

From transaction to relation

Catrin Fransson, Head of Retail



Strong macro expected to drive earnings

Macroeconomics

- Swedish economy strong
- Continued interest rate hikes from the Riksbank expected (started 2010)
- Weak corporate lending but strong private mortgage demand

Stable financials through crisis

- Expenses expected to remain stable
- Core funding ratio at present levels or lower
- Modest balance sheet growth

Excellent credit quality

- Re-pricing or replacing low yielding assets
- Focus on return rather than balance sheet growth

Retail

Commission income increasingly important



- NII Re-pricing or replacing low yielding assets – modest growth
- NCI Service concepts support net commission income growth through higher product penetration, especially in savings & investments

Largest contributors to NCI	Share of NCI	Change 2010
Asset management	47%	9%
Payments	38%	2%
Insurance	5%	17%
Brokerage	3%	neg

Empowering frontline by enhanced steering model

Key performance indicators (KPI)

Profitability P&L, Balance sheet

Income change

Cost/income ratio

Credit impairments

RAROC

Loan/Deposit ratio

Sales activities Prioritised products

Fokus*

Changes from earlier:

- Empowering the frontline
 - Full balance sheet responsibility at branch level
- Minimise KPI's from 26 to 6
- Strong local connection

* Fokus – Tool for performance management

Retail

Market leader in most segments

Private customers

Segment	Customer base	Market position	Market share*	Share of revenue
Private Banking	19 000	1	21%	5%
Affluent	514 000	1	30%	39%
Emerging Affluent	340 000	1	32%	15%
Retail Mortgage	355 000	1	40%	20%
Retail	2 274 000	1	46%	19%
Youth & children	538 000	1	n/a	2%

Corporate customers

Segment	Customer base	Market position	Market share	Share of revenue
Public Sector	230	1	55%	3%
Midcorp	1 200	4	9%	4%
SME	10 170	2	19%	15%
SSE	40 400	1	30%	14%
Micro	168 000	1	30%	40%
Forestry & agriculture	31 200	1	60%	11%
Associations	71 000	1	30%	13%

- Potential in more structural approach to existing customer base
- Profitability varies significantly between different segments for private
- Potential in corporate segments where relative market share is low

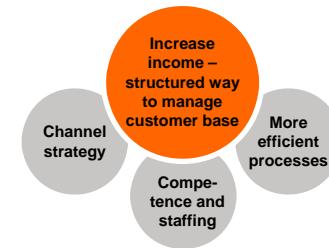
*Source: E- indicator

From transaction to relation

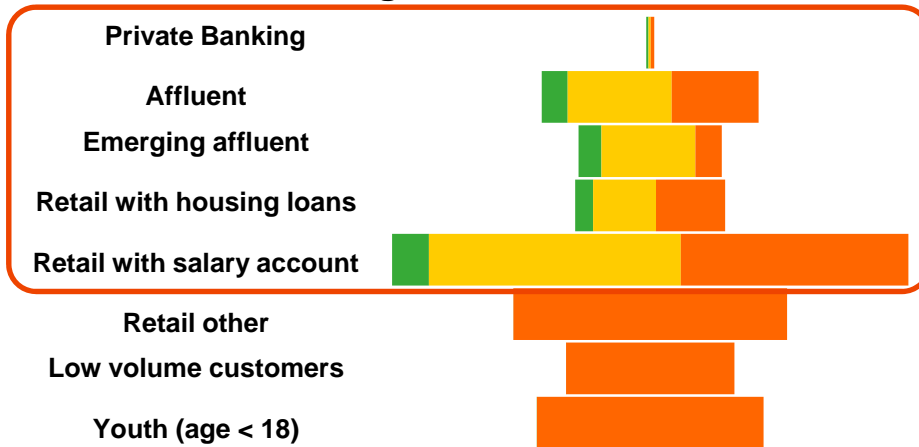


Retail

Increased customer satisfaction and profitability through service concepts



Customer base in segments:

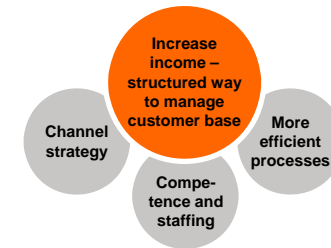


- Customer with service concept
- Customer with card and Internet Bank
- Others

Service concepts	No. of clients	Pot.client base	Profitability change	Loyalty change	Product change
Private Banking	8 000	19 000	n/a	+ 8	n/a
Premium	6 304	525 000	~ 5-10%	+ 9	+ 2,1
Nyckelkund Mer	13 129	330 000	~ 5-10%	+ 6	+ 1,3
Nyckelkund	208 305	1 550 000	~ 5-10%	+ 6	+ 2,0

- Ambition to have half of total customer base in service concepts
- Current run rate ~25 000 new service concept customers a month

Focused segments for future growth



Private Banking



- New launch 2010
– segmentation, recruitments, improved offering
- AuM increased by SEK 15bn in 2010

Affluent



- Launch of Premium 2010
- Potential to increase AuM

SME



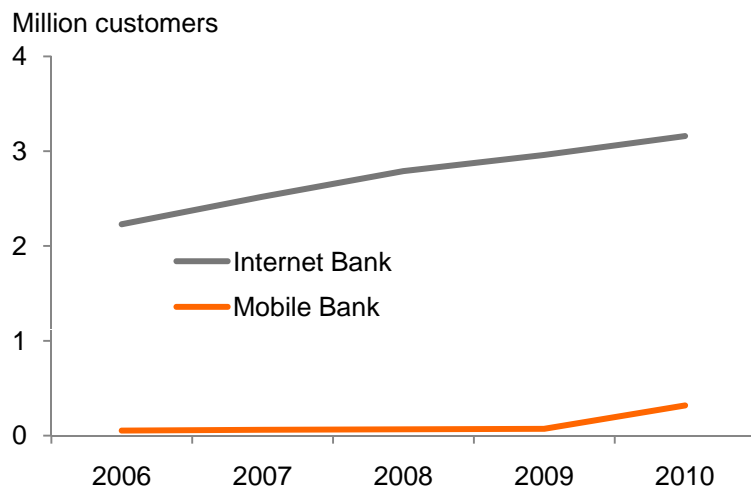
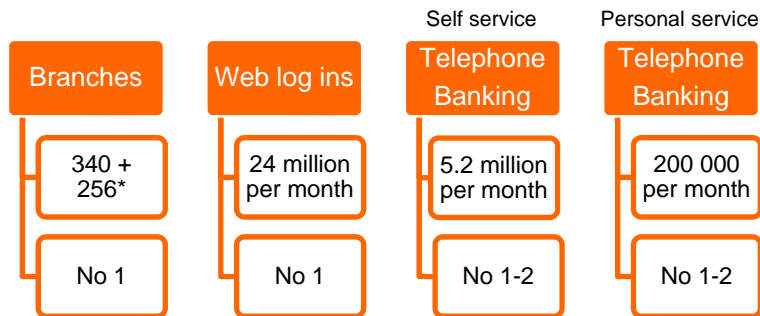
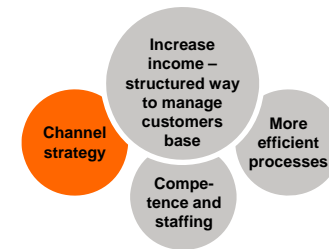
- Service concepts enable reallocation of resources
- New corporate contact center

Midcorp



- Repricing
- Grow with existing contacts
- Aiming for 20% of new deals
- Increased RAROC
- 50 new Midcorp customers 2010

Simplifying day-to-day banking activities

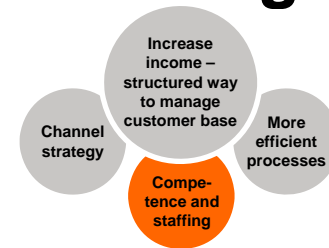


Improve customers' experience in all channels

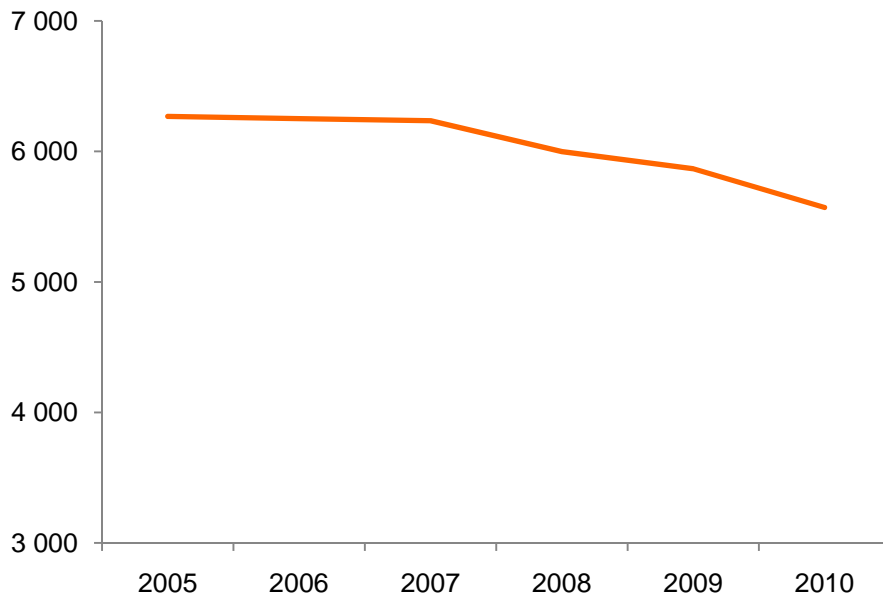
- Internet – increased business capabilities
- Mobile – payment services
- Telephone – further develop advising service for affluent and corporate customers
- Branch offices – more flexible fleet of branch offices with lower fixed cost

* Savings banks branches

Competence & Staffing a key possibility and challenge



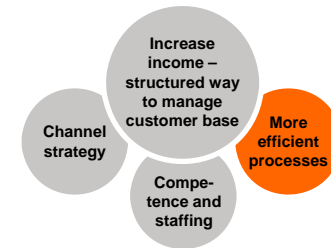
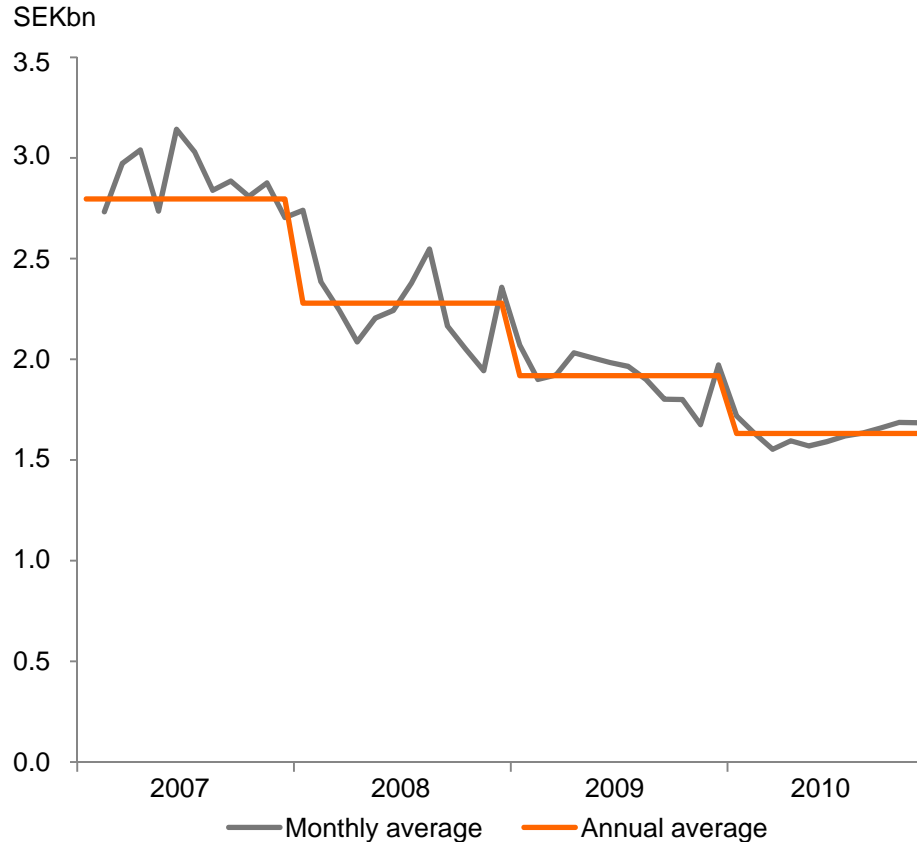
Number of employees



- Staffing according to customer base in all branches
- Optimise allocation of resources
- Competence change, competence development and generation shift
- Leadership – branch office head in partly new role

More efficient processes

Average cash balance
(in ATMs, instorage and in transit)



Free up time through:

- More efficient processes
 - Take out more than 200 000 hours annually from lending process
 - Reduce cash handling – annual costs of SEK 1bn

Retail

Summary

