

Interim report January – June 2009
17 July 2009

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Highlights

Following our set path

- Strong focus on execution to maintain earnings capacity, financial strength
- Asset quality developed in line with expectations
- Risk-weighted assets reduced – improved capital ratios
- Capacity adjustment plans initiated in all banking units
- Strengthening of the organisation and governance framework

Swedbank maintains conservative view

- Real economy still deteriorating but the financial system has been stabilising
- Increased currency risk in Latvia
- Visibility improving slightly but still limited
- Swedish FSA and Riksbank stress tests confirm aligned view of effects in different scenarios

Strategy

Enhanced organisational capability

- New governance structure at board and management levels now in place
- Shared leadership – joint responsibility
- Formalisation – to empower and accelerate decision making at the front line
- More customer focused organisation
- ONE Swedbank Markets and ONE Swedbank Robur Asset Management

Current focus areas

Significant progress

Asset quality

- Proactive work to decrease risk
- Work-out units operational

Earnings capacity

- Re-pricing of lending portfolios
- Reducing capacity

Liquidity and funding

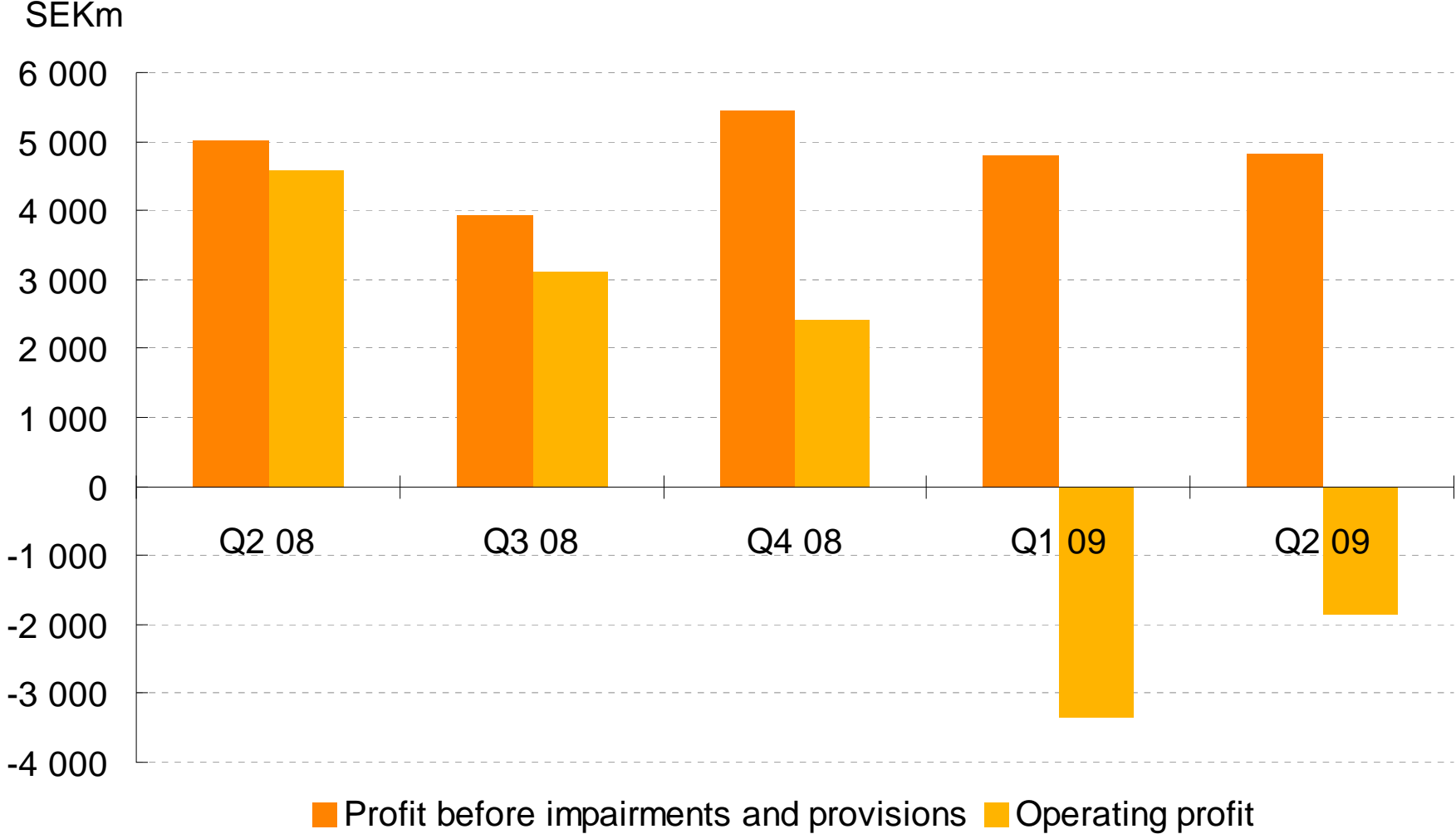
- Improve maturity profile
- Preparing for a stand-alone funding

Capital

- Manage risk-weighted assets
- Capital measures

Second quarter results 2009

Resilient



Results by business area

Mixed development

Swedish Banking

Continued positive earnings trend, limited impairment losses

Baltic Banking

Income under pressure, extensive cost reductions

International Banking

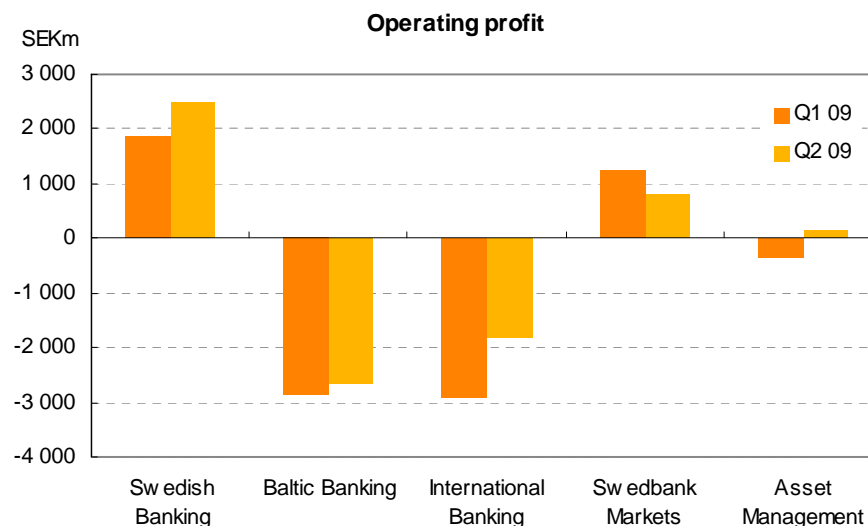
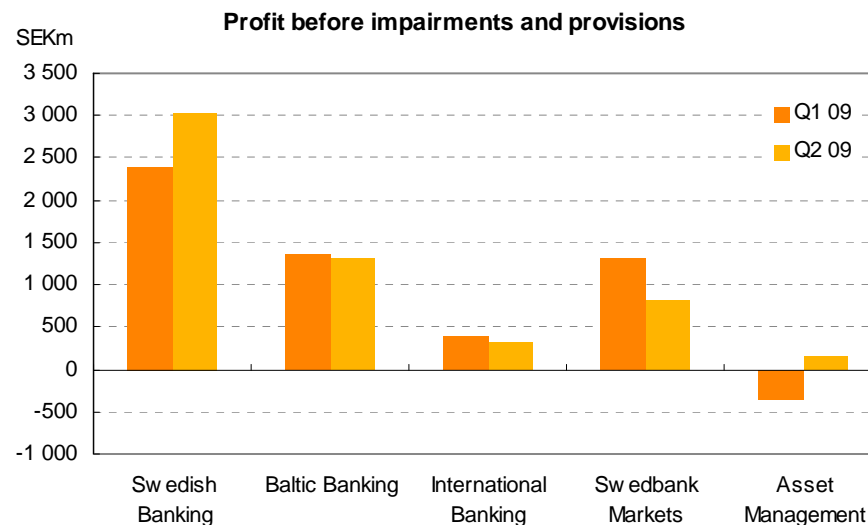
Cost reductions initiated, deteriorating credit quality

Swedbank Markets

Strong earnings in fixed income and currency trading, record profit

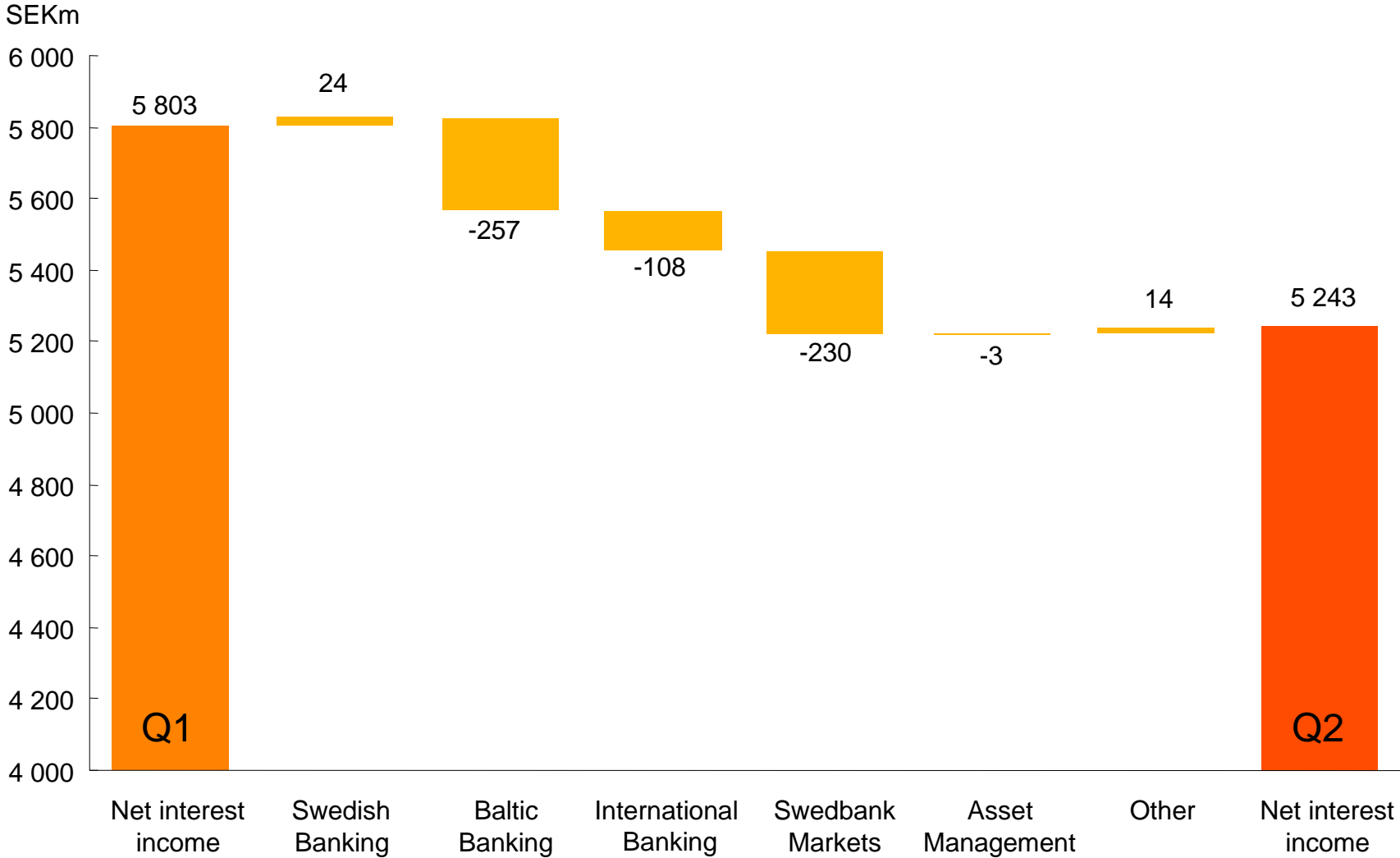
Asset Management

Earnings recovering with the stock markets, good inflow



Net interest income

Focus to enhance quality of NII



Net gains and losses

High volatility

- Another strong quarter by Swedbank Markets
- Valuation losses in connection with long-term funding

SEKm	Q2 09	Q1 09	Q2 08
Swedish Banking	80	100	179
Baltic Banking	253	285	205
International Banking	22	18	114
Swedbank Markets	877	1 221	118
Asset Management & Insurance	4	3	25
Shared services and Group staffs	-479	36	512
Eliminations	-47	48	-12
Swedbank Group	710	1 711	1 141

Second quarter results 2009

Income statement

SEKm	Q2 2009	Q1 2009	Change
Net interest income	5 243	5 803	-560
Net commission income	1 970	1 374	596
Net gains/losses on financial items, fair value	710	1 711	-1 001
Other income	1 311	536	775
Total income	9 234	9 424	-190
Staff costs	2 289	2 335	-46
Profit-based staff costs	-7	206	-213
Other expenses	2 129	2 090	39
Total expenses	4 411	4 631	-220
Profit before impairments	4 823	4 793	30
Impairment of intangible assets	0	1 305	-1 305
Impairment losses on loans and other credit risk provisions	6 672	6 845	-173
Operating profit	-1 849	-3 357	1 508
Tax expense	145	-13	158
Profit for the period	-1 994	-3 344	1 350
Profit for the period attributable to Shareholders of Swedbank AB	-2 012	-3 358	1 346

Adjusting capacity due to lower economic activity

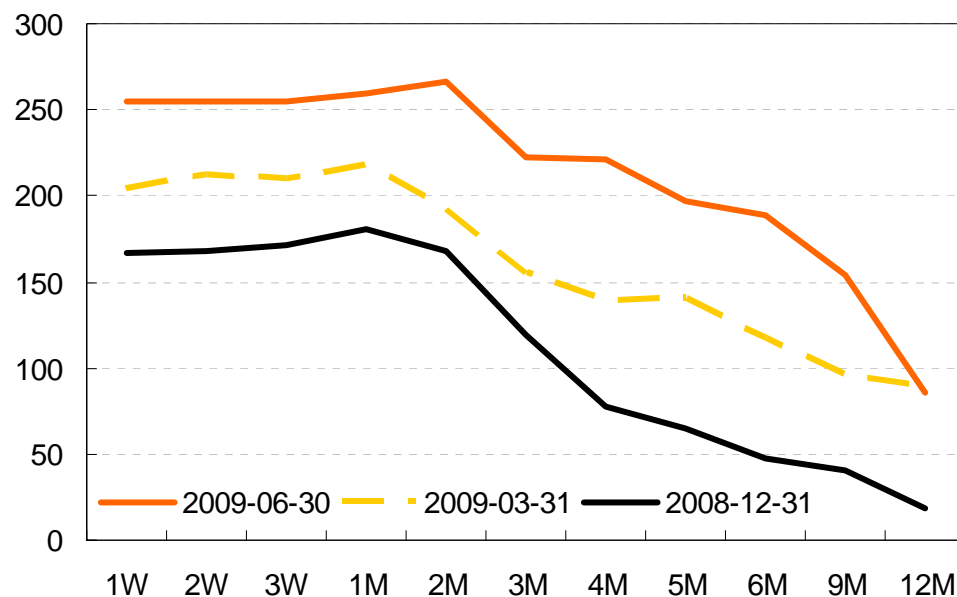
- Number of full-time employees to decline:

	H1 09	H2 09	H1 10
Swedish Banking	-163	0	-450
Baltic Banking	-541	-690	-250
International Banking	-236	-660	-670
Other	+78	NA	NA
Total	-862	-1 350	-1 370

Decreased risks and lengthened maturities

- Liquidity at targeted level
- Through state guarantee programme good access to the funding
 - US CP programme re-opened, new issuance about USD 8bn
- New issuance to international covered bond market
- Average maturity profile of wholesale funding lengthened to 18 months

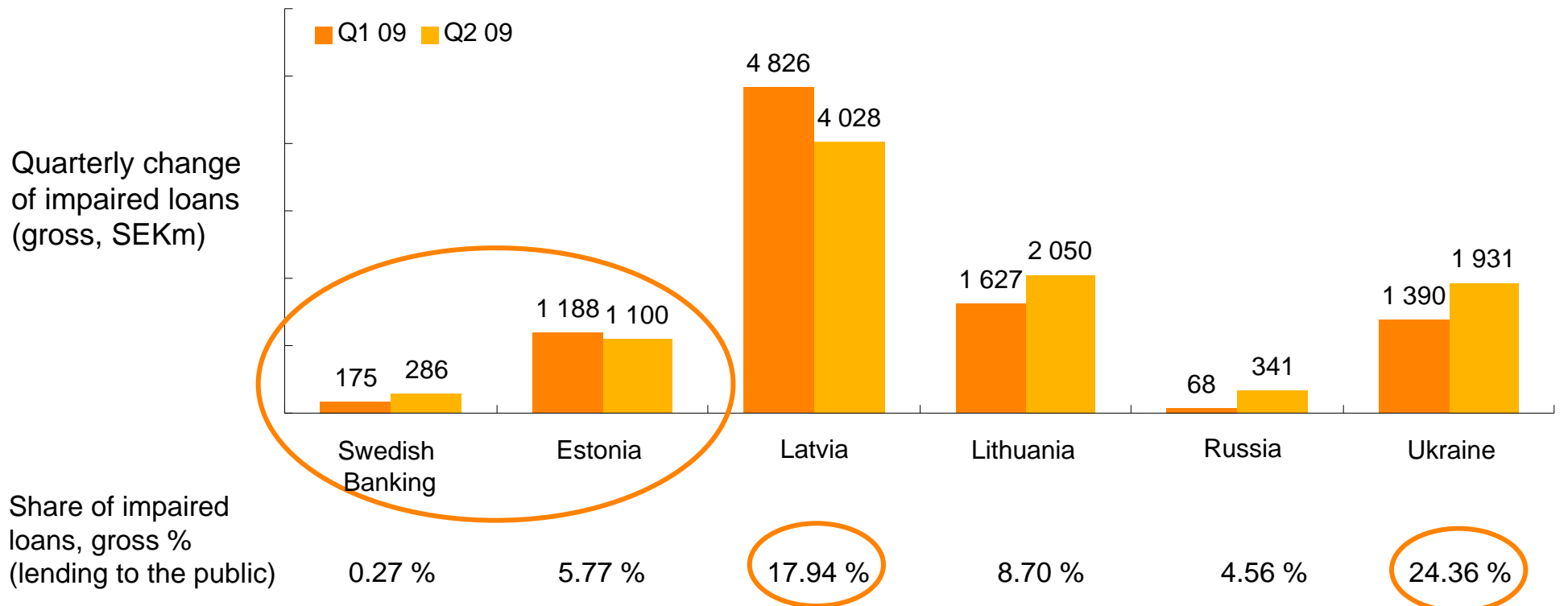
Stress test of liquidity as of 30 June 2009



Asset quality

Total level of impaired loans as expected

- Impaired loans increased by SEK 9 736m
 - Sweden and Estonia better than expected
 - Latvia, Lithuania and Ukraine continued weak development



Provisions – increased visibility

- Impairment losses on loans SEK 6 672m
 - Group collective provisions in Ukraine SEK 1 532m
- Provision ratios
 - Sweden 95 %
 - Baltics 51%
 - Ukraine 101%
 - Russia 64 %

} 63%
- Total provisions in the group currently SEK 18 778m
- Write-offs of SEK 534m
- Group collective provisions to be dissolved in H2

Provisions going forward

- Growth of impaired loans expected to level off during H2 2009
- Provision ratio over the cycle 30 – 50%
- Provision ratio to decrease
 - when growth of impaired loans slows, and/or
 - when gaining better understanding of collateral value/ borrowers' repayment capabilities

Asset quality

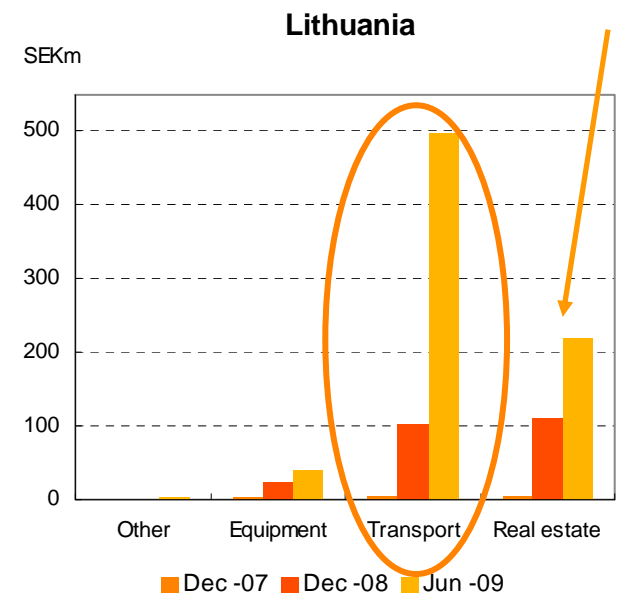
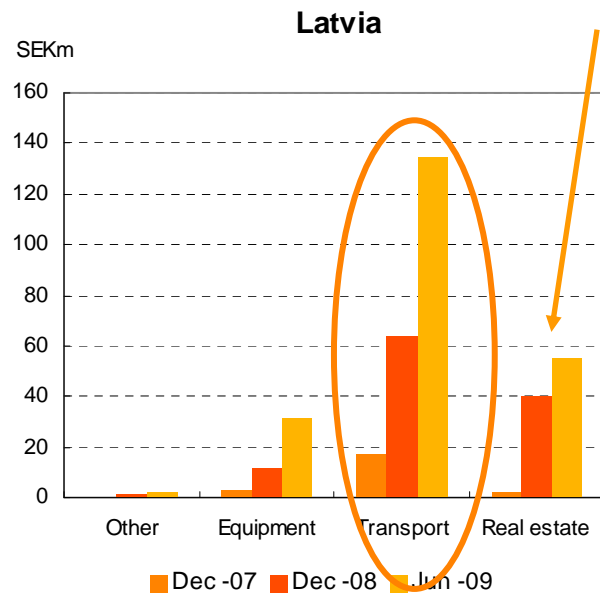
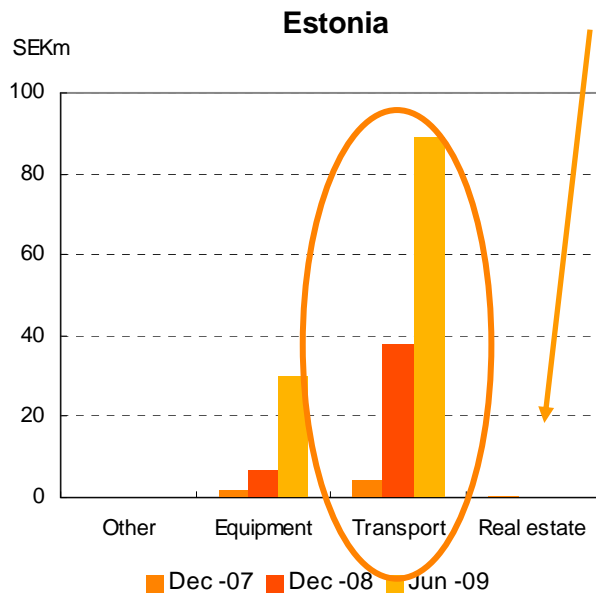
Restructuring work – making progress

- Structure and resources established
 - Work-out units increasing staff rapidly – 300 at end of August
 - Continuous internal work to separate problem loans
 - Action plans for every borrower
 - SPVs and special credit committees
- Ukraine is a special case – low visibility
- Fewer problems than expected in Sweden
- Long-term investment horizon with repossessed collateral
 - High degree of real estate

Asset quality

Repossessed assets in the Baltic countries – early stage

- Increase in real estate expected during H2

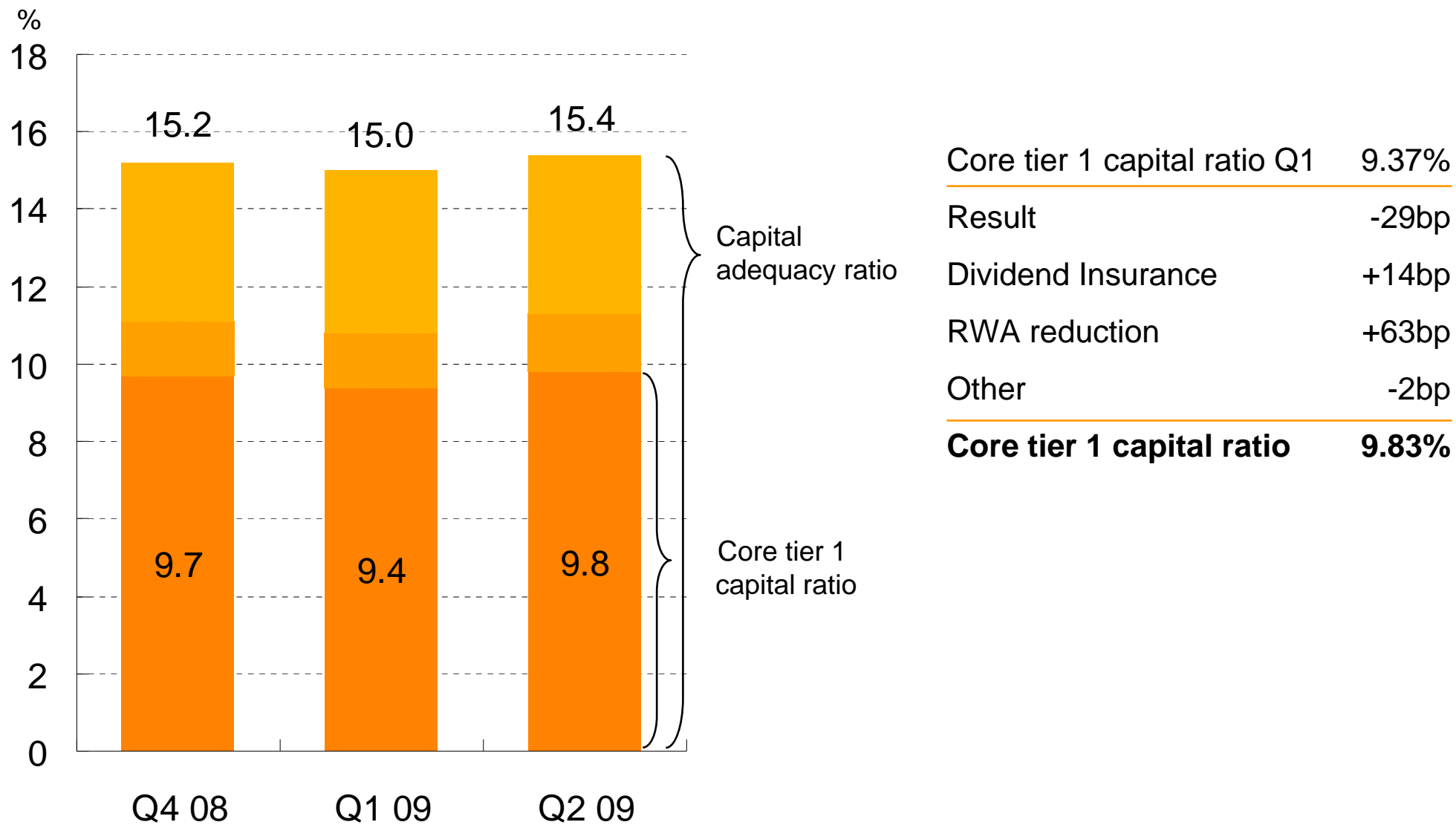


Risk-weighted assets (RWA) – tangible results

- RWA reduced by SEK 43bn during Q2
- Management actions
 - Non-recurring SEK 13bn
 - Decreased volumes SEK 20bn
 - Improved processes and collateral position SEK 10bn
- Ambition to continue to reduce RWA over time
 - Focus on core customers

Capital management

Resilient capital ratios despite high provisions



Summary

- Strong measures taken to:
 - manage and lower the risk level in the bank
 - adjust the capacity to the prevailing global economic situation
 - take steps towards being self-sufficient in funding
 - improve our capital buffer
- In H2 09 - focus on:
 - continuous efforts in our four focus areas above
 - integration of Group Staffs function
 - developing our Nordic corporate strategy
 - brand promise, vision and values

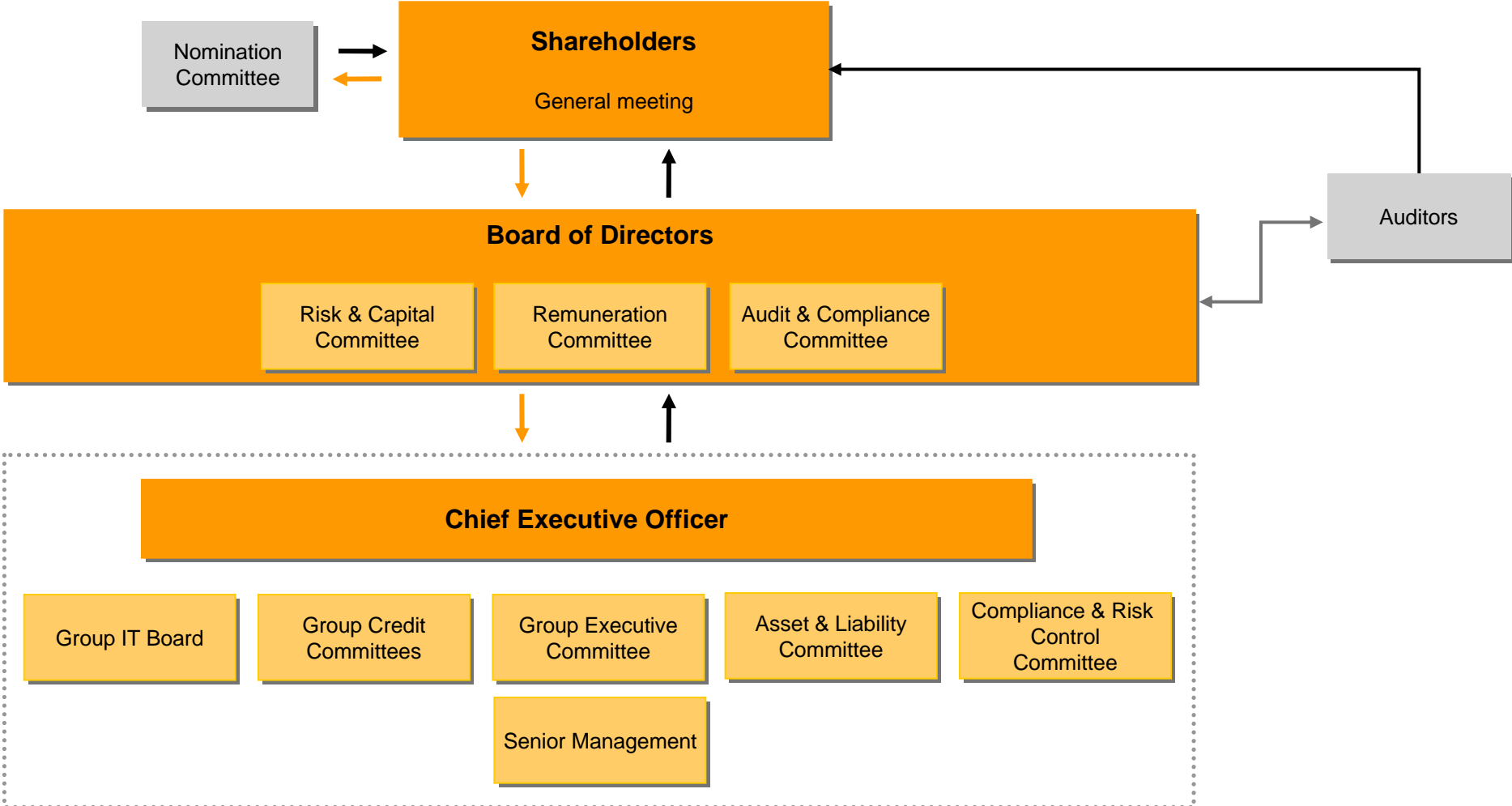
Appendix

Balance sheet

Swedbank Group SEKm	Jun 09	Dec 08	%
Loans to credit institutions	122 605	128 536	-5%
Loans to the public	1 275 996	1 287 424	-1%
Interest-bearing securities	174 048	133 694	30%
Shares and participating interests	71 757	60 182	19%
- for which customers bear the investment risk	64 799	51 638	25%
Derivatives	89 986	128 055	-30%
Other assets	61 797	73 799	-16%
Total assets	1 796 189	1 811 690	-1%
Amounts owed to credit institutions	304 654	316 730	-4%
Deposits and borrowings from the public	469 336	508 456	-8%
Debt securities in issue	663 721	593 365	12%
"Financial liabilities for which customers bear the investment risk"	65 775	52 074	26%
Derivatives	82 948	116 720	-29%
Other liabilities and provisions	85 660	93 128	-8%
Subordinated liabilities	42 918	44 755	-4%
Equity	81 177	86 462	-6%
- Non-controlling interest	231	232	0%
- Equity attributable to shareholders	80 946	86 230	-6%
Total liabilities and equity	1 796 189	1 811 690	-1%

Strategy

Corporate governance structure

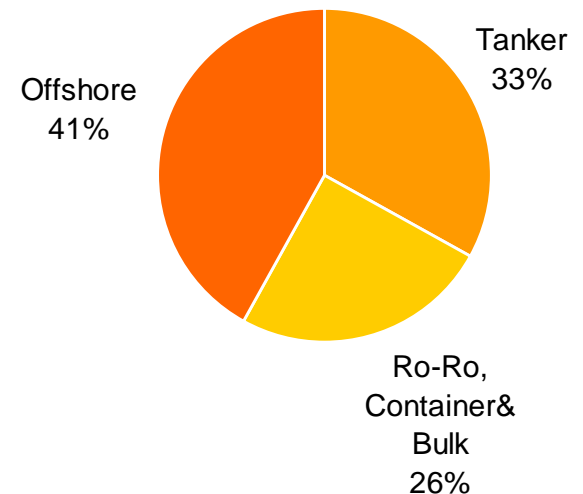


Exposure FAQ

- The so-called Lehman exposure was USD 1 438m as of 2009-06-30
 - The exposure consists of real estate loans to 52 borrowers, with collateral in 55 properties
 - 10 borrowers are in default
 - The aggregated nominal value of loans are well above the amount of the exposure
 - Updated analysis during the second quarter shows no current need for provisions

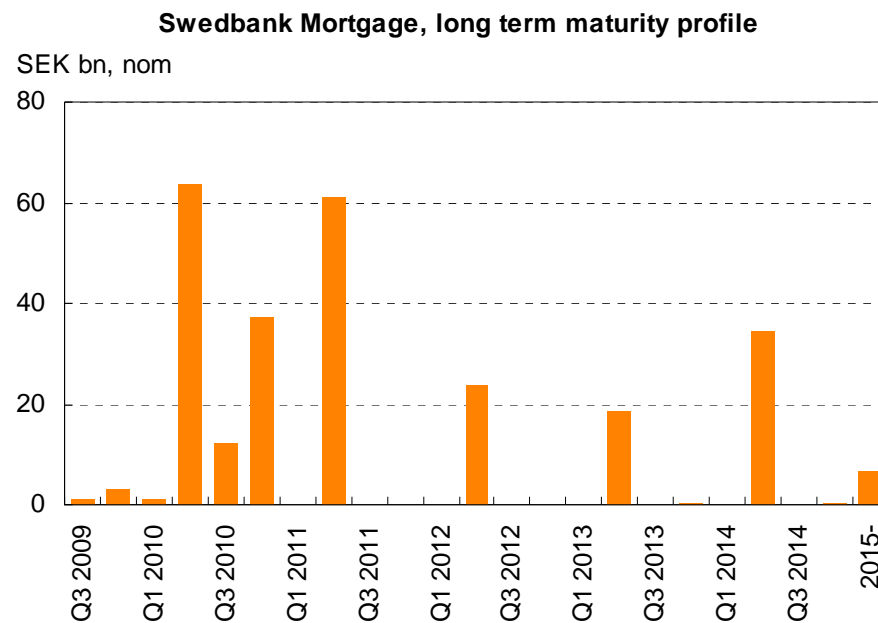
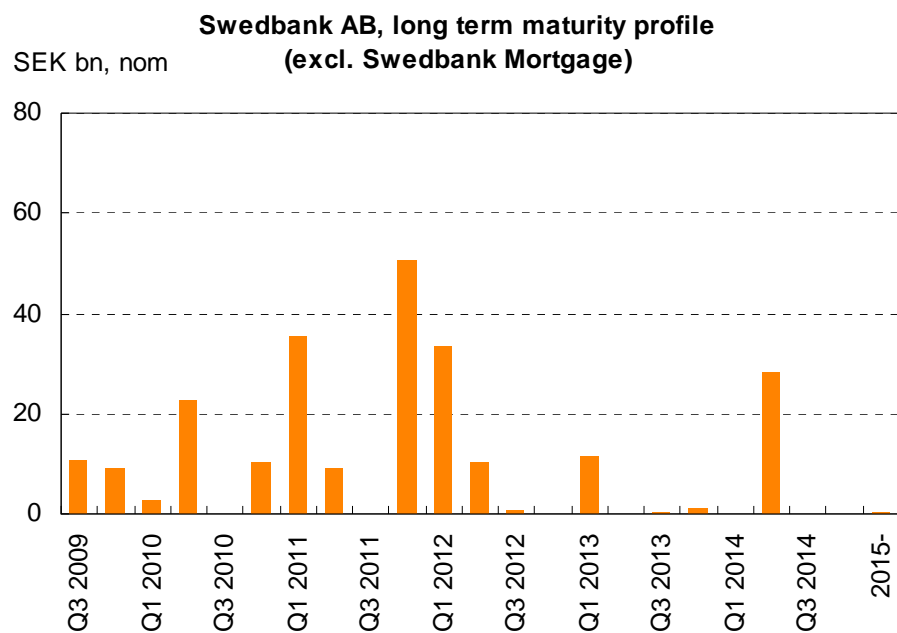
Exposure FAQ

- Private Equity related exposures is SEK 15.1bn
 - Nordic related LBOs
 - 99% Senior lending
 - Largest sector is health care, about 45%
 - Net impairment losses of SEK 247m during the second quarter
- Lending exposure to shipping sector is SEK 19.7bn plus unutilised commitments of SEK 9.0bn
 - Portfolio duration is 4y
 - Average fleet age is 6y
 - 9% is dry bulk
 - 3% is car carriers
 - Strong employment profiles
 - No impairment losses during the second quarter



Maturity profile – long-term funding, 30 June 2009

- Average maturity profile of wholesale funding lengthened to 18 months
- During H1 2009, Swedbank has issued SEK 190bn covered bonds and long-term government guaranteed debt
- As of 30 June SEK 25bn of long-term funding, will mature during 2009
- In May, Swedbank Mortgage issued its first benchmark size, Euro denominated, covered bond, EUR 1.25bn, since August 2008

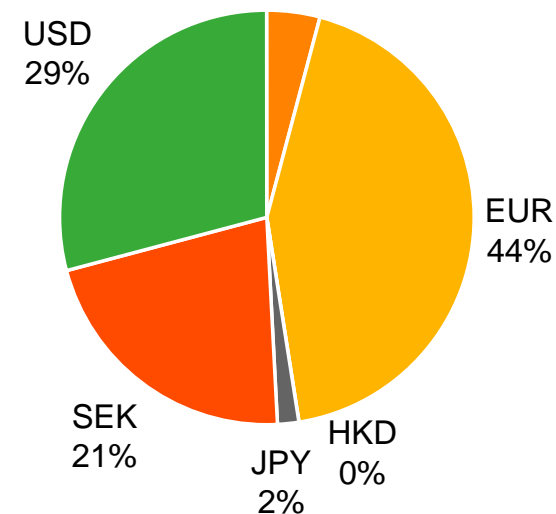
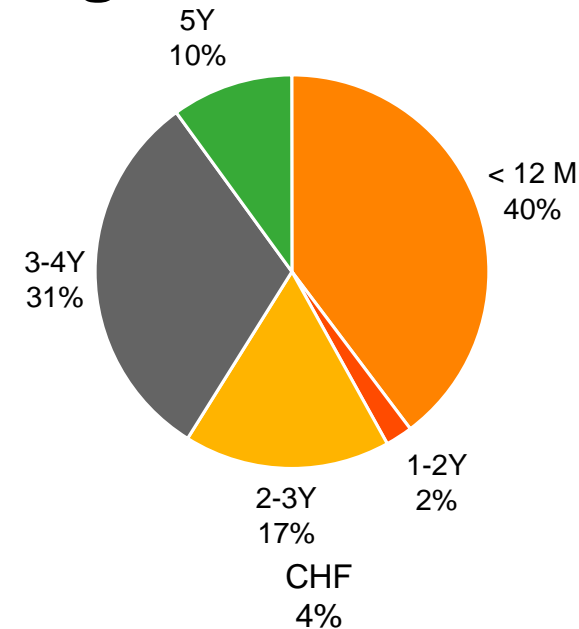
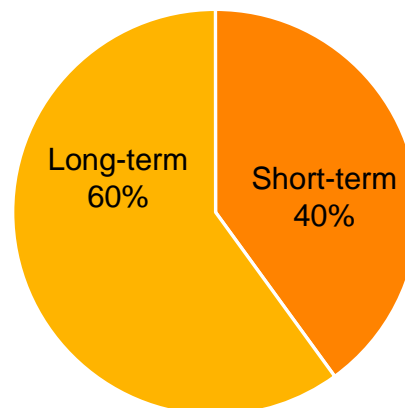


Liquidity & Funding

Funding under the Swedish guarantee programme

(total outstanding as of 30 June, SEK 306bn)

- During Q2, Swedbank has issued SEK 64bn of long-term debt under the Swedish guarantee programme
- Introduced USCP programme during May – outstanding, USD 8bn



Liquidity & Funding

Funding sources

- Core markets: Sweden and Scandinavia, Europe, USA, ASIA

Swedbank Parent Company

Funding programmes	Limits	Outstanding guaranteed funding 30/06/2009	Total outstanding amounts as per 30/06/2009
Short term funding			
Domestic CP	SEK 80bn	SEK 26.3bn	SEK 29.4bn
European CP	EUR 5bn	EUR 1.1bn	EUR 1.4bn
US CP	USD 15bn	USD 8.1bn	USD 8.2bn
Yankee CD	USD 10bn	n.a.	USD 0.6bn
Long term funding			
Domestic MTN	SEK 60bn	n.a.	SEK 38.7bn ²
GMTN	USD 40bn	USD 24.3bn	USD 32.9bn

²Whereof 27 bn are retail bonds.
n.a. no existing guaranteed programme

Swedbank Mortgage

Funding programmes	Limits	Outstanding guaranteed funding 30/06/2009	Total outstanding amounts as per 30/06/2009
Short term funding			
Domestic CP	SEK 50bn	SEK 10.8bn	SEK 15.3bn
European CP	EUR 6bn	EUR 0.5bn	EUR 0.7bn
US CP	USD 10bn	n.a.	USD 0bn
French CD	EUR 4bn	n.a.	EUR 0.03bn
Long term funding			
Domestic Mortgage Bonds	Unlimited	n.a.	SEK 210.5bn
Domestic MTN	SEK 150bn	n.a.	SEK 69.6bn
EMTN	EUR 25bn	EUR 0bn	EUR 5.0bn

Liquidity & Funding

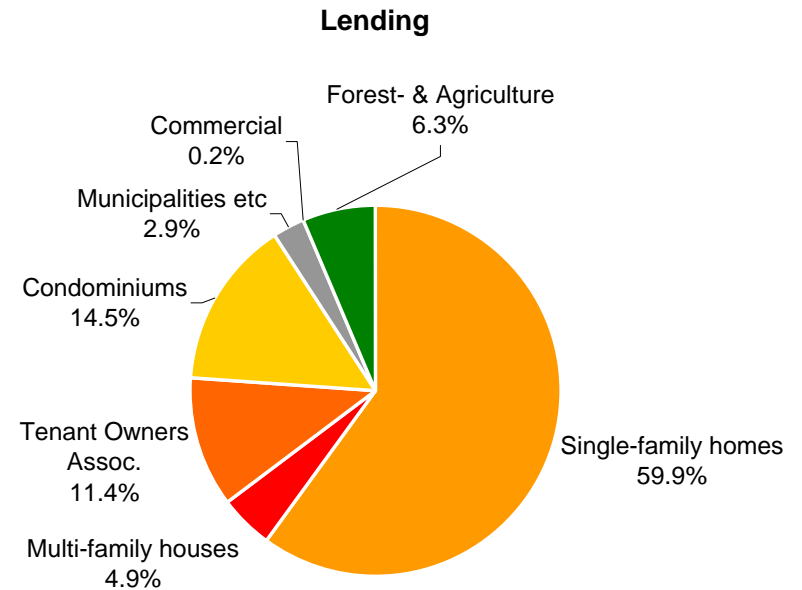
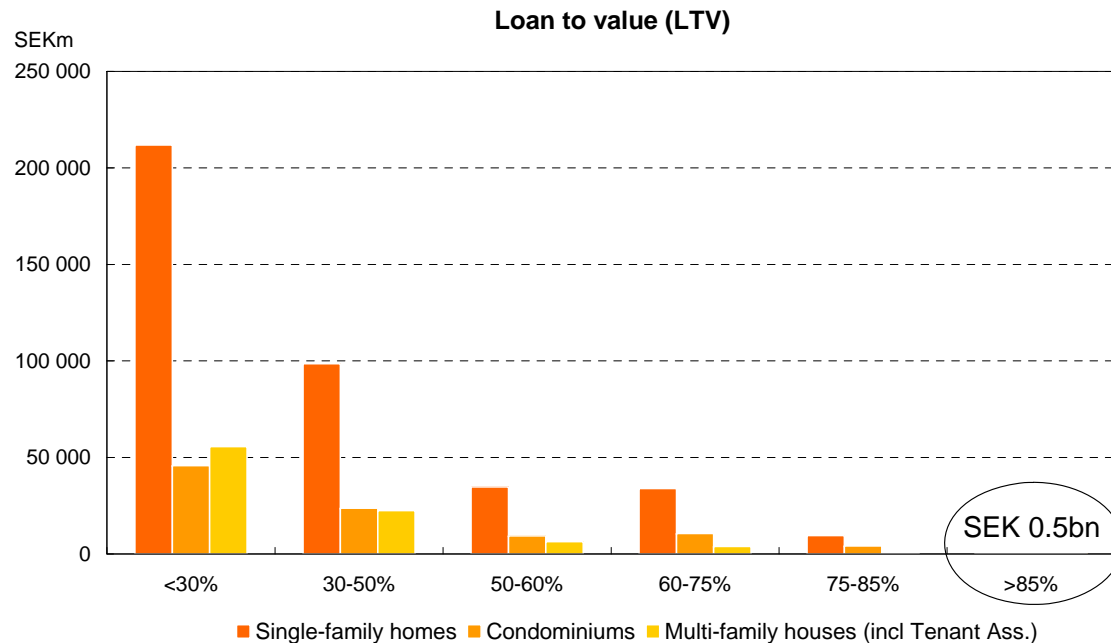
Recent Swedbank transactions

Government Guaranteed						
Issuer	Rating	Currency	Maturity	Spread	Issue size	Announcement
Swedbank	Aaa/AAA	EUR	3Y	+30	500m	17/6 2009
Swedbank	Aaa/AAA	USD	3.5Y	+45	500m	17/6 2009
Swedbank	Aaa/AAA	USD	3.5Y	+45	1bn	17/6 2009
Swedbank	Aaa/AAA	EUR	5Y	+ 68	1.5bn	12/5 2009
Swedbank	Aaa/AAA	SEK	5Y	+ 73	10.4bn	7/5 2009
Swedbank	Aaa/AAA	SEK	2Y	+ 45	1.45bn	14/4 2009

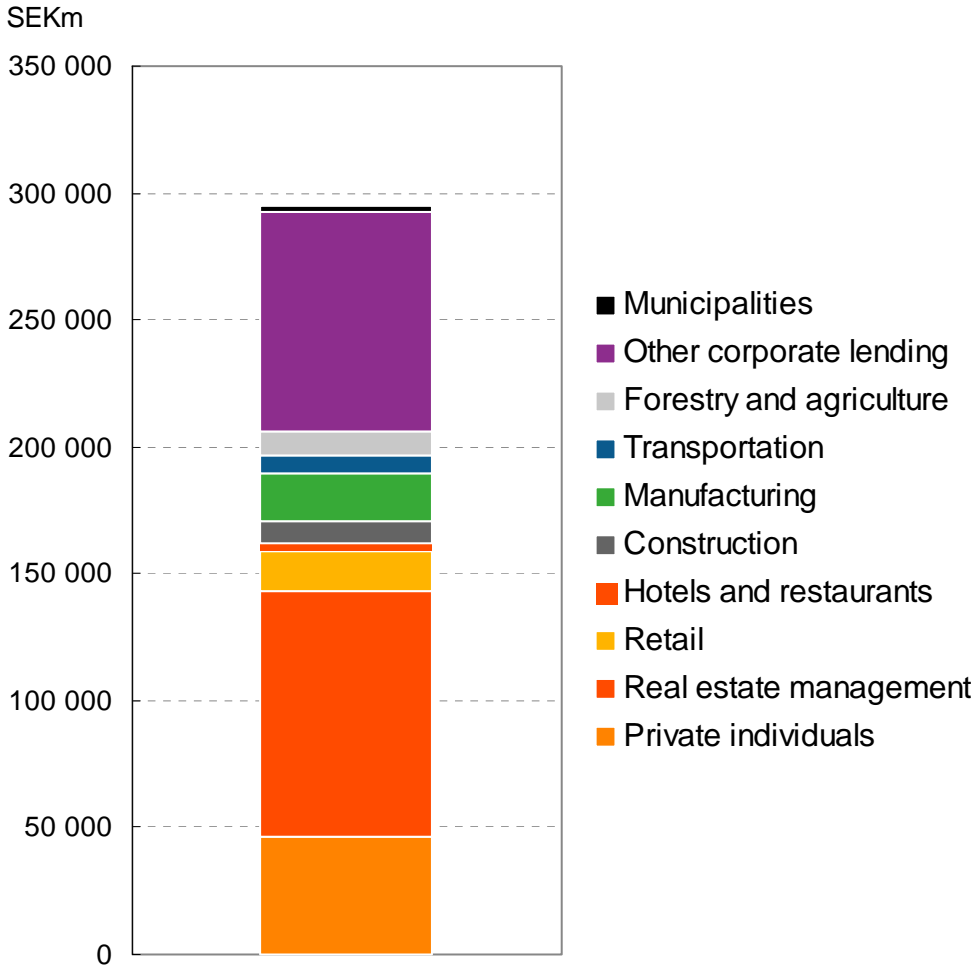
Covered Bonds						
Issuer	Rating	Currency	Maturity	Spread	Issue size	Announcement
Swedbank Mortgage	AAA/Aaa	SEK	2Y	+ 50	1.5bn	3/7 2009
Swedbank Mortgage	AAA/Aaa	SEK	2Y	+ 65	1bn	2/7 2009
Swedbank Mortgage	Aaa/AAA	EUR	5Y	+ 130	1.25bn	29/5 2009

Swedbank Mortgage, Q2 09, total loan portfolio SEK 649bn (EUR 60bn), nominal amount

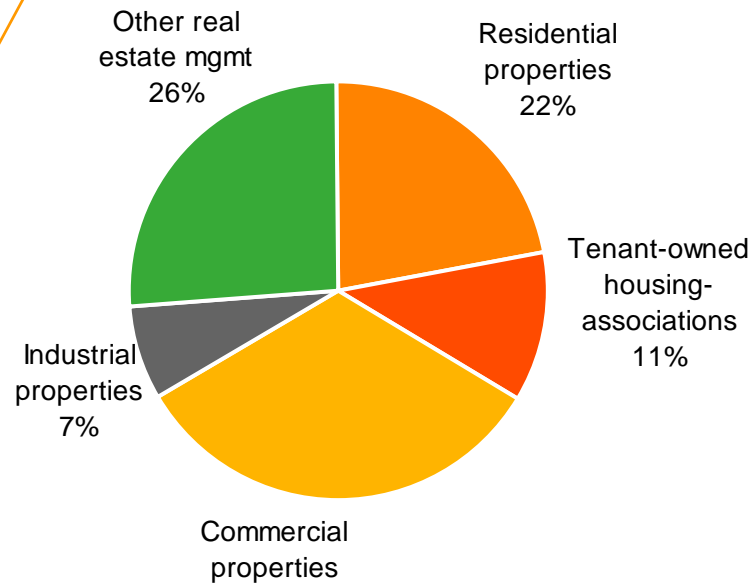
- 100% lending – Swedish properties
- More than 90% residential lending
- Average LTV of 44% in Swedbank Mortgage (cover pool 43%)
- 80% of the total lending book within a loan-to-value ratio below 50%



Other lending to the public, Sweden, SEK 295bn (excl. Swedbank Mortgage)

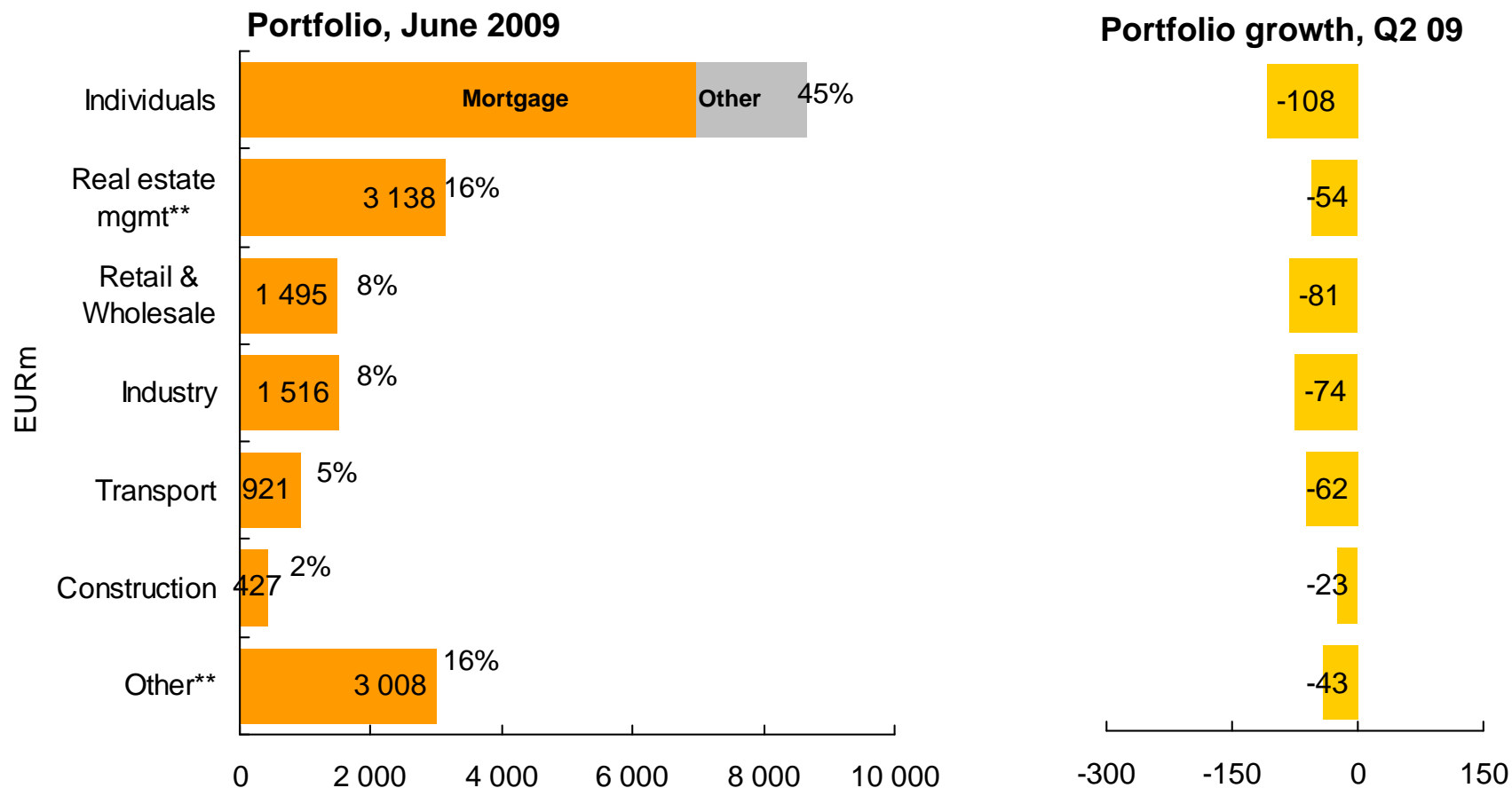


Real estate management



Appendix – Baltic Banking

Baltic Banking gross lending by sectors*



% share of portfolio

* Lending portfolio split is based on NACE classification as presented to Central Bank

** Other portfolio includes Other business services, Energy, Agriculture, State & Municipality and Other loans

Mortgage portfolio LTV

	EE	LV	LT
Average LTV: 2009-06-30	78%	104%	90%
LTV > 100%	24%	54%	37%
LTV 80% -100%	21%	15%	20%

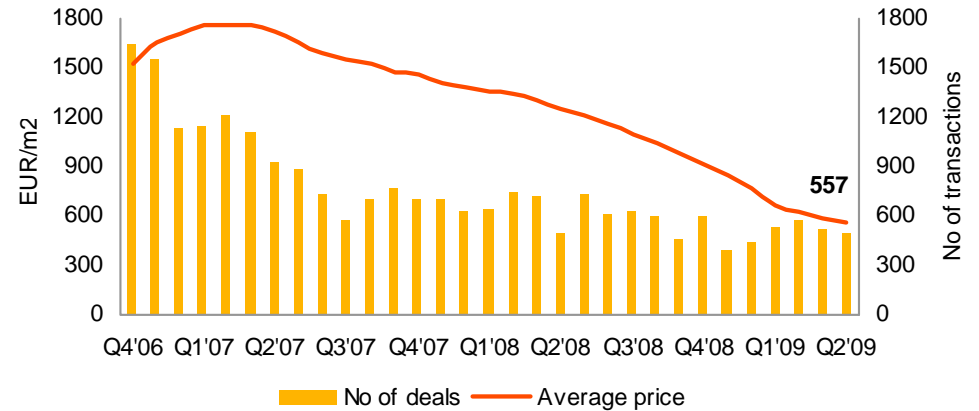
Real estate prices continue to fall

Distressed sales are driving the trend

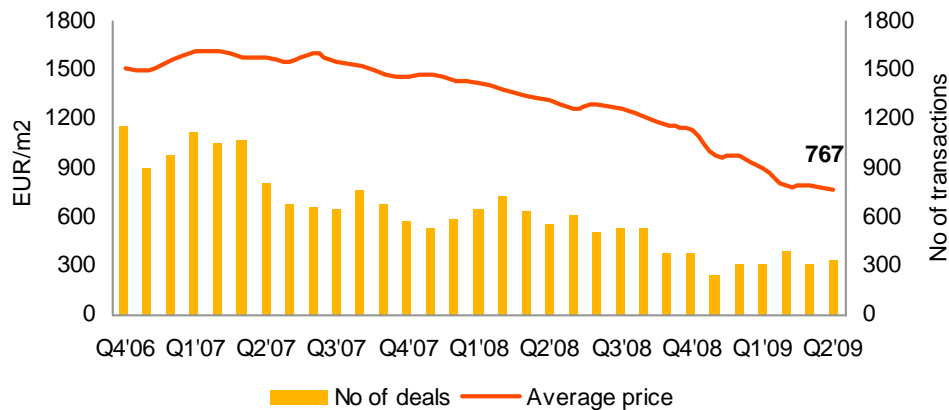
Market situation

- Apartment prices down from peak level -53% in EE, -68% in LV, and -28% in LT
- Fall from beginning of year : 31% in EE, 39% in LV, 10% in LT
- As prices fall, the supply on the market falls. In Riga and Tallinn the market is driven mainly by distressed sales. The situation in Vilnius still slightly better

Riga



Tallinn



Vilnius

