

CEO Annika Falkengren's speech at the Annual General Meeting 2016

As always, it is great to see so many of the bank's shareholders here at Stockholm Concert Hall, which we at SEB have long been the main sponsor of.

Picture 1

We have something that is unique at SEB. This bank rests on a strong heritage of entrepreneurship, international outlook and long-term approach. Since Andre Oscar Wallenberg founded Sweden's first commercial bank, we have been in the service of enterprise. In the picture, you see his sons and grandsons in the same room as I now sit in ... and even at the same desk.

Through all the years, we have been a corporate bank. We continue to be that by constantly driving change and always pushing for even better services in an increasingly changing world.

Picture 2

When I look back on the past year, it was a turbulent year in many ways. As a bank, we are strongly affected by developments around the world and the global economy. Our customers want to be able to operate in societies that can prosper and where there are long-term conditions to develop and grow.

But we live and work in an exceptional time.

The global banking sector has in recent years undergone a period of enormous change. It is clear that part of the change originated in the global financial crisis. Developments in the world economy have not really gathered pace despite several years of liquidity support from central banks.

Who would have thought that central banks in several countries around Europe would introduce negative interest rates to bring up inflation? The low interest rates have not restored growth for the world economy, which grew by nearly 3 percent last year. Sweden stands out with growth of over 4 percent, and that at the same time as Sweden's central bank introduced negative interest rates. Today's rate is minus a half percent.

It is clear concern is increasing that the normal economic relationship is no longer working. Nagging uncertainty has been seen in the sharp swings on capital and equity markets.

Picture 3

In this environment, we have delivered on our three-year business plan. The end of 2015 also meant the end-point of the business plan I presented here three years ago.

We have completed what we set out to do.

I presented how we would continue our expansion as a corporate bank in the Nordic countries and Germany, as well as how we would expand our position as a corporate bank in Sweden and the Baltic countries. I talked about our very solid belief that customer satisfaction is the foundation for long-term profitability. And that the way there is through a corporate culture that attracts people with the right values, which always puts customers first. An important prerequisite here was our ambition to clearly integrate sustainability in all business activities.

I will now comment on how development has gone.

Picture 4

Today we are *the* Nordic corporate bank.

Since 2010, we have attracted more than 500 new corporate and institutional customers in other Nordic countries and Germany. In total, we have 3,000 large corporates and institutions that want to grow and deepen their relationships with us. Most often, a new customer uses, to begin with, one or two services, and then after three to four years expands to five or more. The 500 new customers now contribute 12 percent of revenues in this segment.

Growth outside Sweden creates a geographical diversification, and our focus has since 2010 contributed nearly 4 billion kronor in increased profits.

Picture 5

Since 2010, we have also had a strong focus on strengthening our position as a corporate bank in Sweden.

55,000 more SME customers have chosen us as their main bank, at the same time as we have increased lending to small businesses by nearly 40 billion kronor. And last year we saw, unlike with large companies, that smaller companies were a bit more optimistic and their loan demand rose, especially in the second half.

Being a core bank means far more than merely lending. Equally important is to be a partner for companies as they grow and expand. We have invested a lot of resources in various forms of entrepreneurial partnerships.

We know it's important to be where businesses and future entrepreneurs are. Everything from inspiring a teenager at school to start her first business via Junior Achievement – which is one of our partnerships – to entrepreneurs receiving practical advice from our financial advisors at Nyföretagarcentrum (a centre in Sweden for start-ups). We are there as a partner for established entrepreneurs and are involved and crown the Entrepreneur of the Year.

Our strong position among companies and institutions in Sweden, the rest of the Nordics, Germany and the Baltic countries, is also reflected in our business mix. Almost two-thirds of our credit portfolio is business-related.

Picture 6

I usually say that ultimately it is always the people who make a difference. It really is. Commitment is not something that only "occurs". It is built on having common goals and values, and where everyone sees his or her role on the team.

SEB is an attractive employer, and our annual trainee programme this year attracted around 2,200 applicants for 24 positions. I thought I'd take the opportunity to show you how one of our young colleagues describes why she works at SEB.

Short film

(<https://www.youtube.com/watch?v=6nEHDOohsxs>)

Picture 6 back

It's a pretty direct and straightforward description Isabelle gives on what it's like to work at SEB.

This is something that we measure in our annual employee survey. And as you see here, we have moved from a good level among the average for the sector to the absolute leader in the global financial sector.

We are very proud that nearly 90 percent of colleagues are very satisfied with SEB as a workplace and that 80 percent recommend the bank as an employer. It is SEB's fantastic colleagues who together have contributed to our delivering as we have done.

Picture 7

We have in recent years taken a further step to fully integrate sustainability into the business - the foundation of our work has been company-wide position statements.

We have also received a lot of recognition for this work and are today, among other things, one of the companies in the FTSE4Good. We are one of only ten Swedish companies in RobecoSam's yearbook.

We see concrete results from this in our operations. For example, we have more than halved our own carbon footprint since 2008. And ever since we as pioneer together with the World Bank launched green bonds, we remain seen as the premier bank in the world in this area. Just last week, we were involved in issuing the largest-ever green bond from a Nordic issuer - 5 billion kronor by Kommuninvest.

We are still the only bank in the Nordic region that can offer institutional clients the opportunity to invest in micro-lending funds. And in our lending, we continue to reduce our exposure to fossil fuels; this is connected to how we during the year also updated our climate policy. Nowadays, we say no to new commitments when it comes to financing coal mining operations.

Picture 8

So - when I sum up all this in financial terms - and show how development has been, excluding nonrecurring items. We have had both positive and negative one-off effects in 2014 and 2015.

We have increased cost and capital efficiency, and delivered on our financial targets.

Three years ago, we said we would not only keep costs steady but also increase revenue by 15 percent and achieve a return of 15 percent, given the capital requirements then in force, ie 13 percent.

In 2015, we achieved a return of nearly 13 percent, and that with a capital ratio of 18.8 percent.

But we cannot rest on our laurels.

Picture 9

The pace of change has probably never been higher, and it is the world around us that sets the pace. The current digital transformation will affect all sectors and activities.

Ease of use, simple and intuitive design, and the ability to connect large amounts of data to provide a completely new customer experience – these are in focus. When it comes to services ... products are becoming more generic. Proven business models are being challenged.

Obviously there are a number of challengers who also affect us banks.

Picture 10

At the same time, the majority of banking transactions are already digital. Last year, our customers made close to 325 million visits and interactions via our digital channels. 97 percent of all interactions among our private and small business customers are done digitally. Our customers use mobile banking nearly four times as often as the internet bank.

Progress is rapid. Digitisation also means automating internal processes. As in other industries, it is changing customer behaviour that drives development.

Picture 11

Last year, we did a thorough job of taking in impressions from the world around us.

How can we better capitalise on our having so talented a staff, and a strong customer base with high confidence in how we meet their needs, in a region with strong growth? We have financial resilience with a strong capital foundation and high liquidity, which means we can support our customers in both good and difficult times.

We called this work Vision 2025.

We landed on how everything - really everything - is based on the customer experience.

Picture 12

We involved all our employees and discussed what Vision 2025 actually might mean in terms of working in a new way, what skills we need in the future, what are the threats and what are the opportunities?

We have also worked through our values. We want to signal a clear change of culture, where the customer always stands at the forefront, and which clearly builds upon collaboration, simplicity and a strong commitment to the big picture.

Picture 13

On this picture, I have tried to illustrate that we are moving from a traditional development process with clear phases to a new approach that is based on our testing solutions in many small steps, interactively and in close harmony with customers, and where design is in focus throughout the entire process.

Picture 14

We have worked through how we see our customers' expectations at a bank in the future digital world. We have established that everything is based on one of our biggest advantages - trust. Without

the outside world's confidence and the customers' confidence that we will be with you not only today but also tomorrow, we cannot operate.

Customers want us to share our knowledge and to thereby feel that they made a good choice to choose SEB. The closeness and deep understanding of customers' business needs is becoming increasingly important, and because we are proactive, customers can have control over all financial matters.

We simply want to make things simpler for our customers.

Picture 15

In order to take care of our existing and new customers in the best way possible, and as efficiently as possible, we decided, for the first time in ten years, to change the bank's organisation. It now mirrors our four main customer segments. Our service areas have an overall responsibility to even more clearly really take care of all customer segments, from large corporates to private customers.

Picture 16

Our Vision 2025 is a direction, and we have made it concrete in a business plan for the next three years, ie 2016-2018.

Part of the business plan is to position the bank in this new world. Let me take three concrete examples of what we are doing:

We have created an 'Innovation Lab' which is physically located outside the bank and is instead together with other companies in the EpiCenter here in Stockholm. At so-called 'hack days', employees get to present proposals on innovation and new solutions. If their proposals go further, they get six weeks in the lab to produce a prototype of their idea. One of the first ideas that emerged from this method was virtual reality visits to properties that are for sale – a service that is now being used with a realtor.

Another example is that we have gathered all digital activities into one place. Development is so fast and we produce new solutions much faster. This is also where we have entered into a collaboration with 40 international banks to develop what is called blockchain technology, ie how banks and others in the future can perform transactions without the use of the central clearing system which we have today .

And a third example is that we are taking the next step in digitizing and automating our own business processes. We have identified the biggest and most important processes from a customer perspective and from efficiency, and have already worked through the first - the credit process for large corporates.

I want to emphasise that this is not about revolution, but evolution. We have great respect for how different generations of customers want to have contact with their bank in different ways. We will continue to develop how our customers meet us at our branches.

Picture 17

Our ambition is to be the leading Nordic bank for corporates and institutions, and the best universal bank in Sweden and the Baltic countries.

Our business plan for the next three years has three priority areas:

1) We are investing and want to expand our strong position in Sweden in all customer segments, with strong focus on advice and service.

2) We want to continue to grow within Large Corporates and Financial Institutions in other Nordic countries and Germany, as well as through a few first steps into the UK as a corporate bank.

3) And we want to further advance our position within the important savings areas. We see that demographic changes contribute to a growing need for secure solutions for both entrepreneurs and individuals. We are the only bank in Sweden to have a fully developed 'bancassurance' concept and can now offer our customers the entire palette within savings, including traditional insurance.

We have translated this into our new business figures, and as you see it is ambitious.

The objective is to yield around 14 percent by the end of 2018, assuming a capital ratio of approximately 18 percent and given what we know today regarding regulatory and other external conditions.

Picture 18

Banking will be perceived and experienced very differently in ten years. But some things will remain the same.

The value of relevant advice.

The importance of long-term relationships.

The importance of people with shared values and a strong passion for, together, really creating value for customers.

All this is SEB.

Customer expectations will be key in our efforts to fulfil our goals.

For everything we do at this bank, do we first ask ourselves: "Does this activity mean that customers will be more satisfied with us?"

That is world-class service that we will deliver.

And it is that which creates long-term and sustainable value for our shareholders.

Thank you!