

**Year-end report 2007**  
***14 February 2008***  
**Jan Lidén**  
***President and CEO***


## 2007 – A successful and eventful year

- Profit attributable to shareholders increased 10% to SEK 12bn
  - Net interest income increase by 20%
  - Net commission income increased by 11%
- Swedish Banking show a stable result, low risks and high return on equity
- Record result in Baltic Banking with balanced risks
- Swedbank Markets' results on same level as last year's all time high

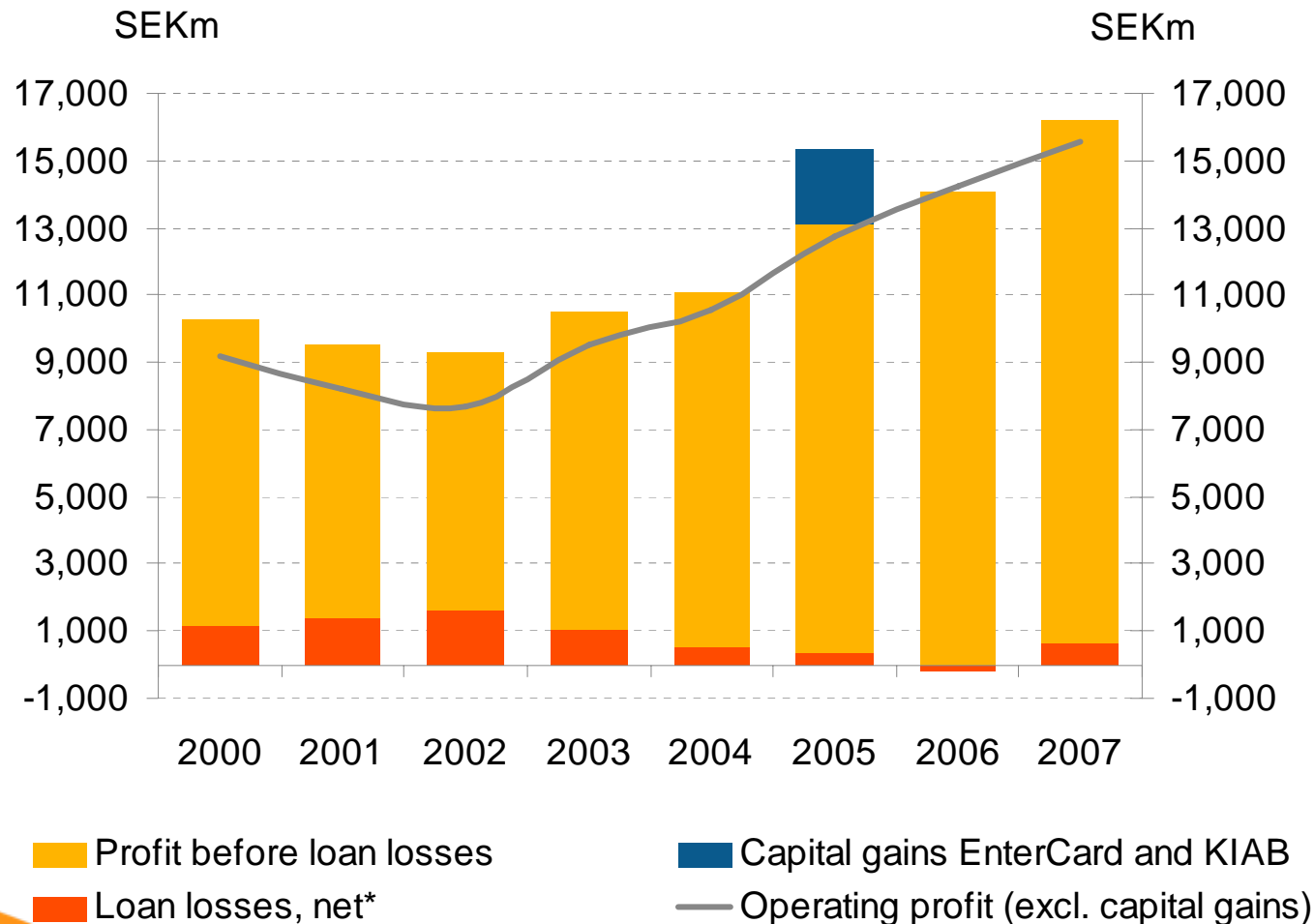
***A successful year despite global credit turmoil  
and Baltic slowdown***

## Q4 2007 – Good development and strong results

- Good volume development in Sweden
  - Stable margins on new lending
- Continued strong results in Baltic banking
  - Economic slowdown align with expectations
- Strong finish of the year for Swedbank Markets
  - Success in fixed income trading and structured investment products in Sweden and corporate finance in Norway
- Swedbank Ukraine continues to develop well

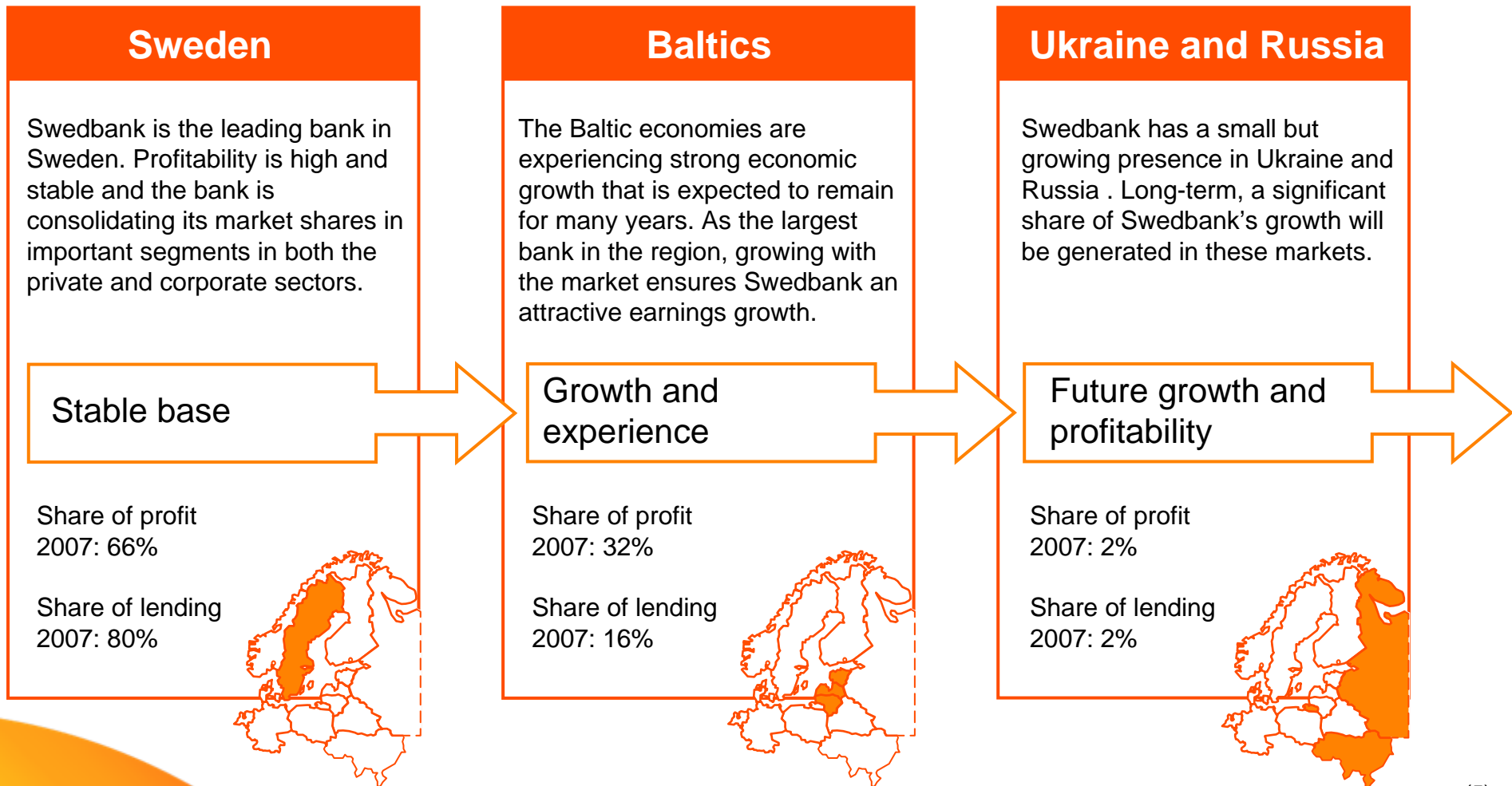
 **Profit increased 7% compared with Q4 2006**

# Solid profit development



\*Loan losses, net = write-offs + provisions – recoveries + change in property taken over

# Strong position for profitability and growth

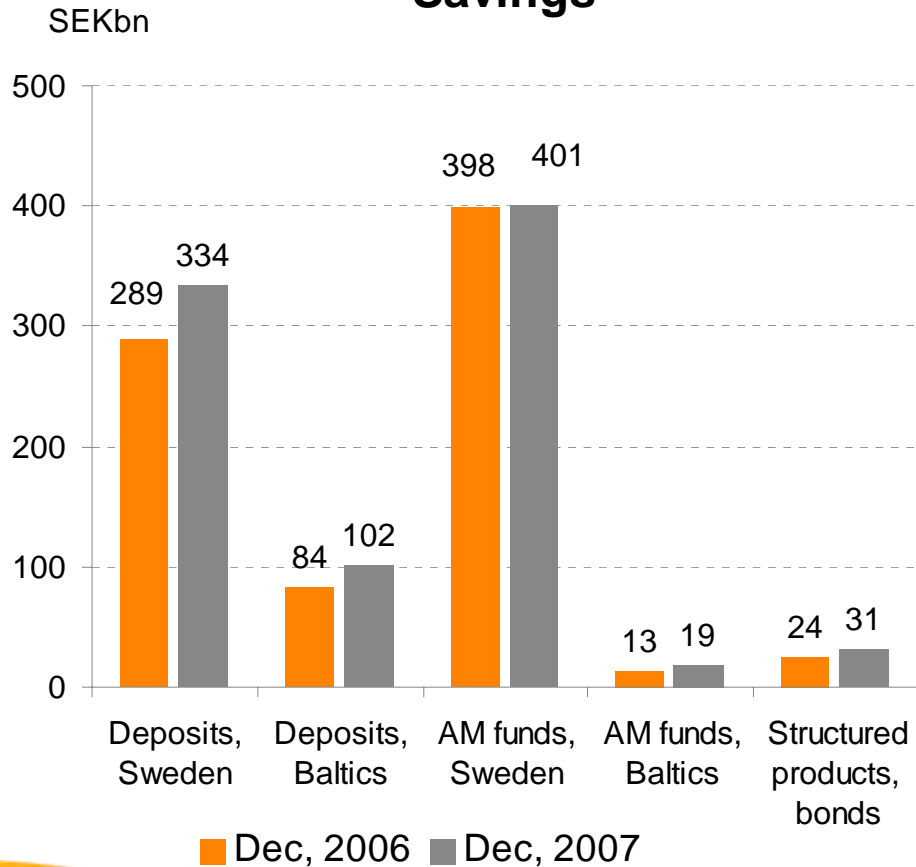


## Minor direct effects from the credit turmoil

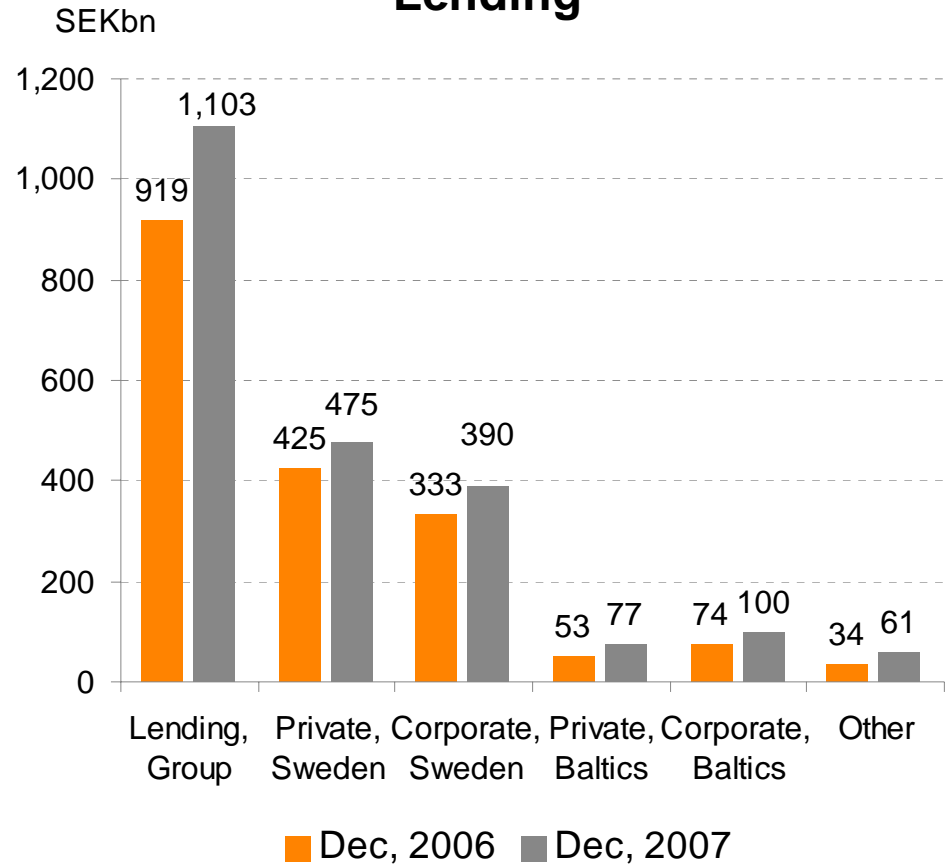
<b>Valuation- and accounting effects, SEK M</b>	<b>Q4 2007</b>	<b>Q3 2007</b>
Swedbank Markets	- 40	- 60
Group Treasury, liquidity portfolio	- 5	- 68
Group Treasury, intra-group lending	20	- 90
Swedbank Mortgage	66	- 129

# Business volumes

## Savings

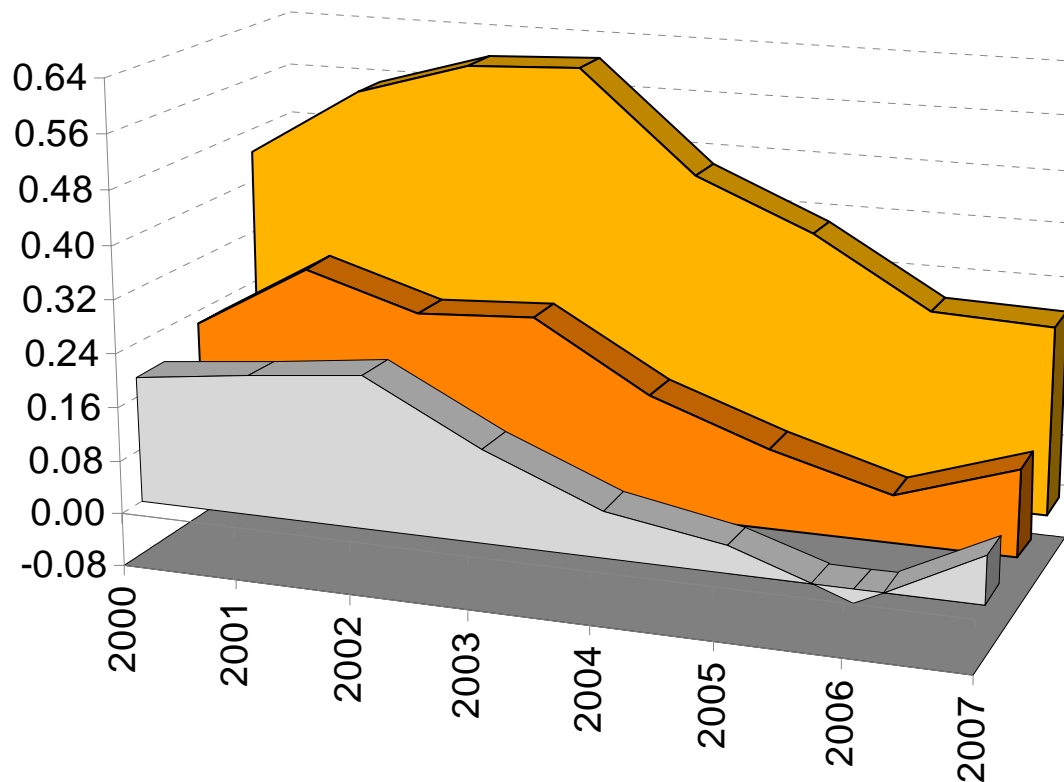


## Lending



# Credit quality, group

%



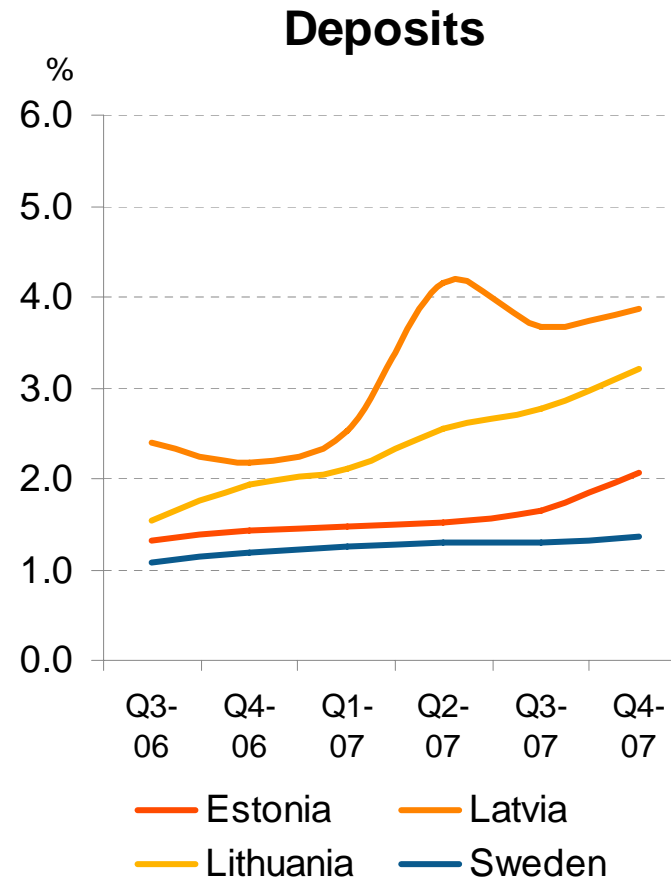
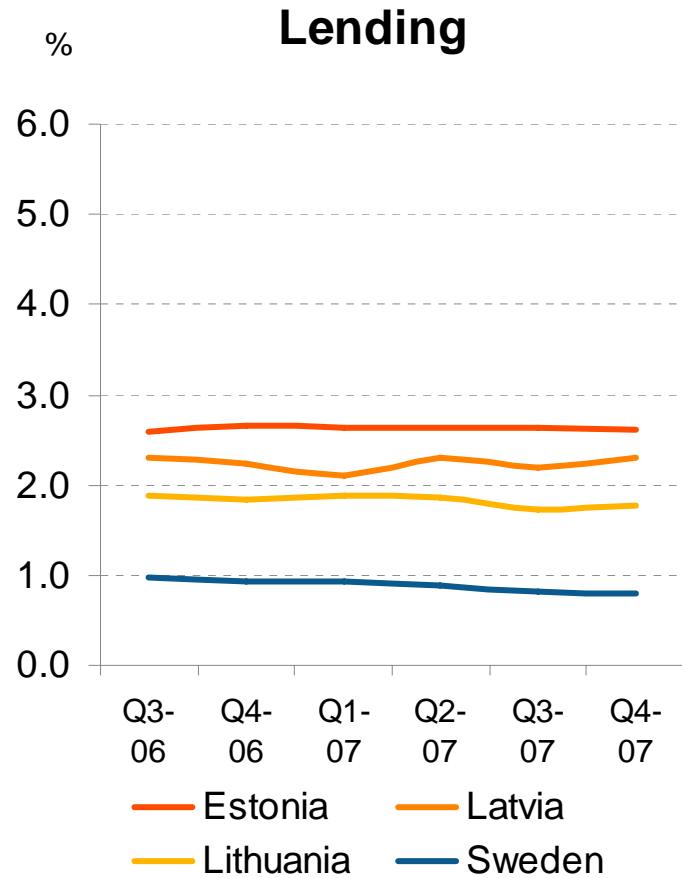
■ Loan loss ratio, net

■ Share of impaired loans

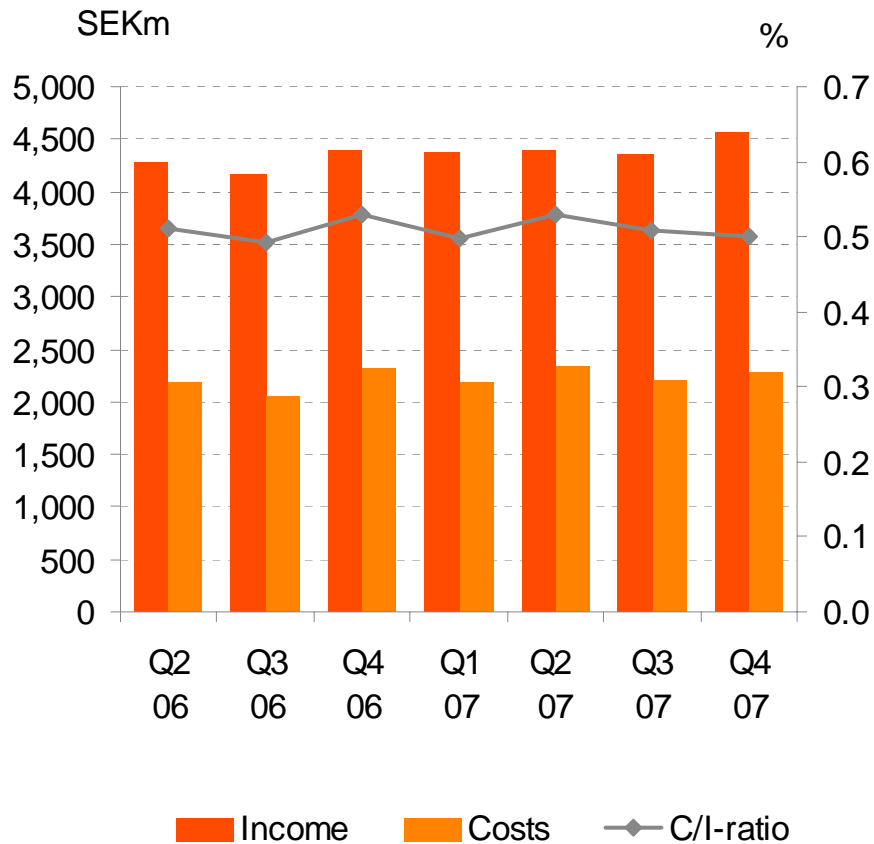
■ Share of provisions



# Margins

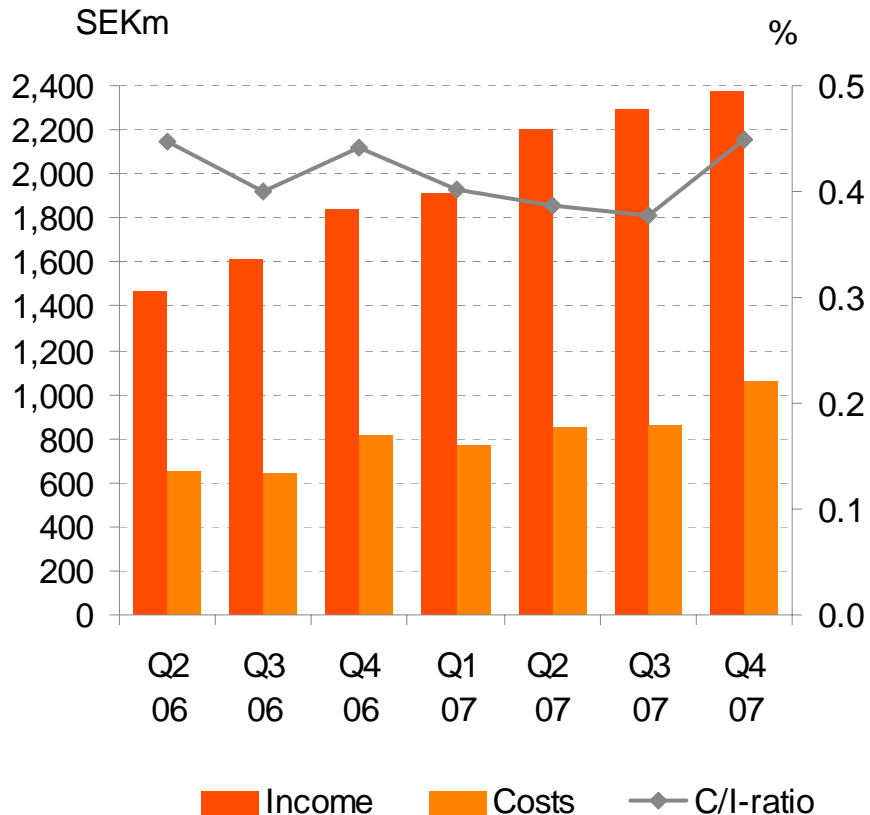


# Swedish Banking



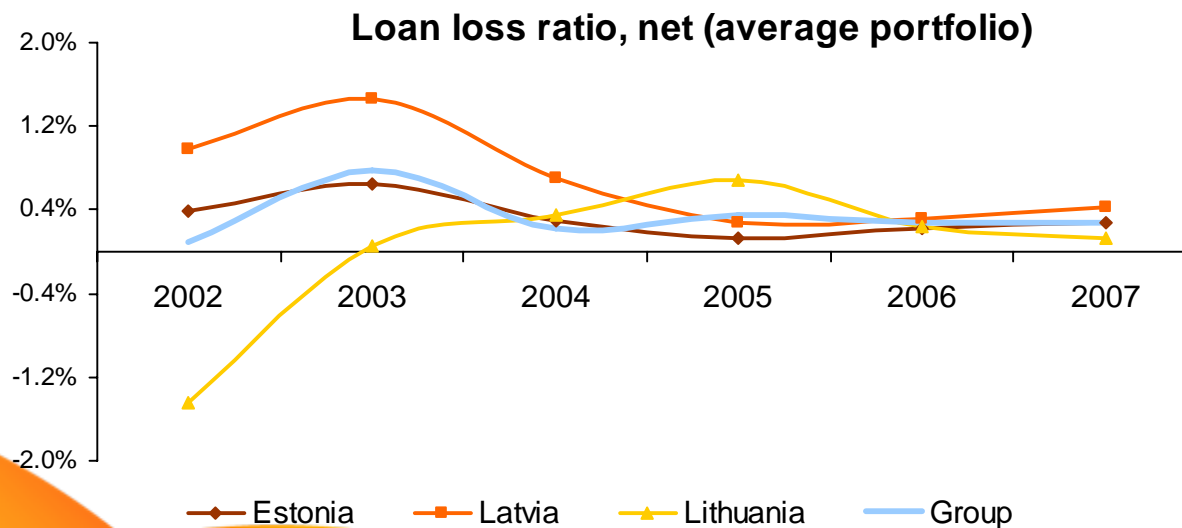
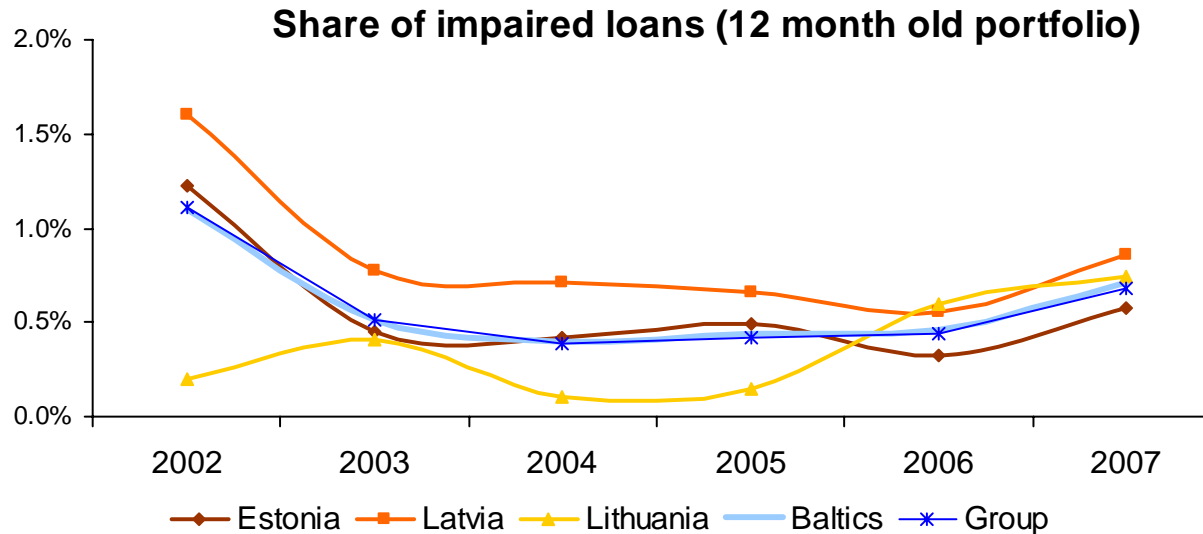
- Continued stable earnings and high profitability
- Strong corporate lending during Q4
  - Total lending increased by 4% vs. Q3 and 14% during the full year
- Continued good deposit trend
  - Deposits increased by 3% vs. Q3 and 15% during the full year
- Share of new savings from households increased to 18% (17% in Dec 06)
- Rise in funding costs are gradually, but with certain delay, passed on through higher lending rates
- Minor valuation effects as a consequence of the turmoil on the credit market
- Covered bonds as from Q2 2008
- In agreement to sell 8 branches to savings banks
- Swedish economy still relatively strong.

# Baltic Banking Operations

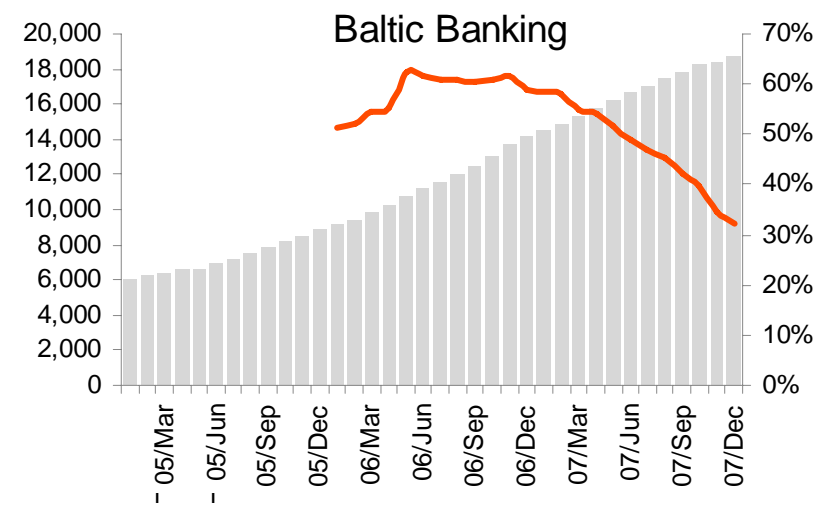
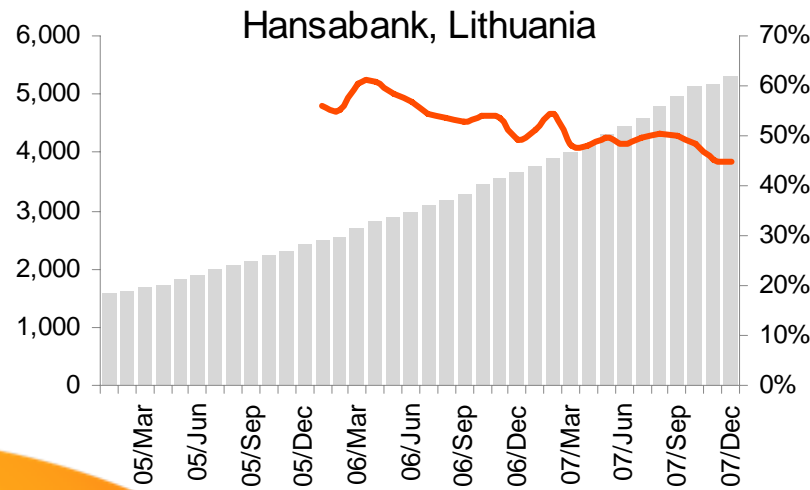
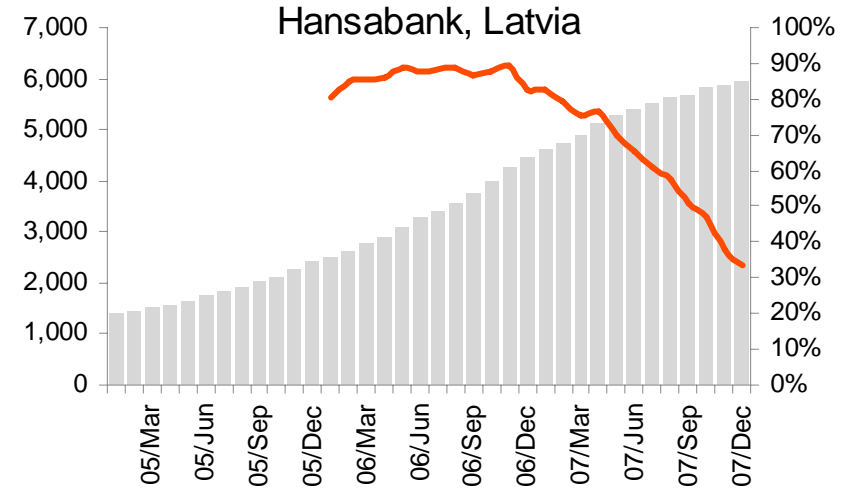
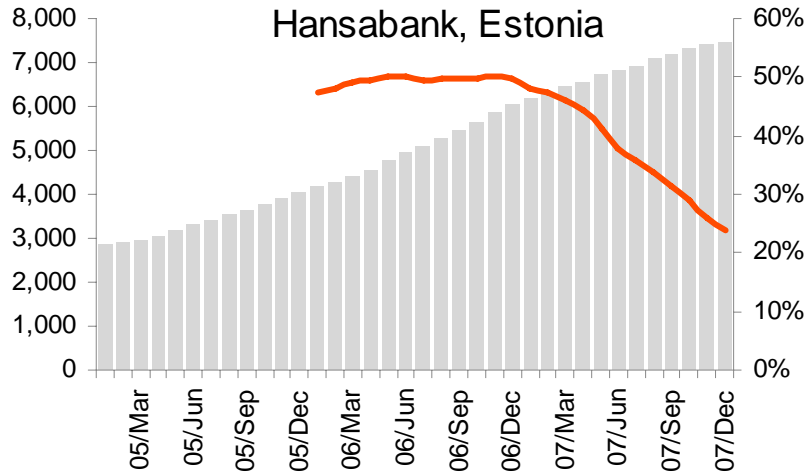


- Continued high profitability
- Net interest income increased 7% vs. Q3
- Lending growth in 2007 was 33%, the gradual slowdown is expected to continue
- Weak trading income due to market turmoil
- Costs affected by
  - Annual wage increases in Latvia and Lithuania, hits P&L as of October every year
  - Investments in operational excellence project for increased productivity
  - High marketing costs.

# Credit quality, Baltic Banking



# Decreasing Baltic lending growth

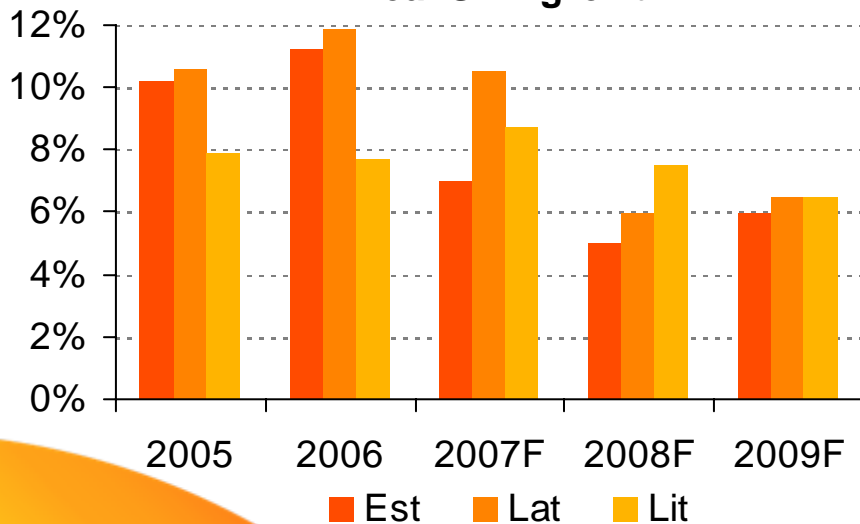


■ Total lending, EURm    — YoY growth

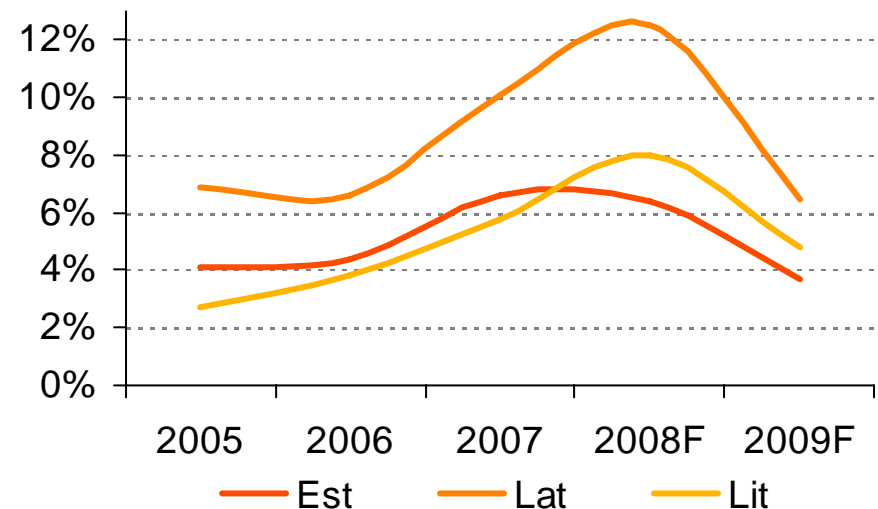
# Baltic macro development

- Economic slowdown in Estonia continues: GDP growth slows from ~7% in 2007 to ~5% in 2008; the bottom of the cycle is expected to be in Q2 2008
- In Latvia growth slows from ~10.5% to 6% in 2008, the bottom of the cycle is expected to be in H2 of 2008
- Slowdown in Lithuania started in Q4 2007: GDP growth will slow from 2007's 8.7% to ~7.5% in 2008
- Weak domestic demand reduces imports and exports growth continues. Trade and current account deficits are falling. CPI will peak in Q1 2008. Long term GDP growth (6-7%) will be above EU average.

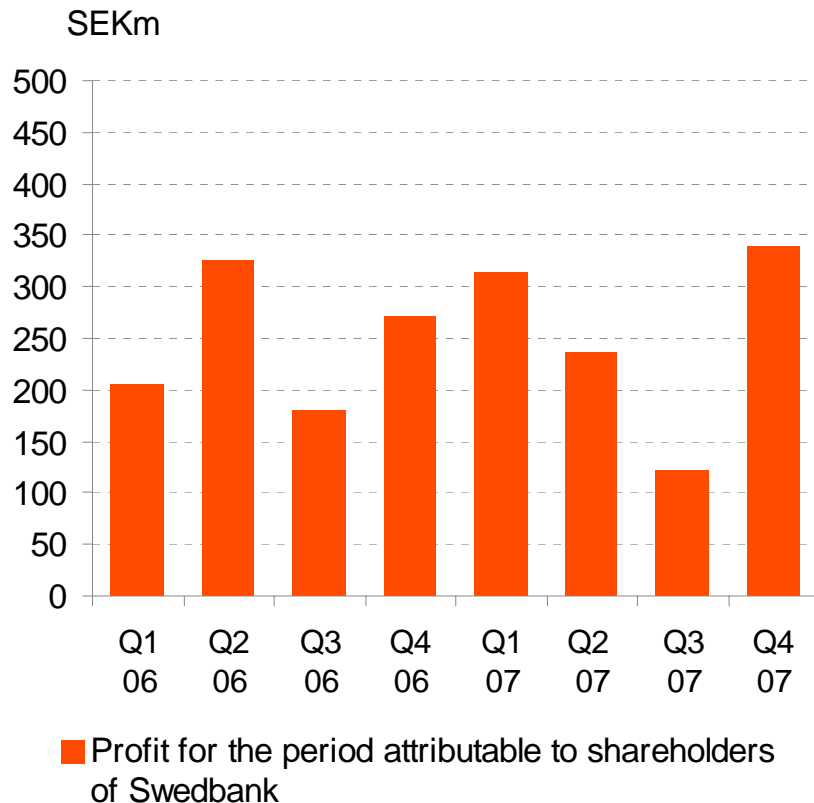
**Real GDP growth**



**CPI growth**

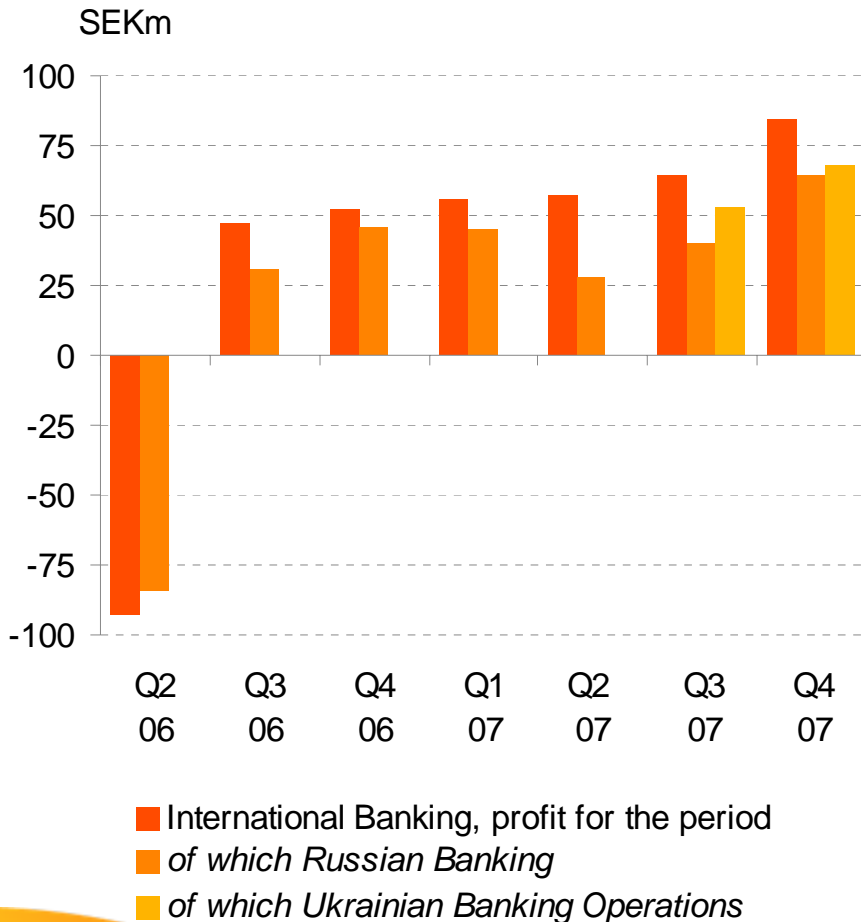


# Swedbank Markets



- Good end to the year despite the capital market turmoil
- Strong results in, above all, fixed income and FX trading, structured investment products and corporate finance fees First Securities
- Minor valuation effects due to market turmoil, SEK - 40m
- Continued market leader in corporate bonds, new issues in SEK
- Sustained growth and market leading position in structured products, sales grew by 39% in 2007.

# International Banking



- Continued strong lending growth in Ukrainian Banking, + 112% to SEK 11bn in 2007
- Loan loss ratio, net in Ukrainian Banking decreased after adjusting calculation method to Swedbank Group's principles
- Annual lending growth in Russian Banking was 50% to SEK 10bn
- Following positive court rulings regarding VAT dispute in leasing operations, a reversal of SEK 60m was made in Russian Banking
- Lending in Nordic branches more than doubled in 2007, reaching SEK 13bn.

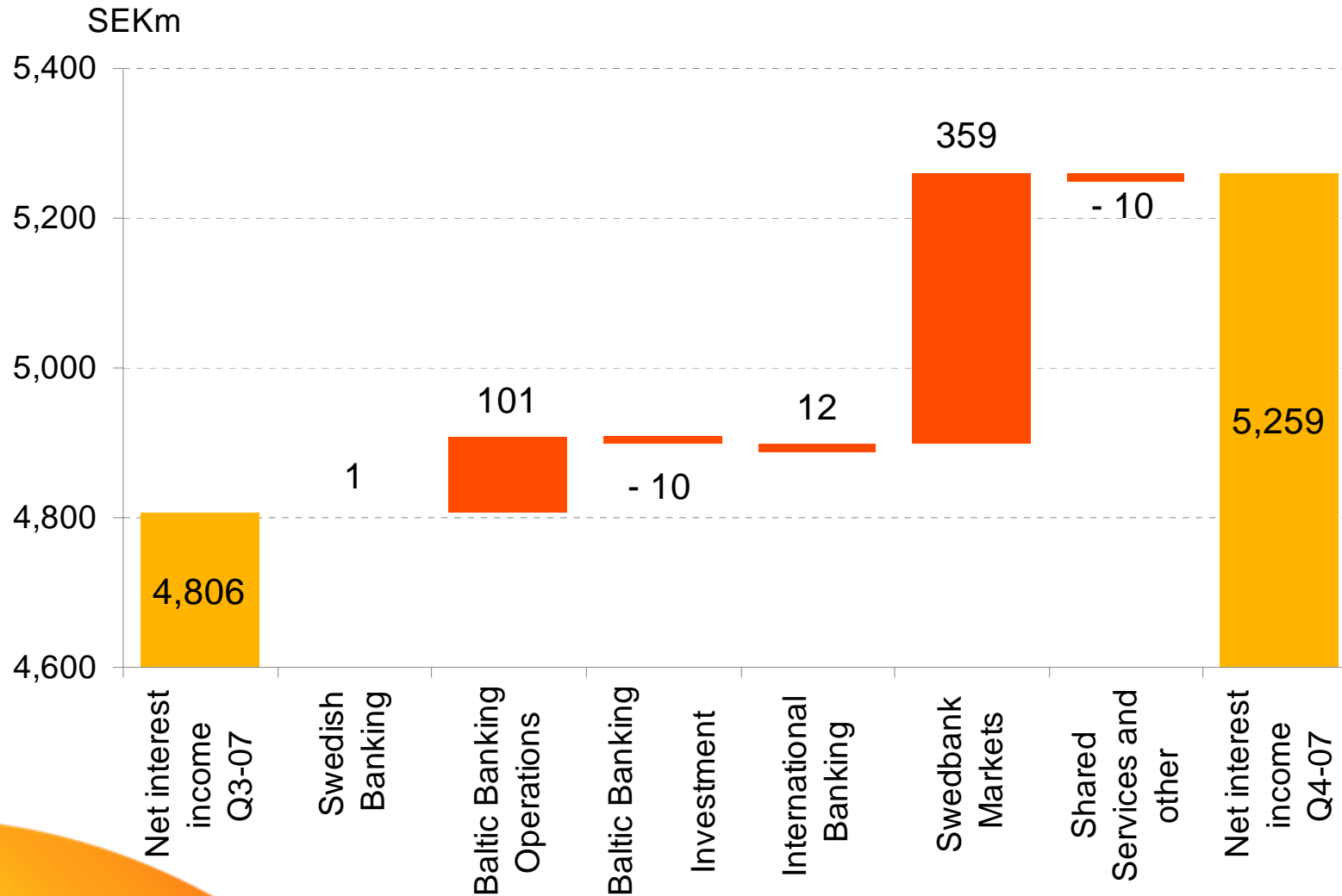


**Group results**  
**Mikael Inglander**  
***CFO***

# Income statement, group

SEKm	Q4 2007	Q3 2007	%	Q4 2006	%
Net interest income	5,259	4,806	9	4,303	22
Net commission income	2,536	2,503	1	2,309	10
Net gains/losses on financial items at fair value	386	196	97	908	- 57
Other income	693	526	32	392	77
<b>Total income</b>	<b>8,874</b>	<b>8,031</b>	<b>10</b>	<b>7,912</b>	<b>12</b>
Staff costs	2,111	2,075	2	1,878	12
Profit-based staff costs	522	337	55	302	73
Other expenses	1,893	1,720	10	1,917	- 1
<b>Total expenses</b>	<b>4,526</b>	<b>4,132</b>	<b>10</b>	<b>4,097</b>	<b>10</b>
Profit before loan losses	4,348	3,899	12	3,815	14
Loan losses	238	230	3	- 72	
<b>Operating profit</b>	<b>4,110</b>	<b>3,669</b>	<b>12</b>	<b>3,887</b>	<b>6</b>
Tax	950	793	20	928	2
Profit for the period	3,160	2,876	10	2,959	7
<b>Attributable to shareholders of Swedbank</b>	<b>3,108</b>	<b>2,866</b>	<b>8</b>	<b>2,913</b>	<b>7</b>

# Net interest income Q4-07 (Q3-07)



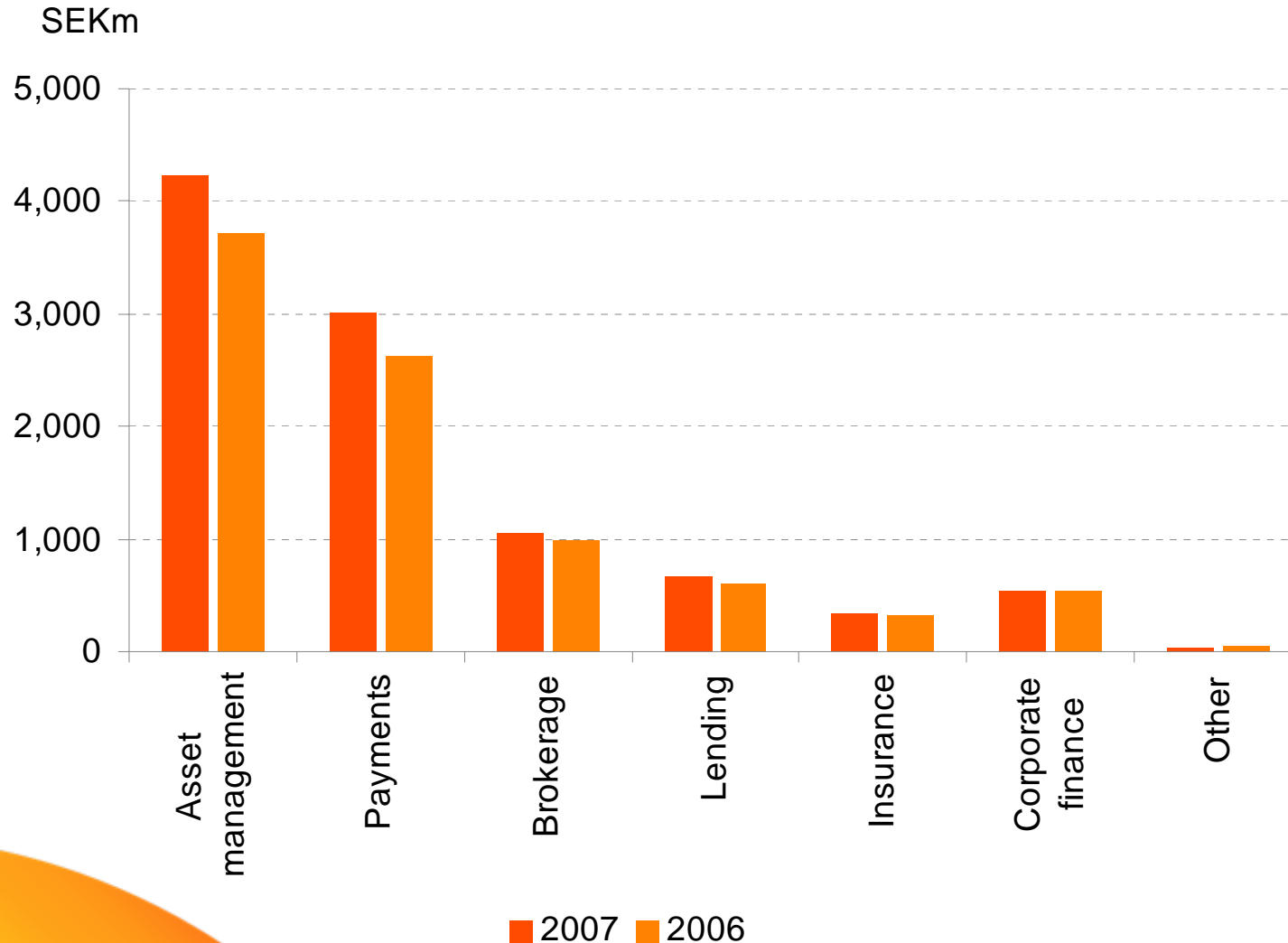
# Net interest income Swedish Banking, change

SEKm	Q4 2007 vs Q3 2007	Q4 2007 vs Q4 2006
<i>Net interest income Q3 2007</i>	2,926	
<i>Net interest income Q4 2006</i>		2,943
<i>Changes:</i>		
Higher lending volumes	46	215
Decreased lending margins	- 81	- 306
Higher deposit volumes	43	122
Higher deposit margins	52	142
Other changes	- 59	- 189
<b>Total change</b>	<b>1</b>	<b>- 16</b>
<i>Net interest income Q4 2007</i>	2,927	2,927

## Baltic Banking, change in net interest income

SEKm	Q4 2007 vs Q3 2007	Q4 2007 vs Q4 2006
<i>Net interest income Q3 2007</i>	1,487	
<i>Net interest income Q4 2006</i>		1,126
<i>Changes:</i>		
Higher lending volumes	61	273
Higher lending margins	14	
Decreased lending margins		-10
FX-effects, lending	4	12
Higher deposit volumes	2	56
Higher deposit margins	84	260
FX-effects, deposits	2	6
Other changes	-66	-135
<b>Total change</b>	<b>101</b>	<b>462</b>
<i>Net interest income Q4 2007</i>	1,588	1,588

# Net commission income, Group



# Expenses

SEKm	Q4 2007	Q3 2007	%	Q4 2006	%
Swedish Banking	2,279	2,208	3	2,327	- 2
Baltic Banking	1,062	864	23	811	31
International Banking	272	279	- 3	126	
<i>Of which Ukrainian Banking</i>	163	134	22		
Swedbank Markets	560	416	35	535	5
Other business areas	353	365	- 3	298	18
<b>Total expenses</b>	<b>4,526</b>	<b>4,132</b>	<b>10</b>	<b>4,097</b>	<b>10</b>
<i>of which staff costs in:</i>					
Swedish Banking	1,096	1,093	0	998	10
Baltic Banking	587	511	15	450	30
International Banking	155	134	16	49	
Swedbank Markets	351	225	56	345	2

## Business areas

	Swedish Banking		Baltic Banking		Internat. Banking		Swedbank Markets		Asset Mgmt	
<b>2007 vs 2006, SEKm</b>	<b>2007</b>	<b>%</b>	<b>2007</b>	<b>%</b>	<b>2007</b>	<b>%</b>	<b>2007</b>	<b>%</b>	<b>2007</b>	<b>%</b>
Net interest income	11,701		5,667		986		1,343		83	
Net commission income	4,504		1,854		196		1,441		1,868	
Other income	1,473		1,252		97		773		232	
<b>Total income</b>	<b>17,678</b>	<b>4</b>	<b>8,773</b>	<b>42</b>	<b>1,279</b>		<b>3,557</b>	<b>1</b>	<b>2,183</b>	<b>19</b>
Staff costs	4,296		2,044		405		1,239		425	
Other expenses	4,704		1,502		366		753		463	
<b>Total expenses</b>	<b>9,000</b>	<b>3</b>	<b>3,546</b>	<b>32</b>	<b>771</b>		<b>1,992</b>	<b>3</b>	<b>888</b>	<b>31</b>
<b>Profit before loan losses</b>	<b>8,678</b>	<b>5</b>	<b>5,227</b>	<b>50</b>	<b>508</b>		<b>1,565</b>	<b>0</b>	<b>1,295</b>	<b>13</b>
Loan losses	71		450		170		0		0	
Operating profit	8,607	-2	4,777	49	338		1,565	-1	1,295	13
Tax	2,413		455		70		427		320	
Profit for the period	6,194		4,322		268		1,138		975	
<b>To Swedbank's shareholders</b>	<b>6,182</b>	<b>- 2</b>	<b>4,322</b>	<b>46</b>	<b>268</b>		<b>1,010</b>	<b>3</b>	<b>975</b>	<b>11</b>
Return on allocated equity %	23.2		31.2		6.9		24.2		57.0	



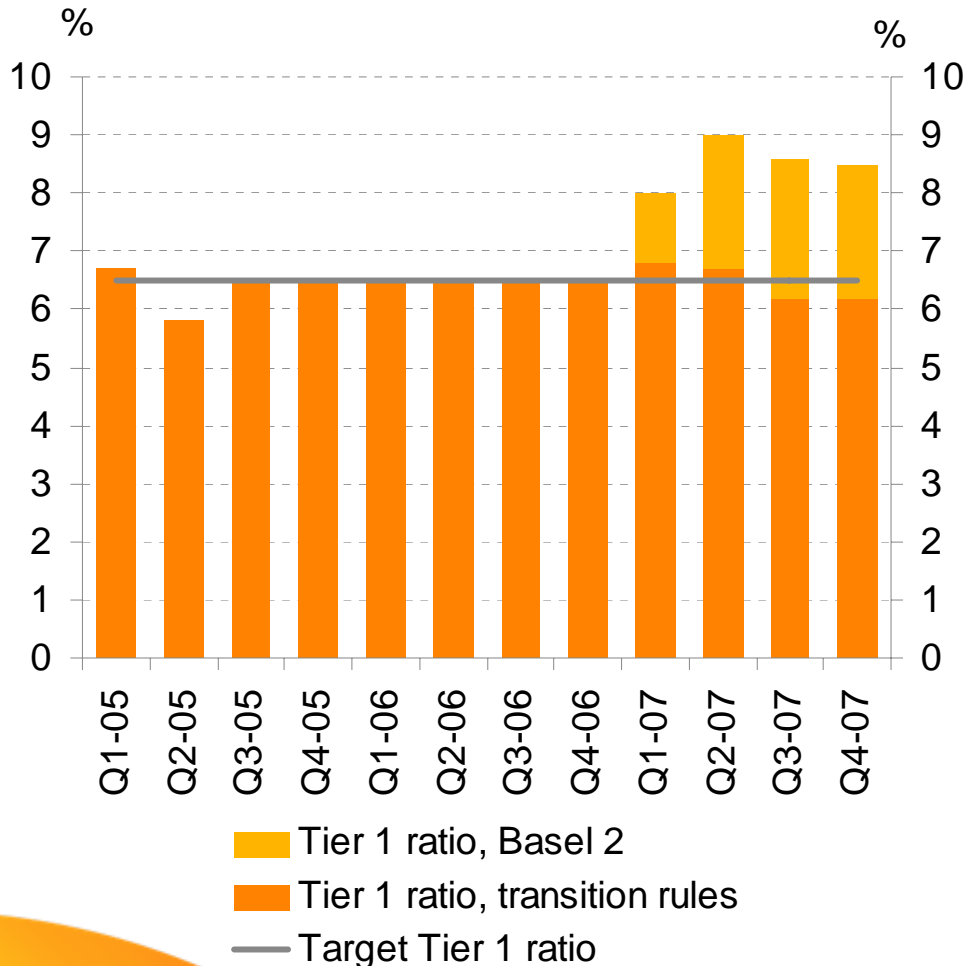
# Key figures

	Jan - Dec, 2007	Jan - Dec, 2006
Return on equity, %	18.9	19.3
Earnings per share, SEK	23.28	21.11
Equity per share, SEK	131.96	116.37
C/I ratio before loan losses	0.51	0.52
Loan loss ratio, net, %	0.07	- 0.02
Share of impaired loans, %	0.13	0.07
Dividend, SEK*	9.00	8.25
Tier 1 capital ratio, new principles, %	8.5	-
Tier 1 capital ratio, transition principles, %	6.2	6.5 **
Capital adequacy ratio, new principles, %	12.7	9.8 **

\*according to Board of Directors' proposal

\*\*according to old principles

# Tier-1 ratio, Group



- Tier 1 ratio amounted to 8.5%
- Tier 1 ratio, according to transition principles, was 6.2%
- As of January 1, 2008, tier 1 ratio according to transition principles, increased by 31 bps due to the gradual implementation of Basel 2 regulations.

## 2007 – A successful and eventful year

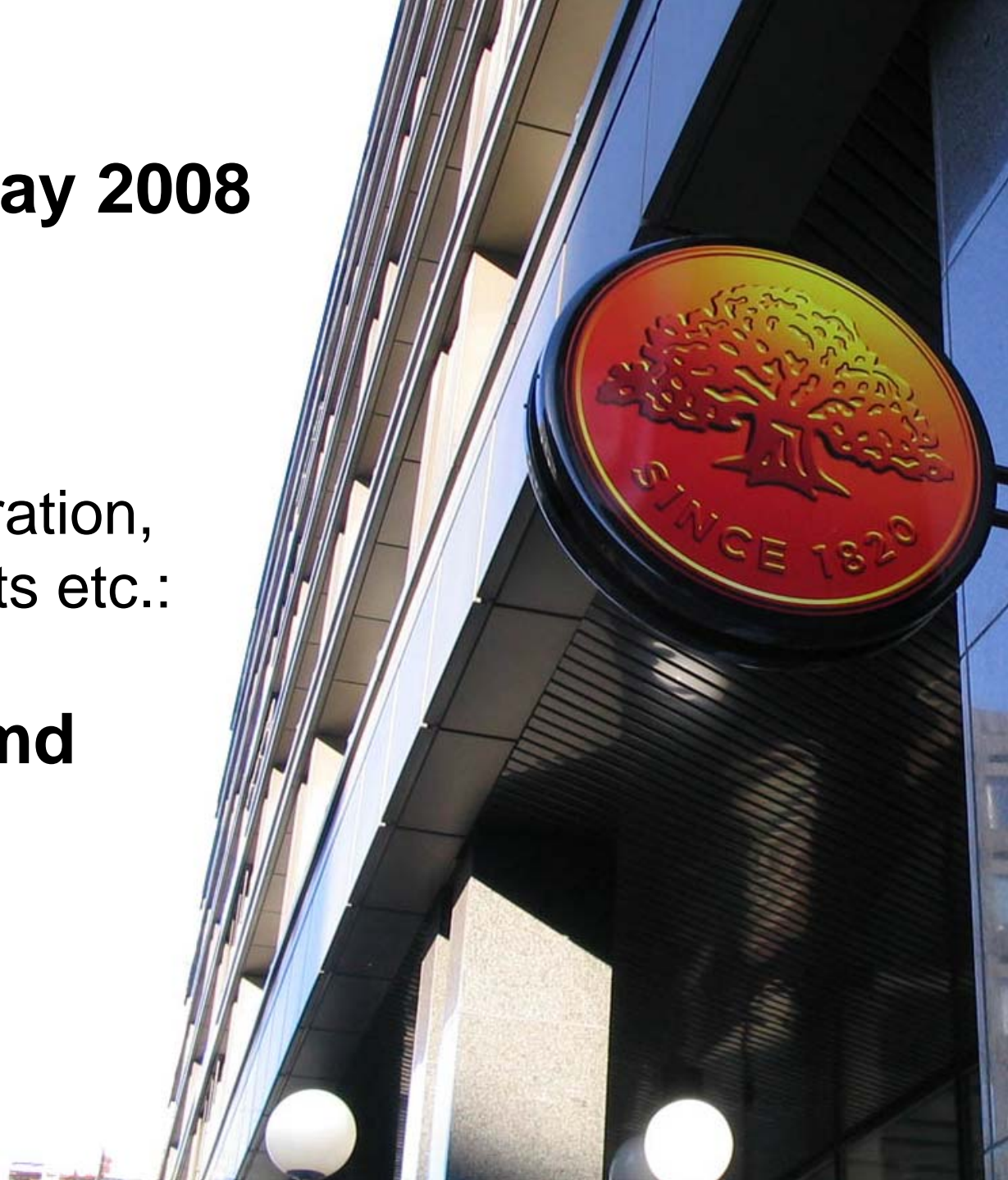
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# Capital Markets Day 2008

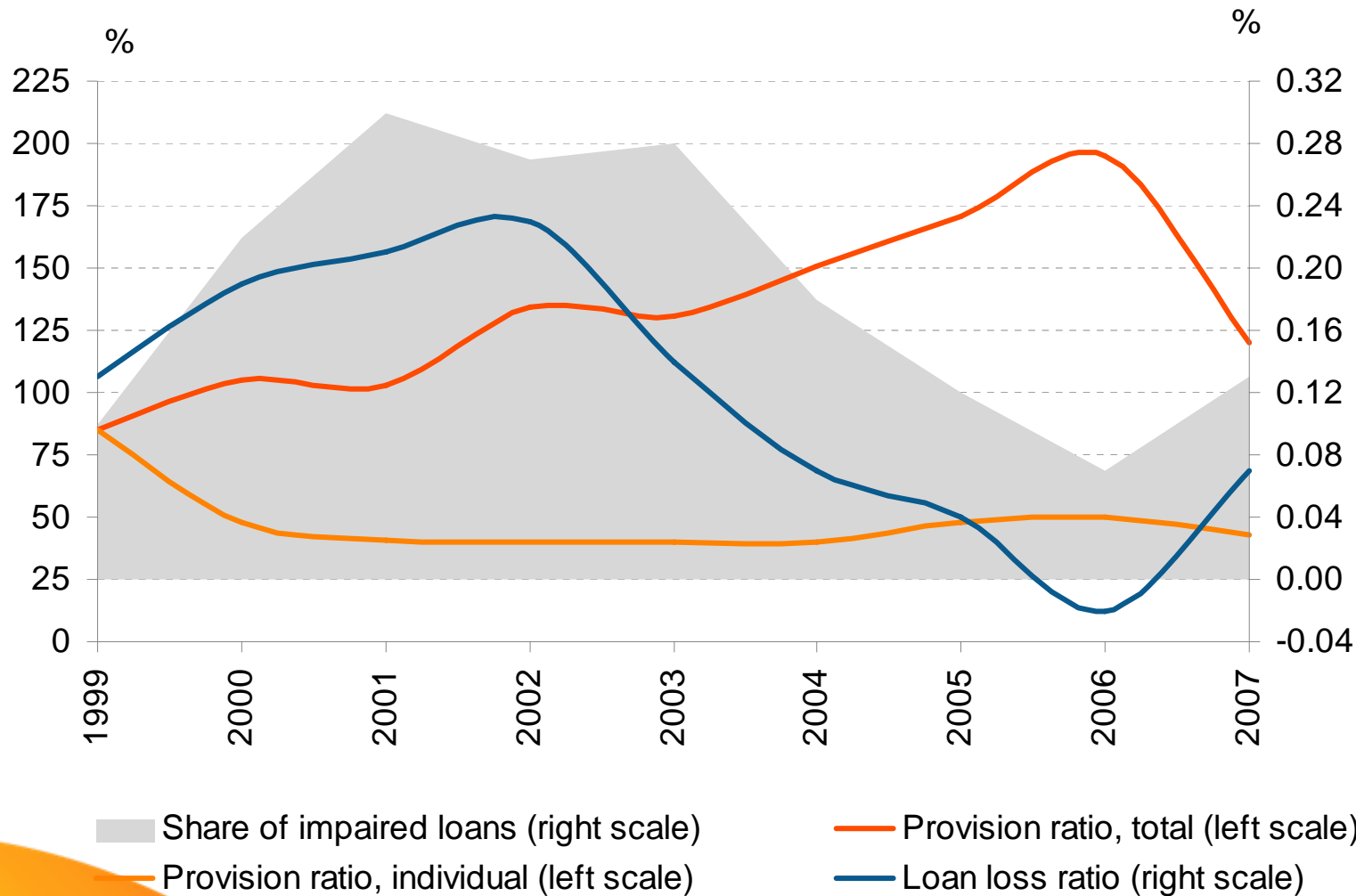
- **5 March, Kiev**
- Prel. schedule, registration, accommodation, flights etc.:

**[swedbank.com/cmd](http://swedbank.com/cmd)**



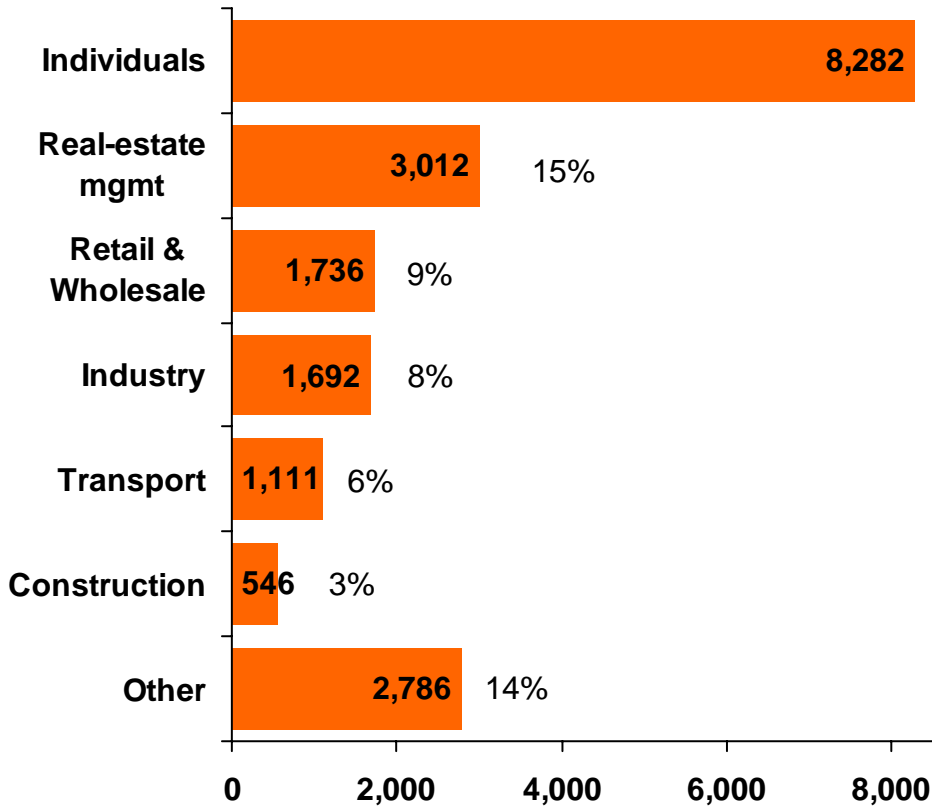
# Appendix

# Credit quality, group

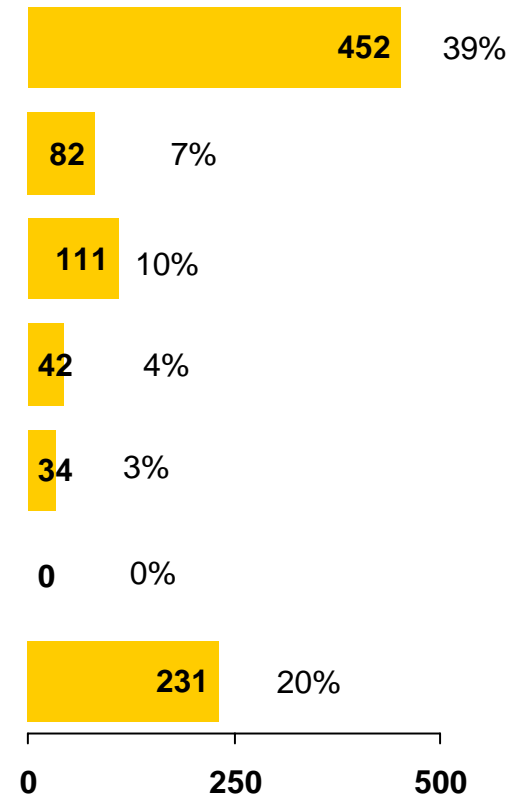


# Group lending by sectors – Baltic Banking

Portfolio, December 2007



Portfolio growth, Q4 07



% - share of portfolio and portfolio growth

# Exposure FAQ

- No direct US Sub-Prime exposure
  - Minimal indirect exposure through investments of EUR 57m in bonds issued by US mortgage institutions who, in their turn, have exposures towards US sub-prime
- Total exposure towards structured credits is minimal
  - No commitments towards conduits or SIV's of any kind
  - Negligible exposure towards CDO's
    - Swedbank holds a very small CDO trading stock for client trades in CDO's which we have issued ourselves with mainly large Cap's as underlying risk
    - 80% of the tranches held are rated Aaa and 20% are rated A
    - Total holdings was EUR 27m at year end
  - Exposure towards Mortgage Backed Securities is appr. EUR 719m
    - European Aaa and mainly residential
    - Held for EUR liquidity purposes and client trading
- Hedge fund exposure is appr. EUR 500m, all collateralized
- Exposure towards private equity firms and their target companies is about EUR 1 380m in total
  - Nordic related LBO's
- In total, above mentioned exposures represent less than 1.6 % of total assets