



# Annual Accounts 2012

Annika Falkengren  
President & CEO

# Delivery of 2010–2012 plan

1

**Business expansion**

SEB

2

**Customer satisfaction**

3

**Operating leverage**

4

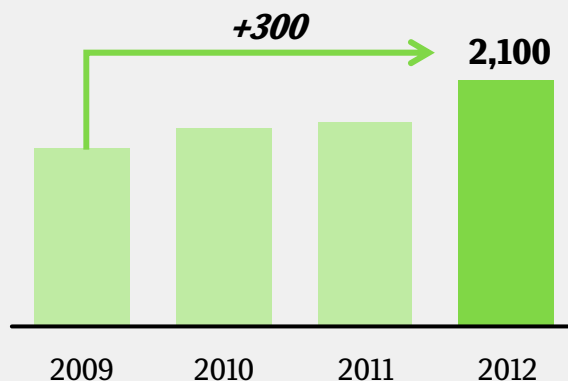
**Strong balance sheet**



# Business expansion

## Large Corporate Nordics & Germany

Number of clients

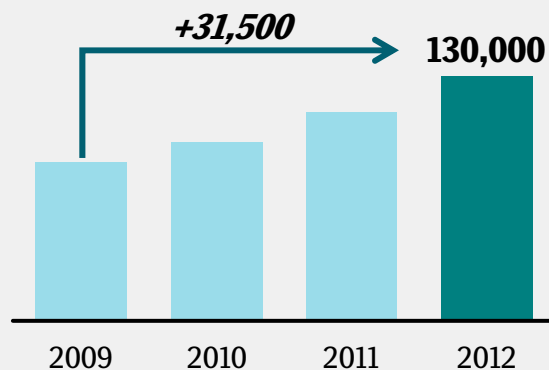


Credit portfolio (SEK bn)



## SME Sweden

Number of clients

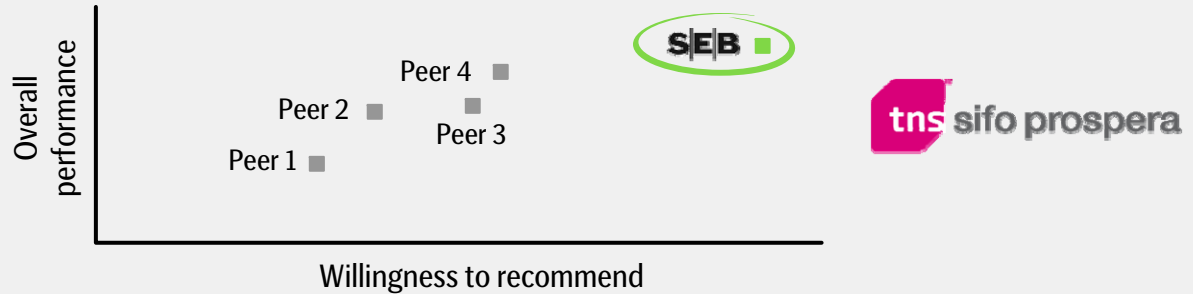


Credit portfolio (SEK bn)

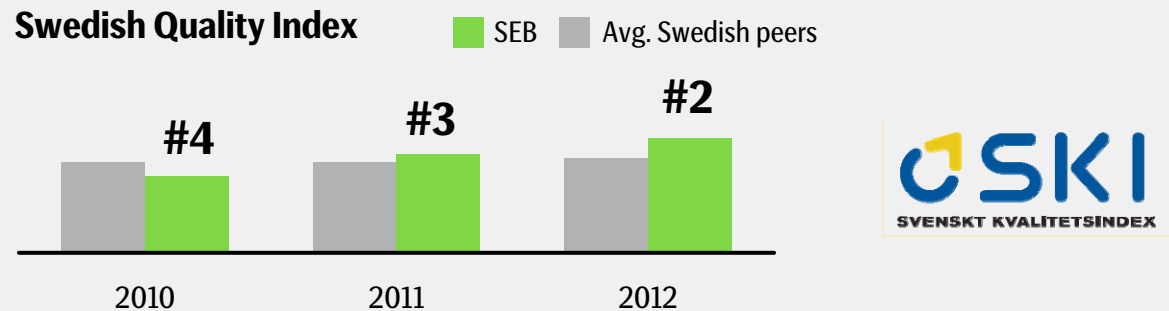


# Customer satisfaction

## Large Corporate Nordics



## SME Sweden



## Private Sweden & Baltics

### Bank of the Year 2012



- Sweden
- Estonia
- Lithuania
- Latvia

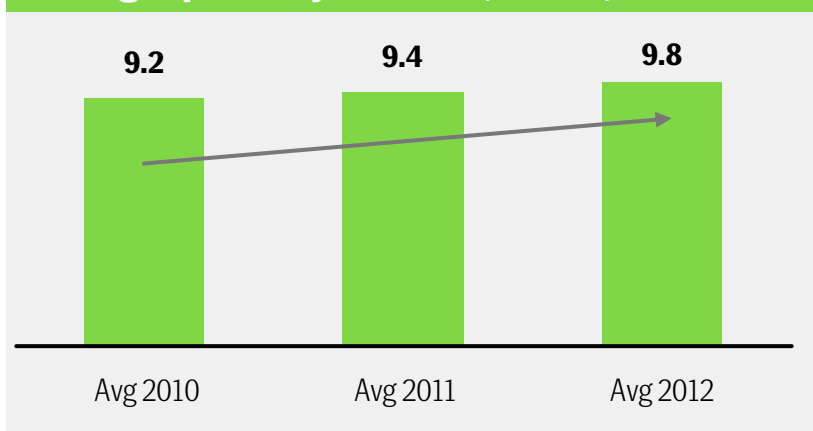
### Best Nordic Private Bank

**The Banker**  
GLOBAL FINANCIAL INTELLIGENCE SINCE 1868

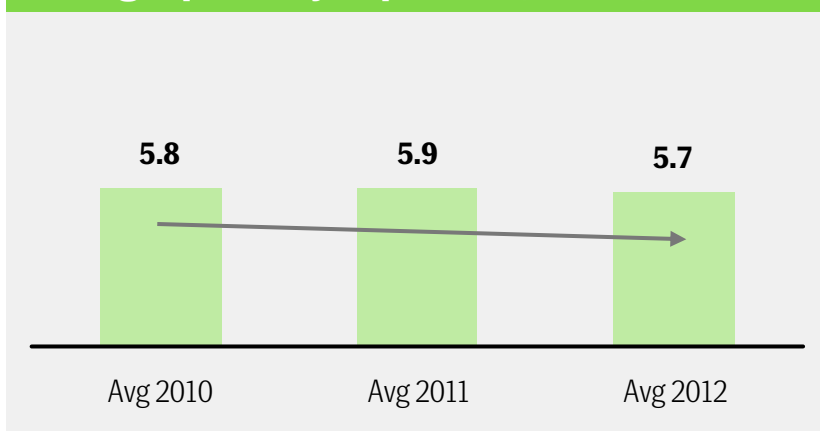
**PWM**  
PROFESSIONAL WEALTH MANAGEMENT

# Increased operating leverage

Average quarterly income (SEK bn)

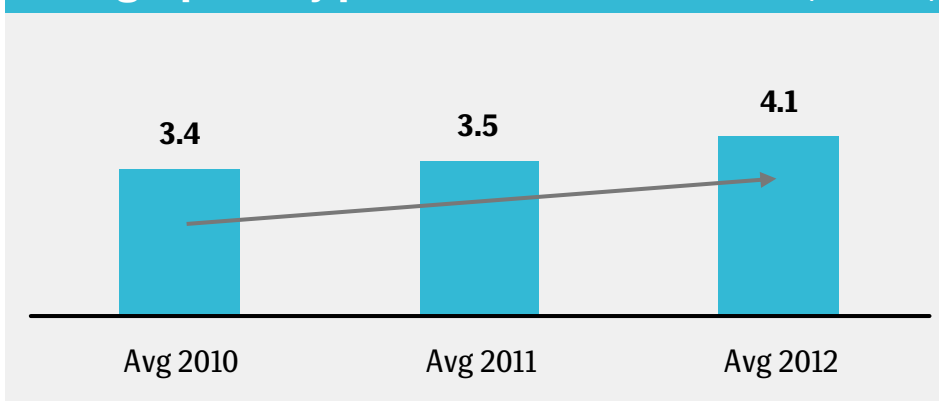


Average quarterly expenses (SEK bn)



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



# Strong balance sheet

## Capital, liquidity and asset quality

CET1 Basel III 13.1%

LCR 113%

Liquid resources SEK 632bn

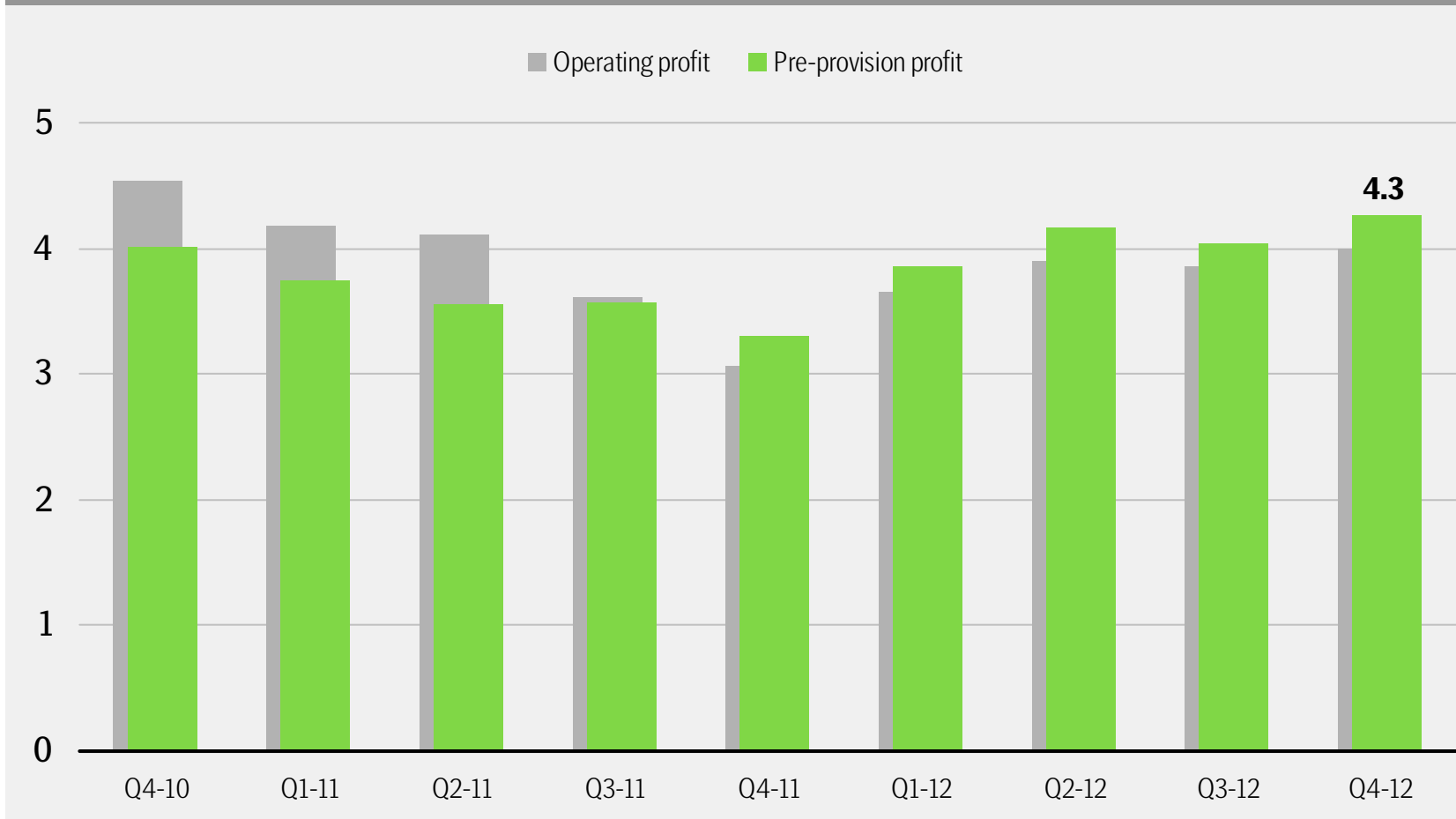
Loan to deposit ratio 134%

NPL coverage ratio 66%

Loan losses 8bps

# Underlying business development

## Pre-provision profit and operating profit (SEK bn)



Notes: Excluding one-offs (bond buy-back and IT impairment in Q4 2012)  
Estimated IAS 19 costs in 2010

# Results presented today exclude one-off effects announced last week



## Press release

Stockholm 22 January 2013

### Disclosure of adjustments to financial statements in connection with the annual accounts 2012

In the Annual Accounts to be presented on 31 January, SEB will disclose the financial impact of changed accounting principles, certain one-off adjustments and tax legislation. The Bank's business is continuing to develop well. In connection with the Annual Accounts, more detailed long-term financial targets will also be presented.

The adjustments that will be carried out in connection with the Annual Accounts 2012 include the financial effects arising from changed principles for pensions (IAS19) and financial instruments, one-off effects from the lowered Swedish corporate tax rate, new direction of IT infrastructure project and buy-backs of covered bonds.

"Our business is continuing to develop well. As we implement the IAS19 framework in the Annual Accounts, SEB increases transparency at the presentation of the 2012 results", says SEB's CFO **Jan Erik Back**.

The total effects in the results for the whole year of 2012, net, amount to SEK 7m. The common equity tier 1 ratio according to Basel III is unchanged at about 13.5 per cent, the estimate for year-end provided earlier. Free cash flow is increased by about SEK 1bn over time.

SEB's costs in the business, i.e. excluding IT-adjustments, are developing in line with the cost-cap for 2012, below SEK 23bn.

A telephone conference with Jan Erik Back and Ulf Grunnesjö, Head of Investor Relations, will be held at 18:30 (CET) today and can be accessed by telephone, +44(0)20 7162 0025. Please quote conference id: 928120.

[Read more and download detailed information encompassing the adjustments here](#)

#### For further information, please contact

Jan Erik Back, CFO, +46 8 22 19 00

Ulf Grunnesjö, Head of Investor Relations, +46 8 763 85 01; +46 70 763 85 01

## Results presentation excludes:

- Buy-back of covered bonds at negative income of SEK 402m
- IT impairment at cost of SEK 753m



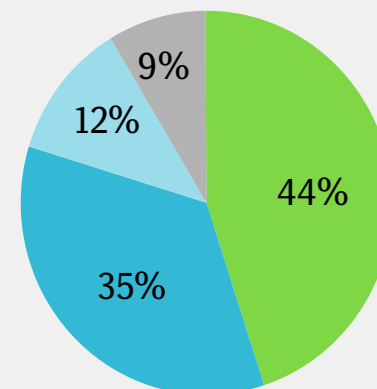
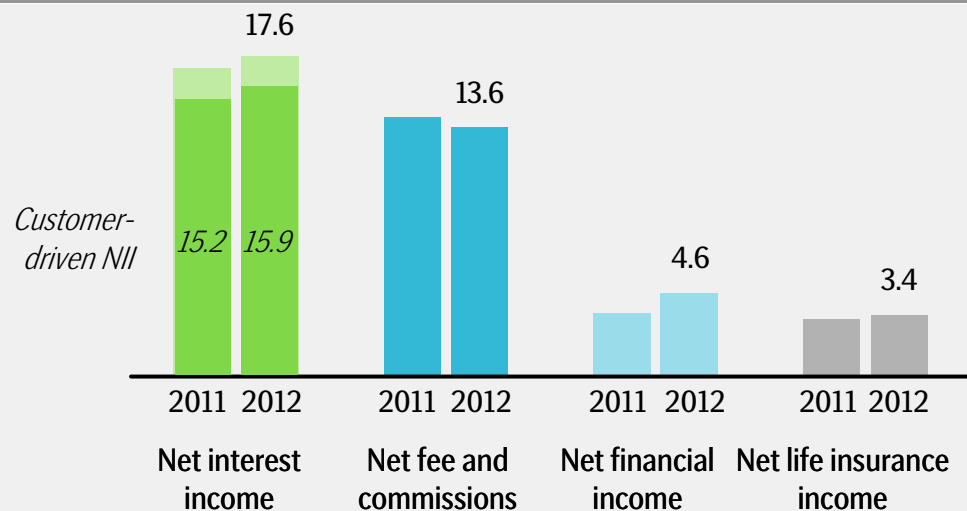


# Income statement

## Profit and loss (SEK bn)

	Q4-12	% Q3-12	% Q4-11	FY 2011	FY 2012	%
<b>Total Operating income</b>	<b>10,039</b>	+4	+8	<b>37,686</b>	<b>39,225</b>	+4
Total Operating expenses	-5,771	+2	-4	-23,513	-22,899	-3
<b>Profit before credit losses</b>	<b>4,268</b>	+6	+29	<b>14,173</b>	<b>16,326</b>	<b>+15</b>
Net credit losses etc.	-274			780	-936	
<b>Operating profit</b>	<b>3,994</b>	+4	+30	<b>14,953</b>	<b>15,390</b>	+3

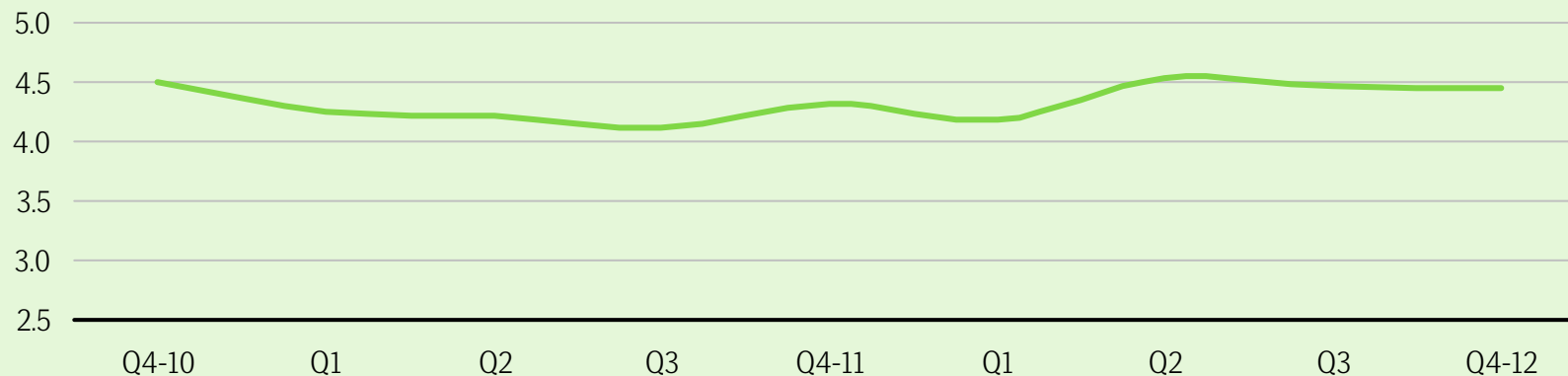
## Operating income by type, 2011 vs. 2012 (SEK bn)



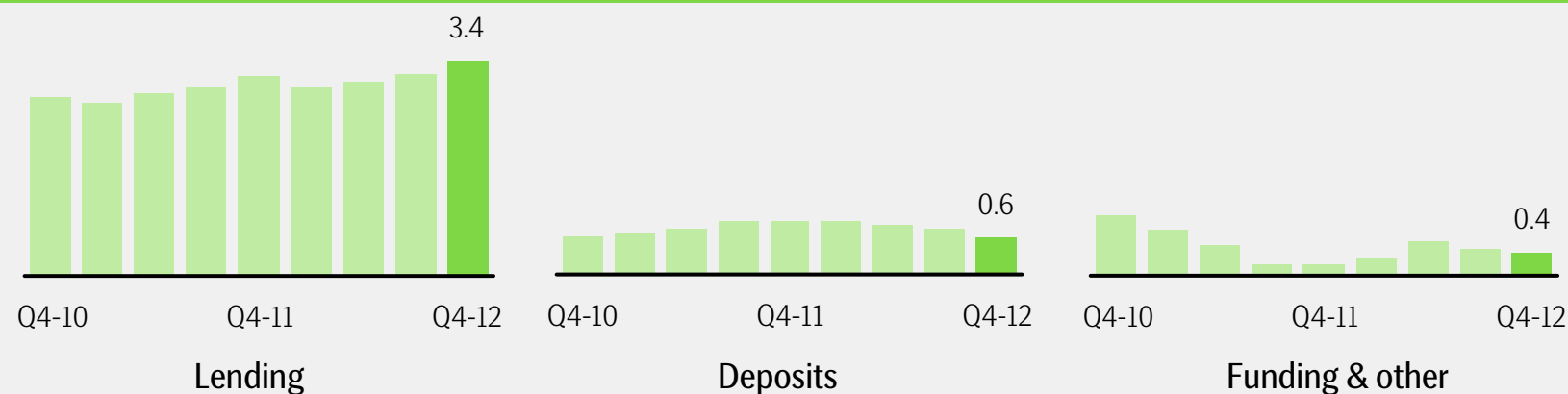
Note: Excluding one-offs (bond buy-back and IT impairment)

# Net interest income development

Net interest income Q4 2010 – Q4 2012 (SEK bn)

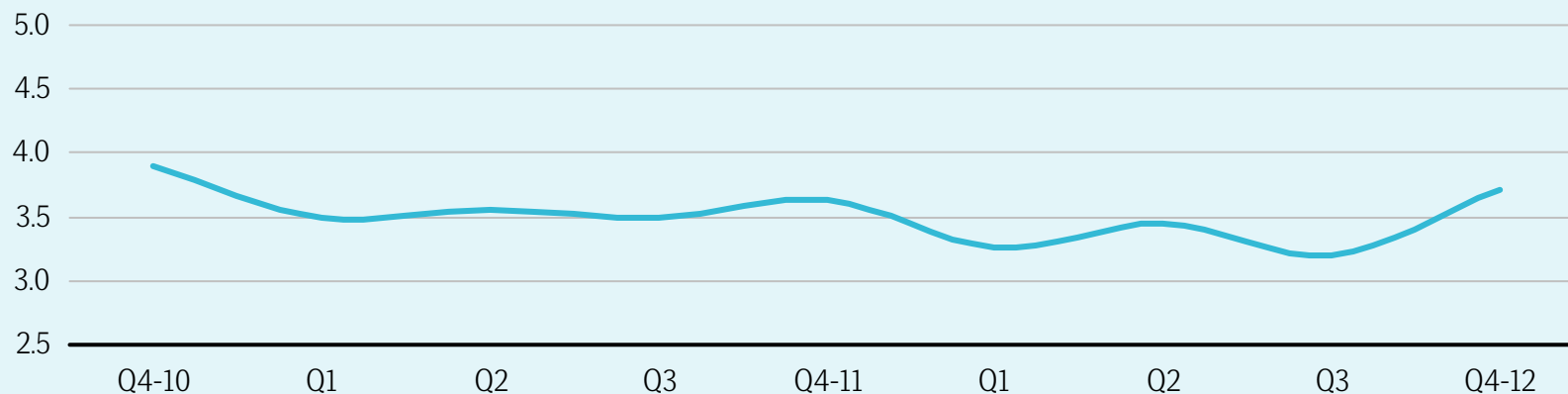


Net interest income by income type Q4 2010 – Q4 2012 (SEK bn)

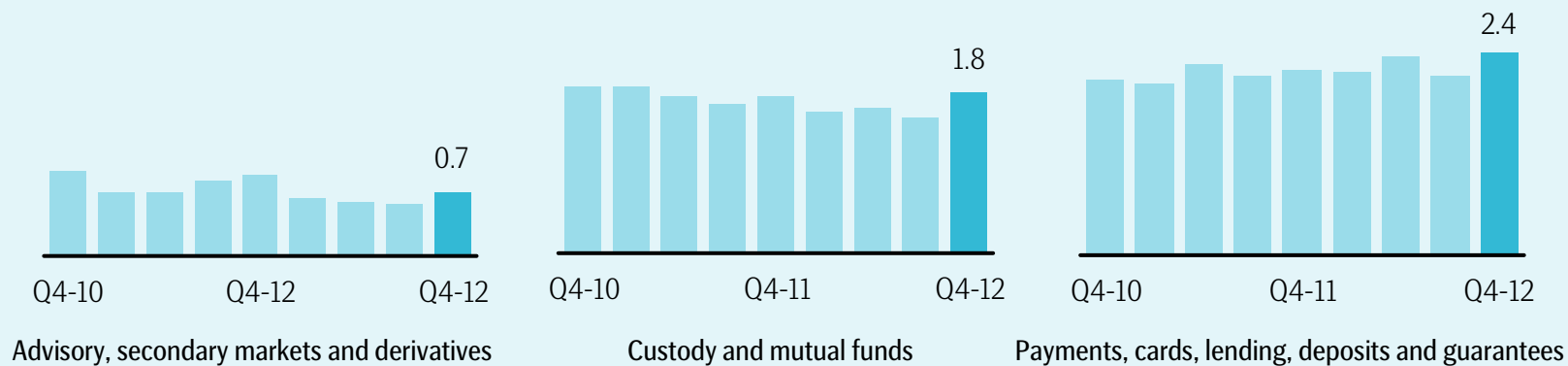


# Net fee and commission income development

Net fee and commissions Q4 2010 – Q4 2012 (SEK bn)

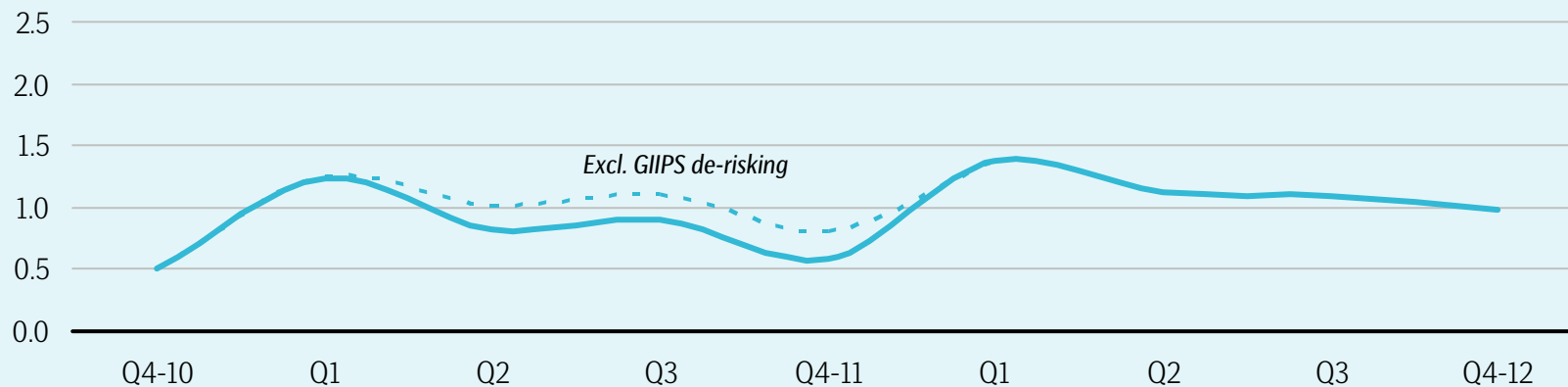


Gross fee and commissions by income type Q4 2010 – Q4 2012 (SEK bn)

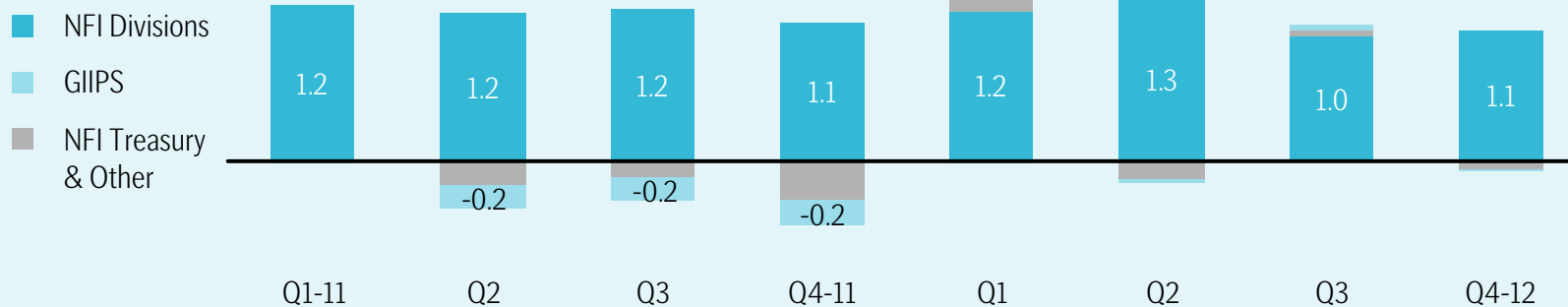


# Net financial income development

## Net financial income Q4 2010 – Q4 2012 (SEK bn)



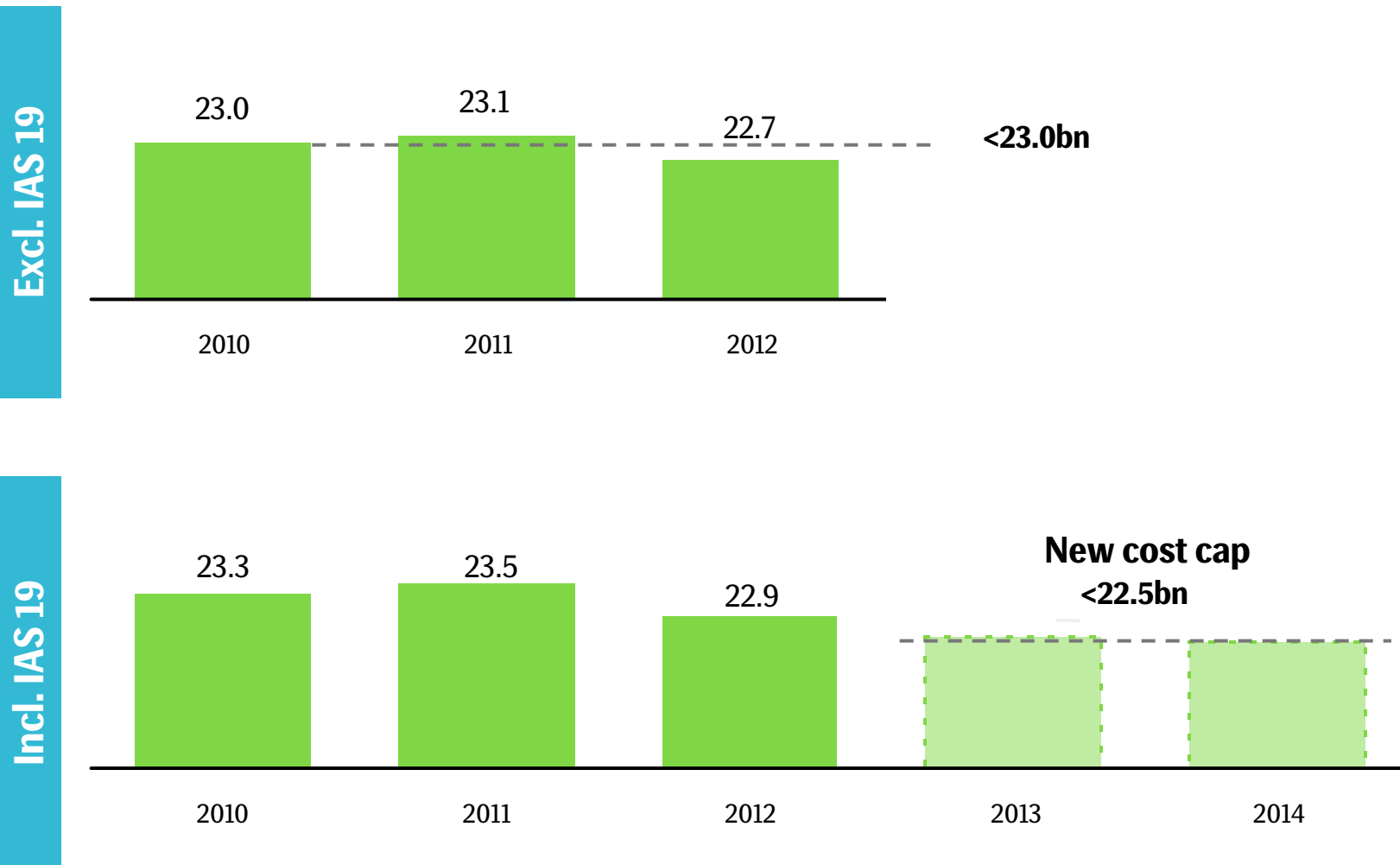
## Net financial income development (SEK bn)





# Delivery on cost-cap for underlying business

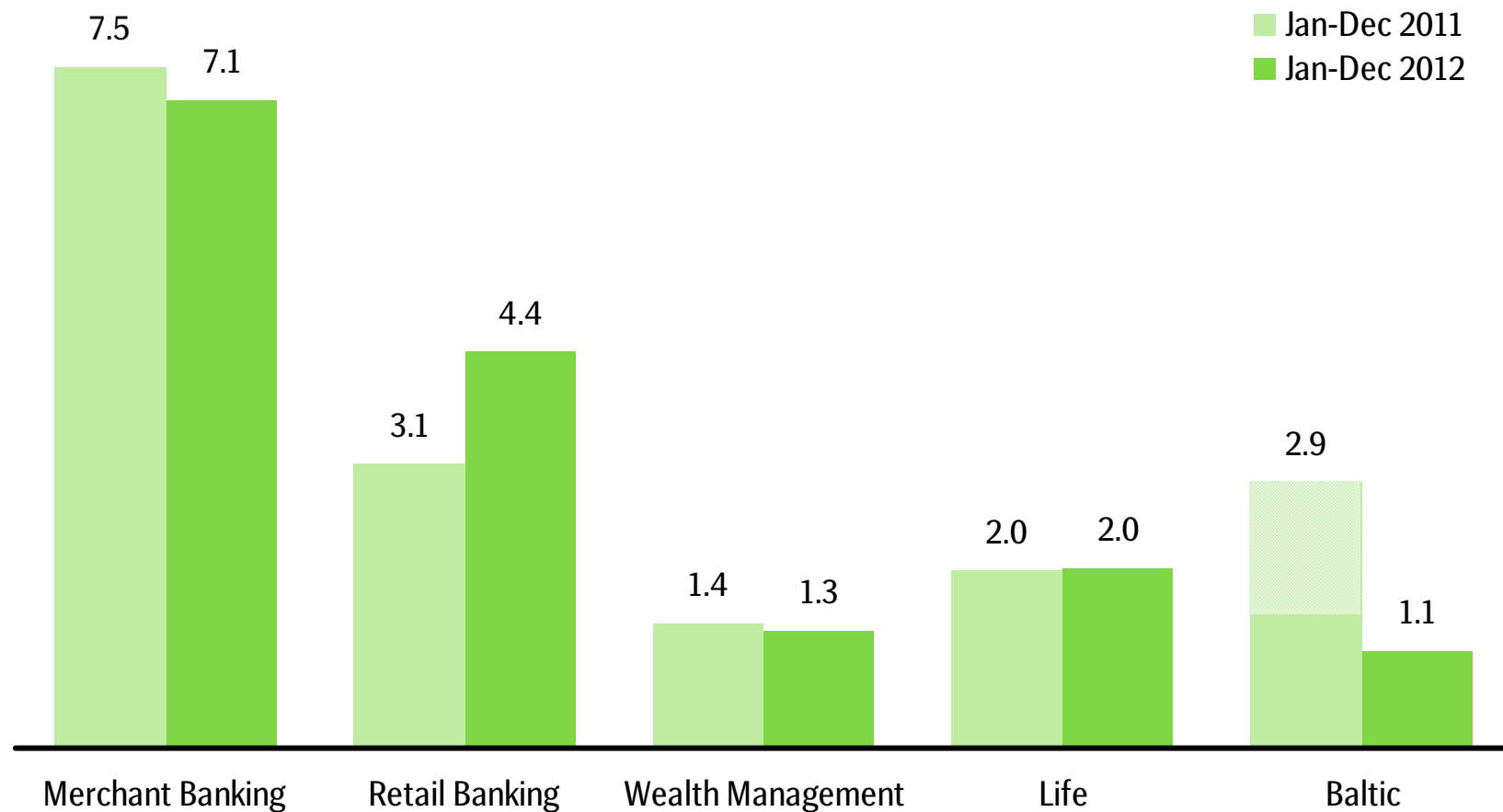
Operating expenses excluding one-offs, SEK bn



Notes: Excluding IT impairment  
Estimated IAS 19 costs in 2010

# Divisional performance

## Operating profit 2011 vs. 2012 (SEK m)



Note: Excluding IT impairment

# Summary of 2012 financials



Operating profit: **SEK 14.2bn**

EPS: **SEK 5:31**

Proposed dividend: **SEK 2:75**

CET1 ratio: **13.1%**

*Note: Total operations (including one-off effects)*

# Ambition going forward

**The leading Nordic bank for  
corporates & institutions**

**Top universal bank in  
Sweden and the Baltics**



# The relationship bank in our part of the world

The image is a collage of five photographs: top-left shows three men in business suits; top-right shows a man in a white shirt in an office with multiple monitors; bottom-left shows a family (father, mother, and two children) riding bicycles; bottom-right shows two men, one wearing a head-mounted display, sitting and talking. Overlaid on this collage is a large, semi-transparent circular graphic. In the center of the circle is the text 'S|E|B' in large, bold, black letters. Surrounding this central text are five phrases in a light blue, sans-serif font, arranged in a circular path: 'Highest customer loyalty' (top), 'Highest brand perception' (right), 'Competitive & stable returns' (bottom), 'Highest employee commitment' (left), and 'Highest customer loyalty' (top).

**S|E|B**

- Highest customer loyalty
- Highest brand perception
- Competitive & stable returns
- Highest employee commitment
- Highest customer loyalty

**S|E|B**

17

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- Highest brand perception
- Competitive & stable returns
- Highest employee commitment
- Highest customer loyalty

**S|E|B**

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- Highest customer loyalty
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- Highest employee commitment
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- Highest customer loyalty
- Highest brand perception
- Competitive & stable returns
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**S|E|B**

- Highest customer loyalty
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**S|E|B**

- Highest customer loyalty
- Highest brand perception
- Competitive & stable returns
- Highest employee commitment
- Highest customer loyalty

**S|E|B**

17

# Uncertain macroeconomic environment persists



**Macro improving but  
from low level**

**European crisis making  
slow progress**

**Customer activity  
remains subdued**

**Central banks  
keeping rates low**



# Financial ambitions

**Dividend payout 40%  
or above**

**Common Equity Tier 1  
ratio of 13%**

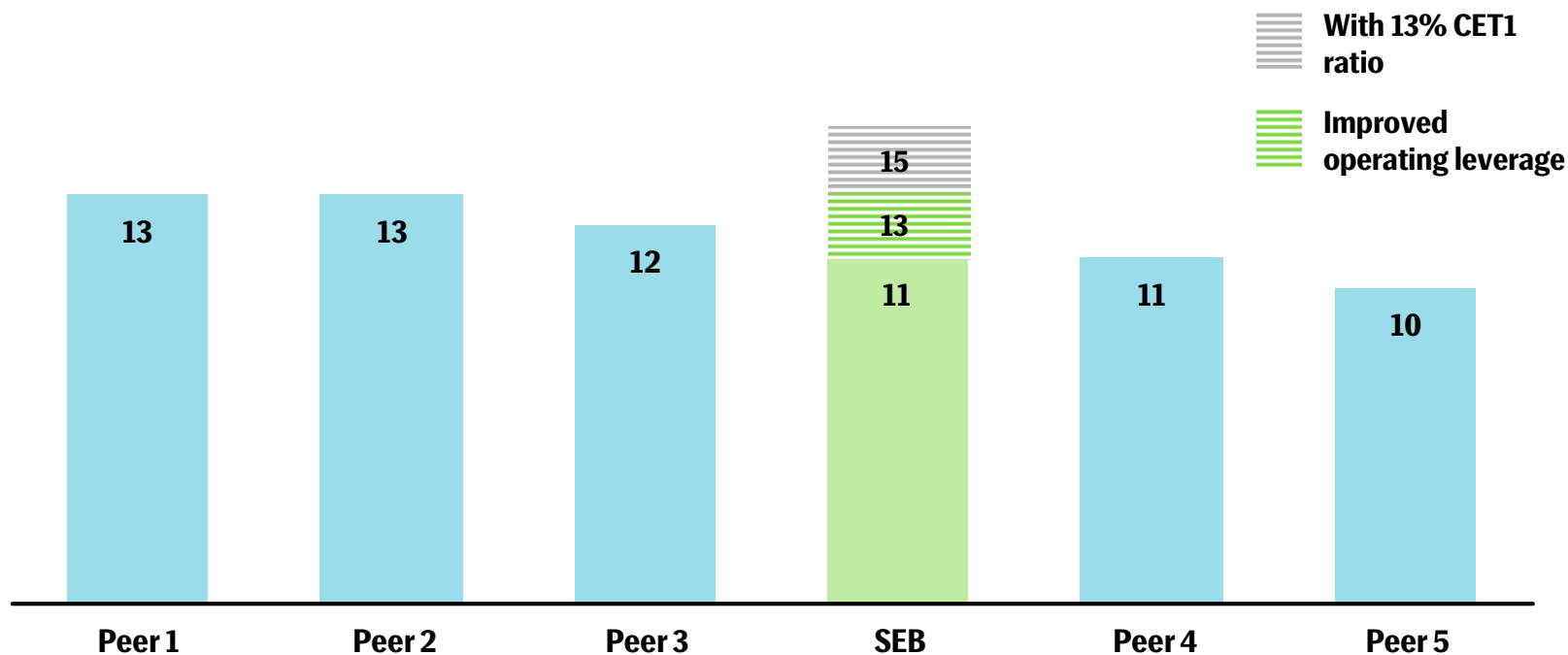
**Generate ROE that is  
competitive with peers**

**Long-term ROE  
aspiration 15%**



# What is a competitive ROE in the near-term?

ROE 2014 – Consensus analyst estimate (Post Q3 2012, %)



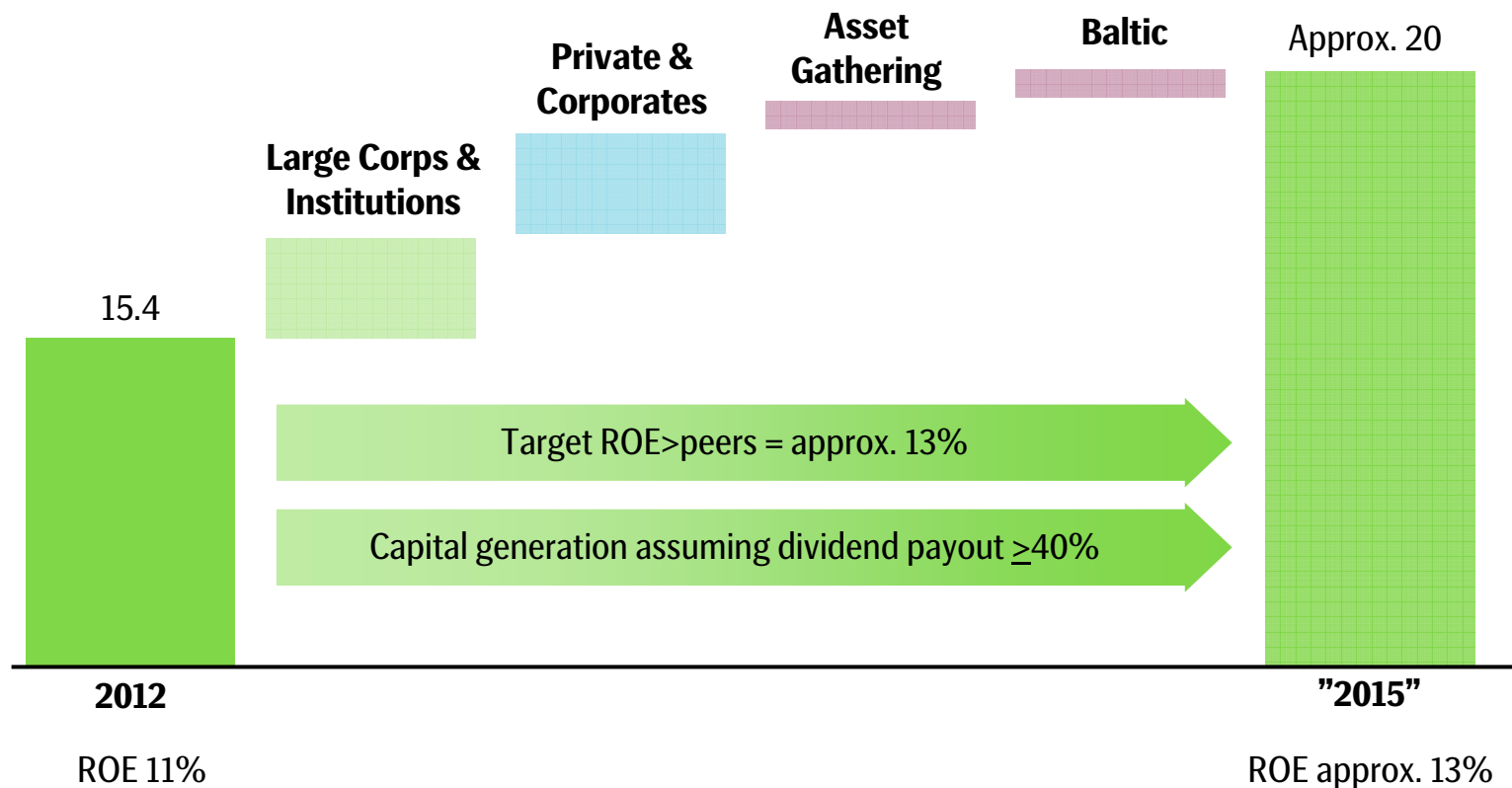
Source: Consensus analyst estimates from equity research reports



# Back-of-the-envelope calculation for ROE 13%

Operating profit  
(SEK bn)

ILLUSTRATIVE



Note: Excluding one-offs (bond buy-back, IT impairment and tax effect)

# 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



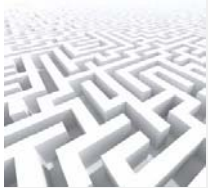
Invest in e-banking for cost efficient service and offerings

## 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

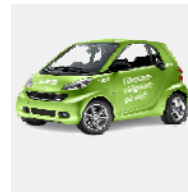
## Baltic



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

# Conclusion



Deep and broad long-term customer relationships remain at heart of SEB's strategy

Profit growth from disciplined execution of investments and cost control

Strong balance sheet and low risk profile maintained

New financial targets reflect SEB's strong commitment to bring value to shareholders



# *The relationship bank in our part of the world*

