

# Investor Presentation

## January – June 2017

SEB



# 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.

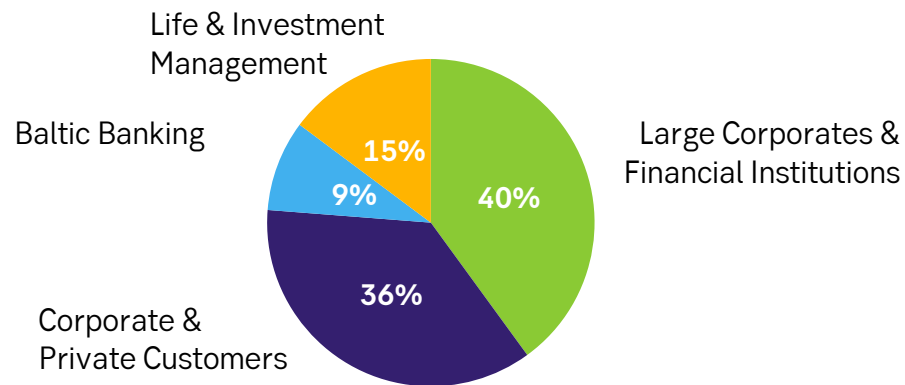
In the United Kingdom this presentation is being made only to and is directed only at (a) persons who have professional experience in matters relating to investments who fall within Article 19(1) of the Financial Services and Markets Act 2000 (Financial Promotion) Order 2005 (the Order) and (b) other 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.

# Stable growth & strong credit rating in diversified business

## Diversified Business mix

Operating profit Jan-Jun 2017



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

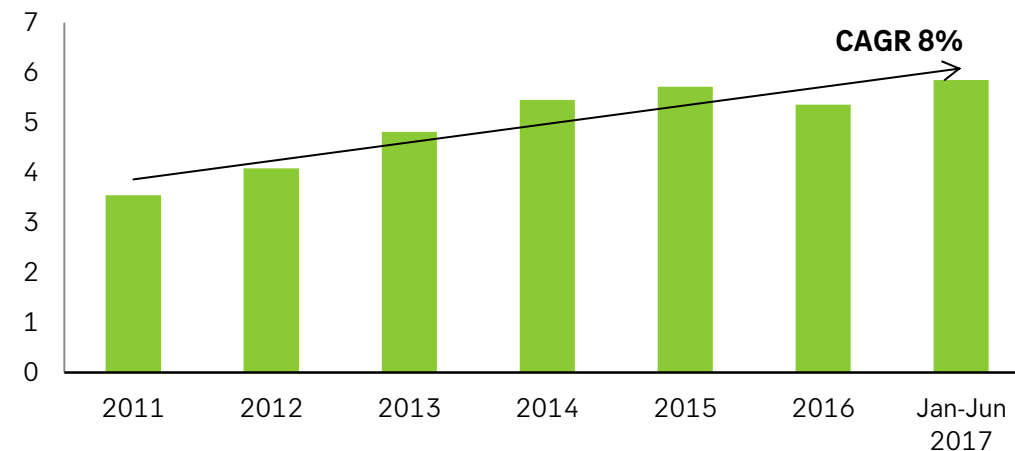


- Universal banking in Sweden and the Baltics
- Principally corporate banking in the other Nordic countries and Germany

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
- Accelerate growth in Sweden
- 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



# Agenda



- **SEB in brief**
- Macroeconomics
- Swedish housing market
- Financials
- Balance sheet
- Business plan
- Sum up
- Contacts, calendar and ADR

# 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

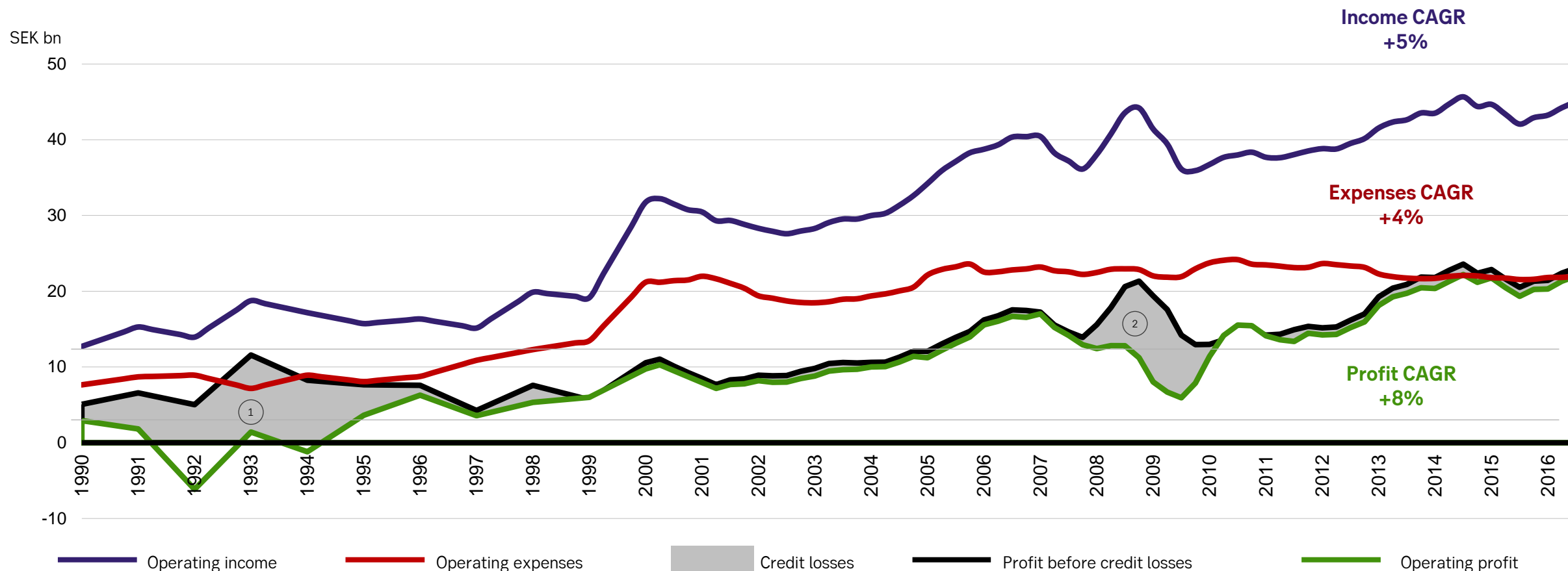
**267k**  
Full-service  
customers

Private  
individuals

**1.4m**  
Full-service  
customers

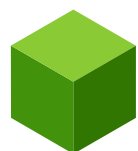
# Profitable growth through focused business strategy, increased franchise and cost control

Long-term profit development 1990 – June 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

# 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

# SEB's competitive advantages generate sustainable value creation

## Advantages

### Profit generation

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

### Balance Sheet

1. Strong funding structure
2. Low asset encumbrance
3. Strong asset quality and comfortable capital buffers high above SFSA requirements



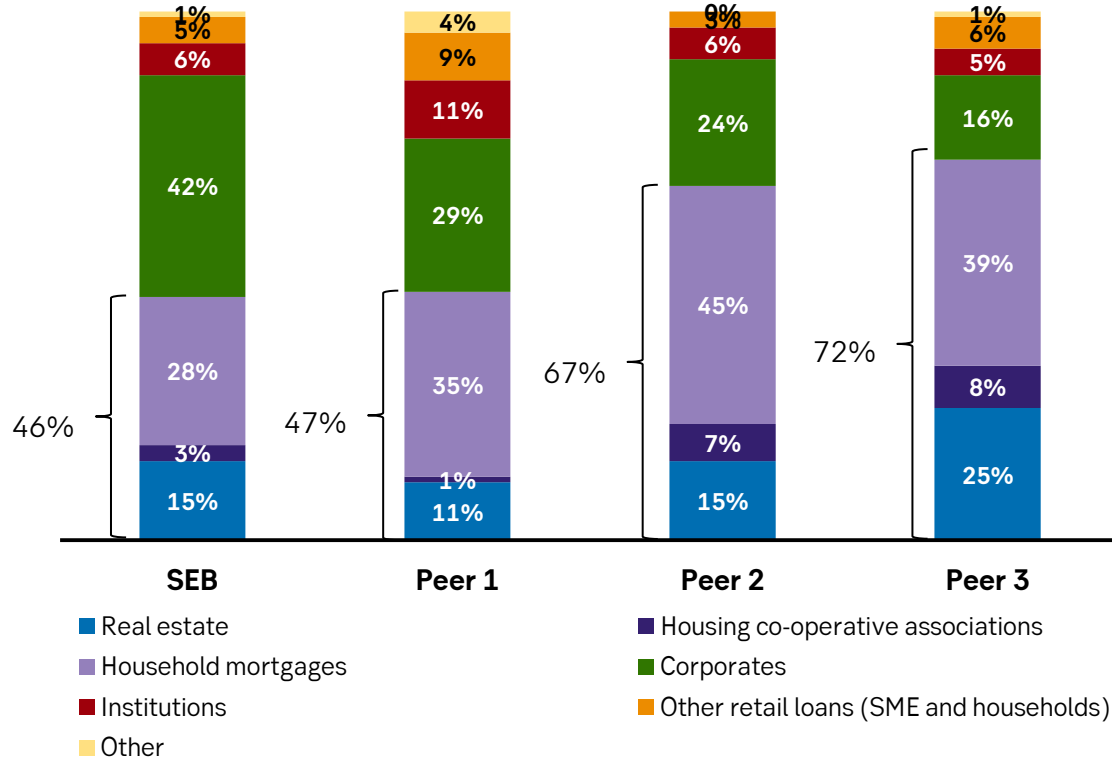
**Sustainable value creation**



# SEB's diversified business mix sustains earnings

## Lowest Real Estate & Mortgage exposure

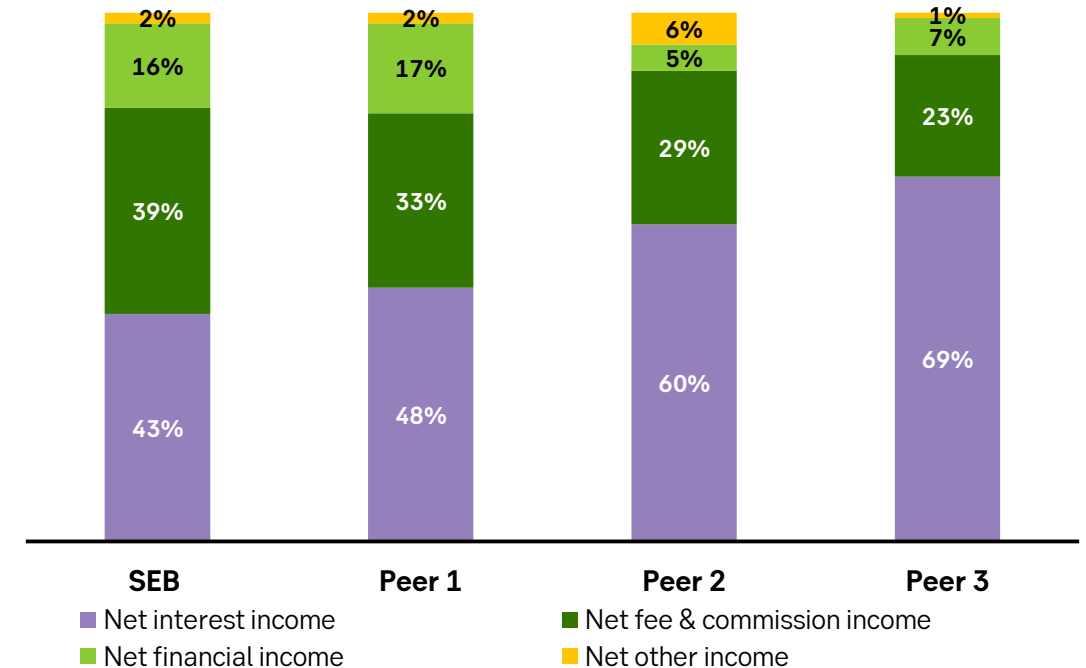
Sector credit exposure composition (EAD)<sup>1)</sup> FY 2016



SEB's corporate exposure is 81% large Swedish, other Nordic and German international corporates with **geographically diversified sales and income streams**

## Least dependent on NII

Operating income by revenue stream, FY 2016



SEB has its roots in servicing large corporates, institutions and high net worth individuals which is reflected in the **broadest income generation base** with less dependence on NII

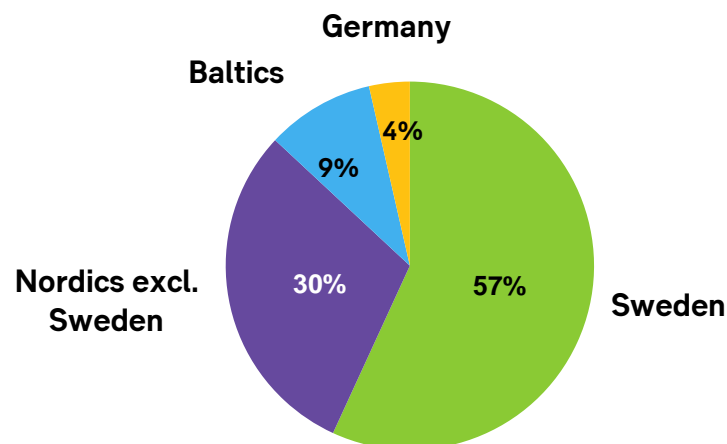
1) EAD = Risk Exposure Amount / Risk Weight

Source: Companies' Pillar 3 reports

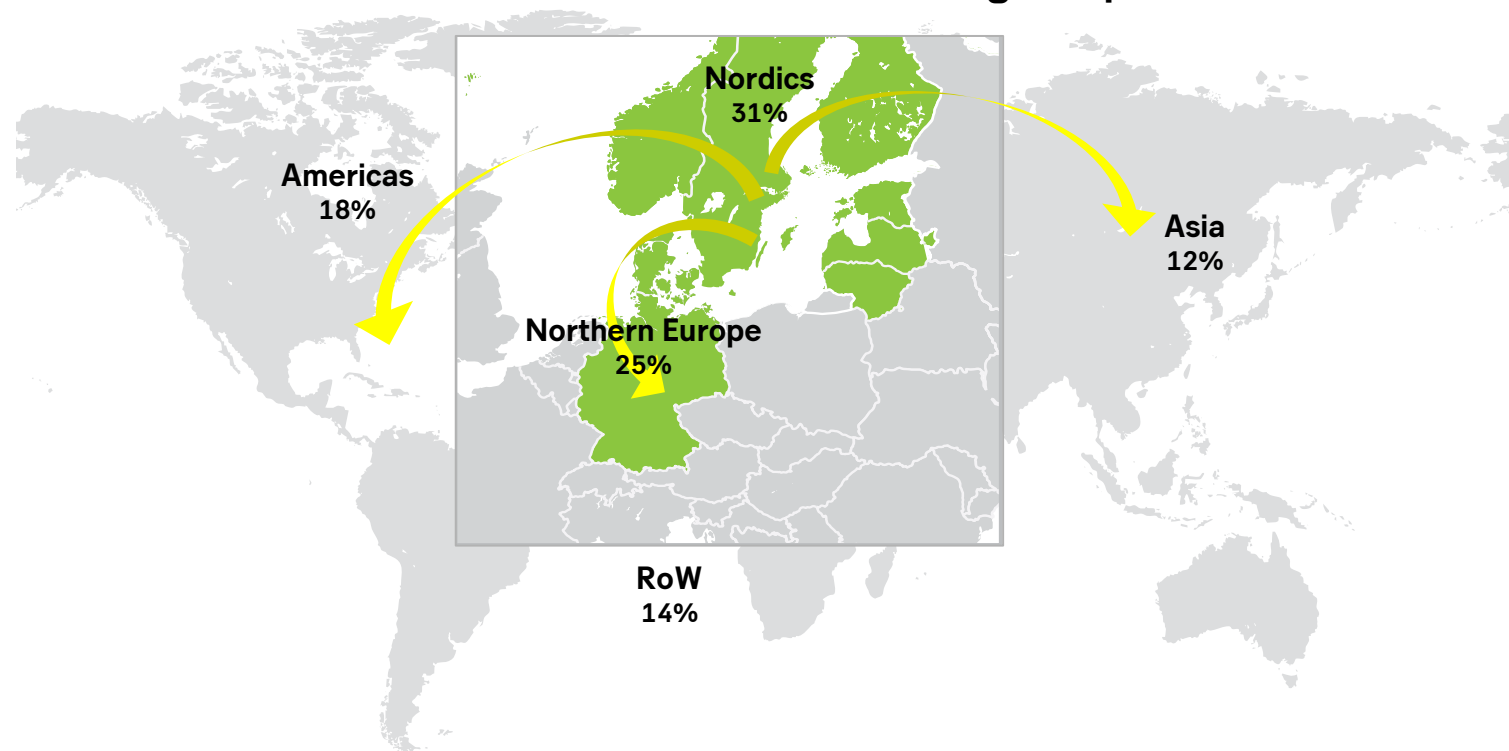
Source: Companies' FY 2016 reports

# Geographically well distributed income streams from a client base with a large share of international businesses

Share of operating profit - full year 2016 <sup>1)</sup>



Revenue streams from Swedish large corporates <sup>2)</sup>



## Broad diversification

1) Excluding items affecting comparability

2) Sales of 120 largest listed Swedish corporates Source: Annual reports 2016

# Leading market positions in core business areas

## Corporate and Institutional business\*

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

**Second largest** Nordic asset manager with SEK 1,835 bn under management

**Largest** Nordic custodian with SEK 7,679 bn under custody

## Private Individuals\*

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

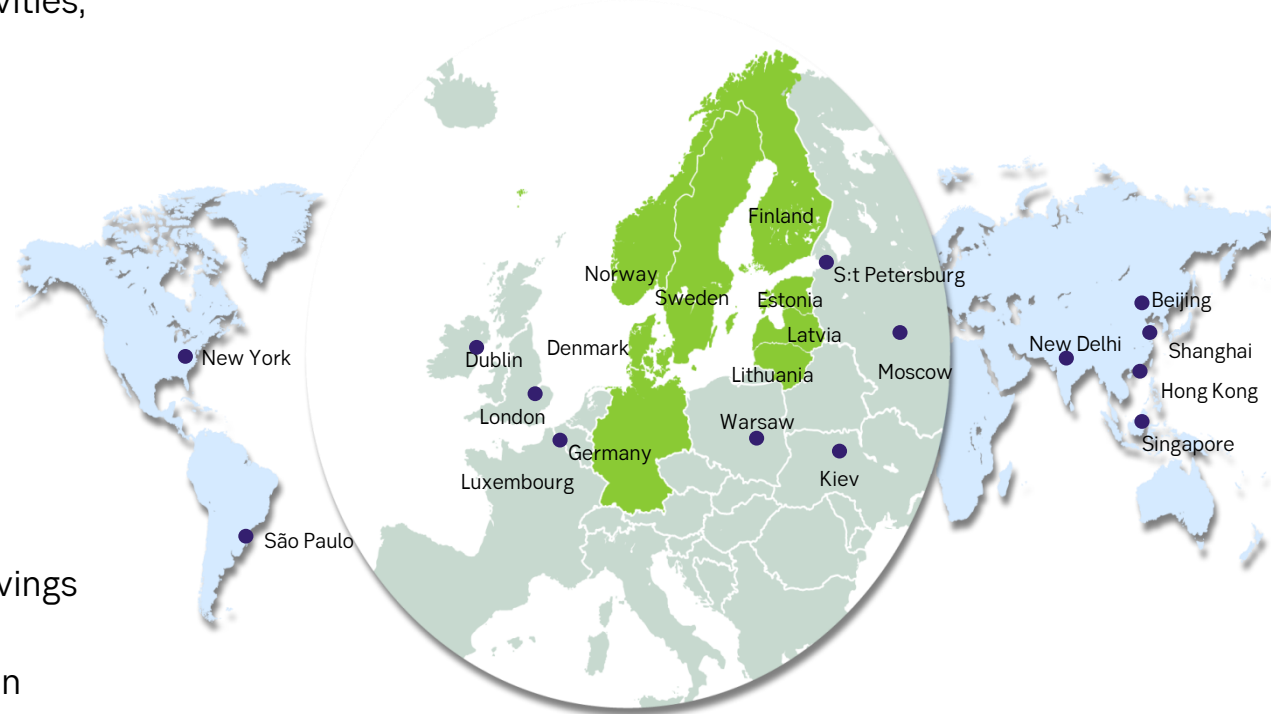
**No. 2** with approx. 10% market share in total Swedish household savings market

**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

## Global presence



# Operating expenses kept down by cost cap

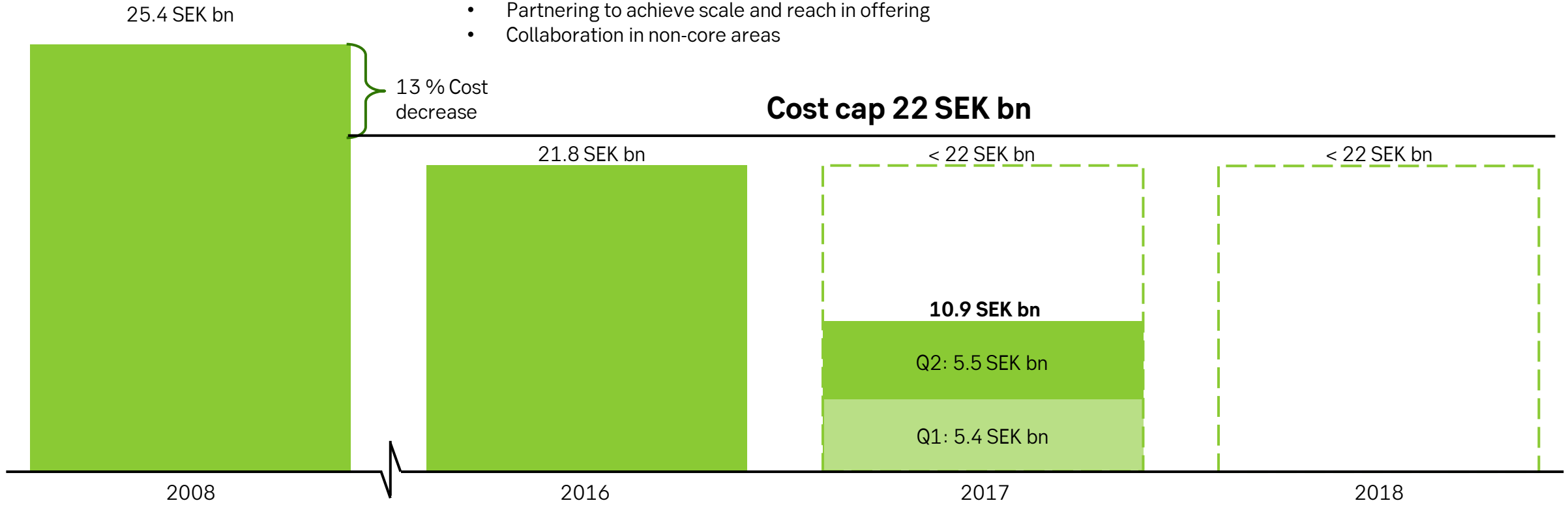
Self-financing growth through efficiency savings

## Decreasing cost

- Reduction FTEs
- Transfer of business operations to Riga and Vilnius
- Cost synergies
- 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

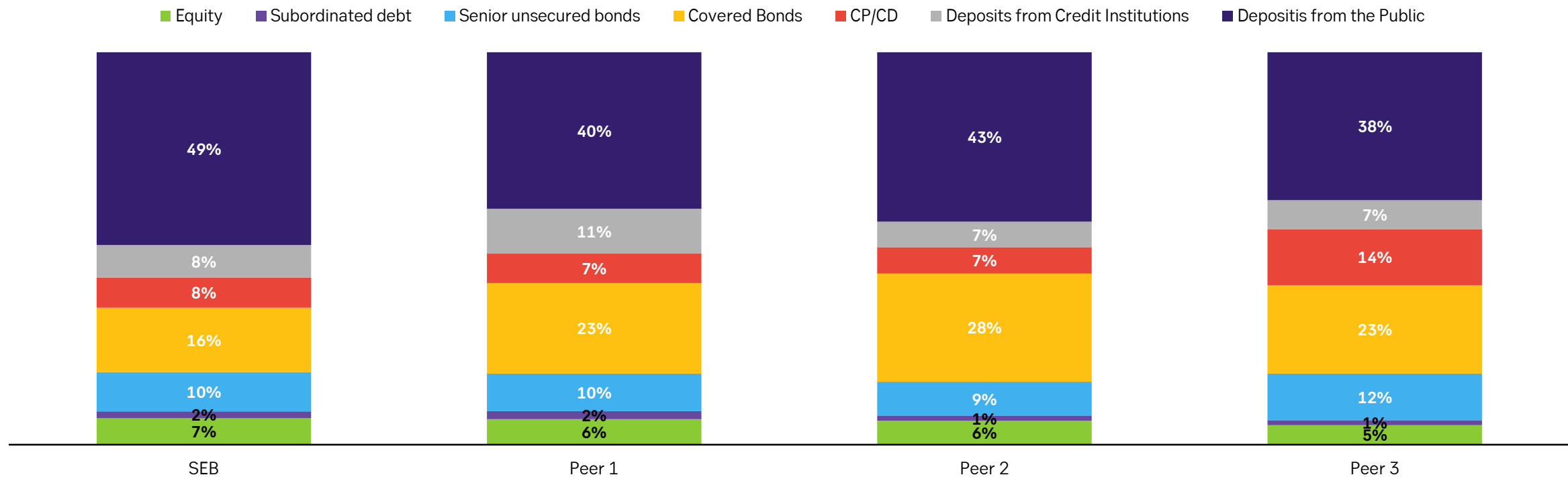


# SEB has a strong funding structure and the lowest asset encumbrance



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

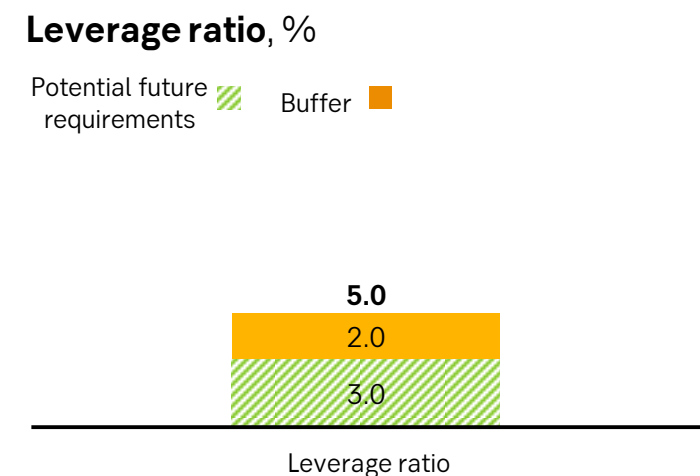
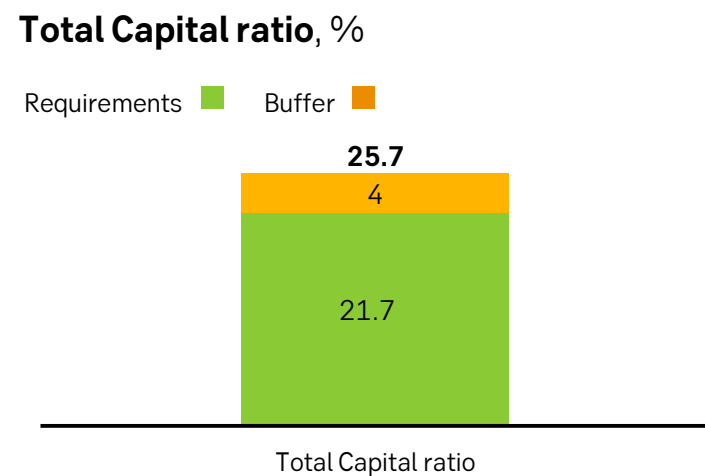
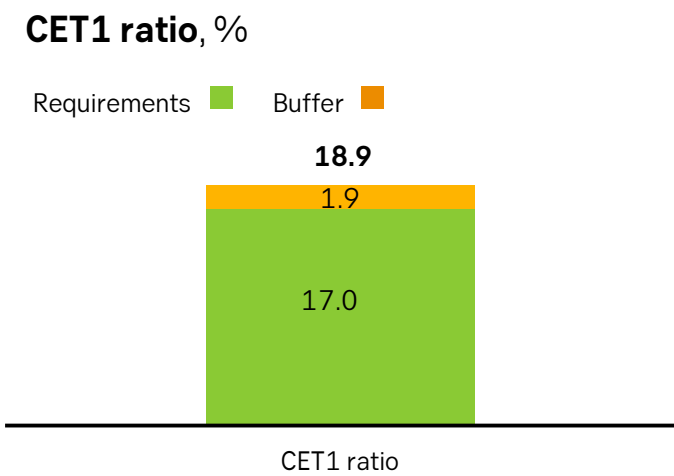
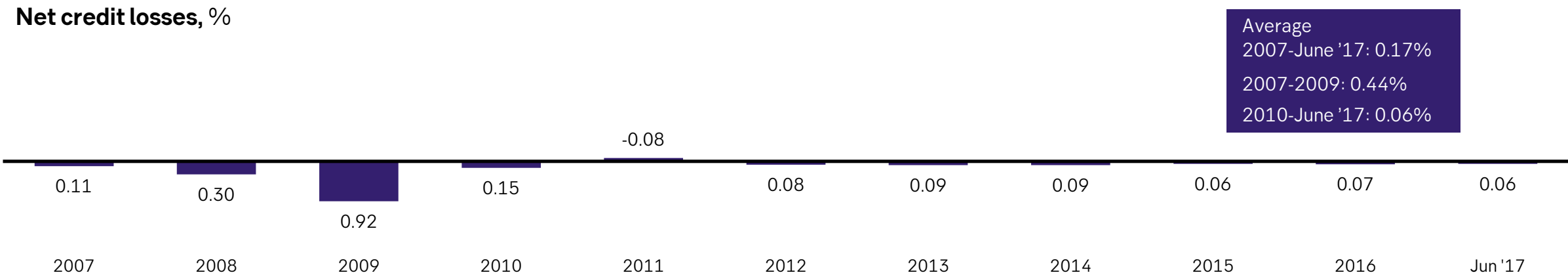
Advantages

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

Sustainable growing earnings



# Strong asset quality and robust capital ratios with comfortable buffers



Source SFSA's report "Capital requirements for the Swedish banks, first quarter 2017" dated: 2017-05-24 and Revisions to the Basel III leverage ratio framework dated: 2016-07-06

**Strengths**

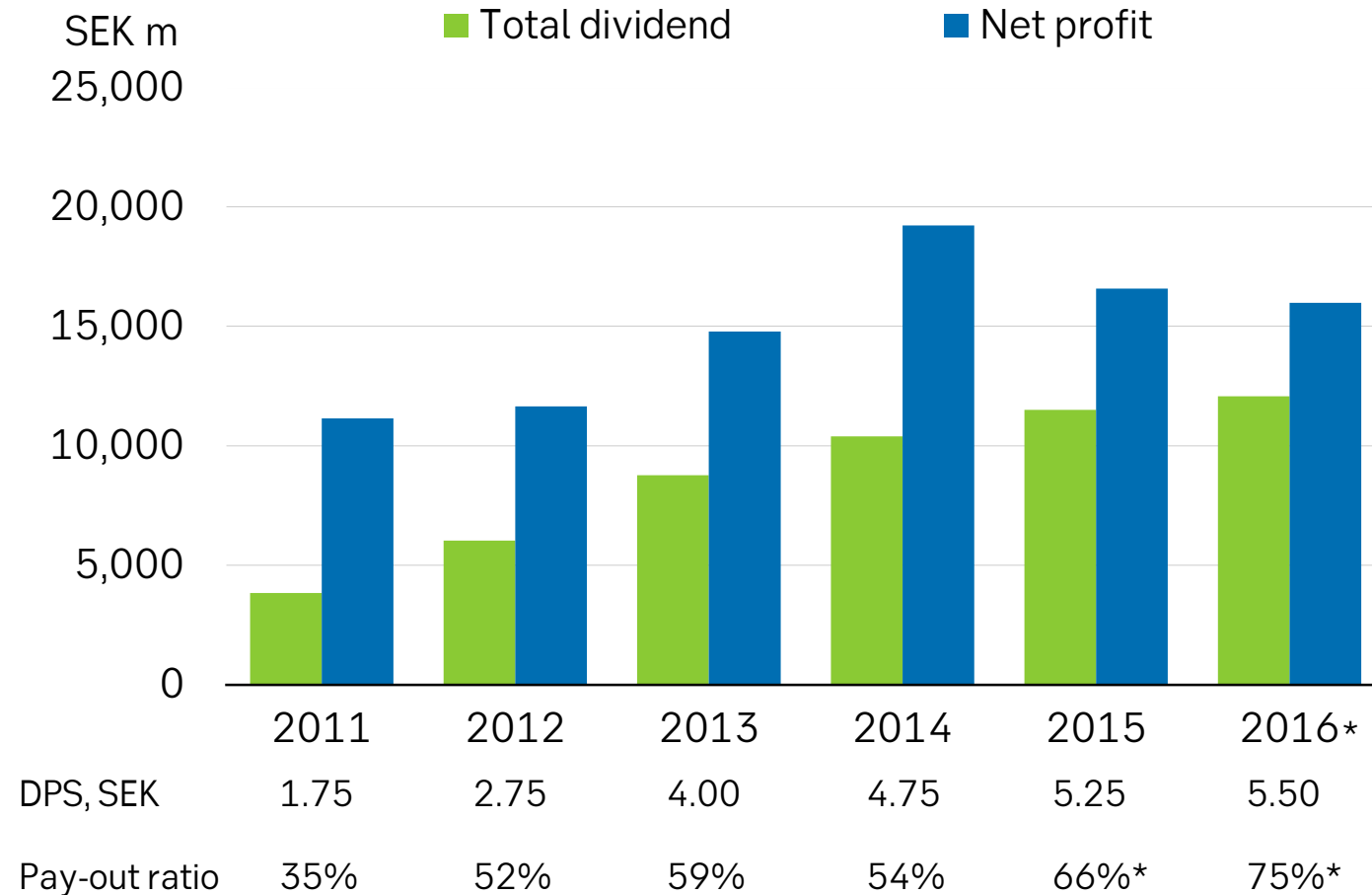
- 1. Diversified business mix and income distribution
- 2. Corporate clients with geographically well distributed income streams
- 3. Leading in core business areas
- 4. Cost cap keeping expenses down for eight years

**Advantages**

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

# Generating sustainable value creation

## Dividends paid



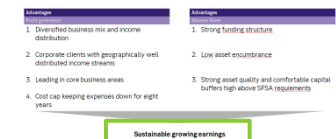
**Dividend policy: 40% or above of net profit (Earnings per share)**

\* Excluding items affecting comparability

## SEB's main shareholders

30 Jun 2017	Share of capital, per cent
Investor AB	20.8
Alecta	6.8
Trygg Foundation	5.2
Swedbank/Robur Funds	4.6
AMF Insurance & Funds	3.4
BlackRock	1.9
SEB Funds	1.7
Nordea Funds	1.3
Own share holding	1.3
Vanguard	1.2
Total share of foreign owners	27.5

Source: Euroclear Sweden/Modular Finance
















# Agenda



- SEB in brief
- **Macroeconomics**
- Swedish housing market
- Financials
- Balance sheet
- Business plan
- Sum up
- Contacts, calendar and ADR







# SEB's GDP forecasts as of May 2017

GDP, %		2016	2017E	2018E
US		1.6	2.3	2.5
China		6.7	6.7	6.3
Japan		1.0	0.8	0.5
Euro zone		1.8	2.0	2.0
Germany		1.9	2.0	1.9
UK		1.8	1.4	0.9
OECD		1.8	2.1	2.2
World		3.2	3.7	3.8
Sweden		3.3	3.1	2.6
Norway		1.0	1.4	1.4
Denmark		1.3	2.0	2.4
Finland		1.4	1.6	1.7
Baltics		2.0	3.1	3.2



# Nordics: Diverging challenges & growth rates

GDP forecasts, May 2017

		2015	2016	2017E	2018E
	DEN	1.6%	1.3%	2.0%	2.4%
	FIN	0.3%	1.4%	1.6%	1.7%
	NOR	1.6%	1.0%	1.4%	1.4%
	SWE	4.1%	3.3%	3.1%	2.6%

Denmark: Tightening of credit affects labour market

- GDP growth is expected to pick up and be driven by exports
- Tightening of credit has been a headwind for private consumption, consumer sentiment and the housing market which has affected the labor market

Finland: Broad based recovery as export volume rises

- Industry and capital spending drive growth
- Sentiment indicators at highest levels for years

Norway: Economic recovery on track

- Oil sector investments a drag but mainland domestic demand remains firm
- Norges Bank in no hurry to hike rates

Sweden: High growth and low inflation create tension

- Riksbank will hike its key rate in April 2018
- Home building and public sector activity drive GDP growth as households hesitate



# Sweden: Strong GDP growth

	2015	2016	2017E	2018E
GDP, %	4.1	3.3	3.1	2.6
CPI, %	0.0	1.0	1.6	1.6
Unempl., %	7.4	6.9	6.4	6.1
Gov't debt, % of GDP	44	42	40	38

## Consumer Confidence

— Consumer Confidence Indicator — Macro Index (general economic situation) — Micro Index (own economic situation)



Source: Nordic Outlook May 2017 and Konjunkturinstitutet (National Institute of Economic Research, NIER)

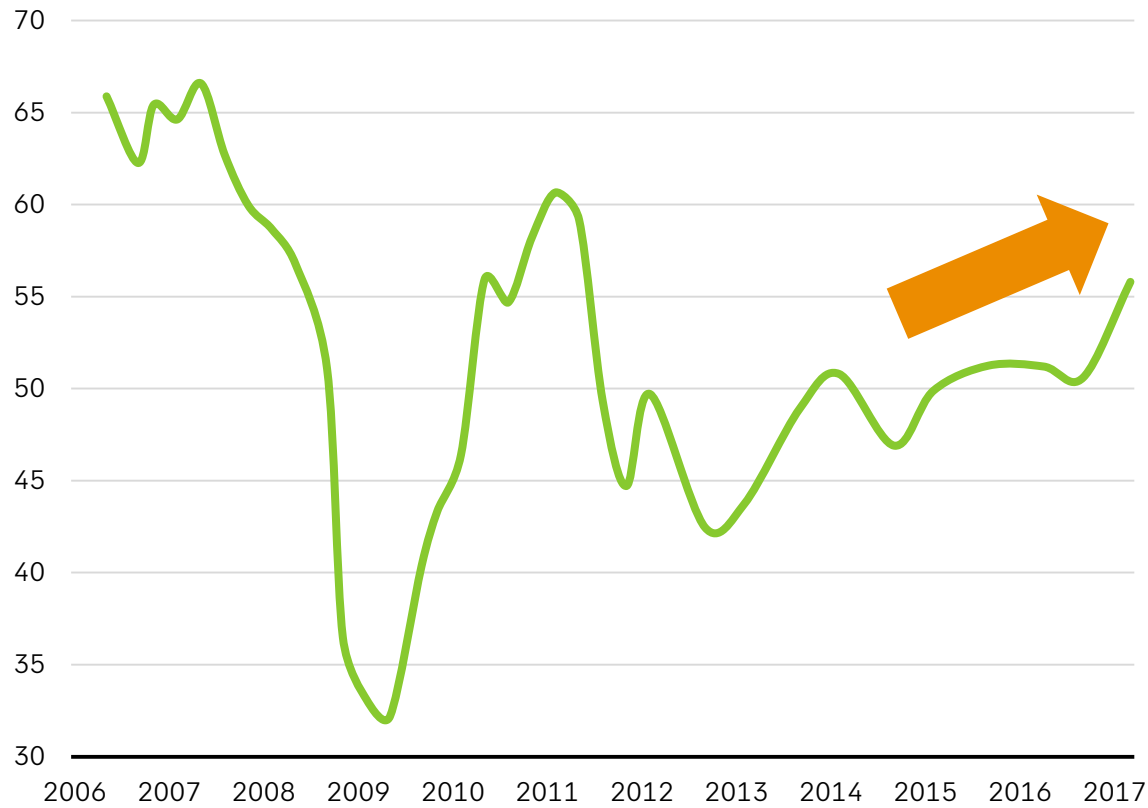
## GDP above trend growth

- **Tailwind:** Job growth acceleration, housing construction, resource utilisation
- **Headwind:** structural and political challenges

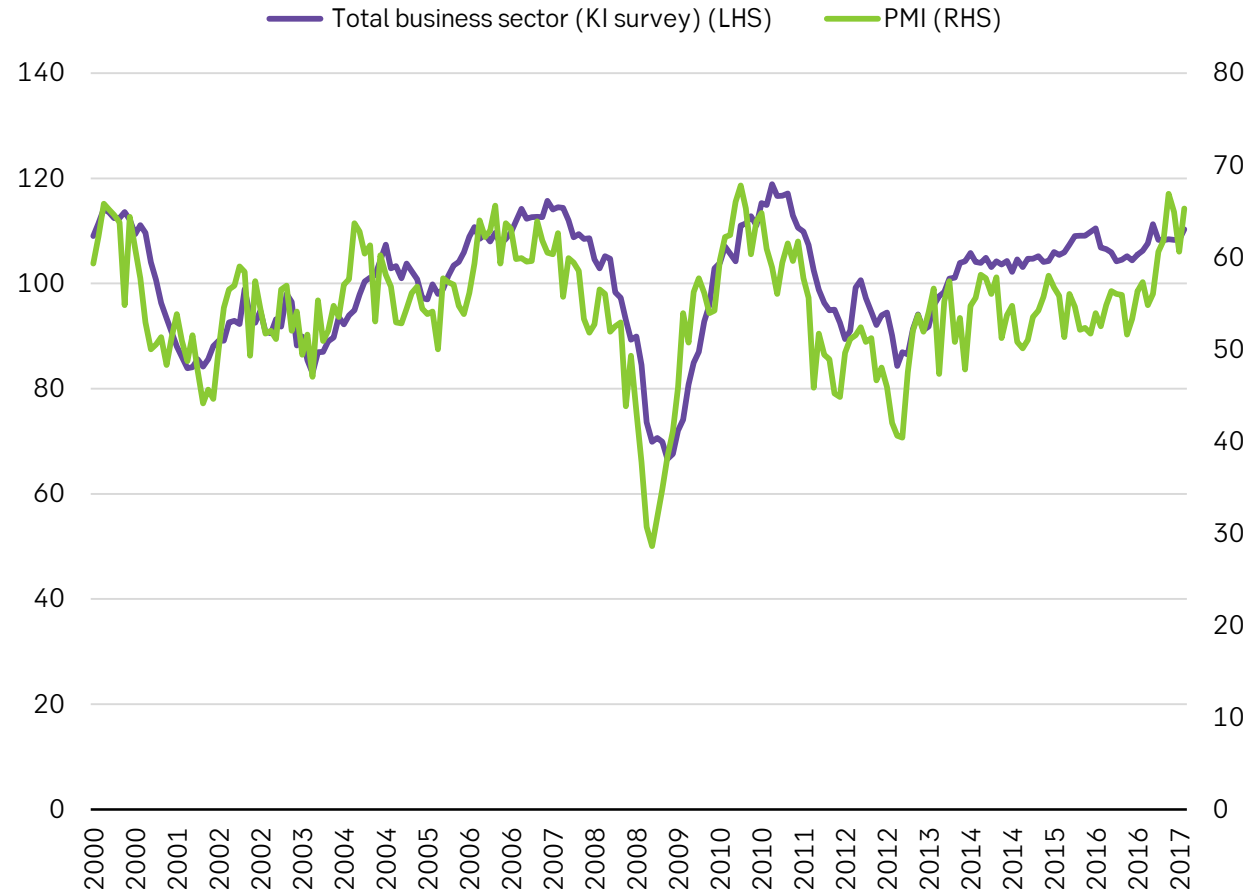
# Business conditions improving in Sweden

## Deloitte/SEB Swedish CFO Survey

– The survey was carried out in February , 2017



## Swedish Business Confidence



# Agenda

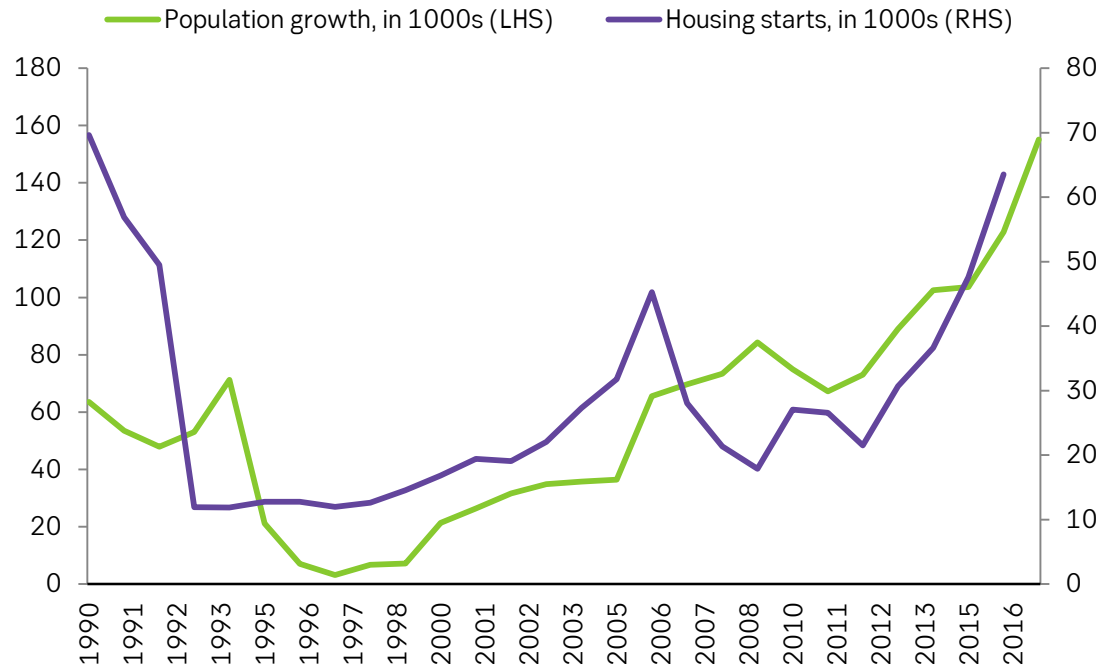


- SEB in brief
- Macroeconomics
- **Swedish housing market**
- Financials
- Balance sheet
- Business plan
- Sum up
- Contacts, calendar and ADR

# Sweden: Population growth outpaces housing completions and push up prices

## Housing constructions lagging behind population

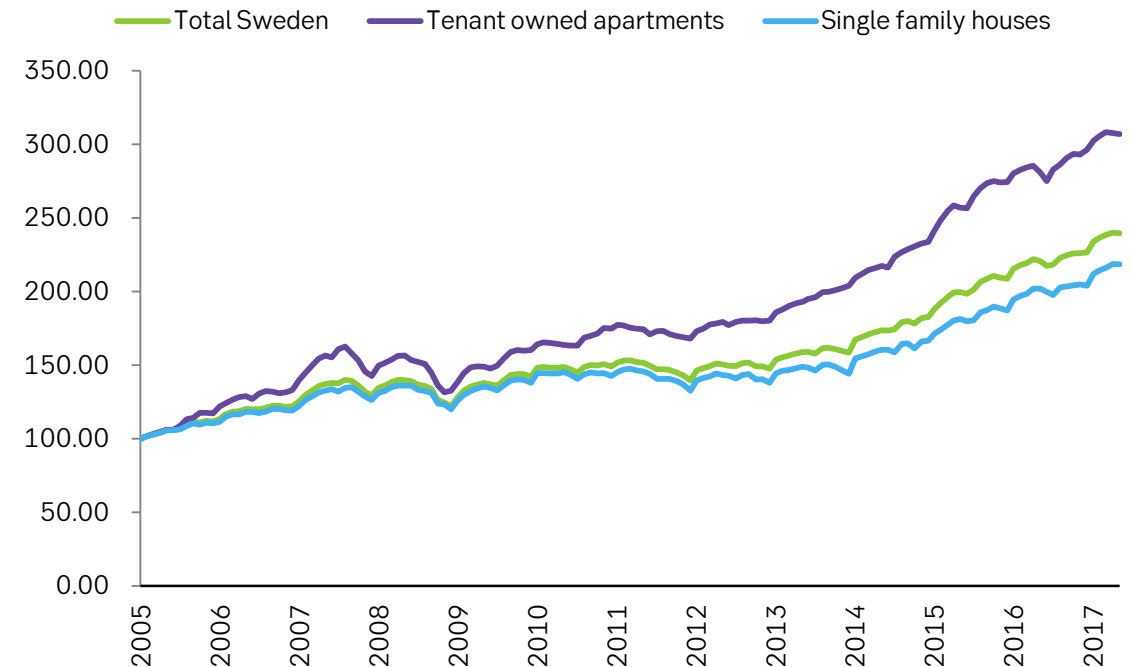
Housing construction and population growth



Source: Statistics Sweden, SCB and SEB

## Home prices have more than doubled since 2005

Home prices, Index 2005 = 100



Source: Valueguard

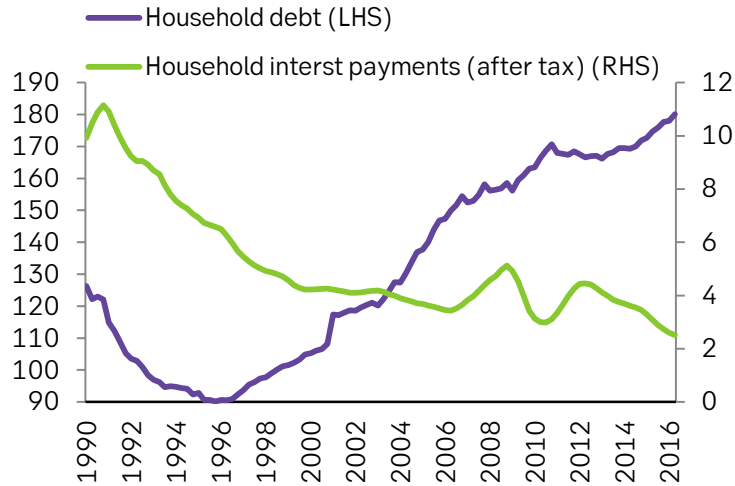
- Despite increasing housing completions, there need to be approx. 70,000 new units per year completed by 2025 to match population growth\*

\*Latest available data from Boverket (Swedish National Board of Housing)

# Sweden: Households' debt/housing exposure

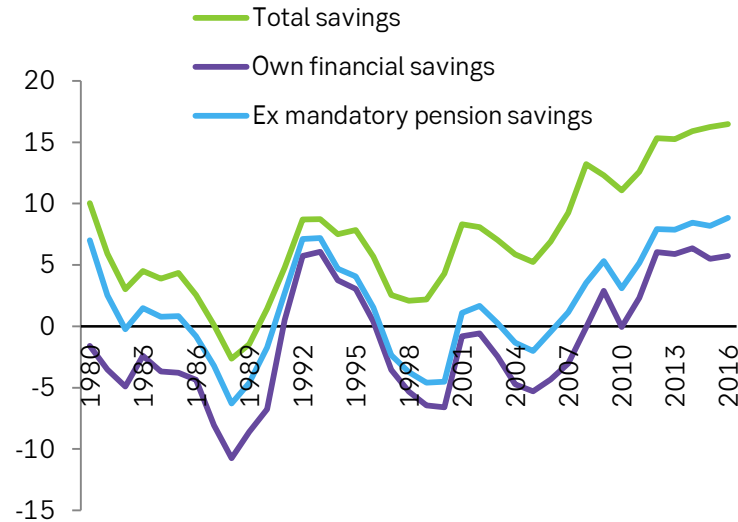
## Sensitivity to rates has increased

Household debt and interest rate expenditure,% of income



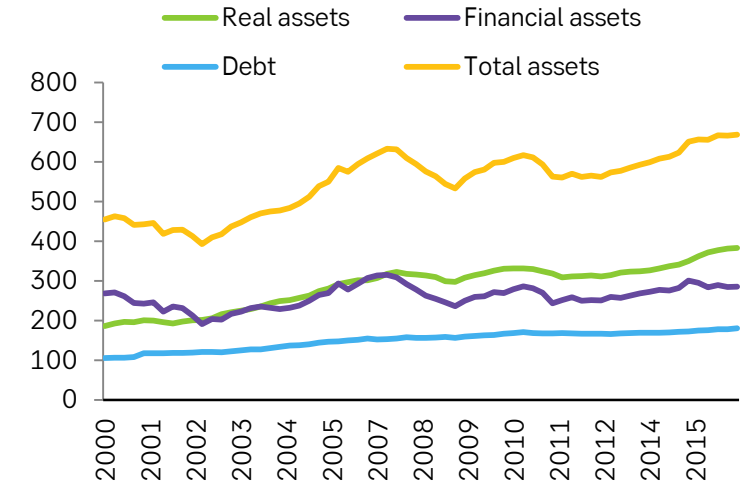
## Household savings are rising

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 – June 2017, per cent

	Single family homes		Apartments	
Area	3m	12m	3m	12m
Sweden	+2.8	+8.4	-0.5	+7.6
Greater Stockholm	+0.4	+5.0	-1.0	+5.7
Central Stockholm			-0.9	+5.8
Greater Gothenburg	+3.1	+11.3	+1.4	+12.2
Greater Malmö	+4.9	+10.4	+4.0	+18.9

### Valueguard – June 2017, per cent

	Single family homes		Apartments	
Area	3m	12m	3m	12m
Sweden	+0.9	+9.1	-1.4	+10.6
Stockholm	-1.2	+6.1	-1.6	+6.6
Gothenburg	+0.8	+11.3	-0.5	+15.6
Malmö	+0.9	+12.2	-1.1	+20.5

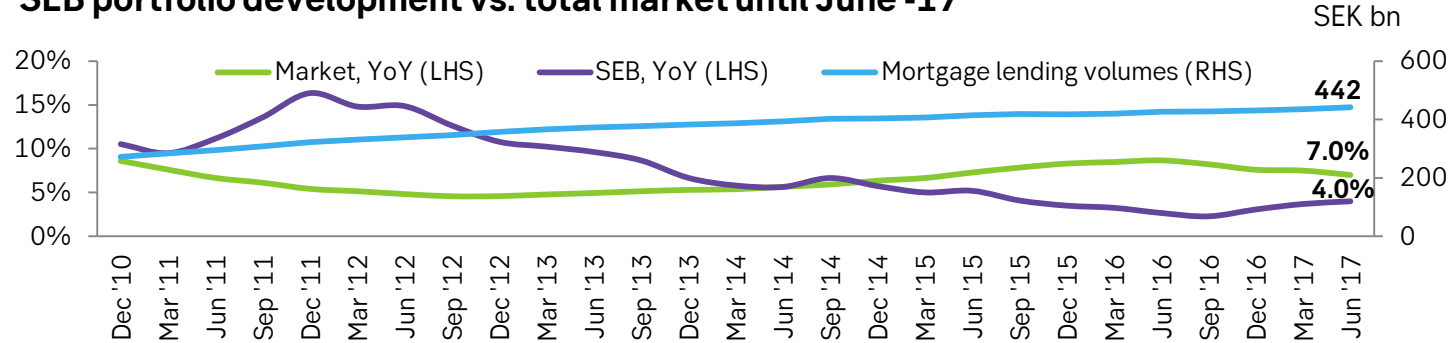
HOX Sweden 0.0% 3m, +9.7% 12m

## 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

# SEB's Swedish household mortgage lending

## SEB portfolio development vs. total market until June -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

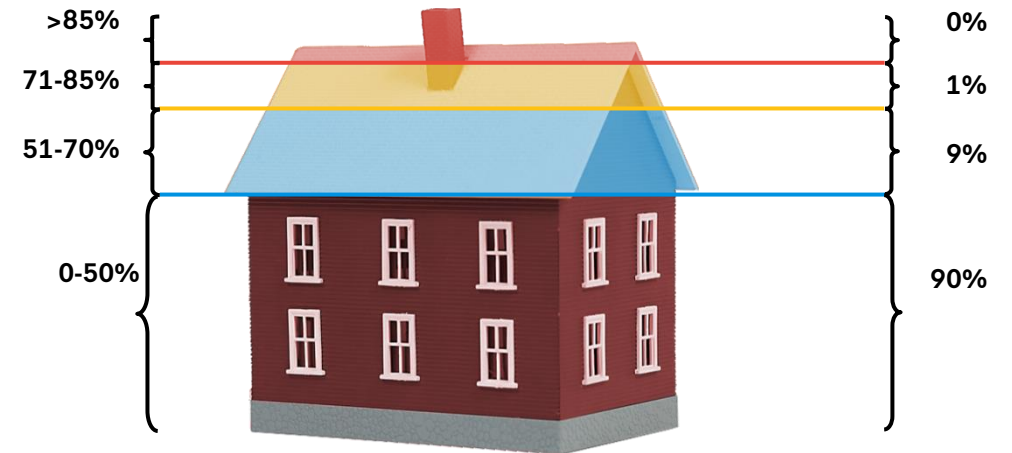
## Mortgage lending based on affordability

- 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%

# Agenda

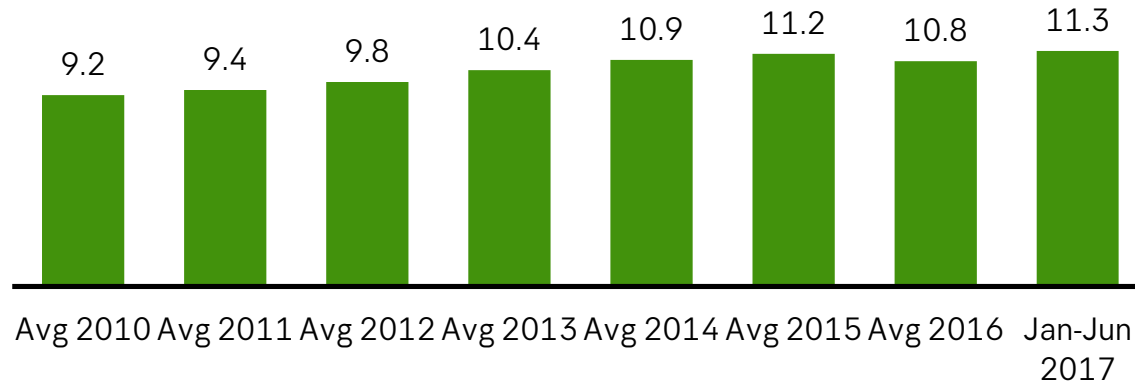


- SEB in brief
- Macroeconomics
- Swedish housing market
- **Financials**
- Balance sheet
- Business plan
- Sum up
- Contacts, calendar and ADR

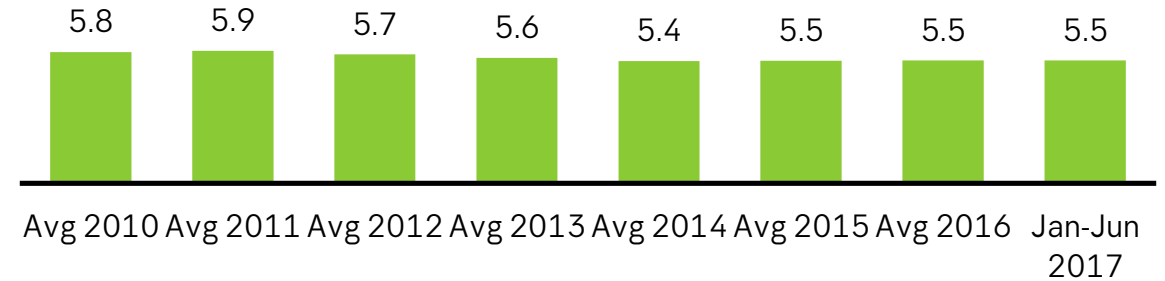
# Operating leverage back on track

Excluding items affecting comparability

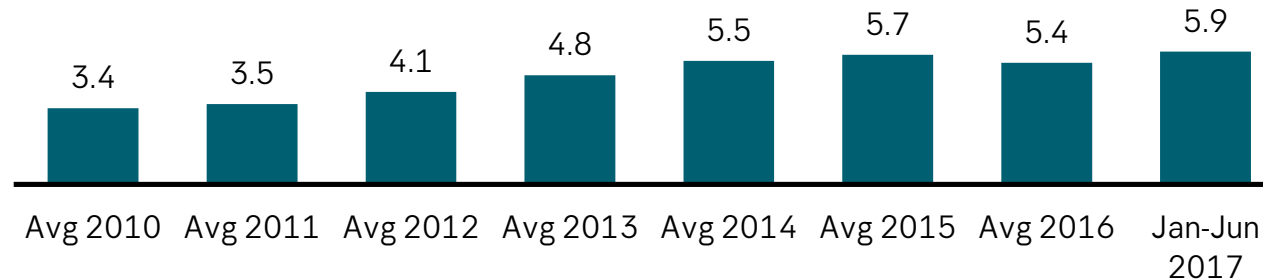
**Average quarterly income (SEK bn)**



**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*

# Solid financial performance in the first half-year

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

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

	Underlying			Reported			
<b>Profit &amp; Loss, (SEK m)</b>	<b>Q2 2017</b>	<b>Q1 2017</b>	<b>%</b>	<b>Q2 2016*</b>	<b>%</b>	<b>Q2 2016</b>	<b>%</b>
<b>Total Operating income</b>	<b>11,405</b>	<b>11,204</b>	<b>2</b>	<b>10,616</b>	<b>7</b>	<b>11,136</b>	<b>2</b>
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>	<b>13</b>	<b>5,536</b>	<b>3</b>

Credit loss level

6bps

Cost/income ratio

0.48

Common Equity Tier 1

18.9 %

Return on Equity

13.2%

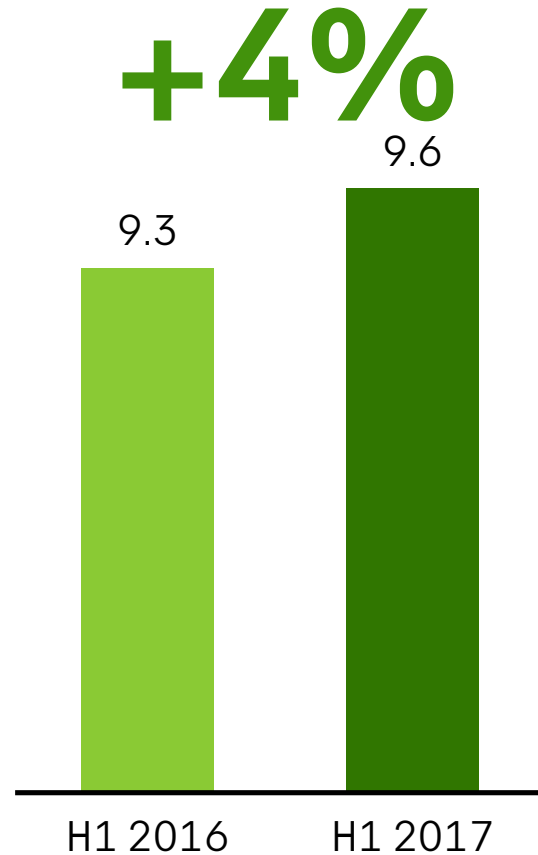
\* Note: Excluding items affecting comparability: SEB Baltic Visa transaction of SEK +0.5bn in Q2 2016

# Robust net interest income development

SEK bn, excl. item affecting comparability

## Net interest income

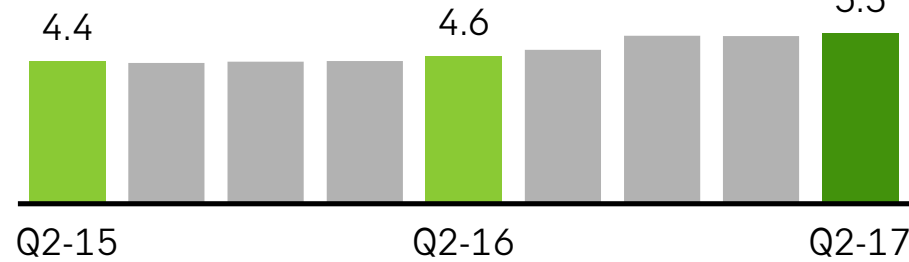
Jan-Jun 2017 vs. Jan – Jun 2016



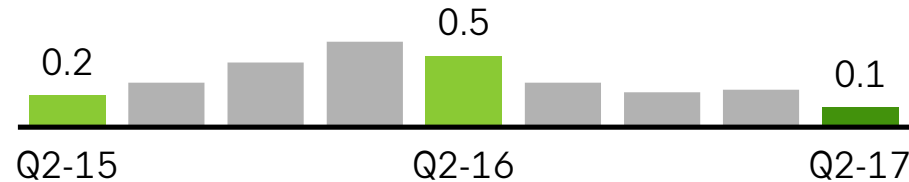
## Net interest income type

Q2 2015 – Q2 2017

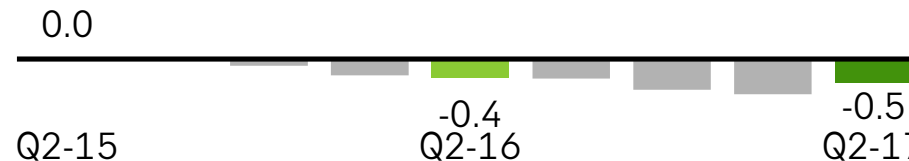
### Lending



### 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

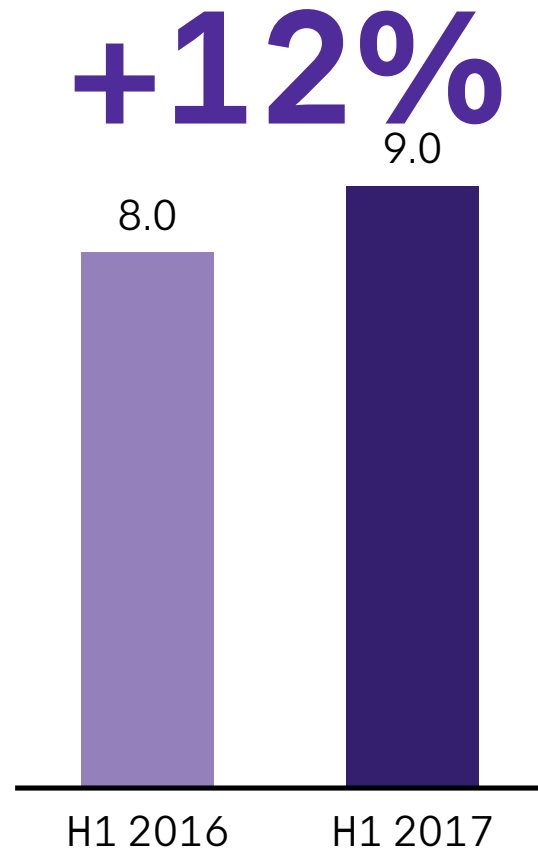
Excluding SEK -82m Swiss withholding tax in Q2 2015.

# Strong net fee and commission income

SEK bn

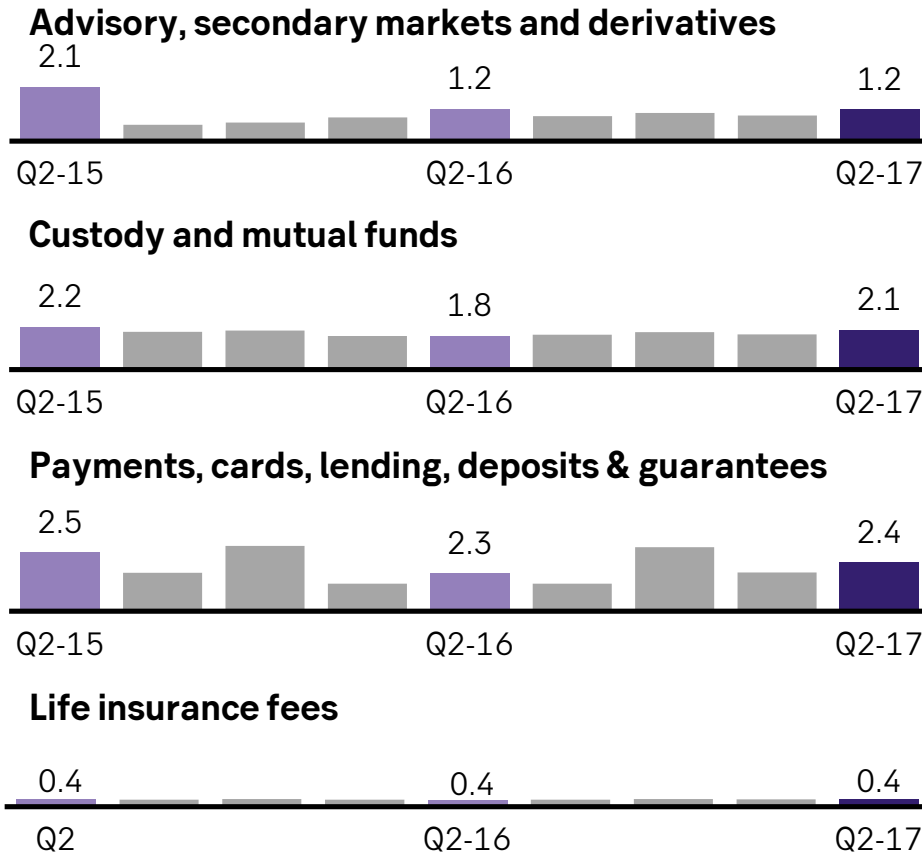
## Net fee and commissions

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

# Net fee and commission income development

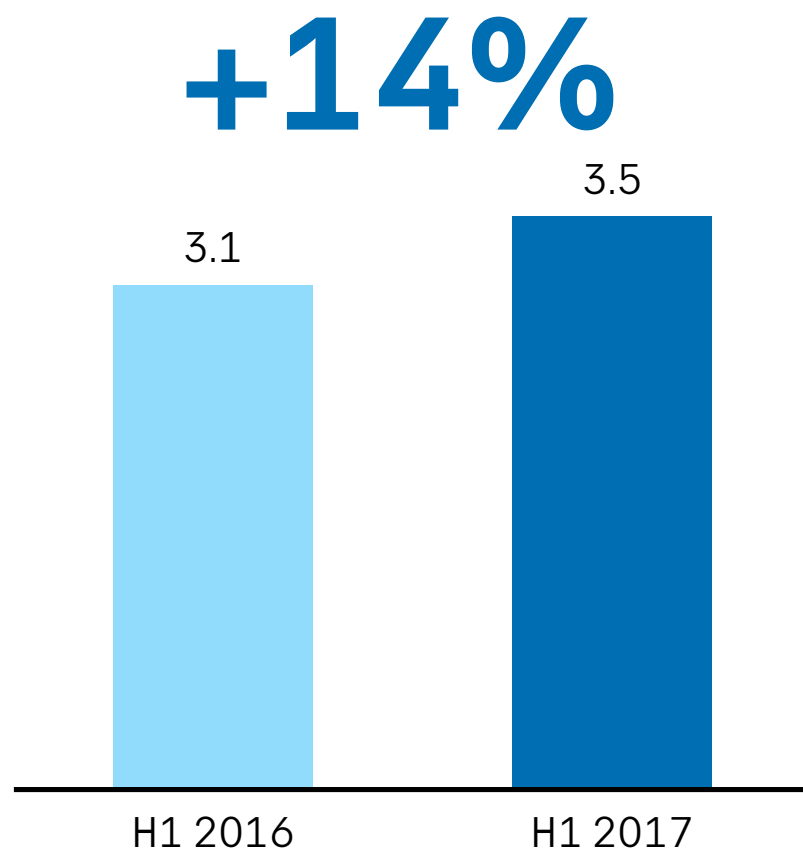
SEK m	Q2 2015	Q3 2015	Q4 2015	Q1 2016	Q2 2016	Q3 2016	Q4 2016	Q1 2017	Q2 2017
Issue of securities and advisory	270	188	258	150	211	208	231	282	430
Secondary market and derivatives	1,787	437	450	754	1,012	745	842	692	765
Custody and mutual funds	2,201	1,959	2,030	1,744	1,759	1,811	1,950	1,825	2,063
<i>Whereof performance and transaction fees</i>	<i>121</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>
Payments, cards, lending, deposits, guarantees and other	2,537	2,350	2,598	2,252	2,341	2,251	2,586	2,353	2,444
<i>Whereof payments and card fees</i>	<i>1,387</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>Whereof lending</i>	<i>649</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>
Life insurance	411	416	438	402	395	418	438	422	432
<b>Fee and commission income</b>	<b>7,206</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>Fee and commission expense</b>	<b>-2,012</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>Net fee and commission income</b>	<b>5,194</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>
<i>Whereof Net securities commissions</i>	<i>2,901</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>Whereof Net payments and card fees</i>	<i>879</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>Whereof Net life insurance commissions</i>	<i>301</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>

# Low volatility muted activity in the second quarter

SEK bn, excl. item affecting comparability

## Net financial income

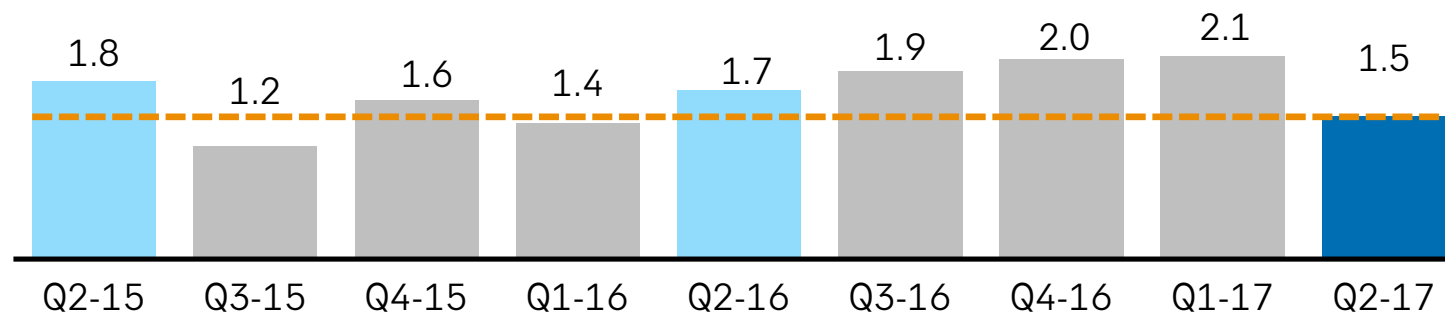
Jan-Jun 2017 vs. Jan-Jun 2016



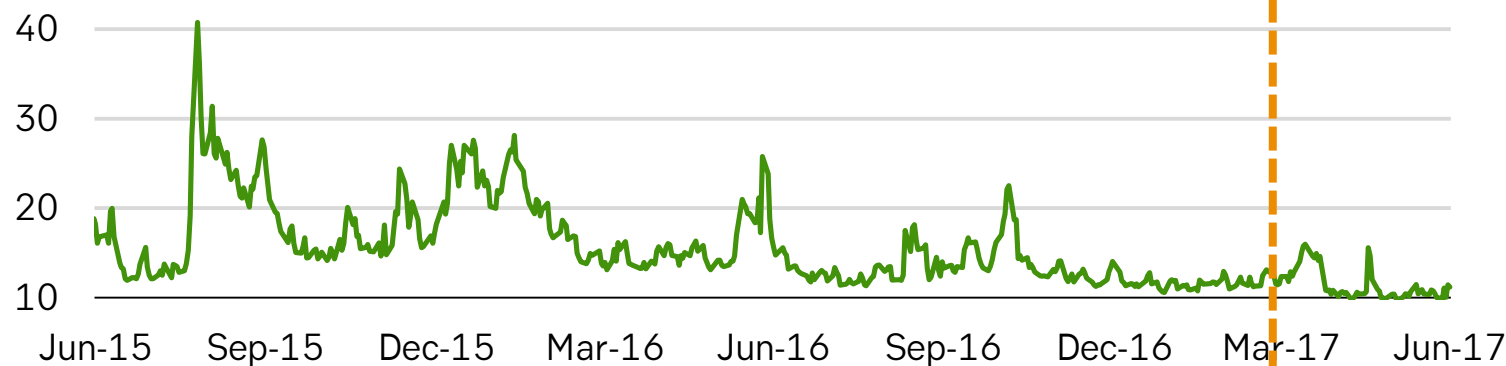
Excluding SEK -820m Swiss withholding tax in Q2 2015.

## Net financial income development

Q2 2015 – Q2 2017



## Reduced volatility



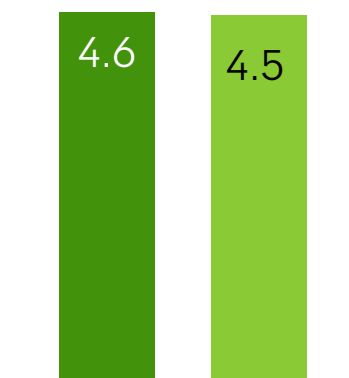
VIX S&P 500 volatility

## 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)

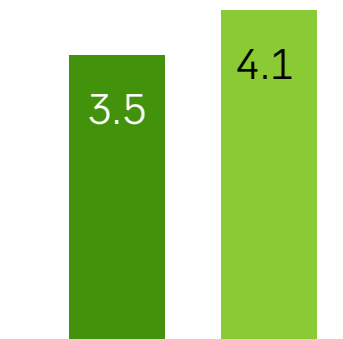
- Higher customer activity, especially in the primary equity and bond markets
- Low volatility decreased markets related income

## 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

\* Excluding items affecting comparability in 2016

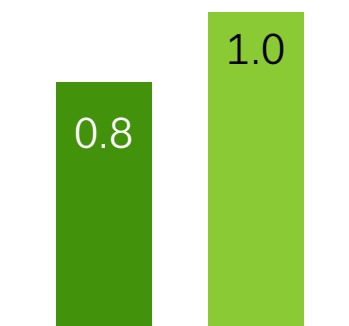


## Baltic Banking

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

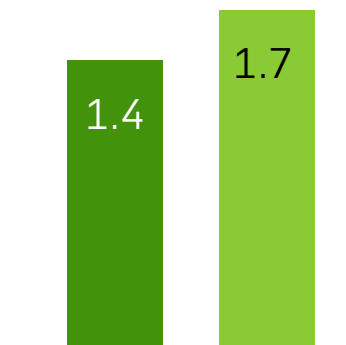
\* Excluding items affecting comparability in 2016

## 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)

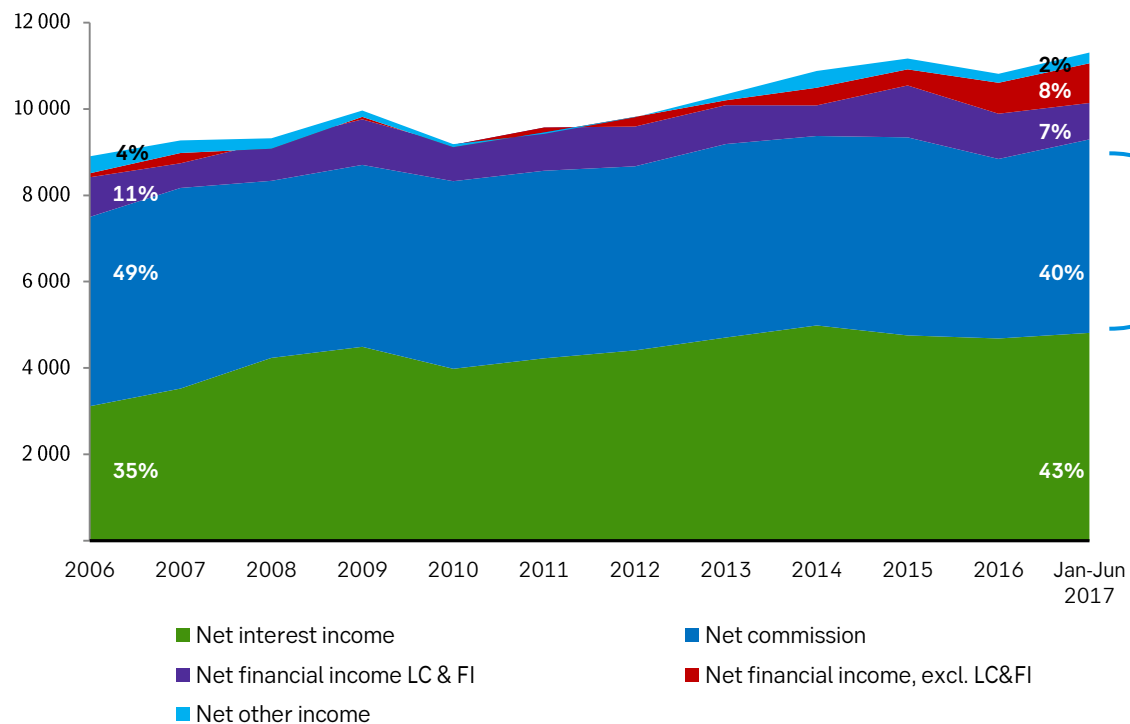
- Net inflow of AuM SEK 41bn across all customer segments
- Sustainability products see increased demand and traction across from customers

# Business mix and Market Shares create diversified and stable income

## SEB's Income Profile Development

### Split of operating income

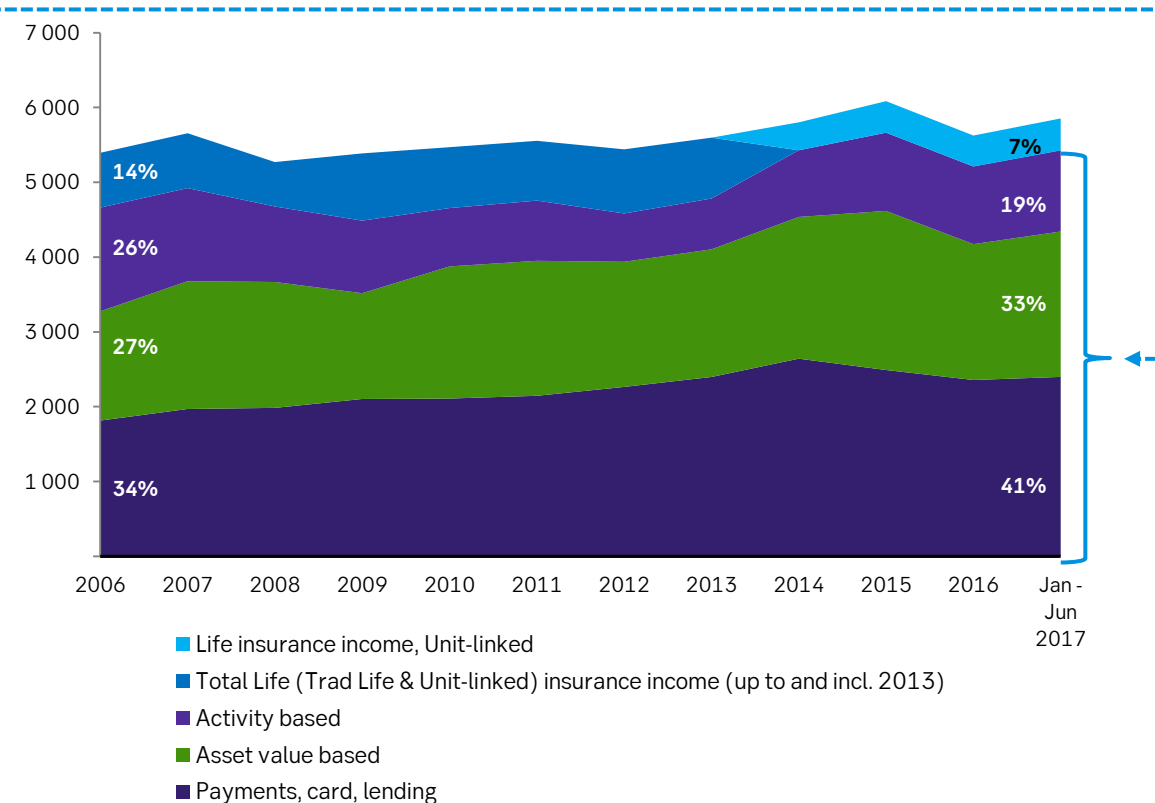
Non-NII is more important than NII



1) LC&FI is the division Large Corporates and Financial Institutions 2) Trad. Life income booked under NFI from Jan 2014

Average quarterly income in **SEK m** 2006-Jun 2017

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



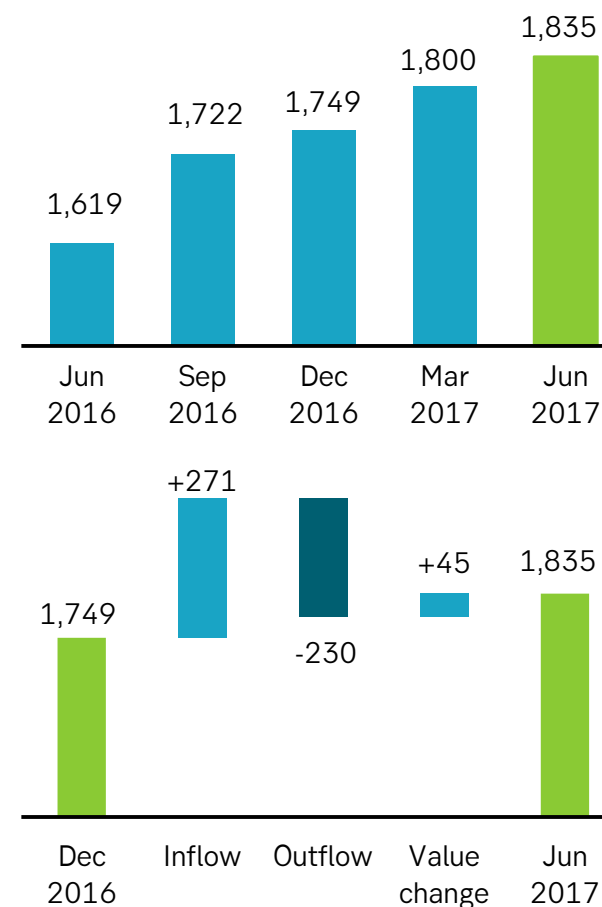
Average quarterly fees and commissions income in **SEK m** 2006- Jun 2017

# Business volumes

SEB Group

Condensed SEK bn	31 Dec 2014	31 Dec 2015	31 Dec 2016	31 Mar 2017	30 Jun 2017
Cash & cash balances w. central bank	103	101	151	319	225
Other lending to central banks	17	32	67	67	61
Loans to credit institutions	91	59	51	84	74
Loans to the public	1,356	1,353	1,453	1,517	1,521
Financial assets at fair value	937	827	785	869	817
Available-for-sale financial assets	46	37	36	33	33
Assets held for sale	1	1	1	1	0
Tangible & intangible assets	28	26	20	20	20
Other assets	63	59	58	78	65
<b>Total assets</b>	<b>2,641</b>	<b>2,496</b>	<b>2,621</b>	<b>2,927</b>	<b>2,777</b>
Deposits by central banks	42	58	54	59	55
Deposits by credit institutions	73	60	65	106	79
Deposits & borrowing from the public	943	884	962	1,120	1,084
Liabilities to policyholders	364	371	404	415	420
Debt securities	690	639	669	731	649
Financial liabilities at fair value	281	231	213	201	217
Liabilities held for sale	0	0	0		
Other liabilities	73	79	71	114	90
Subordinated liabilities	40	31	41	46	45
Total equity	135	143	141	135	138
<b>Total liabilities &amp; equity</b>	<b>2,641</b>	<b>2,496</b>	<b>2,621</b>	<b>2,927</b>	<b>2,777</b>

## Assets under Management\*

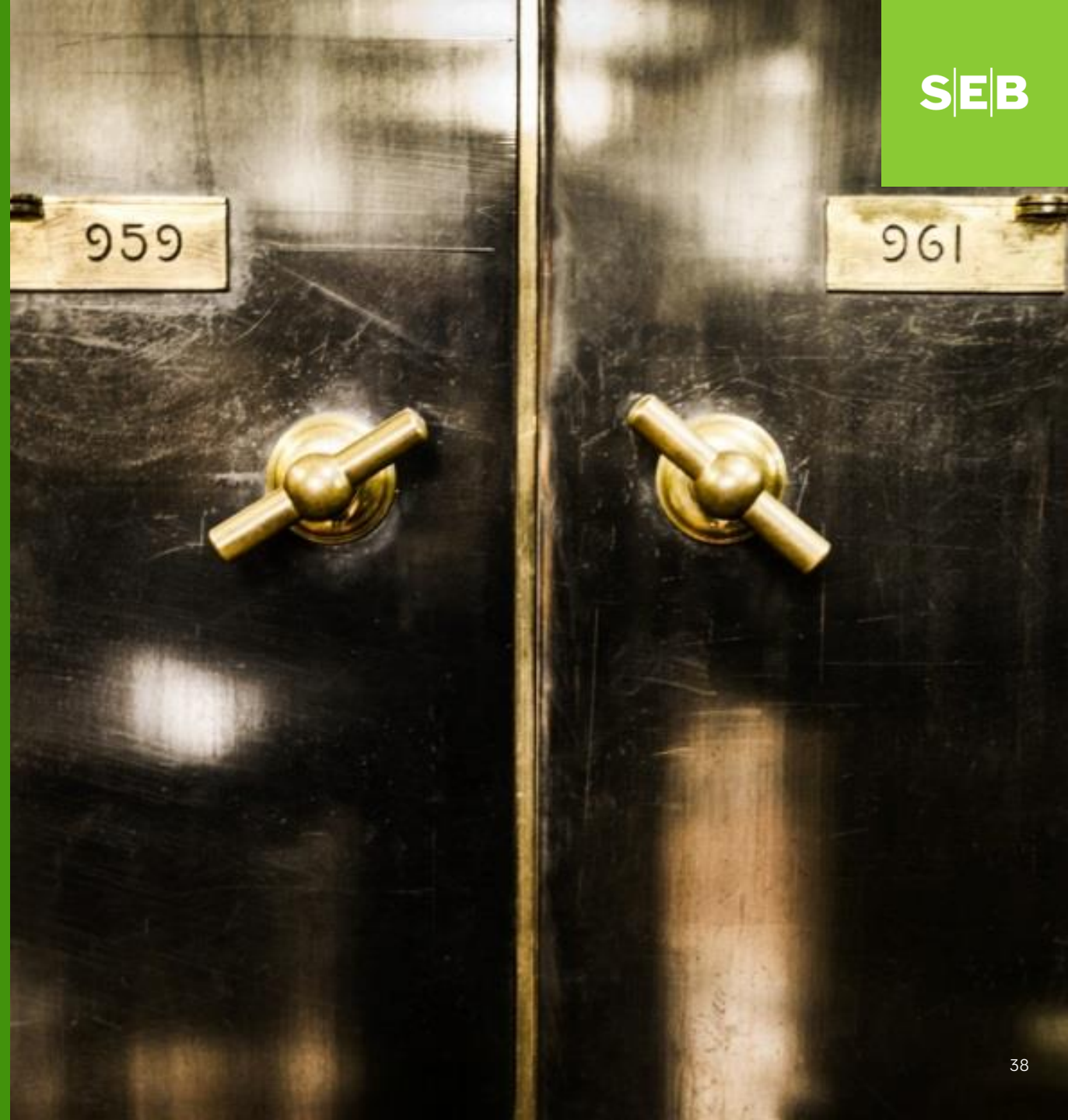


\* AUM – Adjusted definition implemented in Q1 2017, historical periods adjusted according to Proforma.

# 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



# Agenda



- SEB in brief
- Macroeconomics
- Swedish housing market
- Financials
- **Balance sheet**
- Business plan
- Sum up
- Contacts, calendar and ADR

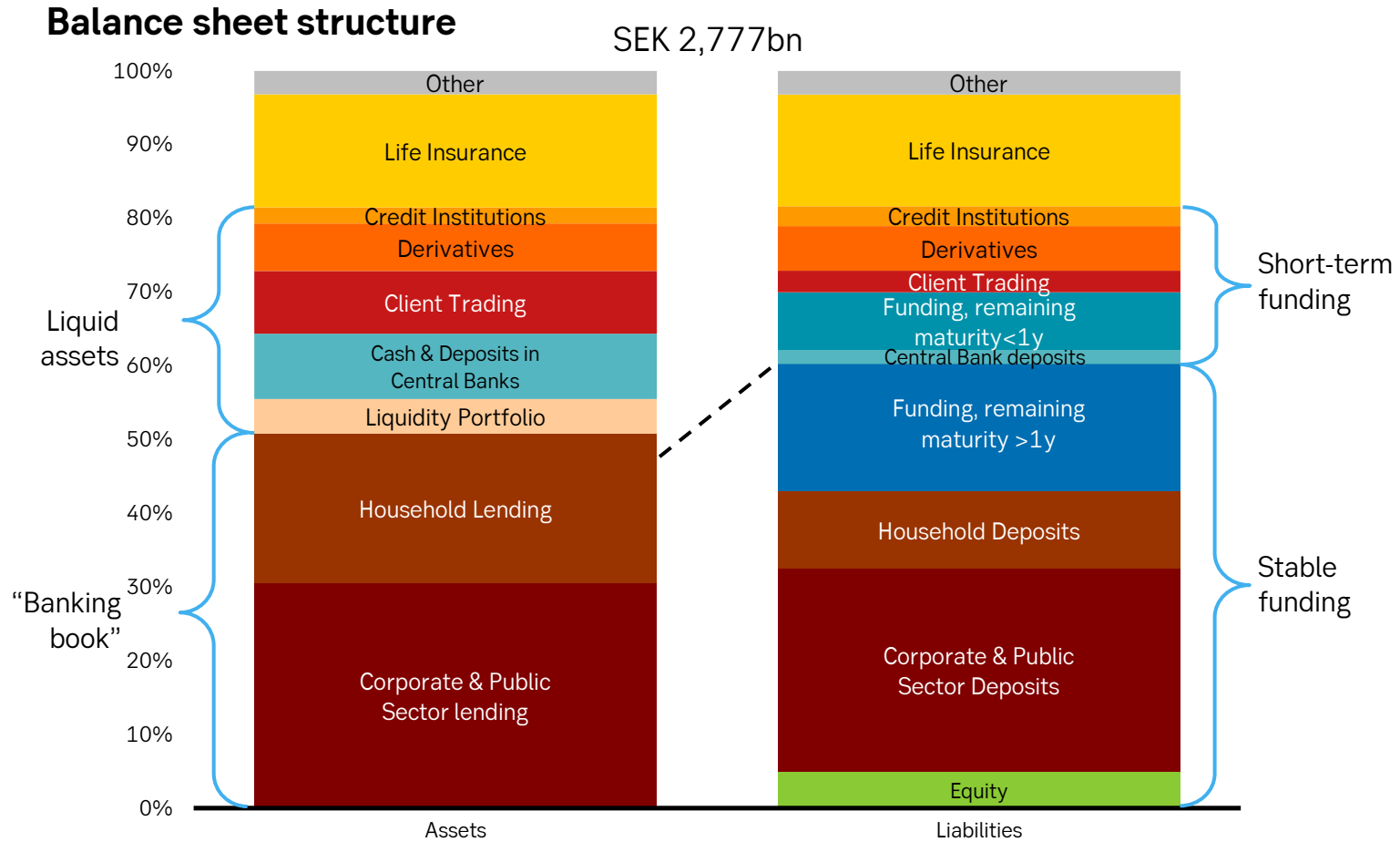


# Strong asset quality and balance sheet

(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%

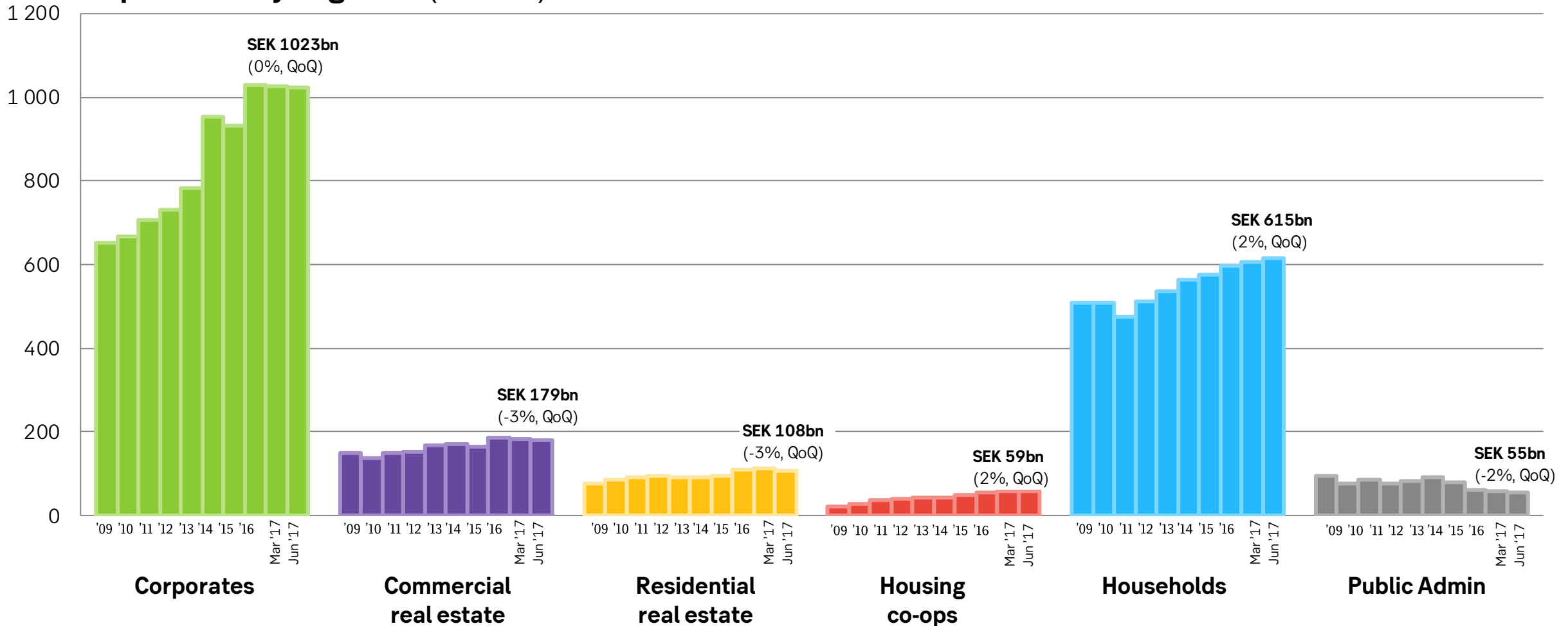
# A strong balance sheet structure

June 2017



# SEB's credit portfolio flat with unchanged mix

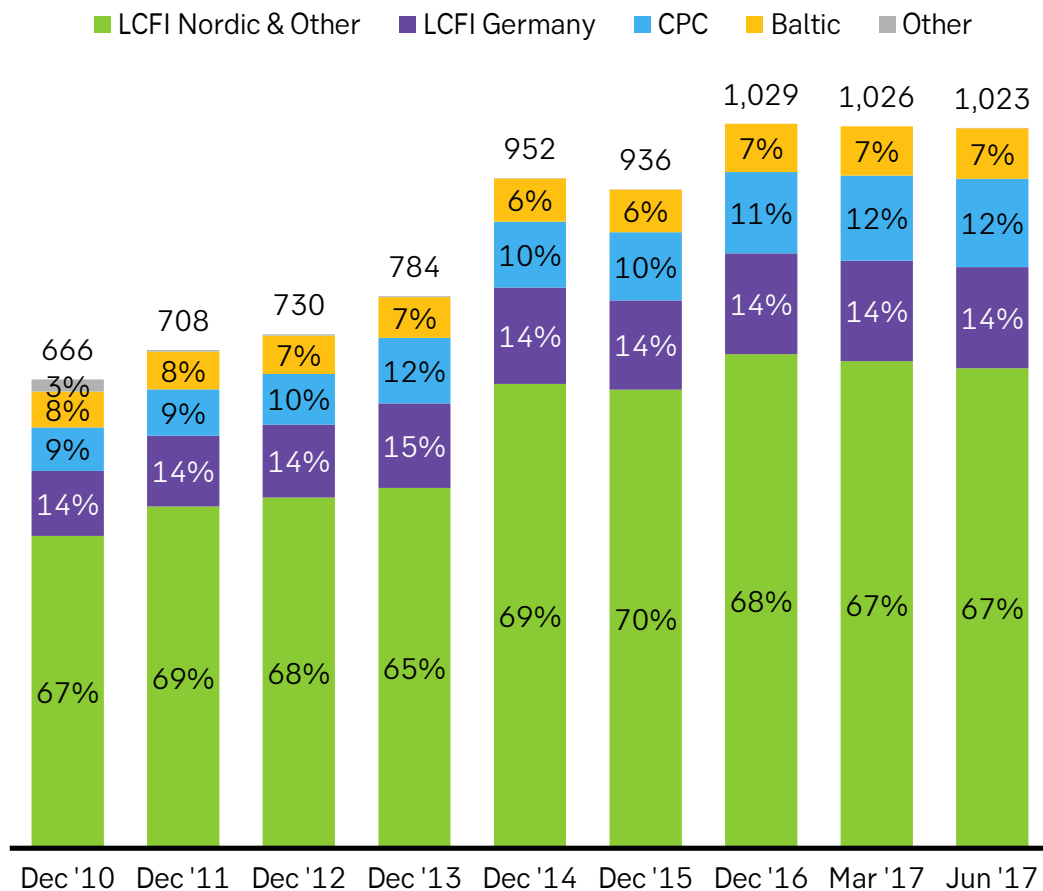
Credit portfolio by segment (SEK bn)



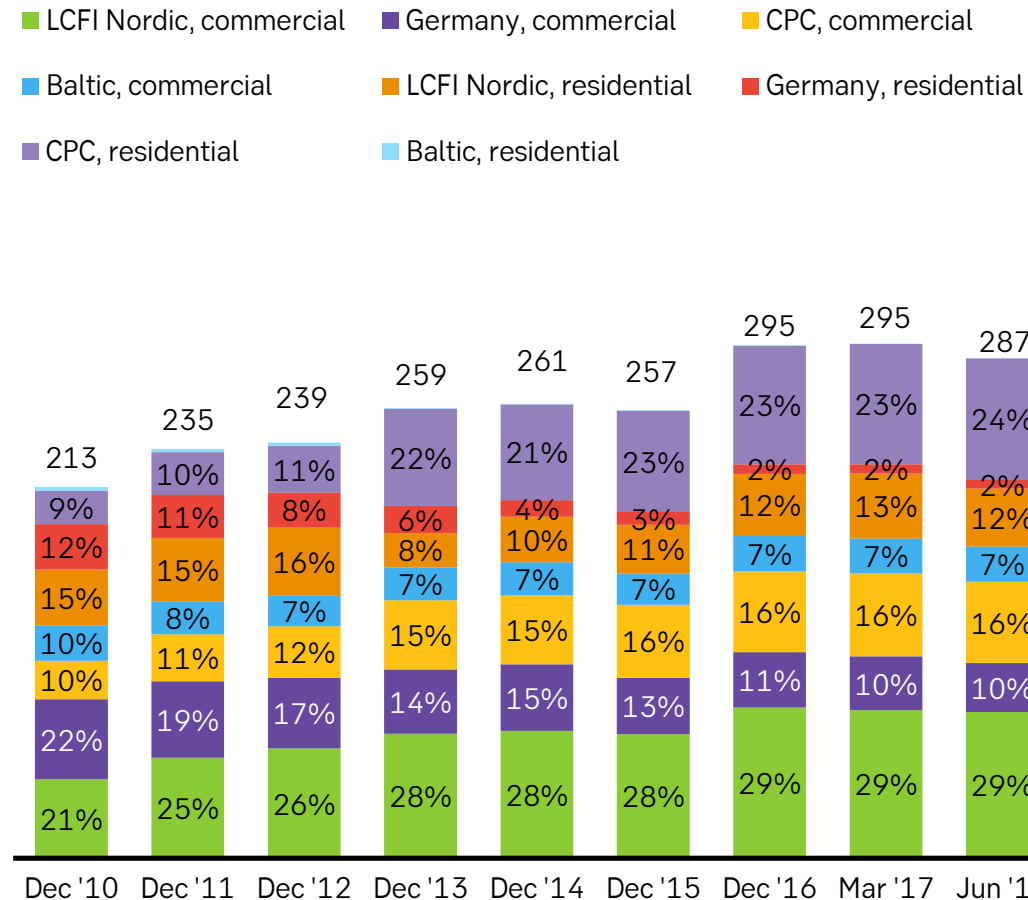
# Credit portfolio

On & off balance, SEK bn

Corporates development

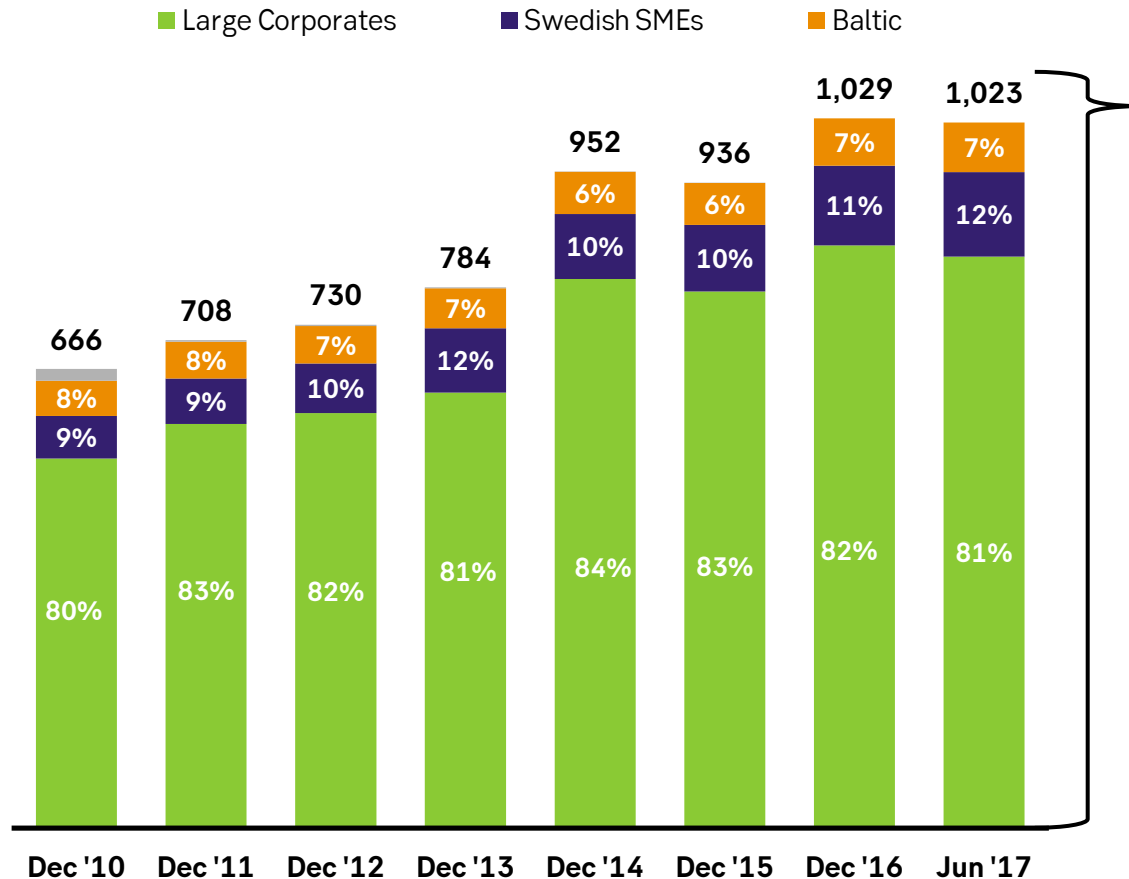


Real Estate Management



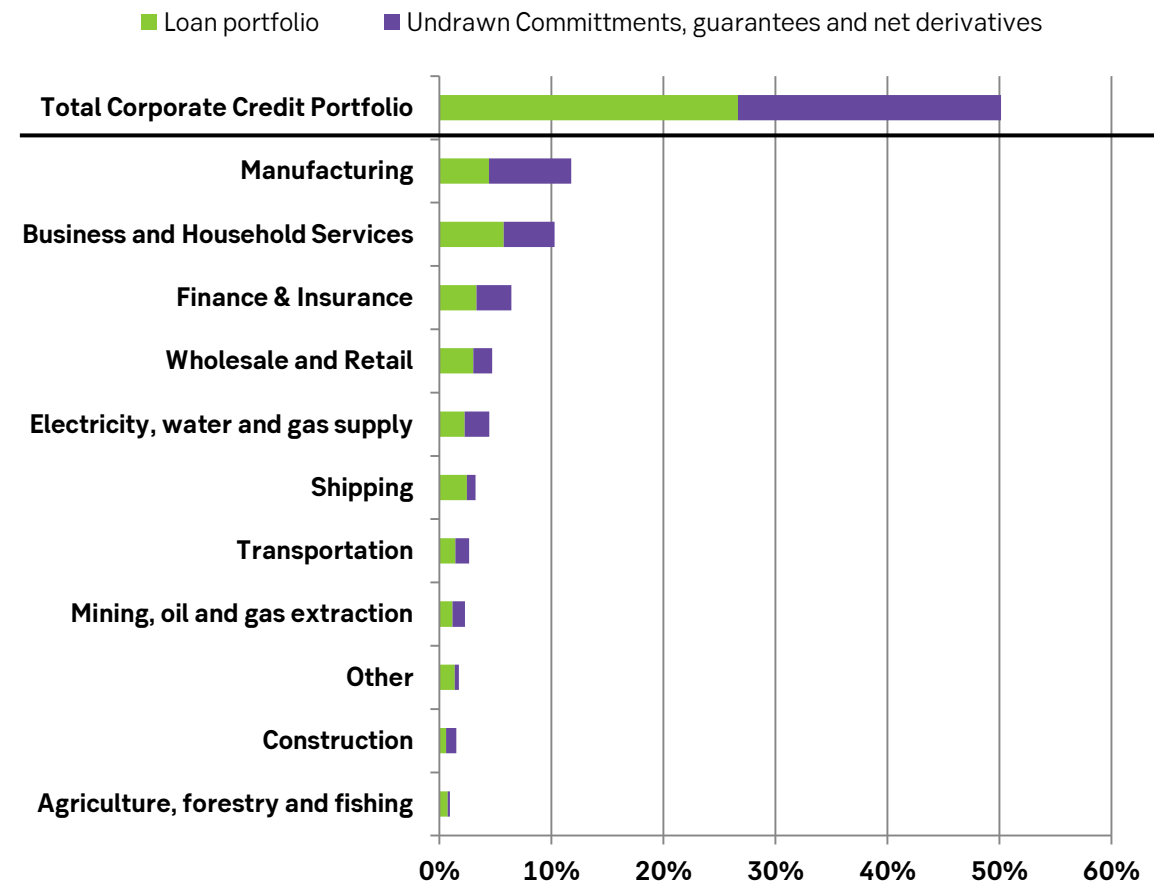
# Low actual on-balance sheet and diversified Large Corporate exposure render lower Credit Risk

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 2,040 bn



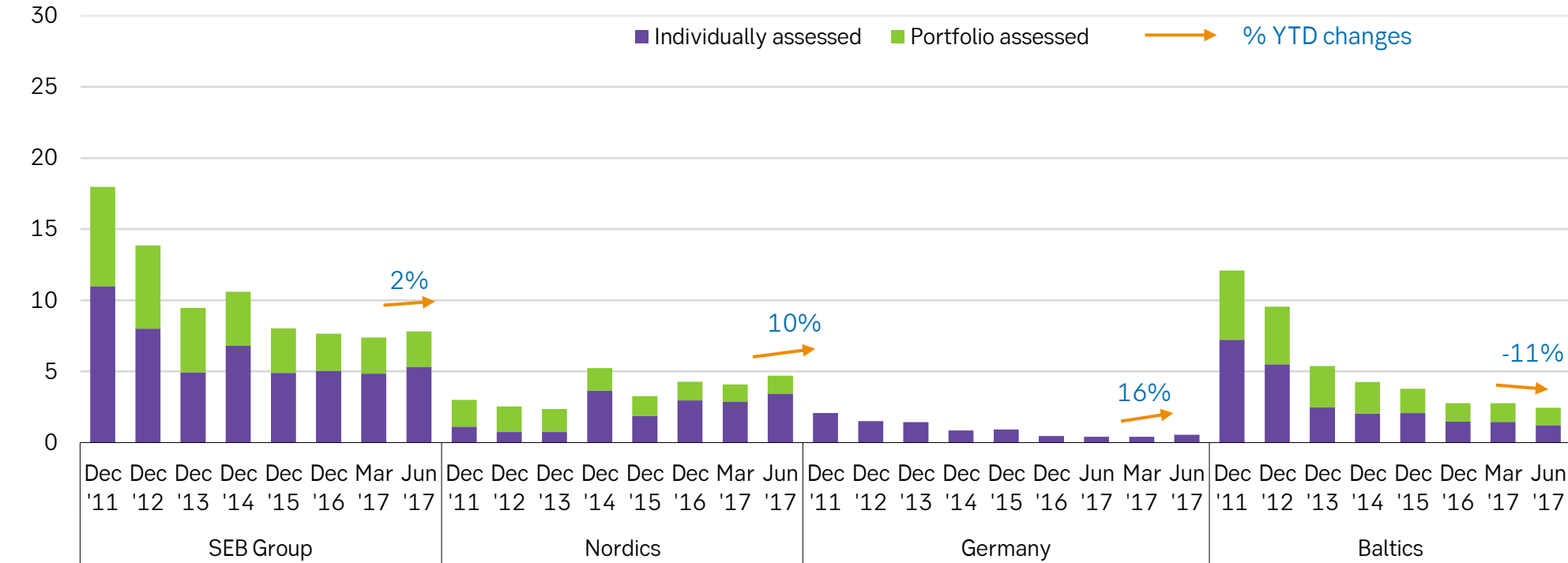
\*Excl. banks (on and off balance sheet), June 30, 2017



# Continuously improving asset quality

## Non-performing loans

SEK bn



NPLs / Lending 0.5%  
 NPL coverage ratio: 61.3%

0.4%  
 58.9%

0.5%  
 48.5%

2.0%  
 68.9%

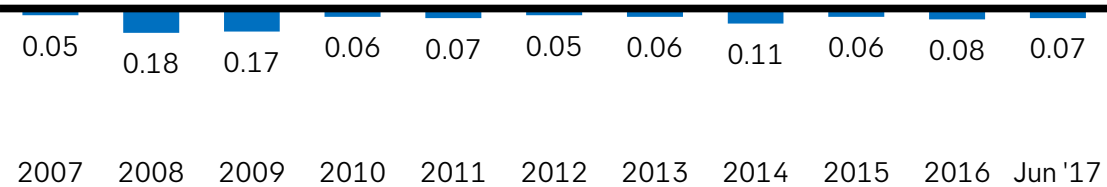
# Credit losses remain low

	Q2 2016	Q3 2016	Q4 2016	Q1 2017	Q2 2017	YTD 2017	CLL Jun '17	FY 2016
Large Corporates & Financial Institutions	-138	-103	-201	-144	-155	-299	0,09%	-563
Corporate & Private Customers	-110	-84	-63	-81	-48	-130	0,04%	-376
Baltics	27	-13	-21	19	-11	8	-0,01%	-57
Other	0	4	0	2	0	2	-0,02%	2
Net credit losses	-221	-197	-284	-204	-214	-419	0,06%	-993

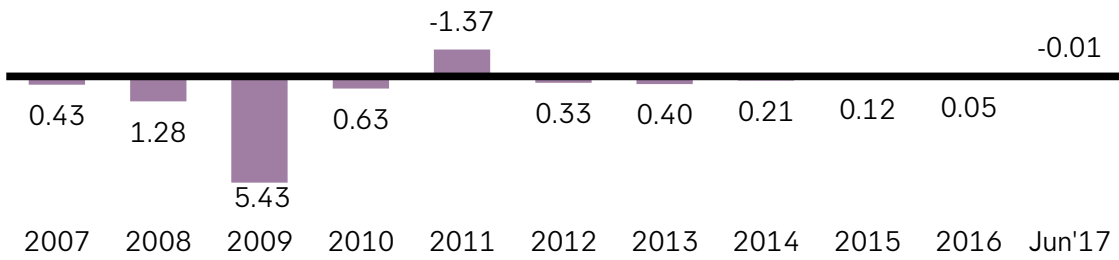
# Low credit loss level in all geographic areas



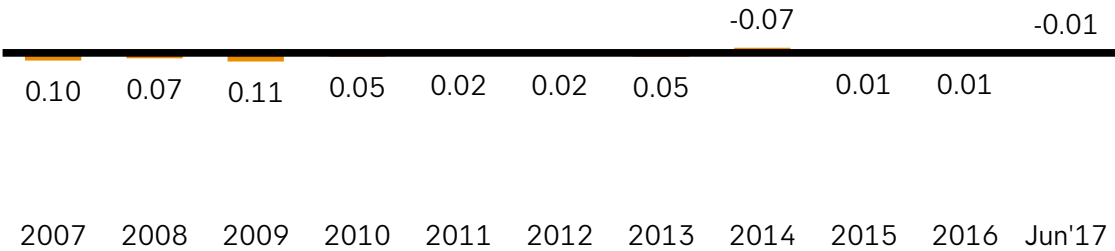
**Nordic countries**, net credit losses in %



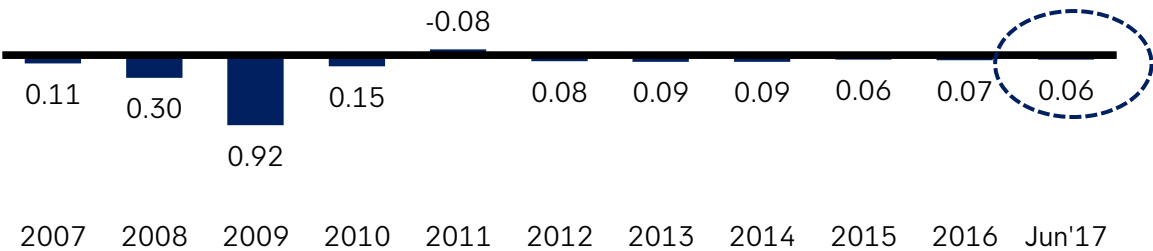
**Baltic countries**, net credit losses in %



**Germany**, net credit losses in %



**SEB Group**, net credit losses in %

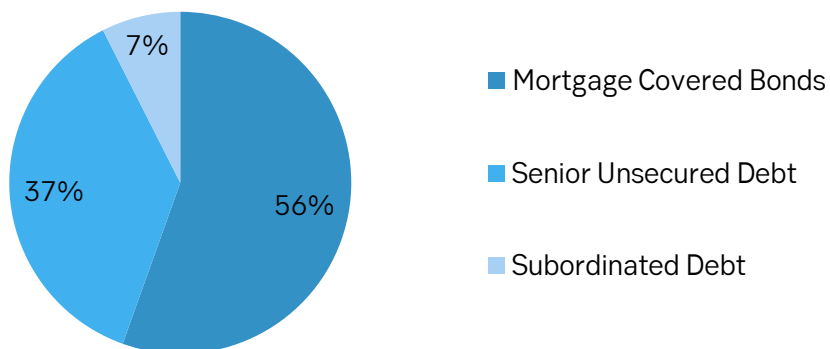


Net credit losses = the aggregated net of write-offs, write-backs and provisions

Negative net credit losses = reversals

# Well-balanced long-term funding structure

## Long-term wholesale funding mix



## Issuance of bonds SEKbn

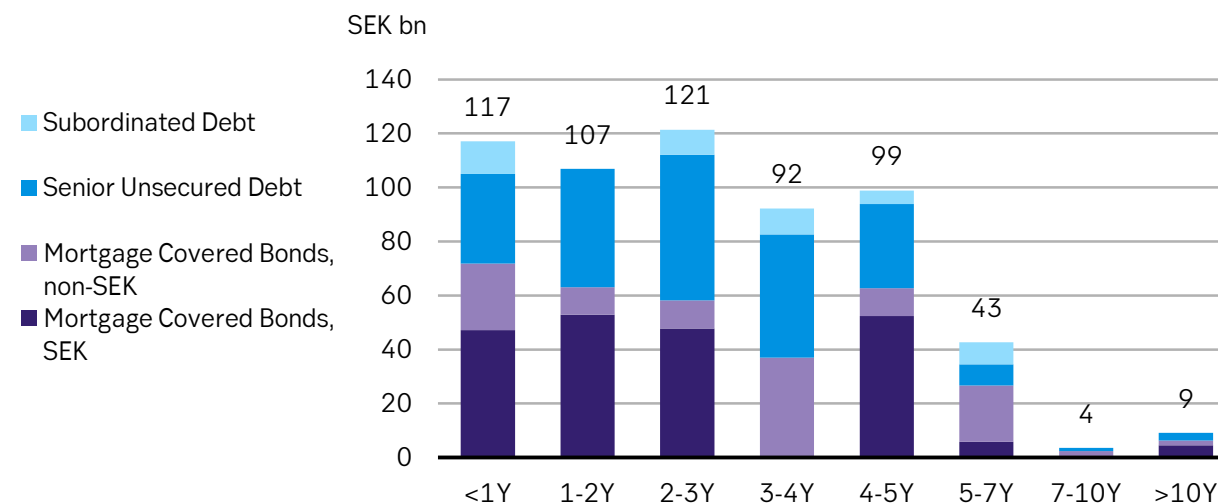
Instrument	2014	2015	2016	YTD 2017
Covered bonds	60	55	62	34
Senior unsecured	32	40	74	18
Subordinated debt	17	0	8	5
<b>Total</b>	<b>109</b>	<b>95</b>	<b>145</b>	<b>57</b>

## Strong Credit Ratings

Rating institute	Short term	Stand-alone	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

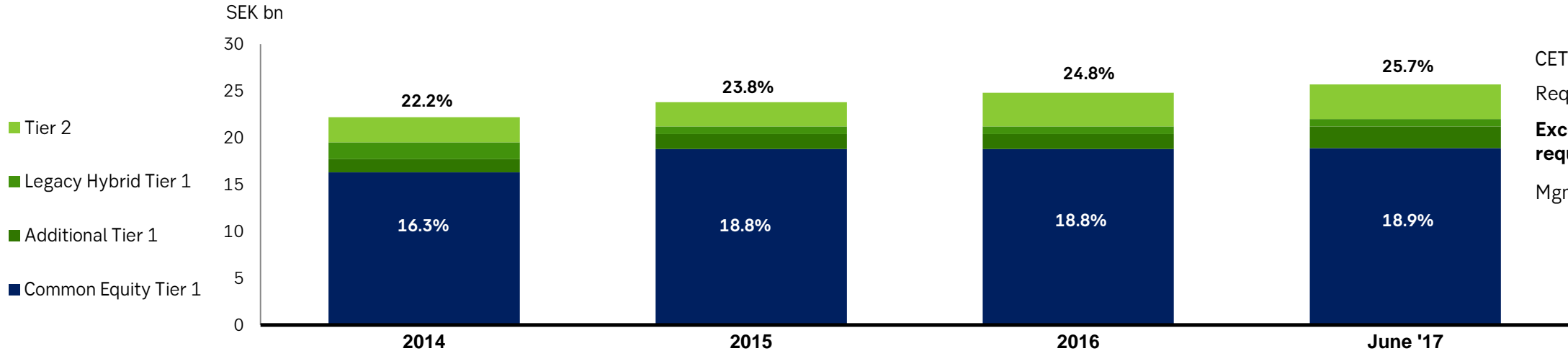
\* of which one notch is due to the implicit state support

## Maturity profile



# Strong Capital Base Composition

## Basel III - Own Funds and Total capital ratio



CET1 Q2 2017 18.9%  
Requirement 17.0%  
**Excess vs. requirement ~1.9%**  
Mgmt buffer ~1.5%

Common Equity Tier 1 ratio	16.3%	18.8%	18.8%	18.9%
Additional Tier 1 ratio	1.4%	1.6%	1.6%	2.3%
Legacy Tier 1 ratio	1.8%	0.8%	0.8%	0.8%
Tier 2 ratio	2.7%	2.6%	3.6%	3.7%
Leverage ratio	4.8%	4.9%	5.1%	5.0%
Risk Exposure Amount, SEKbn	617	571	610	617

### REA increase June 2017 vs. 2016 of SEK 7bn net was mainly due to:

- FX effects, SEK strengthened a lot in the end of the quarter
- An advanced model applied to sovereign risks, in agreement with the SFSA, adding 9 bn of REA

# Risk exposure amount yearly development

SEB Group – Basel III, Dec 2016 – Jun 2017

## Risk exposure amounts

SEK bn

31 Dec  
2016



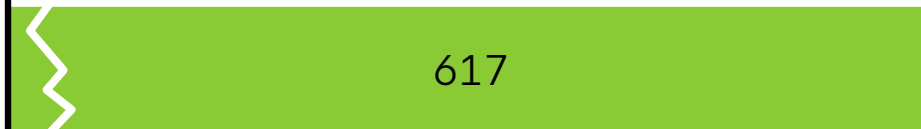
Asset size

7

Model updates, methodology & policy, other

8

30 Jun  
2017



Underlying  
market and  
operational  
risk changes

1

6

Foreign exchange  
movements

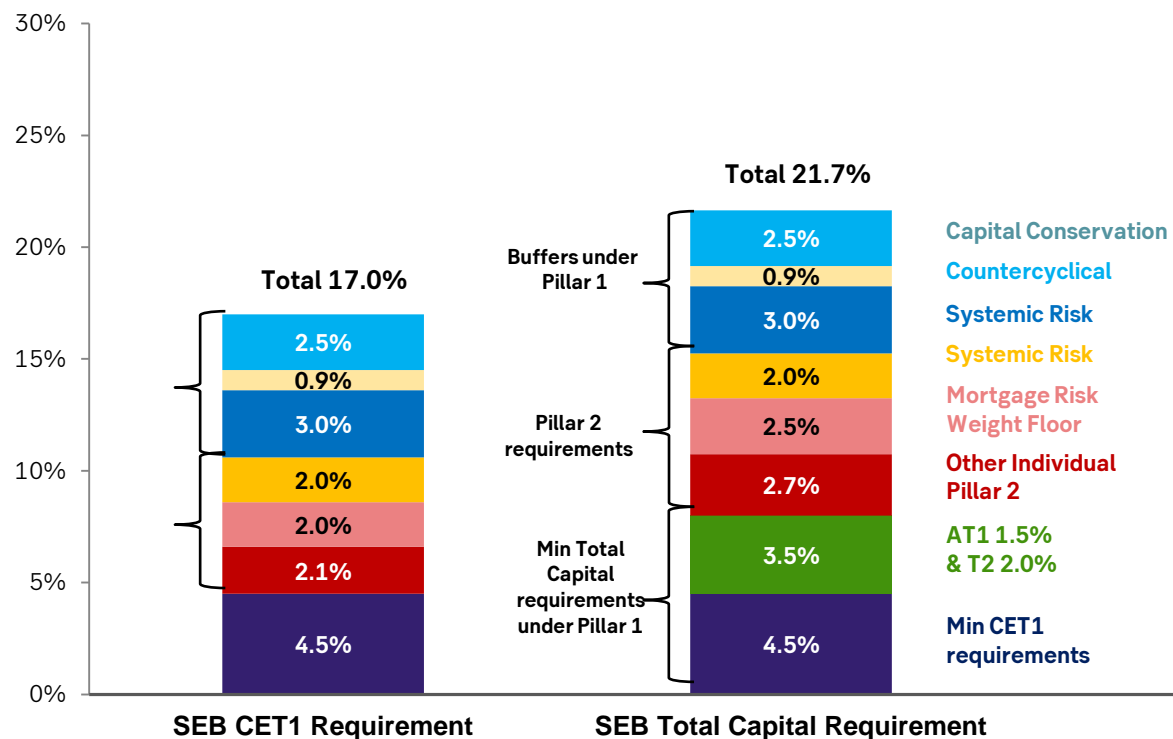
2

Asset quality

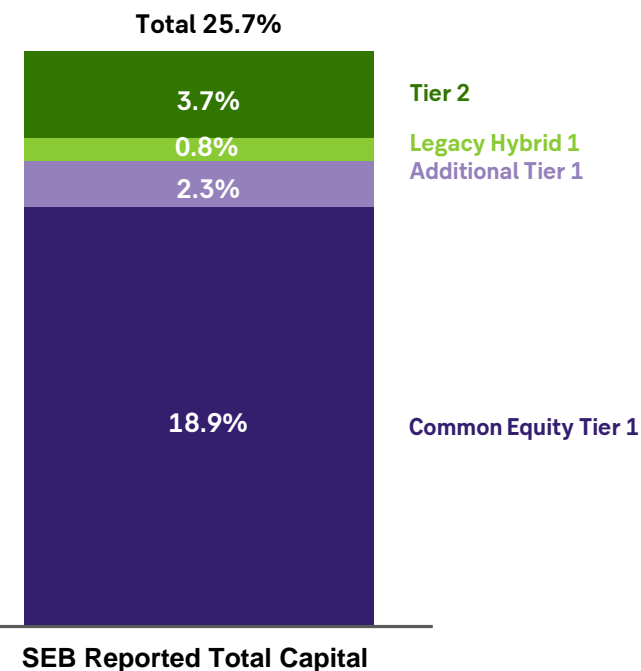
# SFSA's Capital Requirements and SEB's Reported Ratios, June 30 2017

SEB's ratios exceed SFSA's risk-sensitive and high requirements

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



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

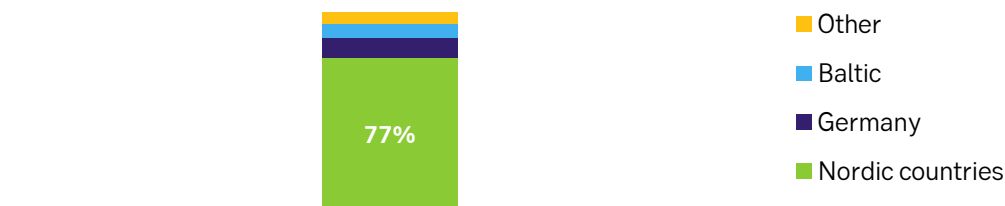


- SEB's CET1 ratio is 1.9% above the SFSA CET1 requirement as at June 2017 and 0.4% above targeted management buffer

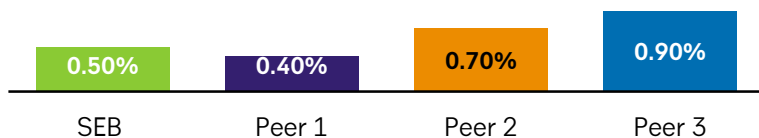


# Well-managed Nordic, low-risk business and strong corporate culture render the lowest Pillar 2 capital requirements of Swedish peers

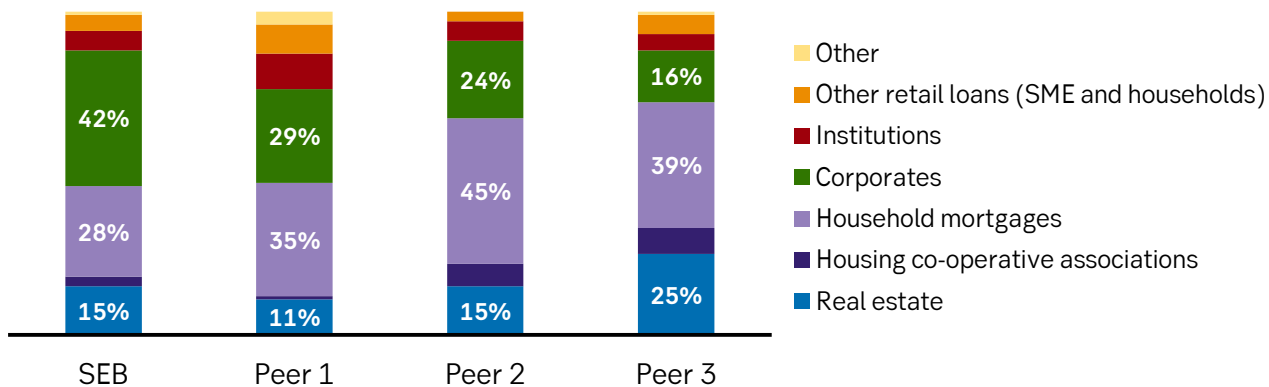
77% of SEB's credit portfolio is in Nordic countries<sup>1)</sup>



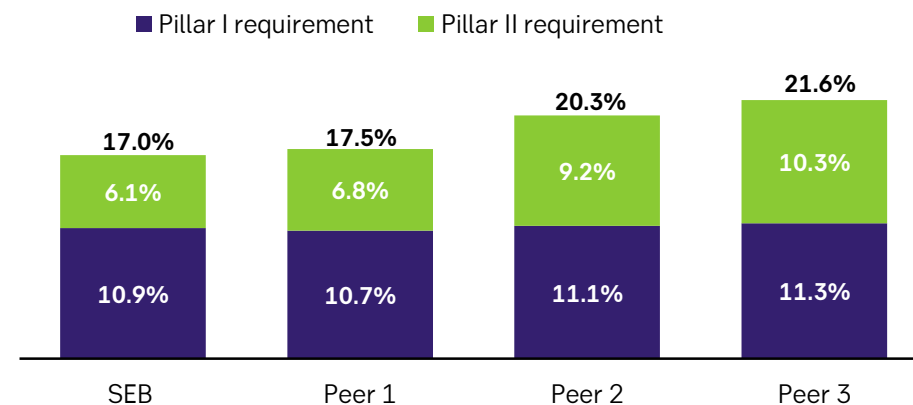
Low credit-related concentration risk <sup>2,3)</sup> (as percentage of total REA)



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

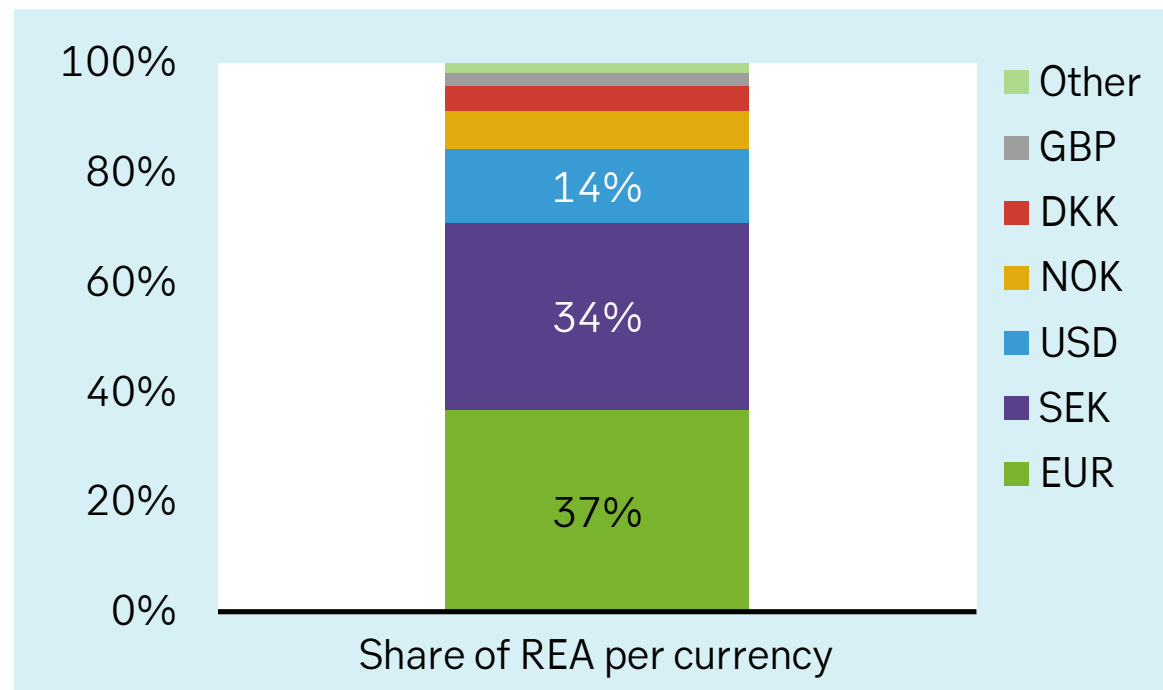
2) Including single name, geographical and industry concentration

3) SFSA, Capital requirements for the Swedish banks, first quarter 2017 Date 2017-05-24

4) EAD = Risk Exposure Amount / Risk Weight  
Source: Companies' Pillar 3 reports, Finansinspektionen  
As by 31 Dec 2016

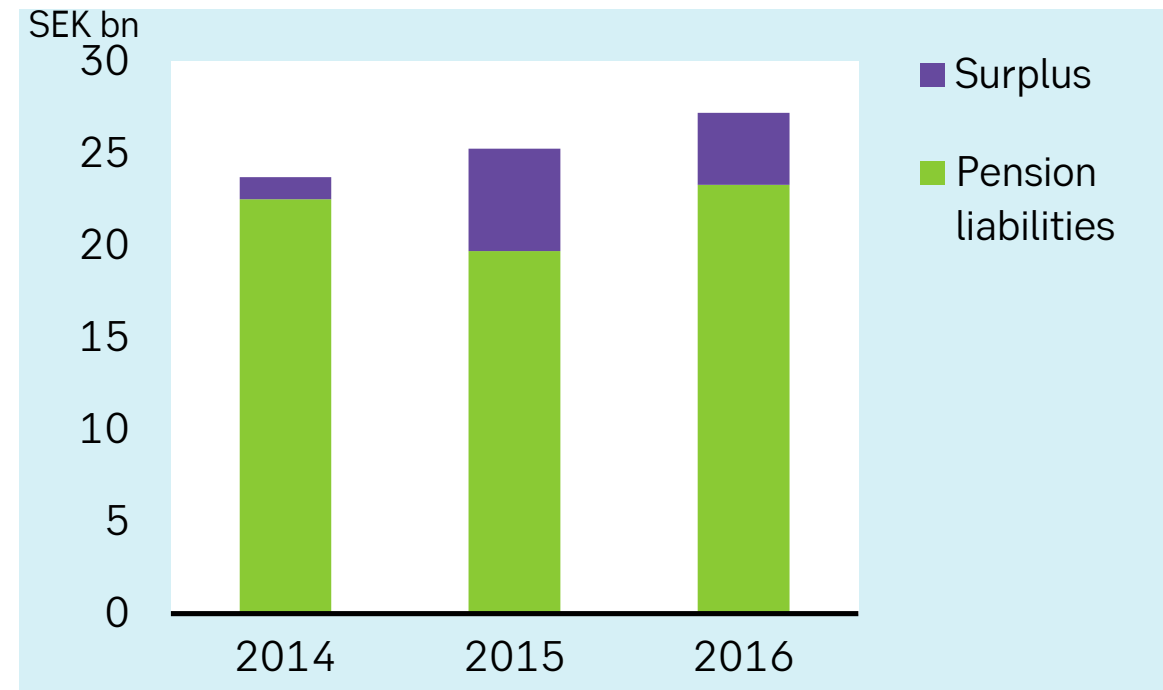
# Reasons for 150bps management buffer

## Sensitivity to currency fluctuations



±5% SEK  
impact 50bps CET1 ratio

## Sensitivity to surplus of Swedish pensions



-50 bps discount rate  
impact -50bps CET1 ratio

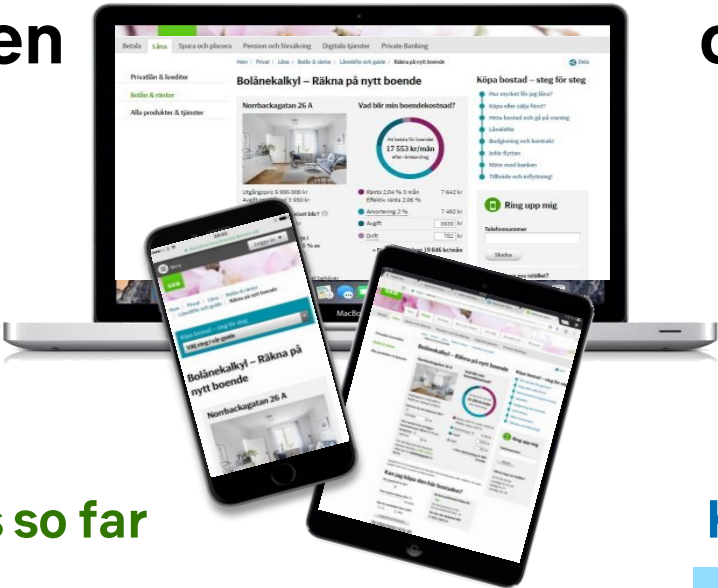
&  
general  
macro...

# Agenda



- SEB in brief
- Macroeconomics
- Swedish housing market
- Financials
- Balance sheet
- **Business plan**
- Sum up
- Contacts, calendar and ADR

# Better customer experience when buying a home



## Key business effects so far

▲ fields in mortgage application	-49%
▲ completed digital mortgage applications	2x

# Becoming a customer online



## Key business effects so far

# of pages in agreement	27 → 1
Time to onboard	30 min → 2 min
% of new customers are onboarded digitally	20%

# Piloting blockchain payments



Transaction time

~60 min-  
2days



~10 sec

# Analytics to Large Corporate clients

Customer feedback during pilot:

“The service will simplify our internal reporting and support strategic decision making”

“...provides a good overview of our fast expanding business...”



“The tool allows for new possibilities to analyze liquidity trends over time”



# Focus on growth and transformation continues



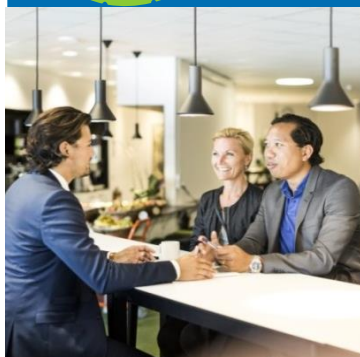
Full focus on Swedish businesses



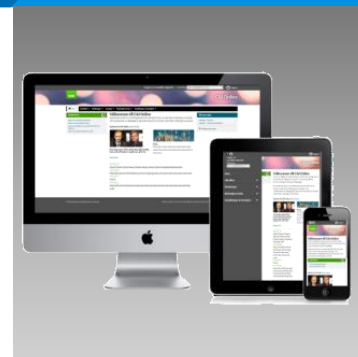
Continue to grow in the Nordics and Germany



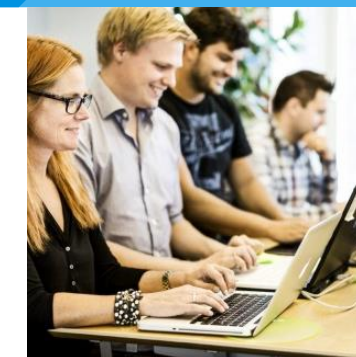
Savings & pension growth



World-class service

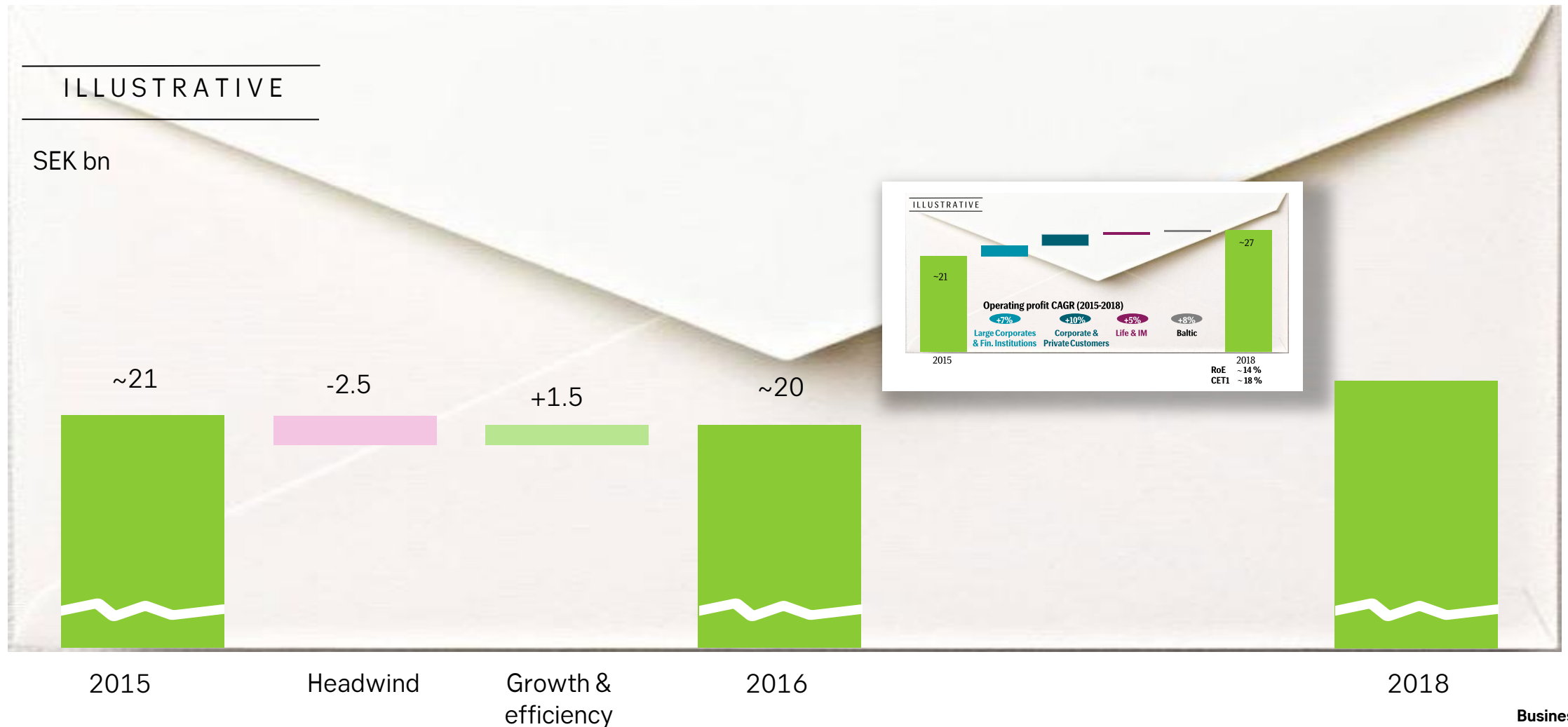


Digitisation and automation



Next generation competences

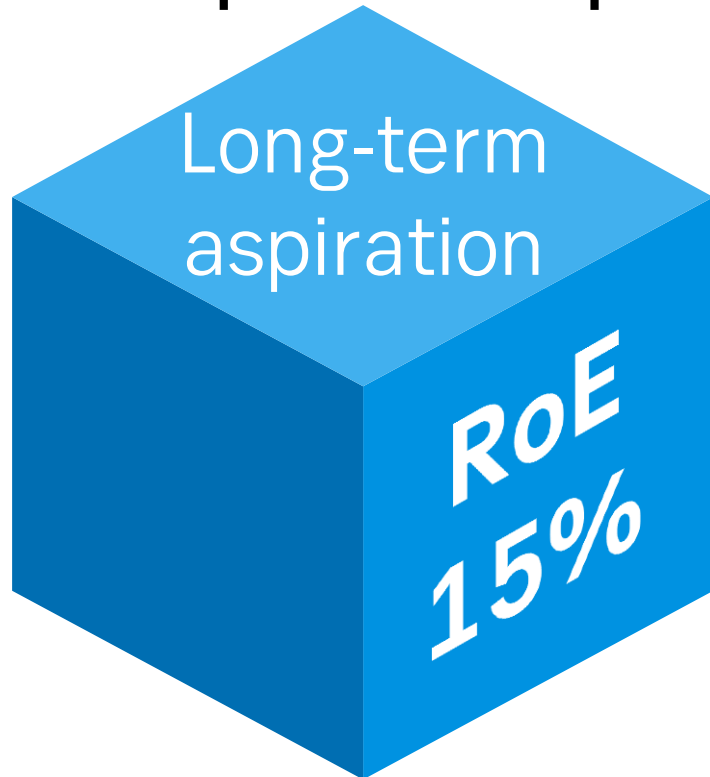
# Growth and efficiency even in a flat interest rate environment and the known headwinds...





# Financial targets

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



# Agenda



- SEB in brief
- Macroeconomics
- Swedish housing market
- Financials
- Balance sheet
- Business plan
- **Sum up**
- Contacts, calendar and ADR



# 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





# Agenda



- SEB in brief
- Macroeconomics
- Swedish housing market
- Financials
- Balance sheet
- Business plan
- Sum up
- **Contacts, calendar and ADR**

# 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



## Jonas Söderberg

Head of Investor Relations

Phone: +468763 8319

Mobile: +46735 210 266

E-mail:

[jonas.soderberg@seb.se](mailto:jonas.soderberg@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](mailto: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](mailto:julia.ehrhardt@seb.se)

## Financial calendar 2017

Date

Event

9 October Silent period

**25 October Interim Report  
January-September**