

Swedbank's second quarter 2011 results

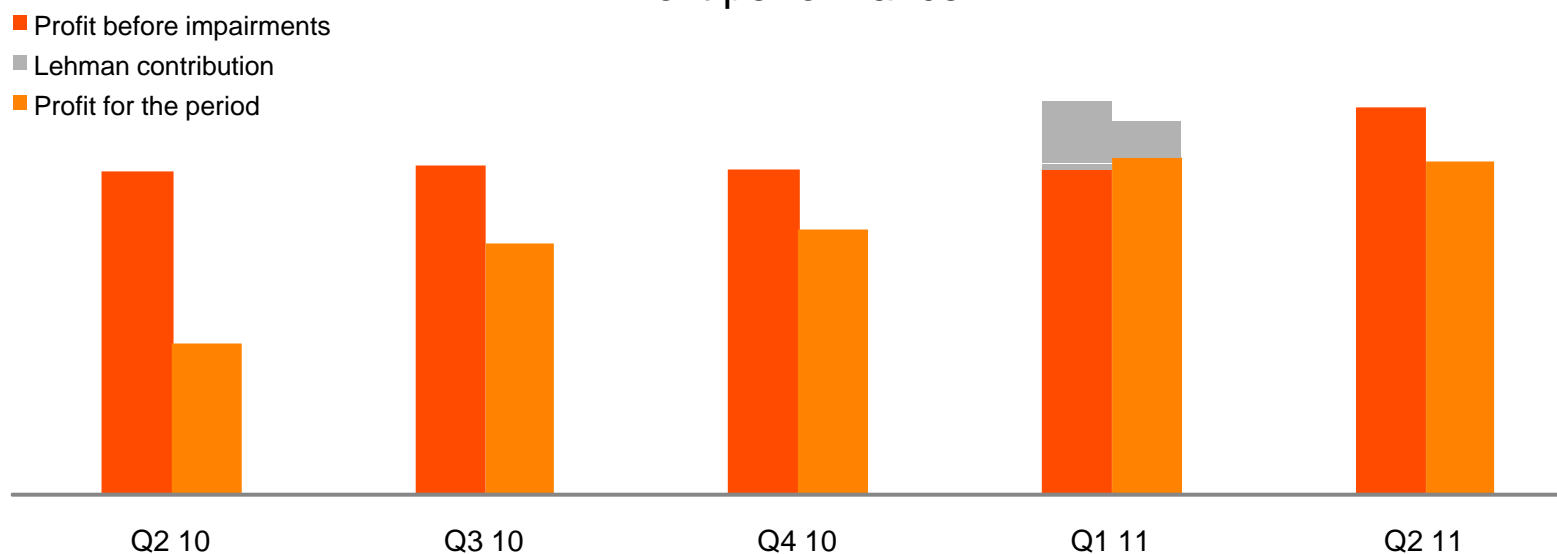
Michael Wolf, CEO
Erkki Raasuke, CFO
Göran Bronner, CRO



Continued underlying trends

- Net profit of SEK 3 452m
- Core Tier 1 capital ratio of 14.8 per cent after buy-backs
- Return on equity of 14.4 per cent in Q2

Profit performance



Business area highlights

Retail

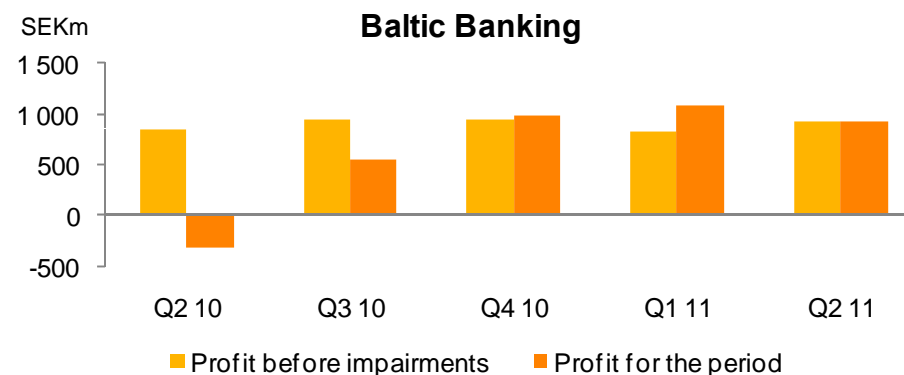
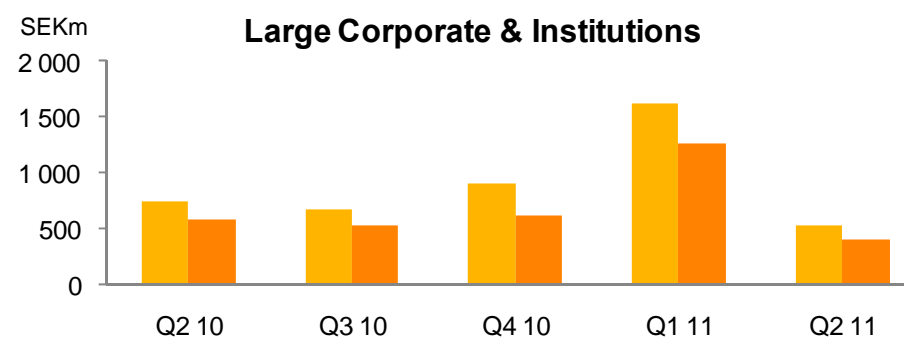
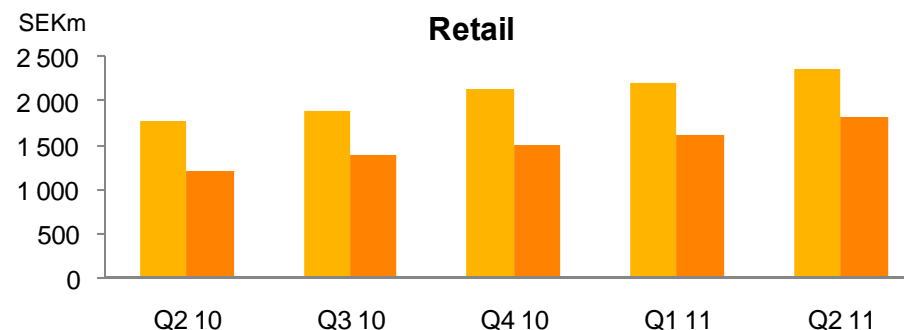
- Improved result driven by higher NII
- Cost/income ratio 0.49

Large Corporates & Institutions

- Good development in corporate lending
- Slow trading quarter

Baltic Banking

- Solid operating profit
- Lower lending volumes



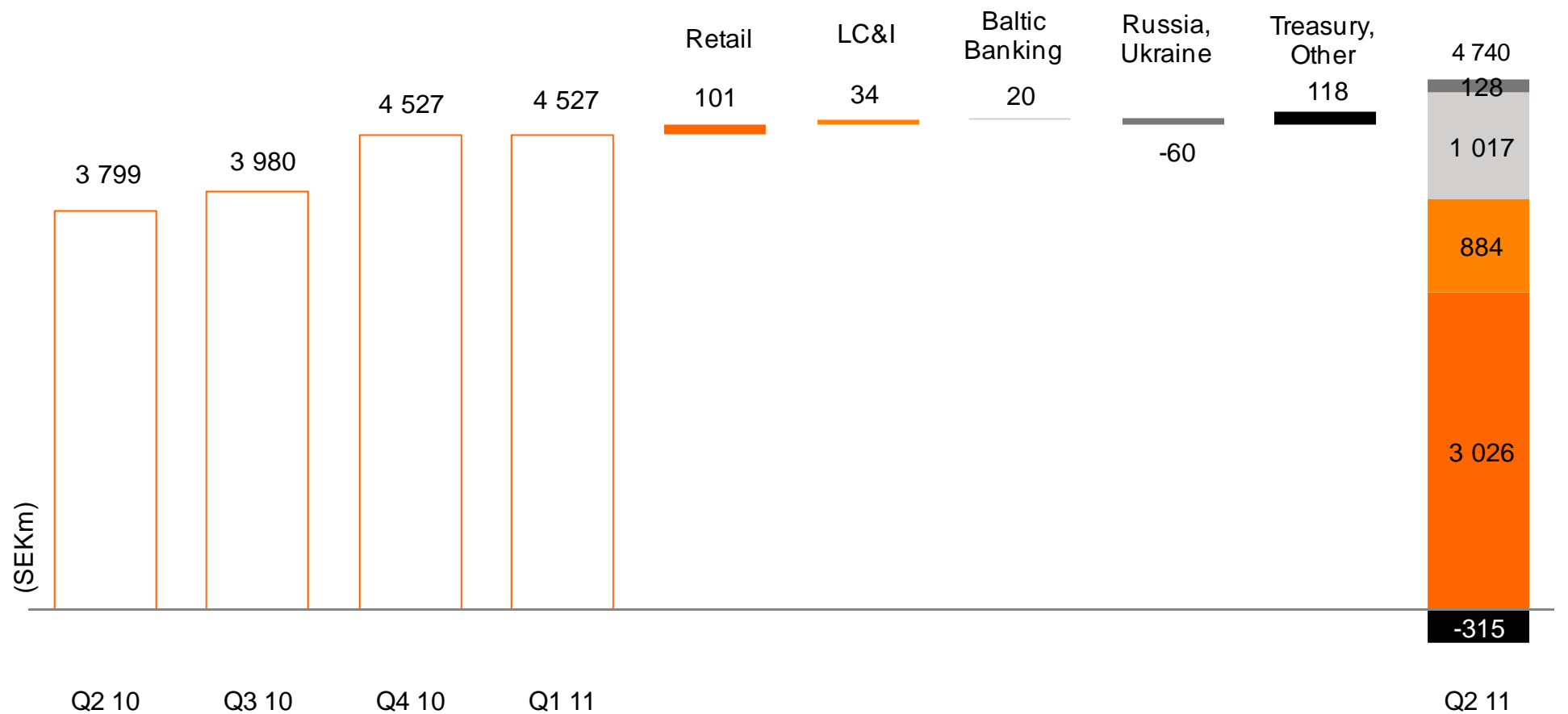
Delivering on our 2011 priorities

- Quality and efficiency
- Robust and low-risk balance sheet
- Customer focus
- Growth in selected segments

Net interest income

Positive NII trend

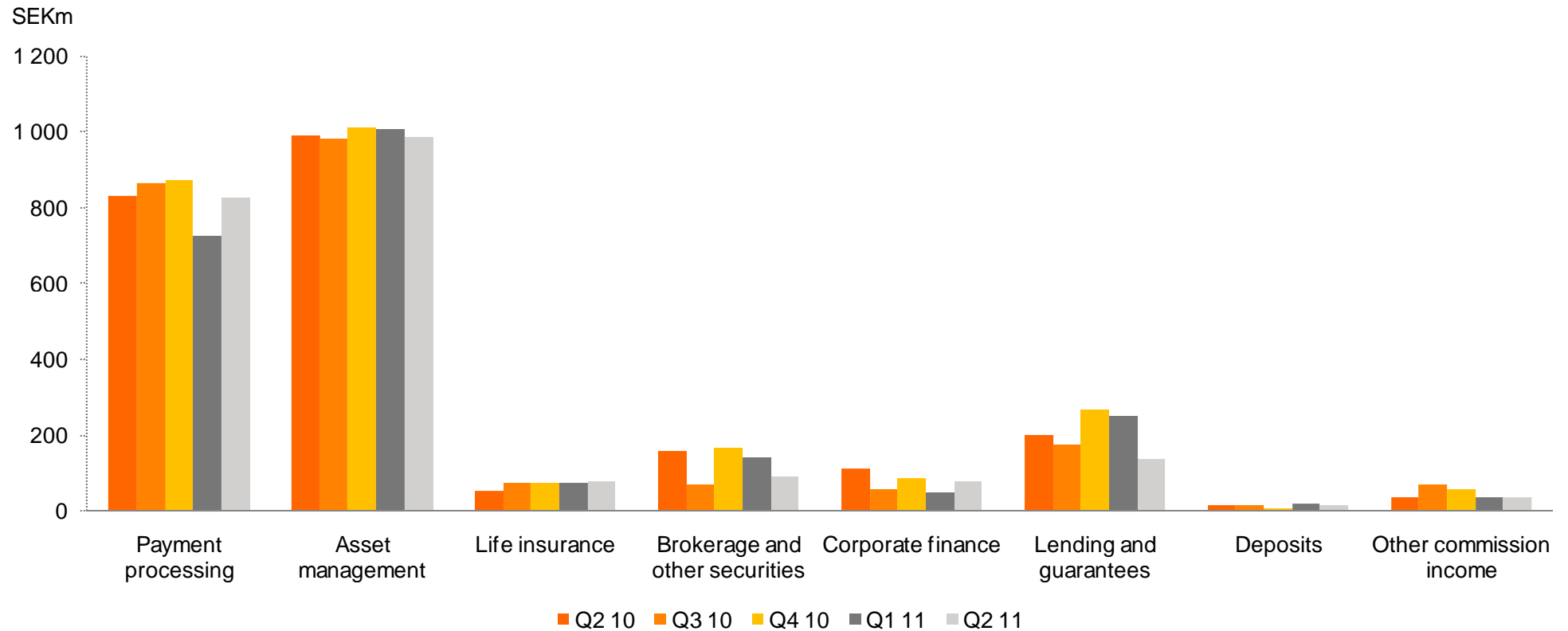
- Higher Stibor and Euribor rates, increased margins
- Trading result recorded mostly in NII
- Maturing government guaranteed funding



Net commission income

Underlying commissions stable

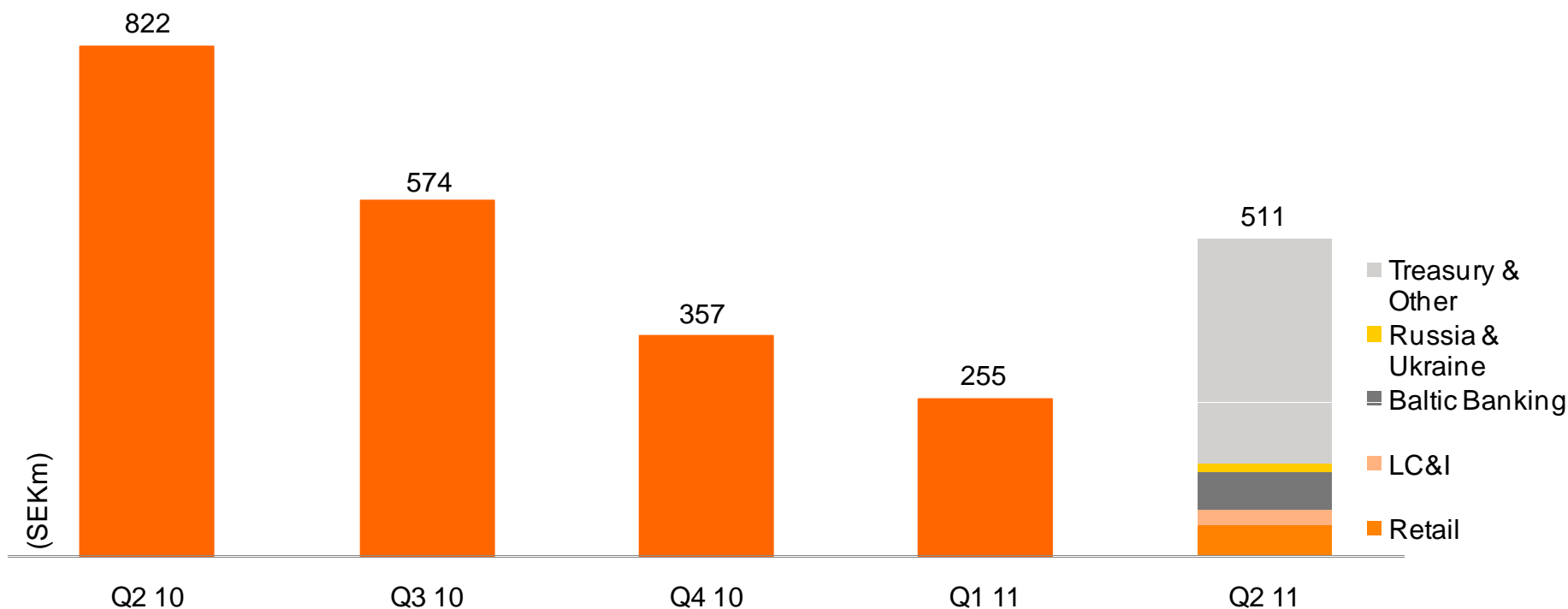
- Increased payment commissions
- Changed accruals in LC&I decreased lending and guarantees by SEK 136m



Net gains/losses on financial items, fair value

Valuation effects turnaround in Q2

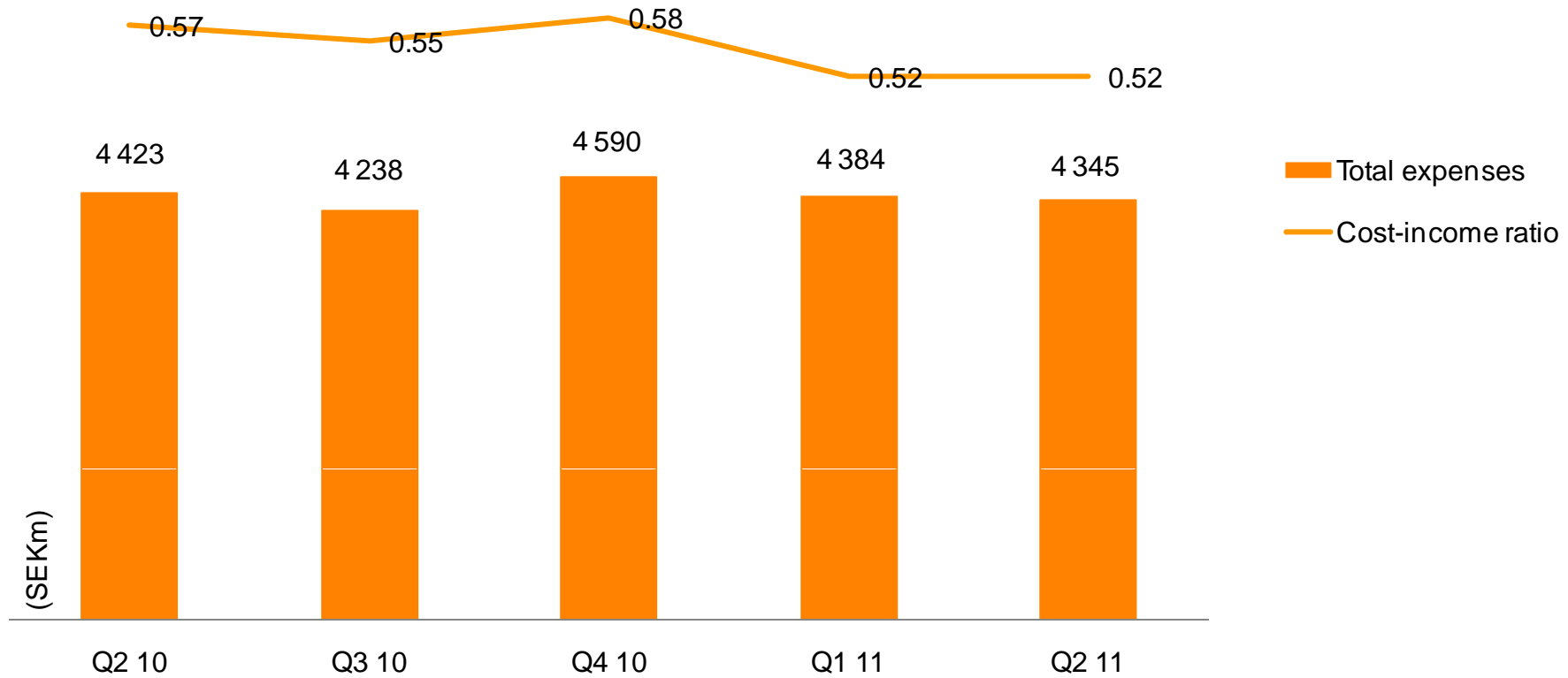
- Positive valuation effects in Group Treasury
 - Basis swaps
 - Fair valued lending & funding
 - Benchmark effect
- Low NGL from trading



Expenses

On target with flat costs

- Lower number of employees
- Bank accounting principles in Ektornet increase expenses



Second quarter 2011 results

Volume development

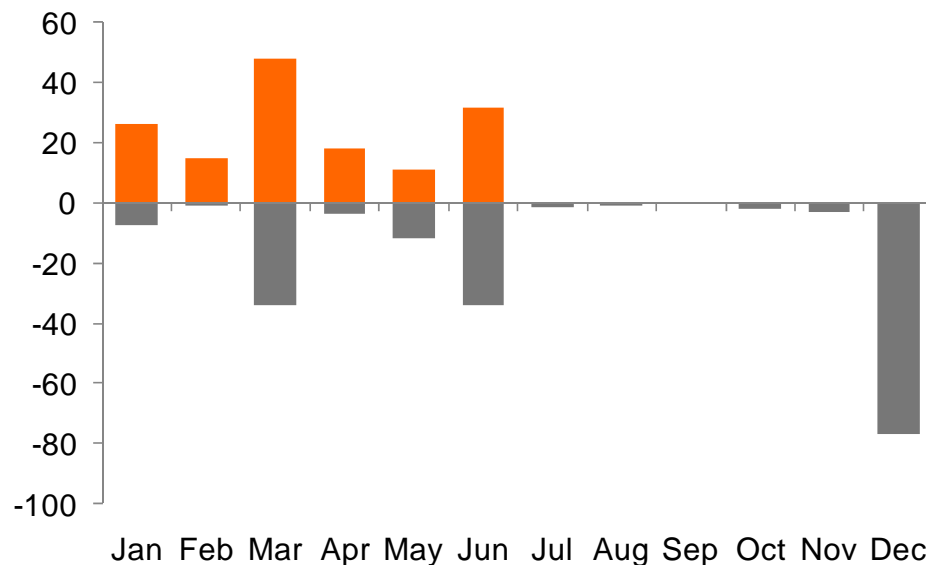
- YTD stable lending and deposit volumes
- Lending in LC&I turning to growth
- Continued de-leveraging in Baltic Banking

SEKbn	Lending			Deposits		
	Q2	Q/Q Δ	YTD Δ	Q2	Q/Q Δ	YTD Δ
Retail private	584	4	6	347	9	0
Retail corporate	297	0	2			
LC&I	126	5	-4	57	-11	-17
Baltic Banking	125	-1	-5	95	6	2
Group	1 147	6	1	519	17	2

Term funding issuance according to plan

- Majority of issuance in the domestic covered bond market
- Average maturity of wholesale funding, including short-term funding, 34 months (42 months for covered bonds)
- H2 maturities of nominal SEK 80bn, of which government guaranteed debt SEK 46bn
- Liquidity reserves further increased

Issuance H1 2011 & maturities FY 2011
(nominal SEKbn)



Second quarter 2011 results

Income statement

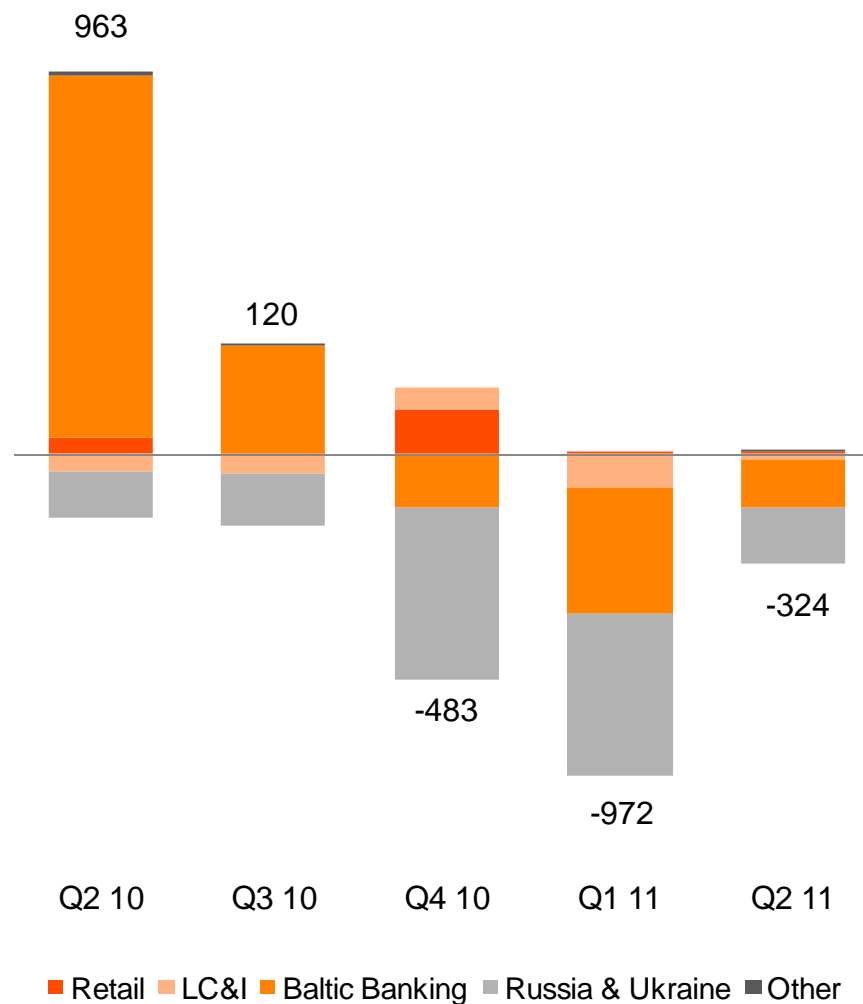
SEKm	Q2 11	Q1 11	Δ	Q2 10
Net interest income	4 740	4 527	213	3 799
Net commission income	2 244	2 301	-57	2 395
Net gains/losses	511	255	154	822
Other	860	1 369	-509	756
Total income	8 355	8 452	-97	7 772
Total expenses	4 345	4 384	-39	4 423
Profit before impairments	4 010	4 068	-58	3 349
Total impairments	- 309	- 970	661	1 091
Operating profit	4 319	5 038	-719	2 258
Tax expense	863	1 182	-319	672
Profit attributable to shareholders	3 452	3 852	- 400	1 567
Return on equity, %	14.4	16.1		7.0

Asset quality improvement – increased macro risk

- **Asset quality**
 - Decreasing impaired loans
 - Continued recoveries
 - Positive rating migration
- **Macro economic uncertainty**
 - European debt crisis
 - World economy slowing
- **Swedbank's resilience strong**
 - Capitalisation
 - Stress tests
 - Strong funding position

Net recoveries of SEK 324m in Q2

Credit impairments, SEKm



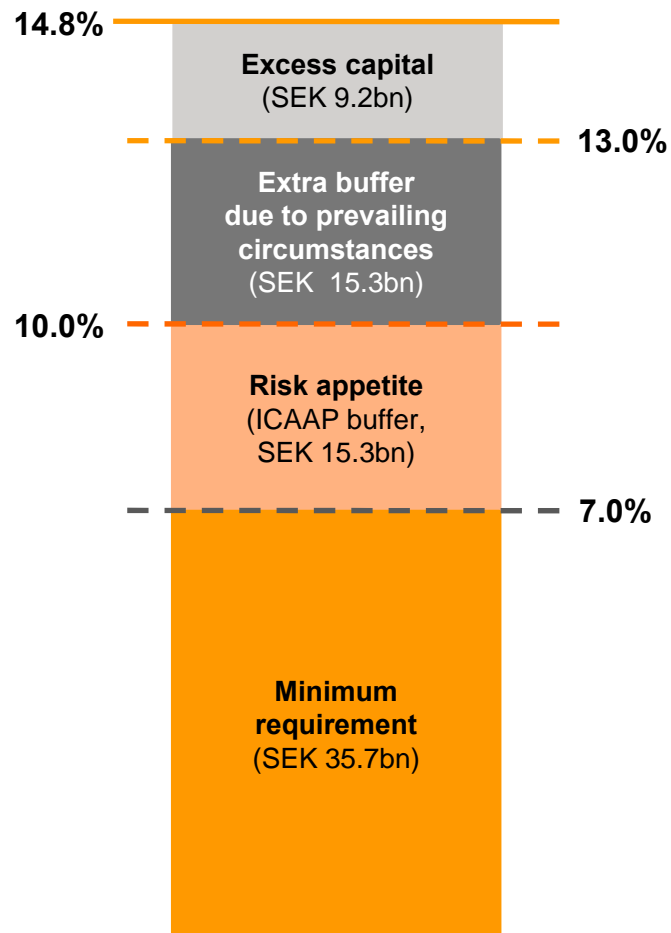
- Stable CEE development
 - One-offs Estonia
 - Adjustment in Latvia
- Solid Swedish performance

Funding risk

Well positioned

- Board of Directors risk tolerance limit
 - Liquidity survival horizon
 - Liquidity portfolio
 - Over-collateralisation requirement
- Liquidity reserve increased to SEK 203bn
- Covered bond availability increasing
- USD funding dependence low

Strong capitalisation



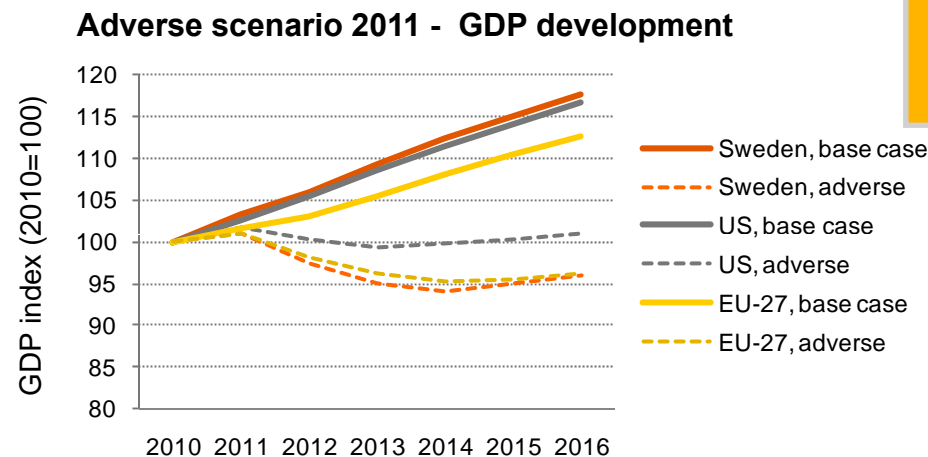
- As of 30 June the excess capital amounted to SEK 9bn
- 2.86 per cent of total shares repurchased in Q2
- Stress tests
 - ICAAP 2011
 - EBA
- Continued focus on capital efficiency

Appendix

Scenario: “Eastern slowdown – Western standstill”

Triggers

- Chinese housing market collapses
- The export led recovery in the US halts as Asian demand dries up
- US protectionism and US economic pessimism turns world growth negative
- US enters into a “Japanese” scenario
- A weak EU is severely hit by falling demand in China and the US



Outcome

Sweden

- Negative GDP for three consecutive years, 2012-2014 (a drop of 7% relative 2011)
- Unemployment rate rises from 8.4% in 2010 to 16.9% in 2014
- Residential real estate price drop of 33% until 2014
- Swedish krona strengthens 31% against the USD
- Interest rates remain low (treasury bill rate of 0.3%)

Baltic countries

- 30% devaluation in Latvia and Lithuania early 2012, Estonia affected by contraction of external demand
- Negative GDP growth in all three countries during 2011-2014 (drops of 9%-11% relative 2010)
- Unemployment rates peak in 2013-2014: EE 19.5%, LV 21.5%, LT 20.0%
- Residential real estate price drops. Trough in 2014 EE -24%, LV -15%, LT -21%

Scenario model results

Income statement (SEKm)	2010F	2011F	2012F	2013F	2014F	2015F	2016F	Total 2011-2016
Profit before impairments	12 485	13 233	13 766	7 666	7 287	7 150	7 610	56 712
Credit impairments	3 005	5 972	19 318	15 359	10 231	6 734	4 290	61 904
Profit for the year	7 084	5 033	-5 696	-7 694	-2 944	146	1 971	-9 184

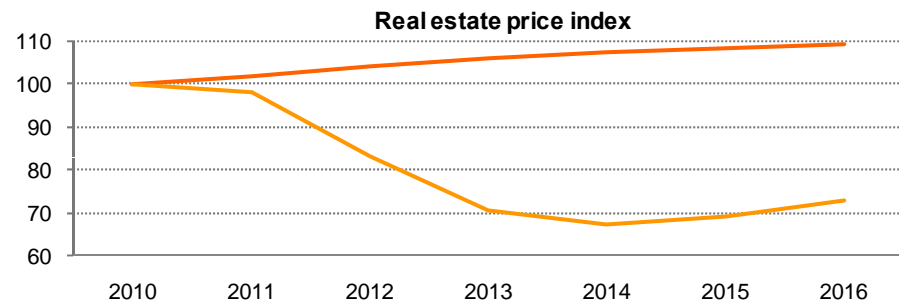
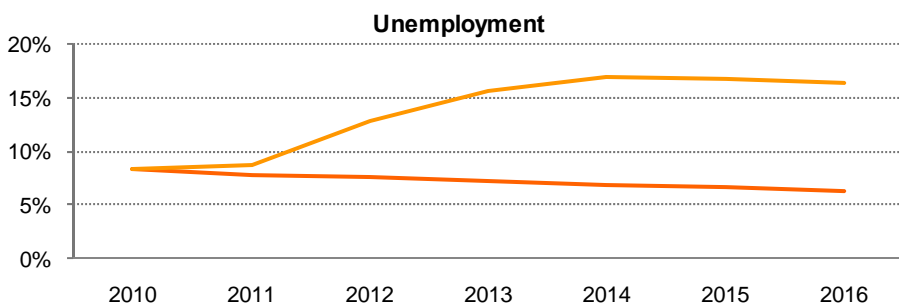
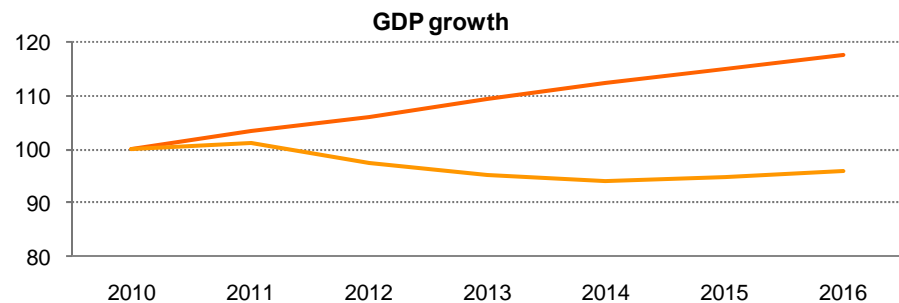
(SEKm)	2010F	2011F	2012F	2013F	2014F	2015F	2016F
Risk-weighted assets, full Basel 2	541 327	519 839	524 279	464 569	434 894	413 542	399 855
Core Tier 1 capital	75 470	77 815	69 084	55 936	52 981	53 069	54 043
Core Tier 1 capital ratio, %	13.94	14.97	13.18	12.04	12.18	12.83	13.52

- Core Tier 1 capital ratio troughs in 2013
- Low interest rates combined with lending volume decline during the scenario period decrease NII and risk-weighted assets

NB: Not adjusted for the buy-back programme or any additional regulatory changes.

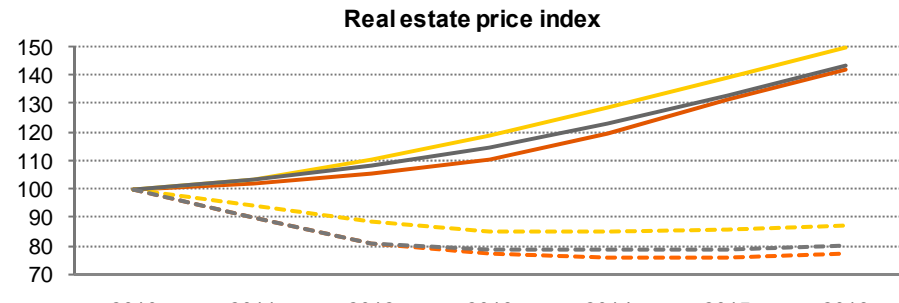
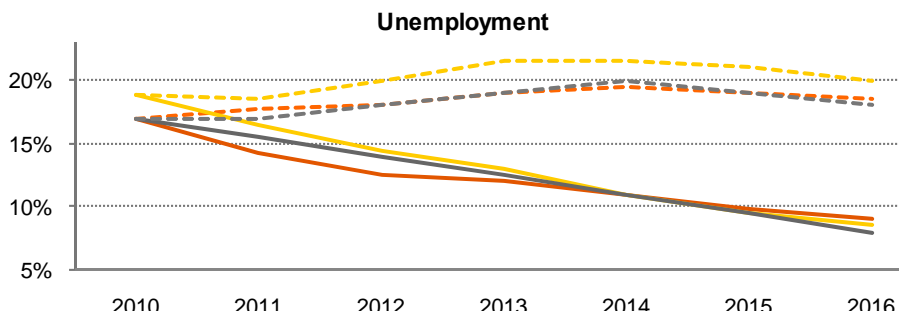
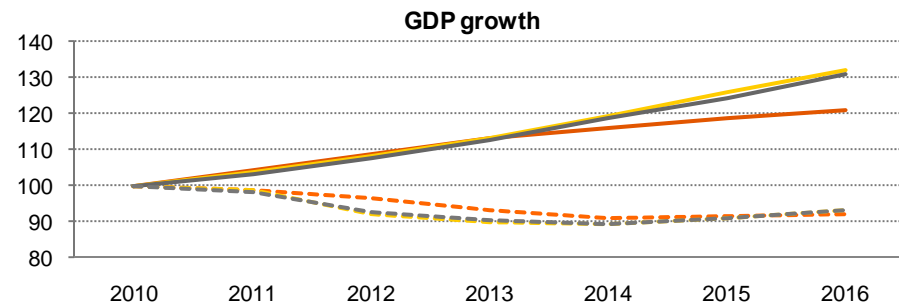
Macroeconomic assumptions

Sweden



— Sweden, base case — Sweden, adverse

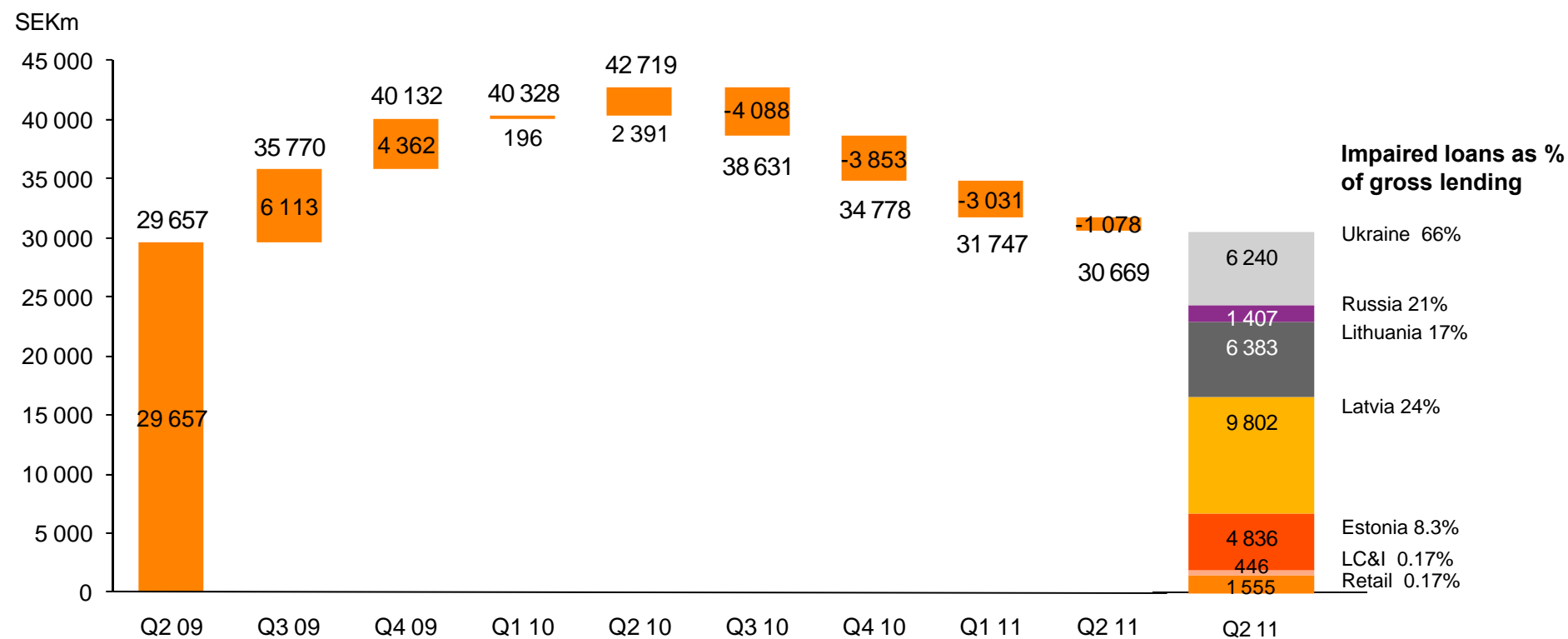
Baltic countries



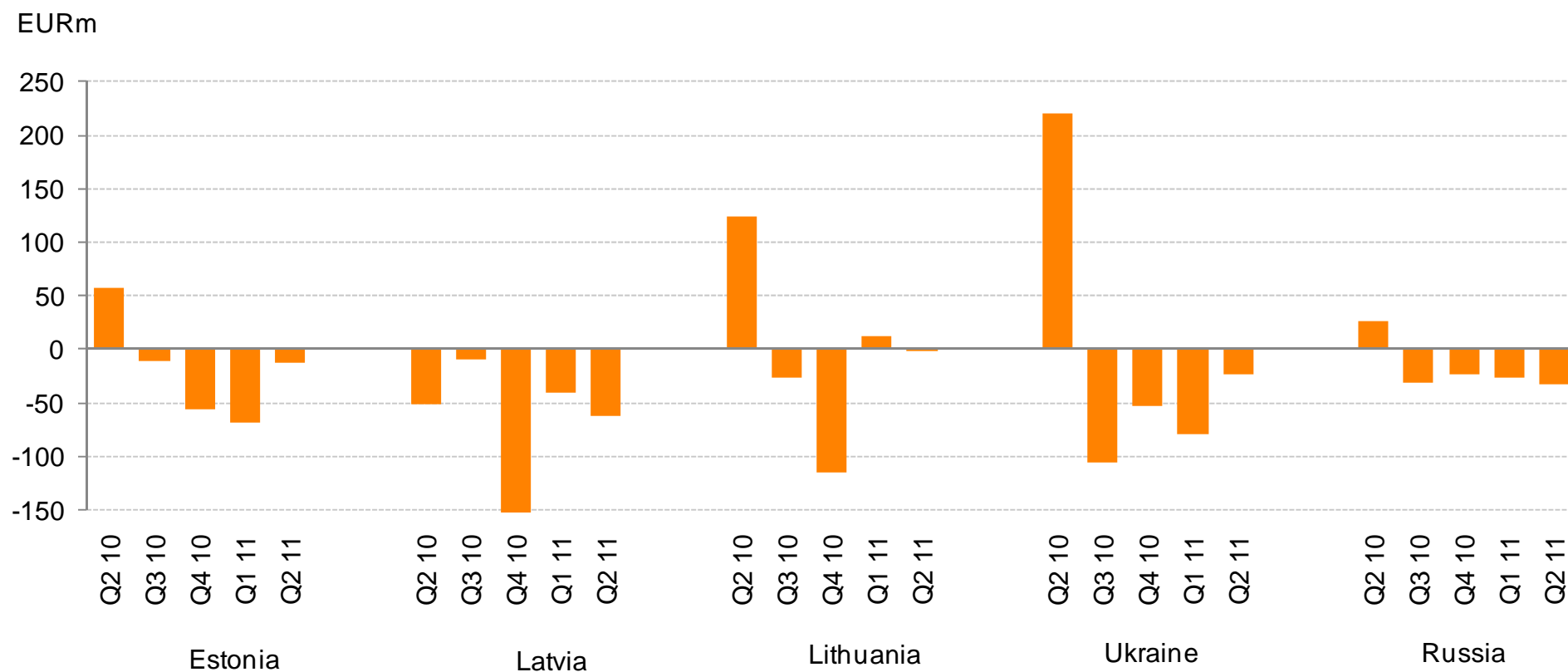
— Estonia, base case - - - Estonia, adverse
 — Latvia, base case - - - Latvia, adverse
 — Lithuania, base case - - - Lithuania, adverse

Impaired loans decreasing

- Excl. FX effect down SEK 1.6bn in Q2
- Underlying decreases in all business areas in Q2



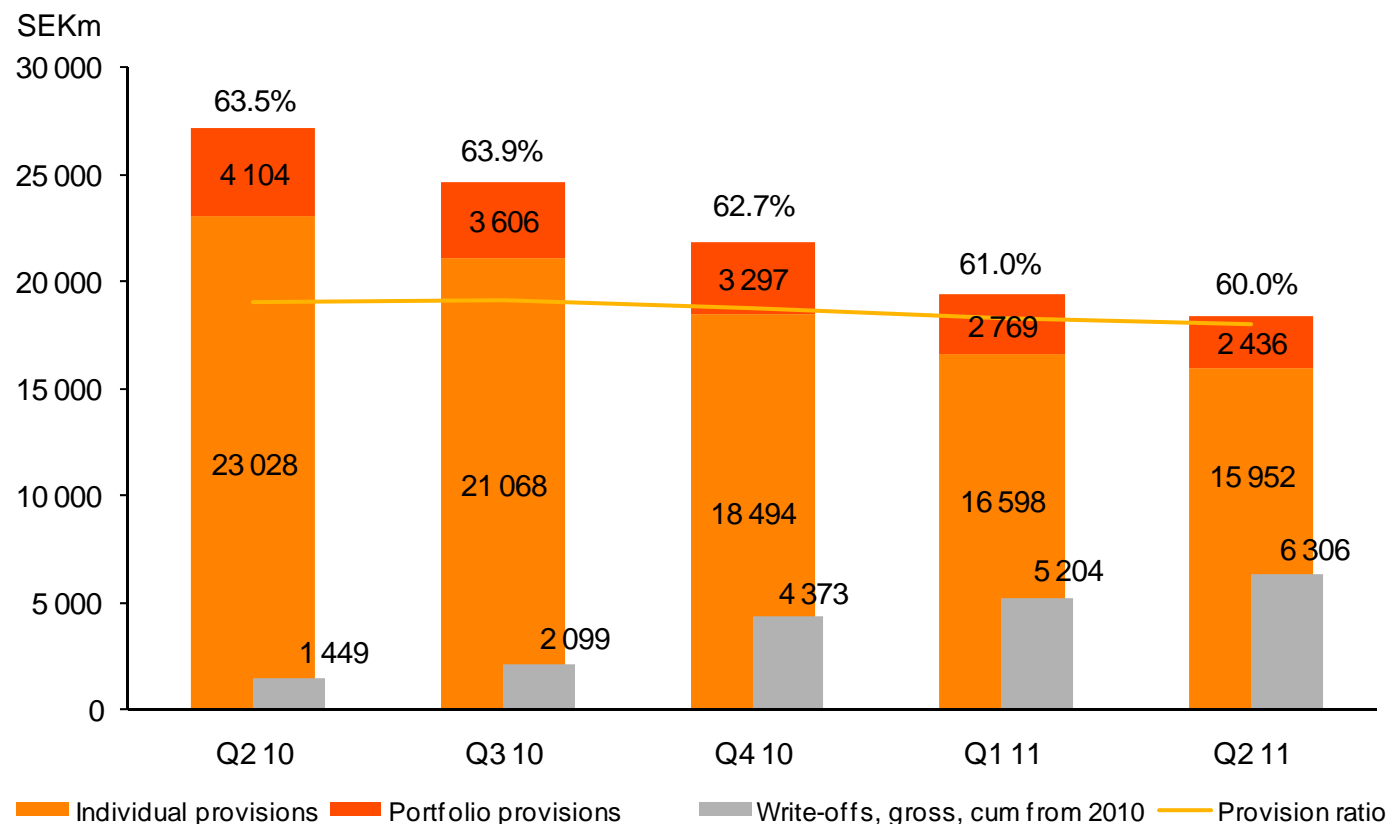
Loans past due 60 days – performance Q/Q



Asset quality

Provisions – well provided for

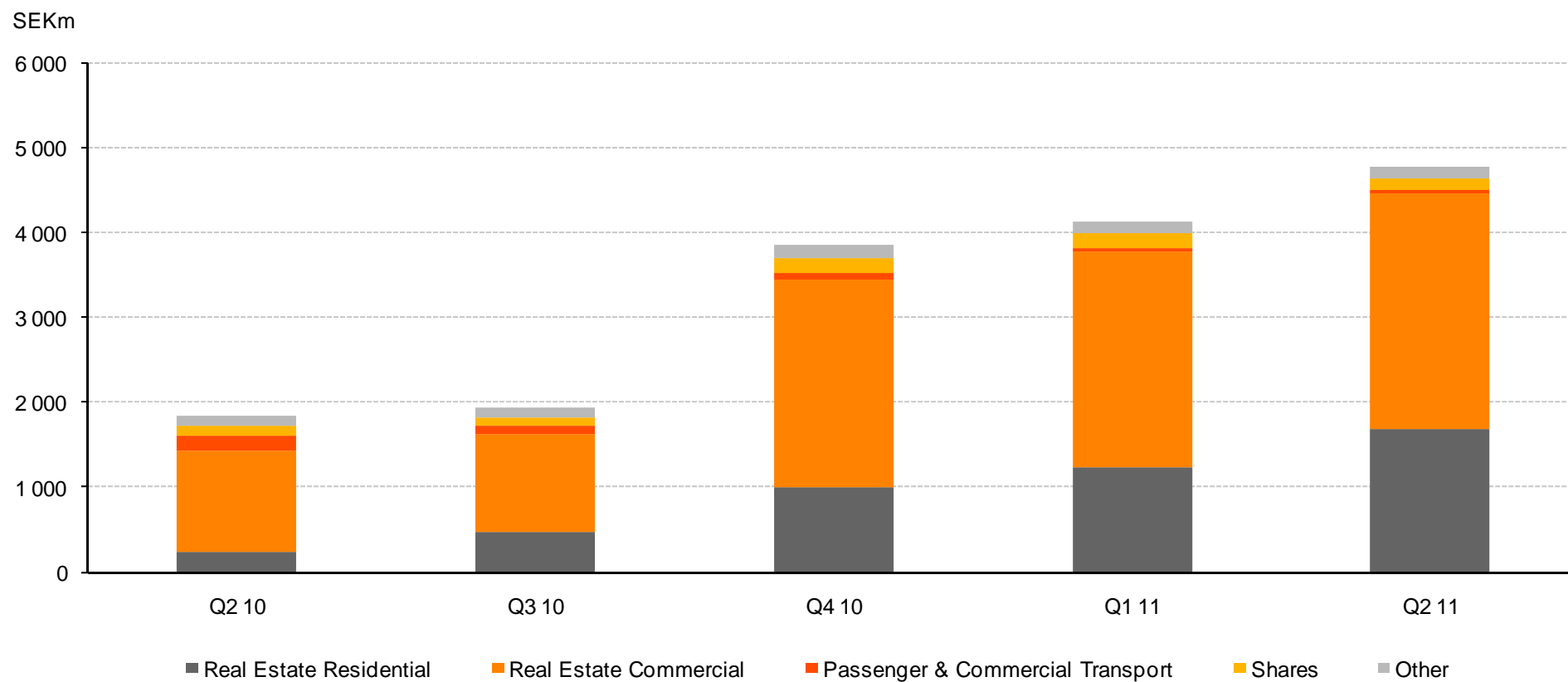
- Individual provisioning rates maintained
- Work-out portfolios slowly declining
- Positive rating migrations



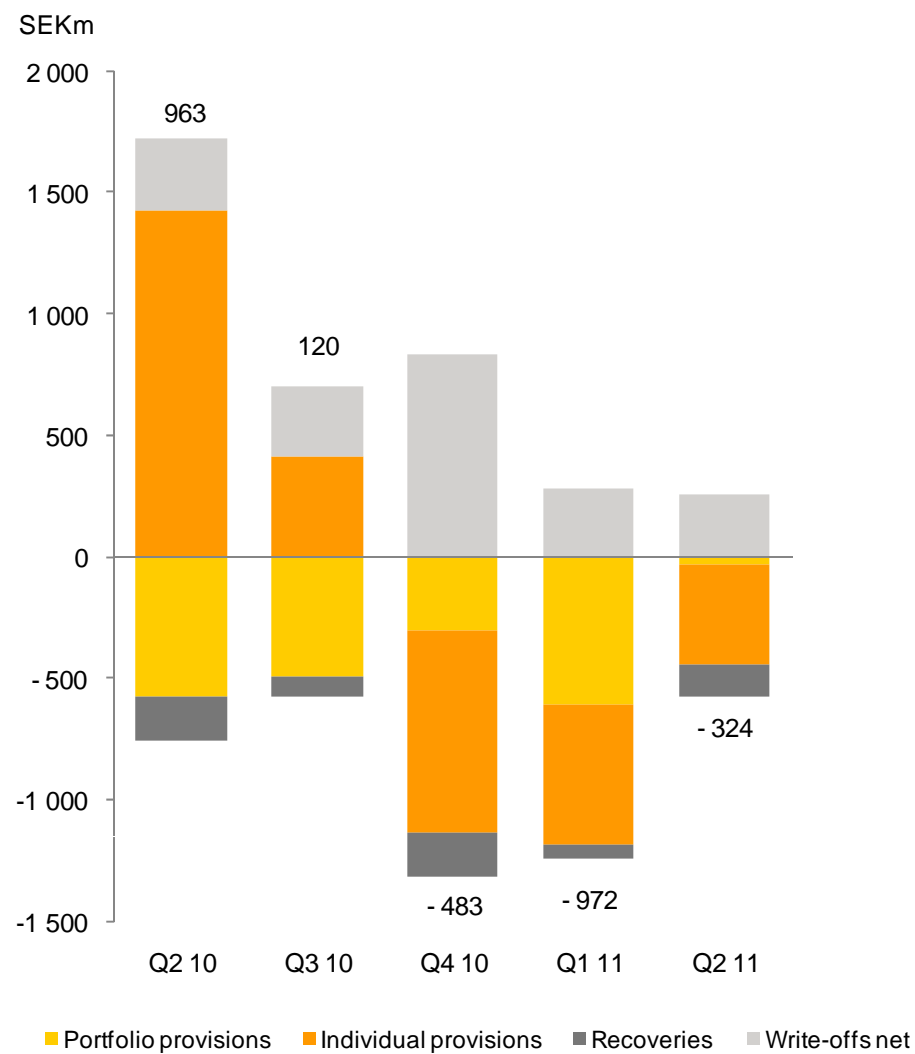
Provision ratios, %		Q2 11
Retail		92
LC&I		125
Baltic Banking		55
Russia		65
Ukraine		64
Group		60

Asset quality

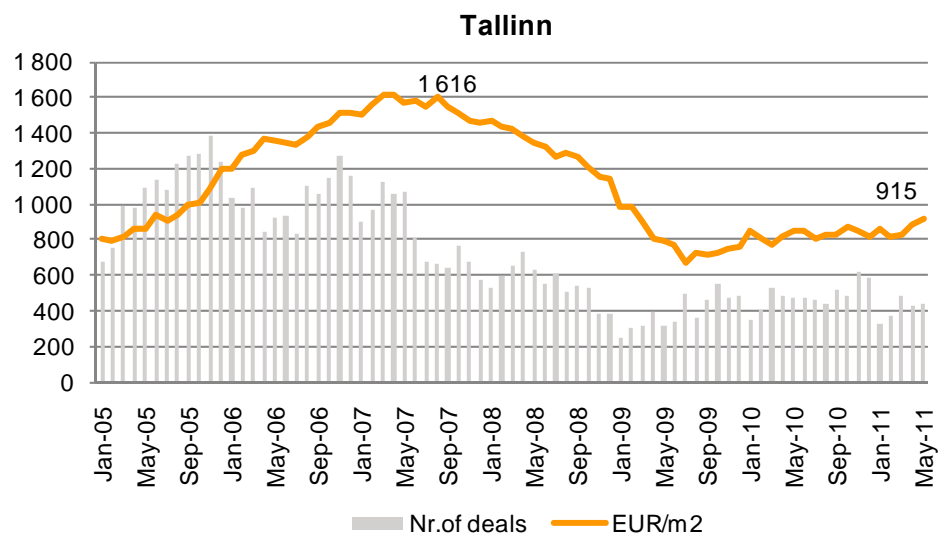
Repossessed assets



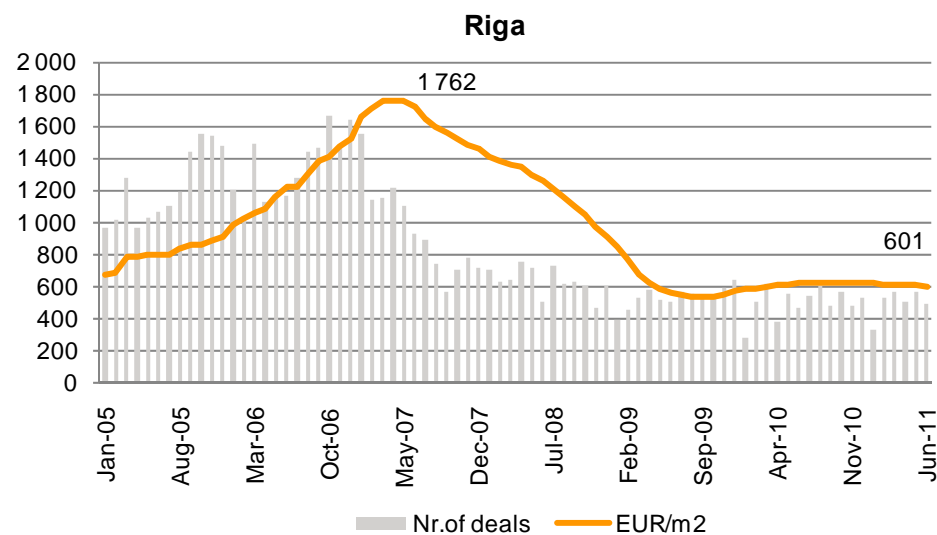
Credit impairments by category



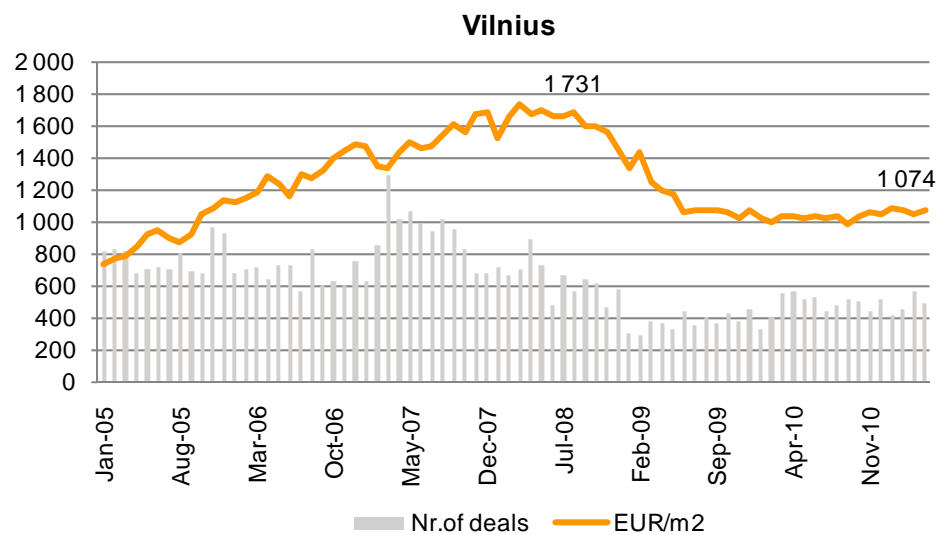
Real estate prices



Source: Swedbank, Estonian Land Board



Source: Swedbank

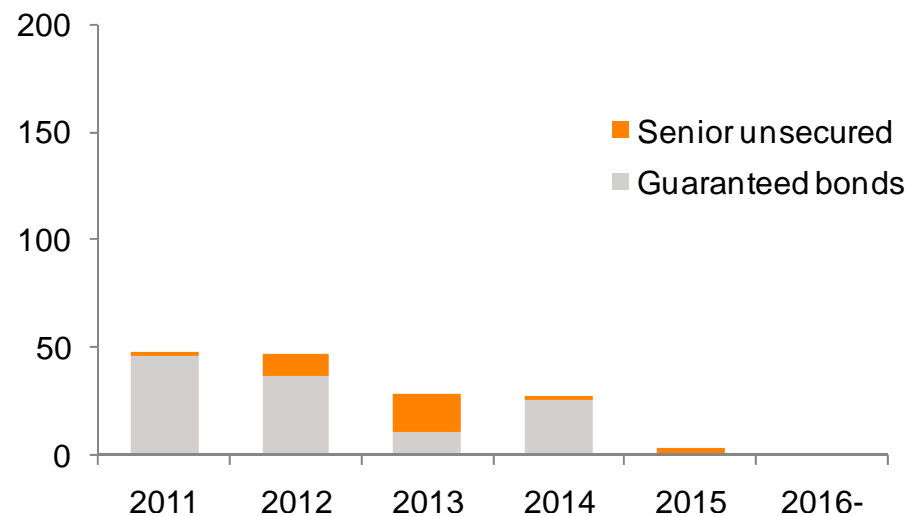
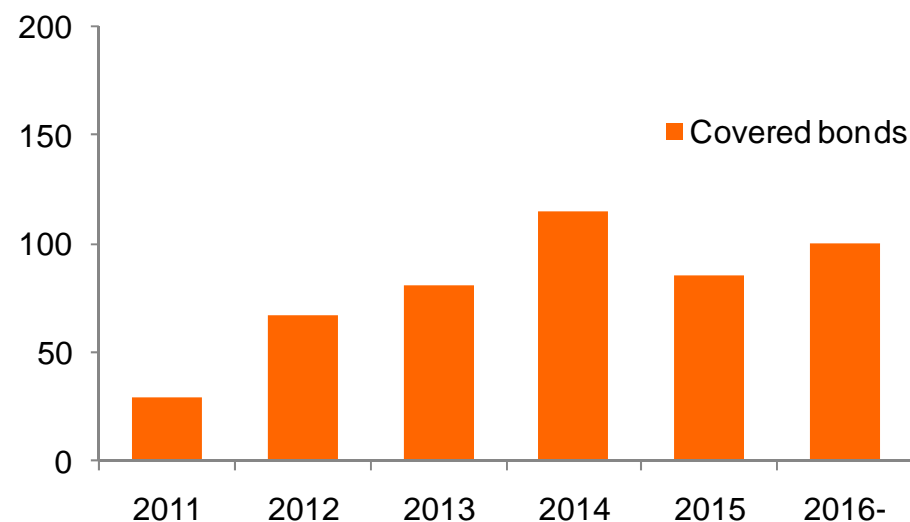


Source: Swedbank, State Enterprise Centre of Registers

Long-term funding

- Continued focus on covered bonds with Q2 issuance of SEK 43bn
- SEK 6bn in senior unsecured issuance during Q2
- Term funding issuance in the first half of 2011 totalled SEK 153bn, with maturities of SEK 79bn during the same period
- Maturities for the remainder of 2011 amount to nominal SEK 80bn

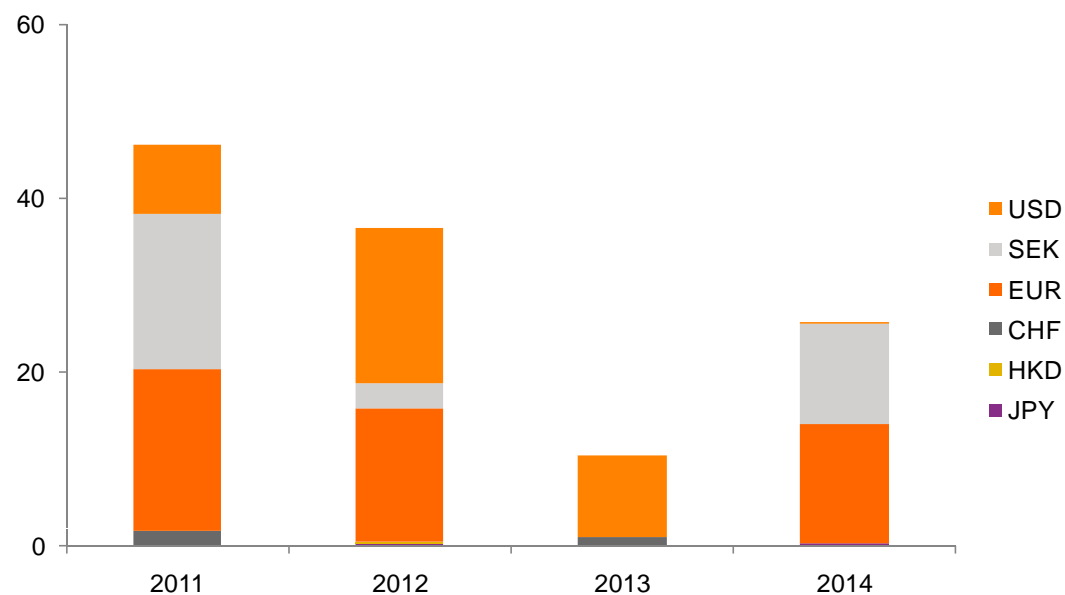
Long-term funding maturity profile, SEKbn



Remaining government guaranteed debt

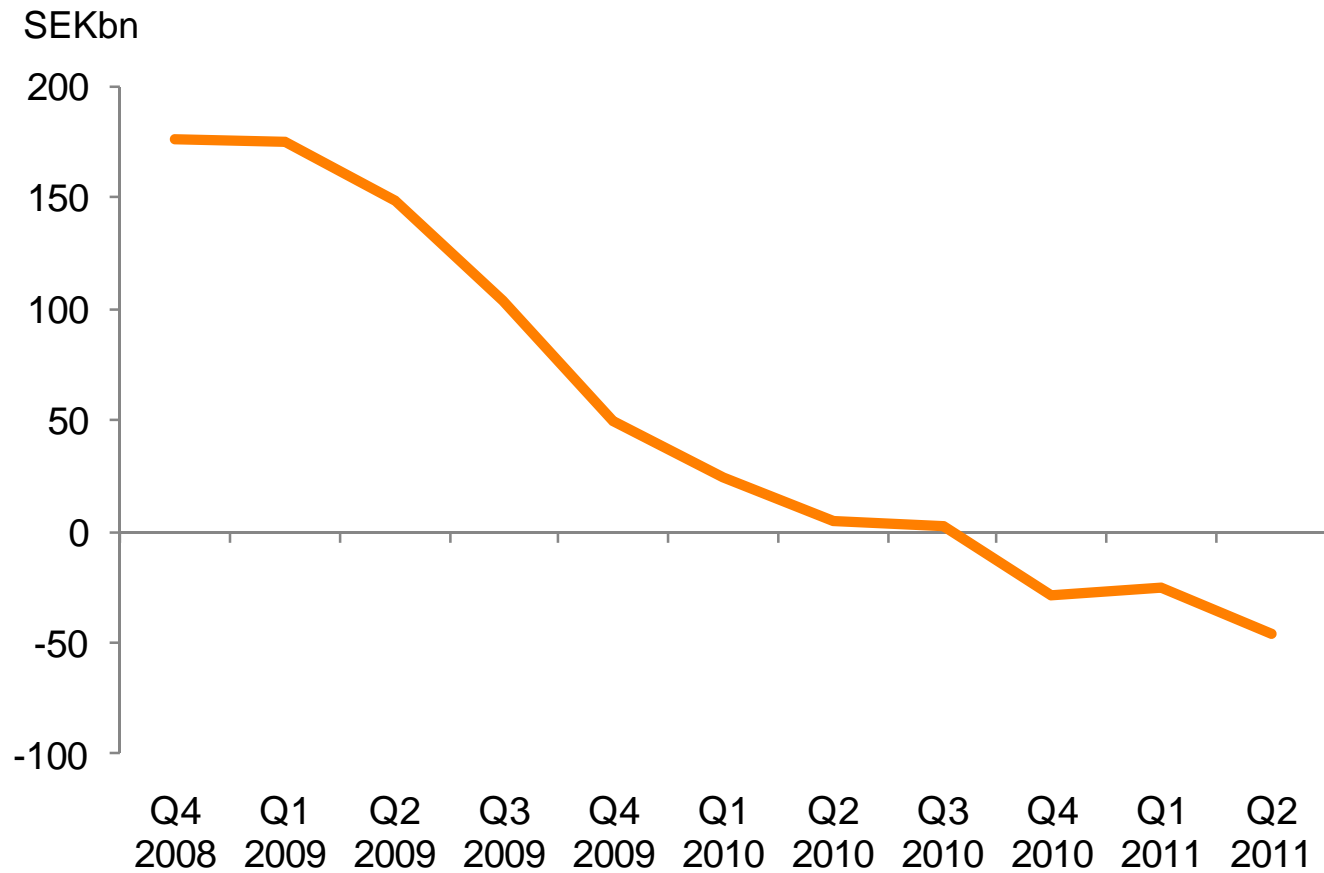
- Exited the programme on 30 April 2010
- No issuance under the programme since summer 2009
- SEK 33bn of government guaranteed debt matured during the first six months of 2011
- Maturities of SEK 46bn for the remainder of 2011

Maturity profile as per Q2 2011, SEKbn



Limited unsecured funding need

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



Liquidity reserve*

SEKm

Cash and holdings in central banks and deposits in other banks available overnight	90 723
Securities issued or guaranteed by sovereigns, central banks or multilateral development banks	57 327
Securities issued or guaranteed by municipalities or Public sector entities	
Covered bonds	53 711
- Issued by other institutions	53 711
- Own issued	
Securities issued by non-financial corporates	
Securities issued by financial corporates (excl. covered bonds)	1 089
Other	
Total	202 850

* As defined by the Swedish FSA

Liquid assets outside Group Treasury organisation	65 000
Total	267 850