

Swedbank Debt Investor Presentation Q4 2011

March 2012

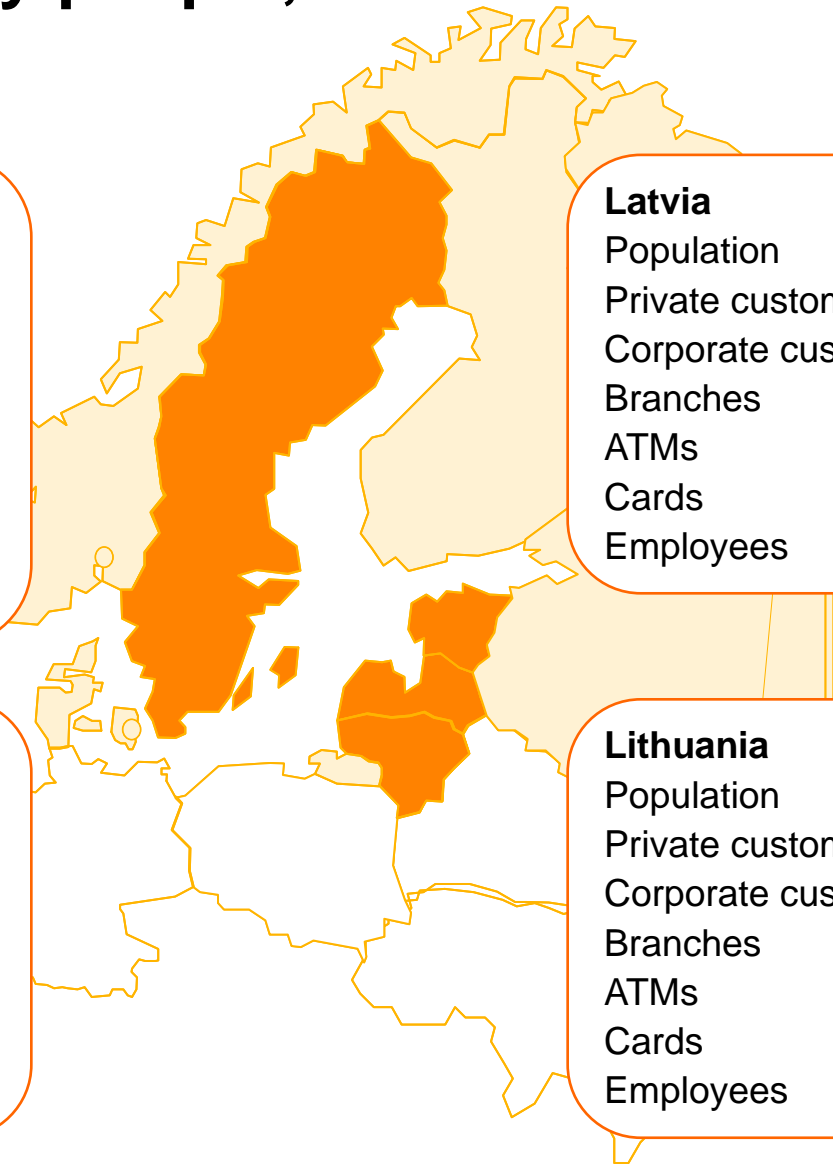


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1. This is Swedbank

The Bank for the many people, households and businesses



Sweden

Population	9.3m
Private customers	4.1m
Corporate customers	263 000
Organisations	67 000
Branches	317
ATMs	662
Cards	3.8m
Employees	8 266

Latvia

Population	2.2m
Private customers	1.0m
Corporate customers	73 000
Branches	59
ATMs	380
Cards	1.0m
Employees	1 767

Estonia

Population	1.3m
Private customers	1.2m
Corporate customers	114 000
Branches	63
ATMs	534
Cards	1.1m
Employees	2 565

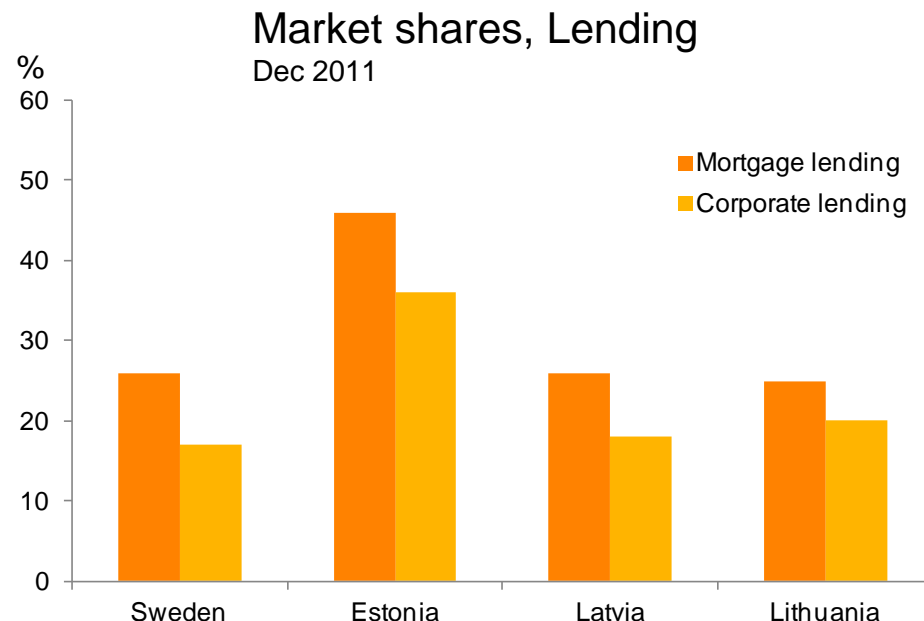
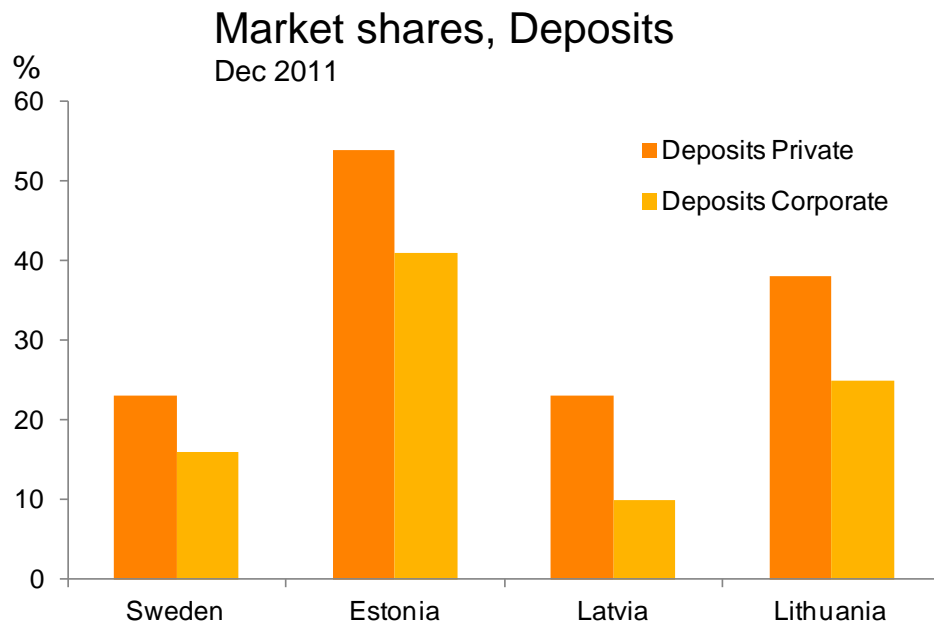
Lithuania

Population	3.3m
Private customers	3.2m
Corporate customers	105 000
Branches	84
ATMs	492
Cards	1.8m
Employees	2 018

Source: Swedbank Fact book Q4, 2011

Market leading retail franchise in all home markets

- Largest retail bank and fund manager in Sweden



Source: Source Sweden: Statistics Sweden (SCB)

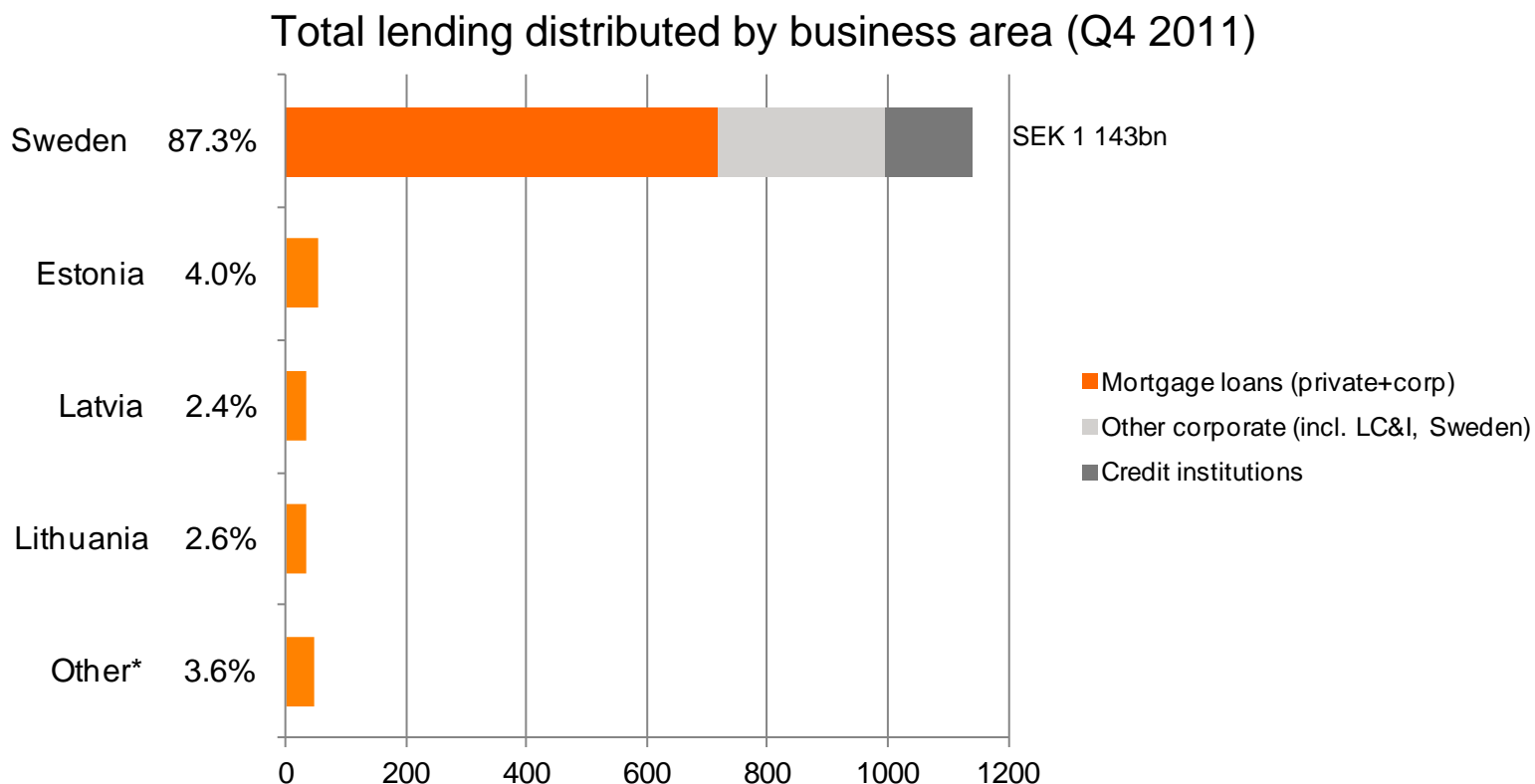
Source Estonia: Estonian Central Bank

Sources Latvia: Association of Commercial Banks of Latvia (ACBL) & The Financial and Capital Market Commission (FCMC)

Source Lithuania: Association of Lithuanian Banks (LBA)

Sweden – the dominating home market

- Total lending amounts to SEK 1,309bn (as per Q4 2011), out of which around 87% is originated in Sweden
- Estonia makes up 45% of total lending in the Baltics



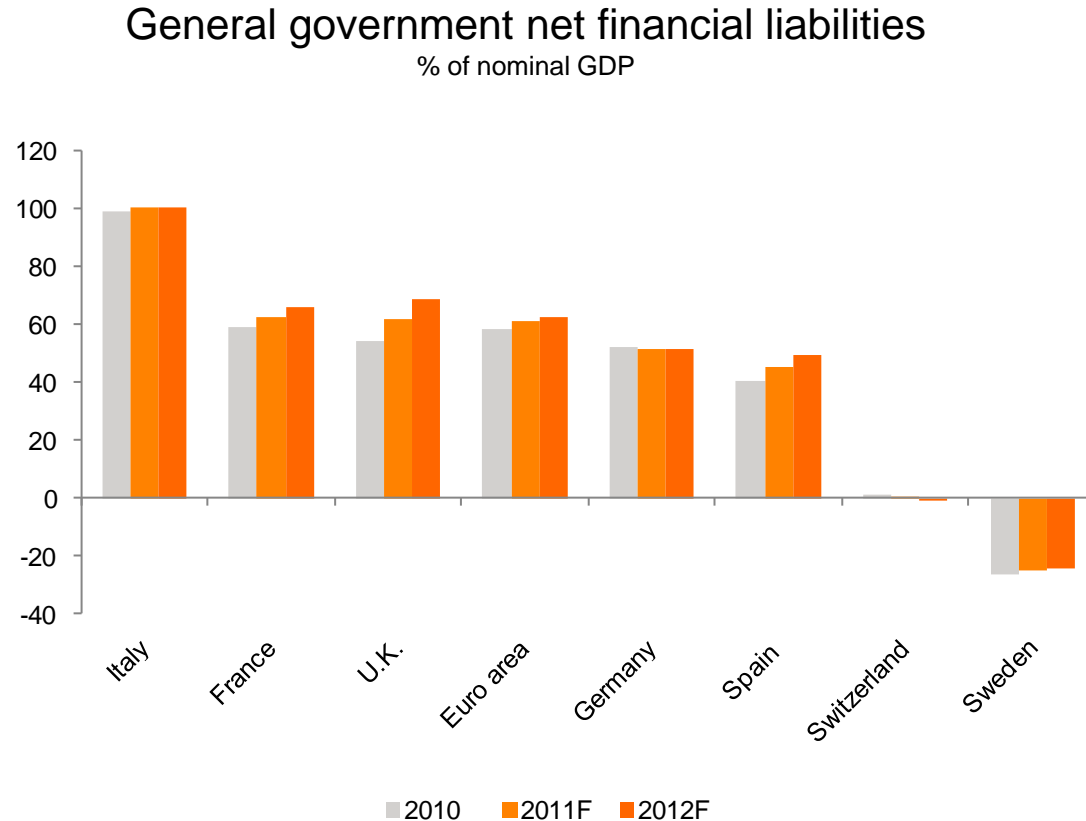
Source: Swedbank Fact book Q4 2011

* Russia & Ukraine, Norway, Finland and NY Branch

2. The Swedish economy

A balance sheet in favourable condition

- Sweden's financial assets continue to exceed its liabilities



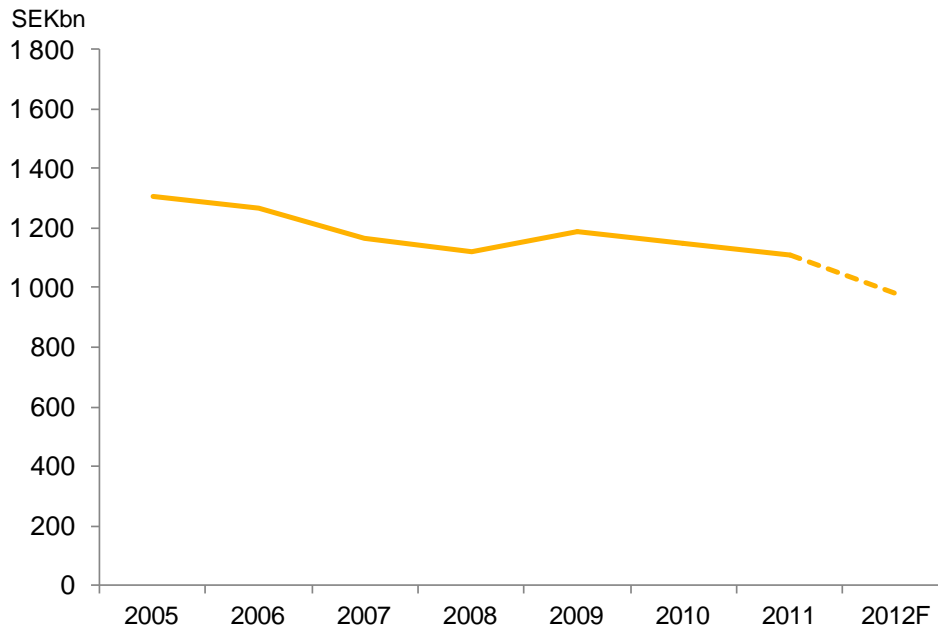
Source: OECD Economic outlook 90 (table 33), Dec 15, 2011

Continued strong fiscal position

- Kingdom of Sweden rated Aaa/AAA/AAA
- Unemployment 7.1% (Dec Y/Y)
- GDP growth 4.6% in Q3 2011 (Y/Y)
- CPI/CPIF 2.3%/0.5% (Dec Y/Y)

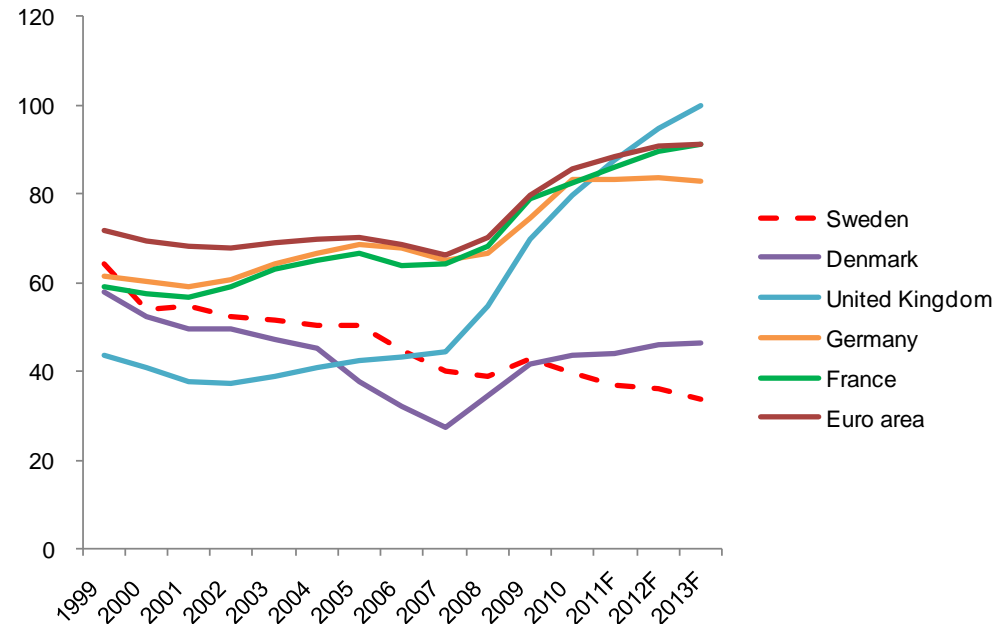
Source: Statistics Sweden

Swedish government debt



Source: Swedish National Debt Office, Jan 2012

Maastricht definition* of general government gross public debt as a percentage of nominal GDP

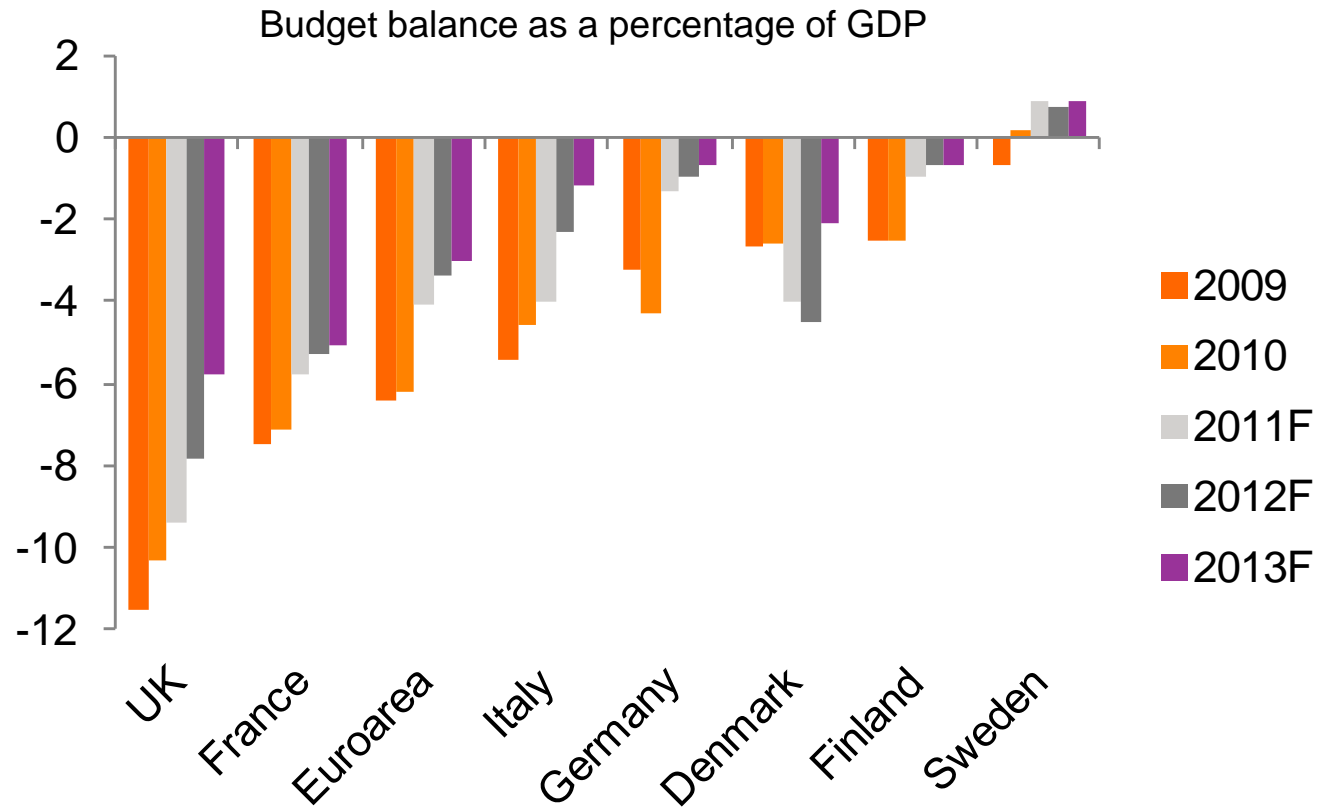


*General government gross debt according to the convergence criteria set out in the Maastricht Treaty comprises currency, bills and short-term bonds, other short-term loans and other medium- and long-term loans and bonds, defined according to ESA 95.

Source: OECD Economic outlook 90, Dec 15, 2011

Budget balance

- Sweden stands out – balanced budget



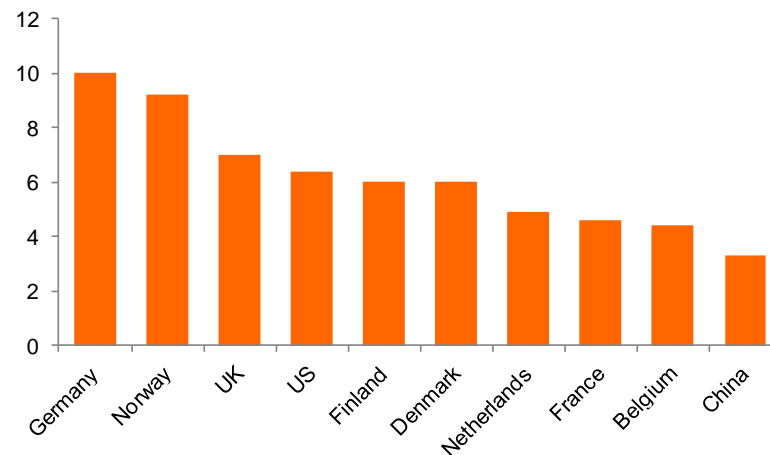
Source: Eurostat, Nov 10, 2011

Exports – key factor for growth

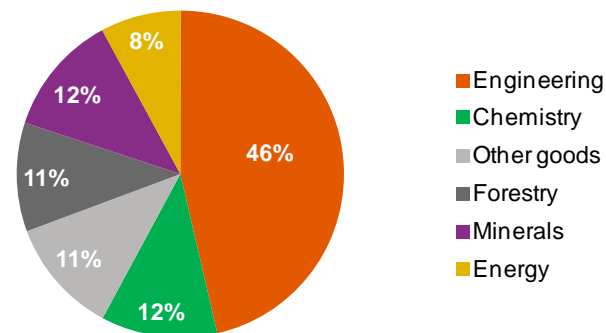
Exports and imports trend per month, SEKm



Top 10 export countries 2011, %



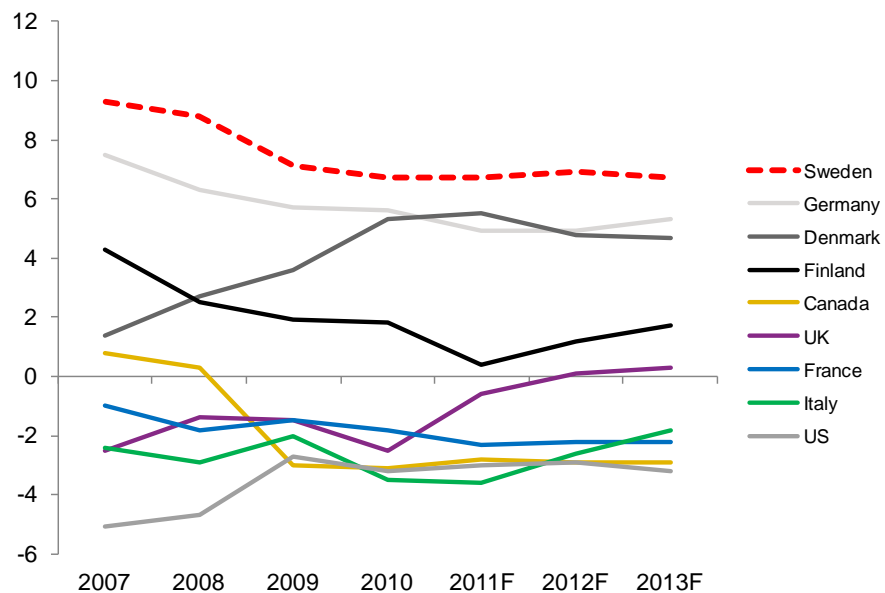
Export – distribution by important commodity groups



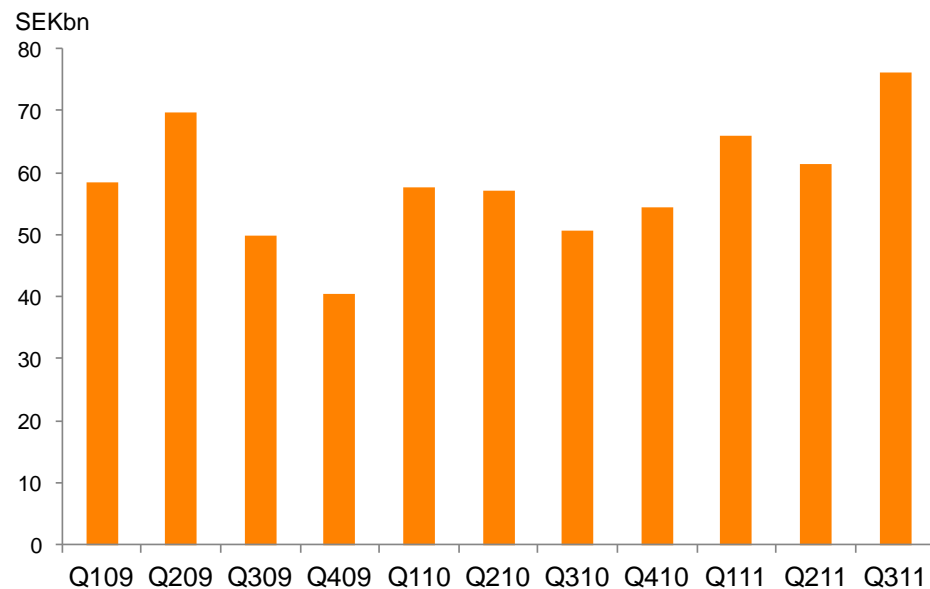
Source: Statistics Sweden, Nov, 2011

Current account balance at stable level

Current account balance as % of GDP



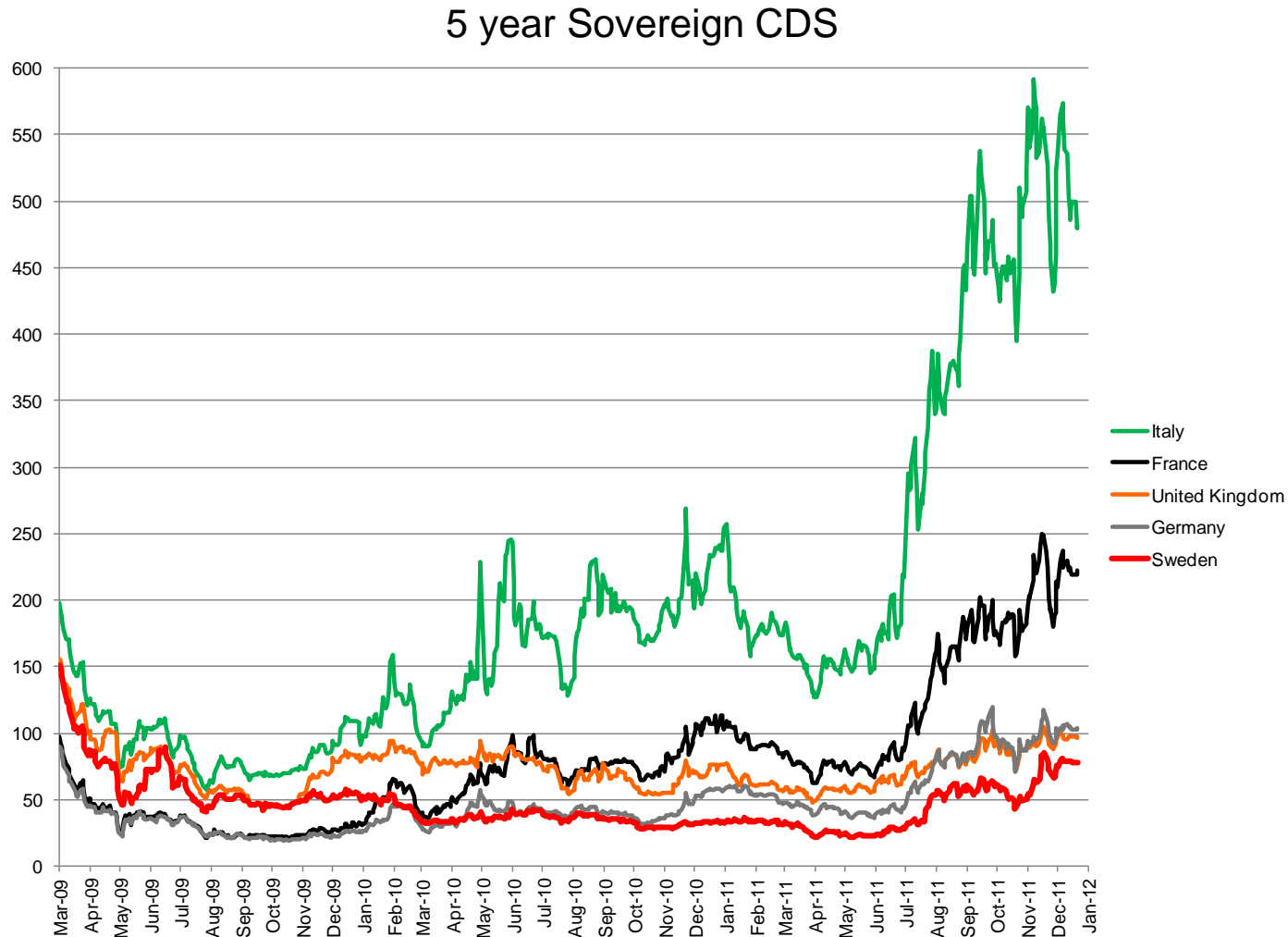
Current account net, Sweden



Source: OECD – Economic outlook 90, Dec 15, 2011

Source: Statistics Sweden, Sep 30 2011

Sweden has shown resilience through turbulent times



Source: Bloomberg, Jan 9, 2012

3. Swedish housing and mortgage market

Swedish mortgage market

- No securitization (on balance sheet)
- No sub-prime market
- No 3rd party origination
- No buy-to-let market
- 70% home ownership¹
- Rental market is regulated
 - First hand contracts difficult to obtain
 - Rents need to be negotiated with the Swedish Union of Tenants
- Transparent credit information (credit information agency, www.uc.se)
 - Publicly available information regarding income, debt, payment track record etc
- Consumer credit legislation requires affordability calculations including stress test of higher interest rate
- Very limited debt forgiveness possibilities (full recourse)
- Strong social security and generous unemployment benefit system

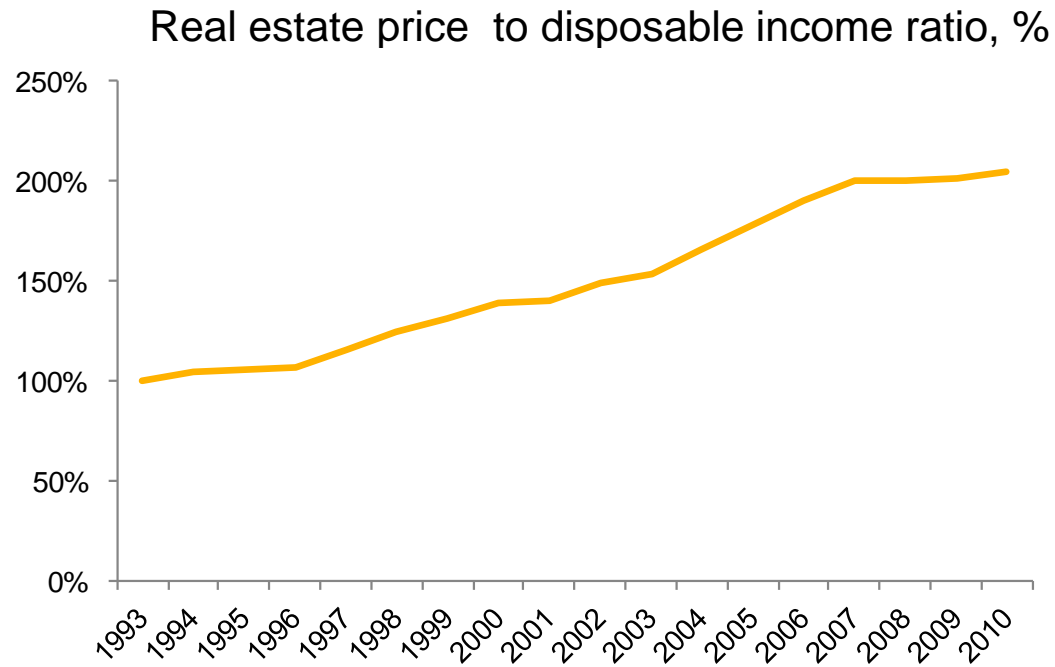
¹ Source: Boverket, 2011

Real estate prices – Sweden 2011

	Single-family homes ¹ 12M Δ	Tenant owner rights ² 12M Δ	Combined ³ 12M Δ
Jan/11	0%	8%	2%
Feb/11	2%	7%	3%
Mar/11	2%	6%	3%
Apr/11	1%	6%	3%
May/11	0%	6%	2%
Jun/11	0%	5%	2%
Jul/11	0%	6%	2%
Aug/11	-2%	3%	-1%
Sep/11	-3%	1%	-2%
Oct/11	-4%	-1%	-3%
Nov/11	-5%	-4%	-5%
Dec/11	-7%	-4%	-6%

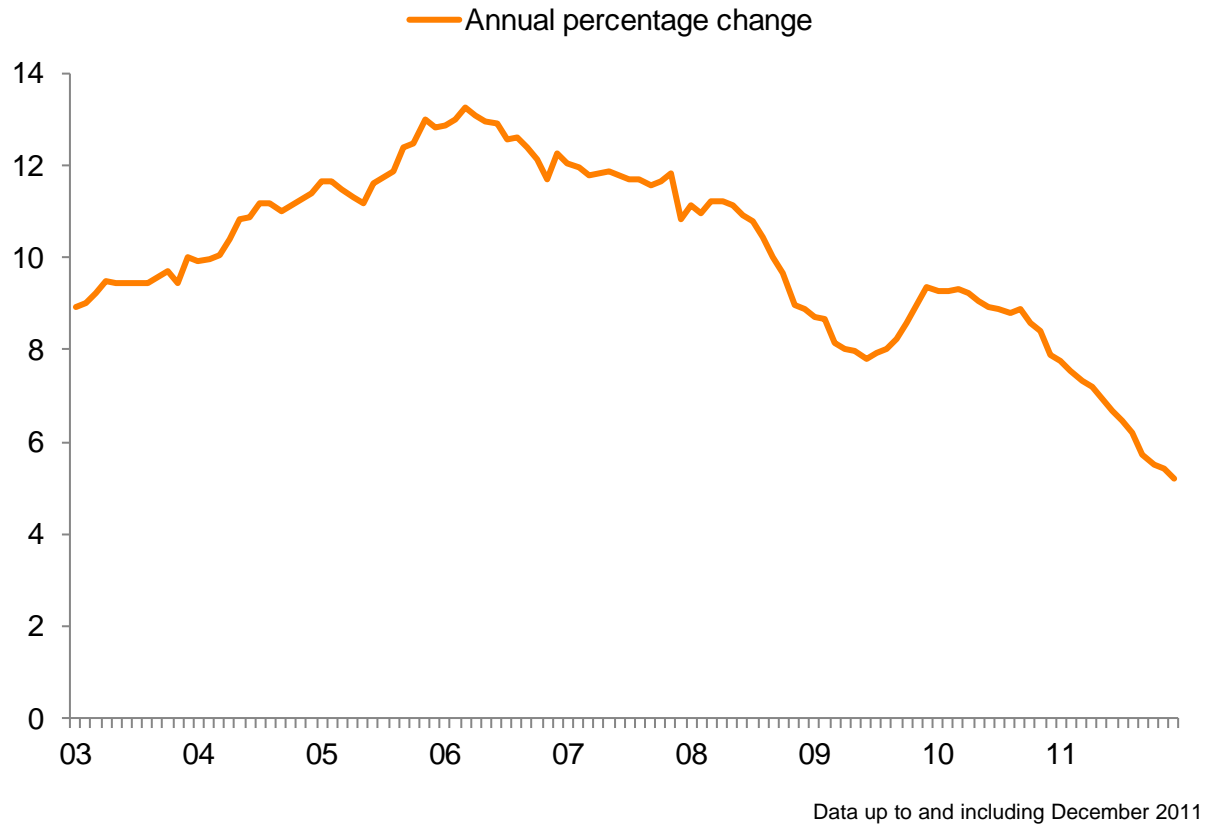
Source: Valuegard www.valuegard.se (Based on data from Mäklarstatistik), ¹ HOXHOUSESWE, ² HOXFLATSWE, ³ HOXSWE

Price development



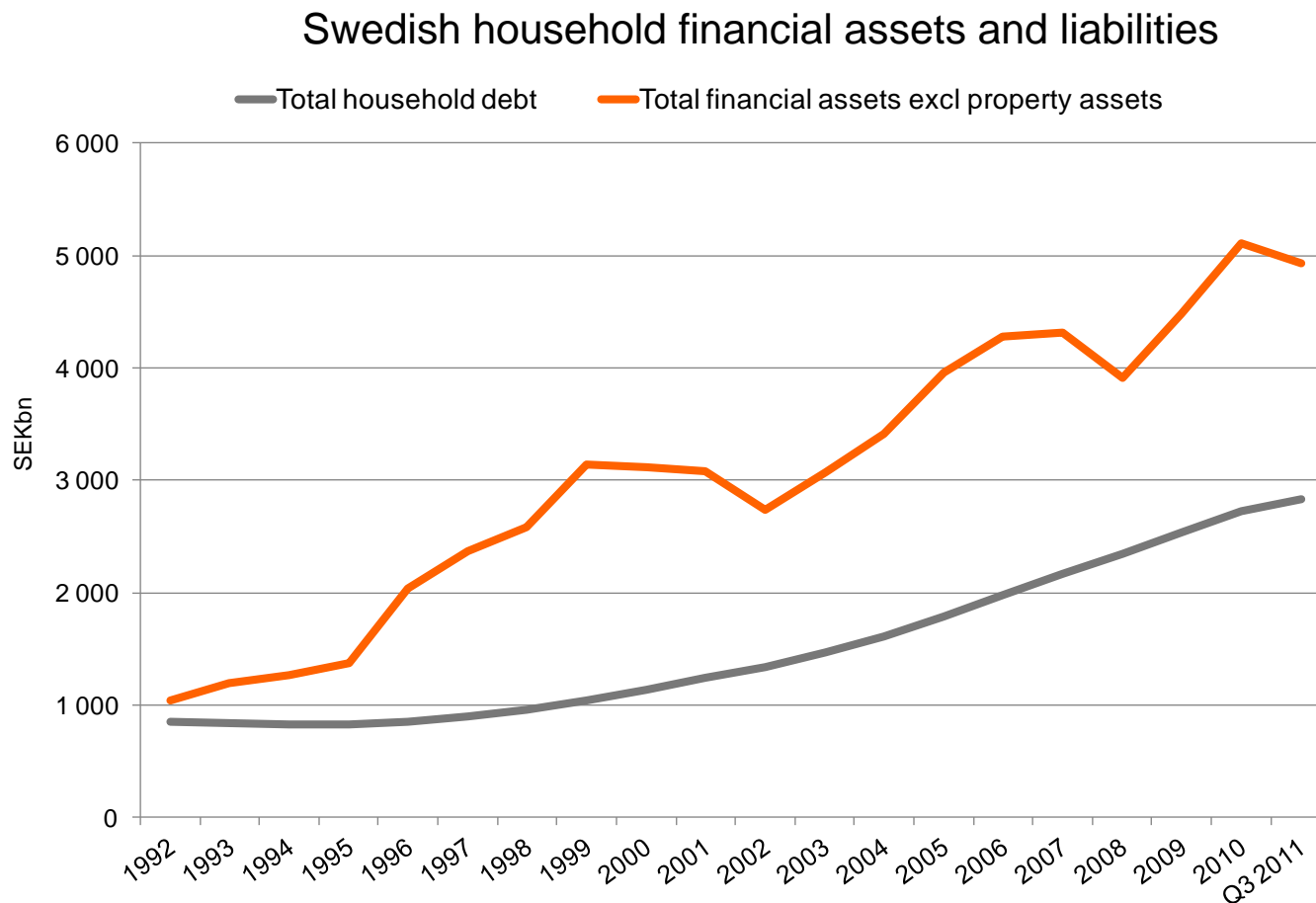
Source: SCB and Swedbank

Pace of household borrowing declines



Source: Riksbanken stability report 2011:2, Nov 29, and Sweden statistics Jan 27, 2011

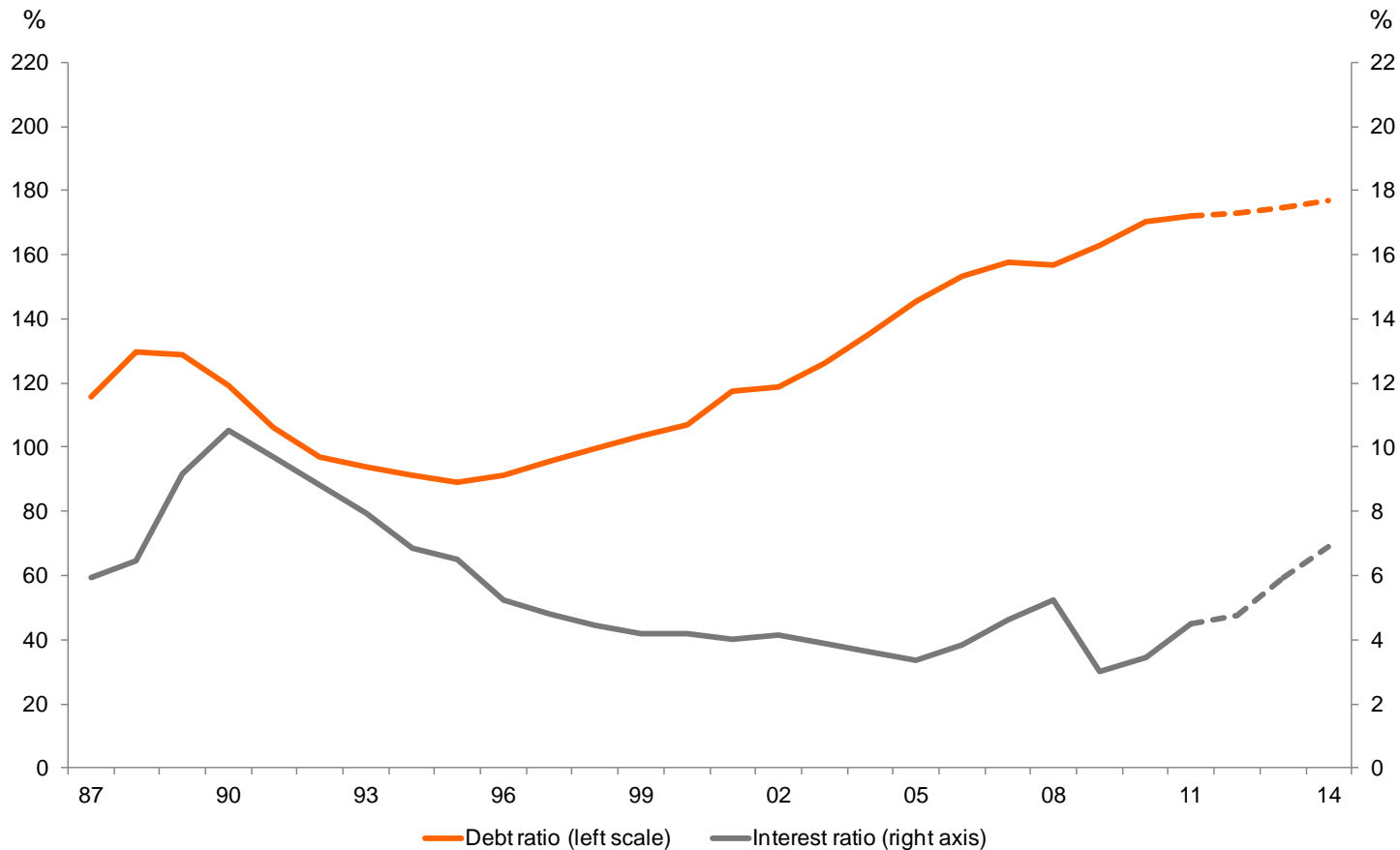
Healthy household balance sheets



Source: Statistics Sweden "Hushållens ställning och transaktioner" Q3 2011

Structural interest rate decline key to affordability

Household debt and interest expenses after tax as percentage of disposable income

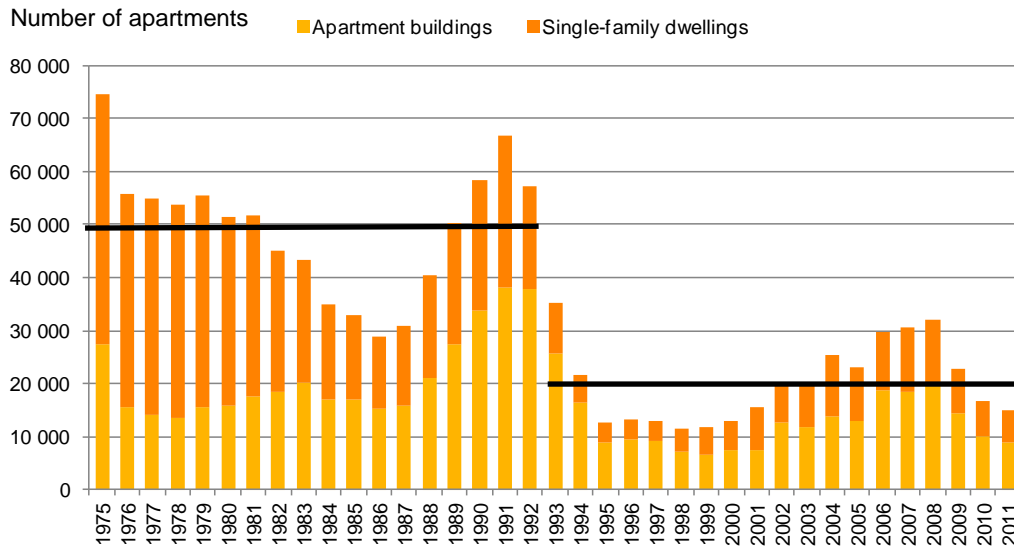


Source: Riksbanken, Financial Stability Report 2011:2, Nov 29, 2011

Housing investments at a conservative level

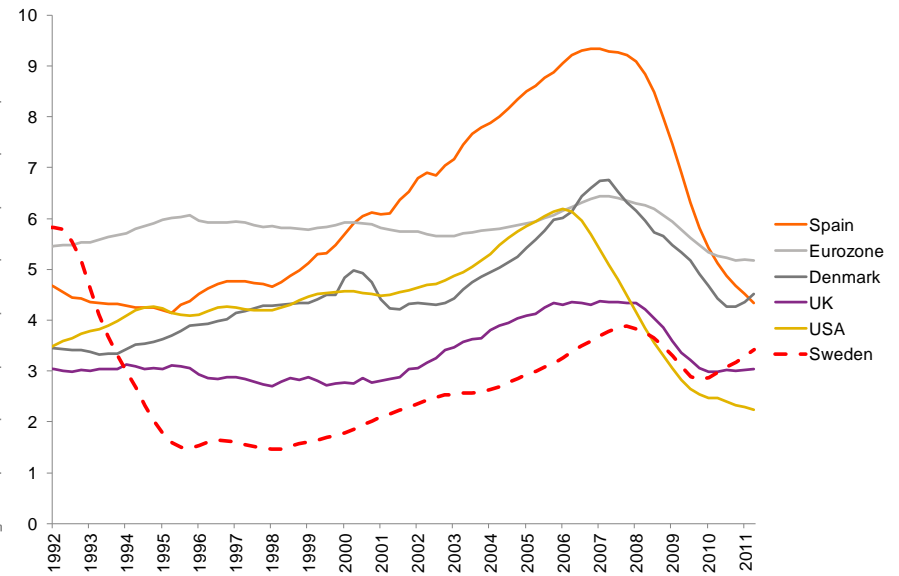
- New household formations have between 2006 and 2010 exceeded the actual new dwellings produced by 100,000 units

Housing completions, apartments in Multi-family dwellings and Single-family houses in Sweden



Source: Statistics Sweden, Dec 31, 2011 (FY 2011 annualized based on Q1-Q3)

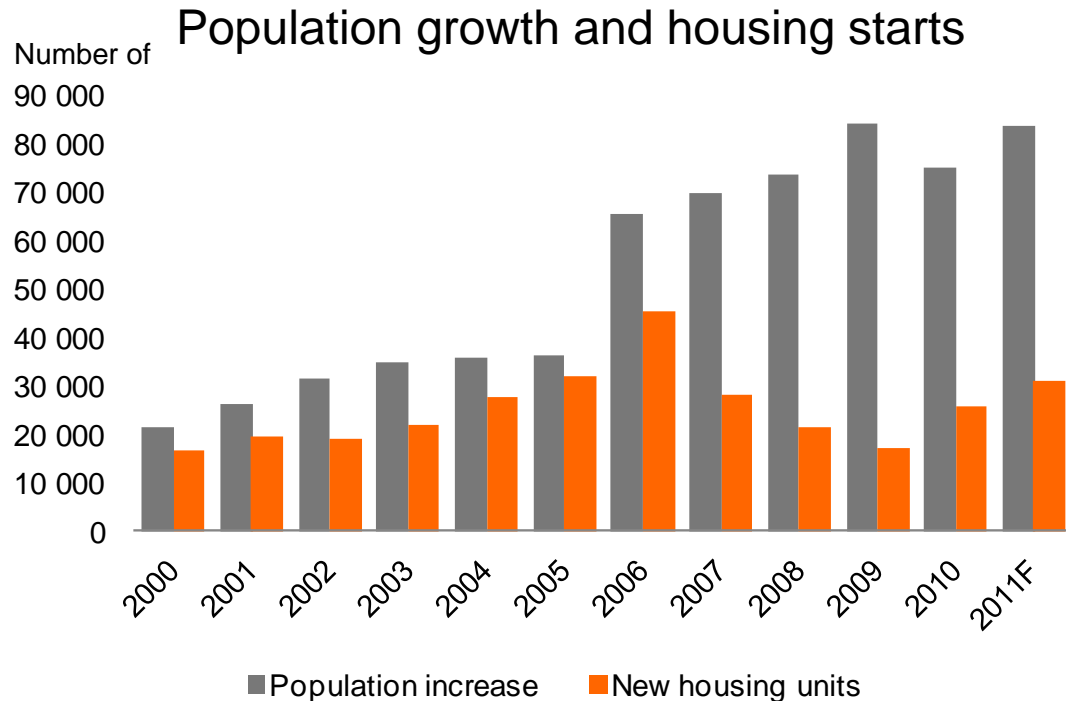
Housing investments as a percentage of GDP (4Q moving average)



Source: Reuters Ecowin, Nov 7, 2011 (data as per Q2 2011)

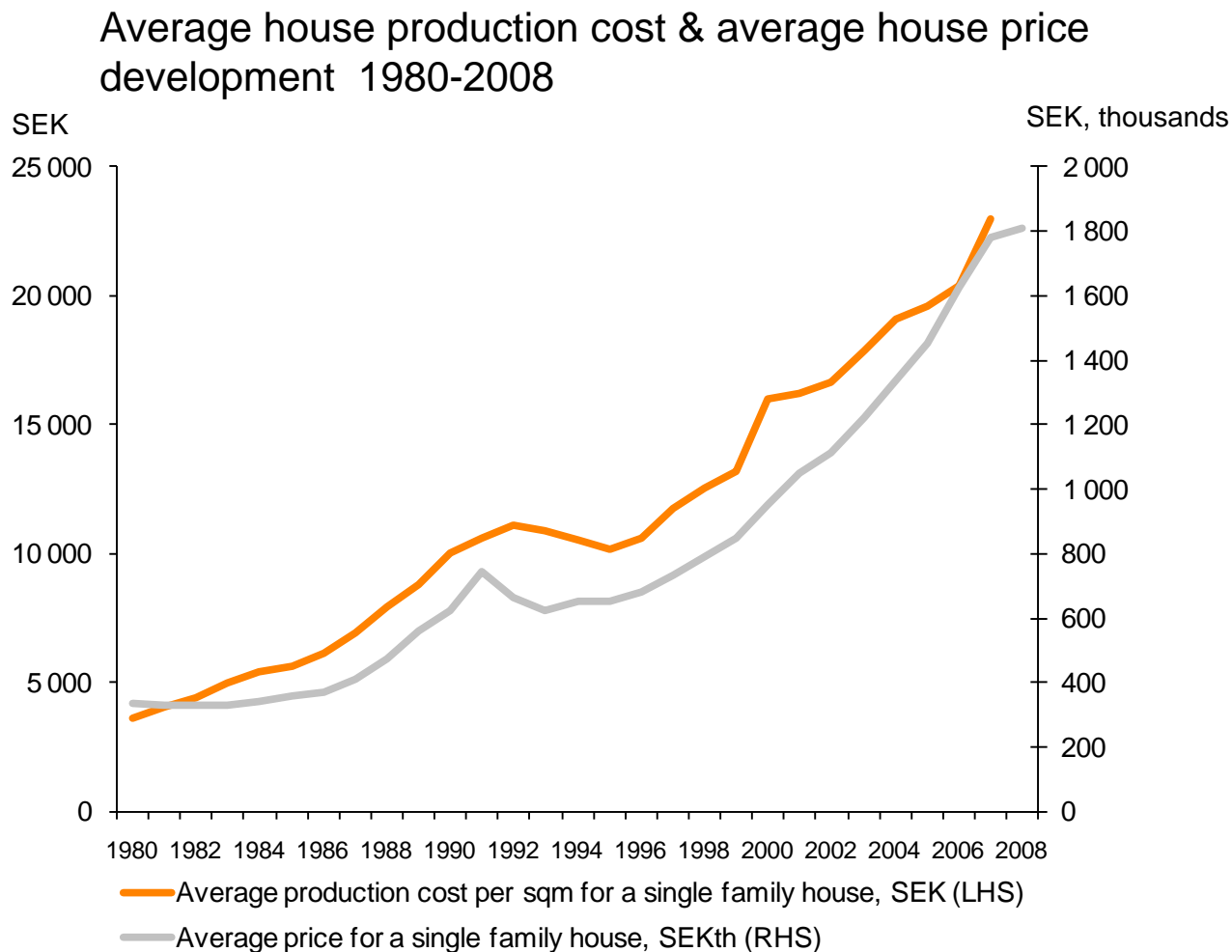
Population growth far exceeds housing unit growth

- New population growth have between 2000 and 2010 exceeded the actual new dwellings produced by more than 250,000 units
- Number of households increase as population grow
- Development tilted towards households with fewer members



Source: Statistics Sweden October 2011

House prices are moving in tandem with production costs



Source: "Bostads- och byggnadsstatistisk årsbok 2010", published Feb 15, 2010 by Statistics Sweden; page 128 and 156

4. Financial performance

Delivered according to last years prospects

- Net profit of SEK 11.7bn for 2011
- Core Tier 1 capital ratio of 15.7 per cent
- Return on equity of 12.2 per cent for 2011
- Proposed dividend of SEK 5.30 per share

All stakeholders affected by new environment

- Shareholders
 - Two share issues totalling SEK 27bn
 - Buy-back programme halted
 - Goodwill write-downs
 - Harder to reach ROE target
- Staff
 - Number of employees down by about 6 000 since end of 2007
 - Overhaul of remuneration systems will reduce variable pay
- Customers
 - Increased cost of money

Continued stable development

SEKm	FY 2010	FY 2011	Q3 11	Q4 11
Net interest income	16 329	19 118	4 857	4 994
Net commission income	9 525	8 963	2 292	2 126
Net gains and losses	2 400	1 584	259	559
Other income	2 790	3 850	782	839
Total income	31 044	33 515	8 190	8 518
Total expenses	17 642	17 869	4 331	4 809
Profit before impairments	13 402	15 646	3 859	3 709

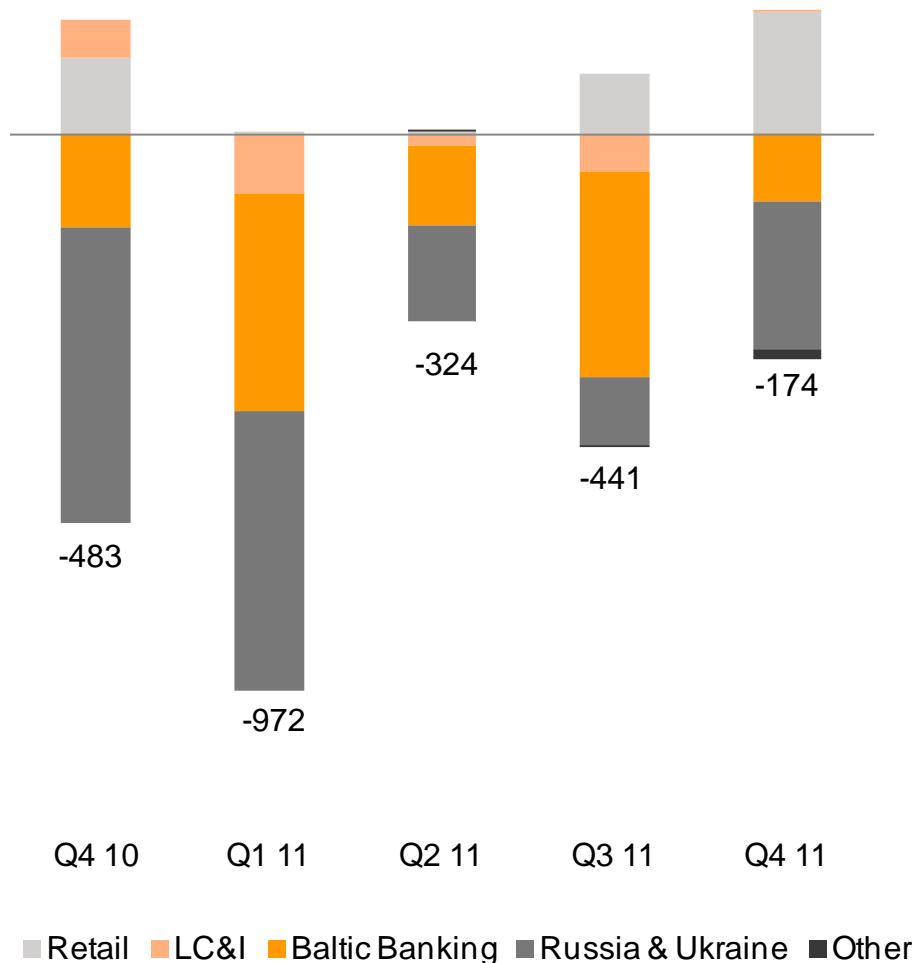
CT1 ratio, %*	13.9	15.7
Return on equity, %	8.1	12.2

* Basel 2

- Goodwill write-down in Latvia SEK 1 913m
- SEK 330m restructuring charge
- Increased capital markets income and positive valuation effects
- Cost reduction 2012: SEK 1bn
- Continued focus on capital efficiency

Net recoveries of SEK 174m in Q4

Credit impairments, SEKm



- Credit impairments in Sweden still low
 - Known problems
 - Limited inflow of watch list and problem loans
- Collective provisions mortgage loans in Latvia and Ukraine
- Net recoveries of SEK 1 911m FY 2011

Many factors impacting outlook

- Challenging economic situation in Europe
- Slowing real estate market in Sweden leads to decreased risk in mortgage business
- Positive outlook in Baltic countries

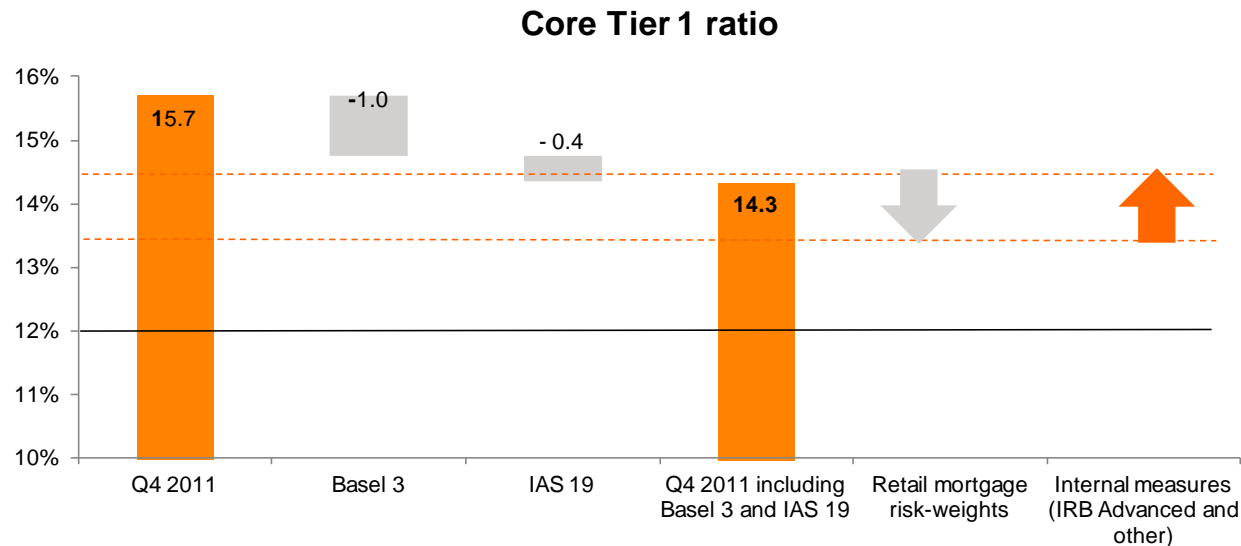
Priorities going forward

Increased focus on operational efficiency

- Improve customer satisfaction
- Increase decision-making close to our customers
- Improve quality and cost effectiveness

Strong capitalisation

- Capital management - dividend policy 50%, share buy-backs on hold, AGM approval for CoCos
- Capitalisation target withdrawn
- Management expectation: CT1 ratio of 13.5-14.5% (full Basel 3)
- Average Swedish mortgage RWA of 10-15% would impact CT1 ratio negatively with 1.0-1.9 percentage points
- Return target of 15%



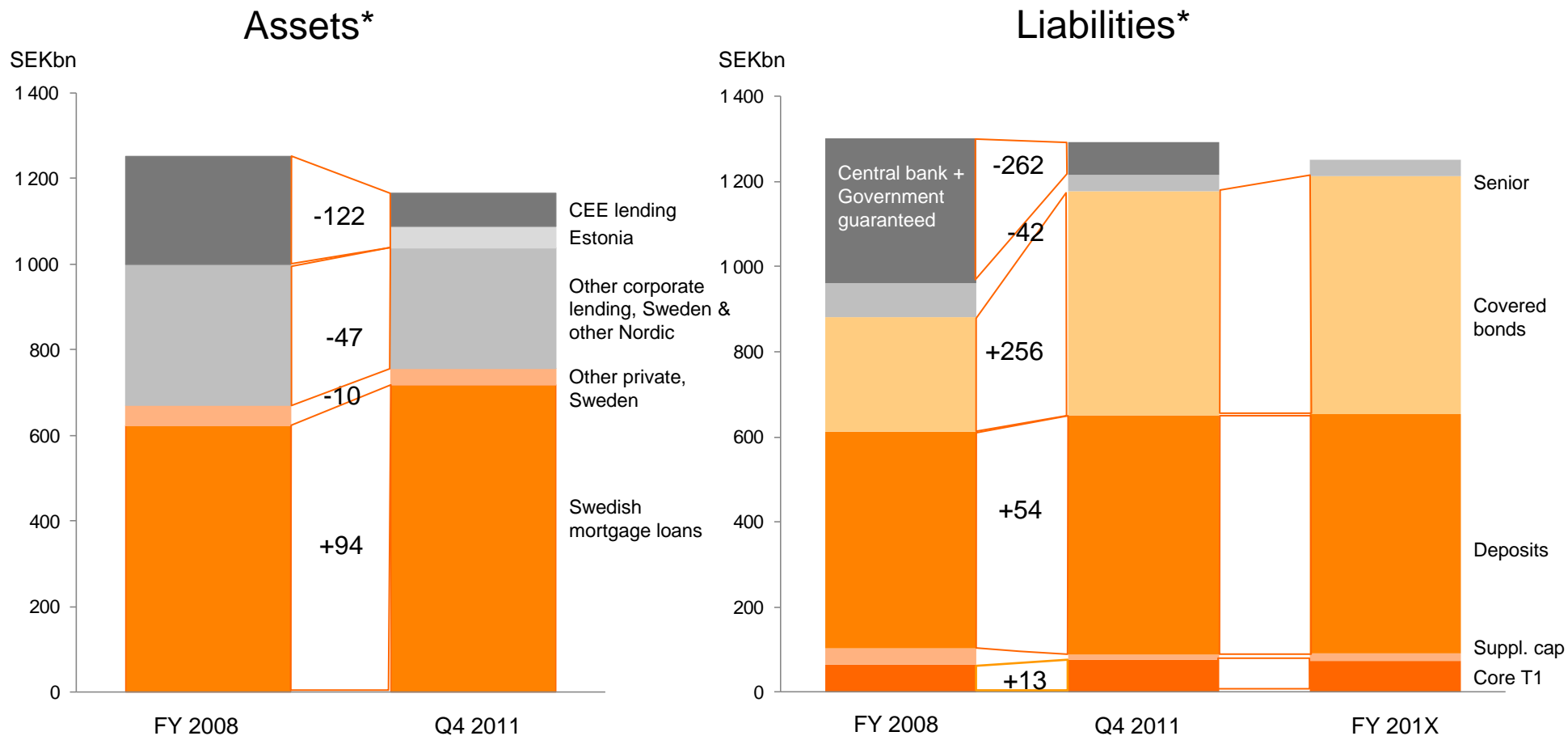
Swedbank regulatory compliant – transformation completed

- Transformation of:
 - Maturity structure liabilities
 - Liquidity reserve
 - Capital buffer
- Significantly reduced risk in balance sheet
- Cost for regulatory compliance taken

Ratio	Swedbank		Expected requirements	
CT1-ratio, Basel 3	14.7%	✓	10% (2013)	12% (2015)
Liquidity coverage ratio	139%	✓	100% (2015)	EUR/USD
Net stable funding ratio	94%	✓	100% (2018)	

5. Liquidity and funding

Significantly reduced risk level

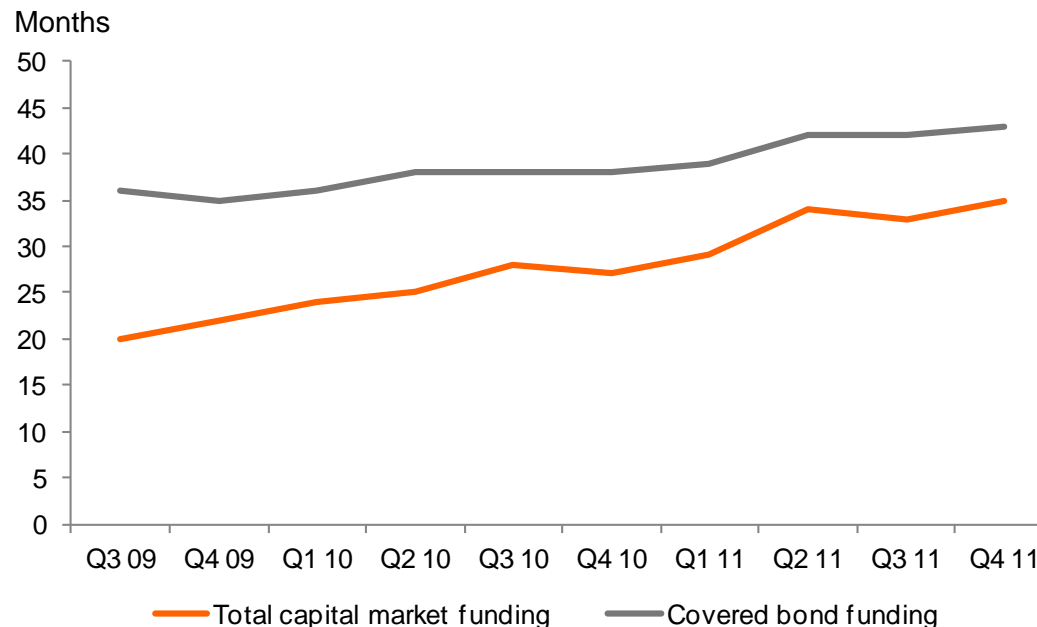


Source: Swedbank, Dec 31, 2008 and Dec 31, 2011 * Simplified balance sheet assets and liabilities

Active maturity profile extension of market funding

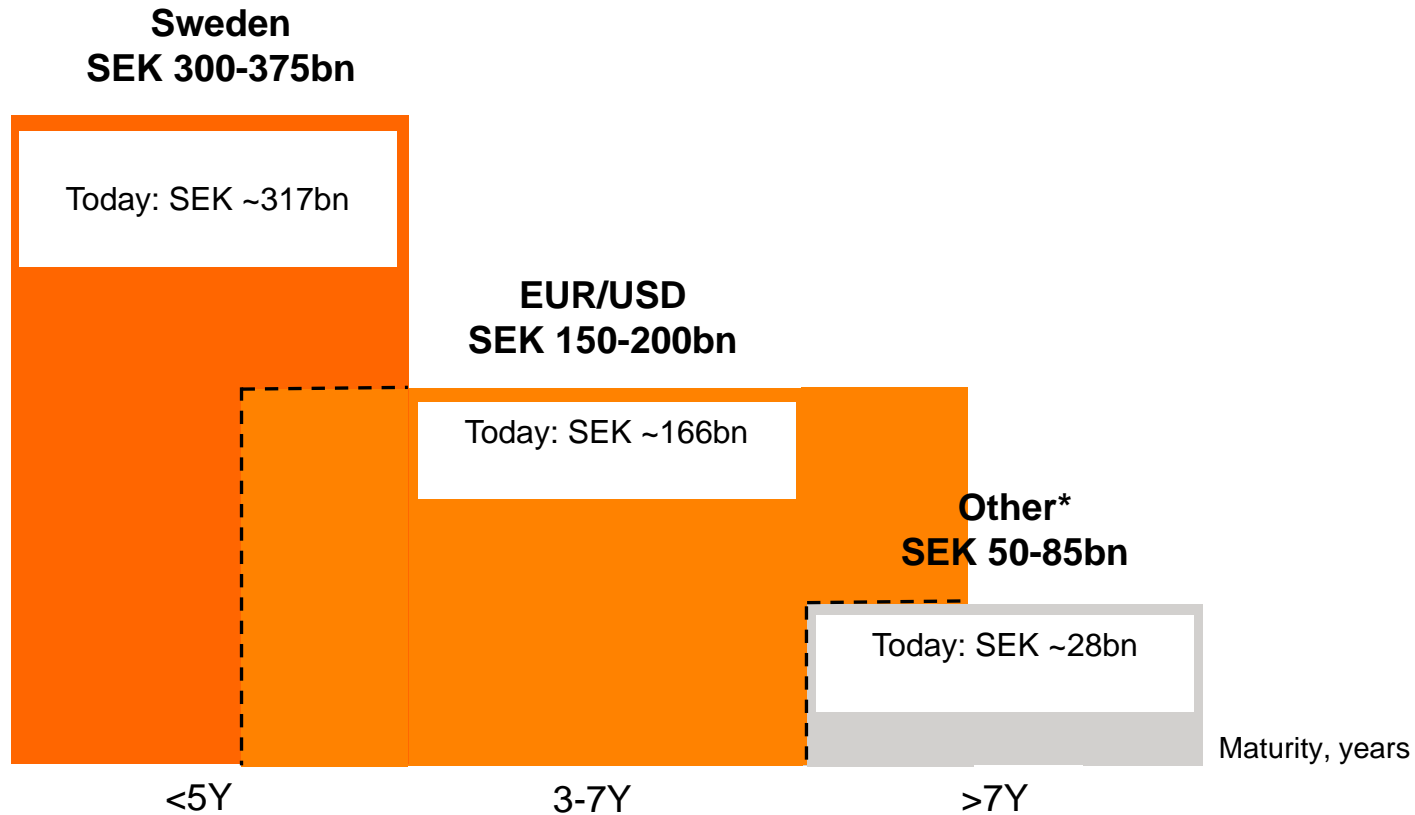
- Average maturity of all capital market funding 35 months at end Q4 2011
- Average maturity of covered bond funding 43 months at end Q4 2011
 - Average maturity of long-term funding issued during Q4 2011 52 months

Average maturity profile of outstanding market funding



Source: Swedbank interim reports and Fact books

Covered bond strategy

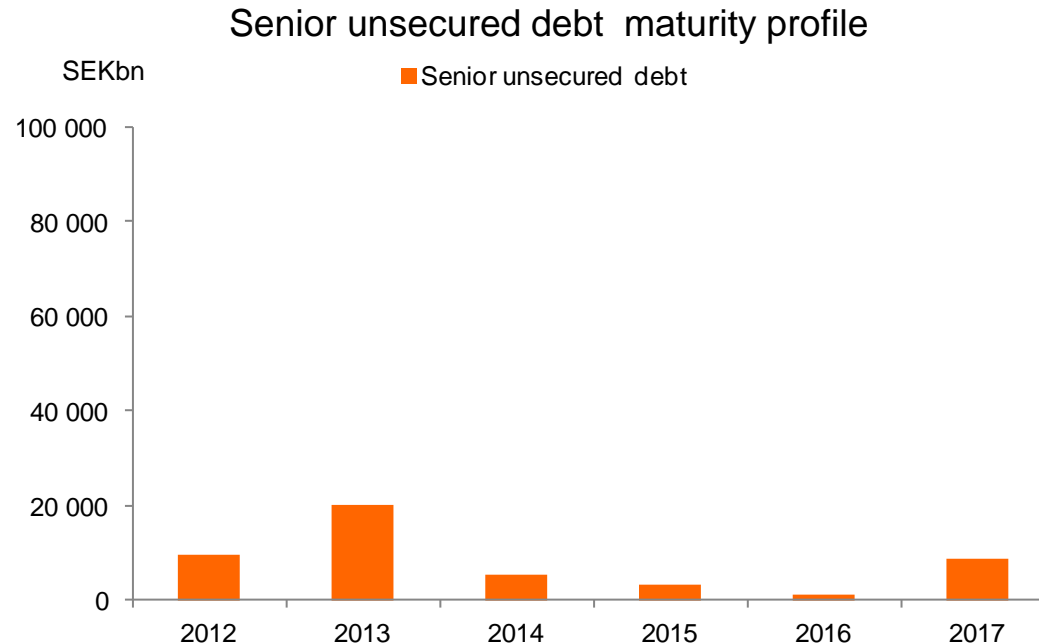


*e.g. Registered covered bonds

Source: Swedbank, Dec 31, 2011, Nominal amounts

Senior unsecured debt strategy

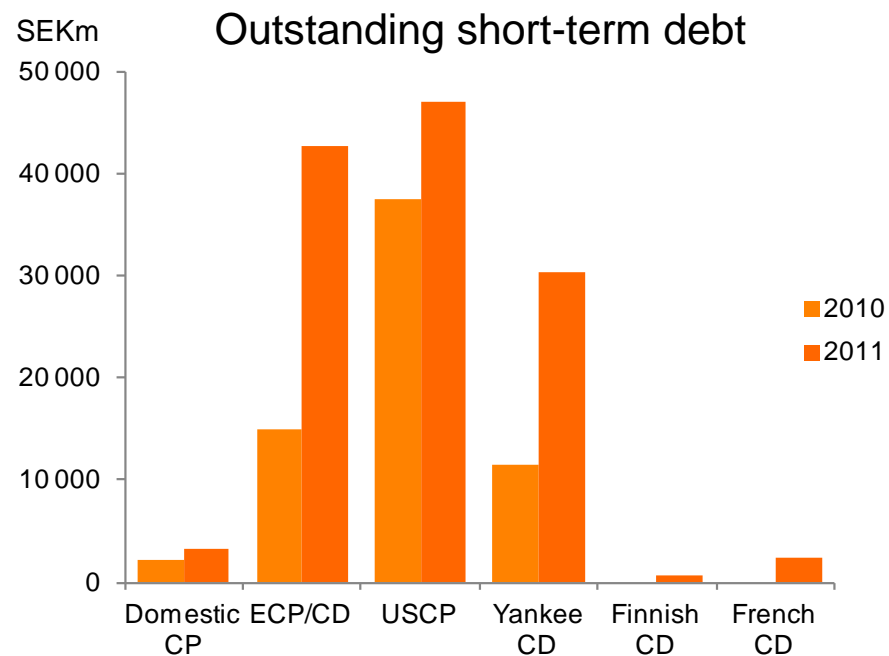
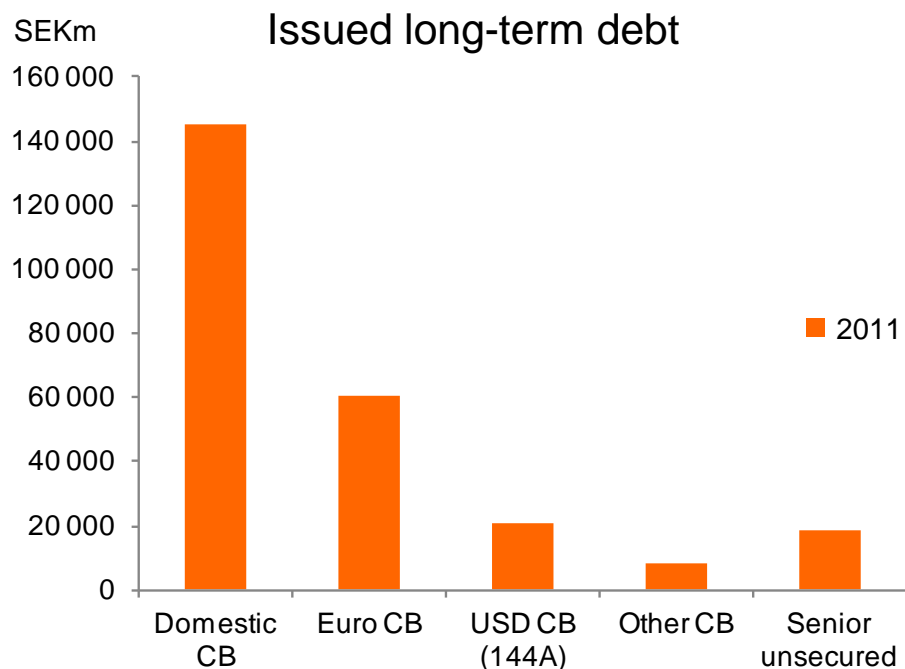
- Limited need given Swedbank's balance sheet structure
- Build and maintain a Euro-curve
- Private placements in all currencies
- Create cover pool OC-level resilience against house price fluctuations



Source: Swedbank, Dec 31, 2011, Nominal amounts

Funding development FY 2011

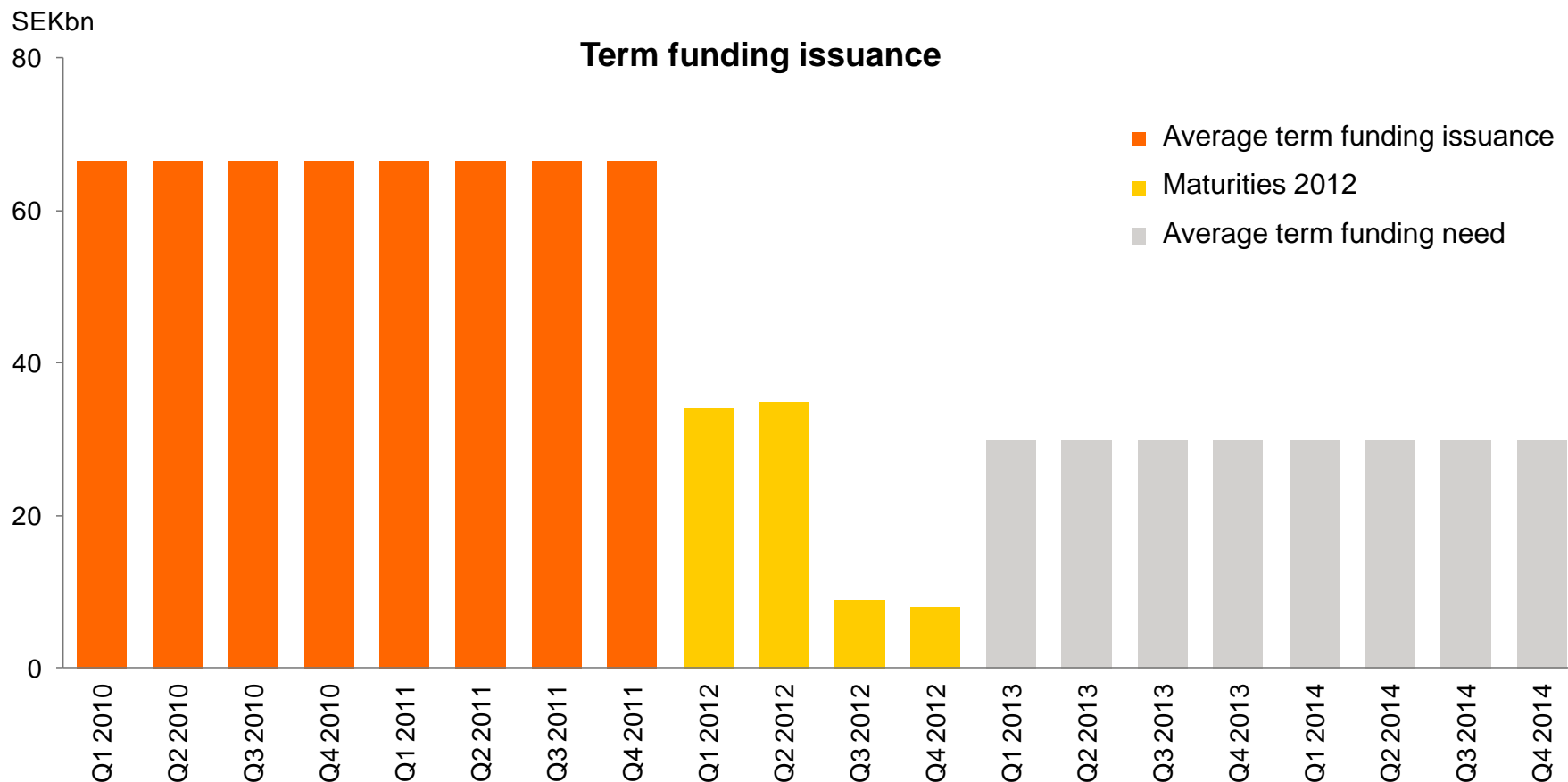
- SEK 254bn of long-term debt issued in 2011
- Demand for Swedbank short-term paper continued
- USD-funding need covered for more than 12 months



Source: Swedbank, Dec 31, 2011

Significantly lower issuance volumes going forward

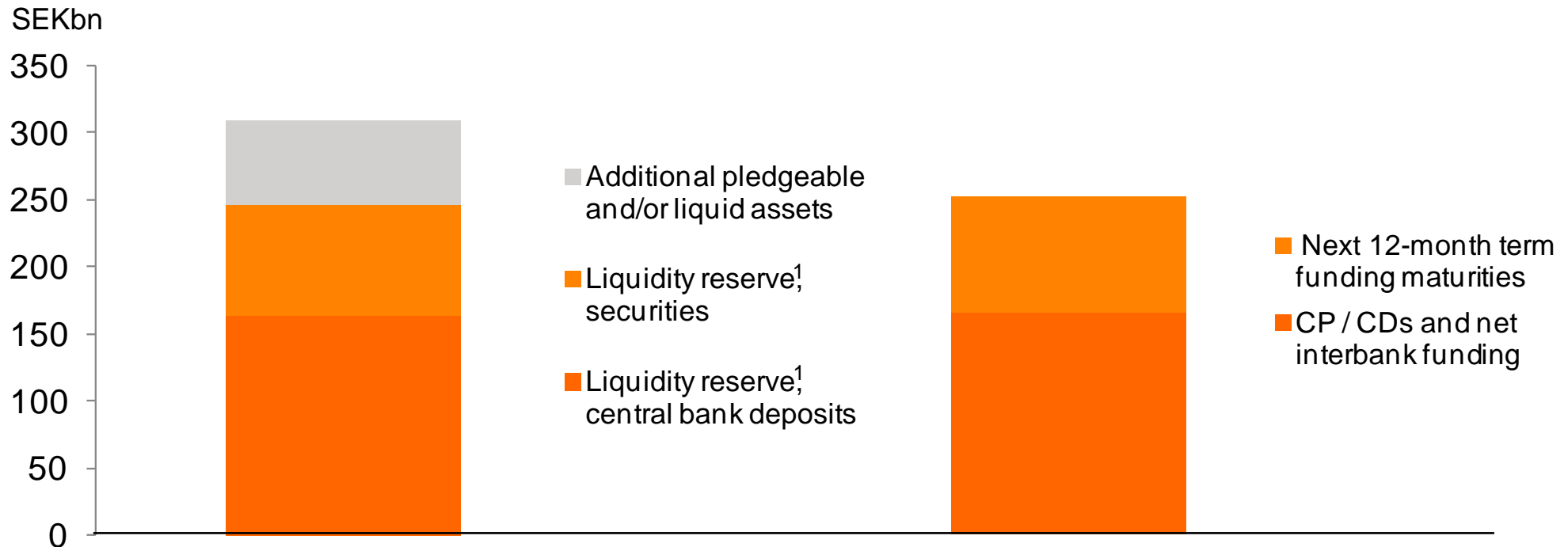
- SEK 44bn of long-term debt issued in Q4 (incl. SEK 7bn of senior unsecured)
- Extended average maturity
- Continued strong liquidity reserves



Source: Swedbank, Dec 31, 2011

Conservative liquidity levels

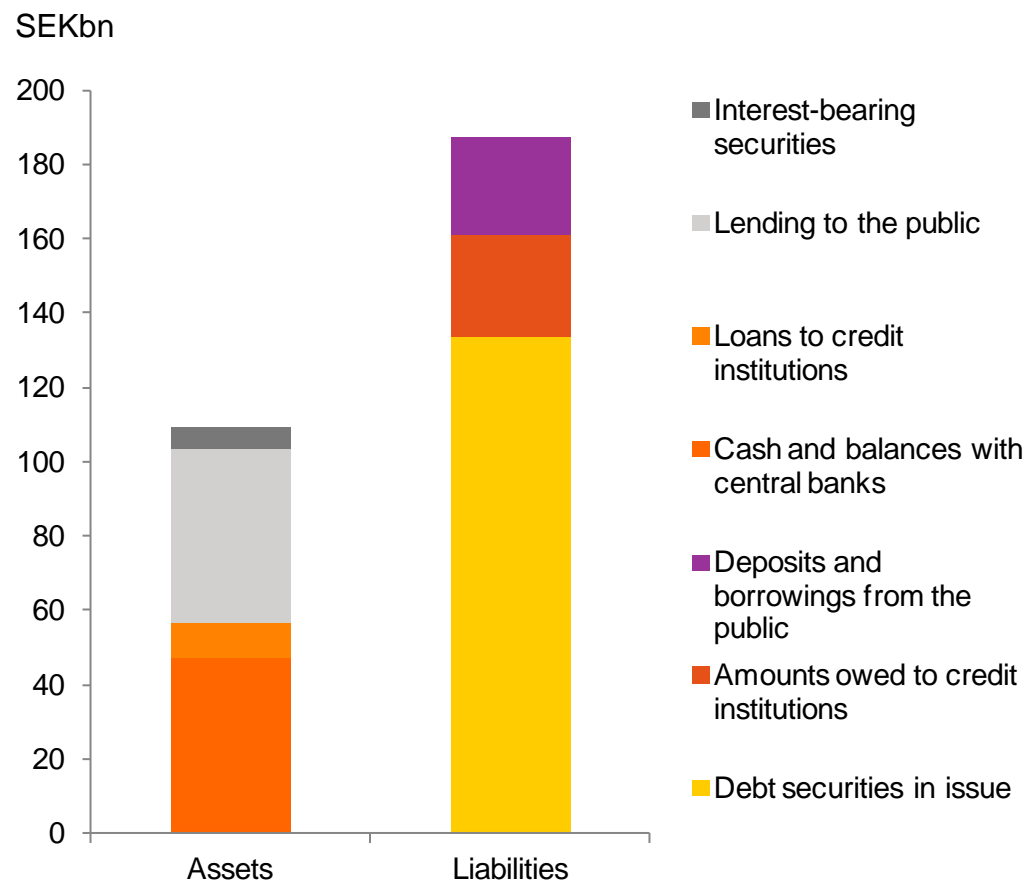
- Short-term funding mainly a tool for cash management
- More than 12 months pre-funded
- Level of Liquidity reserve adjusted over time according to refinancing need



Source: Swedbank 30 Dec 2011 ¹ As defined by the Swedish Bankers' Association

Low need for USD-funding

- USD-funding need covered for more than 12 months
- Issued USD 3bn of covered bonds (144a) during 2011



Source: Swedbank, Dec 31, 2011, (Fact book page 72)

Liquidity reserve

SEKm

According to the template defined by the Swedish Bankers' Association¹

Cash and holdings in central banks	163 215
Deposits in other banks available overnight	
Securities issued or guaranteed by sovereigns, central banks or multilateral development banks	27 880
Securities issued or guaranteed by municipalities or Public sector entities	
Covered bonds	54 132
- Issued by other institutions	54 132
- Own issued	
Securities issued by non-financial corporates	
Securities issued by financial corporates (excl. covered bonds)	1 715
Other	
Total	246 942
Additional liquid assets, Group ²	62 082

¹ 96% of the securities in the liquidity reserve per Q4 2011 are rated AAA

² 80% of the additional liquid assets fulfill the Liquidity Reserve definition by the Swedish bankers' association except from that they are held outside the Treasury department.

6. Swedbank's cover pool

Cover pool data¹

Rating, S&P / Moody's	AAA / Aaa
Total pool size	SEK 669.8bn
Geographic distribution	Sweden 100%
Current OC-level	28.7%
Weighted average seasoning ²	60 months
Average LTV ^{3, 4}	
– WA LTV on property level (Max LTV)	57%
Non-performing loans ⁵	None
Fixed /Floating interest loans ⁶	
– Fixed	40%
– Floating	60%
Repayment structure ⁷	
– Amortising	46%
– Interest only	54%
Average loan size	SEK 426 544
Number of loans outstanding	1 570 199
Number of borrowers	1 146 976
Number of properties	750 742
Dynamic pool	Yes

¹ As per Dec 31, 2011

² Public sector loans not included

³ Index valuation as per Dec 31, 2011

⁴ Maximum LTV: Residential 75%, Commercial 60%, Forest and Agriculture 70%

⁵ Past due loans > 60 days are not eligible for the cover pool

⁶ Floating interest loans < 365 days

⁷ Property level of cover pool

Cover pool data

Type of loans

Residentails	90,9%
of which Single-family housing	61,7%
of which Tenant owner rights	15,9%
of which Tenant owner association	9,4%
of which Multi-family housing	3,9%
Public	1,8%
Commercial	0,1%
Forest & Agricultural	7,2%
	100,0%



Geographical distribution - Sweden 100%

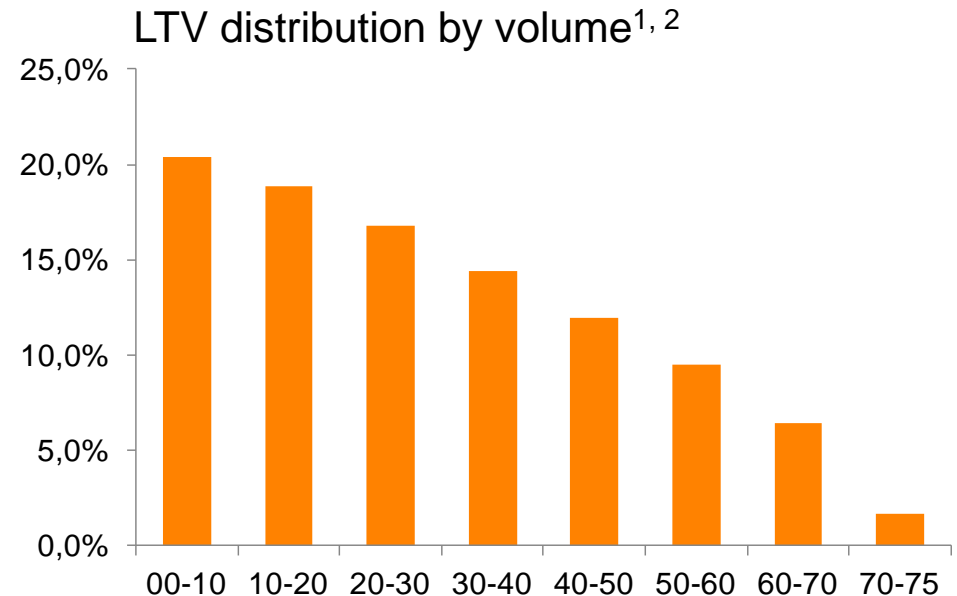
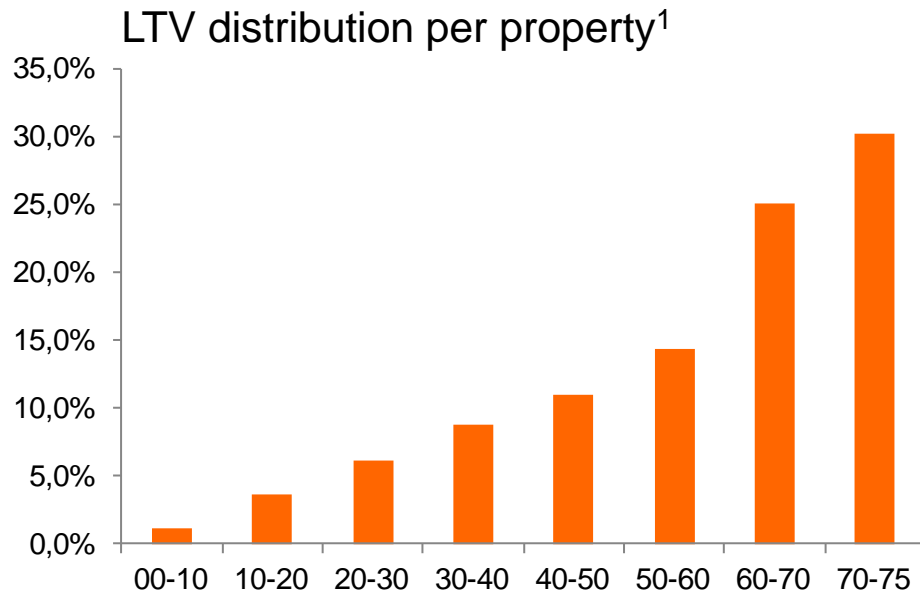
31 Dec
2011

North	6,8%
Norrboten county (BD)	1,6%
Västerbotten county (AC)	2,4%
Västernorrland county (Y)	1,6%
Jämtland county (Z)	1,2%
Middle (including Stockholm)	44,7%
Dalarna county (W)	2,4%
Gävleborg county (X)	2,3%
Värmland county (S)	2,3%
Örebro county (T)	2,6%
Västmanland county (U)	2,7%
Uppsala county (C)	4,1%
Södermanland county (D)	2,7%
Stockholm county (including Stockholm) (AB)	25,6%
South (including Gothenburg and Malmoe)	48,5%
Västra götaland county (Including Gothenburg) (O)	16,9%
Östergötland county (E)	4,1%
Jönköping county (F)	3,7%
Halland county (N)	3,5%
Kronoberg county (G)	2,3%
Kalmar county (H)	3,3%
Skåne county (including Malmoe) (M)	12,4%
Blekinge county (K)	1,8%
Gotland county (I)	0,6%
	100,0%

Source: Swedbank, Facts Dec 31, 2011

Cover pool loan-to-value distribution

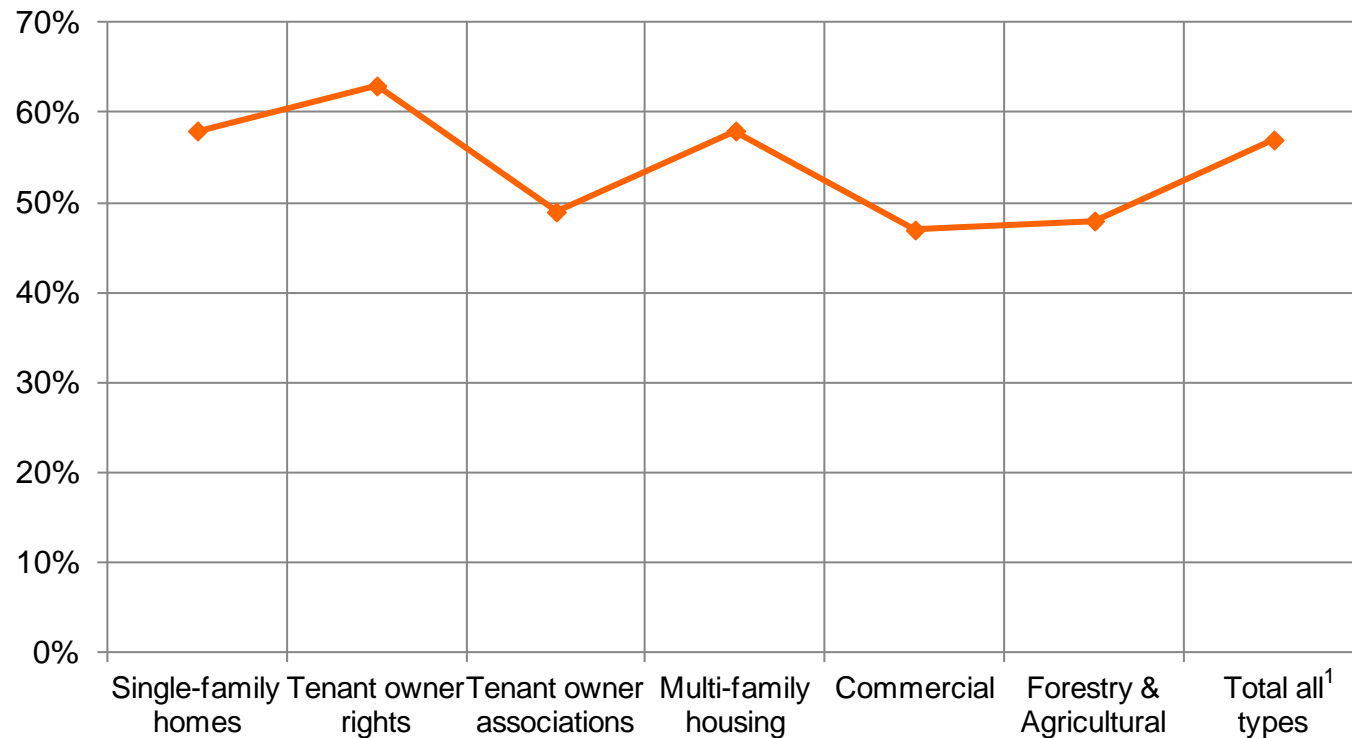
- Weighted average LTV 57%



¹ Public loans of 1.8% of the cover pool are excluded as they are either guaranteed by a Swedish municipality or the government and have therefore no LTV assigned to them. ² LTV distribution as defined by the Association of Swedish

Cover pool loan-to-value distribution

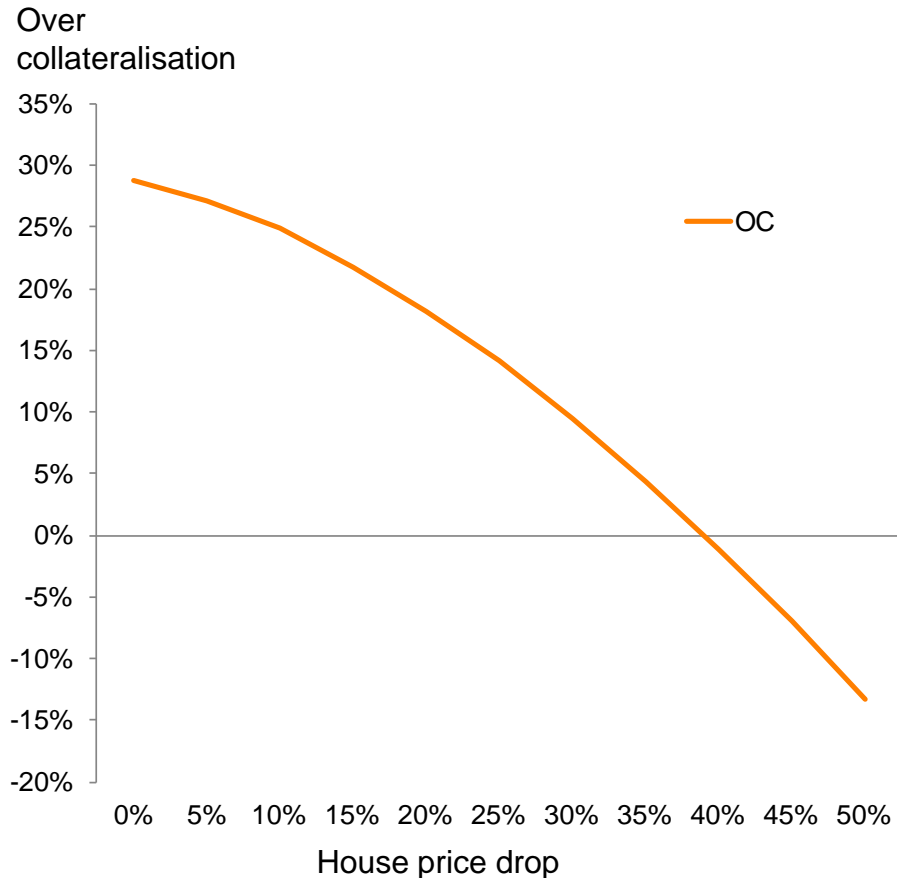
WA LTV per property type



Source: Swedbank, Dec 31, 2011 (¹excluding public sector loans)

House price sensitivity of the cover pool

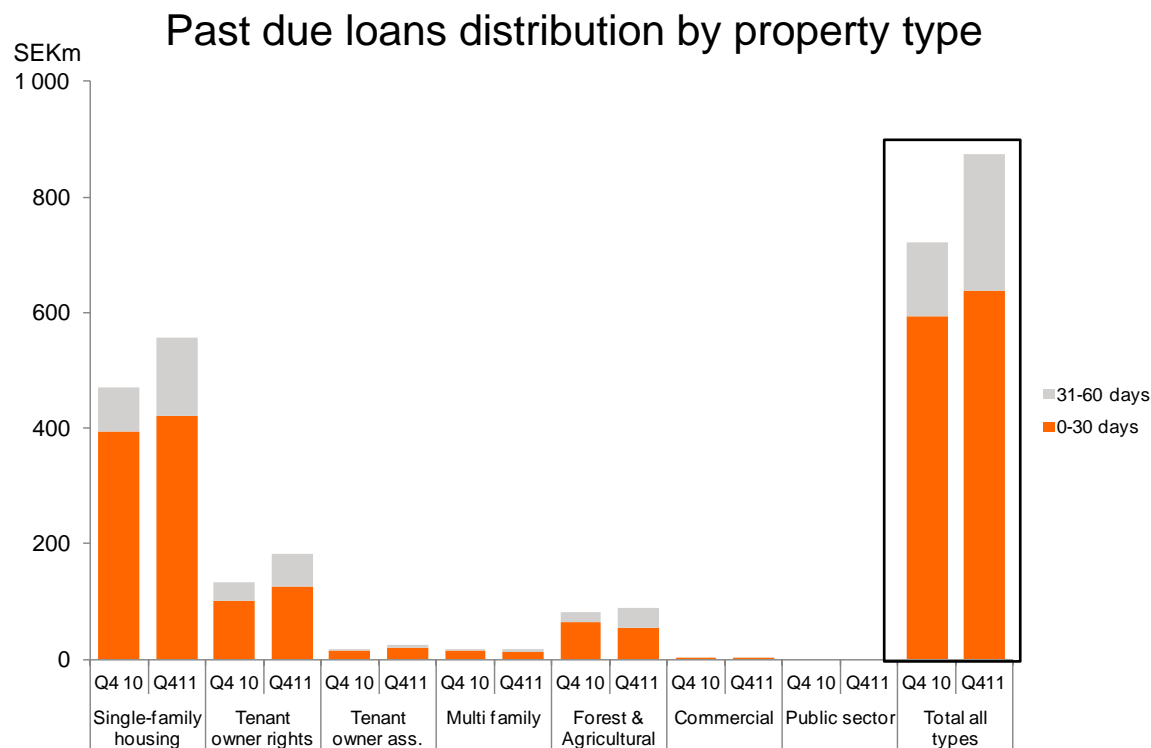
- Resilient LTV-structure with an approximate 2-to-1 relationship between house price drops and cover pool size



Source: Swedbank, Dec 31, 2011

Cover pool past due loans distribution

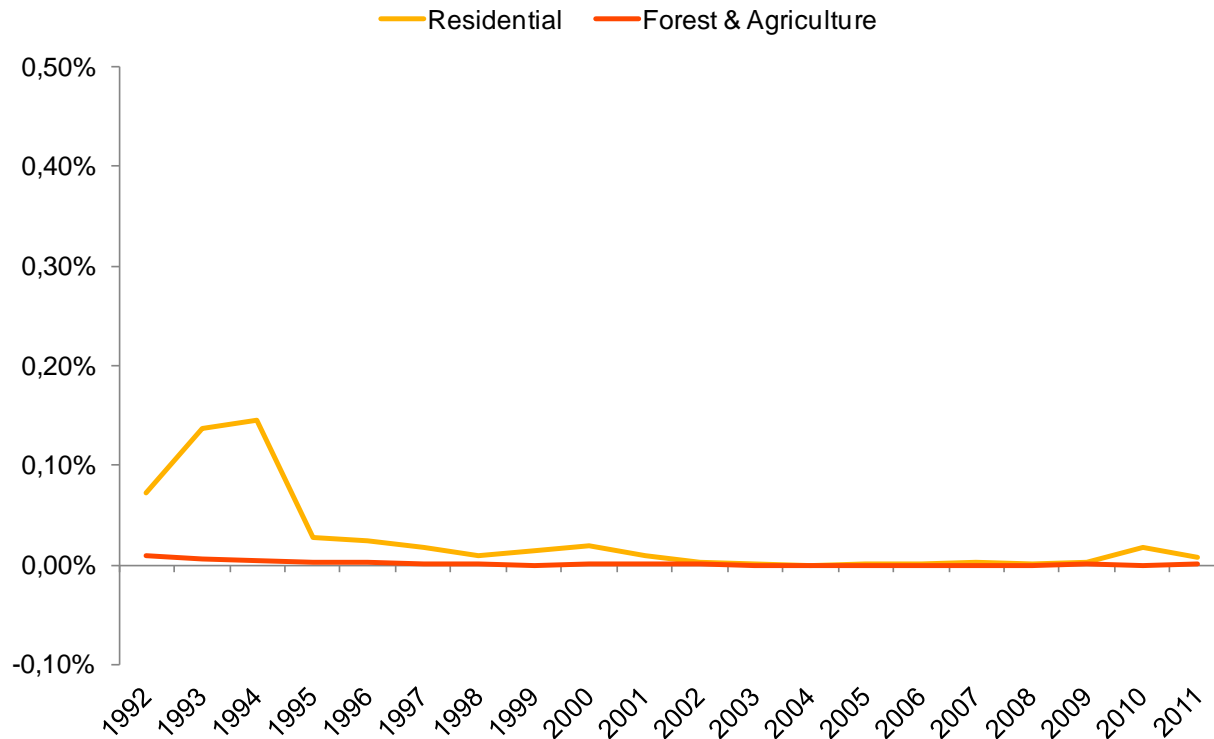
- In total, past due loans represent approx. 0.13% of the assets in the cover pool
- 73% of total past due loans are past due 30 days or less
- Past due loans > 60 days are not eligible for the cover pool



Source: Swedbank, Dec 31, 2011

Insignificant historical loan losses in Swedbank Mortgage

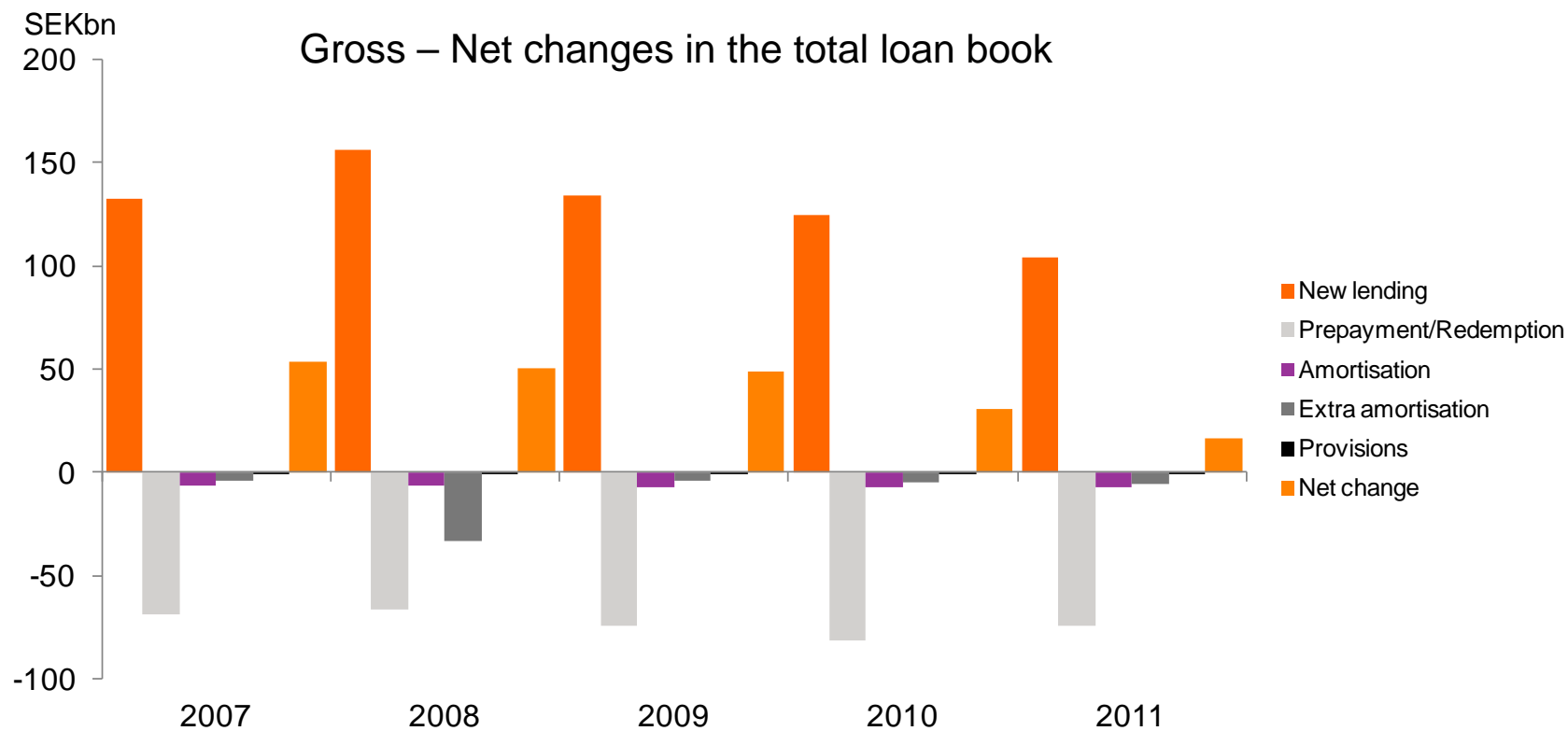
- Total accumulated losses since 1982 of SEK 7.4bn
- Main part incurred during the years of 1992 and 1993
- Less than 20% in the private segment



Source: Swedbank Dec 31 2011

Turnover of Swedbank Mortgage AB's total loan book

- Total mortgage loan book of SEK 711bn



Source: Swedbank, Dec 31, 2011

7. Appendix

Rating

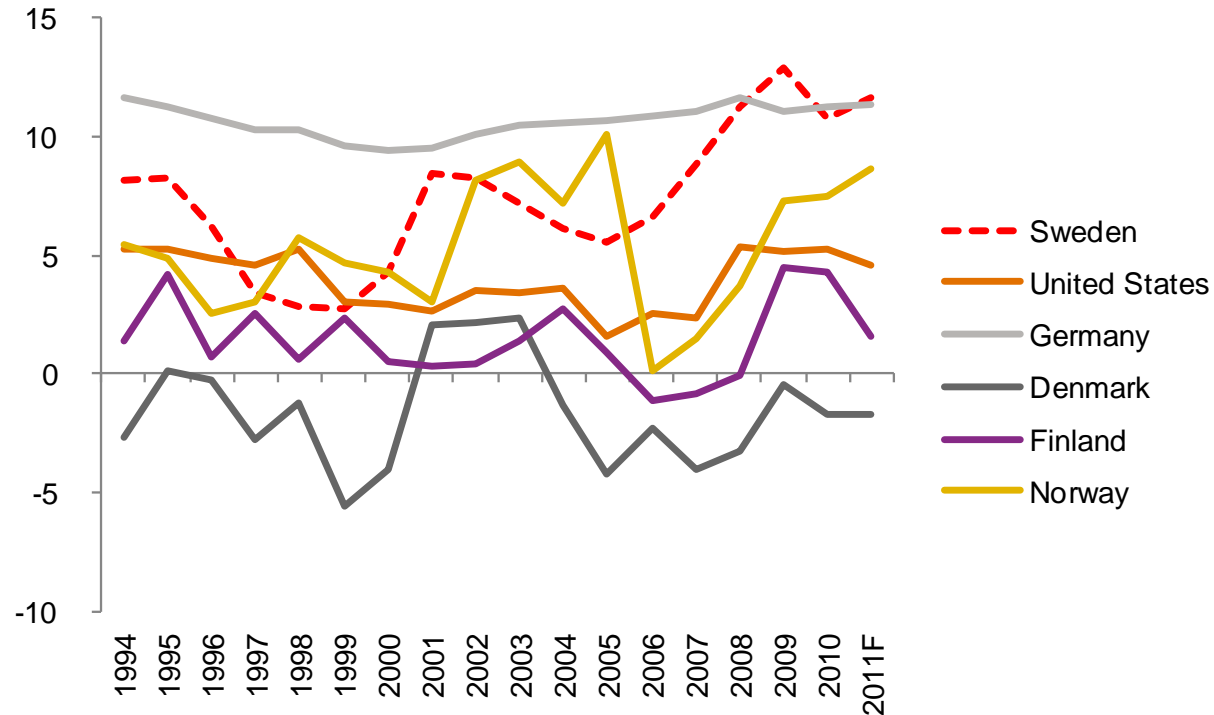
- Moody's: 15 February 2012 Swedbank's and Swedbank Mortgage's long- and short term credit rating on review for possible downgrade (Moody's rating review for European banks)
- S&P: 1 December 2011 Upgrade Swedbank's and Swedbank Mortgage's credit rating from A to A+
- Moody's: 8 June 2011 Upgrade Swedbank's standalone BFSR from D+ to C-
- S&P: 2 March 2011 Upgrade Swedbank's standalone credit profile (SACP) from BBB+ to a-

2 December 2011	S&P		Moody's			Fitch	
	Short	Long	Short	Long	BFSR*	Short	Long
Swedbank	A-1	A+	P-1	A2	C-	F1	A
Swedbank Mortgage	A-1	A+	P-1	A2			
Covered bonds		AAA		Aaa			

* Bank Financial Strength Rating

Savings

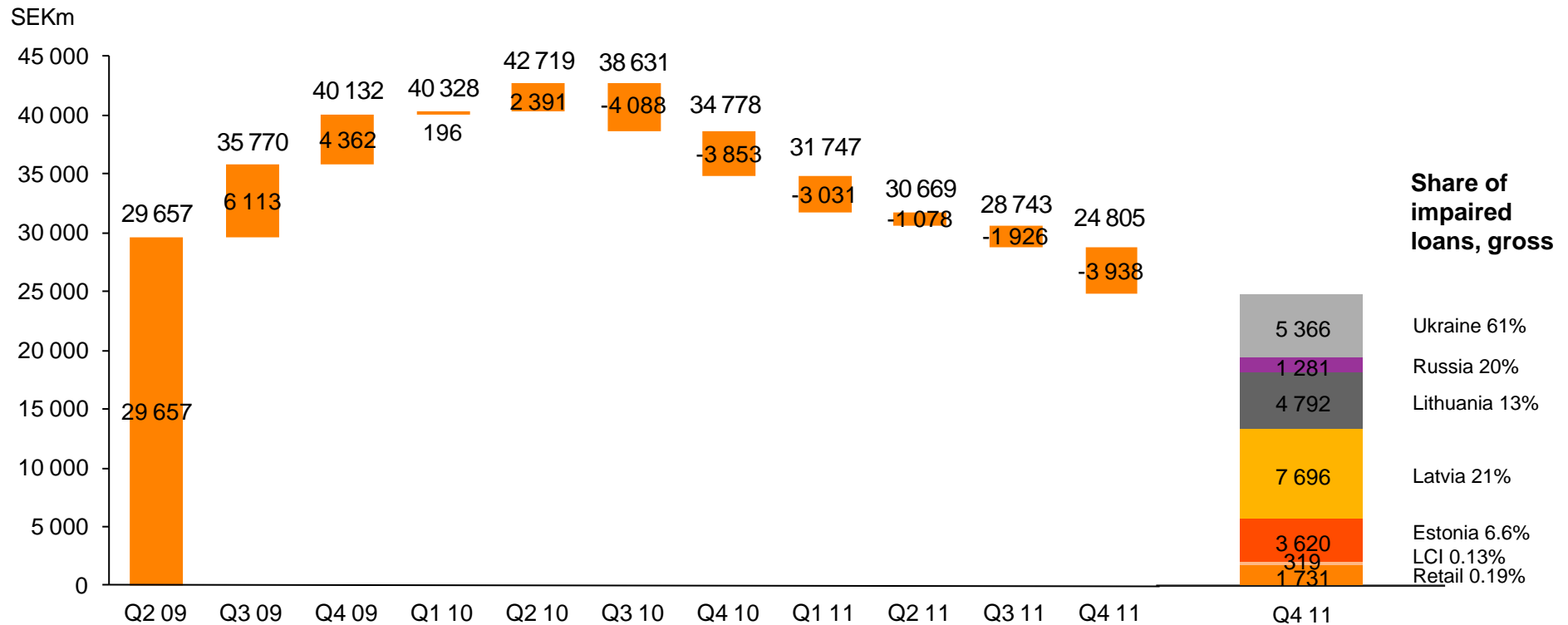
Household net saving rates % of disposable income



Source: OECD Economic Outlook 90, Dec 15 2011

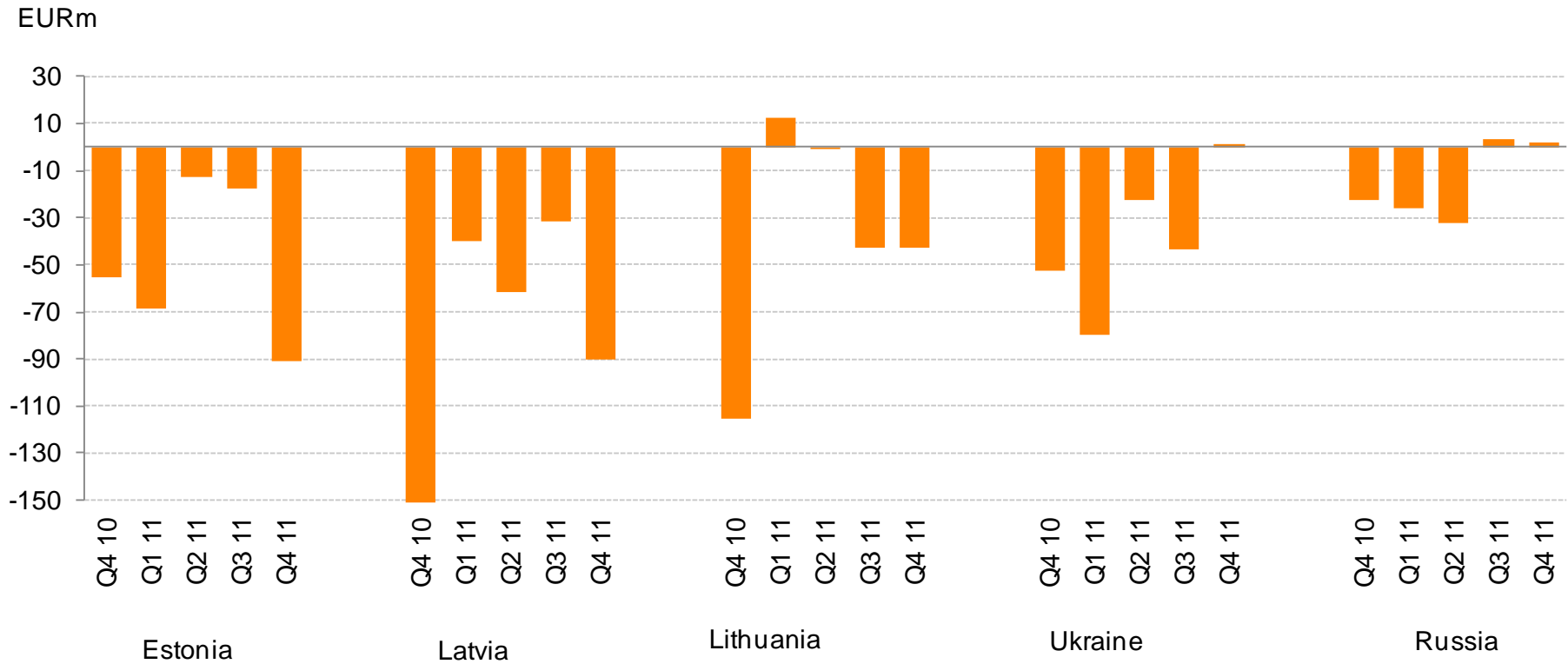
Impaired loans decreasing

- Excluding FX effect down SEK 3.4bn in Q4
- Corporate portfolio quality improvements



Source: Swedbank Dec 31, 2011

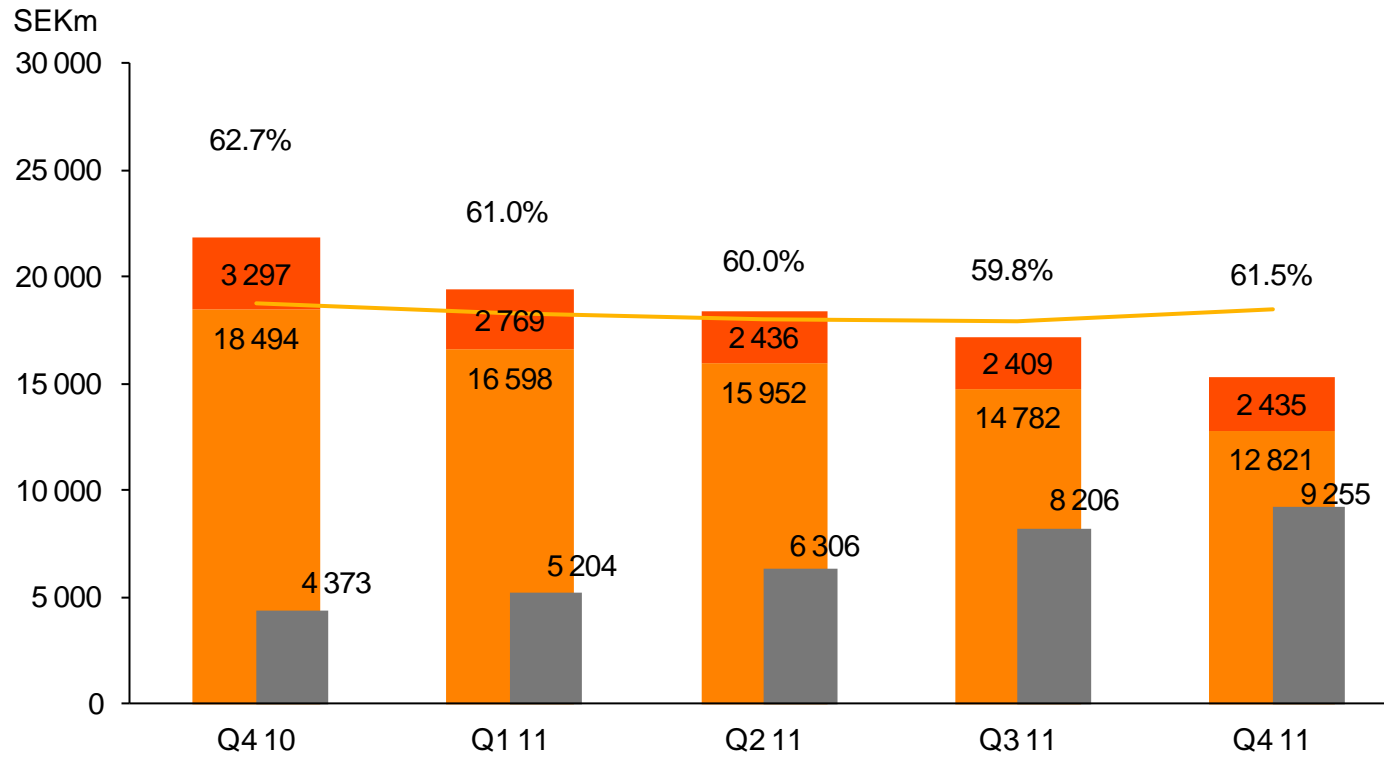
Loans past due 60 days – performance Q/Q



Source: Swedbank Dec 31, 2011

Provisions – well provided for

- Individual provisioning rates maintained
- Additional portfolio provisions in Latvian and Ukrainian mortgages
- Positive rating migrations

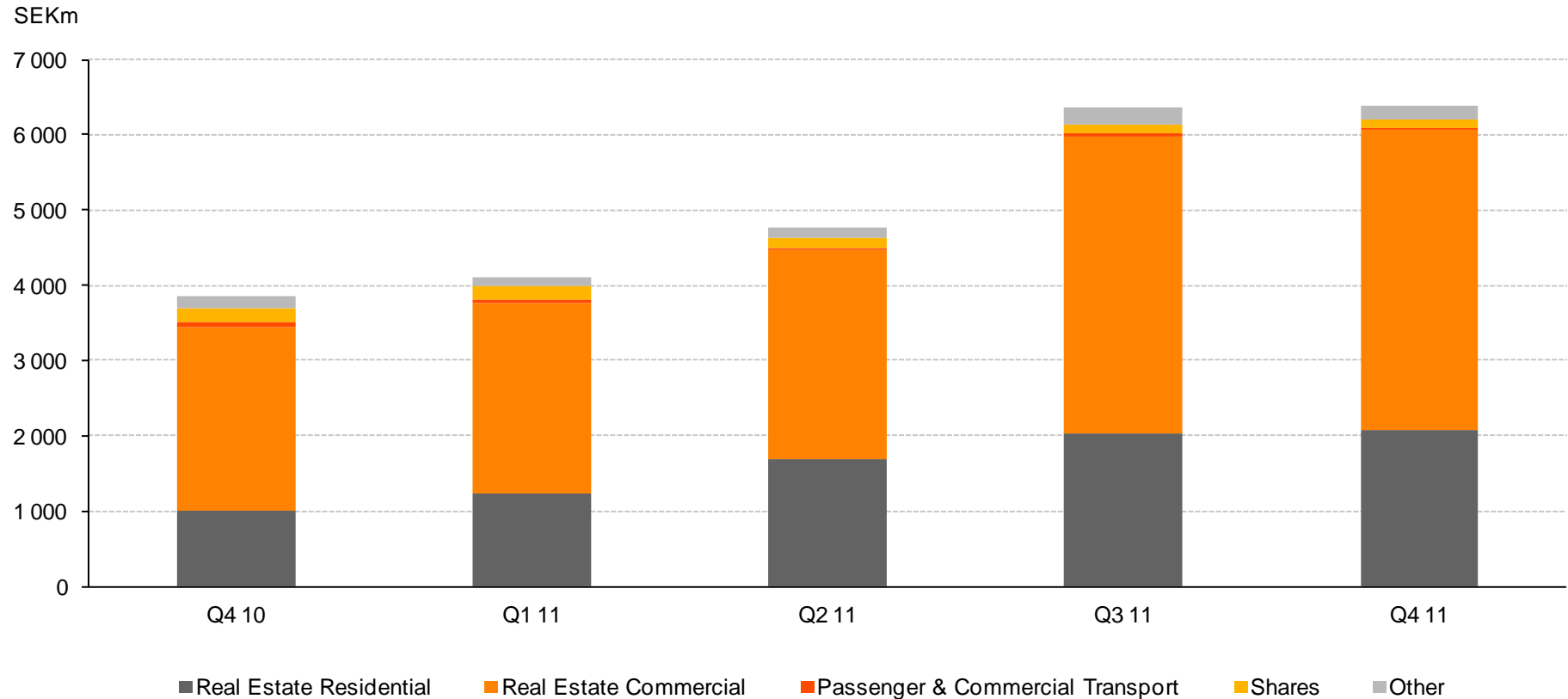


Provision ratios, %	Q4 11
Retail	90
LC&I	135
Baltic Banking	55
Russia	46
Ukraine	72
Group	62

■ Individual provisions
 ■ Portfolio provisions
 ■ Write-offs, gross, cum from 2010
 — Provision ratio

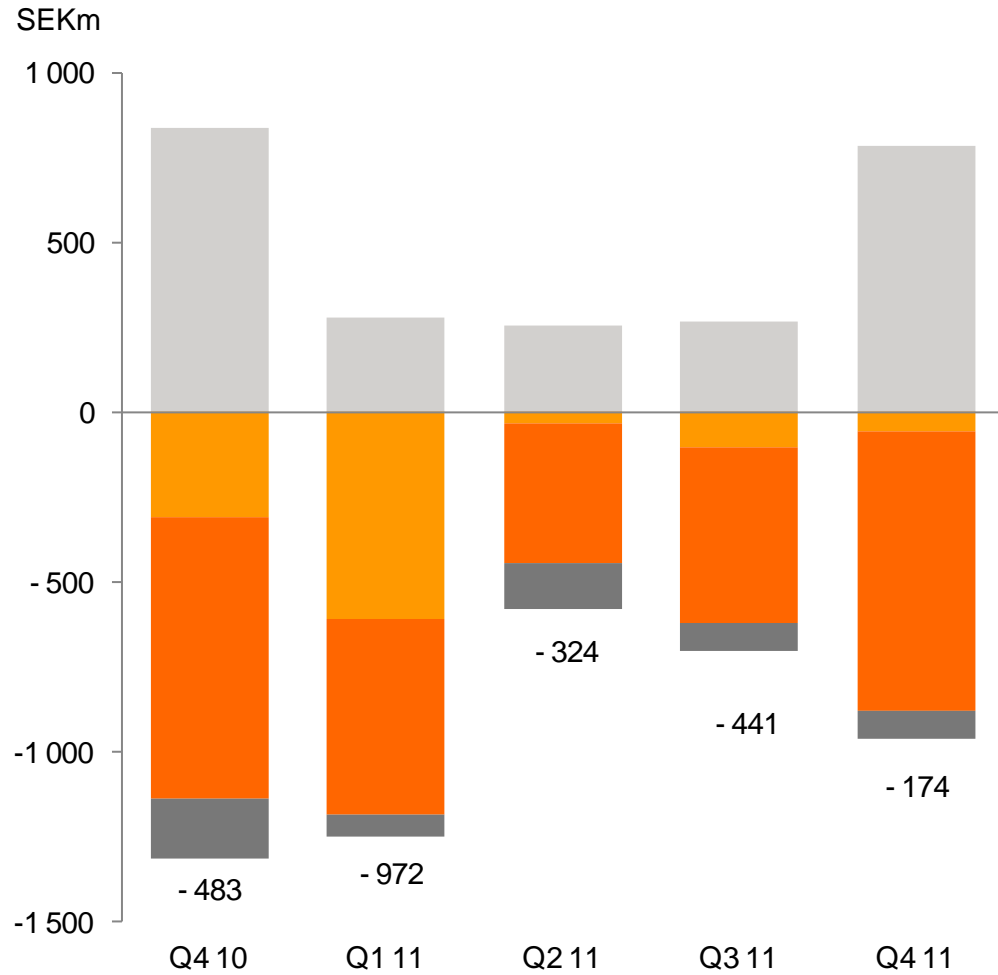
Source: Swedbank Dec 31, 2011

Reposessed assets



Source: Swedbank Dec 31, 2011

Credit impairments by category



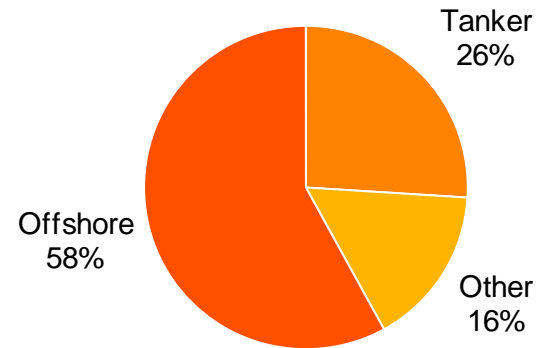
■ Portfolio provisions
 ■ Individual provisions
 ■ Recoveries
 ■ Write-offs net

Source: Swedbank Dec 31, 2011

Shipping and offshore

- Lending exposure to the shipping and offshore sector is SEK 22.7bn plus unutilised commitments of SEK 6.1bn
 - Portfolio duration 4-5y
 - Average fleet age 7y
 - Other represents dry bulk (4%), ro/ro/car (7%), container (5%)
 - Strong employment profiles

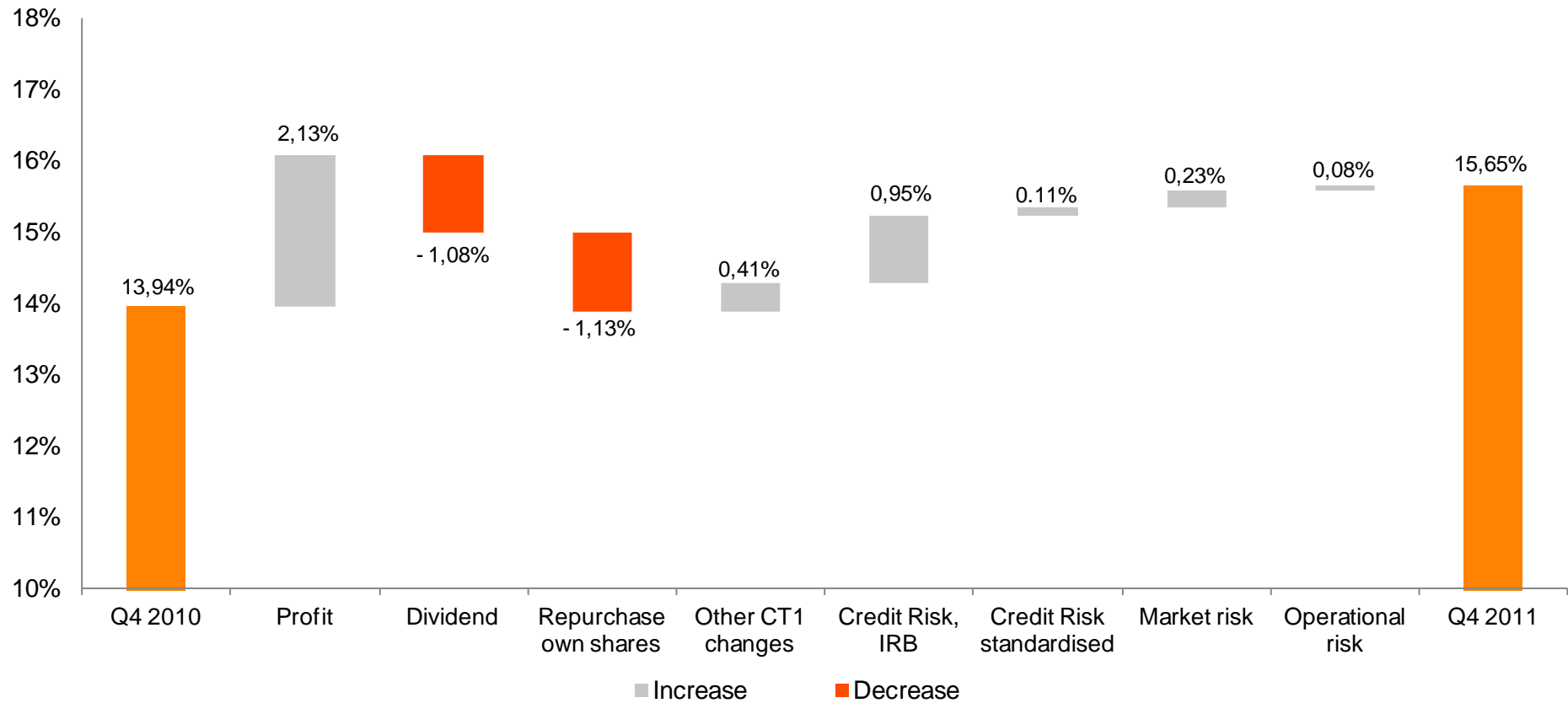
Shipping and offshore portfolio



Note: Portfolio breakdown based on total exposure (lending + unutilised commitments).

Source: Swedbank Dec 31, 2011

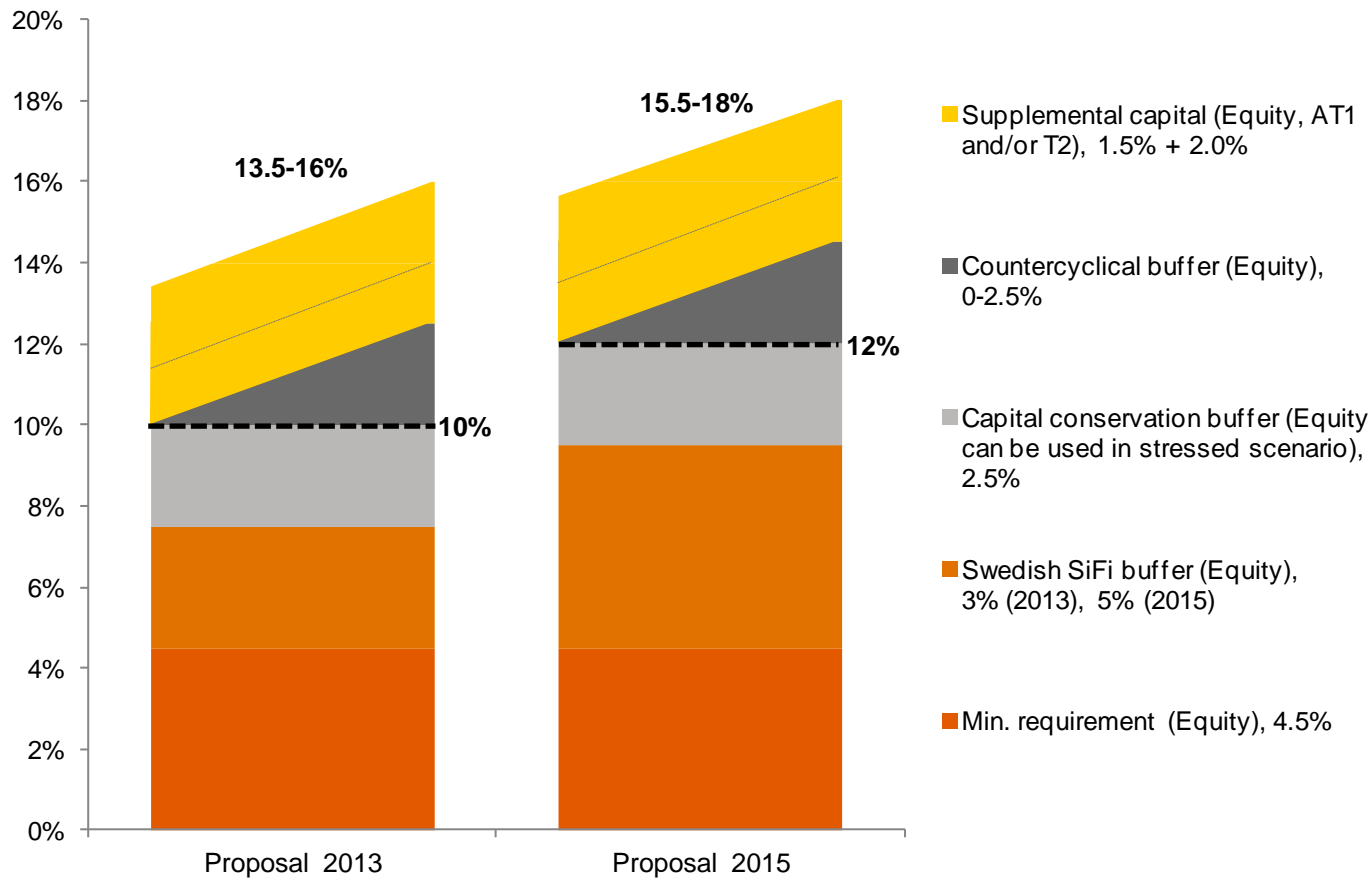
Core Tier1 capital ratio



Source: Swedbank Dec 31, 2011

Swedish capital requirement proposal

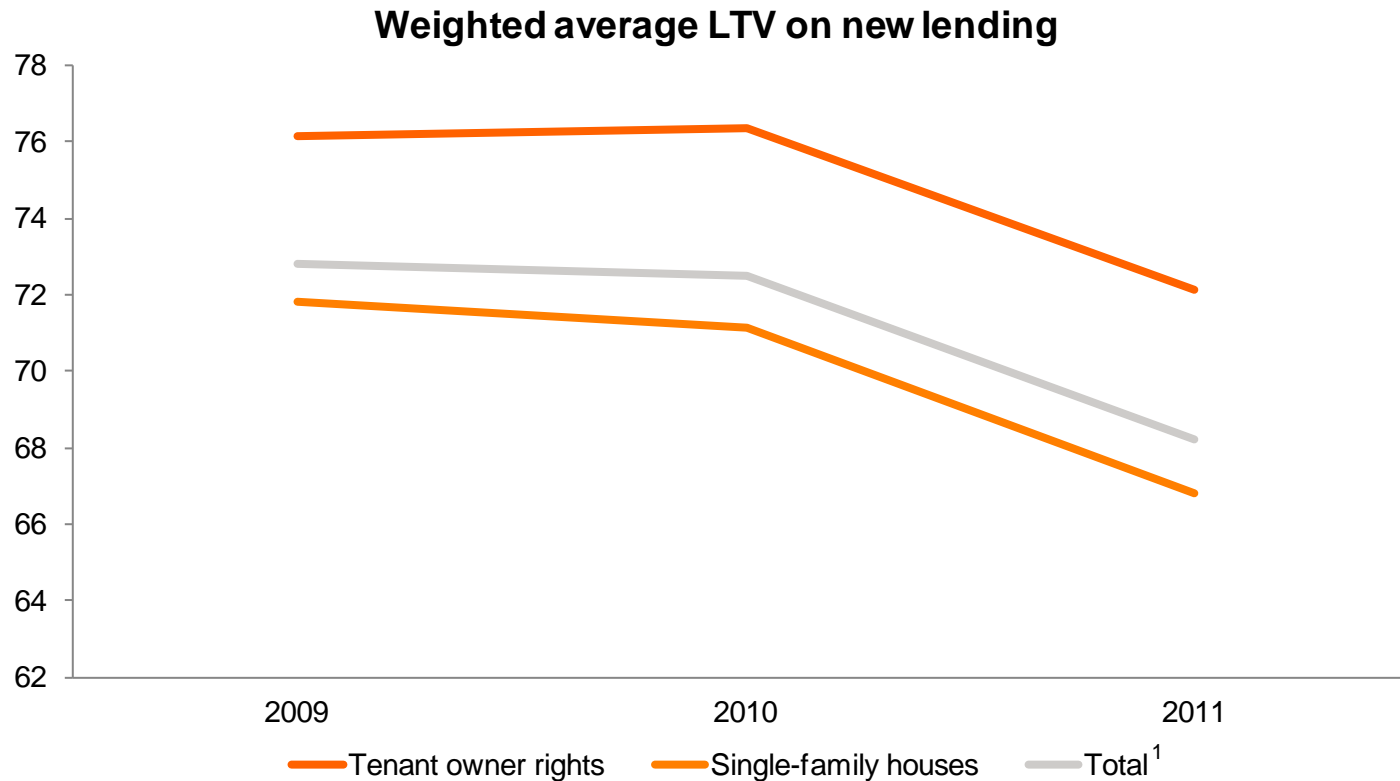
- Regulatory minimum CT1 ratio (full Basel 3) for Swedish major banks of 10% as per January 2013 and 12% as per January 2015



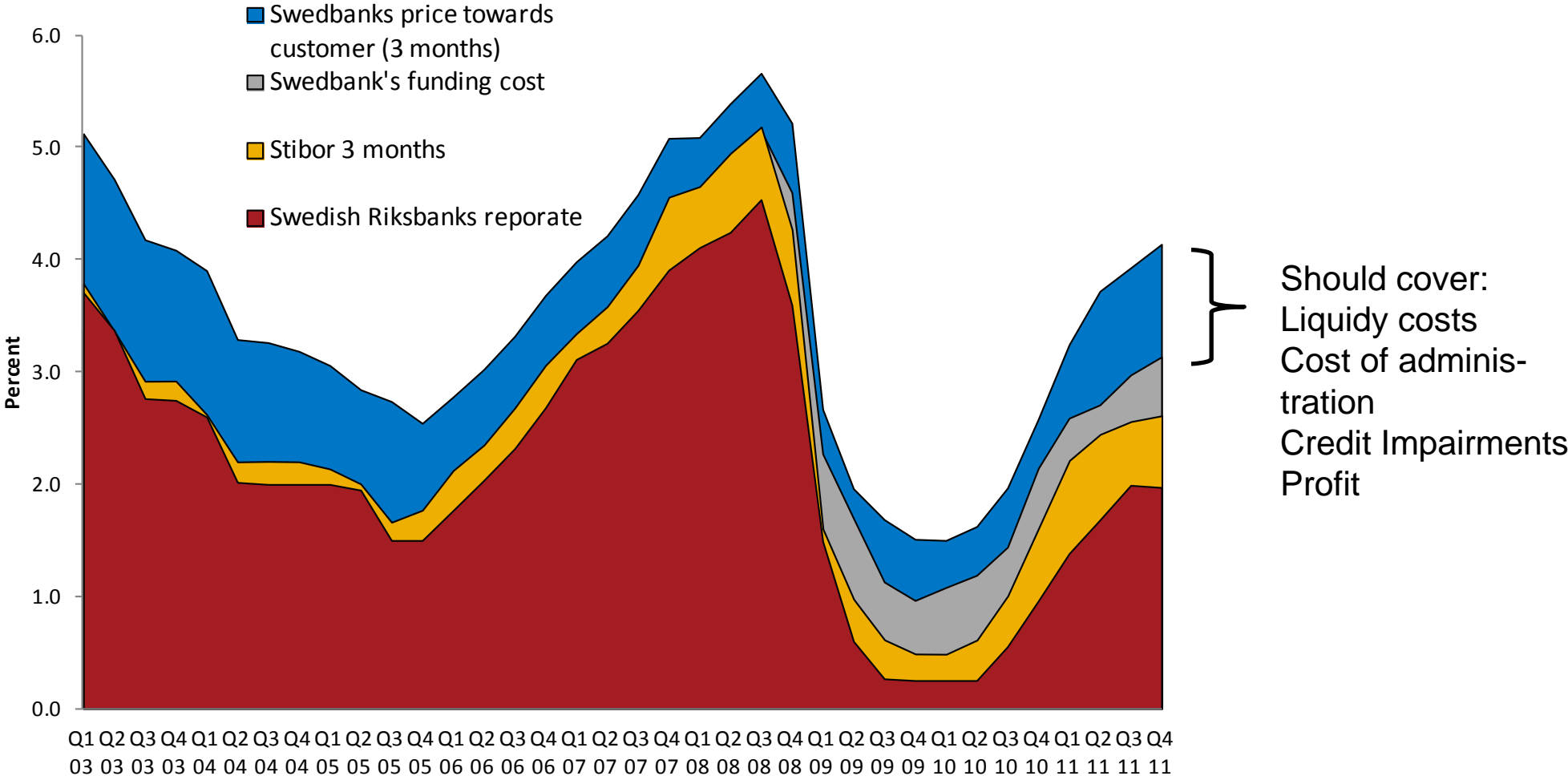
Source: The Ministry of Finance, the Riksbank and the Swedish FSA

New private lending in Sweden

- Internal LTV limit of 75% having a clear impact on average LTV levels of new origination

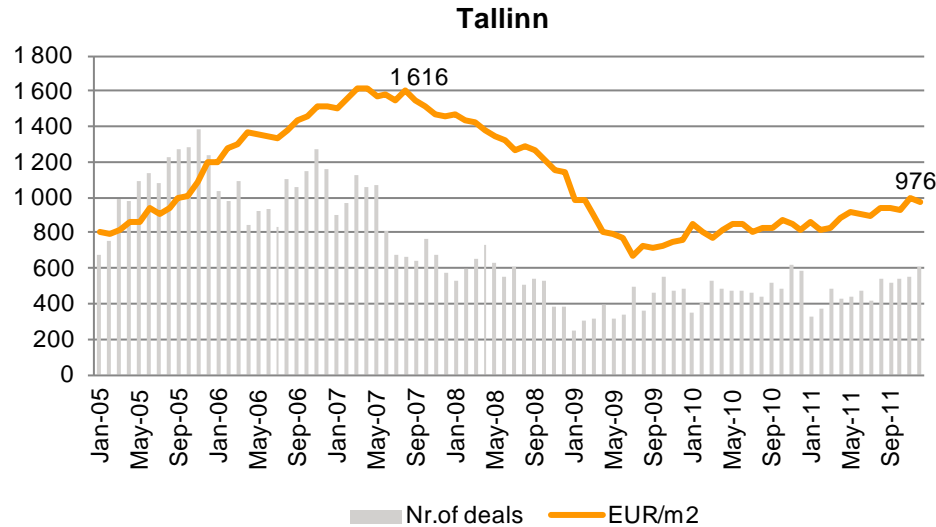


Mortgage loans gross margin (3-months)

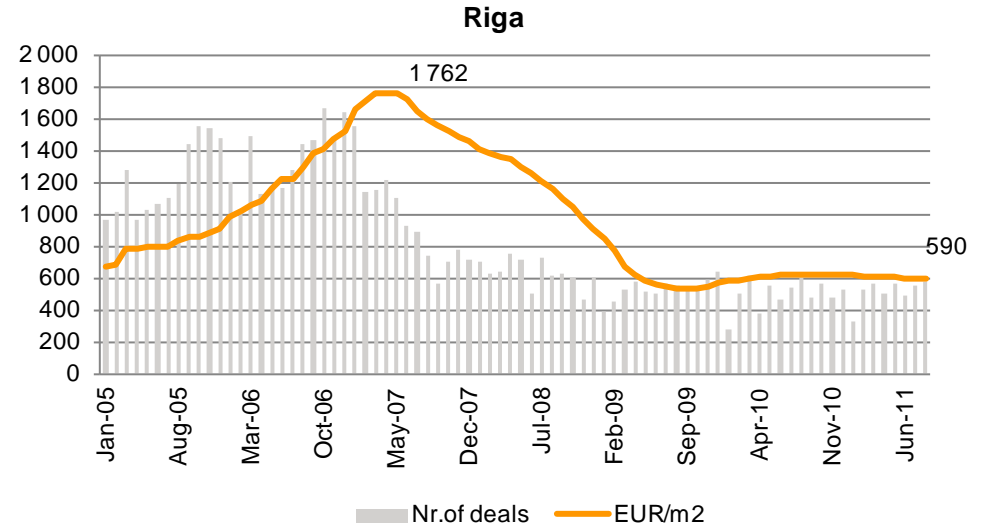


Source: Swedbank Dec 31, 2011

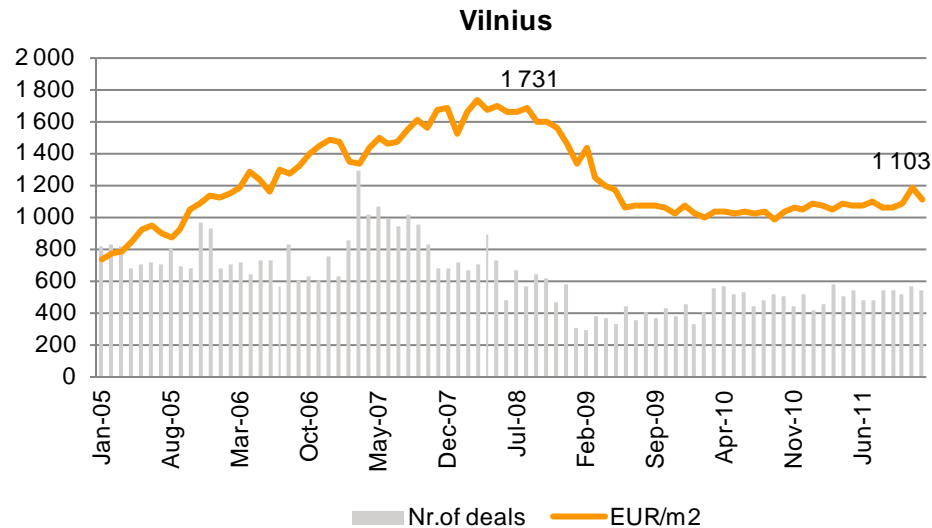
Real estate prices – Baltic countries



Source: Swedbank, Estonian Land Board



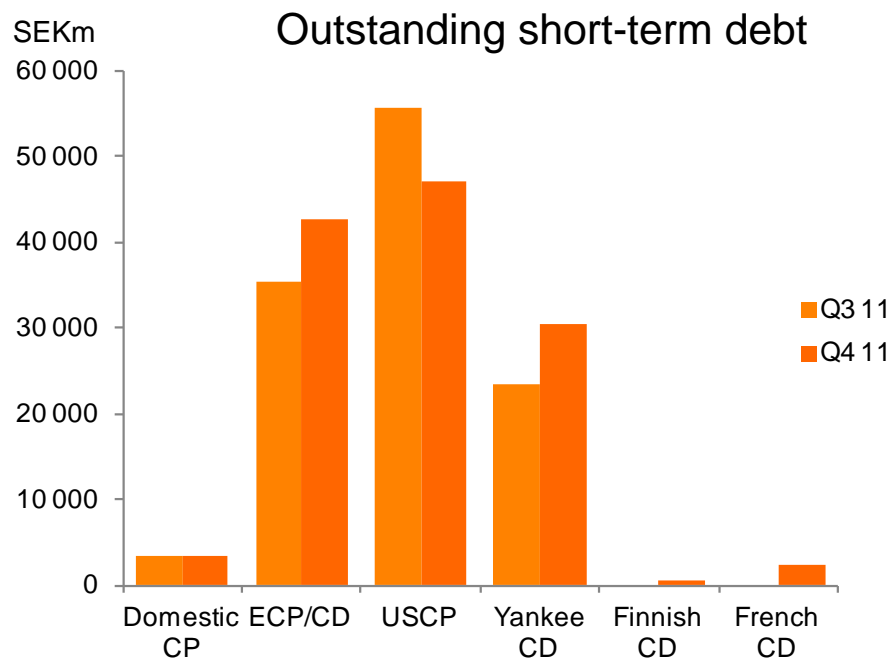
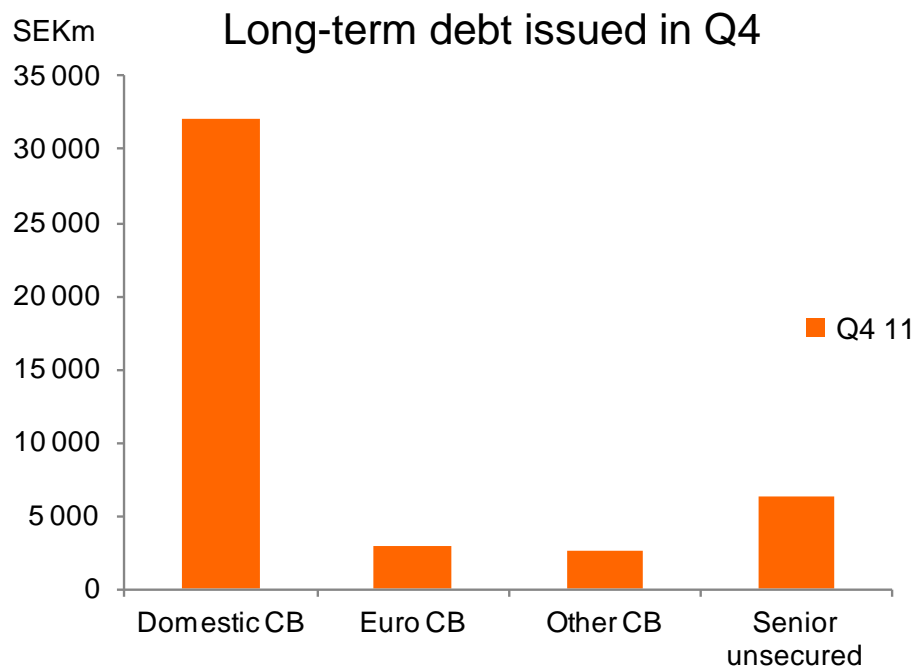
Source: Swedbank



Source: Swedbank, State Enterprise Centre of Registers

Funding development Q4

- SEK 44bn of long-term debt issued in Q4 (mainly domestic covered bonds and senior unsecured private placements)
- Demand for Swedbank short-term paper continued
- USD-funding need covered for more than 12 months

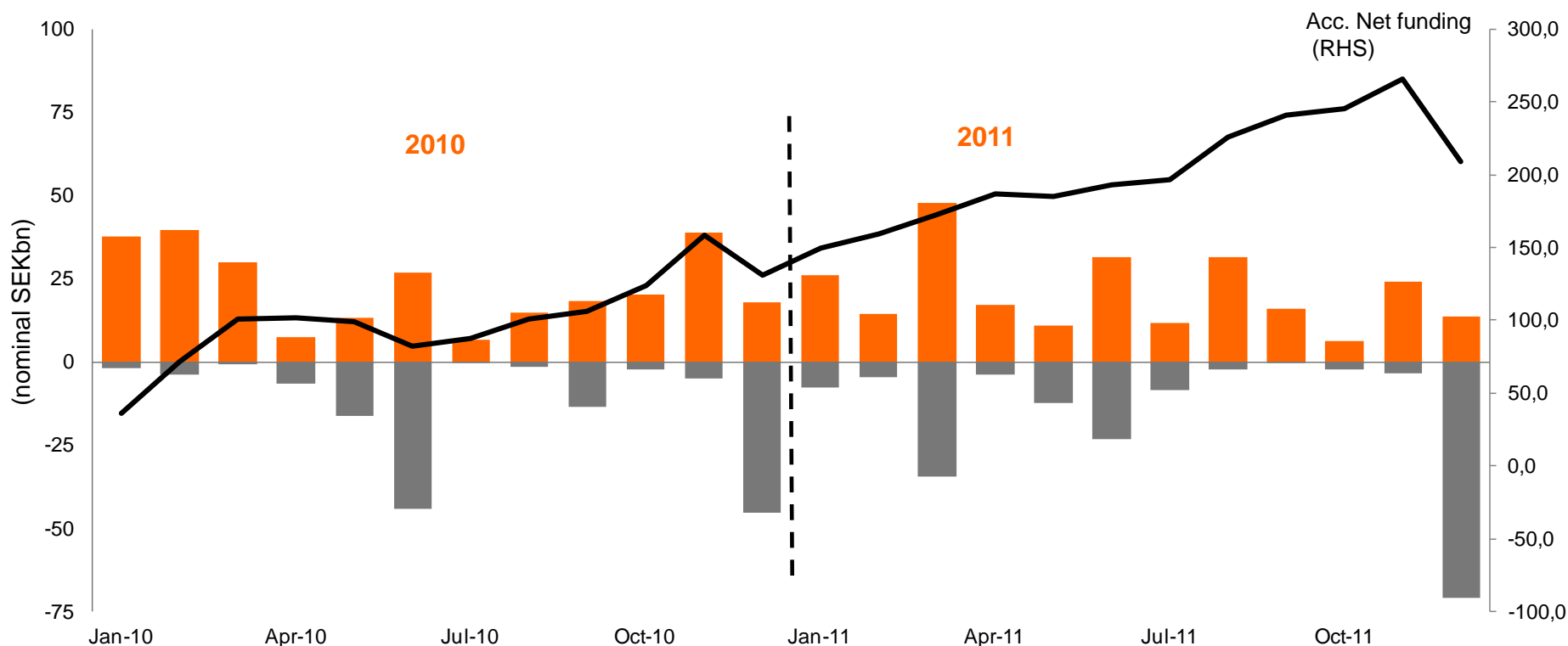


Source: Swedbank, Dec 31, 2011

Nominal SEK 523bn term funding issued in 24 months...

- ...with around SEK 315bn of maturities during the same period
- Issued around SEK 462bn in covered bonds

Term funding Issued & matured as per Dec 2011 (LHS)

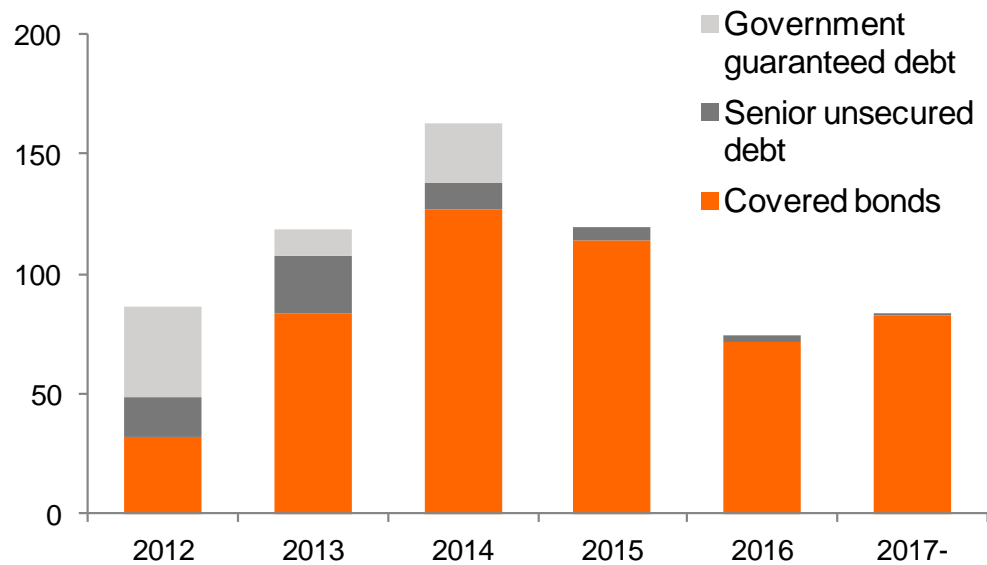


Source: Swedbank, Sep 30, 2011

Long-term funding

- Maturities for 2012 amount to nominal SEK 86bn

Long-term funding maturity profile, SEKbn

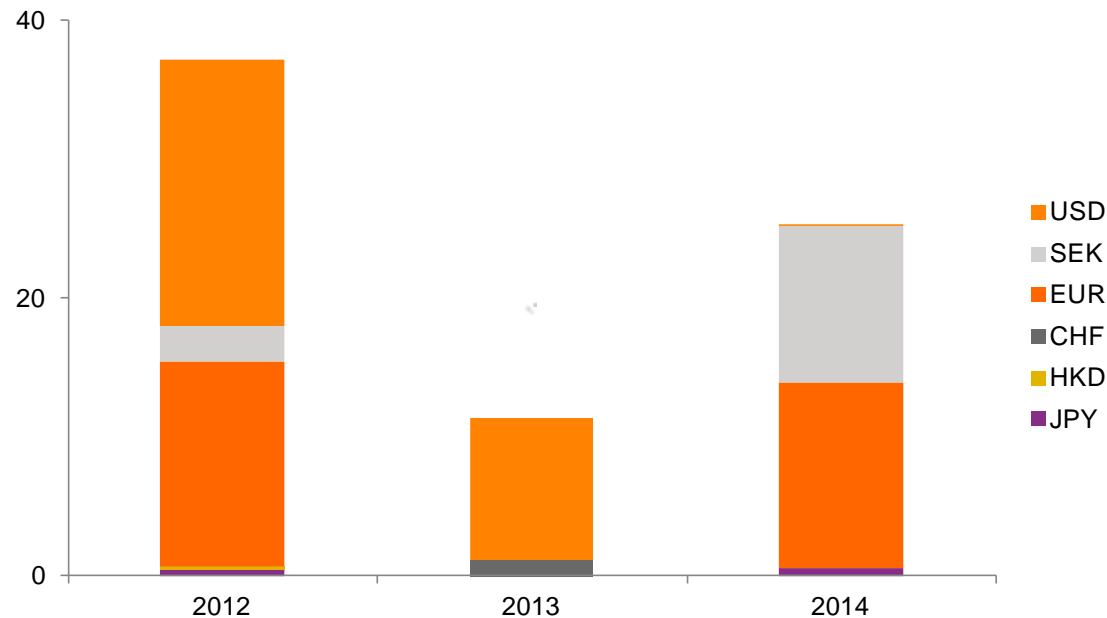


Source: Swedbank Dec 31, 2011

Remaining government guaranteed debt

- Exited the programme on 30 April 2010
- No issuance under the programme since summer 2009
- SEK 37bn of government guaranteed debt matured during 2012

Maturity profile as per Q4 2011, SEKbn

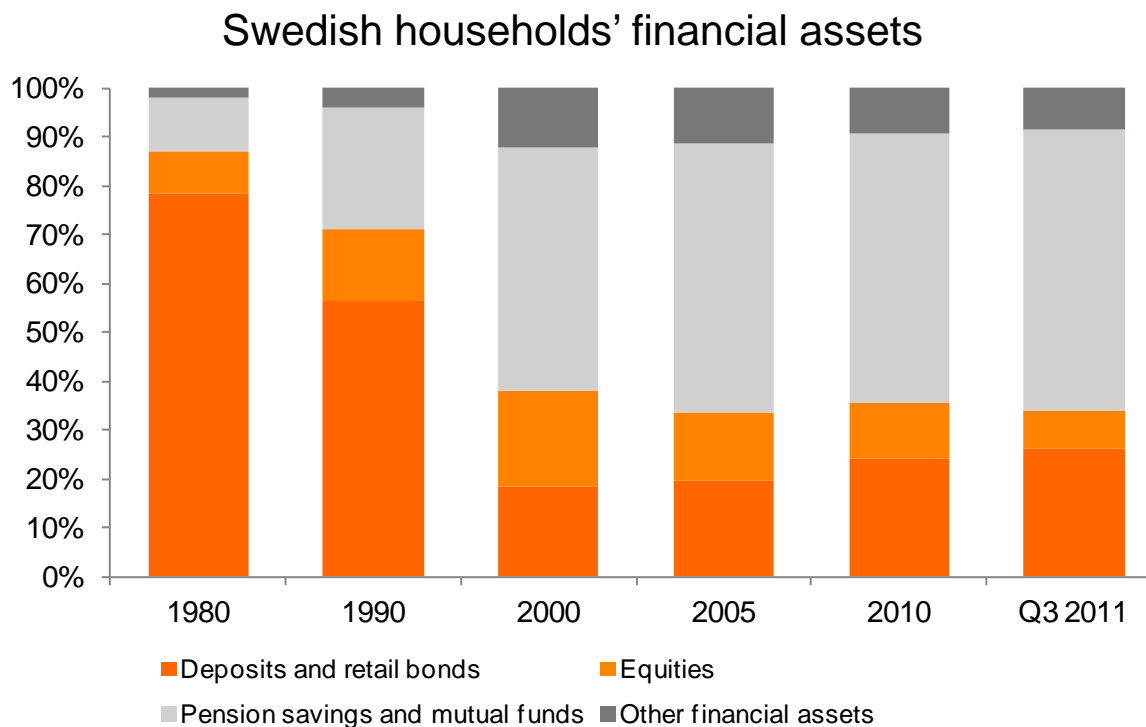


Source: Swedbank Dec 31, 2011

Structure of the Swedish domestic covered bond market

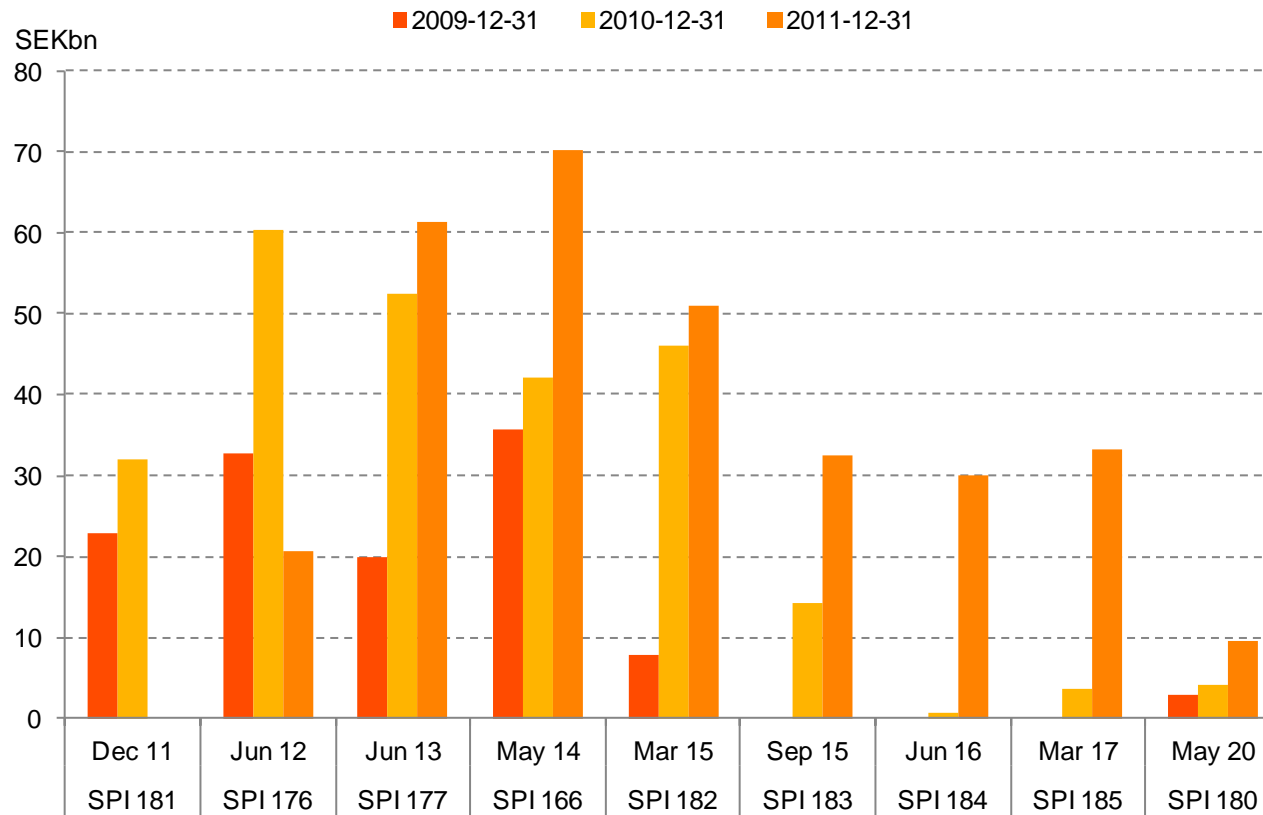
- Benchmark system established in early 1990s
- Tap issuance enhances liquidity and reduces execution risk
 - Continuous daily issuance
 - Buy-backs against issuance of longer tenors
 - Total issue size often peak at SEK 40-60bn
- Market making at pre-set bid/offer spreads

Natural domestic wholesale funding market



Source: Statistics Sweden "Hushållens ställning och transaktioner" Q3 2011

Swedbank's domestic covered bonds

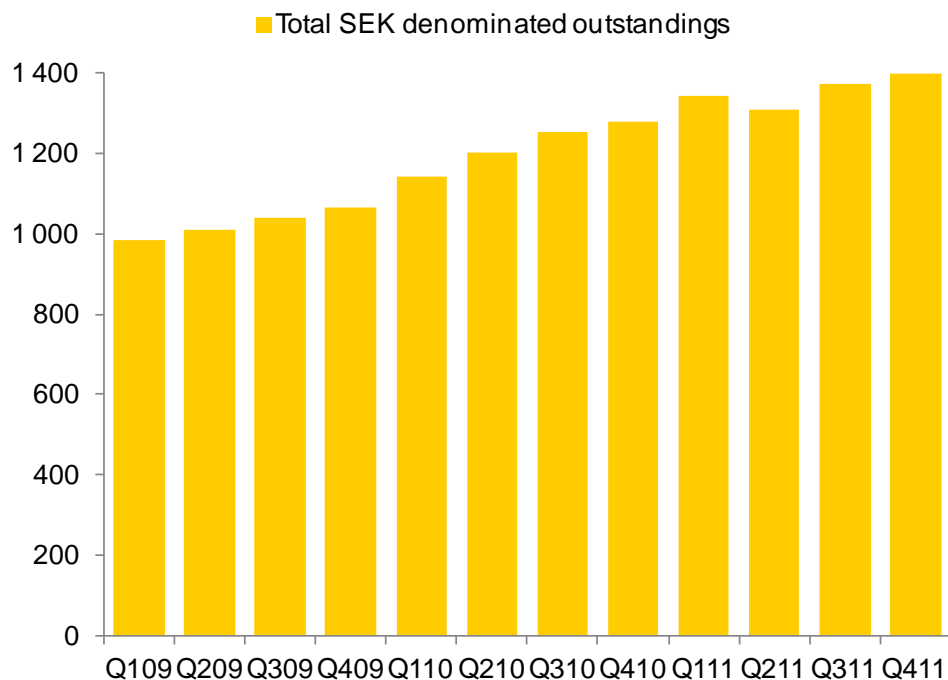


Source: Swedbank, Dec 31, 2011

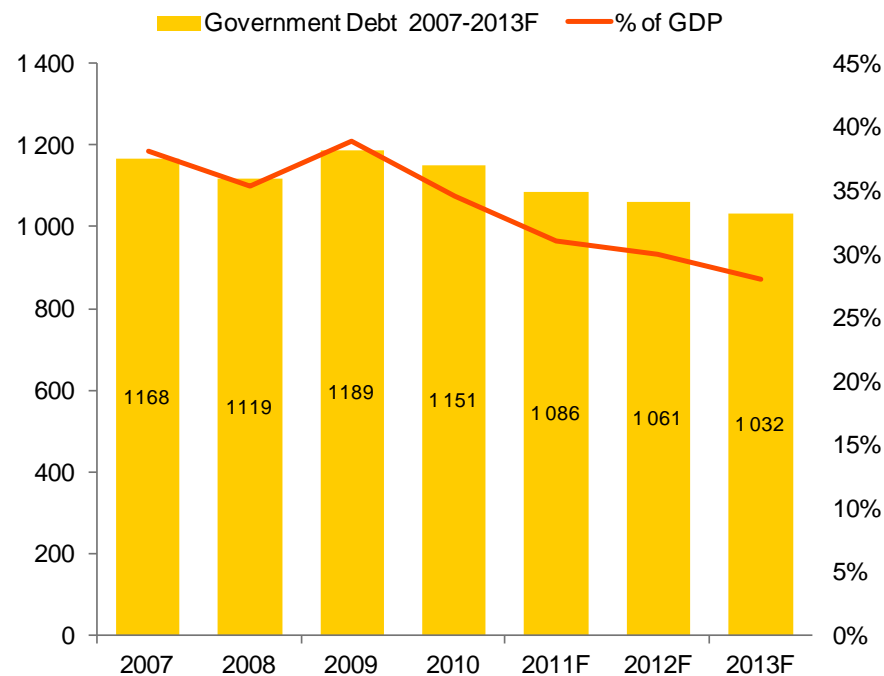
The Swedish covered bond market

- Domestic covered bonds represent approximately 1/3 of GDP and 1/2 of the total Swedish bond market

Swedish Domestic Covered Bonds, in SEKbn



Public debt projections 2010-2014, in SEKbn



Source: www.ascb.se, Dec 31, 2011

Source: Government budget statement, Oct 25, 2011

Funding sources

Swedbank AB

100% owned

Swedbank Mortgage AB*

Program	Limit
Long Term	
Global MTN	USD 40bn
Domestic MTN	SEK 60bn
Short Term	
Domestic CP	SEK 80bn
European CP/CD	EUR 6bn
US CP	USD 15bn
Yankee CD	USD 10bn
French CD	EUR 4bn
Finnish CD	EUR 4bn

Program	Limit
Long Term	
Domestic Benchmark CB	Unlimited*
EMTN CB	EUR 25bn
USD Covered bonds (144a)	USD 15bn
Domestic MTN CB	SEK 150bn
Norwegian Benchmark CB	Unlimited*

Registered CB (stand alone doc.)	
Short Term	
Domestic CP	SEK 50bn

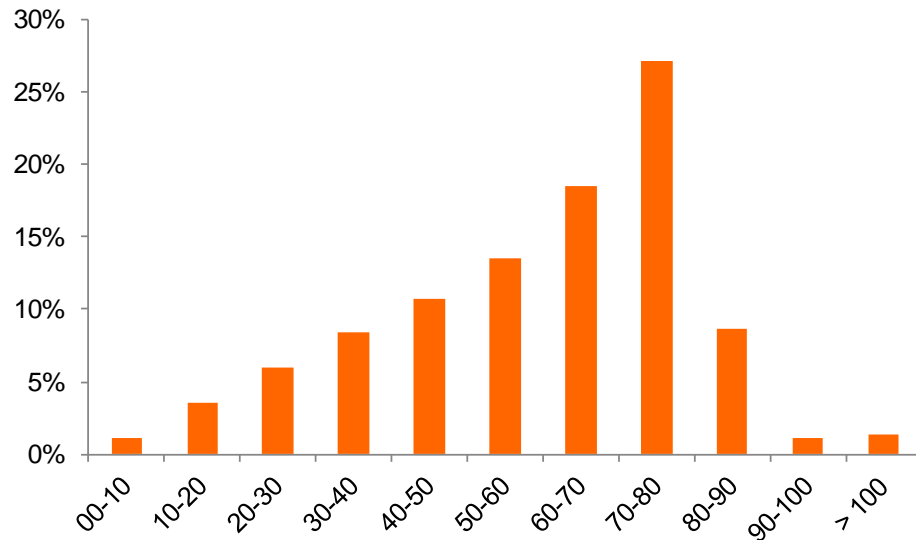
* Limited by cover pool size

- *100% guaranteed from parent company**
- Irrevocable
- Unconditional
- Timely

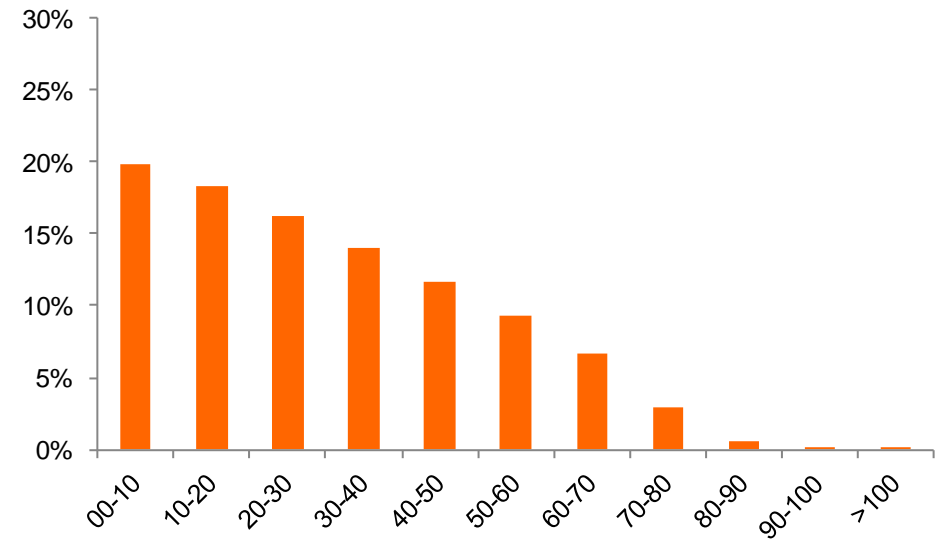
Swedbank Mortgage AB loan-to-value distribution

- Weighted average LTV 60%

LTV distribution per property



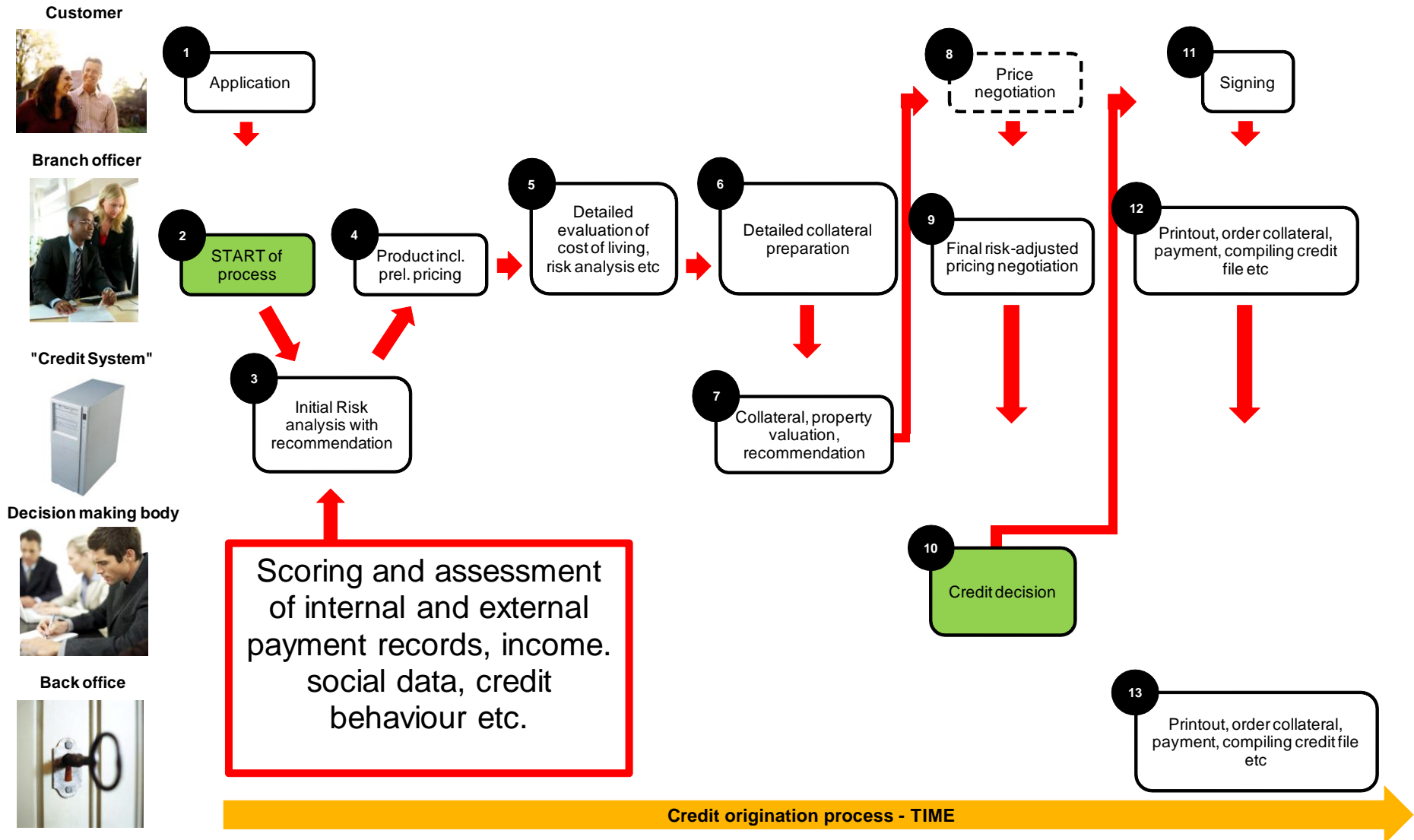
LTV distribution by volume



Source: Swedbank, Dec 31, 2011

Public loans of SEK 13bn are excluded as they are either guaranteed by a Swedish municipality or the government and have therefore no LTV assigned to them

Origination process – mortgage loan application



Source: Swedbank

Origination practices – summary

- Assessment of customer
 - Income is always verified
 - Direct access to tax authority filings
 - UC AB (Upplysningscentralen) – Sweden's largest credit information agency
 - Owned by the major Swedish banks. Supports more than 10 million credit- and commercial decisions annually
 - The credit information agency also contains track record of delinquencies and defaults
 - Direct access to full tax authority filings
 - Credit scoring
 - Is used on all customers with specific score cards for private individuals, SME's large corporate etc.
 - Affordability analysis carried out on all private individuals
 - 5Y fixed mortgage interest rate +300 bps, in addition 100bps in amortization of mortgage is applied
 - Minimum level of remaining cash-flow when all costs are included
- Assessment of collateral
 - Valuations of single-family houses and cooperative apartments are based on market values. Value of a property is collected by an independent data provider and then affirmed by an internal or external appraiser

Home loan purchase process – summary

- **Customer contacts bank:** Various channels
- **Assessment of customer:** See origination practices
- **Application of loan promise:** Written form, 6 month validity, size limit based on customer assessment
- **Open tender offer process on property:** Broker obliged to track offer process and provide list to property purchaser
- **Purchase:** Purchase agreement signed with bank, buyer, seller and broker; Confirmation of customer assessment and complete property valuation by bank; Down payment on property purchase by customer
- **Effective date, access to property:** i) Complete financing of purchase; ii) Mortgage deed, release and registration (lantmäteriet.se for houses and denotation to the condominium association for condominiums); iii) Signing of loan agreement with bank → 1 loan agreement per interest rate fixing period, includes amount, borrower, mortgage deed owner, property details, appendix on mortgage deed describing collateral rights backing the loan and loan conditions; iv) Information of total loan size sent to UC
- **Loan seasoning, contract renewal:** Interest re-fixing: automatically renewed to same interval for variable rate mortgagees (3M); customer informed prior to reset date of fixed rate mortgages
- **Loan pre payment:** interest settlement on difference

NPL process – performing to realized loss

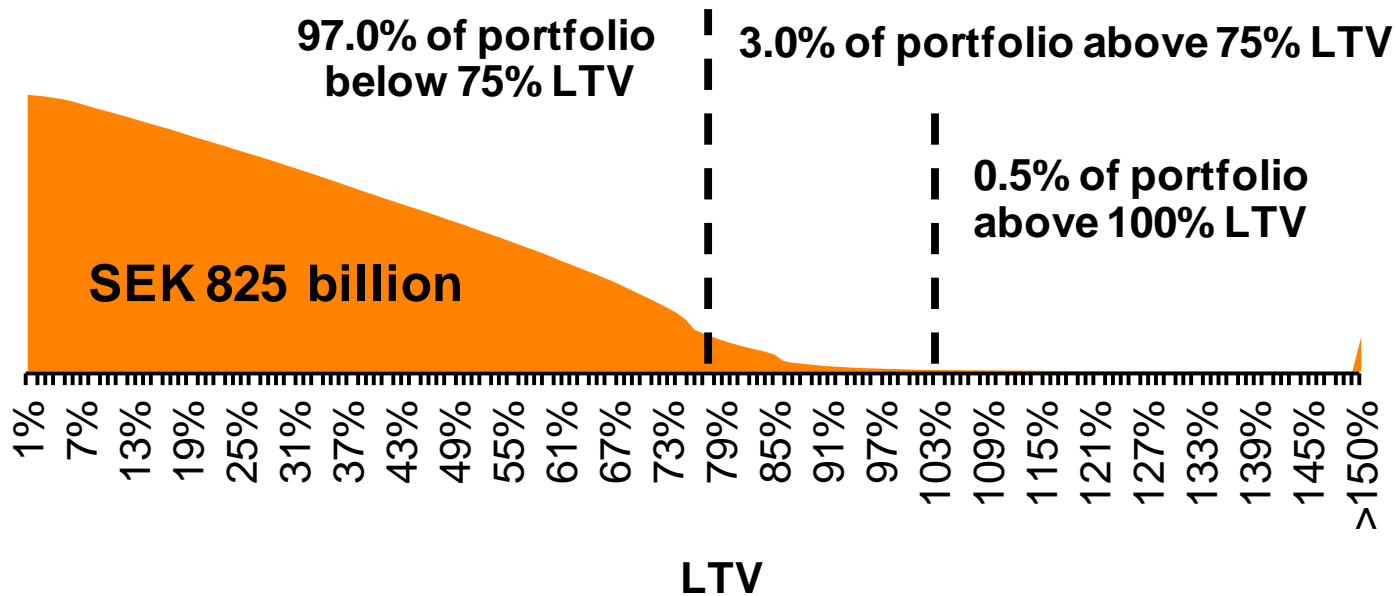


Social security – unemployment compensation

- Eligible: Minimum 480 hours of work in last 6 months
- Compensation: Income related compensation or base compensation:
 - Member of unemployment benefit fund > 12 months → income related compensation,
 - Not a member of benefit fund or less than 12 months → base compensation
- Details of compensation:
 - Monthly compensation for 5 day income week.
 - Maximum payout time: Unlimited
 - Income related compensation: 80% of previous income for first 200 days; 70% of income for 100 days; beyond 300 days at 65% of unemployment benefit income under first 300 days
 - Family considerations: Parent to child under 18: 200 days at 80% of income, 250 days at 70% of income; beyond 450 days at 65% of unemployment benefit income under first 450 days
 - Maximum compensation is SEK 680 per day = income related compensation
 - Minimum compensation is SEK 320 per day = Base compensation
 - Grace period until first compensation payment: 7 business days after filing for unemployment, 45 business days if a voluntary resignation.

Growth in mortgages primarily in LTV < 75% brackets

- By Q4 2011 the portfolio had grown by SEK 25bn since Q3 2011 to SEK 825bn
- The portfolio with LTV above 75% has decreased from 3.1% to 3.0%



Overview of the Swedish covered bond legislation

The Covered Bond Act

- The Covered Bond Act entered into force on July 1, 2004 and is over-sighted by the Swedish FSA. Its main characteristics are:
 - ▶ Dual recourse to the issuer and cover pool
 - ▶ Dynamic, regulated pool of assets – frequently monitored by the Swedish FSA via appointment of an independent inspector
 - ▶ Regulated valuation of cover pool assets
- The cover pool may consist of certain mortgage credits, public credits and supplemental assets

Loan-to-value Ratios and Other Limitations

- Maximum LTVs: Residential 75%, Agricultural 70%, Commercial 60%
- Maximum 10% commercial loans and 20% supplemental assets in cover pool
- Regular monitoring of the property values (reviewed on a monthly basis by Swedbank)

Matching Requirements

- The cover pool value shall always exceed the aggregate value of claims (including derivatives)
- A sound balance in terms of FX, interest rates and maturities must be achieved. It is deemed to exist when the present value of the cover pool at all times exceed the present value of liabilities (including derivatives), even on a stressed basis
- Non-performing assets in the cover pool which are more than 60 days overdue must be disregarded for the purposes of the matching tests

Benefit of a priority right over the cover pool

- Holders of covered bonds and relevant derivative counterparties benefit from a priority claim over the cover pool should the institution be declared bankrupt
- Holders of covered bonds and relevant derivative counterparties rank pari passu ahead of unsecured creditors and all other creditors of the Institution in respect of assets in the cover pool

Administration in event of bankruptcy

- The assets in the cover pool, the covered bonds and any relevant derivative contracts that have been entered into the Register are required to be maintained as a unit and kept segregated from other assets and liabilities of the bankruptcy estate of the Institution
- The administrators-in-bankruptcy are then required to procure the continued timely service of payments due under the covered bonds and any relevant derivative contracts

Source: www.ascb.se

Administration of the cover pool in the event of bankruptcy

- Should an Institution be declared bankrupt, at least one administrator-in-bankruptcy would be appointed by the bankruptcy court and one administrator-in-bankruptcy would be appointed by the Swedish FSA. The administrators-in-bankruptcy would take over the administration of the bankruptcy estate, including the Cover Pool.
- Provided that (and as long as) the Cover Pool meets the requirements of the Covered Bond Act (including the matching requirements), the assets in the Cover Pool, the covered bonds and any relevant derivative contracts that have been entered into the Register are required to be maintained as a unit and kept segregated from other assets and liabilities of the bankruptcy estate of the Institution. The administrators-in-bankruptcy are then required to procure the continued timely service of payments due under the covered bonds and any relevant derivative contracts. Consequently, the bankruptcy would not as such result in early repayment or suspension of payments to holders of covered bonds or to counterparties to derivative contracts, so long as the Cover Pool continues to meet the requirements of the Covered Bond Act.
- If, however, the Cover Pool ceases to meet the requirements of the Covered Bond Act, and the deviations are not just temporary and minor, the Cover Pool may no longer be maintained as a unit and the continuous payment under the terms and conditions of the covered bonds and derivative contracts will cease. The holders of covered bonds and counterparties to derivative contracts would in such case instead benefit from a priority claim over the proceeds of a sale of the assets in the Cover Pool in accordance with general bankruptcy rules. This could result in the holders of covered bonds receiving payment according to a schedule that is different from that contemplated by the terms and conditions of the covered bonds (with accelerations as well as delays) or that the holders of covered bonds are not paid in full. However, the holders of covered bonds and derivative counterparties would retain the benefit of the right of priority to the assets comprised in the Cover Pool. Any residual claims of the holders of covered bonds and derivative counterparties remain valid claims against the Institution, but will rank *pari passu* with other unsecured and unsubordinated claims.

Swedbank – contacts and financial calendar

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Financial calendar

AGM	30 March 2012
Q1 Interim report	25 April 2012
Q2 Interim report	18 July 2012
Q3 Interim report	23 October 2012

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