

# Financial results Q3 2018

## Johan Torgeby, President & CEO





# Highlights YTD 2018

- **Solid result** despite seasonal slowdown
- Healthy **corporate activity** continued in Q3
- Strong **capital** position, robust **asset quality** & good **cost control**

# Financial summary Q3 2018

SEK m	Q3 2018	Q2 2018	%	Q3 2017	%
<b>Total operating income</b>	<b>11,433</b>	<b>11,903</b>	-4	<b>11,144</b>	3
Total operating expenses	-5,421	-5,527	-2	-5,423	0
<b>Profit before credit losses</b>	<b>6,012</b>	<b>6,376</b>	-6	<b>5,721</b>	5
Expected credit losses etc.	-425	-208	104	-338	26
<b>Operating profit before IAC</b>	<b>5,587</b>	<b>6,167</b>	-9	<b>5,383</b>	4
IAC		4,506			
<b>Operating profit</b>	<b>5,587</b>	<b>10,674</b>	-48	<b>5,383</b>	4

**Net ECL level**

8bps

**C/I**

0.47

**CET 1**

19.7 %

**RoE <sup>1</sup>**

13.2%

<sup>1</sup> Before IAC; RoE after IAC at 12.7 per cent.

# Financial summary YTD 2018

SEK m	2018 January- September	2017 January-September	%
<b>Total operating income</b>	<b>34,123</b>	<b>33,714</b>	<i>1</i>
Total operating expenses	-16,379	-16,331	<i>0</i>
<b>Profit before credit losses</b>	<b>17,745</b>	<b>17,383</b>	<i>2</i>
Expected credit losses etc.	-734	-829	<i>-11</i>
<b>Operating profit before IAC</b>	<b>17,011</b>	<b>16,554</b>	<i>3</i>
IAC	4,506		
<b>Operating profit</b>	<b>21,517</b>	<b>16,554</b>	<i>30</i>

**Net ECL level**

5bps

**C/I**

0.48

**CET 1**

19.7 %

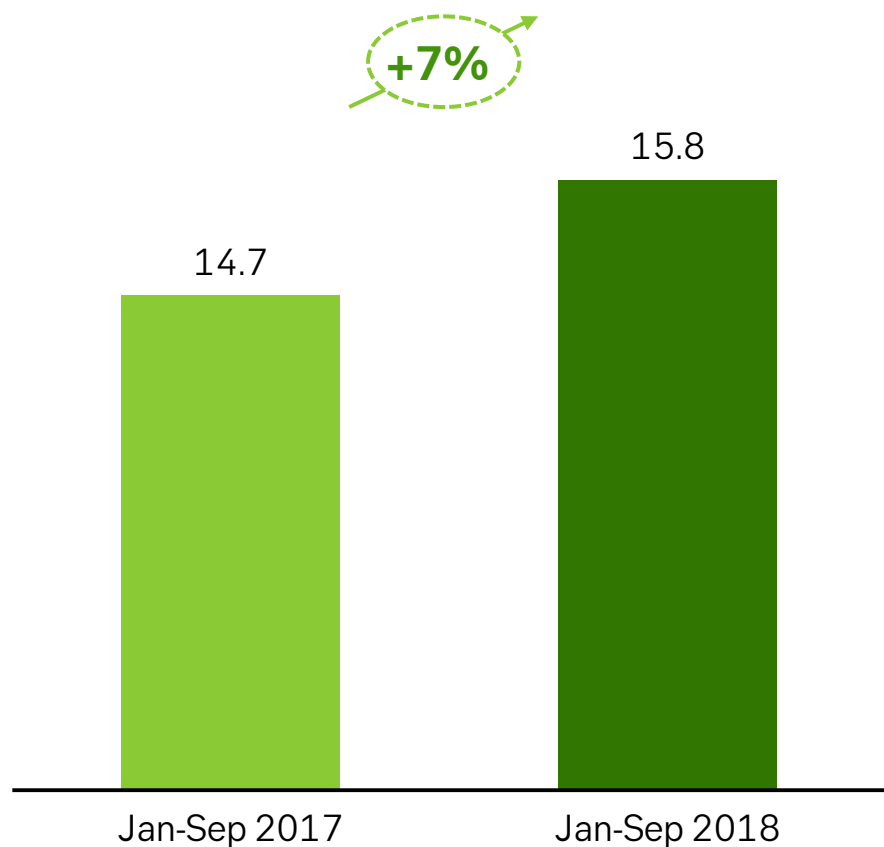
**RoE <sup>1</sup>**

13.6%

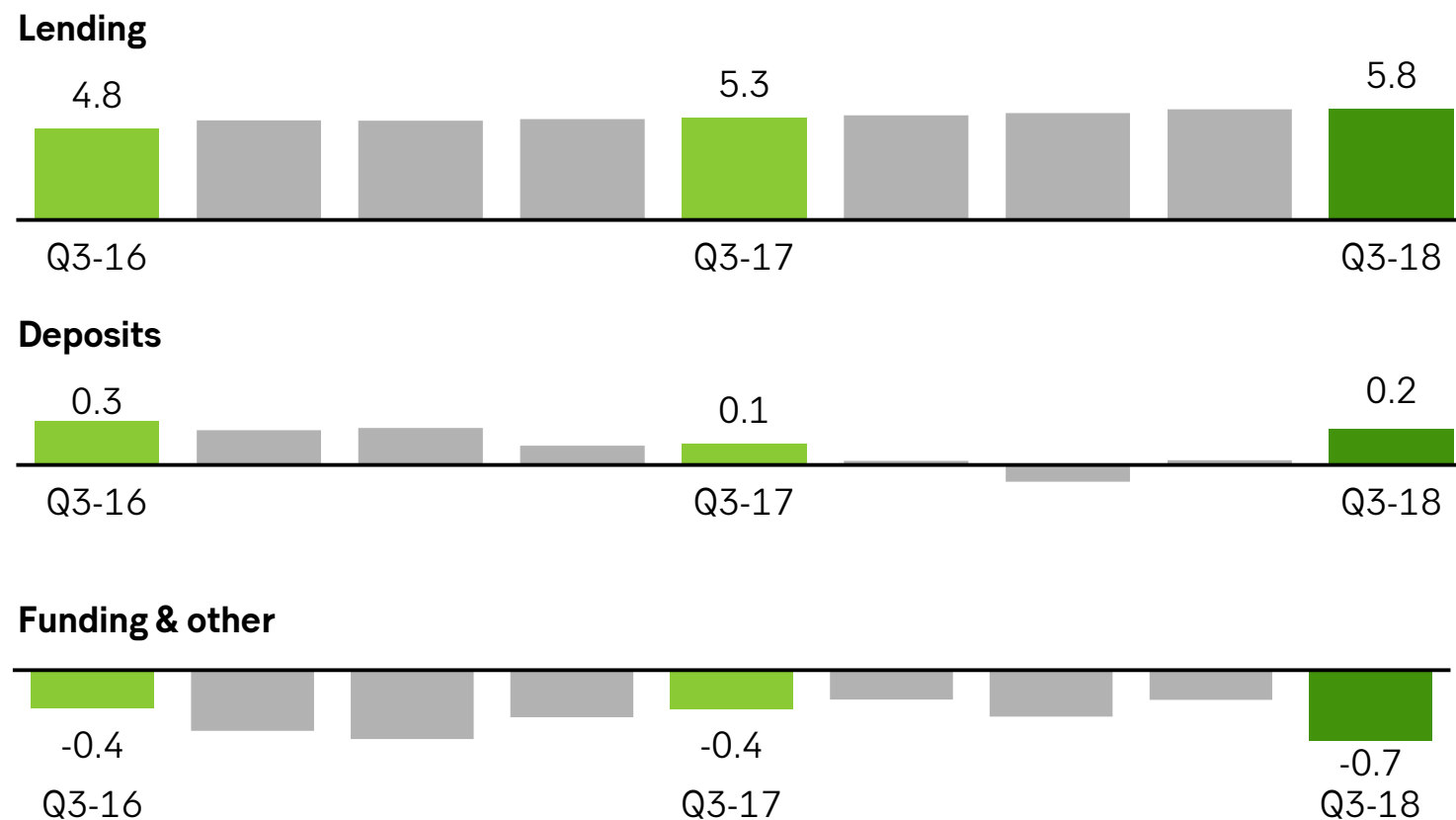
<sup>1</sup> Before IAC; RoE after IAC at 17.8 per cent.

# Net interest income development

**Net interest income** (SEK bn)  
Jan-Sep 2018 vs. Jan-Sep 2017



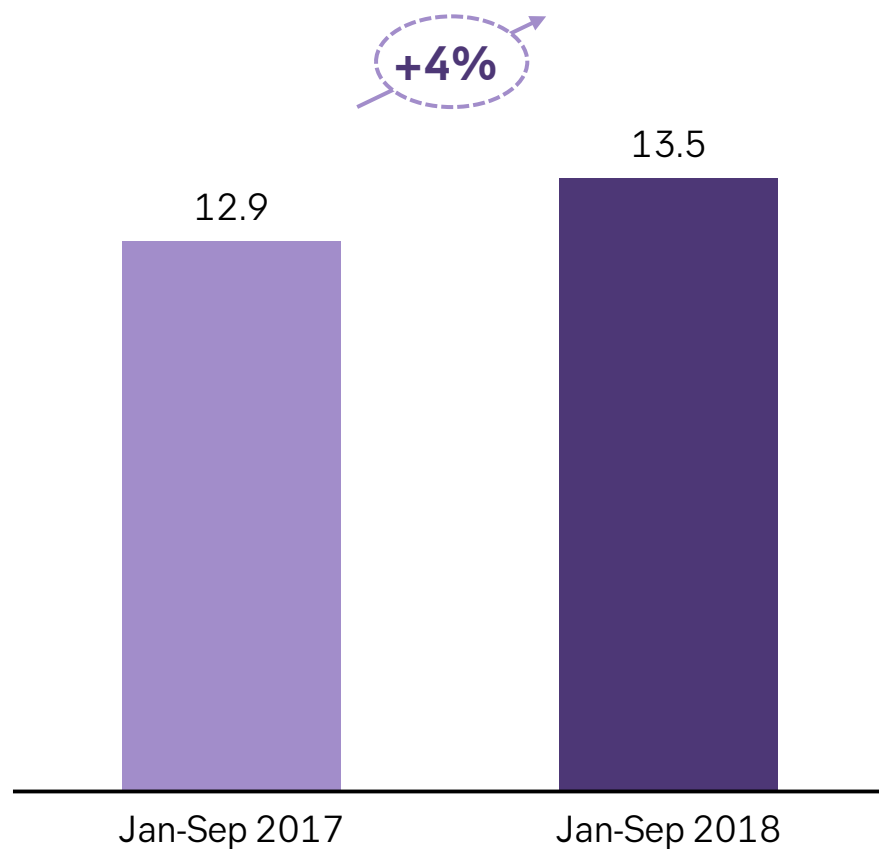
**Net interest income type** (SEK bn)  
Q3 2016 – Q3 2018





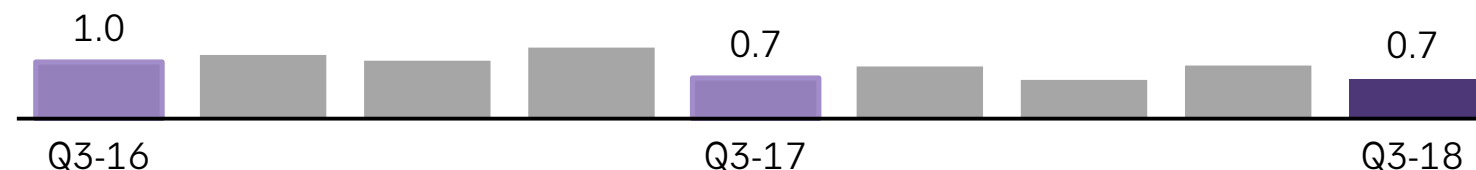
# Net fee & commission income development

**Net fee & commissions** (SEK bn)  
Jan-Sep 2018 vs. Jan-Sep 2017

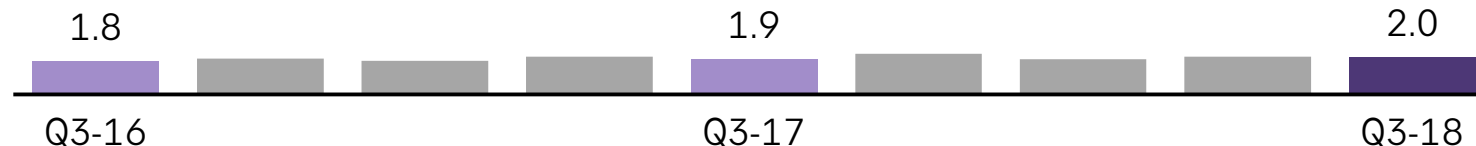


**Gross fee & commissions by income type** (SEK bn)  
Q3 2016 – Q3 2018

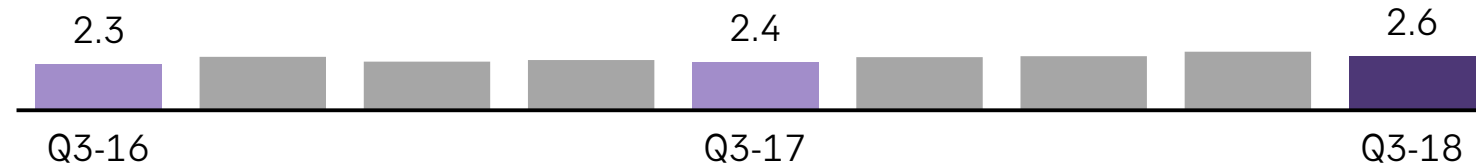
## Advisory, secondary markets & derivatives



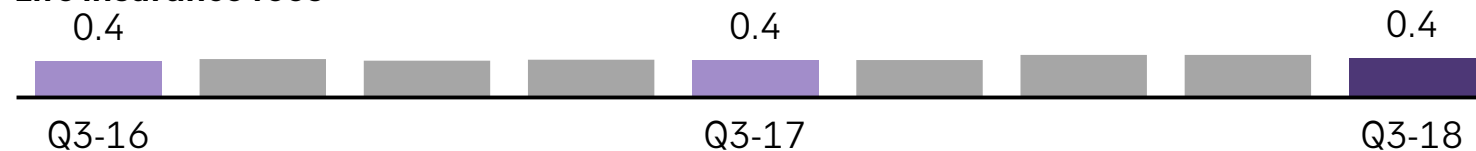
## Custody & mutual funds



## Payments, cards, lending, deposits & guarantees

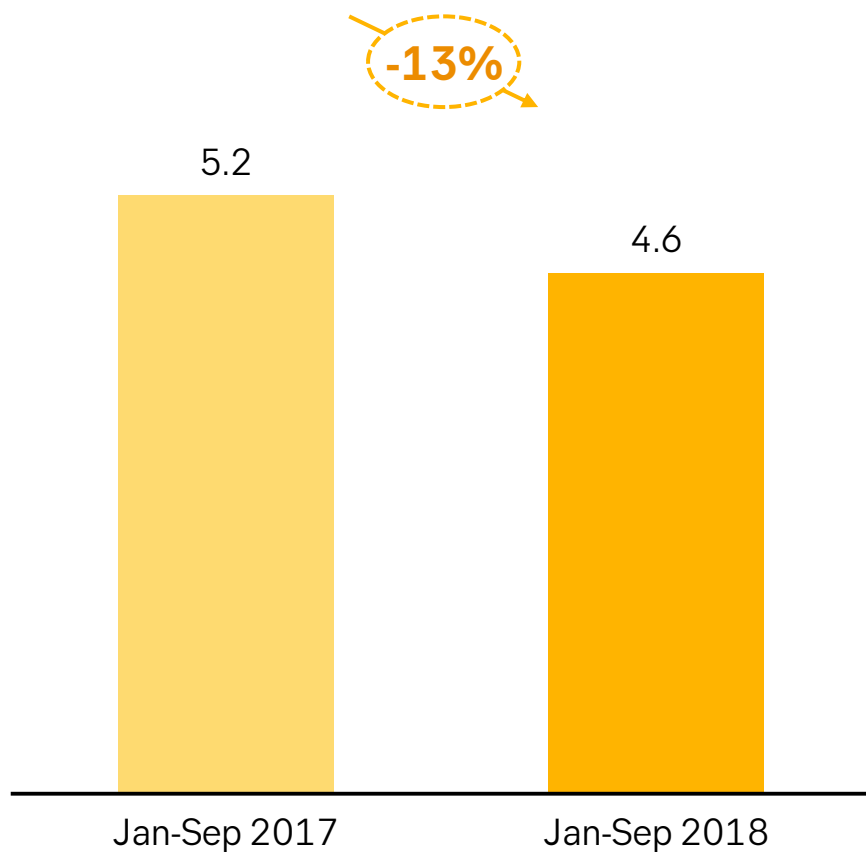


## Life insurance fees

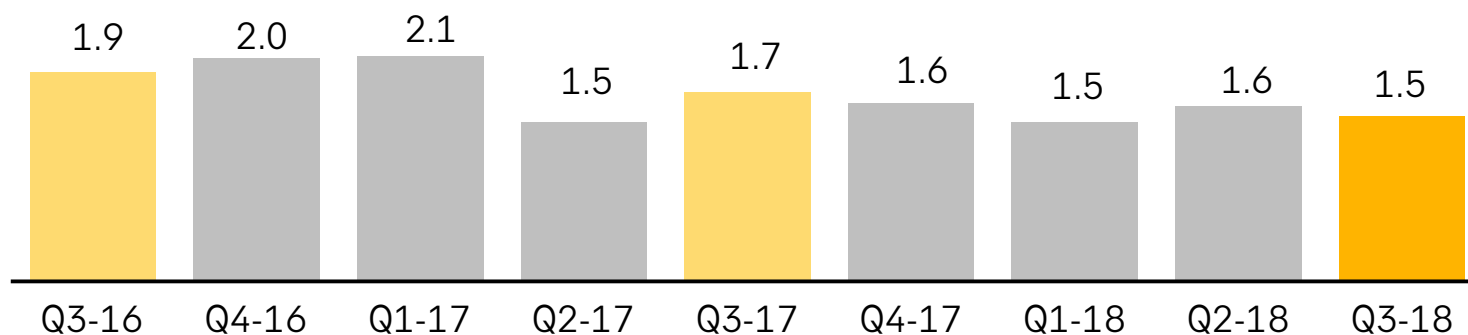


# Net financial income development

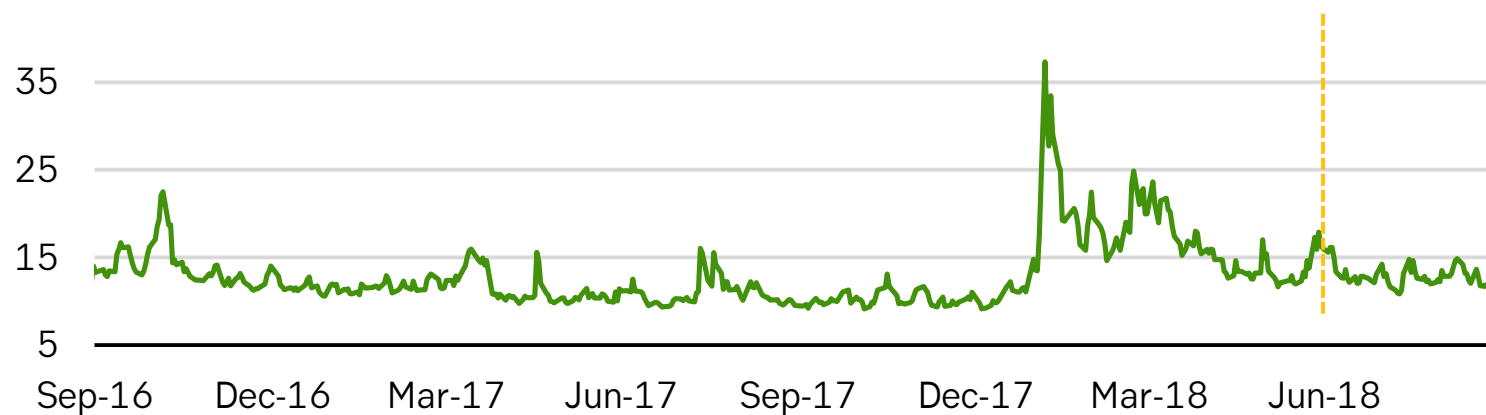
**Net financial income** (SEK bn)  
Jan-Sep 2018 vs. Jan-Sep 2017



**Net financial income development** (SEK bn)  
Q3 2016 – Q3 2018

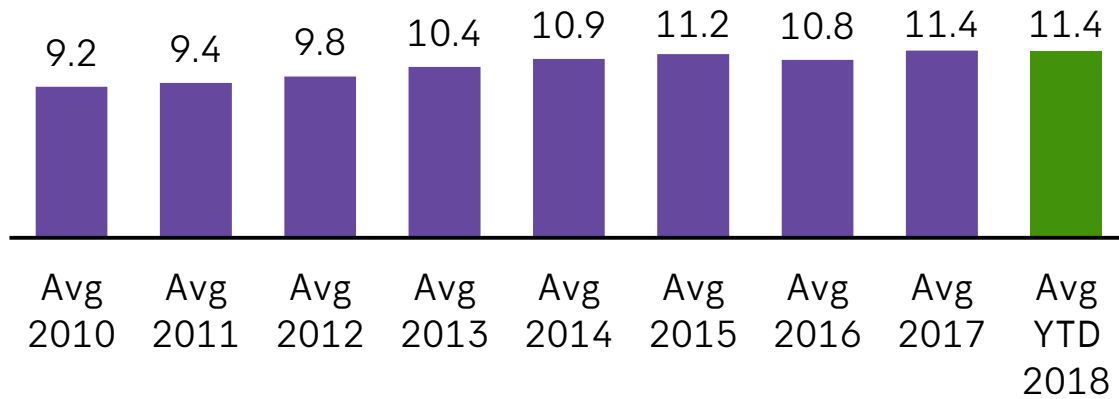


**VIX index** (VIX S&P 500 volatility)

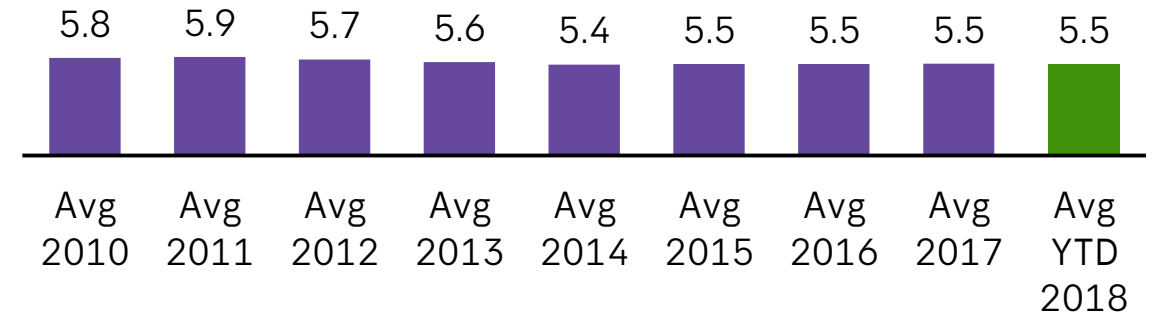


# Operating leverage

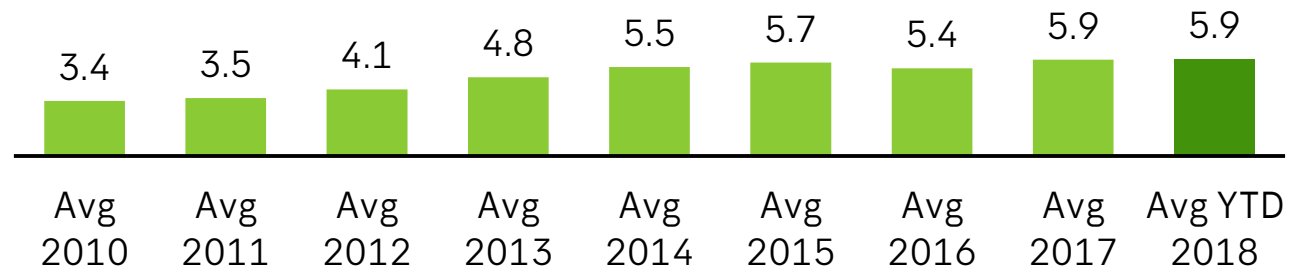
**Average quarterly income (SEK bn)**



**Average quarterly expenses (SEK bn)**



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



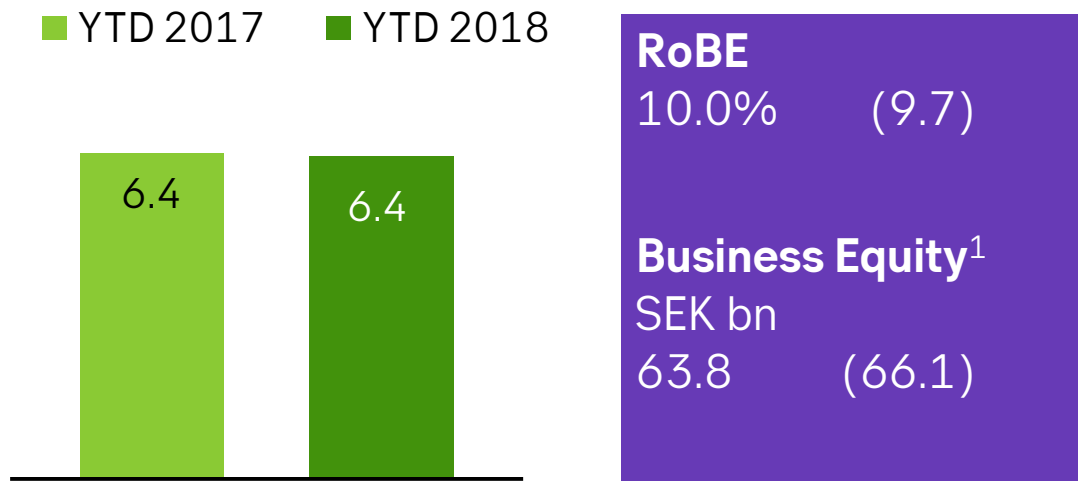
Note: data exclude items affecting comparability.



## Large Corporates & Financial Institutions

Operating profit & key figures

SEK bn

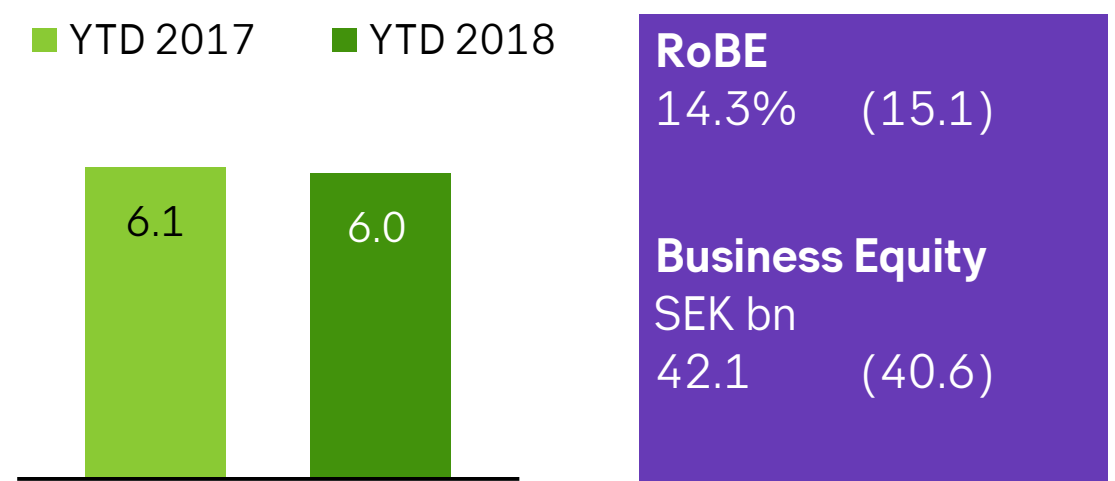


- Solid activity in the Large Corporate segment
- Strong performance in payments area
- Continued soft performance in Markets business

## Corporate & Private Customers

Operating profit & key figures

SEK bn



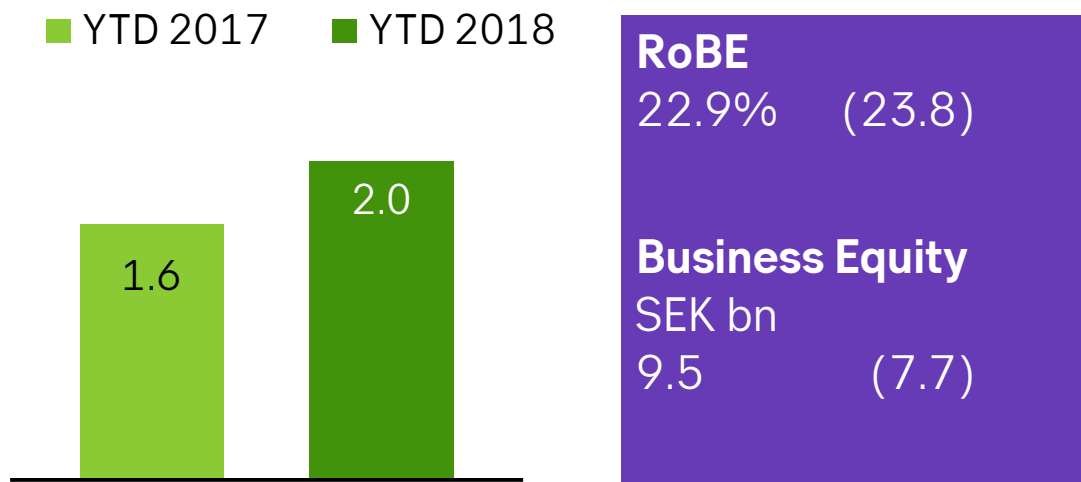
- Strong growth in corporate lending
- Modest growth in household mortgage lending
- 5,600 net new SME customers since year-end

<sup>1</sup> SAM portfolio & pension risk moved from LC&FI to Other in Q1 2018, BE 1.8bn & 1.4bn respectively.

## Baltic Banking

Operating profit & key figures

SEK bn

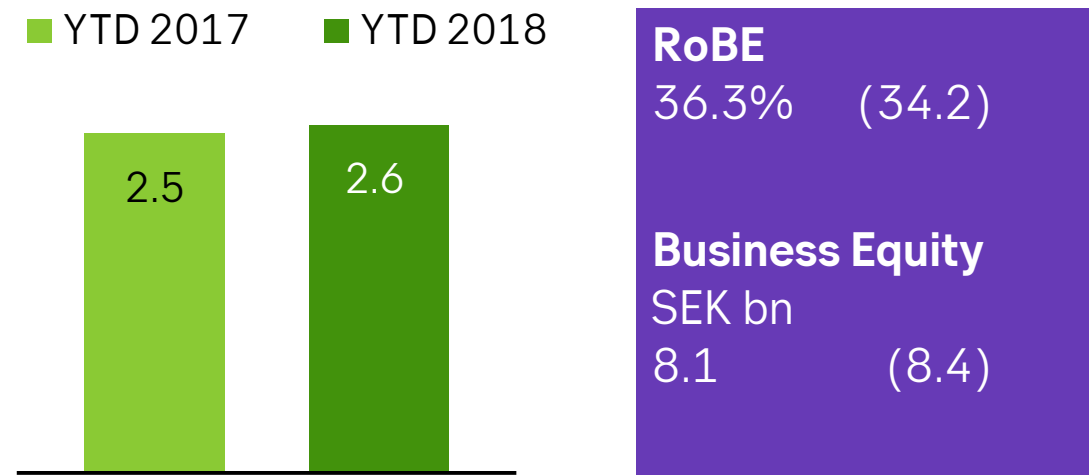


- Continued corporate and household lending growth in all countries
- Increased focus on Baltic venture capital investments

## Life & Investment Management

Operating profit & key figures

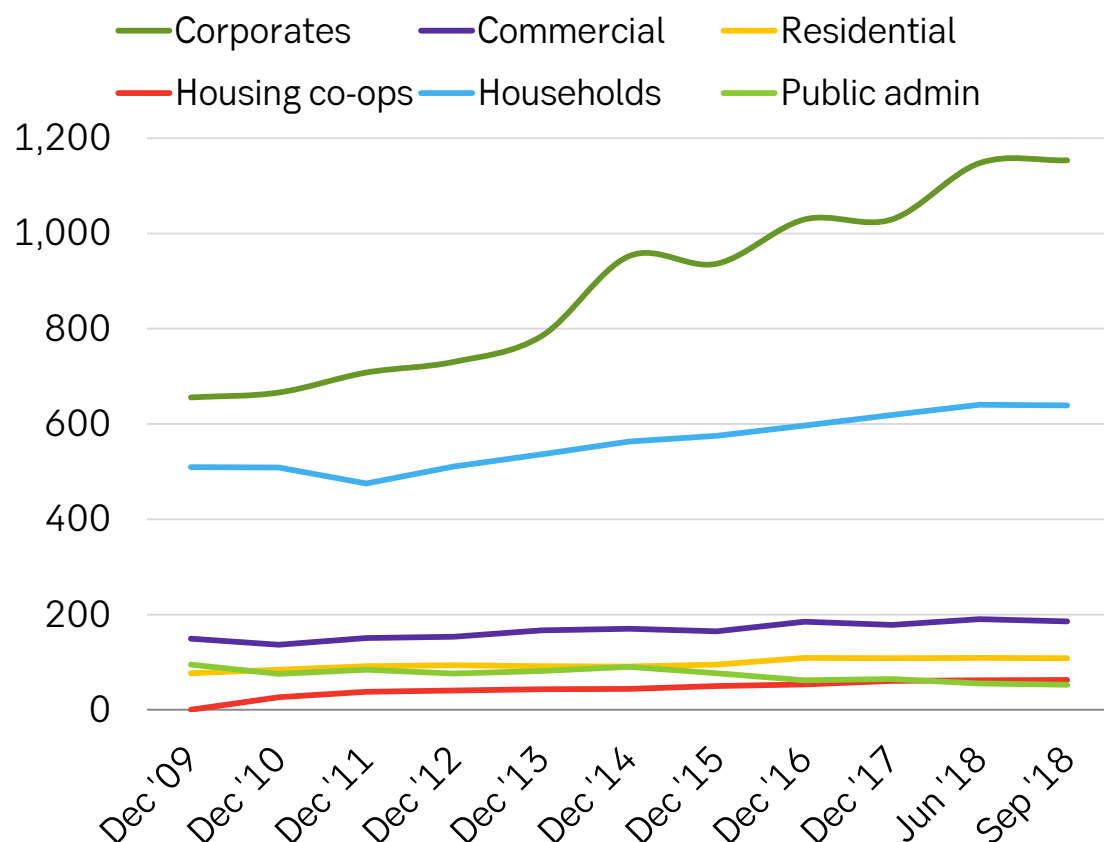
SEK bn



- Net new inflow in AuM of SEK 47bn
- Relatively strong interest from institutions and Private Banking customers
- Strong equity markets supportive

# Stable development of credit portfolio

## Credit portfolio by sector (SEK bn)



## Credit portfolio growth rates

Sector	QoQ	YoY	YTD
Corporates	1%	14%	12%
<i>FX-adjusted</i>	2%	8%	7%
Households	0%	2%	3%
<i>Swedish mortgages</i>	0%	1%	2%
Commercial real estate	-2%	4%	4%
Residential real estate	-1%	1%	0%
Housing co-ops	2%	4%	3%
Public administration	-4%	-4%	-18%

Note: data include on- & off-balance sheet exposures.



# Strong asset quality & balance sheet

SEK bn		2009	2017	YTD 2018
Asset quality	<b>Net expected credit loss level<sup>1</sup></b>	0.92%	0.05%	<b>0.05%</b>
Funding & liquidity	<b>Customer deposits (SEK)</b>	750bn	1,026bn	<b>1,203bn</b>
	<b>Liquidity coverage ratio<sup>1</sup></b>	N/A	145%	<b>129%</b>
Capital	<b>CET 1 ratio (Basel 3)</b>	11.7%	19.4%	<b>19.7%</b>
	<b>CET1 buffer above requirement</b>	N/A	220bps	<b>310bps</b>
	<b>Total capital ratio (Basel 3)</b>	14.7% <sup>2</sup>	24.2%	<b>25.0%</b>
	<b>Leverage ratio (Basel 3)</b>	N/A <sup>2</sup>	5.2%	<b>4.8%</b>

<sup>1</sup> According to valid regulations for respective period; <sup>2</sup> Basel 2.5.



# Recent events

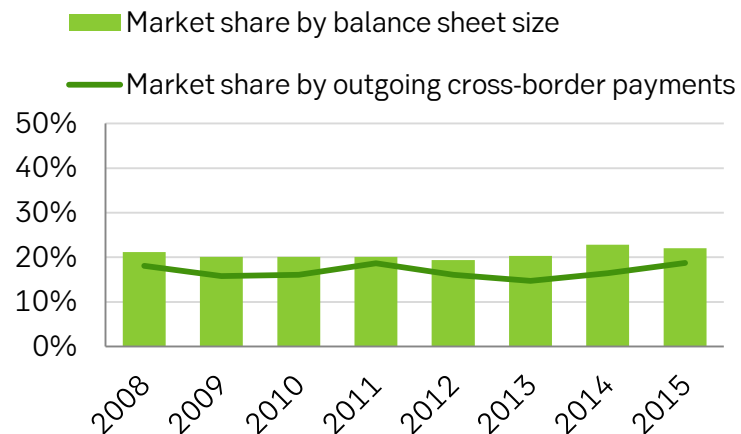




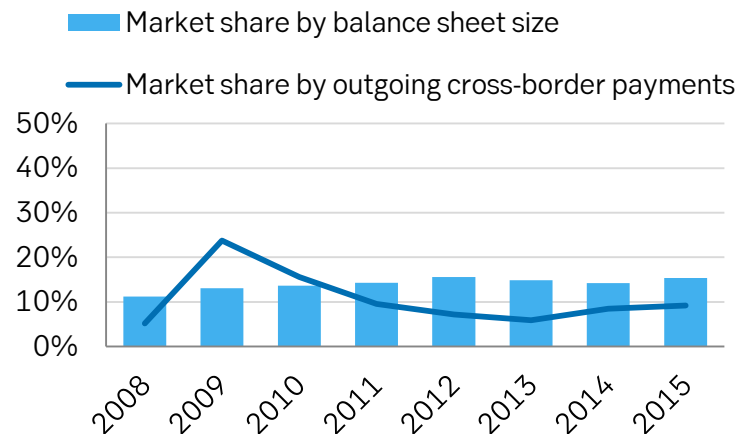
# Outgoing cross-border payments in Estonia

Official data published by Estonian central bank

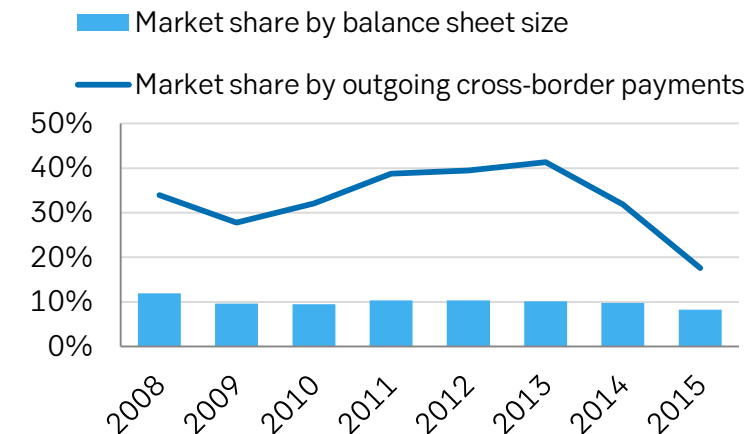
## SEB



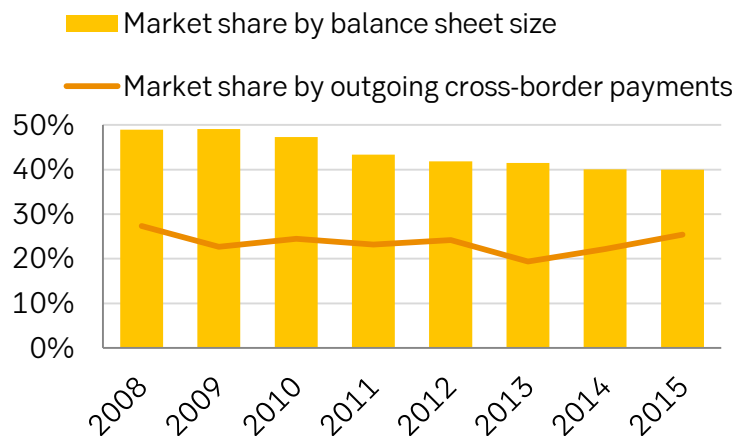
## Nordea



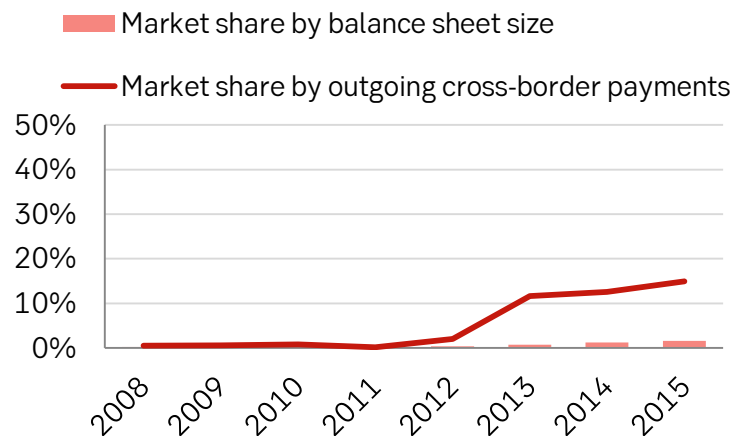
## Danske



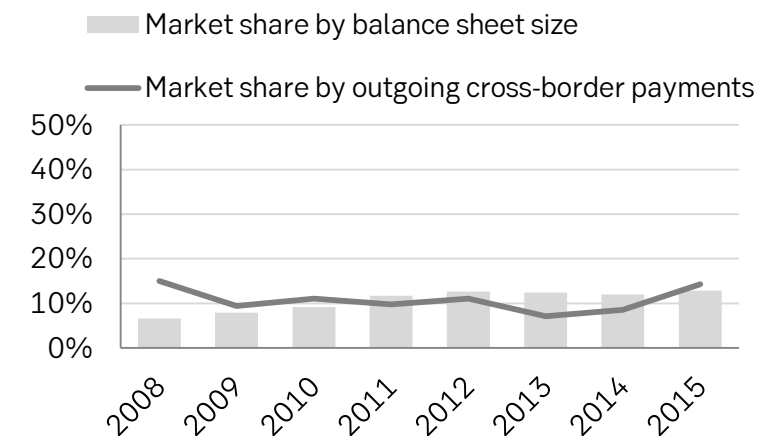
## Swedbank



## Versobank



## Other





# Fundamental & systematic approach to anti-money laundering

Business model based on long-term relationships with **home market customers**

Same routines, systems & requirements applied **across geographies**

Strives to continuously improve **ability to detect & prevent** money laundering

Culture **complements processes** of preventing fraudulent behavior

**Cross geography approach** key to manage global customer behavior

Continuous internal & external **reviews**

**Annual mandatory trainings** for all employees

Dedicated centralized **AML & KYC Office** with global responsibility

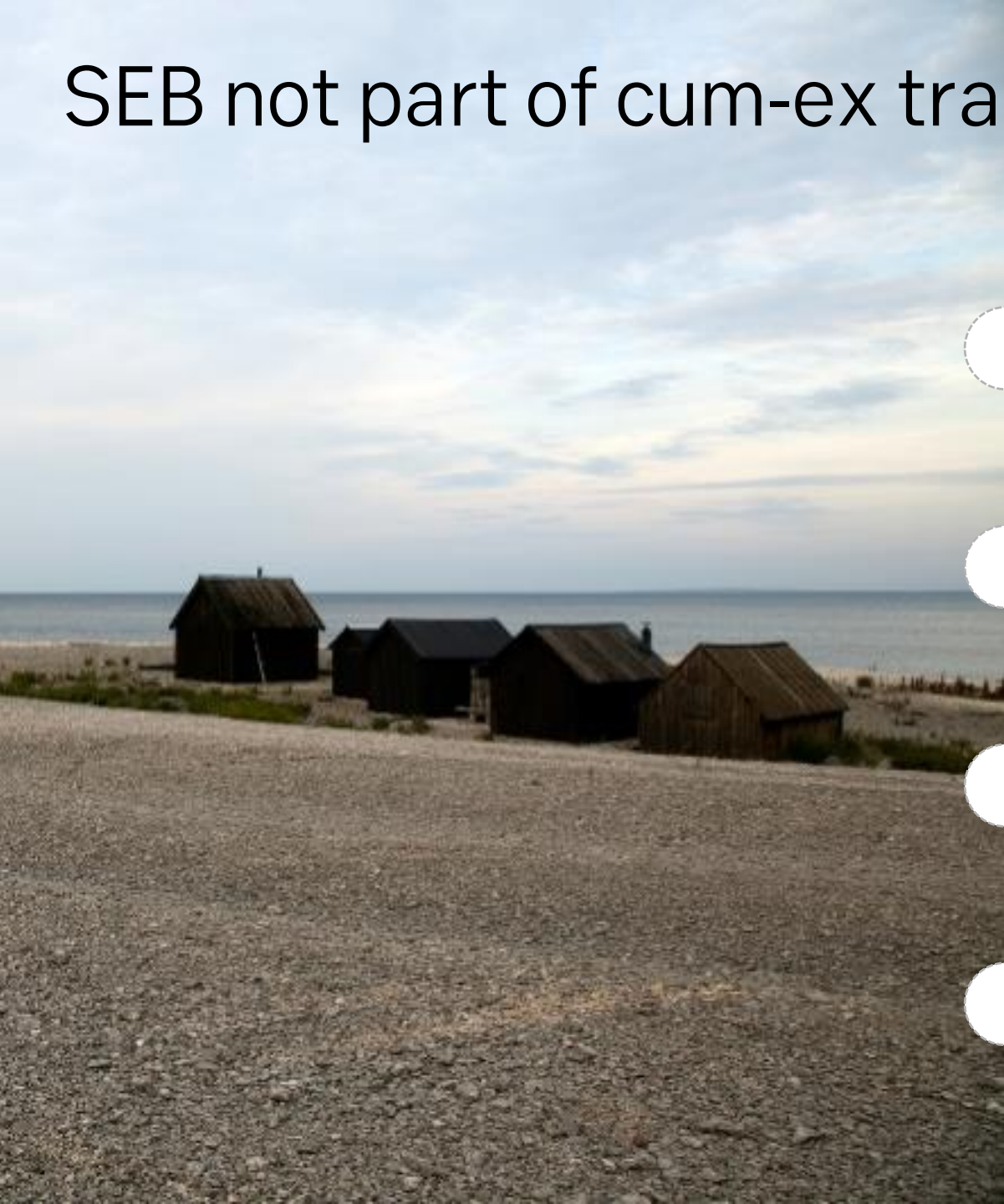
Leveraging **new technologies**, e.g. data science tools

# SEB's securities lending business



- SEB provides securities loans to customers, mainly financial institutions; it is an established and necessary part of the financial market
- Customers use securities loans for a variety of reasons, e.g. to increase returns, assume short positions or for financing
- Securities lending conducted in line with applicable legislation, regulations, market practices and in full transparency
- Securities lending conducted in line with internal policies; for all transactions where we as a bank may receive a dividend, there must be a genuine business purpose for the transaction unrelated to tax

# SEB not part of cum-ex transactions



- SEB has not offered or financed transactions in Germany for the purpose of reclaiming unpaid taxes
- Continuous internal in-depth reviews of securities lending business in Germany; no indications of SEB assisting in reclaiming unpaid taxes
- Former executive of SEB in Germany currently being investigated; no criminal suspicions directed against SEB
- SEB fully collaborates with German authorities; if SEB policies have been breached, consequences will follow



# Highlights YTD 2018

- **Solid result** despite seasonal slowdown
- Healthy **corporate activity** continued in Q3
- Strong **capital** position, robust **asset quality** & good **cost control**



The journey towards...

...**world-class service**  
to our customers  
continues

