

# Swedbank investor presentation

February 2015



# Table of contents

1. Quarterly financial update	3
2. Capital considerations	11
3. Liquidity and funding	17
4. Cover pool data	25
5. Swedish economy	31
6. Swedish housing and mortgage market	35
7. Appendix	41

# 1. Quarterly financial update

# Strong customer activity

SEKm	Q4 14	Q3 14	▲ QoQ	▲ YoY
Net interest income	3 301	3 372	-71	-271
Net commission income	1 821	1 746	75	642
Other income	433	449	-16	681
<b>Total income</b>	<b>5 555</b>	<b>5 567</b>	<b>-12</b>	<b>1 052</b>
<b>Total expenses</b>	<b>2 631</b>	<b>2 581</b>	<b>50</b>	<b>1 153</b>
<b>Profit before impairments</b>	<b>2 924</b>	<b>2 986</b>	<b>-62</b>	<b>-101</b>
Credit impairments	147	43	104	-92

- Improved market position
- Lower deposit margins
- Flat mortgage margins
- Good commission income

Ratios	Q4 14	Q3 14	FY 2014
ROE, %	20.3	25.9	25.4
C/I ratio	0.47	0.46	0.48

Volumes, SEKbn	Q4 14	Q3 14	▲ QoQ	▲ FY 2014
Loans	1 024	1 005	19	87
Deposits	411	402	9	26

Source: Swedbank, Dec 31, 2014

# Stable result

SEKm	Q4 14	Q3 14	▲ QoQ	▲ YoY
Net interest income	863	865	-2	340
Net commission income	505	500	5	223
Other income	165	148	17	-81
<b>Total income</b>	<b>1 533</b>	<b>1 513</b>	<b>20</b>	<b>482</b>
<b>Total expenses</b>	<b>674</b>	<b>615</b>	<b>59</b>	<b>61</b>
<b>Profit before impairments</b>	<b>859</b>	<b>898</b>	<b>-39</b>	<b>421</b>
Credit impairments	-10	-59	49	251

Ratios	Q4 14	Q3 14	FY 2014
ROE, %	13.9	15.7	14.6
C/I ratio	0.44	0.41	0.41

Volumes, SEKbn	Q4 14	Q3 14	▲ QoQ	▲ YoY
Loans	126	121	5	7
Deposits	138	125	13	18

- Stable income despite low interest rate environment
- Solid asset quality
  - No impact from the situation in Russia
- All countries part of EMU
  - Lithuania joined 1 Jan 2015

Source: Swedbank, Dec 31, 2014

## Solid result in volatile market

SEKm	Q4 14	Q3 14	▲ QoQ	▲ YoY
Net interest income	888	876	12	90
Net commission income	529	561	-32	248
Net gains and losses	433	354	79	-33
Other income	20	36	-16	-46
<b>Total income</b>	<b>1 870</b>	<b>1 827</b>	<b>43</b>	<b>259</b>
<b>Total expenses</b>	<b>845</b>	<b>835</b>	<b>10</b>	<b>105</b>
<b>Profit before impairments</b>	<b>1 025</b>	<b>992</b>	<b>33</b>	<b>154</b>
Credit impairments	120	270	-150	201

Ratios	Q4 14	Q3 14	FY 2014
ROE, %	15.1	13.8	19.4
C/I ratio	0.45	0.46	0.43

Volumes, SEKbn	Q4 14	Q3 14	▲ QoQ	▲ FY 2014
Loans	175	161	14	21
Deposits	106	104	2	17

- Increased market volatility
- Good corporate activity
  - Strong real estate market
- Falling oil prices
  - Increased risk
  - Changed client needs

Source: Swedbank, Dec 31, 2014

# Improved market position

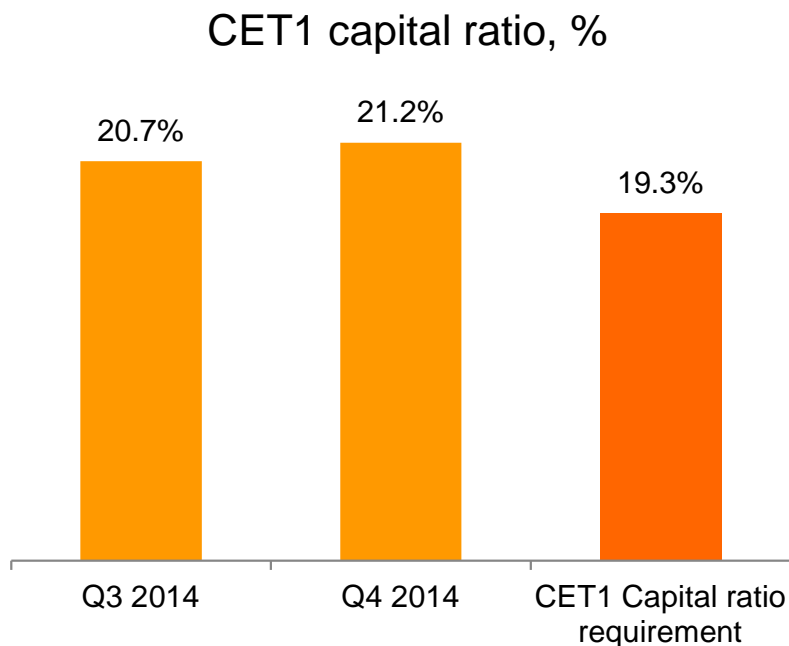
SEKm	Q4 14	Q3 14	▲QoQ	FY 14	▲YoY
Net interest income	5 809	5 829	-20	22 642	613
Net commission income	2 882	2 816	66	11 204	1 072
Net gains and losses	69	799	-730	1 986	502
Other income	619	706	-87	3 472	179
<b>Total income</b>	<b>9 379</b>	<b>10 150</b>	<b>-771</b>	<b>39 304</b>	<b>2 366</b>
<b>Total expenses</b>	<b>4 293</b>	<b>4 164</b>	<b>129</b>	<b>17 602</b>	<b>954</b>
<b>Profit before impairments</b>	<b>5 086</b>	<b>5 986</b>	<b>-900</b>	<b>21 702</b>	<b>1 412</b>
Credit impairments	254	235	19	419	359
Other impairments	33	19	14	257	-618
Tax	1 000	1 164	-164	4 301	202
<b>Profit from continuing operations</b>	<b>3 798</b>	<b>4 562</b>	<b>-764</b>	<b>16 709</b>	<b>1 468</b>

Ratios	Q4 14	Q3 14	FY 14
ROE continuing operations, %	13.3	16.6	15.2
Cost/income ratio	0.46	0.41	0.45
CET1 capital ratio, %	21.2	20.7	21.2

Source: Swedbank, Dec 31, 2014

- Strong customer activity
- Mixed margins
- Treasury result effects
- Good cost efficiency
- Solid asset quality

## Strong capitalisation – regulatory uncertainty remains



- CET1 capital positively impacted
  - IAS 19 (SEK 1.1bn)
  - Dividend from insurance company (SEK 1.3bn)
- REA net increase of SEK 4.6bn
  - Loan volume growth
  - LGD and PD effects
- Capital regulatory uncertainty
- No regulatory excess capital



## Strong asset quality in challenging environment

Credit impairments, SEKm	Q4 14	Q3 14	FY 14
Swedish Banking	147	43	246
Baltic Banking	-10	-59	-186
Large Corporates & Institutions	120	270	381
Group Functions & Other	-3	-19	-22
<b>Swedbank Group</b>	<b>254</b>	<b>235</b>	<b>419</b>

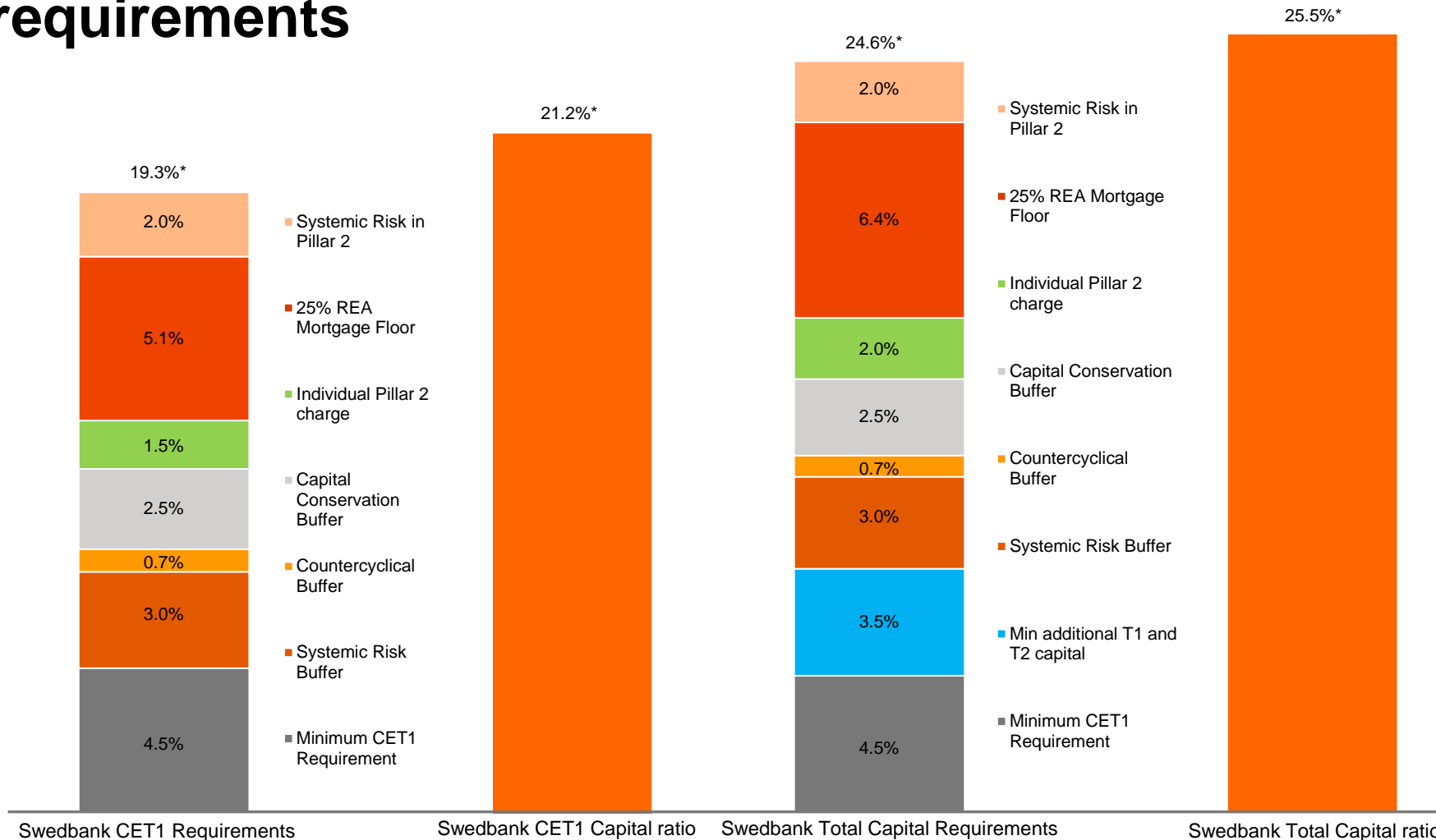
Ratios	Q4 14	Q3 14	FY 14
Credit impairments, ratio %	0.07	0.07	0.03
Share of impaired loans, gross %	0.41	0.47	0.41
Total provision ratio for impaired loans, %	53	55	53

- Continued low loan losses
- Limited impact from Russia



## 2. Capital considerations

# Composition of Swedbank's CET1 and total capital ratio requirements



\*Fully loaded CRD IV

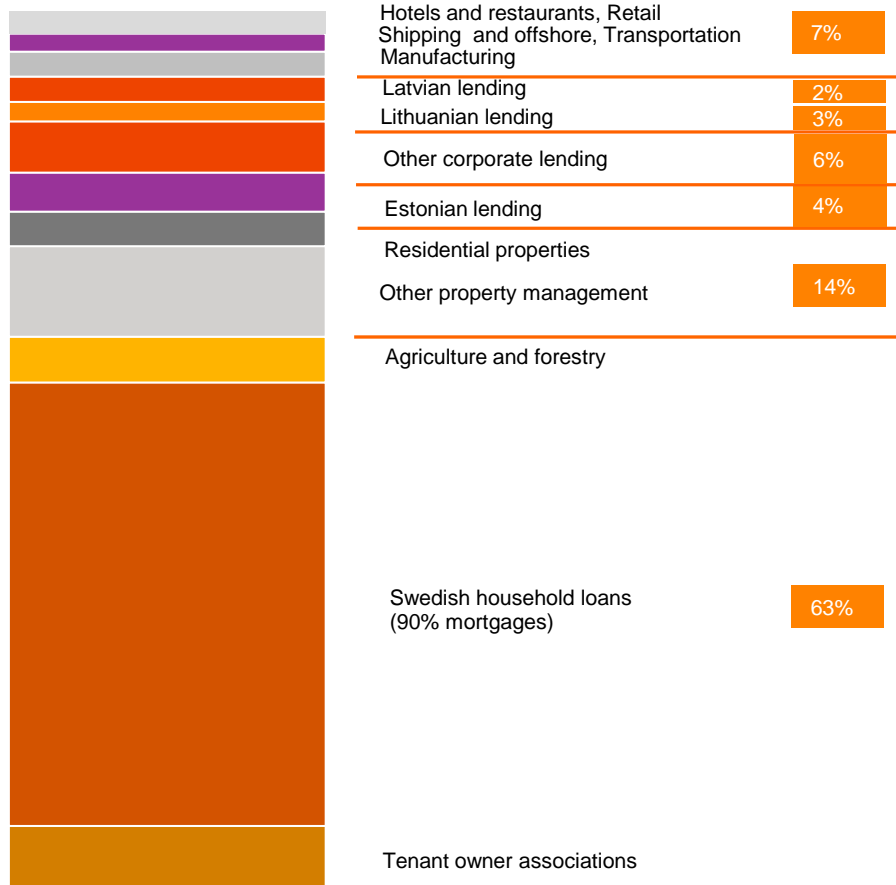
Source: Swedbank interim report YE 2014 – estimated CET1 and Total capital requirement based upon the Swedish FSA's memorandum (08/09/2014) and assuming that Swedbank's capital requirement for Pillar 2 risks is in line with the SFSA's standard value for Swedish banks (1.5 per cent CET1 and 2 per cent total capital).

# No automatic sanctions for breaching the Pillar 2 capital requirements

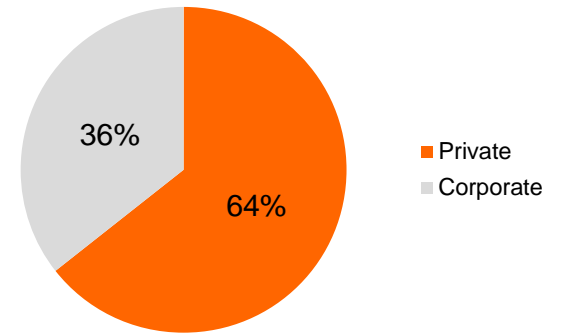
- “First, the supervisory review and evaluation process, which includes the supervisory capital assessment, is a continuous process in which the risk profile is constantly updated. A formal decision is static and cannot be changed without taking a considerable amount of time”.
- “Second, it is particularly important that FI has the possibility of giving due consideration to the specific situation and the current circumstances in which a firm in financial stress finds itself, at the time of a situation arising that would give FI reason to find it necessary to make a formal decision. If a firm is in severe financial stress, its risk profile can change in a short space of time. **For example, certain risks included in the assessment of the Pillar 2 basic requirement might have materialized, which might mean there are no longer grounds for requiring the firm to hold capital for them**”.
- “Third, it ought to be positive for financial stability that a firm has the possibility, using rapid and resolute measures, as agreed with FI, to restore its capital without the firm necessarily becoming subject to priorly specified and automatic legal restrictions. **In other words, firms are hence given the possibility of re-establishing their capital in a strained situation without automatic restrictions on distributions or, depending on the size of the capital shortage, a formal resolution phase being activated.**”
- “Hence, in such a situation, a firm may freely choose, in the framework of other applicable regulations and under FI’s review, the most suitable way of restoring the capital in that specific situation. **For example, the firm is not obliged to halt or limit dividends or interest payments on Tier 1 capital contributions**, if the firm can identify other and more appropriate ways of restoring the capital sufficiently quickly. (This applies as long as there is no shortfall from the combined buffer requirement under the Pillar 1 rules, i.e. excluding the specific own funds requirement).”

# Asset portfolios – low risk

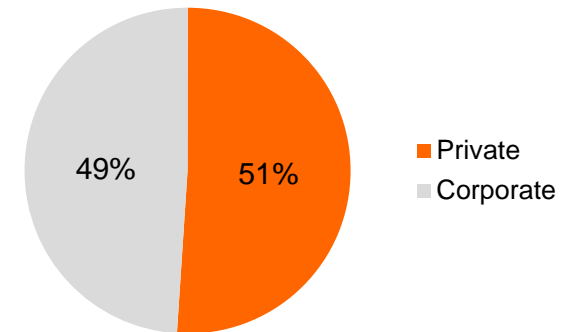
Group loan book\* FY 2014, total SEK 1 325bn



## Sweden



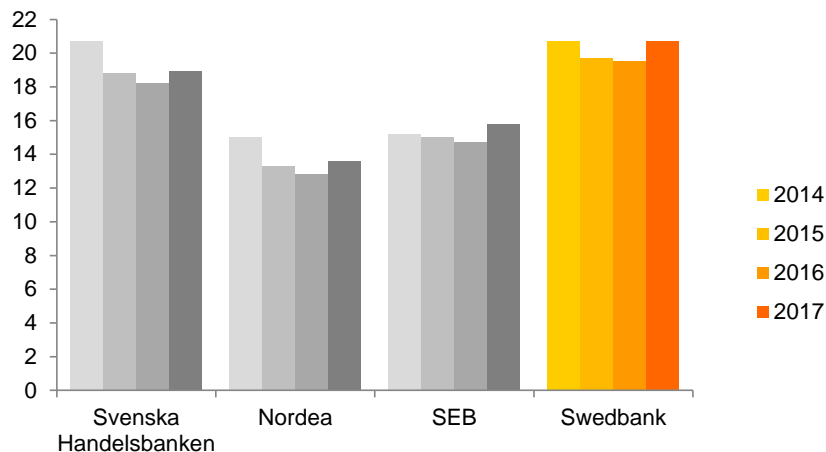
## Baltic Banking



Source: Swedbank, Dec 31, 2014 \* Loans to the public excl. Financial institutions

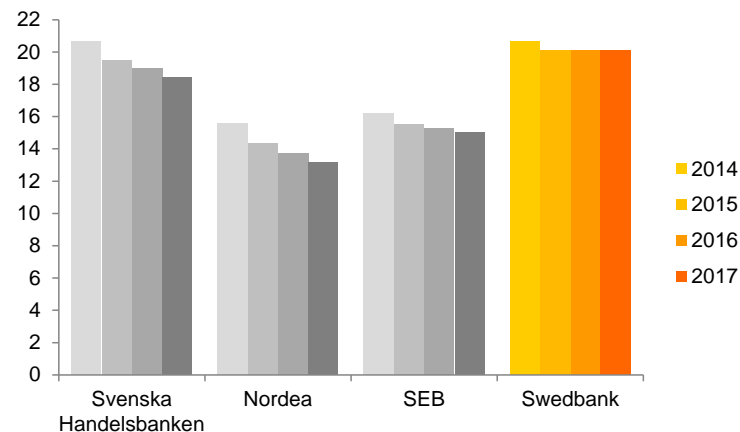
# Swedbank's strong relative risk position confirmed

CET1 - The Swedish FSA stress test (%)



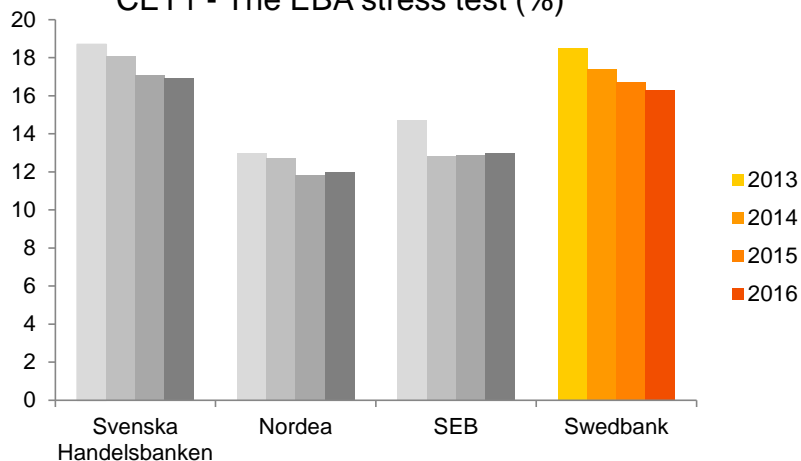
Source: SFSA's risk report Dec 2014

CET1 - The Riksbank stress test (%)



Note: The chart shows the CET1 capital ratios in the third quarter of each year.  
Source: The Riksbank's Financial Stability Report 2014:2, chart 4:9

CET1 - The EBA stress test (%)



Source: EBA stress test Oct 2014

## Total Swedbank loan losses in the different stress tests

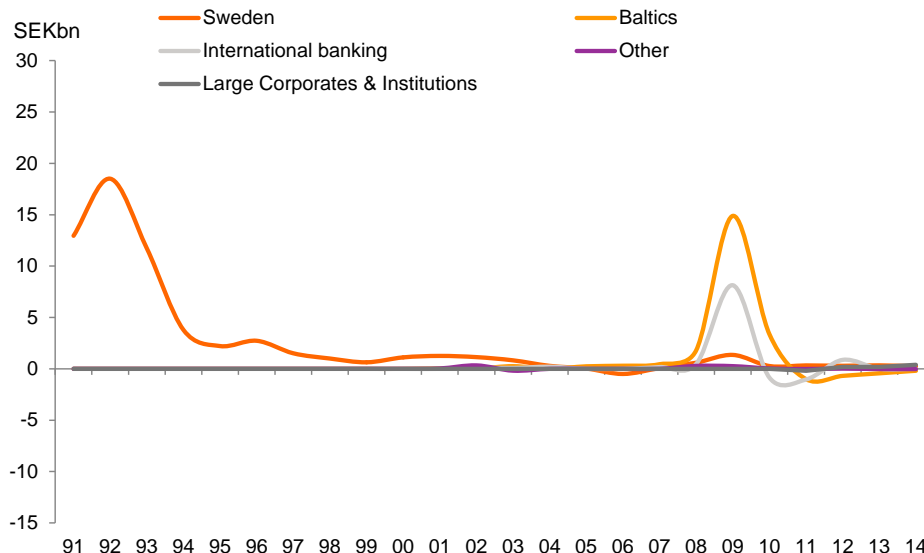
- SFSA stress test: SEK 45bn
- Riksbank stress test: SEK 45bn
- EBA stress test: SEK 25bn
- ICAAP stress test: SEK 25bn

Source: The SFSA Dec 2014, Riksbank Dec 2014, EBA Oct 2014 and Swedbank Apr 2014

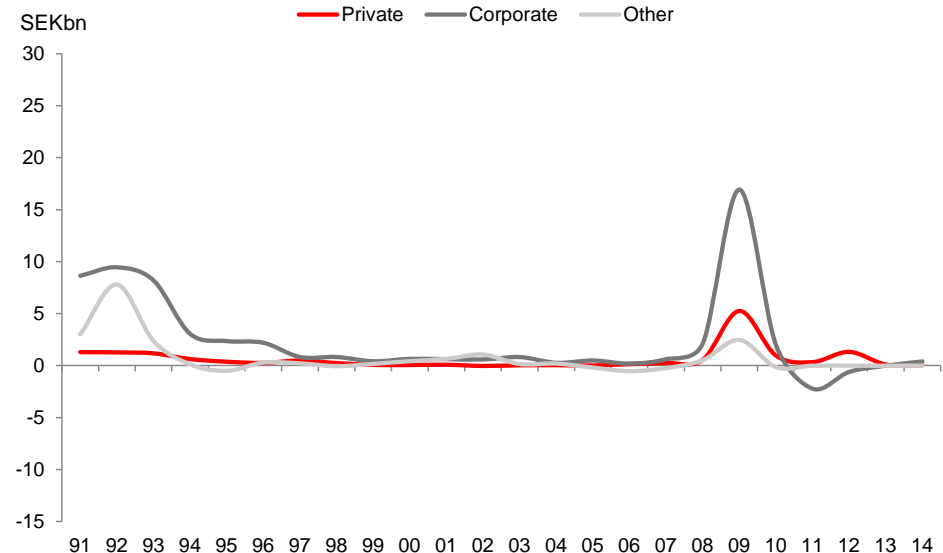
# Magnitude of historic loan losses manageable

- Different asset composition today compared to the previous crises
  - Different structure of real estate market in Sweden
  - Exited Russia and Ukraine
  - Deleveraging in the Baltics
- Total loan losses, SEK 43bn in 1991-93 and SEK 31bn in 2008-10

Credit impairments by business area



Credit impairments by sector

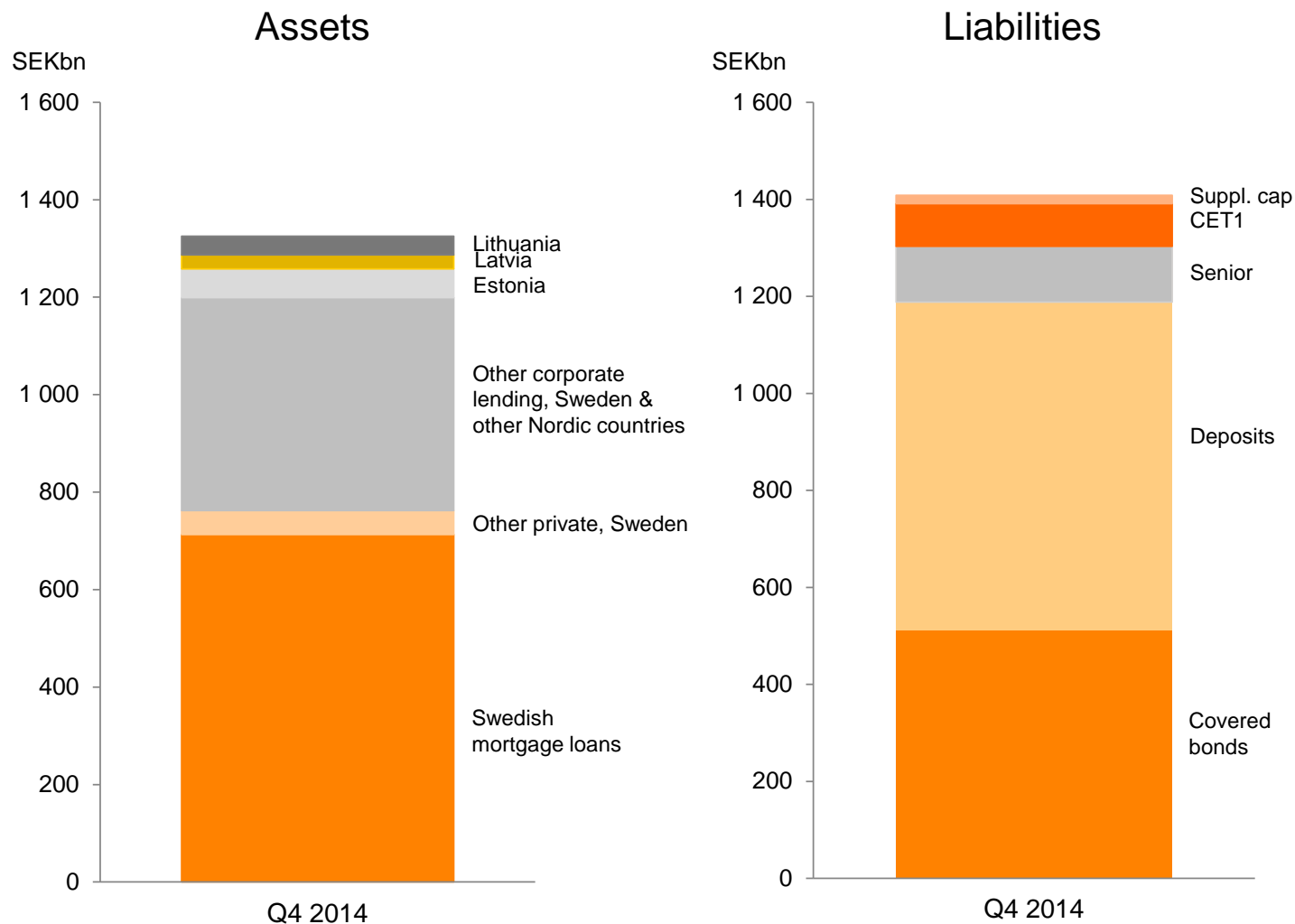


Source: Swedbank annual reporting 1991-2013 and YE 2014 interim report (reviewed in accordance with International Standards on Review Engagements ISRE 2410)



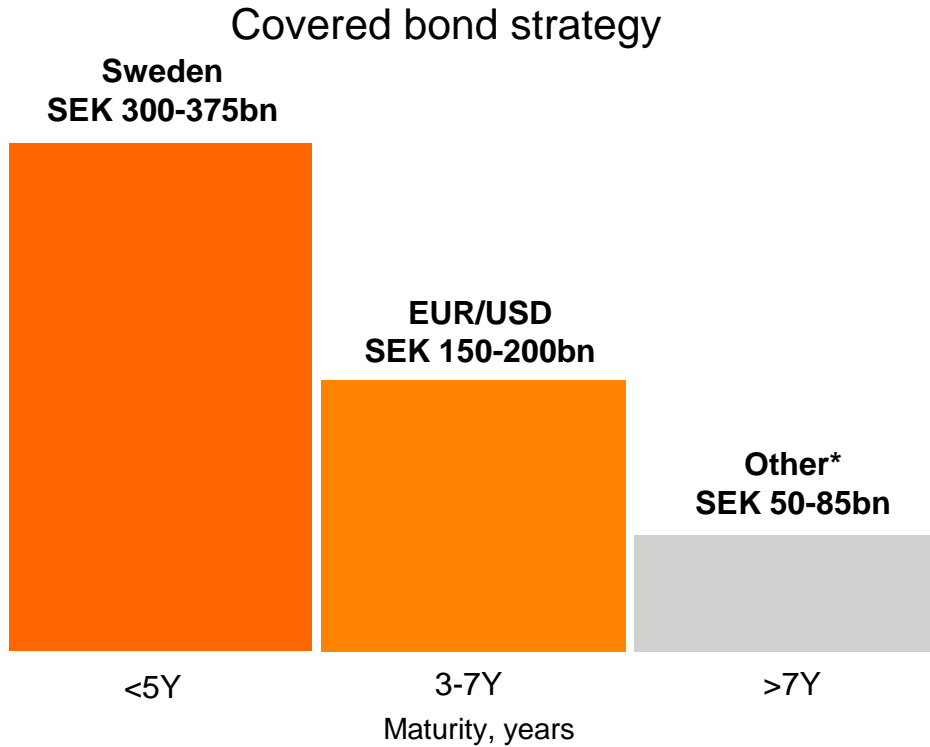
## 3. Liquidity and funding

# Core balance sheet\* structure

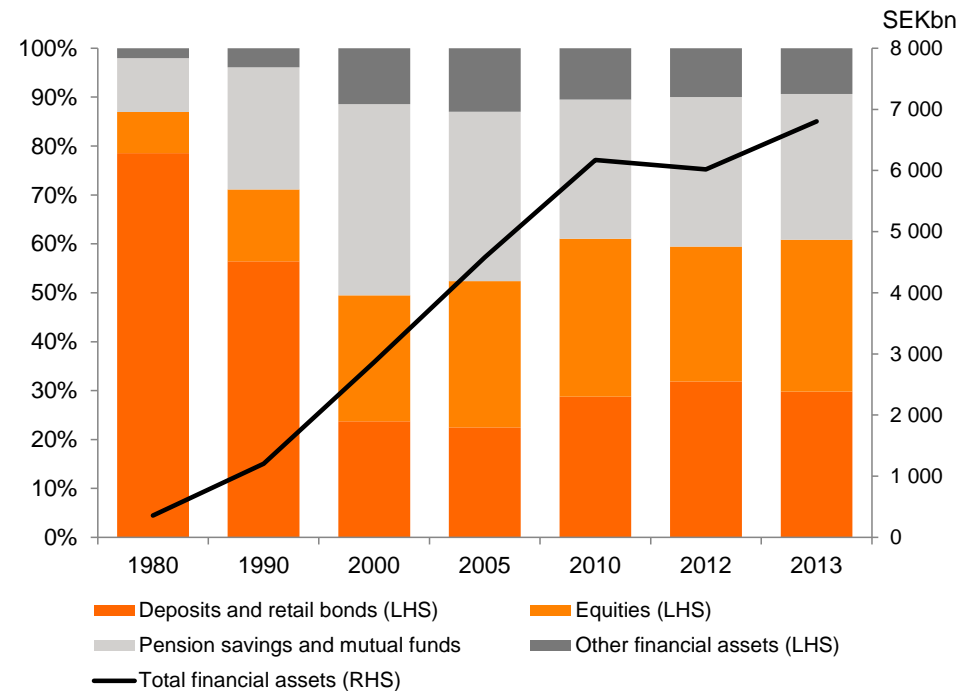


Source: Swedbank Dec 31, 2014 \* Simplified balance sheet

# Covered bond strategy

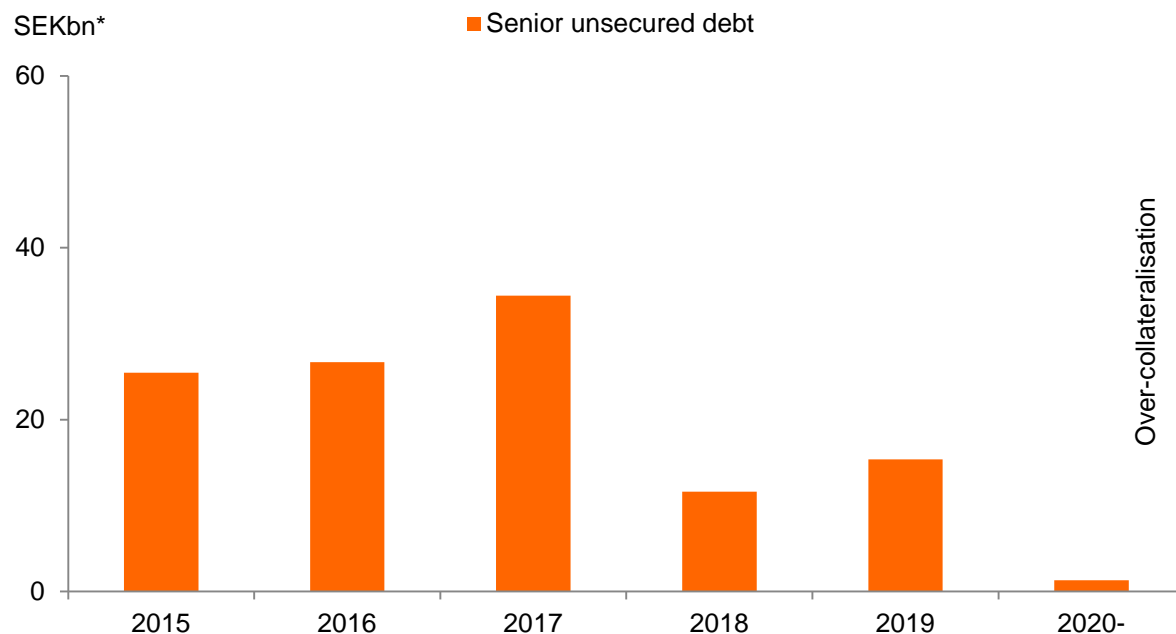


## Swedish households' financial assets

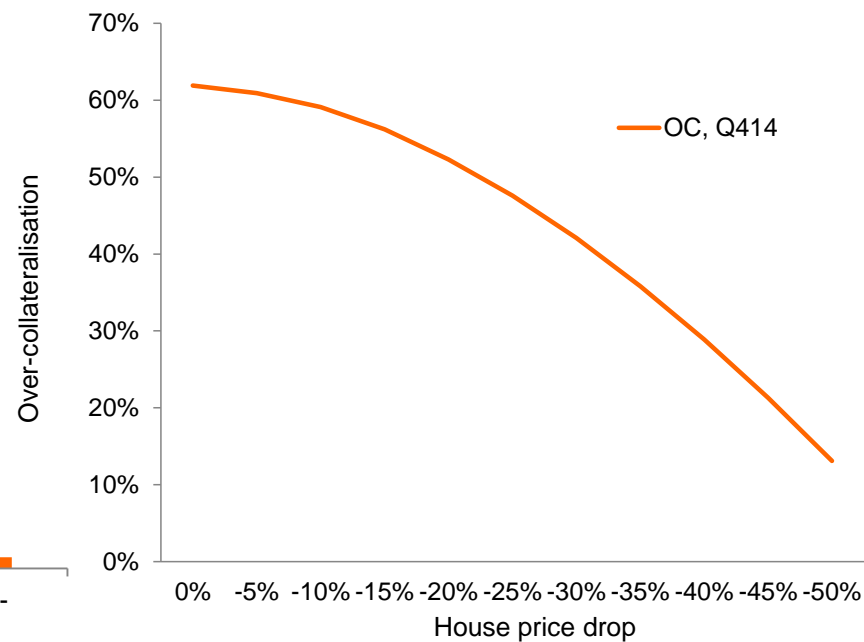


# Senior unsecured debt strategy

### Senior unsecured debt maturity profile



### House price sensitivity of the cover pool



Source: Swedbank Dec 31, 2014, \*Nominal amounts

# Lower funding needs

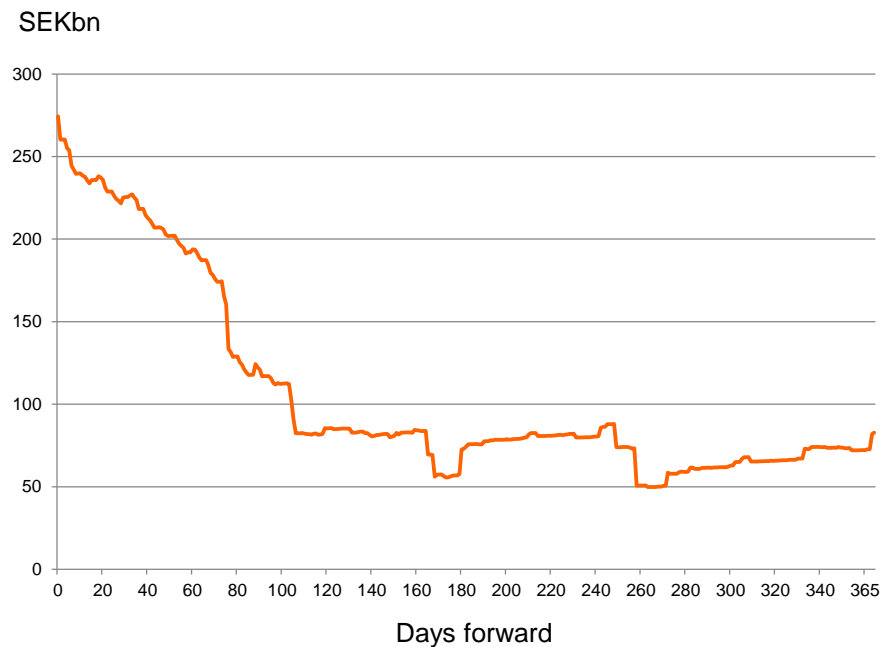
- LCR 120% (Swedish FSA definition FFFS 2012:6)
- NSFR 98% (Basel committee)
- Issued SEK 115bn of term-funding in 2014
- FY 2015 funding plan of around SEK 160bn

Term funding issuance – completed and planned



Source: Swedbank, Dec 31, 2014, nominal amounts

Prefunded in excess of 12 months



# Liquidity reserve

According to the template defined by the Swedish Bankers' Association

	SEKm
Cash and holdings in central banks	127 415
Deposits in other banks available overnight	255
Securities issued or guaranteed by sovereigns, central banks or multilateral development banks	40 757
Securities issued or guaranteed by municipalities or public sector entities	656
Covered bonds	53 430
- Issued by other institutions	53 430
- Own issued	
Securities issued by non-financial corporates	
Securities issued by financial corporates (excl. covered bonds)	2 048
Other	
<b>Total<sup>1</sup></b>	<b>224 561</b>
Additional liquid assets, Group <sup>2, 3</sup>	75 657

1) 91% of the securities in the liquidity reserve per Q3 2014 are rated AAA. The rating requirement is AA-.

2) 83% of the additional assets fulfill the Liquidity Reserve definition by the Swedish Bankers' Association except for that they are held outside the Treasury department.

3) 81 % of the additional assets are rated AAA.

Source: Swedbank Fact book, Dec 31, 2014

# Asset encumbrance

## Type of assets (Balance Sheet items)

SEKm	Carrying amount of encumbered		Fair value of encumbered assets	Carrying amount of unencumbered assets		Fair value of unencumbered assets
	assets					
Assets of the reporting institution	512 388			1 466 658		
Loans on demand	0			114 765		
Equity instruments	0		0	9 872		9 872
Debt securities	21 546		21 713	148 784		149 930
Loans and advances other than loans on demand	490 842			1 038 765		
of which mortgage loans	475 698			523 555		
Other assets	0			154 472		

## Type of assets (Off-balance sheet items)

SEKm	Fair value of encumbered collateral received or own debt securities issued	Unencumbered	
		Fair value of collateral received or own debt securities available for encumbrance	Nominal amount of collateral received or own debt securities issued not available for encumbrance
Collateral received by the reporting institution	8 120	57 210	4 357

## Purpose for encumbrance (On- and off-balance sheet items)

SEKm	Matching liabilities, contingent liabilities or securities lent	Assets, collateral received and own debt securities issued other than covered bonds and ABSs
		encumbered
Carrying amount of selected financial liabilities	517 622	517 937
Derivatives	16 771	17 086
Deposits	25 153	25 153
Debt securities issued	475 698	475 698
Other sources of encumbrance	2 571	2 571
<b>Total</b>	<b>520 193</b>	<b>520 508</b>

## Information on importance of encumbrance

- Outside of mortgage loans, used for Sw edbanks main funding source covered bonds, small volumes derives from derivatives and repos
- Outside of mortgage loans, originated out of the 100% owned subsidiary Sw edbank Mortgage AB, the absolute main part belongs to Sw edbank AB (less than 1% from other subsidiaries within the Group)
- Unencumbered assets under 'other assets' include assets not eligible for pledging in central banks (e.g. intangible assets)

Source: Swedbank Facts Dec 31, 2014 – All amounts according to Swedbank consolidated situation

## Rating strategy – same level as the best rated Nordic banks

- On June 24, 2014 Fitch revised its outlook for Swedbank from 'stable' to 'positive'. The change is a direct action due to Swedbank's strong asset quality, stable earnings and strong capitalisation.
- On May 29, 2014 Moody's announced the rating action due to the implementation of BRRD and SRM. All in all 105 European banks were included and 82 of these had the rating outlook changed to negative. This mean that most major banks in Europe now have negative outlooks due to diminishing support.
- On April 29, 2014 S&P increased stand alone rating (SACP) to 'a' from 'a-' (increased assessment of 'capital and earnings to 'strong' from 'adequate'). No rating uplift due to simultaneously fall in support\* to '+1' from '+2' (technicality in S&P's rating methodology).
- On April 29, 2014 S&P change outlook to 'negative' from 'stable' – driven by implementation of BRRD government support - that support will diminish for all European banks going forward. This is part of an European wide review of S&P's support assumptions – outcome at the latest, year-end 2015.

	S&P		Moody's		Fitch	
	Short	Long	Short	Long	Short	Long
Swedbank	A-1	A+	P-1	A1	F1	A+
Swedbank Mortgage	A-1	A+	P-1	A1		
Covered bonds		AAA		Aaa		

Source: Swedbank Dec 31, 2014 \* SHB, Nordea and Swedbank +1, SEB +2



## 4. Cover pool data

# Cover pool data<sup>1</sup>

Rating, S&P / Moody's	AAA / Aaa
Total pool size	SEK 777.9bn
Geographic distribution	Sweden 100%
Current OC-level	61.9%
<hr/>	
Weighted average seasoning <sup>2</sup>	65 months
Average LTV <sup>3, 4</sup>	
– WA LTV on property level (Max LTV)	55%
Non-performing loans <sup>5</sup>	None
<hr/>	
Fixed /Floating interest loans <sup>6</sup>	
– Fixed	32%
– Floating	68%
<hr/>	
Repayment structure <sup>7</sup>	
– Amortising	52%
– Interest only	48%
<hr/>	
Average loan size	SEK 493 731
Number of loans outstanding	1 575 561
Number of borrowers	1 122 530
Number of properties	747 333
Dynamic pool	Yes

<sup>1</sup> As per Dec 31, 2014

<sup>2</sup> Public sector loans not included

<sup>3</sup> Index valuation as per Dec 31, 2014

<sup>4</sup> Maximum LTV: Residential 75%, Commercial 60%, Forest and Agriculture 70%

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

<sup>6</sup> Floating interest loans < 365 days

<sup>7</sup> Property level of cover pool



Swedbank is a labeled issuer of the ECBC Covered Bond Label Foundation ([www.coveredbondlabel.com](http://www.coveredbondlabel.com))

# Cover pool data

## Type of loans

Residentials	90.9%
of w hich Single-family housing	57.3%
of w hich Tenant ow ner rights	17.5%
of w hich Tenant ow ner association	10.6%
of w hich Multi-family housing	5.5%
Public	1.2%
Commercial	0.5%
Forest & Agricultural	7.4%
	<b>100.0%</b>



## Geographical distribution, Sweden, per cent

31 Dec

2014

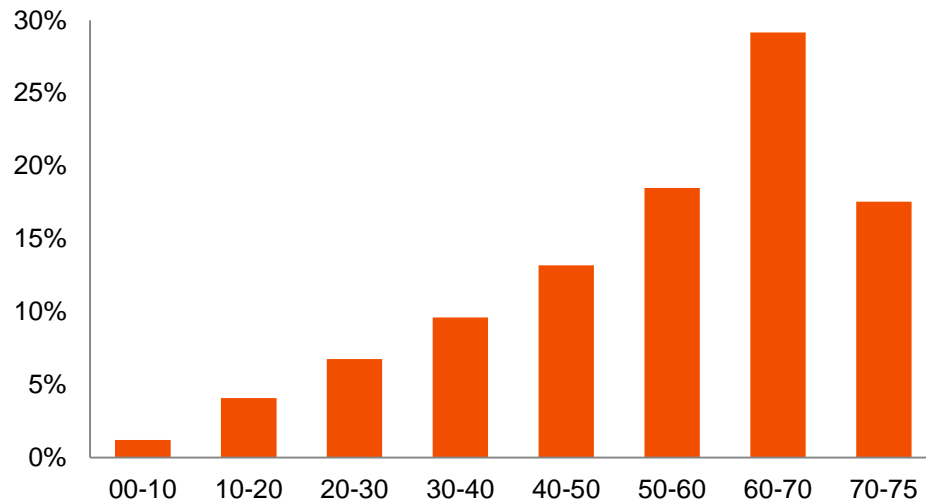
<b>North</b>	<b>6.5</b>
Norrbottn county (BD)	1.4
Västerbotten county (AC)	2.4
Västernorrland county (Y)	1.5
Jämtland county (Z)	1.2
<b>Middle (including Stockholm)</b>	<b>44.7</b>
Dalarna county (W)	2.2
Gävleborg county (X)	2.1
Värmland county (S)	2.2
Örebro county (T)	2.5
Västmanland county (U)	2.5
Uppsala county (C)	4.0
Södermanland county (D)	2.3
Stockholm county (including Stockholm) (AB)	26.9
<b>South (including Göteborg and Malmö)</b>	<b>48.8</b>
Västra götaland county (Including Göteborg) (O)	17.5
Östergötland county (E)	4.1
Jönköping county (F)	3.6
Halland county (N)	3.8
Kronoberg county (G)	2.1
Kalmar county (H)	3.1
Skåne county (including Malmö) (M)	12.4
Blekinge county (K)	1.6
Gotland county (I)	0.6
	<b>100.0</b>

Source: Swedbank, Facts, Dec 31, 2014

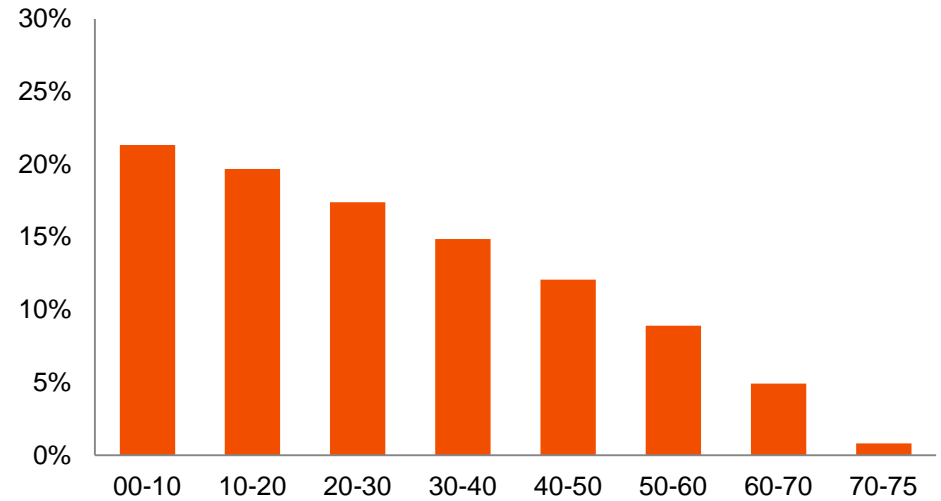
# Cover pool loan-to-value distribution

- Weighted average LTV 55%

LTV distribution per property<sup>1</sup>



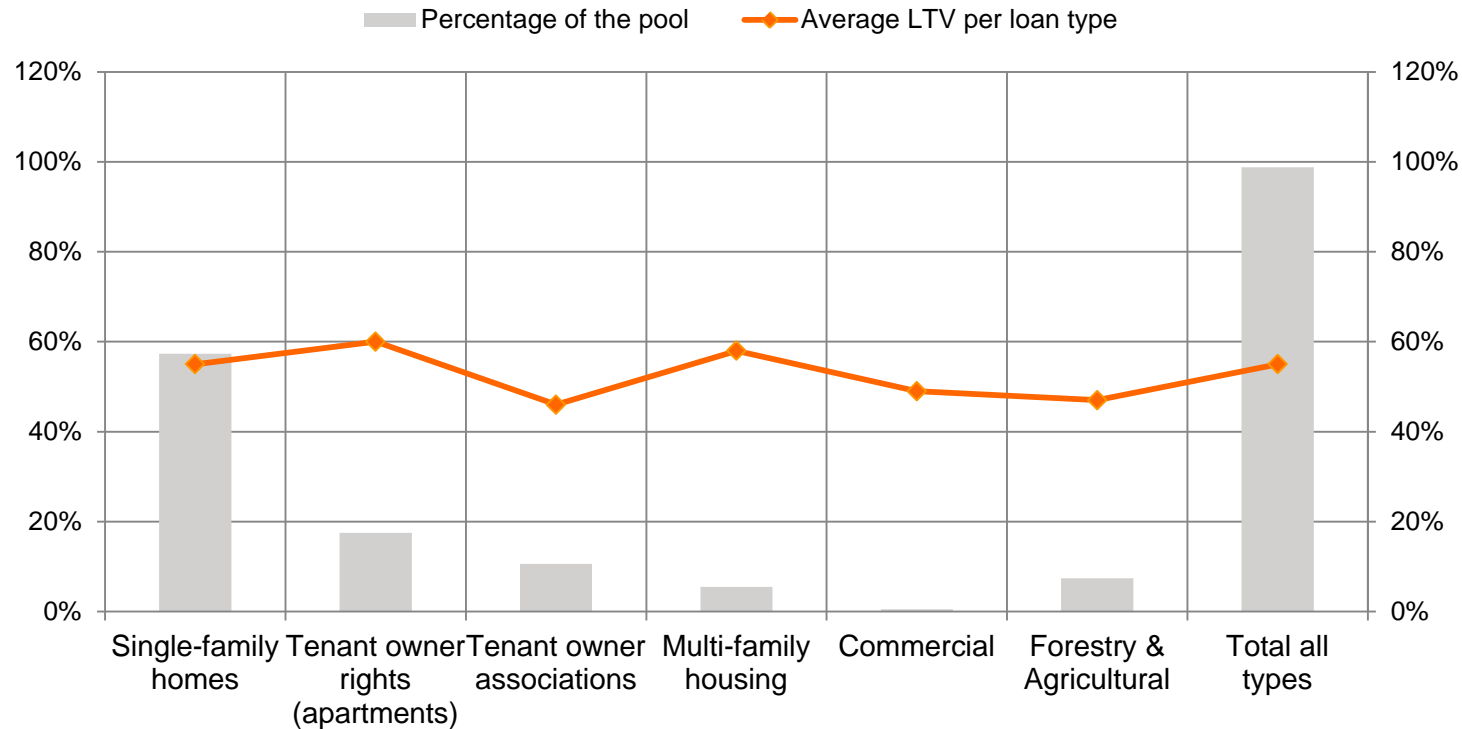
LTV distribution by volume<sup>1, 2</sup>



<sup>1</sup> Public loans of 1.2% 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. <sup>2</sup> LTV distribution as defined by the Association of Swedish Covered Bond Issuers ([www.ascb.se](http://www.ascb.se))

# Cover pool loan type and loan-to-value distribution

WA LTV per property type<sup>1</sup>



Source: Swedbank, Dec 31, 2014 (<sup>1</sup>excluding public sector loans 1.2%)

# 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 which remain on the balance sheet
- The cover pool may consist of certain mortgage credits, public credits and supplemental assets. There is no requirement to segregate mortgage and public credits.

## 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, revaluation of property prices in case of significant drop (generally interpreted as 15% drop)
- No mandatory over-collateralisation (OC)
- Regional constraint on collateral assets (Mortgage - EEA, Public - OECD)

## 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. Present value cover must hold even after 1% upward and downward shift in the yield curve and a 10% change in the currency
- 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 and 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 registered assets in the cover pool, the covered bonds and any relevant derivative contracts 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](http://www.ascb.se)

## 5. Swedish economy

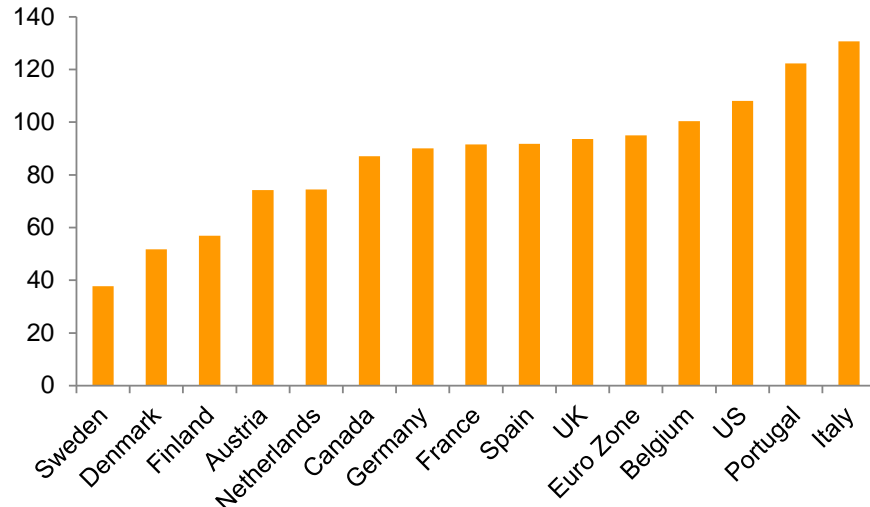
# Continued strong fiscal position

- Kingdom of Sweden rated Aaa/AAA/AAA
- GDP growth 1.9% (Q2 14 Y/Y)
- CPI/CPIF -0.3% / 0.5% (Dec 14 Y/Y)
- Unemployment 7.0% / 7.8%\* (Dec14 Y/Y)
- Debt to GDP 35% (forecast 2015)

\*Seasonally adjusted

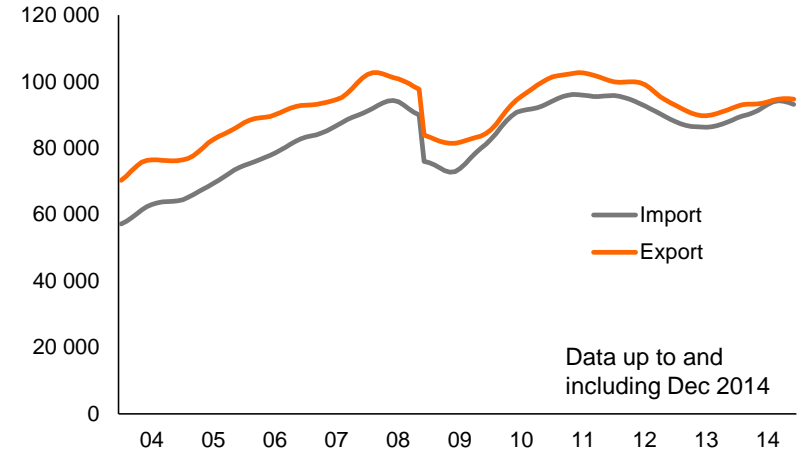
Source: Statistics Sweden and National Debt Office

Debt to GDP, %



Source: Swedish National Debt Office and IMF

Exports and imports trend per month, SEKm  
Current prices



Source: Statistics Sweden

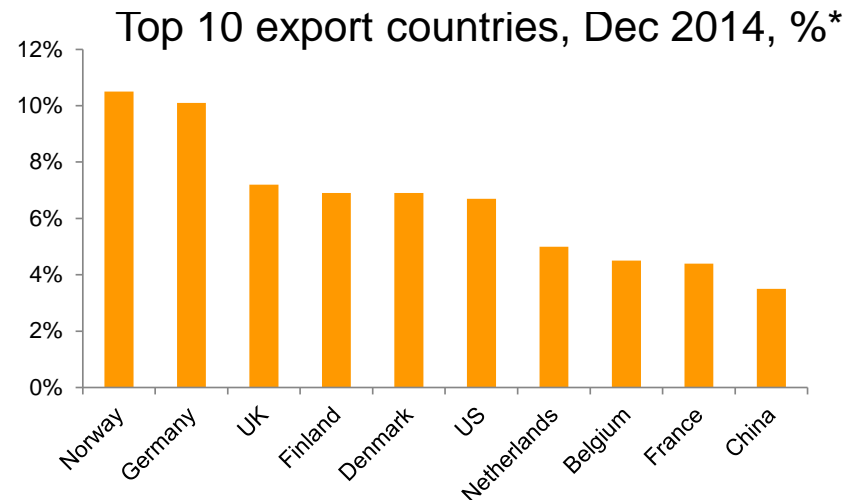
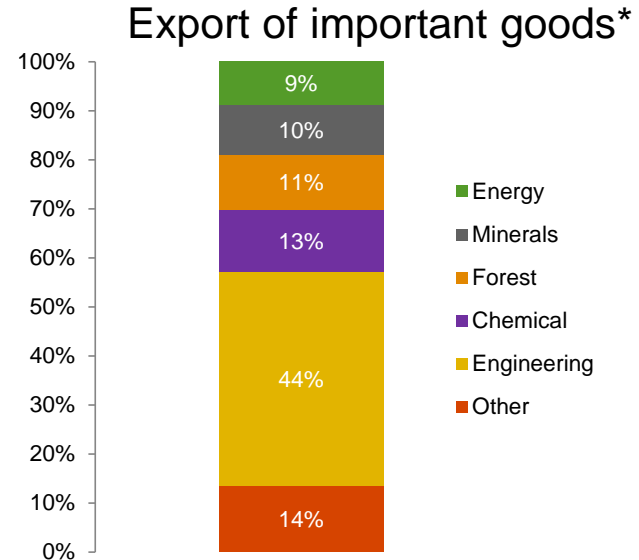
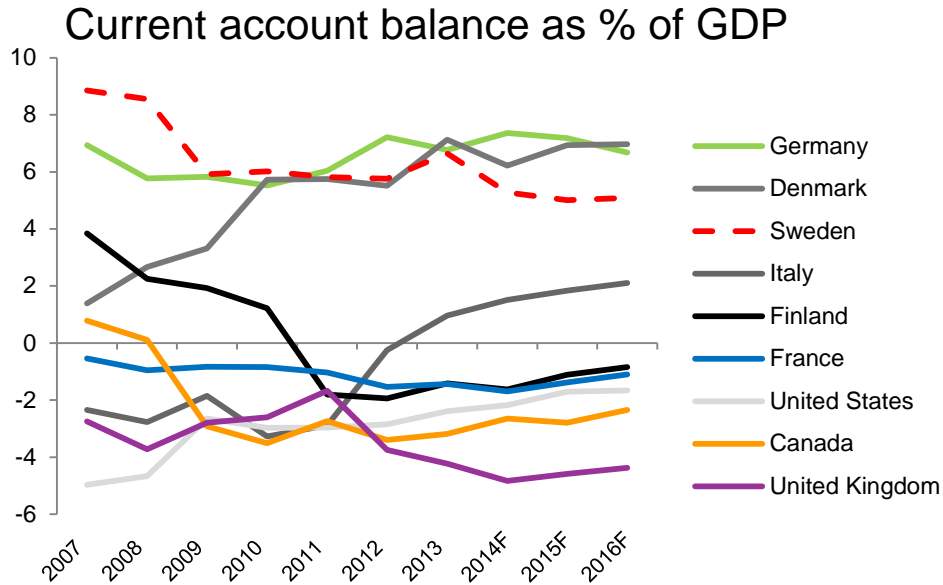
## Key Economic Indicators, 2013-2016

	2013	2014F	2015F	2016F
Real GDP (Calendar adjusted)	1.3	1.9	2.2	2.9
CPI index, average	0	-0.2	0.4	1.6
Unempl. Rate (15-74), % of labor force	8	7.9	7.8	7.5
Savings ratio (households),%	12.5	13.3	13.5	13.1
Real disposable income (households)	2.5	3.3	3.3	1.6

Source: Swedbank Economic Outlook Jan, 2015



# Exports – key factor for growth



Source: OECD – Economic outlook 96, table 51, Dec, 2014

Source: \*Statistics Sweden, Jan 27, 2015



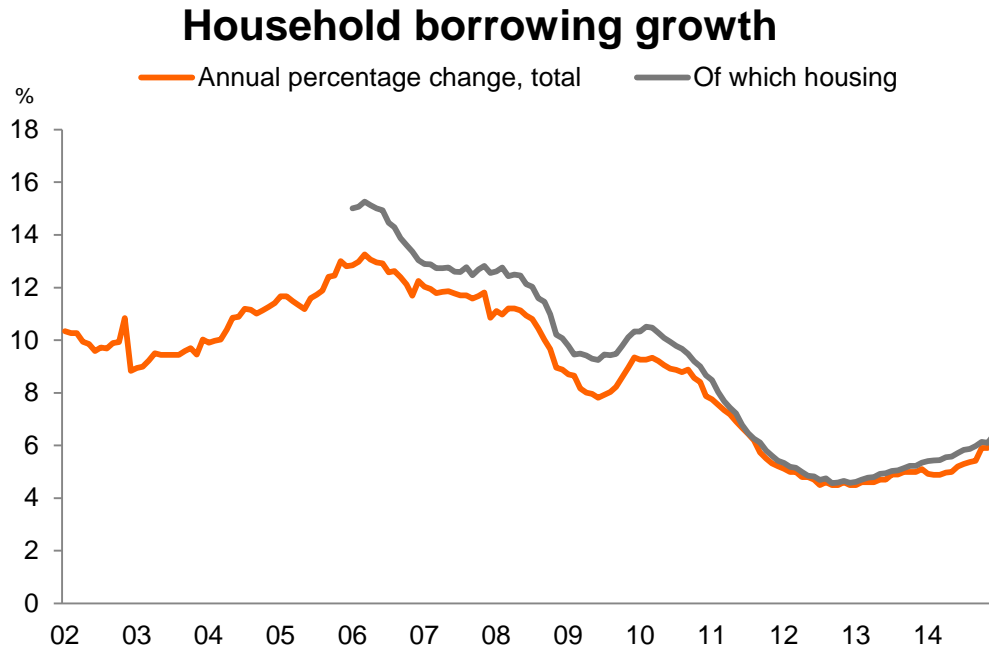
## 6. Swedish housing and mortgage market

# Swedish mortgage market

- No securitisation (on balance sheet), no sub-prime market, no 3<sup>rd</sup> party origination, restricted buy-to-let market
- 70% home ownership<sup>1</sup>
- Rental market is regulated
- Transparent credit information (credit information agency, [www.uc.se](http://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

<sup>1</sup> Source: Boverket, 2011

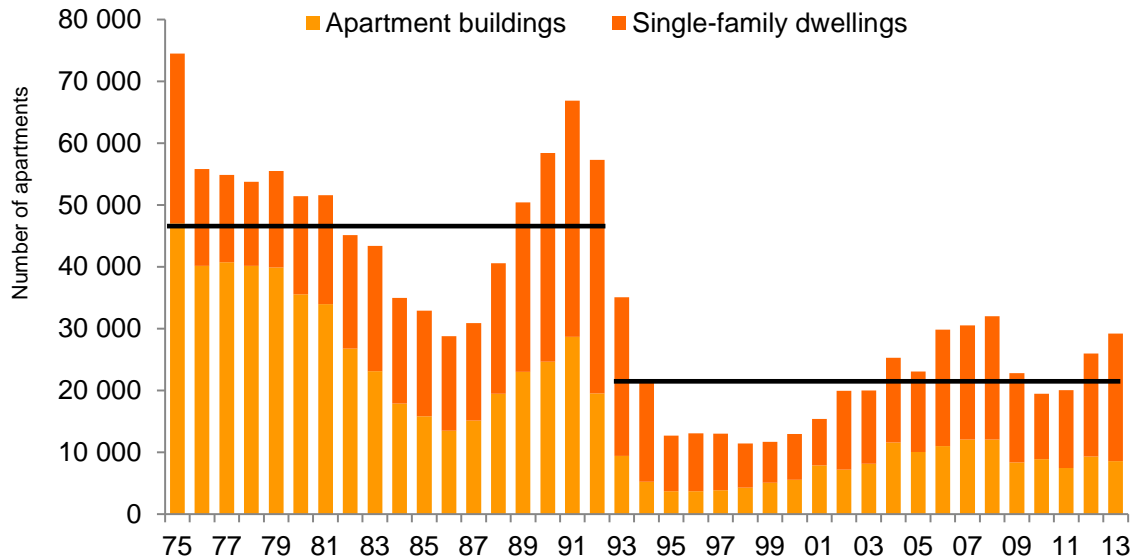
# Abated credit growth



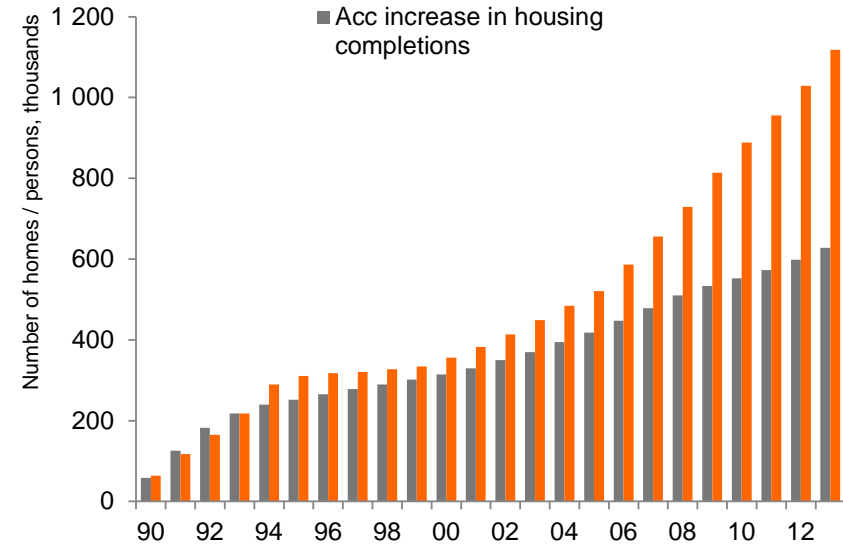
- LTV cap of 85%
- Amortisation
- Risk-weight floor of up to 25% on mortgage loans
- Capital and liquidity requirements

## Shortage of housing...

### Housing completions in Sweden

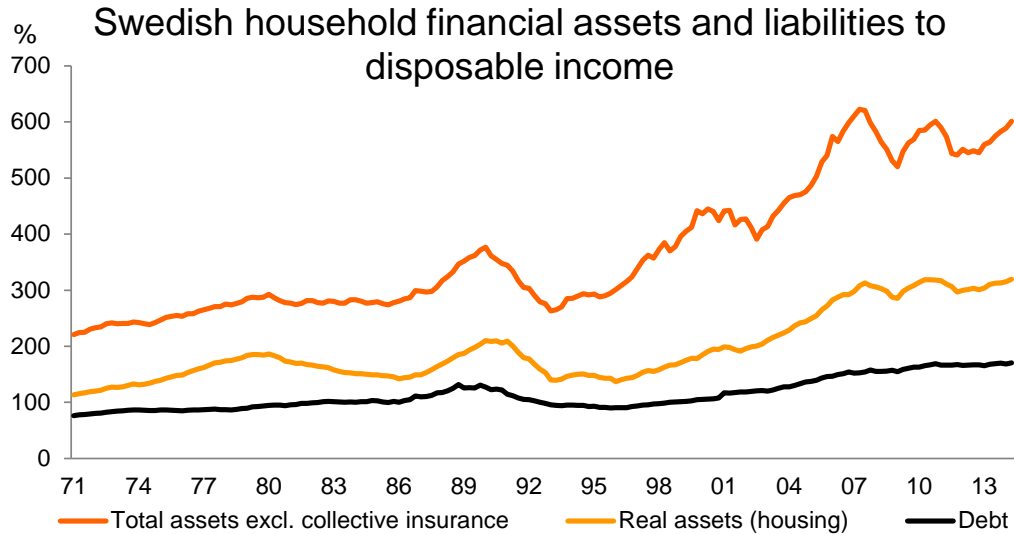


### Population- and housing growth



Source: Sweden statistics and Swedbank, May 2014

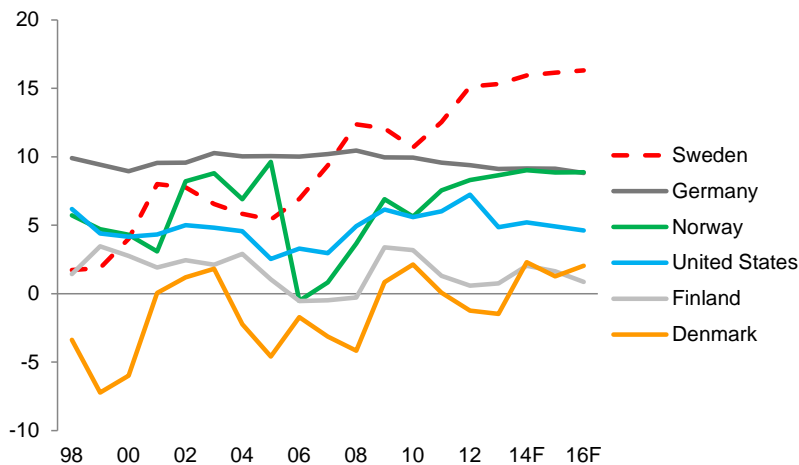
# Affordability withstands higher indebtedness



Source: Swedish Riksbank's Financial Stability report 2013:2 and Eurostat

- Low interest rate environment
- Disposable income
- Wealth
- Amortisation – savings
- Tax

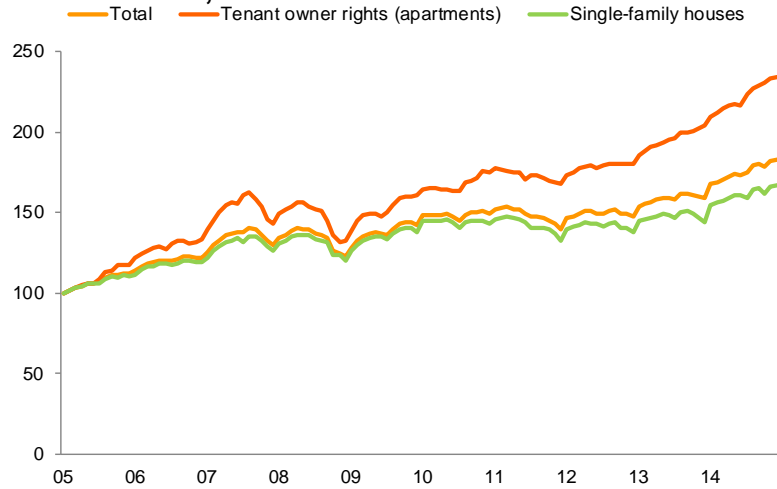
## Household saving rates % of disposable income



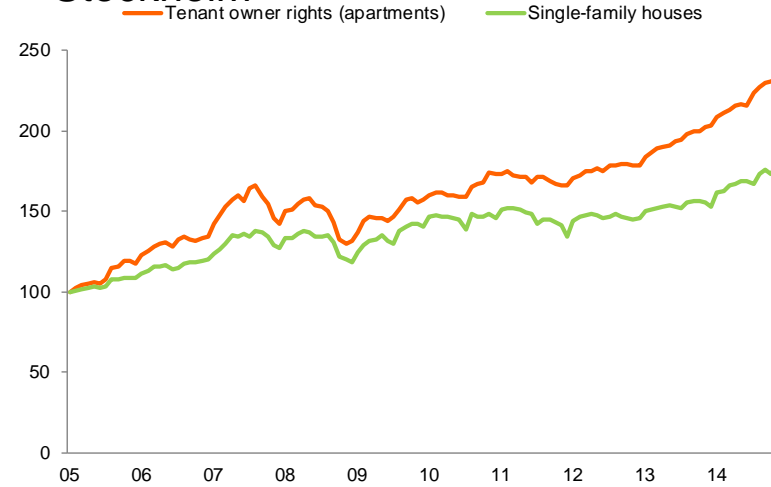
Source: OECD Economic Outlook 96, table 23, Dec 2014

# Upward pressure on house prices

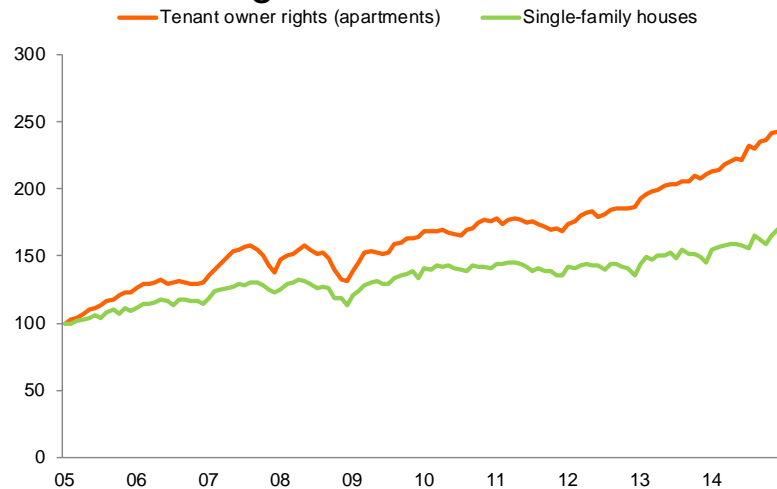
### Sweden, total



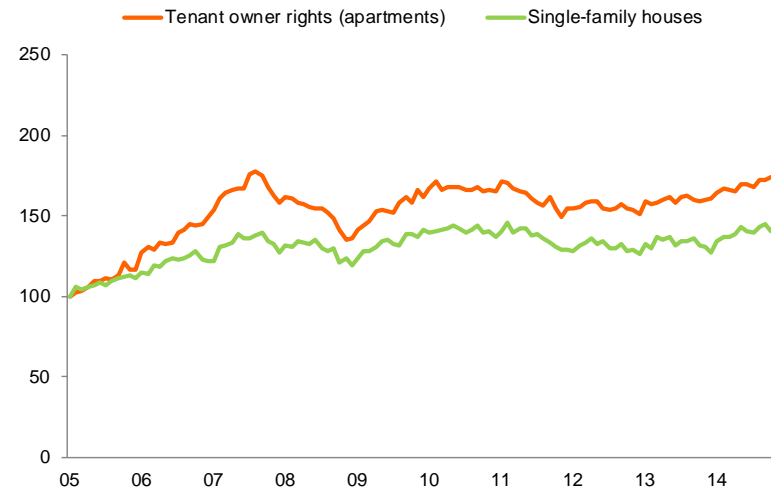
### Stockholm



### Gothenburg



### Malmoe



Source: Valueguard Index (2005=100), Dec 31, 2014



# Appendix

# Sweden's largest retail bank

## Sweden

Population	9.6m
Private customers	4.1m
Corporate customers	270 000
Organisations	66 000
Branches	314
ATMs	*
Cards	3.9m
Employees	8 482

\* ATMs are handled in Bankomat AB ([www.bankomat.se](http://www.bankomat.se))

## Estonia

Population	1.3m
Private customers	1.0m
Corporate customers	130 000
Branches	40
ATMs	467
Cards	1.1m
Employees	2 280

~86%\*

~10%\*

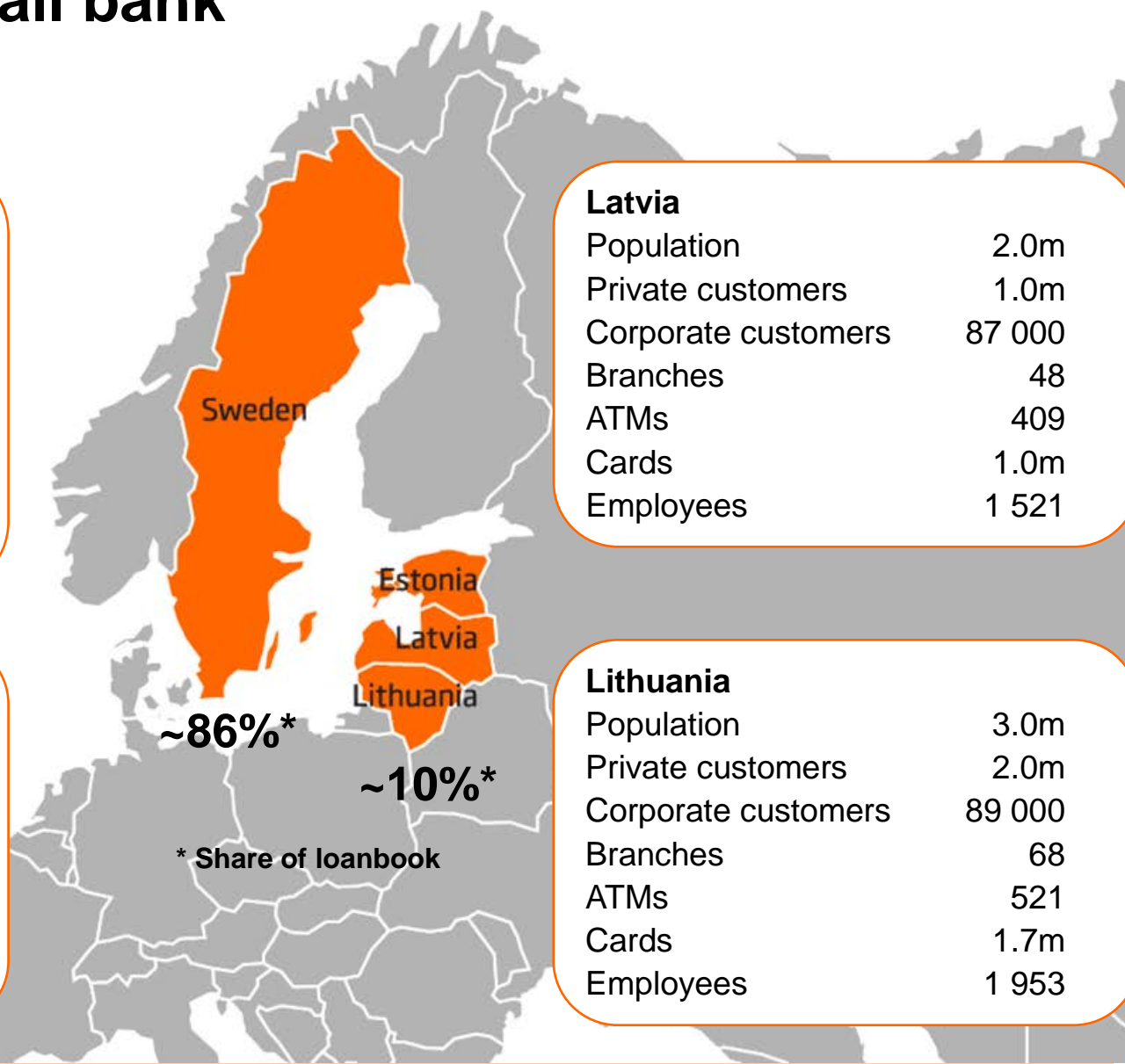
\* Share of loanbook

## Latvia

Population	2.0m
Private customers	1.0m
Corporate customers	87 000
Branches	48
ATMs	409
Cards	1.0m
Employees	1 521

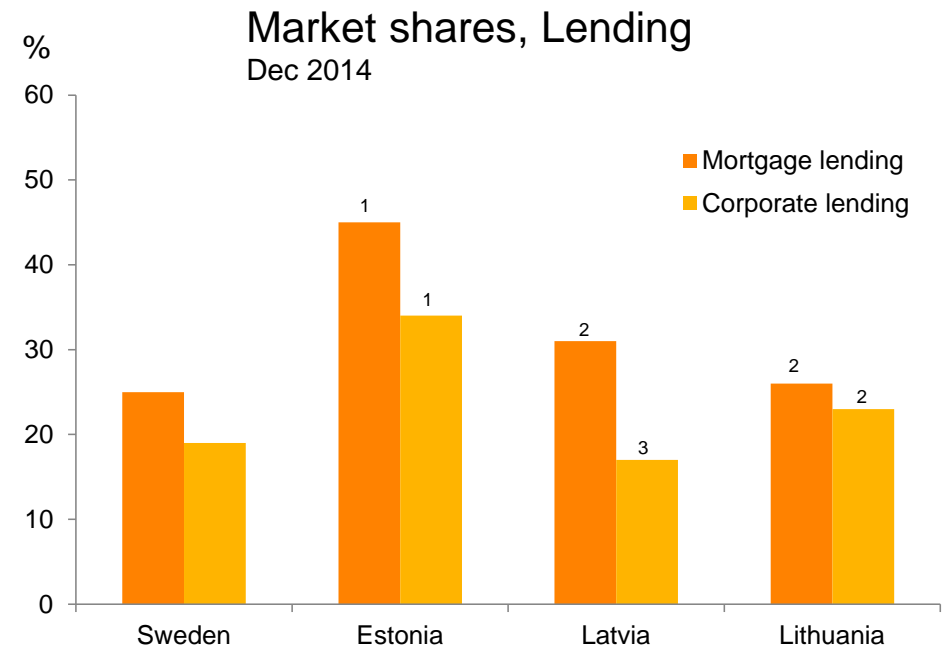
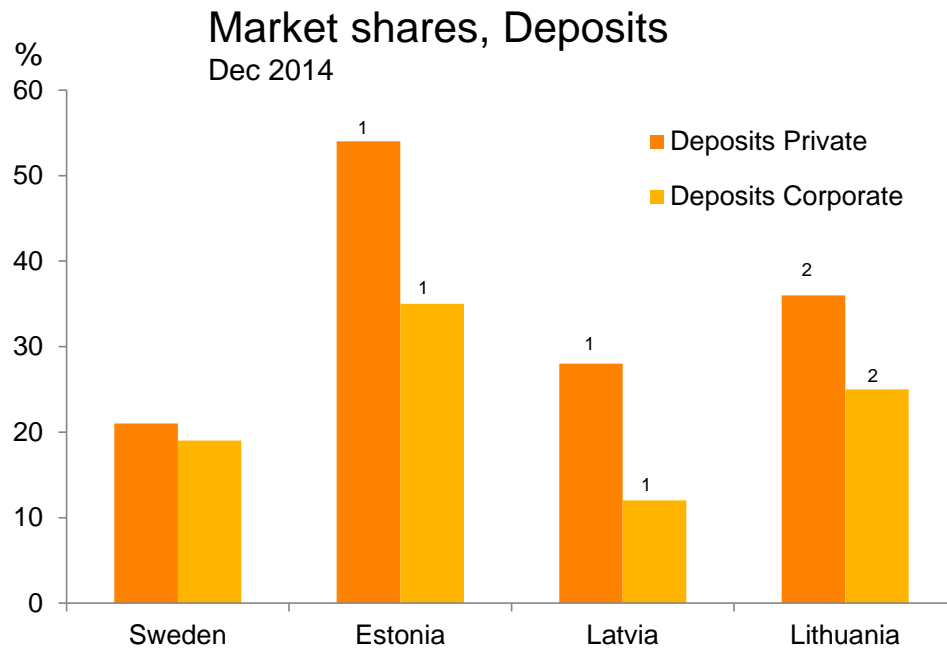
## Lithuania

Population	3.0m
Private customers	2.0m
Corporate customers	89 000
Branches	68
ATMs	521
Cards	1.7m
Employees	1 953



# Market leading retail franchise in all home markets

- Largest retail bank and fund manager in Sweden



Source: Source Sweden: Statistics Sweden (SCB)

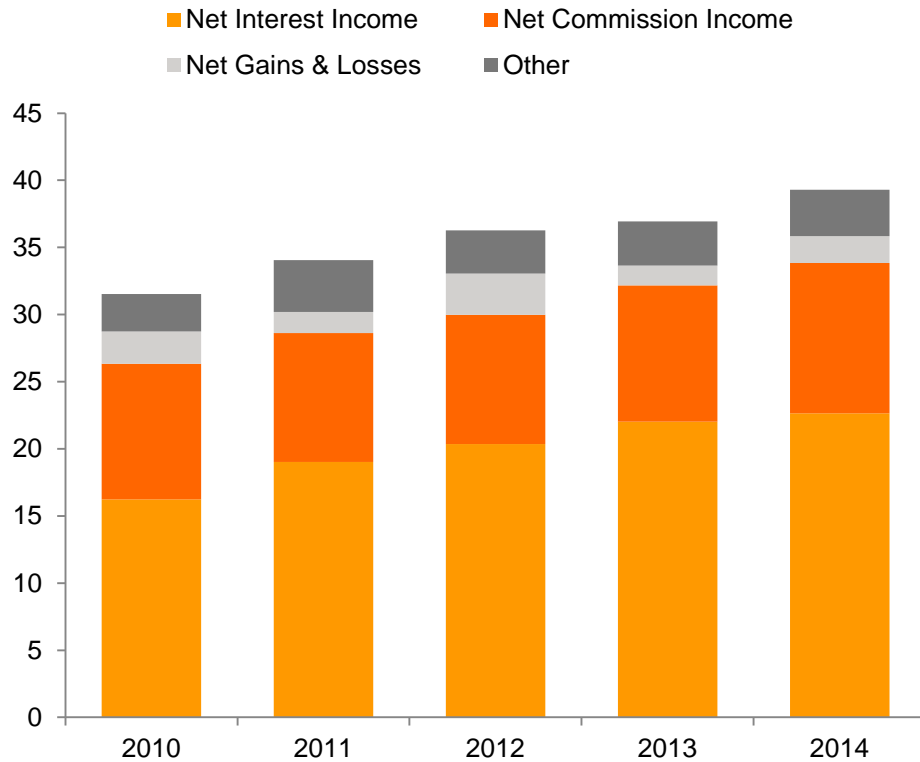
Source Estonia: Estonian Central Bank, <sup>1</sup>as per Nov 2014

Sources Latvia: Association of Commercial Banks of Latvia (ACBL) & The Financial and Capital Market Commission (FCMC), <sup>1</sup>as per Nov 2014 <sup>2</sup>as per Sep 2014, <sup>3</sup>as per Sep 2013

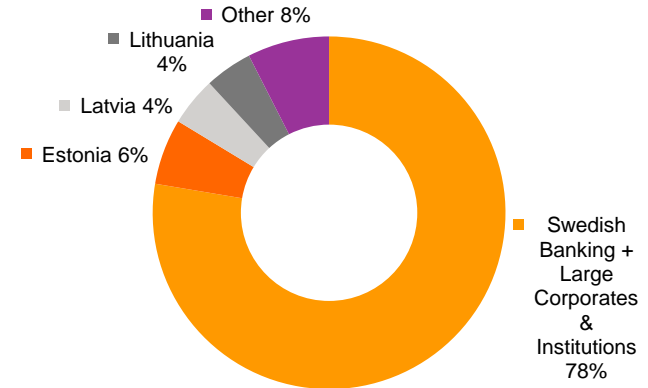
Source Lithuania: Association of Lithuanian Banks (LBA), <sup>2</sup>as per Sep 2014

# Stable earnings

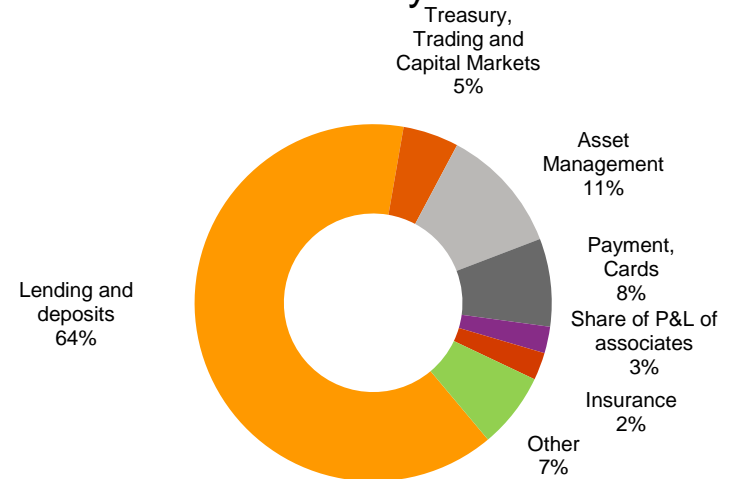
FY Total Income evolution, SEKbn



FY 2014 Total income geographic distribution...



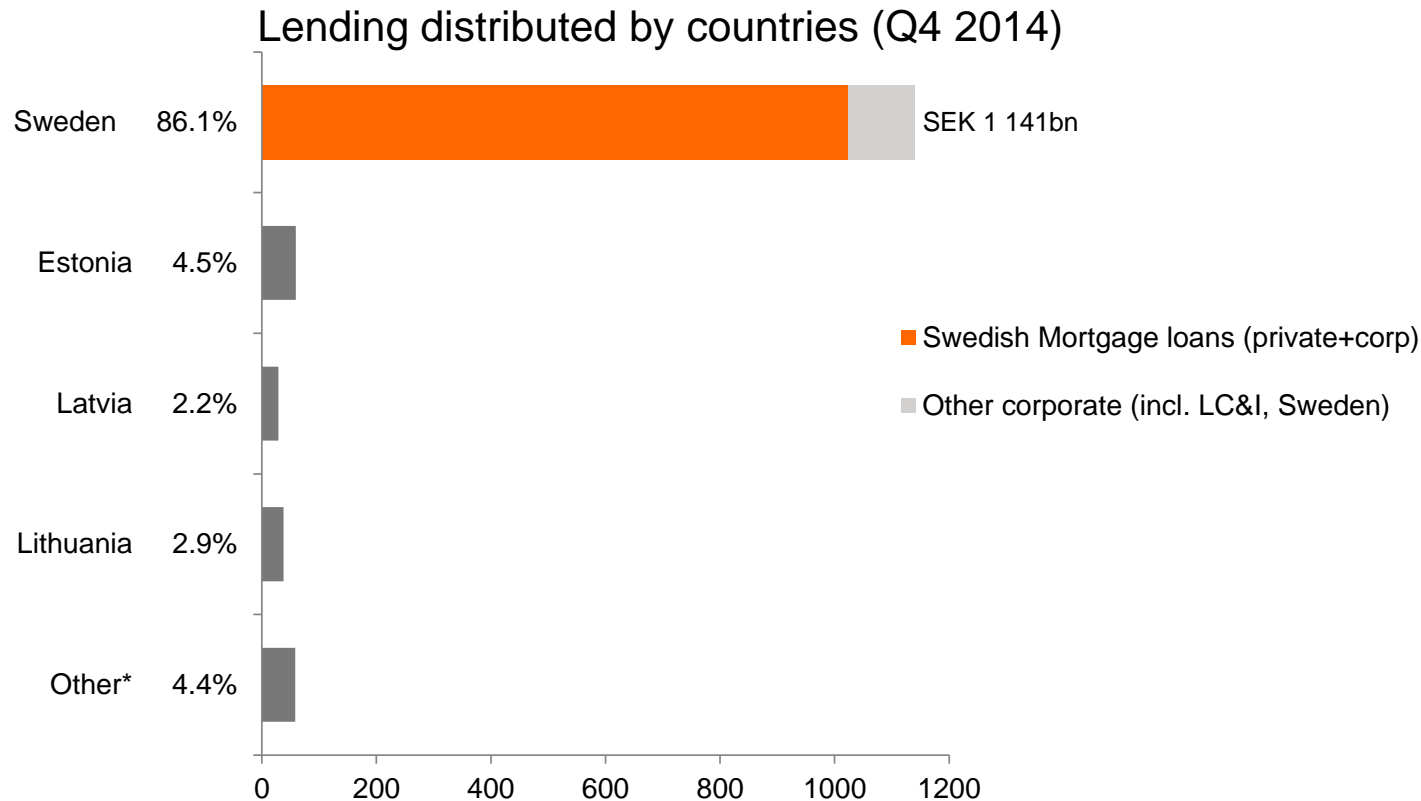
...And distribution by business area



Source: Swedbank YE 2014 interim report and Fact book Q4 2014

# Sweden – the dominating home market

- Total lending to the public amounts to SEK 1 325bn (as per Q4 2014), out of which around 86% is originated in Sweden
- Estonia makes up 47% of total lending in the Baltics

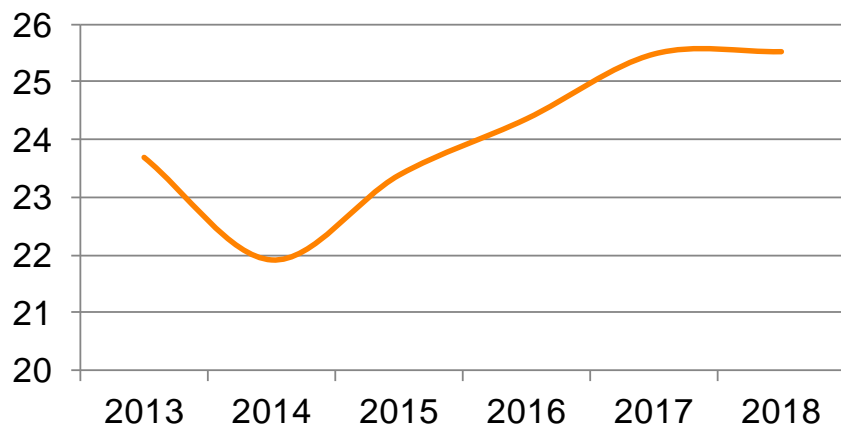


Source: Swedbank Dec 31, 2014

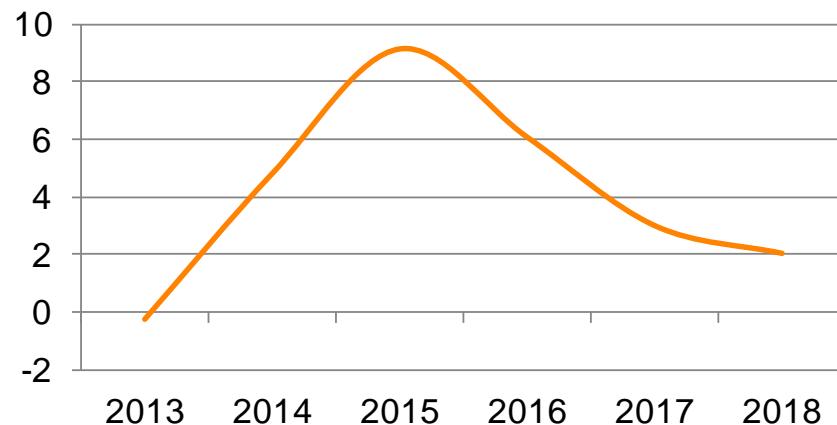
\* Denmark, Norway, Finland and NY Branch

# Swedbank demonstrates strong resilience to the applied adverse scenario

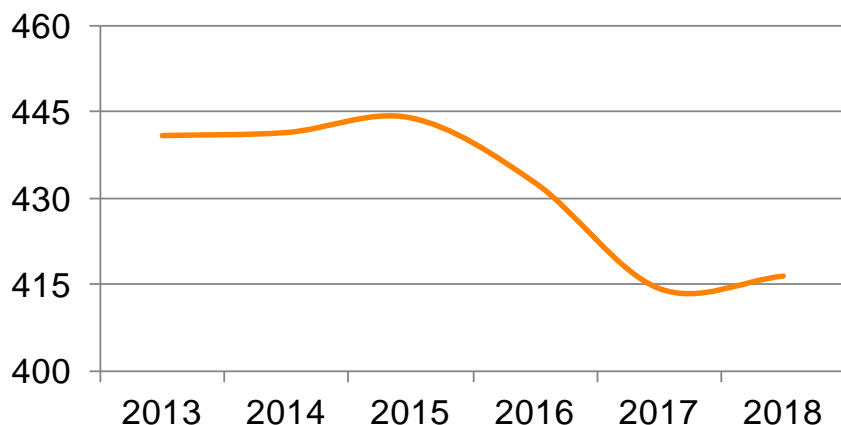
**Net interest income (SEKbn)**



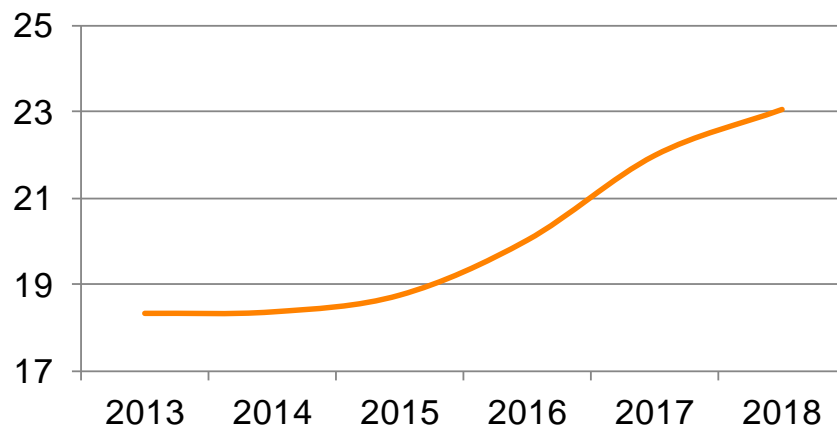
**Credit impairments (in total SEK 25bn)**



**REA (SEKbn)**



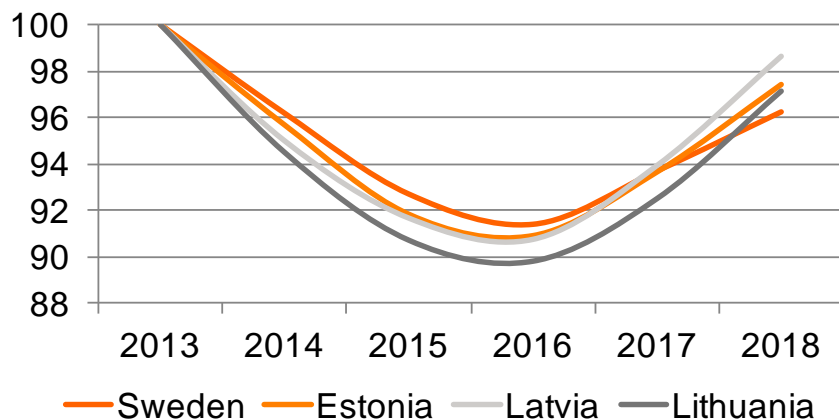
**CET 1 capital ratio (%)**



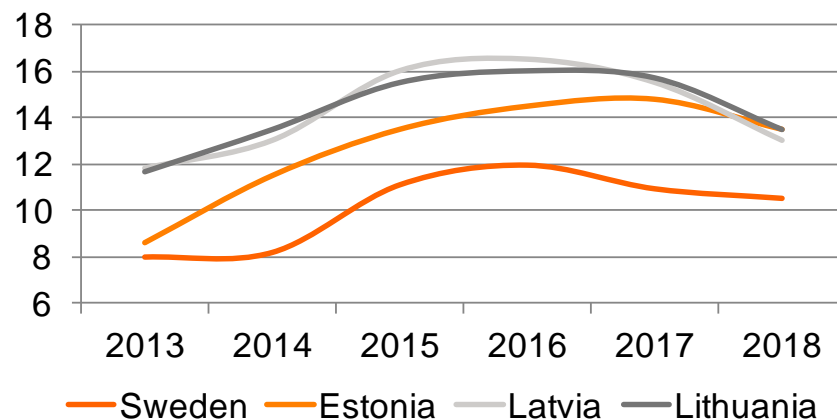
Source: Swedbank, Jun 30, 2014

# 2014 ICAAP U scenario

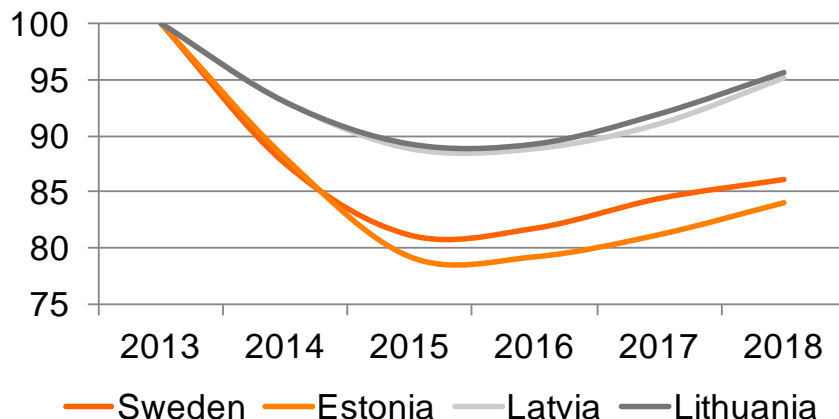
### GDP Index (%)



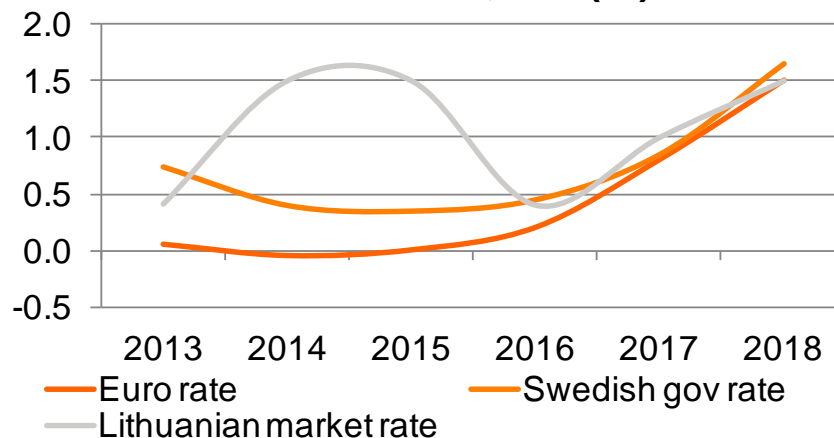
### Unemployment (%)



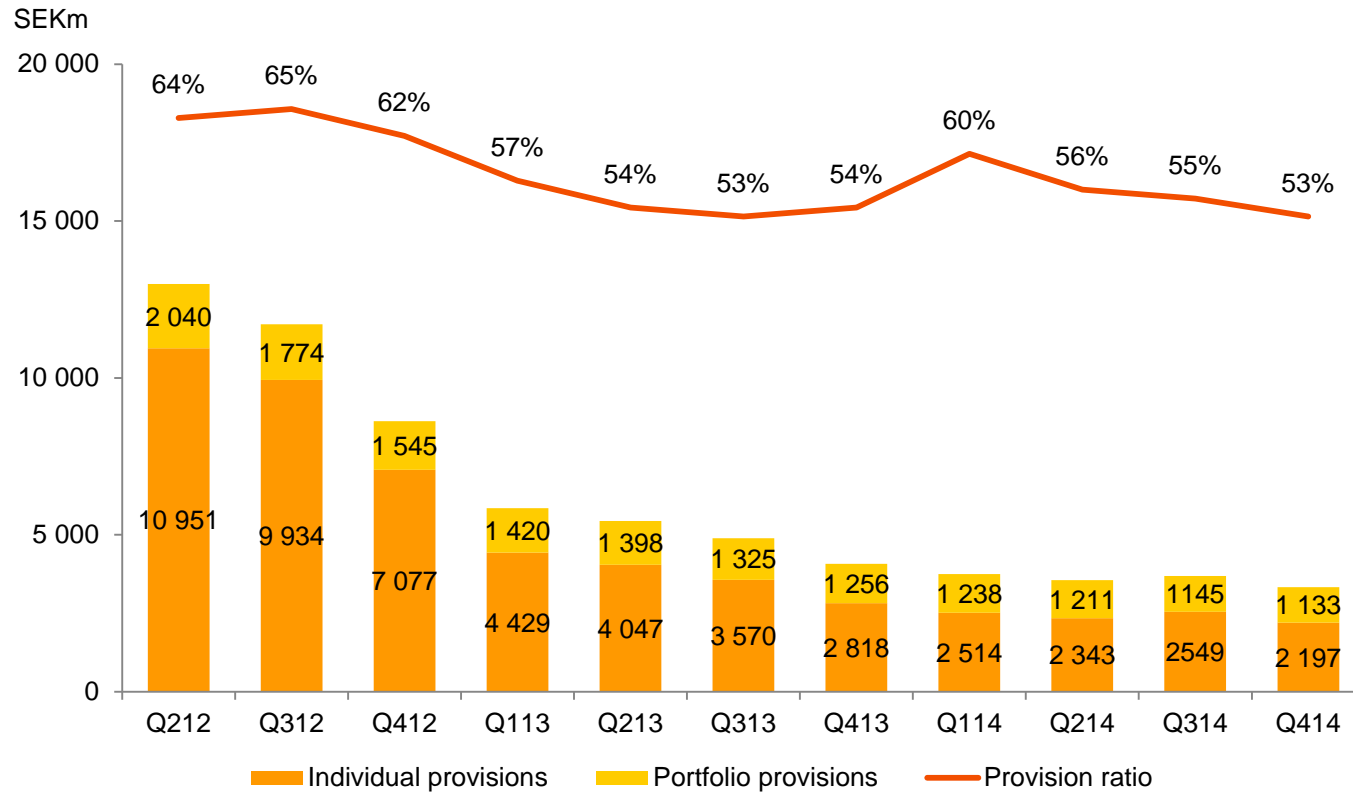
### Real estate price index (%)



### Interest rates, 3M (%)



# Conservative provision ratio



Provision ratio, %	Q4 14
Swedish Banking	61
LC&I	62
Baltic Banking	48
<b>Group</b>	<b>53</b>

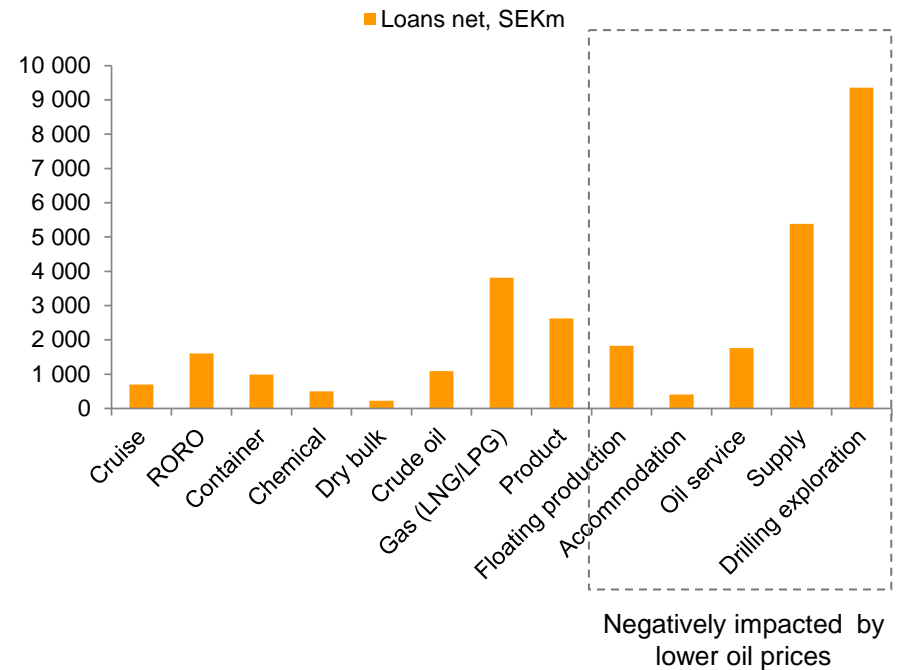
Source: Swedbank, Dec 31, 2014 Since Q1 2013 Russia and Ukraine are reported as discontinued operations



# Shipping and Offshore

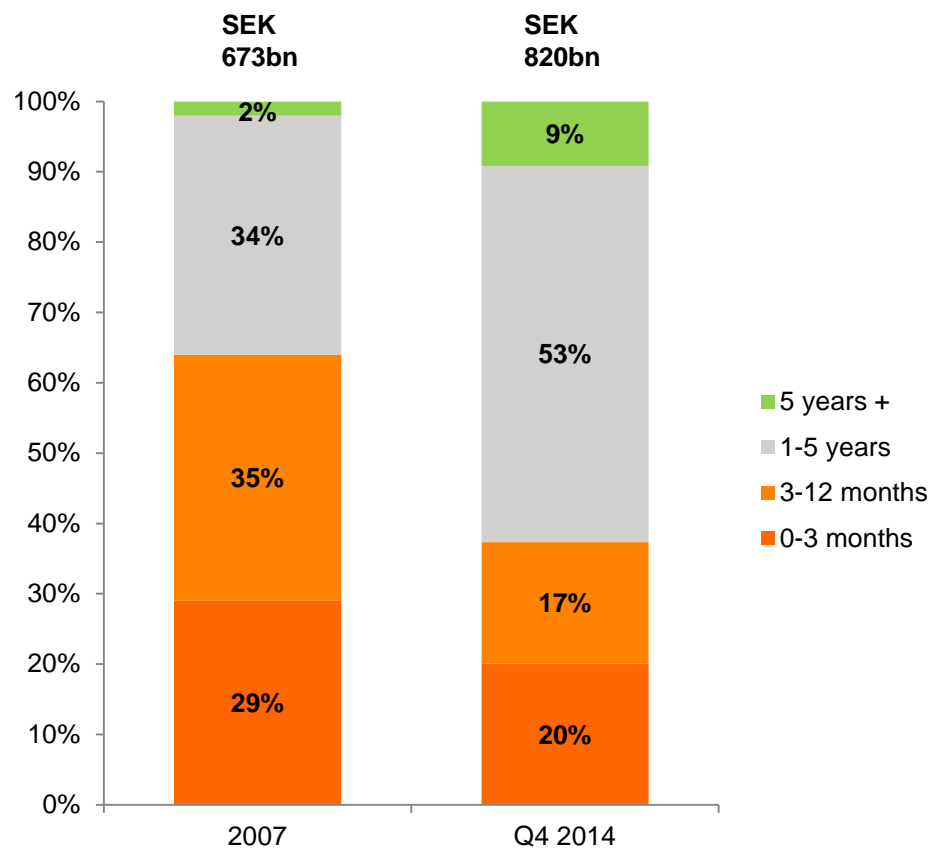
- Total portfolio of SEK 30bn
  - Moderate volume increase over time
  - USD based
- SEK 19bn negatively impacted by lower oil prices
- Stress tests performed
  - Listed, well-capitalised companies
  - Long-dated contracts
  - Collateralised lending

Shipping and Offshore

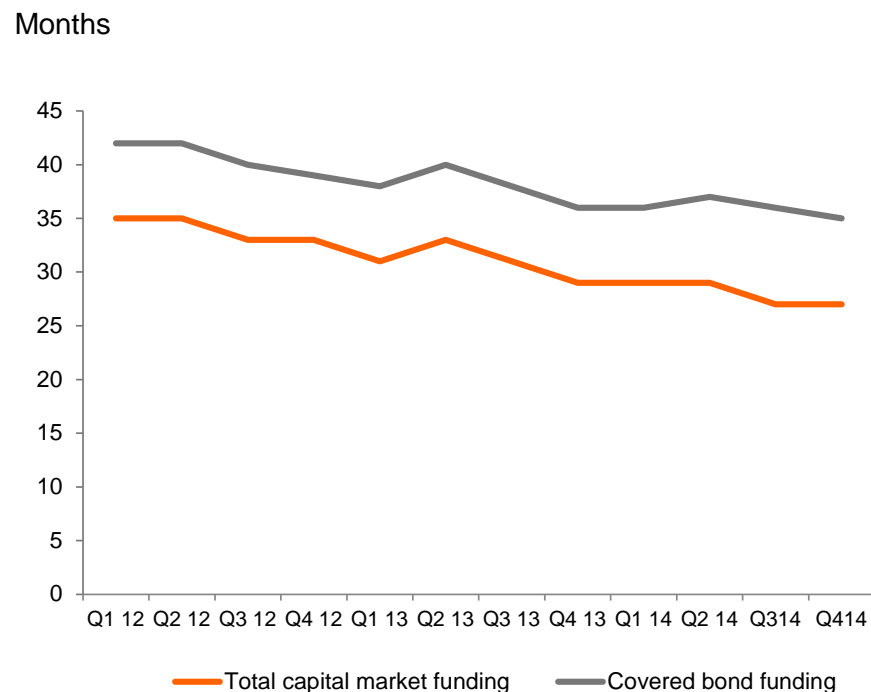


# Fundamental change of maturity profile

- 2007 – 64% of wholesale funding < 12 months, SEK 13bn in central bank deposits
- Q3 2014 – 37% of wholesale funding < 12 months, SEK 158bn in central bank deposits



Average maturity profile of outstanding market funding

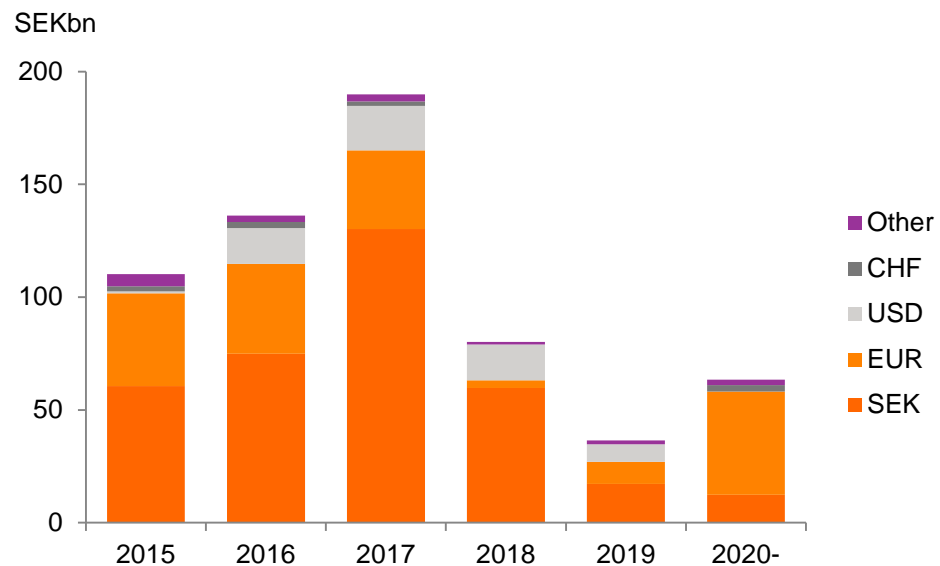
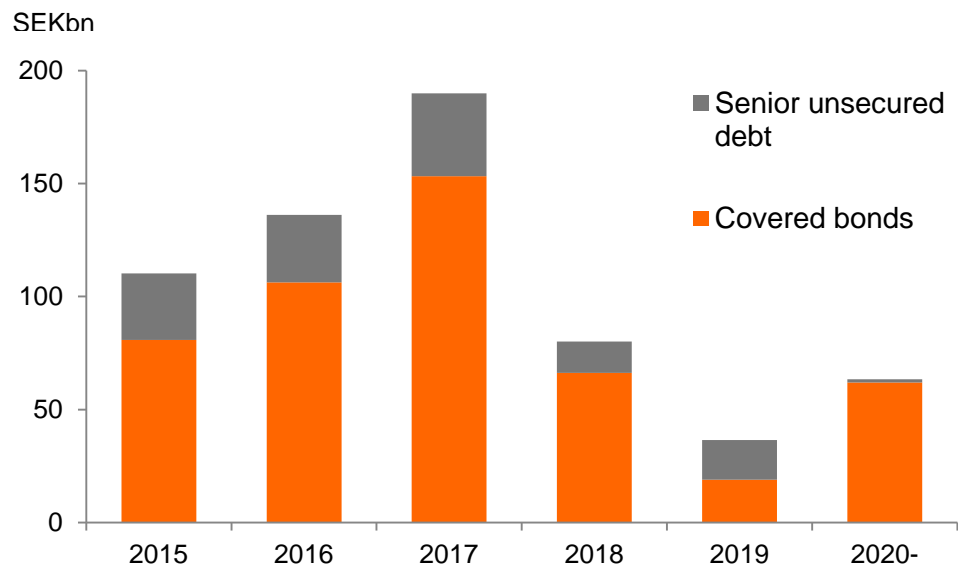


Source: Swedbank, Dec 31, 2014

# Long-term funding maturity profile

- Funding plan of around SEK 160bn to meet volume growth and next 12 months' nominal SEK 110bn maturities

Long-term funding maturity profile, by funding source    Long-term funding maturity profile, by currency



Source: Swedbank Dec 31, 2014

# Funding sources

**Swedbank AB**

100% owned

**Swedbank Mortgage AB\***

Program	Limit
<b>Long Term</b>	
Global MTN	USD 40bn
Domestic MTN	SEK 60bn
USD Senior (144a / Reg.S)	USD 15bn
-----	
NSV (stand alone doc.)	
<b>Short Term</b>	
Domestic CP	SEK 80bn
European CP/CD	EUR 6bn
US CP	USD 20bn
Yankee CD	USD 20bn
Finnish CD	EUR 4bn

Program	Limit
<b>Long Term</b>	
Domestic Benchmark CB	Unlimited**
EMTN CB	EUR 25bn
USD Covered bonds (144a / Reg.S)	USD 15bn
Domestic MTN CB	SEK 150bn
Norwegian Benchmark CB	Unlimited**
-----	
Registered CB (stand alone doc.)	
<b>Short Term</b>	
Domestic CP	SEK 50bn

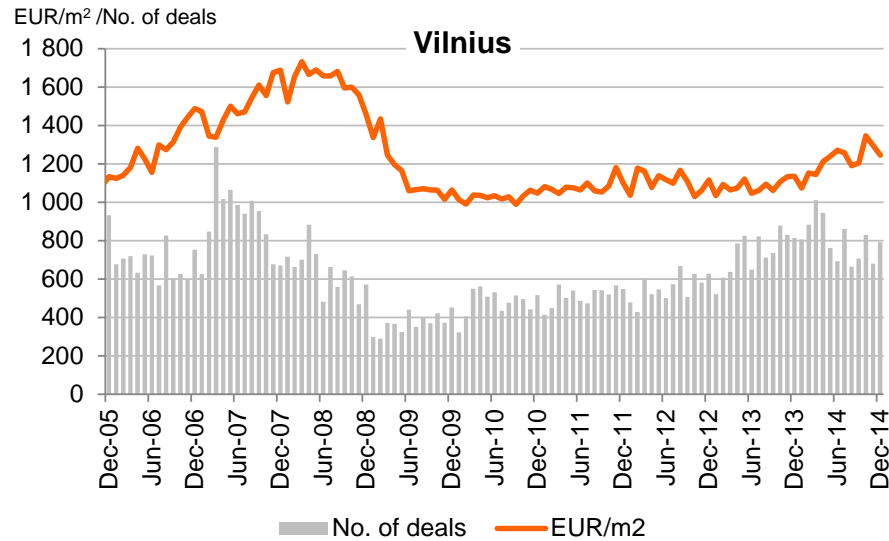
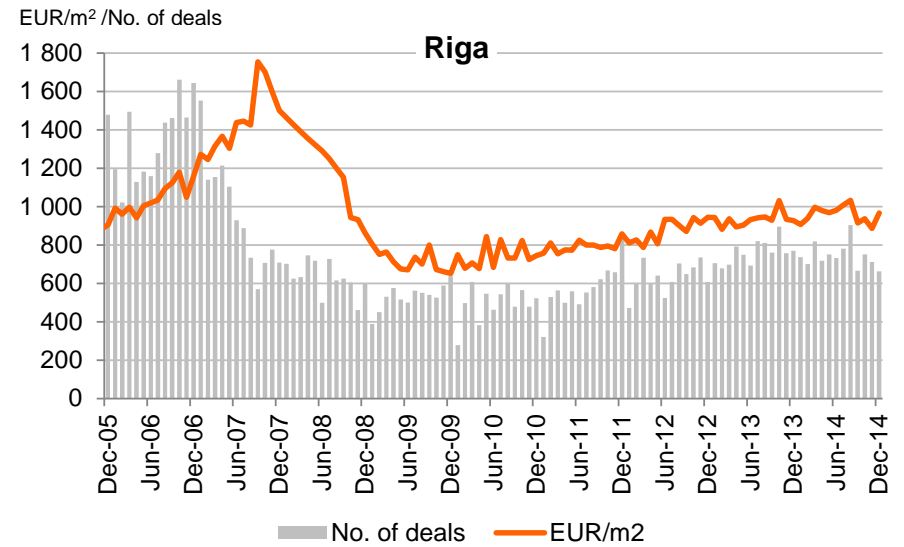
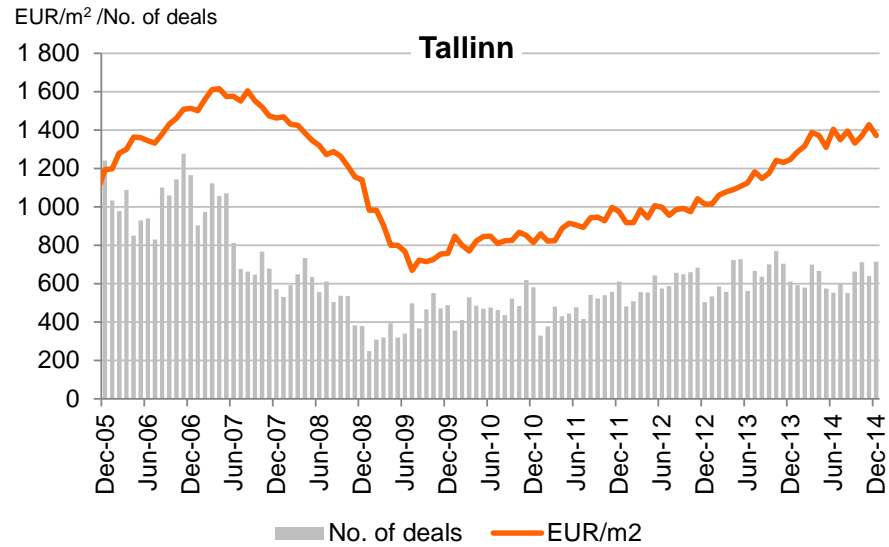
- \* 100% guaranteed by parent company
  - Irrevocable
  - Unconditional
  - Timely
- \*\* Limited by cover pool size

# Real estate prices – Sweden 12 months development

	Single-family homes <sup>1</sup> 12M Δ	Tenant-owner rights <sup>2</sup> 12M Δ	Combined <sup>3</sup> 12M Δ
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%
Jul/14	9%	14%	11%
Aug/14	9%	14%	11%
Sep/14	9%	15%	11%
Oct/14	8%	15%	11%
Nov/14	13%	15%	14%
Dec/14	15%	15%	15%

Source: Valuegard [www.valuegard.se](http://www.valuegard.se) (Based on data from Mäklarstatistik), <sup>1</sup> HOXHOUSESWE, <sup>2</sup> HOXFLATSWE, <sup>3</sup> HOXSWE

## Baltic countries



# Swedbank – contacts and financial calendar

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## Financial calendar

AGM*	26 Mar 2015
Q1 Interim report	28 Apr 2015
Q2 Interim report	16 Jul 2015
Q3 Interim report	20 Oct 2015

\* Annual report published on website 20 Feb 2015

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