Annual Accounts 2011

Annika Falkengren
President & CEO
SEB founded in the service of enterprise

The Relationship bank...

...in our part of the World.
Delivery of 2011 strategy

1. Continued to build customer relationships

2. Growth in core and home markets

3. Strengthened balance sheet further
Continued to build customer relationships

**Private customers**

+90,000 new customers (Sweden, Baltics, PB)

+SEK 46bn new lending (Sweden, Baltics, PB)

**Increased flows**

+160m transactions executed globally (incl. payments >1bn)

**Large corporate “Tier 1” clients**

- Number of Tier 1 clients
- Customer income

- 2008
- 2009
- 2010
- 2011

Bank of the Year – Sweden
Bank of the Year – Estonia
Bank of the Year – Latvia

#1 Corporate Bank 2011 Sweden
Growth in core and home markets

**Swedish SME expansion**

- **SME clients (#)**
  - 2007: 60,000
  - 2008: 70,000
  - 2009: 80,000
  - 2010: 90,000
  - 2011: 100,000
  - Increase: 11,000

- **SME loans and commitments (SEK bn)**
  - 2007: 50 bn
  - 2008: 60 bn
  - 2009: 70 bn
  - 2010: 80 bn
  - 2011: 90 bn
  - Increase: 25 bn

**Nordic & German large corporate expansion**

- **Large cap clients (#)**
  - 2010: 88
  - 2011: 114
  - Increase: 26

- **Client executives (#)**
  - 2010: 63
  - 2011: 48
  - Increase: 15

- **Loans and commitments (SEK bn)**
  - 2010: 62
  - 2011: 46
  - Increase: 16

**Market share** 12.1%

*Note: Loans and commitments at constant exchange rates*
Strengthened balance sheet further

High asset quality, low credit loss level (bps)

Improving capital and liquidity position

Core Tier 1 ratio 13.7%

Liquidity reserve SEK 377bn

Loan to deposit ratio 129%

>2 years matched funding

NPL coverage ratio 64%

Credit rating upgrade

STANDARD &POOR’S A+

2012-02-07 | ANNUAL ACCOUNTS 2011
Profit and loss trend

Profit and loss development Q4 2008 – Q4 2011 (SEK bn)

Operating income

Q4-11
9.3

Operating expenses

Q4-11
5.9

Net credit losses

Q4-11
-0.2

Operating profit (SEK bn)

Q4-08
Q1-09
Q2-09
Q3-09
Q4-09
Q1-10
Q2-10
Q3-10
Q4-10
Q1-11
Q2-11
Q3-11
Q4-11
3.2

Grey shaded areas represent net credit reversals in the Baltic countries
# Income statement 2011

## Profit and loss (SEK bn)

<table>
<thead>
<tr>
<th></th>
<th>FY 2011</th>
<th>FY 2010</th>
<th>%</th>
<th>Q4-11</th>
<th>% Q3-11</th>
<th>% Q4-10</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Total Operating income</strong></td>
<td>37,686</td>
<td>36,735</td>
<td>3</td>
<td>9,334</td>
<td>1</td>
<td>-7</td>
</tr>
<tr>
<td><strong>Total Operating expenses</strong></td>
<td>-23,121</td>
<td>-23,751</td>
<td>-3</td>
<td>-5,928</td>
<td>7</td>
<td>-3</td>
</tr>
<tr>
<td><strong>Profit before credit losses</strong></td>
<td>14,565</td>
<td>12,984</td>
<td>12</td>
<td>3,406</td>
<td>-7</td>
<td>-12</td>
</tr>
<tr>
<td><strong>Net credit losses etc.</strong></td>
<td>780</td>
<td>-1,595</td>
<td></td>
<td>-241</td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>Operating profit</strong></td>
<td>15,345</td>
<td>11,389</td>
<td>35</td>
<td>3,165</td>
<td>-15</td>
<td>-28</td>
</tr>
</tbody>
</table>

## Operating income by type, 2011 vs. 2010 (SEK bn)

<table>
<thead>
<tr>
<th></th>
<th>2011</th>
<th>2010</th>
</tr>
</thead>
<tbody>
<tr>
<td>Net interest income</td>
<td>15.2</td>
<td>13.4</td>
</tr>
<tr>
<td>Net fee and commissions</td>
<td>14.2</td>
<td>14.1</td>
</tr>
<tr>
<td>Net financial income</td>
<td>3.5</td>
<td>3.1</td>
</tr>
<tr>
<td>Net life insurance income</td>
<td>3.2</td>
<td>3.3</td>
</tr>
</tbody>
</table>
Net interest income development

NII Q4 2008 – Q4 2011 (SEK bn)

Lending and deposit volumes Q4 2008 – Q4 2011 (SEK bn)

Note: Lending to the public excluding repos and debt instruments; Deposits from the public excluding repos
Net fee and commission income development

Net fees and commissions Q4 2008 – Q4 2011 (SEK bn)

Gross fees and commissions by income type Q4 2008 – Q4 2011 (SEK bn)
Net financial income development

**Net financial income Q4 2008 – Q4 2011 (SEK bn)**

- **Excl. GIIPS de-risking**

**Trading income by asset class**

- Derivative & other
- Fixed Income
- Equities
- FX

**Daily trading income**

- 2 negative trading days in 2011
Operating expense development

Cost by type (SEK bn)

<table>
<thead>
<tr>
<th>Staff costs</th>
<th>IT &amp; Other costs</th>
</tr>
</thead>
<tbody>
<tr>
<td>13.9 (2011)</td>
<td>9.2 (2011)</td>
</tr>
</tbody>
</table>

Income and cost trends, 12m rolling (SEK bn)

Operating income and Operating expenses over time.

SEK 24bn cost cap met (SEK bn)

Cost cap 24bn
New ambition
Divisional performance

Operating profit 2011 vs. 2010 (SEK bn)

Note: Shaded area of Baltic division shows net release of credit provisions in 2011 and net credit losses in 2010

* Excluding credit provision releases
Swedish mortgages

SEB only bank to publish funding cost

Funding markets drive mortgage pricing (%)

3m mortgages, monthly averages

Total
+0.69

+0.06

+0.02

+0.11

+0.50

Jan-11 Mar-11 May-11 Jul-11 Sep-11 Nov-11 Jan-12

SPREAD
0.64%

SPREAD
0.58%

Term financing cost

3m STIBOR

Riksbank policy rate

Low LTVs in mortgage portfolio

Loan-to-value

Share of portfolio

>85%
2%

51-85%
22%

0-50%
76%

SEB only bank to publish funding cost

Funding markets drive mortgage pricing

Low LTVs in mortgage portfolio

SEB
Divisional performance

Operating profit 2011 vs. 2010 (SEK bn)

Note: Shaded area of Baltic division shows net release of credit provisions in 2011 and net credit losses in 2010

* Excluding credit provision releases
Closing the books on the Baltic credit crisis

Credit cycle shifting as expected

- Realizing losses against provisions
- Releasing provisions where possible
- Credit loss level now normalising

NPLs continue to fall (SEK bn)

Credit losses normalising (SEK bn)
Asset quality improving

Non-bank credit portfolio composition (%)

- Residential mortgages: 31%
- Corporates: 42%
- Commercial real estate: 9%
- Baltic: 8%
- Public sector: 5%
- Other: 5%

Credit losses outside Baltic region (SEK bn)

- 2008: Q1 -0.1, Q2 -0.3, Q3 -0.8, Q4 -0.5
- 2009: Q1 -0.1, Q2 -0.6, Q3 -0.4, Q4 -0.3
- 2010: Q1 -0.1, Q2 -0.2, Q3 -0.1, Q4 -0.3
- 2011: Q1 -0.2, Q2 -0.3, Q3 -0.3, Q4 -0.3

6 bps credit loss level outside Baltics
(average over 10 year period)
Proposed dividend SEK 1.75

Net profit and total dividend (SEK bn)

<table>
<thead>
<tr>
<th>Year</th>
<th>Net profit</th>
<th>Total dividend</th>
</tr>
</thead>
<tbody>
<tr>
<td>2006</td>
<td>12.6</td>
<td>4.1</td>
</tr>
<tr>
<td>2007</td>
<td>13.6</td>
<td>4.5</td>
</tr>
<tr>
<td>2008</td>
<td>10.1</td>
<td>0.0</td>
</tr>
<tr>
<td>2009</td>
<td>1.1</td>
<td>2.2</td>
</tr>
<tr>
<td>2010</td>
<td>6.8</td>
<td>3.3</td>
</tr>
<tr>
<td>2011</td>
<td>11.1</td>
<td>3.8</td>
</tr>
</tbody>
</table>

Dividend payout ratio, 5 year rolling avg (%)

<table>
<thead>
<tr>
<th>Year</th>
<th>2006</th>
<th>2007</th>
<th>2008</th>
<th>2009</th>
<th>2010</th>
<th>2011</th>
</tr>
</thead>
<tbody>
<tr>
<td>%</td>
<td>33%</td>
<td>34%</td>
<td>35%</td>
<td>36%</td>
<td>37%</td>
<td>38%</td>
</tr>
</tbody>
</table>

SEK 1.75
Right platform
High asset quality
Robust region
Active customers
Outlook 2012

Continued uncertain macro and regulatory environment in 2012

SEB’s growth plans and relationship focus remains

Maintain balance sheet strength and improve efficiency further
The leading relationship bank in our part of the world

Cover photograph by Sven Golz