

CEO speech at Annual General Meeting March 28, 2017

It's a very special feeling as I stand here today. For 30 years, SEB has been a big, big part of my life. In recent years I have had the privilege to be the one who has led the bank and be its CEO. Today is my 12th AGM.

I have had an amazing time. SEB is a unique bank.

Unique in always being there for our customers in both good times and bad. Unique in having employees that go far beyond the ordinary in terms of a strong commitment to customers and the entire bank. Unique by having clear and long-term owners.

Slide 1

As a bank, we are strongly affected by developments abroad and the global economy. Our customers want to be able to operate in societies that can prosper. But development goes in cycles. And these years have been characterised by different - but all exceptional - economic phases.

When I became CEO in autumn 2005, there was talk of super economies, we saw huge positive effects of the globalisation wave, the price of money was low and risk taking high. Baltic countries showed strong growth, driven by strong private consumption built on borrowed money.

In the summer of 2007 came the first signs of the financial crisis that would turn things upside down. High risk-taking, complex financial packaging, poor transparency and much more contributed to the first global financial crisis. Things became acute when Lehman Brothers defaulted on 15 September 2008. And in the autumn that followed, as bank after bank fell, the vital trust that must exist in financial markets disappeared. The implications for the real economy were very hard.

Even today, global growth has not come back with full force, despite years of lower and even negative interest rates. Government debts worldwide have grown and low interest rates have not restored global economic growth. Even in Sweden, which for several years has had relatively high growth, the Riksbank has for two years had a negative policy rate. Today the rate is minus half a percent. Just as before the crisis, we see a distorted balance between risk and return.

It is clear that concerns are increasing on whether the normal economic relationship is working. This is apparent in the sharp swings in capital and equity markets.

At the same time, there are still bright spots today. The wheels have begun to roll again. In the US, we have seen the first interest rate hikes. Sentiment among companies since the end of last year is more positive.

Slide 2:

During this time, the global banking sector has undergone a period of enormous change. Based on the motto "never again", new regulation has been formed for the banking sector. The purpose behind it is good: to increase financial stability and to strengthen consumer protection. It has become much more expensive to conduct banking operations. In the picture here, you see just a small selection of examples from the new "regulatory landscape." At SEB, the cost of the risk and regulatory operations exceed 1 billion kronor per year. And above that, we pay 1.4 billion kronor to authorities of various

forms and fees for deposit programmes, stability funds, settlement funds, etc... In 2016 alone - eight years after the Lehman crash - we had 20 major regulatory projects started which together drew an additional 300 million kronor in adjustment costs.

Nobody can be sure that the overall impact of the regulations will be as intended. And what the impact really is on the real economy. In the end, all companies and individuals suffer from these higher costs as well as the fact that Sweden has now decided to go even further in terms of regulatory requirements.

Slide 3:

Many times I have during AGMs here at the Concert Hall emphasised that SEB is on a long journey. I usually divide the journey into different phases, and they have of course been affected by large external developments.

We have learned to really live amid the journey. So often it is the journey, not the destination itself, that is important.

This is what our journey has looked like:

From 2005 up to the financial crisis, we wanted to create a more unified bank. A bank that customers would be able to meet when and however they wanted. A bank that would focus on its core business. A bank that was more efficient so that we could make more investments in new services to customers. We streamlined. We created joint staff and support functions. We stressed the importance of a common corporate culture: "One SEB".

Then came the financial crisis. We got to take a break from the growth journey to ensure that we would come out of the crisis as a stronger bank. We strengthened the balance sheet. We dealt with the Baltics, and that without reporting a loss in any quarter. You, our shareholders, contributed with a new issuance plus withheld the dividend totalling 19.5 billion kronor. We were committed to standing up for customers at a time when capital markets were in principle fully closed.

We had been wise enough to divide ourselves up into a small red team - the team that handled the crisis, which I headed - and a considerably larger green team - that is, all the others who made sure we were there as usual for customers. It is important not to lose customers and the main operation. We in the red team worked virtually around the clock seven days a week for months. It was tough, difficult, and sometimes really, really horrible when a new weekend approached and we all wondered which bank around the world was going to go down this time...

We came out as a stronger bank.

We did not beat ourselves into complacency. Although the stock market was hesitant, we saw in 2010 that there was an opportunity to grow as a corporate bank in the Nordic region and Germany. We continued to build on the work we had started in the first phase, that is our strong conviction that customer satisfaction is the foundation for long-term profitability.

And we delivered. The growth plan between 2010 and 2015 contributed 4 billion in operating profits. 500 new corporate and institutional customers in the Nordic countries and Germany. And here in

Sweden, 55,000 more small business customers chose us as their main bank at the same time as we increased lending to small businesses by nearly 40 billion kronor.

Now we are into the third phase.

The pace of change has never been greater. The digital transition will affect all sectors and activities, and, right now, the financial sector in particular. Ease of use, simple and intuitive design, and the ability to connect large amounts of data to thereby provide a completely new customer experience are in focus. The actual services and various products are becoming increasingly similar.

As I discussed a year ago, we did a thorough job to map out a ten-year roadmap for the bank. 2016 was therefore the starting year for the first phase and a three-year business plan that we are now focusing on.

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We worked out a new vision for SEB - world-class service. We did not just compare ourselves with other banks but instead with the best service companies in the world. It is always the customer's perspective that decides.

We have reorganised the bank into customer segments. We have changed our way of working. We have gone from running large projects to instead testing prototypes, beta versions and many small launches where much of the development is in tune with customers. We are always testing in order to meet customer needs in the best way.

Slide 5

And we have set a clear business plan.

We are investing and growing in the same three areas as you heard me talk about a year ago:

- broadly across our entire business in Sweden
- we invest in expanding business with corporate customers in the Nordic countries and Germany
- and long-term savings, both private and corporate

And we focus on the transformation of three main components:

- enhance the customer experience through world-class service
- digitisation and automation of our own internal processes as well
- increased skill development

How has it gone in year one of three?

Slide 6:

We continue to grow as *the* Nordic corporate bank. Our loan portfolio performed well during the year in the Baltics, the Nordics as well as Germany. During the last two quarters, we saw an increase in activity and a higher loan demand. Throughout the year, large company and institution demand for risk management services was high, which largely reflects the entire 2016 as a year of unexpected events.

When it comes to smaller companies, we continue to attract more and more customers, and now have market share of over 15 percent in Sweden. This is a big change. Many thought that with our large-corporate profile we would not have this ability.

Both large corporates and financial institutions rank us as the leading bank in the Nordic region, according to Prospera's customer survey.

Slide 7:

Changes in demographic trends increase the need for long-term savings. Customers appreciated our complete offering, where we are the only bank that also offers traditional life insurance, and we provide remote advisory through screen-sharing. We put a lot of time into customers feeling comfortable and getting good advice on their savings decisions.

We see much higher demand from both individuals and institutional clients on investments with clear sustainability focus. We have chosen the path, and are clear that instead of excluding certain investments we actively select companies that are very successful with this in their industries, for example, efficient water use, energy use, reduced environmental toxins etc. We also differentiate ourselves with our four microfinance funds, which within that area accounted for the largest net inflows in Europe last year.

Slide 8:

Development is fast. As I described earlier, we have, by changing the way we work, been able to increase our pace. In the picture, you can see a range of new services which we launched in 2016. Everything is about strengthening the customer experience:

- remote pension advisory service,
- a youth app which now has close to 25,000 young users,
- digital signatures, and the ability to become a customer completely digitally,
- simple mortgage app where customers get help calculating their loans,
- new functionality in our mobile app that builds on our partnership with fintech company TINK
- algorithm-based currency trading.

And we have also invested in new so-called blockchain technology. We have entered into a partnership with several other major international banks to develop common standards. We also tested the new technology for transfers between customer accounts at SEB here in Sweden and our branch in New York.

We have launched our new custody management platform - Investor World. This has been a very big initiative. Financial institutions can now use completely new functionality through our refining the interface with customers in addition to our building this on the infrastructure of one of the world's largest custody management banks, Brown Brothers.

And we are the first bank to launch our new digital colleague AIDA in our Swedish customer service. AIDA can learn to understand, conduct dialogue and carry out errands in a human way. The technology is based on artificial intelligence and we are the first bank in the world to use "her".

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So - when I sum all this up in financial terms - and show how development has been in the longer term and where I have removed both positive and negative non-recurring items:

We are a larger bank today with a larger revenue base. Since 2010, revenues have increased by 18 percent. The balance sheet total is now 20 percent larger.

We have been working with cost ceilings for seven years, and for us it has been a great way to increase productivity. Today, costs are 8 percent lower than in 2010 at the same time as we during the same period have invested 14 billion kronor in IT development (i.e. 2 billion per year from 2010 to 2016). We have more, and significantly more satisfied, customers in all segments.

Our Common Equity Tier I capital ratio amounts to 18.8 percent, which is over the Swedish FSA's (Finansinspektionen's) requirements. We are therefore one of the banks in Europe with the strongest capitalisation, and have a double-A rating (Moody's).

In 2016 we achieved a return of 11.3 percent.

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And 2016 was also the year when we got a great recognition for our conscious and long-term efforts to integrate sustainability throughout our business. As the only Nordic bank, we were added into the Dow Jones Sustainability Index. We are, as you know, the pioneers of green bonds, and in February we issued our first own green bond of nearly 5 billion kronor to finance our green assets such as loans to companies and the public sector investing in green infrastructure and green projects.

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I would not stand here today and feel so proud of SEB's journey if it had not been for all our employees.

I have been a manager and leader for many years. For every year that passes, I become more and more convinced of the importance of good leadership, that employees thrive and develop on the job. Simply that everyone understands their role and wants to be here and build something together. It is about values and culture. And how this always "beats" specific knowledge which can of course be learned and even copied. It really is so that it is people who make the difference. Commitment is not something that only "occurs". It is built on having common goals and values and where everyone sees their role in the team.

That is how it is at SEB. We have fantastic employees who in all small and large matters live by our values: customer first, commitment, collaboration and simplicity.

Imagine the feeling when we, for two consecutive years, gathered as many colleagues as we could fit into Stockholm Waterfront – 3,000. We sent out invitations via the bank's intranet, and all are welcome. In just a few hours, all seats are booked and we have a long waiting list... The meeting is sent in real time across the entire SEB organisation so that everyone can take part in the meeting at the same time.

Or imagine the feeling when 500 managers together and jointly bring forward issues they want to work with, and then bring them back home and drive those issues further – in an entirely open format.

This is what that looks like:
Short film clip from Waterfront and Clarion

Slide 12

Our business plan remains in place. The activity level of our customers and the bank is high. The entire SEB knows what to do and we continue on this path. Our train moves on, and both the rails and the train are in good shape. All onboard are entirely focused on delivering world-class service to our customers. And the train could not have gotten a better new driver than Johan Torgeby. SEB is in good hands.

And lastly, I want to say thank you! Thank you for the wonderful privilege I have had to lead SEB during these years.

I want to thank our shareholders for having shown that you are long term and have appreciated our direction.

I want to thank the bank's board of directors and especially my Chairman - Marcus Wallenberg - who has been an invaluable sounding board for all these years, where the doors between our rooms has always been open.

I want to thank my patient colleagues in the executive management team who have challenged me and so clearly demonstrated the power of a group with many different personalities and experiences - that you become stronger together and not only do more but also have fun.

And I want to lastly, but perhaps most importantly ... thank all 15,000 employees with their warm and lovely green hearts. My heart will always be as green.