

Address  
Swedbank Annual  
General Meeting  
March 25 2011  
President and CEO  
Michael Wolf

## Esteemed Shareholders,

We have now presented the annual report and auditors' report for 2010. Allow me to add a few highlights of the journey that the bank has made in the last year and our direction going forward.

At the last Annual General Meeting, we reported a loss of slightly over 10 billion kronor. We had allocated provisions of 24 billion kronor for credit impairments. We had survived a global liquidity crisis. The share was trading at around 70 kronor.

At the same time I was able even then, a year ago, to talk about a new start. With the support of a rights issue, we were able to set our sights ahead in the midst of the crisis. Today our numbers look dramatically different. As Lars said in his opening address, Swedbank is now one of Europe's best capitalised banks. We have increased profit by SEK 18 billion. We have considerable liquidity reserves. The average maturity of our funding has been extended by 6 months to 27 months. This is not just a one-time boost. It is the result of a change in direction.

In many ways it is easier to rescue a bank than to change it. In an acute crisis everyone is on their toes. Everyone knows which direction to go – “away from the crisis” – and everyone understands that. Now the challenge is to be just as clear about our direction going forward. From transactions to relationships. From product sales to customer needs. From regulation to delegation. From internal policies to sound judgement. From individuals to shared responsibility for our success. Few companies keep their core values alive as well as Swedbank. The willingness in the organisation to serve the customer, the bank and society is strong.

In 2011 we have four priority areas. The first is to create a robust balance sheet with low risk. We have implemented a significant risk reduction corresponding to nearly 25% of the bank's risk-weighted assets. This means that today we can finance our lending with deposits and covered mortgage loans. This gives us a competitive advantage over time, since we are not dependent on the type of funding that tends to be most expensive and is quickest to disappear in a crisis – namely, uncovered funding.

The second priority is to improve our work on quality and efficiency. Another thing we have done since we saw each other at the last Annual General Meeting is to build a stable foundation for our operations. We have continued to formalise our processes. We are improving efficiencies, standardising and, most importantly, simplifying. Our goal is to harmonise and thereby free up time to build relationships.

The third priority is to focus clearly on the customer. We will develop tools for customers, so that they can handle more transactions themselves, be sure where their money is going, and stay in better control of their finances every time they log in, rather than trying to figure it out when they sit down for a once-a-year talk with their advisor.



The customer should be warned when something is amiss, and should be able to set various financial goals, risk levels and sustainability preferences. And contact us when they really need advice and support. Our staff who meet daily with customers and know them best will have greater authority. Branch managers who lead this work are also responsible for their own balance sheet and income statement. The branch manager now reports directly to a regional manager, who is a member of the bank's operating management. We believe in our employees. We work diligently to put the right competencies in place, wherever they are needed. We invest heavily in the skills of our employees.

The fourth priority is to focus on growth in selected segments. We are currently the market leader in 11 of 13 customer segments in Sweden. We have the largest customer base in our home markets. We will increase customer satisfaction by being close at hand. Economies of scale allow us to develop effective new services for many customers and thereby increase earnings.

You may ask why a bank for many people and businesses should devote time to private banking and large companies. One reason is that we believe everyone can grow. The student who buys the lowest level of service today, in a few years may become a key customer with a mortgage loan and insurance, and after a decade perhaps a business owner who needs more sophisticated financial services. Another reason is that we want to have demanding customers, because they help our entire organisation to grow. Some of the latest private banking services we offer today may be available as part of our key customer concept in a few years.

What we learn about the needs of large companies can later help us to improve our offering for small businesses. We have to be better at following customers at different stages of their lives. We used to let our business customers go when they had grown a little. We can do far better in Sweden than our 9% market share among mid-sized companies. We are turning our attention to mid-sized and large companies. At the same time we are enhancing our service promise to many private people. Twenty percent of the bank's earnings already come from 200 large companies and institutions.

My fellow shareholders,

You own a part of something more than just a regular company. We are not a bank with a sense of community engagement; we are a sense of community engagement that became a bank. We are convinced that the effort we put into each customer, community and society as a whole creates long-term shareholder value and is the reason for our existence. I would like to take this opportunity to thank you for wanting to join us on this journey as a shareholder.

I hope that we in management will continue to earn your trust for many years to come. I would now like to hand over to the chair of the meeting. Thank you.