

# Swedbank investor presentation

October 2014



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# 1. Quarterly financial update

# Strong result

SEKm	Q3 14	Q2 14	▲ Q/Q	▲ Y/Y
Net interest income	5 829	5 521	308	430
Net commission income	2 816	2 813	3	889
Net gains and losses	799	773	26	894
Other income	706	1 348	-642	426
<b>Total income</b>	<b>10 150</b>	<b>10 455</b>	<b>-305</b>	<b>2 639</b>
<b>Total expenses</b>	<b>4 164</b>	<b>4 919</b>	<b>-755</b>	<b>1 145</b>
<b>Profit before impairments</b>	<b>5 986</b>	<b>5 536</b>	<b>450</b>	<b>1 494</b>
Credit impairments	235	30	205	73
Other impairments	19	70	-51	-328
Tax	1 164	1 063	101	414
<b>Profit from continuing operations</b>	<b>4 562</b>	<b>4 369</b>	<b>193</b>	<b>1 330</b>
ROE continuing operations, %	16.6	16.6		
Cost/income ratio	0.41	0.47		
CET1 capital ratio, %	20.7	20.9		

- Volume growth
- Mixed margins
- Strong commission income
- Treasury income supported by lower market rates
- Cost
  - Meeting cost target 2014
  - Ambition to lower total expenses towards SEK 16bn by 2016

## Strong loan volumes

SEKm	Q3 14	Q2 14	▲ Q/Q	▲ Y/Y
Net interest income	3 372	3 362	10	-124
Net commission income	1 746	1 790	-44	470
Other income	449	1 077	-628	687
<b>Total income</b>	<b>5 567</b>	<b>6 229</b>	<b>-662</b>	<b>1 033</b>
<b>Total expenses</b>	<b>2 581</b>	<b>3 192</b>	<b>-611</b>	<b>1 048</b>
<b>Profit before impairments</b>	<b>2 986</b>	<b>3 037</b>	<b>-51</b>	<b>-15</b>
Credit impairments	43	25	18	-99

ROE, %	25.9	29.7
C/I ratio	0.46	0.51

Volumes, SEKbn	Q3 14	Q2 14	▲ Q/Q	▲ Y/Y
Loans	1 005	987	18	80
Deposits	402	401	1	24

- Lower deposit margins
- Expanding mortgage margins
- Loan volume growth both in private and SME segments
- Continued market activity supports commission income
- Sparbanken Öresund financial result fully included

Source: Swedbank Sep 2014

## Good underlying development

SEKm	Q3 14	Q2 14	▲ Q/Q	▲ Y/Y
Net interest income	876	846	30	91
Net commission income	561	496	65	277
Net gains and losses	354	575	-221	25
Other income	36	28	8	-18
<b>Total income</b>	<b>1 827</b>	<b>1 945</b>	<b>-118</b>	<b>375</b>
<b>Total expenses</b>	<b>835</b>	<b>804</b>	<b>31</b>	<b>141</b>
<b>Profit before impairments</b>	<b>992</b>	<b>1 141</b>	<b>-149</b>	<b>234</b>
Credit impairments	270	21	249	86
ROE, %	13.8	23.1		
C/I ratio	0.46	0.41		

Volumes, SEKbn	Q3 14	Q2 14	▲ Q/Q	▲ Y/Y
Loans	161	157	4	13
Deposits	104	98	6	33

- Volume growth
- Mixed corporate activity
  - Corporate finance and DCM
  - Lending
- Weaker trading activity
- Single exposure caused credit impairment

Source: Swedbank Sep 2014

## Stable result

SEKm	Q3 14	Q2 14	▲ Q/Q	▲ Y/Y
Net interest income	865	894	-29	321
Net commission income	500	522	-22	172
Other income	148	180	-32	-32
<b>Total income</b>	<b>1 513</b>	<b>1 596</b>	<b>-83</b>	<b>461</b>
<b>Total expenses</b>	<b>615</b>	<b>621</b>	<b>-6</b>	<b>51</b>
<b>Profit before impairments</b>	<b>898</b>	<b>975</b>	<b>-77</b>	<b>410</b>
Credit impairments	-59	-16	-43	84

ROE, %	15.7	15.6
C/I ratio	0.41	0.39

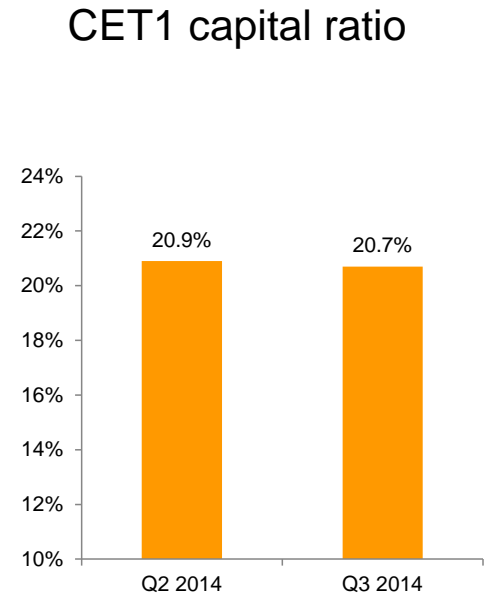
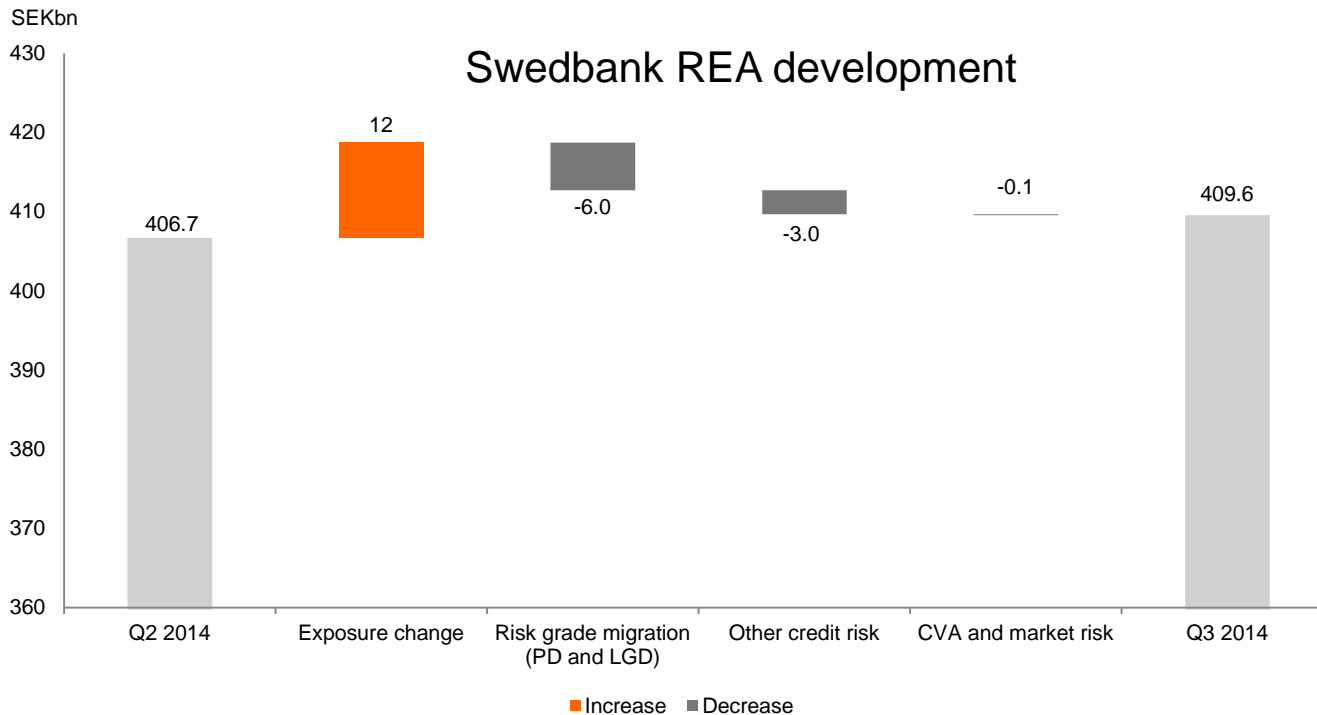
Volumes, SEKbn	Q3 14	Q2 14	▲ Q/Q	▲ Y/Y
Loans	121	122	-1	4
Deposits	125	122	3	15

- No financial impact from the geopolitical situation in Russia and Ukraine
- Lower market rates
- Solid credit quality
- Good cost efficiency

Source: Swedbank Sep 2014

# Increased REA following credit growth

- REA net increase of SEK 2.9bn during the quarter
- CET1 capital negatively impacted by SEK 0.9bn (IAS19)
- No regulatory excess capital



Source: Swedbank Sep 2014



## Strong asset quality

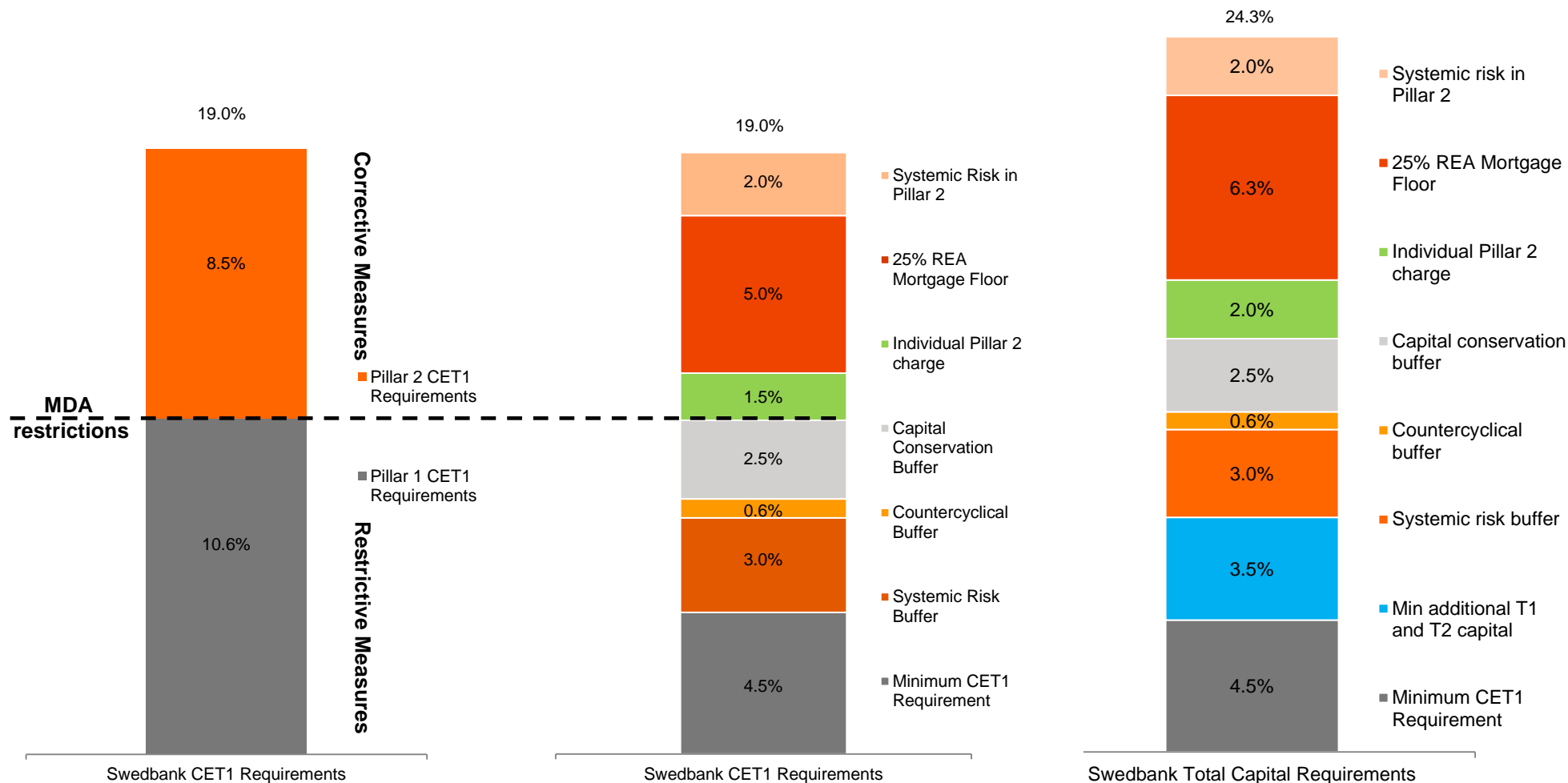
Credit impairments, SEKm	Q3 14	Q2 14
Swedish Banking	43	25
Large Corporates & Institutions	270	21
Baltic Banking	-59	-16
Group Functions & Other	-19	0
Swedbank Group	235	30

- Continued low loan losses in all business segments
- No asset quality impact from the geopolitical situation in Russia and Ukraine
- Single exposure caused credit impairment within LC&I
- Total impaired loans remain low



## 2. Capital considerations

# Composition of Swedbank's CET1 requirement



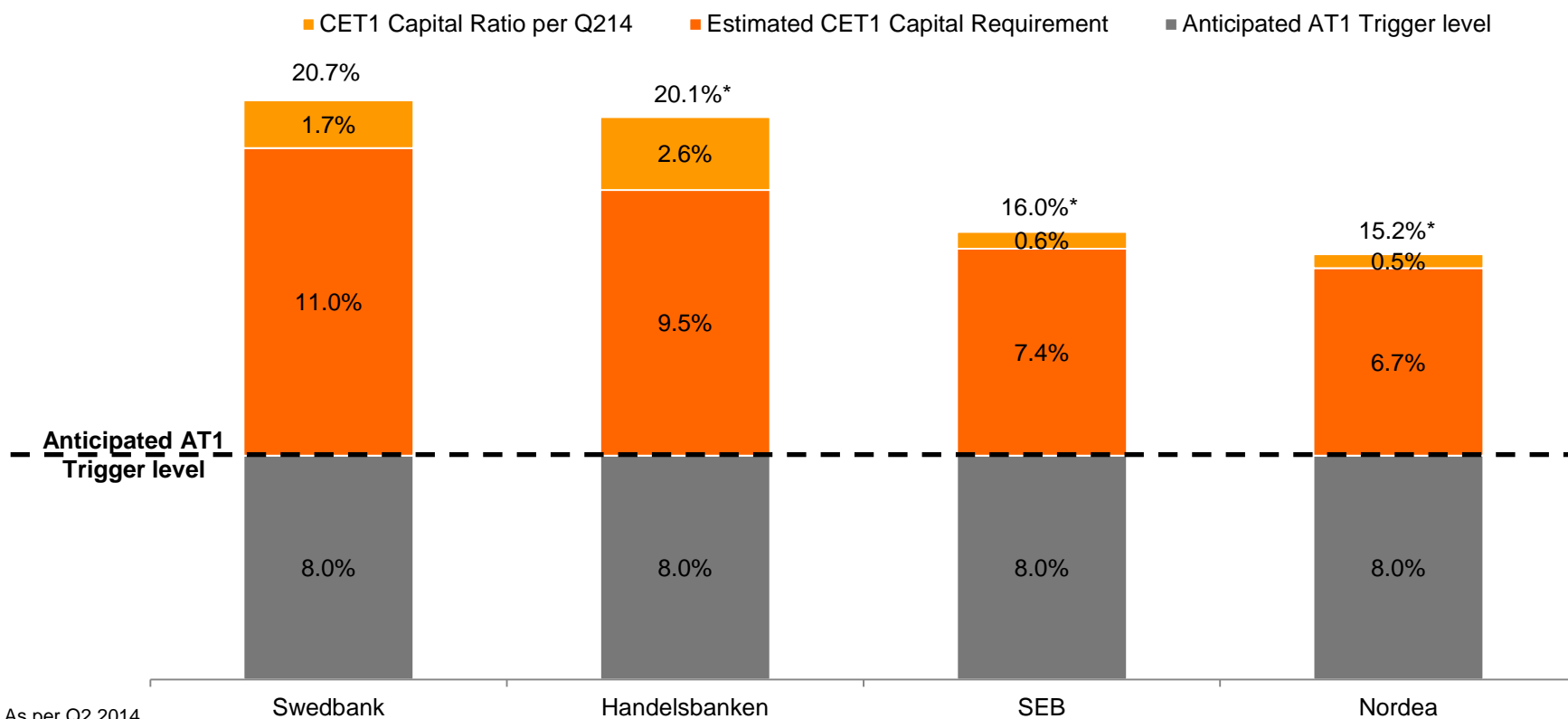
Estimated CET1 Capital Requirement based upon the Swedish FSA's Memorandum (08/09/2014). This will likely be adjusted in the future, in particular as under the SFSA's Memorandum the CET1 capital requirement is calculated utilising a standardised 1.5% charge for individual Pillar 2 requirements excluding mortgage and systemic risk, and this will likely vary between the above institutions

# No automatic sanctions for breaching the Pillar 2 capital requirements

- "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 priority 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..."
- "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)."

# Swedbank's capitalisation ensures a strong buffer for investors (fully loaded Basel III)

Swedish banks' current CET1 capital ratios

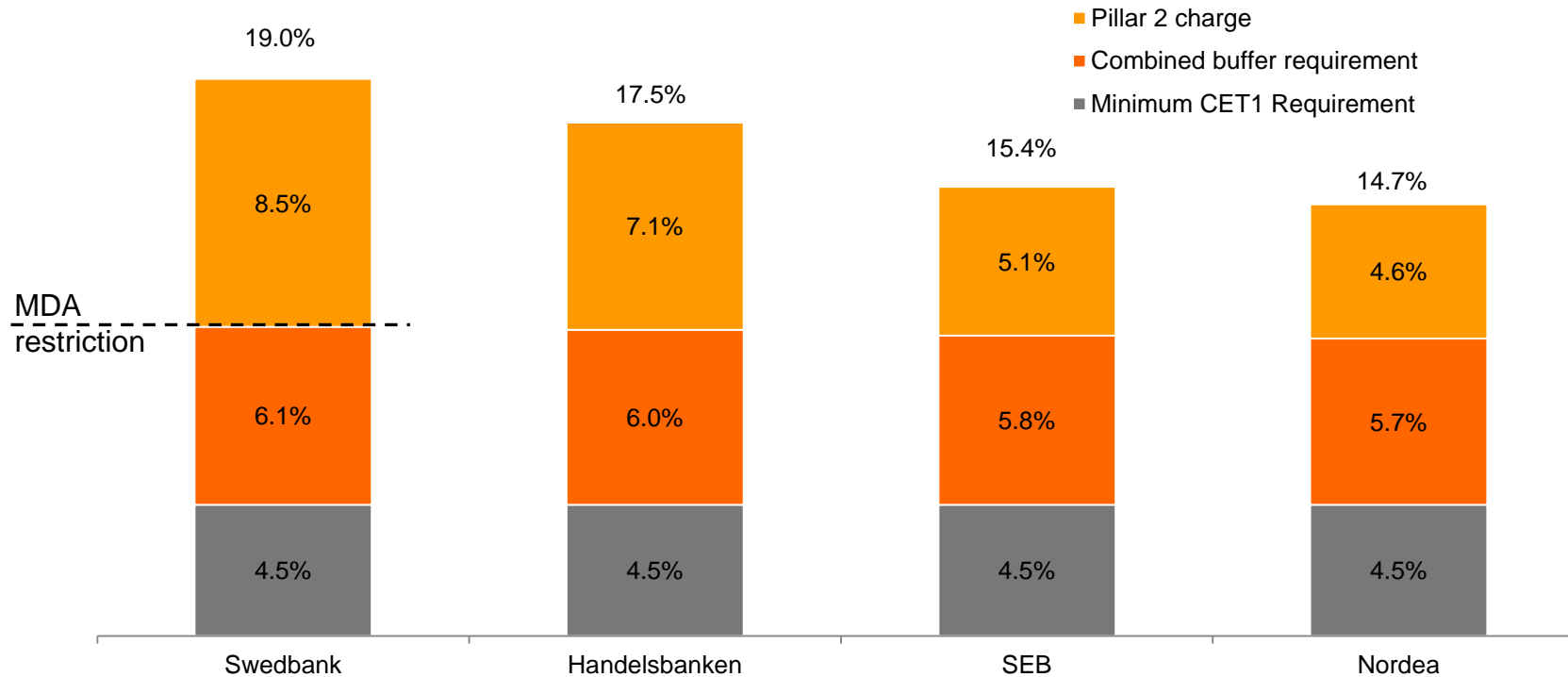


\* As per Q2 2014

Estimated CET1 Capital Requirement based upon the Swedish FSA's Memorandum (08/09/2014). This will likely be adjusted in the future, in particular as under the SFSA's Memorandum the CET1 capital requirement is calculated utilising a standardised 1.5% charge for individual Pillar 2 requirements excluding mortgage and systemic risk, and this will likely vary between the above institutions

# Swedbank's capital composition ensures a strong buffer to MDA limitations

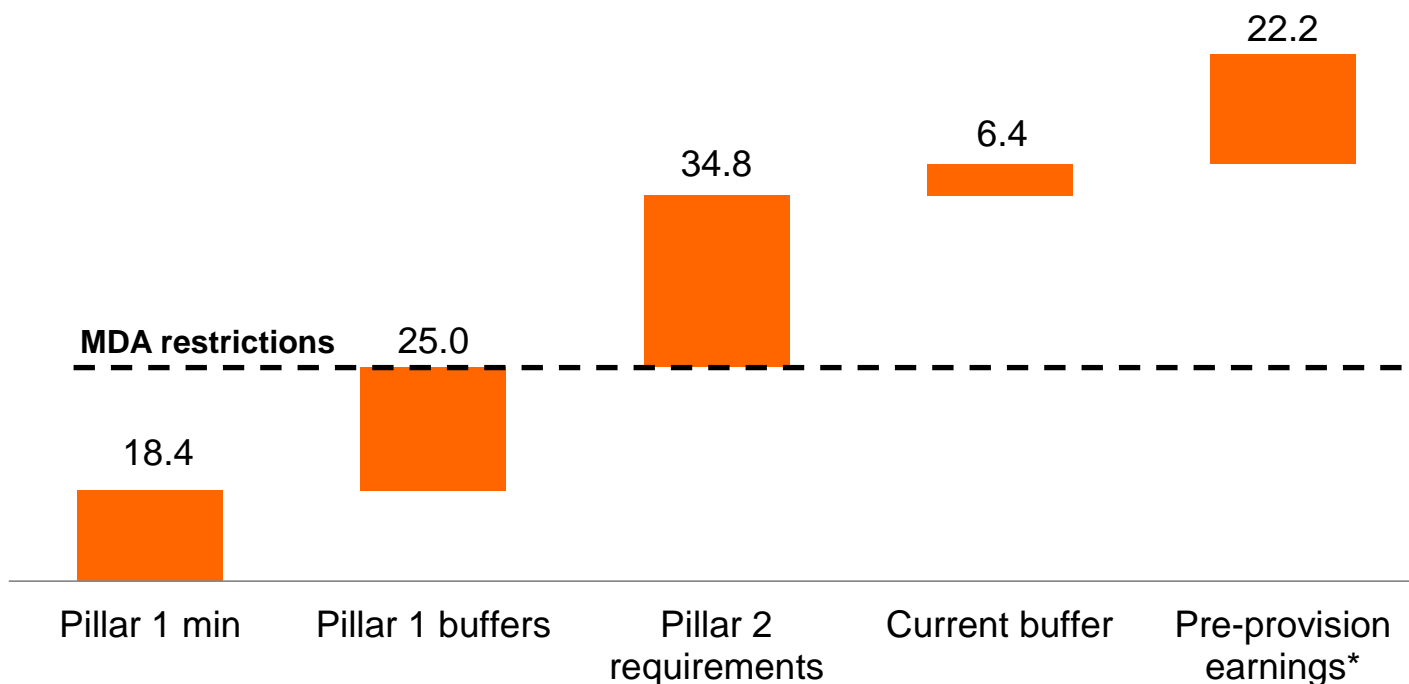
Buffer to Combined Buffer Requirement based on Regulatory Minimum



Source: Swedbank Sep 2014 Note: Assumes that AT1 and T2 capital requirements are fulfilled with subordinated capital

# Significant equity buffer to absorb losses

Equity cushion towards MDA restrictions and trigger level (SEK bn)



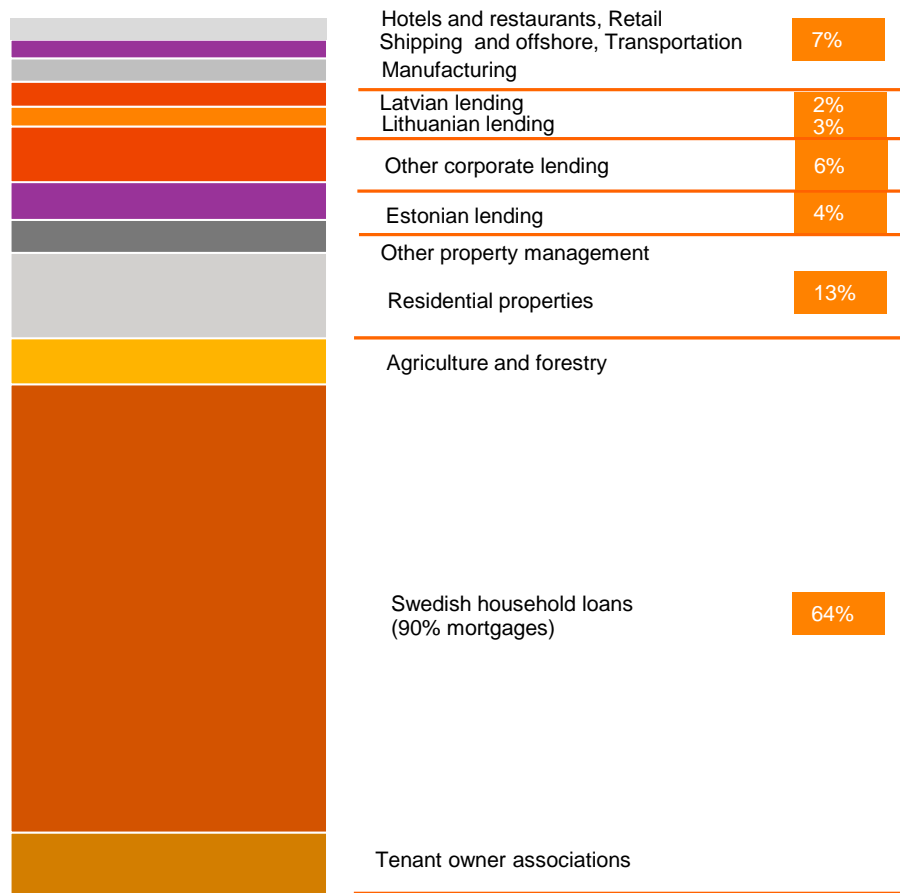
- Dividend policy of 75%

Source: Swedbank Sep 2014 \*YTD Q3 pre-provision earnings annualised

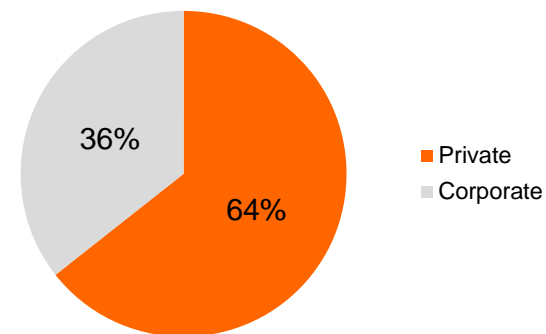


# Asset portfolios – low risk

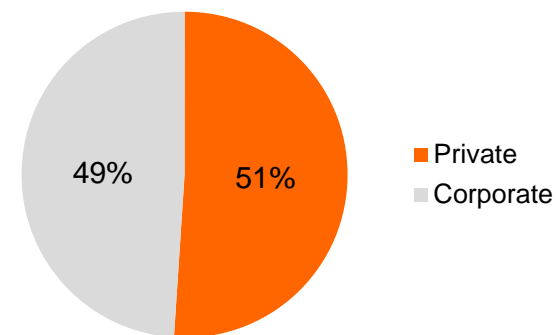
The Group, total SEK 1 287bn



## Sweden



## Baltic Banking

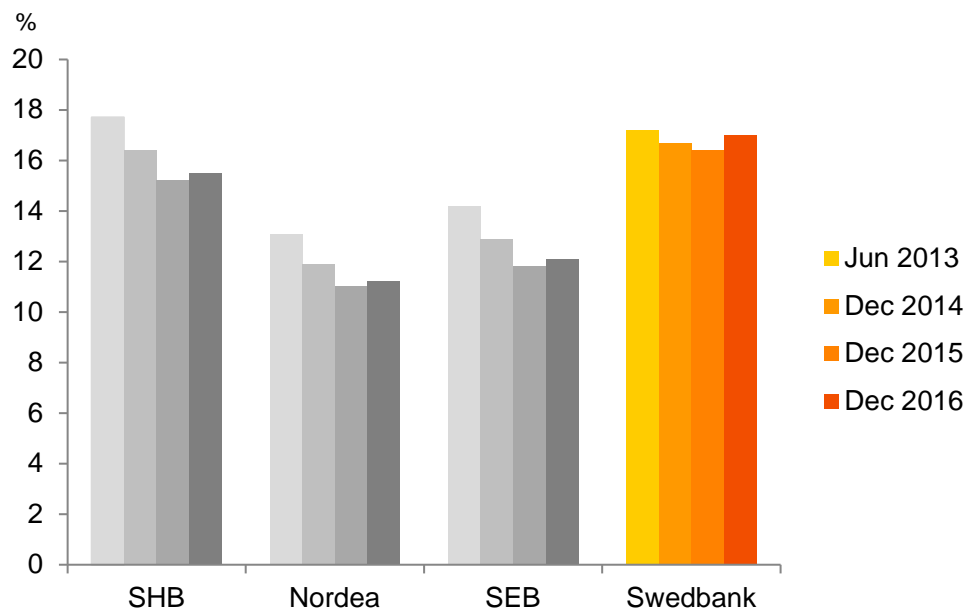


Source: Swedbank, Sep 30, 2014

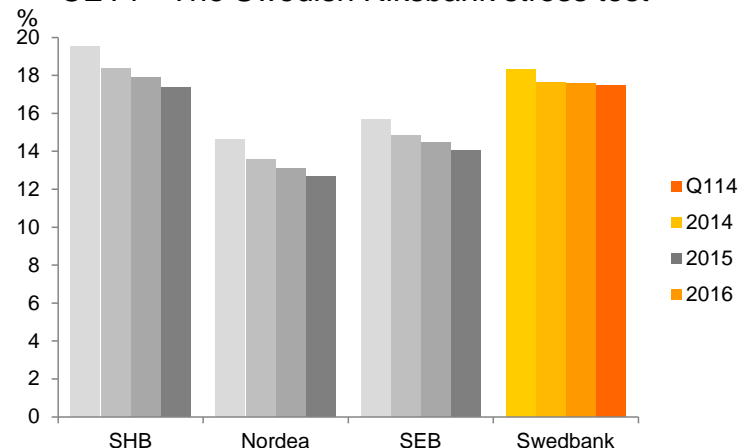
# The Swedish FSA and Riksbank stress tests

- Swedbank's strong relative risk position confirmed

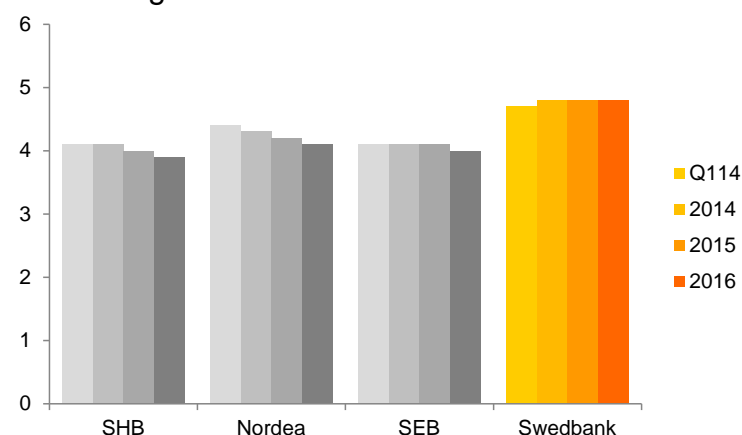
CET1 - The Swedish FSA stress test



CET1 - The Swedish Riksbank stress test\*



Leverage ratio - The Swedish Riksbank stress test\*\*



\*Main assumption; GDP decline and interest rates increase to stress for higher credit losses

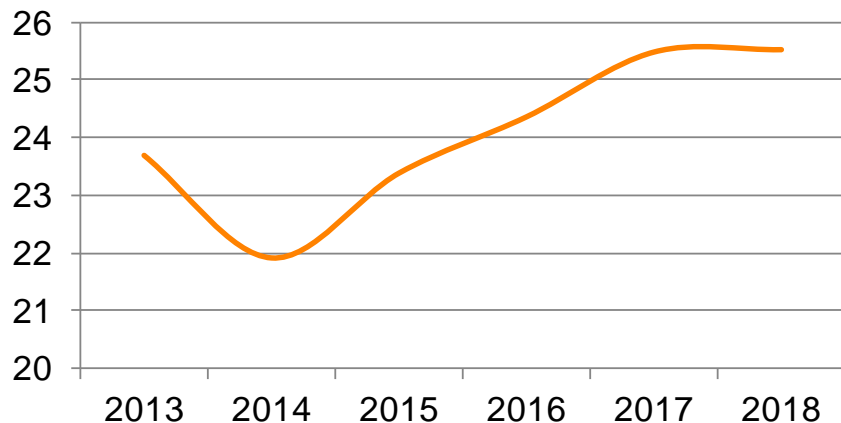
\*\*Note that this relates to SNL Financial's definition of the leverage ratio, which differs from the definition used by the Basel Committee.

Source: The SFSA's Risk Report, Nov 14, 2013

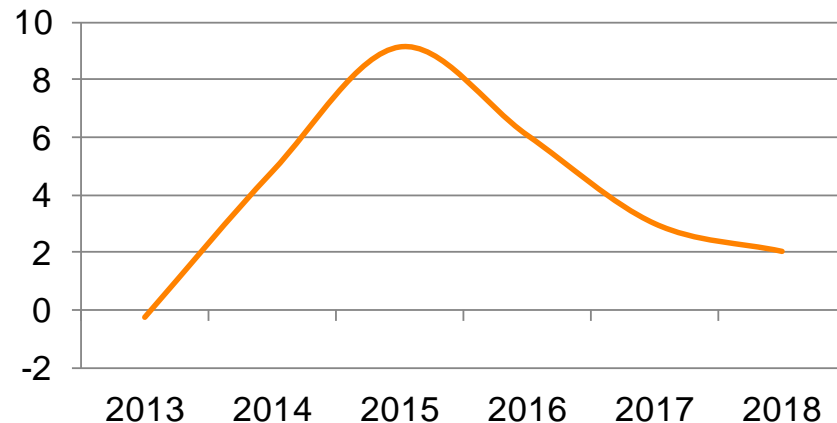
Source: The Riksbank's Financial Stability Report 2014:1, Jun 14, chart 4:13 and 4:15

# Swedbank demonstrates strong resilience to the applied adverse scenario

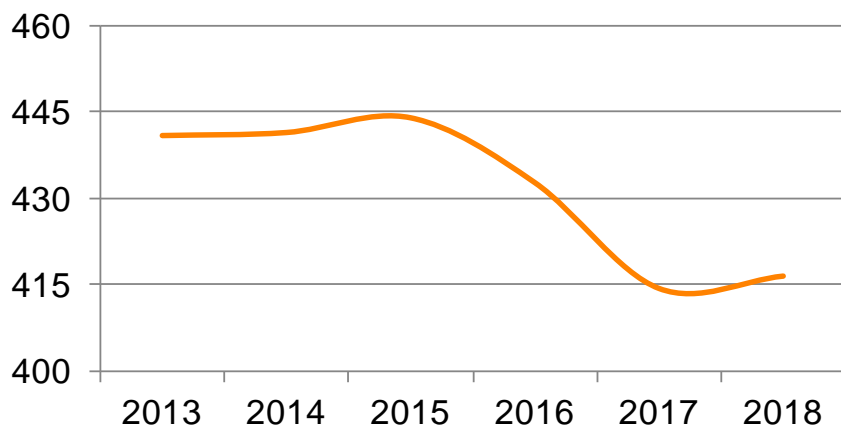
**Net interest income (SEKbn)**



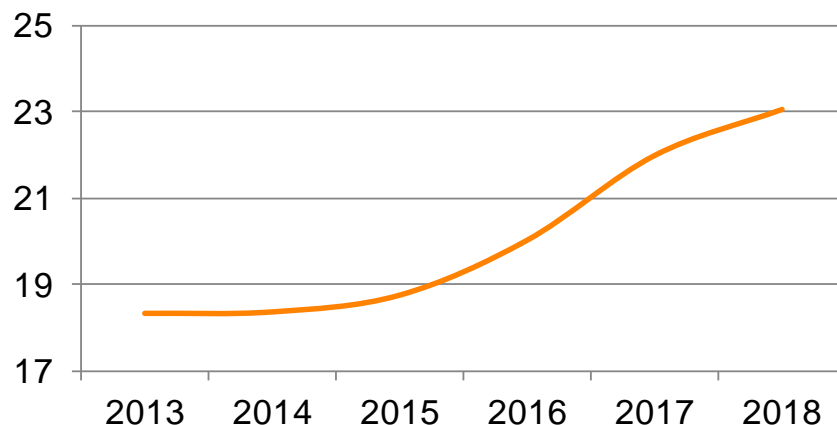
**Credit impairments (in total SEK 25bn)**



**REA (SEKbn)**



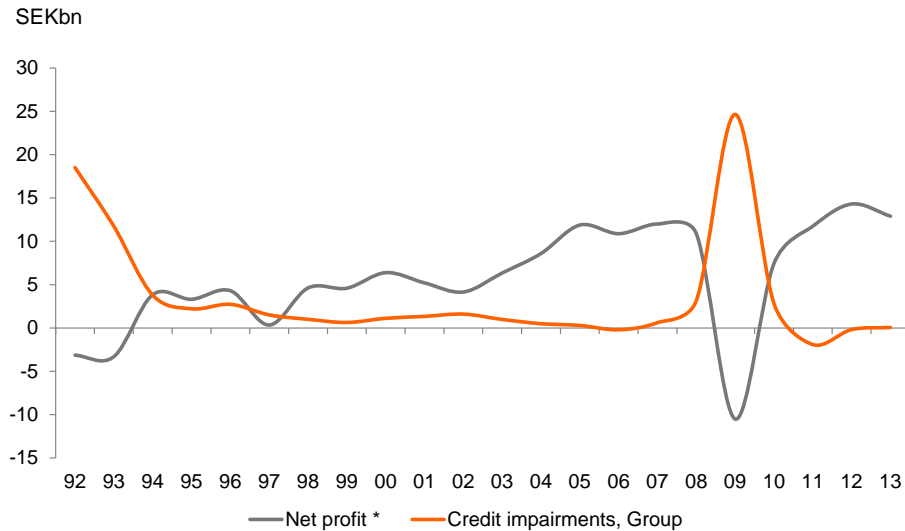
**CET 1 capital ratio (%)**



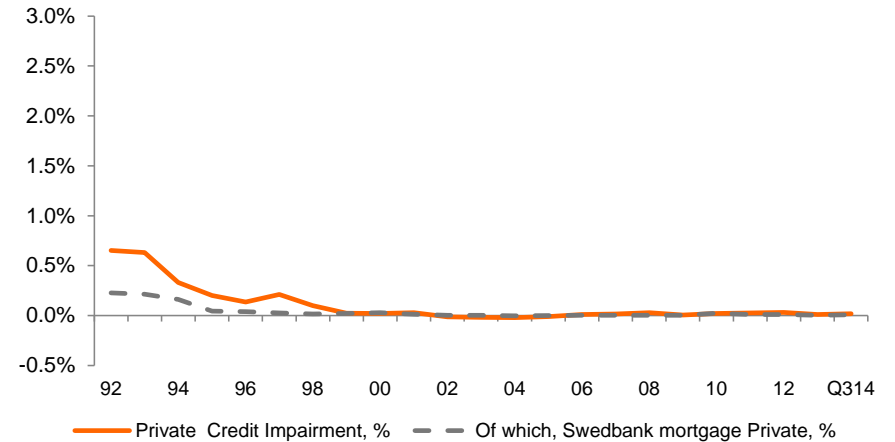
Source: Swedbank, Jun 30, 2014

# Magnitude of historic losses manageable

## Historic financial performance



## Resilient Swedish asset portfolio

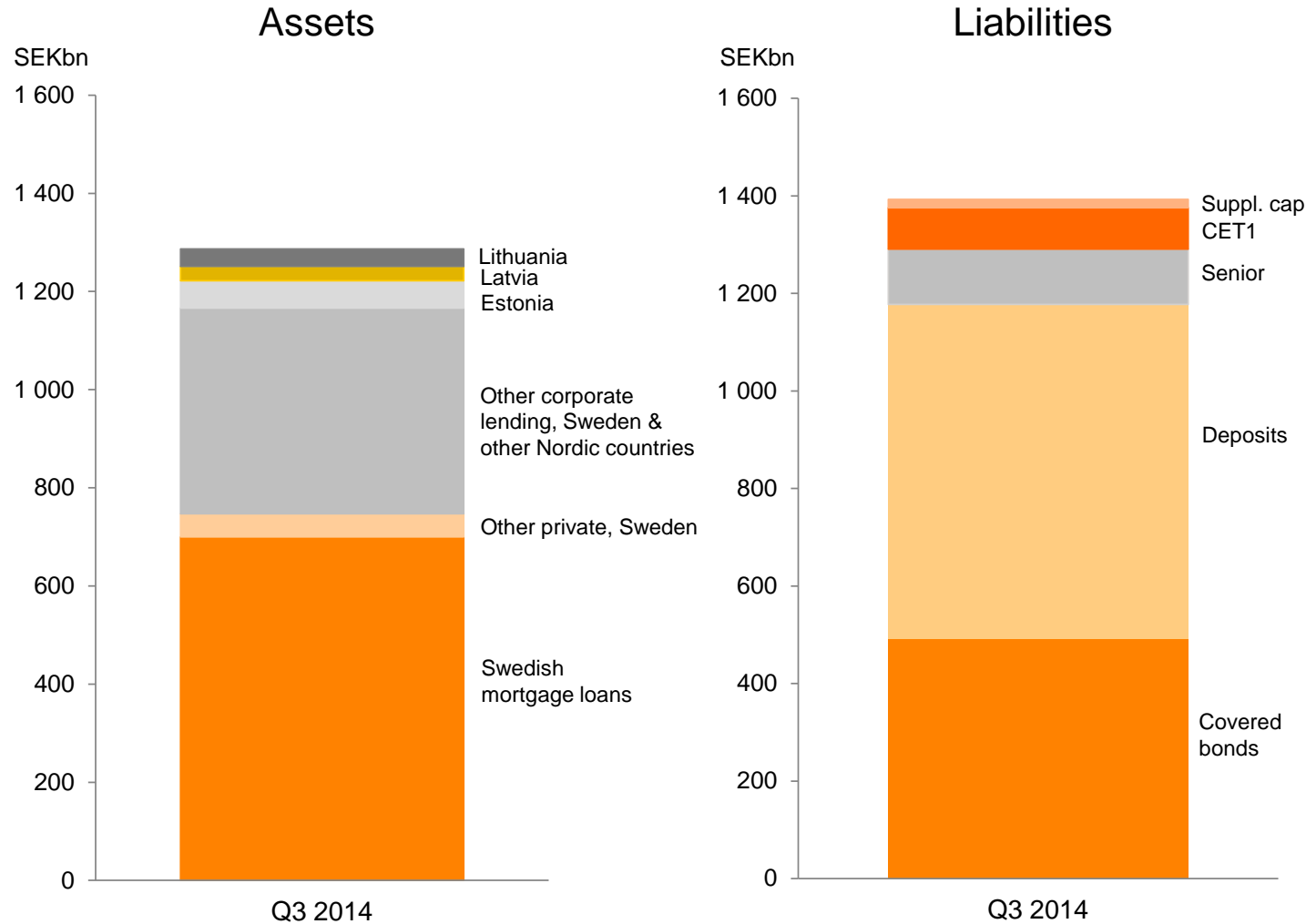


\*Net profit 2008-09 including SEK 2.7bn in goodwill wright-down (Ukraine), and 2011 SEK1.9bn (Latvia)

Source: Swedbank, Sep 30, 2014

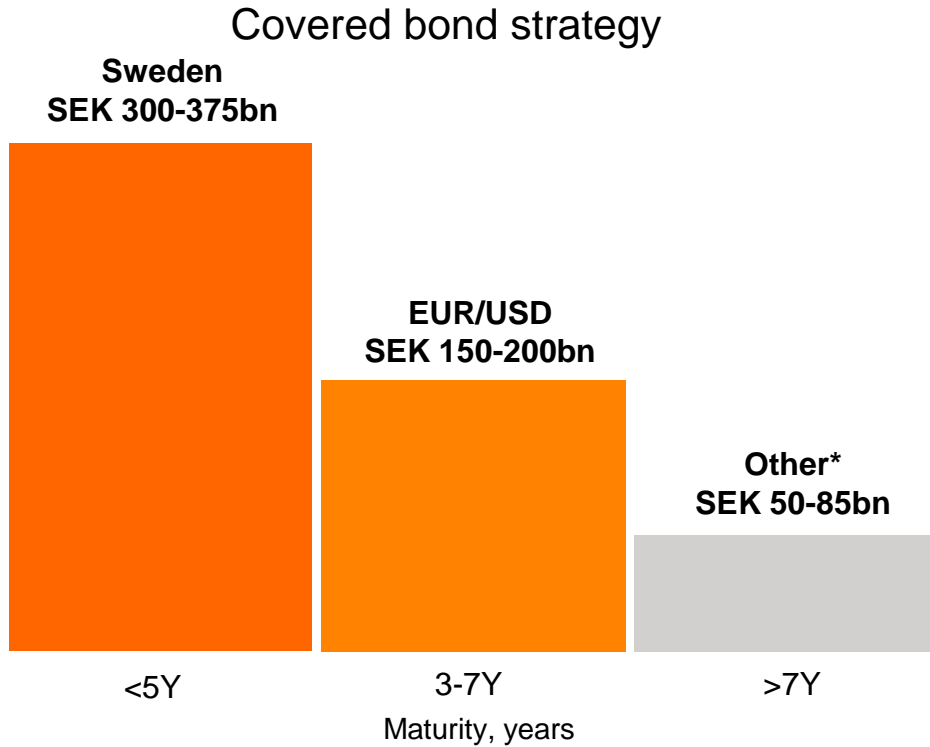
### 3. Liquidity and funding

# Core balance sheet\* structure

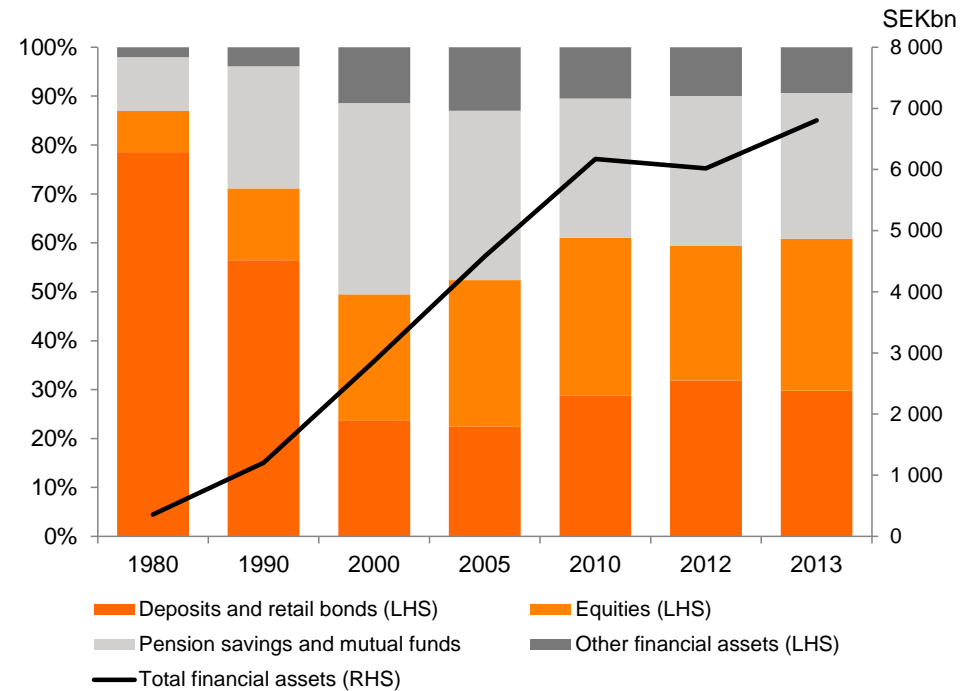


Source: Swedbank Sep 30, 2014 \* Simplified balance sheet

# Covered bond strategy



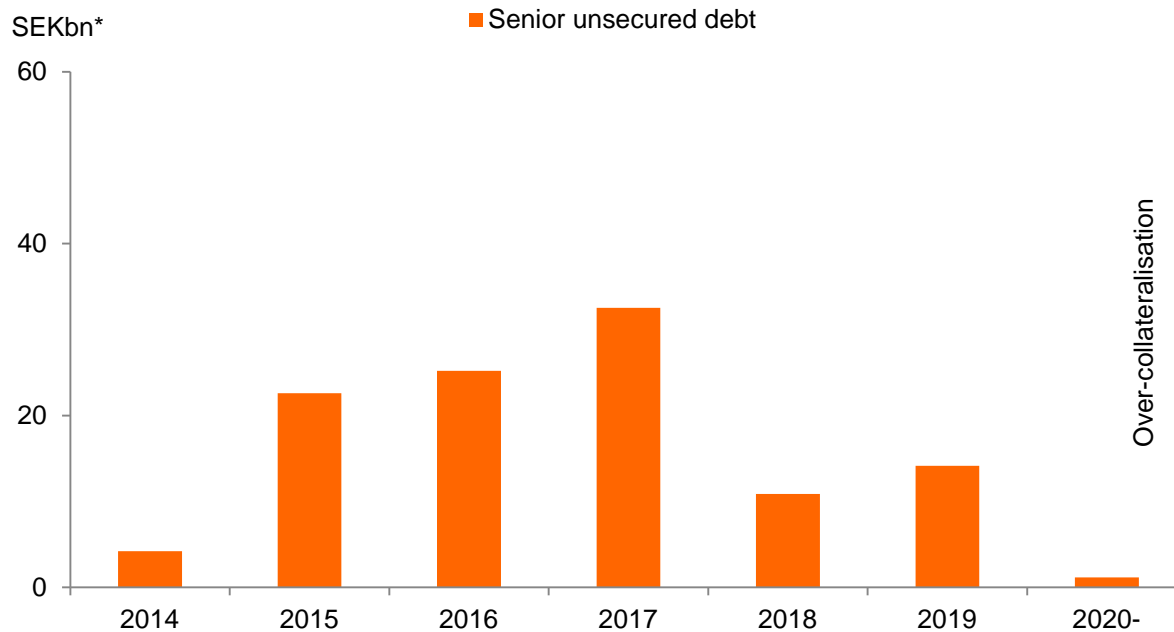
## Swedish households' financial assets



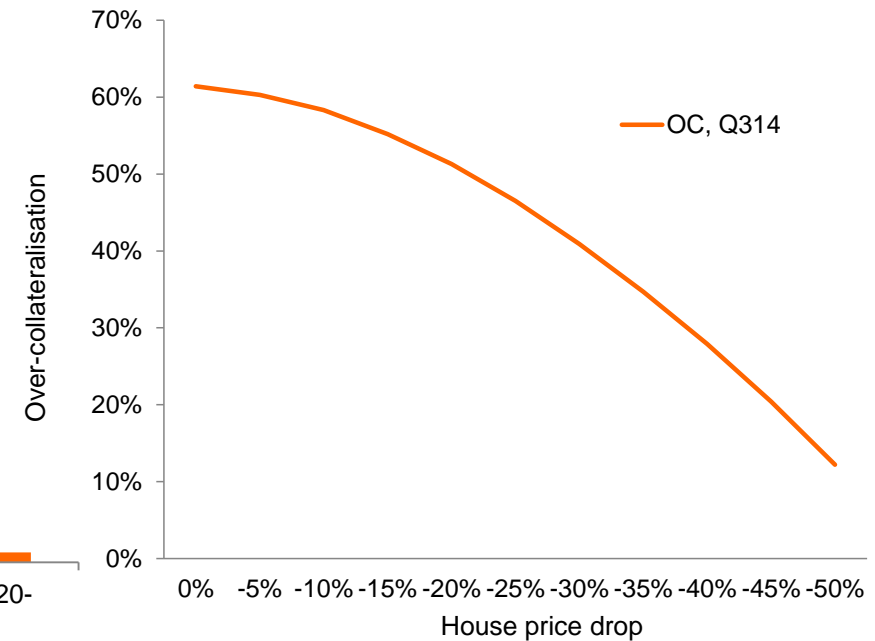
Source: Swedbank Sep 30, 2014

# Senior unsecured debt strategy

### Senior unsecured debt maturity profile



### House price sensitivity of the cover pool



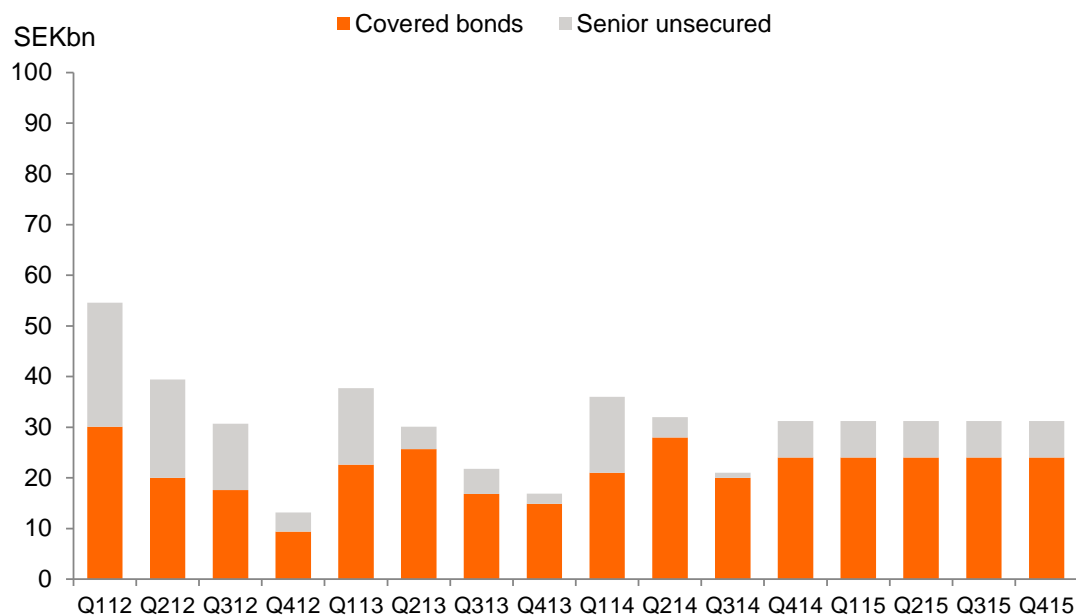
Source: Swedbank Sep, 2014, \*Nominal amounts



## Lower funding needs

- LCR 132% (Swedish FSA definition FFFS 2012:6)
- NSFR 102% (Basel committee)
- Issued SEK 89bn of term-funding YTD 2014, of which SEK 21bn in Q2.
- FY 2014 funding plan of SEK 120bn

### Term funding issuance – completed and planned



Source: Swedbank, Sep 30, 2014, nominal amounts

# Liquidity reserve

According to the template defined by the Swedish Bankers' Association

Cash and holdings in central banks	158 181
Deposits in other banks available overnight	675
Securities issued or guaranteed by sovereigns, central banks or multilateral development banks	47 702
Securities issued or guaranteed by municipalities or public sector entities	786
Covered bonds	53 787
- Issued by other institutions	53 787
- Own issued	
Securities issued by non-financial corporates	
Securities issued by financial corporates (excl. covered bonds)	2 305
Other	
<b>Total<sup>1</sup></b>	<b>263 436</b>

Additional liquid assets, Group<sup>2, 3</sup> 62 820

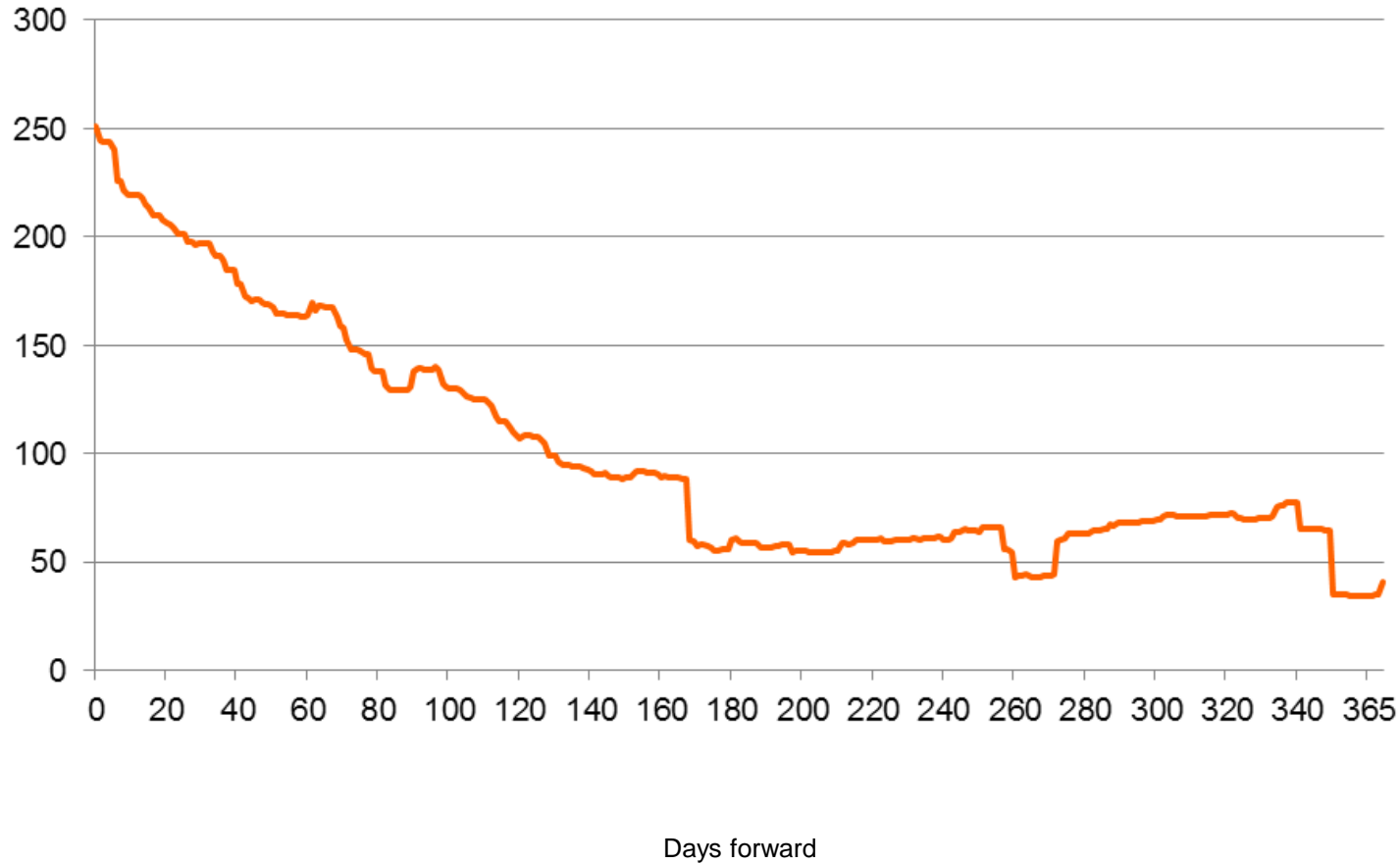
1) 90% of the securities in the liquidity reserve per Q3 2014 are rated AAA. The rating requirement is AA-.

2) 89% 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) 88 % of the additional assets are rated AAA.

# Prefunded in excess of 12 months

SEKbn



Source: Swedbank, Sep 30, 2014 <sup>1</sup> As defined by the Swedish Bankers' Association

# Asset encumbrance

Encumbered assets - distribution by type of liability (row) and asset (column)										
SEKm	Central banks and Government debt instruments		Debt instruments issued by credit institutions		Securities issued by corporate and other issuers		Mortgage loans		Cash	Total
	supranational debt instruments	debt instruments	Covered bonds	credit institutions	ABS	loans				
Central bank funding										
Intraday settlement	9 590	1 768	7 768							19 126
Repurchase agreements 1)	19 843		11 236							31 079
Derivative 2)	1 566		1 229					11 691		14 486
Covered bonds 3)						475 693				475 693
Other 4)		73		1 229					175	1 477
<b>Total</b>	<b>30 999</b>		<b>20 233</b>	<b>1 229</b>		<b>475 693</b>		<b>11 866</b>		<b>541 861</b>

Financial assets pledged for insurance policy holders 131 227

Unencumbered assets - additional assets available for secured funding										
SEKm	Central banks and Government debt instruments		Debt instruments issued by credit institutions		Securities issued by corporate and other issuers		Mortgage loans		Cash	Total
	supranational debt instruments	debt instruments	Covered bonds	credit institutions	ABS	loans				
Securities 5, 6)	40 305	32 321	91 433	16 960	11 369	600				192 988
Cover pool over collateralisation 7)							292 142			292 142
Cover pool eligible assets										
<b>Total</b>	<b>40 305</b>	<b>32 321</b>	<b>91 433</b>	<b>16 960</b>	<b>11 369</b>	<b>600</b>	<b>292 142</b>			<b>485 130</b>

Total assets (BS) SEK 2 078 803

1) Repoed securities on balance sheet.

2) Collateral posted under CSA agreements, gross (3-year, SEKm, High: 21 572, Low : 6 582, Average: 12 776).

3) Of w hich accrued interest of assets in the cover pool, SEK 1 588m as of 30 Sep 2014

4) Collateral pledged in securities lending activities and w ith exchanges

5) Reversed repos are included.

6) All type of securities, including securities non pledgeable at central banks, of w hich 74% are rated AAA, 2% are rated below A- and 13% are not rated.

7) Of w hich accrued interest of assets in the cover pool overcollateralisation, SEK 984m as of 30 Sep 2014

Source: Swedbank Facts Sep 30, 2014

## 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		



## 4. Cover pool data

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

Rating, S&P / Moody's	AAA / Aaa
Total pool size	SEK 765.3bn
Geographic distribution	Sweden 100%
Current OC-level	61.4%
<hr/>	
Weighted average seasoning <sup>2</sup>	66 months
Average LTV <sup>3, 4</sup>	
– WA LTV on property level (Max LTV)	56%
Non-performing loans <sup>5</sup>	None
<hr/>	
Fixed /Floating interest loans <sup>6</sup>	
– Fixed	33%
– Floating	67%
<hr/>	
Repayment structure <sup>7</sup>	
– Amortising	50%
– Interest only	50%
<hr/>	
Average loan size	SEK 487 679
Number of loans outstanding	1 569 194
Number of borrowers	1 122 001
Number of properties	746 066
Dynamic pool	Yes

<sup>1</sup> As per Sep 30, 2014

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

<sup>3</sup> Index valuation as per Sep 30, 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	57.6%
of w hich Tenant ow ner rights	17.2%
of w hich Tenant ow ner association	10.5%
of w hich Multi-family housing	5.4%
Public	1.4%
Commercial	0.6%
Forest & Agricultural	7.3%
	<b>100.0%</b>



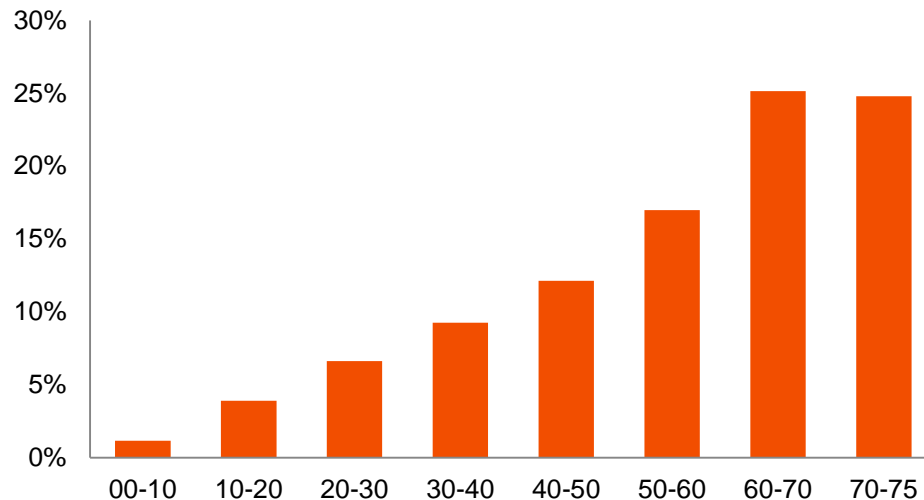
Geographical distribution, Sweden, per cent	30 Sep 2014
<b>North</b>	<b>6.7</b>
Norrbotten county (BD)	1.4
Västerbotten county (AC)	2.5
Västernorrland county (Y)	1.6
Jämtland county (Z)	1.2
<b>Middle (including Stockholm)</b>	<b>44.7</b>
Dalarna county (W)	2.2
Gävleborg county (X)	2.1
Värmland county (S)	2.2
Örebro county (T)	2.5
Västmanland county (U)	2.5
Uppsala county (C)	4.0
Södermanland county (D)	2.4
Stockholm county (including Stockholm) (AB)	26.8
<b>South (including Göteborg and Malmö)</b>	<b>48.6</b>
Västra götaland county (Including Göteborg) (O)	17.4
Östergötland county (E)	4.1
Jönköping county (F)	3.6
Halland county (N)	3.8
Kronoberg county (G)	2.2
Kalmar county (H)	3.2
Skåne county (including Malmö) (M)	12.1
Blekinge county (K)	1.6
Gotland county (I)	0.6
	<b>100.0</b>

Source: Swedbank, Facts, Sep 30, 2014

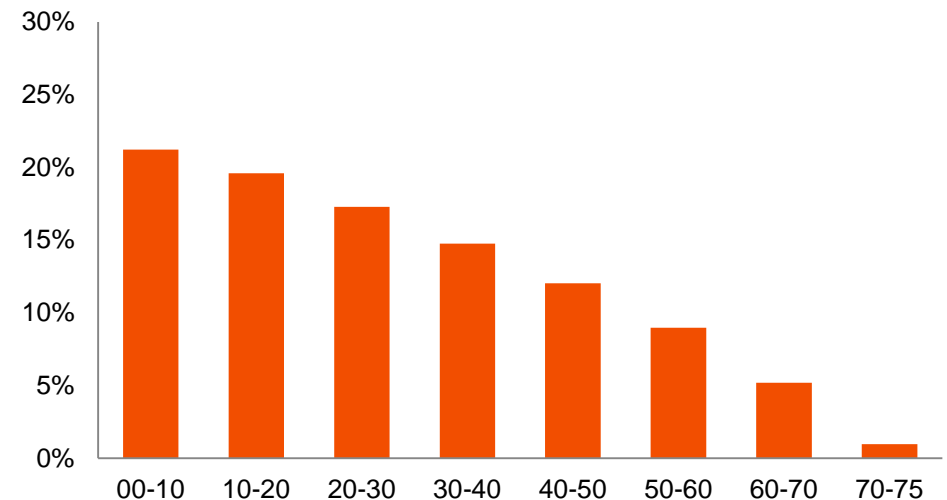
# Cover pool loan-to-value distribution

- Weighted average LTV 58%

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



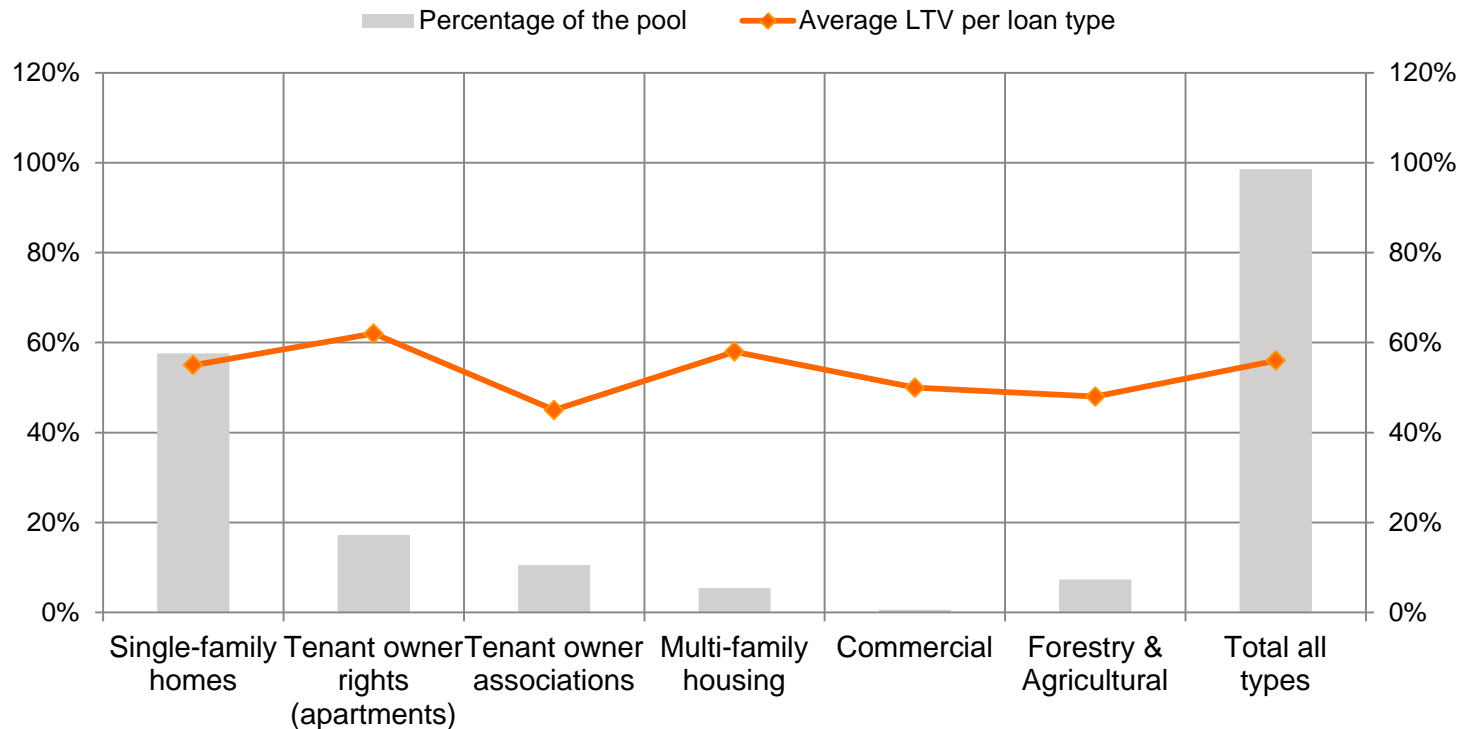
LTV distribution by volume<sup>1, 2</sup>



<sup>1</sup> Public loans of 1.3% 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, Sep 30, 2014 (<sup>1</sup>excluding public sector loans 1.4%)

# 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

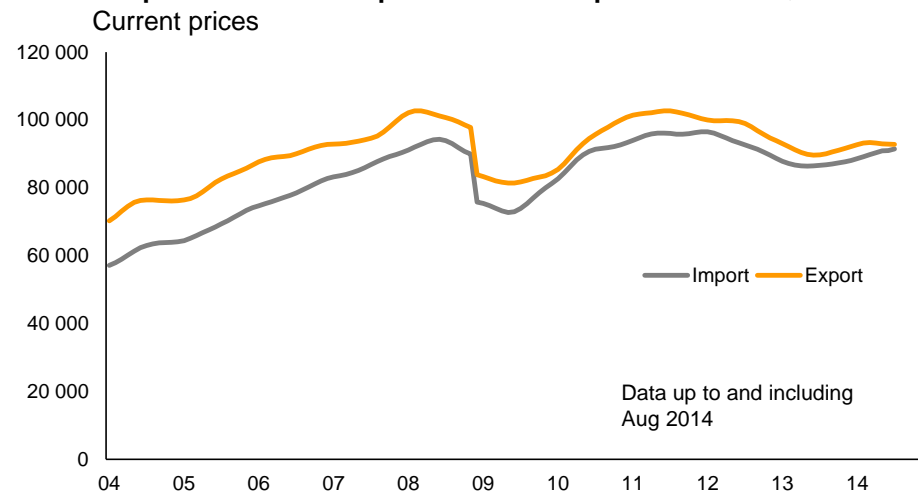
## 5. Swedish economy

# Continued strong fiscal position

- Kingdom of Sweden rated Aaa/AAA/AAA
- GDP growth 1.9% (Q2 14 Y/Y)
- CPI/CPIF -0.4% / 0.3% (Sep 14 Y/Y)
- Unemployment 7.4% (Aug 14 Y/Y)
- Debt to GDP 36% (forecast 2014)

Source: Statistics Sweden and National Debt Office

## Exports and imports trend per month, SEKm



Source: Statistics Sweden, Sep 2014

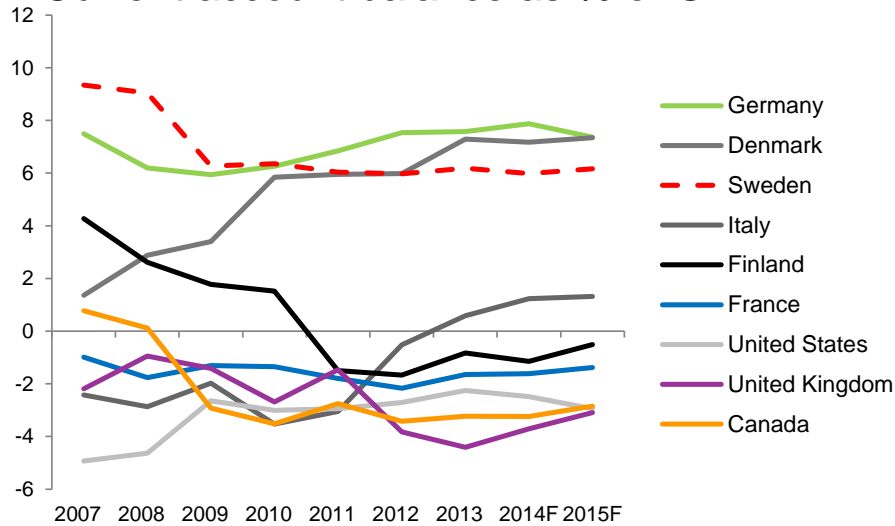
## Key Economic Indicators, 2013-2016

	2013	2014F	2015F	2016F
Real GDP (Calendar adjusted)	1.6	2.1	2.3	2.5
CPI index, average	0	0.1	1.4	2.1
Unempl. Rate (15-74), % of labor force	8	8	7.6	7
Savings ratio (households),%	12.2	12.1	11.1	11.1
Real disposable income (households)	2.5	2.7	1.5	2.1

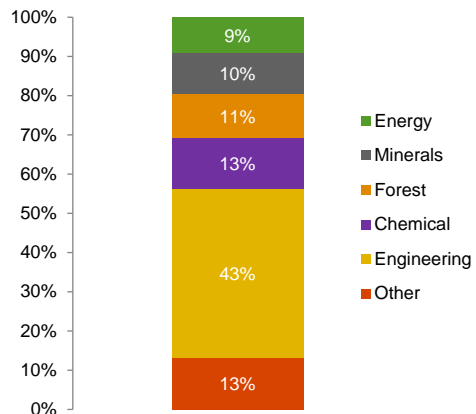
Source: Swedbank Economic Outlook Aug 2014

# Exports – key factor for growth

Current account balance as % of GDP

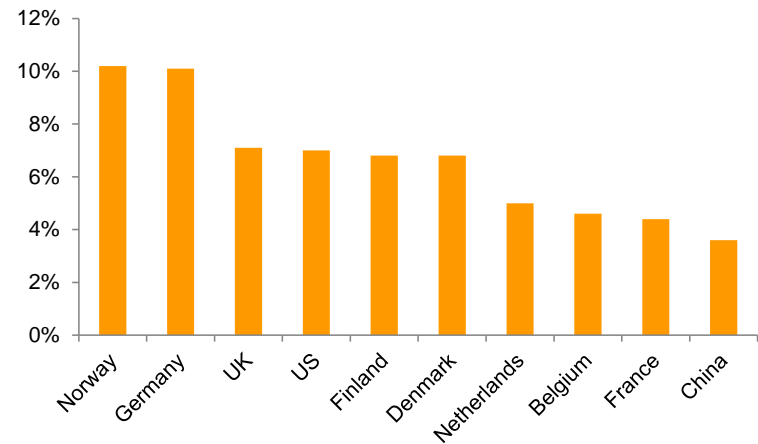


Export of important goods\*



Source: OECD – Economic outlook 95, table 51, May, 2014

Top 10 export countries, July 2014, %\*

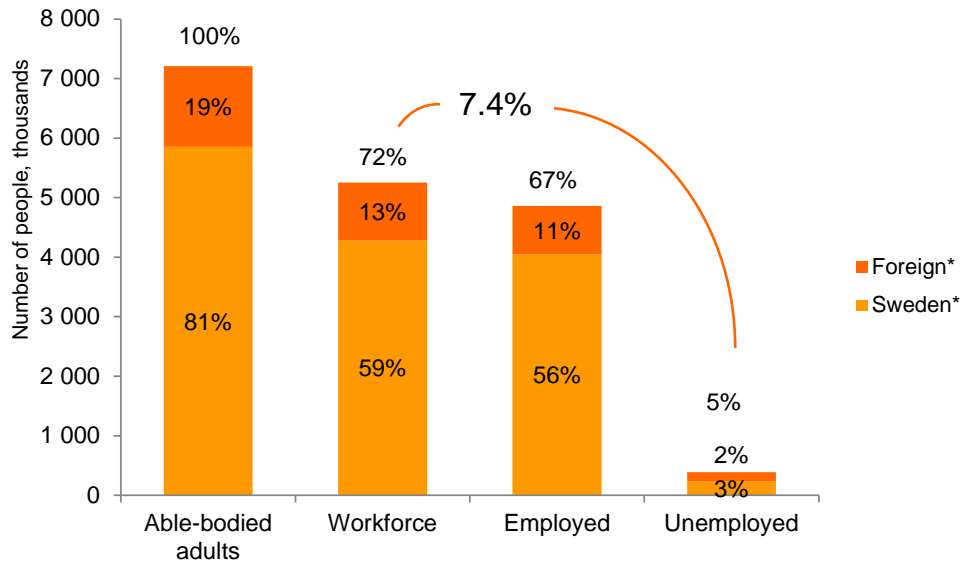


Source: \*Statistics Sweden, Sep 30, 2014

# Unemployment

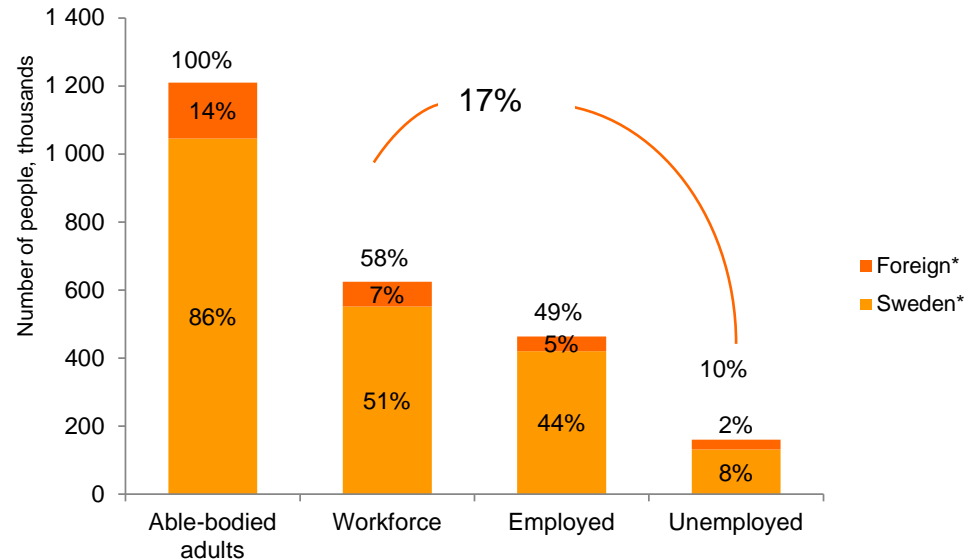
- Unemployment ratio of 7.4% of total workforce (age 15-74years)
  - Of which 16% of the foreign born workforce adults and 6% of the domestic born workforce adults
- Youth unemployment ratio of 17% of workforce (age 15-24years)
  - Of which 34% of the foreign born workforce youths and 15% of the domestic born workforce youths

Able-bodied adults and workforce, age 15-74 years



\* Place of birth, \*\*adjusted for seasonal changes

Able-bodied adults and workforce, age 15-24 years



Source: Statistics Sweden AKU, data as per Aug 2014



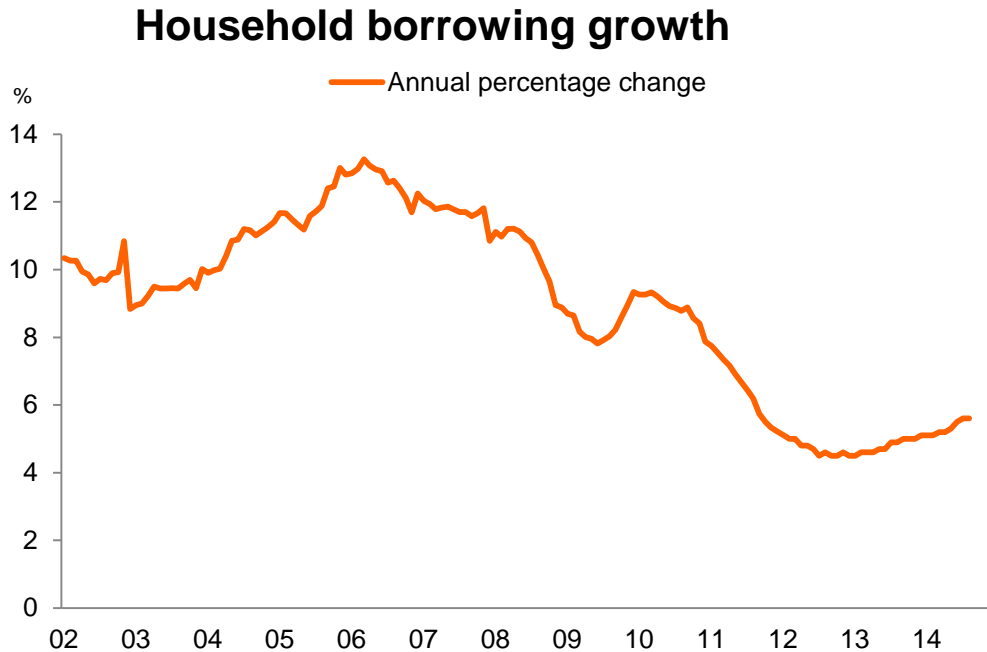
## 6. Swedish housing and mortgage market

# 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

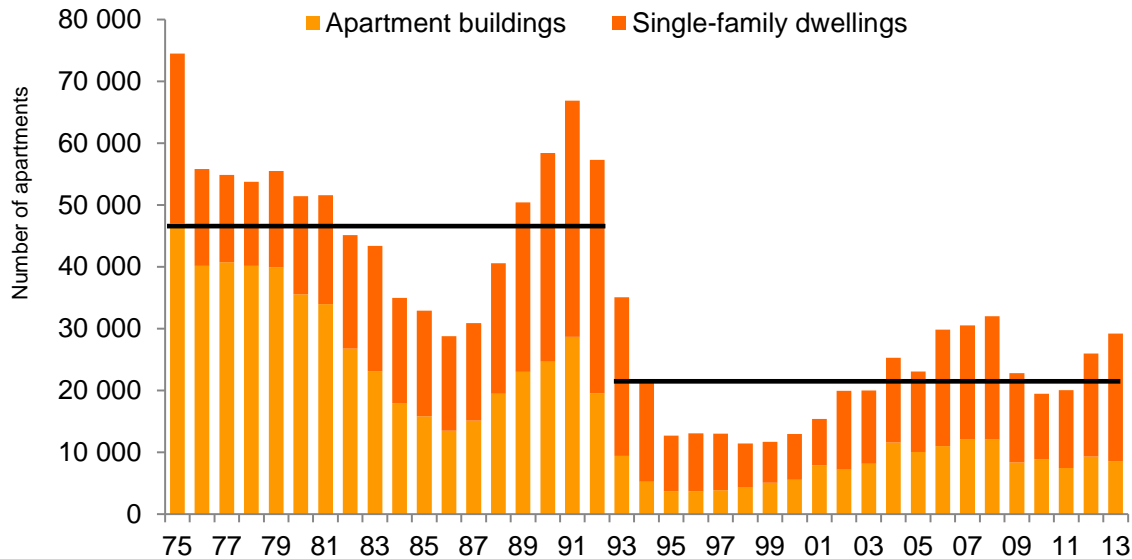
# Abated credit growth



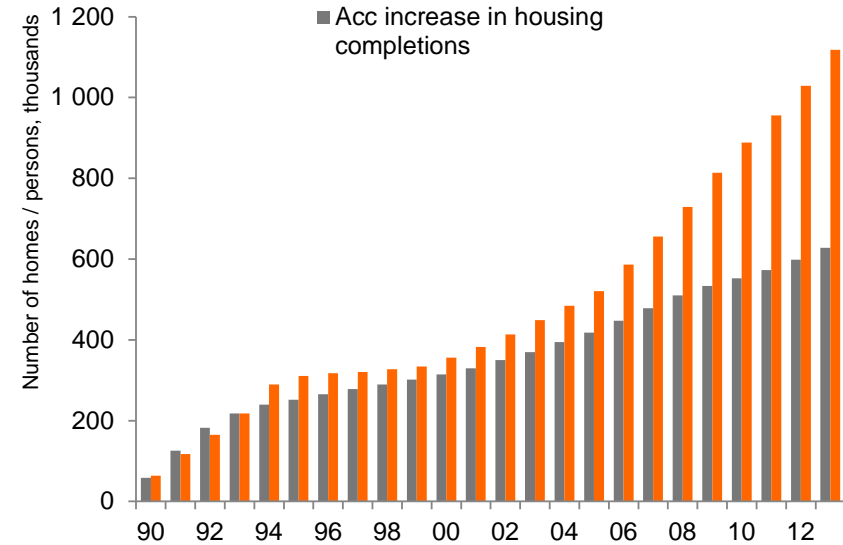
- LTV cap of 85%
- Amortisation
- Risk-weight floor of up to 25% on mortgage loans
- Capital and liquidity requirements

## Shortage of housing...

### Housing completions in Sweden

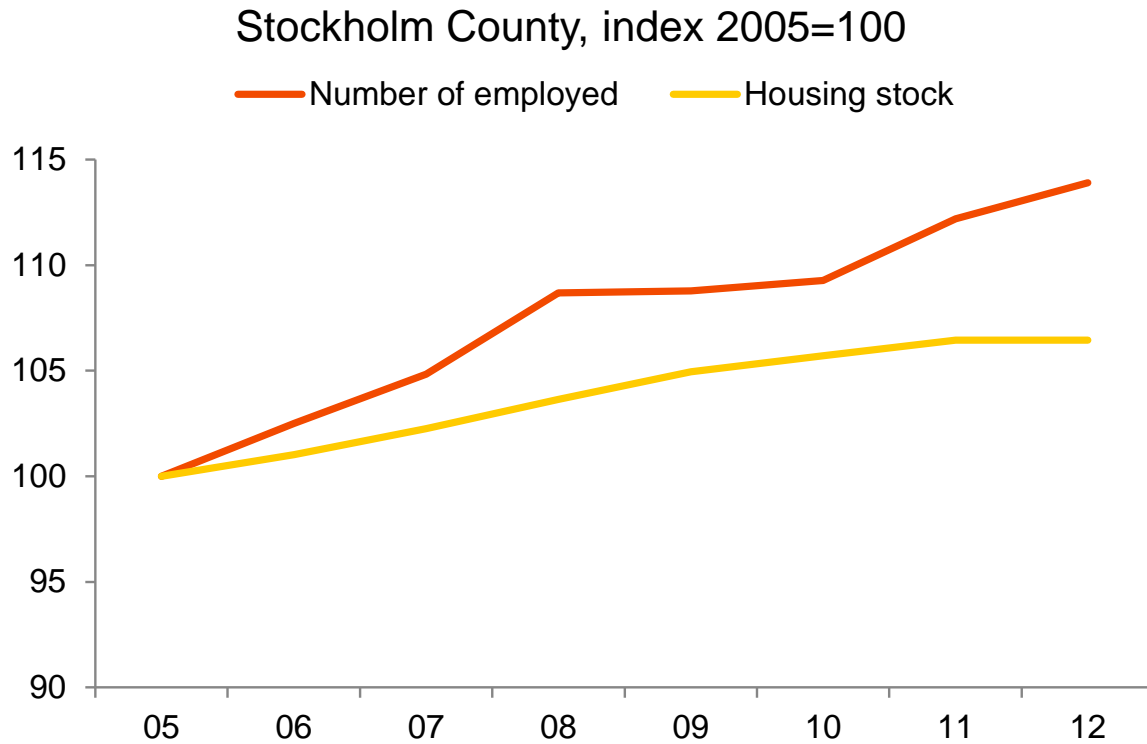


### Population- and housing growth



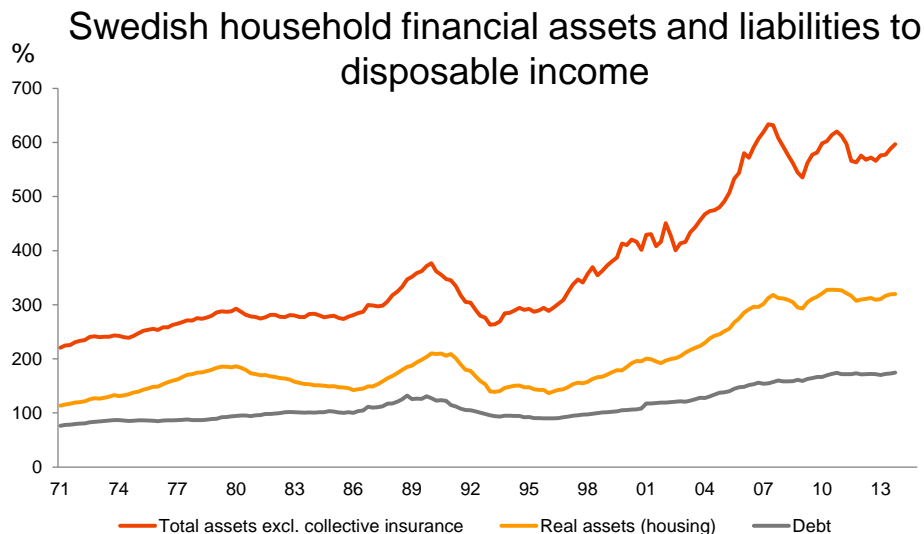
Source: Sweden statistics and Swedbank, May 2014

# ...Limits economic growth

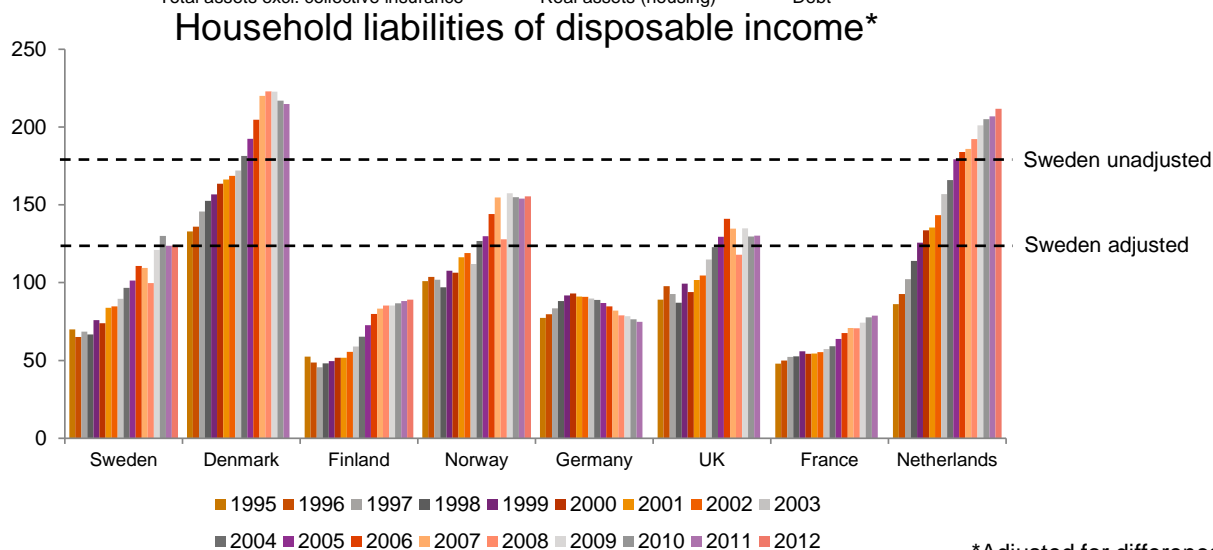


Source: Statistics Sweden

# Affordability withstands higher indebtedness



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

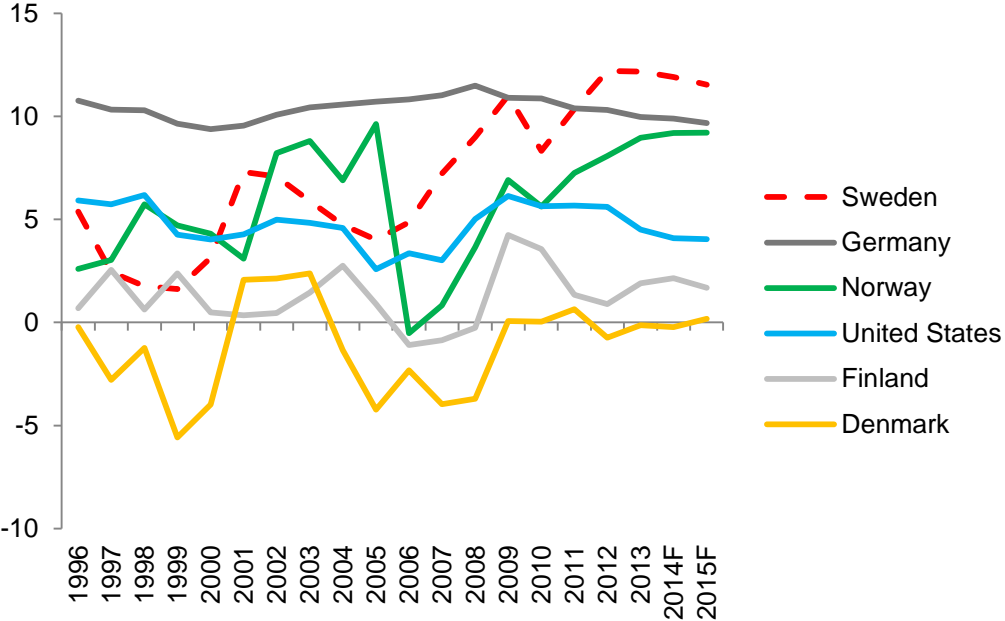


Source: Swedish Riksbank's Financial Stability report 2013:2 and Eurostat

\*Adjusted for differences in social security (paid through tax or post tax) when looking at disposable income

# Savings

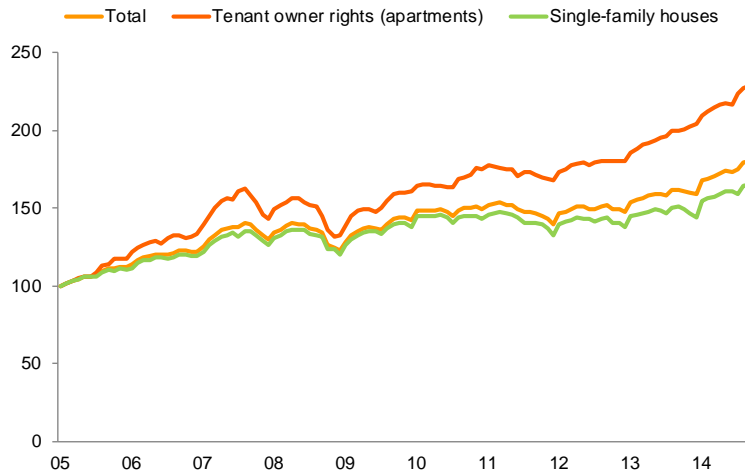
Household saving rates % of disposable income



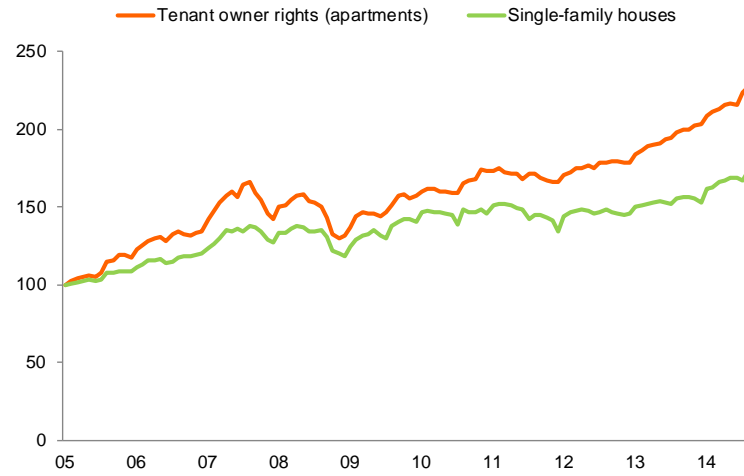
Source: OECD Economic Outlook 95, table 23, May 2014

# Upward pressure on house prices

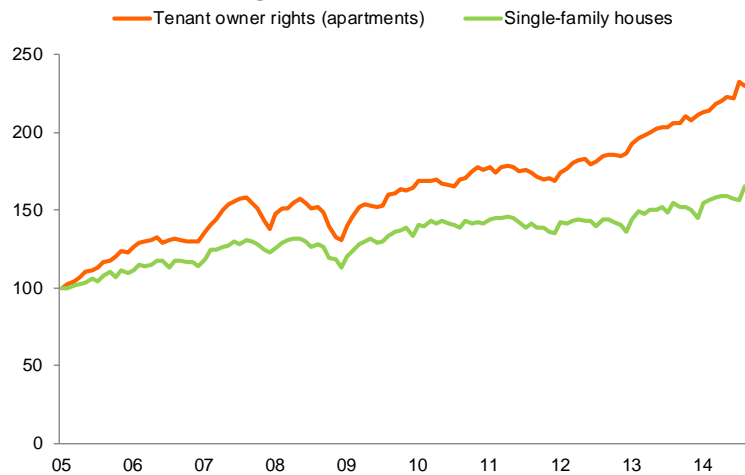
Sweden, total



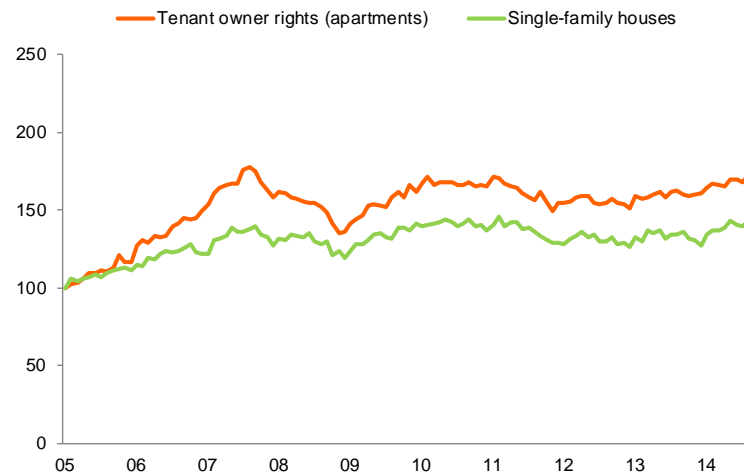
Stockholm



Gothenburg



Malmö



Source: Valueguard Index (2005=100), Sep 30, 2014



# Appendix

# The Bank for the many people, households and businesses

## Sweden

Population	9.6m
Private customers	4.1m
Corporate customers	268 000
Organisations	65 000
Branches	318
ATMs	*
Cards	3.9m
Employees	8 560

## Latvia

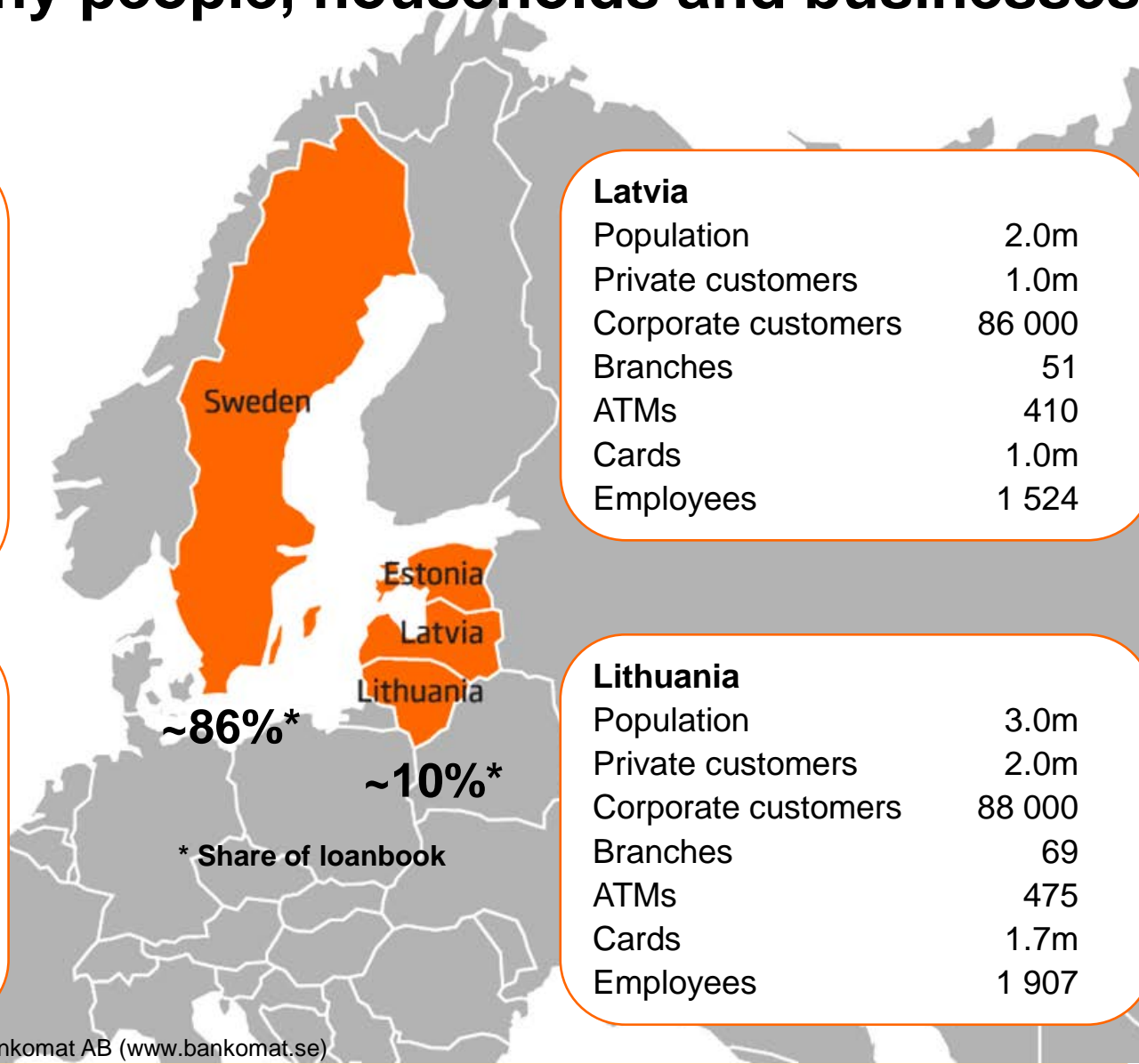
Population	2.0m
Private customers	1.0m
Corporate customers	86 000
Branches	51
ATMs	410
Cards	1.0m
Employees	1 524

## Estonia

Population	1.3m
Private customers	1.0m
Corporate customers	128 000
Branches	50
ATMs	469
Cards	1.1m
Employees	2 271

## Lithuania

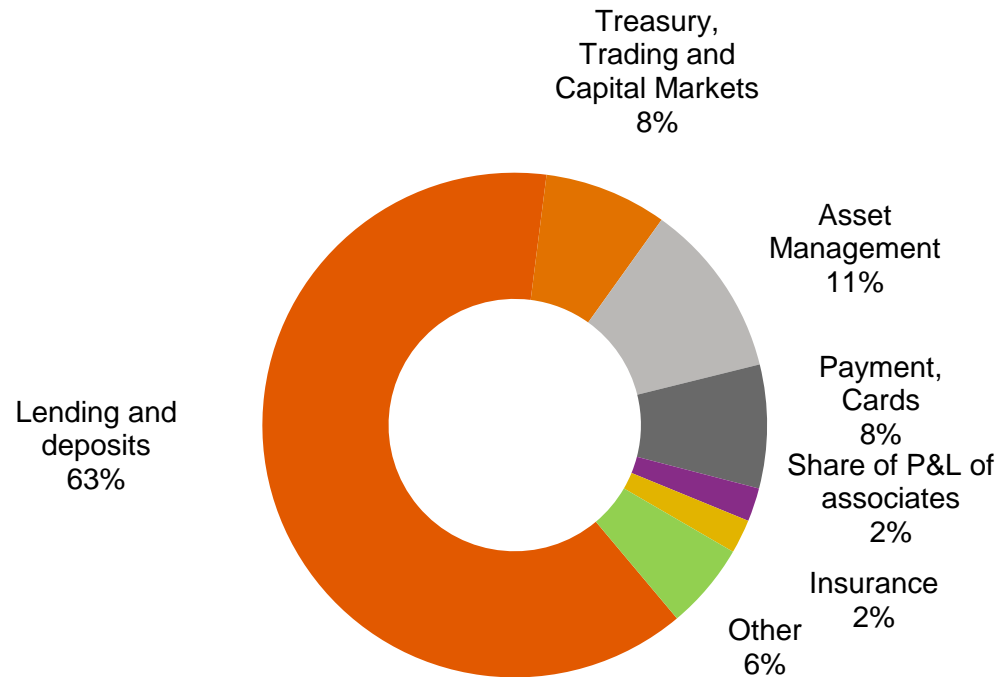
Population	3.0m
Private customers	2.0m
Corporate customers	88 000
Branches	69
ATMs	475
Cards	1.7m
Employees	1 907



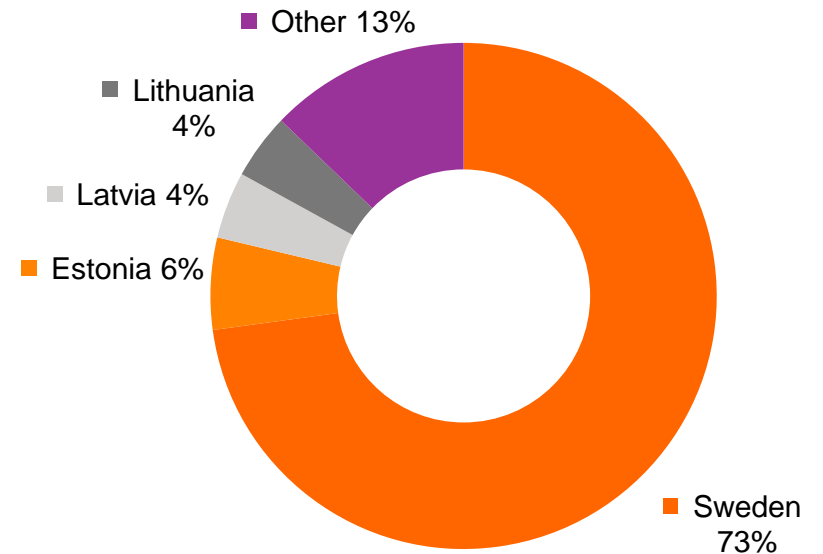
Source: Swedbank Sep, 2014 \* ATMs are handled in Bankomat AB ([www.bankomat.se](http://www.bankomat.se))

# Income distribution Q3 2014

Business area distribution

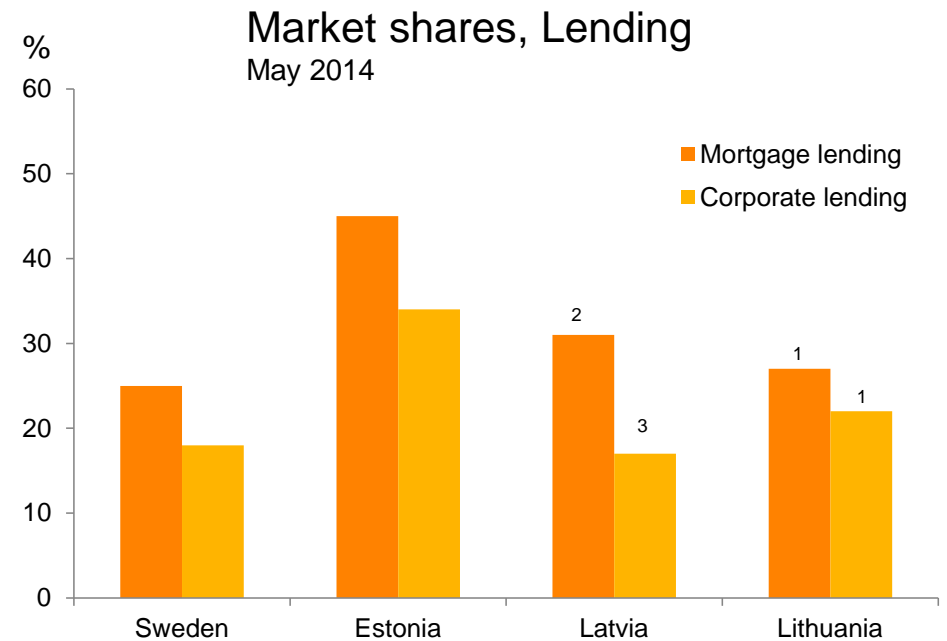
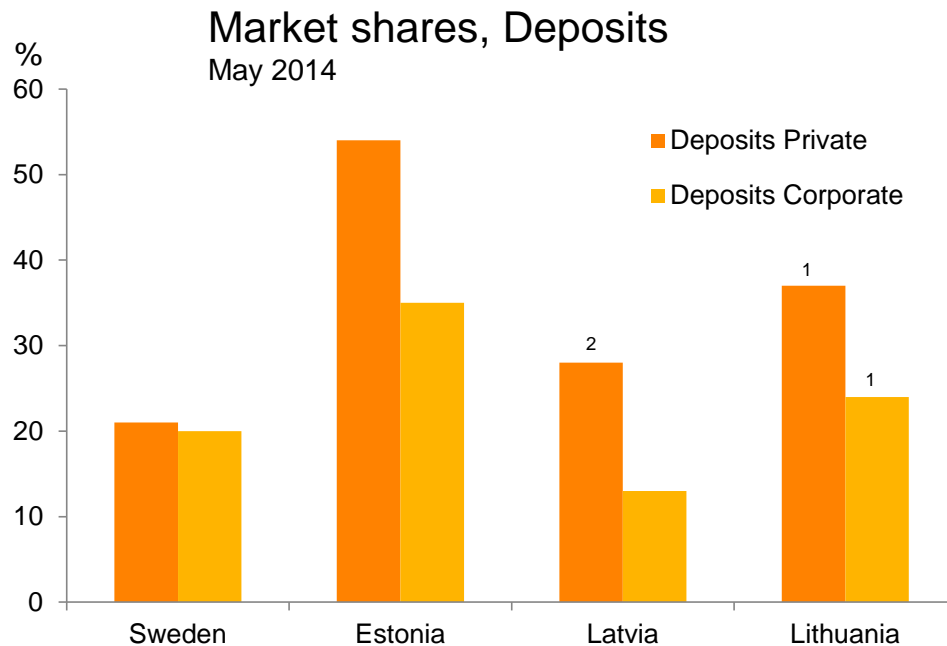


Geographic distribution



# Market leading retail franchise in all home markets

- Largest retail bank and fund manager in Sweden



Source: Source Sweden: Statistics Sweden (SCB)

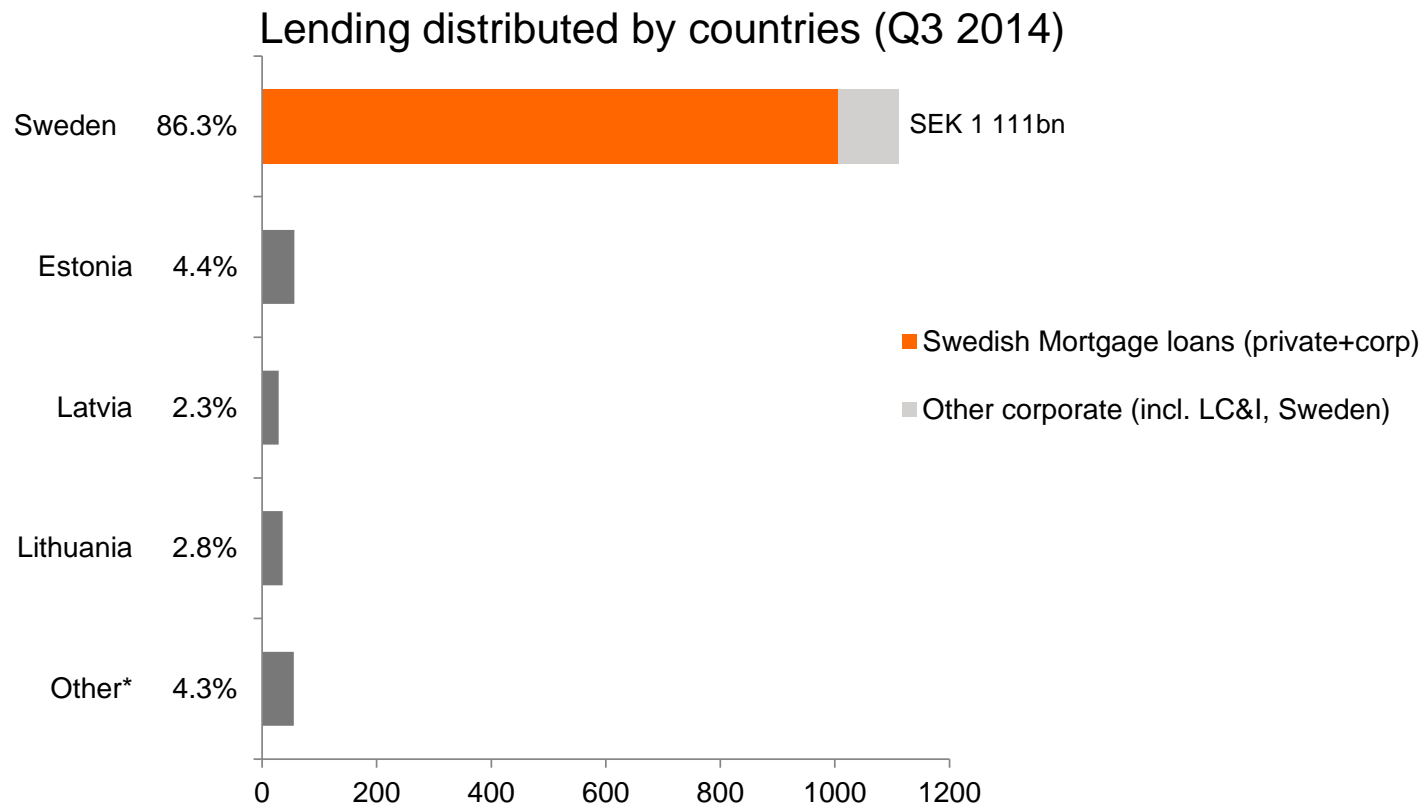
Source Estonia: Estonian Central Bank

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

Source Lithuania: Association of Lithuanian Banks (LBA), <sup>1</sup>as per Jun 2014

# Sweden – the dominating home market

- Total lending to the public amounts to SEK 1 287bn (as per Q3 2014), out of which around 86% is originated in Sweden
- Estonia makes up 46% of total lending in the Baltics



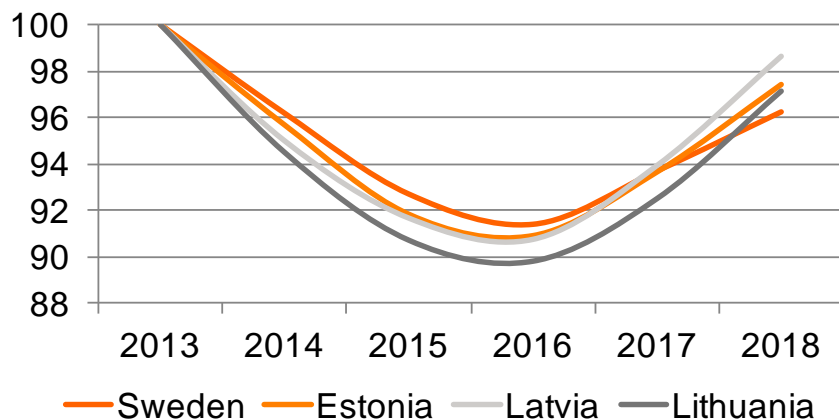
Source: Swedbank Sep 30, 2014 \* Denmark, Norway, Finland and NY Branch

# Long-term financial impact of Sparbanken Öresund

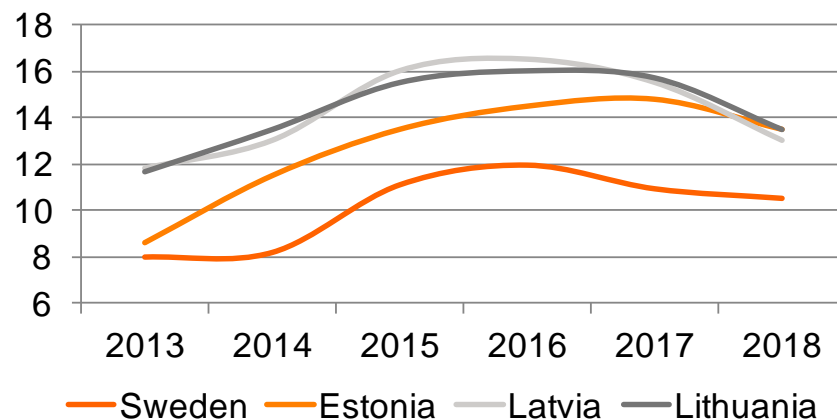
- P&L impact 2016-2017
  - Estimated net profit contribution of SEK 350-450m
  - Incremental RoE to reach group target 2016
- Long term
  - Estimated net profit contribution of at least SEK 500m
  - Incremental RoE >25 per cent

# 2014 ICAAP U scenario

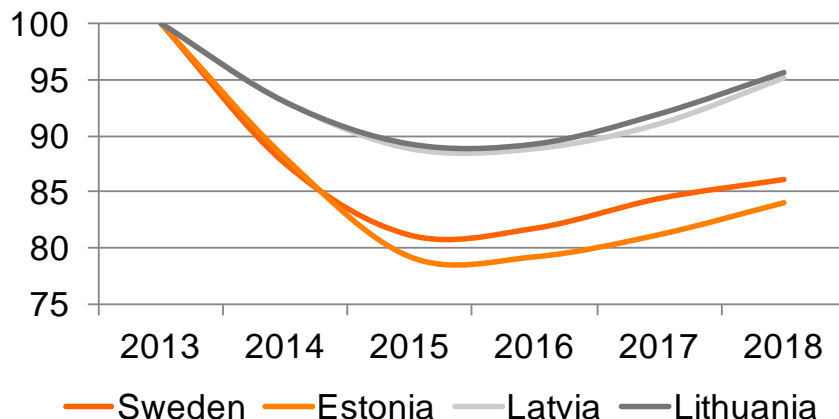
### GDP Index (%)



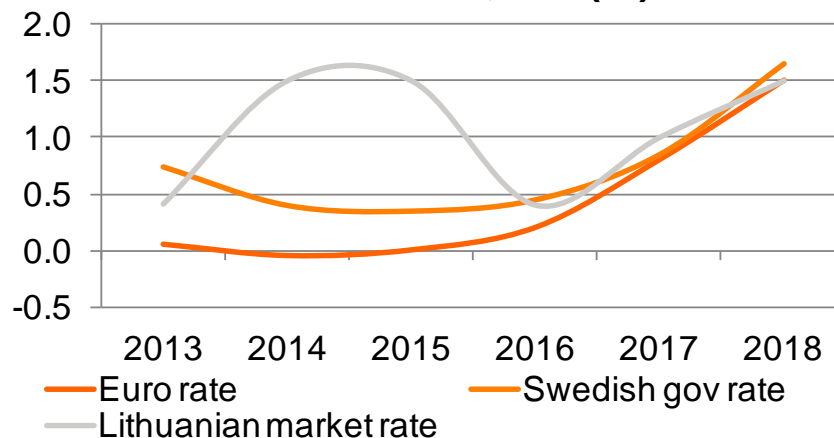
### Unemployment (%)



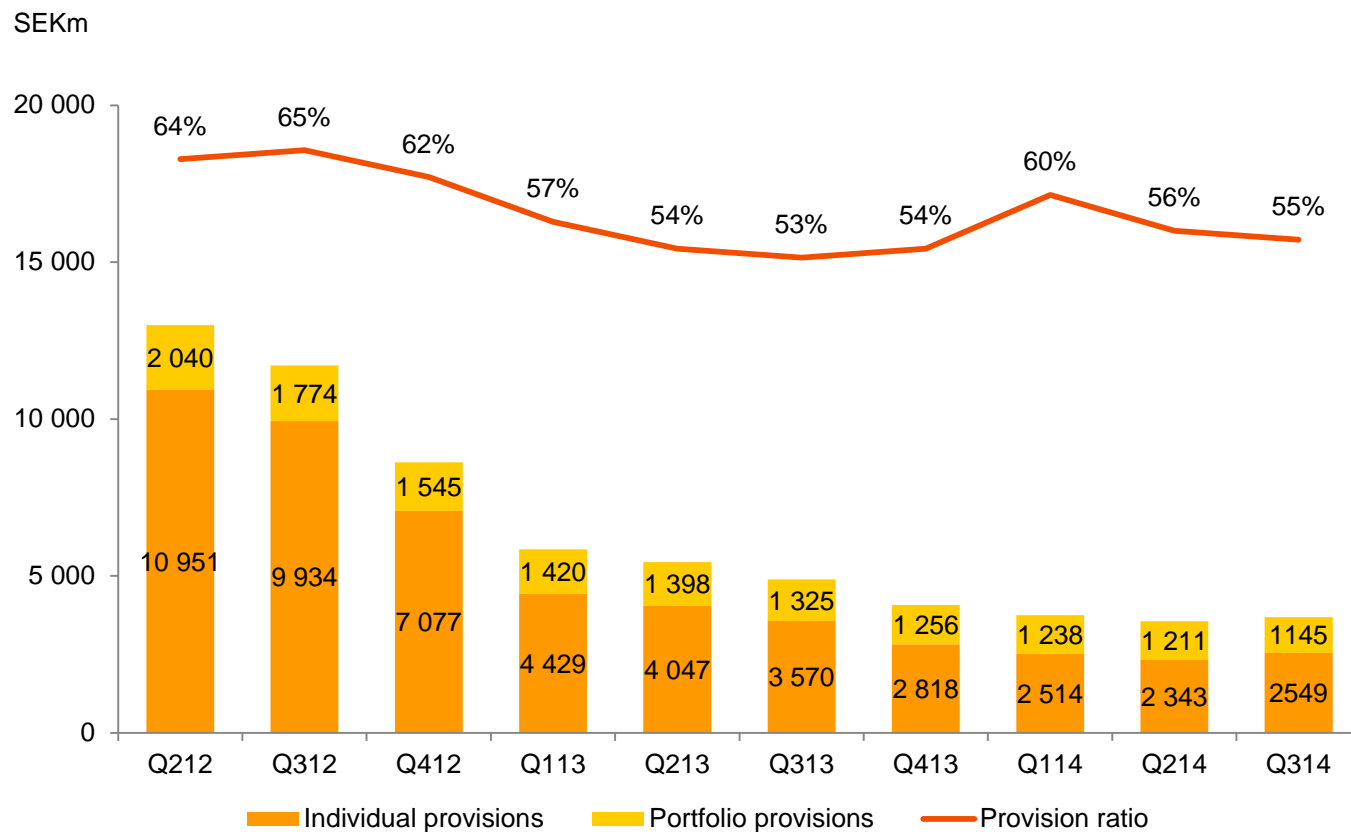
### Real estate price index (%)



### Interest rates, 3M (%)



# Conservative provision ratio



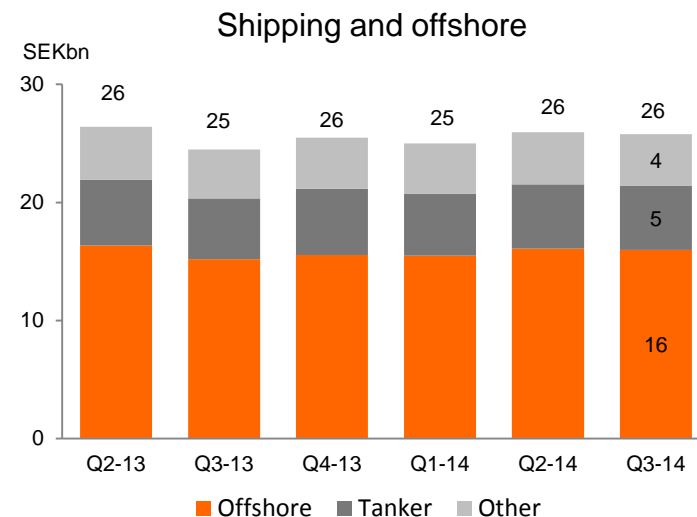
Provision ratio, %	Q3 14
Swedish Banking	62
LC&I	65
Baltic Banking	50
<b>Group</b>	<b>55</b>

Source: Swedbank, Sep 30, 2014 Since Q1 2013 Russia and Ukraine are reported as discontinued operations

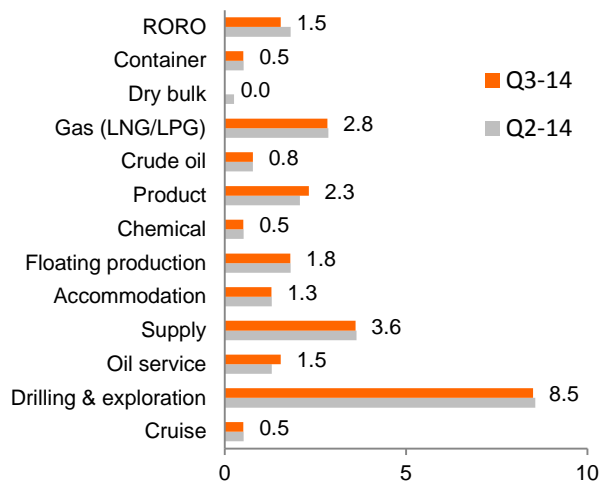


# Shipping and offshore

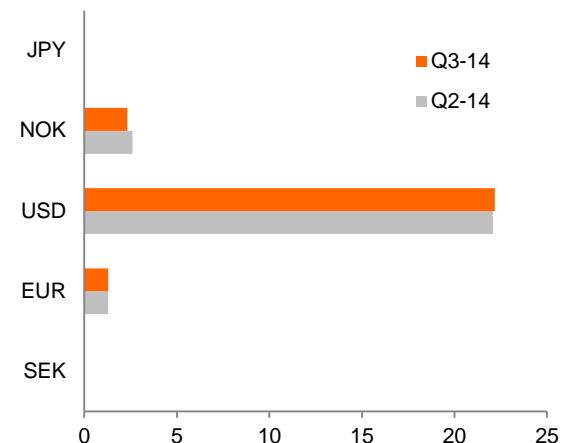
- Lending exposure to shipping & offshore sector of SEK 25.8bn
  - Portfolio duration 3.78 years (weighted on commitments)
  - Average fleet age 7 years
  - Strong employment profiles



Shipping and offshore portfolio by subsegment, SEKbn



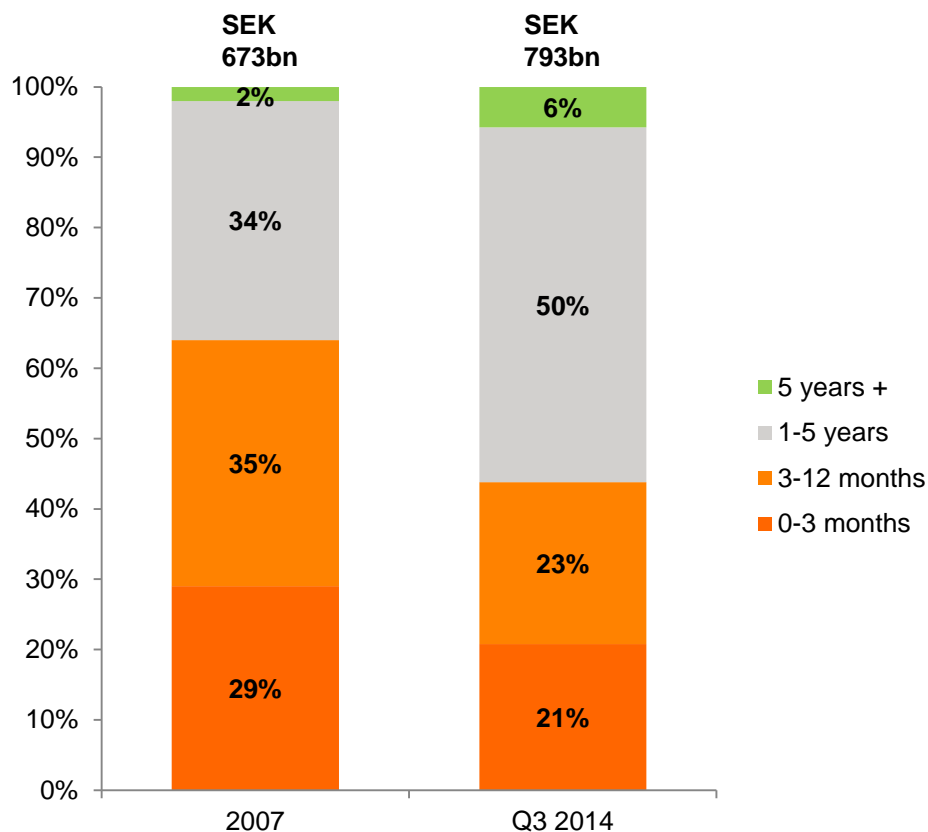
Shipping and offshore portfolio by currency, SEKbn



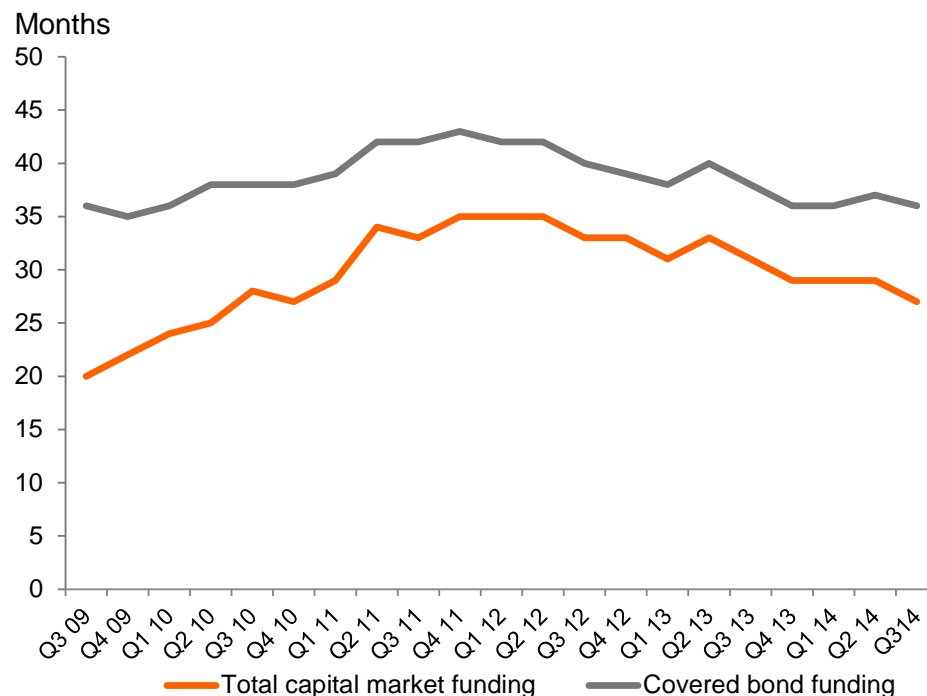
Source: Swedbank, Sep 30, 2014

# Fundamental change of maturity profile

- 2007 – 64% of wholesale funding < 12 months, SEK 13bn in central bank deposits
- Q2 2014 – 44% of wholesale funding < 12 months, SEK 158bn in central bank deposits



Average maturity profile of outstanding market funding

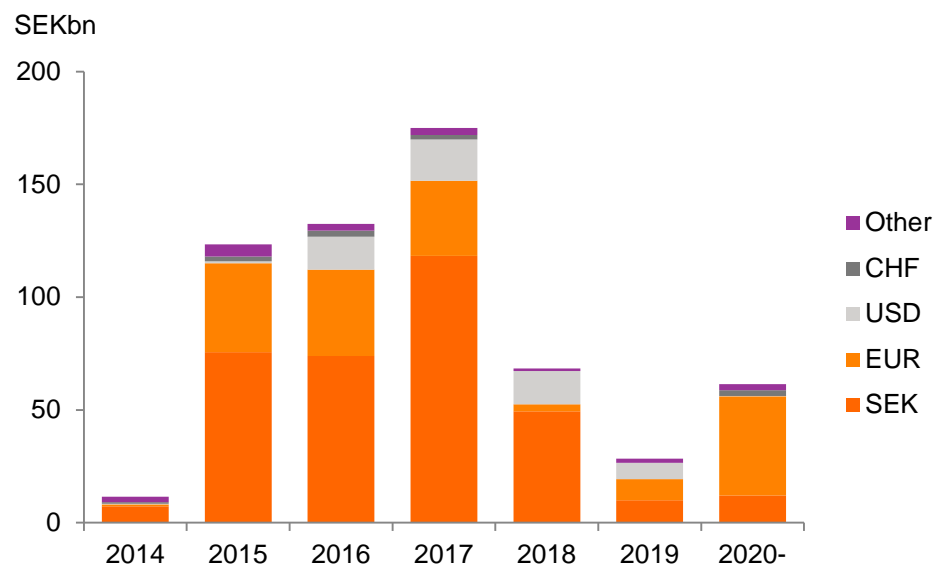
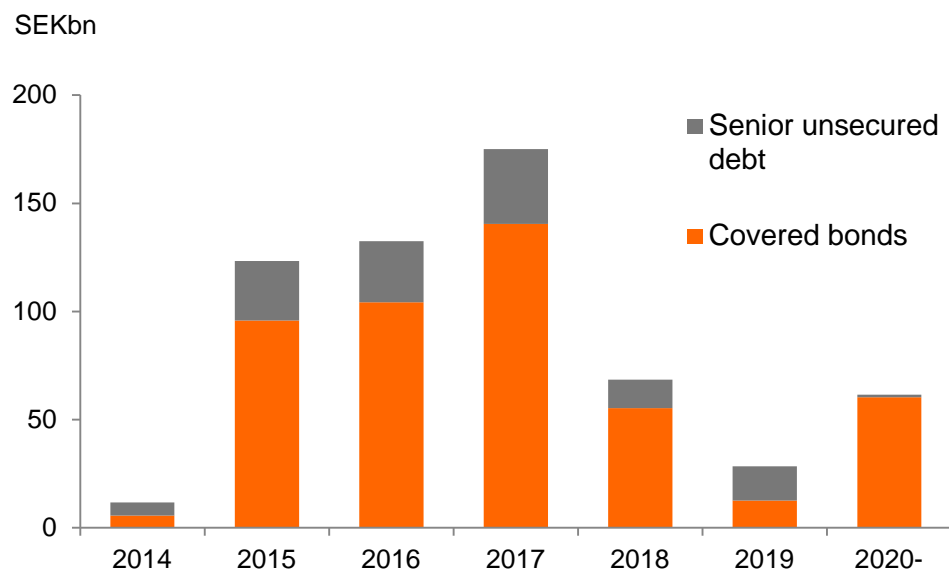


Source: Swedbank, Sep 30, 2014

# Long-term funding maturity profile

- Funding plan of SEK 120bn to meet next 12 months' nominal SEK 126bn maturities

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



Source: Swedbank Sep 30, 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 15bn
Yankee CD	USD 15bn
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

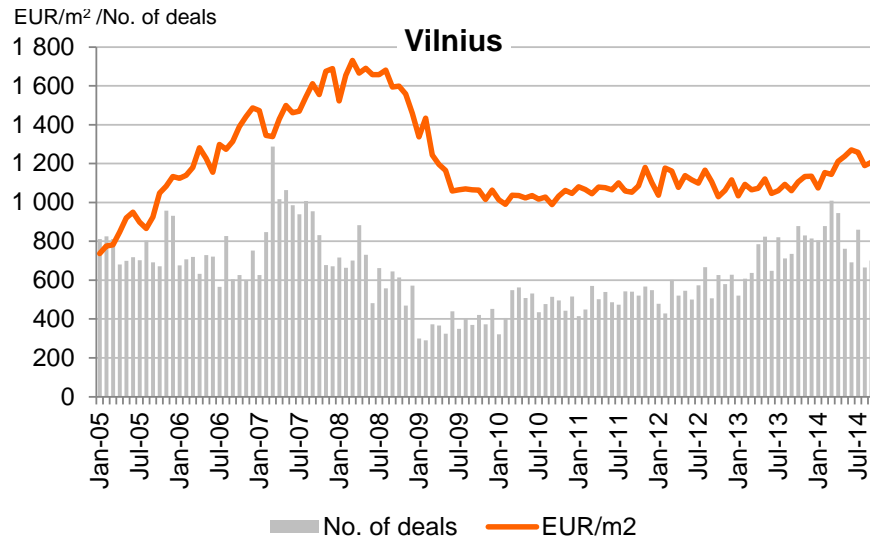
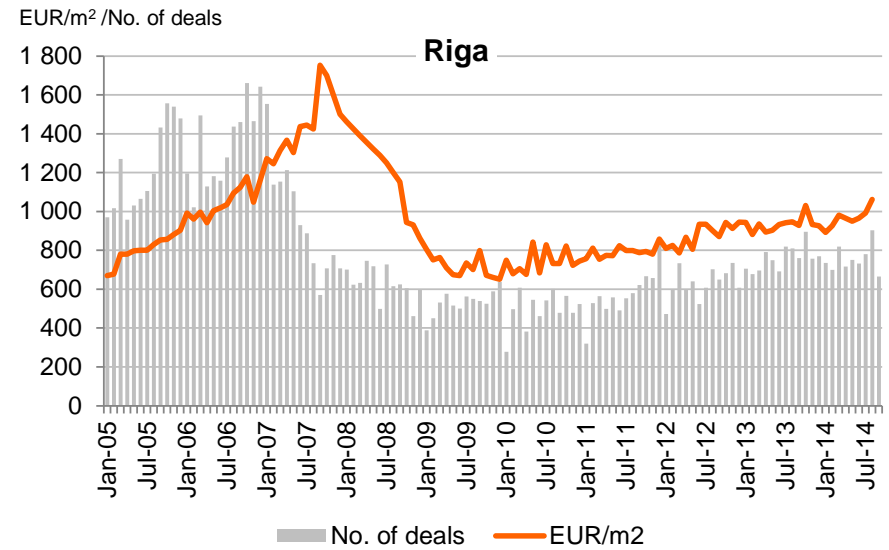
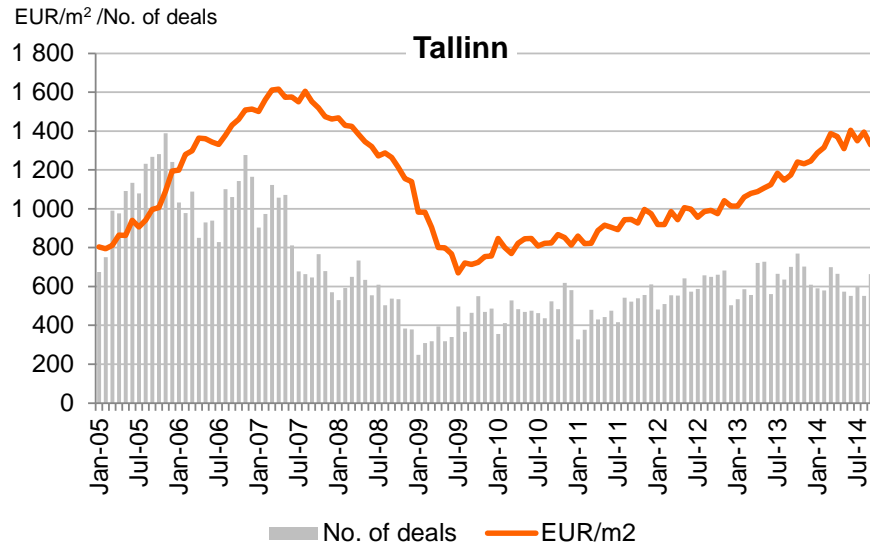
- \* 100% guaranteed by parent company
  - Irrevocable
  - Unconditional
  - Timely
- \*\* Limited by cover pool size

# 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
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%
Jul/14	9%	14%	11%
Aug/14	9%	14%	11%
Sep/14	9%	15%	11%

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

Q4 Year-end report 2014      3 Feb 2015

Q1 Interim report              28 Apr 2015

Q2 Interim report              16 Jul 2015

Q3 Interim report              20 Oct 2015

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