

Release

A MAGAZINE FROM RBS NORDIC REGION

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Wants to be popular

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Markus Jennemyr is the troubleshooter triggered by competition.

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Banking without borders

I HAVE TRAVELLED a good deal over the past year. As the regional head of a bank with operations in 38 countries, this is a natural and very rewarding part of my job. In addition to many meetings with colleagues in London, I have visited fascinating countries such as Poland, Russia, Turkey and the UAE.

I HAVE TRAVELLED to these particular countries because our customers have markets there.

EVERY TIME I travel I'm impressed when I see the Nordic companies in those markets, and experience the dynamism of their international expansion. It serves as a reminder of how successful and respected these companies are outside of Sweden. The fact remains that the Nordic region has an extremely high percentage of international companies in relation to its population and our nations' economies.

EXPANDING OUTSIDE OF the Nordic region also illustrates a particular aspect of the growing globalisation, i.e. increased co-ordination. Rules and regulations are still largely local.

AT THE SAME time new frameworks are created and applied irrespective of borders. One such example is Europe's borderless payment system, SEPA. From the bank's perspective, we can ease the introduction of the new processes.

THE TRIPS ALSO invoke pride in being able to represent a bank with such an extensive network. Our local teams give customers practical assistance in achieving their goals on their prioritised markets. This is the best reward a bank can receive: being able to help customers in all kinds of ways to fulfil their visions.



Reinhold Geijer
Reinhold Geijer
Head of RBS Markets
and International
Banking Nordic Region

Release

A magazine from RBS Nordic Region for customers, partners and co-workers.

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Running smoothly on the finance market.



PHOTO: NSB

Norwegian railway invests in francs

THE NORWEGIAN STATE railway operator Norges Statsbaner, NSB, has raised financing by issuing a CHF 125 million bond with a term of 10 years. This is the first issue in this currency from a Norwegian issuer in a long time.

"Switzerland is a country where people appreciate trains – it has an excellent railway network – and Norwegian issuers. This makes NSB's bonds an attractive invest-

ment," says Sverre Sivertsen, Relationship Manager for NSB at RBS.

NSB has been regularly issuing bonds in Switzerland since 2000.

"It's a good niche market in a diversified portfolio for companies with a good rating."

RBS has exclusively handled the issue. The bond has the longest term NSB has ever had on this market, as well as the lowest interest rate, 1.125%.

Youthful development for RBS

RBS HAS BEGUN a collaboration with Mentor, a non-profit organisation in mentorship for young people aged 13 to 17.

"It's vital for us to engage in contexts where we can benefit the community. RBS has an overriding ambition to work with corporate social responsibility, CSR, particularly regarding development for young people," says Anna Fall, Head of Marketing and



Anna Fall, Head of Marketing and Communications, Nordic Region at RBS.

Communications at RBS in the Nordic Region.

"The collaboration with Mentor is also a chance for our people to do something completely different, as volunteers, to what they do at work, which is enriching and brings new perspectives."

The bank's employees can meet young people in groups in different ways or be a mentor for someone for a year, with monthly meetings in a format of their choice.

"The idea is to be an adult contact as a complement to parents and other grown-ups. Someone who takes the time to listen," says Anna Fall.



Text: Anneli Kamlin *Photo:* Håkan Lindgren

The main goal for SBAB CEO Carl-Viggo Östlund is for customers to like the bank. The former mortgage institute is focusing on becoming an everyday bank for more private individuals.

"We have to act"

ONE RAINY SPRING day, SBAB CEO Carl-Viggo Östlund ran across the finishing line on Norrmalmstorg square, in the heart of Stockholm's financial district. It was the finish of a 400-kilometre relay from SBAB's customer services in Karlstad to Stockholm, which involved over 100

sporty employees. The aim was to highlight SBAB's reprofiling and issues relating to the whole banking sector, according to Östlund.

"I was hoping the directors of the big banks would join me, but unfortunately it was quite lonely on that square. It's important that we start

up a dialogue about the problems we face," he says.

"Private customers currently have a very negative view of the banks. Suspicion is cast on everything we do, which means we are judged wrongly, and that means we have to act. It's a good thing that the banks are being



» scrutinised, but not that we come in for so much mistrust.”

He comments that interest rates for mortgages are at a historical low.

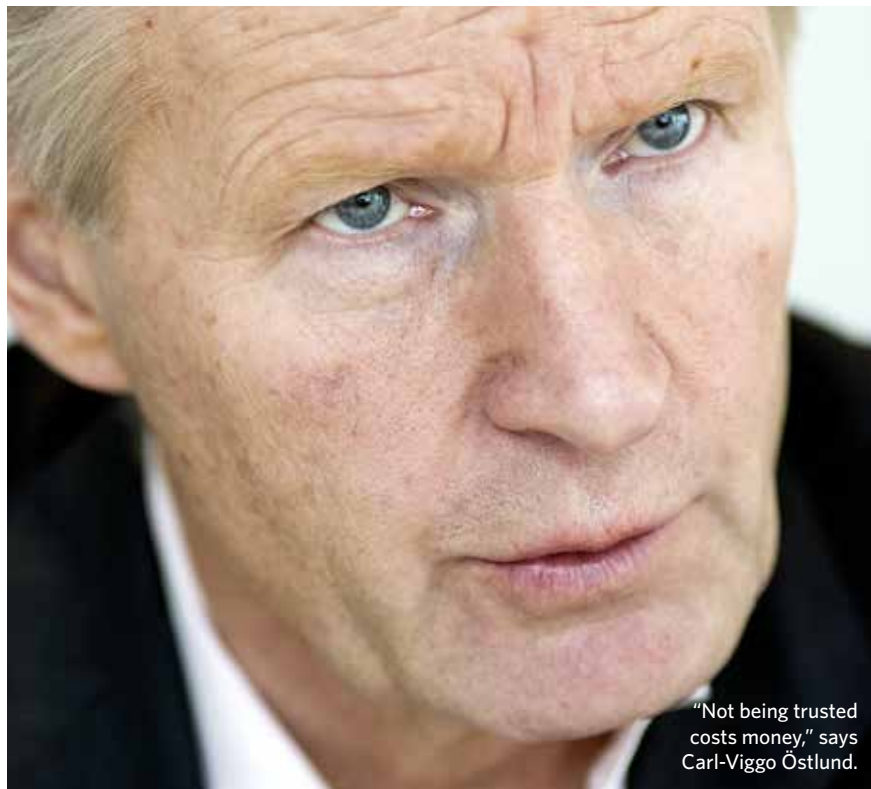
“Even so, there are discussions as to whether we’re charging too much. It’s standard practice these days to show the margins on the mortgages, i.e. the difference between our costs for the loans and the interest rates we charge. Considering the current market, this openness is necessary to restore some of the confidence,” says Östlund.

“We’ll develop our good position on the loan market to sell more services”

“It’s an exceptional situation. No one asks IKEA, H&M or their local supermarket how much they pay for their products. It’s only the banks that have such a bad reputation they have to be completely open.”

CARL-VIGGO ÖSTLUND views this transparency as a way of making customers more favourably disposed. Another way is to change the way of communicating.

“Customers’ dissatisfaction is the result of years of system errors. In the



past we thought from the inside out a lot, rather than from the outside in. We can’t continue to talk gobbledygook, we have to talk so that people understand. For example, in financial terms a three-month interest rate is known as ‘variable’. That might not be at all clear to a loan customer – the interest is

fixed for three months. And how many people really know what a mortgage deed is?”

OF COURSE THERE are other industries with demanding language, such as the electronics sector, but customers tend to be more forgiving of them, Östlund believes.

Issue a show of strength for SBAB

As part of its own borrowing, in late April SBAB issued a senior secured bond of € 750m. RBS was joint book-runner.

“**IT WAS A** show of strength. The issue was oversubscribed more than three times and the conditions were very favourable for us. The investors obviously appreciate that we are a stable company with low risk, and also from Sweden, an attractive market,” says Carl-Viggo Östlund.

“The bond was both well-timed and well-placed.”

In the past SBAB’s strategy has been to borrow 50 per cent in Sweden and 50 per cent abroad.

“It’s a combination of bonds with the home loans as security, unsecured bonds and certificates of various types. We’ve diversified on different geographical markets.”

The ratio between foreign and Swedish borrowing is now set to be changed.

“Everything we borrow in foreign

currencies has to be swapped into kronor, which makes a mess of our income statement. The currency calculations have a short term impact, making the statement hard to interpret,” says Östlund.

He believes that foreign borrowing will continue, but at a lower rate of around 30 per cent.

“As we are focusing on increasing borrowing from our customers, this creates more financing in Swedish kronor.”

“Once again, low confidence means we have to work harder. Not being trusted costs money. Bank services are also a low-interest product.”

SBAB is now focusing heavily on becoming an interesting alternative to the major banks in the private sector.

“We’ll develop our good position on the loan market to sell more services.”

SBAB WAS FOUNDED in 1985 and grew strong as a mortgage institute in the 1990s. Since 2010 SBAB is formally a bank. The operation has been expanded to include other types of loan as well as savings accounts. SBAB launched three of its own savings funds with different risk profiles in March, and the SBAB Fri fund product in April. The next step will be to offer payment services.

“**ONCE THESE PARTS** are all in place we can cover all the consumer’s needs.

“The adjustment means we can become customers’ first choice for saving, borrowing and paying,” says Östlund.

Simplicity is another guiding concept in this process.

“Draw a comparison with, say, the insurance sector, which has managed to restore confidence, primarily in property insurance. They have worked proactively and made administration relating to claim settlement much easier.

“**IN OUR CASE** we have had a lot of help from technology, which simplifies contact with the bank and makes the experience more positive. The customer experience is absolutely crucial, as the product itself is a staple.”

SBAB is owned by the state, and it is no secret that some politicians want the company to be sold.

“But we are not currently on any sales list. The company’s focus is on driving and developing the operation in the best possible way,” says Östlund. ✕



Guiding the flows

Text: Tove Gyllenstierna *Photo:* Håkan Lindgren, Knut Löfstuhagen, SAS Group

In tough times, companies’ cash flows tend to come under scrutiny. Scandinavian Airlines (SAS) has managed to tighten its cash flows and achieve better control by systematically working with cash flow forecasts.

In November last year SAS launched its far-reaching plan to improve profitability and secure long-term financial readiness. All of the company’s union parties signed new collective agreements entailing pay decreases, longer weekly hours, new rules on holidays and a higher retirement age, for example.

PRIOR TO THIS, the workforce had been dramatically cut back over many years.

As part of the plan to improve profitability, a process was begun back in April 2012 with the goal of improving cash flow forecasts in the SAS Group.

“It’s always important to have control over your cash flow, but it becomes even more vital in tough times,” says Åsa Fredrikson, Director Cash Management at SAS.

She and her colleague Anita Wester-

mark worked hard both before and after those weeks in November to create better cash flow structures.

SAS has been using cash flow forecasts for a long time – one long-term one, which predicts cash flow for a year ahead with monthly updates, and one shorter-term one for the next few days. For even better control, an additional cash flow forecast was introduced a year ago – the Short Term Cash Flow Forecast for 13 weeks ahead, which is updated and analysed every week.

“**WE HAVE OVER** 30 people reporting from different parts of the company. They submit weekly reports from their markets based on various external and internal factors that affect an airline like SAS. Factors affecting cash flow include fuel costs, currency fluctuations, SAS campaigns and general economic

Anita Westermark and Åsa Fredriksson keep an eye on the forecast.



» conditions,” says Anita Westermark, Assistant Director Cash Management. She and Åsa Fredriksson maintain an ongoing dialogue with the people who produce the weekly reports and compile their forecasts into a single report, which is sent to SAS senior management – an indication of its importance.

“The other cash flow forecasts are used by Treasury as a basis for SAS’s currency hedging and management of the day-to-day cash flow, while the 13-week forecast provides a good overview of the entire operation,” Fredriksson explains.

IT IS EVIDENT that the income from flight services is largely steered by when public holidays fall.

“We can also see that very few people make bookings at the weekend,” says Westermark.

In the aviation industry, fuel and the price of the American dollar are the most significant economic factors regarding expenditure.

Most of SAS’s tickets are purchased in Scandinavian currencies, so a weak dollar and a strong Scandinavian currency is the most favourable combination.

Åsa Fredriksson thinks it is quite unusual for a company to use such detailed reports which are submitted and followed up every week.

“A lot of work goes into the reports, but they do give us excellent control over our cash flow,” she says.

“It’s always important to have control over your cash flow, but it becomes even more vital in tough times”

Once SAS had been using the forecasts for a quarter, a thorough analysis was carried out.

“We noted that the forecasts were very close to the actual outcome, particularly during the first weeks. The analysis also helped us achieve a consensus on the reports, all to help make them more accurate,” says Fredriksson.

The forecasts have indicated potential for improvement when it comes to tightening up payment flows.

In addition to the cash flow forecasts,

the SAS Cash Management department also works with new payment solutions, authorisations, guarantees and cash pool structures, whereby payments from other countries are brought together into a single currency in a single place. RBS helps SAS with this outside of the Nordic region.

RBS CAN SEE how it has become even more important in the current economic climate for companies to manage their cash flow.

Customers are therefore offered solutions such as:

- local, regional or global cash pools in one or more currencies
- interest optimisation programmes for countries and currencies with currency controls and/or short-term investment alternatives
- supply chain finance structures to free up working capital

“We have set up a global zero balance cash pool for SAS which gives the parent company full access to and a complete overview of the Group’s cash flow in different currencies,” says Charlotta Damberg at RBS Transaction Services. ✕



Shipping news

Text: Anneli Kamlin Photo: Andreas Skogh

Sympathetic modernisation of a well-known historic building has meant more efficient premises for the Swedish Maritime Administration.



THE OLD LITHOGRAFEN building – the castle-like profile building in red brick on Östra Promenaden in Norrköping – now has a light, fresh interior. The Swedish Maritime Administration (SMA) is the largest tenant in the property.

“We now have modern, more inspiring premises which are used more efficiently,” says the SMA’s Chief Legal Counsel, Gunilla Malmlof.

One of the reasons for the refurbishment was that the SMA has changed its organisation.

“It would have been expensive to move to a new building. When the property owner, RBS Nordisk Renting, was prepared to discuss a mutually beneficial solution, whereby we moved out of certain areas, we accepted it.”

THE GRAND BUILDING was built in 1909–1911 for the company Lithografiska Aktiebolaget i Norrköping, and it was one of Sweden’s largest industrial properties at the time. The property is a listed historic building.

One of the SMA’s driving forces behind the conversion has been to open up for dialogue, with an open-plan landscape.

The four floors now have a uniform colour scheme and new furnishings.

“On the whole the new layout has been well received, although there is always a running-in period when you move from your own office to an open-plan layout. It is easier if there are quiet areas and plenty of sound-damping materials,” says Malmlof. ✕

Manouk Goetsch works globally for Nordic customers.



Text: Anneli Kamlin Photo: René Castelijn

Nordic hub in Rotterdam

Customers should feel looked after. This is the driving force behind RBS's client service in Transaction Services.

A stone's throw from the railway station in Rotterdam is the glass-clad building where RBS has one of its European centres for transaction services.

"Business across national borders is very much the theme in my team," says Manouk Goetsch of RBS.

She is responsible for a newly established Client Service Team for the largest global Nordic customers with complex cash management structures. This client service team share space with several of the specialist functions that work more tangibly with ensuring all the payment flows run smoothly.

CLIENT SERVICE IS a key function in this context, as payments are the life blood of many large companies. "Unfortunately things are going to go wrong sometimes, it's unavoidable when you're talking about cash management invol-

ving hundreds of thousands of transactions a day. The key lies in what happens when something does go wrong," says Goetsch.

"RBS IS A large global bank, which means there are often many units involved in one process. What we do here is offer customers a personal service. We resolve a lot of issues directly in the team. If necessary, we contact the other parties within the organisation on the client's behalf."

Customers can expect a warm, friendly, professional service.

"We want them to feel looked after." The basic principle behind this client service unit is that the customer should have a single point of contact at RBS.

"With a conventional approach I would forward the request on to the next stage in the process. Keeping the overall responsibility with one person makes it easier for the customer to get feedback."

The service team that Manouk Goetsch is in charge of has been set up especially for RBS's Nordic customers.

"THE BIG NORDIC companies operate globally and have multidimensional transaction solutions. They place high demands on service, partly because they themselves have such well-developed systems and routines. It's our aim to meet their needs," explains Manouk.

Queries coming in often begin with an e-mail. For more routine queries there is also an online customer service function through which service requests can be made to the dedicated service team.

"I usually call the customer to go

into more detail. We often deal with complicated issues, and talking can make things clearer. We want customers to feel we're working with them, not against them," she says.

"Naturally things do sometimes turn up that can't be resolved, for instance due to regulations and system structures, but we always take the customer's situation seriously and try to find an alternative."

Another aim is to work proactively, i.e. to support customers in preventing problems.

"THANKS TO OUR close contact we really get to know our companies, and can be better at suggesting measures in advance."

The team in Rotterdam also has a close and almost daily contact with the transaction services team in Stockholm.

"That is important in order to provide the best service to our clients, because this way everyone is aware of what's going on."

Relations are vital in all RBS's Transaction Services collaborations.

"Customers are putting great faith in



Warm and friendly are key concepts for the client service unit.

us. Most large companies review their cash flow structure every three years or less, so they are long-term. We know that our customers' perception of our services is absolutely crucial, so if our relations aren't good long-term, they're not good on any level. Having said that, happily some of our accounts go back as far as the 1990s," says Cathrine Sandgren, head of RBS Global Transaction Services in the Nordic region. X

"Simpler and more convenient"

SSAB



Anna Norfjell, SSAB.

"THERE'S A GREAT advantage in having contact with one person who is familiar with our company. It makes the process simpler and more convenient, which also means we can work more efficiently," says Anna Norfjell, Cash Manager at SSAB.

RBS's client service is also contacted by SSAB's subsidiaries in Sweden, Spain, the Netherlands and Italy.

"It makes life easier that all our personnel speak to the same person at the bank."

A prompt response is also appreciated.

"We can e-mail fault reports directly from inside the electronic bank system, which means essential background information doesn't have to be sent separately. This, combined with a client service that's available longer than 9 to 5, means that solutions to our problems are delivered quickly," says Norfjell.

HOLMEN



Marie Nilsson, Holmen.

HOLMEN IS ONE of the companies that use RBS for its international money flows. In Europe Holmen has cash pool accounts with the bank in Austria, Belgium, France, Germany, Ireland, Italy, the Netherlands and Spain.

"We have a complex operation, so having smooth-running contact with our bank means a lot to us. We like to have a co-ordinator that can

deal with all countries and issues," says Marie Nilsson of Holmen's finance department.

"It's very important to get help quickly when problems arise."

Holmen has had access to the newly established Client Service function for about a year.

"We're very satisfied with this solution," says Marie Nilsson.

Malaysia is a strategic location for Norwegian Aker Solutions, which works for the oil industry. It is the hub of the Asian operation. A many-year collaboration with RBS simplifies the often complex business in the region.



Text: Anneli Kamlin Photo: Aker Solutions / Hjalmar Otto Fjøsne

Asian hub

A Christmas tree is central to the operation, but hardly a prime location for glittery decorations.

At least for those working in the oil and gas industry.

The industry term 'Christmas tree' is used to describe a complex system of installations which control oil production on the sea bed, beneath the oil rig itself.

"A lot happens beneath the water's surface. The platform itself is like the tip of an iceberg," says John-Ole Haegeland, Corporate Treasurer at Aker Solutions.

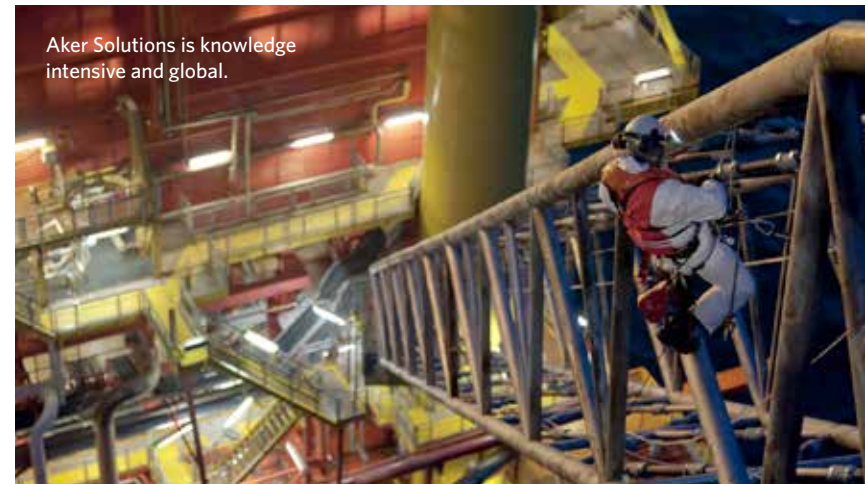
"The platform itself is like the tip of an iceberg"

Aker Solutions, based in Oslo, has the world and the world's oceans as its workplace. The company supplies the oil and gas industry with products, solutions and service. The services span the entire production chain, from the point a deposit is discovered and throughout its productive life. The focus is on oil fields below the water's surface.

"We're a knowledge-intensive company; our engineers are our backbone," says Haegeland.

AKER SOLUTIONS ORIGINATED in a mechanical workshop founded in the 1800s in central Oslo. Today the area on the Oslo Fjord is packed with restaurants, and is called Aker Brygge after the company.

There was an important turning-point for the company in the 1960s when oil was discovered in the North Sea and became an important source of income for Norway. Aker was also drawn to the oil industry and supplied



Aker Solutions is knowledge intensive and global.

the Ocean Viking oil rig, for example. The rig was used to extract oil from the Ekofisk oil field, which at the time was the world's largest oil deposit at sea.

Advanced technical solutions were needed to cope with the tough conditions at sea. Aker Solutions became pioneers in this area, and this is now the focus of the operation after a period of refinement and reorganisation.

"**WE'RE AT THE** forefront of producing new technical solutions that increase efficiency and make it possible to produce oil in difficult to access areas," Haegeland explains.

Asia is one of the hottest areas for Aker Solutions, and Malaysia is the hub of the Asian operation.

"We have nine different legal entities in the country in all, including a number of assembly plants and engineering buildings."

Aker Solutions has long had a strong relationship with RBS for financing and a number of other services.

"Our main contacts are with the relationship managers in Oslo and experts in London. Both these places have knowledge of our industry," says Haegeland.

"Working with such a large global bank also creates economies of scale for us."

RBS's network is at Aker Solutions' disposal. This is particularly relevant in Malaysia, where RBS has a presence.

"One important part of the collaboration is cash management. Control

over cash flow has always been a priority for us. We also need help with currency hedging and swaps. Most of our contracts are in dollars, but we have high costs in Malaysian ringgits."

GUARANTEES ARE ALSO a pivotal area.

"Our deliveries are of great strategic importance to customers in the oil industry.

Were we to fail to deliver, it would cause major problems for them. It is therefore industry practice for them to demand bank guarantees from us as a safety net to be compensated for part of the contract."

John-Ole Haegeland values RBS's knowledge of the region.

"Asia is a very complicated place to do business. There's not just one but several legal systems which vary greatly. Having a close relationship with a bank on home ground which also knows the local market is important." X

FACTS

Aker Solutions

Business: Technical solutions for the oil and gas industry

No. of employees: 22,000

Net sales: NOK 45bn (2012)

Operates in: Approx. 30 countries

Founded: 1841, as Aker Mekaniska

Reflections

Pär Magnusson
Chief Economist, RBS Nordic Region



PHOTO: HEINZ ANGERMAYR

Into the mist

A WHILE AGO there was a story about a municipal employee in Landskrona.

He had presumably been out driving early one morning and was entranced by the beautiful morning mist over the plains of southern Sweden.

As the trend of decorating roundabouts in unusual ways continued to flourish - in Landskrona too - it didn't take long before the municipality got its first roundabout mist machine.

But that's when the difficulties began.

The trouble with mist is that visibility becomes, well, misty. When car drivers drove round the roundabout they were more cautious. And when it came to choosing an exit, it was harder to find them.

The results were slower driving, congestion and, most importantly, collisions.

Who wants to drive around that kind of roundabout?

I was reminded of the roundabout mist machine when I read the EU's proposal for a tax on financial transactions. Making the financial infrastructure less transparent makes it more difficult to go there. This means people will be less inclined to do business, which means pricing will become less efficient. Worse prices will ultimately result in savers and investors taking some serious knocks.

Sometimes it's better for ideas about magical mists to stay in the concept stage.

Unfortunately, experience shows that accidents have to happen before the decision-makers become aware of that. X

Co-worker portrait: Markus Jennemyr



“Close contact with our clients is of vital importance”

Text: Helene Murdoch Photo: Håkan Lindgren

Markus Jennemyr has returned to his hometown after 15 years in London. One strong motivator was the job as Head of the RBS Financial Institutions Coverage team.

My job is all about relations – but then again, this has become true for the banking business in general. Of course we must offer the products our clients need at the right price, but it’s through doing good things for our clients with a long-term perspective that we win their confidence as well as the opportunity to do more business in increasingly tough market conditions,” Markus Jennemyr says.

IN NOVEMBER 2011, he started his new job for RBS in Stockholm, heading the FI Coverage team for the Nordic region. Clients include major Nordic banks and insurance companies, as well as governments and other representatives of the public sector. Backed by RBS’ leading Fixed Income franchise and global network, Markus Jennemyr and

his team works closely with clients to understand their funding, investment and risk management requirements, providing bespoke solutions.

“**RBS’ EXPERTISE ACROSS** a breadth of products and locations combined with access to the global debt capital markets provide us with the tools to meet the diverse needs of our clients,” he says.

“But in order to understand – and foresee – what these needs really are, close contact with our clients is of vital importance. One of our main competitive advantages is our local presence. It’s easy for us to pop over to see the client – or, like today, to have an informal coffee after work.”

SNIFFING OUT OPPORTUNITIES and finding solutions is what Markus Jennemyr sees as his mission and speciality. He likes the “detective” part of the job.

“What really triggers me is when we beat the competition in identifying a need – and then being able to offer a solution that benefits the client, drawing on product expertise from our colleagues around the world. That’s my biggest reward,” he says.

ANOTHER STRONG COMPETITIVE advantage is that RBS can offer clients a dialogue and perspective on global regulatory issues, according to Markus Jennemyr.

Drawing from our presence in Brussels as well as globally, we can provide both insight and tools for banks to manage their balance sheets,” he says.

“**AS A RESULT** of the acid test RBS has gone through, the bank also worked early on optimising its own balance sheet to adapt to new regulation. This means that we have valuable experience that we can share with our clients.” ✕

IN BRIEF

Markus Jennemyr

Born in: Kalmar, Sweden. Raised in Vietnam and Stockholm.

Family: Wife from South Africa, 4-year old daughter and 1-year old twins.

Leisure: Family, skiing, travel, music and photography – “great gadget hobby”.

Best travel memory: 3-month trip round the world with his wife and a 2-year old daughter.

Cheers for: Chelsea Football Club – though the season ticket has been exchanged for TV-sessions when the children sleep.