

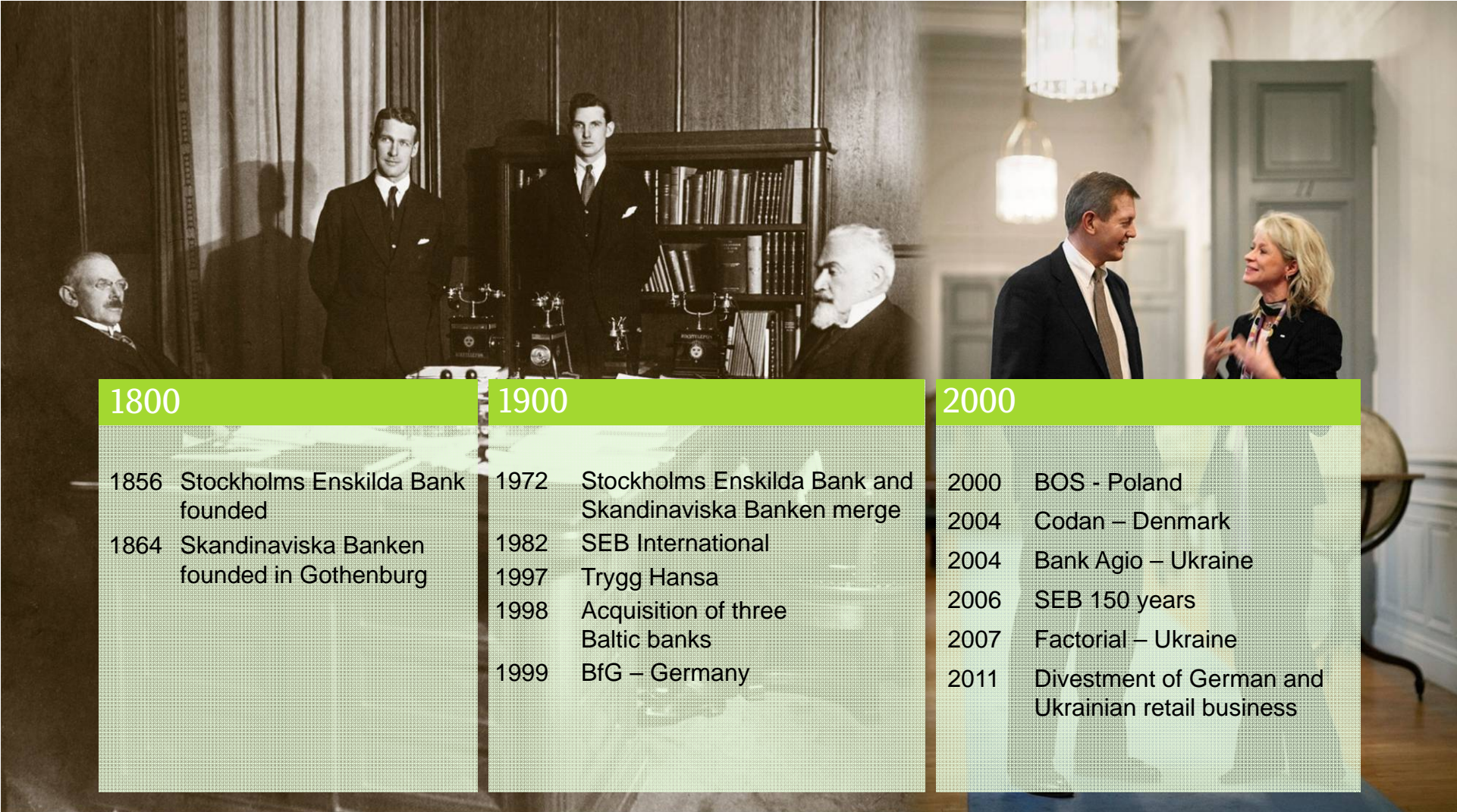


**„Voraussetzung für effektives Reporting
am Beispiel des Asset Quality Reviews“**

Dr. Matthias Ecke
05.09.2014 Schmalenbach
Gesellschaft

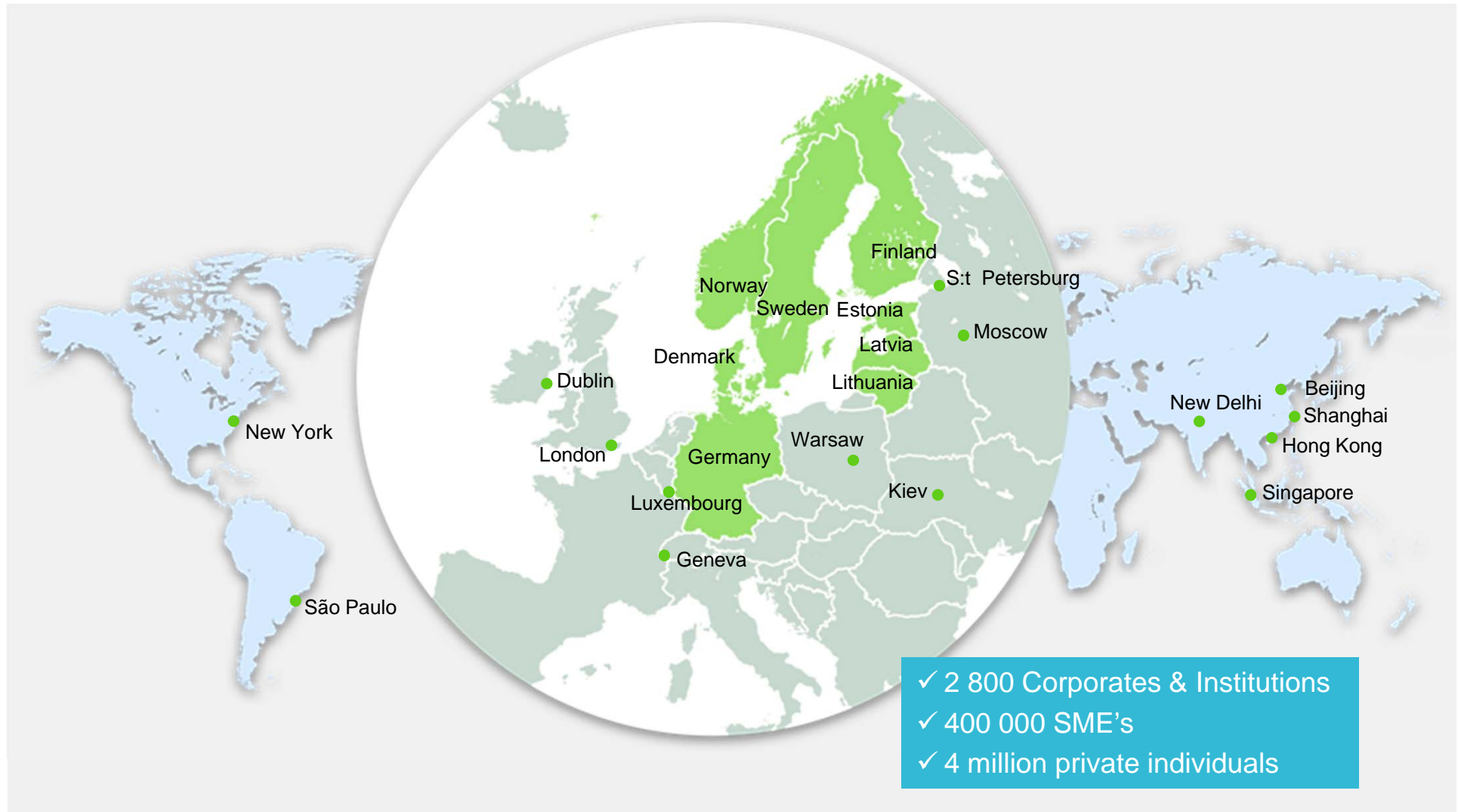
1. The Bank

SEB Group heritage – in service of enterprise



1800	1900	2000
1856 Stockholms Enskilda Bank founded	1972 Stockholms Enskilda Bank and Skandinaviska Banken merge	2000 BOS - Poland
1864 Skandinaviska Banken founded in Gothenburg	1982 SEB International	2004 Codan – Denmark
	1997 Trygg Hansa	2004 Bank Agio – Ukraine
	1998 Acquisition of three Baltic banks	2006 SEB 150 years
	1999 BfG – Germany	2007 Factorial – Ukraine
		2011 Divestment of German and Ukrainian retail business

A nordic bank with a global reach




SEB in Germany



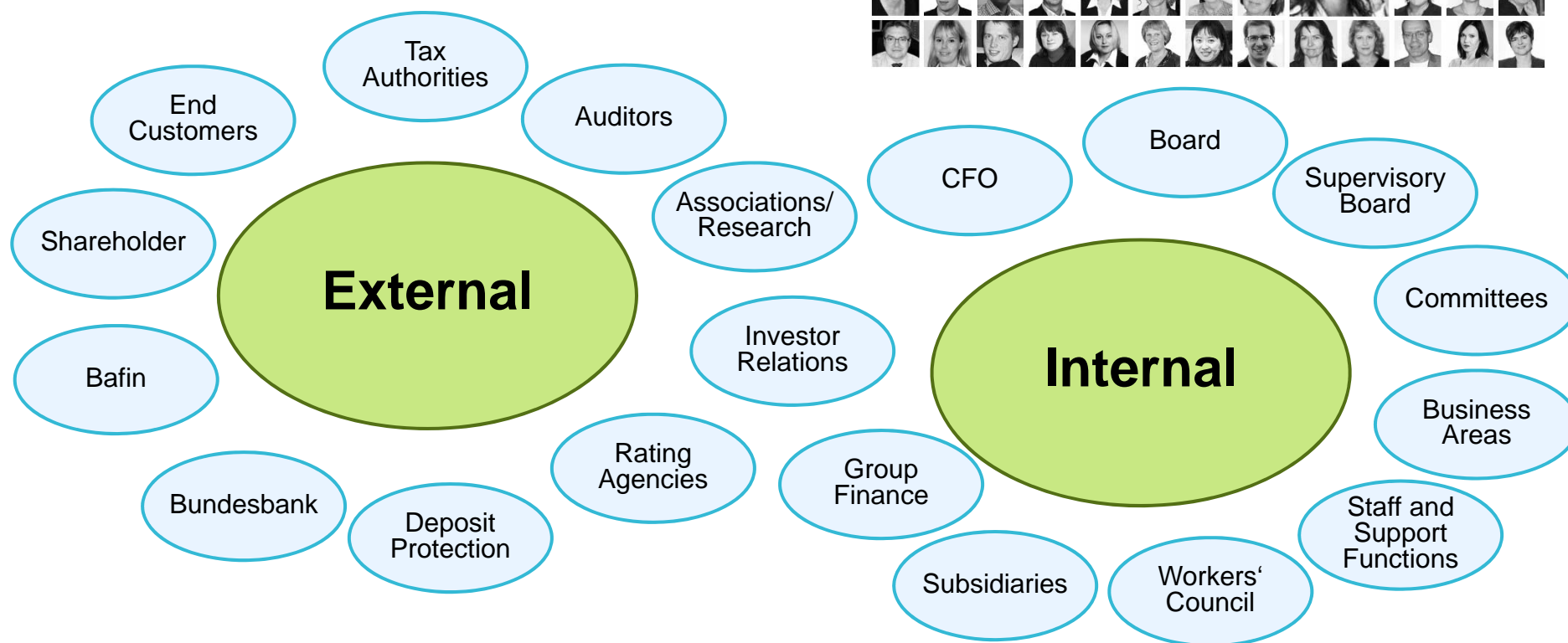
Key figures SEB Germany

(June 2014)



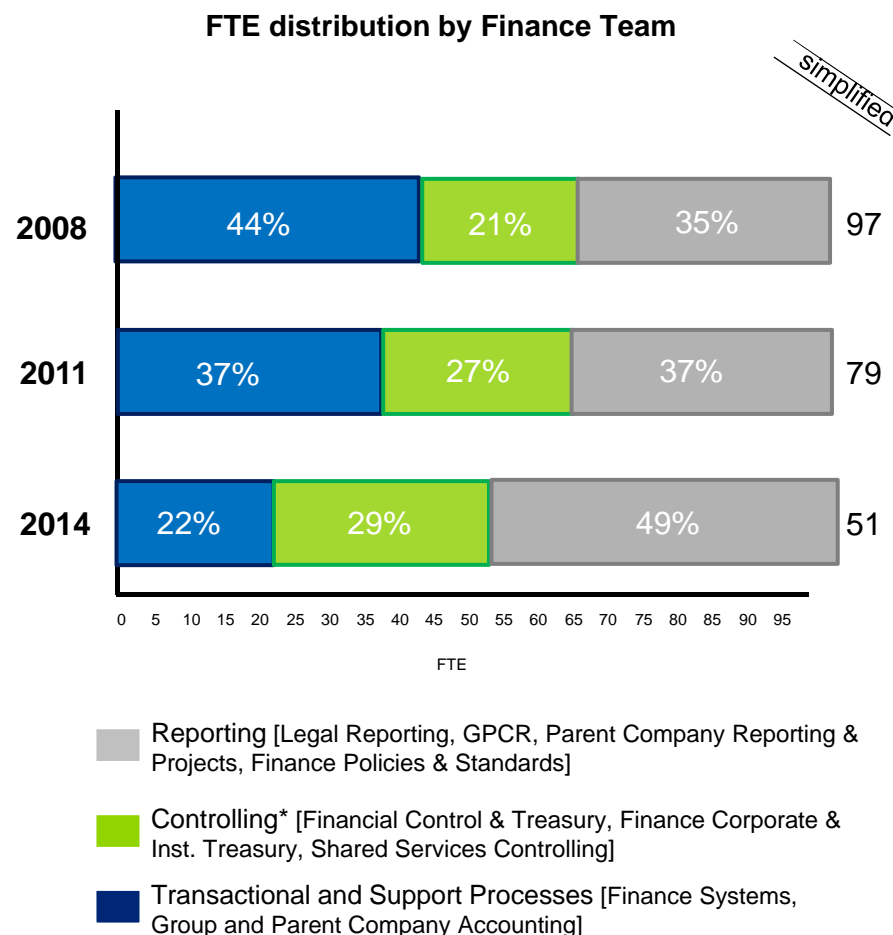
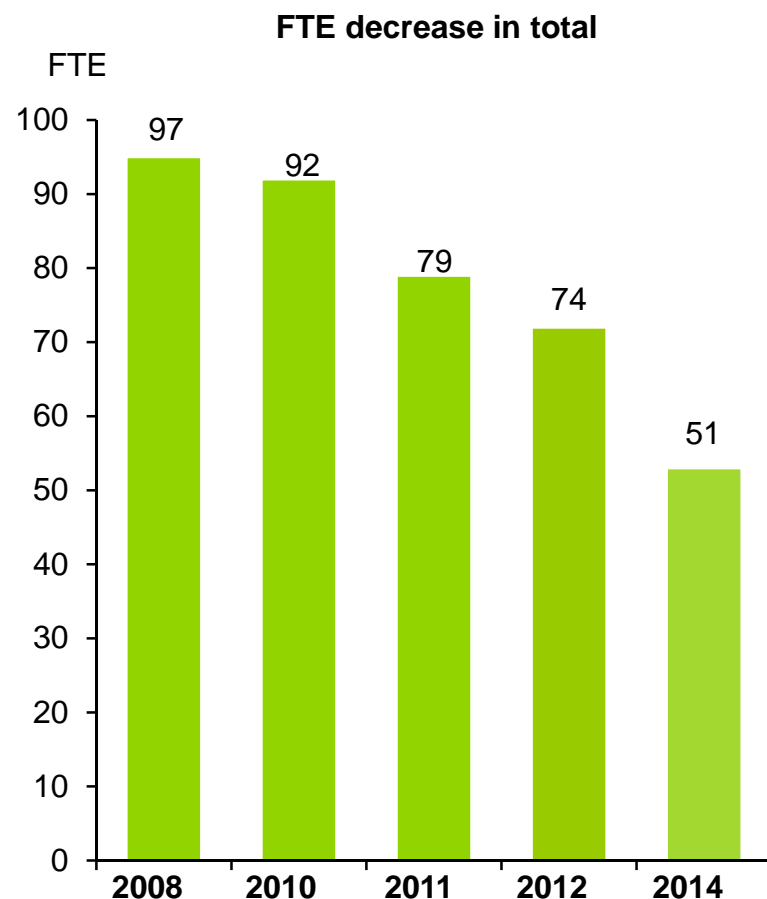
Operative result	102 Euro m
Equity capital	2,105 Euro m
Equity ratio (Basel III/CRR)	16.67 %
Core capital quota with market risk pos.	16.39 %
Cost/Income ratio	0.50
ROE after taxes (23 %)	11.7 %
Balance sheet total	32.1 Euro bn

Stakeholder Reporting



2. Efficient reporting

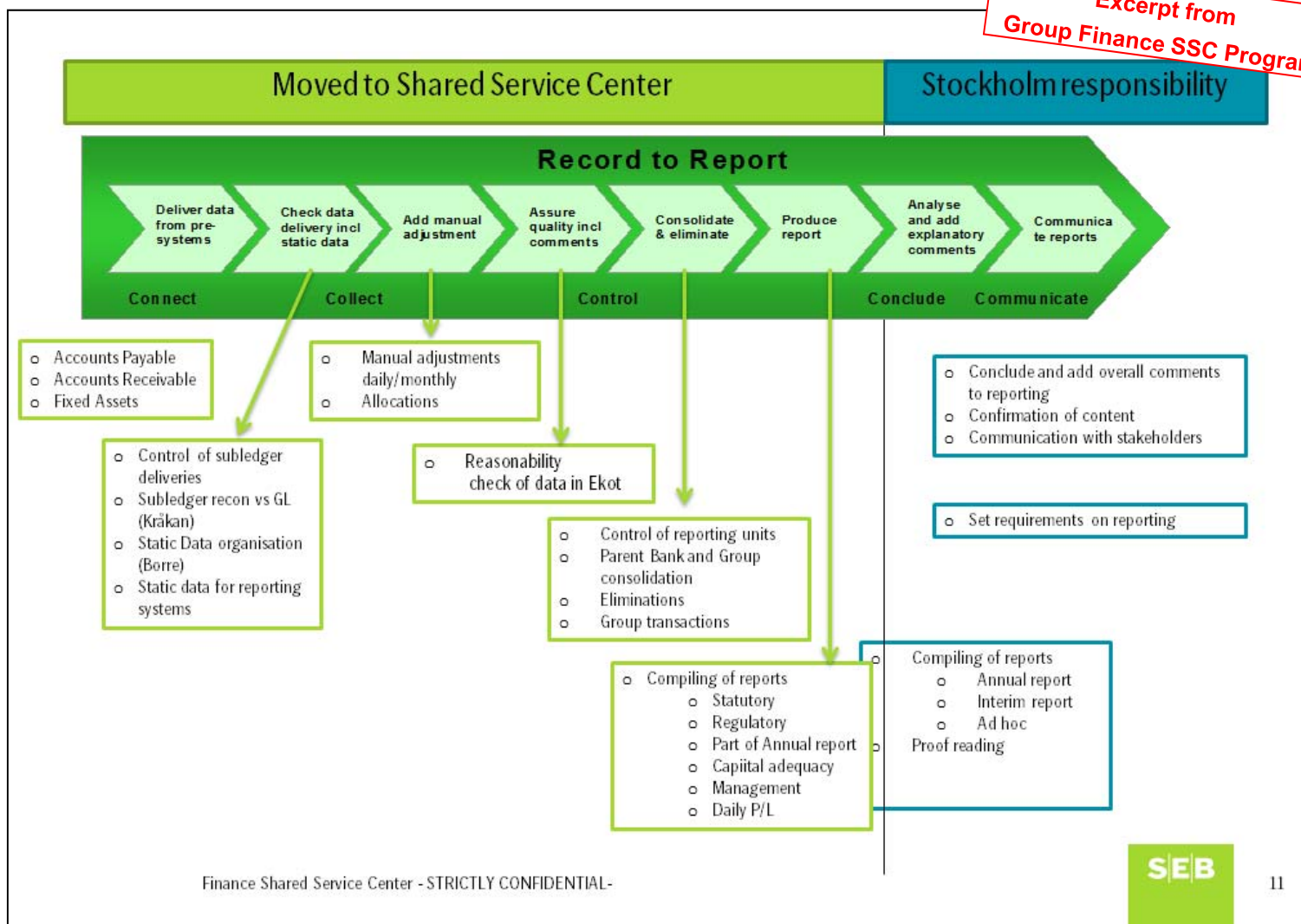
Finance Germany goes along with less staff within transactional and support processes



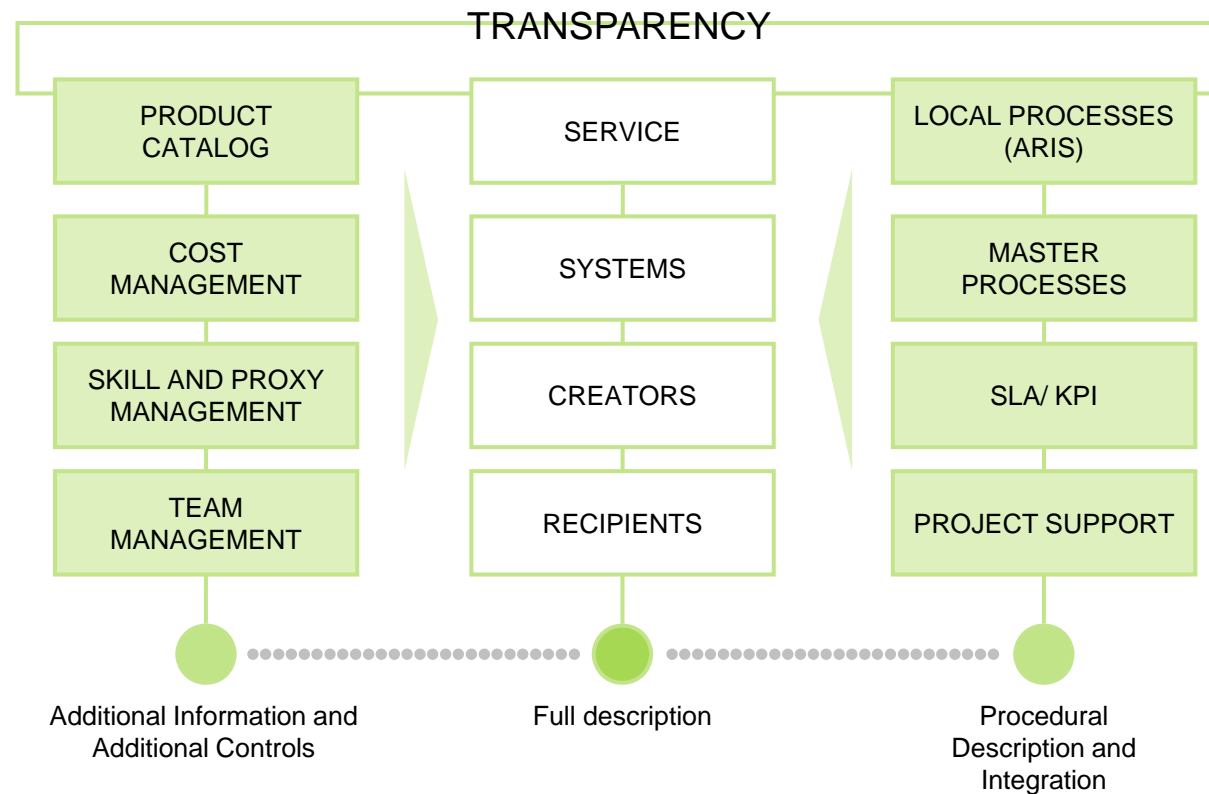
FTE reduction due to move of tasks to Shared Service Center, One Finance IT, increased skills through training and education

Group Finance: majority of the „Record to Report Process“ shifted to Shared Service Center Vilnius

Excerpt from
Group Finance SSC Program



Service Catalogue – Goals



Service Catalogue – Challenges

CURRENT CHALLENGES

Induction of New Employees

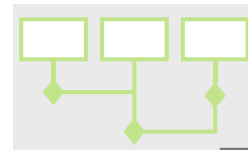
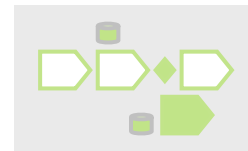
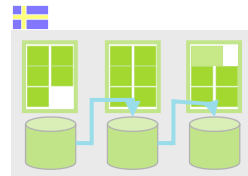
Alignment Global Services/Processes

Transparency of Cross-over Processes

Management Decisions

Resource Bottlenecks

GLOBAL



LOCAL

- Systems/ Data Overview
- Aligned Global Meta Procedural Descriptions
- Local Meta Procedural Descriptions
- Matrix Decision Trees
- Meta Procedural Descriptions

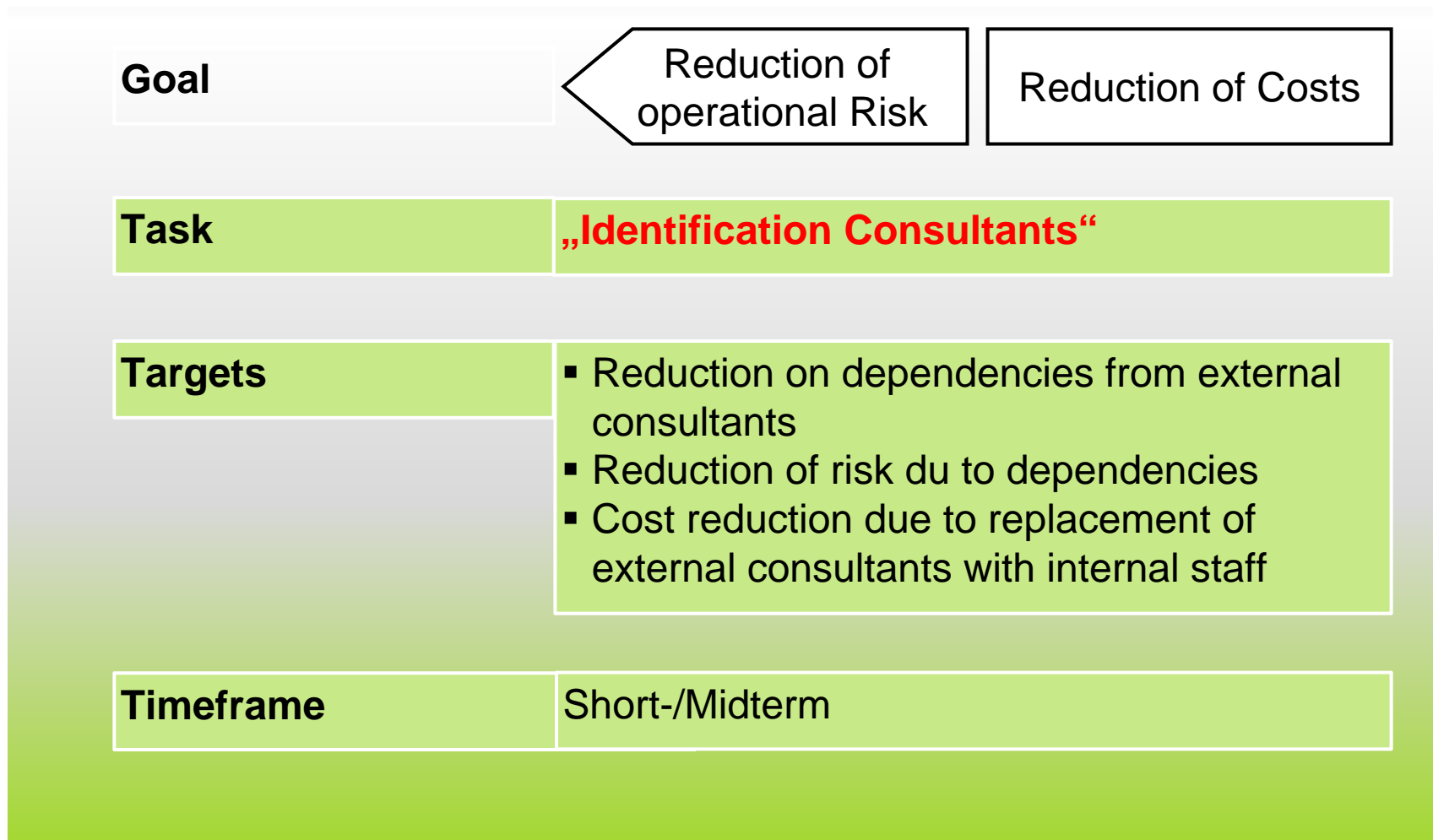
STANDARDISATION

TRANSPARENCY

QUALITY

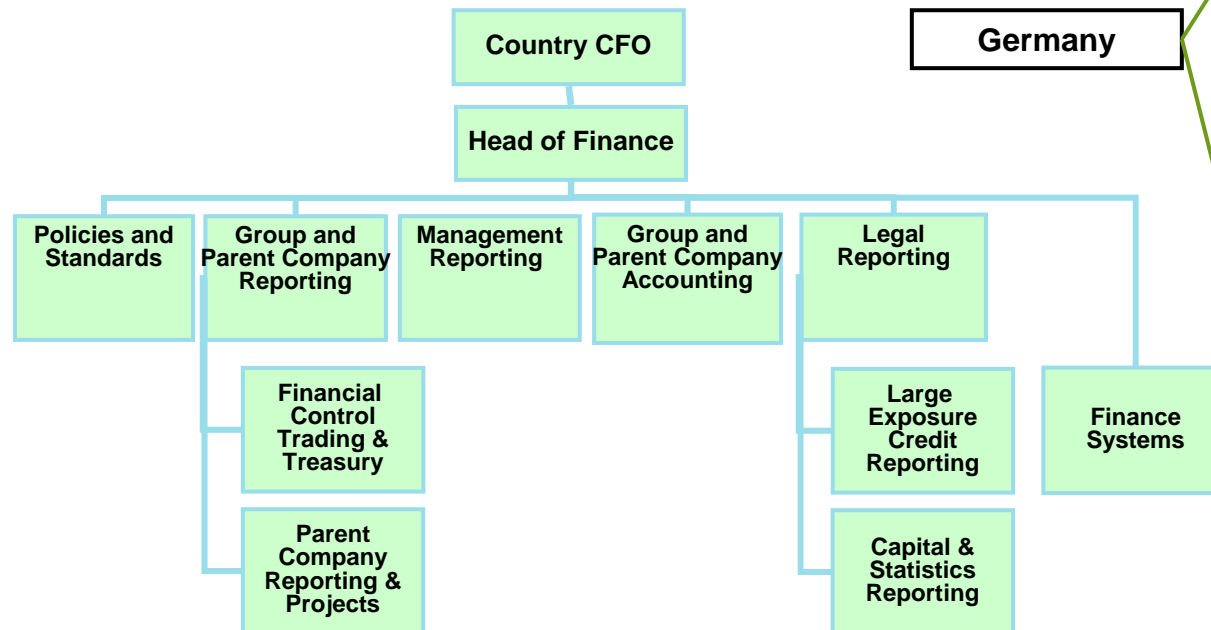
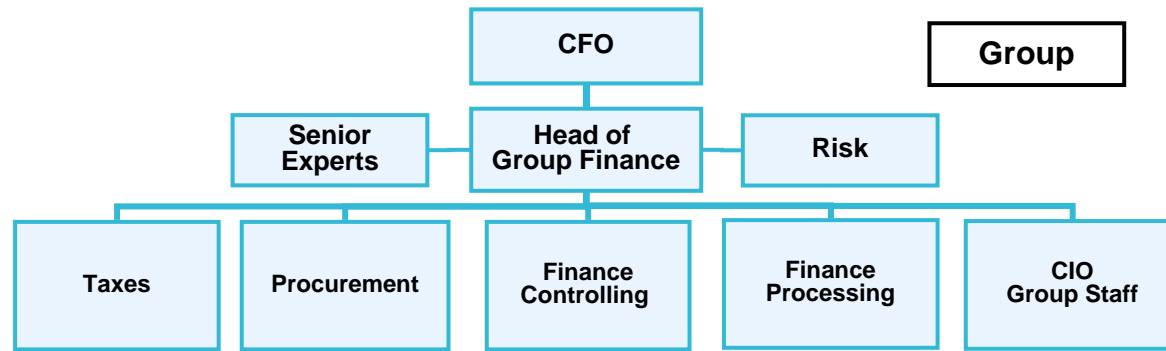
EFFICIENCY

Navigator governance of external staff

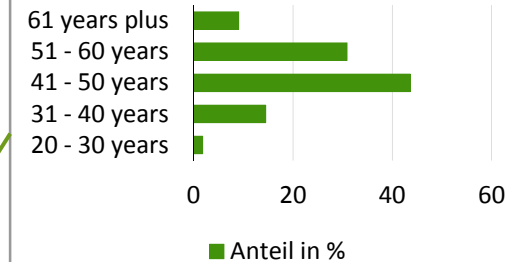


3. Effective reporting

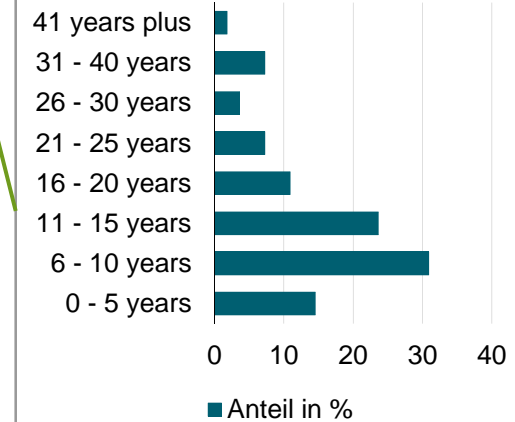
Governance: flat hierarchy and experience



Age distribution



Work experience



People management in focus

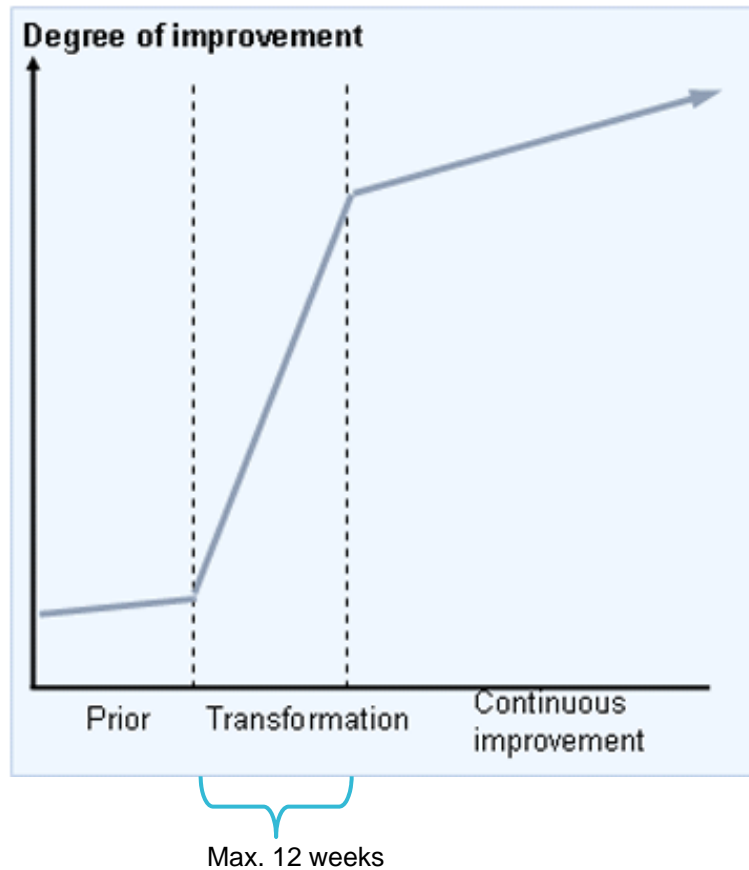
Growth ...

- Support Future SEB
- Fast realization of all new requirements
- Fast to market capability
- Business Support
- Know-how for global projects

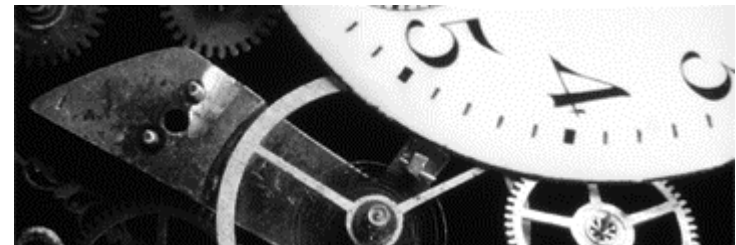
... through leadership and people development

- Skill Development/Continue Finance trainings
- New challenges for staff, e.g. Investment Banking
- Teamwork and teambuilding
- SEB Way of doing and thinking
- Succession planning, Coaching, Mentoring, Job Rotation
- Work in projects

Standard operating procedures – SEB Way



Thinking new ways



Reduce Complexity



Just do it

4. Process Speed

Processes: earlier, better, faster



Closing

- Standard Operating Procedures (SEB Way)
- Consequent controlling of intermediate results
- Communication, Communication, Communication

Correct at source

- Correction of defects before closing through daily reconciliation

Financial Systems Platform

- Global EKOT
- One IT solution for Group and all subsidiaries

Process speed as a management dimension

Time to Market

Closing Figures are the foundation for Management Decisions. To be able to react quickly in the current volatile times, timely availability of this data is the key.

Meet Market Expectations

Not only the figures as such are relevant for the markets rating, but also a reliable process to deliver the data is expected by the markets.

**Process Speed
driving
further Development**

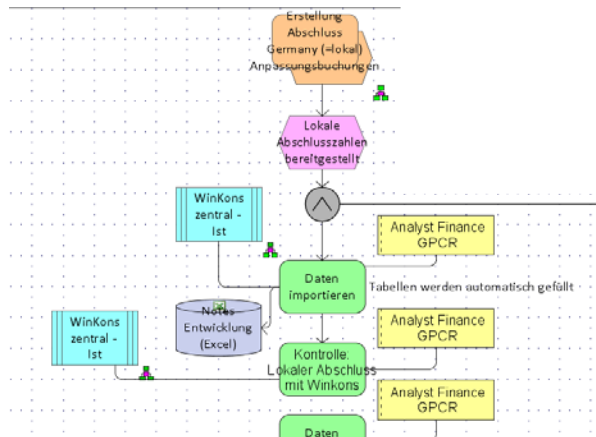
Efficient Use of Resources

Pure Closing is not enough. Key Task of Controlling is to deliver Management Information. Early Closing gives the space for thorough analysis work.

Quality

Clearly defined processes, consequent steering and high standardisation enable a timely delivery of data in high quality.

Closing management in SEB AG



Derive from

	A	B	C	D	E
1	Cluster	Hauptprozess	GR	MP	
2		Bank Day -2			
3	Group Del	-2 Plan der Gruppe			
4	MB-Rep	-2 4. MB/CRE Reporting	x	x	
5	BS/P&L	-2 3. Einzelabschluss SEB AG (Acc)	x		
6	BS/P&L	-2 3. Einzelabschluss SEB AG (HGB)	x		
7	Handel	-2 5. Handelsergebnis	x	x	
8		Bank Day -1			
9	FS-Del	-1 1. Aufbereitung Liefersysteme (SAP)	x	x	
10	FS-Del	-1	x	x	
11	FS-Del	-1	x	x	
12	FS-Del	-1 1. Aufbereitung Liefersysteme (NonSA)	x	x	
13	Controlling	-1 2. Controlling	x	x	
14	BS/P&L	-1 3. Einzelabschluss SEB AG (wupp)	x	x	
15	BS/P&L	-1	x		
16	BS/P&L	-1	x	x	
17	MB-Rep	-1 4. MB/CRE Reporting		x	
18	MS	-1 Meilenstein			

Process documentation in ARIS

Closing checklist in Excel



Continuous improvement



Follow up



Process improvements



Lessons learned

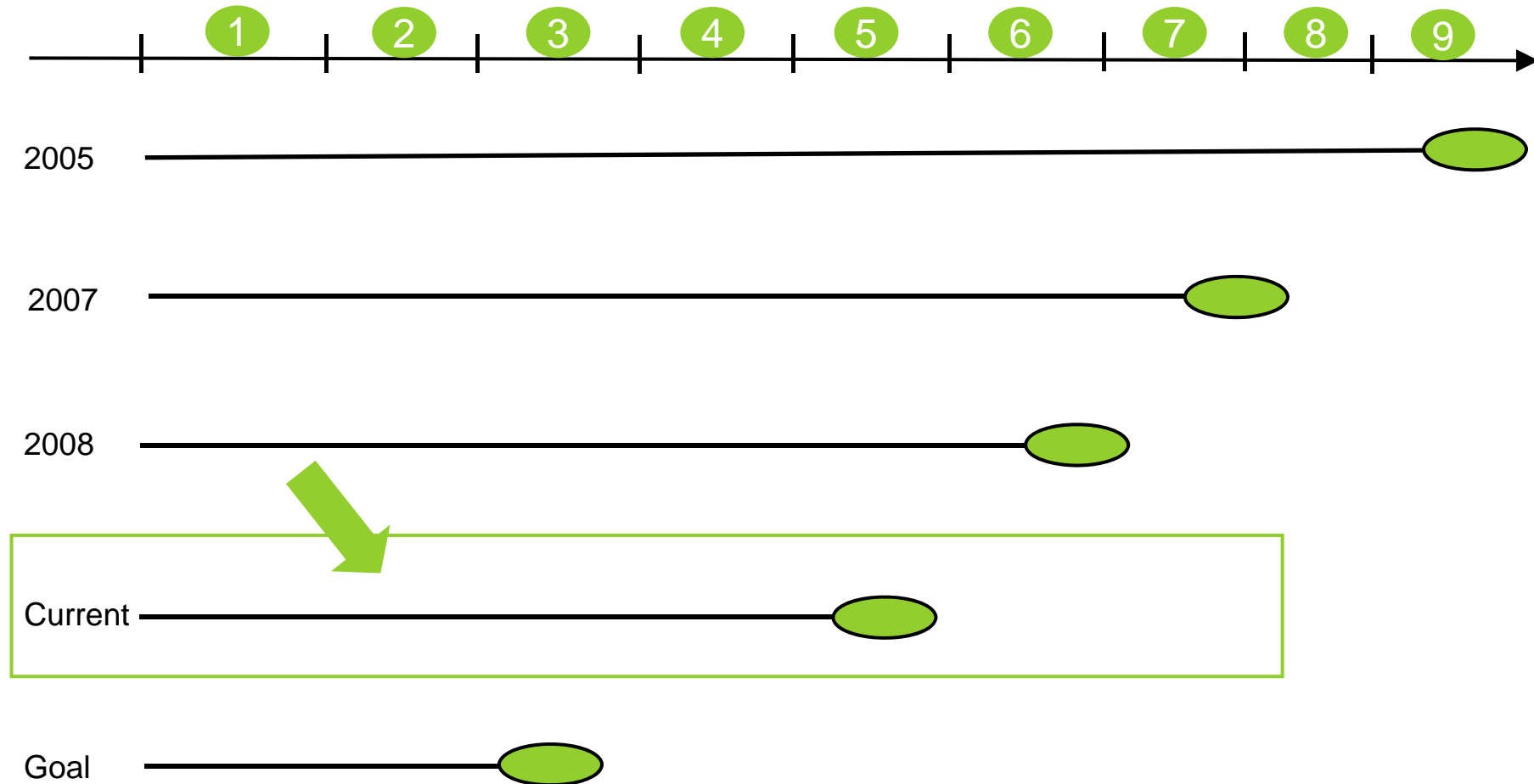


Closing meeting

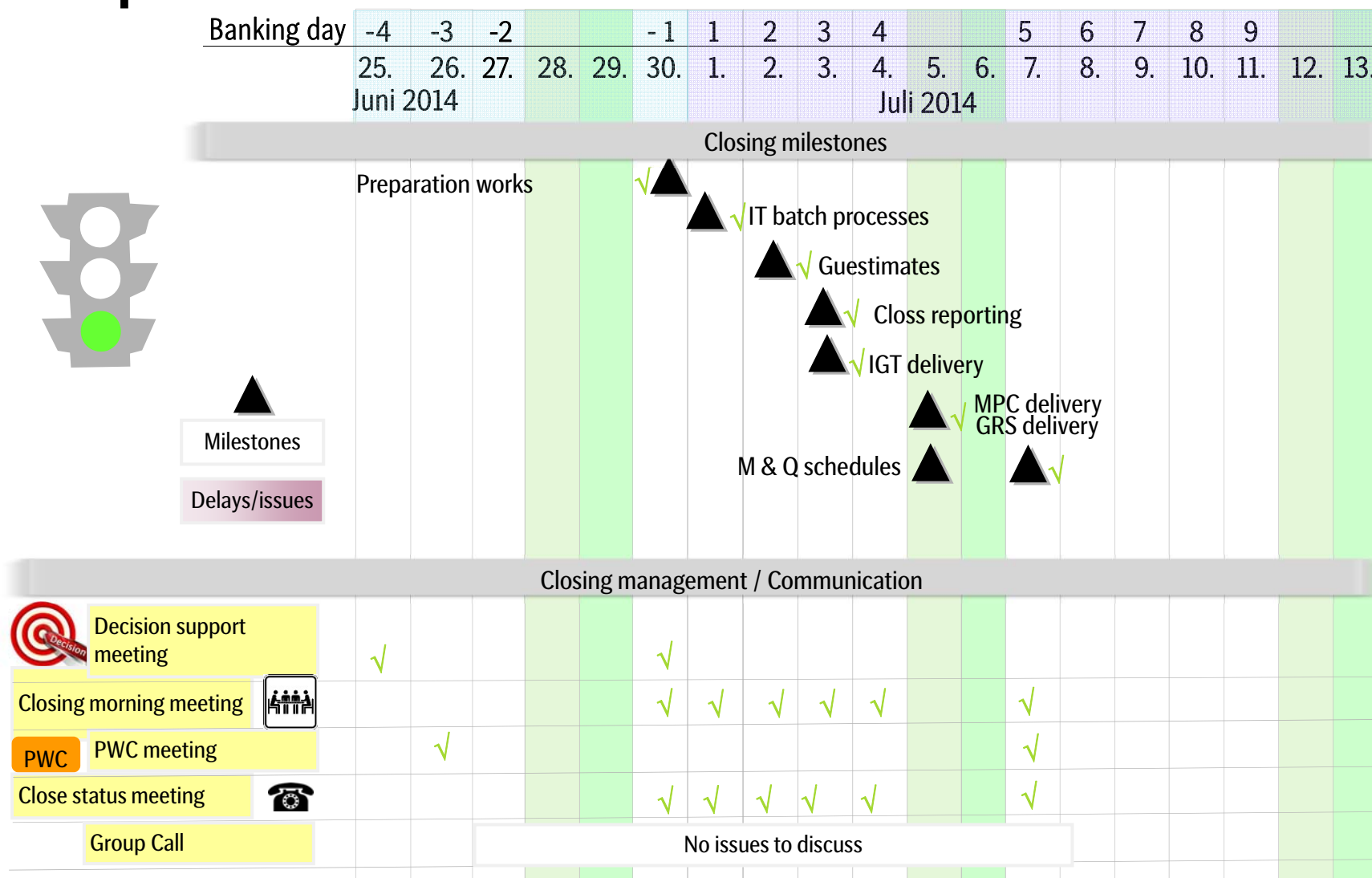
SEB

Duration closing SEB AG

in days



SEB in Germany: Q2 2014 / Q2 closing delivery report



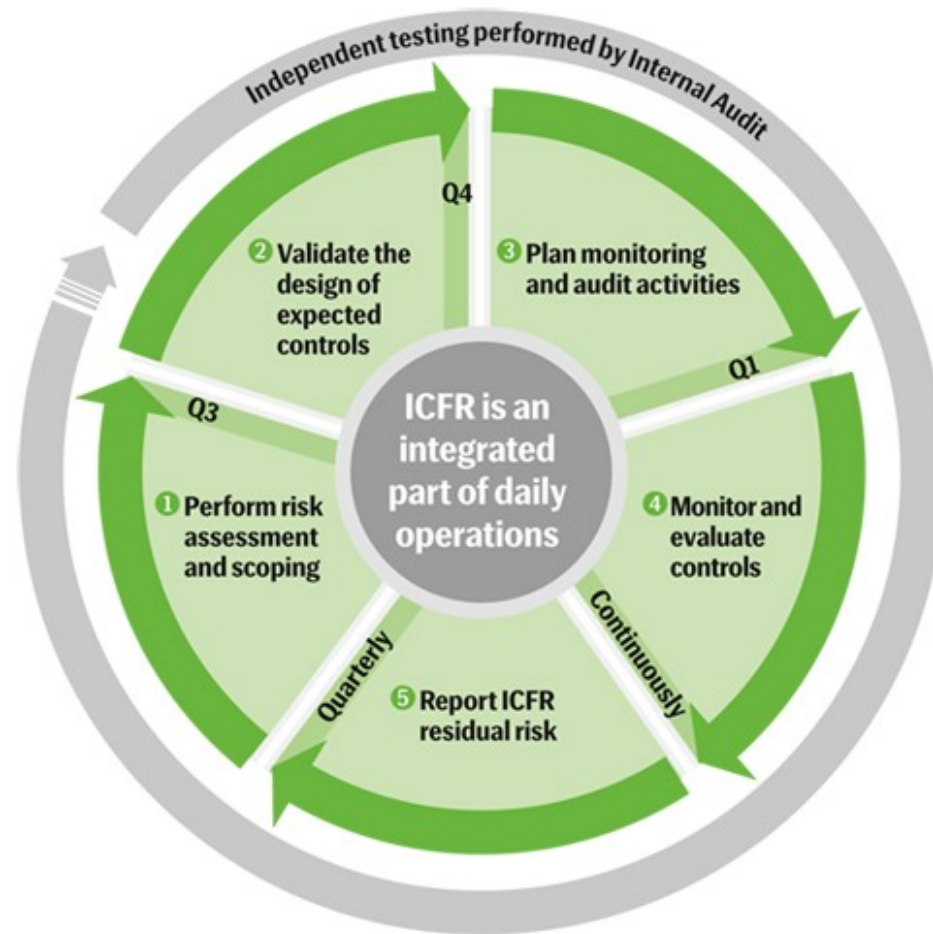
Holding closing deadlines – challenges

Head office view		Reporting unit view	
• Late management decisions	• 52 %	• Manual entry of data	• 35 %
• IT related problems	• 52 %	• Insufficient understanding of requirements	• 32 %
• Insufficient explanations by reporting units	• 41 %	• Reconciliation within units within the group	• 31 %
• Insufficient knowledge of reporting processes in reporting units	• 30 %	• Double work by local and group accounting	• 30 %
• Unclear legal principles of accounting	• 28 %	• Lack of experience	• 28 %
• Late delivery by reporting units	• 24 %	• Data migration from local to group systems/formats	• 25 %
• Lack of automation of reporting processes	• 20 %	• Time spent for non material issues	• 24 %
• Inefficient consolidation tools	• 20 %	• Approval within the line organisation	• 22 %
		• System problems	• 21 %

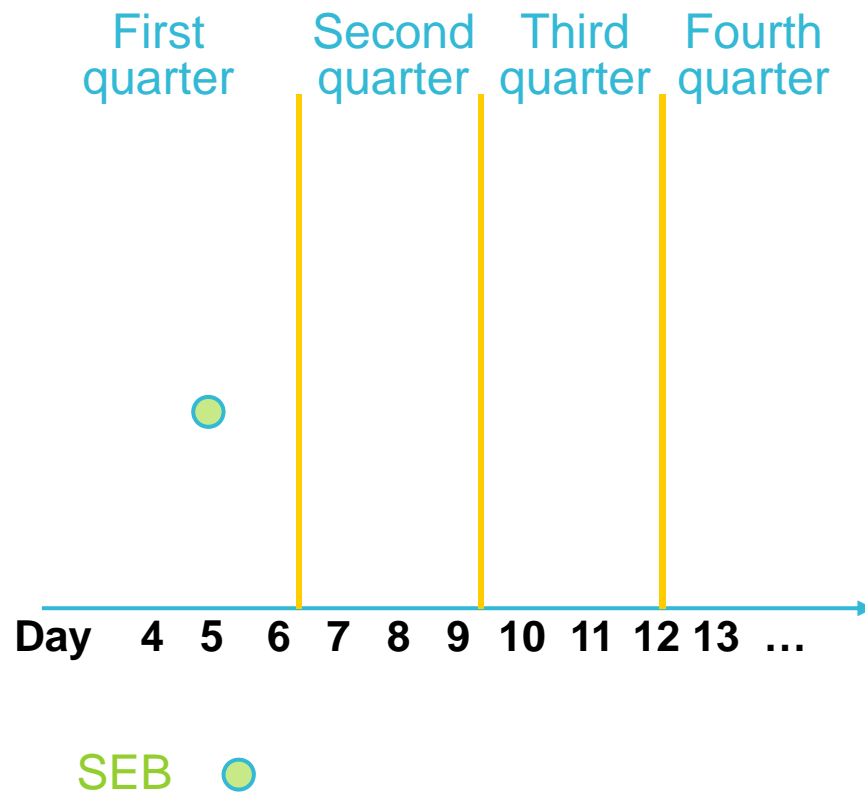
Source: Ralph Wenner, Michael Herrmann, Johannes Balling:
Qualitätskriterien und Trends bei Konsolidierung, Reporting und Planung;
 in: *Finanz Betrieb* 12/2007, Seite 723 ff.

ICFR annual cycle – maintaining monitored level

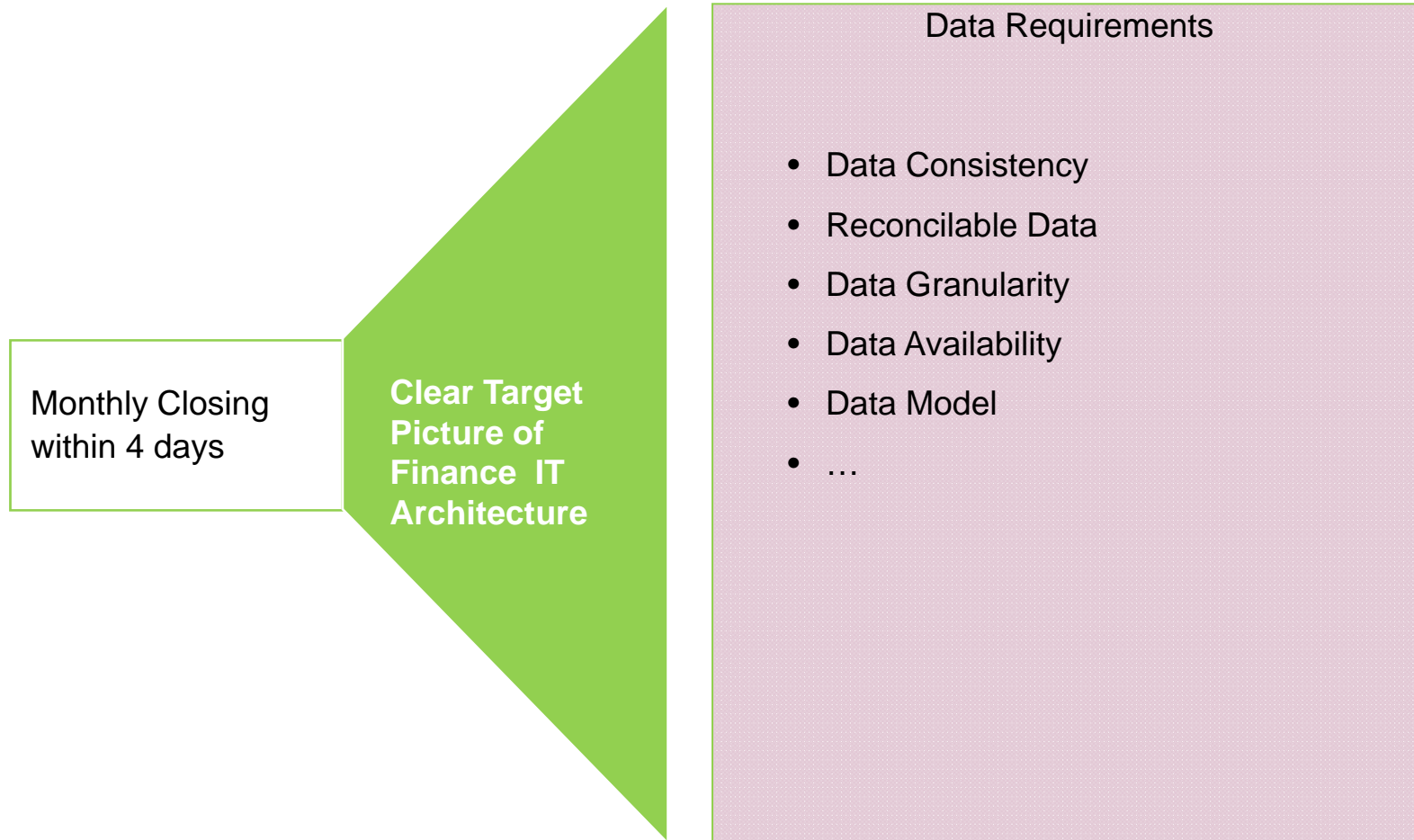
ICFR monitored level will be secured over time through the continued operation of the ICFR annual cycle:



Benchmarking

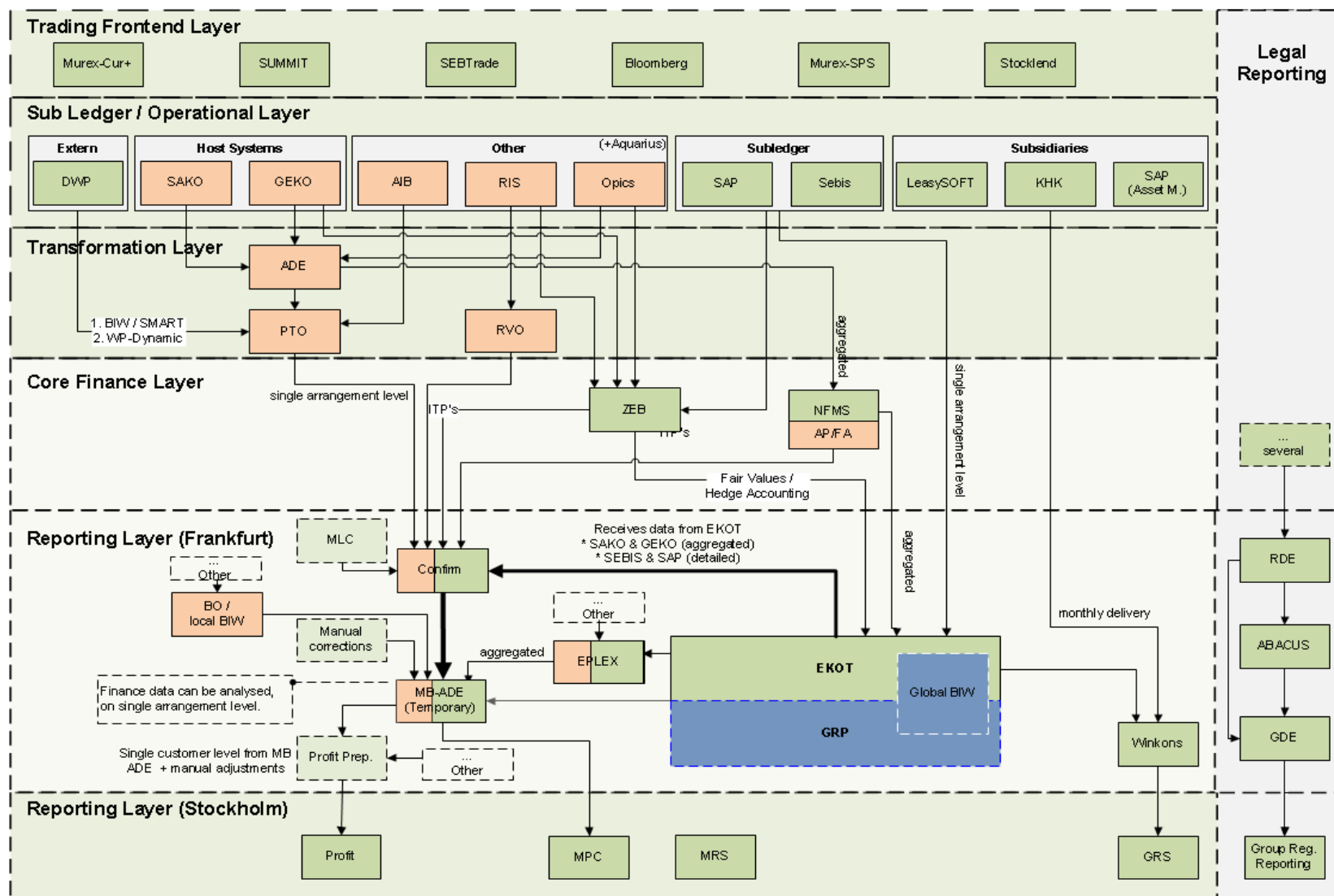


Accelerated closing is driving the data requirements of the Finance IT

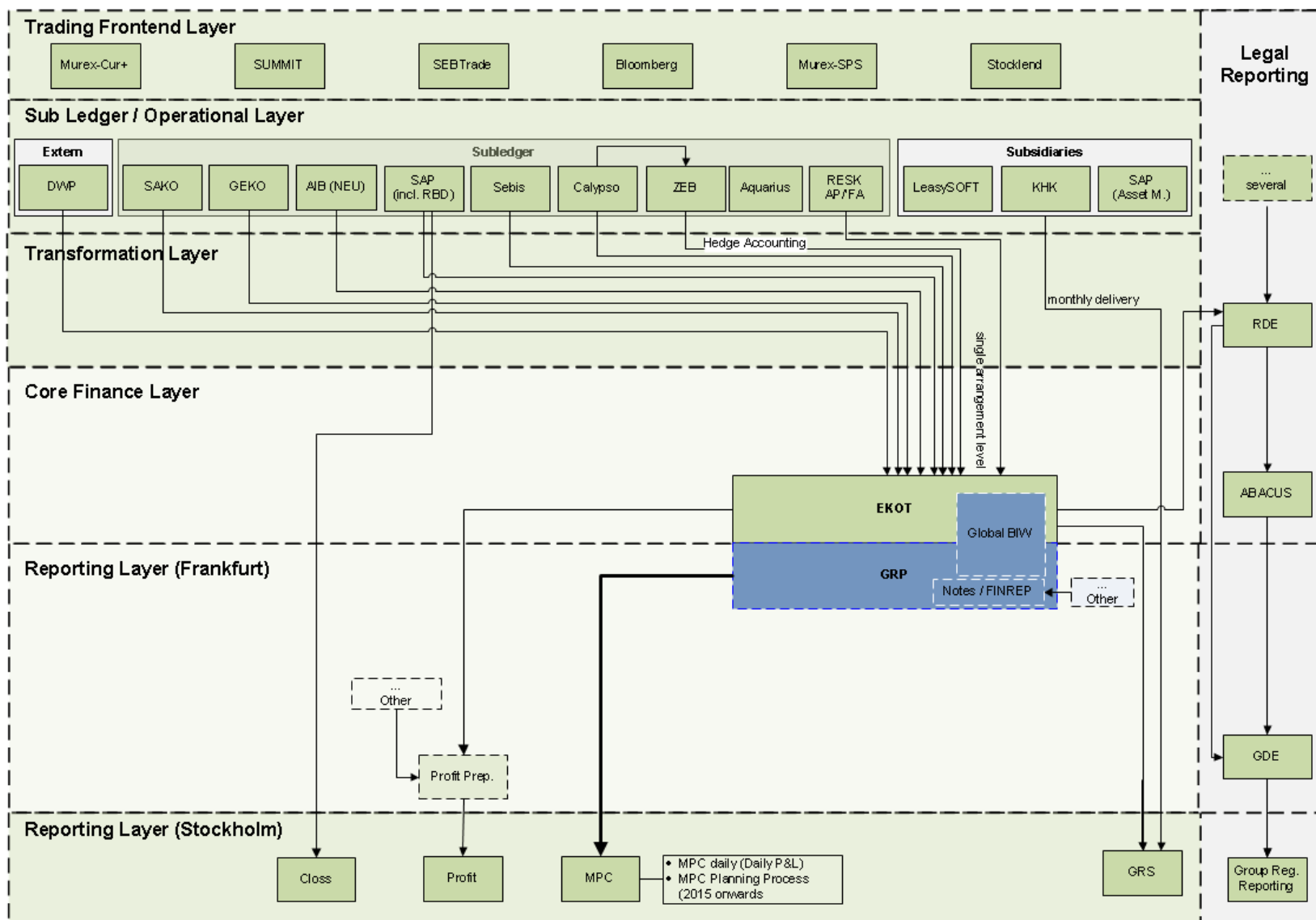


5. IT and data model

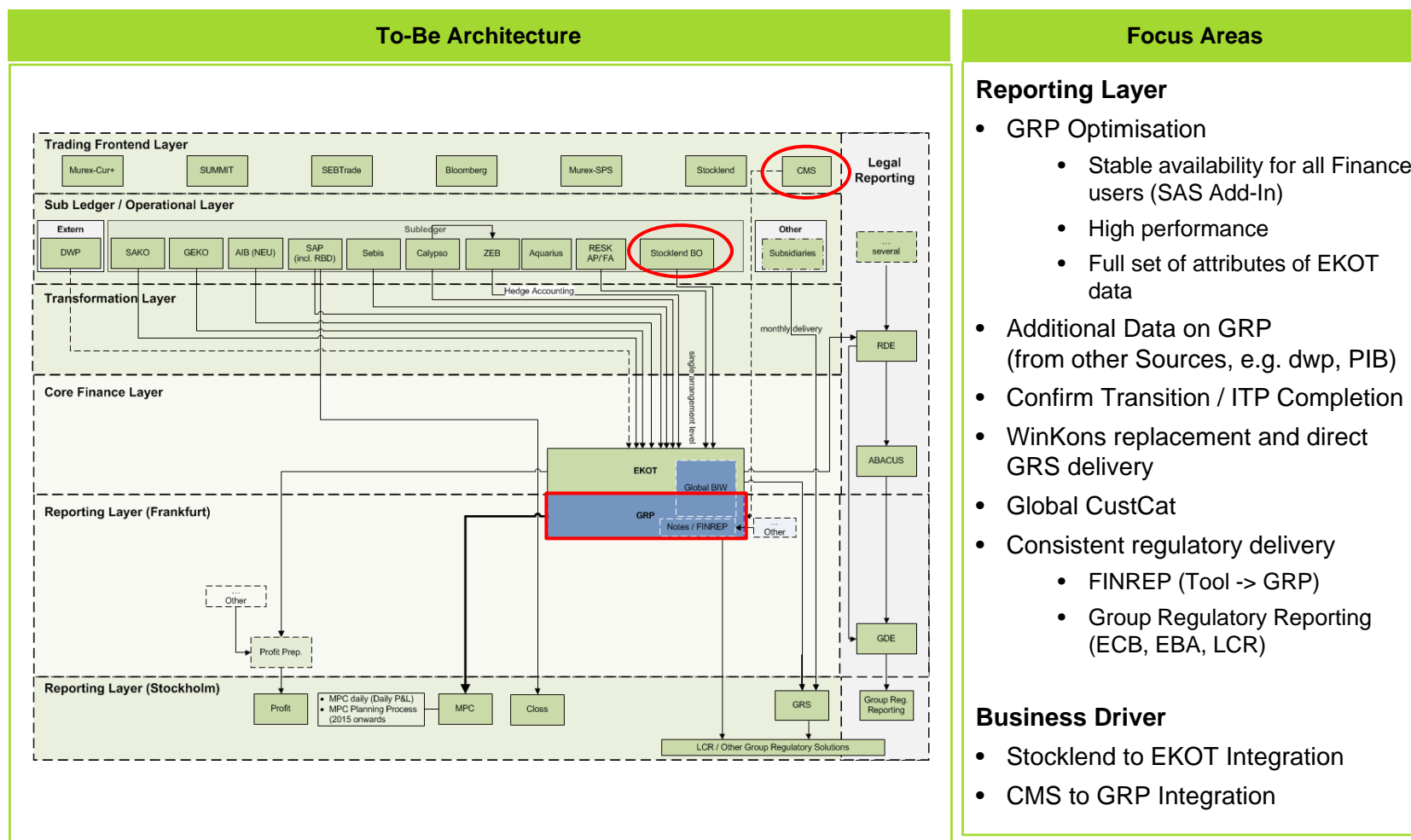
Finance IT architecture before project



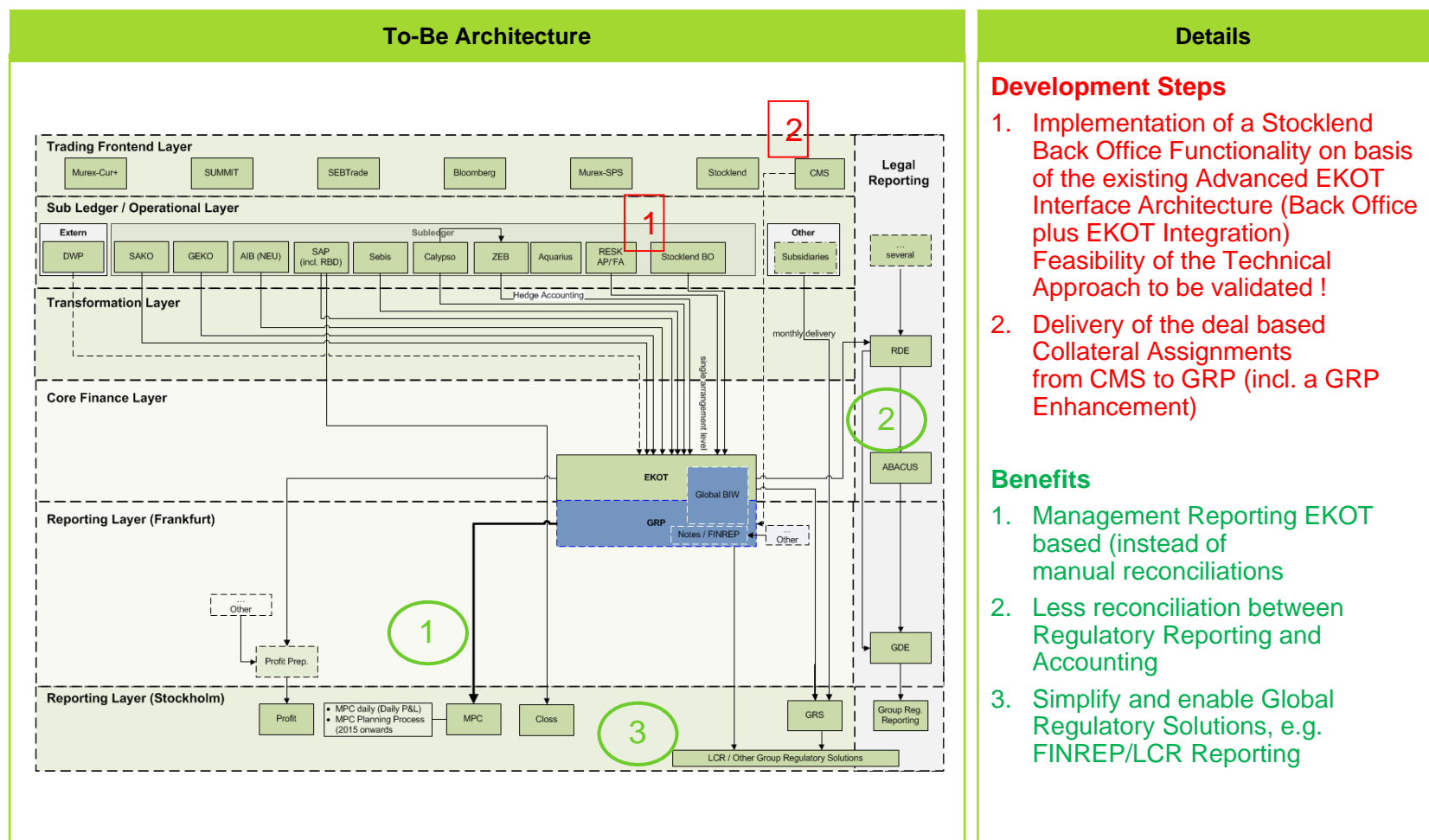
Finance to be architecture / Roadmap 2014-16



Example of existing project scope – business needs

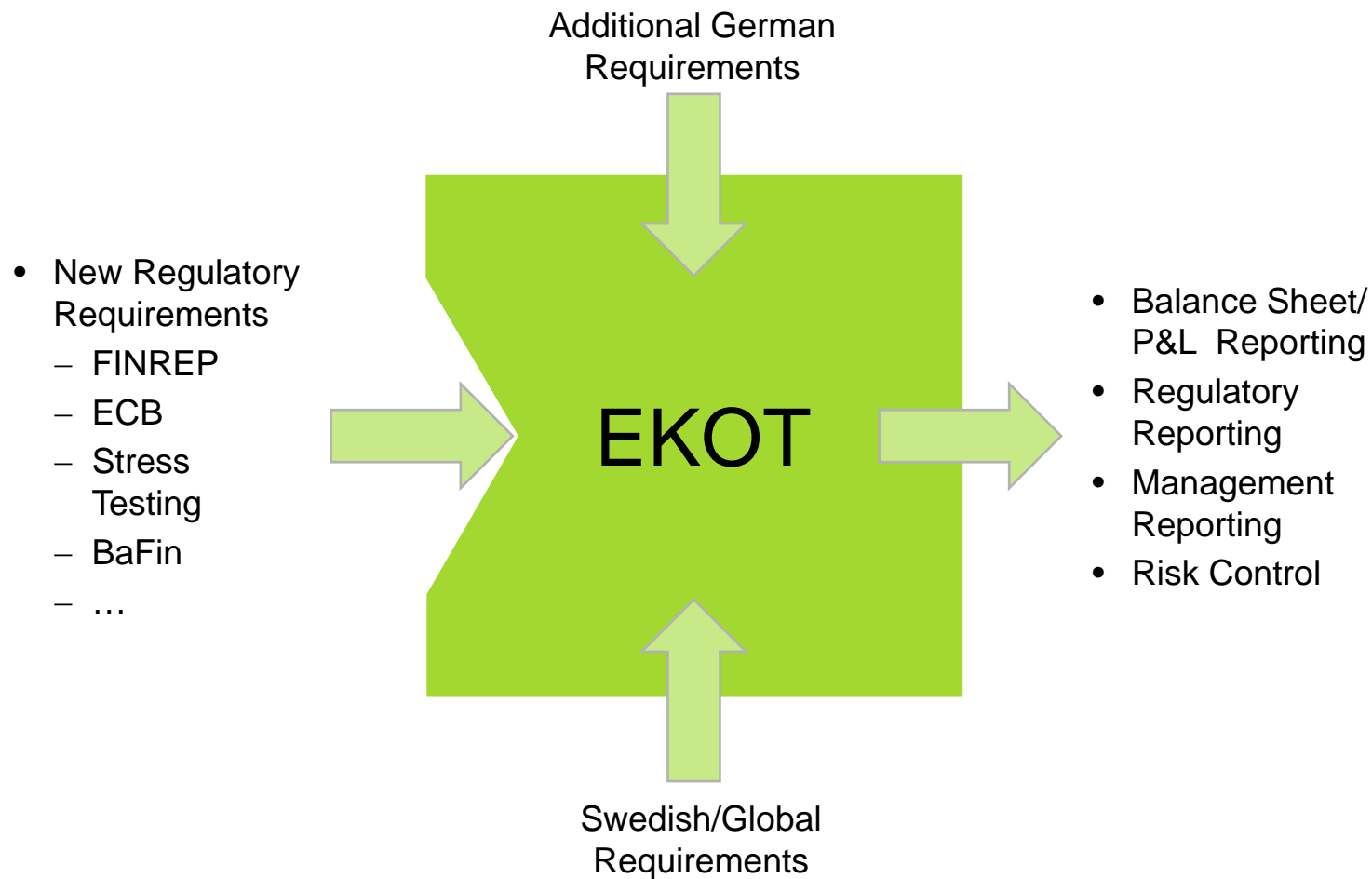


Example of existing project scope – project scope



Strategic importance of EKOT

EKOT is the central platform for consistent regulatory reporting



Based on a target picture for an IT architecture of the “Core Finance Layer” ...

- Finance Platform EKOT is the “source of truth” for all Finance data output
- All booking systems are integrated into EKOT
- EKOT will provide Finance data on a single deal level from all booking systems, incl. the correct assignment of the profit center
- All Finance data of SEB AG and its subsidiaries are consolidated in GRS



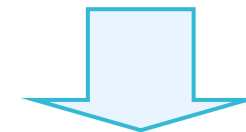
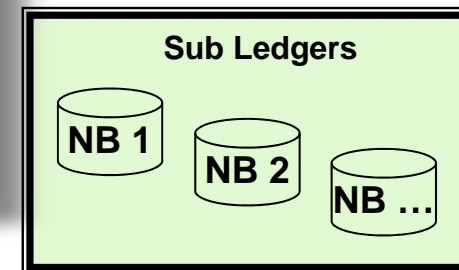
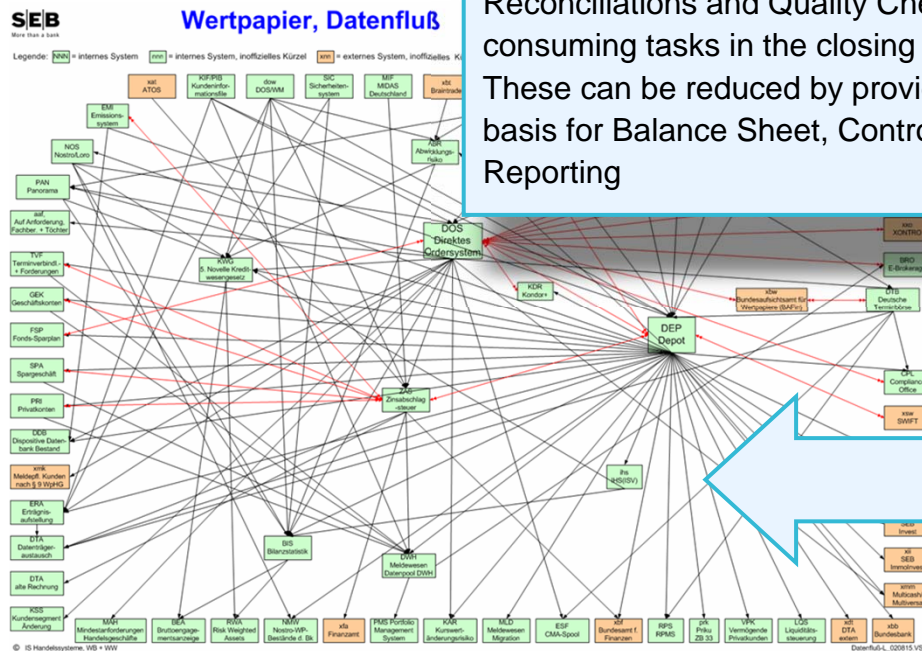
...High Level Data requirements can be defined

- It must be possible to perform “Last Minute” correction postings, on a single deal level as well as on an aggregated level
- Corrected Finance data has to be provided intraday in all outputs (reports)
- It must be possible to simulate the impact of corrections in different dimensions (customer profitability, product profitability etc.)
- It should be possible, to join all Finance data with other data outside the EKOT platform, e.g. customer information, securities master data
- All Finance data from prior periods should be shown in the current valid structures, e.g. portfolio-, profit-center structures

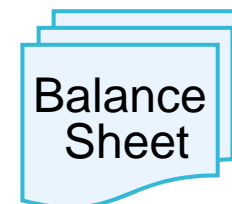
Aligned Finance Reporting

Aligned Finance Reporting

Reconciliations and Quality Checks are the most time-consuming tasks in the closing process. These can be reduced by providing a common data basis for Balance Sheet, Controlling and Regulatory Reporting



- Common Databasis
- „correct at source“
- aligned processes



6. Projects and prioritisation

Performance Management

Statusupdate Finance 2014		Verantwortlichkeit			Projekt Set up			Stand per:			Progress		
Bereiche	Thema	Sponsor	Owner	PL	Ress. verf.	Konzept erstellt	Plan erstellt	Start	Ende	Nächster kritischer Meilenstein (Datum/Beschreibung)	Time	Ress.	Delivery
Top Prio IT					Ja/Nein	teilw.	Nein				grün	grün	t.b.d.
					Ja	Ja	Ja				gelb	grün	grün
					Ja/Nein	teilw.	Ja				grün	gelb	grün
					Ja	Ja	Ja				grün	grün	grün
Top Prio Prozesse					Nein	Nein	Nein				grün	gelb	grün
					Ja	Ja	Nein				t.b.s.	t.b.s.	t.b.s.
					Ja	Ja	Ja				grün	grün	grün
					Nein	Nein	Nein				t.b.s.	t.b.s.	t.b.s.
					Ja	Ja	Ja				grün	grün	grün
Inter IT					Ja	Ja	Ja				grün	grün	grün
					Ja	Ja	Ja				gelb	grün	gelb
					Nein	teilw.	Nein				t.b.d.	t.b.d.	t.b.d.
					Ja	Ja	Ja				grün	grün	grün
					Ja	teilw.	Nein				rot	rot	rot
Inter Proz.					Ja	Nein	Nein				grün	grün	grün
On hold					Ja	Ja	Nein				t.b.s.	t.b.s.	t.b.s.
					Nein	Nein	Nein				t.b.s.	t.b.s.	t.b.s.
					Ja	Ja	Ja				grün	grün	grün
Sonst					Ja	Ja	Ja				grün	grün	grün
Neu											t.b.s.	t.b.s.	t.b.s.
											t.b.s.	t.b.s.	t.b.s.
					Ja	Ja	Ja				grün	grün	grün
					Ja	Ja	Ja				rot	grün	gelb
					Ja	Ja	Ja				gelb	grün	grün
					Ja	Ja	Ja				grün	grün	grün
					Ja	Ja	Ja				grün	grün	grün
					Ja	Ja	Ja				grün	gelb	grün
					Nein	Nein	Nein				t.b.s.	t.b.s.	t.b.s.
					Nein	Nein	Nein				grün	grün	grün
					Nein	Nein	Nein				t.b.s.	rot	t.b.s.
					Ja	Ja	Ja				grün	grün	grün
					Ja	Ja	Ja				grün	grün	grün

Thank you for listening

SEB

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