



SEB January–June 2013

Investor Presentation

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Market franchise

Jun 2013

- **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 1,387bn under management
 - Largest Nordic custodian with SEK 5,424bn under custody
- **Private Individuals ***
 - The largest Swedish Private Bank in terms of Assets Under Management
 - Total Swedish household savings market: No. 2 with approx. 11% market share
 - Life insurance & Pensions: Leading unit-linked life business with approx. 17% of the Swedish market and approx 9% of the total unit-linked and traditional life & pension business in Sweden
 - Swedish household mortgage lending: Approx. 16%
 - Second largest bank in the Baltic countries

* latest available data

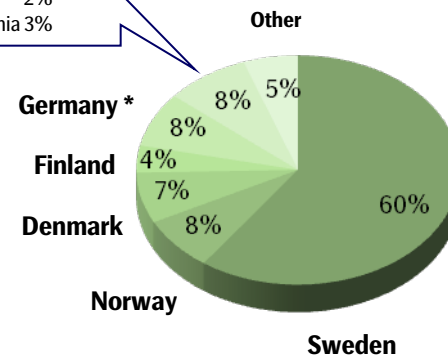
Total operating income

Jan - Jun 2013

Baltic

- Estonia 3%
- Latvia 2%
- Lithuania 3%

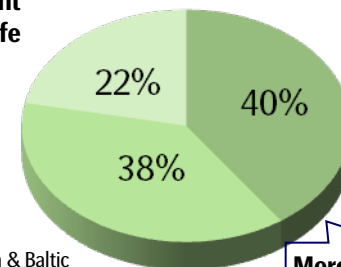
Geographic



Business *

Wealth Management and Life

Retail (Retail Sweden & Baltic division)

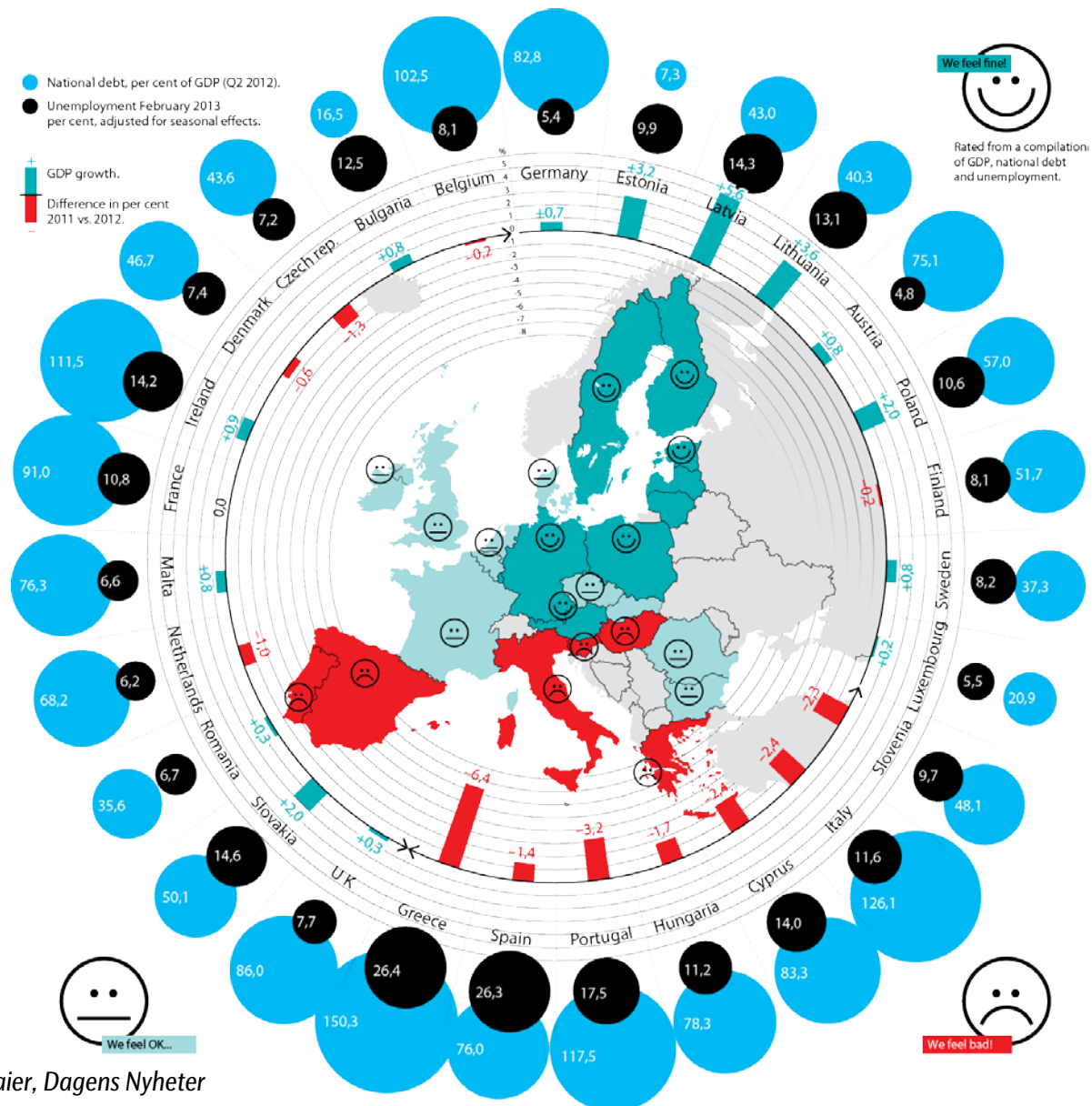


Merchant Banking

- Corporate Banking 19%
- Markets 15%
- Transaction Banking 6%

*excluding Treasury

EU countries feel good in the North but worse in the South



Source: Eurostat

Graphics: Stefan Rothmaier, Dagens Nyheter

Ambition going forward

The leading Nordic bank for
corporates & institutions

Top universal bank in
Sweden and the Baltics



Financial ambitions

Dividend payout 40%
or above

Common Equity Tier 1
ratio of 13%

Generate ROE that is
competitive with peers



Long-term ROE
aspiration 15%

Merchant Banking

Large Corporates



Second phase in the Nordic region and in Germany



Enhance capital markets capabilities



Increase customer flows in emerging markets

Institutions



Acquisition of new clients



Increase cross-selling on existing customer base



Greater co-ordination of the offering and packaging

Impact

Income growth ~15% by 2015

Retail Banking

Corporates



Holistic relationship banking in focus: *“Hela företagaren”*



Strengthen customer growth and local competence



Invest in self-service and e-banking for service improvements

Private



Advisory driven service based on customer needs



Improve customers ability to travel seamlessly between channels



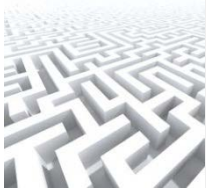
Invest in e-banking for cost efficient service and offerings

Impact

Income growth ~20% by 2015

Asset Gathering and Baltic

Asset Gathering



Reduce complexity in fund offering and improve performance



Enhance private banking client segmentation and client experience



Improve Life insurance online solutions and risk products

Impact

Income growth ~5% by 2015

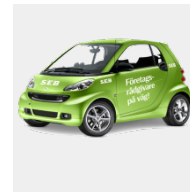
Baltic



Focus on Home Banking customers



Standardize product offering and processes to simplify customer experience

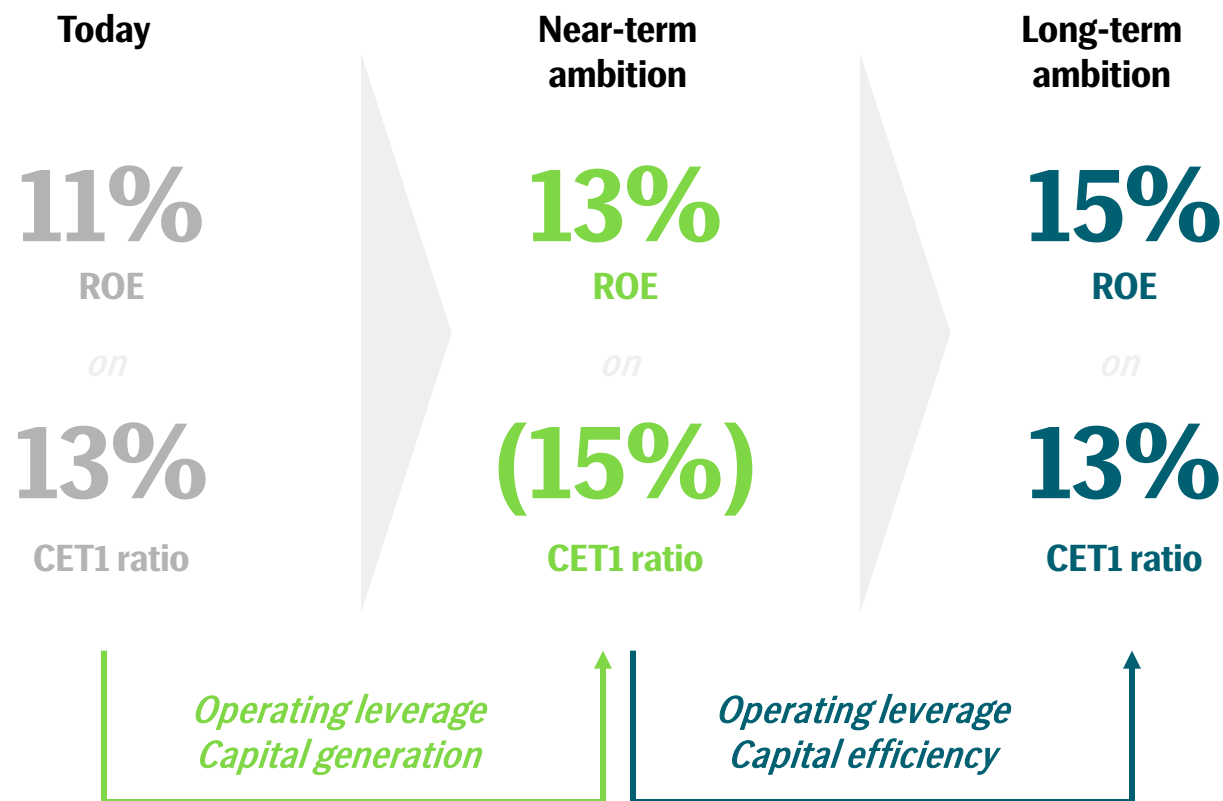


Improve advisory service to SME and Corporate Customers

Impact

Income growth ~15% by 2015

Short- and long-term ROE ambitions



Highlights Q2 2013



1 Higher business activity among large corporates and institutions

2 More full-service retail customers

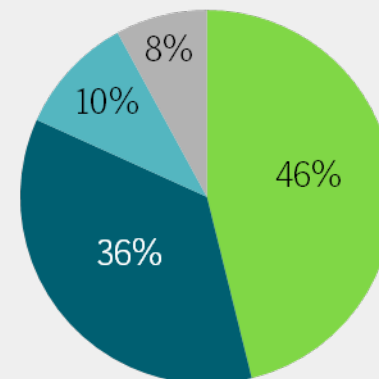
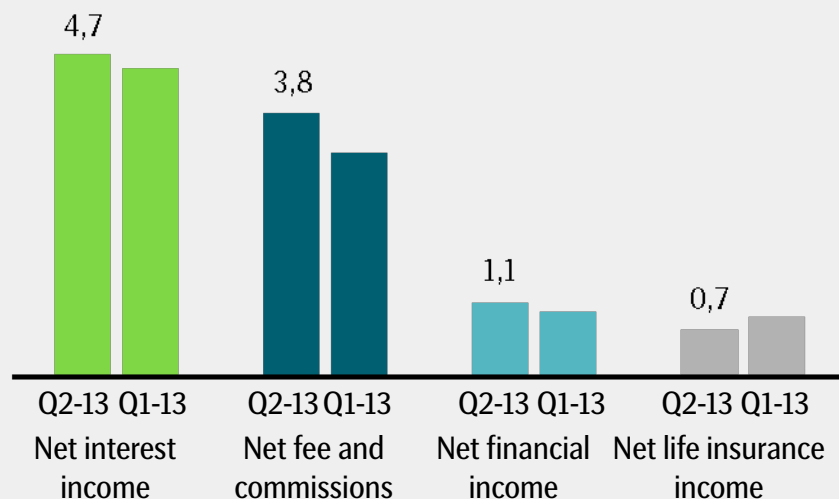
3 Strong asset quality and capital ratios

Financial summary

Profit and loss (SEK m)

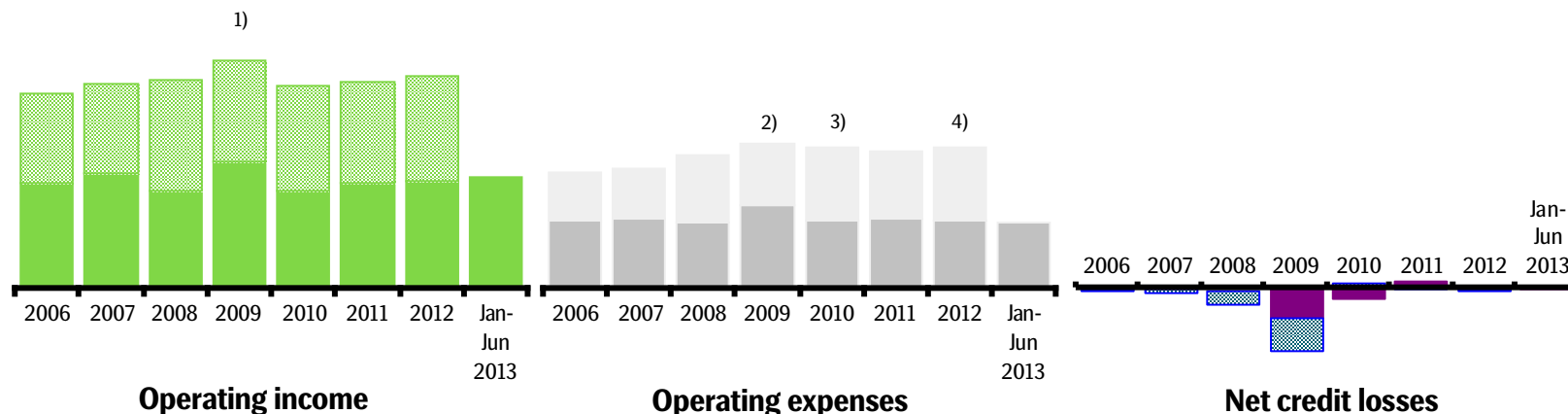
	Q2-13	Q1-13	%	H1-13	H1-12	%
Total Operating income	10,648	9,551	11	20,199	19,505	4
Total Operating expenses	-5,585	-5,588	0	-11,173	-11,489	-3
Profit before credit losses	5,063	3,963	28	9,026	8,016	13
Net credit losses etc.	-280	-246		-526	-477	
Operating profit	4,783	3,717	29	8,500	7,539	13

Operating income by type, Q2 2013 vs. Q1 2013 (SEK bn)

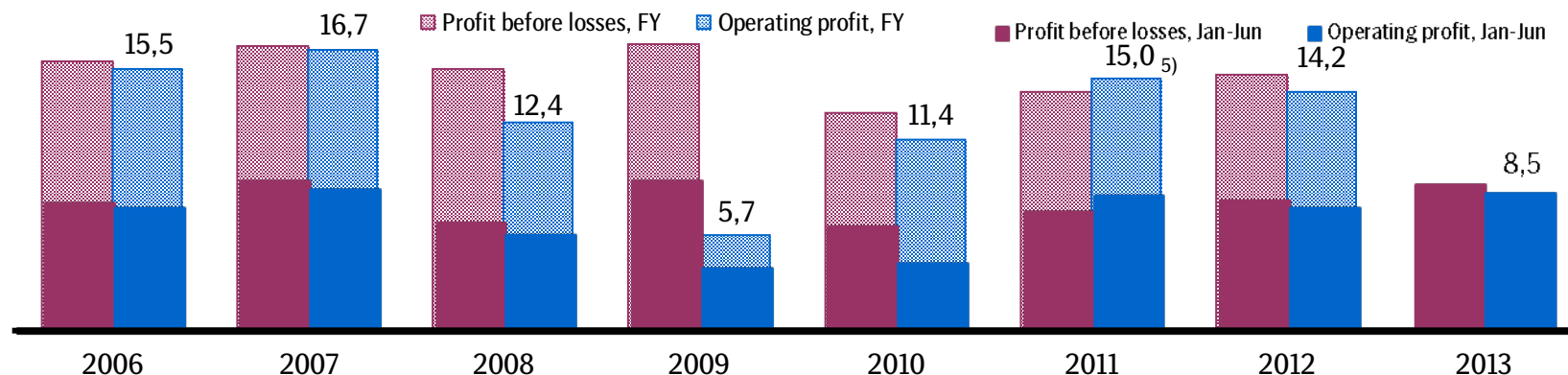


Profit generating throughout the financial and sovereign debt “crises”

Income, expenses and net credit losses (SEK bn)



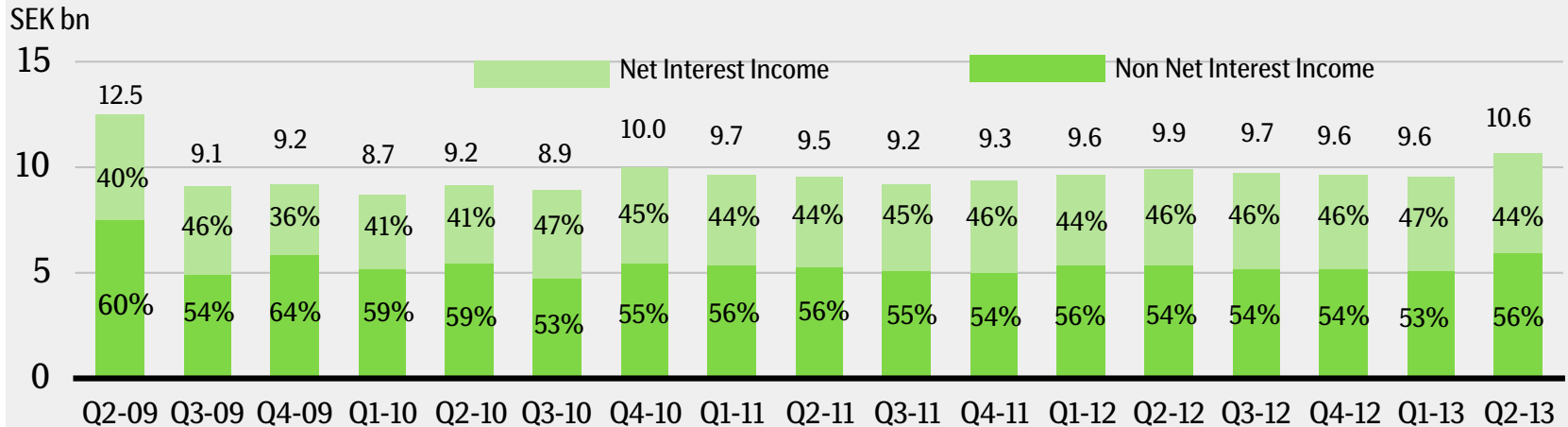
Operating profit (SEK bn)



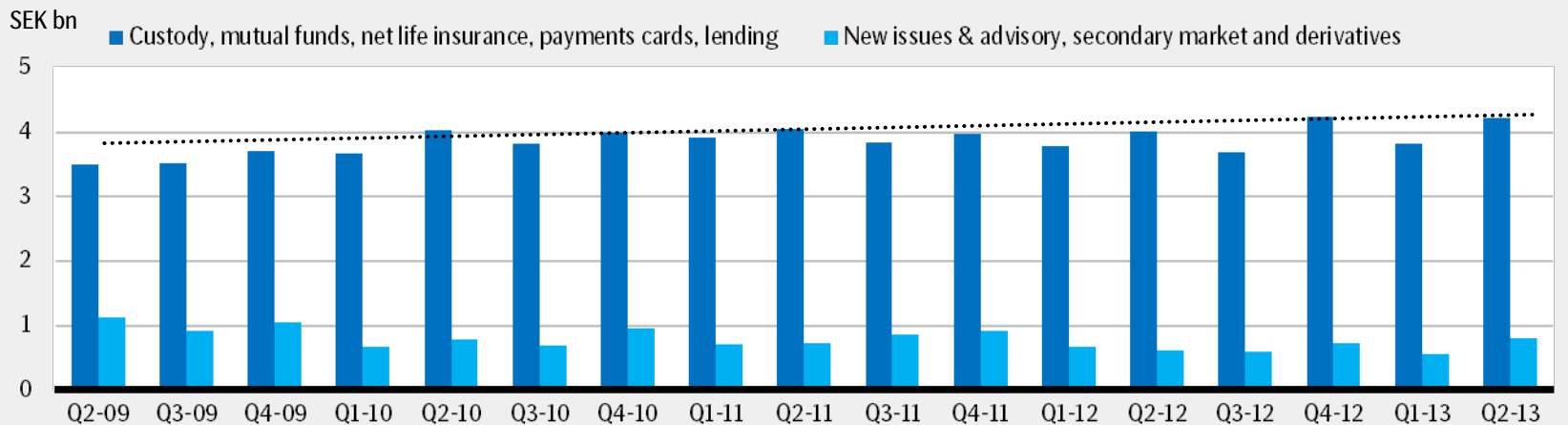
1) of which 1.3bn buy back of sub debt 2) of which 3.0bn goodwill write-offs 3) of which 0.8bn restructuring costs in our German subsidiary, SEB AG 4) write-down of IT infrastructure 0.8bn 5) of which 1.0bn in write-backs of credit loss provisions

Business mix creates stable and diversified revenues

Total operating income split between Non-NII and NII



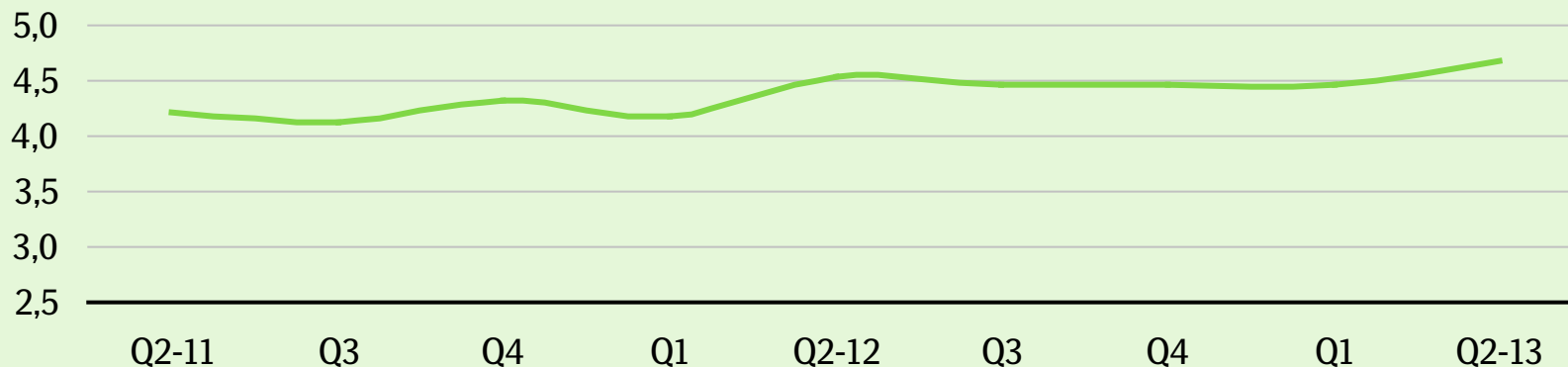
Underlying market shares render stable commission* and net life income



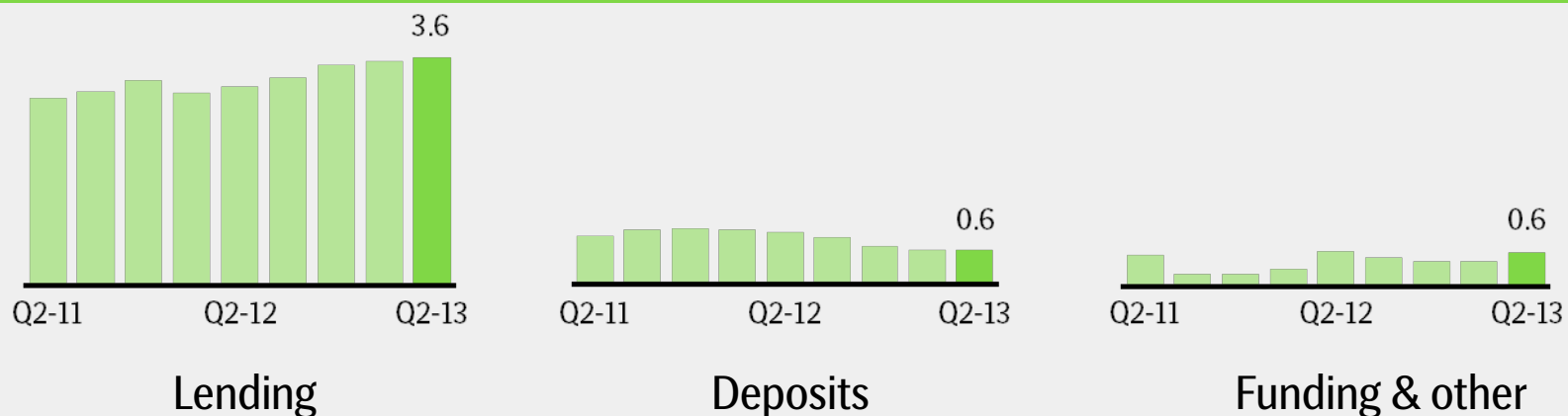
*Gross commission development

Net interest income development

Net interest income Q2 2011 – Q2 2013 (SEK bn)

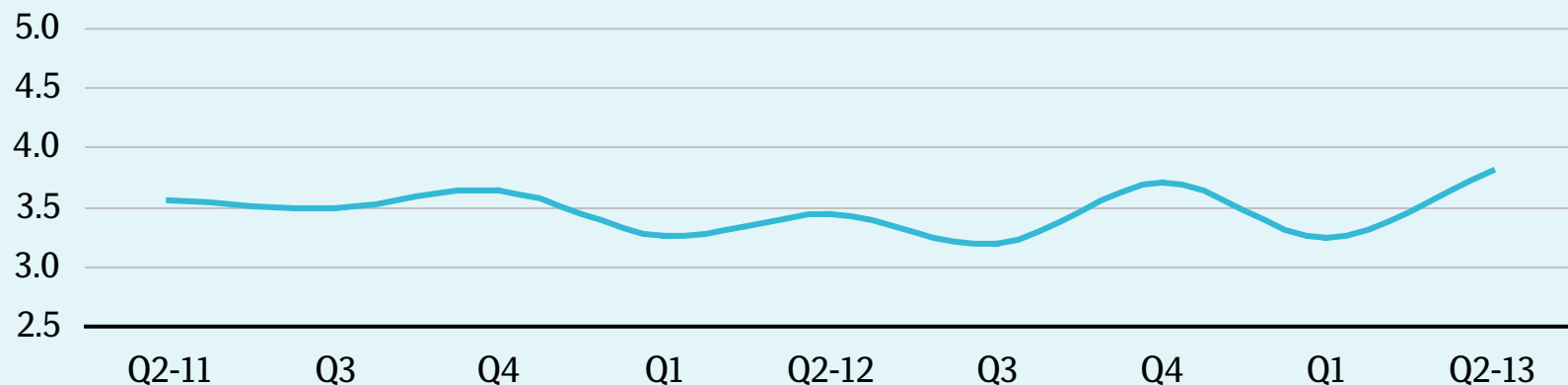


Net interest income by income type Q2 2011 – Q2 2013 (SEK bn)

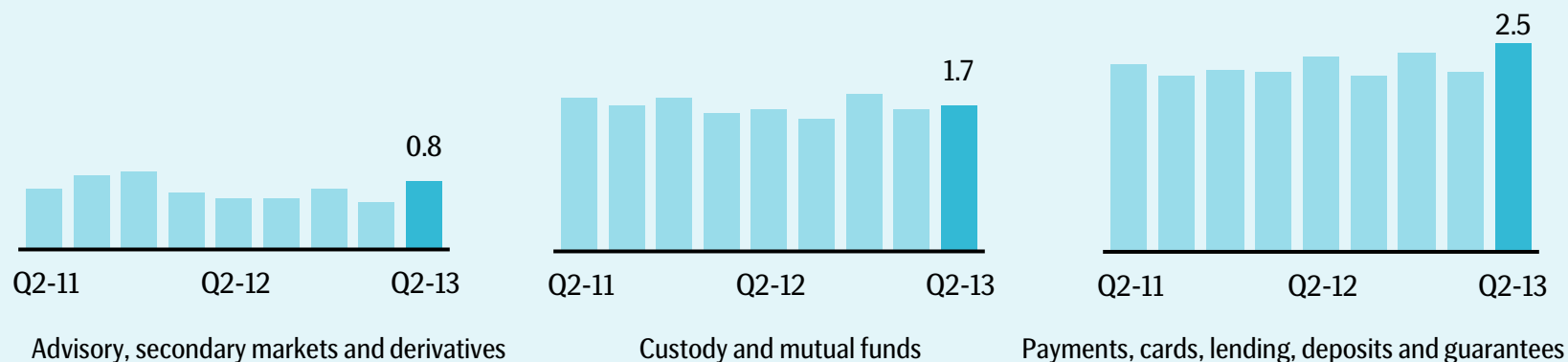


Net fee and commission income development

Net fee and commissions Q2 2011 – Q2 2013 (SEK bn)



Gross fee and commissions by income type Q2 2011 – Q2 2013 (SEK bn)



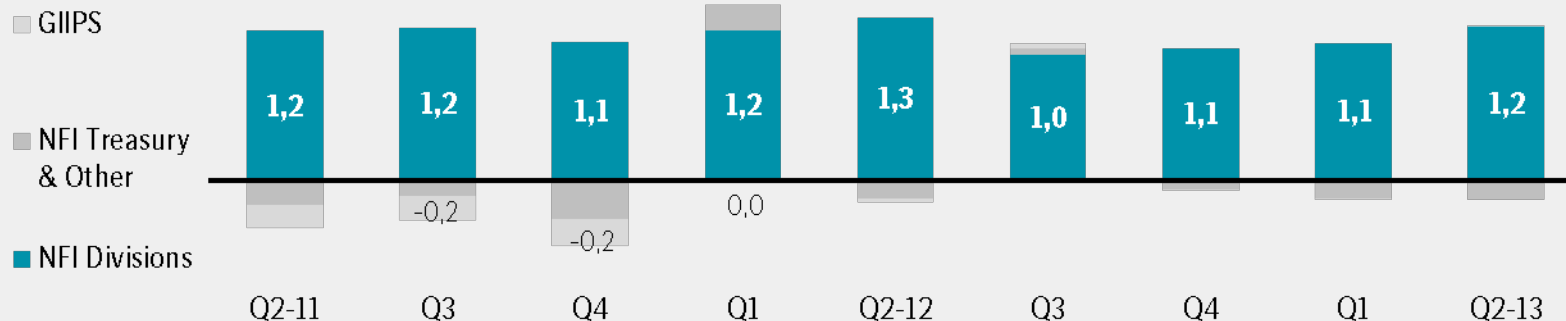
Net fee and commission income development

SEB Group

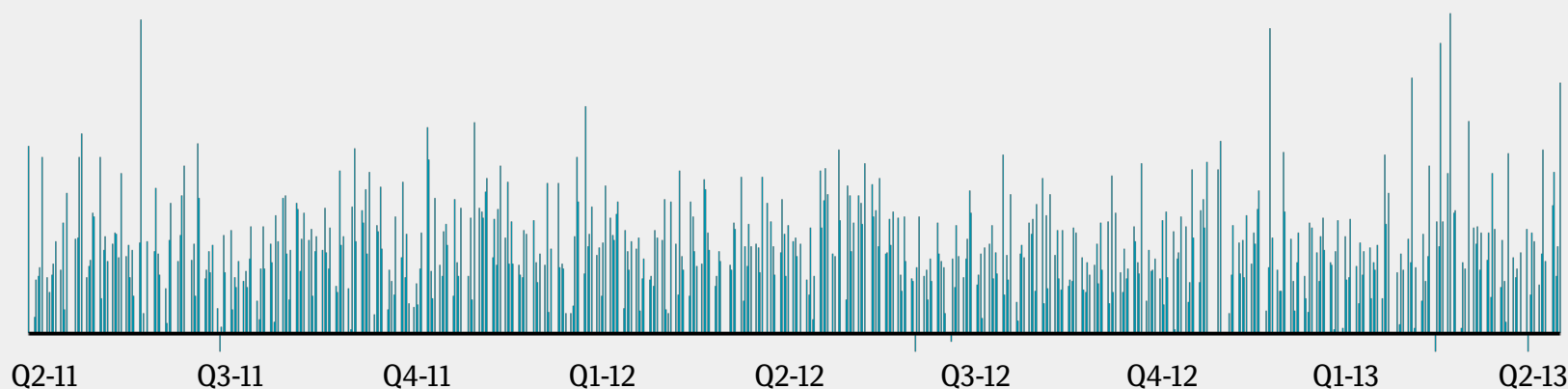
SEK m	Q2	Q1	Δ	Q2	Q2	Δ
	2013	2013		2013	2012	
Issue of securities and advisory	161	65	96	161	142	19
Secondary market and derivatives	647	495	152	647	467	180
Custody and mutual funds	1 702	1 657	45	1 702	1 664	38
<i>Whereof performance and transaction fees Wealth</i>	48	72	-24	48	47	1
Payments, cards, lending, deposits, guarantees and other	2 515	2 174	341	2 515	2 359	156
<i>Whereof payments and card fees</i>	1 516	1 421	95	1 516	1 545	-29
<i>Whereof lending</i>	675	454	221	675	521	154
Fee and commission income	5 025	4 391	634	5 025	4 632	393
Fee and commission expense	-1 214	-1 144	-70	-1 214	-1 183	-31
Net fee and commission income	3 811	3 247	564	3 811	3 449	362

Net financial income development

Net financial income development Q2 2011 – Q2 2013 (SEK bn)

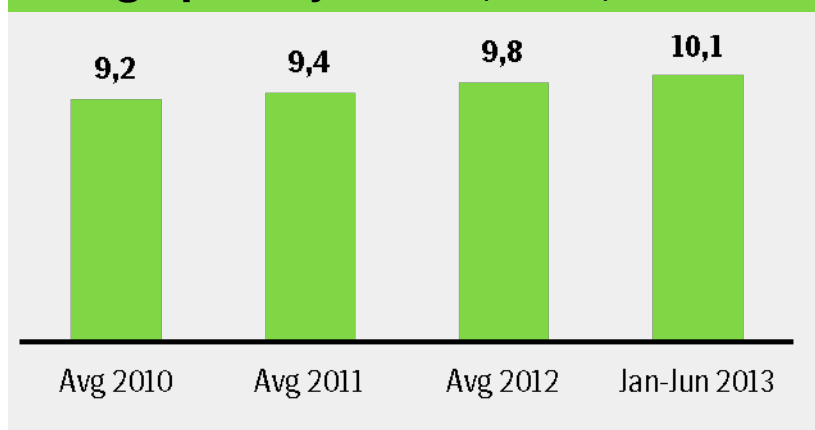


Daily trading income Q2 2011 – Q2 2013 (SEK m)



Increased operating leverage

Average quarterly income (SEK bn)

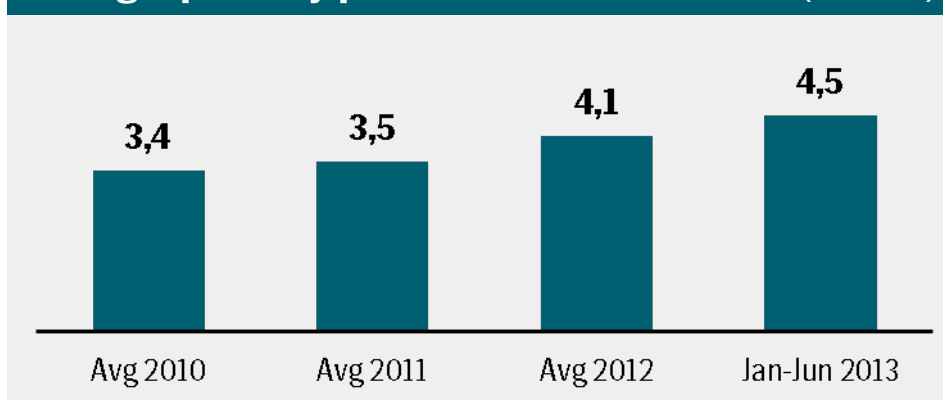


Average quarterly expenses (SEK bn)



Operating leverage

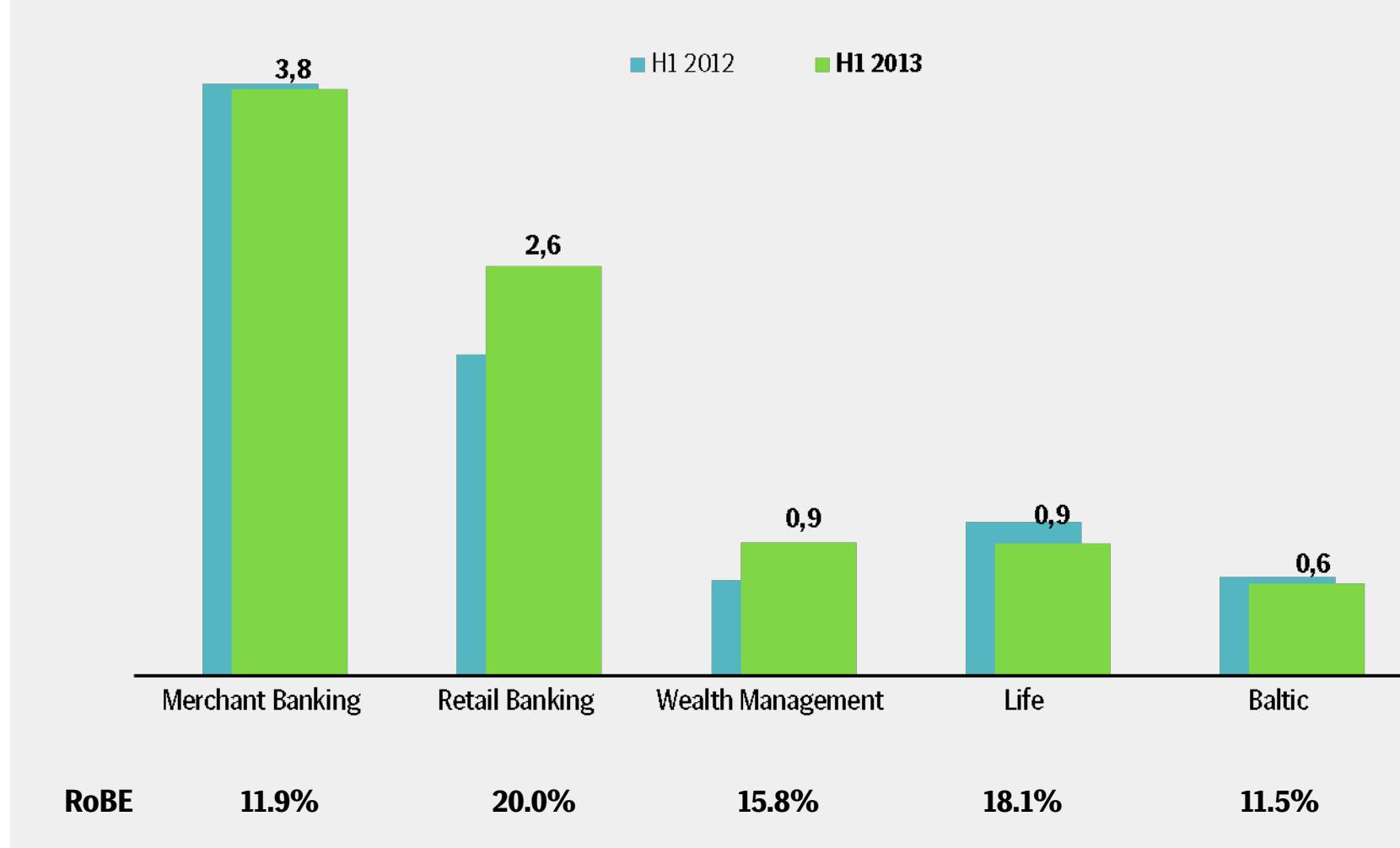
Average quarterly profit before credit losses (SEK bn)



Notes: Excluding one-offs (restructuring in 2010, and bond buy-back and IT impairment in 2012)
Estimated IAS 19 costs in 2010

Divisional performance

Operating profit H1 2013 vs. H1 2012 (SEK bn)



Continue building customer franchise

2013 H1

**Large
Corporate**
Nordics &
Germany

New
customers
Total customers

+52
2,152



**SME
Sweden**

New full-service
customers
Total customers

+6,100
136,100



**Private
Sweden**

New full-service
customers
Total customers

+9,700
448,400

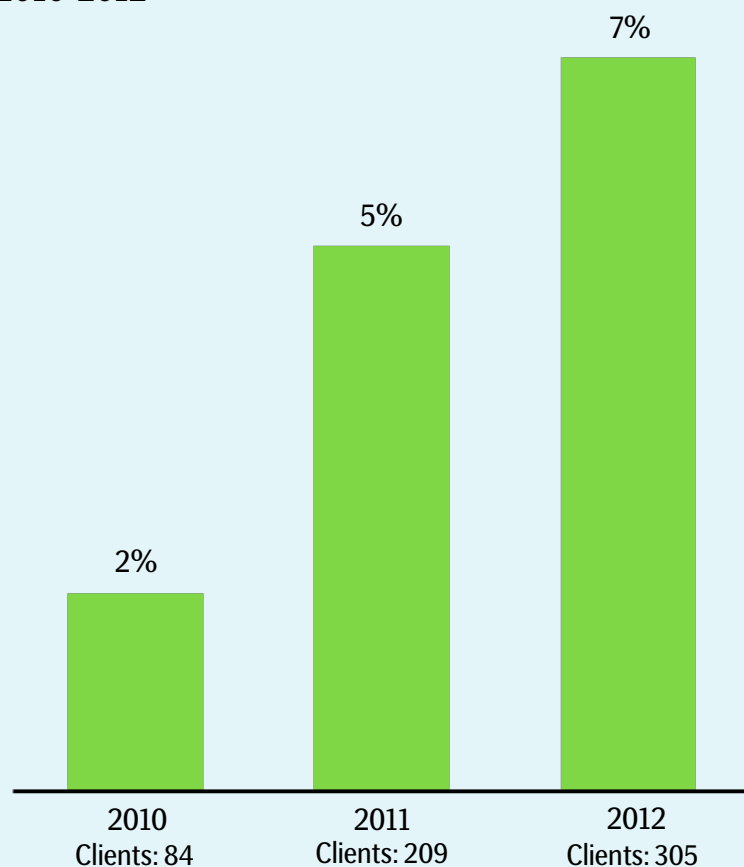


Merchant Banking franchise growth



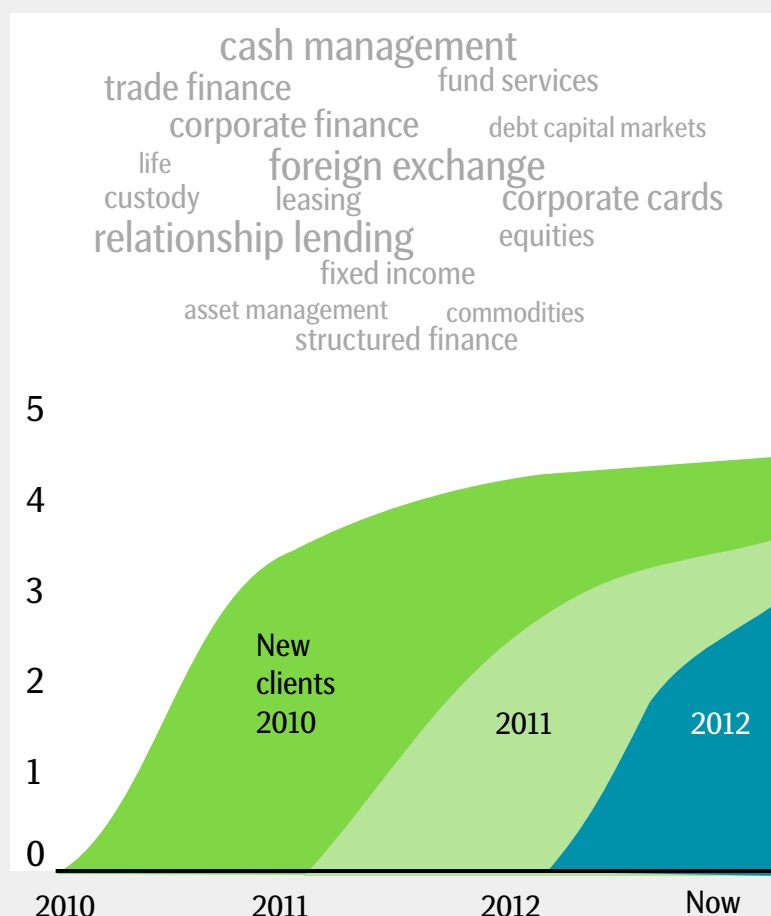
New clients supporting income growth

Contribution in % of MB total customer income
2010-2012



Note: New clients are shown cumulative

Average product penetration 2010-12

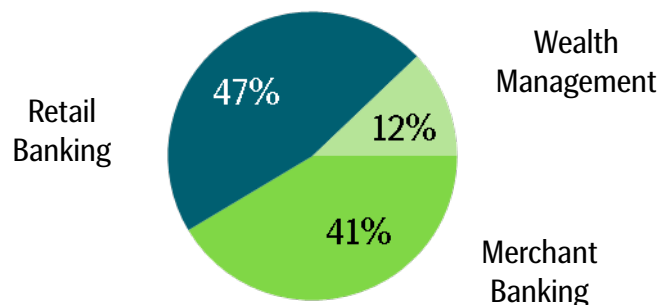


Germany – Changing business anatomy



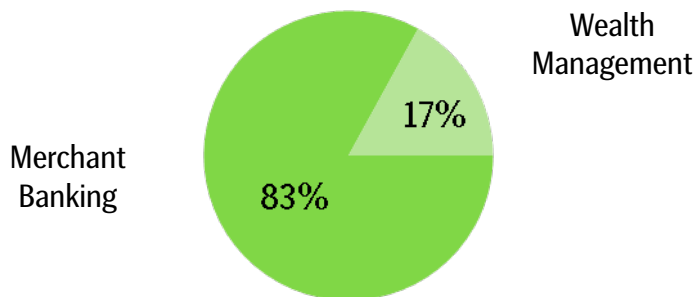
Operating income

Q2 2010*



- Retail Banking divestment
- Grow Merchant Banking franchise
- Restructuring back-office

Q2 2013*

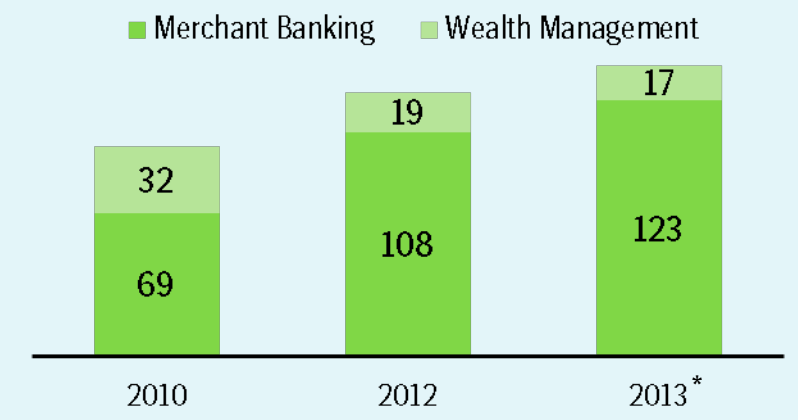


* 12 month rolling average

Ambition

	Then	Goal	Today	
C/I	0.90	0.60	0.56	✓
RoBE	0%	10%	10.2%	✓

Operating result (EUR m)

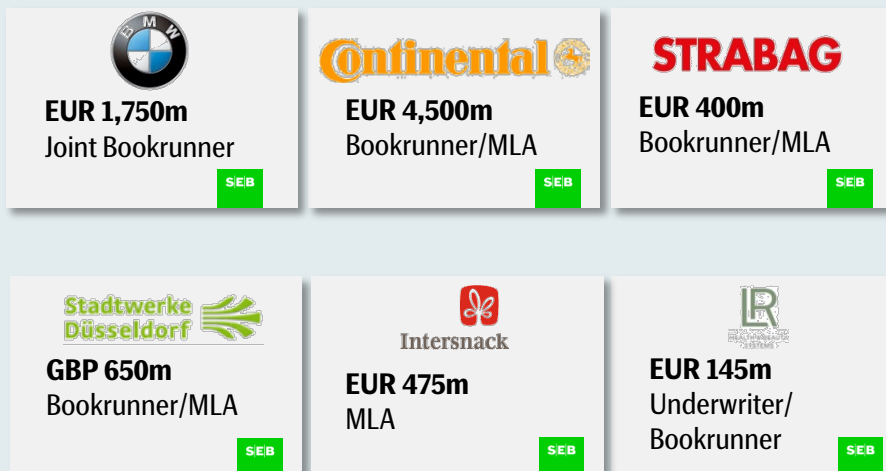


Germany – Executing on growth plan



Preferred bank for targeted German Corporates

+155
New
customers
Since 2010



SEB coverage model

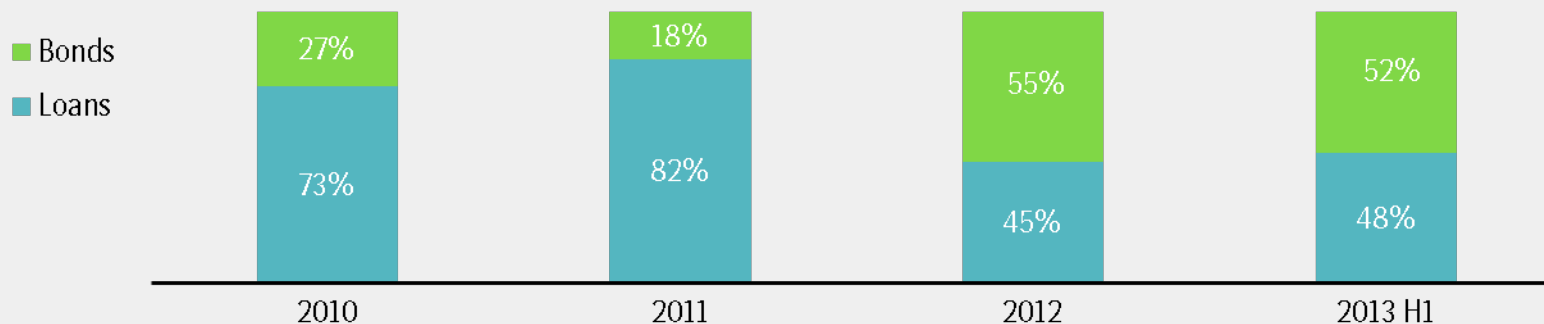


Key activities going forward

- Continued customer acquisition and uptiering of existing customers
- Strengthened capital markets competence and offering
- Leverage international capabilities through SEB's international network

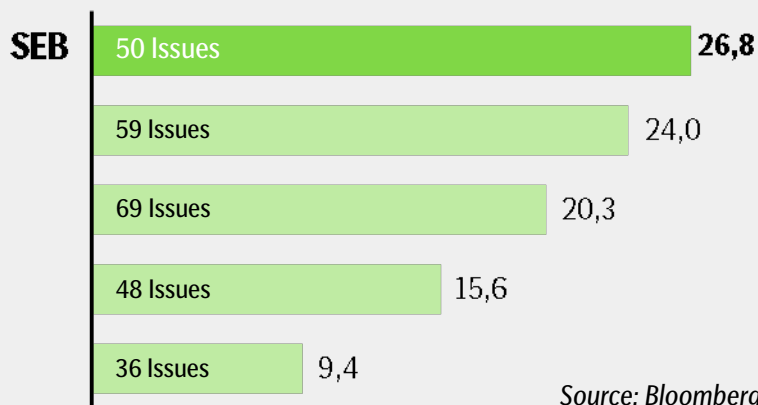
Disintermediation opportunity

Nordic market lending and bond financing



Source: Dealogic on Nordic markets

SEK-denominated corporate bonds 12 month rolling (SEK bn)



Source: Bloomberg

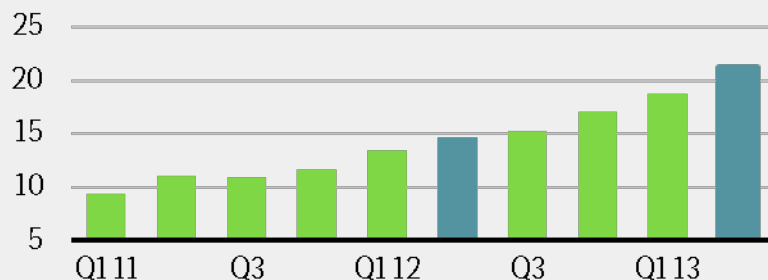
Headline transactions Q2 2013



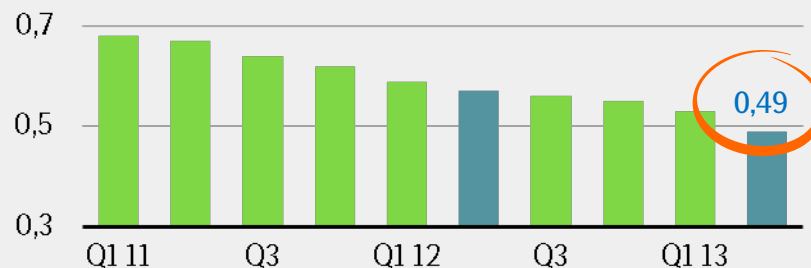
Continued positive trend for Retail Banking

Change equals Q2 2013 vs. Q2 2012

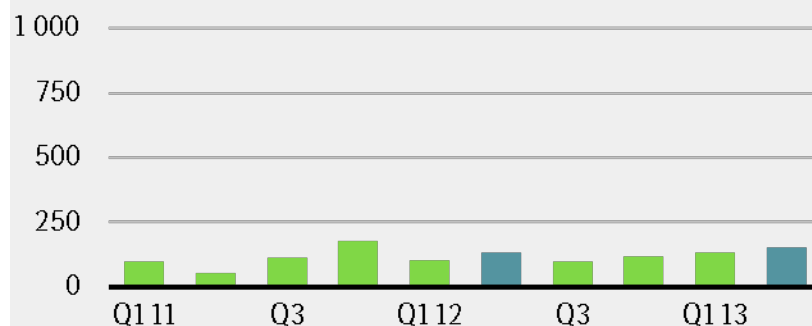
RoBE, Q2 13 vs. Q2 12 +6,8%*



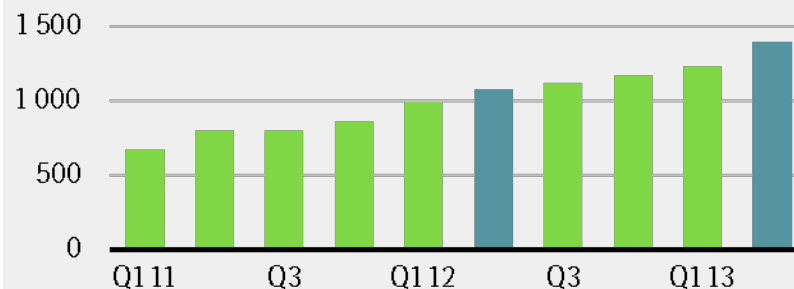
C/I ratio, Q2 13 vs. Q2 12 -0,08



Credit losses +16 %



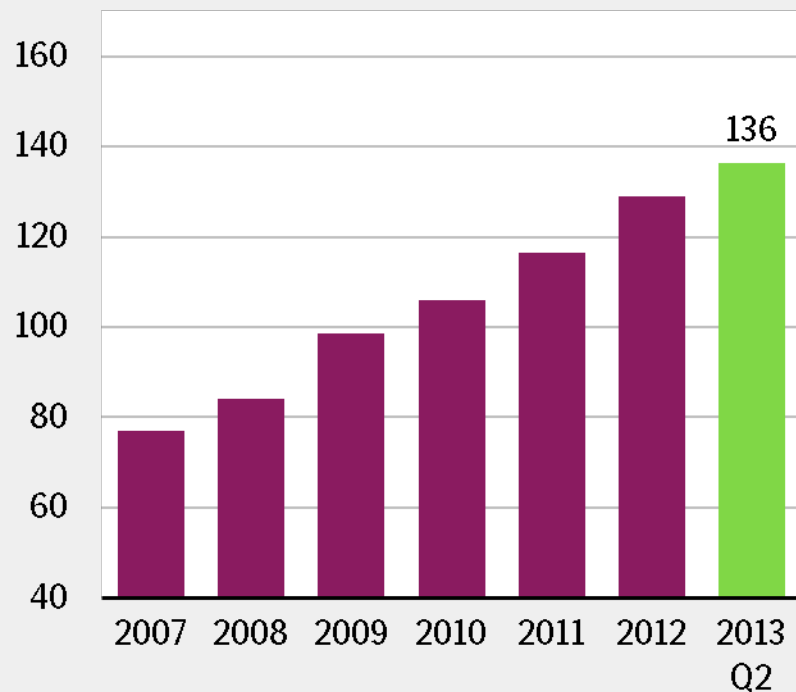
Operating profit +30 %



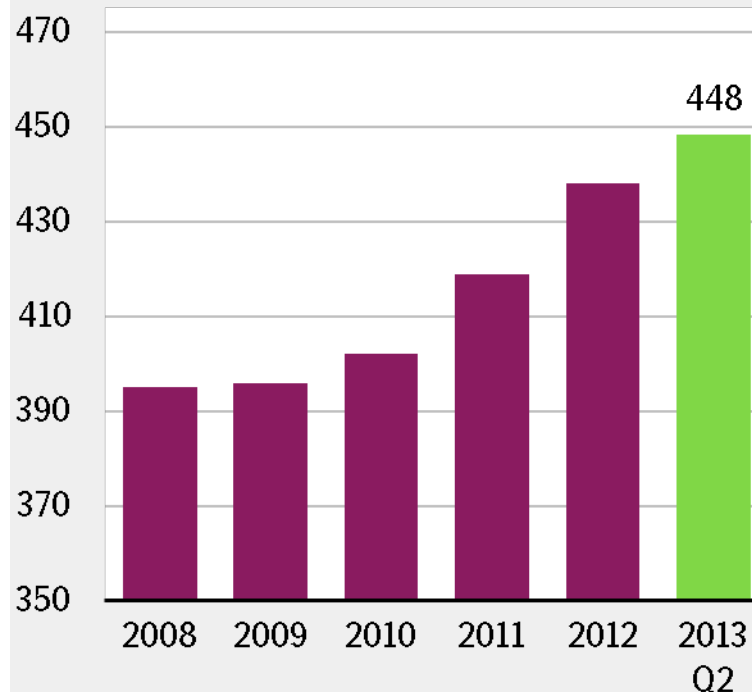
*proforma, adjusted to allow improved comparison (altered tax and BE allocation models)

Customer growth in Retail Banking

Active SME customers
(thousands)

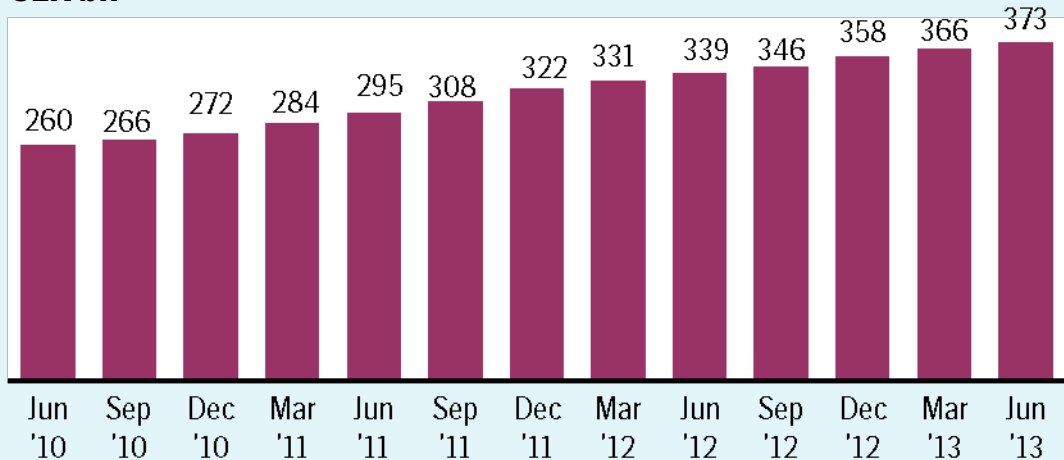


Full service private customers
(thousands)



SEB's Swedish household mortgage lending

SEK bn



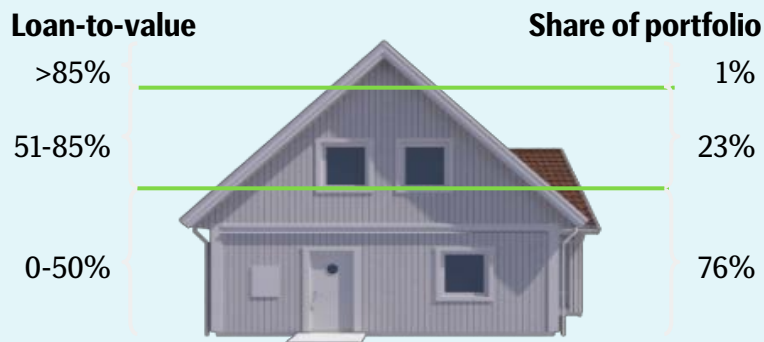
Selective origination

- 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"))

High asset performance

- Net credit losses consistently low at 1bps
- Loan book continues to perform – loans past due >60 days still at 12bps

Low LTVs by regional and global standards



Mortgage lending based on affordability

- Credit scoring and assessment
- 7% interest rate test
- 85% regulatory first lien mortgage cap & minimum 15% of own equity required
- If LTV >70% requirement to amortise on all new loans
- Max loan amount 5x total gross household income irrespective of LTV
- 'Sell first and buy later' recommendation

Swedish housing market – Characteristics and prices

Mäklarstatistik – June 2013, per cent

	Single family homes		Apartments	
Area	3m	12m	3m	12m
Sweden	+3	+3	-1	+11
Greater Stockholm	+2	+4	+2	+12
Central Stockholm			+2	+9
Greater Göteborg	+4	+4	0	+11
Greater Malmö	+2	+3	+4	+6

Valueguard – June 2013, per cent

	Single family homes		Apartments	
Area	3m	12m	3m	12m
Sweden	+1.1	+3.9	+2.5	+10.2
Stockholm	+0.8	+4.7	+2.4	+10.5
Göteborg	+3.4	+6.3	+2.4	+13.2
Malmö	-3.7	-1.8	+0.3	+2.8

HOX Sweden +1.6% 3m, +6.2% 12m

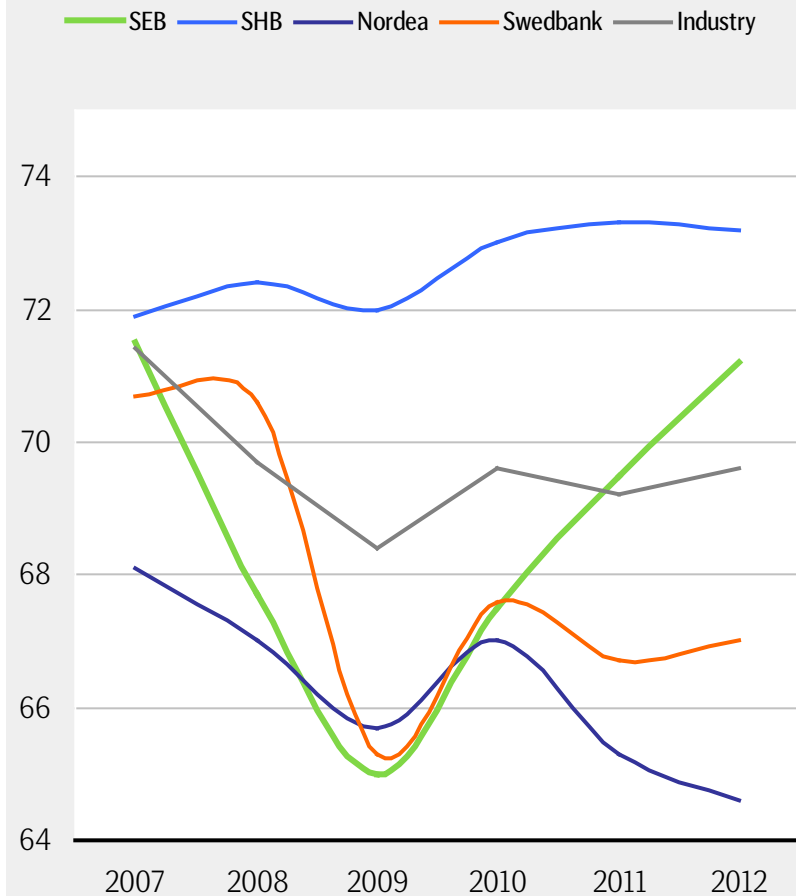
Characteristics of Swedish mortgage market

- ✓ 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

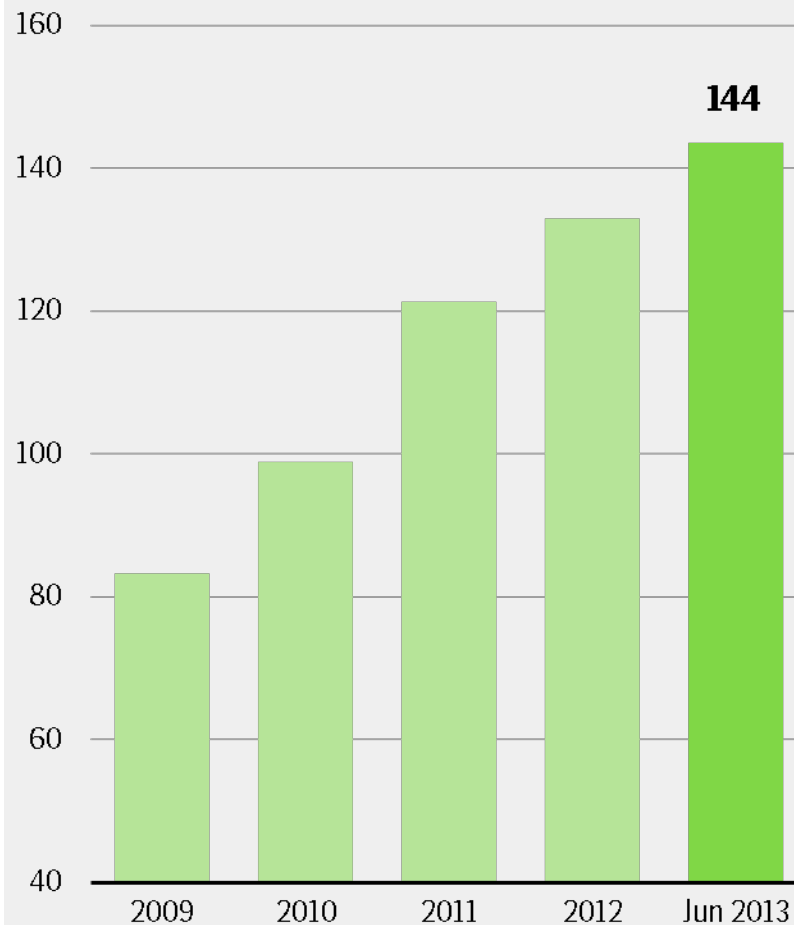
SME expansion in Sweden



SKI corporates – customer satisfaction



SME lending portfolio (SEK bn)



Balance sheet

Strong asset quality and balance sheet

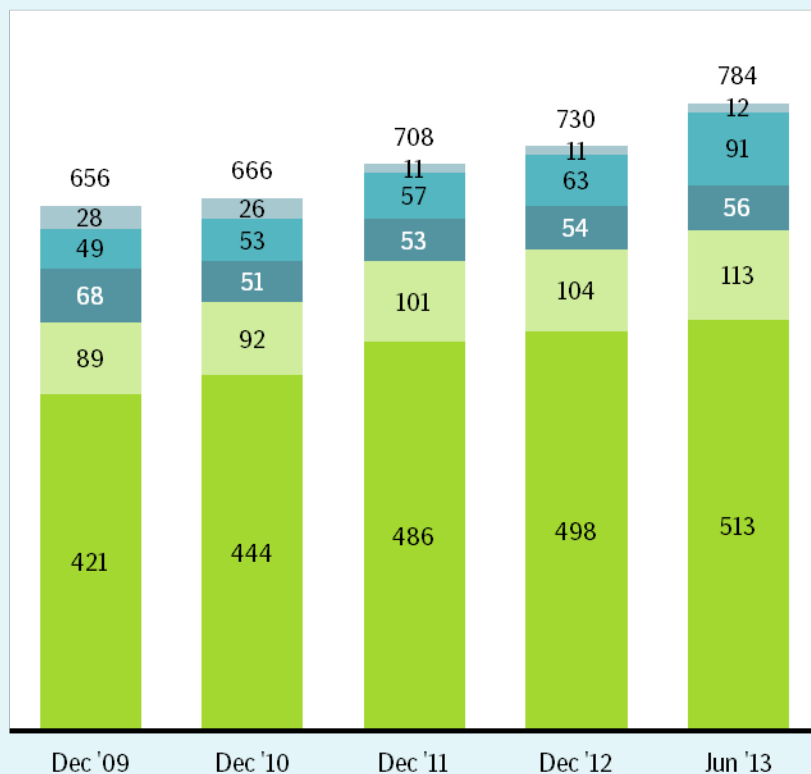
	(SEK)	2009	2012	Jun 2013
Asset quality	Non-performing loans	28.6bn	13.8bn	12.5bn
	NPL coverage ratio	65%	66%	67%
	Net credit loss level	0.92%	0.08%	0.08%
Funding and liquidity	Customer deposits	750bn	862bn	898bn
	Liquidity resources	>10%	~25%	~25%
	Liquidity coverage ratio	N.A.	113%	114%
Capital	CT 1 (Basel 2.5)	11.7%	15.1%	16.1%
	CET 1 ratio (Basel 3)	N.A.	13.1%	14.2%

Credit portfolio

On & off balance, SEK bn

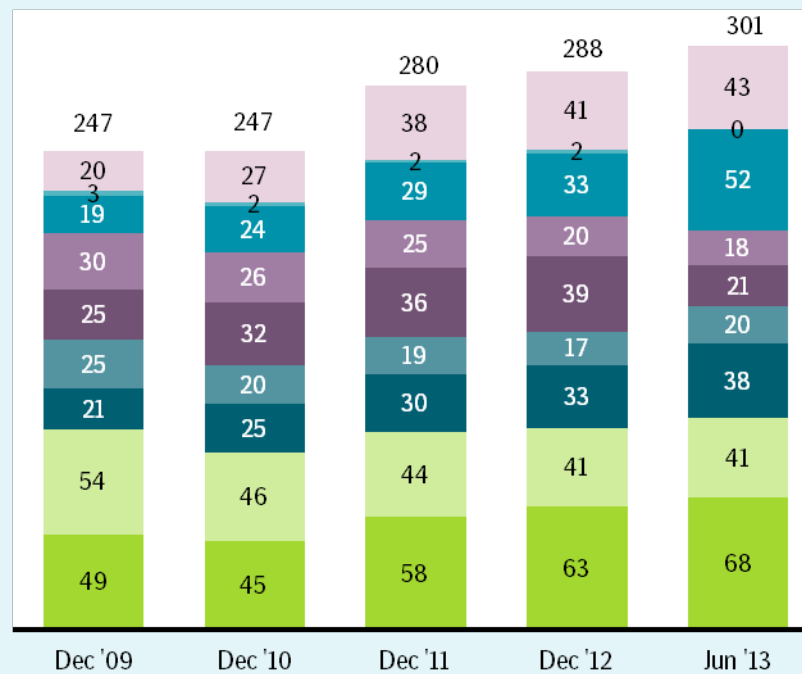
Corporate development

■ MB Nordic and Other ■ MB Germany ■ Baltic
■ Retail Banking ■ Other corp



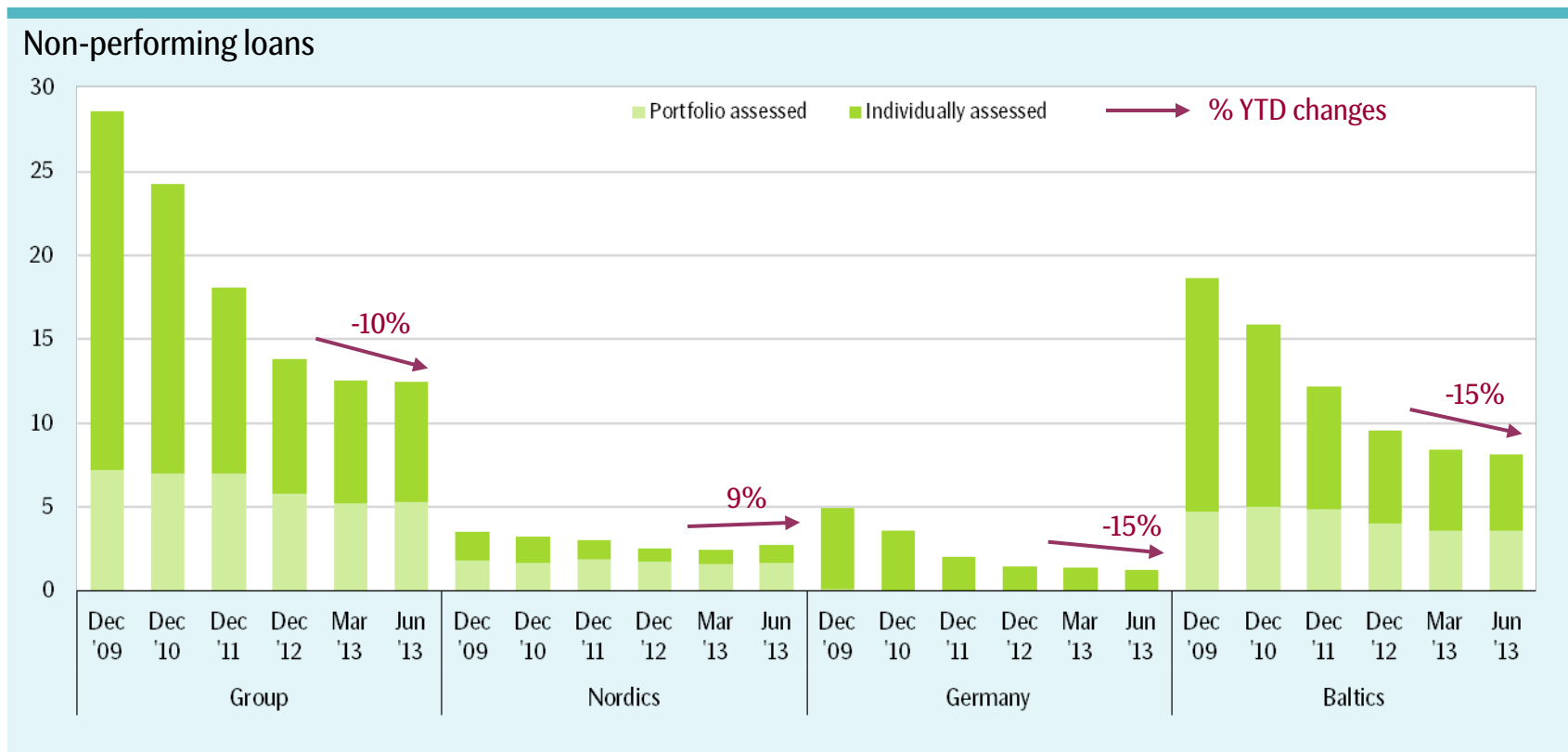
Property management development

■ MB Nordic, commercial ■ Germany, commercial
■ Retail & Wealth, commercial ■ Baltic, commercial
■ MB Nordic, residential ■ Germany, residential
■ Retail & Wealth, residential ■ Baltic, residential
■ Swedish housing co-op. ass.



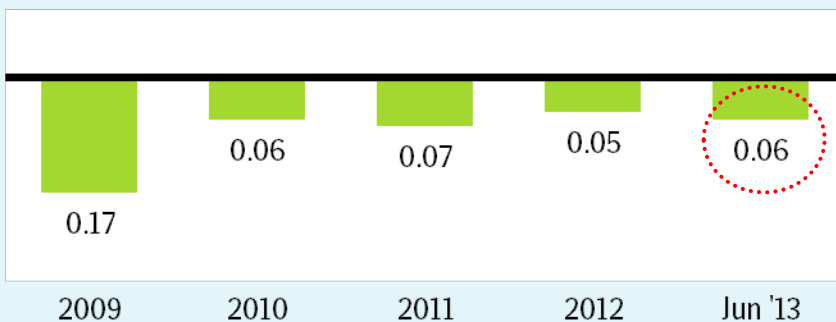
Development of Non-Performing Loans

SEK bn

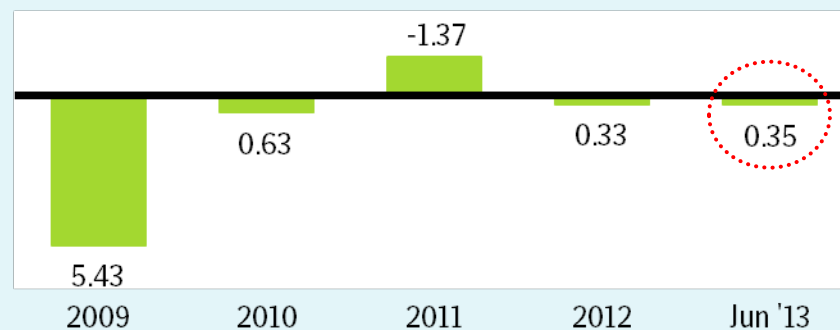


Credit loss level, %

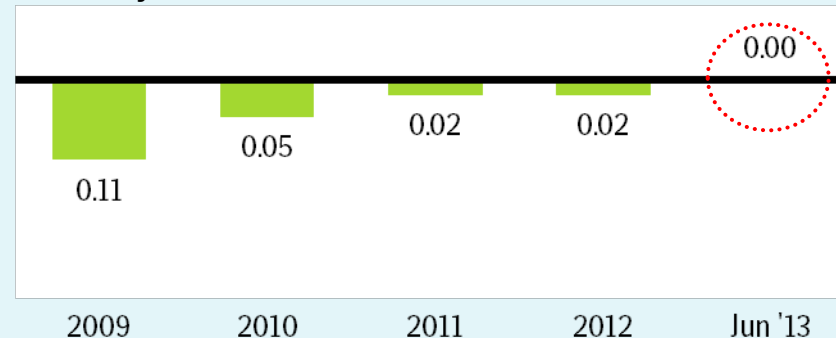
Nordic countries, net credit losses in %



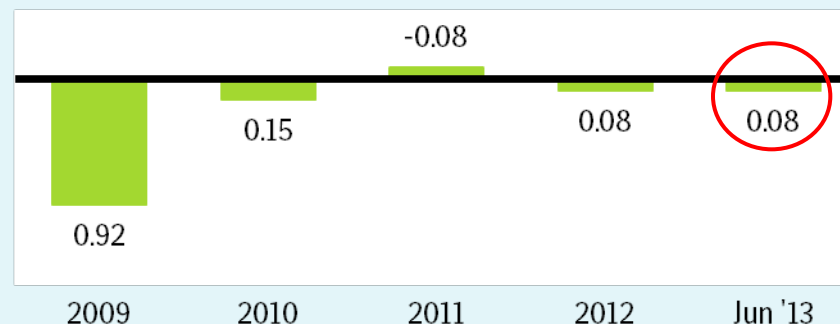
Baltic countries, net credit losses in %



Germany*, net credit losses in %



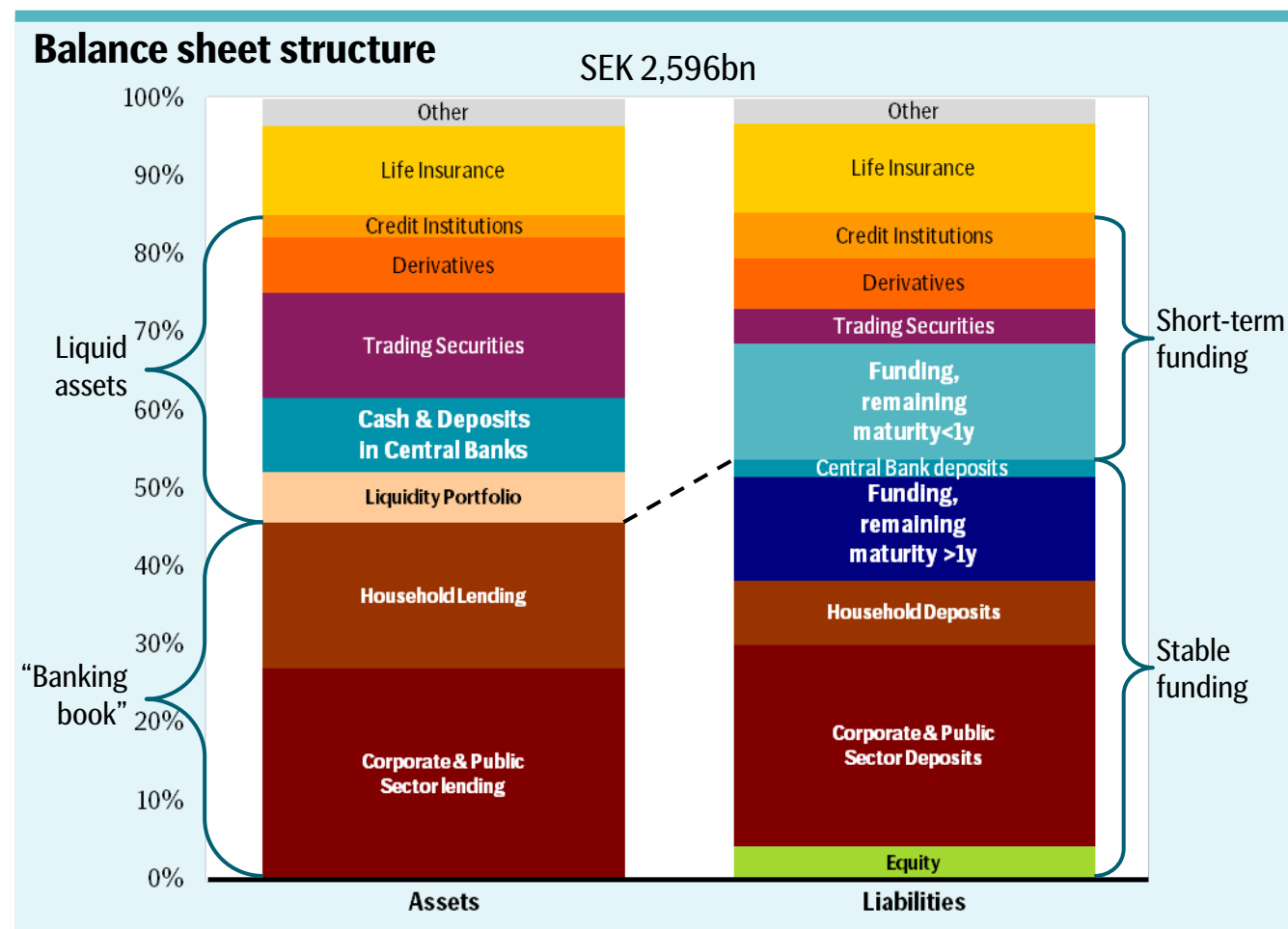
SEB Group, net credit losses in %



* Continuing operations

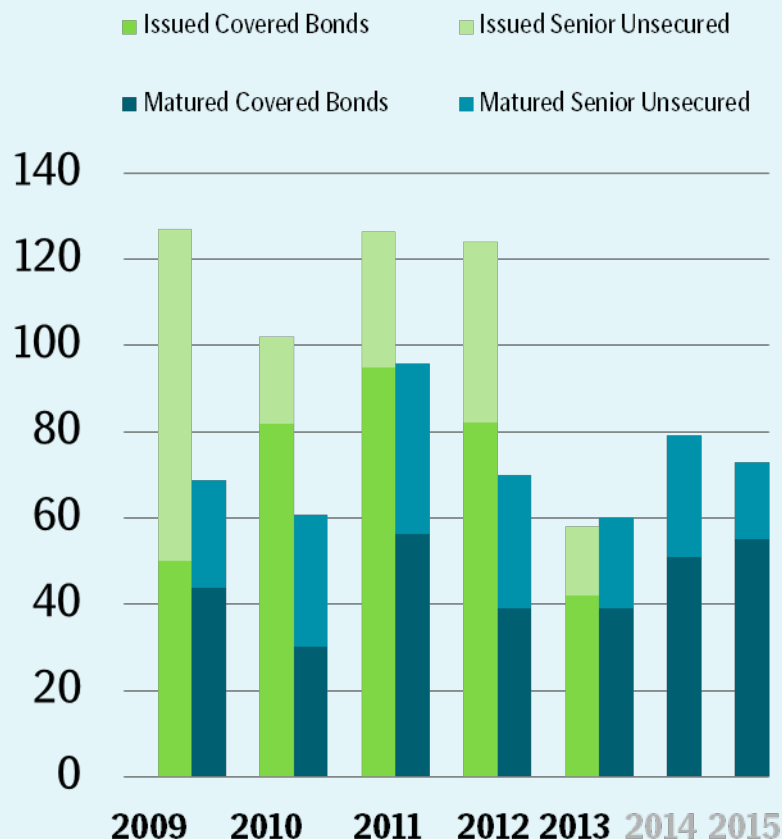
A strong balance sheet structure

Jun 2013



Conservative funding strategy

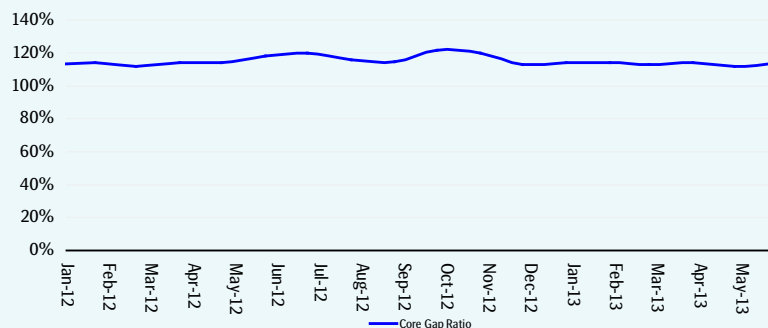
Long-term funding activities (SEK bn)



Issuance of bonds (SEK bn)

Instrument	2011	2012	Q1 2013	Q2 2013
Senior unsecured SEB AB	32	42	12	4
Covered bonds SEB AB	95	81	18	24
Covered bonds SEB AG	0	1	0	0
Subordinated debt	0	6	0	0
Total	126	124	30	28

Stable structural liquidity position – SEBs Core Gap ratio*

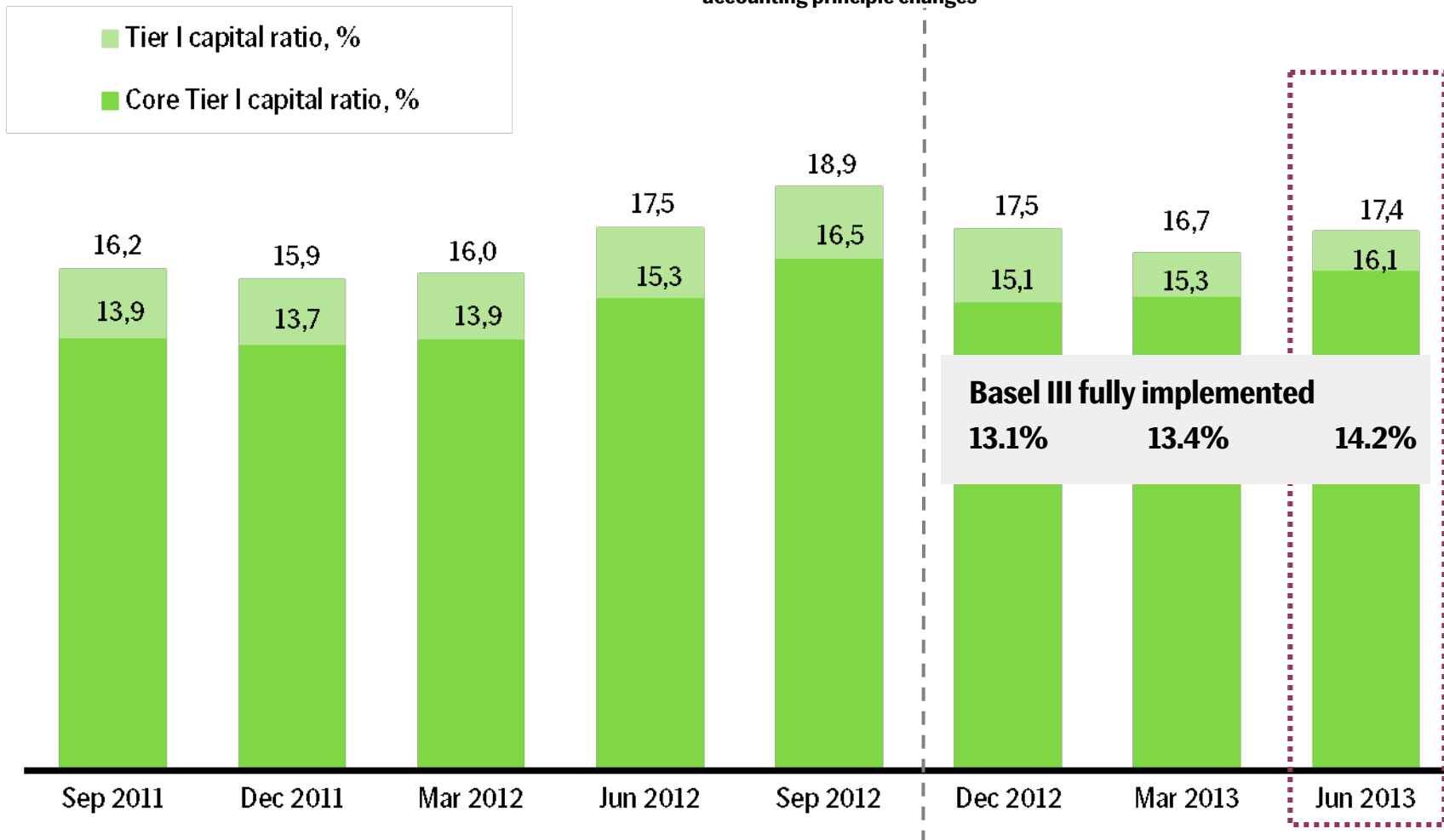


* Core Gap Ratio is an SEB defined internal measure similar to the regulatory-defined NSFR but based on internal behavioural modelling. It measures the amount of more than 1 year funding in relation to more than 1 year assets.

Basel II without transitional rules

SEB Group

Note: Pre Dec 2012 not restated for accounting principle changes



Sum-up

Key financial ratios

Financial targets

	<u>H1 2013</u>		<u>Long-term target</u>
CET1 Basel III	14.2%	Vs.	13%
RoE	12.5%	Vs.	13-15%

Going forward

1 Clear direction

2 Continued execution

3 A long-term financial partner

