

Address
Swedbank's Annual General Meeting
March 27 2012
President and CEO
Michael Wolf

My Fellow Shareholders,

2011 shows that stability and profitability can go hand in hand. At the time of great financial stress, we have consolidated the bank. Annual profit increased by 57% from the previous year, and the return on equity rose by 50 %. But that is not enough. To be sustainable, our results have to improve even more. We have reassessed our assets and implemented a significant reduction in our customers' risks, and hence our own.

Back in 2009 we formulated a new strategy to strengthen the bank, thanks to which we today meet the new regulations by a safe margin. After a decade during which our shareholders have basically broken even in terms of dividends and capital contributions, we are now on the plus side again after this year's proposed dividend.

The key is trust. Through efficient processes, everyone at the bank has a clear framework at their disposal. This gives them the freedom to utilise their acumen. By being open to the capital market, it understands us better. This means progressively lower funding costs, which benefit customers. By focusing on helping our customers to achieve a sustainable financial situation, we build long-term relationships. Which produce sustainable earnings.

In 2011 we worked on several important issues with openness as our guiding principle. Variable compensation has been streamlined to create a clearer tie to actual performance. Everyone – except the top five members of the Group Executive Committee, who receive only a base salary – is now included in the EKEN programme, which will pay out as much as 1 1/2 months' salary in the form of shares in Sweden and 3 months' salary in the Baltic countries with a three-year vesting period.

In terms of mortgages, we have joined the debate with an open attitude. In the annual report we describe in detail what the bank earns on mortgage rates, which at the end of last year corresponded to around SEK 3 500 for every million kronor borrowed. It feels like customers and the media now have a better understanding.

We are modernising and cutting the number of branches while reducing manual cash handling. But we are more available than ever for our customers. Today the bank is just as much an iPhone app as a branch office. We make ourselves more available by devoting resources to advisory services and customer relations via telephone and online. We want to serve everyone, wherever they are.

The capital that banks around the world today are most lacking is reputational capital. This raises the level of risk throughout society. When the public stops trusting universal banks, they lose access to a full range of services. Buying individual banking products online leaves

households vulnerable. They do not receive any help with their overall finances. No long-term relationship that withstands crises, whether of the global or personal variety.

Banks are often an easy target of criticism. It is not easy to explain what we do at the bank before three o'clock. Or after. 16 000 employees working to understand and assist more than 10 million customers. We ensure that payments get through, provide a good return on savings, manage risks and collateral, give advice and finance growing companies.

We have several clear advantages relative to other banks thanks to our savings bank heritage: we are deeply involved throughout society. This commitment ties us to many households and companies, giving a breadth to our relationships, which in turn gives us the strength to further develop.

Add to that another competitive advantage: we are now a strong and reliable bank. In 2009 we realised that the world was in a debt crisis, not just a liquidity crisis. We were quick to make the necessary adjustments, of our own conviction, that others are now being forced to by new regulations. This gives us a unique position in the discussion on the financial crisis. Our participation in the public space is needed so that risks and money are accurately priced. Borrowers have to be able to pay their loans in good times and bad. Whether households, companies and governments. Cheap money provides a short-term rush, but sometimes carries painful life-long consequences.

My Fellow Shareholders, The bank has built a foundation in recent years to address the uncertainty in Europe. The ECB has bought us time by flooding the market with cheap money. But to ensure that this isn't a wasted effort, it is important that Europe addresses its fundamental problems. For us, it is important to continue to correctly price money. Lending that isn't sustainable must be amortised.

We are competing to be the best at earning trust. From our customers. From the capital market. From the communities we serve.

We will stand ready beside our customers, whether or not the economy is growing. We are better positioned than ever to drive a sustainable, stable and profitable business.

Thank you for your trust!

