

Corporate governance



During the year, accelerating technical developments, and the need for further digitalisation of SEB's services, have been deeply analysed by the Board. Further topics have included information and cyber security. At the same time, the growing regulatory environment in the financial sector has posed challenges and needs for resource planning and IT priorities. Other important areas for the Board have been succession planning, among other things due to the appointment of SEB's new CEO."

Marcus Wallenberg
Chairman of the Board

To maintain the important societal function as a bank, it is of paramount importance for SEB that all stakeholders have great confidence and trust in the bank's operations. Professional people who are guided by strong and proper business conduct are crucial as is maintaining a sound risk culture.

The importance of corporate governance

To maintain trust among customers, employees, shareholders and other stakeholders and prevent conflicts of interest, roles and responsibilities are clearly defined for shareholders, directors, management and other stakeholders.

SEB's work with corporate governance is focused on ensuring smooth and effective operations with high standards, sound risk management and robust internal control.

Rules and regulations

As a Swedish public limited liability financial institution with securities listed on Nasdaq Stockholm, SEB is subject to numerous rules and regulations. The external framework for SEB's corporate governance includes the following rules and regulations:

- the Companies Act
- the Annual Accounts Act
- the Nasdaq Stockholm Issuer Rules
- the Swedish Corporate Governance Code
- the Banking and Financing Business Act
- the rules and guidelines issued by the Swedish Financial Supervisory Authority and other authorities.

▶▶ See p. 50 for information about new regulatory requirements.

In addition, SEB applies an internal framework, which among other things includes the Articles of Association, adopted by the General Meeting of Shareholders. Policies and instructions that

define the division of responsibility within the group are tools for the Board and the President and Chief Executive Officer (the President) in their governing and controlling roles. Such policies and instructions include, among others:

- Rules of Procedure for the Board and the Instructions for the Board Committees
- Instructions for the President and the Group's Activities
- Group Credit Instruction and Risk Policy
- Instruction for Handling of Conflicts of Interest
- Instruction for Procedures Against Money Laundering and Financing of Terrorism
- Code of Conduct ▶▶ See sebgroupp.com
- Remuneration Policy
- Information Security Policy
- Corporate Sustainability Policy ▶▶ See sebgroupp.com
- Policies on Assessment of Suitability of Directors, members of the Group Executive Committee (GEC) and other key function holders.

SEB's ethical and sustainability endeavours are an integral part of the business, and the Board continuously discusses these issues. SEB's Code of Conduct describes SEB's values, ethics and standards of business conduct and provides guidance on how to live by these values. Policies and guidelines for sustainability and various group-wide position statements and industry sector policies addressing environmental, social and governance issues are also of vital importance.

The Corporate Governance Report has been prepared in accordance with the Annual Accounts Act and the Swedish Corporate Governance Code (the Code). SEB strives to follow the Code where appropriate and has no deviations to report for 2017.

▶▶ More information about corporate governance is available on sebgroupp.com

Shareholders and general meetings of shareholders

The shareholders' influence is exercised at general meetings of shareholders through, among other things, election of members of the Board and the bank's auditor.

SEB has approximately 269,000 shareholders. Around 172,000 of them own less than 500 shares, while 112 hold more than 1,000,000 shares, accounting for 82 per cent of the capital and votes. SEB's share capital consists of two classes of shares – A shares and C shares. Each Class A share carries one vote and each Class C share carries one-tenth of a vote. ► SEB's largest shareholders and the shareholder structure are shown on p. 29-30.

The Annual General Meeting (AGM) of shareholders is held in Stockholm, in Swedish. All shareholders listed in the shareholder register who have duly notified their attendance have the right to participate at the AGM and to vote for the full number of their shares. Shareholders who cannot attend may appoint a representative. The 2017 AGM was held on 28 March. A total of 1,364 persons, representing 1,931 shareholders, were in attendance at the AGM. An electronic system for televoters was used at the AGM.

The main resolutions made at the AGM were:

- approval of the dividend of SEK 5.50 per share
- decrease of the number of directors to eleven
- re-election of ten directors and election of one new director
- re-election of Marcus Wallenberg as Chairman of the Board
- re-election of PricewaterhouseCoopers as auditor
- adoption of guidelines for remuneration of 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.

► The minutes from the AGM are available on sebgroup.com

Nomination Committee

The tasks of the Nomination Committee include submitting proposals to the AGM regarding the Chairman and directors of the Board as well as the auditor.

The Nomination Committee nominates the Chairman, the directors of the Board and the auditor as well as makes recommendations regarding directors' fees and fees for committee work. The Nomination Committee also reviews the evaluations of the Board and the Chairman of the Board.

Pursuant to a decision by the AGM, the Nomination Committee is to be composed of the Chairman of the Board along with representatives of the bank's four largest shareholders that are interested in appointing a member. One of the independent directors shall be appointed as an additional member of the Nomination Committee.

The composition of the Nomination Committee meets the requirements laid out in the Code. The Nomination Committee has access to relevant information about the bank's operations and financial and strategic position provided by the Chairman of the Board and the additional member.

An important principle is that the size and composition of the Board shall be such as to serve the bank in the best possible way. Therefore, as the starting point for its work, the Nomination Committee is tasked with assessing the degree to which the Board meets the demands that will be placed on the Board as a result of

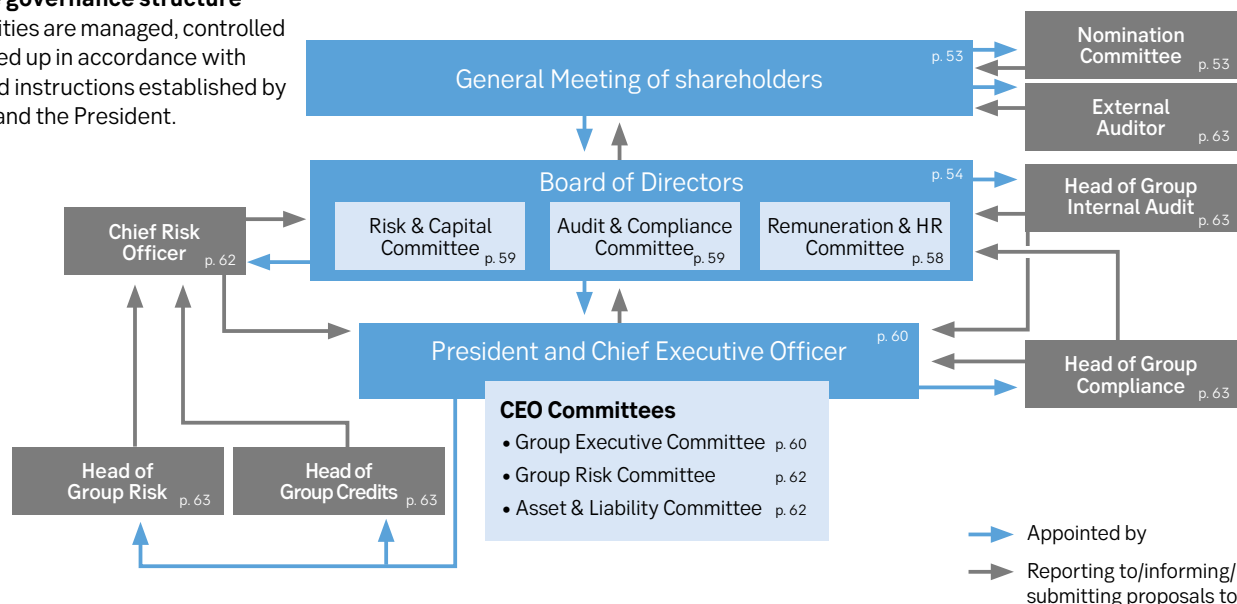
Nomination committee for the 2018 AGM

Member	Representing	Votes (%) 31 Aug. 2017
Petra Hedengran, ordförande	Investor	20.8
Magnus Billing	Alecta	7.0
Lars Heikensten	Trygg-Stiftelsen	5.3
Javiera Ragnartz	AMF Försäkring och Fonder	3.4
Marcus Wallenberg	SEB, Chairman of the Board	
		36.5

Tomas Nicolin, additional member, appointed by the Board.
Swedbank Robur Fonder, which is the bank's fourth largest shareholder, has declined to appoint a member of the Nomination Committee.

Corporate governance structure

SEB's activities are managed, controlled and followed up in accordance with policies and instructions established by the Board and the President.



Board of Directors



Marcus Wallenberg

Position Chairman since 2005

Committee ● RCC ● ACC ● RemCo

Year elected 2002

Born 1956

Education B.Sc. (Foreign Service)

Other assignments Chairman of Saab and FAM. Vice Chairman of Investor. Director of AstraZeneca Plc., Temasek Holdings Ltd and the Knut and Alice Wallenberg Foundation.

Background Citibank in New York (USA), Deutsche Bank (Germany), S G Warburg Co (UK), Citicorp (Hong Kong), SEB (Germany) and Stora Feldmühle (Germany). Executive Vice President of Investor and CEO of Investor. Several assignments as Chairman and Director of large public companies.

Nationality Swedish

Own and closely related persons' shareholdings 753,584 Class A shares and 720 Class C shares

Independent in relation to bank/major shareholders Yes/No

Attendance at Board/Committee meetings¹⁾ 25 of 25 / 29 of 30

Remuneration, Board meetings, SEK 2,850,000

Remuneration, Committee meetings, SEK 790,000

● Chairman

● Deputy Chairman

● Member

1) Only meetings that are possible for the director to attend, without any conflicts of interest, are reflected.

Urban Jansson, Birgitta Kantola and Annika Falkengren left the Board in connection with the AGM 2017.
Johan Torgeby was elected new member of the Board.


Sven Nyman

Position Vice Chairman since 2017

Year elected 2013

Born 1959

Education B.Sc. (Business and Econ.)

Other assignments Chairman of RAM Rational Asset Management. Director of RAM ONE, Ferd AS (Norway), Nobel Foundation's Investment Committee, Stockholm School of Economics, Stockholm School of Economics Association and of Axel and Margaret Ax:son Johnson's Foundation.

Background Broad experience from the financial business field. Managerial positions within Investor. CEO and founder of Lancelot Asset Management and Arbitech. Several directorships.

Nationality Swedish

Own and closely related persons' shareholdings 10,440 Class A shares and 10,200 Class C shares

Independent in relation to bank/major shareholders Yes/Yes

Attendance at Board/Committee meetings¹⁾ 23 of 25

Remuneration, Board meetings, SEK 900,000

Remuneration, Committee meetings, SEK –


Jesper Ovesen

Position Vice Chairman since 2014

Committee ● RCC ● ACC

Year elected 2004

Born 1957

Education B.Sc. (Econ.) and MBA

Other assignments Director of Sunrise Communication Group AG (Switzerland), Lundbeck A/S (Denmark) and ConvaTec Group Plc. (UK).

Background Price Waterhouse. Vice President and later CEO of Baltica Bank A/S. Vice President and Head of Finance of Novo Nordisk A/S. CEO of Kirkbi Group. CFO of Den Danske Bank A/S, LEGO Holding A/S and TDC A/S. Several directorships.

Nationality Danish

Own and closely related persons' shareholdings 25,000 Class A shares

Independent in relation to bank/major shareholders Yes/Yes

Attendance at Board/Committee meetings¹⁾ 24 of 25 / 21 of 21

Remuneration, Board meetings, SEK 900,000

Remuneration, Committee meetings, SEK 950,000


Johan H. Andresen

Position Director

Year elected 2011

Born 1961

Education B.A. (Government and Policy Studies) and MBA

Other assignments Owner and Chairman of Ferd AS (Norway). Chairman of Council on Ethics for the Government Pension Fund Global (Norway). Director of SWIX Sport AS (Norway), NMI-Nordic Microfinance Initiative and Junior Achievement Europe.

Background International Paper Co. Partner of Ferd AS. CEO of Ferd AS.

Nationality Norwegian

Own and closely related persons' shareholdings 100,000 Class A shares

Independent in relation to bank/major shareholders Yes/Yes

Attendance at Board/Committee meetings¹⁾ 23 of 25

Remuneration, Board meetings, SEK 675,000

Remuneration, Committee meetings, SEK –

the bank's operations, organisation and future direction. The Board's size and composition is discussed and reviewed in terms of whether they have adequate knowledge, skills and experience, both in the financial and other sectors. The directors should also have sufficient time to perform their duties and understand the business and the main risks of the bank.

The composition of the Board shall adhere to applicable laws and regulations and to the Policy on Diversity and Assessment of Suitability of Directors, adopted by the Board. The Nomination Committee shall ensure diversity within the Board in terms of educational and professional background, gender, age and geographical provenance of the directors.

Furthermore, the Nomination Committee discusses succession matters with particular emphasis on continuity and long-term perspective in ensuring the Board's competence and composition.

The Nomination Committee for the 2018 AGM was appointed in the autumn of 2017. No special fee has been paid to the members of the Nomination Committee. ► *The Nomination Committee's proposals for decisions, including motivated account as regards directors is available on sebgroup.com*

Board of Directors

The Board has overall responsibility for the organisation, management and operations of the group.

The Board has adopted Rules of Procedure that regulate the Board's role and ways of working as well as special instructions for the Board's committees.



Signhild Arnegård Hansen

Director

● RemCo

2010

1960

B.Sc. (Human Resources) and journalism studies

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, ESBRI and King Carl XVI Gustaf's Foundation for Young Leadership.

President of the family-owned company Svenska LantChips. Chairman of the Confederation of Swedish Enterprise. Vice Chairman of Business Europe. Director of Innventia, IFL at Stockholm School of Economics, Research Institute of Industrial Economics, Loomis Sverige and University of Lund.

Swedish

5,387 Class A shares

Yes/Yes

24 of 25 / 8 of 8

675,000

387,500



Samir Brikho

Director

● RCC

2013

1958

M.Sc. (Engineering, Thermal Technology)

UK Business Ambassador. Co-Chairman of the UK-UAE Business Council and the UK-ROK CEO Forum. Member of Advisory Boards of Stena. Chairman of the Step Change Charity.

Broad international experience from management and leadership, especially within the industrial sector. Leading positions within ABB, e.g. as Division Head and CEO of significant subsidiaries. Member of the GEC of ABB Ltd, (Switzerland). CEO of Amec Foster Wheeler plc, (UK).

Swedish, Swiss

0 shares

Yes/Yes

24 of 25 / 6 of 9

675,000

345,000



Winnie Fok

Director

● ACC

2013

1956

Bachelor of Commerce

Director of Volvo Car Corporation, G4S plc (UK). Member of the Investment Committee of HOPU Investments Co, Ltd. (Asia), senior advisor to FAM and WFAB.

Broad experience from the financial business field. Certified Public Accountant in Australia and in Hong Kong. Member of the Institute of Chartered Accountants in England and Wales. Industrial advisor and senior advisor to Investor and Husqvarna. CEO and Senior Partner of EQT Partners Asia Ltd and CEO of New Asia Partners Ltd.

British

3,000 Class A shares

Yes/Yes

21 of 25 / 7 of 8

675,000

250,000



Tomas Nicolin

Director

● RCC

2009

1954

B.Sc. (Econ.) and M.Sc. (Management)

Chairman of Centre for Justice. Director of Nordstjernan, Nobel Foundation and Axel and Margaret Ax:son Johnson's Foundation. Member of the Investment Committee of Niam Property Fund.

Broad experience in the financial sector as CEO of Alecta, Third National Swedish Pension Fund and E. Öhman J:or Fondkommission as well as a leading position in Handelsbanken. Several directorships.

Swedish

66,000 Class A shares

Yes/Yes

25 of 25 / 13 of 14

675,000

345,000

The Board has the following duties, among others:

- deciding on the objective, strategy and framework for the business activities as well as the business plan
- regularly following up and evaluating the operations in relation to the objectives and guidelines established by the Board
- ensuring that the business is organised in such a way that the accounting, treasury management and the risks inherent in the business as well as financial conditions in all other respects are controlled in a satisfactory manner in accordance with external and internal rules
- deciding on major acquisitions and divestments as well as other major investments
- appointing or dismissing of the President, the members of the GEC, the Chief Risk Officer (CRO), and the Head of Group Internal Audit, as well as setting the remuneration of these individuals.

The Chairman of the Board organises and directs the work of the Board and ensures among other things that the directors on a regular basis receive information and education on changes in rules concerning the activities of SEB and on responsibilities of directors of a listed financial company. Educational and specialisation seminars are held each year, and new directors are offered seminars with information on and discussions about the group's various operations, including information about the control functions.

The directors are elected by the shareholders at the AGM for a one-year term. Since the 2017 AGM the Board has consisted of eleven AGM-elected directors, without deputies, and of two directors and two deputies who serve as employee representatives and are appointed by the trade unions. In order for a quorum to exist at a Board meeting, more than half of the directors must

Board of Directors (continued)



Helena Saxon



Johan Torgeby



Sara Öhrvall

Position	Director	Director (President and CEO)	Director
Committee	● ACC		● RemCo until 15 August 2017 ²⁾
Year elected	2016	2017	2016
Born	1970	1974	1971
Education	M.Sc. (Business and Econ.)	B.Sc. (Econ.)	M.Sc. (Econ.)
Other assignments	CFO at Investor. Director of Swedish Orphan Biovitrum.	Director of the Swedish Bankers' Association and of the Institute of International Finance.	Director of Investor, Bonnier News, Bonnier Books and Bisnode.
Background	Financial analyst at Goldman Sachs and Investor, CFO at Synchron International and Hallvarsson and Halvarsson. Investment Manager at Investor.	Portfolio Manager & Macro Economist (Swedbank), Executive Director, Financial Sponsors Group Private Equity at Morgan Stanley in London, Head of Client Coverage, Merchant Banking. Co-head of division Large Corporates & Financial Institutions.	Vice President Product Development, Niche cars, at Volvo Cars, Senior Vice President Research and Development at Bonnier, Founder of the consultancy network MindMill Network and CEO at Differ Strategy Consulting.
Nationality	Swedish	Swedish	Swedish
Own and closely related persons' shareholdings	12,500 Class A shares	5,567 Class A shares, 73,729 share rights and 81,247 conditional share rights	1,150 Class A shares
Independent in relation to bank/major shareholders	Yes/No	No/Yes	No/No
Attendance at Board/Committee meetings¹⁾	24 of 25 / 8 of 8	14 of 14	24 of 25 / 5 of 5
Remuneration, Board meetings, SEK	675,000	–	675,000
Remuneration, Committee meetings, SEK	250,000	–	75,683

● Chairman

● Deputy Chairman

● Member

1) Only meetings that are possible for the director to attend, without any conflicts of interest, are reflected.

2) As of 16 August 2017, Sara Öhrvall participated in SEB's operational digitalisation work and, for that reason, she resigned from the work in RemCo. The remuneration for the assignment amounted to SEK 1,050,230.

be present. The President is the only AGM-elected director employed by the bank. The Nomination Committee has assessed the directors' independence in relation to the bank and the bank's management as well as in relation to shareholders controlling 10 per cent or more of the shares or votes and has found that the composition of the Board meets the requirements of the Code.

The work of the Board follows a yearly plan. In 2017, the Board held 25 meetings. The President attends all board meetings except those dealing with matters in which the President has an interest that may be in conflict with the interests of the bank, such as when the President's work is evaluated. Other members of management participate whenever required.

Directors' fees

SEB's AGM in 2017 set total fees of SEK 12,887,500 for the members of the Board and decided how these fees should be distributed among the Board and its committees. Directors' fees are paid on a running basis during the mandate period.

Following a recommendation by the Nomination Committee, the Board has adopted a policy that recommends that directors use 25 per cent of their fee to purchase and hold SEB shares up to an amount corresponding to one year's fee.

Board committees

The Board's overall responsibility cannot be delegated. However, the Board has established committees to handle certain defined issues and to prepare such issues for decision by the Board. At present, there are three committees: the Risk and Capital Committee (RCC), the Audit and Compliance Committee (ACC), and the Remuneration and Human Resources Committee (RemCo). These committees report to the Board on a regular basis. An important principle is that as many directors as possible shall participate in committee work. The Chairman of the Board serves as deputy chair of the three committees. Neither the President nor any other officer of the bank is a member of the committees.

Appointed by the employees



Anna-Karin Glimström

Director, appointed by the employees.
2016
1962
University studies in mathematics, statistics and law.
Chairman of Financial Sector Union of SEB group and Financial Sector Union Western section in SEB, Direc- tor EB-SB Fastigheter and EB-SB Holding.
Office manager and various other positions in SEB. Various specialist and leader roles within Trygg-Hansa. Director of SEB's Profit Sharing Founda- tion.
Swedish
0 shares and 805 conditional share rights
–
24 of 25
–
–



Håkan Westerberg

Director, appointed by the employees.
2015 ³⁾
1968
Engineering logistics.
Chairman of the Association of University Graduates at SEB.
Sales manager at Trygg-Hansa in the property insurance business. SEB in various positions in systems management and IT development, currently Systems Management Advisor.
Swedish
3,748 Class A shares and 805 conditional share rights
–
25 of 25
–
–



Annika Isenborg

Deputy Director, appointed by the employees.
2016 ⁴⁾
1967
University studies in working envi- ronment.
First deputy Chairman of Financial Sector Union of SEB and Financial sector union regional club Group Operations of SEB.
Employed at Fixed Income, group operations. Director of SEB's Profit Sharing Foundation and Result Premium Foundation.
Swedish
179 Class A shares and 1,610 conditional share rights
–
21 of 25
–
–



Charlotta Lindholm

Deputy Director, appointed by the employees.
2015
1959
LLB
Vice Chairman of the Association of University Graduates at SEB. Direc- tor of the Foundation of Alma Detthows.
Various client executive positions in several divisions and subsidiaries in the SEB. Presently client executive at Private Banking, Foundations.
Swedish
5,001 Class A shares and 805 conditional share rights
–
22 of 25
–
–

3) Deputy director 2011–2014 4) Deputy director 2014

Evaluation of the Board of Directors, the President and the Group Executive Committee

The Board uses an annual self-assessment method, which among other things includes a questionnaire, followed by discussions within the Board. Through this process the activities and work methods of the Board, the Chairman of the Board and the respective committees are evaluated. Among the issues examined are:

- the extent to which the individual directors take an active part in Board and committee discussions
- whether directors contribute independent opinions
- whether the meeting atmosphere facilitates open discussions.

The outcome of the evaluation is presented to and discussed by the Board and the Nomination Committee. The evaluation process and its outcome contribute to further improvement of the Board's work and help the Nomination Committee to determine the appropriate size and composition of the Board.

The Chairman of the Board formally evaluates each individual director's work once a year. Marcus Wallenberg does not participate in the evaluation of the Chairman's work, which in 2017 was directed by Tomas Nicolin. The Board evaluates the work of the President and the GEC on a continuous basis, without participation by the President or any other member of the GEC.



For the RemCo, appointing the new CEO, succession and competence planning as well as regulatory change were the key areas of attention in 2017. Appointment of the new CEO and other succession matters were prepared based on the committee's continuous focused work to secure an appropriate succession order, an important part of which is to monitor the bank's total competence pool. The committee also monitored SEB as an employer. Having a reputation as an inclusive and attractive employer is increasingly important to secure a diverse workforce leading the bank into the future. In 2017, the committee also addressed a new set of regulatory requirements that affect the bank's remuneration of employees."

Signhild Arnegård Hansen,
Chairman of RemCo

Remuneration and Human Resources Committee

The RemCo prepares, for decision by the Board, appointments of the President and the members of the GEC. The Committee develops, monitors and evaluates SEB's remuneration system and remuneration practice, incentive programmes and risk adjustment of deferred variable pay. Further, RemCo monitors and evaluates how the guidelines established by the AGM for remuneration of the President and the members of the GEC are applied. An independent auditor's review report on the adherence of SEB's remuneration system to the Remuneration Policy is presented to the Committee annually.

The RemCo reviews, in consultation with the RCC, SEB's Remuneration Policy and ensures that the bank's remuneration structure takes into account the risks and the cost of capital and liquidity. The analysis is among other things based on the risk analysis performed jointly by Group Risk, Group Compliance and Group HR.

In addition, the Committee oversees the group's pension obligations and, together with the RCC, the measures taken to secure the overall pension obligations of the group, including developments in the bank's pension foundations. The RemCo held eight meetings in 2017.

The President, together with the Head of Group HR, makes presentations to the Committee on matters in which there are no conflicts of interest. ▶ See the *Remuneration Report on p. 64*.

RemCo members

Signhild Arnegård Hansen (Chairman), Marcus Wallenberg (Deputy Chairman) and Sara Öhrvall (until 15 August 2017.)

The RemCo's work in 2017:

- proposed appointment of new CEO
- reviewed the Remuneration Policy including the definition of employees in positions with a material impact on SEB's risk profile
- proposed remuneration guidelines for the President and members of the GEC
- developed long-term equity-based programmes
- proposed remuneration of the President and members of the GEC in accordance with the guidelines adopted by the AGM
- proposed remuneration of the Head of Group Internal Audit, the CRO and the Head of Group Compliance in accordance with the Remuneration Policy
- followed up remuneration principles, variable remuneration programmes and pension obligations
- followed up the annual group talent review and supported a framework on diversity and inclusion
- reviewed and discussed adaptations and implementation of regulations affecting the bank's remuneration structure.

On the Board's agenda in 2017

Q1	Q2	Q3	Q4
<ul style="list-style-type: none"> • AGM notification and AGM proposals • Appointment of new CEO • Macroeconomic review • Balance sheet, capital and dividend policy • Annual Report 2016 • Internal and external audit reports as well as Group Compliance report • Financial governance model and financial targets • Remuneration of the CEO, the GEC and control functions • Statutory meeting • Group talent review and succession planning 	<ul style="list-style-type: none"> • Review of the Large Corporates & Financial Institutions Division • Macroeconomic review • Internal capital and liquidity assessment • Remuneration Policy • Deep analysis of IT and digitalisation work • IT competence • Follow-up of compliance with new regulations • Review of the Baltic division. 	<ul style="list-style-type: none"> • Follow-up of compliance with new regulations focusing on inter alia MiFID II and GDPR • Review of digitalisation and transformation work within the Large Corporates & Financial Institutions Division • Deep analysis of IT and digitalisation work • Review of savings and investment offerings • Review of competence matters • Risk seminar 	<ul style="list-style-type: none"> • Meeting with the Director General of the Swedish Financial Supervisory Authority • Review of IT projects • Review of the Corporate & Private Customers division • Review of operations and reorganisation in Germany • Recovery and Resolution plan • Deep analysis of IT and digitalisation work • Business plan, financial plans and forecasts • Risk strategy • Annual review of policies and instructions • SEB's Code of Conduct • Board evaluation • Diversity and inclusion

In addition to the above, SEB's quarterly report, a report from the Board committees and a summary of SEB's risk position, asset quality, credit portfolio and liquidity position are on the Board's agenda each quarter.



Jesper Ovesen,
Chairman of both the
RCC and the ACC

For the RCC, regulatory development of capital requirements has continued to be a focus area in 2017. Other important areas addressed include monitoring of the credit portfolio, the Swedish household mortgage market and specific market segments such as the oil, gas and offshore industry. The RCC has also over the year followed up on a number of currently running projects to implement new regulatory requirements that will come into effect in 2018, including IFRS 9 which has had a significant impact on the financial reporting work during the year. The effect on capital adequacy will however be limited.”

Within the work of ACC, we note that since the last financial crisis, we have seen a large number of new regulations impacting banks and financial institutions. The need for internal control of regulatory compliance has increased and an in-depth understanding of potential risks in financial reporting, as a result of new IFRS requirements, has required extra attention from ACC. Other key issues for ACC during the year have been IT security, including access and authority controls, and preparatory work on procurement of new external auditor to meet the requirement of auditor rotation according to the EU Auditing Regulation.”

Risk and Capital Committee

The RCC supports the Board in ensuring that SEB is organised and managed in such a way that all risks inherent in the group's business are controlled in accordance with the Board's risk tolerance as well as with external and internal rules. The RCC also monitors the group's capital situation on a continuous basis.

The RCC sets the principles and parameters for measuring and allocating risk and capital within the group and oversees risk management systems and the risk tolerance and strategy for the short and long term. The RCC prepares a recommendation for the appointment and dismissal of the CRO. It also decides on individual credit matters of major importance or of importance as to principles and assists the RemCo in providing a risk- and capital-based view on the remuneration system. The RCC held 14 meetings in 2017.

The group's Chief Financial Officer (CFO) has the overall responsibility for informing and submitting proposals to the RCC on matters related to capital and funding. The CRO has the same overall responsibility regarding risk and credit matters. The President, the CFO and the CRO regularly participate in the meetings.

▶▶ The CRO function is described on p. 62. Information on risk, liquidity and capital management is provided on p. 44.

RCC members

Jesper Ovesen (Chairman), Marcus Wallenberg (Deputy Chairman), Tomas Nicolin and Samir Brikho.

The RCC's work in 2017:

- monitored the implementation of internal rules including the credit policy and instruction
- monitored risk development
- monitored the macroeconomic development
- prepared matters concerning market and liquidity risk limits
- reviewed significant changes in the credit portfolio and of the credit process
- reviewed models and methods for risk measurement
- discussed adaptation to new capital requirements
- reviewed the overall capital and liquidity strategy and position including internal capital and liquidity assessment
- prepared matters concerning the group's capital goals and capital management, such as the dividend
- reviewed reports from internal audit and compliance
- held strategic discussions on holistic financial and balance sheet management.

Audit and Compliance Committee

The ACC supports the Board in its work with quality assurance of the bank's financial reporting, the internal control over the financial reporting and the reporting to supervisors. When required, the ACC also prepares, for decision by the Board, a recommendation for the appointment or dismissal of the Head of Group Internal Audit. The Committee maintains regular contact with the bank's external and internal auditors and discusses the co-ordination of their activities. The Committee also ensures that any remarks and observations from the auditors are addressed, and evaluates the external auditor's work and independence.

When required, a proposal from the President's on appointment or dismissal of the Head of Group Compliance is subject to the Committee's approval.

The ACC held eight meetings in 2017. The CFO, the external auditors, the Head of Group Internal Audit and the Head of Group Compliance submit matters and reports for the Committee's consideration. The President, the CFO and the CRO regularly participate in the meetings. ▶▶ See p. 66 for *The Report on Internal Control over Financial Reporting*.

ACC members

Jesper Ovesen (Chairman), Marcus Wallenberg (Deputy Chairman), Winnie Fok and Helena Saxon.

The ACC's work in 2017:

- reviewed the annual accounts and interim reports as well as audit reports
- prepared for procurement of new external auditor
- monitored the group's internal audit
- monitored compliance issues
- monitored internal control over financial reporting
- monitored internal control over supervisory reporting
- monitored services, other than auditing services, procured from the external auditor
- drafted a recommendation to the Nomination Committee for election of the external auditor by the AGM
- adopted an annual audit plan for the Internal Audit function, co-ordinated with the external audit plan
- approved the annual Group Compliance plan
- held discussions with representatives of the external auditor on several occasions, without the President or any other member of the bank's management being present.

Group Executive Committee

	Position	GEC member since	SEB employee since	Born	Education	Nationality	Own and closely related persons' shareholdings ¹⁾
1	Johan Torgeby	2014	2009	1974	B.Sc. (Econ.)	Swedish	5,567 Class A shares, 73,729 sr and 81,247 csr.
2	Magnus Carlsson	2005	1993	1956	B.Sc. (Econ.)	Swedish	54,998 Class A shares, 68,297 sr and 158,801 csr.
3	Magnus Agustsson	2017	2009	1973	C.Sc and M.Sc	Icelandic and Finnish	8,744 Class A shares, 1,448 sr and 30,890 csr.
4	Jeanette Almberg	2016	2008	1965	B.Sc. (Econ.)	Swedish	10,343 Class A shares, 22,683 sr and 38,537 csr.
5	Joachim Alpen	2014	2001	1967	MBA, M.A. (International relations)	Swedish	6,112 Class A shares, 113,999 sr and 78,347 csr.
6	Jan Erik Back	2008	2008	1961	B.Sc. (Econ.)	Swedish	60,968 Class A shares, 124,711 sr and 168,985 csr.
7	Viveka Hirdman-Ryrberg	2009	1990	1963	B.Sc. and Lic. Sc. (Econ.)	Swedish	62,761 Class A shares, 43,633 sr and 56,231 csr.
8	Martin Johansson	2009	2005	1962	B.Sc. (Econ.)	Swedish	236 Class A shares, 46,255 sr and 139,219 csr.
9	Christoffer Malmer	2014	2011	1975	B.A. (International business)	Swedish	59,321 Class A shares and 74,437 csr.
10	David Teare	2011	2006	1963	B. Comm.	Canadian	54,675 Class A shares, 60,652 sr and 75,811 csr.
11	Mats Torstendahl	2009	2009	1961	M.Sc. (Engineering Physics)	Swedish	104,218 Class A shares, 56,913 sr and 168,046 csr.
12	Riho Unt	2016	2001	1978	MBA, MA (Public Administration)	Estonian	43,485 Class A shares, 7,336 sr and 32,617 csr.

Additional members

13	Johan Andersson	2009	1980	1957	B.Sc. (Econ.)	Swedish	50,800 Class A shares, 22 Class C shares and 747 csr.
14	Peter Høltermand	2011	1997	1963	B.Sc. (Econ.)	Danish	179 Class A shares, 17,493 sr, 32,415 csr and 53,524 cps.
15	Rasmus Järborg	2015	2008	1976	M.Sc. (Econ.)	Swedish	5,598 Class A shares, 28,386 sr and 60,153 csr.
16	Marcus Nystén	2014	1998	1960	M.Sc. (Econ.)	Finnish	119,847 Class A shares, 22,924 csr and 37,583 cps.
17	William Paus	2011	1992	1967	M.Sc. (Econ.)	Norwegian	52,900 Class A shares, 30,456 csr and 32,029 cps.

1) Abbreviations in the table: sr = share rights, csr = conditional share rights, cps = conditional phantom shares

The President

The Board has adopted an instruction for the President's duties and role. The President, who is also the Chief Executive Officer, is responsible for administrating the bank's business and risk in accordance with the strategy, guidelines, policies and instructions established by the Board. The President reports to the Board and submits at each board meeting a report on, among other things, the performance of the business in relation to decisions made by the Board.

The President appoints the Heads of Divisions, the Head of Business Support and Heads of the various staff and support functions that report directly to the President.

The President's committees

The President has three main committees at his disposal for the purpose of managing the operations:

The Group Executive Committee (GEC)

To safeguard the interests of the group as a whole, the President consults with the GEC on matters of major importance or of importance as to principles. The GEC deals with, among other things, matters of common concern to several divisions, strategic issues, sustainability, business plans as well as financial forecasts and reports. The GEC held 31 meetings in 2017.



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The Asset and Liability Committee (ALCO)

The ALCO, chaired by the President and with the CFO as deputy chair, is a group-wide decision-making, monitoring and consultative body. The ALCO, which held eleven meetings in 2017, handles the following matters, among others:

- financial stability, particularly in the new regulatory framework
- strategic capital and liquidity issues, including internal capital allocation and principles for internal pricing
- structural issues and issues related to the bank's balance sheet and business volumes
- financing of wholly-owned subsidiaries
- the balance sheet and funding strategy for the SEB group.

The Group Risk Committee (GRC)

The GRC, chaired by the President and with the CRO as deputy chair, is a group-wide, decision-making committee that addresses all types of risk at group level in order to evaluate portfolios, products and customers from a comprehensive risk perspective. The GRC held 61 meetings in 2017.

The GRC is tasked with:

- making important credit decisions
- ensuring that all risks inherent in the group's activities are identified, defined, measured, monitored and controlled in accordance with internal and external rules
- supporting the President in ensuring that decisions regarding the group's long-term risk tolerance are followed in the business organisation
- ensuring that the Board's guidelines for risk management and risk control are implemented and that the necessary rules and policies for risk-taking in the group are maintained and enforced.

Divisions and business areas

The Board regulates the activities of the group through an instruction concerning the group's operations and has laid down rules establishing how the group's divisions, including the international activities conducted through branches and subsidiaries, are to be governed and organised.

SEB's business is organised in four divisions. Each division is responsible for the subsidiaries designated to the division. The Head or Co-heads of Division have overall responsibility for the activities in the business areas and appoint, after consultation with the President, heads of the business areas within the division.

A Country Manager is appointed in a country outside Sweden where SEB operates. The Country Manager co-ordinates the group's business locally and reports to a specially designated member of the GEC.

Sustainability aspects

An operational steering committee has been assigned by the President to take responsibility for and monitor the bank's sustainability work. The committee is chaired by the Head of Group Communications, who is a member of the Group Executive Committee. Senior representatives from the divisions and group functions are also members. The committee is supported by the Group Sustainability function, which drives and co-ordinates the overall sustainability agenda. Responsibility for the daily sustainability work lies with the heads of business areas and group functions as well as local sustainability committees. Special committees may be formed to deal with specific sustainability matters when needed.

Business support and staff functions

Business Support is a cross-divisional function established to leverage economies of scale in processes, IT and Information Security. Business Support covers such areas as transaction processing, development, maintenance and operation of IT systems, and management of SEB's IT portfolio.

SEB's staff functions have global responsibility and support the organisation.

The CRO function

The CRO function is independent from the business and is responsible for identifying, measuring, analysing and controlling SEB's risks.

The Chief Risk Officer (CRO) is appointed by the Board and reports to the President. The CRO keeps the Board, the RCC, the ACC, the GEC, the ALCO and the GRC regularly informed about risk matters. The CRO has global functional responsibility, and the activities of the CRO are governed by and set out in an instruction adopted by the Board. The CRO function is organised in two units: Group Risk and Group Credits.

Group Risk handles the group's risks. It aggregates and analyses risk data across risk types and the group's credit portfolios, handles models for risk-weighting as well as general matters surrounding risk governance and risk disclosure.

Group Credits is responsible for managing the credit approval process, for certain individual credit decisions and for monitoring compliance with policies set by the RCC and the Board. Its activities are regulated by the group's Credit Instruction, adopted by the Board. The chairs of the respective divisional credit commit-

On the GEC agenda in 2017

- macroeconomic updates
- discussion on new regulations, such as MiFID II, IFRS 9, GDPR, AML4 and PSD II
- annual accounts and quarterly reports
- AGM preparations
- review of the bank's various businesses and home markets
- follow up of current Business Plan 2016-2018 and discussion on new Business Plan
- discussion on capital requirements, asset quality and risk
- review of, and discussion on, the digitalisation work including development and launch of enhanced customer functionality as well as internal automation initiatives
- review and discussion on IT, including investments and security
- discussion on strategic investments and co-operation with fintech and digitalisation companies
- discussion on customer satisfaction, branding and image position as well as customer insight work
- review of SEB's Code of Conduct
- employee Insight survey 2017 – discussion of survey result and actions
- development of corporate sustainability
- review of outsourced activities
- discussion on Open Banking
- review process for handling of customer complaints
- annual review of policies and instructions
- discussion on inclusion, diversity and #metoo
- review of competence and leadership development
- workshop on risks

tees have the right to veto credit decisions. Material exceptions to the group's Credit Policy must be escalated to a higher level in the decision-making hierarchy.

The Head of Group Risk and the Group Credit Officer are appointed by the President, upon recommendation by the CRO, and report to the CRO. ► For information about risk, liquidity and capital management see p. 44.

Group Compliance

The Compliance function in the SEB group (Group Compliance) is independent from the business organisation. The tasks of Compliance are to inform, control and follow up on compliance matters. The Group Compliance function also advises the business and management, thereby securing that SEB's business is carried out in compliance with regulatory requirements, and promote trust from customers, shareholders and the financial markets.

Special areas of responsibility are:

- customer protection
- conduct on the financial market
- prevention of money laundering and financing of terrorism
- regulatory systems and controls.

The Head of Group Compliance, who is appointed by the President after approval by the ACC, reports regularly on compliance matters to the President, the GEC and the ACC, and annually to the RCC and the Board. Based on an analysis of the group's risks in this area, the President adopts, after approval by the ACC, an annual compliance plan. The Instruction for Compliance is adopted by the Board.

One compliance matter in 2017 was that SEB was subject to a disciplinary action from Nasdaq related to the resignation of Annika Falkengren as CEO; breaching insider information rules by not preparing an insider register at the proper time during a weekend (when the stock exchange was closed).

Group Internal Audit

Group Internal Audit is a group-wide control function commissioned by the Board to independently evaluate the group's activities. The Head of Group Internal Audit is appointed by the Board.

The main task of Group Internal Audit is to evaluate and give assurance to the Board and the President that governance, risk management and internal controls are adequate and effective. The work is done with a risk-based approach in accordance with the methodology developed by the Institute of Internal Auditors.

Each year the ACC adopts a plan for the work of Internal Audit. The Head of Internal Audit reports the findings of completed audits, actions taken and the status of previously reported findings to the ACC and also provides reports to the RCC and the Board.



Auditor

Peter Nyllinge

PricewaterhouseCoopers

Peter Nyllinge

Born 1966; Auditor of SEB, Partner in charge as of 2012. Authorised Public Accountant, President of PwC Sweden. Other major assignments: Electrolux and Fagerhult. Previous major assignments: Ericsson, Securitas and Assa Abloy.

Information about the auditor

According to SEB's Articles of Association, the bank shall have at least one and not more than two auditors with at most an equal number of deputies. A registered accounting firm may be appointed auditor.

PricewaterhouseCoopers AB has been the bank's auditor since 2000 and was re-elected in 2017 for the period up to and including the 2018 AGM.

The fees charged by the auditor for the auditing of 2016 and 2017 financial years and for other assignments invoiced during these periods are shown in the table below.

Fees to the auditor	SEK m	
	2017	2016
Audit assignment	30	27
Audit-related services	21	16
Tax advisory	12	11
Other	5	4
Total¹⁾	69	58

1) Of which PricewaterhouseCoopers SEK 65m (55).

The President and GEC are regularly informed about internal audit matters. Group Internal Audit's work is evaluated in a quality assessment, at least every fifth year, by an independent party. Group Internal Audit co-ordinates its work covering the bank's financial reporting with the bank's external auditor. The bank's external auditor relies to some extent on the work of Group Internal Audit in its assignment to review the group's financial reporting. This requires that the external auditor evaluates Group Internal Audit's work. The conclusion of this evaluation is reported to the ACC and Group Internal Audit.

SEB's organisation

