Speaker's notes Q4 press conference

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Welcome to the presentation of our results for 2016. Today, I will also comment on the business plan we presented a year ago, and how we see the way forward the coming two years.

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It has been an exceptional year in many ways, and each quarter has had different character. We operate in an environment with low or negative interest rates, and this seems to be continuing longer than we thought.

1. The first half of the year was characterised by falling stock markets, but after the summer both stock markets and sentiment improved. At the same time, we have had several unexpected events that created volatility in the markets. Throughout the year, our customers have increased demand for advisory and risk management services.
2. During autumn, the level of activity clearly rose among our corporate customers, and we saw and are seeing increased loan demand.
3. We continue to see risks in the macro environment, even though growth in the global economy has picked up pace a bit. During the year, we have further strengthened our resilience, and asset quality remains very good.

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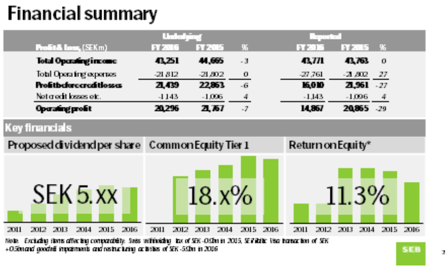

... together, this contributes to that today we can report an operating profit of 14.9 billion kronor.

As we stated in previous quarters, there are items affecting comparability both for 2015 and 2016. We had the Swiss tax ruling in the second quarter of 2015 which affected the results by a total of 900 million (this goes far back in time; we were denied the deduction of withholding tax for 2006-2008 when we had previously been given the right in lower courts). And in the first quarter of 2016, we wrote off, among other things, goodwill as a result of our new customer-oriented organisation totalling 5.9 billion kronor, which strengthens the balance sheet further. In the second quarter, we had income of 520 million kronor from the sale of VISA. We exclude effects, whether positive or negative.

For simplicity, I will continue to present the result of the underlying operating profit, i.e. excluding these positive and negative items:

Income fell 3 percent in 2016. Costs were unchanged and operating profit decreased by 7 percent to 20.3 billion kronor. Above all, it is the effects of negative interest rate in Sweden (-900m), negative market valuations (-800m) and the stock-lending business that have created headwind this year compared to 2015.

Return on equity was 11.3 percent, and our Common Equity Tier I capital ratio rose to 18.8 percent.

The Board of Directors proposes to the Annual General Meeting a dividend of 5.50 kronor, which means continued dividend growth in line with the ambitions that we have.

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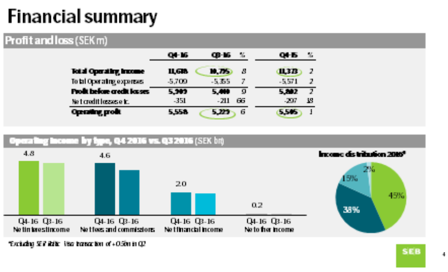

If we then go over to the fourth quarter, we saw a strong finish to the year, and we increased income by 8 percent vs. the third quarter, costs by 7 percent and operating profit of 5.6 billion kronor was 6 percent better compared with the third quarter. Return on equity was 12.3 per cent.

I will now briefly comment on the different line items...

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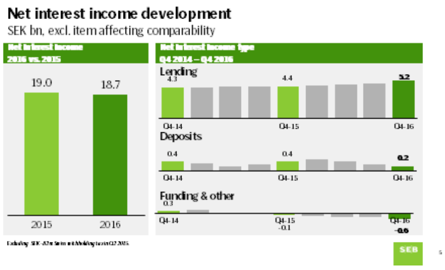

Net interest income decreased by 1 percent compared to the full-year 2015, but increased by 3 percent vs. the third quarter.

Customer-driven net interest income increased by 10 percent compared to last year, mainly due to lending, where both margins and volumes made a positive contribution. If we compare the Riksbank's repo rate in 2016 to 2015, this represents a negative effect on net interest income by around 900 million kronor. This is seen primarily on net interest income from deposits and from our treasury operation, which finds it increasingly difficult to get a return on our increasing liquidity reserves. At the same time, we have extended our long-term funding, and the larger volume also contributes negatively.

We are of course the corporate bank in the Nordic region and quickly notice increased activity among corporates. Lending volumes have increased on the corporate side, including from new housing construction in Sweden, and during the second half of the year even via larger corporate transactions. In total, lending to corporates [including real estate] increase by 67 billion kronor adjusted for currency effects, with small and medium-sized companies in Sweden accounting for 26 billion kronor of the increase.

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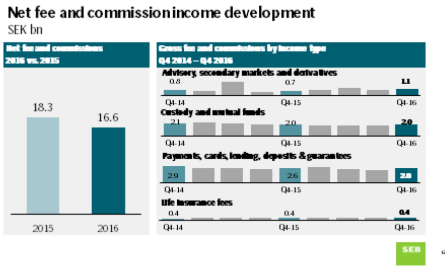

Net fee and commission income amounted to 16.6 billion kronor, a decrease of 9 percent.

The year began with sharply falling stock markets, which affected both income from assets under management and the so-called performance fees, totalling a gross decrease of nearly 1.7 billion year-on-year. In addition, we had in 2016 the effects of the so-called interchange fees within SEB Kort, and the strategic decision to reduce the stock-lending business as a step towards adapting to the new liquidity and capital regulations.

Customer activity was higher at the end of the year, and commissions from IPOs, loan transactions and fund operations increased in the last quarter. Commission income increased by 14 percent vs. the third quarter and by 5 percent from the same quarter last year.

Asset management attracts continued strong inflows, totalling 77 billion during the year, and we see that our bancassurance model gives us extra good momentum.

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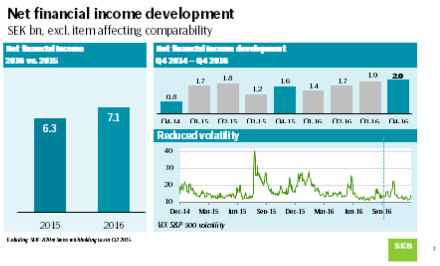

Net financial income is clearly better compared to last year, up by 13 percent.

During the year, customers have chosen to hedge their flows with a focus on the foreign exchange side. The activity has remained good, with the events such as Brexit and the US election. Stock markets turned sharply upward during the end of 2016, while long-term rates have risen. All this has contributed to higher customer activity.

We have had market valuations, or the so-called “letter combinations”, working in our favour in the last quarter, 223 million, but year-to-year, they are still a headwind of 822 million.

We usually show resilience on this line, and I now look back on eight consecutive quarters of stable development.

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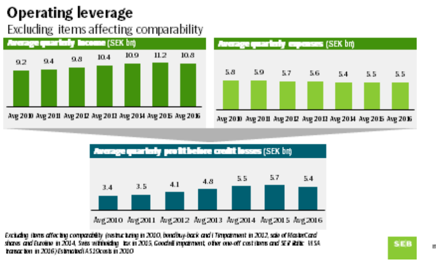

Before I get into developments within the divisions, I can just state that the average income is lower in 2016, given the headwinds from, among other things, negative interest rates and lower stock markets. Costs continue to develop well, and we maintain under our cost cap of 22 billion kronor. We have even decided to extend the cost cap over 2018, including a potential bank tax. We have kept costs unchanged or lower every year since 2010.

Stable costs can sometimes sound a bit simple, but it is important to remember that every year we invest around 2 billion kronor in IT, and that we under the cost cap make annual efficiencies in the order of 200-300 million in the operations to deal with inflation, regulation and foreign exchange effects. On top of this is even the banking tax and that interest rate deductibility for subordinated debt will disappear, totalling 1 billion more.

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I will now briefly comment on the divisions.

If we look at **Large Corporates & Financial Institutions**, the result is down by 13 percent, excluding items affecting comparability, compared with last year. The main reason for this is the negative market valuations I mentioned earlier.

Customer demand for risk management services has been high in all asset classes. The number of corporate transactions and loan demand has gradually increased over the last six months. Fx-adjusted lending, increased by 35 billion during the year.

Within financial institutions, the year was marked by the big Brexit and US election events, and activity was generally good during the year.

The result for the fourth quarter amounted to 2.8 billion, which was 31 percent better than the third quarter. Credit quality remains good.

The **Corporate & Private Customers** division in Sweden was adversely affected by negative interest rates as well as the new rules regarding interchange fees on the card side. Despite this, operating profit increases by 1 percent vs. last year and 4 percent from the previous quarter. Also here, credit quality is good.

On the corporate side, we continued to take market share and have over a 15 percent share of the market. At the end of 2009, when we began our expansion efforts on the corporate side in Sweden, we had a market share of 10 percent and the goal was 15 percent. We intend to continue at the same pace in the future, and the next milestone is 20 percent.

Since last summer, we have grown more slowly on mortgages; now we are growing by 3 percent annually (vs. 8 percent for the market as a whole). As I have said earlier, we are not satisfied with this development, but it can be explained by our being a little bit earlier than the market in introducing amortisation requirements and lending-to-income caps. We feel, however, that the playing field has levelled out, so we should be more in line with the market in 2017.

Looking at the savings area, we see that customers selected more strategy and equity funds again. In Private Banking, we continue to attract new net inflows of funds, 28 billion in 2016.

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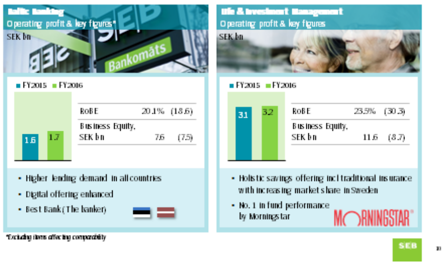

Baltics showed a better result vs. last year, increasing by 6 percent, and we see a continued increase in customer activity and loan demand - in all three countries, and for both corporates and individuals. Baltic companies have been able to mitigate the impact of Russian sanctions. Asset quality remained good, and the return on equity is stable at around 20 percent, which is very good for a universal bank today.

Life & Investment Management also reports a better result, up by 3 percent vs. 2015. Here the stock market fall until the summer hit asset valuations, and both base commissions and performance-based income decreased (amounting to only 275mkr in 2016 vs. 711m in 2015).

Our fund rating from Morningstar has continued to improve, and we maintain our leading position among big fund managers. Overall, we see that both private and institutional customers appreciate our focus on sustainability in our asset management. We are, for example, the European player that has attracted the largest net inflows in microcredit funds in 2016.

The Life business results increase. We are of course the only bank with a complete savings offering - including traditional insurance - which is appreciated by customers. During the year, we strengthened our position in the market; of the total insurance market in Sweden, we now have a market share of 8.4 percent. That is an increase of almost one percentage point in a year. In total, weighted new sales in Life totalled 40 billion in 2016, which is slowly but surely building value for the future. The entire savings area is an important puzzle piece for us and for society at large.

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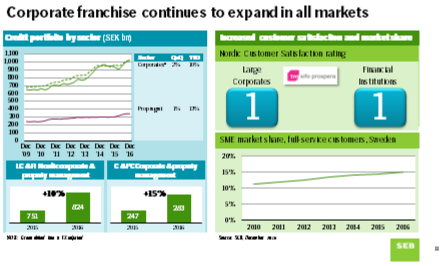

We continue to grow as *the* Nordic corporate bank. Our credit portfolio performed well during the year in the Baltics, the Nordics as well as Germany. During the last two quarters, we saw a number of larger transactions and better overall demand in both corporate lending, which increased by 10 percent, and in property management, which increased by 13 percent. As for real estate, we are helping to finance the large increase in new housing construction in Sweden.

Everything takes its starting point in that we can create value for our customers. That we in the customers' eyes are doing right makes us proud. Both large corporates as well as financial institutions rank us as the leader in the Nordics in Prospera's respective customer surveys.

As for the smaller companies, we continue to bring in more customers - more than 9,000 in Sweden in 2016 - and the number of customers has increased by 40,000 since 2010, and as I said, this is a trend that we intend to maintain. We also notice that corporate customers value the new digital and simplified offerings we continuously develop.

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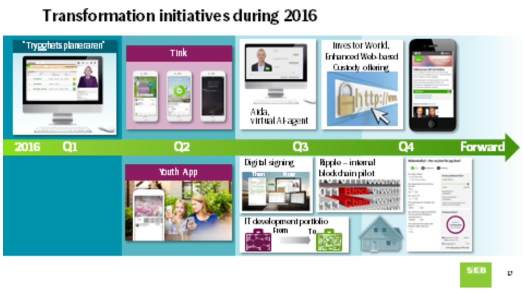

The rate of change is high at SEB. We have gone from running large projects to a new way of working with prototypes, beta versions and many small launches where much of the development happens in tune with customers. We test all the time in order to meet customer needs in the best way. For us, with a 160-year tradition, this is an exciting journey.

In the picture, you can see a sample of what we launched in 2016, and which enhances the customer experience in our offering. Remote pension advice, a youth app, digital signing, a simple mortgage calculator, a blockchain solution, our new custody platform, AIDA - our new digital employee in customer service, and much more. Very soon, our customers will be able to start using new functionality via our mobile app.

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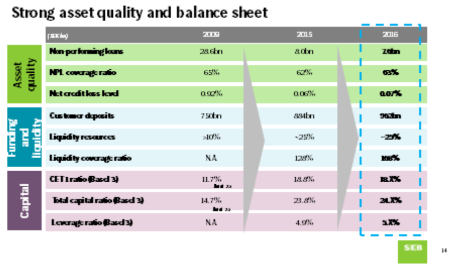

We have a strong balance sheet, and it has been further strengthened during the year.

Sometimes it can be helpful to take a look back over the past few years. Since the financial crisis, we have, by focusing on our areas of strength, reduced earnings volatility. We have sold off parts that were outside the core business. We have increased cost-efficiency. We are one of the European banks with the strongest balance sheet in terms of capital, liquidity reserves, funding structure and asset quality. We have around a quarter of our balance sheet in liquidity reserves, compared with about 10 percent in 2009.

Resilience was further strengthened in 2016. Asset quality remained very good. Non-performing loans continue to decline, even if there was a slight increase between the third and fourth quarters. The credit loss level was 7 basis points for the full year and 8 in the last quarter.

We have respect for that being a low figure, but we do not see any significant change in asset quality in the near future.

Our Common Equity Tier I capital ratio was 18.8 percent compared with 11.7 percent in 2009. Our assessment of the Swedish FSA's requirements for the Common Equity Tier I capital ratio is that it amounts to 16.9 percent per year-end. So we have a buffer of almost 2 percentage points.

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I thereby leave the year's results presentation and will make some short comments on the business plan.

Our long-term strategy and business plan remains in place, with a clear growth agenda and a change or transformation agenda.

We invest and grow in the same three areas:
- broadly across our entire business in Sweden in all customer segments
- we invest in expanding the business with corporate customers in the Nordics and Germany
- and within long-term savings, both private and corporate customers.

And we focus on the transformation of three main components:
- enhance the customer experience of world-class service
- digitisation and automation also for our internal processes
- skill and competency development

This plan is still valid!

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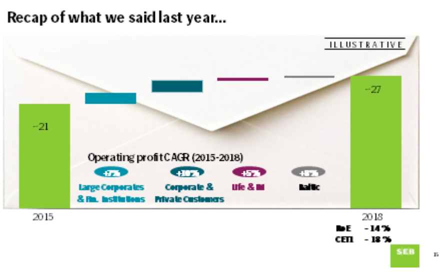

In the picture, you can see how we a year ago presented this business plan in figures for 2016-2018. We drew our bow with an ambitious growth plan that would be supported by rising stock markets and interest rates.

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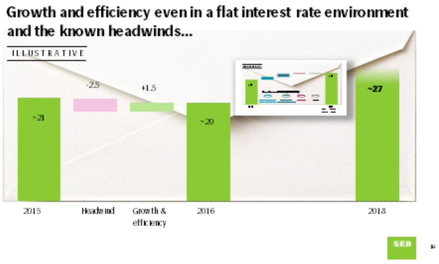

What we could not foresee when we laid out the business plan was the sharply negative stock market performance directly in January, which then prevailed more or less until after the summer and led to lower customer activity. Nor could we imagine that interest rates would go down by another 15 basis points to -0.5 percent and remain there for a longer period of time. Added to this were negative market valuations. Altogether, this affects earnings negatively by approximately 2.5 billion kronor.

Apart from these external factors, the first year of the business plan developed in line with what we had predicted. We have increased underlying result by about 1.5 billion despite the lack of rate hikes while at the same time accelerating the transformation of the bank.

What does this mean for the remaining two years of the business plan and the 27 billion that we said?

We are going, as you know, into 2017 with a lower base than we could have predicted, the approximately 2.5 billion that I just talked about, and the future interest rate path is slightly flatter than what we thought a year ago. The underlying plan and growth rate are still firm, so all things being equal, we should reach 24 billion. One should also remember that in this figure, we expect to offset additional headwinds of around 1 billion, driven by the proposed bank tax in Sweden and that the deduction of subordinated debt disappeared from January 1 this year.

In summary, we feel confident with the underlying business plan, even if in times such as these there will be more needed to get all the way there. The activity level is high both within the bank as well as among our customers. This means that even if the train changes driver, the journey toward the goal will continue at the same pace.

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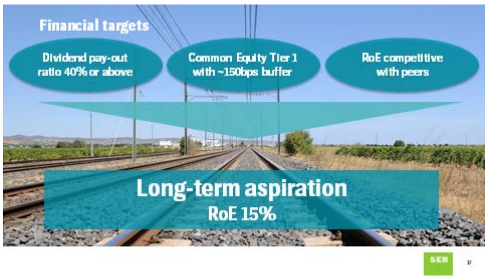

So, to conclude, our financial goals are the same:

- A dividend policy which means that we want to distribute at least 40 percent of profits, and where we strive for constant dividend growth,

- A Common Equity Tier I capital ratio of about 1.5 percentage points higher than the prevailing capital requirement from the Swedish FSA,

- And to create a competitive return on equity, which means that over time we aim to achieve a return of 15 percent.

In addition, we maintain as I said the cost cap below 22 billion for the next two years, i.e. including 2018.

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The strategy and direction remain intact. We know what we are doing, and will continue on this path. The train drives on and it is in good shape. Everyone onboard is entirely focused on delivering world-class service to our customers.

With this, I now open up the floor for questions...