

CEO's presentation at the Annual General Meeting 24 March, 2011

I too wish you a warm welcome to our AGM!

For me, this is one of the most important days of the year, when we have the opportunity to meet you - the bank's shareholders – and describe our activities during the past year. It is as much fun as always to see so many here. Several of you are not only shareholders but also customers of the bank.

As we meet here today, we do so with a brighter and more stable backdrop than last spring. But there are challenges remaining. In early 2011, the debt crisis in Europe, the alarming developments in Libya and the great human tragedy we see in Japan, cause concern. Once again we are reminded that the recovery is fragile.

But, some very positive developments took place in 2010. SEB made big strides as the Relationship Bank we want to be. We have a clear and long-term business plan for the bank. It draws on us to operate and grow within the areas we are really good at - where we are or may be leading.

This means that we now increasingly look forward, but an AGM is also an opportunity to summarise and put in perspective ...

The last three years, market conditions and macroeconomic challenges have been exceptional.

Slide - Stability and relationships

In a period marked by a number of challenges, our priorities focused on ensuring the bank's long-term financial stability. We are there as a financial and trusted partner to our customers in both good and difficult times.

We take a long-term view using conservative and cautious overtones to ensure that we have a strong balance sheet and can navigate with our own compass regardless of weather conditions.

This means that SEB today – being a Swedish bank – borrows money from the domestic and international capital markets at some of the lowest rates in Europe.

There is a clear demonstration of confidence in SEB.

Today, the outlook for the global economy is brighter than in the somewhat fragile business environment that still marked the start of 2010 ... after a very chilly 2009.

Slide - a stabilisation in 2010 from a shaky 2009

With your support we conducted a rights issue of 15 billion Swedish kronor in 2009 to meet a very dark economic development. We also greatly increased our long-term funding to create a comfortable buffer.

We set aside 12 billion kronor in credit reserves in light of a very deep recession in the Baltic region, falling GDP in Sweden and the Nordic countries and a continued weak world economy. We have adequate reserves. At year-end, we had used nearly one-fifth of the reserves.

In 2010, the picture was much brighter and in many ways surprised positively.

The Swedish economy showed European top class, thanks to strong public finances and a successful export industry.

The Baltic countries clearly stabilised and could, albeit from low levels, show economic growth again.

Economies in the other Nordic countries and Germany have also recovered.

Slide - 2010 in figures

The brighter picture is clearly visible in our figures for last year.

Operating profit amounted to 11.1 billion kronor.

SEB's credit quality improved significantly during the year and the total provisions for credit losses fell by 85 per cent. Our Baltic operations are back into the black.

The credit loss level was 0.14 per cent ... in the year before 0.92.

Return on equity was 8.65 per cent and earnings per share to 3.88 kronor.

Slide - Financial Officers' Index

This scene change was also reflected in business confidence. We systematically follow business confidence in a weighted index, and as you can see, optimism has grown steadily throughout the year.

As the leading corporate bank in our region, we have seen demand for credit from businesses gradually return: corporate credit commitments to businesses rose 22 per cent in 2010.

The scene change was also reflected in companies' activity levels, which are generally geared up. Swedish companies implemented a number of

acquisitions in which SEB acted as advisor and financier. No other Nordic bank was involved in as many deals as SEB last year.

Our focus on long-term relationships gives us much in return.

Slide - Baltics operating for 10 years

During earlier AGMs we have discussed the bank's operations in the Baltic region. And also this year, I would like to stop and comment specifically on the developments there.

We are in the Baltic countries not only because of historical and cultural ties, but because the three countries are increasingly an integral part of the northern European market.

After several years of overheating and excessive growth in consumption, the Baltic countries were hit hard by the recession. We decided early on to maintain our long-term ambitions in the region.

Slide – Baltic region's results

As you see in the picture, developments in the Baltic countries turned.

Already in 2006 we were the first player to warn of overheating and we took several measures to limit credit growth. We tightened our credit policy on certain issues, particularly in regards to financing of commercial properties.

We did so at the cost of market share.

Early on we positioned ourselves for credit losses and at one point we had over 200 employees engaged in "workout" teams focused on the Baltic region. Many of them took with them experiences from the 1990s in Sweden. We also wrote off all the goodwill in summer 2009.

We did this as well for our very small investment in Ukraine and Russia - where our lending is only one twentieth of the Baltic operations.

Slide - the whole bank's results

It is important to know that despite the credit reserves and the impairment of goodwill, SEB has reported a profit every quarter.

In the Baltic region we have always sought solutions that allow borrowers to continue living in their homes, for example by giving grace and that we capitalise part of the interest. But despite a difficult position, 90 per cent of all mortgage holders punctually pay on their loans in the Baltic region.

Slide - performance away

In 2010, bad debts declined. We see that confidence will return not only to the export sector, which has gained momentum, but also among households. It is about to dawn. As you know, we made recoveries in the third and fourth quarters, with a constant reserve ratio - the highest among the Swedish banks.

In other words - we stick to a proactive and conservative approach to protect asset quality and long-term relationships.

We are now working from a long-term plan - we deal with emerging problems, we develop guidelines and we deepen relationships with our customers.

We are in the Baltic countries to stay with a clear ambition to be the customers 'house bank'.

Slide – employees

Being a relationship bank means we constantly nurture and strengthen relationships with our customers. This means long-term financial stability and that we need to have really good employees. SEB has both.

The operation and management of banking activities is based very much on being close to colleagues and close to customers. As CEO of SEB, I am proud of every one of the bank's great employees.

There is an incredible commitment to continually make it better and easier for our customers whether it is improved service and faster turnaround ... or to be part in all phases when a large company makes an acquisition.

It is very much about collaboration, about contacts among individuals, and - not least - the understanding of customer needs.

I receive many signals from the business environment - customers and employees - on how the bank holds its own in everyday life. It is very clear that we succeed best when we take a holistic approach towards the customer.

The other day when I was in a taxi, the driver recognised me and SEB was a natural topic of conversation. He was self-employed and spoke about how his day was made easier with Enkla firman, SEB's package of services for small companies in Sweden. He was so pleased that he has now moved over his personal finances to the bank.

For me, this is a tribute to the bank's employees. As CEO, I am proud!

Slide - priorities for 2010

A year ago I told you about the bank's strategy going forward, and there were three areas that I particularly highlighted, we would:

1. Deepen relationships with our clients on a broad front
2. Prepare for future regulations
3. Invest in growth in our home markets in our core areas

How has it gone?

If I start with the first priority - the relationship with our customers on a broad front. We are an advisory bank - we are the bank for customers, large and small, who demand more from their bank than just an account, a card or a financing solution.

We go further and say we will meet customer needs in all situations. This is a big ambition - we will be there for our customers at all times. This of course put requirements on us to act as one bank, One SEB.

Slide - Deepening the relationship with our customers

We make it possible for customers to choose how and when to meet us - through our branch offices, telephone or modern digital channels ranging from applications in smartphones, to customer service via Facebook, twitter or internet banking.

In 2010 we had over two million calls to our Swedish telephone bank. It corresponds to the same intensity as in 100 branch offices in one year.

Customer activity on our Swedish internet bank is steadily increasing - last year by 10 per cent. More than 65 million transactions are now handled a year.

We were able to help nearly half a million Swedes achieve better personal finance through individual counselling.

And just now, at the beginning of this year, we have seen that when we created a new venue - the mobile bank - we have over 100,000 logins.

We want to offer customers the best products and services - both within individual areas such as savings or solutions such as Enkla vardagen (package of services for private clients) and Enkla firman (package of services for small companies).

During the year our savings account Placeringskontot, for which we now offer 2.51 per cent interest, has attracted customers to increase their savings by 25 billion kronor. Moreover, we have once again been ranked as the best Private Bank in the Nordic region.

We also received an award for best business bank (Årets affärsbank) in Sweden last year and today close to every fifth start-up company chooses to do business with us as a partner.

We have worked hard throughout the year to give small and medium-sized businesses really competitive offerings, with a focus on solutions that are easy to understand and use. We have collectively increased our market share among small and medium-sized companies to 11 per cent from 10 per cent in Sweden.

We are where our customers are - both traditional and new venues. We are moving forward.

Slide - Basel III

I move on to touch upon our second priority for 2010 - to prepare SEB for new regulations.

In 2010, The Basel Committee largely completed its work to create an internationally harmonised framework. The purpose of the new regulations is to put greater demands on banks' capital - more and better equity - and calling for greater liquidity buffers to create a more stable banking system.

We think that's good! Increased financial stability benefits the national economy.

With a core capital ratio of just under 15 per cent after the sale of German retail operations, we belong among Europe's elite.

Our assessment is that we are comfortably able to meet the Basel-III regulatory capital requirements, which are to add buffers and hence the resilience in a market downturn, ... of systemic importance, ... for financial flexibility, and more.

Applying Basel III requirements on banks' financing is more challenging for the entire Swedish banking sector.

Swedish banks have to finance themselves through so-called covered bonds, which have enabled households to keep their mortgage costs down. Swedish banks have substantial and stable deposits not only from households but also from companies.

Basel III rules have not taken this into account when the new demands on liquidity have been set. Although SEB's lending is fully funded by deposits and long-term financing, we can, like the other Swedish banks, not yet meet regulatory requirements. The rules, however, don't come into full effect until 2019.

We will work with the other banks in the meantime to continue arguing for recognition of the stability of the Swedish model in the context of the international framework.

It is clear that the new financial landscape now taking shape means that liquidity will be more expensive in the future. It is too early today to establish how the cost will be borne by customer and shareholder.

Slide - Growth strategy / growth initiatives

So to our third priority for 2010 - investment in our core business.

We are well positioned for growth in our core areas.

The two activities that worried me a year ago, we have successfully acted on - the German retail operation we have sold to Spain's Banco Santander and we see more positive developments in the Baltic region.

In our home markets of Sweden and the Baltic countries, we offer all banking services. Here, we move our position further forward.

We see the geographic growth in the Merchant Banking division in Norway, Denmark, Finland and Germany.

Growth in specific segments occurs mainly in small and medium-sized companies in Sweden and in the savings area.

Slide - Scandinavia and Germany

What has attracted most interest from abroad has been our expansion in corporate banking.

In the Nordic countries, we are investing to become a long-term partner to a greater extent also for Danish, Finnish and Norwegian businesses. We are already ranked as the leading investment bank in each country and have a very strong foreign exchange and capital market business.

In Germany, the divestment of our retail operations enables us to streamline our business there. We have been in there since the mid '70s to support our Nordic business customers. Now we can more clearly focus and invest in the German corporate market.

We do this step-by-step and with customers that fit us, the "mittelstand" companies in Germany. We have selected about 400 leads that we are now courting and establish contact with.

As I'm talking about Germany, let me say a few words about the background to the sale of the retail operations, which we completed in January this year.

The objective underlying the acquisition 12 years ago was to build a platform outside Sweden, in particular within the funds business and the creation of a European high-impact internet bank.

This didn't happen.

German customers remained loyal to their savings accounts and were slow to start using the internet.

For many years we struggled with scale disadvantages - the German retail business has been too small to provide sufficient returns in an over-established German banking market.

When I took over as CEO at the end of 2005, we completed a strategic review. The result had been gradually increasing, but the rate of return was still inadequate - only 7 per cent. Our customers had the highest customer satisfaction in Germany. We decided to give the retail banking operations two more years, while working through the conditions of sale. That's where we were in early autumn 2008, when the financial crisis halted things.

Slide – SEB's German activities

As you can see in the picture, the retail operations reported a poor result in 2008 and losses since then.

Our view has been that the strategic value of SEB operating a retail bank in Germany is very limited, with few synergies with other operations. I am pleased that we have now found a good home for our employees and customers.

Our continuing operations – our institutional and corporate business – reached 10 per cent return on equity. Through the sale we release about 4 billion kronor of capital, which increases SEB's capital ratios by 60 basis points. Of course, we also avoid future losses.

Now, we have streamlined our German business and from this base we can now expand.

Slide - Number of new customers etc

So to round off with our third priority: Growth efforts in the Nordic countries and Germany have already borne fruit.

We brought in 90 new major customers and increased our loan portfolio by 62 billion kronor last year. It is well in line with our goal of bringing in a couple of hundred new large corporate customers and increase lending by 150-200 billion kronor between 2010 and 2012 in these markets and take a clear position as the leading corporate bank in the Nordic region.

This about 2010.

Slide – Priorities ahead

And as I look ahead ...

SEB has a good platform. We have the business mix that suits us best, which means that we can draw on our strengths and have a strong platform that we can continue to grow from!

With the Baltic recovery on track, SEB today only has business activities that are or have the capacity to become leaders in their respective segments.

We can now concentrate fully on developing a true customer-focused business.

In our business plan we have these priorities for the coming years:

- Maintain flexibility and resilience through continued high credit ratings.
- Continue to invest in becoming the leading corporate bank in the Nordic region, also with a clear position in Germany.
- Improve our position to become the leading full-service bank in Sweden and the Baltic countries.

Slide - Leading positions

Already today, SEB consists of:

1. The Nordic region's leading investment bank
2. The leading Nordic bank in foreign exchange markets
3. Sweden's leading private bank
4. The Nordic region's second-largest asset manager
5. Sweden's leading unit-linked business

6. The Nordic region's leading card provider in the corporate segment
7. The Baltic region's most respected and second largest bank
8. And a Swedish retail bank, that since 2008 has been recognised as the best bank for small and medium-sized businesses.

But we're not complacent. We are constantly fine tuning ourselves to make it easier for customers both large and small.

Slide final slide

Regardless of the economic cycle or business conditions, the SEB brand should always be associated with openness, long-term views and fruitful relationships. It is our hallmark.

That is why the work of leading SEB is so amazing. We're on a new journey.

We must not spread ourselves too thin by expanding internationally beyond current markets.

It creates focus.

You as owners can rest assured that I and the entire SEB will continue to put customer relationships first.

It creates sustainable and profitable growth.

Some say that we will become more boring ... and if boring means more predictable and long-term ... that we are faithful to our mission ... the answer is YES.

We continue with what we do best: developing long-term relationships with a uniquely attractive customer base.

No job or task can be more fun than that!

It is a long journey ahead. It will take time. So at the coming AGMs I will give midway reports.

Step-by-step we get closer to our wanted position as the Relationship Bank in our part of the world!

Thanks! I now look forward to your questions.