

A background image of autumn foliage with vibrant red, orange, and yellow leaves. In the foreground, there are some red and yellow leaves with small black berries.

**SEB January-September 2012**

**Investor Presentation**

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# Market franchise

Sep 2012

## Corporate and Institutional business \*

- The leading Nordic franchise in Trading and Capital Markets activities, Equities, Corporate and Investment banking
- No. 2 asset manager with SEK 1,271bn under management in the Nordic region
- No. 1 Nordic custodian with SEK 4,788bn under custody
- 24 per cent market share in Swedish corporate deposits and 14 per cent in corporate lending according to SCB (Statistics Sweden)

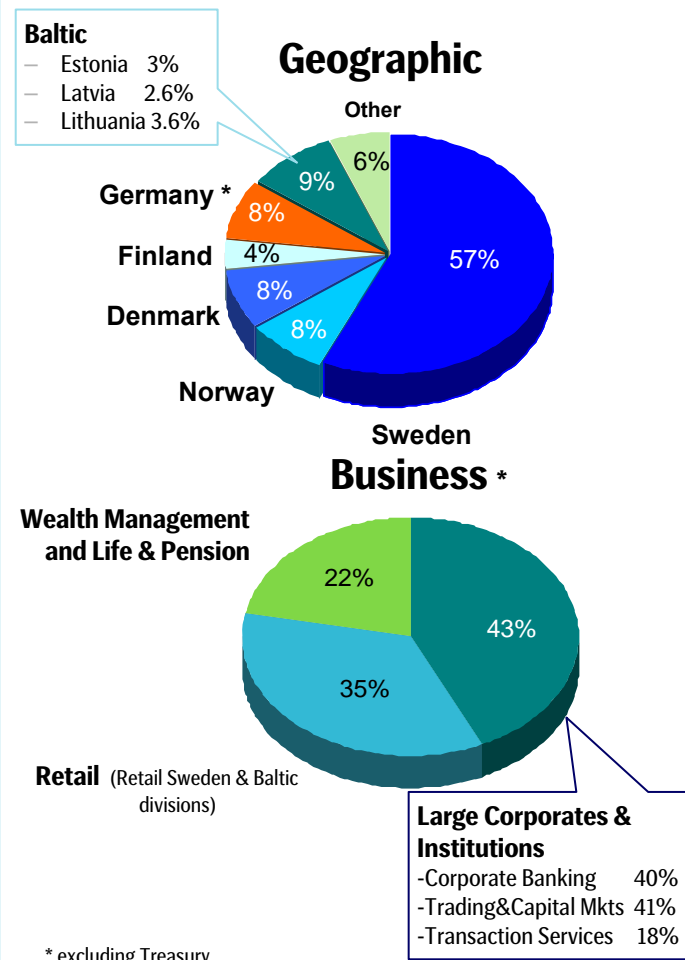
## Private Individuals \*

- The largest Swedish Private Bank in terms of Assets Under Management
- No. 2 in the Swedish total household savings market with ~12 per cent market share
- No. 1 in unit-linked life business with ~19 per cent of the Swedish market and ~9 per cent of the total unit-linked and trad life and pension business in Sweden
- ~16 per cent Swedish household mortgage lending market share

\* latest available 2011 and 2012 data

## Total operating income

September 2012



# SEB Group Financial Results

SEB Group Key Figures	9m 2012	2011	2010	2009
Return on Equity, % <sup>1)</sup>	<b>10.9</b>	<b>11.9</b>	8.9	3.3
Return on RWA, %	<b>1.34</b>	<b>1.39</b>	0.83	0.13
Cost /income ratio, % <sup>1)</sup>	<b>58</b>	<b>61</b>	65	60
Common Equity Tier 1 capital ratio, % <sup>2)</sup>	<b>16.5</b>	<b>13.7</b>	12.2	11.7
Tier I capital ratio, % <sup>2)</sup>	<b>18.9</b>	<b>15.9</b>	14.2	13.9
Net credit loss level, % <sup>3)</sup>	<b>0.08</b>	<b>-0.08</b>	0.15	0.92
Net level of impaired loans, %	<b>0.30</b>	<b>0.39</b>	0.63	0.76
NPL coverage ratio, % <sup>4)</sup>	<b>67</b>	<b>64</b>	66	65
NPL / Lending, %	<b>1.1</b>	<b>1.4</b>	1.8	1.9

1) Excluding discontinued operations

2) Without transitional floor. Basel 2.5 for 2011 and 2012.

3) Net aggregate of write-offs, write-backs and provisioning

4) NPLs = Non Performing Loans (impaired loans + loans >60 days past due)

## Key Features

- ✓ Operating profit before net credit losses Jan-Sep 2012 vs. Jan-Sep 2011 +10%. Jan-Sep 2011 operating profit after credit losses distorted by reversals of provisions for credit losses of SEK 1bn
- ✓ Cost measures start to bite
- ✓ CT1 capital ratio at 16.5% <sup>2)</sup>
- ✓ Basel III Common Equity Tier 1 capital ratio at 13.3% fully implemented and incl. IAS 19 adjustments
- ✓ Continued strong asset quality and decreasing NPLs
- ✓ Volumes QoQ affected by appreciating SEK
- ✓ A diversified and liquid balance sheet

# Content

**Strategic focus and franchise  
Economic environment**

**Financial update**

**Asset Quality**

**Balance sheet, funding and liquidity**

# **Strategic focus and franchise Economic environment**



# The Relationship bank



# The most diversified income base in a Nordic context

Share of income 2011, per cent



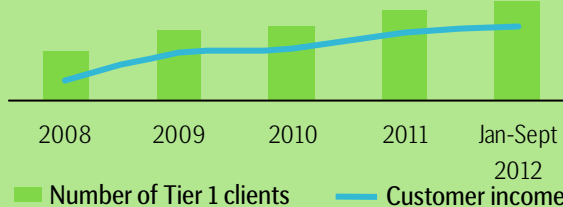


# Our customers

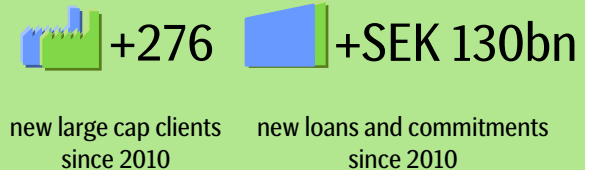
## Large Corporates



### Large corporate "Tier 1" clients



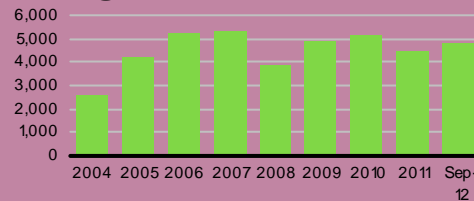
### Nordic & German expansion



## Financial Institutions



### Leading Nordic custodian, AuC (SEK m)



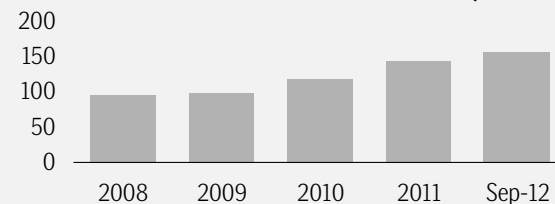
### Best Research House in Sweden

financial  
hearings.com

## SME



### SME loans and commitments (SEK bn)



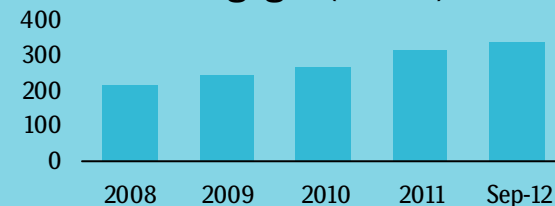
**+6,500**  
new SME customers Jan-Sept 2012

**12.3%**  
SME market share Sep 2012

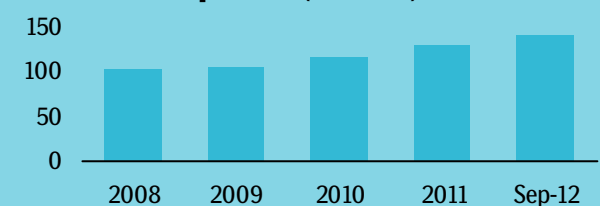
## Private



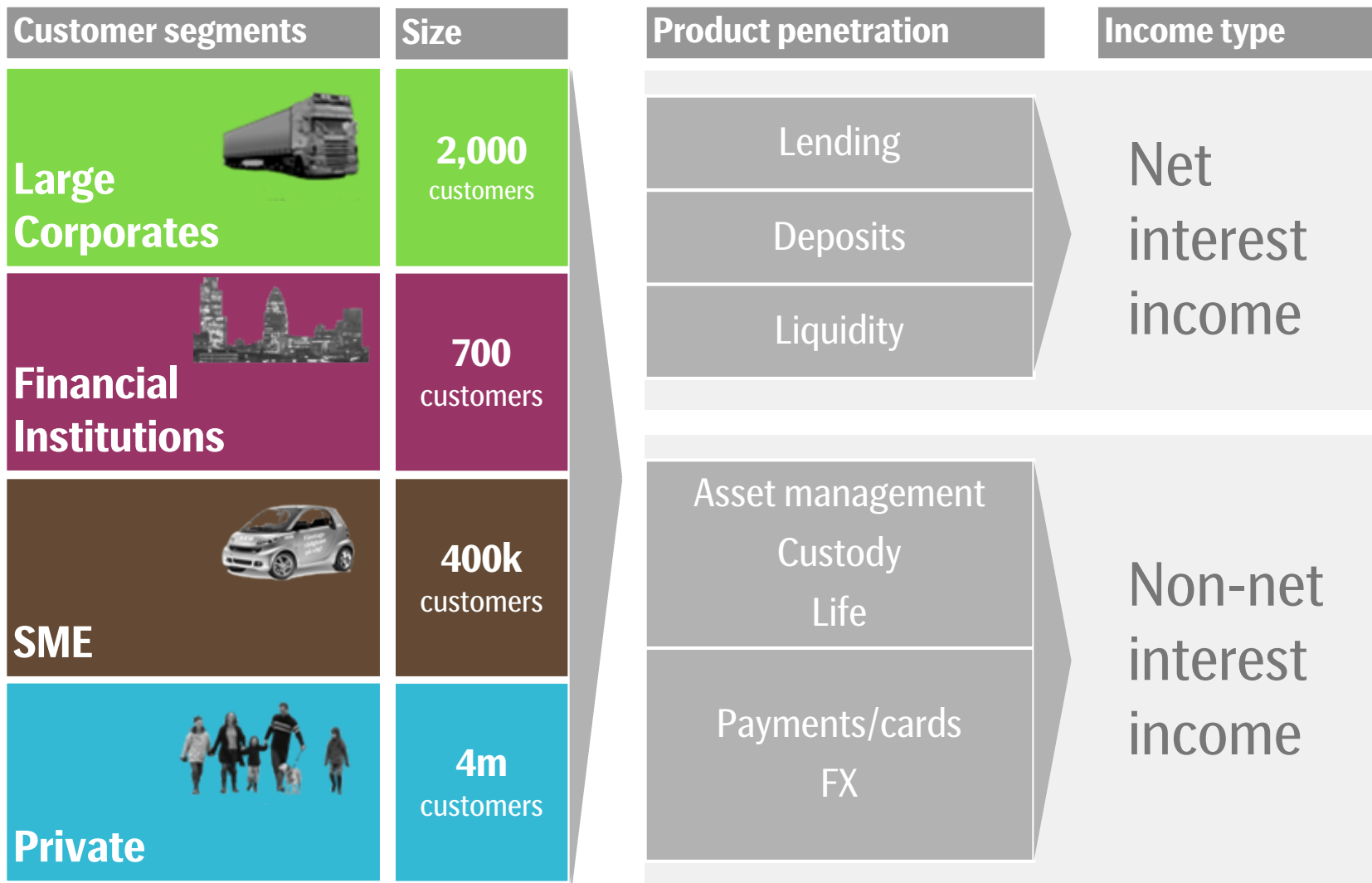
### Swedish mortgages (SEK bn)



### Swedish deposits (SEK bn)



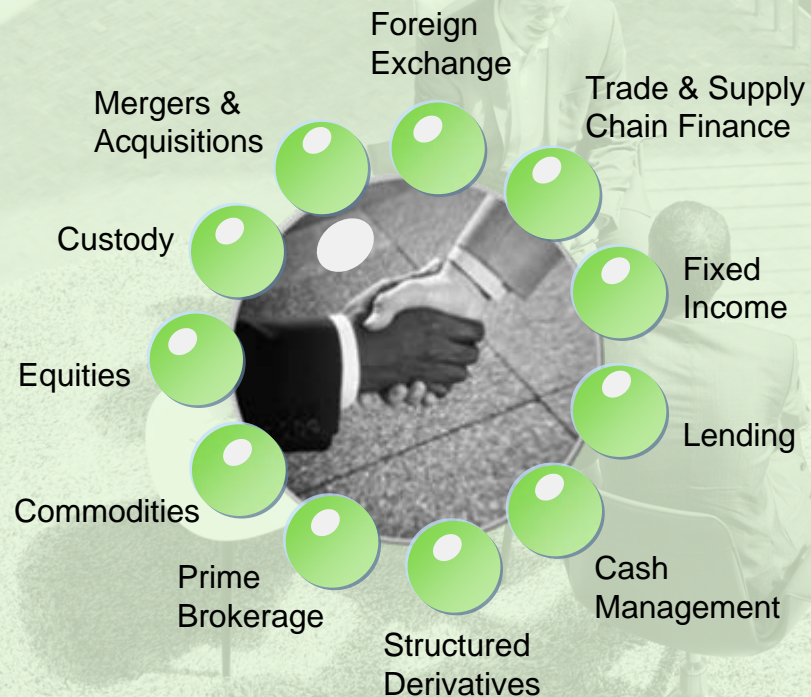
# SEB's DNA



# Wholesale franchise

We work close to our customers

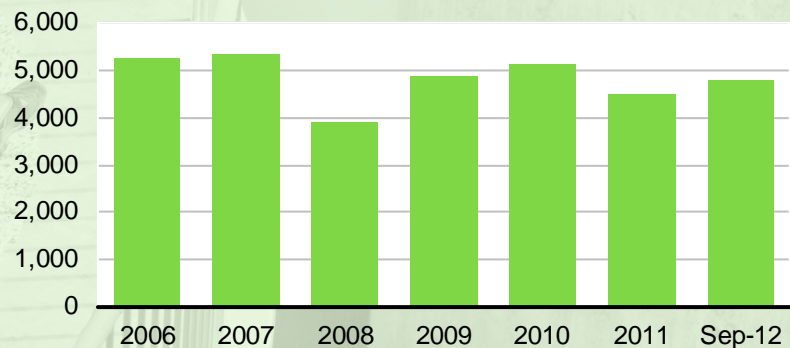
## Leading product offering



## Corporate portfolio (SEK bn)



## Assets under custody (SEK bn)



# Customer segments in Merchant Banking

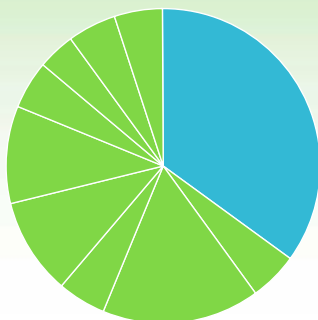
## Large Corporates



~65% of total revenues

### Income distribution

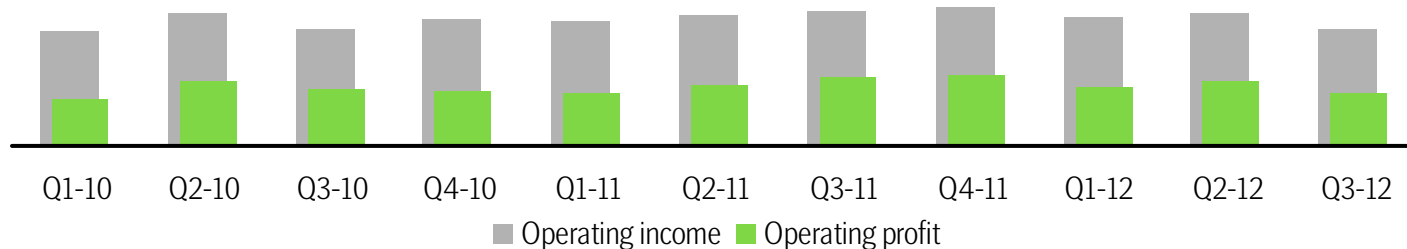
Product income



Relationship lending



### MB's income development



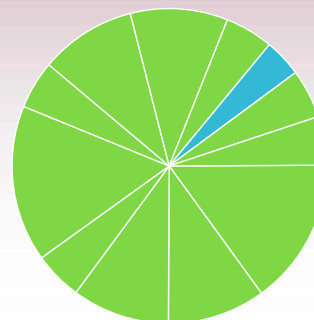
## Financial Institutions



~35% of total revenues

### Income distribution

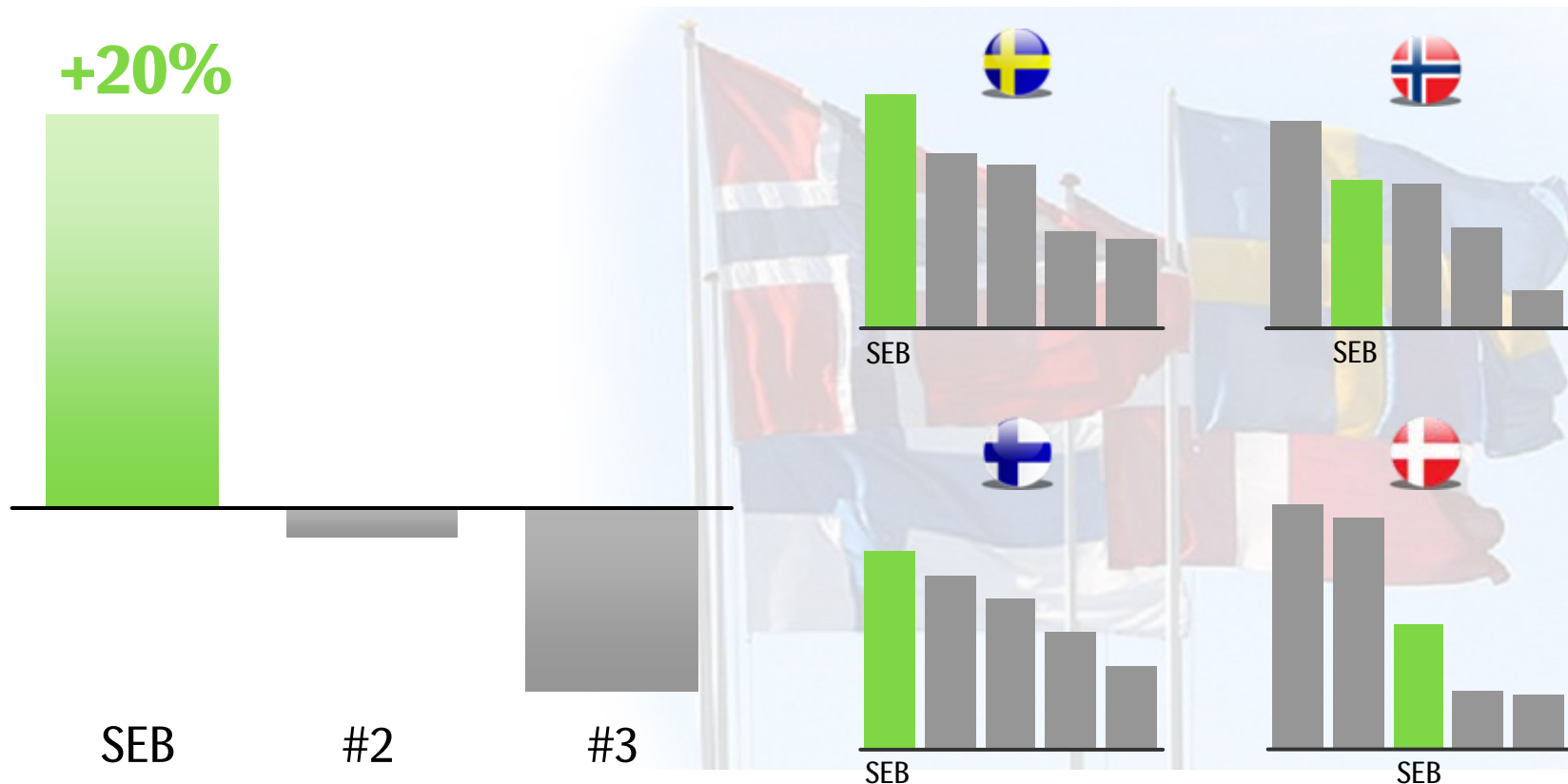
Product income



Relationship lending

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

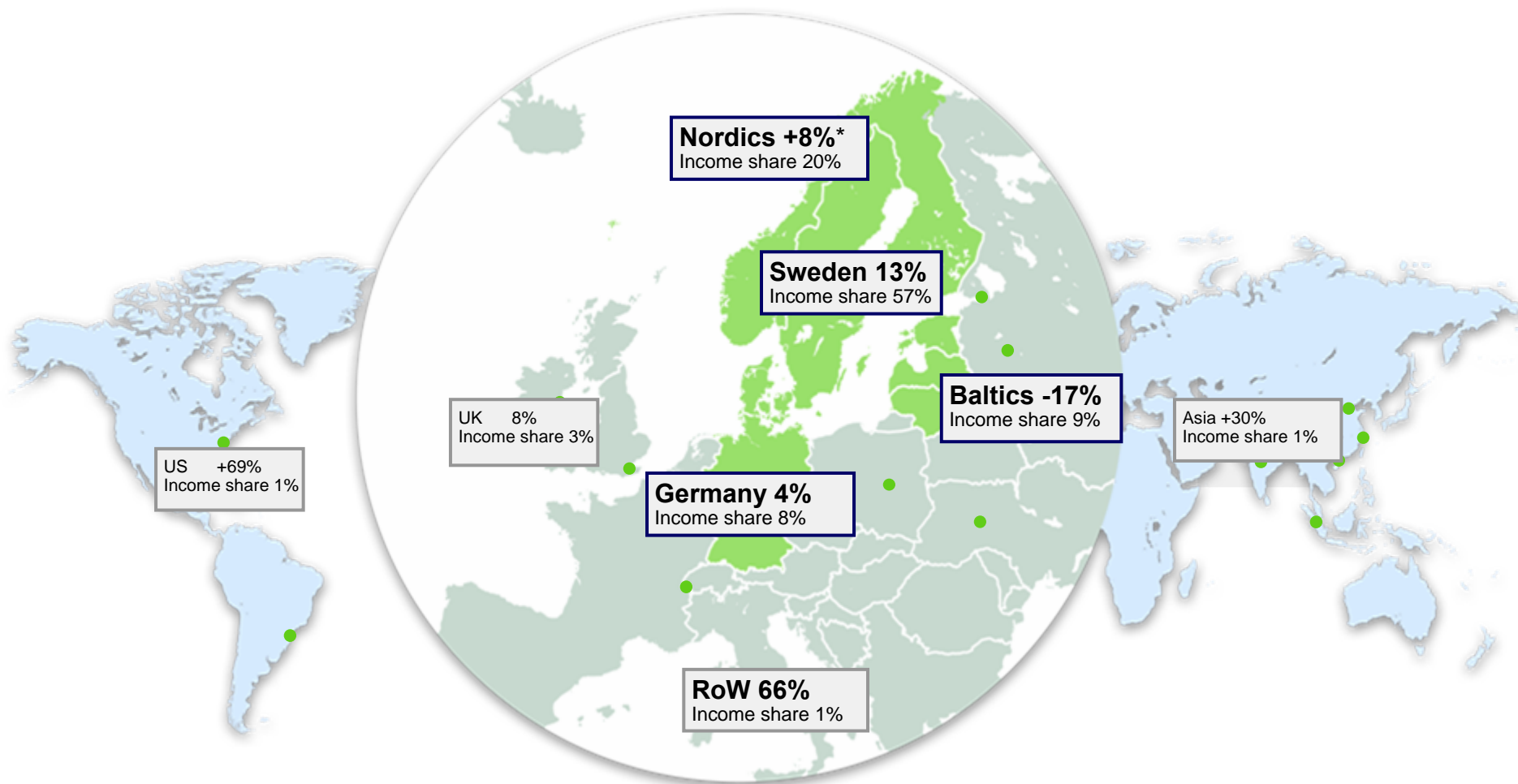
Voice of the customer: SEB is the **#1 wholesale bank** in the Nordics



Note: Net change between 2010 and 2011 (left-hand graph). Country scores 2011 (right-hand graph)  
The result is based on 62 surveys across the Nordics. Source: Prospera Large Corporates & Institutions Surveys 2011

# Sound development of Income in Core Markets

SEB Group income growth since growth initiatives started in 2010



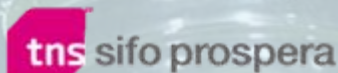
\* Nordics reflect Merchant Banking's strategic expansion in Denmark, Finland and Norway, including other business areas the growth rate is -1 per cent.



# Well recognised market position



*Best financial advisor  
in the Nordics*



*The Nordic region's leading  
investment bank*

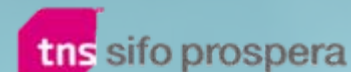


**The Banker 2011**  
*Bank of the Year in  
Sweden, Estonia and Latvia*



*Leading private bank in  
Sweden, Finland, Latvia and  
Lithuania*

*The Nordic region's leading  
card provider in the corporate  
segment*



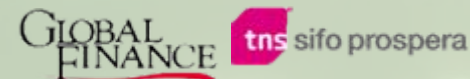
*The Nordic region's leading  
equity trader*



*The Baltic region's most  
respected and second  
largest bank*



*Best M&A- and Cash  
management House in the  
Nordics and Baltics*



*Top ranking FX for the  
Nordic region*



# Retail & SME franchise

Simplicity and accessibility

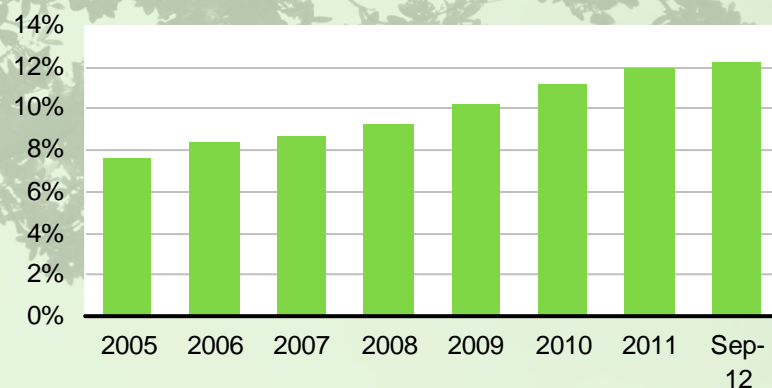
## Availability



## Offerings



## SME market share\*



## Retail deposits, (SEK bn)

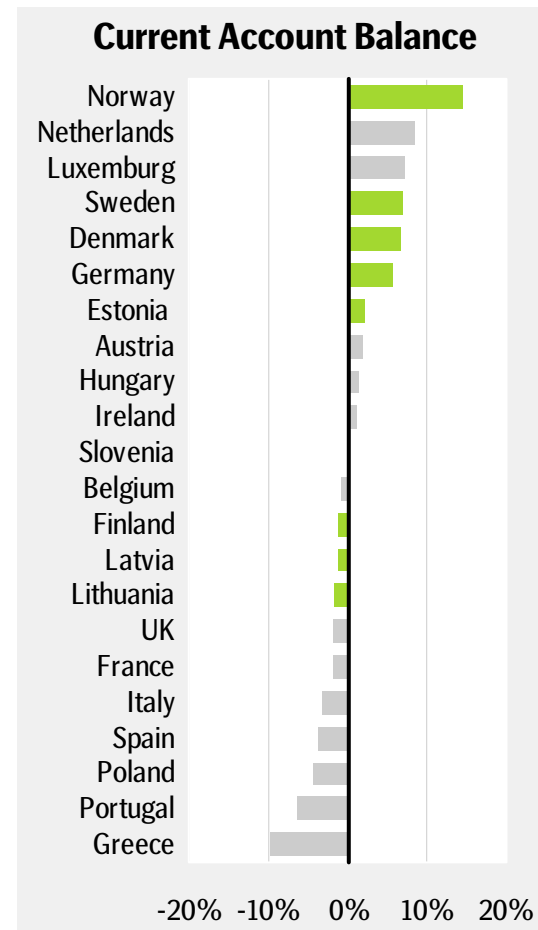
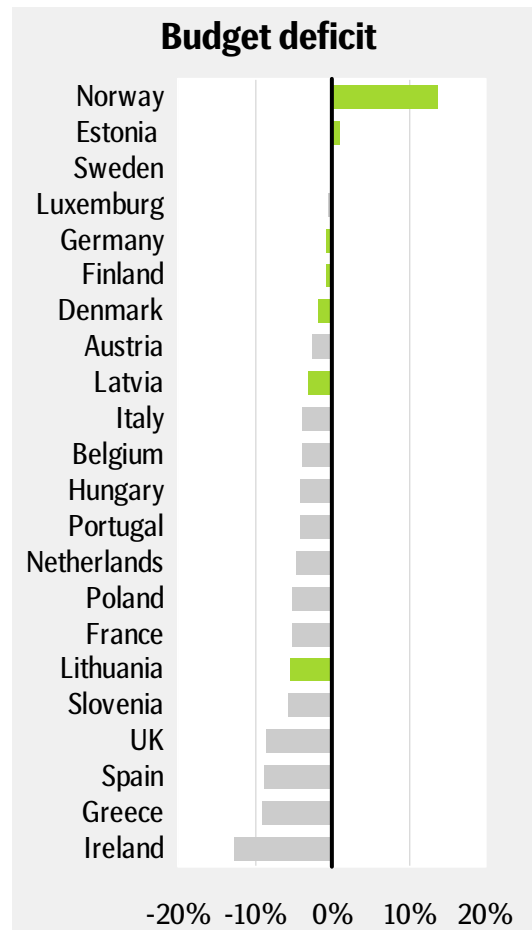
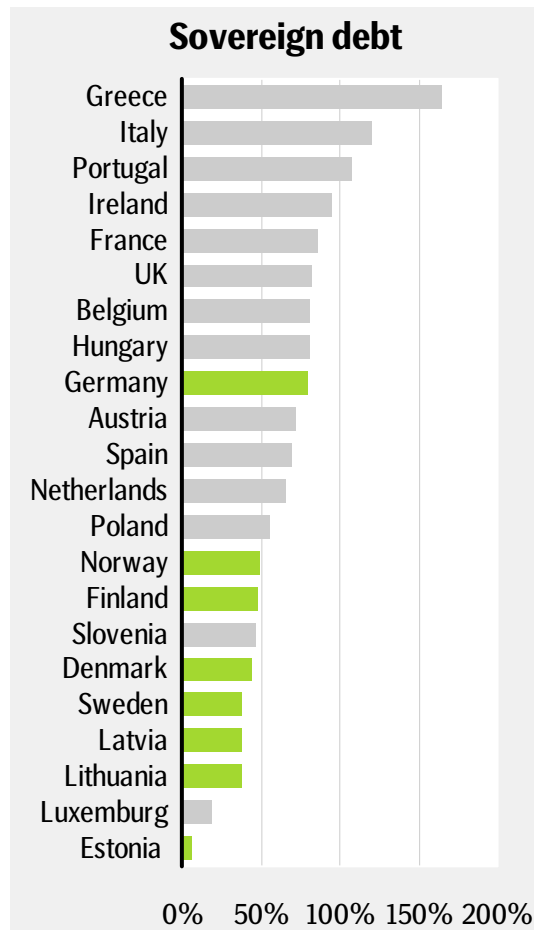


\*Active cash management customers

# SEB's Core Markets enjoy strong sovereign finances

## % of GDP

European banking sector statistics, GIIPS exposures, macro data and CDS spreads (data refer to full year or year end 2011 except CDS spreads that are most recent quotation), EURm

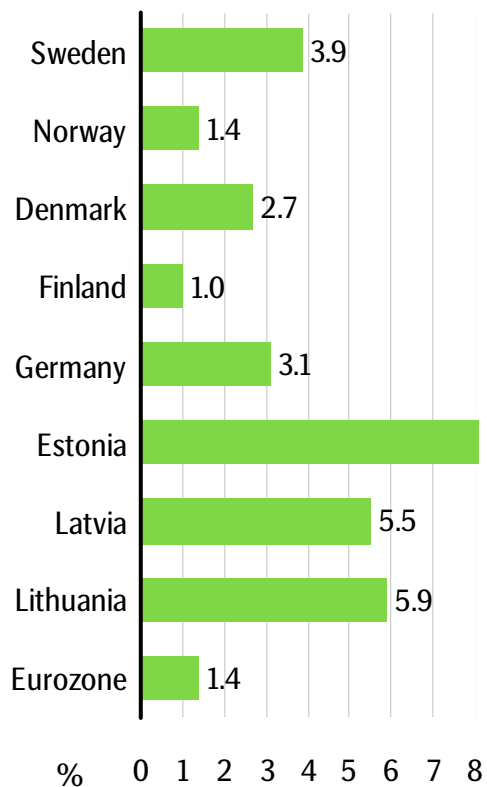


Source: IMF WEO

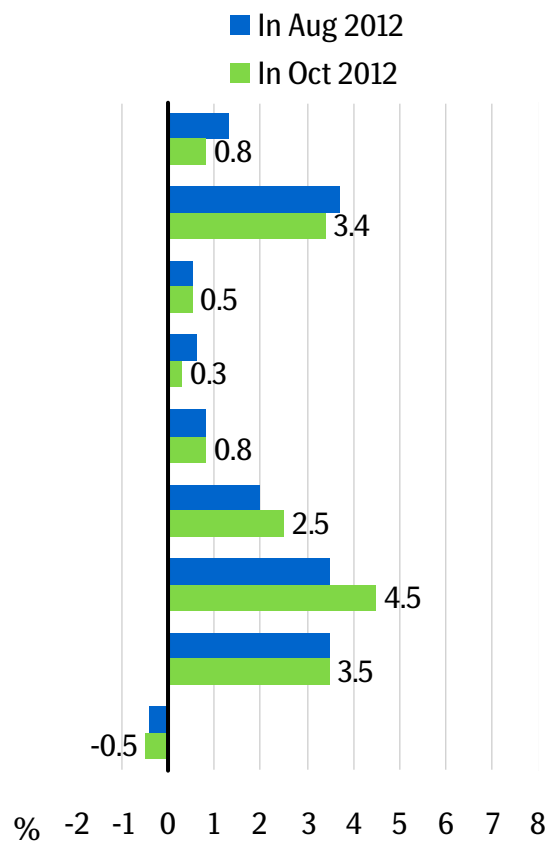
Uppdaterade 2012-10-25

# Positive macro-economic development in Core Markets

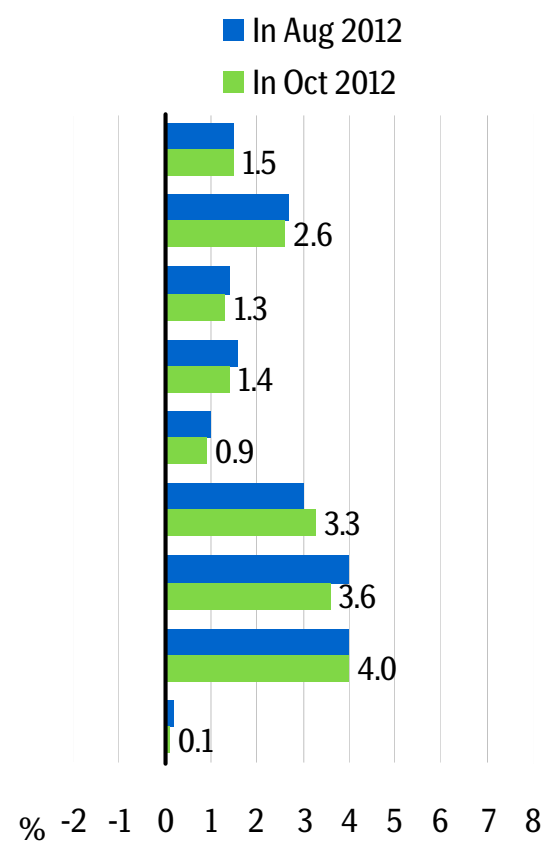
**GDP outcome for 2011**



**GDP Forecast for 2012**



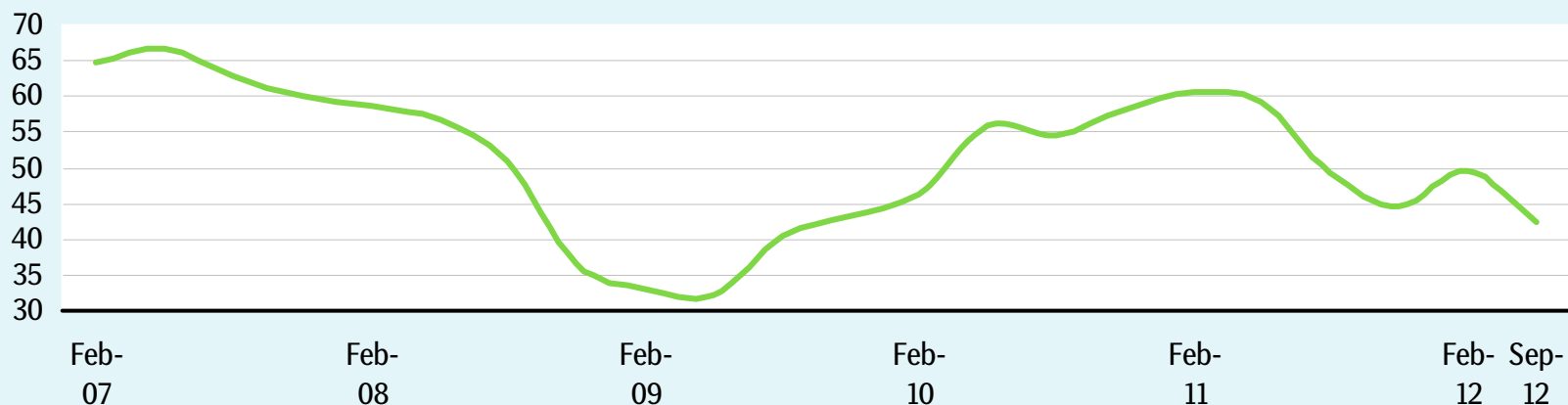
**GDP Forecast for 2013**



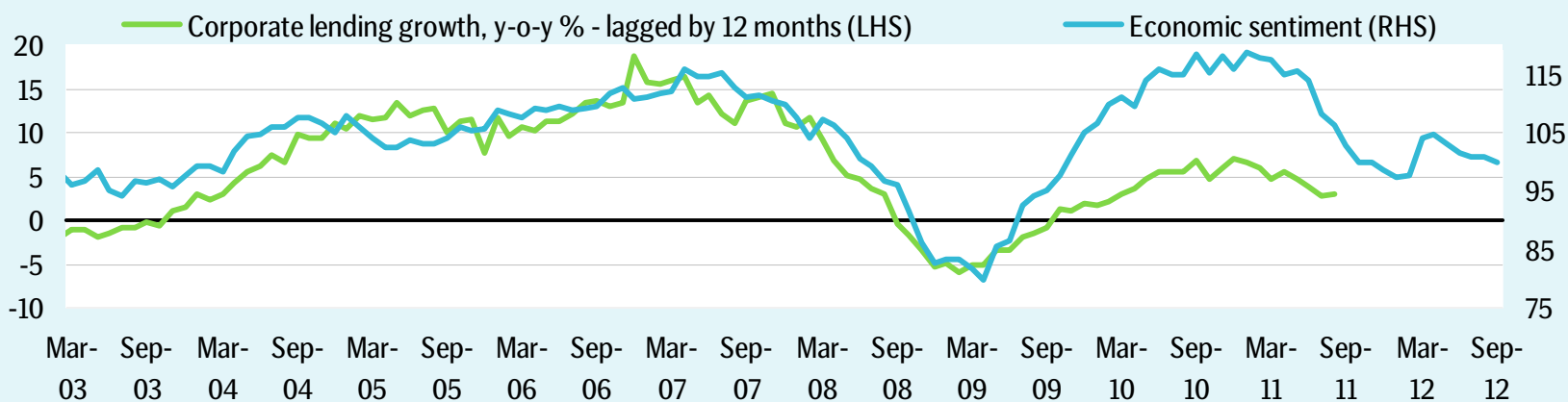
Source: SEB Economic Research

# Economic sentiment relatively firm

## The Deloitte/SEB Swedish CFO Survey 2007-2012 "Business Conditions"



## Swedish corporate lending growth vs. economic sentiment



Source: Datastream, SEB Enskilda

# Financial update

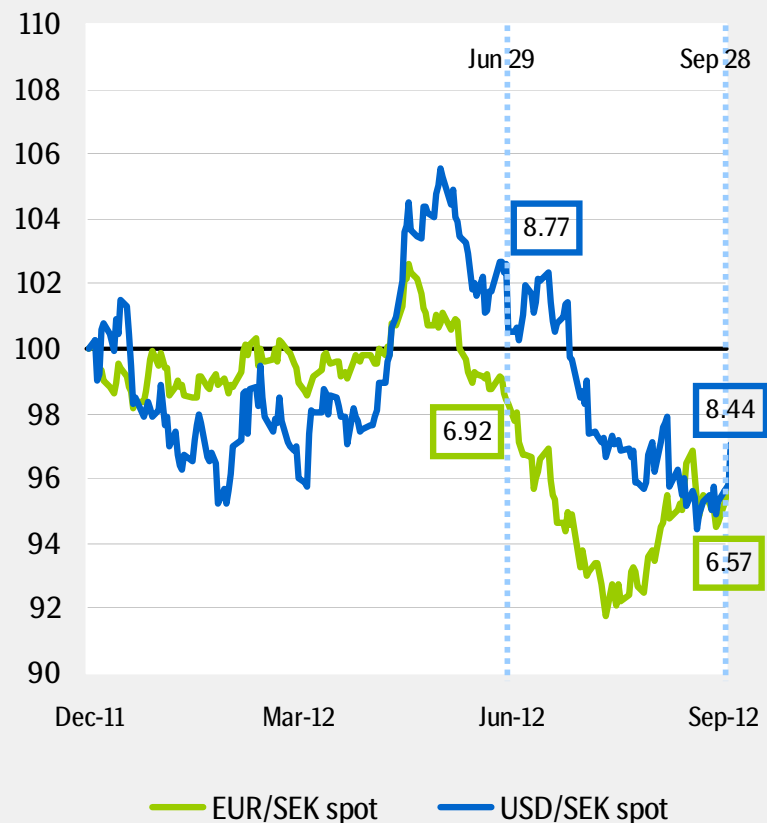


# Highlights Q3 2012

- 1 Robust result in defensive market environment
- 2 More customers and higher customer satisfaction
- 3 Resilience and flexibility:  
Capital, liquidity and costs

# Figures impacted by strong SEK

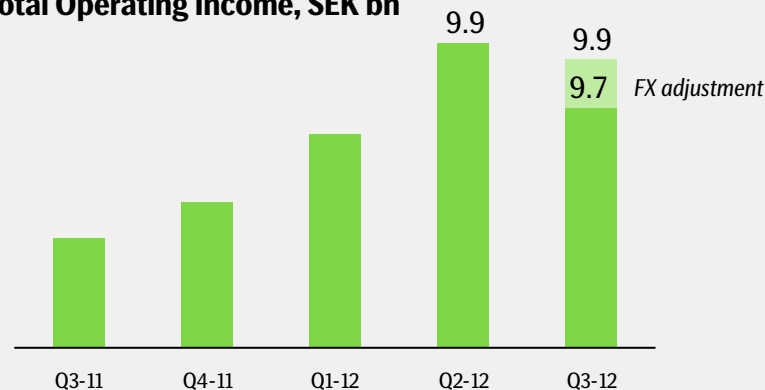
## Safe haven status for Sweden impacted exchange rates in Q3 2012



## FX-adjusted P&L (SEK m)

	Q3-12/ Q2-12	Q3-12/ Q3-11	YTD-12/ 11
<b>Total Operating income</b>	<b>-181</b>	<b>-222</b>	<b>-162</b>
Total Operating expenses	101	127	98
<b>Profit before credit losses</b>	<b>-80</b>	<b>-95</b>	<b>-64</b>
Net credit losses etc.	5	5	4
<b>Operating profit</b>	<b>-75</b>	<b>-90</b>	<b>-60</b>

## Total Operating Income, SEK bn





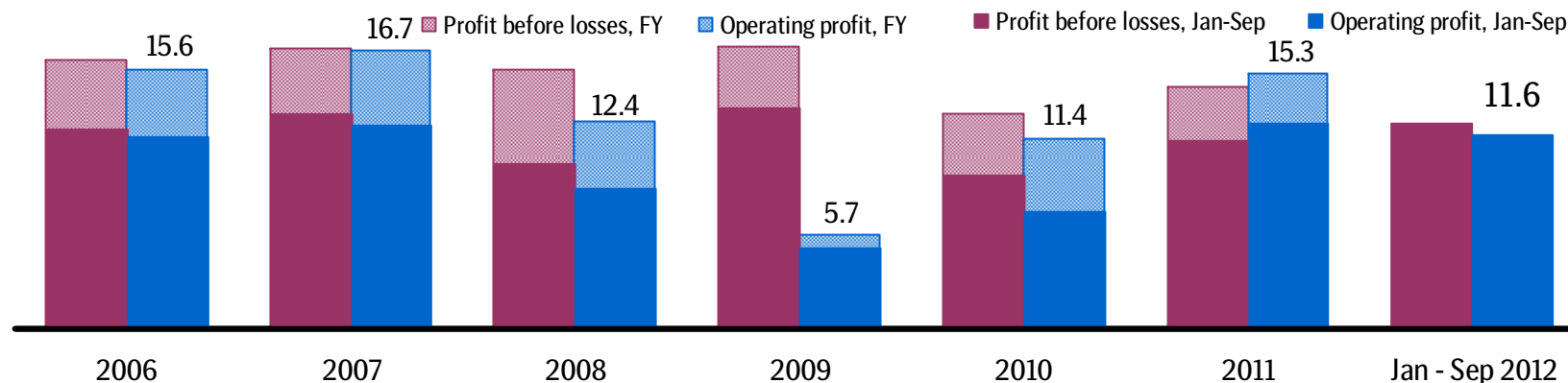
# Profit generating throughout the financial and sovereign debt “crises”

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



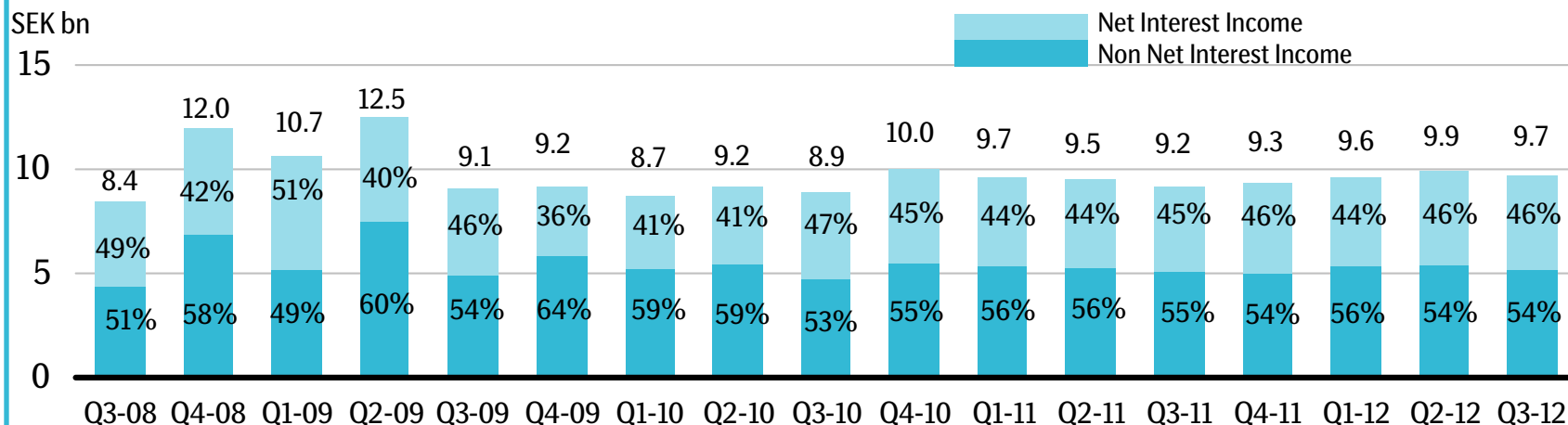
1) of which 1.3bn buy back of sub debt 2) of which 3.0bn goodwill write-offs 3) of which 0.8bn restructuring costs in our German subsidiary, SEB AG

## Operating profit (SEK bn)

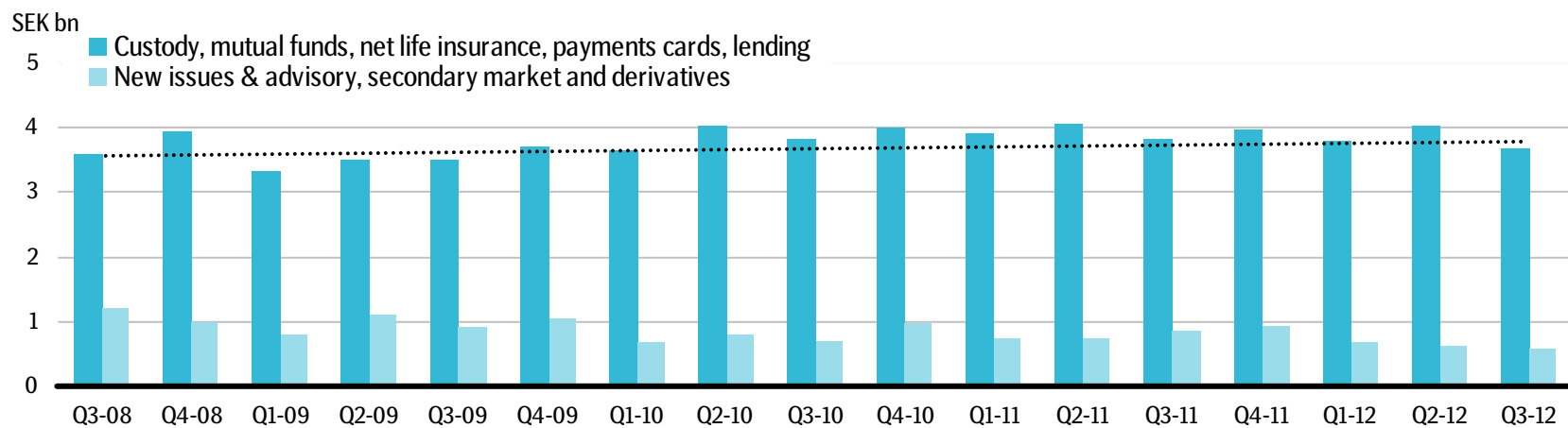


# SEB Business mix creates stable and diversified revenue streams

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



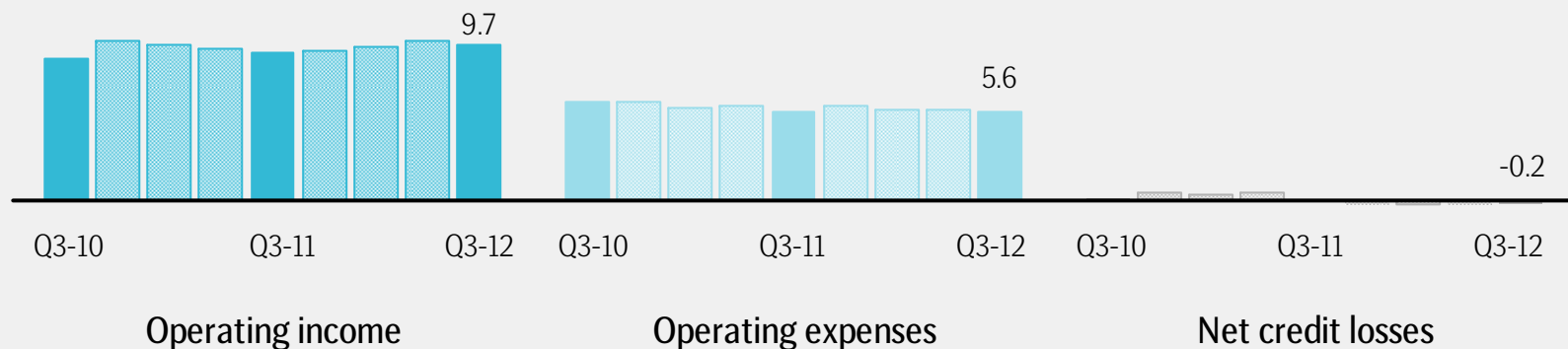
## Underlying market shares render stable and growing commission and net life income



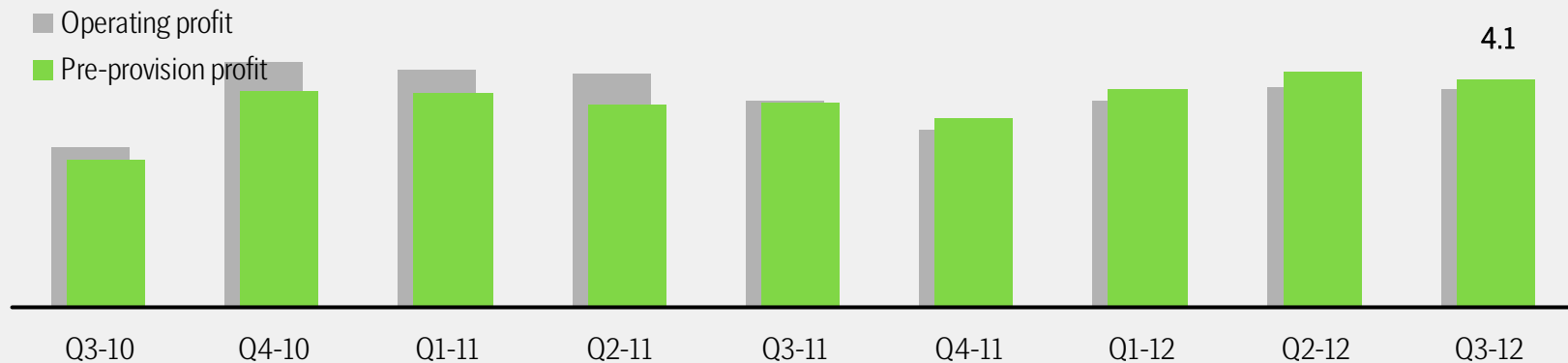
Gross commission development

# Profit and loss trend

## Profit and loss development Q3 2010 – Q3 2012 (SEK bn)

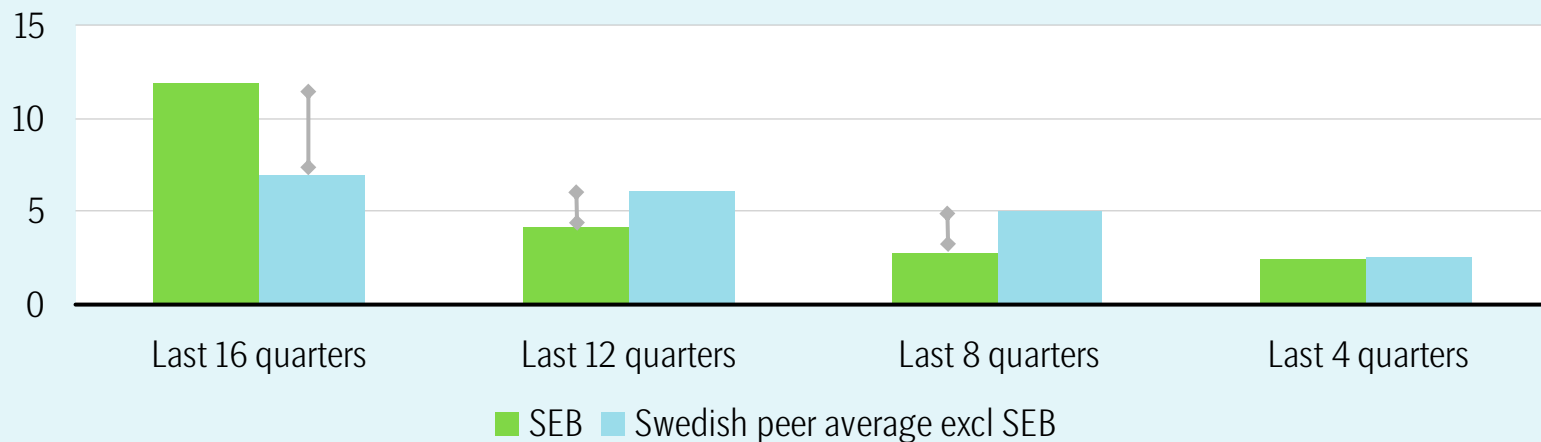


## Pre-provision profit and operating profit (SEK bn)



# SEB has actively reduced its earnings volatility

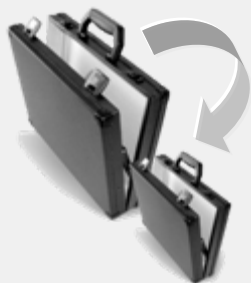
## Income volatility, Q4 2008 – Q3 2012



## Strategic actions to reduce income volatility



**Divestment of non-core businesses**



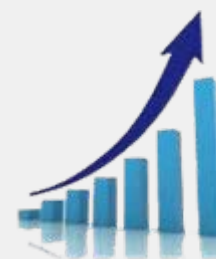
**Reduced size of investment portfolios**



**Secured funding and liquidity reserves**



**Maintained high asset quality**



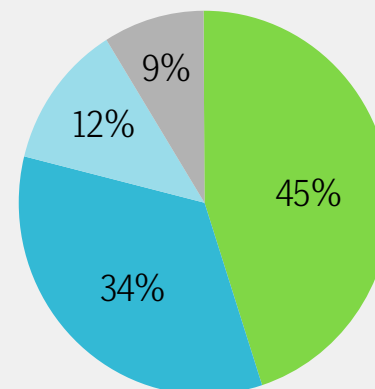
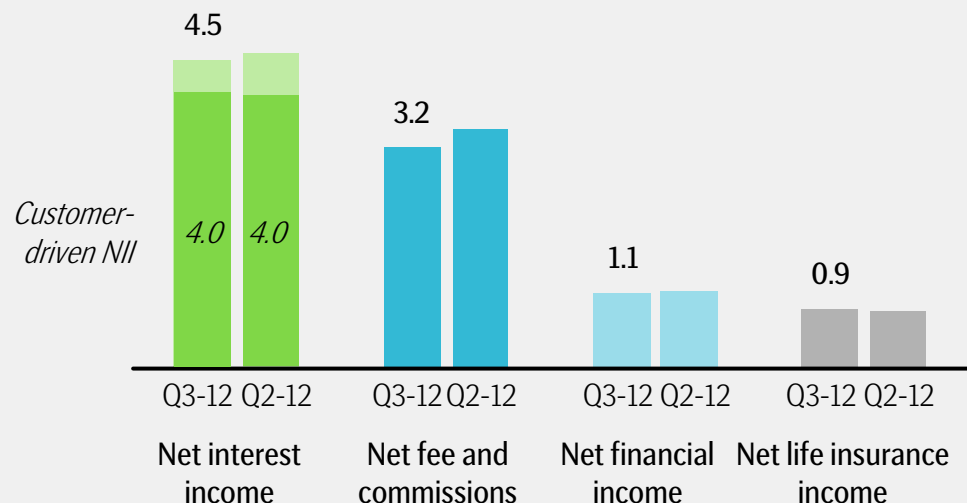
**Growth in areas of strength**

# Income statement

## Profit and loss (SEK bn)

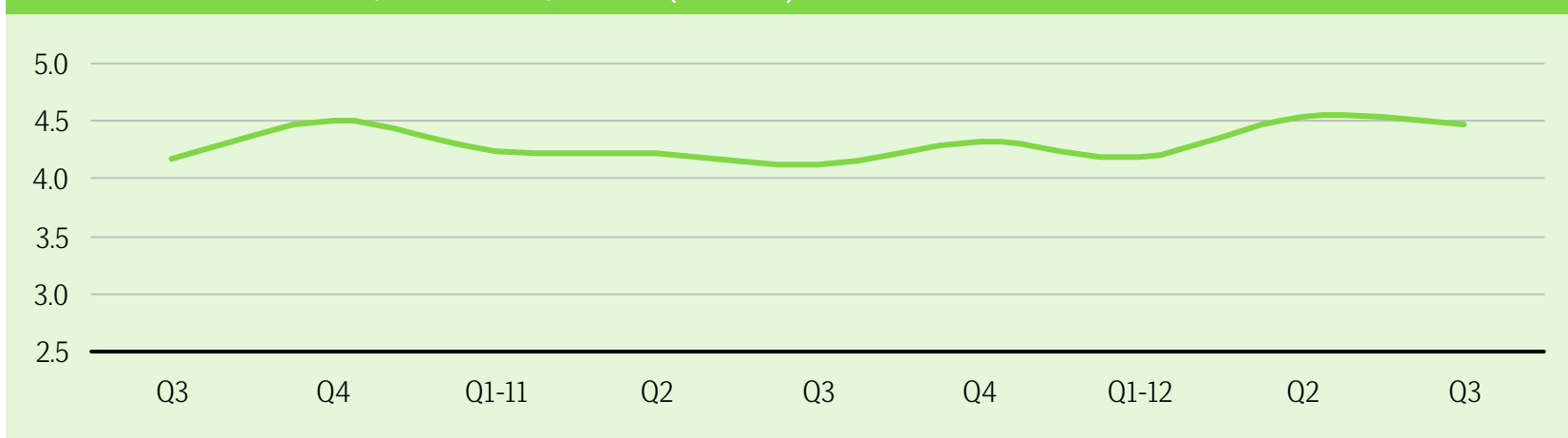
	Q3-12	Q2-12	%	Q3-11	%
<b>Total Operating income</b>	<b>9,681</b>	<b>9,916</b>	-2	<b>9,207</b>	5
Total Operating expenses	-5,580	-5,692	-2	-5,533	1
<b>Profit before credit losses</b>	<b>4,101</b>	<b>4,224</b>	-3	<b>3,674</b>	12
Net credit losses etc.	-185	-273	-32	35	
<b>Operating profit</b>	<b>3,916</b>	<b>3,951</b>	-1	<b>3,709</b>	6

## Operating income by type, Q3 2012 vs. Q2 2012 (SEK bn)

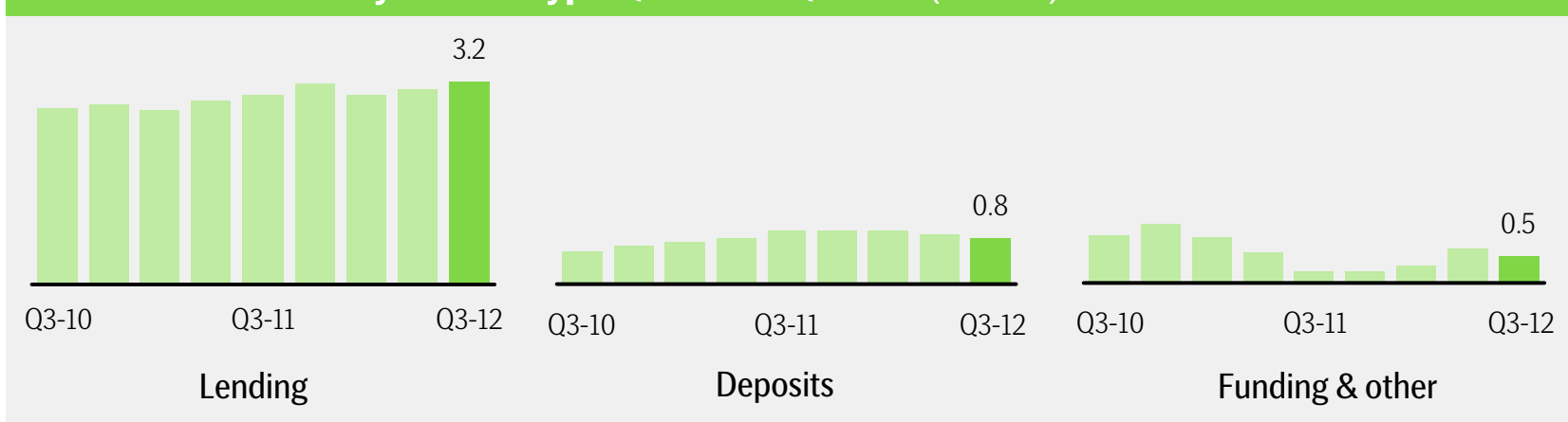


# Net interest income development

Net interest income Q3 2010 – Q3 2012 (SEK bn)



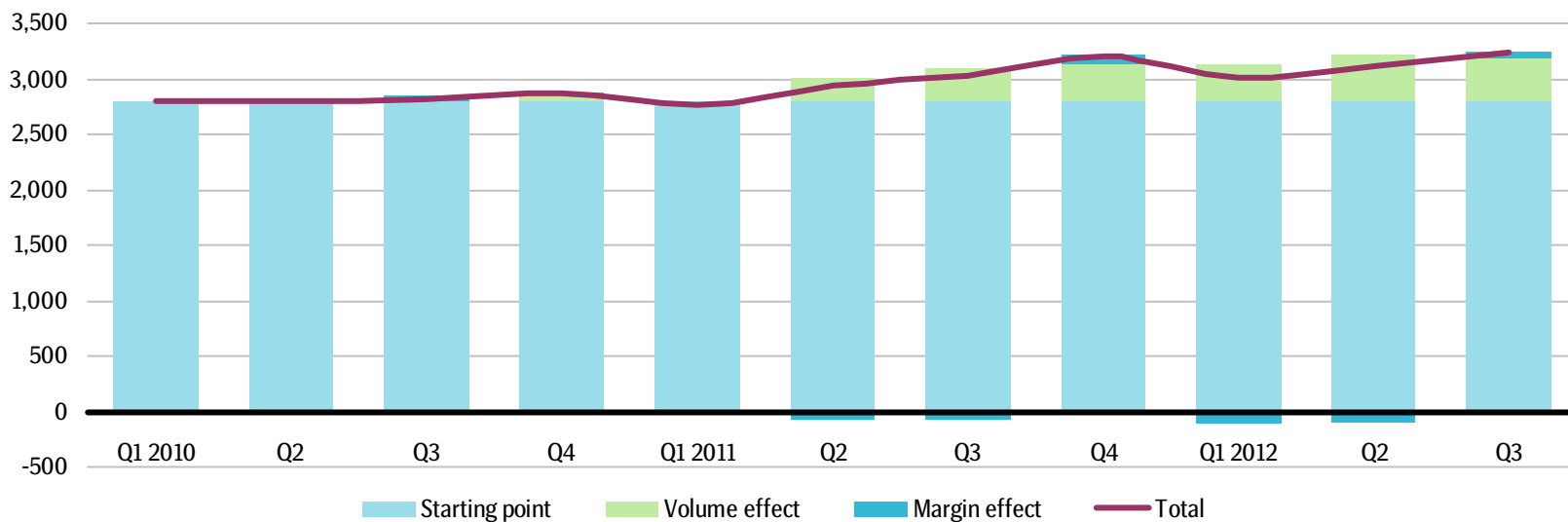
Net interest income by income type Q3 2010 – Q3 2012 (SEK bn)



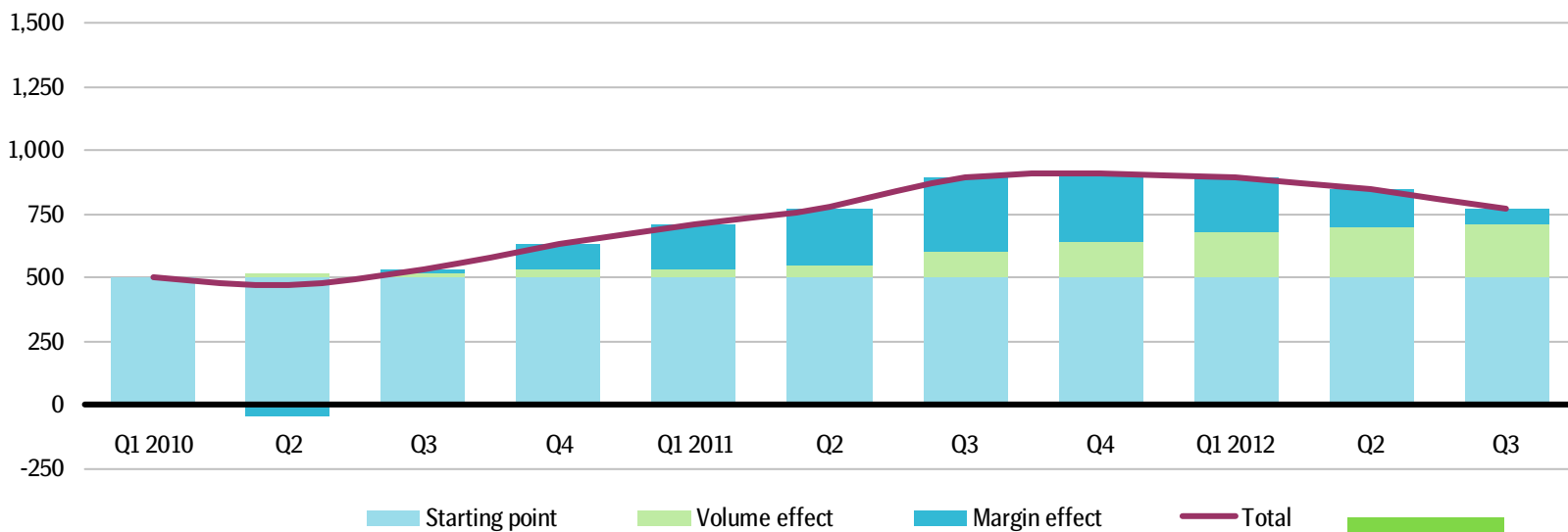
# NII customer driven specification

SEB Group, cumulative changes from Q1 2010, SEK m

## NII from lending



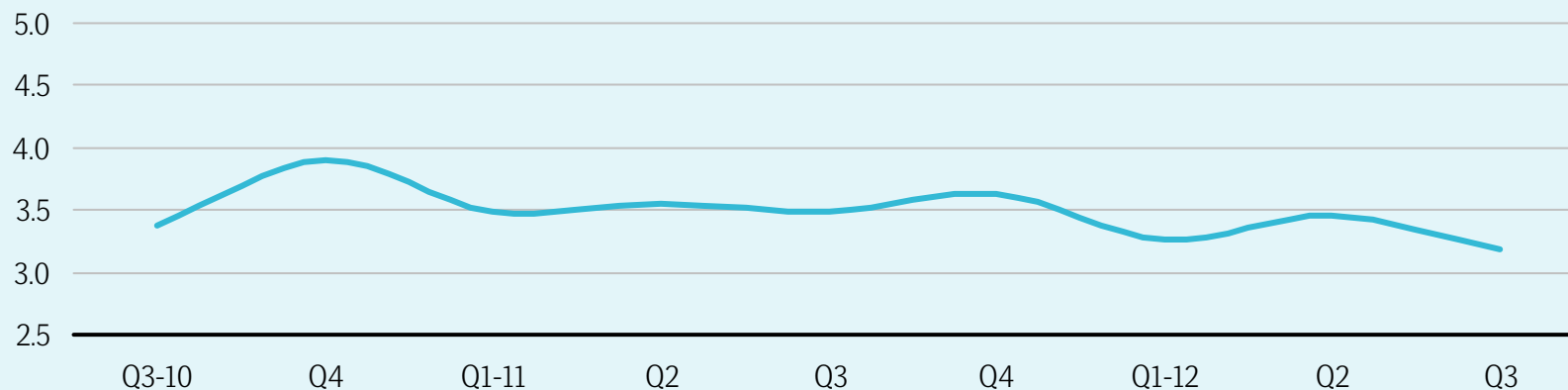
## NII from deposits



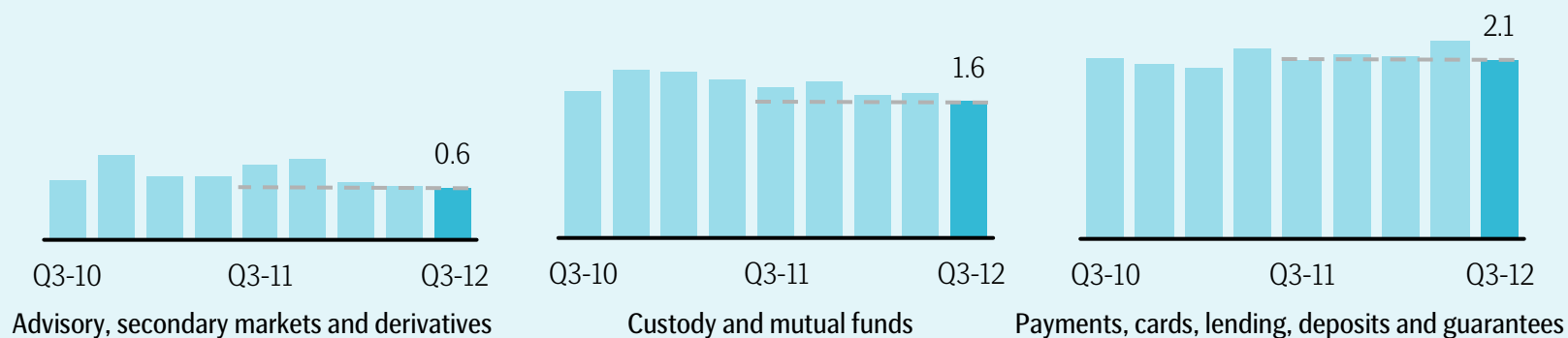


# Net fee and commission income development

Net fee and commissions Q3 2010 – Q3 2012 (SEK bn)

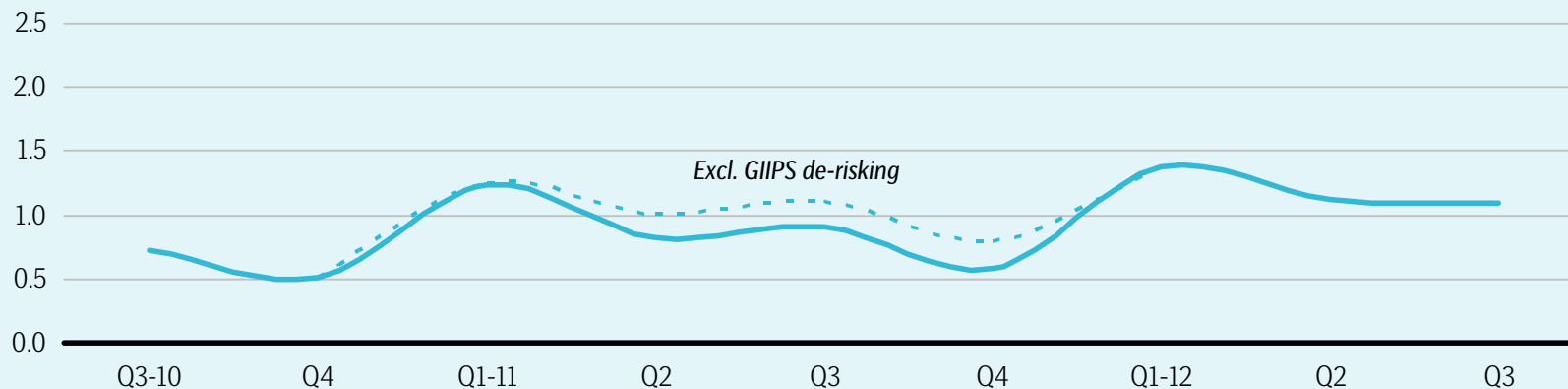


Gross fee and commissions by income type Q3 2010 – Q3 2012 (SEK bn)

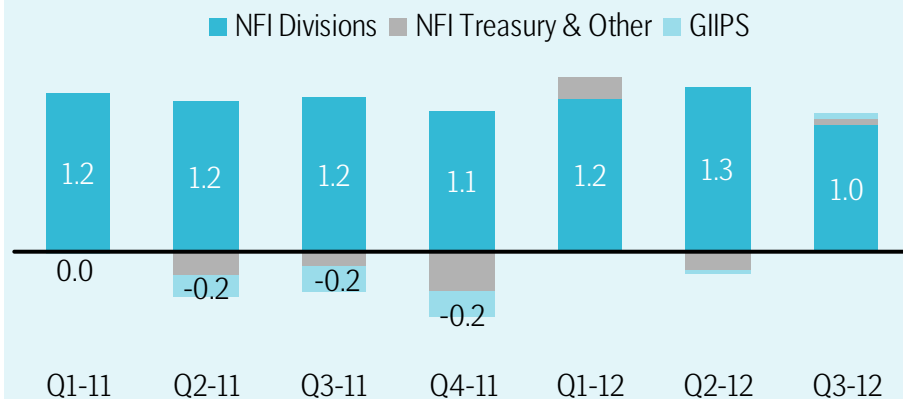


# Net financial income development

## Net financial income Q3 2010 – Q3 2012 (SEK bn)



## Net financial income development (SEK bn)

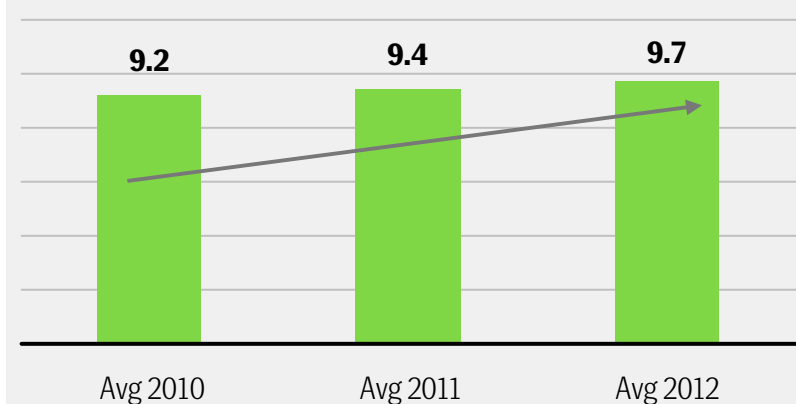


## Stability in trading income

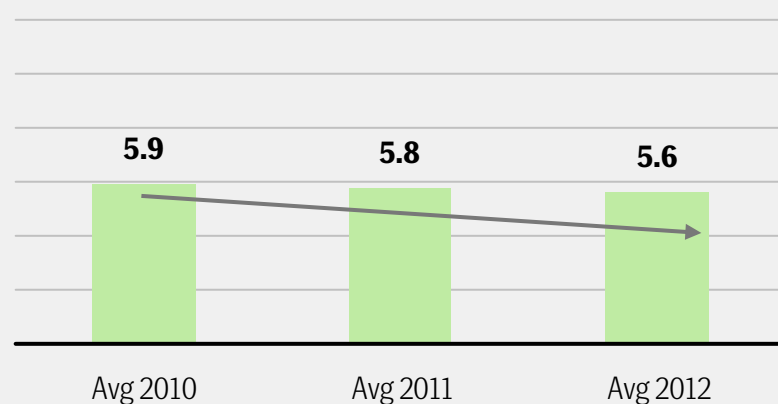
- Stability from customer-driven flows in divisions
- Volatility from MTM of liquidity portfolio

# Increased operating leverage

Average quarterly income (SEK bn)

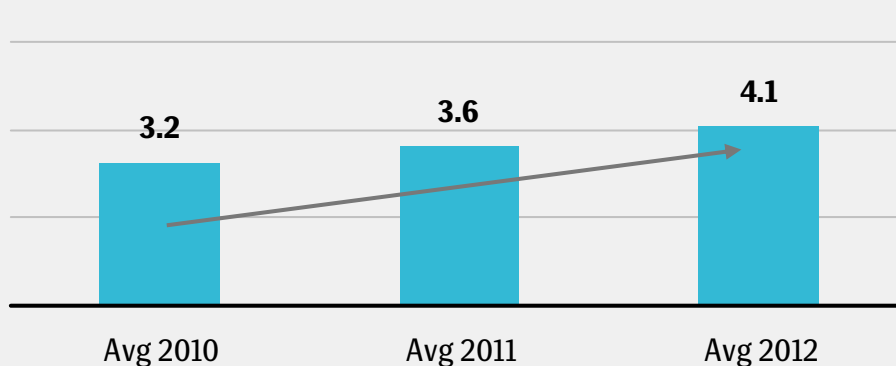


Average quarterly expenses (SEK bn)



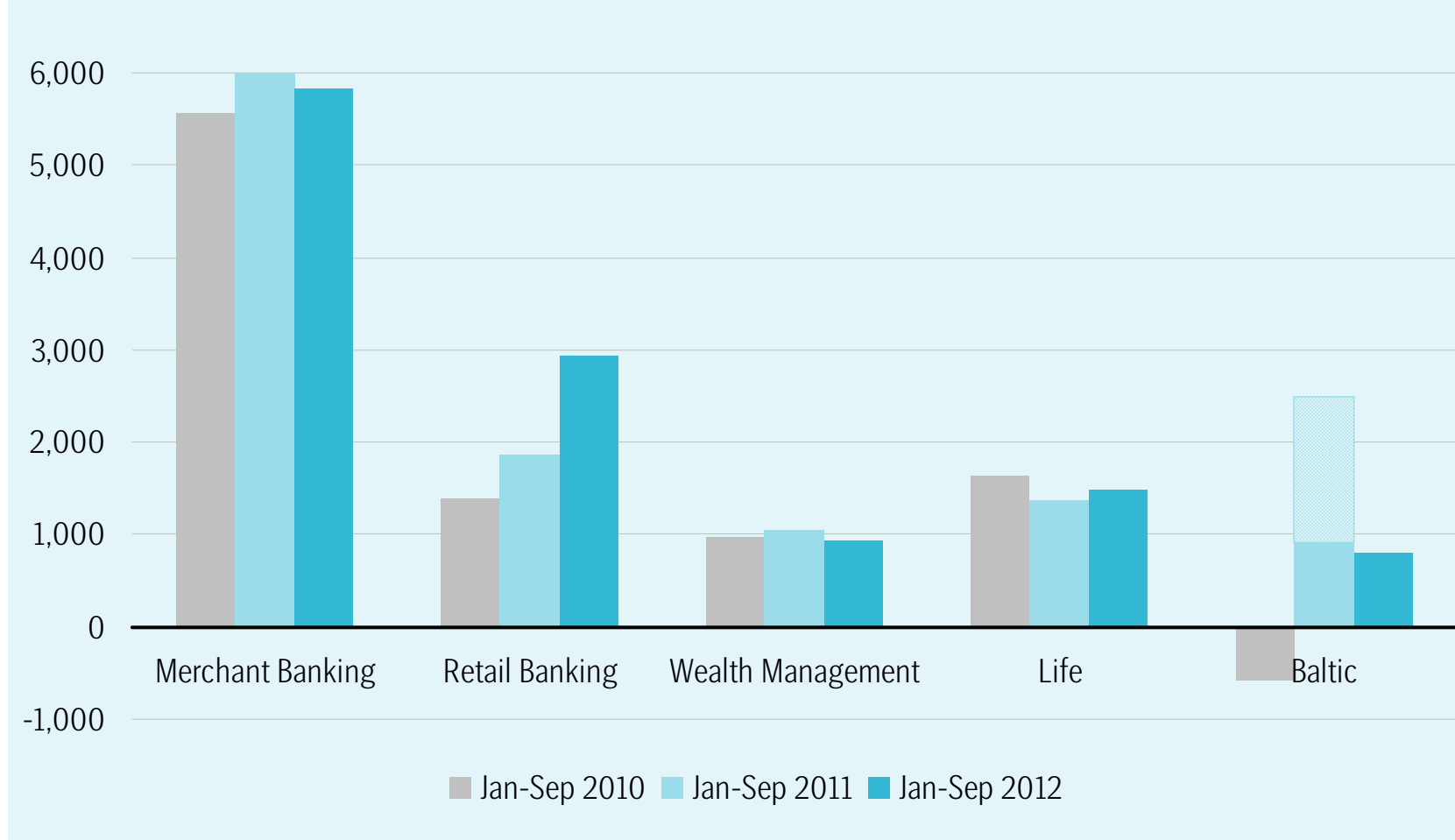
Operating leverage

Average quarterly profit before credit losses (SEK bn)



# Divisional performance

## Operating profit (SEK m)



Note: Shaded area of Baltic division shows net release of credit provisions

# Investments in three focus areas



**1** Corporate franchise in the Nordics and Germany

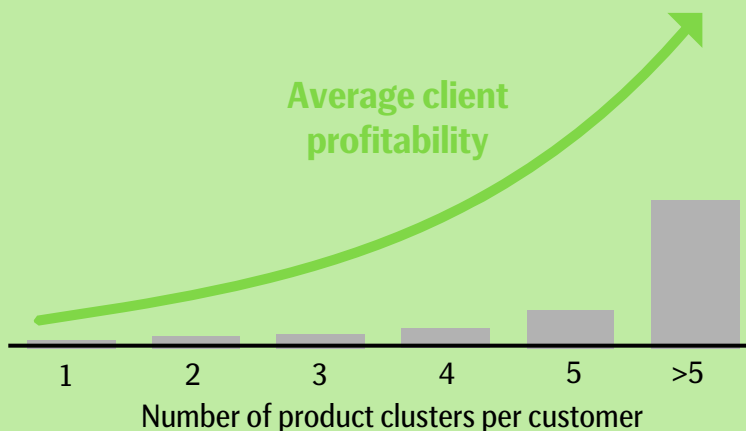
**2** SME platform in Sweden

**3** Long-term savings

# Franchise growth in the Nordics and Germany

## Product penetration drives profitability

cash management  
trade finance fund services  
corporate finance  
life foreign exchange  
custody leasing corporate cards  
relationship lending equities  
capital markets  
asset management commodities  
structured finance



## Expansion KPIs



+276

new large cap clients



+SEK 130bn

new loans and commitments

## Increased bond market activity



metso

Joint lead (EUR 400m)

SKF

Joint lead (EUR 500m)

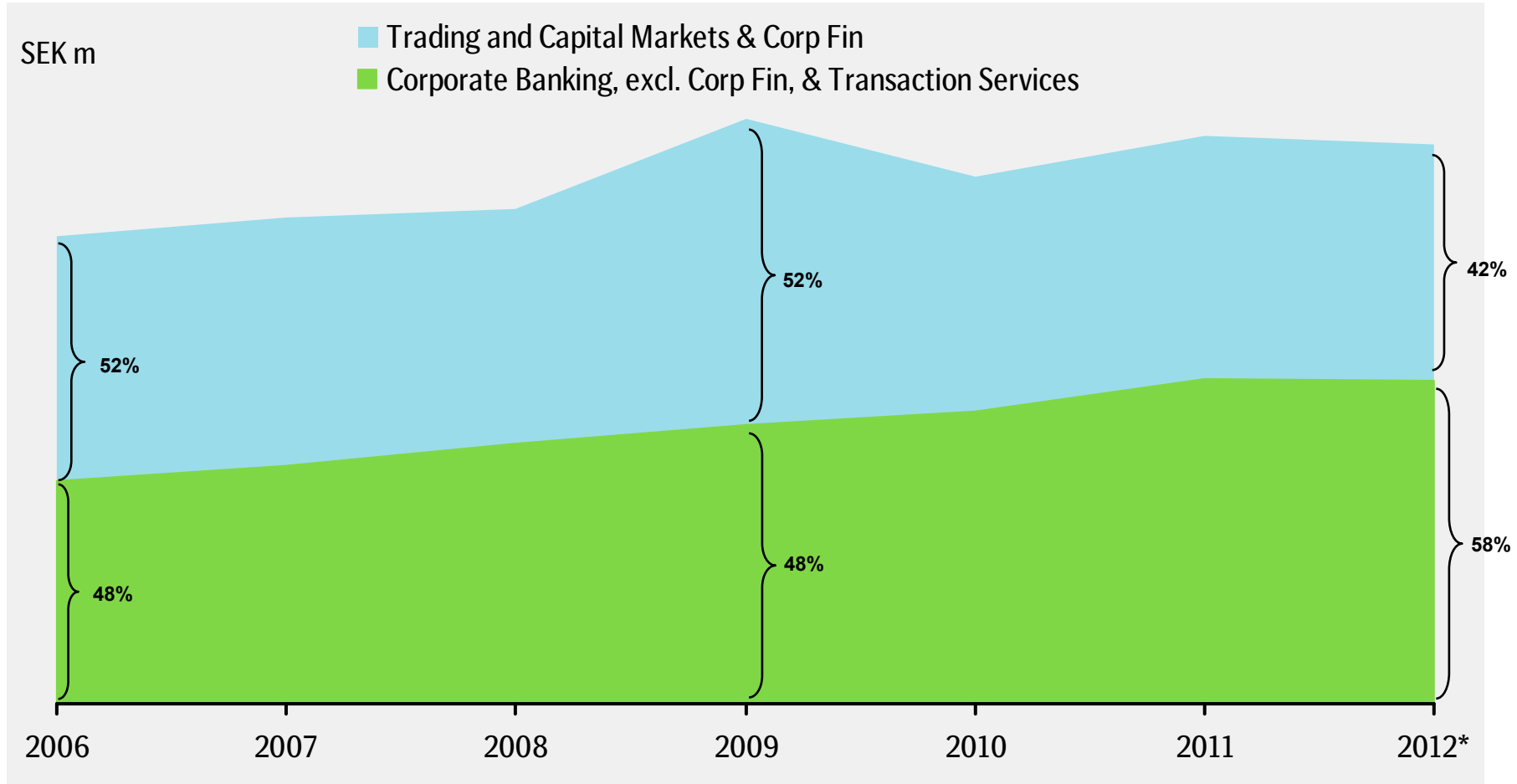
NESTE OIL

Joint lead (EUR 400m)

postnord

Joint lead (SEK 1bn)

# Broad product offerings and entrenched business franchise create an increasing stability of income

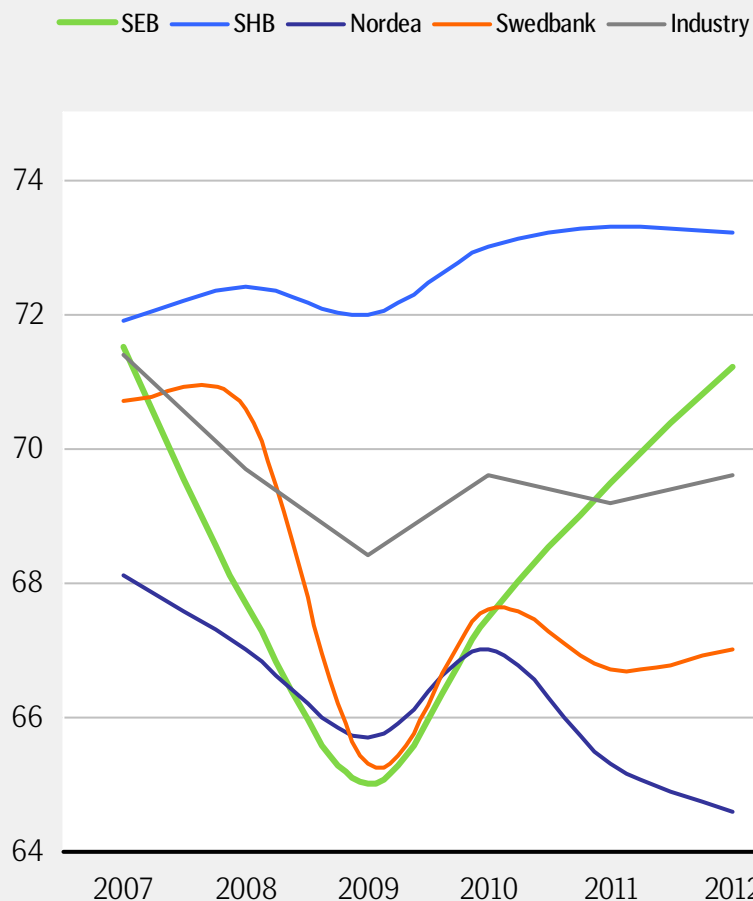


\* 2012 = YTD September annualized



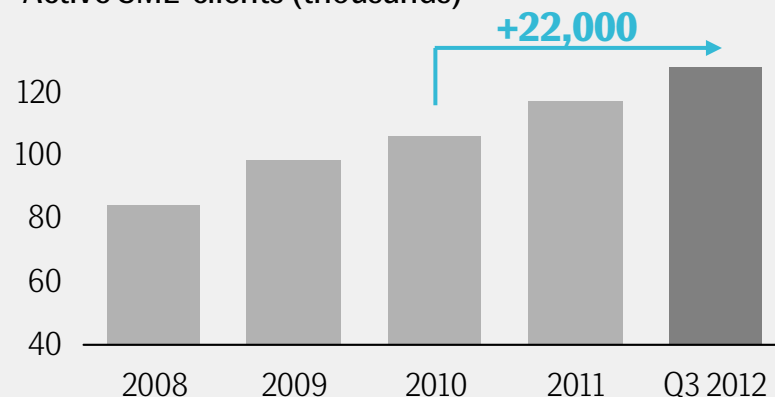
# SME expansion in Sweden

## SKI corporates – customer satisfaction



## SME growth Sweden

Active SME-clients (thousands)



## SME Bank of the Year

Finans  
Barometern

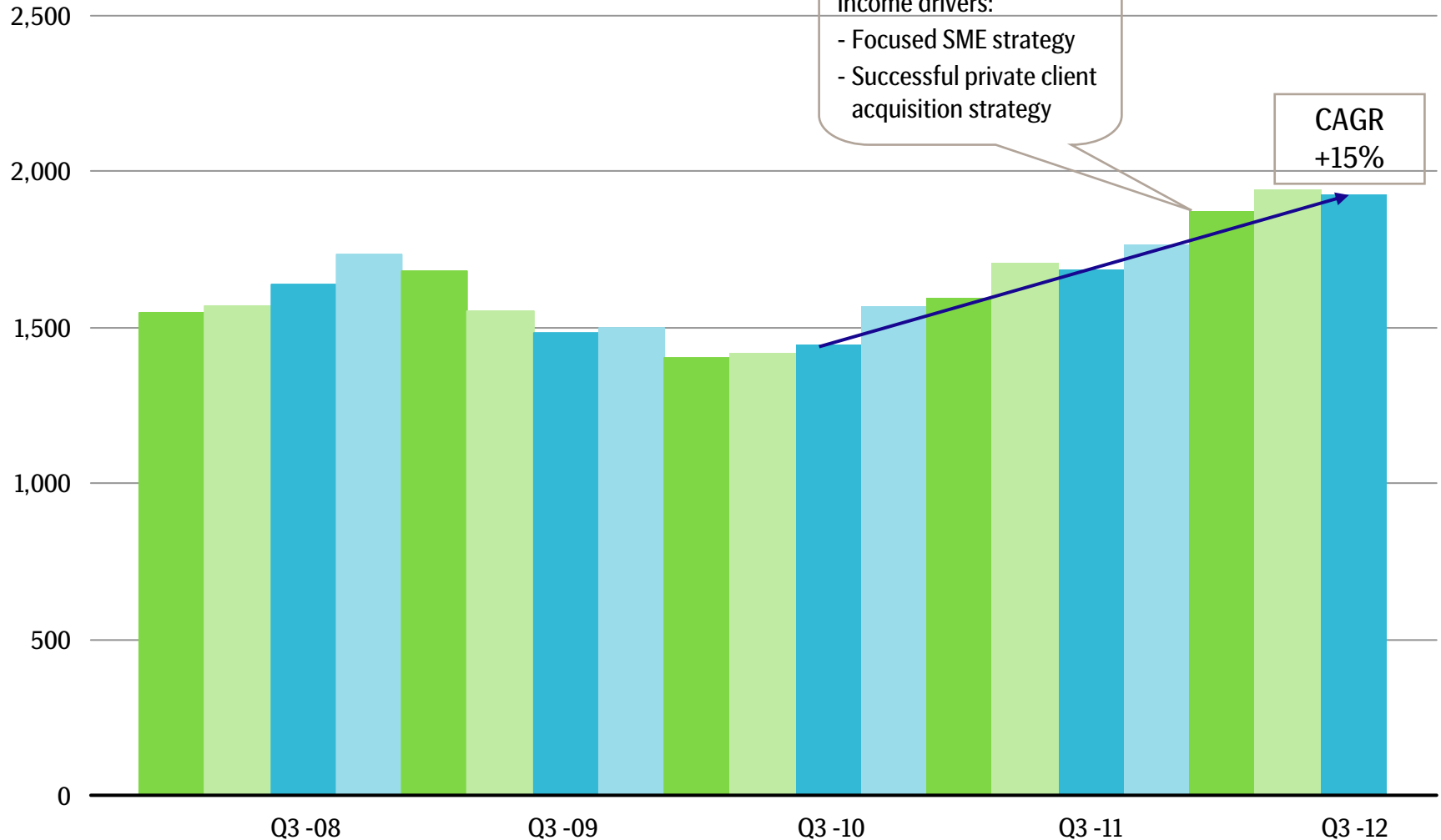
Based on survey  
of 1,000 micro-SMEs  
for the first time



# Swedish Retail - strong growth

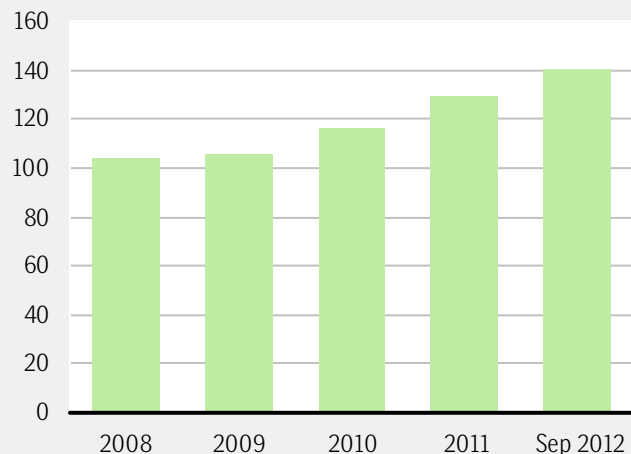
Operating income Q1 2008 – Q3 2012

SEK m



# Holistic perspective on Savings

## Swedish household deposits (SEK bn)

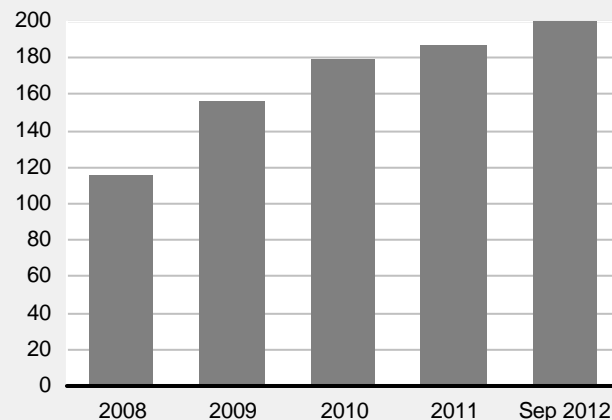


Market share  
12%

YTD  
+11 bn

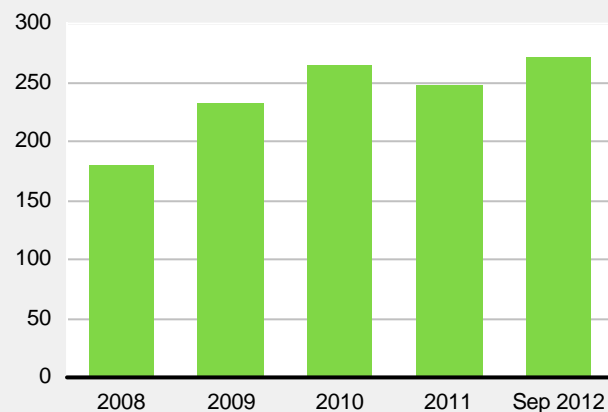


## Unit-linked AuM (SEK bn)



YTD  
+14bn

## Private Banking AuM (SEK bn)



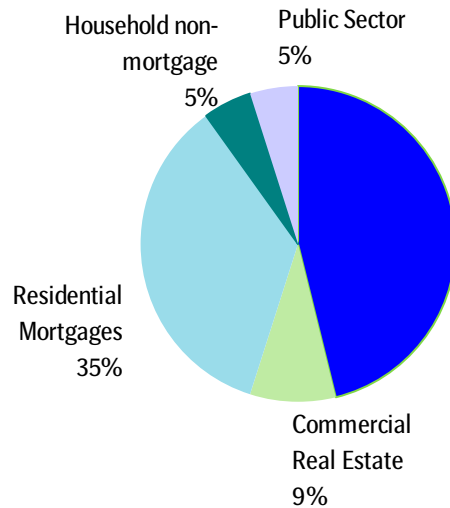
YTD  
+25bn

# Asset quality

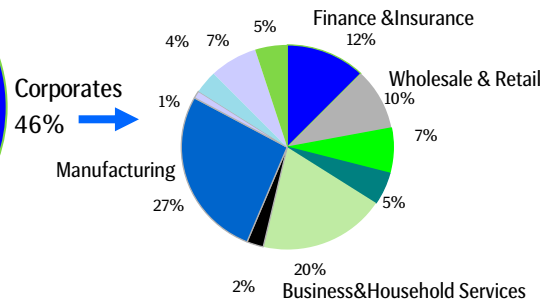
# Credit portfolio dynamics

On and off balance sheet, excl. banks, of SEK 1,578bn, Sep 2012

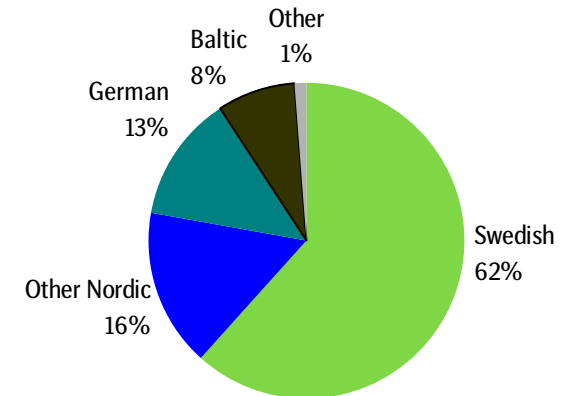
## Sector split



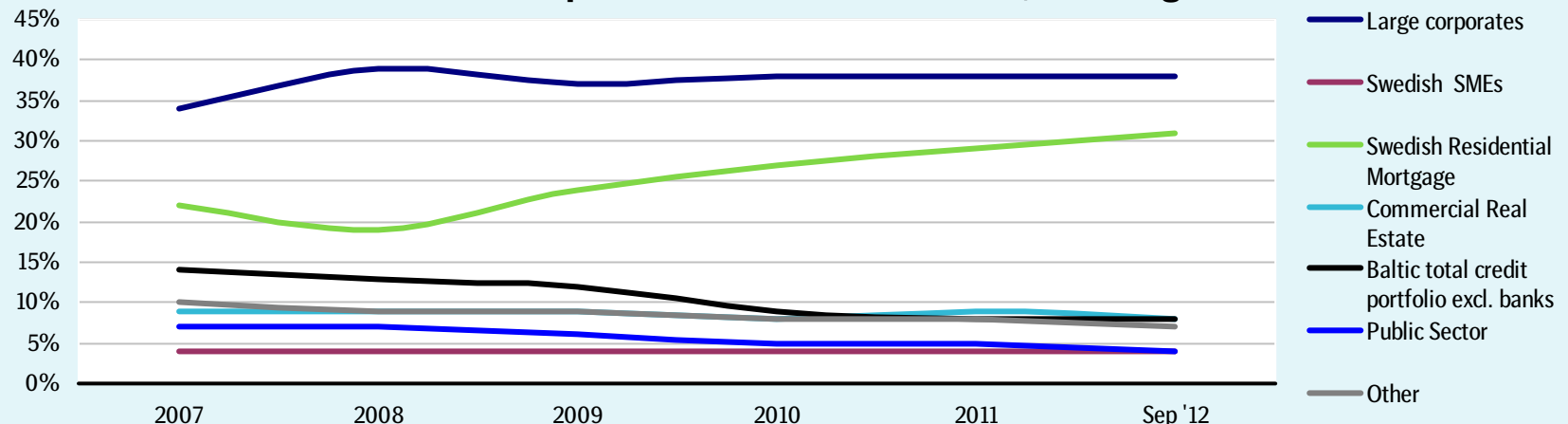
## Corporate split



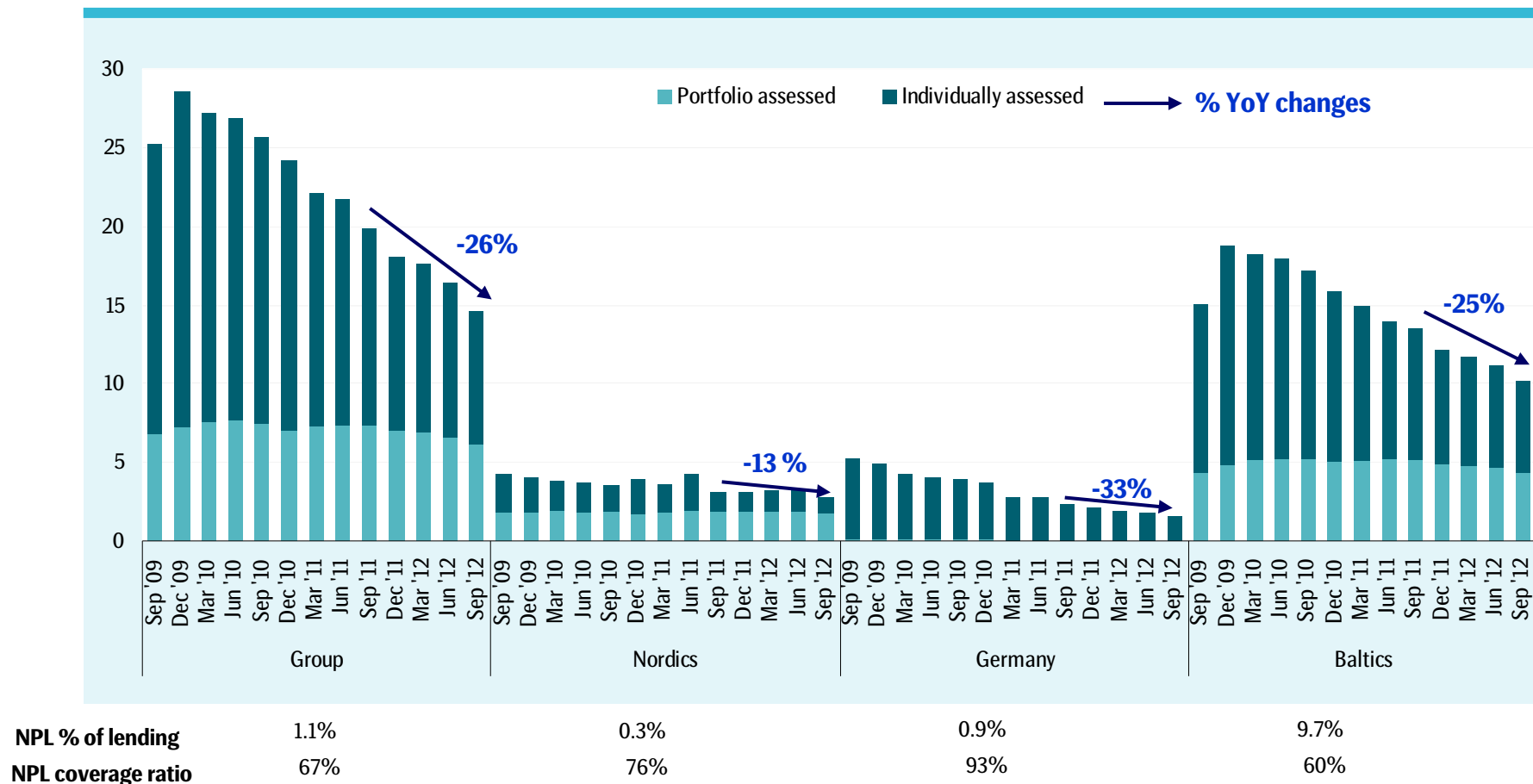
## Geographic split



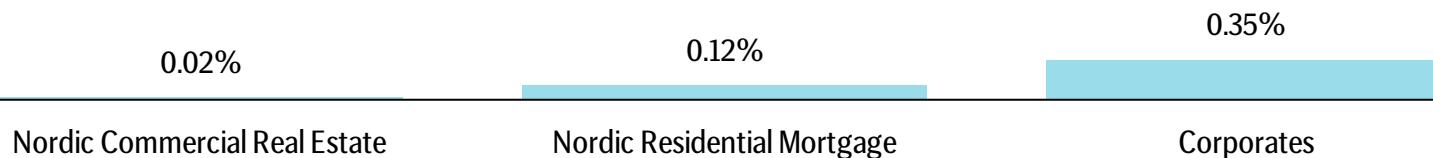
## Certain business areas' relative importance of the Credit Portfolio, excluding banks



# Sharply reduced Non-Performing Loans



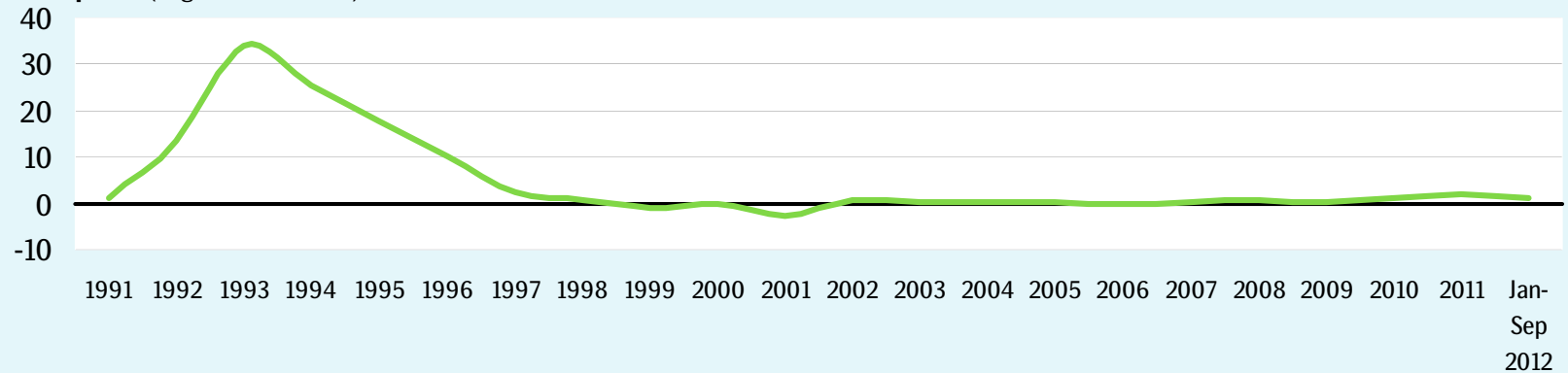
## Non-performing loans in certain topical sectors outside the Baltic countries, Sep 2012



# Minimal net credit losses in Nordic Residential Mortgage and Commercial Real Estate lending

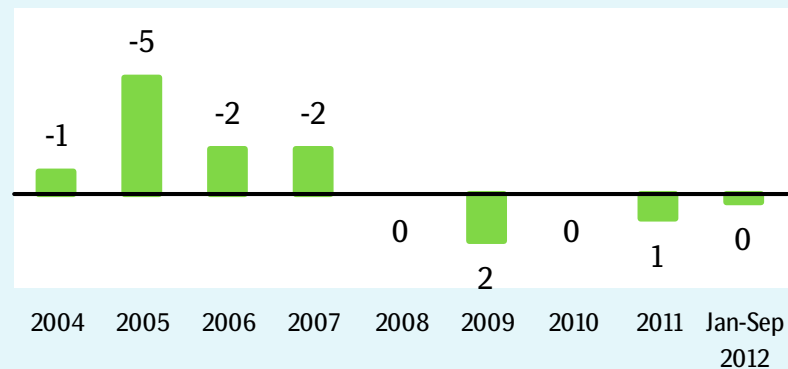
## Swedish Household mortgage portfolio

Basis points (negative = reversals)



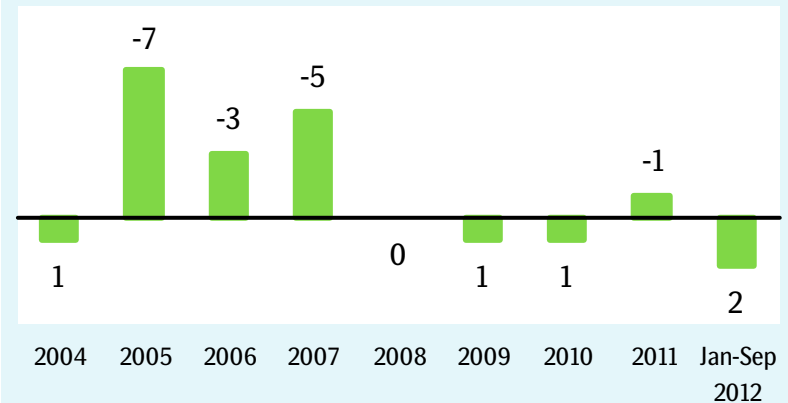
## Nordic Residential Real Estate

Basis points (negative = reversals)



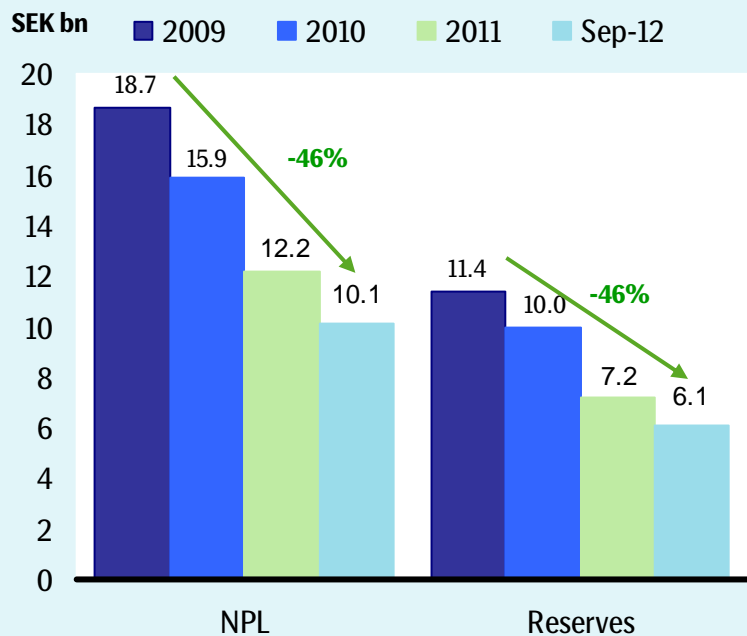
## Nordic Commercial Real Estate

Basis points (negative = reversals)



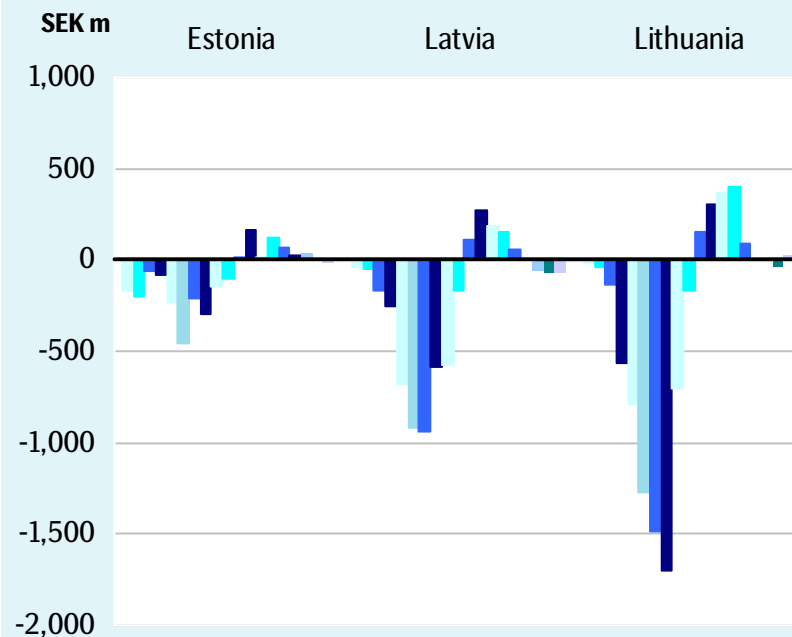
# Baltic asset quality substantially improved

## Baltic NPLs and Reserves - ~2/3 of Group totals



- ✓ Sharp reductions in impaired and watch-list volumes driven mainly by improving weighted average risk classes in 2011, write-offs and repayments in 2012

## Baltic net credit losses, Q1 08 – Q3 12

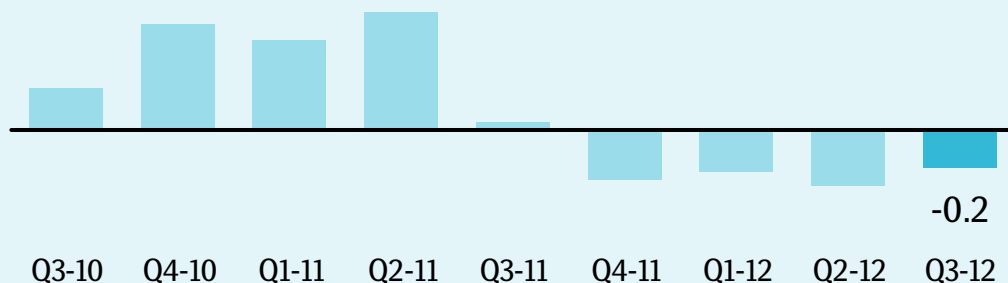
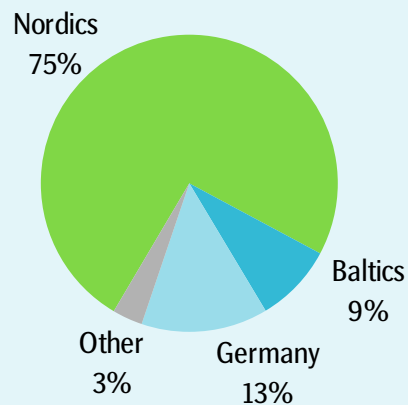


- ✓ Total net credit losses during the period 2008- Q3 2012 SEK 10.9bn
  - Ca. 1/3 used for write-offs
- ✓ Accumulated net releases SEK 2.5bn



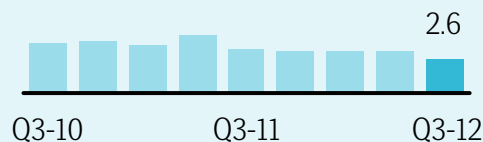
# Continued high asset quality

## Distribution of lending portfolio and credit losses (SEK bn)

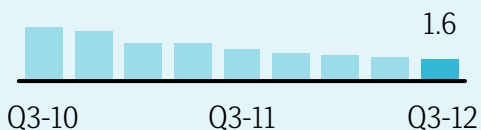


## NPLs by region Q3 2010 – Q3 2012 (SEK bn)

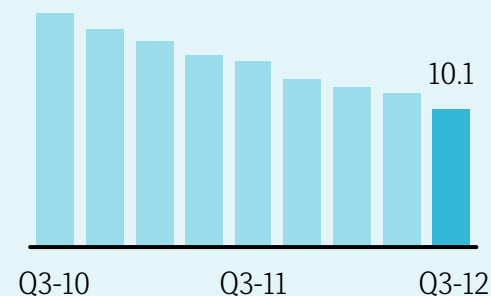
### Nordics



### Germany

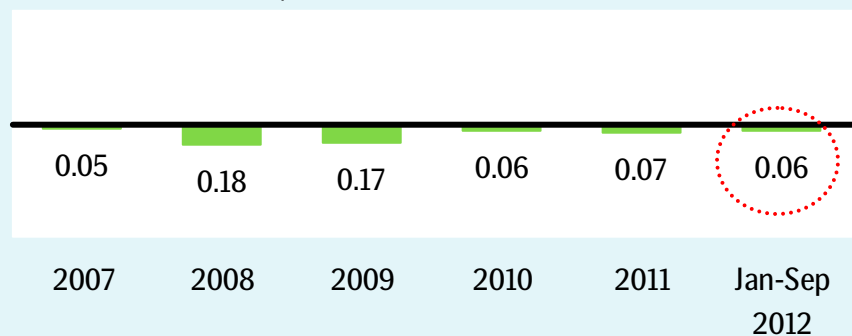


### Baltics

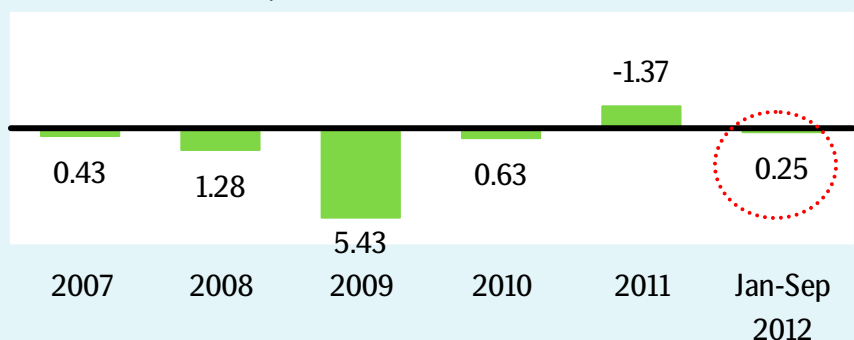


# Excellent asset quality

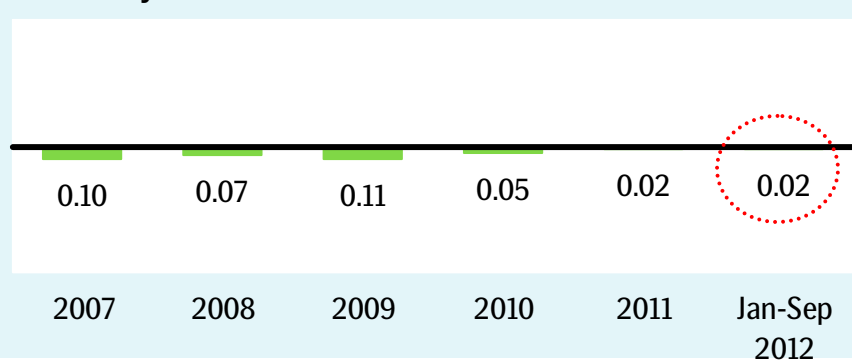
Nordic countries, net credit losses in %



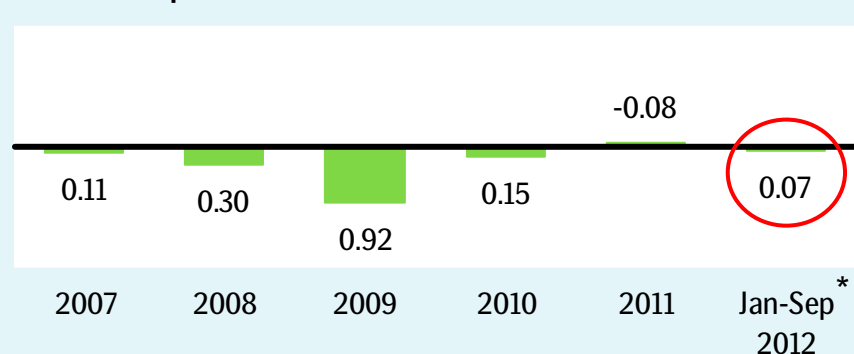
Baltic countries, net credit losses in %



Germany, net credit losses in % \*



SEB Group, net credit losses in %



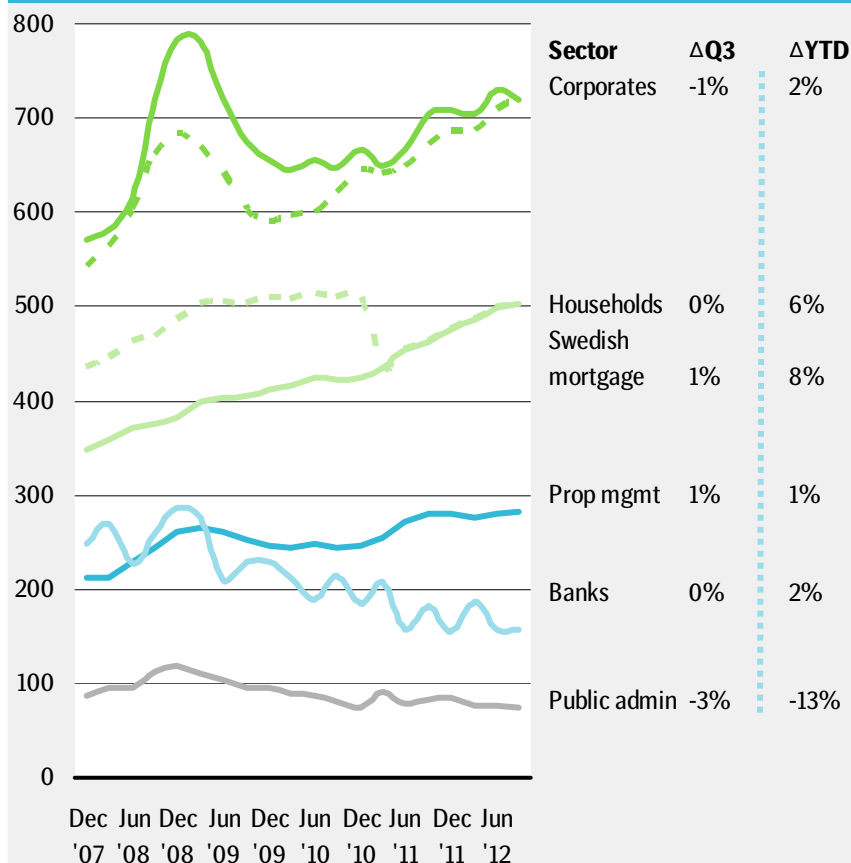
\* Continuing operations

(Net credit losses = the aggregated net of write-offs, write-backs and provisions)

# Credit portfolio development

- Overall modest growth in portfolio

## Credit portfolio by sector (SEK bn)



Dotted lines for corporates are fx-adjusted, for households including German retail

## Credit portfolio by sector (SEK bn)

	Dec '11	Jun '12	Sep '12	ΔQ3	ΔYTD
Corporates	708	730	719	-10	11
Property management	280	281	283	2	3
Households	475	500	502	2	27
Public administration	84	76	73	-3	-11
Total non-banks	1,548	1,586	1,578	-8	30
Banks	155	157	157	0	2
<b>Total</b>	<b>1,702</b>	<b>1,743</b>	<b>1,735</b>	<b>-8</b>	<b>33</b>

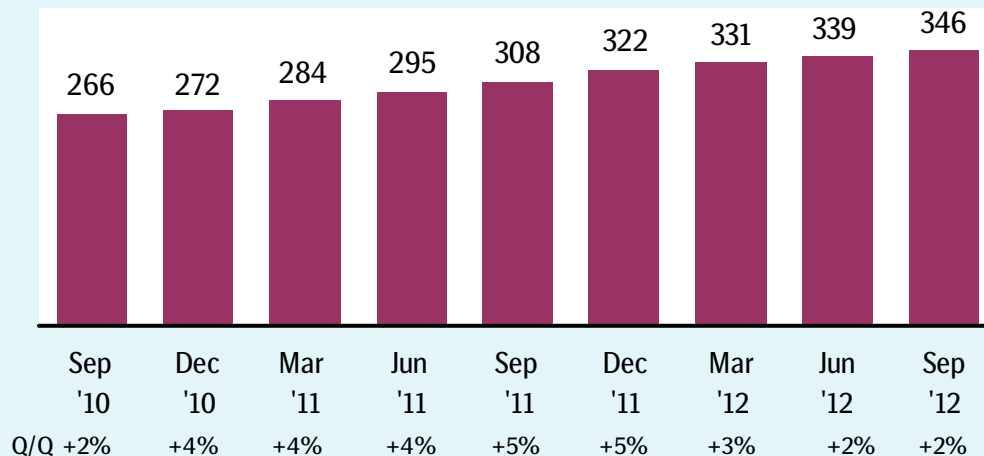
## Summary

- Decrease in **corporate** volumes in Q3 driven by strengthening of SEK
- Moderate underlying **property management** volume growth, driven by Swedish housing CoOp's and residential real estate
- Swedish **household mortgage** portfolio growth continues to slow down – lowest loan growth rate since Q4 '10

# SEB's Swedish household mortgage lending

## 14 per cent of total assets

SEK bn



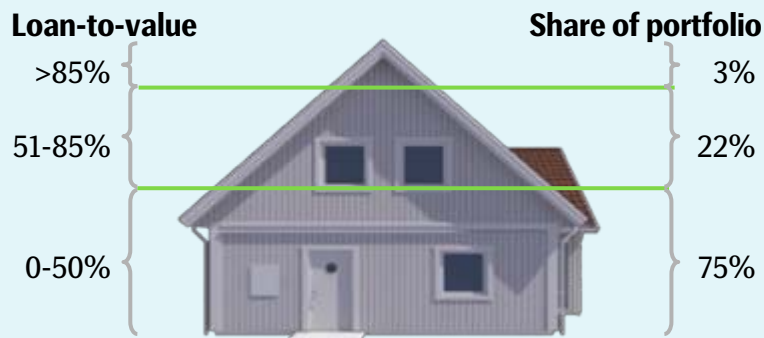
### Selective origination

- 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 14bps

### 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 >75% requirement to amortise
- 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 2012

	Single family homes		Apartments	
Area	3m	12m	3m	12m
Sweden	0%	0%	0%	+8%
Greater Stockholm	0%	+2%	+2%	+6%
Central Stockholm			+2%	+3%
Greater Göteborg	-2%	+2%	+5%	+7%
Greater Malmö	-1%	-5%	-3%	-1%

## NASDAQ OMX Valueguard-KTH Sep 2012

	Index	Change since		
		1 month	3 months	12 months
HOX Sweden	152	+0.3%	+1.5%	+3.4%
<b>Flats</b>				
Sweden Flats	180	0.0%	+1.8%	+5.3%
Stockholm Flats	179	+0.1%	+2.3%	+6.1%
Gothenburg Flats	185	+0.6%	+3.3%	+7.9%
Malmö Flats	158	+2.0%	+2.2%	-2.2%
<b>Houses</b>				
Sweden Houses	144	+0.4%	+0.8%	+2.3%
Stockholm Houses	147	-1.2%	+0.5%	+1.3%
Gothenburg Houses	144	+0.1%	+0.8%	+4.4%
Malmö Houses	132	+2.3%	-1.4%	-1.0%

## 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

# SEB's bond holdings incl. GIIPS exposures

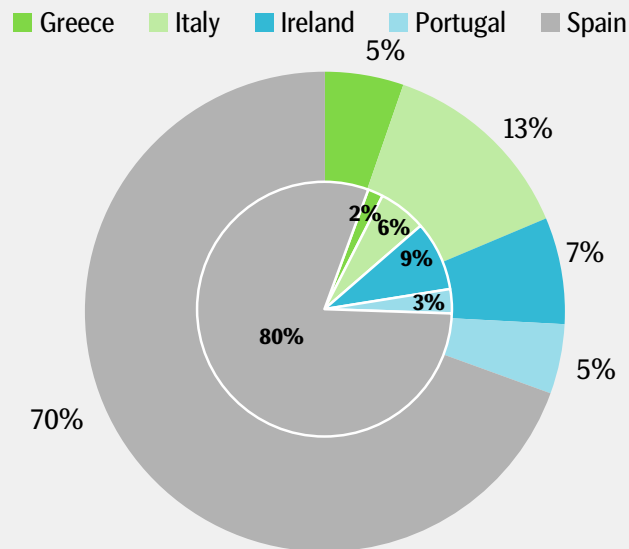
## Bond by sector (nominal SEK bn)

Sector	Sep 2012
Corporates	12
Covered Bonds	96
Unsecured Financials	9
State guaranteed Financials	5
Fed.and local governments	95
GF Landesbanks	12
ABS	19
<b>Total</b>	<b>248</b>

## Distribution of GIIPS bonds\* (nominal SEK bn)

Sep-12 SEK 11.3 (inner circle)

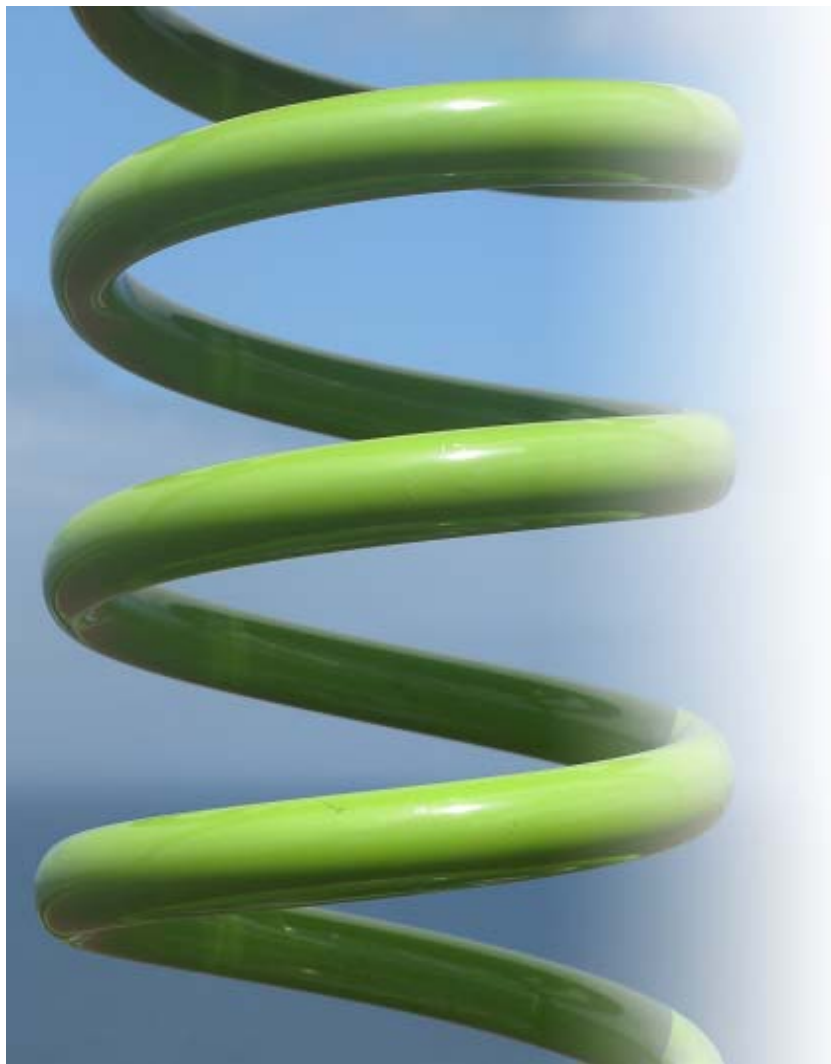
Dec-09 SEK 36.5 (outer circle)



\*Sovereign bonds, Covered bonds, Banks bonds and ABS

# Balance sheet, funding and liquidity

# Balance sheet strengthened further



## Strong capital and liquidity position

Core Tier 1 ratio 16.5%

Liquidity reserve ~25%  
of balance sheet

LCR 154%

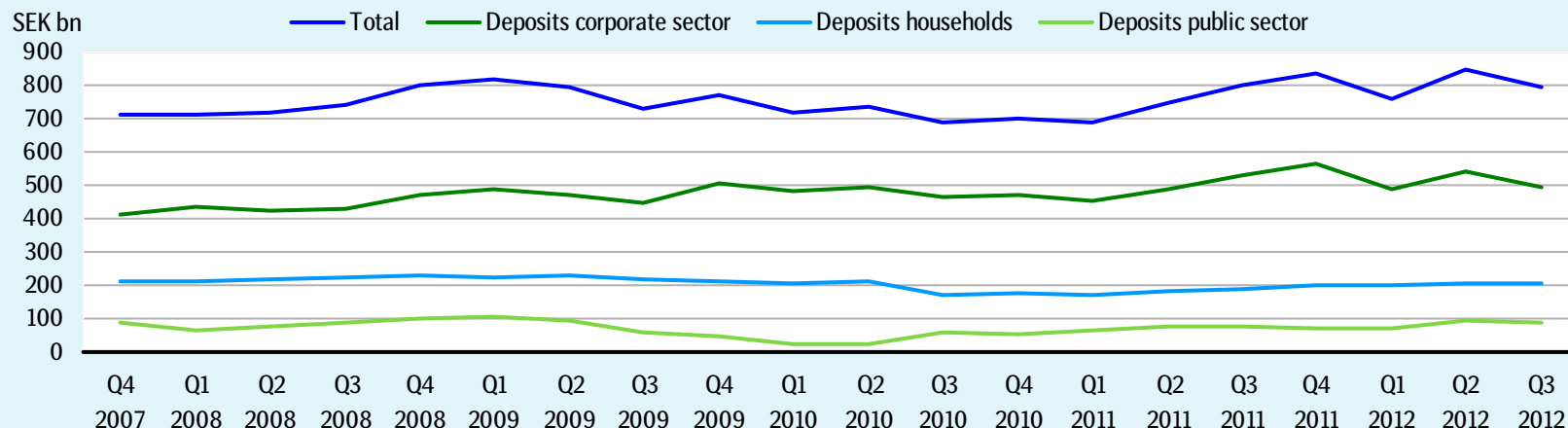
Loan-to-deposit ratio 138%

NPL coverage  
ratio 67%

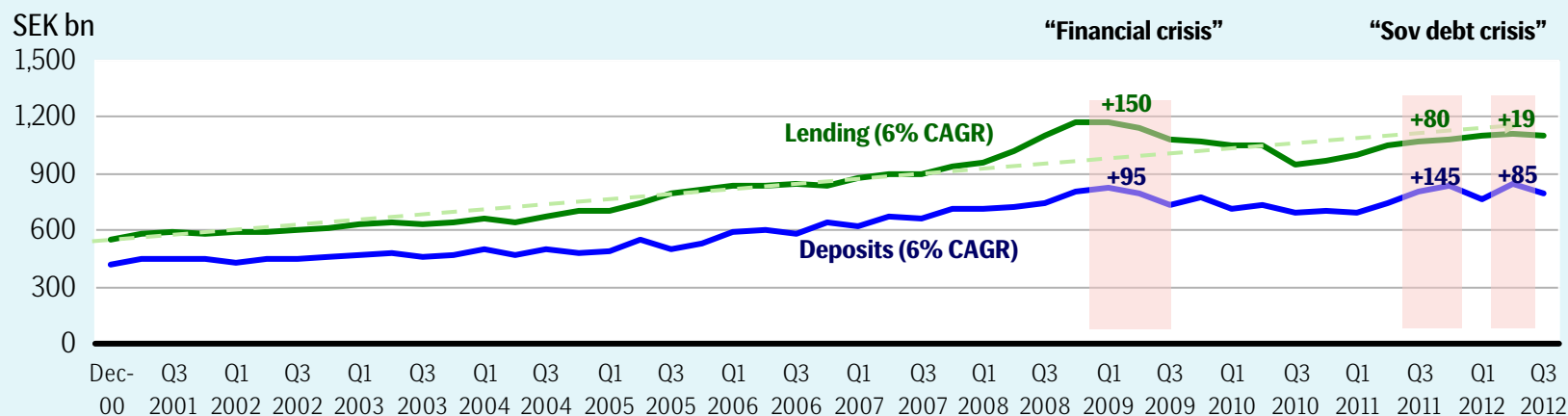


# Lending and Deposits volumes grow in times of uncertainty

## Solid development of deposits from the general public



## Liquidity support to clients and deposit growth in times of stress and uncertainty

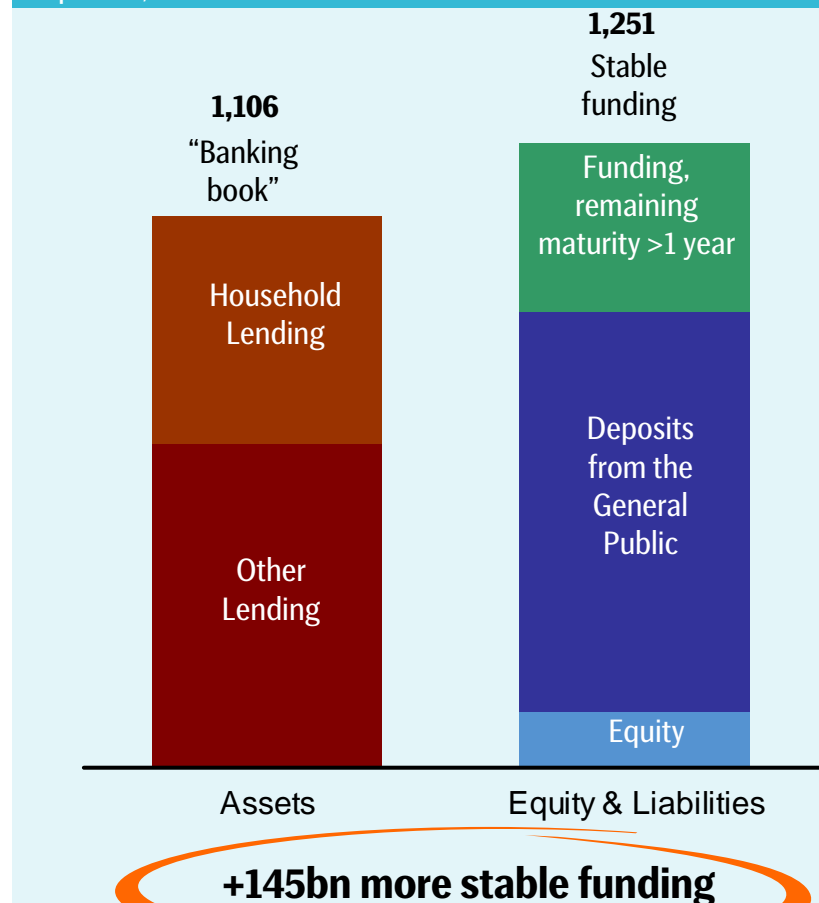


Excluding divested businesses

# Solid funding and deposit situation

## Balance sheet structure

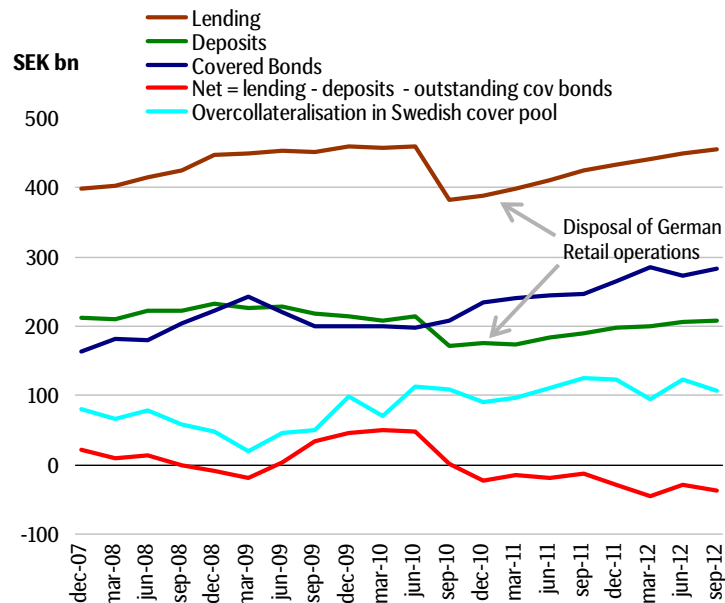
Sep 2012, SEK bn



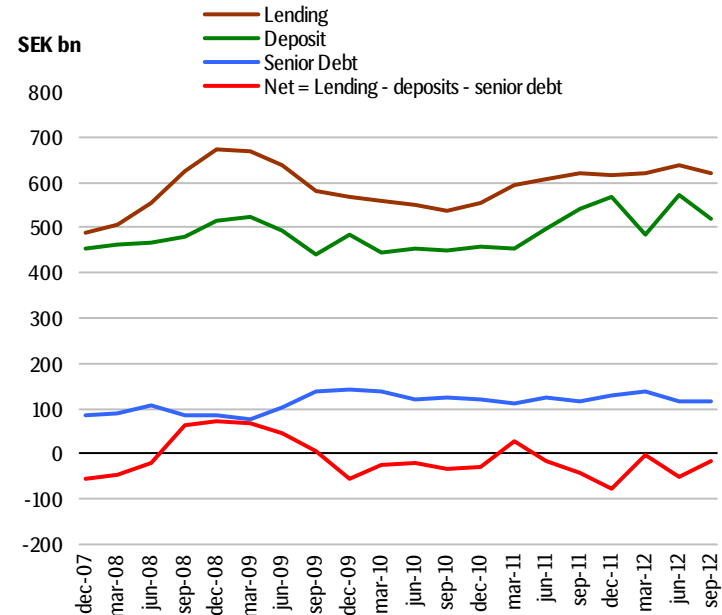
- ✓ Structurally sound balance sheet
- ✓ Loan-to-deposit ratio excluding household mortgage lending ~100%
- ✓ Unutilised capacity for covered bonds SEK 107bn

# Banking book asset growth funded through stable deposit accumulation and long-term covered and senior bonds

## Household lending, deposits and covered bond funding

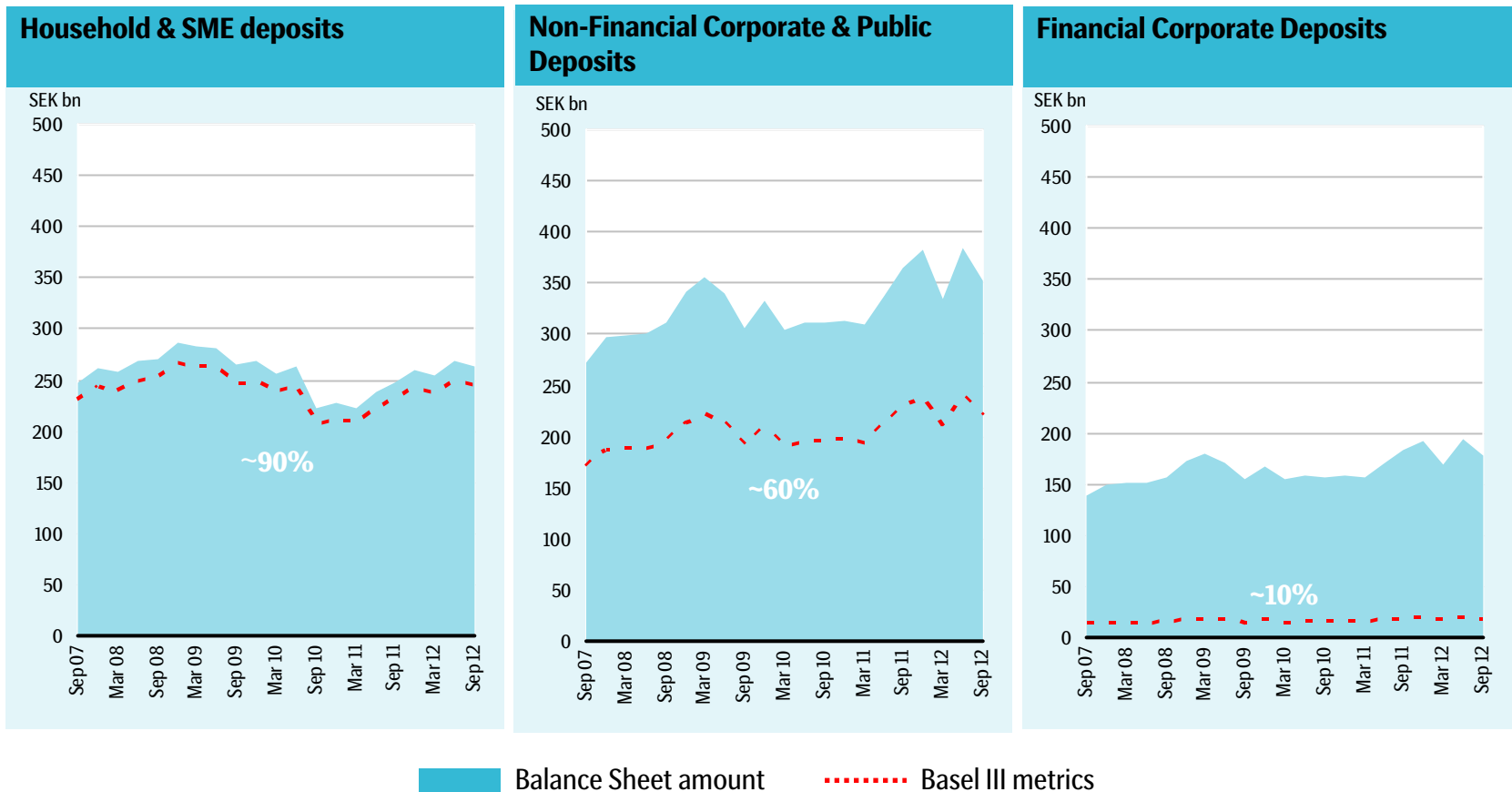


## Corporate & public lending, deposits and senior bonds



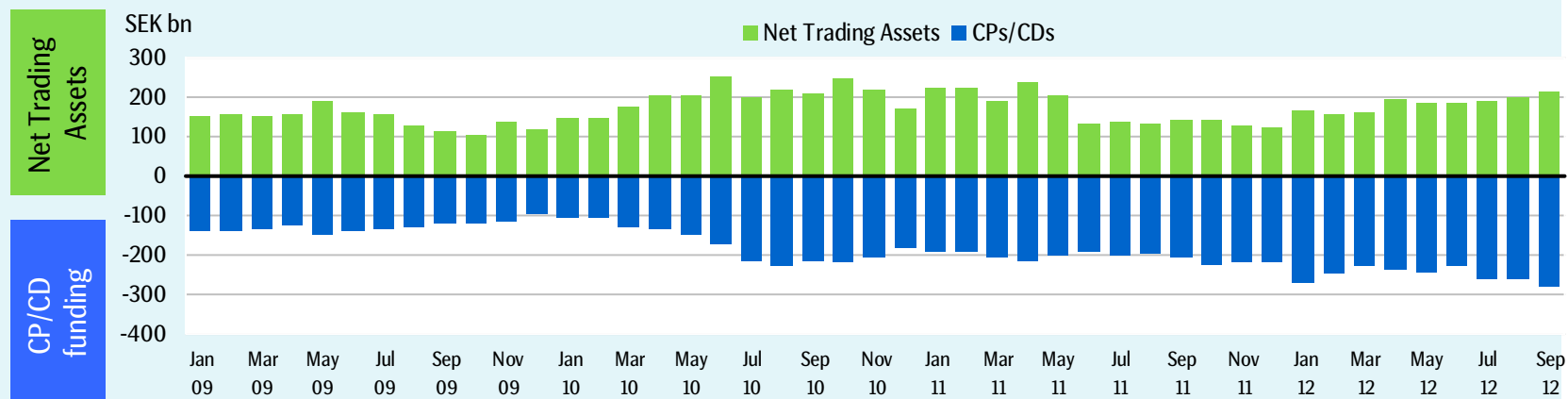
Stable net funding base

# Liquidity risk/"LCR"



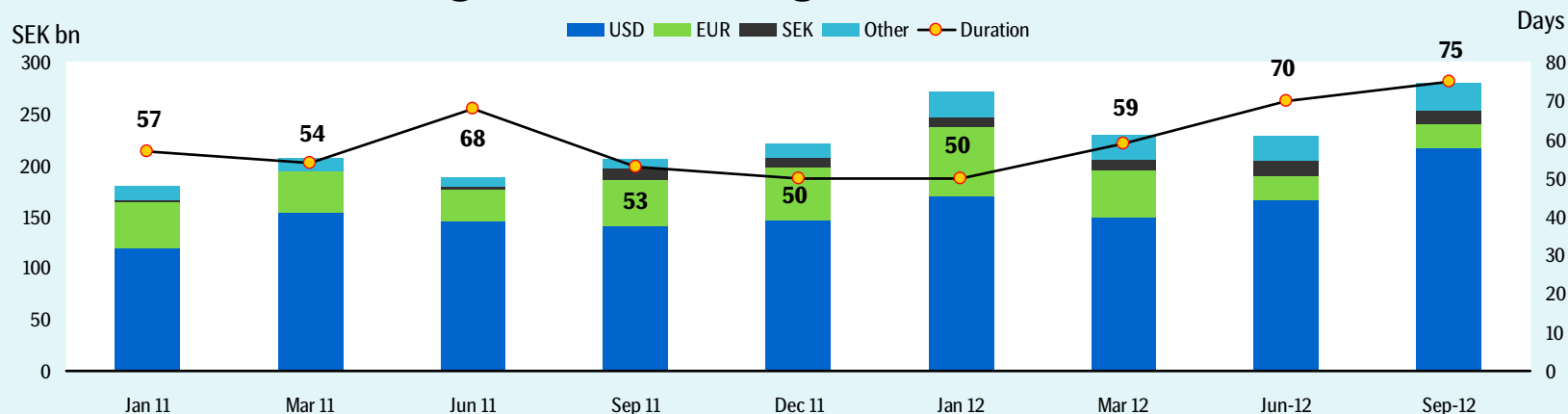
# Strong access to CP/CD markets

## CP/CD funding moves in line with trading assets



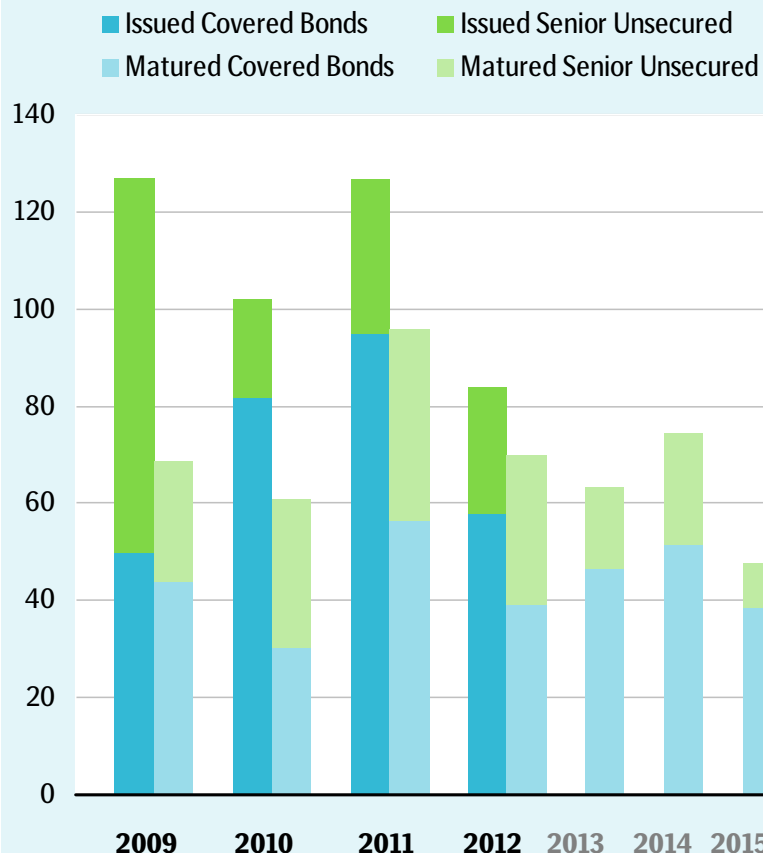
Net Trading Assets = Net of bonds, equities and repos for client facilitation purposes

## Maintained duration during 2011 and increasing in 2012



# >100 per cent of 2012 maturities re-financed

## Long-term funding activities (SEK bn)

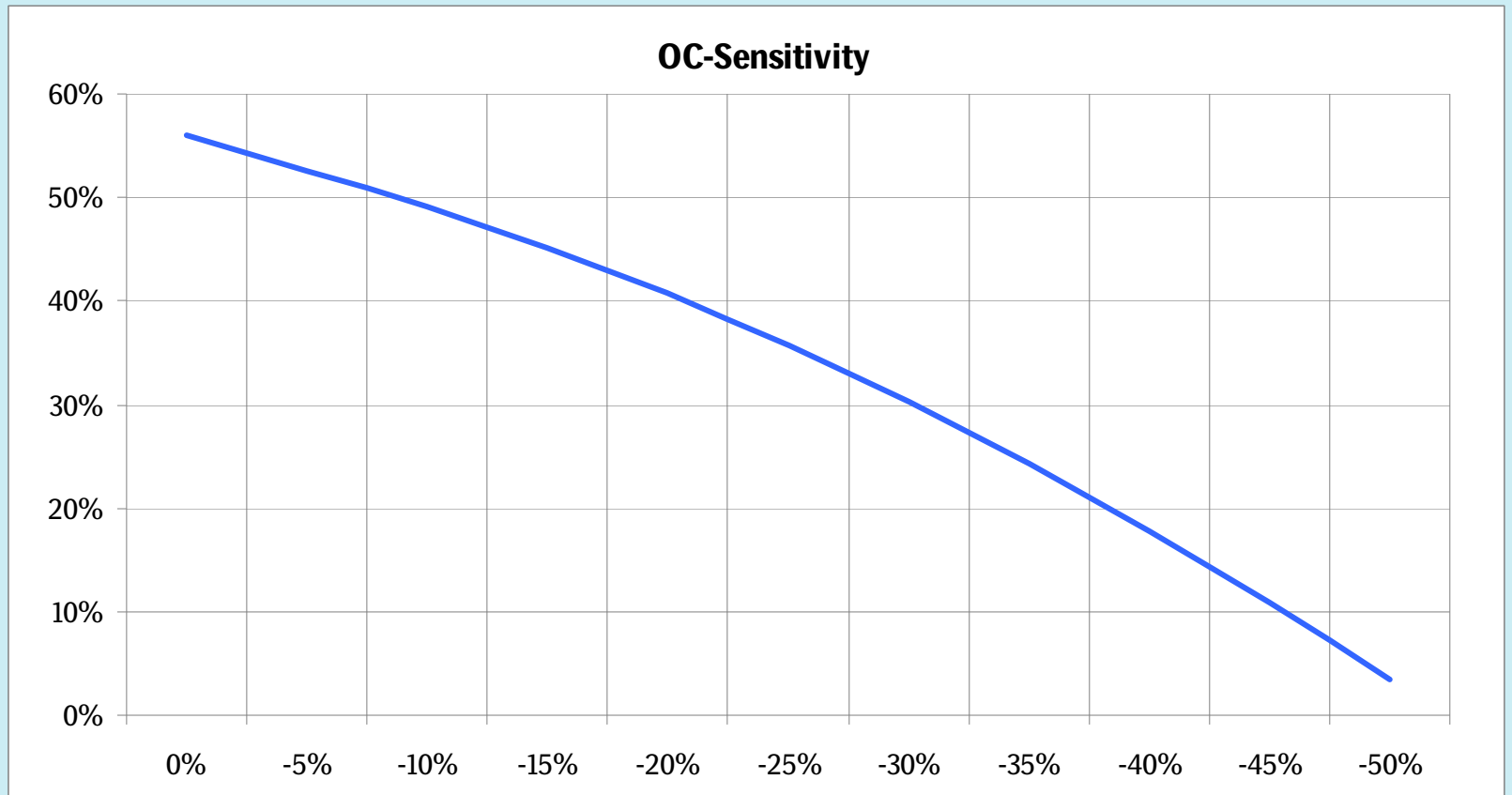


## Senior unsecured and covered bonds (SEK bn)

Instrument	2011	Jan-Sep 2012	Maturing 2012
Senior unsecured SEB AB	32	26	31
Covered bonds SEB AB	95	57	35
Covered bonds SEB AG	0	1	4
<b>Total</b>	<b>126</b>	<b>85</b>	<b>70</b>

# SEB Cover Pool can withstand a large drop in market values

OC

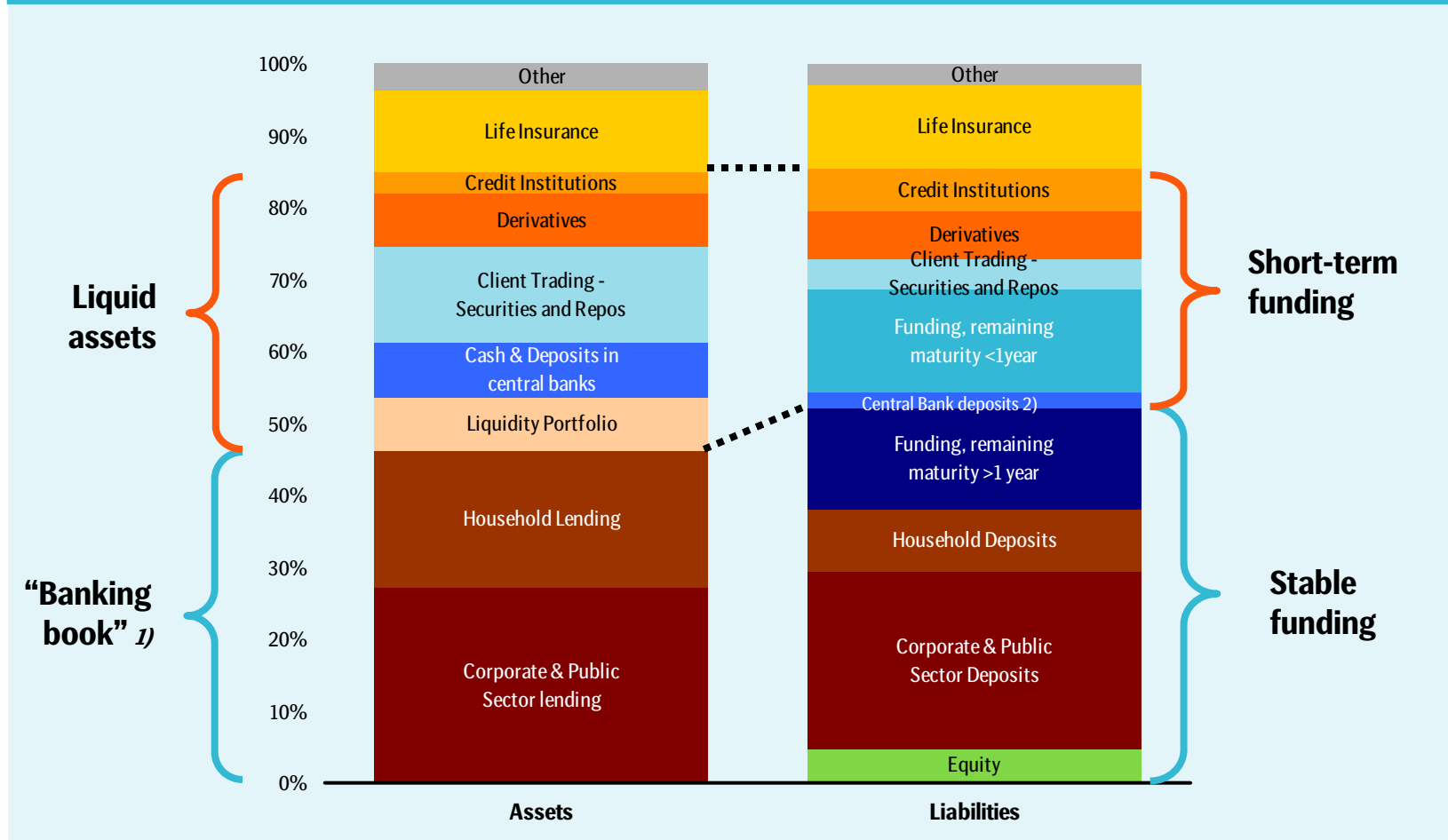


**Change in market value**

# A diversified, liquid and strong balance sheet structure

## SEB Group, Sep 2012

### Balance Sheet Structure, total SEK 2.402bn



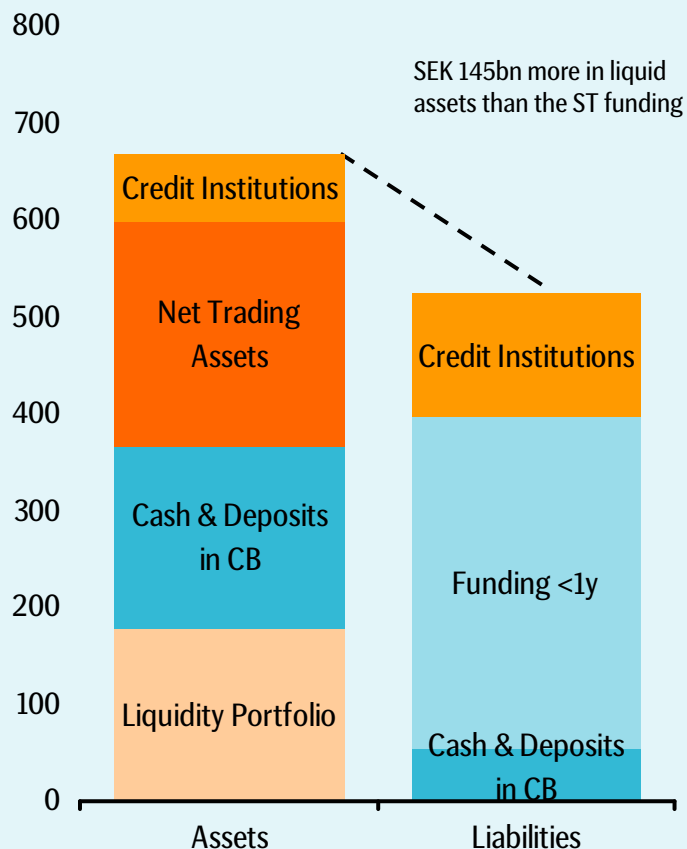
1. Although a relative large share of lending is contractually short, the absolute major part of volumes is considered as long-term assets in liquidity steering. Some lending such as card business, money market lending and public sector lending in Germany is however indeed short. Shorter maturities however do allow for swift re-pricing of lending to adjust for e.g. changed funding costs.
2. Central bank deposits refer to very long-term relationship-based deposits from central banks and do not refer to borrowings from central banks.



# SEB will be LCR compliant by 2013

## Liquid resources / Short-term funding

Sep 2012, SEK bn

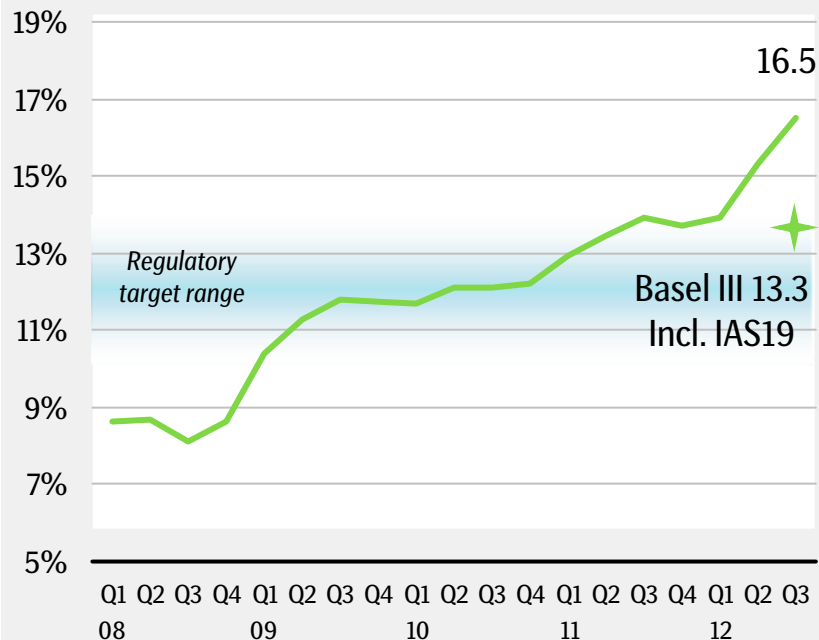


- ✓ SEB has a very liquid balance sheet
- ✓ LCR at 154 per cent vs. 95 per cent end of 2011
- ✓ LCR varying heavily due to its short-term nature (excess liquidity investments)
- ✓ 53 per cent of core liquidity reserve invested in central banks due to limited availability of AAA-rated papers in local markets

# Strong capital situation

## Core Tier 1 ratio (per cent)

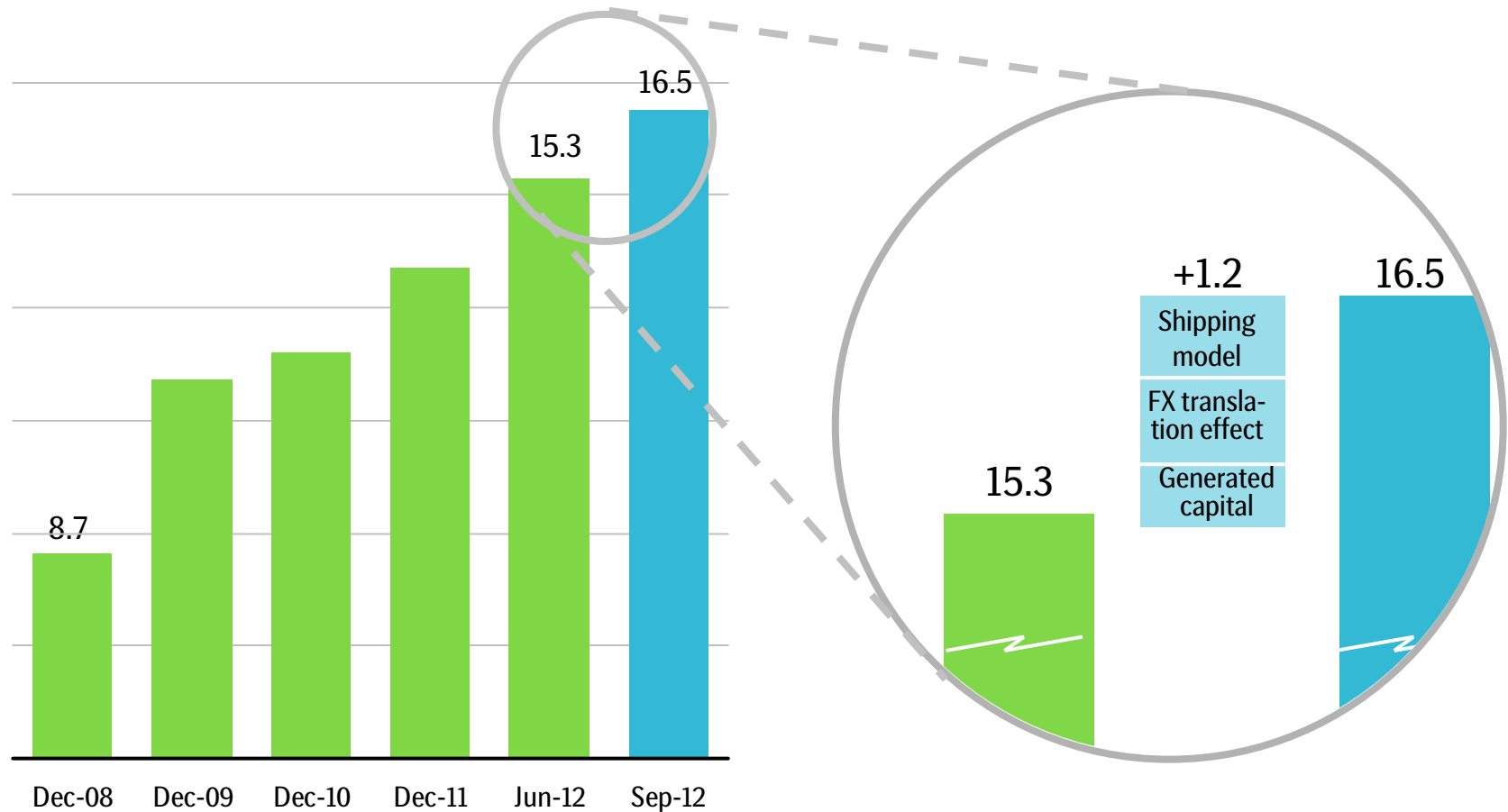
Basel II



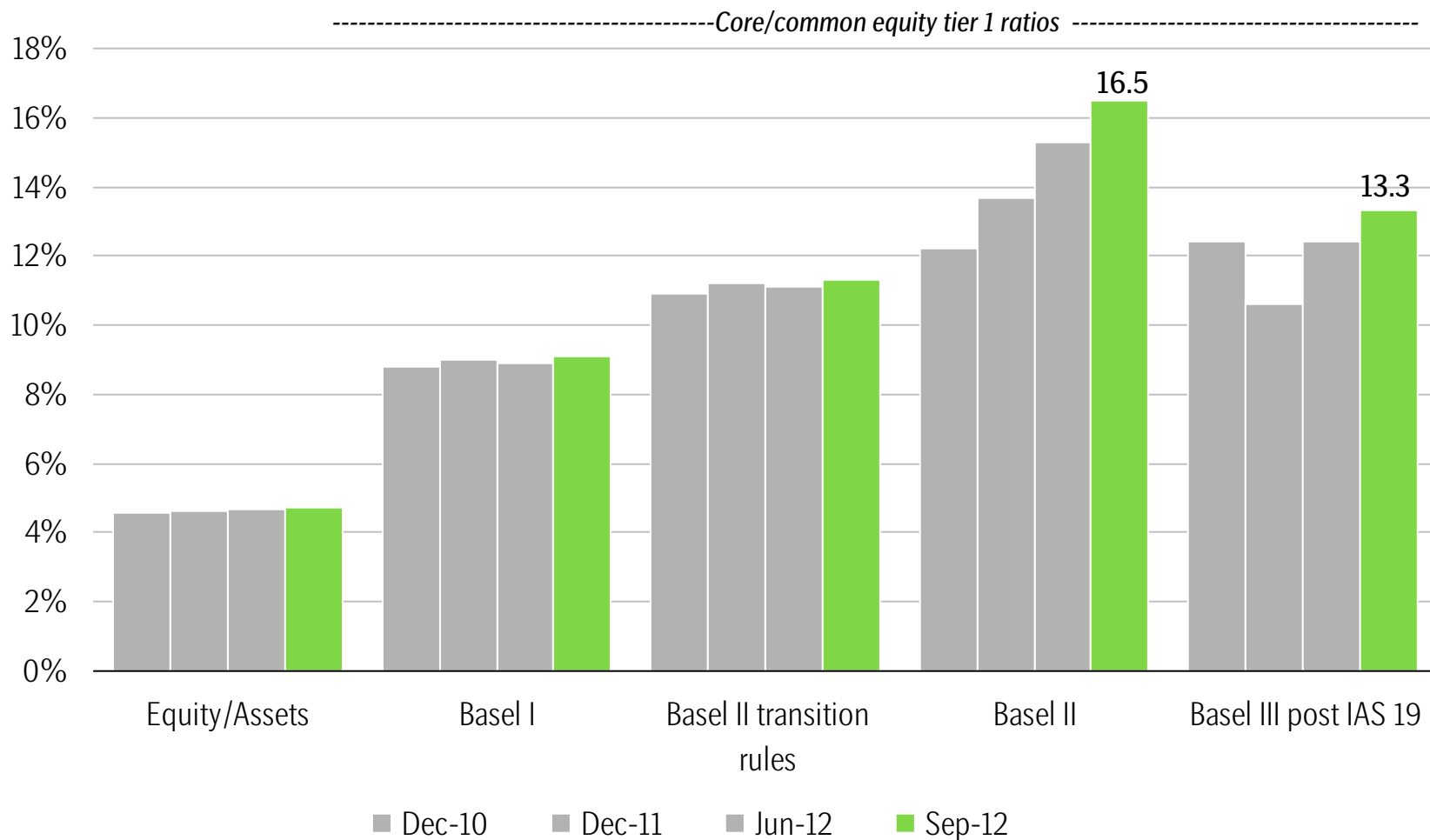
- ✓ Maintain buffer to minimum regulatory levels
- ✓ New advanced IRB model for shipping approved by SFSA. Decreases RWA with SEK 19bn in Q3-12. Limited impact going forward from new models
- ✓ IAS 19 impact SEK 9.1/6.7bn pre-/post-tax. Full regulatory treatment of IAS 19 still not clarified

# Higher Core Tier 1 ratio through generated capital and efficient risk management

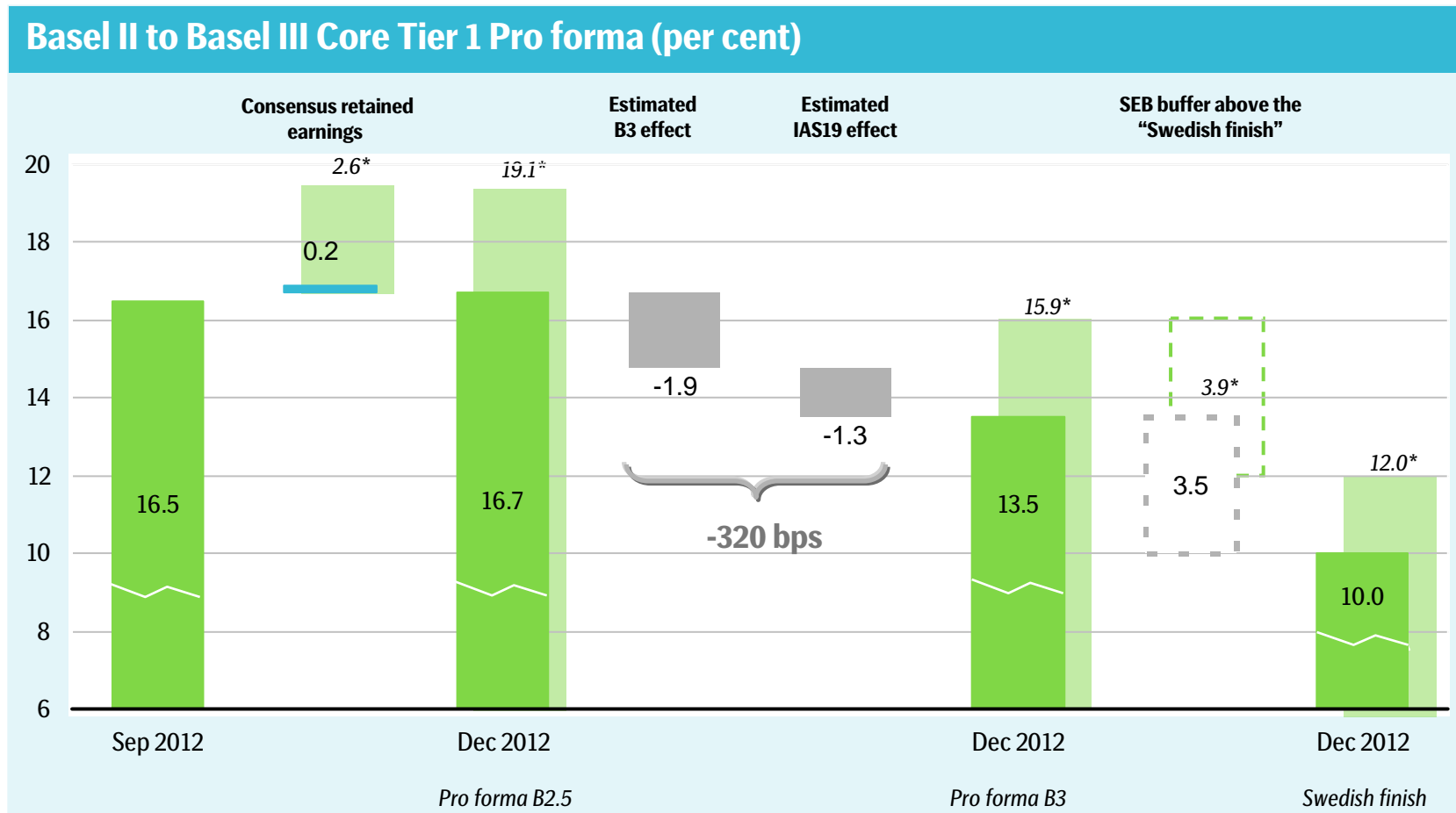
Basel II Core Tier 1 ratio (%)



# SEB strengthens capitalisation across all metrics



# SEB's road to Basel III



# Pension accounting in the Group Accounts

## Amended Pension accounting (IAS 19)

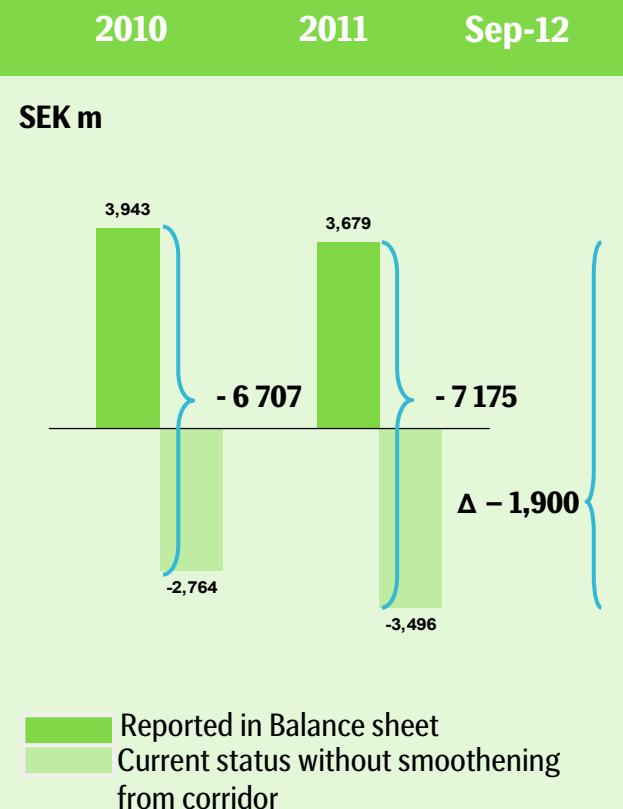
At the introduction of the current principles in 2004, a net pension asset of SEK 3bn was booked based on historical development of asset returns.

The combination of falling long-term rates, increased number of employees and actuarial assumption on longevity materially increased the pension obligation to date.

When the change in accounting principles (IAS 19) is applied, mark-to market accounting replaces the smoothening from the “corridor method”. As a result the reported net asset will change into a reported net obligation.

The deficit before tax was SEK 7.2bn and after tax SEK 5.3 at the end of 2011. In September, the corresponding values would have been SEK 9.1bn and SEK 6.7bn.

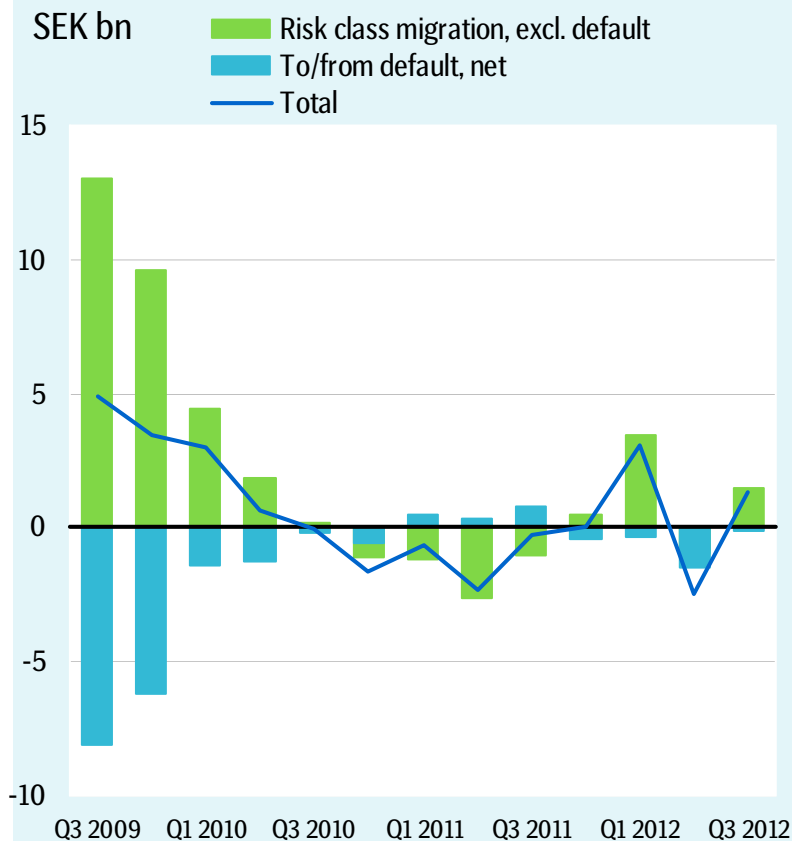
The change in value is based on updated assumptions.



# Higher asset quality and efficient risk management reduce RWA despite volume growth and new stricter regulations

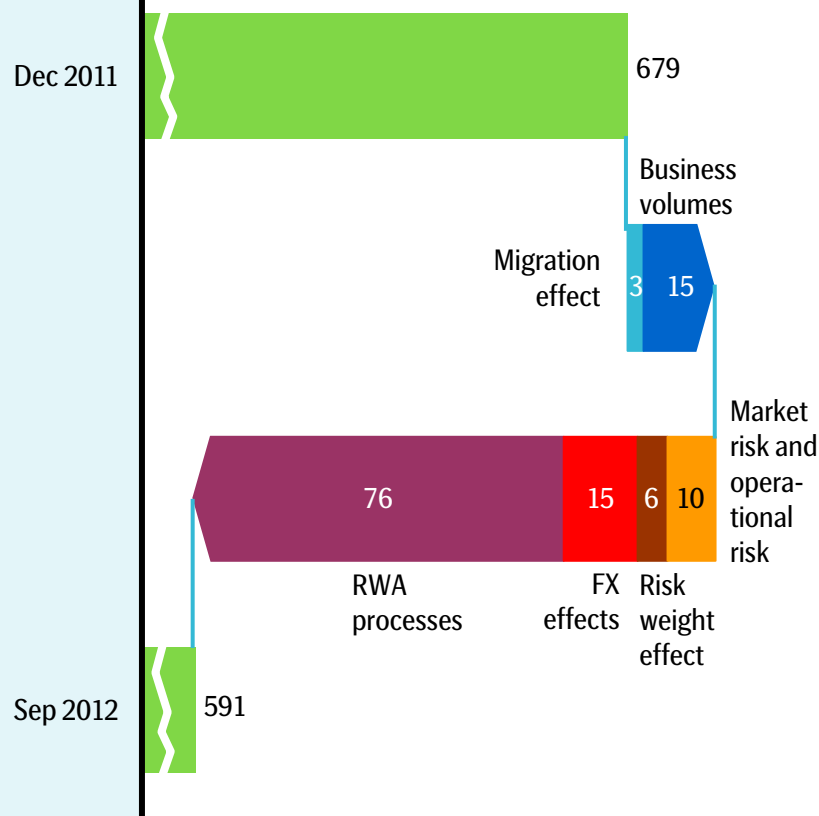
## RWA effect from SEB risk class migration

Corporate and interbank portfolios



## Risk-weighted assets

SEK bn



# Still missing pieces in 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]	
Mortgage risk-weights	?		





## Sum-up

# Outlook

1 Maintained resilience in an uncertain market situation

2 Relentless customer focus

3 Continued productivity and efficiency measures



# The Relationship bank in our part of the world

