

Speech by President and CEO
Swedbank's Annual General Meeting
22 March 2018
Birgitte Bonnesen

It is with great pleasure and pride that I welcome you to this year's Annual General Meeting.

I am pleased that as shareholders you show such commitment. And proud that I can present the results of yet another successful year for Swedbank.

Swedbank is in a very strong position, Financially, in the market, among our staff and in society as a whole. A position that imposes obligations but which, at the same time, offers fantastic possibilities of development.

I would like to look back at 2017.

We have developed a strong financial position.

We are Sweden's most profitable bank and last year we had a return on equity of just over 15 per cent. Net interest income, our largest revenue item, continued to grow thanks to our increasing mortgage volumes. Our net commission income also rose as result of increased activity in the areas in which Swedbank provides infrastructure, payment solutions, cards and funds.

This sound profitability enables us to distribute 75 per cent of the profit, as recommended by the board, and retain a high rate of capitalisation. Our capital reserves are ample in relation to official requirements and in relation to our own view on low risks and long-term commitment to act responsibly.

And as Lars just described, a large proportion of our dividend will go back into society.

Our earnings play an important role for a large number of people.

We have a strong position among our customers.

With over 7 million private customers and 550,000 commercial customers in our four domestic markets we really are what we want to be – “a bank for many”.

As you know we work unceasingly with customer satisfaction. In the Baltic region things look good. On the commercial side we noted a positive trend in Sweden during 2017. But unfortunately there is still a lot to be done in Sweden when it comes to private customers. We monitor developments month by month and measure, for instance, how customers experience their contacts with us: in the branches, on the phone and digitally. We will continue to focus on this work.

During 2017 we have been working to increase availability in all of our channels. We now have, for example, telephone banking open day and night.

During last year we also took the step of opening our platforms to others who are more specialised and faster on their feet than we are. Major banks are not always best at everything and I am totally convinced that the concept of “Open Banking” and third-party collaboration is the right route to take in the process of meeting our customers' changing needs for speed and for new and exciting products and services.

One example of this is the Subscription Helper we have integrated into our mobile banking app. This has provided our 4 million private customers with a new tool for dealing with their subscriptions and this gives them greater control over their private finances.

The acquisition of Payex offers traders a complete payment platform. And partnership with the brokerage firm of Kepler Cheuvreux offers our customers highly qualified stock analysis and widespread distribution for stock issues. We could never have achieved this with our own in-house development.

We have also placed greater focus on digital transformation by integrating our own IT and commercial development which has introduced a totally new way of working in the bank, to the benefit of our staff as well as our customers.

But digitalisation also entails risks that can affect both individual customers and the entire system. For this reason during 2017 we have focused heavily on securing the bank and our customers against hackers and other forms of fraud. Every day we are working to improve our security and have extensive surveillance in order to discover new forms of threat, fraud and hacking.

And we have cooperated with the other banks to further improve the security of BankID and introduced its counterpart, SmartID, in our Baltic domestic markets.

And we continue to invest in solutions that comply with both new regulations and provide the high degree of integrity our customers demand.

Our ability to create secure and relevant customer encounters is important for many of them.

We have a strong position among our staff.

80 per cent of our 14,500 employees are proud to be working for Swedbank. This is a rise from the high level we already had in the previous year. But frankly – in my world the figure should be 100 per cent.

Last autumn we were awarded Finansförbundet's and the Banking Employers' Organisation's Anna Prize for gender equality and diversity. It was extremely gratifying to receive this acknowledgement of our persevering and sustained endeavours.

One issue that is important for us was spotlighted during the year in connection with #metoo. And let me say here something I have repeated several times during the autumn internally. In Swedbank there is zero-tolerance of all forms of discrimination and we are continually training our managers and staff while at the same time we provide several different ways to report cases of discrimination.

Something else I would like to stress is that in the bank we are recruiting totally new kinds of skills, for instance in service design, robotics, behavioural science and computer science. And we often employ young people with different backgrounds and nationalities. I am pleased that what attracts them in many cases are our well-defined values. I notice that an unequivocal value platform is playing a greater and greater role in competition for new talents.

Committed staff who feel that we have an explicit and inspiring strategy provide better services for our customers.

Our employees make a difference for many.

We have a strong position in society.

The sculpture you can see on the stage here today and which you could see earlier in the foyer has been borrowed from Friends Arena, where it stands alongside 23 other "bronze children" in an exhibition we arranged together with the Friends Foundation as a manifestation against bullying.

And it is indeed children and young people that have always been at the centre of our social commitment.

Last year our magazine *Lyckoslanten* was awarded a prize for its sustained mission to spread knowledge about economics to new generations. And during 2017 we and the savings banks jointly trained 58,000 young Swedish schoolchildren in private finance. This is an investment in both today's society and in the future.

There are many who view the Swedish mortgage market with concern. Swedbank is the bank that lends most in private mortgages and therefore has an extra large responsibility for both our customers and for financial stability. We shoulder this responsibility by making disciplined credit assessments and by placing far-reaching demands when it comes to our borrowers' private buffers. This means that we sometimes lose business in the short run, but we maintain stability and a good balance in profitability, risk and growth in volume.

Taking responsibility and solving social challenges has been an important aspect of the bank's task since it was founded. This is a responsibility we undertake in close cooperation with the savings banks throughout the country.

During 2017 we advanced our position even further in the field of sustainability with a clear focus on contributing to the goals of Agenda 30. Swedbank contributes in various

ways to all 17 sustainable development goals. And we will continue to place a great deal of focus on enhancing our operations in the areas where we can make the greatest contributions to a sustainable future for people, companies and societies.

During 2018, for instance, we will strengthen our climate related reports with respect to the G20's framework for climate-related financial risks: Task Force on Climate-related Financial Disclosures.

Last autumn we issued our first green bond with a focus on investments that contribute to climate change, and since October there have been five Swedbank Robur funds in the world's first Swan-marked funds. Swedbank Robur is a long-term owner and therefore focuses on identifying the companies that can integrate sustainability into their operations.

What we are doing is important for many.

So to summarise 2017.

It was a year in which we further enhanced our position – financially and with respect to our customers, our staff and society.

During 2017 in the executive group management team we have been working intensively on the organisation and creating processes and directions for our continued successful progress.

2018 will be a year of systematic implementation.

Being a strong and stable bank is important for the whole of our society.

But this entails responsibilities. In our day-to-day dealings and risk assessments as well as in the long-term shift to a more sustainable society.

And, I would like to add, responsibility for maintaining and enhancing trust.

Our entire society is dependent on feeling trust for those who deal with savings, loans and payments.

We must, therefore, be open and transparent in the way we act and communicate. And we need to act in concert with the sector, the authorities, politicians and those who mould opinion to safeguard trust in the system and financial stability.

Now let me look ahead

I would like to highlight two areas that are going to be particularly important in 2018

- Investment in customer relations and meetings with customers
- Measures to increase productivity

Firstly: We invest in customer relations and meetings with customers

The digital transformation gives rise to totally new possibilities of getting to know and offering advice to our customers when it comes to saving, borrowing and payments.

We are now speeding up the rate of investment and devoting more resources to digitalising and automating our everyday services. Our virtual assistant Nina will be developed even more and we are enhancing our skills in information and data analysis so that we can develop more tailor-made solutions.

Later this spring, new regulations will be implemented regarding payments and handling of customer data. This opens up the banks and gives us many new opportunities to make it easier for our customers.

To deal with the development we are going to continue to follow the route we have taken towards greater openness to collaboration and partnerships. One example is the "Open Banking" I have already referred to. Since last autumn more than 1,000 developers have linked up with our 'Sandbox' and 400 test apps have been created.

Another example is the work we have been doing to find new cooperation in the accelerator programme for 10 international start-ups in financial technology that we launched at our head office in Riga.

That's how we make ourselves competitive and attractive.

Secondly: Measures to increase productivity

In the new competitive landscape pricing and the ability to be efficient and fast on our feet is becoming more and more important. In our branches and customer centres this means, for instance, making processes more efficient to free up time for our customers. But it can also involve enhancing cooperation between units as well as taking advantage of the potential offered, for example, by robotisation. We must, quite simply, become more productive.

That's how we create long-term value.

In conclusion: Swedbank has a tremendously strong position and an explicit and firmly rooted strategy for how to deal with the future. We have established an organisation that makes it possible to take advantage of the potential and commitment of our staff and we have an executive management team with the right skills, will-power and sound cooperation.

2018 has begun well. Now we will continue to deliver on our vision – making it possible for people, companies and societies to grow.

Thank you for your attention!