

Michael Wolf's address to Swedbank's Annual General Meeting in Stockholm on March 26, 2010

My Fellow Shareholders,

The 2009 loss was historic: SEK 10.5 billion, as were the provisions of SEK 24 billion for loan losses, primarily in the Baltic countries and Ukraine.

The world experienced a global liquidity crisis, which also hurt our bank. State guarantees were needed, which we paid dearly for.

2009 will also go down in history as the year that Swedbank proved its strength, working closely with so many people. When things looked darkest, we received tremendous support from you, our shareholders. And the state did not have to fulfil its guarantees. The bank has been able to function normally.

We do not want the bank to ever again be so vulnerable that it needs state support. One of many signs that the market now trusts us more is that we have been able to borrow SEK 190 billion without the state guarantee since last summer.

The year involved a major cleanup, and we have had to rebuild from the ground up. We have focused on credit quality and reviewed all of our loan portfolios. We have consolidated repossessed assets in Ektornet. And we are downsizing our ambitions in Ukraine and Russia.

We have strengthened Swedbank's equity by bringing in another SEK 15.1 billion in last fall's rights issue. I would like to take this opportunity to thank all you shareholders for being there for the bank and contributing in total SEK 27.5 billion.

Without your support, we would have never succeeded in the long-term cleanup we have implemented. In addition, we have reduced our lending in Eastern Europe by 25 per cent from SEK 251 billion to SEK 188 billion.

We have focused on earnings and reduced operating expenses by SEK 1 billion through efficiency improvements and cost cuts. By increasing the average maturity of our loans from 14 to 22 months and building enough of a cash buffer to last 24 months, we have better guarded ourselves against the kind of problems that instigated the crisis.

* * *

2009 was a year of new starts. In the midst of the crisis we were named commercial bank of the year and employer of the year in our industry.

We clarified the bank's identity and direction. In January the Board of Directors affirmed the bank's purpose and values: We are a relationship bank for a wide variety of people. A bank that is easy to deal with, open and considerate. A bank that is patient, takes a long-term approach and helps customers to achieve financial sustainability.

As part of our strategy work, 7,000 employees responded to questions on the bank's culture, purpose and values. One employee in Lithuania wrote: "Every customer should feel that the bank is their reliable partner."

What many savings banks and Swedbank branches are to their municipalities and communities, Swedbank can be on a national level for Sweden, Estonia, Latvia and Lithuania.

We address social problems, identify opportunities and create financial solutions.

An important cog to realise our strategy is to decentralise decision-making.

Now, with more formal and transparent central processes, the branches and other direct customer channels also have more power. We call this decentralisation through formalisation. We are creating a more customer-focused organisation.

We are launching a new business area, Large Corporates and Institutions.

By consolidating work with large companies in the new business area, Retail – formerly Swedish Banking – can focus on serving the many private customers as well as small and medium-sized businesses. We will be more responsive in creating specific offerings for these customer groups.

* * *

It has now been over a year since Swedbank started a debate on instability in the mortgage market in Sweden. At the time many people felt that we had only our own interests in mind. Now the Riksbank and the Financial Supervisory Authority are both talking about the need for more stability.

We did this to show that we are true to what we say. We want to be out front, rather than go with the flow. We are the bank for the many households, which is why the mortgage market is so important to us.

Initially this caused us to lose market share. Now we are seeing customers act differently, and we are increasing our share of new sales. I think that one of our most important tasks is to point out and address unresolved structural problems. If we just follow the pack, there is a greater risk of new crises.

* * *

Going forward, things look promising. Sweden continues to develop positively, and it is gratifying to see that our Swedish operations continue to stand up well to the competition.

The Baltics present a mixed picture. Challenges still remain in Latvia, while Estonia is looking better. All indications are that Estonia will join the euro zone as soon as 1 January 2011. This will change the risk picture in our largest market among the three

Baltic countries. Estonia accounts for slightly over 40 percent of our total lending in the region.

If the global economy continues to develop without any major surprises, I expect our banking group to stay in the black for the full-year 2010. We are well-positioned to handle the growing competition going forward. Our history, our culture and our retail network are difficult to copy. Our close partnership with the savings banks is mutually beneficial.

Our purpose – to help a majority of people and businesses to achieve financial sustainability – is also our business strategy. The dialogue with customers is our most important business development activity.

Our understanding of the challenges faced on both sides of the Baltic Sea gives us a better sense of the future than others. Our large customer base gives us the critical mass to develop visionary services, as we have done throughout our history.

I trust in people's wisdom when they choose a bank. In selecting between banks that offer similar products and services, I believe many people want to put their money and faith in an institution that cares. That cares about its customers in every way, and that cares about young people, the environment and society.

We want to emphasise "good business" in every sense of the word, and we are guided by simplicity, consideration, openness and sustainability.

Lastly, I want to thank all of our customers, employees and shareholders for believing in us in 2009.