

Interim report January – September 2009

20 October 2009

Michael Wolf, CEO
Erkki Raasuke, CFO
Göran Bronner, CRO



Successful rights offering

- SEK 15.1bn rights offering completed
- Strong support from shareholders and other investors
 - subscription level of 187.9%
- Ensures our position as a well capitalised bank
- Improves our competitive strength
- Funding position improved

Continued focus on short-term priorities

Asset quality

- First signs of growth rate of impaired loans levelling off
- Ektorget to protect long-term shareholder value

Earnings capacity

- Risk adjusted pricing process continues
- Capacity adjustment according to plan

Liquidity and funding

- Improved market conditions
- SEK 50bn long-term funding issued outside state guarantee

Capital management

- Rights offering
- Risk-weighted assets reduced by SEK 44bn

Next step

Evolving our strategy – to be presented at Q4

- Recognising the new environment favouring traditional banking model
- Building on our strengths
 - The preferred partner for the many households, companies and institutions in Sweden, Estonia, Latvia and Lithuania
 - Benefit from our heritage
- From conglomerate to a unified group

Results by business area

Mixed performance

Swedish Banking

Continued solid performance, limited impairment losses

Baltic Banking

Weak net interest income development, lower growth rate in impaired loans

International Banking

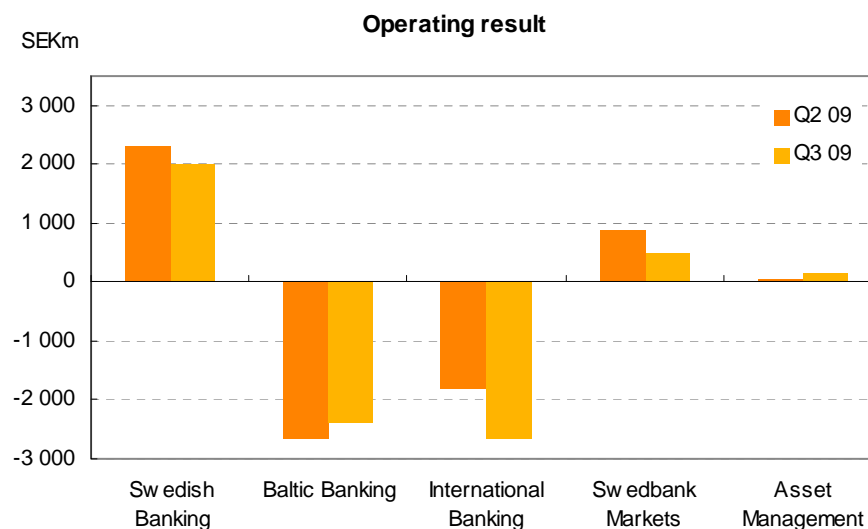
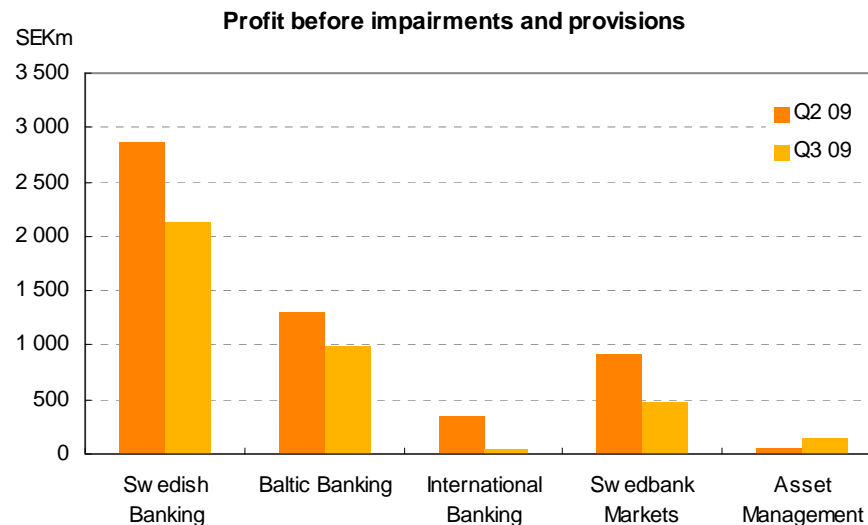
High impairment losses in Ukraine, Challenging regulatory environment

Swedbank Markets

Seasonal lower earnings, strong Y/Y trend

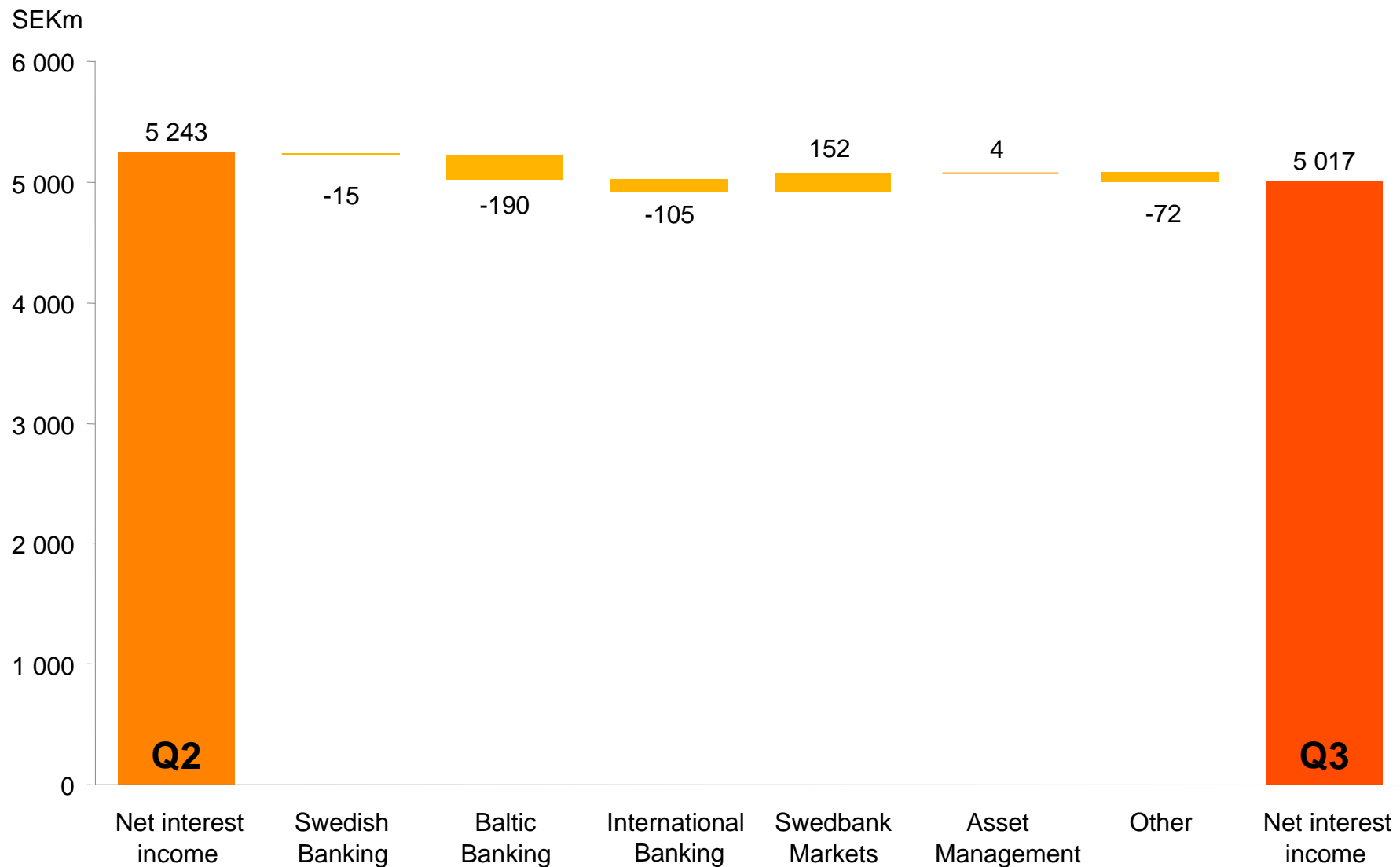
Asset Management

Strong equity markets increased fee income, new sales market share trending up



Earnings capacity – Net interest income

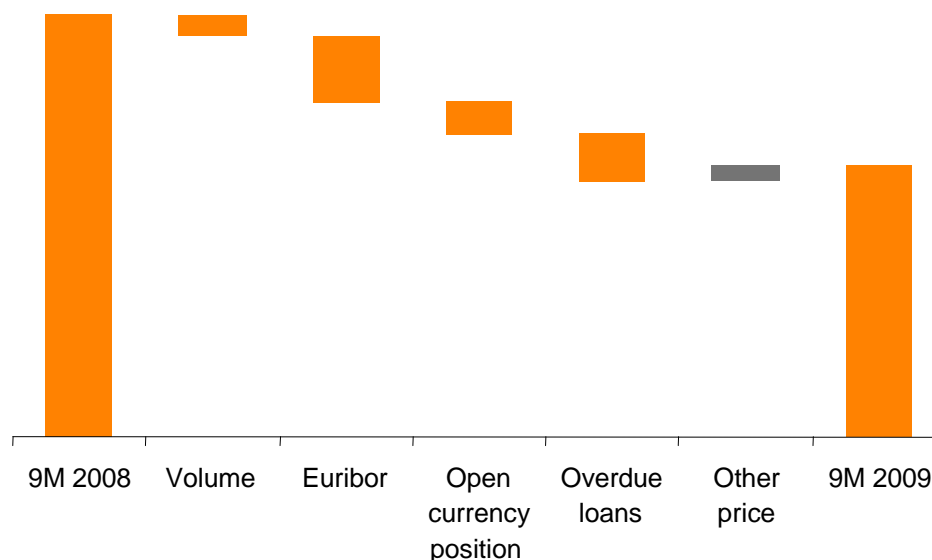
Continued headwind in Baltic and International Banking



NII short-term pressure

- Stabilisation fee in Sweden
- Low euro interest rates
- Overdue loans in Baltic Banking and International Banking
- Open currency position in Baltic Banking
- Deleveraging in Baltic Banking and International Banking

Change in NII - Baltic Banking



NII medium-term support

- Largest pool of demand deposits
- Open currency position in Baltic Banking
- Repricing of lending portfolios

Net gains and losses

High volatility

- Valuation effects Swedbank Mortgage (partly offset by NII)
- Long UAH position affects International Banking (partly offset in balance sheet)
- Lower seasonal earnings in Markets (but stronger NII)

SEKm	Q3 09	Q2 09	Q3 08
Swedish Banking	-233	73	-121
Baltic Banking	201	241	81
International Banking	-198	20	-37
Swedbank Markets	268	890	-184
Asset Management	14	13	-18
Shared Services and Group Staffs	35	-481	169
Eliminations	0	-46	1
Swedbank Group	87	710	-109

Capacity adjustments according to plan

Planned FTE reduction	actual Q3 09	H2 09	H1 10
Swedish Banking	-35	0	-450
Baltic Banking	-474	-690	-250
International Banking	-192	-660	-670
Other	-13	NA	NA
Total	-714	-1 350	-1 370

Tax charge of SEK 734m – higher than normalised

SEKm	Q3 09	Q2 09	Q1 09	YTD 2009
Ukrainian Banking	248	62	-408	-98
Baltic Banking	-159	-542	-265	-966
Rest of Group	645	625	660	1 930
Swedbank Group	734	145	-13	866

Third quarter results 2009

Income statement

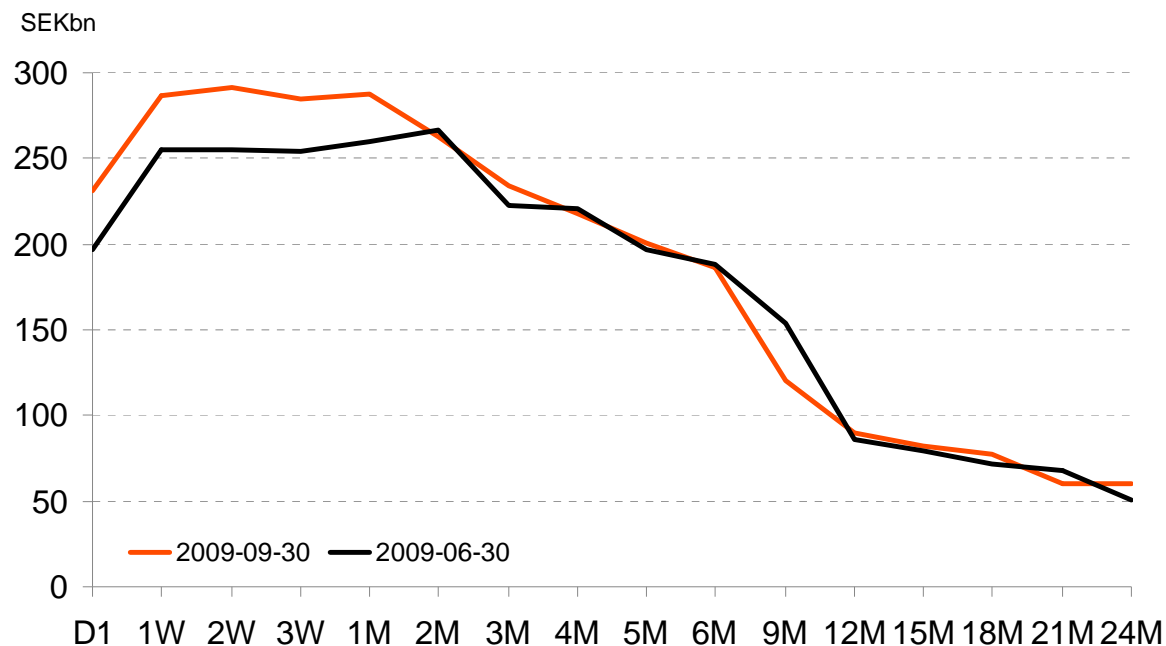
SEKm	Q3 2009	Q2 2009	Change
Net interest income	5 017	5 243	-226
Net commission income	2 208	1 970	238
Net gains/losses on financial items, fair value	87	710	-623
Other income	830	1 311	-481
Total income	8 142	9 234	-1 092
Staff costs	2 241	2 289	-48
Profit-based staff costs	207	-7	214
Other expenses	2 078	2 121	-43
Total expenses	4 526	4 403	123
Profit before impairments	3 616	4 831	-1 215
Impairment of tangible assets	77	8	69
Impairment losses on loans and other credit risk provisions	6 121	6 672	-551
Operating result	-2 582	-1 849	-733
Tax expense	734	145	589
Result for the period	-3 316	-1 994	-1 322
Result for the period attributable to: Shareholders of Swedbank AB	-3 337	-2 012	-1 325

Liquidity & Funding

Liquidity for more than 24 months

- Satisfactory liquidity situation
- Liquid assets of more than SEK 230bn of which about SEK 50bn in untapped covered bond pool

Stress test of liquidity as of 30 September 2009*



* Stress test main assumptions:
- no access to funding markets
- access to central banks

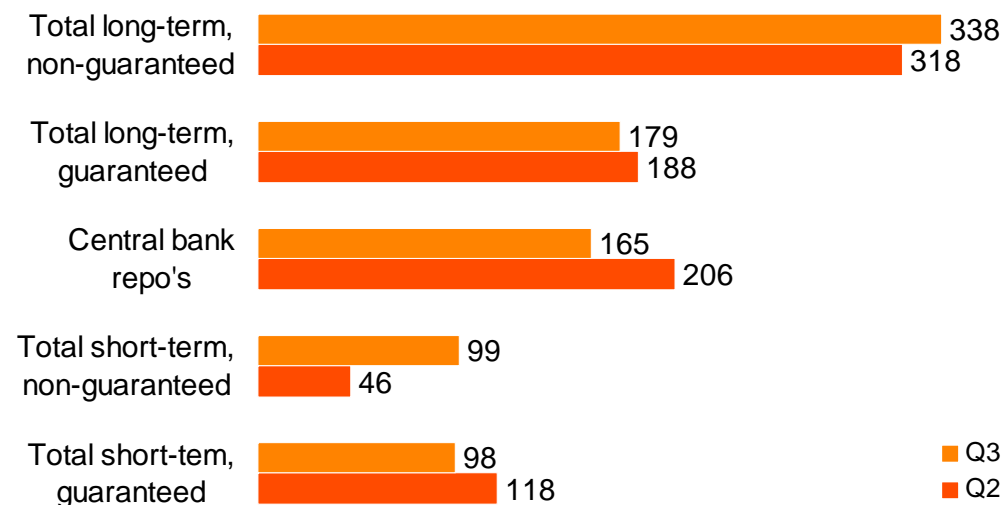
Liquidity & Funding

Improved access to market funding

- New funding issued in Q3
 - SEK 51bn of long-term debt, of which SEK 1bn was guaranteed
 - SEK 53bn of short-term debt (non-guaranteed), including Interbank lending and depo
- No long-term guaranteed funding issued since mid-July
- Central bank repos decreased by SEK 41bn to SEK 165bn
- Average maturity of wholesale funding further extended to 20 months

Outstanding wholesale funding

SEKbn, notional value

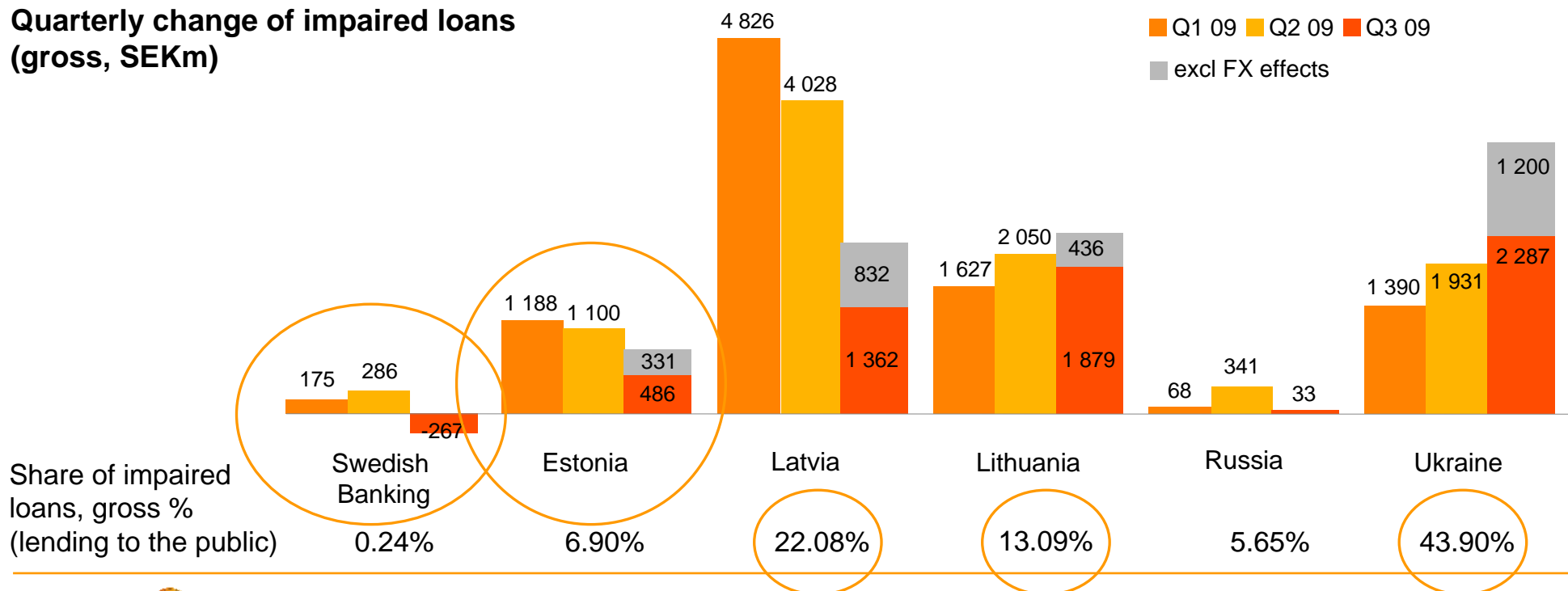


Asset quality

Impaired loans as expected

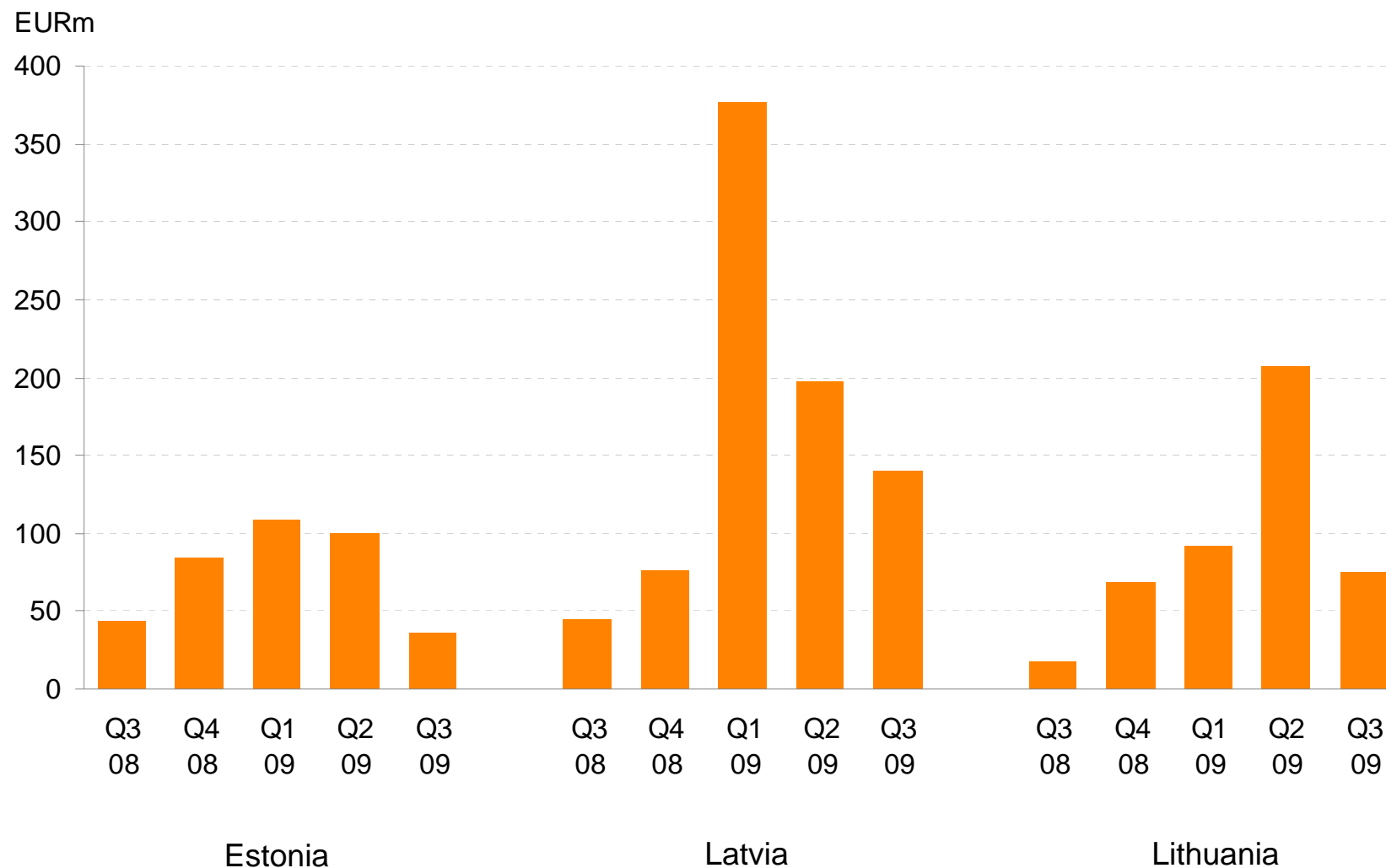
- Impaired loans increased by SEK 6.1bn
 - excl FX effects SEK 8.9bn
 - Sweden: continued very low levels
 - Estonia: clearly best quality in the Baltic countries
 - Latvia, Lithuania and Ukraine: continued weak development

Quarterly change of impaired loans
(gross, SEKm)



Asset quality

Quarterly change of 60-day overdue loans in the Baltics – growth rate slowing



Asset quality

Provisions – work-out units at full speed

- Impairment losses on loans were SEK 6.1bn in Q3 and SEK 19.6bn for the period Jan-Sep
- Provision ratios
 - Sweden 99%
 - Baltics 51%
 - Ukraine 92%
 - Russia 79%

} 63%
- Group collective provisions reallocated in Lithuania and Estonia, and partly in Ukraine, SEK 2bn
- Total provisions of SEK 22.5bn, whereof SEK 6.9bn group collective
- Write-offs, net, of SEK 783m in Q3 (YTD SEK 1 610m)

Asset quality

Restructuring work – progressing well

- Work-out units operating at full speed
 - More than 70% of the weak portfolio in the Baltic countries has active business plans, 100% at year-end
 - Foreclosure process needs improvement
- Ukraine
 - Main part of weak portfolio processed
 - Provision ratio slightly reduced
- Sweden still resilient
- Provision ratio over the cycle 30 – 50%

Asset quality

Ektornet – to protect long-term shareholder value

- Subsidiary of Swedbank AB to manage repossessed assets
- Independent organisation and processes
- Mainly corporate real estate related assets
- Fully operational at year-end
- Business plan for each asset
- Experienced CEO appointed
- Repossessed assets of SEK 5-15bn are expected to be acquired by Ektornet by year-end 2011

Capital management

Risk-weighted assets (RWA) – continued reduction

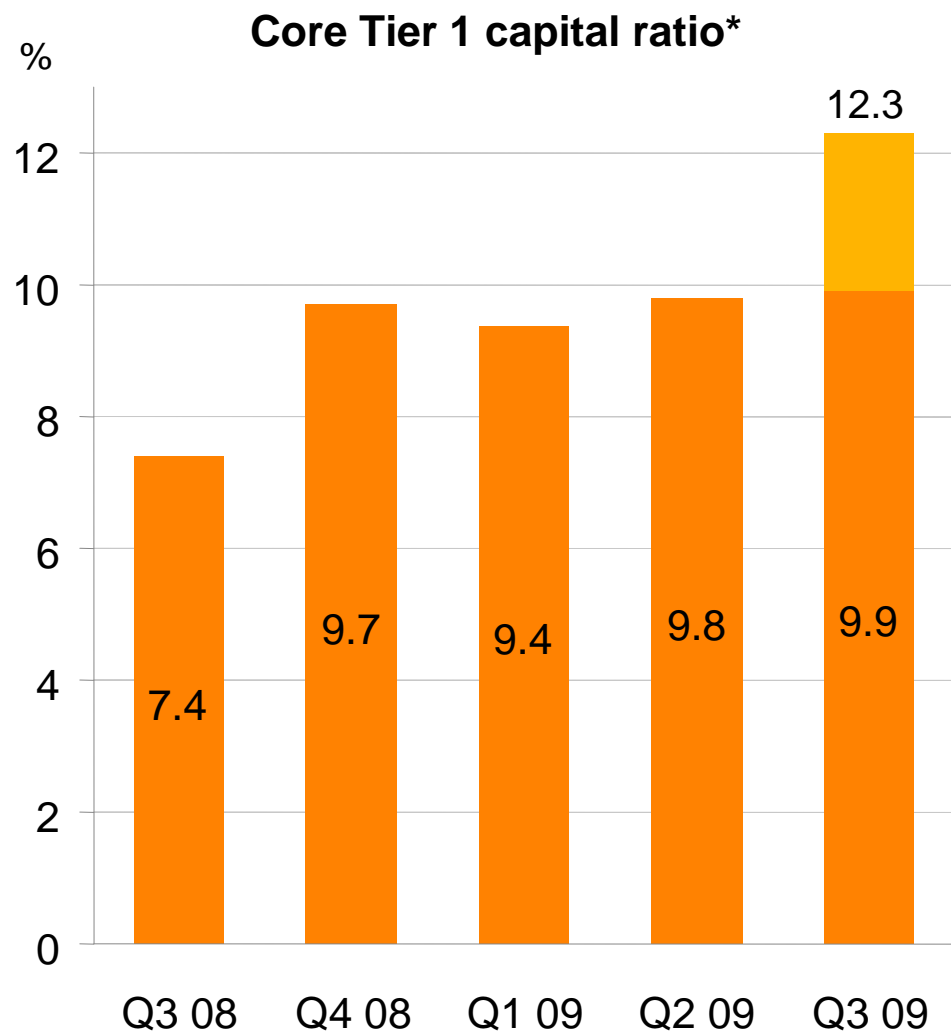
- RWA reduced by SEK 44bn during Q3

Lending volumes	-22
Improved processes and collateral position	-6
Market risk	2
FX	-18

- Continued focus on capital efficiency
 - Focus on core customers

Capital management

Resilient capital ratios despite high provisions



Core Tier 1 capital ratio* YE 08	9.68%
Result	loss: SEK8.7bn
	-1.24%
RWA reduction	+1.27%
Other	+0.20%
Core Tier 1 capital ratio* Q3 09	9.91%
Rights issue	2.39%
Pro forma core Tier 1 capital ratio* Q3 09	12.30%

* According to full Basel II

Appendix

Balance sheet

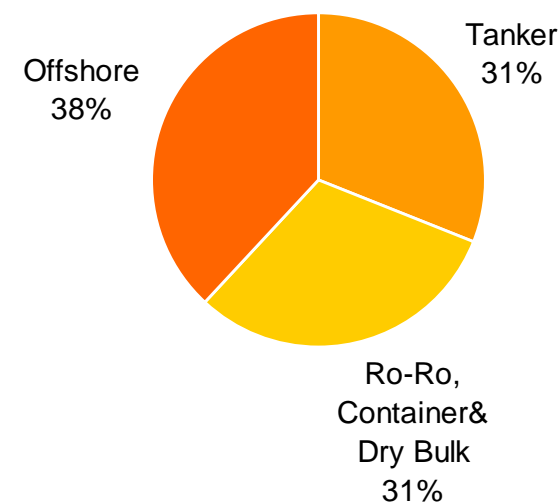
Swedbank Group SEKm	Sep 09	Dec 08	%
Loans to credit institutions	148 354	128 536	15%
Loans to the public	1 244 800	1 287 424	-3%
Interest-bearing securities	190 701	133 694	43%
Shares and participating interests	81 152	60 182	35%
- for which customers bear the investment risk	72 170	51 638	40%
Derivatives	82 860	128 055	-35%
Other assets	66 936	73 799	-9%
Total assets	1 814 803	1 811 690	0%
Amounts owed to credit institutions	303 627	316 730	-4%
Deposits and borrowings from the public	476 819	508 456	-6%
Debt securities in issue	674 926	593 365	14%
Financial liabilities for which customers bear the investment risk	73 716	52 074	42%
Derivatives	87 305	116 720	-25%
Other liabilities and provisions	81 183	93 128	-13%
Subordinated liabilities	40 327	44 755	-10%
Equity	76 900	86 462	-11%
- Non-controlling interest	252	232	9%
- Equity attributable to shareholders	76 648	86 230	-11%
Total liabilities and equity	1 814 803	1 811 690	0%

Exposure FAQ

- The so-called Lehman exposure was USD 1 415m as of 2009-09-30
 - The exposure consists of real estate loans to 50 borrowers, with collateral in 53 properties
 - 12 borrowers are in default
 - The aggregated nominal value of loans is well above the amount of the exposure
 - Updated analysis during the third quarter shows no current need for provisions

Exposure FAQ

- Private equity related exposure is SEK 14bn
 - Nordic related LBOs
 - 99% senior lending
 - Largest sector is health care, about 45%
 - No impairment losses during the third quarter
- Lending exposure to shipping sector is SEK 18bn plus unutilised commitments of SEK 8bn
 - Portfolio duration is 4y
 - Average fleet age is 7y
 - 12% is dry bulk
 - 3% is car carriers
 - Strong employment profiles
 - No impairment losses during the third quarter

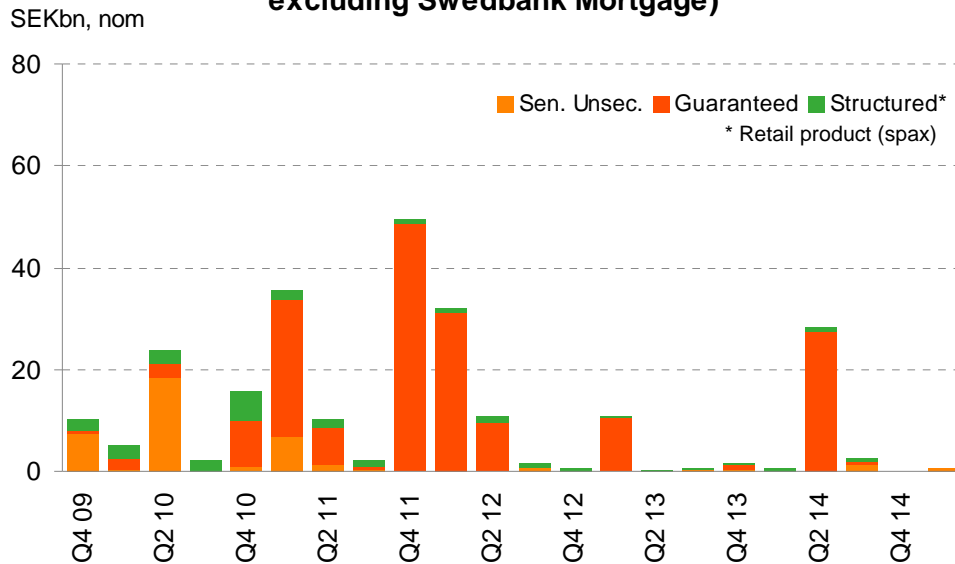


Liquidity & Funding

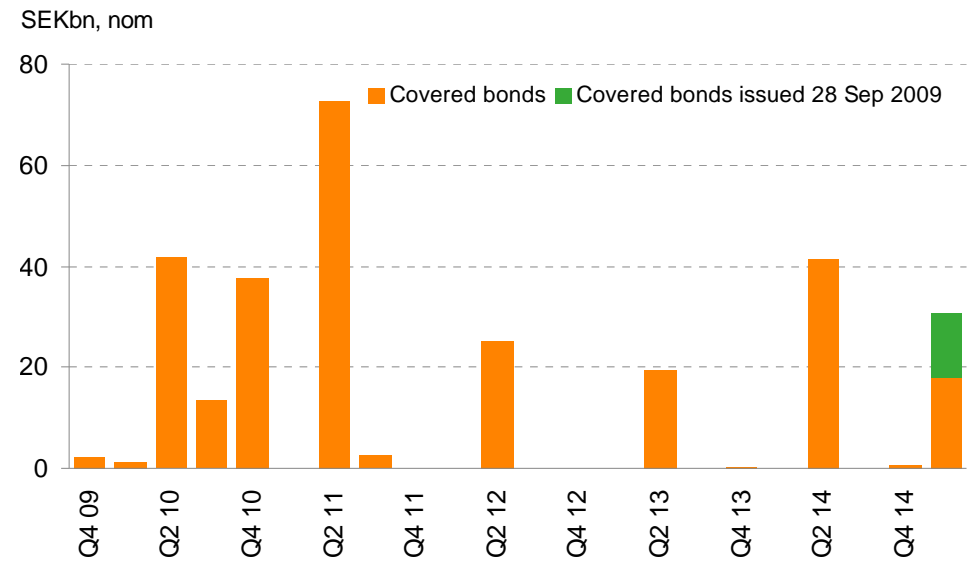
Long-term funding

- In Q3 Swedbank issued SEK 51bn of covered bonds and senior unsecured bonds and had maturities of SEK 12bn
- SEK 1bn issued in government guaranteed bonds
- Average maturity of wholesale funding further extended to 20 months
- Maturities of SEK 100bn over next 12 months

Swedbank AB, long-term maturity profile
excluding Swedbank Mortgage)



Swedbank Mortgage, long-term maturity profile



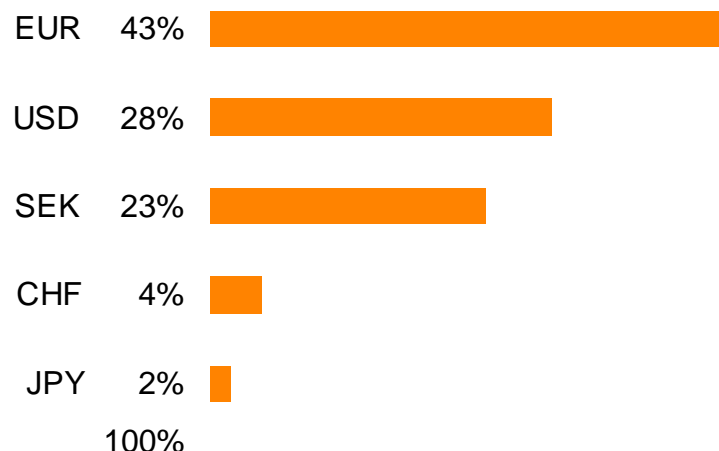
Liquidity & Funding

Funding under the Swedish guarantee programme

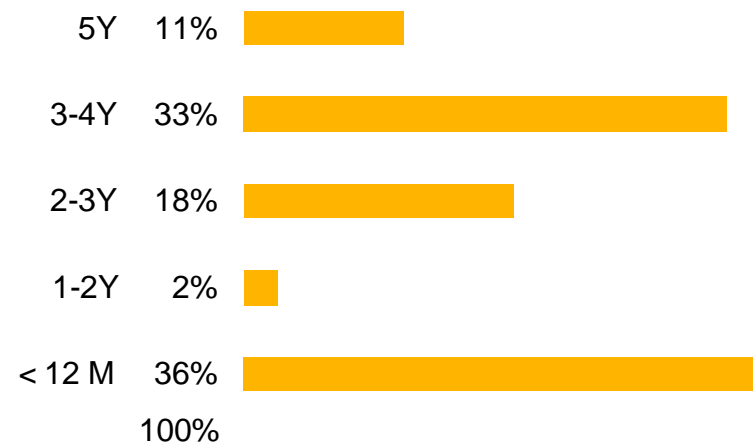
(total outstanding as of 30 September, notional SEK 277bn)

- Total outstanding long-term guaranteed funding decreased by SEK 9 bn to SEK 179bn primarily due to FX changes
- During Q3, Swedbank issued less than SEK 1bn of long-term debt under the Swedish guarantee programme
- Total outstanding short-term guaranteed funding decreased by SEK 20bn to SEK 98bn, also includes FX changes
- The National Debt Office is prolonging the government guarantee to 30 April 2010 – Swedbank will continue to participate in the guaranteed programme but does not intend to issue any substantial volumes

Currency distribution

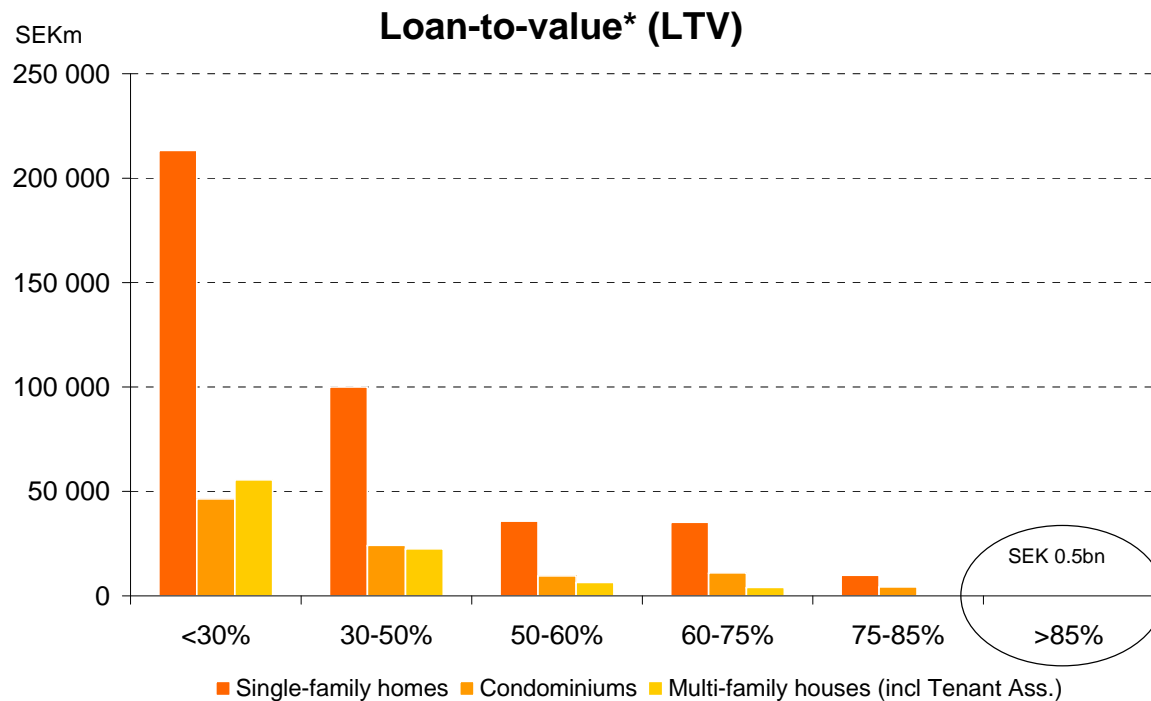


Maturity distribution

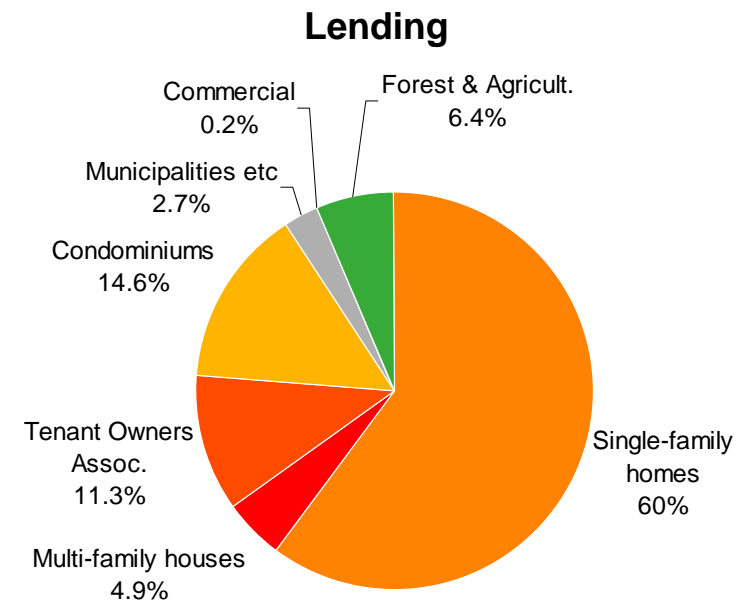


Swedbank Mortgage, 30 Sep 2009, total loan portfolio SEK 658bn, notional amount

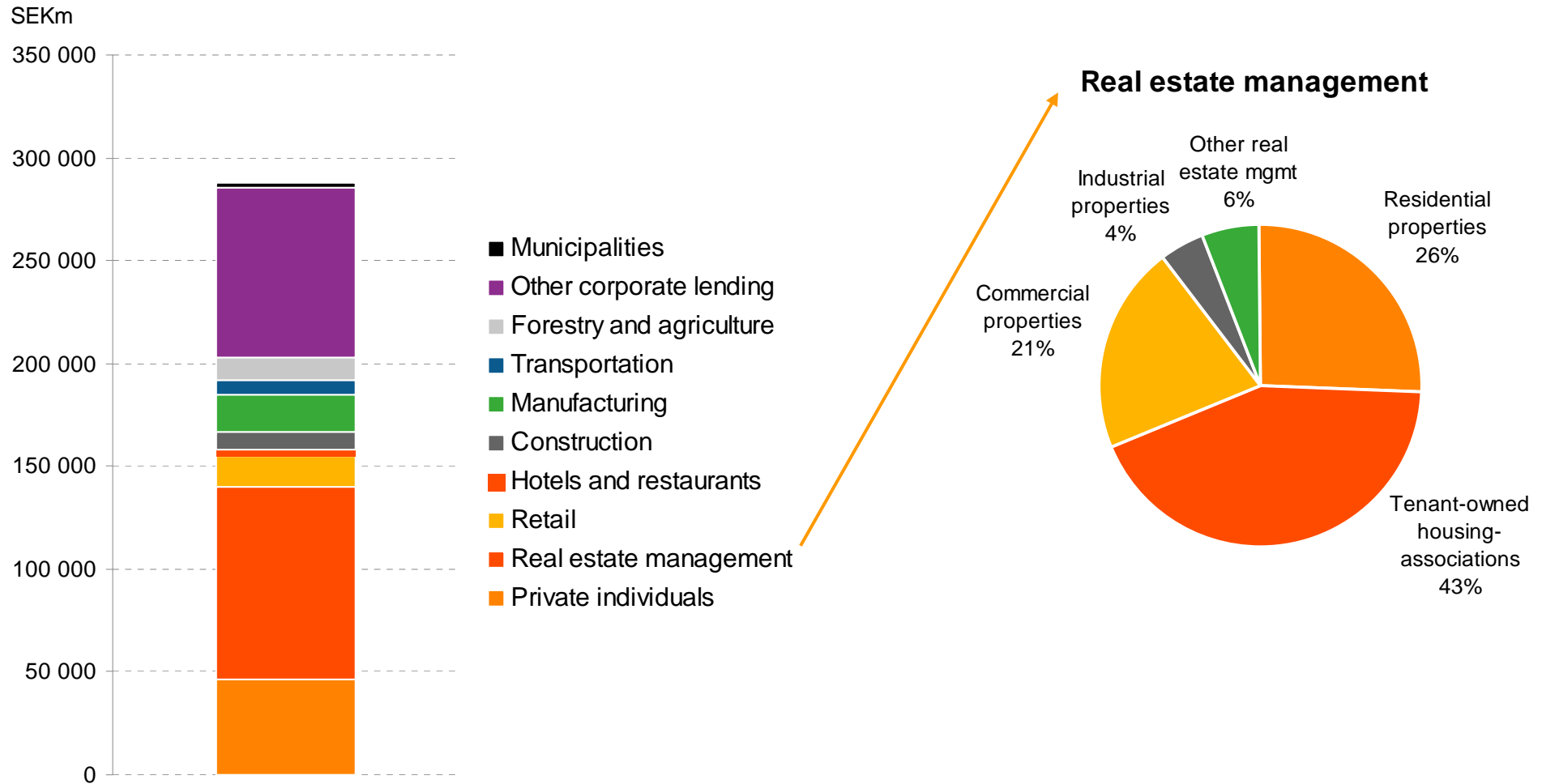
- 100% lending – Swedish properties
- More than 90% residential lending
- Average LTV* of 45% in Swedbank Mortgage (cover pool 43%)
- 80% of the total lending book within a loan-to-value ratio below 50%



*LTV calculated on a loan-by-loan level



Swedish Banking lending to the public, excluding Swedbank Mortgage, SEK 288bn



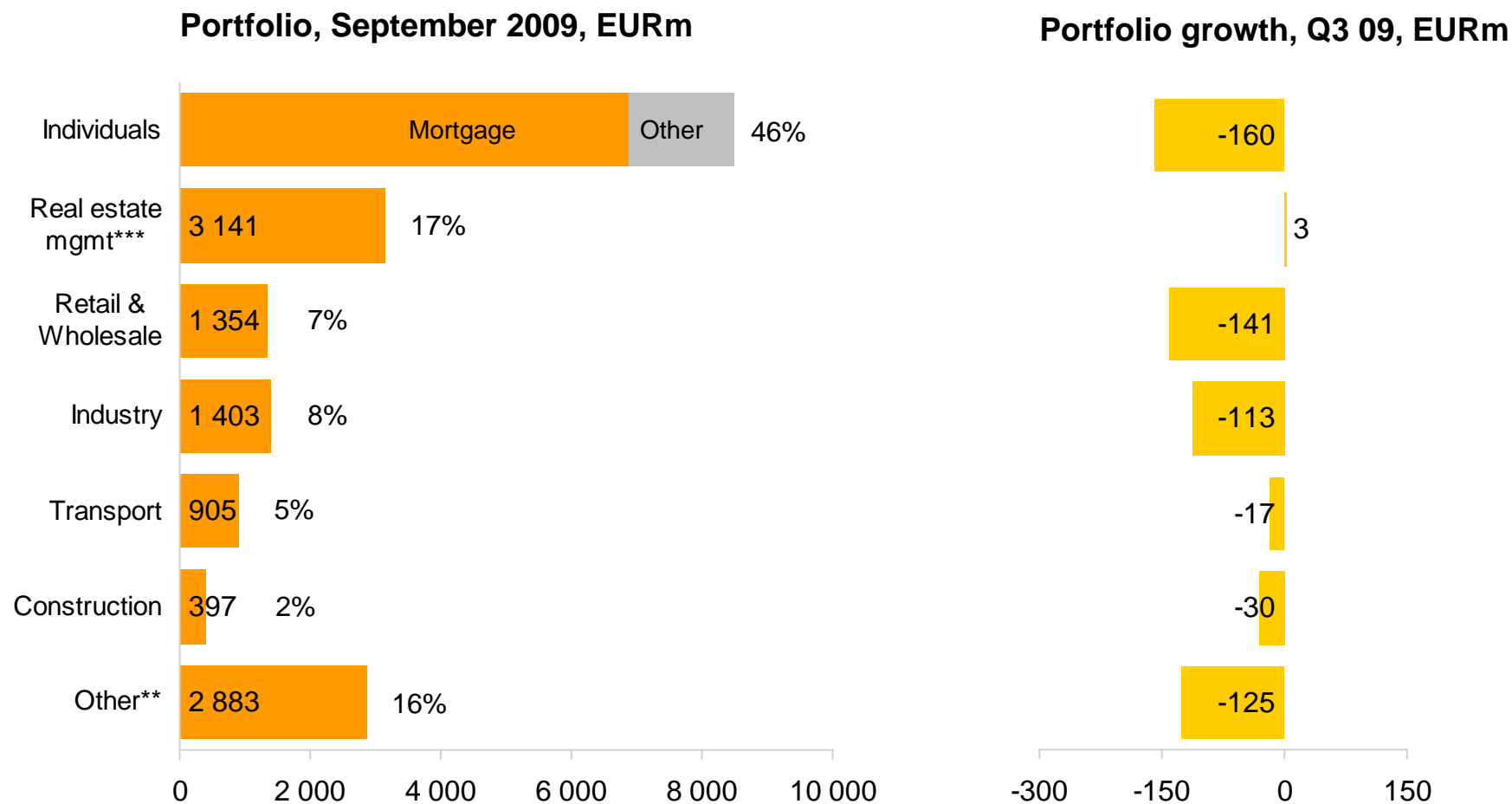
Earnings capacity

Foreign exchange positions as of 30 September 2009

SEKm	EEK	LVL	LTL	UAH	RUB
Structural position	-34 232	123	-9 184	4 504	-8
Net assets	17 147	6 194	4 995	-2 784	1 323
Equity hedge	0	- 5 320	-4 990	0	-96
Goodwill	12 793	0	0	0	13
Total position	- 4 292	997	-9 179	1 720	1 232

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

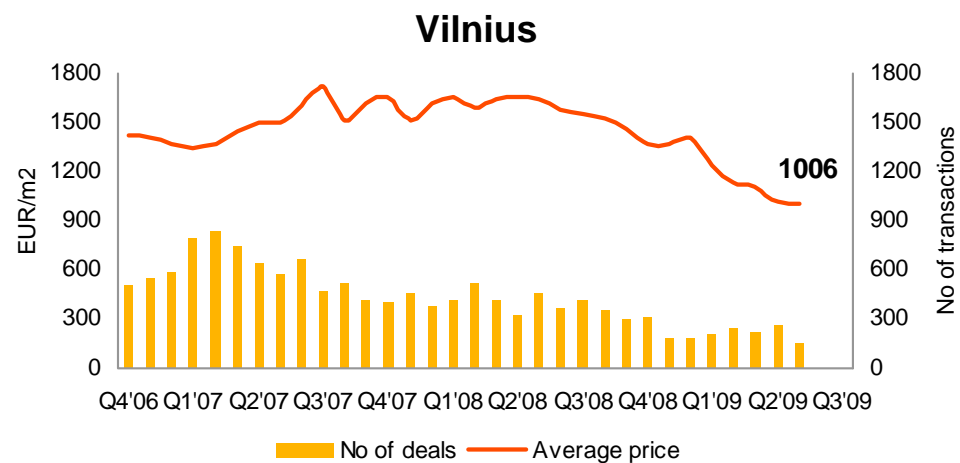
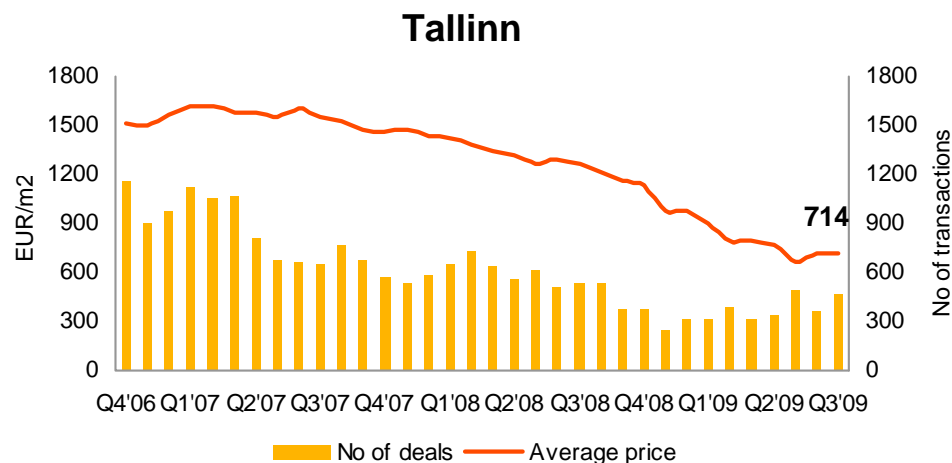
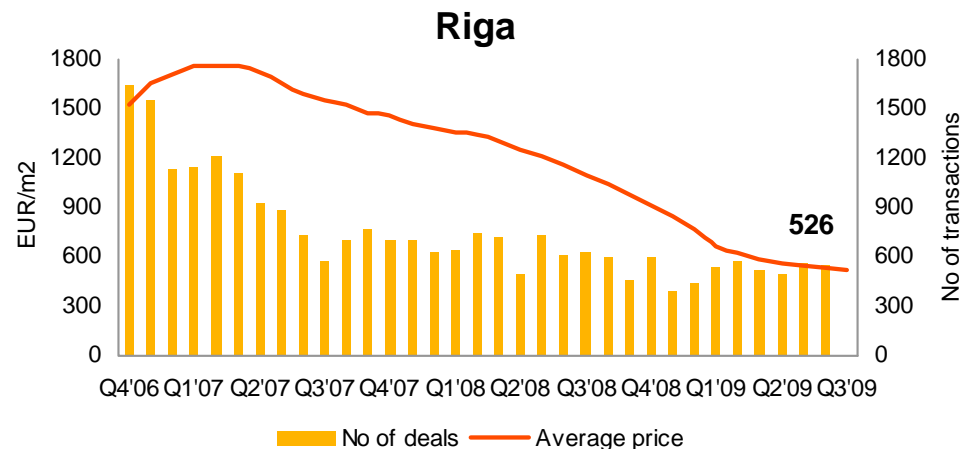
*** There is a customer Standard Industry Classification (SIC) code data update process ongoing and as a result, real estate management sector exposure increased. No major new loans have been granted.

Real estate prices continued to fall

Distressed sales were driving the trend

Market situation

- Apartment prices down from peak level -56% in EE, -70% in LV, and -41% in LT
- In Q3 2009 there was a slowdown in the pace of price adjustment in Riga and Tallinn
- In Vilnius apartment prices still higher than in the other two Baltic capitals but transaction volumes are also substantially lower



LTV risk dimensions

Mortgage portfolio LTV

- Due to the price drop in all three Baltic countries, average LTVs have increased significantly
- Latvia was hurt most, due to higher share of portfolio issued at peak prices and a steeper price drop

	EE	LV	LT
Average LTV: 2009-09-30	81%	142%	87%
Share of portfolio with LTV >100%	29%	73%	35%