

SEB

SEB

# Telephone Conference Q2-17

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President & CEO

14 July, 2017



# Solid financial performance in the first half-year

Profit & Loss, (SEK m)	Underlying			Reported		
	H1 2017	H1 2016*	%	H1 2017	H1 2016	%
<b>Total Operating income</b>	<b>22,609</b>	<b>20,838</b>	<b>8</b>	<b>22,609</b>	<b>21,358</b>	<b>6</b>
Total Operating expenses	-10,909	-10,748	1	-10,909	-16,697	-35
Net credit losses etc.	-490	-581	-16	-490	-581	-16
<b>Operating profit</b>	<b>11,210</b>	<b>9,509</b>	<b>18</b>	<b>11,210</b>	<b>4,080</b>	<b>175</b>

Credit loss level

6bps

Cost/income ratio

0.48

Common Equity Tier 1

18.9 %

Return on Equity

12.6%

\* 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

# Similar customer activity as in the first quarter

Profit & Loss, (SEK m)				Underlying		Reported	
	Q2 2017	Q1 2017	%	Q2 2016*	%	Q2 2016	%
<b>Total Operating income</b>	<b>11,405</b>	<b>11,204</b>	2	<b>10,616</b>	7	<b>11,136</b>	2
Total Operating expenses	-5,473	-5,436	1	-5,332	3	-5,332	3
Net credit losses etc.	-252	-238	6	-268	-6	-268	-6
<b>Operating profit</b>	<b>5,681</b>	<b>5,529</b>	<b>3</b>	<b>5,016</b>	13	<b>5,536</b>	3

Credit loss level

6bps

Cost/income ratio

0.48

Common Equity Tier 1

18.9 %

Return on Equity

13.2%

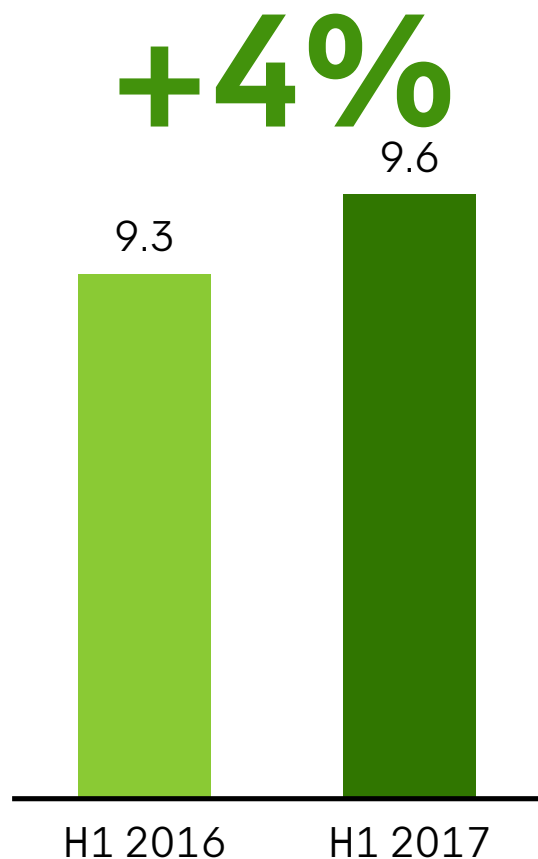
\* Note: Excluding items affecting comparability: SEB Baltic Visa transaction of SEK +0.5bn in Q2 2016

# Robust net interest income development

SEK bn, excl. item affecting comparability

## Net interest income

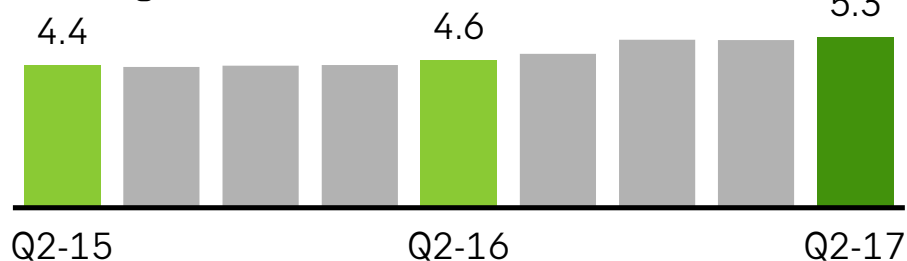
Jan-Jun 2017 vs. Jan – Jun 2016



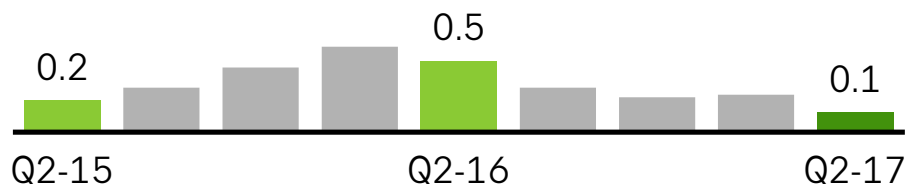
## Net interest income type

Q2 2015 – Q2 2017

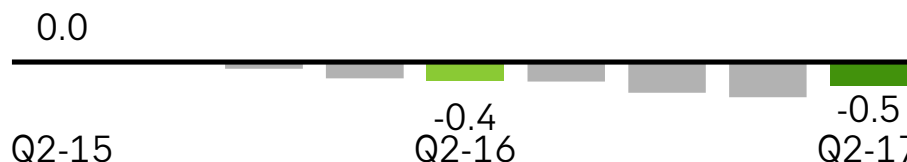
### Lending



### Deposits



### Funding & other



## Highlights

- Stable margins on lending, increase driven by credit volume increases
- Digital improvements spurred growth in household mortgage market
- Deposit trend continues, impact from negative rates
- Resolution fund fee adjusted to reflect lower risk factor

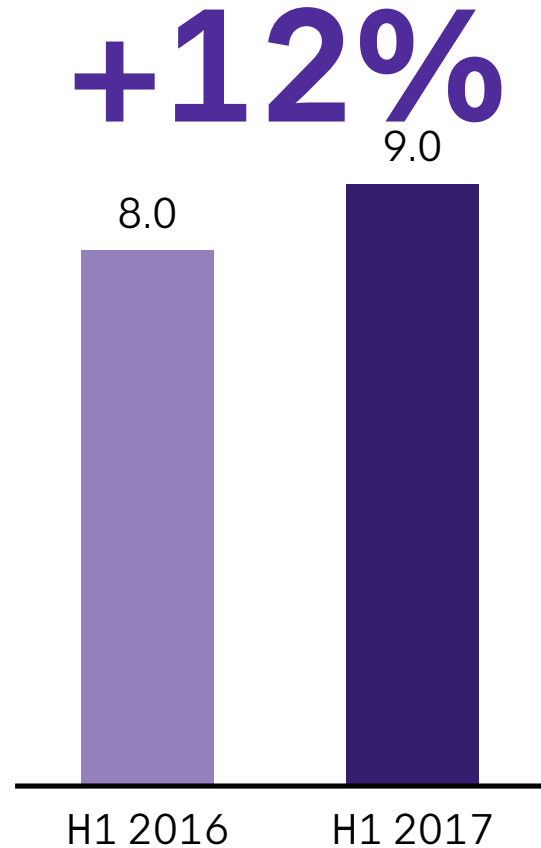
Excluding SEK -82m Swiss withholding tax in Q2 2015.

# Strong net fee and commission income

SEK bn

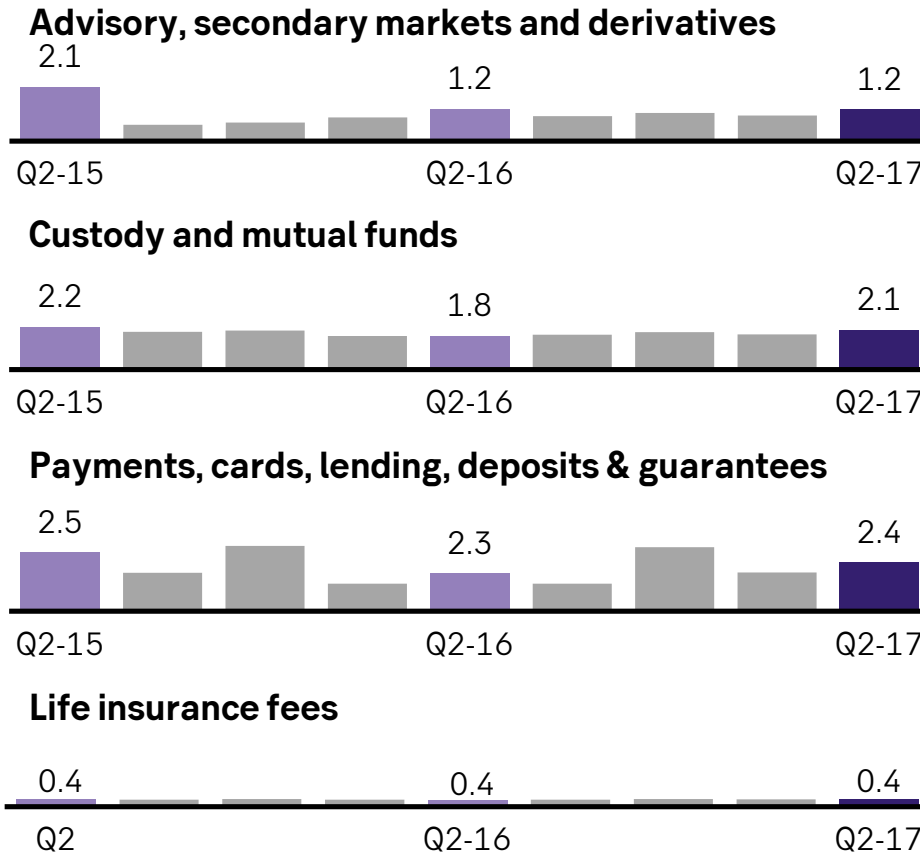
## Net fee and commissions

Jan-Jun 2017 vs. Jan – Jun 2016



## Gross fee and commissions by income type

Q2 2015 – Q2 2017



## Highlights

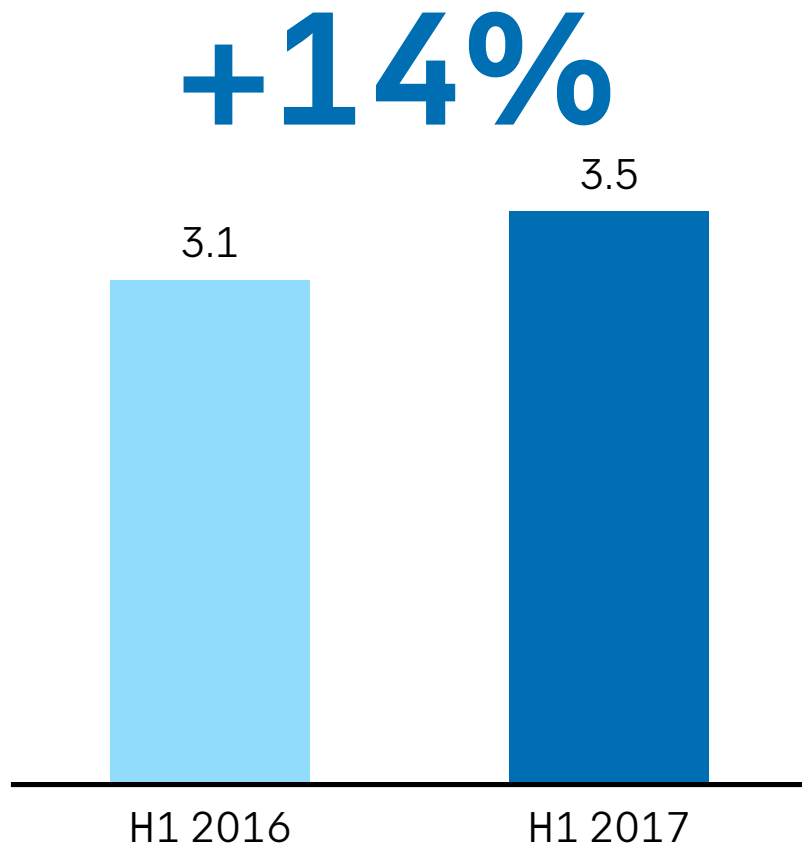
- Strong momentum driven by primary markets in DCM, ECM, and M&A, but somewhat lower lending activity
- Higher asset values in AuC and AuM
- SEK 41bn of net inflows in the first six months
- Seasonal uptick in payments and cards QoQ

# Low volatility muted activity in the second quarter

SEK bn, excl. item affecting comparability

## Net financial income

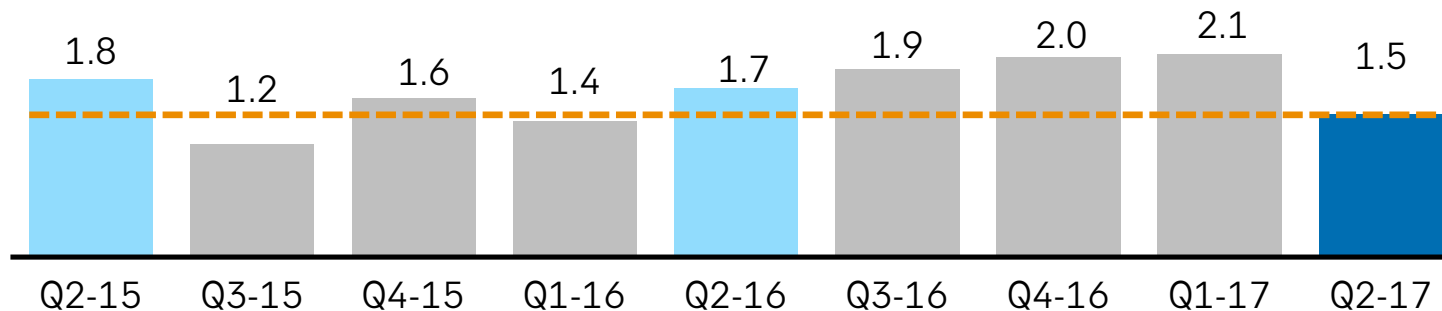
Jan-Jun 2017 vs. Jan-Jun 2016



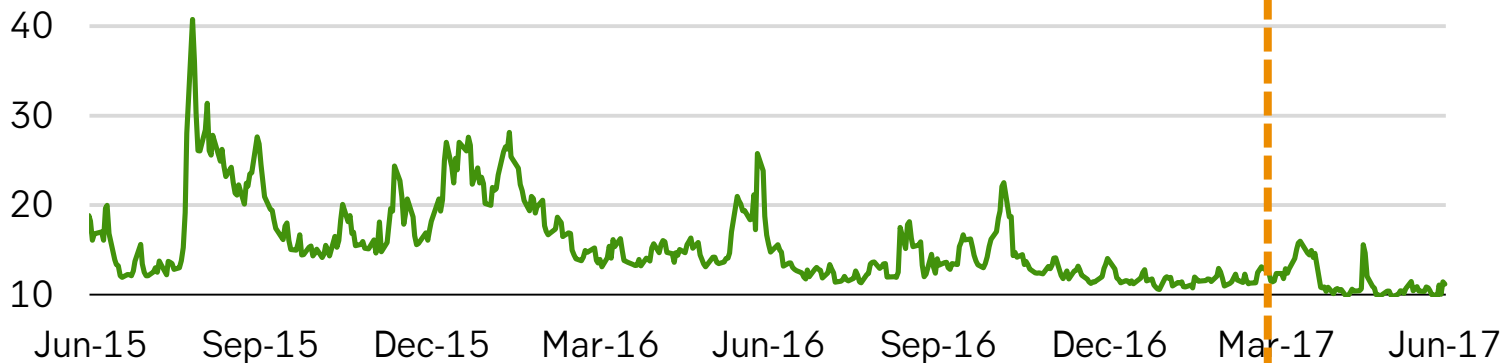
*Excluding SEK -820m Swiss withholding tax in Q2 2015.*

## Net financial income development

Q2 2015 – Q2 2017



## Reduced volatility

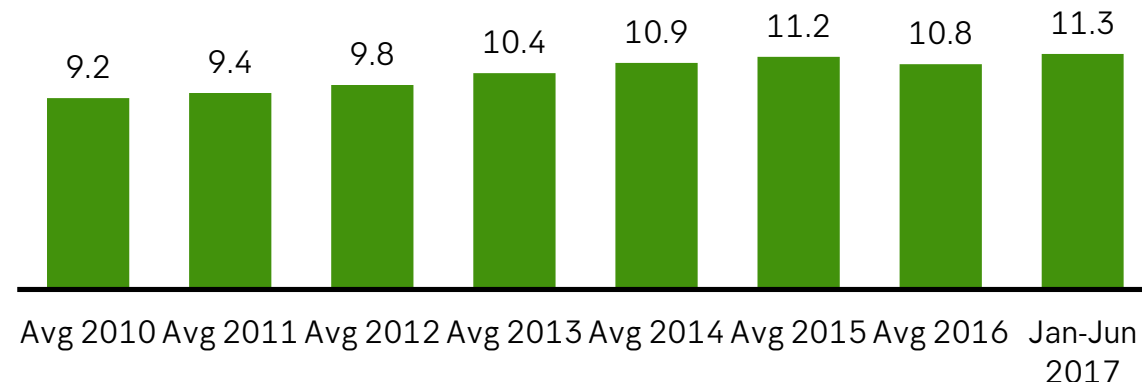


VIX S&P 500 volatility

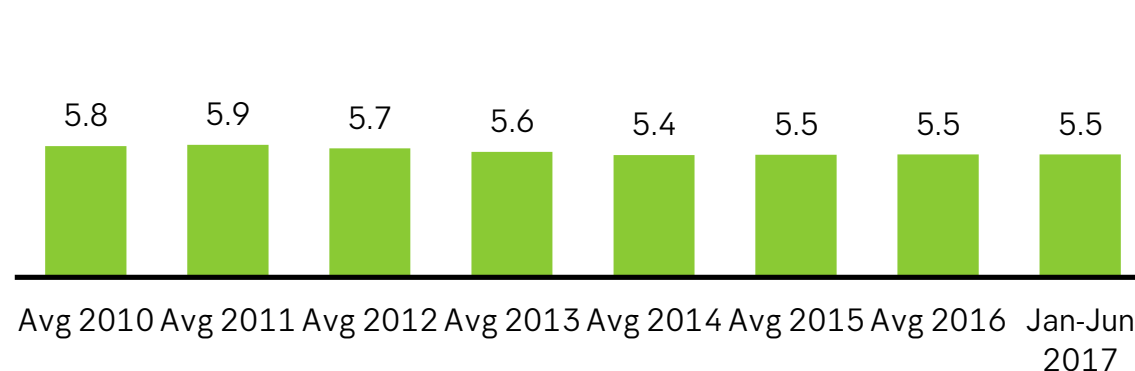
# Operating leverage back on track

Excluding items affecting comparability

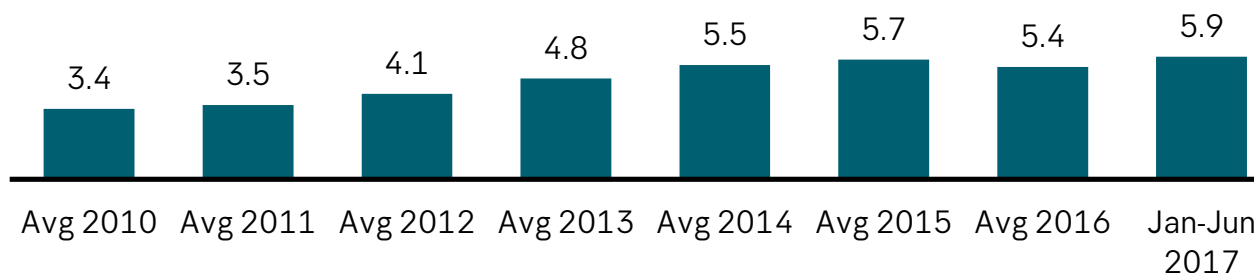
**Average quarterly income (SEK bn)**



**Average quarterly expenses (SEK bn)**



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



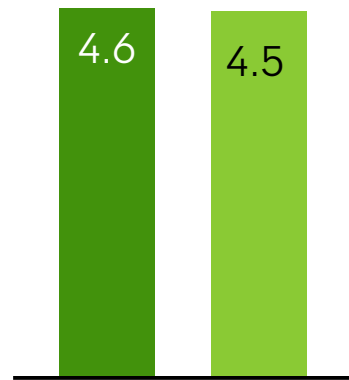
*Excluding items affecting comparability (restructuring in 2010, bond buy-back and IT impairment in 2012, sale of MasterCard shares and Euroline in 2014, Swiss withholding tax in 2015, Goodwill impairment, other one-off cost items and SEB Baltic VISA transaction in 2016) Estimated IAS 19 costs in 2010*

## Large Corporates & Financial Institutions

Operating profit & key figures\*

SEK bn

■ H1 2016 ■ H1 2017



**RoBE**  
10.2% (11.5)

**Business Equity**  
SEK bn  
66.2 (61.0)

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

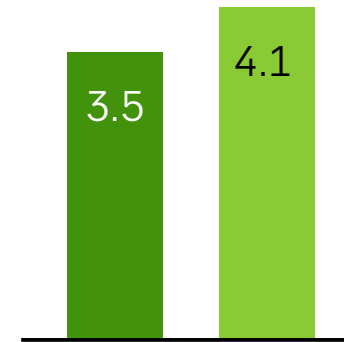
\* Excluding items affecting comparability in 2016

## Corporate & Private Customers

Operating profit & key figures

SEK bn

■ H1 2016 ■ H1 2017



**RoBE**  
15.1% (14.9)

**Business Equity**  
SEK bn  
40.7 (36.5)

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

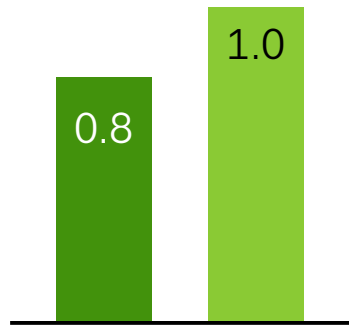


## Baltic Banking

Operating profit & key figures\*

SEK bn

■ H1 2016 ■ H1 2017



### RoBE

23.2% (18.3)

### Business Equity

SEK bn

7.7 (7.6)

- Continued improvement in business sentiment in all segments and loan growth in all countries
- Increased usage of mobile services. Smart-ID and Remote advisory launched

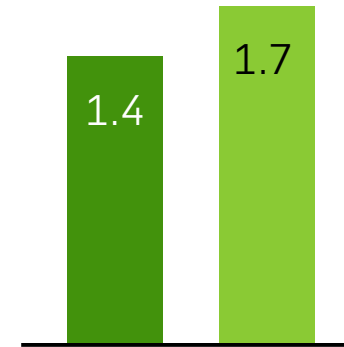
\* Excluding items affecting comparability in 2016

## Life & Investment Management

Operating profit & key figures

SEK bn

■ H1 2016 ■ H1 2017



### RoBE

26.1% (21.2)

### Business Equity

SEK bn

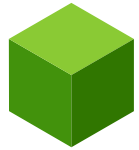
11.0 (11.6)

- Net inflow of AuM SEK 41bn across all customer segments
- Sustainability products see increased demand and traction across from customers

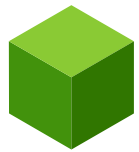
# SEB aims to be a role model in sustainability within the financial industry



Market leader in green bonds



Active ownership/Board diversity



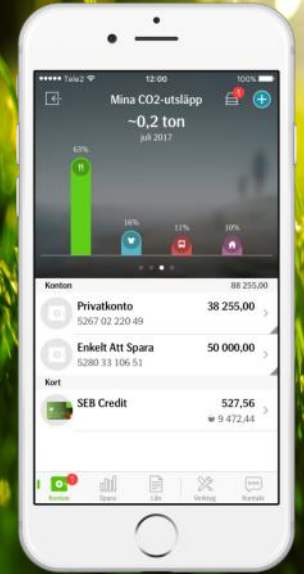
SEB has six microfinance funds

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

## MyFootprint

Visualize carbon footprint

Pilot - summer 2017



## Sustainometer

Sustainability ranking for stocks

Pilot – Autumn 2017

# Strong asset quality and balance sheet

(SEK bn)		2009	2016	June 2017
Asset quality	Non-performing loans	28.6bn	7.6bn	7.8bn
	NPL coverage ratio	65%	63%	61%
	Net credit loss level	0.92%	0.07%	0.06%
Funding and liquidity	Customer deposits	750bn	962bn	1 084bn
	Liquidity coverage ratio	N.A.	168%	120%
Capital	CET 1 ratio (Basel 3)	11.7% <small>Basel 2.5</small>	18.8%	18.9%
	Total capital ratio (Basel 3)	14.7% <small>Basel 2.5</small>	24.8%	25.7%
	Leverage ratio (Basel 3)	N.A.	5.1%	5.0%

# Highlights

## – First half year 2017

- Solid performance through diversified business mix, robust capital position and strong asset quality
- Improved market sentiment increased customer activity but very low volatility muted hedging activity
- Transformation initiatives continue to enhance the customer experience and operating efficiency

