

*SEB's transformation to a stable customer-driven corporate bank*

**UBS – Nordic Financials conference**  
Stockholm, 19 September 2012

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President & CEO

**SEB**

# The message from last year's conference...

**Stability**



**Sustainable growth**



**Continuous improvement**



# ... is unchanged and the strategy remains firm



**1** Universal bank in Sweden and the Baltics

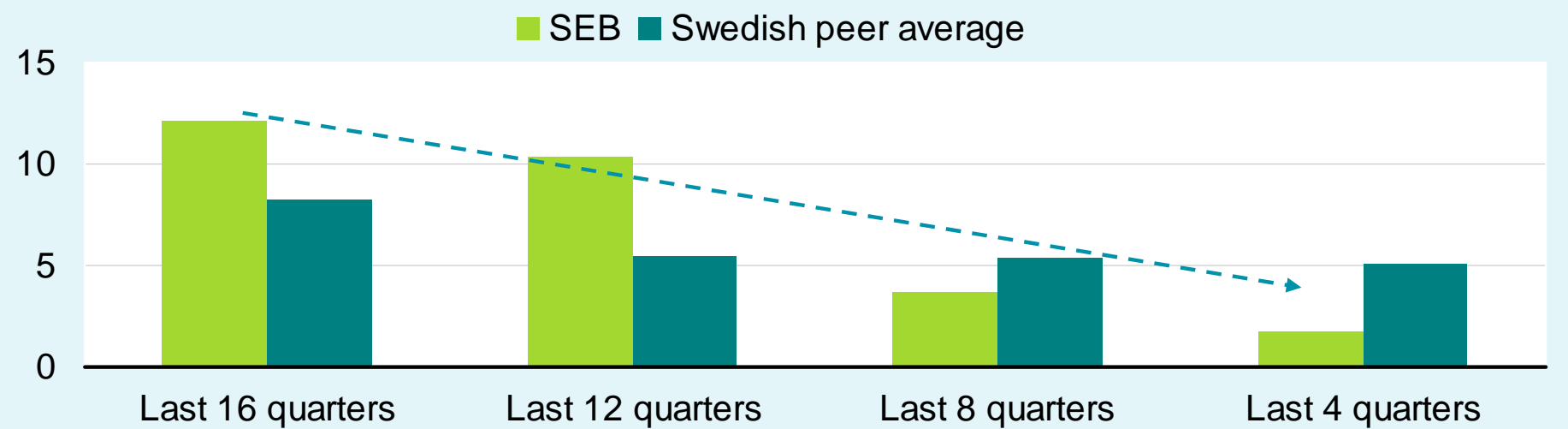
**2** Corporate bank in the Nordics and Germany

**3** Resilience and flexibility:  
Capital, liquidity and costs

# Strategic actions to reduce income volatility...

				
<p>Divestment of non-core businesses</p>	<p>Reduced size of investment portfolios</p>	<p>Secured funding and liquidity reserves</p>	<p>Maintained high asset quality</p>	<p>Growth in areas of strength</p>

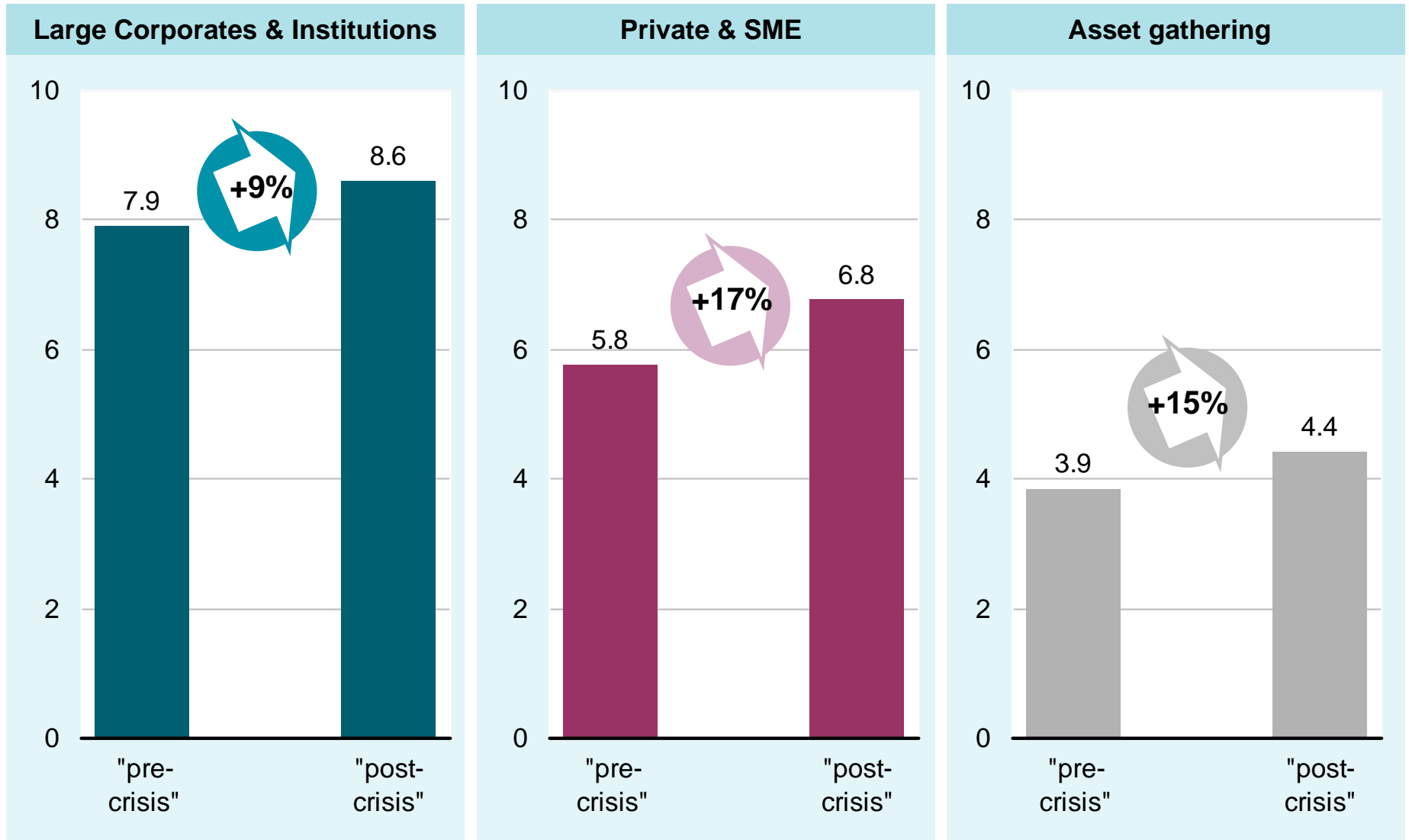
## Income volatility, Q2 2008 – Q1 2012 (per cent)



Source: Nordea Equity Research, June 2012

# ...are supportive of long-term growth...

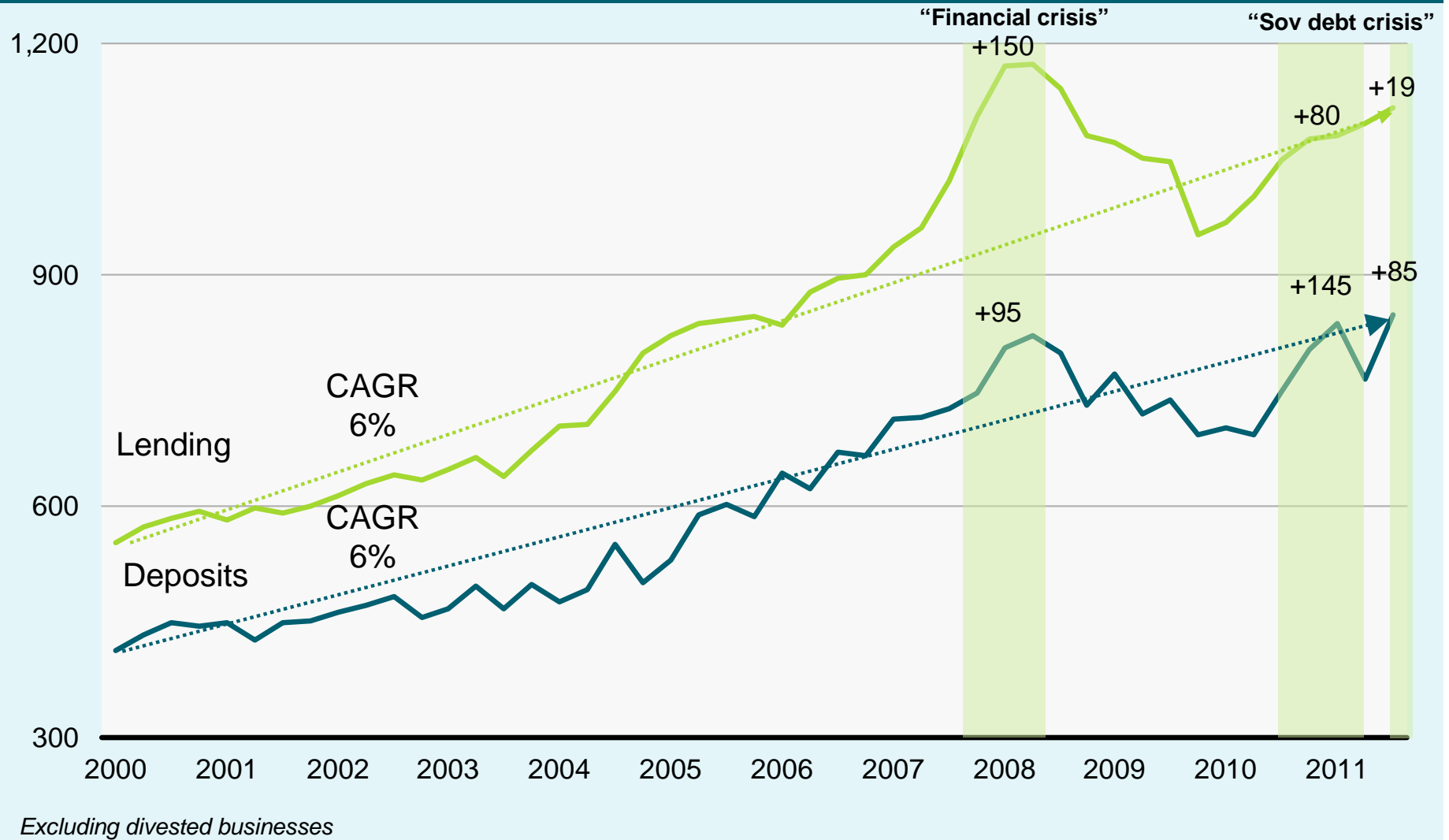
Operating income, SEK bn



"pre-crisis" is H1 2006; "post-crisis" is H1 2012

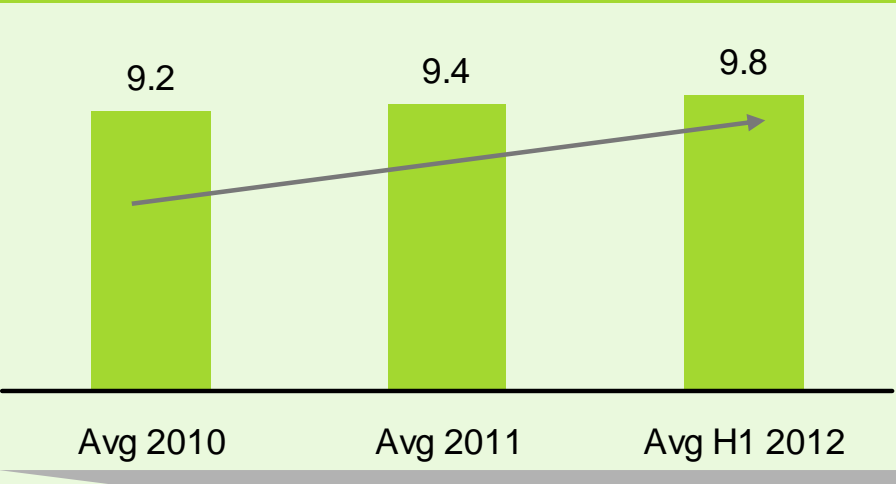
# ...over a long period of time

## Lending to and deposits from corporates and households (SEK bn)

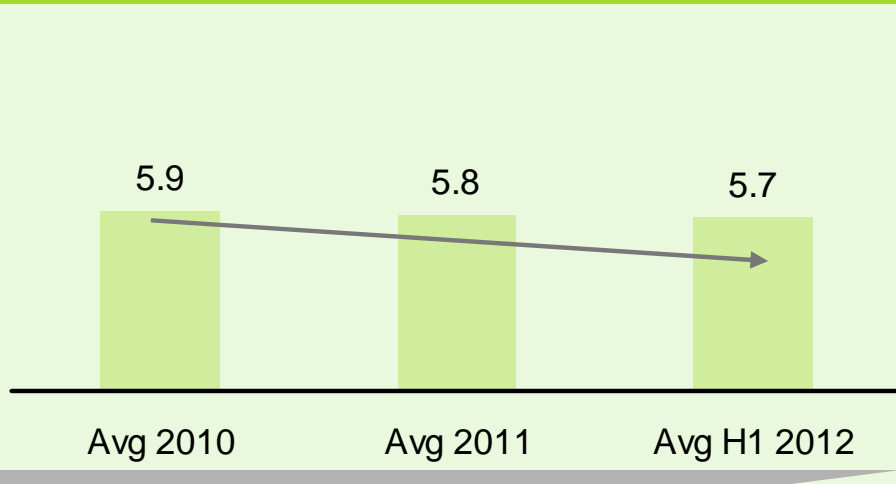


# Increased operating leverage

Average quarterly income (SEK bn)

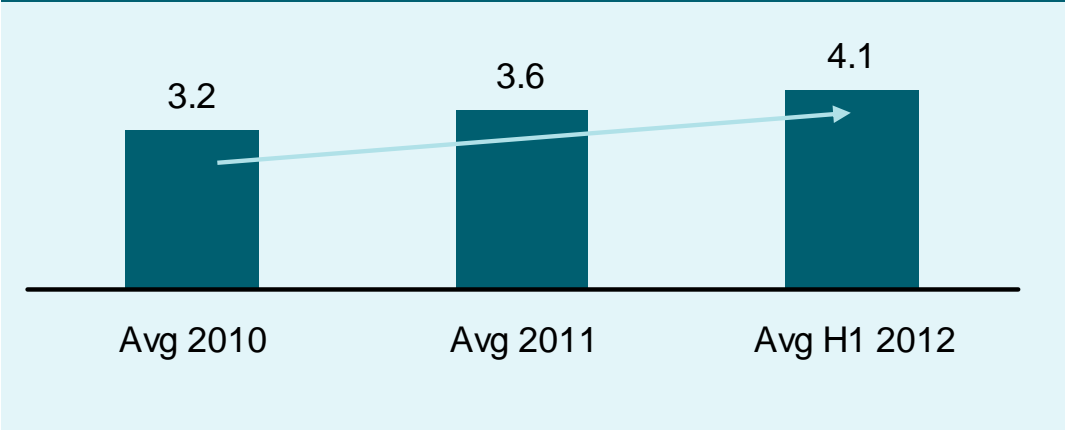


Average quarterly expenses (SEK bn)



Operating leverage

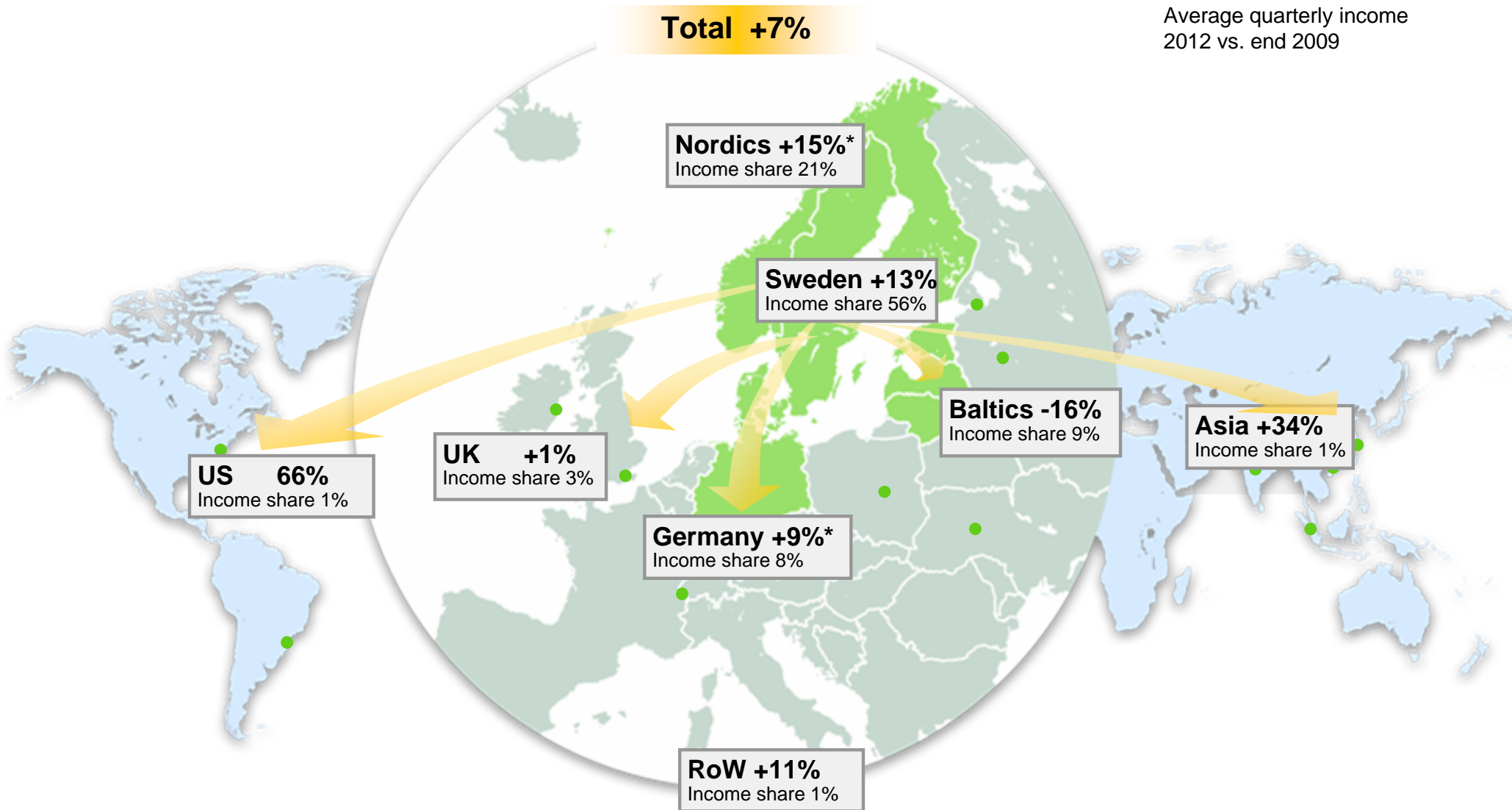
Average quarterly profit before credit losses (SEK bn)



# Following in our customers' footprint

SEB Group income growth since growth initiatives started in 2010

Average quarterly income  
2012 vs. end 2009



\* Nordics reflect Merchant Banking's strategic expansion in Denmark, Finland and Norway, including other divisions the growth rate is 3 per cent.  
All numbers exclude divestments.

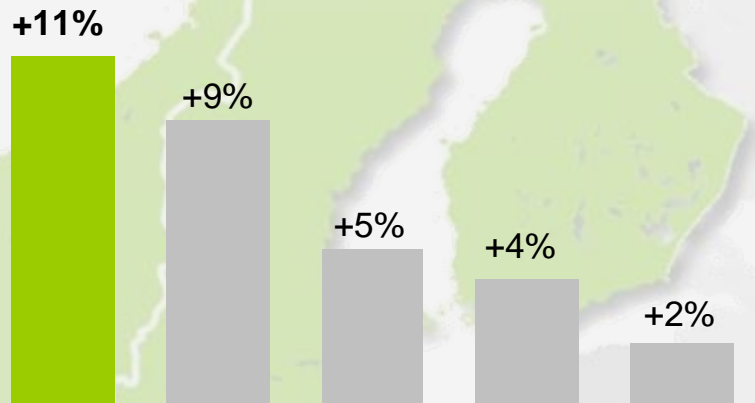


# Large Corporates: Progress of Nordic expansion

Perception in 2010 turned reality in 2011



**2010: Customers' intention to expand banking services over next 12 months (net)**

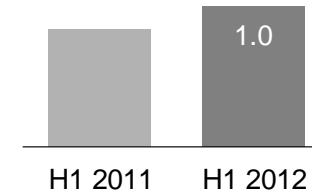


**SEB**

## Operating profit growth (SEK bn)



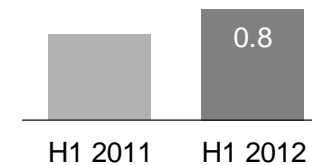
+20%



+22%



+29%

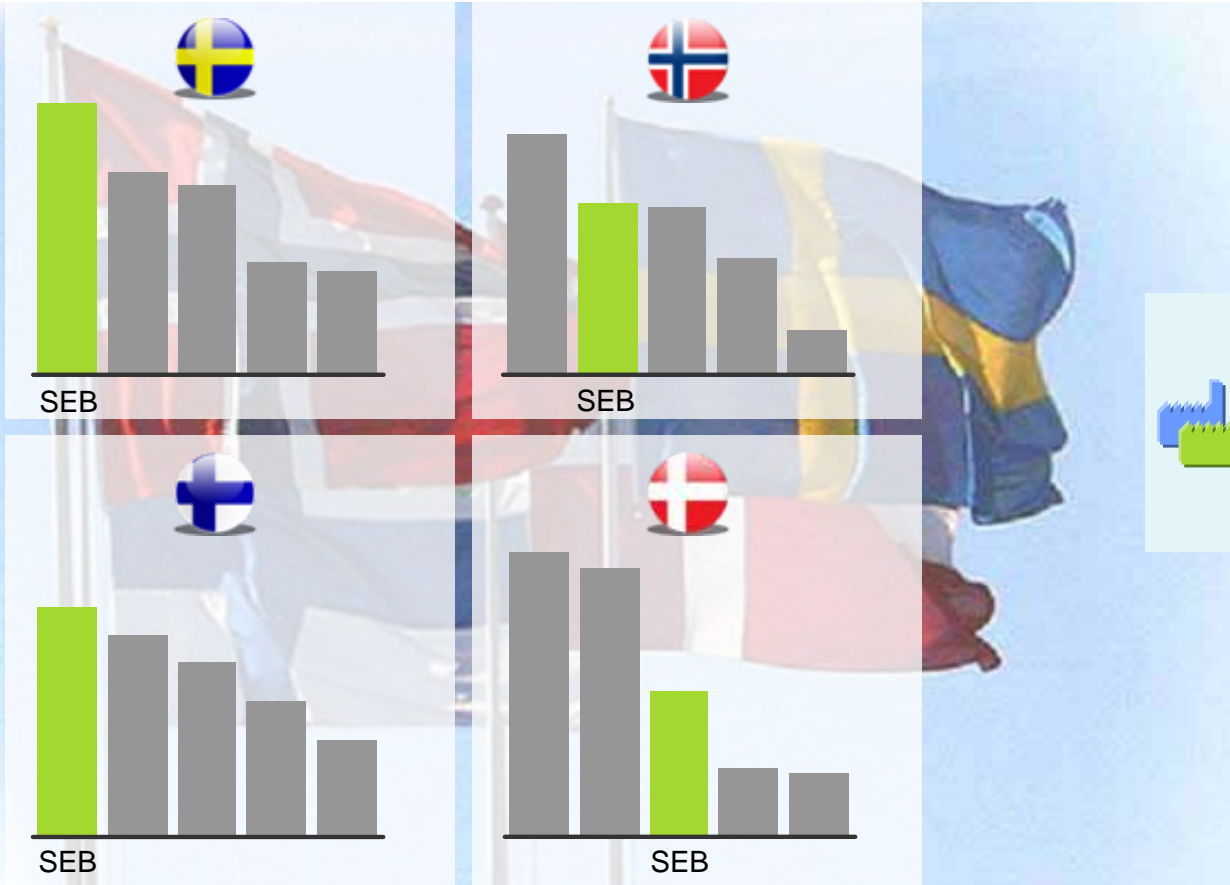


(total country contribution to Group's SEK 7.7bn operating profit)



Source: Corporate Banking year-end 2010 Nordics

# For the first time SEB named Best Bank for Large Corporates and Institutions in the Nordics 2011

Voice of the customer:  
 SEB is the **#1 wholesale bank** in the Nordics

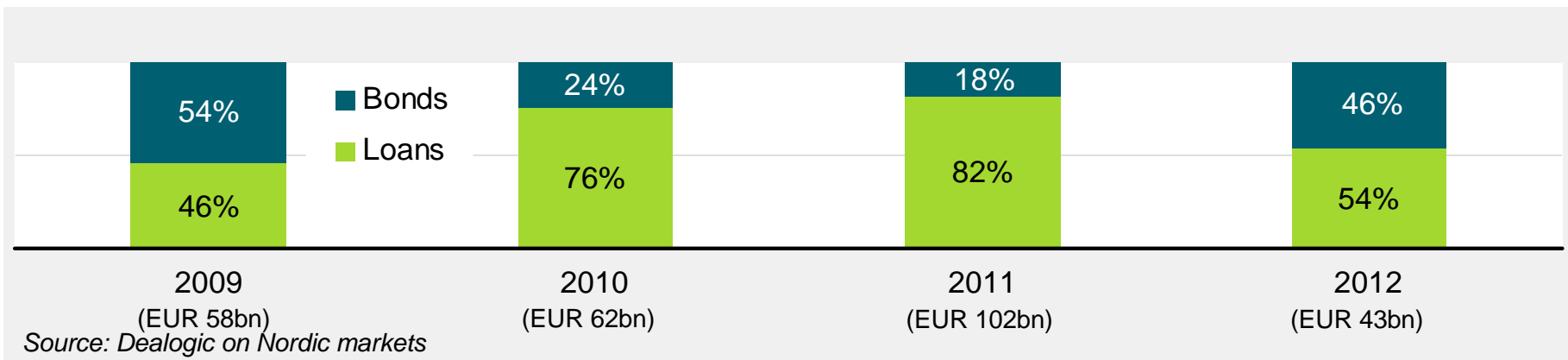


Since launch 2010


**Large cap clients:**


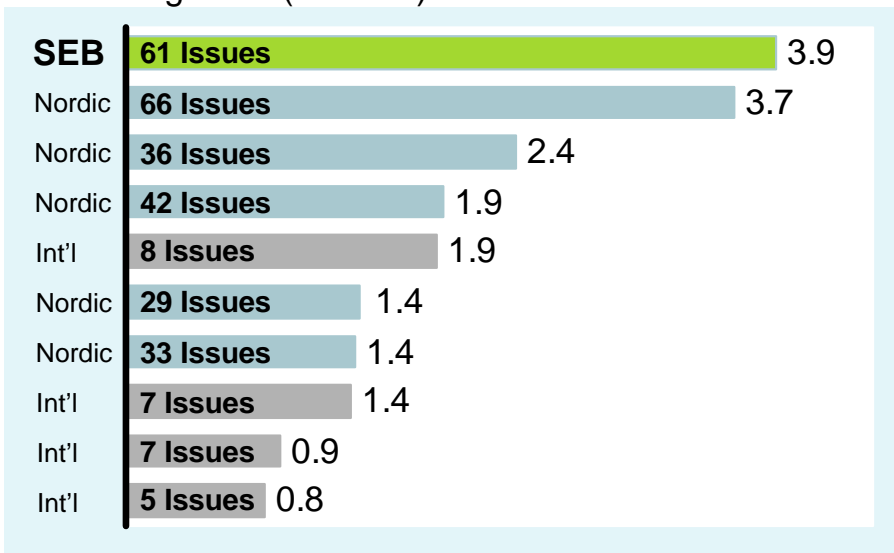
Note: Country scores 2011 (right-hand graph). The result is based on 62 surveys across the Nordics. Source: Prospera Large Corporates & Institutions Surveys 2011

# SEB well positioned for lending and bond financing – “Disintermediation agnostic”



## Nordic League Tables – Corporate Bonds

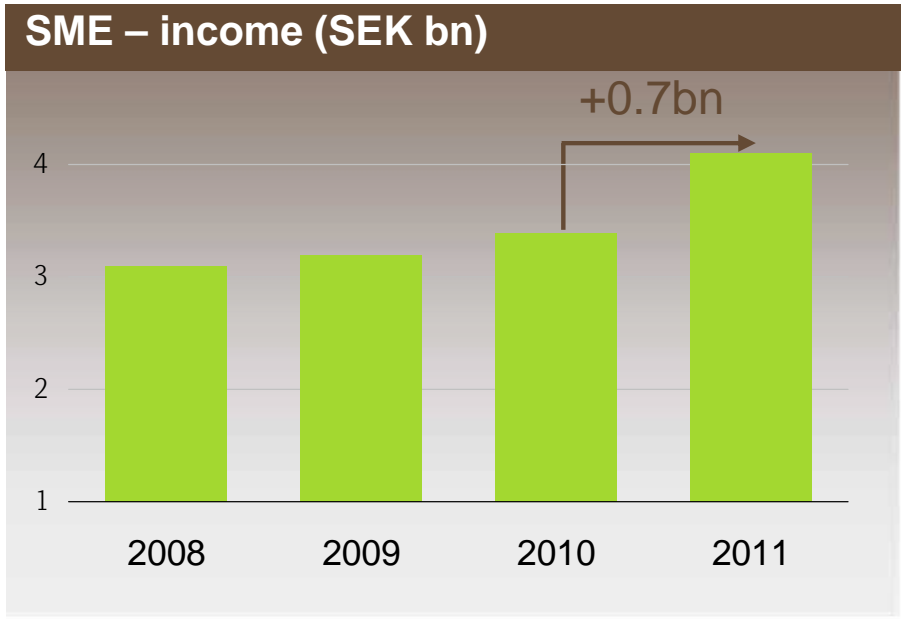
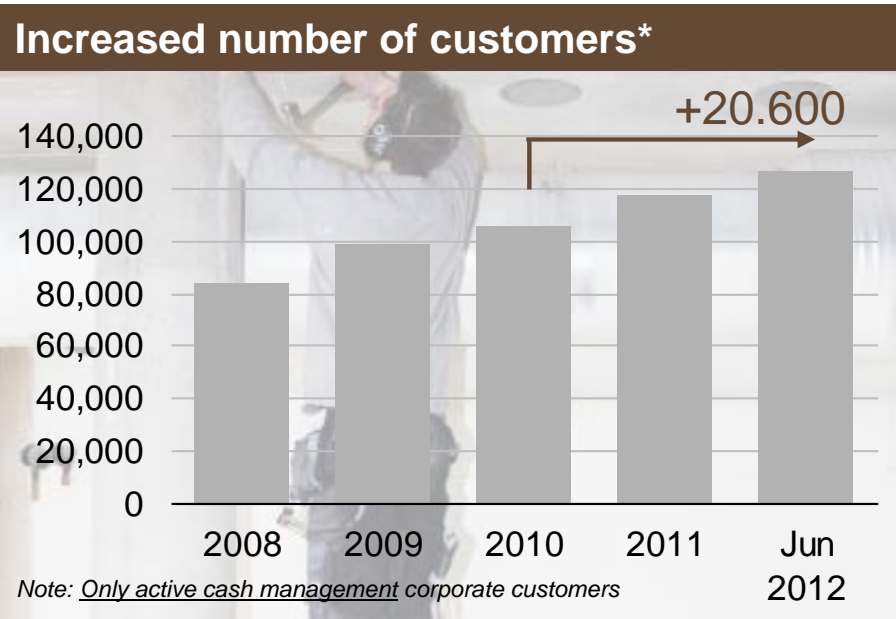
Jan – Aug 2012 (USD bn)



Source: Bloomberg

 <p>1.875% Fixed Bond Joint Lead September 2012/19 EUR 500m</p> 	 <p>3.000% Fixed Bond Joint Lead August 2012/27 EUR 500m</p> 
 <p>5.000% Fixed Bond Joint Lead February 2012/19 EUR 500m</p> 	 <p>2.750% Fixed Bond Joint Lead February 2012/17 EUR 350m</p> 

# Swedish SMEs: Market share steadily increases with 1 per cent per annum – Target 15 per cent



## Standardised solutions

- ✓ Solutions, not products
- ✓ Directly covers 70 per cent of the customers need



## Tailored solutions

- ✓ Advisory
- ✓ International/FX
- ✓ More complex financing
- ✓ Insurance
- ✓ Occupational insurance (corporate paid)



# Swedish SMEs: Step change in customer satisfaction

## Last year: Market recognition



SME bank of the year 2008, 2009, 2011\*

**Our concept –  
“The whole entrepreneur”**



\*No award was announced in 2010

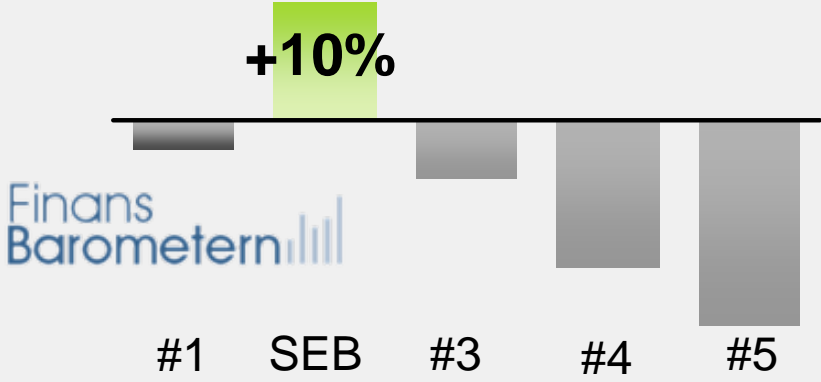
## 2012: SME Bank of the Year

Based on survey of 1,000 micro-SMEs for the first time



## 2012: Business Bank of the Year

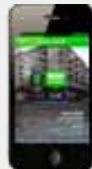
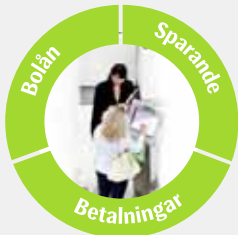
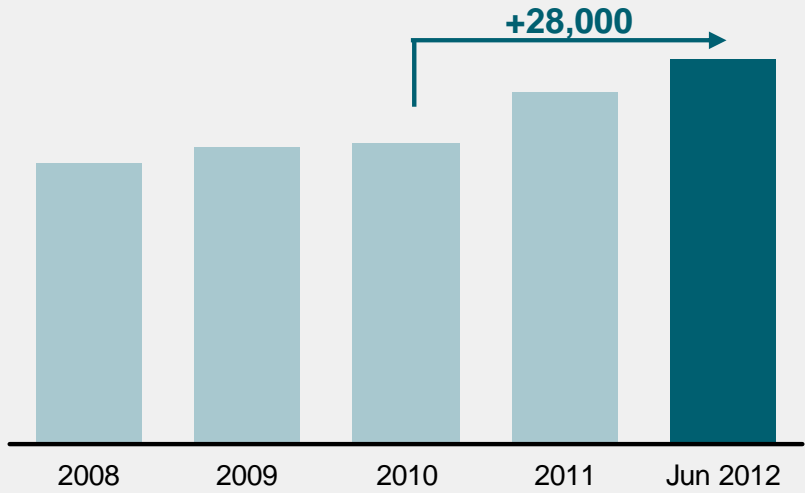
SMEs with turnover >SEK 100m or >100 staff



# Retail Sweden: Continuous growth among private customers enhances franchise

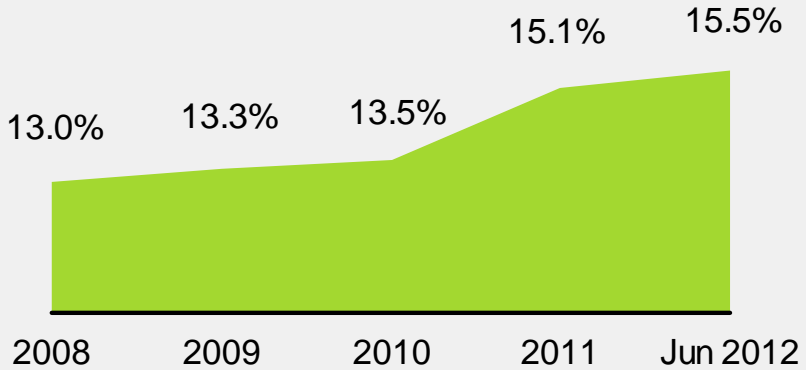
## Growth private market

Full-service customers (thousands)



Source: SCB/Swedish statistics

## Mortgage market share



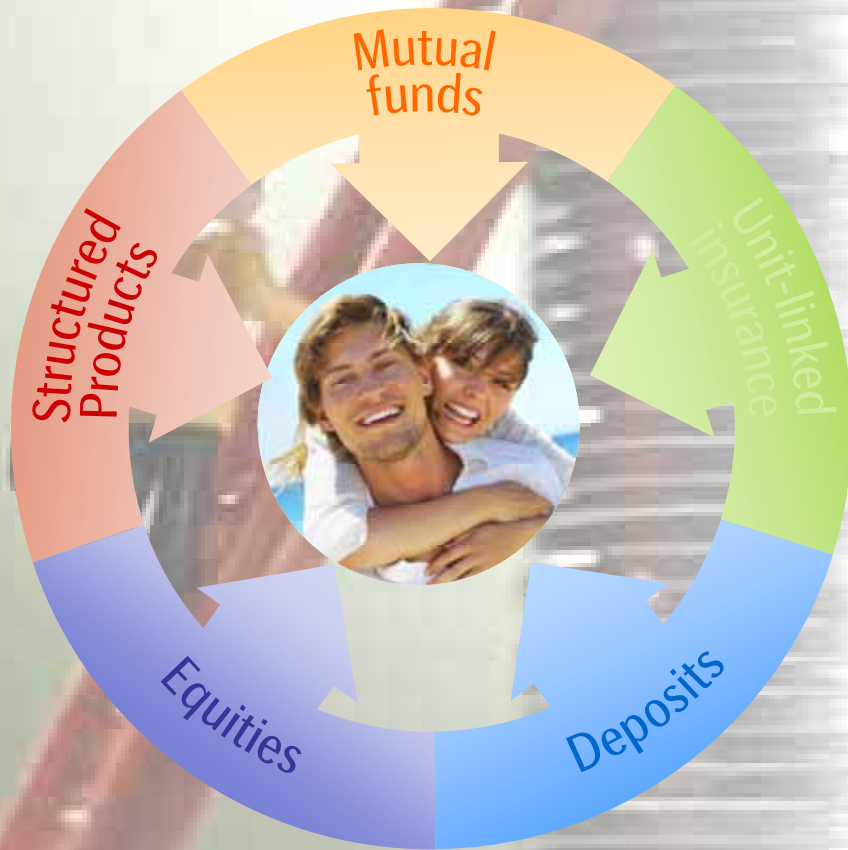
>70%

conversion to full-service customers

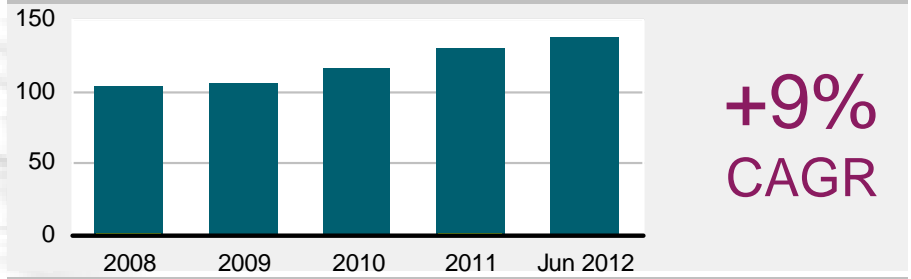


# Asset gathering: coordinated savings offering

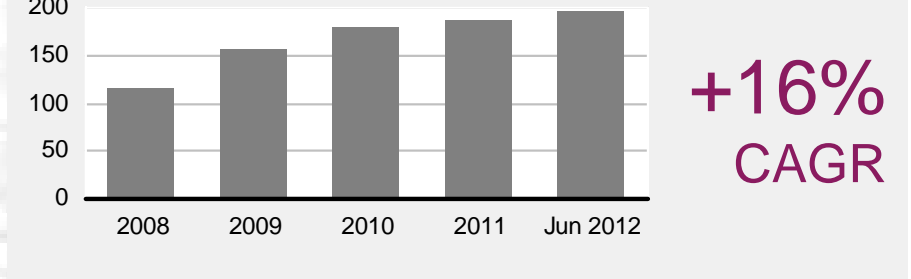
Full range of savings products through bancassurance model



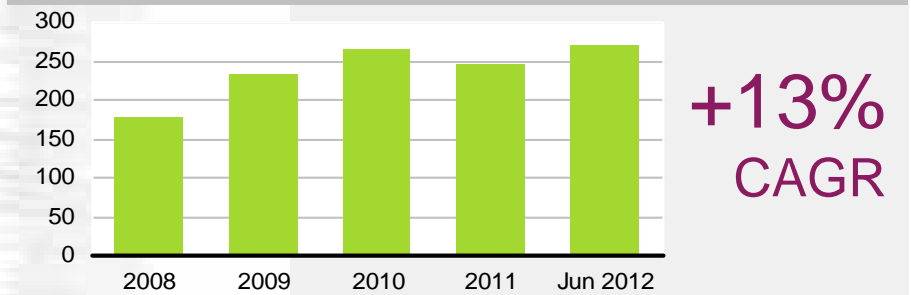
**Household deposits (SEK bn)**



**Unit-linked AuM (SEK bn)**



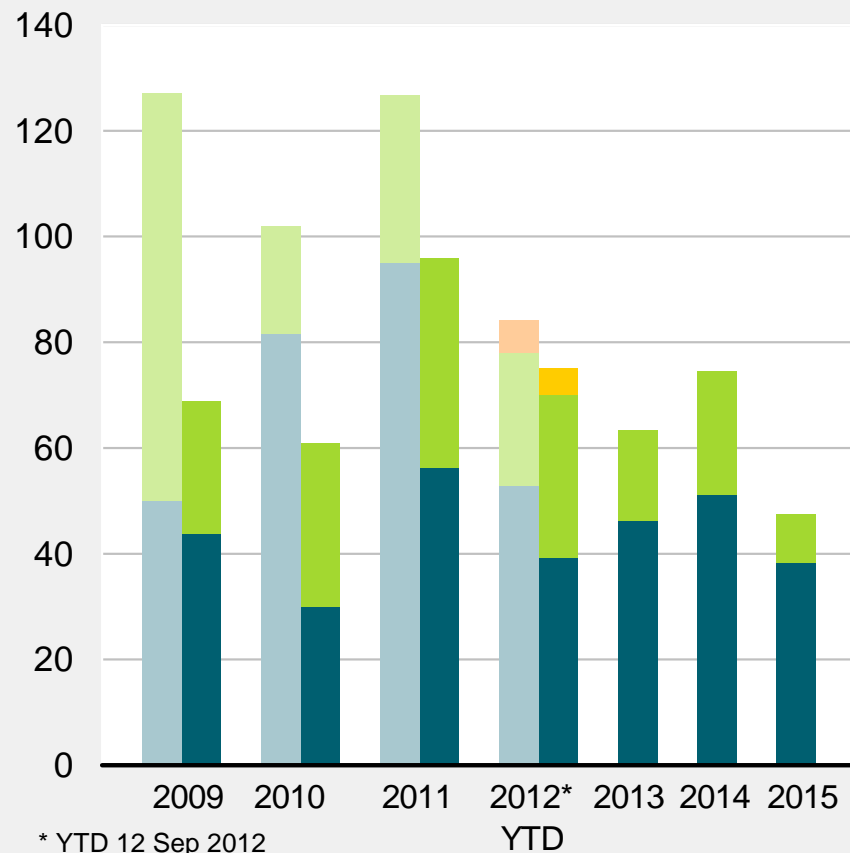
**Private Banking AuM (SEK bn)**



# Resilience: Solid funding and liquidity situation

## Long-term funding activities (SEK bn)

■ Issued Subordinated Debt    ■ Matured Subordinated Debt  
■ Issued Senior Unsecured    ■ Matured Senior Unsecured  
■ Issued Covered Bonds    ■ Matured Covered Bonds

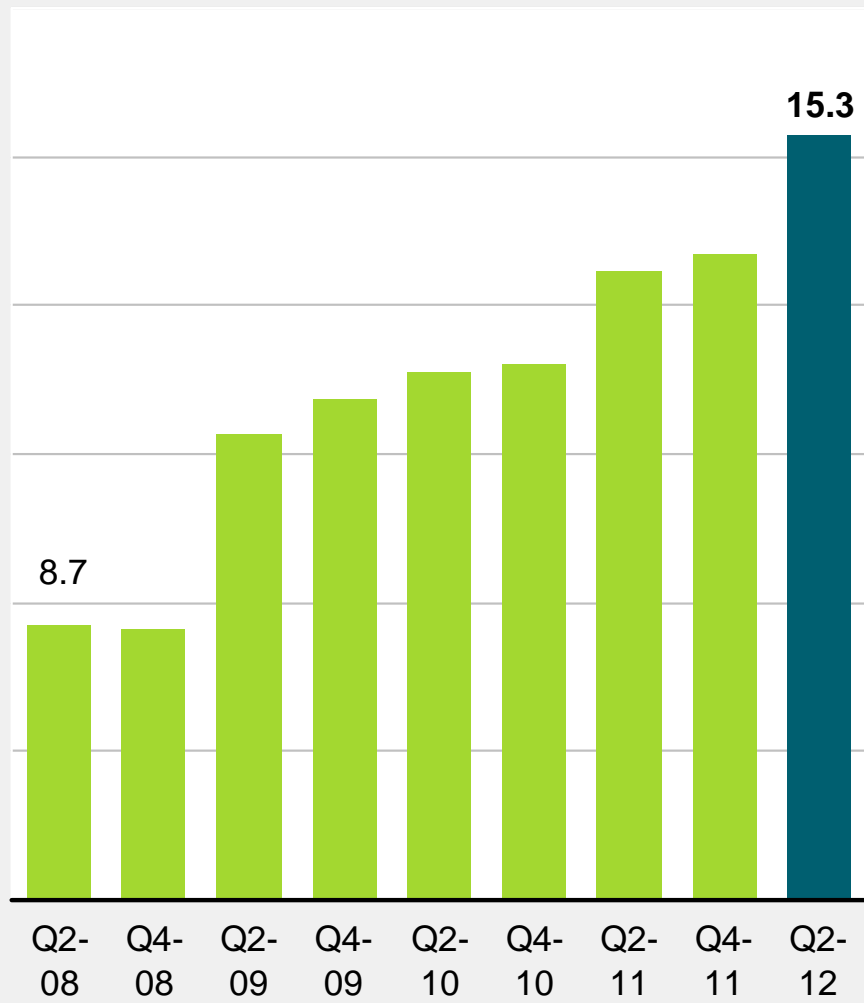


- ✓ >100% of 2012 maturities refinanced
- ✓ Loan-to-deposit ratio excluding household mortgage lending ~100%
- ✓ Unutilised capacity for covered bonds > SEK 100bn
- ✓ Liquid resources ~25% of balance sheet
- ✓ Confirmed stable rating outlook by all agencies



# Resilience: Higher Core Tier 1 ratio

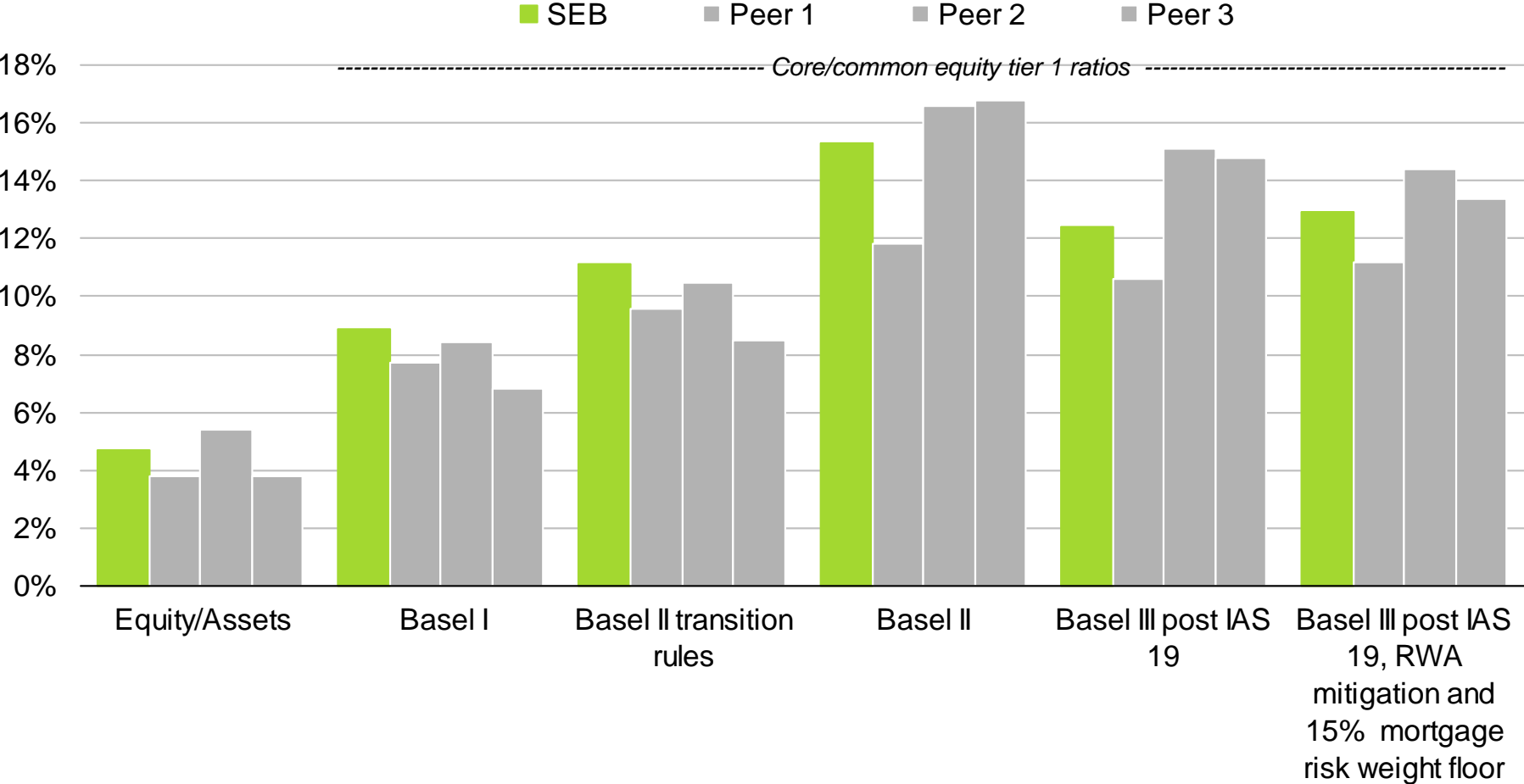
Basel 2.5 Core Tier 1 ratio (per cent)



- ✓ Strong capital formation
- ✓ Basel III CET 1 ratio of 12.4 per cent incl. IAS 19 adjustment
- ✓ Maintain buffer to minimum regulatory levels
- ✓ Capacity to issue additional tier 1 instrument

# SEB is well capitalised across all metrics

30 June, 2012



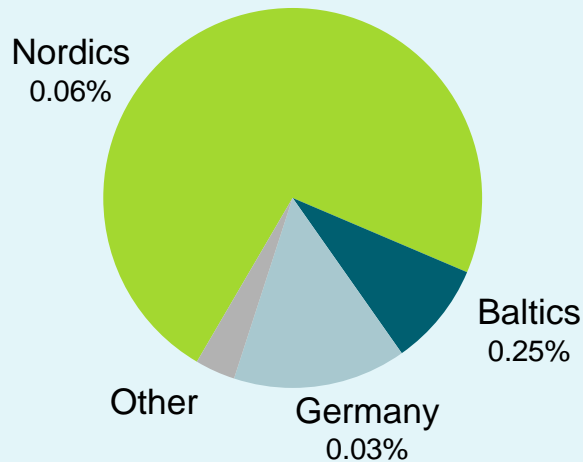
Source: SEB Enskilda



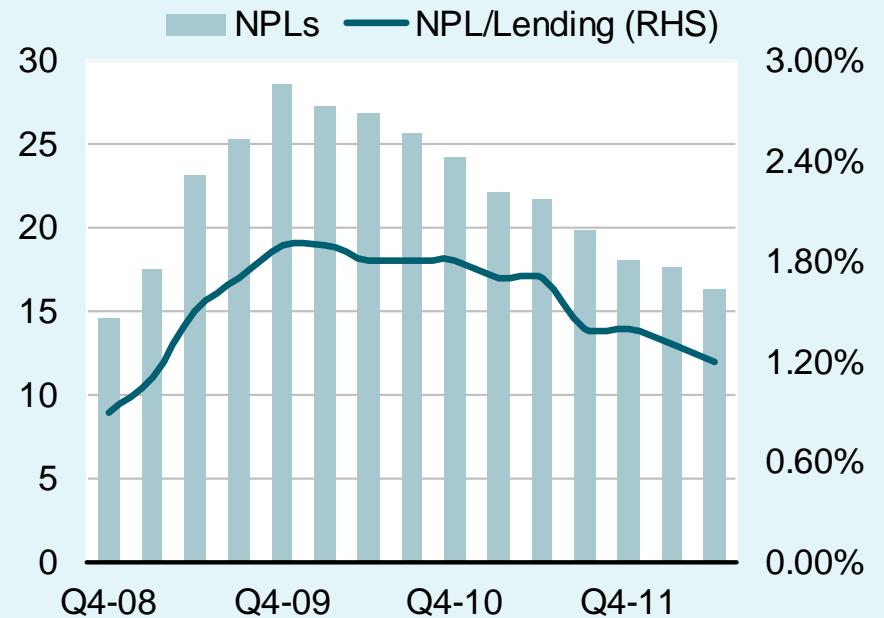
# Continued strong asset quality

## Distribution of lending portfolio and credit loss levels by geography

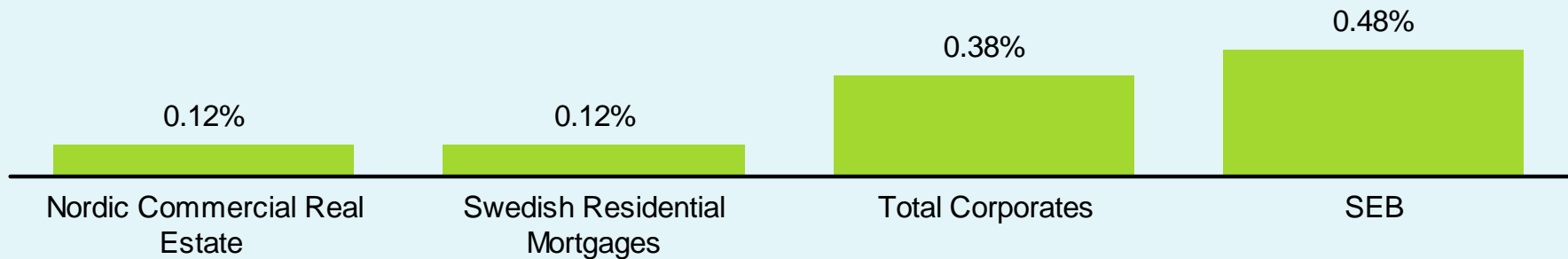
SEB Group 0.07%



## Non-performing loans (SEK bn)



## Non-performing loans to lending outside the Baltic countries, June 2012



# The road map to further profit growth

## Key priorities

- Enhance customer satisfaction and increase share of wallet
- Use strategic window to expand franchise in:
  - Nordic large corporates
  - Selected German Mittelstand
  - Retail Sweden
- Increased cost efficiency
- Maintain high asset quality
- Maintain strong balance sheet

The Relationship bank in our part of the world