

Swedbank Debt Investor Presentation Q1 2012

May 2012

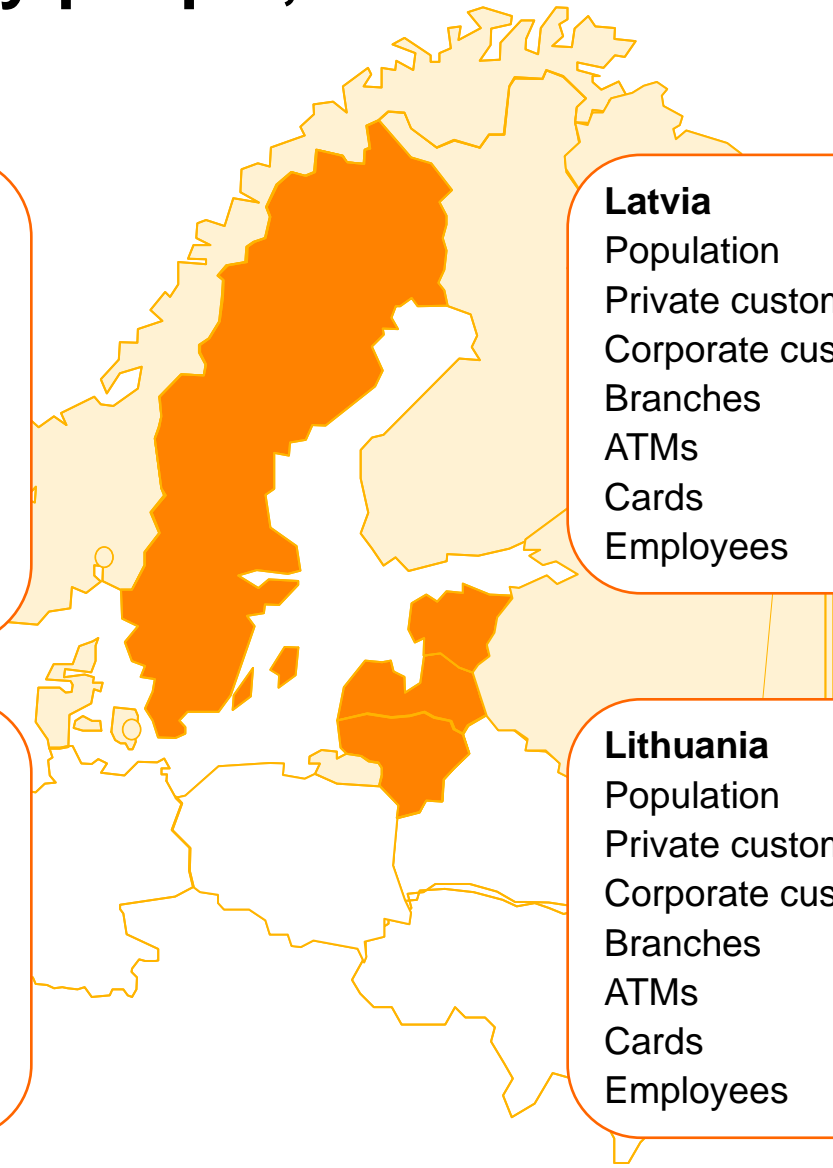


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1. This is Swedbank

The Bank for the many people, households and businesses



Sweden

Population	9.3m
Private customers	4.0m
Corporate customers	263 000
Organisations	67 000
Branches	315
ATMs	658
Cards	3.8m
Employees	8 201

Latvia

Population	2.2m
Private customers	0.9m
Corporate customers	74 000
Branches	59
ATMs	394
Cards	1.1m
Employees	1 759

Estonia

Population	1.3m
Private customers	1.0m
Corporate customers	113 000
Branches	60
ATMs	503
Cards	1.1m
Employees	2 446

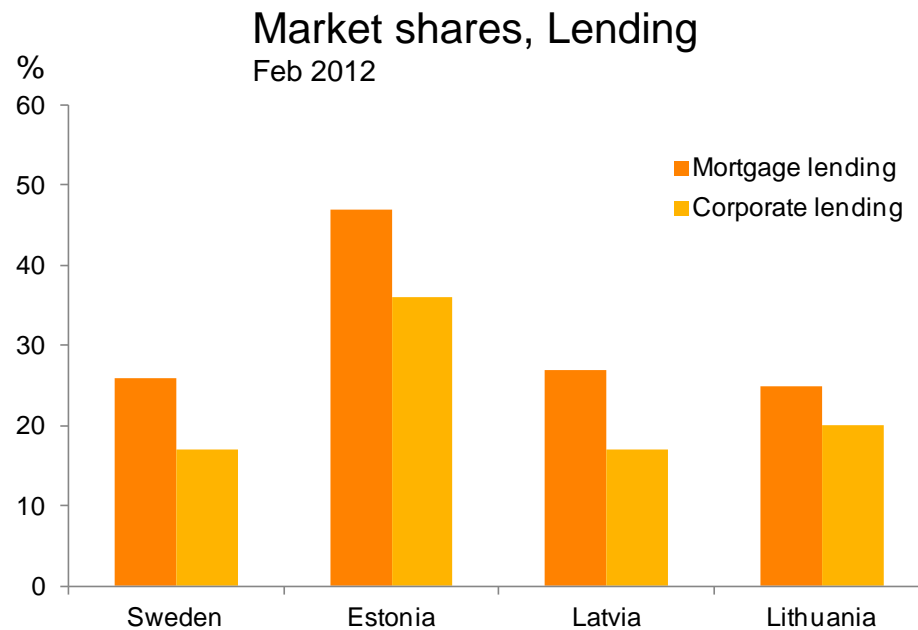
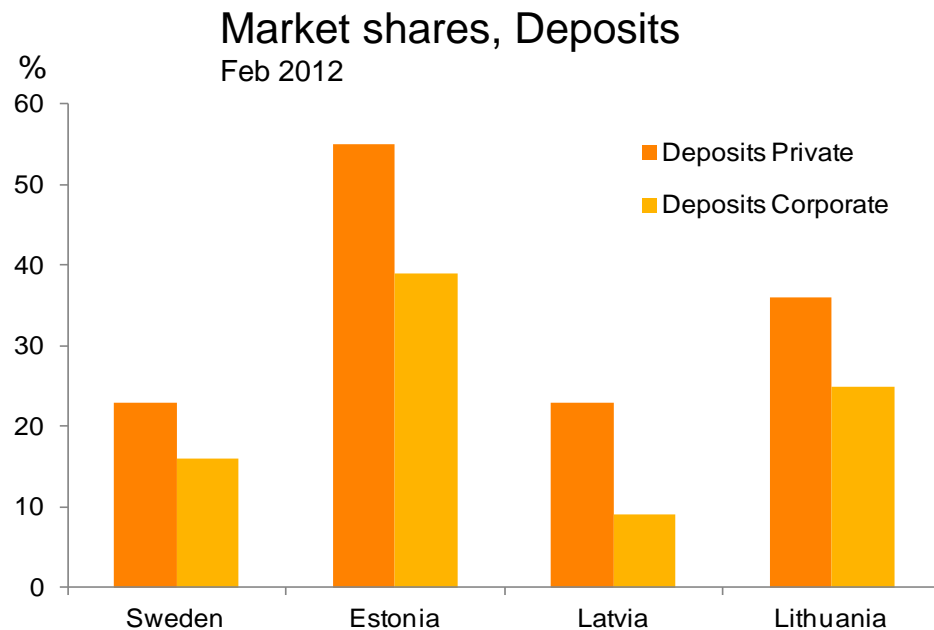
Lithuania

Population	3.3m
Private customers	1.9m
Corporate customers	81 000
Branches	84
ATMs	488
Cards	1.9m
Employees	1 992

Source: Swedbank Fact book Q1, 2012

Market leading retail franchise in all home markets

- Largest retail bank and fund manager in Sweden



Source: Source Sweden: Statistics Sweden (SCB)

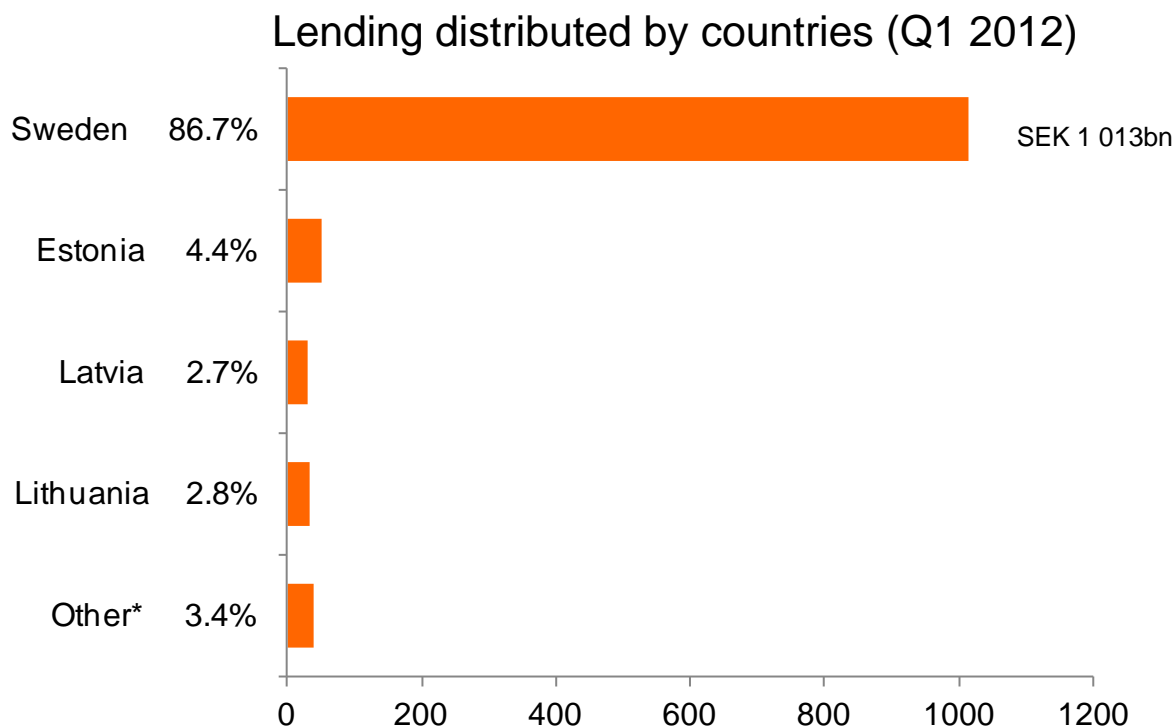
Source Estonia: Estonian Central Bank

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 to the public amounts to SEK 1,169bn (as per Q1 2012), out of which around 87% is originated in Sweden
- Estonia makes up 45% of total lending in the Baltics

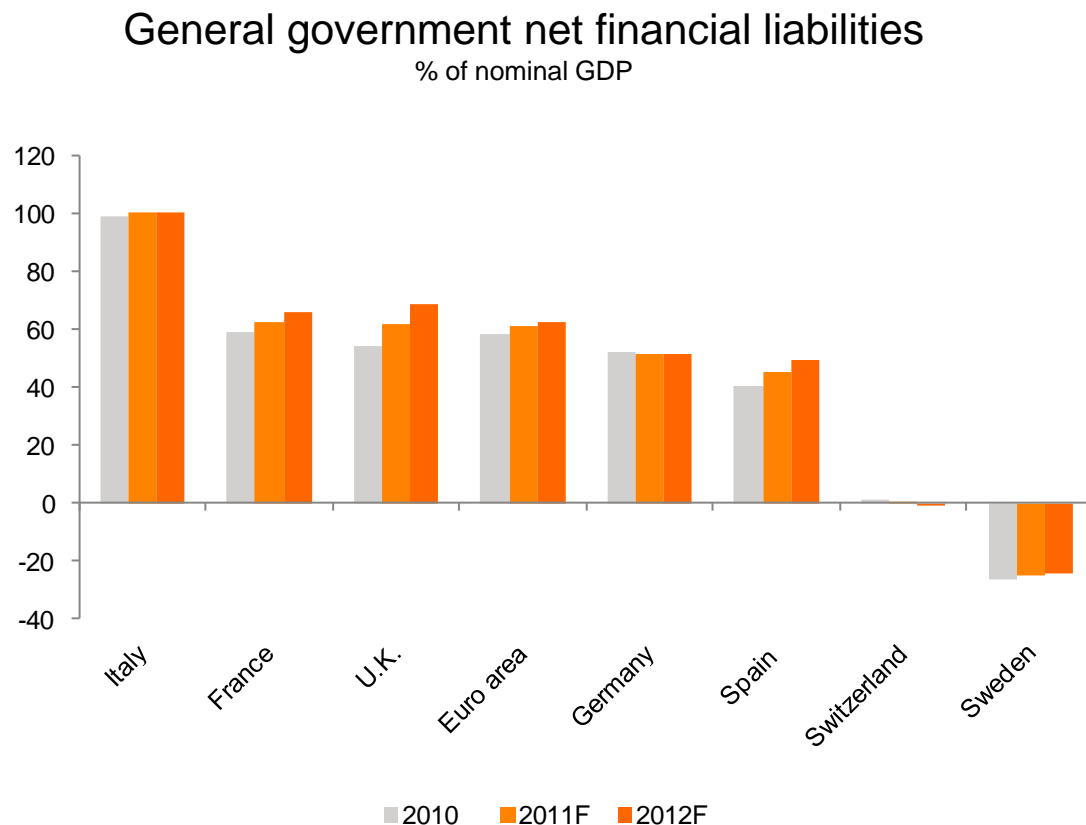


Source: Swedbank Fact book Q1 2012, page 37 * Russia & Ukraine, Norway, Finland and NY Branch

2. The Swedish economy

A balance sheet in favourable condition

- Sweden's financial assets continue to exceed its liabilities



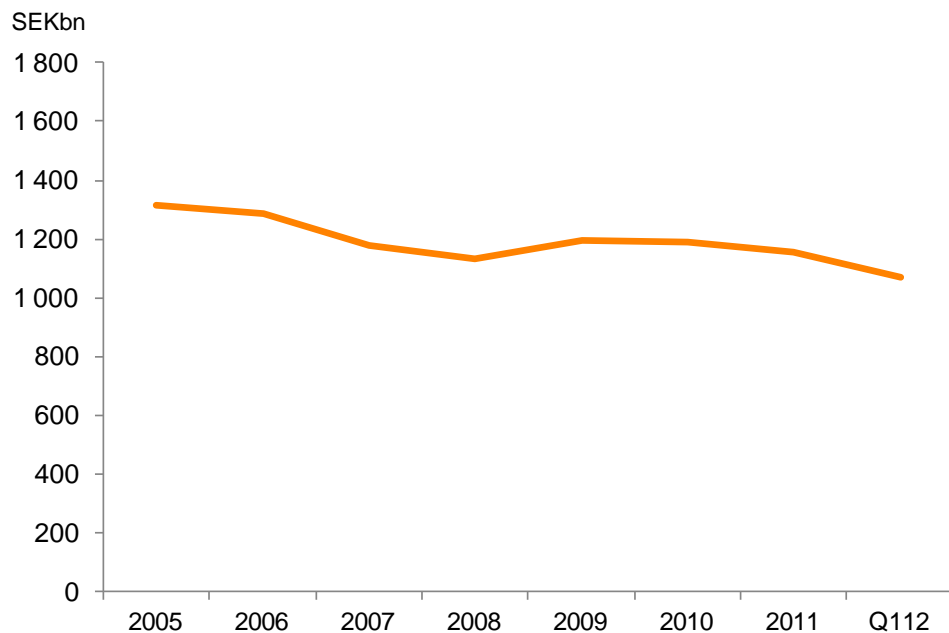
Source: OECD Economic outlook 90 (table 33), Dec 15, 2011

Continued strong fiscal position

- Kingdom of Sweden rated Aaa/AAA/AAA
- GDP growth 3.9% in 2011
- CPI/CPIF 1.3% / 1.0% (Apr 12 Y/Y)
- Unemployment 7.7% (Mar12 Y/Y)
- Debt to GDP 31.0% (Dec 11)

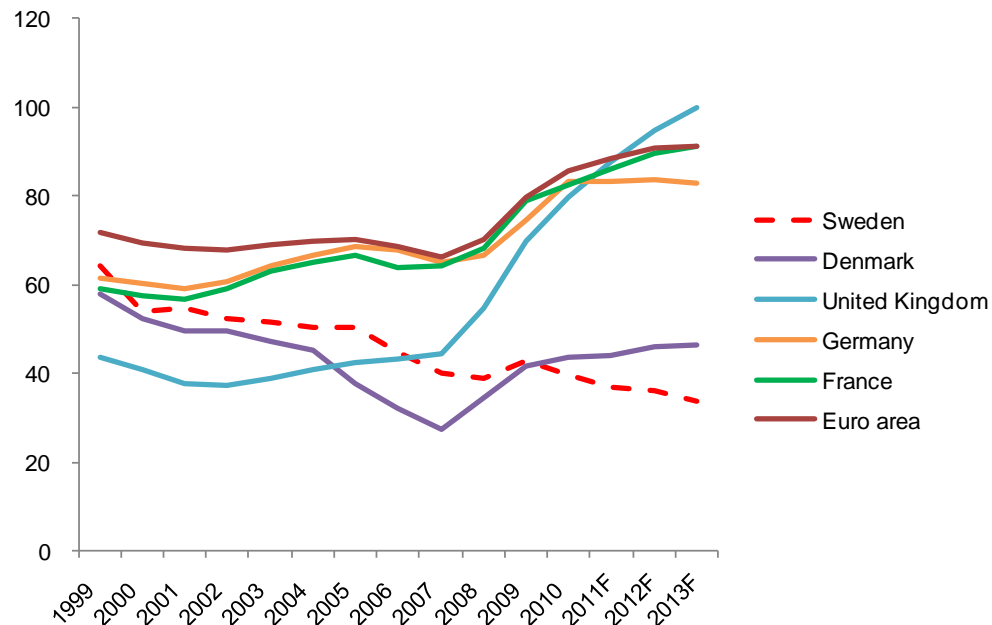
Source: Statistics Sweden and National Debt Office

Swedish government debt



Source: Swedish National Debt Office, Mar 2012

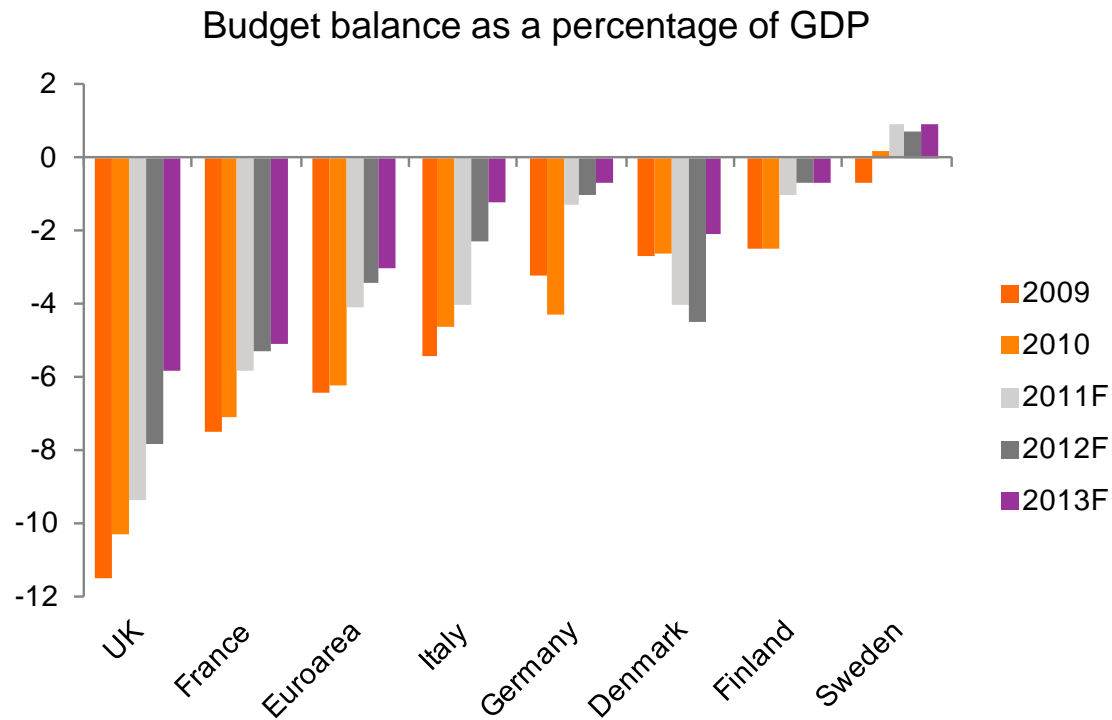
Maastricht definition* of general government gross public debt as a percentage of nominal GDP



*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

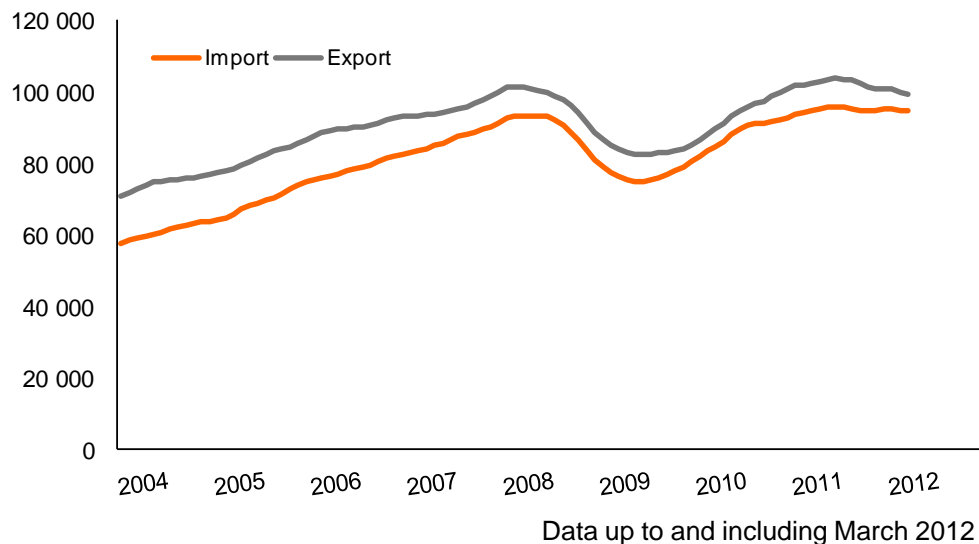
A budget in balance



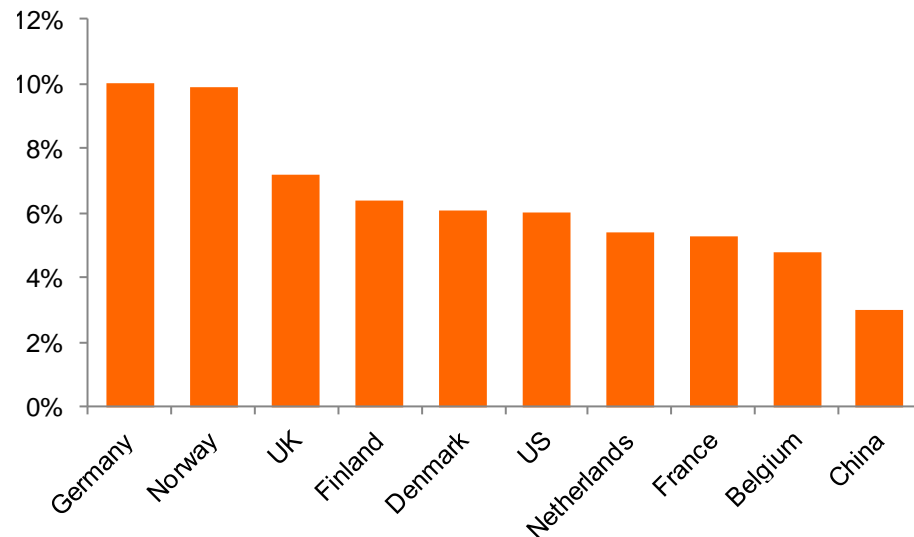
Source: Eurostat, Nov 10, 2011

Exports – key factor for growth

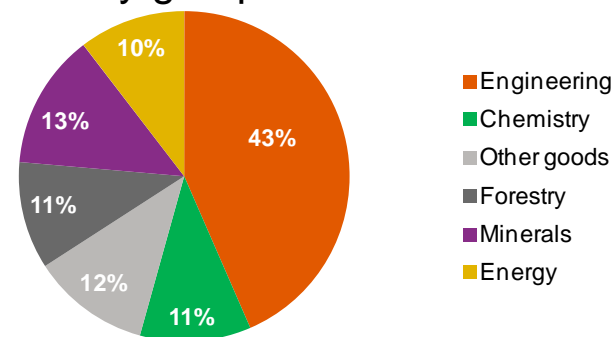
Exports and imports trend per month, SEKm



Top 10 export countries Feb 2012



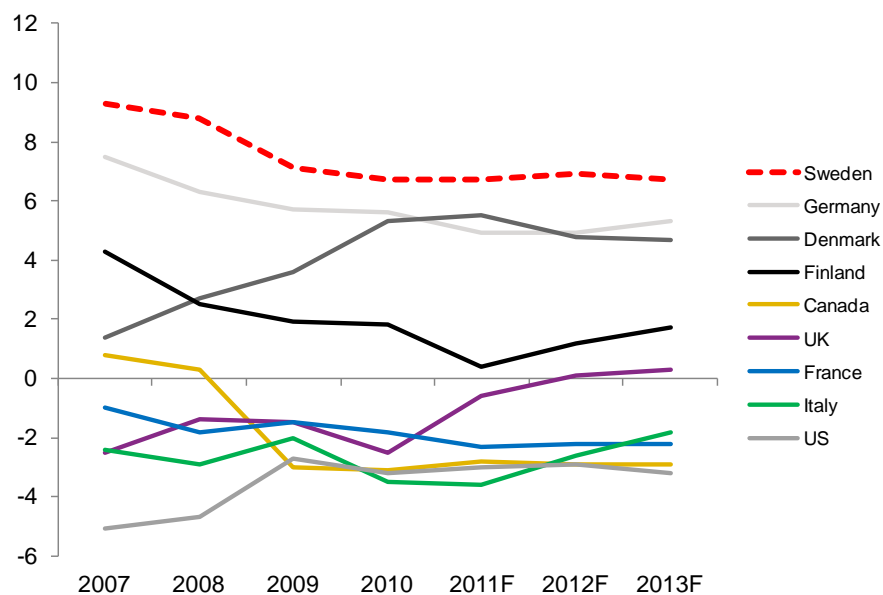
Export – distribution by important commodity groups



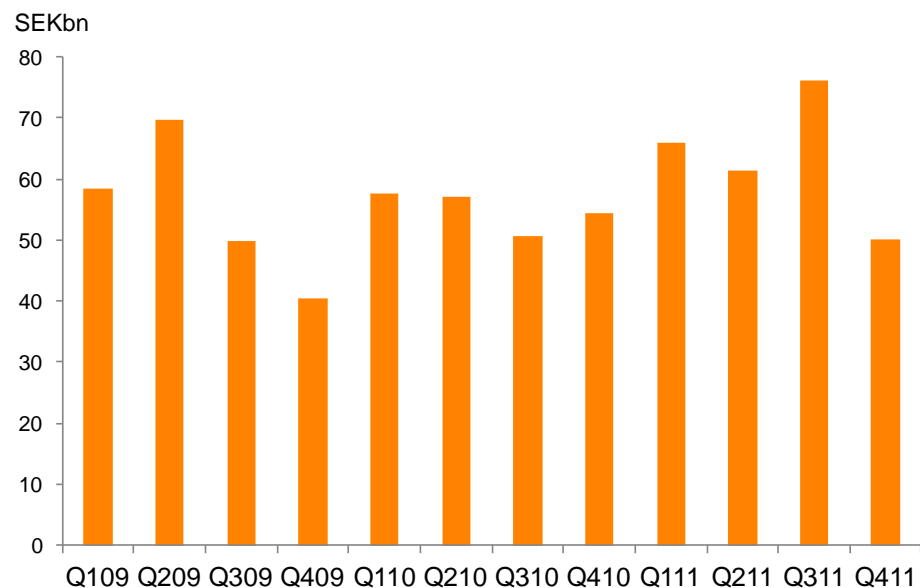
Source: Statistics Sweden, Apr, 2012

Current account balance at stable level

Current account balance as % of GDP



Current account net, Sweden

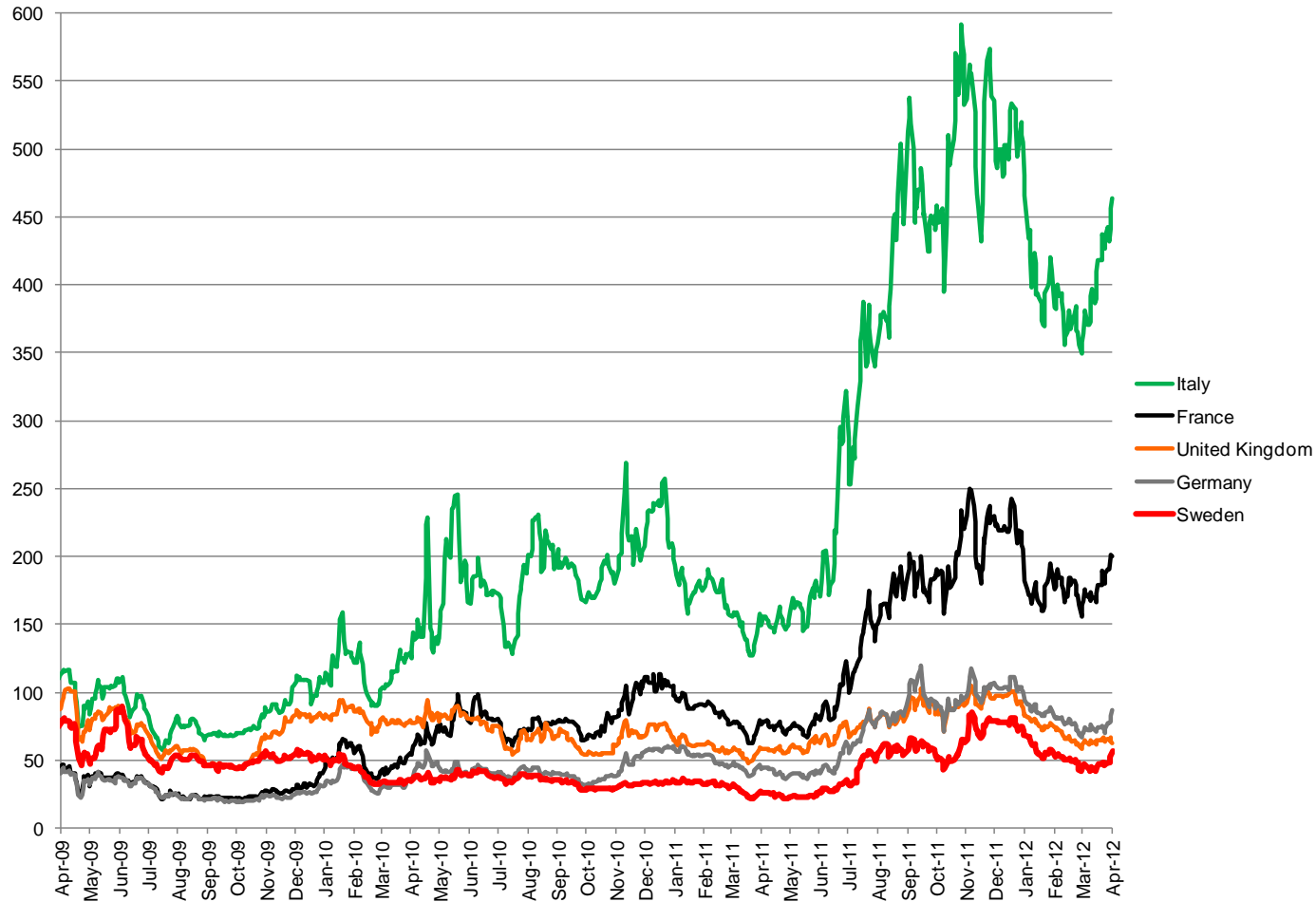


Source: OECD – Economic outlook 90, Dec 15, 2011

Source: Statistics Sweden, Mar 30 2012

Sweden has shown resilience through turbulent times

5 year Sovereign CDS



Source: Bloomberg, Apr 20, 2012

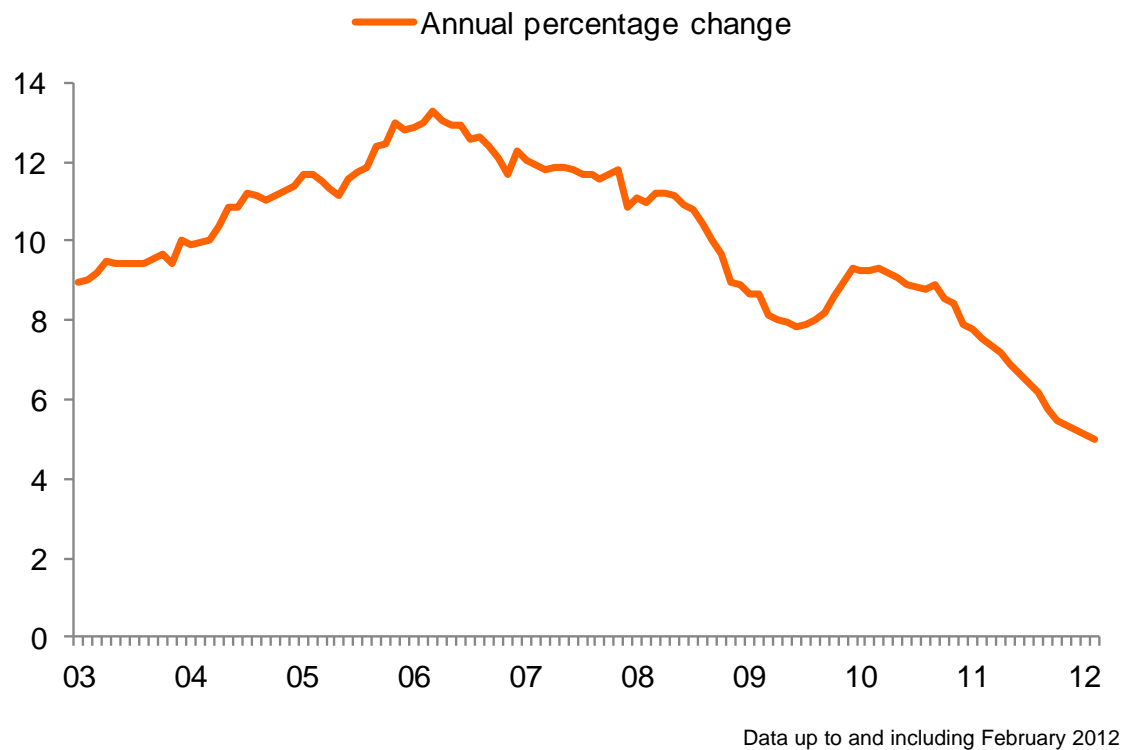
3. Swedish housing and mortgage market

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

Pace of household borrowing declines



Source: Riksbanken stability report 2011:2, Nov 29, and Sweden statistics 27 Mar, 2012, chart 2.4

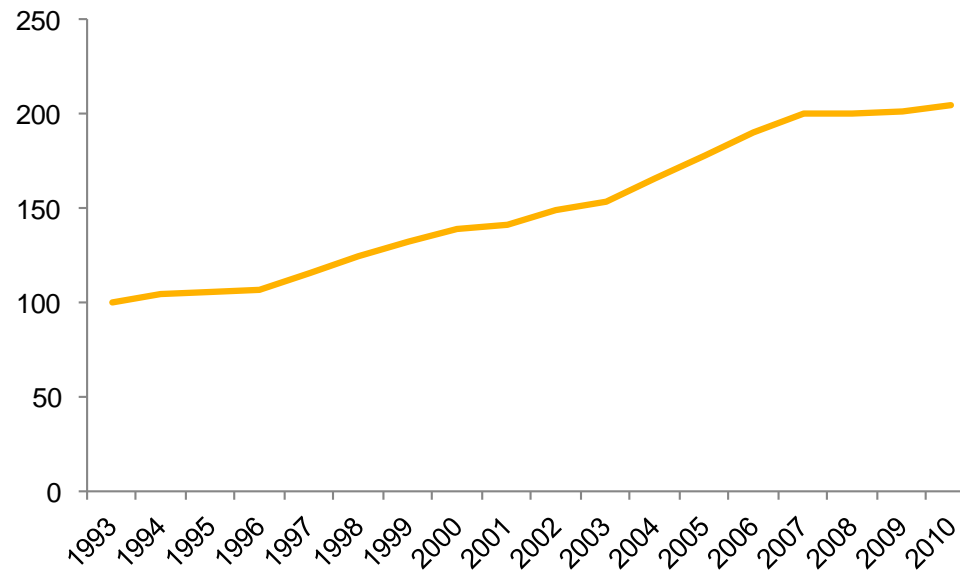
Real estate prices – Sweden 12 months development

	Single-family homes ¹ 12M Δ	Tenant owner rights ² 12M Δ	Combined ³ 12M Δ
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%
Jan/12	-4%	-2%	-4%
Feb/12	-4%	-1%	-3%
Mar/12	-4%	1%	-3%

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

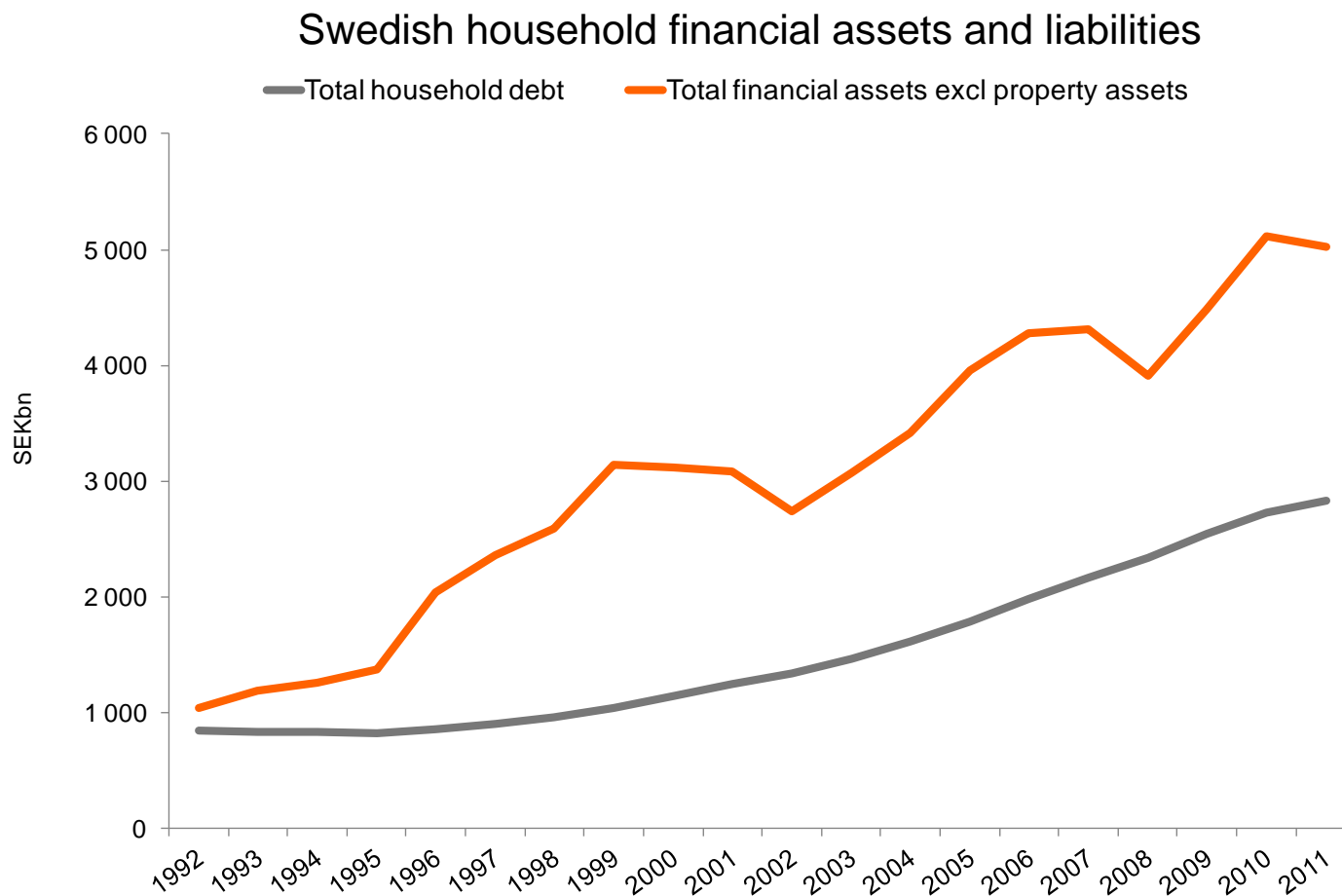
Price development

Real estate price to disposable income, index 1993= 100



Source: SCB and Swedbank

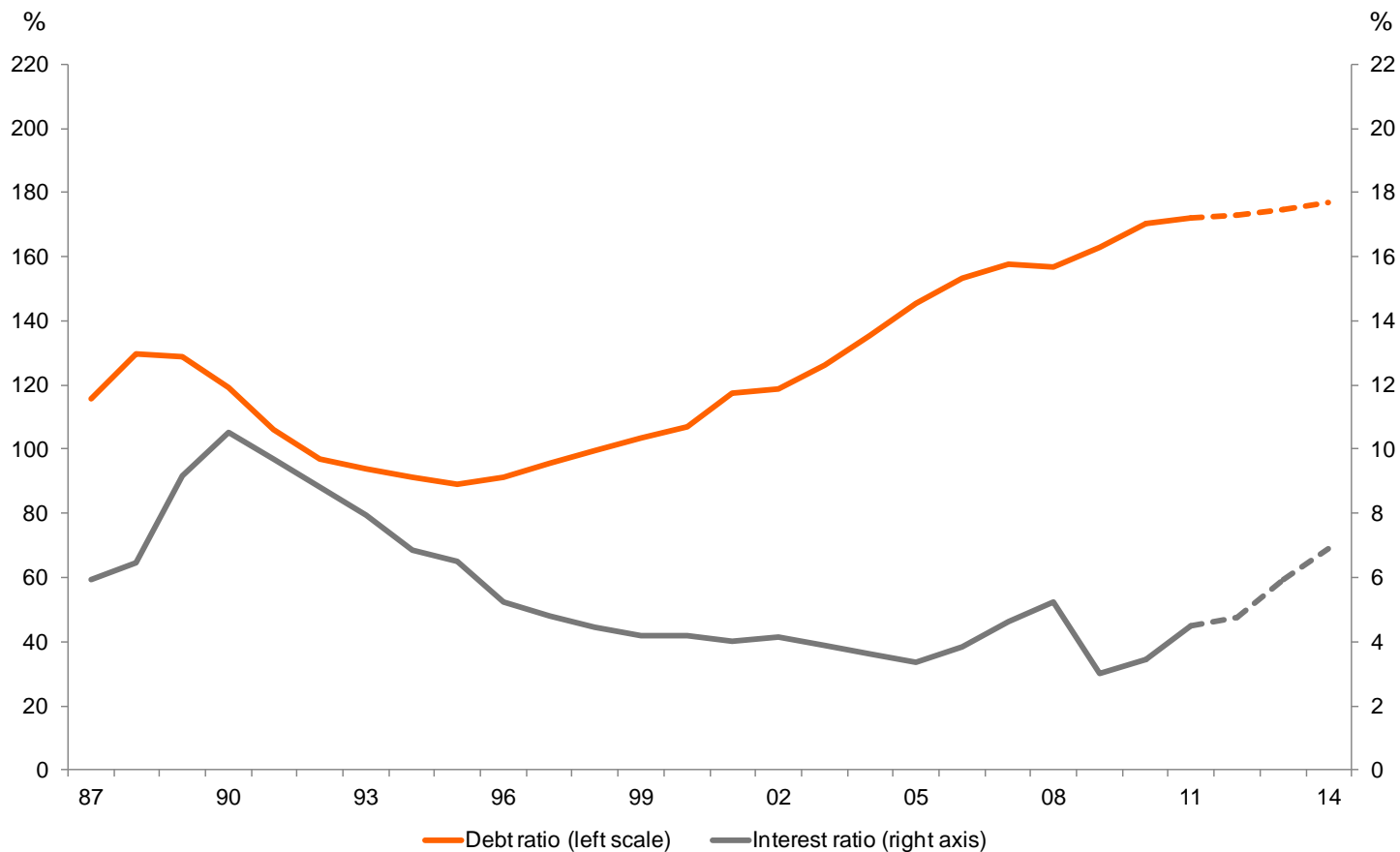
Healthy household balance sheets



Source: Statistics Sweden "Hushållens ställning" Q4 11, Feb 17, 2012

Structural interest rate decline key to affordability

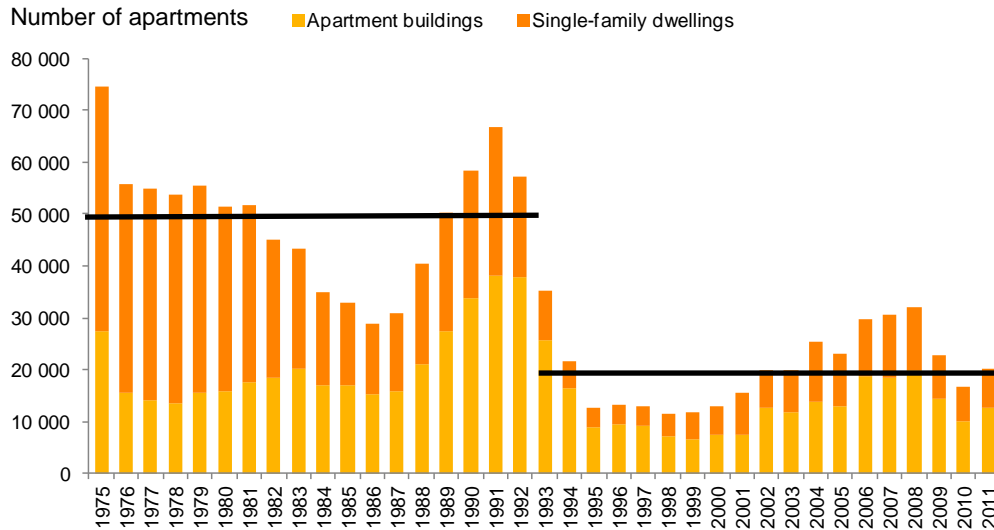
Household debt and interest expenses after tax as percentage of disposable income



Source: Riksbanken, Financial Stability Report 2011:2, Nov 29, 2011, chart 2.7

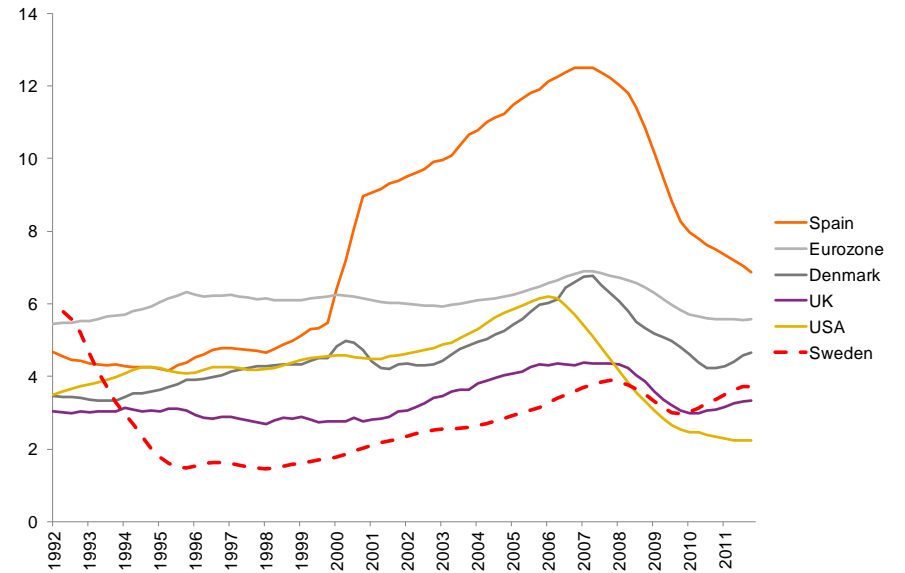
Housing investments at a conservative level

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



Source: Statistics Sweden, May 9, 2012 (data as per FY 2011)

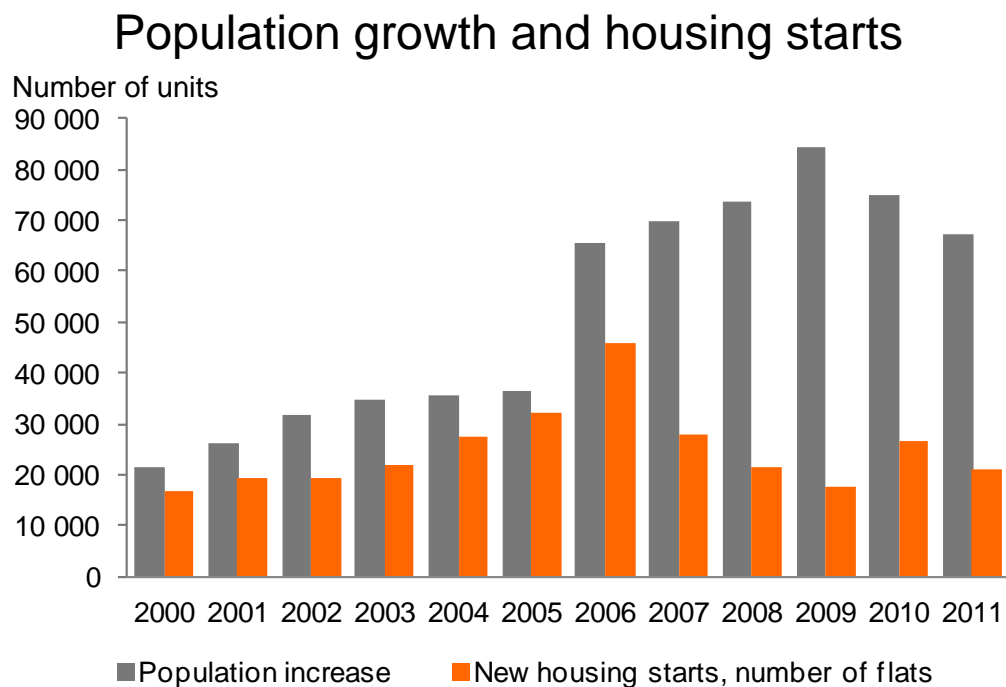
Housing investments as a percentage of GDP (4Q moving average)



Source: Reuters Ecowin, Apr 3, 2012 (data as per FY 2011)

Population growth far exceeds housing unit growth

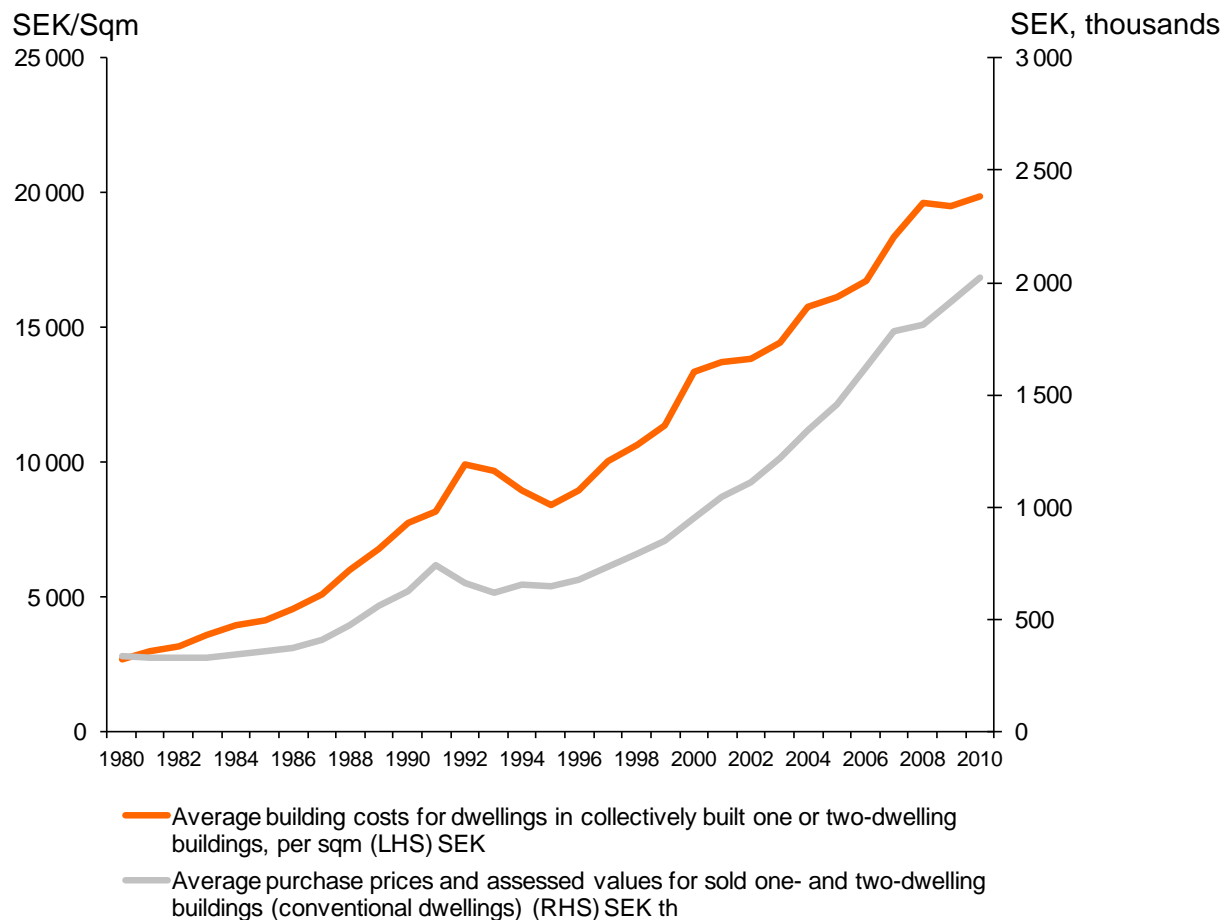
- New population growth have between 2000 and 2011 exceeded the actual new dwellings produced by more than 250,000 units
- Number of households increase as population grow
- Development tilted towards households with fewer members



Source: Statistics Sweden April 2012

House prices are moving in tandem with production costs

Average total house building cost & average house price development 1980-2010

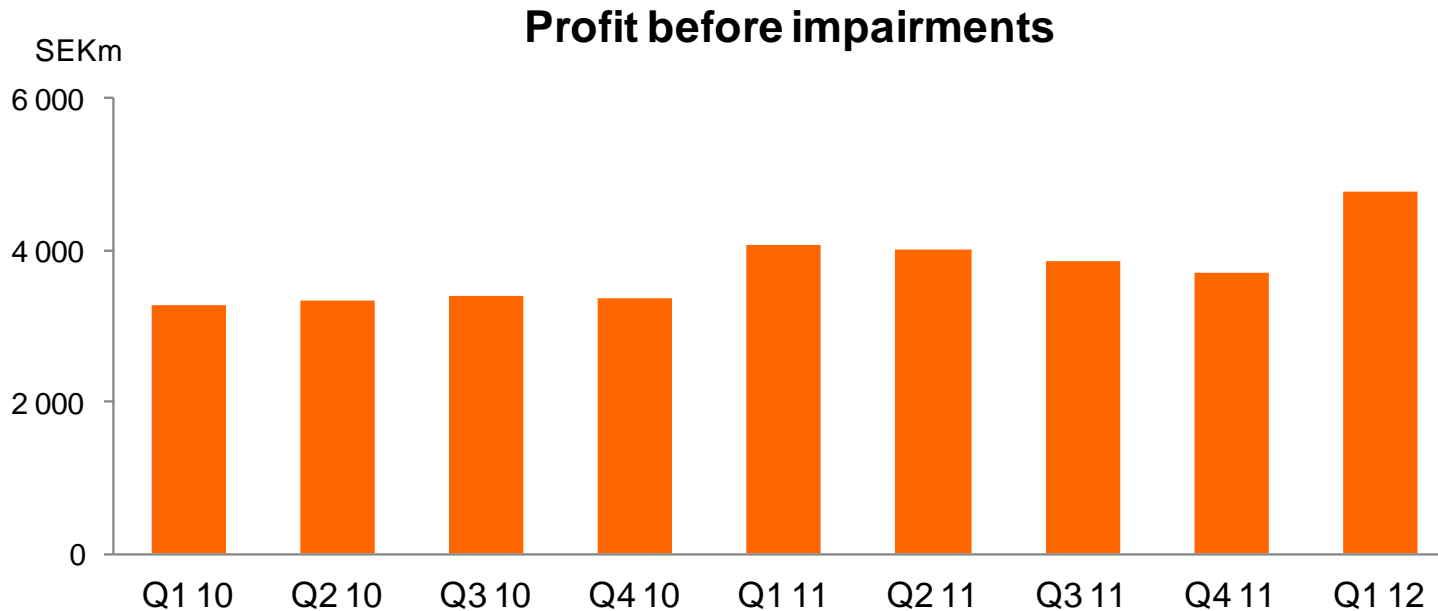


Source: "Bostads- och byggnadsstatistisk årsbok 2012", published Mar 16, 2012 by Statistics Sweden; page 109 (5.2.1) and 134 (7.1.1)

4. Financial performance

Strong first quarter but uncertain macro

- Net profit SEK 3.4bn
- Core Tier 1 capital ratio 15.9 per cent
- Return on equity 14.0 per cent



Source: Swedbank interim reports and Fact books, Mar 31, 2012

Solid development

SEKm	Q1 11	Q4 11	Q1 12	▲ Q/Q	▲ Y/Y
Net interest income	4 501	4 967	5 208	+241	+707
Net commissions	2 456	2 291	2 405	+114	-51
Net gains and losses	255	559	759	+200	+504
Other income	1 369	839	809	- 30	-560
Total income	8 581	8 656	9 181	+525	+600
Total expenses	4 513	4 947	4 413	-534	- 100
Profit before impairments	4 068	3 709	4 768	+1 059	+700
Credit impairments	-972	-174	172	+346	+1 144
Profit for the period	3 852	965	3 425	+2 460	- 427

ROE	16.1	3.9	14.0
C/I	0.53	0.57	0.48
CT1-ratio	14.9	15.7	15.9

- Strong NII
 - Repricing lending
 - Lower cost government guaranteed funding
 - Shrinking deposit margins
- Cost management on track
- Higher client activity
 - Corporate finance
 - FX/Fixed income
 - Bond origination

Source: Swedbank interim reports and Fact books, Mar 31, 2012

Cost reductions running according to plan

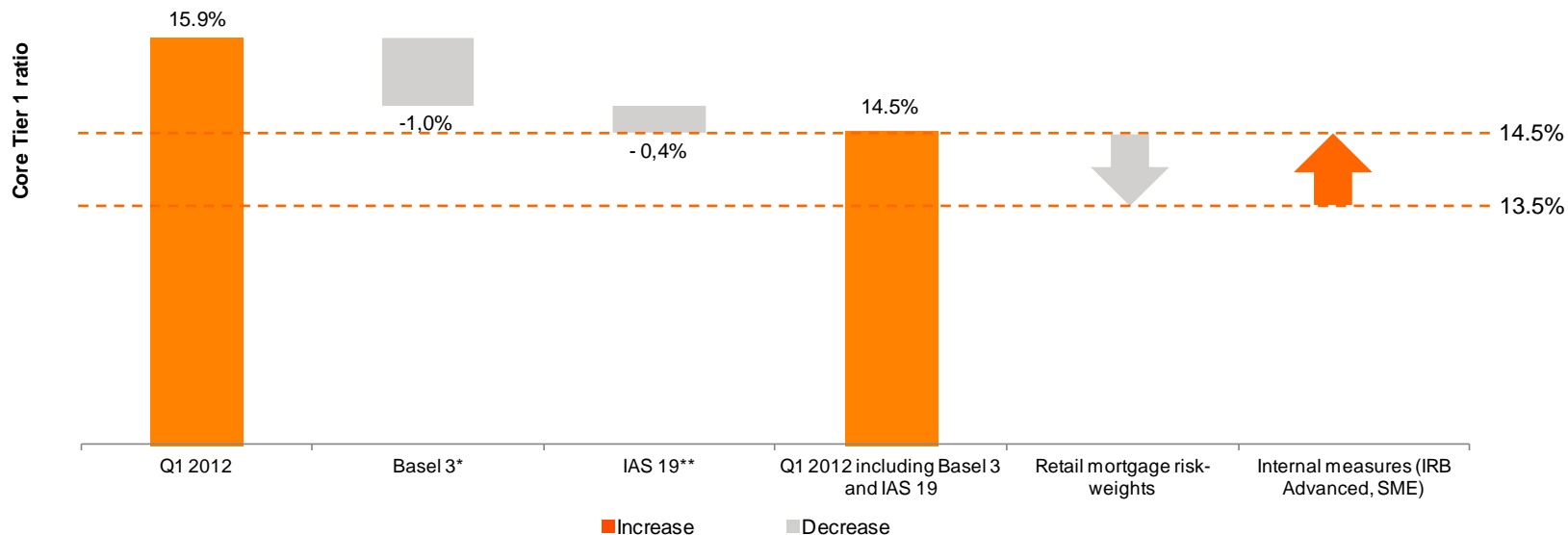
- Target to reduce underlying costs by SEK 1bn 2012
- Year on year underlying cost decrease of SEK 185m
- Biggest reductions in staff (SEK 90m) and consultancy costs (SEK 75m)
- Further cost effects to be seen

Cost Trend (SEKm)	Q1 2011	Q1 2012	▲ Y/Y
Total expenses	4 513	4 413	- 100
Variable staff costs	146	208	+ 62
Compensation to savings banks	129	152	+ 23
Underlying cost	4 238	4 053	- 185

Source: Swedbank interim reports and Fact books, Mar 31, 2012

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%



Source Swedbank , Mar 31 2012

Swedbank regulatory compliant – transition 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	14.9%	✓	10% (2013)	12% (2015)
Liquidity coverage ratio	116%	✓	100% (2015)	EUR/USD
Net stable funding ratio	96%	✓	100% (2018)	

Source: Swedbank interim reports and Fact books, Mar 31, 2012

Strong income growth

SEKm	Q1 11	Q4 11	Q1 12 ▲	Q/Q
Net interest income	2 918	3 244	3 407	+163
Net commissions	1 314	1 259	1 261	+2
Total income	4 613	4 904	5 123	+219
Total expenses	2 415	2 486	2 342	-142
Profit before impairments	2 198	2 418	2 781	+363
Credit Impairments	5	216	24	-192

ROE	28.5	25.7	26.5
C/I ratio	0.52	0.51	0.46

- Repricing moving ahead
- Cost trend according to plan
- Good credit quality

Strong result and activity

SEKm	Q1 11*	Q4 11*	Q1 12	▲Q/Q
Net interest income	823	845	887	+42
- of which LC/FI**	433	563	652	+89
Net commissions	420	269	434	+165
Net gains and losses	366	224	648	+424
Total income	1 621	1 328	1 980	+652
Expenses excl variable staff cost	656	818	607	-211
Variable staff costs	83	13	106	+93
Profit before Impairments	882	497	1 267	+770
Credit Impairments	-105	4	14	+10

ROE	22.3	9.4	19.1
C/I ratio	0.46	0.63	0.36

* Excluding Lehman one-off ** Large Corporates/Financial Institutions

Source: Swedbank interim reports and Fact books, Mar 31, 2012

- Favourable market conditions
- Good activity in corporate finance and in bond issues
- Repricing trend, continued stable growth in Large Corporates NII
- Cost improvement visible

NII pressure

SEKm	Q1 11	Q4 11	Q1 12	▲ Q/Q
Net interest income	997	901	912	+11
Net commissions	317	380	371	-9
Total income	1 471	1 521	1 452	-69
Total expenses	651	719	620	-99
Profit before impairments	820	802	832	+30
Credit Impairments	-382	-117	- 134	-17

ROE	13.9	-18.9	14.5
C/I	0.44	0.47	0.43

- Underlying NII under pressure
 - Deposits from falling Euribor
 - Further deleveraging
- Net recoveries in all three countries
- Good business pipeline but weak consumer confidence

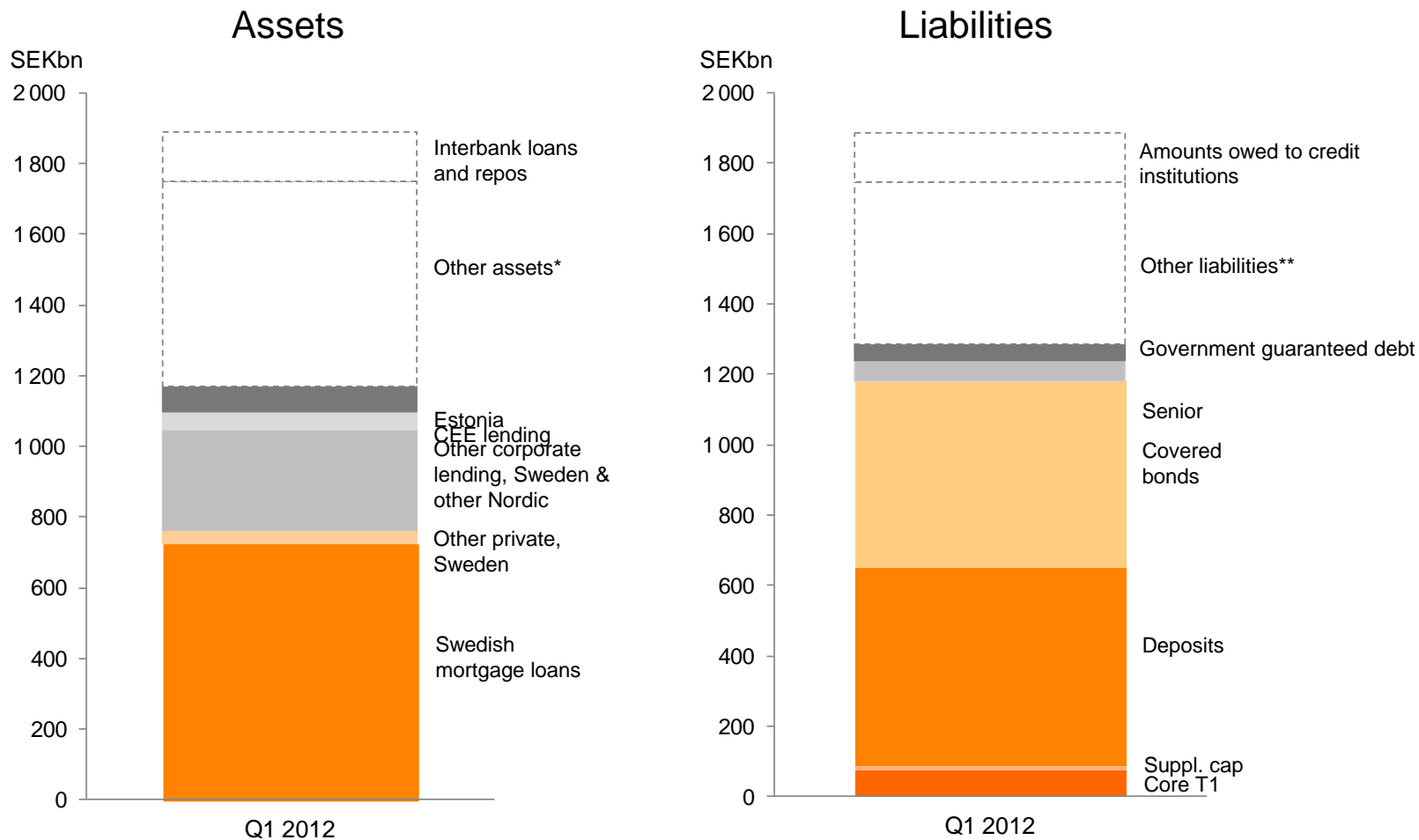
Stable asset quality

Credit impairments (SEKm)	Q1 12
Retail	24
LC&I	14
Baltic Banking	-134
Estonia	-78
Latvia	-21
Lithuania	-35
Group Functions & Other	268
Russia	-65
Ukraine	333
Swedbank Group	172

- Impaired loans decreasing
- Continued resilience in Sweden
- Further improvements in the Baltic portfolio
- Ukraine remains risk area
 - SEK 200m additional provisions

5. Liquidity and funding

Core balance sheet structure



*Other assets: derivatives, C-bank holdings interest bearing securities and other financial assets

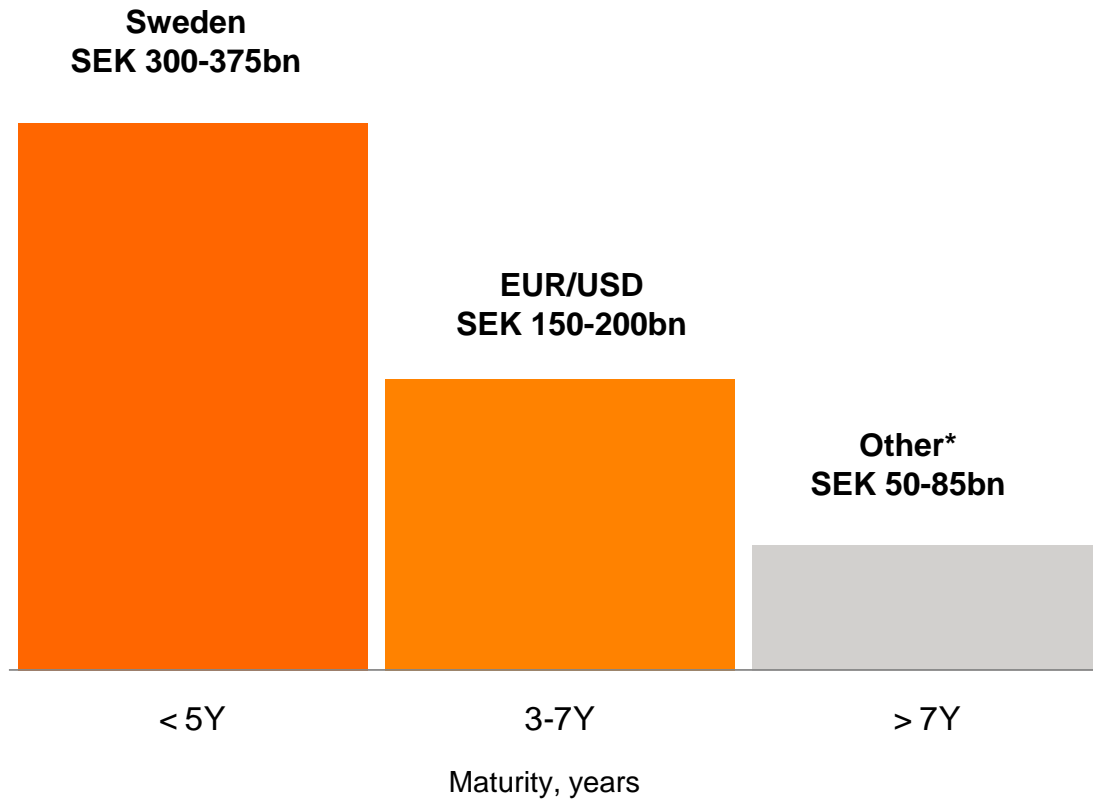
**Other liabilities: derivatives, short-term funding and other financial liabilities

Source: Swedbank, Mar 31, 2012

Funding strategy

- Main internal liquidity measure is survival horizon (accumulated cash-flows)
- Covered bonds less volatile than senior unsecured debt
- Secure presence in senior unsecured debt markets
 - OC level
 - Liquidity reserve
 - Structural subordination

Covered bond strategy



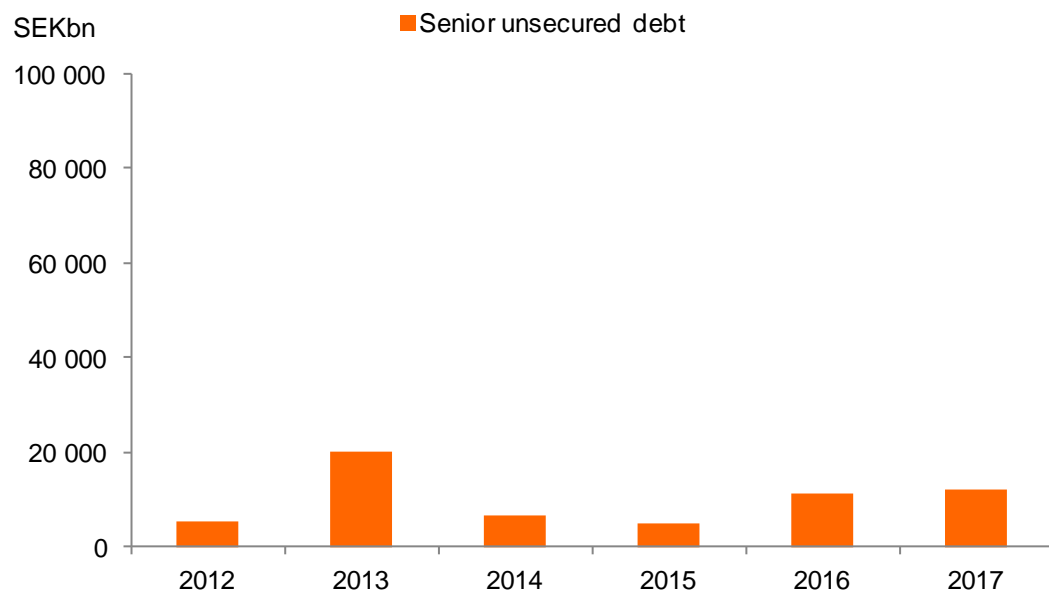
*e.g. Registered covered bonds

Source: Swedbank, Q1 2012

Senior unsecured debt strategy

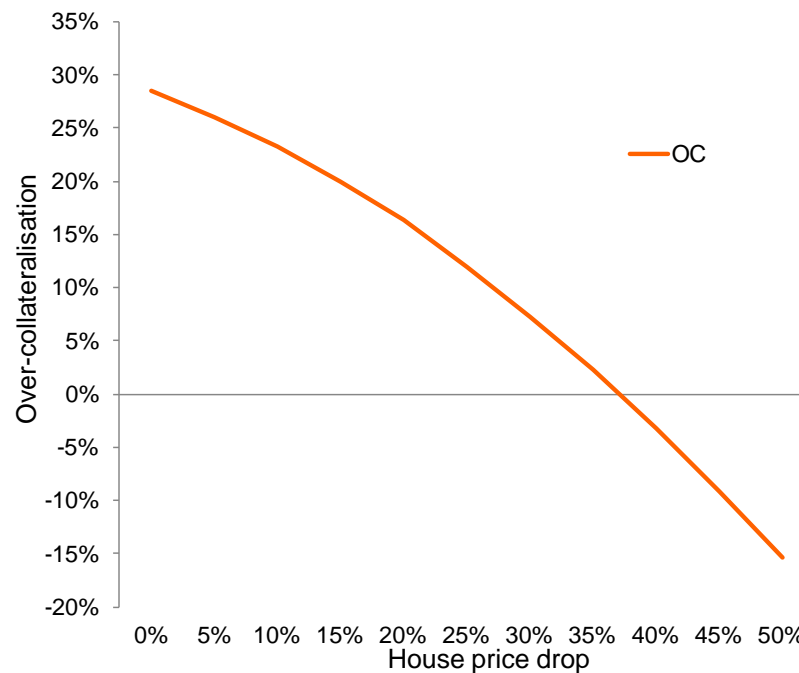
- Limited need given Swedbank's balance sheet structure
- Secure OC
- Fund liquidity reserves
- Structural subordination?

Senior unsecured debt maturity profile



Source: Swedbank, Mar 31, 2012, Nominal amounts

House price sensitivity of the cover pool



Structural subordination

- What is “right” level of asset encumbrance?
 - Different quality of encumbrance: asset-liability matched vs. mismatched
- Balance between PD and LGD
- Risks
 - Bail in legislation swing factor?
 - Regulation
 - Market practice

Swedbank’s asset encumbrance

Current asset encumbrance	31 Mar	31 Dec
SEKbn	2012	2011
Cover pool assets 2)	678	670
of w hich overcollateralisation	151	149
Assets pledged or used in repo transactions 3)	12	24
Other encumbered assets 4)	12	12
Total	702	705

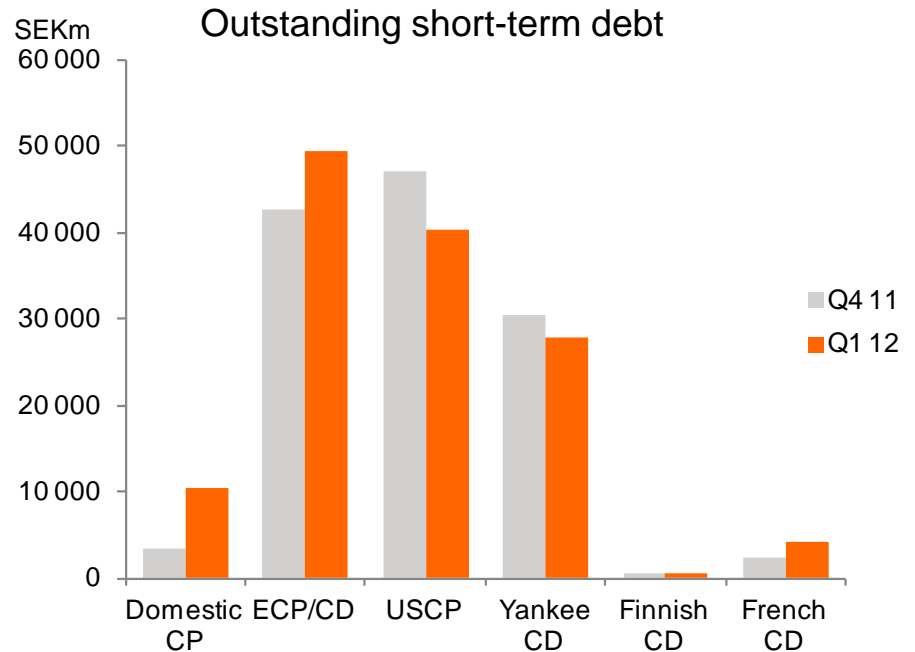
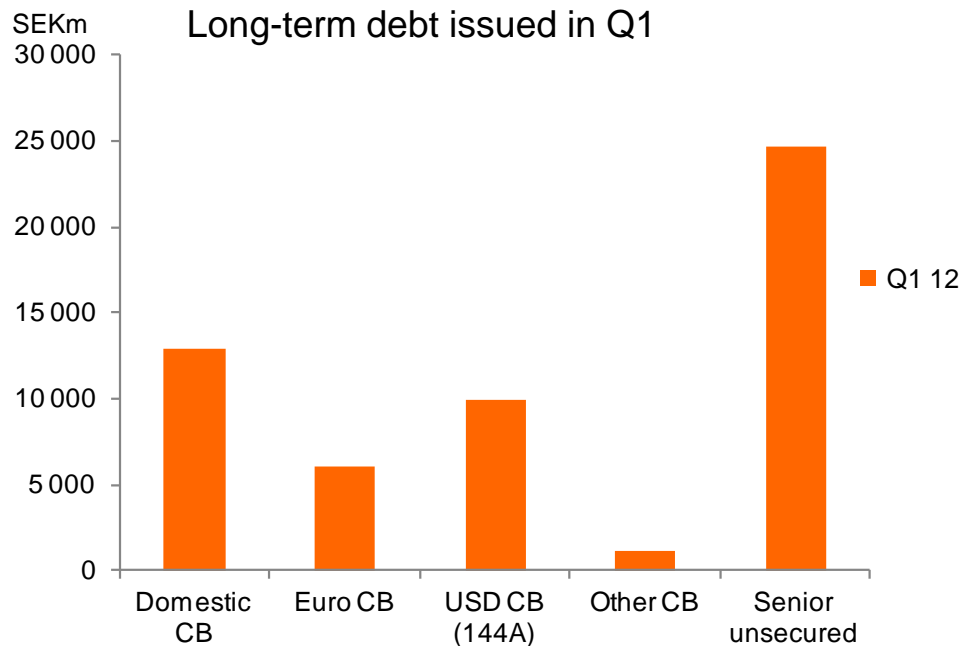
Possible asset encumbrance 5)	31 Mar	31 Dec
	2012	2011
Other assets eligible for encumbrance	134	120
of w hich Cover pool	15	15
of w hich Central bank eligible assets	119	105
Total	134	120

- 1) In relation to capital markets activities 2) Nominal amount excluding accrued interest
 3) Pledged or repoed securities on balance sheet 4) Collateral posted under CSA agreements
 5) Assets not currently encumbered but available for pledging in central banks

Source: Swedbank Facts Q1 2012

Continued conservative stance

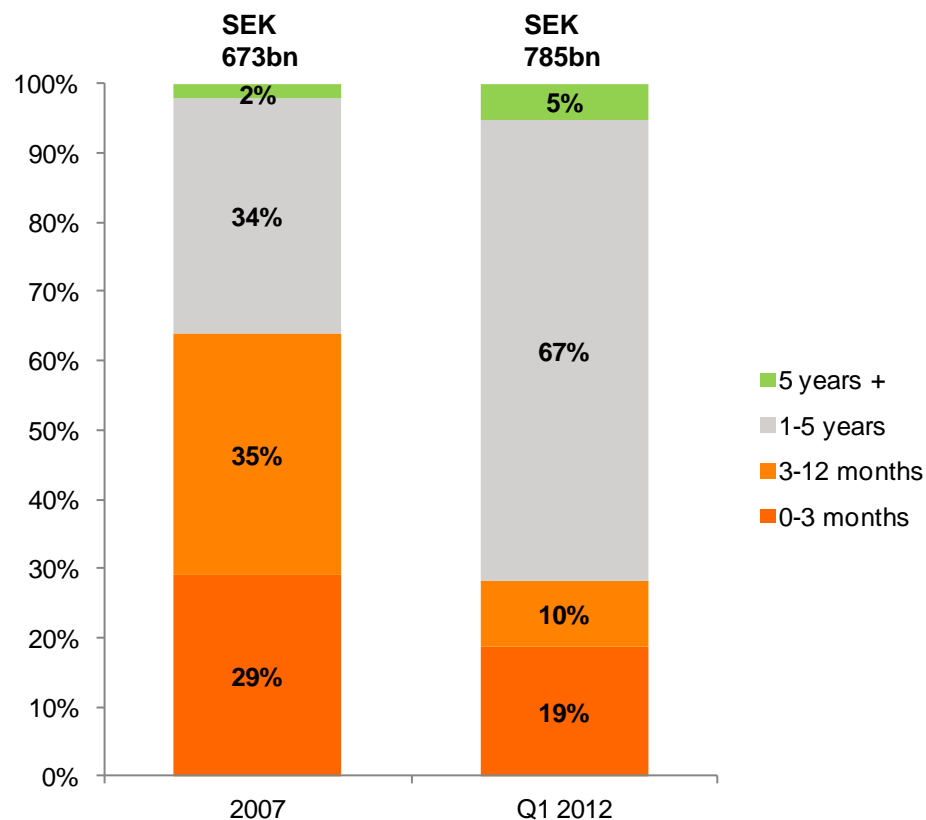
- Continued high issuance of long-term debt, SEK 56bn during Q1
- Estimated issuance SEK 100-120bn for full year
- Higher degree of senior unsecured funding
- Awaiting new regulatory landscape of capital and funding



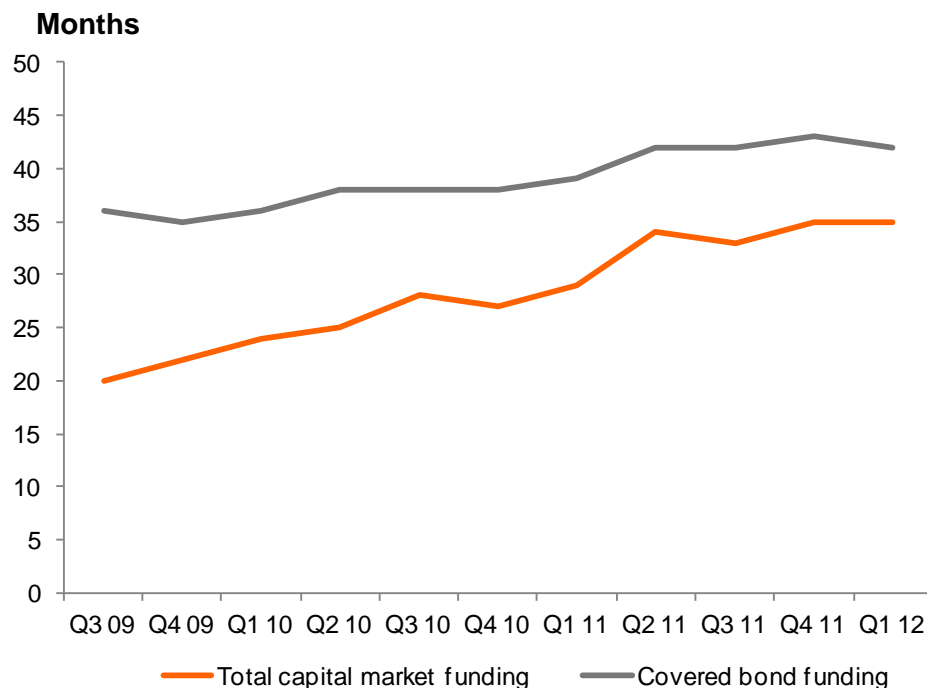
Source: Swedbank, Mar 31, 2012

Fundamental change of maturity profile

- 2007 – 64% of wholesale funding < 12 months, SEK 13.2bn in central bank deposits
- Q1 2012 – 29% of wholesale funding < 12 months, SEK 165.6bn in central bank deposits

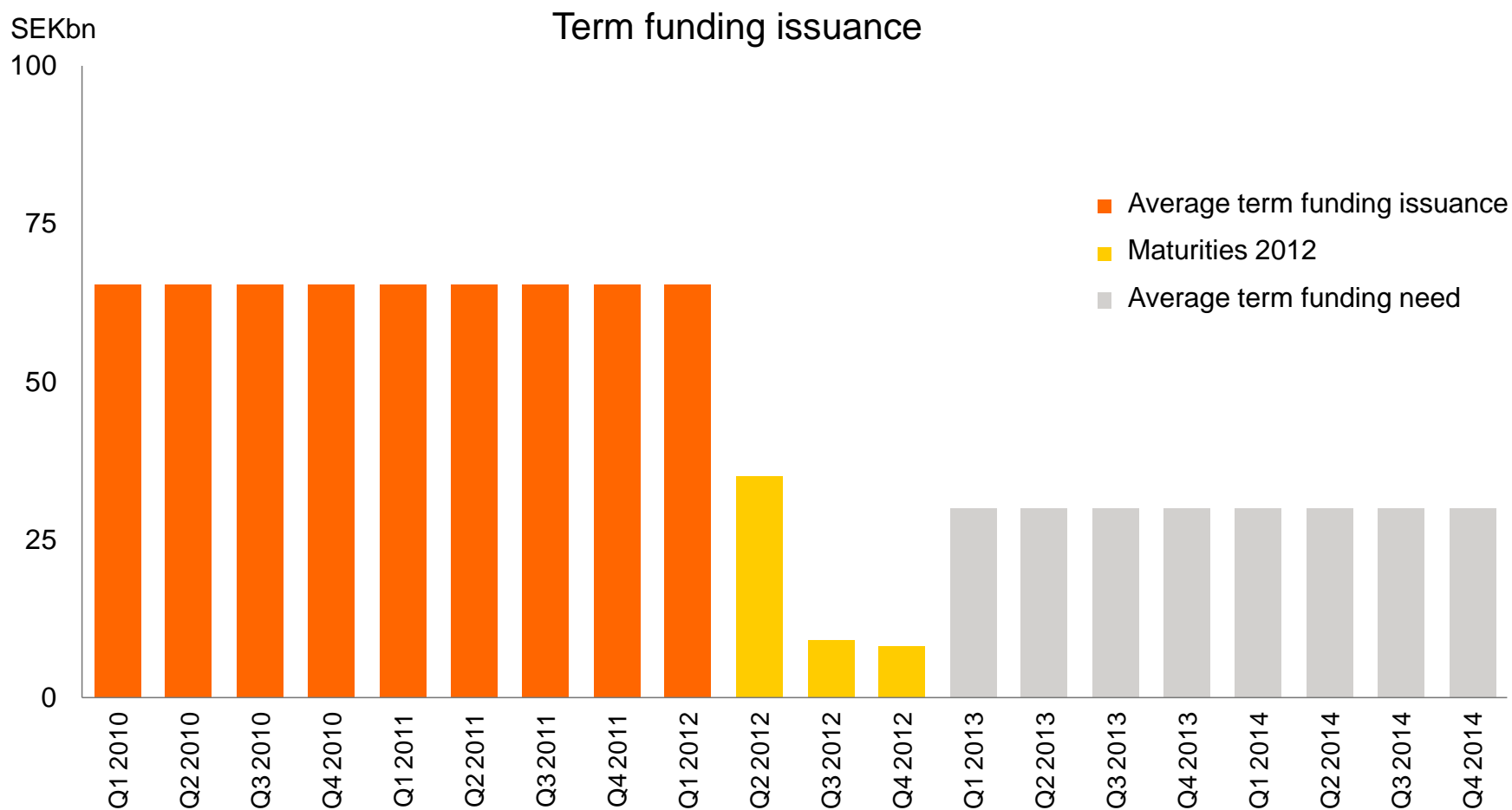


Average maturity profile of outstanding market funding



Source: Swedbank interim reports and Fact books, Mar 31, 2012

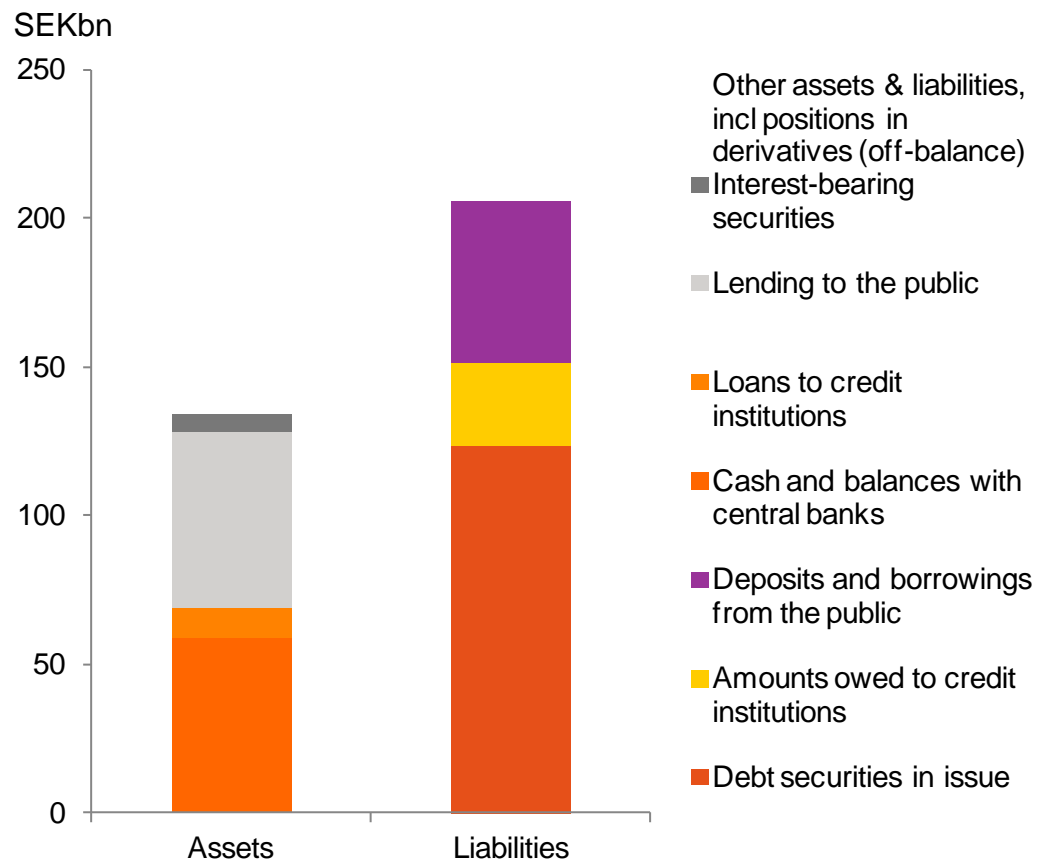
Significantly lower issuance volumes going forward



Source: Swedbank, Mar 31, 2012

Low need for USD-funding

- USD-funding need covered for more than 12 months
- Issued USD 1.5bn of covered bonds (144a) YTD 2012



Source: Swedbank, Mar 31, 2012, (Fact book page 70)

Liquidity reserve

According to the template defined by the Swedish Bankers' Association¹

	SEKm
Cash and holdings in central banks	169 795
Deposits in other banks available overnight	134
Securities issued or guaranteed by sovereigns, central banks or multilateral development banks	22 983
Securities issued or guaranteed by municipalities or Public sector entities	
Covered bonds	57 905
- Issued by other institutions	57 905
- Own issued	
Securities issued by non-financial corporates	
Securities issued by financial corporates (excl. covered bonds)	2 713
Other	
Total	253 531
Additional liquid assets, Group ²	67 795

¹ 94% of the securities in the liquidity reserve per Q1 2012 are rated AAA

² 86% 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 678.4bn
Geographic distribution	Sweden 100%
Current OC-level	28.5%
Weighted average seasoning ²	60 months
Average LTV ^{3, 4}	
– WA LTV on property level (Max LTV)	59%
Non-performing loans ⁵	None
Fixed /Floating interest loans ⁶	
– Fixed	40%
– Floating	60%
Repayment structure ⁷	
– Amortising	44%
– Interest only	56%
Average loan size	SEK 434 925
Number of loans outstanding	1 559 777
Number of borrowers	1 145 570
Number of properties	750 458
Dynamic pool	Yes

¹ As per Mar 31, 2012

² Public sector loans not included

³ Index valuation as per Mar 31, 2012

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

Residentials	91,3%
of which Single-family housing	60,6%
of which Tenant owner rights	15,8%
of which Tenant owner association	10,0%
of which Multi-family housing	4,9%
Public	1,4%
Commercial	0,2%
Forest & Agricultural	7,1%
	100,0%



Geographical distribution - Sweden 100%

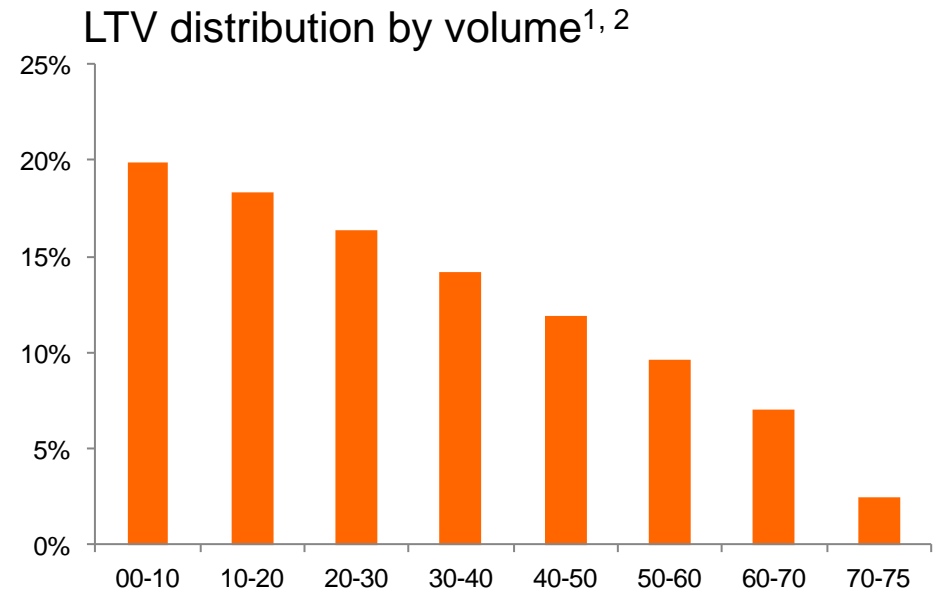
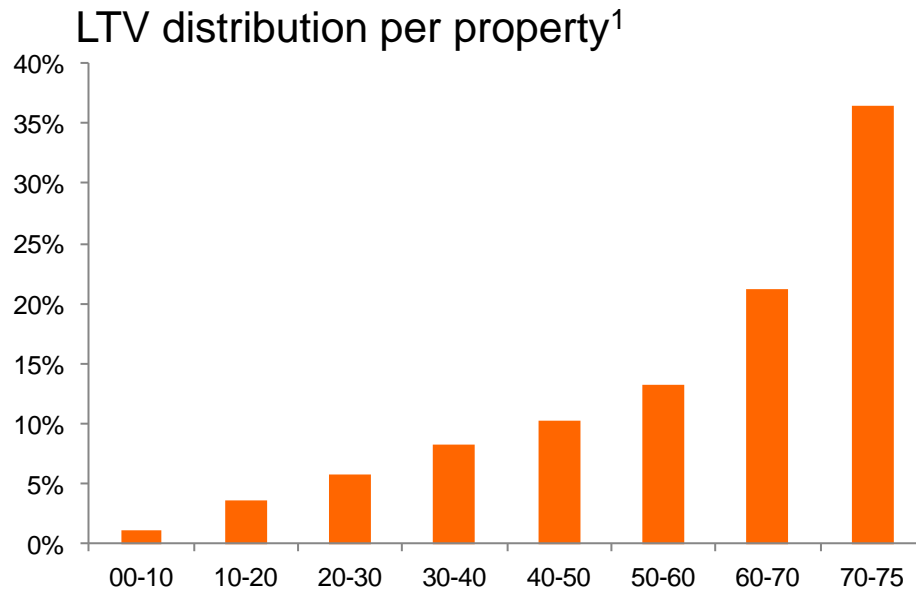
31 Mar
2012

North	6,8%
Norrbottn county (BD)	1,6%
Västerbotten county (AC)	2,4%
Västernorrland county (Y)	1,6%
Jämtland county (Z)	1,2%
Middle (including Stockholm)	44,5%
Dalarna county (W)	2,4%
Gävleborg county (X)	2,3%
Värmland county (S)	2,3%
Örebro county (T)	2,7%
Västmanland county (U)	2,7%
Uppsala county (C)	4,1%
Södermanland county (D)	2,6%
Stockholm county (including Stockholm) (AB)	25,4%
South (including Göteborg and Malmö)	48,7%
Västra götaland county (Including Göteborg) (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)	3,4%
Skåne county (including Malmö) (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

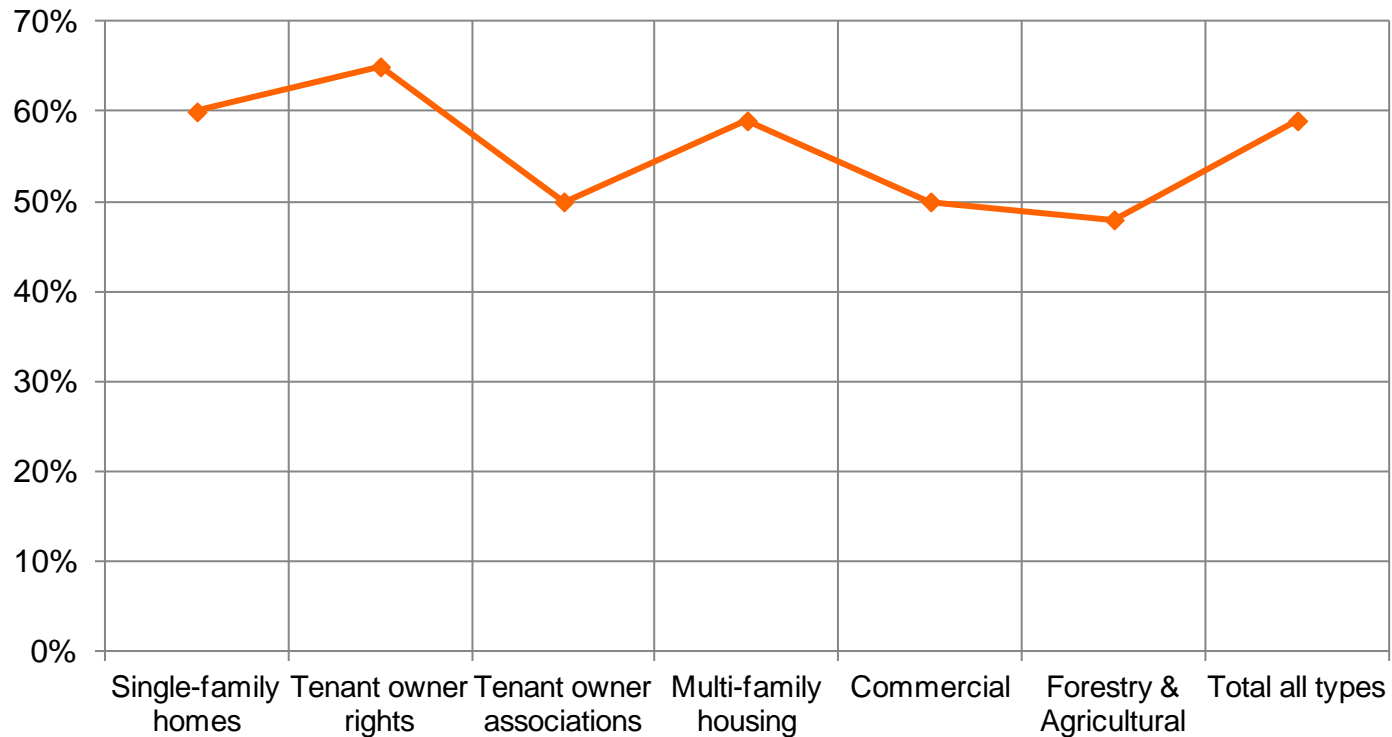
- Weighted average LTV 59%



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

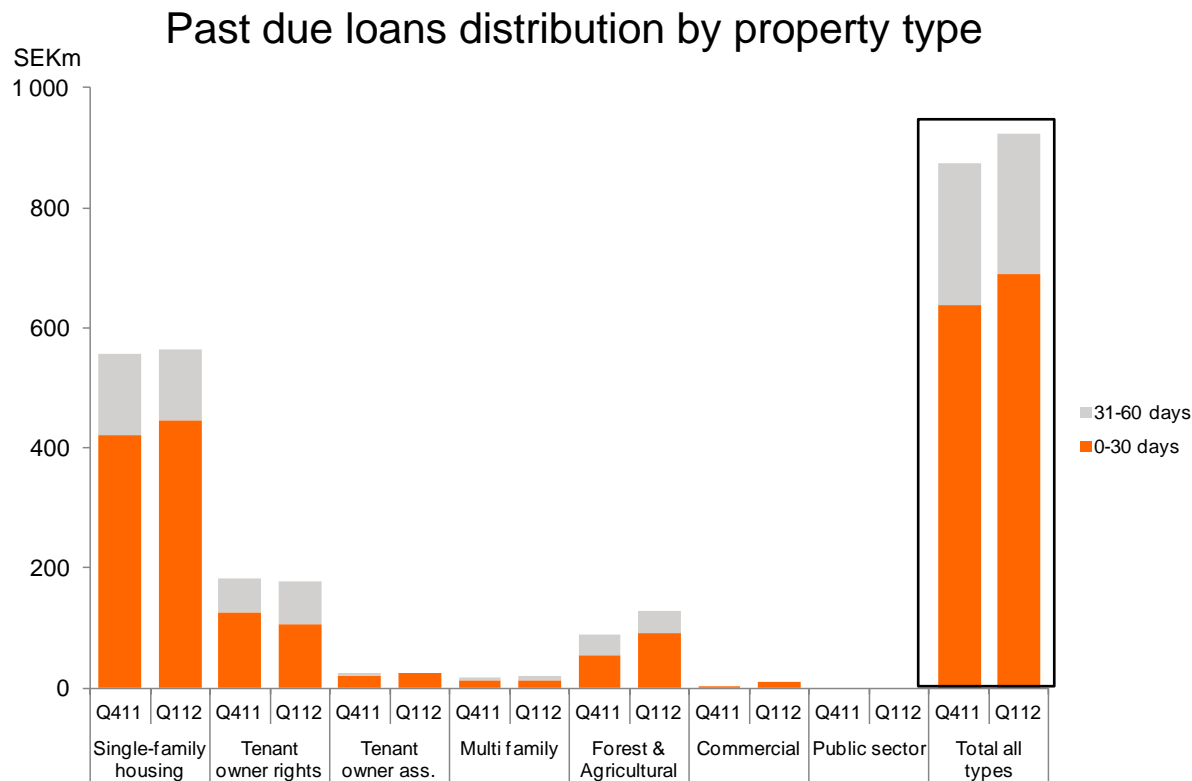
WA LTV per property type¹



Source: Swedbank, Mar 31, 2012 (¹excluding public sector loans)

Cover pool past due loans distribution

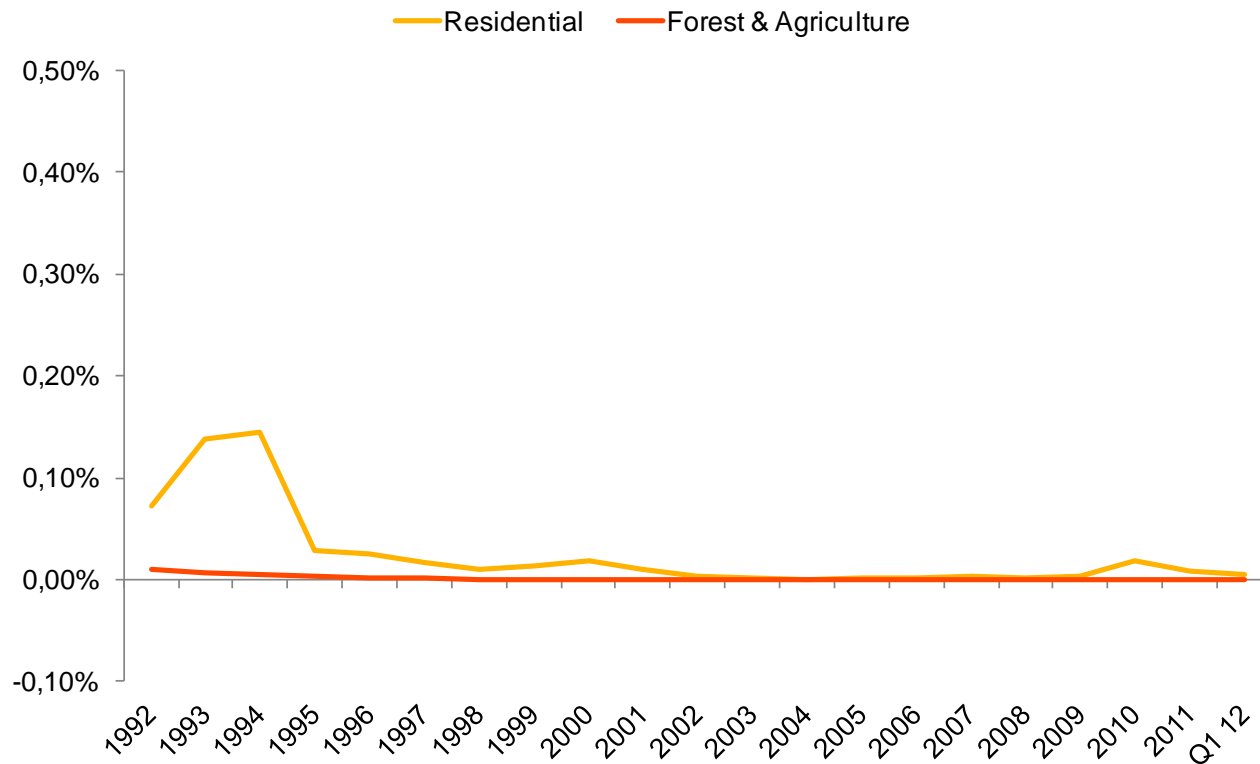
- In total, past due loans represent approx. 0.13% of the assets in the cover pool
- 75% of total past due loans are past due 30 days or less
- Past due loans > 60 days are not eligible for the cover pool



Source: Swedbank, Mar 31, 2012

Insignificant historical loan losses in Swedbank Mortgage

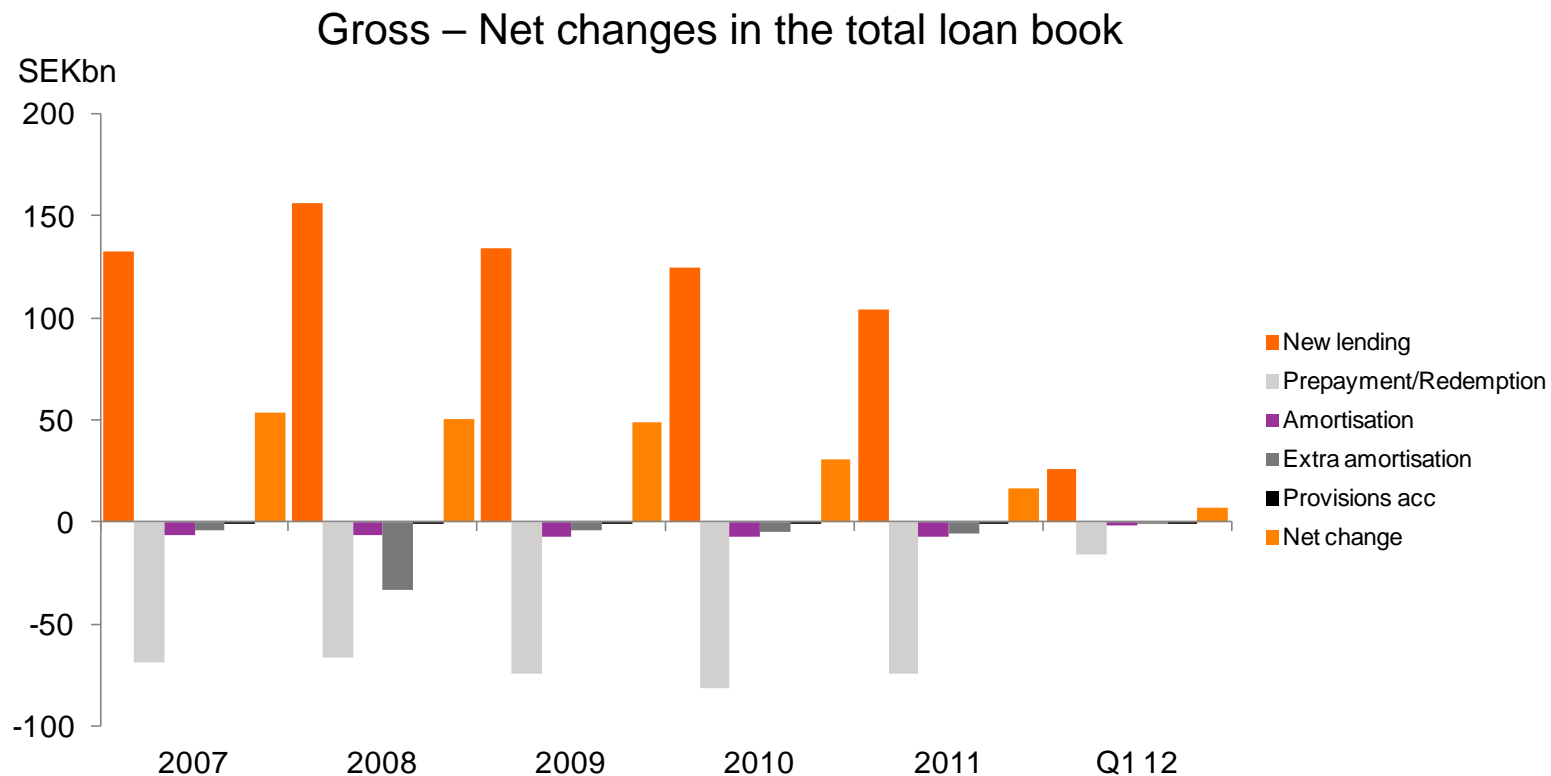
- Total accumulated losses since 1982 of SEK 7.4bn
- Main part incurred during the years of 1992 and 1993
- Less than 20% in the private segment



Source: Swedbank Mar 31 2012

Turnover of Swedbank Mortgage AB's total loan book

- Total mortgage loan book of SEK 723bn



Source: Swedbank, Mar 31, 2012

7. Appendix

Rating

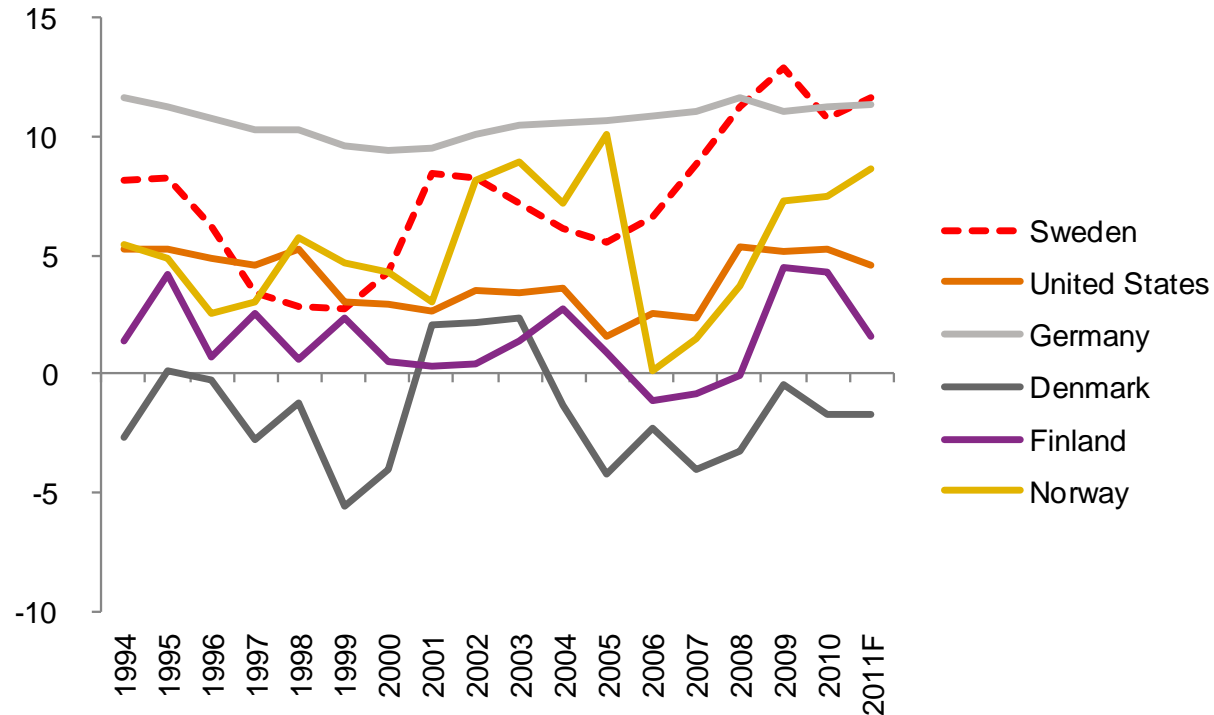
- Moody's: 15 February 2012 Swedbank's and Swedbank Mortgage's long- and short term credit rating on review for possible downgrade (Moody's rating review for European banks)
- S&P: 1 December 2011 Upgrade Swedbank's and Swedbank Mortgage's credit rating from A to A+
- Moody's: 8 June 2011 Upgrade Swedbank's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

31 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

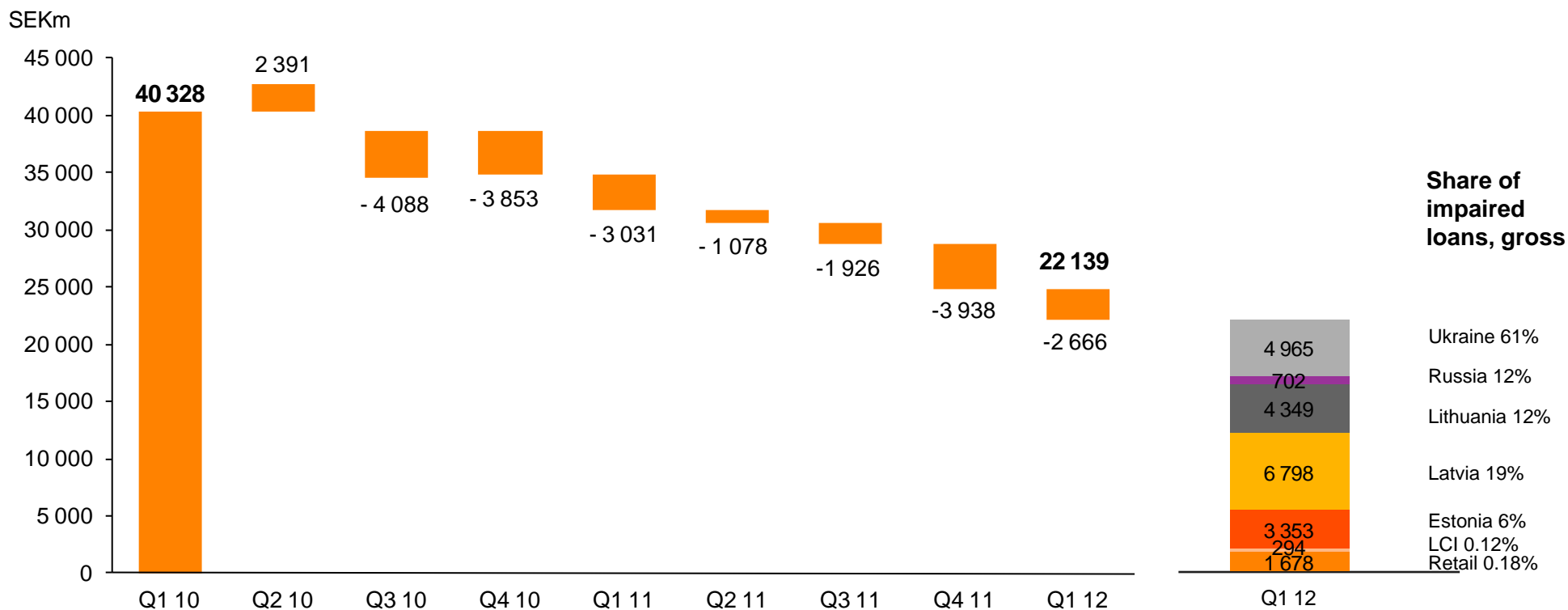
Household net saving rates % of disposable income



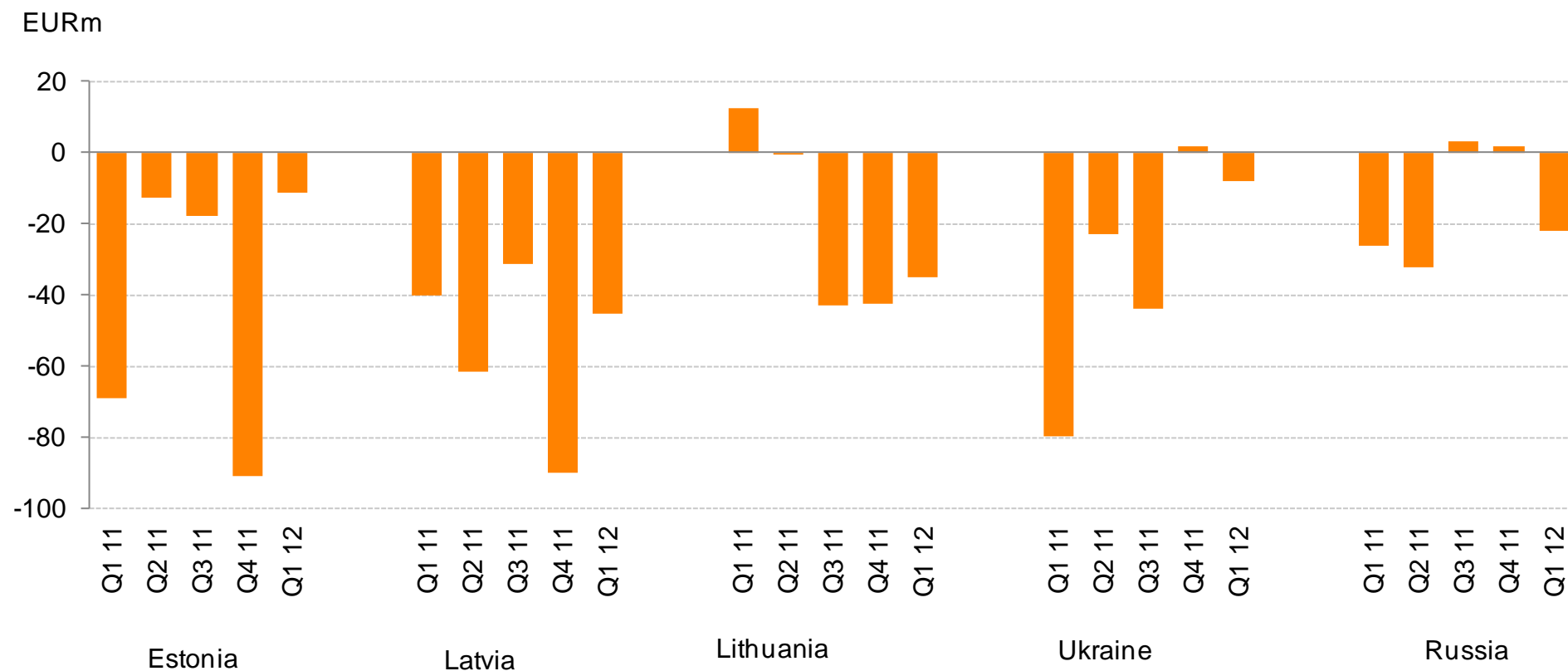
Source: OECD Economic Outlook 90, Dec 15 2011

Impaired loans decreasing

- Excluding FX effect, down SEK 2.4bn in Q1
- Improvements for corporates in all areas

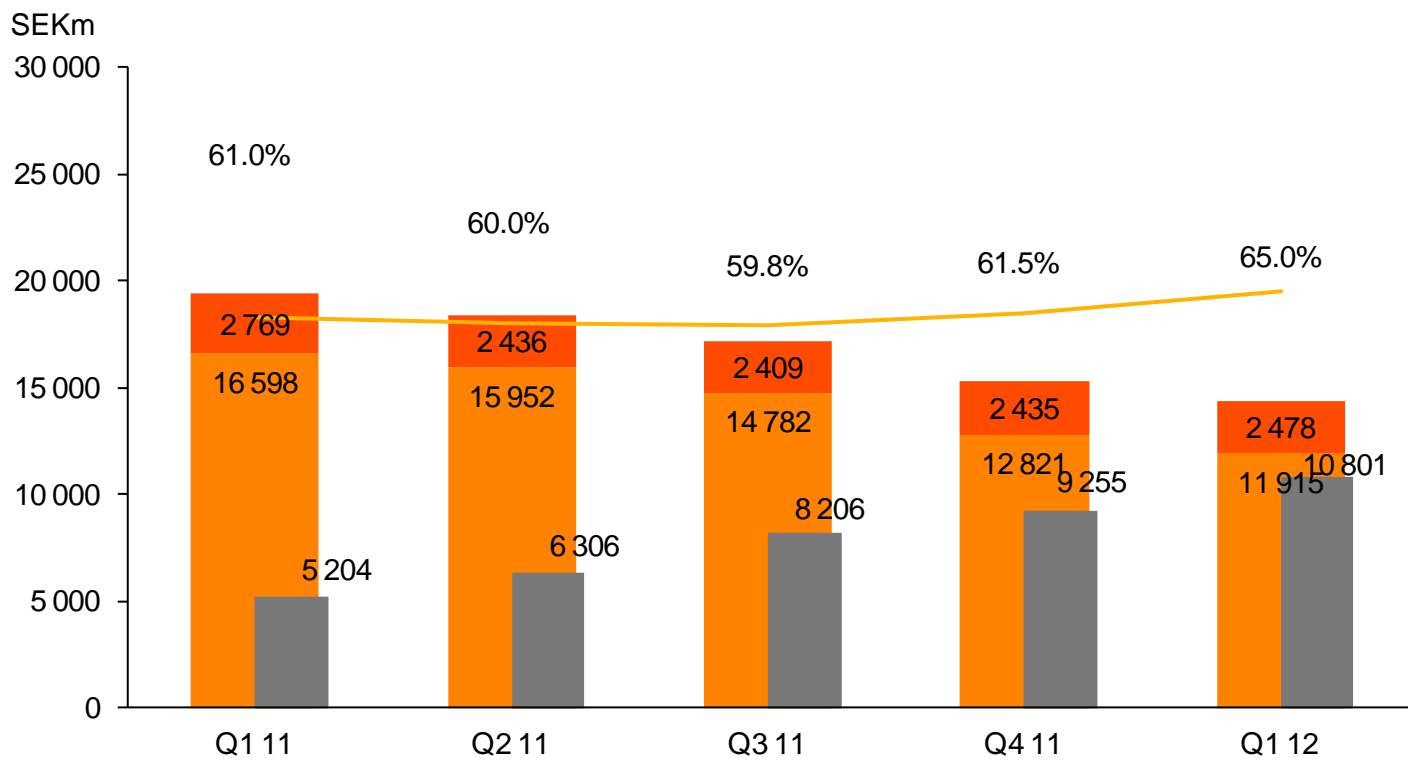


Loans past due 60 days – performance Q/Q



Provisions – well provided for

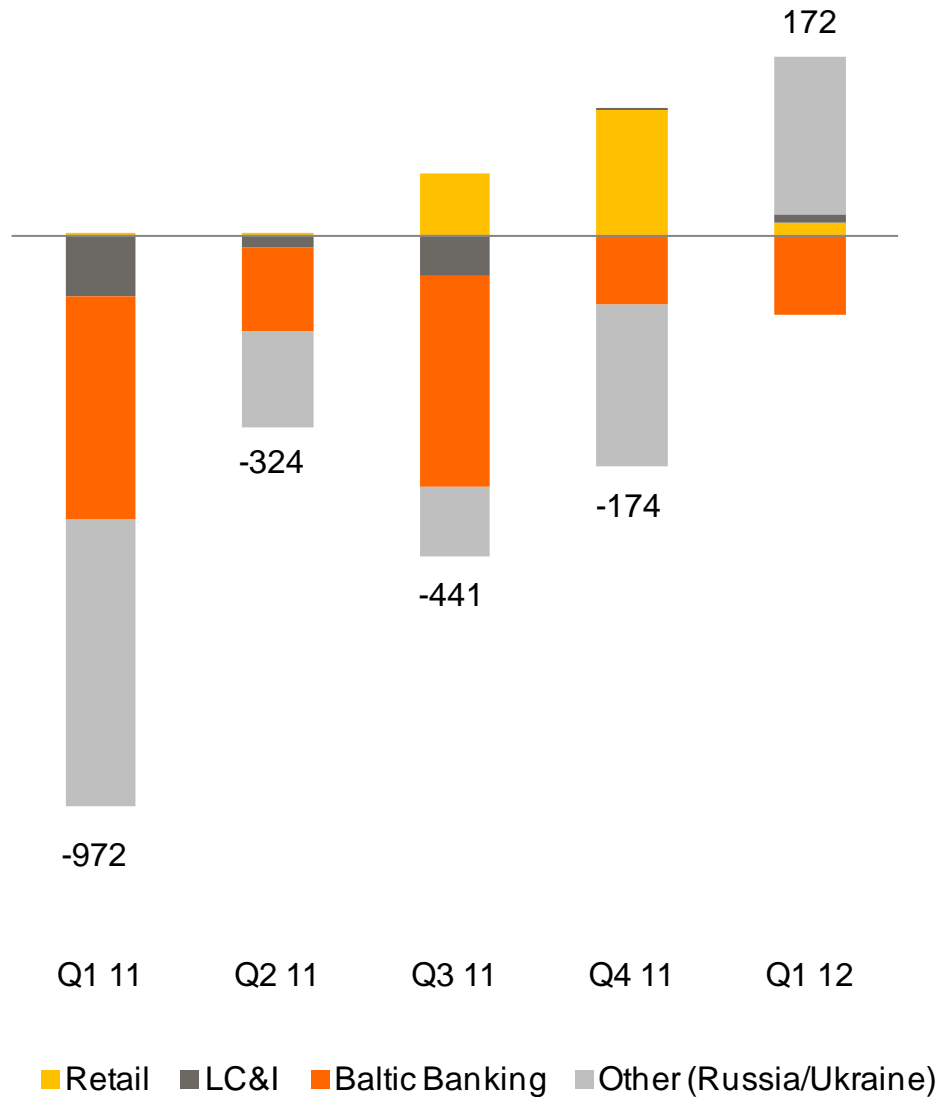
- Increased individual provisioning rates
- Additional provisioning private portfolio Ukraine
- Positive rating migrations in home markets



Provision ratios, %	Q1 12
Retail	90
LC&I	135
Baltic Banking	54
Russia	64
Ukraine	79
Group	65

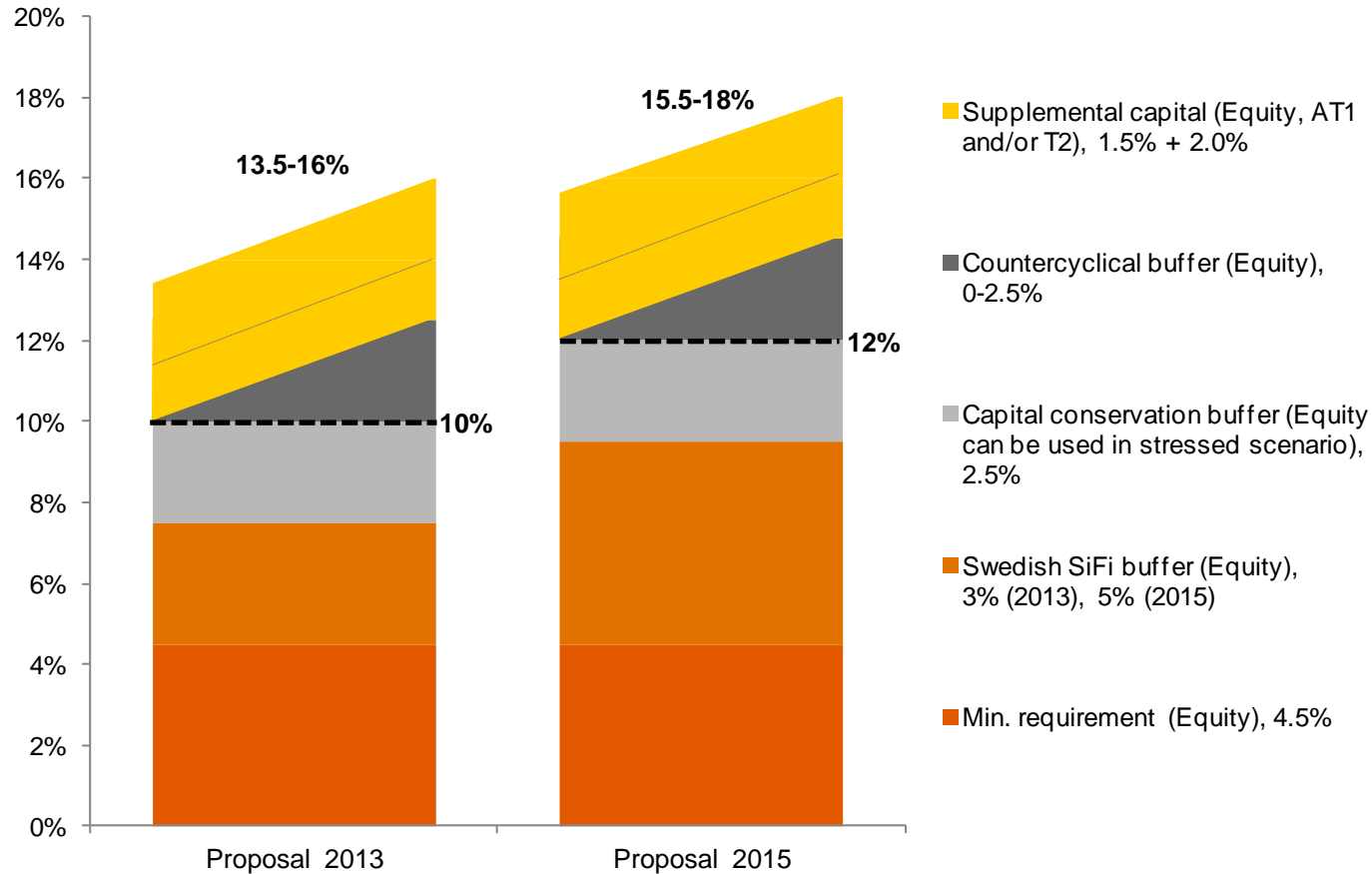
■ Individual provisions
 ■ Portfolio provisions
 ■ Write-offs, gross, cum from 2010
 — Provision ratio

Credit impairments by business area, SEKm



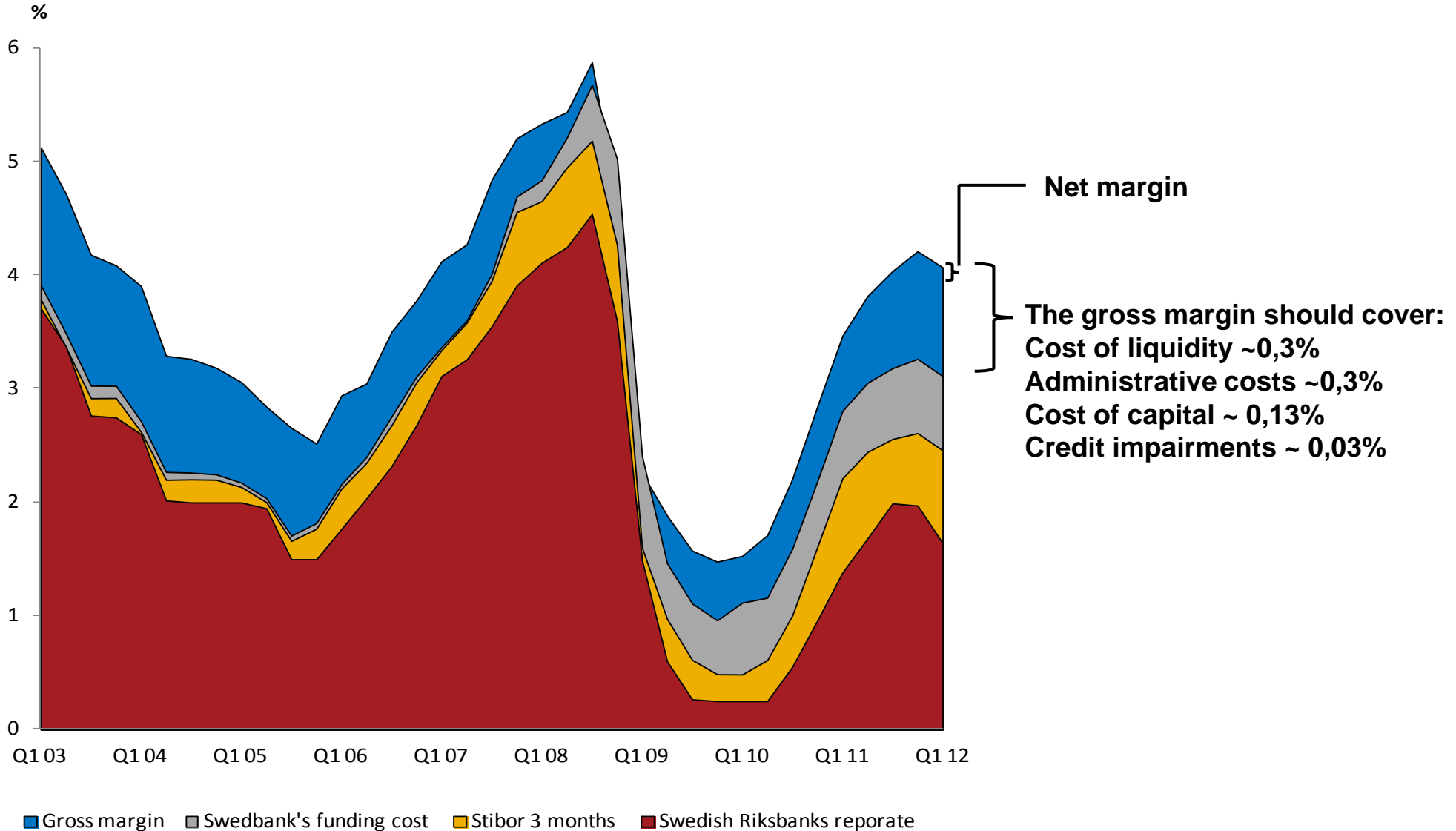
Swedish capital requirement proposal

- 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

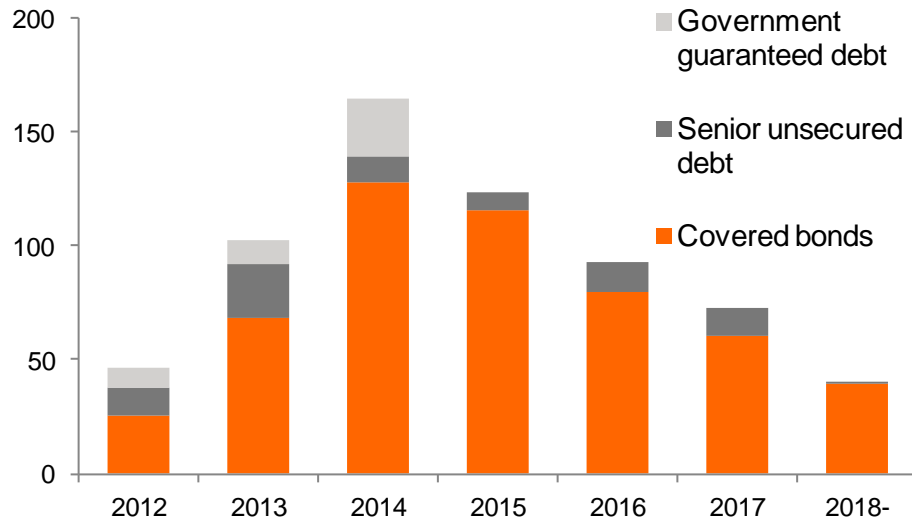
Mortgage loans gross margin (3 months)



Long-term funding maturity profile

- FY 2012 maturities amount to nominal SEK 86bn
 - Of which SEK 46bn for the remainder of 2012

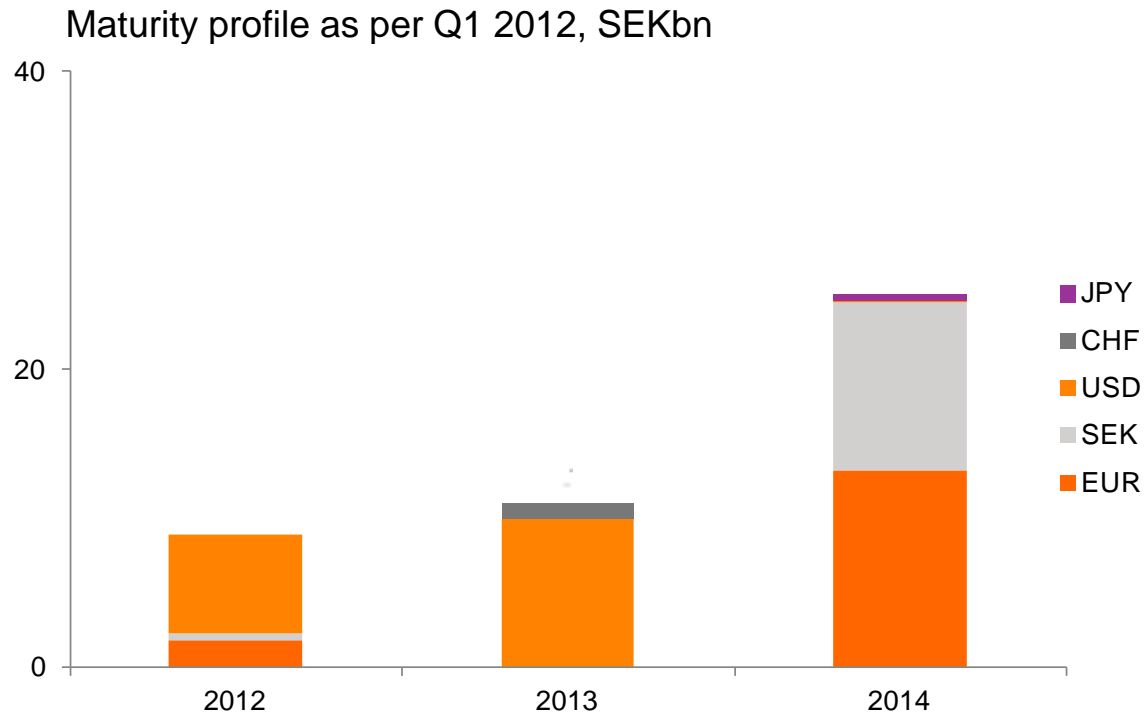
Long-term funding maturity profile, SEKbn



Source: Swedbank Mar 31, 2012

Remaining government guaranteed debt

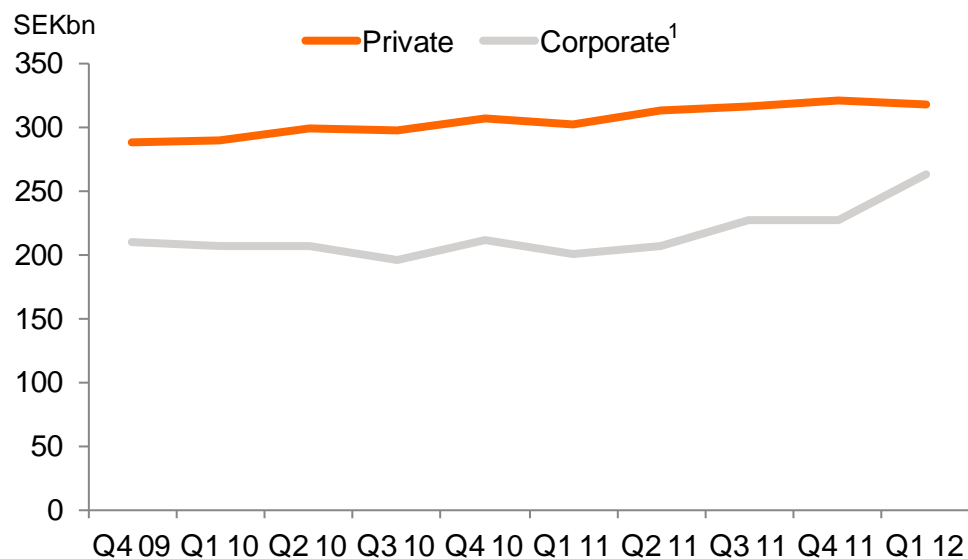
- Exited the programme on 30 April 2010
- No issuance under the programme since summer 2009
- Maturities of SEK 9bn in government guaranteed debt for the remainder of 2012



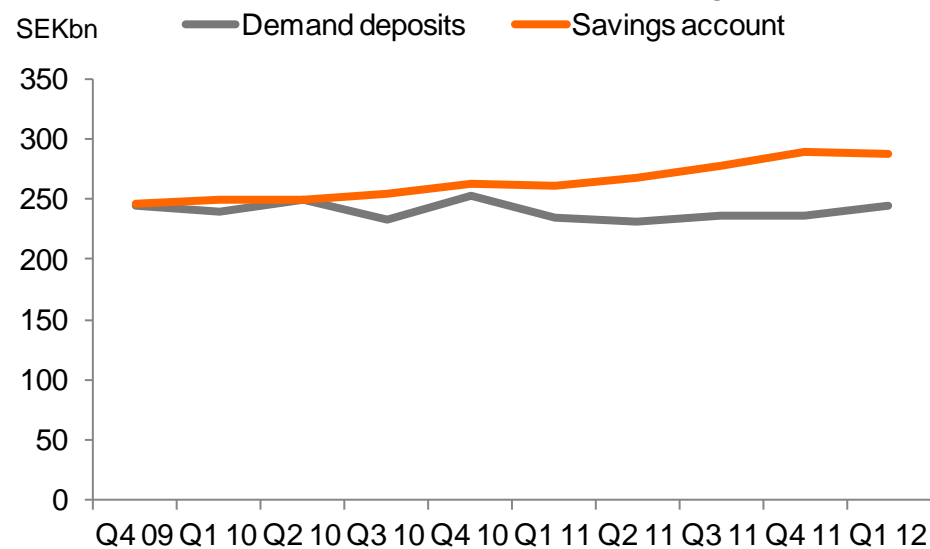
Source: Swedbank March 31, 2012

Deposits

Deposits from the public excluding repos



Deposits from the public excluding repos



¹Corporate: From 1 January 2011 consolidated money market operations deposits are reported in Group Treasury

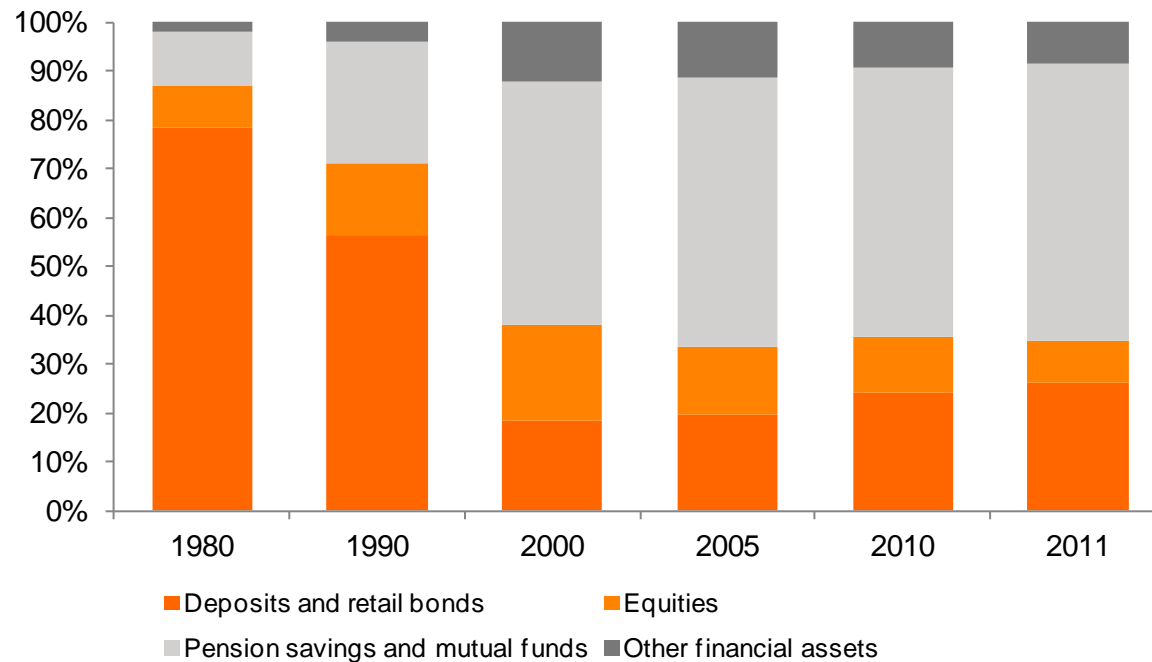
Source: Swedbank Fact book, Mar 31, 2012

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

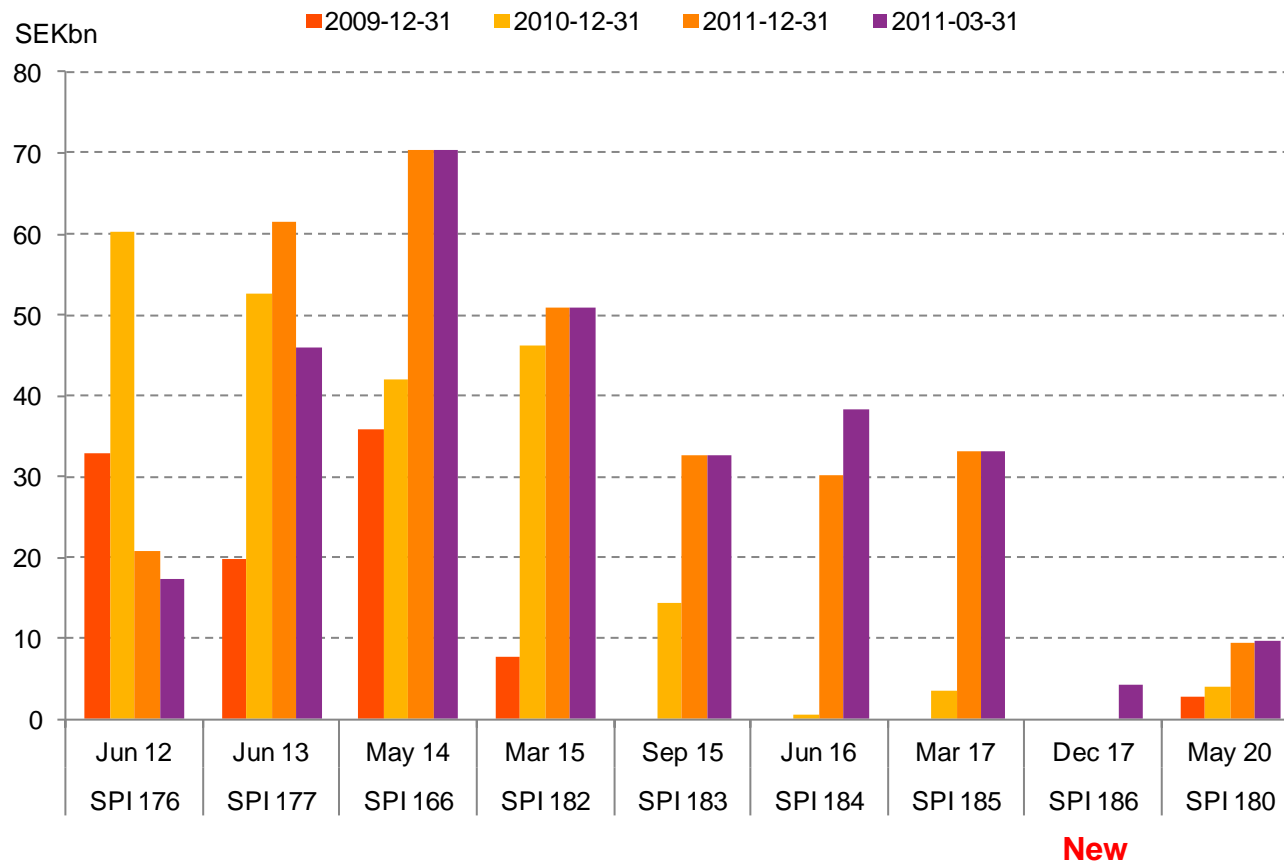
Natural domestic wholesale funding market

Swedish households' financial assets



Source: Statistics Sweden "Hushållens ställning" Q4 11, Feb 17, 2012

Swedbank's domestic covered bonds

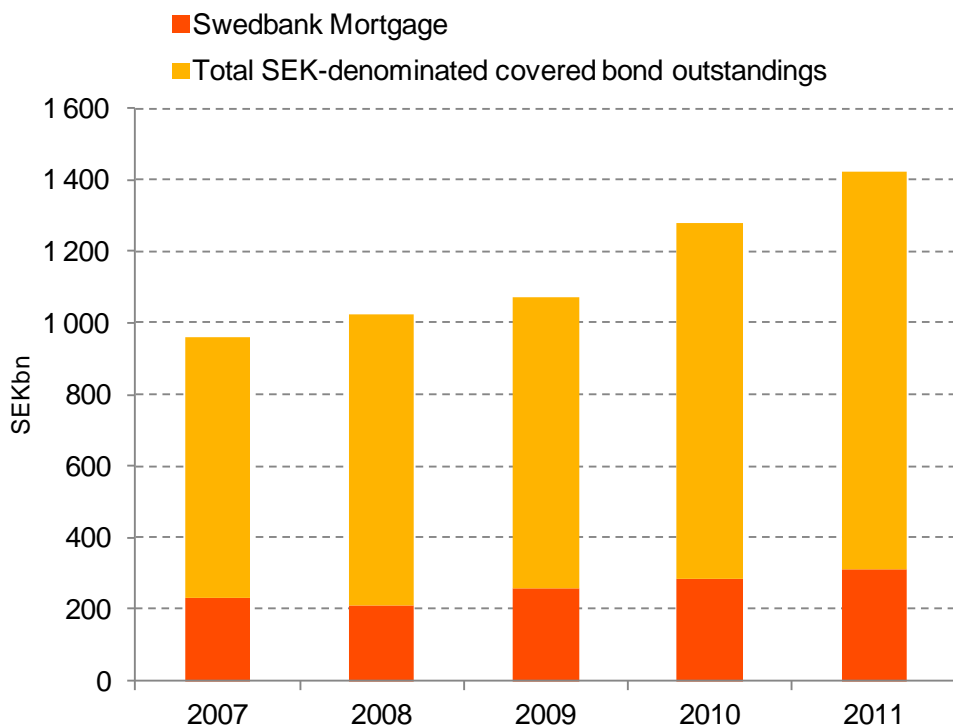


Source: Swedbank, Mar 31, 2012

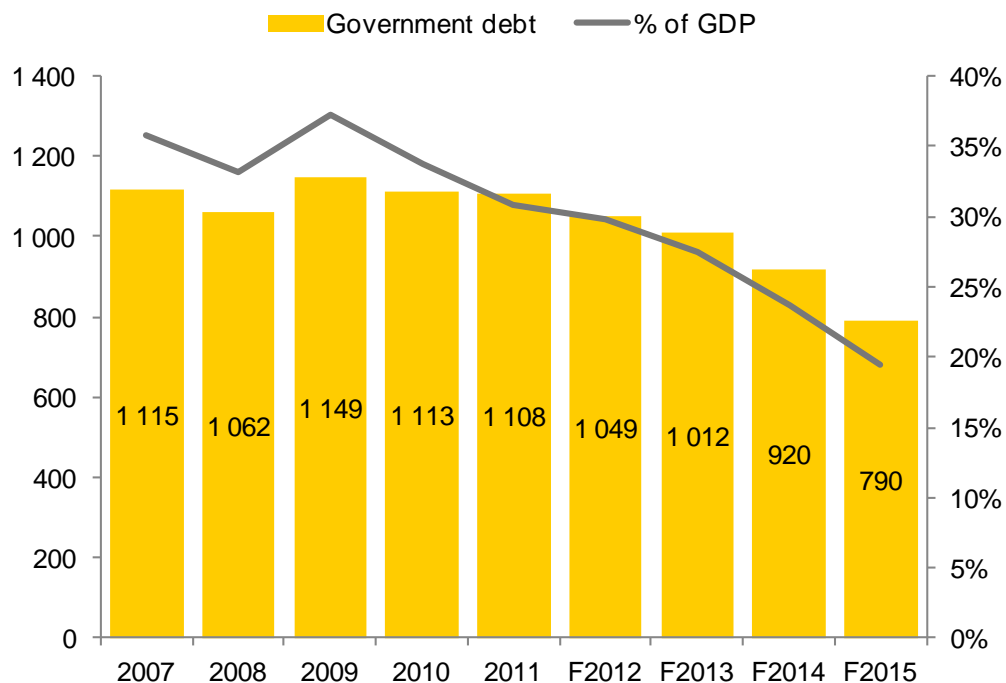
The Swedish covered bond market

- 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 2012-2015, in SEKbn



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

Source: Actual and forecast from government budget statement, Sep 20, 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

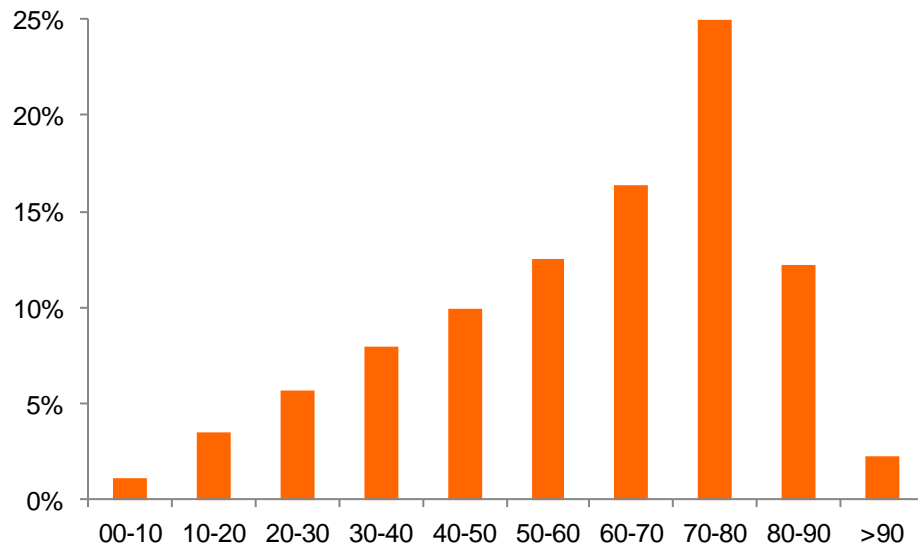
* Limited by cover pool size

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

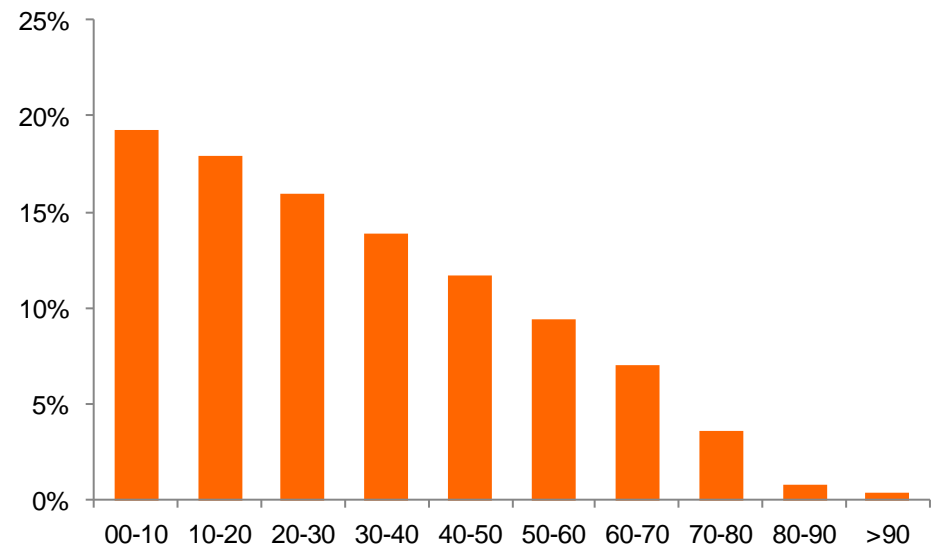
Swedbank Mortgage AB loan-to-value distribution

- Weighted average LTV 62%

LTV distribution per property



LTV distribution by volume



Source: Swedbank, Mar 31, 2012

Public loans of SEK 10bn are excluded as they are either guaranteed by a Swedish municipality or the government and have therefore no LTV assigned to them

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 tenant owner associations for tenant owner rights); 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

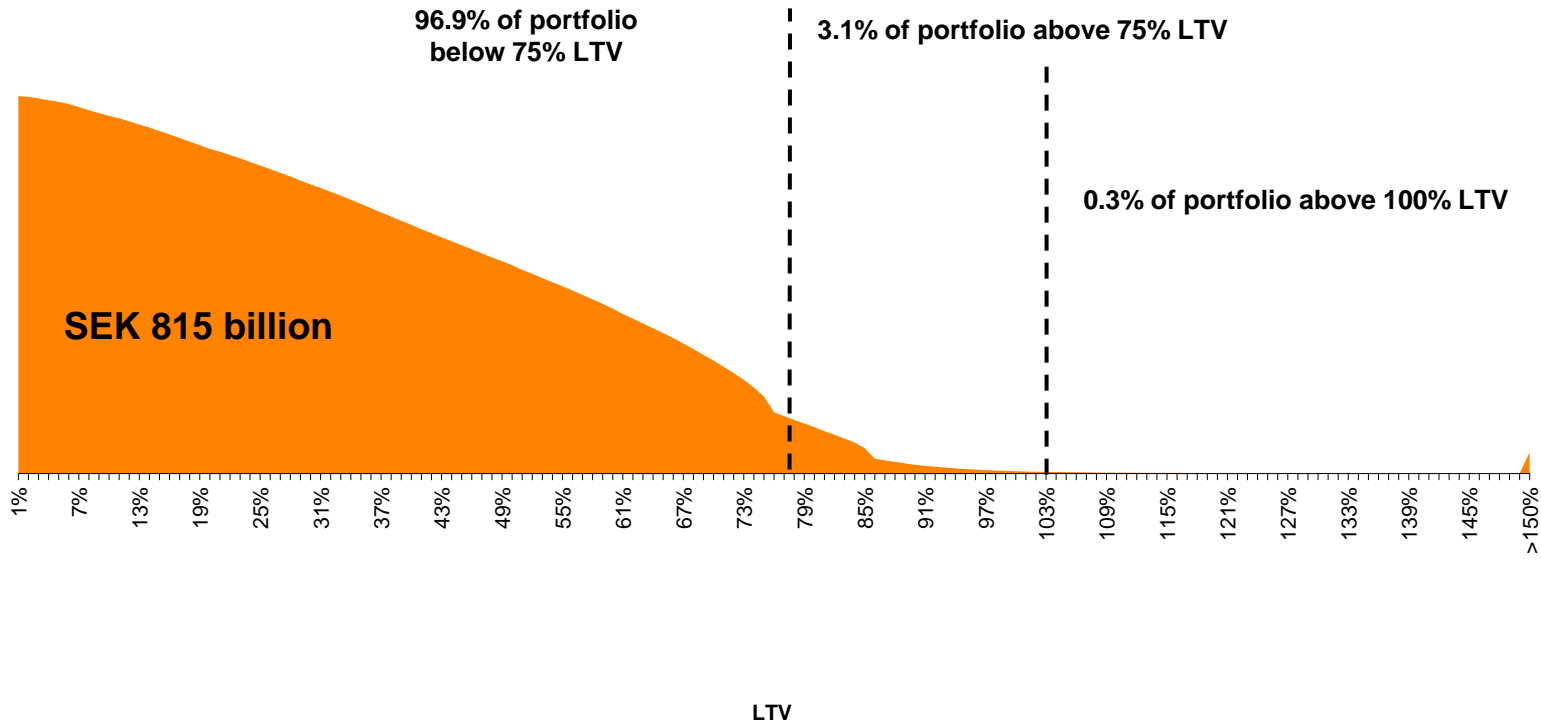
NPL process – performing to realized loss



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.

Swedbank's property related lending in Sweden primarily in LTV < 75% brackets



Source: Swedbank, Mar 31, 2012

Swedbank's private mortgage loan portfolio exhibits resilience even under extreme stress scenario

- A reverse stress-test was conducted with the aim to create an Exposure-At-Risk of SEK 15.0bn
 - 21% unemployment rate, house price drop of 40% and funding spreads increasing by 375bps
- Potential losses even lower in the cover pool, as only loans with the highest quality are included
- During the Swedish mortgage portfolio's worst ever 4-year period, 1992-1995, the loss level was less than SEK 1bn

Key macro drivers	Reverse stress	Comparison scenario
Unemployment	21%	16%
Funding spread	+375bps	+125bps
House price drop	-40%	-30%
EAR level	SEK 15.0bn	SEK 4.5bn

Source: Swedbank internal stress tests, Sep 30, 2011 based on data as per Dec 31, 2010

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

Q2 Interim report	18 July 2012
Q3 Interim report	23 October 2012
Q4 Interim report	30 January 2013
AGM 2012	20 March 2013
Q1 Interim report	17 April 2013

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