

# Investor Presentation

January – September 2017





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# Agenda

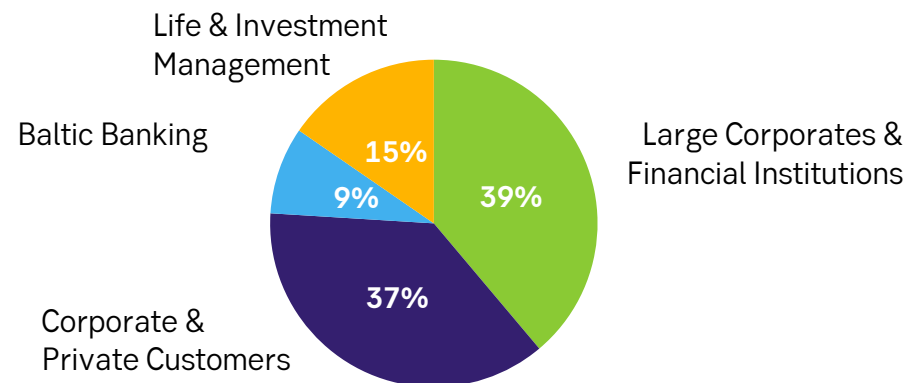


- **SEB in brief** **p.3**
- Financials p.15
- Balance sheet, Credit portfolio & Asset quality p.34
- Capital p.45
- Funding and Liquidity p.52
- Covered bonds and Cover pool p.58
- Business plan p.62
- Contacts, calendar and ADR p.68
- Appendix p.71
  - Swedish housing market
  - Macroeconomics

# Growth & strong credit rating in diversified business

## Diversified Business mix

Operating profit Jan-Sep 2017



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

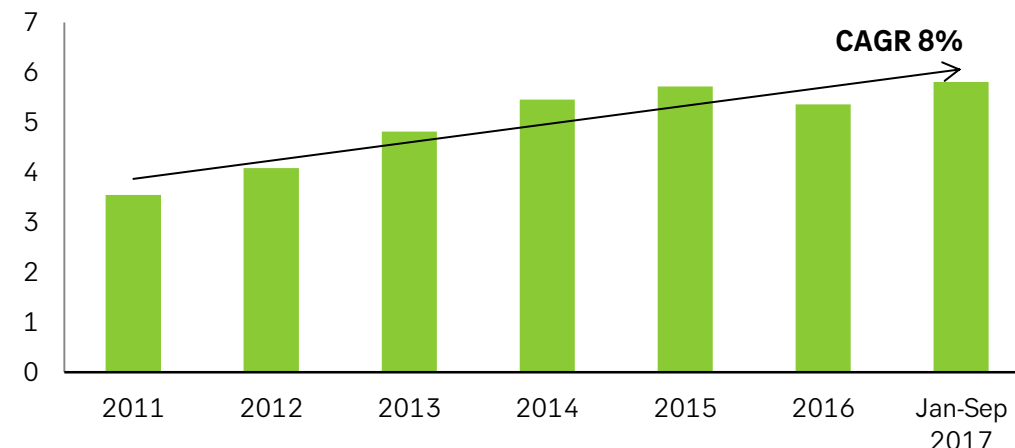


- Universal banking in Sweden and the Baltics
- Principally corporate banking in the other Nordic countries and Germany

1) Excluding items affecting comparability

## Stable growth trend

Average quarterly profit before credit losses<sup>1)</sup> (SEK bn)



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

## Strong credit rating

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

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

# Our way of doing business

## Focus since 1856

Full-service customers  
Holistic coverage  
Investments in core services

## Vision 2025

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

Large  
corporations

**2,300**  
customers

Financial  
institutions

**700**  
customers

SME  
companies

**267k**  
Full-service  
customers

Private  
individuals

**1.4m**  
Full-service  
customers

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

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

Market leader in green bonds

Active ownership/Board diversity

Microfinance funds reaching ~20 m customers

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

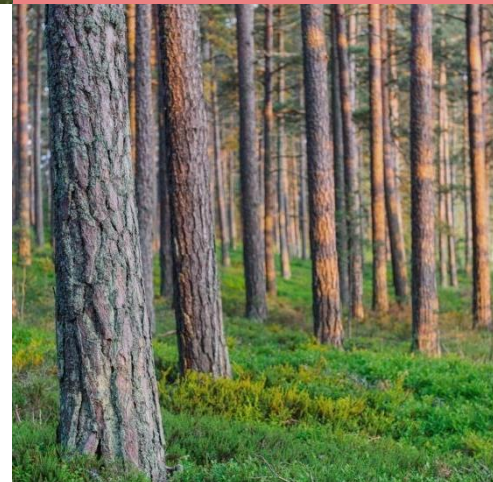
Advised in the  
world's largest  
social bond issue

Walking the talk

  
Best financial  
company by  
SSE/Misum

SEB

SEB Sustainability  
fund Sweden





# SEB's competitive advantages generate sustainable value creation

## Advantages

### Profit generation

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

## Advantages

### Balance Sheet

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

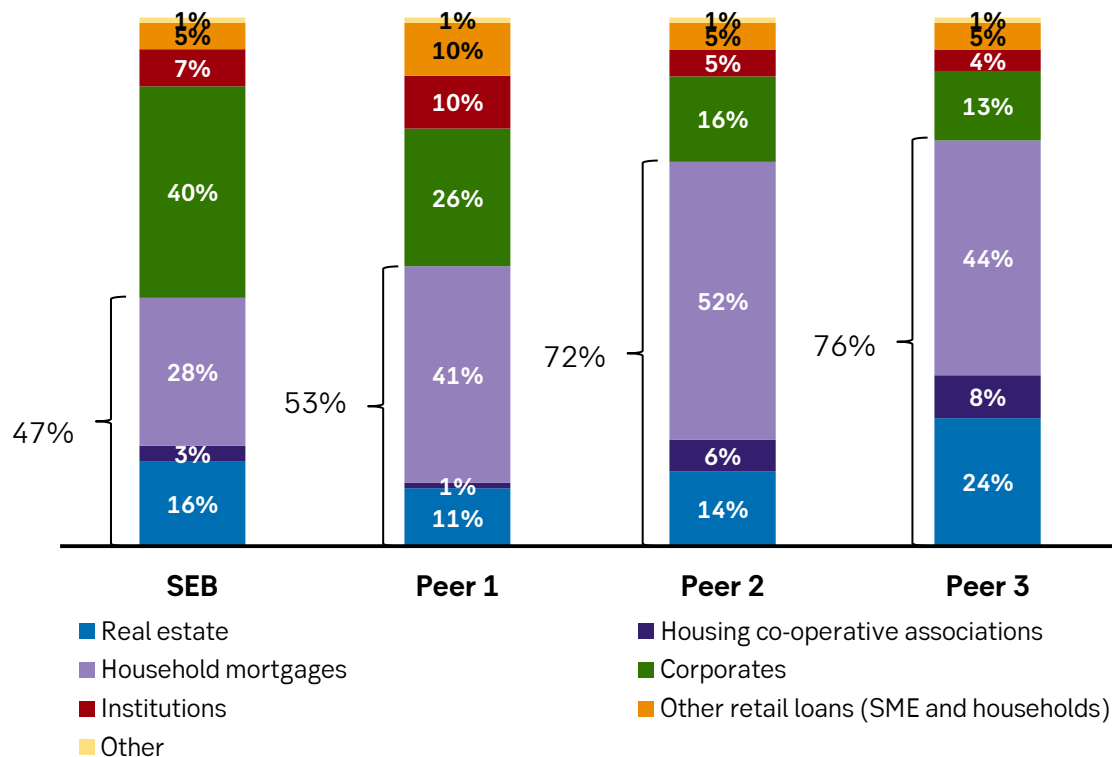
A wide, grey, downward-pointing arrow that spans the width of the two columns of advantages, pointing towards the 'Sustainable value creation' text.

**Sustainable value creation**

# SEB's diversified business mix sustains earnings

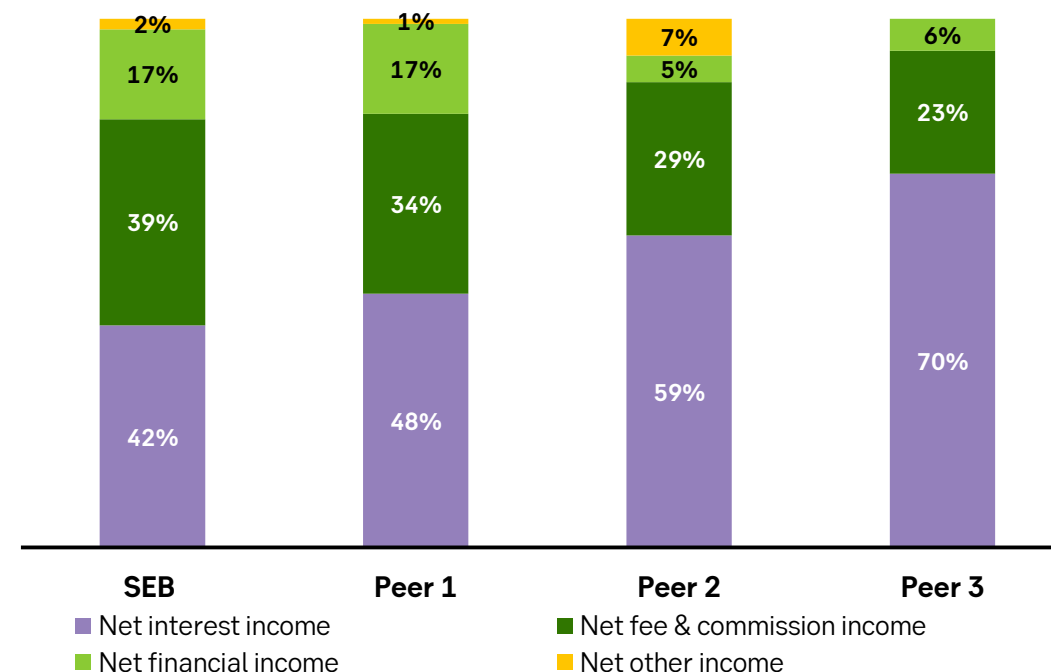
## Lowest Real Estate & Mortgage exposure

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



## Least dependent on NII

Operating income by revenue stream, Jun 2017 rolling 12m



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

1) EAD = Risk Exposure Amount / Risk Weight

Source: Companies' Pillar 3 and Q2 17 reports



# Leading market positions in core business areas

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

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

**Second largest** Nordic asset manager with SEK 1,850 bn under management

**Largest** Nordic custodian with SEK 7,801 bn under custody

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

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

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

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

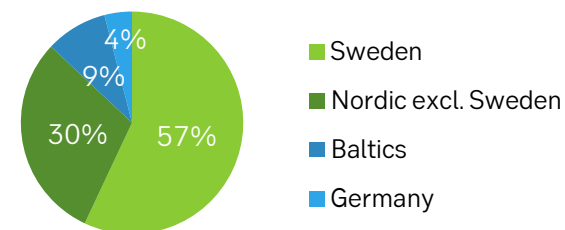
**Swedish** household mortgage lending: approx. 15%

**Second largest** bank in the Baltic countries

Operates principally in economically robust AAA rated European countries



Share of operating profit - full year 2016 <sup>2)</sup>



1) latest available information

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

# Operating expenses kept down by cost cap

Self-financing growth through efficiency savings

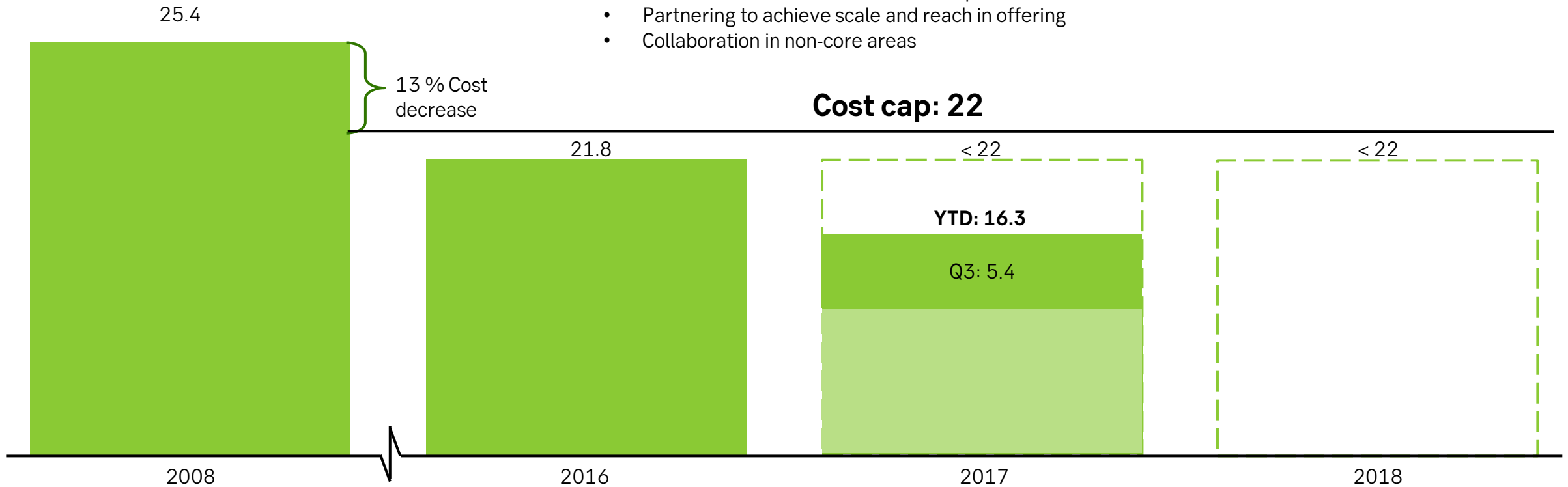
SEK bn

## Decreasing cost

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

## Increasing cost

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

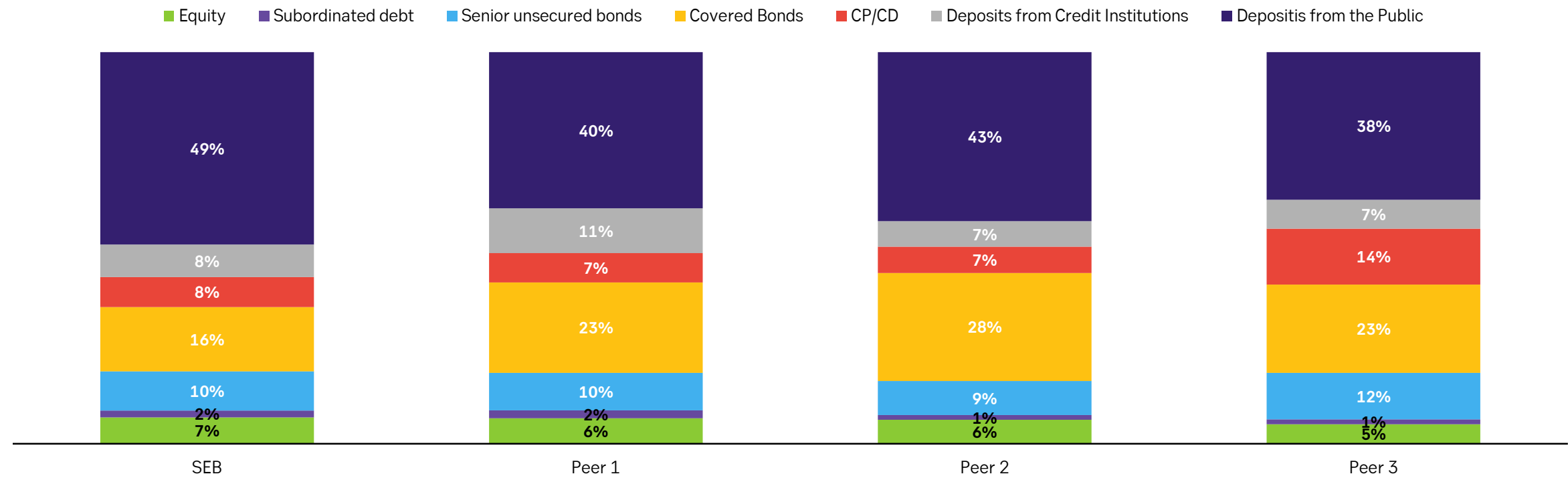


# SEB has a strong funding structure and the lowest asset encumbrance



Benchmarking Swedish bank's total funding sources incl. equity

## Average quarterly balances in 2016



Source: Companies ' FY 2016 reports

Advantages

1. Diversified business mix and income distribution

2. Corporate clients with geographically well distributed income streams

3. Leading in core business areas

4. Cost cap keeping expenses down for eight years

Advantages

1. Strong funding structure

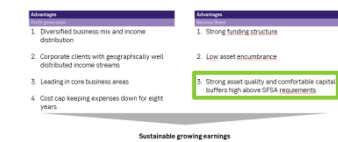
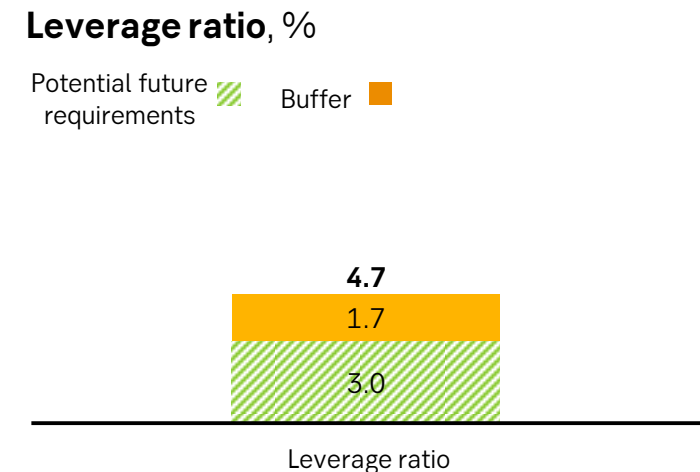
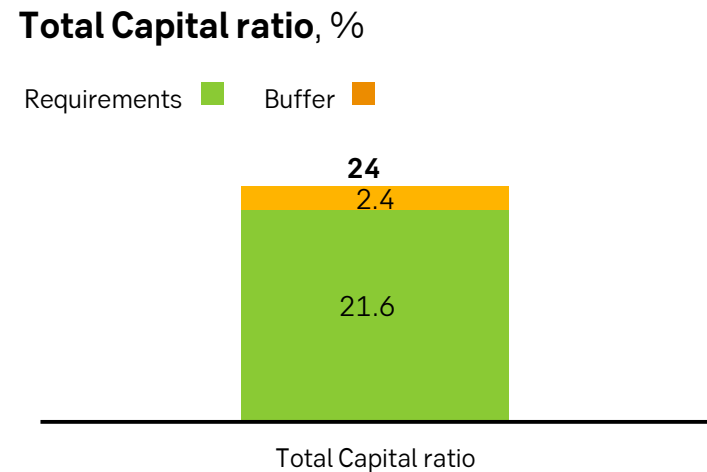
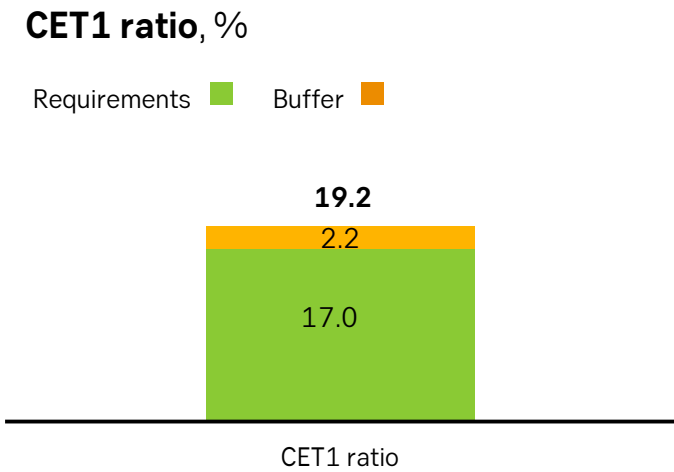
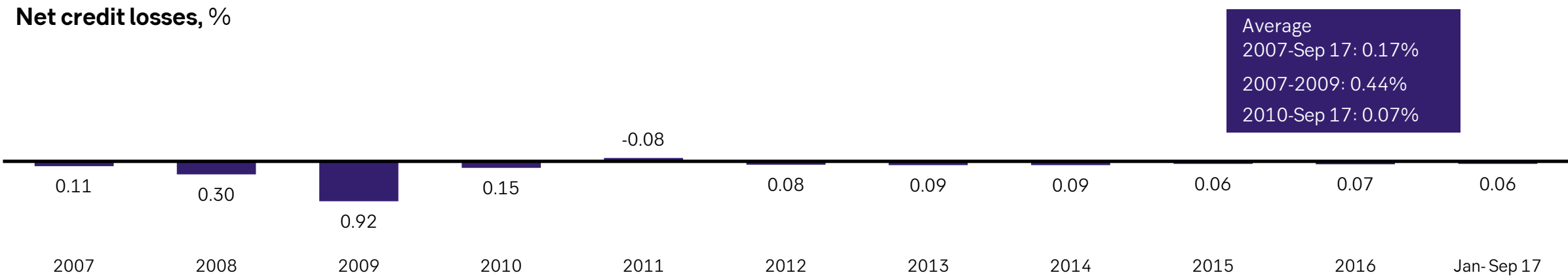
2. Low asset encumbrance

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

Sustainable growing earnings

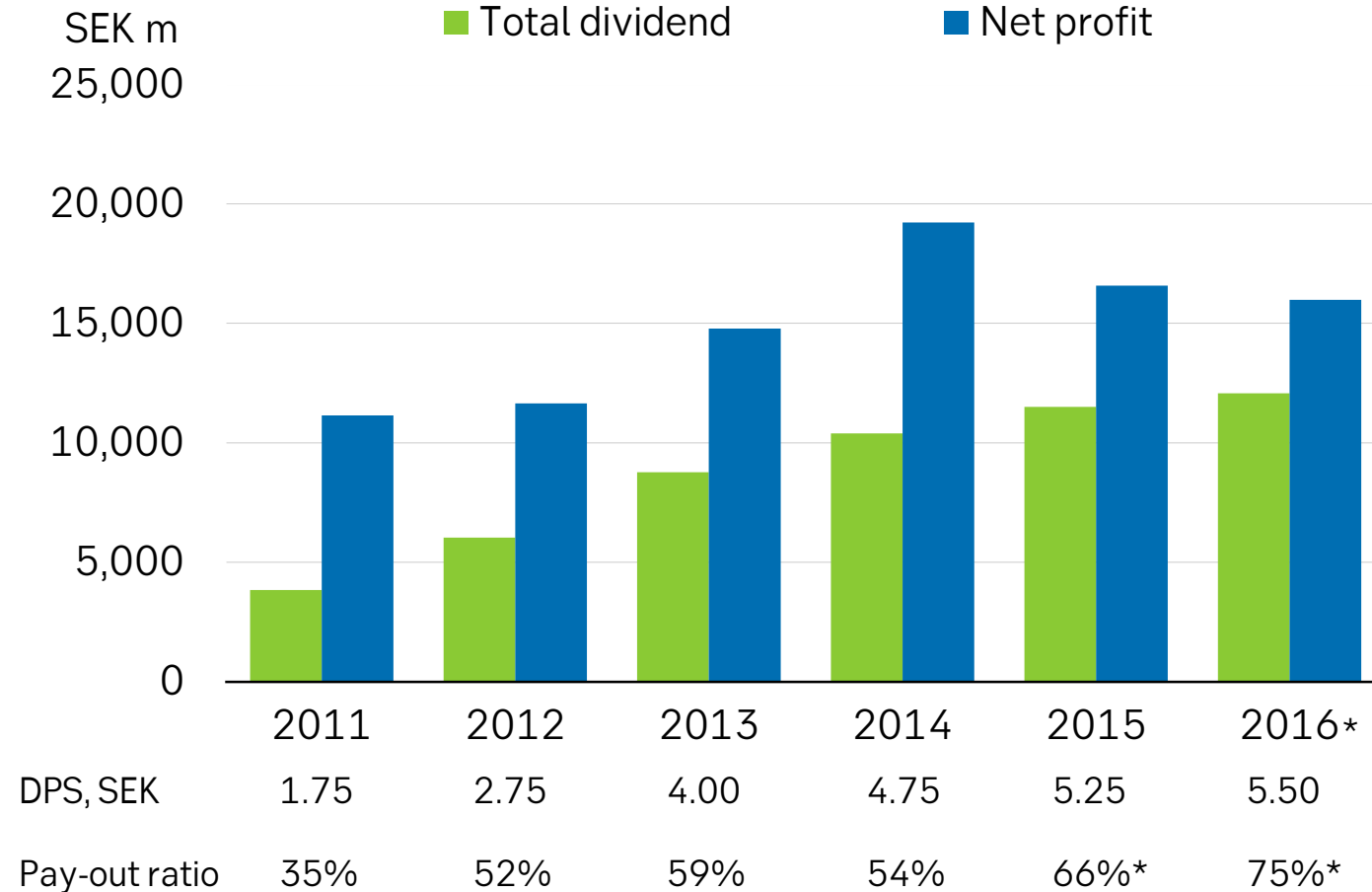


# Strong asset quality and robust capital ratios with comfortable buffers



# Generating sustainable value creation

## Dividends paid



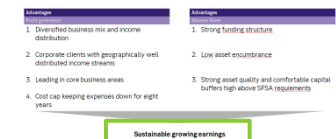
**Dividend policy: 40% or above of net profit (Earnings per share)**

\* Excluding items affecting comparability

## SEB's main shareholders

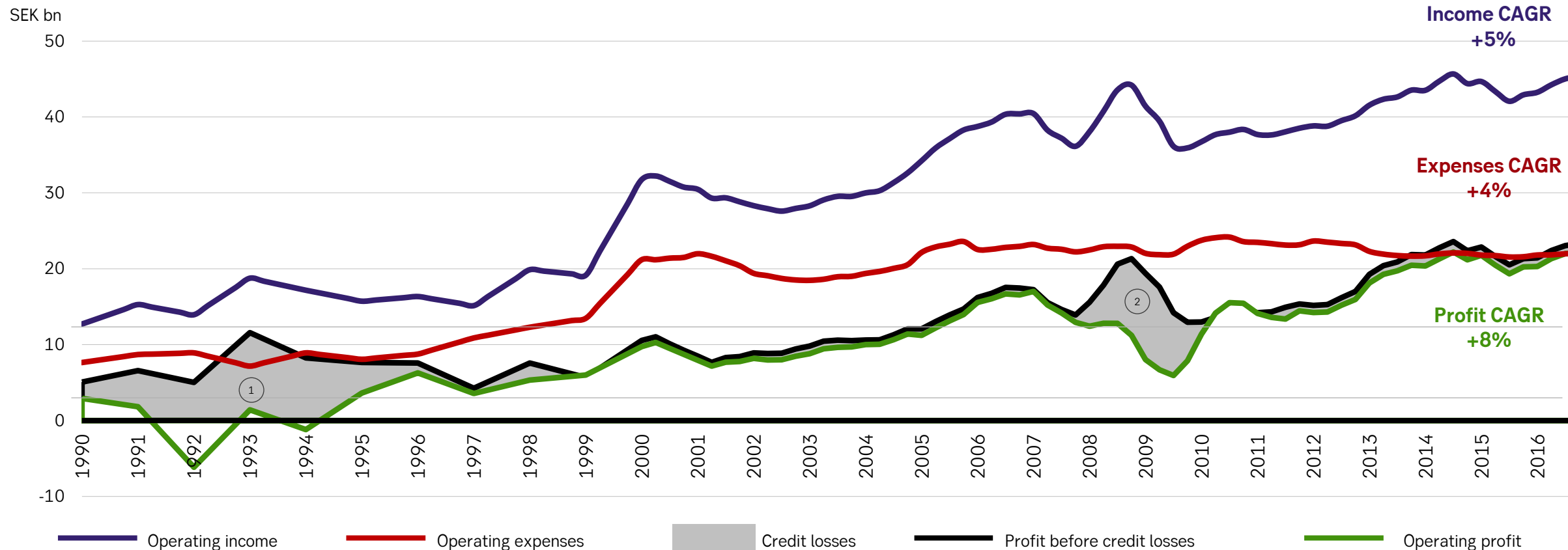
30 Sep 2017	Share of capital, per cent
Investor AB	20.8
Alecta	6.9
Trygg Foundation	5.2
Swedbank/Robur Funds	5.0
AMF Insurance & Funds	3.1
Blackrock	2.0
SEB Funds	1.8
Nordea Funds	1.3
Own share holding	1.2
Fjärde AP-fonden	1.1
Totalshare of foreign owners	25.3

Source: Euroclear Sweden/Modular Finance



# Sustainable value creation through focused business strategy and cost control

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



1. Consequences of the Swedish economic paradigm shift and the ensuing financial crisis. SEB is one of two of major banks that was not taken over or directly guaranteed by the state
2. Credit losses driven by the Baltics during the Financial Crisis – important to note the strong revenue generation and overall profitability during this period notwithstanding the Financial Crisis
3. Adjusted for items affecting comparability in 2014-2016

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

Sustainable growing earnings



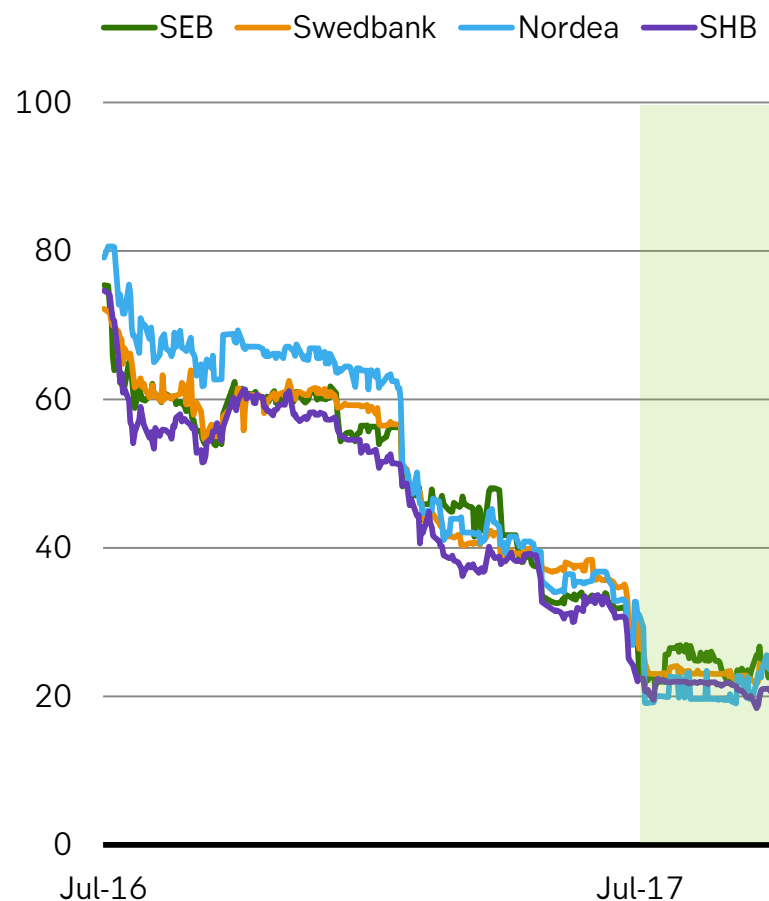
# Agenda



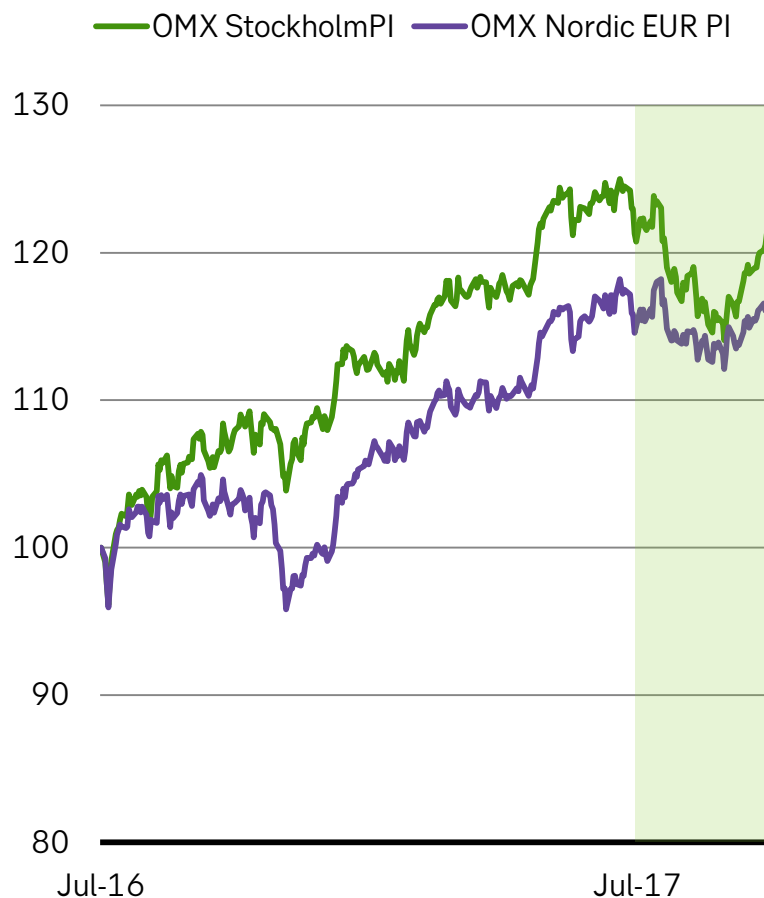
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# Strong equity markets and improved market sentiment combined with low volatility and tightening of credit spreads

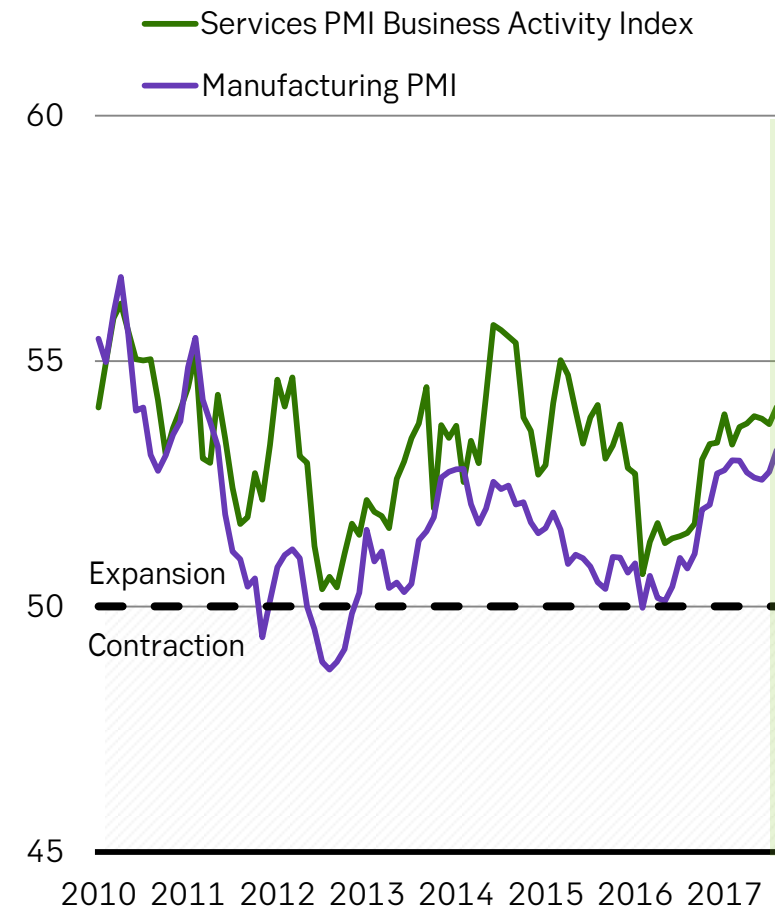
## 5Y CDS Spreads – Swedish Financial Entities



## Equity market – Swedish and Nordic



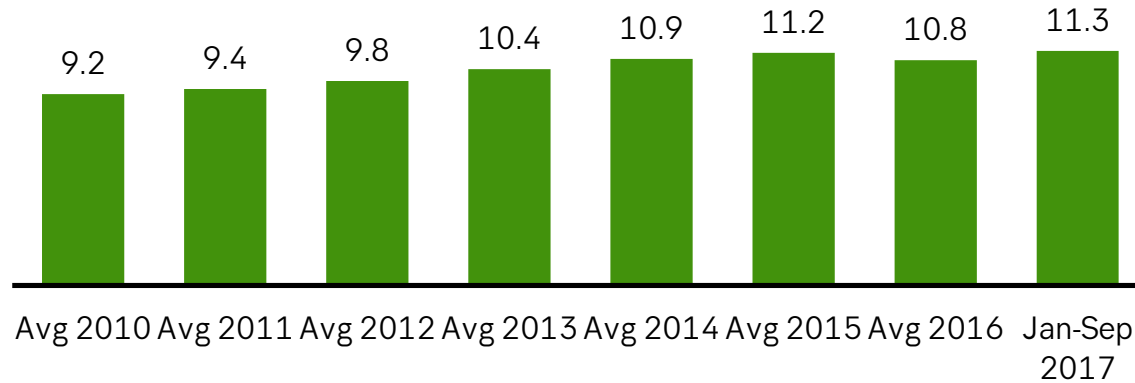
## Global PMI



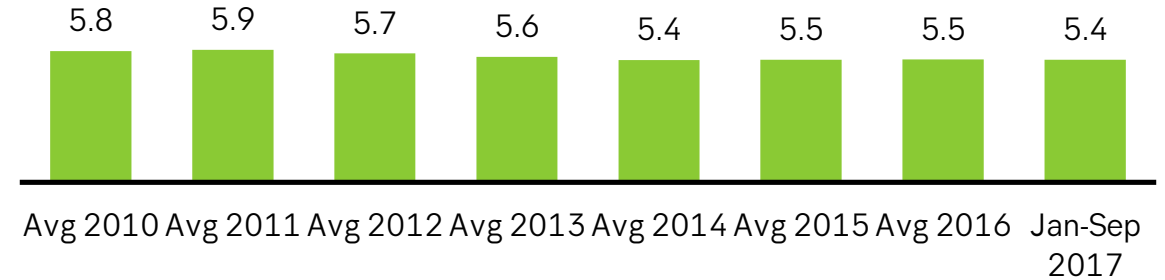
# Operating leverage

Excluding items affecting comparability

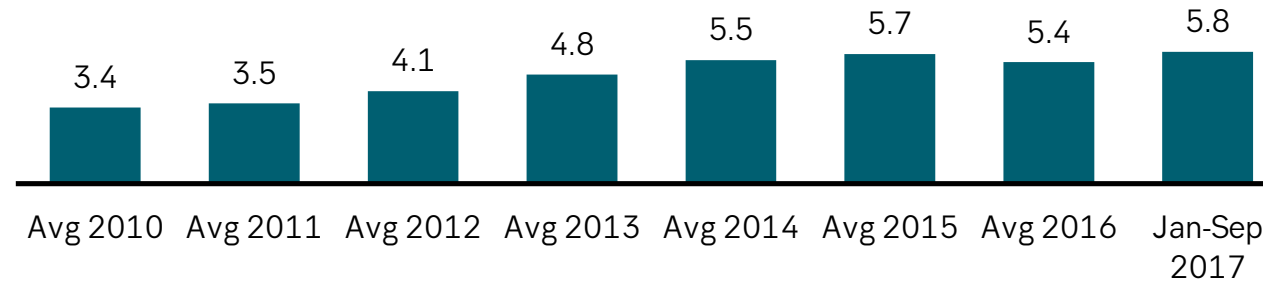
**Average quarterly income (SEK bn)**



**Average quarterly expenses (SEK bn)**



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



*Excluding items affecting comparability (restructuring in 2010, bond buy-back and IT impairment in 2012, sale of MasterCard shares and Euroline in 2014, Swiss withholding tax in 2015, Goodwill impairment, other one-off cost items and SEB Baltic VISA transaction in 2016) Estimated IAS 19 costs in 2010*



# Strong financial development

## SEB's Key Figures 2011 – September 30, 2017

	Jan-Sep 30,						
	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>	<u>2013</u>	<u>2012</u>	<u>2011 <sup>1)</sup></u>
<b>Return on Equity, % <sup>5)</sup></b>	<b>12.4</b>	<b>11.3</b>	12.9	13.1	13.1	11.5	12.3
<b>Cost /Income ratio, % <sup>5)</sup></b>	<b>48</b>	<b>50</b>	49	50	54	61	62
<b>Common Equity Tier 1 capital ratio, % <sup>2)</sup></b>	<b>19.2</b>	<b>18.8</b>	18.8	16.3	15.0	NA	NA
<b>Total capital ratio, % <sup>2)</sup></b>	<b>24.0</b>	<b>24.8</b>	23.8	22.2	18.1	NA	NA
<b>Leverage Ratio, % <sup>2)</sup></b>	<b>4.7</b>	<b>5.1</b>	4.9	4.8	4.2	NA	NA
<b>Net credit loss level, % <sup>3)</sup></b>	<b>0.06</b>	<b>0.07</b>	0.06	0.09	0.09	0.08	-0.08
<b>NPL coverage ratio, % <sup>4)</sup></b>	<b>68</b>	<b>63</b>	62	59	72	66	64
<b>NPL / Lending, % <sup>4)</sup></b>	<b>0.5</b>	<b>0.5</b>	0.6	0.8	0.7	1.0	1.4
<b>Assets under Management, SEKbn</b>	<b>1,850</b>	<b>1,781</b>	1,700	1,708	1,475	1,328	1,261
<b>Assets under Custody, SEKbn</b>	<b>7,801</b>	<b>6,859</b>	7,196	6,763	5,958	5,191	4,490

### Notes:

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

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

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

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

5) **Items affecting comparability incl. technical impairment (write-down) of goodwill**

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

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

c. 2016: Excluding the effects of the technical impairment of goodwill to the amount of SEK 5,334m and SEK 615m of one-off costs and derecognition of intangible IT assets no longer in use and the positive tax effect SEK 101m. Excluding a capital gain of SEK 520m from the sale of VISA Europe shares by the Baltic subsidiaries and the generated tax expense SEK 24m

### To show the underlying operating momentum in this presentation:

a. and b. The FY 2014 and FY 2015 results' presentations, profitability, capital generation and efficiency ratios exclude the effects of the above-mentioned one-off gains and costs

c. The FY 2016 results, profitability and efficiency ratios exclude the effects of the above mentioned one-off items

# Solid performance in the first nine months

Profit & Loss, (SEK m)	Underlying			Reported		
	Jan-Sep '17	Jan-Sep '16*	%	Jan-Sep '17	Jan-Sep '16	%
<b>Total Operating income</b>	<b>33,750</b>	<b>31,633</b>	<b>7</b>	<b>33,750</b>	<b>32,153</b>	5
Total Operating expenses	-16,331	-16,103	1	-16,331	-22,052	-26
<b>Profit before credit losses</b>	<b>17,419</b>	<b>15,530</b>	12	<b>17,419</b>	<b>10,101</b>	72
Net credit losses etc.	-828	-792	5	-828	-792	5
<b>Operating profit</b>	<b>16,590</b>	<b>14,738</b>	<b>13</b>	<b>16,590</b>	<b>9,309</b>	78

Credit loss level

6bps

Cost/income ratio

0.48

Common Equity Tier 1

19.2 %

Return on Equity\*

12.4%

\* Note: Excluding items affecting comparability: SEB Baltic Visa transaction of SEK +0.5bn and goodwill impairments and restructuring activities of SEK -5.9bn in 2016

# Muted volatility and activity in the third quarter

Profit & Loss, (SEK m)	Q3 2017	Q2 2017	%	Q3 2016	%
<b>Total Operating income</b>	<b>11,141</b>	<b>11,405</b>	-2	<b>10,795</b>	3
Total Operating expenses	-5,423	-5,473	-1	-5,355	1
<b>Profit before credit losses</b>	<b>5,719</b>	<b>5,933</b>	-4	<b>5,440</b>	5
Net credit losses etc.	-338	-252	34	-211	60
<b>Operating profit</b>	<b>5,380</b>	<b>5,681</b>	-5	<b>5,229</b>	3

Credit loss level

7bps

Cost/income ratio

0.49

Common Equity Tier 1

19.2 %

Return on Equity

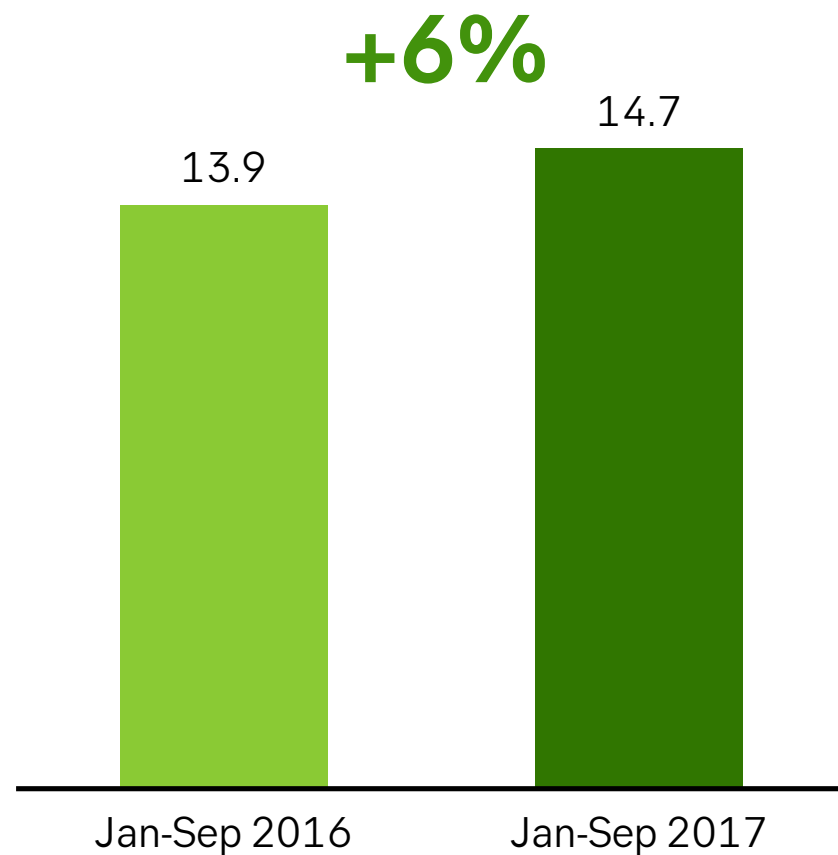
12.1%

# Robust net interest income development

SEK bn

## Net interest income

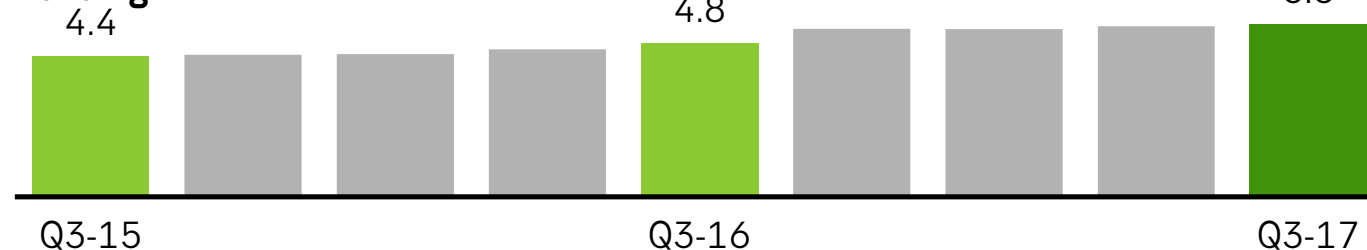
Jan-Sep 2017 vs. Jan-Sep 2016



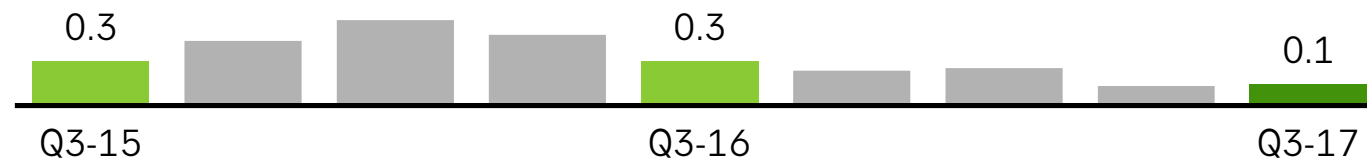
## Net interest income type

Q3 2015 – Q3 2017

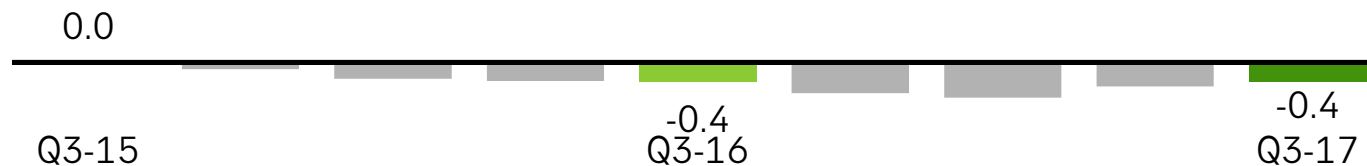
### Lending



### Deposits



### Funding & other

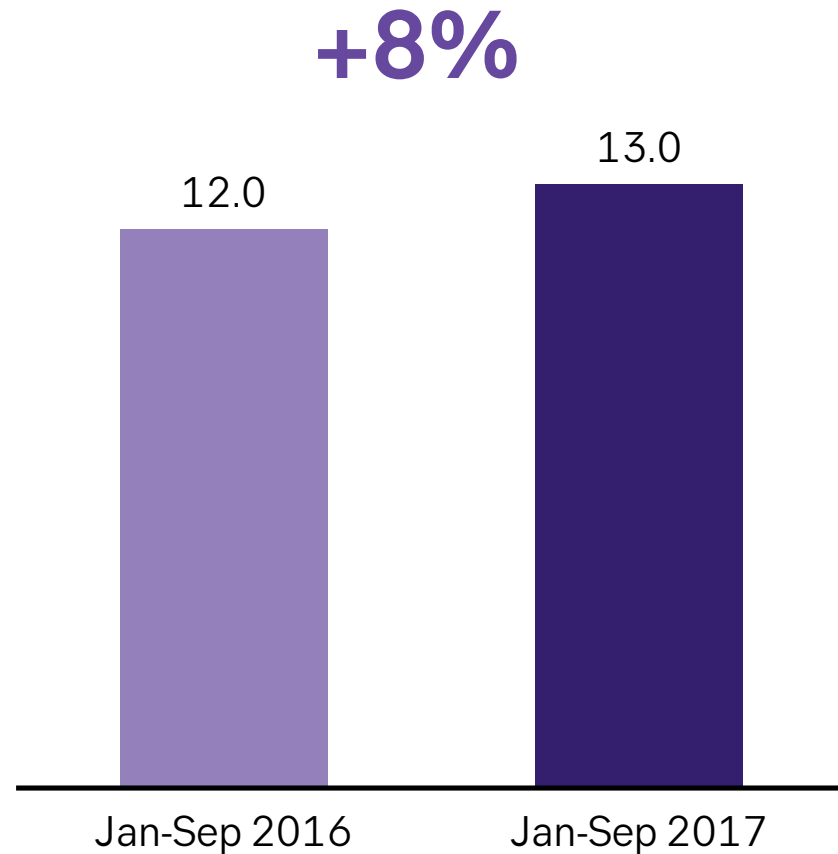


# Quarterly slowdown in net fee and commissions

SEK bn

## Net fee and commissions

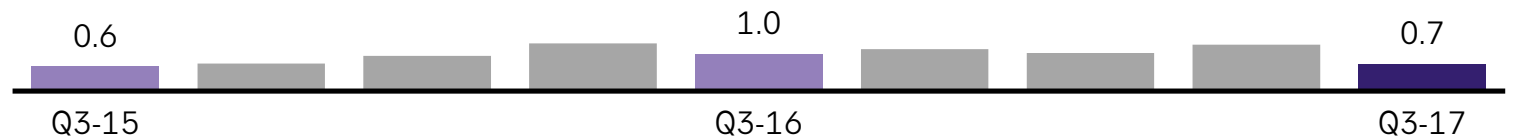
Jan-Sep 2017 vs. Jan-Sep 2016



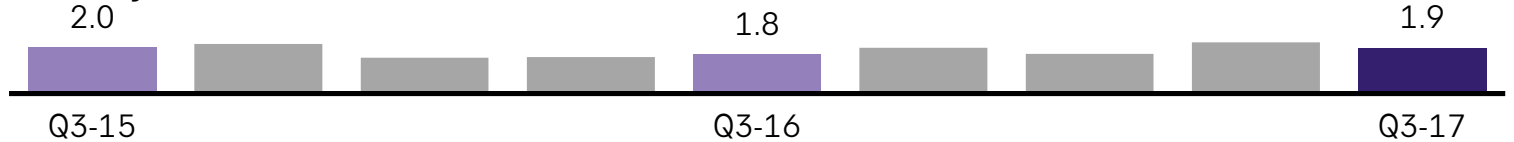
## Gross fee and commissions by income type

Q3 2015 – Q3 2017

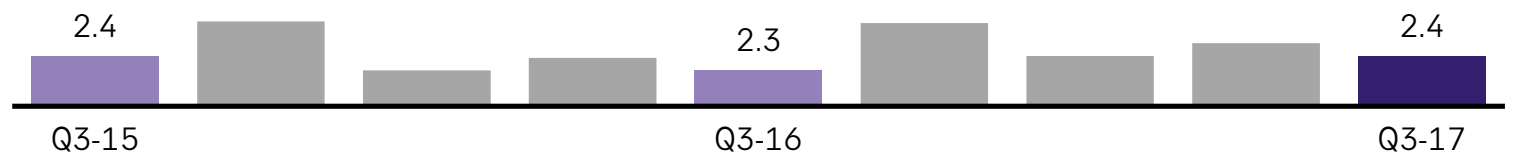
### Advisory, secondary markets and derivatives



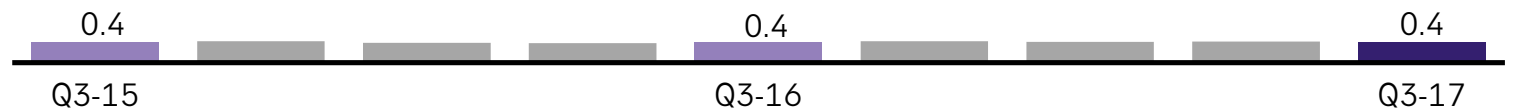
### Custody and mutual funds



### Payments, cards, lending, deposits & guarantees



### Life insurance fees





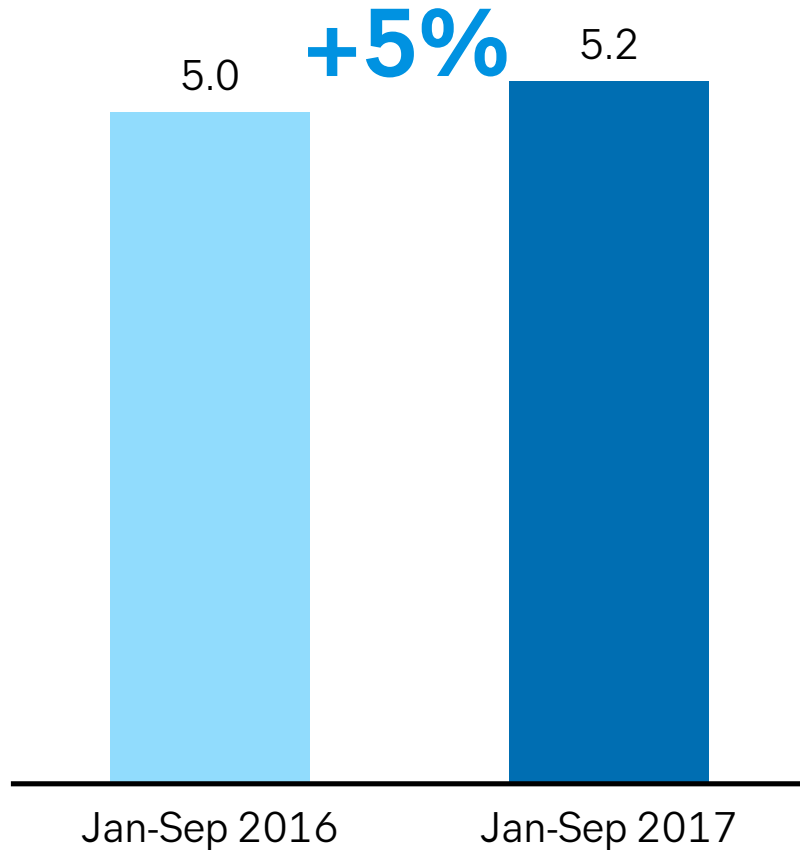
# Net fee and commission income development

SEK m	Q3 2015	Q4 2015	Q1 2016	Q2 2016	Q3 2016	Q4 2016	Q1 2017	Q2 2017	Q3 2017
Issue of securities and advisory	188	258	150	211	208	231	282	430	137
Secondary market and derivatives	437	450	754	1,012	745	842	692	765	547
Custody and mutual funds	1,959	2,030	1,744	1,759	1,811	1,950	1,825	2,063	1,942
<i>Whereof performance and transaction fees</i>	<i>18</i>	<i>183</i>	<i>22</i>	<i>20</i>	<i>21</i>	<i>212</i>	<i>38</i>	<i>55</i>	<i>39</i>
Payments, cards, lending, deposits, guarantees and other	2,350	2,598	2,252	2,341	2,251	2,586	2,353	2,444	2,350
<i>Whereof payments and card fees</i>	<i>1,396</i>	<i>1,386</i>	<i>1,247</i>	<i>1,290</i>	<i>1,310</i>	<i>1,356</i>	<i>1,288</i>	<i>1,377</i>	<i>1,366</i>
<i>Whereof lending</i>	<i>500</i>	<i>648</i>	<i>575</i>	<i>666</i>	<i>563</i>	<i>723</i>	<i>553</i>	<i>581</i>	<i>519</i>
Life insurance	416	438	402	395	418	438	422	432	424
<b>Fee and commission income</b>	<b>5,350</b>	<b>5,774</b>	<b>5,302</b>	<b>5,718</b>	<b>5,433</b>	<b>6,047</b>	<b>5,574</b>	<b>6,135</b>	<b>5,400</b>
<b>Fee and commission expense</b>	<b>-1,264</b>	<b>-1,379</b>	<b>-1,405</b>	<b>-1,644</b>	<b>-1,385</b>	<b>-1,438</b>	<b>-1,306</b>	<b>-1,444</b>	<b>-1,373</b>
<b>Net fee and commission income</b>	<b>4,086</b>	<b>4,395</b>	<b>3,897</b>	<b>4,074</b>	<b>4,048</b>	<b>4,609</b>	<b>4,268</b>	<b>4,691</b>	<b>4,026</b>
<i>Whereof Net securities commissions</i>	<i>2,052</i>	<i>2,077</i>	<i>1,989</i>	<i>2,009</i>	<i>2,072</i>	<i>2,308</i>	<i>2,094</i>	<i>2,454</i>	<i>1,986</i>
<i>Whereof Net payments and card fees</i>	<i>861</i>	<i>850</i>	<i>756</i>	<i>839</i>	<i>821</i>	<i>847</i>	<i>821</i>	<i>885</i>	<i>840</i>
<i>Whereof Net life insurance</i>	<i>258</i>	<i>281</i>	<i>245</i>	<i>250</i>	<i>268</i>	<i>276</i>	<i>267</i>	<i>282</i>	<i>264</i>

# Still low volatility and muted activity in the quarter

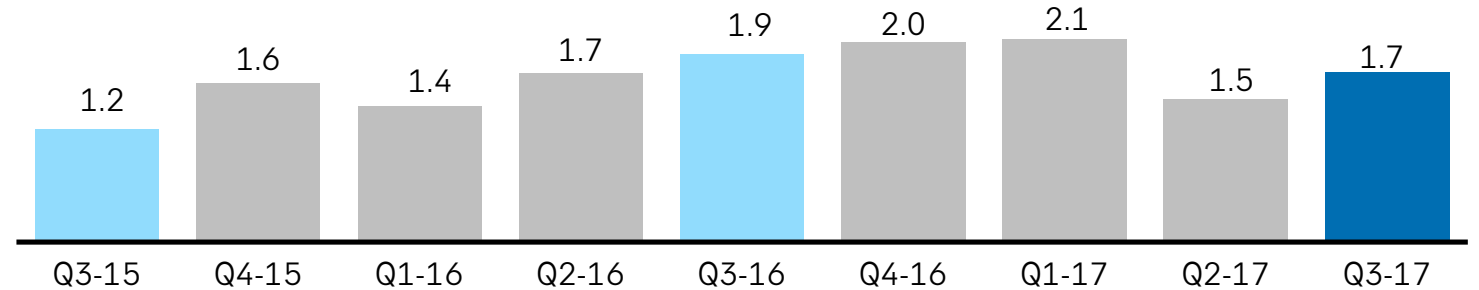
## Net financial income

Jan-Sep 2017 vs. Jan-Sep 2016

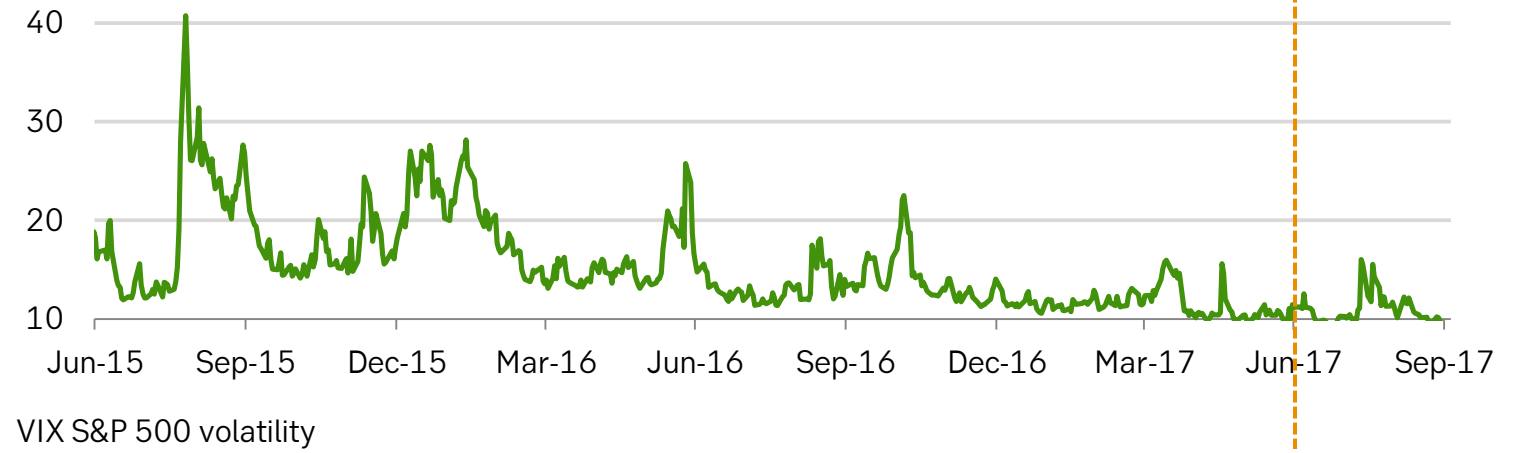


## Net financial income development

Q3 2015 – Q3 2017



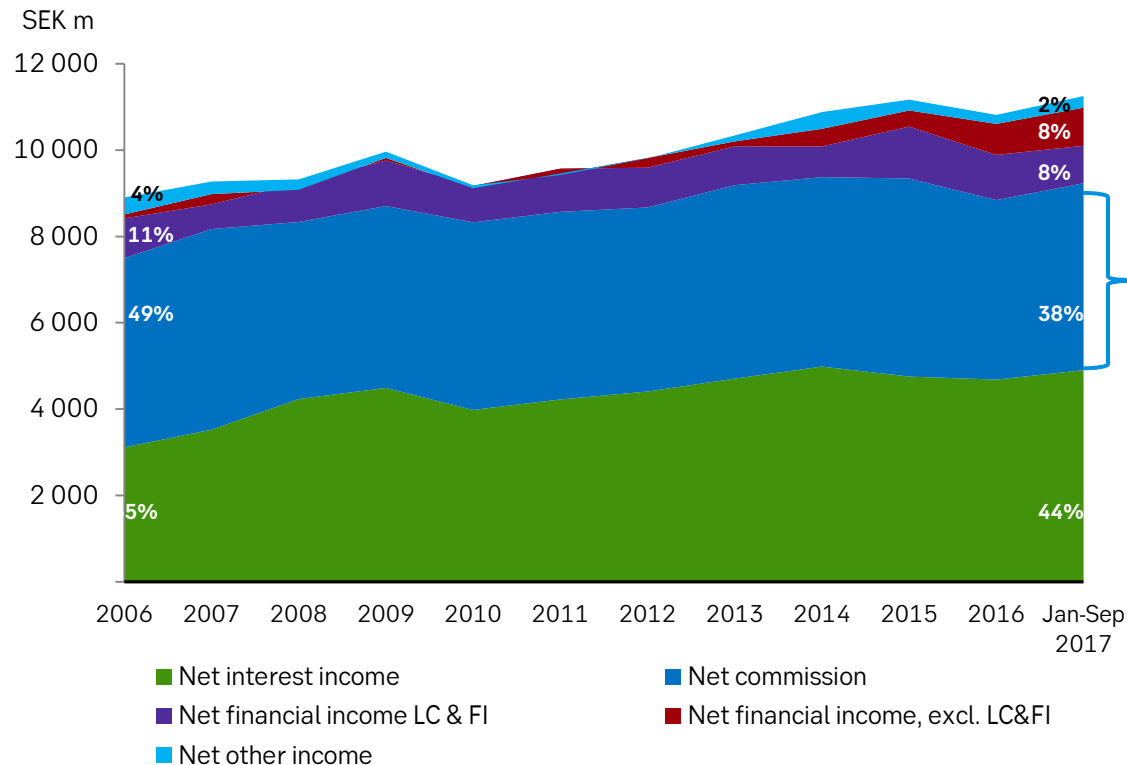
## Low volatility



# Business mix create diversified and stable income

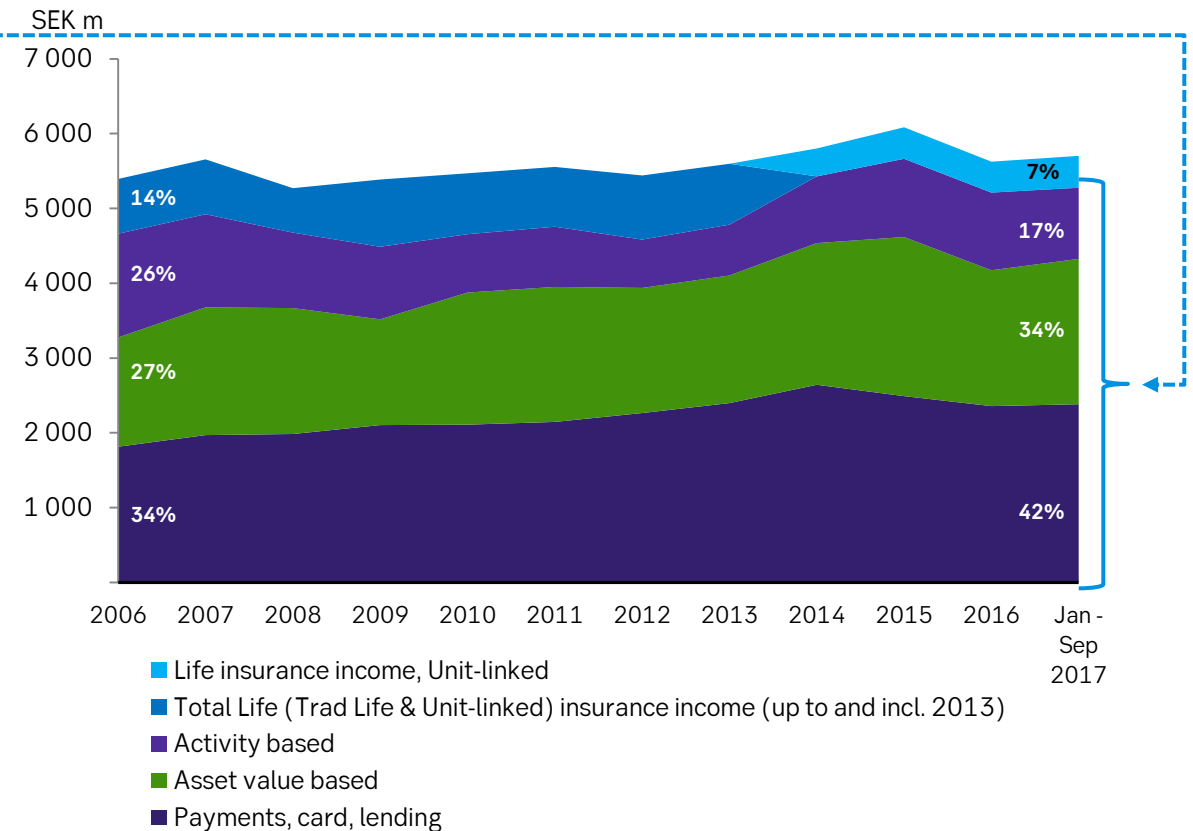
## Non-NII is more important than NII

Average quarterly income



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

Average quarterly fees and commissions income

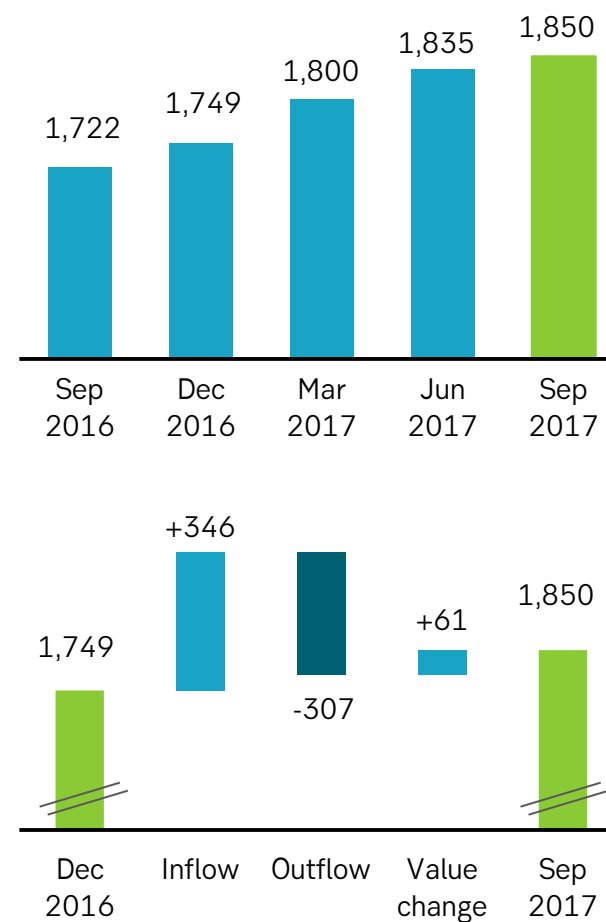


# Business volumes

SEB Group

Condensed SEK bn	31 Dec 2015	31 Dec 2016	31 Mar 2017	30 Jun 2017	30 Sep 2017
Cash & cash balances w. central bank	101	151	319	225	414
Other lending to central banks	32	67	6	22	22
Loans to credit institutions	59	51	84	74	65
Loans to the public	1,353	1,453	1,517	1,521	1,537
Financial assets at fair value	827	785	869	817	775
Available-for-sale financial assets	37	36	33	33	31
Assets held for sale	1	1	1	0	0
Tangible & intangible assets	26	20	20	20	20
Other assets	59	58	78	65	69
<b>Total assets</b>	<b>2,496</b>	<b>2,621</b>	<b>2,927</b>	<b>2,777</b>	<b>2,933</b>
Deposits by central banks	58	54	59	55	62
Deposits by credit institutions	60	65	106	79	99
Deposits & borrowing from the public	884	962	1,120	1,084	1,226
Liabilities to policyholders	371	404	415	420	424
Debt securities	639	669	731	649	659
Financial liabilities at fair value	231	213	201	217	191
Liabilities held for sale	0	0			
Other liabilities	79	71	114	90	90
Subordinated liabilities	31	41	46	45	37
Total equity	143	141	135	138	143
<b>Total liabilities &amp; equity</b>	<b>2,496</b>	<b>2,621</b>	<b>2,927</b>	<b>2,777</b>	<b>2,933</b>

## Assets under Management\*



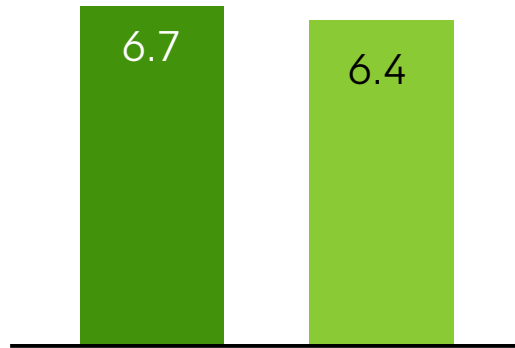
\* AUM – Adjusted definition implemented in Q1 2017, historical periods adjusted according to Proforma.

## Large Corporates & Financial Institutions

Operating profit & key figures\*

SEK bn

■ Jan-Sep 2016 ■ Jan-Sep 2017



**RoBE**

9.7% (11.1)

**Business Equity**

SEK bn

66.1 (61.6)

- Higher customer activity, especially in the primary equity and bond markets YTD
- Low volatility decreased markets related income and activity

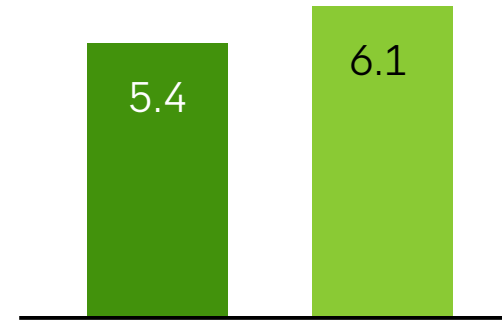
\* Excluding items affecting comparability in 2016

## Corporate & Private Customers

Operating profit & key figures

SEK bn

■ Jan-Sep 2016 ■ Jan-Sep 2017



**RoBE**

15.1% (15.0)

**Business Equity**

SEK bn

40.6 (36.9)

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

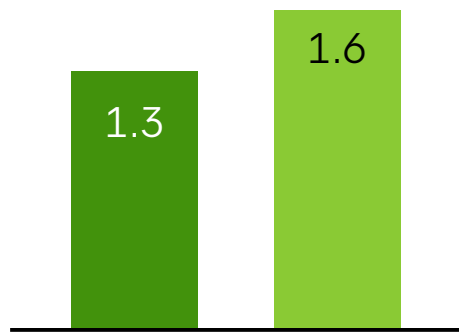


## Baltic Banking

Operating profit & key figures\*

SEK bn

■ Jan-Sep 2016 ■ Jan-Sep 2017



### RoBE

23.8% (19.6)

### Business Equity

SEK bn

7.8 (7.6)

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

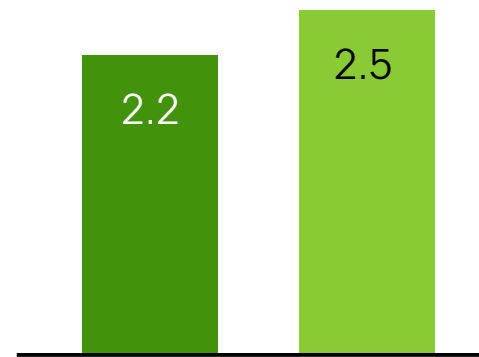
\* Excluding items affecting comparability in 2016

## Life & Investment Management

Operating profit & key figures

SEK bn

■ Jan-Sep 2016 ■ Jan-Sep 2017



### RoBE

26.5% (21.9)

### Business Equity

SEK bn

11.0 (11.6)

- Net inflow of AuM SEK 39bn across all customer segments
- Increased demand for both corporate and private insurance solutions

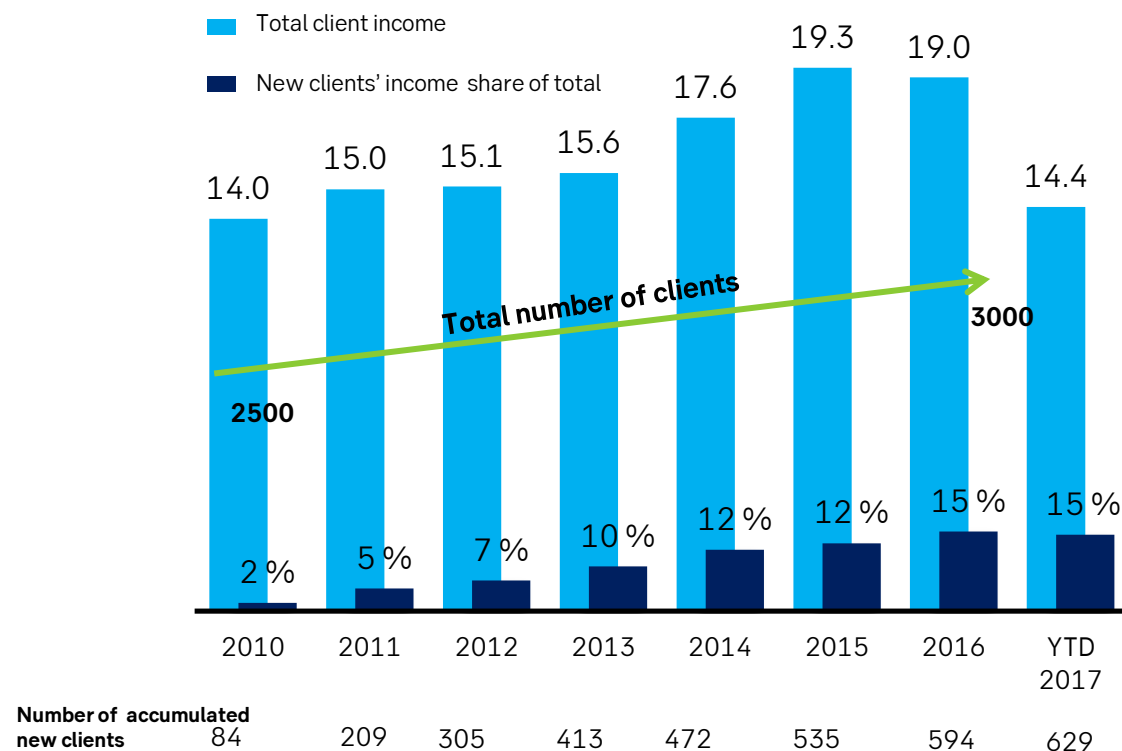
# Strong franchise and successful client acquisition strategy

## SEB's Large Corporate & Financial Institutions Business

### Large cross-selling potential

Total Client income in SEK bn

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



	<u>C/I ratio</u>	<u>Business Equity</u>	<u>RoBE<sup>1)</sup></u>
Jan - Sep 2017	49%	SEK 66.1bn	9.7%
2016	47% <sup>2)</sup>	SEK 62.4bn	11.7%
2015	45% <sup>3)</sup>	SEK 66.4bn	12.5%
2014	46%	SEK 57.7bn	13.3%
2013 <sup>4)</sup>	50%	SEK 48.8bn	12.9%
2012 <sup>4)</sup>	54%	SEK 36.7bn	14.3%
2011 <sup>4)</sup>	54%	SEK 26.1bn	20.6%
2010 <sup>4)</sup>	52%	SEK 25.0bn	22.8%

1) Return on Business Equity

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

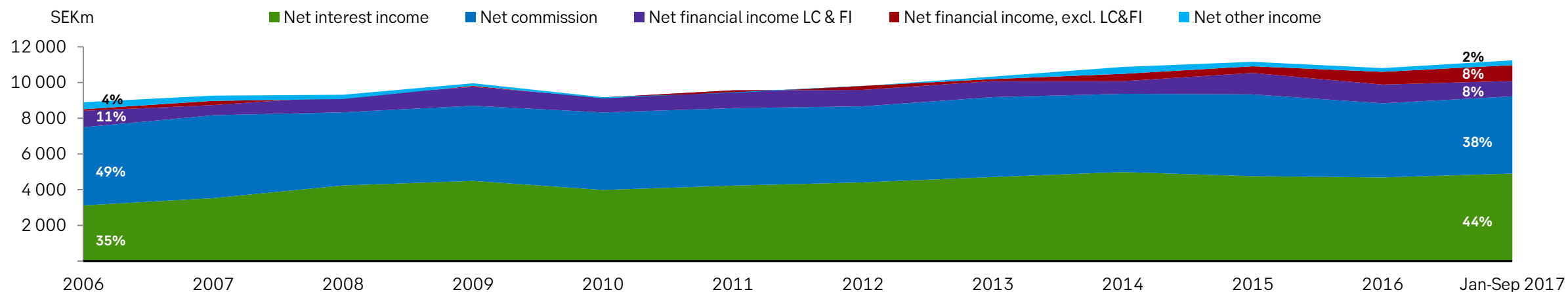
3) Excl. One-off costs of SEK 902m

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

# Entrenched franchise and low risk client facilitation business

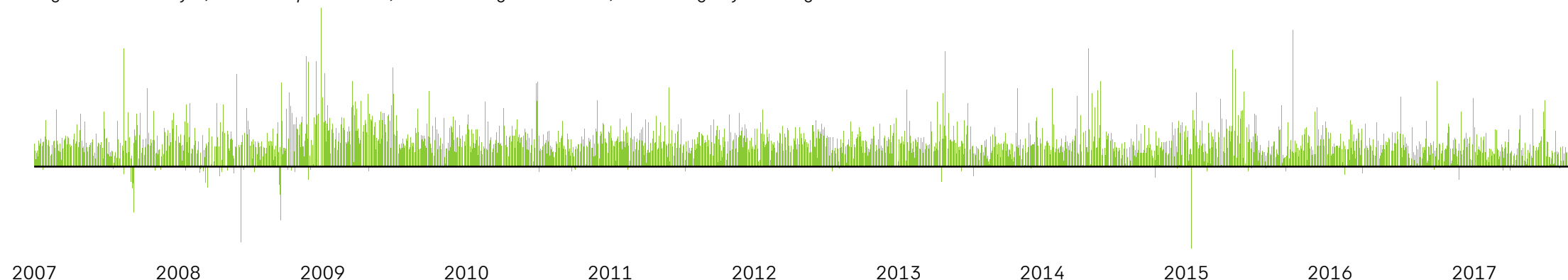
SEB's Large Corporates & Financial Institutions Business

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



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

Daily trading income January 1, 2007 – September 29, 2017. 79 negative out of 2,698 trading days. Average loss SEK 11m

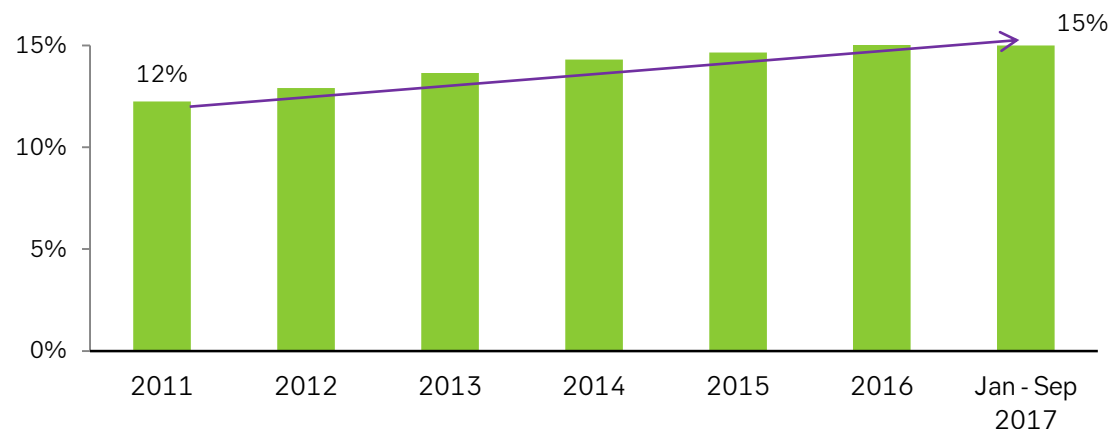


1) Restated figures following the new organizational structure as of Jan 1, 2016.  
As a results 2006-2013 figures are not quite comparable

# Successful client acquisition strategy

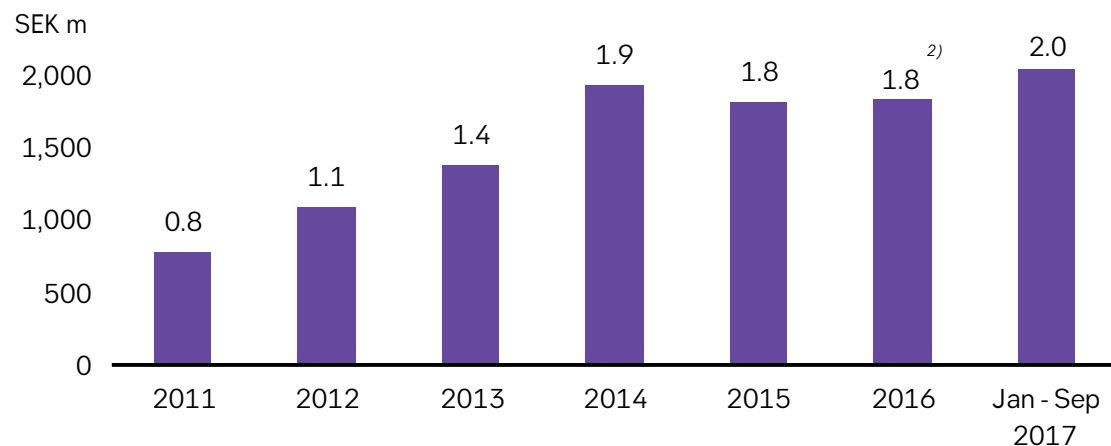
## SEB's Swedish SME and Private Customers Business

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



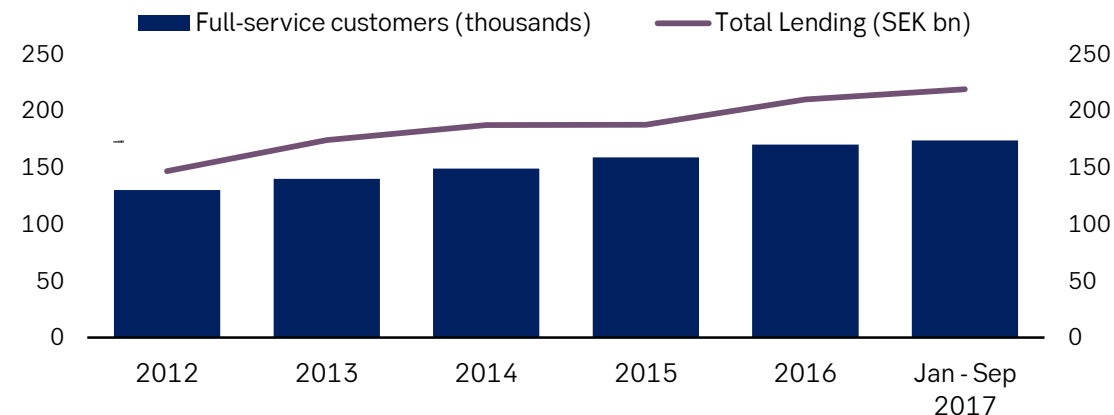
### Substantially increased operating profit since 2011

#### Average quarterly operating profit 2011 – Q3 2017



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

### Growing franchise among SMEs in Sweden



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

	<u>C/I ratio</u>	<u>Business Equity</u>	<u>RoBE</u> <sup>3)</sup>
Jan - Sep 2017	46%	SEK 40.6bn	15.1%
2016	48%	SEK 37.3bn	15.2%
2015	48%	SEK 38.1bn	14.7%
2014	46%	SEK 27.8bn	21.4%
2013	49%	SEK 20.2bn	21.9%
2012	57%	SEK 14.4bn	22.3%
2011	65%	SEK 10.8bn	21.4%

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

3) Return on Business Equity

# Strong profitability

## SEB Baltic division

### Relatively strong operating environment

Above Eurozone growth

- Falling unemployment, increasing employment and real income
- Consumption prime driver, higher investments and growing exports

Economic health remains above Eurozone average

- Deleveraged corporates and private individuals
- Competitive industry
- New markets – diversification of trading partners
- Small, if any, budget deficits and government debt imbalances

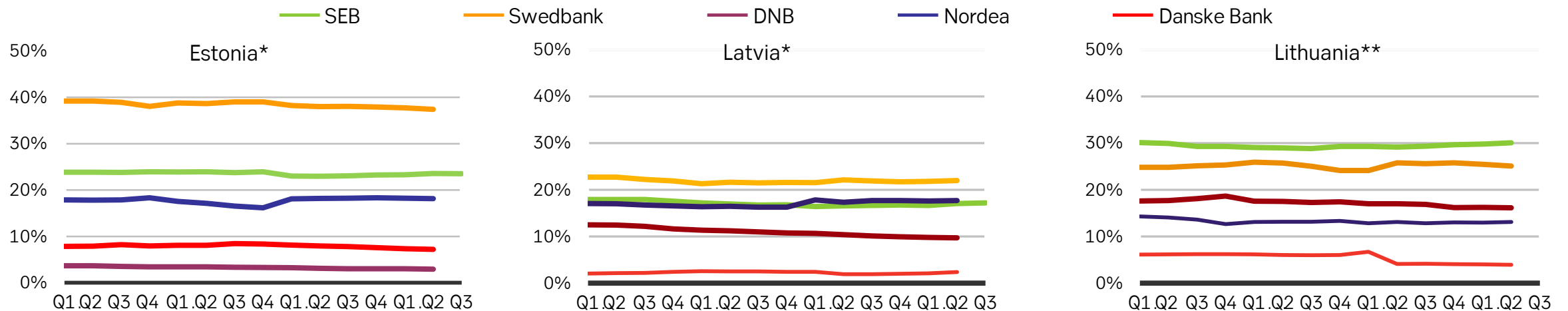
SEB's business and exposures are of a different nature than prior to the financial crisis

### Strong development of key ratios

	<u>C/I</u>	<u>Business Equity</u>	<u>RoBE <sup>1)</sup></u>
Jan - Sep 2017	46%	SEK 7.8bn	23.8%
2016	49% <sup>2),3)</sup>	SEK 7.6bn	20.1%
2015	50% <sup>3)</sup>	SEK 7.5bn	18.6%
2014	50%	SEK 8.9bn	14.5%
2013	52%	SEK 8.8bn	12.9%
2012	62%	SEK 8.8bn	9.7%
2011	58%	SEK 8.8bn	29.6% <sup>3)</sup>

1) Return on Business Equity  
 2) Excl. One-off cost of SEK 68m  
 3) Write-backs of provisions of SEK 1.5bn

### Maintaining leading market shares in lending



\* Competitors Q3 2017 volumes are not available at time of publication and Q3 2017 figures are August 2017

\*\* Lithuania Q3 2017 not available at time of publication

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



# Highlights Q3 2017

- Solid performance in an uneventful quarter
- Low volatility decreased customer activity in the major asset classes
- Further strengthened capital position and robust asset quality

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# Agenda



- SEB in brief p.3
- Financials p.15
- **Balance sheet, Credit portfolio p.34 & Asset quality**
- Capital p.45
- Funding and Liquidity p.52
- Covered bonds and Cover pool p.58
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- Appendix p.71
  - Swedish housing market
  - Macroeconomics

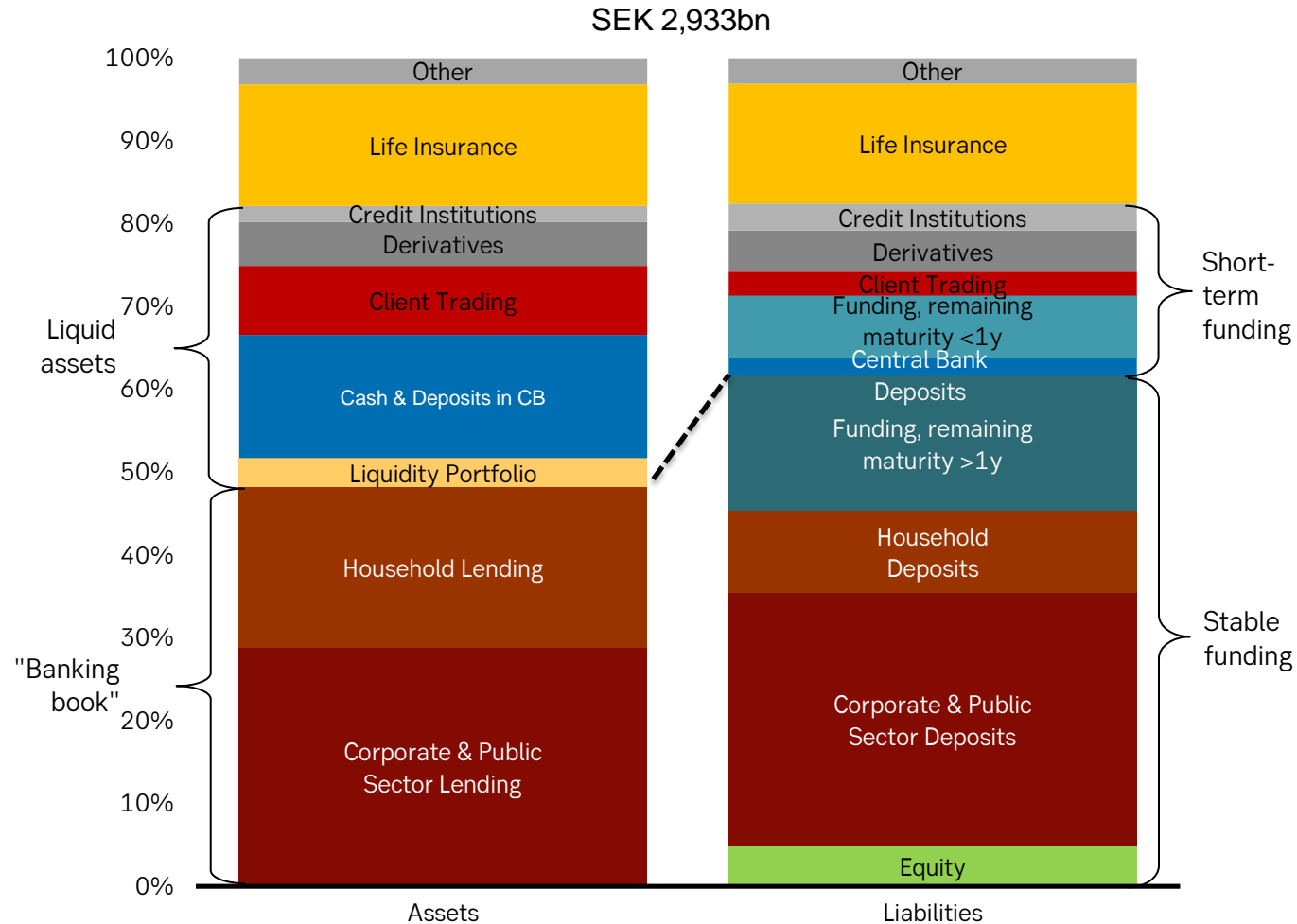
# Strong asset quality and improved capital position

(SEK bn)		2009	2016	Jan - Sep 2017
Asset quality	Non-performing loans	28.6bn	7.6bn	7.3bn
	NPL coverage ratio	65%	63%	68%
	Net credit loss level	0.92%	0.07%	0.06%
Funding and liquidity	Customer deposits	750bn	962bn	1 226bn
	Liquidity coverage ratio	N.A.	168%	120%
Capital	CET 1 ratio (Basel 3)	11.7%	18.8%	19.2%
	Total capital ratio (Basel 3)	14.7% <small>Basel 2.5</small>	24.8%	24.0%
	Leverage ratio (Basel 3)	N.A. <small>Basel 2.5</small>	5.1%	4.7%

# A strong balance sheet structure

September 2017

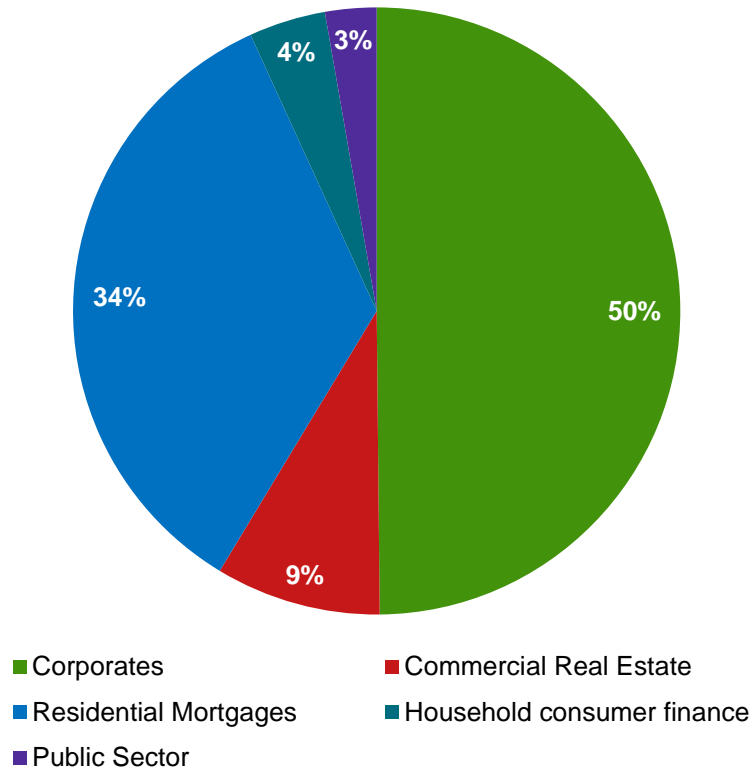
## Balance sheet structure



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

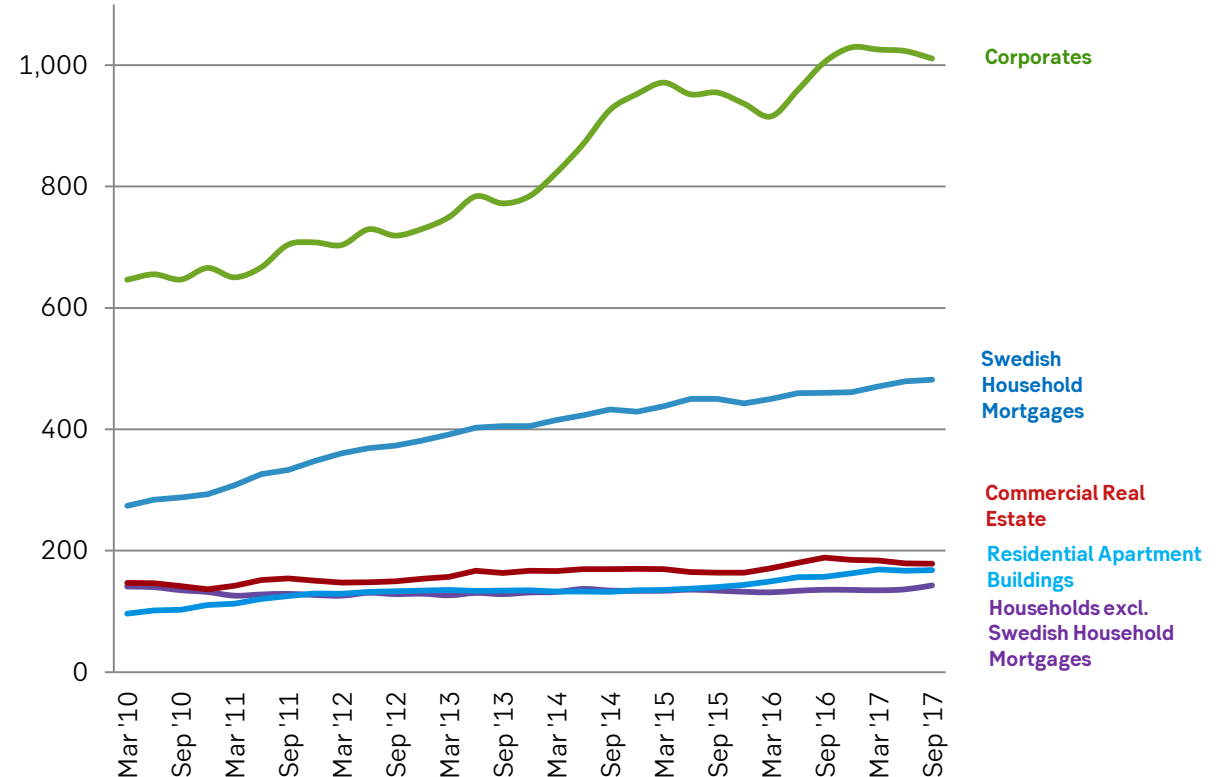
Diversified Corporate and low-risk Swedish Residential Mortgage exposure dominate

SEK 2,037bn (USD 249bn) September 30, 2017



Growth in lower risk sectors

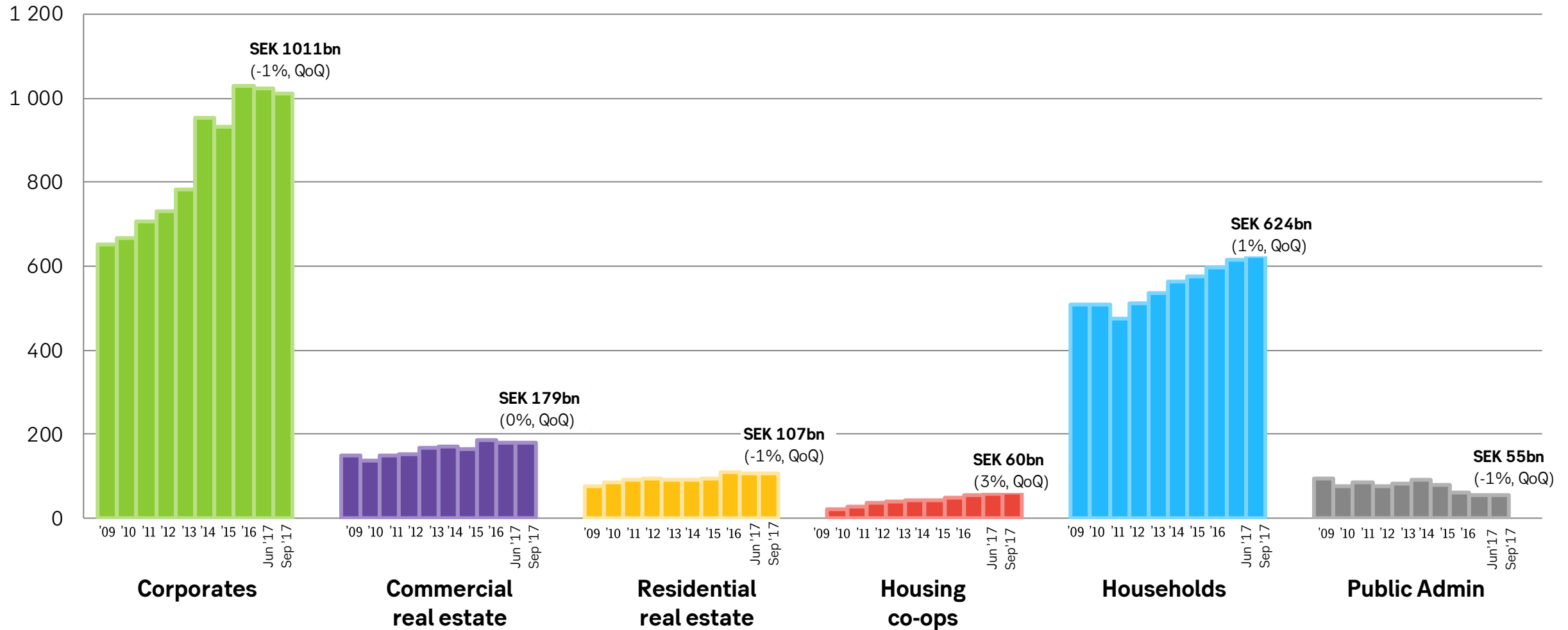
SEK bn SEK 2,037bn (USD 249bn) September 30, 2017



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



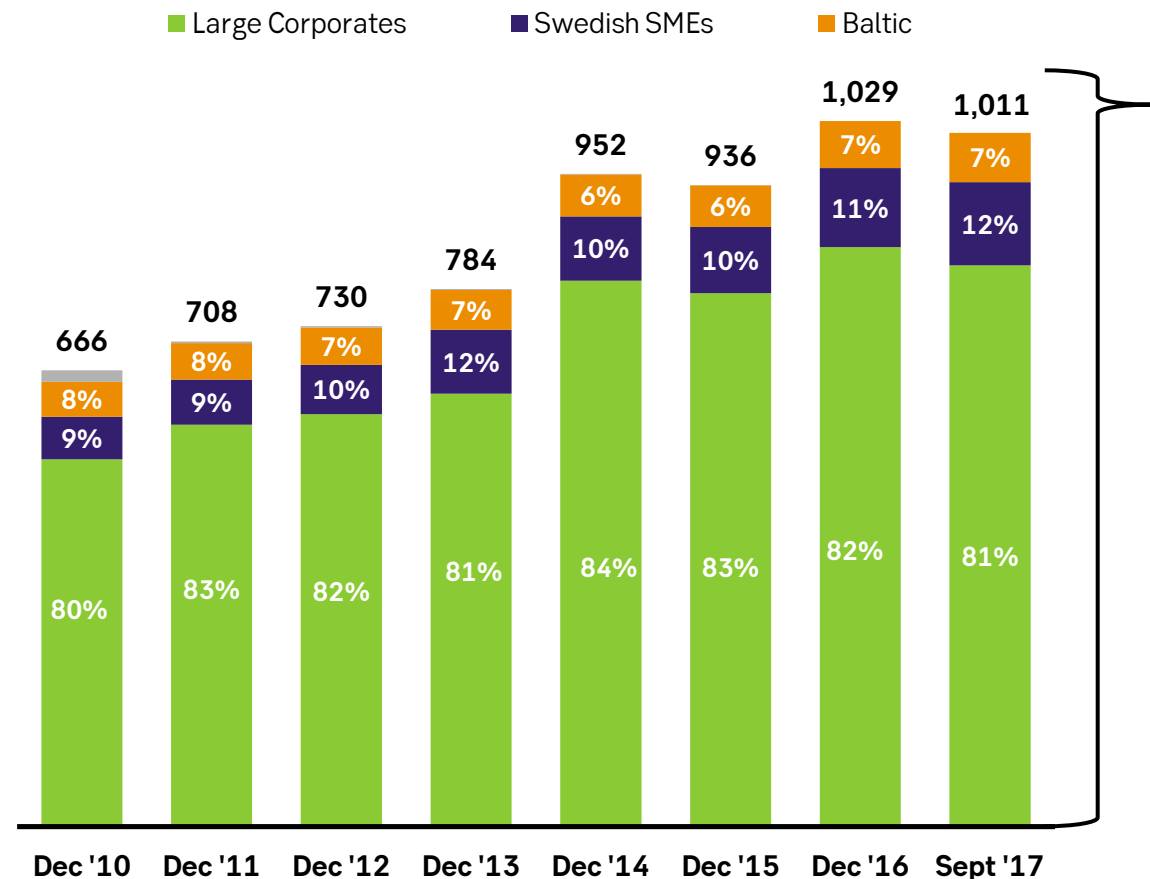
# Stable Credit Portfolio



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

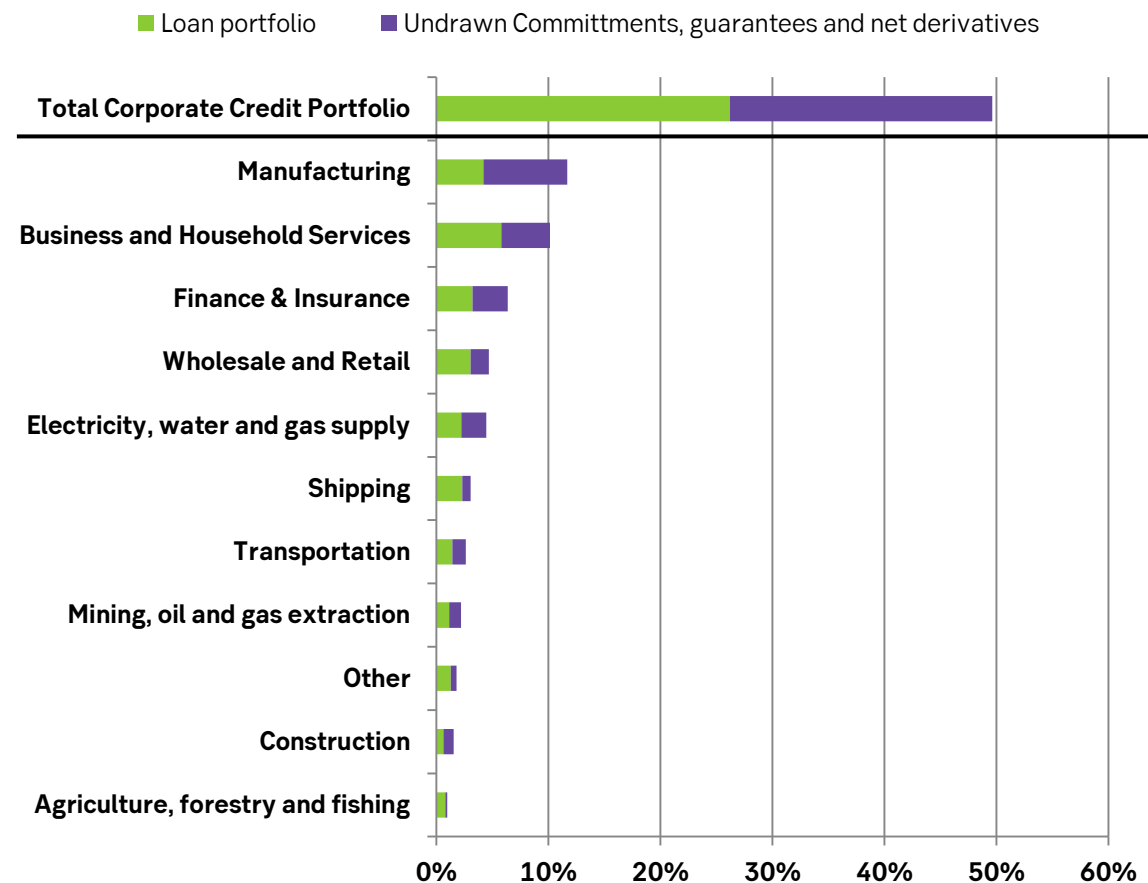


Total Corporate Credit Portfolio split by Business



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

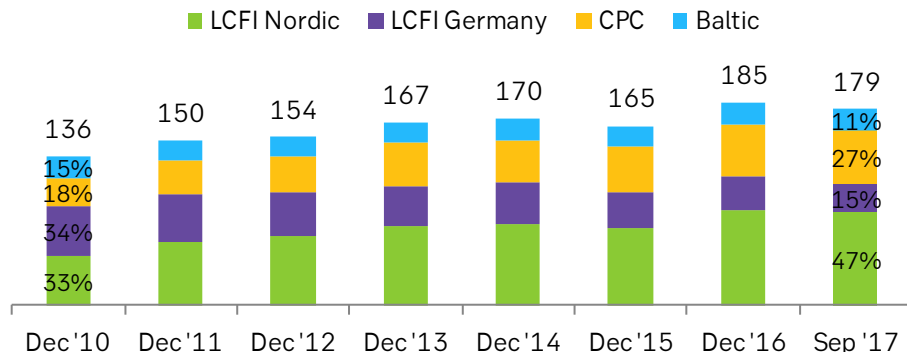
% of Total Credit Portfolio SEK 2,037 bn



# Household mortgage dominates the real estate exposure

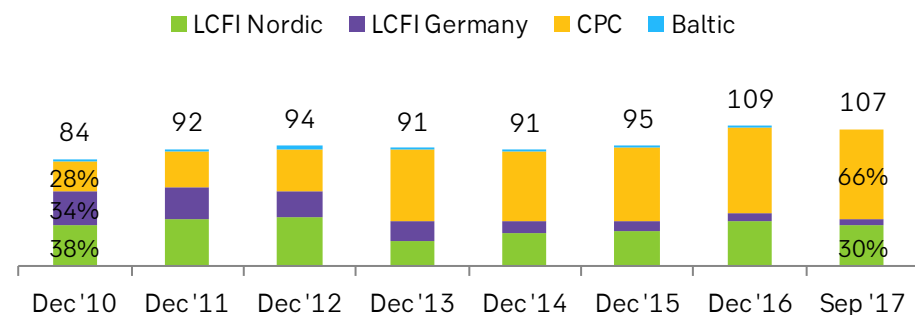
## Commercial real estate

Total Credit portfolio (SEKbn)



## Residential real estate

Total Credit portfolio (SEKbn)



## Swedish Residential and mortgage credit portfolio

### Residential apartment buildings

SEK 163bn (USD 20bn)

- ☐ Private companies 53%
- ☐ Housing co-op associations 37%
- ☐ State/Community owned 10%

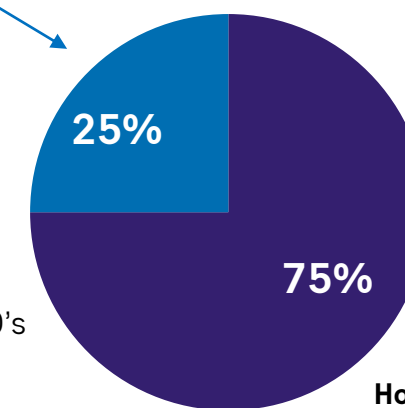
### Strong asset quality

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

### Conservative lending policy

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

Total SEK 645bn (USD 79bn)



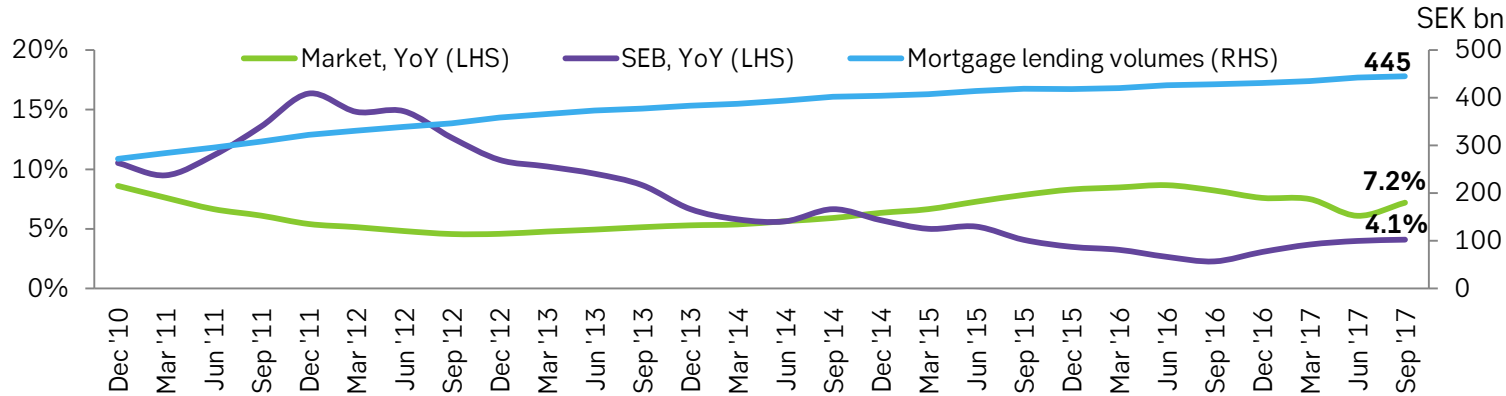
### Household mortgage

SEK 482bn (USD 59bn)

- ☐ Single family houses 63%
- ☐ Tenant owned apartments 33%
- ☐ Second homes 4%

# SEB's Swedish household mortgage lending

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



## Selective origination

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

## High asset performance

- Net credit loss level 0bps
- Loan book continues to perform – loans past due >60 days 5bps

## Mortgage lending based on affordability

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

## Low LTVs by regional and global standards

### Loan-to-value

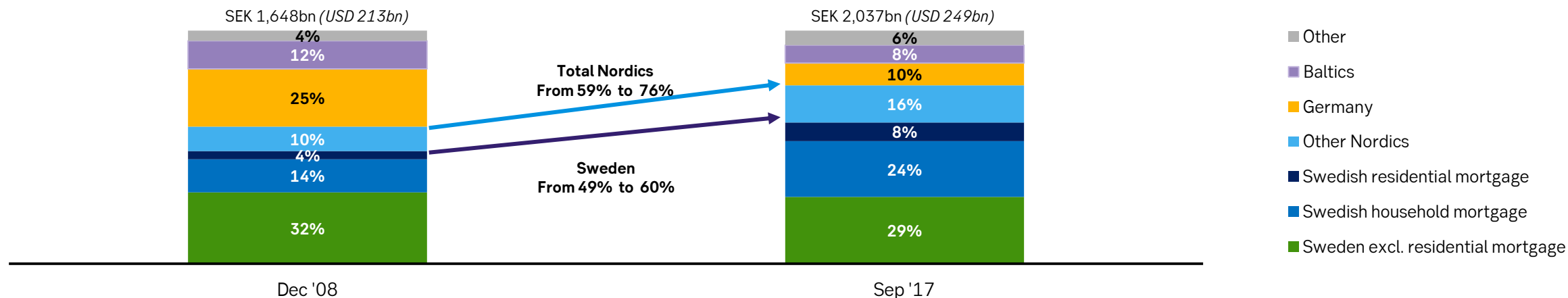
### Share of portfolio



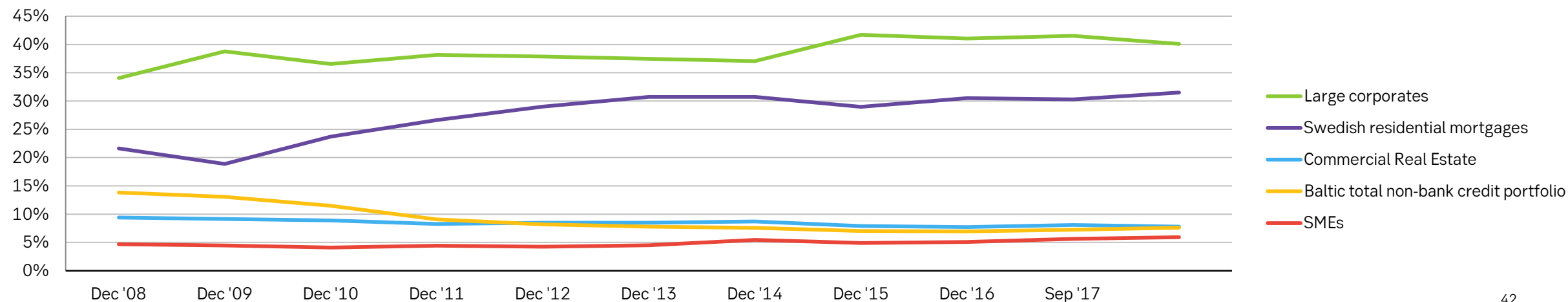
Weighted average LTV= 51%

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

## Credit Portfolio geographic split development



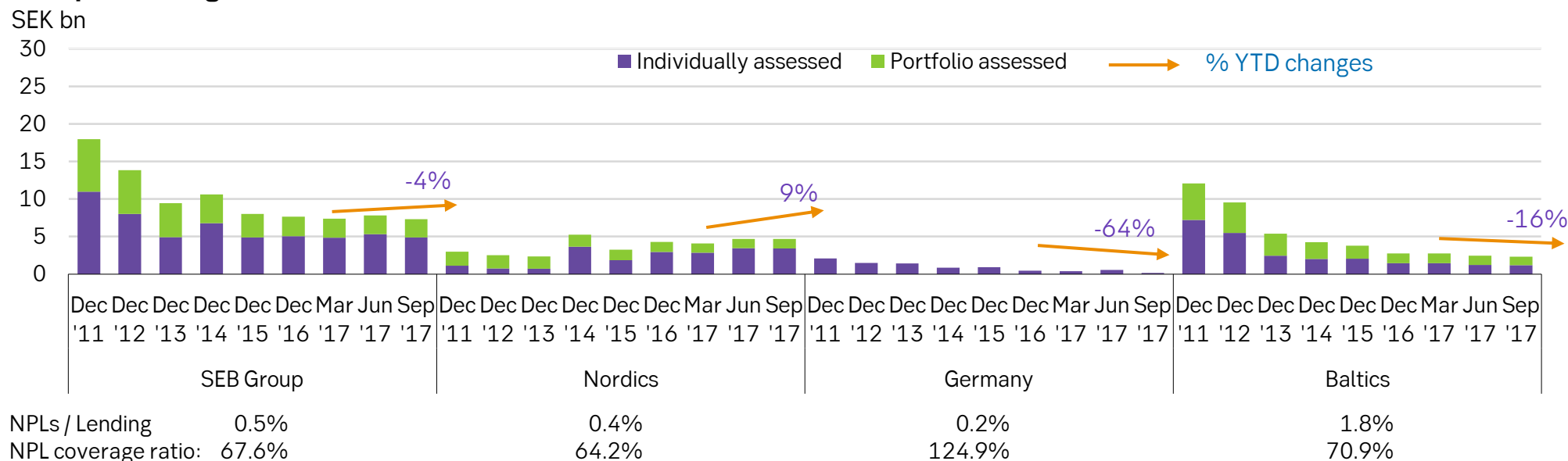
## Development of business mix further strengthened by SEB's diversified and low-risk exposure



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

# Continuously improving asset quality and credit losses remain low

## Non-performing loans

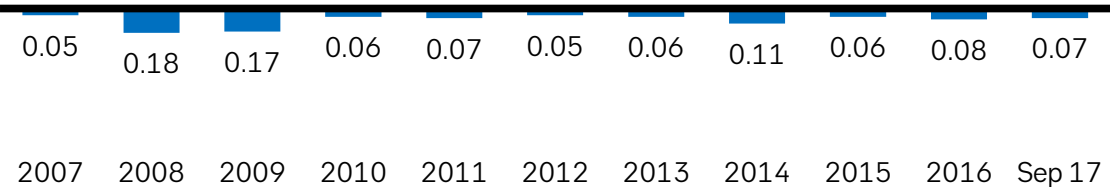


Credit losses	Q3 2016	Q4 2016	Q1 2017	Q2 2017	Q3 2017	YTD 2017	CLL Sep '17
Large Corporates & Financial Institutions	-103	-201	-144	-155	-210	-509	0,10%
Corporate & Private Customers	-84	-63	-81	-48	-86	-216	0,04%
Baltics	-13	-21	19	-11	11	19	-0,02%
Other	4	0	2	0	1	3	-0,02%
Net credit losses	-197	-284	-204	-214	-284	-703	0,06%

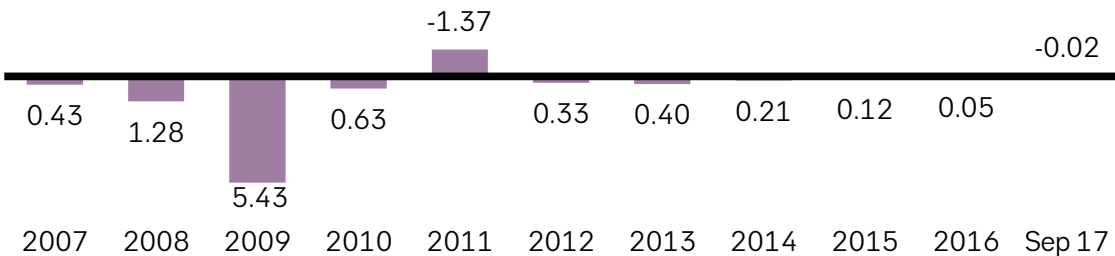
# Low credit loss level in all geographic areas



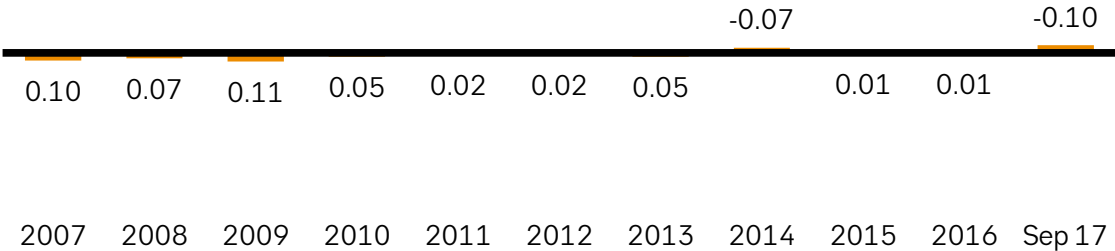
**Nordic countries**, net credit losses in %



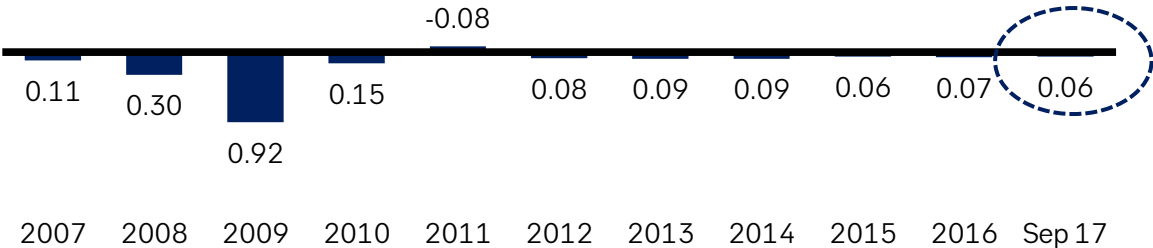
**Baltic countries**, net credit losses in %



**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



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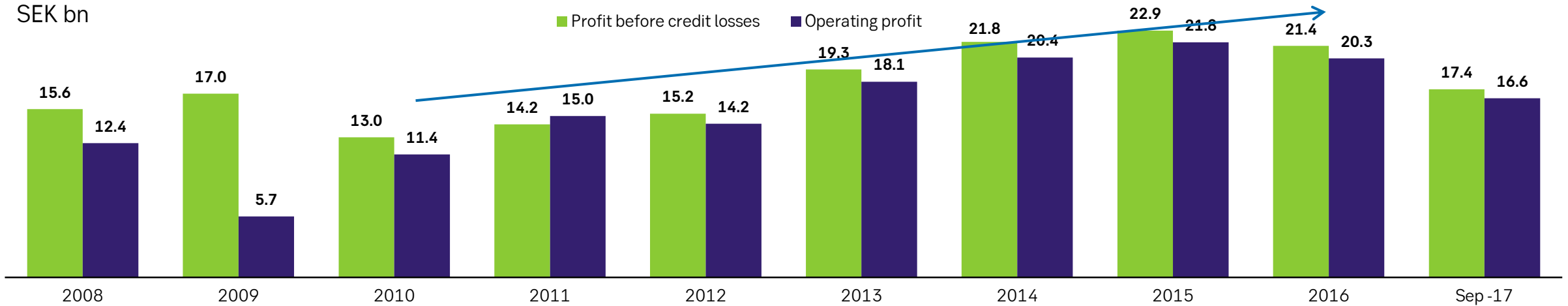
# Sustained strong earnings and capital generation

## Profitable throughout the Financial Crisis

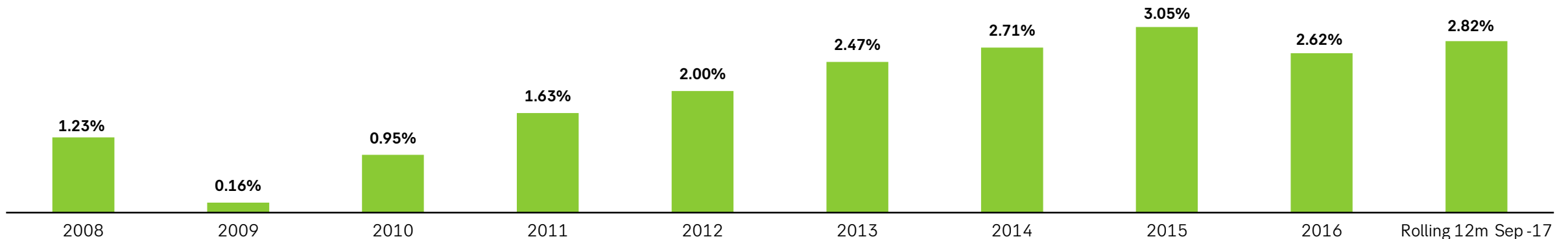
## Sustained underlying profit

SEK bn

■ Profit before credit losses ■ Operating profit



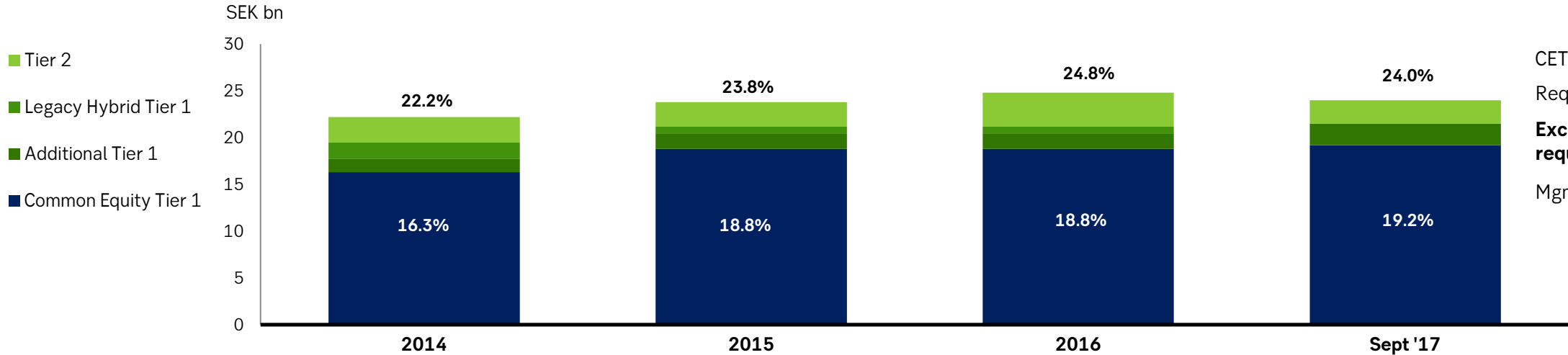
## Strong underlying capital generation, Net Profit /REA



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

# Strong capital base composition

## Basel III - Own Funds and Total capital ratio



CET1 Q3 2017 19.2%  
Requirement 17.0%  
**Excess vs. requirement ~2.2%**  
Mgmt buffer ~1.5%

Common Equity Tier 1 ratio	16.3%	18.8%	18.8%	19.2%
Additional Tier 1 ratio	1.4%	1.6%	1.6%	2.3%
Legacy Tier 1 ratio	1.8%	0.8%	0.8%	0%
Tier 2 ratio	2.7%	2.6%	3.6%	2.5%
Leverage ratio	4.8%	4.9%	5.1%	4.7%
Risk Exposure Amount, SEKbn	617	571	610	615

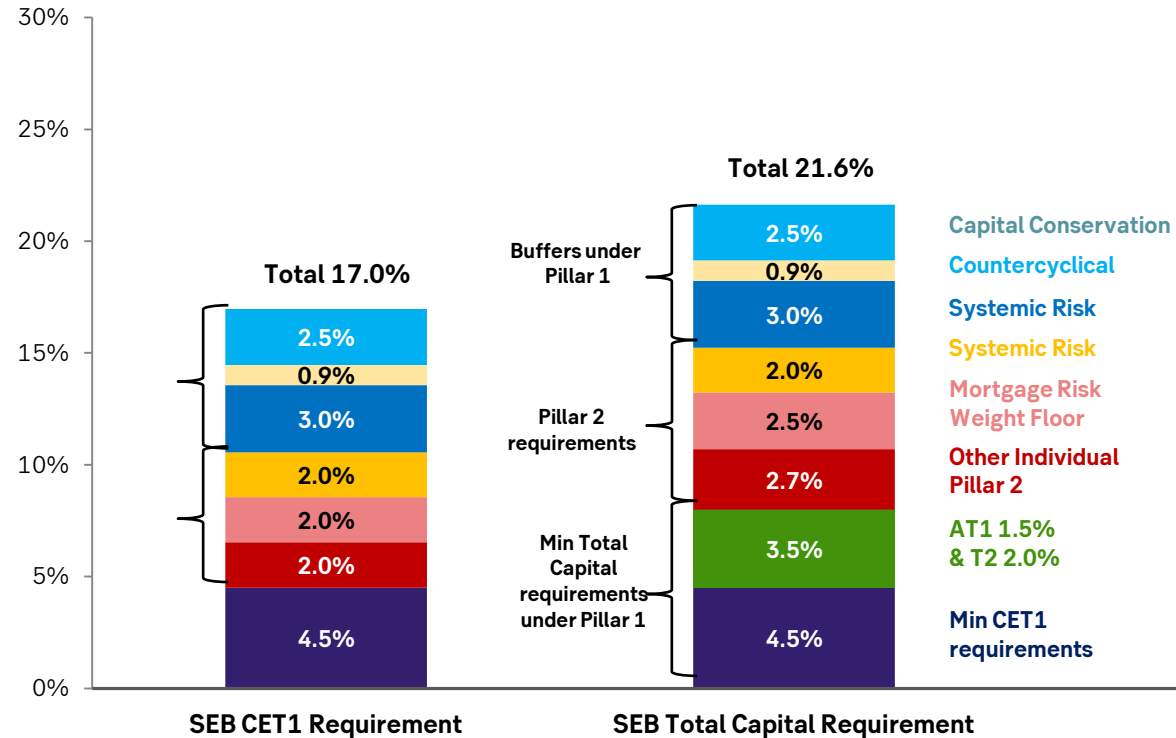
### REA increase September 2017 vs. 2016 of SEK 5bn net was mainly due to:

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

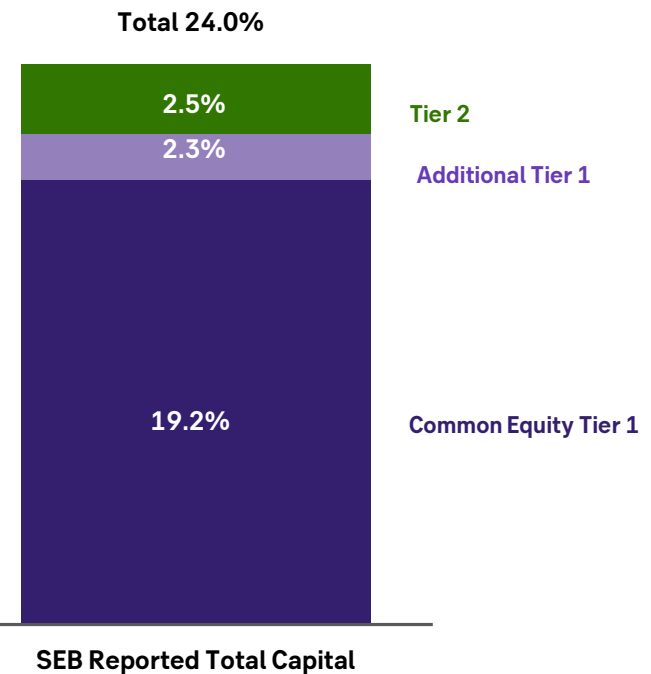
# SFSA's capital requirements and SEB's reported ratios

SEB's ratios exceed SFSA's risk-sensitive and high requirements, Sept 30 2017

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



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



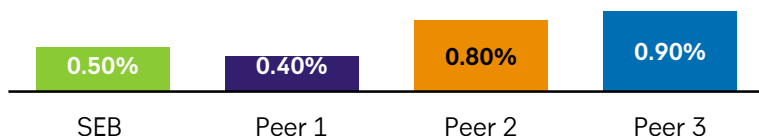
- SEB's CET1 ratio is 2.2% above the SFSA CET1 requirement as at September 2017 and 0.7% above targeted management buffer

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

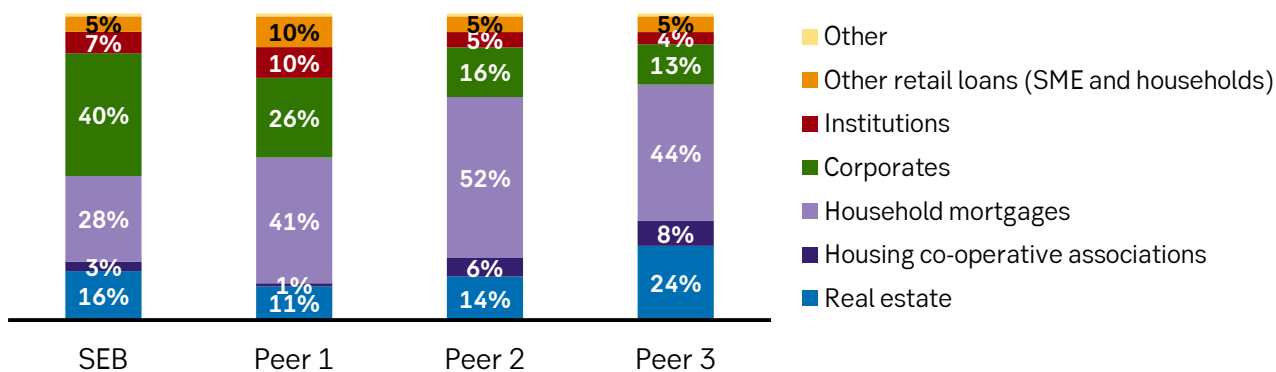
77% of SEB's credit portfolio is in Nordic countries<sup>1)</sup>



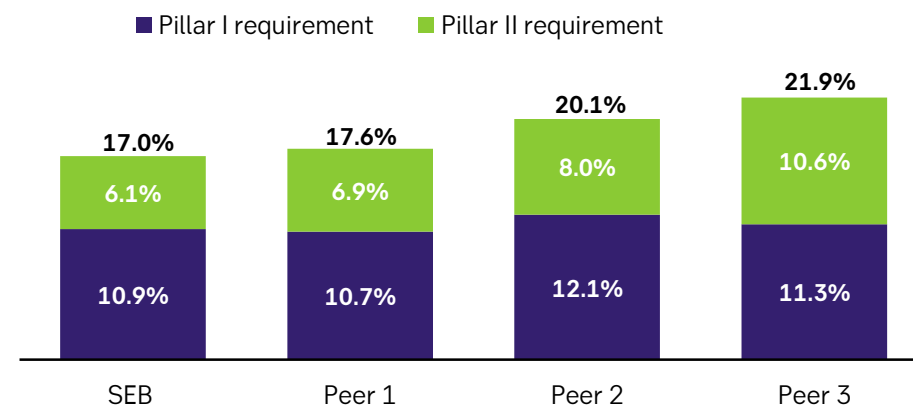
Low credit-related concentration risk <sup>2,3)</sup> (as percentage of total REA)



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



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



1) As by 31 Dec 2016

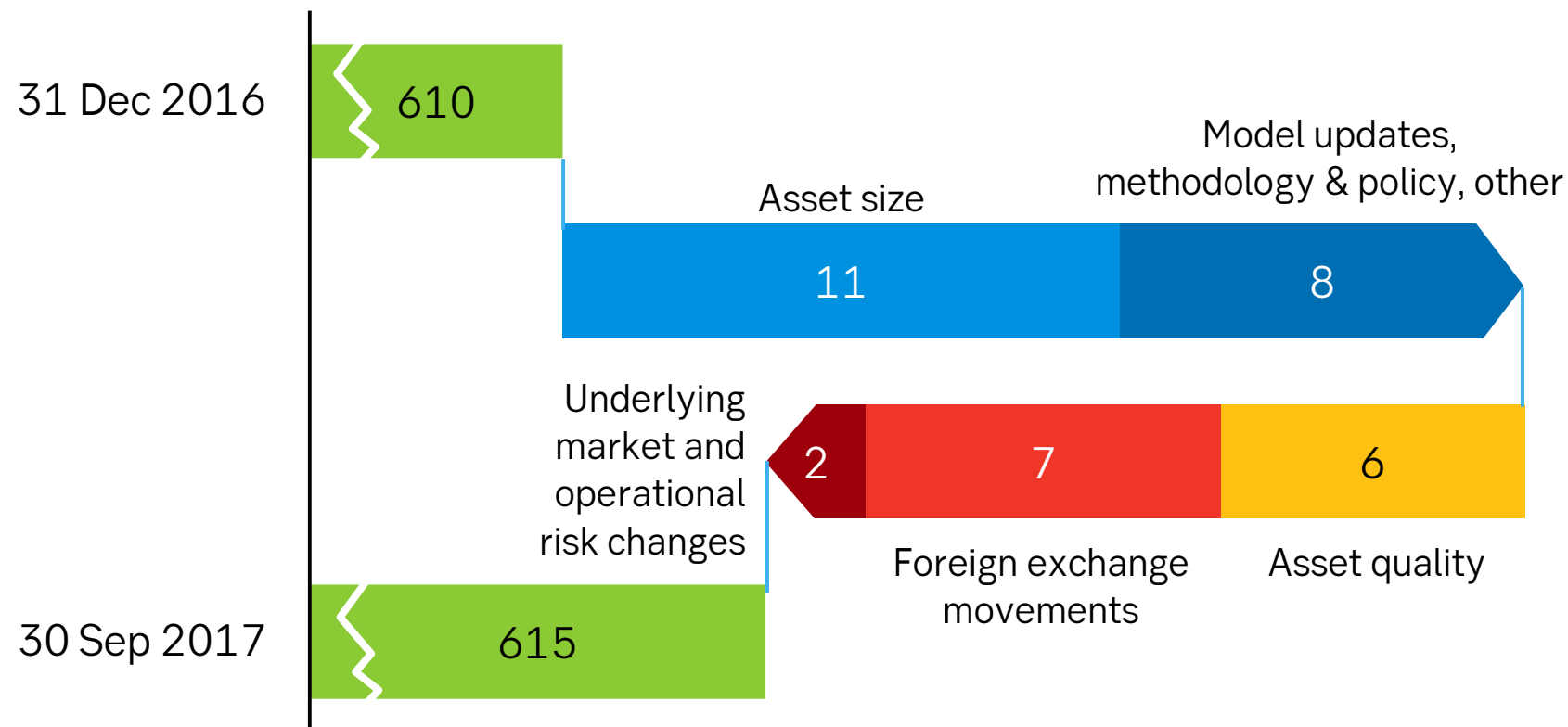
2) Including single name, geographical and industry concentration

3) SFSA, Capital requirements for the Swedish banks, second quarter 2017

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

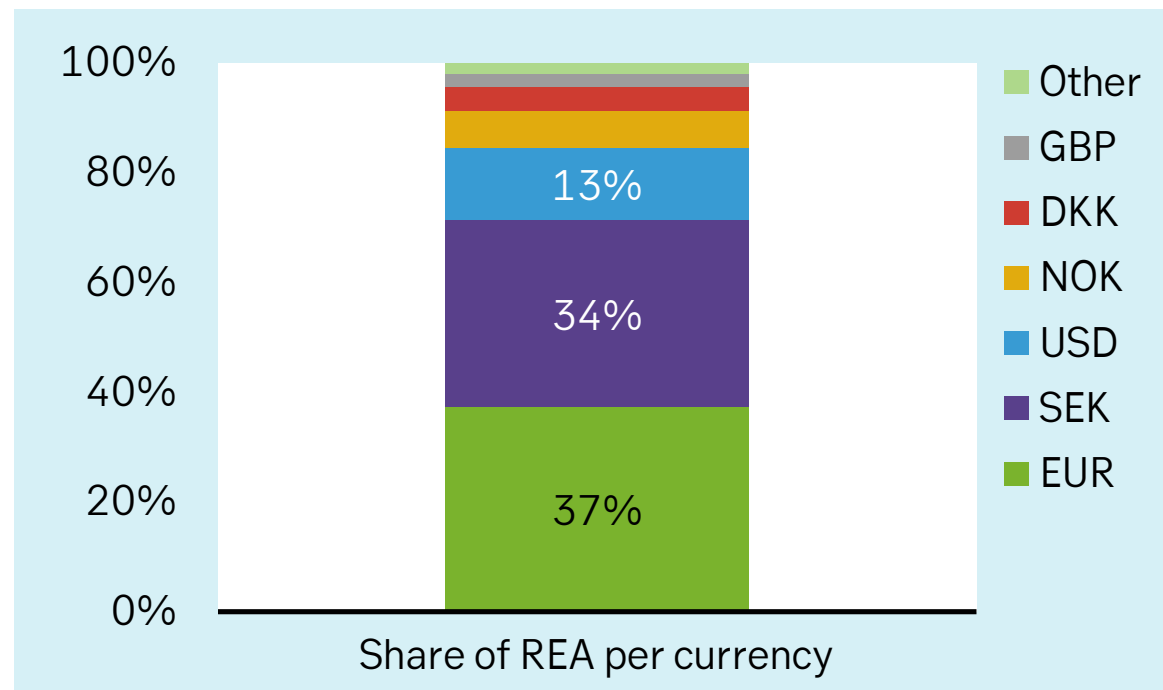
# Risk exposure amount yearly development

SEB Group – Basel III, Dec 2016 – Sep 2017



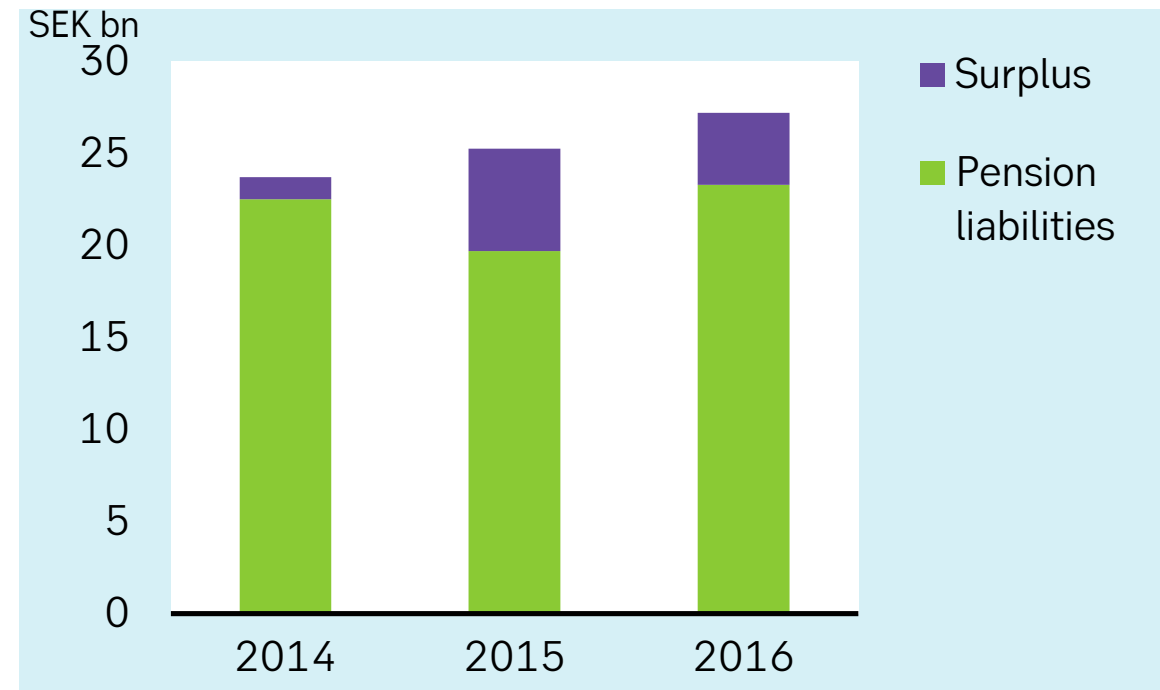
# Reasons for 150bps management buffer

## Sensitivity to currency fluctuations



±5% SEK  
impact 50bps CET1 ratio

## Sensitivity to surplus of Swedish pensions



-50 bps discount rate  
impact -50bps CET1 ratio

&  
general  
macro...



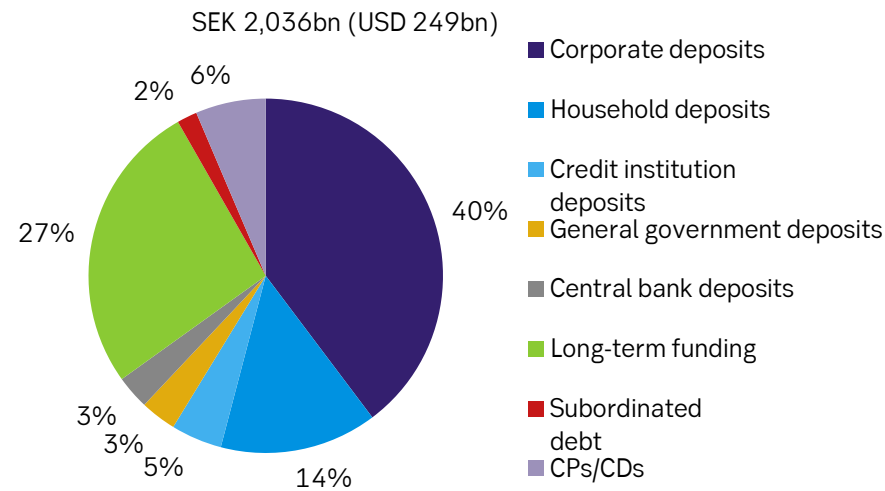
# Agenda



- SEB in brief p.3
- Financials p.15
- Balance sheet, Credit portfolio & Asset quality p.34
- Capital p.45
- **Funding and Liquidity** **p.52**
- Covered bonds and Cover pool p.58
- Business plan p.62
- Contacts, calendar and ADR p.68
- Appendix p.71
  - Swedish housing market
  - Macroeconomics

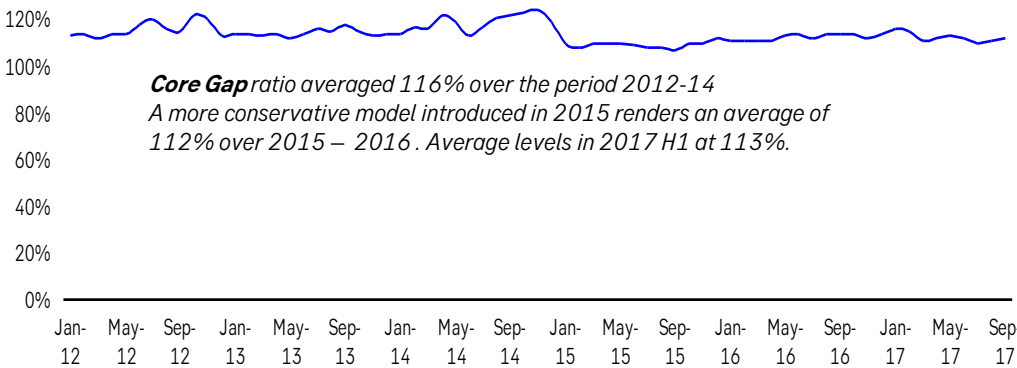
# Stable deposit base and structural funding position

## Wholesale funding represents 35% of the funding base



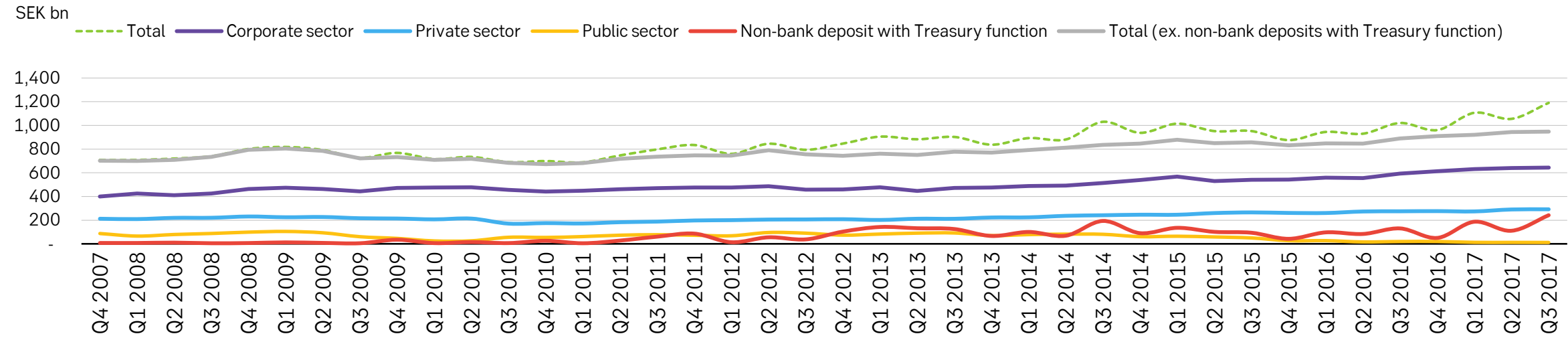
**Note:** Excluding repos and public covered bonds issued by the German subsidiary which are in a run-off mode

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



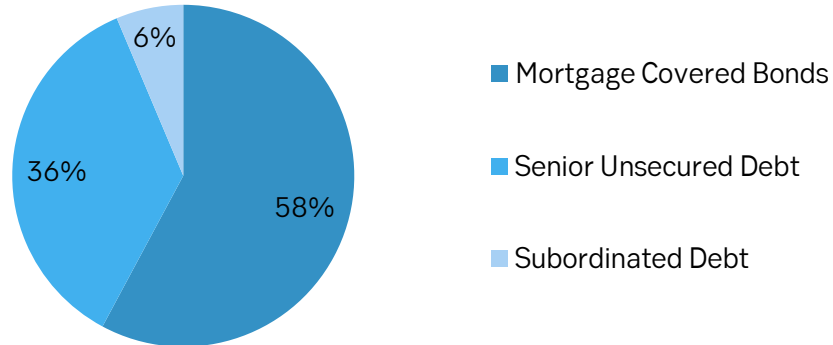
**Core Gap** is the amount of funding in excess of one year in relation to assets with a maturity of more than one year based on internal behavioural modelling

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



# Well-balanced long-term funding structure

## Long-term wholesale funding mix



## Strong Credit Ratings

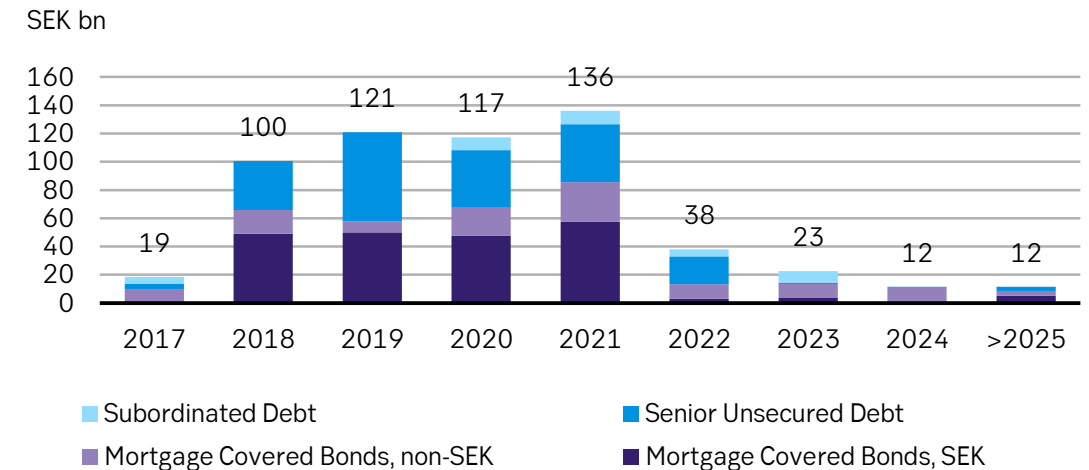
Rating Institute	Short term	"Stand-alone rating"	Long term	Uplift	Outlook
S&P	A-1	a	A+	1*	Stable
Moody's	P-1	a3	Aa3	3*	Stable
Fitch	F1+	aa-	AA-	0	Stable

□ of which one notch is due to the implicit state support

## Issuance of bonds SEKbn

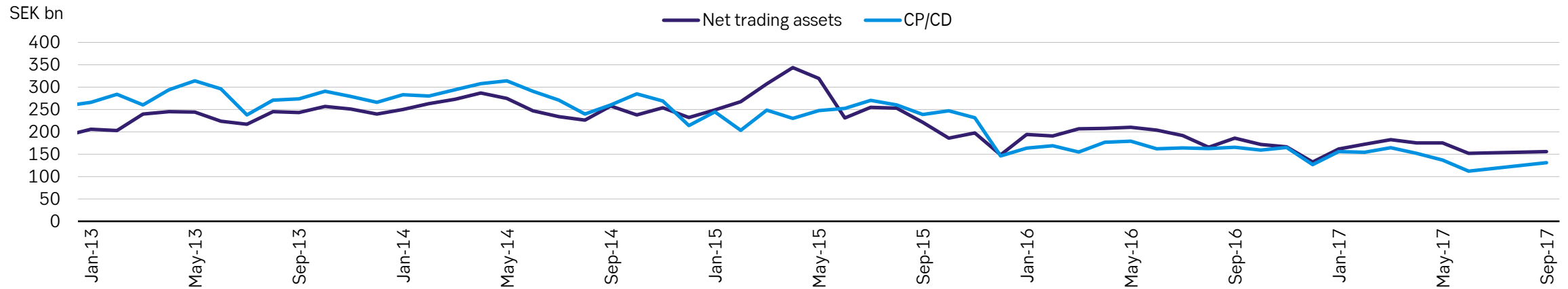
Instrument	2014	2015	2016	YTD 2017
Covered bonds	60	55	62	40
Senior unsecured	32	40	74	19
Subordinated debt	17	0	8	5
<b>Total</b>	<b>109</b>	<b>95</b>	<b>145</b>	<b>64</b>

## Maturity profile

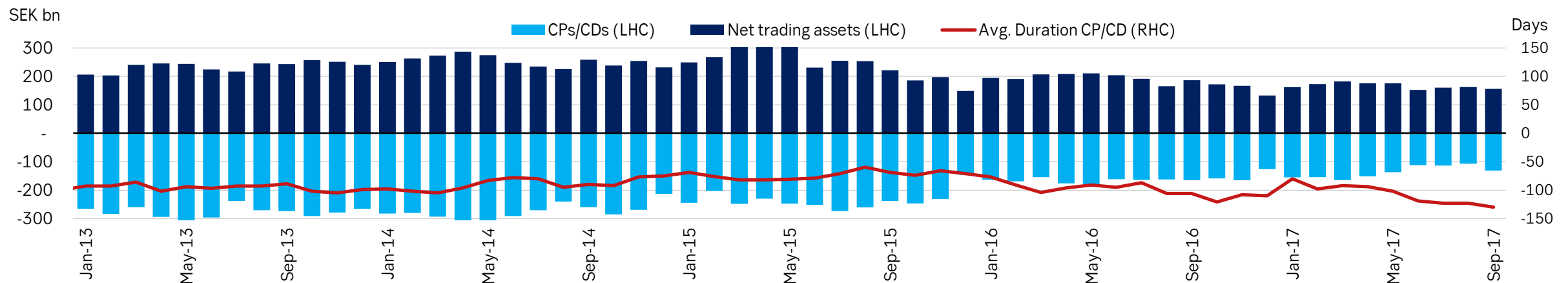


# CP/CD funding supports client facilitation business

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



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



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

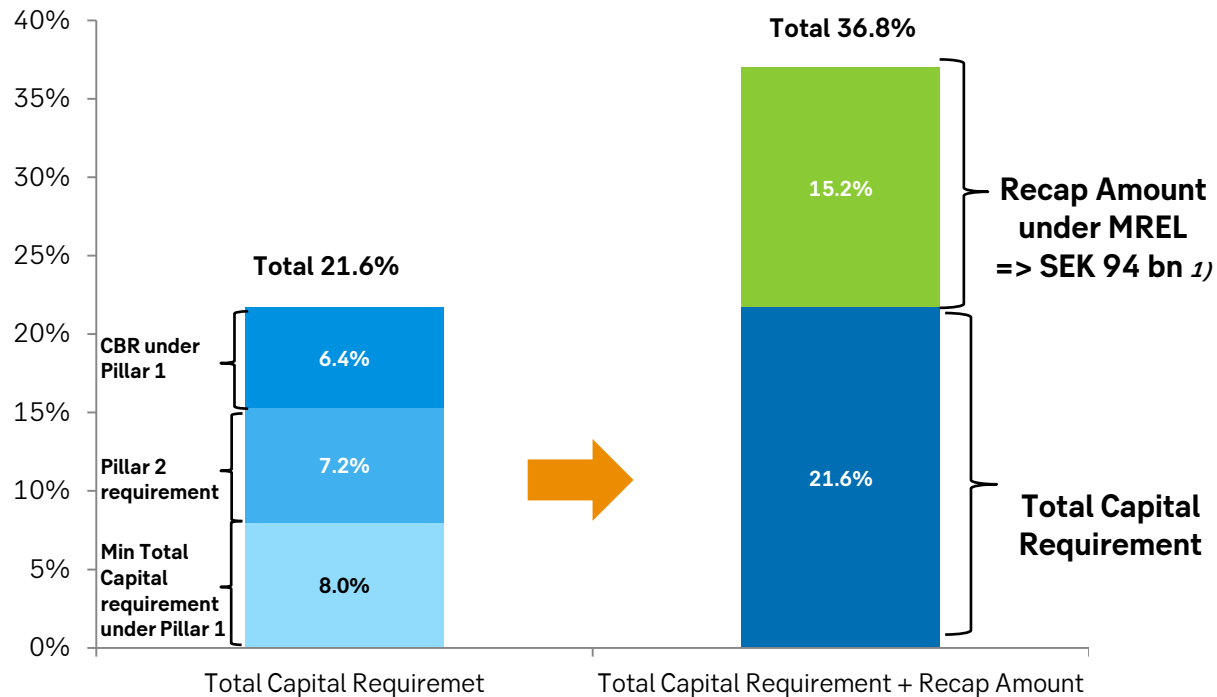
# Modest need for non-preferred senior debt

Current proposed introduction of Swedish MREL

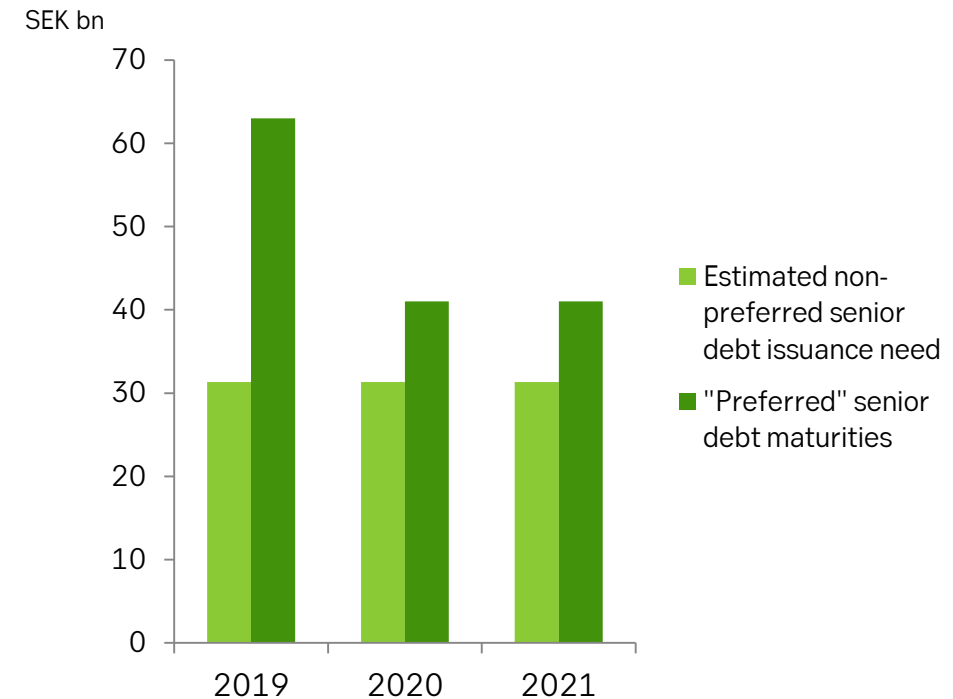
## Estimated phasing-in period of non-preferred senior debt



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

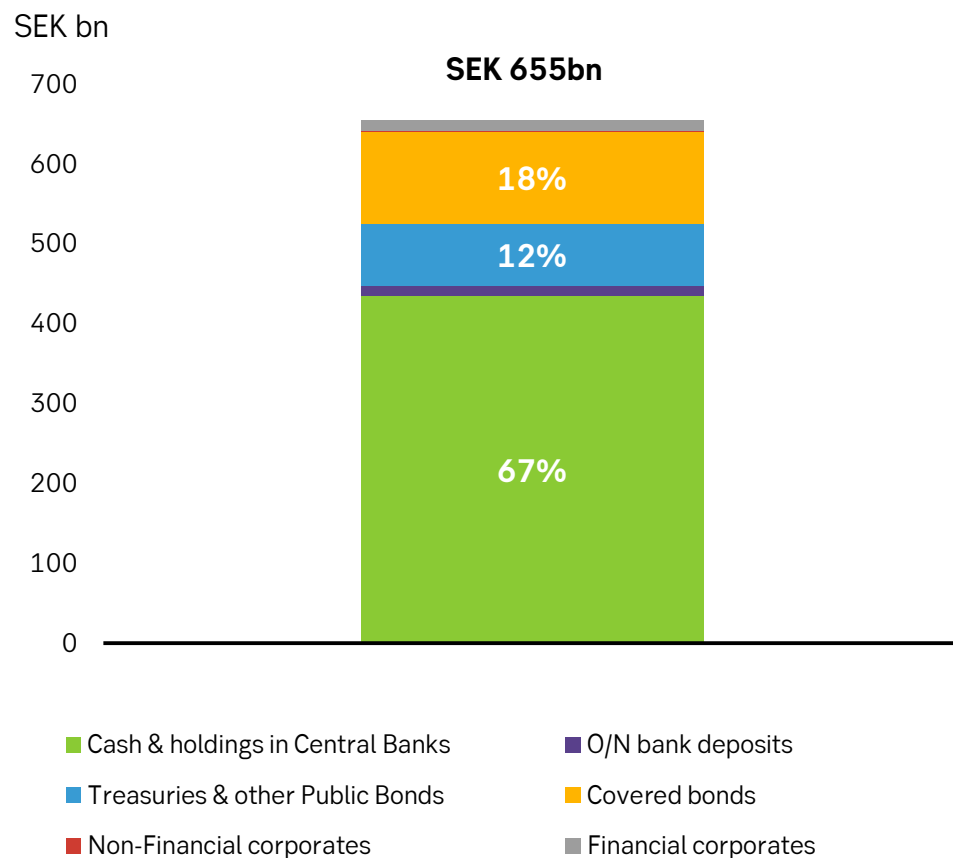


## "Preferred" senior debt maturities clearly exceed Non-preferred senior debt issuance needs



# Strong liquidity and maturing funding position

SEB's Liquidity Reserve\* 2017 Q3 is 294% of wholesale funding maturities within 1 year\*\*

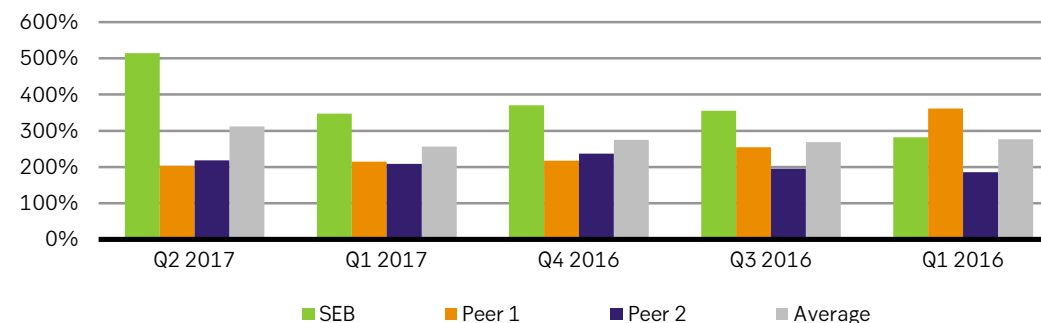


\* Definition of Core Liquidity Reserve according to Swedish Bankers' Association

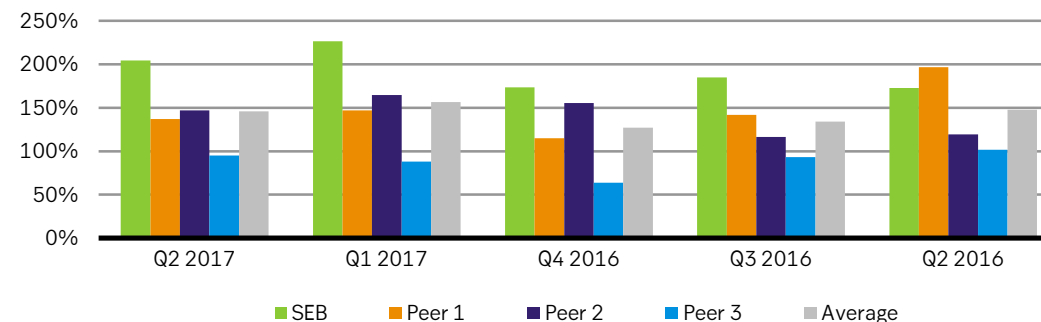
\*\*excluding sub debt with call date within a year

Maturing Funding ratio 3m and 12m, Peer benchmarking

Development 3m funding ratio



Development 12m funding ratio



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

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

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



# Agenda



COVERED BOND  
- L A B E L -

SEB



- SEB in brief p.3
- Financials p.15
- Balance sheet, Credit portfolio & Asset quality p.34
- Capital p.45
- Funding and Liquidity p.52
- **Covered bonds and Cover pool p.58**
- Business plan p.62
- Contacts, calendar and ADR p.68
- Appendix p.71
  - Swedish housing market
  - Macroeconomics



# Only Swedish residential mortgages in SEB's cover pool

## Cover Pool and Covered Bonds

### Highlights

- ❑ Only Swedish Residential Mortgages in the Cover Pool, which historically have had very low credit losses
- ❑ SEB's Cover Pool is more concentrated towards Single family and Tenant owned apartments, which generally have somewhat higher LTVs
- ❑ The Cover Pool is on the parent bank's balance sheet contrary to SEB's major Swedish peers
  - All eligible Swedish residential mortgages are directly booked in the Cover Pool on origination , i.e. no cherry picking of mortgages from balance sheet to Cover Pool
  - Covered Bonds are issued out of the parent bank and investors have full and dual recourse to the parent bank's assets as well as secured exposure to the Cover Pool
- ❑ SEB runs a high OC – currently at 64%

### Covered Bonds

		<b>Q3 2017</b>	<b>Q4 2016</b>	<b>Q4 2015</b>	<b>Q4 2014</b>
Total outstanding covered bonds (SEK bn)		319,517	314	311	310
Rating of the covered bond programme		Aaa Moody's	Aaa Moody's	Aaa Moody's	Aaa Moody's
FX distribution	SEK	68%	71%	72%	76%
	non-SEK	32%	29%	28%	24%

### Cover Pool

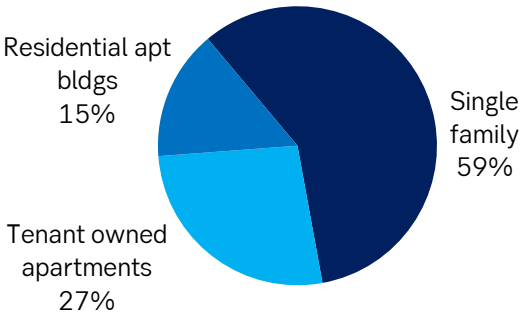
	<b>Q3 2017</b>	<b>Q4 2016</b>	<b>Q4 2015</b>	<b>Q4 2014</b>
Total residential mortgage assets (SEK bn)	524,202	510	483	465
Weighted average LTV (property level)	51%	50%	57%	57%
Number of loans (thousand)	718	711	697	683
Number of borrowers (thousand)	424	424	427	427
Weighted average loan balance (SEK thousand)	730	718	693	680
Substitute assets (SEK thousand)	0	0	0	0
Loans past due 60 days (basis points)	4	4	4	6
Net credit losses (basis points)	0	0	0	0
Over-Collateralization level	64%	63%	55%	50%

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

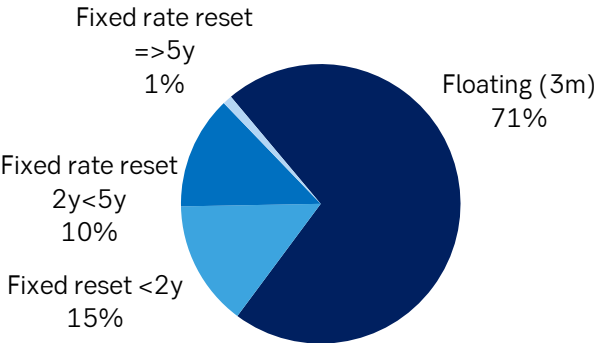


Cover Pool

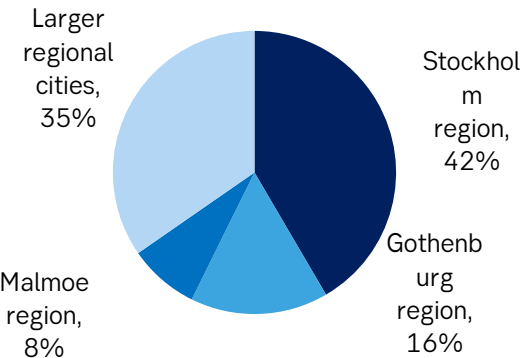
Type of loans



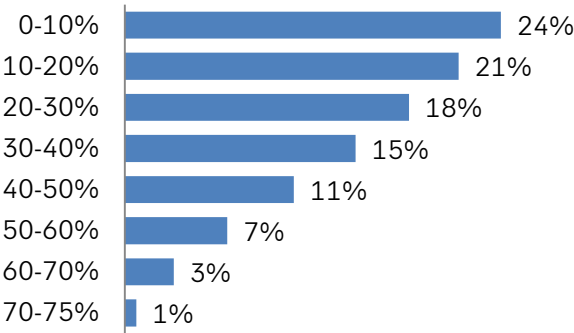
Interest rate type



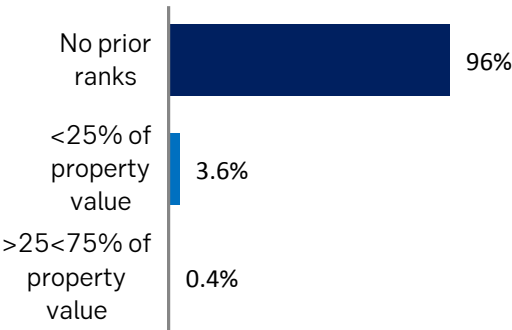
Geographical distribution



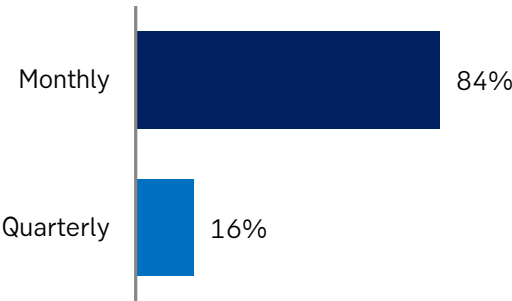
LTV distribution by volume in % of the Cover Pool



Prior ranking loans



Interest payment frequency



NOTE: Distribution in different LTV buckets based on exact order of priority for the individual mortgage deeds according to the Association of Swedish Covered Bond Issuers ([www.asbc.se](http://www.asbc.se))

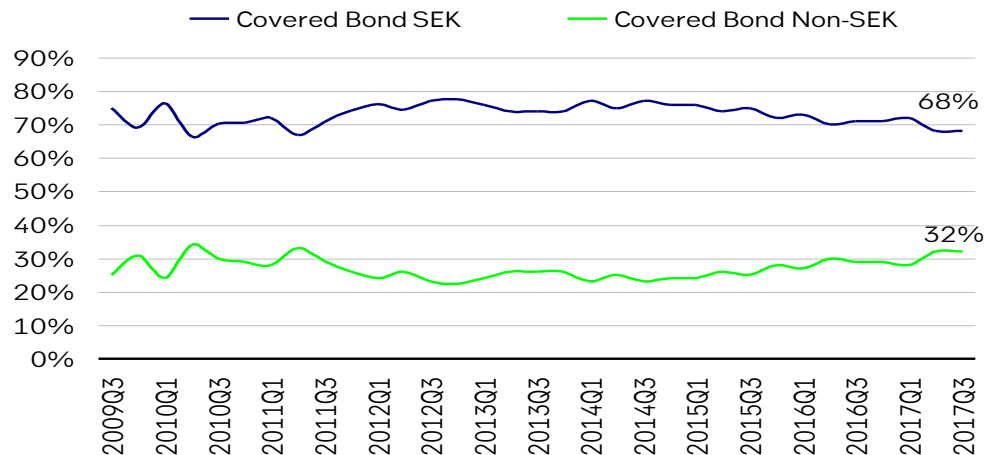
# Profile of outstanding covered bonds

## Covered Bonds

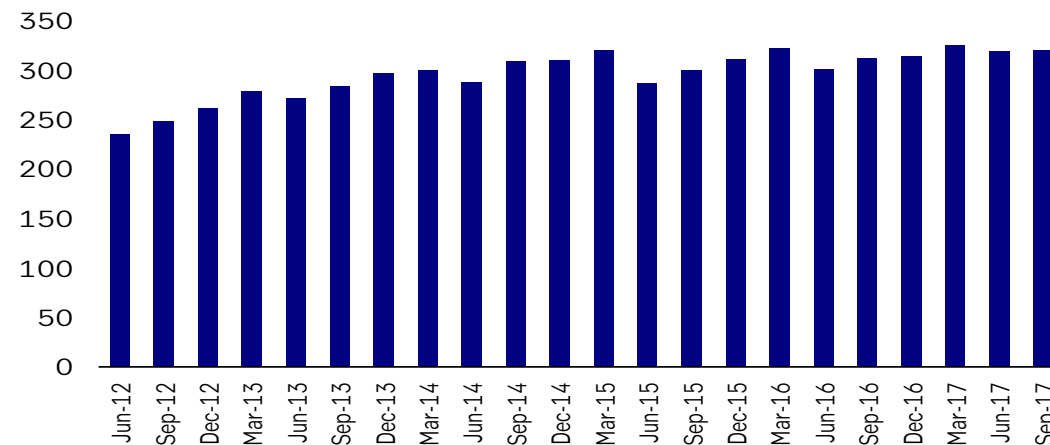
### SEB Swedish Mortgage Covered Bonds

Moody's Rating	Aaa
Total outstanding	SEK 320bn
FX distribution	SEK 68%
	non-SEK 32%
Benchmark	Benchmark 93 %
	Non Benchmark 7 %

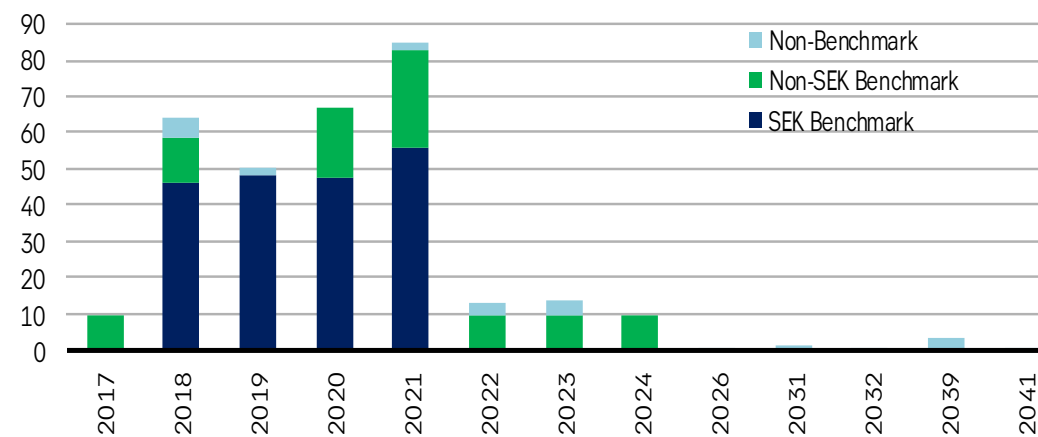
### Currency mix



### Outstanding covered bonds (SEK bn)



### Maturity profile (SEK bn)



# Agenda



- SEB in brief p.3
- Financials p.15
- Balance sheet, Credit portfolio & Asset quality p.34
- Capital p.45
- Funding and Liquidity p.52
- Covered bonds and Cover pool p.58
- **Business plan** **p.62**
- Contacts, calendar and ADR p.68
- Appendix p.71
  - Swedish housing market
  - Macroeconomics

# Focus on growth and transformation continues



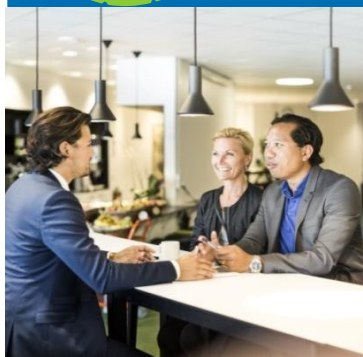
Full focus on  
Swedish  
businesses



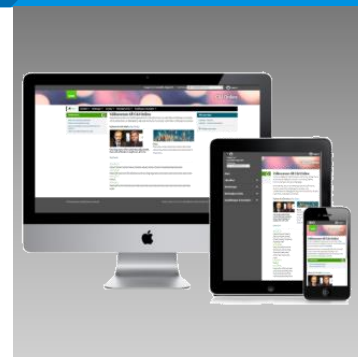
Continue to  
grow in the  
Nordics and  
Germany



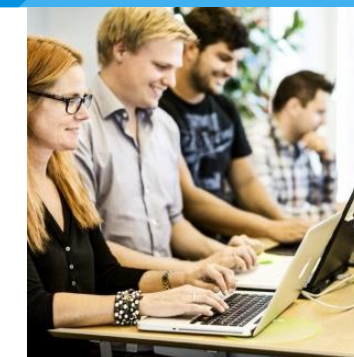
Savings &  
pension  
growth



World-class  
service

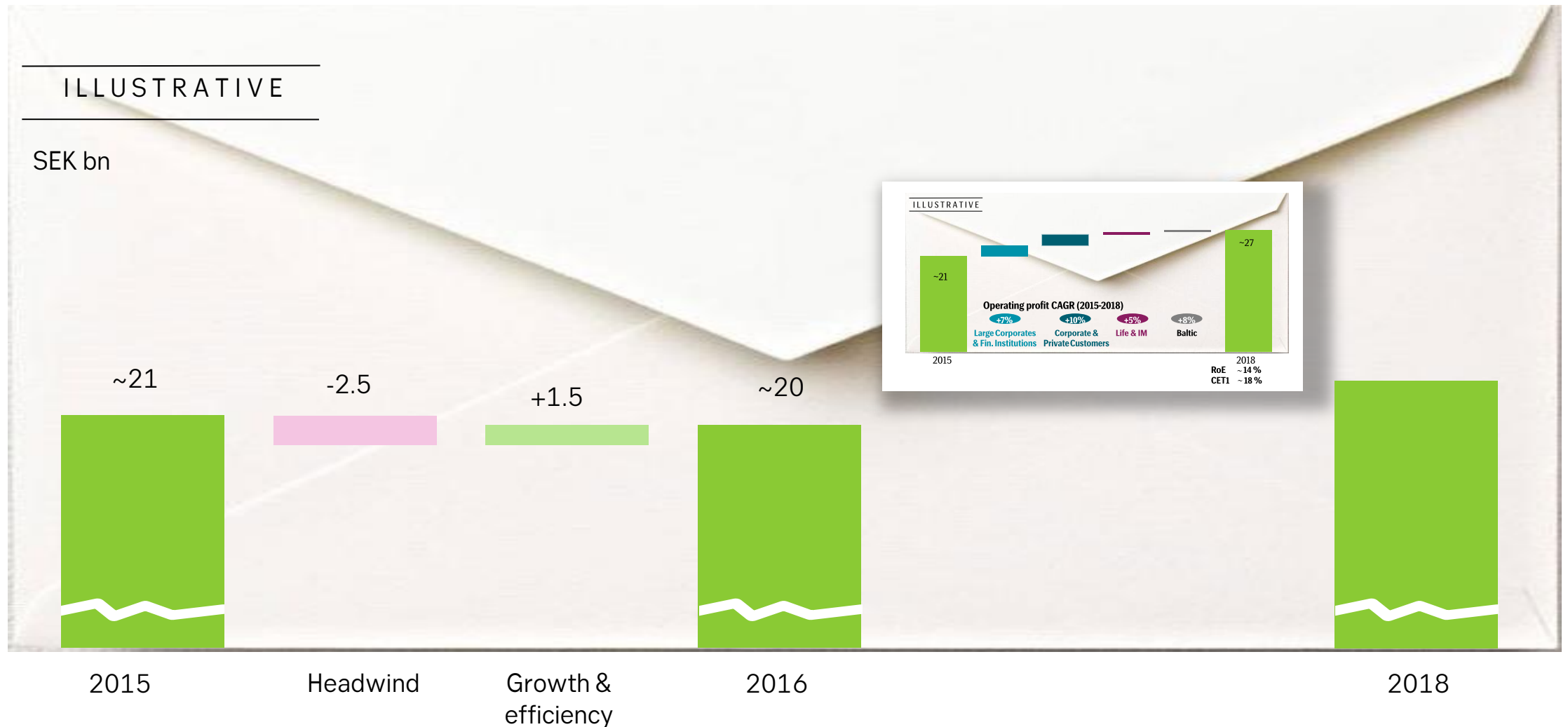


Digitisation and  
automation



Next  
generation  
competences

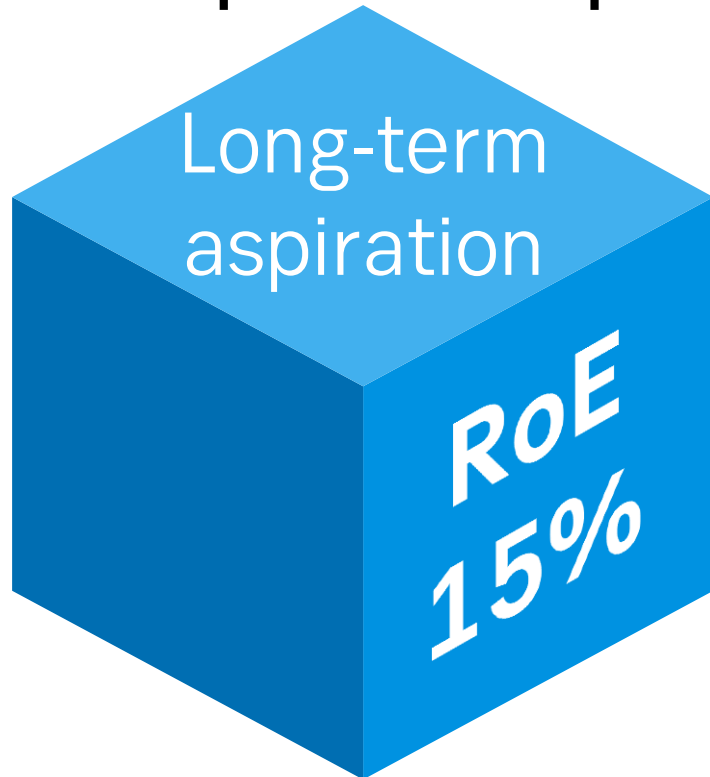
# Growth and efficiency even in a flat interest rate environment and the known headwinds...





# Financial targets

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





# The journey to world-class service continues

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





The journey towards...

...world-class service  
to our customers  
continues

SEB





# Agenda



- SEB in brief p.3
- Financials p.15
- Balance sheet, Credit portfolio & Asset quality p.34
- Capital p.45
- Funding and Liquidity p.52
- Covered bonds and Cover pool p.58
- Business plan p.62
- **Contacts, calendar and ADR p.68**
- Appendix p.71
  - Swedish housing market
  - Macroeconomics

# Investing in Skandinaviska Enskilda Banken AB (Publ.)

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

## Skandinaviska Enskilda Banken's ADR Program

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

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

Telephone: New York: +1 212 723 5435

London: +44 (0) 207 500 2030

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

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

# IR contacts and calendar



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Meeting requests and road shows etc.

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## Julia Ehrhardt

Head of Debt Investor Relations

Phone: +46 8 763 8560  
Mobile: +46 70 591 7311  
Email: julia.ehrhardt@seb.se

## Financial calendar 2018

**31 January** Annual Accounts 2017

- The silent period starts 10 January

**6 March** Annual Report 2017

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

**26 March** Annual General Meeting

**30 April** Interim Report January-March

- The silent period starts 10 April

**17 July** Interim Report January-June

- The silent period starts 7 July

**25 October** Interim Report January-September

- The silent period starts 8 October

# Agenda



- SEB in brief p.3
- Financials p.15
- Balance sheet, Credit portfolio & Asset quality p.34
- Capital p.45
- Funding and Liquidity p.52
- Covered bonds and Cover pool p.58
- Business plan p.62
- Contacts, calendar and ADR p.68
- **Appendix p.71**
  - Swedish housing market
  - Macroeconomics



# Increasing investments in Sweden not enough to remedy structural lack of housing and upward pressure on prices

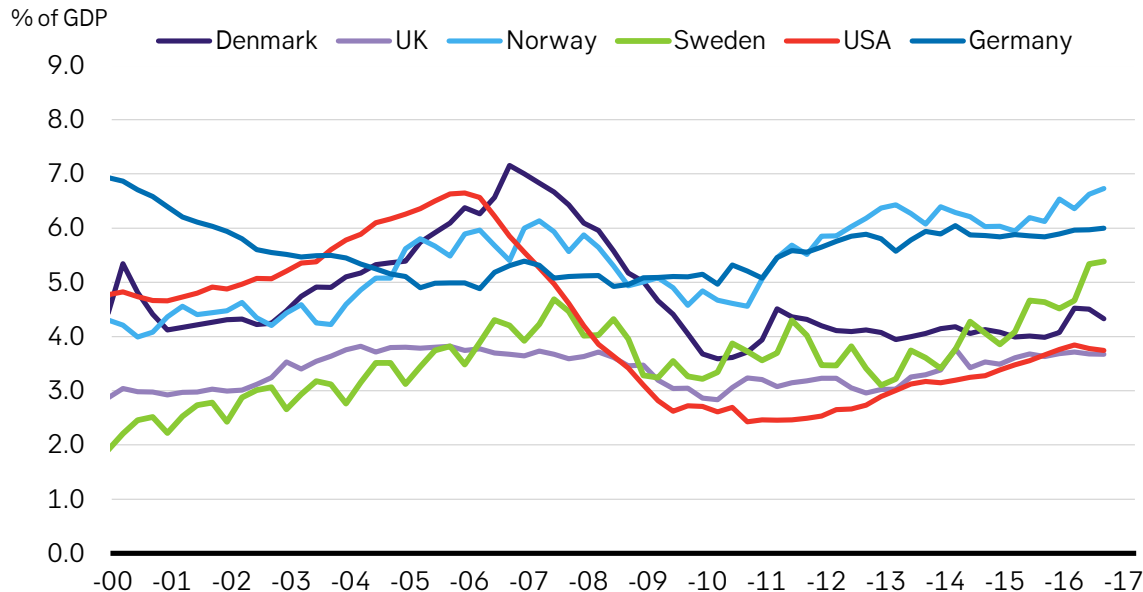
## History

- Shift in government policy on subsidies for residential mortgage purposes and deregulation of the credit markets 27 years ago had a huge negative impact on residential construction
- 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
- Abolished Wealth Tax in 2007, a Real Estate Tax reform in 2007-2009 reduced the Real Estate Tax significantly as well as tax reductions for home renovations and repairs

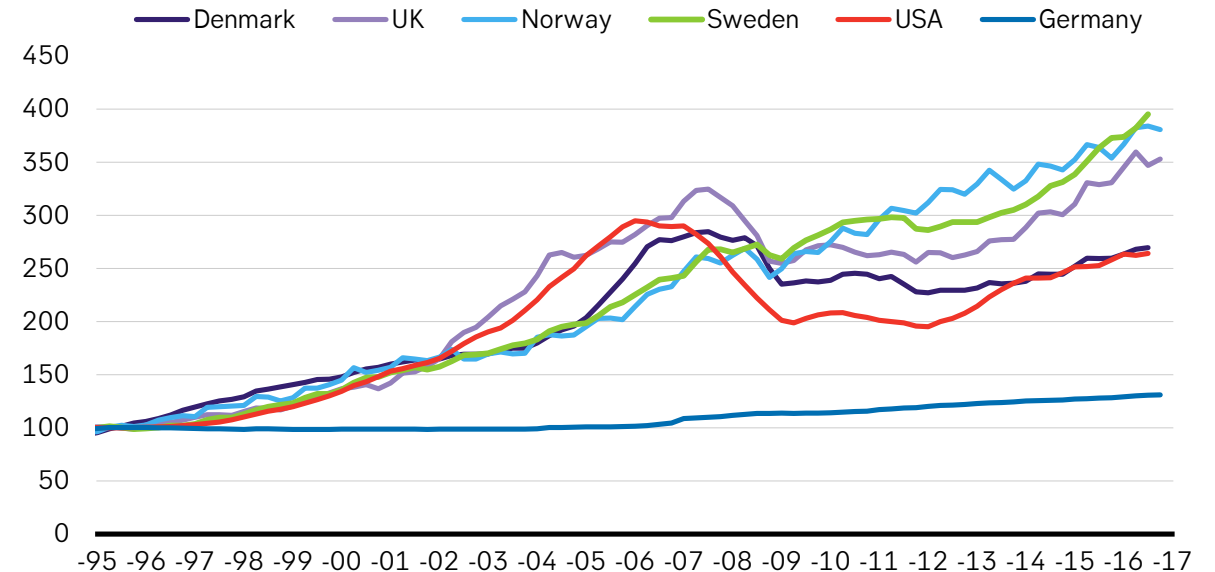
## Currently

- Government takes measures to stimulate residential investments
- At the end of 2019 housing construction will account for almost 7.5 per cent of GDP

## Increasing residential investments



## House prices (Index 1995=100)

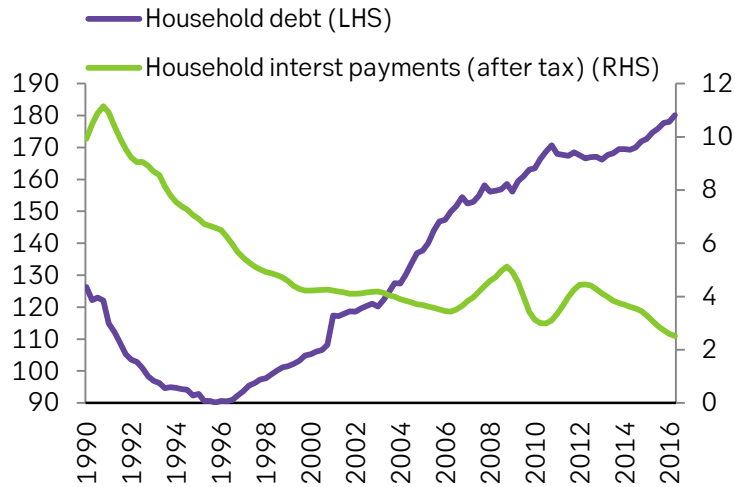




# Sweden: Households' debt/housing exposure

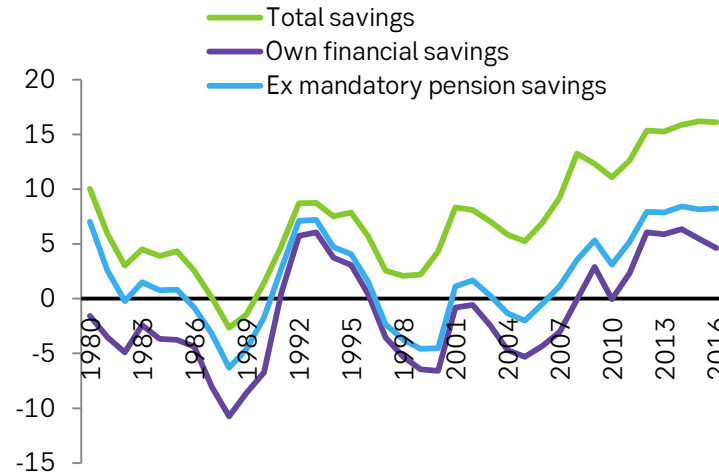
## Sensitivity to rates has increased

Household debt and interest rate expenditure, % of income



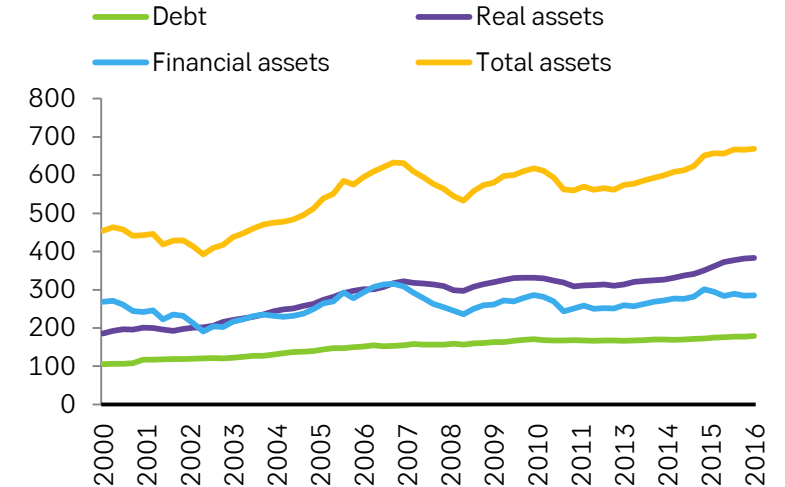
## Household savings at historical highs

Household savings, % of income



## Households' Balance sheet still strong

Household assets and debt, % of income



## Overview

- Affordability not the main issue, at least not as long as rates stay low
- Household savings are still rising
- Strong household balance sheets

# Swedish housing market

## – Characteristics and prices

### Svensk Mäklarstatistik – Sep 2017, per cent

Area	Single family homes		Apartments	
	3m	12m	3m	12m
Sweden	+1.3	+8.9	+1.4	+5.7
Greater Stockholm	+1.9	+6.3	-1.2	+2.0
Central Stockholm			+0.7	+4.4
Greater Gothenburg	+0.3	+9.6	+3.9	+11.3
Greater Malmoe	+2.5	+12.4	+5.1	+16.0

### Valueguard – Sep 2017, per cent

Area	Single family homes		Apartments	
	3m	12m	3m	12m
Sweden	+0.9	+8.1	-0.2	+4.5
Stockholm	+1.3	+6.1	-0.9	+1.7
Gothenburg	+0.2	+6.7	+1.1	+10.5
Malmoe	+1.0	+11.7	+0.9	+13.5

HOX Sweden +1.5% 3m, +9.2% 12m

## Characteristics of Swedish mortgage market

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

# Households' indebtedness and affordability - key features

## Households' aggregated debt to disposable income ratio (*debt ratio*) is around 180% <sup>3)</sup>

- This ratio increased from 100% to 170% between the late 1990s and 2010 when it slowed down considerably
- The increase taking place before 2010 was partly due to changing residential ownership structure and higher affordability
- Since early 2014 indebtedness has started to rise again and was by the end of 2016 around 180%

## The most indebted people are the ones that can afford it <sup>1), 2), 4), 5)</sup>

- Approx. 85% 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
  - 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 <sup>3), 5)</sup>

- Aggregated **total wealth, excluding collective insurances, is more than 6 times higher** than household disposable income
- Aggregated **net wealth** (total assets minus total debt) **is over 4 times higher** than disposable income
- **Financial assets are 2 times higher** than disposable income
- **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 Housholds?" 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 May 2017

4) SFSA The Swedish Mortgage Market April 2016

5) SFSA Stability in the financial system of May 2017

# 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 despite the last few years' increased 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% was introduced on June 1, 2016*
- *Stricter amortization requirement targeting households with debt-to-income ratios in excess of 4.5x the household's gross income, to be introduced in March 1<sup>st</sup> 2018.*

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

- *Hottest topics:*
  - ✓ *Gradual abolishment of the ability of households to deduct interest rate costs for tax purposes (today: 30% up to about USD15k and 21% on the amount above USD15k can be deducted for tax purposes)*
  - ✓ *Gradual abolishment of the property sales gains tax (currently 22%)*







# Global GDP growth forecasts as of Sept 2017

GDP, YoY % change		2016	2017E	2018E	2019E
US		1.5	2.2	2.4	2.0
China		6.7	6.8	6.4	6.1
Japan		1.0	1.3	0.8	0.7
Euro zone		1.8	2.1	2.2	2.0
Germany		1.9	2.1	2.0	1.8
UK		1.8	1.5	1.0	1.2
OECD		1.8	2.1	2.1	1.9
World		3.1	3.8	3.8	3.7
Sweden		3.2	3.2	2.8	2.4
Norway		1.1	1.7	1.6	1.9
Denmark		1.7	2.3	2.4	2.4
Finland		1.9	2.5	2.2	2.2
Baltics		2.0	3.5	3.3	3.1



# Broad upturn in the Nordic economies

GDP, YoY % change		2016	2017E	2018E	2019E
	DEN	1.7	2.3	2.4	2.4
	FIN	1.9	2.5	2.2	2.2
	NOR	1.1	1.7	1.6	1.9
	SWE	3.2	3.2	2.8	2.4

Denmark: Headwinds holding back domestic demand are fading

- Looser credit standards set to stimulate domestic demand
- Consumer optimism has turned sharply higher during 2017

Finland: Growth is surging after a long stagnation

- Production and exports are accelerating
- Household optimism at record-high despite stubborn jobless rate and weak pay hikes

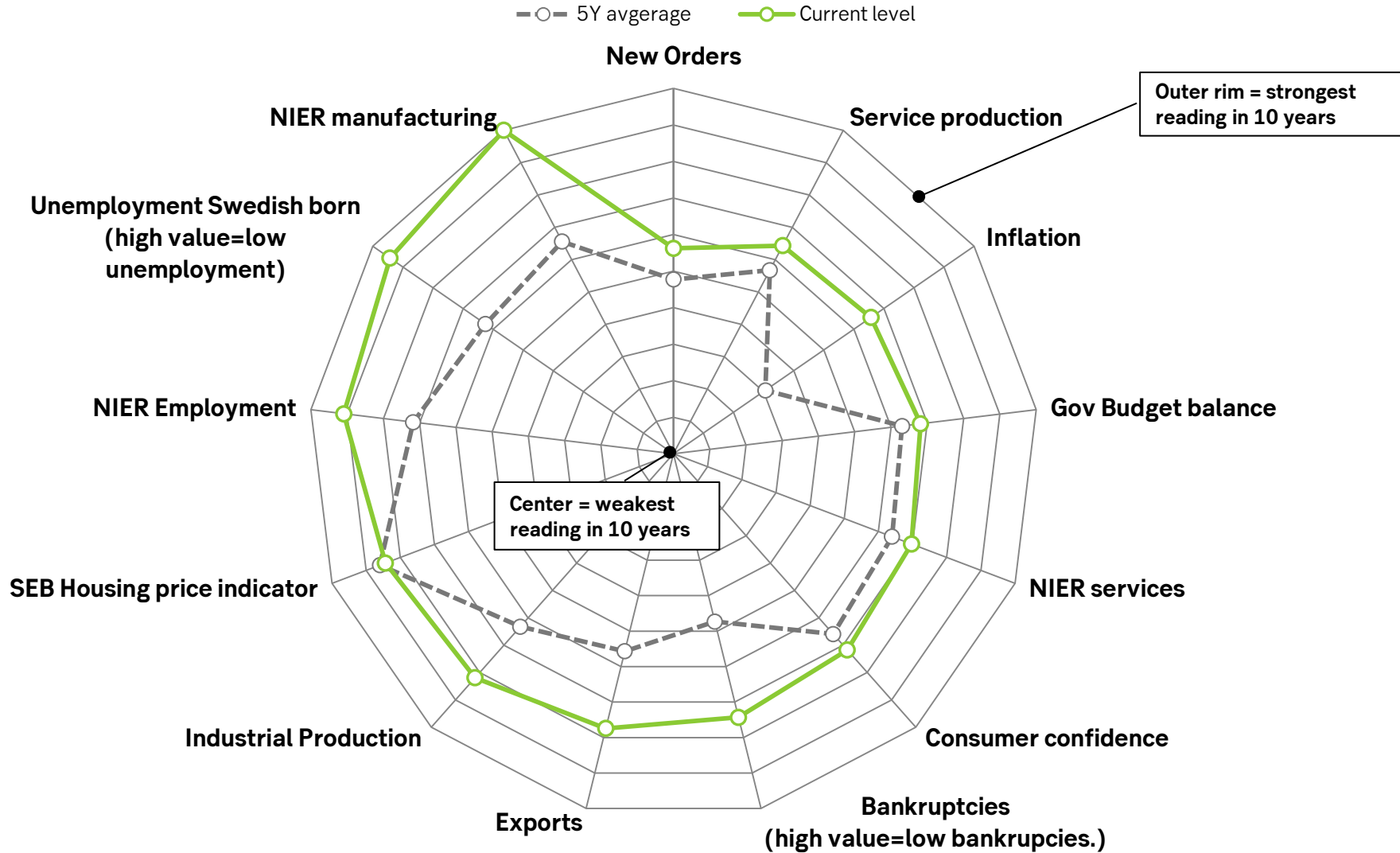
Norway: Economic recovery firing on all cylinders

- Recovery in petroleum-related activity
- Norges Bank hiking rates in late 2018

Sweden: Continued strong growth but greater risk of overheating

- Riksbank will hike its key rate in April 2018
- Risk of overheating but wages lag behind

# Strong Swedish economy



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



# Business conditions improving in Sweden

## Deloitte/SEB Swedish CFO Survey

– The survey was carried out in February , 2017



## Swedish Business Confidence

