2016 in brief

Important events

Customers demanded hedging and risk management services throughout the year.

Prospera’s survey ranked SEB as number 1 in customer satisfaction among Nordic tier 1 large corporations and Nordic tier 1 financial institutions.

As the only Nordic bank, SEB was included in the Dow Jones Sustainability Index.

Operating expenses increased due to a goodwill impairment of SEK 5,334m.

Subsequent to year-end 2016, Annika Falkengren, SEB’s president and CEO, announced her decision to leave the bank. Her successor will be Johan Torgeby, currently division head in SEB.

Key figures

<table>
<thead>
<tr>
<th></th>
<th>2016</th>
<th>2015</th>
</tr>
</thead>
<tbody>
<tr>
<td>Operating income, SEK m</td>
<td>43,771</td>
<td>43,763</td>
</tr>
<tr>
<td>Operating profit, SEK m</td>
<td>14,867</td>
<td>20,865</td>
</tr>
<tr>
<td>Return on equity, per cent</td>
<td>7.8</td>
<td>12.2</td>
</tr>
<tr>
<td>Cost/income ratio</td>
<td>0.63</td>
<td>0.50</td>
</tr>
<tr>
<td>Earnings per share, SEK</td>
<td>4.88</td>
<td>7.57</td>
</tr>
<tr>
<td>Proposed dividend, SEK</td>
<td>5.50</td>
<td>5.25</td>
</tr>
<tr>
<td>Common Equity Tier 1 capital ratio, per cent</td>
<td>18.8</td>
<td>18.8</td>
</tr>
<tr>
<td>Leverage ratio, per cent</td>
<td>5.1</td>
<td>4.9</td>
</tr>
<tr>
<td>Liquidity Coverage Ratio (LCR), per cent</td>
<td>168</td>
<td>128</td>
</tr>
</tbody>
</table>

Contents

4 Macro environment and strategy
SEB’s strategy focuses on providing a leading customer experience, investing in digital interfaces and automated processes and on being the most attractive employer – all in order to create value for all stakeholders.

16 Customer activities
In an uncertain macro environment, large corporate and institutional customers were active in risk management. The sentiment among small and medium-sized companies was more positive. Savings and home mortgage volumes increased among private individuals.

18 New customer services
With the customers’ needs and the bank’s vision to provide world-class service in mind, SEB is taking a number of initiatives to improve customer experience.

21 Responsible services
SEB wants to be a role model within sustainability and within financing and investments that promote long-term sustainable development.

28 Risk
Risk management is indispensable for SEB’s long-term profitability. Managing IT risks and climate-related risks is increasing in importance.

30 The year in figures
Operating profit decreased by 7 per cent, excluding items affecting comparability. Operating profit decreased by 29 per cent including items affecting comparability. The Board of Directors proposes a dividend of SEK 5.50 per share.
Who we are

Our commitment to create value for our customers is based on a tradition of entrepreneurship, international outlook and long-term perspective. As a bank we have an important role to play in the shift to a more sustainable world.

Our purpose
We believe that entrepreneurial minds and innovative companies are key to creating a better world. We are here to enable them to achieve their aspirations and succeed through good times and bad.

Our vision
To deliver world-class service to our customers.

Our strategic priorities
- Leading customer experience
- Maintaining resilience and flexibility
- Growing in areas of strength

Our profit development 1990–2016

Our financial targets

<table>
<thead>
<tr>
<th>Outcome 2016 1)</th>
<th>Outcome 2015 2)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Dividend payout ratio at 40 per cent or more of earnings per share</td>
<td>75% 3)</td>
</tr>
<tr>
<td>Common Equity Tier 1 capital ratio of around 150 basis points over requirement</td>
<td>18.8% 4)</td>
</tr>
<tr>
<td>Return on equity competitive with peers</td>
<td>11.3% 5)</td>
</tr>
</tbody>
</table>

1) Outcome excludes items affecting comparability. See p. 30.
2) Outcome incl. items affecting comparability is 113%.
3) Dividend proposal: SEK 5.50 per share (5.25).
4) Regulatory requirement at year-end 2016: 18.9%.
5) Outcome incl. items affecting comparability is 7.8%.

160 years in the service of enterprise
What we do

SEB plays an active part in the development of the societies in which the bank is operating by building strong customer relationships. In Sweden and the Baltic countries we offer financial advice and a wide range of financial services. In Denmark, Finland, Norway and Germany, our operations have a strong focus on a full-service offering to corporate and institutional clients.

...via SEB’s management of its business...

...comprehensive services...

In areas like:
- Commercial banking
- Investment banking
- Advisory services
- Long-term savings
- Life insurance
- Payments
- Financing

...and various channels...

...value is created

219 branch offices in Sweden and the Baltic countries

2.4 transactions online per home bank customer per week

3.0 mobile bank transactions per home bank customer per week

20 international sites

24/7 telephone bank services

200 client executives for large corporates and institutions

<table>
<thead>
<tr>
<th>SEB: total contribution</th>
<th>SEK 57.0 bn</th>
</tr>
</thead>
<tbody>
<tr>
<td>Interest paid to customers</td>
<td>16.5</td>
</tr>
<tr>
<td>Dividends paid to 276,000 shareholders</td>
<td>11.9</td>
</tr>
<tr>
<td>Salaries, pensions and benefits to 15,300 employees</td>
<td>12.0</td>
</tr>
<tr>
<td>Payments to 12,300 suppliers</td>
<td>8.3</td>
</tr>
<tr>
<td>Taxes and social charges</td>
<td>6.9</td>
</tr>
<tr>
<td>Regulatory fees</td>
<td>1.4</td>
</tr>
</tbody>
</table>

SEB – the leading Nordic corporate bank

<table>
<thead>
<tr>
<th>Share of income 2016, %</th>
<th>SEB</th>
<th>Nordic peers</th>
</tr>
</thead>
<tbody>
<tr>
<td>Large corporates and institutions</td>
<td>42</td>
<td>27</td>
</tr>
<tr>
<td>Life insurance (unit-linked)</td>
<td>10</td>
<td>4</td>
</tr>
<tr>
<td>Asset management</td>
<td>10</td>
<td>10</td>
</tr>
<tr>
<td>Retail banking</td>
<td>38</td>
<td>59</td>
</tr>
</tbody>
</table>

1) Income breakdown for Swedbank, SHB, Nordea, Danske Bank and DNB. Business units only (indicative).
Customers always come first. Our committed and experienced 15,300 employees work as a team to serve our customers.

**Whom we serve**

**Large corporations**
SEB’s corporate customers in the Nordic region are among the largest in their respective industries. In Germany they range from large mid-corporates to large multinationals.

2,300 large corporations

**Financial institutions**
SEB’s institutional clients operate both in the Nordic countries and internationally.

700 financial institutions

**Small and medium-sized companies**
In all, SEB serves approximately 400,000 small and medium-sized companies in Sweden and the Baltic countries. Of these, some 267,000 are home bank customers.

267,000 home bank customers

**Private individuals**
SEB has approximately 4 million private individuals among its customers in Sweden and the Baltic countries. Of these some 1.4 million are home bank customers.

1.4 million home bank customers
In the past year, the shifting market environment continued to impact customer behaviour. Customers’ demand for advisory and risk management services remained. As business sentiment grew more positive towards the end of the year, event-driven large corporate credit demand rose and SEB participated in a number of public equity listings in the Nordic region. However, the low interest rate environment pushed many financial institutions to move further out on the risk curve and into less liquid investments. Both in Sweden and in the Baltic countries we supported domestically focused SMEs as they showed a growing willingness to invest.

The shifting demographic trends with increasingly ageing populations increase the needs for long-term savings. Customers appreciated our holistic savings offering, which now also includes traditional life insurance. SEB has taken an industry-leading approach as both private individuals and institutional clients have higher demands for sustainability-focused investments.

The banking industry, just like all industries, has had to revisit business models following digitalisation and the rapidly changing customer behaviours. Thus, 2016 marked the beginning of a three-year business plan for SEB reflecting our belief that going forward customer orientation and digitalisation will increase in importance. We are changing our ways of working and have invested in and launched new customer interfaces in all segments, as well as a number of new services including remote advice.

I would like to take this opportunity to thank all employees and customers for their commitment to and trust in SEB all through these years. It has been lots of hard work, but most of all it has been more than eleven years of passion for SEB. I know that the whole great SEB team will – step by step – continue to deliver on our vision of world-class service.

Stockholm, February 2017

Annika Falkengren
President and Chief Executive Officer
Macro environment

Three major global trends are impacting banks' operating environment. Customer behaviour and expectations are changing with the digital transformation. Global growth, with low or negative interest rates and new regulatory requirements, remains uncertain. Demands on banks to take responsibility for a more sustainable world are higher.
The global economy remained uncertain following a number of unexpected economic and political events during 2016. However, there were clear signs of economic turnaround. Initiatives for infrastructure investments were taken. The increase in US interest rates may have been a starting point for a shift away from the very low or negative interest rates, eventually leading to discontinuing the central banks’ massive quantitative easing programmes. The record-high global debt remains to be managed for a long time, however.

The referendum in the United Kingdom resulting in the favour of Brexit as well as the presidential election in the United States contributed to increased uncertainty around international trade and political stability. A rapid increase in populist, nationalist and protectionist forces was also seen in 2016 in a number of countries.

Conflicts and uncertainty in many parts of the world have resulted in major waves of migration that are creating tension.

The rapid technical development is a new industrial revolution

Digitalisation is leading to new customer behaviours and new business models are rewriting the map for society, many industries and for private individuals – so too for the financial sector.

Customers expect accessible and convenient services. Digitalisation provides ample opportunity to create new and easy-to-use niche services for payments, savings and lending. One example is the highly successful mobile payment service, Swish, which is owned by the Swedish bank sector.

The transformation is putting demands on faster development, simplified processes and increased automation in the banking sector and will, over time, result in substantial efficiency measures.

Flexible and agile companies which lack heavy infrastructure and are not burdened by the same rules and regulations as banks are entering the financial markets. These fintech companies also represent an opportunity for the financial sector and there are many examples of partnerships building on traditional banks’ infrastructure that lead to innovative and effective solutions for the customers.

There is substantial underlying public trust in traditional universal banks and they offer customers comprehensive solutions and a total view of their financial situation. Building on this trust, SEB is striving to meet the increasing expectations of the customers.

The Swedish repo rate was negative throughout the year and was -0.5 per cent at year-end. «
New regulations create uncertainty

The new financial regulations that continue to be developed are creating uncertainty about economic development, since no one today has assessed the total effect of all rules and regulations.

Standardised risk-weights may increase lending rates

The new, standardised risk-weight floor that is currently being discussed by the Basel Committee poses a challenge to the Nordic banking system, which is successfully using individual risk classifications to assess its capital needs.

A standardised risk-weight floor according to the Basel Committee’s recommendation removes the incentive to use sound risk principles, where low risk means lower interest rates for the customer and high risk means higher interest rates for the customer. This would lead to a dramatic rise in capital needs in Nordic banks. This, in turn, would lead to higher rates for corporate lending, which in turn would have a direct impact on growth in the real economy.

In January 2017 the Basel Committee announced that it is postponing the publication of the risk-weight floor rules until further notice. In a longer perspective the uncertainty remains.

Proposed new financial tax

In the opinion of the Swedish government banks are insufficiently taxed because financial services are VAT-exempt. Therefore, a 15 per cent tax on wages and benefits that relate to the VAT-exempt financial services is proposed. In addition, the tax is proposed to be non-tax deductible.

If implemented, the tax would affect not only the financial sector but also companies that run treasury departments and the fintech sector.

According to calculations provided by the Swedish Bankers’ Association as many as 16,000 jobs in Sweden would be threatened if these plans were in fact carried out, since jobs may be moved abroad in order to lower staff costs.

The total estimated effect from the proposal under discussion on SEB is around SEK 700m per year in additional costs.

Stabilising the financial sector

Regulatory requirements on banks in Sweden are among the strictest in the world. Recent Swedish regulations are designed to further stabilise the Swedish financial sector and further ensure banks’ contribution to society.

Based on experiences from previous financial crises, national governments have established so-called resolution funds with the purpose to finance potential future support from the government to credit institutions.

Similarly, deposit guarantees provide protection for retail depositors in case of bank default.

Financial contributions

In Sweden, banks contribute to the resolution fund for stability purposes and to the national deposit guarantee scheme.

In 2016, SEB’s total regulatory fees were SEK 1.4bn. In 2017, when the full resolution fee is charged, the bank expects the fees to amount to SEK 2.1bn, the absolute main part of which are paid in Sweden.

Risk of unfair competition

Interest on subordinated debt that qualifies as additional tier 1 capital and tier 2 capital is no longer deductible for income tax purposes. The reason is that such debt is considered to be part of banks’ capital base and therefore should be treated as capital for tax purposes.

Since this would be a tax on Swedish banks only there is a risk of unfair competition in relation to international financial institutions.

The additional tax on SEB is estimated to around SEK 360m in 2017 and SEK 300m in 2018 and thereafter.
The role of business in the shift to a more sustainable world was manifested for the first time in 2015 when the UN 17 global sustainable development goals were signed and the global and legally binding climate agreement was adopted at the COP21 meeting in Paris.

The business sector contributes to the work with the 17 global sustainable development goals that have been set by the UN. The goals span a wide range, from poverty eradication to promotion of health, prosperity and economic growth. For each goal there are specific targets to be achieved over the next 15 years. To reach these targets, all parties must do their part, governments, business and industry as well as civil society. SEB was one of the 400 companies which signed a global petition in support of the climate agreement and the bank has revised its position on climate change with a clear ambition to be involved and contribute to limiting global warming to well below 2 degrees Celsius.

The financial sector has a key role to play in channelling investment capital to infrastructure and fossil-free energy systems. In doing so companies are not only helping to address the climate threat – they also have better prospects for sustainable growth and thus better returns.

See also SEB’s Sustainability Report 2016.

Most countries are facing significant demographic challenges posed by ageing populations.

The dependency burden for the actively working portion of the population is growing, which strains social security systems. There is a growing realisation that individuals themselves need to take greater responsibility for their financial security through savings and insurance solutions. In this area the financial sector can make a contribution by providing easily accessible advice and long-term investment services.

Stakeholder dialogue

Financial markets are at the core of creating economic and social value in a modern society. Here banks play a key role.

SEB maintains an active dialogue not only with customers and employees but also with other stakeholders such as shareholders, suppliers, government agencies, legislators and representatives of the local communities in places where SEB operates. In this dialogue, SEB has identified the issues that are most important for stakeholders as well as for the bank. They are in agreement and are in line with the bank’s strategic direction on the base of risk management, financial strength and resilience.

Mutual issues are:

- providing fulfilling customer experience and good service
- maintaining high standards of business ethics and IT security
- contributing to a society characterised by innovation and resource efficiency.

Sustainable development goals

Macro environment
SEB creates value

Customer centricity, long-term perspectives and financial strength form the foundation for meeting the expectations of customers, employees and society at large. Ultimately, this creates value for the shareholders.

### Meeting stakeholders’ expectations

<table>
<thead>
<tr>
<th>Group</th>
<th>Description</th>
</tr>
</thead>
</table>
| **Customers**   | **1.6 million corporate and private customers**  
The customers’ needs are at the core of the bank’s business. Customers’ high expectations on service and quality advice as well as sustainable solutions drive the bank’s business development and offerings. |
| **Shareholders**| **276,000 shareholders**  
The capital provided by SEB’s shareholders is a prerequisite for conducting the bank’s business. The shareholders expect a competitive and sustainable return on their capital. Many of the major owners have a long-term perspective on their engagement in the bank. |
| **Employees**   | **15,300 employees**  
SEB’s employees build and deepen customer relationships. Their commitment, skills and quality of their daily work are key success factors for the bank’s business and future development. |
| **Society**     | **Society at large**  
Banks play an integral role in society and are vital for creating economic growth and social value. With this comes an expectation that the bank takes great responsibility for how it acts, to enable society to continue to develop in a sustainable way. |

### via SEB’s management of its business

#### Strategy
SEB’s strategy is built on developing deep customer relationships with a long-term perspective.

#### Long-term strategy

#### Service

**Customer-oriented offering**  
Proactive quality advice and a holistic offering are provided at the customers’ convenience, based on customer insights.

#### IT

**Secure and functional IT**  
The IT structure promotes stability in the daily operation and agile development of digital products and services.  
See p. 16 in SEB’s Sustainability Report 2016
For customers
By providing proactive advice and a wide range of financial services, SEB supports its customers’ long-term aspirations and adds value in all phases of life of individuals and development stages of companies and institutions.

For shareholders
Dividends and potential increases in market value over time contribute to shareholders’ financial security and enable new investments. SEB’s competitiveness is increased and long-term risks are reduced through the integration of environmental, social and governance aspects.

For employees
The employees take part in, and value, the opportunities for learning and further development that are integrated in SEB’s business. Employees also participate in the many partnerships that SEB supports to help communities develop and prosper. See p. 22.

For society at large
SEB intermediates financial solutions, provides payment services and manages risks which promote economic growth and prosperity. SEB pays taxes and fees according to local rules where it operates. SEB takes responsibility as a provider of financing and as an asset manager and works proactively with environmental, social and governance issues. See p. 21 and 25.
SEB’s long-term vision reflects a future in which customer orientation and digitalisation increase in importance. In this environment, the bank’s ambition is to be the undisputed leading Nordic corporate and institutional bank and the top universal bank in Sweden and the Baltic countries.
SEB’s long-term strategic priorities

**Leading customer experience**
Develop long-term relations based on trust so that customers feel that the services and advice offered are insightful about their needs, are accessible on their terms and that SEB shares knowledge and acts proactively in their best interest.

**Resilience and flexibility**
Maintain resilience and flexibility in order to adapt operations to the prevailing market conditions. Resilience is based upon capital and liquidity strength. Cost efficiency provides room for new investments.

**Growth in areas of strength**
Focus on profitable organic growth in areas of strength: universal banking in Sweden and the Baltic countries and corporate banking in home markets outside Sweden.

The three-year business plan (2016–2018)

**Growth in areas of strength**

**Accelerated growth in Sweden**
Further strengthen the bank's position across all customer segments in Sweden. Provide a wider range of services and increasingly use customer data to proactively offer new services to customers.

**Nordic and German large corporations and institutions**
Expand the corporate and institutional customer business in the Nordic countries and Germany with focus on the full-service offering and digital portals while selectively attract targeted UK corporate customers.

**Savings offering to private individuals and corporate customers**
Create growth by offering customers convenient and advisory-based solutions including bancassurance to cater for customers’ need for long-term savings.

**Transformation focus areas**

**World-class service**
Focus on customer journeys in order to create a leading customer experience based on a personalised and convenient full-service offering where customers can choose where and in what manner they want to be served.

**Digitalisation**
Develop customised advisory tools and interfaces based on individual customer needs and behaviour in various channels. This includes transforming the first line of service to digital solutions and portals. SEB also digitalises and automates internal processes in order to improve efficiency.

**Competences**
Ensure a gradual competence shift broadening the role for client executives and also developing capabilities in service design and data analytics. SEB will continue to invest in attracting talents with the right values and providing development opportunities to existing employees.

Aim to be a role model in sustainability

The financial sector’s importance for, and indirect impact on, sustainability issues is widely recognized. SEB wants to be a role model in sustainable development in the financial industry with focus on:

- promoting climate-friendly and resource-efficient solutions,
- working with sustainable investment and financing with positive impact,
- supporting entrepreneurship which creates new jobs and supports economic development,
- reducing the bank’s own direct environmental impact.
### Overall targets and outcome

#### Customer experience and satisfaction

Various internal and external metrics are used to measure customer satisfaction. Customers’ willingness to recommend SEB is one of the key measures of the bank’s progress.

#### Financial targets

Through the resilience and flexibility that come from a strong capital base, good access to funding, high credit ratings and cost efficiency, SEB can create shareholder value in varying market conditions. The Board of Directors sets three financial targets which interact in contributing to financial strength.

#### Shareholders

SEB’s estimate of the current Common Equity Tier 1 capital requirement from the Swedish Financial Supervisory Authority, according to Basel III (CET1), is 16.9 per cent.

### SEB’s performance

#### Customers

**SEB’s internal measures**

<table>
<thead>
<tr>
<th>Year</th>
<th>Target</th>
<th>Industry average</th>
</tr>
</thead>
<tbody>
<tr>
<td>2014</td>
<td>&gt;30</td>
<td>33</td>
</tr>
<tr>
<td>2015</td>
<td>&gt;35</td>
<td>36</td>
</tr>
<tr>
<td>2016</td>
<td>&gt;35</td>
<td>40</td>
</tr>
</tbody>
</table>

1) According to Prospera
2) According to the Net Promoter Score method

#### SEB’s performance

<table>
<thead>
<tr>
<th>Year</th>
<th>Target</th>
<th>Outcome</th>
</tr>
</thead>
<tbody>
<tr>
<td>2014</td>
<td>&gt;30</td>
<td>33</td>
</tr>
<tr>
<td>2015</td>
<td>&gt;35</td>
<td>36</td>
</tr>
<tr>
<td>2016</td>
<td>&gt;35</td>
<td>40</td>
</tr>
</tbody>
</table>

1) Including items affecting comparability 15.3 (excluding: 13.1)
2) Including items affecting comparability 12.2 (excluding: 12.9)
3) Including items affecting comparability 7.8 (excluding: 11.3)

#### Shareholders

**Tier 1 capital ratio**

<table>
<thead>
<tr>
<th>Year</th>
<th>Per cent</th>
</tr>
</thead>
<tbody>
<tr>
<td>2014</td>
<td>16.3</td>
</tr>
<tr>
<td>2015</td>
<td>18.8</td>
</tr>
<tr>
<td>2016</td>
<td>18.8</td>
</tr>
</tbody>
</table>

#### SEB’s performance

<table>
<thead>
<tr>
<th>Year</th>
<th>Target</th>
<th>Outcome</th>
</tr>
</thead>
<tbody>
<tr>
<td>2014</td>
<td>&gt;30</td>
<td>33</td>
</tr>
<tr>
<td>2015</td>
<td>&gt;35</td>
<td>36</td>
</tr>
<tr>
<td>2016</td>
<td>&gt;35</td>
<td>40</td>
</tr>
</tbody>
</table>

1) Including items affecting comparability 15.3 (excluding: 13.1)
2) Including items affecting comparability 12.2 (excluding: 12.9)
3) Including items affecting comparability 7.8 (excluding: 11.3)

#### Shareholders

**Return on equity**

<table>
<thead>
<tr>
<th>Year</th>
<th>Per cent</th>
</tr>
</thead>
<tbody>
<tr>
<td>2014</td>
<td>(13.1)</td>
</tr>
<tr>
<td>2015</td>
<td>12.2</td>
</tr>
<tr>
<td>2016</td>
<td>(11.3)</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Year</th>
<th>Per cent</th>
</tr>
</thead>
<tbody>
<tr>
<td>2014</td>
<td>15.3</td>
</tr>
<tr>
<td>2015</td>
<td>12.2</td>
</tr>
<tr>
<td>2016</td>
<td>7.8</td>
</tr>
</tbody>
</table>

1) Including items affecting comparability 15.3 (excluding: 13.1)
2) Including items affecting comparability 12.2 (excluding: 12.9)
3) Including items affecting comparability 7.8 (excluding: 11.3)

#### SEB’s performance

<table>
<thead>
<tr>
<th>Year</th>
<th>Target</th>
<th>Outcome</th>
</tr>
</thead>
<tbody>
<tr>
<td>2014</td>
<td>(13.1)</td>
<td>15.3</td>
</tr>
<tr>
<td>2015</td>
<td>12.2</td>
<td>12.2</td>
</tr>
<tr>
<td>2016</td>
<td>(11.3)</td>
<td>7.8</td>
</tr>
</tbody>
</table>

1) Including items affecting comparability 15.3 (excluding: 13.1)
2) Including items affecting comparability 12.2 (excluding: 12.9)
3) Including items affecting comparability 7.8 (excluding: 11.3)

#### Shareholders

**Dividend payout ratio**

<table>
<thead>
<tr>
<th>Year</th>
<th>Per cent</th>
</tr>
</thead>
<tbody>
<tr>
<td>2014</td>
<td>(63)</td>
</tr>
<tr>
<td>2015</td>
<td>(66)</td>
</tr>
<tr>
<td>2016</td>
<td>(75)</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Year</th>
<th>Per cent</th>
</tr>
</thead>
<tbody>
<tr>
<td>2014</td>
<td>54</td>
</tr>
<tr>
<td>2015</td>
<td>69</td>
</tr>
<tr>
<td>2016</td>
<td>113</td>
</tr>
</tbody>
</table>

1) Including items affecting comparability 54 (excluding: 63)
2) Including items affecting comparability 69 (excluding: 66)
3) Including items affecting comparability 113 (excluding: 75)

#### SEB’s performance

<table>
<thead>
<tr>
<th>Year</th>
<th>Target</th>
<th>Outcome</th>
</tr>
</thead>
<tbody>
<tr>
<td>2014</td>
<td>(63)</td>
<td>54</td>
</tr>
<tr>
<td>2015</td>
<td>(66)</td>
<td>69</td>
</tr>
<tr>
<td>2016</td>
<td>(75)</td>
<td>113</td>
</tr>
</tbody>
</table>

1) Including items affecting comparability 54 (excluding: 63)
2) Including items affecting comparability 69 (excluding: 66)
3) Including items affecting comparability 113 (excluding: 75)

#### SEB’s performance

<table>
<thead>
<tr>
<th>Year</th>
<th>Target</th>
<th>Outcome</th>
</tr>
</thead>
<tbody>
<tr>
<td>2014</td>
<td>(63)</td>
<td>54</td>
</tr>
<tr>
<td>2015</td>
<td>(66)</td>
<td>69</td>
</tr>
<tr>
<td>2016</td>
<td>(75)</td>
<td>113</td>
</tr>
</tbody>
</table>

1) Including items affecting comparability 54 (excluding: 63)
2) Including items affecting comparability 69 (excluding: 66)
3) Including items affecting comparability 113 (excluding: 75)
Reputation
SEB monitors the results of the TNS Reputation Index, which measures the bank’s reputation among consumers and business owners.

Motivation and engagement
SEB’s annual employee survey, Insight, measures employee engagement, efficiency and trust. It also measures employees’ willingness to recommend SEB as a place to work.

Performance excellence
SEB’s target is to be the most attractive employer in the financial sector. Progress is measured by the employee survey Insight.

Outcome
In the 2016 survey, the results were clearly higher than the average for the financial sector. The outcome improved in terms of performance excellence, but decreased somewhat – from a high level – in terms of employee engagement and employees’ willingness to recommend SEB as a place to work.

Going forward
SEB will strive for enhanced employee engagement especially in the bank’s vision, values and business plan.

Sustainability
SEB wants to be a role model within sustainability in the financial industry. One indicator is whether the bank meets the criteria for inclusion in sustainability indexes. SEB also has the ambition to lower its CO2 impact.

Target
SEB’s target is to be included in at least five selected sustainability indexes.

Outcome
SEB has been included in STOXX, Ethibel, FTSE-4Good and ECPI for several years. In 2016, SEB was also included in the Dow Jones sustainability index and thereby the target was met.

Going forward
SEB targets being comfortably included in the indexes above.

Target
Reduce CO2 emissions by 20 per cent between 2015 and 2020.

Outcome
The CO2 emissions were reduced by 4 per cent one year into the target period.

Going forward
SEB will continue to focus on reducing the CO2 emissions.
Customers and customer services

In a rapidly changing world, innovation and transformation are key for SEB — new services, solutions and meeting places are developed in close cooperation with customers in order to offer world-class service.
Customer segments

Large corporations

SEB serves some 2,300 large corporations in a wide range of industries and in most cases with an international focus. In the Nordic countries these corporations are among the largest in their respective industries, while in Germany and the United Kingdom the customers range from the large mid-corp segment to multi-national corporations.

Strategy
• Aim to make SEB a preferred partner by offering a comprehensive range of financial services and advice for all aspects of a company's operations, using the bank's broad expertise and depth of industry knowledge.
• Expand business with the existing customer base in the Nordic countries and Germany, building on long-term personal relationships.
• Focus on convenient digital customer portals and process efficiency in addition to cost and capital efficiency.
• Grow the number of corporate customers in the United Kingdom.

Financial institutions

SEB serves some 700 financial institutions, consisting of pension and asset managers, hedge funds, insurance companies and other banks, active in the Nordic countries and internationally.

Strategy
• Meet the financial institutions’ needs by a specialised customer key account organisation where the bank’s offerings are combined with a depth of expertise in the operations of the institutional clients.
• Focus on convenient digital client portals and process efficiency in addition to cost and capital efficiency.
• Offer a comprehensive range of services to customers in the Nordic countries and Germany and offer Nordic products globally.

Small and medium-sized companies

SEB serves some 400,000 small and medium-sized companies in Sweden and the Baltic countries. Of these 168,000 are home bank customers in Sweden and 99,000 in the Baltic countries. There are approximately 500 mid-corp and public sector customers in Sweden, many with international operations. The public sector includes government agencies, state-owned companies and municipalities.

Strategy
• Develop SEB’s offering based on the bank’s strong position among large corporations in the Nordic region. Offer small and medium-sized companies convenient services and proactive advice, based on a deep insight of their entire situation, including the needs of both the employees and the owners.
• Serve smaller businesses with the help of packaged services and increased accessibility through digital interfaces.

Private individuals

In all, SEB has approximately four million private customers in Sweden and the Baltic countries. Of these 485,000 are home bank customers in Sweden and 904,000 in the Baltic countries. For private customers with sizeable capital and a need for more qualified advice, SEB offers a comprehensive range of private banking services. SEB has approximately 25,000 private banking customers.

Strategy
• Meet customers’ full needs for financial advice and services during all phases of life.
• Strive to make it easy for customers to manage their personal finances and plan for the future. Proactivity and accessibility are key in providing convenient services.
• Provide options for long-term savings since ageing populations are putting pressure on the public welfare system which means that individuals need to take greater responsibility for their financial security.

Meet our customers

Teo Ottola
Konecranes
Read more on p. 17.

Katre Kõvask
Suđameapteek
Read more on p. 19.

Anders Parrow
Read more on p. 20.
Customer activities in 2016

In the uncertain environment, both large corporate customers and institutions maintained a wait-and-see approach, but the need for risk management services was high. Small and medium-sized companies were more positive. On the private side, customers increasingly used digital services for their financial needs.

Large corporations

Tentative, but more activity towards the end of the year

In the beginning of the year, characterised by macroeconomic uncertainty, large corporate customers were cautious. There was higher demand for lending towards the end of the year, driven by a number of corporate events. In addition, SEB played an instrumental role as adviser and arranger in for instance the listing of Arcus in Norway and DNA in Finland. Private equity investors were increasingly active. Customers requested advisory and risk management services in the volatile market environment throughout the year. In the United Kingdom, new customers chose SEB for its Nordic relationship bank profile.

Customer satisfaction

SEB was ranked no. 1 among tier 1 large corporations in the Nordic region in Prospera’s customer satisfaction survey.

Financial institutions

Activity driven by low interest rates and volatile markets

Uncertainty regarding the impact of banking regulations as well the direction of central bank policies characterised a good part of 2016. Activity among financial institutions was generally low but increased towards the end of the year. In times of market turbulence, especially around the Brexit referendum and the presidential election in the United States, markets were volatile and risk management activity high. The low interest rate environment prompted many financial institutions to take on more risk by investing in less liquid assets. Institutional investors grew increasingly interested in sustainability focused investments.

Customer satisfaction

SEB was ranked no. 1 by tier 1 financial institutions in the Nordic region in Prospera’s customer satisfaction survey.

Small and medium-sized companies

Positive development in both Sweden and the Baltic countries

Swedish small and medium-sized companies were less affected by the global uncertainty. The anticipated investments in infrastructure in Sweden created a positive momentum. Around 9,000 new companies chose to become home bank customers in SEB. Their need for financing and savings services grew and SEB’s digital services were increasingly utilised.

Digital services

The business banking app, the internet bank, the Swish app for payment services for companies and e-invoice are all examples of digital initiatives that were appreciated by the small and medium-sized customers.

Active Baltic customers

Development was also positive in the Baltic countries, where companies have been adept at countering the effects of the Russian sanctions. Customer were more positive and their financing needs increased in all three countries.
Digital services and greater need for long-term savings

With the changing demographics, private individuals’ awareness of long-term savings and risk insurance solutions increased. Customers took advantage of SEB’s improved offer in the long-term savings area, with unit-linked and traditional life insurance options and also appreciated the possibility to use digital pension analysis services.

The stock market’s performance was reflected in customers’ behaviours. Towards the end of the year customers increasingly chose to invest in equity and allocation funds.

Private individuals increased their digital presence and mobile interactions were four times as high as the internet banking interactions in Sweden.

Household mortgages
Households in Sweden continued to invest in new homes in a real estate market where the housing shortage and low interest rates significantly pushed up prices.

The new strict amortisation requirements that were implemented in Sweden in 2016 had a limited effect on SEB’s customers since the bank has had similar internal rules in place for some time.

Baltic region
In the Baltic countries, there were moderately positive economic signs driven by private consumption and activity increased among private customers. Their demand for both loans and savings products increased.

Youngsters appreciated SEB’s educational seminars on personal finance.

Support to entrepreneurs in all phases from start-up to growth

In SEB, supporting entrepreneurship and new business start-ups goes without saying. In Sweden, SEB has established collaborations along the entire entrepreneur spectrum, from new to established companies » See p. 25.

SEB operates the Innovation Forum – a meeting place where promising cutting-edge companies with ties to educational and research institutions have an opportunity to gain access to potential investors among SEB’s customers. The event is highly appreciated and has led to concrete investments for about half of the participants.

In the Baltic countries, SEB arranges seminars where corporate customers get information and an opportunity to interact, with the aim to help each other realise their growth ambitions through the power of innovation.
With customer needs in focus and with the bank’s vision to provide world-class service, SEB is taking a number of initiatives to improve customer experience.

During 2016, SEB capitalised on the potential of digital technology and developed and launched new services aimed at all customer segments.

This work is being conducted at a fast pace, with many small deliveries that are developed in close collaboration with customers. Some solutions are developed by SEB, while others rely on partnerships with other service providers.

Customer satisfaction pilot
To put the customer experience front and centre, SEB is having seven branch offices test what happens if the operations are solely evaluated on customersatisfaction without monitoring financial key ratios. The pilot is showing promising results and the staff is finding new ways to provide the best possible customer service.

New customer services

The bank for entrepreneurs
Through the 2017 launch of Greenhouse, a broader service offering, SEB will take the next step toward being a stronger business partner for growth companies.

The new offering is based on in-depth interviews with high-growth enterprises about challenges and problems in their day-to-day operations. To meet their needs, SEB offers its entire pallet of expertise – from mergers and acquisitions (M&A) to investment banking and corporate and family law. In cooperation with external partners SEB also offers services relating to staffing and contractual matters as well as auditing, legal counsel, consulting and advisers.

In the Baltic countries SEB is conducting joint innovation initiatives with customers. This strengthens the partnerships with entrepreneurs.

World-class custody functionality
In 2016, SEB’s first customers gained access to the bank’s new global custody account services platform that has been developed in partnership with the investor services company Brown Brothers Harriman (BBH). The new platform offers improved solutions for managing customers’ mutual funds, collateral, corporate events, cash management, currency trading and more.

SEB handles the customer relationship and interface, while BBH provides the technical platform and takes responsibility for certain administrative processes. Through this partnership SEB gains access to cutting-edge technology while retaining responsibility for the customer relationship.

Virtual trainee in customer service
The virtual trainee Aida has begun working at SEB’s customer service. For a while now she has been answering questions, assisting customers with simple banking matters and she has learnt to speak Swedish. Her “recruitment” is one of many tests SEB is doing to develop the customer experience and offer more efficient banking services with the help of artificial intelligence.

Aida is at the cutting edge of technology. In contrast to so-called chatbots, Aida can learn to understand, conduct a dialogue and perform tasks just like a human.

SEB is the first bank in Europe to use this type of artificial intelligence in its customer service operations.

In the Baltic countries SEB is conducting joint innovation initiatives with customers. This strengthens the partnerships with entrepreneurs.
The branch office evolves

The personal relation with customers is important and SEB will always have branch offices. However, in a world where banking transactions are increasingly digital, what will the future branch office look like and what services will be provided? Part of the answer can be found at a new type of branch office located in Stockholm, as well as at the innovation centres for small and medium-sized companies that SEB has established in the Baltic countries.

Initiatives like these are a way of developing meeting places in close cooperation with customers. With the help of customer feedback, SEB strives to design new types of open and inviting meeting places.

First in pensions market with digital advisory meetings

SEB was the first player in the Swedish occupational pensions market to offer customers a fully digital advisory meeting. The process is initiated with customers completing a web-based form with the information needed to conduct an analysis of their current status. During the web-based advisory meeting, where the two parties share screens, customers can see how the outcome would be affected by various decisions and can set goals for their financial security. The customers can then sign their choices digitally.

This digitalised process allows SEB to offer personal advice remotely no matter where the customer is located. This has increased the bank’s accessibility while streamlining its advisory work.

New convenient interface for large corporate customers

SEB has upgraded its cash management functionality so that customers get a better view of not only their total cash balances – in SEB and other banks – but also of their most advanced global liquidity solutions. Accessibility has been improved so that customers can monitor and act on their accounts also via mobile devices.

» I appreciate SEB’ openness to entrepreneurship and innovation. «

Katre Kõvask
CEO Südameapteek

With seven new pharmacies, sales growing nearly three times faster than the market and almost doubled earnings (EBITDA), Katre Kõvask, CEO of the Estonian pharmacy chain Südameapteek, can look back on a good year.

An open, flexible and close relationship with the company’s financial partner SEB is an important part of the continued expansion. “Bank relations is about building a partnership, working together and pulling in the same direction. It is based on both parties being open and transparent. I appreciate the openness to promote entrepreneurship and innovation that the bank stands for”, she says.
Digital processes improve customer experience and free up resources

To gain the full potential of the technological development and, based on a customer perspective, create new, automated flows, it is often necessary to rethink processes from scratch. SEB has identified a number of key processes in which the entire chain from customer transaction to IT system is being redesigned.

Customers buying a home is one example. SEB has launched its first, concrete step in this area in the form of a new digital function that helps customers determine which home they can afford. Another example is the annual credit reviews of corporate business in which the potential savings may be as high as three to four man-weeks of work per year per customer.

Investing in innovative solutions

SEB invests in high-tech companies with innovative solutions that could be relevant for the bank and its customers.

In 2016 SEB invested in the fintech company Tink, which has developed an app that helps users get a better overview of their income and expenses. Its functionality is being integrated into SEB’s mobile app. SEB also invested in Coinify, a company with a platform for blockchain payments, and in the company Now Interact, which uses artificial intelligence and machine learning to predict customer behaviour. Another example is Leasify, a company with a digital solution for leasing arrangements aimed at companies.

The potential of blockchain

Blockchain technology, which was originally developed for the Bitcoin cryptocurrency, is believed to have major potential in streamlining payment flows by removing the need for intermediaries. SEB is participating in several blockchain initiatives. In addition to its investment in Coinify, the bank is working with the fintech company Ripple to use its blockchain solution for payments.

Meet one of our private customers

» A bank that I can trust is a great asset. «

Anders Parrow

The love of boats and birds has been a theme throughout his life. A few years ago his decision – at 89 years of age – to buy a new sailboat, specially designed for solo trips, caught media attention. 54 years ago, the same boat interest made Anders Parrow a customer of SEB and he has been faithful to the bank ever since.

Anders likes to visit the bank and meet with his adviser, but also appreciates the internet bank and the mobile bank app. “I can’t imagine banking without them”, he says. Anders regularly takes part of SEB’s market analysis as input to his portfolio management.
The financial sector has a large indirect influence on the long-term sustainable development. Stakeholders have high expectations in this area and SEB has raised its ambition and aims to be a role model within sustainability.

Green financing
The climate challenge requires major investments in energy supply, the transport sector and sustainable urban development. SEB contributes by assisting customers with financing of green investments in infrastructure and renewable energy, including hydro power, wind power and solar energy.

SEB participated in the creation of the world’s first green bond, which was issued by the World Bank in 2008. Since then, the global market for green bonds has gained momentum and grown sharply. In 2016, green bonds were issued to a value of almost USD 95 billion – capital that has thus been channelled to quality assured green projects. SEB was the fourth largest arranger/underwriter globally, with a market share of 4.4 per cent of this volume.

SEB applies policies that limit lending to companies in sectors such as fossil fuels, mining and metals. SEB does not provide new financing of coal mining and coal powerplants. The bank’s sector policies and position statements form a valuable base in dialogues with corporate customers and help increase awareness about sustainability aspects in various decisions.

Responsible investments
Customers increasingly expect that SEB will manage their assets in a responsible manner. For a number of years the bank has made a concerted effort to take sustainability into account in all investment processes, based on the conviction that this leads to better investments and higher returns for customers. At year-end SEB managed assets at a total of SEK 58.4 billion (517) in accordance with the Principles of Responsible Investments (PRI).

SEB excludes investments in particular sectors and areas, such as controversial weapons and nuclear arms, as well as in companies that derive more than 20 per cent of their sales from coal production. On the other hand, SEB is also working to a greater extent with positive selection where portfolio managers prioritise companies that work according to sustainable principles.

In 2016 SEB entered into a new partnership with Hermes Investment Management, creating an opportunity to increase the number of sustainability dialogues with companies outside the Nordic region.

Measurement of the carbon footprint of funds has been expanded and now includes most of the bank’s equity funds.

Dow Jones sustainability index
SEB has high ambitions in its sustainability work and aims to be a role model in the financial industry in this area. A sign that the efforts are paying off was that in 2016 SEB met the strict criteria for inclusion and was – as the only bank in the Nordic countries – accepted as part of the Dow Jones sustainability index.
In a changing world, SEB is impacted by the rapid pace of technological development, evolving customer behaviours, and expectations on future employees. The bank’s role in society is becoming increasingly important for SEB’s attraction as an employer.
Committed employees with a service mindset, who collaborate and who want to develop new competences, is a key success factor.

SEB’s Insight employee survey for 2016 confirms that there is strong support for the bank’s vision and strong commitment among employees to participate and change. Employee engagement scores remained high in 2016 – clearly higher than for peer companies – as did the scores for performance excellence, which increased for the fourth consecutive year.

Focus of improvement measures is to more clearly take the customer-first perspective, further improve internal collaboration, and to simplify processes.

Activities in order to develop these areas have included workshops focusing on clarifying the connection between employees’ own values and the bank’s. Employees have gained opportunities to reflect on, and formulate, their own values, and thereafter align them to the bank’s joint values.

Managing change and new ways of working

The employees’ and the organisation’s ability to collaborate and manage change are crucial for the future. In SEB this is done in an environment characterised by involvement and innovation.

As an example, SEB is developing new ways of working built on an iterative approach in the design of services. This means cross-functional teams mapping customer journeys, based on customer needs and feedback loops, before prototypes of new solutions are launched to the customers. The new agile ways of working are aimed at drawing full benefit of digitalisation and providing an even better customer experience.

The agile ways of working have also been adopted in SEB’s IT operations. Development and deliveries are being conducted in small steps rather than in large projects over a longer period of time.

In 2016, individually adapted agile training courses were held for more than 2,000 employees, a strategic initiative to create favourable conditions to quickly and successfully adapt ways of working to the changing needs.

Planning for future competences

The digital transformation drives the need to plan for future competences in the long term. SEB is working throughout the bank to analyse and identify needs based on selected parameters. Competence needs are included as an integral part of the business planning.

Areas in which needs are clearly rising include digital design, data analysis and IT. The bank has broadened its recruitment to search for these skills via new channels and arenas, not only among individuals with a background in finance and business administration. Employees’ roles will be expanded in order to be able to meet customer needs for comprehensive service. In many cases this requires employees to work in new ways.

Leadership

SEB has a long tradition of identifying and developing leaders at an early stage. Constant changes in the business environment are putting ever-growing demands on managers, who must inspire, serve as role models and establish conditions so that employees and teams can develop the business in the best way possible.

During the year, Grow2Lead was developed, a digital portal for employees interested in a future role as a leader. The portal provides inspiration and development opportunities, and can help employees decide if a manager role is a suitable career path.

For existing managers, the bank has global programmes that offer opportunities to develop their leadership qualities both as individuals and as team members.

A controversial tax

For the financial sector in Sweden, a 15 per cent tax based on gross wages is being considered for implementation in 2018. The total estimated financial effect on SEB of the proposal under discussion is around SEK 700m per year. According to a report from the Swedish Bankers’ Association, as many as 16,000 jobs would be threatened if these plans were in fact carried out.

Anders Lundström – Leader of the year 2016

» My goal is to build high-performing teams that deliver stellar results. This requires satisfied and motivated employees. There is thus no conflict between employee satisfaction and results – they are symbiotic.

I want my leadership to be characterised by simplicity, clarity and communication. At the same time, I want to be transparent and share my insights on the total picture. In doing so, most decisions will be natural for employees. «

Anders Lundström, manager within asset advisory services, was named Leader of the Year (“Årets ledartröja”) by the Financial Sector Union in SEB.

Employee statistics

<table>
<thead>
<tr>
<th></th>
<th>2016</th>
<th>2015</th>
<th>2014</th>
</tr>
</thead>
<tbody>
<tr>
<td>Number of employees, average</td>
<td>16,260</td>
<td>16,599</td>
<td>16,742</td>
</tr>
<tr>
<td>Sweden</td>
<td>8,222</td>
<td>8,320</td>
<td>8,352</td>
</tr>
<tr>
<td>Other Nordic countries</td>
<td>1,369</td>
<td>1,404</td>
<td>1,411</td>
</tr>
<tr>
<td>Baltic countries</td>
<td>5,125</td>
<td>5,118</td>
<td>5,100</td>
</tr>
<tr>
<td>Number of employees at year-end</td>
<td>16,087</td>
<td>16,432</td>
<td>16,767</td>
</tr>
<tr>
<td>Average number of full-time equivalents</td>
<td>15,279</td>
<td>15,605</td>
<td>15,714</td>
</tr>
<tr>
<td>Employee turnover, %</td>
<td>10.7</td>
<td>9.0</td>
<td>8.9</td>
</tr>
<tr>
<td>Sick leave, % (in Sweden)</td>
<td>3.0</td>
<td>2.8</td>
<td>2.4</td>
</tr>
<tr>
<td>Female managers, %</td>
<td>46</td>
<td>44</td>
<td>43</td>
</tr>
</tbody>
</table>

For existing managers, the bank has global programmes that offer opportunities to develop their leadership qualities both as individuals and as team members.

A controversial tax

For the financial sector in Sweden, a 15 per cent tax based on gross wages is being considered for implementation in 2018. The total estimated financial effect on SEB of the proposal under discussion is around SEK 700m per year. According to a report from the Swedish Bankers’ Association, as many as 16,000 jobs would be threatened if these plans were in fact carried out.

Anders Lundström – Leader of the year 2016

» My goal is to build high-performing teams that deliver stellar results. This requires satisfied and motivated employees. There is thus no conflict between employee satisfaction and results – they are symbiotic.

I want my leadership to be characterised by simplicity, clarity and communication. At the same time, I want to be transparent and share my insights on the total picture. In doing so, most decisions will be natural for employees. «

Anders Lundström, manager within asset advisory services, was named Leader of the Year (“Årets ledartröja”) by the Financial Sector Union in SEB.
Learning opportunities
At SEB, continuous learning is a vital prerequisite for the ability to adapt to new circumstances. The bank offers a wide array of training courses and, via a portal, employees can get an overview of the entire offering – including training that is specific for SEB as well as training offered by external providers – including methods and effective tools to facilitate learning. In all, more than 600 courses are offered.

Increasing diversity
SEB is convinced that diversity and inclusion among its people help the bank achieve greater success over time.

All employees are to be offered equal opportunities to develop individually, regardless of their gender, ethnicity, age, sexual orientation or faith. SEB strives to achieve an even gender balance at every level within the organisation and to increase the share of employees with an international background.

The bank is working actively, both in terms of structures and processes and in specific initiatives, to increase the number of women in higher operative positions and in senior leader roles.

In 2016, 46 per cent (44) of SEB’s managers were women. Among senior executives this share was 31 per cent (27).

Health and work environment
Ensuring employee longevity is becoming increasingly important in pace with an ageing population and the possibility of a higher retirement age. SEB is working long term and preventively to offer a safe and sound workplace in an effort to ensure employee well-being and a sound work/life balance.

The focus of the bank’s work environment initiatives is on stress, workloads and risk identification. In Sweden, in 2016, the bank increased its support to managers with employees on sick leave. They are offered telephone support from nurses at company health services and rehabilitation specialists who are experienced in assessing suitable paths for a rapid recovery and return to work. In Sweden, the SEB sick-leave remains low, at 3 per cent, compared with other industries and the financial sector.

During 2016, SEB introduced a global health index based on questions in the Insight employee survey. This is the first global tool for measuring work environment and health at both the divisional and country levels.

In 2017, SEB’s new offices will be inaugurated at Arenastaden outside Stockholm, where 4,500 employees will be gathered. In designing the workplace, strong focus was put on enabling a positive work environment with modern and functional work spaces, large common areas, project rooms and quiet areas, an extensive fitness facility, and healthy food in own restaurants.
SEB plays an active role in the communities in which the bank operates by promoting entrepreneurship and enterprise as well as supporting young people.

SEB shares the conviction that business and industry have a key role to play in meeting the global sustainable development goals that were adopted by the UN’s 193 member states in 2015. The most important contributions come from the bank’s core businesses, where green financing, sustainable investment and combating financial crime are included. But SEB is also actively involved in community matters through its many partnerships for entrepreneurship and youth initiatives.

Volunteers raising young people’s knowledge of economics

SEB partners with organisations that work to include youth in social development by raising their knowledge of personal finance. In the three Baltic countries, for the past few years SEB has been participating in nationwide campaigns to increase financial literacy among young people. In 2016 volunteers from SEB visited more than 230 schools in an effort to give children fundamental skills in personal finance and economic planning.

In Sweden, too, the bank is working actively to increase understanding of economics among young people. Within the framework of SEB’s partnership with Mentor Sweden, teams of employees participate in the professional mentor programme, consisting of a series of three workshops at which the bank gives young people advice on day-to-day finances, explains business norms and provides advice on how to apply for jobs. In 2016 eight such programmes were carried out at schools in Sweden’s major metropolitan areas. Volunteers from SEB also serve as coaches and jury members in the Dream Challenge initiative, where young people get help in formulating a plan for their dream careers.

Summer camp for future entrepreneurs

SEB works with organisations that are dedicated to spurring interest and inspiration among youths as well as newly arrived immigrants in entrepreneurship and enterprise. These include Junior Achievement, Prince Daniel’s Fellowship, SIME Next, Enterprise Agency and the International Entrepreneur Association in Sweden.

In 2016 the bank became involved in a newly started summer camp for teenaged aspiring entrepreneurs. In cooperation with SIME Next, some 20 youths were offered spots at the camp for one week of intense drilling in digital entrepreneurship.

Social entrepreneurs gain insight into doing business

In 2016, a partnership was started with Inkludera Invest, an umbrella organisation for social entrepreneurs. The common denominator for these is that they work without a profit motive to create a better world. However, they can still benefit greatly from tools such as business plans, budgets, and earnings analyses to develop their operations.

Together with Inkludera Invest, SEB arranged a basic course in business administration and invited social entrepreneurs to share insights around the conditions for doing business.
In 2016, the value of the SEB Class A share increased by 7 percent, to SEK 95.55, while the FTSE European Banks Index dropped by 6 percent. Earnings per share amounted to SEK 4.88 (7.57). The Board proposes a dividend of SEK 5.50 per share for 2016 (5.25).

Share capital
SEB’s share capital amounts to SEK 21,942 m, distributed on 2,194.2 million shares. Each Class A share entitles to one vote and each Class C share to 1/10 of a vote.

Stock exchange trading
The SEB shares are listed on Nasdaq Stockholm, but are also traded on other exchanges, such as BATS, CXE, Boat and Turquoise. The share is included in the Dow Jones Sustainability Index and the FTSE4Good Index, which facilitate investments in companies with globally recognised levels of corporate responsibility.

In 2016, the value of the SEB Class A share increased by 6.7 percent, while the OMX Stockholm 30 Index (OMXS30) was up by 5 percent and the FTSE European Banks Index dropped by 6 percent. Total turnover in SEB shares in 2016 amounted to SEK 307 bn (312), of which 134 bn (142) on Nasdaq Stockholm. Market capitalisation by year-end was SEK 210 bn (196).

Dividend policy
SEB strives to achieve long-term dividend growth without negatively impacting the group’s targeted capital ratios. The annual dividend per share shall correspond to 40 percent or more of earnings per share. Each year’s dividend is assessed in the light of prevailing economic conditions and the group’s earnings, growth possibilities, regulatory requirements and capital position.

Dividend
The Board of Directors proposes to the Annual General Meeting a dividend of SEK 5.50 (5.25) per Class A and Class C share respectively for 2016, which corresponds to a 113 percent (69) dividend payout ratio. Excluding items affecting comparability, the dividend payout ratio was 75 percent. The proposed record date for the dividend is 30 March 2017. If the AGM resolves according to the proposal, the share will be traded ex-dividend on 29 March 2017 and dividend payments will be disbursed on 4 April 2017.

Dividend yield and total shareholder return in 2016
The dividend yield, i.e. the dividend in relation to the share price at year-end 2016, was 5.8 percent (5.9) based on the proposed dividend. Total shareholder return (TSR) – i.e. share price development and reinvested dividends per share – was 14 percent for 2016 (–6).

**Data per share**

<table>
<thead>
<tr>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Basic earnings, SEK</td>
<td>4.88</td>
<td>7.57</td>
<td>8.79</td>
<td>6.74</td>
<td>5.31</td>
</tr>
<tr>
<td>Diluted earnings, SEK</td>
<td>4.85</td>
<td>7.53</td>
<td>8.73</td>
<td>6.69</td>
<td>5.29</td>
</tr>
<tr>
<td>Shareholders’ equity, SEK</td>
<td>65.00</td>
<td>65.11</td>
<td>61.47</td>
<td>56.33</td>
<td>49.92</td>
</tr>
<tr>
<td>Net worth, SEK</td>
<td>73.00</td>
<td>72.09</td>
<td>68.13</td>
<td>62.10</td>
<td>56.33</td>
</tr>
<tr>
<td>Cash flow, SEK</td>
<td>19.02</td>
<td>1.28</td>
<td>–61.98</td>
<td>–19.66</td>
<td>–8.92</td>
</tr>
<tr>
<td>Dividend per A and C share, SEK</td>
<td>5.50</td>
<td>5.25</td>
<td>4.75</td>
<td>4.00</td>
<td>2.75</td>
</tr>
<tr>
<td>Year-end share price(^1), SEK</td>
<td>95.55</td>
<td>89.40</td>
<td>99.55</td>
<td>84.80</td>
<td>55.25</td>
</tr>
<tr>
<td>Class A share</td>
<td>95.20</td>
<td>88.85</td>
<td>97.65</td>
<td>79.90</td>
<td>53.40</td>
</tr>
<tr>
<td>Class C share</td>
<td>101.10</td>
<td>112.50</td>
<td>100.60</td>
<td>85.10</td>
<td>57.95</td>
</tr>
<tr>
<td>Highest price paid(^2), SEK</td>
<td>99.75</td>
<td>111.50</td>
<td>100.60</td>
<td>85.10</td>
<td>57.95</td>
</tr>
<tr>
<td>Class A share</td>
<td>101.10</td>
<td>112.50</td>
<td>100.60</td>
<td>85.10</td>
<td>57.95</td>
</tr>
<tr>
<td>Class C share</td>
<td>101.10</td>
<td>112.50</td>
<td>100.60</td>
<td>85.10</td>
<td>57.95</td>
</tr>
<tr>
<td>Lowest price paid(^2), SEK</td>
<td>67.75</td>
<td>83.45</td>
<td>82.25</td>
<td>55.70</td>
<td>38.87</td>
</tr>
<tr>
<td>Class A share</td>
<td>70.35</td>
<td>83.75</td>
<td>77.45</td>
<td>53.20</td>
<td>38.74</td>
</tr>
<tr>
<td>Class C share</td>
<td>70.35</td>
<td>83.75</td>
<td>77.45</td>
<td>53.20</td>
<td>38.74</td>
</tr>
<tr>
<td>Dividend as a percentage of earnings (payout ratio), %</td>
<td>112.8</td>
<td>69.4</td>
<td>54.0</td>
<td>59.3</td>
<td>51.8</td>
</tr>
<tr>
<td>Dividend yield, %</td>
<td>5.8</td>
<td>5.9</td>
<td>4.8</td>
<td>4.7</td>
<td>5.0</td>
</tr>
<tr>
<td>P/E (share price at year-end/ earnings)</td>
<td>19.6</td>
<td>11.8</td>
<td>11.3</td>
<td>12.6</td>
<td>10.4</td>
</tr>
<tr>
<td>Number of outstanding shares, million</td>
<td>2,177.6</td>
<td>2,191.2</td>
<td>2,186.8</td>
<td>2,190.8</td>
<td>2,191.5</td>
</tr>
<tr>
<td>at year-end</td>
<td>2,169.0</td>
<td>2,193.3</td>
<td>2,188.7</td>
<td>2,179.8</td>
<td>2,192.0</td>
</tr>
</tbody>
</table>

1) As proposed by the Board of Directors  2) Source: Nasdaq Stockholm.

**The largest shareholders**

<table>
<thead>
<tr>
<th>No. of shares</th>
<th>Of which Class C shares</th>
<th>Share of capital, %</th>
<th>Share of votes %</th>
</tr>
</thead>
<tbody>
<tr>
<td>2016</td>
<td>2015</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Investor AB</td>
<td>456,198,927</td>
<td>4,000,372</td>
<td>20.8</td>
</tr>
<tr>
<td>Alecta</td>
<td>154,682,500</td>
<td>7.0</td>
<td>7.1</td>
</tr>
<tr>
<td>Trygg Foundation</td>
<td>130,673,802</td>
<td>6.0</td>
<td>6.0</td>
</tr>
<tr>
<td>Swedbank Robur Funds</td>
<td>92,736,980</td>
<td>4.2</td>
<td>4.3</td>
</tr>
<tr>
<td>AMF</td>
<td>83,905,317</td>
<td>3.8</td>
<td>3.9</td>
</tr>
<tr>
<td>SEB Funds</td>
<td>38,691,740</td>
<td>1.8</td>
<td>1.8</td>
</tr>
<tr>
<td>BlackRock</td>
<td>38,059,331</td>
<td>1.7</td>
<td>1.7</td>
</tr>
<tr>
<td>Fourth Swedish National Pension Fund</td>
<td>27,141,394</td>
<td>1.2</td>
<td>1.2</td>
</tr>
<tr>
<td>Vanguard</td>
<td>26,915,196</td>
<td>1.2</td>
<td>1.2</td>
</tr>
<tr>
<td>SEB own shareholding</td>
<td>25,177,693</td>
<td>1.1</td>
<td>1.2</td>
</tr>
<tr>
<td>Nordea Funds</td>
<td>22,142,705</td>
<td>1.0</td>
<td>1.0</td>
</tr>
<tr>
<td>XACT Funds</td>
<td>22,007,860</td>
<td>1.0</td>
<td>1.0</td>
</tr>
<tr>
<td>Didner &amp; Gerge Funds</td>
<td>19,228,514</td>
<td>0.9</td>
<td>0.9</td>
</tr>
<tr>
<td>AFA Insurance</td>
<td>17,268,554</td>
<td>0.8</td>
<td>0.8</td>
</tr>
<tr>
<td>First Swedish National Pension Fund</td>
<td>16,422,705</td>
<td>0.7</td>
<td>0.7</td>
</tr>
</tbody>
</table>

Source: Euroclear and Holdings
SEB has approximately 276,000 shareholders. Around 175,000 of these own less than 500 shares, while 146 hold more than 1,000,000 shares, accounting for 79 per cent of capital and votes. The shareholders’ influence is exercised at General Meetings of Shareholders, the bank’s highest decision-making body.

Slightly more than 1,200 shareholders were in attendance at the AGM 2016

The main resolutions at the AGM were:

- approval of the dividend of SEK 5.25 per share
- increase of the number of directors to 13
- re-election of all current eleven directors and election of two new directors
- re-election of Marcus Wallenberg as Chairman of the Board
- re-election of PricewaterhouseCoopers as auditor
- adoption of guidelines for remuneration for the President and the other members of the GEC
- approval of two long-term equity programmes
- issuance of a mandate to the Board concerning the acquisition and sale of own shares for SEB’s securities business, for the long-term equity programmes and for capital management purposes
- issuance of a mandate to the Board to resolve on the issuance of convertibles.

Analysts’ recommendations 2016

More than 30 analysts are covering SEB’s financial development. Apart from the quarterly press conferences, SEB annually arranges a number of meetings with analysts and investors in order to clarify the bank’s development and answer questions.

A summary of some of the analysts’ recommendations is published via news agencies every quarter.

1) The recommendations were given before the presentation of SEB’s Annual Accounts for 2016.

Source: SME Direkt
A bank’s fundamental role is to intermediate transfers of money between companies and private individuals, who want to borrow, invest, save or make payments. SEB must manage the risks that arise in connection with those activities.

As a bank SEB accepts risks to create value for customers and shareholders. Risk management is indispensable for the bank’s long-term profitability. SEB’s risk management is based on the Board’s view on risk tolerance.

Risks in SEB

Credit risk is the largest risk by far and therefore credit risk control is fundamental. Long-term relationships and a deep knowledge about the customers are at the core of SEB’s risk philosophy and the foundation for a stable and well balanced credit portfolio. Every credit decision is based on an analysis of the customer’s ability to repay. For smaller household loans this is done through a standardised process, while large loans to corporate and institutional customers require an individual analysis. The quality of SEB’s credit portfolio is high. The bank's corporate portfolio is dominated by financially strong Nordic and German large corporations. The household lending consists mainly of household mortgages in Sweden, which historically have had a very low risk.

The average credit loss level during the last ten years (including the latest financial crisis) amounts to 0.18 per cent of total lending. For 2016, the credit loss level was 0.07 percent.

Capital provides protection

Banks hold capital to cover their risks. At year-end 2016, SEB’s capital was 18.8 per cent of the measured risks. This is one of the highest capital ratios among European banks. During the year, the European Banking Authority (EBA) tested banks’ capital in stressed scenarios. Also in this test, SEB was strong among its European peers. The result of the test is illustrated in the graph below.
SEB’s risk management must be responsive to change. In the last couple of years, digitalisation and sustainability are matters that have increased in importance.

IT risks
When a growing amount of banking services are conducted online, system availability and security are critical for continued customer trust. SEB provides services around the clock through its internet bank, telephone bank and mobile apps, and is committed to providing the highest possible accessibility. In recent years, systems reliability and availability have been high. However, SEB has started an initiative to further improve systems availability by reducing planned as well as unplanned downtime.

Cyber threats continue to increase and antagonists become more technically sophisticated. The potential for external attacks expands with the increasing utilisation of digital services. SEB’s approach to meeting these threats is to raise awareness among employees and customers while implementing many types of digital protection.

In 2016, the risk mitigation focus was on further improvements of the logon to mobile apps and the internet bank and on strengthening the contingency planning.

Climate-related risks
Climate changes are increasingly impacting the state of the world, and there is a growing need for better understanding and transparency of climate-related risks in the financial sector. This is not only about internal risk management, but is also required by customers and investors. Regulators are increasingly focusing on this risk as well.

One consequence when society is taking actions to reduce climate risks is the so-called carbon risk, or the risk of “stranded” assets, in the transition to net zero greenhouse gas emissions.

In 2016, SEB decided to reduce the coal exposure in its managed funds by taking a stricter approach to investing in companies involved in thermal coal extraction and by increasing the active ownership role through dialogues with energy-related companies.

When it comes to lending SEB has for several years applied a number of sector policies that limit financing of companies in certain sectors such as fossil fuels, mining and metals. SEB does not provide any new financing of coal mining and coal power plants.

Code of conduct
Banking is built on trust. To uphold the important societal function of a bank, it is imperative that all stakeholders have confidence in the bank’s operations.

The bank’s reputation is important for long-term customer satisfaction and the bank’s profitability.

International regulators have taken extensive action to counter banks’ misconduct, particularly in relation to customers’ interests and consumer protection.

SEB’s Code of Conduct is approved by the Board of Directors. Employees participate in mandatory training on SEB’s core values and conduct topics as well as discussion workshops on ethical and value-related dilemmas, all aiming to build awareness of the importance of appropriate conduct.
Income statement and balance sheet

The net profit for the year is presented in the income statement as the net of income and expenses and after credit losses and tax. The business volumes are reported both on- and off the balance sheet.

<table>
<thead>
<tr>
<th>Income statement</th>
<th>SEK m</th>
<th>2016</th>
<th>2015</th>
<th>Change, %</th>
</tr>
</thead>
<tbody>
<tr>
<td>Net interest income</td>
<td>18,738</td>
<td>18,938</td>
<td>–1</td>
<td></td>
</tr>
<tr>
<td>Net fee and commission income</td>
<td>16,628</td>
<td>18,345</td>
<td>–9</td>
<td></td>
</tr>
<tr>
<td>Net financial income</td>
<td>7,056</td>
<td>5,478</td>
<td>29</td>
<td></td>
</tr>
<tr>
<td>Net other income</td>
<td>1,349</td>
<td>1,002</td>
<td>35</td>
<td></td>
</tr>
<tr>
<td><strong>Total operating income</strong></td>
<td><strong>43,771</strong></td>
<td><strong>43,763</strong></td>
<td>0</td>
<td></td>
</tr>
<tr>
<td>Staff costs</td>
<td>–14,562</td>
<td>–14,436</td>
<td>1</td>
<td></td>
</tr>
<tr>
<td>Other expenses</td>
<td>–6,703</td>
<td>–6,355</td>
<td>5</td>
<td></td>
</tr>
<tr>
<td>Depreciation, amortisation and impairments of assets</td>
<td>–6,496</td>
<td>–1,011</td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>Total operating expenses</strong></td>
<td><strong>–27,761</strong></td>
<td><strong>–21,802</strong></td>
<td>27</td>
<td></td>
</tr>
<tr>
<td>Gains less losses from tangible and intangible assets</td>
<td>–150</td>
<td>–213</td>
<td>–30</td>
<td></td>
</tr>
<tr>
<td>Net credit losses</td>
<td>–993</td>
<td>–883</td>
<td>12</td>
<td></td>
</tr>
<tr>
<td>Operating profit</td>
<td>14,867</td>
<td>20,865</td>
<td>–29</td>
<td></td>
</tr>
<tr>
<td>Income tax expense</td>
<td>–4,249</td>
<td>–4,284</td>
<td>–1</td>
<td></td>
</tr>
<tr>
<td><strong>Net profit</strong></td>
<td><strong>10,618</strong></td>
<td><strong>16,581</strong></td>
<td>–36</td>
<td></td>
</tr>
</tbody>
</table>

The income statement described

Operating income

**Net interest income** consists mainly of the difference between income from lending and expenses associated with deposits and borrowings. Banks' interest margins differ in various markets, mainly due to varying maturities and risks. Changes in the margins as well as in the volumes of deposits and lending have a major bearing on net interest income. In addition, net interest income is affected by the return on holdings of interest-bearing securities and expenses associated with the bank's issuance of securities used to fund the operations. Regulatory fees for financial stability purposes are also reported as net interest income.

**Net fee and commission income**, which includes commissions from various services such as lending, advisory services, payments, cards and equities trading has long been a larger source of revenue for SEB than for other Swedish banks. This is because SEB works to a greater extent with services for large corporations and wealth management. This line item also includes fees from assets under management and custody.

**Net financial income** includes both realised gains and losses associated with sales of equities, bonds and other financial instruments, and unrealised changes in the market value of securities. The trend in the financial markets plays a great role in this context.

**Other income, net**, includes certain capital gains, dividends, hedges and other items.

Operating expenses

The largest operating expense consists of **staff costs** for the Bank's some 15,300 employees. **Other operating expenses** consist primarily of IT costs, consulting costs and costs for premises. **Depreciation and impairments of assets** pertain to IT costs, for example, which are spread over several years. To ensure a competitive and efficient cost base the bank operates under a cost cap of SEK 22bn.

**Net credit losses**

Credit losses consist of incurred losses as well as provisions for probable losses, where SEB has determined that the customer is likely to be unable to fulfil the payment obligations. Any recoveries have a positive impact on net credit losses.

**Net profit**

Net profit for the year forms the basis for calculating earnings per share and the proposed dividend to the shareholders.
The result for 2016

Operating income
Net interest income decreased by 1 per cent to SEK 18,738m. The unusually low interest rates affected net interest income negatively. In 2015, an interest expense that affected comparability was incurred. Interest expenses included regulatory fees for financial stability purposes at an amount of SEK 1,362m.

Net fee and commission income were 9 per cent lower year-on-year and amounted to SEK 16,628m. Fees relating to assets under management were significantly lower than the more favourable 2015. Regulatory limitations led to lower card fee income and fees from securities lending. A number of initial public offerings contributed positively.

Net financial income grew by 29 per cent to SEK 7,056m. Excluding a 2015 item affecting comparability, the increase was 12 per cent. The financial markets were very volatile and customers sought hedging and risk management services to a high degree.

Net other income increased by 35 per cent to SEK 1,349m primarily due to an item affecting comparability. Otherwise, the result consisted mainly of capital gains, dividend income and hedge accounting effects.

Operating expenses
Operating expenses increased by 27 per cent compared to 2015. Excluding items that affected comparability, operating expenses were SEK 21.8bn, in line with the bank’s cost cap. Management decided to keep the existing cost cap unchanged at SEK 22bn through 2018.

Net credit losses increased by 12 per cent to SEK 993m. The asset quality continued to be high.

Income tax expense was 1 per cent lower than 2015 and amounted to SEK 4,249m. The corresponding tax rate was 29 per cent. Excluding items affecting comparability the rate was 21 per cent, in line with SEB’s expected tax rate.

Net profit and dividends
Operating profit for the year decreased by 29 per cent to SEK 14,867m. The net profit was down 36 per cent to SEK 10,618m. Excluding the items affecting comparability net profit decreased by 9 per cent to SEK 15,970m. The Board of Directors proposes a dividend of SEK 5.50 per share to be distributed to the shareholders.
Balance sheet described

Simply put, traditional banking is a matter of intermediating capital between customers with a surplus of capital and customers in need of borrowing whose needs vary widely with respect to amounts, maturities and other terms. In its role as an intermediary, SEB can use for instance household savings and short-term deposits for corporate and long-term mortgage lending. Due to the large number of accounts with varying maturities, savings and deposits serve as a stable source of funding.

Assets
Loans to the public (households, corporate, etc.) and to credit institutions together account for more than half of total assets. Another large item is debt securities. Financial assets at fair value consist of the bank’s trading position in equities, debt and derivatives and are largely short-term in nature. Insurance assets are held to meet the future obligations to the policyholders.

Liabilities and equity
The main items are liabilities to credit institutions and deposits and borrowings from the public. In addition, debt securities are issued by SEB for funding purposes. Financial liabilities are part of the bank’s trading position. The liabilities to policyholders are met by insurance assets. Shareholders’ equity consists of the share capital, capital contributions and retained earnings.

Assets under management and custody
Both assets under management and custody are primarily booked off-balance sheet.

Development during 2016
Total assets at 31 December 2016 were SEK 2,621bn, an increase of SEK 125bn.

Assets
Loans to households and corporates increased by around SEK 109bn. Small and medium-sized companies in Sweden and the Baltic countries increasingly demanded lending services. Household loans in Sweden and the Baltic countries also increased. Towards the end of the year funding to large corporations was provided in connection with corporate transactions. Short-term trading positions in debt and equities decreased significantly.

Liabilities
Deposits from private individuals increased by SEK 15bn and corporate deposits increased by SEK 63bn. More long-term debt and subordinated debt was issued than what matured, which improved the bank’s liquidity position.

Equity
The net profit for 2016 increased equity by SEK 11bn. The dividend for 2015 that was paid in 2016 decreased equity by SEK 11.5bn.

Assets under management and custody
Total assets under management amounted to SEK 1,781bn. The net inflow of assets under management during the year was SEK 77bn and the increase in value was SEK 4bn.

Assets under custody amounted to SEK 6,859bn.

Balance sheet

<table>
<thead>
<tr>
<th>Assets</th>
<th>2016</th>
<th>2015</th>
</tr>
</thead>
<tbody>
<tr>
<td>Cash balances with central banks</td>
<td>217,808</td>
<td>133,651</td>
</tr>
<tr>
<td>Lending</td>
<td>49,231</td>
<td>53,954</td>
</tr>
<tr>
<td>Repos</td>
<td>914</td>
<td>1,755</td>
</tr>
<tr>
<td>Debt instruments</td>
<td>382</td>
<td>2,833</td>
</tr>
<tr>
<td>Loans to other credit institutions</td>
<td>50,527</td>
<td>58,542</td>
</tr>
<tr>
<td>Public administration</td>
<td>27,956</td>
<td>38,447</td>
</tr>
<tr>
<td>Private individuals</td>
<td>549,175</td>
<td>539,337</td>
</tr>
<tr>
<td>Corporate</td>
<td>797,640</td>
<td>707,874</td>
</tr>
<tr>
<td>Repos</td>
<td>63,524</td>
<td>58,560</td>
</tr>
<tr>
<td>Debt instruments</td>
<td>14,724</td>
<td>18,168</td>
</tr>
<tr>
<td>Loans to the public</td>
<td>1,453,019</td>
<td>1,353,386</td>
</tr>
<tr>
<td>Debt instruments</td>
<td>122,192</td>
<td>172,368</td>
</tr>
<tr>
<td>Equity instruments</td>
<td>40,324</td>
<td>67,538</td>
</tr>
<tr>
<td>Derivatives</td>
<td>212,355</td>
<td>215,551</td>
</tr>
<tr>
<td>Insurance assets</td>
<td>410,155</td>
<td>371,488</td>
</tr>
<tr>
<td>Financial assets at fair value</td>
<td>785,026</td>
<td>826,945</td>
</tr>
<tr>
<td>Debt instruments</td>
<td>32,698</td>
<td>34,963</td>
</tr>
<tr>
<td>Other</td>
<td>3,049</td>
<td>2,368</td>
</tr>
<tr>
<td>Available-for-sale financial assets</td>
<td>35,747</td>
<td>37,331</td>
</tr>
<tr>
<td>Tangible and intangible assets</td>
<td>20,158</td>
<td>26,203</td>
</tr>
<tr>
<td>Other assets</td>
<td>58,361</td>
<td>59,906</td>
</tr>
<tr>
<td>Total assets</td>
<td>2,620,646</td>
<td>2,495,964</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Liabilities and equity</th>
<th>2016</th>
<th>2015</th>
</tr>
</thead>
<tbody>
<tr>
<td>Deposits from central banks</td>
<td>54,393</td>
<td>58,273</td>
</tr>
<tr>
<td>Credit institutions</td>
<td>64,616</td>
<td>57,788</td>
</tr>
<tr>
<td>Repos</td>
<td>855</td>
<td>2,445</td>
</tr>
<tr>
<td>Deposits from credit institutions</td>
<td>65,471</td>
<td>60,233</td>
</tr>
<tr>
<td>Public administration</td>
<td>35,696</td>
<td>29,392</td>
</tr>
<tr>
<td>Private individuals</td>
<td>276,724</td>
<td>261,523</td>
</tr>
<tr>
<td>Corporate</td>
<td>648,869</td>
<td>585,706</td>
</tr>
<tr>
<td>Repos</td>
<td>739</td>
<td>7,164</td>
</tr>
<tr>
<td>Deposits and borrowings from the public</td>
<td>962,028</td>
<td>883,785</td>
</tr>
<tr>
<td>Liabilities to policyholders</td>
<td>403,831</td>
<td>370,709</td>
</tr>
<tr>
<td>Commercial paper and certificates</td>
<td>126,480</td>
<td>146,150</td>
</tr>
<tr>
<td>Long term debt</td>
<td>542,400</td>
<td>493,294</td>
</tr>
<tr>
<td>Debt securities issued</td>
<td>668,880</td>
<td>639,444</td>
</tr>
<tr>
<td>Debt securities</td>
<td>9,549</td>
<td>10,442</td>
</tr>
<tr>
<td>Equity instruments</td>
<td>10,072</td>
<td>12,927</td>
</tr>
<tr>
<td>Derivatives</td>
<td>193,875</td>
<td>207,416</td>
</tr>
<tr>
<td>Financial liabilities at fair value</td>
<td>213,496</td>
<td>230,785</td>
</tr>
<tr>
<td>Other liabilities</td>
<td>70,852</td>
<td>78,565</td>
</tr>
<tr>
<td>Subordinated liabilities</td>
<td>40,719</td>
<td>31,372</td>
</tr>
<tr>
<td>Total equity</td>
<td>140,976</td>
<td>142,798</td>
</tr>
<tr>
<td>Total liabilities and equity</td>
<td>2,620,646</td>
<td>2,495,964</td>
</tr>
</tbody>
</table>

The year in figures
Chairman’s statement

» The work of the Board during the year was shaped by the rapid digitalisation and changing regulatory requirements for the financial sector and the opportunities and challenges they imply in relation to SEB’s long-term vision. We carefully evaluated the continued subdued macroeconomic situation and the emerging geopolitical risks. Taking a long-term perspective on these matters is even more critical as the world, and the business environment, are becoming more complex.

SEB’s direction remains the same. Our three-year business plan includes continued investments for growth in areas of strength as well as a clear transformation agenda in order to capture the full opportunities of digitalisation.

Annika Falkengren, our departing CEO, has been at the helm of SEB for more than 11 years and has done a tremendous job together with the whole SEB team. She navigated SEB through the global financial crisis and set a clear strategy forward which she and her team delivered on with a unique commitment. On behalf of the Board, I would like to express our deep appreciation of her work for close to 30 years for SEB.

The Board has appointed Johan Torgeby as the bank’s next President and CEO. Together with Johan, the management team and all employees, SEB is determined to fulfil the vision of world-class service and thus continue to build long-term shareholder value. «

Marcus Wallenberg
Chairman of the Board

Main governing bodies of SEB

The General Meeting
The General Meeting of Shareholders is the highest decision-making body, which among other things appoints the members of the Board and the bank’s auditors. All registered shareholders have the right to participate at the Annual General Meeting and vote for their shares.

See information on the share p. 26-27.

The Board of Directors
The Board of Directors has overarching responsibility for SEB’s organisation, management and operations. Important issues handled by the Board include the macroeconomic situation, the bank’s financial and risk position, capital and liquidity situation, remuneration, succession planning and compliance as well as interim and annual reports.

The Board is presented on p. 34-35.

The President and Group Executive Committee
The President and CEO is responsible for administrating the group’s business, including risk management, in accordance with the strategy and policies established by the Board. To safeguard the interests of the group as a whole, the President consults with the Group Executive Committee (GEC) on matters of major or principal importance.

The GEC is presented on p. 36.
### Board of Directors

<table>
<thead>
<tr>
<th>Position</th>
<th>Year elected</th>
<th>Born</th>
<th>Education</th>
<th>Other assignments</th>
<th>Own and closely related persons' shareholdings</th>
</tr>
</thead>
<tbody>
<tr>
<td>Marcus Wallenberg</td>
<td>Chairman since 2005</td>
<td>1956</td>
<td>B.Sc. (Foreign Service)</td>
<td>Chairman of Saab and FAM. Vice Chairman of Investor. Director of AstraZeneca Plc., Temasek Holdings Ltd and the Knut and Alice Wallenberg Foundation.</td>
<td>753,584 Class A shares and 720 Class C shares</td>
</tr>
<tr>
<td>Urban Jansson</td>
<td>Deputy Chairman since 2013</td>
<td>1945</td>
<td>Higher bank degree (SEB)</td>
<td>Chairman of FAB and 365 id. Director of Lindégruppen.</td>
<td>56,840 Class A shares</td>
</tr>
<tr>
<td>Jesper Ovesen</td>
<td>Deputy Chairman since 2014</td>
<td>1957</td>
<td>B.Sc. (Econ.) and MBA</td>
<td>Director of Sunrise Communication Group AG (Switzerland), Lundbeck A/S (Denmark) and ConvaTec Group Plc. (UK).</td>
<td>25,000 Class A shares</td>
</tr>
<tr>
<td>Johan H. Andrensen</td>
<td>Director</td>
<td>1961</td>
<td>B.A. (Government and Policy Studies) and MBA</td>
<td>Owner and Chairman of Fjell AS. Chairman of Council on Ethics for the Government Pension Fund Global (Norway). Director of SWIX Sport AS (Norway), NM–Norwegian Microfinance Initiative and Junior Achievement Europe.</td>
<td>100,000 Class A shares</td>
</tr>
<tr>
<td>Birgitta Kantola</td>
<td>Director</td>
<td>1948</td>
<td>LLM and Econ. Dr. H.C.</td>
<td>Chairman of Centre for Justice. Director of Nordstjernan, Nobel Foundation, Axel and Margaret Ax:son Johnson’s Foundation, Research Institute of Industrial Economics and Sällskapet Vänner till Paupers Honteux. Member of the Investment Committee of Niam Property Fund.</td>
<td>33,000 Class A shares</td>
</tr>
<tr>
<td>Tomas Nicolin</td>
<td>Director</td>
<td>1954</td>
<td>B.Sc. (Econ.) and M.Sc. (Management)</td>
<td></td>
<td>66,000 Class A shares</td>
</tr>
<tr>
<td>Sven Nyman</td>
<td>Director</td>
<td>1959</td>
<td>B.Sc. (Business and Econ.)</td>
<td></td>
<td>10,440 Class A shares and 10,200 Class C shares</td>
</tr>
<tr>
<td>Helena Saxon</td>
<td>Director</td>
<td>1970</td>
<td>M.Sc. (Business and Econ.)</td>
<td></td>
<td>5,000 Class A shares</td>
</tr>
<tr>
<td>Name</td>
<td>Position</td>
<td>Year(s)</td>
<td>Education/Professional Experience</td>
<td></td>
<td></td>
</tr>
<tr>
<td>-----------------------</td>
<td>-----------------------------------</td>
<td>---------------</td>
<td>---------------------------------------------------------------------------------------------------</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Signhild Arnegård Hansen</td>
<td>Director</td>
<td>2010, 1960</td>
<td>B.Sc. (Human Resources) and journalism studies</td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td>Chairman of SnackCo of America Corp. Vice Chairman of the Swedish-American Chamber of Commerce (SACC) (USA), Director of Magnora, SACC New York, Business Sweden, E3BRI and King Carl XVI Gustaf’s Foundation for Young Leadership.</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Sara Öhrvall</td>
<td>Director</td>
<td>2016, 1960</td>
<td>M.Sc. (Econ.) University studies in mathematics, statistics and law.</td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td>Director of Investor, Bonnier News, Bonnier Books and Bionode.</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Anna-Karin Glimström</td>
<td>Director, appointed by the employees</td>
<td>2016, 1962</td>
<td>University studies in mathematics, statistics and law.</td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td>Chairman of Financial Sector Union of SEB group and Financial Sector Union Western section in SEB, Director EB-SB Fastigheter and EB-SB Holding.</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Håkan Westerberg</td>
<td>Director, appointed by the employees</td>
<td>2015, 1968</td>
<td>Engineering logistics.</td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td>Chairman of the Association of University Graduates at SEB.</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Annika Falkengren</td>
<td>Director (President and CEO)</td>
<td>2013, 2005</td>
<td>B.Sc. (Econ.) University studies in engineering, logistics.</td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td>Chairman of the Swedish Bankers’ Association, Director of Scania CV (subsidiary to Volkswagen) and FAM. Member of the Supervisory Board of Volkswagen AG.</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Winnie Falkengren</td>
<td>Director</td>
<td>2010, 2013</td>
<td>5,387 Class A shares</td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td>Chairman of Financial Sector Union of SEB group and Financial Sector Union Regional Club group operations of SEB.</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Appointed by the employees:</td>
<td></td>
<td></td>
<td>0 shares</td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td>3,569 Class A shares</td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td>0 shares</td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td>5,000 Class A shares</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

1) In 2017 Annika Falkengren resigned from SEB  
2) Deputy Director 2011–2014  
3) Deputy Director 2014
## Group Executive Committee

<table>
<thead>
<tr>
<th>Position</th>
<th>SEB employee since</th>
<th>Born</th>
<th>Own and closely related persons' shareholdings</th>
<th>Additional members</th>
</tr>
</thead>
<tbody>
<tr>
<td>Jan Erik Back, Executive Vice President, Chief Financial Officer since 2008</td>
<td>2008</td>
<td>1961</td>
<td>60,968 Class A shares, 21,937 share rights and 60,219 conditional share rights.</td>
<td>Peter Holtermand, Country Manager SEB Denmark since 2002, Deputy President &amp; CEO since 2014</td>
</tr>
<tr>
<td>Peter Dahlgren, Head of the Life &amp; Investment Management division since 2016</td>
<td>2008</td>
<td>1972</td>
<td>58,751 Class A shares, 25,156 share rights and 77,622 conditional share rights.</td>
<td>Rasmus Järborg, Chief Strategy Officer since 2015, Deputy President &amp; CEO since 2016</td>
</tr>
<tr>
<td>Mats Torstendahl, Executive Vice President, Co-head of the Corporate &amp; Private Customers division since 2016</td>
<td>2009</td>
<td>1961</td>
<td>104,218 Class A shares, 63,357 share rights and 179,127 conditional share rights.</td>
<td>William Paus, Country Manager SEB Norway since 2010, Deputy President &amp; CEO since 2014</td>
</tr>
</tbody>
</table>

1) In 2017 Annika Falkengren resigned from SEB, 2) In 2017 Peter Dahlgren resigned from SEB, 3) Johan Torgeby will become President and CEO of SEB starting 29 March 2017
Annual General Meeting

The Annual General Meeting will be held on Tuesday 28 March 2017 at 1 pm (CET) at Stockholm Concert Hall, Hötorget.

A notice convening the Annual General Meeting, including an agenda, is available on www.sebgroup.com

Shareholders who wish to attend the Annual General Meeting shall at the latest on Wednesday 22 March 2017:

- be registered in the shareholders’ register kept by Euroclear Sweden AB, and
- notify the bank in either of the following ways:
  » by telephone 0771 23 18 18 (+46 771 23 18 18 from outside Sweden)
  between 9 am and 4.30 pm (CET) or
  » via the internet on www.sebgroup.com or
  » in writing to the following address: Skandinaviska Enskilda Banken AB, AGM, Box 7832, SE-103 98 Stockholm, Sweden.

Dividend

The Board proposes a dividend of SEK 5.50 per share for 2016.

Thursday 30 March 2017, is proposed as record date for the dividend payments. If the Annual General Meeting resolves in accordance with the proposal, the share will be traded ex-dividend on Wednesday 29 March 2017 and dividend payments are expected to be distributed by Euroclear Sweden AB on Tuesday 4 April 2017.
Welcome to SEB

Our vision is to deliver world-class service to our customers. We assist 2,300 large corporations, 700 financial institutions, 267,000 small and medium-sized companies and 1.4 million private individuals with advice and financial solutions.

In Sweden and the Baltic countries, we offer comprehensive financial advice and a wide range of financial services. In Denmark, Finland, Norway and Germany, we have a strong focus on a full-service offering to large corporate and institutional customers.

The international scope of the operations is reflected in SEB’s presence in some 20 countries with 15,300 employees.

We have a long-term perspective in all of our operations and contribute to the development of markets and communities.

Head office
Postal address: SEB, SE-106 40 Stockholm
Visiting address: Kungsträdgårdsgatan 8, Stockholm
Telephone: +46 771 62 10 00
+46 8 22 19 00 (management)

Contacts
Jan Erik Back
Chief Financial Officer
Telephone: +46 8 22 19 00
E-mail: janerik.back@seb.se

Jonas Söderberg
Head of Investor Relations
Telephone: +46 8 763 83 19
E-mail: jonas.soderberg@seb.se

Viveka Hirdman-Ryrberg
Head of Group Communications
Telephone: +46 8 763 85 77
E-mail: viveka.hirdman-ryrberg@seb.se

Malin Schenkenberg
Financial Information Officer
Telephone: +46 8 763 95 31
E-mail: malin.schenkenberg@seb.se

Skandinaviska Enskilda Banken AB’s corporate registration number: 502032-9081