

SEB's Annual General Meeting 2019

Address by Chair of the Board Marcus Wallenberg

Dear shareholders,

SEB lives in symbiosis with its customers and the societies in which we operate. We are a mirror of our customers' success, but also in many ways a requirement for it.

Our goal is to create long-term focus and long-term value for our customers.

This is how we generate sustainable and competitive returns for you, our shareholders, who invest your capital in SEB.

Looking back at 2018 I can say that it was a year characterised by a high pace of change and by a number of events that will have effects for a long time to come.

Three things, in particular, come to mind:

- Greater uncertainty in the world around us – not least coupled to the discussions about free trade, high volatility in the financial markets, and continued expansive monetary policy.
- Political worries in various forms. The drawn-out political discussion during the autumn here in Sweden on the formation of a government; Brexit – which is very much in the news these days; and the political movement around the world that is tilting towards a rise in populism, protectionism, and – unfortunately – also exclusion.
- Thirdly, the constantly changing regulations in the financial sector that are leading to abrupt changes rather than long-termism and equitable conditions for competition, which in turn is affecting our conditions to conduct long-term planning for the bank's business.

Naturally, these events in our external operating environment have characterised the Board's work, which was intensive during the past year.

These events shape the playing field on which we operate. And on this playing field, during the year SEB worked hard to chart the bank's course going forward.

Together with our CEO, Johan Torgeby, and the bank's employees, the Board has revisited and updated SEB's Vision 2025, the foundation for a new three-year business plan.

In our work adjusting to the external operating environment, which forms the foundation for our vision, we see two main societal changes that affect the bank's work going forward: sustainability and digitalisation.

In both of these areas we see major opportunities to contribute to and meet our customers' expectations.

Let me begin with sustainability. Or perhaps rather sustainable development – for the word development also embodies inventive thinking and innovation.

I am convinced that the major challenges that the world is facing – such as the fight against poverty, climate change and pollution both on land and at sea – cannot be solved without entrepreneurship, enterprise and trade.

The business sector must be a driving force in sustainable development if we are to be successful in this work.

SEB can play a decisive role in this regard. Our customers, regardless of whether they are large corporations or private individuals, demand – and will be demanding – sustainable financial solutions and services.

An important part of supporting sustainable development entails building prosperity and contributing to economic growth in the world in a responsible manner.

Here we have a key role to play in financing the investments in long-term sustainable infrastructure, renewable energy and new technology that are needed to bring about a society with lower carbon emissions, for example.

It is no understatement to assert that Europe is at the threshold of a major transformation – moving from fossil fuels to renewables with an electrified vehicle fleet and climate-smart products and services that are coming into demand at an ever-faster pace.

SEB has been a pioneer in this area and has a strong position today – not least in green bonds, where we have led the way and have a leading position globally.

And we will continue to lead the way – developing new, green financial products, delivering world-class advice to our customers, and being our customers' best support and partner in the transformation that they and society as a whole are facing.

It is for these reasons that sustainable development is also a bearing part of the bank's new strategy and business plan.

The second major societal change that affects us – and presents major opportunities – is digitalisation.

The digital realm works best when it is combined with the human. The personal interaction – employees who meet with customers and give professional and proactive advice – will continue to be a central and key part of our service offering.

This is where the digital realm comes in. The increase in data, artificial intelligence, access to cloud services and new algorithms for machine learning are enabling us to interact with our customers in new ways.

When our digital capacities increase, our employees have more time to help customers – to provide qualified advice, be on hand, and provide personal service.

With the help of new technology our systems can learn what individual customers need, so that we can improve everything from administrative functions to the customer experience, product distribution, marketing, control and risk management.

It has been said that we are at the start of the Fourth Industrial Revolution. Digitalisation and automation are transforming sector after sector – not least the financial sector.

And for our part, it's a matter of developing more advanced digital solutions so that we can provide even better service to our customers, but also of complying with the growing regulatory requirements.

Some of you have surely heard me say these words before, but they are especially apt in this context. Namely, my family's motto: "To move from the old to what is about to come is the only tradition worth keeping".

We add new to the old, to be an even better bank.

Sustainability and digitalisation. These two trends in society mean a lot for the bank's updated Vision 2025 – and for the bank's new business plan for the coming three years.

We will be more agile and take advantage of opportunities in a changing world at the same time that we must never lose focus on being long-term, profitable, stable and financially strong.

Our long-term perspective is to:

- focus on a good customer experience,
- secure our continued financial resilience, and
- continue growing together with our customers.

With the new business plan SEB is now taking the next step in carrying out our vision – namely, providing world-class service. Our goal has been to future-proof SEB's business and continued development for our customers.

I would now like to shift over to describing how the Board has worked during the past year. To begin with, we can affirm that SEB today stands financially strong and can support its customers.

The Board's work is conducted in accordance with Rules of Procedure that are adopted by the Board and that regulate our role and ways of working, and that provide special instructions for the Board's committees: the Risk and Capital Committee, the Audit and Compliance Committee, and the Remuneration and Human Resources Committee.

We held 17 board meetings, and together the committees that conduct preparatory work for specific matters for decision by the Board met on another 31 occasions.

One such matter that was prepared in the Remuneration and Human Resources Committee concerned the Board's responsibility for recommending that the AGM adopt guidelines for remuneration of the members of the Group Executive Committee as well as long-term incentive programmes.

And as you have seen in the AGM documents, this recommendation is in line with the guidelines that the AGM resolved in favour of a year ago.

Our basic principle is that remuneration shall be competitive in the markets and segments that SEB works in.

On the part of the Board, we stress long-termism, personal shareholdings and clear performance that is evaluated on the basis of financial and non-financial targets.

Long-term commitment and a personal shareholding in SEB among employees create sustainable value both for customers and the shareholders.

For nearly twenty years, as part of the total remuneration package, we have therefore offered the members of the Group Executive Committee, senior managers and key employees the opportunity to participate in this type of long-term equity-based programme that the AGM will later decide on.

During the last ten years a similar opportunity has also been extended to all of the bank's employees. The programmes are evaluated continuously, and the proposal that the AGM will now decide on follows the same structure as last year's programme.

We thereby propose to the Annual General Meeting also this year:

- A profit-sharing programme, the SEB All Employee Programme (AEP), for all employees except for members of the Group Executive Committee.
- The SEB Share Deferral Programme 2019 (SDP) for members of the Group Executive Committee, certain other senior managers and key employees – for not more than 1,000 persons in total – and with the same structure as in previous years.

We also recommend that the AGM resolve in favour of:

- the SEB Restricted Share Programme 2019 (RSP) for a total of approximately 1,000 selected employees below the level of senior manager.

Together the anticipated outcome of the three programmes corresponds to 0.4 per cent of the total number of shares in the bank.

As I said in my introduction, today we will also make a number of important decisions – including on the year's accounts, the dividend, and election of board members.

Just like last year, we will also address the issue of authorising the Board to decide on the issuance of subordinated convertible loans. This would be done to optimise the bank's capital base in accordance with applicable rules and regulations.

Allow me to also comment on the Board's proposed dividend.

In accordance with our financial targets, which are the same as in the preceding year, we on the Board believe that the proposed dividend – an increase by SEK 0.25 to SEK 6.00, plus an extraordinary dividend of SEK 0.50 – is well balanced in view of the demands that are imposed by the nature, scope and risks

associated with the business and the size of equity and the bank's need for consolidation, liquidity and financial position in general.

The extraordinary dividend should be viewed in the light of SEB's strong financial position, with a solid buffer in relation to the capital requirement.

It is also a result of the bank's one-time revenues from the sale of SEB Pension in Denmark and the credit reporting company UC.

The proposal is in line with the Board's ambition to achieve long-term dividend growth.

In conclusion...

As Chair of the Board I can affirm that the board work in SEB works well.

It is demanding and intensive.

The issues that are addressed are many and require extensive experience in a number of areas.

I therefore want to thank my colleagues on the Board for their strong commitment and work for SEB.

And on behalf of the entire Board, I also want to direct warm thanks to the bank's CEO, Johan Torgeby, to the bank's management, and to all of SEB's employees for a good cooperative climate and their great work during the past year.

Thank you!