

Interview with Chairman of the Board Carl Eric Stålberg

How has the financial crisis affected Swedbank?

Swedbank has been affected by the global financial crisis, like the sector as a whole. We received a great deal of attention as the leading bank in Sweden, Estonia, Latvia and Lithuania – our home markets. The intense media exposure last autumn raised doubts about the bank, and our customers were concerned. We saw an outflow from savings deposits, which was re-directed to our mutual fund operations and the National Debt Office, as well as other banks.

What has the bank done to manage the situation?

The bank made major efforts last autumn to intensify the dialogue with customers. Extensive information to our employees was an important part of this. We know that these measures were successful. Despite outflows and reallocations, the bank had higher deposits at the end of 2008 than at the beginning of the year.

What is the outlook going forward?

2008 will go down in modern history as a year of financial crisis. Just as the downturn came suddenly, a rebound can occur much faster than many people expect. The cause of the crisis and which decisions should have been taken by whom and at what point in time will be discussed well into the future, particularly as regards events in the U.S. and the UK early in the crisis.

How important has the government's intervention been?

The EU and Sweden have demonstrated political strength and leadership in managing the crisis by rapidly introducing guarantee and rescue packages in the banking sector. This paved the way for continued stability.

Do you feel that the financial sector has taken enough responsibility?

Today's financial sector is global, and in the same way as climate change, global institutions and agreements are needed to create a new, more robust framework for the financial sector.

Swedbank has a substantial exposure to the Baltic region. What is happening there?

The Baltic economies are undergoing a painful correction that will be difficult for many people. For Swedbank, it means we will see higher provisions for loan losses. We are the region's largest bank and are trying to resolve the problems that arise together with our customers in a responsible manner. We have intensified risk control, and when we are forced to take over collateral we try to recover as much as possible over time.

When can we expect to see a recovery in the Baltic economies?

I am convinced that the convergence of the Baltic economies with western Europe and the Nordic region will be faster than for many countries in central and eastern Europe. Although the outlook is bleak in the short term, we can see positive signs. Imbalances are beginning to correct themselves and inflation, current account deficits and wage increases are decreasing.

Why was Swedbank first out with a rights issue?

Because of concerns that the financial crisis would continue, the Board of Directors announced a rights issue. The successful issue, valued at SEK 12.4bn, was finalized in January 2009 after being fully underwritten by current shareholders.

Why will Swedbank not be paying a dividend?

The Board of Directors has proposed that no dividend be paid to ordinary shares or preference shares for the financial year 2008. This is due to the continued deterioration of macroeconomic conditions in many of the markets in which Swedbank operates. By not paying a dividend, Swedbank will further strengthen its capital and create financial strength in uncertain times.

What is your view regarding the performance of the share during the year?

2008 was a year that tested Swedbank's shareholders. We, the Board of Directors, feel confident thanks to our strong customer positions and the competence and commitment of Swedbank's employees. We have now put 2008 behind us and are focusing all our energy on 2009, which will be needed since most people predict that it could be the most difficult year of this recession.

