

# Financial results Q4 2023

25 January 2024

Johan Torgeby, President & CEO  
Masih Yazdi, CFO

# Highlights in Q4 2023

- High customer satisfaction among both Large Corporates and Financial Institutions, with maintained #1 positions in annual Nordic Prospera surveys
- Overall asset quality remained robust and return on equity was solid at 15.2 per cent, in line with our long-term aspiration
- Costs for 2023 were in line with the FX-adjusted cost target of SEK 27.0-27.5 bn. For 2024 we have a cost target<sup>1</sup> of SEK ≤29bn
- Proposed ordinary dividend of SEK 8.50 per share, a special dividend of SEK 3.00 per share and decided on a new quarterly share buyback programme of SEK 1.75bn

Return on equity  
15.2%

Cost income ratio  
0.35

CET1 ratio  
19.1%

Capital buffer  
440 bps

<sup>1</sup> Assuming average 2023 FX and not including AirPlus.

# Financial summary FY 2023

SEK m	Jan-Dec 2023	Jan-Dec 2022	
<b>Total operating income</b>	<b>80,193</b>	<b>64,478</b>	<b>+24%</b>
Total operating expenses	-27,449	-25,044	+10%
<b>Profit before ECL and imposed levies</b>	<b>52,744</b>	<b>39,434</b>	<b>+34%</b>
Net expected credit losses	-962	-2,007	-52%
Imposed levies	-3,819	-2,288	+67%
<b>Operating profit</b>	<b>47,963</b>	<b>33,739</b>	<b>+42%</b>
<b>Net profit</b>	<b>38,116</b>	<b>26,877</b>	<b>+42%</b>
<b>Earnings per share (SEK)</b>	<b>18.2</b>	<b>12.6</b>	<b>+44%</b>

Net ECL level  
3 bps

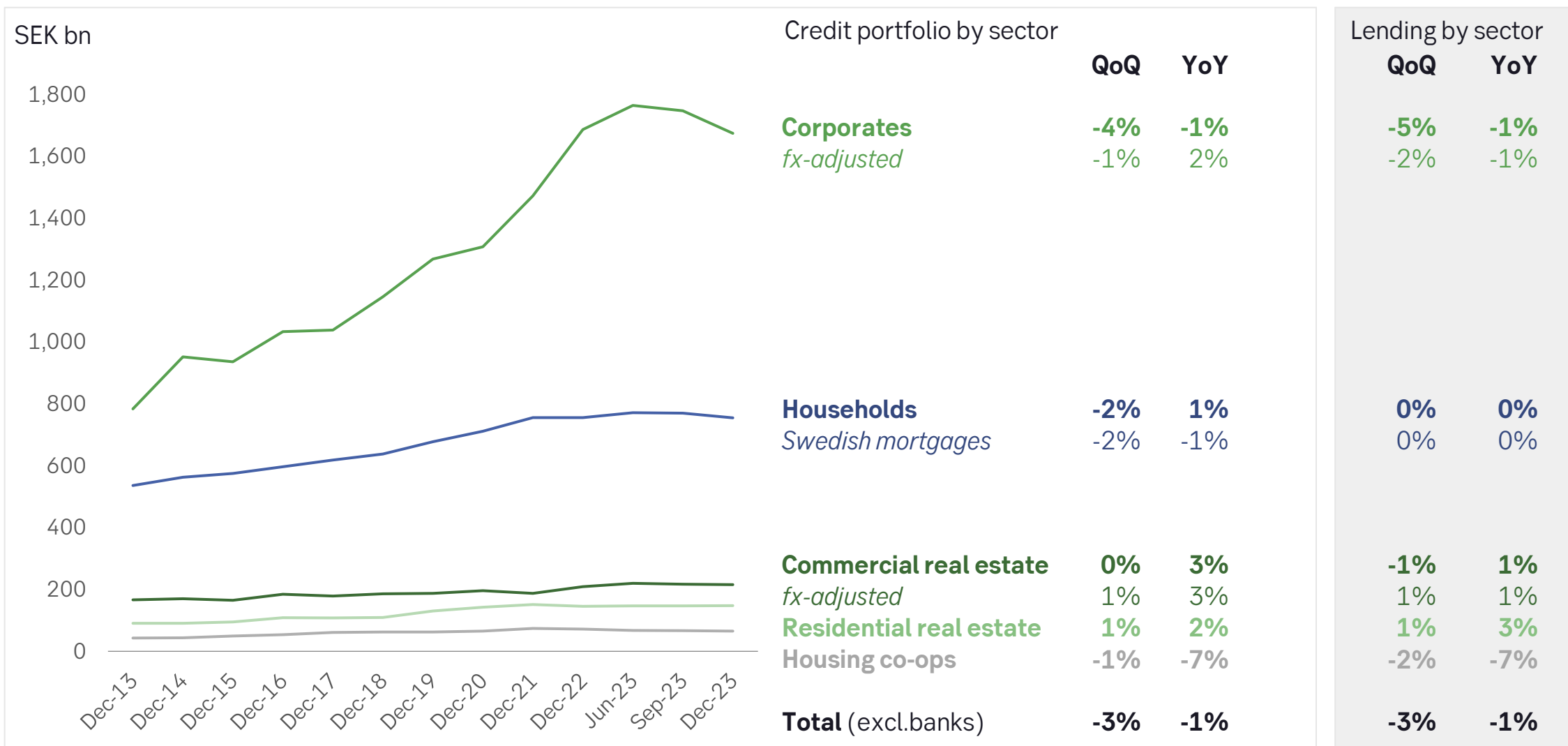
C/I  
0.34

CET1  
19.1%

RoE  
17.9%

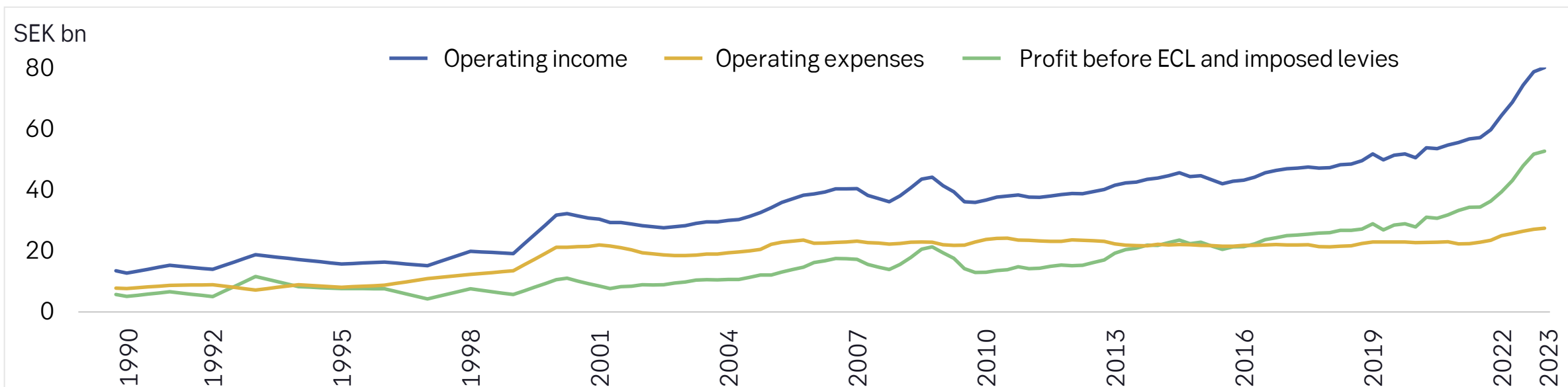
DPS  
SEK 8.50+3.00

# Development of credit portfolio



Note: Credit portfolio includes loans, contingent liabilities and derivatives. FX-adjusted excludes trading products.

# Stable growth in operating leverage over time



## Compound annual growth rate (CAGR)

	1990 – 2023	2013 – 2023	2017 – 2023
Operating income	+6%	+7%	+9%
Operating expenses	+5%	+1%	+3%
Profit before ECL and imposed levies	+7%	+12%	+14%

Note: data based on rolling four quarters. Figures restated since 2016.

# Perspectives on our broader financial contribution



## Increased value to **owners** (equity capital providers)

Net profit

+42% YoY

SEK 38bn

Example of owners

**investor**



**alecta**

Private individuals

Beneficiaries

Foundations &  
~560,000 investors

~4,000,000 individuals

~2,800,000 individuals

250,000+

## Increased resources to **public finances**

Taxes and imposed levies

+46% YoY

SEK 14.4bn

## Large contributions to **public finances** relative other industries (taxes + imposed levies) / (operating profit + imposed levies), 2023

Effective tax rate  
reported 20.5%

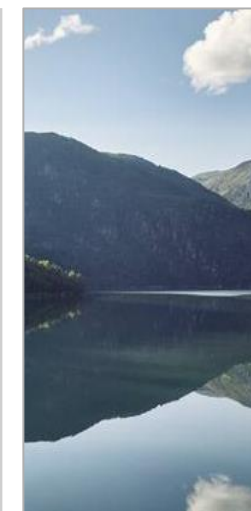
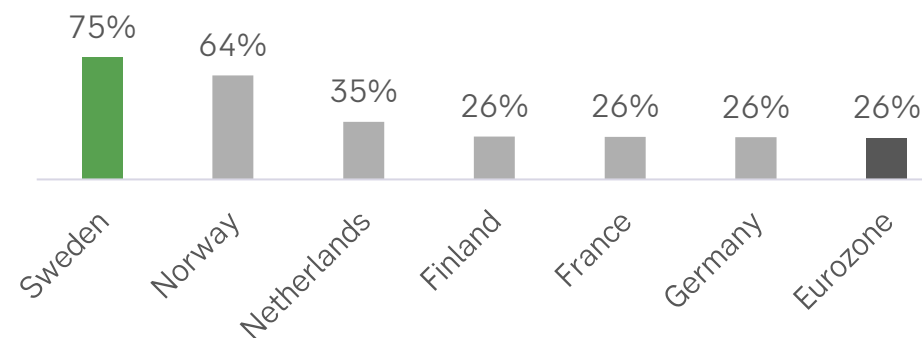
26%

20.6%

SEB

Swedish corporate tax

## Swedish **depositors** gain a relatively larger benefit of rate hikes Total deposit betas in Europe <sup>1</sup>, October 2023



<sup>1</sup> ECB, Kepler Cheuvreux estimates.

An aerial photograph of a vast mountain range under a dramatic, sunset sky. The mountains are rugged and partially covered in snow, with a prominent peak in the center. A large, calm lake is visible in the lower right, reflecting the warm light of the setting sun. The overall scene is serene and majestic.

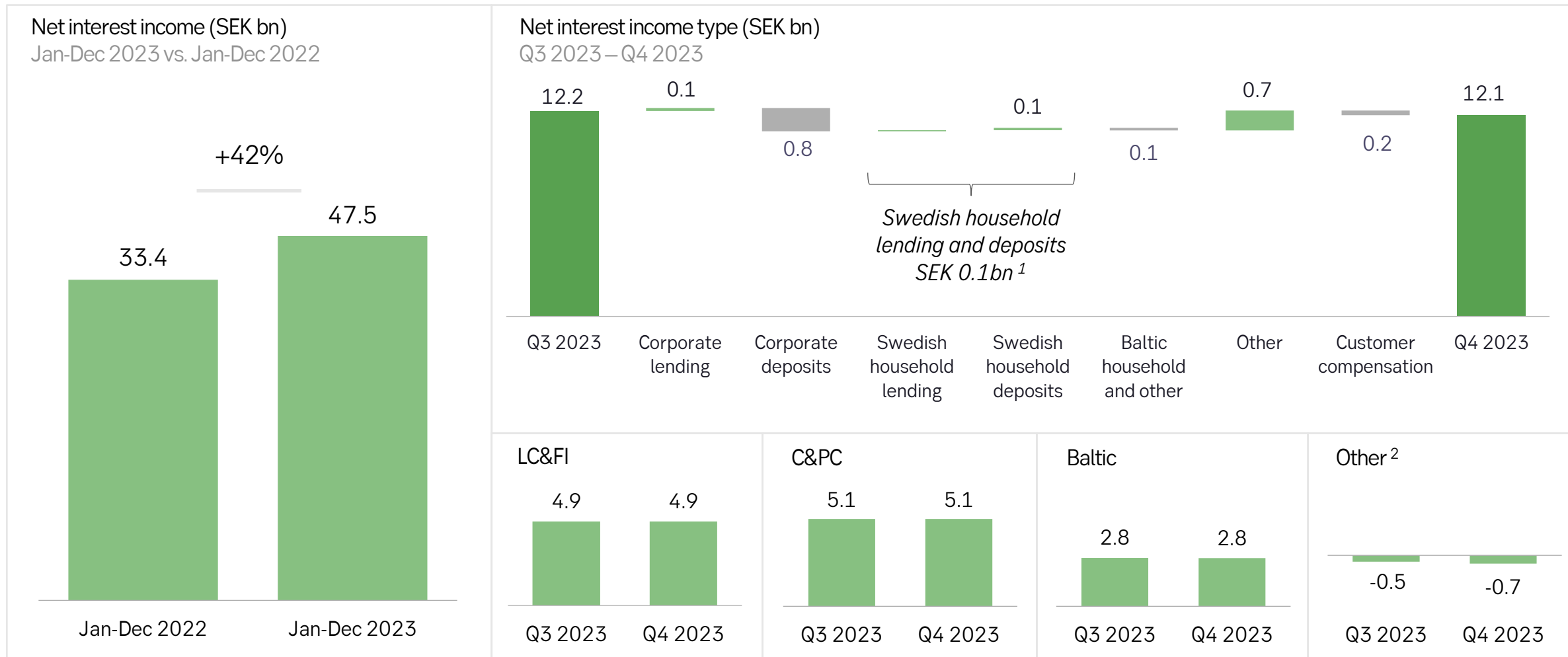
Masih Yazdi, CFO

# Financial summary Q4 2023

SEK m	Q4 2023	Q3 2023		Q4 2022		
<b>Total operating income</b>	<b>20,136</b>	<b>20,979</b>	<b>-4%</b>	<b>18,798</b>	<b>+7%</b>	<b>Net ECL level</b> 9 bps  <b>C/I</b> 0.35  <b>CET1</b> 19.1%  <b>RoE</b> 15.2%
Net interest income	12,100	12,248	-1%	9,715	+25%	
Net fee and commission income	5,542	5,320	+4%	5,410	+2%	
Net financial income	2,386	2,594	-8%	3,476	-31%	
Total operating expenses	-7,130	-6,905	+3%	-6,757	+6%	
<b>Profit before ECL and imposed levies</b>	<b>13,006</b>	<b>14,073</b>	<b>-8%</b>	<b>12,041</b>	<b>+8%</b>	
Net expected credit losses	-664	17		-506	+31%	
Imposed levies	-1,075	-1,108	-3%	-578	+86%	
<b>Operating profit</b>	<b>11,267</b>	<b>12,983</b>	<b>-13%</b>	<b>9,558</b>	<b>+18%</b>	
Income tax expense	-2,894	-2,401	+21%	-2,156	+34%	
<b>Net profit</b>	<b>8,373</b>	<b>10,581</b>	<b>-21%</b>	<b>7,402</b>	<b>+13%</b>	

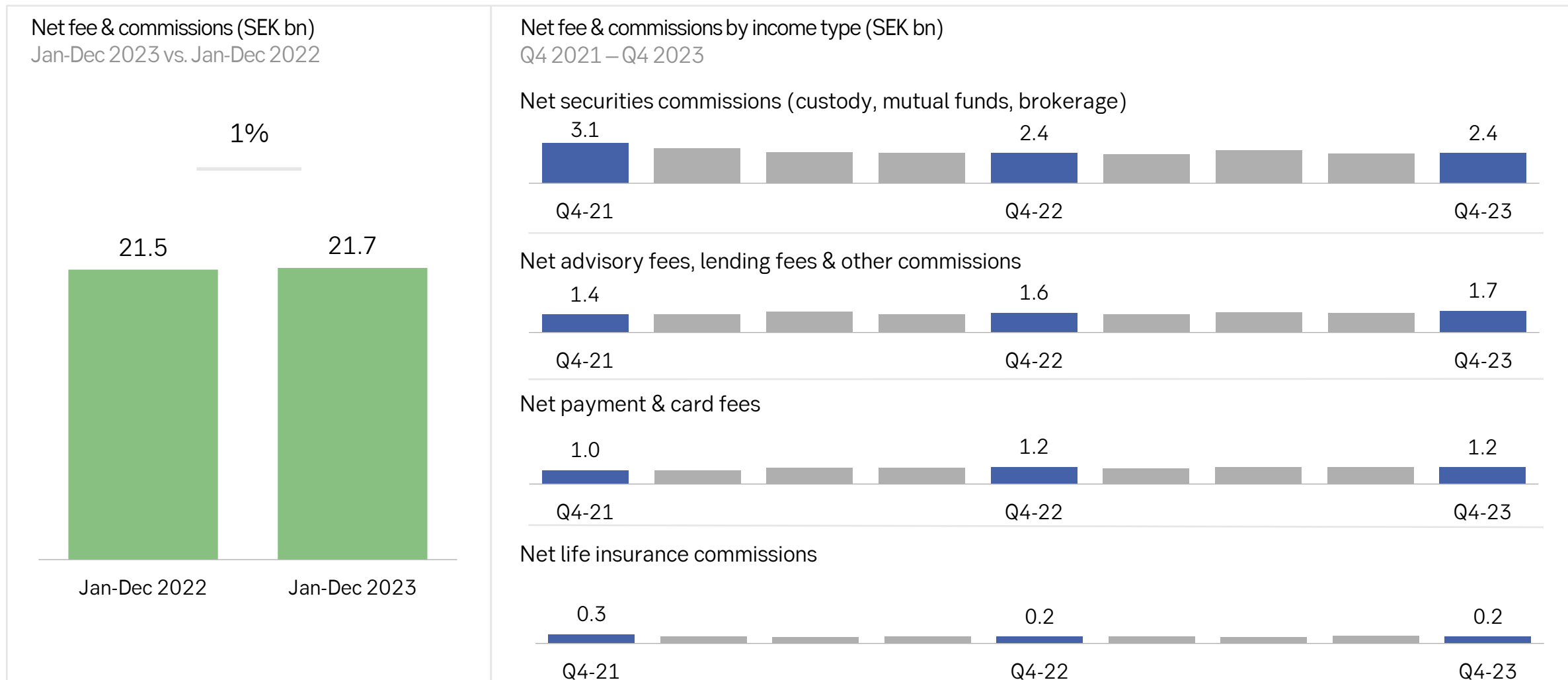


# Net interest income development



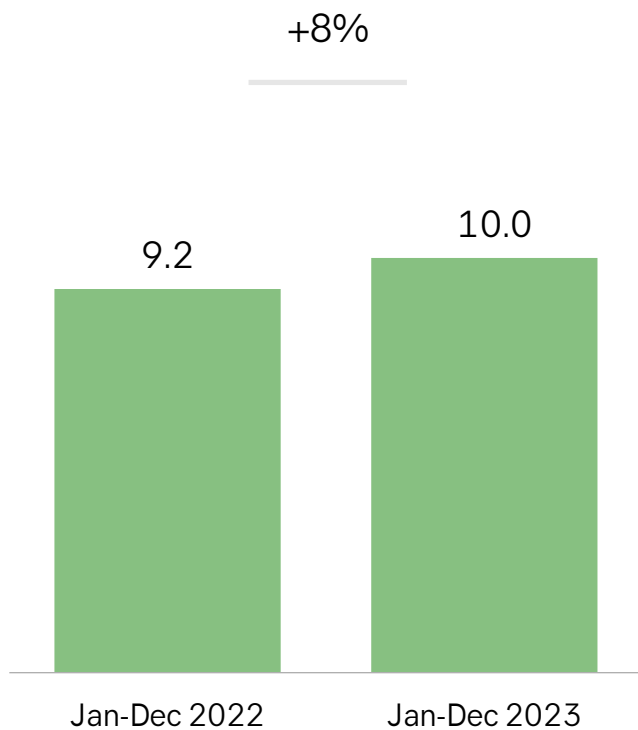
<sup>1</sup> Corporate & Private Customers division. Full year increase of SEK +0.8bn (5.7% of total NII 2023 increase). <sup>2</sup> "Other" includes divisions PWM&FO, Life, Investment Management, Group Functions and Eliminations.

# Net fee & commission income development

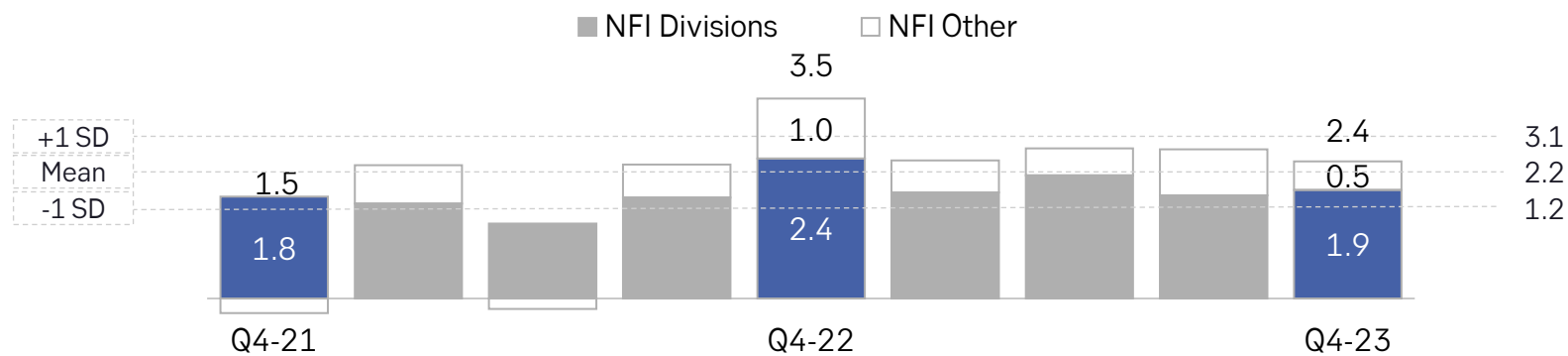


# Net financial income development

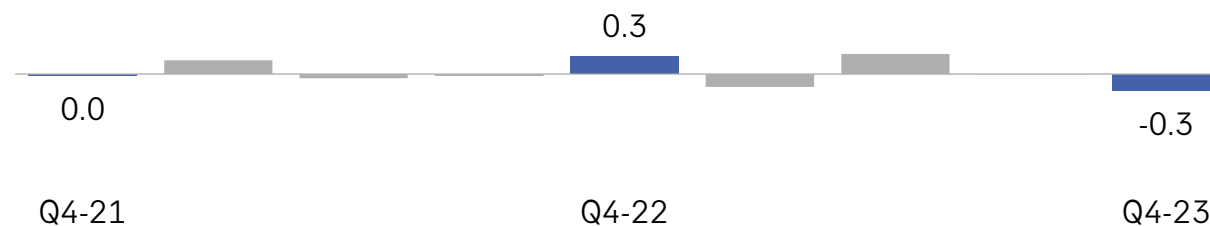
Net financial income (SEK bn)  
Jan-Dec 2023 vs. Jan-Dec 2022



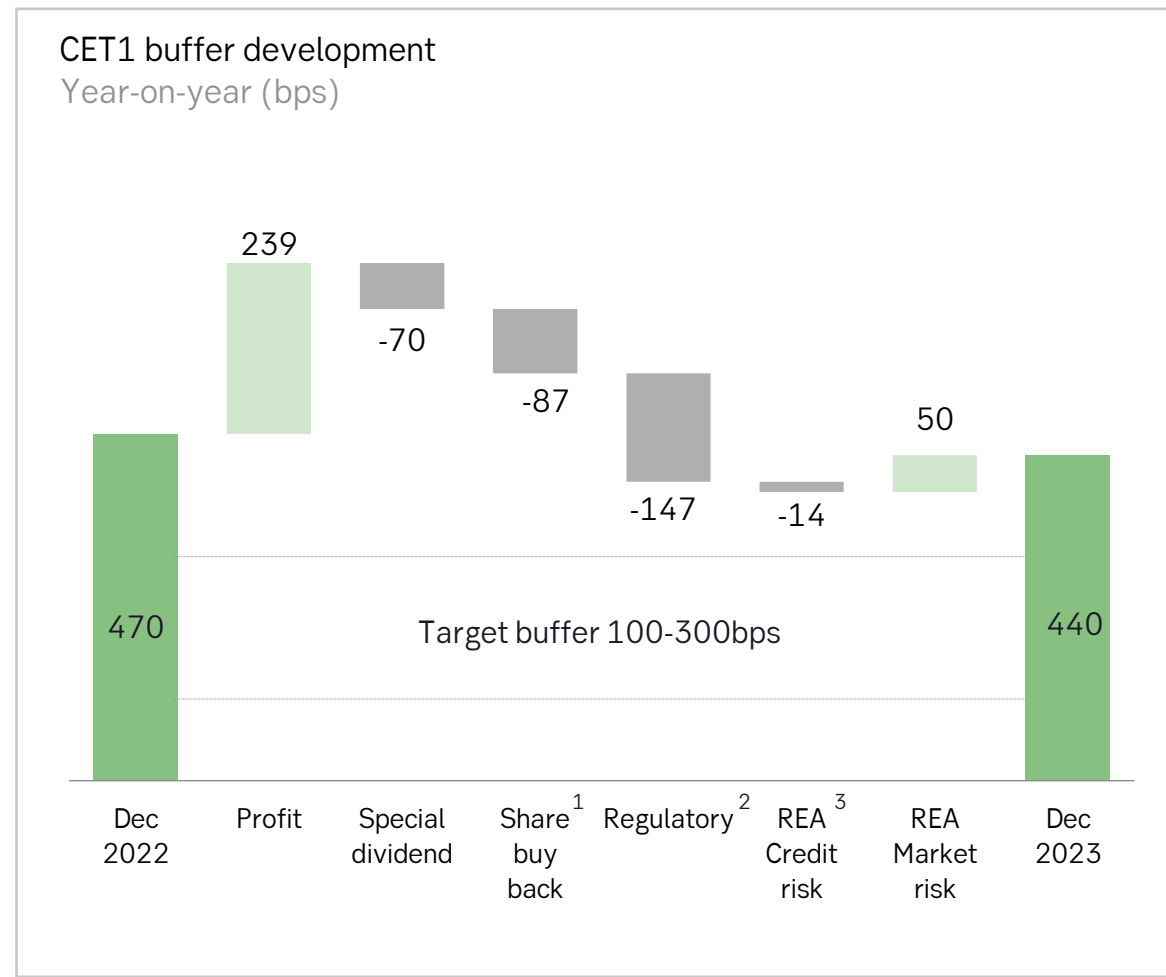
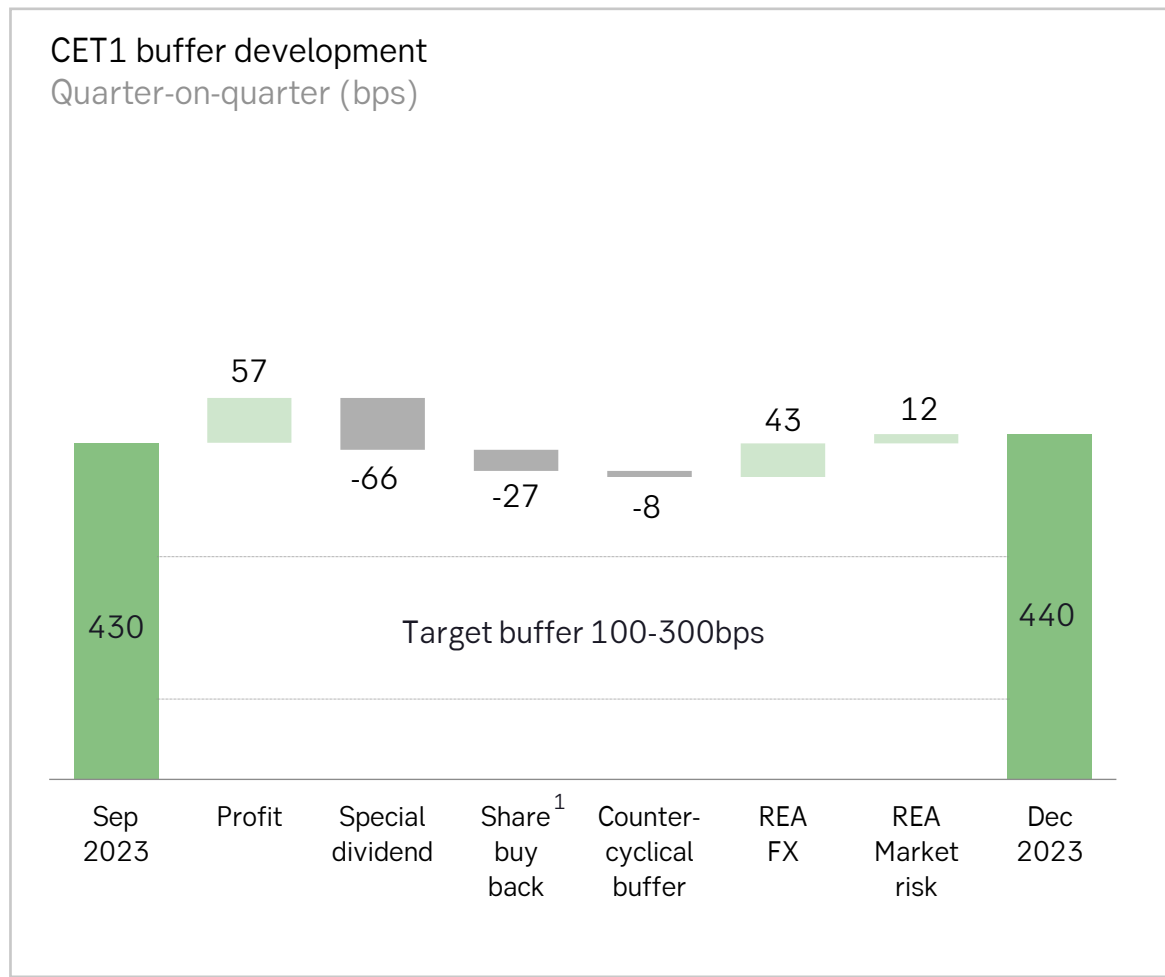
Net financial income development (SEK bn)  
Q4 2021 – Q4 2023. Mean and standard deviation (SD) based on Q1 2020 – Q4 2023 quarterly data



whereof CVA/DVA



# Capital buffer development



<sup>1</sup> In January 2024, SEB received a new supervisory approval to repurchase shares for up to SEK 2.5bn, and has deducted this amount in full from the CET1 capital. <sup>2</sup> Regulatory consist of SREP decision 2023 (IRB add-on, etc. -40bps), CCyB (-80bps) and the move of risk weight floors for exposures secured by real estate in Sweden from Pillar 2 to Pillar 1 (-30bps)

<sup>3</sup> Lending, Asset quality & FX.

# Strong asset quality and balance sheet

2022

## Asset quality

Net expected credit loss level 7 bps

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## Funding & liquidity

Customer deposits (SEK) 1,571bn

Liquidity coverage ratio 143%

Net Stable Funding Ratio (NSFR) 109%

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## Capital

CET1 ratio (Basel 3) 19.0%

CET1 buffer above requirement 470 bps

Total capital ratio (Basel 3) 22.5%

Leverage ratio (Basel 3) 5.0%

2023

## Asset quality

Net expected credit loss level 3 bps

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## Funding & liquidity

Customer deposits (SEK) 1,566bn

Liquidity coverage ratio 140%

Net Stable Funding Ratio (NSFR) 112%

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## Capital

CET1 ratio (Basel 3) 19.1%

CET1 buffer above requirement 440 bps

Total capital ratio (Basel 3) 22.4%

Leverage ratio (Basel 3) 5.4%

# Business plan update

Johan Torgeby, President & CEO

# Our 2030 Strategy remains intact

## Future-proofing customer relationships and profit generation

## Future-proofing our platform

### Acceleration

1

- Expand Corporate and Investment Banking
- Leverage markets and securities platforms
- Grow savings and investments in the Nordics and the Baltics
- Capture the sustainability supercycle

### Change

2

- Transform Retail Banking to go more digital, with a mobile first approach, in Sweden and the Baltics
- Establish Private Wealth Management & Family Office division in all home markets
- Scale and implement SEBx capabilities

### Partnerships

3

- Rethink ways of producing and distributing products and services
- Strengthen innovation and business momentum through external partnerships

### Efficiency

4

- Change approach from automation to end-to-end processes
- Develop into a fully data-driven organisation
- Accelerate technology development
- Enhance regulatory efficiency

# A selection of what we have delivered during 2023

## Future-proofing customer relationships and profit generation

## Future-proofing our platform

### Acceleration

1

- Broadened investment offering with new thematic funds
- Sustainability Activity Index +123%
- Carbon Exposure Index -39%
- Announced acquisition of AirPlus to enhance payments offering

### Change

2

- Expanded digital functionality for retail banking customers
- Record high customer satisfaction among private customers (NPS)
- Robust growth in PWM&FO division –1,950 new customers

### Partnerships

3

- Digital accounting services added through PE Accounting
- Overview of pension plans provided by Insurely
- Enhanced digital process for entrepreneurs to start a company enabled by Fortnox

### Efficiency

4

- Tripled the annual number of data use cases implemented in the bank
- Enabled digital prolongation of household mortgages
- Improved operational productivity: +5% transactions per employee
- Generative AI virtual assistant piloted for employees



# We continue to receive positive feedback from our customers



<sup>1</sup> All Tiers. <sup>2</sup> Ranking including SEB, Handelsbanken, Swedbank, Nordea, Danske Bank. <sup>3</sup> Ranking including SEB, Handelsbanken, Swedbank, Nordea.

<sup>4</sup> Banks with less than 300 respondents are summarised as one actor ('Other').

# Business plan update

Masih Yazdi, CFO

# In 2024, we will continue to invest to future-proof our business

Costs 2023 ————— SEK 27.4bn

Inflation ————— +950m  
*of which*  
*Salary* +600m  
*Other* +350m

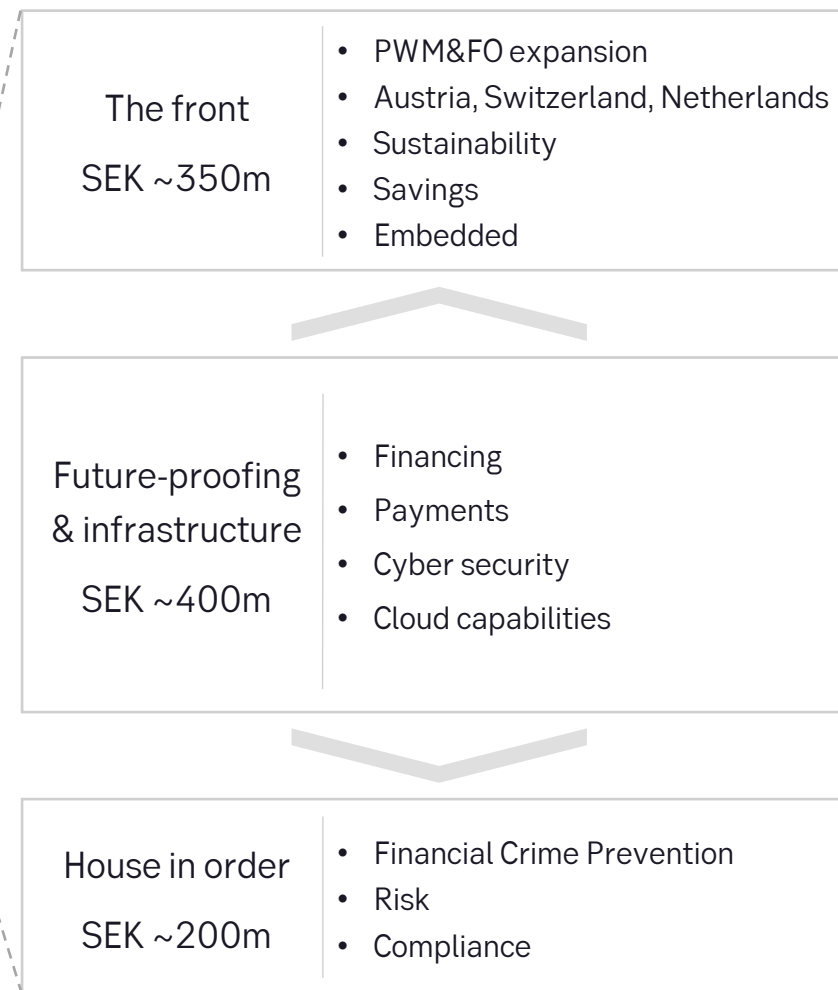
Investment plan ————— + 850m – 1,050m

Efficiencies ————— - 400m

2024BP ————— SEK ≤ 29bn

*assuming 2023 average FX-rates*

*A selection of continued investments*



Note: Not including the acquisition of AirPlus.

## Updated financial aspirations for divisions, evaluated annually

	Return on Business Equity		Cost/Income	
	Aspiration <sup>1</sup>	Actual 2023	Aspiration <sup>1</sup>	Actual 2023
Large Corporates & Financial Institutions	>13%	17.8%	<0.45	0.35
Corporate & Private Customers	>16%	26.2%	<0.40	0.31
Private Wealth Management & Family Office	>25%	44.5%	<0.50	0.43
Baltic <sup>2</sup>	>20%	45.8%	<0.35 (<0.40)	0.21
Life	>30%	35.1%	<0.45	0.44
Investment Management	>40%	52.0%	<0.45	0.46
<b>SEB Group <sup>2</sup></b>	<b>~15%</b>	<b>17.9%</b>	<b>~0.40 (0.40-0.45)</b>	<b>0.34</b>

Note: Previous financial aspirations in parenthesis. <sup>1</sup> To be viewed as long-term (5-year perspective) and will be updated based on other Nordic banks' performance. <sup>2</sup> Revised targets due to higher imposed levies.

# SEB Group financial targets

~50%

Dividend payout ratio of EPS <sup>1</sup>

100-300<sub>bps</sub>

CET1 ratio above requirement

Return on Equity  
competitive with peers  
(Long-term aspiration 15%)



**Share repurchases** will be the main form of capital distribution when SEB's capital buffer exceeds, and is projected to remain above, the targeted range of 100-300 basis points.

<sup>1</sup> Excluding items affecting comparability.

A wide-angle aerial photograph of a mountain range during the golden hour. The mountains are rugged and partially covered in snow, with the sun low on the horizon casting a warm, golden glow over the scene. In the foreground, a large, calm lake reflects the light. The sky is filled with soft, wispy clouds.

Thank you for your attention