



# SEB Annual Accounts 2016

Annika Falkengren  
President & CEO

# Highlights 2016

**1** Lower interest rates for longer and market uncertainty

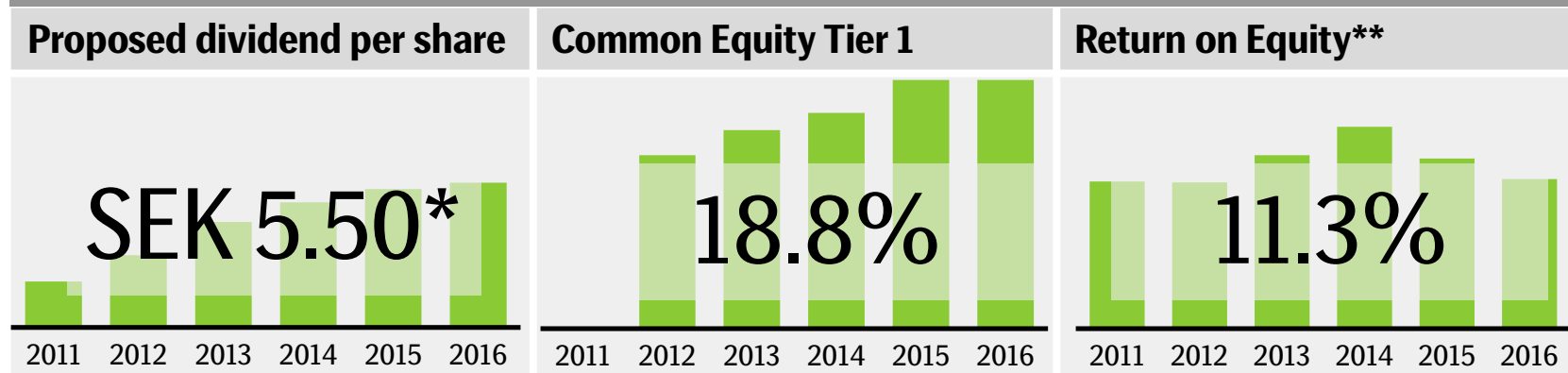
**2** Pick up in customer activity towards the end of the year

**3** Robust capital position and strong asset quality

# Financial summary

Profit & Loss, (SEK m)	Underlying			Reported		
	FY 2016	FY 2015	%	FY 2016	FY 2015	%
<b>Total Operating income</b>	<b>43,251</b>	<b>44,665</b>	-3	<b>43,771</b>	<b>43,763</b>	0
Total Operating expenses	-21,812	-21,802	0	-27,761	-21,802	27
<b>Profit before credit losses</b>	<b>21,439</b>	<b>22,863</b>	-6	<b>16,010</b>	<b>21,961</b>	-27
Net credit losses etc.	-1,143	-1,096	4	-1,143	-1,096	4
<b>Operating profit</b>	<b>20,296</b>	<b>21,767</b>	-7	<b>14,867</b>	<b>20,865</b>	-29

## Key financials



\* Proposal to the AGM

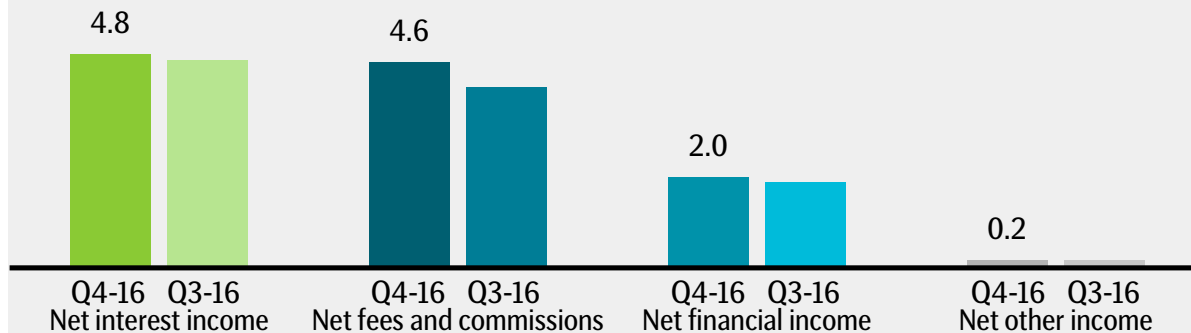
\*\* Note: Excluding items affecting comparability: Swiss withholding tax of SEK -0.9bn in 2015, SEB Baltic Visa transaction of SEK +0.5bn and goodwill impairments and restructuring activities of SEK -5.9bn in 2016

# Financial summary

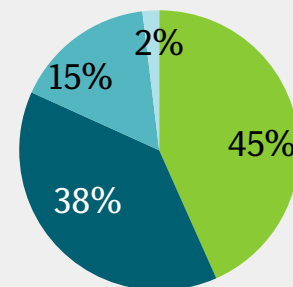
## Profit and loss (SEK m)

	Q4-16	Q3-16	%	Q4-15	%
<b>Total Operating income</b>	<b>11,618</b>	<b>10,795</b>	8	<b>11,280</b>	3
Total Operating expenses	-5,709	-5,355	7	-5,478	4
<b>Profit before credit losses</b>	<b>5,909</b>	<b>5,440</b>	9	<b>5,802</b>	2
Net credit losses etc.	-351	-211	66	-297	18
<b>Operating profit</b>	<b>5,558</b>	<b>5,229</b>	6	<b>5,505</b>	1

## Operating income by type, Q4 2016 vs. Q3 2016 (SEK bn)



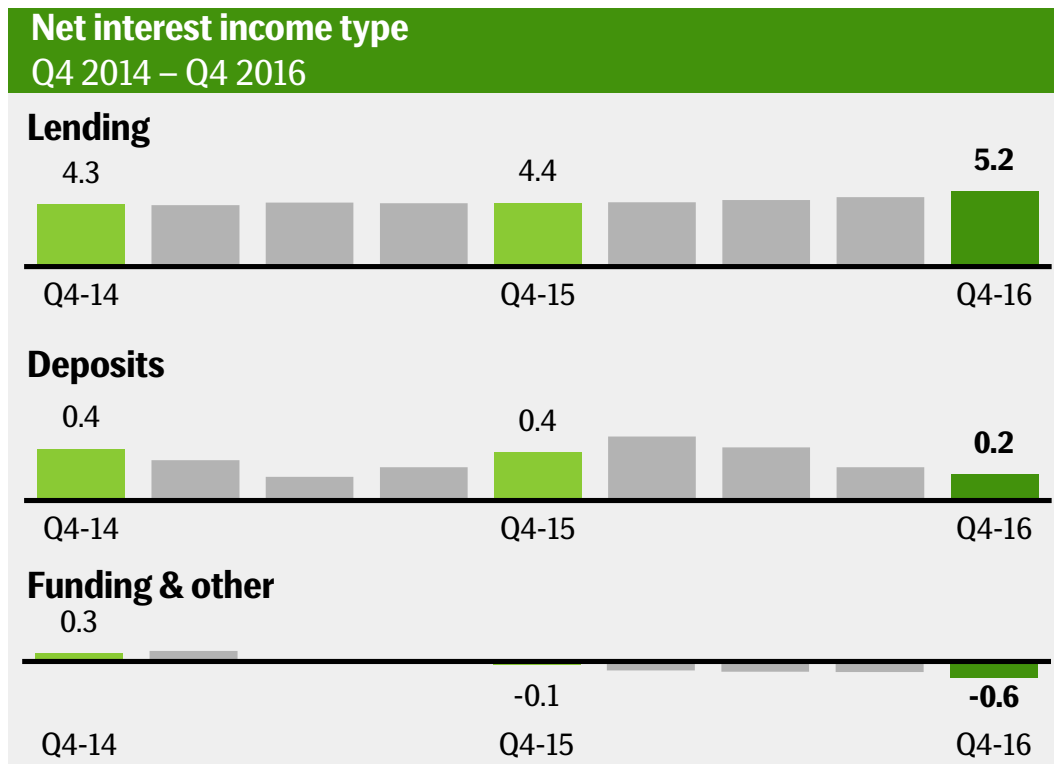
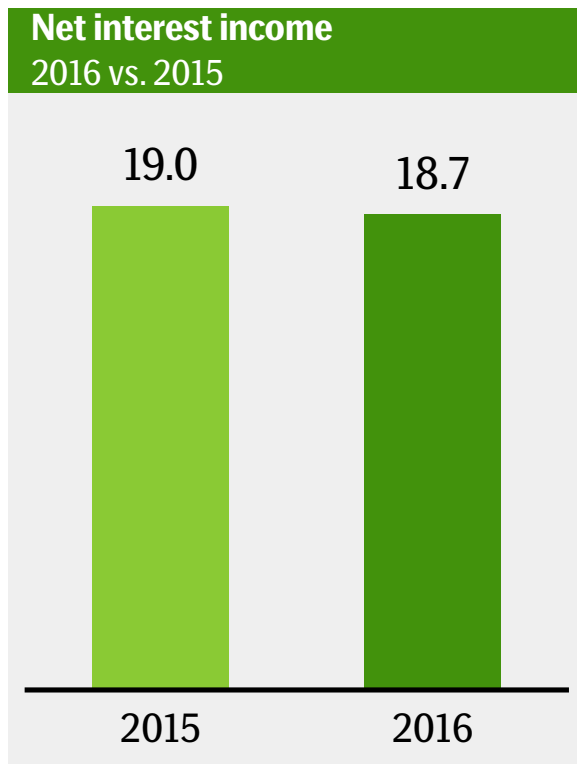
## Income distribution 2016\*



\* Excluding item affecting comparability: SEB Baltic Visa transaction of SEK +0.5bn

# Net interest income development

SEK bn, excl. item affecting comparability

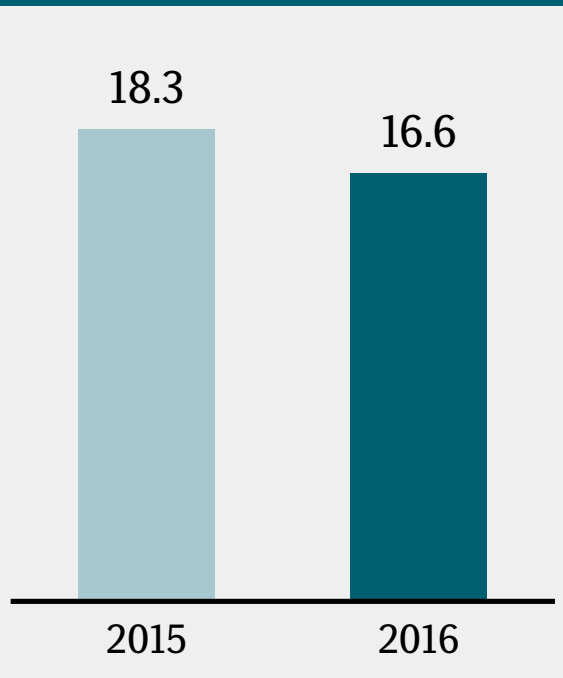


Excluding SEK -82m Swiss withholding tax in Q2 2015.

# Net fee and commission income development

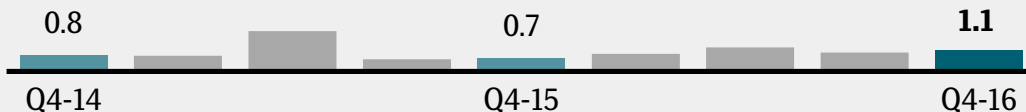
SEK bn

**Net fee and commissions**  
2016 vs. 2015

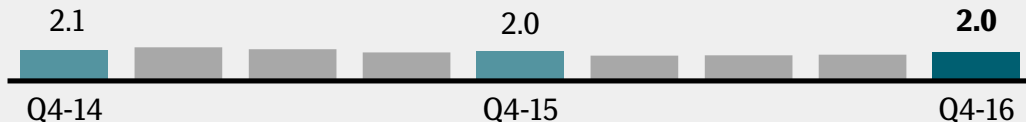


**Gross fee and commissions by income type**  
Q4 2014 – Q4 2016

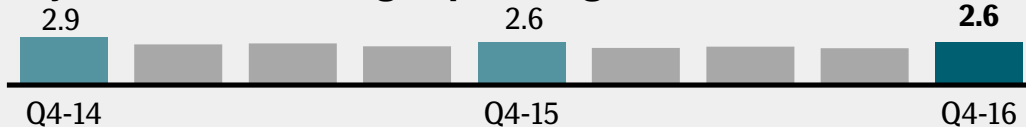
**Advisory, secondary markets and derivatives**



**Custody and mutual funds**



**Payments, cards, lending, deposits & guarantees**



**Life insurance fees**

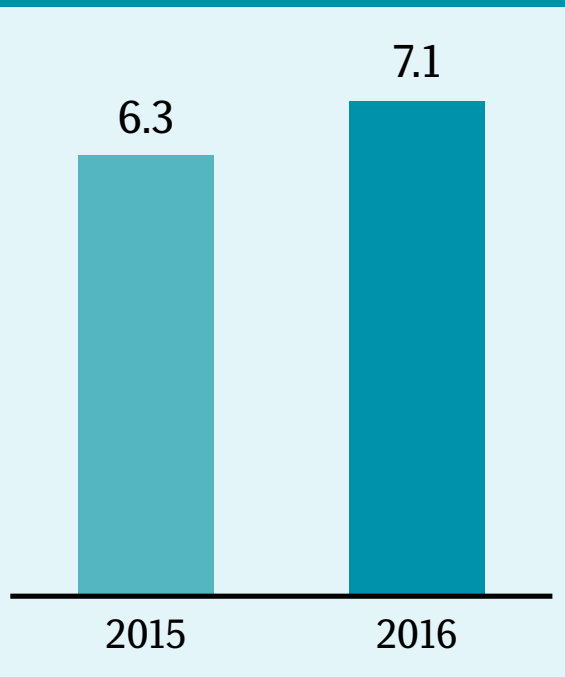


# Net financial income development

SEK bn, excl. item affecting comparability

## Net financial income

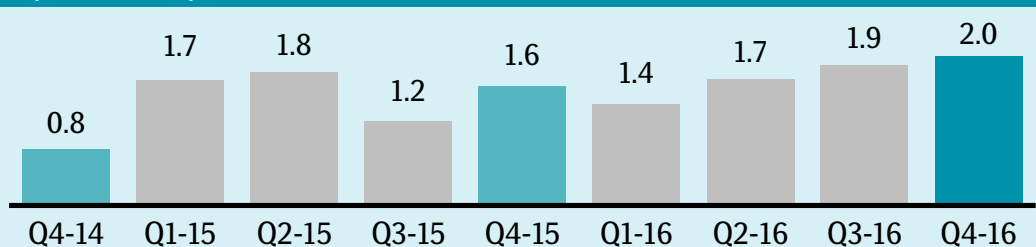
2016 vs. 2015



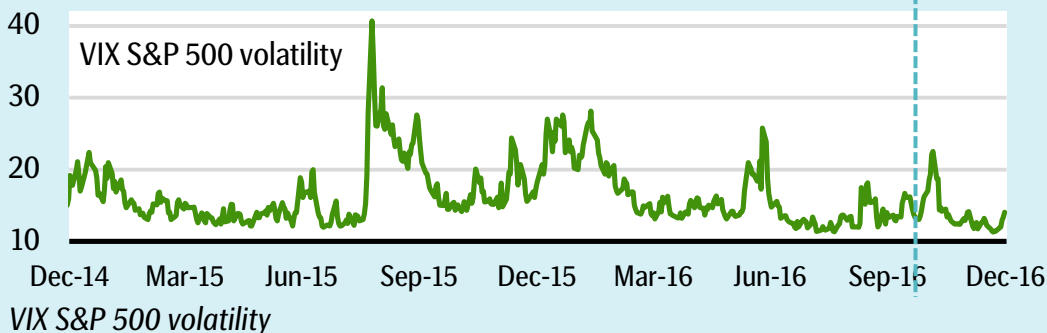
Excluding SEK -820m Swiss withholding tax in Q2 2015.

## Net financial income development

Q4 2014 – Q4 2016



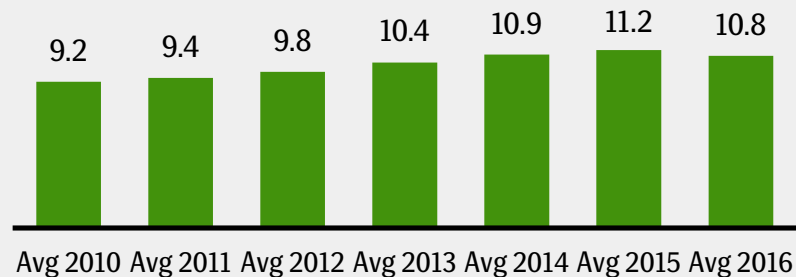
## Reduced volatility



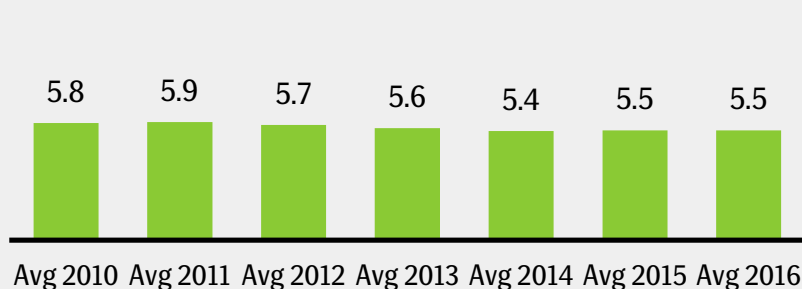
# Operating leverage

Excluding items affecting comparability

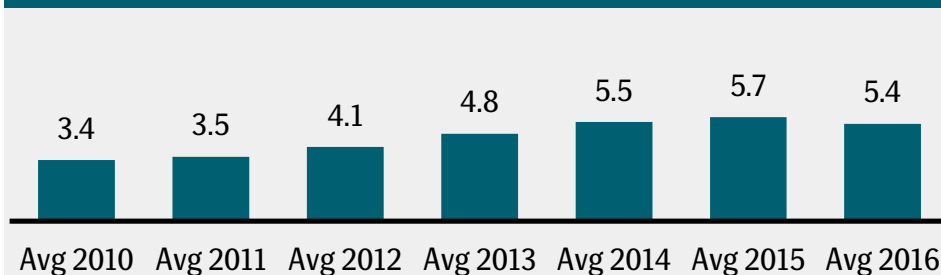
**Average quarterly income (SEK bn)**



**Average quarterly expenses (SEK bn)**



**Average quarterly profit before credit losses (SEK bn)**



Excluding items affecting comparability (restructuring in 2010, bond buy-back and IT impairment in 2012, sale of MasterCard shares and Euroline in 2014, Swiss withholding tax in 2015, Goodwill impairment, other one-off cost items and SEB Baltic VISA transaction in 2016) Estimated IAS 19 costs in 2010



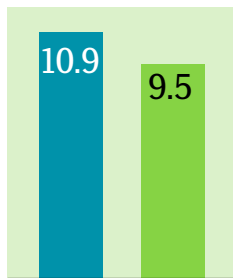
## Large Corporates & Financial Institutions

Operating profit & key figures\*

SEK bn



■ FY 2015 ■ FY 2016



RoBE	11.7%	(12.6)
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Business Equity, SEK bn	62.4	(66.4)
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- Positive market sentiment and increased customer activity towards the end of 2016
- No. 1 rank in customer satisfaction Nordic region
- Strong fourth quarter, op.profit +31% Q-o-Q

\*Excluding items affecting comparability

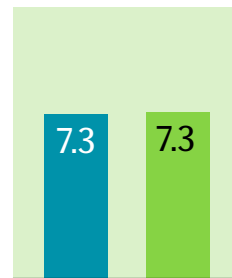
## Corporate & Private Customers

Operating profit & key figures

SEK bn



■ FY 2015 ■ FY 2016



RoBE	15.2%	(14.7)
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Business Equity, SEK bn	37.3	(38.1)
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- 15 per cent market share in SME segment
- Digital offering enhanced
- Best Private Banking provider in Sweden, Nordics & Baltics

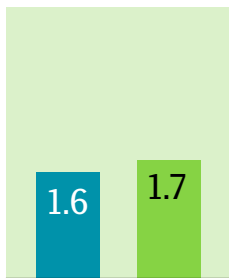
## Baltic Banking

Operating profit & key figures\*

SEK bn



■ FY 2015 ■ FY 2016



RoBE	20.1%	(18.6)
Business Equity, SEK bn	7.6	(7.5)

- Higher lending demand in all countries
- Digital offering enhanced
- Best Bank (The banker)



\*Excluding items affecting comparability

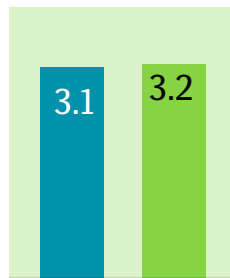
## Life & Investment Management

Operating profit & key figures

SEK bn



■ FY 2015 ■ FY 2016



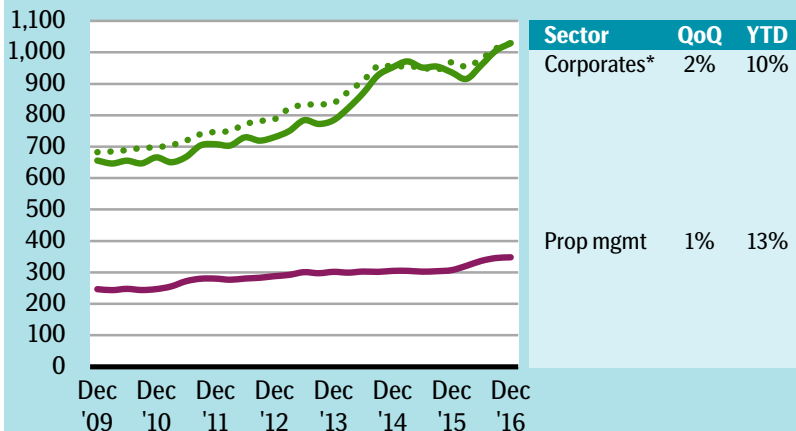
RoBE	23.5%	(30.3)
Business Equity, SEK bn	11.6	(8.7)

- Holistic savings offering incl traditional insurance with increasing market share in Sweden
- No. 1 in fund performance by Morningstar

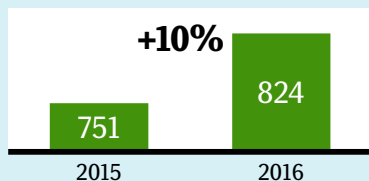


# Corporate franchise continues to expand in all markets

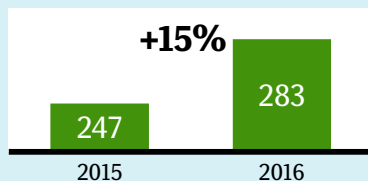
## Credit portfolio by sector (SEK bn)



### LC & FI Nordic corporate & property management



### C & PC Corporate & property management



\* Green dotted line is FX-adjusted

## Increased customer satisfaction and market share

### Nordic Customer Satisfaction rating

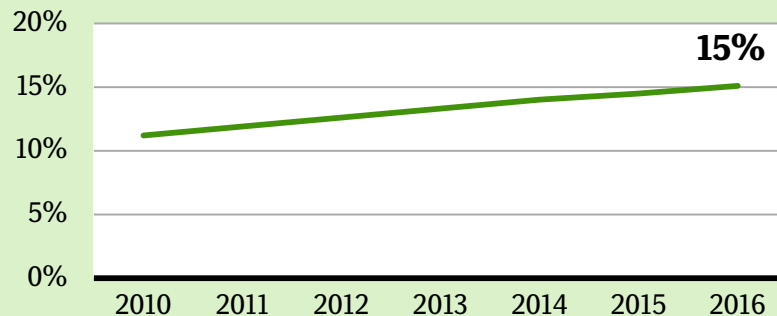
Large Corporates



Financial Institutions



### SME market share, Sweden



Source: SCB, December 2016

# Transformation initiatives during 2016

## "Trygghetsplaneraren"



## Tink



Aida,  
virtual AI-agent

## Investor World, Enhanced Web-based Custody offering



2016

Q1

Q2

Q3

Q4

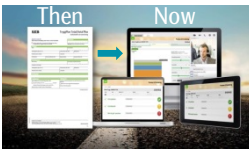
Forward

## Youth App

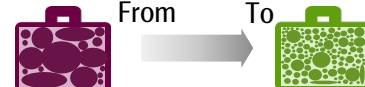


MEMBER OF  
**Dow Jones  
Sustainability Indices**  
In Collaboration with RobecoSAM

## Digital signing



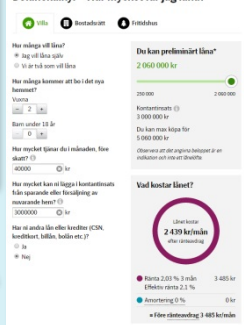
## IT development portfolio



## Ripple – internal blockchain pilot



## Bölanekalkyl – Hur mycket får jag låna?



# Strong asset quality and balance sheet

	(SEK bn)	2009	2015	2016
Asset quality	Non-performing loans	28.6bn	8.0bn	7.6bn
	NPL coverage ratio	65%	62%	63%
	Net credit loss level	0.92%	0.06%	0.07%
Funding and liquidity	Customer deposits	750bn	884bn	962bn
	Liquidity resources	>10%	~25%	~25%
	Liquidity coverage ratio	N.A.	128%	168%
Capital	CET 1 ratio (Basel 3)	11.7% <small>Basel 2.5</small>	18.8%	18.8%
	Total capital ratio (Basel 3)	14.7% <small>Basel 2.5</small>	23.8%	24.8%
	Leverage ratio (Basel 3)	N.A.	4.9%	5.1%

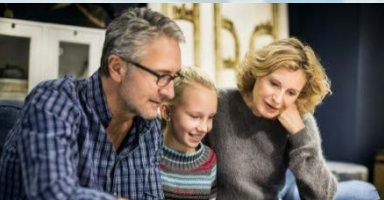
# Focus on growth and transformation continues



**Full focus on Swedish businesses**



**Continue to grow in the Nordics and Germany**



**Savings & pension growth**



**World-class service**



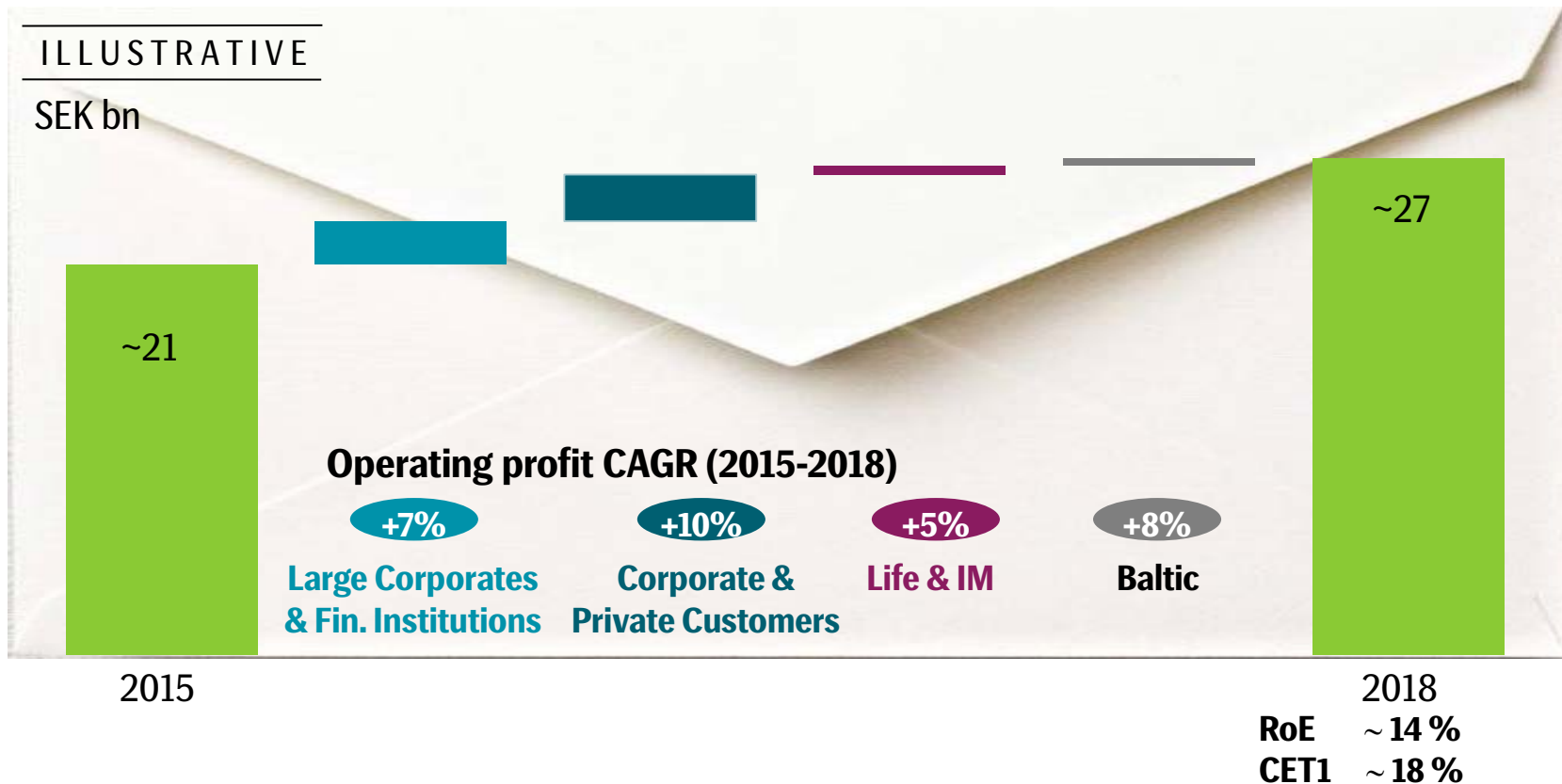
**Digitisation**



**Next generation competences**



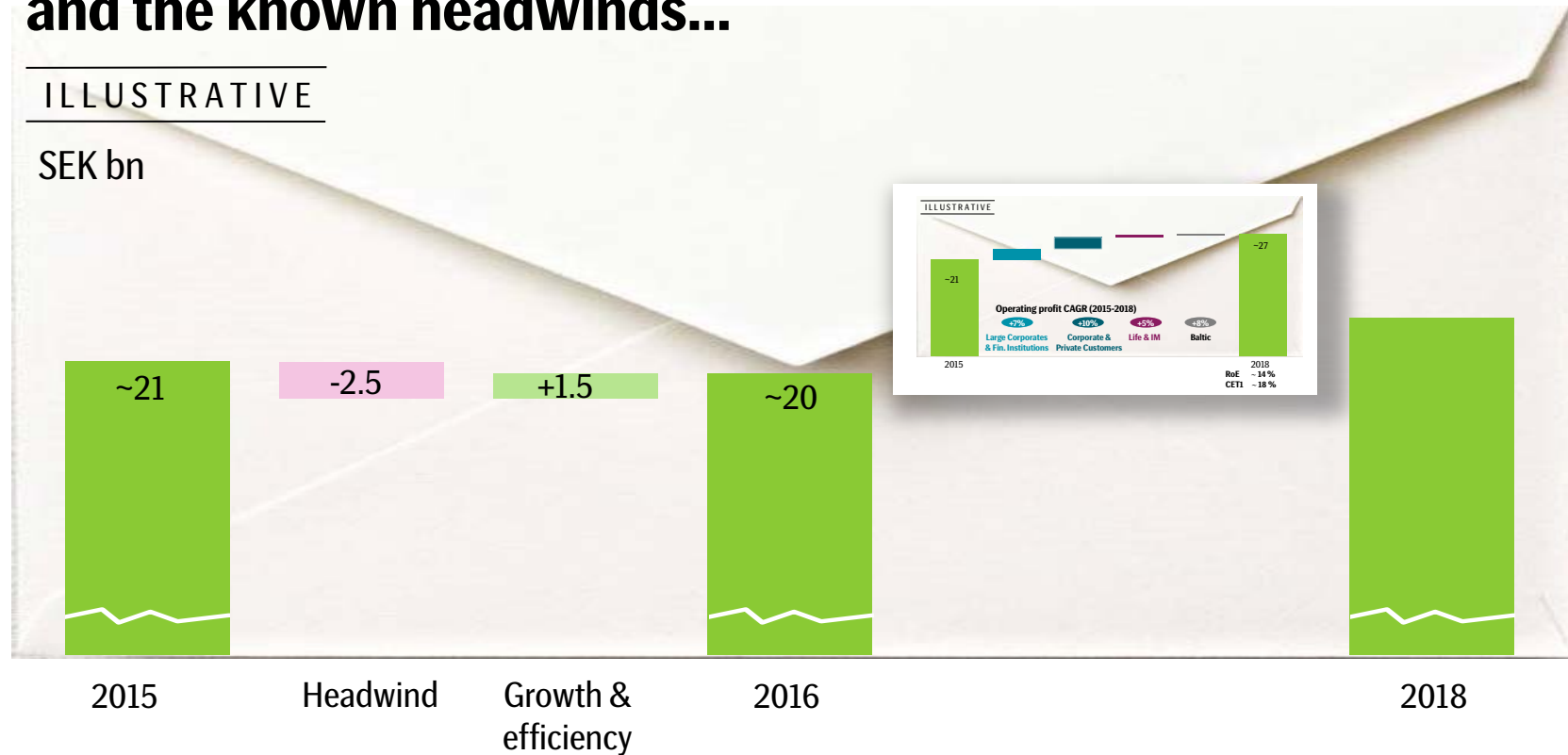
# Recap of what we said last year...



# Growth and efficiency even in a flat interest rate environment and the known headwinds...

ILLUSTRATIVE

SEK bn





# Financial targets

**Dividend pay-out  
ratio 40% or above**

**Common Equity Tier 1  
with ~150bps buffer**

**RoE competitive  
with peers**

**Long-term aspiration**  
**RoE 15%**

# The journey to world-class service continues

Focus on meeting changing customer behaviour

Continued disciplined execution

Increased emphasis on resilience and long-term perspective in challenging economic climate

