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### SEB Investor Presentation

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# SEB Investor Presentation

May 2009



**Overview of the SEB Group**

**Swedish Funding Guarantee programme**

**Economic outlook**

**Liquidity Management**

# SEB – the key to North-European markets

## SEB has...

- an attractive platform
- high customer satisfaction
- resilient income generation
- several leading positions

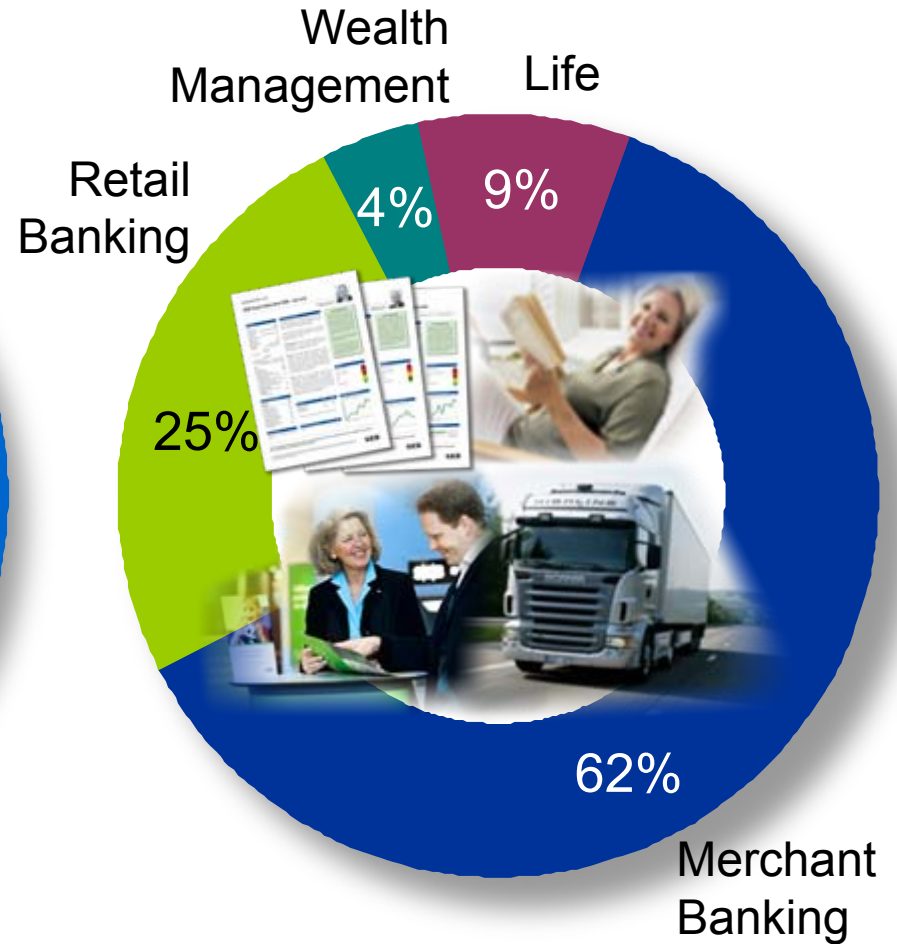
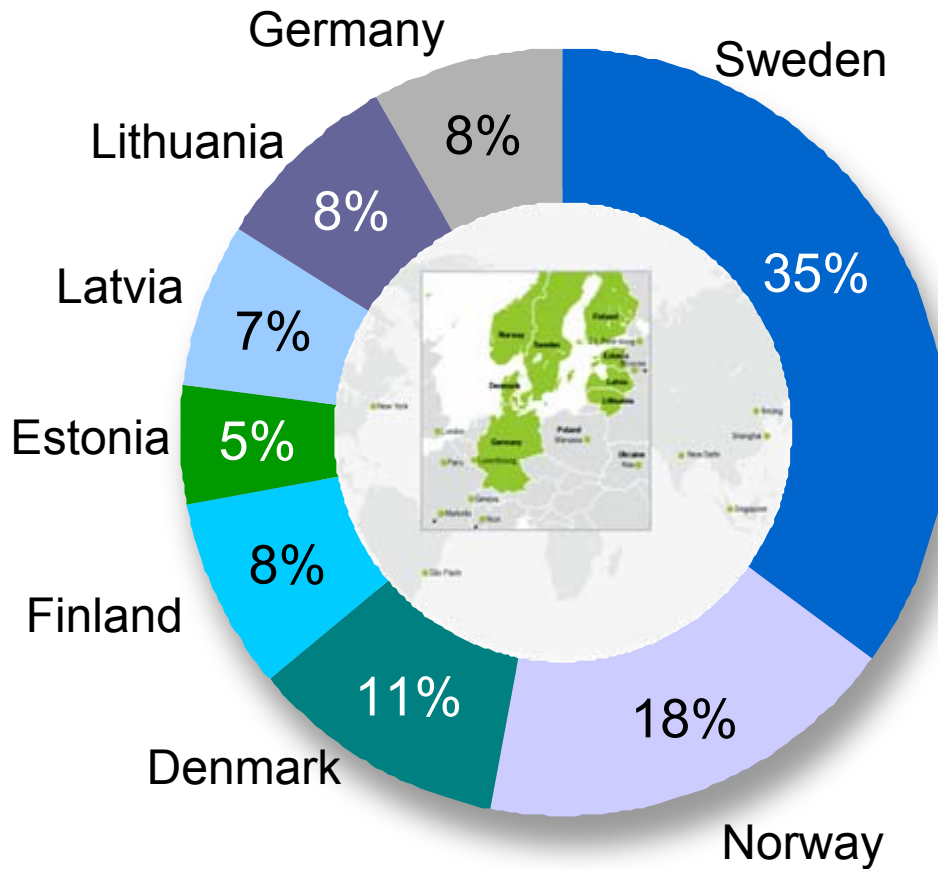


## ...a strong customer base

- 2,500 large companies and financial institutions customers
- 400,000 SME customers
- 5 million private customers

# A diversified platform

Operating profit before credit losses, Jan – Mar 2009

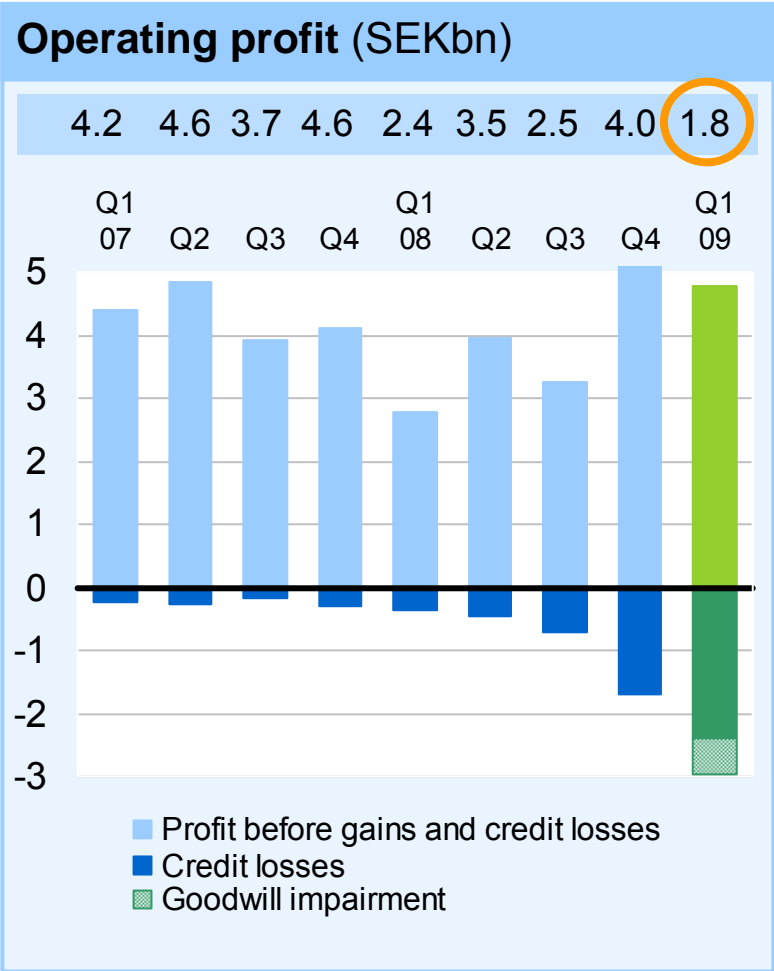


*Geography – Adjusted for Other Divisions – Adjusted for Other*

# Highlights Q1 2009

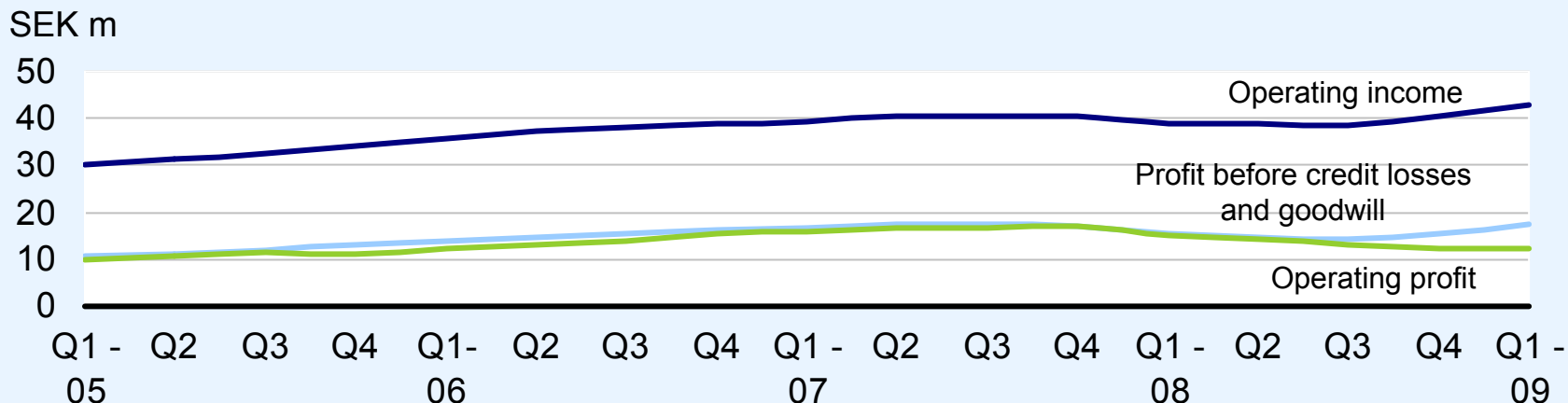
- Strong underlying business
  - SEK 4.8bn before provisions for credit losses and impairment charges
- Stable cost development

- Doubled collective provisions in the Baltic countries
- Strengthened reserve ratio
- Full goodwill write-off in Ukraine

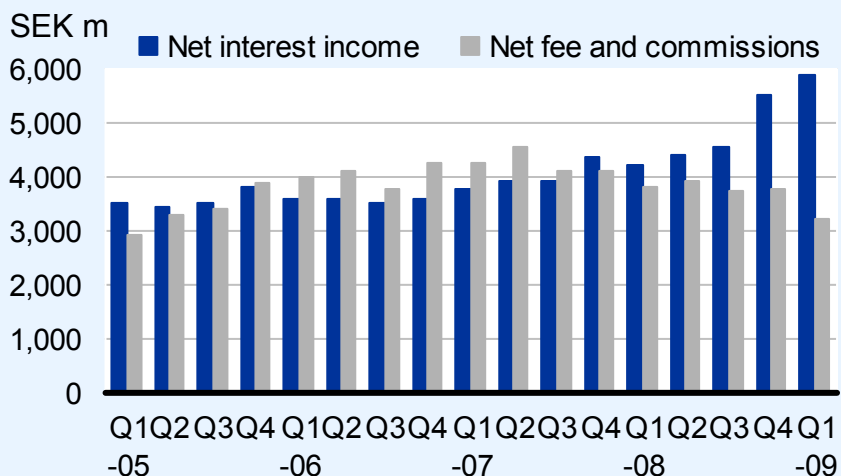


# Resilient income generation

## 12-month rolling earnings generation excluding one-off effects

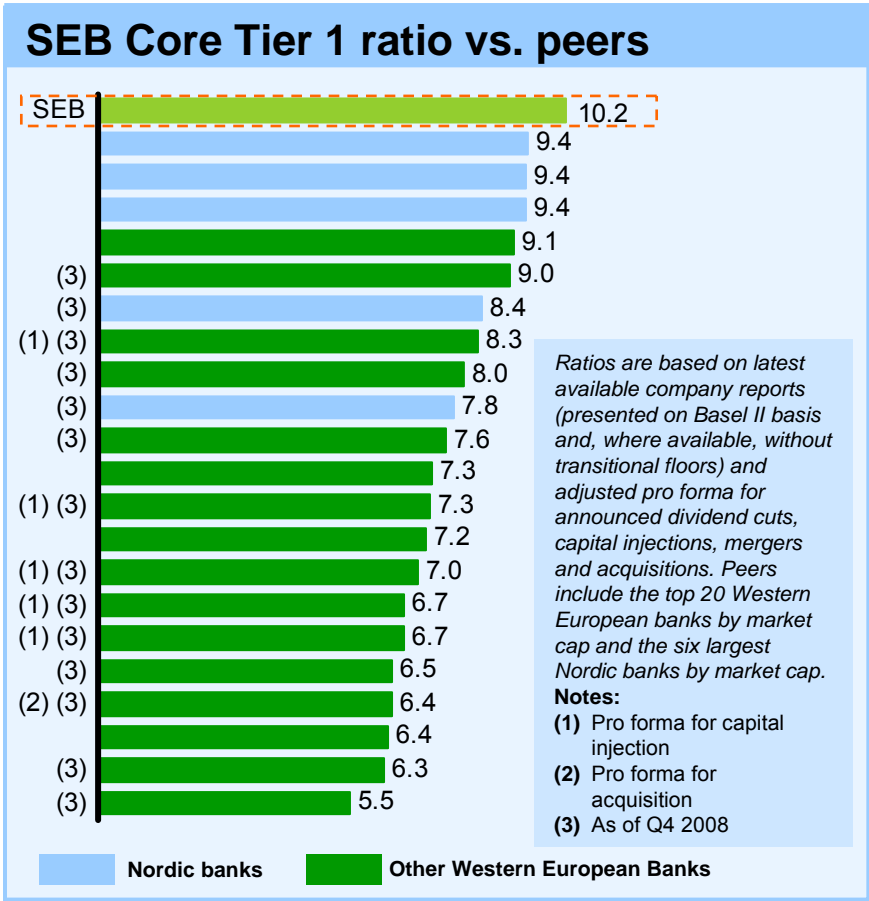
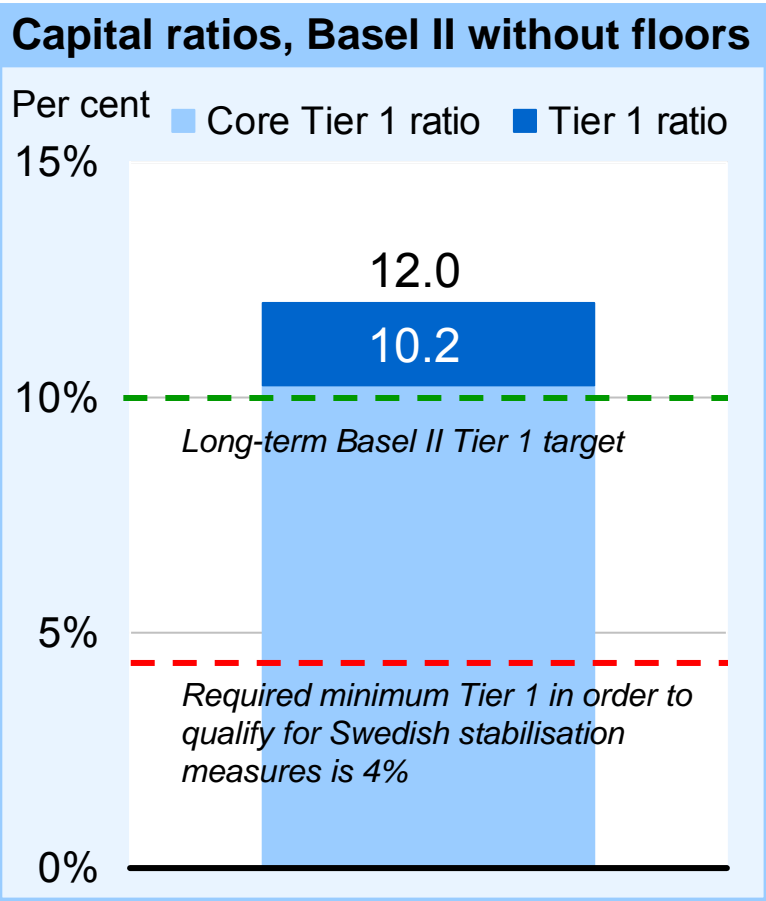


## Strong support from Net interest income



- Customer-driven NII CAGR ~15 per cent
  - Repricing of loan book
  - Continued low short-term rates
- Resilient commissions from base services offset by lower capital markets income
- Strong customer driven trading

# SEB has one of the strongest capital ratios among European and Nordic peers



SEB's leverage ratio (FDIC rules) at 5.1% at the end of March 2009



**Overview of the SEB Group**



**Swedish Funding Guarantee programme**

**Economic outlook**

**Liquidity Management**

# Background

- The Swedish government instituted a stabilization plan on October 20, 2008. The plan includes measures to secure financial stability in Sweden and to deal with the negative effects of the global financial crisis.
- The stabilization plan includes the creation of a guarantee scheme to support banks' and mortgage institutions' medium-term financing needs in order to ease the financing constraints faced by banks as well as lower their borrowing costs, thereby reducing the borrowing costs for households and businesses.

# Key Facts

- **Guarantor:** Kingdom of Sweden represented by the Swedish National Debt Office.
- **Limit:** SEK 1,500 billion
- **Term:** Fixed to 31 October 2009
- **Instruments:** Senior and covered bonds, certificate of deposits, and other debt securities. The guarantee does not cover subordinated or existing debts
- **Currencies:** no restrictions
- **Tenor:** 90 days to -5 years
  
- **Structure of guarantee:** Unconditional, irrevocable, timely.
- **Payment under the guarantee:** If the issuer fails to pay amounts due, the guarantee can be called upon within three days if nothing else is agreed.
  
- **Ratings:** Instruments issued under the Swedish guarantee program will be assigned triple-A from both Moody's, S&P and Fitch Ratings.
- **Risk weighted:** Guaranteed bonds are treated as Zero risk weighted instruments for capital requirement purposes T

# Government Guarantee for SEB

- SEB joined the Swedish guarantee scheme early May
- A maximum guaranteed amount for SEB will be around SEK 230bn.
- Cost of the guarantee based on fee + historical CDS (like the UK, Netherlands)
- Restrictions on remuneration for senior management
- SEB will use four funding programs for issuance under the Government Guarantee
  - Global MTN
  - Global CP
  
  - SEK MTN
  - SEK CP
- The NDO publish information on guaranteed bonds with ISINs on their Web page: [www.riksgalden.se/guaranteeprgamme](http://www.riksgalden.se/guaranteeprgamme)

**Overview of the SEB Group**

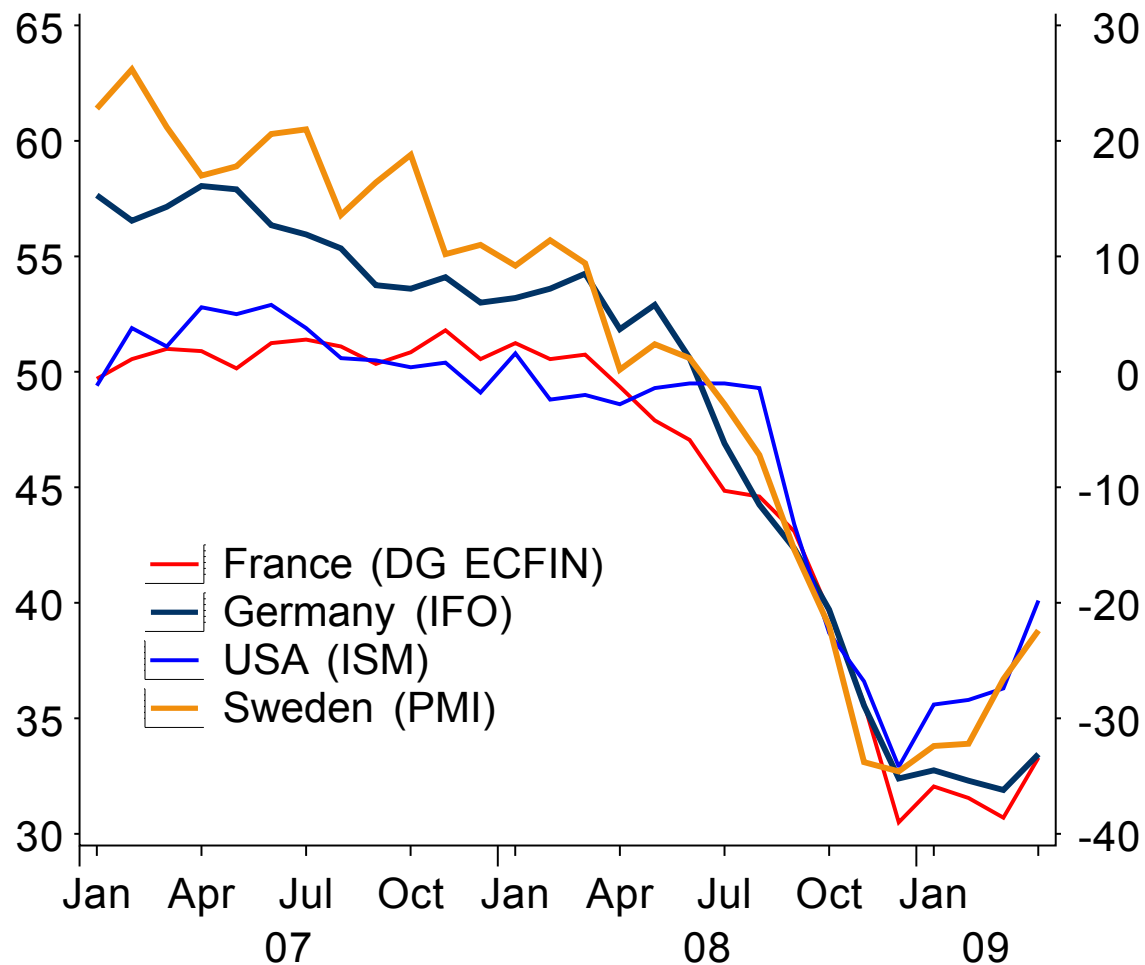
**Swedish Funding Guarantee programme**

 **Economic outlook**

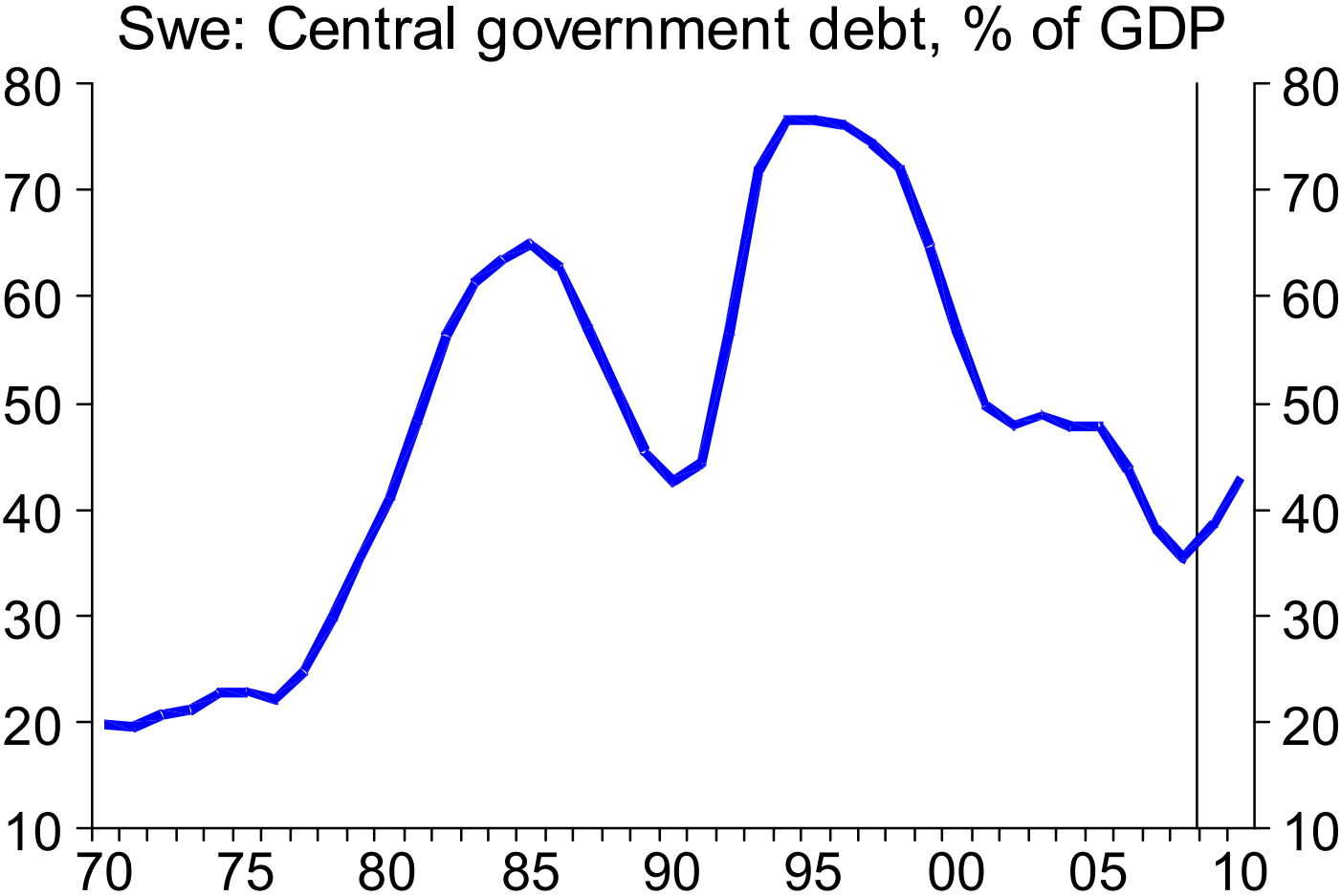
**Liquidity Management**

# Sweden doesn't deviate much from a macro angle

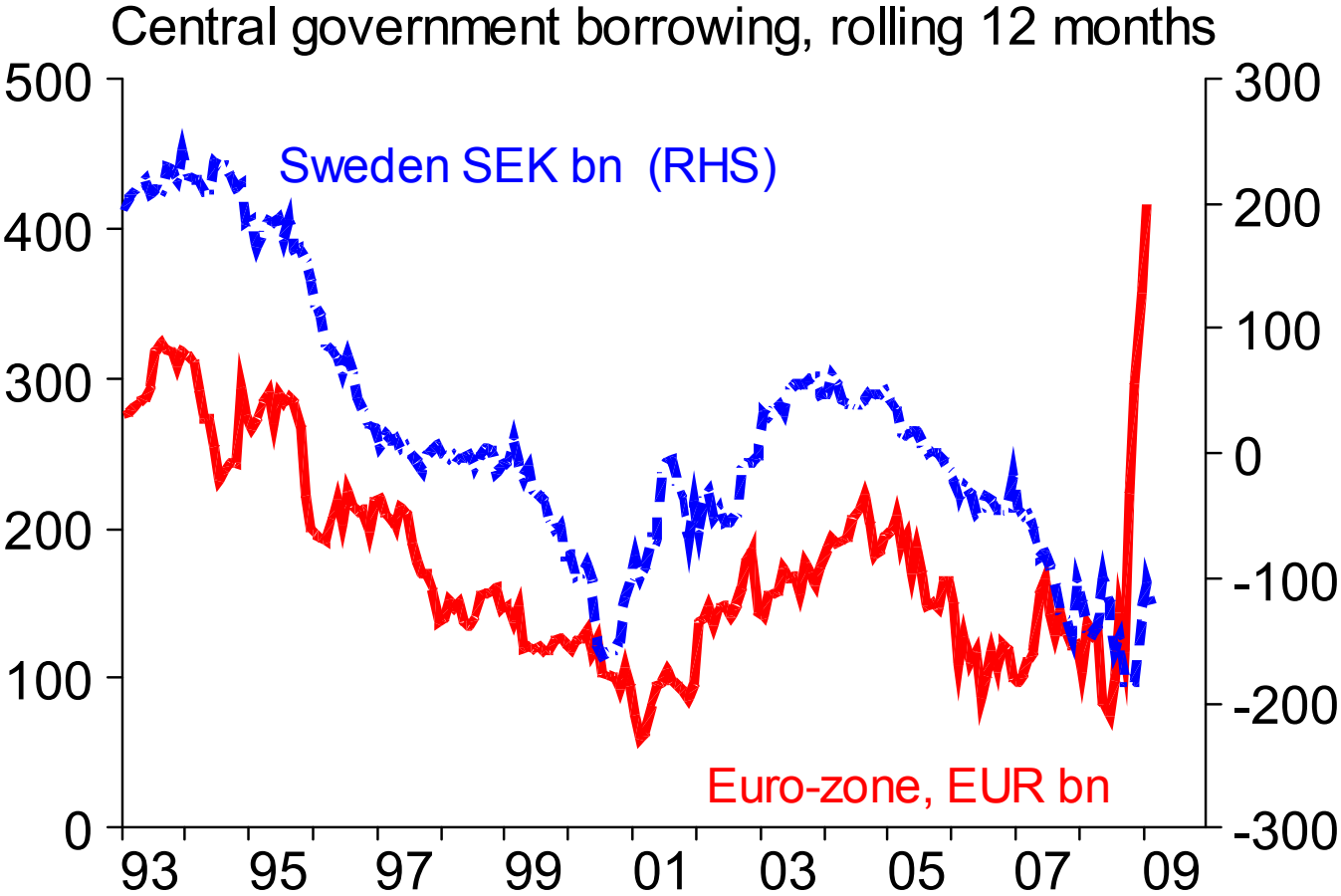
## Business confidence



# Limited debt

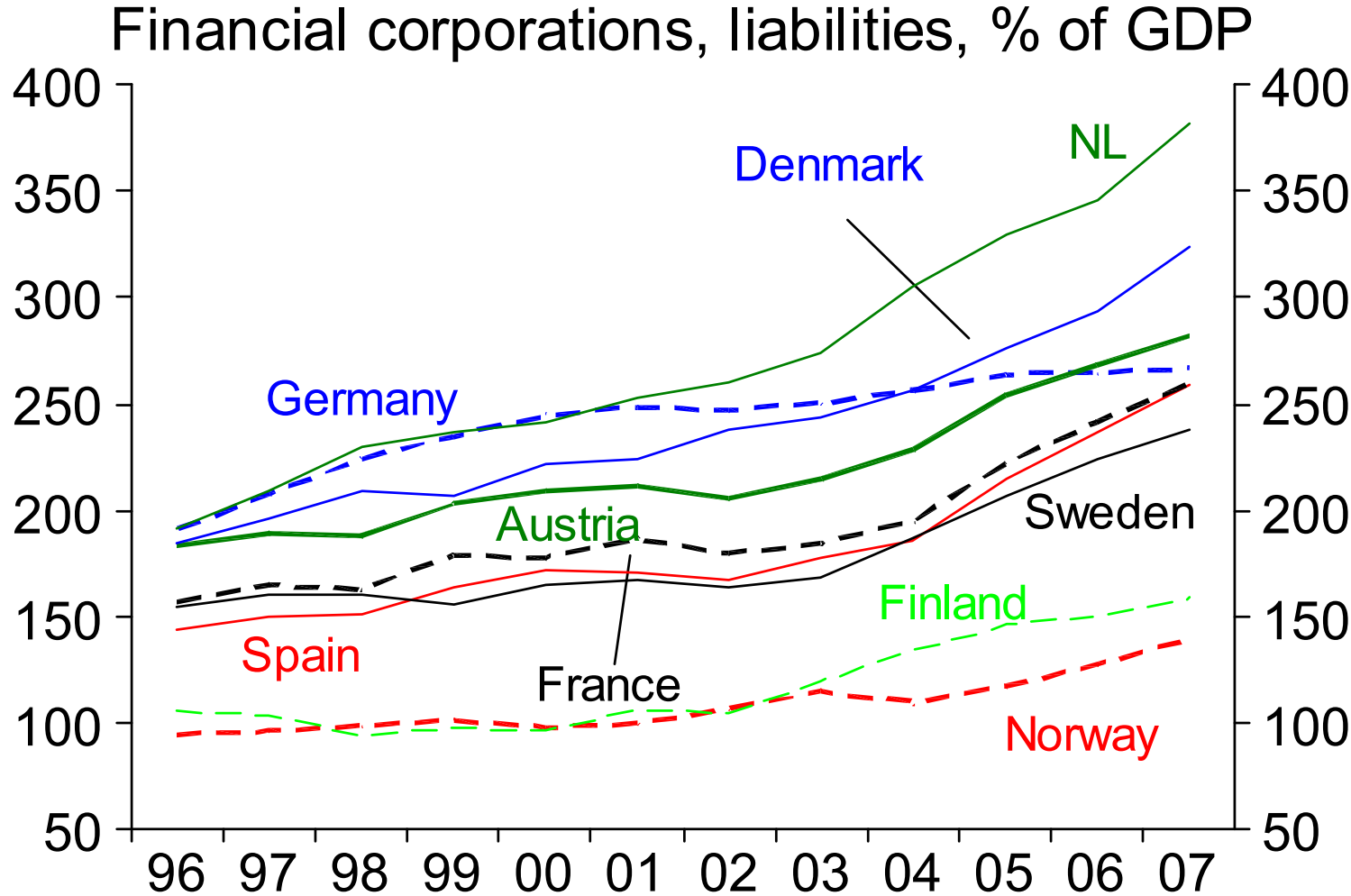


# Sweden performs better



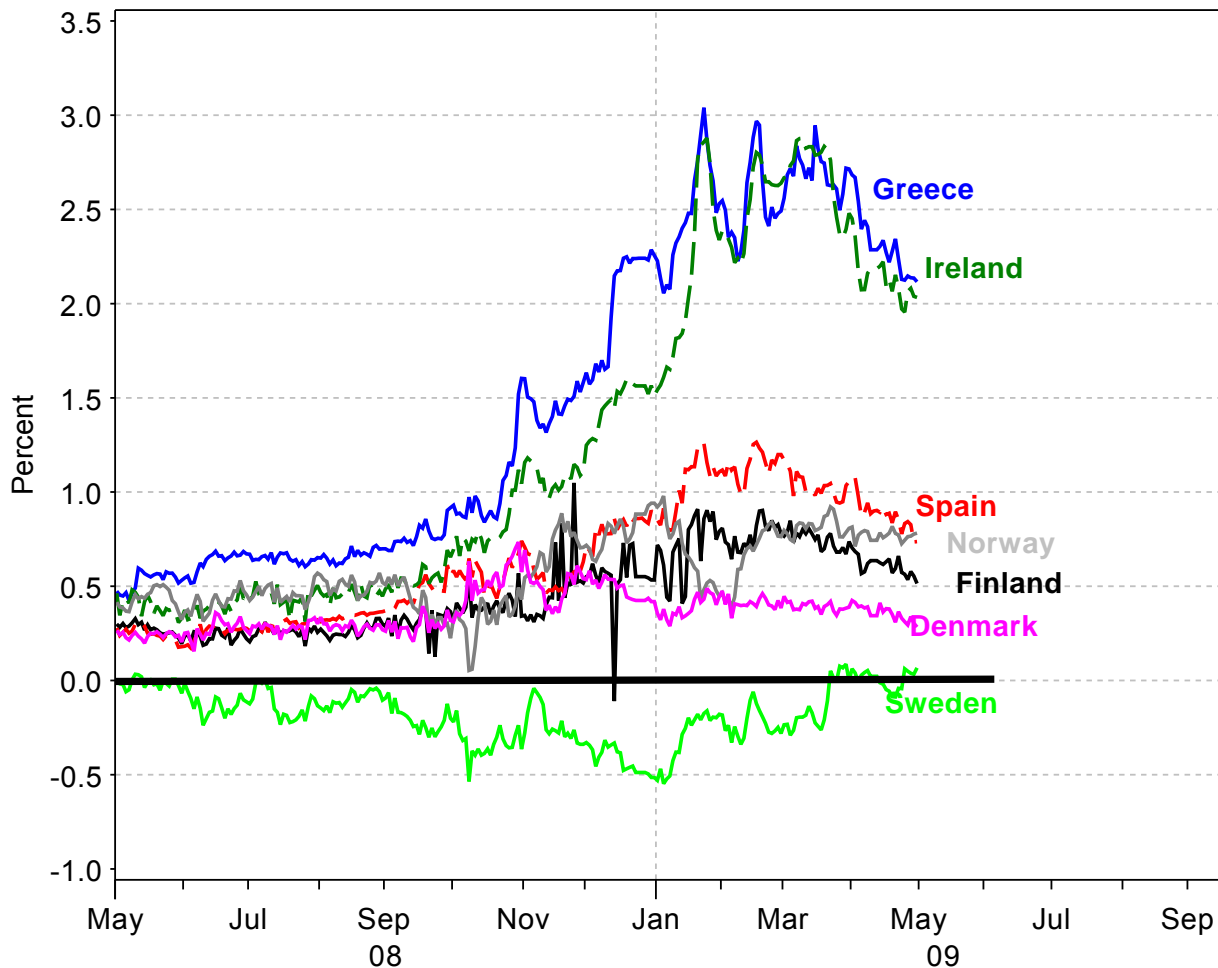


# Financial sector liabilities, % of GDP



# Solid demand for Swedish government bonds

10-year yield spreads to Germany

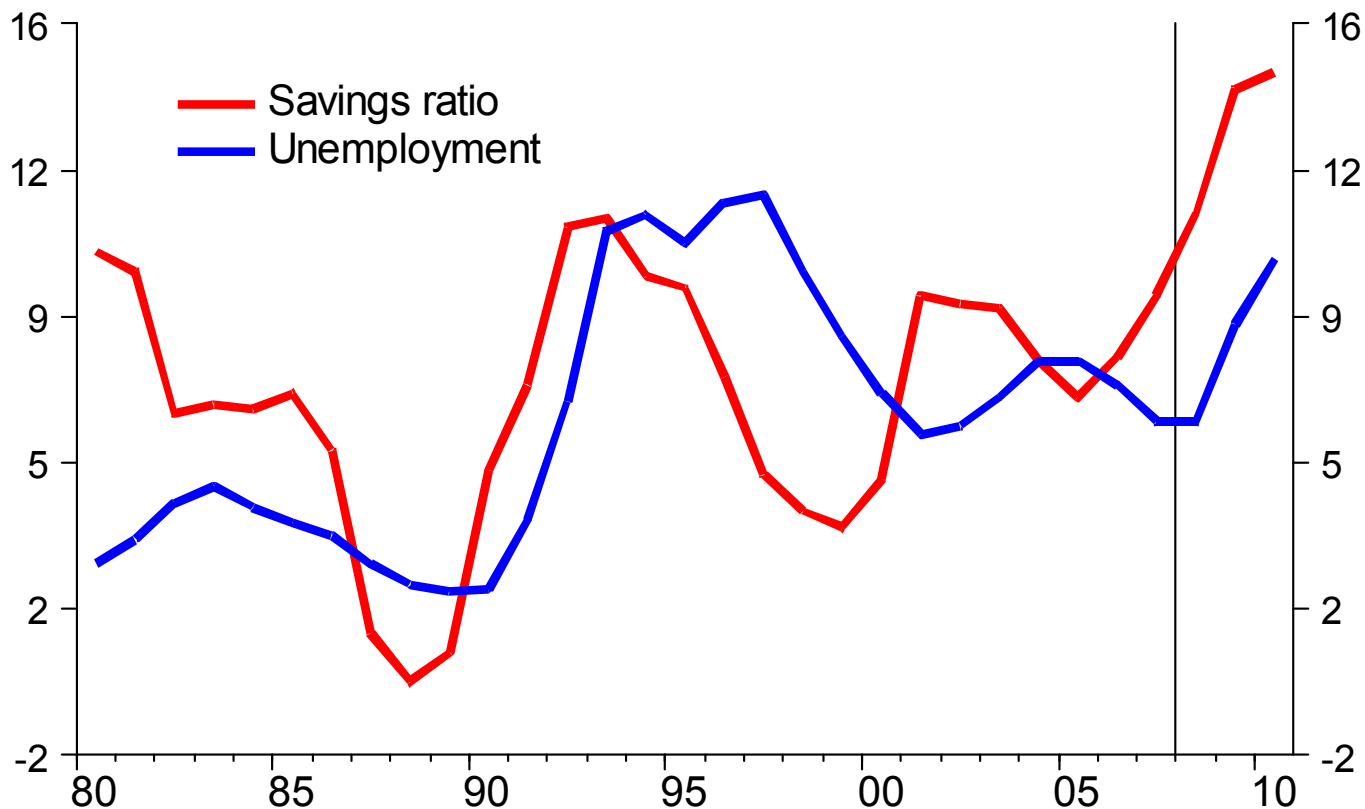


Source: Reuters EcoWin

# Sweden: Good income growth will boost savings as the labour market deteriorates

## Savings ratio and unemployment

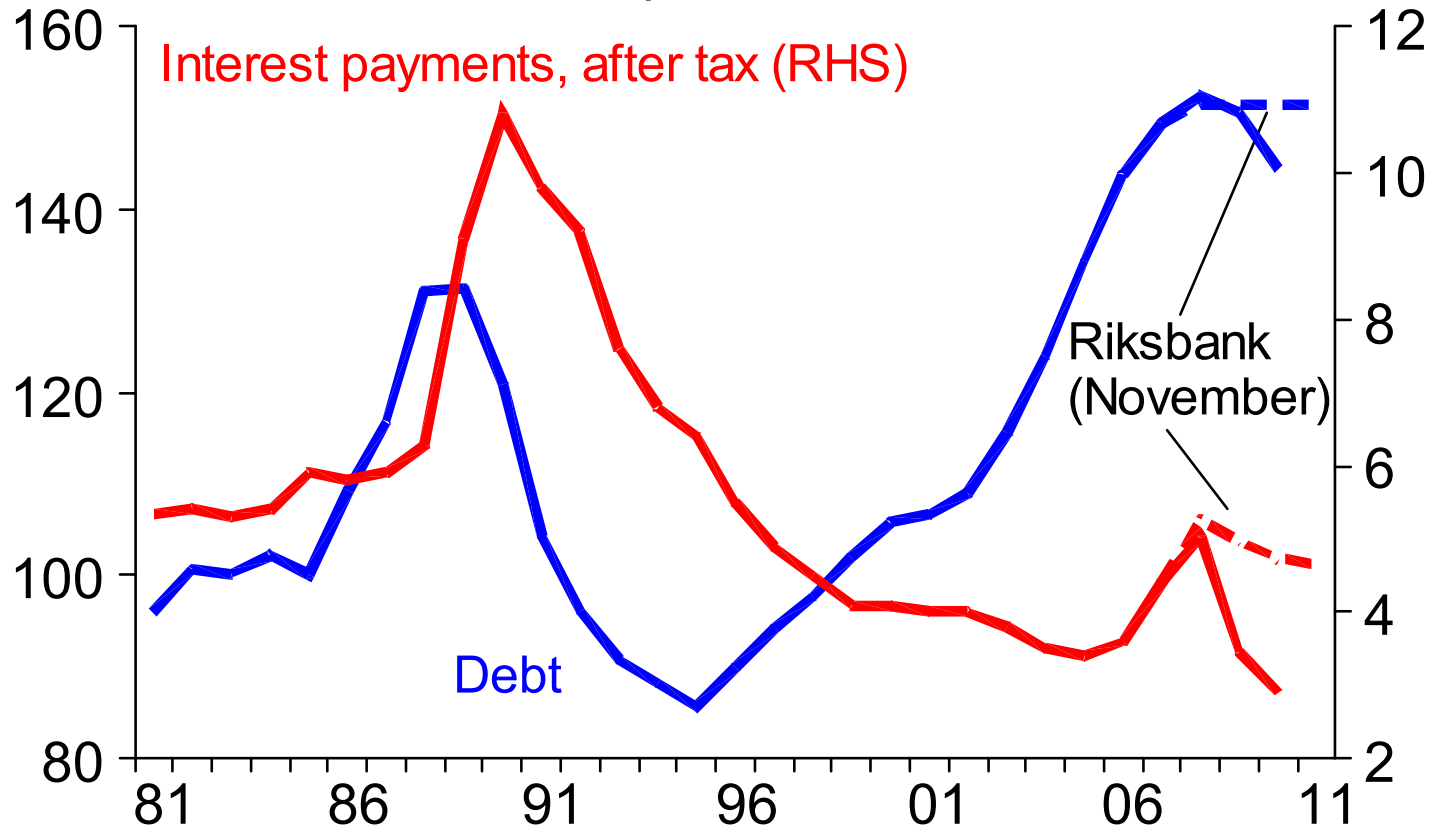
Per cent



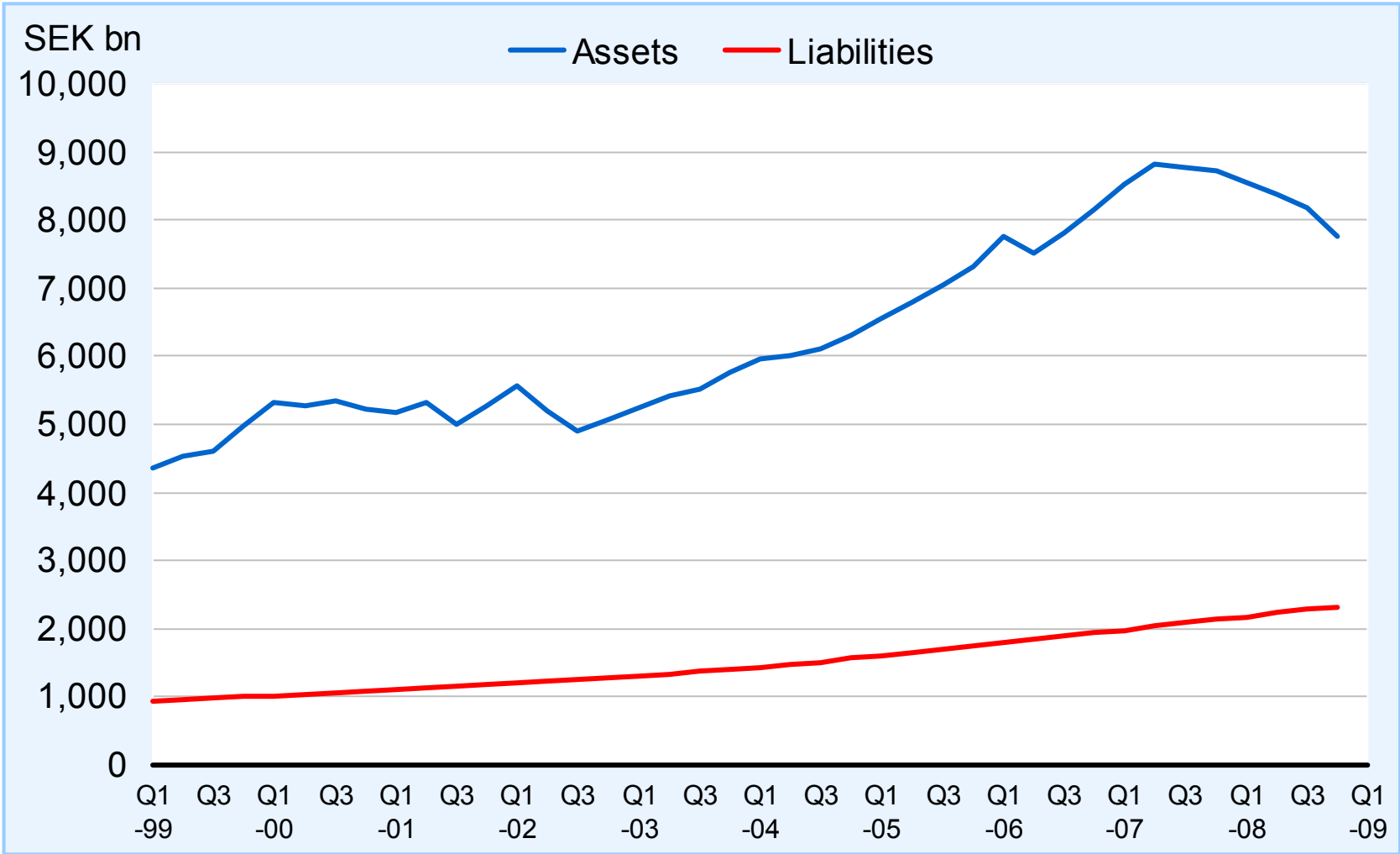
Sources: Statistics Sweden, SEB

# Households can easily bear the burden **SEB**

Swe: Household debt and interest ratio  
% of disposable income

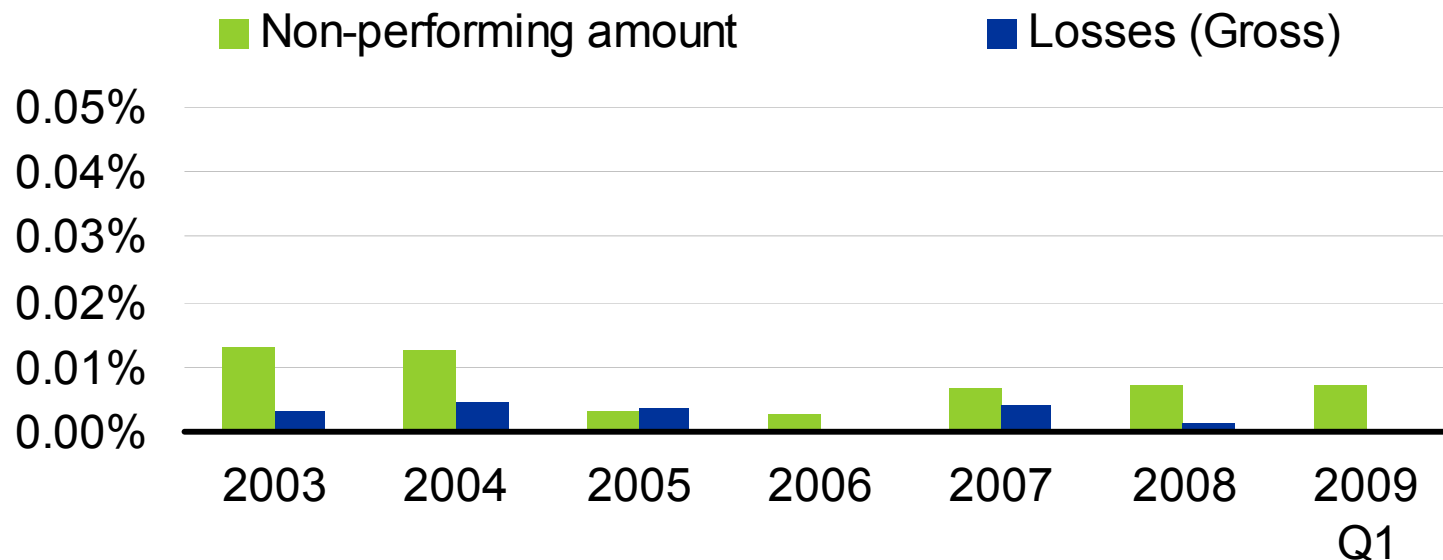


# Household's "balance sheet"



Source: SEB Savings Barometer

# SEB Swedish mortgage business displays excellent asset quality



Non-performing loans and loan losses (Gross) balances less than 1 bp

**Overview of the SEB Group**

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# A range of short and long term funding options

## Short Term Funding programmes

- **CP Programmes**
  - Sweden
  - France
  - Global CP
    - ECP
    - USCP
- **US Extendible**
- **CD's**
  - Yankee CD
  - London Branch

## Long Term Funding programmes

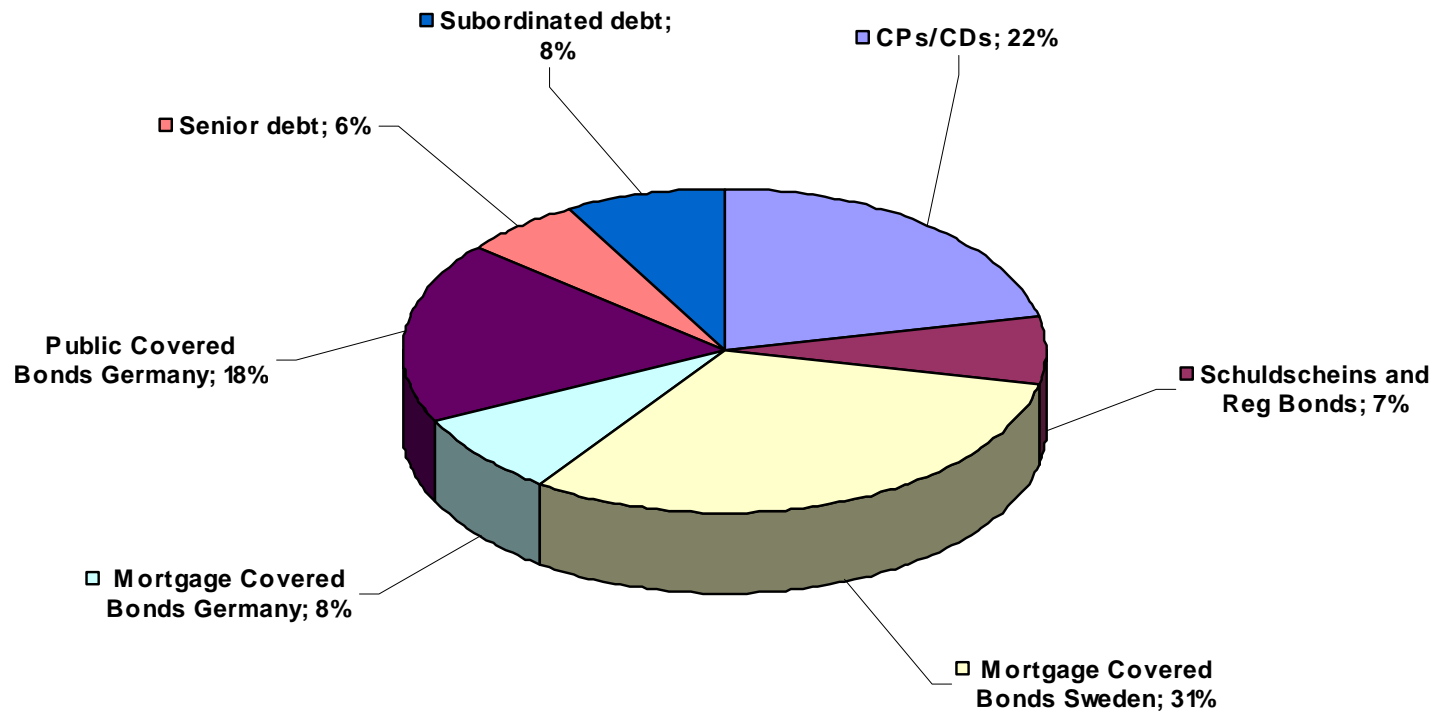
- **CD's**
  - Yankee CD
  - London Branch
- **Senior unsecured bonds**
  - Germany
  - Sweden
- **Structured bonds**
- **Covered bonds**
  - Germany
    - Public (Pfandbriefe)
    - Mortgage (Pfandbriefe)
  - Sweden (Säkerställda Obligationer)
- **Subordinated debt/Hybrid Tier 1**



# Funding structure – Wholesale Funding

SEB Group, March 2009

SEK 630 bn



• Free eligible asset pledgeable within central banks 100 bn SEK after 5 % haircut.

# Funding raised with original maturity $\geq$ 1 year

*Jan – Dec 30th 2008, SEK bn*

<b>Instrument</b>	<b>Total</b>	<b>Q4</b>
YCD	5,9	2,9
Senior unsecured Germany	2	0,3
Senior unsecured Sweden	37,4	1,4
Structured bonds	13,4	0,2
Covered bonds Germany	29,7	0,6
Covered bonds Sweden	72,9	8,7
Hybrid tier 1*	4,7	0
<b>Total</b>	<b>166</b>	<b>14,1</b>

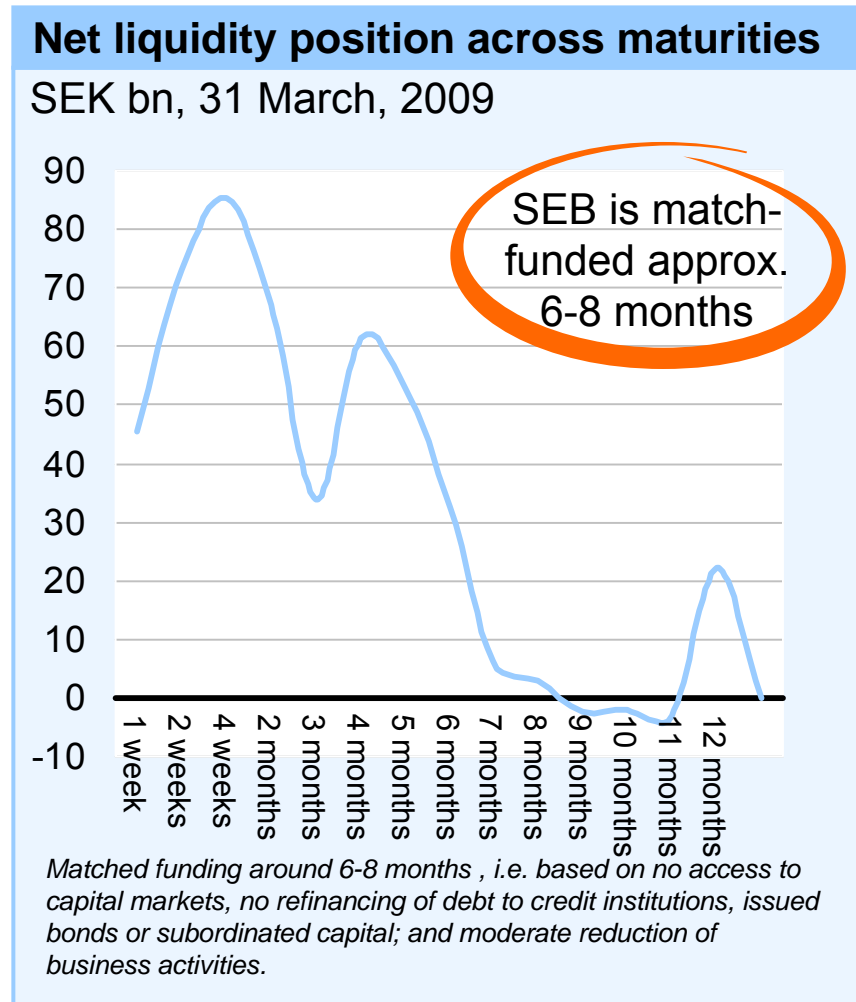
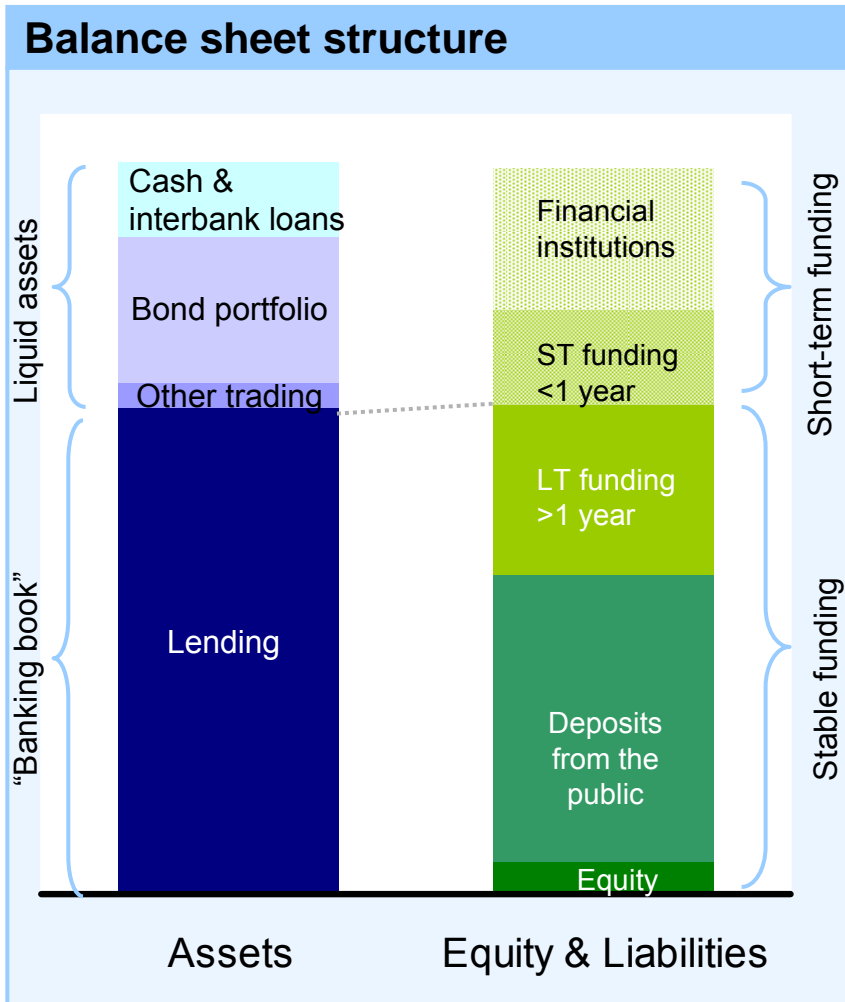
\* Issued in Dec 2007

# Funding raised with original maturity $\geq$ 1 year

*Jan – Mar 2009, SEK bn*

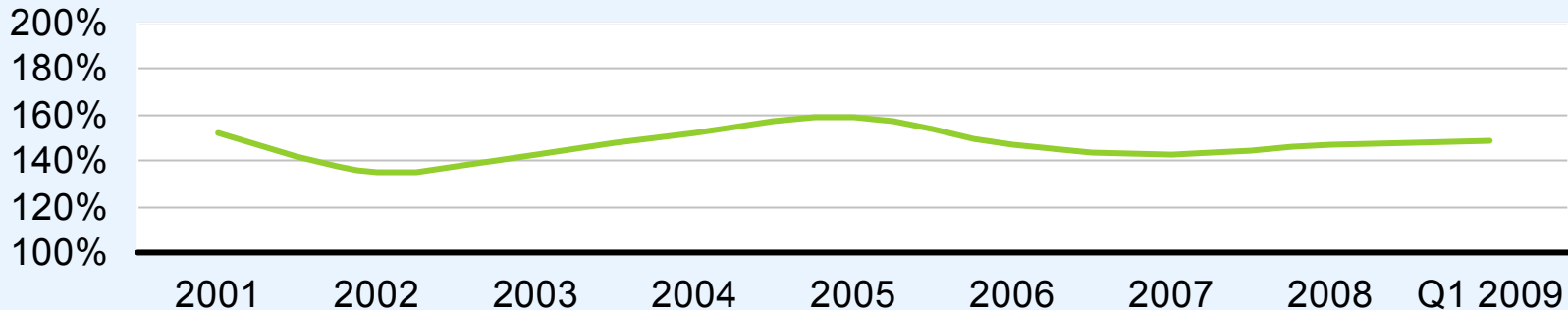
<b>Instrument</b>	<b>Total</b>	<b>Jan - Mar</b>
YCD	0	0
Senior unsecured Germany	0.07	0.07
Senior unsecured Sweden	0	0
Structured bonds	4.08	4.08
Covered bonds Germany	6.74	6.74
Covered bonds Sweden	13.9	13.9
Hybrid tier 1	0	0
<b>Total</b>	<b>24.79</b>	<b>24.79</b>

# SEB's has a strong structural liquidity position



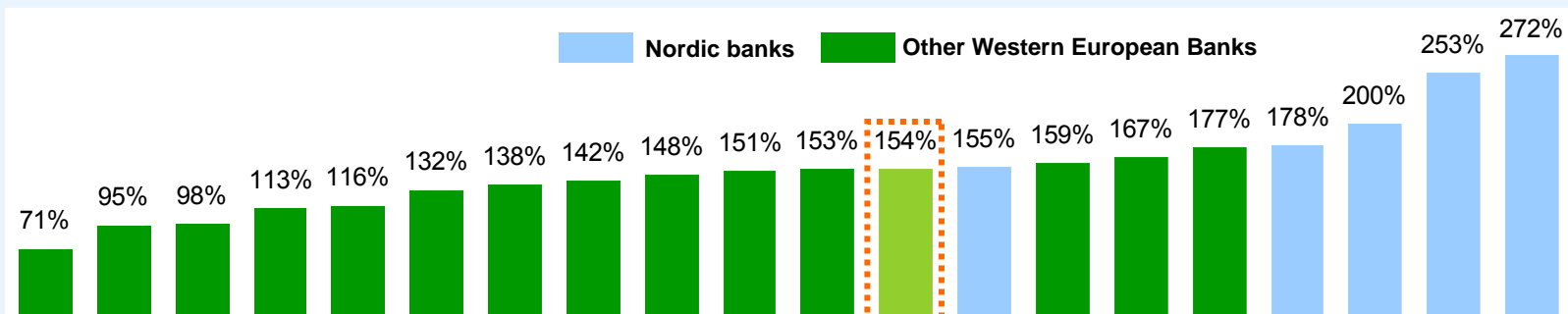
# SEB has the lowest loans-to-deposit ratio among Nordic peers

Loans-to-deposits ratio\*



\*excl re-classified bonds

SEB's loans-to-deposits ratio vs. peers



Source: Goldman Sachs, based on headline numbers for "loans to customers"

# Appendices



# Sweden - key facts

Yearly change in per cent

	2008 level, SEK bn 3200	2009	2010
Gross domestic product		-5.0	-0.1
Gross domestic product, working day adjusted		-4.9	-0.4
Private consumption		-1.5	-0.3
Public consumption		1.0	1.0
Gross fixed investment		-11.5	-5.0
Stockbuilding (change as % of GDP)		-0.5	0.3
Exports		-12.1	1.1
Imports		-10.2	0.4
Unemployment, (%)		7.3	9.3
Unemployment, (%) (EU definition)		8.9	11.4
Employment		-3	-2.9
Consumer prices		-0.5	0.5
CPIX		1.3	0.8
Wage cost		3.3	1.8
Household savings ratio (%)		14.4	14.8
Current account, % of GDP		6.3	6.1
Central government borrowing, SEK bn		152	174
Public sector financial balance, % of GDP		-3.2	-6
Public sector debt, % of GDP		43.4	48.7

## And...

Population: 9.2 million

Monarchy

Government: Conservative/liberal alliance

PM: Fredrik Reinfeldt

Length of the country: 1 572 000

Tax burden (rel. GDP):

48% (EU avg 40%)

Avg vacation: 27 days/year

Self employed / labour force: 7%

Female managers: 29%


Industrial prod / GDP: ~20%

Avg life expectancy – men 79 years and women 83

Single largest export group:

Machinery

Parental leave: 12m paid absence

The slide features several decorative wavy lines in shades of green and grey. A prominent light green wave starts from the left edge and curves upwards towards the top right. Below it, a darker green wave follows a similar path. At the bottom, there are overlapping grey and green waves that create a layered effect. The background is white, and the bottom edge of the slide is a solid green color.

# A brief summary of state guarantee schemes for the banking sector



	US	UK*	Germany	Spain	France	Denmark	Norway	Sweden	Finland
<b>What does the state guarantee (terms and amounts):</b>	Guarantee available to eligible inst, new debt up to 3y	Guarantee available to eligible inst, new debt up to 3y. Currencies allowed GBP, USD, EUR, JPY, AUD, CAD and CHF (GBP, USD, EUR).	Credits with maturity up to 5y. Total volume EUR 400bn	EUR 100bn in guarantees for new debt in 2008; 2009 unspecified. Also un-employed able to pay only 50% of mortgage payments for 2 years.	1) Creation of new public body that will provide loans up to 5 years to the French banks, EUR 320bn.2) Creation of 40bn fund to buy stakes in troubled banks.	Guarantees deposits and unsecured claims, including senior debt and Mortgage Junior Covered Bonds (subordinated only to regular covered bonds). Unlimited amount.	No direct guarantees. Creation of an entity to support financial sector (NOK 50bn) and opens a fund to invest in corporate credits (NOK 50bn).	SEK 1500bn of which max SEK 500bn in covered bonds.	The guarantees will apply to credit facilities with maturities from a minimum of three months to a maximum of 5 years. Maximum amount EUR 50bn.
<b>- Interbank / senior unsecured debt</b>	Banks can apply for FDIC insurance on newly issued senior & interbank debt	Yes if applied	Yes. Tenor up to 3y. In "justified exceptional cases" tenor of 5y is allowed but is limited to one-third of an institutes total guarantees.	Yes if applied	Interbank-no. Guarantee bank paper (tenor max 5 years) issued before Dec 31, 2009.	Yes	Interbank - not really, but Norges Bank supports liquidity; up to 3y loans offered by Norges Bank, max NOK 1bn, extended to banks in Norway, provided against collateral (securities).	Interbank - not really, but Riksbank supports liquidity. Senior unsecured - yes. Tenor up to 5y (extended from 3y) but limited to one-third of an institutes total guarantees.	Yes if applied. For refinancing of amounts becoming due up to Dec 31, 2009.
<b>- Covered bonds (apart from central banks offering term auctions with covered bonds as collateral)</b>	N/a	No	No, but if needed it will be guaranteed	Yes if applied	N/a	No, but guarantee of new issued junior covered bonds (JCB) if applied. Annual fee charge of 90bps.	No guarantee but Ministry of Finance offers possibility to swap covered bonds for t-bills.	Yes, tenor up to 5y.	N/a

	US	UK*	Germany	Spain	France	Denmark	Norway	Sweden	Finland
<b>- Subordinated debt</b>	No	No	No	Yes if applied	N/a	No	No	No	No
<b>- Deposit insurance (amount)</b>	\$250 000	£50,000	All	EUR 100.000	EUR 70.000	DKK 375 000. As of Oct 1, 2010 amounts up to DKK 750.000 will be covered by new state guarantee	NOK 2 mill	SEK 500 000	EUR 50 000
<b>- Insurance companies</b>	AIG	Not at present	Yes, can ask for capital injections	No	No	No	No	No	No
<b>- Commercial papers</b>	Fed assisted	Gov guarantee if applied	-	Yes if applied	No	No	No	Yes	No
<b>- Capital injections (government ownership)</b>	Yes TARP	Yes, to eligible institutions	Yes, up to EUR 70bn	Yes if applied	Yes, if needed.	Yes (see below).	Yes, if applied and granted by the finance fund. Max amount NOK 50bn	Yes, if applied between Feb17-Aug17, 2009. Total volume SEK 50bn. Volume/bank corresponding to a capital ratio increase of 2%-points.	Yes, if applied. Maximum amount EUR 4bn.

	US	UK*	Germany	Spain	France	Denmark	Norway	Sweden	Finland
<b>Volume in total package</b>	Exceeding USD 1trn	£200bn liq'ty, £250bn in loan guarantees. Rescue package for the banking system worth £500bn.	EUR 500bn	EUR 100bn in guarantees for new debt in 2008; amount for 2009 unspecified. EUR 50bn to buy triple-A asset-backed debt and other instruments (30bn 2008, 20bn 2009).	EUR 320+ EUR 40+ guarantee on Dexia's interbank and institutional funding, as agreed with the governments of Belg and Lux on Sep 30.	Banks pay DKK 35bn to wind up company. State pays above this amount. The new Guarantee II programme provides hybrid Tier 1 loan capital if applied to a total amount of DKK 100bn	First package NOK 350bn. Second package NOK 100bn of which NOK 50bn in government's finance fund to provide hybrid equity capital and NOK 50bn in government's bond fund to buy corporate bonds in the market.	SEK 1500bn	EUR 50bn in state guarantees and EUR 4bn in capital injections.
<b>Costs of guarantee</b>	75bps on insured amount. The capital injection will cost the banks 5%.	Per annum rate of 50bps + 100% of the institutions' median 5y CDS spread during July 2007 - July 2008 (last 12m before Oct 7).	Banks will be charged 2% interest for using the facility.	Not specified	On a case by case basis, depending on counterpart and loan guarantee.	Join the Private Contingency Association & pay a provision: 20% of 2007 pre-tax profit or DKK 7.5bn each in 2008, 2009. An additional DKK 10bn may become payable if bank losses related to banks taken over by PCA exceeds the initial DKK 15bn.	Details including pricing of the hybrid capital will be released later.	Unsecured debt with maturity exceeding 1y: avg CDS spread (2007-Aug-08) +50bps. Covered bonds: CDS spreads (though unavailable => standardised methods to be used) +25bps. Debt with maturity below 1y, fee 0.5% of the guaranteed amount (same for all institutions). 50% of a bank's total guarantee fees to be deducted from the bank's annual mandatory stability fee.	Guarantees are subject to market rates and can be granted to viable banks that meet solvency requirements. Annual charge of 0.50% and a flat fee of 0.25% for long term loans. Short term loans include a 0.25% charge computed on the basis of the debt maturity.

	US	UK*	Germany	Spain	France	Denmark	Norway	Sweden	Finland
<b>Period during which guarantee will be issued</b>	Until Dec 31, 2009	6 months from 8 Oct. valid till April 2014 (2012)	Until Dec 31 2009	Until Dec 31, 2009	Until Dec 31 2009.	Until Sep 30, 2010. The agreement has been prolonged in the Guarantee programme II until Jan 1, 2013.	Swap of covered bonds vs T-bills up to 5y. Investments in corporate bonds to be unwind over 5-10y. Capital injected if not repaid within 5y can be converted into ordinary shares.	Prolonged to Oct 31 2009 from April 30 2009. Government can (without Parliament decision) prolong it further to end-09.	Until Dec 31, 2009 (prolonged from Apr 30, 2009).
<b>Starting</b>	Immediately	Oct 8 2008. Proposed changes Jan 15 2008 (subject to EU Commission's approval). Implemented immediately after approval.	Oct 17 2008	Oct 13 2008	N/a	Oct 5, 2008 and the proposed new State guarantee programme expected as from start february 2009	Immediately. Investments in the corporate bond market will be made in one year's time.	Oct 30, 2008	Immediately
<b>Forced changes to bank dividend policies</b>	No	Yes	FM has last word on payment ceilings, bonuses and ban on dividend.	Nothing confirmed	Government can cap compensation packages in return for support.	Yes - none allowed	No, but other forced measures (compensation on management level) will be in place.	No, but other forced measures (compensation on management level) will be in place.	No, but other forced measures (compensation on management level) will be in place.

\*Information in accordance with the proposed changes Jan 15 2009. Previous terms as set out Oct 8 2008 in parentheses.

# SEB Group

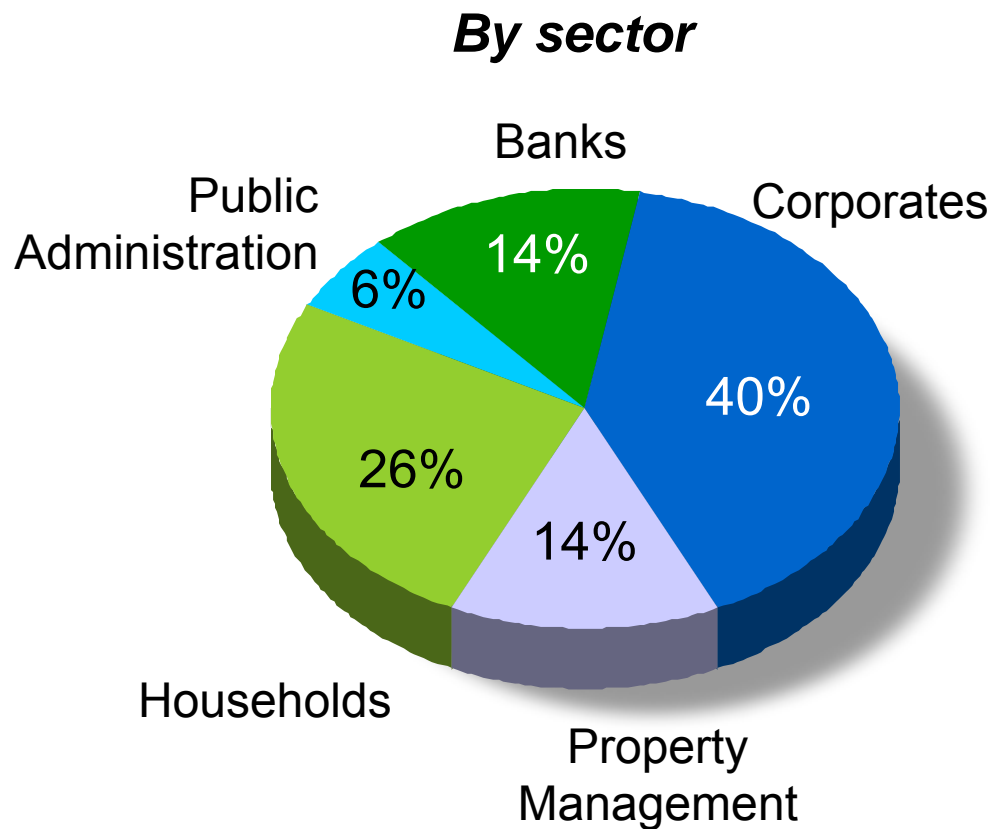
# Key figures

SEB Group

SEK m	Q1 2009	Change	
		Q4 2008	Q1 2008
Operating income	11,430	-10%	30%
Operating expenses	-7,244	4%	20%
Profit before credit losses etc	4,186	-27%	51%
Operating profit	1,802	-55%	-25%
Net profit	1,027	-71%	-44%
Return on Equity, %	4.9	17.6	9.6
Cost / income ratio	0.63	0.55	0.69
Credit loss level, %	0.70	0.63	0.13
Basel II - fully implemented			
Tier I capital ratio, %	11,99	10.08	9.68
Risk-weighted assets, SEK bn	830	818	748

# Credit Portfolio

On and off balance, SEK 1,933bn



# Credit Portfolio

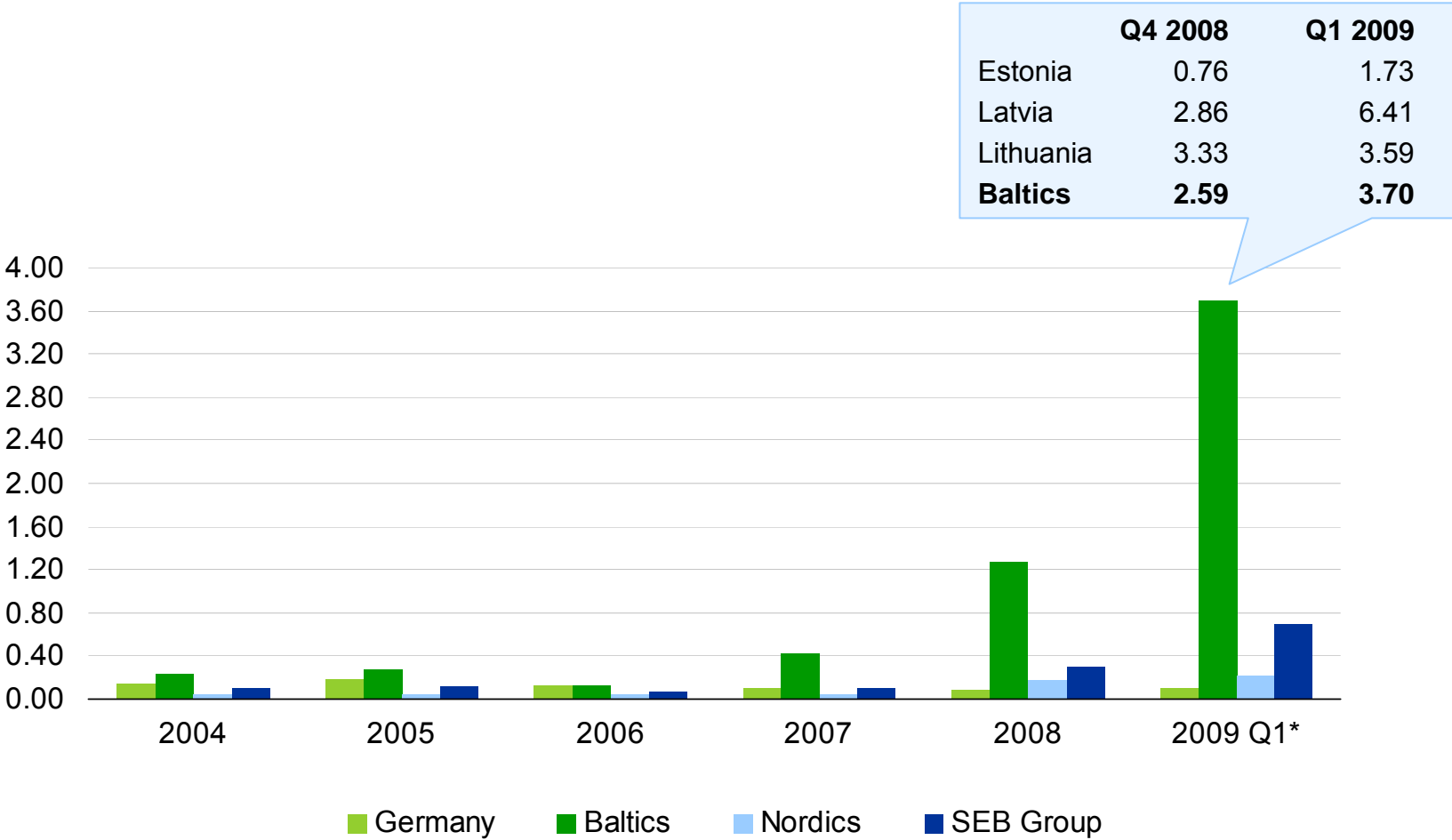
On and off balance, SEK bn

Mar 2009 (Dec 2008)	Swedish		Other Nordic*		German		Baltic		Total	
Corporates	381	(391)	191	(175)	121	(120)	88	(95)	781	(782)
Property Management	108	(105)	23	(22)	102	(104)	32	(32)	265	(262)
Households	283	(269)	49	(45)	105	(104)	67	(68)	503	(486)
Public Administration	23	(32)	3	(2)	78	(79)	6	(6)	110	(119)
Total non-banks	795	(797)	265	(244)	406	(407)	192	(200)	1,658	(1,649)
Banks	158	(175)	59	(41)	56	(68)	2	(2)	275	(286)
Total	953	(972)	324	(285)	461	(475)	194	(202)	1,933	(1,934)

\* Incl. other



# Level of net credit losses, %



\* Annualized

# Ratings of Skandinaviska Enskilda Banken AB

Rating target set by SEB's board of directors at AA

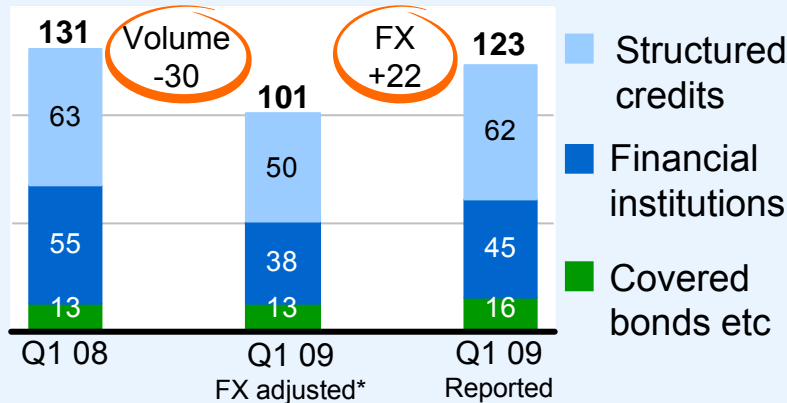
	Moody's	S&P	Fitch	DBRS
<b>Bank Senior Rating</b>				
Short Term	P-1	A-1	F-1	R-1 (middle)
Long Term	<b>A1</b>	<b>A</b>	<b>A+</b>	<b>AA (low)</b>
Outlook	<b>Negative</b>	<b>Negative</b>	<b>Stable</b>	<b>Stable</b>
Last Action	Rating action	Outlook change	Outlook change	Unaffected rating
Date	April-09	Mar-09	Feb-09	Feb-09

# Bond portfolios

# Merchant Banking – Investment portfolio

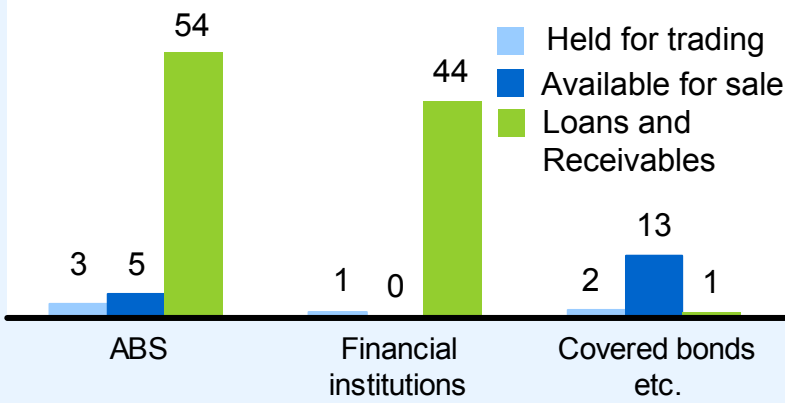
## Volume reduction partly offset by FX

SEK bn

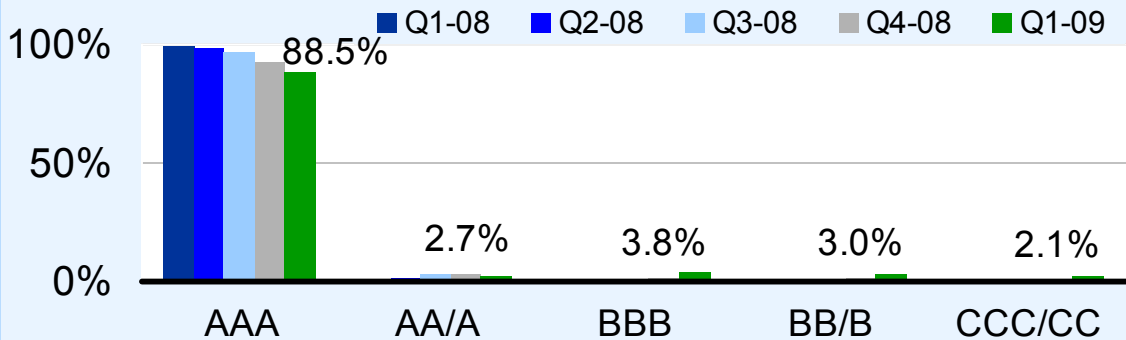


## Portfolio accounting classification

SEK bn



## Rating status of Structured credits



- Rating actions on 31 out of 615 positions during this quarter
- No impaired assets
- No level 3 assets

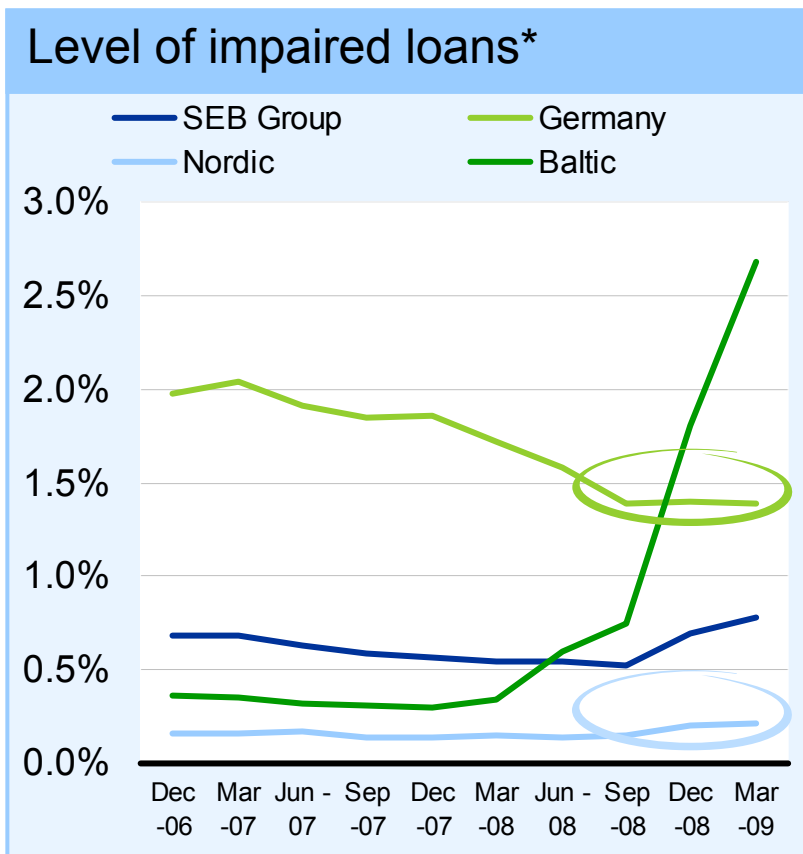
The unrealised valuation loss SEK 17bn accumulated, of which SEK 10bn in the L&R part

\* Using FX rates as of 31 March 2008

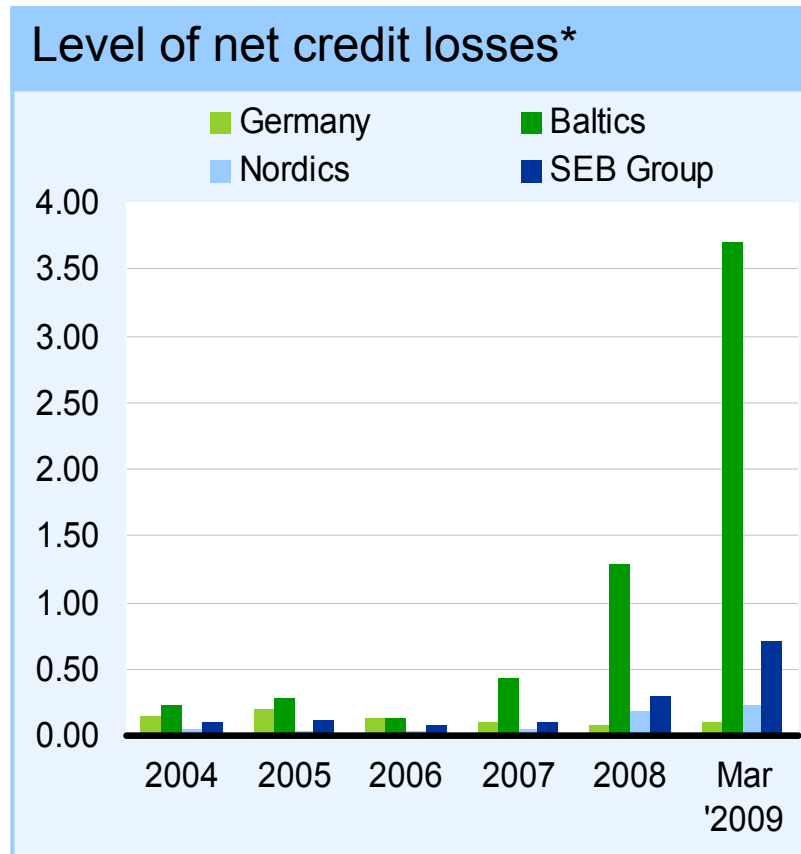
# Baltics

# Stable asset quality outside CEE

- Non-performing loan formation limited to the Baltic countries
- Majority of all provisions for future credit losses are collective reserves



\* % of Credit Exposure excluding Banks



\*Annualised figures

# Buffering up for Baltic challenges

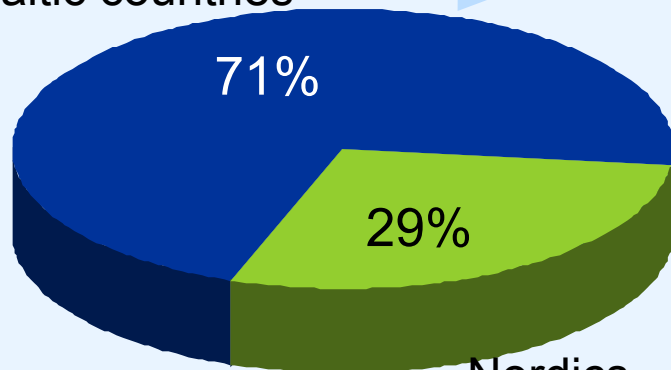
- Non-performing loan formation strongest in Latvia and Lithuania
- Collective reserves used to create buffer in uncertain times

## Provisions for net credit losses

% of Q1 2009, SEB Group SEK 2,386m

	Q4 2008*	Q1 2009*
Estonia	0,76	1,73
Latvia	2,86	6,41
Lithuania	3,33	3,59
<b>Baltics</b>	<b>2,59</b>	<b>3,70</b>

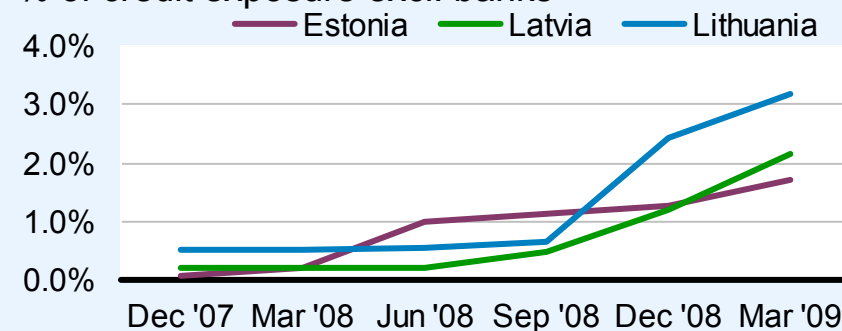
Baltic countries



\*Annualised figures

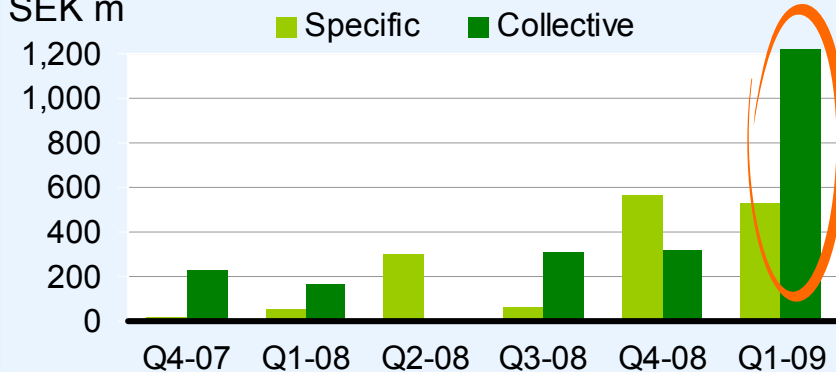
## Impaired loans, gross

% of credit exposure excl. banks



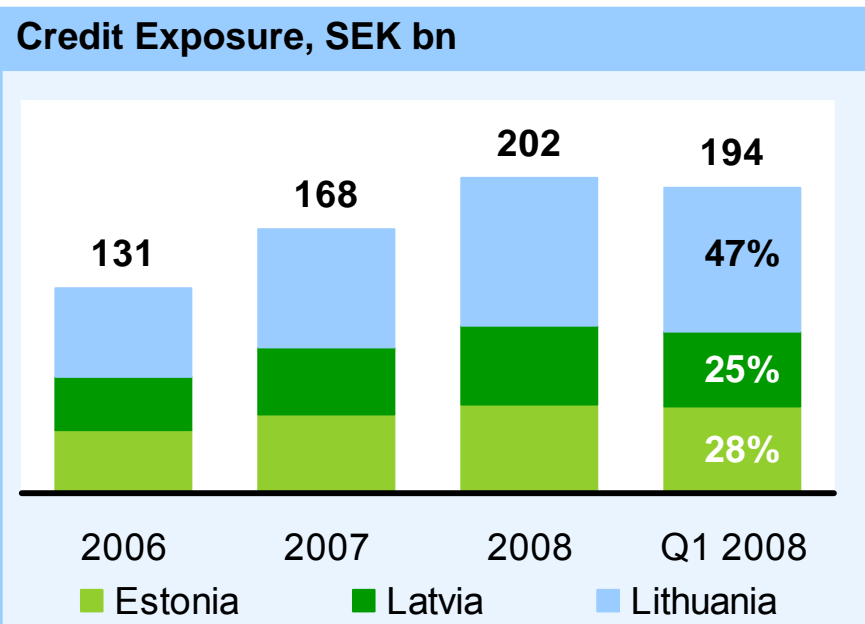
## Provisioning to build-up reserves

SEK m



# Baltics: focusing on key risk areas

- Negative organic growth in Q1 2009 in local currency terms
- Key credit issues centered around Property Management and certain Corporate segments



**Measures taken**

2006	.....	2008	.....
<ul style="list-style-type: none"> <li>● Increased capitalisation</li> <li>● Tightening of credit policy</li> <li>● ROE priority &gt; volume</li> </ul>		<ul style="list-style-type: none"> <li>● Re-allocation of resources</li> <li>● Work-out units</li> <li>● High Risk Committees</li> <li>● Baltic SPVs</li> <li>● Dialogue with authorities</li> </ul>	

**Credit Exposure growth rate in local currency**

	Estonia	Latvia	Lithuania
2007	17%	18%	30%
2008	-2%	5%	8%
2009 Q1	-3%	-3%	-5%

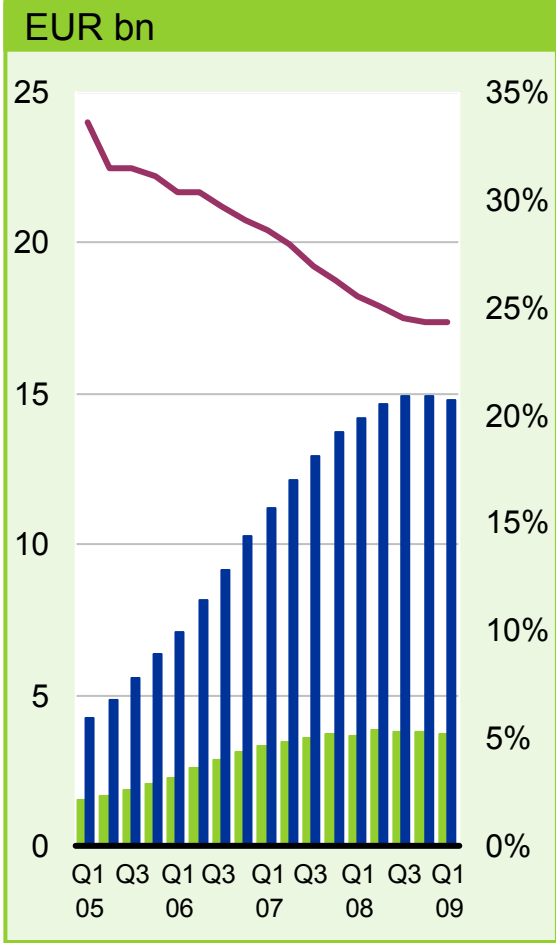


# SEB's Baltic lending relative the market

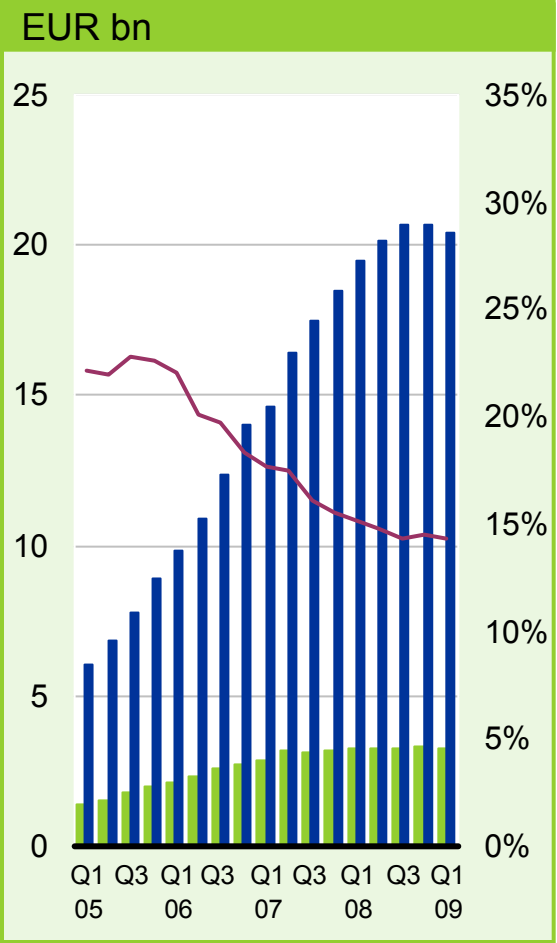
Per cent, Q2 2005 – Q1 2009

— SEB market share  
 ■ Lending total  
 ■ SEB Lending

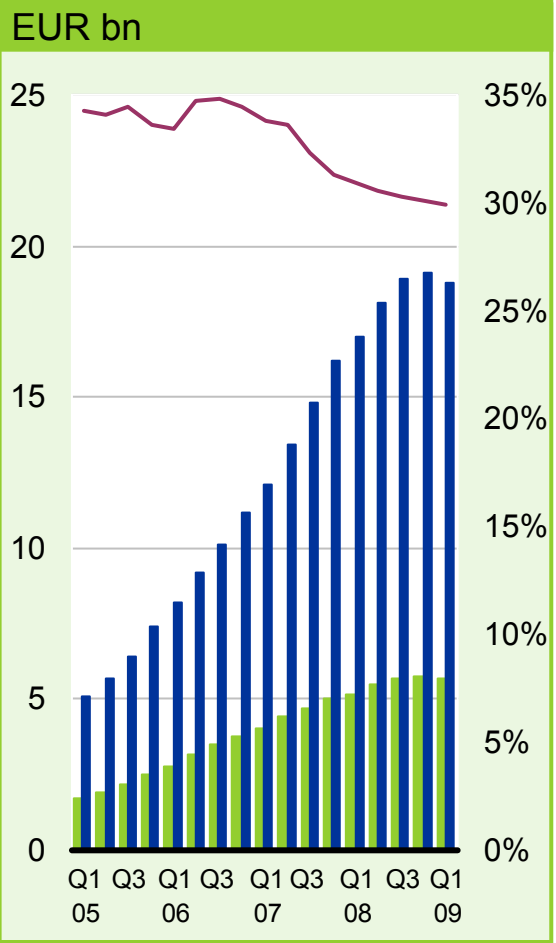
## Estonia



## Latvia



## Lithuania

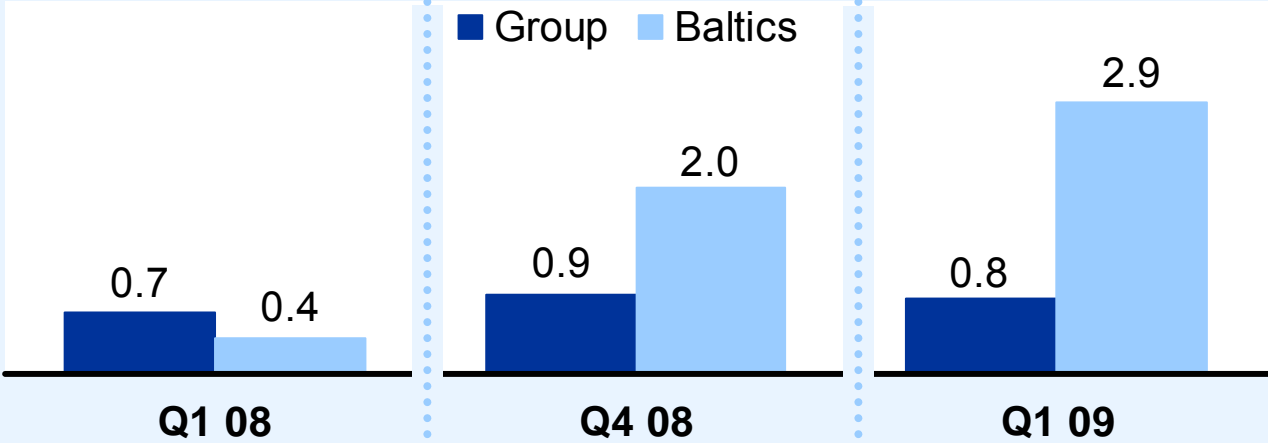


Excluding Leasing portfolio. Source: Central Banks and SEB

# Conservative provisioning policy

## Gross level of Impaired loans

Individually assessed, per cent of lending



## Reserve ratios\*

%	Q1 08	Q4 08	Q1 09
Group	76.9%	68.5%	71.6%
Baltics	139.9%	59.6%	69.3%

\* excluding homogeneous groups