



Swedbank's third quarter 2018 results

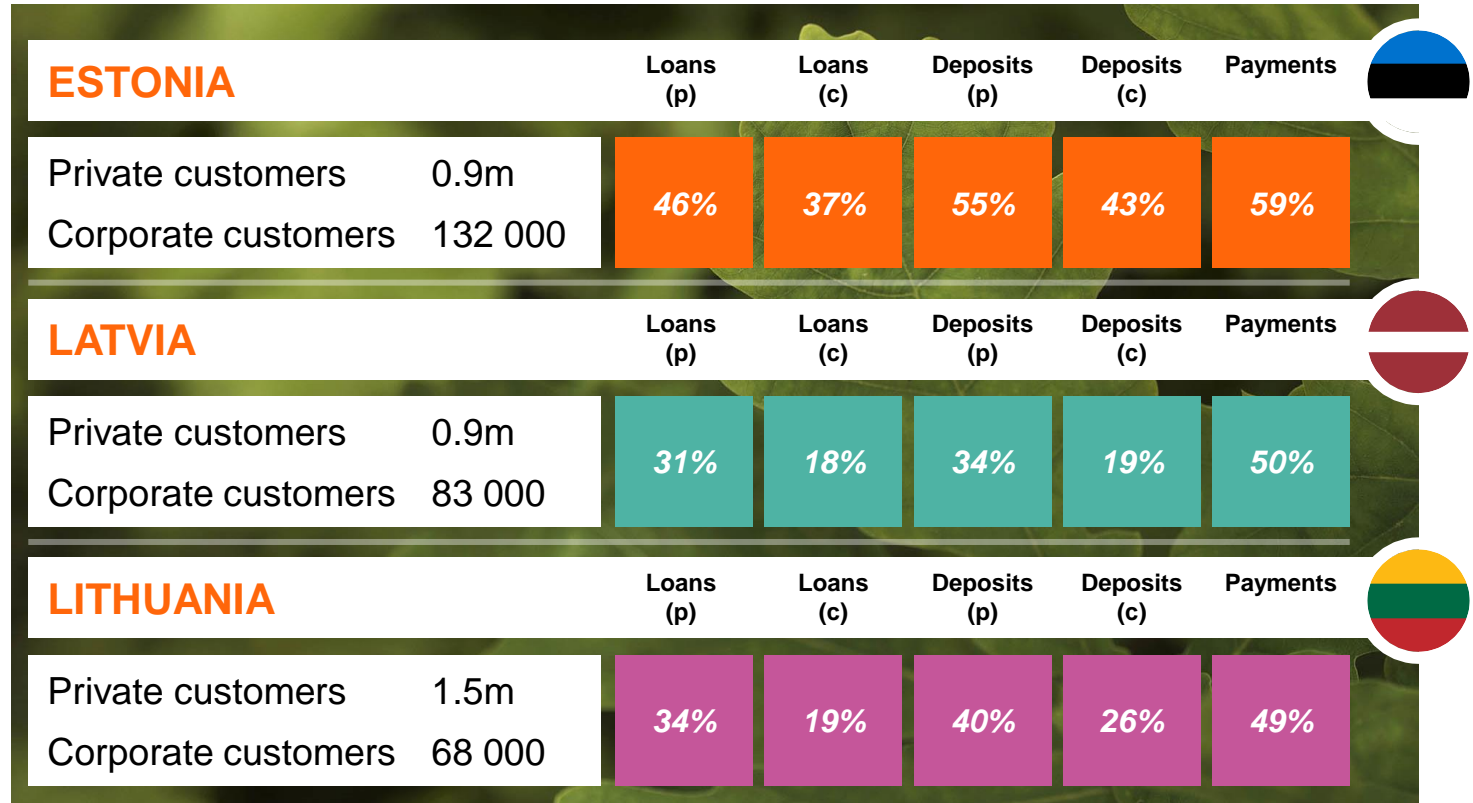
**Birgitte Bonnesen (CEO), Anders Karlsson
(CFO), Helo Meigas (CRO)**

Swedbank in the Baltics

Swedbank's customers in the Baltics

Market leader with a strong focus on domestic customers

TOTAL BALTICS	
Private customers	3.2m
Corporate customers	283 000



(p) private (c) corporate
Domestic payment transactions (Estonia, Latvia, Lithuania)

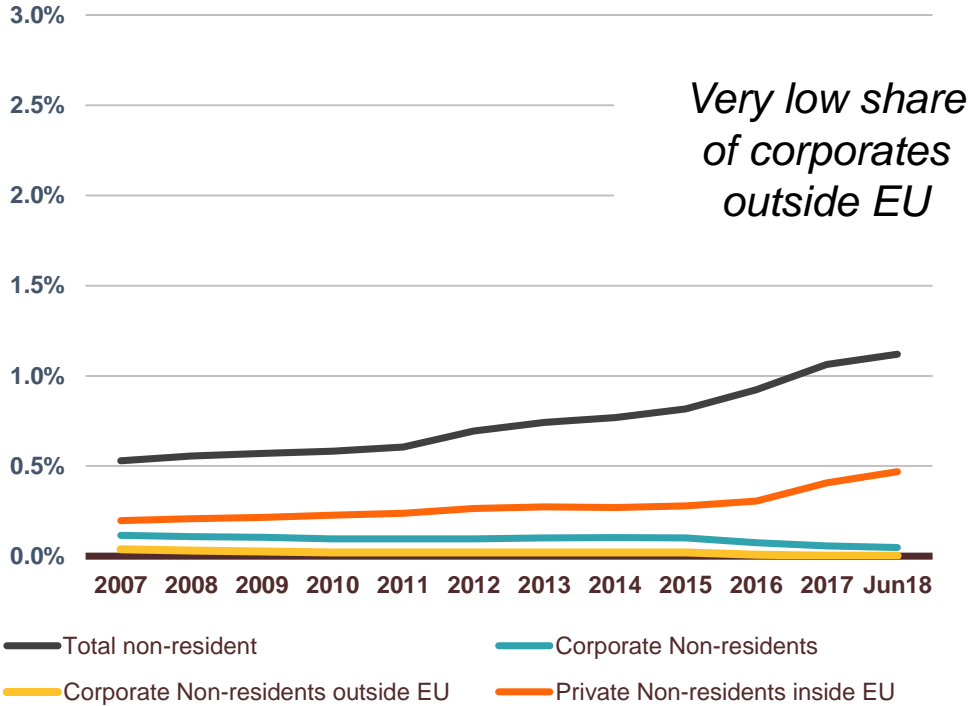
Source: Baltic central banks, Swedbank Fact book Q3 2018

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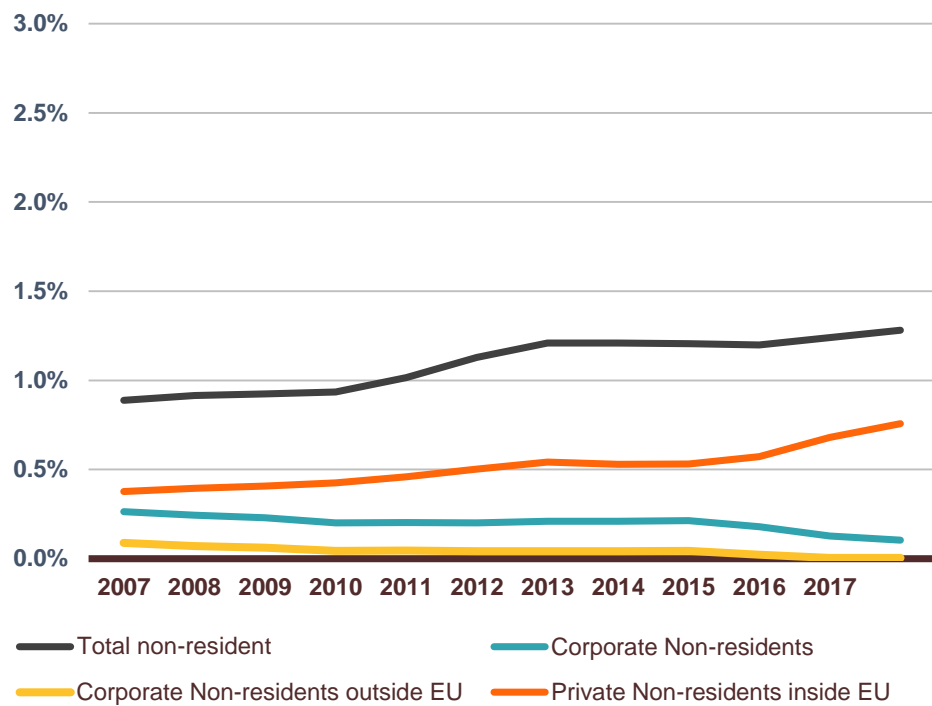
Information class
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The low number of Swedbank non-resident customers are mainly EU private individuals

NON-RESIDENT SHARE OF TOTAL SWEDBANK BALTIC BANKING CUSTOMERS



NON-RESIDENT SHARE OF TOTAL SWEDBANK ESTONIAN CUSTOMERS



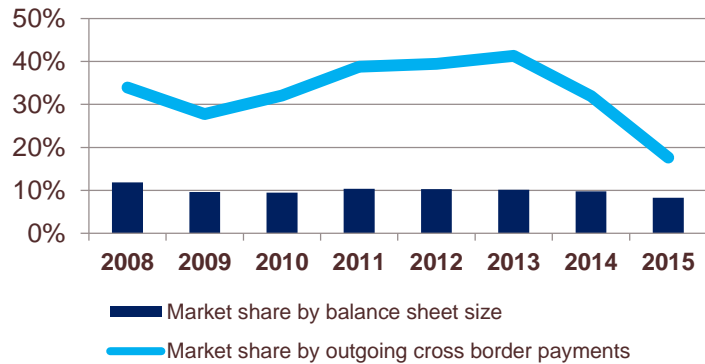
Source: Swedbank
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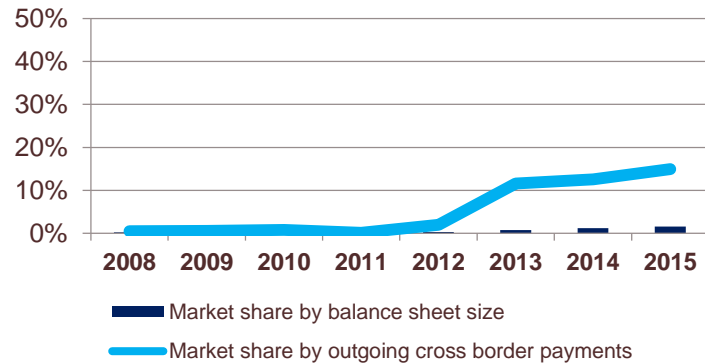
Swedbank's payments market share shows a business model built on a domestic customer base

MARKET SHARES BASED ON TOTAL ASSETS AND VOLUME OF OUTGOING CROSS BORDER PAYMENTS, ESTONIA, %

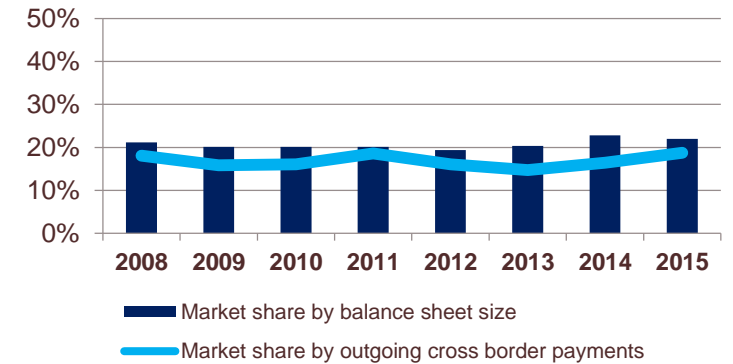
DANSKE BANK



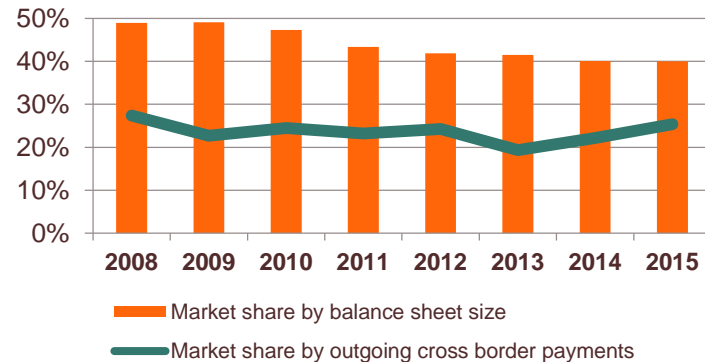
VERSOBANK



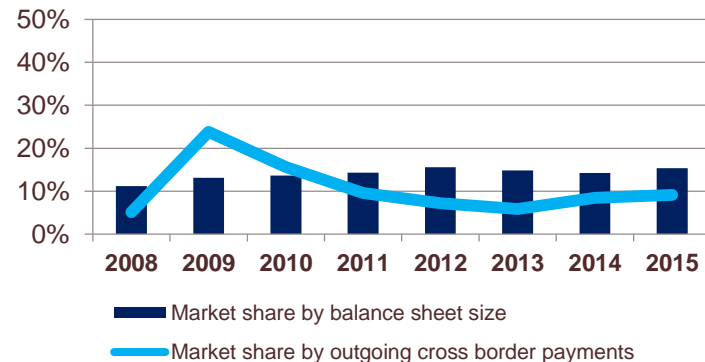
SEB



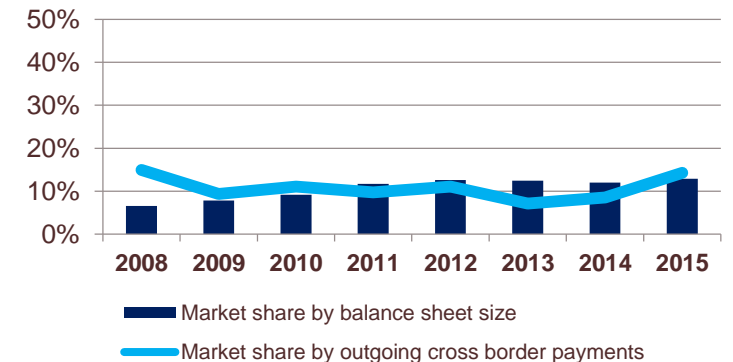
SWEDBANK



NORDEA



OTHER BANKS



Source: Bank of Estonia

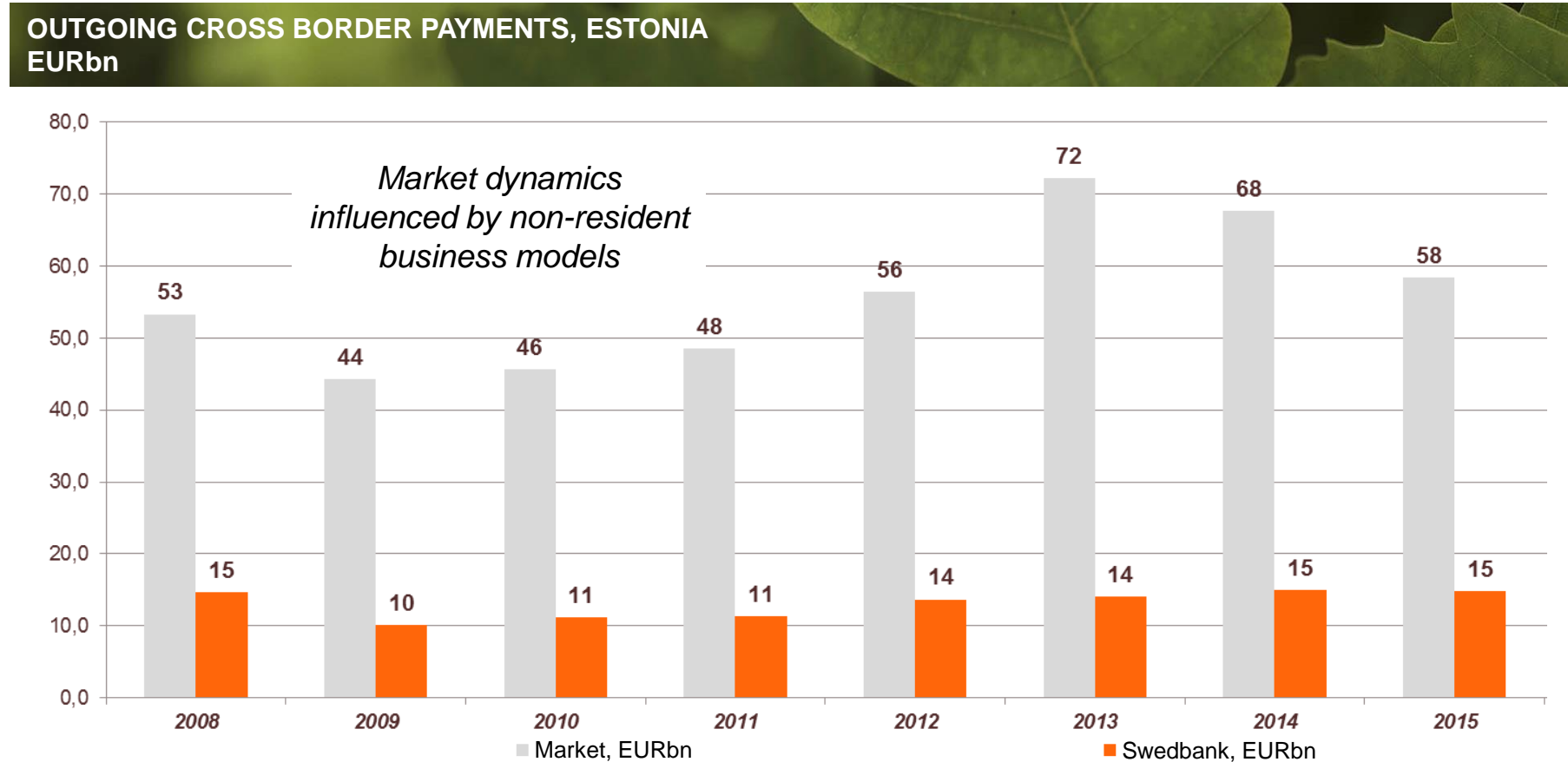
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Information class

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Swedbank's cross border payments have grown in line with economy



Source: Bank of Estonia

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Information class

Public

We have continuously worked with anti-money laundering



Swedbank acts forcefully on all signals



Systematic approach to assure detection of suspicious transactions and business activities



Systematic approach to KYC and on-boarding process

- Swedbank's policy is to serve customers with clear local business ties
- Work closely with authorities, regulators as well as with correspondent banks



Zero tolerance AML in all markets where we operate

- Throughout the years reacted on all signals, from our own channels as well as from external parties.
- Same governance, systems and processes to detect money laundering on all our markets

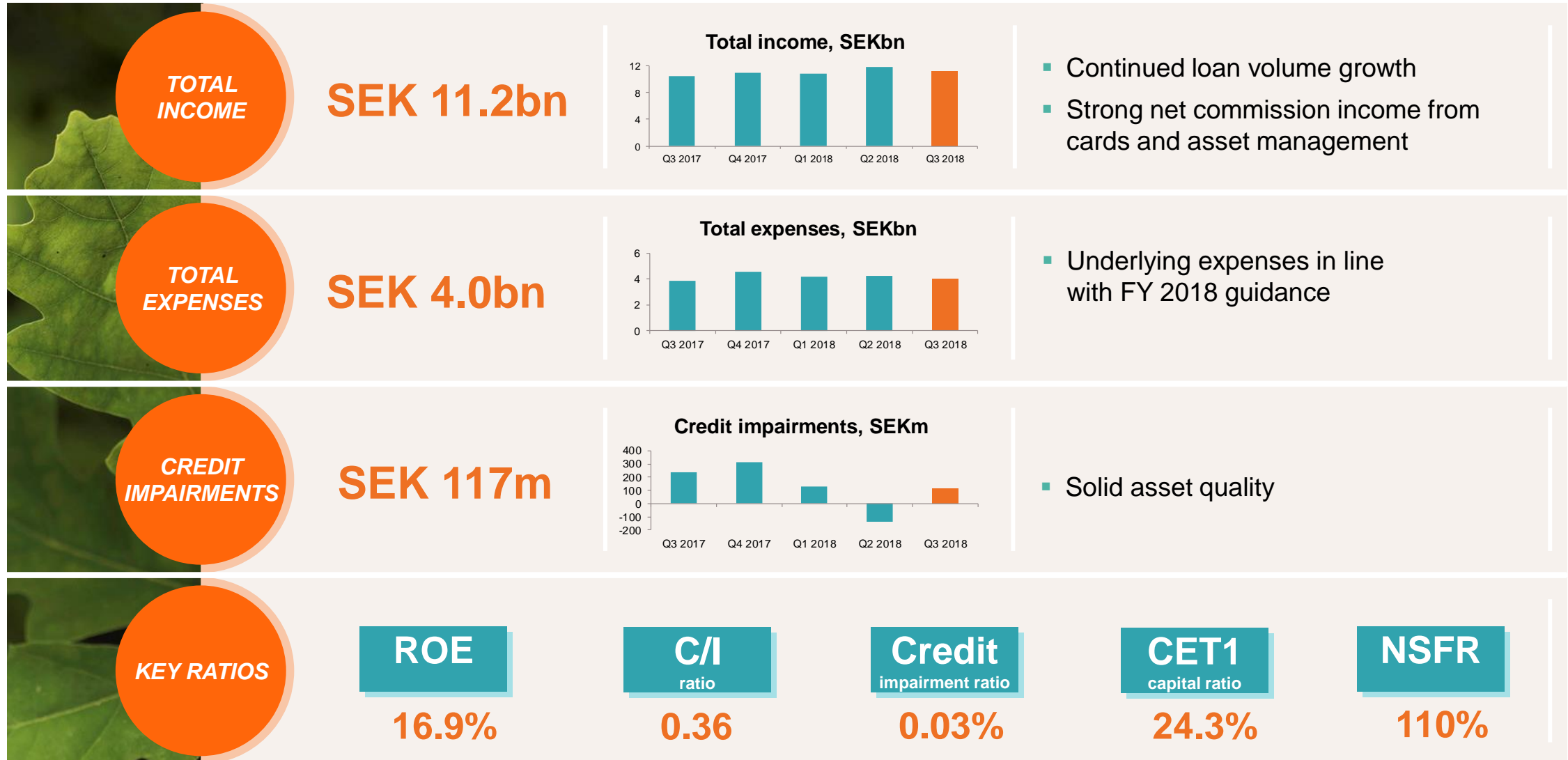


No ongoing investigations from any of our regulators concerning AML-practices



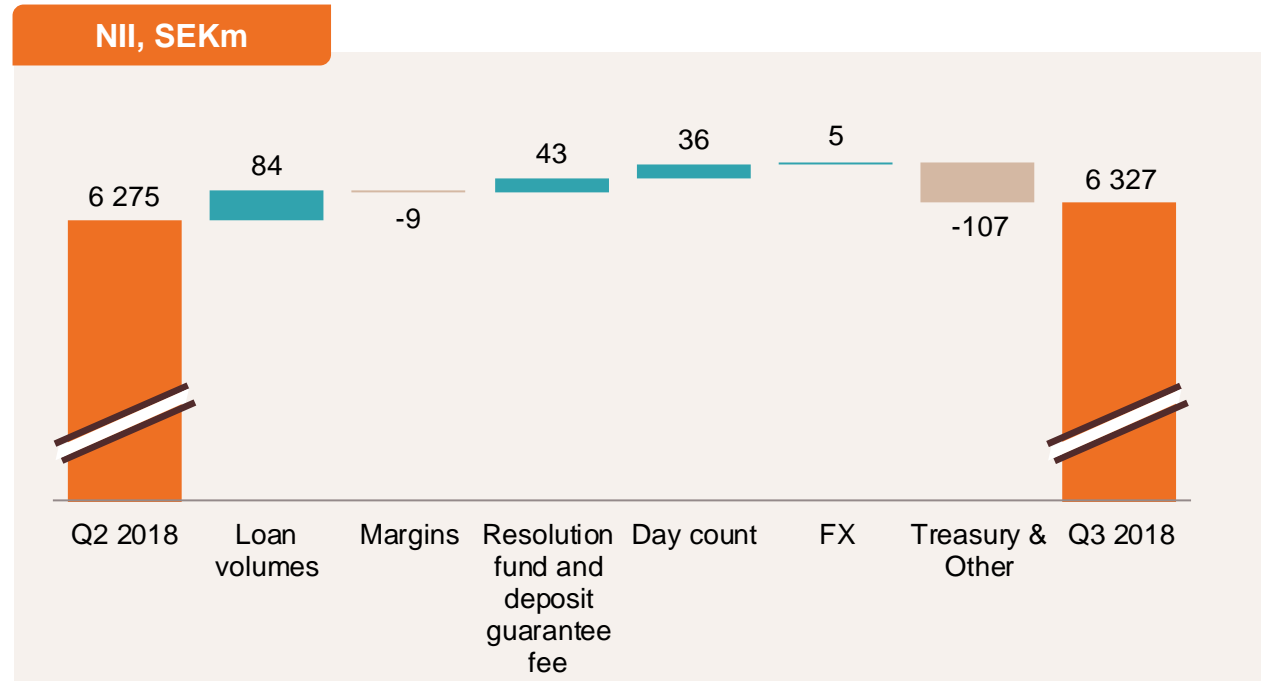
Swedbank third quarter financial results

Group financial highlights, Q3 2018



Group result

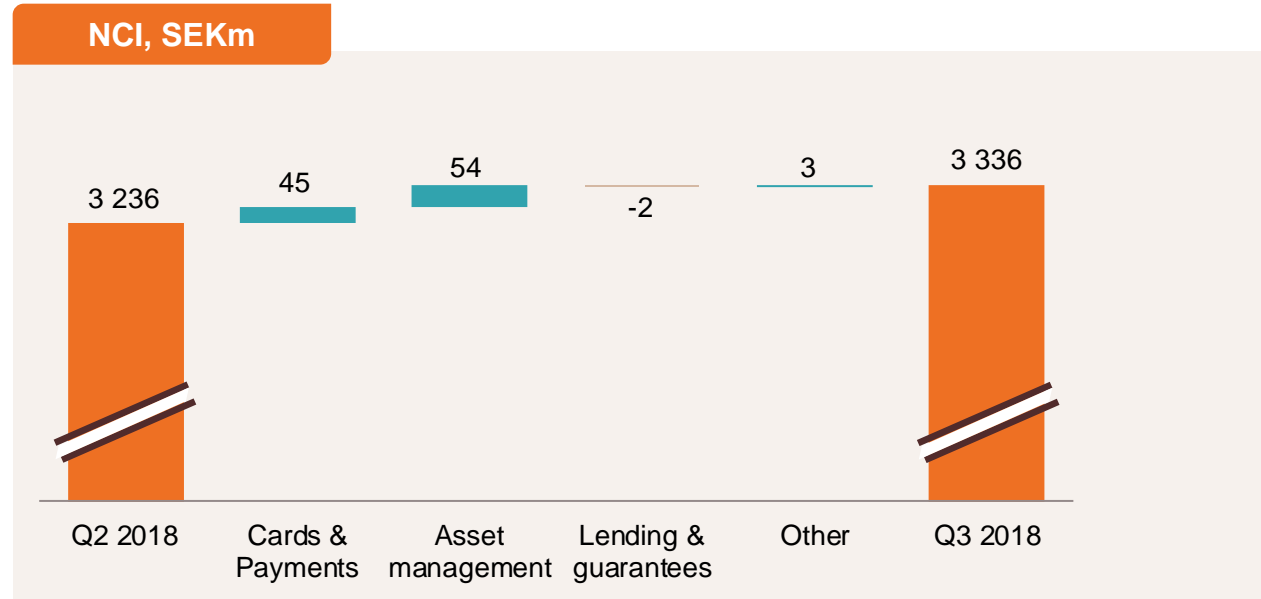
Higher net interest income



- Continued loan volume growth
- Stable margins
- Lower resolution fund fee
- One more day in the quarter
- Less favorable USD funding market

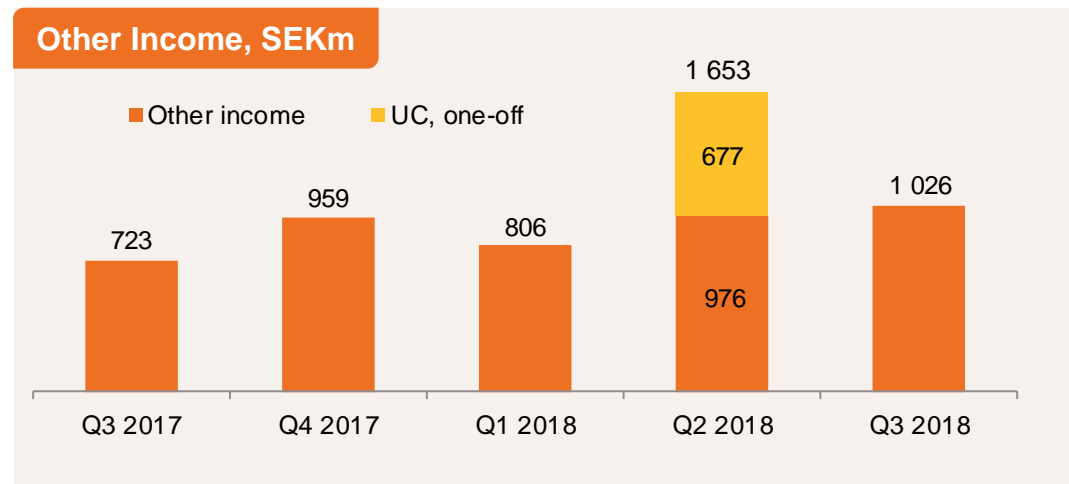
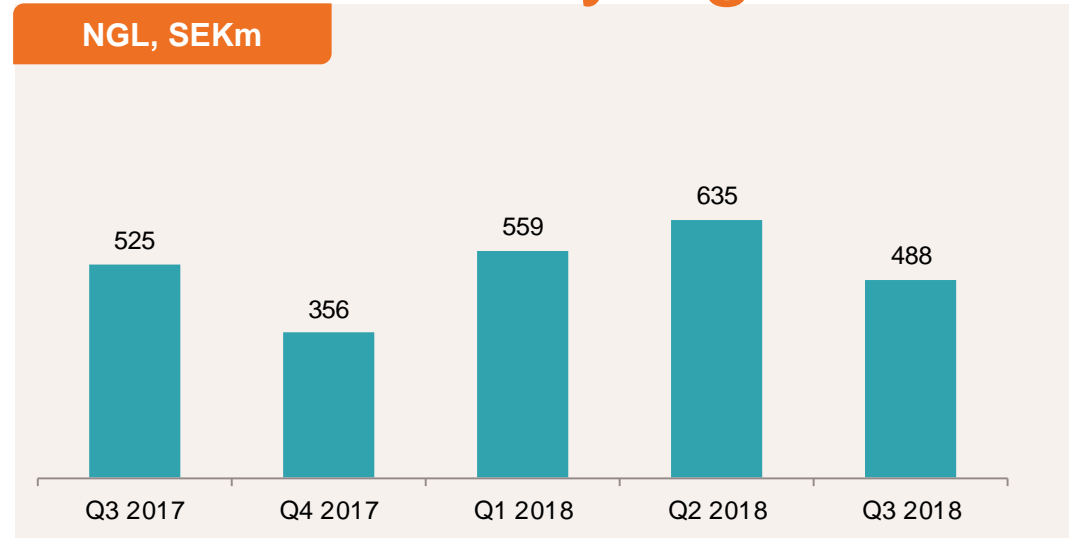
Group result

Strong net commission income



- Seasonally higher cards income
- Asset management income supported by positive asset value development and mutual fund inflows

Stable underlying revenue generation



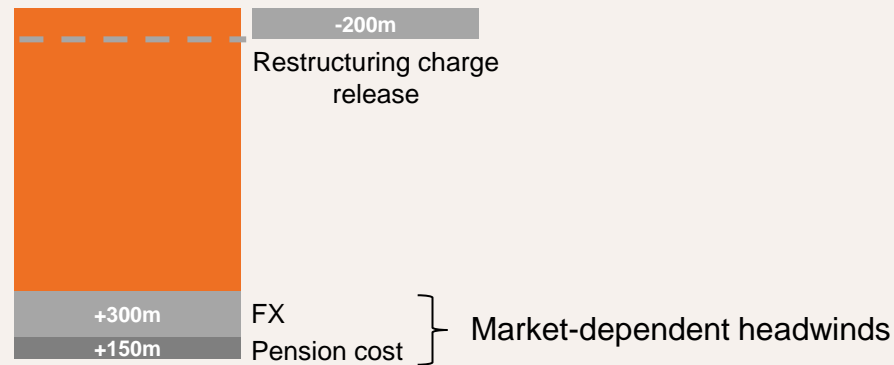
- Stable client trading activity
- Positive valuation effect on derivatives
- Negative impact from higher covered bond buy-back volumes
- Negative impact from widening credit and basis swap spreads
- Positive impact from changed valuation of Visa shares
- Continued good performance in recurring revenue items – insurance, Entercard, savings banks/associates

Group result

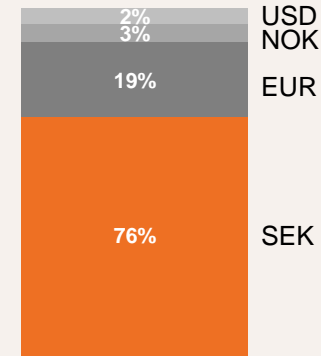
Underlying expenses in line with FY2018 guidance

Total Expenses FY2018 guidance, SEK

Original expense guidance of below SEK 17bn

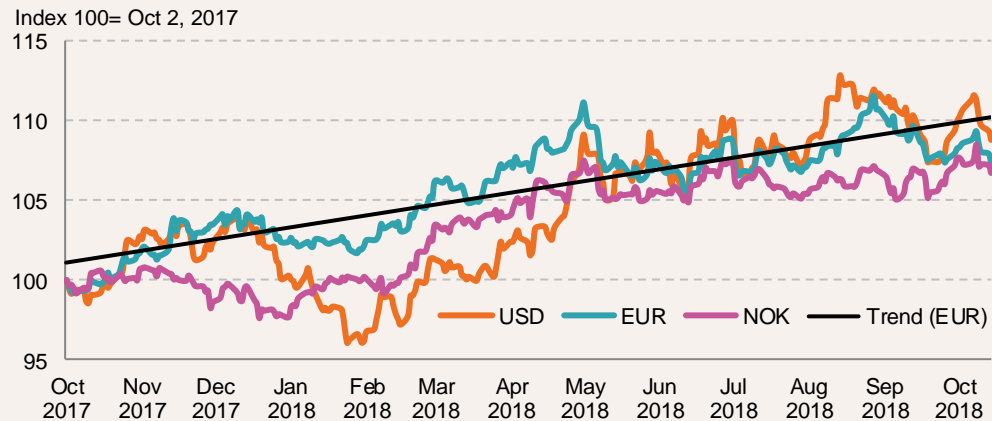


Main currencies breakdown in cost base

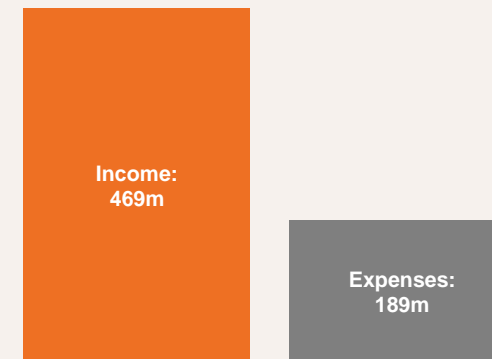


FX sensitivity comes mainly from EUR

SEK has depreciated ~10% YoY



FX impact YTD 2018 vs YTD 2017, SEK



Group result

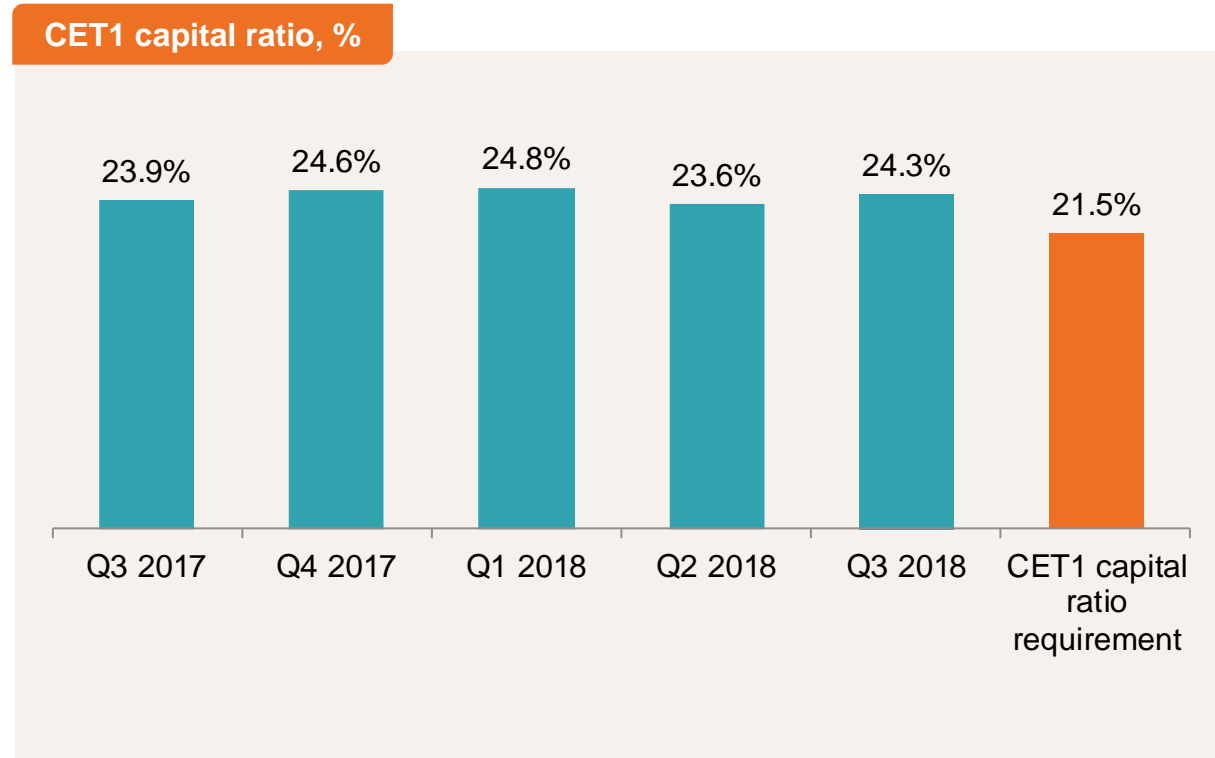
Strong core revenues

SEKm	Q3 18	Q2 18	▲ QoQ
Net interest income	6 326	6 273	53
Net commission income	3 336	3 236	100
Net gains and losses	488	635	-147
Other income	1 026	1 653	-627
Total income	11 176	11 797	-621
Total expenses	3 998	4 262	-264
Profit before impairments	7 178	7 535	-357
Credit impairments	117	-135	252
Other impairments		282	-282
Tax	1 530	1 369	161
Net profit	5 525	6 014	-489
Ratios	Q3 18	Q2 18	
ROE, %	16.9	19.2	
C/l ratio	0.36	0.36	
CET1 capital ratio, %	24.3	23.6	

- Continued mortgage and corporate loan volume growth
- Strong net commission income supported by solid macroeconomic fundamentals
- Lower Group Treasury income
- Expenses in line with FY guidance
- Solid asset quality
- One-off income of SEK 677m in Q2 (UC)

Capital

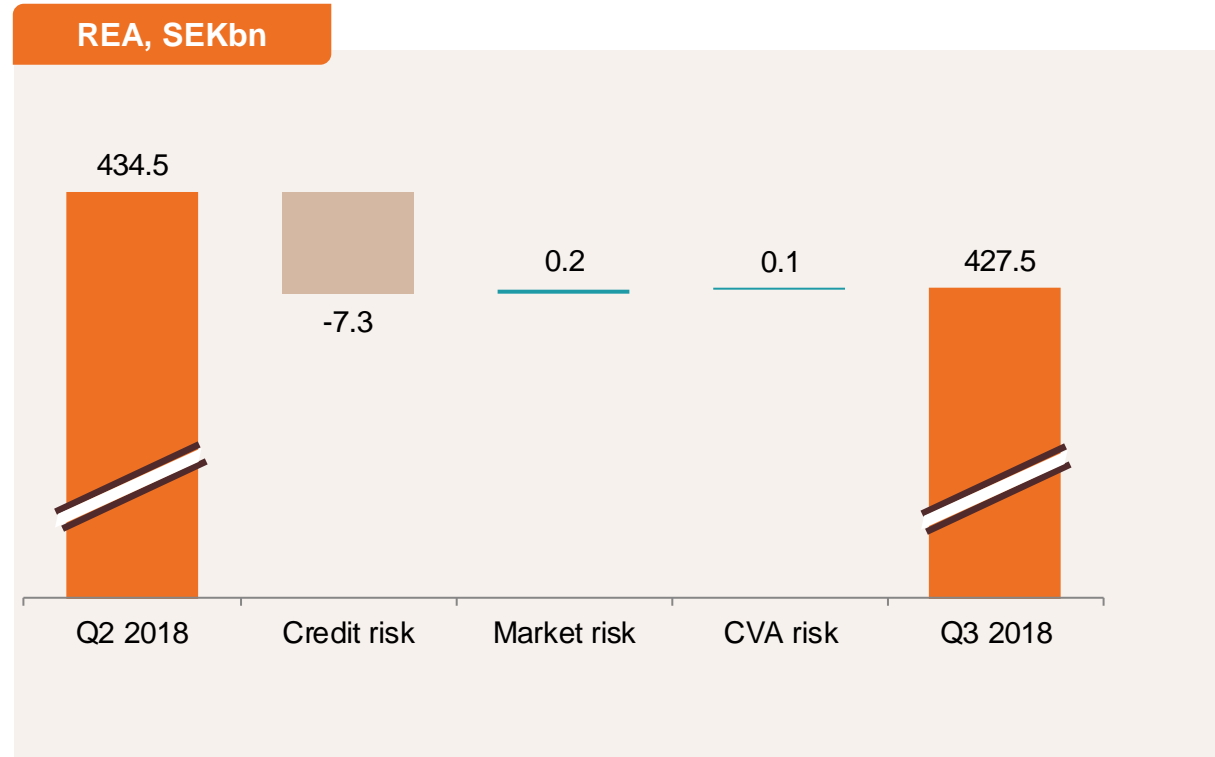
Strong capitalisation – no excess capital



- CET1 capital increased by SEK 1.4bn
 - Positive effect from net profit of SEK 1.0bn excl. dividend
 - Positive IAS19 pension valuation effect of SEK 0.2bn
- REA decreased by SEK 7bn
- Buffer of around 280bps above minimum requirements

Capital

Decreased Risk Exposure Amount (REA)



- REA decreased by SEK 7bn
 - Positive collateral valuation effect
 - Positive FX effect

Group

Solid asset quality

Credit impairments, SEKm	Q3 18	Q2 18	▲ QoQ
Swedish Banking	71	84	
Baltic Banking	8	-87	
Large Corporates & Institutions	37	-126	
Swedbank Group	117	-135	

Ratios	Q3 18	Q2 18
Credit impairment ratio, %	0.03	-0.03
Share of Stage 3 loans, gross %	0.67	0.67
Total credit impairment provision ratio, %	0.33	0.33

- Resilient asset quality in all business segments

Appendix

Group results

Strong core revenues

SEKm	Q3 18	Q2 18	▲ QoQ	Q3 17	▲ YoY
Net interest income	6 326	6 273	53	6 208	118
Net commission income	3 336	3 236	100	2 962	374
Net gains and losses	488	635	-147	525	-37
Other income	1 026	1 653	-627	723	303
Total income	11 176	11 797	-621	10 418	758
Total expenses	3 998	4 262	-264	3 883	115
Profit before impairments	7 178	7 535	-357	6 535	643
Credit impairments	117	-135	252	235	-118
Other impairments		282	-282	107	-107
Tax	1 530	1 369	161	1 444	86
Net profit	5 525	6 014	-489	4 743	782
Ratios	Q3 18	Q2 18		Q3 17	
ROE, %	16.9	19.2		15.0	
C/l ratio	0.36	0.36		0.37	
CET1 capital ratio, %	24.3	23.6		23.9	

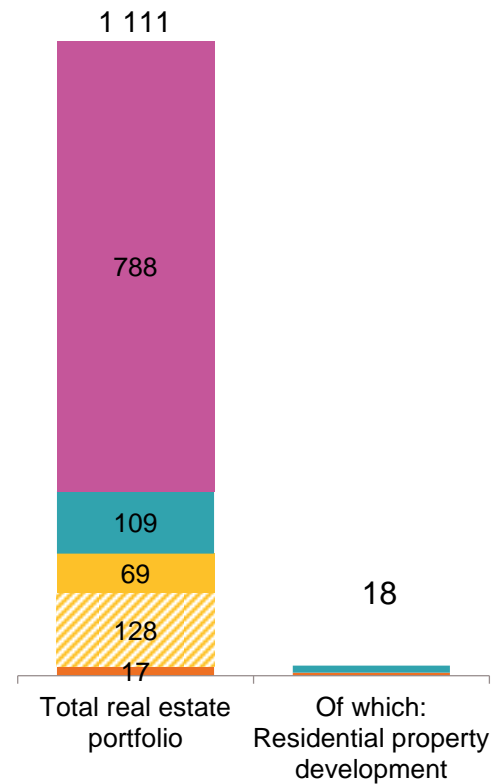
Continued volume growth



Swedbank has a low-risk residential property portfolio



Real estate lending, net loans in Sweden, SEKbn



- Private mortgages: SEK 788bn, average LTV 56%
- Tenant owner associations (“TOA”): SEK 109bn
 - SEK 97bn existing TOA, average LTV 39%
 - SEK 12bn TOA under construction
- Property management: SEK 197bn
 - SEK 69bn in residential property management (rental apartment properties)
 - SEK 128bn in other property management
- Construction SEK 17bn
 - SEK 6bn residential property development
 - SEK 11bn infrastructure, groundwork, craftsmen

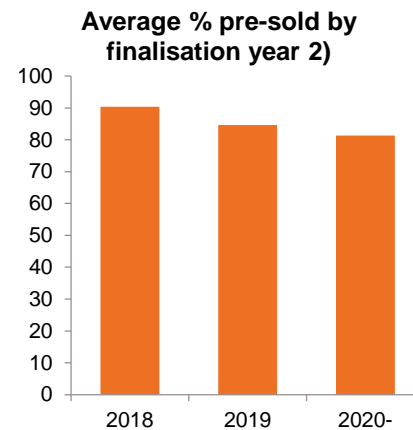
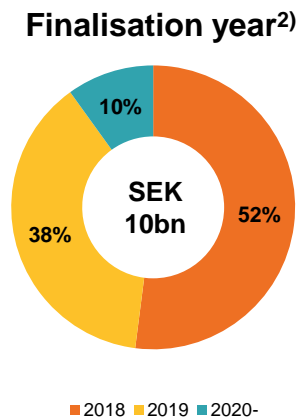
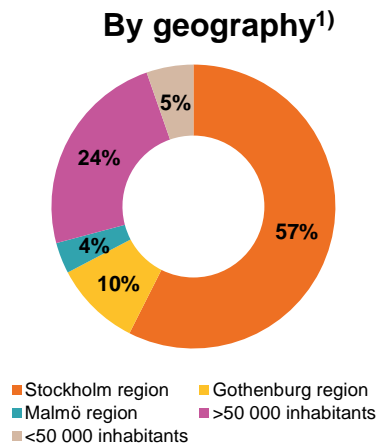
- Swedbank has pursued a low risk strategy by tightening origination standards, and prioritising price and risk over volume growth
- Bulk of assets in low risk segments
- Average LTVs in lower ranges
- Residential property developer exposures of SEK 18bn

Residential property developers - low exposure



- Total loan portfolio of SEK 18bn, mainly to the larger listed construction firms, with which Swedbank has long-term relations
 - SEK 12bn of the loans are related to tenant-owner rights projects
 - SEK 6bn of the loans are related to construction activities
- 90% of these projects will be finalised in 2018 and 2019

Tenant-owner rights related construction loans¹⁾ – the risk is highly mitigated

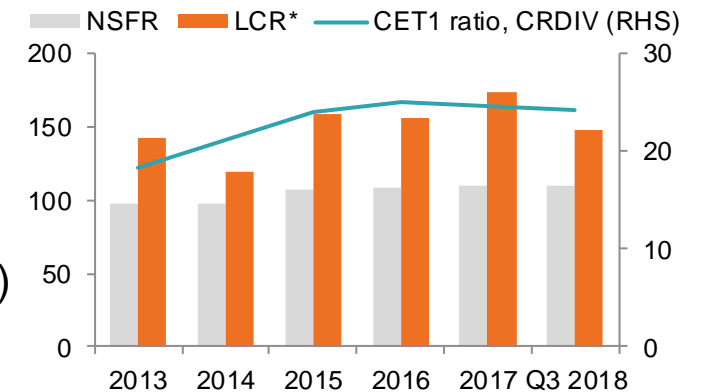


Swedbank – low-risk bank with strong capital base

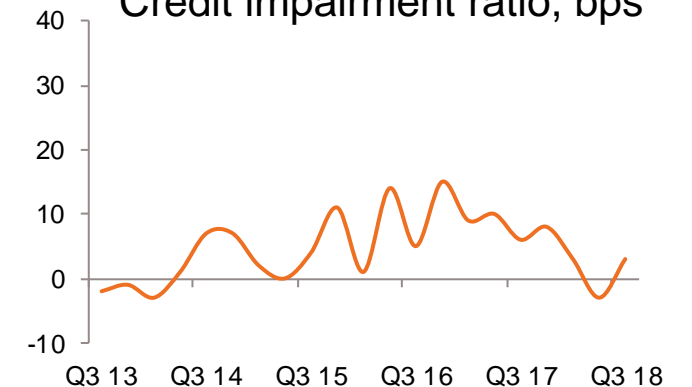
This is Swedbank

- Low risk – a Board of Directors’ strategic priority – ensures access to funding markets and low funding cost
- Retail profile and four home markets a key feature
 - Around 85% of total loans originated in Sweden - Swedish mortgages account for around 60% of total loans
 - 90% of total loans are collateralised (77.1% real estate and 12.9% other collateral)
- Strong capital position – Board of Directors’ decision to maintain a buffer above prevailing SFSA capital requirements to have operational flexibility – current buffer around 280bps
- Conservative funding and liquidity position – survival horizon longer than 12 months assuming closed funding markets, NSFR 110% and LCR 148%*
- Baltic operations self-funded – loan-to-deposit ratio < 100%

Liquidity & capital, %



Credit impairment ratio, bps



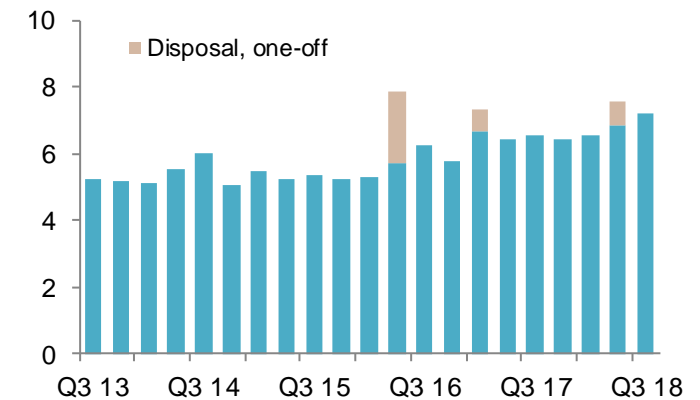
* From Q1 2018 – the Liquidity Coverage Ratio (LCR) is calculated in accordance with the Commission Delegated Regulation (EU 2015/61) of 10 October 2014 (also, see Fact book, page 57)

Swedbank – strong and stable earnings capacity

This is Swedbank

- Four home markets – Sweden, Estonia, Latvia and Lithuania
 - Strong and stable economies
 - Market-leading position in all home markets
 - Largest customer base in all home markets
- Retail profile ensures stable earnings with low volatility
- High cost efficiency – a strategic priority – ensures good profitability
- Stable earnings support a low risk profile and a strong capital position

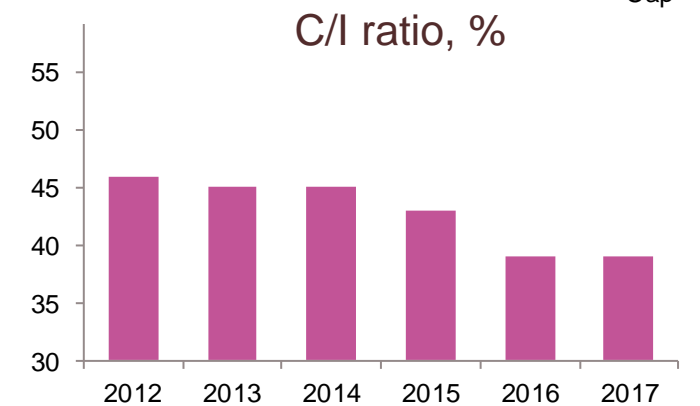
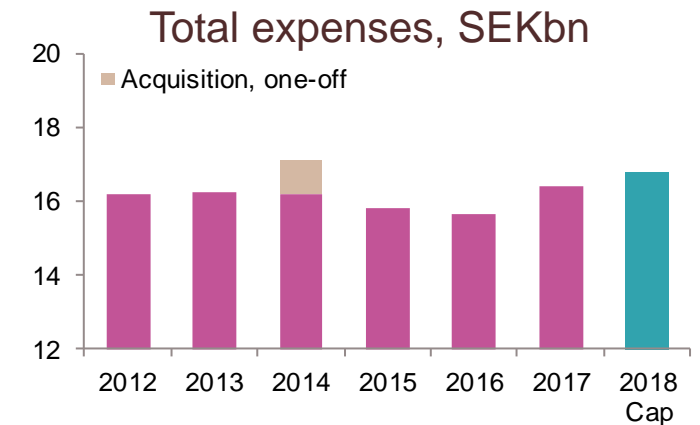
Profit before impairments, SEKbn



Swedbank – market leader in cost efficiency

This is Swedbank

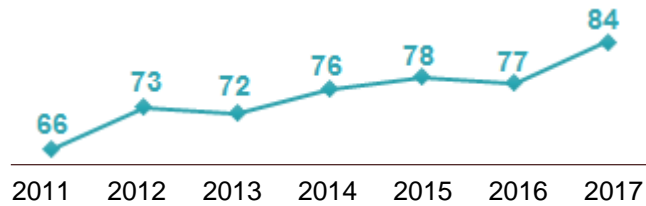
- Best-in-class cost efficiency – an executive management strategic priority
- Executive management strongly focused on cost and change management
 - Integrated in corporate culture
 - Focus on straight-through-processing
 - Evolving household banking model – digitisation trend
- Retail profile a key feature
 - Four home markets – Sweden, Estonia, Latvia and Lithuania – reduce complexity
 - Largest private and SME customer base
 - High degree of digitisation in home markets



Focus on sustainable business

Improved sustainability scores

Dow Jones Sustainability Index



Green mortgage launch

Green mortgage

To encourage a sustainable choice of housing Swedbank launched the “Green mortgage loan” for private customers. Swedbank’s ambition is to offer and constantly develop products and services that help both private and corporate customers to make long-term sustainable choices.

Stronger Environmental Management System (EMS)

ISO

Swedbank’s upgraded Environmental Management System was certified with the new and more rigorous standard **ISO14001:2015**.

Swedbank is included in The Sustainability Yearbook 2018

The Sustainability Yearbook

The Sustainability Yearbook lists the world’s most sustainable companies in each industry as determined by their score in RobecoSAM’s annual Corporate Sustainability Assessment.



Swedbank Robur launches unique SDG equity fund

Swedbank Robur’s new sustainability equity fund, Global Impact, invests in companies that through their products, services and activities, contribute to reaching the UN’s SDGs. The fund allows our customers to earn capital returns while contributing to a better, more sustainable world. The fund was among the 10 most popular funds in the quarter.

Swedbank’s first Green Bond Impact Report released

In accordance with Swedbank’s Green Bond Framework established last year the Green Bond Impact Report for 2017 has now been released. It shows that resulting investment in eligible green assets reduced CO2 emissions by 457 309 tonnes (annualised).

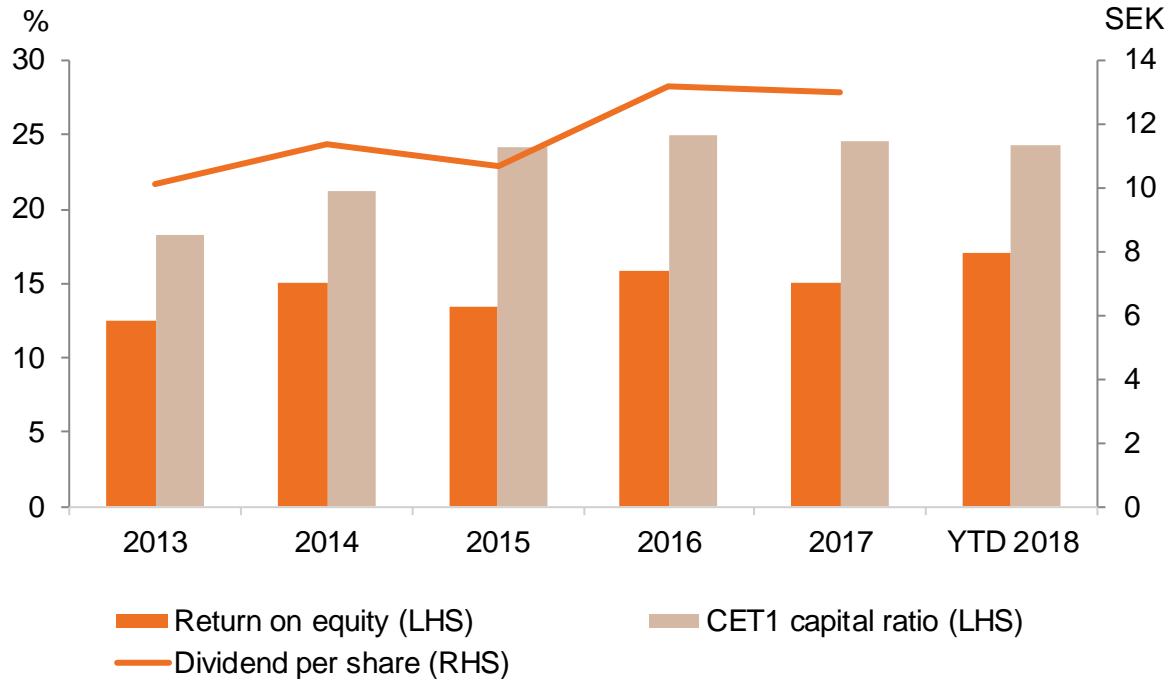
Top rank for gender equality

Swedbank top ranked in Allbright’s annual review of gender equality in listed companies.

Landmark green bond investment

The World Bank has issued green bonds to finance water treatment projects and projects to conserve the marine environment. Swedbank Robur has acted as key investor and invested SEK 550m in the transaction.

Swedbank creates value



Return on Equity

>15% target

17.0% (YTD)

Common Equity Tier 1 ratio

One of the highest among European banks

24.3%

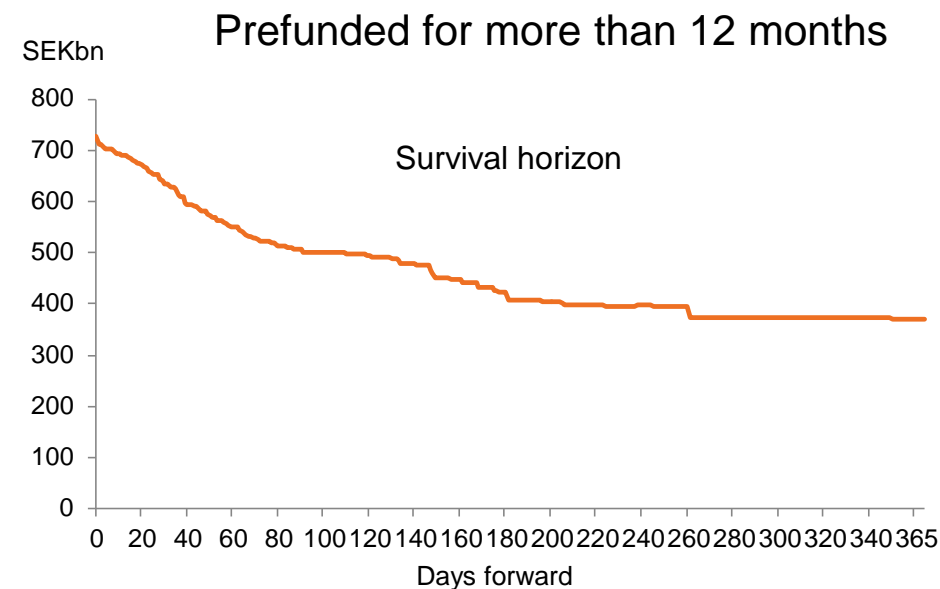
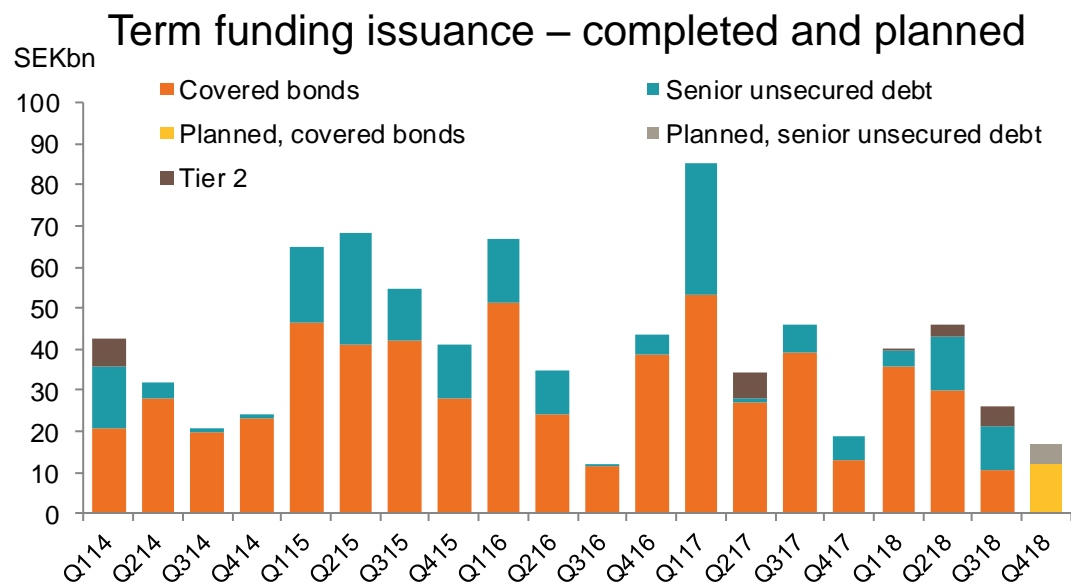
Dividend per share

75% payout ratio for 6th year in a row

SEK 13.00

Conservative funding position

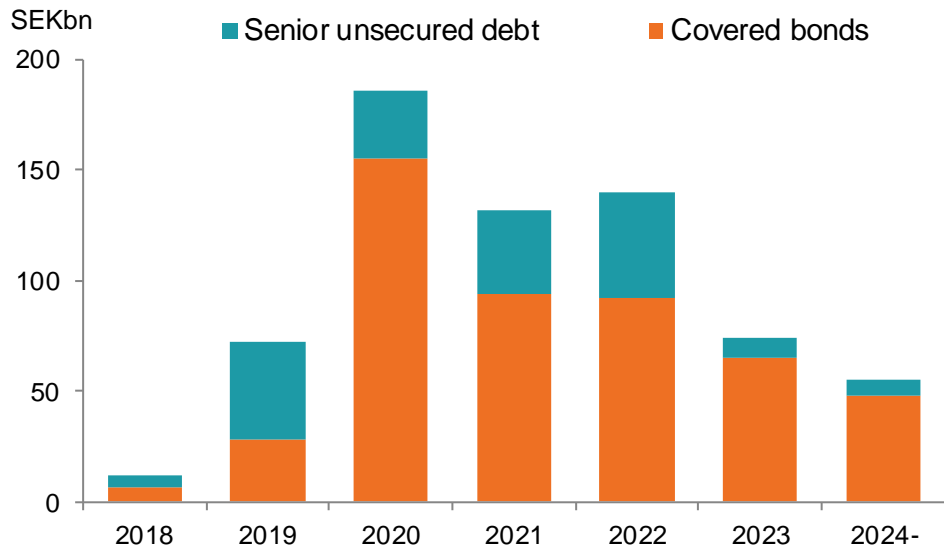
- LCR 148% (EU 2015/61)
- NSFR 110% (Basel committee)
- Issued around SEK 104bn YTD Q3 2018 (in addition, around SEK 8bn in Tier 2)
- Initial plan to issue around SEK 145bn in 2018 has been revised down due to deposit inflow



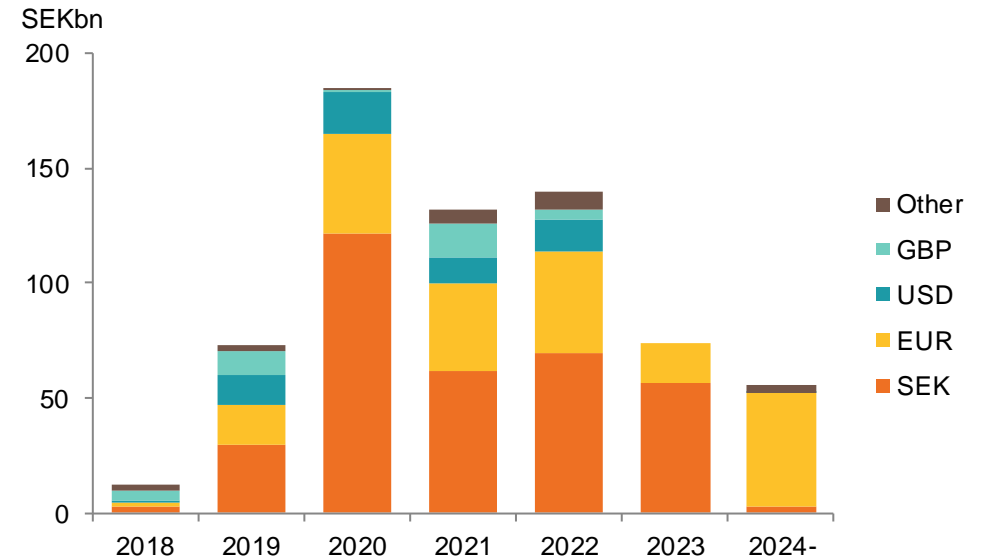
Long-term funding maturity profile



Long-term funding maturity profile, by funding source



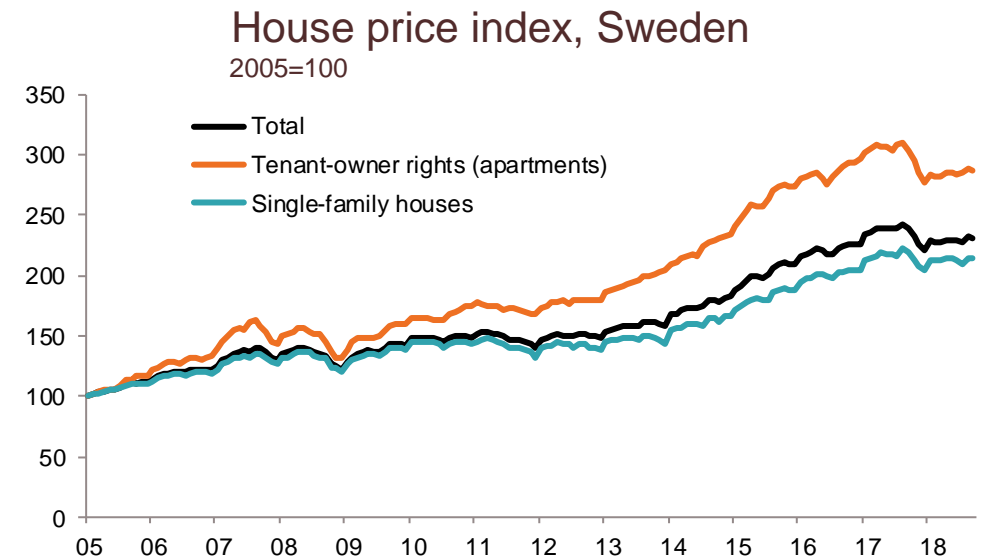
Long-term funding maturity profile, by currency



Real-estate price performance – Sweden, 12 month



	Single-family homes ¹	Tenant-owner rights ²	Combined ³
	12M Δ	12M Δ	12M Δ
Oct 17	4%	1%	3%
Nov 17	1%	-3%	0%
Dec 17	0%	-6%	-2%
Jan 18	0%	-6%	-2%
Feb 18	-1%	-8%	-4%
Mar 18	-2%	-9%	-4%
Apr 18	-2	-7	-4
May 18	-2	-7	-4
Jun 18	-2	-7	-4
Jul 18	-3	-7	-5
Aug 18	-3	-7	-5
Sep 18	-3	-5	-4



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