

Press Release

April 9, 2010

Swedbank to leave the state guarantee program

Swedbank's Board of Directors yesterday agreed that the bank will leave the state guarantee program with immediate effect. The decision has been made against the background of the improved funding market situation for banks, but above all due to the fact that the bank has not used the state guarantee program for its funding since July 2009.

"To achieve an independent funding was one of the main goals behind Swedbank's rights issue in August 2009. Leaving the state guarantee program is one more step in this direction. The fact that the bank can fund itself on its own is a result of the support from the shareholders through the two rights issues, our ongoing efforts to reduce the credit and liquidity risk levels as well as a consequence of the market beginning to normalise," said Michael Wolf, CEO of Swedbank.

"Swedbank has through the state guarantee been able to fund itself on competitive terms, also during the turbulent period from autumn 2008 to summer 2009. The guarantee has also implicitly benefitted all banks in Sweden and has been an important precondition for allowing the Swedish banking system to stand relatively strong during and after the financial crisis," said Swedbank's Chairman of the Board Lars Idermark.

Swedbank has since July 2009 borrowed SEK200 billion in long-term funding outside of the state guarantee program. During the first quarter of 2010, Swedbank borrowed SEK100 billion, representing two-thirds of the total amount of long-term funding maturing in 2010.

The bank will have outstanding loans previously issued under the guarantee until July 2014. Swedbank will, as soon as there is more clarity around the regulatory framework regarding requirements on banks' liquidity, and should market conditions allow it, strive to buy back the longest dated government guaranteed debt.

Swedbank has borrowed a total of SEK421.2 billion under the state guarantee since 2008, including SEK234.8 billion in short-term funding with maturities of less than 12 months and SEK186.4 billion in long-term funding with maturities of more than 12 months. Swedbank had, at the end of the fourth quarter 2009, SEK241 billion in outstanding loans. At the end of the first quarter 2010, the amount of outstanding loans had declined to SEK201.5 billion.

As of end-March, the maturity profile for the remaining debt was SEK39.6 billion in 2010, SEK82.4 billion in 2011, SEK40.5 billion in 2012, SEK11.8 billion in 2013 and SEK27.2 billion in 2014.

Swedbank had, at the end of the fourth quarter 2009, paid SEK1.852 billion in fees for the state guarantee as well as SEK224 million in fees to the government's stabilization fund.

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