

# Swedbank's third quarter 2014 results

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# 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

# 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

# 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

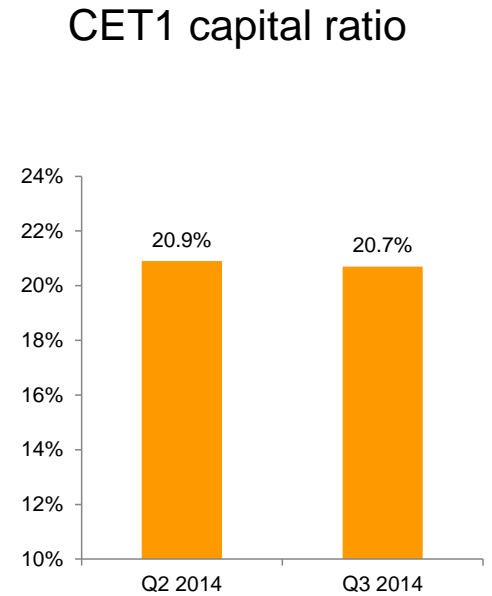
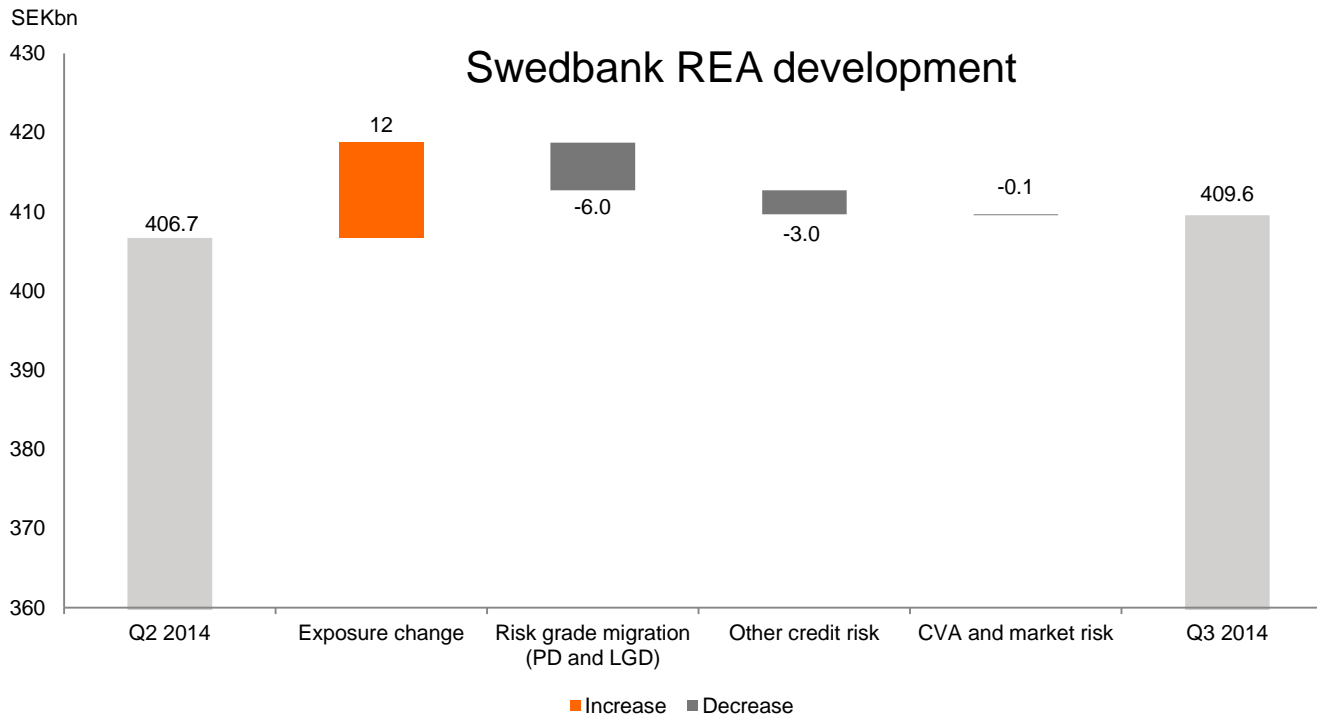
# Strong result

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

# 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



# 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

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Q & A



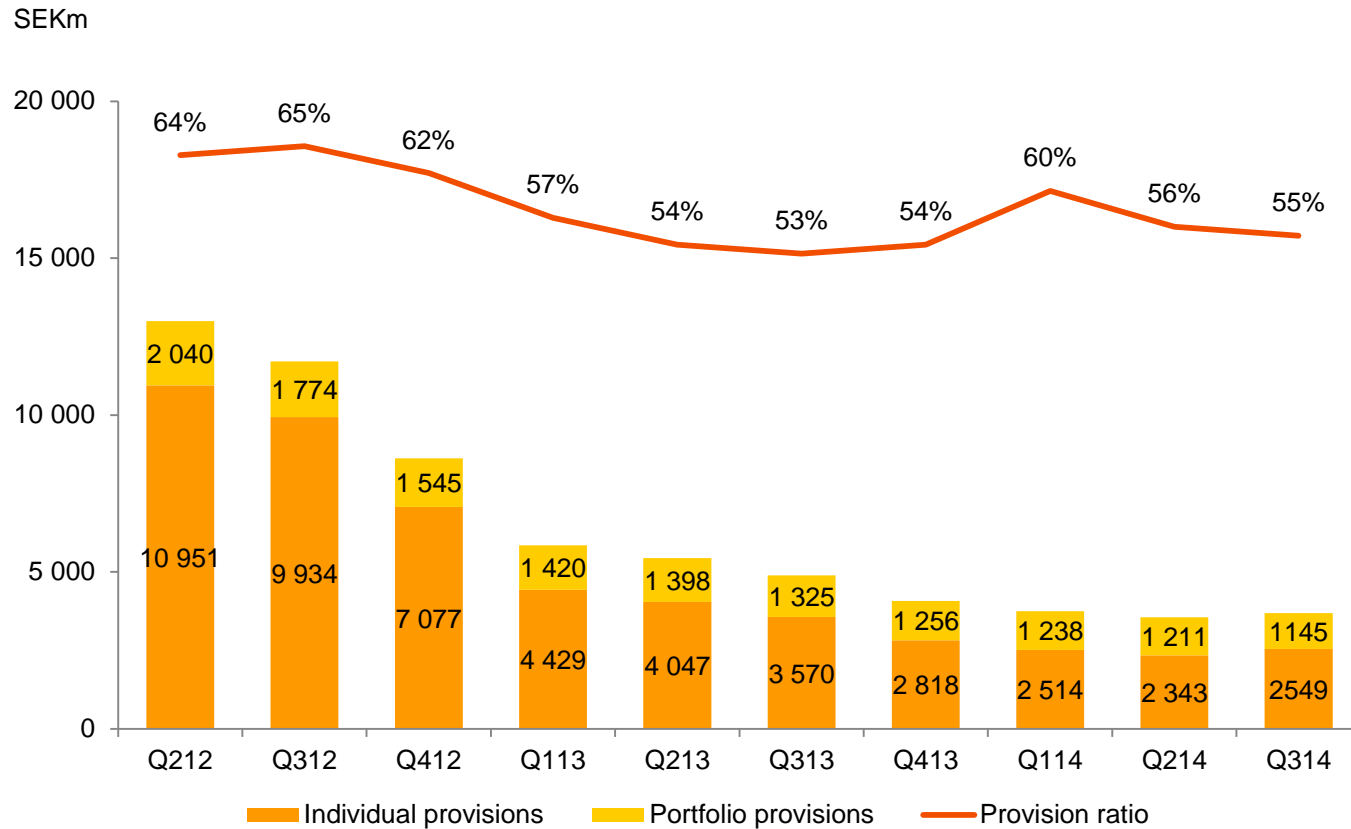


# Appendix

# 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

# Conservative provision ratio



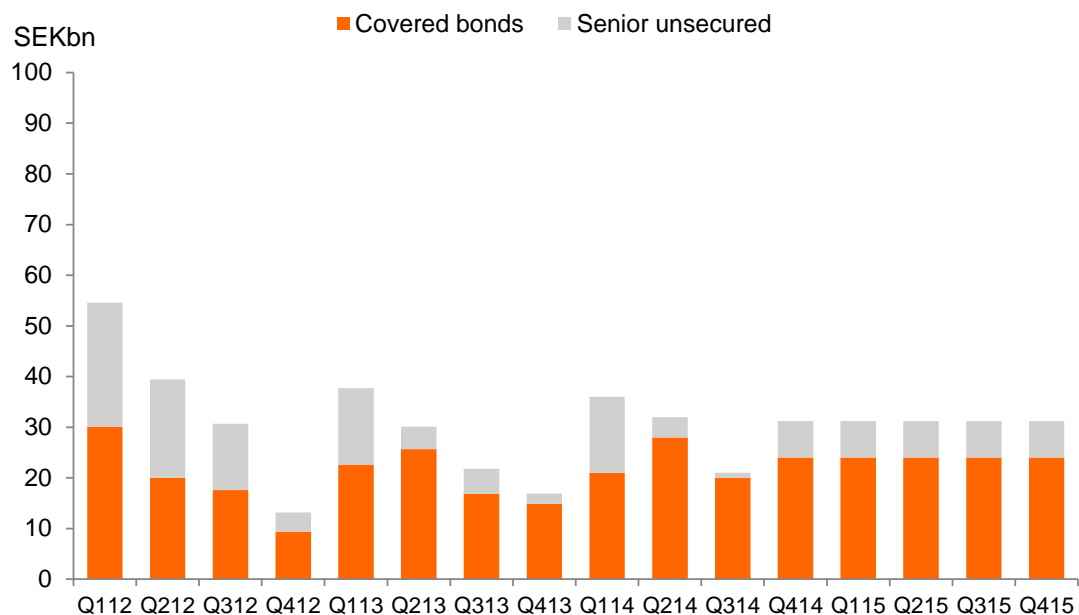
Provision ratio, %	Q3 14
Swedish Banking	62
LC&I	65
Baltic Banking	50
<b>Group</b>	<b>55</b>

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

# 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

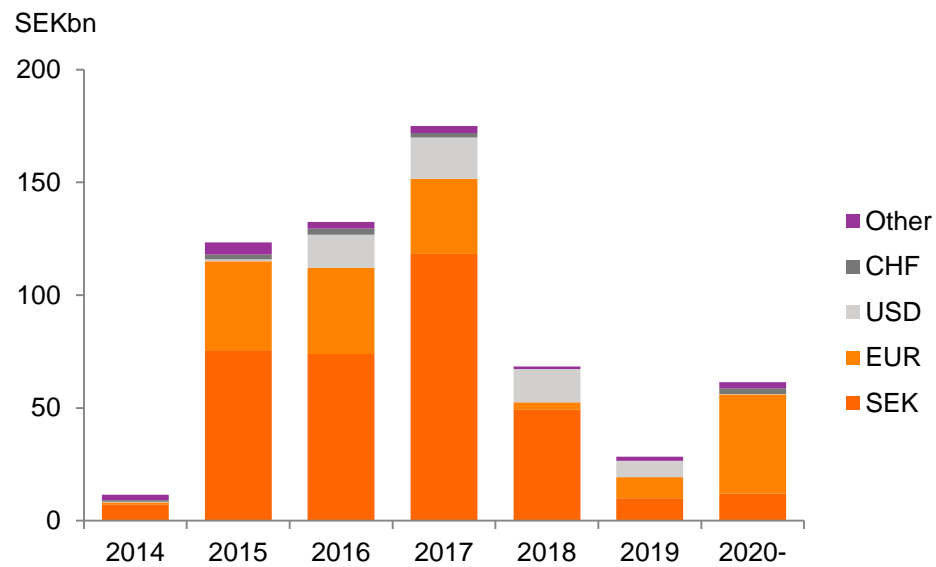
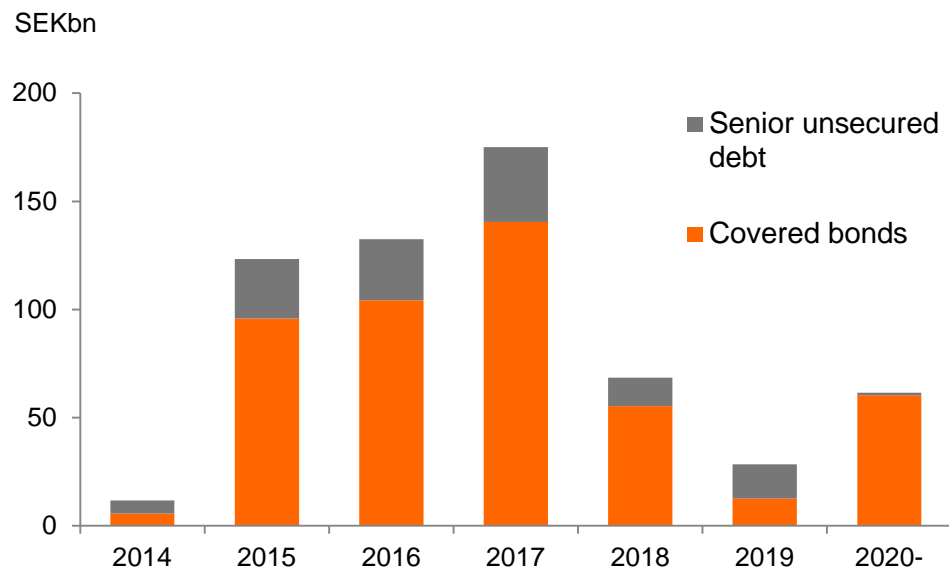


Source: Swedbank, Sep 30, 2014, nominal amounts

# Long-term funding maturity profile

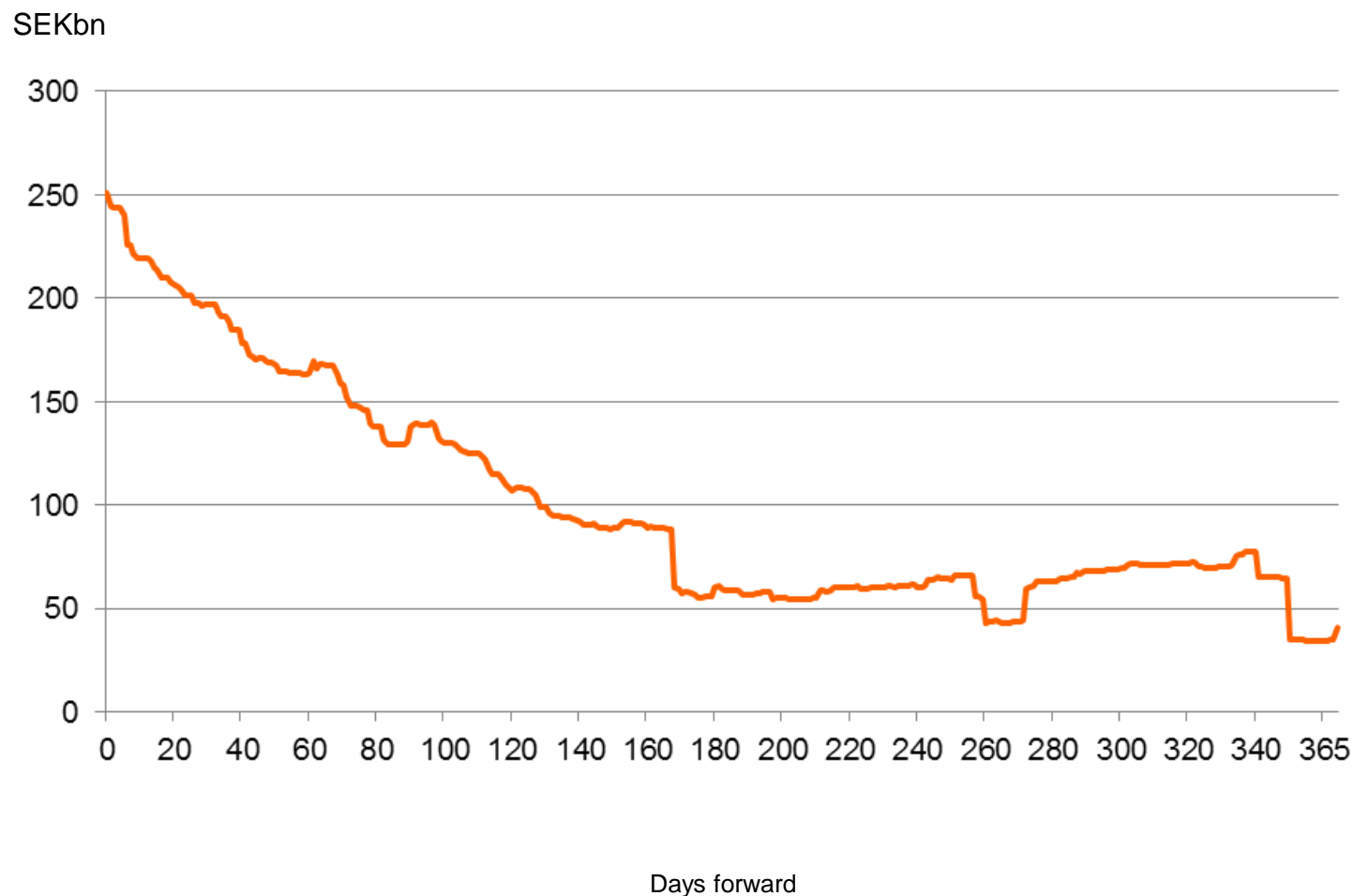
- Funding plan of SEK 120bn to meet next 12 months' nominal SEK 126bn maturities

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



Source: Swedbank Sep 30, 2014

# Prefunded in excess of 12 months



<sup>1</sup> As defined by the Swedish Bankers' Association

Source: Swedbank, Sep 30, 2014

# 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%

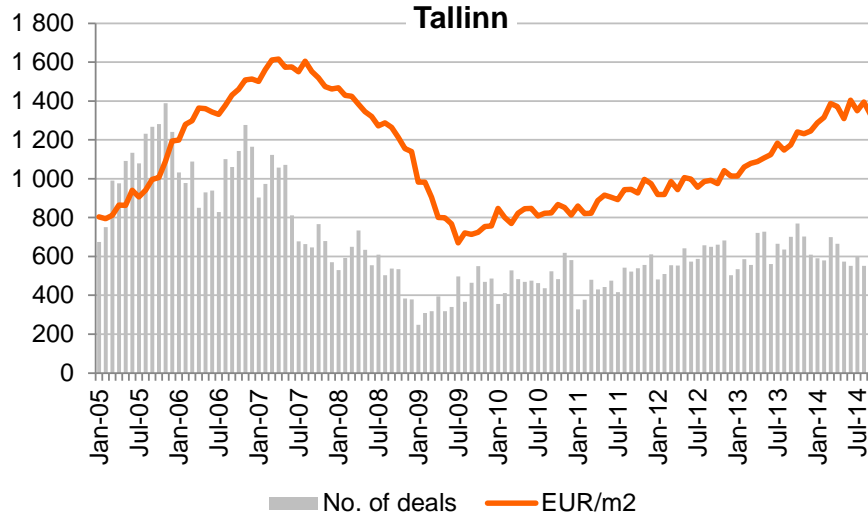
<sup>1</sup> HOXHOUSESWE, <sup>2</sup> HOXFLATSWE, <sup>3</sup> HOXSWE

Source: Valuegard [www.valuegard.se](http://www.valuegard.se) (Based on data from Mäklarstatistik)

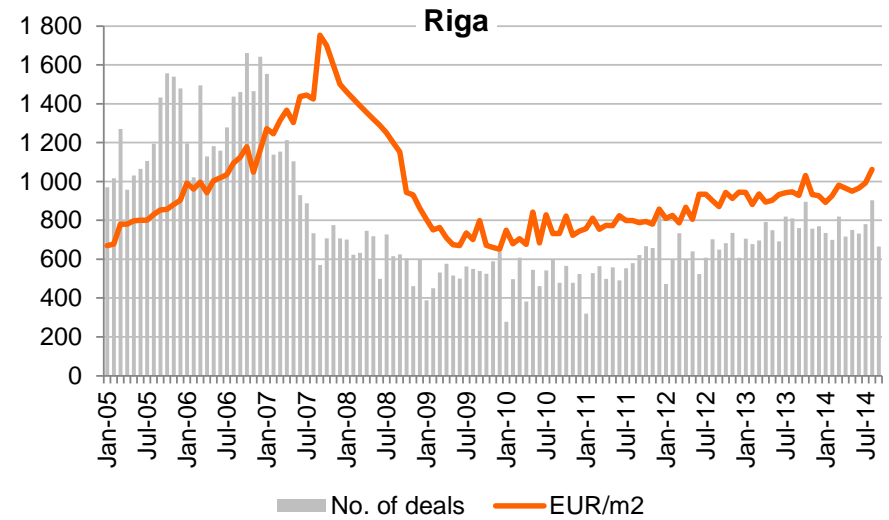
# Real estate prices

## Baltic countries

EUR/m<sup>2</sup> /No. of deals



EUR/m<sup>2</sup> /No. of deals



EUR/m<sup>2</sup> /No. of deals

