

Opening address
Swedbank's Annual General Meeting
March 19 2014
Chair of the Board
Anders Sundström

Dear shareholders

Glad to see so many here.

I believe that you just like me are rather pleased to be shareholders of Swedbank. The last couple of years have been successful. Recurring robust revenues and a very good share development, while the risk-taking is low and capitalization is among the best in Europe.

I think that we should be both pleased and proud. Especially considering where we were just five or six years ago. I think you remember the financial crisis quite well. How we shareholders had to inject more than 27 billion SEK. How we had to enter the government guarantee program.

The last of the loans guaranteed by the government guarantee program end now in May. It's great. Since the start, we have paid just over five billion SEK for the guaranteed loans. The Swedish state made a good deal, but it was an expensive lesson for us.

It was necessary then and it was necessary for us to be able to take us to the great position we are in today.

It's gratifying for us who are shareholders, but it is also pleasing to our clients. Being stable and profitable is the foundation to be able to compete and grow the business. Every business owner knows that the customer must come first. If you don't have the customer with you, at the end you have nothing.

Sometimes when I open the newspaper, I get the impression that Swedish banks take their customers for granted and are a burden for the country. I don't identify myself in that.

Of course we should be reviewed. It helps us get better. But it has a tendency to get a little too black and white. It is easily forgotten what Swedish banks are doing and have done for their customers.

Swedish bank customers get e.g. much value for money compared to bank customers in other countries. That's because Swedish banks are well-run, with great efficiency and low risk.

The reason why so many Swedes own their homes and can live well is of course due to the hard work and that it has gone well for the country. But it is also because Swedish banks have long offered mortgage loans at reasonable terms. Today, the margins on a mortgage loan are three times greater for the homeowner outside Amsterdam, Alessi, and Aberdeen than for the homeowner in Arboga, Arlöv, and Alingsås.

Over the past ten years, our Swedish mortgage margins have dropped by a third.

When in other countries you have had to rely on savings accounts, we in Sweden have had access to mutual funds since the 70's, and today 76 per cent of the Swedes have some of their savings in mutual funds. Many of our fund investors have been with us for a long time, and have through the funds been able to take part of the capital appreciation in the stock market. A single krona placed in the fund Kapitalinvest (Equity Invest) at the start in 1975 has today grown to 102 kronas. A stunning development.

It was a long time ago someone asked what they are doing in the bank after three o'clock. The branches' opening hours are not interesting when the bank is open online round the clock. Swedish banks have long invested a large part of their profits in new technologies, and the Swedish people have always been among the world leaders when it comes to having access to and using convenient online banking. Now we are doing the same journey in our mobile phones. Already today, one and half million customers are using our Mobile bank in Sweden alone. On average, they log in via phone 18 times a month.

Sweden is among the countries with the lowest cost of card purchases in Europe.

Swedish banks have through their collaboration been able to create both giro payments and Swish. Simple, inexpensive solutions that make everyday tasks easier.

When it takes weeks for an Englishman to close a home deal, it is done in minutes in Sweden.

It doesn't mean that we should sit back and stop developing. Today is history already tomorrow.

We know that we face a number of challenges.

We operate in a mature and stable market.

We won't grow much in terms of number of customers nor business volumes.

We want to continue to keep a low risk level, and we will operate in markets with a relatively low growth rate.

As we grow, we thus do it with our existing customers who choose to do more business with us.

At the same time customers are increasingly demanding.

Customers, as well as politicians and authorities, are pushing towards more competition and greater transparency.

Almost every day, new players emerge on the market challenging us on cards, mortgage loans, customer deposits and their mutual funds.

Our customers are more well-informed than ever and they compare us, not only with our major competitors, but just as much with small niche players.

If we do not change in pace with the market, we will not be able to maintain our current level of profitability and market position. This applies to all companies. Even to ours.

So we need to get prepare to face tougher competition. Swedbank has over the years acquired several strong positions. However, it is not enough to secure our market position and long-term profitability.

In short, there are four main areas that are crucial to our success.

We must do better in our offering to the customer. No company is long-term profitable with unhappy customers, it goes without saying.

We know that customer satisfaction is influenced by many different things. Customer care and service, products and terms & conditions, what is in the morning paper and how the company acts big and small. In all areas, we must be prepared to re-think and get better.

We need to find attractive and cost-effective solutions for the mass market. Swedbank's future strength lies in how we get the large mass market profitable, while we are part of the competition. Our digital offering must be attractive and full range. The cost to serve a customer must be low and at the same time, the value for the customer must be high.

We must do more business with those who have extensive savings through local business acumen. Now we have a new organization in place, and we have given a clear mandate to the adviser to take decisions and responsibility.

I want to see an entrepreneurial spirit and a desire to do business in our branch offices. We will in different ways search for customers and offer them better service and customized solutions. What is best for the customer is in the long run also best for the bank. I'm convinced about that.

And, not least, we need to be more productive. Competition is fierce and customers are increasingly likely to have several banks, spreading their business and comparing terms and conditions. We need timely adapt our business so that it can cope with new customer behaviours. The adjustment is to keep our costs down. Each cost must ultimately lead to revenue. We will reduce the size of the staff units and increase the efficiency in the central units, it prepares us for the future and that is good.

It's much easier to write this list than to implement it. Behind every bullet, much hard work is hiding. To change can be painful. We must all, from advisors to the Board, challenging our habitual ways of thinking, examine old truths, and change our way of working.

Our prospects to succeeded are good.

With our eight million customers, we have every opportunity in the world to be a strong bank also in the future if we renew ourselves in line with our customers and the rest of the market.

But it for sure requires hard work.

Thank you very much.

