

Swedbank's third quarter 2010 results

21 October 2010

Michael Wolf, CEO

Erkki Raasuke, CFO

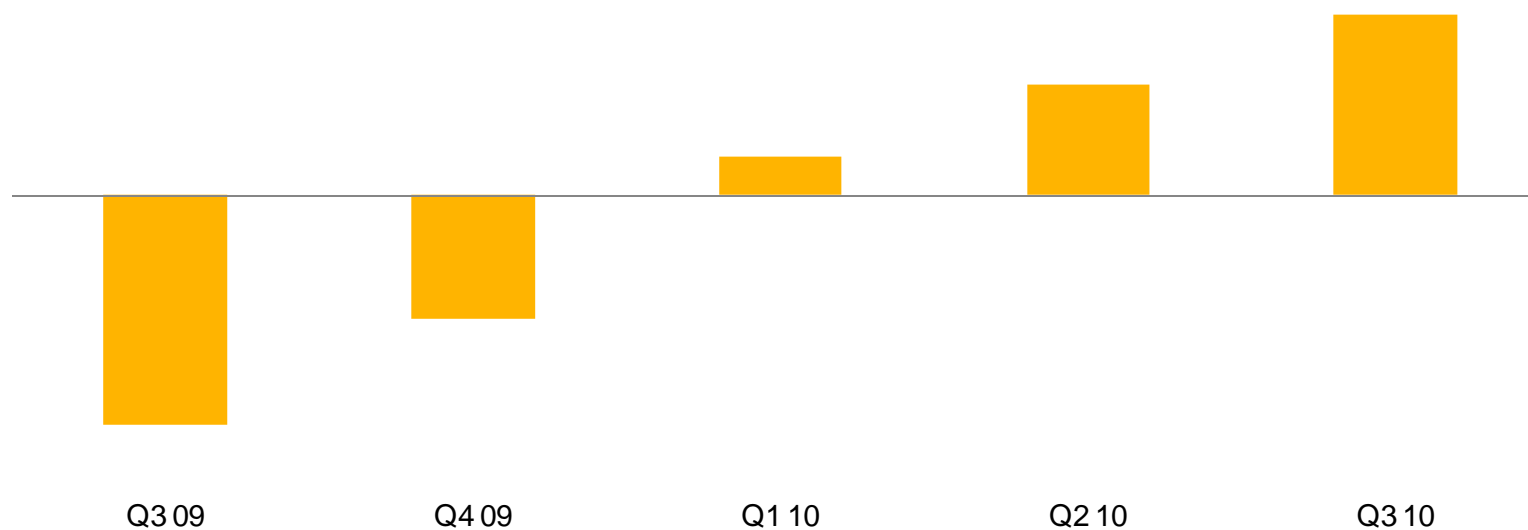
Göran Bronner, CRO



Continued financial improvement

- Net profit of SEK 2.6bn in Q3
- Baltic Banking net profit in Q3 of SEK 531m
- Improved NII and stable net commission income

Net profit performance



Result by business area

Business highlights

Retail

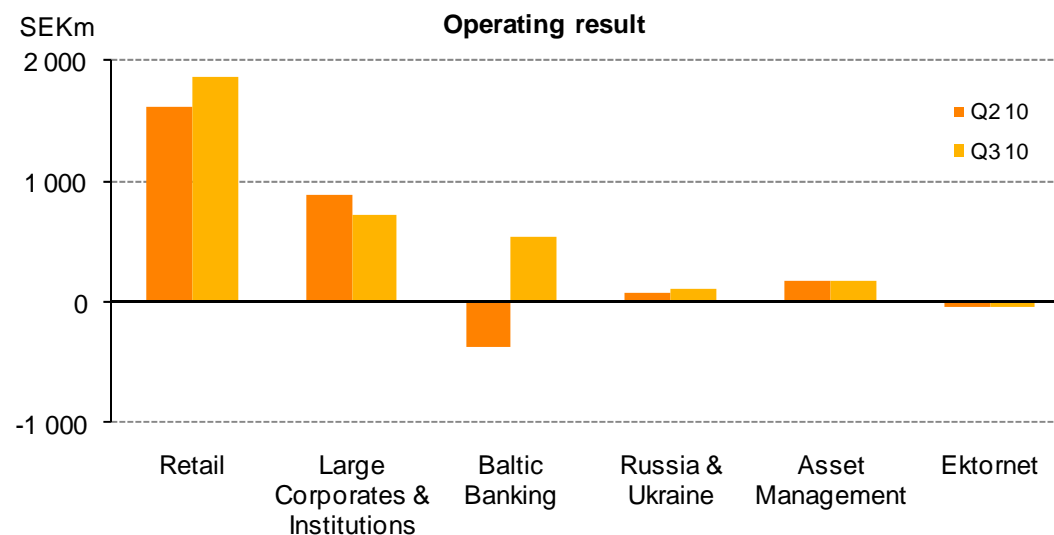
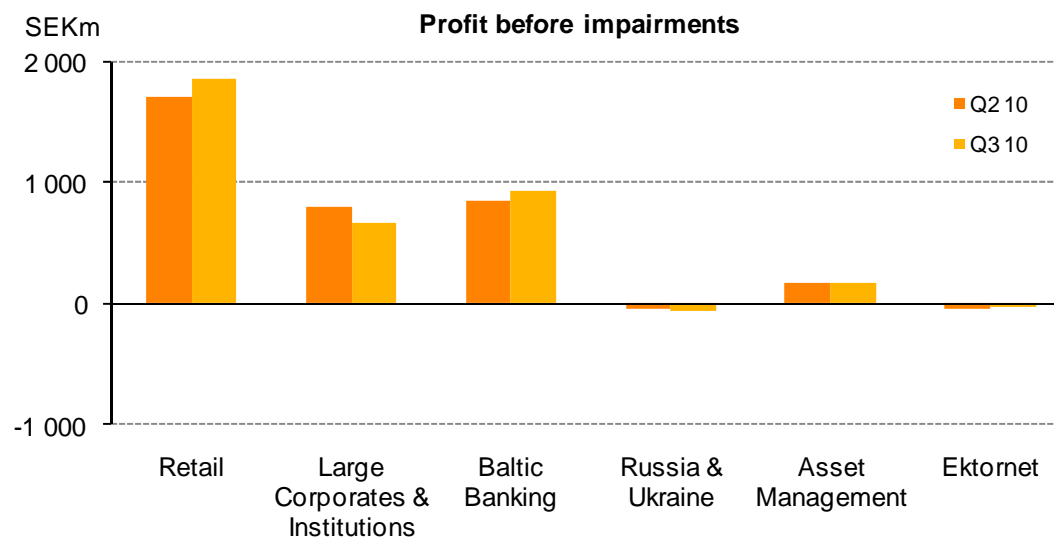
- Increased NII and seasonally lower costs
- Increased market share in new mortgage lending
- New in-principle framework agreement with savings banks

Large Corporates & Institutions

- Slow trading activity
- Stable corporate lending volumes

Baltic Banking

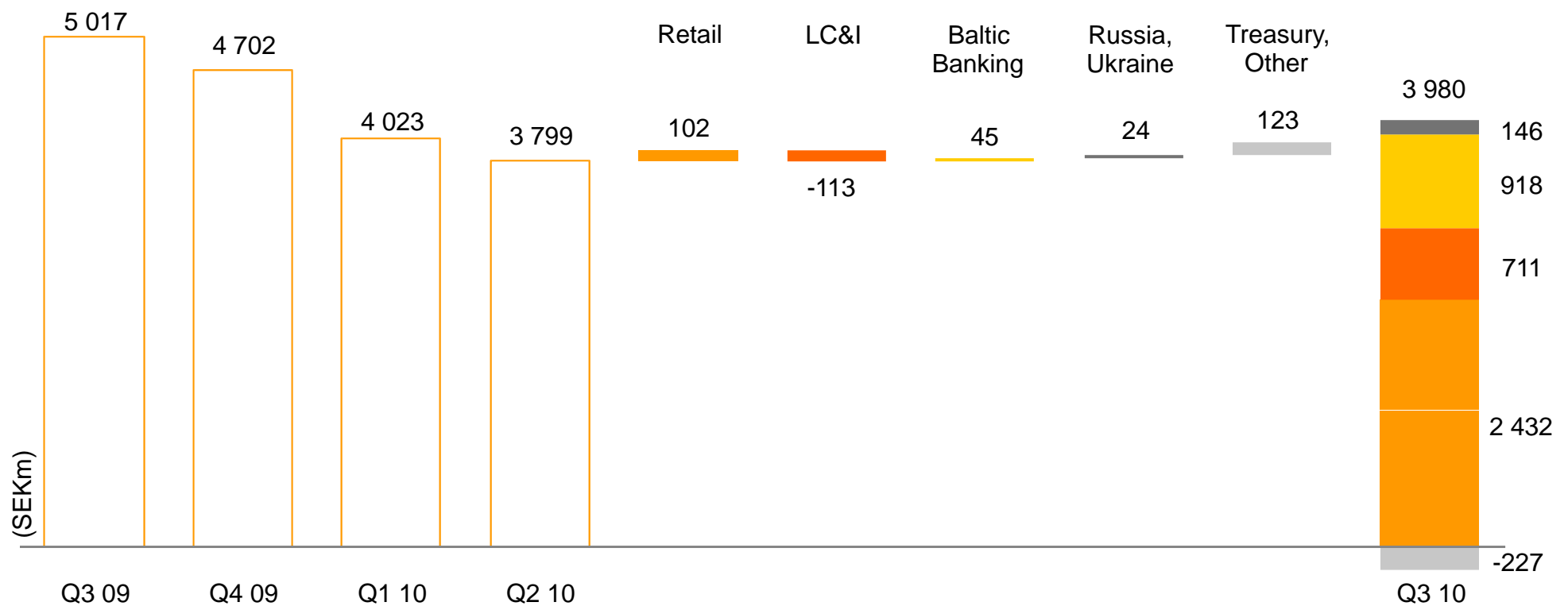
- NII supported by lower domestic rates
- Deleveraging in Baltic Banking continues
- Decreasing credit impairment trend



Net interest income

Improved NII

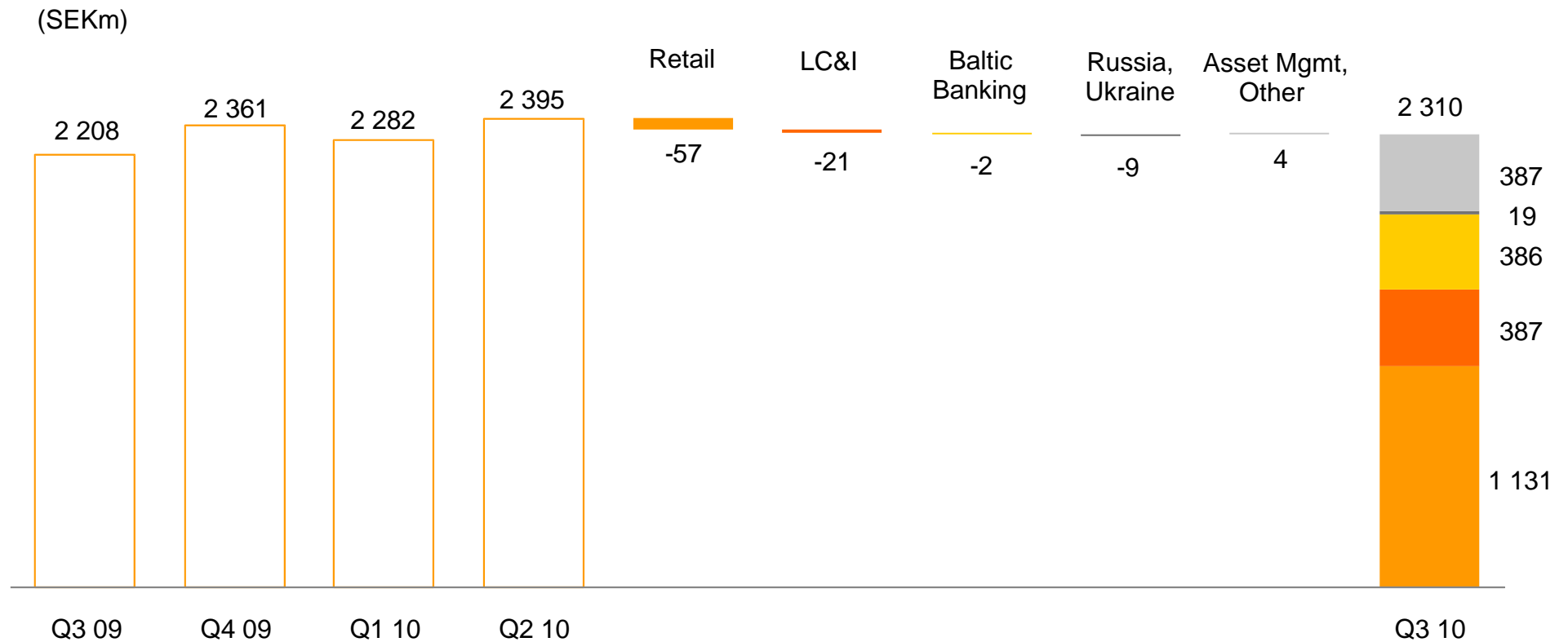
- Retail showed increased volumes and improved margins
- LC&I lower activity levels
- Treasury deficit reduced by funding mismatch effects



Net commission income

Stable commission income

- Strong card and payment volumes
- Lower brokerage and corporate finance fees

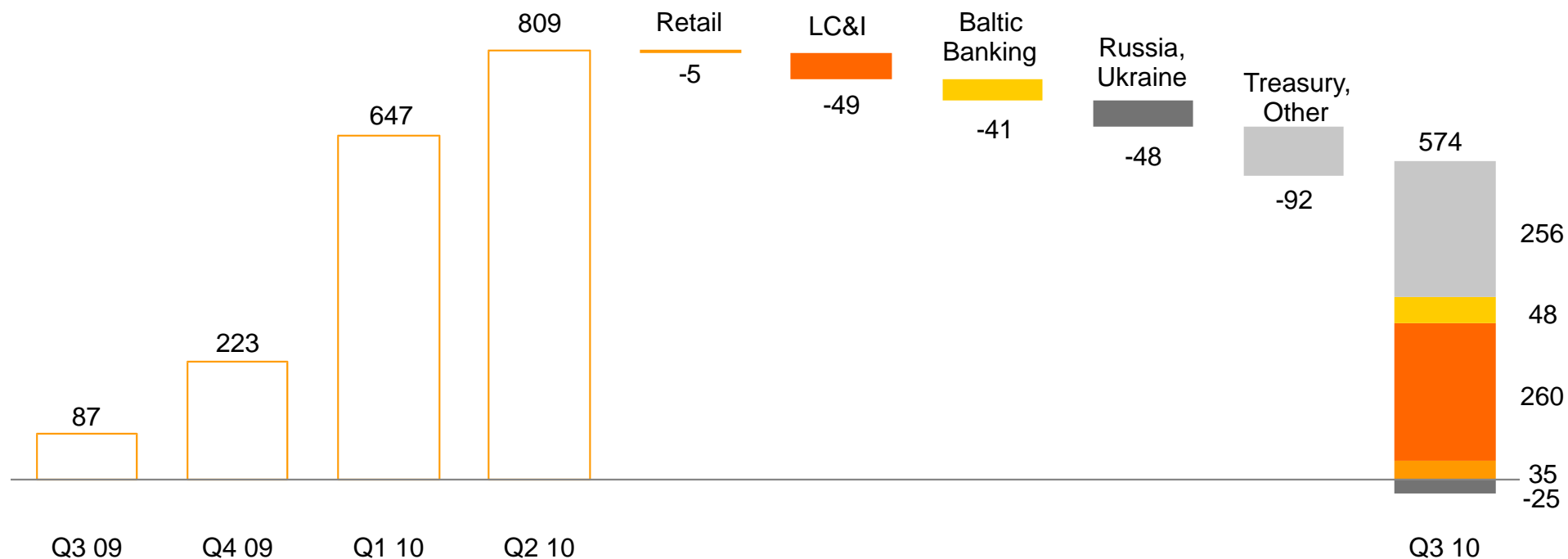


Net gains/losses on financial items, fair value

Supported by valuation effects

- Low trading activities
- FX losses in Ukraine
- Funding related valuation effects in Group Treasury still high

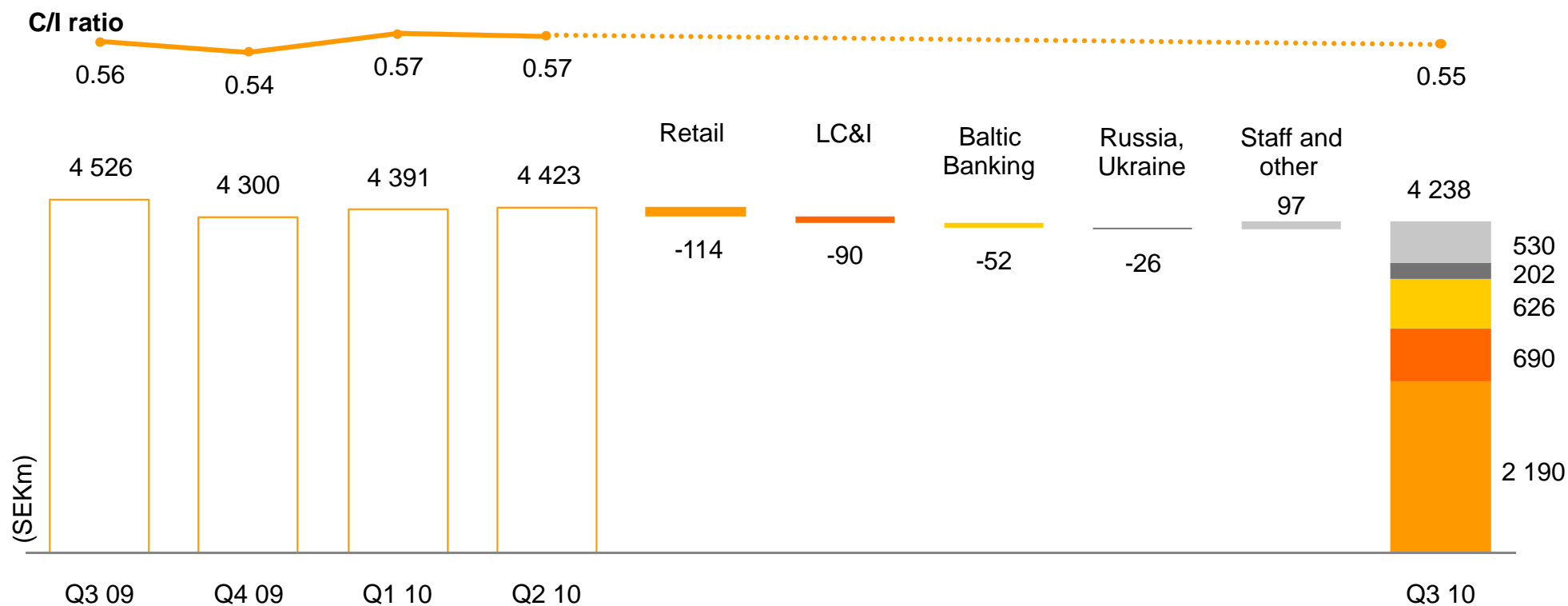
(SEKm)



Expenses

Expenses seasonally lower

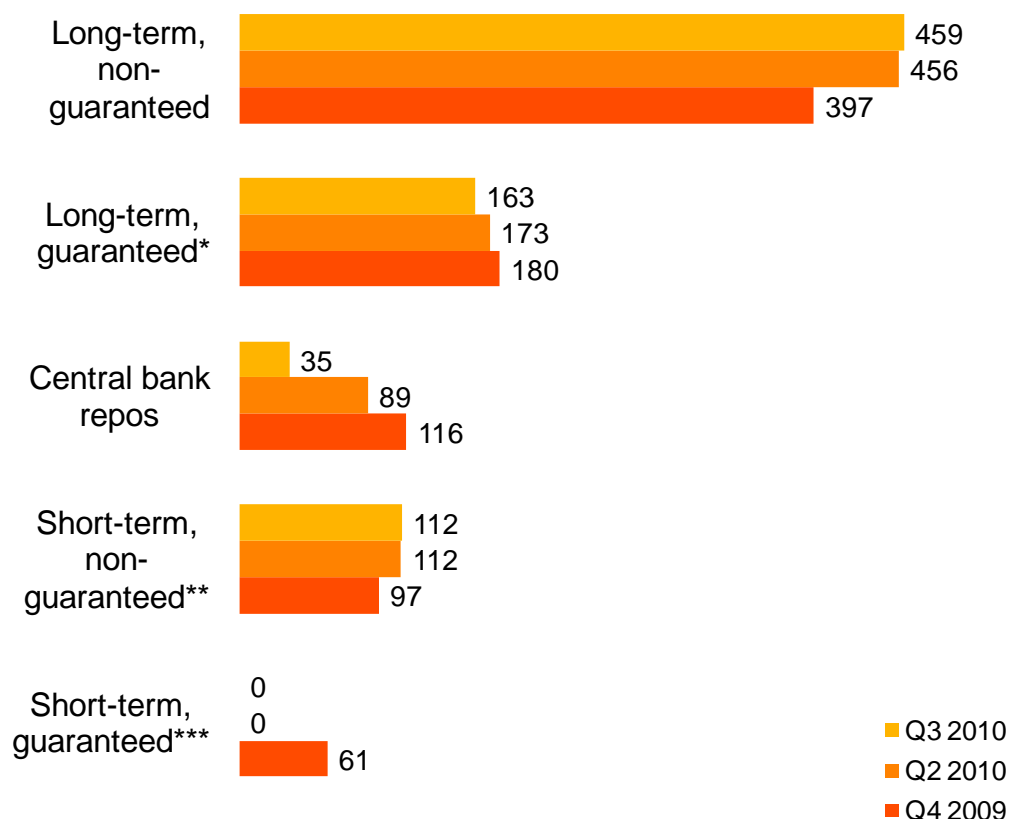
SEKm	Q3 10	Q2 10	%
Staff costs	2 261	2 282	-1
Variable staff costs	19	141	-87
Other expenses	1 958	2 000	-2
Total expenses	4 238	4 423	-4



Solid wholesale funding activity continues

- YTD term funding of SEK 190bn, of which SEK 40bn during the third quarter
- Remaining maturities of SEK 42bn in Q4, out of SEK 137bn in total maturities for the full year 2010 (nominal values)
- SEK 159bn of central bank repos and guaranteed funding were redeemed during the first nine months of 2010
- Average maturity of all wholesale funding of 28 months, 38 months for covered bonds (nominal value)

Outstanding wholesale funding
(nominal SEKbn)



* Issued with more than 12 month maturity
 ** Including interbank deposits
 *** Issued with less than 12 month maturity

Third quarter 2010 results

Income statement

SEKm	Q3 10	Q2 10	QoQ %	YTD 10	YTD 09	YoY%
Income	7 647	7 772	-2	23 086	26 800	-14
Expenses	4 238	4 423	-4	13 052	13 548	-4
Profit before impairments	3 409	3 349	2	10 034	13 252	-24
Total impairments	173	1 091		3 524	21 040	
Operating profit	3 236	2 258	43	6 510	-7 788	
Tax expense	638	672	-5	1 779	866	105
Profit attributable to shareholders	2 591	1 567	65	4 694	-8 707	
Return on equity, %	11.3	7.0		6.9	-14.1	
Cost-income ratio	0.55	0.57		0.57	0.51	
Loan-deposit ratio, %	233	229		233	257	
Core Tier 1 capital ratio, %*	13.4	12.7		13.4	9.9	
Risk-weighted assets *	559.7	579.4		559.7	607.5	

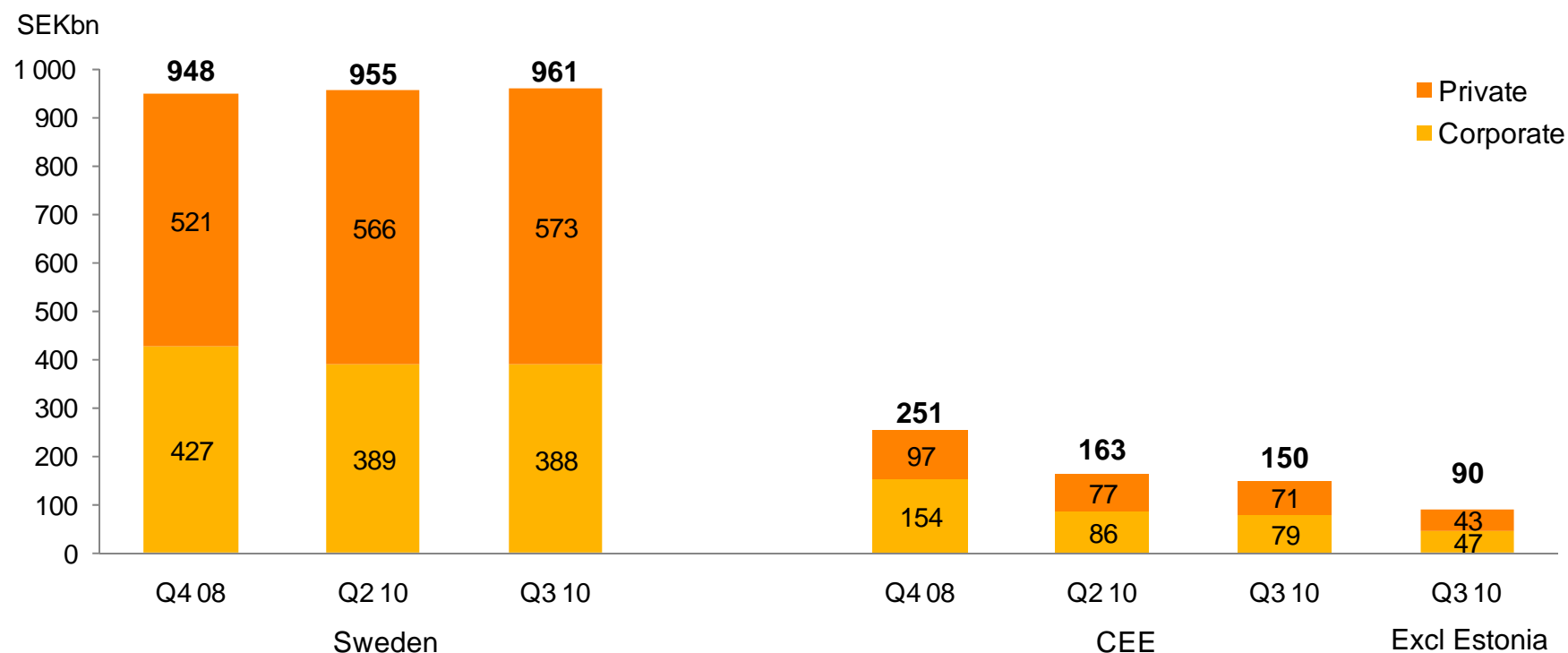
* Basel 2

Continues to improve

- Asset quality indicators in the right direction
 - Impaired loans
 - 60 days overdue
 - Restructured loans
 - Watch list
- } All declining
- Well provided for within existing problem areas
 - Positive rating migration in Sweden, stable in the Baltic countries
 - Significant RWA reduction
 - Business activity increasing

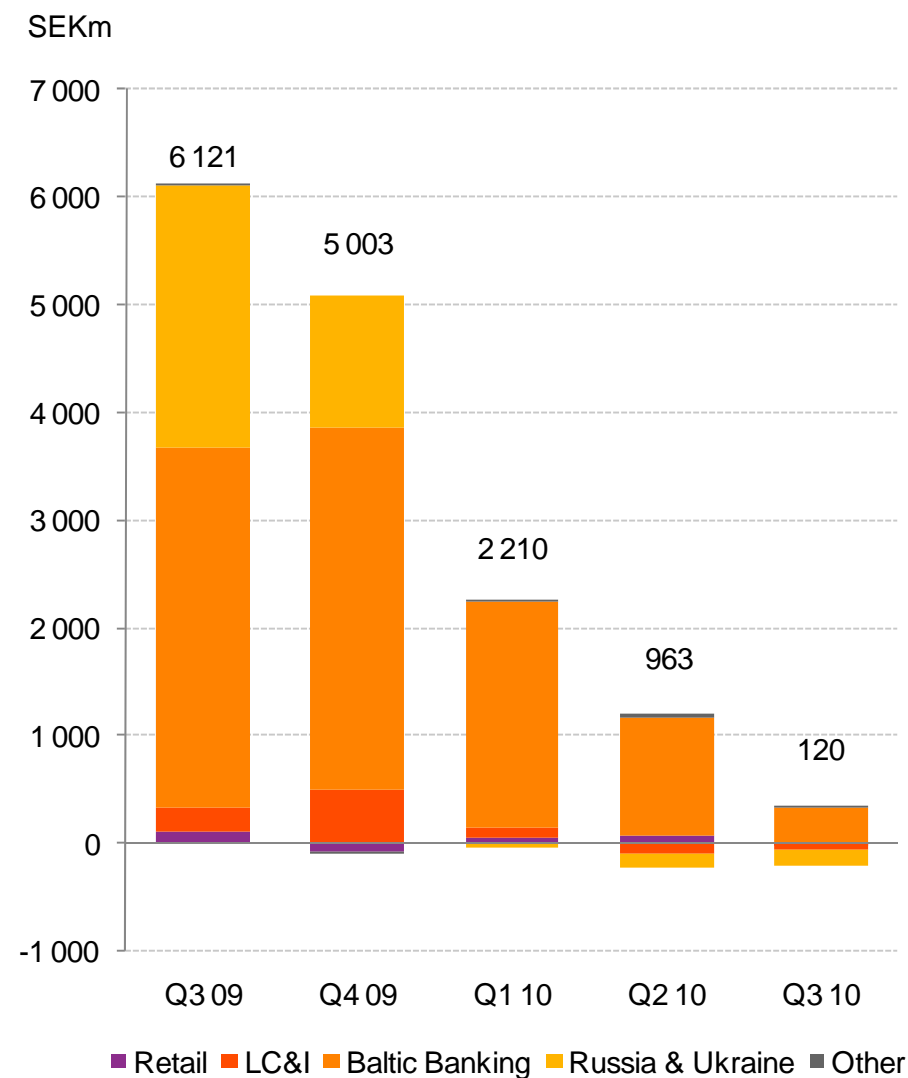
Volumes

- CEE lending decreased partly due to SEK 7.5bn FX effect
- Continued relative shift from corporate to private in Sweden



Credit impairments significantly reduced

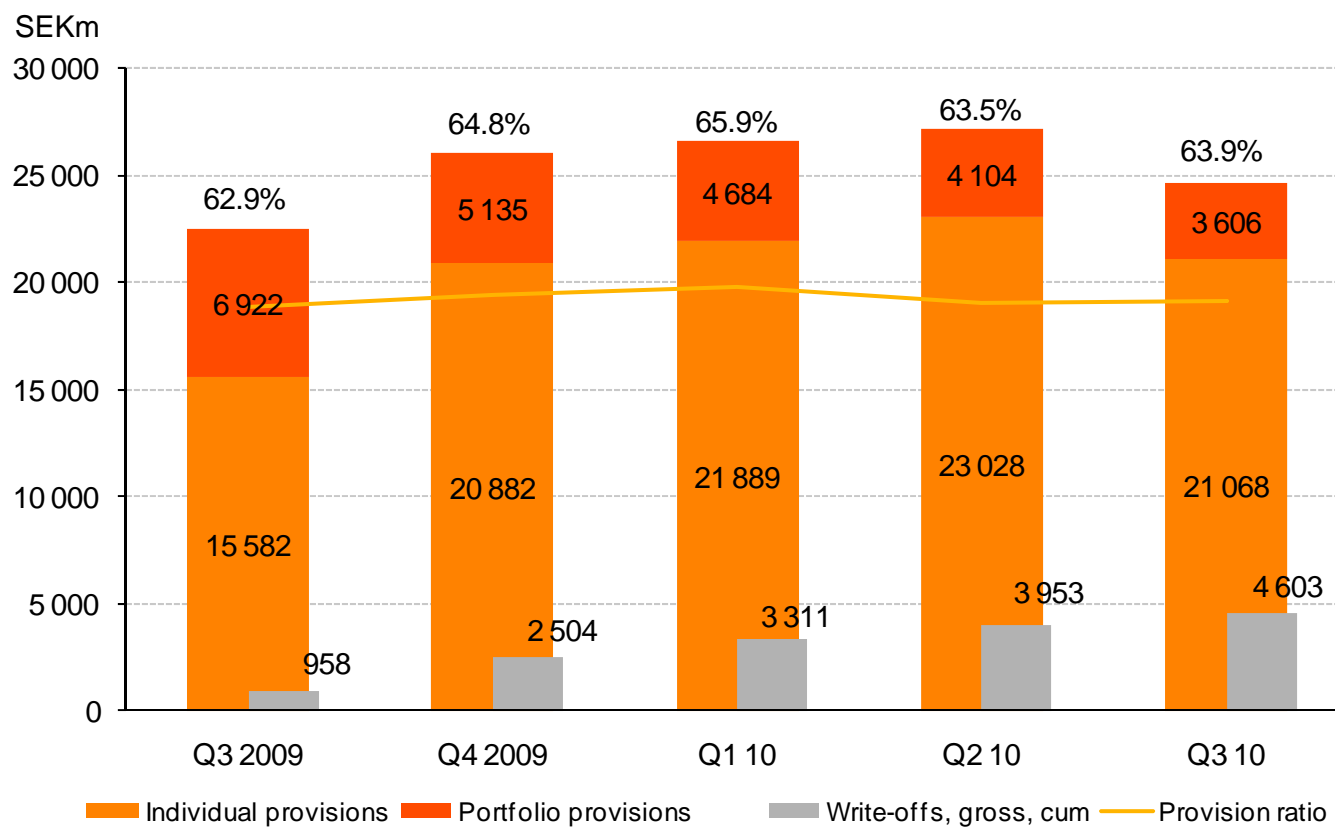
- Sweden small reversals
- Baltic countries
 - Credit impairments in Latvia
- Recoveries in Russia and Ukraine



Asset quality

Provisions

- Provision ratio levels maintained

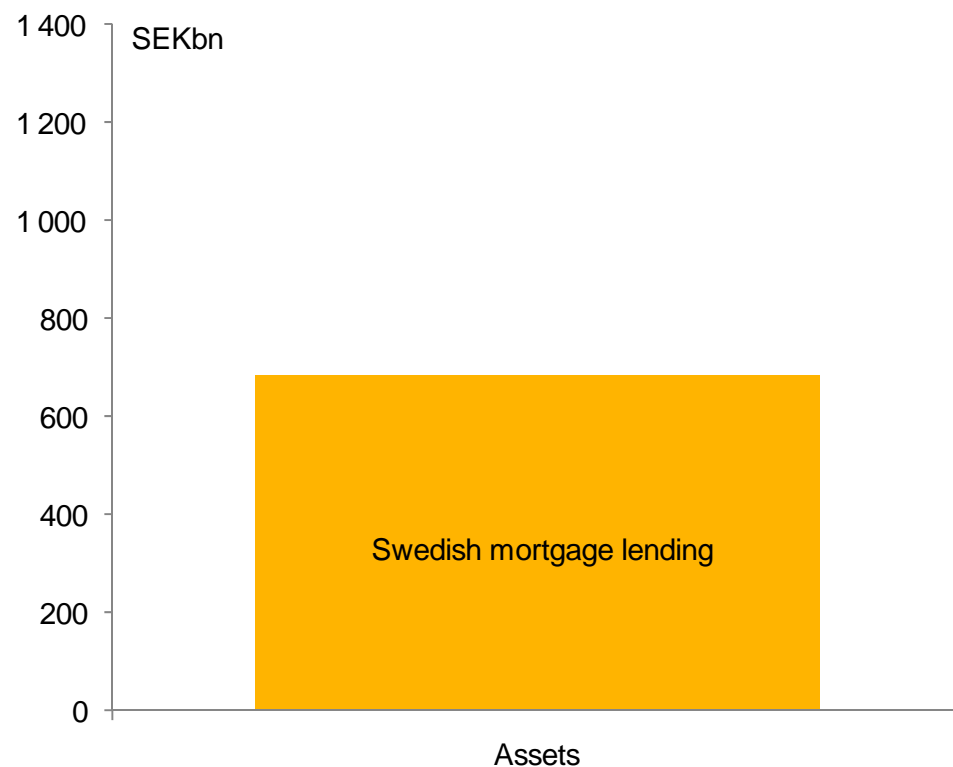


Provision ratios Q3 10

Retail	87%
LC&I	92%
Baltic Banking	61%
Russia	58%
Ukraine	66%
Group	64%

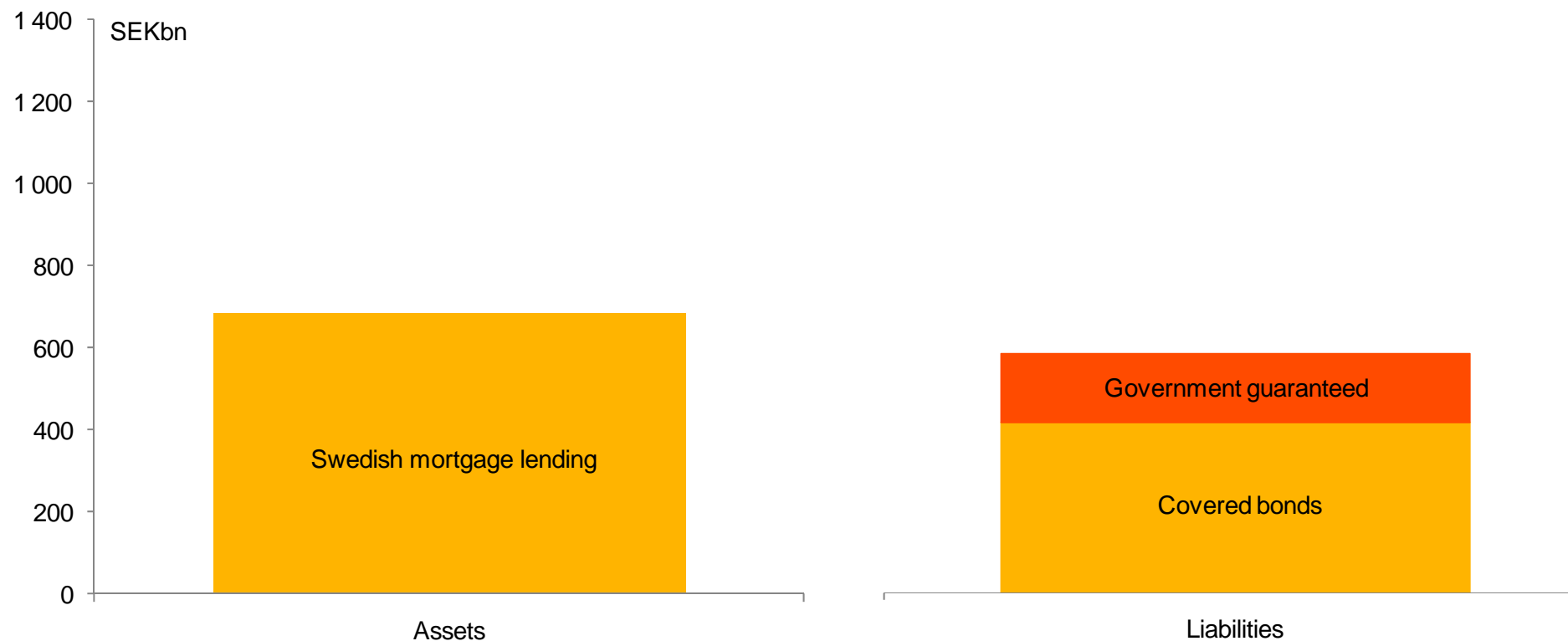
Simplified core balance sheet

- High quality mortgage portfolio – low LTV
- Limited impact under severe economic conditions
- Strategy – preserve quality and AAA rating



Swedish mortgage lending funded by covered bonds

- High quality mortgage portfolio
- Limited impact under severe economic conditions
- Strategy – preserve quality and AAA rating
- Government guaranteed funding expected to be replaced largely by covered bonds



Other Swedish and Nordic lending

- Stress test real estate related – very high resilience
- Strategy – Improve risk adjusted return, increased diversification



Other Swedish and Nordic lending funded with deposits

- Stress test real estate related – very high resilience
- Strategy – Improve risk adjusted return, increased diversification
- Funded with large deposit base



CEE lending

- CEE lending decreased substantially since end 2008
- ICAAP stress test show significant resilience
- Estonia to adopt the euro – becomes different risk category
- Strategy – selective reductions, LTD restriction



Limited need of senior unsecured funding

- Large and stable deposit base
- High quality Swedish mortgage portfolio



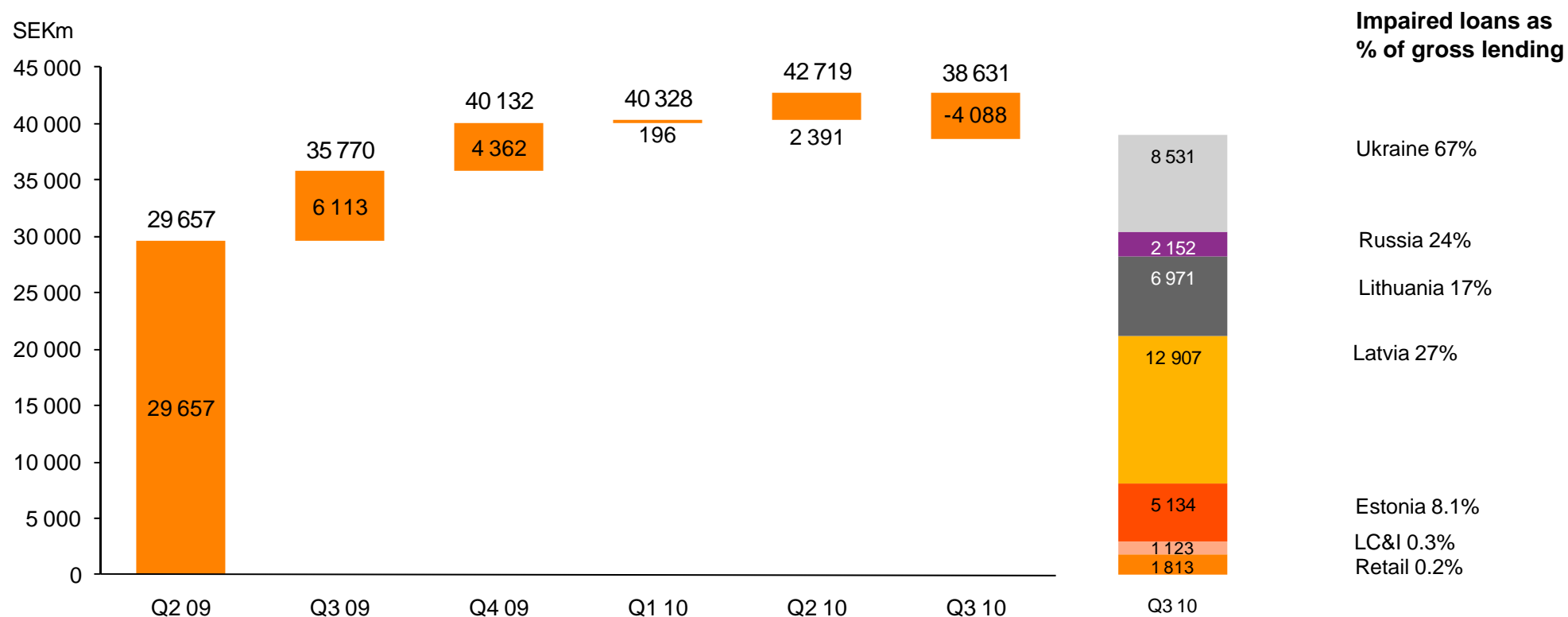


Appendix

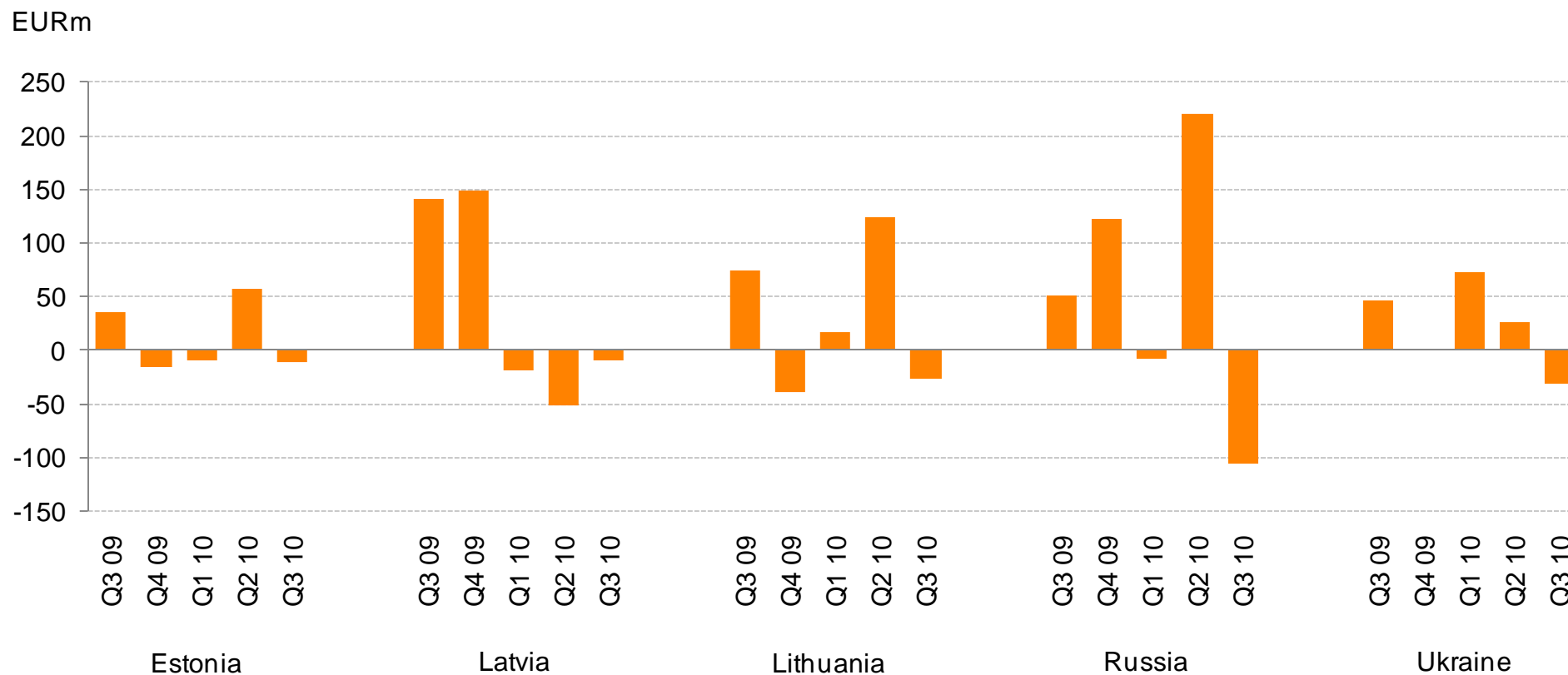
Asset quality

Impaired loans decreased by SEK 4bn

- Without FX effect down SEK 1.5bn
- Underlying decreases mainly relate to the Baltic countries

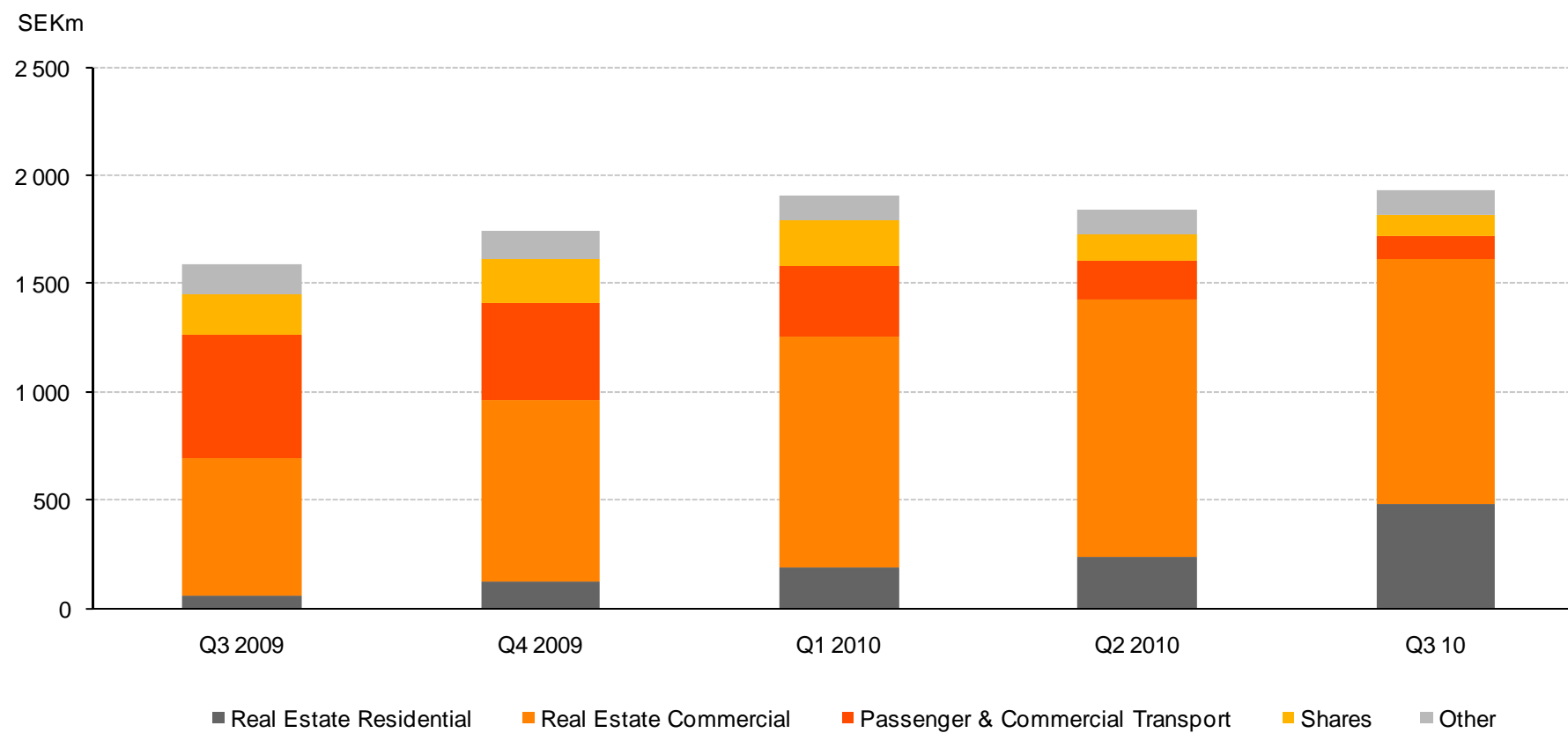


Loans past due 60 days – performance Q/Q

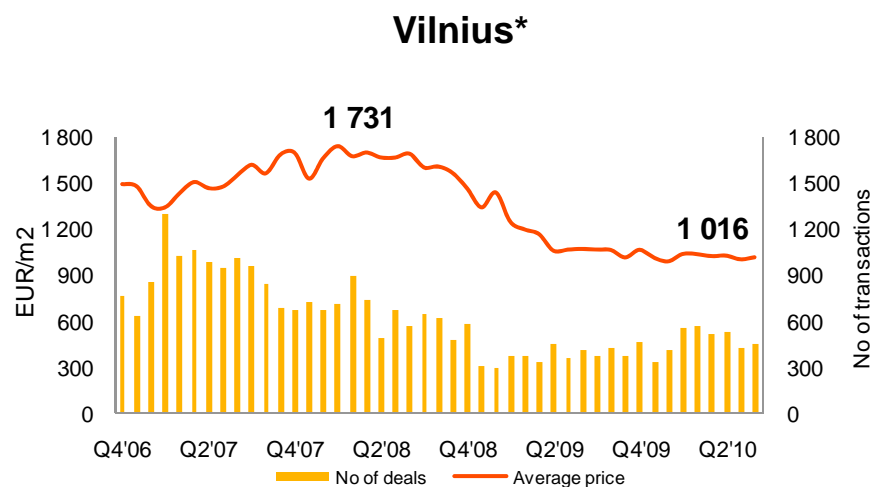
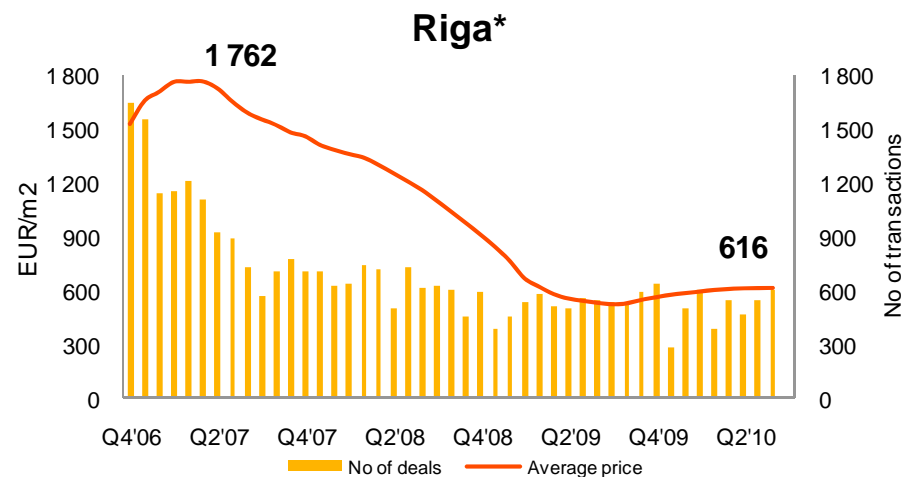
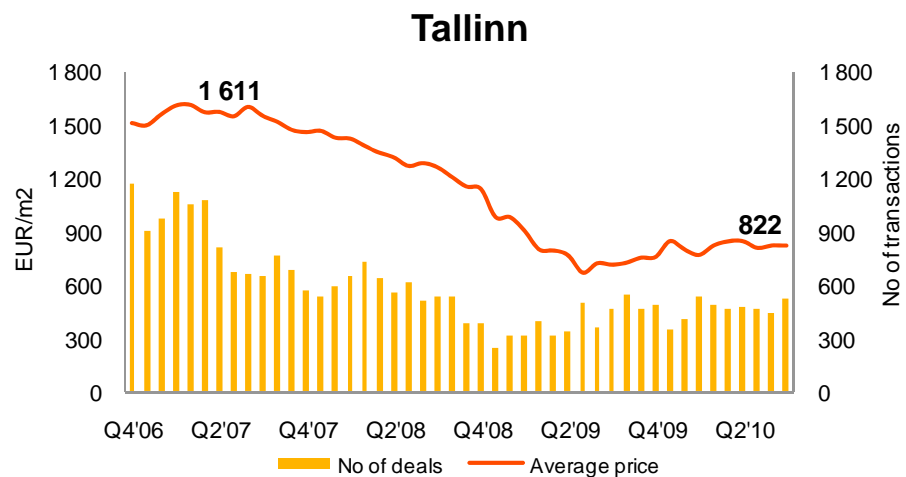


Asset quality

Reposessed assets



Real estate prices

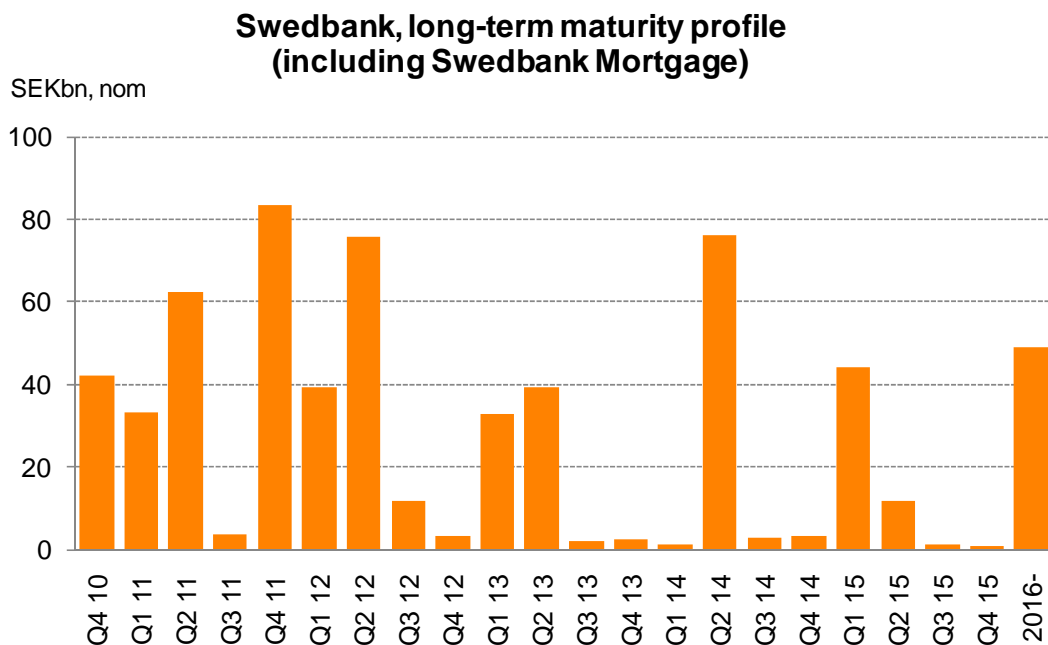


* Data as of August 2010

Liquidity & Funding

Long-term funding

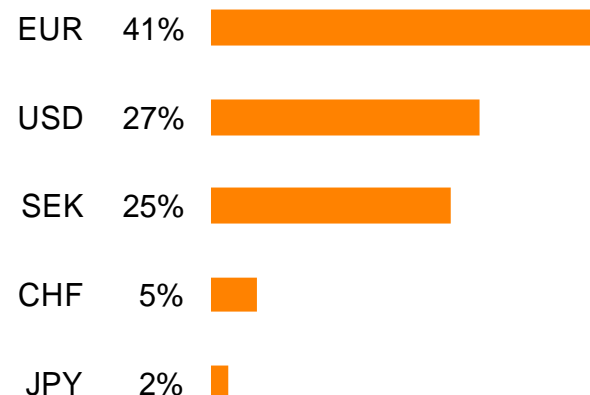
- SEK 42bn (nominal value) of remaining term funding maturities in Q4
- Continued focus on covered bonds with YTD issuance of SEK 164bn
- YTD issued SEK 26bn in senior unsecured and structured funding
- Average maturity of wholesale funding of 28 months, covered bonds of 38 months (nominal value)
- SEK 180bn (nominal value) in maturities during 2011



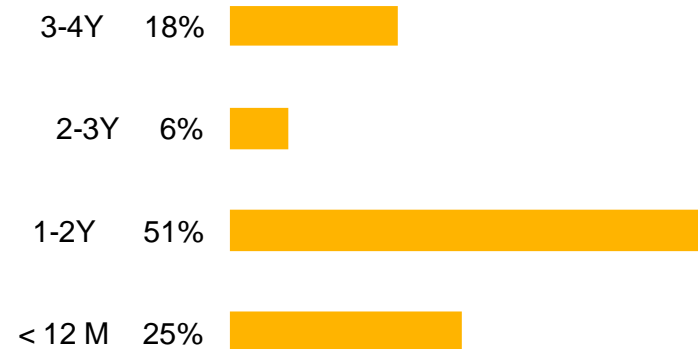
Remaining funding under the Swedish guarantee programme

- Swedbank exited the guarantee programme on 30 April 2010
- No issuance under the programme as of August 2009
- Outstanding guaranteed funding decreased during the third quarter by SEK 10bn to SEK 163bn (nominal value), mainly due to FX effects

Currency distribution



Maturity distribution



Cover pool and covered bond funding sources

As per Q3 2010

Total pool size	SEK 626bn
Geographic distribution	Sweden 100%
Average seasoning	56 months
Average LTV ^{1, 2}	
– WA LTV on property level	58%
Non-performing loans ³	None
Types of loans	
– Residential mortgages	90.8%
– Public	2.3%
– Commercial	0.1%
– Forest and Agriculture	6.8%
Fixed /Floating interest loans ⁴	
– Fixed	51%
– Floating ⁵	49%
Average loan size	SEK 413 441
Number of loans outstanding	1 514 910
Dynamic pool	Yes

¹ Index valuation as of 31 May 2010

² Maximum LTV: Residential 75%, Commercial 60%, Forest and Agriculture 70%

³ Past due loans > 60 days are not eligible for the cover pool

⁴ Distribution by origination

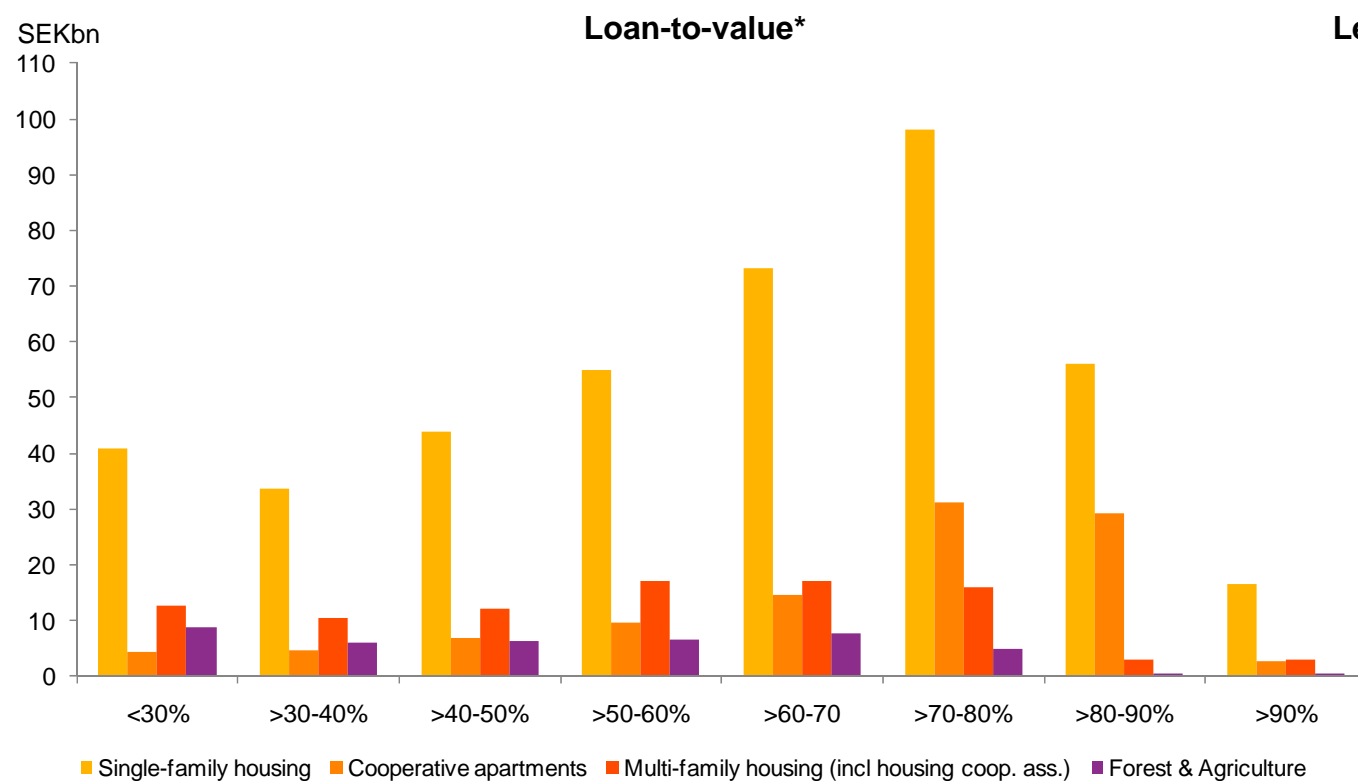
⁵ Floating interest loans < 365 days

Source: Swedbank

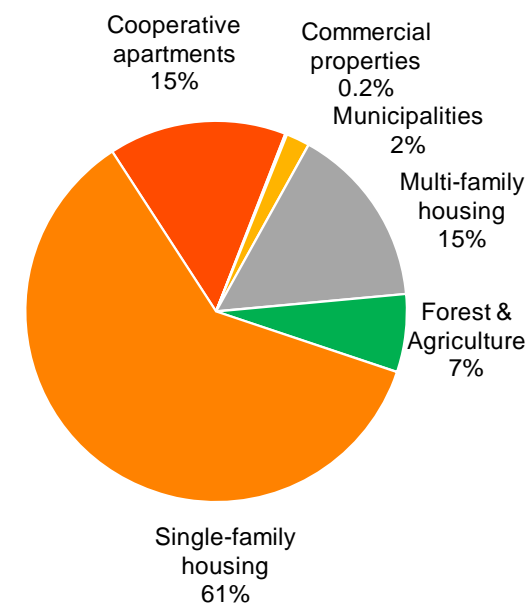
- AAA/Aaa Rating from S&P and Moody's
- Unlimited domestic covered bond programme, through tap system
- EUR 25bn EMTN covered bond programme
- SEK150bn domestic MTN covered bond programme
- Unlimited Norwegian covered bond programme
- Registered covered bonds
- In addition to public deals, private placements are executed through all programmes mentioned above

Swedbank Mortgage total loan portfolio of SEK 687bn

- 100% of lending in Sweden
- 90% in residential lending
- Average LTV of 46% (loan level) 61% (property level*). Cover pool 43% and 58% respectively.



Lending distributed by collateral



*From Q3 2010 the LTV distribution in the graph is changed from "loan level" to "property level"