

Swedbank's second quarter 2014 results

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Stable result

SEKm	Q2 14	Q1 14	▲ Q/Q	▲ Y/Y
Net interest income	3 314	3 314		-71
Net commission income	1 771	1 649	121	283
Other income	604	459	146	206
Total income	5 689	5 422	267	418
Total expenses	2 491	2 443	48	144
Profit before impairments	3 198	2 979	219	275
Credit impairments	21	31	-10	-39
ROE, %	30.5	28.3		
C/I ratio	0.44	0.45		

Volumes, SEKbn	Q2 14	Q1 14	▲ Q/Q	▲ Y/Y
Loans	970	949	21	51
Deposits	389	379	10	10

- Lower deposit margins
- Mortgage margins
 - Improved towards end of quarter
- Volume growth both in private and SME segments
- Higher market activity supports commission income
- One-off income from Entercard

Sparbanken Öresund impact in Q2

SEKm	Ordinary business	One-offs	Total
Net interest income	48		48
Net commission income	18		18
Other income	13	461	474
Total income	79	461	540
Staff costs	47	393	440
Other expenses	39	222	261
Total expenses	86	615	701
Credit impairments	4		4
Tax expense	-2	-135	-137
Profit for the period	-9	-19	-28

Volumes, SEKbn	
Loans	16
Deposits	12

Stable result

SEKm	Q2 14	Q1 14	▲ Q/Q	▲ Y/Y
Net interest income	3 362	3 314	48	-23
Net commission income	1 790	1 649	141	301
Other income	1 077	459	618	679
Total income	6 229	5 422	807	957
Total expenses	3 192	2 443	749	844
Profit before impairments	3 037	2 979	58	113
Credit impairments	25	31	-6	-35
ROE, %	29.7	28.3		
C/l ratio	0.51	0.45		

Volumes, SEKbn	Q2 14	Q1 14	▲ Q/Q	▲ Y/Y
Loans	987	949	38	68
Deposits	401	379	20	23

Sparbanken Öresund impact:

- Total income SEK 540m
 - Of which SEK 461m in one-off bargain purchase (badwill)
- Total expenses SEK 701m
 - Of which SEK 615m in one-off restructuring costs

Good customer activity

SEKm	Q2 14	Q1 14	▲ Q/Q	▲ Y/Y
Net interest income	846	867	-21	79
Net commission income	496	630	-134	184
Net gains and losses	575	565	10	58
Total income	1 945	2 099	-154	306
Total expenses	804	834	-30	69
Profit before impairments	1 141	1265	-124	237
Credit impairments	21	-30	51	-177
ROE, %	23.1	26.9		
C/I ratio	0.41	0.40		

Volumes, SEKbn	Q2 14	Q1 14	▲ Q/Q	▲ Y/Y
Loans	157	152	5	6
Deposits	98	99	-1	29

- NII
 - Loan volume growth
 - Lower accrued fees
- Continued high customer activity
 - Corporate finance
 - DCM
- Good cost control
- Risk awareness going forward

Strong revenues

SEKm	Q2 14	Q1 14	▲ Q/Q	▲ Y/Y
Net interest income	894	874	20	263
Net commission income	522	429	93	118
Total income	1 596	1 465	131	401
Total expenses	621	607	14	45
Profit before impairments	975	858	117	356
Credit impairments	-16	-101	85	-4

ROE, %	15.6	15.2
C/I ratio	0.39	0.41

Volumes, SEKbn	Q2 14	Q1 14	▲ Q/Q	▲ Y/Y
Loans	122	118	4	3
Deposits	122	117	5	12

- No financial impact from the crisis in Ukraine
- Increased market activity
- Good cost efficiency

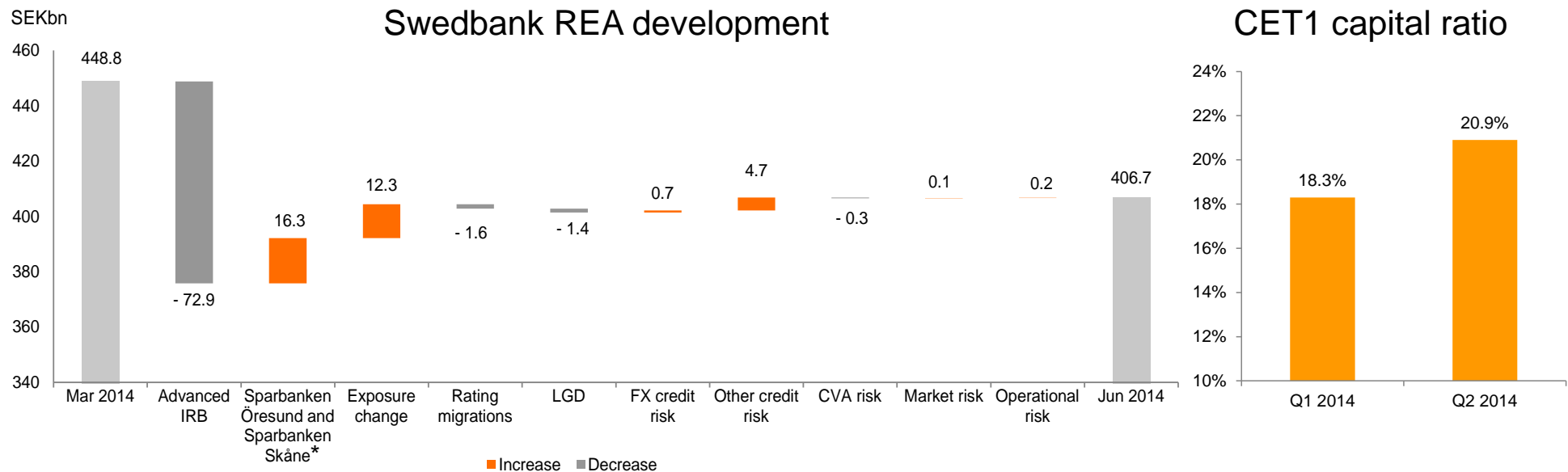
Strong result

SEKm	Q2 14	Q1 14	▲ Q/Q	▲ Y/Y
Net interest income	5 521	5 483	38	242
Net commission income	2 813	2 693	120	593
Net gains and losses	773	345	428	265
Other income	1 348	799	549	614
Total income	10 455	9 320	1 135	1 714
Total expenses	4 919	4 226	693	976
Profit before impairments	5 536	5 094	442	738
Credit impairments	30	-100	130	-218
Other impairments	70	135	-65	-252
Tax	1 063	1 074	-11	248
Profit from continuing operations	4 369	3 980	389	955
ROE continuing operations, %	16.6	14.6		
Cost/income ratio	0.47	0.45		
CET1 Capital ratio, %	20.9	18.3		

- Growth
- Mixed margins
- Strong commission income
- One-offs
- Meeting cost target
- Integrating Sparbanken Öresund

Reduced REA following A-IRB approval

- REA decreased by SEK 42bn to SEK 406.7bn during the quarter
- A-IRB approval, Sparbanken Öresund acquisition and higher lending volumes impacted the most
- No regulatory excess capital



* Including equity investment in Sparbanken Skåne, SEK 1.7bn

Strong asset quality

Credit impairments, SEKm	Q2 14	Q1 14
Swedish Banking	25	31
Large Corporates & Institutions	21	-30
Baltic Banking	-16	-101
Group Functions & Other	0	0
Swedbank Group	30	-100

- Low risk position confirmed by Fitch and S&P

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Q & A



Appendix

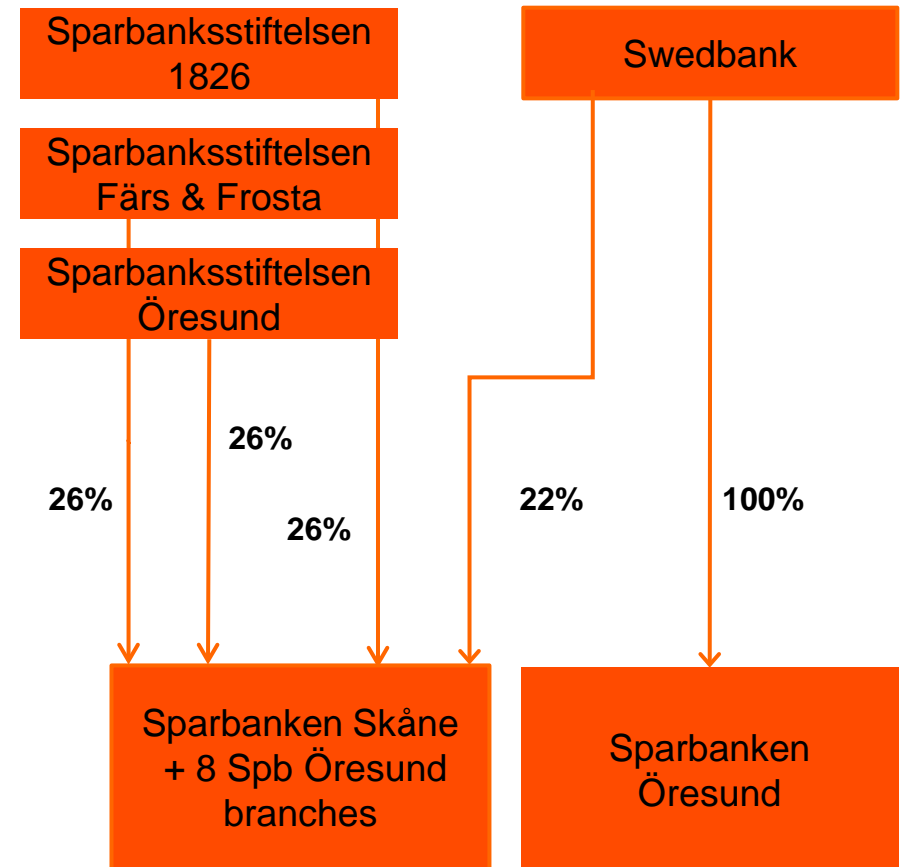
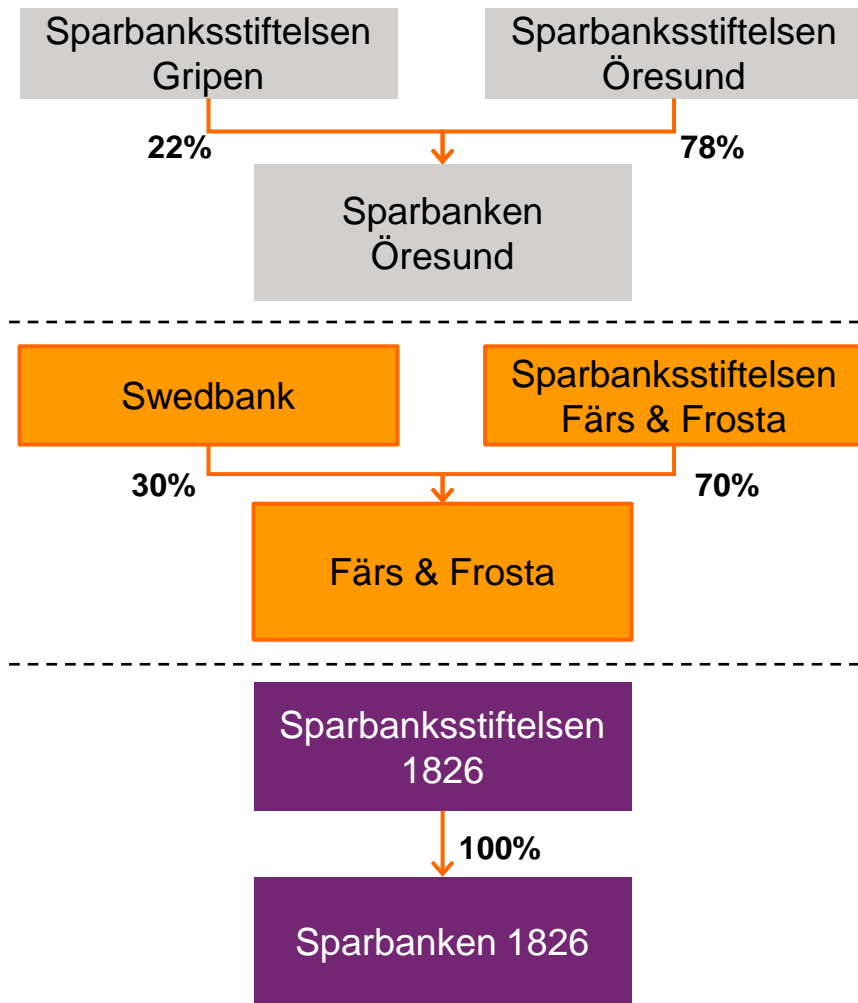
Long-term financial impact from Sparbanken Öresund

- P&L impact 2016-2017
 - Estimated net profit contribution of SEK 350-450m
 - Incremental RoE to reach group target 2016
- Long term
 - Estimated net profit contribution of at least SEK 500m
 - Incremental RoE >25 per cent

Sparbanken Öresund – ownership structure

Before transaction

Today



Sparbanken Öresund - Facts

	Split up of Sparbanken Öresund			Swedbank Skåne ⁽¹⁾		
	Sparbanken Öresund	Swedbank	Sparbanken Skåne	Current	Proforma	Increase %
Employees	559	447 ⁽²⁾	112	410	857 ⁽²⁾	109
Branches	24	16	8	27	43	59
Customers	204 700	108 300	96 400	482 000	590 300	22
o/w Corporate ⁽³⁾	15 700	8 300	7 400	38 000	46 300	22
o/w Private	189 000	100 000	89 000	444 000	544 000	23
Lending, SEKbn	25	16	9	14	30	114
Mortgages, SEKbn ⁽⁴⁾	33	17	16	56	73	30
Deposits, SEKbn	24	12	12	34	46	35
Other (AUM, etc), SEKbn	20	10	10	34	44	29

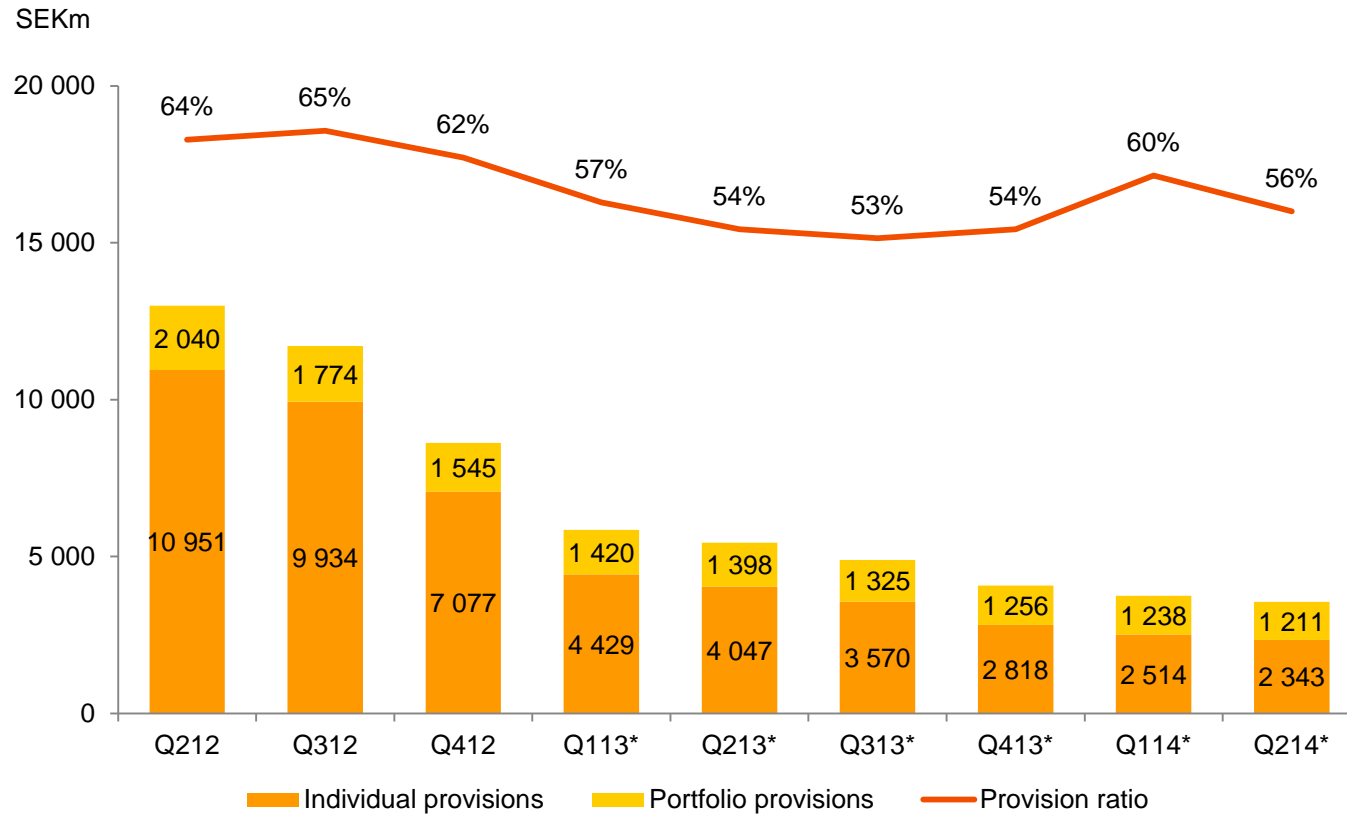
1) In addition, one branch in Lomma will be sold to Swedbank by Sparbanken Skåne

2) Of which 61 relate to Cerdo Bankpartner

3) Includes micro corporates

4) Sparbanken Öresund is a distributor of SBAB mortgage loans. Volumes will gradually move to Swedbank's balance sheet.

Conservative provision ratio

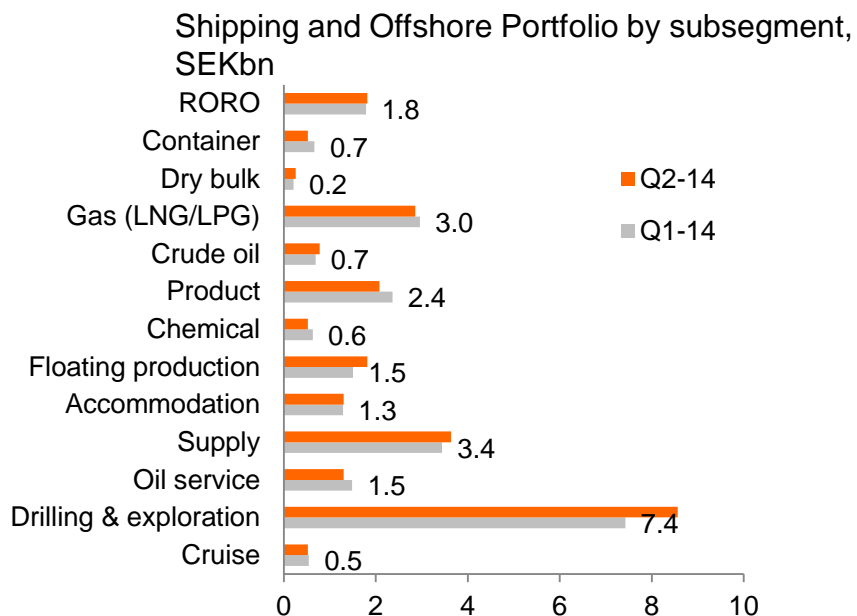
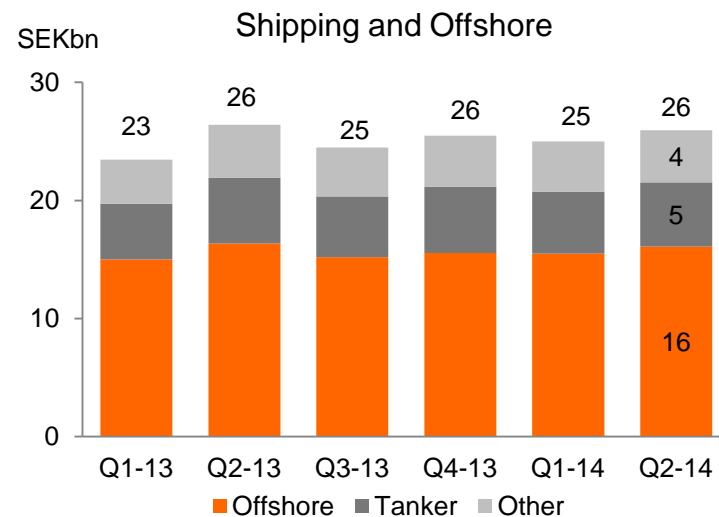


Provision ratio, %	Q2 14
Swedish Banking	62
LC&I	119
Baltic Banking	50
Group	56

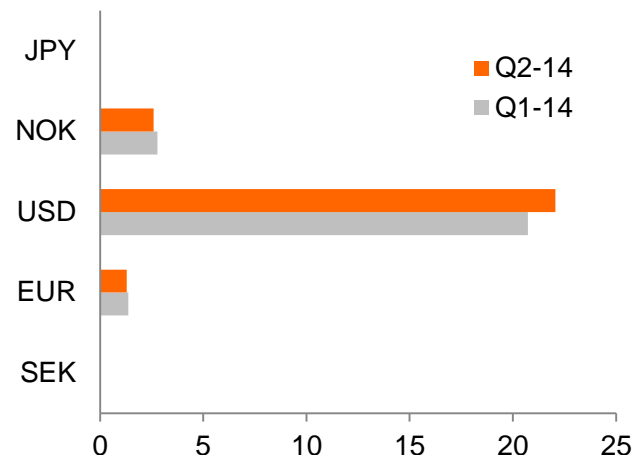
* Russia and Ukraine reported as discontinued operations

Shipping and offshore

- Lending exposure to Shipping & Offshore sector of SEK 26.0bn
 - Portfolio duration 3.77 years (weighted on commitments)
 - Average fleet age 7 years
 - Strong employment profiles



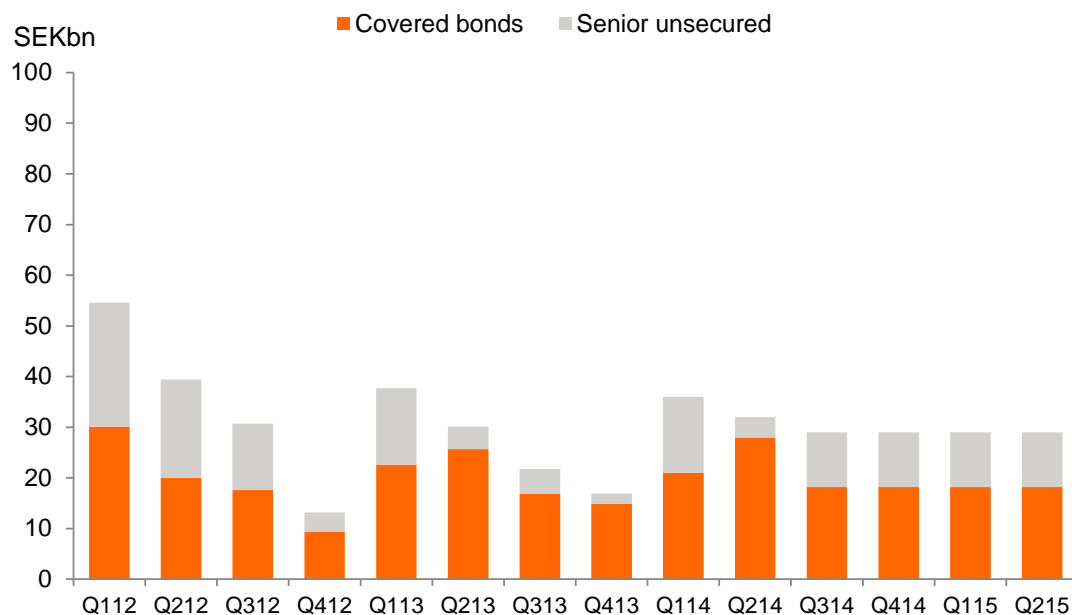
Shipping and Offshore Portfolio by currency, SEKbn



Lower funding needs

- LCR 123% (Swedish FSA definition FFFS 2012:6)
- NSFR 102% (Basel committee)
- Issued SEK 69bn of term-funding in H1 2014, of which SEK 32bn in Q2.
- FY 2014 funding plan of SEK 120bn

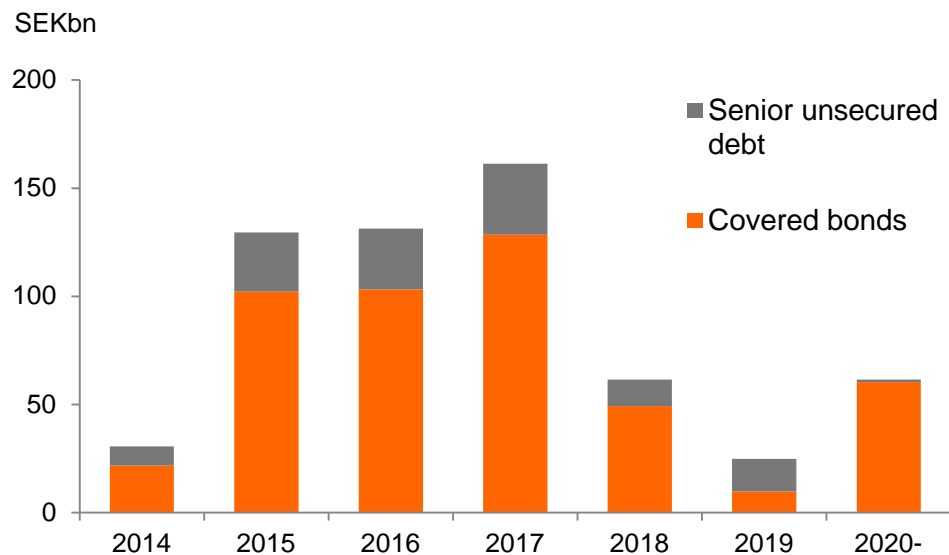
Term funding issuance – completed and planned



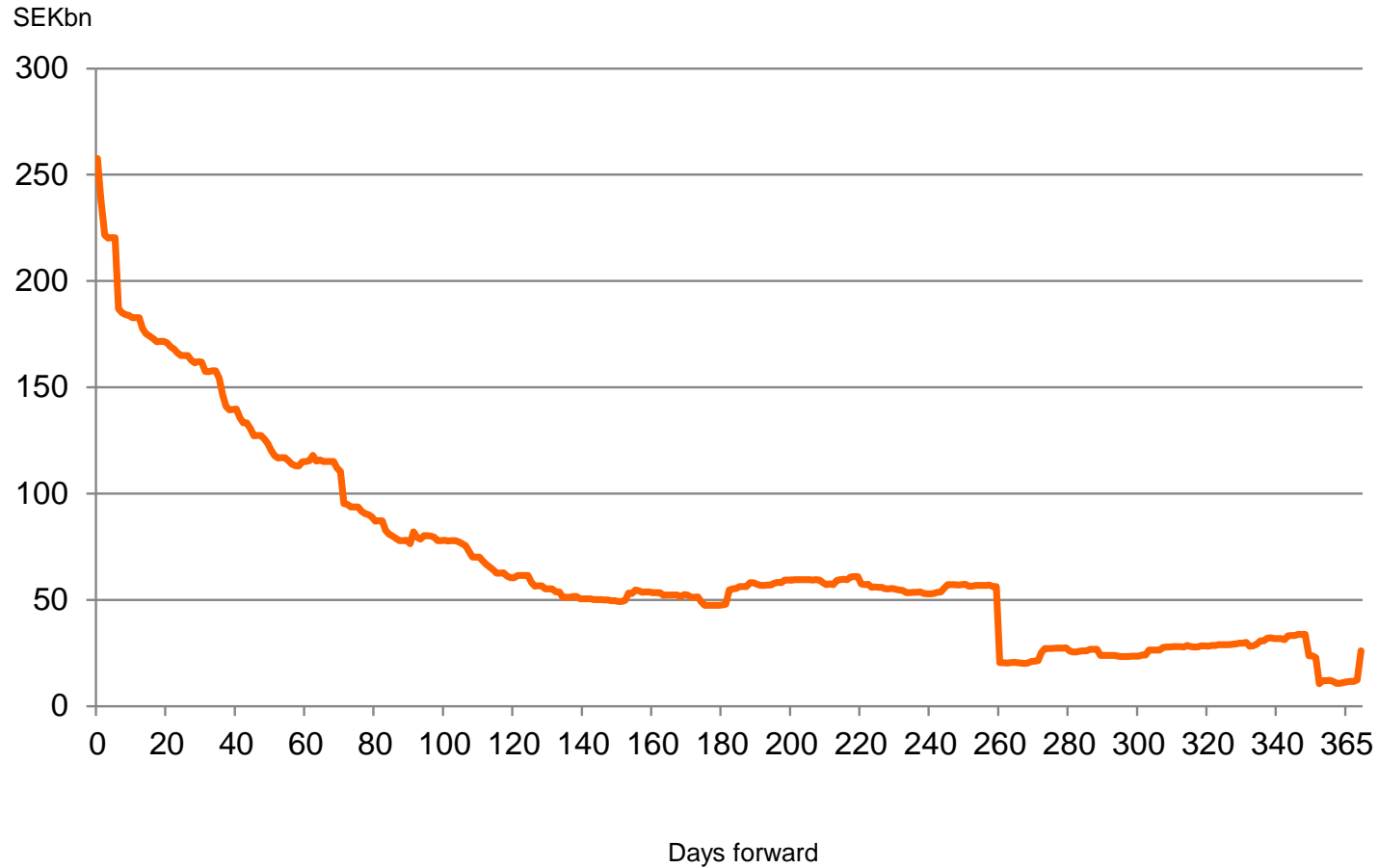
Long-term funding maturity profile

- Funding plan of SEK 120bn to meet next 12 months' nominal SEK 101bn maturities
- All remaining government guaranteed debt (issued in 2009) matured in May 2014

Long-term funding maturity profile, by funding source



Prefunded in excess of 12 months



¹ As defined by the Swedish Bankers' Association

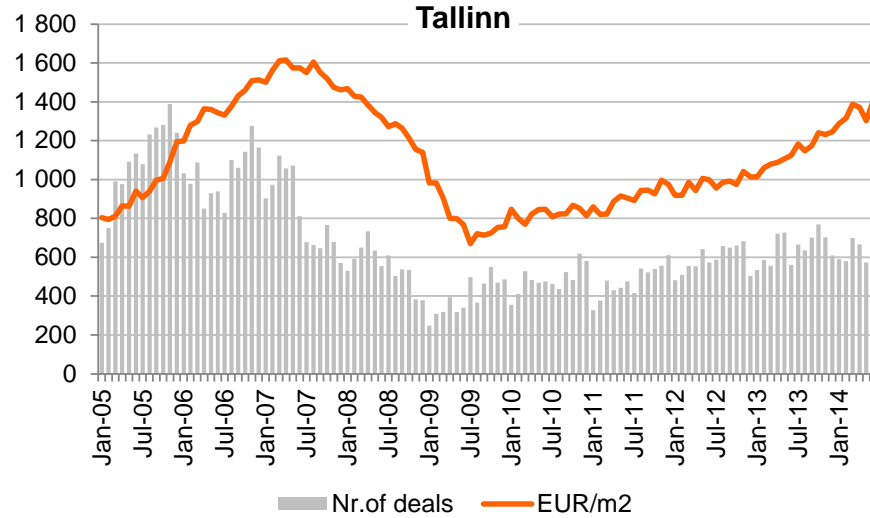
Real estate prices – Sweden 12 months development

	Single-family homes ¹ 12M Δ	Tenant-owner rights ² 12M Δ	Combined ³ 12M Δ
Jul/13	4%	9%	6%
Aug/13	5%	11%	7%
Sep/13	5%	11%	7%
Oct/13	6%	11%	8%
Nov/13	4%	13%	7%
Dec/13	4%	13%	7%
Jan/14	7%	13%	9%
Feb/14	7%	13%	9%
Mar/14	7%	13%	9%
Apr/14	8%	12%	9%
May/14	8%	12%	9%
Jun/14	8%	11%	9%

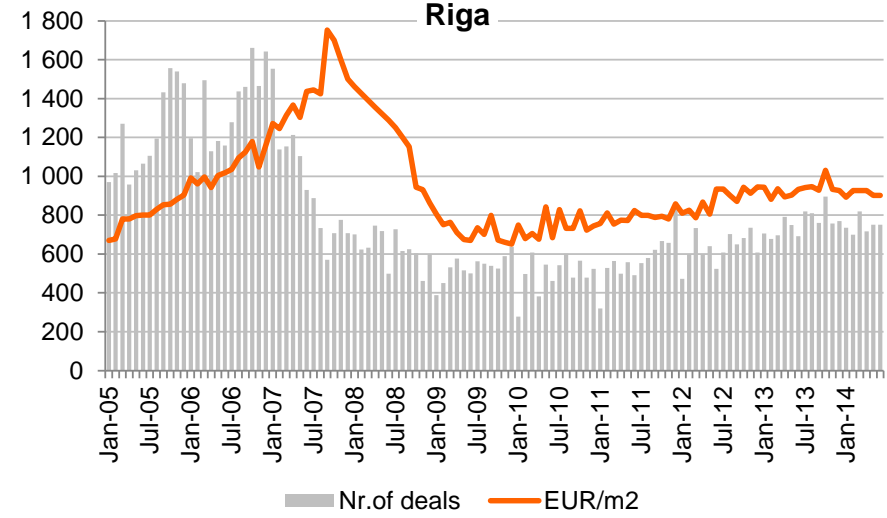
Source: Valuegard www.valuegard.se (Based on data from Mäklarstatistik), ¹ HOXHOUSESWE, ² HOXFLATSWE, ³ HOXSWE

Baltic countries

EUR/m² /Nr of deals



EUR/m² /Nr of deals



EUR/m² /Nr of deals

