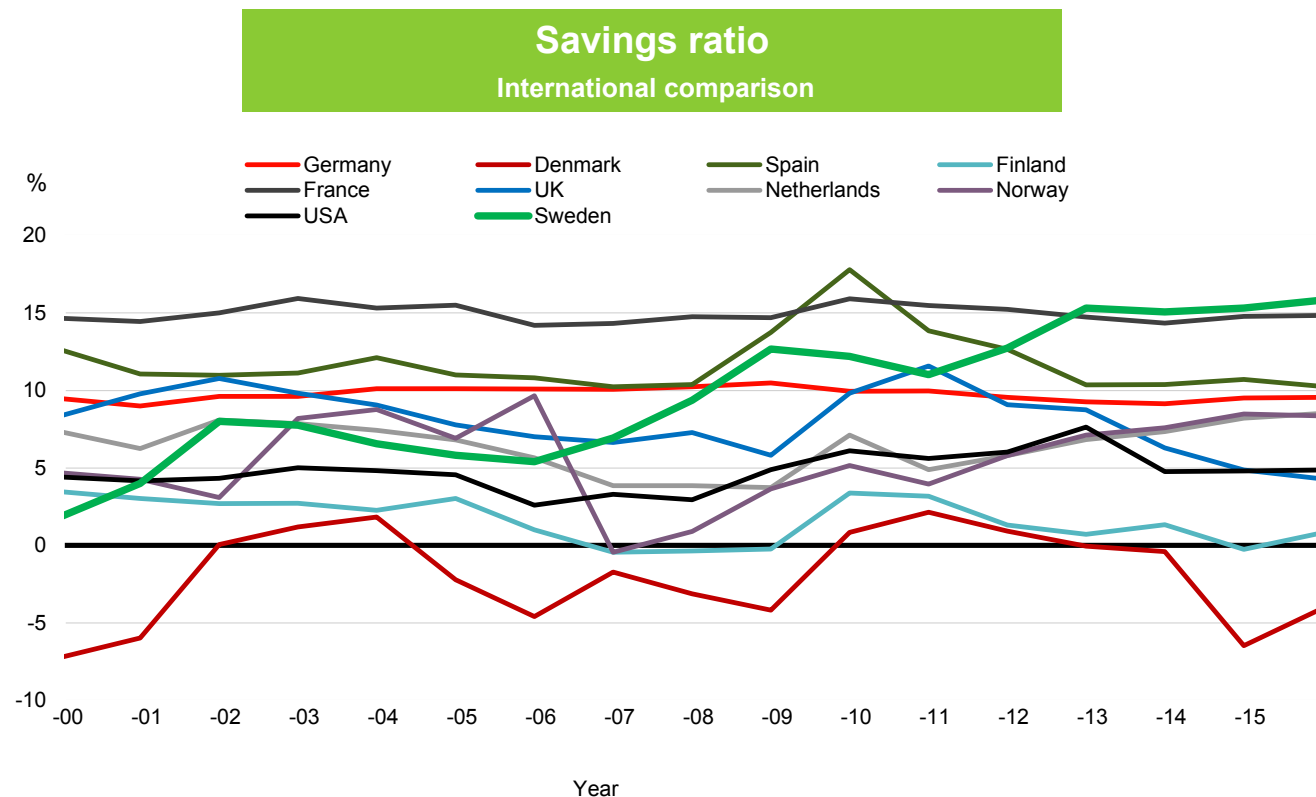


Source: Sweden statistics

Household debt-servicing ability is solid

The Swedish FSA states in their December 2015 report that:

- ❑ Households' assets (real and liquid financial assets) are three times larger than their debt
- ❑ The SFSA carries out stress tests on a regular basis to analyze effects of higher interest rates and unemployment
- ❑ Households have substantial resilience to higher interest rates, loss of income and declining house prices
- ❑ Savings ratio at historical highs

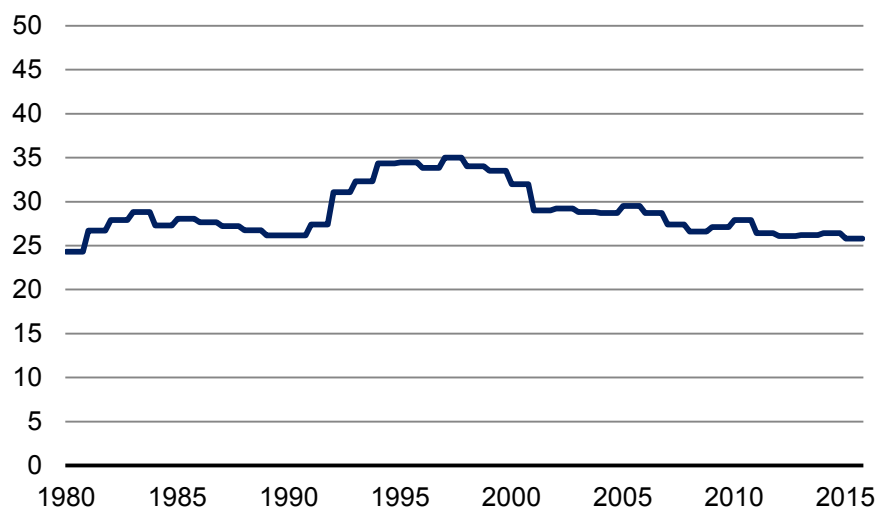


Household Affordability - Swedish Household expenditure on housing

Still "cheap" to live despite increasing house prices

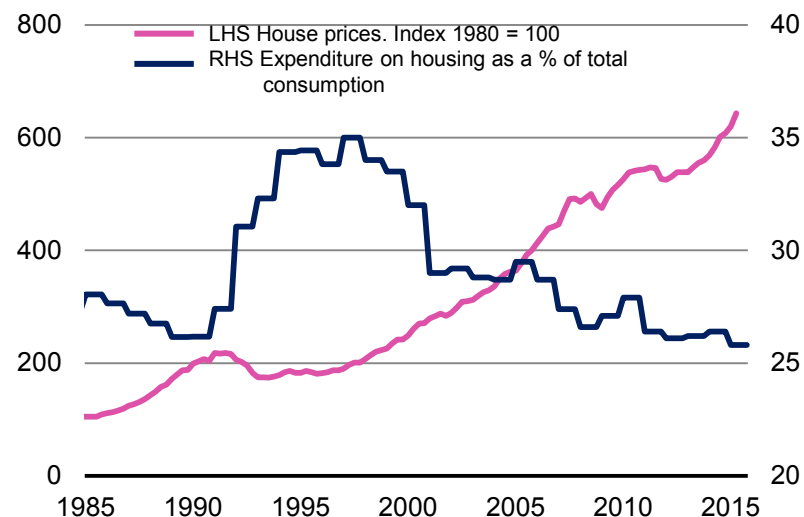
Expenditure on housing at record low levels

Development of Household Expenditure on Housing as a % of total consumption



- ❑ Due to higher affordability among households, where lower interest rates is one important explanatory factor, household expenditure on housing has decreased as a percentage of total consumption
- ❑ The peak during the 90s' crisis at around 35% of total consumption was due to several interacting factors such as higher interest rates, lower income, tax changes (significantly decreased interest cost deductibility for tax purposes)
- ❑ On average, expenditure on housing has constituted around 29% of total household consumption since 1980 and today it's around 26%

Development of Household Expenditure on Housing and House Prices



- ❑ Household expenditure on housing and house prices are interconnected pipes
- ❑ The risk of quickly increasing interest rates in the near to medium term future is low
- ❑ Regulatory bodies try to stem the houseprice development through various regulatory actions such as stricter capital requirements for mortgage lending, regulatory LTV caps, strict amortization rules

Factors behind the strong asset quality

Credit information agency (“UC”)

Provides unique information regarding customers, e.g. marital and employment status, age, income, fixed assets, debt, payment record, property ownership

Practically impossible to escape claims

A borrower is personally liable, for life, even after a default and foreclosure procedure

Strong household income

A household's income is to a very high degree based on two persons' income. A mortgage loan is typically a joint liability

No buy-to-let market

A regulated rental market and tenant owner subletting restrictions

Direct debit

Customers make payments via authorized direct debit from their account

State enforcement office

Enforcement orders are processed in a expedient and reliable way

No intermediaries

Banks and bank owned mortgage institutions originate the loans themselves and the loans remain on their balance sheet

SEB's Swedish Residential Mortgage Lending

Household mortgage lending dominates the portfolio

Dec 31, 2015

Total SEK 538bn (USD 64bn)

Residential Apartment Buildings

SEK 120bn

(USD 14bn)

- ❑ Private companies 51%
- ❑ Housing co-op associations 39%
- ❑ State/Community owned 10%

Residential Apartment Buildings

Strong asset quality

- ❑ Next to no impaired loans
- ❑ No major problem loans since the 1990's
- ❑ No net credit losses
- ❑ Low and conservative LTVs

Conservative lending policy

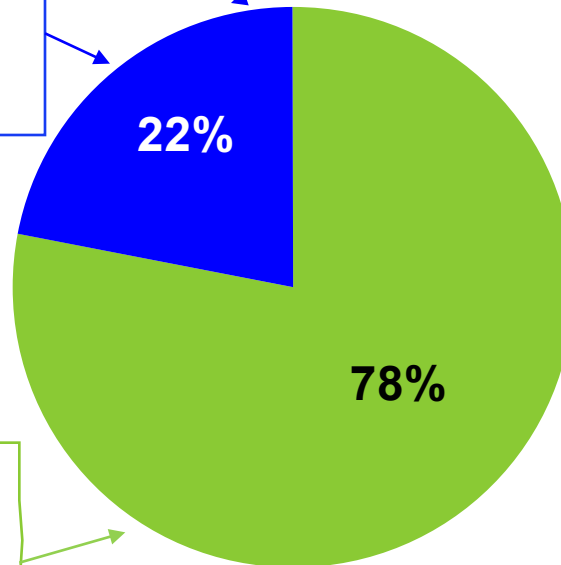
- ❑ Cash-flow generation
- ❑ Legal structure: Counterparty has to have direct and immediate access to the cash-flow and the assets taken in as collateral.
- ❑ Tenor max 10 years
- ❑ LTV <75% but depending on geographic location. Rural areas LTV<65%.
- ❑ Amortization structure required depending on geographic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

Household Mortgage lending

SEK 419bn

(USD 50bn)

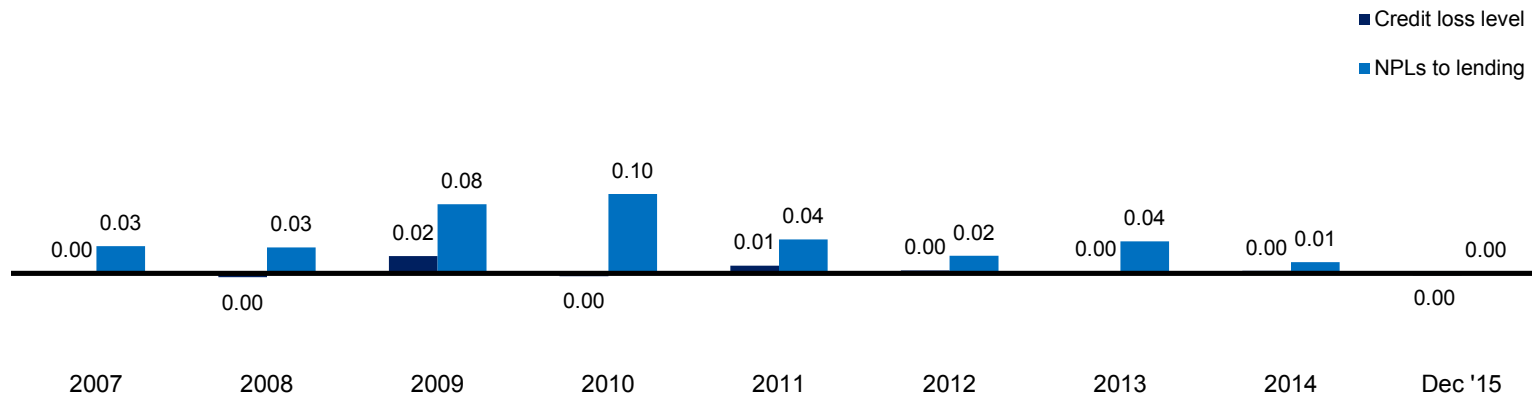
- ❑ Single family houses 63%
- ❑ Tenant owned apartments 32%
- ❑ Second homes 5%



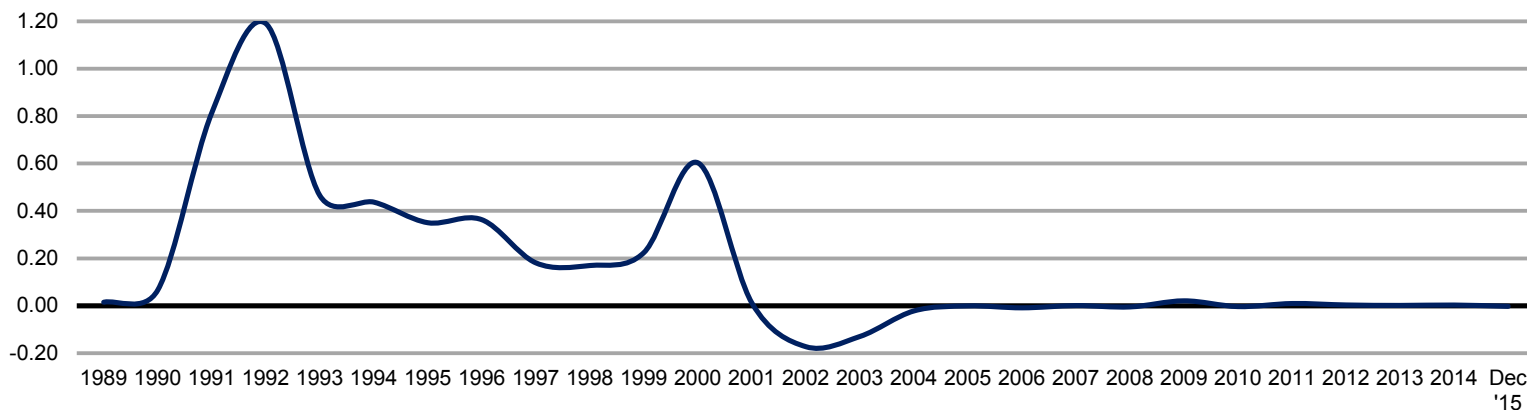
Asset Quality – Lending to Swedish Residential Apartment Buildings

Low levels of impaired loans and negligible credit losses

Impaired loans do not typically turn into credit losses, in %



Minimal net credit losses since the early 2000s, in %

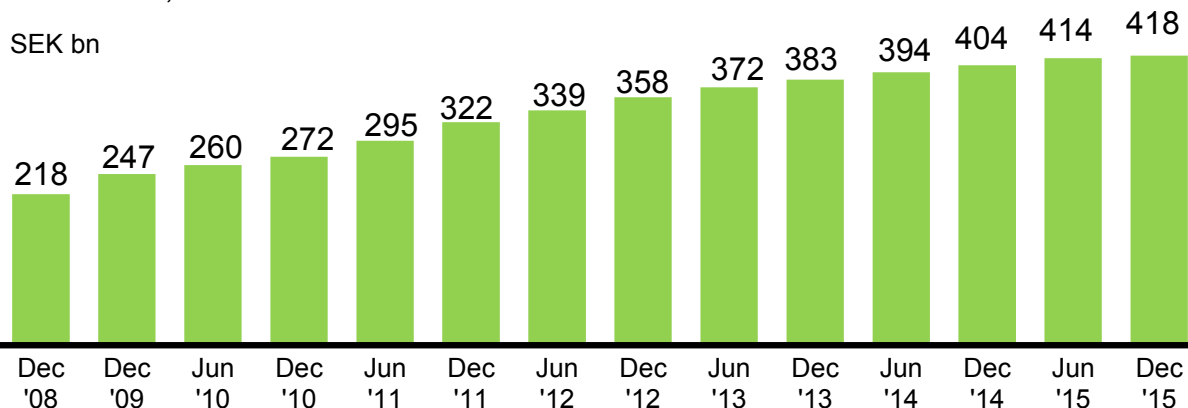


* Net credit losses = the aggregated net of write-offs, recoveries and provisions

SEB's Swedish Household Mortgage lending

Successful Strategy has produced growth despite stricter underwriting standards

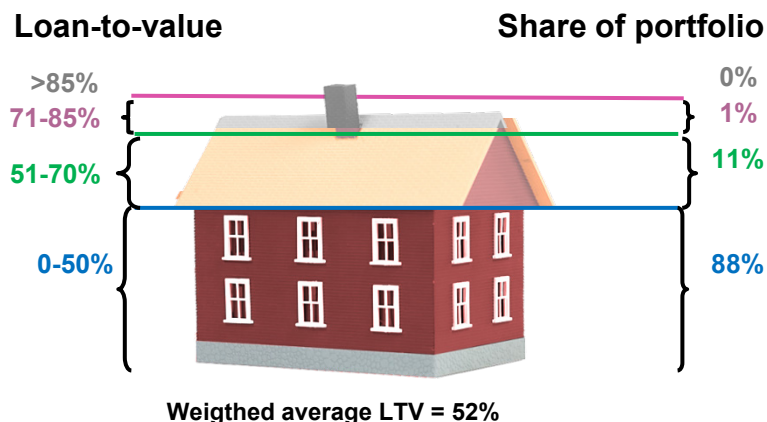
Dec 31, 2015



Selective origination

- ☐ Serve core clients – Cherry pick new clients
- ☐ Concentration to larger cities
- ☐ Market share approx. 16%
- ☐ Growing at 3.5%, below market growth at 7.4%
- ☐ Past-due >60days SEK 216m (USD 26m) at 5bps
- ☐ Net credit loss level is 0%

87% of the mortgage portfolio has LTV at or below 50%
1% exceeds an LTV of 70%



Household affordability and strict lending criteria

- ☐ Strict credit scoring and assessment
- ☐ The affordability assessment includes a stressed interest rate scenario of 7%
- ☐ LTV >70% <85% amortized at least 2% a year and <70 at least 1% a year – 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 and individual amortizing plans
- ☐ "Sell first and buy later"

SEB's Swedish Household Mortgage Lending

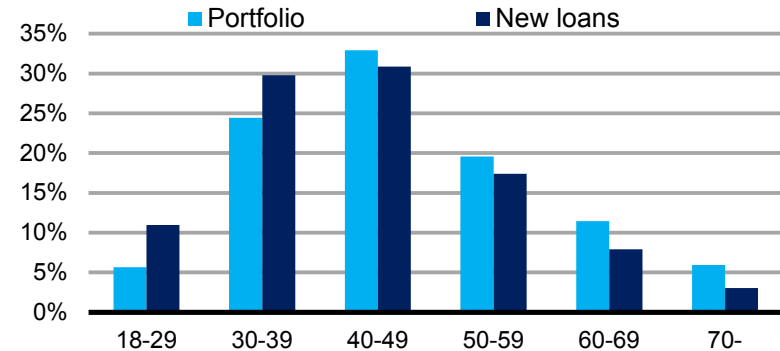
Strong economic profile of customers

SEB's typical mortgage customer

- ❑ Dual income households in the major cities
- ❑ High income households
- ❑ Personal savings above average
- ❑ Stronger credit rating vs. market average
- ❑ Amortizing share of new loans in SEB as at Dec 31, 2015
 - All new loans 80%
 - LTV over 70% 93%

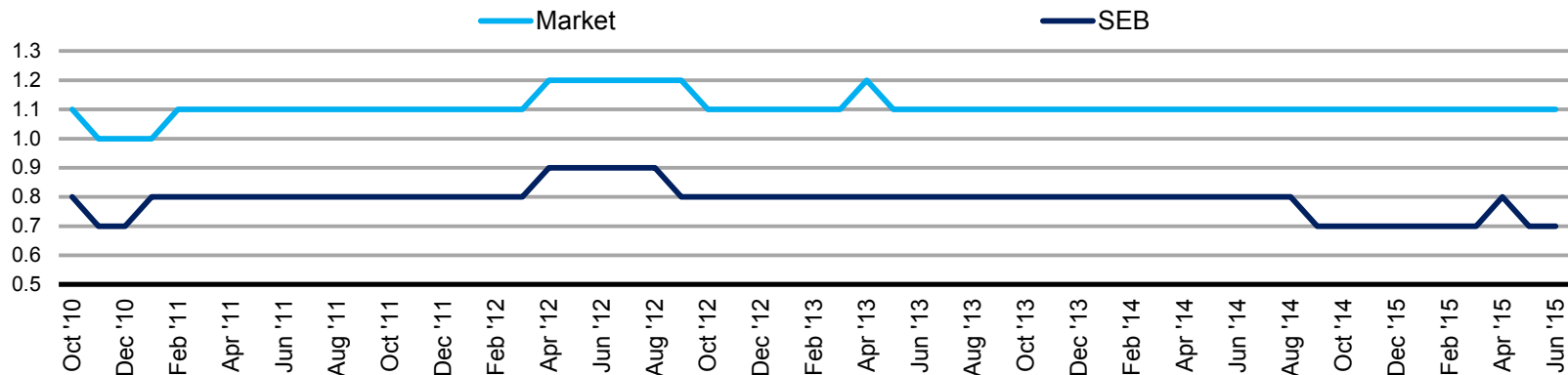
Age distribution of SEB's customers

Based on volumes December 31, 2014



SEB's mortgage customers have a relatively stronger credit quality than market average ¹⁾

UC Scoring ²⁾



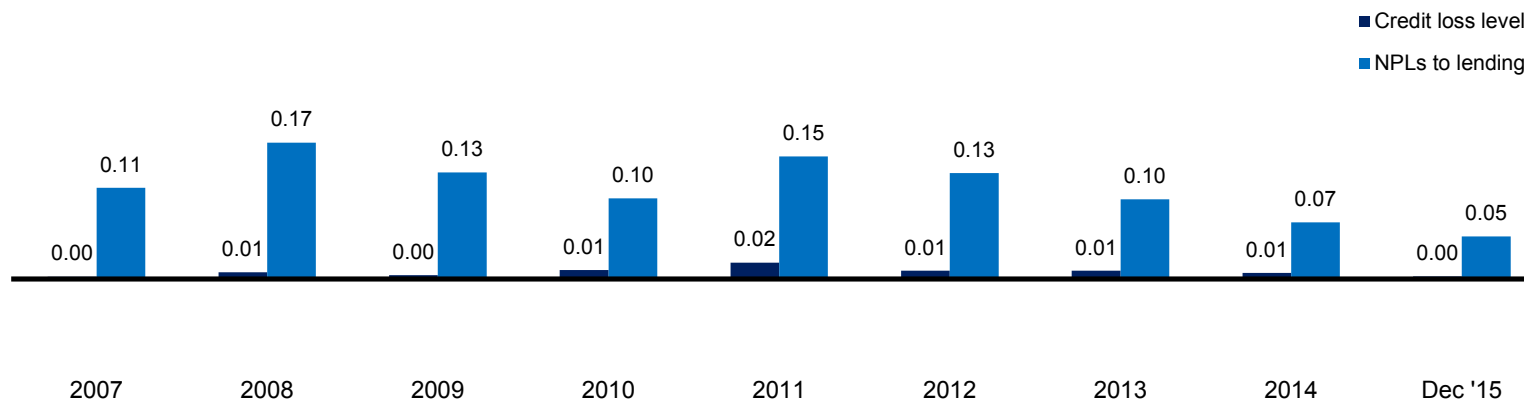
¹⁾ Source: Swedish Credit Bureau ("UC AB") "Kreditbarometer" Sep 2015

²⁾ UC scoring is defined as the probability of getting a payment remark within one year

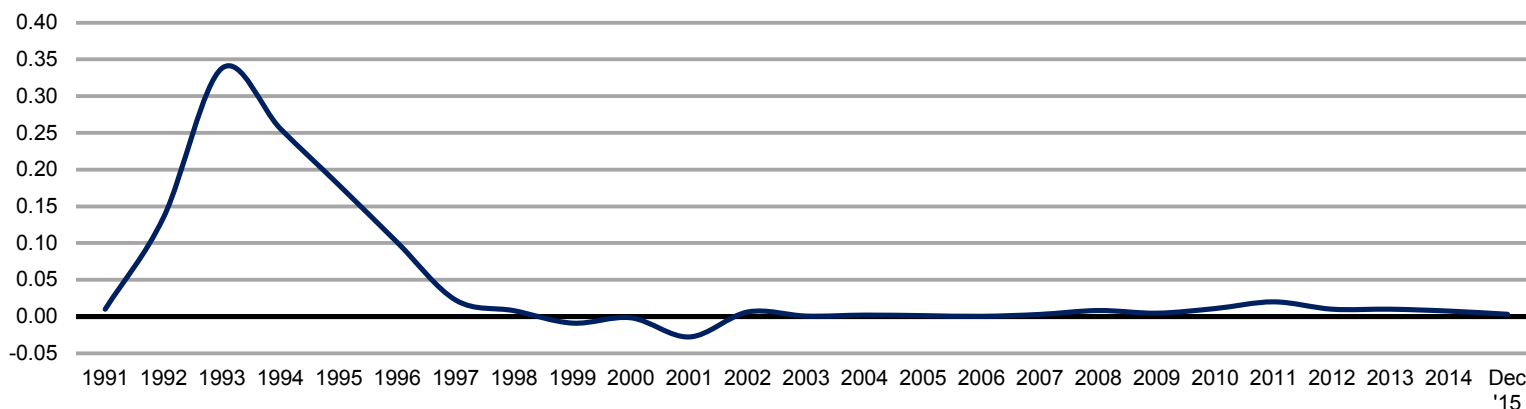
Asset Quality – SEB's Swedish Household Residential Mortgage lending

Low levels of impaired loans and negligible credit losses

Loans past due 60 days do not typically turn into credit losses, in %



Minimal net credit losses since the late 1990s, in %



SEB's Swedish Cover Pool and Covered Bonds

Only Swedish Residential Mortgages in SEB's Cover Pool

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 55%

Covered Bonds

		Q4 2015	Q4 2014	Q4 2013
Total outstanding covered bonds (SEK bn)		311	310	297
Rating of the covered bond programme		Aaa Moody's	Aaa Moody's	Aaa Moody's
FX distribution	SEK	72%	76%	74%
	non-SEK	28%	24%	26%

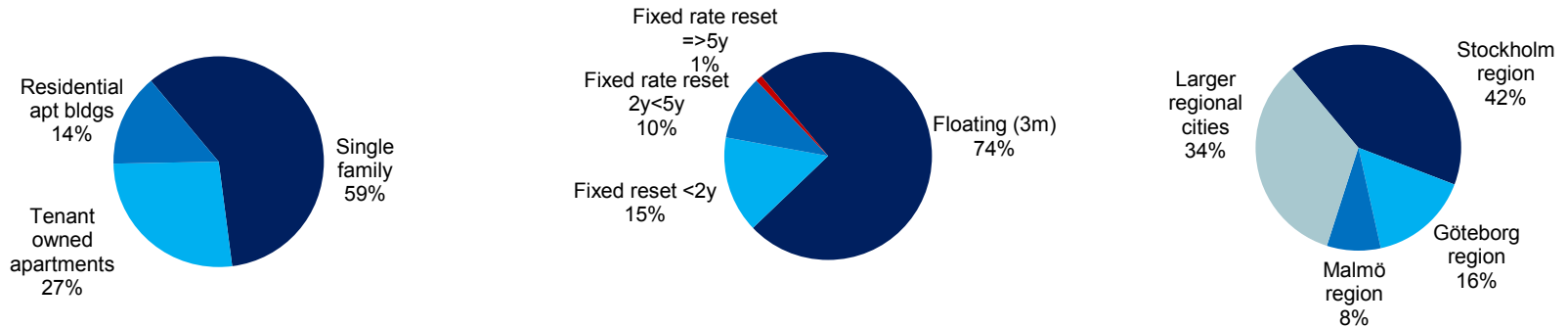
Cover Pool

	Q4 2015	Q4 2014	Q4 2013
Total residential mortgage assets (SEK bn)	483	465	434
Weighted average LTV (property level)	57%	57%	60%
Number of loans (thousand)	697	683	655
Number of borrowers (thousand)	427	427	404
Weighted average loan balance (SEK thousand)	693	680	662
Substitute assets (SEK thousand)	0	0	0
Loans past due 60 days (basis points)	4	6	11
Net credit losses (basis points)	0	0	1
Over-collateralization level	55%	50%	46%

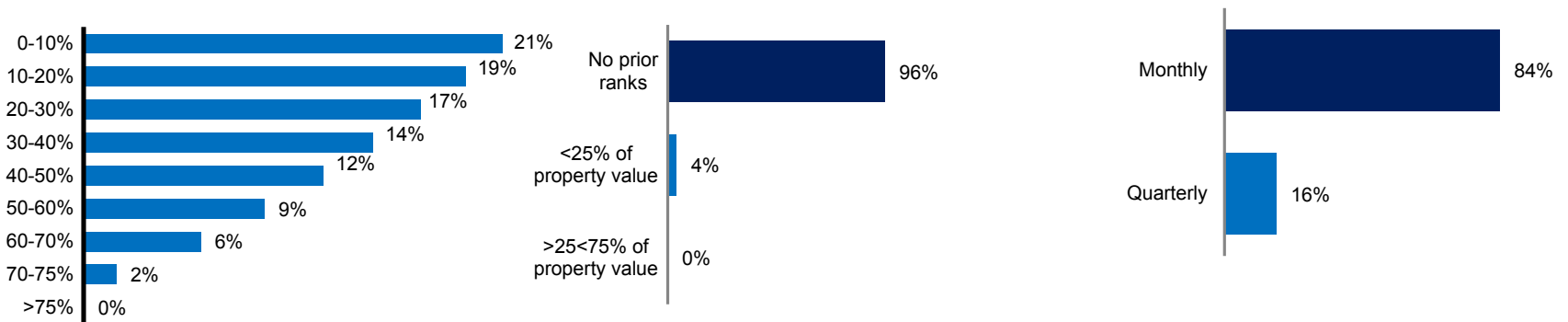
Cover Pool in Sep 30, 2015

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

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)

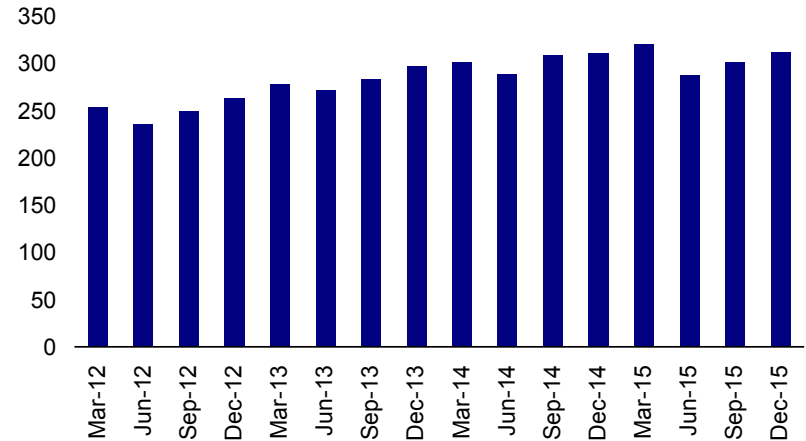
Covered Bonds Dec 31, 2015

Profile of outstanding Covered Bonds

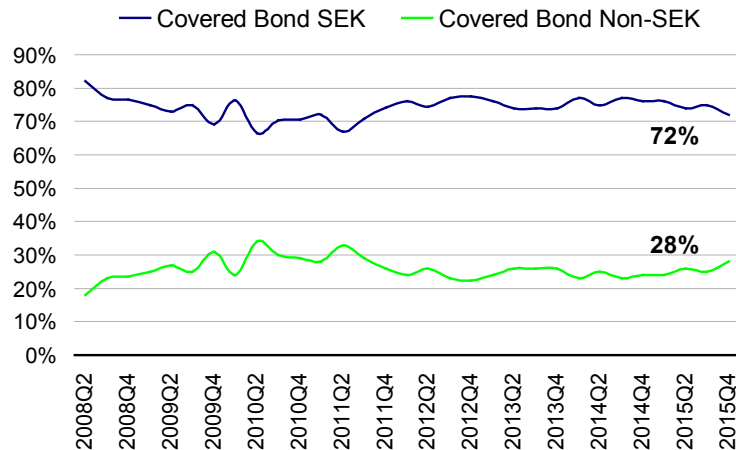
SEB Swedish Mortgage Covered Bonds

Moody's Rating	Aaa
Total outstanding	SEK 311bn
FX distribution	SEK 72%
	non-SEK 28%
Benchmark	Benchmark 91 %
	Non Benchmark 9 %

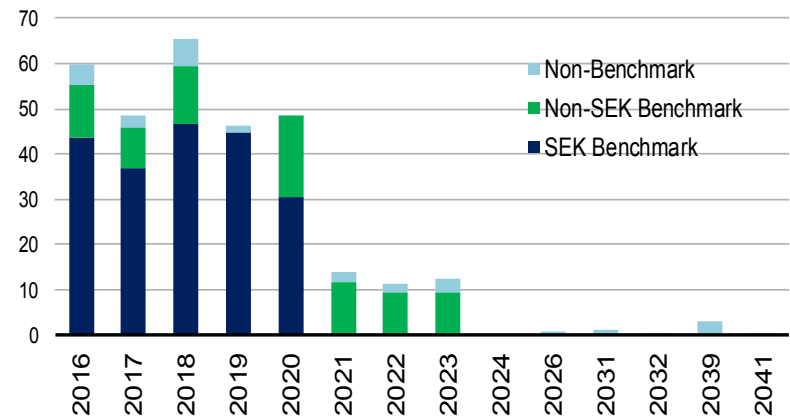
Outstanding covered bonds (SEK bn)



Currency mix

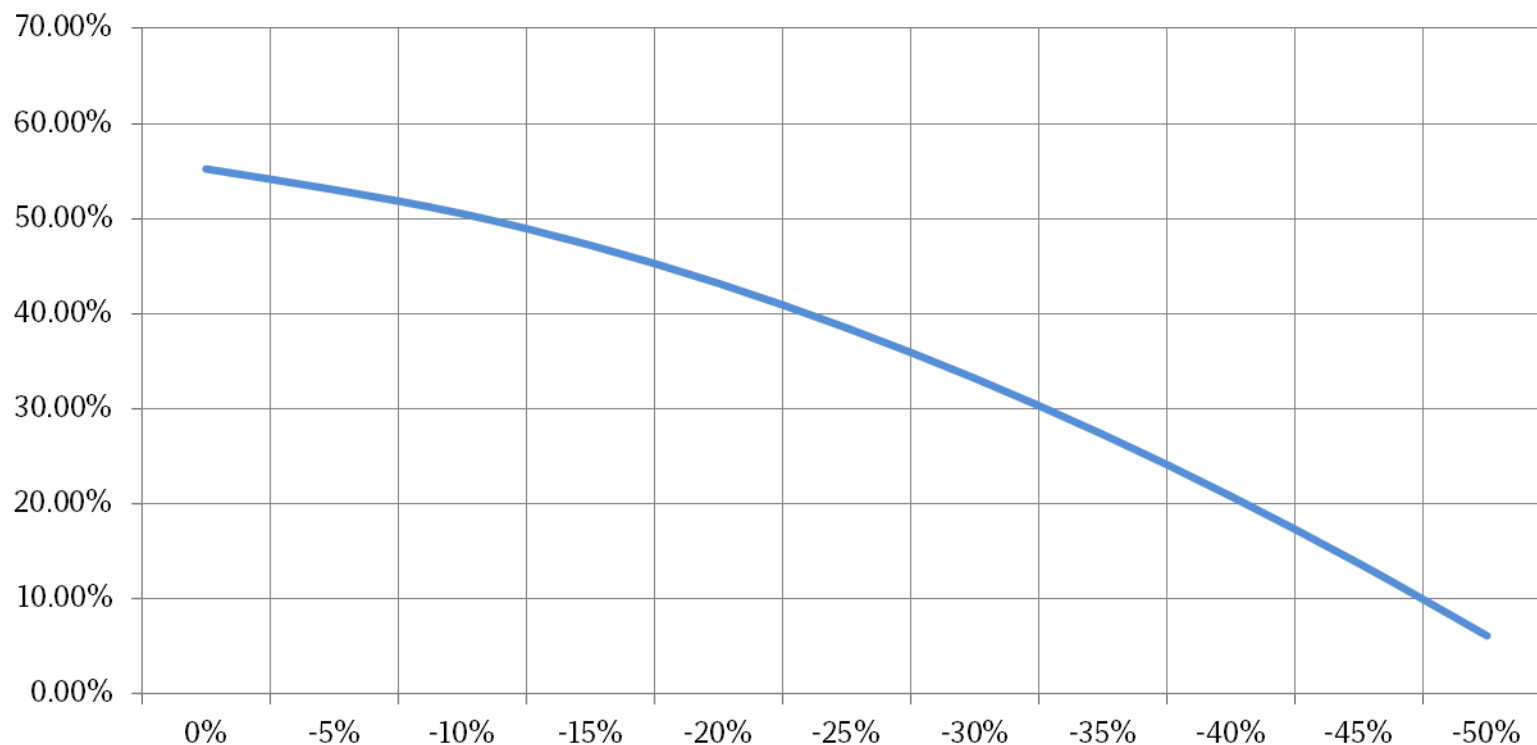


Maturity profile (SEK bn)



Sufficient OC level to absorb significant decline in house prices

OC sensitivity to house prices



Stress test done on property level

SEB contacts and information

Contacts

Thomas Bengtson, Head of Debt Investor Relations

Email: thomas.bengtson@seb.se

tel: +46 8 763 8150

John Arne Wang, Head of Treasury Management

Email: john.wang@seb.se

tel: +46 8 506 23255

More information

Available on www.sebgroup.com

You will find it under Investor Relations