

Swedbank Debt Investor Presentation Q2 2012

July



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The new **mobile bank** is here!

- Shake to get your balance
- Transfer money smoothly
- Monitor your favourite shares



1. Financial performance

Solid quarter

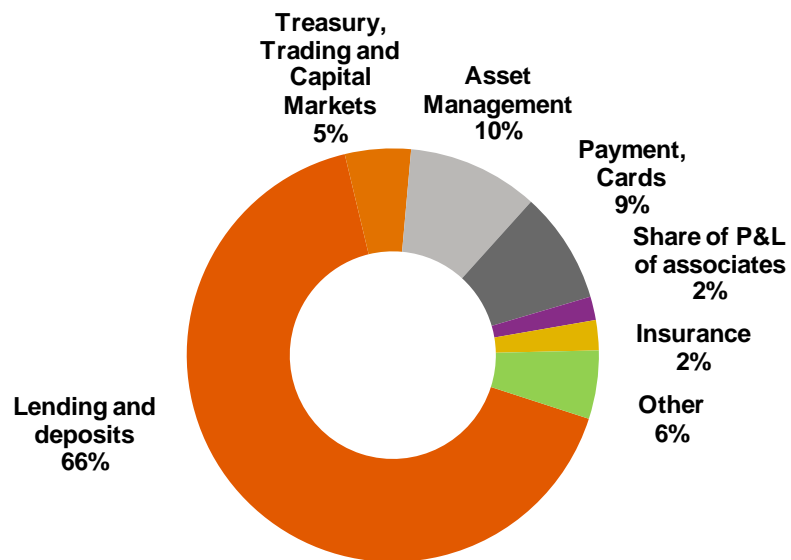
SEKm	FY 2011	Q1 12	Q2 12	YTD
Net interest income	19 118	5 208	5 252	10 460
Net commissions	8 963	2 405	2 346	4 751
Net gains and losses	1 584	759	455	1 214
Other income	3 850	809	844	1 653
Total income	33 515	9 181	8 897	18 078
Total expenses	17 869	4 413	4 251	8 664
Profit before impairments	15 646	4 768	4 646	9 414
Credit impairments	-1 911	172	300	472
Impairment of tangible assets	174	40	125	165
Profit for the period	11 754	3 425	3 162	6 587
ROE	12.2	14.0	13.0	13.5
C/I	0.53	0.48	0.48	0.48
CT1 (Basel 2)	15.7	15.9	16.6	16.6

- Stable NII
 - Repricing lending
 - Lower funding cost
 - Shrinking deposit margins
- Lower trading activity
- Cost management on track
- Credit impairments exit cost Ukraine
- Capital position further strengthened

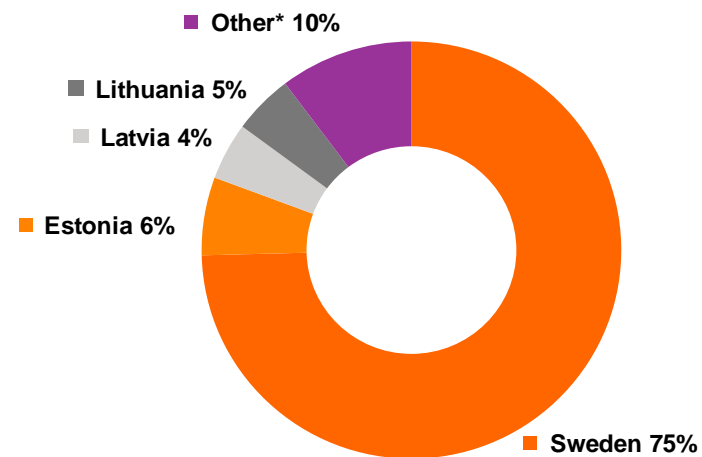
Source: Swedbank Jun 30, 2012

Total income

Distributed by type of income Q2 2012



... and by country



Stable development

SEKm	Q2 11	Q1 12	Q2 12	▲ Q/Q
Net interest income	3 012	3 407	3 404	-3
Net commissions	1 294	1 261	1 248	- 13
Total income	4 789	5 123	5 138	+15
Total expenses	2 430	2 342	2 345	+3
Profit before impairments	2 359	2 781	2 793	+12
Credit impairments	6	24	100	+76

ROE	30.8	26.5	24.6
C/I ratio	0.51	0.46	0.46

- Repricing
- Deposit margins pressure
- Good asset quality

Structural recovery continued

SEKm	Q2 11	Q1 12	Q2 12	▲ Q/Q
Net interest income	1 017	912	870	-42
Net commissions	365	371	378	+7
Total income	1 566	1 452	1 430	-22
Total expenses	649	620	588	-32
Profit before impairments	917	832	842	+10
Credit impairments	-142	-134	-204	-70

ROE	13.5	14.5	14.8
C/I	0.41	0.43	0.41

- Growth in lending book in euro
- Lower Euribor affected NII
- Good underlying activity

Weaker trading activity

SEKm	Q2 11	Q1 12	Q2 12	▲ Q/Q
Net interest income	884	887	825	-62
- of which LC/FI*	444	652	666	+14
Net commissions	334	434	346	- 88
Net gains and losses	20	648	316	-332
Total income	1 247	1 980	1 499	- 481
Expenses excl variable staff costs	685	607	602	-5
Variable staff costs	50	106	118	+12
Profit before Impairments	512	1267	779	- 488
Credit impairments	-20	14	54	+40

- Continued growth in Large Corporate NII
- Lower capital market activity

ROE	10.2	19.1	9.8
C/I ratio	0.59	0.36	0.48

* Large Corporates/Financial Institutions

Source: Swedbank Jun 30, 2012

Cost reduction according to plan

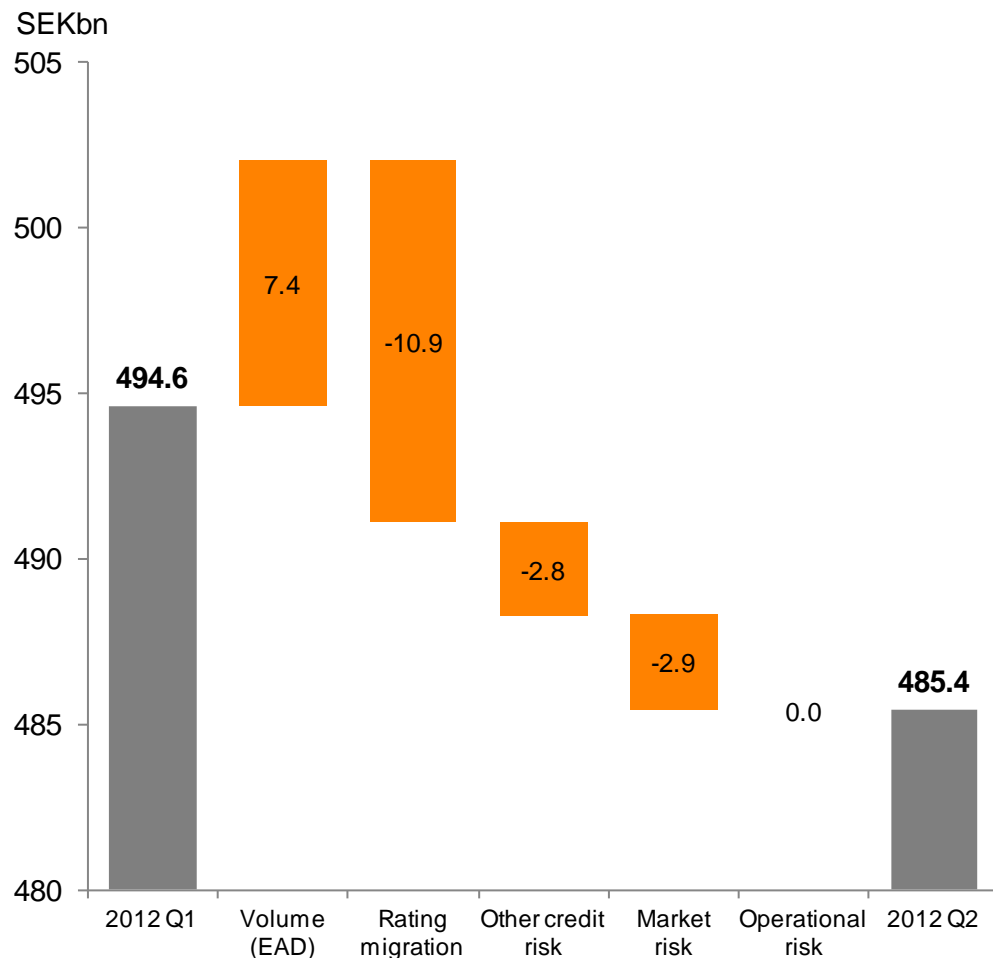
- Target to reduce costs by SEK 1bn 2012
- Staff cost -173m and consultancy costs -172m year on year

Cost trend (SEKm)	H1 2011	H1 2012	▲YTD
Total expenses	9 000	8 664	-336
Variable staff costs	275	397	+ 122
Compensation to Savings Banks	271	311	+40
Underlying cost	8 454	7 956	-498

Source: Swedbank Jun 30, 2012

Strong capitalisation – continued focus

RWA development



- Core Tier 1 ratio of 16.6 percent
- RWA down SEK 9bn in quarter
 - Volume increases
 - Update SME portfolio
 - Positive rating migration Sweden/Baltics
 - Increased risk European banking system
 - Market risk reduced
 - Sale of Ukrainian portfolio

Source: Swedbank Jun 30, 2012

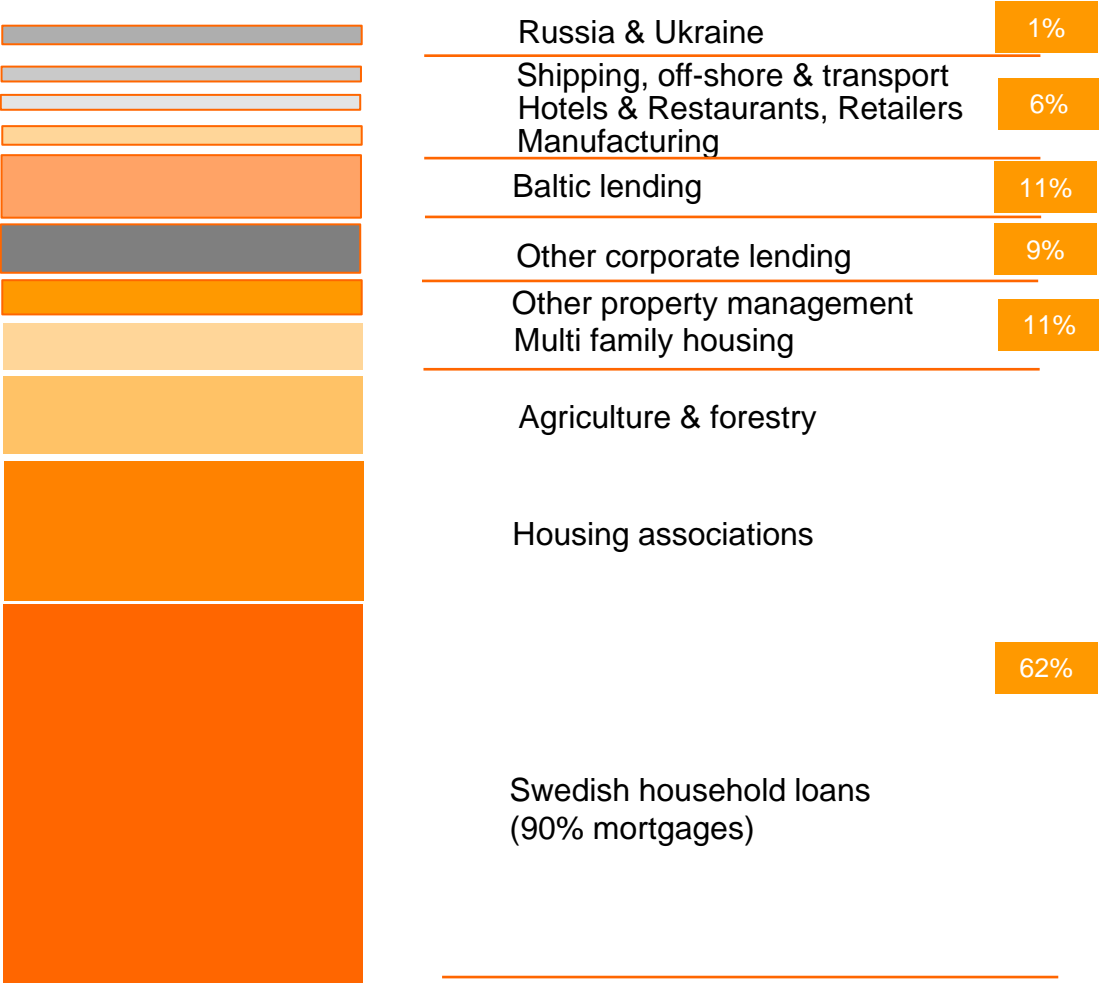
Stable asset quality

Credit impairments (SEKm)	Q1	Q2
Retail	24	100
LC&I	14	54
Baltic Banking	-134	-204
Estonia	-78	-25
Latvia	-21	-197
Lithuania	-35	18
Group Functions & Other	268	350
Russia	-65	24
Ukraine	333	325
Swedbank Group	172	300

- Still high credit quality in Sweden
- Further improvements in Baltics
 - Provision releases for Latvian mortgages
- Exit costs Ukrainian retail portfolio
 - Sale of performing portfolio

Source: Swedbank Jun 30, 2012

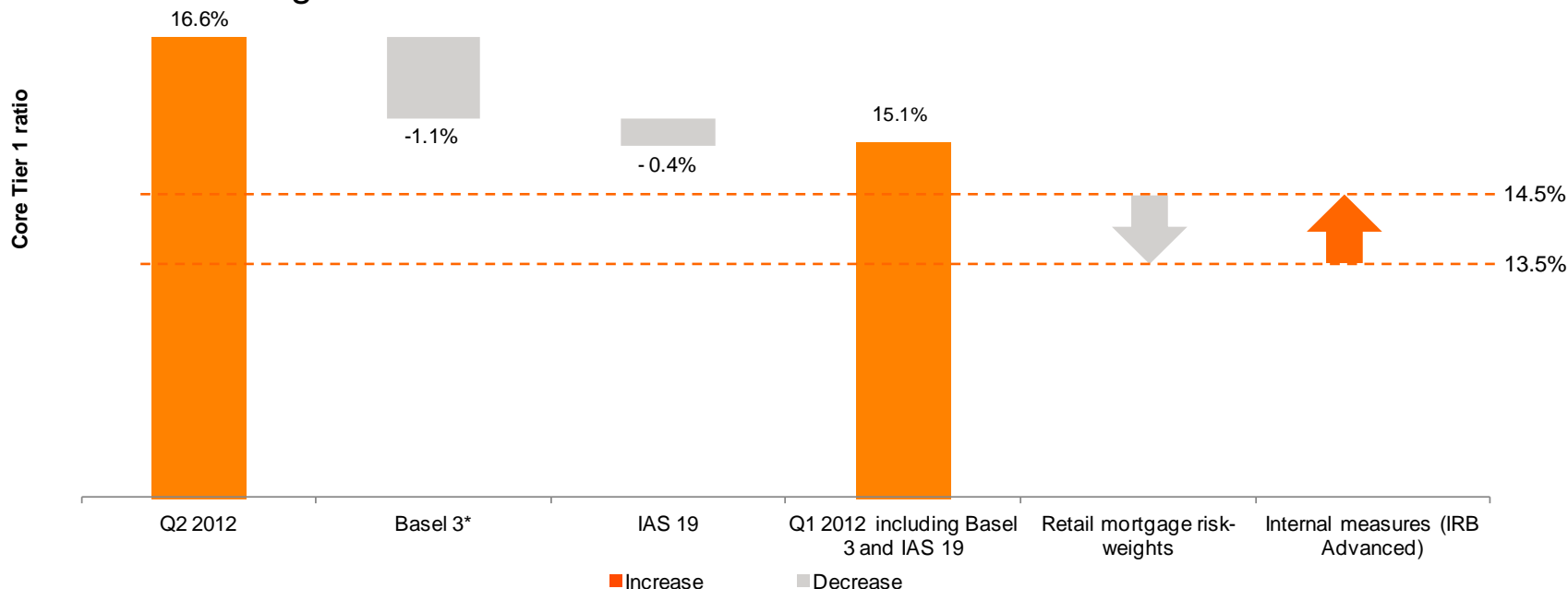
Asset portfolios



Source: Swedbank

Strong capitalisation

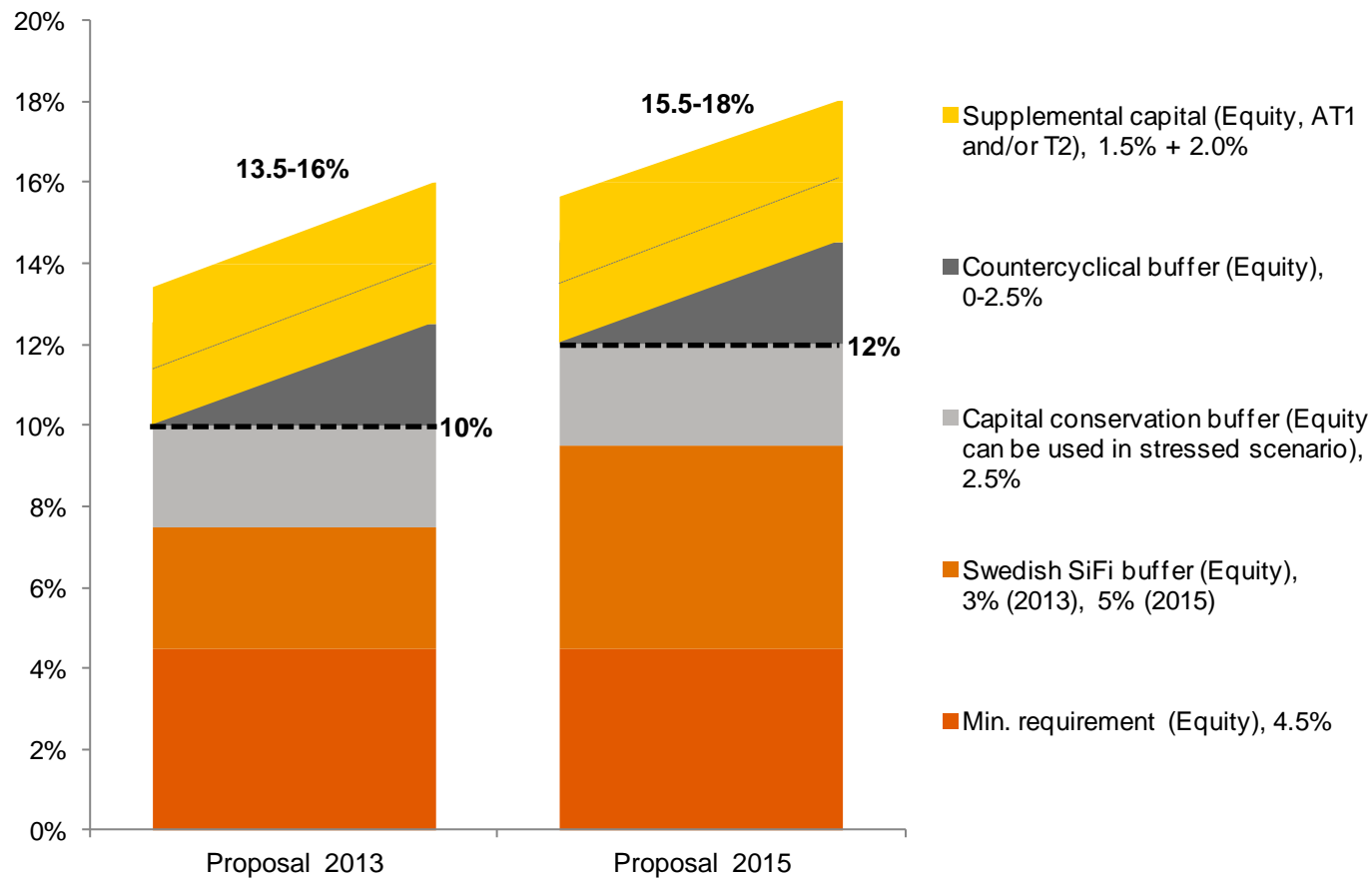
- Capital management - dividend policy 50%, share buy-backs on hold, AGM approval for CoCos
- Capitalisation target withdrawn
- Management expectation: CT1 ratio of 13.5-14.5% (full Basel 3)
- Average Swedish mortgage RWA of 10-15% would impact CT1 ratio negatively with 1.0-1.9 percentage points
- Return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



Source Swedbank , Jun 30 2012 * Swedbank 's estimate on current proposal

Swedish capital requirement proposal

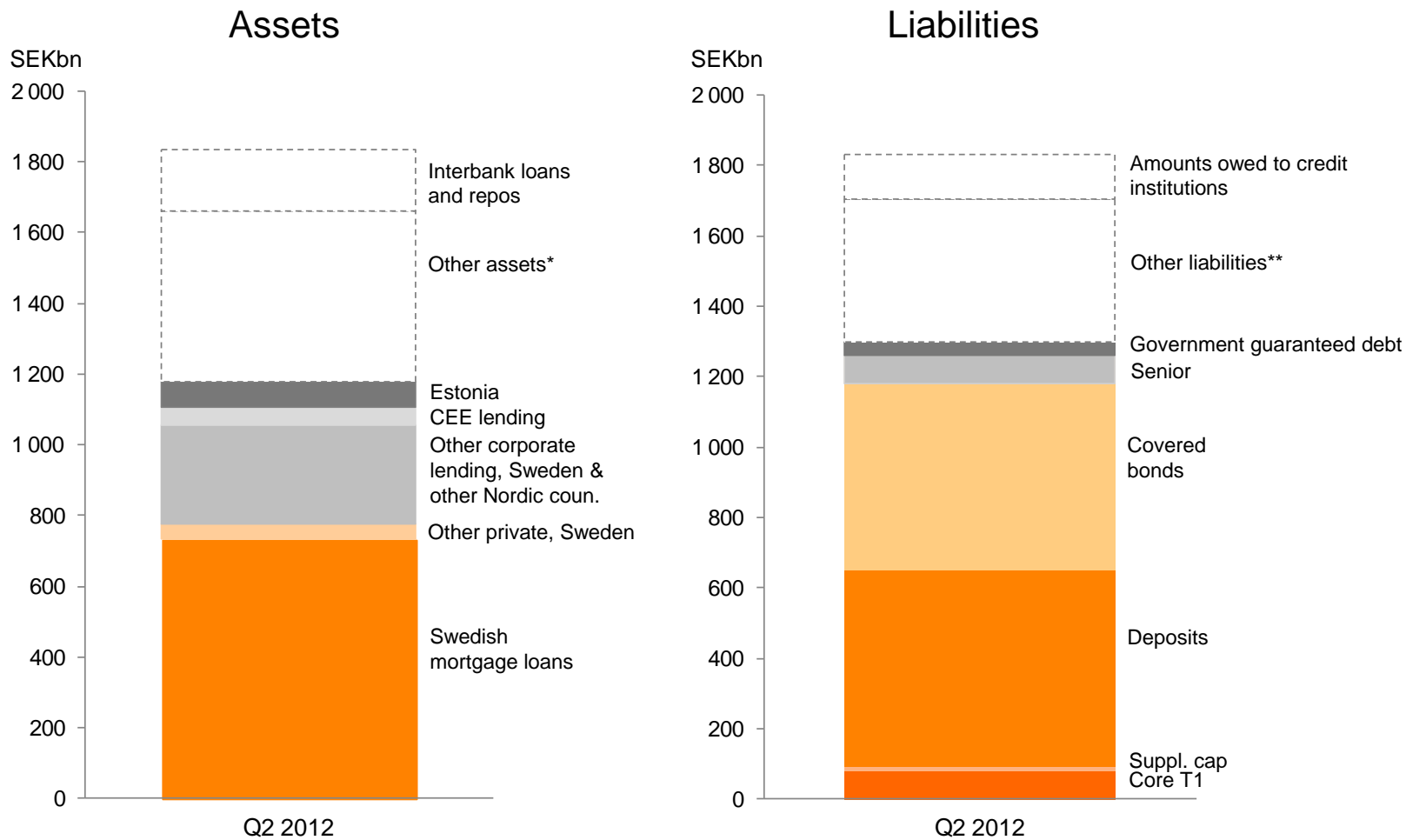
- Regulatory minimum CT1 ratio (full Basel 3) for Swedish major banks of 10% as per January 2013 and 12% as per January 2015



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

2. 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

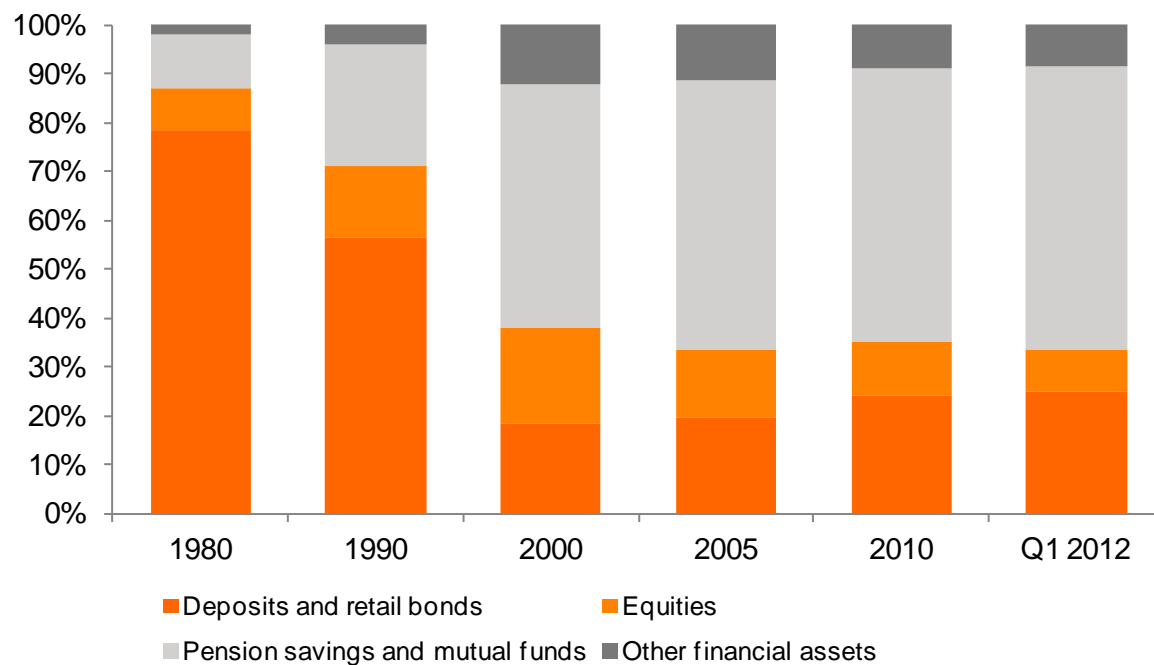
Source: Swedbank, 30 June 2012

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

Natural domestic wholesale funding market

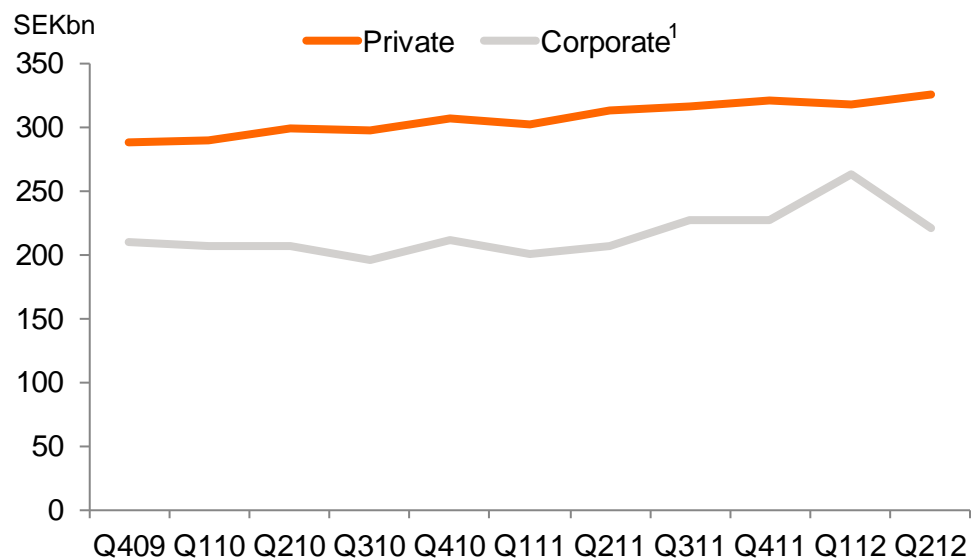
Swedish households' financial assets



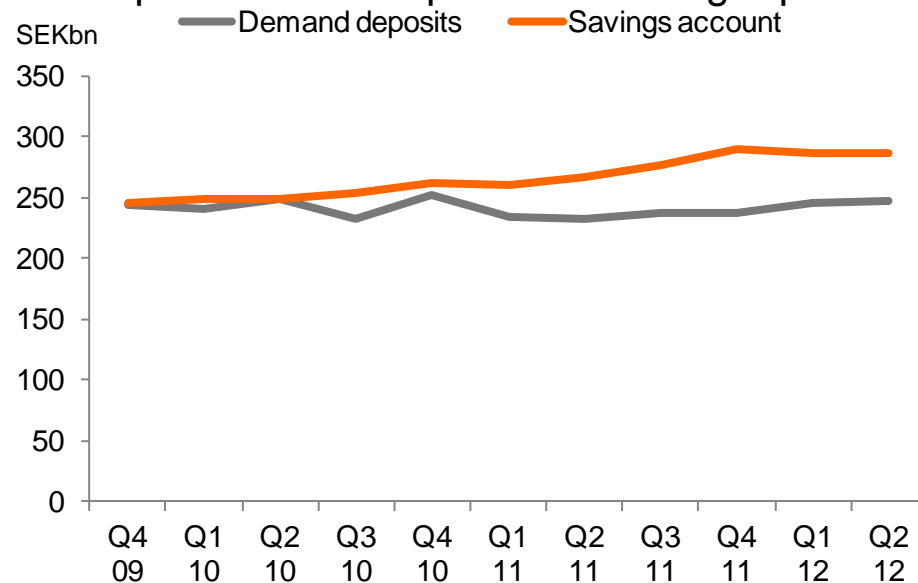
Source: Statistics Sweden "Hushållens ställning", May 21, 2012

Deposits

Deposits from the public excluding repos



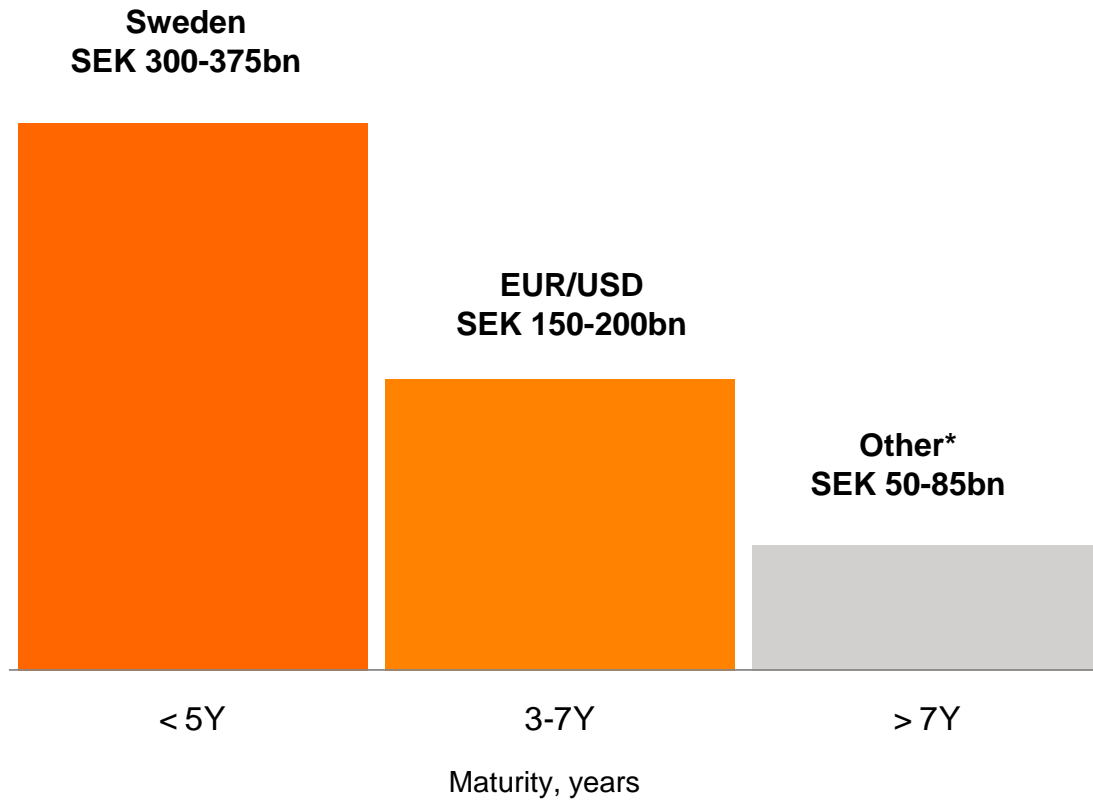
Deposits from the public excluding repos



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

Source: Swedbank Fact book, Jun 30, 2012

Covered bond strategy



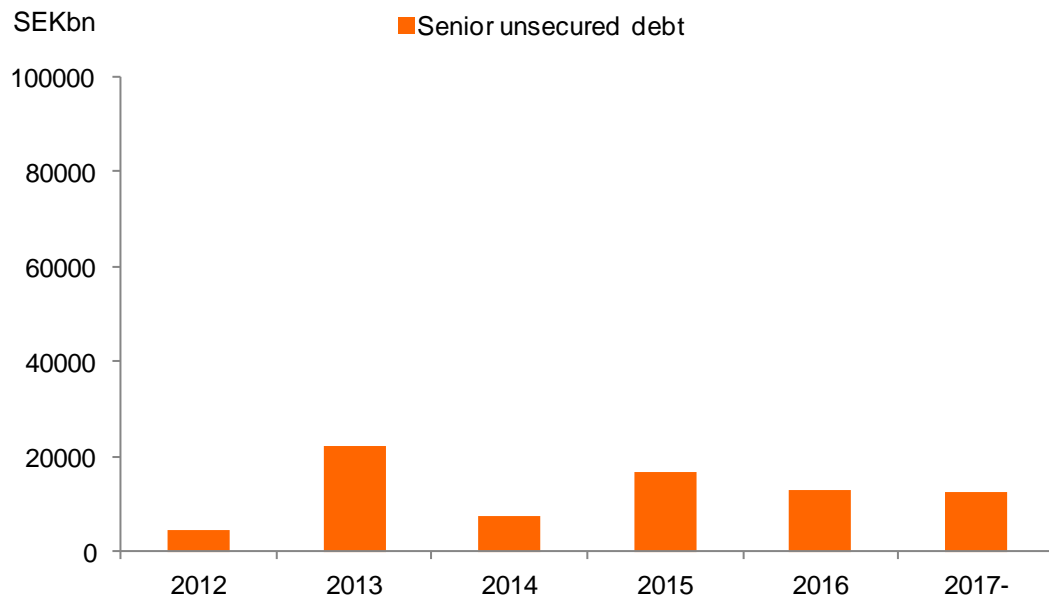
*e.g. Registered covered bonds

Source: Swedbank, 30 Jun 2012

Senior unsecured debt strategy

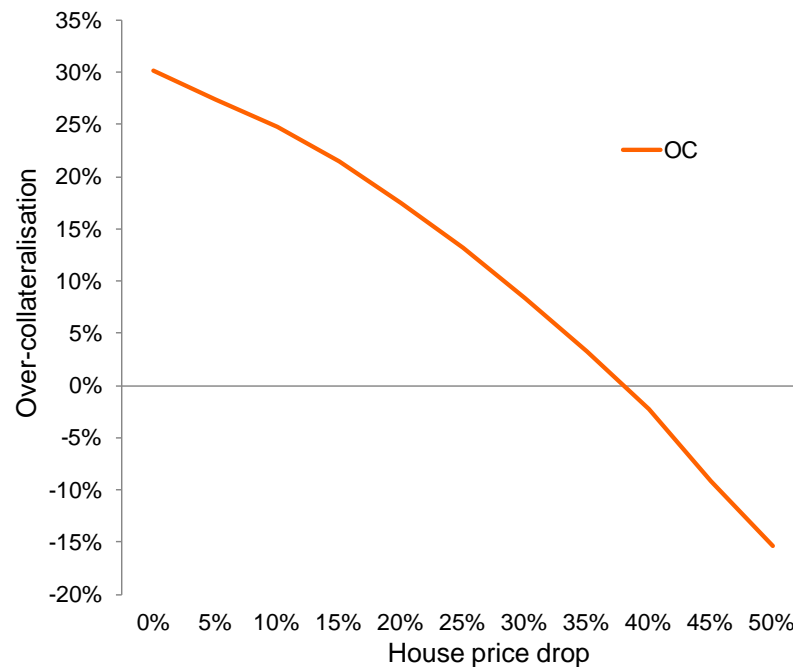
- Limited need given Swedbank's balance sheet structure
- Secure OC
- Affected by the bank's liquidity needs
- Structural subordination?

Senior unsecured debt maturity profile



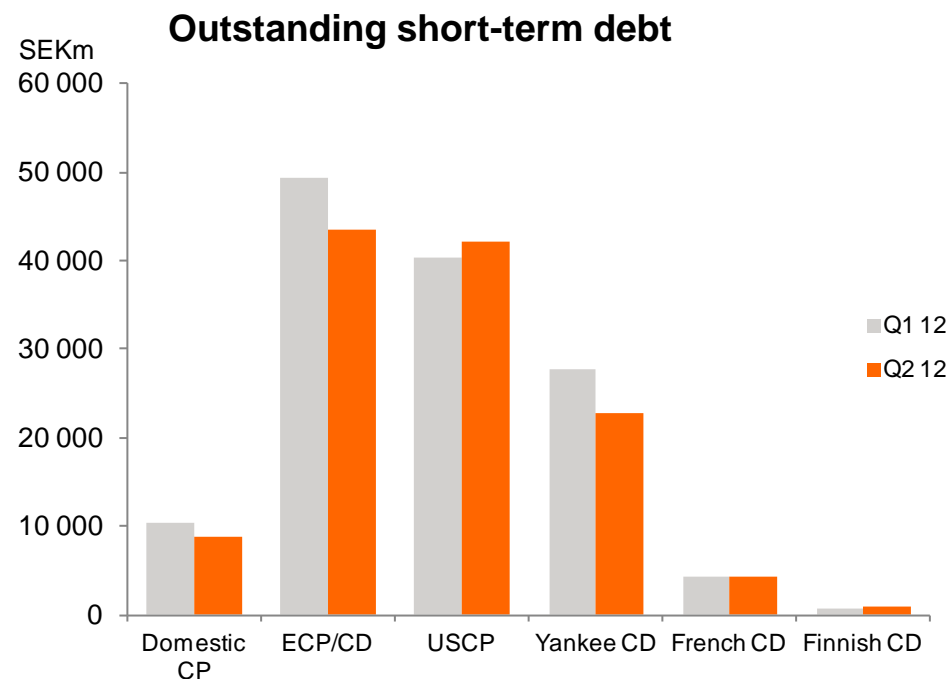
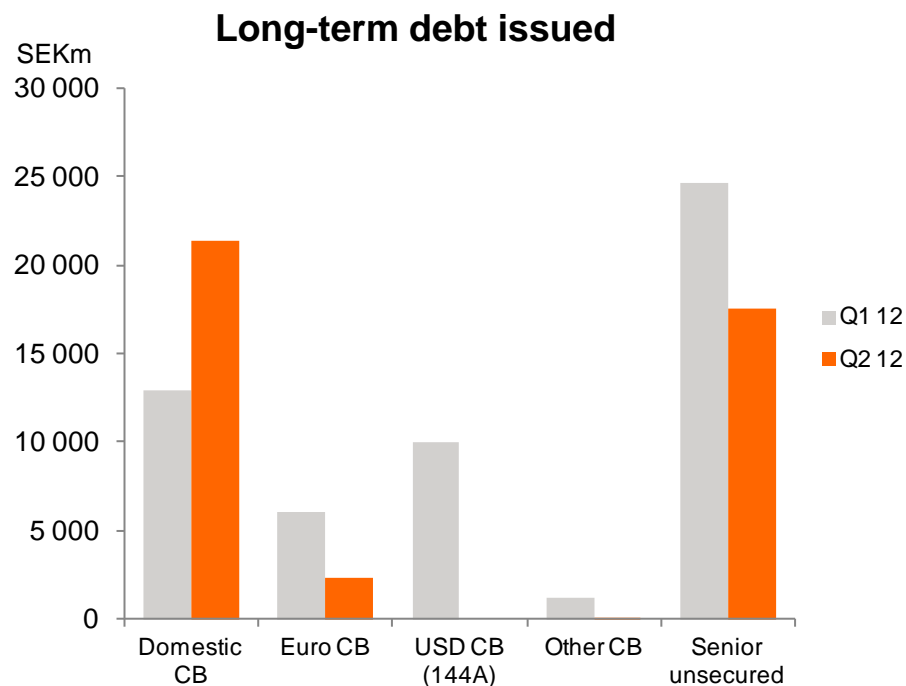
Source: Swedbank, Jun 30, 2012, nominal amounts

House price sensitivity of the cover pool



Continued conservative stance

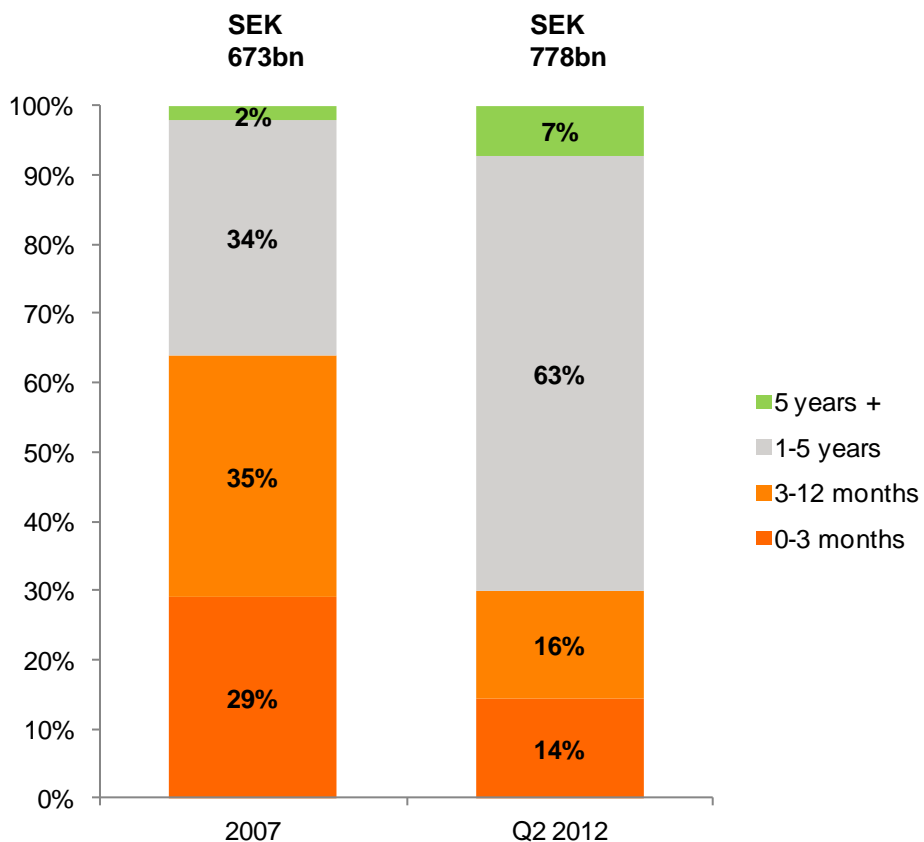
- Continued high issuance of long-term debt, SEK 41bn during Q2, total SEK 97bn during H1
- SEK 17bn in maturities for the remainder of 2012
- Funding plan of around SEK 120bn for full year
- Awaiting new regulatory landscape of capital and funding



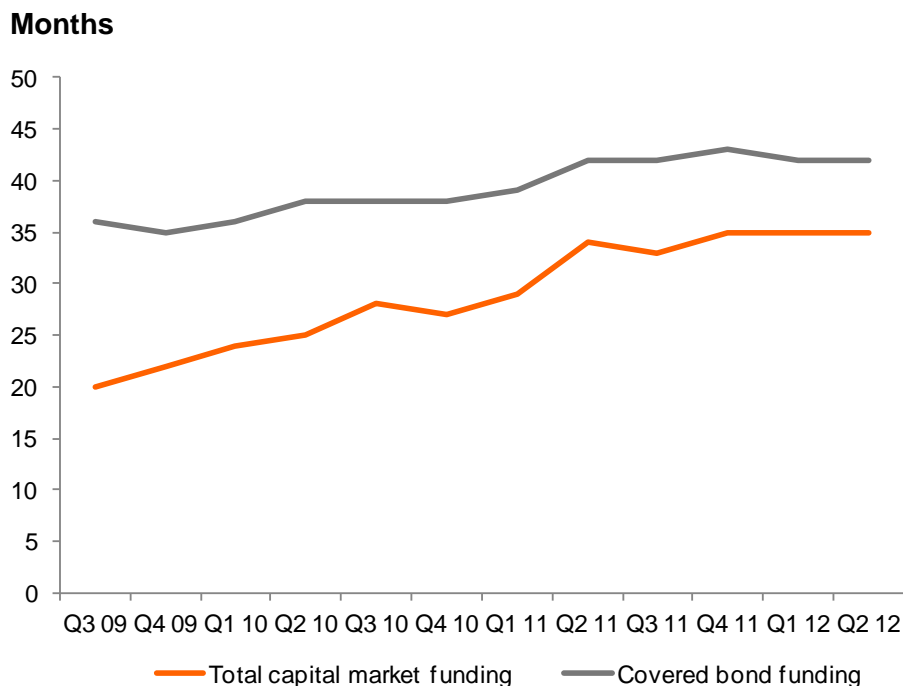
Source: Swedbank, Jun 30, 2012, nominal amounts

Fundamental change of maturity profile

- 2007 – 64% of wholesale funding < 12 months, SEK 13.2bn in central bank deposits
- Q2 2012 – 30% of wholesale funding < 12 months, SEK 132.0bn in central bank deposits

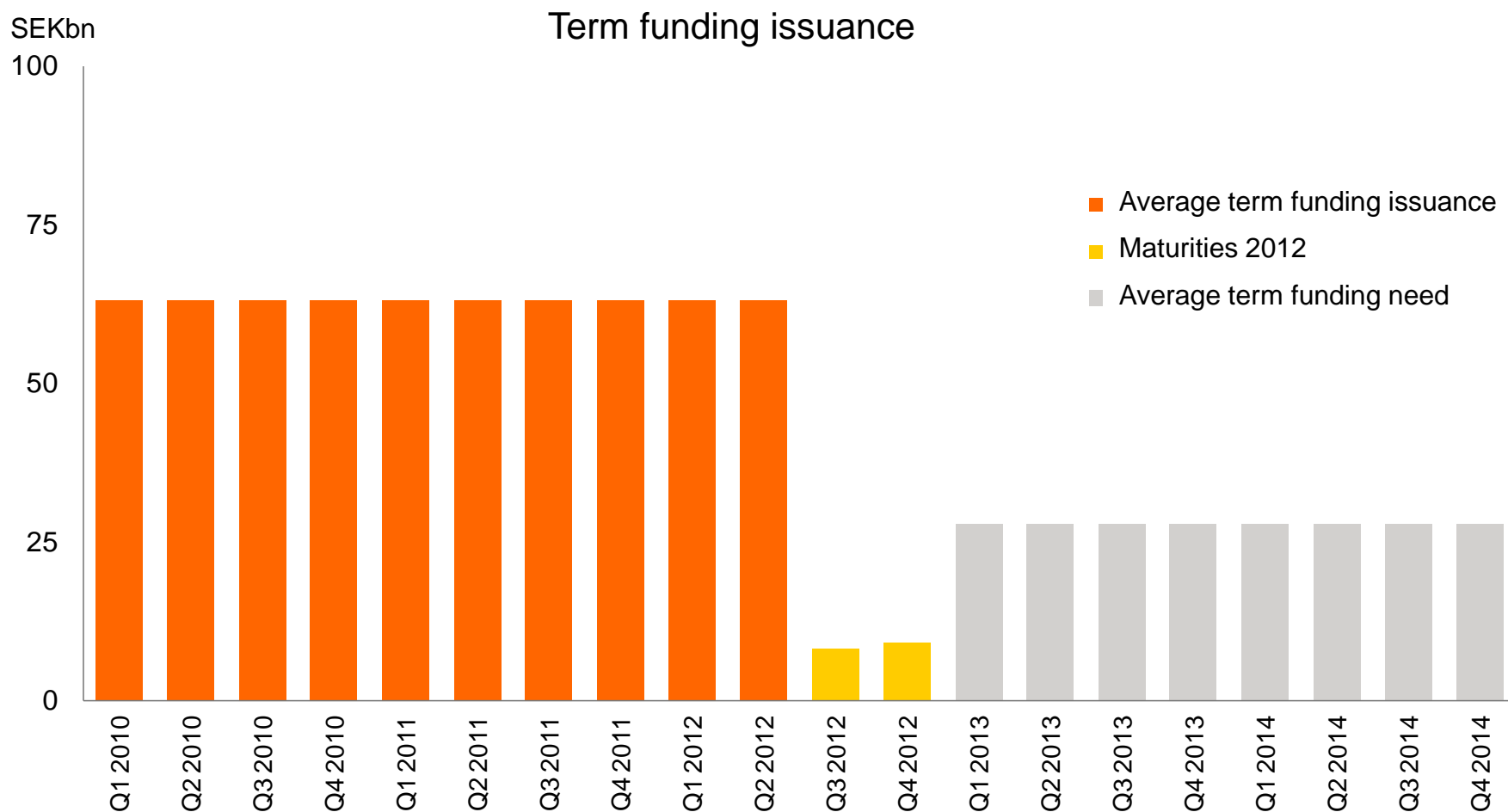


Average maturity profile of outstanding market funding



Source: Swedbank, Jun 30, 2012

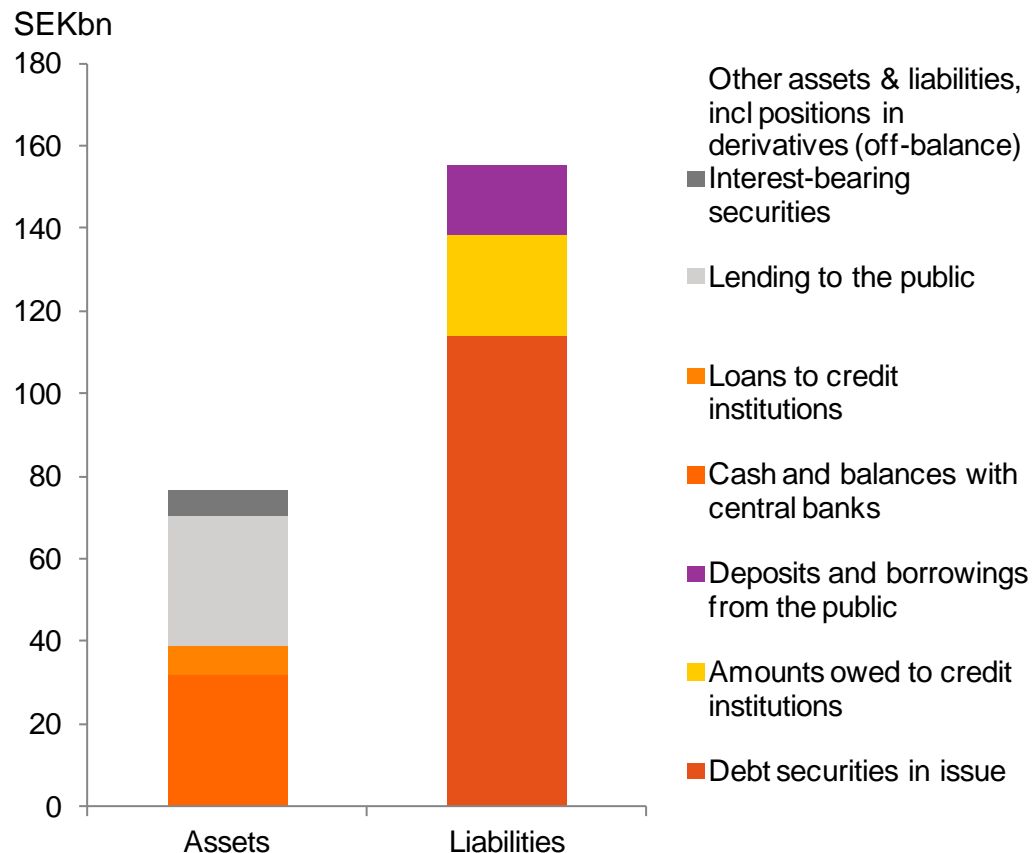
Significantly lower issuance volumes going forward



Source: Swedbank, Jun 30, 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, Jun 30, 2012, (Fact book page 71)

Liquidity reserve

According to the template defined by the Swedish Bankers' Association

	SEKm
Cash and holdings in central banks	132 028
Deposits in other banks available overnight	270
Securities issued or guaranteed by sovereigns, central banks or multilateral development banks	22 265
Securities issued or guaranteed by municipalities or Public sector entities	
Covered bonds	56 577
- Issued by other institutions	56 577
- Own issued	
Securities issued by non-financial corporates	
Securities issued by financial corporates (excl. covered bonds)	2 846
Other	
Total¹	214 382
 Additional liquid assets, Group ²	 67 474

¹ 95% of the securities in the liquidity reserve per Q2 2012 are rated AAA

² 88% 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.

Source: Swedbank Fact book, 30 June 2012

Asset encumbrance

Distribution by type of liability and asset SEKm

	Government debt instruments	Central banks and supranational debt instruments	Covered bonds	Debt instruments issued by credit institutions	Securities issued by corporate and other issuers	ABS	Mortgage loans	Cash	Total
Central bank funding									
Intraday settlement collateral	2		12 946	72					13 019
Repos 1, 2)	15 787		12 204						27 991
Derivative collateral 3)	80						0	13 064	13 144
Covered bonds 4)						527 829			527 829
Accrued interest of assets in the cover pool							2 632		2 632
Total	15 869		25 150	72		530 461	13 064		584 615

Financial assets pledged for
insurance policy holders

100 295

Additional assets available for secured funding 5) SEKm

								Total
Securities 2, 6)	22 118	4 835	86 282	11 840	9 776	919		135 770
Cover pool (over collateralisation)							158 696	158 696
Cover pool eligible assets							13 000	13 000
Total	22 118	4 835	86 282	11 840	9 776	919	171 696	307 466

- 1) Pledged or repoed securities on balance sheet
- 2) Reversed repos are included
- 3) Collateral posted under CSA agreements
- 4) Nominal amount excluding accrued interest
- 5) Assets not currently encumbered
- 6) All type of securities, including securities non pledgeable at central banks

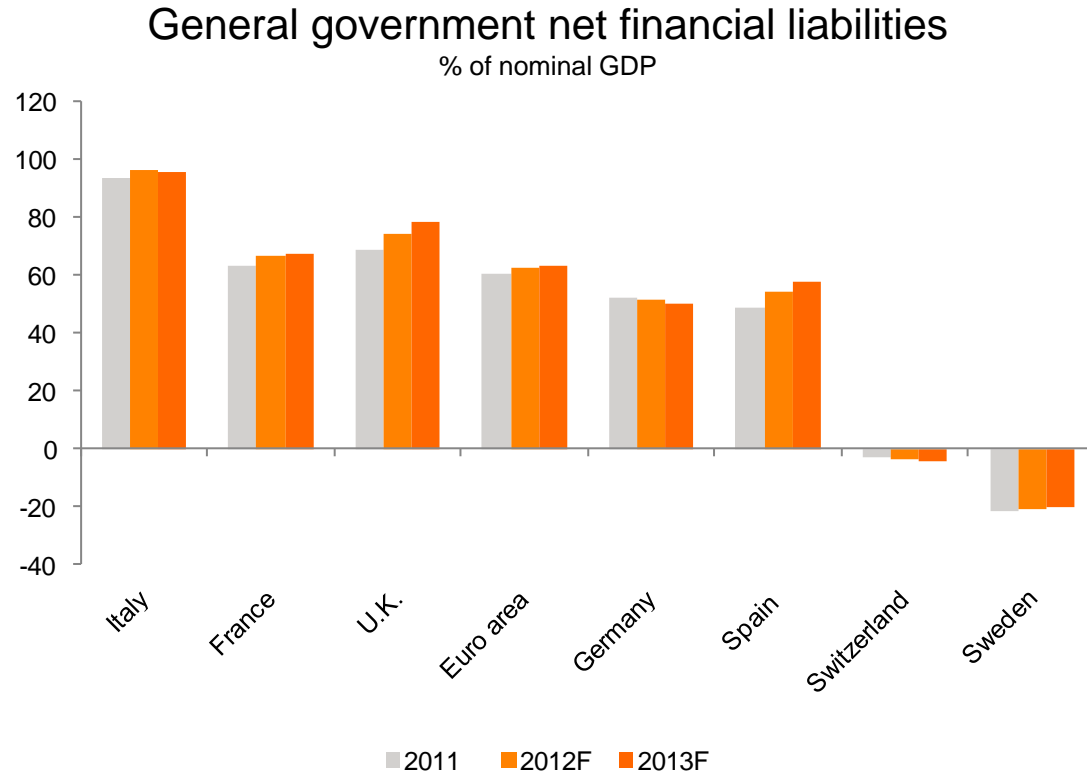
Source: Swedbank Facts Q2 2012

- 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

3. The Swedish economy

A balance sheet in favourable condition

- Sweden's financial assets continue to exceed its liabilities



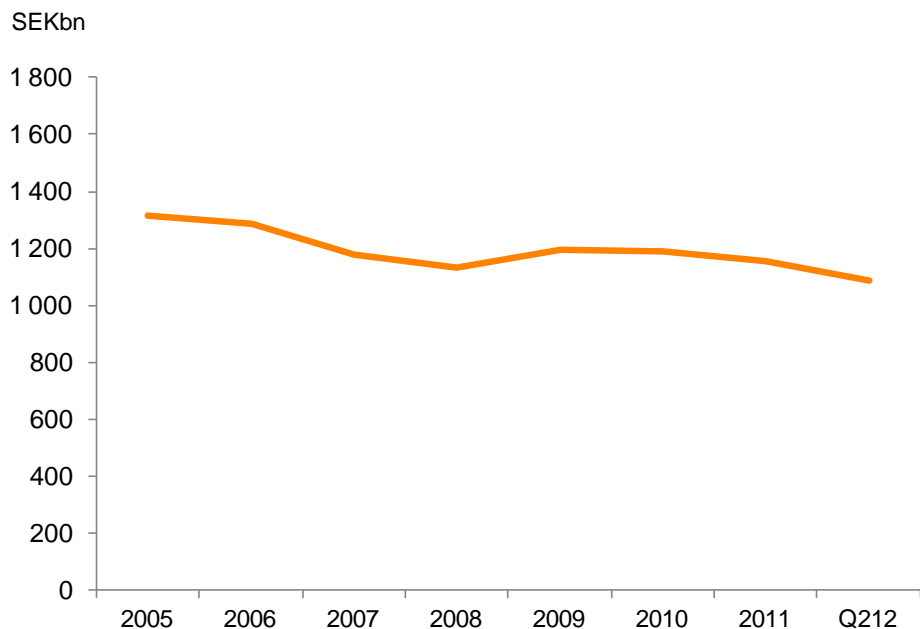
Source: OECD Economic outlook 91 (table 33), May 22, 2012

Continued strong fiscal position

- Kingdom of Sweden rated Aaa/AAA/AAA
- GDP growth 1.5% Q1 2012
- CPI/CPIF 1.0% / 0.9% (Jun 12 Y/Y)
- Unemployment 8.1% (May12 Y/Y)
- Debt to GDP 31.0% (Dec 11)

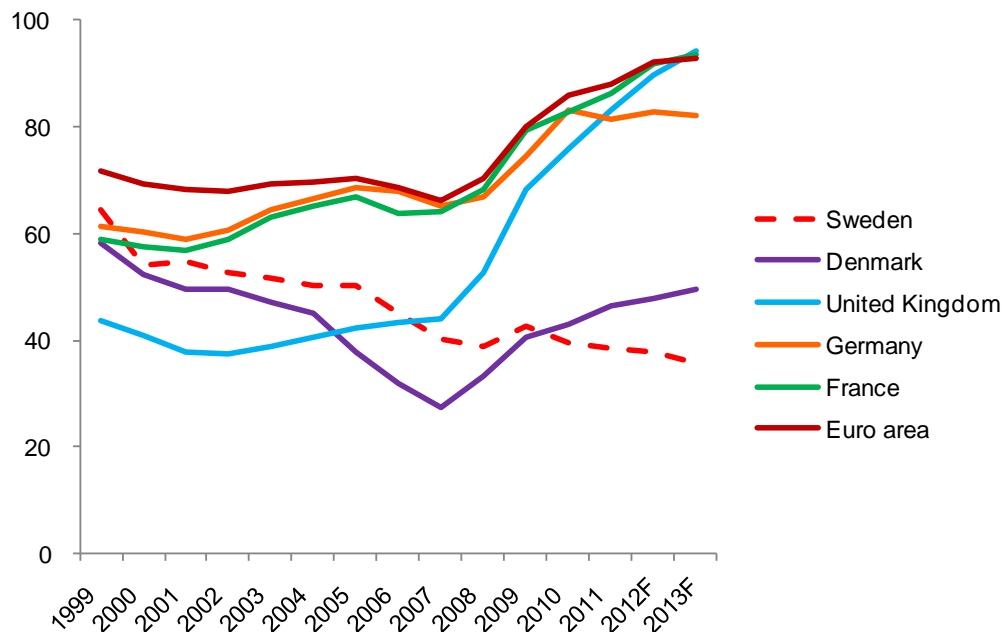
Source: Statistics Sweden and National Debt Office

Swedish government debt



Source: Swedish National Debt Office, Jul 2012

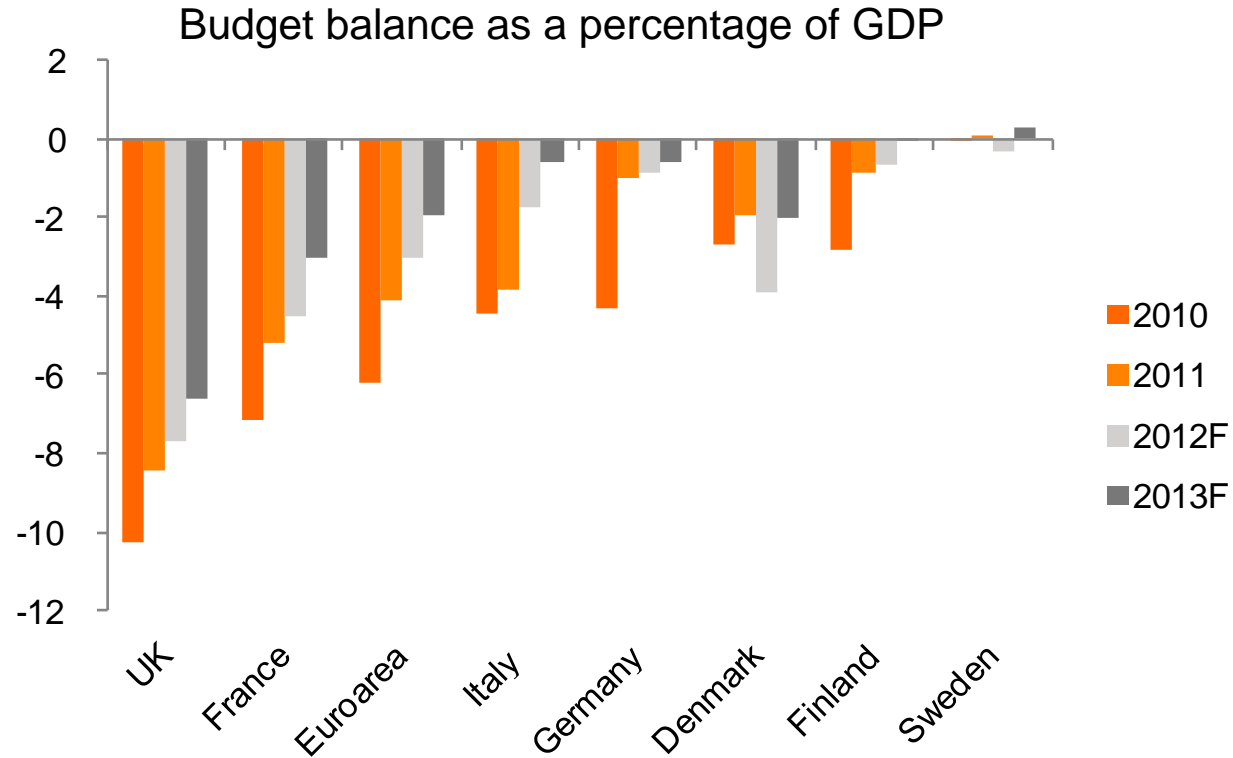
Maastricht definition* of general government gross public debt as a percentage of nominal GDP



*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.

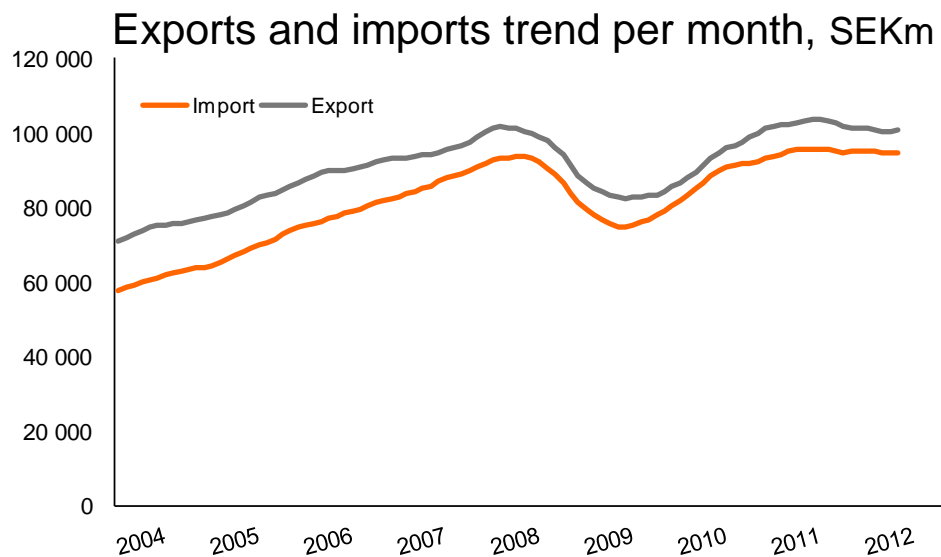
Source: OECD Economic outlook 91 table 61, May 22, 2012

A budget in balance



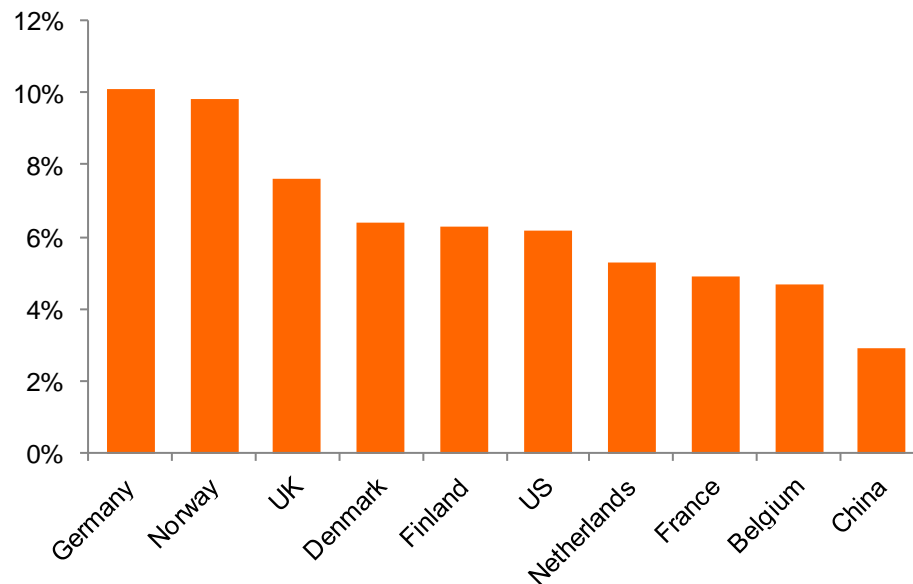
Source: OECD Economic outlook 91 table 27, May 22, 2012

Exports – key factor for growth

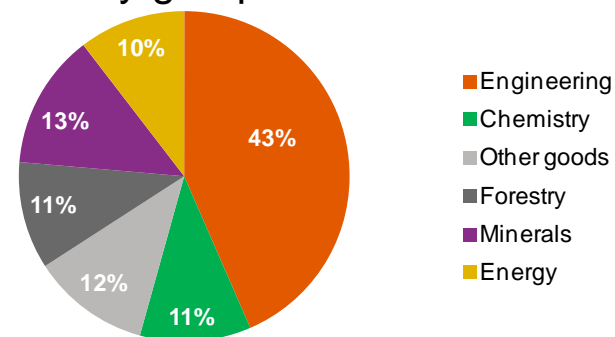


Data up to and including May 2012

Top 10 export countries Apr 2012



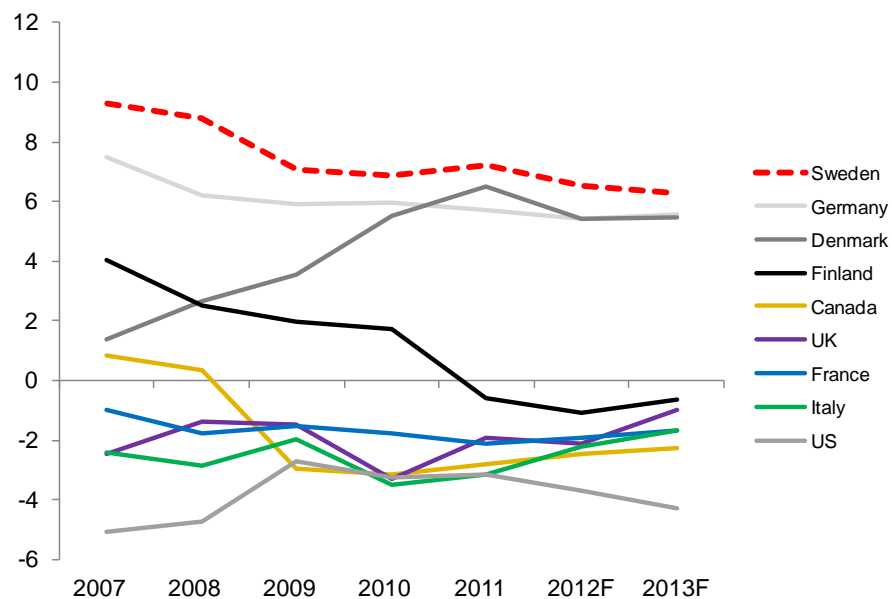
Export – distribution by important commodity groups



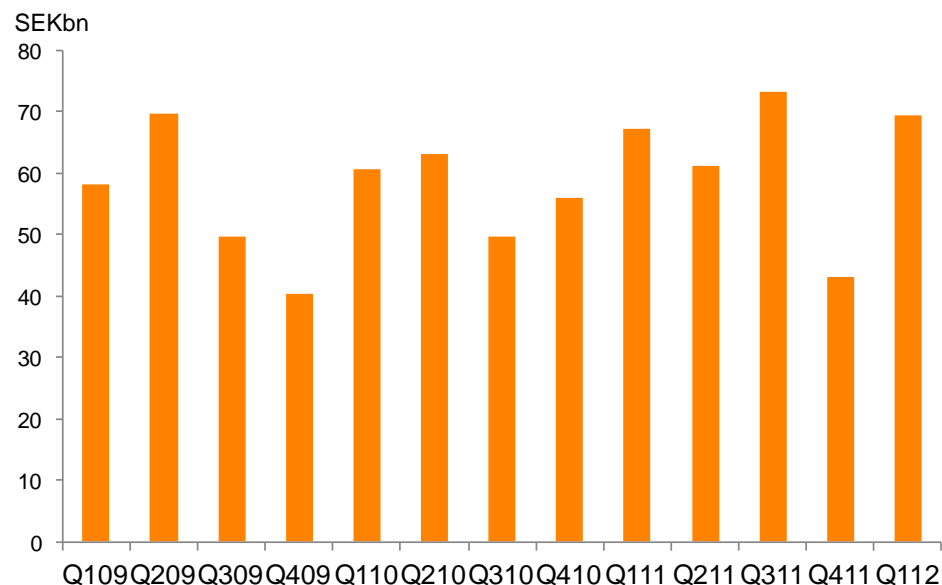
Source: Statistics Sweden, Jun, 2012

Current account balance at stable level

Current account balance as % of GDP



Current account net, Sweden

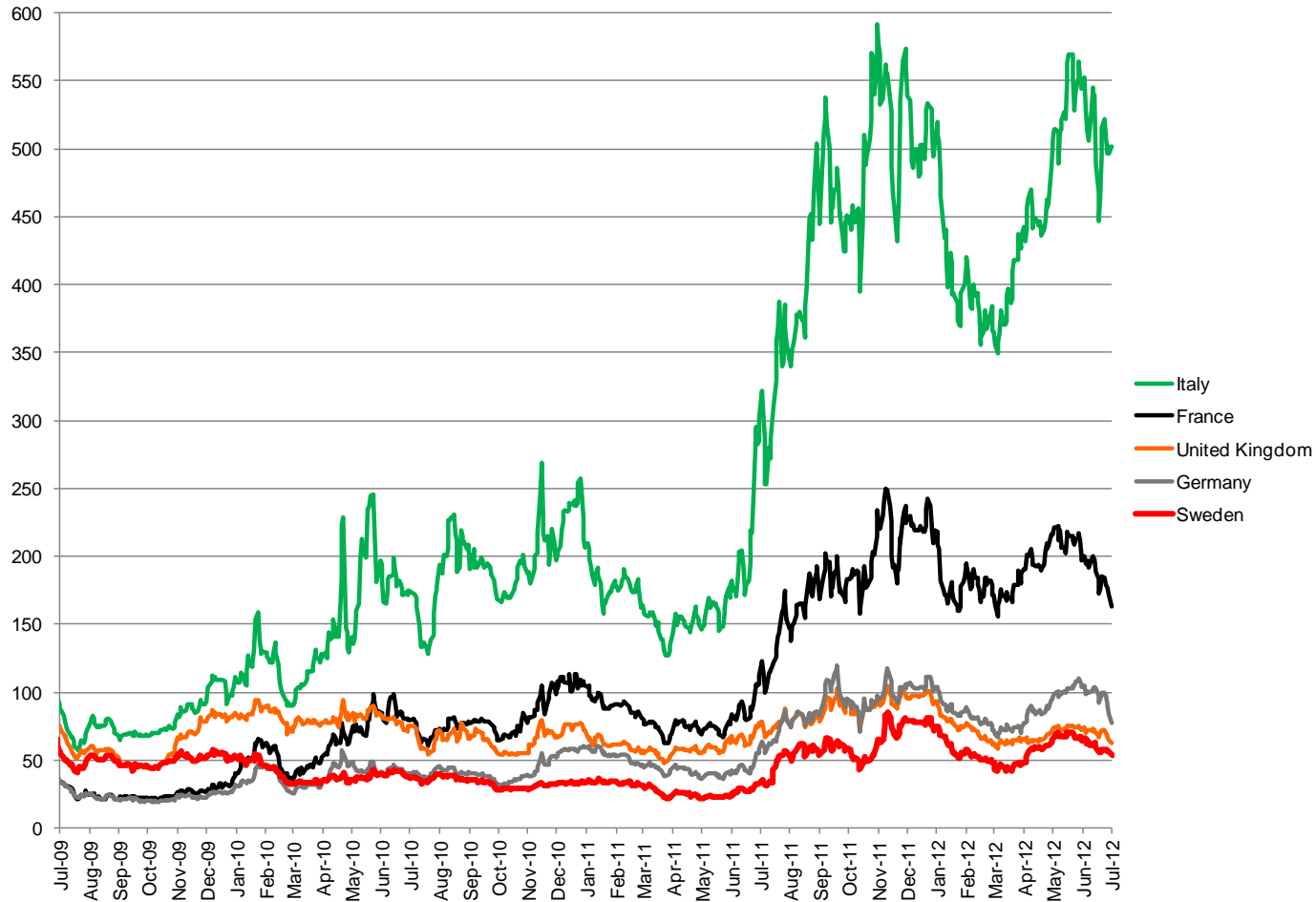


Source: OECD – Economic outlook 91, table 51, May 22, 2012

Source: Statistics Sweden, May 30, 2012

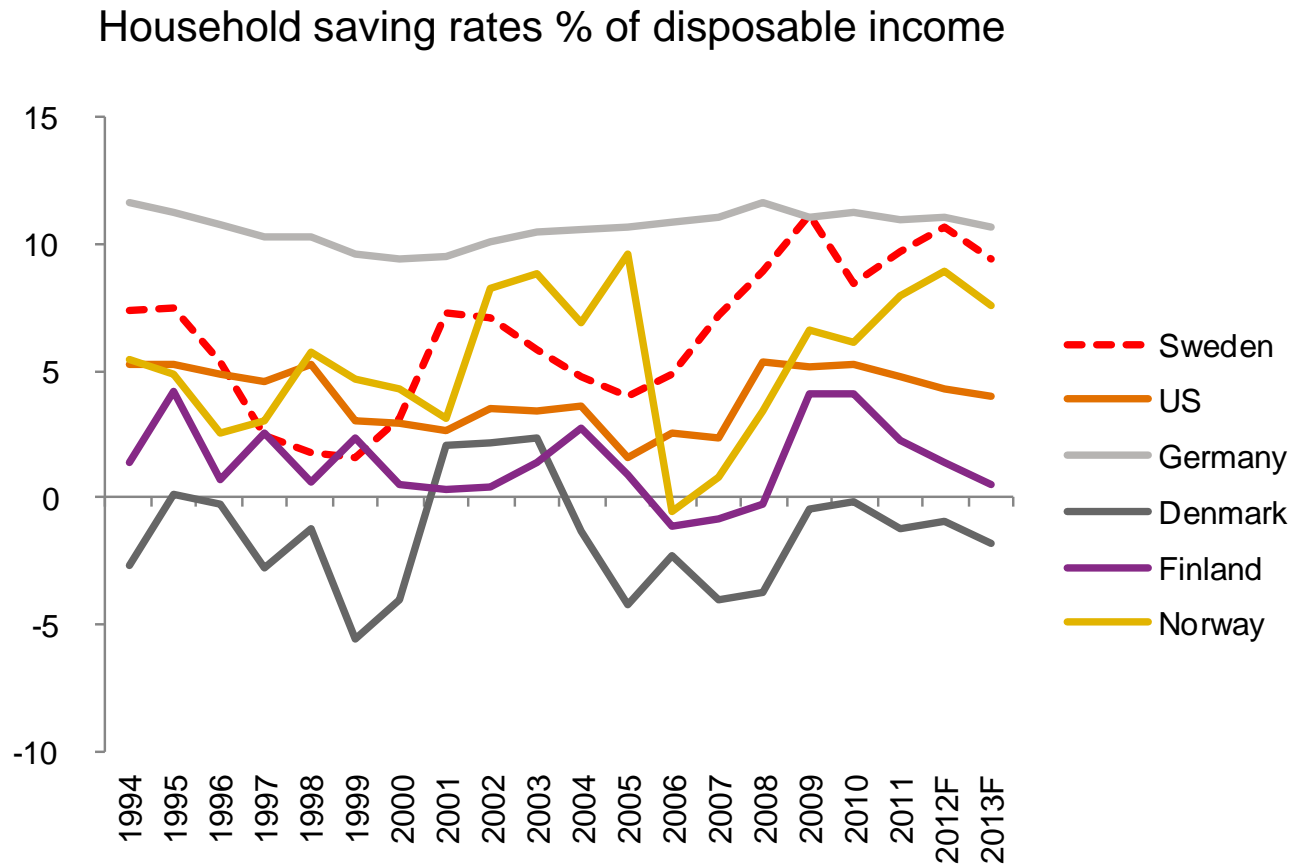
Sweden has shown resilience through turbulent times

5 year Sovereign CDS



Source: Bloomberg, Jul 16, 2012

Savings



Source: OECD Economic Outlook 91, table 23, May 22 2012

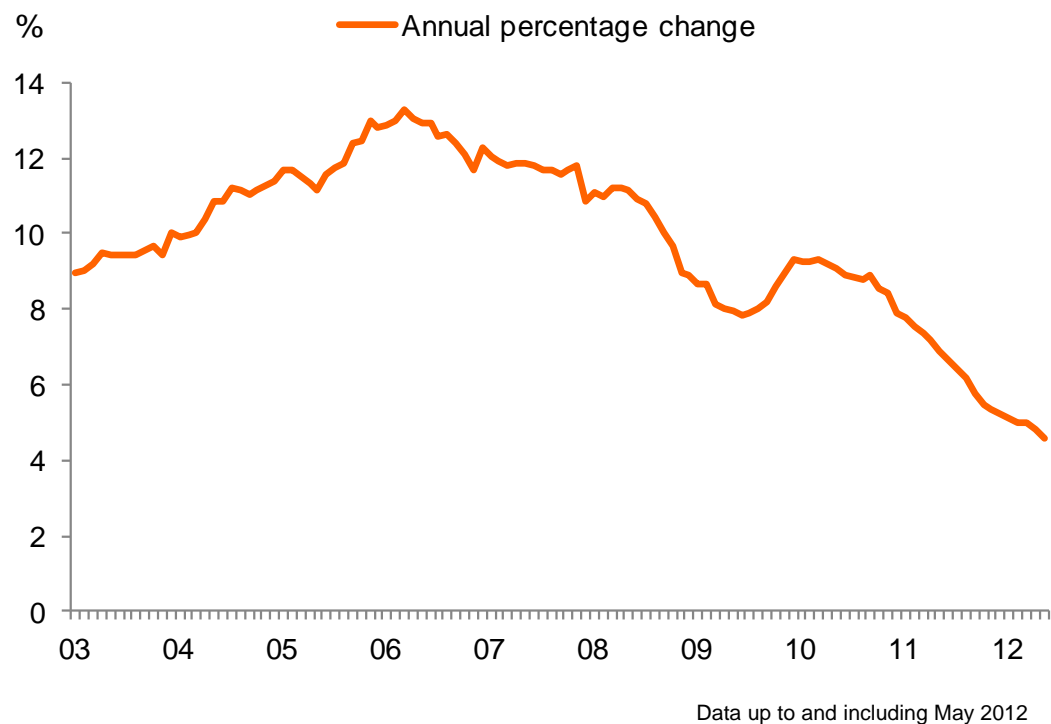
4. Swedish housing and mortgage market

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
- 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 2012:1, Jun 1, and Sweden statistics 29 June, 2012, chart 3.3

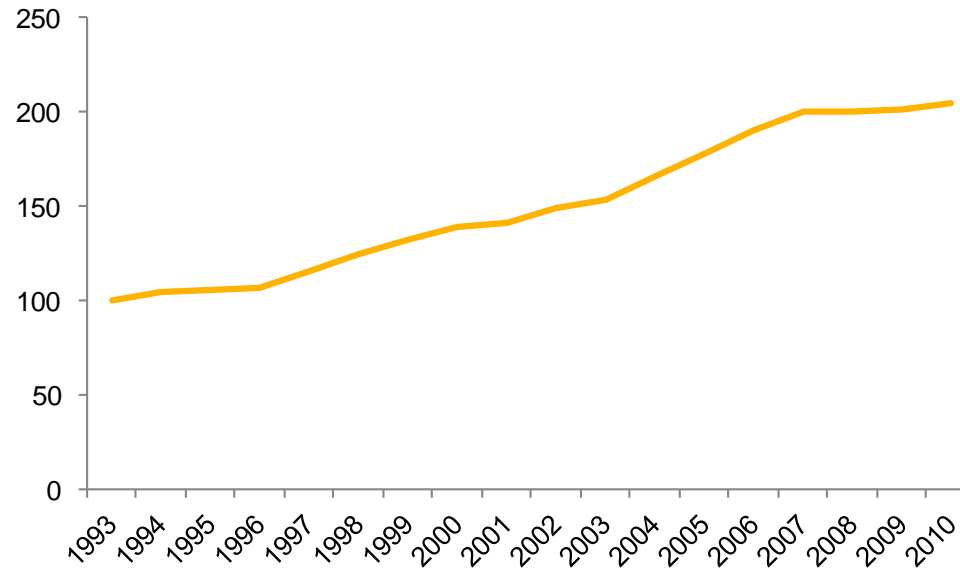
Real estate prices – Sweden 12 months development

	Single-family homes ¹ 12M Δ	Tenant-owner rights ² 12M Δ	Combined ³ 12M Δ
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%
Apr/12	-2%	2%	-1%
May/12	-2%	3%	-1%
Jun/12	-1%	4%	0%

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

Price development

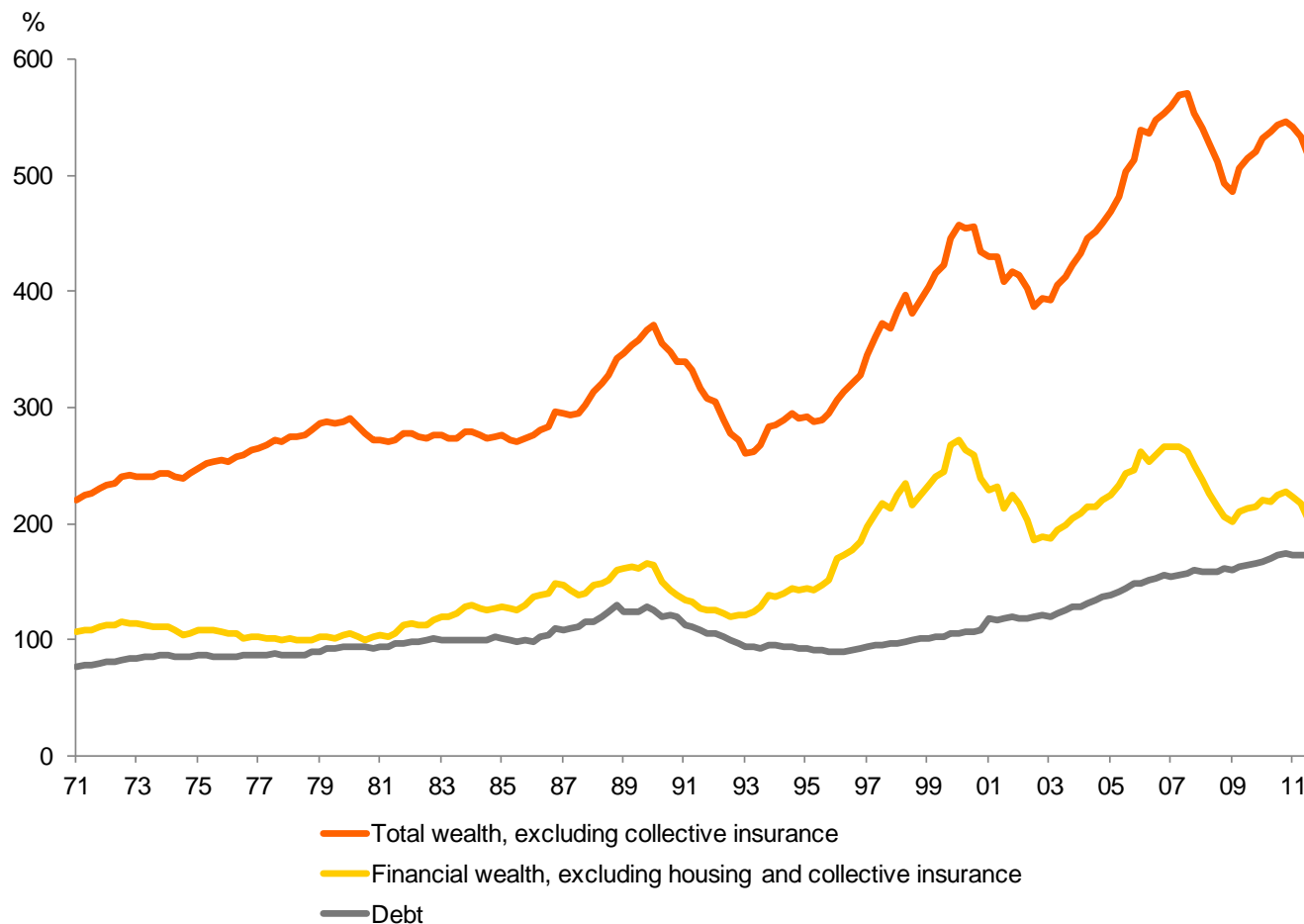
Real estate price to disposable income, index 1993= 100



Source: SCB and Swedbank

Debt servicing ability of the households will remain good

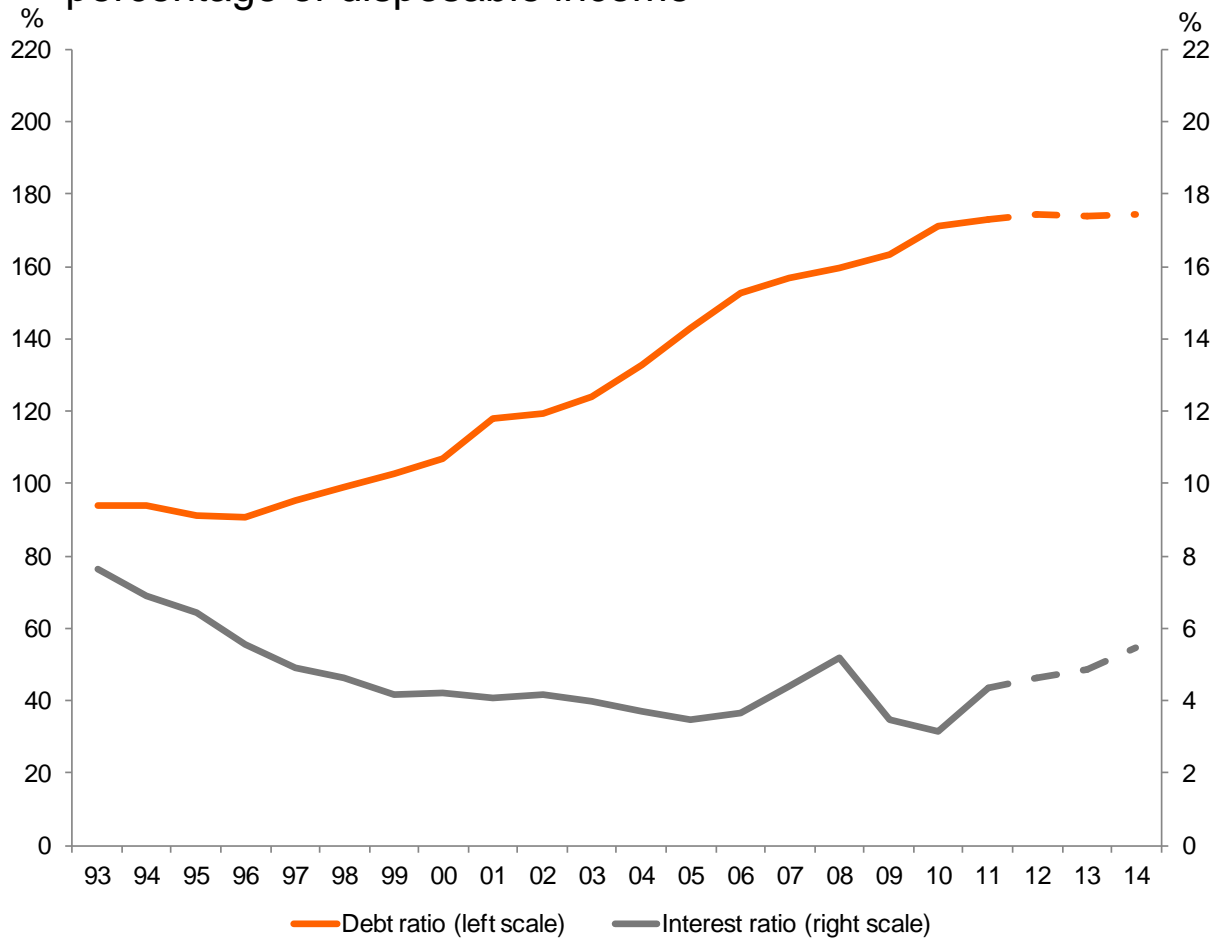
Swedish household financial assets and liabilities to disposable income



Source: Riksbanks' financial stability report 12:1. Jun 1 2012, chart 3:10.

Structural interest rate decline key to affordability

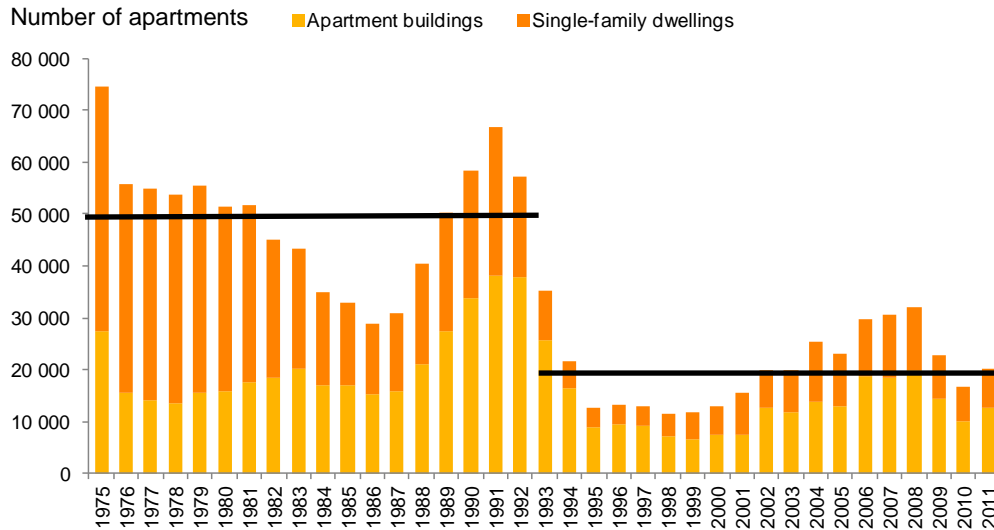
Household indebtedness and interest expenditures after tax as percentage of disposable income



Source: Riksbanken, Financial Stability Report 2012:1, Jun 1, 2012, chart 3.9

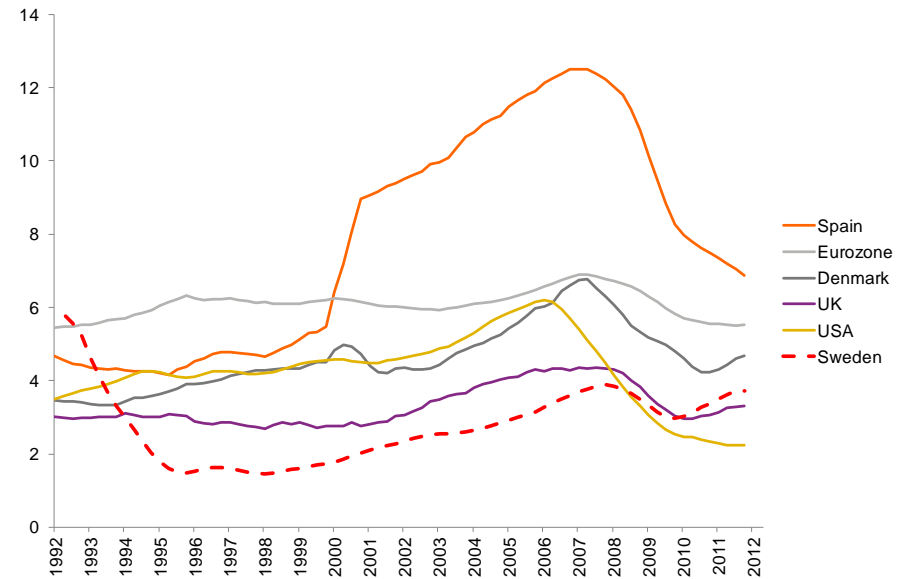
Housing investments at a conservative level

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



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

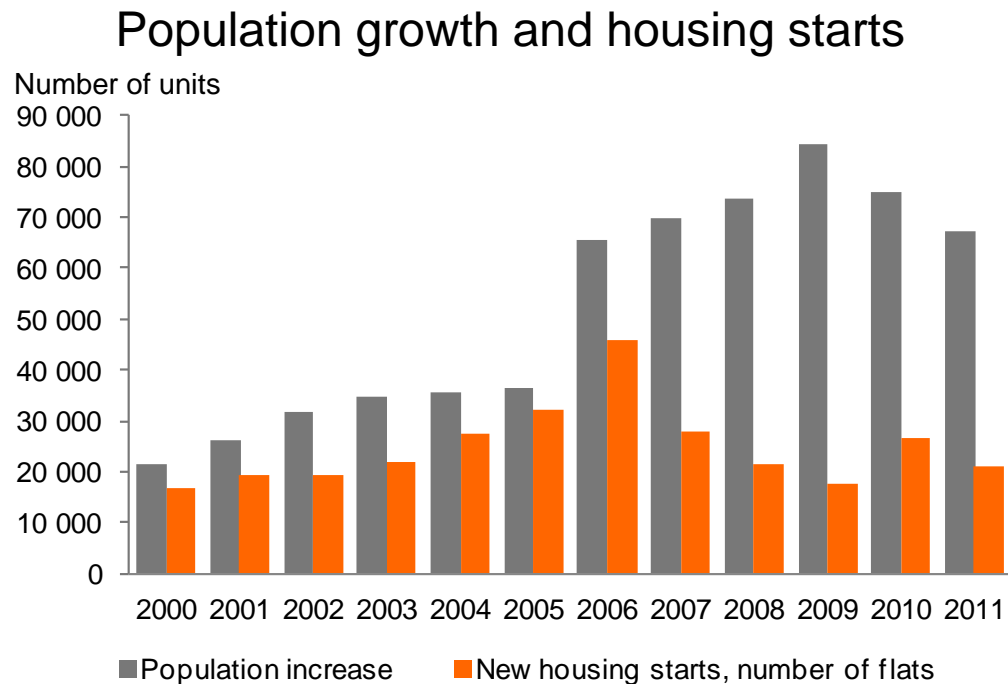
Housing investments as a percentage of GDP (4Q moving average)



Source: Reuters Ecowin, Jul 17, 2012 (data as per Q1 2012)

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

Appendix

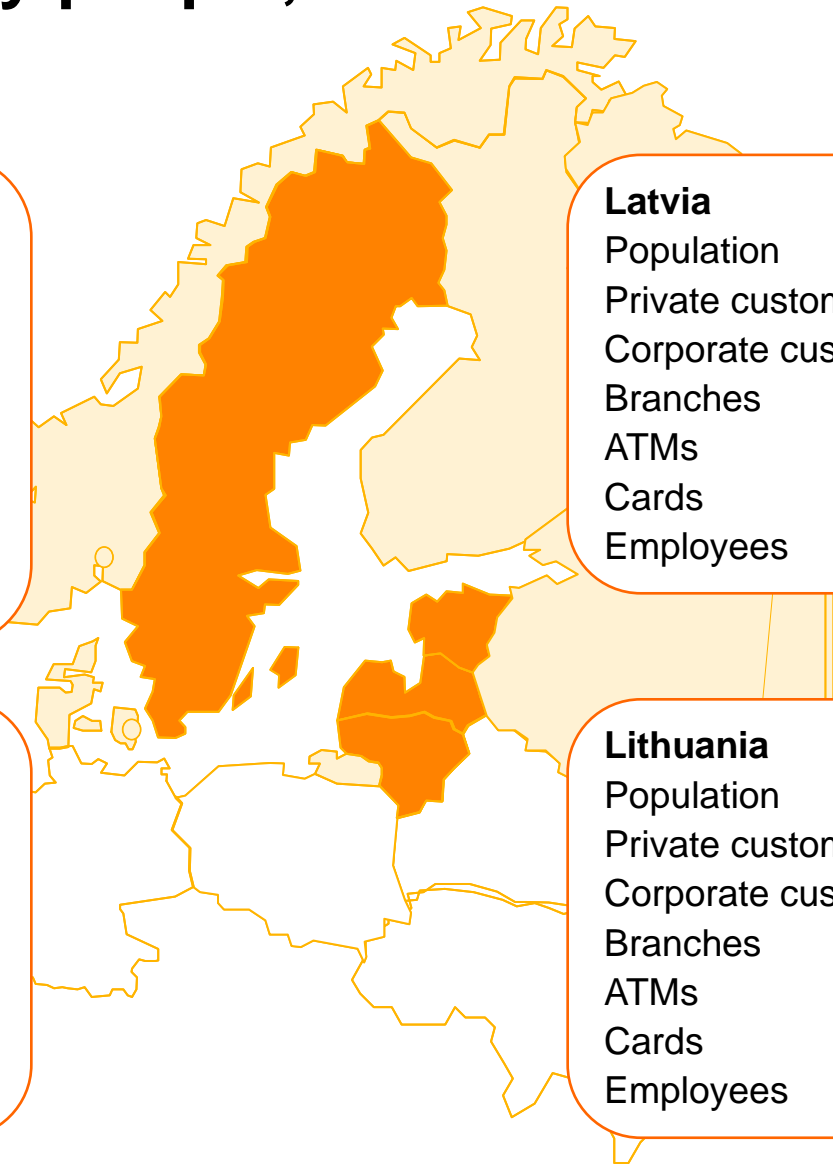
Rating

- On 28 June the ratings agency Standard & Poor's reaffirmed Swedbank and Swedbank Mortgage's long-and short-term ratings (A+/A-1) with a stable outlook.
- Moody's: 24 May 2012 Moody's reaffirmed Swedbank's and Swedbank Mortgage's long- and short-term credit rating with stable outlook (Moody's rating review for European banks)

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

The Bank for the many people, households and businesses



Sweden

Population	9.3m
Private customers	4.0m
Corporate customers	264 000
Organisations	66 000
Branches	312
ATMs	657
Cards	3.8m
Employees	8 055

Latvia

Population	2.2m
Private customers	0.9m
Corporate customers	75 000
Branches	55
ATMs	396
Cards	0.9m
Employees	1 716

Estonia

Population	1.3m
Private customers	1.0m
Corporate customers	114 000
Branches	58
ATMs	507
Cards	1.1m
Employees	2 470

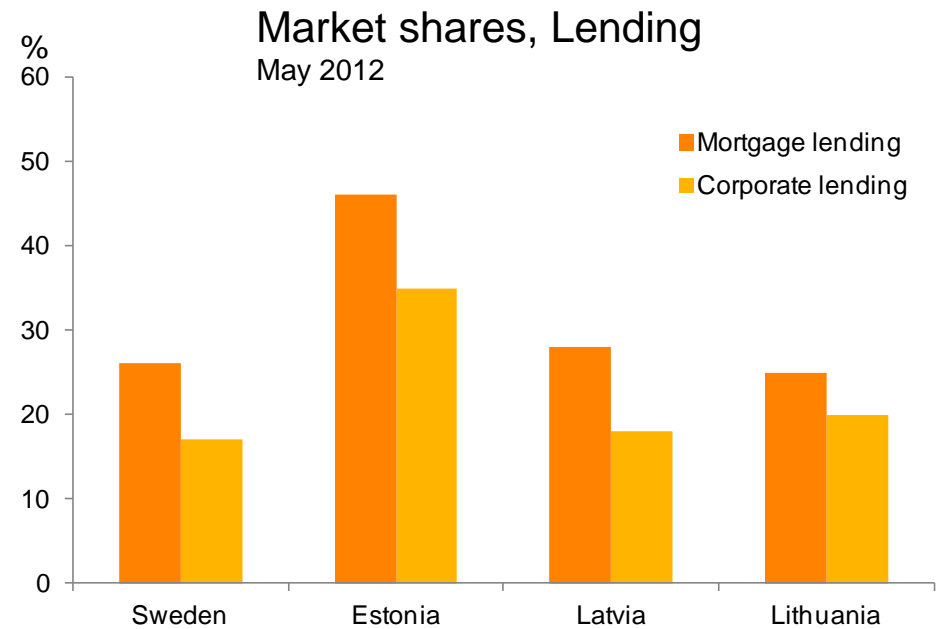
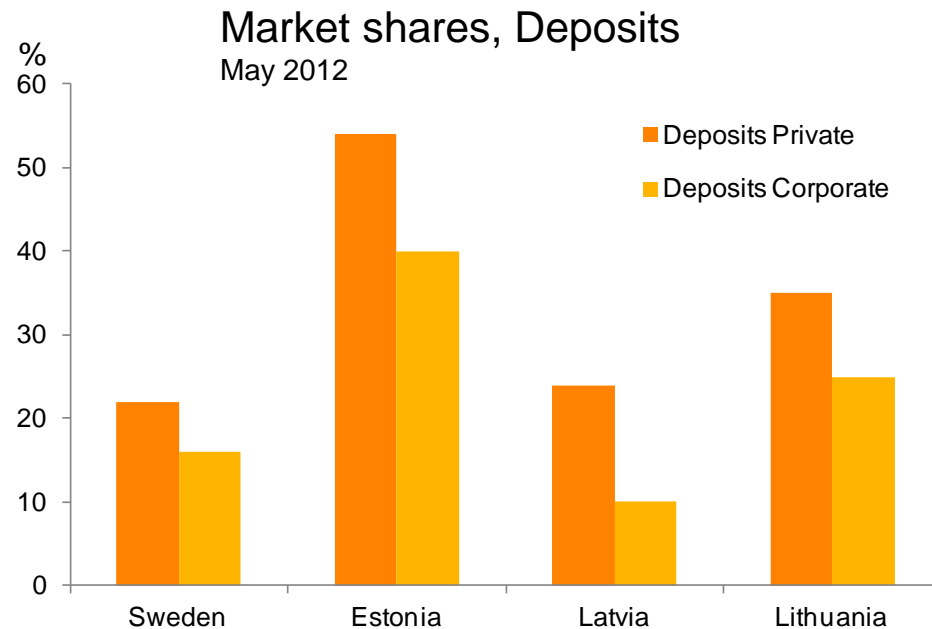
Lithuania

Population	3.3m
Private customers	1.9m
Corporate customers	82 000
Branches	83
ATMs	492
Cards	1.8m
Employees	1 945

Source: Swedbank Fact book Q2, 2012

Market leading retail franchise in all home markets

- Largest retail bank and fund manager in Sweden



Source: Source Sweden: Statistics Sweden (SCB)

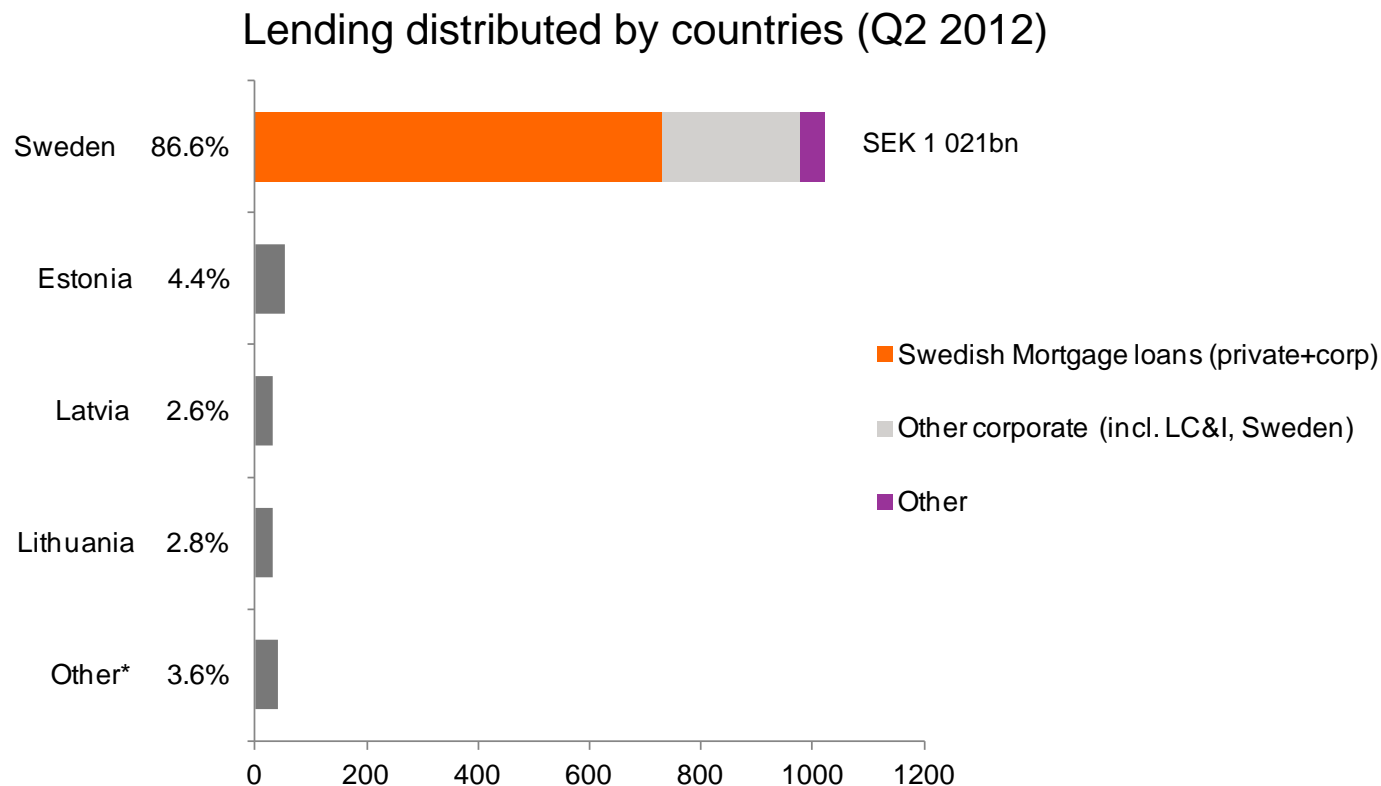
Source Estonia: Estonian Central Bank

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 1,179bn (as per Q2 2012), out of which around 87% is originated in Sweden
- Estonia makes up 45% of total lending in the Baltics



Source: Swedbank Fact book Q2 2012, page 38 * Russia & Ukraine, Norway, Finland and NY Branch

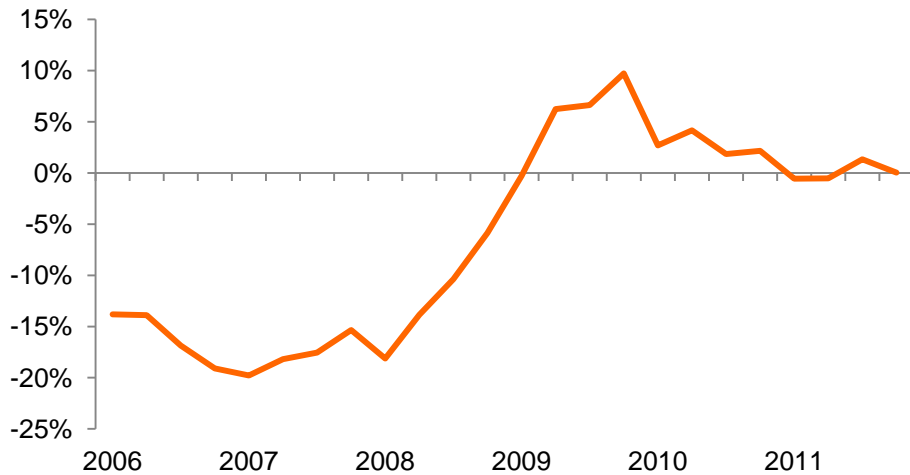
Baltic market fundamentals

- Legal and institutional framework
- Fiscal position
- Market concentration
- Absence of “irrational” players
- Sophisticated product penetration
- Swedbank retail and deposit incumbent
- GDP / capita less than half of Sweden’s
- Risk mitigators
 - Loan-to-deposit restriction
 - Group governance model

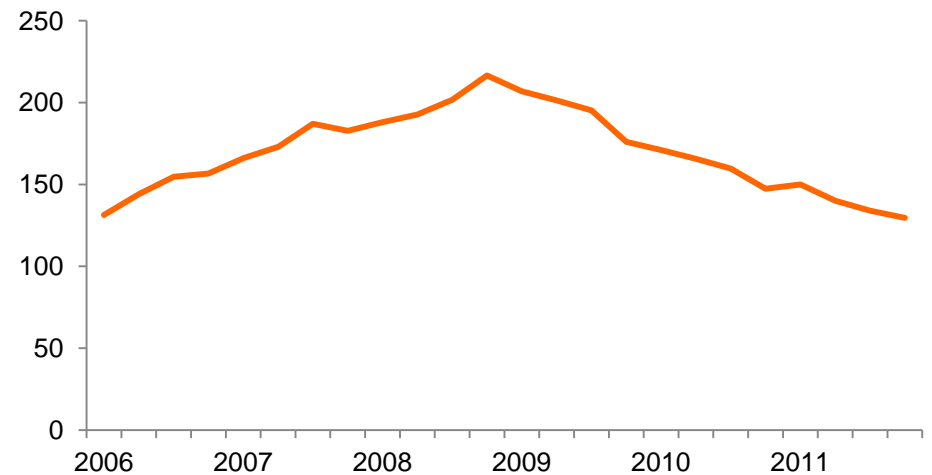


Regaining competitiveness

Baltic current account, % of GDP



Baltic Banking LTD ratio, %

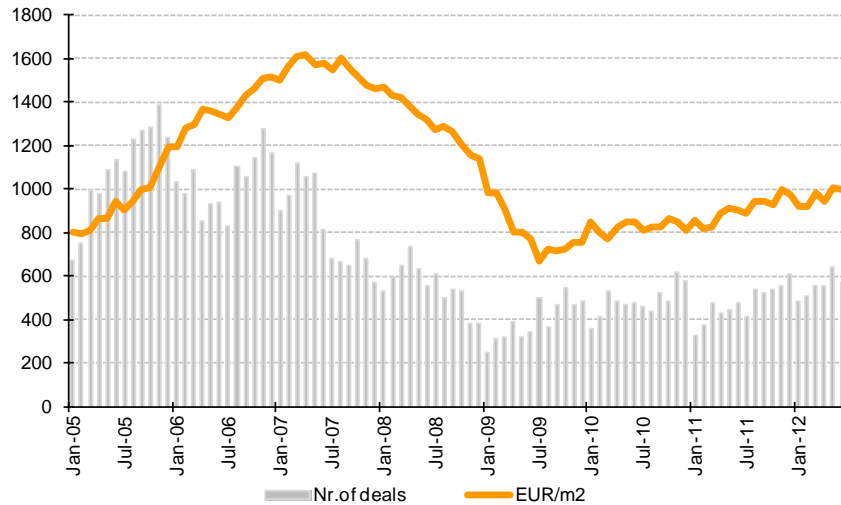


Source: Reuters, Swedbank Facts

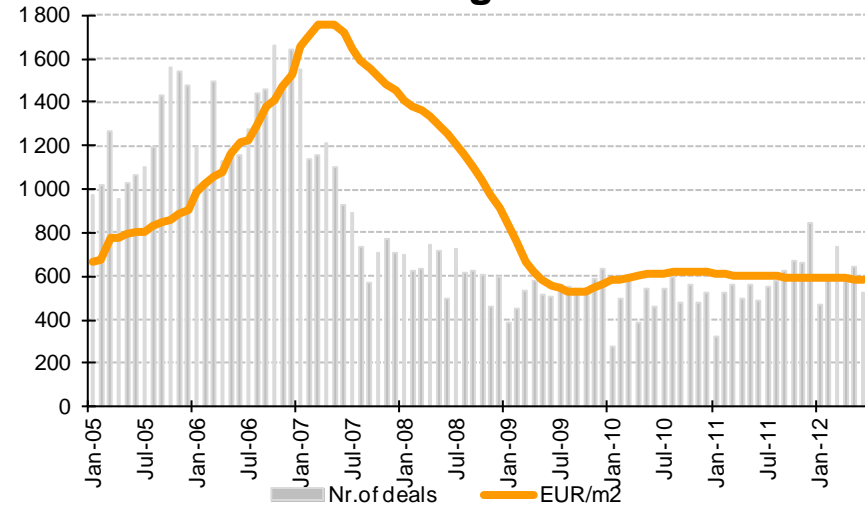
This is Swedbank Baltic real estate prices

Real estate prices – Baltic countries

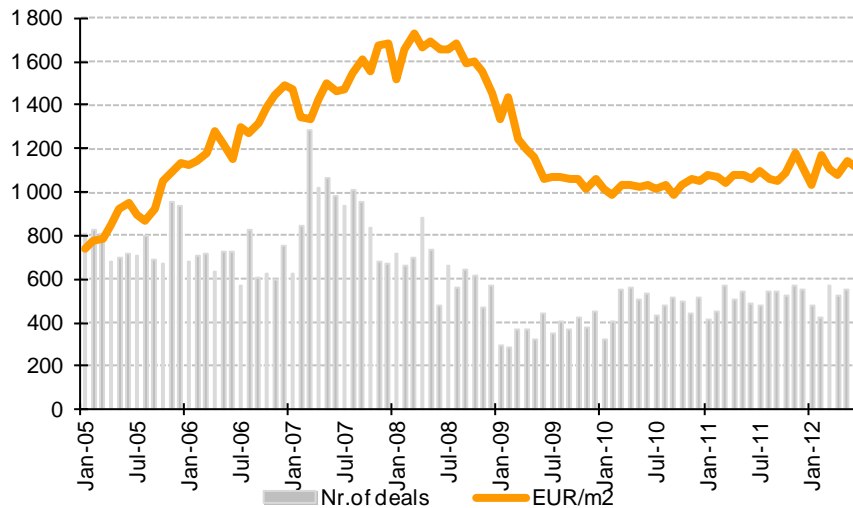
Tallinn



Riga



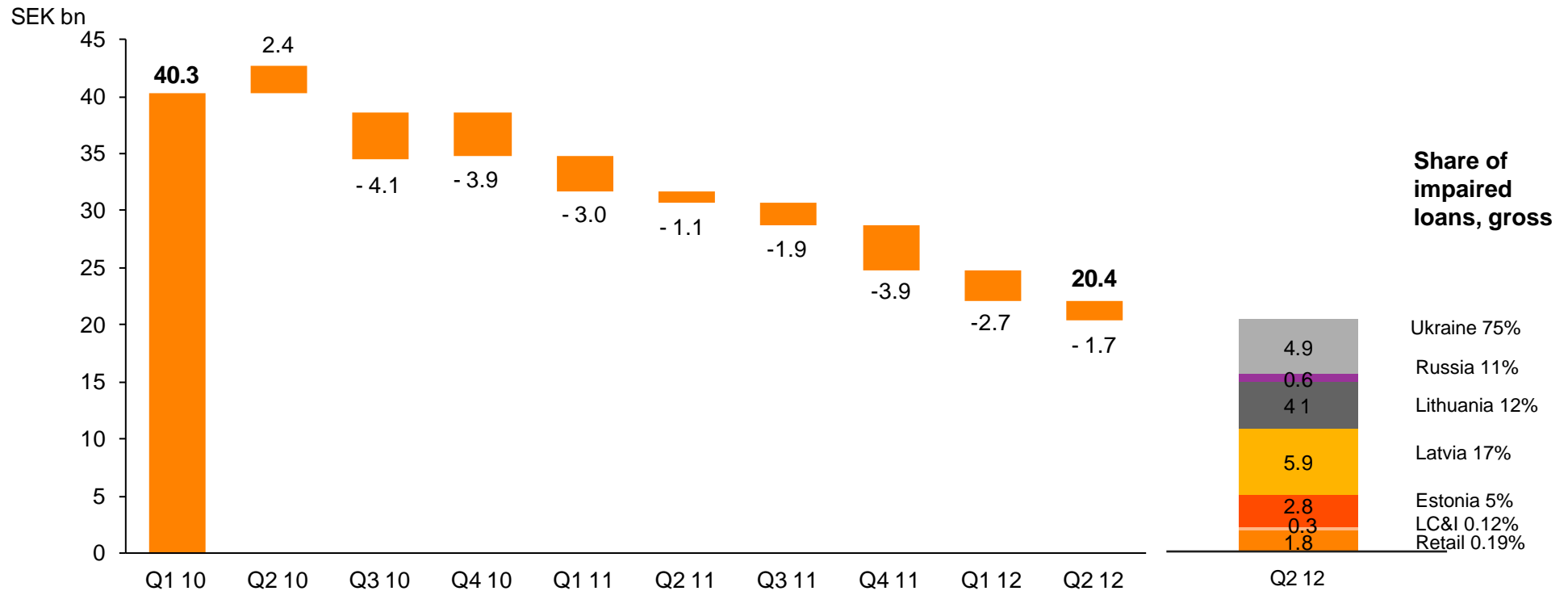
Vilnius



Source: Swedbank, 30 June 2012

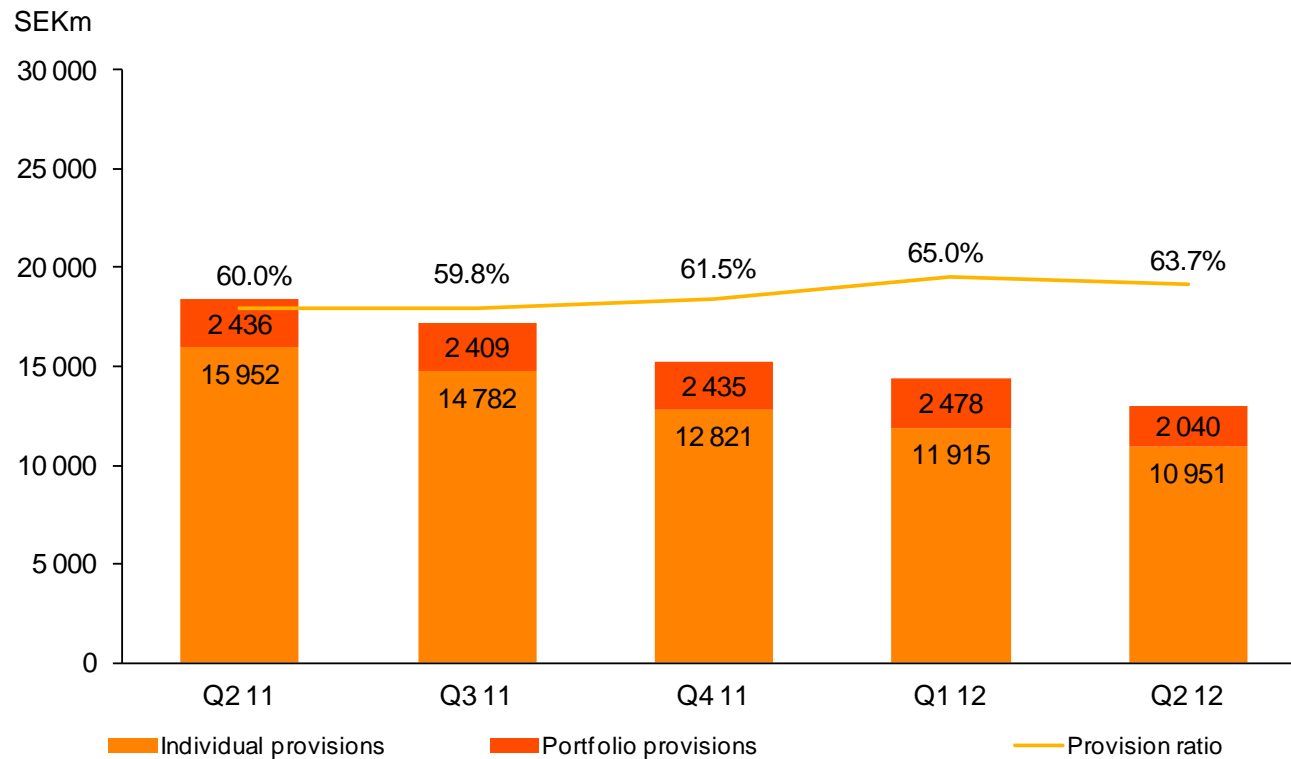
Impaired loans decreasing

- Decreased SEK 1.7bn
- Continued progress in corporate loan restructuring



Source: Swedbank Jun 30, 2012

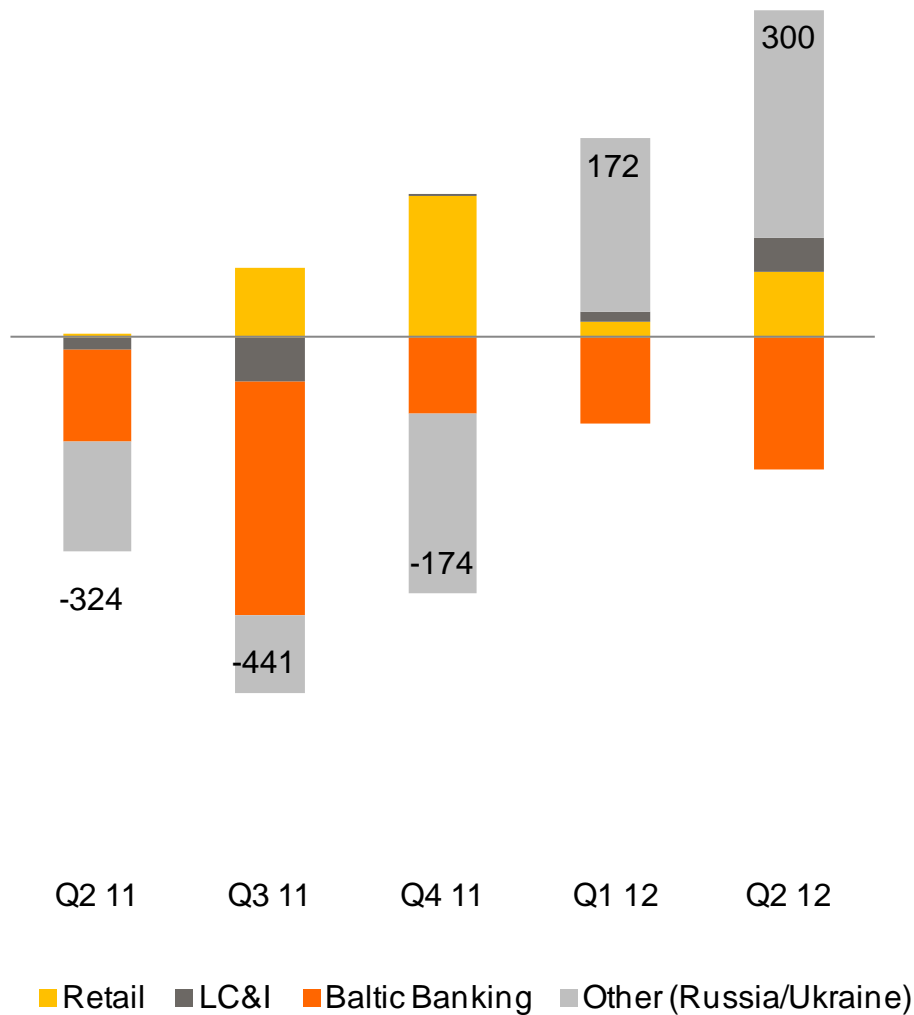
Provisions – well provided for



Provision ratios, %	Q2 12
Retail	79
LC&I	155
Baltic Banking	56
Russia	60
Ukraine	74
Group	64

Source: Swedbank Jun 30, 2012

Credit impairments by business area, SEKm

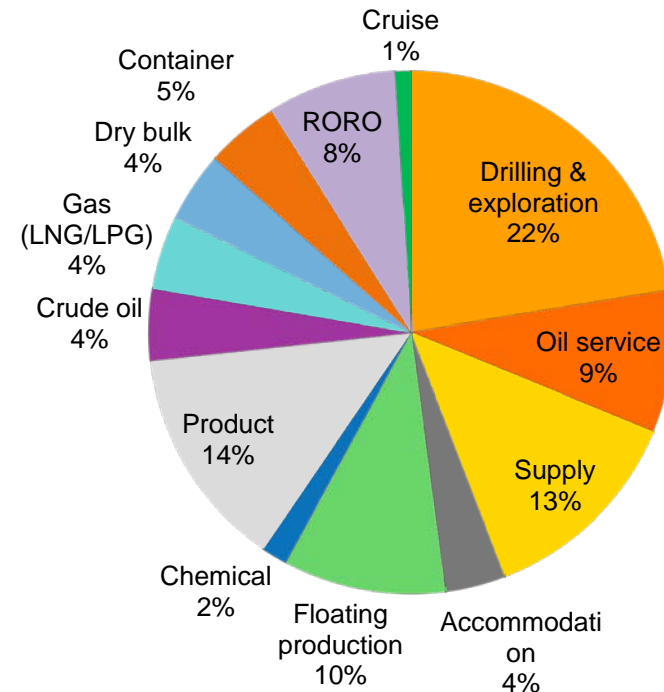
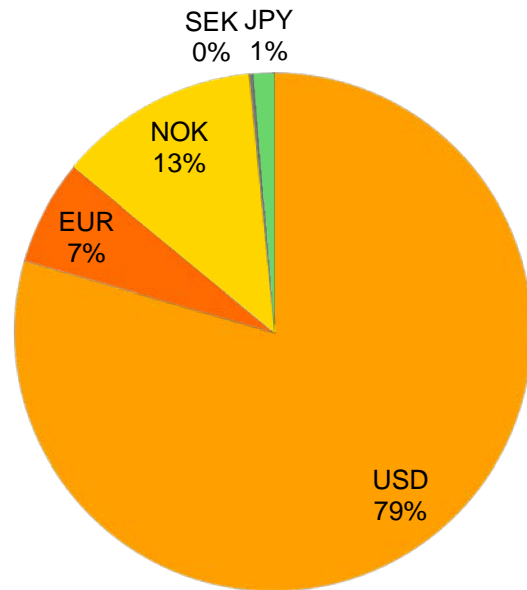


Source: Swedbank Jun 30, 2012

Shipping and offshore portfolio – exposure mainly in USD (79%), minor exposures in riskier segments, total SEK 24bn

Shipping and offshore portfolio by currency (in USDm)

Shipping and offshore portfolio by subsegment



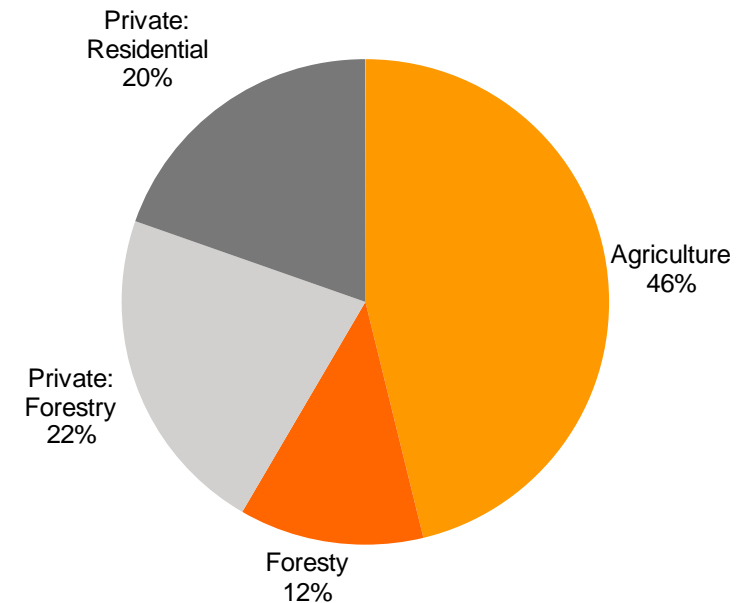
Credit portfolio – Agriculture retail

- **Segmentation Definitions**

- **Corporate Agriculture:** Businesses that derive their main income from agricultural activities
- **Private Investments:** Private individuals who own agricultural properties for living or investment purposes

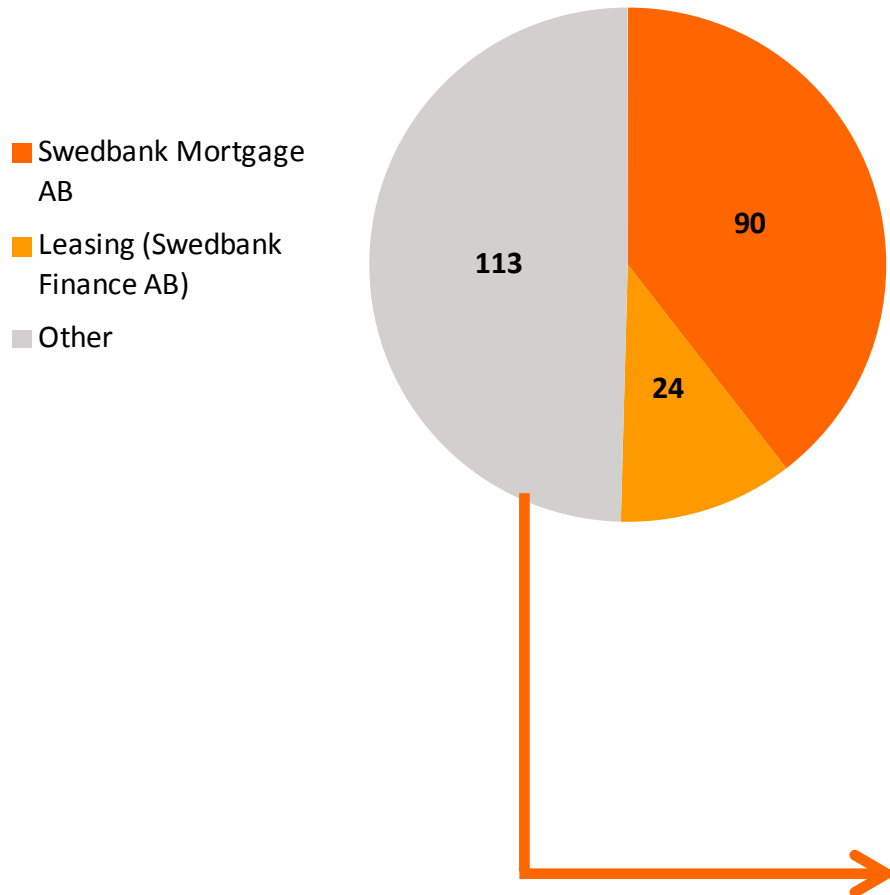
- **Lending exposure to the agriculture Industry**

- Approx SEK 62bn per Q2 2012
- Corporate agriculture: (58%)
 - Agriculture 46%
 - Forestry 12%
- Private investments (42%)
 - Residents: 20%
 - Forestry: 22%



Corporate Retail portfolio will drive capital efficiency

Total portfolio SEK 227bn

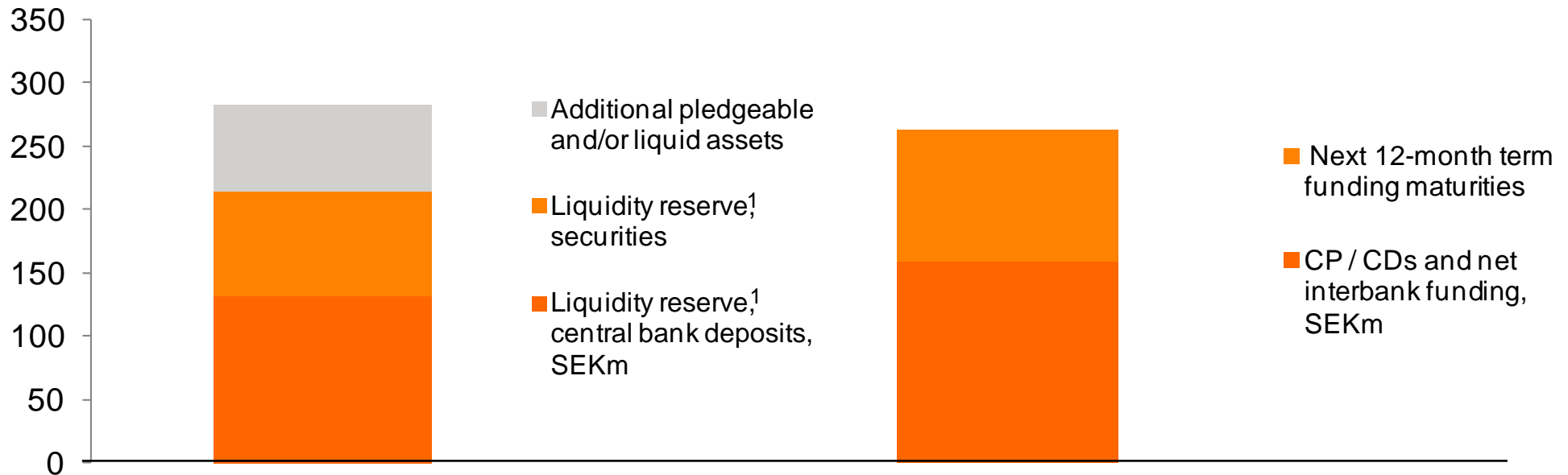


Segments excl. Swedbank Mortgage and Swedbank Finance	Volume (SEKbn)	Secured (%)
Agriculture	6.3	81
Manufacturing	10.8	84
Public sector and utilities	4.8	90
Construction	4.6	86
Retail	9.2	88
Transportation	2.0	82
Shipping	0.2	94
Hotels and restaurants	3.4	89
Information & communication	0.9	65
Finance and insurance	2.6	77
Property management	54.6	90
Professional service	6.6	75
Other	7.0	70
Total	113.0	86

Conservative liquidity levels

- Short-term funding mainly a tool for cash management
- More than 12 months pre-funded

SEKbn



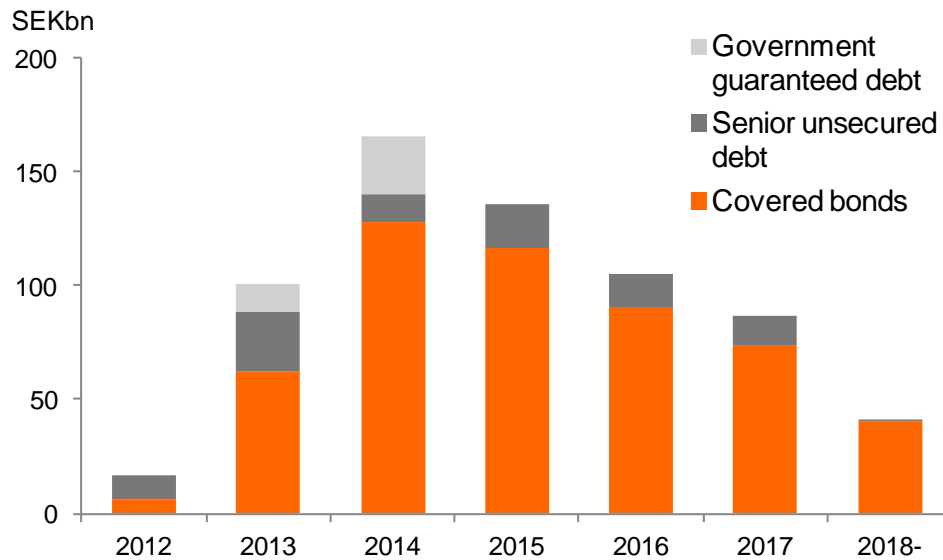
Source: Swedbank June 30 2012

¹ As defined by the Swedish Bankers' Association

Long-term funding maturity profile

- FY 2012 maturities amount to nominal SEK 86bn
 - of which SEK 17bn for the remainder of 2012

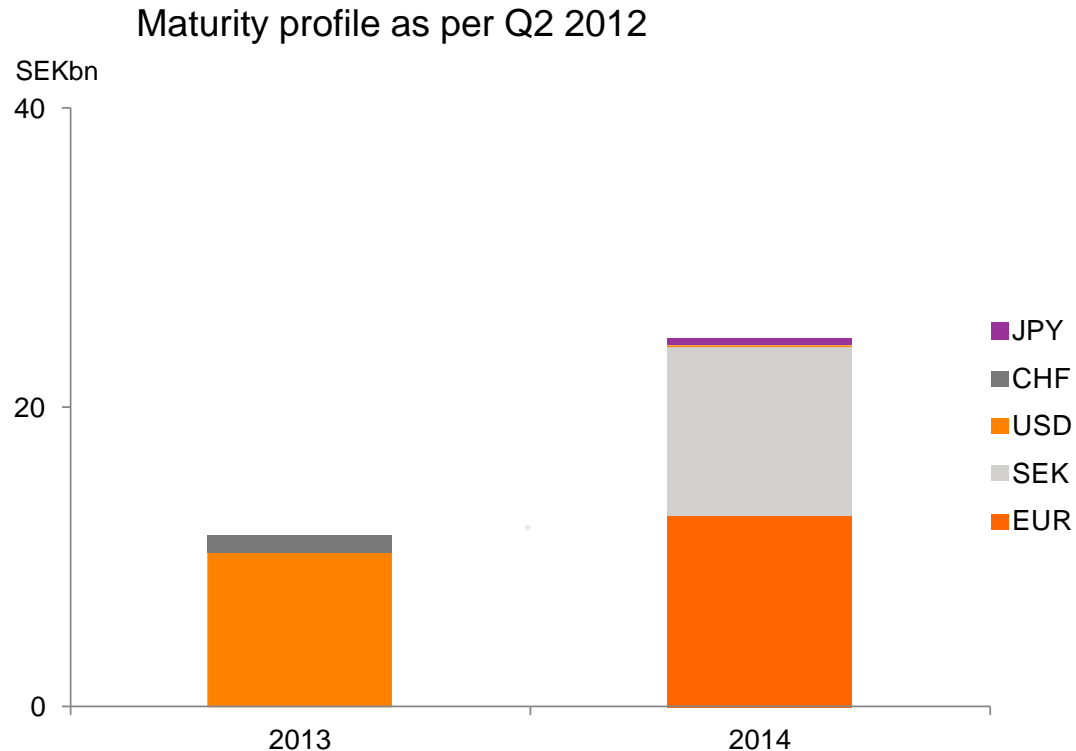
Long-term funding maturity profile



Source: Swedbank June 30, 2012

Remaining government guaranteed debt

- Exited the programme on 30 April 2010
- No issuance under the programme since summer 2009
- Remaining outstanding debt of SEK 36bn maturing during 2013 and 2014

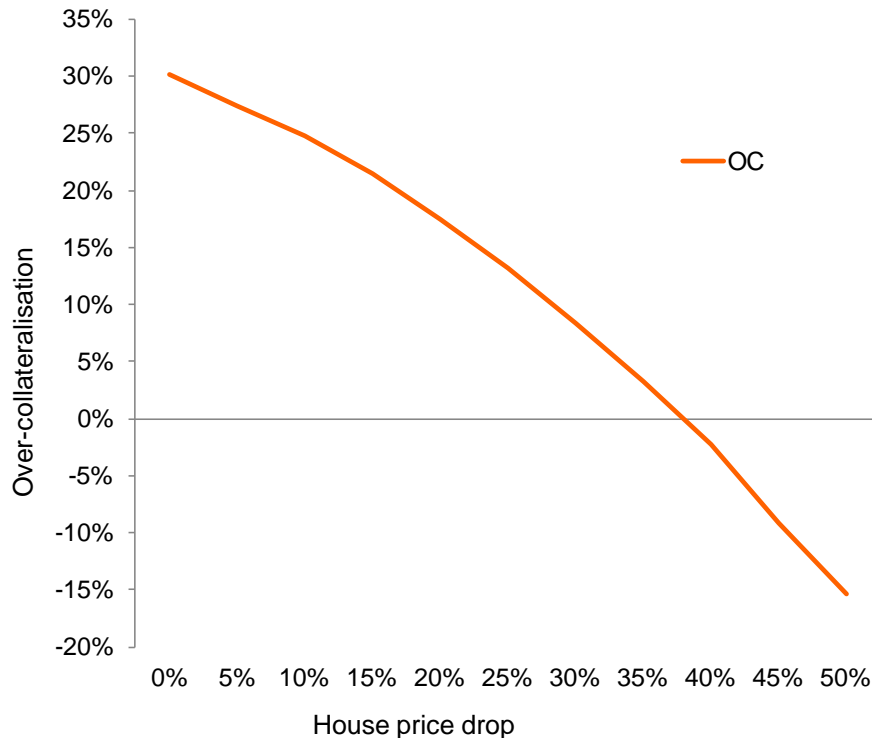


Source: Swedbank June 30, 2012

Senior unsecured debt strategy

- Limited need given Swedbank's balance sheet structure
- Secure OC level
- Affected by the bank's liquidity needs

House price sensitivity of the cover pool

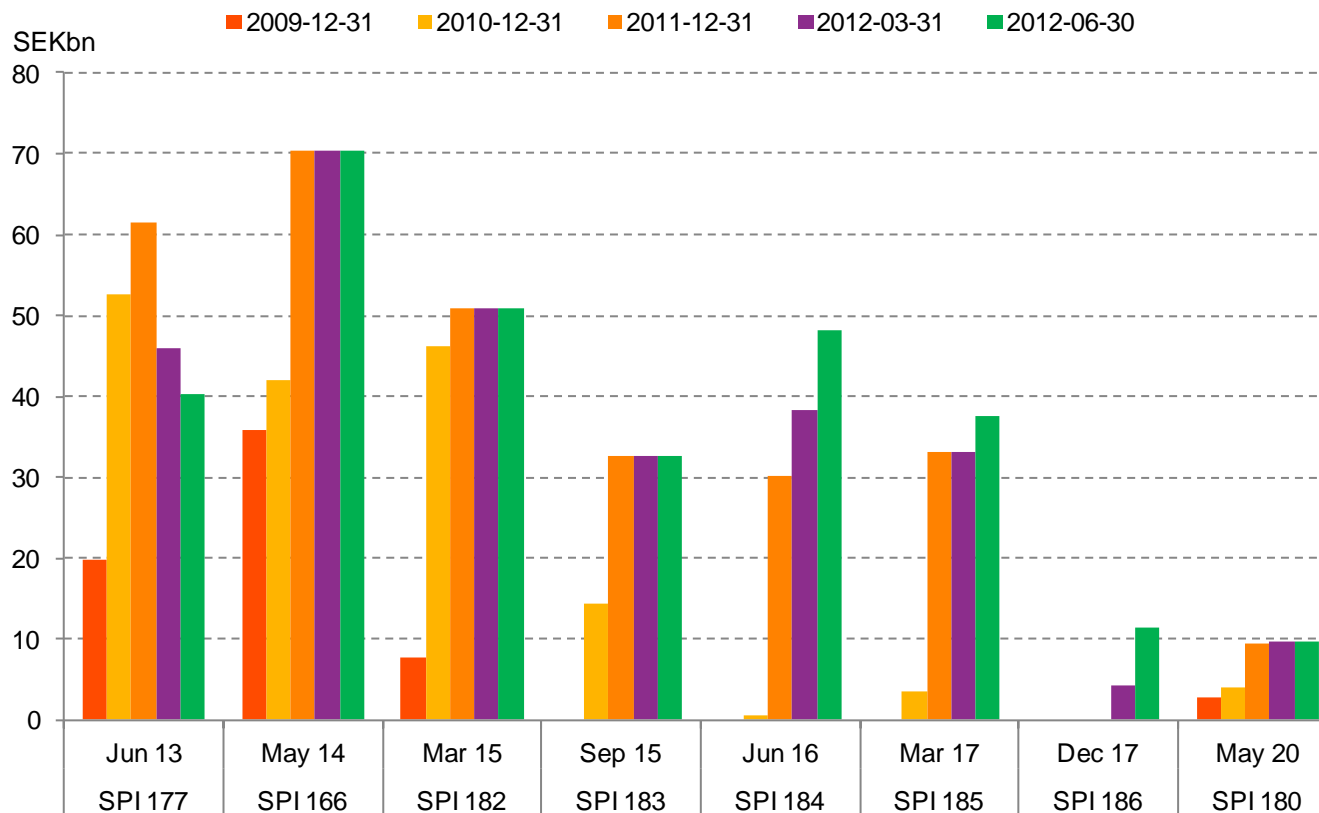


Source: Swedbank, Jun 30, 2012, Nominal amounts

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

Swedbank's domestic covered bonds



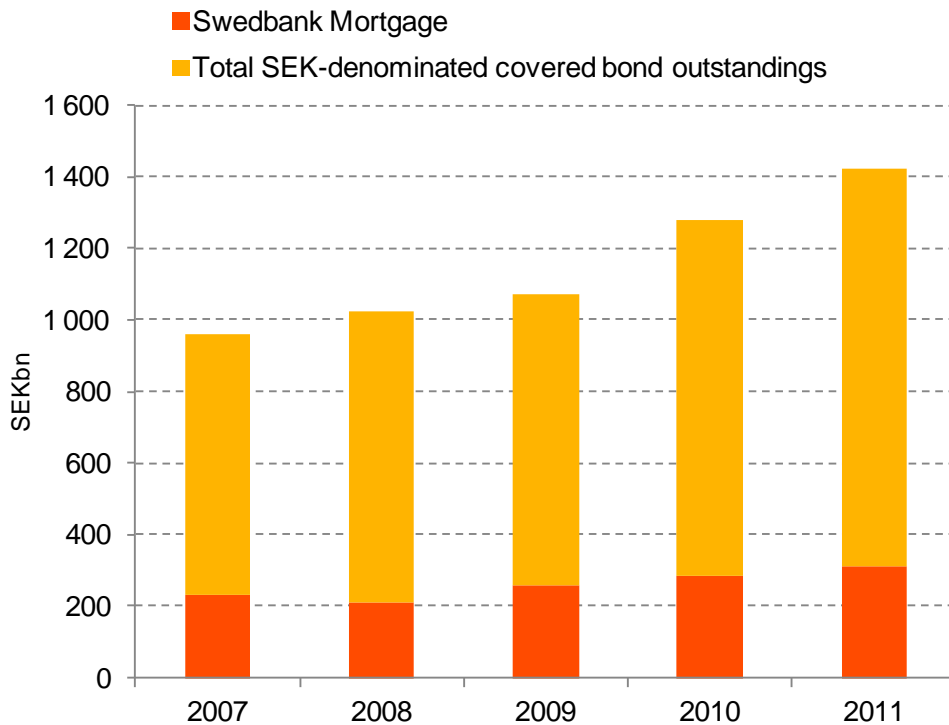
New

Source: Swedbank, Jun 30, 2012

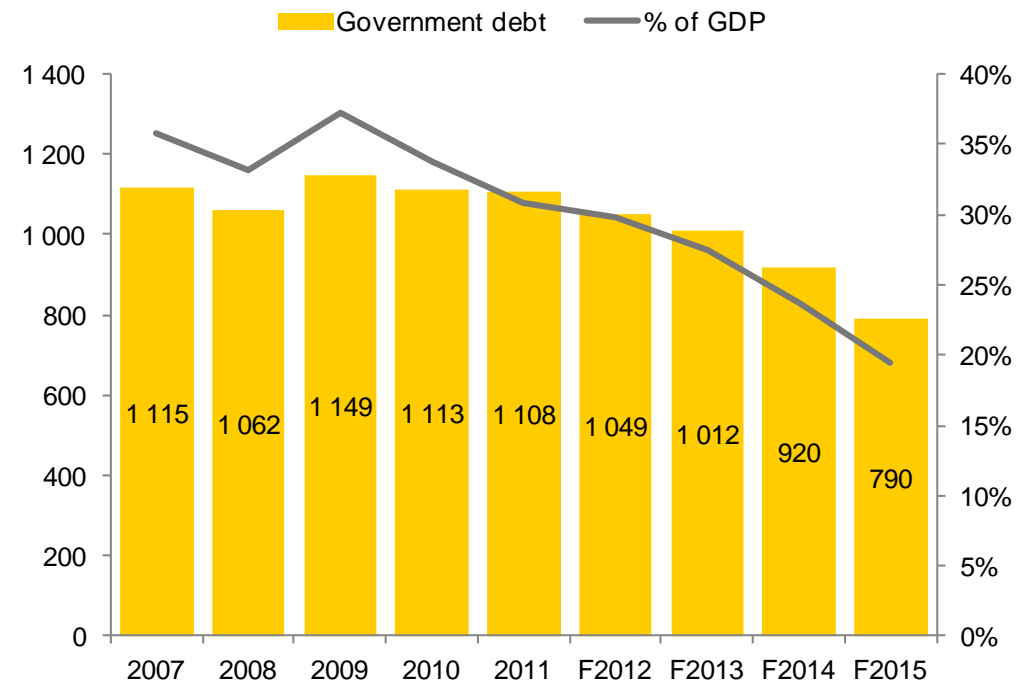
The Swedish covered bond market

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

Swedish Domestic Covered Bonds, in SEKbn



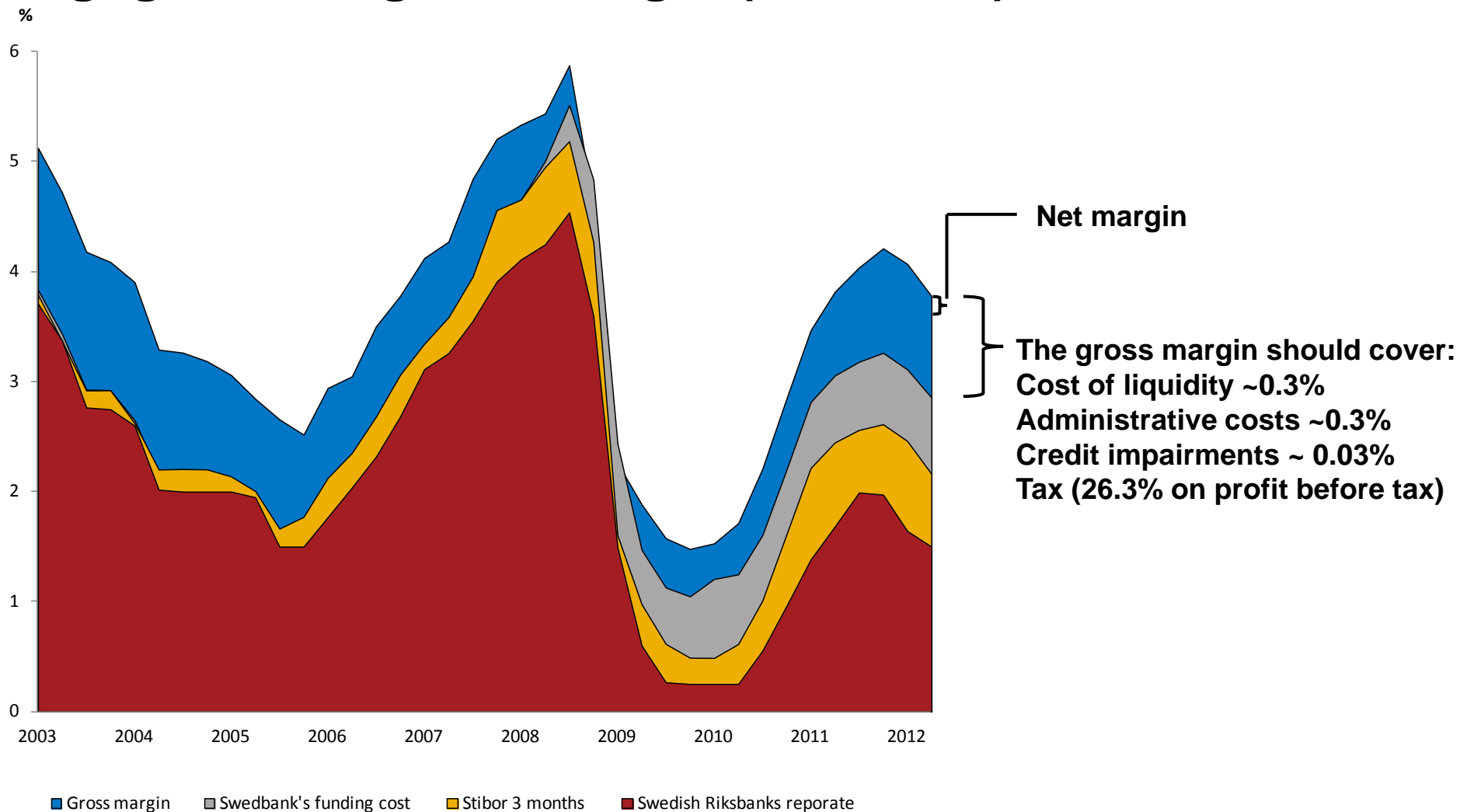
Public debt projections 2012-2015, in SEKbn



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

Source: Actual and forecast from government budget statement, Sep 20, 2011

Mortgage loans, gross margin (3 months)



Source: Swedbank, 30 June 2012

2012 ICAAP Scenario

– Deep recession without recovery

Triggers

- Europe enters into deep recession
- Limited possibilities for fiscal stimulus
- European bank runs
- Credit contraction
- Closed funding markets

Outcome

- Sharp GDP drop with no recovery (10-15% from 2011 level)
- Severe drop in house prices (25-37% from 2011 level)
- Depreciated EUR and appreciated SEK
- Devaluation in Latvia and Lithuania

High capitalisation even in extremely stressed scenario

- Revenue decrease 31 percent
- Credit impairments SEK 64bn over 5 year
- Scenario effects on Core Tier 1 ratio -165bp
- Well above 12% Core Tier 1 ratio at low point even in extremely stressed scenario in new regulatory environment

2012 ICAAP – Income statement

Income statement (SEKbn)	2011	2012	2013	2014	2015	2016	Total 2012 - 2016
Total net interest income	20.7	19.5	16.7	14.2	13.0	12.6	75.9
Total income	34.7	31.8	34.0	25.4	24.3	24.1	139.6
Total expenses	20.9	17.6	18.7	18.0	18.0	17.8	90.1
Profit before credit losses	13.8	14.2	15.3	7.4	6.3	6.2	49.5
Credit losses	-1.8	8.2	23.4	17.4	9.3	5.4	63.6
Operating profit	15.5	6.1	-8.1	-10.0	-3.0	0.9	-14.1
Appropriations	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Tax	3.7	1.6	0.0	0.0	0.0	0.2	1.8
Profit for the year	11.8	4.5	-8.1	-10.0	-3.0	0.6	-16.0
Minority interest	0.3	0.1	0.0	0.0	0.0	0.0	0.1
Profit for the year attr to shareholders	11.5	4.4	-8.1	-10.0	-3.0	0.6	-16.1
Dividend	5.8	2.2	0.0	0.0	0.0	0.3	2.5
Profit after tax, min. int. & dividend	5.7	2.2	-8.1	-10.0	-3.0	0.3	-18.6

Source: Swedbank, 30 June 2012

2012 ICAAP Main adverse scenario results

Capital assessment

RWA & Capital (SEKbn)	2011	2012	2013	2014	2015	2016
RWA	492.3	489.5	504.1	433.9	395.2	365.0
RWA inc 15% mortgage riskweight *	565.3	552.2	557.1	482.4	442.6	414.4
RWA inc regulatory effects **	588.1	575.0	557.1	482.4	442.6	414.4
Core Tier 1	77.3	79.7	62.1	52.4	49.5	49.8
Core Tier 1 inc regulatory effects **	73.6	76.0	62.1	52.4	49.5	49.8
Total Capital base	93.2	88.3	70.9	61.5	57.2	55.2
Capital assessment (%)	2011	2012	2013	2014	2015	2016
Core Tier 1 ratio	15.7	16.3	12.3	12.1	12.5	13.6
Core Tier 1 ratio inc 15% mortgage riskweight *	13.7	14.4	11.1	10.9	11.2	12.0
Core Tier 1 ratio inc. regulatory effects **	12.5	13.2	11.1	10.9	11.2	12.0
Total capital ratio inc. 15% mortgage riskweight *	16.5	16.0	12.7	12.7	12.9	13.3

* The effect of a 15% average riskweight on the Swedish Mortgage portfolio

** Includes assessed effects of Basel 3, IAS 19 and changed mortgage risk-weights

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

Cover pool data¹

Rating, S&P / Moody's	AAA / Aaa
Total pool size	SEK 686.5bn
Geographic distribution	Sweden 100%
Current OC-level	30.1%
Weighted average seasoning ²	61 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 435 316
Number of loans outstanding	1 577 071
Number of borrowers	1 143 372
Number of properties	750 401
Dynamic pool	Yes

¹ As per Jun 30, 2012

² Public sector loans not included

³ Index valuation as per Jun 30, 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	91,1%
of which Single-family housing	61,1%
of which Tenant owner rights	16,0%
of which Tenant owner association	9,6%
of which Multi-family housing	4,3%
Public	1,6%
Commercial	0,2%
Forest & Agricultural	7,2%
	100,0%



Geographical distribution - Sweden 100%

30-Jun

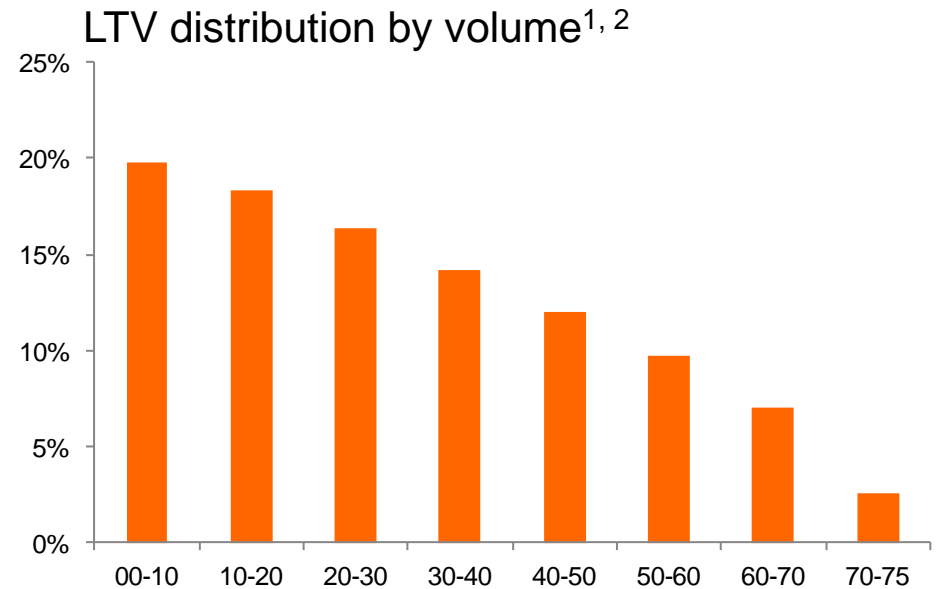
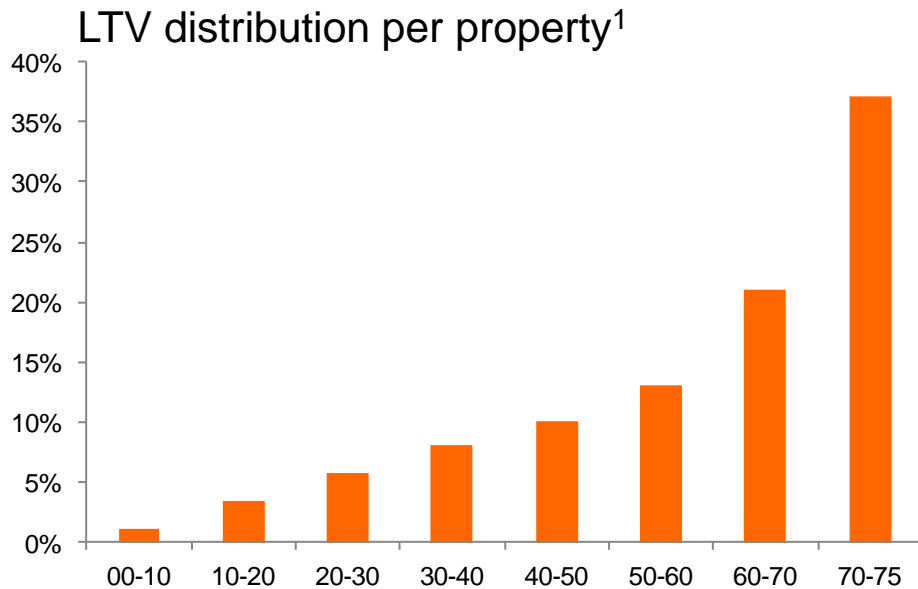
2012

North	6,8%
Norrbotten county (BD)	1,5%
Västerbotten county (AC)	2,5%
Västernorrland county (Y)	1,6%
Jämtland county (Z)	1,2%
Middle (including Stockholm)	44,4%
Dalarna county (W)	2,3%
Gävleborg county (X)	2,2%
Värmland county (S)	2,3%
Örebro county (T)	2,6%
Västmanland county (U)	2,7%
Uppsala county (C)	4,0%
Södermanland county (D)	2,7%
Stockholm county (including Stockholm) (AB)	25,6%
South (including Göteborg and Malmö)	48,8%
Västra götaland county (Including Göteborg) (O)	17,0%
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, Jun 30, 2012

Cover pool loan-to-value distribution

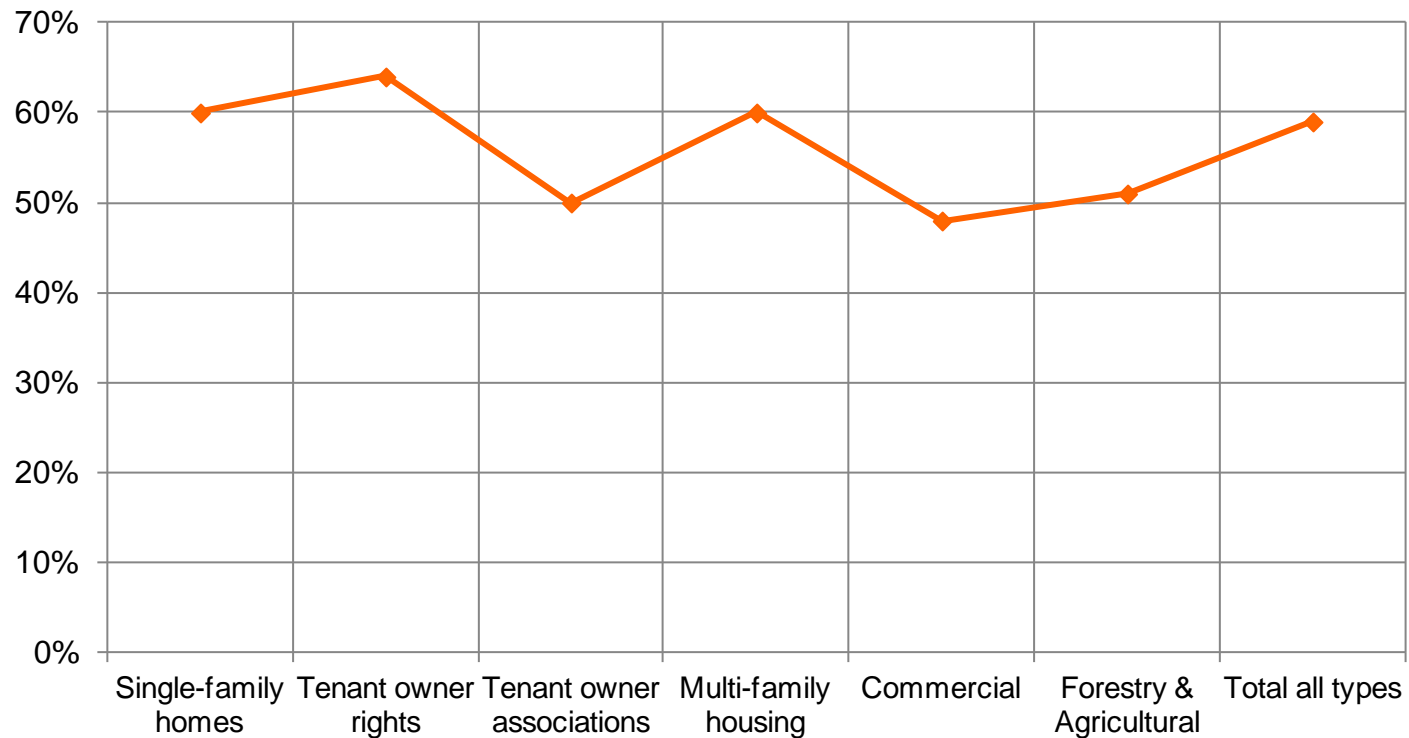
- Weighted average LTV 59%



¹ Public loans of 1.6% 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

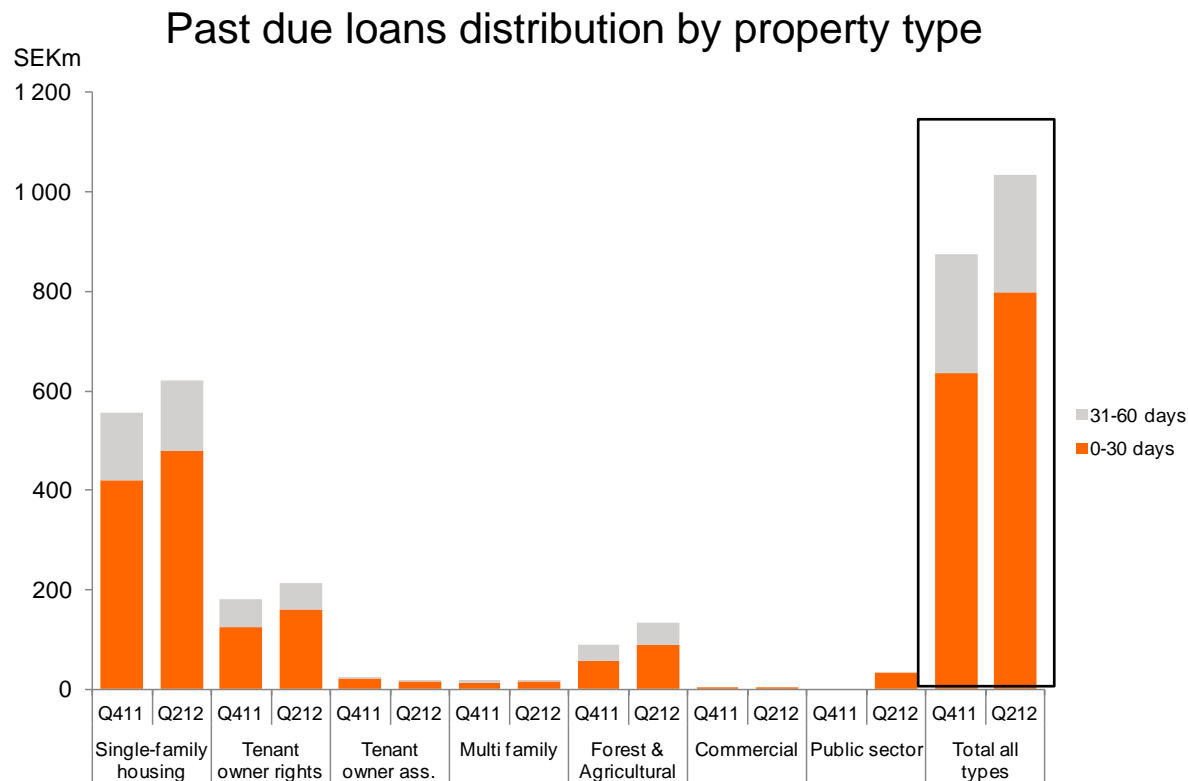
WA LTV per property type¹



Source: Swedbank, Jun 30, 2012 (¹excluding public sector loans)

Cover pool past due loans distribution

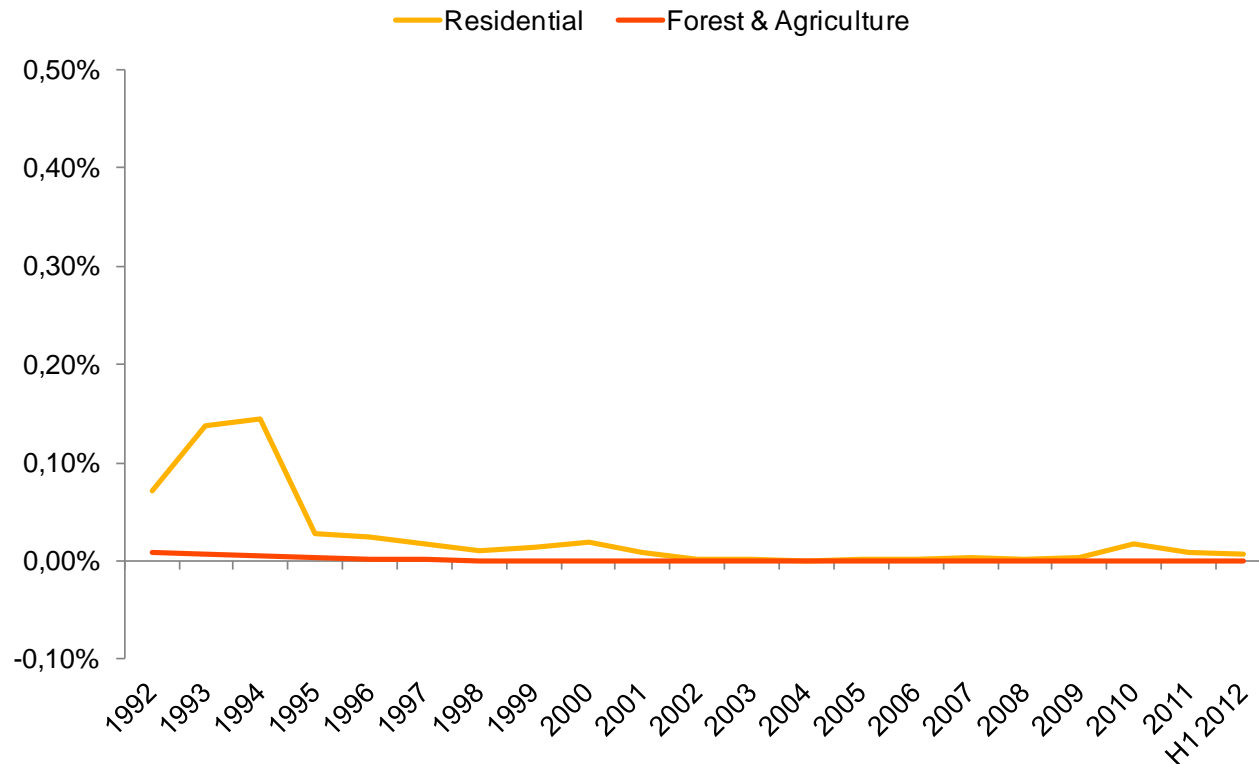
- In total, past due loans represent approx. 0.15% of the assets in the cover pool
- 77% of total past due loans are past due 30 days or less
- Past due loans > 60 days are not eligible for the cover pool



Source: Swedbank, Jun 30, 2012

Insignificant historical loan losses in Swedbank Mortgage

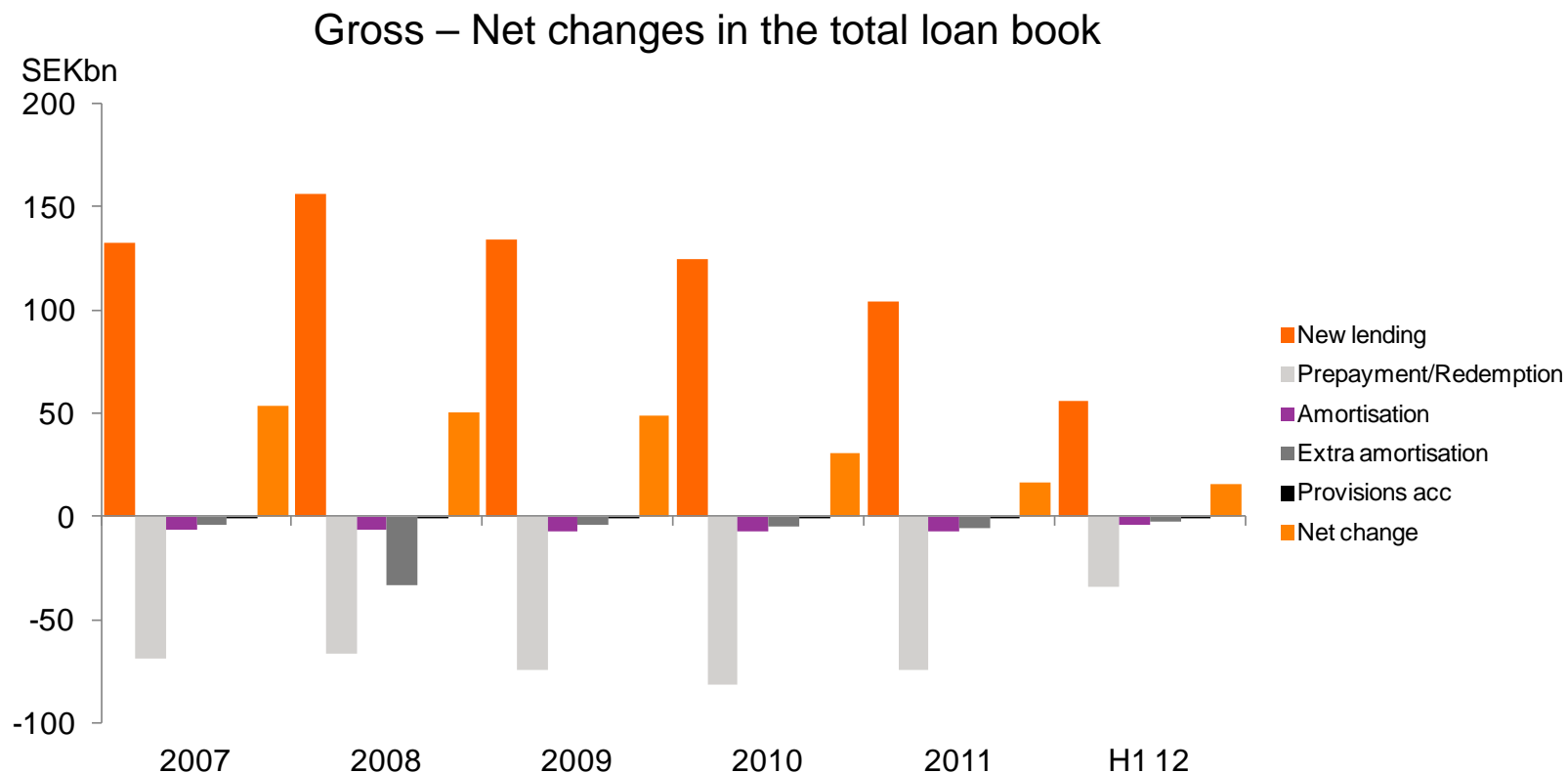
- Total accumulated losses since 1982 of SEK 7.4bn
- Main part incurred during the years of 1992 and 1993
- Less than 20% in the private segment



Source: Swedbank Jun 30 2012

Turnover of Swedbank Mortgage AB's total loan book

- Total mortgage loan book of SEK 727bn



Source: Swedbank, Jun 30, 2012

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

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 – contacts and financial calendar

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Financial calendar

Q3 Interim report	23 October 2012
Q4 Interim report	30 January 2013
AGM 2012	20 March 2013
Q1 Interim report	23 April 2013
Q2 Interim report	17 July 2013
Q3 Interim report	22 Oct 2013

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