

Investor Presentation

January – March 2018



Disclaimer

IMPORTANT NOTICE

THIS PRESENTATION IS NOT AN OFFER OR SOLICITATION OF AN OFFER TO BUY OR SELL SECURITIES. IT IS SOLELY FOR USE AT AN INVESTOR PRESENTATION AND IS PROVIDED AS INFORMATION ONLY. THIS PRESENTATION DOES NOT CONTAIN ALL OF THE INFORMATION THAT IS MATERIAL TO AN INVESTOR. THIS PRESENTATION IN AND OF ITSELF SHOULD NOT FORM THE BASIS OF ANY INVESTMENT DECISION. BY ATTENDING THE PRESENTATION OR BY READING THE PRESENTATION SLIDES YOU AGREE TO BE BOUND AS FOLLOWS:

This presentation is not an offer for sale of securities in the United States, Canada or any other jurisdiction.

This presentation may not be all-inclusive and may not contain all of the information that you may consider material. Neither SEB nor any third party nor any of their respective affiliates, shareholders, directors, officers, employees, agents and advisers makes any expressed or implied representation or warranty as to the completeness, fairness or reasonableness of the information contained herein and none of them accepts any responsibility or liability (including any third party liability) for any loss or damage, whether or not arising from any error or omission in compiling such information or as a result of any party's reliance on or use of such information.

Certain data in this presentation was obtained from various external data sources and SEB has not verified such data with independent sources. Accordingly, SEB makes no representations as to the accuracy or completeness of that data. Such data involves these risks and uncertainties and is subject to change based on various factors.

By accessing this presentation the recipient will be deemed to represent that they possess, either individually or through their advisers, sufficient investment expertise to understand the information contained herein. The recipient of this presentation must make its own independent investigation and appraisal of the business and financial condition of SEB. Each recipient is strongly advised to seek its own independent financial, legal, tax, accounting and regulatory advice in relation to any investment.

This presentation does not constitute a prospectus or other offering document or an offer or invitation to subscribe for or purchase any securities and nothing contained herein shall form the basis of any contract or commitment whatsoever. This presentation is being furnished to you solely for your information and may not be reproduced, copied, shared, disseminated or redistributed, in whole or in part, in any manner whatsoever to any other person. The distribution of this presentation in certain jurisdictions may be restricted by law and persons into whose possession this presentation comes should inform themselves about, and observe, any such restrictions.

No securities have been or will be registered under the U.S. Securities Act of 1933, as amended (the Securities Act) or with any securities regulatory authority of any state or other jurisdiction of the United States and securities may not be offered, sold or transferred within the United States or to U.S. persons except pursuant to an exemption from, or in a transaction not subject to, the registration requirements of the Securities Act and applicable state securities laws. This presentation is not a public offer of securities for sale in the United States.

In the United Kingdom this presentation is being made only to and is directed only at (a) persons who have professional experience in matters relating to investments who fall within Article 19(1) of the Financial Services and Markets Act 2000 (Financial Promotion) Order 2005 (the Order) and (b) other persons to whom it may otherwise lawfully be communicated in accordance with the Order (all such persons together being referred to as relevant persons). Any investment activity to which this communication may relate is only available to, and any invitation, offer, or agreement to engage in such investment activity will be engaged in only with, relevant persons. Any person who is not a relevant person should not act or rely on this document or any of its contents.

Certain statements contained in this presentation reflect SEB's current views with respect to future events and financial and operational performance. Except for the historical information contained herein, statements in this presentation which contain words or phrases such as "will", "aim", "will likely result", "would", "believe", "may", "result", "expect", "will continue", "anticipate", "estimate", "intend", "plan", "contemplate", "seek to", "future", "objective", "goal", "strategy", "philosophy", "project", "should", "will pursue" and similar expressions or variations of such expressions may constitute "forward-looking statements". These forward-looking statements involve a number of risks, uncertainties and other factors that could cause SEB's actual development and results to differ materially from any development or result expressed or implied by such forward-looking statements. These risks and uncertainties include, but are not limited to, SEB's ability to successfully implement its strategy, future levels of non-performing loans, its growth and expansion, the adequacy of its allowance for credit losses, its provisioning policies, technological changes, investment income, cash flow projections, exposure to market risks as well as other risks. SEB undertakes no obligation to publicly update or revise forward-looking statements contained herein, whether as a result of new information, future events or otherwise. In addition, forward-looking statements contained in this presentation regarding past trends or activities should not be taken as a representation that such trends or activities will continue in the future. You should not place undue reliance on forward-looking statements, which speak only as of the date of this presentation.

Agenda

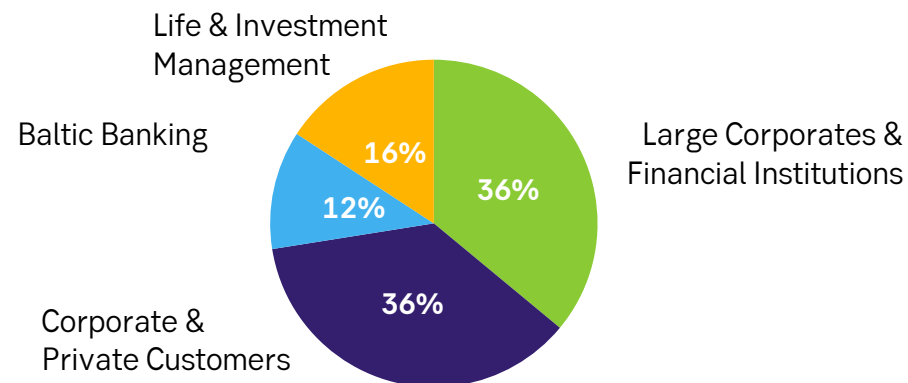


- **SEB in brief** **p.3**
- Financials p.15
- Balance sheet, Credit portfolio & Asset quality p.34
- Capital p.44
- Funding and Liquidity p.51
- Covered bonds and Cover pool p.57
- Business plan p.61
- Contacts, calendar and ADR p.66
- Appendix p.69
 - Swedish housing market
 - Macroeconomics

Growth & strong credit rating in diversified business

Diversified Business mix

Operating profit Q1 2018



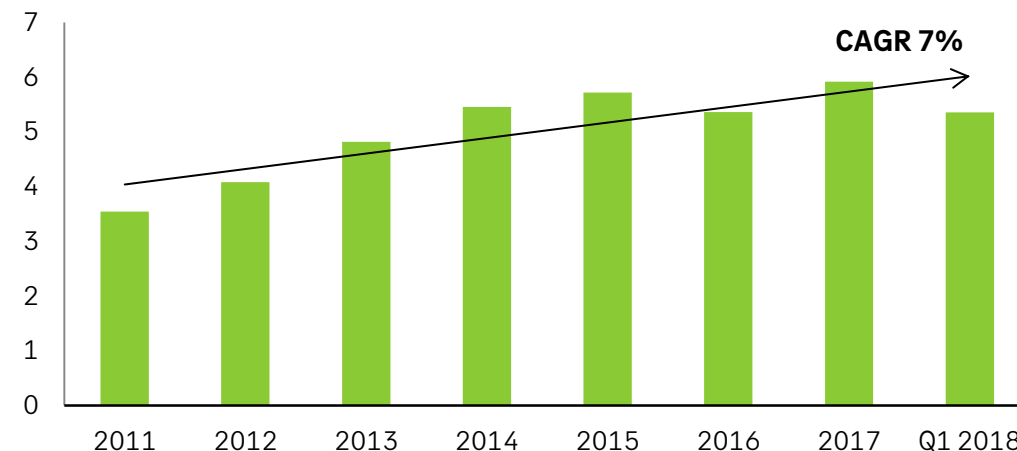
Operates principally in economically robust AAA rated European countries



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

Stable growth trend

Average quarterly profit before credit losses (SEK bn)



- Full focus on Swedish businesses
- Continue to grow in the Nordics, Germany and the UK
- 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	Aa2	4*	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

274k
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

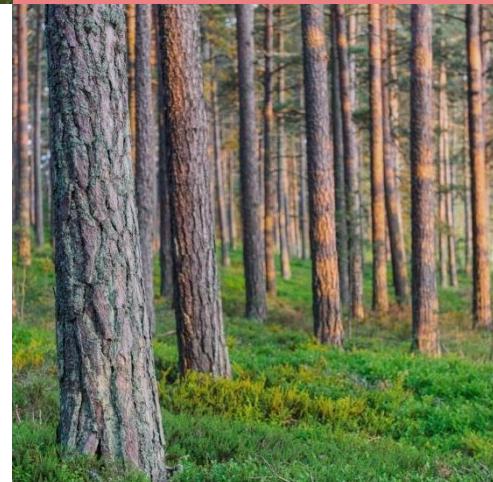
Advised in the
world's largest
social bond issue

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

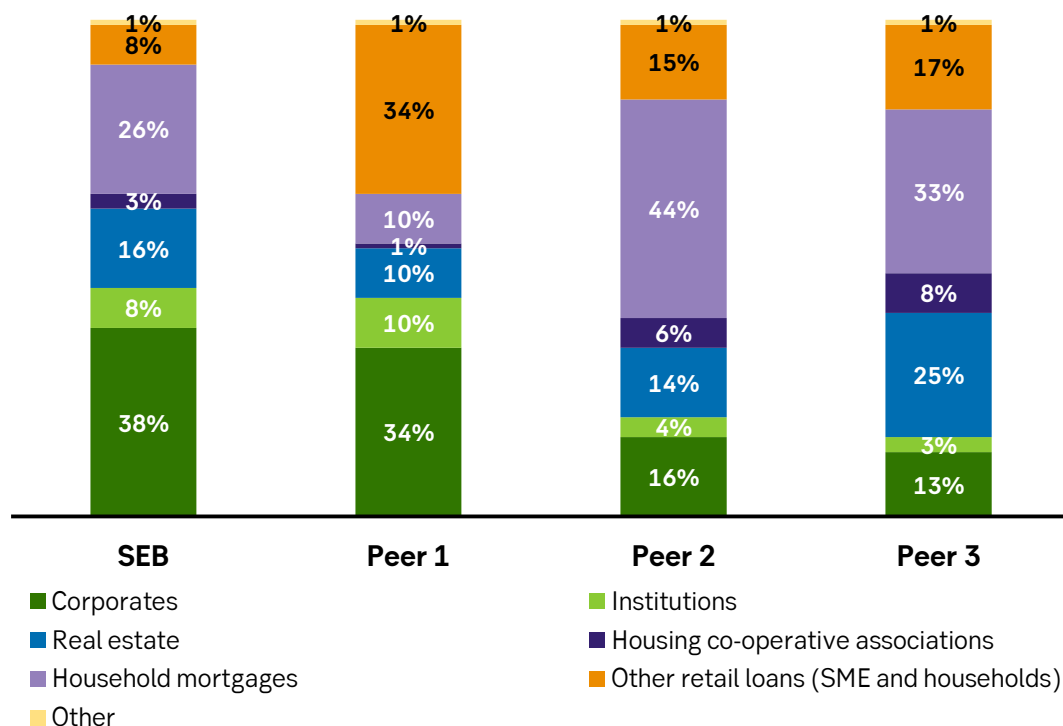
A wide, grey, downward-pointing arrow that spans the width of the slide, pointing from the two columns of advantages towards the 'Sustainable value creation' text.

Sustainable value creation

SEB's diversified business mix sustains earnings

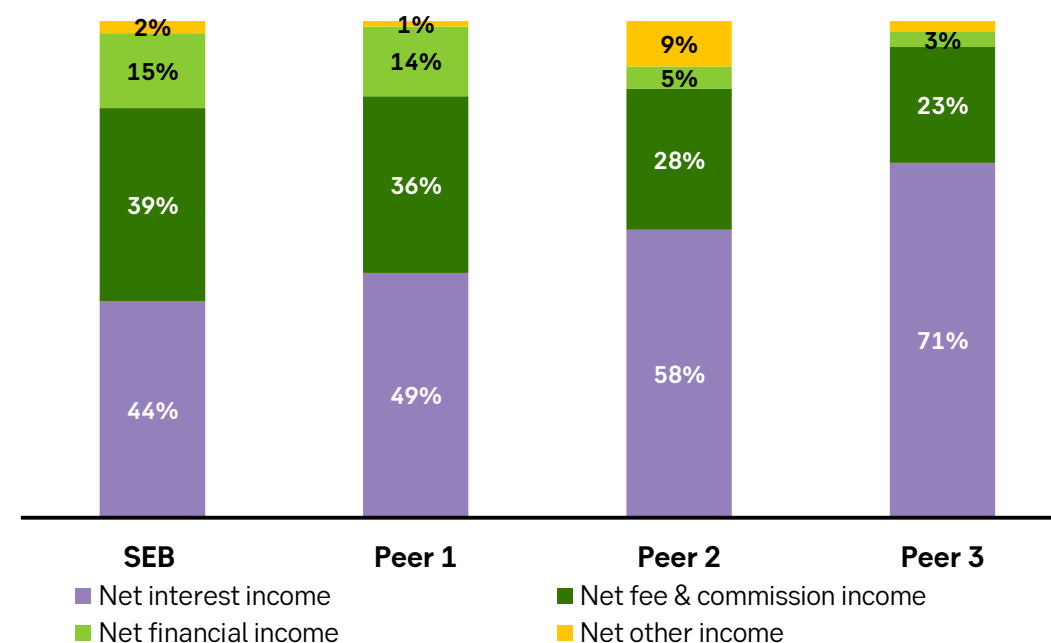
Highest corporate and institutional exposure and low real estate & mortgage exposure

Sector credit exposure composition, EAD¹⁾, Dec 2017



Diversified income stream with least dependence on NII

Operating income by revenue stream, Dec 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: SEB + Swedish Peers' Pillar 3 and Q4 17 reports

Leading market positions in core business areas

March 31, 2018

Corporate and Institutional business¹⁾

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

Second largest Nordic asset manager with SEK 1,854bn under management

Largest Nordic custodian with SEK 7,985bn under custody

Private Individuals¹⁾

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

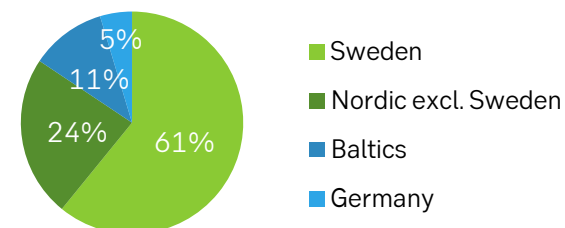
Swedish household mortgage lending: approx. 14%

Second largest bank in the Baltic countries by lending

Operates principally in economically robust
AAA rated European countries



Share of operating profit - full year 2017 ²⁾



1) latest available information

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

Operating expenses kept down by cost cap

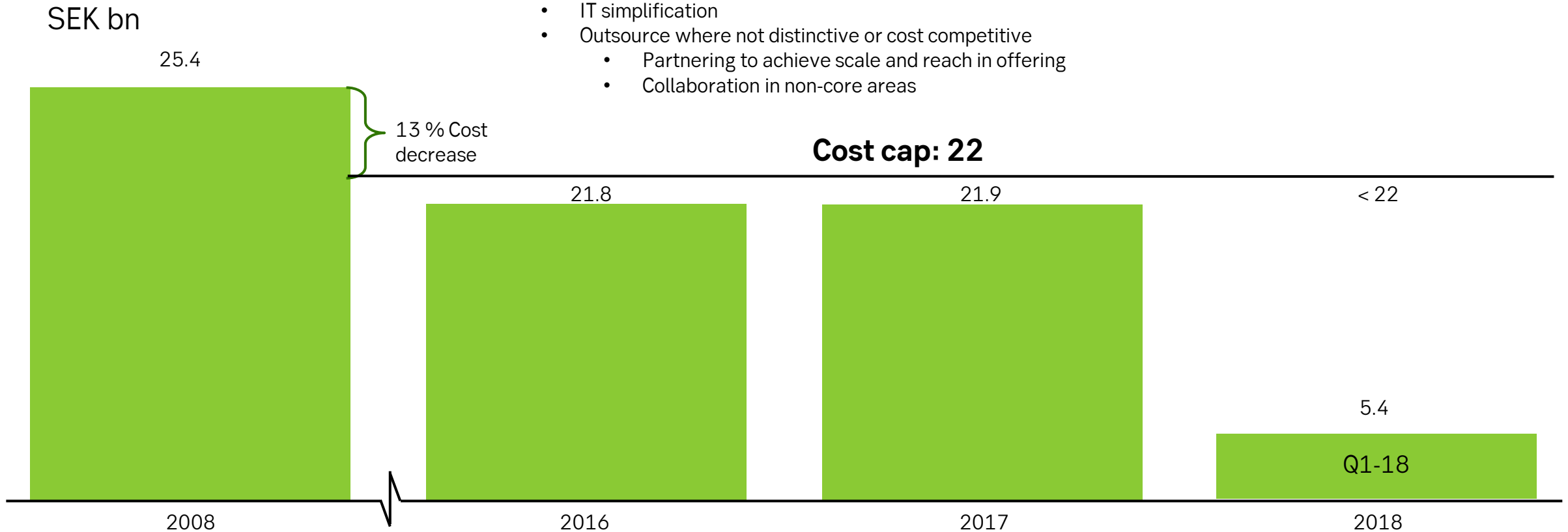
Self-financing growth through efficiency savings

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

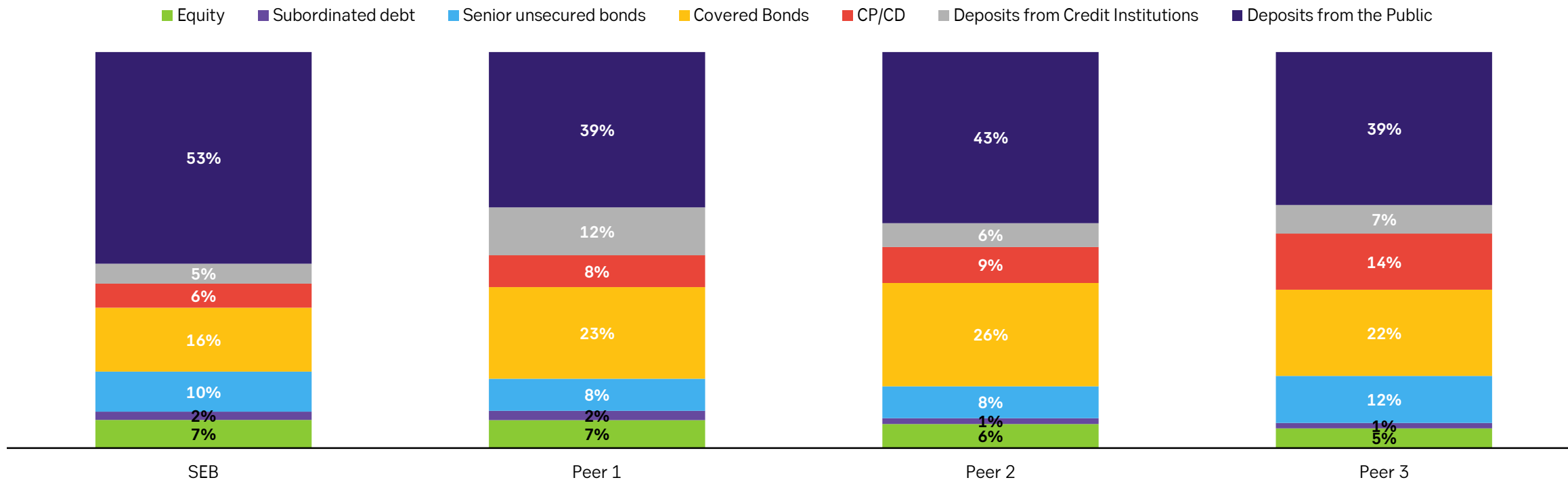
- Investments in growth and customer interface
- Salary inflation
- IT development



SEB has a strong funding structure and the lowest asset encumbrance, among Swedish banks

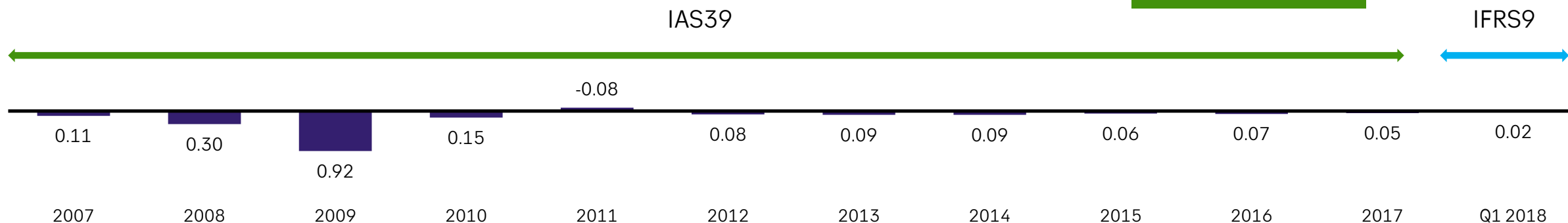
Benchmarking Swedish bank's total funding sources incl. equity

Average quarterly balances in 2017



Strong asset quality and robust capital ratios with comfortable buffers

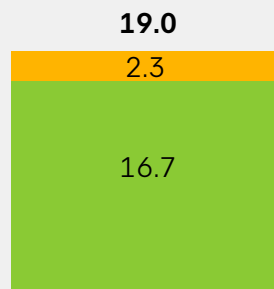
Net credit losses, %



Average
2007-2017: 0.17%
2007-2009: 0.44%
2010-2017: 0.06%

CET1 ratio, %

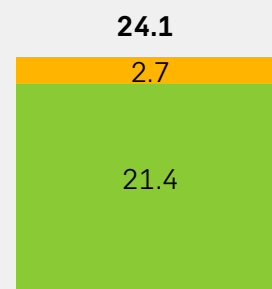
Requirements ■ Buffer ■



CET1 ratio

Total Capital ratio, %

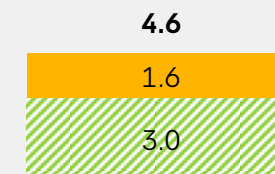
Requirements ■ Buffer ■



Total Capital ratio

Leverage ratio, %

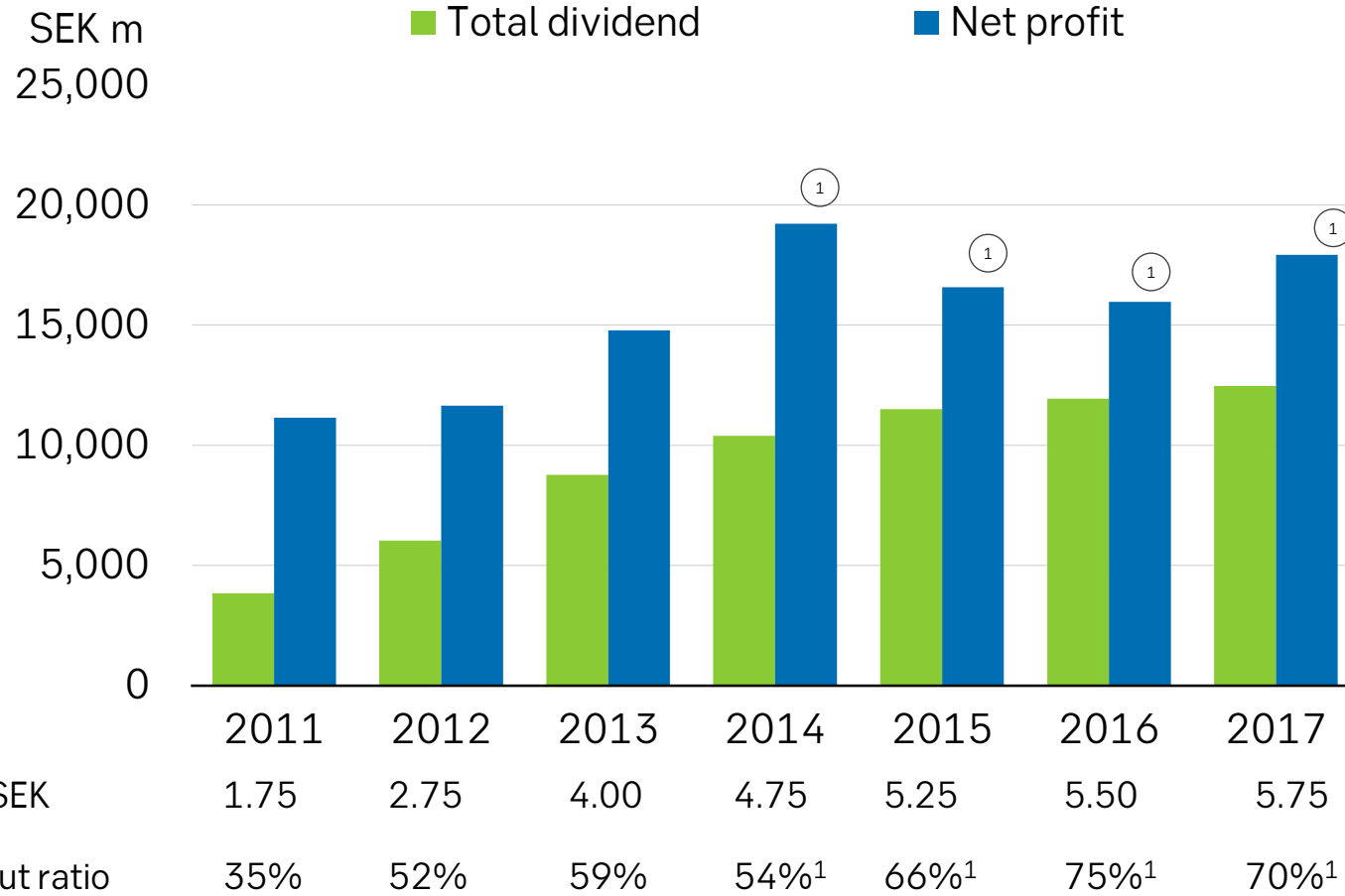
Potential future requirements ▨ Buffer ■



Leverage ratio

Generating sustainable value creation

Dividends paid



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

1. Excluding items affecting comparability

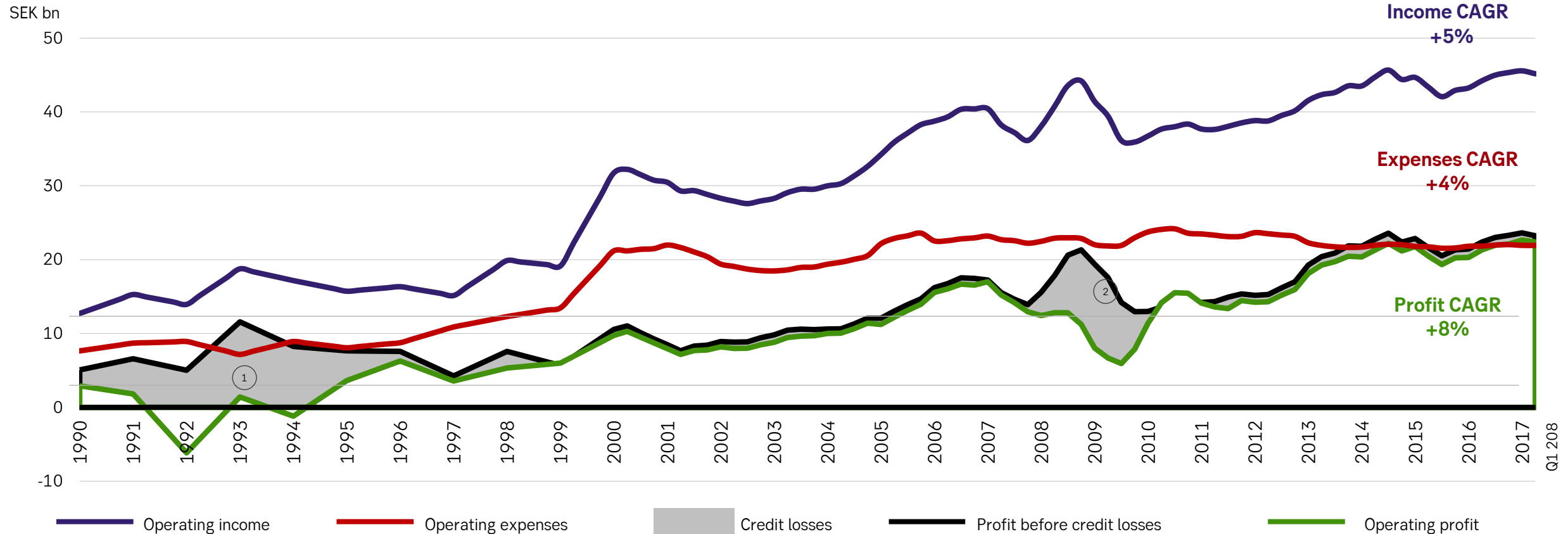
SEB's main shareholders

31 March 2018	Share of capital, per cent
Investor AB	20.8
Alecta	6.3
Trygg Foundation	5.2
Swedbank/Robur Funds	4.6
AMF Insurande & Funds	3.8
Blackrock	2.2
SEB Funds	1.5
Own shareholding	1.3
Vanguard	1.2
Nordea Funds	1.2
Total share of foreign shareholders	25.6

Source: Euroclear Sweden/Modular Finance

Sustainable value creation through focused business strategy and cost control

Long-term profit development 1990 – Q1 2018, 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-Q1 2018

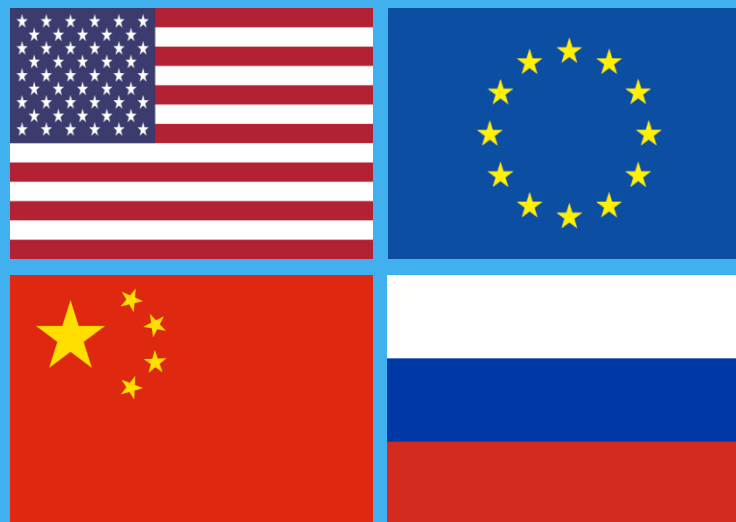
Agenda



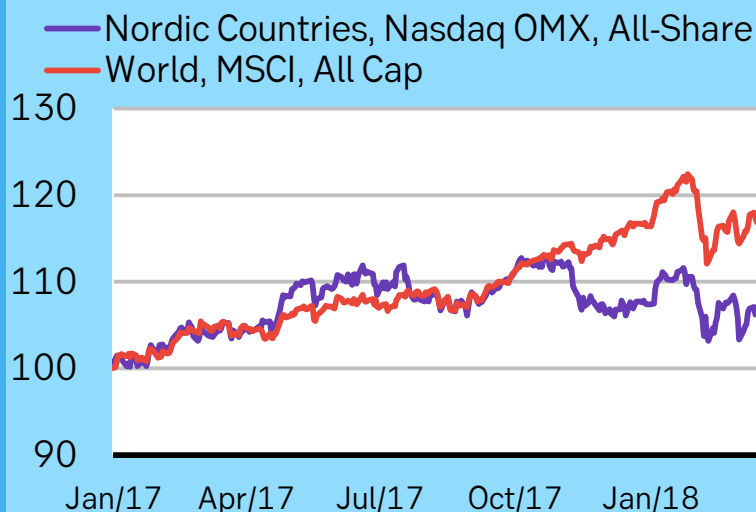
- SEB in brief p.3
- **Financials** **p.15**
- Balance sheet, Credit portfolio & Asset quality p.34
- Capital p.44
- Funding and Liquidity p.51
- Covered bonds and Cover pool p.57
- Business plan p.61
- Contacts, calendar and ADR p.66
- Appendix p.69
 - Swedish housing market
 - Macroeconomics

Navigating a fast changing environment

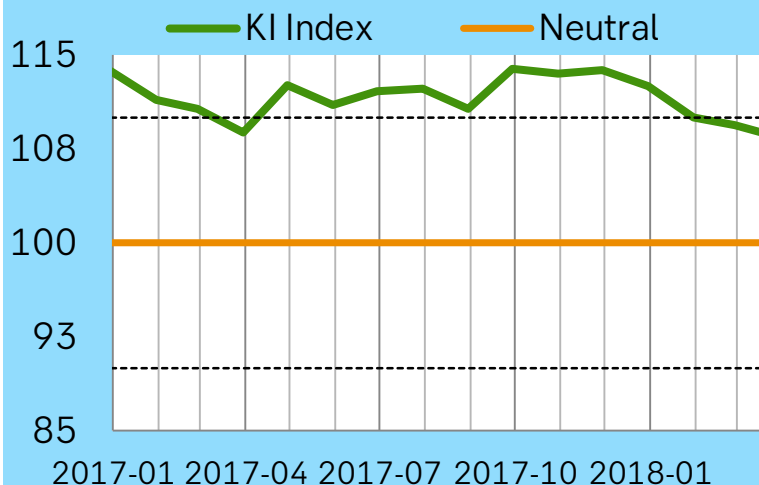
- Seasonal slowdown accentuated by somewhat weaker equity markets in Q1 2018
- Unchanged corporate activity despite decent business sentiment during the first quarter
- Strong capital position, robust asset quality and good cost control



Equity markets



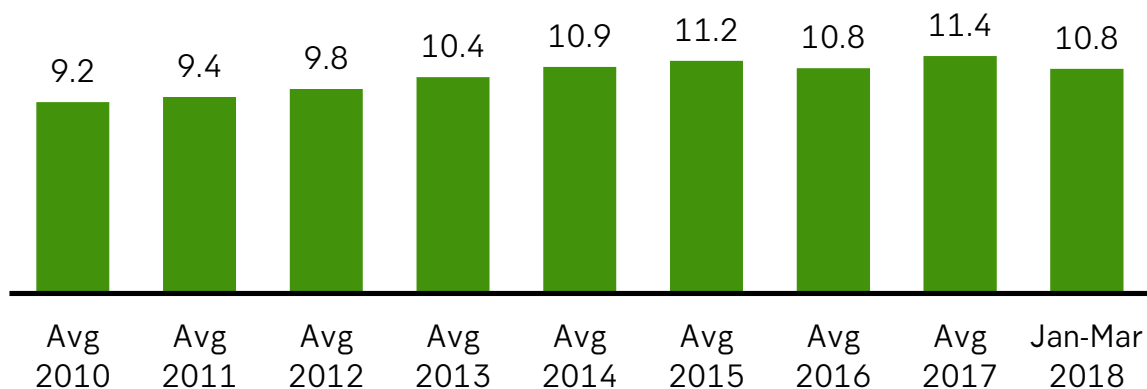
Economic Tendency Survey (KI barometern)



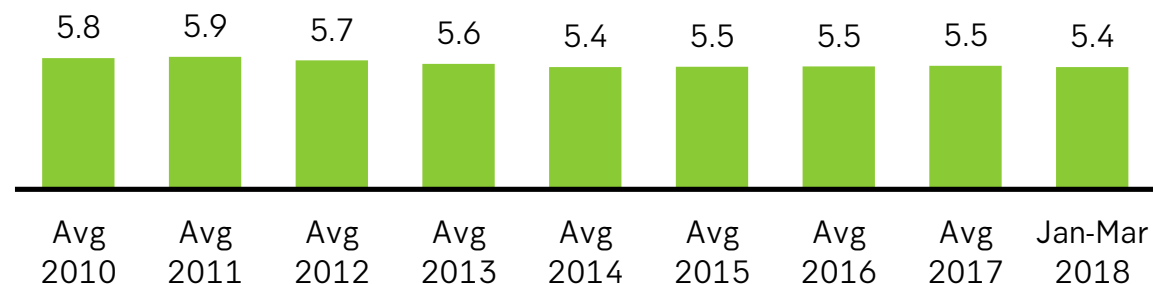
MiFID II
IFRS 9
Resolution fund

Operating leverage, excl. IAC

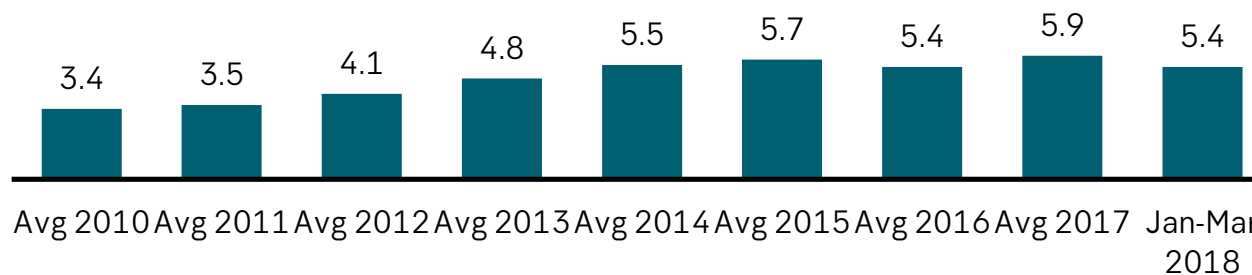
Average quarterly income (SEK bn)



Average quarterly expenses (SEK bn)



Average quarterly profit before credit losses (SEK bn)



Excluding items affecting comparability in 2010, 2012 and 2014-2017

Strong financial development

SEB's Key Figures 2011 – Q1 2018

	<u>Q1 2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>	<u>2013</u>	<u>2012</u>	<u>2011 ¹⁾</u>
Return on Equity, % ⁵⁾	11.6	12.9	11.3	12.9	13.1	13.1	11.5	12.3
Cost /Income ratio, %	50	48	50	49	50	54	61	62
Common Equity Tier 1 capital ratio, % ²⁾	19.0	19.4	18.8	18.8	16.3	15.0	NA	NA
Total capital ratio, % ²⁾	24.1	24.2	24.8	23.8	22.2	18.1	NA	NA
Leverage Ratio, % ²⁾	4.6	5.2	5.1	4.9	4.8	4.2	NA	NA
Net Expected credit loss level, % ³⁾	0.02							
Net credit loss level, % ³⁾		0.05	0.07	0.06	0.09	0.09	0.08	-0.08
NPL coverage ratio, % ⁴⁾		55	63	62	59	72	66	64
NPL / Lending, % ⁴⁾		0.5	0.5	0.6	0.8	0.7	1.0	1.4
Assets under Management, SEK bn	1,854	1,830	1,781	1,700	1,708	1,475	1,328	1,261
Assets under Custody, SEK bn	7,985	8,046	6,859	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. Net Expected credit losses are based on IFRS 9 expected loss model, net credit losses are based on IAS39 incurred loss model.

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

d. 2017: Excluding a dividend from VISA of SEK 494m, costs related to the transformation to a German branch of SEK 521m, transfer of pension obligation to BVV of SEK 891m, impairment and derecognition of IT intangibles of SEK 978m.

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 items affecting comparability

c. and d. The FY 2016 results, profitability and efficiency ratios exclude the effects of the above mentioned items affecting comparability.

Financial summary

Profit & Loss (SEK m)		Q1 2018	Q4 2017	%	Q1 2017	%
Total Operating income		10,787	11,847	-9	11,184	-4
Total Operating expenses		-5,430	-5,605	-3	-5,436	0
Profit before credit losses		5,357	6,242	-14	5,748	-7
Net credit losses etc.		-101	-142	-29	-238	-58
Operating profit before IAC		5,256	6,101	-14	5,510	-5
IAC			-1,896			
Operating profit		5,256	4,204	25	5,510	-5

Key figures

Expected Credit
loss level

2bps

Cost/income ratio

0.50

CET 1 ratio

19.0 %

ROE

11.6%

CET 1 buffer

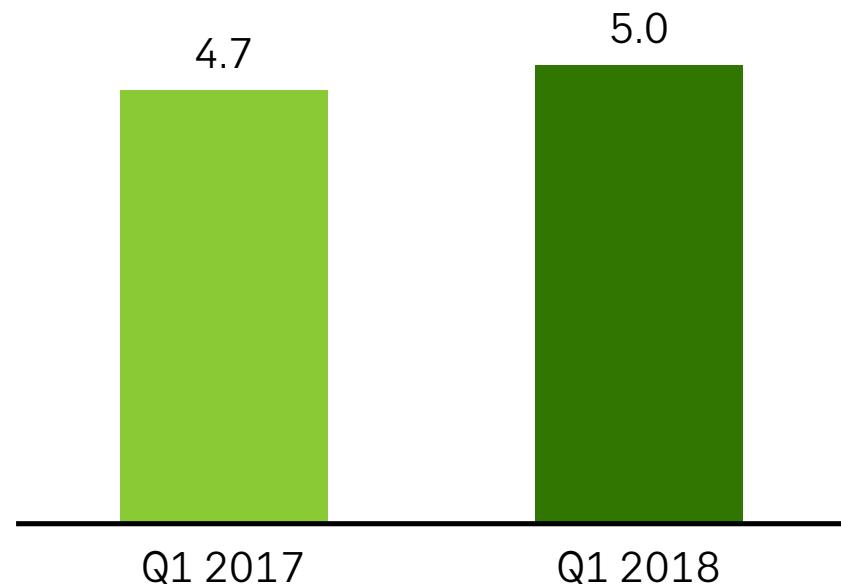
230bps

Net interest income development

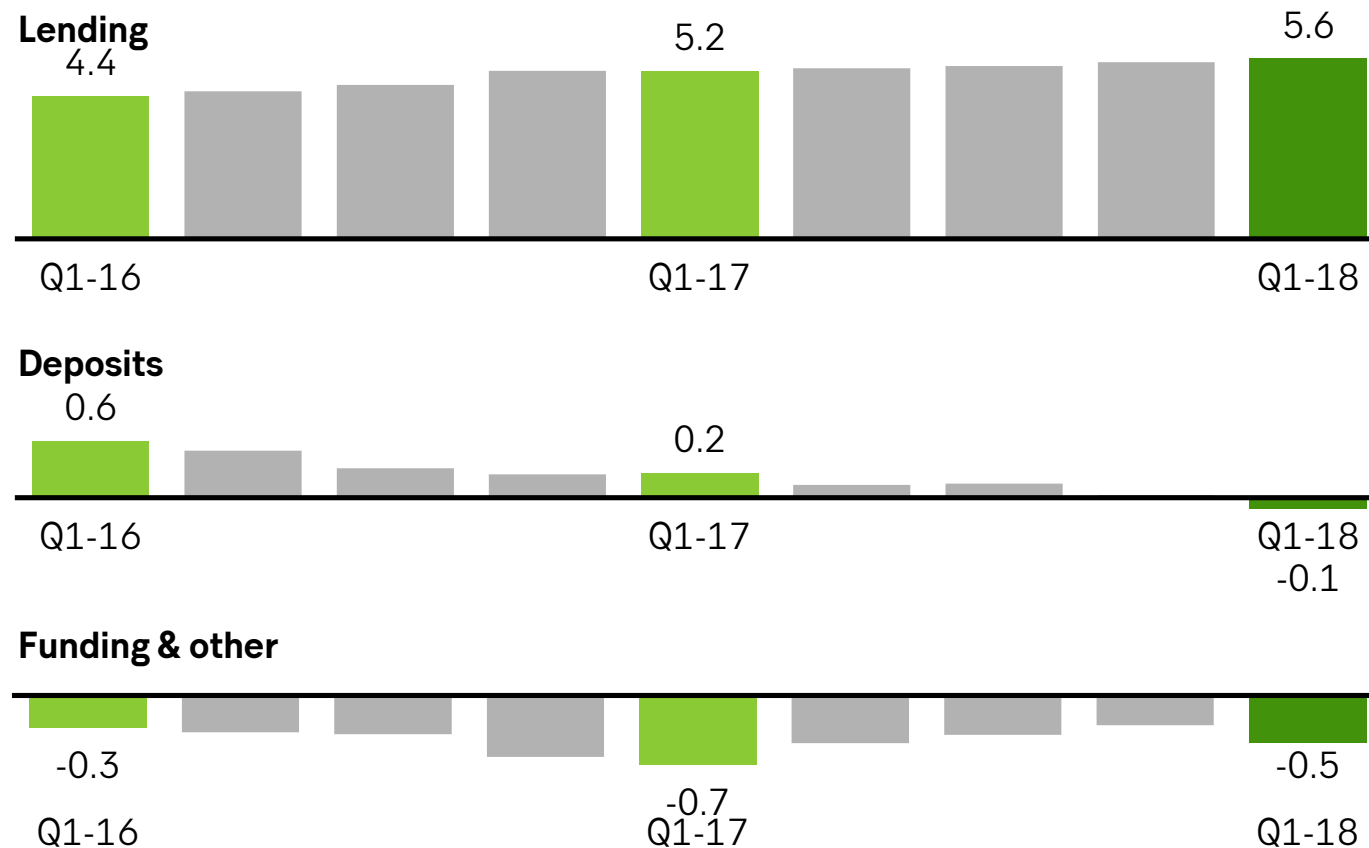
SEK bn

Net interest income
Q1 2018 vs. Q1 2017

+6%



Net interest income type
Q1 2016 – Q1 2018

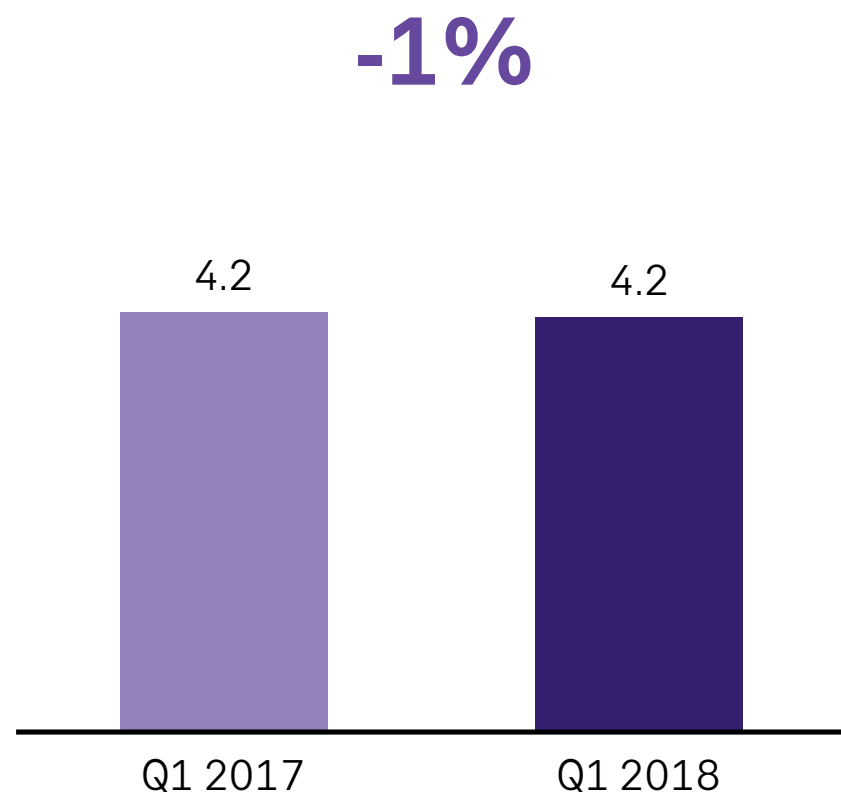


Net fee and commission income development

SEK bn

Net fee and commissions

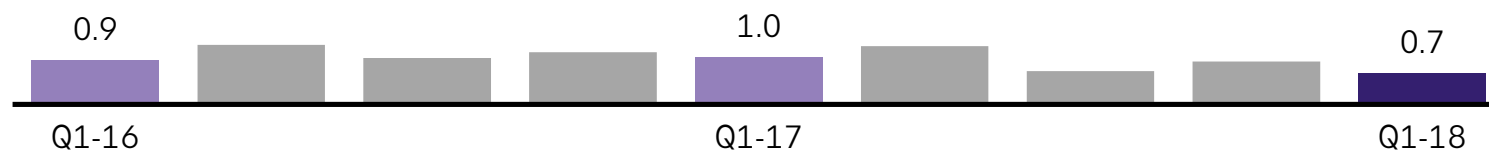
Q1 2018 vs. Q1 2017



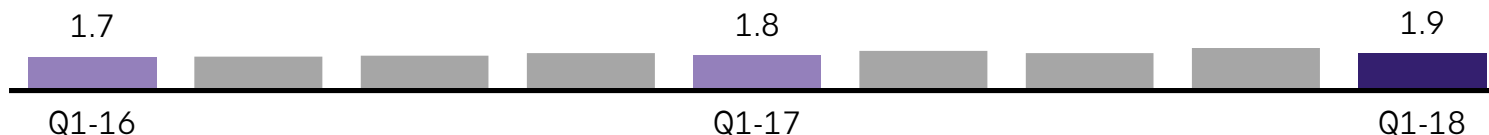
Gross fee and commissions by income type

Q1 2016 – Q1 2018

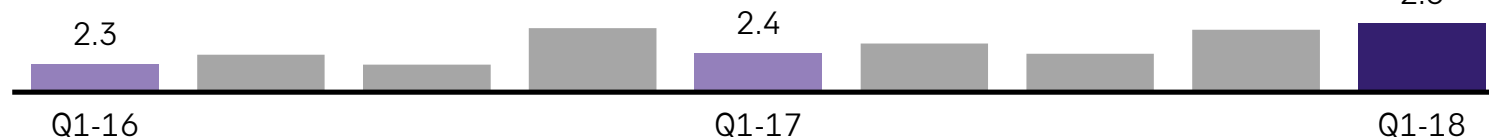
Advisory, secondary markets and derivatives



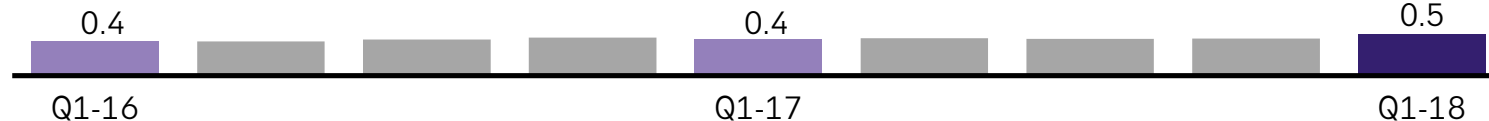
Custody and mutual funds



Payments, cards, lending, deposits & guarantees



Life insurance fees



Net fee and commission income development

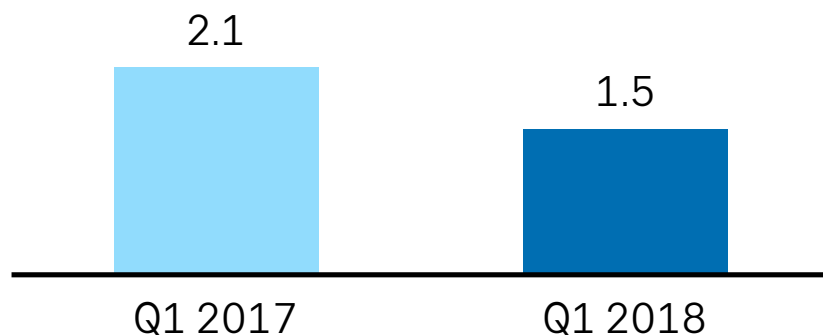
SEK m	Q4 2015	Q1 2016	Q2 2016	Q3 2016	Q4 2016	Q1 2017	Q2 2017	Q3 2017	Q4 2017	Q1 2018
Issue of securities and advisory	258	150	211	208	231	282	430	137	317	136
Secondary market and derivatives	450	754	1 012	745	842	692	765	547	561	514
Custody and mutual funds	2 030	1 744	1 759	1 811	1 950	1 825	2 063	1 942	2 210	1 923
<i>fees</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>	<i>225</i>	<i>24</i>
Payments, cards, lending, deposits, guarantees and other	2 598	2 252	2 341	2 251	2 586	2 353	2 444	2 350	2 570	2 628
<i>Whereof payments and card fees</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>1 429</i>	<i>1 410</i>
<i>Whereof lending</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>	<i>602</i>	<i>501</i>
Life insurance	438	402	395	418	438	422	432	424	429	485
Fee and commission income	5 774	5 302	5 718	5 433	6 047	5 574	6 135	5 400	6 087	5 687
Fee and commission expense	-1 379	-1 405	-1 644	-1 385	-1 438	-1 306	-1 444	-1 373	-1 348	-1 496
Net fee and commission income	4 395	3 897	4 074	4 048	4 609	4 268	4 691	4 026	4 739	4 190
<i>Whereof Net securities commissions</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>2 356</i>	<i>1 920</i>
<i>Whereof Net payments and card fees</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>908</i>	<i>895</i>
<i>Whereof Net life insurance commissions</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>	<i>296</i>	<i>317</i>

Net financial income development

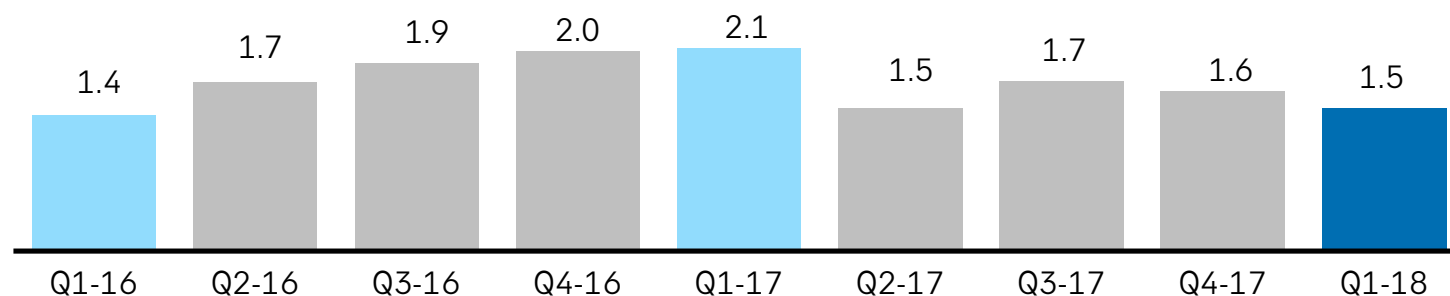
SEK bn

Net financial income
Q1 2018 vs. Q1 2017

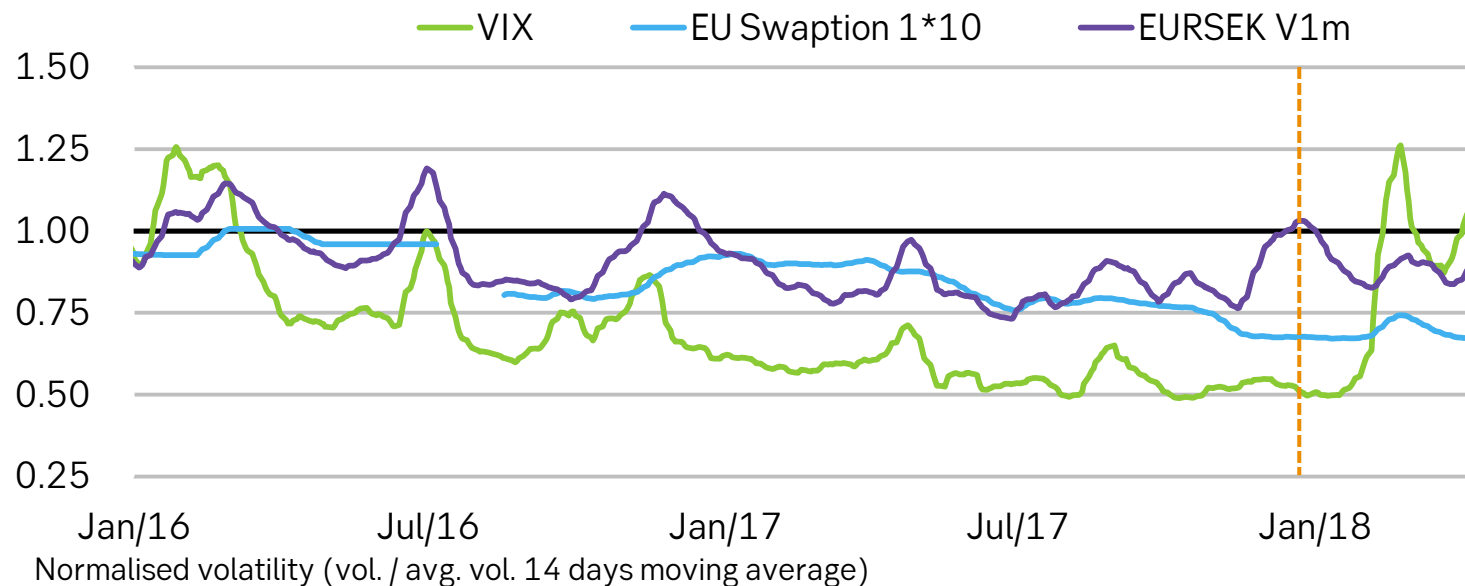
-29%



Net financial income development
Q1 2016 – Q1 2018



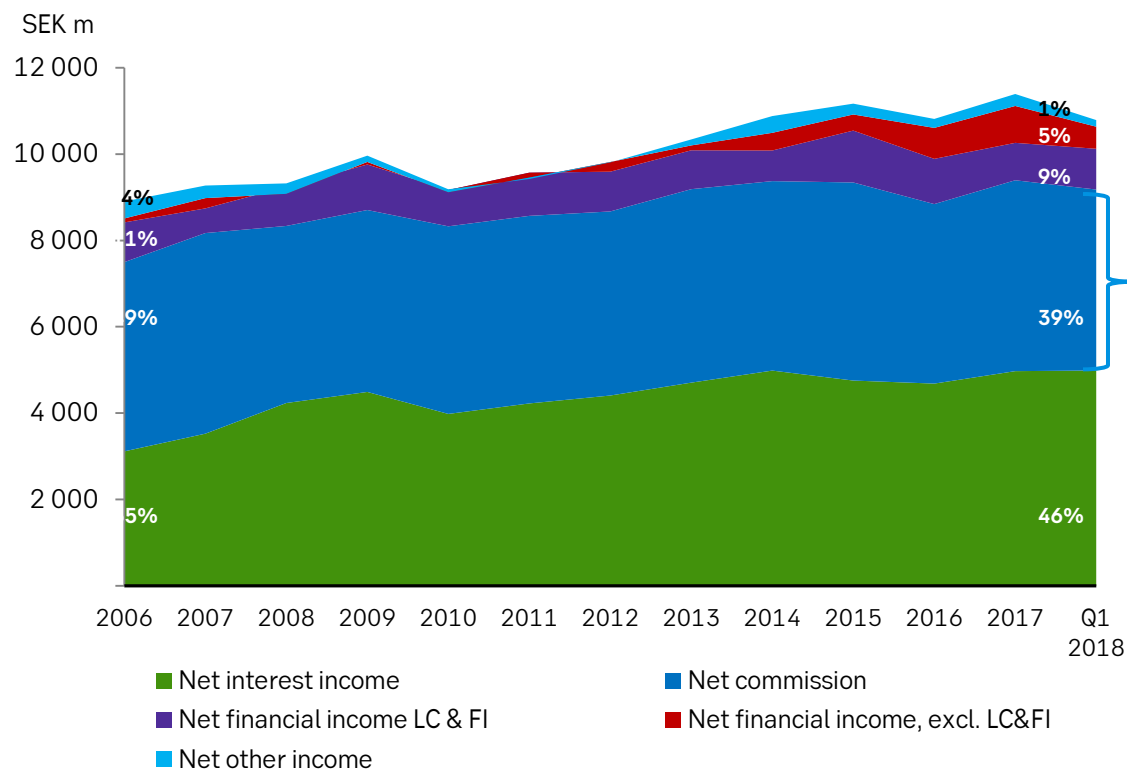
Normalised volatility



Business mix create diversified and stable income

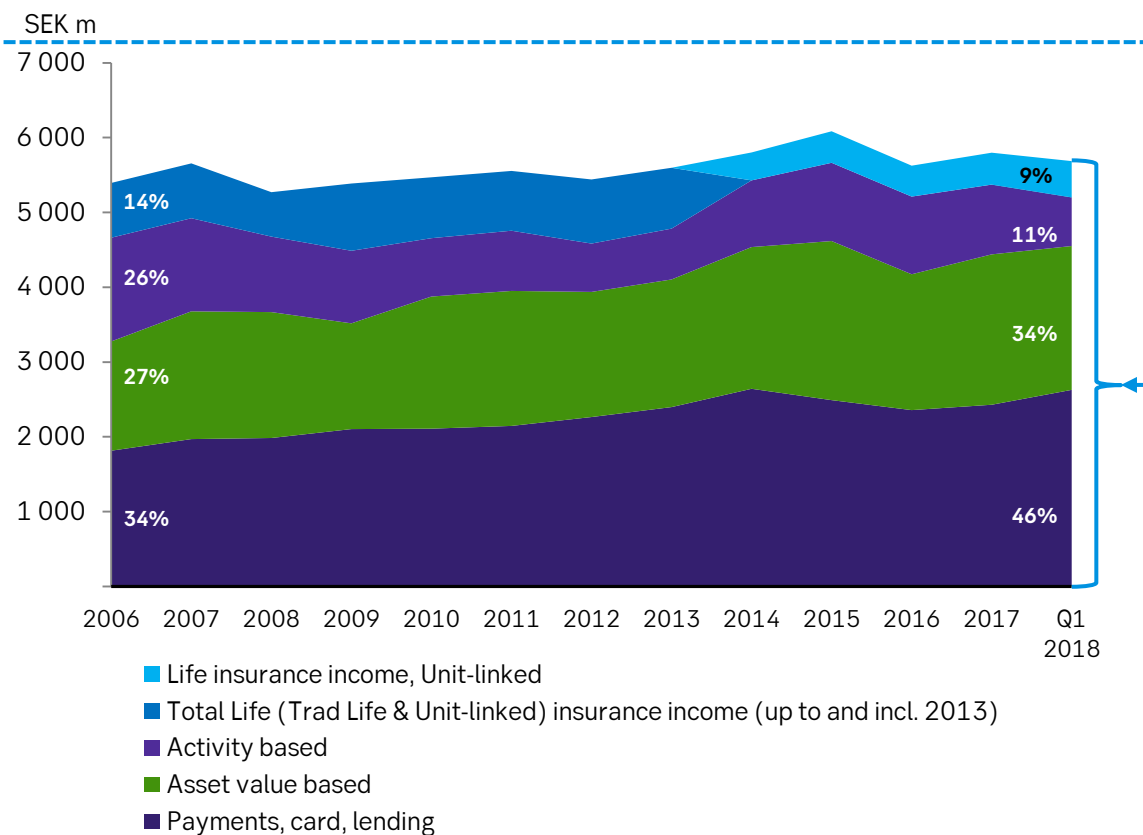
Non-NII is more important than NII

Average quarterly income



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

Average quarterly fees and commissions income

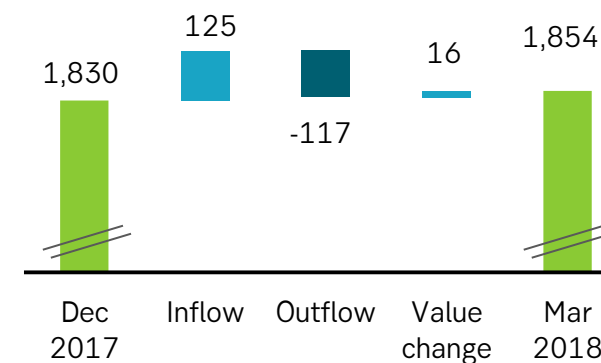
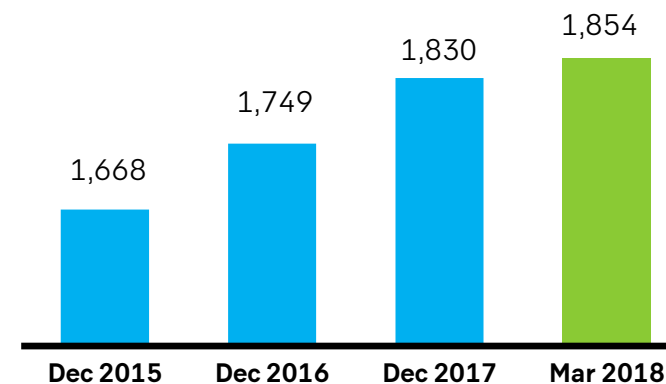


Business volumes

SEB Group

Condensed SEK bn	Mar 2017	Dec 2017	Mar 2018
Cash and balances with central banks	319	177	244
Loans Central banks	6	13	8
Loans Credit institutions	103	39	90
Loans to the public	1,503	1,487	1,607
Debt securities	351	169	231
Equity instruments	86	59	64
Financial assets for which the customer bear the investment risk	305	283	284
Derivatives	175	105	130
Other assets	76	225	245
Total assets	2,924	2,557	2,903
Deposits from central banks and credit institutions	194	95	130
Deposits and borrowings from the public	1,120	1,032	1,191
Financial liabilities for which the customer bear the investment risk	306	284	286
Liabilities to policyholders	108	19	20
Debt securities issued	731	614	690
Short positions in securities	43	25	44
Liabilities held for sale	139	85	110
Derivatives	19	4	4
Other financial liabilities	132	257	299
Total equity	132	141	130
Total liabilities and equity	2,924	2,557	2,903

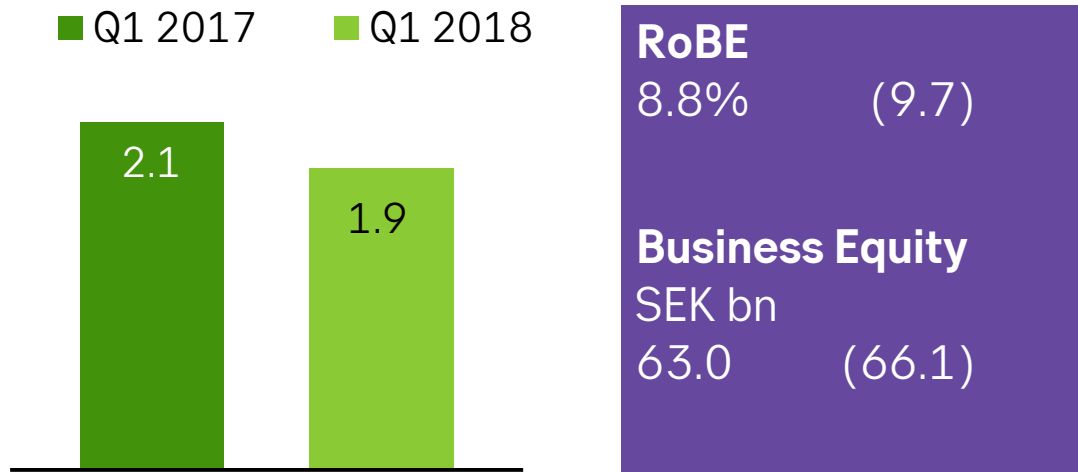
Assets under Management



Large Corporates & Financial Institutions

Operating profit & key figures

SEK bn

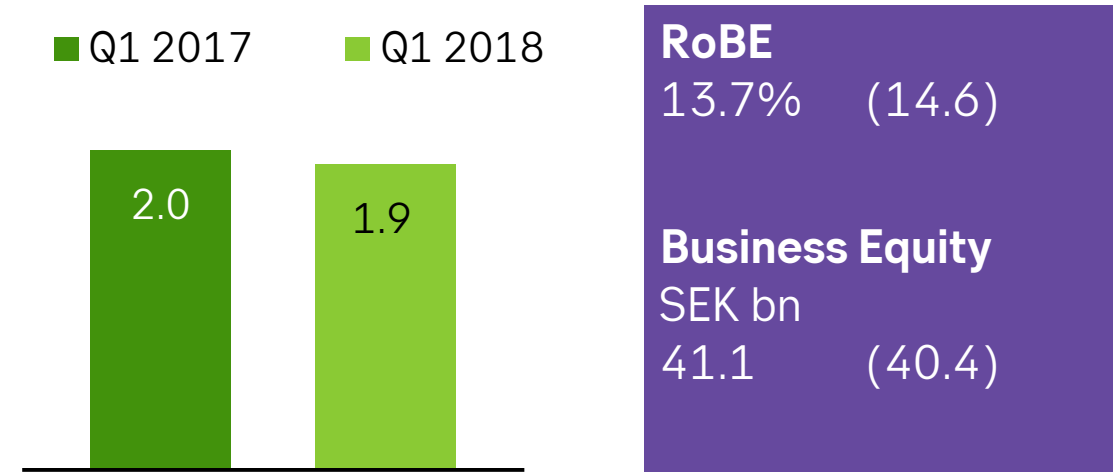


- Cautious customers in a dampened market environment
- Some volume growth and stable lending margins, NII affected by regulatory fees

Corporate & Private Customers

Operating profit & key figures

SEK bn



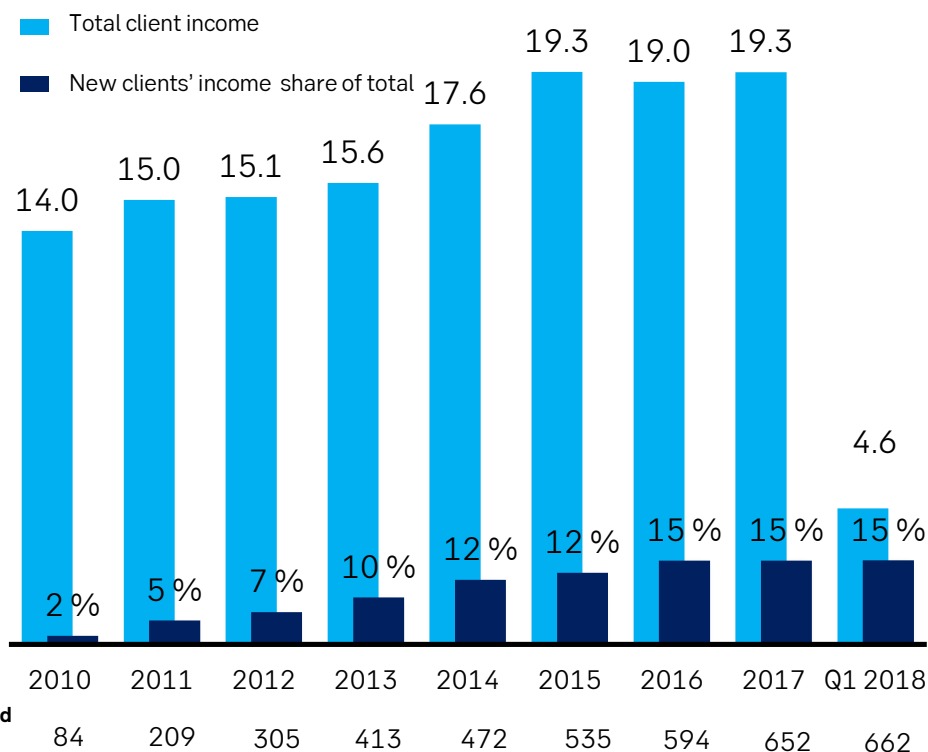
- Growth in both corporate and household lending portfolios
- Personal as well as digital advisory services enhanced

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>RoBE¹⁾</u>
Q1 2018	54%	SEK 63.0bn	8.8%
2017	49%	SEK 65.8bn	10.1%
2016	47% ²⁾	SEK 62.4bn	11.7%
2015	45% ³⁾	SEK 66.4bn	12.5%
2014	46%	SEK 57.7bn	13.3%
2013 ⁴⁾	50%	SEK 48.8bn	12.9%
2012 ⁴⁾	54%	SEK 36.7bn	14.3%
2011 ⁴⁾	54%	SEK 26.1bn	20.6%
2010 ⁴⁾	52%	SEK 25.0bn	22.8%

1) Return on Business Equity

2) Excl. IAC costs of SEK 354m

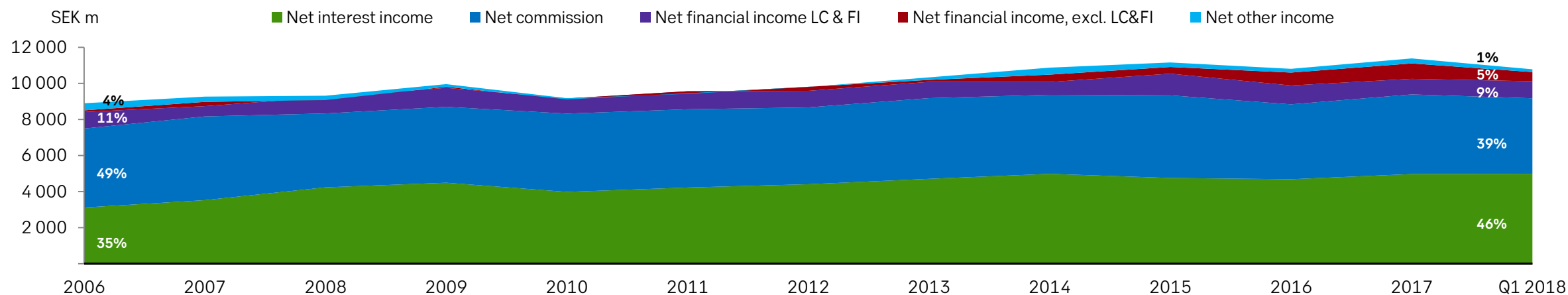
3) Excl. IAC costs of SEK 902m

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

Entrenched franchise and low risk client facilitation business

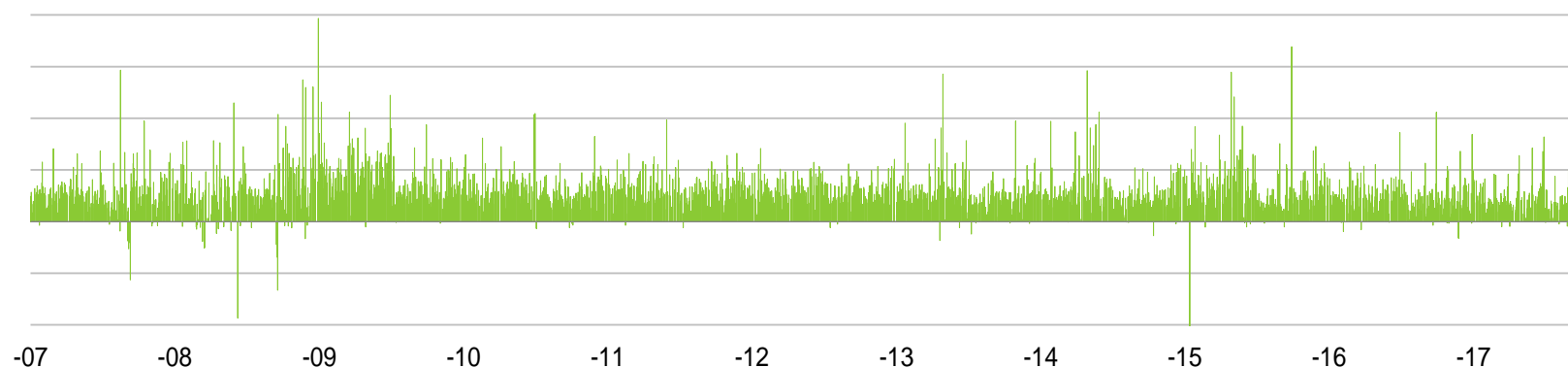
Average quarterly income

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 – March 29, 2018. 84 negative out of 2,823 trading days. Average loss SEK 10m

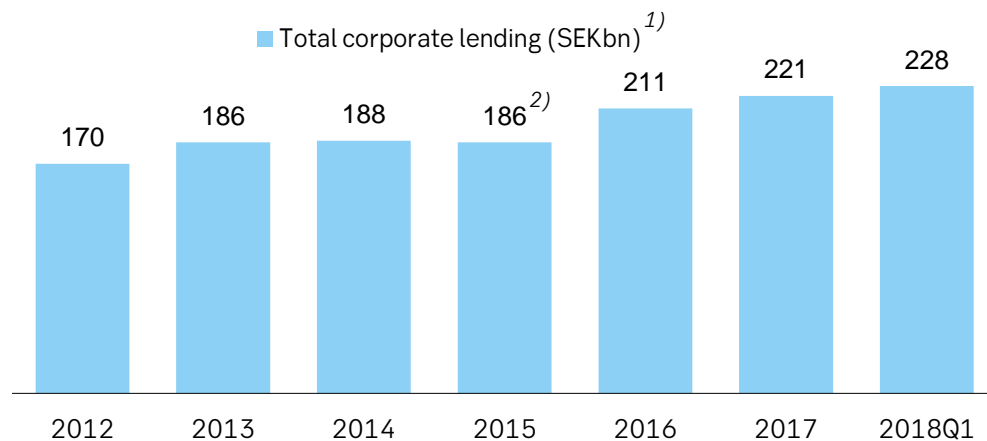


1) Restated figures following the new organizational structure as of Jan 1, 2016.
As a results 2006-2013 figures are not quite comparable

Successful client acquisition strategy

Corporate & Private Customers

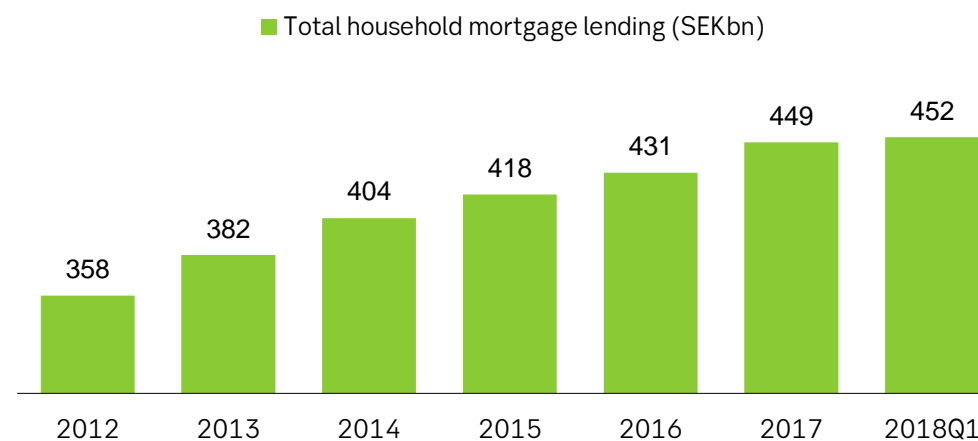
Stable increase in corporate lending



1) Volumes by customer segment

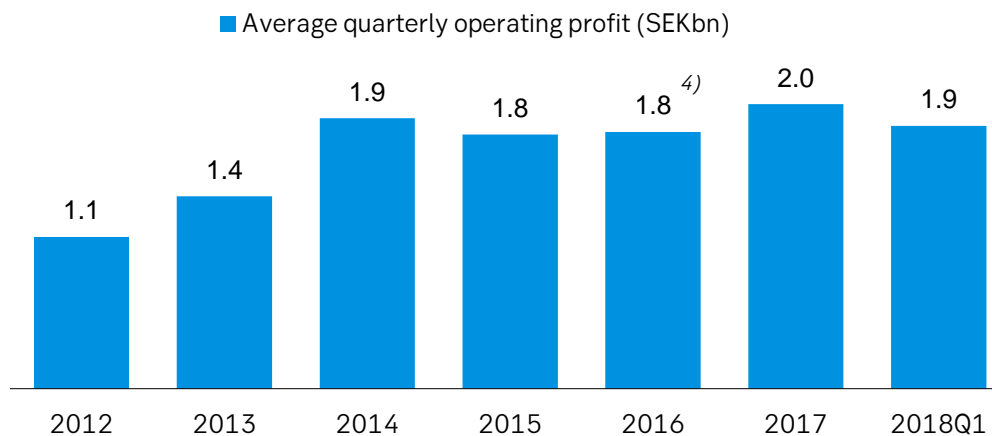
2) Adjusted for transfer of sole traders SEK 15.8bn

Modest growth in household mortgage lending³⁾



3) Volumes by asset class

Solid operating profit



4) Restated figures following the new organisational structure as of Jan 1, 2016.

As a result, 2012-2013 figures are not quite comparable.

Steady improvement in efficiency

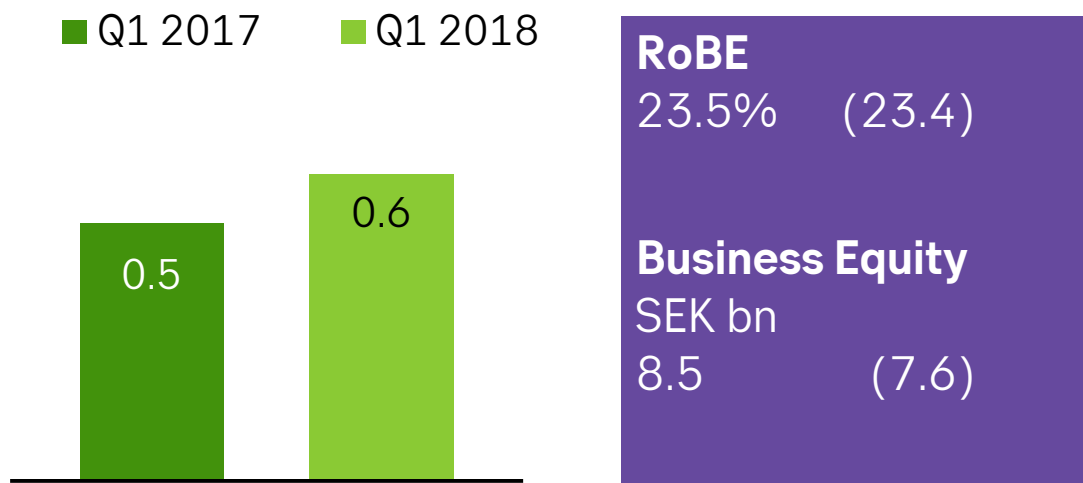
	C/I ratio (%)	Business Equity (SEKbn)	RoBE ⁵⁾ (%)
2018Q1	47	41.1	13.7
2017	46	40.6	15.0
2016	48	37.3	15.2
2015	48	38.1	14.7
2014	46	27.8	21.4
2013	49	20.2	21.9
2012	57	14.4	22.3

5) Return on Business Equity

Baltic Banking

Operating profit & key figures

SEK bn

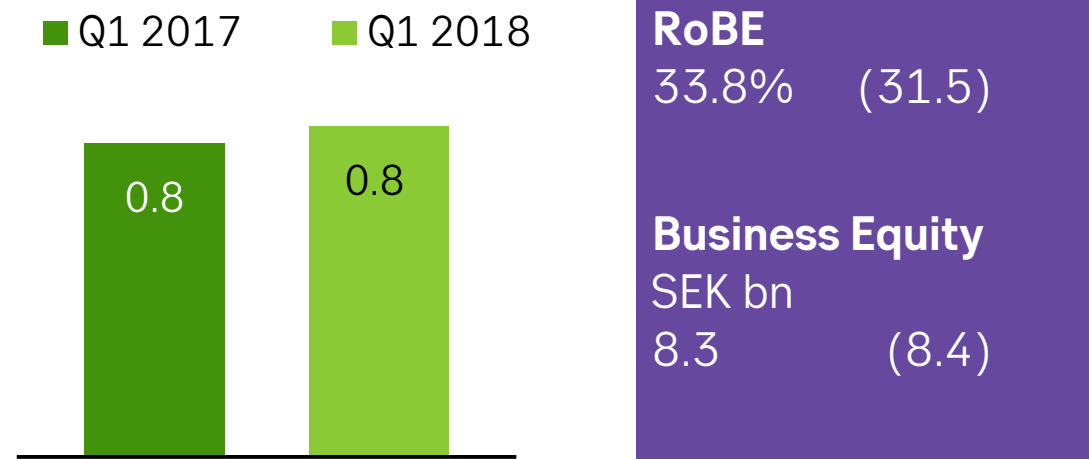


- Continued improvement in business sentiment in all segments and loan growth in all countries
- Open Banking, and new mobile bank app released

Life & Investment Management

Operating profit & key figures

SEK bn



- Continued inflows from institutional clients
- SEB selected as supplier to ITP in Sweden

Strong profitability

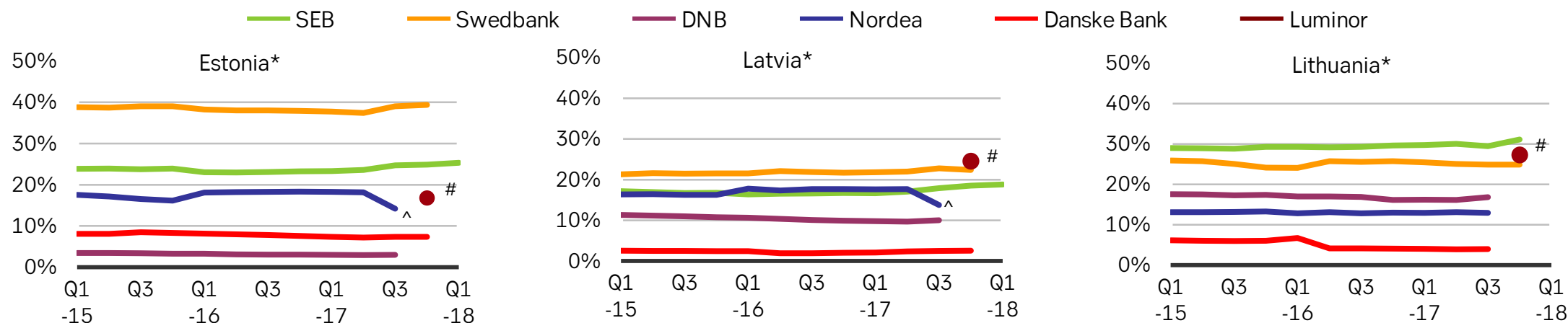
SEB Baltic Banking

Relatively strong operating environment in Q1 2018

- GDP growth above Eurozone average
- Unemployment rates dropped and salary growth is high in all three countries
- Consumption prime driver, higher investments and growing exports

Continued strategic focus on service digitalisation and process automation

Maintaining leading market shares in lending



* Neither Lithuania's nor any Baltic competitors' Q1 2018 volumes are available at time of publication. SEB Estonia's and SEB Latvia's Q1 2018 figures are Feb 2018.

Luminor formed Oct 2017 merging DNB and Nordea's Baltic operations.

^ Nordea's Q3 2017 decreases in Estonia and Latvia are due to a partial transferring of its corporate loan portfolio to its parent bank.

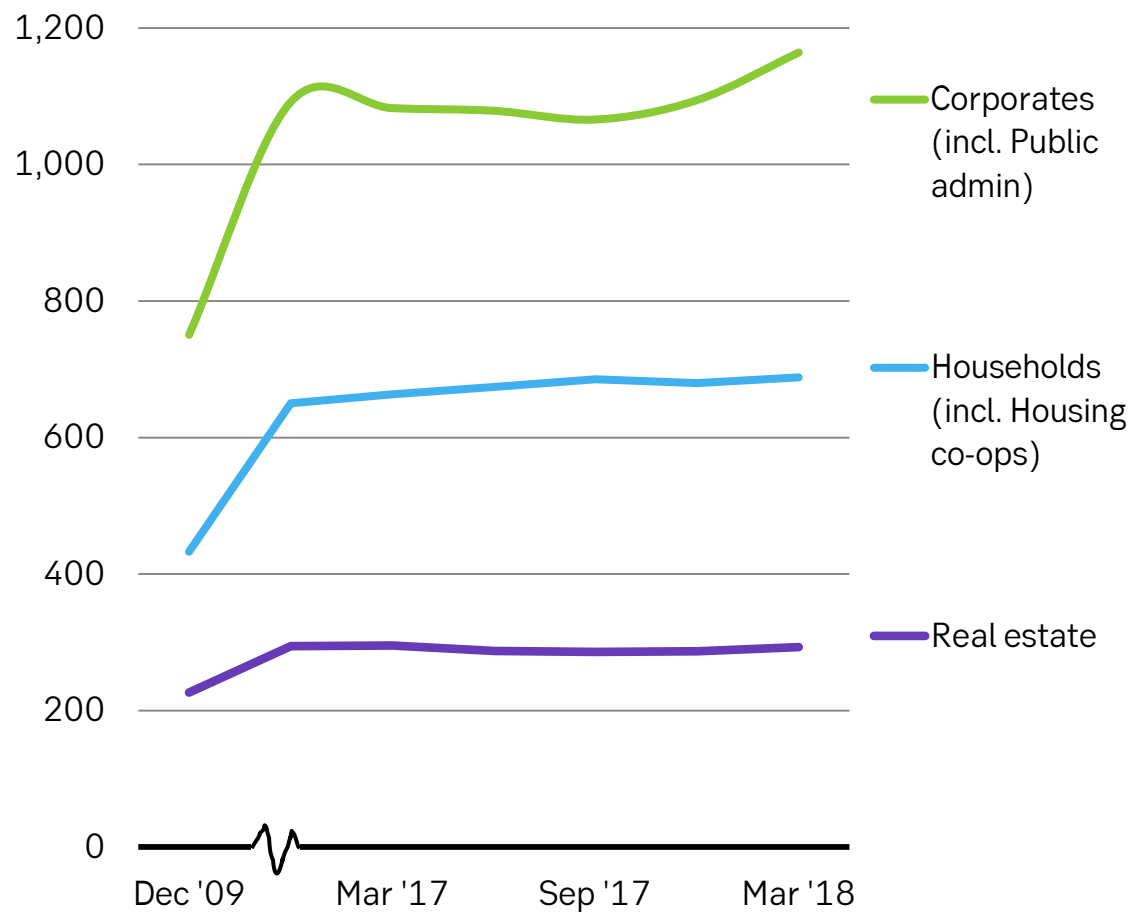
Source: Estonian Financial Supervision Authority, Association of Latvian Commercial Banks, Bank of Lithuania (Association of Lithuanian Bank data available May, 2018), SEB Group

Strong development of key ratios

	<u>C/I</u>	<u>Business Equity</u>	<u>RoBE</u>
Q1 2018	43%	SEK 8.5bn	23.5%
2017	44%	SEK 7.8bn	24.4%
2016	51%	SEK 7.6bn	19.3%
2015	50%	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%

Balanced growth across sectors

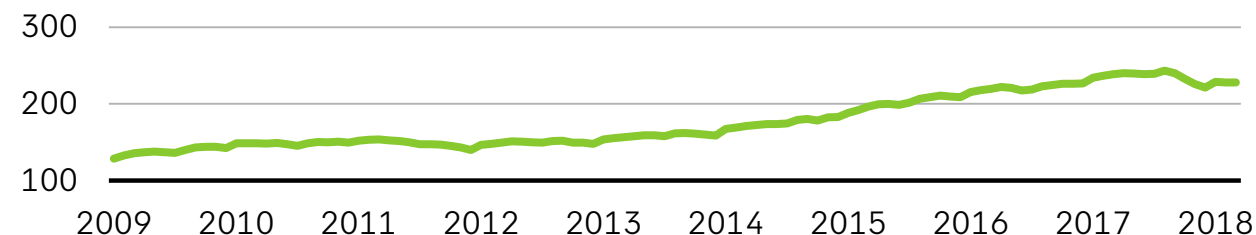
Credit portfolio by sector (SEK bn)



NOTE: Blue line (Households incl. Housing co-ops) is excluding German retail

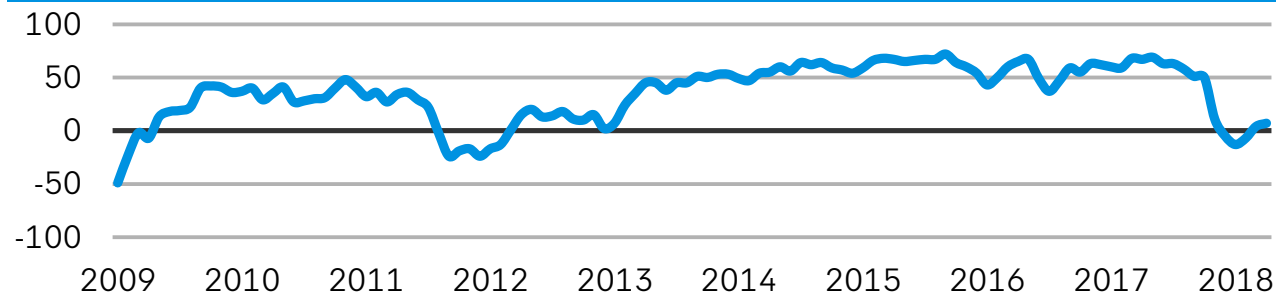
Growth rates in per cent	QoQ	YoY	Dec '15 – Mar '18
Corporates (incl. Public admin)	6%	7%	15%
Households (incl. Housing co-ops)	1%	4%	10%
Real estate	2%	-1%	13%

Swedish House Price development*



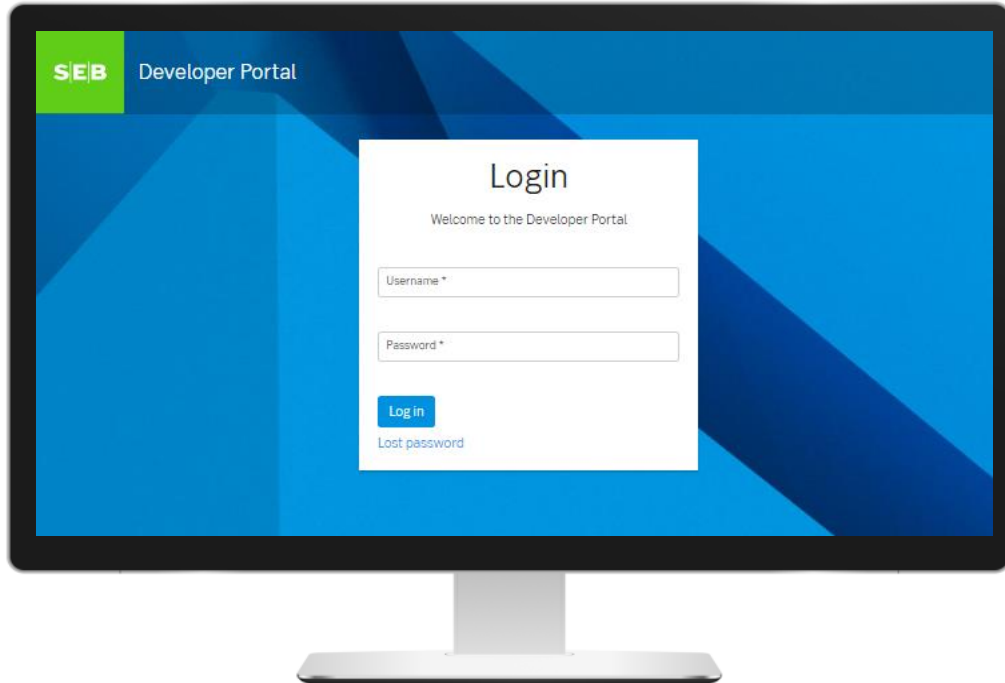
* Valueguard, HOX index, Sweden

SEB's "boprisindikator"



Transform: Open banking and Green impact

Developer portal



- Beta live since the end of March 2018
- Around 800 developers signed up in Sweden and in the Baltics

Impact from SEBs green bond



Agenda



- SEB in brief p.3
- Financials p.15
- **Balance sheet, Credit portfolio p.34 & Asset quality**
- Capital p.44
- Funding and Liquidity p.51
- Covered bonds and Cover pool p.57
- Business plan p.61
- Contacts, calendar and ADR p.66
- Appendix p.69
 - Swedish housing market
 - Macroeconomics

Strong asset quality and balance sheet

(SEK bn)		2009	2017	Mar 2018
Asset quality	Net Expected credit loss level*	0.92%	0.05%	0.02%
Funding and liquidity	Customer deposits	750bn	1 026bn	1 127bn
	Liquidity coverage ratio*	N.A.	145%	138%
Capital	CET 1 ratio (Basel 3)	11.7%	19.4%	19.0%
	CET1 buffer above requirement	N.A.	220bps	230bps
	Total capital ratio (Basel 3)	14.7% <small>Basel 2.5</small>	24.2%	24.1%
	Leverage ratio (Basel 3)	N.A. <small>Basel 2.5</small>	5.2%	4.6%

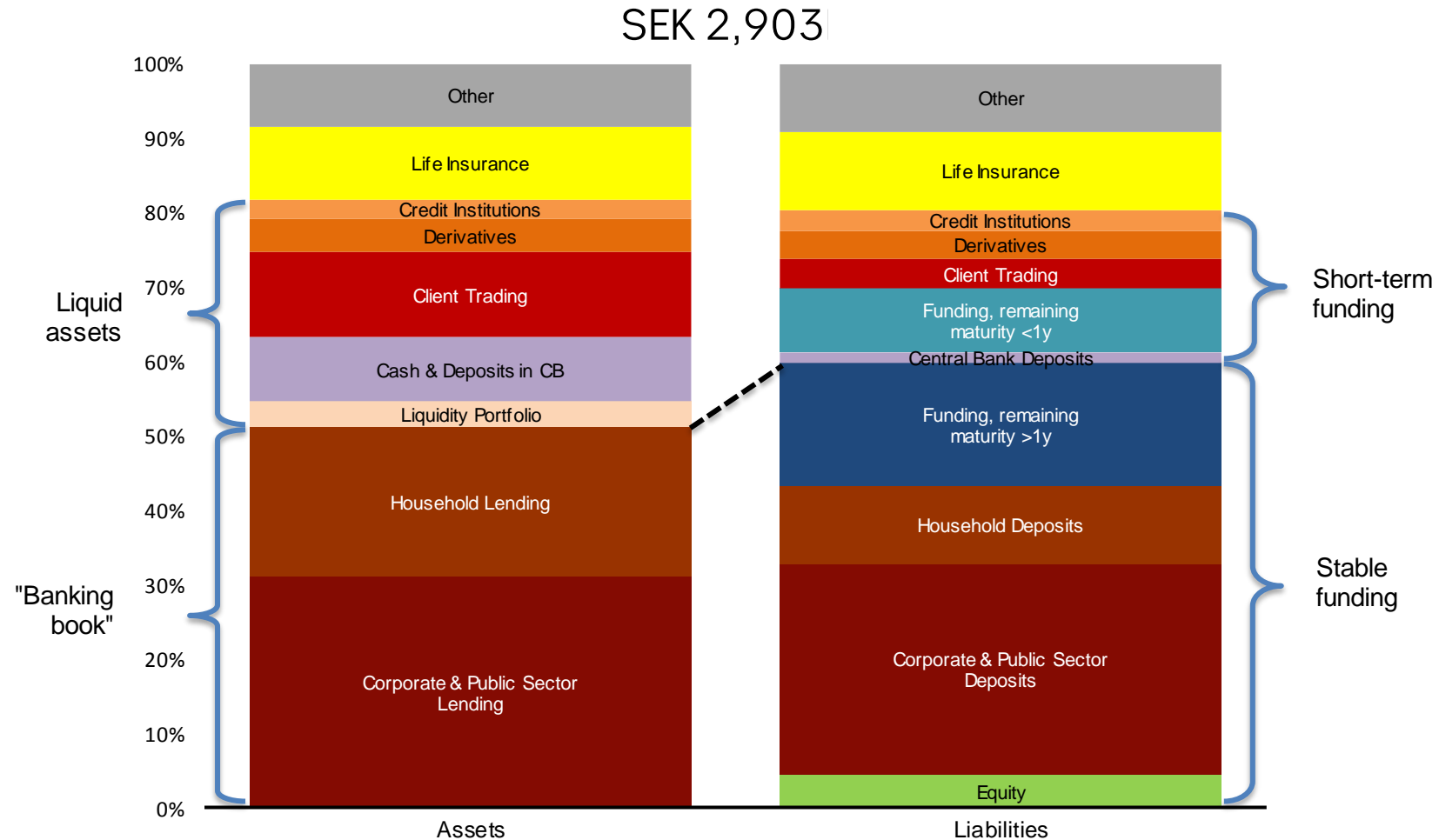
* Net expected credit loss level according to IFRS9 based on expected loss model as from Jan 1, 2018. Previous periods according to IAS39 net credit loss level based on model with incurred losses.

Liquidity coverage ratio changed from FSA regulation to EU regulation as from Jan1, 2018.

A strong balance sheet structure

March 31, 2018

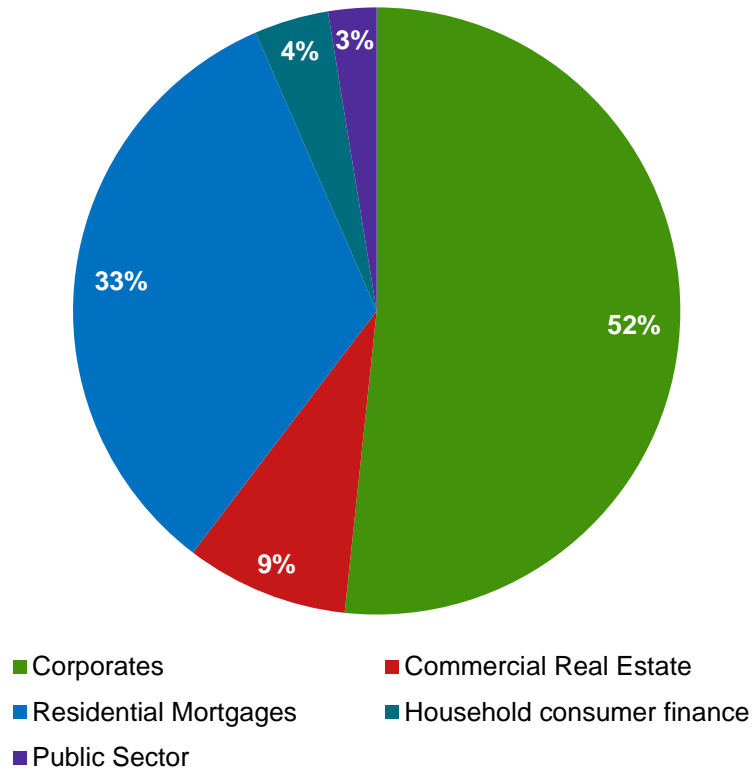
Balance sheet structure



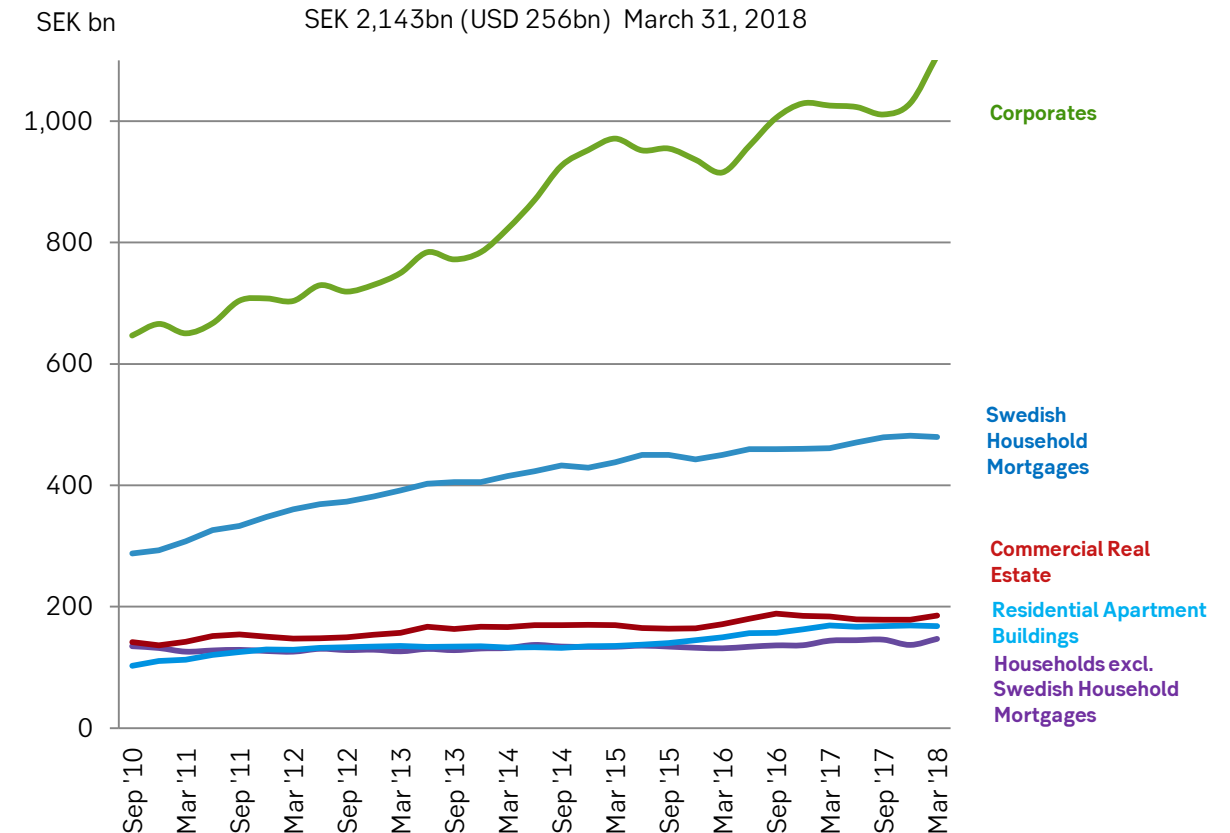
Segments with low-risk dominate and grow in the Credit Portfolio

Diversified Corporate and low-risk Swedish Residential Mortgage exposure dominate

SEK 2,143bn (USD 256bn) March 31, 2018



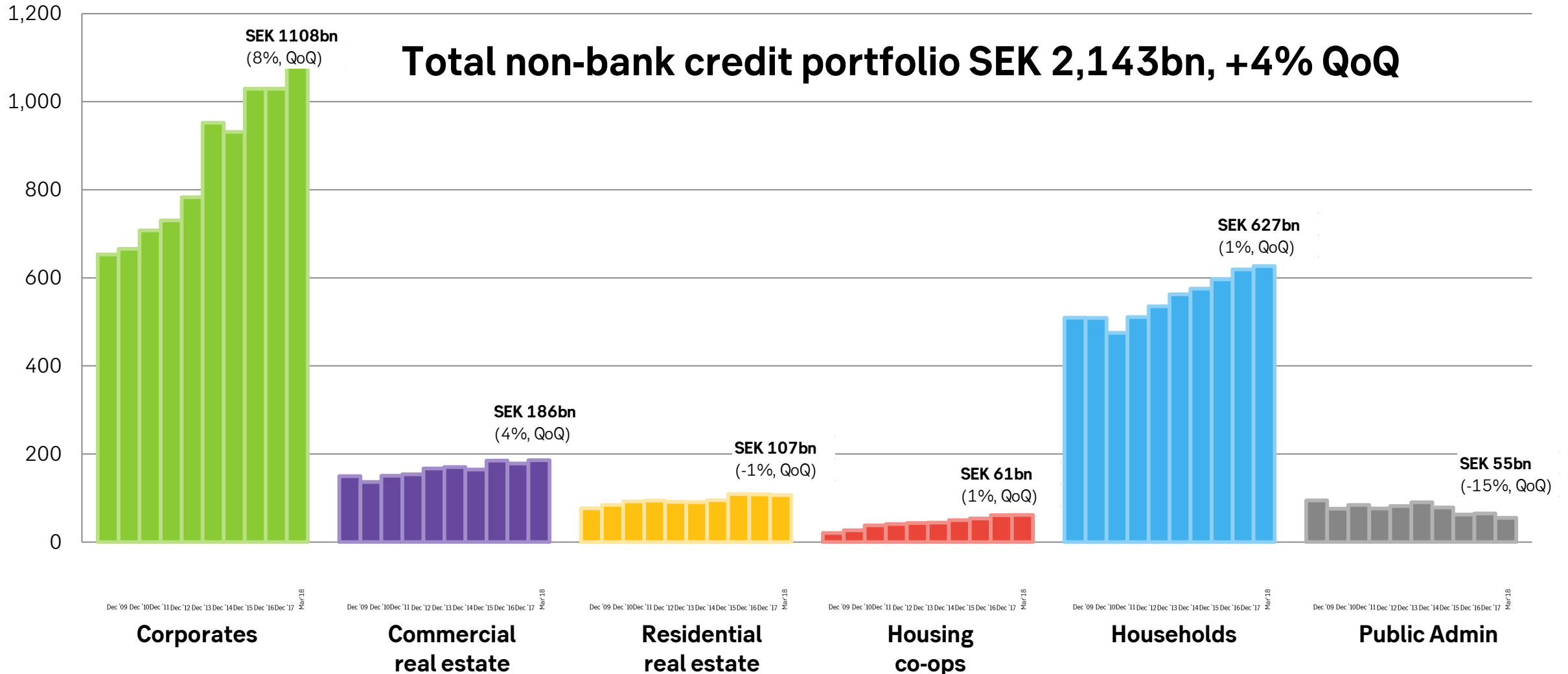
Growth in lower risk sectors



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

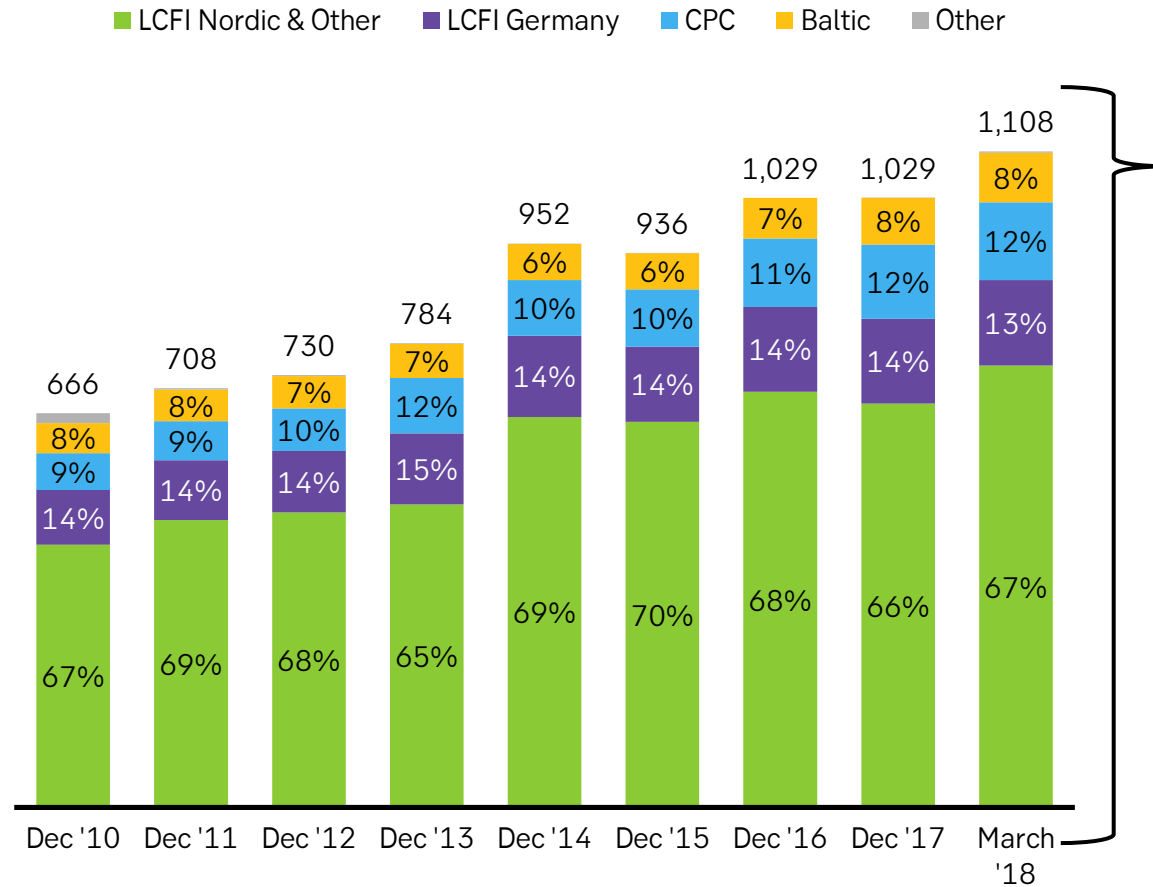
Stable credit portfolio development

Credit portfolio by sector (SEK bn)



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

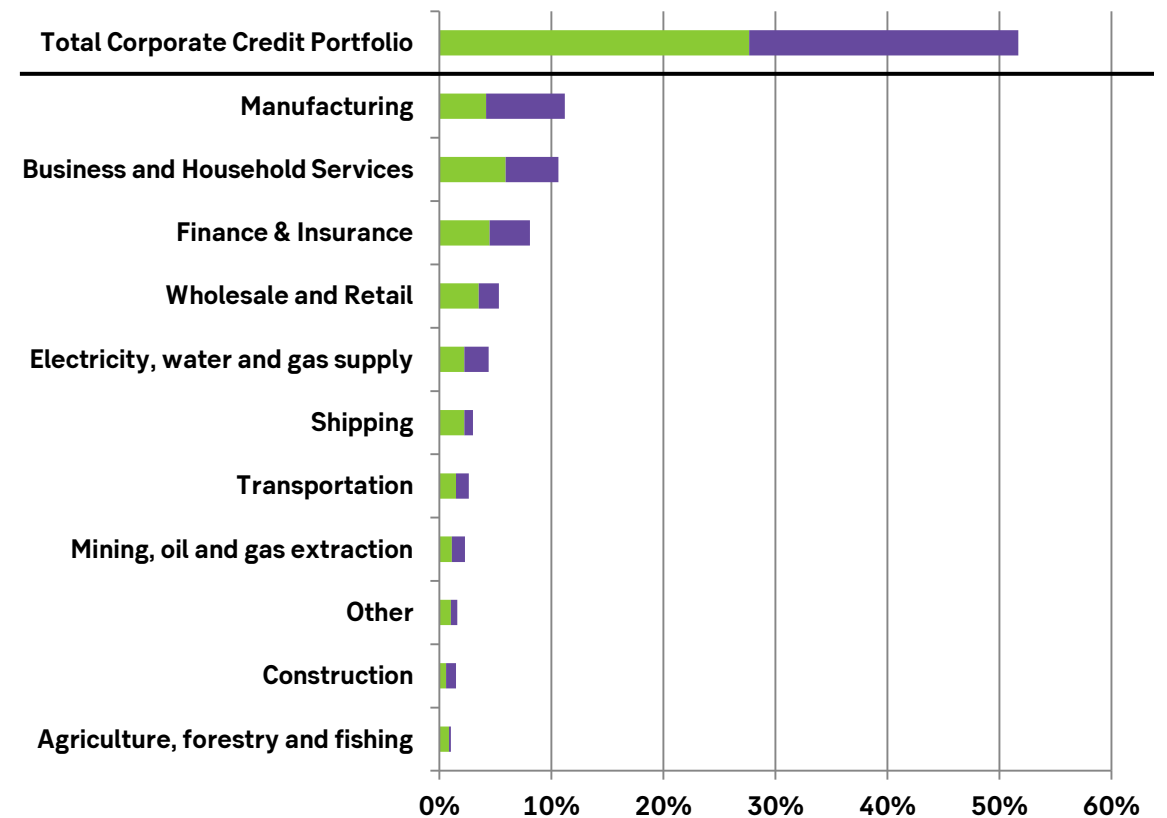
Total Corporate Credit Portfolio split by Business



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

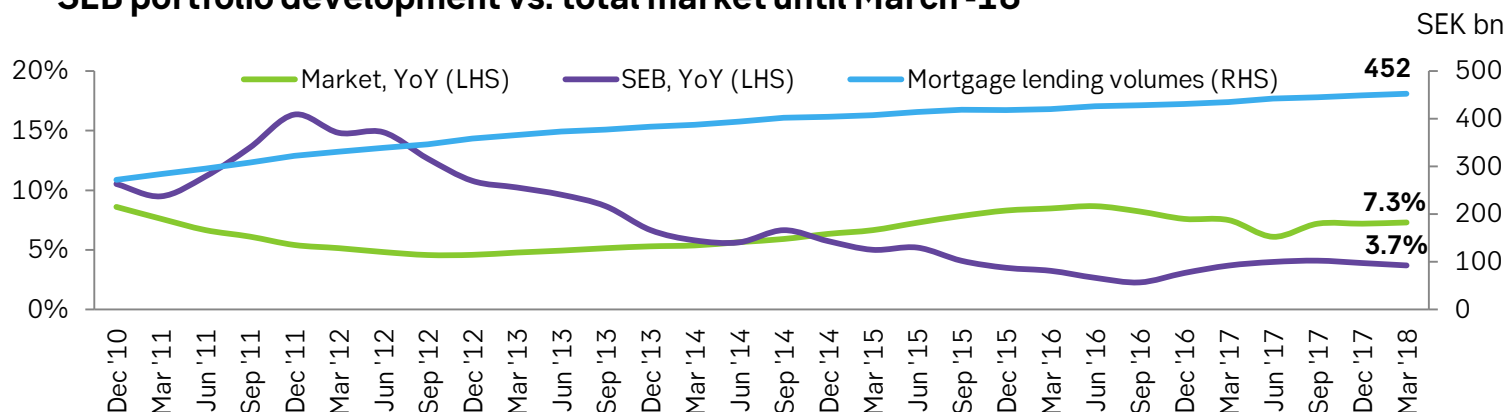
% of Total Credit Portfolio

Loan portfolio (Green), Undrawn Commitments, guarantees and net derivatives (Purple)



SEB's Swedish household mortgage lending

SEB portfolio development vs. total market until March -18



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

- Loan book continues to perform – loans past due >90 days 3bps

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

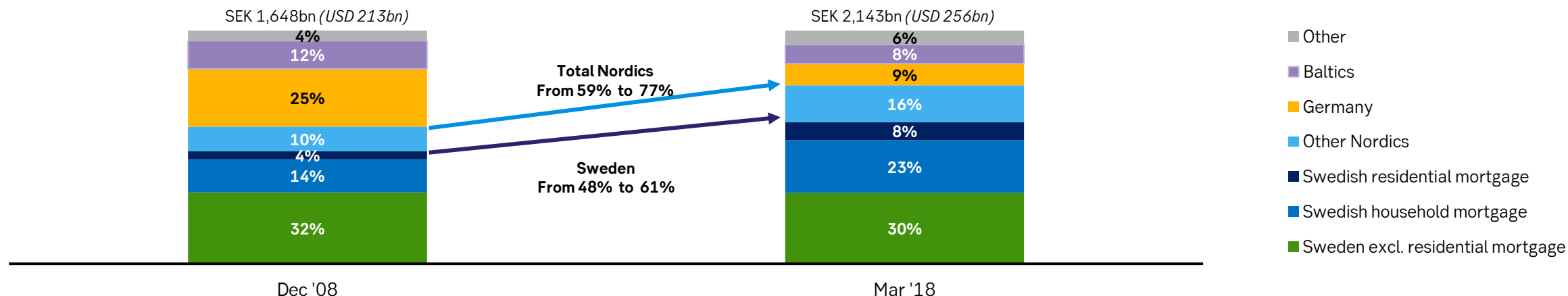
Share of portfolio



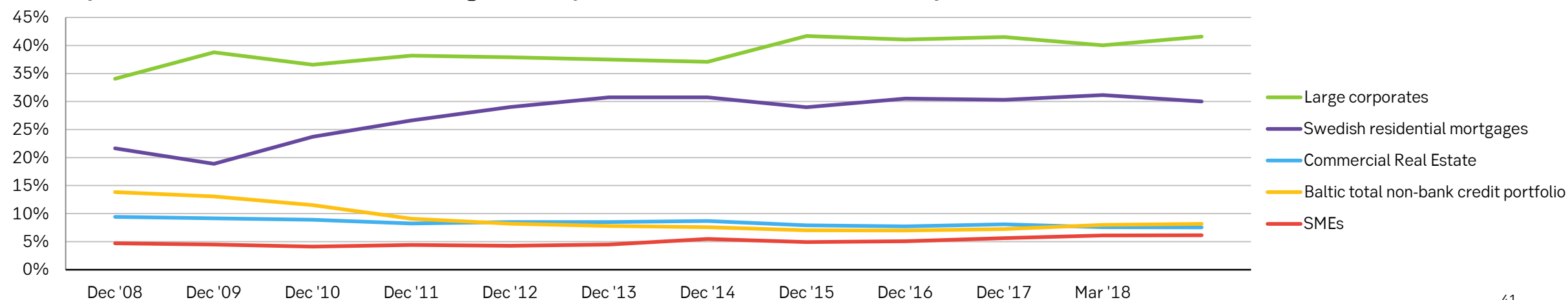
Weighted average LTV= 55%

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)

Credit losses remain low

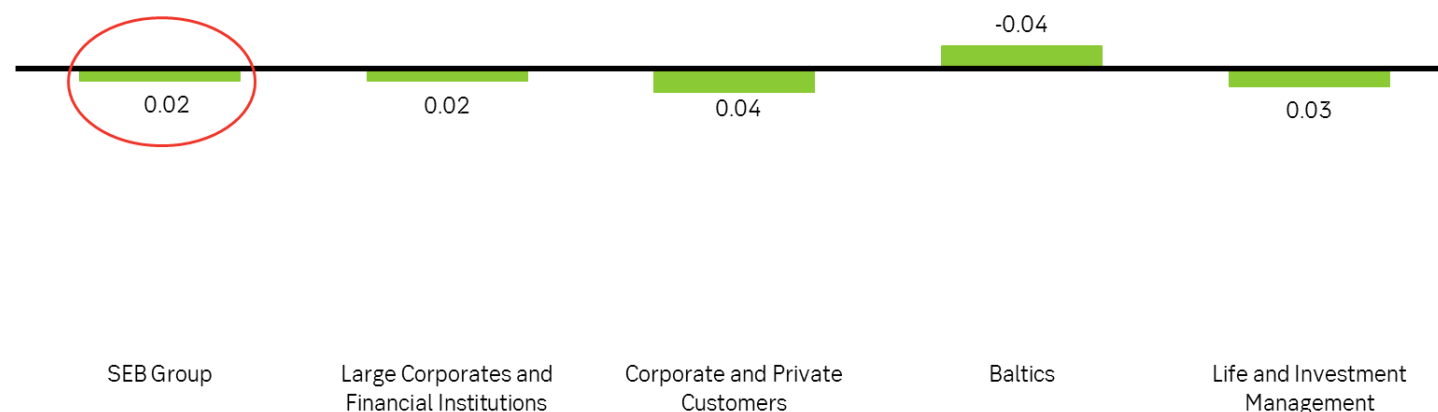
	Net credit losses IAS 39						Net ECL IFRS 9	Net ECL level Q1 2018
	Q1 2017	Q2 2017	Q3 2017	Q4 2017	FY 2017	CLL 2017	Q1 2018	
Large Corporates & Financial Institutions	-144	-155	-210	-20	-529	0.08%	-46	0.02%
Corporate & Private Customers	-81	-48	-86	-60	-276	0.04%	-87	0.04%
Baltics	19	-11	11	-25	-7	0.01%	17	-0.04%
Other	2	0	1	0	4	-0.02%	8	0.03%
Net credit losses	-204	-214	-284	-105	-808	0.05%	-109	0.02%

Low credit loss level in all geographic areas

Annualised Accumulated, in %

Net ECL level per division

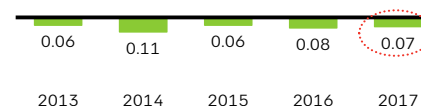
31 Mar 2018



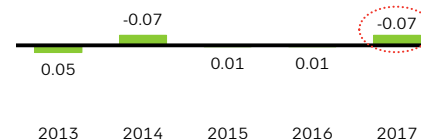
IAS39 CLL per division

Before 31 Mar 2018

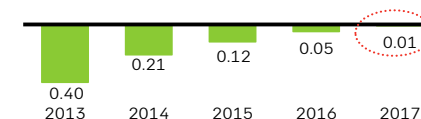
Nordic countries, net credit losses in %



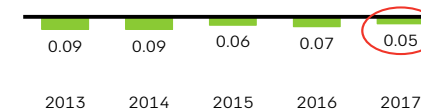
Germany, net credit losses in %



Baltic countries, net credit losses in %



SEB Group, net credit losses in %



Negative credit loss level = reversal

*Continuing operations **Total operations

Agenda



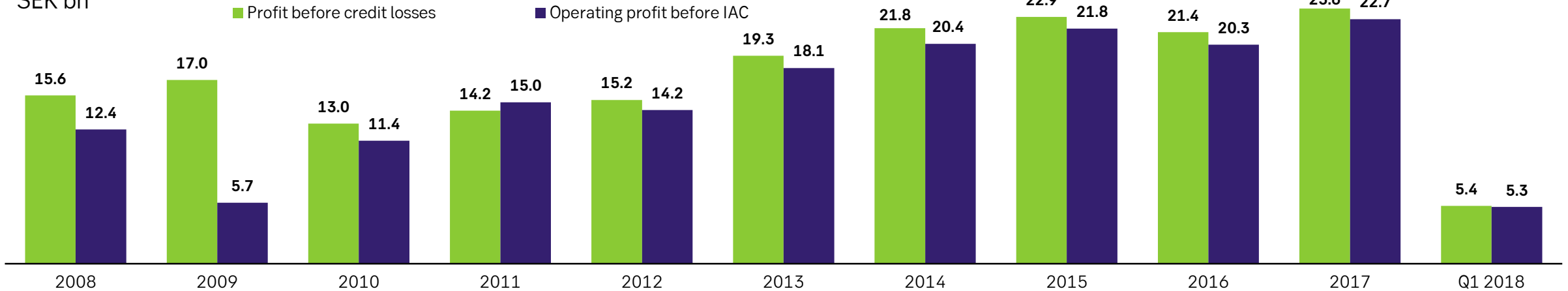
- SEB in brief p.3
- Financials p.15
- Balance sheet, Credit portfolio & Asset quality p.34
- **Capital p.44**
- Funding and Liquidity p.51
- Covered bonds and Cover pool p.57
- Business plan p.61
- Contacts, calendar and ADR p.66
- Appendix p.69
 - Swedish housing market
 - Macroeconomics

Sustained strong earnings and capital generation

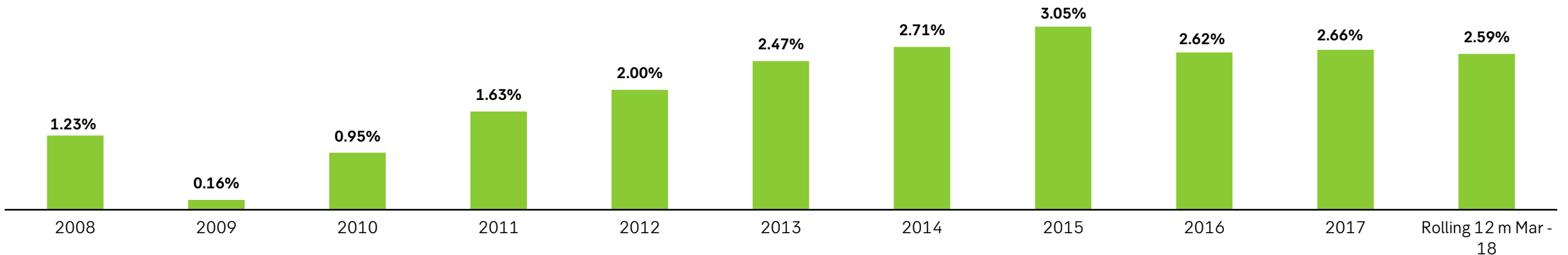
Profitable throughout the Financial Crisis

Sustained underlying profit

SEK bn



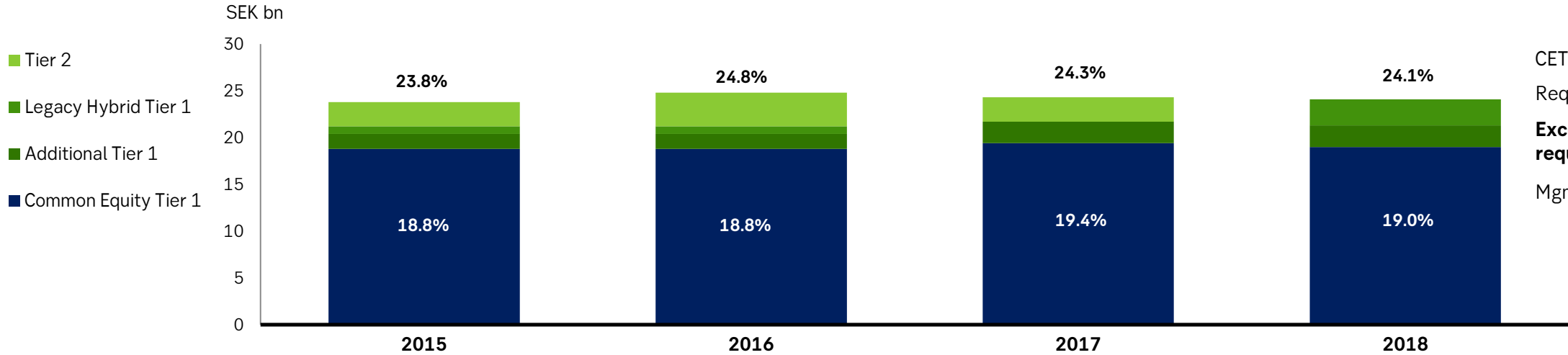
Strong underlying capital generation, Net Profit /REA



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 Q1 2018 19.0%
Requirement 16.7%
Excess vs. requirement 2.3%
Mgmt buffer ~1.5%

Common Equity Tier 1 ratio	18.8%	18.8%	19.4%	19.0%
Additional Tier 1 ratio	1.6%	1.6%	2.3%	2.3%
Legacy Tier 1 ratio	0.8%	0.8%	0 %	0 %
Tier 2 ratio	2.6%	3.6%	2.6%	2.8%
Leverage ratio	4.9%	5.1%	5.2%	4.6%
Risk Exposure Amount, SEKbn	571	610	611	615

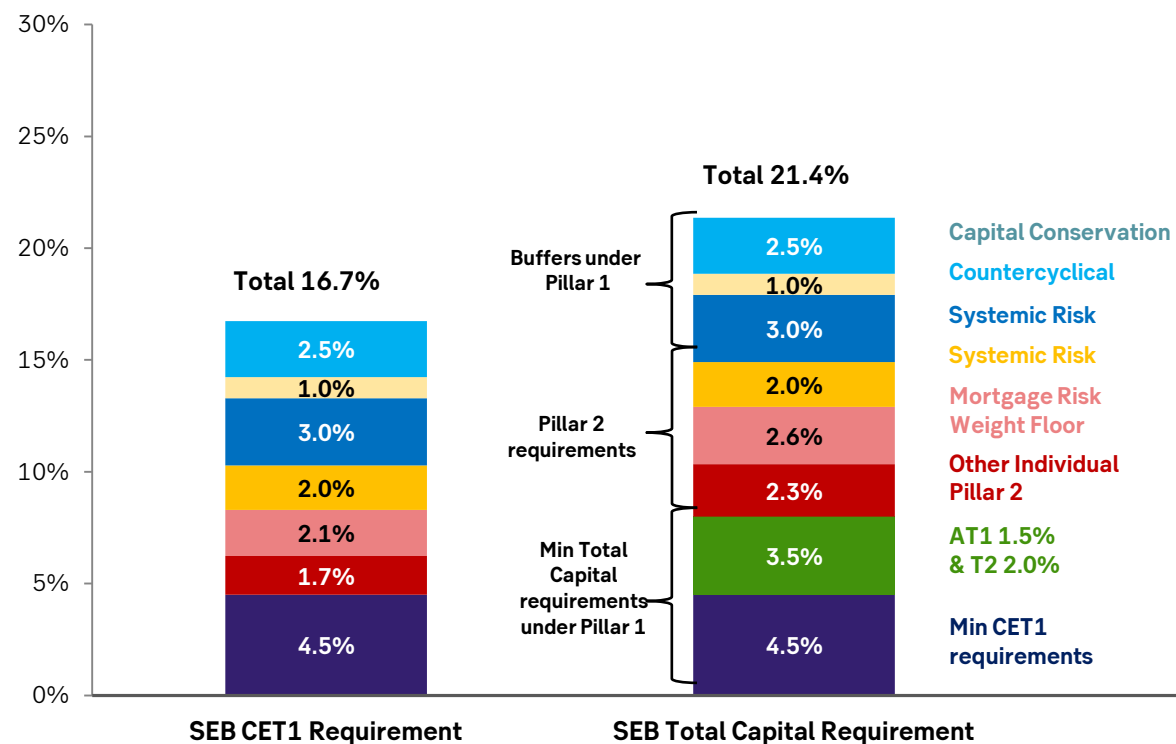
REA increase Q1 18 vs. 2017 of SEK 1bn net was mainly due to:

- Increase due to FX movements and asset growth
- Model change of corp risk weight

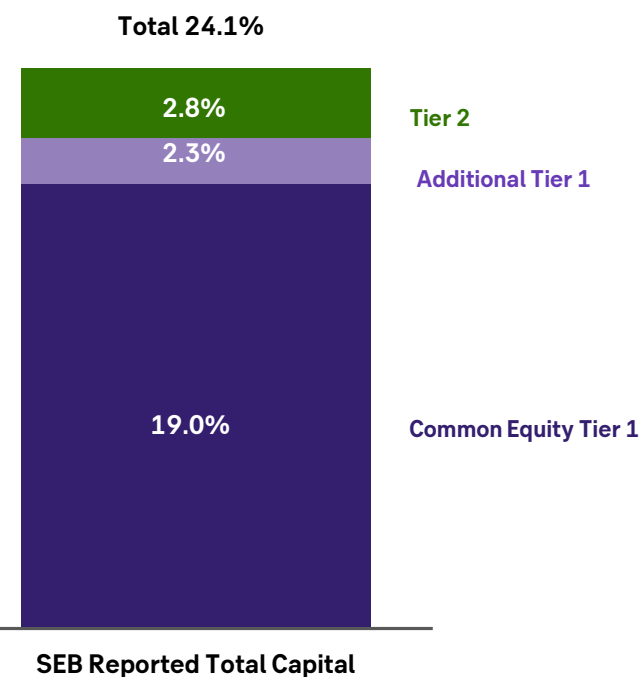
SFSA's capital requirements and SEB's reported ratios

SEB's ratios exceed SFSA's risk-sensitive and high requirements, March 31, 2018

Composition of SEB's CET 1 and Total Capital Requirements



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



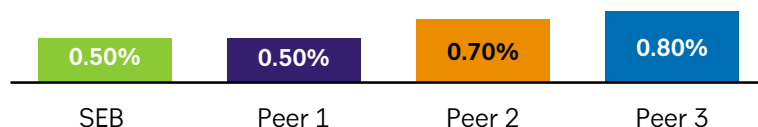
- SEB's CET1 ratio is 2.3% above the SFSA CET1 requirement as at March 2018 and 0.8% above targeted management buffer

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

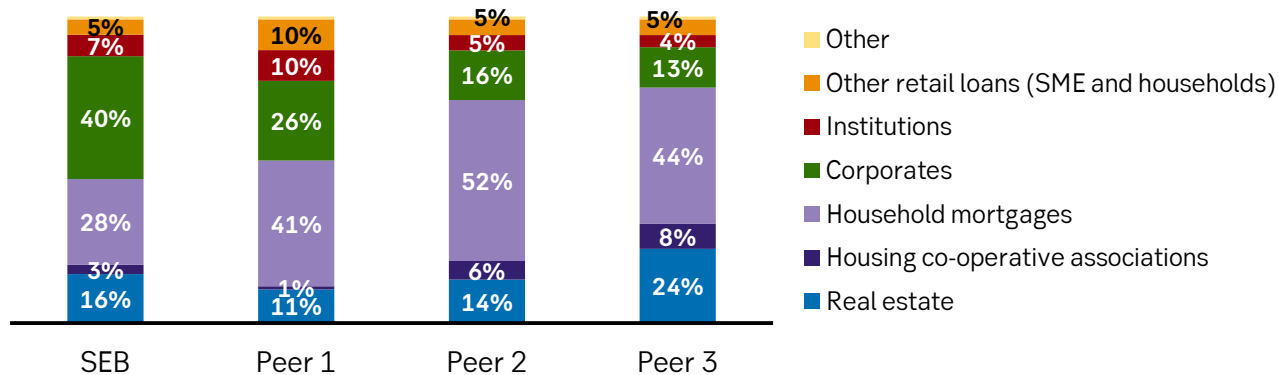
80% of SEB's credit portfolio is in Nordic countries¹⁾



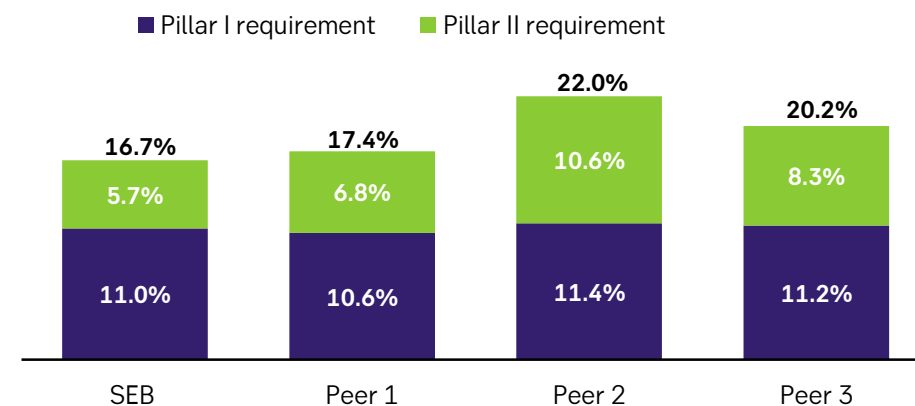
Low credit-related concentration risk ^{2,3)} (as percentage of total REA)



SEB has the lowest Real Estate & Mortgage Exposure (EAD)⁴⁾



SEB has the lowest Pillar 2 capital requirements³⁾ of Swedish banks



1) As by 31 Dec 2017

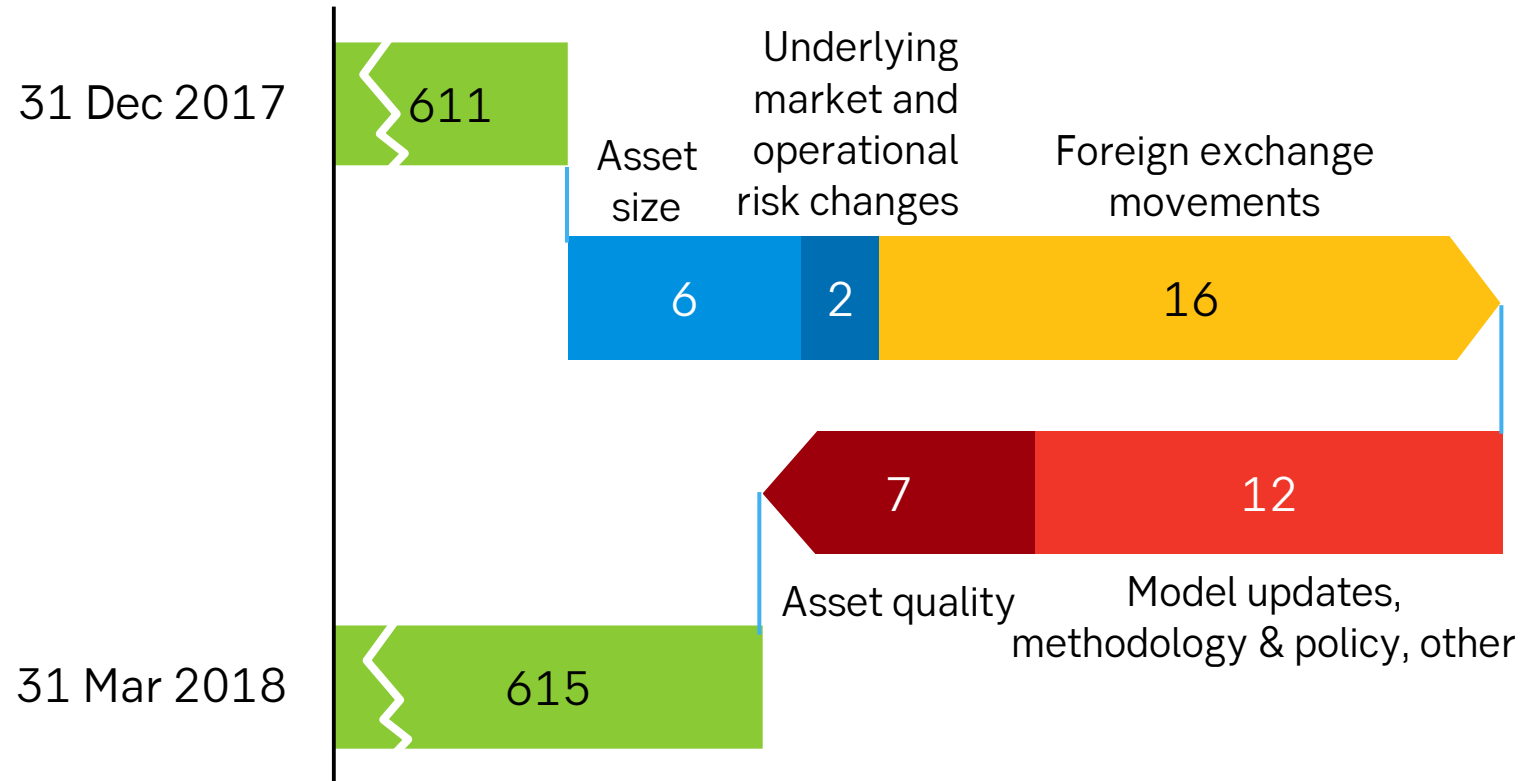
2) Including single name, geographical and industry concentration

3) As communicated with Q1 2018 result

4) EAD = Risk Exposure Amount / Risk Weight
Source: Swedish peers' Pillar 3 reports, Finansinspektionen, by 31 Dec 2017

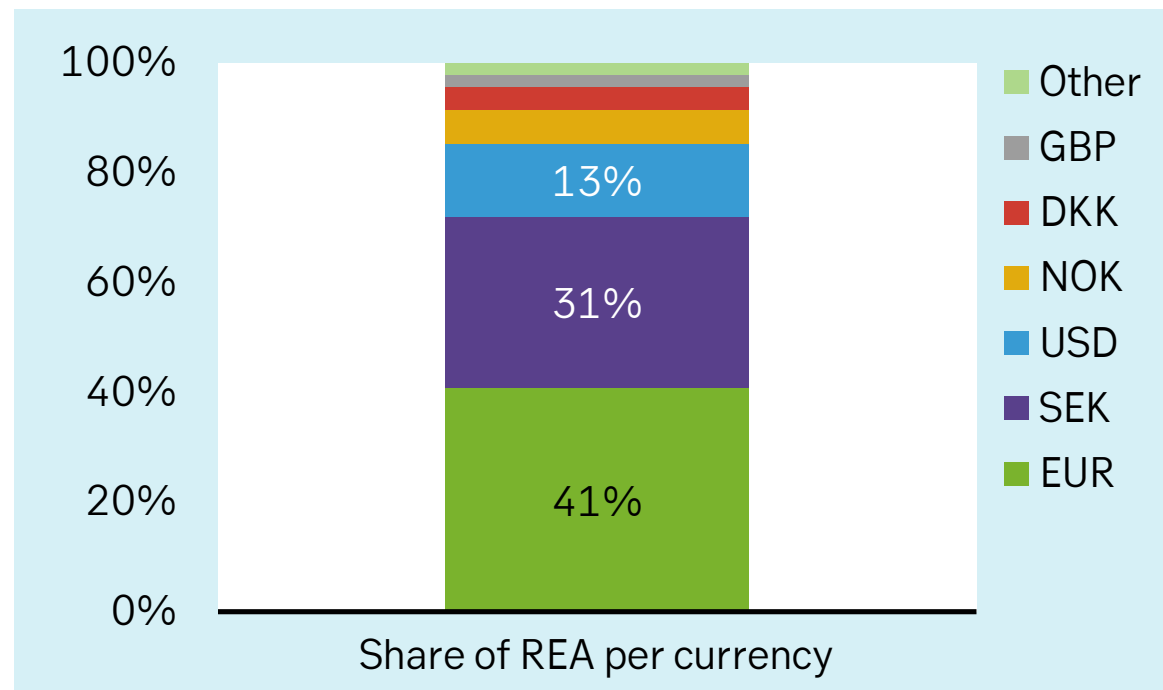
Risk exposure amount quarterly development

SEB Group – Basel III, Dec 2017 – Mar 2018



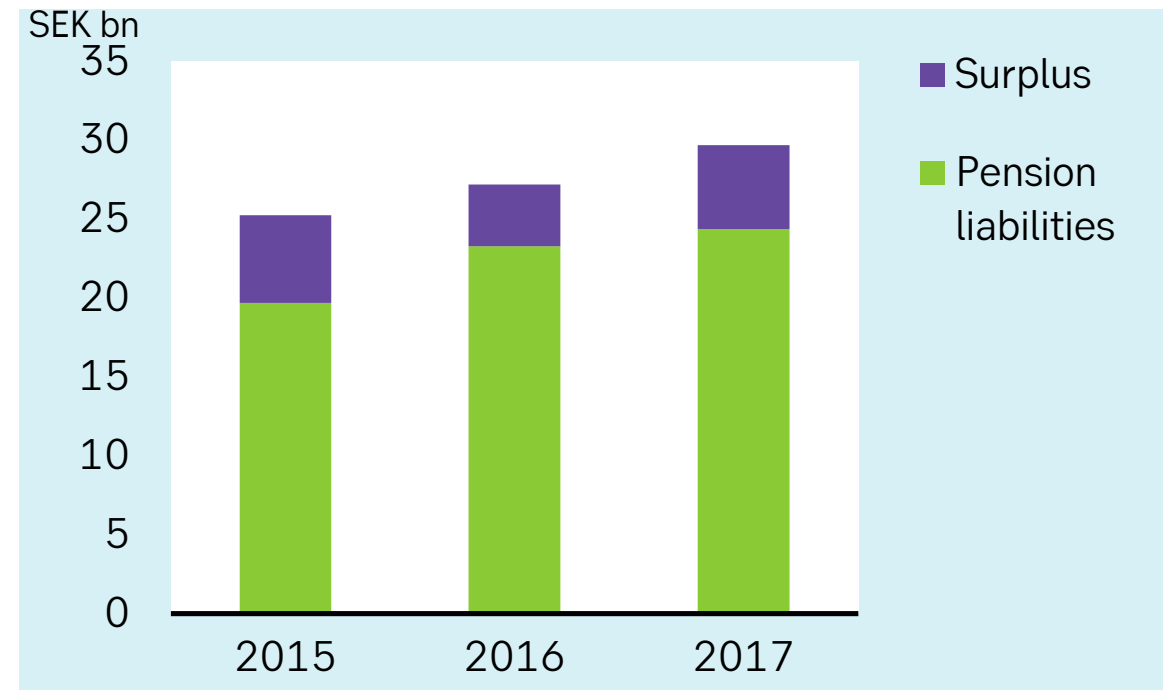
Reasons for 150bps management buffer

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...

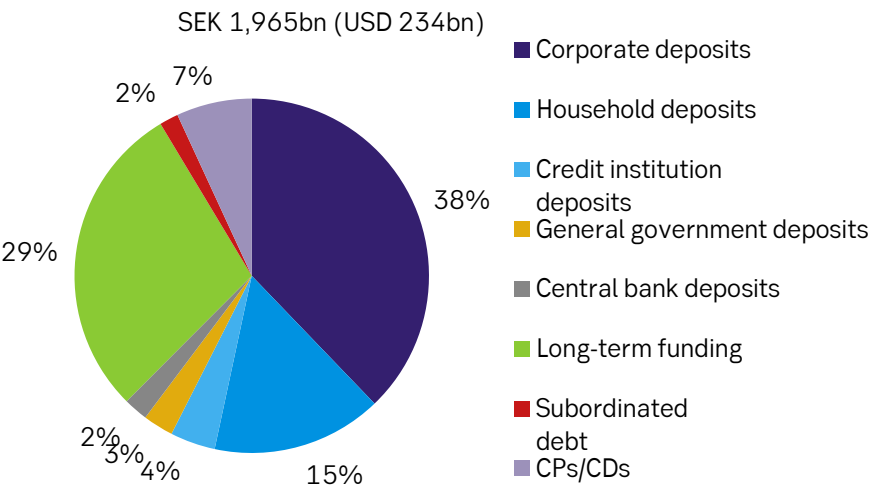
Agenda



- SEB in brief p.3
- Financials p.15
- Balance sheet, Credit portfolio & Asset quality p.34
- Capital p.44
- **Funding and Liquidity** **p.51**
- Covered bonds and Cover pool p.57
- Business plan p.61
- Contacts, calendar and ADR p.66
- Appendix p.69
 - Swedish housing market
 - Macroeconomics

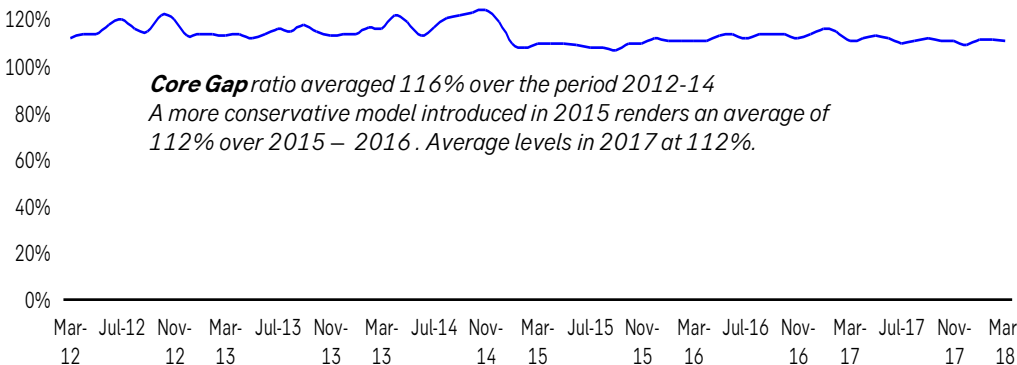
Stable deposit base and structural funding position

Wholesale funding represents 38% of the funding base



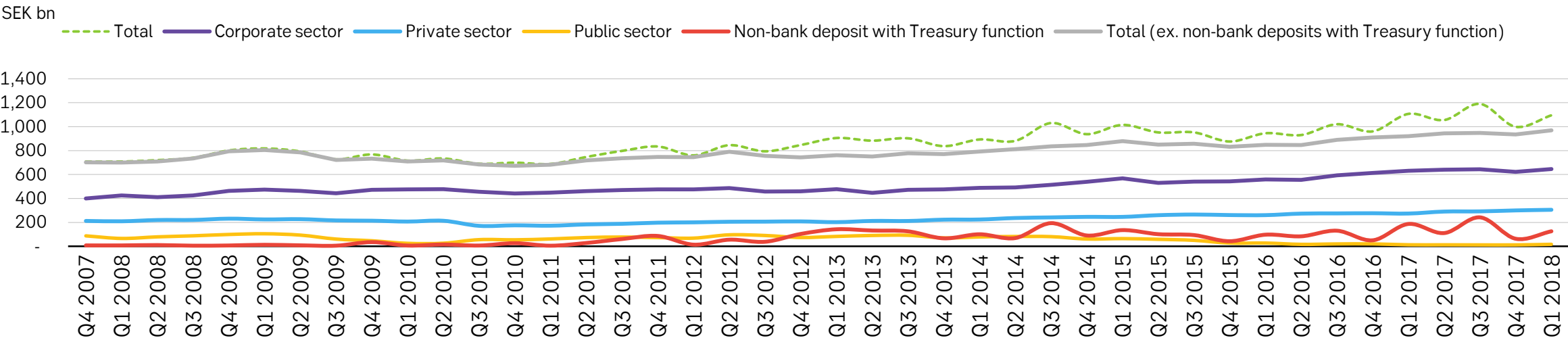
Note: Excluding repos and public covered bonds issued by the German subsidiary which are in a run-off mode

Stable and strong structural funding position, Core Gap Ratio



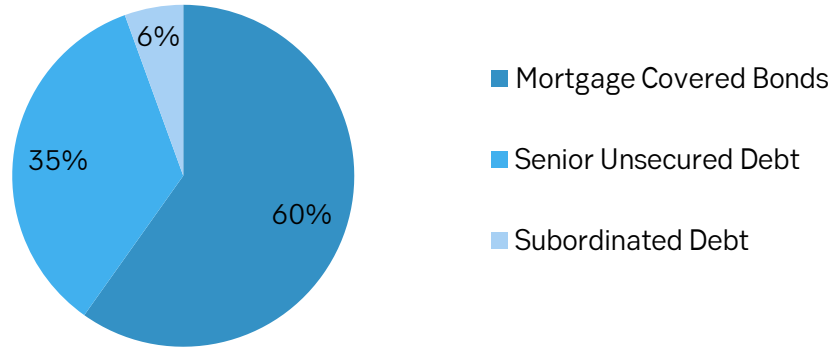
Core Gap is the amount of funding in excess of one year in relation to assets with a maturity of more than one year based on internal behavioural modelling

Stable development of deposits from corporate sector and private individuals



Well-balanced long-term funding structure

Long-term wholesale funding mix



Strong Credit Ratings

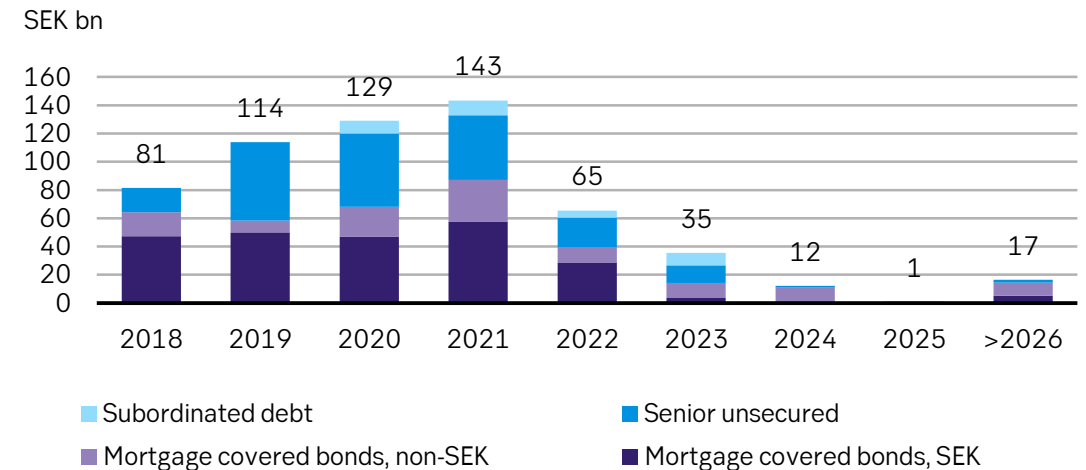
Rating Institute	Short term	"Stand-alone rating"	Long term	Uplift	Outlook
S&P	A-1	a	A+	1	Stable
Moody's	P-1	a3	Aa2	4*	Stable
Fitch	F1+	aa-	AA-	0	Stable

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

Issuance of bonds SEK bn, equivalent

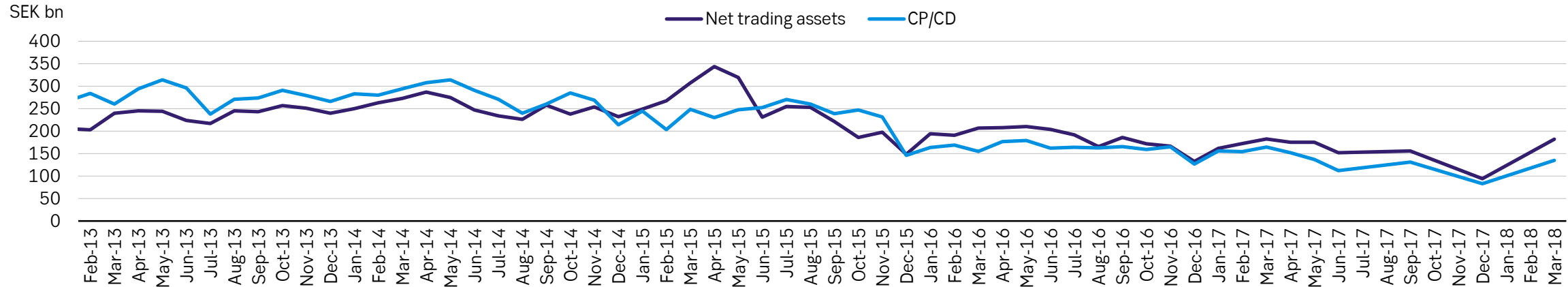
Instrument	2014	2015	2016	2017	Q1 2018
Covered bonds	60	55	62	55	18
Senior unsecured	32	40	74	20	14
Subordinated debt	17	0	8	5	0
Total	109	95	145	80	33

Maturity profile, March 31, 2018

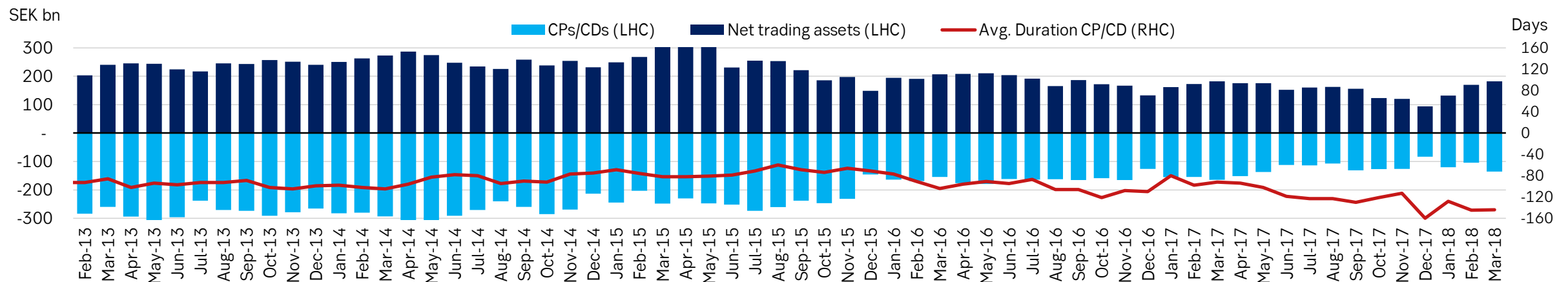


CP/CD funding supports client facilitation business

Volumes - Net Trading Assets¹ adaptable to CP/CD funding access



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

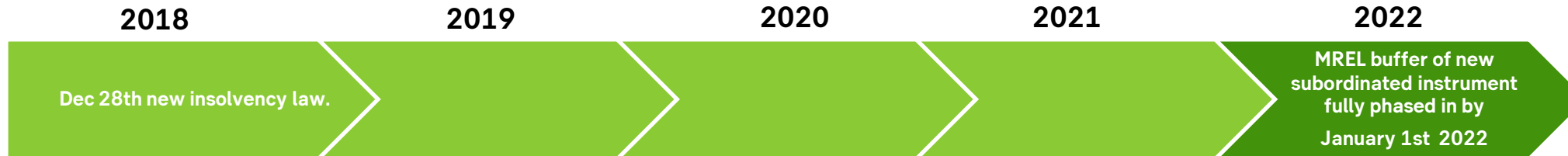


1) Net Trading Assets = Net of repoable bonds, equities and repos for client facilitation purposes

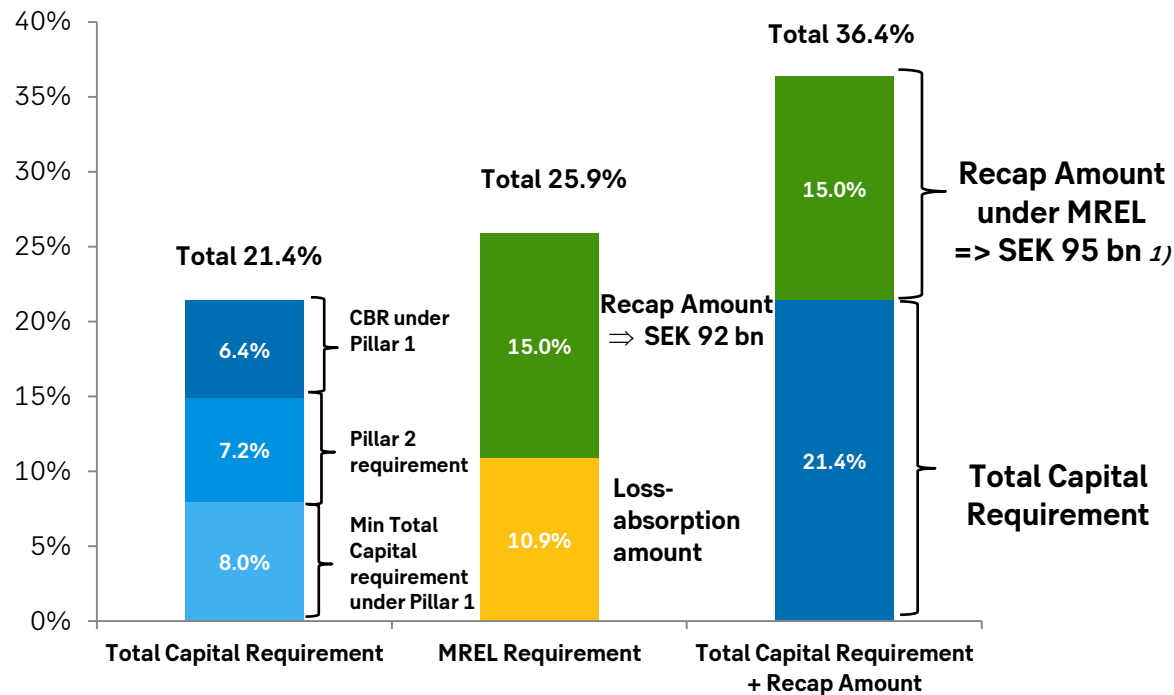
Modest need for non-preferred senior debt

Current introduction of Swedish MREL

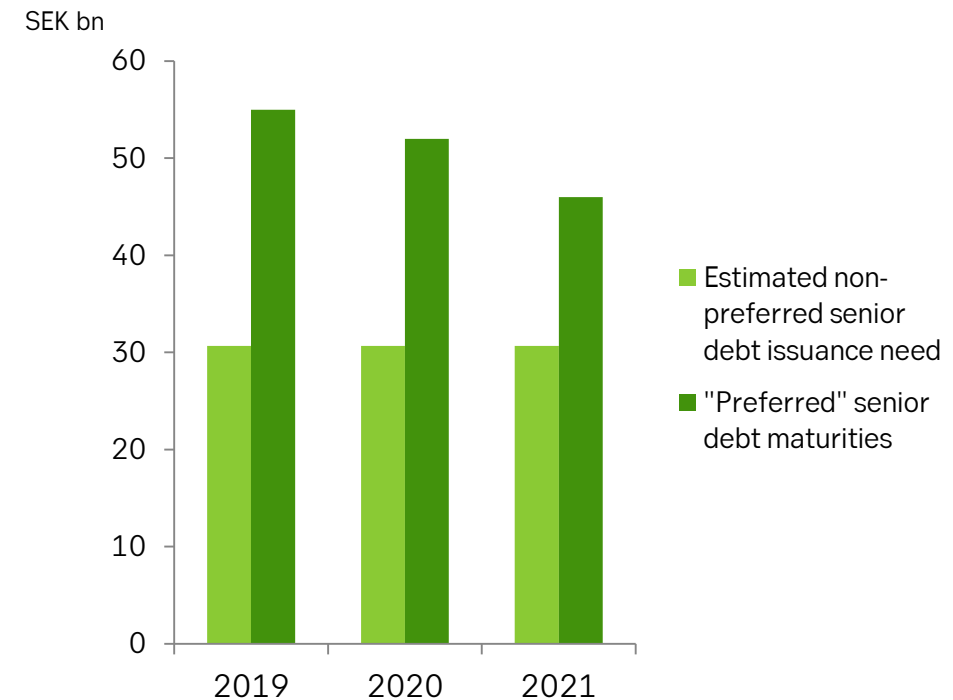
Estimated phasing-in period of non-preferred senior debt



SEB Total capital and non-preferred senior debt requirement



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

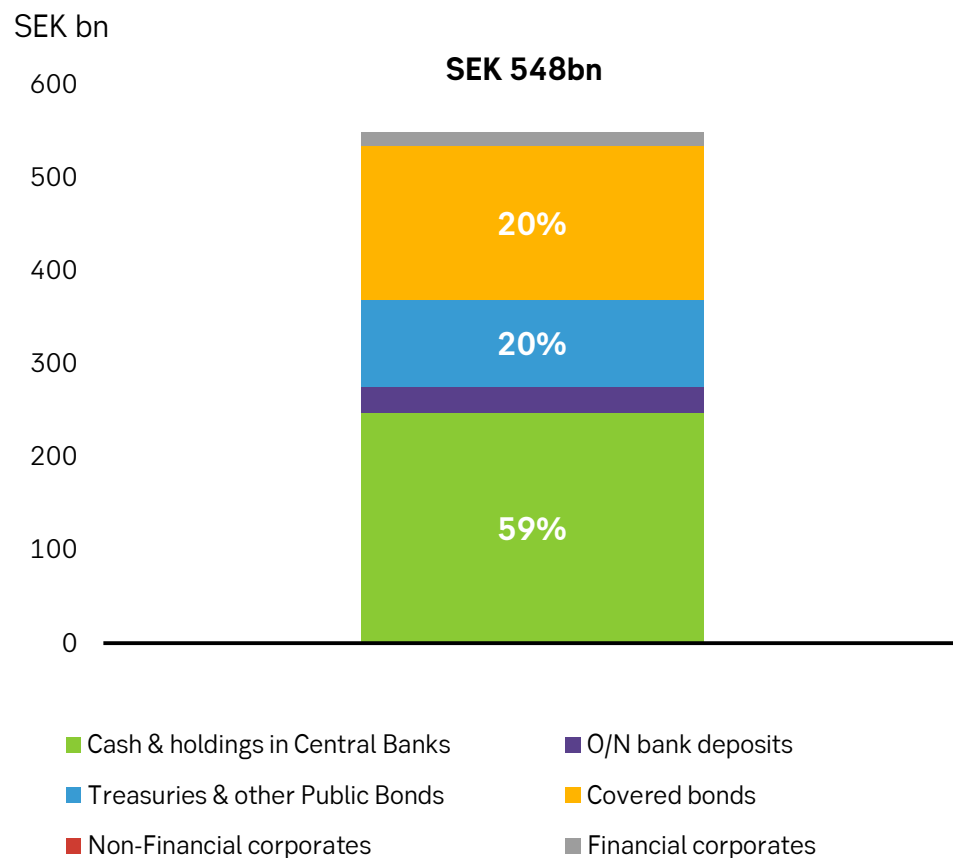


1) Recap amount based on capital requirements at March 31, 2018.

2) Issuance volume recap amount phased in over a 3 year period

Strong liquidity and maturing funding position

SEB's Liquidity Reserve* 2018 Q1 is 152% of wholesale funding maturities within 1 year**

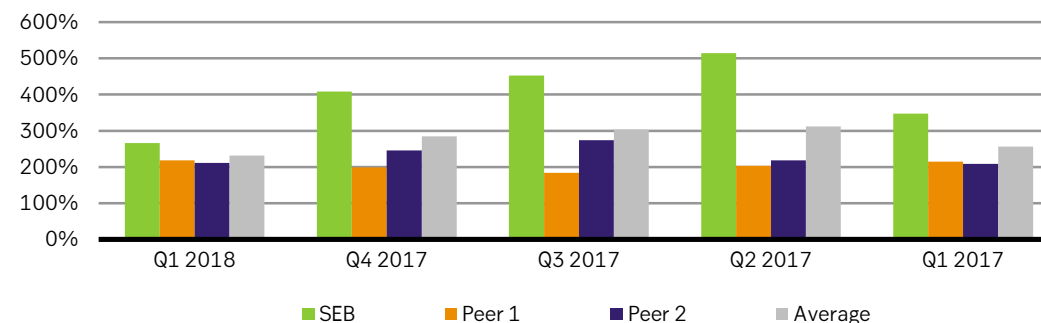


* Definition of Core Liquidity Reserve according to Swedish Bankers' Association

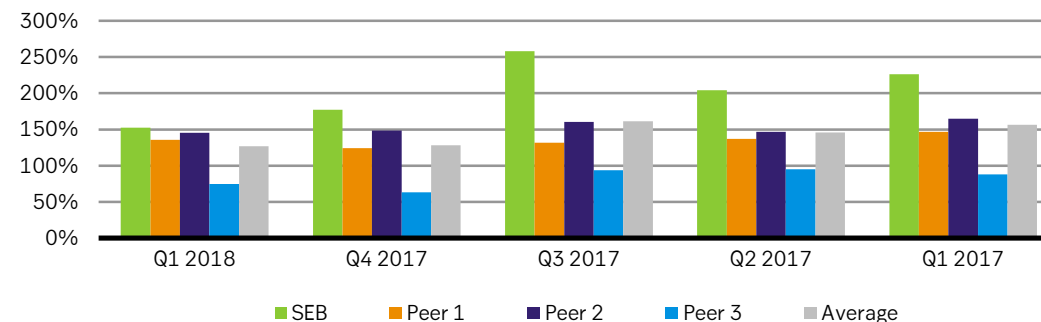
**excluding sub debt with call date within a year

Maturing Funding ratio 3m and 12m, Peer benchmarking

Development 3m funding ratio



Development 12m funding ratio



Definition: Liquid Assets ¹⁾ / (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.44
- Funding and Liquidity p.51
- **Covered bonds and Cover pool p.57**
- Business plan p.62
- Contacts, calendar and ADR p.66
- Appendix p.69
 - 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 53%

Covered Bonds

		Q1 2018	Q4 2017	Q4 2016	Q4 2015
Total outstanding covered bonds (SEK bn)		343	324	314	311
Rating of the covered bond programme		Aaa Moody's	Aaa Moody's	Aaa Moody's	Aaa Moody's
FX distribution	SEK	70%	69%	71%	72%
	non-SEK	30%	31%	29%	28%

Cover Pool

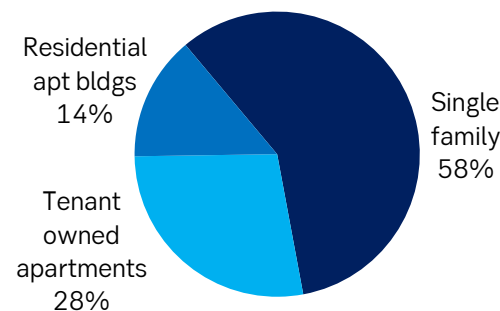
	Q1 2018	Q4 2017	Q4 2016	Q4 2015
Total residential mortgage assets (SEK bn)	527	525	510	483
Weighted average LTV (property level)	51%	51%	50%	57%
Number of loans (thousand)	718	717	711	697
Number of borrowers (thousand)	422	423	424	427
Weighted average loan balance (SEK thousand)	734	732	718	693
Substitute assets (SEK thousand)	0	0	0	0
Loans past due 60 days (basis points)	7	5	4	4
Net credit losses (basis points)	0	0	0	0
Over-Collateralization level	53%	62%	63%	55%

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

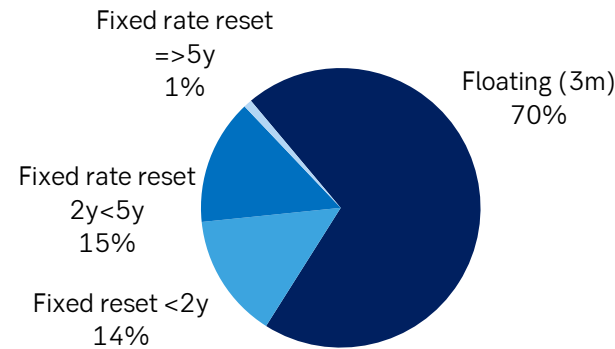


Cover Pool

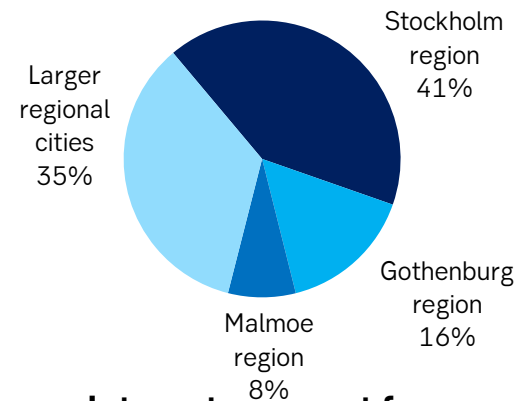
Type of loans



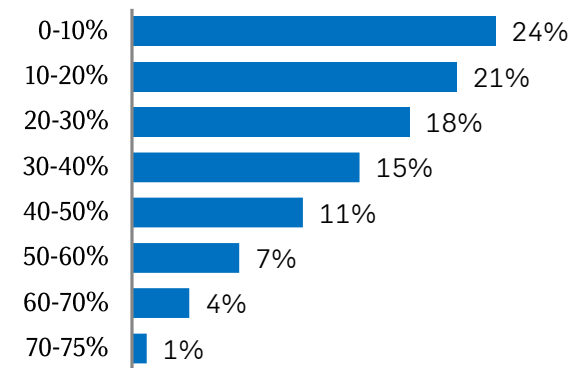
Interest rate type



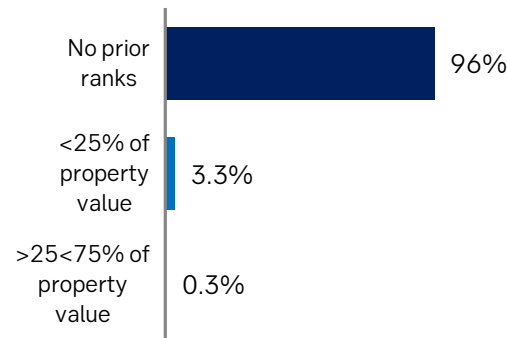
Geographical distribution



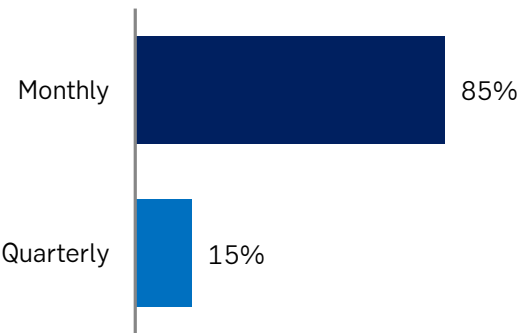
LTV distribution by volume in % of the Cover Pool



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)

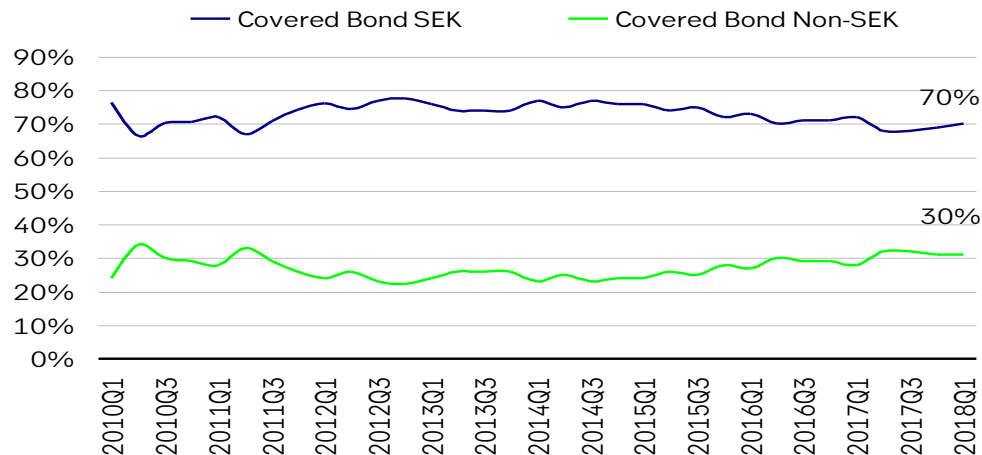
Profile of outstanding covered bonds

Covered Bonds

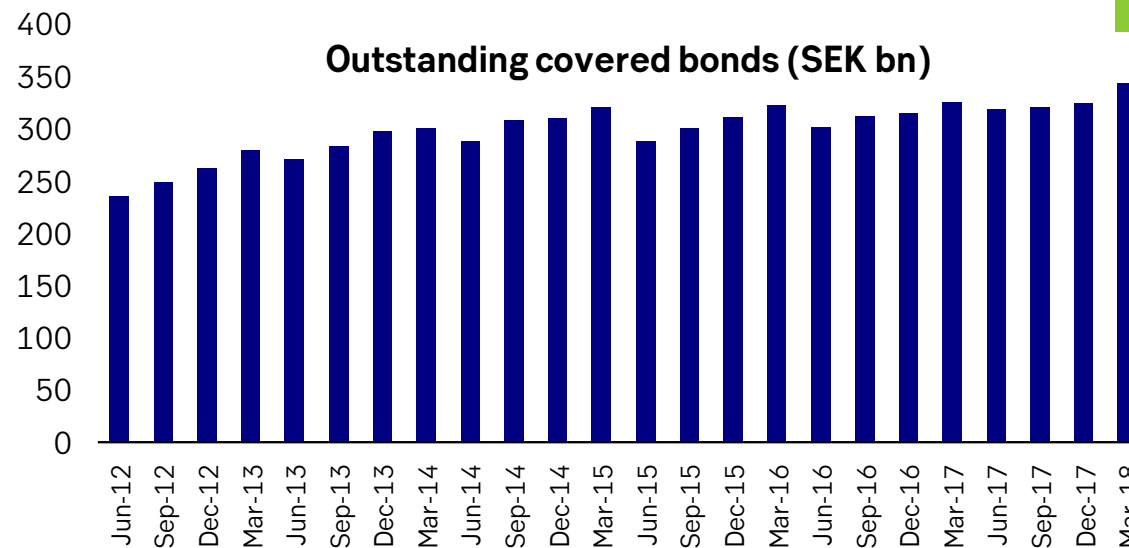
SEB Swedish Mortgage Covered Bonds

Moody's Rating	Aaa
Total outstanding	SEK 343bn
FX distribution	SEK 70%
	non-SEK 30%
Benchmark	Benchmark 91 %
	Non Benchmark 9 %

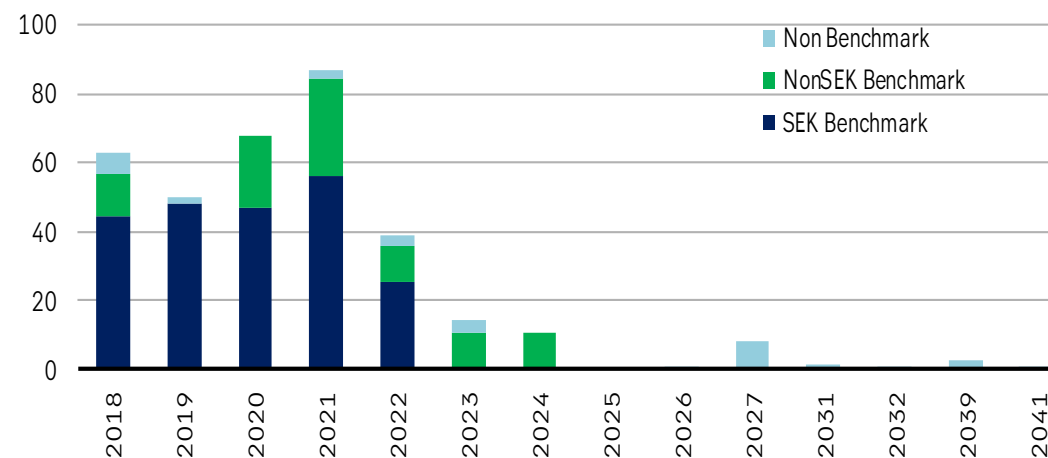
Currency mix



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.44
- Funding and Liquidity p.51
- Covered bonds and Cover pool p.57
- **Business plan** **p.61**
- Contacts, calendar and ADR p.66
- Appendix p.69
 - Swedish housing market
 - Macroeconomics

Focus on growth and transformation continues



Full focus on Swedish businesses



World-class service



Continue to grow in the Nordics and Germany



Savings & pension growth

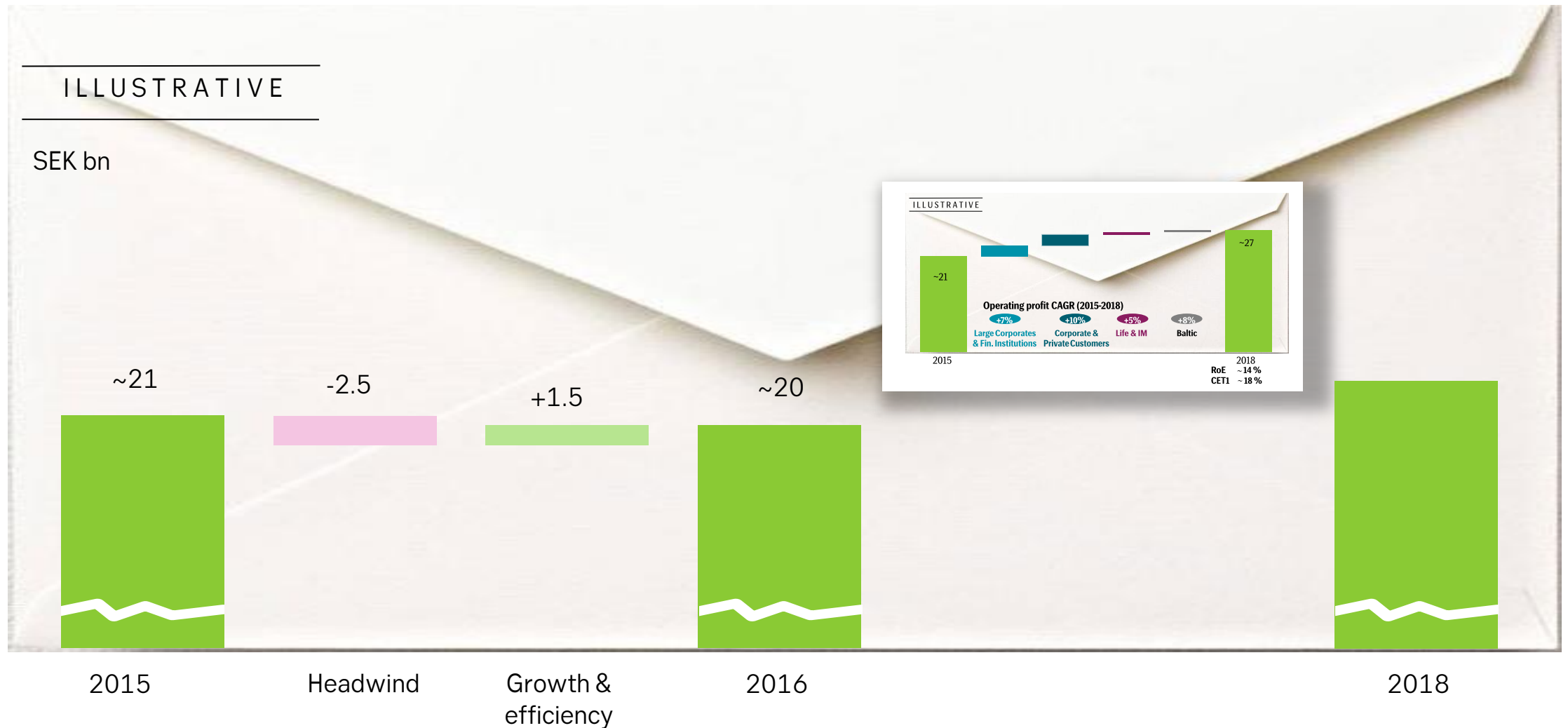


Digitalisation

Continuous learning & Competence

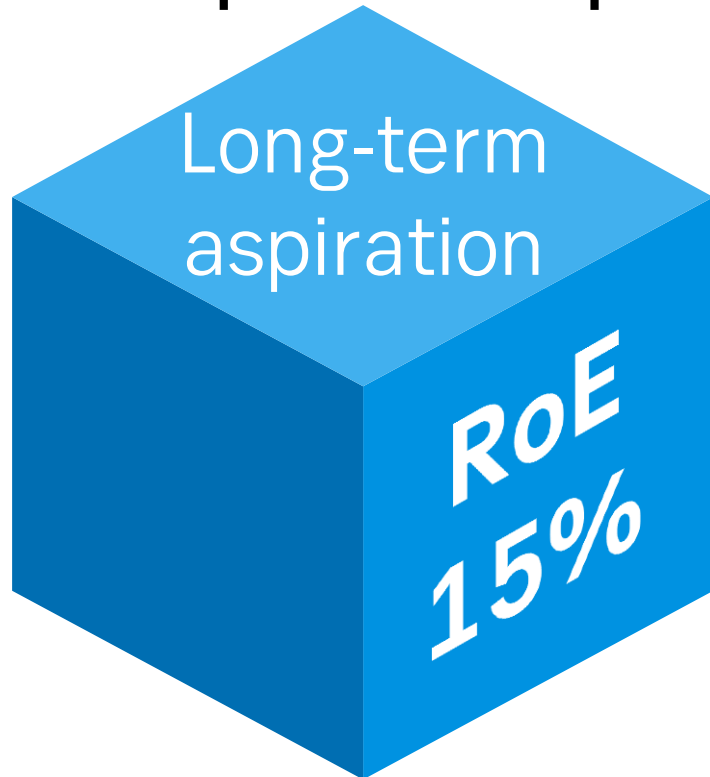


Growth and efficiency even in a flat interest rate environment and the known headwinds...



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



Agenda



- SEB in brief p.3
- Financials p.15
- Balance sheet, Credit portfolio & Asset quality p.34
- Capital p.44
- Funding and Liquidity p.51
- Covered bonds and Cover pool p.57
- Business plan p.61
- **Contacts, calendar and ADR** **p.66**
- Appendix p.69
 - 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

Website: www.citi.com/dr

IR contacts and calendar



Christoffer Geijer

Head of Investor Relations

Phone: +46-8 763 83 19
Mobile: +46-70 762 10 06
E-mail:
christoffer.geijer@seb.se



Per Andersson

Investor Relations Officer
Meeting requests and road
shows etc.

Phone: +46 8 763 8171
Mobile: +46 70 667 7481
E-mail:
per.andersson@seb.se



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

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.44
- Funding and Liquidity p.51
- Covered bonds and Cover pool p.57
- Business plan p.61
- Contacts, calendar and ADR p.66
- **Appendix p.69**
 - Swedish housing market
 - Macroeconomics

Nordic Outlook, February 2018 updated

Summary

- ❑ **World growth is broad-based: Trump is biding time**

Strong labour markets, increased capacity utilisation

- ❑ **Less but still great dependence on central banks**













Inflation not dead, but manageable: more fruit juice in the punch

- ❑ **Nervous markets: Low volatility can be explained** Higher EUR/USD rate, long-term yields and equities in 2018-19

- ❑ **EU boom offsets weaker Swedish housing market**




Riksbanken will hike in April and October 2019, leaving 2019 at 0,0% end
Below-target inflation challenging – SEK will climb most vs USD

Global GDP growth forecasts as of Feb 2018

GDP, YoY % change		2016	2017	2018E	2019E
US		1.5	2.3	2.8	2.5
China		6.8	6.6	6.6	6.2
Japan		0.9	1.7	1.2	1.0
Euro zone		1.8	2.4	2.5	2.2
Germany		1.9	2.2	2.5	2.2
UK		1.9	1.8	1.4	1.1
OECD		1.8	2.4	2.5	2.2
World		3.2	3.8	4.0	3.9
Sweden		3.2	2.4	2.6	2.4
Norway		1.1	1.8	2.0	2.1
Denmark		2.0	2.2	2.4	2.3
Finland		2.2	2.6	2.5	2.4
Baltics		2.2	4.3	3.5	3.2



Broad upturn in the Nordic economies

GDP, YoY % change		2016	2017	2018E	2019E
	DEN	2.0	2.2	2.4	2.3
	FIN	2.1	2.6	2.5	2.4
	NOR	1.1	1.8	2.0	2.1
	SWE	3.2	2.4	2.6	2.4

Denmark: Healthy economic recovery

Tailwinds: Strongest GDP growth momentum since the financial crisis, strong global demand, unemployment historically low, consumer confidence and rising home prices.

Headwinds: Household savings, weak retail sales and drop in passenger cars sales.

Finland: Growth is surging after a long stagnation

Tailwinds: Record high household optimism, accelerating exports and capital spending. It is a broad-based upturn.

Headwinds: Weak pay hikes and disappointing unemployment development

Norway: Broad-based economic recovery

Tailwinds: Expansionary fiscal and monetary policies, unemployment historically low, private consumption and improvements in household real disposable income.

Headwinds: Fragile initial oil and gas recovery and sluggish activity in manufacturing

Sweden: Industry driving growth as home construction declines

Tailwinds: Rapid job growth, loose monetary policy and high industrial activity

Headwinds: Uncertainty in housing market, cautious households keeping private consumption down and low pay hikes.

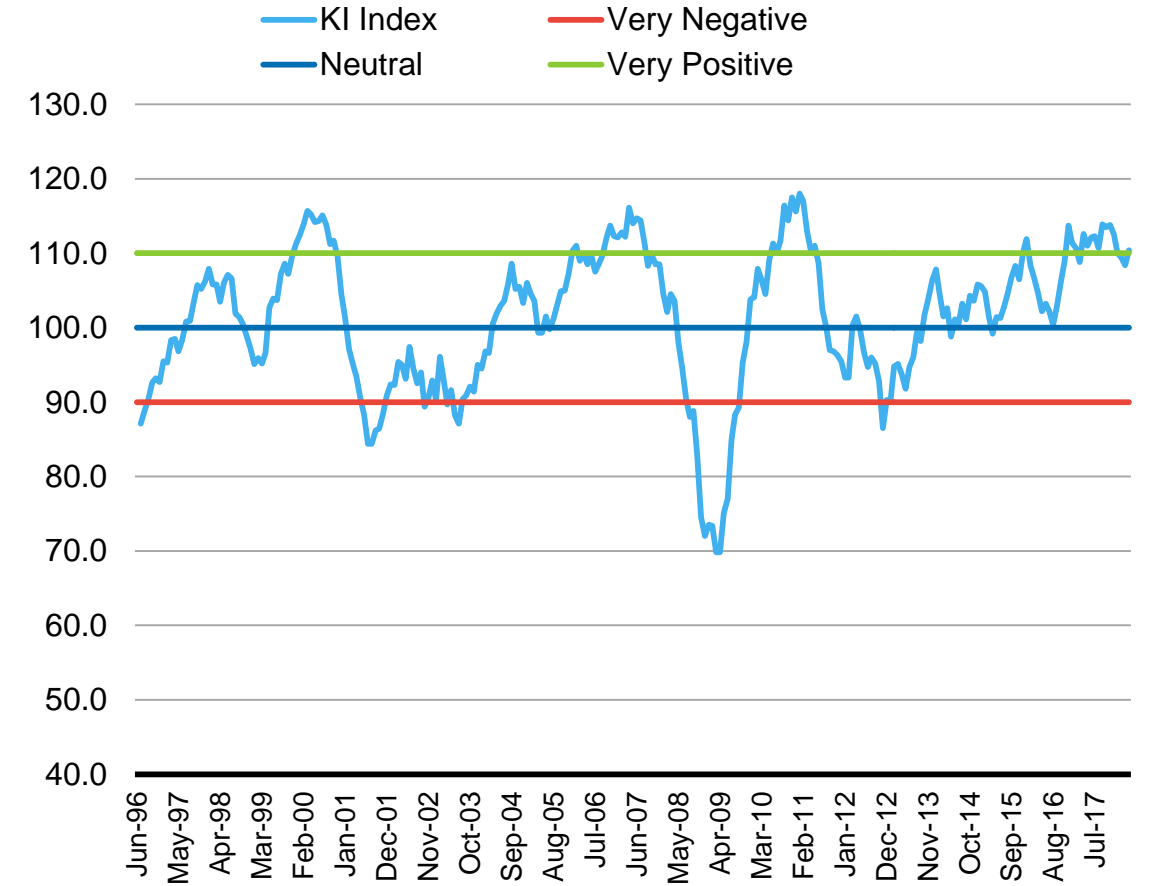
Business conditions improving in Sweden

Deloitte/SEB Swedish CFO Survey

– The survey was carried out in September and October 2017



Swedish Business Confidence, KI index, Apr-17



Swedish housing market

– Characteristics and prices

Svensk Mäklarstatistik – Mar 2018, per cent

	Single family homes		Apartments	
Area	3m	12m	3m	12m
Sweden	0	+1	-1	-7
Greater Stockholm	-2	-6	0	-9
Central Stockholm			0	-9
Greater Gothenburg	-1	-1	-3	-4
Greater Malmoe	0	+4	0	+1

Valueguard – Mar 2018, per cent

	Single family homes		Apartments	
Area	3m	12m	3m	12m
Sweden	+3.8	-1.8	+1.7	-8.6
Stockholm	+1.9	-6.7	+1.7	-10.3
Gothenburg	+1.5	-2.4	+0.4	-6.8
Malmoe	+5.8	+0.7	+1.4	-5.6

HOX Sweden +3% 3m, -4.5% 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

Swedish housing market

What has happened in the last 6 months?

- Swedish house prices dropped in Sep-Dec
- Households optimism turning to pessimism regarding house price development (SEB's housing price indicator)
- Smaller property developers have seen weakened demand

Initially a lot of negative focus in media (psychological effect)

Where do we stand?

- House prices has increased by 30-40% over past three years
- Several macro prudential measures introduced since 2010 to dampen house price growth
- Strong growth outlook for domestic and global economies (Swe PMI, NIER)
- Still need for new homes
- Cheap mortgages and strong household balance sheets
- Tight (but segmented) labour market

Healthy correction, significant house drop unlikely

What could result in a more severe house price drop?

- External shock
- Significantly more expensive mortgages (higher rates)
- Increased unemployment

SFSA considers the risk of a major fall in house prices to still be elevated*

Sweden: Industry a new driver...

... as residential construction level falls

European boom is lifting
exports/investments

Home price decline is lowering
construction, causing some
concern

Households are optimistic
Strong labour market

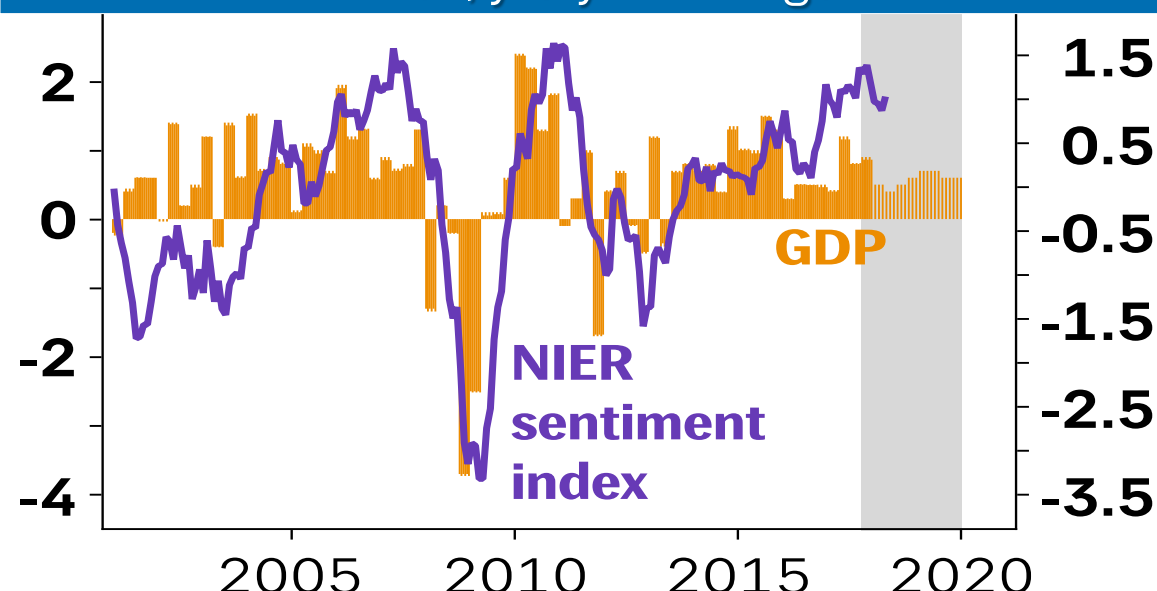
Expansionary policies

Riksbank will hike rate

Our inflation forecast...

NIER sentiment index, GDP

Index, y-o-y % change

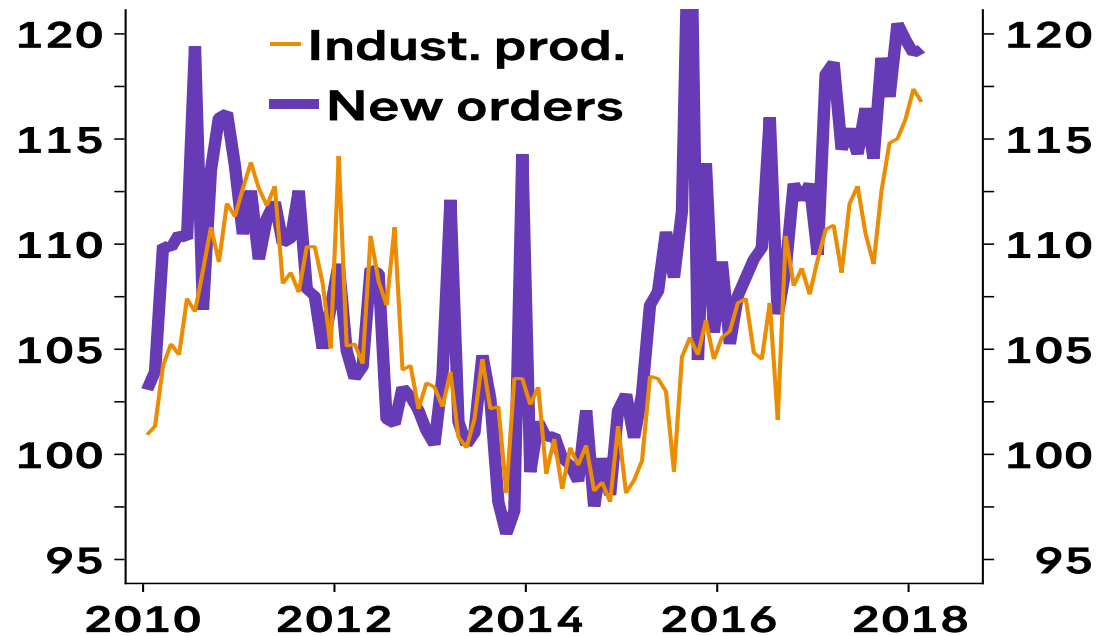


GDP	2016	2017	2018	2019
	3.2%	2.6%	2.6%	2.4%

Sweden: Europe+SEK=exports up

...optimism and strong labour market

Order bookings rising
Index

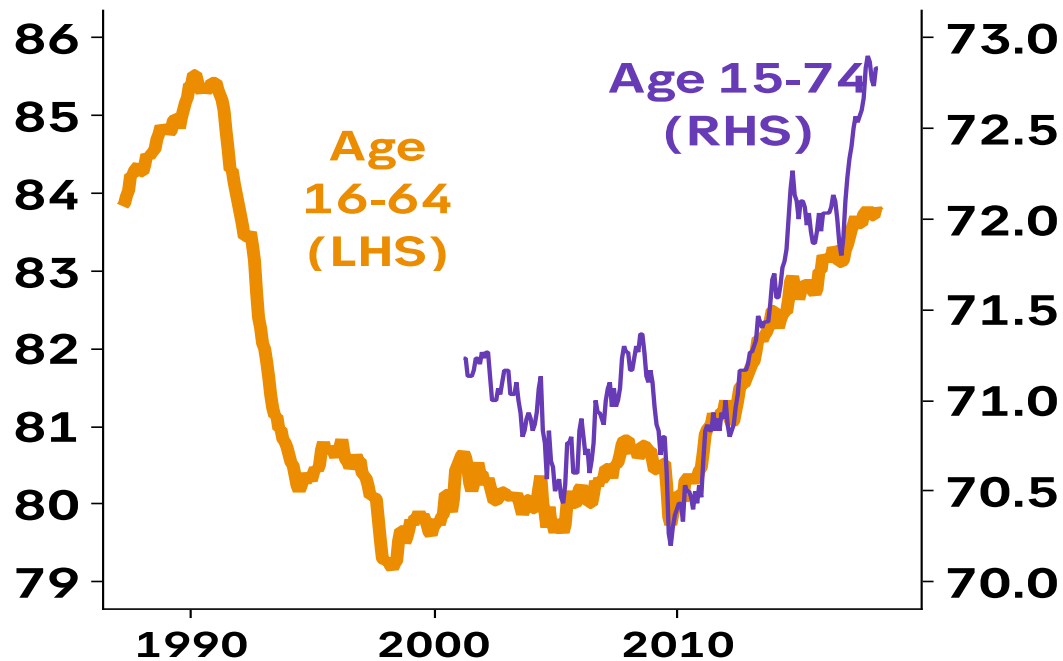


- 75% of exports to other European countries
- Krona 7% undervalued against the euro
- Capital spending due to high capacity utilisation
- Vehicle industry is running in high gear

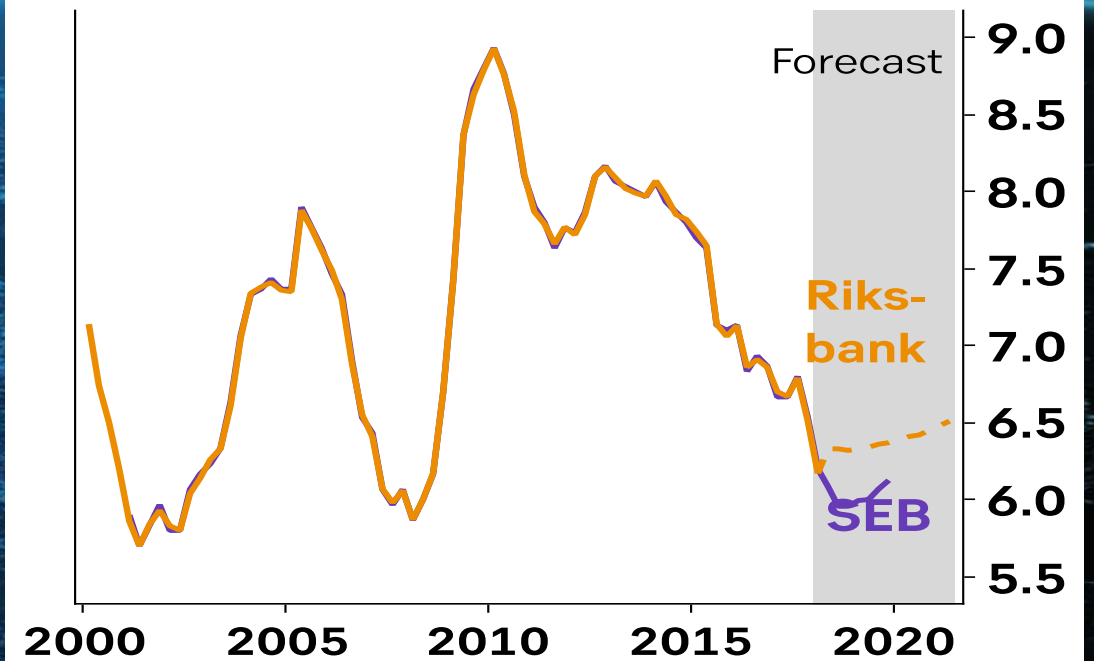
Sweden: Many new jobs

Unemployment squeezed, but not for everyone

Participation climbing. Per cent



Unemployment Per cent



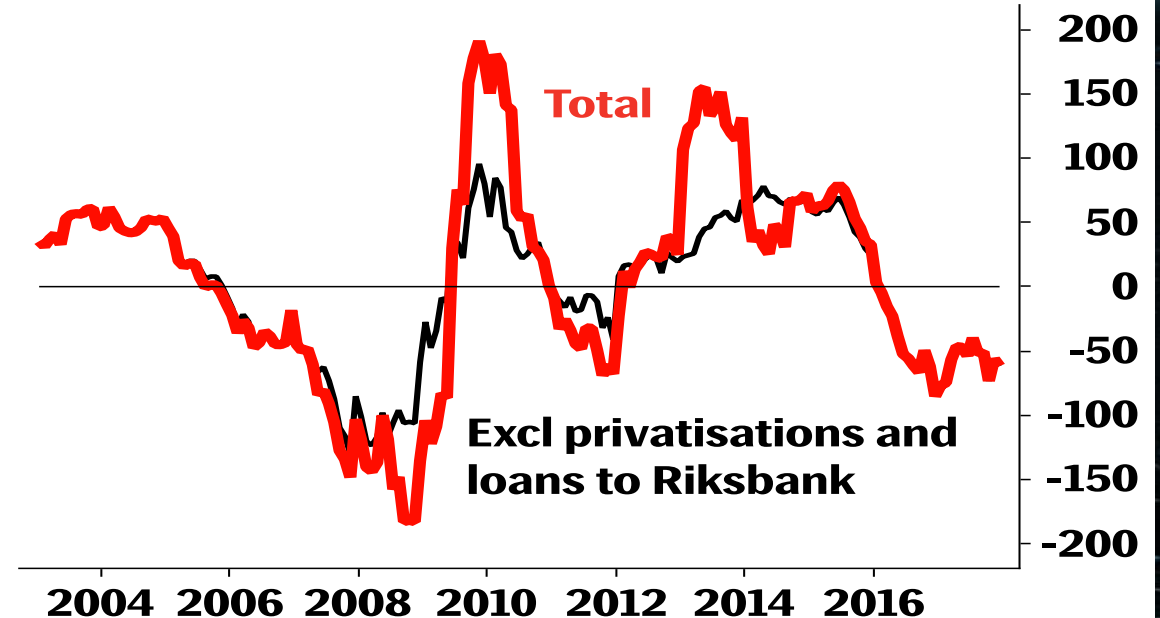
Sweden: Strong fiscal balance despite SEK 40 bn election budget

% of GDP, SEK bn	2017	2018	2019
Balance	1.3	1.1	1.0
Gov't debt	40	38	35
Borrowing	-62	-48	-50

Conforms with new fiscal framework (0.33%, 35%)
Lowest debt in 40 years
Good for next government – expansionary again in 2019

Borrowing requirement

Total/adjusted. SEK bn (12 mo)

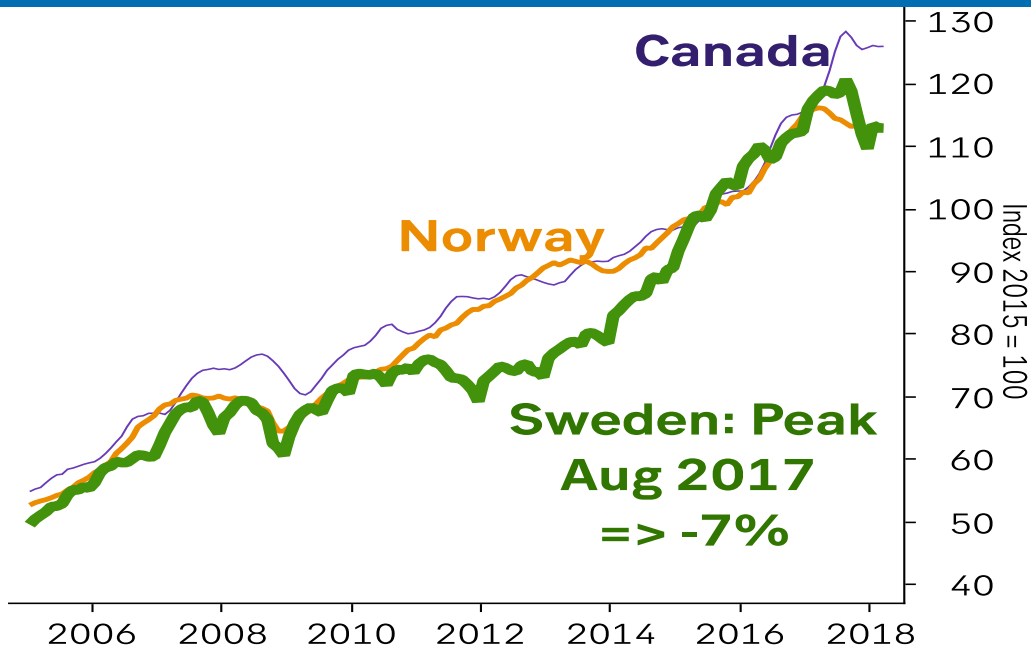


Sweden: Pumped-up price levels

Sweden, Norway, Canada

Home price indices

Index 2015 = 100



Swedish housing market

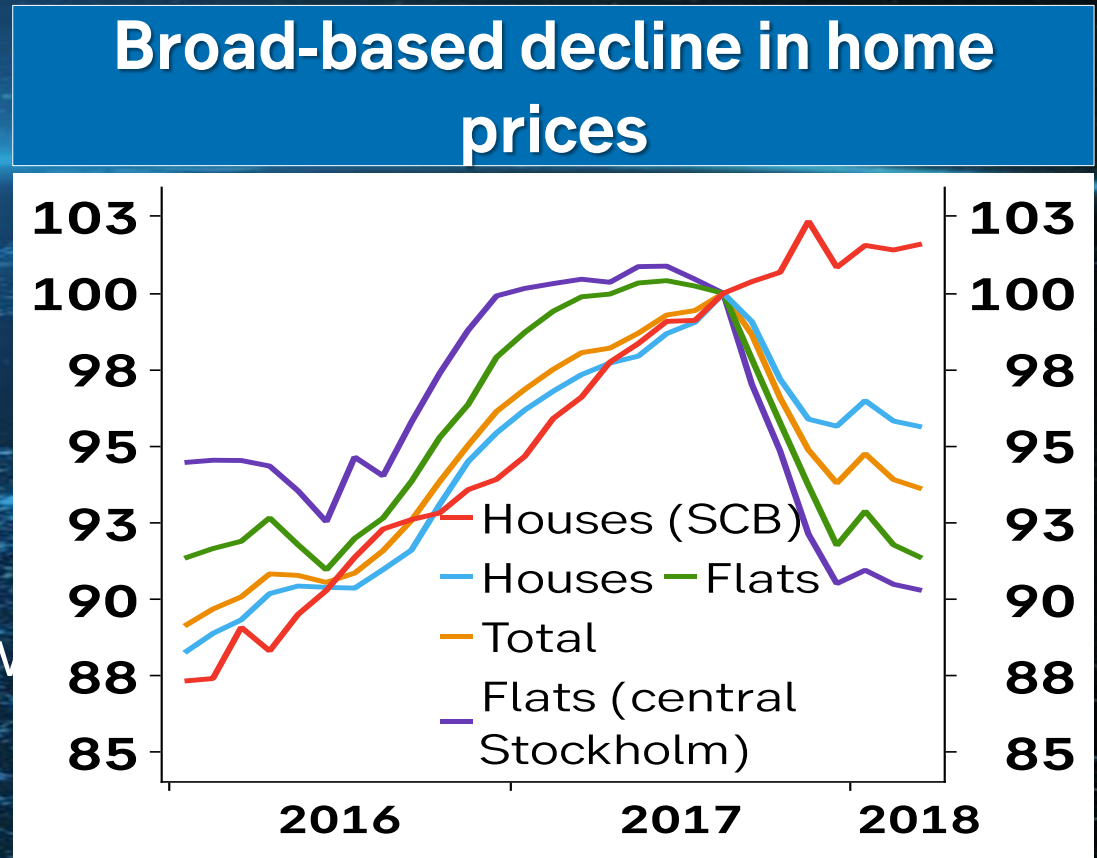
Positive & negative factors

Long-time low homebuilding	High prices (speculation?)
Population growth	Matching problems
Dysfunctional rental market	Tougher borrowing rules
Low interest, good buffers	Similarity to other countries

Sweden: Broad-based downturn

Main housing scenario = soft landing

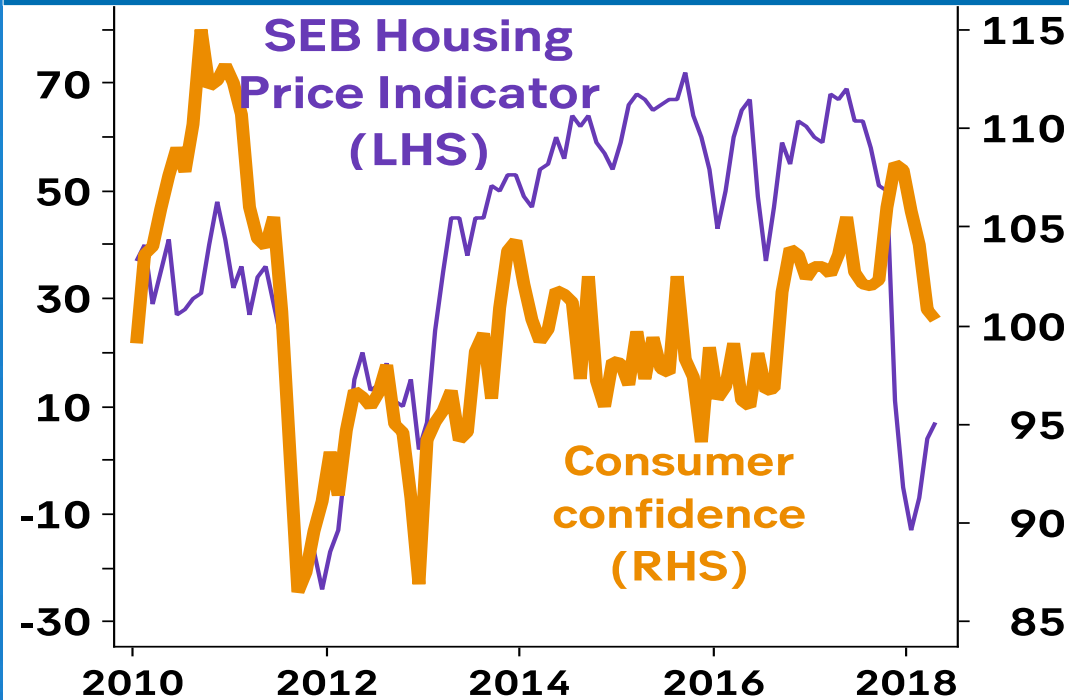
- **Latest: some stabilisation...**
...but seasonal effects a factor
- **Sales remain brisk**
- **Valueguard exaggerating?**
Measures larger cities, large weighting for volatile flat prices
- **Broad-based decline worrying**
-5-10% or -15-20%? By mid-2018, prices will fall by **10%** compared to Aug 2017 peak



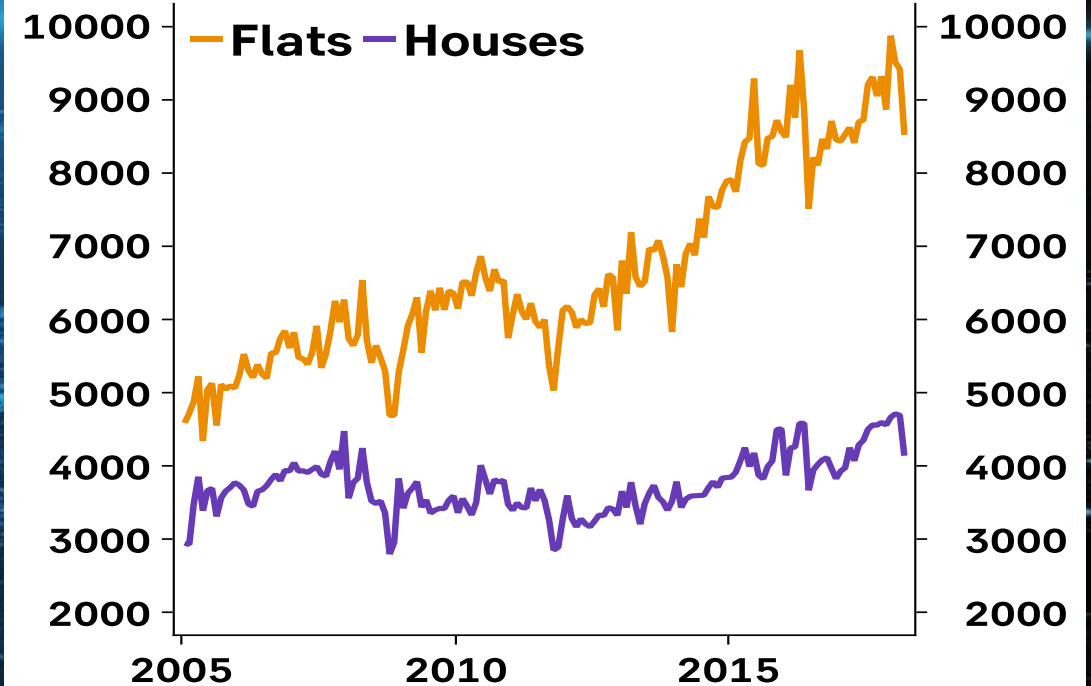
Sweden: Norwegian stabilisation promising for Swedish home prices

Optimism defies prices

Index



Many sales, despite price decline (2015=100)

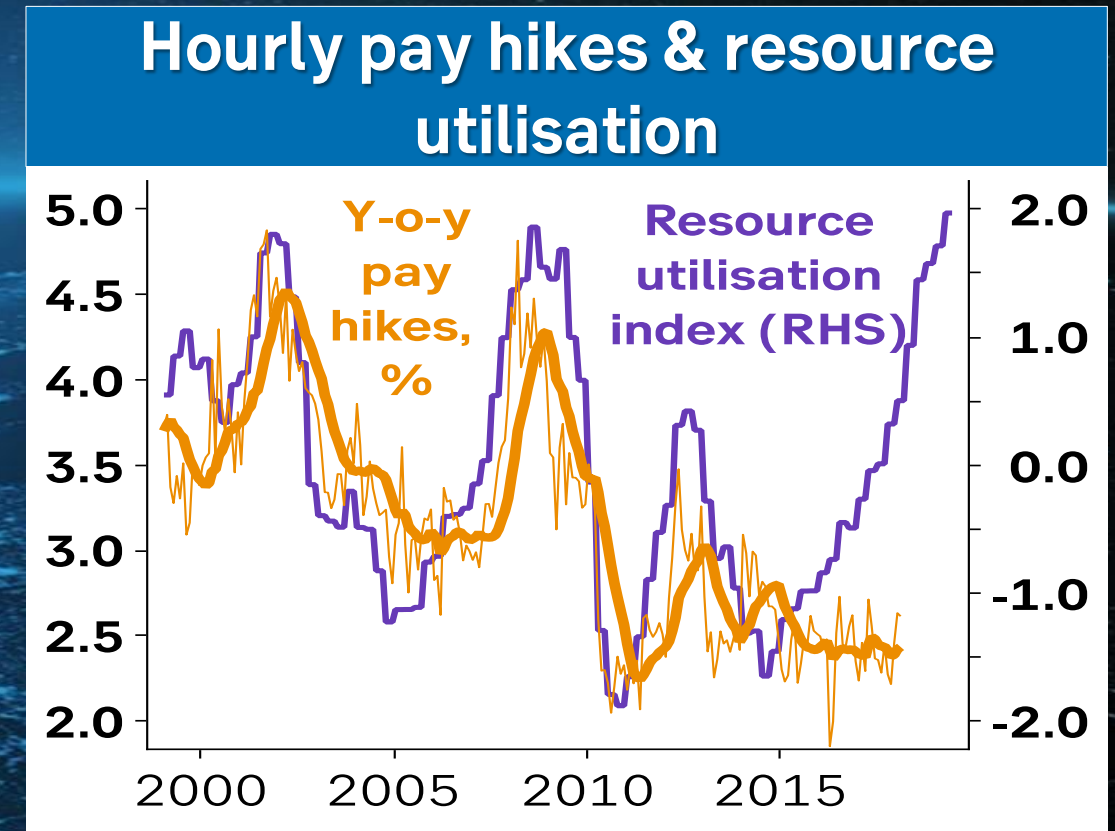


Sweden: Sluggish pay increases

Despite record-high resource utilisation

- Weak wage response in spite of recruitment problems
- Public sector shortages and pay a bit higher
- EU market squeezing German and Swedish pay

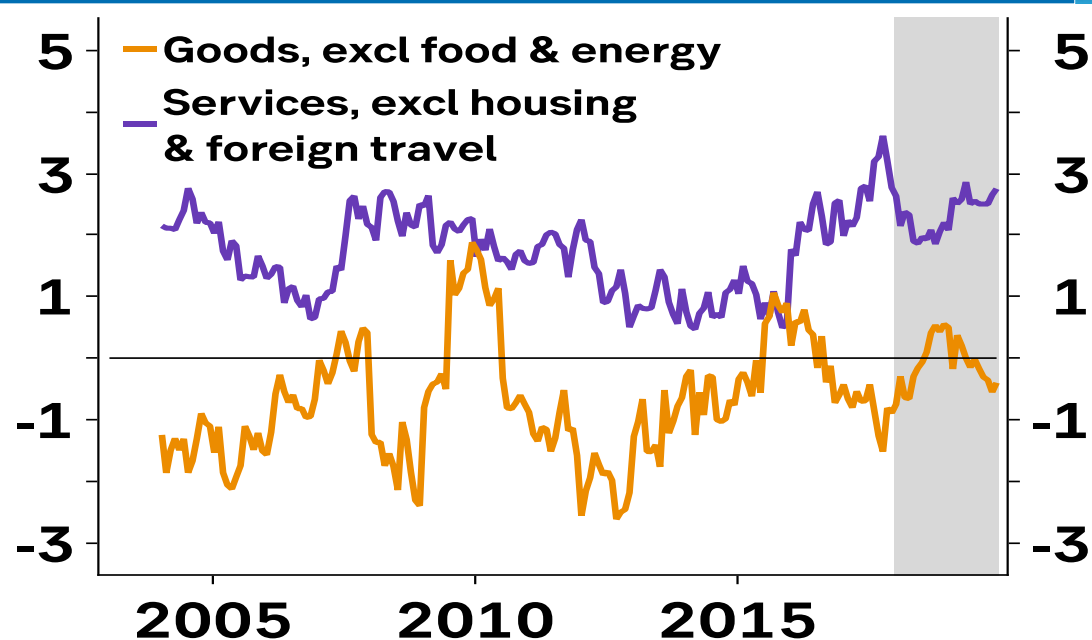
Pay hikes	2017	2018	2019
	2.5%	3.0%	3.3%



Sweden: Inflation below target

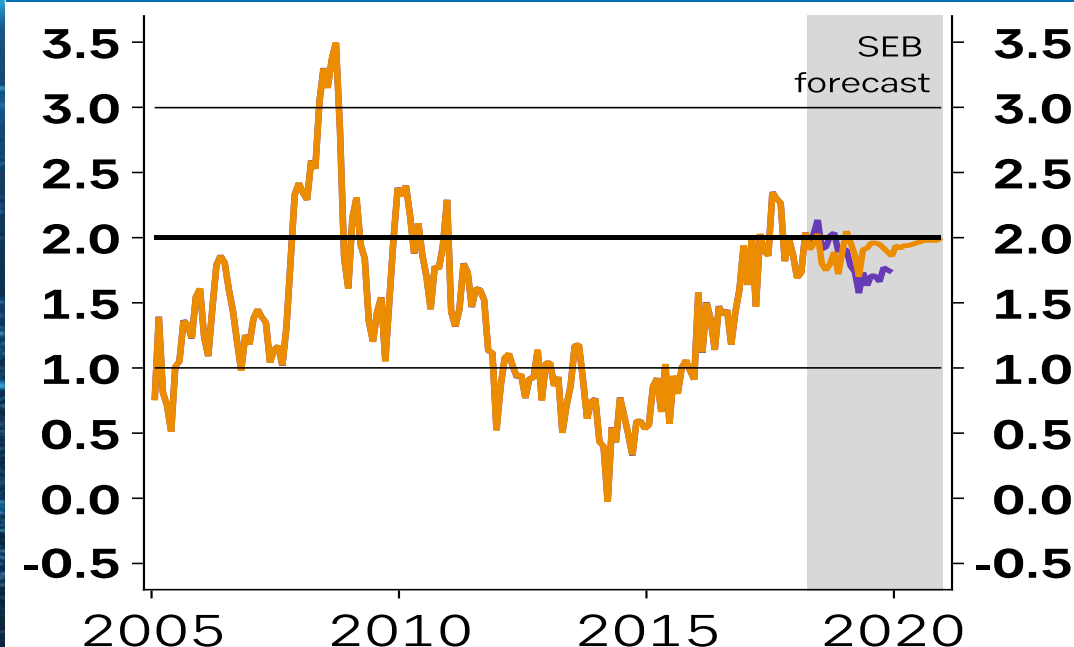
But service prices up nearly 3 per cent

Divergent inflation rates Per cent



CPIF will fall in 2018

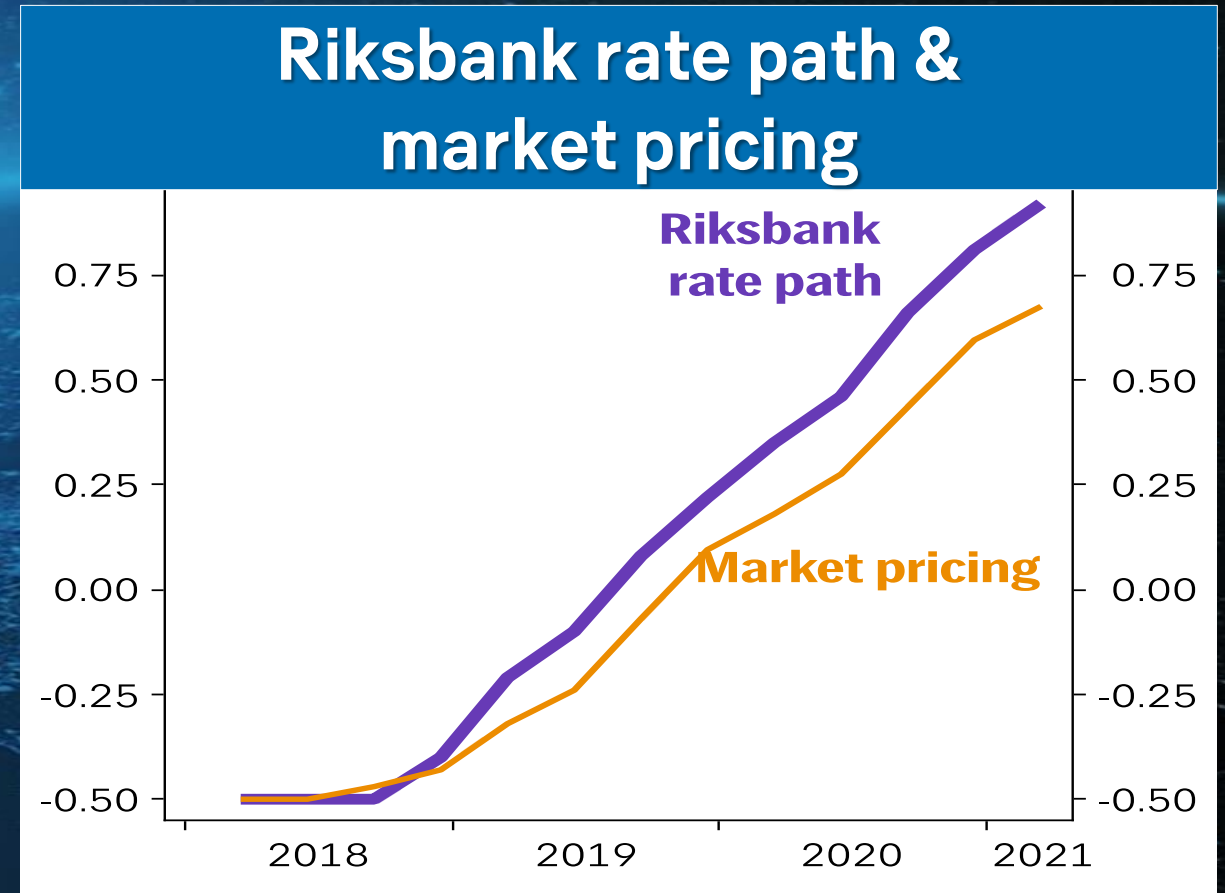
Per cent



Sweden: Again more dovish than expected

SEB: 2*0.25% hike in 2019 => Repo rate at 0% end 19

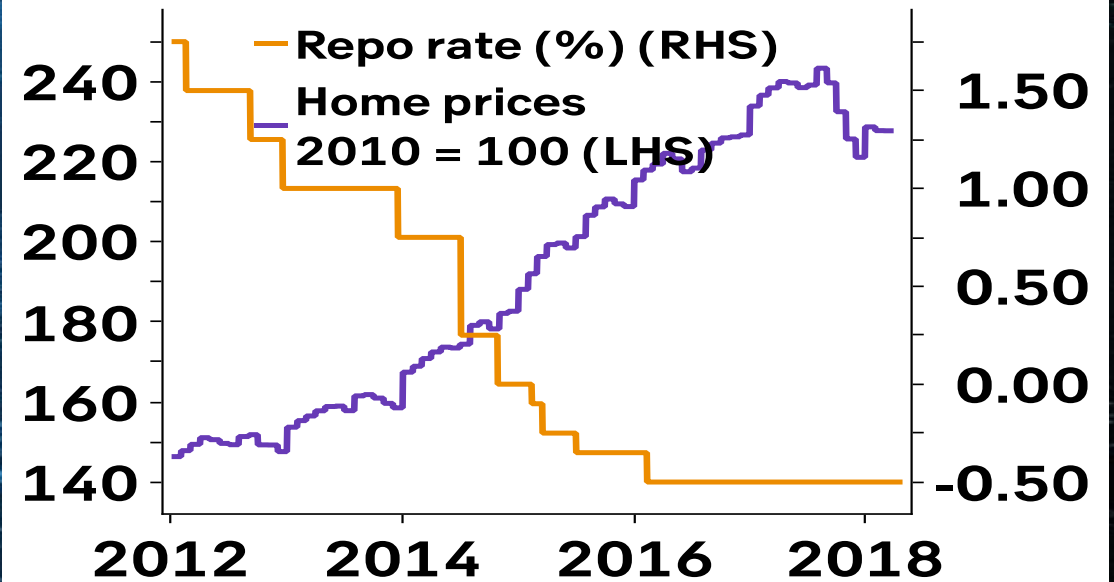
- Extremely low key interest rate despite historically high resource utilisation
- Strong labour market => more cautious monetary policy in other countries...
- ... but not here: Riksbank is completely ignoring Phillips curve



Sweden: Do falling home prices and rising CPIF create a policy dilemma?

- Loss of confidence can lead to currency-driven inflation
- Deceleration may intensify inflation upturn
- Macroprudential measures help, but are they enough?
- Sharp deceleration would be needed to make Riksbank hold off on hike

Key rate hikes despite falling home prices



Sweden: Yield squeeze in spring

Riksbank purchases amid smaller supply

Riksbank: SEK +40 bn

Debt Office: SEK +30 bn

SEB forecast

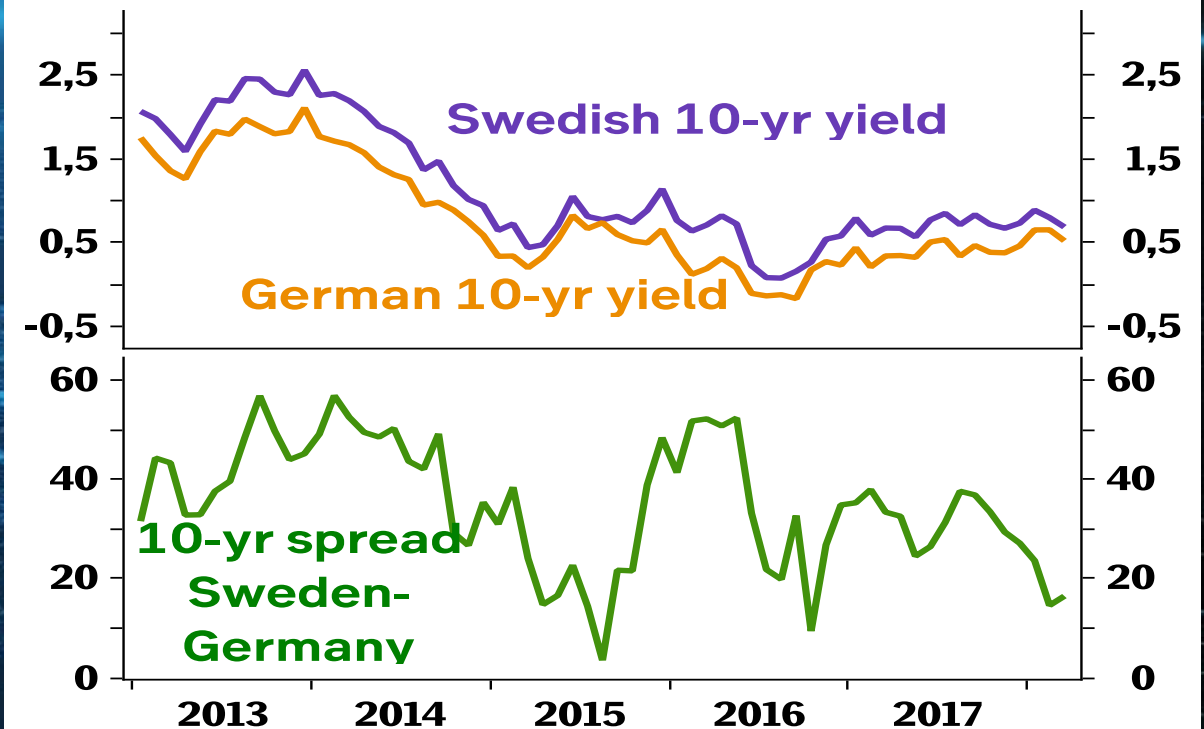
Global long-term yields ↗

Riksbank rate hike ↗

	Today	2018
Sweden	0.70%	0.95%
Germany	0.55%	0.80%
Spread	+15 bps	+15 bps

Yields & spread

Per cent, basis points



Sweden: Slow SEK appreciation

Portfolio adjustments already made?

Swedish companies with large
“currency reserves”

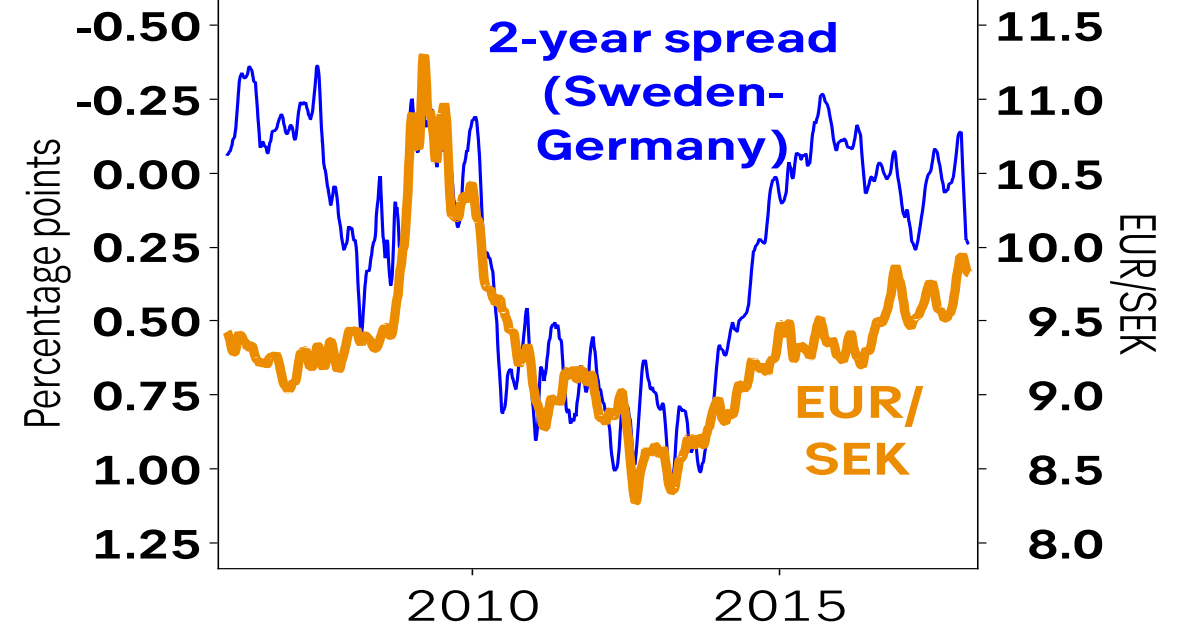
Domestic funds close to “neutral”
level

Foreign players waiting
Home prices a risk premium

EUR/	Today	Dec-18	Dec-19
EUR/SEK	10.52	9.80	9.30
USD/SEK	8.71	7.70	7.05

Help from the Riksbank?

Yield spread & EUR/SEK



Nordic Outlook, February 2018 updated

Summary

❑ **World growth is broad-based: Trump is biding time**

Strong labour markets, increased capacity utilisation

❑ **Less but still great dependence on central banks**

Inflation not dead, but manageable: more fruit juice in the punch

❑ **Nervous markets: Low volatility can be explained** Higher EUR/USD rate, long-term yields and equities in 2018-19

❑ **EU boom offsets weaker Swedish housing market**

Riksbanken will hike in April and October 2019, leaving 2019 at 0,0% end

Below-target inflation challenging – SEK will climb most vs USD