



Debt Investor Presentation Q1 2016 and FY 2015

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SEB

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Highlights - Full Year 2015 and Q1 2016



FY 2015 Highest underlying Operating Profit ever

Despite increasingly uncertain markets

Diversified Business Mix sustains strong Earnings Generation in 2015

Mitigating the effects of negative interest rates and increased uncertainty

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

Q1 2016 results were negatively affected by:

Decreased asset values, continued interest rate cuts and subdued customer activity

Resilient Capital and Liquidity position *and* High Asset Quality

SEB in Brief

March 2016

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 an income mix of ca.45% Large Corporate and Financial Institutions business, ca.35% Swedish Retail & Private Banking , 8% Baltic Retail Banking and 13% Life & Investment Mgmt
- ❑ The leading Nordic franchise in Capital Markets, Fx and Rates activities, Equities, Corporate and Investment banking
- ❑ Second largest Nordic asset manager with SEK 1,637bn (*USD 201bn*) under management
- ❑ Largest Nordic custodian with SEK 6,712bn (*USD 824bn*) under custody
- ❑ No. 2 as regards Swedish household total savings with approx 12% market share
- ❑ Approx 7% of the total life and pension business in Sweden
- ❑ Approx 15% 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% on December 31, 2015 and 19.1% on March 31, 2016

Solid Rating Position

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

SEB's Key Figures

Summary - Strong Financial Development

Key Figures	Q1 2016	2015	2014	2013	2012	2011 ¹⁾	2010
☐ Return on Equity, % ⁵⁾	10.1	12.9	13.1	13.1	11.5	12.3	8.9
☐ Cost /Income ratio, % ⁵⁾	53	49	50	54	61	62	65
☐ Common Equity Tier 1 capital ratio, % ²⁾	19.1	18.8	16.3	15.0	NA	NA	NA
☐ Tier I capital ratio, % ²⁾	21.5	21.3	19.5	17.1	NA	NA	NA
☐ Total capital ratio, % ²⁾	23.9	23.8	22.2	18.1	NA	NA	NA
☐ Net credit loss level, % ³⁾	0.08	0.06	0.09	0.09	0.08	-0.08	0.15
☐ NPL coverage ratio, % ⁴⁾	62	62	59	72	66	64	66
☐ NPL / Lending, % ⁴⁾	0.6	0.6	0.8	0.7	1.0	1.4	1.8
☐ Assets under Management, SEKbn	1,637	1,700	1,708	1,475	1,328	1,261	1,399
☐ Assets under Custody, SEKbn	6,712	7,196	6,763	5,958	5,191	4,490	5,072

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) Excluding one-off capital gains and costs and technical impairment (write-down) of goodwill

a. 2014: Excluding one-off capital gains of SEK 2,982m (sale of non-core business and shares)

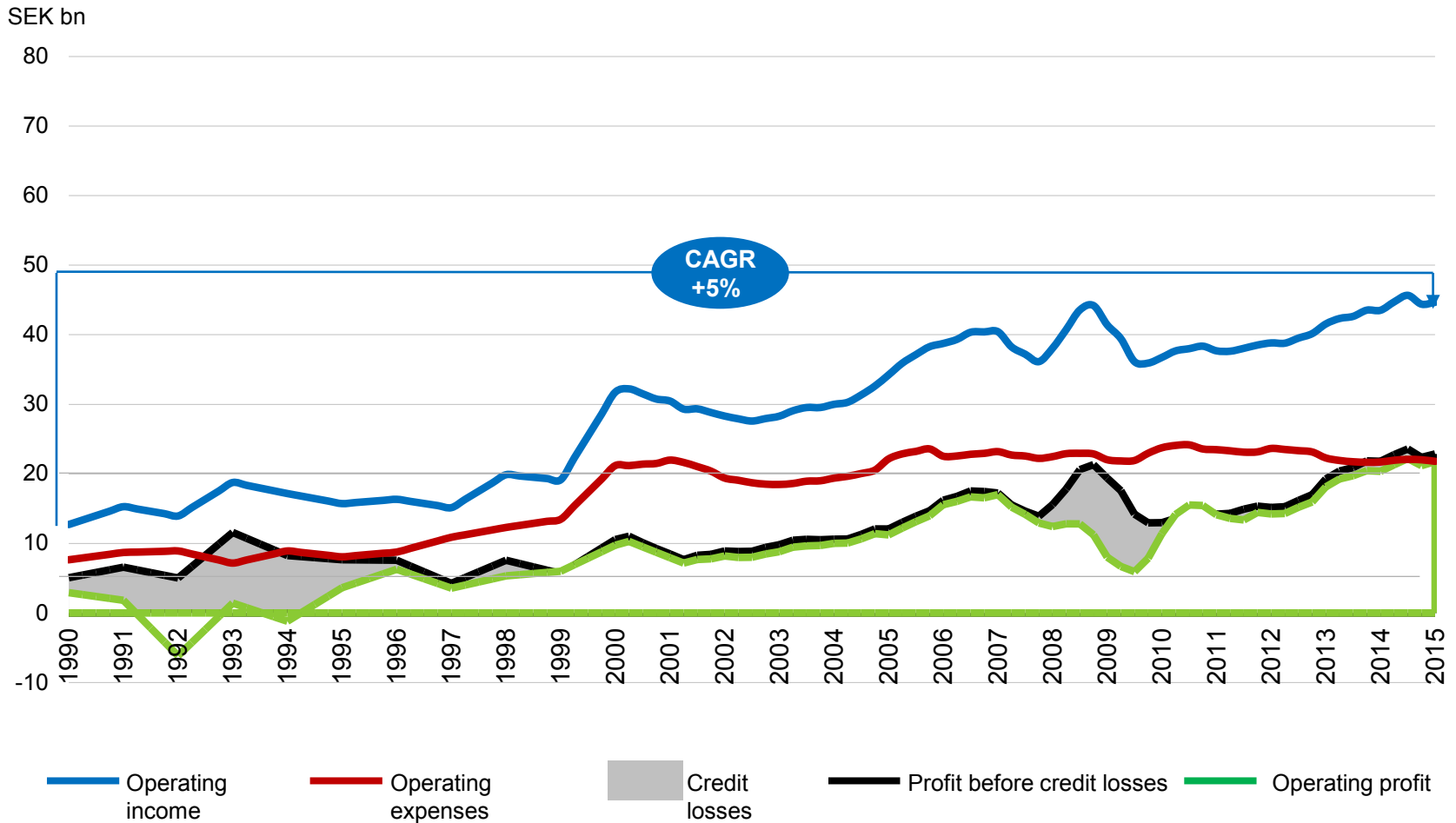
b. 2015: Excluding a one-off cost of SEK 902m relating to the Swiss Supreme Court's not unanimous ruling against SEB in the long running tax litigation relating to SEB's refund claim of withholding tax dating back to the years 2006 through 2008.

c. 2016: Excluding the effects of the technical impairment of goodwill to the amount of SEK 5.3bn and SEK 0.6bn one-off costs and derecognition of intangible IT assets no longer in use

To show the underlying operating momentum in the ensuing slides:

- 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
- Q1 results 2016, profitability and efficiency ratios have excluded the effects of the above one-offs

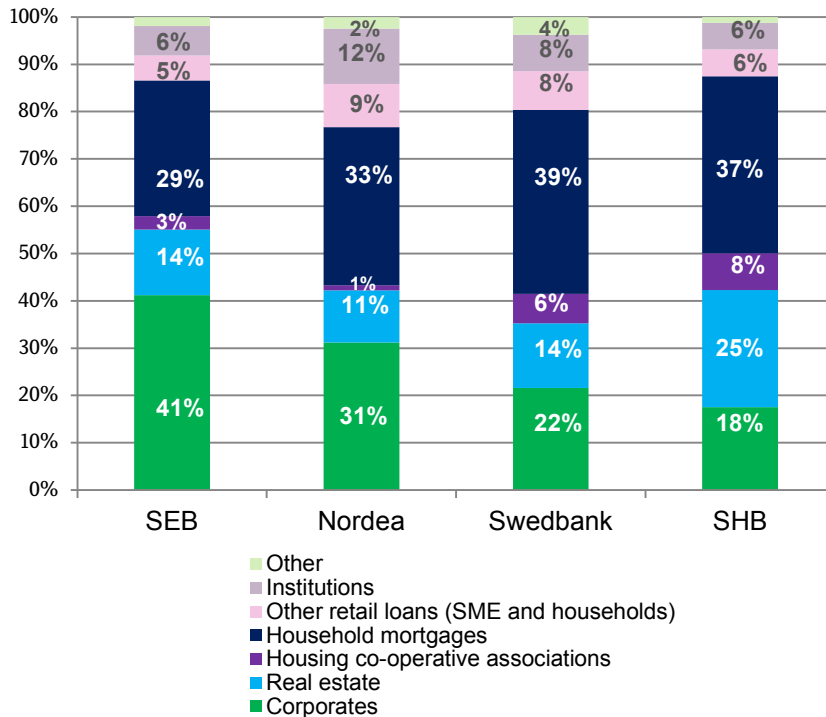
Profitable growth through increased franchise



Benchmarking Swedish Banks' Business Profile and Income Diversification

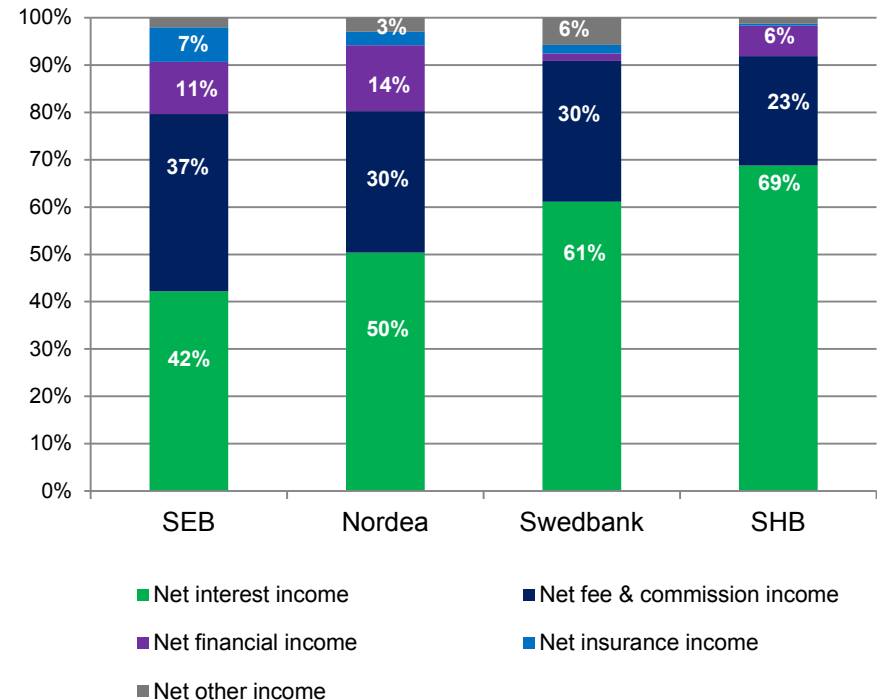
SEB's diversified business mix sustains earnings

Low Real Estate & Mortgage exposure
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 a relatively low total real estate and mortgage exposure

Least dependent on NII
Operating income by revenue stream, FY 2015



- 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

¹⁾ EAD = Risk Exposure Amount / Risk Weight
Source: Companies' Pillar 3 reports

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

Well diversified business in a strong economic environment

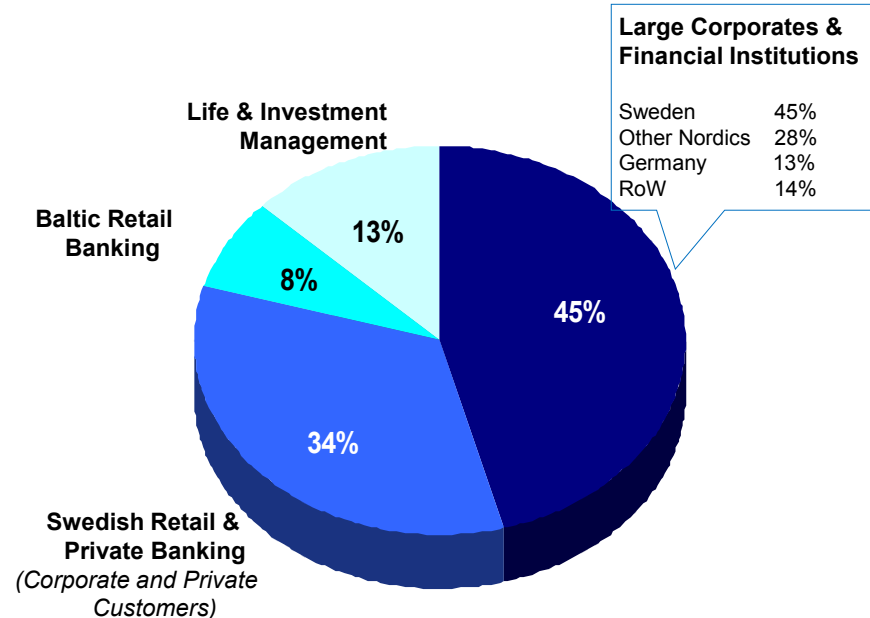
Operates principally in economically robust
AAA rated European countries

Diversified Business mix

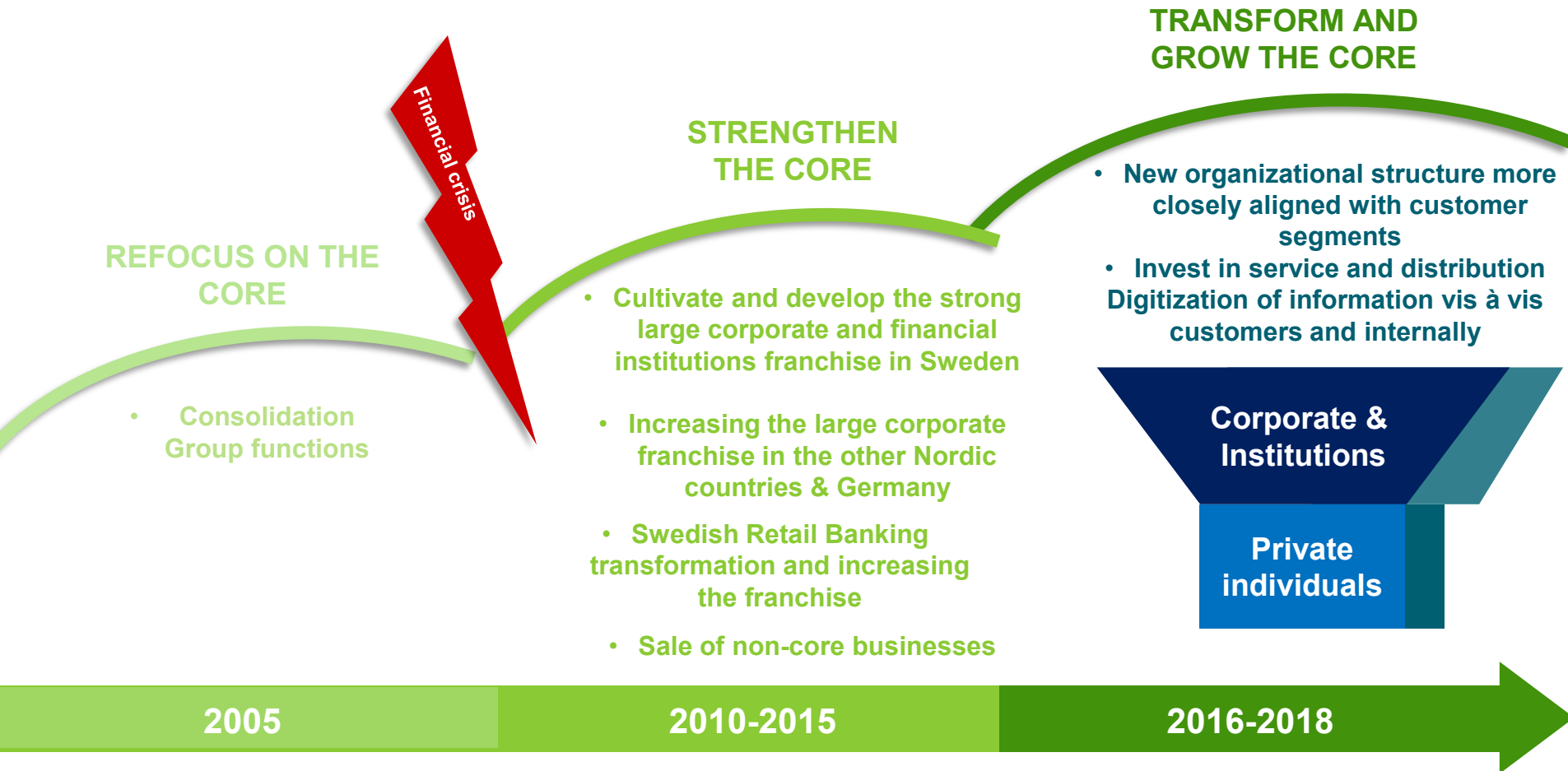


- ❑ Universal banking in Sweden and the Baltics
- ❑ Principally corporate banking in the other Nordic countries and Germany

Total operating income from business divisions – rolling 12m Mar 2016
SEK 43.2bn (USD 5.3bn) *excluding one-offs*

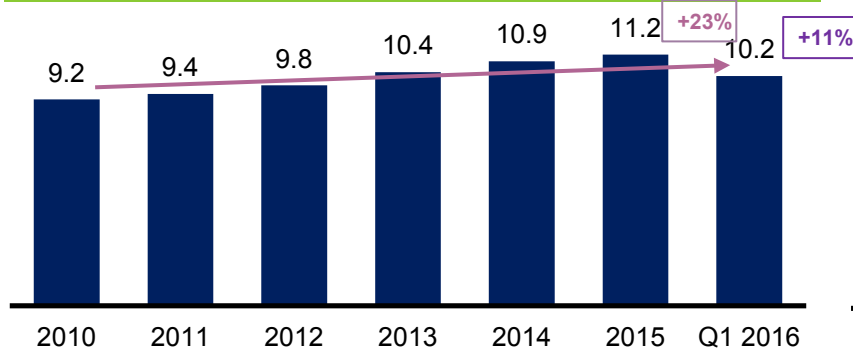


Expanding the Corporate Franchise and accelerating the growth of the Swedish Retail Business

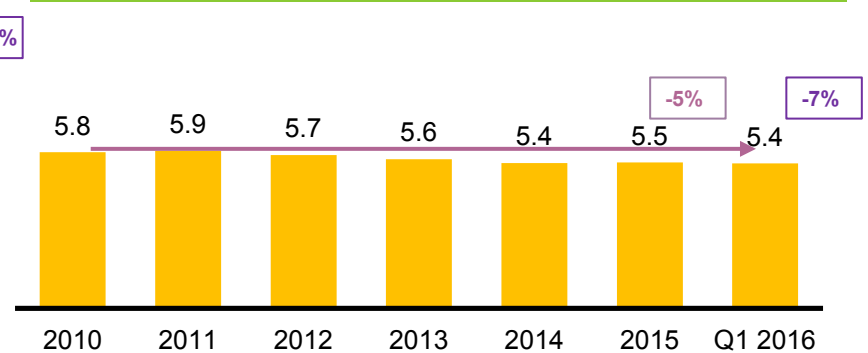


Continuously improving operating leverage. Challenging start in '16

Average quarterly income 2010-15 & Q1 2016
(SEK bn)



Average quarterly expenses 2010-15 & Q1 2016
(SEK bn)



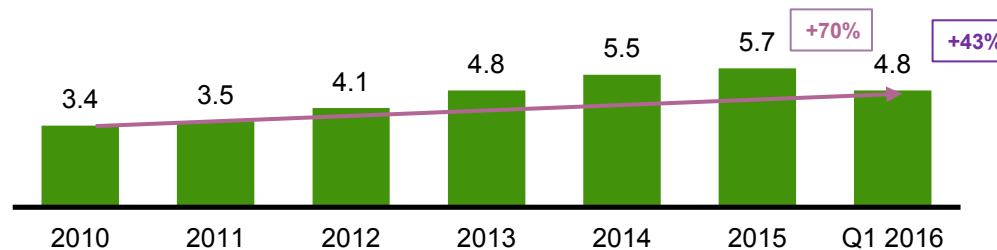
Larger Number of Clients

Larger Share of Clients' Wallet

Increased Cost Efficiency

Operating leverage

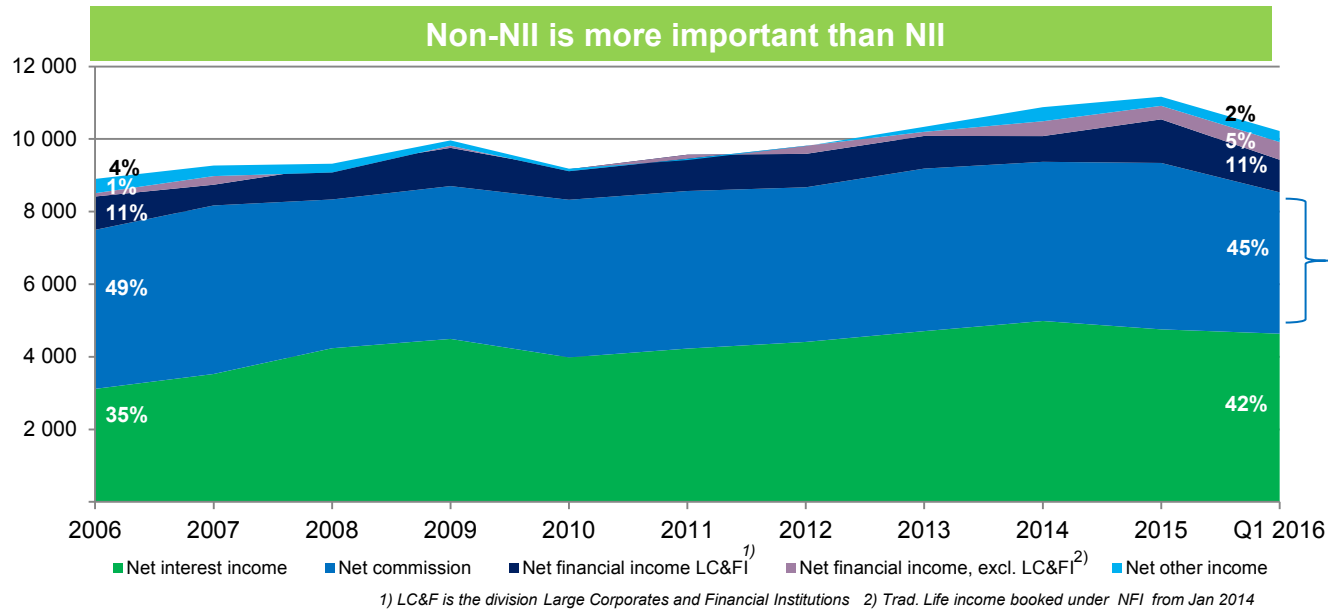
Average quarterly profit before credit losses 2010-15 & Q1 2016
(SEK bn)



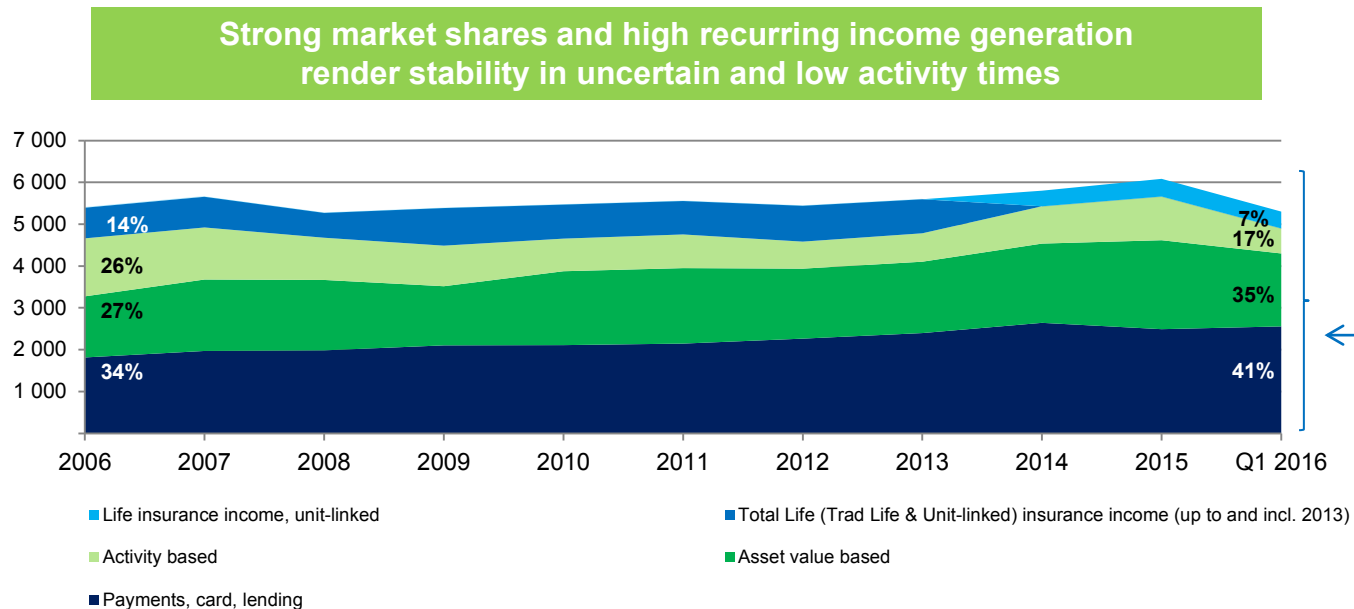
SEB's Income Profile Development

Business mix and Market Shares create diversified income

Average quarterly income in **SEK m** 2006-2015 and Q1 2016



Average quarterly fees and commissions income in **SEK m** 2006-2015 and Q1 2016

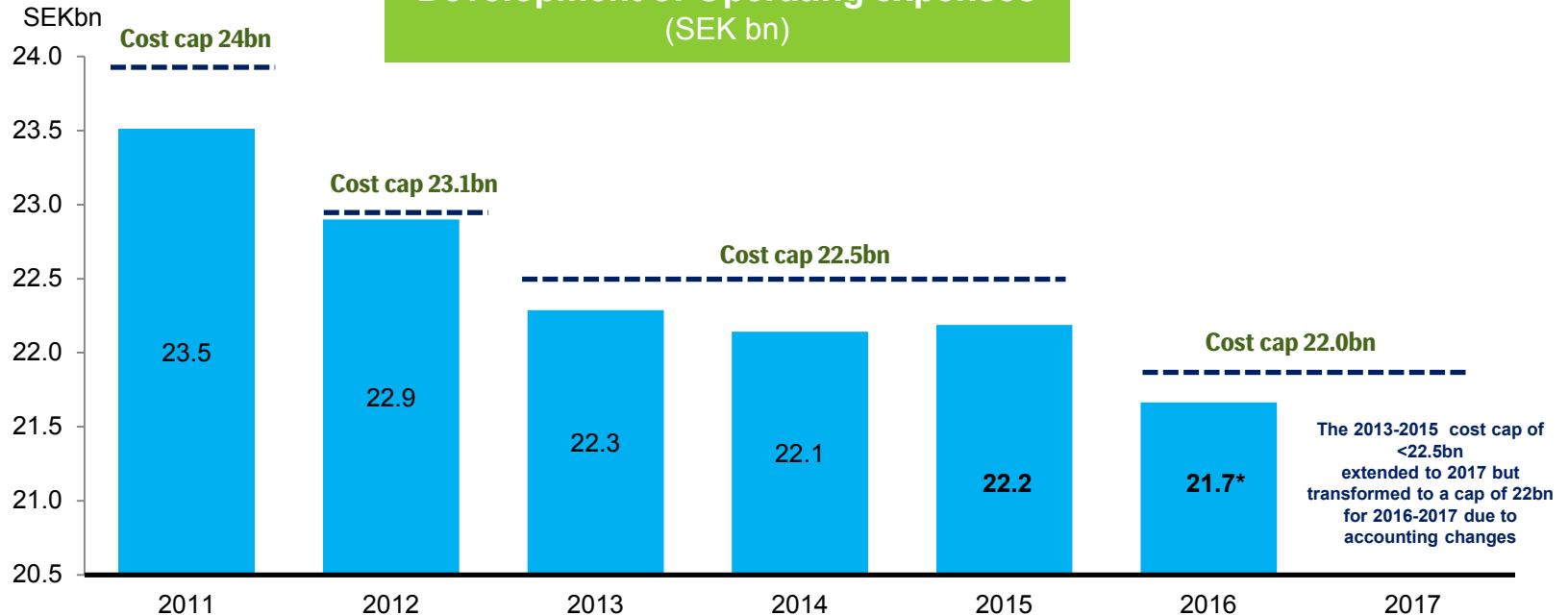


Increased leverage on existing cost caps

Activities

- ❑ Decentralisation of Decision Making
- ❑ 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

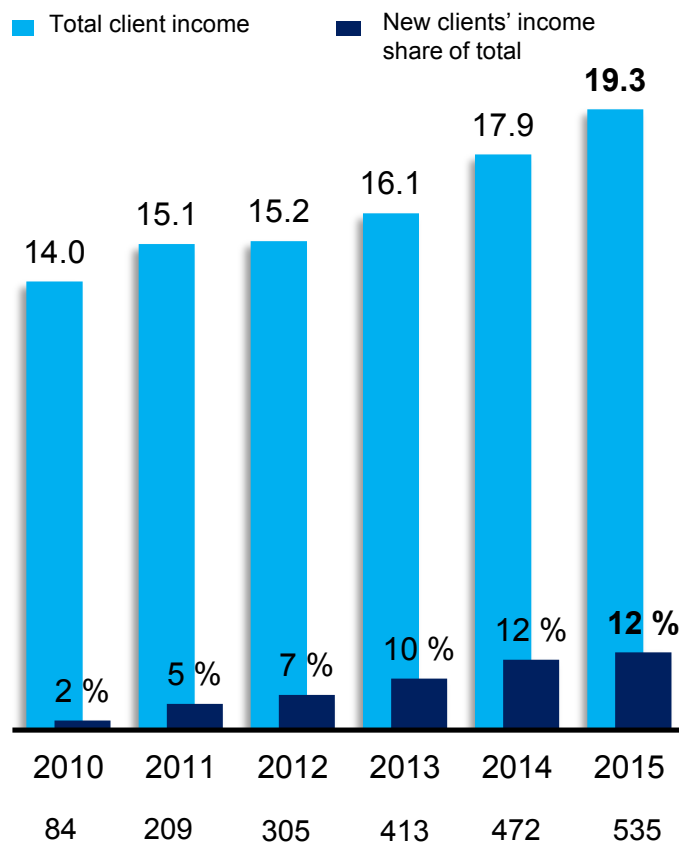
Development of Operating expenses (SEK bn)



SEB's Large Corporate and Financial Institutions Business

Successful client acquisition strategy

Large cross-selling potential Total Client income



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
- Q1 2016 affected by subdued activity and decreased asset values

	<u>C/I ratio</u>	<u>Business Equity</u>	<u>RoBE</u>
Q1 2016	49% ²⁾	SEK 61.6bn	9.3% ¹⁾
2015 R	47% ³⁾	SEK 66.4bn	11.6%
2014 R	46%	SEK 57.7bn	12.8%
2013	50%	SEK 48.8bn	12.9%
2012	54%	SEK 36.7bn	14.3%
2011	54%	SEK 26.1bn	20.6%

1) Return on Business Equity

2) Excl. One-off cost of SEK 354m

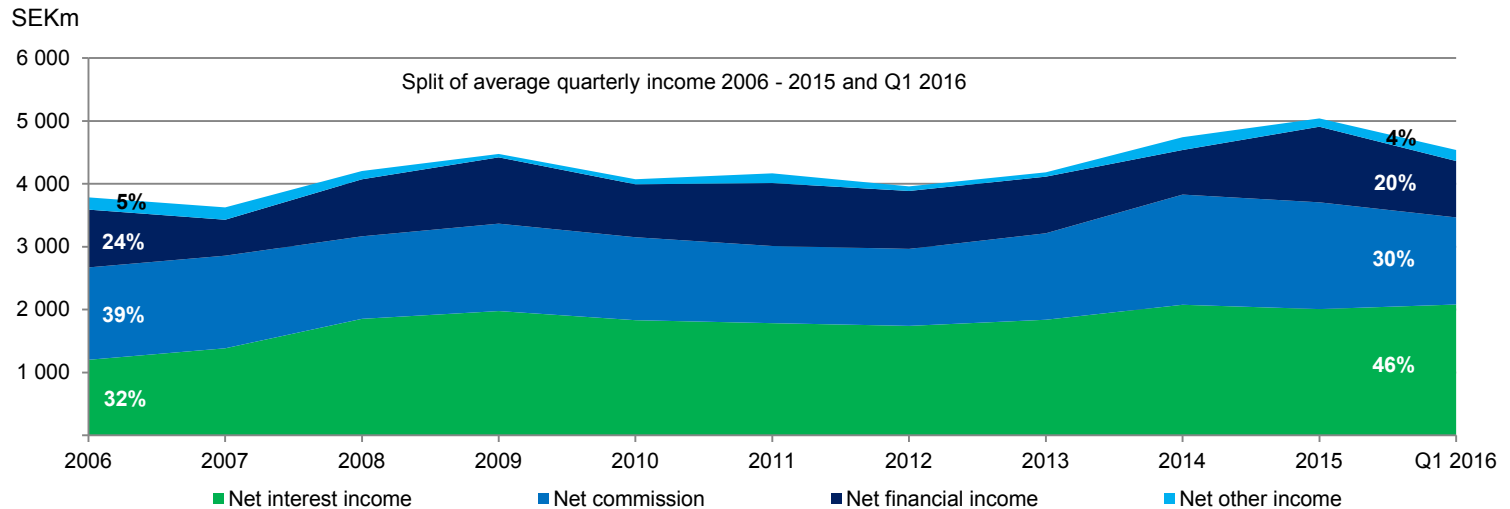
3) Excl. One-off cost of SEK 902m

R = Restated figures due to inclusion of Assets Sales as of Jan 1, 2016 following the new organizational structure

SEB's Large Corporates & Financial Institutions Business

Entrenched Business Franchise and growing Customer Base

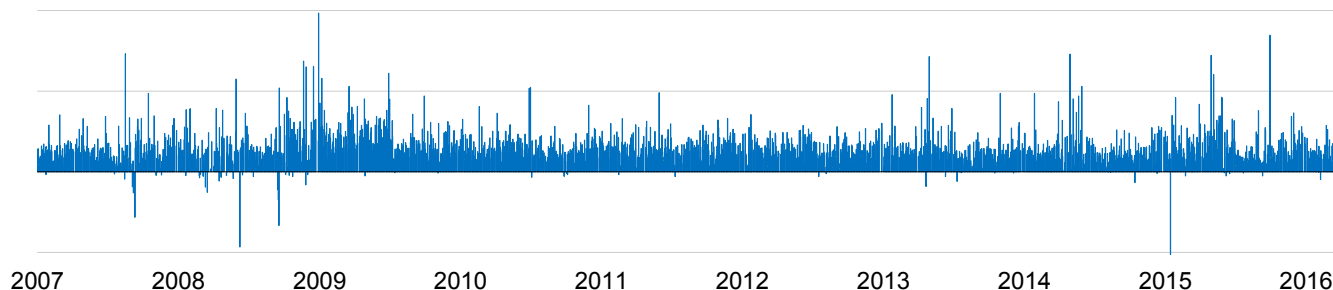
Improving resisitance and mitigating volatiltiy due to diversification



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

60 negative trading days out of 2,316. Average loss SEK 13m (USD 1.6m)

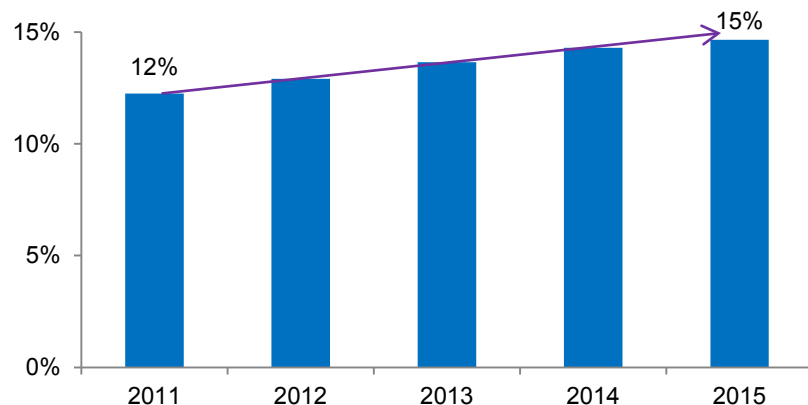
Daily trading / client facilitation income Jan 1, 2007 – March 31, 2016



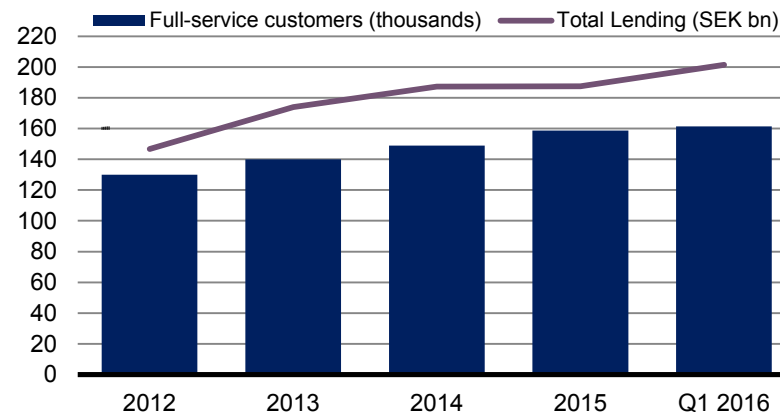
SEB's Swedish SME and Private Customers Business

Successful client acquisition strategy

Increasing market shares¹⁾ in the corporate market



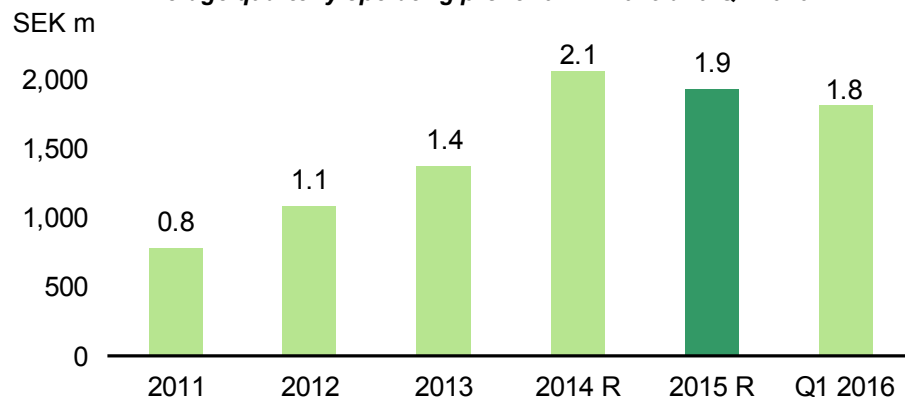
Growing franchise among SMEs in Sweden



Substantially increased operating profit since 2011

Strong development of efficiency and profitability despite 3.3x more allocated capital

Average quarterly operating profit 2011 – 2015 and Q1 2016



C/I ratio Business Equity RoBE²⁾






Q1 2016	49%	SEK 36.1bn	14.4%
2015 R	48%	SEK 38.1bn	15.0%
2014 R	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%

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

R = Restated figures due to inclusion of Private Banking as of Jan 1, 2016 following the new organizational structure

2) Return on Business Equity

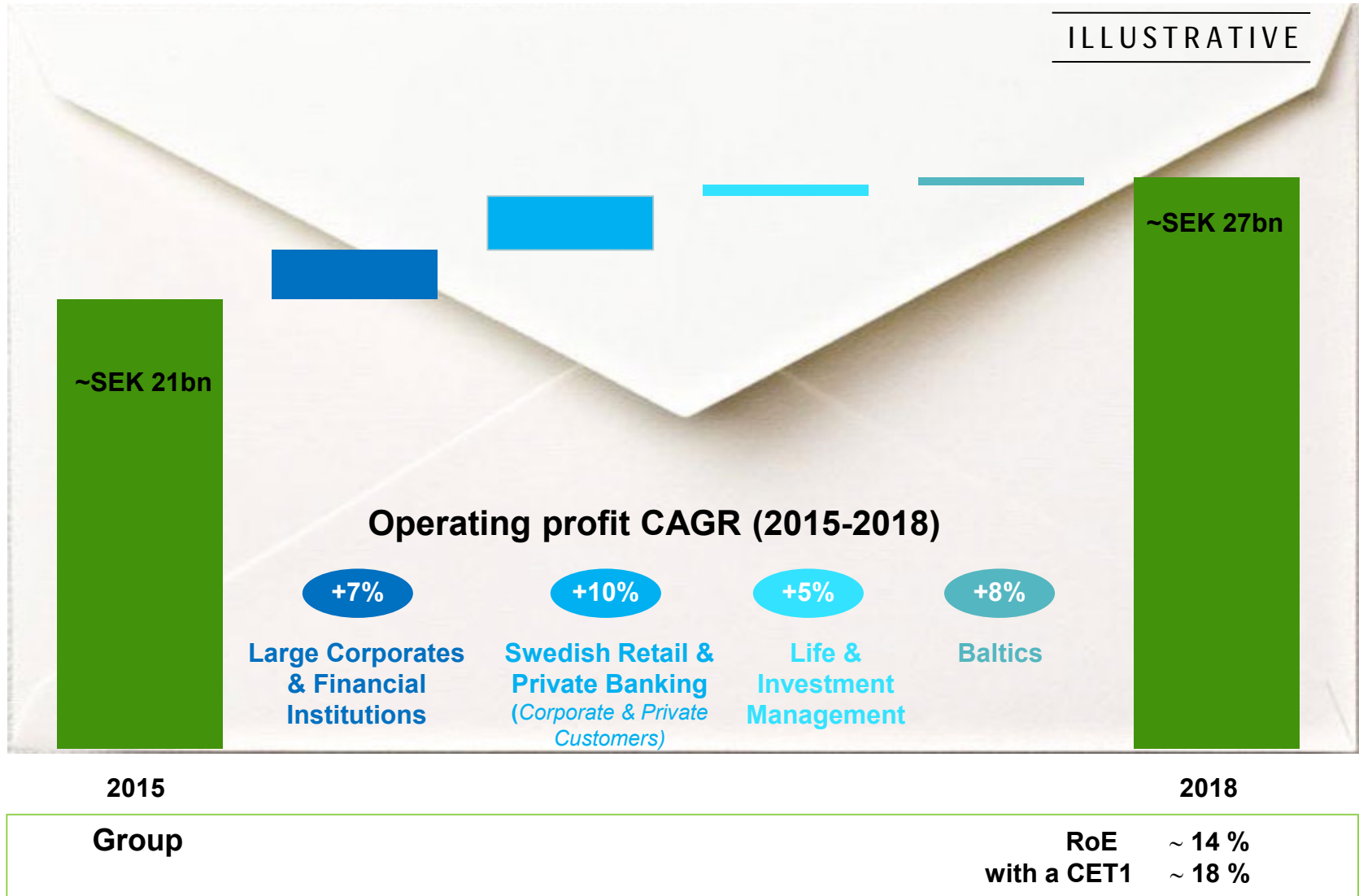
Delivered what we promised in December 2012

Division	Income growth target 2012-15		RoE
	3 Years target	Actual growth	
Large Corporates & Financial Institutions	~15%	 +22%	
Retail Banking	~20%	 +12%	
Life & Wealth	~5%	 +15%	
Baltics	~15%	 +3%	
Group*	~15%	 +15%	12.9%
Assuming CET1@13%			15%

* 2012 & 2015 excluding one-off effects

Going forward

The trajectory of profitable growth continues...

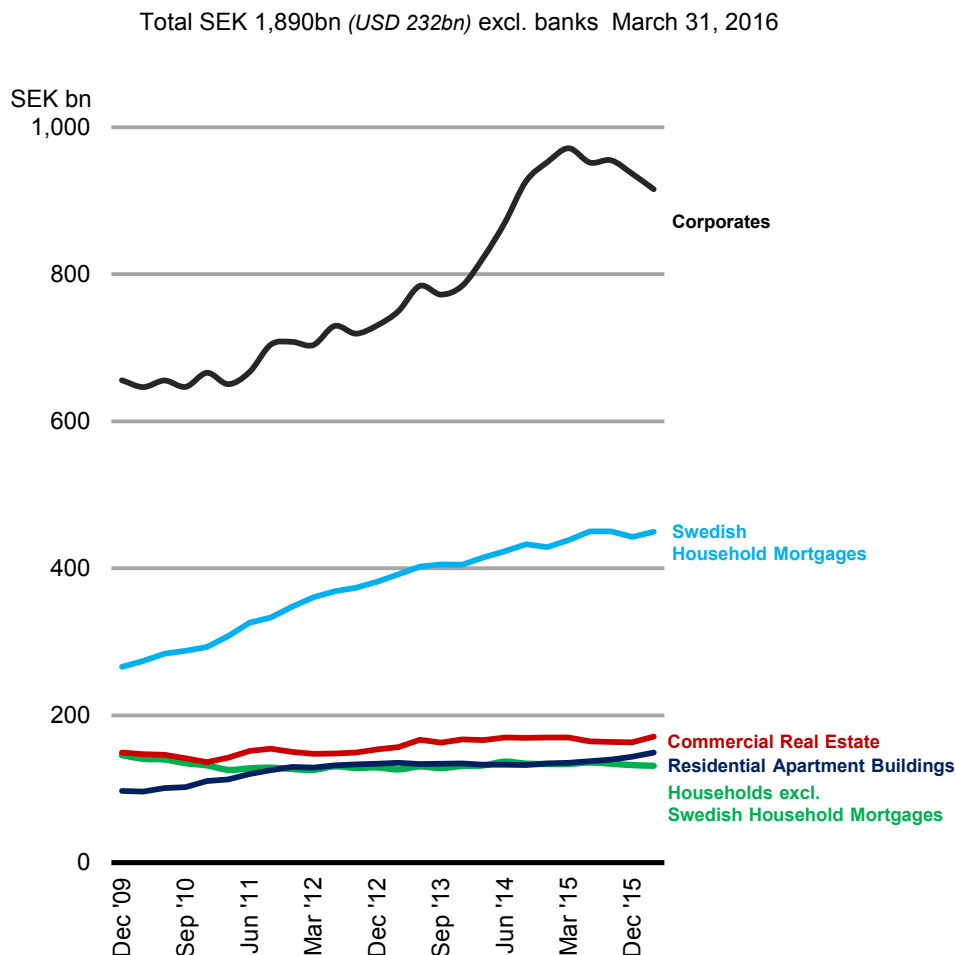


Credit Portfolio and Asset Quality

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

Diversified Corporate and Swedish Residential Mortgage exposure dominate

Development of Credit portfolio by sector



Growth in lower risk sectors

- ❑ Strong strategic growth of diversified **Corporate Portfolio** but stagnant in 2015 and decrease in Q1 2016
 - **82% of corporate portfolio is large** Swedish, other Nordic and German international **corporates** with geographically diversified sales and income streams
 - Increased on-balance sheet volumes by 5% Q1 '16 vs. Q4 '14 and flat vs. Q4 '15
 - Decreased off-balance sheet volumes by 12% Q1 '16 vs. Q4 '14 and -3% vs. Q4 '15
- ❑ Low risk **Swedish Household Mortgage** exposure:
 - Constitutes approx. 90% of total household mortgage exposure and 78% of the total household exposure
 - No losses and next to no past dues
 - SEB's Swedish mortgages growing 3% YoY vs. Market 8%
- ❑ The quality of **Property Management ("PM")** exposure is strong encompassing Commercial Real Estate ("CRE") and Residential Apartment Buildings
 - Approx. 80% of total PM is Swedish exposure
 - **CRE** is 53% of the total PM
 - CRE is capped at 10% of the total credit portfolio, excl. banks
 - Swedish portfolio is approx 70%
 - ✓ No losses and next to no impaired loans
 - Non-Swedish portfolio
 - ✓ CRE has low losses and impaired loans are in work-out mode or held for sale.
 - **Residential Apartment Buildings** – no losses and no impaired loans
- ❑ Low losses among **Households excl. Swedish Household Mortgages**
 - Approx 65% Nordic-related
 - Approx 35% Baltic-related of which approx 85% is mortgage

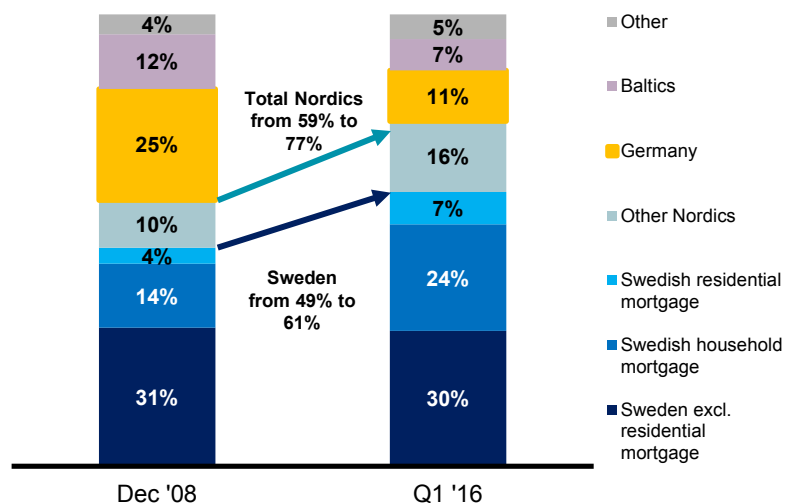
Total Credit Portfolio (on and off balance sheet), excl. banks

More Nordic and low-risk exposure

Credit Portfolio geographic split development

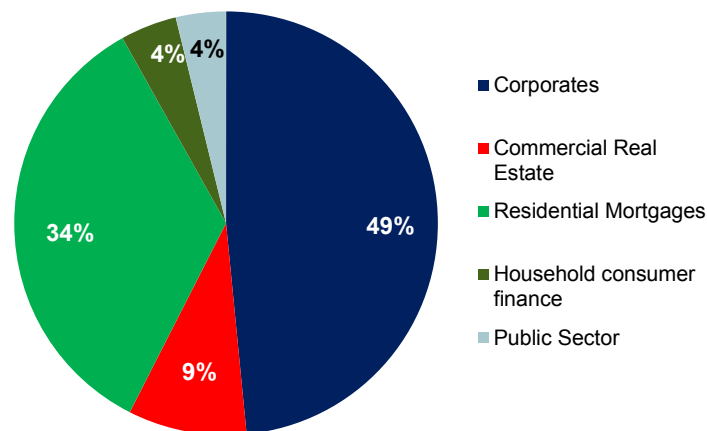
SEK 1,649bn (USD 202bn)

SEK 1,890bn (USD 232bn)

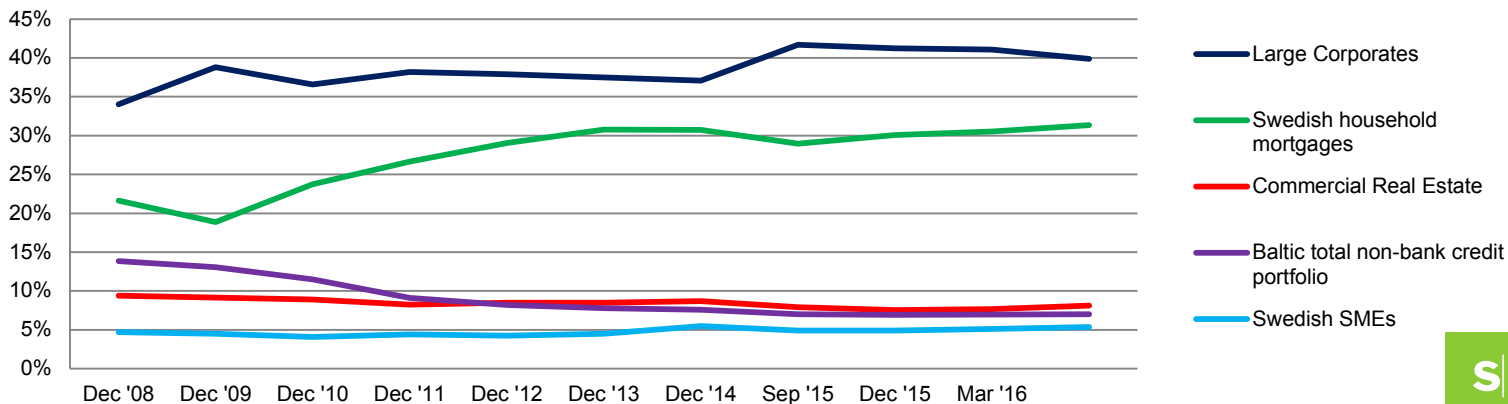


Credit Portfolio - Business split

SEK 1,890bn (USD 232bn)



Development of certain business areas' relative importance

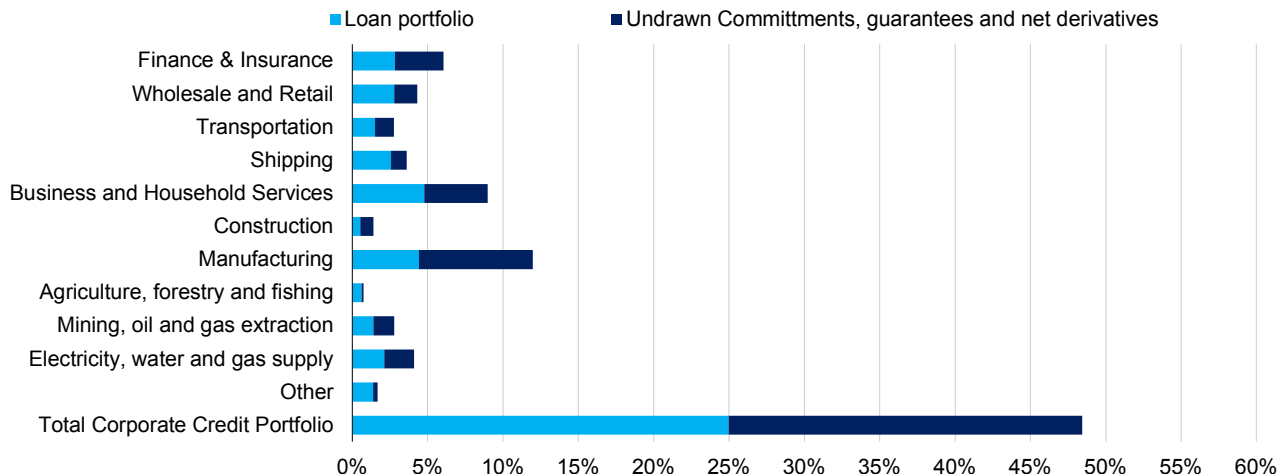


Total Corporate Credit Portfolio March 31, 2016 *(on and off balance sheet), excl. banks*

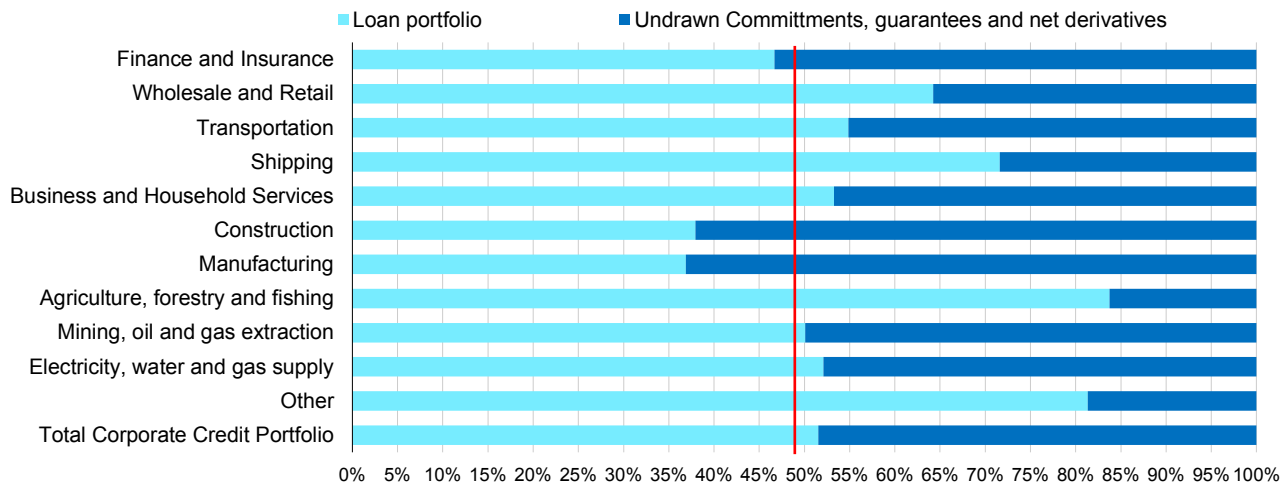
Low actual corporate loan exposure renders short duration and lower credit risk

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

In % of total Credit Portfolio excl. banks



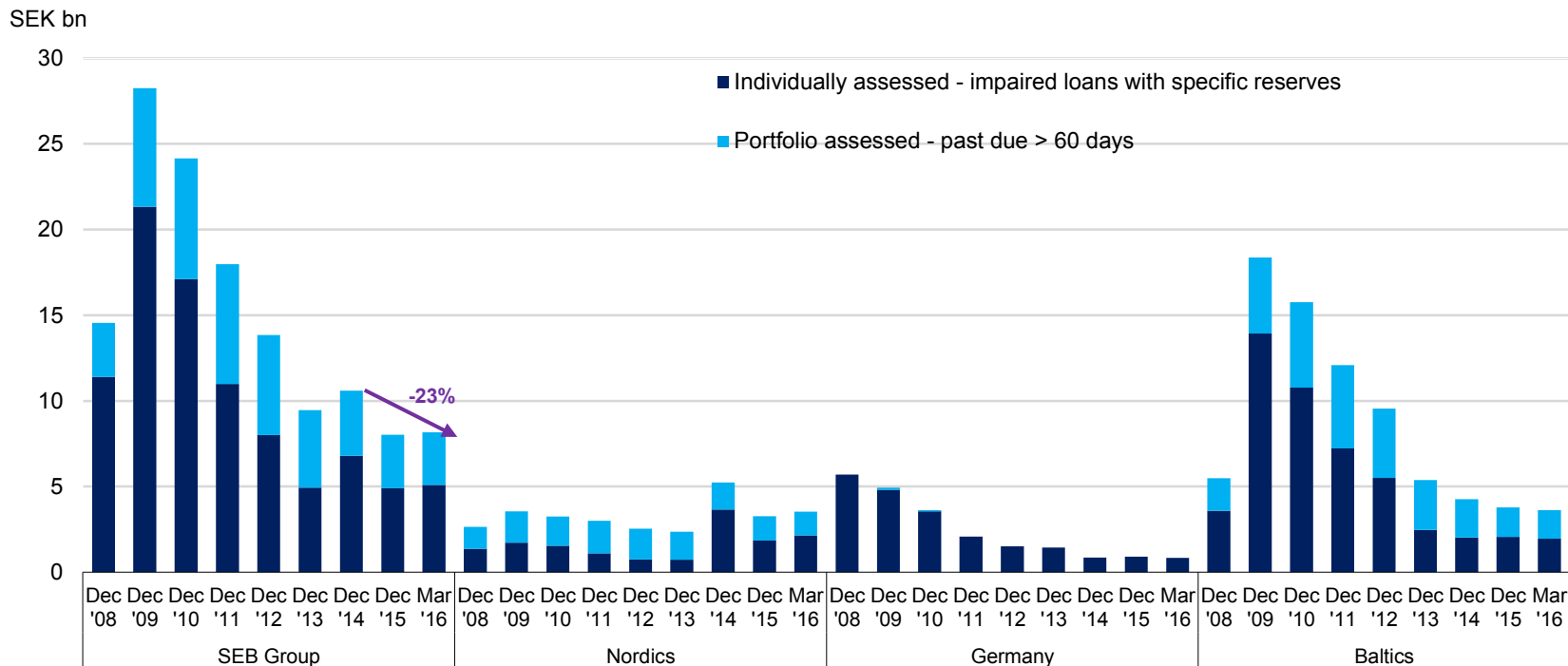
Corporate credit portfolio by sector split into loans and other types of exposure



Asset Quality – the Group and Geographic regions

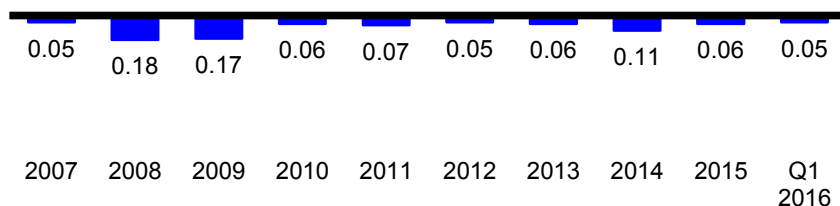
Continuously improving asset quality

Non-performing loans development

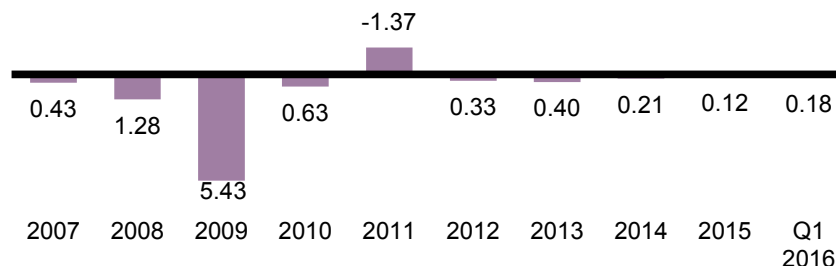


Low net credit losses in all geographic areas

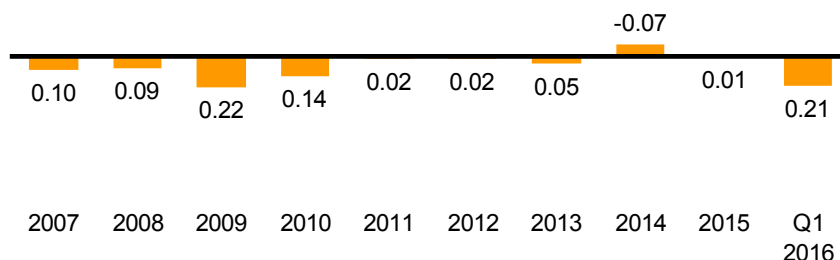
Nordic countries, net credit losses in %



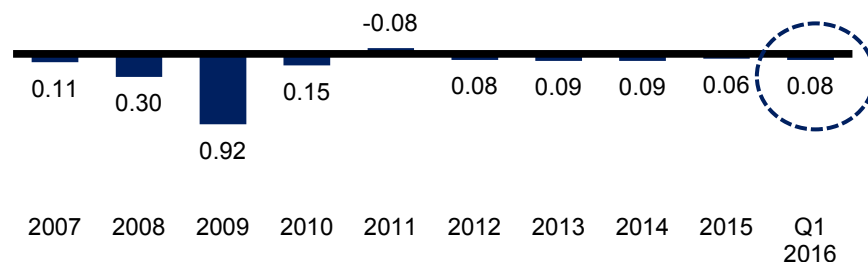
Baltic countries, net credit losses in %



Germany, net credit losses in %



SEB Group, net credit losses in %



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

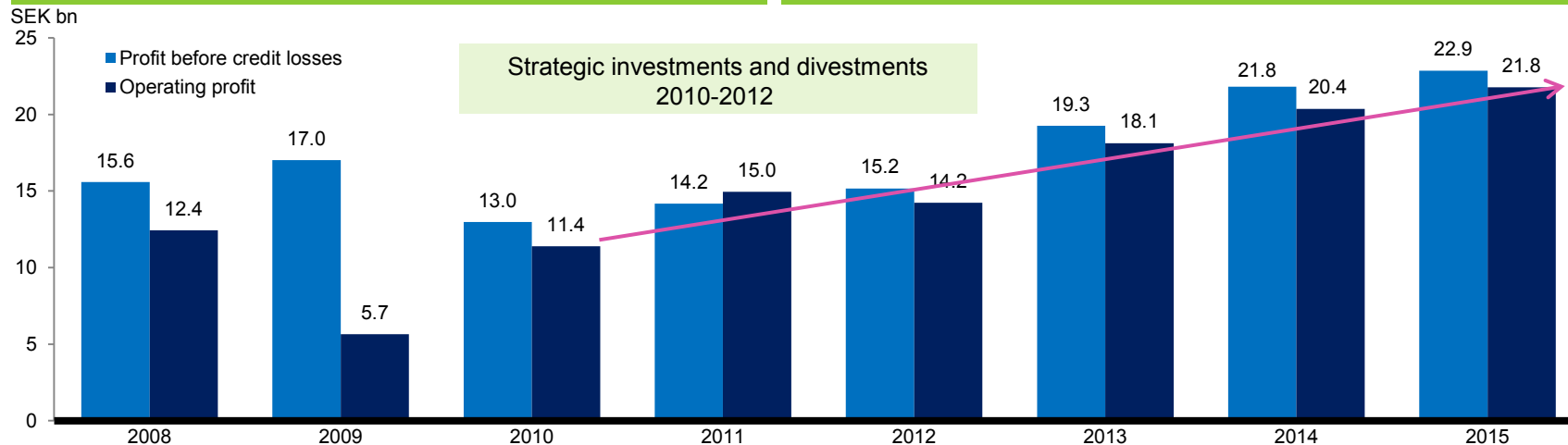
Negative net credit losses = reversals

Capital

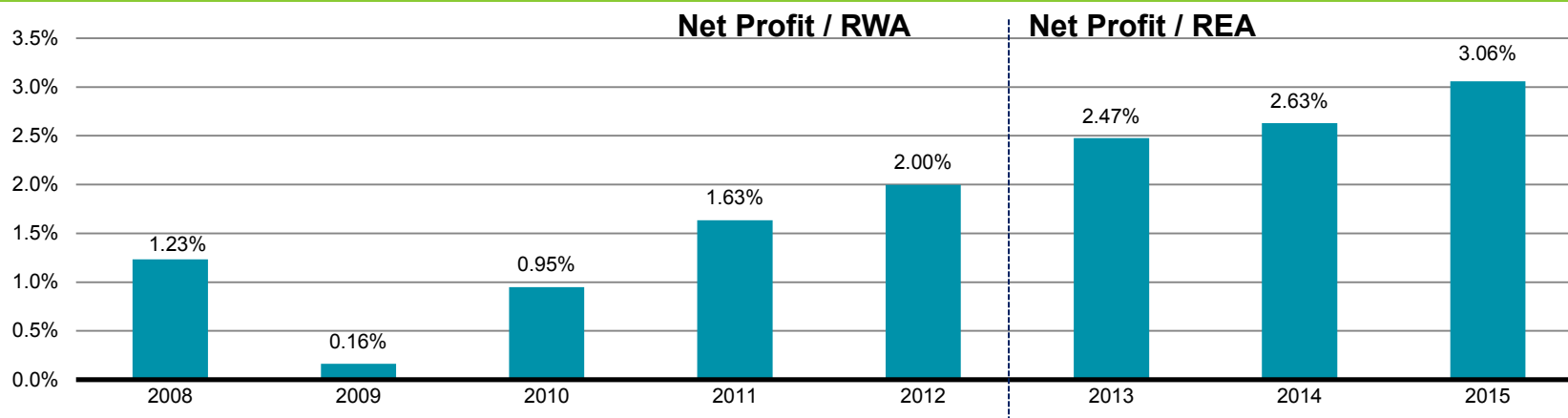
Increasing Earnings and Capital Generation

Profitable throughout the Financial Crisis

2015 Highest underlying profit ever



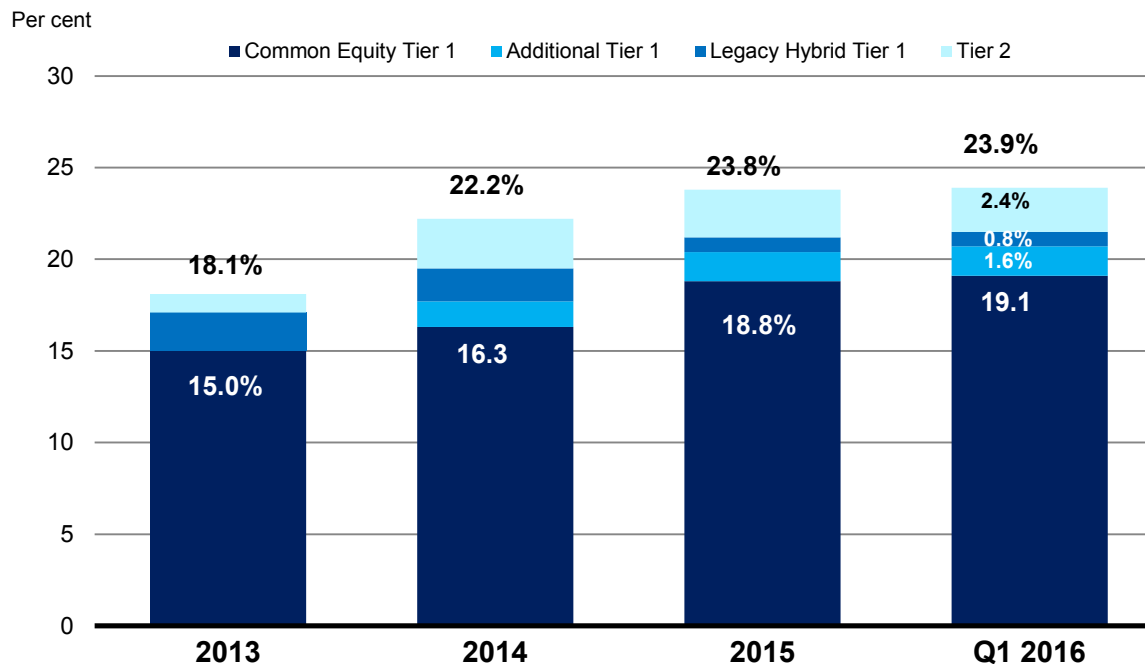
Strong underlying capital generation



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

Strong Capital Base composition

Basel III - Own Funds and Basel III ratios



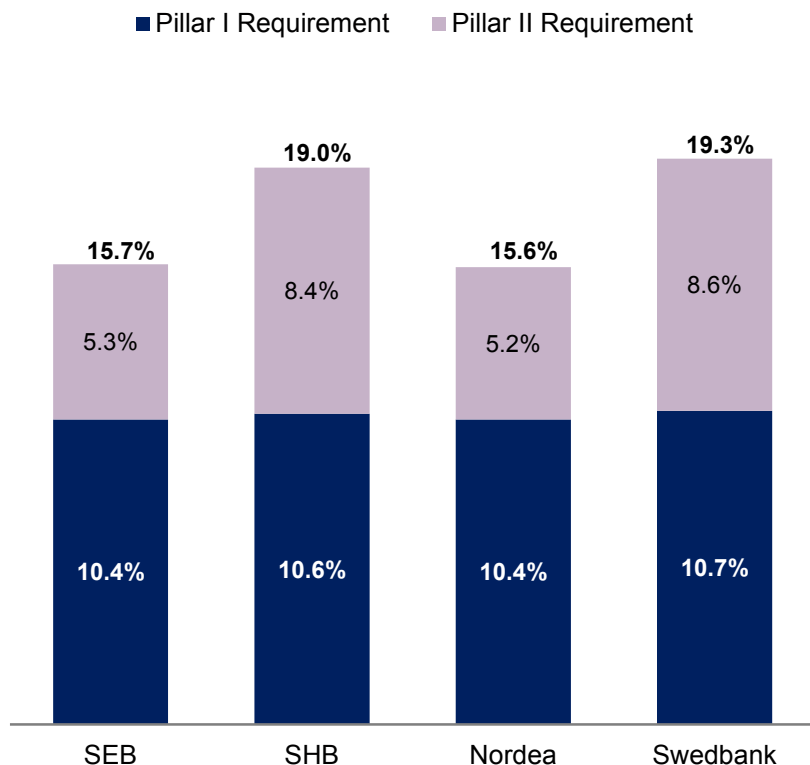
Common Equity Tier 1 ratio	2013	2014	2015	Q1 2016
Additional Tier 1 ratio	15.0%	16.3%	18.8%	19.1%
Legacy Tier 1 ratio	N/A	1.4%	1.6%	1.6%
Tier 2 ratio	2.1%	1.8%	0.8%	0.8%
Leverage ratio	1.0%	2.7%	2.6%	2.4%
Risk Exposure Amount, SEK bn	4.2%	4.8%	4.9%	4.6%
	598	617	571	563

- ❑ The REA decrease 2015 vs. 2014 of SEK 46bn net was 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
- ❑ The REA decrease in Q1 '16 vs. Q4 '15 was due to: Lower market risk

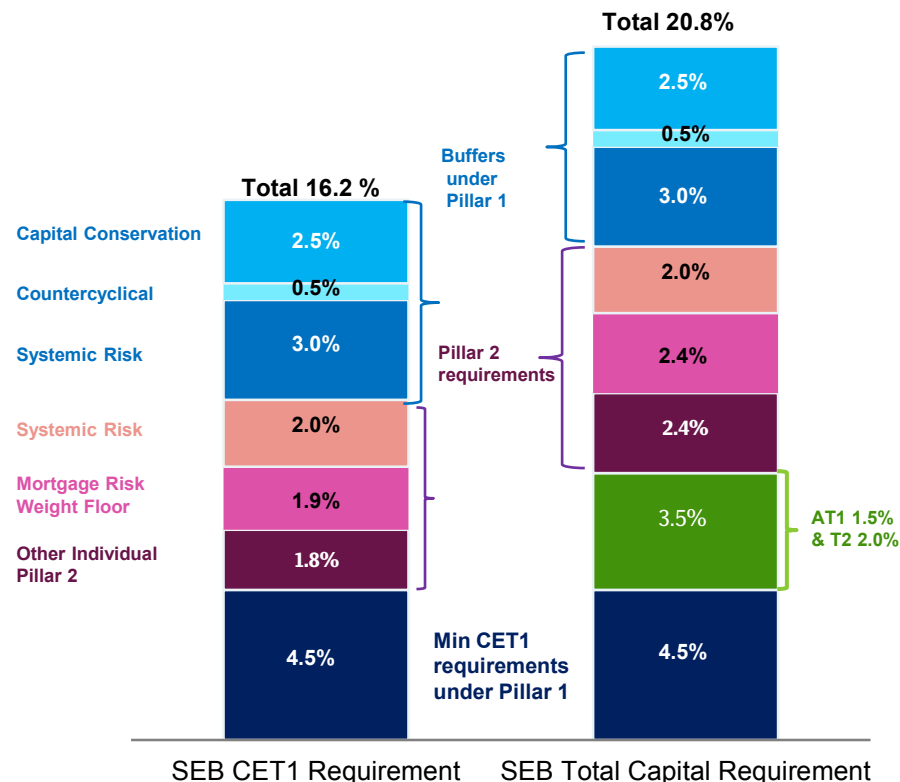
SFSA's capital requirements as at March 31, 2016

SEB's current capital ratios exceeds required ratios

CET 1 Requirements by the SFSA across Major Swedish Banks



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



Note: Capital requirements are based on the SFSA's memorandum published on May 26, 2016

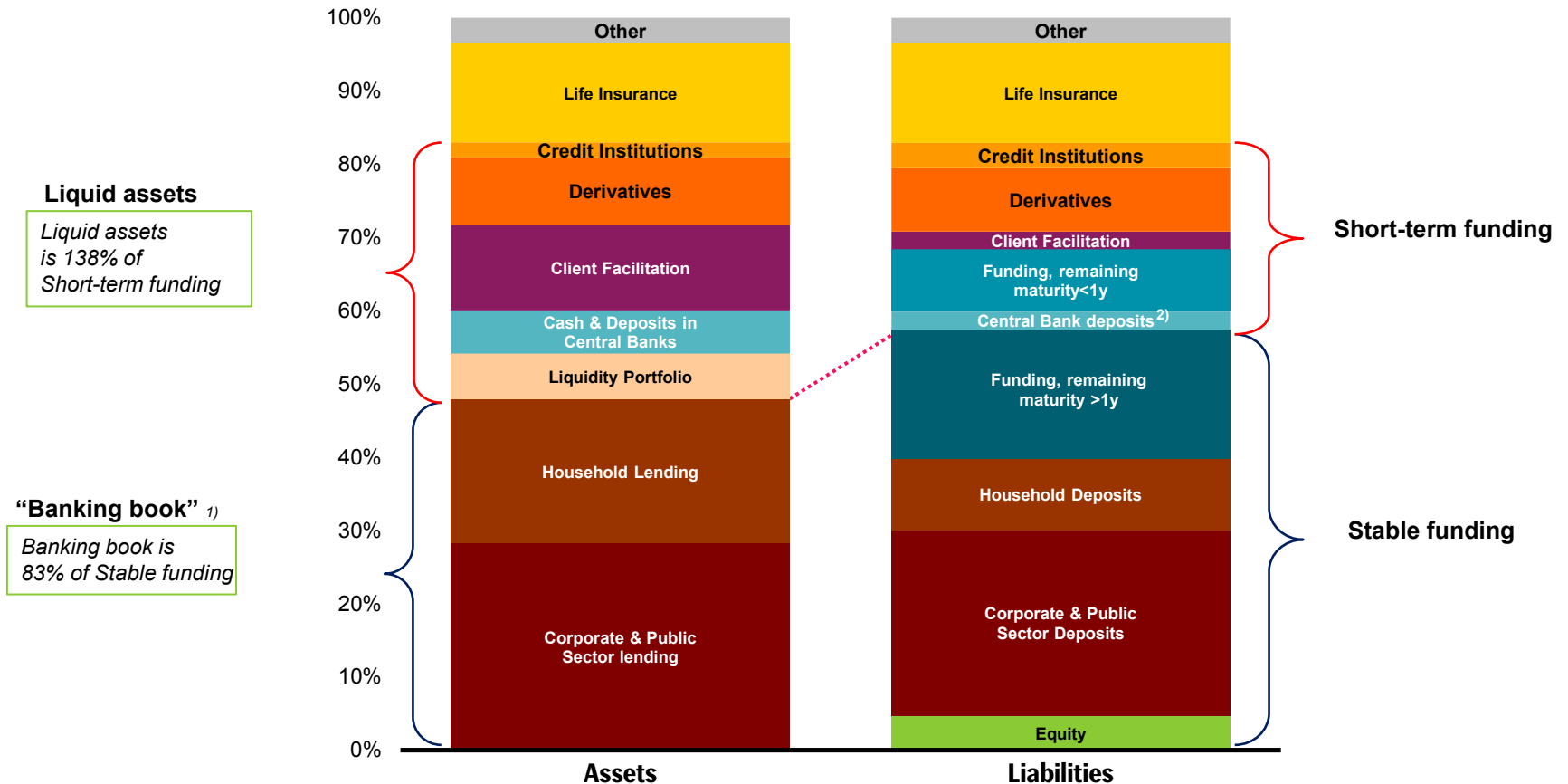
SEB's CET1 ratio is 2.9% above the CET1 requirement as at March 31, 2016 and 1.4% above the management buffer which is to be at least 1.5% above the SFSA requirement

Balance sheet, liquidity and funding

Balance sheet March 31, 2016

Diversified and Liquid Balance Sheet

Total Assets SEK 2,700bn (USD 331bn)



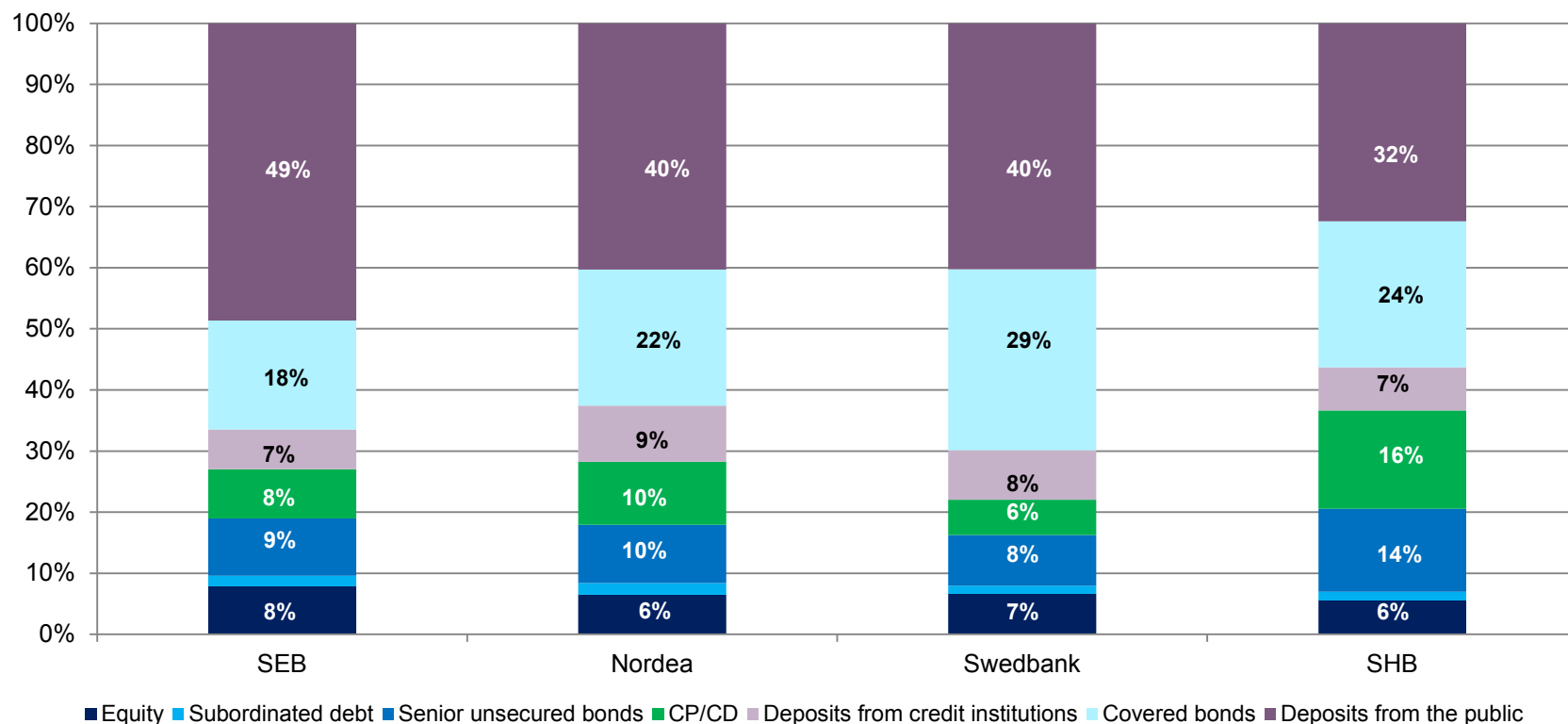
1. A relatively large share of lending is contractually short which allows for swift re-pricing to adjust for e.g. changed funding costs.

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

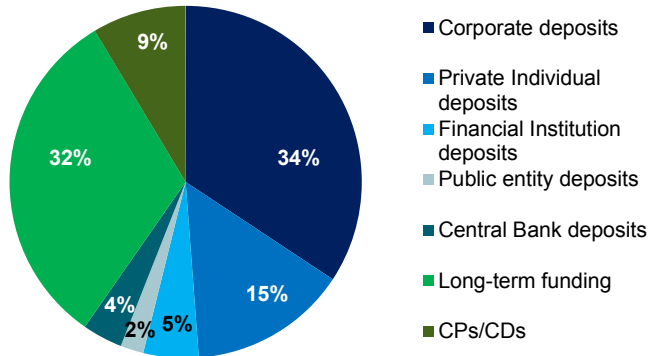
Total Funding sources composition of Swedish Banks Dec 31, 2015



Stable structural funding position

Wholesale funding & deposits base

SEK 1,798bn
(USD 221bn)

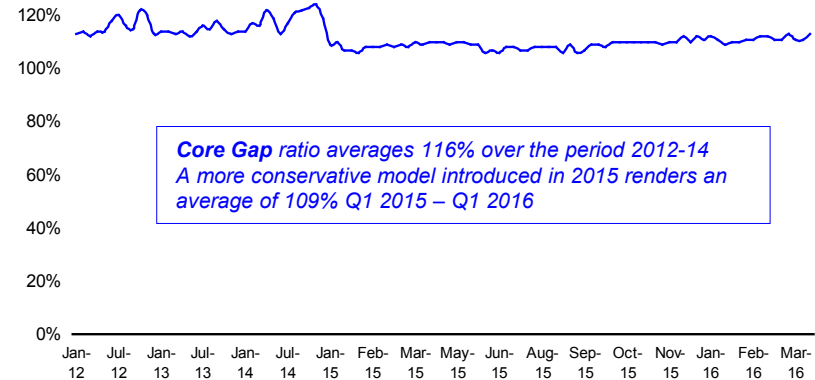


Note:

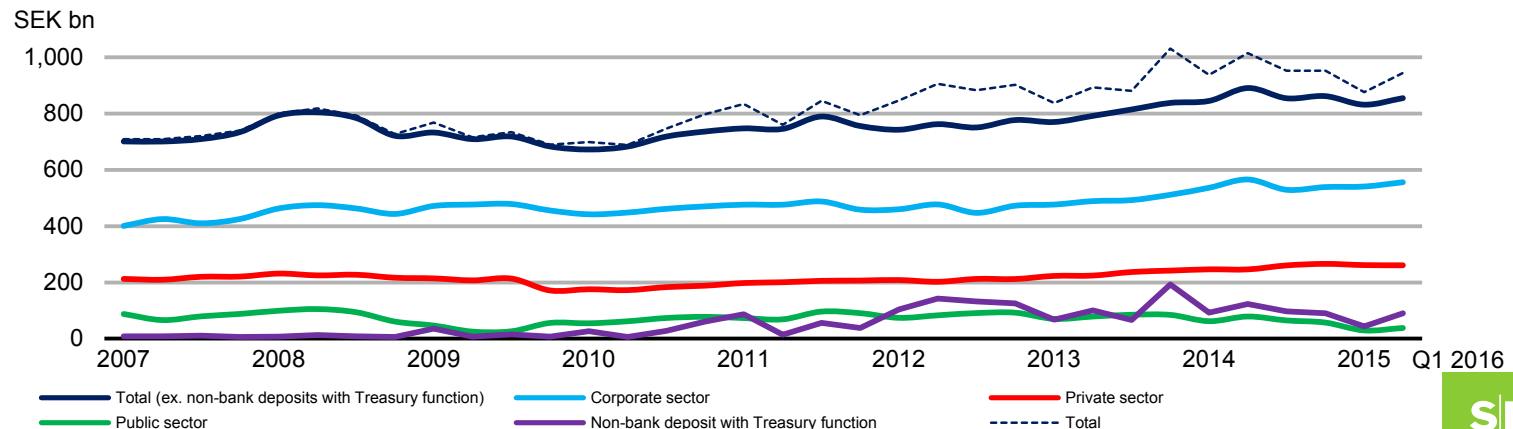
- Excluding repos
- Excluding public covered bonds issued by the German subsidiary which are in a run-off mode

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

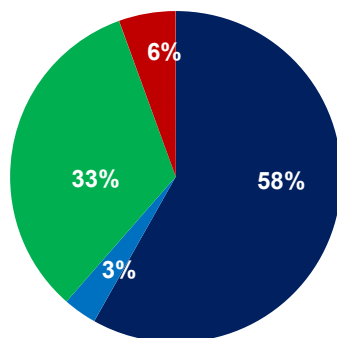


Long-term wholesale funding March 31, 2016

Well-balanced long-term funding structure

Long-term wholesale funding mix

SEK 570bn (USD 70bn)



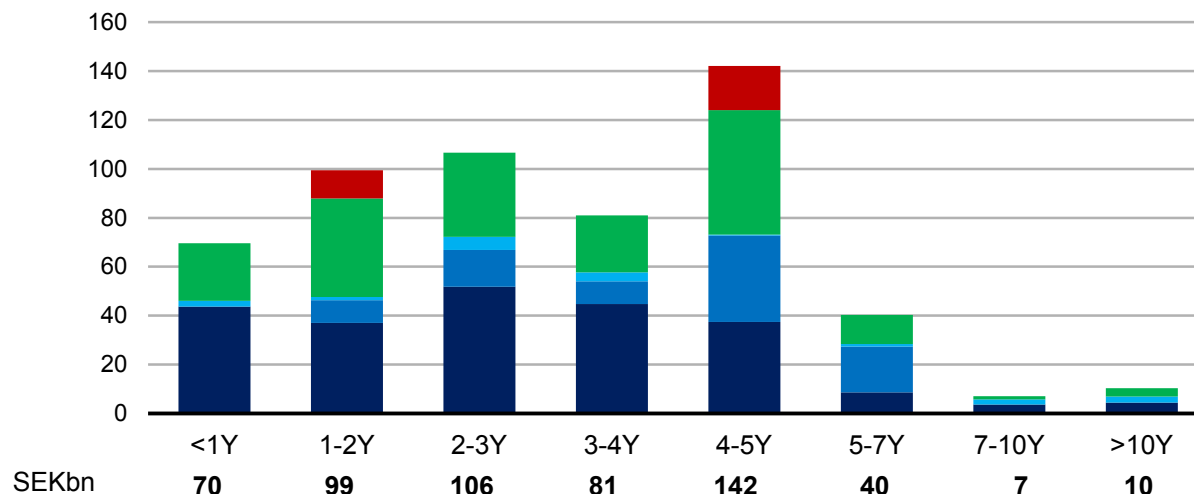
- Mortgage Covered Bonds Swedish Parent bank
- Mortgage Covered Bonds German subsidiary
- Senior Unsecured Debt
- Subordinated Debt

Issuance of bonds in SEKbn equivalent

Instrument	2013	2014	2015	June 8 2016
Senior unsecured	45	32	40	31
Covered bonds Parent bank	73	60	52	41
Covered bonds German subsidiary	2	0	3	0
Subordinated debt	0	17	0	0
Total	120	109	95	72

Maturity profile

- Subordinated Debt
- Senior Unsecured Debt
- Mortgage Covered Bonds German subsidiary
- Mortgage Covered Bonds Swedish parent bank in non-SEK
- Mortgage Covered Bonds Swedish parent bank in SEK

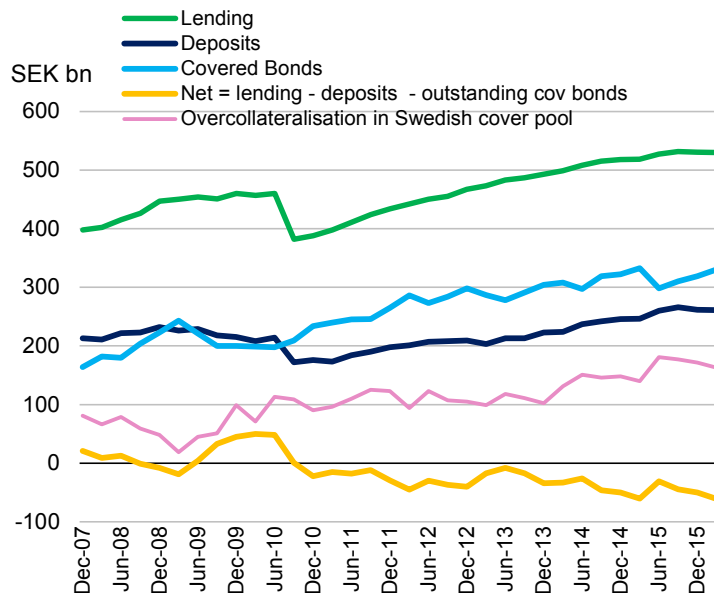


Balance Sheet

Strategic lending growth funded through deposits and long-term debt

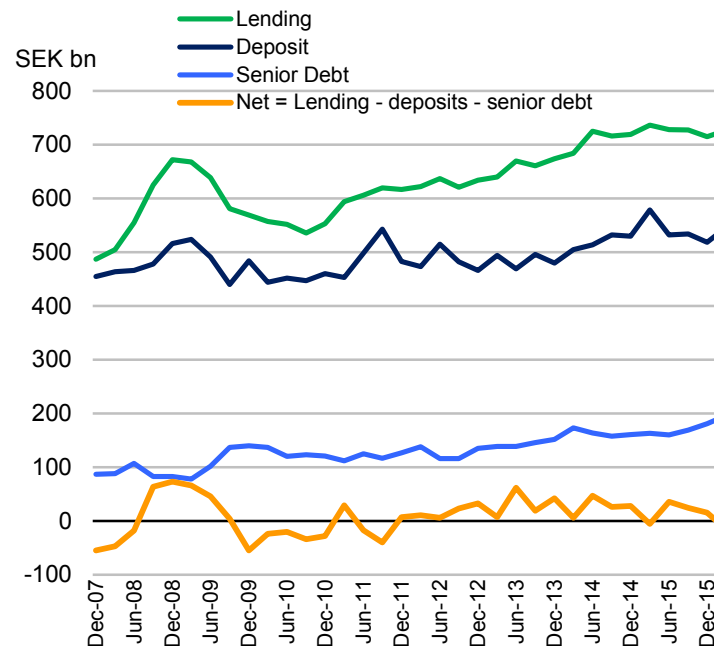
SEB Group, March 2016

Household lending deposits and covered bond funding



Household lending growth funded by deposit increases and issued covered bonds

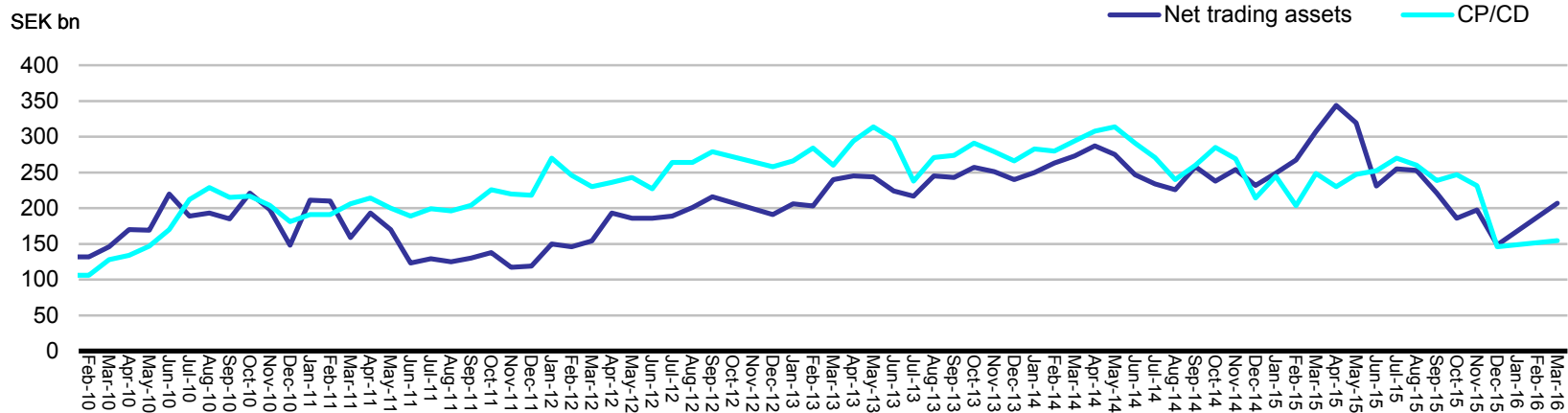
Corporate & public lending deposits and senior bonds



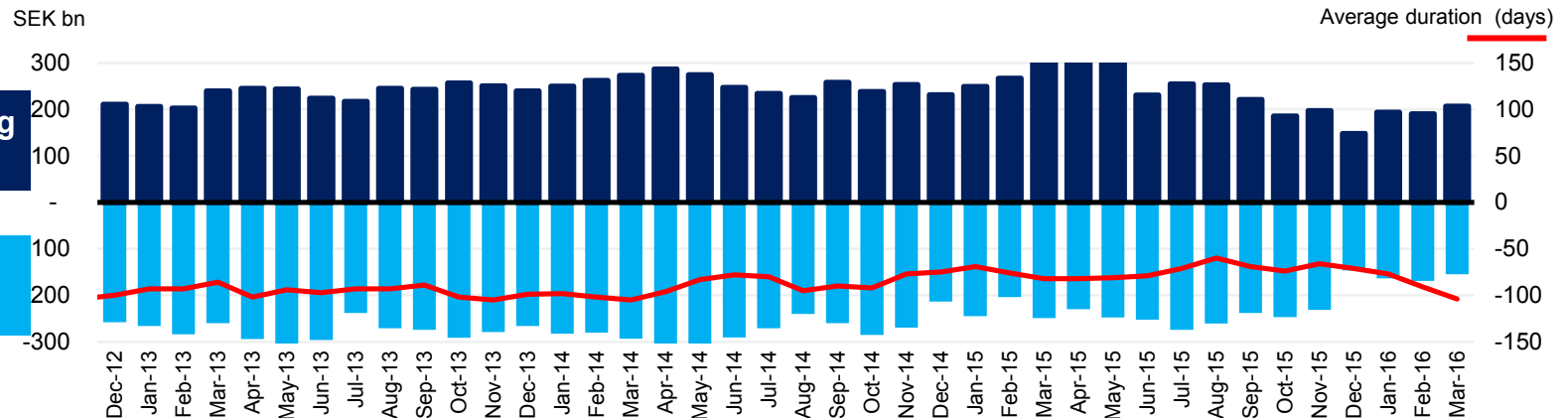
Corporate lending growth funded by deposit increases and issued senior unsecured bonds

CP/CD funding supports Client Facilitation 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

Strong Liquidity and Maturing Funding position

Also vs. Peers

SEB's Core Liquidity Reserve* is 180% of wholesale funding maturities within 1 year

Maturing Funding ratio 3m and 12m
Peer benchmarking

SEK bn

500

400

300

200

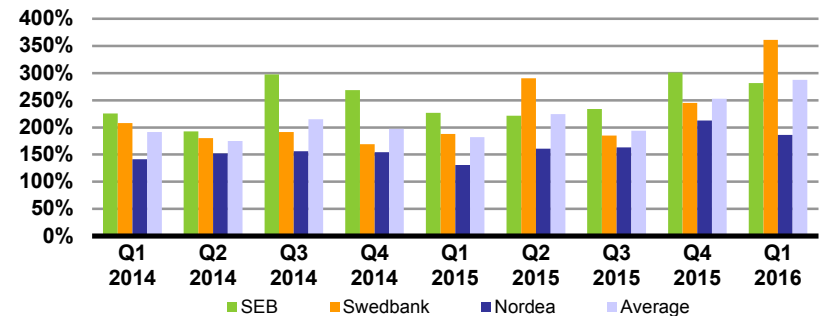
100

0

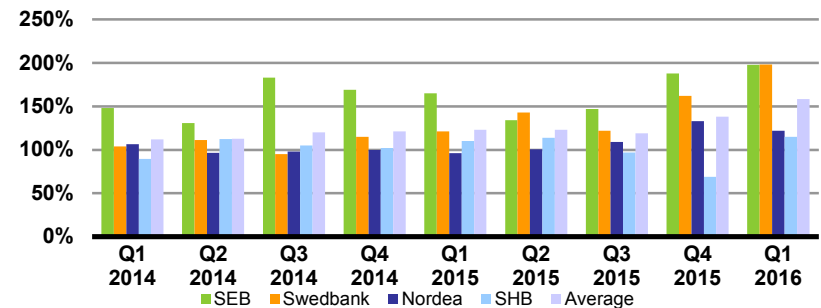
SEK 408bn



Development 3m funding ratio Q1 2014-Q1 2016



Development 12m funding ratio Q1 2014-Q2 2015



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

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

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

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

Financial Targets

Profitability	Return on Equity	Competitive with peers long-term aspiration of 15%
Capital	Common Equity Tier 1 ratio	150 bps over the regulatory requirement
Dividend	Pay-out ratio	40% or above of EPS Focus on development of nominal amount
Ratings	Funding access and credibility as counterpart	Maintain credit ratings in support of competitive funding access and costs and as a viable counterpart in financial markets
Efficiency	Nominal cost cap	< SEK 22.0bn in 2016 and 2017

Higher profitability via a focused customer-aligned organizational structure

Higher profitability via an enlarged and deepened customer base due to a broad service and product offering

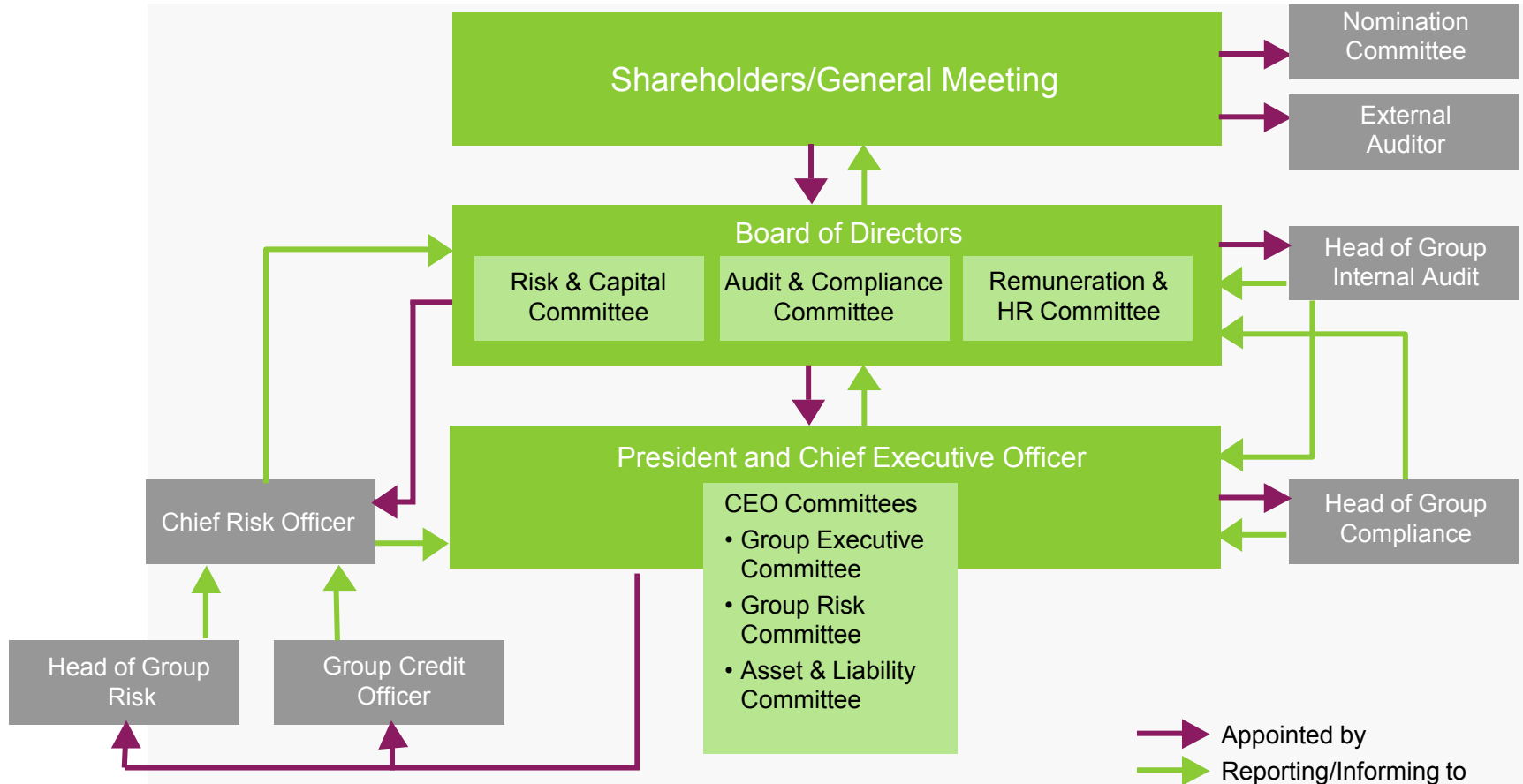
Conservative underwriting standards promoting strong asset quality

Maintain a strong liquidity position and high quality capital structure

Additional Information

Corporate Governance and Organizational Structure

Corporate Governance Structure

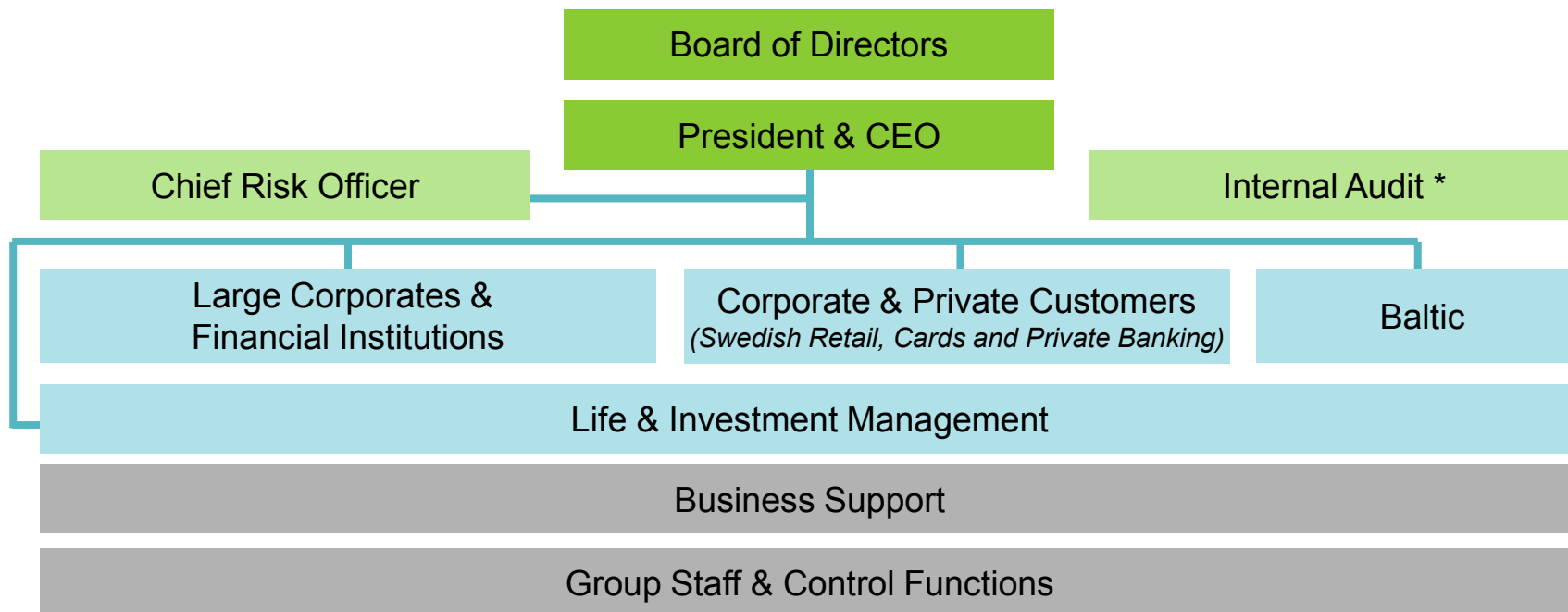


SEB's activities are managed, controlled and followed up in accordance with policies and instructions established by the Board and the President and CEO.

Governance

- ❑ **Long-term major shareholders**
- ❑ **Strong corporate culture**
 - "Tone at the top" from Board of Directors and Executive Management
 - SEB Code of Conduct
 - First line of defence
 - ✓ Line business management is primary responsible for managing risk
- ❑ **Strong governance and internal control**
 - Clear implementation of "three lines of defense approach"
 - Independent control functions with strong mandate and resources
 - Global (Group wide) Compliance function implemented 2008 based on international "best practice"
- ❑ **Compliance is an integrated part of performance management for all SEB staff**

Organization as from Jan 1, 2016



* Reports directly to the Board

The division **Large Corporates & Financial Institutions** covers the operations of the former Merchant Banking as well as institutional clients' business activities from the former Wealth Management division.

The division **Corporate & Private Customers** serves small & medium-sized companies and private customers, including Private Banking, in Sweden.

The **Baltic** division is presented excluding and including Real Estate Holding Companies (RHC).

The division **Life & Investment Management** supports the customer-oriented divisions. It includes the Life division as well as the investment management operations which were part of the Wealth Management division.

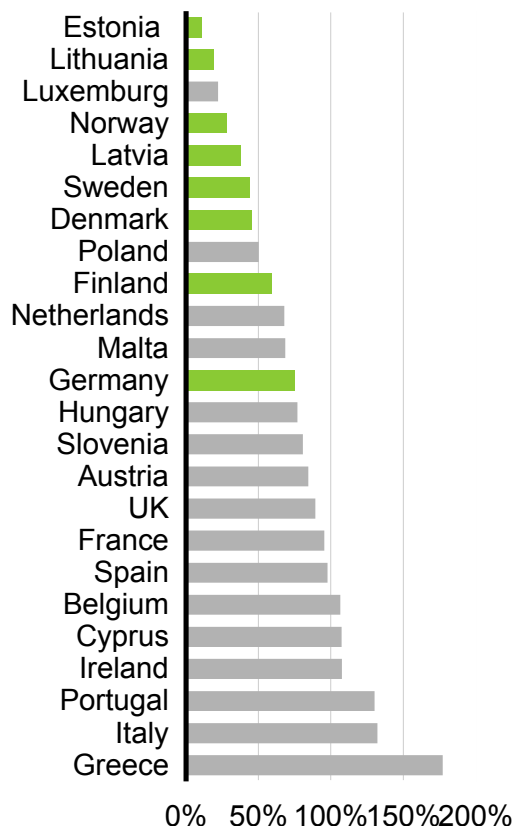
Macro

SEB's Core Markets

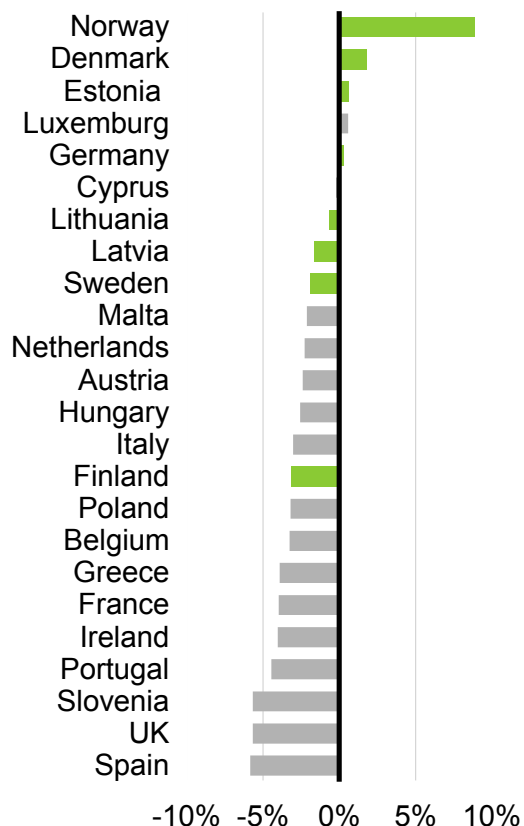
Strong sovereign finances

% of GDP

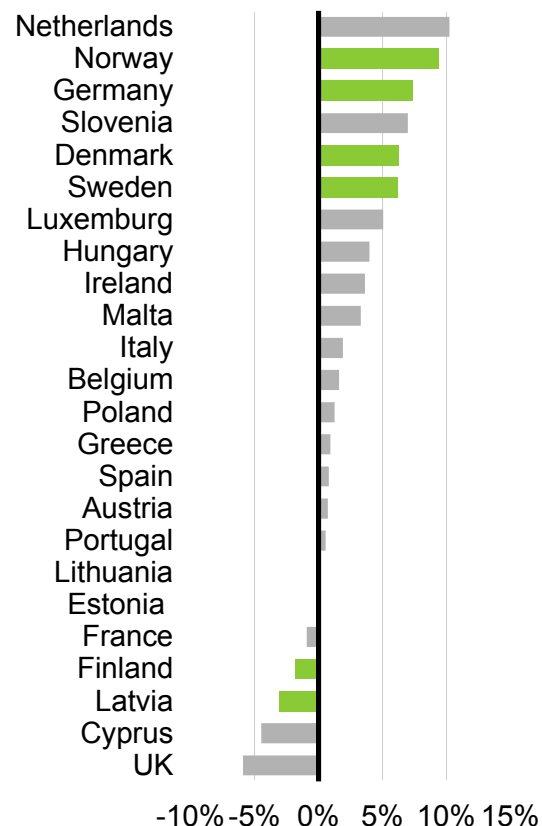
Sovereign Debt



Budget Deficit



Current Account Balance

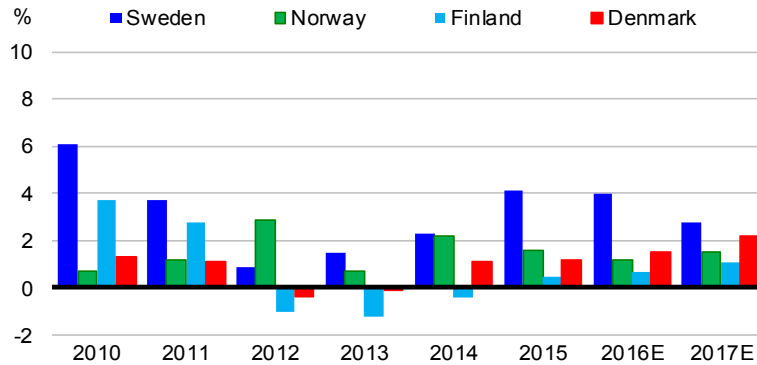


Source: IMF WEO April 7, 2016

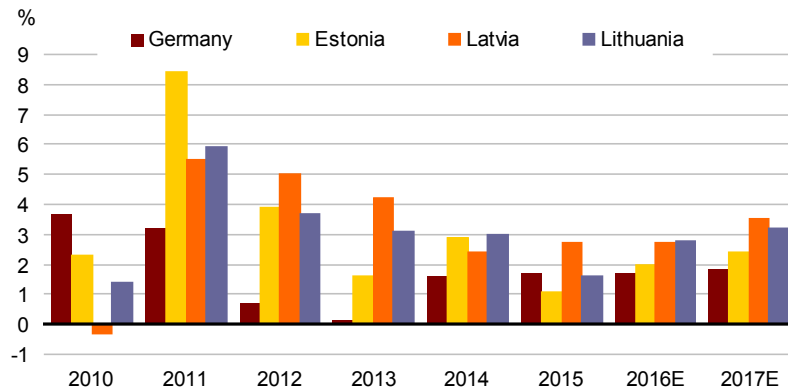
Economic fundamentals remain good



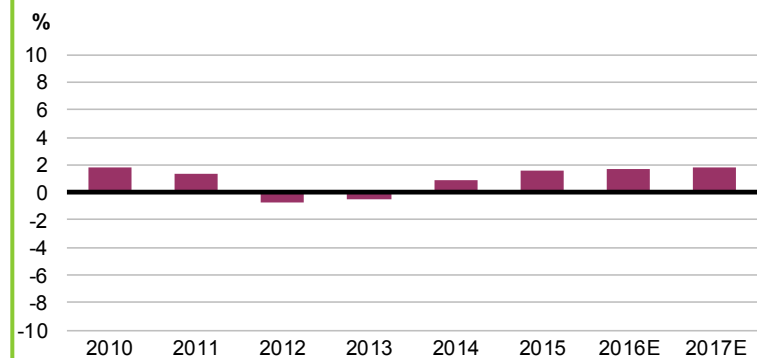
Nordic GDP development *



German and Baltic GDP development *



Eurozone GDP development *



* Source: SEB Nordic Outlook, May 2016

Swedish Economy 2015 to 2017



❑ Strong GDP-growth in a European context

- GDP growth of 2.3% in 2014 increased to 4.1% in 2015, expected to be 4.0% in 2016 and 2.8% in 2017
- ✓ Drivers are: Private and public consumption, fixed investments and an upturn in exports

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

❑ Exports constitute approx. 45% of GDP in 2015 (GDP 2015 was approx. SEK 4,155bn (USD 510bn)

- 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

❑ Strong economic growth improves Sweden's public finances

❑ General government gross debt is falling and is expected to be around 42% at year-end 2016

- Central Government debt is approx. 35% and below 30% excluding re-lending to the Swedish Central bank
- The budget balance is expected to show a small surplus in 2016 and 2017
- No public sector net borrowing requirements are expected for 2016 and 2017

❑ Healthy new job creation

- Employment numbers are healthy with 2.0 % yoy growth at Dec 2015 and will continue in 2016
- Unemployment is falling only slowly due to strong population growth

❑ Low Inflation

- In 2015 CPI was on average 0.0% well below the target of 2%. CPIF was 0.9% in 2015
- Is expected to pick up to 0.9% in 2016 and to around 1.4% 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

Going forward

Business Plan Activities

Large Corporates & Financial Institutions

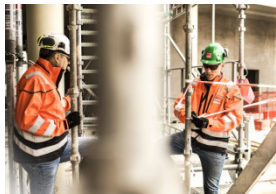
Share-of-wallet



- Product penetration
- Cross Collaboration



New clients



- Nordics & Germany
- UK Initiative



Efficiency



- Process efficiency
- IT investments



Swedish Retail & Private Banking (Corporate & Private Customers)

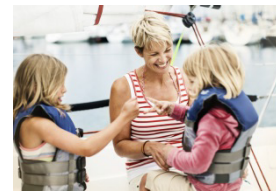
Share-of-wallet



- Long-term savings
- Sustainable profile



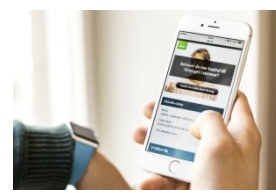
New clients



- Corporate expansion in Sweden
- PB growth in the Nordic region



Efficiency



- Distribution model
- Digitized processes



Going forward

Business Plan Activities - continued

Baltic

Share-of-wallet



- Continue with Full Service banking strategy



New clients



- Corporate risk and digital private advisory



Efficiency



- Common business processes & IT platform



Life & Investment Management

Share-of-wallet



- Fully leverage bancassurance model
- Unify savings offering



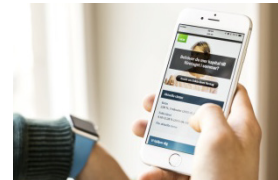
New clients



- Only bank with traditional insurance
- Sustainability products



Efficiency



- Implement digital business model
- Process automation



Strong profitability despite uncertain times

Relatively good economic environment

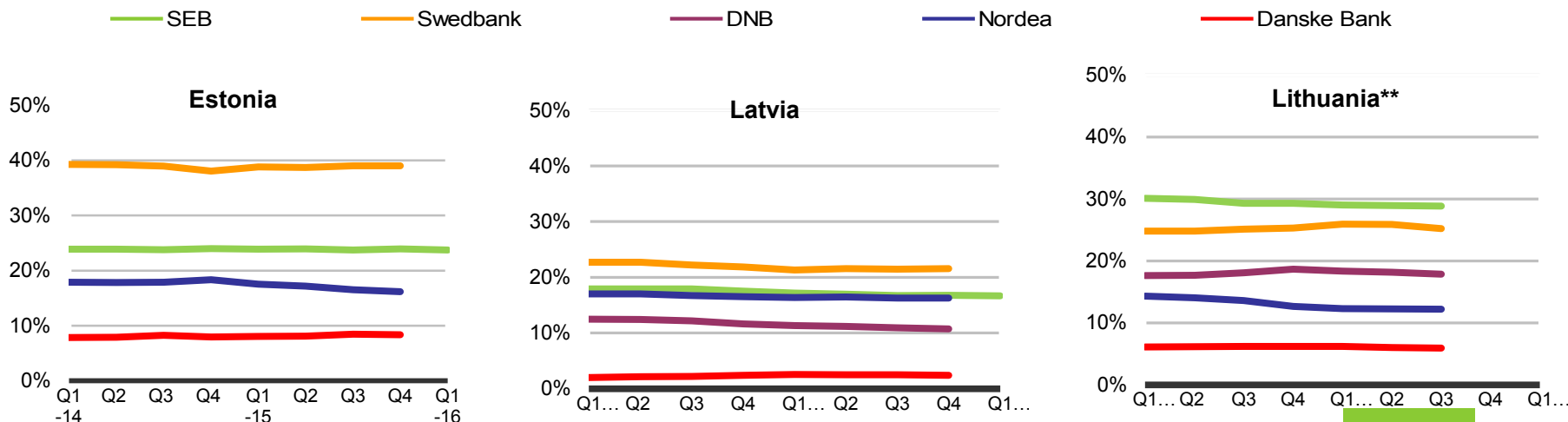
- ❑ Domestic markets cushion export challenges
 - Falling unemployment and increasing employment and real income
 - Consumption and investments
- ❑ Economic health remains above Eurozone average
 - Deleveraged corporates and private individuals
 - Competitive industry
 - New markets – diversification 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>
Q1 2016	55% ³⁾	SEK7.9bn	10.4%
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 off SEK 1.5bn
 3) Excl. One-off cost of SEK 68m

Maintaining leading market shares in lending



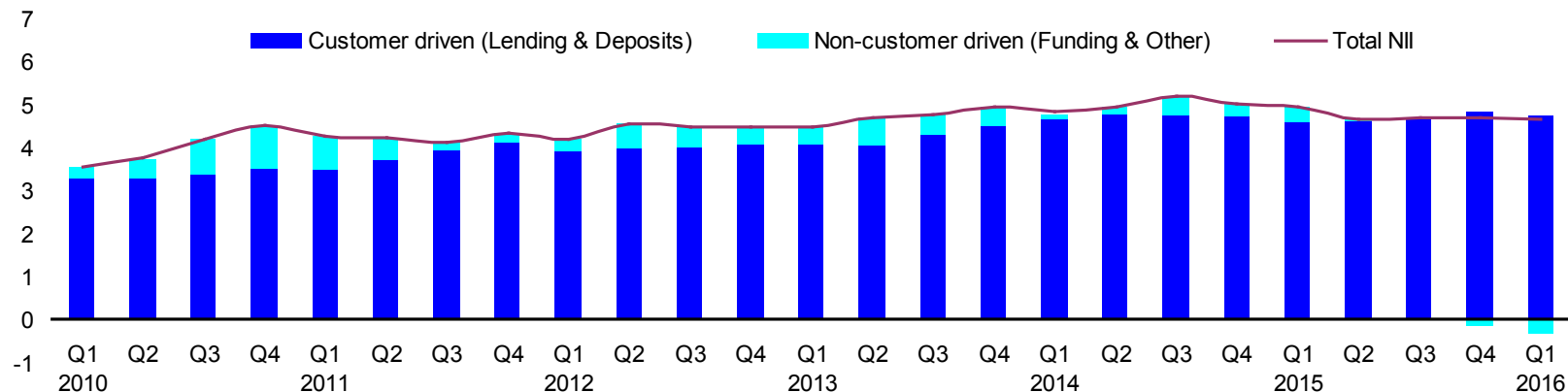
* Competitors Q1 2016 volumes are not available at time of publication and Q1 2016 Figures are February 2016

** Lithuania Q4 2015 and Q1 2016 not available at time of publication

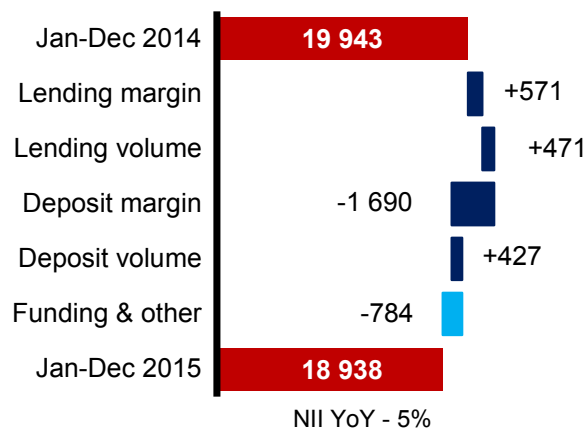
Source: Estonian Financial Supervision Authority, Association of Latvian Commercial Banks, Association of Lithuanian Banks, SEB Group

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

SEK bn



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



FY 2015 vs FY 2014

- NII -5%
- The SEK repo rate has on average been 71 bps lower in 2015 cf. 2014
- Volume growth and lending margin improvements mitigated the lower repo rate's negative effect on deposit margins and treasury

Q1 2016 vs Q4 2015

- NII -1%
- Improved margins mitigated the effects from the lowering of the repo rate during the quarter

Diversified funding mix

Wholesale funding in SEKbn

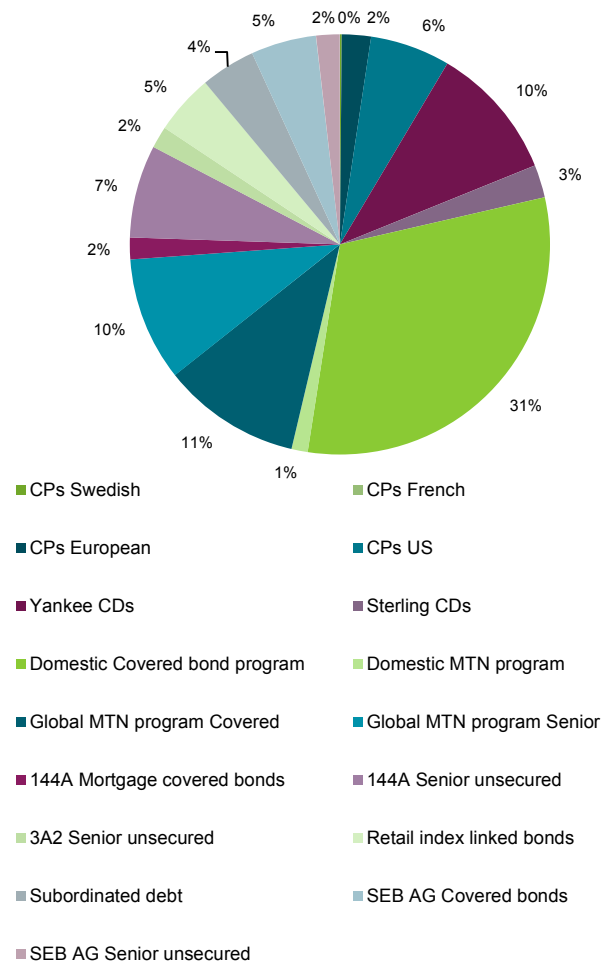
Short-term funding sources

	Q2 2015	Q3 2015	Q4 2015	Q1 2016
Commercial paper (CP) programs	125	80	53	61
Swedish	0	2	0	1
French	1	0	0	0
Global				
European	32	16	13	16
US	92	62	40	44
Commercial deposit (CD) programs	124	159	91	92
Yankee CDs	101	139	76	74
Sterling CDs	23	20	15	18

Long-term funding sources

SEB AB	Q2 2015	Q3 2015	Q4 2015	Q1 2016
Total	465	484	489	511
Domestic Covered bond program	203	214	213	222
Domestic MTN program	10	9	9	9
Global MTN programs				
Covered	61	62	72	76
Senior	65	71	68	68
144A Mortgage covered bonds	12	13	13	12
3(a)(2) Senior unsecured	0	0	0	10
144A Senior unsecured	48	49	50	51
Retail index linked bonds	35	35	34	33
Subordinated debt	31	31	30	30
SEB AG	38	36	33	49
Mortgage covered bonds	24	22	20	36
Senior unsecured	14	13	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*
- *Household expenditure on housing as a percentage of total expenditure on consumption is at a record low level*
- *Home ownership approx. 66% by 2015. Up from 59% in 1995*

❑ 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 exposures – an increase to 1.5% in June 2016 from 1% and to 2% in March 2017*
- *Strict amortization requirements on LTVs above 50% to be introduced on June 1, 2016*

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

- *Hottest topics:*
 - ✓ *SFSA would like to install a cap on household leverage (debt to income ratio) but does not have the power*
 - ✓ *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*
- *An amendment 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 around 179% ⁷⁾**
 - *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 partly due to changing ownership structure and higher affordability*
 - *Since early 2014 indebtedness has started to rise again and was by the end of 2015 around 179%*

- ❑ **The most indebted people are the ones that can afford it ^{1), 2), 6)}**
 - *Approx. 80% of household debt is **mortgage loans** and household debt is closely linked to house prices*
 - **The most indebted people are the ones that:**
 - ✓ *Have the highest income and net wealth,*
 - ✓ *Have the highest level of education and*
 - ✓ *Live in the economically more prosperous and flourishing regions in Sweden*
 - **Weak relationship between debt-to-income ratio and loan-to-value ("LTV")**
 - ✓ *Households with an LTV>85% have a distinctively lower debt-to-income ratio than households with a LTV ratio between 50 and 85%*

- ❑ **Mitigating factors of private indebtedness ^{3), 5)}**
 - *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

6) SFSA The Swedish Mortgage Market April 2016

7) Swedish Central Bank's Financial Stability Report of May 2016

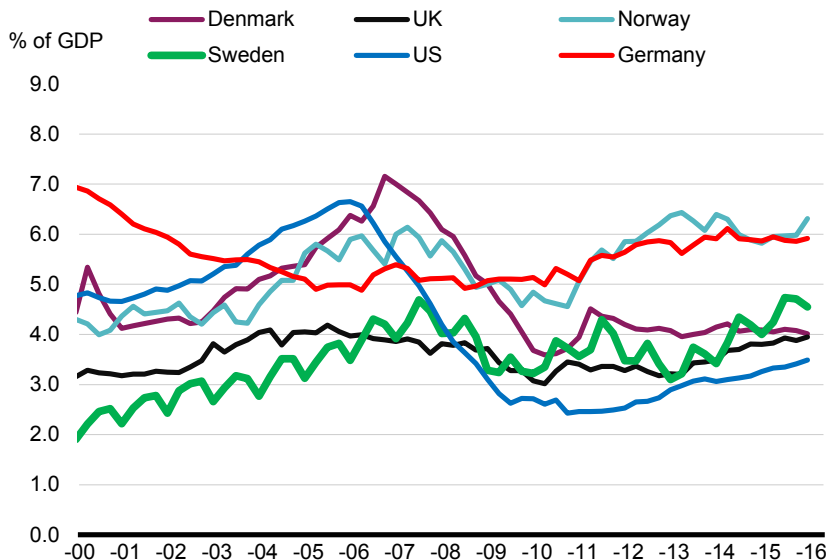
Swedish Housing Market – Long-term development

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

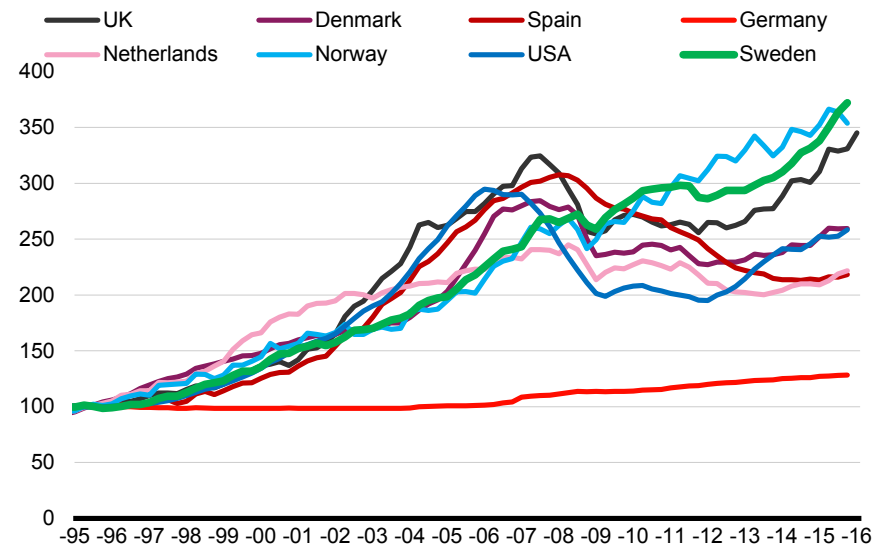
Increasing residential investment

International comparison



House prices (index 1995=100)

International comparison



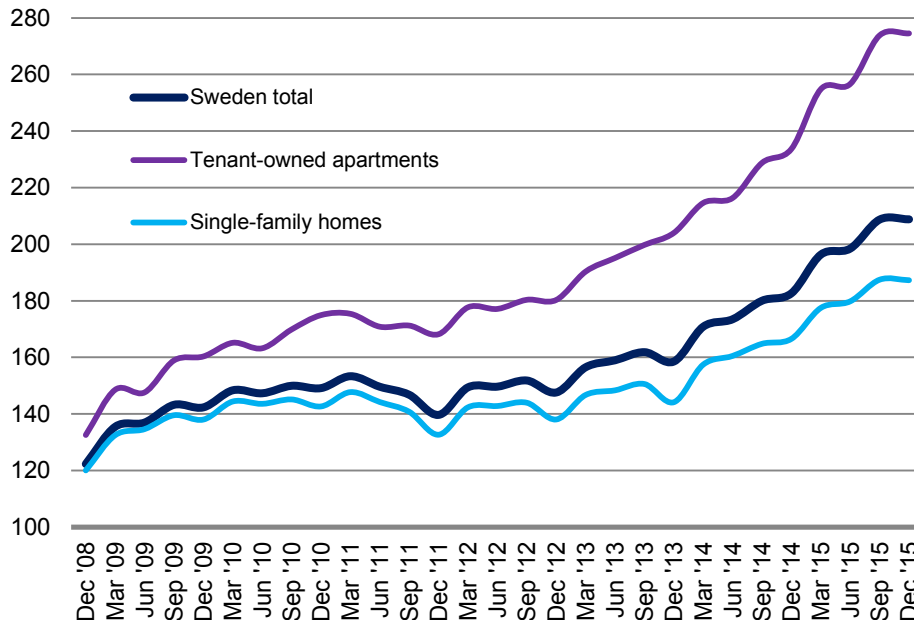
Swedish Housing Market – Long-term development

Population growth outpaces housing completions and puts upward pressure on prices

- ❑ Despite increasing housing completions, there need to be approx. 460,000 new units completed by 2020 to match the population growth

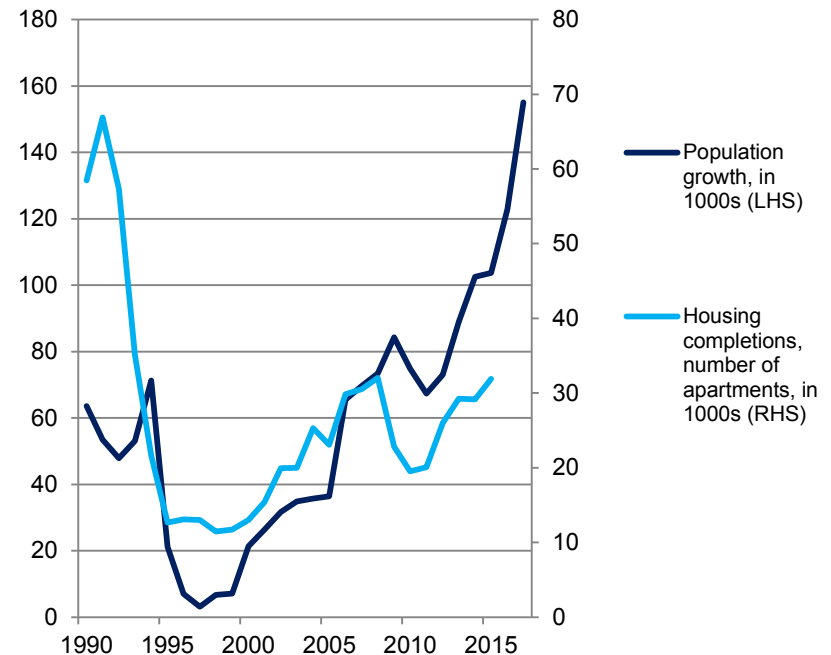
Increasing residential house prices in '15 but leveling off so far in '16

Swedish house prices (index=100 in January 2005)



Source: SEB and Valueguard

Population growth vs housing completions



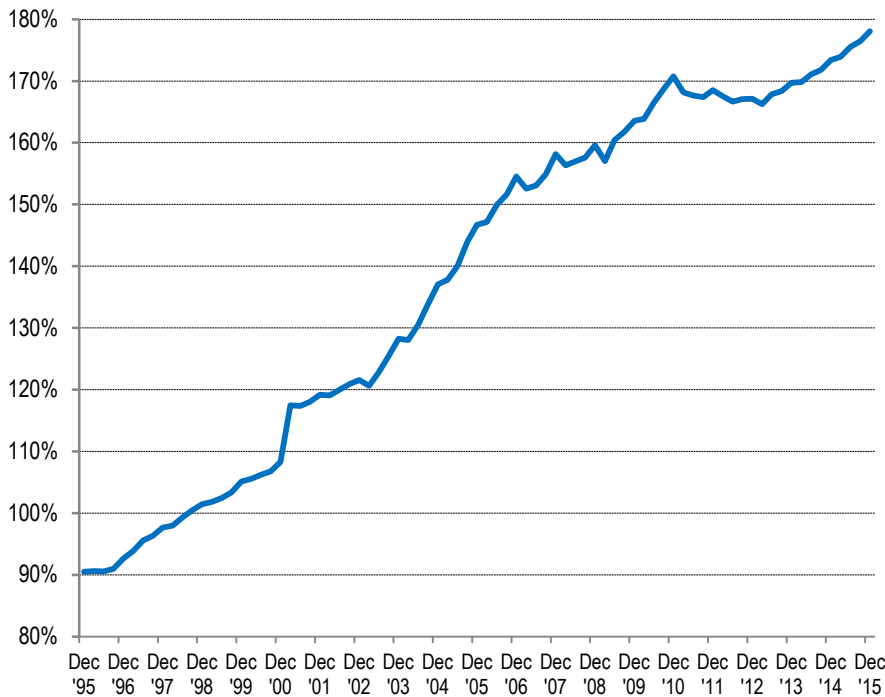
Source: Statistics Sweden, SEB
Latest available data from Swedish National Board of Housing

Swedish Households' borrowing - Current market development

Debt to income ratio increases less than lending growth

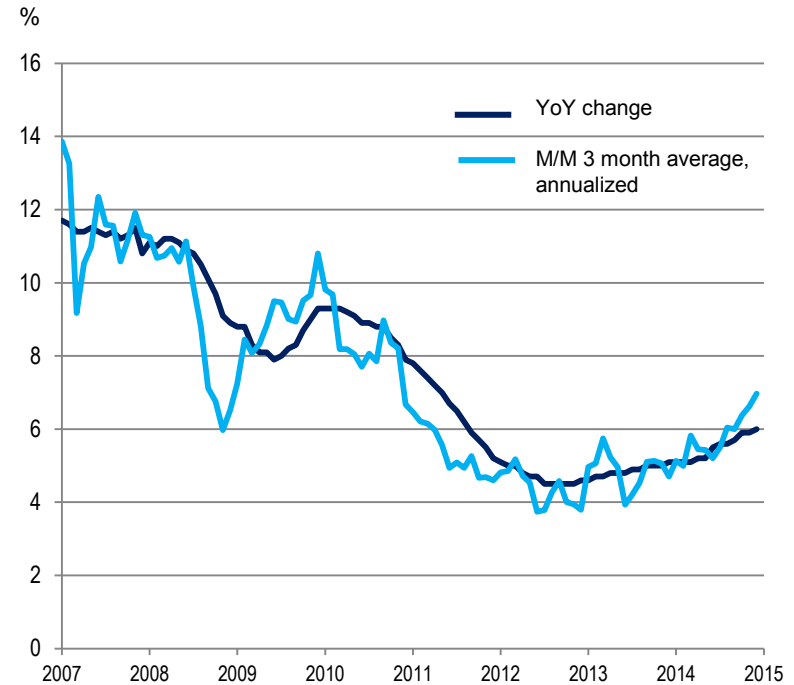
- ❑ Households' aggregated debt to disposable income ratio is approximately 178% by year-end 2015 and has been rising faster than household income the last few years
- ❑ Approx. 80% of the household debt is mortgage debt
- ❑ The sharp increase that took place before 2010 was to a large extent due to changing ownership structures and higher affordability

Household debt as a % of disposable income



Source: Swedish Central Bank

Increasing lending growth to Swedish Households

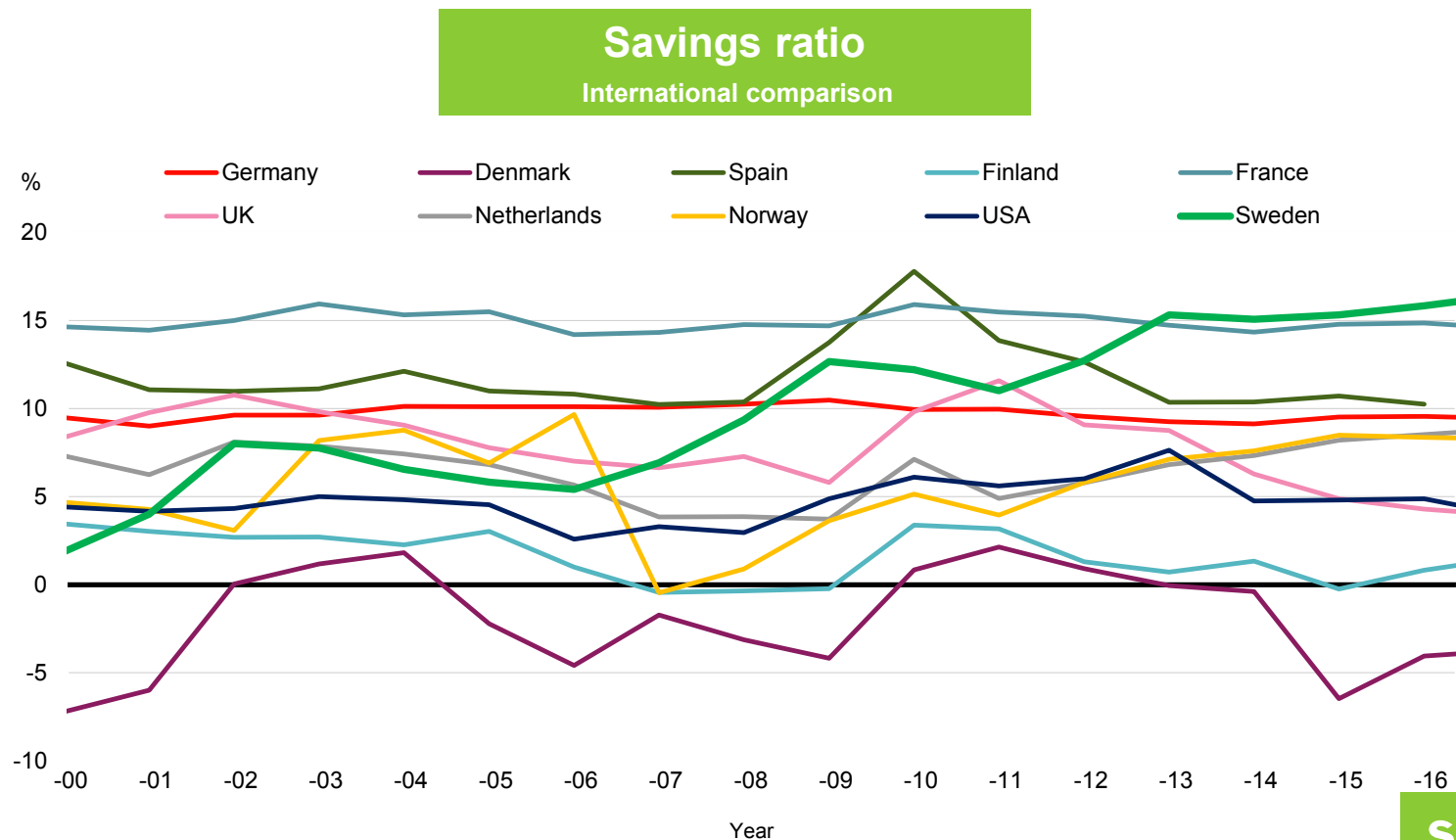


Source: Macrobond

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

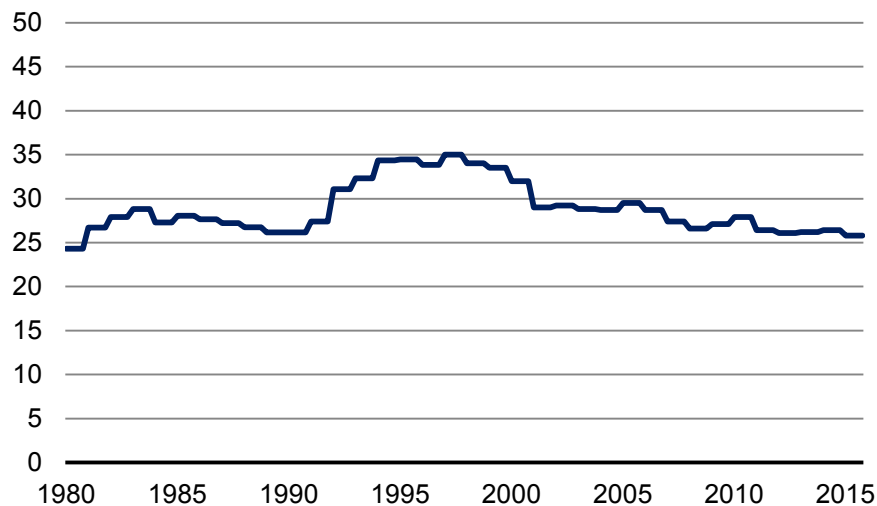


Household Affordability - Swedish Household expenditure on housing

Still "cheap" to live despite increasing house prices

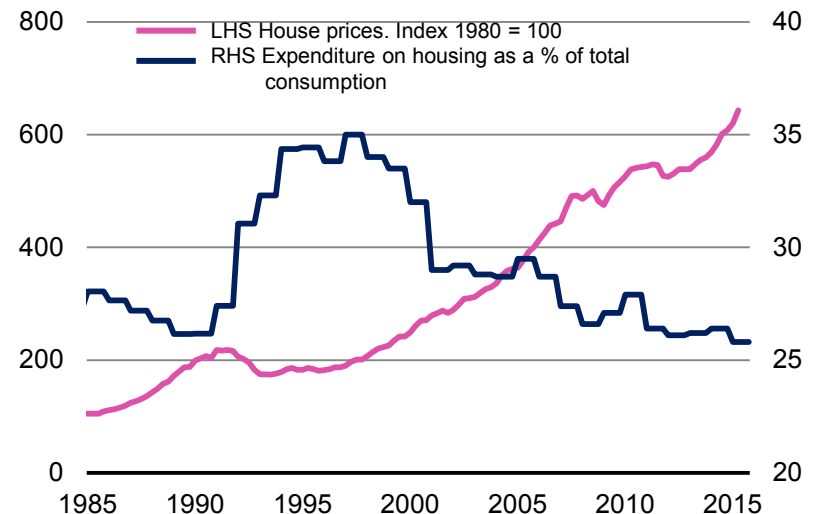
Expenditure on housing at record low levels

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

Socio-economic mitigating factors on Asset Quality and Indebtedness

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

March 31, 2015

Total SEK 541bn (USD 66bn)

Residential Apartment Buildings

SEK 123bn

(USD 15bn)

- ❑ Private companies 52%
- ❑ Housing co-op associations 38%
- ❑ State/Community owned 10%

Residential Apartment Buildings

Strong asset quality

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

Conservative lending policy

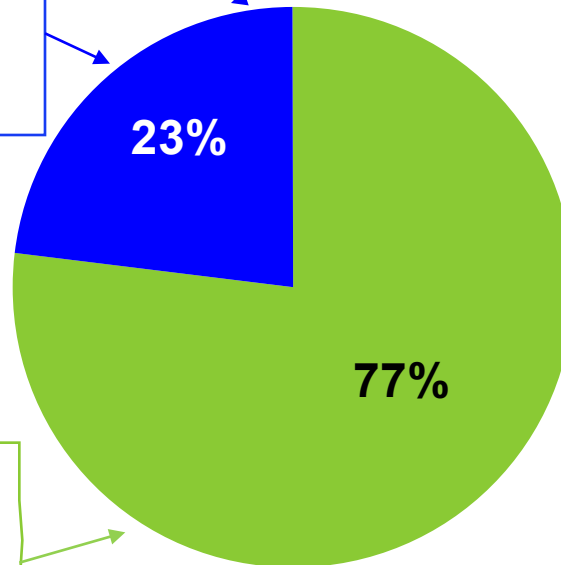
- ❑ Cash-flow generation
- ❑ Legal structure: Counterparty has to have direct and immediate access to the cash-flow and the assets taken in as collateral.
- ❑ Tenor max 10 years
- ❑ LTV <75% but depending on geographic location. Rural areas LTV<65%.
- ❑ Amortization structure required depending on geographic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

Household Mortgage lending

SEK 420bn

(USD 52bn)

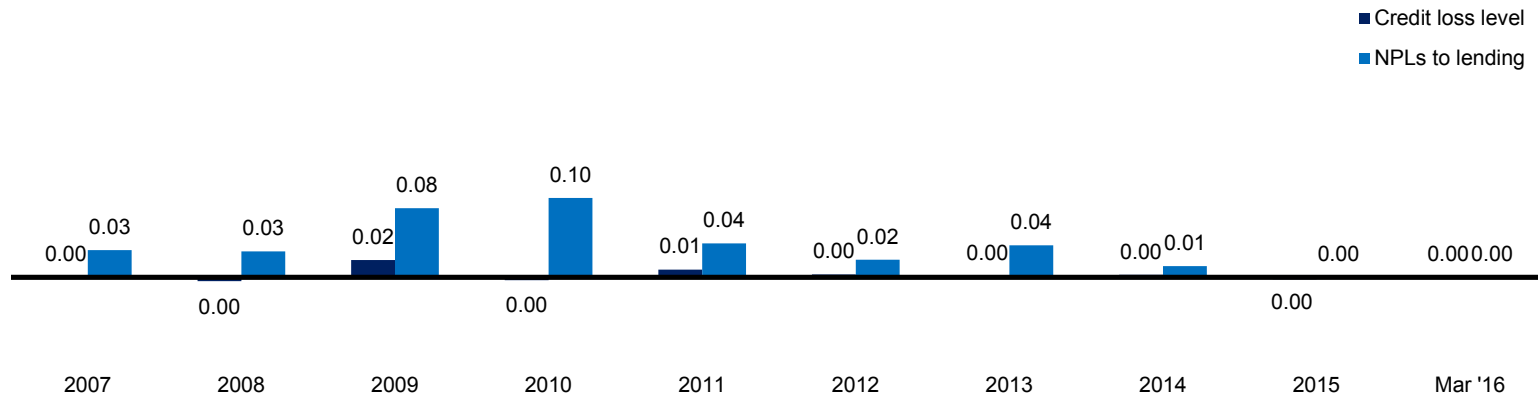
- ❑ Single family houses 63%
- ❑ Tenant owned apartments 32%
- ❑ Second homes 5%



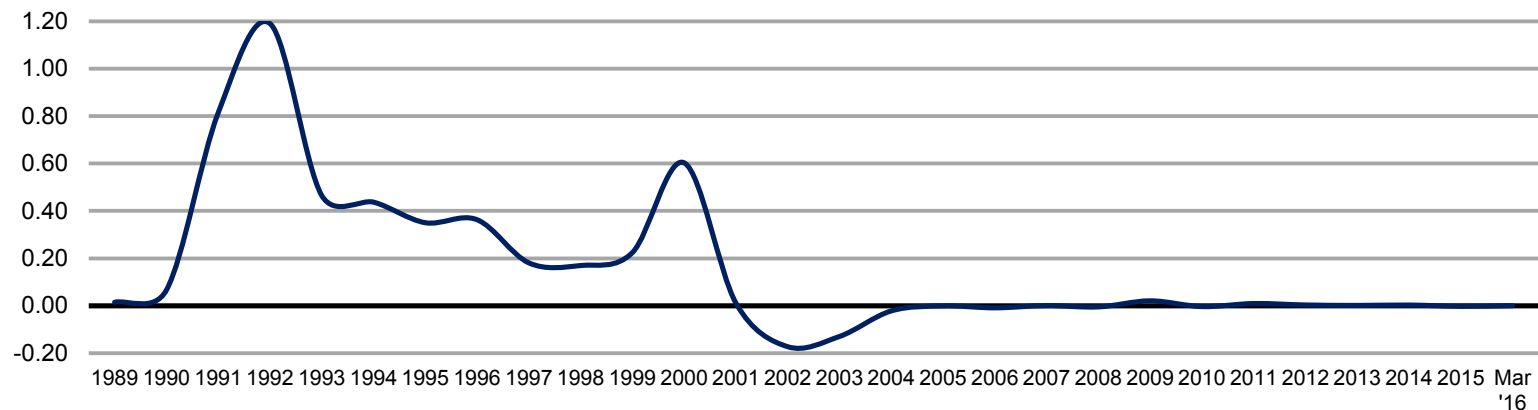
Asset Quality – Lending to Swedish Residential Apartment Buildings

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 %

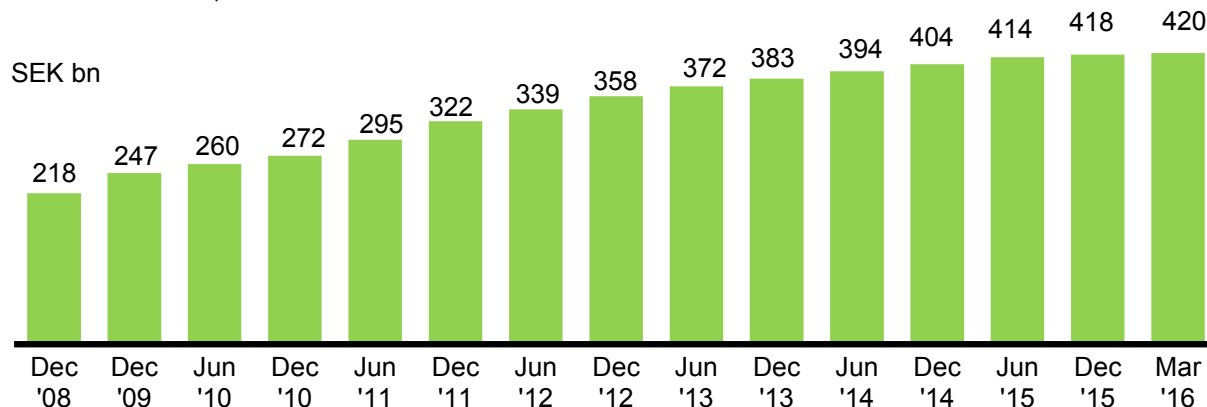


* Net credit losses = the aggregated net of write-offs, recoveries and provisions

SEB's Swedish Household Mortgage lending

Successful Retail Strategy produced growth despite stricter underwriting standards

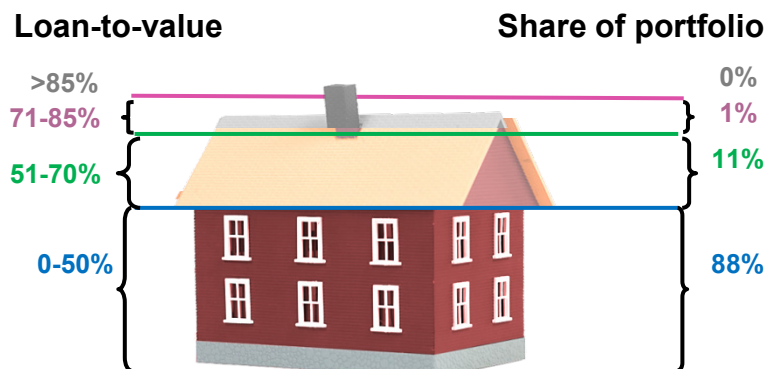
March 31, 2016



Selective origination

- ☐ Serve core clients – Cherry pick new clients
- ☐ Concentration to larger cities
- ☐ Market share approx. 15%
- ☐ Growing at 3.0%, below market growth at 8.0%
- ☐ Past-due >60days at 5bps or SEK 221m (USD 27m)
- ☐ Net credit loss level is 0%

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



Weighted average LTV in back-book = 52%

Household affordability and strict lending criteria

- ☐ Strict credit scoring and assessment
- ☐ The affordability assessment, *funds left to live on after all fixed costs and taxes are considered*, includes a stressed interest rate scenario of 7%
- ☐ LTVs between 70% and 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
- ☐ "Sell first and buy later"

SEB's Swedish Household Mortgage Lending

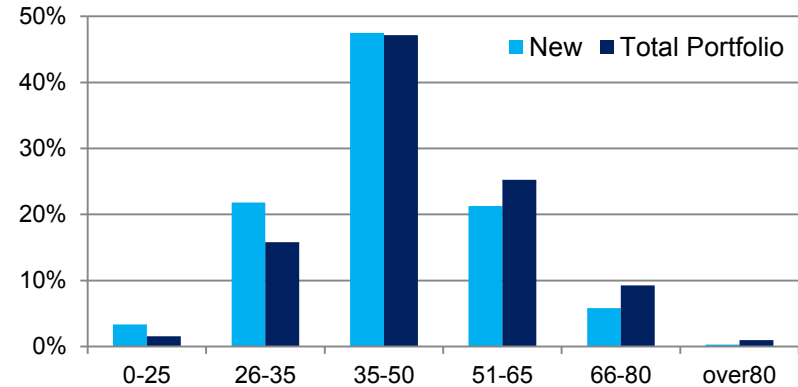
Strong economic profile of customers

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 March 31, 2016
 - All new loans 80%
 - LTV over 70% 94%

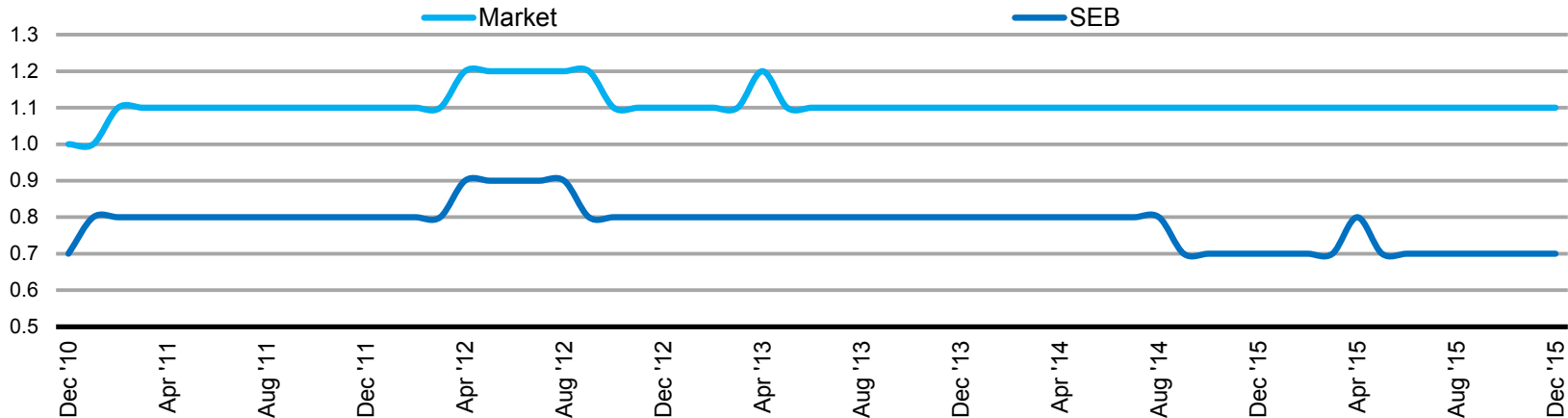
Age distribution of SEB's customers

Based on volumes March 31, 2016



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

UC Scoring ¹⁾

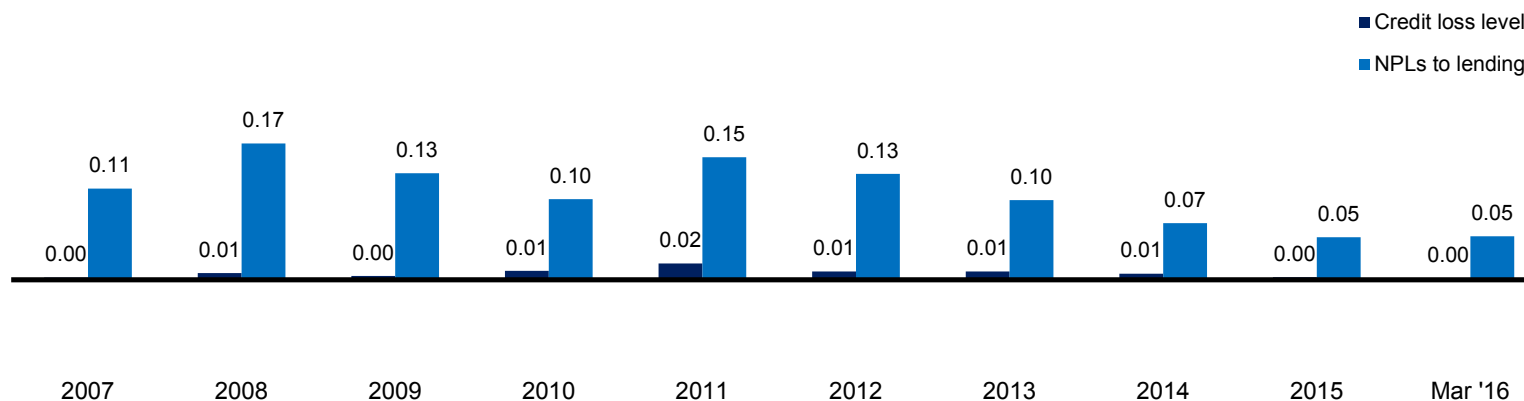


¹⁾ UC scoring is defined as the probability of getting a payment remark within one year

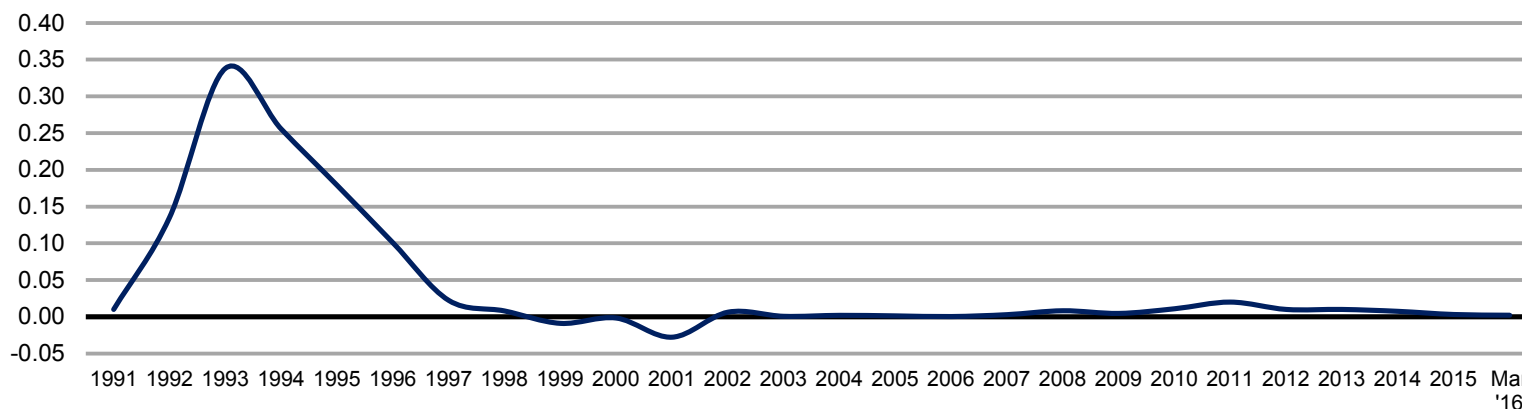
Asset Quality – SEB's Swedish Household Residential Mortgage lending

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 51%

Covered Bonds

		Q1 2016	Q4 2015	Q4 2014	Q4 2013
Total outstanding covered bonds (SEK bn)		322	311	310	297
Rating of the covered bond programme		Aaa Moody's	Aaa Moody's	Aaa Moody's	Aaa Moody's
FX distribution	SEK	73%	72%	76%	74%
	non-SEK	27%	28%	24%	26%

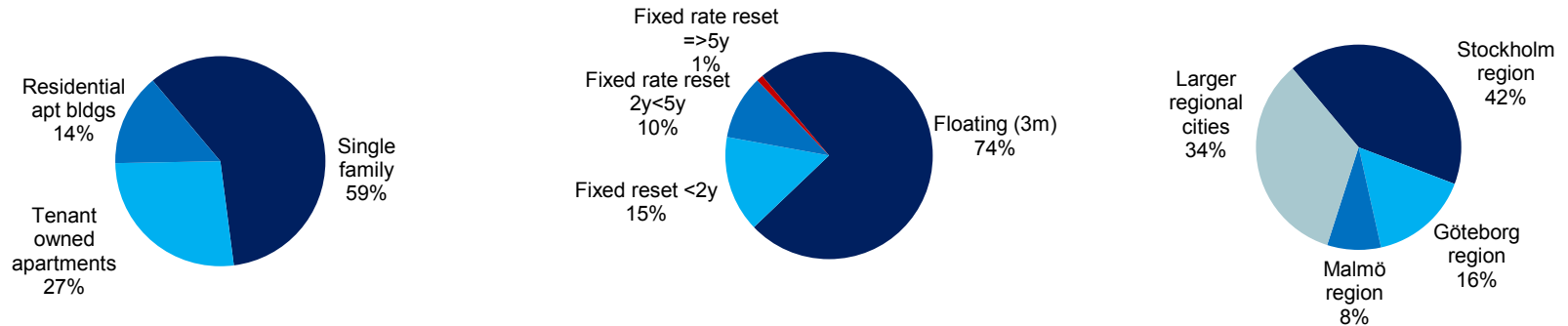
Cover Pool

	Q1 2016	Q4 2015	Q4 2014	Q4 2013
Total residential mortgage assets (SEK bn)	485	483	465	434
Weighted average LTV (property level)	57%	57%	57%	60%
Number of loans (thousand)	698	697	683	655
Number of borrowers (thousand)	425	427	427	404
Weighted average loan balance (SEK thousand)	696	693	680	662
Substitute assets (SEK thousand)	0	0	0	0
Loans past due 60 days (basis points)	5	4	6	11
Net credit losses (basis points)	0	0	0	1
Over-collateralization level	51%	55%	50%	46%

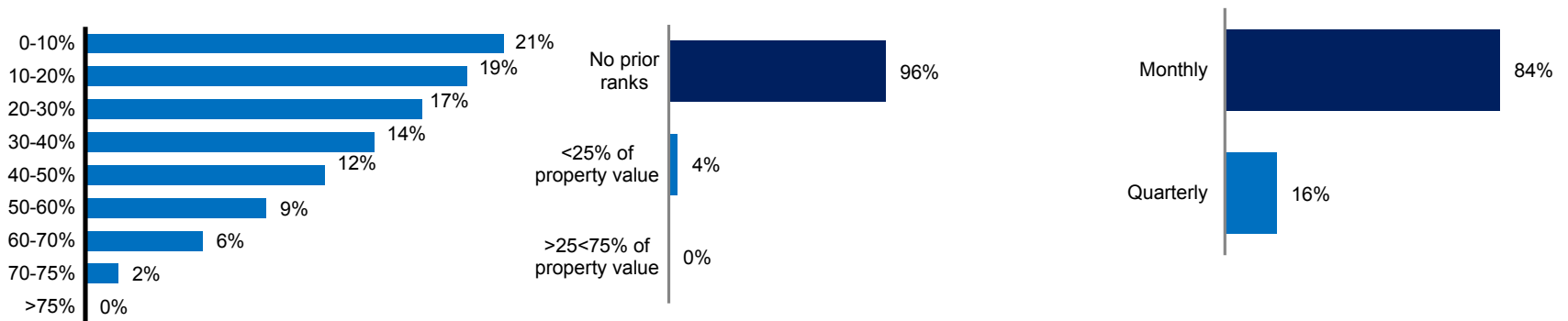
Cover Pool in March 31, 2016

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)

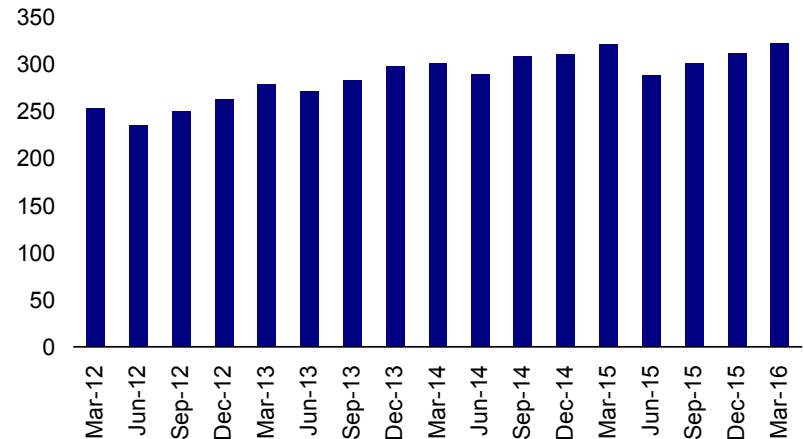
Covered Bonds March 31, 2016

Profile of outstanding Covered Bonds

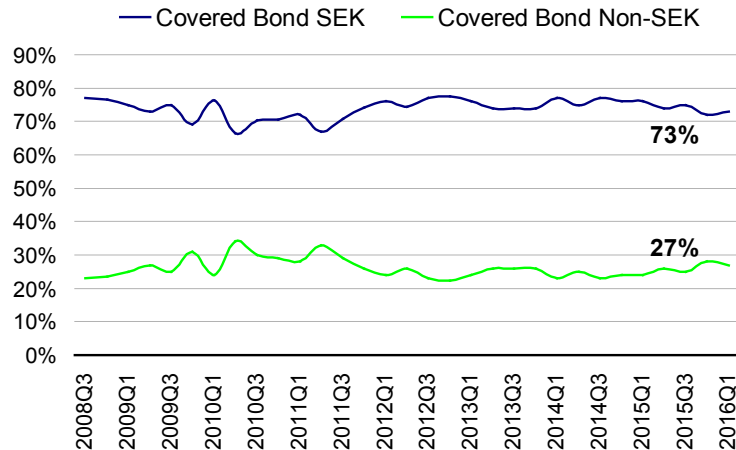
SEB Swedish Mortgage Covered Bonds

Moody's Rating	Aaa
Total outstanding	SEK 322bn
FX distribution	SEK 73%
	non-SEK 27%
Benchmark	Benchmark 92 %
	Non Benchmark 8 %

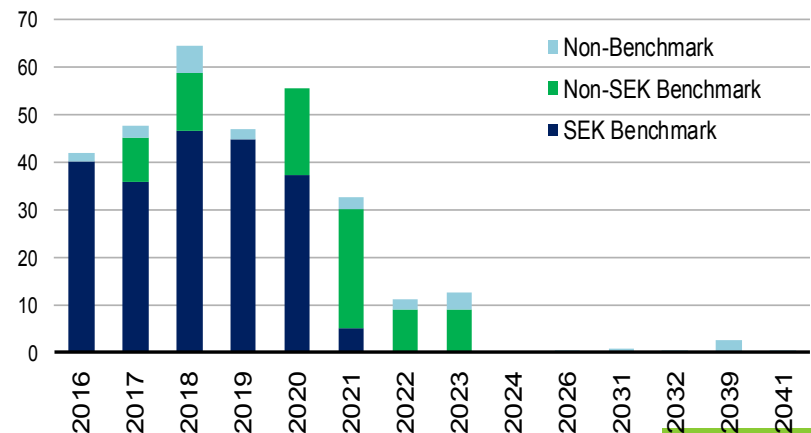
Outstanding covered bonds (SEK bn)



Currency mix

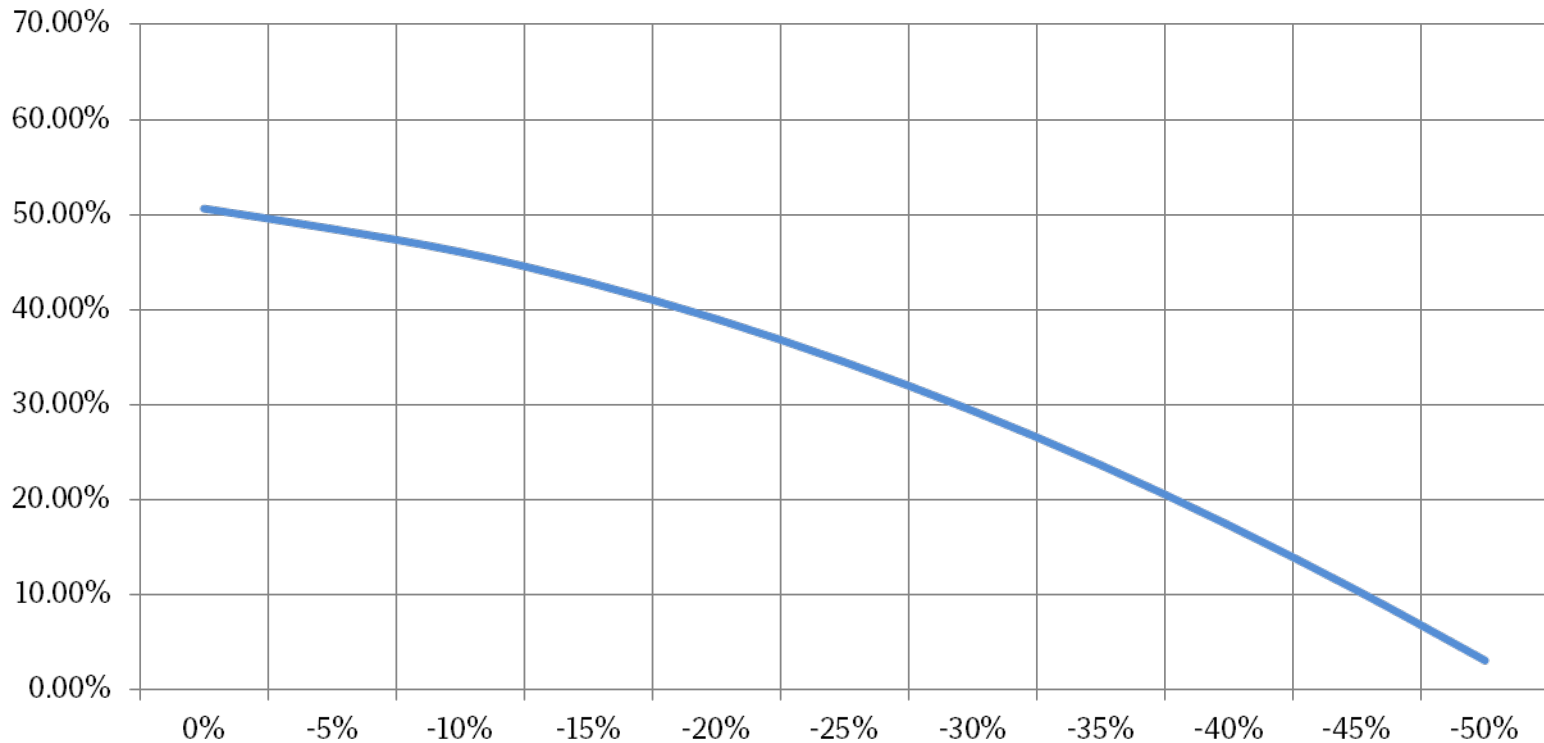


Maturity profile (SEK bn)



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

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More information

Available on www.sebgroup.com

You will find it under Investor Relations