

Structurally low liquidity risk

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Keys to resilient financing

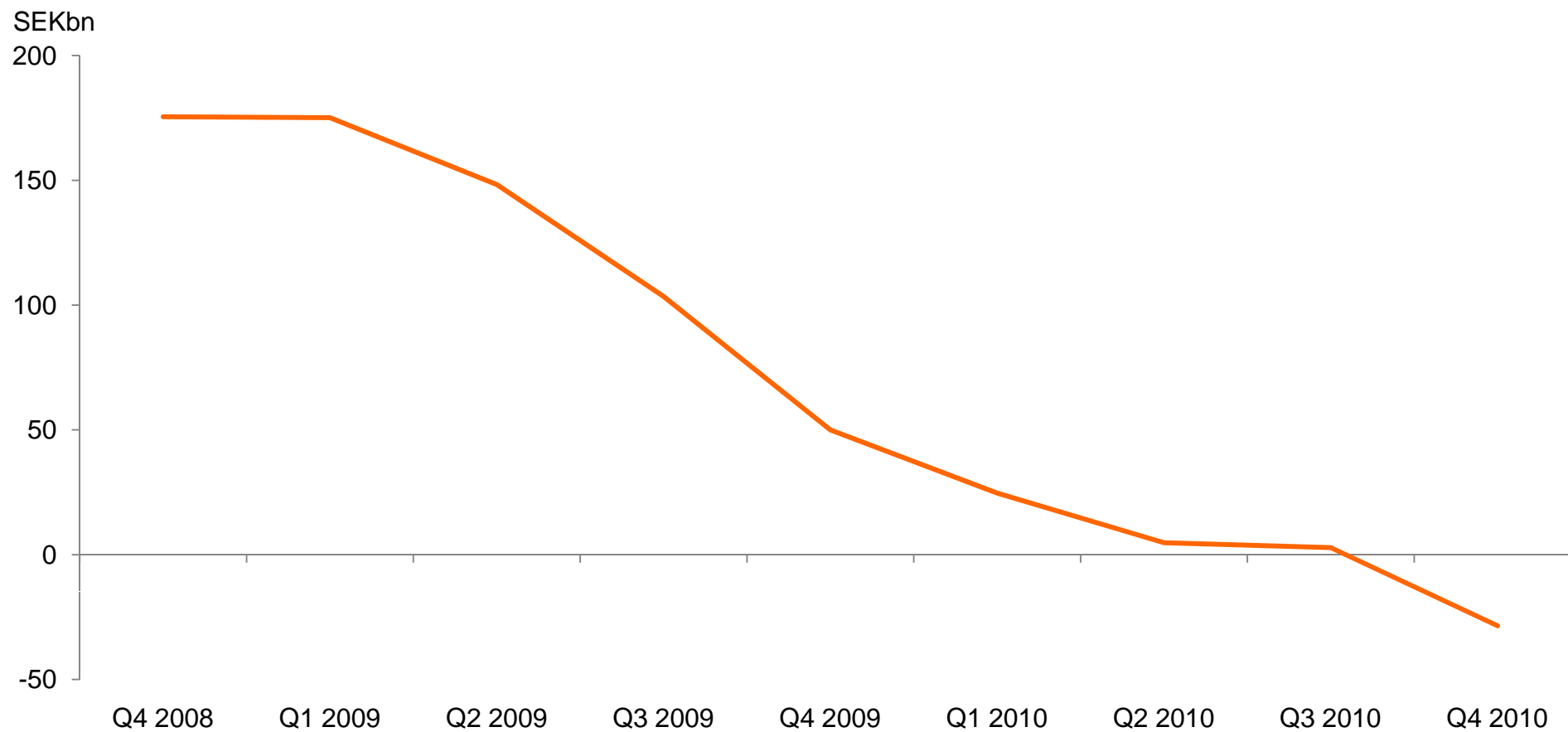
- Asset quality (limited tail risk)
- No mis-match risk of unsecured financing
- Large proportion of funding done in domestic market
- Buffers to cope with stressed funding market conditions

Structural funding advantages

- Limited unsecured funding need
- Deposit franchise
- Swedish covered bond market

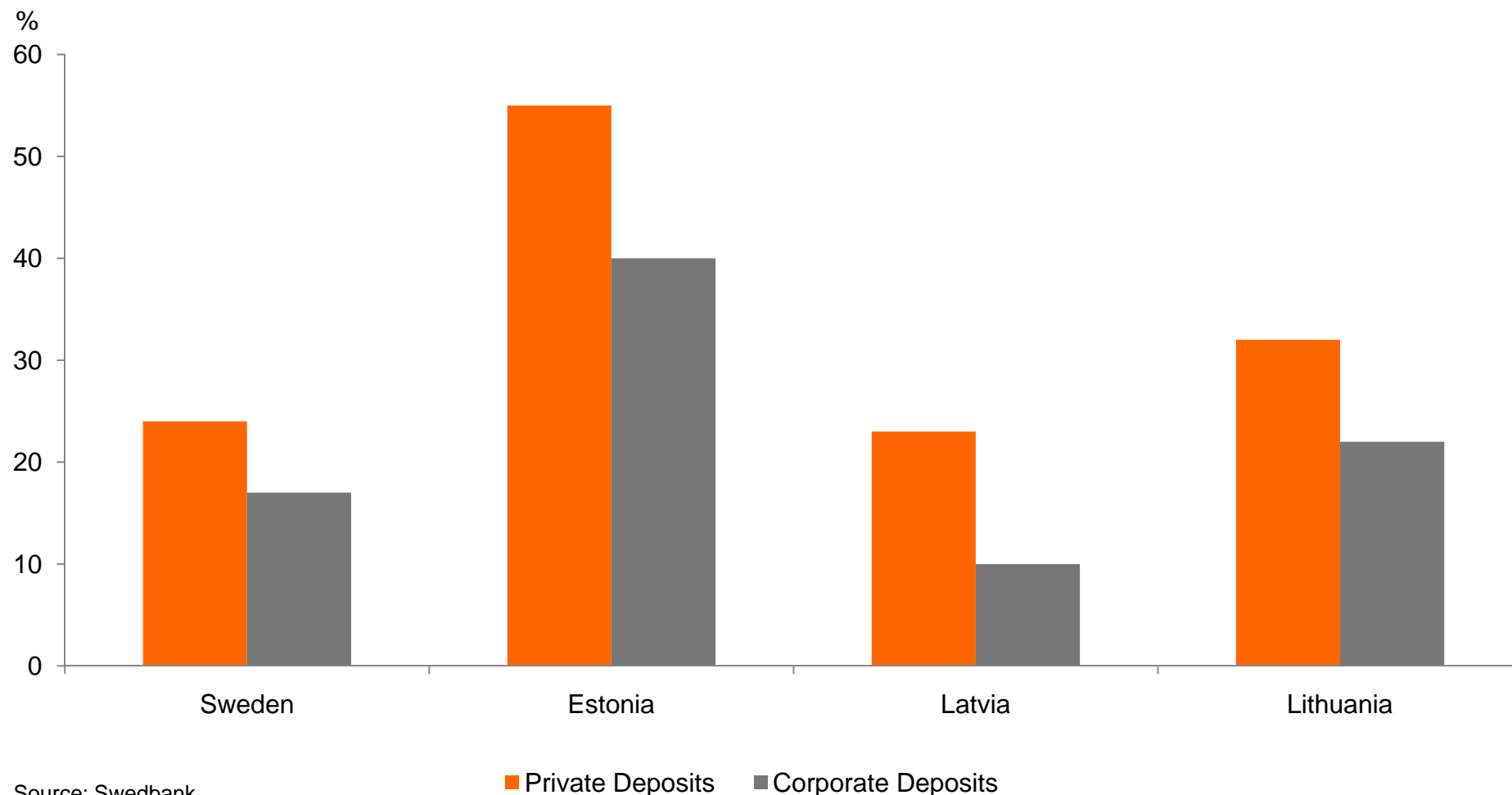
Limited unsecured funding need

Lending to the public, less deposits, covered bond pool and retail bonds



Retail – the foundation of Swedbank’s deposit franchise

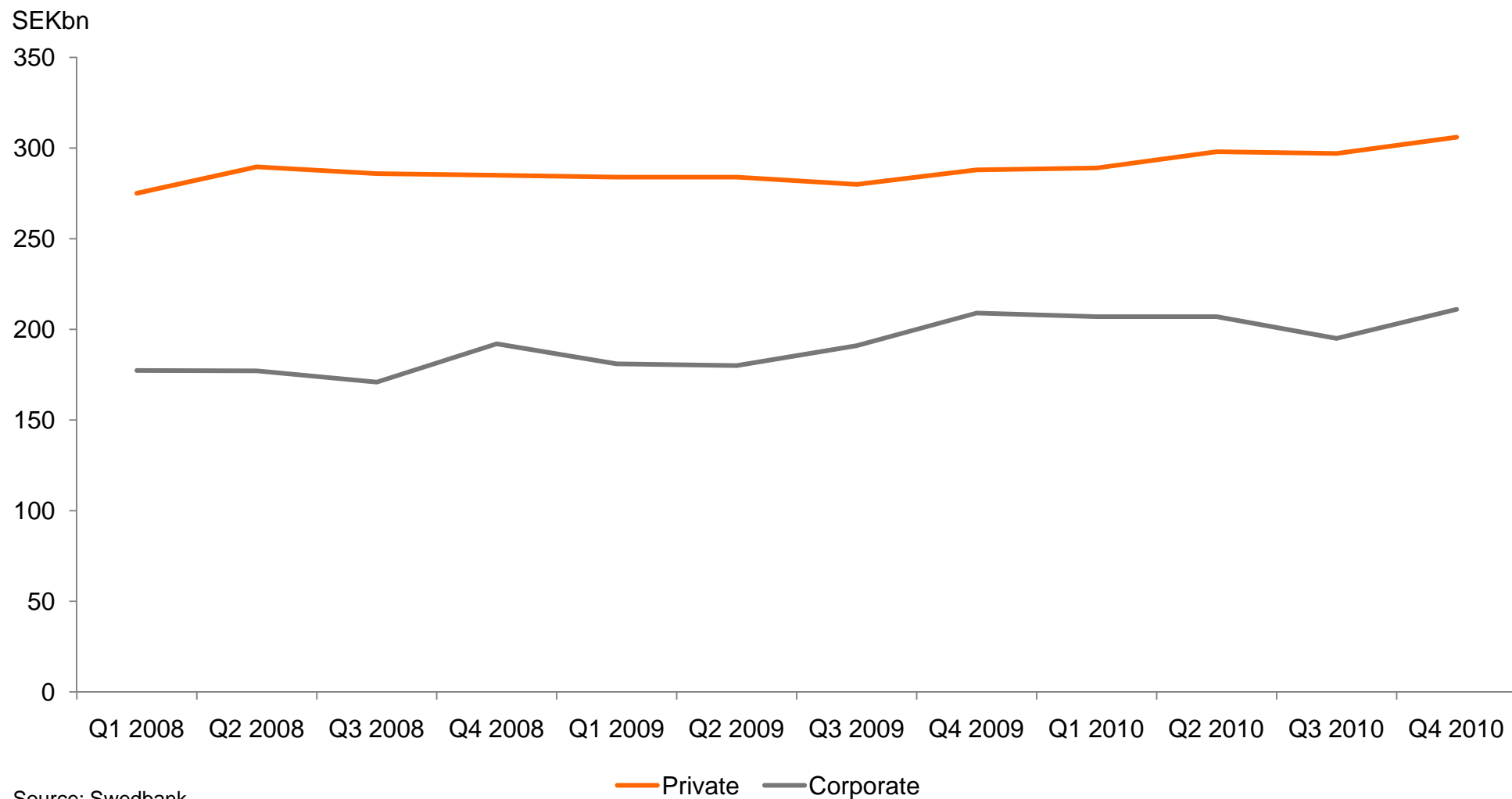
Swedbank deposit market shares



Source: Swedbank

Stable increase of deposits during the crisis

Deposits from the public



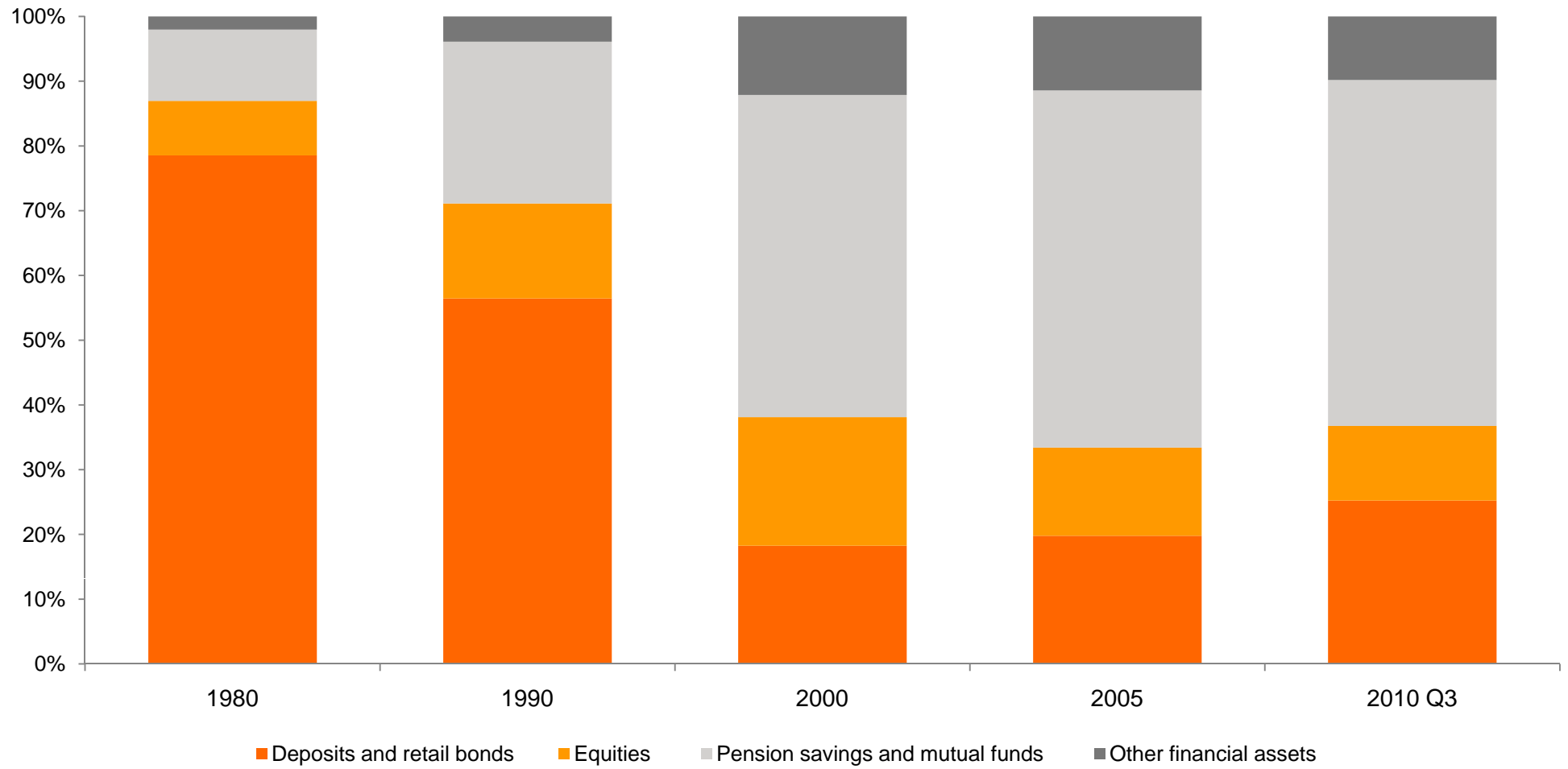
Source: Swedbank

Structure of Swedish covered bond market

- Tap issuance – enhances liquidity and reduces execution risk
 - Continuous daily issuance
 - Buy-backs against issuance of longer tenors
 - Total issue size often peak at SEK 60-80bn
- Market making at pre-set bid/offer spreads

Natural domestic wholesale funding market

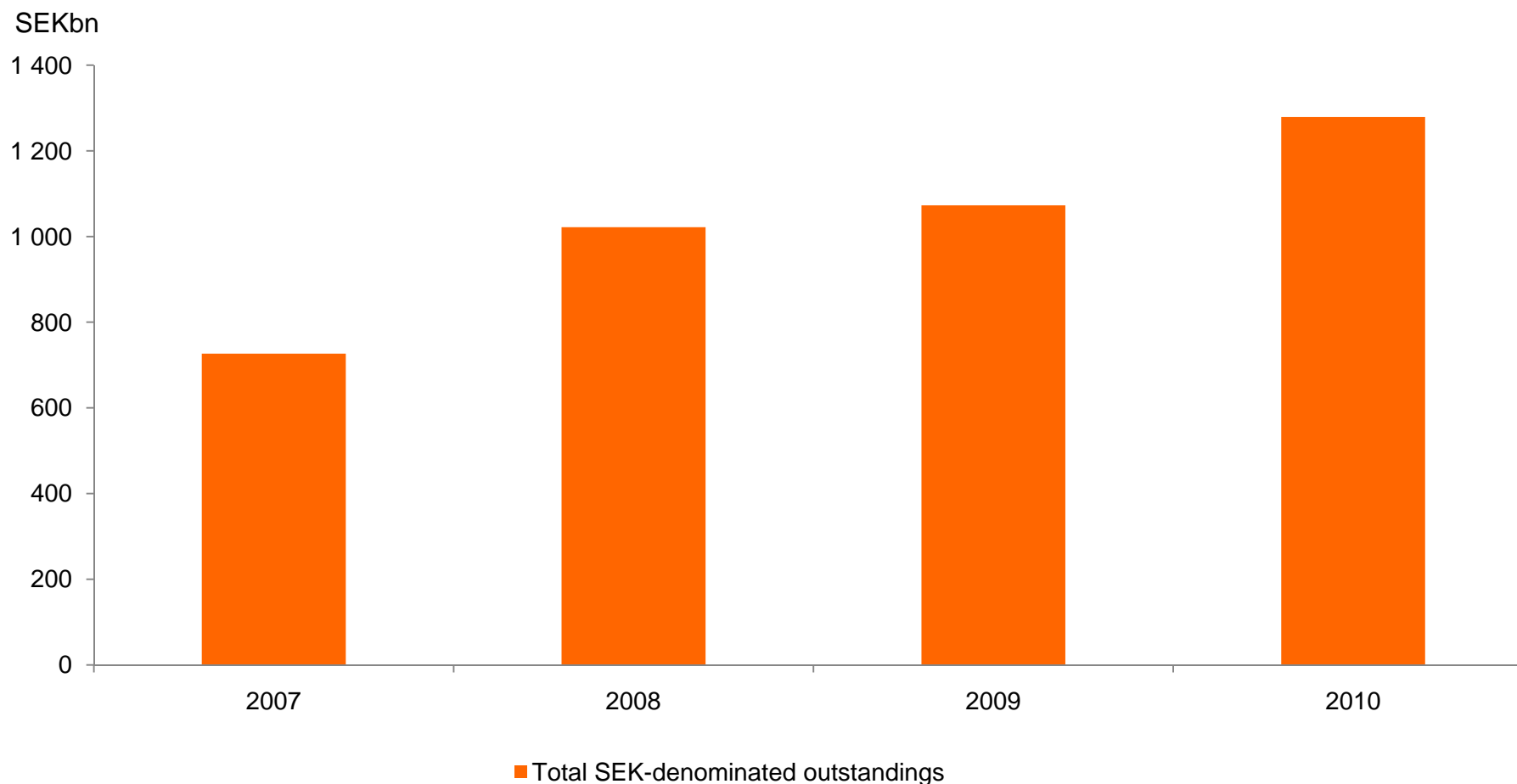
Swedish households' financial assets



Source: Statistics Sweden, Swedbank

Swedish covered bond demand strong through crisis

Outstanding covered bonds in Swedish market



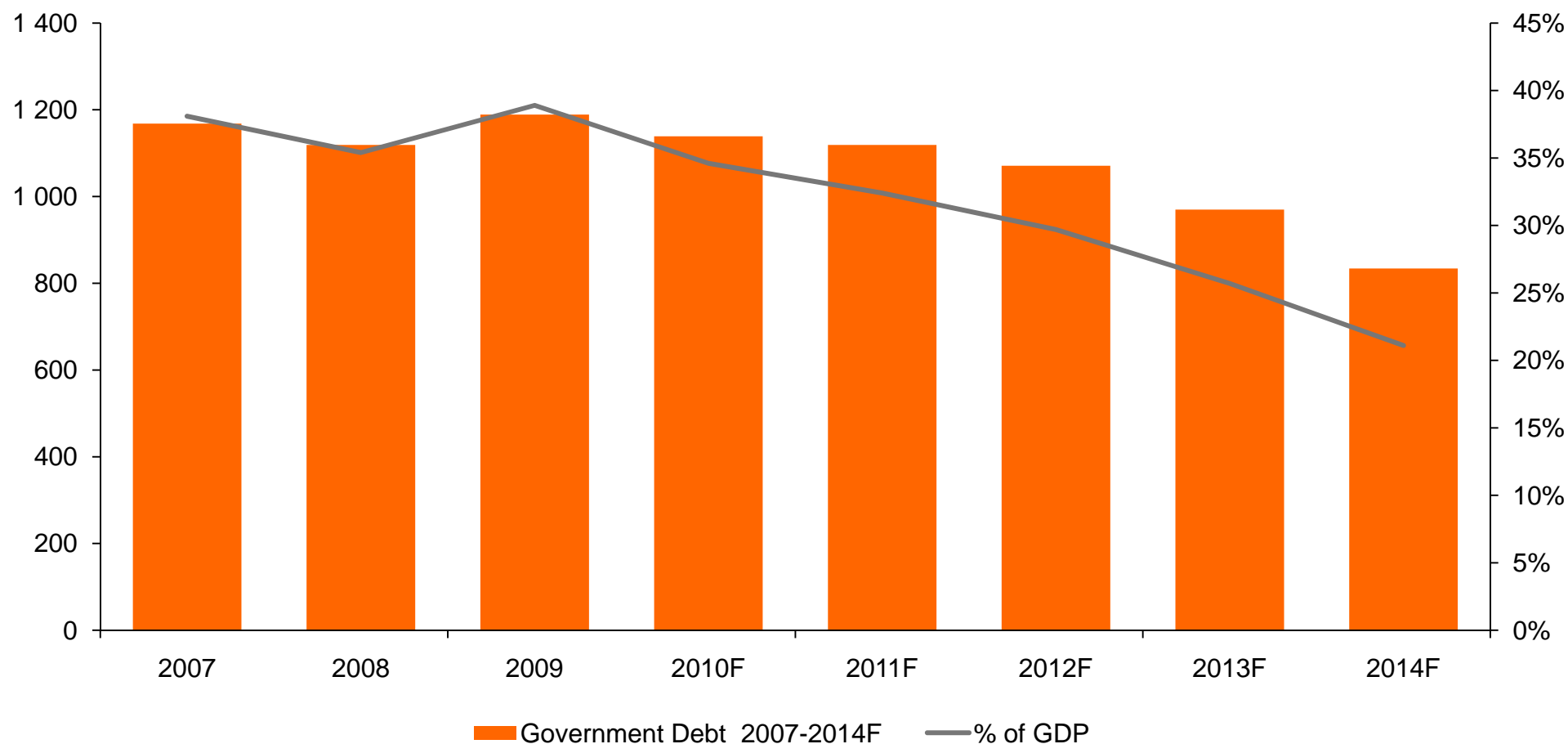
Source: Swedish Bankers' Association, Swedbank

Reduced public debt supports covered bond market

Swedish public debt projections 2010-2014

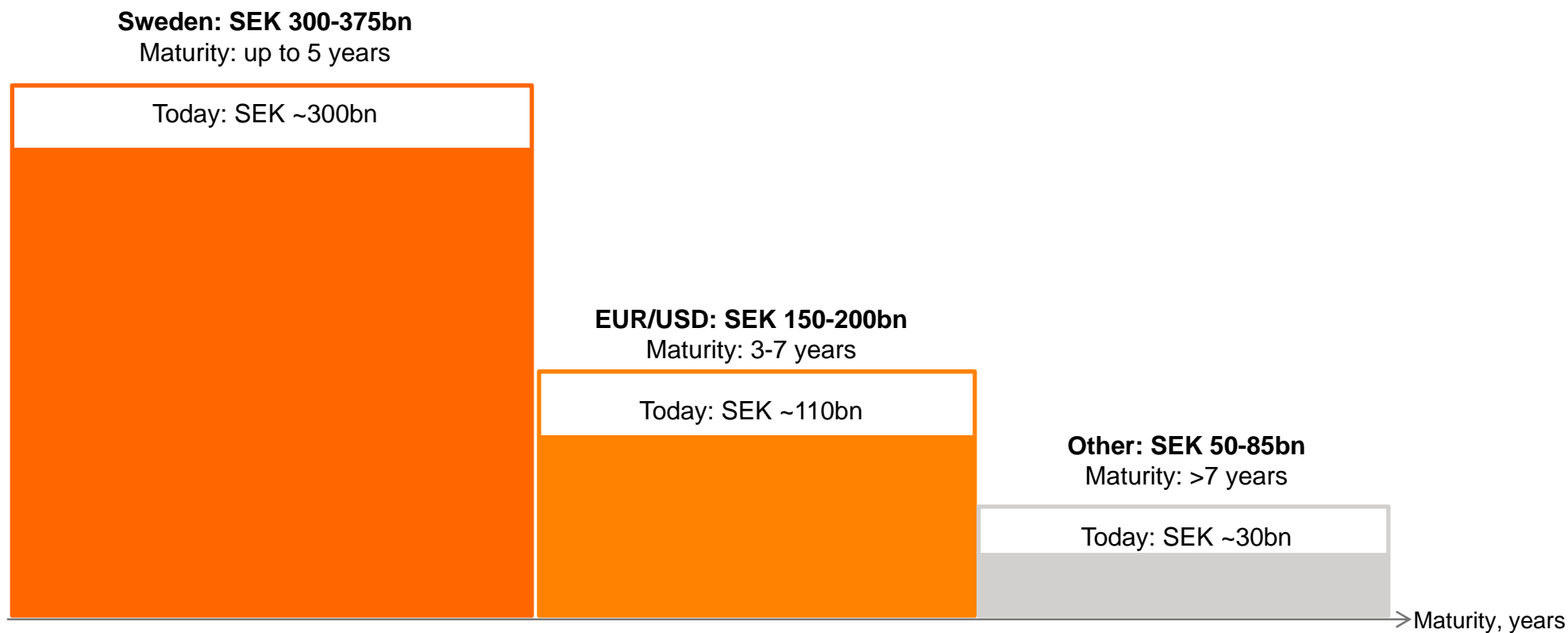
SEKbn

% of GDP



Source: Swedish Government budget

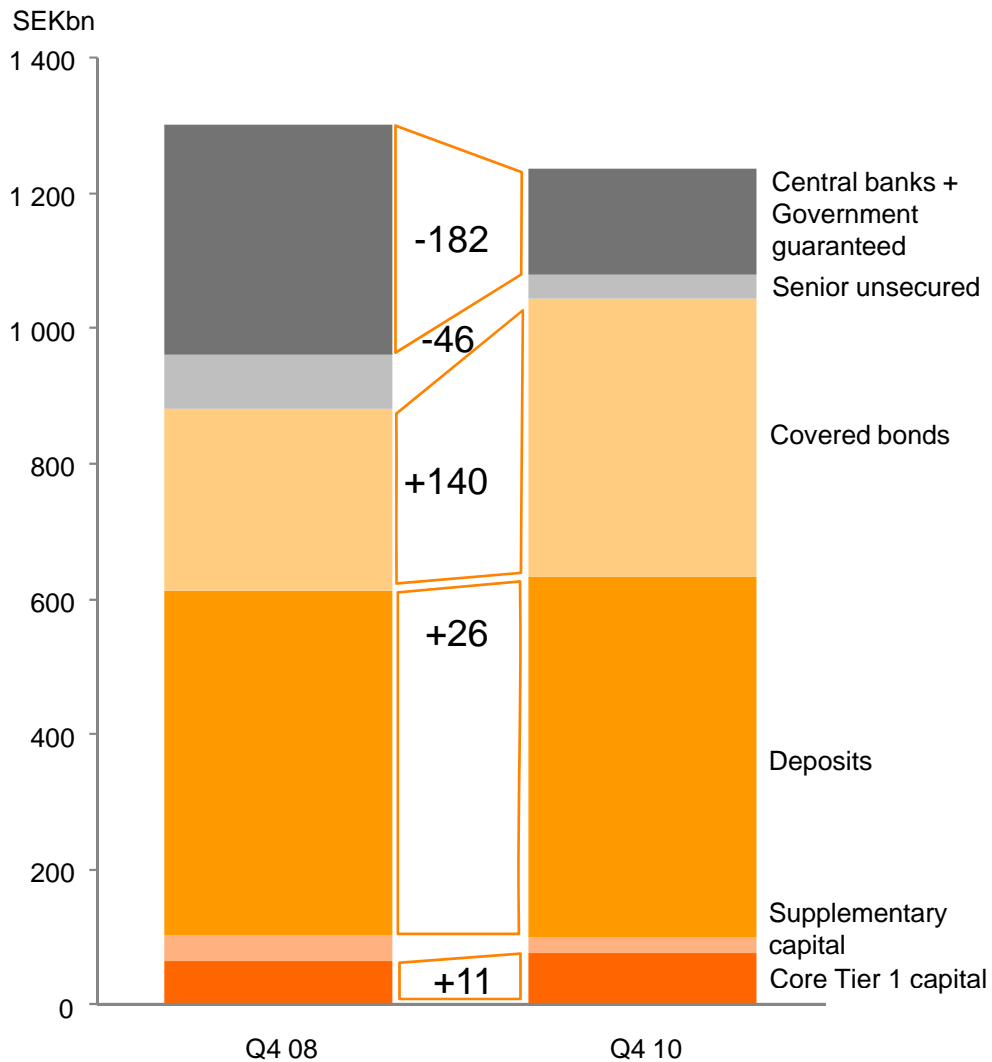
Covered bond strategy



Source: Swedbank

Asset and liabilities – significantly reduced risk level

Liabilities



Asset and liabilities – significantly reduced risk level

Liabilities

SEKbn

1 400

