



**Morgan Stanley European Financials
Conference, London 27 March 2012**

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SEB

In the new world, what are SEB's priorities?

Relationship banking as the key franchise driver

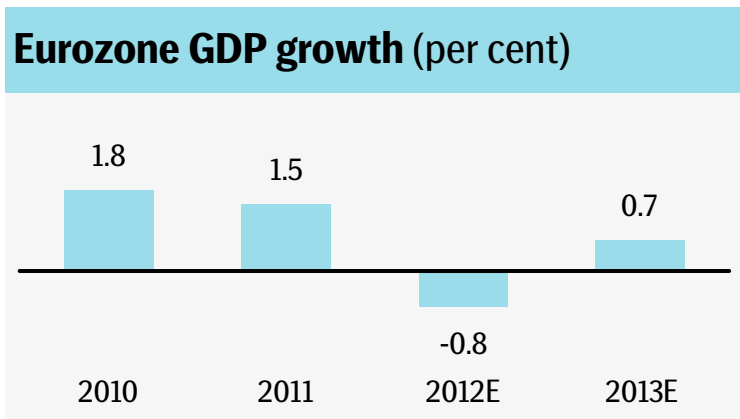
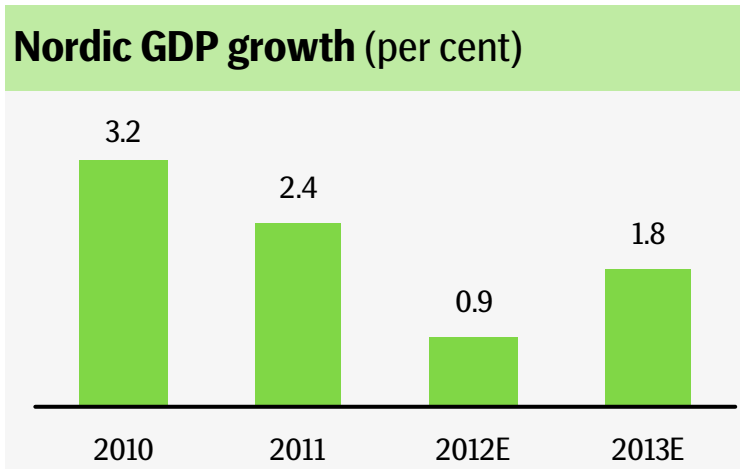
Response to the new regulatory landscape

Structural enhancement of profitability



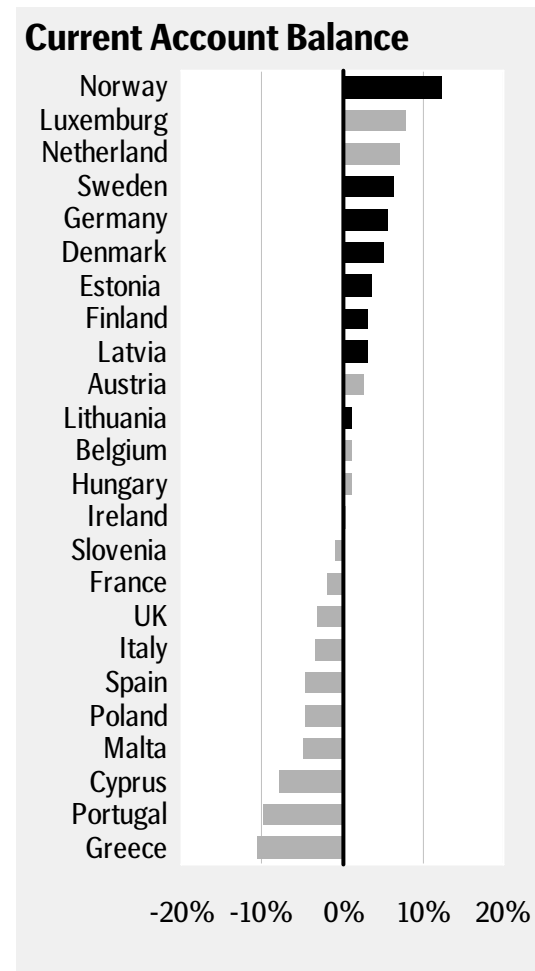
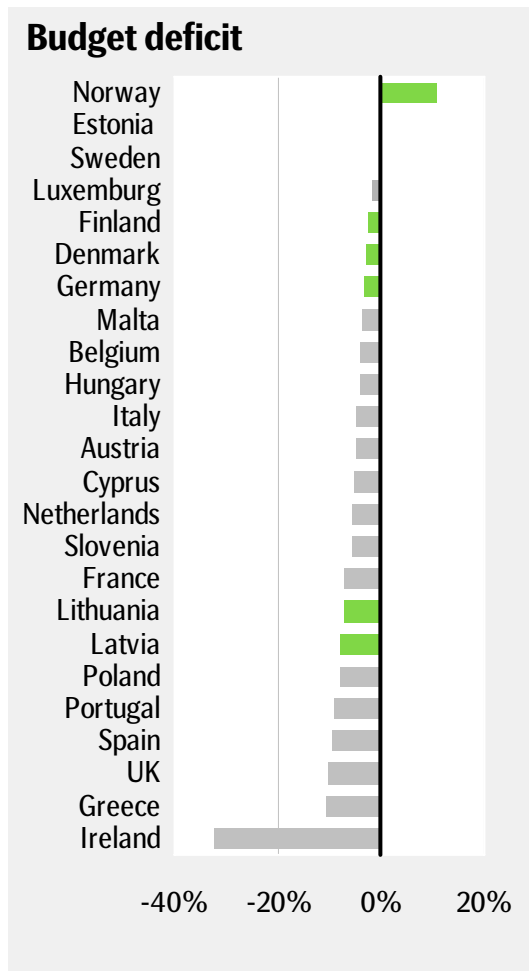
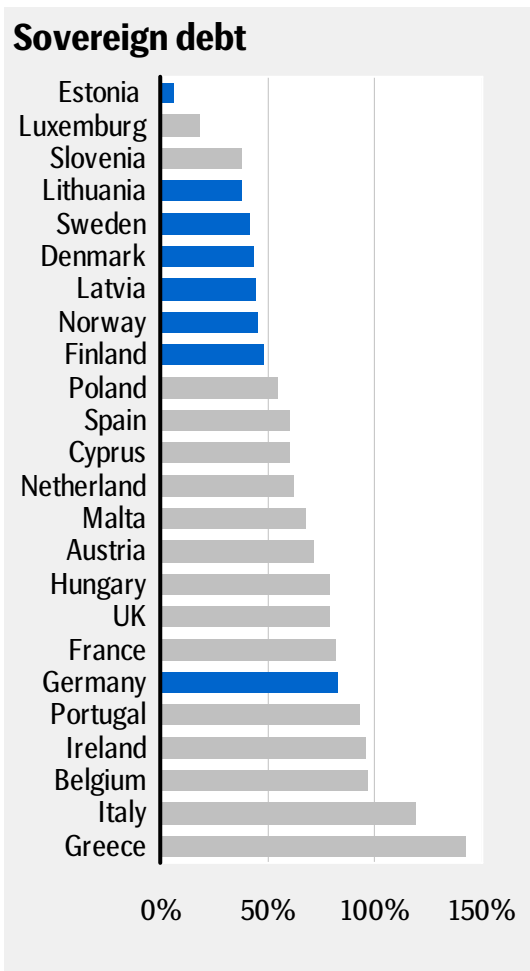
Relationship banking as key franchise driver

Fundamentals remain robust in Northern Europe



SEB's Core Markets enjoy strong sovereign finances

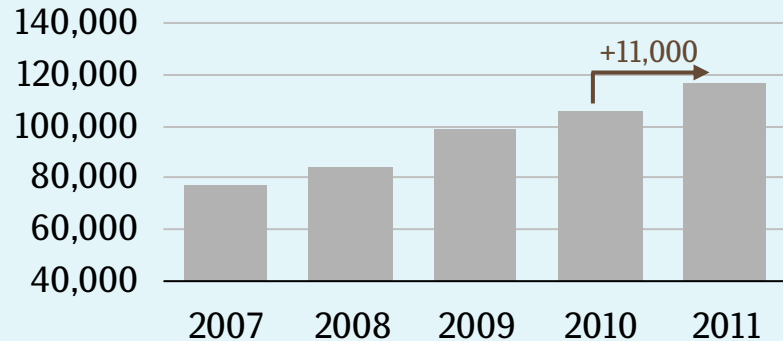
% of GDP



Source: Datastream

Successful repositioning in the Swedish SME market

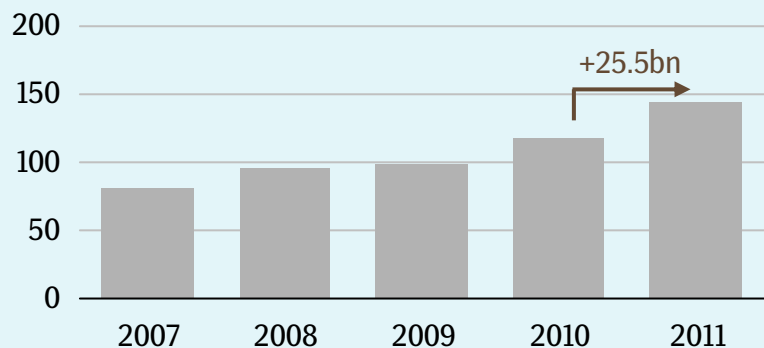
Growing number of clients



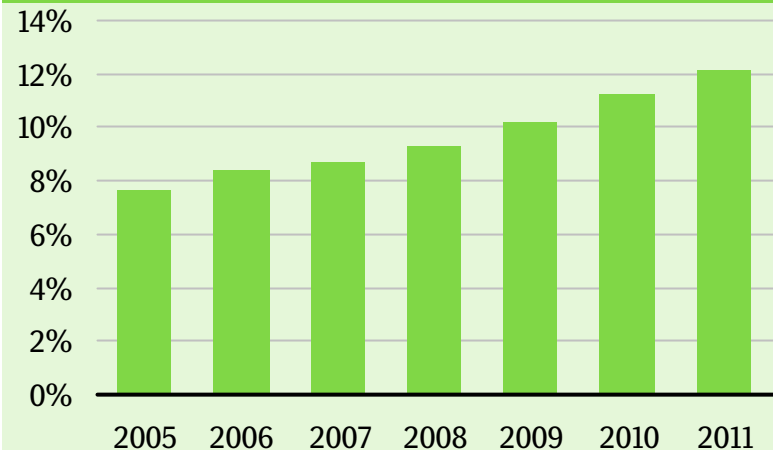
Availability and offerings



Corporate loans and commitments, SEK bn



Market share

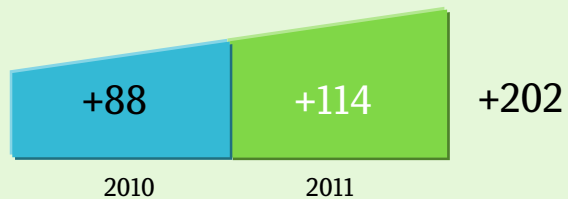


Note: Active cash management customers

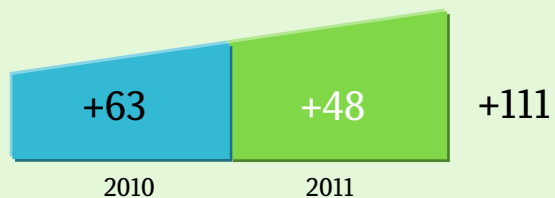
Nordic and German corporate expansion delivers

Nordic & German large corporate expansion

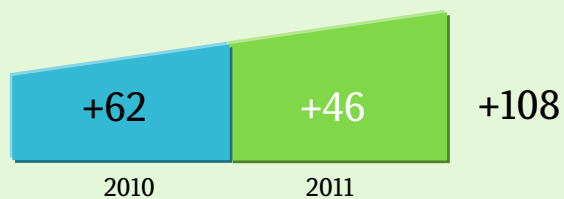
Large cap clients (#)



Client executives (#)

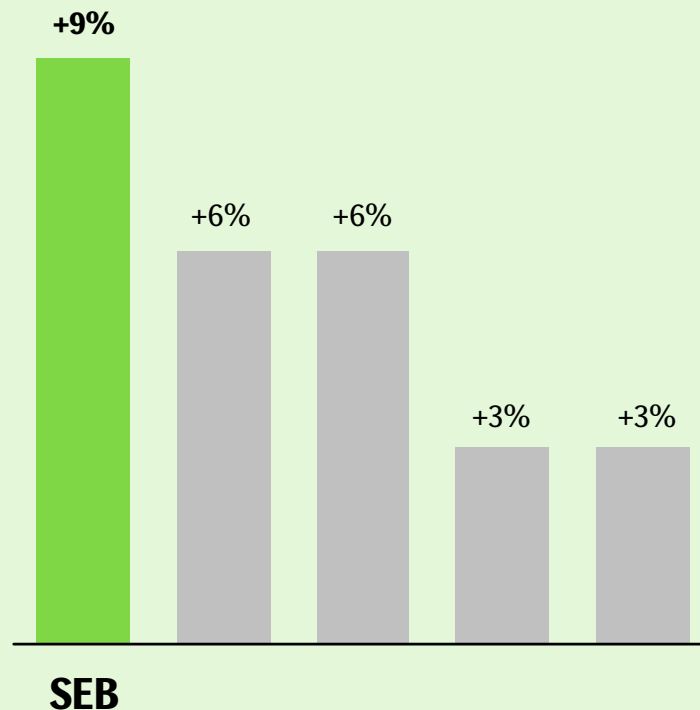


Loans and commitments (SEK bn)



Note: Loans and commitments at constant exchange rates

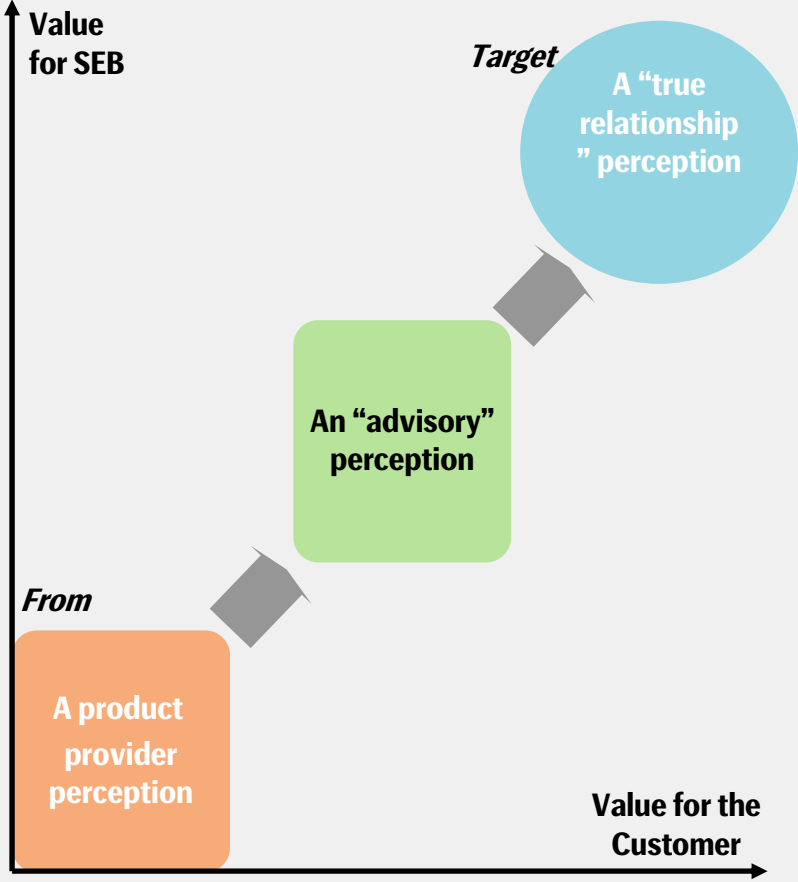
Customers' intention to expand banking services over next 12 months (net)



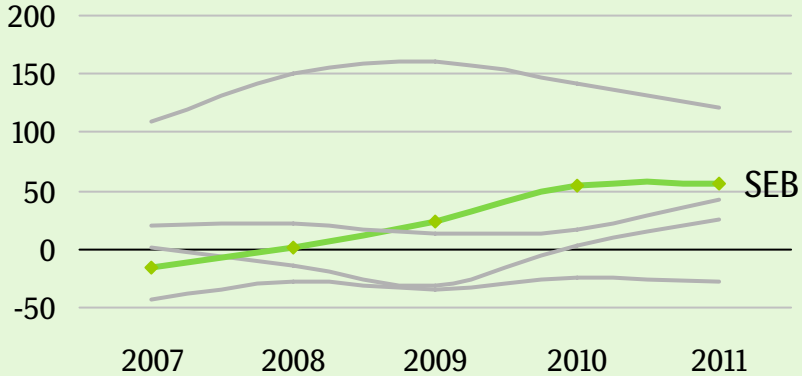
Source: Corporate Banking year-end 2011 Nordics

Example: SEB in Finland

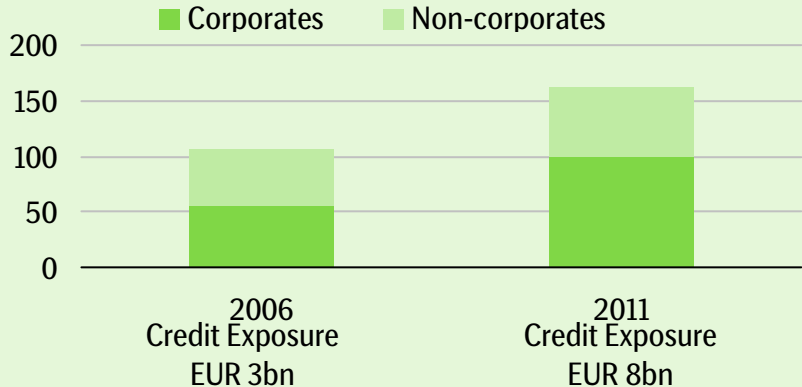
Transforming the business



Increased customer satisfaction (Quality index)

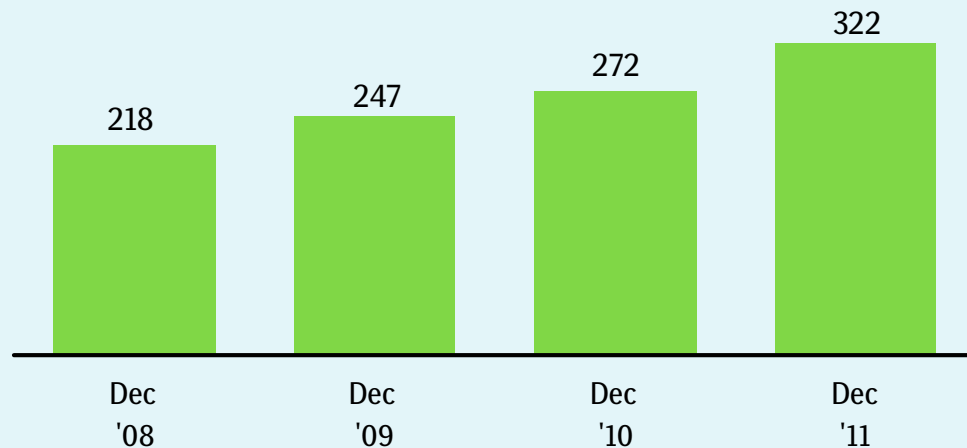


Increased income and credit exposure (EUR m)



Increased presence in the Swedish household mortgage market reflects SEB's customer base

Swedish mortgages, SEK bn



Selective origination

- Over-proportionally represented in higher income segments
- Above market average credit quality*
- LTV on new lending <60%
- Multi-product focus

Low LTVs by regional and global standards



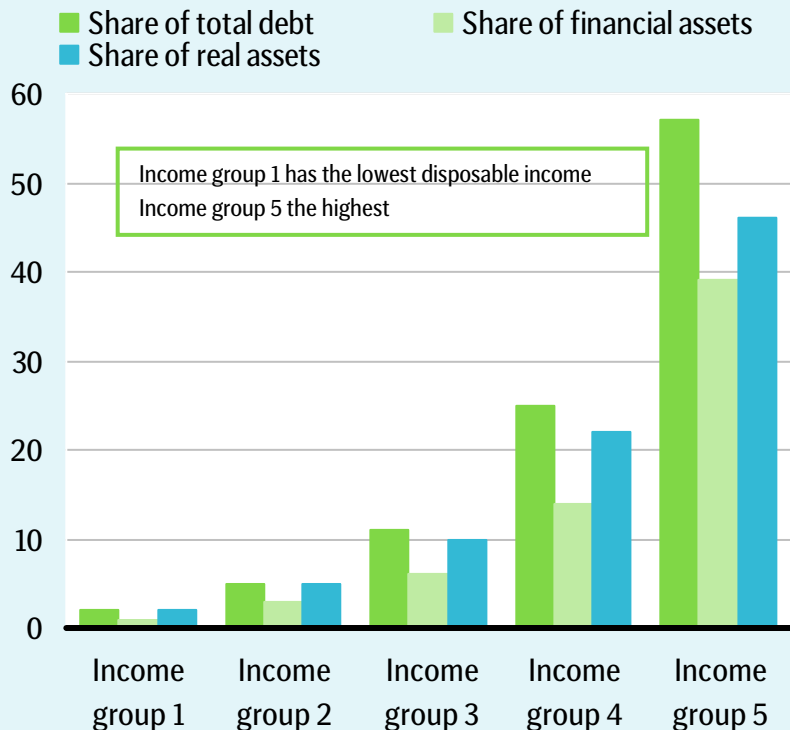
Strict credit policy

- Affordability
- LTV and leverage caps
- Amortisation
- Stress tests

* Source: Swedish Credit Bureau ("UC AB")

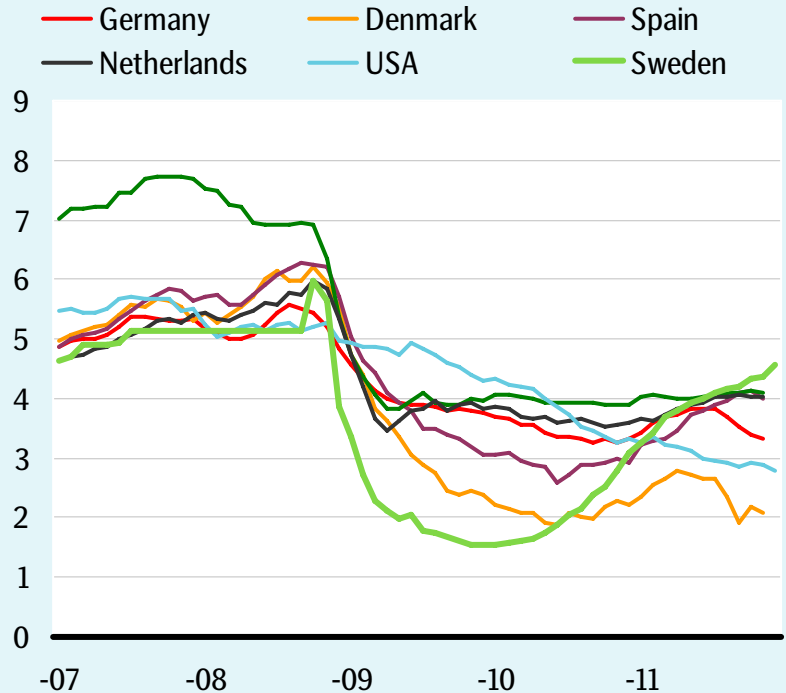
Resilient mortgage market with repricing features

Majority of Assets and Debt held by households with higher income



Source: Sveriges Riksbank Nov 2009

Mortgage lending rates are going up due to stricter regulatory framework



Source: Reuters EcoWin

SEB's response to the new regulatory landscape

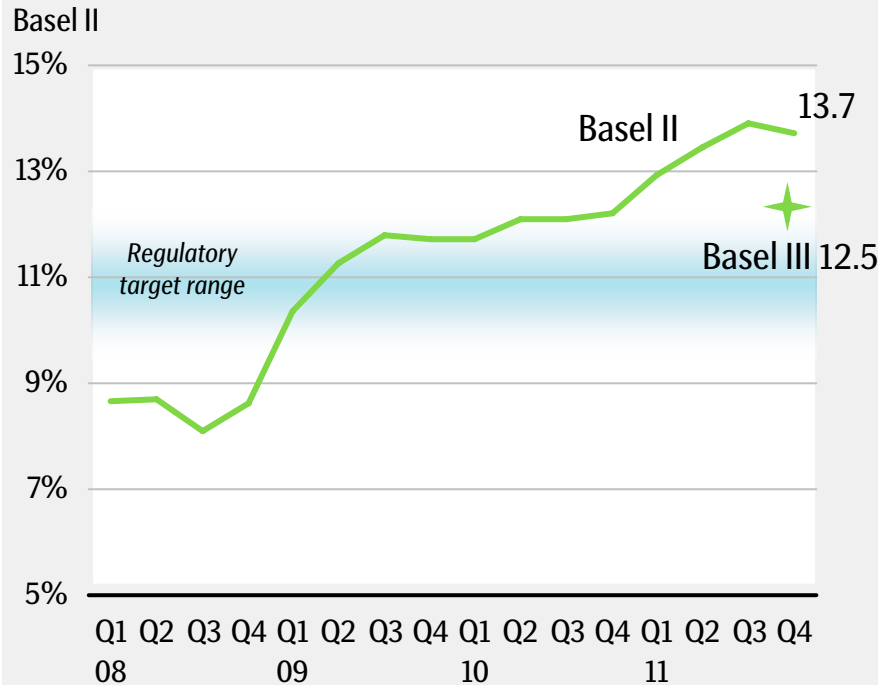
Swedish finish on regulation

Capital		Liquidity	
Common Equity Tier 1 Ratio	> 10% by 2013	Liquidity Coverage Ratio	> 100% by 2013
Common Equity Tier 1 Ratio	> 12% by 2015	Net Stable Funding Ratio	> 100% by 2018/19
Countercyclical buffer	0-2.5% by 2013	[TBD]	



Strong capital situation

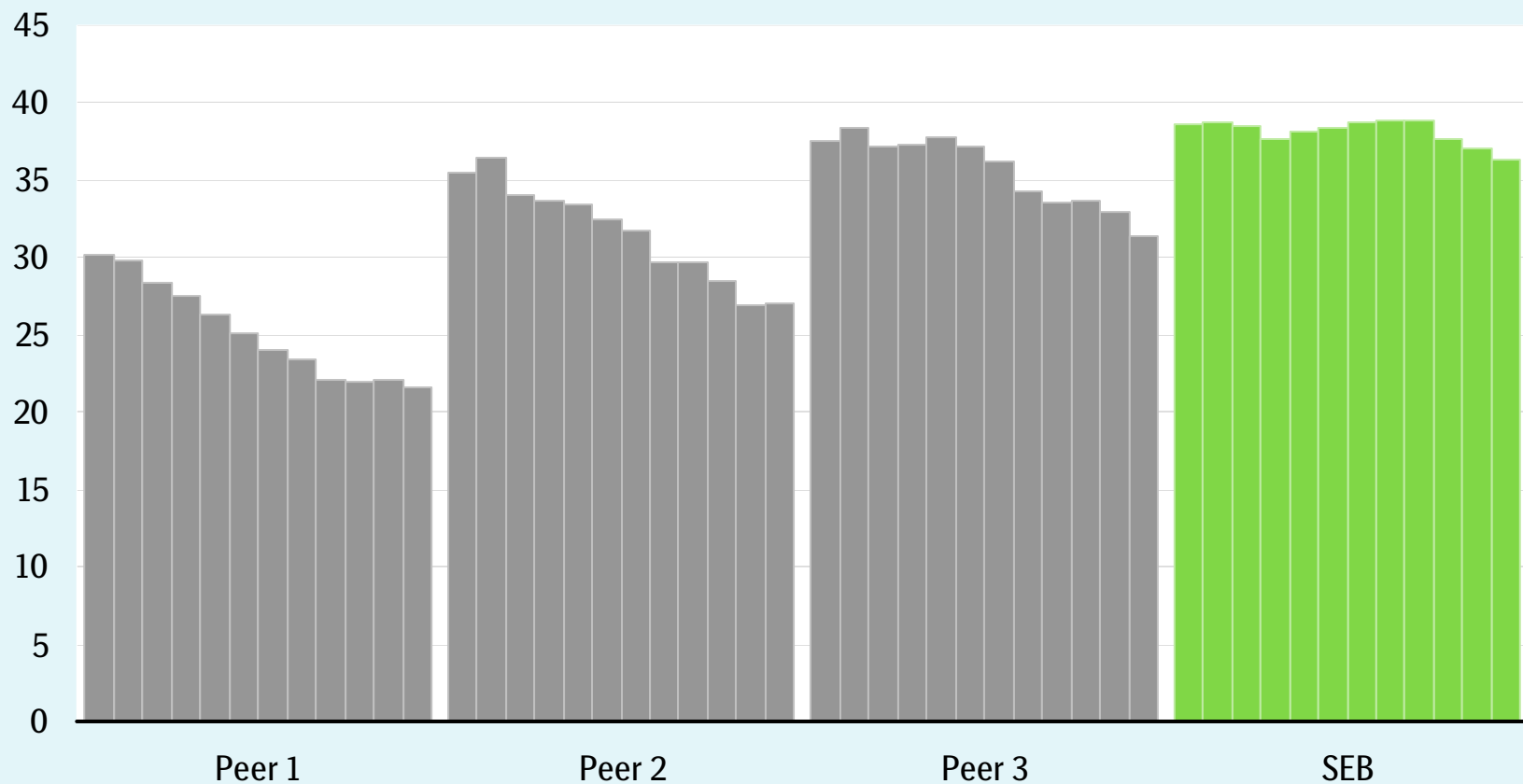
Core Tier 1 ratio (per cent)



- ✓ Maintain buffer to minimum regulatory levels
- ✓ RWA stable in continuing operations. Lending to high-quality customers and increased use of collateral for RWA purposes offset Basel 2.5 effects and volume growth.
- ✓ Regulatory treatment of IAS 19 still not clarified

SEB has maintained conservatism across all customer segments in terms of risk modelling RWA

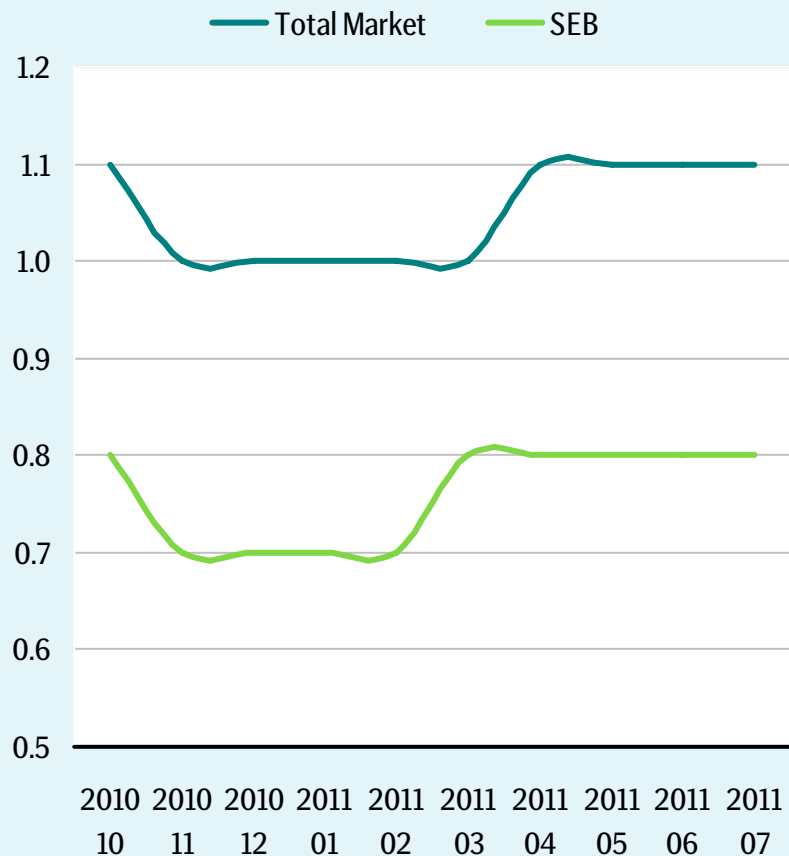
Basel II total IRB risk weight, per cent, Q1 2009 – Q4 2011



SEB has the most conservative view on the residential mortgage market despite highest quality

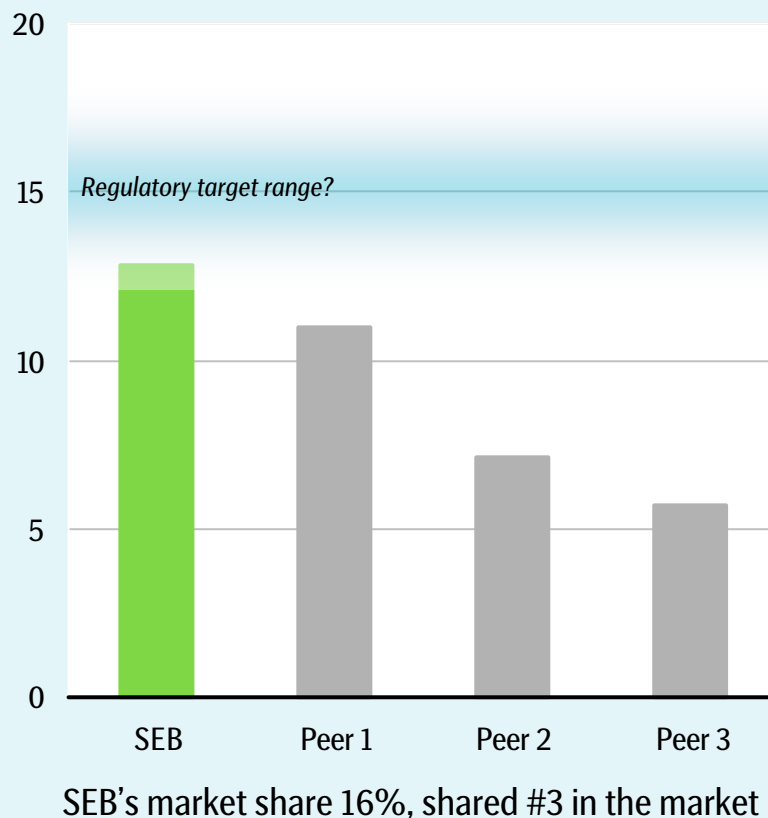
The highest quality of mortgage customers

Household Mortgage Sweden - UC risk score (similar to FICO)



The most conservative average risk weight

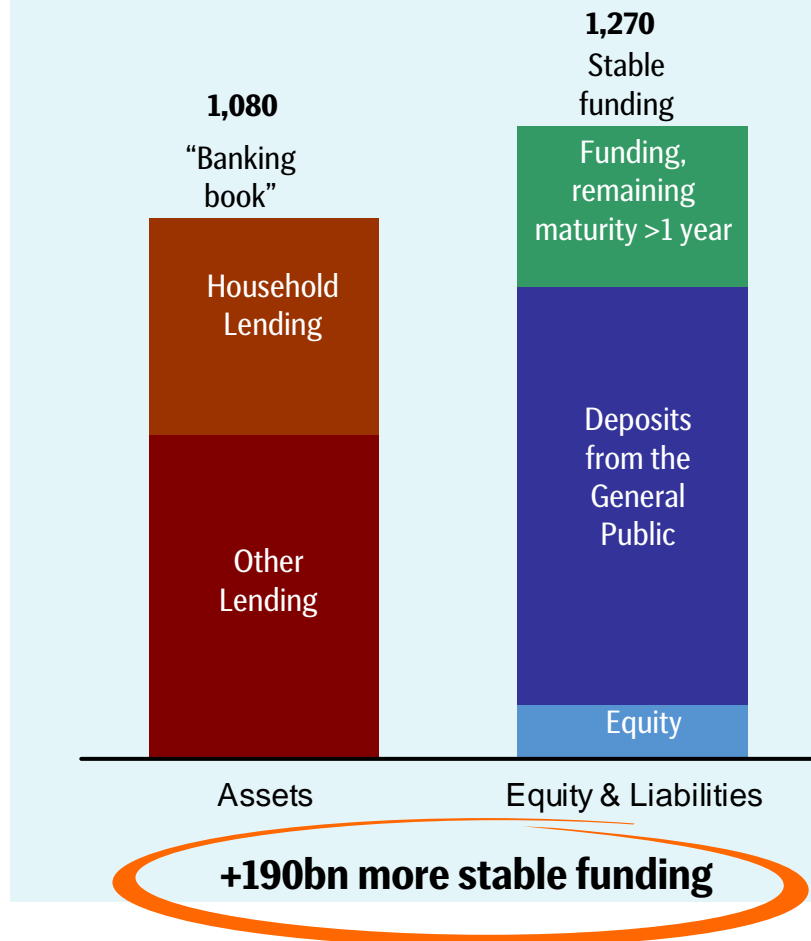
Basel II reported risk-weight for residential mortgage lending. Dec 2011



Solid funding and deposit situation

Balance sheet structure

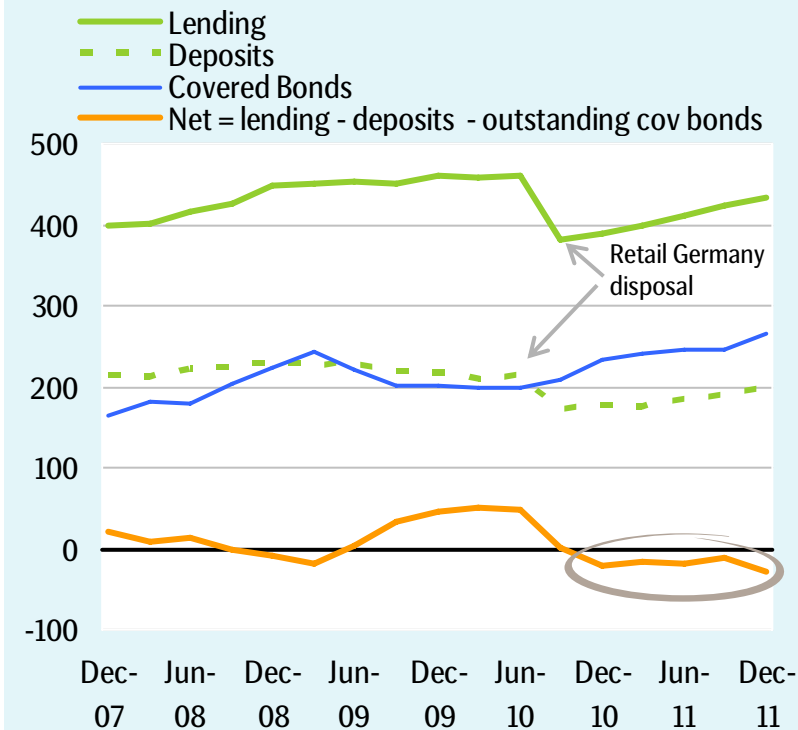
Dec 2011, SEK bn



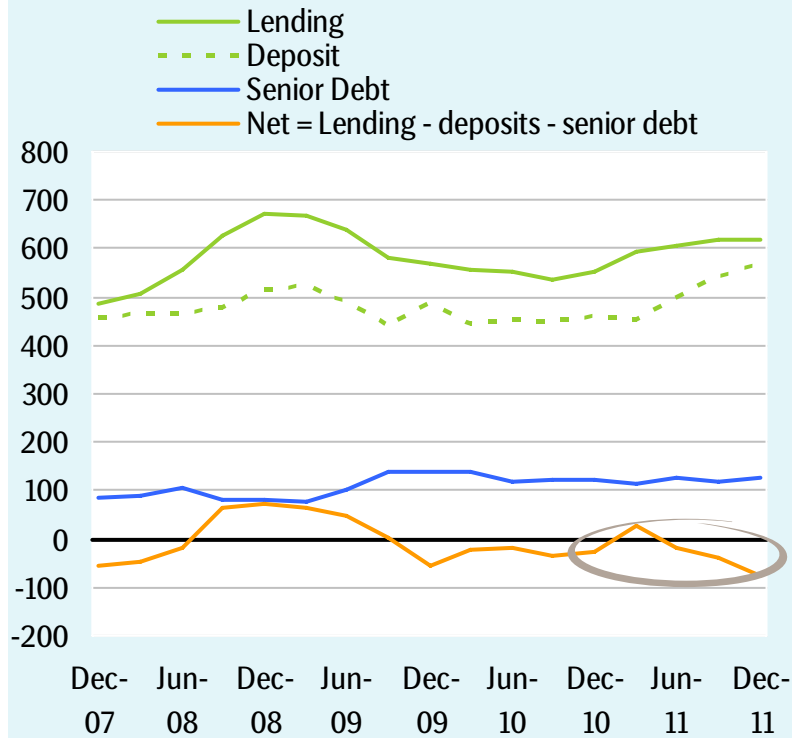
- ✓ Structurally sound balance sheet
- ✓ Loan-to-deposit ratio excluding household mortgage lending 92%
- ✓ Unutilised capacity for covered bonds SEK 123bn vs total LT senior funding of SEK 108bn

Loan growth funded through deposit growth and issued long-term covered and senior bonds

Household lending, deposits and covered bond funding



Corporate & public lending, deposits and senior bonds

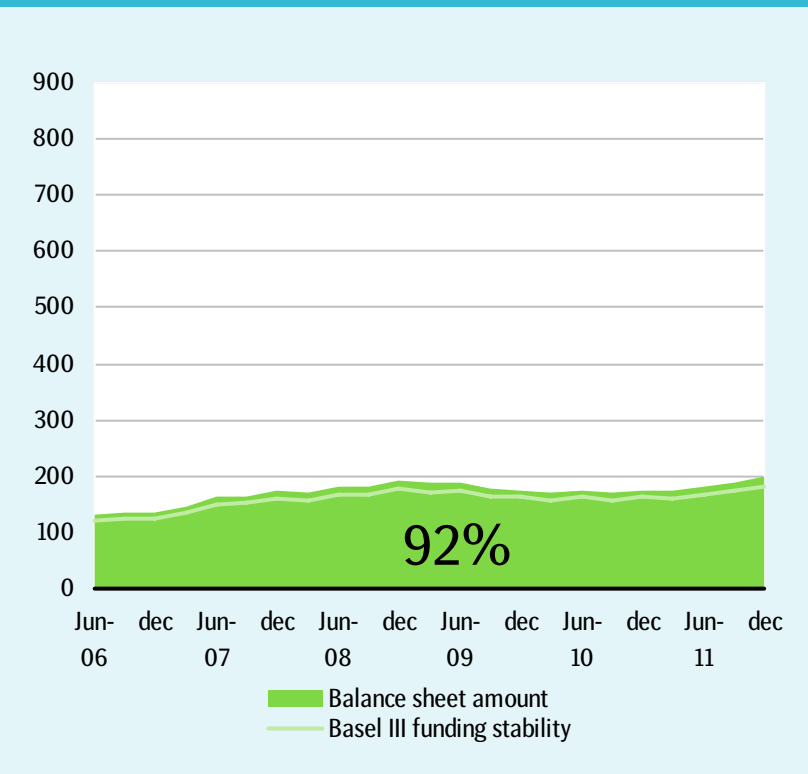


Stable net funding base

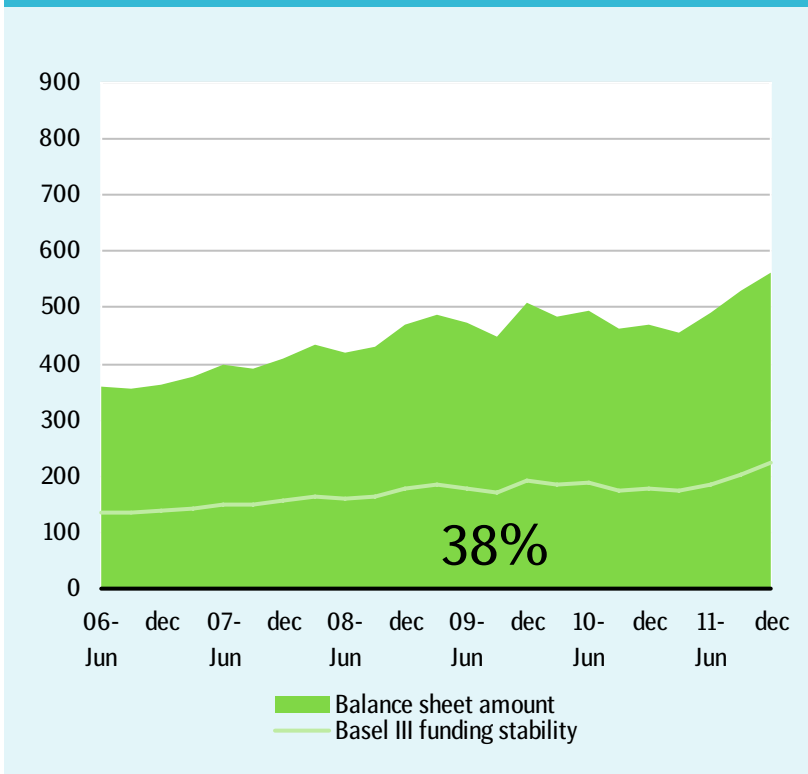
SEB's stable corporate business is not captured in Basel III

Example: accredited stability in structural liquidity ratio ("NSFR")

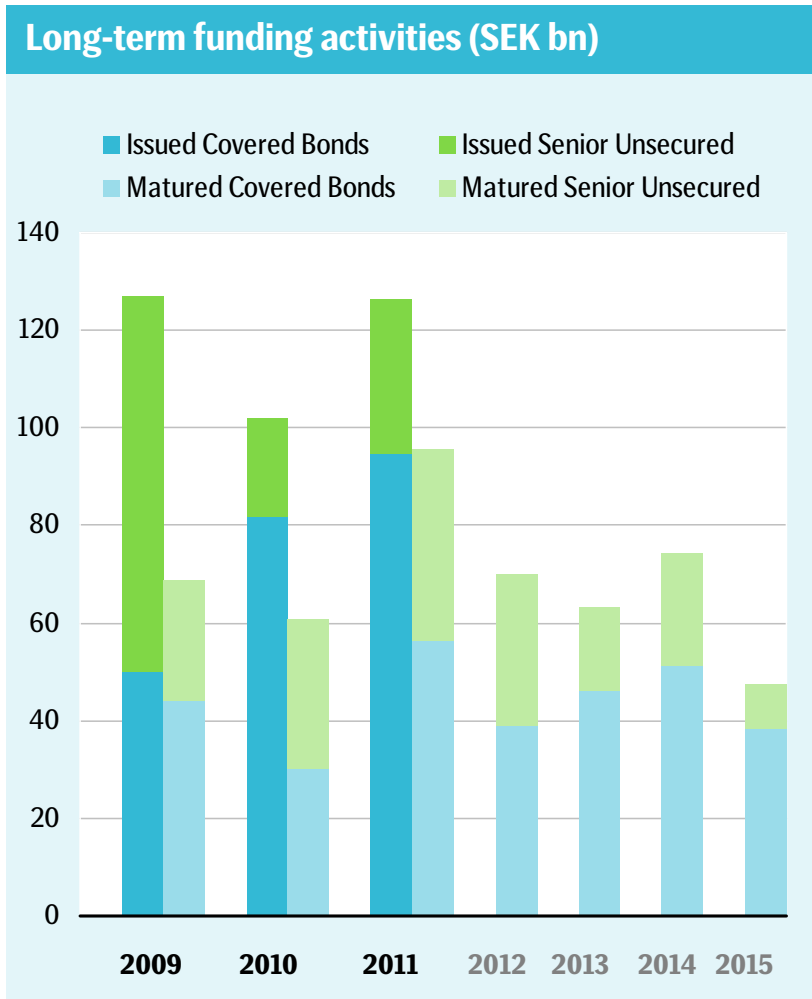
SEB's household deposits, SEK bn



SEB's corporate deposits, SEK bn



Inbound flight-path to NSFR compliance by “2018”

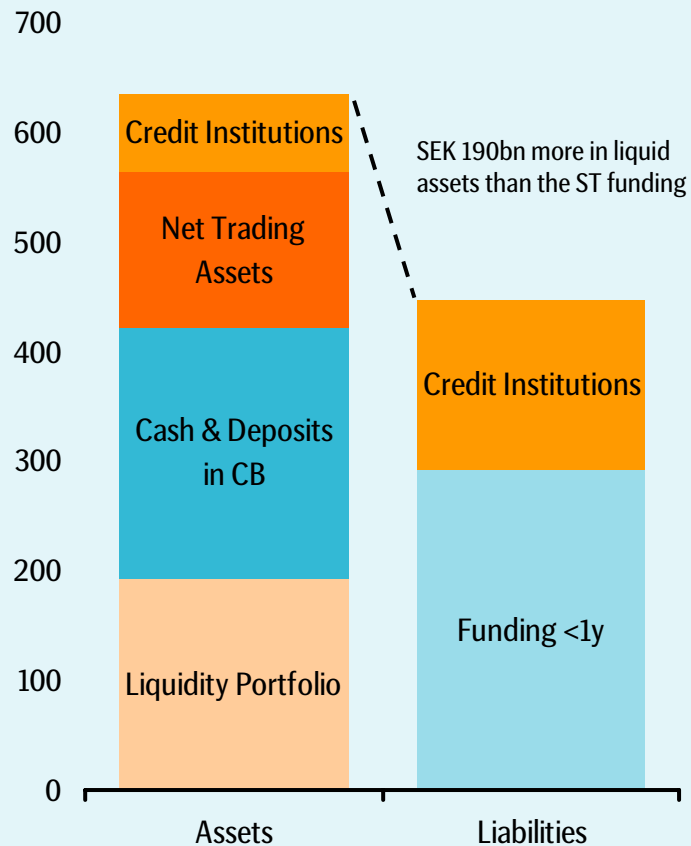


- ✓ Reduced long-term debt dependence for current lending due to proactive pre-funding
 - Issuance exceeding maturities 2009-2011
 - Modest refinancing needs 2012-2015
- ✓ NSFR below 100% due to exclusion from Available Stable Funding of a number of funding sources - e.g.
 - 50% allowance of unsecured wholesale / corporate deposits
 - 0% allowance of all other (non-deposit, non-stable, financial corporates etc)

SEB will be LCR compliant by 2013

Liquid resources / Short-term funding

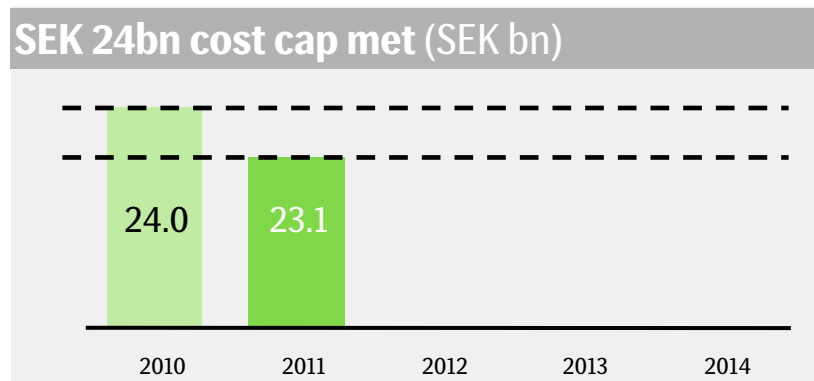
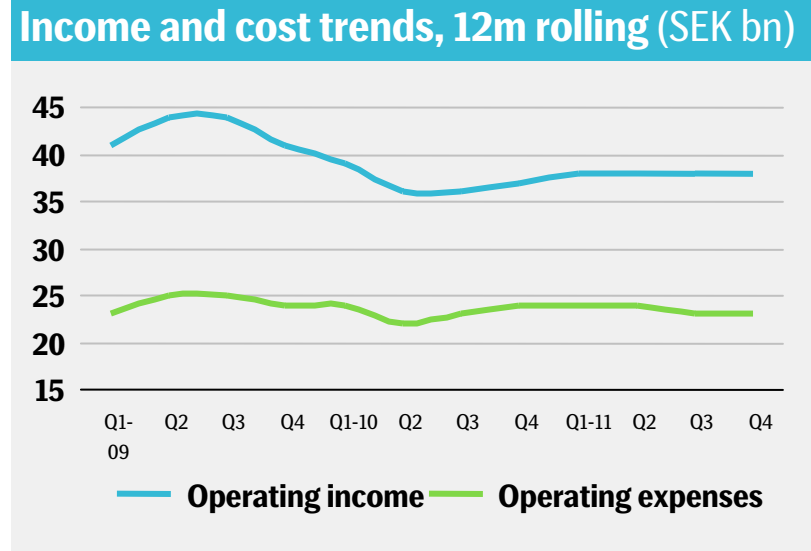
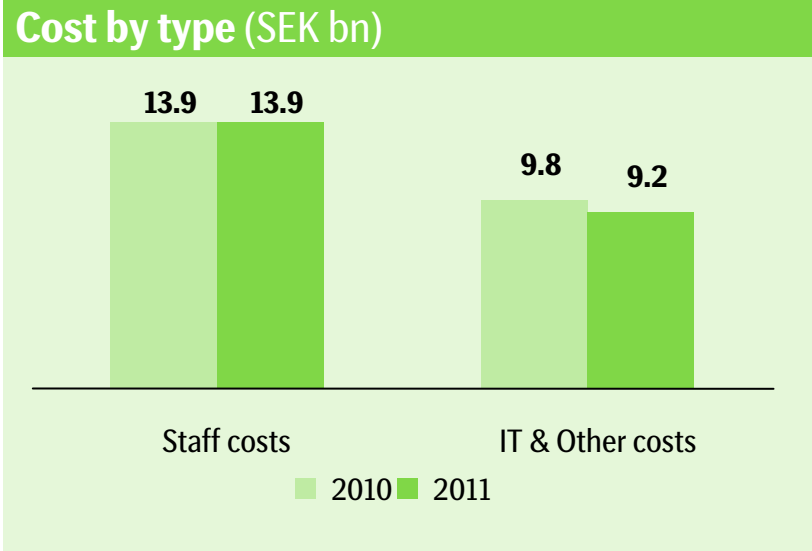
December 31, 2011, SEK bn



- ✓ SEB has a very liquid balance sheet
- ✓ LCR at 95 per cent end of 2011 and above 100 per cent in EUR and USD
- ✓ 60 per cent of core liquidity reserve invested in central banks due to limited availability of AAA-rated papers in local markets
- ✓ LCR varying heavily due to its short-term nature
 - deposit base development
 - excess liquidity investments

Structural enhancement of profitability

Flat costs

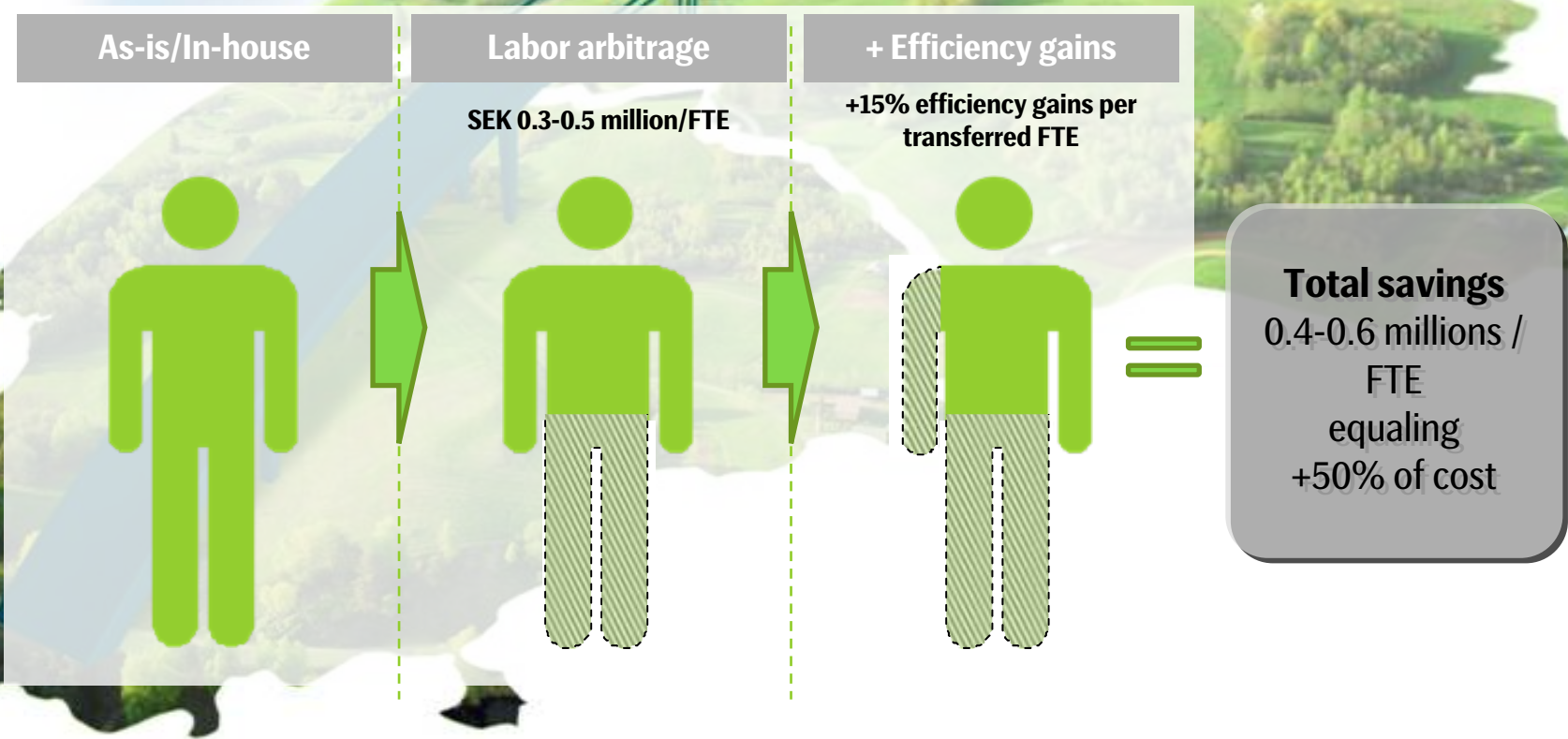


Example: Efficiency boost from off shoring

Established support centre in Riga 2006 and in Vilnius 2008

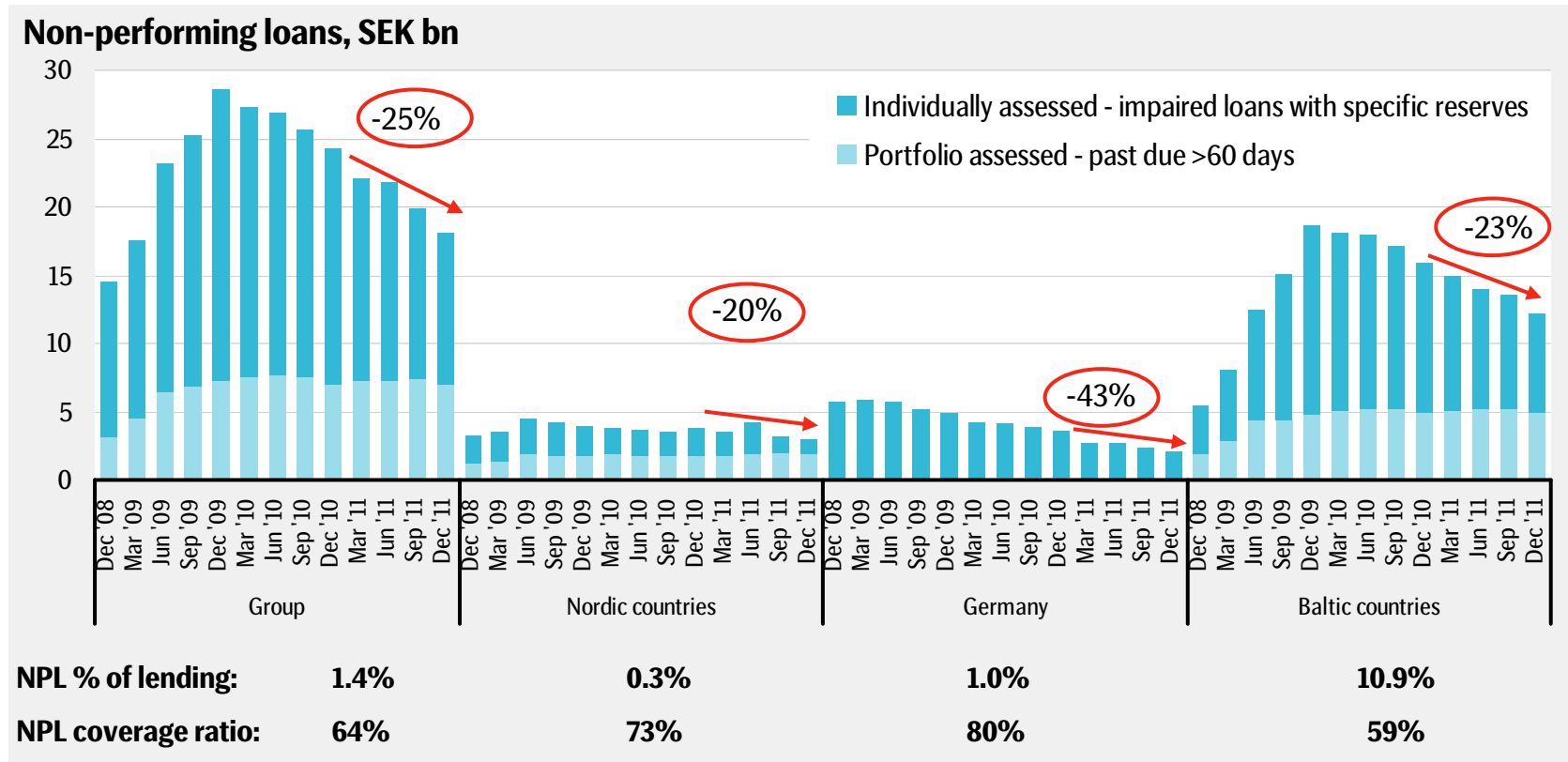
470 employees

Group Operations, Accounting, HR and IT



The business case for captive sourcing is strong, with 50%+ savings of cost base

Substantial reduction of SEB's non-performing loans



6 bps credit loss level outside Baltics
(average over 10 year period)

Sum-up



Robust region



Balanced growth



Cost management



High asset quality

S|E|B



The leading
relationship bank
in our part
of the world

