






**SEB January–September 2013**

**Investor Presentation**

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# Our way of doing business

 <b>Large Corporate</b>	<b>2,100</b> customers
 <b>Financial Institutions</b>	<b>700</b> customers
 <b>Corporate</b>	<b>400k</b> customers
 <b>Private</b>	<b>4m</b> customers

## Since 1856...



**Full-service customers**



**Holistic coverage**



**Investments in core services**

# Market franchise

Sep 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 1,427bn under management
  - Largest Nordic custodian with SEK 5,814bn 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

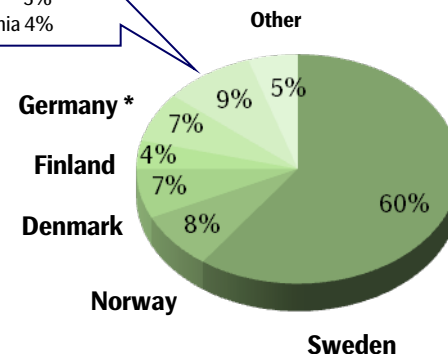
## Total operating income

12m rolling Sept 2013

### Baltic

- Estonia 2%
- Latvia 3%
- Lithuania 4%

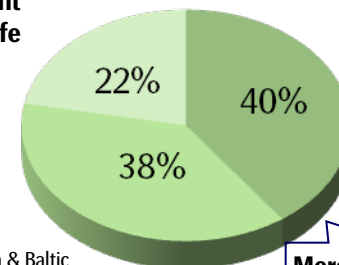
### Geographic



### Business \*

#### Wealth Management and Life

Retail (Retail Sweden & Baltic division)



### Merchant Banking

- Corporate Banking 20%
- Markets 14%
- Transaction Banking 6%

\*excluding Treasury



# 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

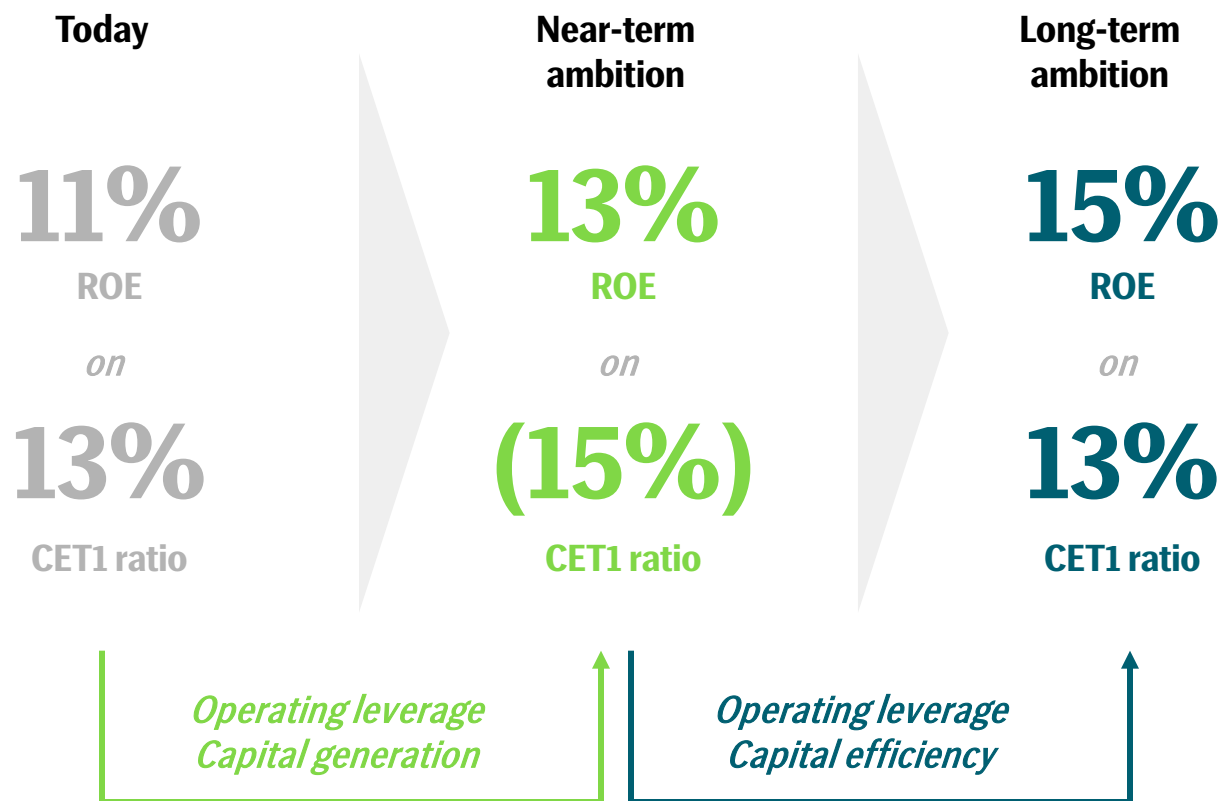
Long-term ROE  
aspiration 15%



# Actions to raise divisional performance



# Short- and long-term ROE ambitions





# Highlights Q3-2013

A photograph of three business professionals in an office setting. A woman on the left is standing and talking on a mobile phone. A man in the center is standing and looking towards the right. A woman on the right is sitting in a blue office chair, facing away from the camera. They are in front of a large window with horizontal blinds.

**1** Improved business sentiment

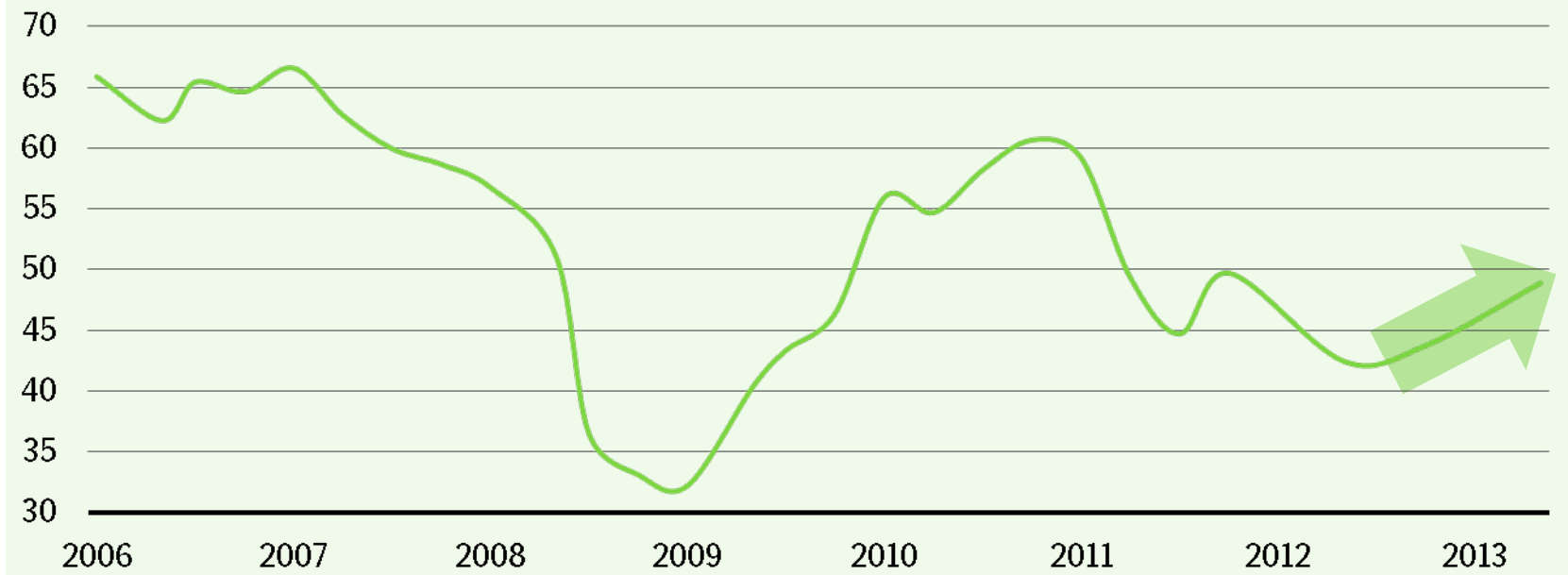
**2** Increased operating leverage

**3** Renewed regulatory uncertainty

# Business conditions



**Deloitte/SEB Swedish CFO Survey**

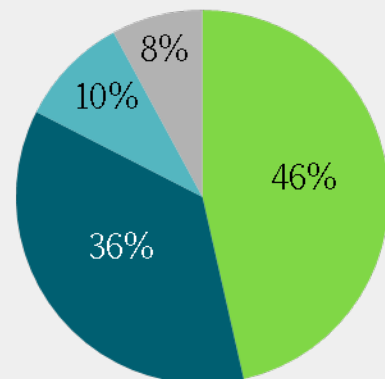
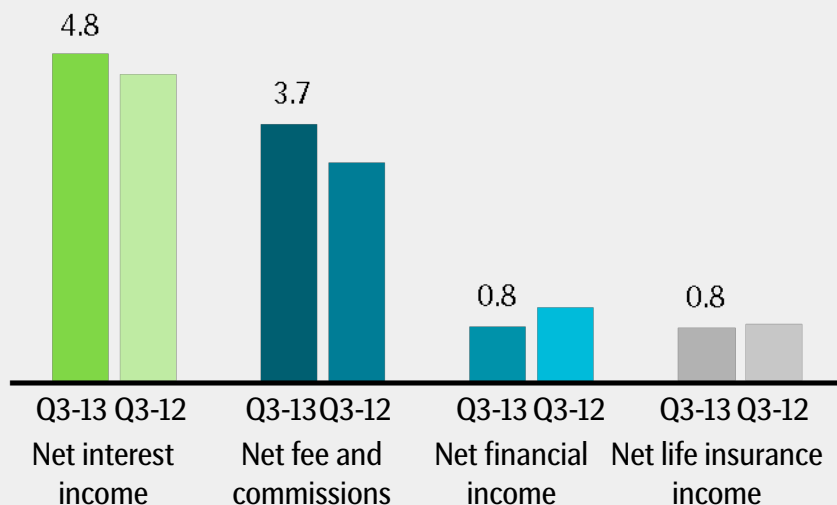


# Financial summary

## Profit and loss (SEK m)

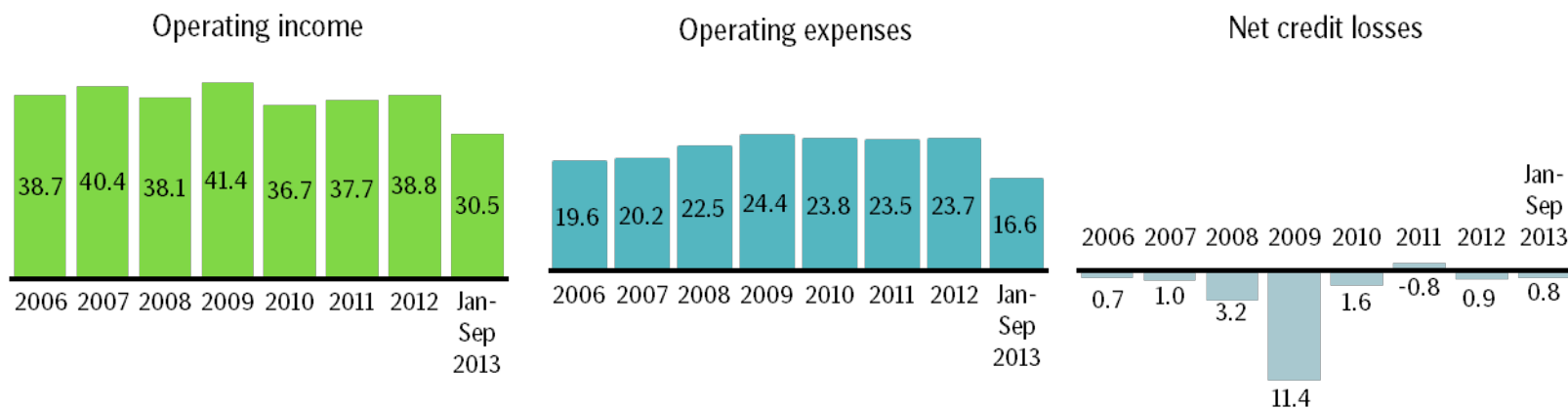
	Q3-13	Q3-12	%	Jan-Sep 2013	Jan-Sep 2012	%
<b>Total Operating income</b>	<b>10,324</b>	<b>9,681</b>	7	<b>30,523</b>	<b>29,186</b>	5
Total Operating expenses	-5,453	-5,639	-3	-16,626	-17,128	-3
<b>Profit before credit losses</b>	<b>4,871</b>	<b>4,042</b>	21	<b>13,897</b>	<b>12,058</b>	15
Net credit losses etc.	-253	-185		-779	-662	
<b>Operating profit</b>	<b>4,618</b>	<b>3,857</b>	20	<b>13,118</b>	<b>11,396</b>	15

## Operating income by type, Q3 2013 vs. Q3 2012 (SEK bn)

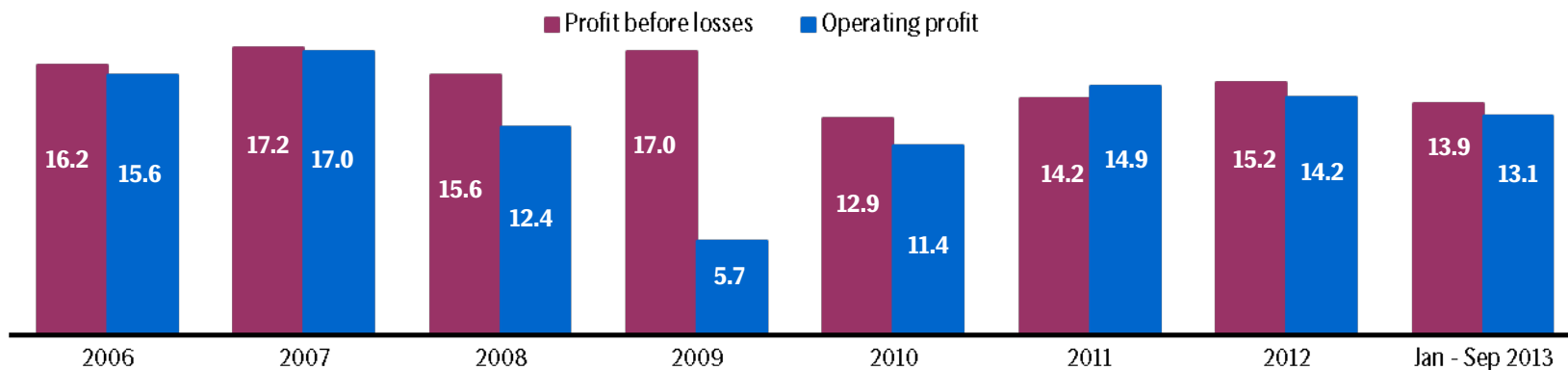


# Profit generating throughout the financial and sovereign debt “crises”

## Income, expenses and net credit losses (SEK bn)



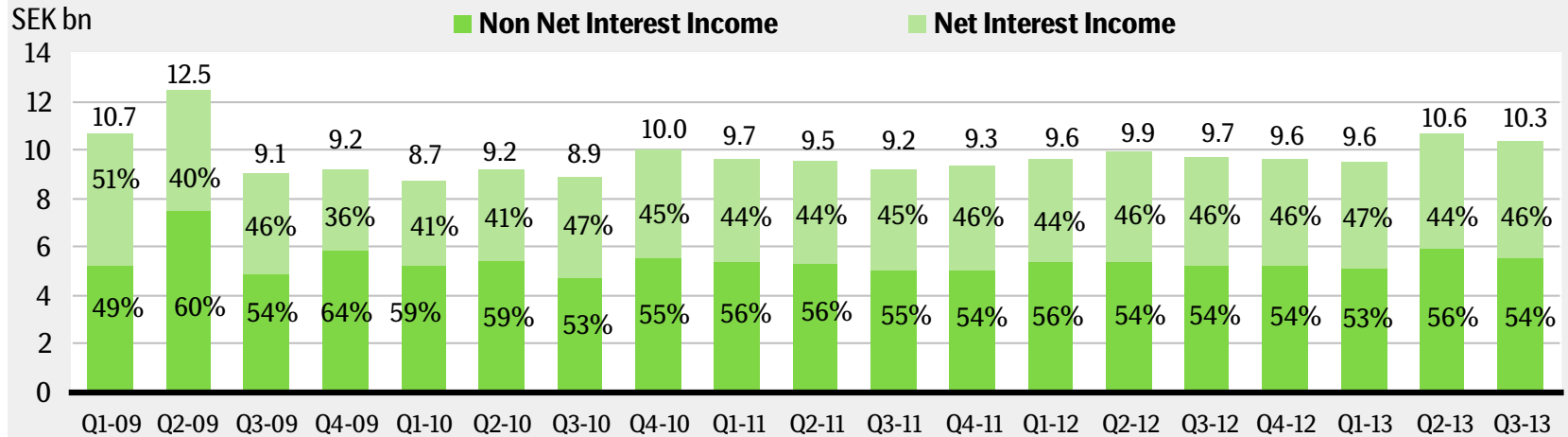
## Operating profit, (SEK bn)



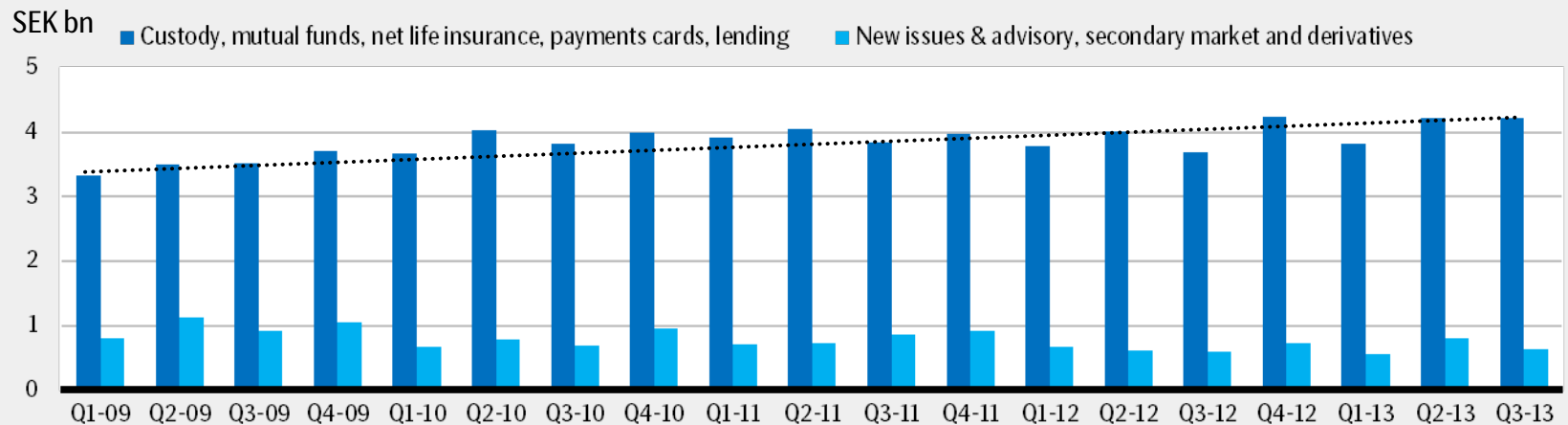


# Business mix creates stable and diversified revenues

## Total operating income split between Non-NII and NII



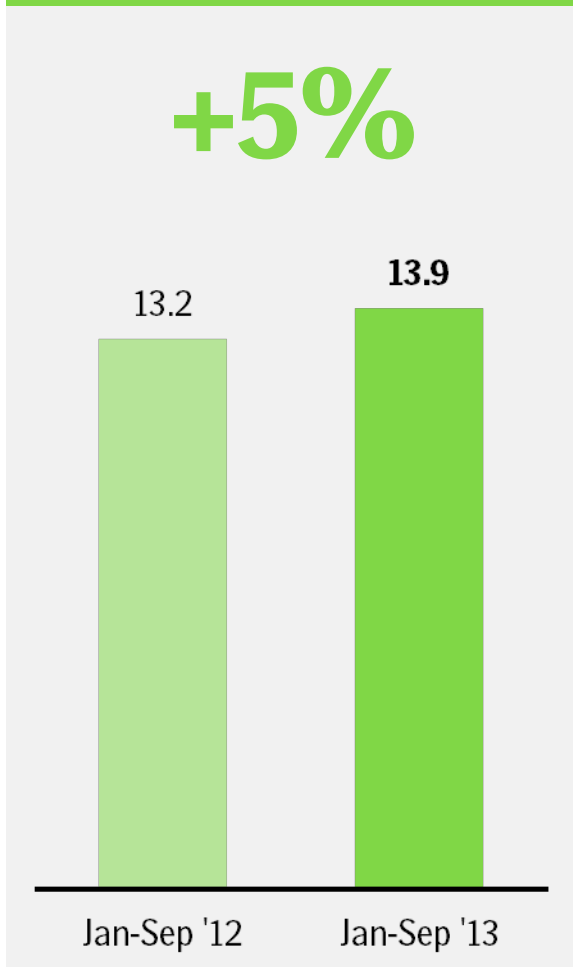
## Underlying market shares render stable commission\* and net life income



\*Gross commission development

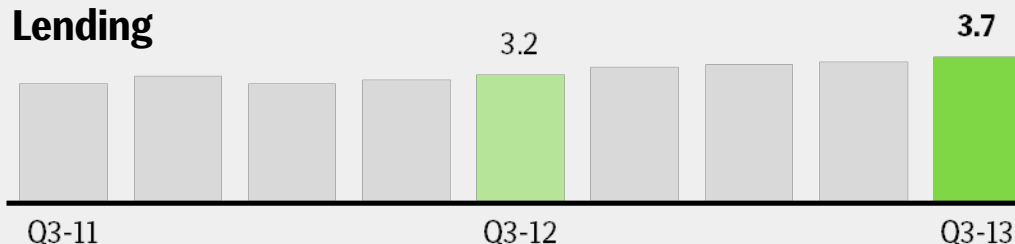
# Net interest income development

## Net interest income 2012 YTD vs. 2013 YTD (SEK bn)

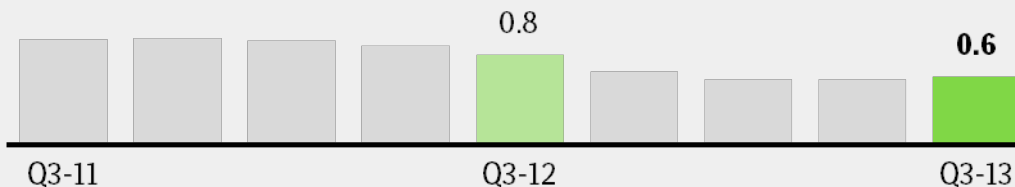


## Net interest income type Q3 2011 – Q3 2013 (SEK bn)

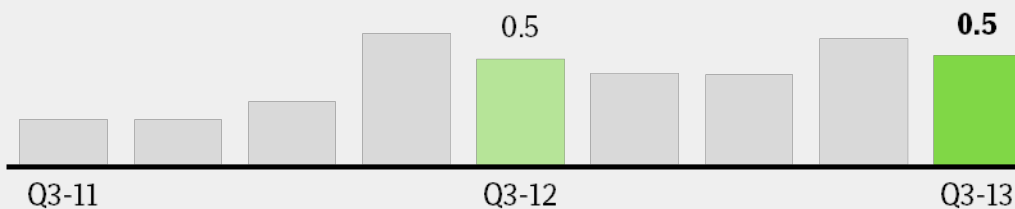
### Lending



### Deposits

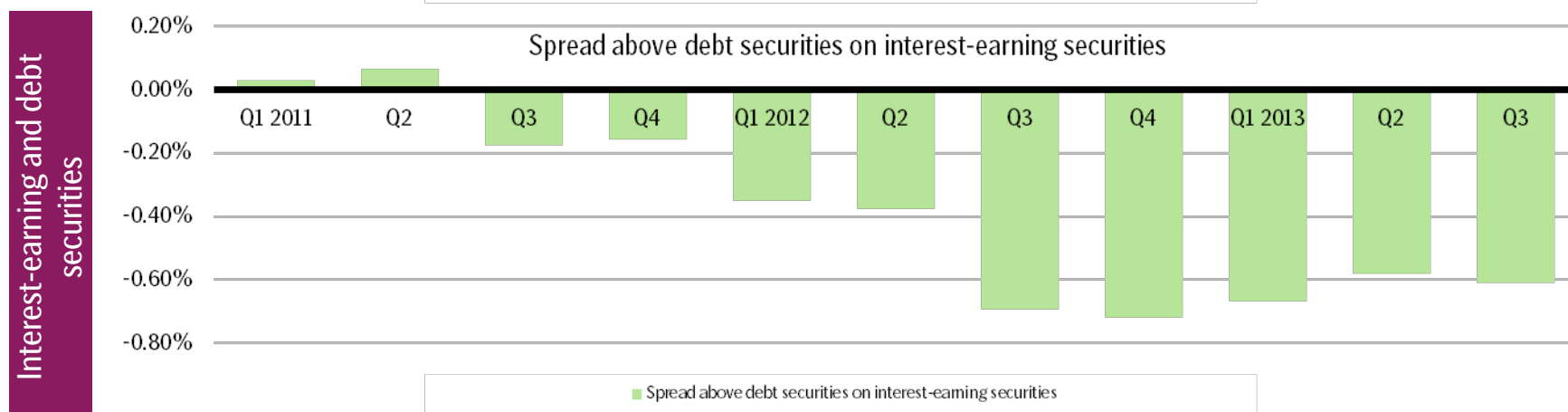
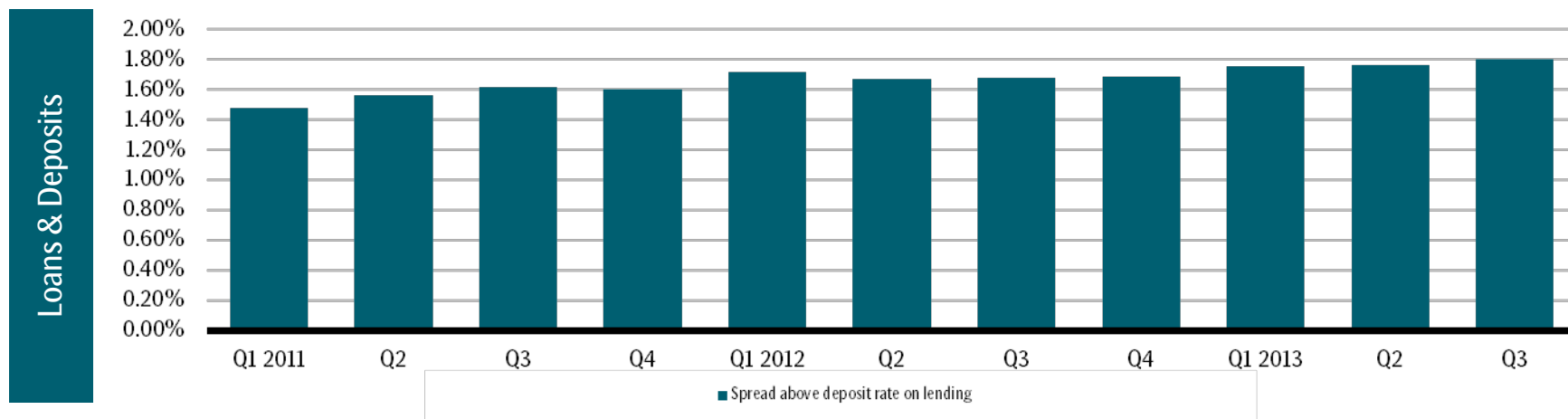


### Funding & other



# NIM development

Spread above deposit rate on lending



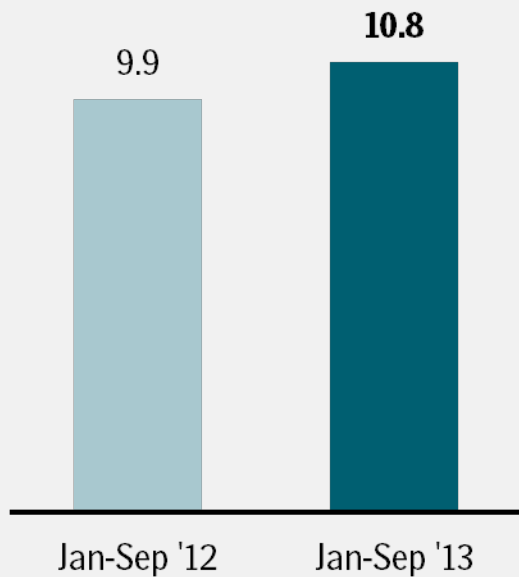
**Group NIM Q1 2011 ~1%**

**Q1 2013 ~1%**

# Net fee and commission income development

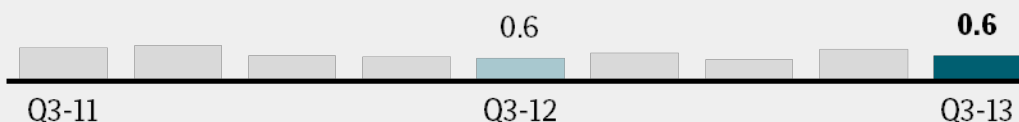
## Net fee and commissions 2012 YTD vs. 2013 YTD (SEK bn)

**+9%**

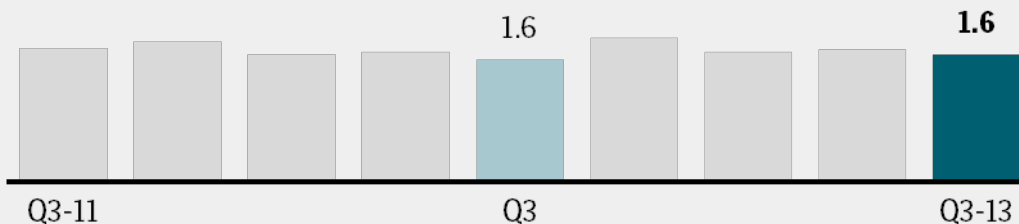


## Gross fee and commissions by income type Q3 2011 – Q3 2013 (SEK bn)

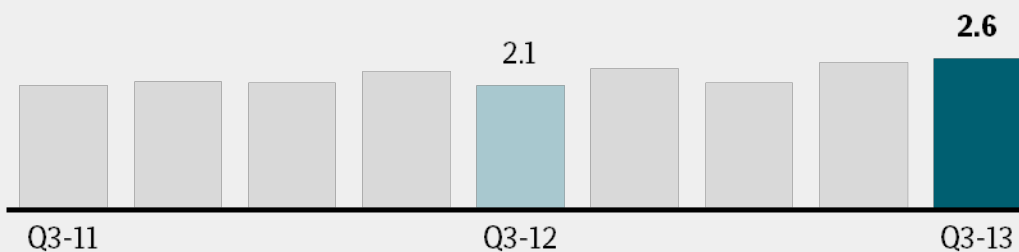
### Advisory, secondary markets and derivatives



### Custody and mutual funds



### Payments, cards, lending, deposits & guarantees





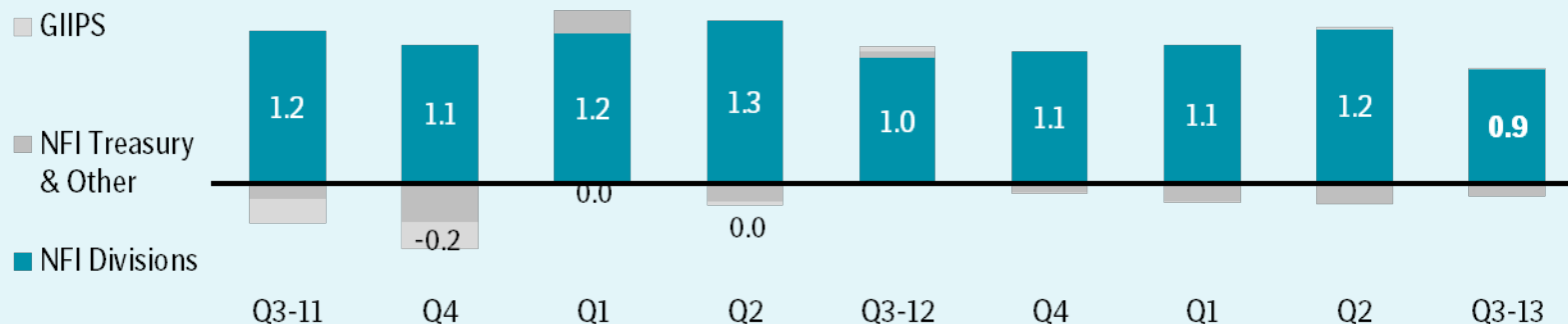
# Net fee and commission income development

SEB Group

SEK m	Q3	Q2	SEK m	Jan - Sep	Jan - Sep	SEK m
	2013	2013	Δ	2013	2012	Δ
Issue of securities and advisory	154	161	-7	380	405	-25
Secondary market and derivatives	482	647	-165	1,624	1,460	164
Custody and mutual funds	1,631	1,702	-71	4,990	4,853	137
<i>Whereof performance and transaction fees Wealth</i>	2	48	-46	120	87	33
Payments, cards, lending, deposits, guarantees and other	2,587	2,515	72	7,276	6,658	618
<i>Whereof payments and card fees</i>	1,463	1,516	-53	4,400	4,460	-60
<i>Whereof lending</i>	828	675	153	1,957	1,439	518
<b>Fee and commission income</b>	<b>4,854</b>	<b>5,025</b>	-171	<b>14,270</b>	<b>13,376</b>	894
<b>Fee and commission expense</b>	<b>-1,119</b>	<b>-1,214</b>	95	<b>-3,477</b>	<b>-3,471</b>	-6
<b>Net fee and commission income</b>	<b>3,735</b>	<b>3,811</b>	-76	<b>10,793</b>	<b>9,905</b>	888

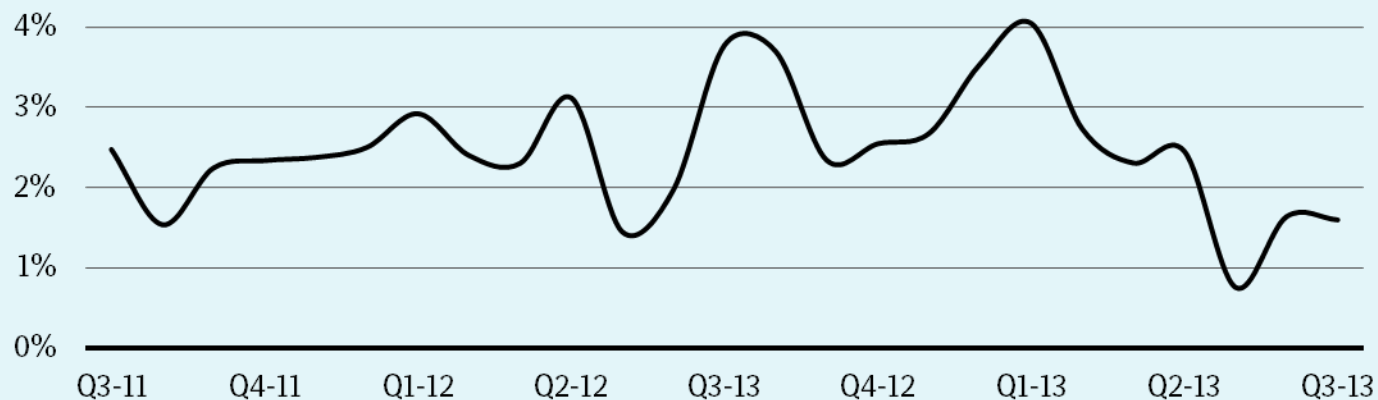
# Net financial income development

## Net financial income development Q3 2011 – Q3 2013 (SEK bn)



## Average daily turnover of Swedish sovereign bonds

**RIKSGÄLDEN**  
SWEDISH NATIONAL DEBT OFFICE

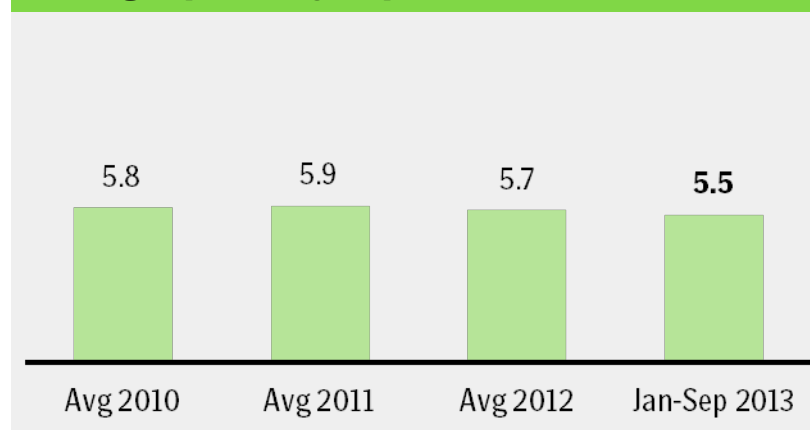


# Increased operating leverage

**Average quarterly income (SEK bn)**



**Average quarterly expenses (SEK bn)**



**Operating leverage**

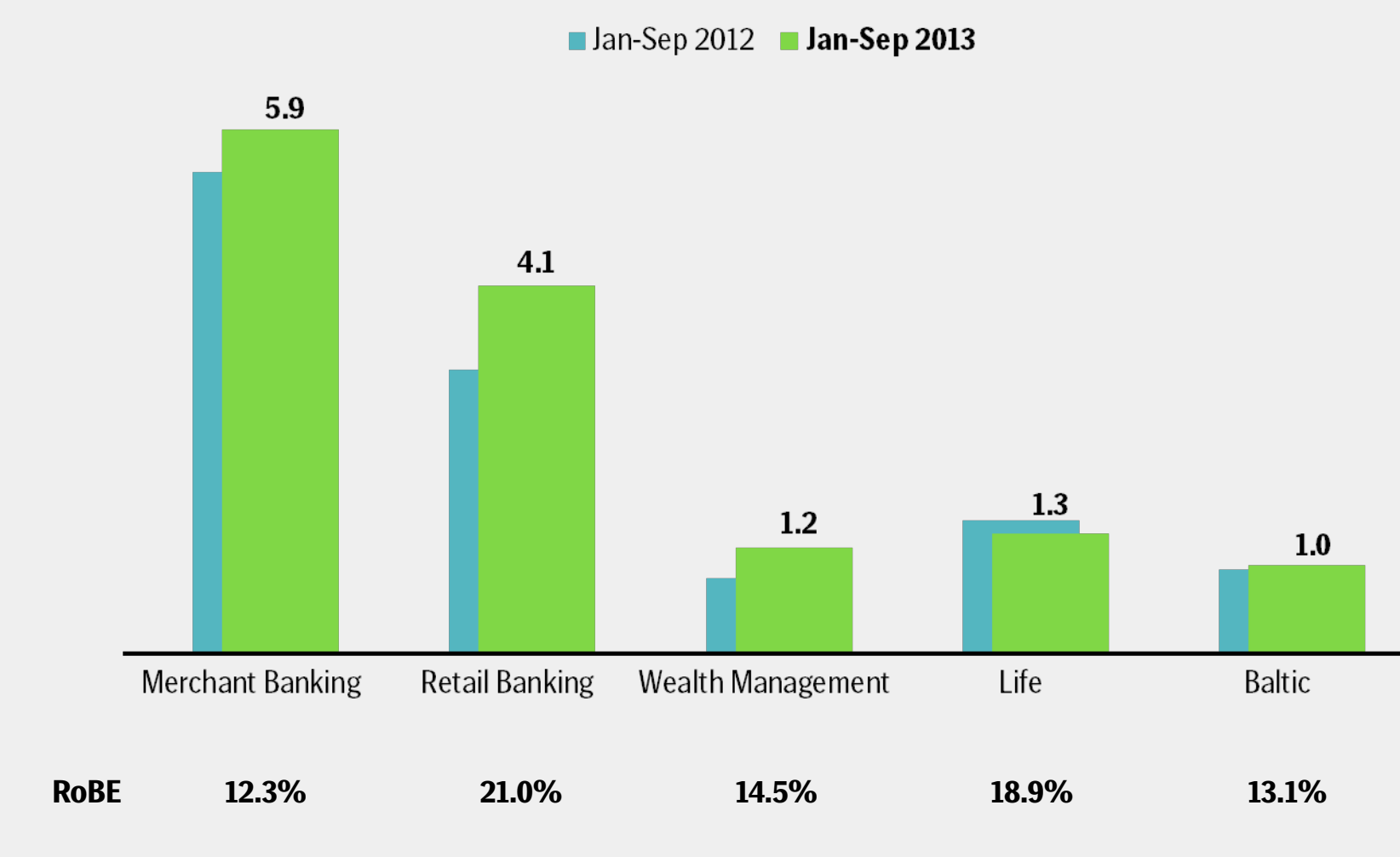
**Average quarterly pre-provision profit (SEK bn)**



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 Jan-Sep 2013 vs. Jan-Sep 2012 (SEK bn)

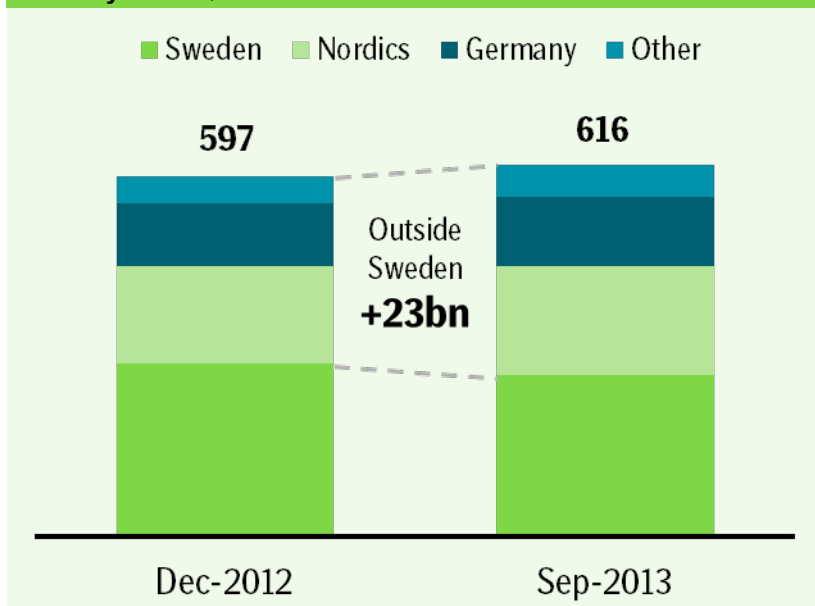




# Large Corporate financing

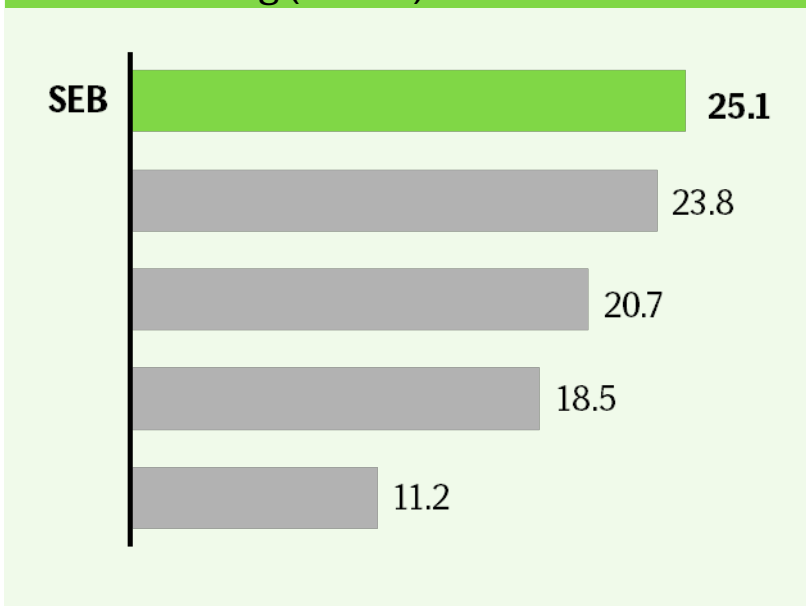
## Credit portfolio

FX-adjusted, SEK bn





## SEK league table – Corporate bonds



12 month rolling (SEK bn)



## Headline transactions Q3 2013

 Göteborgs Stad  
SEK 500m  
Sole bookrunner  


 Outotec  
EUR 150m  
Joint Bookrunner  


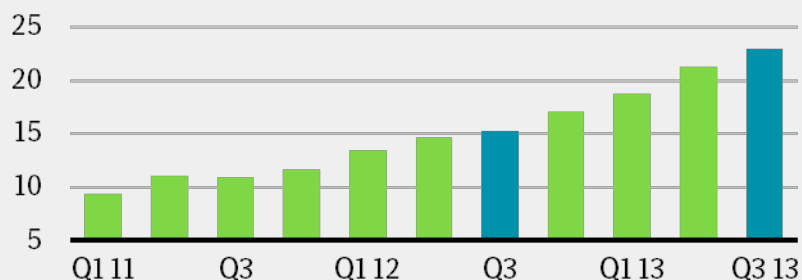
 Continental  
EUR 750m  
Joint bookrunner  


 Unilabs  
EUR 685m  
Joint Bookrunner  

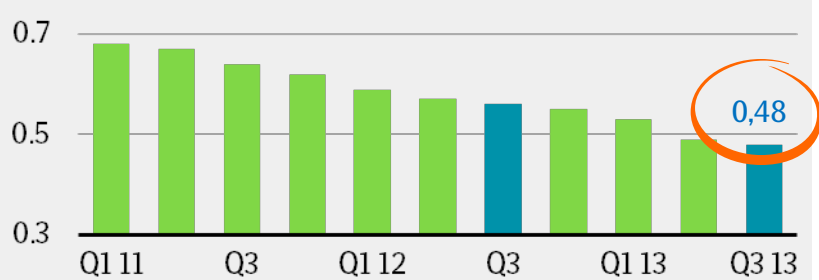

# Continued positive trend for Retail Banking

Change Q3 2013 vs. Q3 2012

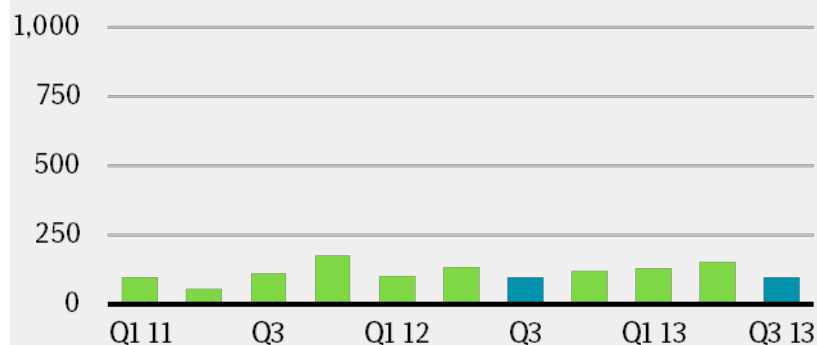
RoBE, per cent, +7.8 per cent\*



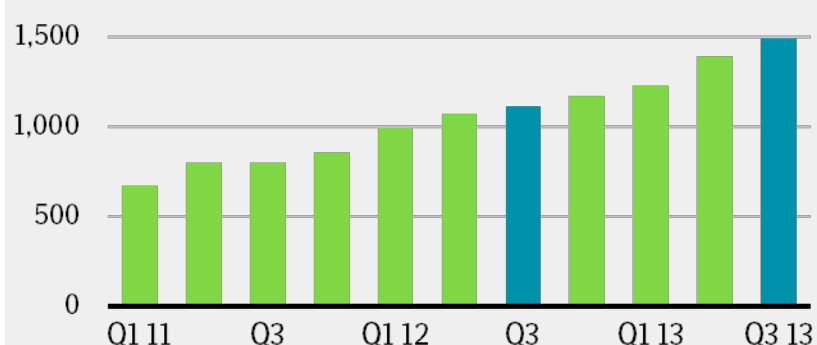
C/I ratio, -0,08



Credit losses, SEK m, -1 per cent



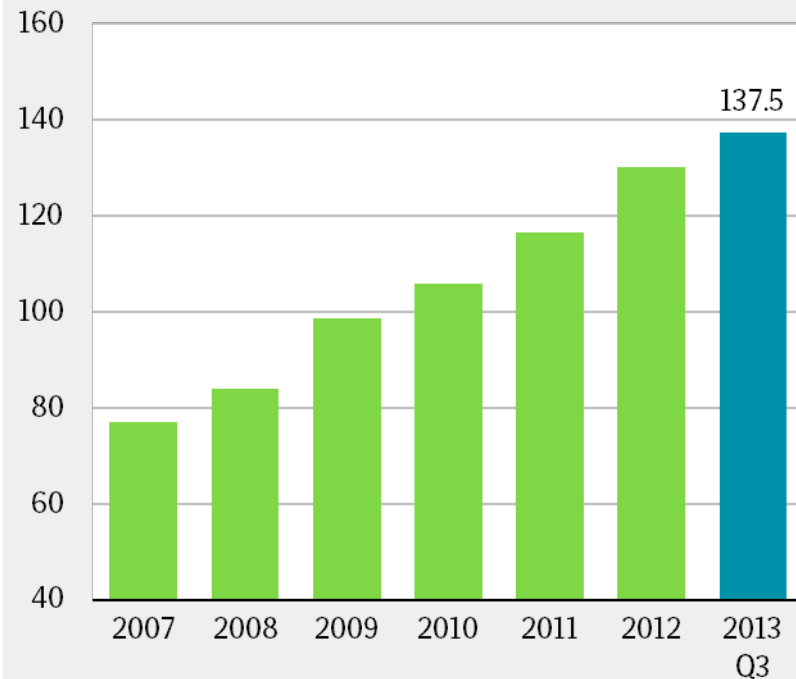
Operating profit, SEK m, +34 per cent



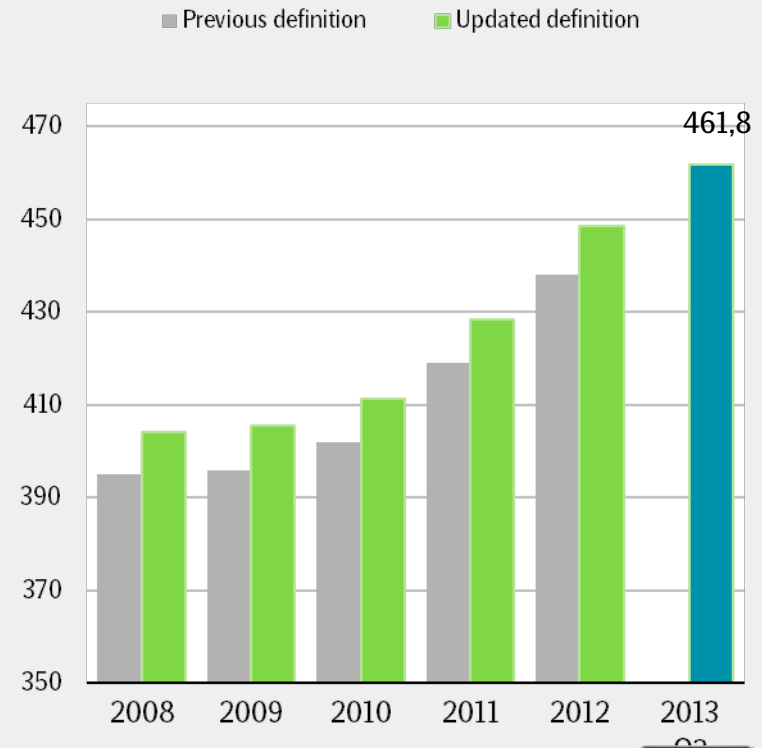
\*proforma, adjusted to allow improved comparison (altered tax and BE allocation models)

# Customer growth in Retail Banking Sweden

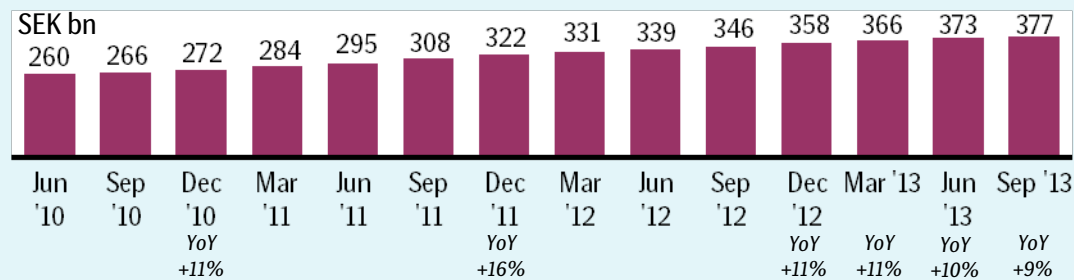
## Active SME customers (thousands)



## Full service customers (thousands)



# SEB's Swedish household mortgage lending



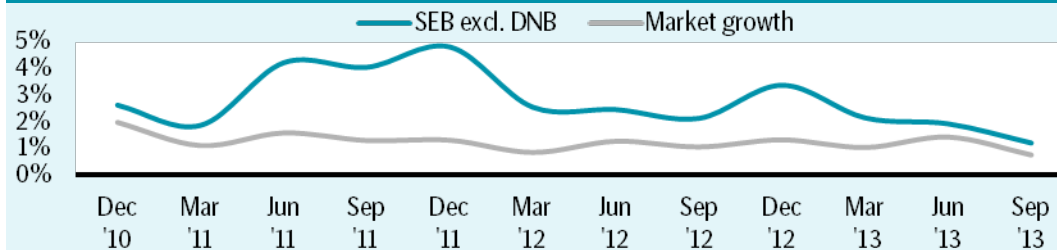
## Selective origination

- 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"))

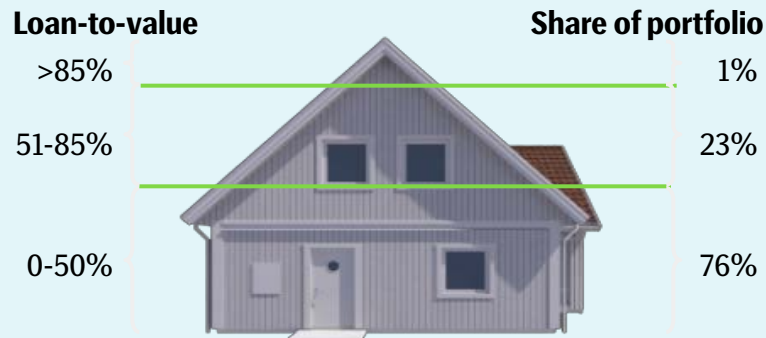
## High asset performance

- Net credit losses consistently low, now 0bps
- Loan book continues to perform – loans past due >60 days still at 10bps

## SEB portfolio development vs. total market (QoQ)



## 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 – Sep 2013, per cent				
	Single family homes		Apartments	
Area	3m	12m	3m	12m
Sweden	+1	+4	+5	+16
Greater Stockholm	+3	+7	+4	+13
Central Stockholm			+3	+9
Greater Göteborg	+1	+6	+4	+10
Greater Malmö	-1	+2	+5	+10

Valueguard – Sep 2013, per cent				
	Single family homes		Apartments	
Area	3m	12m	3m	12m
Sweden	+1.5	+4.6	+2.4	+10.8
Stockholm	+2.1	+6.4	+3.1	+11.4
Göteborg	-0.1	+5.4	+1.5	+11.2
Malmö	+3.2	+2.7	+0.7	+1.2

HOX Sweden +1.8% 3m, +6.6% 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

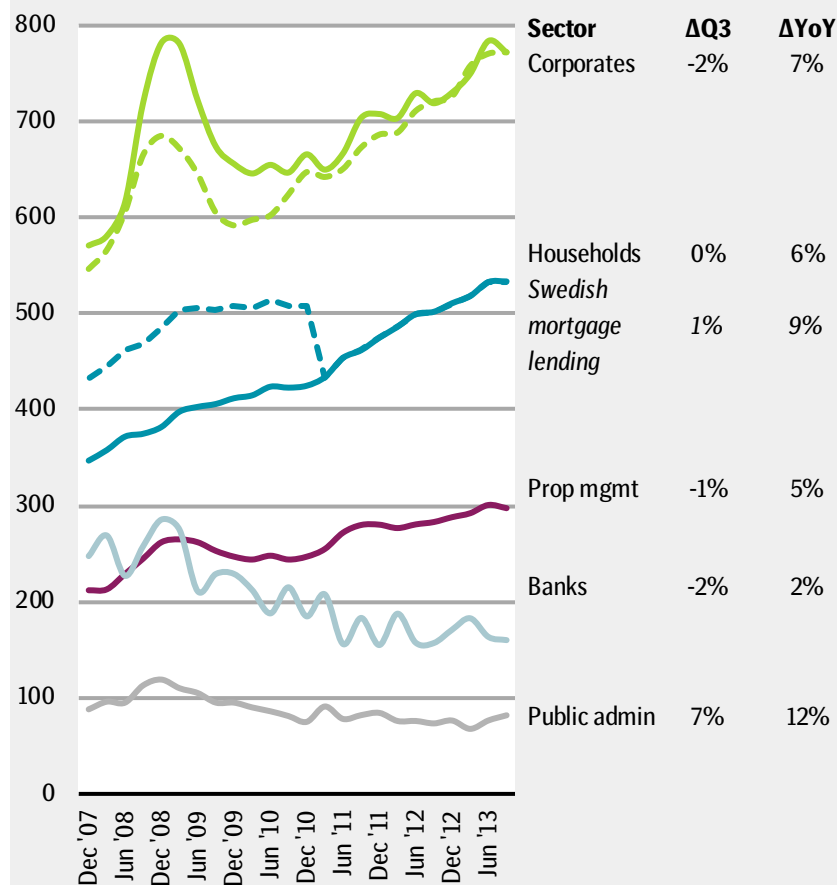
## Balance sheet

# Strong asset quality and balance sheet

	(SEK)	2009	2012	Sep 2013
Asset quality	Non-performing loans	28.6bn	13.8bn	10.2bn
	NPL coverage ratio	65%	66%	69%
	Net credit loss level	0.92%	0.08%	0.08%
Funding and liquidity	Customer deposits	750bn	862bn	923bn
	Liquidity resources	>10%	~25%	~25%
	Liquidity coverage ratio	N.A.	113%	114%
Capital	CT 1 (Basel 2.5)	11.7%	15.1%	17.4%
	CET 1 ratio (Basel 3)	N.A.	13.1%	15.0%

# Credit portfolio development

Credit portfolio by sector (SEK bn)



NOTE: Green dotted lines are FX-adjusted, blue dotted lines are including German retail

Credit portfolio by sector (SEK bn)

	Sep '12	Jun '13	Sep '13	ΔQ3	ΔYoY
Corporates	719	784	772	-12	53
Property management	283	301	297	-3	14
Households	502	533	534	1	32
Public administration	73	76	82	5	8
Total non-banks	1,578	1,694	1,685	-9	108
Banks	157	163	160	-3	3
<b>Total</b>	<b>1,735</b>	<b>1,858</b>	<b>1,845</b>	<b>-12</b>	<b>111</b>

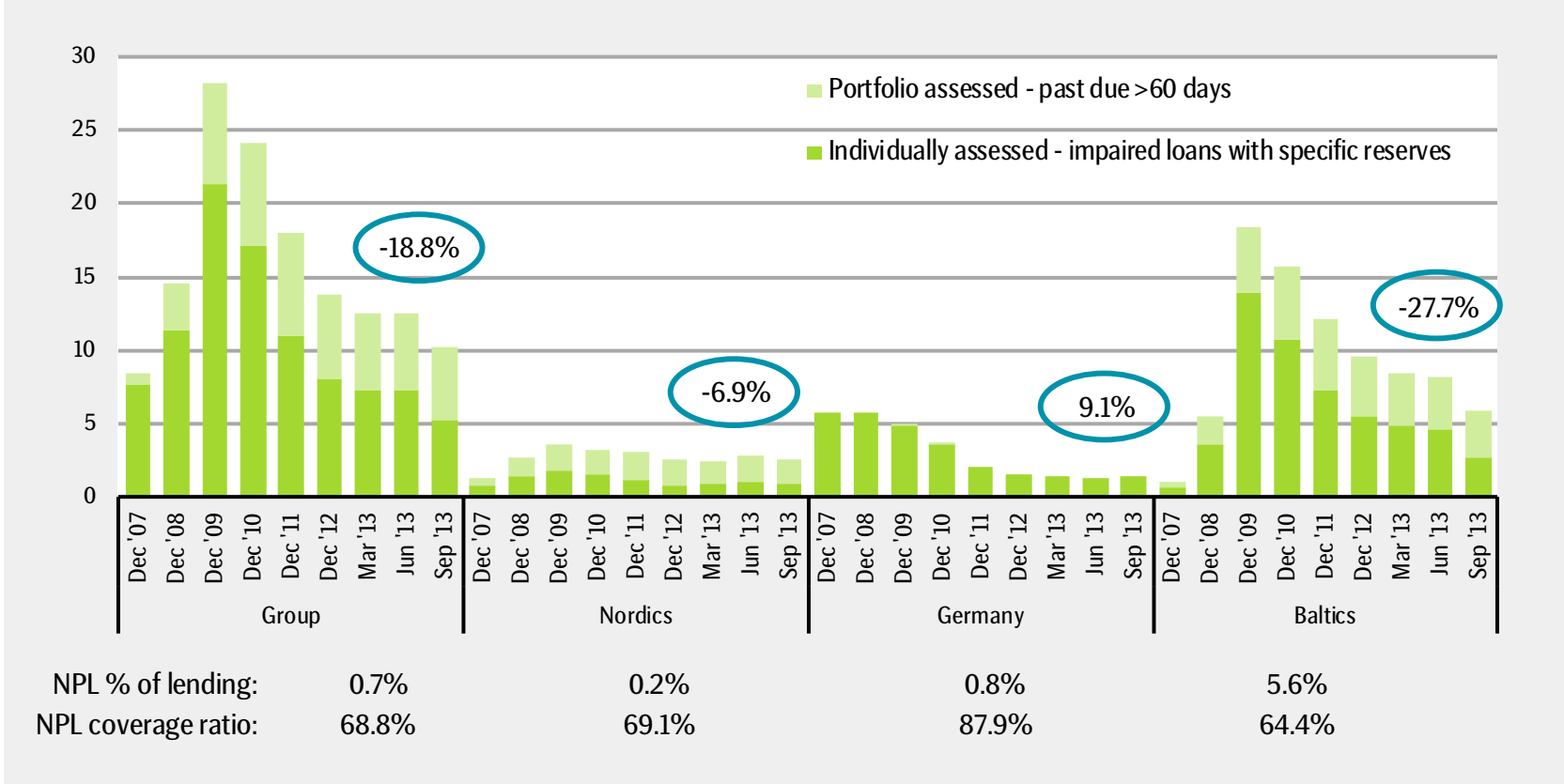
## Summary

- **Corporate** volumes driven by Merchant Banking Norway and Germany
- **Property management** volumes decline on aggregate – although increase in Retail Sweden
- **Swedish household mortgage** lending growth lower than previous quarters – YoY lending growth rate at +9%

# Development of Non-Performing Loans

SEK bn

## Non-performing loans QoQ development (SEK bn)

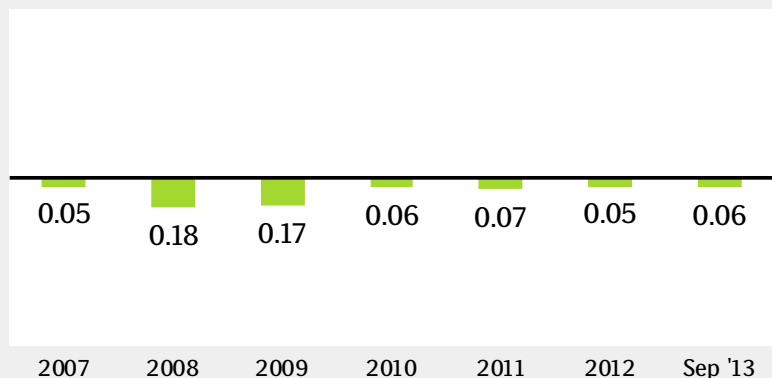


NOTE: Sale of the German retail operations reduced German NPLs by SEK 817m in Mar '11

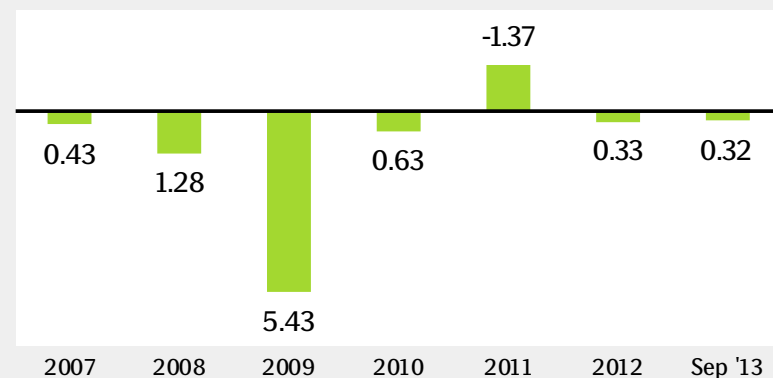
# Credit loss levels per geography

Annualised accumulated

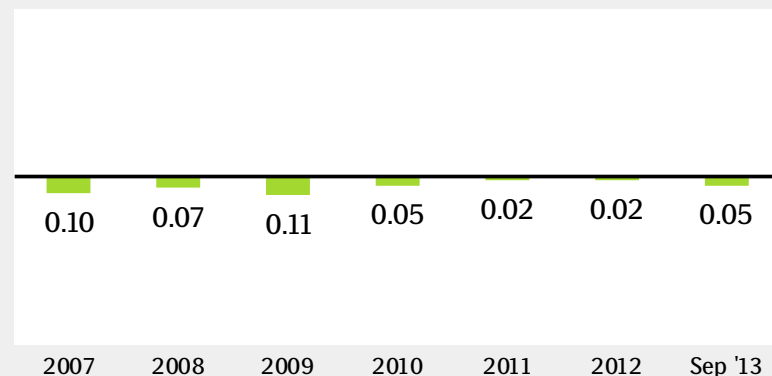
## Nordics



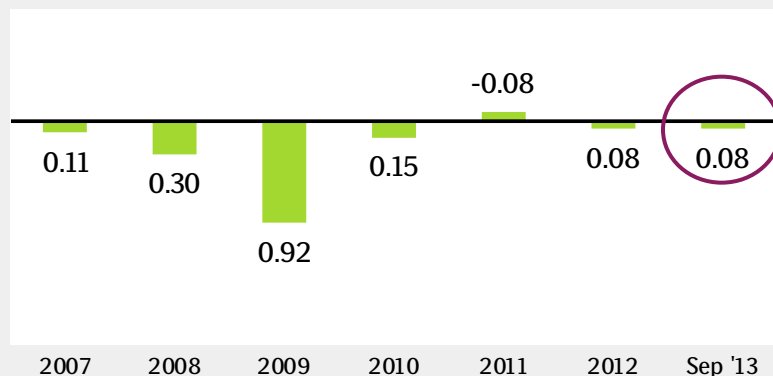
## Baltics



## Germany \*



## SEB Group \*\*

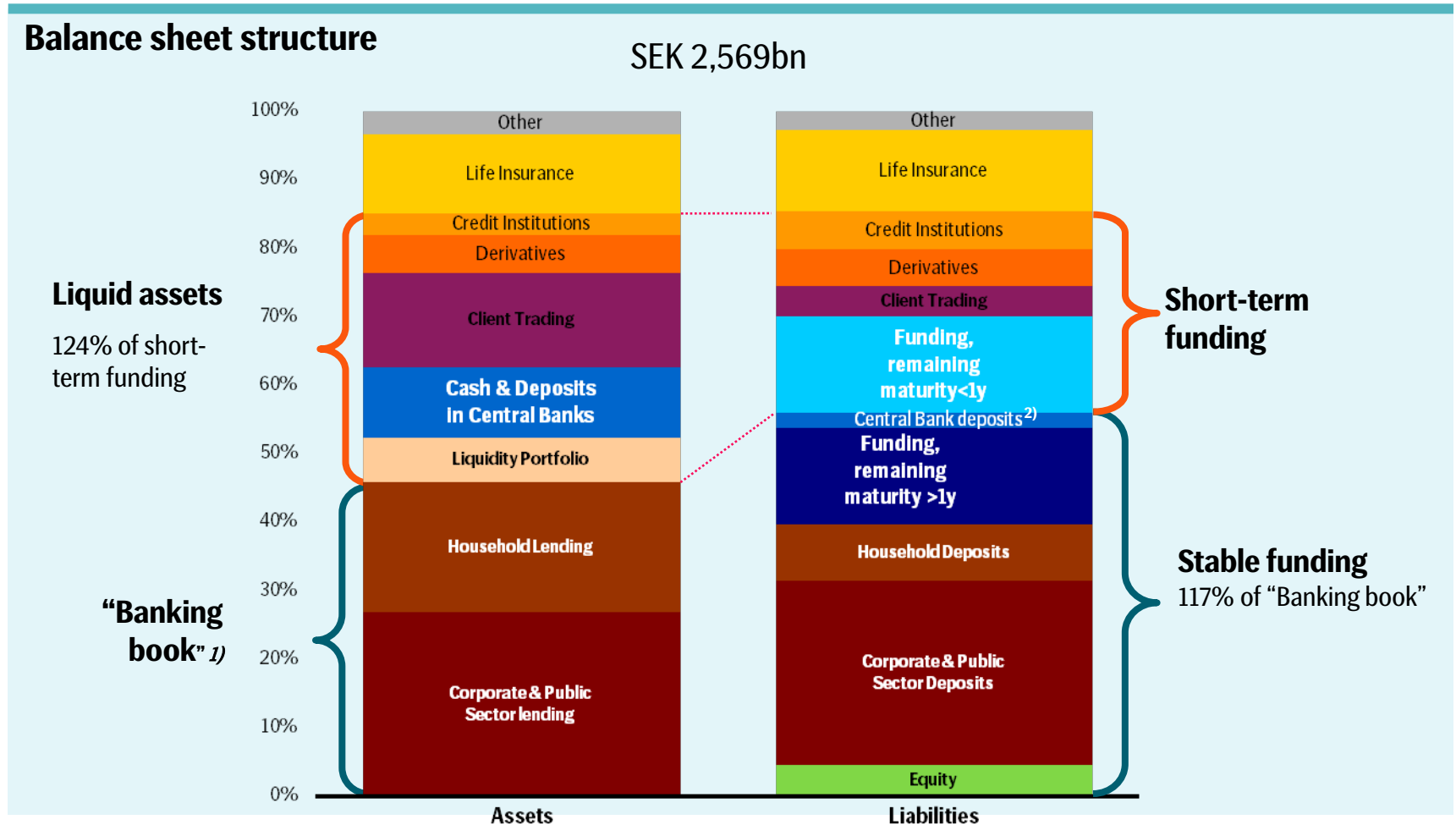


Negative credit loss level = reversal

\* Continuing operations \*\* Total operations

# A strong balance sheet structure

Sep 2013

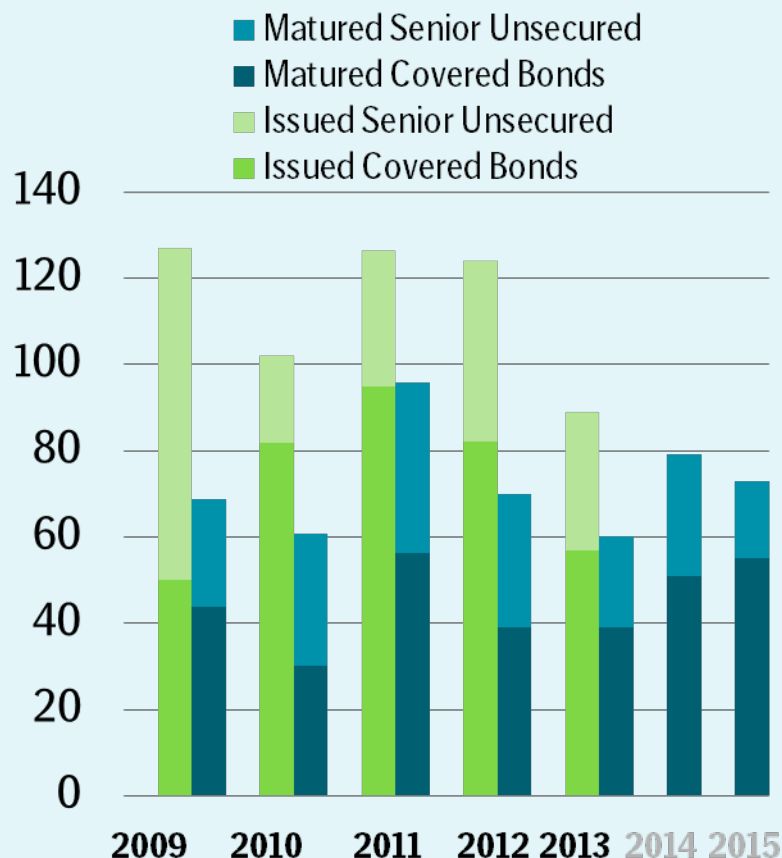


1. A relatively large share of lending is contractually short which allows for swift re-pricing to adjust for e.g. changed funding costs.
2. Central bank deposits refer to long-term relationship-based deposits from central banks and do not refer to borrowings from central banks



# Conservative funding strategy

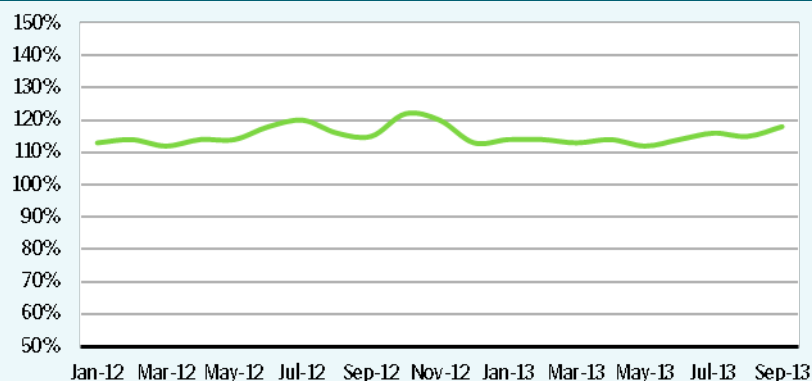
## Long-term funding activities (SEK bn)



## Issuance of bonds (SEK bn)

Instrument	2011	2012	Q3 2013	Jan- Sep 2013
Senior unsecured SEB AB	32	42	16	32
Covered bonds SEB AB	95	81	15	57
Covered bonds SEB AG	0	1	0	0
Subordinated debt	0	6	0	0
<b>Total</b>	<b>126</b>	<b>124</b>	<b>31</b>	<b>89</b>

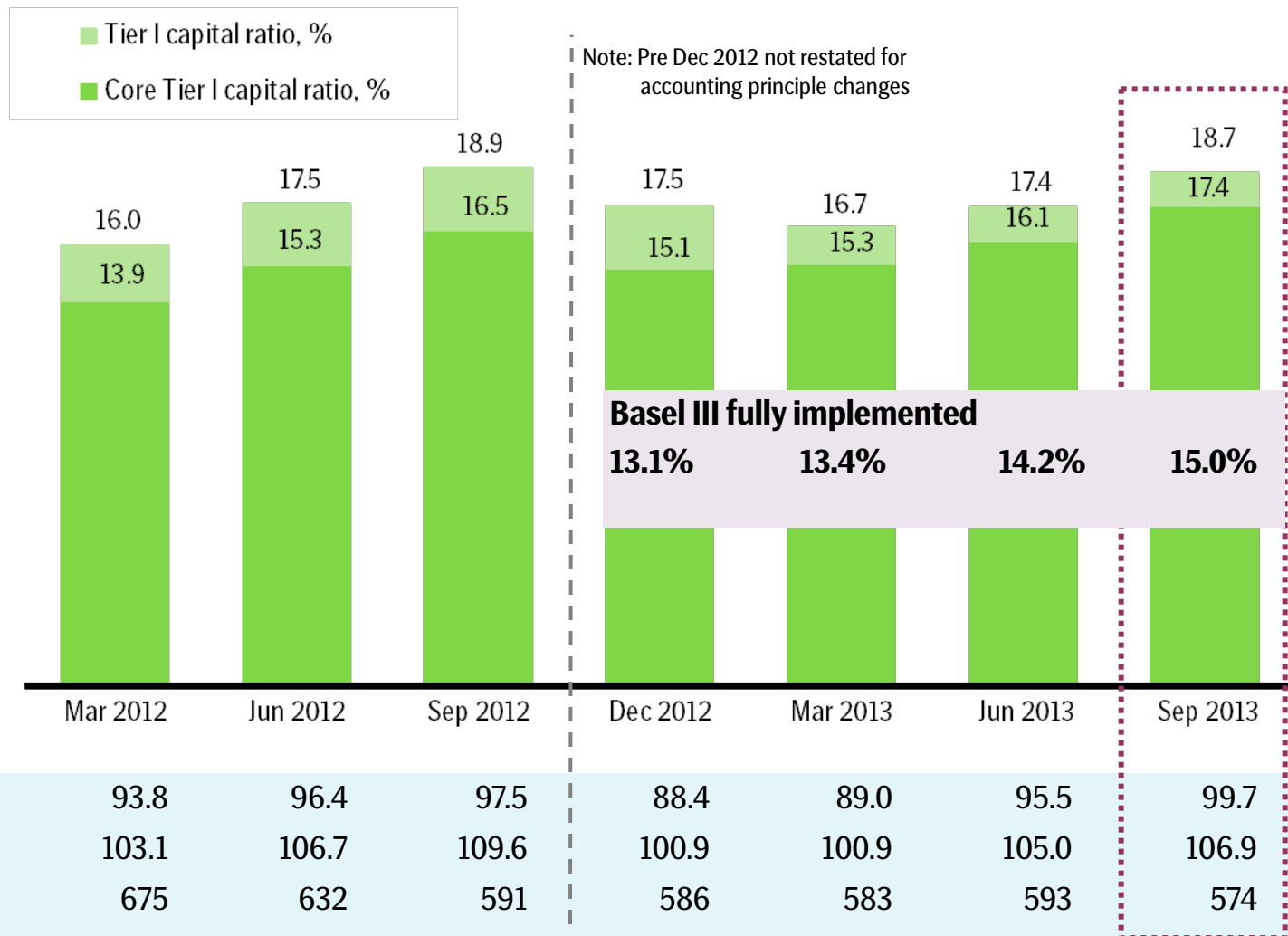
## Stable structural liquidity position – SEBs Core Gap ratio\*



\* 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



## Sum-up

# Key financial figures

<b>Total operations</b>	<b>Q3 2013</b>	<b>Q3 2012</b>	<b>Jan-Sep 2013</b>	<b>Jan-Sep 2012</b>
Return on Equity, %	<b>13.4</b>	10.8	<b>12.8</b>	10.8
Common Equity Tier 1 ratio (B3), %	<b>15.0</b>	13.3	<b>15.0</b>	13.3
Cost /income ratio	<b>0.53</b>	0.58	<b>0.54</b>	0.59
Earnings per share, SEK	<b>1.71</b>	1.29	<b>4.82</b>	3.83
Credit loss level, %	<b>0.08</b>	0.11	<b>0.08</b>	0.08



# Going forward

A photograph of two men in business attire (white shirts and ties) looking intently at a computer monitor in an office environment. The man on the left is standing and leaning over the desk, while the man on the right is seated. The background shows a bright office with large windows and other people working.

**1** Customer satisfaction

**2** Continued execution

**3** A long-term financial partner