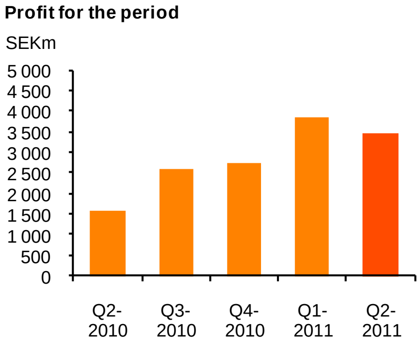
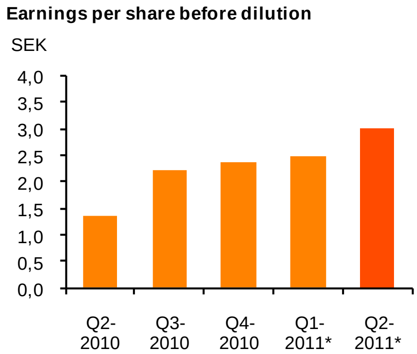

## Second quarter 2011

Compared with the first quarter 2011

- The result for the quarter amounted to SEK 3 452m (3 852)
- Earnings per share before dilution amounted to SEK 3.02* (2.47) and earnings per share after dilution amounted to SEK 3.01* (2.47)
- The return on equity was 14.4 per cent (16.1)
- The cost/income ratio was 0.52 (0.52)
- Net interest income was SEK 4 740m (4 527)
- Profit before impairments decreased by 1 per cent to SEK 4 010m (4 068)
- Swedbank reported net recoveries of SEK 324m (972)
- The core Tier 1 capital ratio was 14.8 per cent according to Basel 2 (13.9 per cent on 31 December 2010) and 10.1 per cent (10.1) according to transition rules. The Tier 1 capital ratio according to Basel 2 increased to 16.1 per cent (15.2). According to transition rules, the Tier 1 capital ratio was 11.0 per cent (11.0).

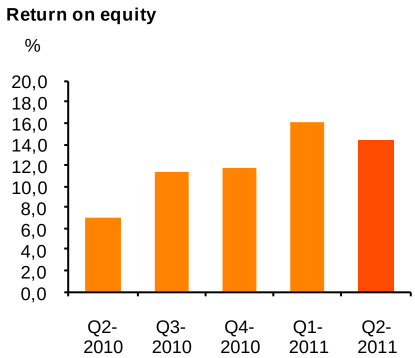


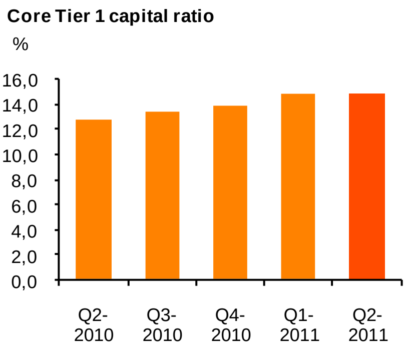




## January - June 2011

Compared with January - June 2010

- The result for the period amounted to SEK 7 304m (2 103)
- Earnings per share before dilution amounted to SEK 5.48* (1.82) and earnings per share after dilution amounted to SEK 5.48* (1.82)
- The return on equity was 15.3 per cent (4.7)
- The cost/income ratio was 0.52 (0.57)
- Net interest income increased by 18 per cent to SEK 9 267m (7 822)
- Profit before impairments increased by 22 per cent to SEK 8 078m (6 625)
- Swedbank reported net recoveries of SEK 1 296m (credit impairments of 3 173).




* Earnings used to calculate earnings per share are specified on page 41.

# CEO Comment

Swedbank's earnings remain stable. Net interest income strengthened for the fourth consecutive quarter and credit quality continues to improve. I am confident that Swedbank continues to develop in the right direction and that the great potential available in the bank is starting to provide a return. At a time of increased macroeconomic uncertainty, Swedbank's balance sheet is becoming more robust.

In the Retail business area, more customers, both private and corporate, are joining our loyalty programmes. These customers are guaranteed a high level of service, proven by their higher-than-average level of satisfaction. They also use more products on average. In Large Corporates & Institutions, we are expanding our efforts targeted at large companies, and lending volumes are again increasing, even though trading-related operations were weaker than in the first quarter. The Mobile Bank, which was launched in 2010, has been well received by customers. In June, over 500 000 customers had registered for mobile banking, up nearly 70 per cent since the beginning of the year. The Mobile Bank is currently also being launched in the Baltic countries. In Baltic Banking, customer-related work has produced dividends. Swedbank has been named the most respected company in Estonia as well as the company with the strongest reputation in the financial sector in Latvia and Lithuania*. Among fund management companies, Swedbank Robur has the most funds (60) with four or five stars in MoneyMate's rating. In addition, Swedbank's work with investor relations has been named "Best IR in Sweden" and "Best IR in the Banking & Finance Sector in Europe" by IR Magazine.

We are steadily improving our efficiency. During the second quarter a new approach to selling life insurance helped us to reduce the average time for a new sale from 2.5 weeks to 2-3 days. We have centralised invoice management in a single service centre in Vilnius, which has improved both quality and efficiencies. Swedbank has also signed a new agreement with MasterCard that will create major efficiency gains in the years ahead.

Together with customers, authorities and local organisations, we are working to reduce cash management in society and the bank. The advantages are mainly associated with security and the environment, at the same time that there are cost savings for all parties involved. In the Swedish retail operations, the cash volume has decreased by over 9 per cent since the beginning of the year.

We are well prepared for the funding that matures in the next twelve months. Swedbank issued SEK 153bn in long-term funding during the first half year, compared with maturities of about SEK 180bn for the full year 2011. In July the Swedish Financial Supervisory Authority approved Swedbank's internal stress test for 2011. This shows that we are well capitalised even under highly stressed conditions and that we are staying within the risk tolerance of 3 per cent established by the Board of Directors, as previously announced. Stress tests by the Riksbank and the European Banking Authority (EBA) also indicate that Swedbank has low risks and is strongly capitalised.

During the second quarter we began repurchasing shares according to the mandate from the Annual General Meeting in March. By midyear 33.3 million shares had been repurchased, or about 2.9 per cent of the outstanding shares. The repurchases are being made to calibrate the core Tier 1 capital ratio to 13 per cent. As of 30 June the ratio was 14.8 per cent, so the bank plans to continue buying back shares until the next AGM.

We continue to work with capital efficiency, including through a continuous focus on risk-adjusted returns and internal training on capital issues. In addition, long-term efforts are under way to implement more advanced and better calibrated models to calculate capital requirements.

Thanks to a solid position, we can now fully focus on our priority areas: Quality and effectiveness, Robust balance sheet with low risk, Customer focus, and Growth in selected segments.

We expect a gradual improvement in profit before credit impairments, excluding one-off items. Impairments are expected to remain low with good potential for recoveries in the Baltic countries, Russia and Ukraine.

Michael Wolf
President and Chief Executive Officer

* According to TNS Emor and the annual survey TOP.

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More detailed information can be found in Swedbank's fact book, www.swedbank.com/ir, under Financial information and publications.

# Financial summary

| **Income statement SEKm** | **Q2 2011** | **Q1 2011** | **%** | **Q2 2010** | **%** | **Jan-Jun 2011** | **Jan-Jun 2010** | **%** |
|---|---|---|---|---|---|---|---|---|
| Net interest income | 4 740 | 4 527 | 5 | 3 799 | 25 | 9 267 | 7 822 | 18 |
| Net commissions | 2 244 | 2 301 | -2 | 2 395 | -6 | 4 545 | 4 677 | -3 |
| Net gains and losses on financial items at fair value | 511 | 255 | | 822 | -38 | 766 | 1 469 | -48 |
| Other income | 860 | 1 369 | -37 | 756 | 14 | 2 229 | 1 471 | 52 |
| **Total income** | **8 355** | **8 452** | **-1** | **7 772** | **8** | **16 807** | **15 439** | **9** |
| Staff costs | 2 390 | 2 467 | -3 | 2 423 | -1 | 4 857 | 4 798 | 1 |
| Other expenses | 1 955 | 1 917 | 2 | 2 000 | -2 | 3 872 | 4 016 | -4 |
| **Total expenses** | **4 345** | **4 384** | **-1** | **4 423** | **-2** | **8 729** | **8 814** | **-1** |
| **Profit before impairments** | **4 010** | **4 068** | **-1** | **3 349** | **20** | **8 078** | **6 625** | **22** |
| Impairment of intangible assets | | | | | | | 14 | |
| Impairment of tangible assets | 15 | 2 | | 128 | -88 | 17 | 164 | -90 |
| Credit impairments | -324 | -972 | -67 | 963 | | -1 296 | 3 173 | |
| **Operating profit** | **4 319** | **5 038** | **-14** | **2 258** | **91** | **9 357** | **3 274** | |
| Tax expense | 863 | 1 182 | -27 | 672 | 28 | 2 045 | 1 141 | 79 |
| Profit for the period | 3 456 | 3 856 | -10 | 1 586 | | 7 312 | 2 133 | |
| **Profit for the period attributable to the shareholders of Swedbank AB** | **3 452** | **3 852** | **-10** | **1 567** | | **7 304** | **2 103** | |

| **Key ratios and data per share** | **Q2 2011** | **Q1 2011** | **Q2 2010** | **Jan-Jun 2011** | **Jan-Jun 2010** |
|---|---|---|---|---|---|
| Return on equity, % | 14.4 | 16.1 | 7.0 | 15.3 | 4.7 |
| Earnings per share before dilution, SEK [1) 2)] | 3.02 | 2.47 | 1.36 | 5.48 | 1.82 |
| Earnings per share after dilution, SEK [1) 2)] | 3.01 | 2.47 | 1.36 | 5.48 | 1.82 |
| Cost/income ratio | 0.52 | 0.52 | 0.57 | 0.52 | 0.57 |
| Equity per share, SEK [1)] | 82.61 | 82.39 | 78.48 | 82.61 | 78.48 |
| Capital quotient, Basel 2 | 2.28 | 2.34 | 2.23 | 2.28 | 2.23 |
| Core Tier 1 capital ratio, %, Basel 2 | 14.8 | 14.9 | 12.7 | 14.8 | 12.7 |
| Tier 1 capital ratio, %, Basel 2 | 16.1 | 16.2 | 14.0 | 16.1 | 14.0 |
| Capital adequacy ratio, %, Basel 2 | 18.2 | 18.7 | 17.9 | 18.2 | 17.9 |
| Capital quotient, transition rules | 1.56 | 1.63 | 1.68 | 1.56 | 1.68 |
| Core Tier 1 capital ratio, %, transition rules | 10.1 | 10.4 | 9.5 | 10.1 | 9.5 |
| Tier 1 capital ratio, %, transition rules | 11.0 | 11.2 | 10.5 | 11.0 | 10.5 |
| Capital adequacy ratio, %, transition rules | 12.5 | 13.0 | 13.4 | 12.5 | 13.4 |
| Credit impairment ratio, % | -0.09 | -0.29 | 0.28 | -0.19 | 0.46 |
| Share of impaired loans, gross, % | 2.20 | 2.28 | 2.90 | 2.20 | 2.90 |
| Total provision ratio for impaired loans, % | 60 | 61 | 64 | 60 | 64 |

[1)] The number of shares is specified on page 40.
[2)] Earnings used to calculate earnings per share are specified on page 41.

The key ratios are based on profit and shareholders' equity allocated to shareholders of Swedbank.

| **Balance sheet data SEKbn** | **30 Jun 2011** | **31 Dec 2010** | **%** | **30 Jun 2010** | **%** |
|---|---|---|---|---|---|
| Loans to the public | 1 175 | 1 187 | -1 | 1 239 | -5 |
| Deposits and borrowings from the public | 529 | 534 | -1 | 529 | 0 |
| Shareholders' equity | 96 | 95 | 1 | 91 | 5 |
| Total assets | 1 758 | 1 716 | 2 | 1 905 | -8 |
| Risk weighted assets, Basel 2 | 509 | 541 | -6 | 579 | -12 |
| Risk weighted assets, transition rules | 745 | 750 | -1 | 772 | -4 |
| Risk weighted assets, Basel 1 | 955 | 955 | 0 | 969 | -1 |

# Overview

## Market

The global economy showed signs of a slowdown during the second quarter. Swedish growth remains high, but its pace is declining as household consumption slows. During the first quarter 2011 calendar-adjusted GDP rose at an annual rate of 6.5 per cent, from the fourth quarter's 7.7 per cent. The recovery in the Baltic economies further accelerated during the first quarter as domestic demand strengthened at the same time that export growth remains high. Estonia and Lithuania had the fastest growth, with GDP climbing by 8.5 per cent and 6.9 per cent, respectively. In Latvia, GDP increased by 3.5 per cent during the same period.

The Swedish Riksbank raised the repo rate by 25bp in April to 1.75 per cent (After the report period, on 6 July, the repo rate was raised by an additional 25bp to 2.0 per cent). The increase in interest rates, together with Sweden's sound finances, has kept the krona stable despite increased uncertainty in the global financial markets.

The Stockholm stock exchange (OMXSPI) fell by 4 per cent during the first half year. The Tallinn stock exchange (OMXT) dropped by 8 per cent, while the Riga stock exchange (OMXR) rose by 13 per cent and the Vilnius stock exchange (OMXV) fell by 3 per cent.

## Important events during the second quarter

On 29 April Swedbank began to buy back its own shares as per the authorisation of the 2011 Annual General Meeting. During the quarter 2.9 per cent was repurchased, corresponding to about 33.3 million of the company's shares (including the issue and repurchase of C shares to hedge the company's incentive programme); see also pages 10 and 11.

Swedbank has entered into a Group-wide card service agreement with MasterCard Europe; see also page 11.

# Second quarter 2011

### Compared with the first quarter 2011

## Result

Second quarter profit attributable to the shareholders decreased by 10 per cent from the previous quarter to SEK 3 452m (3 852). Profit for the first quarter was affected positively by SEK 361m after tax by the settlement with the bankruptcy estate of Lehman Brothers. Recoveries amounted to SEK 324m (972). The return on equity was 14.4 per cent (16.1). The cost/income ratio was 0.52 (0.52).

Profit before impairments decreased by 1 per cent to SEK 4 010m (4 068).

| **Profit before impairments by business area SEKm** | **Q2 2011** | **Q1 2011** | **Q2 2010** |
|---|---|---|---|
| Retail | 2 356 | 2 202 | 1 776 |
| Large Corporates & Institutions | 516 | 1 622 | 728 |
| Baltic Banking | 915 | 823 | 767 |
| Asset Management | 203 | 191 | 176 |
| Russia & Ukraine | 9 | 46 | -50 |
| Ektornet | 65 | 12 | -46 |
| Group Functions | -54 | -809 | -90 |
| **Total excl FX effects** | **4 010** | **4 087** | **3 261** |
| FX effects | | -19 | 88 |
| **Total** | **4 010** | **4 068** | **3 349** |

Income for the second quarter decreased by 1 per cent to SEK 8 355m (8 452). Excluding the SEK 716m settlement with Lehman Brothers' bankruptcy estate during the first quarter, income rose by 8 per cent. This was mainly due to generally higher interest rates and lending margins as well as positive valuation effects within Group Treasury. Changes in exchange rates, primarily the weakening of the Swedish krona against the euro, Latvian lats and Lithuanian litas, increased reported income by SEK 25m.

Net interest income increased by 5 per cent to SEK 4 740m. Higher Stibor and Euribor rates, increased margins and maturing government guaranteed funding contributed positively to net interest income, while lower lending volumes in the Baltic countries affected net interest income negatively. Since the guarantee fees for Swedbank's government guaranteed funding are not reflected in the internal rate of interest, net interest income in the business areas has risen slightly, with an offsetting decline in Group Treasury within Group Functions.

Net commission income decreased by 2 per cent to SEK 2 244m. Payment commissions and income from corporate finance increased, while commission income from equity trading and lending commissions decreased during the quarter. During the second quarter the method for accruing commission income was changed within Large Corporates & Institutions. A larger share of income than before is accrued to reflect the underlying transaction. The change was implemented as of 2011, because of which commission income fell during the second quarter by SEK 68m, which was recognised as revenue during the first quarter.

Net gains and losses on financial items at fair value increased by 100 per cent to SEK 511m. Within Group Functions, Group Treasury reported higher gains due to positive valuation effects, mainly from basis swaps. When capital markets funding is arranged in EUR, it is often swapped to SEK. These swaps are marked to market. During the first quarter swap costs decreased, which at the same time had a negative valuation effect. During the second quarter 2011 the situation was the opposite, resulting in a positive effect on net gains and losses on financial items at fair value. The effect on earnings of these changes is small over time, but volatility can be high between quarters. Positive valuation effects within Swedbank Mortgage also contributed to the strong profit.

Expenses decreased by 1 per cent from the previous quarter to SEK 4 345m (4 384). Fixed and variable staff costs decreased, mainly due to a slightly lower number of employees and lower variable costs within Large Corporates & Institutions. In the first quarter, a SEK 54m reversal was made regarding excessive provisions for 2010 performance-related remuneration within LC&I. Operating expenses to manage distressed loans and repossessed collateral in Swedbank's Financial Restructuring and Recovery teams (FR&R) and Ektornet amounted to SEK 164m (178).

The number of full-time employees decreased during the quarter by 138 to 17 008. The decrease was primarily in Ukraine.

| **Expense analysis Group SEKm** | **Q2 2011** | **Q1 2011** | **Q2 2010** |
|---|---|---|---|
| Retail* | 2 228 | 2 185 | 2 202 |
| Large Corporates & Institutions* | 816 | 845 | 795 |
| Baltic Banking* | 625 | 638 | 562 |
| Asset Management* | 210 | 211 | 212 |
| Russia & Ukraine* | 146 | 159 | 191 |
| Other and eliminations* | 156 | 175 | 182 |
| FR&R and Ektornet | 164 | 178 | 174 |
| **Total excl FX effects** | **4 345** | **4 390** | **4 319** |
| FX effects | | -6 | 104 |
| **Total** | **4 345** | **4 384** | **4 423** |

* Excluding FR&R

Net recoveries of SEK 324m (972) were reported during the second quarter. Baltic Banking reported net recoveries of SEK 142m (382), while Russia & Ukraine had net recoveries of SEK 169m (490). Of the reported net recoveries, SEK -443m (-1 184) represented net provisions, of which individual provisions for impaired loans amounted to SEK -407m (-577) and portfolio provisions for loans individually deemed not to be impaired were SEK -36m (-607). In Baltic Banking, an updated estimation method for evaluating residential properties had a negative effect. Recoveries would have otherwise been SEK 225m higher. Net write-offs amounted to SEK 119m (212).

The tax expense amounted to SEK 863m (1 182), corresponding to an effective tax rate of 20.0 per cent (23.5). The low effective tax rate is mainly because the Estonian, Russian and Ukrainian operations as well as the Lithuanian leasing company post profits without any tax expense as well as because the SEK 82m tax provision related to the Group's Swedish life insurance operations was reversed following a positive Supreme Administrative Court judgement. The main reason why the tax expense was higher than in the previous quarter was that the income from the settlement with the bankruptcy estate of Lehman Brothers' was subject to a higher tax rate. In the medium term the effective tax rate for the Group is estimated at 21-22 per cent.

Other comprehensive income after tax amounted to SEK 408m (-265) in the quarter and was affected mainly by exchange rate differences on the translation of foreign operations and cash flow hedges.

# January - June 2011

## Compared with January - June 2010

### Result

Profit for the period attributable to the shareholders was SEK 7 304m, compared with SEK 2 103m in the previous year. Net recoveries and higher income, including the one-off revenue from the settlement with the bankruptcy estate of Lehman Brothers' during the first quarter, had a positive effect on profit, while expenses declined marginally. The return on equity was 15.3 per cent (4.7). The cost/income ratio was 0.52 (0.57).

Profit before impairments increased by 22 per cent to SEK 8 078m (6 625).

| **Profit before impairments by business area SEKm** | **Jan-Jun 2011** | **Jan-Jun 2010** |
|---|---|---|
| Retail | 4 558 | 3 526 |
| Large Corporates & Institutions | 2 128 | 1 463 |
| Baltic Banking | 1 729 | 1 403 |
| Asset Management | 394 | 383 |
| Russia & Ukraine | 56 | -29 |
| Ektornet | 77 | -83 |
| Group Functions | -864 | -314 |
| **Total excl FX effects** | **8 078** | **6 349** |
| FX effects | | 276 |
| **Total** | **8 078** | **6 625** |

Income increased by 9 per cent to SEK 16 807m (15 439). Net interest income increased in all major business areas, while net gains and losses on financial items at fair value decreased in Group Treasury (Group Functions) and LC&I. Changes in the exchange rates, especially the appreciation of the Swedish krona against the euro and the Baltic currencies, reduced reported income by SEK 527m.

Net interest income increased by 18 per cent to SEK 9 267m (7 822). The main factors positively affecting net interest income were higher interest rates in Sweden, with accompanying adjustments in terms, lower expenses for deposits in local currency in the Baltic countries and slightly higher Euribor rates. Interest on overdue payments previously recorded as other income in the Baltic Banking business area has been reclassified as net interest income. The stability fee doubled from the previous year to SEK 253m. Lower lending volumes and a higher share of mortgage lending in relation to corporate lending affected net interest income negatively. Increased expenses for liquidity reserves and lower returns on the investment portfolio used to hedge interest rates on current accounts and equity also affected net interest income negatively. Since the guarantee fees for Swedbank's government guaranteed funding are not reflected in the internal rate of interest, net interest income in the business areas has risen slightly, with an offsetting decline in Group Treasury within Group Functions.

Net commission income decreased to SEK 4 545m (4 677). The decrease was mainly due to lower commission income from payment processing, stock trading and corporate finance.

Net gains and losses on financial items at fair value fell by 48 per cent to SEK 766m (1 469). In Group Functions, Group Treasury reported lower profit due to negative valuation effects e.g. from basis swaps. Capital market funding in EUR is often swapped to SEK. These swaps are marked to market. In 2010 swap costs increased significantly, which at the same time had a positive valuation effect. During the first six months 2011 the situation was the opposite, which had a negative effect on net gains and losses on financial items at fair value. The effect on earnings of these changes in value is small over time, but volatility can be high between quarters, which impacts earnings.

Expenses decreased slightly to SEK 8 729m (8 814). Consulting expenses decreased by SEK 147m, while variable staff costs rose to SEK 275m (220).

Since 1 July 2010 Sweden pays parts of the variable remuneration in the form of shares. This remuneration is accrued until such time as the shares are settled. As a result, variable remuneration allocated during the period may differ from the booked amount. During the first half year the earnings impact of variable remuneration was SEK 275m, while the provision for variable remuneration was SEK 597m. During the first quarter SEK 54m from previous years' provisions for variable remuneration was reversed within Large Corporates & Institutions. A more detailed analysis of variable remuneration is provided on page 16 of the fact book[1].

Operating expenses for distressed loans and repossessed collateral in Ektornet amounted to SEK 343m (341).

The number of full-time positions has been reduced by 521 in one year, mainly in Russia & Ukraine and Baltic Banking.

| **Expense analysis Group SEKm** | **Jan-Jun 2011** | **Jan-Jun 2010** |
|---|---|---|
| Retail* | 4 412 | 4 320 |
| Large Corporates & Institutions* | 1 661 | 1 547 |
| Baltic Banking* | 1 256 | 1 142 |
| Asset Management* | 421 | 408 |
| Russia & Ukraine* | 308 | 396 |
| Other and eliminations* | 328 | 410 |
| FR&R and Ektornet | 343 | 341 |
| **Total excl FX effects** | **8 729** | **8 563** |
| FX effects | | 251 |
| **Total** | **8 729** | **8 814** |

* Excluding FR&R

Net credit recoveries amounted to SEK 1 296m during the first half year, against net credit impairments of SEK 3 173m in the previous year. Baltic Banking reported net recoveries of SEK 524m (net credit impairments of 3 199), while Russia & Ukraine reported net recoveries of SEK 659m (180). Of the reported net recoveries, SEK -1 627m (2 627) was net provisions, of which individual provisions for impaired loans amounted to SEK -984m (3 559) and portfolio provisions for loans individually deemed not to be impaired were SEK -643m (-932). Net write-offs amounted to SEK 331m (546).

[1] More detailed information can be found in Swedbank's fact book, www.swedbank.com/ir, under Financial information and publications.

The tax expense amounted to SEK 2 045m (1 141), corresponding to an effective tax rate of 21.9 per cent (34.9). In the medium term the effective tax rate is estimated at 21-22 per cent.

Other comprehensive income after tax amounted to SEK 143m (-771) for the period and was affected mainly by exchange rate differences on the currency translation of foreign operations as well as cash flow hedges.

## Credit and asset quality

Swedbank's lending increased by SEK 1bn during the first half year to SEK 1 147bn on 30 June 2011. During the period lending in the Baltic countries, Russia and Ukraine continued to decrease. During the second quarter corporate lending again increased in Sweden. Mortgage lending in Sweden increased as well, though at a slower pace than before.

Excluding exchange rate effects, lending decreased by 6 per cent in the Baltic countries, by 14 per cent in Ukraine and by 19 per cent in Russia.

| **Loans to the public[2] by business area SEKm** | **30 Jun 2011** | **31 Dec 2010** | **%** |
|---|---|---|---|
| Retail | 880 907 | 872 617 | 1 |
| Large Corporates & Institutions | 125 825 | 130 427 | -4 |
| Baltic Banking | 125 339 | 130 396 | -4 |
| Estonia | 55 073 | 57 528 | -4 |
| Latvia | 34 859 | 37 022 | -6 |
| Lithuania | 35 069 | 35 456 | -1 |
| Investment | 338 | 390 | -13 |
| Russia & Ukraine | 10 223 | 12 556 | -19 |
| Russia | 5 154 | 6 219 | -17 |
| Ukraine | 5 069 | 6 337 | -20 |
| Group Functions | 4 513 | | |
| **Total** | **1 146 807** | **1 145 996** | **0** |

[2] Loans to the public excluding the Swedish National Debt Office and repos.

Corporate loan demand in the Baltic countries was low during the period, and amortisations among Swedbank's corporate customers exceeded new lending. The increase in corporate lending in Sweden was due to higher loan demand from large companies during the second quarter. Lending volumes to small and medium-sized Swedish companies were more or less unchanged during the period.

Lending continued to increase in segments with lower risk, primarily mortgage lending to private customers in Sweden. Lending by Swedbank Mortgage increased during the period by SEK 8bn to SEK 705bn on 30 June. The average loan-to-value ratio in Swedbank Mortgage was 60 per cent calculated by property level (45 per cent by loan level).

In Baltic Banking, the portion of the mortgage portfolio exceeding current market value amounted to SEK 8.2bn on 30 June 2011 (SEK 8.8bn on 31 December 2010). Since the second half of 2009 housing prices in major Baltic cities have been stable or have grown, especially in Estonia. As a result, the average loan-to-value ratio has begun to fall.

In Swedbank's Internal Capital Adequacy Assessment Process (ICAAP) for 2011, the core Tier 1 capital ratio exceeded the internal minimum requirements in a stressed scenario as well as the regulatory requirements for total and Tier 1 capital. Swedbank's ICAAP for 2011 is conservative, and the economic assumptions in the stress tests are in line in with Swedbank's ICAAP for 2010. Swedbank's ICAAP for 2011 comprises a multi-year period with substantially reduced economic activity. In Sweden, GDP would decline by 7 per cent in real terms during the three-year period 2012 to 2014, while in the Baltic countries real GDP would fall by between 9 and 11 per cent during the four-year period 2011 to 2014 . During the scenario period it is assumed that unemployment would rise substantially, reaching as high as 16.9 per cent in Sweden in 2014 and between 19.5 and 21.5 per cent in the Baltic countries in 2013 and 2014. It is also assumed that residential property prices would fall by 33 per cent in Sweden and by between 15 and 24 per cent in the Baltic countries, which have recently undergone a major price correction. The economic situation in the eurozone would worsen significantly at the same time as the krona appreciates by 31 per cent against the US dollar, which would presumably hit Swedish exporters especially hard. In addition, Latvia and Lithuania would be forced to devalue their currencies by 30 per cent. As a whole, Swedbank would generate a cumulative loss (before dividends) during the forecast period of SEK 9bn after total impairments of SEK 62bn. The core Tier 1 capital ratio would decline at most from 14.97 per cent to 12.04 per cent in 2013 (according to full Basel 2) in the scenario. This is in line with the risk tolerance established by the Board of Directors, corresponding to a decrease in the core Tier 1 capital ratio of up to 3 percentage points. The economic scenarios in Swedbank's ICAAP for 2011 generally have a significantly greater impact on the bank than the scenarios that are included in the stress tests for European banks carried out by the European Banking Authority (EBA), of which Swedbank is a member.

For the first half year 2011 Swedbank reported net recoveries totalling SEK 1 296m, against net credit impairments of SEK 3 173m a year earlier. Net recoveries were generated in Latvia, Lithuania, Russia and Ukraine as well as in Large Corporates & Institutions. The majority of the net recoveries were attributable to the first quarter. Credit impairments in Retail remain very low.

| **Credit impairments by business area SEKm** | **Q2 2011** | **Q1 2011** | **Q2 2010** |
|---|---|---|---|
| Retail | 5 | 5 | 51 |
| Large Corporates & Institutions | -19 | -105 | -56 |
| Baltic Banking | -142 | -382 | 1 096 |
| Estonia | 136 | -9 | 348 |
| Latvia | -164 | -135 | 453 |
| Lithuania | -114 | -238 | 295 |
| Russia & Ukraine | -169 | -490 | -139 |
| Russia | -13 | -171 | -29 |
| Ukraine | -156 | -319 | -110 |
| Group Functions | 1 | | 11 |
| **Total** | **-324** | **-972** | **963** |

Recoveries in the Baltic countries were mainly due to updated valuations of collateral from large corporates. Private lending produced additional credit impairments.

Latvia's credit impairments were affected negatively by SEK 225m during the second quarter due to an adjustment of the provision ratio for mortgage loans that are considered impaired. The recoveries in Russia and Ukraine were related to corporate lending and consisted primarily of amortisations and repayments of impaired loans or solutions for certain distressed loans.

The portfolio provisions relate to the portion of the portfolio that does not contain impaired loans. Portfolio provisions fell during the first half year, mainly due to volume decreases and improved internal ratings in the Baltic countries, Russia and Ukraine. A slight improvement in internal ratings among Swedish corporate customers also contributed to the decrease.

Of the total provisions of SEK 18.4bn, 87 per cent was at the individual level as of 30 June 2011, compared with 85 per cent as of 31 December 2010.

| **Credit impairments Group SEKm** | **Q2 2011** | **Q1 2011** | **Q2 2010** |
|---|---|---|---|
| **Provisions** | | | |
| Individual provisions, gross | 423 | 347 | 1 716 |
| Reversal of individual provisions no longer required | -830 | -924 | -289 |
| Portfolio provisions | -36 | -607 | -581 |
| **Provisions, net** | **-443** | **-1 184** | **846** |
| **Write-offs** | | | |
| Write-offs, gross | 1 102 | 831 | 642 |
| Utilisation of previous provisions | -846 | -554 | -345 |
| Recovered from previous write-offs | -137 | -65 | -180 |
| **Write-offs, net** | **119** | **212** | **117** |
| **Total** | **-324** | **-972** | **963** |

Loans past due by more than 60 days continued to stabilise during the first half year. Private mortgage loans in Baltic Banking past due by more than 60 days started to stabilise in Estonia and Latvia already in the second half of 2010, but are still increasing in Lithuania.

Impaired loans decreased by a total of SEK 4.1bn during the first half year and included every business area. The decrease was partly due to a slower inflow of new impaired loans during the period and partly because certain large corporate commitments are no longer impaired. Write-offs and exchange rate effects also contributed to the reduction in impaired loans.

Restructured loans refer to loans whose terms have changed as a result of deterioration in the customer's actual and/or anticipated ability to pay interest and/or principal. As of 30 June 2011 the Group's restructured loans totalled SEK 26bn (SEK 27.9bn as of 31 December 2010). The majority relates to Baltic Banking (79 per cent) and Ukraine (11 per cent). Of Swedbank's restructured loans, those classified as impaired amounted to SEK 13.9bn (SEK 15.0bn as of 31 December 2010), while those classified as non-impaired totalled SEK 12.1bn (12.9).

Repossessed assets increased by 24 per cent during the first half year. At the end of the period the majority of the repossessed assets were in the Baltic countries and the Nordic region. Before a repossession, Swedbank tries to reach a voluntary agreement with the customer.

If one cannot be reached, legal proceedings are launched.

| Assets taken over and cancelled leases by business area SEKm | 30 Jun 2011 | 31 Dec 2010 | 30 Jun 2010 |
|---|---|---|---|
| Retail | 10 | 11 | 202 |
| Baltic Banking | 367 | 429 | 587 |
| Estonia | 19 | 42 | 42 |
| Latvia | 155 | 184 | 157 |
| Lithuania | 193 | 203 | 388 |
| Russia & Ukraine | 215 | 351 | 34 |
| Russia | 12 | 4 | 25 |
| Ukraine | 203 | 347 | 9 |
| Ektornet | 4 177 | 3 055 | 1 010 |
| Sweden | 271 | 270 | 239 |
| Norway | 117 | 116 | 176 |
| Finland | 756 | 765 | |
| Estonia | 561 | 469 | 293 |
| Latvia | 1 373 | 851 | 121 |
| Lithuania | 252 | 206 | 41 |
| USA | 619 | 305 | 140 |
| Ukraine | 228 | 73 | |
| **Total** | **4 769** | **3 846** | **1 833** |

During the first half year Ektornet repossessed properties valued at SEK 1 317m, the majority of which are in Latvia and the US. For more information on Ektornet, see page 21.

Swedbank reported one-off pre-tax income of USD 114m (SEK 716m) from the Lehman Brothers bankruptcy estate during the first quarter. After-tax income amounted to SEK 361m.The remaining carrying amount of loans relating to the repurchase agreement amounted to USD 794m, equivalent to SEK 5.0bn, as of 30 June 2011.

Swedbank's exposure to counterparties in Greece, Ireland, Italy, Portugal and Spain as of 30 June 2011 totalled SEK 1.2bn, of which SEK 67m related to Greece. The main part of the exposures to these countries, money market loans and commercial paper, has very short maturities.

| GIIPS exposure 30 June 2011 SEKm | Greece | Ireland | Italy | Portugal | Spain | Total |
|---|---|---|---|---|---|---|
| Bonds | 51 | 2 | 243 | 27 | 20 | 343 |
| of which soveriegn | 51 | | 234 | 27 | 10 | 322 |
| of which held to maturity[1] | 51 | | 102 | 27 | 6 | 186 |
| Loans (money market and certificates) | | | 330 | | 303 | 633 |
| Loans (committed credit facilities) | | | | | | 0 |
| Derivatives net[2] | | 14 | | | 43 | 57 |
| Other[3] | 16 | | 59 | 10 | 89 | 174 |
| **Total** | **67** | **16** | **632** | **37** | **455** | **1 207** |

[1] Actual market values are below the carrying amounts by approximately SEK 51m.

[2] Derivatives at market value taking into account netting and collateral agreements. Considering the bank's internal risk add-ons for counterparty risk at potential future change in prices, the derivative exposures amount to: Greece SEK 72m, Italy SEK 437m and Spain SEK 196m. Total SEK 705m.

[3] Trade finance and mortgage loans.

## Funding and liquidity

Swedbank issued a total of SEK 153bn in long-term debt instruments during the first half of 2011, of which SEK 63bn during the second quarter. The majority of the second quarter's issues were covered bonds, including SEK 43bn in the Swedish market. Total maturing long-term funding amounted to a nominal value of SEK 79bn during the six-month period.

During the next 12 months, until end June 2012, Swedbank has a total of SEK 180bn in nominal value of maturing term funding, of which SEK 83bn in government guaranteed debt. To offset its refinancing risk, the bank has continuously increased its liquidity reserves. After June 2012 the annual maturities will decrease significantly.

The average maturity of all capital market funding arranged through the bank's short- and long-term programmes has been extended from around 29 months as of 31 December 2010 to 34 months as of 30 June 2011. The average maturity of covered bonds was 42 months. The average maturity of long-term funding issued during the second quarter was 47 months.

| Changes in outstanding debt Jan-Jun 2011 SEKbn | Changes since 31 Dec 2010 |
|---|---|
| Commercial paper | 31 |
| Covered bonds | 78 |
| Government guaranteed bonds | -36 |
| Senior unsecured bonds | |
| Structured retail bonds (SPAX) | -1 |

| Government guaranteed funding Maturity distribution | SEK billion |
|---|---|
| 2011 | 46 |
| 2012 | 37 |
| 2013 | 11 |
| 2014 | 26 |
| **Total** | **120** |

During the second half of 2011 long-term funding with a nominal value of SEK 80bn will mature, of which SEK 46bn relates to funding through the government guarantee programme. Maturities in the Swedish covered bond market amount to a nominal value of SEK 30bn. In addition, subordinated debt with a nominal value of SEK 2.1bn is subject to early redemption during the same period.

Swedbank repurchased a total of SEK 4bn in subordinated Tier 2 bonds during the first half of 2011, of which SEK 1.4bn during the second quarter. The bonds were repurchased at market rates, which generated a positive realised net result of SEK 2.6m. The Swedish Financial Supervisory Authority's (SFSA) approval to repurchase Tier 2 bonds up to a limit of SEK 5bn expires on 31 August 2011. In addition, a total of SEK 1,7bn in subordinated Tier 2 bonds were early redeemed during the first half of 2011, of which SEK 1.0bn during the second quarter. The early redemptions were completed according to the terms and conditions of the securities in question.

At the end of the second quarter Swedbank had total liquid and/or pledgeable reserves of SEK 415bn. SEK 203bn of these consisted of the liquidity reserve within Group Treasury, which is reported in accordance with the Swedish FSA's new liquidity regulations (see Liquidity & Funding section in the Fact book for more information on the liquidity reserve). Liquid securities in other parts of the Group accounted for SEK 65bn and the overcollateralisation in the collateral pool for covered bonds amounted to SEK 147bn.

Swedbank's most important internal metric to limit and manage liquidity risk is the survival horizon, a stress test measuring how long the bank can meet its contractual cash flows without access to capital market financing. The measurement assumes that the bank can pledge high-quality assets with central banks. Securities with low credit rating or those issued by the bank are not included. The liquidity reserve within Group Treasury currently consists almost exclusively of AAA-rated securities. Swedbank's Board of Directors has established a minimum survival horizon limit for the Group.

The Board of Directors has also set a floor for Group Treasury's liquidity portfolio. The portfolio needs to exceed a certain volume, and has to be invested in liquid and pledgeable assets (not to be confused with the liquidity reserve, which in addition to the liquidity portfolio includes liquidity placed with central banks and in the overnight market). The minimum size of the liquidity portfolio is merely a complementary measure to the survival horizon, since it does not provide any information on how the liquidity portfolio is financed.

Swedbank's Board of Directors has also established a minimum overcollateralisation level in the cover pool, to ensure that sufficient collateral is available to protect covered bond investors even in the event of house price fluctuations. At the end of the quarter overcollateralisation was 29 per cent. Swedbank has additional eligible assets which at present are not included in the cover pool.

Swedbank's funding strategy is based on its business model, which is focused on Swedish retail banking. Apart from being the largest deposit bank in its home markets more than half of Swedbank's loan book is made up of Swedish mortgages, which means that nearly all of the bank's need for wholesale funding can be supplied by the covered bond markets.

As a consequence of the bank's business model and strong position in the funding market, Swedbank has the option to choose between funding itself with covered or unsecured bonds. From a liquidity risk perspective Swedbank considers this a strength, given the uncertainty surrounding the unsecured markets in regards to upcoming bail-in and resolution regime proposals. Swedbank strives to offset all unsecured financing against assets of an equivalent amount and equivalent maturity.Swedbank will mainly issue unsecured funding as a complement to its covered bond financing.

Swedbank has a low reliance on short-term funding. At half-year end, the total outstanding amount of short-term funding through various CP and CD programmes amounted to SEK 93bn, which corresponds to approximately the same amount of central bank reserves the bank held at the same point in time.

## Capital and capital adequacy

As of 30 June shareholders' equity amounted to SEK 95 923m, an increase of SEK 1 026m from the beginning of the year. In Swedbank's financial companies group, core Tier 1 capital was unchanged during the first half year and amounted to SEK 75.5bn. Core Tier 1 capital was positively affected by the period's profit (after the anticipated dividend). On 29 April Swedbank began repurchasing its shares based on the resolution by the Annual General Meeting. During the second quarter 33.3 million shares were repurchased, corresponding to 2.9 per cent of the total number of shares outstanding (including the issue and repurchase of C shares). Core Tier 1 capital decreased by around SEK 3.5bn due to the share repurchases.

Tier 2 capital decreased, mainly due to redemptions and repurchases of undated and fixed-term subordinated loans by SEK 6.7bn to SEK 13.5bn in the first half of the year. The decrease in Tier 2 capital is an element in Swedbank's active management of its capital structure and is consistent with the bank's focus on core Tier 1 capital to ensure the long-term stability of the balance sheet.

Risk-weighted assets decreased by SEK 32.0bn or slightly less than 6 per cent from the beginning of the year to SEK 509.3bn. The risk-weighted amount for credit risks decreased during the first half year by just under 5 per cent or SEK 21.5bn, mainly related to corporate exposures. The average risk weighting for all credit risks in the financial companies group according to the IRB approach decreased slightly to 28.6 per cent as of 30 June. Of the total change in the risk-weighted amount for credit risks, SEK 1.7bn is due to exchange rate effects. The risk-weighted amount for market risks fell by around 27 per cent or almost SEK 8bn, mainly due to Estonia's adoption of the euro and the subsequent decrease in Swedbank's open currency positions. The risk-weighted amount for operational risks decreased by 4.5 per cent or nearly SEK 3bn.

The core Tier 1 capital ratio according to Basel 2 increased to 14.8 per cent on 30 June (13.9 per cent on 31 December 2010) and the Tier 1 capital ratio improved to 16.1 per cent (15.2). The capital adequacy ratio was 18.2 per cent (18.4). According to the transition rules, the core Tier 1 capital ratio was 10.1 per cent (10.1), the Tier 1 capital ratio was 11.0 per cent (11.0) and the capital adequacy ratio was 12.5 per cent (13.3).

For further details on capital adequacy, see note 21.

| **Risk-weighted assets by business area SEKbn** | **30 Jun 2011** | **31 Dec 2010** | **30 Jun 2010** |
|---|---|---|---|
| Retail | 219 | 222 | 229 |
| Large Corporates & Institutions | 147 | 156 | 167 |
| Baltic Banking | 108 | 136 | 152 |
| Estonia | 42 | 57 | 61 |
| Latvia | 36 | 39 | 45 |
| Lithuania | 30 | 32 | 37 |
| Investment | 0 | 8 | 9 |
| Asset Management | 3 | 3 | 3 |
| Russia & Ukraine | 16 | 18 | 23 |
| Russia | 7 | 8 | 11 |
| Ukraine | 9 | 10 | 12 |
| Ektornet | 5 | 4 | 2 |
| Group Functions | 11 | 2 | 3 |
| **Total risk-weighted assets** | **509** | **541** | **579** |

**New Basel capital rules and their impact on Swedbank**
On 20 July 2011 the EU Commission published its proposed capital requirements, which are expected to be adopted in 2012. The proposal conforms with the previously published Basel III regulation. Swedbank estimates that the negative impact on its core Tier 1 capital ratio as a result of the new rules will be around 0.5 percentage points and that the proposed leverage ratio requirement (Tier 1 capital/total assets) will not restrict Swedbank's capital planning.

## Market risk

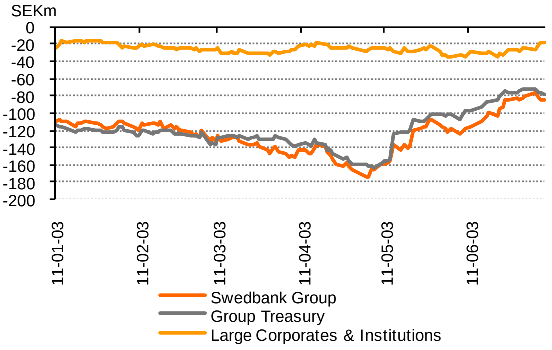
Swedbank measures market risks – those of a structural nature and those that arise in trading operations – with a Value-at-Risk (VaR) model. For a given portfolio, VaR expresses a loss level that statistically is exceeded by a specific probability during a specific time horizon. Swedbank uses a 99 per cent probability and a time horizon of one day. This means that the potential loss for the portfolio statistically will exceed the VaR amount one day out of 100.

The table below shows Swedbank's VaR*) performance during the year.

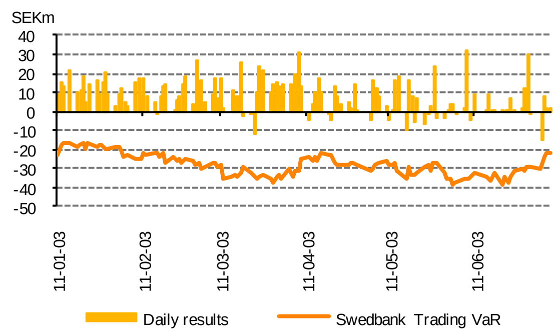
| VaR by risk category | | | | | |
|---|---|---|---|---|---|
| | Jan-Jun 2011 (2010) | | | 31 Jun | 31 Dec |
| SEKm | Max | Min | Average | 2011 | 2010 |
| Interest risk | 186 (127) | 83 (50) | 130 (74) | 86 | 110 |
| Currency rate risk | 29 (19) | 3 (2) | 8 (7) | 4 | 7 |
| Stock price risk | 11 (7) | 2 (2) | 6 (5) | 3 | 6 |
| Diversification | | | -18 (-10) | -7 | -14 |
| **Total** | **175 (126)** | **83 (52)** | **126 (76)** | **84** | **109** |

**) VaR, here excluding market risks within Swedbank Ukraine as well as strategic currency rate risks. For Swedbank Ukraine, VaR is misleading because of the illiquid and undeveloped financial markets in Ukraine. Regarding strategic currency rate risks, a VaR measurement based on a time horizon of one day is not relevant.*

**Market risks in Swedbank in VaR, allocated to risk-taking units**




**Swedbank trading, daily result and VaR**




For individual risk types, VaR is supplemented with risk measurements and limits based on sensitivity to changes in various market prices. Risk-taking is also monitored with stress tests.

An increase in all market interest rates of one percentage point as of 30 June 2011 would have reduced the value of the Group's assets and liabilities, including derivatives, by SEK 875m, compared with a decrease of SEK 777m as of 31 December 2010. This calculation includes the portion of the bank's deposits assigned a duration of between two and three years. The decrease in the value of positions in Swedish kronor would have been SEK 744m (499). Positions in foreign currency would have decreased in value by SEK 502m (278).

With an interest rate increase of one percentage point, the Group's net gains and losses on financial items at fair value would have decreased by SEK 205m as of 30 June 2011, compared with a decrease of SEK 213m as of 31 December 2010.

## Operational risks

The aggregate risk level in the Group remained higher than normal during the second quarter 2011. The main reasons were extensive organisational changes, risks in the Swedish IT operations and external risks primarily in Eastern Europe.

## Other events

Swedbank has entered into a Group-wide card service agreement with MasterCard Europe. Previous agreements were limited primarily to a single market. The new agreement will strengthen Swedbank's card services and generate major efficiency gains in the charge card area. As a result of the agreement, Swedbank will increase its issuance of MasterCards. The agreement took effect on 3 May 2011 and extends until 31 December 2016, with the option of yearly extensions of up to five years.

To effectively manage Swedbank's capitalisation within the framework of its risk appetite and capitalisation targets, the Annual General Meeting authorised the Board of Directors to decide until the 2012 AGM to buy back ordinary and/or preference shares up to 10 per cent of all the shares (including acquisitions of the bank's shares by securities operations). The authorisation may be utilised on one or more occasions. Acquisitions may only be made through purchases on NASDAQ OMX Stockholm at the current market price.

The Annual General Meeting approved the Board's resolution on remuneration programme 2011. The Board has decided to establish a two-part performance and share based remuneration programme for 2011 consisting of a collective programme and an individual programme. The collective programme ("CP 2011") essentially covers all employees of the Group and consists of deferred variable remuneration made up entirely of shares. The individual programme ("IP 2011"), which covers around 1 200 Group employees, comprises variable remuneration in two parts: cash remuneration and deferred variable remuneration consisting of shares.

## Ratings

On 2 March 2011 S&P affirmed Swedbank's long-term rating of A and short-term rating of A-1 while raising Swedbank AB's standalone credit profile (SACP) one notch to a- and the rating on its hybrid capital by two notches to BBB-. The ratings improvements reflect Swedbank's improved funding position and reduced credit risks.

On 8 June 2011 Moody's upgraded Swedbank's standalone bank financial strength rating one notch to C-, equivalent to a standalone rating of Baa2, and raised its junior subordinated debt and Tier 1 hybrid securities one notch to Baa3 and Ba2 respectively with a positive outlook. The A2 long-term debt rating and A3 subordinated debt rating were affirmed with a stable outlook. The upgrade reflects Moody's view on the stabilisation of asset quality in the Baltic operations as well as Swedbank's improving financial strength and good capital and liquidity levels. Moody's sees upside pressure on Swedbank's Baa2 standalone credit rating.

## Events after 30 June 2011

Swedbank has implemented changes in its legal structure with regard to Estonia, Latvia and Lithuania. Previously the three Baltic units were included in a group whose parent company was Swedbank in Estonia. The change means that the three Baltic companies are now directly owned by Swedbank AB. The change has no impact on the Group's results or financial position. The new legal structure took effect on 1 July 2011.

# Retail

- Stable result with continued positive trend driven by net interest income
- Continued growth for service concept

## Income statement

| SEKm | Q2 2011 | Q1 2011 | % | Q2 2010 | % | Jan-Jun 2011 | Jan-Jun 2010 | % |
|---|---|---|---|---|---|---|---|---|
| Net interest income | 3 026 | 2 925 | 3 | 2 416 | 25 | 5 951 | 4 849 | 23 |
| Net commissions | 1 051 | 1 073 | -2 | 1 100 | -4 | 2 124 | 2 141 | -1 |
| Net gains and losses on financial items at fair value | 52 | 40 | 30 | 41 | 27 | 92 | 74 | 24 |
| Share of profit or loss of associates | 222 | 171 | 30 | 159 | 40 | 393 | 305 | 29 |
| Other income | 242 | 186 | 30 | 276 | -12 | 428 | 504 | -15 |
| **Total income** | **4 593** | **4 395** | **5** | **3 992** | **15** | **8 988** | **7 873** | **14** |
| Staff costs | 988 | 1 013 | -2 | 966 | 2 | 2 001 | 1 968 | 2 |
| Variable staff costs | 35 | 23 | 52 | 28 | 25 | 58 | 49 | 18 |
| Other expenses | 1 147 | 1 092 | 5 | 1 160 | -1 | 2 239 | 2 216 | 1 |
| Depreciation/amortisation | 67 | 65 | 3 | 62 | 8 | 132 | 114 | 16 |
| **Total expenses** | **2 237** | **2 193** | **2** | **2 216** | **1** | **4 430** | **4 347** | **2** |
| **Profit before impairments** | **2 356** | **2 202** | **7** | **1 776** | **33** | **4 558** | **3 526** | **29** |
| Credit impairments | 5 | 5 | 0 | 51 | -90 | 10 | 139 | -93 |
| **Operating profit** | **2 351** | **2 197** | **7** | **1 725** | **36** | **4 548** | **3 387** | **34** |
| Tax expense | 520 | 577 | -10 | 523 | -1 | 1 097 | 949 | 16 |
| Profit for the period | 1 831 | 1 620 | 13 | 1 202 | 52 | 3 451 | 2 438 | 42 |
| **Profit for the period attributable to the shareholders of Swedbank AB** | **1 827** | **1 616** | **13** | **1 200** | **52** | **3 443** | **2 435** | **41** |
| Non-controlling interests | 4 | 4 | 0 | 2 | 100 | 8 | 3 | |
| Return on allocated equity, % | 31.1 | 28.7 | | 21.6 | | 29.9 | 22.0 | |
| Credit impairment ratio, % | 0.00 | 0.00 | | 0.02 | | 0.00 | 0.03 | |
| Total provision ratio for impaired loans, % | 92 | 97 | | 84 | | 92 | 84 | |
| Share of impaired loans, gross, % | 0.17 | 0.18 | | 0.23 | | 0.17 | 0.23 | |
| Cost/income ratio | 0.49 | 0.50 | | 0.56 | | 0.49 | 0.55 | |
| Full-time employees | 5 494 | 5 572 | -1 | 5 573 | -1 | 5 494 | 5 573 | -1 |

**Development January - June**
The recovery in the Swedish economy slowed during the first quarter after last year's strong gains. GDP grew by 0.8 per cent between the fourth and first quarters, which meant that the annual GDP rate fell to 3.3 per cent, half that of 2010. The decline was mainly in private consumption, which has fallen in the wake of higher interest rates and rising energy prices. At the same time lending to Swedish households has slowed. Commercial lending, on the other hand, has increased as companies have again begun to invest. The labour market continues to improve, and unemployment fell in May to 7.5 per cent on a seasonally adjusted basis.

Profit for the period increased by 41 per cent year-on-year, mainly due to improved net interest income. Expenses were in line with the first half of 2010.

Net interest income increased by 23 per cent compared with the previous year, primarily as a result of higher deposit and lending margins relative to Stibor. Mortgage margins (in relation to Stibor) rose during the first half year, partly due to funding costs. Increased competition for savings put pressure on deposit margins during the second quarter. Higher interest rates again affected net interest income positively compared with the previous quarter. The increase was offset slightly by a lower return on the investment portfolio used to hedge interest rates on current accounts.

Total deposit volume was unchanged during the six-month period. Household deposits increased by 2 per cent, while corporate volume decreased by 5 per cent. During the second quarter, household deposits increased by 3 per cent and the corporate volume increased by 1 per cent. Swedbank's share of household deposits was stable at 24 per cent (24 per cent as of 31 December 2010). Corporate deposit volume has declined for the market as a whole. Swedbank's market share was 16 per cent (17 per cent as of 31 December 2010).

Market growth for private mortgages continued to decline during the quarter to 7 per cent as of 31 May (10 per cent as of May 2010). The growth rate for Swedbank's lending to private customers fell to 5 per cent during the same period. Lending to households increased by 1 per cent during the period. Swedbank's market share for mortgage lending was 27 per cent (27 per cent as of 31 December 2010).

Corporate lending volume was unchanged during the period. The bank's market share was 16 per cent (17 per cent as of 31 December 2010).

The loan-to-deposit ratio increased to 254 (251 at the beginning of the year).

Net commission income was in line with the same period in 2010. Increased income from insurance operations was offset by a weaker performance by the mutual fund operations due to the stock market's slight decline during the first half year.

A previous tax provision of SEK 82m was reversed by Swedbank Insurance after a positive ruling by the Supreme Administrative Court on the taxation of fund discounts.

The service concepts introduced in 2010 have been well received by customers. Since the start of the year the number of customers with service concepts in targeted segments has increased by 162 000. Customers who signed up for the service concepts are utilising the bank's products and services to a larger extent than before and are reporting higher customer satisfaction. The Mobile Bank, which was launched in 2010, has also been well received by customers. In June, over 500 000 customers registered for mobile banking, up nearly 70 per cent since the beginning of the year. Usage has also increased greatly, and the number of logins was about 60 per cent higher in June than in January.

Expenses were in line with the same period last year. Continuing work to improve efficiency, including cash handling and credit administration, are expected to continue to impact expenses. The number of employees has been reduced by 79 in one year. The cost/income ratio improved compared with the same period in 2010 to 0.49 (0.55), due to higher income.

During the period 20 branches were merged into larger units as part of the ongoing review of the retail structure. A new branch was opened in Gothenburg.

Credit impairments remained very low and were affected during the quarter by recoveries from previous nonperforming commitments. The share of impaired loans was 0.17 per cent (0.23).

***Retail,*** *Swedbank's dominant business area, is responsible for all Swedish customers except for large corporates and financial institutions. Banking services are sold through Swedbank's own branch network, the Telephone Bank, the Internet Bank and through the savings banks' distribution network. The business area also includes a number of subsidiaries.*

# Large Corporates & Institutions

- High activity and good earnings in structured financing and syndicated loans
- Lower activity and earnings in fixed income and currency trading during the second quarter

## Income statement

| SEKm | Q2 2011 | Q1 2011 | % | Q2 2010 | % | Jan-Jun 2011 | Jan-Jun 2010 | % |
|---|---|---|---|---|---|---|---|---|
| Net interest income | 884 | 850 | 4 | 738 | 20 | 1 734 | 1 442 | 20 |
| Net commissions | 412 | 505 | -18 | 482 | -15 | 917 | 899 | 2 |
| Net gains and losses on financial items at fair value | 25 | 369 | -93 | 308 | -92 | 394 | 748 | -47 |
| Share of profit or loss of associates | 2 | | | | | 2 | | |
| Other income | 21 | 747 | -97 | 36 | -42 | 768 | 56 | |
| **Total income** | **1 344** | **2 471** | **-46** | **1 564** | **-14** | **3 815** | **3 145** | **21** |
| Staff costs | 331 | 349 | -5 | 279 | 19 | 680 | 579 | 17 |
| Variable staff costs | 50 | 83 | -40 | 116 | -57 | 133 | 185 | -28 |
| Other expenses | 437 | 418 | 5 | 418 | 5 | 855 | 815 | 5 |
| Depreciation/amortisation | 10 | 9 | 11 | 12 | -17 | 19 | 21 | -10 |
| **Total expenses** | **828** | **859** | **-4** | **825** | **0** | **1 687** | **1 600** | **5** |
| **Profit before impairments** | **516** | **1 612** | **-68** | **739** | **-30** | **2 128** | **1 545** | **38** |
| Credit impairments | -19 | -105 | -82 | -56 | -66 | -124 | -11 | |
| **Operating profit** | **535** | **1 717** | **-69** | **795** | **-33** | **2 252** | **1 556** | **45** |
| Tax expense | 133 | 454 | -71 | 193 | -31 | 587 | 359 | 64 |
| Profit for the period | 402 | 1 263 | -68 | 602 | -33 | 1 665 | 1 197 | 39 |
| **Profit for the period attributable to the shareholders of Swedbank AB** | **402** | **1 263** | **-68** | **585** | **-31** | **1 665** | **1 170** | **42** |
| Non-controlling interests | | | | 17 | | | 27 | |
| Return on allocated equity, % | 10.2 | 31.1 | | 13.8 | | 20.7 | 13.8 | |
| Credit impairment ratio, % | -0.03 | -0.14 | | -0.07 | | -0.08 | -0.01 | |
| Total provision ratio for impaired loans, % | 125 | 116 | | 112 | | 125 | 112 | |
| Share of impaired loans, gross, % | 0.17 | 0.21 | | 0.25 | | 0.17 | 0.25 | |
| Cost/income ratio | 0.62 | 0.35 | | 0.53 | | 0.44 | 0.51 | |
| Full-time employees | 1 189 | 1 214 | -2 | 1 166 | 2 | 1 189 | 1 166 | 2 |

**Development January – June**

Macro indicators during the second quarter pointed to a slowdown in growth in the US and Europe, among other places. Due to economic concerns and growing uncertainty about the creditworthiness of Europe's fiscally most troubled countries, long-term interest rates fell substantially in countries such as the US, Germany and Sweden, which are considered safe harbours by risk-averse investors. Weaker US growth and the troubles in Greece caused volatility during the quarter in both the euro and the dollar.

Profit for the period amounted to SEK 1 665m (1 170), an increase of 42 per cent. Excluding the impact on earnings of the SEK 361m settlement with the bankruptcy estate of Lehman Brothers during the first quarter (SEK 716m before tax), profit amounted to SEK 1 304m, which was 11 per cent higher than in the first half of 2010. Recoveries during the period amounted to SEK 124m.

Net interest income increased by 20 per cent compared with the same period in 2010. Net interest income for large corporates and institutions rose during the period and accounts for about SEK 450m per quarter. Earnings in fixed income and currency trading declined compared with the previous year. The large part of earnings was booked as net interest income, which rose compared with the previous year, while net gains and losses on financial items at fair value decreased. A jittery market led to a lower risk appetite during the second quarter. The market expected interest rates to rise, but the opposite occurred, creating large fluctuations in the fixed income and currency markets. The majority of second quarter income was from customer trading.

Net commission income for the period was slightly higher than in the first half year 2010, but the second quarter was lower than the previous quarter. Activity in loan syndications and acquisition financing remained high. Corporate finance earnings in Norway increased slightly during the second quarter. During the second quarter the method for accruing commission income was changed within Large Corporates & Institutions. A larger share of income than before is accrued to reflect the underlying transaction. The change was implemented as of 2011, because of which commission income fell during the second quarter by SEK 68m, which was recognised as revenue during the first quarter.

Total expenses increased by SEK 87m compared with the same period last year. The increase was primarily due to higher staff costs related to retraining and expenses in connection with the acquisition of First Securities. Compared with the first quarter expenses decreased by SEK 31m, mainly due to a decrease in provisions for variable staff costs of SEK 52m year-on-year.

Risk-weighted assets attributable to the business area decreased by SEK 9bn during the period and amounted to SEK 147bn on 30 June.

**Operations**

Lending to large companies increased by slightly over SEK 4bn compared with the previous quarter and by over SEK 1bn from the beginning of the year. Margins have stabilised at a slightly higher level since the beginning of the year and new lending has risen, primarily in the industrial, real estate, service and shipping sectors. Investments made in the Large Corporates segment are beginning to show results. Increased sector focus is producing new customer relationships as well as more extensive strategic discussions with – and business from – existing customers. Work with the customer team model continues, with the goal of creating better coordinated specialist and product units with attractive customer offerings.

Deposits decreased by SEK 11bn in the quarter, the large part of which was in Financial Institutions. The decrease, which was the result of temporary customer movements at the end of the quarter, had a limited impact on earnings.

During the quarter many large Nordic companies in various sectors refinanced their loan facilities and extended credit terms by an additional 3 to 5 year period, as planned. LC&I participated or was the lead bank in several loan transactions, including for Intrum Justitia, Meda, Tieto, Sanoma, Scania and Elisa.

The addition of fixed income and currency operations in Helsinki is producing positive results. By quickly building a strong position in the domestic commercial paper market, several new relationships have been established in the corporate sector. This in turn has had an impact on the currency area.

In Norway, the acquisition of First Securities further strengthened Swedbank's position in the capital market. Thanks to a combination of qualified advice and balance sheet capacity, a number of corporate bond issues were finalised and a leading position was attained in the area. In the currency market, there is increased demand for Swedbank's electronic trading and for qualified advice.

Market activity in Investment Banking was cautious during the period. Activity remained low in Sweden, while in Norway it remained high, principally in corporate finance. Income from Norwegian equity trading and corporate finance improved slightly during the second quarter.

Work to develop the brokerage operations in New York continue, and a new management has been appointed. Swedbank is focused on, among other things, high-yield Nordic bonds, at the same time that the number of equity customers is growing.

Swedbank's aggregate market share of turnover on NASDAQ OMX Stockholm was 4.4 per cent (4.6) during the period.

Magnus Gagner Geeber was appointed head of the business area during the second quarter. He was previously deputy head of LC&I with responsibility for large corporates.

***Large Corporates & Institutions*** *is responsible for large corporates, financial institutions and banks as well as for trading and capital market products. Operations are carried out by the parent bank in Sweden, branches in Norway, Denmark, Finland, the US and China, and the subsidiaries First Securities in Norway and Swedbank First Securities LLC in New York, in addition to the trading and capital market operations in subsidiary banks in Estonia, Latvia and Lithuania.*

# Baltic Banking

- Strong operating results
- Lending portfolio declines while deposit base increases

## Income statement

| SEKm | Q2 2011 | Q1 2011 | % | Q2 2010 | % | Jan-Jun 2011 | Jan-Jun 2010 | % |
|---|---|---|---|---|---|---|---|---|
| Net interest income | 1 017 | 997 | 2 | 863 | 18 | 2 014 | 1 684 | 20 |
| Net commissions | 365 | 317 | 15 | 388 | -6 | 682 | 764 | -11 |
| Net gains and losses on financial items at fair value | 61 | 55 | 11 | 102 | -40 | 116 | 174 | -33 |
| Share of profit or loss of associates | | | | 1 | | | 1 | |
| Other income | 125 | 103 | 21 | 153 | -18 | 228 | 371 | -39 |
| **Total income** | **1 568** | **1 472** | **7** | **1 507** | **4** | **3 040** | **2 994** | **2** |
| Staff costs | 255 | 258 | -1 | 254 | 0 | 513 | 539 | -5 |
| Variable staff costs | 16 | 7 | | | | 23 | -13 | |
| Other expenses | 347 | 357 | -3 | 372 | -7 | 704 | 795 | -11 |
| Depreciation/amortisation | 35 | 36 | -3 | 42 | -17 | 71 | 87 | -18 |
| **Total expenses** | **653** | **658** | **-1** | **668** | **-2** | **1 311** | **1 408** | **-7** |
| **Profit before impairments** | **915** | **814** | **12** | **839** | **9** | **1 729** | **1 586** | **9** |
| Impairment of tangible assets | 19 | 5 | | 118 | -84 | 24 | 149 | -84 |
| Credit impairments | -142 | -382 | -63 | 1 096 | | -524 | 3 199 | |
| **Operating profit** | **1 038** | **1 191** | **-13** | **-375** | | **2 229** | **-1 762** | |
| Tax expense | 122 | 121 | 1 | -63 | | 243 | -224 | |
| Profit for the period | 916 | 1 070 | -14 | -312 | | 1 986 | -1 538 | |
| **Profit for the period attributable to the shareholders of Swedbank AB** | **916** | **1 070** | **-14** | **-312** | | **1 986** | **-1 538** | |
| Return on allocated equity, % | 13.5 | 13.9 | | -3.3 | | 13.6 | -8.1 | |
| Credit impairment ratio, % | -0.44 | -1.18 | | 2.83 | | -0.80 | 3.90 | |
| Total provision ratio for impaired loans, % | 55 | 56 | | 59 | | 55 | 59 | |
| Share of impaired loans, gross, % | 15.34 | 15.38 | | 16.81 | | 15.34 | 16.81 | |
| Cost/income ratio | 0.42 | 0.45 | | 0.44 | | 0.43 | 0.47 | |
| Full-time employees | 5 419 | 5 383 | 1 | 5 590 | -3 | 5 419 | 5 590 | -3 |

**Development January – June**

The economic recovery continues in all three countries, but has been faster in Estonia and Lithuania than in Latvia. In the first quarter of 2011, Estonia's GDP increased by 8.5 per cent from the previous year, Lithuania's by 6.9 per cent, and Latvia's by 3.5 per cent. Economic growth is supported by exporting sectors, mainly manufacturing, as well as increased investment activity and slowly recovering household consumption. At the same time there is an increased risk of slower growth in the main trading partners, which could impact Baltic exports. Developments in recent years have confirmed the resiliency of the Baltic countries, however, as well as their ability to adapt.

In all three countries, labour markets are slowly improving, as are consumer expectations. At the same time job creation is still slow and there are signs of structural imbalances in the labour markets (e.g. skill mismatches). These factors, together with continuous deleveraging and rising consumer prices, are making households less willing to spend.

Baltic Banking reported a profit for the first half year of SEK 1 986m, compared with a loss of SEK 1 538m a year ago. The improved result was mainly due to net recoveries and stronger operating results.

Profit before credit impairments increased by 20 per cent in local currency compared with the same period last year. Income improved by 12 per cent mainly due to higher net interest income.

Net interest income rose by 32 per cent in local currency against January-June last year, supported by lower deposit costs resulting from falling local interest rates as well as higher euro market rates. While the negative impact from impaired loans is gradually subsiding, declining lending volumes are adversely affecting net interest income. In the first six months of 2011 the effect of the reclassification of penalty fees as net interest income was SEK 70m (in 2010 penalty fees were classified as other income).

Lending volumes decreased by another 6 per cent in local currency from 31 December 2010. This is mainly due to amortisation as customers chose to save through paying back on their loans, and to limited demand for new credits. However, loan requests are gradually increasing, particularly among corporate customers in Estonia and Lithuania. Lending volumes are expected to trough in Estonia and Lithuania during 2011 and in Latvia during 2012. Swedbank's market share in lending was 28 per cent on 31 May (29 per cent as of 31 December 2010).

Deposits increased by 0.3 per cent in local currency since 31 December 2010. Swedbank's market share for deposits has remained stable at 27 per cent since the beginning of the year. The loan-to-deposit ratio decreased to 133 per cent (141 per cent as of 31 December 2010).

Net commission income decreased by 2 per cent in local currency compared with the same period a year ago.

The competition authorities in Latvia and Lithuania have questioned the industry's interchange fees on cards. In Latvia, Swedbank was fined EUR 4m (SEK 35m) in the first quarter of 2011, a decision which Swedbank appealed against in April 2011. The amount was fully provisioned under net commission income in the first quarter.

Payment processing-related commissions excluding one-off provisions rose by 6 per cent in local currency from the previous year, reflecting a stronger retail network and growing number of active customers and customer transactions. In one year the number of active customers has risen by almost 55 000. Securities-related commissions improved following the rebound in the financial markets.

Net gains and losses on financial items at fair value decreased by 27 per cent in local currency from the same period a year ago. This was mainly due to lower securities income and transaction related exchange rate differences.

Expenses increased by 3 per cent in local currency from the same period last year. Staff costs rose due to provisions for variable compensation. Marketing expenses rose as well, due to the launch of a new branding concept. The number of full-time employees was reduced by 171 during the first six months of 2011, mainly in Lithuania. The cost income ratio was 0.43 (0.47).

Net recoveries for the period amounted to SEK 524m compared with SEK 3 199m in credit impairments a year ago. The recoveries are primarily due to the revaluation of collateral and rating upgrades following successful restructuring activities in the corporate portfolio.

Net recoveries in the corporate portfolio amounted to SEK 898m. The household portfolio continues to stabilise. In the private portfolio, credit impairments amounted to SEK 374m, including SEK 225m from an increase in the provision ratio for residential mortgages in Latvia from 30 per cent to 37 per cent. This was a consequence of a back-testing in the first quarter 2011 which showed that realised losses from collateral sales in 2010-2011 exceeded established provisions. Recoveries were noted in Latvia and Lithuania, while credit impairments were reported in Estonia, mainly owing to a few individual cases rather than as part of a continuing trend.

Impaired loans decreased due to write-offs and as a result of workouts and migrations to better risk classes. Most of the write-offs were from the corporate portfolio as the workout process is proceeding at a slower pace for the private portfolio. Impaired loans, gross, amounted to SEK 21bn as of 30 June 2011 (SEK 23bn on 31 December 2010).

In light of improving risk levels and slowly recovering customer demand as reflected by rising investor and consumer confidence, the focus is now on new lending quality along with credit portfolio management activities to ensure well-balanced, sustainable growth. To support the real estate market and avoid selling assets at distressed levels, Ektornet is continuing its real estate intake, mainly in Latvia.

Swedbank has achieved excellent results in recently published reputation surveys. In Estonia, the bank has the best reputation among all companies for the fourth consecutive year, while in Latvia and Lithuania Swedbank is ranked first in the financial sector.

***Baltic Banking** has business operations in Estonia, Latvia and Lithuania.The bank's services are sold through Swedbank's own branch network, the Telephone Bank and the Internet Bank.*

# Asset Management

- Investors are seeking safe alternatives
- Award-winning fund management

## Income statement

| SEKm | Q2 2011 | Q1 2011 | % | Q2 2010 | % | Jan-Jun 2011 | Jan-Jun 2010 | % |
|---|---|---|---|---|---|---|---|---|
| Net interest income | 4 | | | -3 | | 4 | -10 | |
| Net commissions | 403 | 403 | 0 | 386 | 4 | 806 | 784 | 3 |
| Net gains and losses on financial items at fair value | -1 | -4 | -75 | 1 | | -5 | 12 | |
| Other income | 7 | 3 | | 5 | 40 | 10 | 8 | 25 |
| **Total income** | **413** | **402** | **3** | **389** | **6** | **815** | **794** | **3** |
| Staff costs | 97 | 96 | 1 | 99 | -2 | 193 | 199 | -3 |
| Variable staff costs | 13 | 14 | -7 | 1 | | 27 | 1 | |
| Other expenses | 88 | 89 | -1 | 100 | -12 | 177 | 184 | -4 |
| Depreciation/amortisation | 12 | 12 | 0 | 12 | 0 | 24 | 25 | -4 |
| **Total expenses** | **210** | **211** | **0** | **212** | **-1** | **421** | **409** | **3** |
| **Profit before impairments** | **203** | **191** | **6** | **177** | **15** | **394** | **385** | **2** |
| **Operating profit** | **203** | **191** | **6** | **177** | **15** | **394** | **385** | **2** |
| Tax expense | 53 | 47 | 13 | 38 | 39 | 100 | 88 | 14 |
| Profit for the period | 150 | 144 | 4 | 139 | 8 | 294 | 297 | -1 |
| **Profit for the period attributable to the shareholders of Swedbank AB** | **150** | **144** | **4** | **139** | **8** | **294** | **297** | **-1** |
| Return on allocated equity, % | 31.3 | 26.9 | | 25.5 | | 29.2 | 27.4 | |
| Cost/income ratio | 0.51 | 0.52 | | 0.54 | | 0.52 | 0.52 | |
| Full-time employees | 306 | 311 | -2 | 289 | 6 | 306 | 289 | 6 |
| Fund assets under management, SEKbn | 475 | 477 | 0 | 453 | 5 | 475 | 453 | 5 |
| Discretionary assets under mangement, SEKbn | 263 | 255 | 3 | 231 | 14 | 263 | 231 | 14 |
| Total assets under mangement, SEKbn | 738 | 732 | 1 | 684 | 8 | 738 | 684 | 8 |

**Development January - June**
Global political unrest caused volatility in the financial markets during the first half year, which also affected fund flows. As indicated by new fund contributions during the period, investors are seeking safer alternatives. Active investors fled equity funds, mainly in emerging markets, in favour of mixed and money market funds. Net contributions to the Swedish fund market amounted to SEK 12.6bn (42.8) during the period.

The total gross inflow to Swedbank Robur's funds was SEK 51.6bn, while the net flow was SEK -4.5bn.

The net flow from institutional management was positive during the period at SEK 5.5bn, mainly due to positive flows due to a large mandate. As part of a joint procurement by seven municipalities in the province of Skåne, Swedbank Robur received a prestigious assignment during the period to continue to manage Swedish equities as well as a new mandate for Swedish fixed income instruments.

Profit for the period amounted to SEK 294m, a decrease of 1 per cent compared with the first half of 2010.

Commission income rose slightly compared with the first half of last year due to a larger base of assets under management, mainly because of favourable market conditions in 2010. Compared with the first quarter commission income was unchanged. Income from discretionary management excluding Swedbank Robur's funds amounted to SEK 59m during the period, an increase of 78 percent. Five per cent of operating income is attributable to the three Baltic countries. Total assets under management at the end of the period amounted to SEK 738bn, against SEK 736bn at the beginning of the year.

Expenses increased by 3 per cent compared with the first half of 2010 due to increased IT investments and provisions for profit based remuneration. No provision was allocated in the first half of 2010. Compared with the previous quarter expenses were largely unchanged.

During the period three Private Banking portfolios with different risk profiles were launched: Safe, Core and Edge.

According to MoneyMate's fund rating, Swedbank Robur has the most (60) four or five star funds. This means it comes top, way ahead of the second company with 39 funds. Swedbank Robur's work in the area of sustainable investments has been recognised by CFA Sweden (Chartered Financial Analyst society), which awarded Anna Nilsson, head of sustainability analysis at Swedbank Robur, a share of first prize given to the person/organisation that has done the most to raise awareness of Environmental, Social and Governance (ESG) issues.

***Asset Management** comprises the Swedbank Robur Group and its operations in fund management, institutional and discretionary asset management. Asset Management is represented in Swedbank's four home markets.*

# Russia & Ukraine

- Net recoveries of SEK 659m
- Improving cost-income ratio

## Income statement

| SEKm | Q2 2011 | Q1 2011 | % | Q2 2010 | % | Jan-Jun 2011 | Jan-Jun 2010 | % |
|---|---|---|---|---|---|---|---|---|
| Net interest income | 128 | 188 | -32 | 122 | 5 | 316 | 333 | -5 |
| Net commissions | 15 | 15 | 0 | 28 | -46 | 30 | 42 | -29 |
| Net gains and losses on financial items at fair value | 12 | 9 | 33 | 23 | -48 | 21 | 50 | -58 |
| Other income | 9 | 7 | 29 | 8 | 13 | 16 | 13 | 23 |
| **Total income** | **164** | **219** | **-25** | **181** | **-9** | **383** | **438** | **-13** |
| Staff costs | 70 | 79 | -11 | 104 | -33 | 149 | 216 | -31 |
| Variable staff costs | | | | | | | | |
| Other expenses | 72 | 77 | -6 | 108 | -33 | 149 | 210 | -29 |
| Depreciation/amortisation | 13 | 16 | -19 | 16 | -19 | 29 | 32 | -9 |
| **Total expenses** | **155** | **172** | **-10** | **228** | **-32** | **327** | **458** | **-29** |
| **Profit before impairments** | **9** | **47** | **-81** | **-47** | | **56** | **-20** | |
| Impairment of intangible assets | | | | | | | 14 | |
| Impairment of tangible assets | 3 | -2 | | 10 | -70 | 1 | 15 | -93 |
| Credit impairments | -169 | -490 | -66 | -139 | 22 | -659 | -180 | |
| **Operating profit** | **175** | **539** | **-68** | **82** | | **714** | **131** | |
| Tax expense | -2 | 1 | | -28 | -93 | -1 | -8 | -88 |
| Profit for the period | 177 | 538 | -67 | 110 | 61 | 715 | 139 | |
| **Profit for the period attributable to the shareholders of Swedbank AB** | **177** | **538** | **-67** | **110** | **61** | **715** | **139** | |
| Return on allocated equity, % | 22.7 | 74.1 | | 10.1 | | 46.5 | 6.3 | |
| Credit impairment ratio, % | -5.36 | -12.96 | | -2.91 | | -8.72 | -1.82 | |
| Total provision ratio for impaired loans, % | 64 | 63 | | 66 | | 64 | 66 | |
| Share of impaired loans, gross, % | 47.24 | 46.20 | | 44.98 | | 47.24 | 44.98 | |
| Cost/income ratio | 0.95 | 0.79 | | 1.26 | | 0.85 | 1.05 | |
| Full-time employees | 1 662 | 1 787 | -7 | 2 085 | -20 | 1 662 | 2 085 | -20 |

**Development January - June**
The Russian and Ukrainian economies performed strongly at the beginning of 2011. GDP grew by 5.0 per cent in Ukraine and by 3.9 per cent in Russia during the first five months compared with the same period in 2010. The labour markets improved in both countries, albeit at a modest pace. In Ukraine, the unemployment rate fell to 9.5 per cent in the first quarter 2011 from 9.8 per cent last year. Unemployment in Russia fell by 0.6 percentage points to 7.2 per cent since January.

Profit for the period amounted to SEK 715m, compared with a profit of SEK 139m for the same period in 2010. The improvement was primarily due to credit quality stabilisation and cost cutting in both Ukraine and Russia.

Net interest income dropped by 5 per cent compared to the same period a year ago. The positive impact on net interest income from the restructuring of impaired loans was offset by rapid amortisation of the performing portfolio, which has not been replaced with new lending in either country.

Net commission income stayed modest due to slow new business activity.

Total expenses decreased by SEK 131m year-on-year as a result of the ongoing focus on costs in both countries. The number of full-time employees was reduced from 1 554 at the end of last year to 1 410 in Ukraine and from 284 to 245 in Russia. The cost/income ratio was 0.85 (1.05).

Since the beginning of the year the loan portfolio in local currency decreased by 14 per cent in Ukraine and by 19 per cent in Russia, as new lending remained modest and did not offset amortisations in the lending portfolio. Credit quality was stable during the period. The volume of impaired loans decreased by 38 per cent from the first half of 2010. Net recoveries of SEK 659m were due to successful restructurings, primarily in Ukraine. The provision ratio for impaired loans was 64 per cent (66).

*The **Russia & Ukraine** business area comprises the banking operations of Swedbank Group in Russia and Ukraine.*

# Ektornet

- The value of total repossessed properties amounted to SEK 4 177m
- Large volume of property repossessions in Latvia and the US
- Successful sale of US property for SEK 196m with a capital gain of SEK 82m

## Income statement

| SEKm | Q2 2011 | Q1 2011 | % | Q2 2010 | % | Jan-Jun 2011 | Jan-Jun 2010 | % |
|---|---|---|---|---|---|---|---|---|
| Net interest income | -13 | -13 | 0 | -2 | | -26 | -7 | |
| Net gains and losses on financial items at fair value | 24 | 62 | -61 | | | 86 | 4 | |
| Other income | 154 | 59 | | 28 | | 213 | 42 | |
| **Total income** | **165** | **108** | **53** | **26** | | **273** | **39** | |
| Staff costs | 29 | 20 | 45 | 28 | 4 | 49 | 33 | 48 |
| Variable staff costs | | | | | | | | |
| Other expenses | 46 | 53 | -13 | 40 | 15 | 99 | 84 | 18 |
| Depreciation/amortisation | 25 | 23 | 9 | 4 | | 48 | 5 | |
| **Total expenses** | **100** | **96** | **4** | **72** | **39** | **196** | **122** | **61** |
| **Profit before impairments** | **65** | **12** | | **-46** | | **77** | **-83** | |
| Impairment of tangible assets | -7 | -1 | | | | -8 | | |
| **Operating profit** | **72** | **13** | | **-46** | | **85** | **-83** | |
| Tax expense | 37 | 21 | 76 | -6 | | 58 | -6 | |
| Profit for the period | 35 | -8 | | -40 | | 27 | -77 | |
| **Profit for the period attributable to the shareholders of Swedbank AB** | **35** | **-8** | | **-40** | | **27** | **-77** | |
| Full-time employees | 197 | 175 | 13 | 123 | 60 | 197 | 123 | 60 |

**Development January - June**

During the second quarter properties were acquired for SEK 882m, primarily in Latvia and the US. The market showed improvement, especially in Estonia, where property prices rose, resulting in fewer repossessions by Ektornet. Thanks to Ektornet's close cooperation with local FR&R teams in connection with potential problem loans, on several occasions existing borrowers have paid their principal or new owners have stepped in. This has helped to avoid repossessions by Ektornet or other measures by the bank. As of 30 June Ektornet managed properties with a book value of SEK 4 040m (after currency translation and current depreciation).

| Properties taken over excl shares in apartment projects SEKm | 30 Jun 2011 | 31 dec 2010 |
|---|---|---|
| Sweden | 271 | 270 |
| Norway | 117 | 116 |
| Finland | 756 | 765 |
| Estonia | 561 | 469 |
| Latvia | 1 373 | 851 |
| Lithuania | 252 | 206 |
| USA | 482 | 122 |
| Ukraine | 228 | 73 |
| **Total** | **4 040** | **2 872** |

Further, Ektornet has shares in a US apartment project with a book value of SEK 137m which are gradually being sold. In total, repossessed assets amount to SEK 4 177m (1 010). Moreover, properties worth an additional SEK 411m have been acquired but not yet taken over, mainly in Latvia and the US. The value of repossessed assets in 2013 is estimated at SEK 5-10bn. The Baltic countries are expected to account for about half of the repossessed properties.

In addition to the appraisal made in connection with repossessions, Ektornet makes quarterly appraisals of its properties. Since they are reported at cost less write-downs rather than at fair value, only impairments are recognised.

During the first half year properties were sold for SEK 255m (18) with an aggregate profit before tax of SEK 96m. During the second quarter a US property was successfully sold for SEK 196m with a capital gain of SEK 82m. In the Baltic and Nordic regions, apartments, properties and singular assets were sold for SEK 59m with a reported gain of SEK 14m. In addition, the apartment project in the US generated a gain of SEK 44m during the first half year, of which SEK 26m was during the second quarter. The Nordic and US property holdings currently consist primarily of a few high-value commercial properties with relatively low vacancy rates and in most cases positive yields. The majority of the properties in the Baltic countries are residential apartments or projects which will not generate any income until they are sold, as well as commercial properties with high vacancy rates. These properties are burdened with operating and maintenance costs, due to which earnings and cash flow excluding any sales are expected to be negative in the next few years. It is anticipated that sales will be arranged on a continual basis going forward. At present it is estimated that there are surplus values in the property portfolio.

Peter Buttenschön took over as acting CEO and head of the Ektornet business area during the second quarter.

***Ektornet** is an independent subsidiary of Swedbank AB. Its aim is to manage and develop the Group's repossessed assets in order to minimise losses and if possible recover value in the long term.*

# Group Functions

## Income statement

| SEKm | Q2 2011 | Q1 2011 | % | Q2 2010 | % | Jan-Jun 2011 | Jan-Jun 2010 | % |
|---|---|---|---|---|---|---|---|---|
| Net interest income | -314 | -408 | 23 | -329 | -5 | -722 | -465 | 55 |
| Net commissions | -14 | -23 | -39 | 2 | | -37 | 25 | |
| Net gains and losses on financial items at fair value | 338 | -276 | | 347 | -3 | 62 | 407 | -85 |
| Other income | 1 195 | 1 140 | 5 | 1 104 | 8 | 2 335 | 2 202 | 6 |
| **Total income** | **1 205** | **433** | | **1 124** | **7** | **1 638** | **2 169** | **-24** |
| Staff costs | 491 | 506 | -3 | 552 | -11 | 997 | 1 044 | -5 |
| Variable staff costs | 15 | 19 | -21 | -4 | | 34 | -2 | |
| Other expenses | 693 | 655 | 6 | 594 | 17 | 1 348 | 1 298 | 4 |
| Depreciation/amortisation | 60 | 63 | -5 | 71 | -15 | 123 | 143 | -14 |
| **Total expenses** | **1 259** | **1 243** | **1** | **1 213** | **4** | **2 502** | **2 483** | **1** |
| **Profit before impairments** | **-54** | **-810** | **93** | **-89** | **-39** | **-864** | **-314** | |
| Credit impairments | 1 | | | 11 | -91 | 1 | 26 | -96 |
| **Operating profit** | **-55** | **-810** | **93** | **-100** | **-45** | **-865** | **-340** | |
| Tax expense | 0 | -39 | | 15 | | -39 | -17 | |
| Profit for the period | -55 | -771 | 93 | -115 | -52 | -826 | -323 | |
| **Profit for the period attributable to the shareholders of Swedbank AB** | **-55** | **-771** | **93** | **-115** | **-52** | **-826** | **-323** | |
| Full-time employees | 2 741 | 2 704 | 1 | 2 703 | 1 | 2 741 | 2 703 | 1 |

***Group Functions** includes IT, support functions, Group Executive Committee and Group Staffs, including Group Treasury, and the Group's own insurance company, Sparia.*

# Eliminations

## Income statement

| SEKm | Q2 2011 | Q1 2011 | % | Q2 2010 | % | Jan-Jun 2011 | Jan-Jun 2010 | % |
|---|---|---|---|---|---|---|---|---|
| Net interest income | 8 | -12 | | -6 | | -4 | -4 | 0 |
| Net commissions | 12 | 11 | 9 | 9 | 33 | 23 | 22 | 5 |
| Net gains and losses on financial items at fair value | | | | | | | | |
| Other income | -1 117 | -1 047 | -7 | -1 014 | -10 | -2 164 | -2 031 | -7 |
| **Total income** | **-1 097** | **-1 048** | **-5** | **-1 011** | **-9** | **-2 145** | **-2 013** | **-7** |
| Staff costs | | | | | | | | |
| Variable staff costs | | | | | | | | |
| Other expenses | -1 097 | -1 048 | -5 | -1 011 | -9 | -2 145 | -2 013 | -7 |
| Depreciation/amortisation | | | | | | | | |
| **Total expenses** | **-1 097** | **-1 048** | **-5** | **-1 011** | **-9** | **-2 145** | **-2 013** | **-7** |

# Financial information - contents



More detailed information can be found in Swedbank's fact book, www.swedbank/se/ir, under Financial information and publications.

## Income statement, condensed

| Group SEKm | Q2 2011 | Q1 2011 | % | Q2 2010 | % | Jan-Jun 2011 | Jan-Jun 2010 | % |
|---|---|---|---|---|---|---|---|---|
| Interest income | 13 210 | 12 101 | 9 | 9 188 | 44 | 25 311 | 18 822 | 34 |
| Interest expenses | -8 470 | -7 574 | 12 | -5 389 | 57 | -16 044 | -11 000 | 46 |
| **Net interest income (note 5)** | **4 740** | **4 527** | **5** | **3 799** | **25** | **9 267** | **7 822** | **18** |
| Commission income | 3 173 | 3 195 | -1 | 3 297 | -4 | 6 368 | 6 433 | -1 |
| Commission expenses | -929 | -894 | 4 | -902 | 3 | -1 823 | -1 756 | 4 |
| **Net commissions (note 6)** | **2 244** | **2 301** | **-2** | **2 395** | **-6** | **4 545** | **4 677** | **-3** |
| Net gains and losses on financial items at fair value (note 7) | 511 | 255 | | 822 | -38 | 766 | 1 469 | -48 |
| Insurance premiums | 389 | 367 | 6 | 389 | 0 | 756 | 804 | -6 |
| Insurance provisions | -228 | -253 | -10 | -216 | 6 | -481 | -511 | -6 |
| **Net insurance** | **161** | **114** | **41** | **173** | **-7** | **275** | **293** | **-6** |
| Share of profit or loss of associates | 224 | 171 | 31 | 160 | 40 | 395 | 306 | 29 |
| Other income | 475 | 1 084 | -56 | 423 | 12 | 1 559 | 872 | 79 |
| **Total income** | **8 355** | **8 452** | **-1** | **7 772** | **8** | **16 807** | **15 439** | **9** |
| Staff costs | 2 390 | 2 467 | -3 | 2 423 | -1 | 4 857 | 4 798 | 1 |
| Other expenses (note 8) | 1 733 | 1 693 | 2 | 1 781 | -3 | 3 426 | 3 589 | -5 |
| Depreciation/amortisation | 222 | 224 | -1 | 219 | 1 | 446 | 427 | 4 |
| **Total expenses** | **4 345** | **4 384** | **-1** | **4 423** | **-2** | **8 729** | **8 814** | **-1** |
| **Profit before impairments** | **4 010** | **4 068** | **-1** | **3 349** | **20** | **8 078** | **6 625** | **22** |
| Impairment of intangible assets (note 14) | | | | | | | 14 | |
| Impairment of tangible assets | 15 | 2 | | 128 | -88 | 17 | 164 | -90 |
| Credit impairments (note 9) | -324 | -972 | -67 | 963 | | -1 296 | 3 173 | |
| **Operating profit** | **4 319** | **5 038** | **-14** | **2 258** | **91** | **9 357** | **3 274** | |
| Tax expense | 863 | 1 182 | -27 | 672 | 28 | 2 045 | 1 141 | 79 |
| Profit for the period | 3 456 | 3 856 | -10 | 1 586 | | 7 312 | 2 133 | |
| **Profit for the period attributable to the shareholders of Swedbank AB** | **3 452** | **3 852** | **-10** | **1 567** | | **7 304** | **2 103** | |
| Non-controlling interests | 4 | 4 | 0 | 19 | -79 | 8 | 30 | -73 |
| Earnings per share before dilution, SEK [1)] | 3.02 | 2.47 | | 1.36 | | 5.48 | 1.82 | |
| Earnings per share after dilution, SEK [1)] | 3.01 | 2.47 | | 1.36 | | 5.48 | 1.82 | |
| Equity per share, SEK | 82.61 | 82.39 | | 78.48 | | 82.61 | 78.48 | |
| Return on equity, % | 14.4 | 16.1 | | 7.0 | | 15.3 | 4.7 | |
| Credit impairment ratio, % | -0.09 | -0.29 | | 0.28 | | -0.19 | 0.46 | |

[1)] Earnings used to calculate earnings per share are specified on page 41.
See page 40 for number of shares.

## Statement of comprehensive income, condensed

| Group SEKm | Q2 2011 | Q1 2011 | % | Q2 2010 | % | Jan-Jun 2011 | Jan-Jun 2010 | % |
|---|---|---|---|---|---|---|---|---|
| **Profit for the period reported via income statement** | **3 456** | **3 856** | **-10** | **1 586** | | **7 312** | **2 133** | |
| Exchange differences, foreign operations | 692 | -194 | | -595 | | 498 | -2 228 | |
| Hedging of net investments in foreign operations: | | | | | | | | |
| Gains/losses arising during the period | -479 | 71 | | 399 | | -408 | 1 416 | |
| Cash flow hedges: | | | | | | | | |
| Gains/losses arising during the period | -26 | -264 | 90 | 337 | | -290 | 176 | |
| Reclassification adjustments to income statement, net interest income | 88 | 101 | -13 | 214 | -59 | 189 | 403 | -53 |
| Share of other comprehensive income of associates | 25 | -3 | | -7 | | 22 | -13 | |
| Income tax relating to components of other comprehensive income | 108 | 24 | | -250 | | 132 | -525 | |
| **Other comprehensive income for the period, net of tax** | **408** | **-265** | | **98** | | **143** | **-771** | |
| **Total comprehensive income for the period** | **3 864** | **3 591** | **8** | **1 684** | | **7 455** | **1 362** | |
| **Total comprehensive income attributable to the shareholders of Swedbank AB** | **3 859** | **3 587** | **8** | **1 667** | | **7 446** | **1 337** | |
| Non-controlling interests | 5 | 4 | 25 | 17 | -71 | 9 | 25 | -64 |

# Balance sheet, condensed

| Group<br>SEKm | 30 Jun<br>2011 | 31 Dec<br>2010 | % | 30 Jun<br>2010 | % |
|---|---|---|---|---|---|
| **Assets** | | | | | |
| Cash and balance with central banks | 11 954 | 17 109 | -30 | 19 833 | -40 |
| Loans to credit institutions (note 10) | 202 527 | 166 417 | 22 | 204 327 | -1 |
| Loans to the public (note 10) | 1 174 938 | 1 187 226 | -1 | 1 239 104 | -5 |
| Interest-bearing securities | 148 436 | 131 576 | 13 | 215 569 | -31 |
| Financial assets for which customers bear the investment risk | 104 255 | 100 628 | 4 | 85 181 | 22 |
| Shares and participating interests | 2 878 | 6 181 | -53 | 10 230 | -72 |
| Investments in associates | 3 019 | 2 710 | 11 | 2 486 | 21 |
| Derivatives (note 18) | 60 371 | 65 051 | -7 | 89 199 | -32 |
| Intangible fixed assets (note 14) | 15 980 | 15 794 | 1 | 16 592 | -4 |
| Tangible assets | 6 739 | 5 679 | 19 | 4 195 | 61 |
| Current tax assets | 1 682 | 1 156 | 46 | 1 307 | 29 |
| Deferred tax assets | 1 023 | 1 218 | -16 | 1 335 | -23 |
| Other assets | 15 579 | 8 611 | 81 | 9 438 | 65 |
| Prepaid expenses and accrued income | 8 136 | 6 325 | 29 | 5 792 | 40 |
| **Total assets** | **1 757 517** | **1 715 681** | **2** | **1 904 588** | **-8** |
| **Liabilities and equity** | | | | | |
| Amounts owed to credit institutions (note 15) | 130 175 | 136 766 | -5 | 243 947 | -47 |
| Deposits and borrowings from the public (note 16) | 528 992 | 534 237 | -1 | 529 048 | 0 |
| Debt securities in issue (note 17) | 757 203 | 686 517 | 10 | 710 509 | 7 |
| Financial liabilities for which customers bear the investment risk | 104 499 | 100 988 | 3 | 90 892 | 15 |
| Derivatives (note 18) | 60 901 | 65 935 | -8 | 76 950 | -21 |
| Current tax liabilities | 572 | 317 | 80 | 947 | -40 |
| Deferred tax liabilities | 1 857 | 1 734 | 7 | 1 104 | 68 |
| Short positions, securities | 28 342 | 34 179 | -17 | 90 661 | -69 |
| Other liabilities | 15 770 | 13 625 | 16 | 19 363 | -19 |
| Accrued expenses and prepaid income | 8 206 | 15 074 | -46 | 12 966 | -37 |
| Provisions | 4 131 | 4 087 | 1 | 4 304 | -4 |
| Subordinated liabilities | 20 811 | 27 187 | -23 | 32 630 | -36 |
| Equity | 96 058 | 95 035 | 1 | 91 267 | 5 |
| of which non-controlling interests | 135 | 138 | -2 | 260 | -48 |
| of which equity attributable to shareholders of Swedbank AB | 95 923 | 94 897 | 1 | 91 007 | 5 |
| **Total liabilities and equity** | **1 757 517** | **1 715 681** | **2** | **1 904 588** | **-8** |

# Statement of changes in equity, condensed

| Group<br>SEKm | Shareholders' equity | | | | | | | Non-controlling interests | Total equity |
|---|---|---|---|---|---|---|---|---|---|
| | Share capital | Other contri-buted equity* | Exchange differences, subsidiaries and associates | Hedging of net investments in foreign operations | Cash flow hedges | Retained earnings | Total | | |
| **Opening balance 1 January 2010** | **24 351** | **17 152** | **2 143** | **-1 927** | **-755** | **48 706** | **89 670** | **304** | **89 974** |
| Dividends | | | | | | | | -75 | -75 |
| Contribution | | | | | | | | 6 | 6 |
| Total comprehensive income for the period | | | -2 237 | 1 044 | 427 | 2 103 | 1 337 | 25 | 1 362 |
| **Closing balance 30 June 2010** | **24 351** | **17 152** | **-94** | **-883** | **-328** | **50 809** | **91 007** | **260** | **91 267** |
| | | | | | | | | | |
| **Opening balance 1 January 2010** | **24 351** | **17 152** | **2 143** | **-1 927** | **-755** | **48 706** | **89 670** | **304** | **89 974** |
| Dividends | | | | | | | | -75 | -75 |
| Share based payments to employees | | | | | | 31 | 31 | | 31 |
| Associates' disposal of shares in Swedbank AB | | | | | | 50 | 50 | | 50 |
| Associates' acquisition of shares in Swedbank AB | | | | | | -50 | -50 | | -50 |
| Contribution | | | | | | | | 6 | 6 |
| Changes in ownership interest in subsidiaries | | | | | | -497 | -497 | -124 | -621 |
| Total comprehensive income for the period | | | -4 245 | 1 783 | 711 | 7 444 | 5 693 | 27 | 5 720 |
| **Closing balance 31 December 2010** | **24 351** | **17 152** | **-2 102** | **-144** | **-44** | **55 684** | **94 897** | **138** | **95 035** |
| | | | | | | | | | |
| **Opening balance 1 January 2011** | **24 351** | **17 152** | **-2 102** | **-144** | **-44** | **55 684** | **94 897** | **138** | **95 035** |
| Dividends | | | | | | -2 995 | -2 995 | -12 | -3 007 |
| New share issue | 32 | | | | | | 32 | | 32 |
| Reversal of VAT costs incurred on rights issue 2009 | | 35 | | | | | 35 | | 35 |
| Repurchased shares | | | | | | -3 580 | -3 580 | | -3 580 |
| Share based payments to employees | | | | | | 92 | 92 | | 92 |
| Associates' acquisition of shares in Swedbank AB | | | | | | -4 | -4 | | -4 |
| Total comprehensive income for the period | | | 516 | -302 | -72 | 7 304 | 7 446 | 9 | 7 455 |
| **Closing balance 30 June 2011** | **24 383** | **17 187** | **-1 586** | **-446** | **-116** | **56 501** | **95 923** | **135** | **96 058** |

In connection to the rights issue in 2009 an assessment was made on the VAT Swedbank AB would have to pay on the transaction costs. This assessment has been changed in the second quarter 2011 based on a new tax case ruling. The VAT provision decreased by SEK 35m. The amount includes increased income tax SEK 12m.

*Other contributed equity consists mainly of share premiums.

# Cash flow statement, condensed

| Group<br>SEKm | Jan-Jun<br>2011 | Full-year<br>2010 | Jan-Jun<br>2010 |
|---|---|---|---|
| **Operating activities** | | | |
| Operating profit | 9 357 | 9 955 | 3 275 |
| Adjustments for non-cash items in operating activities | -10 010 | 4 969 | 7 119 |
| Taxes paid | -1 651 | -3 368 | -2 098 |
| Increase/decrease in loans to credit institutions | -35 853 | -81 818 | -69 046 |
| Increase/decrease in loans to the public | 14 304 | 57 969 | 36 717 |
| Increase/decrease in holdings of securities for trading | -13 205 | 20 965 | -55 852 |
| Increase/decrease in deposits and borrowings from the public including retail bonds | -6 840 | 68 270 | 65 024 |
| Increase/decrease in amounts owed to credit institutions | -7 186 | -78 287 | -4 391 |
| Increase/decrease in other assets | -3 229 | 1 726 | -15 740 |
| Increase/decrease in other liabilities | -3 821 | -14 243 | 8 229 |
| **Cash flow from operating activities** | **-58 134** | **-13 862** | **-26 763** |
| **Investing activities** | | | |
| Business disposals | | 140 | 140 |
| Acquisition of other fixed assets and strategic financial assets | -254 | -2 411 | -284 |
| Disposals of other fixed assets and strategic financial assets | 474 | 3 463 | 1 502 |
| **Cash flow from investing activities** | **220** | **1 192** | **1 358** |
| **Financing activities** | | | |
| Issuance of interest-bearing securities | 153 171 | 261 697 | 150 398 |
| Redemption of interest-bearing securities | -124 504 | -222 899 | -84 791 |
| Change in other borrowings | 30 532 | -44 447 | -55 059 |
| Dividends | -3 007 | | -75 |
| Change in ownership interest in subsidiaries | | -621 | -621 |
| New share issue | 32 | | |
| Repurchased shares | -3 584 | | |
| **Cash flow from financing activities** | **52 640** | **-6 270** | **9 852** |
| **Cash flow for the period** | **-5 274** | **-18 940** | **-15 553** |
| **Cash and cash equivalents at the beginning of the period** | **17 109** | **37 879** | **37 879** |
| Cash flow for the period | -5 274 | -18 940 | -15 553 |
| Exchange rate differences on cash and cash equivalents | 119 | -1 830 | -2 493 |
| **Cash and cash equivalents at end of the period** | **11 954** | **17 109** | **19 833** |

# Note 1 Accounting policies

The interim report has been prepared in accordance with IAS 34, Interim Financial Reporting.

As previously, the Parent Company has prepared its accounts in accordance with the Annual Accounts Act for Credit Institutions and Securities Companies, the directives of the Swedish Financial Supervisory Authority and recommendation RFR 2 of the Financial Reporting Council.

The accounting policies applied in the interim report conform to the accounting policies applied in the preparation of the consolidated financial statements and the annual report for 2010 with the exception of the presentation of derivative interest as interest income and interest expenses, respectively.

Previously, derivative interest was presented as interest income or interest expense depending on whether the contract's net interest was an income or an expense. In the new presentation as of the first quarter 2011, interest on all derivatives that economically hedge funding is recognised as an interest expense regardless of whether the contract's net interest is a gain or loss. The aim is to better illustrate the funding's interest expenses after considering the economic hedges. Other derivative interest, trading derivatives and derivatives that financially hedge assets are recognised as interest income.

Comparative figures have been restated - see table. The change affects both interest income and interest expenses, but not net interest income in its entirety.

| **New reporting of interest**<br>**Group**<br>**SEKm** | **Q2**<br>**2010** | **Jan-Jun**<br>**2010** |
|---|---|---|
| Derivatives | -160 | -173 |
| Interest income | 9 188 | 18 822 |
| Derivatives | 1 610 | 3 323 |
| Interest expenses | -5 389 | -11 000 |
| **Net interest income** | **3 799** | **7 822** |
| **Previous reporting of interest**<br>**Group**<br>**SEKm** | **Q2**<br>**2010** | **Jan-Jun**<br>**2010** |
| Derivatives | 1 381 | 3 684 |
| Interest income | 10 729 | 22 679 |
| Derivatives | 69 | -534 |
| Interest expenses | -6 930 | -14 857 |
| **Net interest income** | **3 799** | **7 822** |

New or revised IFRS as well IFRIC interpretation statements have not had any significant effect on the financial position, income or information pertaining to the Group or parent company.

The operating segments have been changed in 2011 to coincide with the organisational changes implemented in Swedbank's business area organisation. The internal bank and the internal bank operations within the New York branch office were moved from Large Corporates & Institutions to Group Treasury in Group Functions. The Baltic treasury operations were moved from Baltic Banking to Group Treasury.

# Note 2 Critical accounting estimates

The Group uses various estimates and assumptions about the future to determine the value of certain assets and liabilities. The most important assumptions in terms of amount are made with regard to provisions for impairments and impairment testing of goodwill.

### Provisions for impairments

For loans that have been identified as impaired as well as portfolios of loans with similar credit terms affected by a loss event, assumptions are made as to when in the future the cash flows will be received as well as their size. Provisions for impairments are made for the difference between the present value of these projected cash flows and the claims' carrying amount. Decisions are therefore based on various estimates and management's judgments about current market conditions. Portfolio provisions are based on loss estimates made in accordance with capital adequacy rules.

In 2011 economic conditions stabilised in the Baltic countries, as well as in Ukraine. The Group's provisions in the Baltic operations decreased from SEK 13 083m to SEK 11 469m. Provisions in the Ukrainian operations decreased from SEK 5 196m to SEK 4 011m. The changes were based on the losses that management judged as most likely against the backdrop of the current economic outlook within the range of reasonable assumptions.

### Impairment testing of goodwill

When goodwill is tested for impairment, future cash flows are estimated for the cash-generating unit that the goodwill refers to and has been allocated to. As far as possible, the assumptions that are used, or part of those assumptions, are based on outside sources. Nevertheless, the calculation largely depends on management's own assumptions. The assumptions are made based on indefinite ownership of the asset. The Group's goodwill amounted to SEK 13 933m as of 30 June, of which SEK 11 054m relates to the investment in the Baltic operations. By end 2001, 60 per cent of the Baltic operations had been acquired. In 2005 the remaining 40 per cent was acquired. SEK 9 947m of the goodwill arose in connection with the acquisition of the remaining non-controlling interest, which at the time corresponded to 40 per cent of the operations' total value. The most recent test was conducted as of year-end 2010 and did not necessitate any impairment.

There have been no indications in 2011 that signified the need for new impairment testing.

# Note 3 Changes in the Group structure

**Internal structural changes**

The jointly owned franchise company Net Trade Swedbank AB (the name of which is being changed to Swedbank Franchise AB) acquired Swedbank Fastighetsbyrå AB, Swedbank Juristbyrå AB and Swedbank Företagsförmedling AB from Swedbank on 31 May 2011.

# Note 4 Business segments (business areas)

| Jan-Jun 2011 SEKm | Retail | Large Corporates & Institutions | Baltic Banking | Asset Management | Russia & Ukraine | Ektornet | Group Functions | Eliminations | Group |
|---|---|---|---|---|---|---|---|---|---|
| **Income statement** | | | | | | | | | |
| Net interest income | 5 951 | 1 734 | 2 014 | 4 | 316 | -26 | -722 | -4 | 9 267 |
| Net commissions | 2 124 | 917 | 682 | 806 | 30 | | -37 | 23 | 4 545 |
| Net gains and losses on financial items at fair value | 92 | 394 | 116 | -5 | 21 | 86 | 62 | | 766 |
| Share of profit or loss of associates | 393 | 2 | | | | | | | 395 |
| Other income | 428 | 768 | 228 | 10 | 16 | 213 | 2 335 | -2 164 | 1 834 |
| **Total income** | **8 988** | **3 815** | **3 040** | **815** | **383** | **273** | **1 638** | **-2 145** | **16 807** |
| Staff costs | 2 001 | 680 | 513 | 193 | 149 | 49 | 997 | | 4 582 |
| Variable staff costs | 58 | 133 | 23 | 27 | | | 34 | | 275 |
| Other expenses | 2 239 | 855 | 704 | 177 | 149 | 99 | 1 348 | -2 145 | 3 426 |
| Depreciation/amortisation | 132 | 19 | 71 | 24 | 29 | 48 | 123 | | 446 |
| **Total expenses** | **4 430** | **1 687** | **1 311** | **421** | **327** | **196** | **2 502** | **-2 145** | **8 729** |
| **Profit before impairments** | **4 558** | **2 128** | **1 729** | **394** | **56** | **77** | **-864** | | **8 078** |
| Impairment of tangible assets | | | 24 | | 1 | -8 | | | 17 |
| Credit impairments | 10 | -124 | -524 | | -659 | | 1 | | -1 296 |
| **Operating profit** | **4 548** | **2 252** | **2 229** | **394** | **714** | **85** | **-865** | | **9 357** |
| Tax expense | 1 097 | 587 | 243 | 100 | -1 | 58 | -39 | | 2 045 |
| Profit for the period | 3 451 | 1 665 | 1 986 | 294 | 715 | 27 | -826 | | 7 312 |
| **Profit for the period attributable to the shareholders of Swedbank AB** | **3 443** | **1 665** | **1 986** | **294** | **715** | **27** | **-826** | | **7 304** |
| Non-controlling interests | 8 | | | | | | | | 8 |
| **Balance sheet, SEKbn** | | | | | | | | | |
| Cash and balances with central banks | 2 | 1 | 2 | | 1 | | 6 | | 12 |
| Loans to credit institutions | 31 | 328 | | 2 | 3 | 1 | 321 | -483 | 203 |
| Loans to the public | 881 | 154 | 125 | | 10 | | 10 | -5 | 1 175 |
| Bonds and other interest-bearing securities | | 70 | 2 | | | | 89 | -13 | 148 |
| Financial assets for which customers bear inv. risk | 102 | | 2 | | | | | | 104 |
| Derivatives | | 68 | | | | | 17 | -25 | 60 |
| Other assets | 13 | 11 | 15 | 2 | 3 | 5 | 662 | -655 | 56 |
| **Total assets** | **1 029** | **632** | **146** | **4** | **17** | **6** | **1 105** | **-1 181** | **1 758** |
| Amounts owed to credit institutions | 75 | 261 | | | 9 | 4 | 268 | -487 | 130 |
| Deposits and borrowings from the public | 347 | 68 | 95 | | 2 | | 24 | -7 | 529 |
| Debt securities in issue | | 19 | 1 | | | | 758 | -21 | 757 |
| Financial liabilities for which customers bear inv. risk | 102 | | 2 | | | | | | 104 |
| Derivatives | | 66 | | | | | 20 | -25 | 61 |
| Other liabilities | 471 | 195 | 18 | 2 | 1 | | 13 | -640 | 60 |
| Subordinated liabilities | 9 | 7 | 5 | | 1 | | | -1 | 21 |
| **Total liabilities** | **1 004** | **616** | **121** | **2** | **13** | **4** | **1 083** | **-1 181** | **1 662** |
| Allocated equity | 25 | 16 | 25 | 2 | 4 | 2 | 22 | | 96 |
| **Total liabilities and equity** | **1 029** | **632** | **146** | **4** | **17** | **6** | **1 105** | **-1 181** | **1 758** |
| **Key figures** | | | | | | | | | |
| Return on allocated equity, % | 29.9 | 20.7 | 13.6 | 29.2 | 46.5 | 3.3 | -8.0 | | 15.3 |
| Loan/deposit ratio, % | 254 | 219 | 133 | | 484 | | | | 221 |
| Credit impairment ratio, % | 0.00 | -0.08 | -0.80 | | -8.72 | | | | -0.19 |
| Total provision ratio for impaired loans, % | 92 | 125 | 55 | | 64 | | | | 60 |
| Share of impaired loans, gross, % | 0.17 | 0.17 | 15.34 | | 47.24 | | | | 2.20 |
| Cost/income ratio | 0.49 | 0.44 | 0.43 | 0.52 | 0.85 | 0.72 | 1.53 | | 0.52 |
| Impaired loans, gross, SEKbn | 1.6 | 0.4 | 21.0 | | 7.7 | | | | 30.7 |
| Risk-weighted assets, SEKbn | 219 | 147 | 108 | 3 | 16 | 5 | 11 | | 509 |
| Full-time employees | 5 494 | 1 189 | 5 419 | 306 | 1 662 | 197 | 2 741 | | 17 008 |

| Jan-Jun<br>2010<br>SEKm | Retail | Large Corporates & Institutions | Baltic Banking | Asset Management | Russia & Ukraine | Ektornet | Group Functions | Eliminations | Group |
|---|---|---|---|---|---|---|---|---|---|
| **Income statement** | | | | | | | | | |
| Net interest income | 4 849 | 1 442 | 1 684 | -10 | 333 | -7 | -465 | -4 | 7 822 |
| Net commissions | 2 141 | 899 | 764 | 784 | 42 | | 25 | 22 | 4 677 |
| Net gains and losses on financial items at fair value | 74 | 748 | 174 | 12 | 50 | 4 | 407 | | 1 469 |
| Share of profit or loss of associates | 305 | | 1 | | | | | | 306 |
| Other income | 504 | 56 | 371 | 8 | 13 | 42 | 2 202 | -2 031 | 1 165 |
| **Total income** | **7 873** | **3 145** | **2 994** | **794** | **438** | **39** | **2 169** | **-2 013** | **15 439** |
| Staff costs | 1 968 | 579 | 539 | 199 | 216 | 33 | 1 044 | | 4 578 |
| Variable staff costs | 49 | 185 | -13 | 1 | | | -2 | | 220 |
| Other expenses | 2 216 | 815 | 795 | 184 | 210 | 84 | 1 298 | -2 013 | 3 589 |
| Depreciation/amortisation | 114 | 21 | 87 | 25 | 32 | 5 | 143 | | 427 |
| **Total expenses** | **4 347** | **1 600** | **1 408** | **409** | **458** | **122** | **2 483** | **-2 013** | **8 814** |
| **Profit before impairments** | **3 526** | **1 545** | **1 586** | **385** | **-20** | **-83** | **-314** | | **6 625** |
| Impairment of intangible assets | | | | | 14 | | | | 14 |
| Impairment of tangible assets | | | 149 | | 15 | | | | 164 |
| Credit impairments | 139 | -11 | 3 199 | | -180 | | 26 | | 3 173 |
| **Operating profit** | **3 387** | **1 556** | **-1 762** | **385** | **131** | **-83** | **-340** | | **3 274** |
| Tax expense | 949 | 359 | -224 | 88 | -8 | -6 | -17 | | 1 141 |
| Profit for the period | 2 438 | 1 197 | -1 538 | 297 | 139 | -77 | -323 | | 2 133 |
| **Profit for the period attributable to the shareholders of Swedbank AB** | **2 435** | **1 170** | **-1 538** | **297** | **139** | **-77** | **-323** | | **2 103** |
| Non-controlling interests | 3 | 27 | | | | | | | 30 |
| **Balance sheet, SEKbn** | | | | | | | | | |
| Cash and balances with central banks | 3 | 1 | 14 | | 2 | | | | 20 |
| Loans to credit institutions | 27 | 605 | 12 | 2 | 3 | 1 | 357 | -803 | 204 |
| Loans to the public | 859 | 218 | 146 | | 17 | | 12 | -13 | 1 239 |
| Bonds and other interest-bearing securities | | 199 | 14 | | | | 22 | -19 | 216 |
| Financial assets for which customers bear inv. risk | 83 | | 2 | | | | | | 85 |
| Derivatives | | 96 | | | | | 25 | -32 | 89 |
| Other assets | 17 | 9 | 22 | 2 | 5 | 1 | 699 | -703 | 52 |
| **Total assets** | **989** | **1 128** | **210** | **4** | **27** | **2** | **1 115** | **-1 570** | **1 905** |
| Amounts owed to credit institutions | 77 | 493 | 66 | | 13 | 1 | 354 | -760 | 244 |
| Deposits and borrowings from the public | 325 | 85 | 96 | | 7 | | 20 | -4 | 529 |
| Debt securities in issue | | 72 | 1 | | | | 701 | -63 | 711 |
| Financial liabilities for which customers bear inv. risk | 89 | | 2 | | | | | | 91 |
| Derivatives | | 91 | | | | | 18 | -32 | 77 |
| Other liabilities | 464 | 359 | | 2 | | | 9 | -705 | 129 |
| Subordinated liabilities | 12 | 11 | 8 | | 3 | | 5 | -6 | 33 |
| **Total liabilities** | **967** | **1 111** | **173** | **2** | **23** | **1** | **1 107** | **-1 570** | **1 814** |
| Allocated equity | 22 | 17 | 37 | 2 | 4 | 1 | 8 | | 91 |
| **Total liabilities and equity** | **989** | **1 128** | **210** | **4** | **27** | **2** | **1 115** | **-1 570** | **1 905** |
| **Key figures** | | | | | | | | | |
| Return on allocated equity, % | 22.0 | 13.8 | -8.1 | 27.4 | 6.3 | -24.7 | -11.9 | | 4.7 |
| Loan/deposit ratio, % | 266 | 173 | 151 | | 255 | | | | 229 |
| Credit impairment ratio, % | 0.03 | -0.01 | 3.90 | | -1.83 | | | | 0.46 |
| Total provision ratio for impaired loans, % | 84 | 112 | 59 | | 66 | | | | 64 |
| Share of impaired loans, gross, % | 0.23 | 0.25 | 16.81 | | 44.98 | | | | 2.90 |
| Cost/income ratio | 0.55 | 0.51 | 0.47 | 0.52 | 1.05 | 3.13 | 1.14 | | 0.57 |
| Impaired loans, gross, SEKbn | 2.0 | 1.0 | 27.3 | | 12.4 | | | | 42.7 |
| Risk-weighted assets, SEKbn | 229 | 167 | 152 | 3 | 23 | 2 | 3 | | 579 |
| Full-time employees | 5 573 | 1 166 | 5 590 | 289 | 2 085 | 123 | 2 703 | | 17 529 |

# Business area accounting policies

The operating segment report is based on Swedbank’s accounting policies, organisation and management accounts. Market-based transfer prices are applied between operating segments, while all expenses for IT, other Group Functions and Group Staffs are transfer priced at cost price. Executive management expenses are not distributed. Cross-border transfer pricing is applied according to OECD transfer pricing guidelines.

The Group’s equity attributable to shareholders is allocated to each operating segment based on capital adequacy rules and estimated capital requirements.

Return on equity for the operating segments is based on operating profit less estimated tax and non-controlling interests in relation to average allocated equity.

As of the second quarter 2011, operating segment balance sheets are presented in more detail. Each operating segment’s balance sheet now also contains transactions with other business segments. Comparison figures for 2010 have been recalculated as per the new presentation method.

## Note 5 Net interest income

| Group<br>SEKm | Q2<br>2011 | Q1<br>2011 | % | Q2<br>2010 | % | Jan-Jun<br>2011 | Jan-Jun<br>2010 | % |
|---|---|---|---|---|---|---|---|---|
| **Interest income** | | | | | | | | |
| Loans to credit institutions | 489 | 347 | 41 | 221 | | 836 | 409 | |
| Loans to the public | 11 713 | 10 828 | 8 | 8 778 | 33 | 22 541 | 17 831 | 26 |
| Interest-bearing securities | 1 015 | 619 | 64 | 315 | | 1 634 | 663 | |
| Derivatives[1] | -53 | 245 | | -160 | -67 | 192 | -173 | |
| Other | 46 | 62 | -26 | 34 | 35 | 108 | 92 | 17 |
| **Total interest income** | **13 210** | **12 101** | **9** | **9 188** | **44** | **25 311** | **18 822** | **34** |
| **Interest expenses** | | | | | | | | |
| Amounts owed to credit institutions | -360 | -270 | 33 | -375 | -4 | -630 | -664 | -5 |
| Deposits and borrowings from the public | -1 853 | -1 482 | 25 | -934 | 98 | -3 335 | -2 044 | 63 |
| of which deposit guarantee fees | -140 | -108 | 30 | -101 | 39 | -248 | -206 | 20 |
| Debt securities in issue | -5 778 | -5 206 | 11 | -5 286 | 9 | -10 984 | -10 730 | 2 |
| of which commissions for funding with government guarantee | -293 | -345 | -15 | -400 | -27 | -638 | -837 | -24 |
| Subordinated liabilities | -292 | -317 | -8 | -330 | -12 | -609 | -735 | -17 |
| Derivatives | -168 | -29 | | 1 610 | | -197 | 3 323 | |
| Other | -19 | -270 | -93 | -74 | -74 | -289 | -150 | 93 |
| of which government stabilisation fund fee | -132 | -121 | 9 | -58 | | -253 | -115 | |
| **Total interest expenses** | **-8 470** | **-7 574** | **12** | **-5 389** | **57** | **-16 044** | **-11 000** | **46** |
| **Net interest income** | **4 740** | **4 527** | **5** | **3 799** | **25** | **9 267** | **7 822** | **18** |
| **Net interest margin** | **1.09** | **1.06** | | **0.83** | | **1.07** | **0.87** | |

[1] See note 1, Accounting policies, for more information.

## Note 6 Net commissions

| Group<br>SEKm | Q2<br>2011 | Q1<br>2011 | % | Q2<br>2010 | % | Jan-Jun<br>2011 | Jan-Jun<br>2010 | % |
|---|---|---|---|---|---|---|---|---|
| **Commission income** | | | | | | | | |
| Payment processing | 1 371 | 1 268 | 8 | 1 377 | 0 | 2 639 | 2 689 | -2 |
| Asset management | 1 020 | 1 032 | -1 | 1 020 | 0 | 2 052 | 2 023 | 1 |
| Life insurance | 134 | 131 | 2 | 120 | 12 | 265 | 234 | 13 |
| Brokerage | 117 | 152 | -23 | 161 | -27 | 269 | 330 | -18 |
| Other securities | 24 | 37 | -35 | 61 | -61 | 61 | 99 | -38 |
| Corporate finance | 77 | 49 | 57 | 111 | -31 | 126 | 172 | -27 |
| Lending | 105 | 214 | -51 | 153 | -31 | 319 | 287 | 11 |
| Guarantees | 49 | 54 | -9 | 52 | -6 | 103 | 117 | -12 |
| Deposits | 16 | 20 | -20 | 17 | -6 | 36 | 42 | -14 |
| Real estate brokerage | 48 | 35 | 37 | 47 | 2 | 83 | 80 | 4 |
| Non-life insurance | 6 | 7 | -14 | 9 | -33 | 13 | 26 | -50 |
| Other commission income | 206 | 196 | 5 | 169 | 22 | 402 | 334 | 20 |
| **Total commission income** | **3 173** | **3 195** | **-1** | **3 297** | **-4** | **6 368** | **6 433** | **-1** |
| **Commission expenses** | | | | | | | | |
| Payment processing | -546 | -543 | 1 | -547 | 0 | -1 089 | -1 080 | 1 |
| Asset management | -32 | -27 | 19 | -29 | 10 | -59 | -48 | 23 |
| Life insurance | -56 | -56 | 0 | -66 | -15 | -112 | -114 | -2 |
| Brokerage | -5 | | | -2 | | -5 | -4 | 25 |
| Other securities | -47 | -49 | -4 | -63 | -25 | -96 | -123 | -22 |
| Lending and guarantees | -18 | -16 | 13 | -5 | | -34 | -35 | -3 |
| Other commission expenses | -225 | -203 | 11 | -190 | 18 | -428 | -352 | 22 |
| **Total commission expenses** | **-929** | **-894** | **4** | **-902** | **3** | **-1 823** | **-1 756** | **4** |
| **Total net commissions** | **2 244** | **2 301** | **-2** | **2 395** | **-6** | **4 545** | **4 677** | **-3** |

# Note 7 Net gains and losses on financial items at fair value

| Group<br>SEKm | Q2<br>2011 | Q1<br>2011 | % | Q2<br>2010 | % | Jan-Jun<br>2011 | Jan-Jun<br>2010 | % |
|---|---|---|---|---|---|---|---|---|
| **Valuation category, fair value through profit or loss** | | | | | | | | |
| Shares and related derivatives | 147 | 94 | 56 | 337 | -56 | 241 | 747 | -68 |
| of which dividend | 119 | 16 | | 148 | -20 | 135 | 188 | -28 |
| Interest-bearing instruments and related derivatives | 4 262 | -327 | | -2 302 | | 3 935 | -7 926 | |
| Loans | 1 320 | -1 861 | | -288 | | -541 | -607 | -11 |
| Financial liabilities | -5 500 | 1 933 | | 2 610 | | -3 567 | 8 231 | |
| Other financial instruments | 3 | 12 | -75 | -1 | | 15 | -16 | |
| **Total fair value through profit or loss** | **232** | **-149** | | **356** | -35 | **83** | **429** | -81 |
| **Hedge accounting** | | | | | | | | |
| Inefficiency in hedge accounting at fair value | 69 | 27 | | 78 | -12 | 96 | 232 | -59 |
| of which hedging instruments | 3 782 | -5 170 | | 2 036 | 86 | -1 388 | 3 900 | |
| of which hedged items | -3 713 | 5 197 | | -1 958 | 90 | 1 484 | -3 668 | |
| **Total hedge accounting** | **69** | **27** | | **78** | **-12** | **96** | **232** | **-59** |
| **Loan receivables at amortised cost** | **-9** | **9** | | **30** | | | **59** | |
| **Financial liabilities valued at amortised cost** | **-13** | **-26** | **-50** | | | **-39** | | |
| **Change in exchange rates** | **232** | **394** | **-41** | **358** | **-35** | **626** | **749** | **-16** |
| **Total net gains and losses on financial items at fair value** | **511** | **255** | | **822** | **-38** | **766** | **1 469** | **-48** |
| **Distribution by business purpose** | | | | | | | | |
| **Financial instruments for trading related business** | **247** | **495** | **-50** | **703** | **-65** | **742** | **1 143** | **-35** |
| **Financial instruments intended to be held to contractual maturity** | **264** | **-240** | | **119** | | **24** | **326** | **-93** |
| **Total** | **511** | **255** | | **822** | **-38** | **766** | **1 469** | **-48** |

# Note 8 Other expenses

| Group<br>SEKm | Q2<br>2011 | Q1<br>2011 | % | Q2<br>2010 | % | Jan-Jun<br>2011 | Jan-Jun<br>2010 | % |
|---|---|---|---|---|---|---|---|---|
| Premises and rents | 335 | 339 | -1 | 347 | -3 | 674 | 708 | -5 |
| IT expenses | 402 | 399 | 1 | 410 | -2 | 801 | 806 | -1 |
| Telecommunications and postage | 52 | 76 | -32 | 63 | -17 | 128 | 138 | -7 |
| Advertising, PR and marketing | 106 | 72 | 47 | 88 | 20 | 178 | 161 | 11 |
| Consultants | 166 | 151 | 10 | 232 | -28 | 317 | 464 | -32 |
| Other purchased services | 204 | 183 | 11 | 204 | 0 | 387 | 382 | 1 |
| Security transport and alarm systems | 113 | 108 | 5 | 73 | 55 | 221 | 181 | 22 |
| Supplies | 47 | 55 | -15 | 51 | -8 | 102 | 117 | -13 |
| Travel | 64 | 59 | 8 | 60 | 7 | 123 | 110 | 12 |
| Entertainment | 23 | 21 | 10 | 20 | 15 | 44 | 43 | 2 |
| Repair/maintenance of inventories | 57 | 47 | 21 | 44 | 30 | 104 | 95 | 9 |
| Other expenses | 164 | 183 | -10 | 189 | -13 | 347 | 384 | -10 |
| **Total other expenses** | **1 733** | **1 693** | **2** | **1 781** | **-3** | **3 426** | **3 589** | **-5** |

# Note 9 Credit impairments

| Group<br>SEKm | Q2<br>2011 | Q1<br>2011 | % | Q2<br>2010 | % | Jan-Jun<br>2011 | Jan-Jun<br>2010 | % |
|---|---|---|---|---|---|---|---|---|
| **Provision for loans individually assessed as impaired** | | | | | | | | |
| Provisions | 383 | 476 | -20 | 1 158 | -67 | 859 | 2 458 | -65 |
| Reversal of previous provisions | -830 | -924 | -10 | -289 | | -1 754 | -827 | |
| Provision for homogenous groups of impaired loans, net | 184 | -115 | | 451 | -59 | 69 | 1 815 | -96 |
| **Total** | **-263** | **-563** | **-53** | **1 320** | | **-826** | **3 446** | |
| **Portfolio provisions for loans individually assessed as not impaired** | **-36** | **-607** | **-94** | **-581** | **-94** | **-643** | **-932** | **-31** |
| **Write-offs** | | | | | | | | |
| Established losses | 1 102 | 831 | 33 | 642 | 72 | 1 933 | 1 449 | 33 |
| Utilisation of previous provisions | -846 | -554 | 53 | -345 | | -1 400 | -603 | |
| Recoveries | -137 | -65 | | -180 | -24 | -202 | -300 | -33 |
| **Total** | **119** | **212** | **-44** | **117** | **2** | **331** | **546** | **-39** |
| **Credit impairments for contingent liabilities and other credit risk exposures** | **-144** | **-14** | | **107** | | **-158** | **113** | |
| **Credit impairments** | **-324** | **-972** | **-67** | **963** | | **-1 296** | **3 173** | |
| Credit impairment ratio, % | -0.09 | -0.29 | | 0.28 | | -0.19 | 0.46 | |

# Note 10 Loans

| Group | 30 Jun 2011 | | | 31 Dec 2010 | | 30 Jun 2010 | |
|---|---|---|---|---|---|---|---|
| SEKm | Loans before provisions | Provisions | Loans after provisions Carrying amount | Loans after provisions Carrying amount | % | Loans after provisions Carrying amount | % |
| **Loans to credit institutions** | | | | | | | |
| Banks | 144 117 | 76 | 144 041 | 126 034 | 14 | 142 359 | 1 |
| Repurchase agreements, banks | 39 748 | | 39 748 | 27 233 | 46 | 60 710 | -35 |
| Other credit institutions | 555 | | 555 | 386 | 44 | | |
| Repurchase agreements, other credit institutions | 18 183 | | 18 183 | 12 764 | 42 | 1 258 | |
| **Loans to credit institutions** | **202 603** | **76** | **202 527** | **166 417** | **22** | **204 327** | **-1** |
| **Loans to the public** | | | | | | | |
| Private customers | 665 058 | 4 156 | 660 902 | 656 351 | 1 | 648 959 | 2 |
| Private, mortgage | 624 764 | 2 973 | 621 791 | 616 440 | 1 | 605 790 | 3 |
| Private,other | 40 294 | 1 183 | 39 111 | 39 911 | -2 | 43 169 | -9 |
| Corporate customers | 500 061 | 14 156 | 485 905 | 489 645 | -1 | 510 336 | -5 |
| Agriculture, forestry, fishing | 61 262 | 413 | 60 849 | 59 091 | 3 | 58 184 | 5 |
| Manufacturing | 32 460 | 2 663 | 29 797 | 29 329 | 2 | 32 457 | -8 |
| Public sector and utilities | 14 555 | 77 | 14 478 | 16 171 | -10 | 14 975 | -3 |
| Construction | 13 922 | 1 277 | 12 645 | 12 749 | -1 | 13 513 | -6 |
| Retail | 25 835 | 1 838 | 23 997 | 22 990 | 4 | 24 859 | -3 |
| Transportation | 12 168 | 349 | 11 819 | 13 061 | -10 | 14 488 | -18 |
| Shipping | 16 993 | 300 | 16 693 | 15 605 | 7 | 16 268 | 3 |
| Hotels and restaurants | 7 082 | 366 | 6 716 | 6 910 | -3 | 7 299 | -8 |
| Information and communications | 2 341 | 53 | 2 288 | 2 216 | 3 | 1 439 | 59 |
| Finance and insurance | 16 489 | 97 | 16 392 | 10 694 | 53 | 17 182 | -5 |
| Property management | 144 374 | 5 045 | 139 329 | 148 196 | -6 | 155 926 | -11 |
| Housing cooperatives | 72 077 | 98 | 71 979 | 71 829 | 0 | 67 436 | 7 |
| Professional services | 32 943 | 580 | 32 363 | 28 012 | 16 | 35 123 | -8 |
| Other corporate lending | 47 560 | 1 000 | 46 560 | 52 792 | -12 | 51 187 | -9 |
| **Loans to the public excluding the Swedish National Debt Office and repurchase agreements** | **1 165 119** | **18 312** | **1 146 807** | **1 145 996** | **0** | **1 159 295** | **-1** |
| Swedish National Debt Office | 1 445 | | 1 445 | 1 | | 1 | |
| Repurchase agreements, Swedish National Debt Office | 7 722 | | 7 722 | 19 778 | -61 | 23 087 | -67 |
| Repurchase agreements, public | 18 964 | | 18 964 | 21 451 | -12 | 56 721 | -67 |
| **Loans to the public** | **1 193 250** | **18 312** | **1 174 938** | **1 187 226** | **-1** | **1 239 104** | **-5** |
| **Loans to the public and credit institutions** | **1 395 853** | **18 388** | **1 377 465** | **1 353 643** | **2** | **1 443 431** | **-5** |

## Note 11 Impaired loans etc.

| Group<br>SEKm | 30 Jun<br>2011 | 31 Dec<br>2010 | % | 30 Jun<br>2010 | % |
|---|---|---|---|---|---|
| Impaired loans, gross | 30 669 | 34 778 | -12 | 42 719 | -28 |
| Provisions for individually assessed impaired loans | 11 979 | 14 444 | -17 | 18 092 | -34 |
| Provision for homogenous groups of impaired loans | 3 973 | 4 050 | -2 | 4 936 | -20 |
| **Impaired loans, net** | **14 717** | **16 285** | **-10** | **19 691** | **-25** |
| of which private customers | 5 709 | 6 055 | -6 | 6 564 | -13 |
| of which corporate customers | 9 008 | 10 230 | -12 | 13 127 | -31 |
| Portfolio provisions for loans individually assessed as not impaired | 2 436 | 3 297 | -26 | 4 104 | -41 |
| Share of impaired loans, gross, % | 2.20 | 2.53 | | 2.90 | |
| Share of impaired loans, net, % | 1.07 | 1.20 | | 1.36 | |
| Provision ratio for impaired loans, % | 52 | 53 | | 54 | |
| Total provision ratio for impaired loans, % * | 60 | 63 | | 64 | |
| **Past due loans that are not impaired** | **5 018** | **7 017** | **-28** | **6 525** | **-23** |
| of which past due 5-30 days | 3 302 | 4 131 | -20 | 3 853 | -14 |
| of which past due 31-60 days | 1 132 | 2 035 | -44 | 1 826 | -38 |
| of which past due 61 days or more | 584 | 851 | -31 | 846 | -31 |

* Total provision i.e. all provisions for claims in relation to impaired loans, gross.

## Note 12 Assets taken over for protection of claims and cancelled leases

| Group<br>SEKm | 30 Jun<br>2011 | 31 Dec<br>2010 | % | 30 Jun<br>2010 | % |
|---|---|---|---|---|---|
| Buildings and land | 4 332 | 3 299 | 31 | 1 139 | |
| Shares and participating interests | 137 | 184 | -26 | 108 | 27 |
| Other property taken over | 28 | 30 | -8 | 18 | 54 |
| **Total assets taken over for protection of claims** | **4 497** | **3 513** | **28** | **1 265** | |
| Cancelled leases | 271 | 333 | -18 | 568 | -52 |
| **Total assets taken over for protection of claims and cancelled leases** | **4 769** | **3 846** | **24** | **1 833** | |
| of which buildings and land acquired by Ektornet | 4 040 | 2 872 | 41 | 1 010 | |

## Note 13 Credit exposures

| Group<br>SEKm | 30 Jun<br>2011 | 31 Dec<br>2010 | % | 30 Jun<br>2010 | % |
|---|---|---|---|---|---|
| **Assets** | | | | | |
| Cash and balances with central banks | 11 954 | 17 109 | -30 | 19 833 | -40 |
| Interest-bearing securities | 148 436 | 131 576 | 13 | 215 569 | -31 |
| Loans to credit institutions | 202 527 | 166 417 | 22 | 204 327 | -1 |
| Loans to the public | 1 174 938 | 1 187 226 | -1 | 1 239 104 | -5 |
| Derivatives | 60 371 | 65 051 | -7 | 89 199 | -32 |
| Other financial assets | 21 555 | 13 687 | 57 | 13 853 | 56 |
| **Total assets** | **1 619 781** | **1 581 066** | **2** | **1 781 885** | **-9** |
| **Contingent liabilities and commitments** | | | | | |
| Loan guarantees | 22 563 | 25 321 | -11 | 28 688 | -21 |
| Loan commitments | 189 699 | 175 382 | 8 | 179 485 | 6 |
| **Total contingent liabilities and commitments** | **212 262** | **200 703** | **6** | **208 173** | **2** |
| **Total credit exposure** | **1 832 043** | **1 781 769** | **3** | **1 990 058** | **-8** |

# Note 14 Intangible assets

| Group SEKm | 30 Jun 2011 | 31 Dec 2010 | % | 30 Jun 2010 | % |
|---|---|---|---|---|---|
| **With indefinite useful life** | | | | | |
| Goodwill | 13 933 | 13 733 | 1 | 14 416 | -3 |
| **Total** | **13 933** | **13 733** | **1** | **14 416** | **-3** |
| **With finite useful life** | | | | | |
| Customer base | 1 053 | 1 105 | -5 | 1 183 | -11 |
| Other | 994 | 956 | 4 | 993 | 0 |
| **Total** | **2 047** | **2 061** | **-1** | **2 176** | **-6** |
| **Total intangible assets** | **15 980** | **15 794** | **1** | **16 592** | **-4** |

| Goodwill | Jan-Jun 2011 | Full-year 2010 | Jan-Jun 2010 |
|---|---|---|---|
| **Cost** | | | |
| **Opening balance** | **16 026** | **17 765** | **17 765** |
| Translation differences | 350 | -1 739 | -685 |
| **Closing balance** | **16 376** | **16 026** | **17 080** |
| **Accumulated amortisation and impairments** | | | |
| **Opening balance** | **-2 293** | **-2 397** | **-2 397** |
| Impairments | 0 | -37 | -14 |
| Translation differences | -150 | 141 | -253 |
| **Closing balance** | **-2 443** | **-2 293** | **-2 664** |
| **Carrying amount** | **13 933** | **13 733** | **14 416** |

# Impairment testing of intangible assets

Goodwill and other intangible assets are tested for impairment annually or when there are indications that the recoverable amount of the assets is lower than their carrying amount. The recoverable amount is the highest of fair value less costs to sell and value in use. Swedbank calculates value in use by estimating an asset's future cash flows and calculates these at present value with a discount rate. Estimated cash flows and discount rates are derived from external sources whenever possible and appropriate, but must in large part be determined based on management's own assumptions. Management also determines whether there is any need for a new test during the year.

There have been no indications in 2011 that signified the need for new impairment testing.

# Note 15 Amounts owed to credit institutions

| Group SEKm | 30 Jun 2011 | 31 Dec 2010 | % | 30 Jun 2010 | % |
|---|---|---|---|---|---|
| **Amounts owed to credit institutions** | | | | | |
| Central banks | 3 525 | 116 | | 89 177 | -96 |
| Banks | 104 171 | 113 123 | -8 | 88 328 | 18 |
| Other credit institutions | 3 580 | 3 765 | -5 | 40 251 | -91 |
| Repurchase agreements, banks | 11 758 | 14 132 | -17 | 18 767 | -37 |
| Repurchase agreements, other credit institutions | 7 141 | 5 630 | 27 | 7 424 | -4 |
| **Amounts owed to credit institutions** | **130 175** | **136 766** | **-5** | **243 947** | **-47** |

# Note 16 Deposits from the public

| Group SEKm | 30 Jun 2011 | 31 Dec 2010 | % | 30 Jun 2010 | % |
|---|---|---|---|---|---|
| **Deposits from the public** | | | | | |
| Private customers | 309 788 | 302 851 | 2 | 293 007 | 6 |
| Corporate customers | 209 569 | 214 234 | -2 | 212 142 | -1 |
| **Deposits from the public excluding the Swedish National Debt Office and repurchase agreements** | **519 357** | **517 085** | **0** | **505 149** | **3** |
| Swedish National Debt Office | 2 | 7 | -71 | 9 | -78 |
| Repurchase agreements, Swedish National Debt Office | 2 685 | 7 764 | -65 | 4 358 | -38 |
| Repurchase agreements, public | 6 948 | 9 381 | -26 | 19 532 | -64 |
| **Deposits and borrowings from the public** | **528 992** | **534 237** | **-1** | **529 048** | **0** |

# Note 17 Debt securities in issue

| Group<br>SEKm | 30 Jun<br>2011 | 31 Dec<br>2010 | % | 30 Jun<br>2010 | % |
|---|---|---|---|---|---|
| Other commercial paper | 94 907 | 64 375 | 47 | 61 772 | 54 |
| Covered bonds | 488 046 | 410 369 | 19 | 406 707 | 20 |
| Government guaranteed bonds | 119 832 | 156 045 | -23 | 175 866 | -32 |
| Other interest-bearing bonds | 35 298 | 35 196 | 0 | 35 011 | 1 |
| Structured retail bonds | 19 120 | 20 532 | -7 | 31 153 | -39 |
| **Total debt securities in issue** | **757 203** | **686 517** | **10** | **710 509** | **7** |

| Turnover during the period | Jan-Jun<br>2011 | Full-year<br>2010 | | Jan-Jun<br>2010 | |
|---|---|---|---|---|---|
| **Opening balance** | **686 517** | **703 257** | **-2** | **703 257** | **-2** |
| Issued | 377 060 | 549 902 | -31 | 263 263 | 43 |
| Repurchased | -42 286 | -62 569 | -32 | -39 790 | 6 |
| Repaid | -265 982 | -480 934 | -45 | -207 802 | 28 |
| Change in market value | 3 789 | -7 671 | | -7 670 | |
| Changes in exchange rates | -1 895 | -15 468 | -88 | -749 | |
| **Closing balance** | **757 203** | **686 517** | **10** | **710 509** | **7** |

# Note 18 Derivatives

The Group trades derivatives in the normal course of business and to hedge certain positions with regard to the value of equities, interest rates and currencies.

| | Nominal amount 30 Jun 2011<br>Remaining contractual maturity | | | Nominal amount | | Positive fair value | | Negative fair value | |
|---|---|---|---|---|---|---|---|---|---|
| Group<br>SEKm | < 1 yr. | 1-5 yrs. | > 5 yrs. | 30 Jun<br>2011 | 31 Dec<br>2010 | 30 Jun<br>2011 | 31 Dec<br>2010 | 30 Jun<br>2011 | 31 Dec<br>2010 |
| Derivatives in hedge accounting | 77 605 | 57 842 | 4 288 | 139 734 | 153 371 | 2 471 | 4 986 | 5 | |
| Derivatives in cash flow hedges | 4 420 | 13 701 | 22 238 | 40 359 | 42 049 | 3 | | 3 610 | 3 939 |
| Derivatives in hedges of net investment in foreign operations | | | | | 915 | | 6 | 0 | |
| Other derivatives | 8 249 266 | 3 302 716 | 565 717 | 12 117 699 | 10 577 477 | 60 161 | 62 955 | 59 550 | 64 892 |
| Netting agreements | | | | | | -2 264 | -2 896 | -2 264 | -2 896 |
| **Total** | **8 331 291** | **3 374 259** | **592 243** | **12 297 792** | **10 773 811** | **60 371** | **65 051** | **60 901** | **65 935** |
| of which cleared | | | | 734 525 | 236 119 | 2 205 | 2 979 | 2 869 | 3 589 |

# Note 19 Financial instruments carried at fair value

| Group<br>30 Jun 2011<br>SEKm | Instruments with quoted market prices in active markets (Level 1) | Valuation techniques using observable market data (Level 2) | Valuation techniques using non-observable market data (Level 3) | Total |
|---|---|---|---|---|
| **Determination of fair value from quoted market prices or valuation techniques** | | | | |
| **Assets** | | | | |
| Treasury bills and other bills eligible for refinancing with central banks | 33 883 | 1 476 | | 35 359 |
| Loans to credit institutions | 179 | 110 297 | | 110 476 |
| Loans to the public | 3 | 513 517 | | 513 520 |
| Bonds and other interest-bearing securities | 82 050 | 25 488 | 644 | 108 182 |
| Financial assets for which the customers bear the investment risk | 104 255 | | | 104 255 |
| Shares and participating interests | 2 215 | 244 | | 2 459 |
| Derivatives | 2 263 | 58 108 | | 60 371 |
| **Total** | **224 848** | **709 130** | **644** | **934 622** |
| **Liabilities** | | | | |
| Amounts owed to credit institutions | | 18 899 | | 18 899 |
| Deposits and borrowings from the public | | 38 371 | | 38 371 |
| Debt securities in issue | 68 181 | 127 867 | | 196 048 |
| Financial liabilities for which the customers bear the investment risk | | 104 499 | | 104 499 |
| Derivatives | 2 955 | 57 941 | 5 | 60 901 |
| Short positions securities | 28 342 | | | 28 342 |
| **Total** | **99 478** | **347 577** | **5** | **447 060** |

The table above contains financial instruments measured at fair value as of 30 June 2011 by valuation level. Level 1 contains financial instruments where fair value is determined on the basis of quoted market prices on an active market. Level 2 contains financial instruments where fair value is determined on the basis of valuation models based on observable market data. Level 3 contains financial instruments where fair value is determined on the basis of valuation models based primarily on observable market data, but in this case also using internal estimates. Level 3 principally contains corporate bonds. For corporate bonds where there is no observable quoted price for the current credit spread, a reasonable assumption is used, such as a comparison with similar counterparties where there is an observable quoted credit spread price.

| Group<br>31 Dec 2010<br>SEKm | Instruments with quoted market prices in active markets (Level 1) | Valuation techniques using observable market data (Level 2) | Valuation techniques using non-observable market data (Level 3) | Total |
|---|---|---|---|---|
| **Determination of fair value from quoted market prices or valuation techniques** | | | | |
| **Assets** | | | | |
| Treasury bills and other bills eligible for refinancing with central banks | 33 658 | | | 33 658 |
| Loans to credit institutions | 6 | 40 545 | | 40 551 |
| Loans to the public | 24 | 545 707 | | 545 731 |
| Bonds and other interest-bearing securities | 69 126 | 22 324 | 691 | 92 141 |
| Financial assets for which the customers bear the investment risk | 100 628 | | | 100 628 |
| Shares and participating interests | 5 801 | 323 | | 6 124 |
| Derivatives | 2 997 | 62 054 | | 65 051 |
| **Total** | **212 240** | **670 953** | **691** | **883 884** |
| **Liabilities** | | | | |
| Amounts owed to credit institutions | | 19 763 | | 19 763 |
| Deposits and borrowings from the public | | 28 374 | | 28 374 |
| Debt securities in issue | 72 880 | 106 381 | | 179 261 |
| Financial liabilities for which the customers bear the investment risk | | 100 988 | | 100 988 |
| Derivatives | 3 615 | 62 311 | 9 | 65 935 |
| Short positions securities | 34 162 | 17 | | 34 179 |
| **Total** | **110 657** | **317 834** | **9** | **428 500** |

# Note 20 Pledged collateral

| Group<br>SEKm | 30 Jun 2011 | 31 Dec 2010 | % | 30 Jun 2010 | % |
|---|---|---|---|---|---|
| Loan receivables | 655 716 | 640 207 | 2 | 620 417 | 6 |
| Financial assets pledged for policyholders | 102 992 | 99 475 | 4 | 84 094 | 22 |
| Other assets pledged | 52 854 | 52 428 | 1 | 81 665 | -35 |
| **Pledged collateral** | **811 562** | **792 110** | **2** | **786 176** | **3** |

# Note 21 Capital adequacy

| **Swedbank financial companies group**<br>**SEKm** | **30 Jun**<br>**2011** | **31 Dec**<br>**2010** | **% or**<br>**pp** | **30 Jun**<br>**2010** | **% or**<br>**pp** |
|---|---|---|---|---|---|
| Shareholders' equity according to the Group's balance sheet | 95 923 | 94 897 | 1 | 91 007 | 5 |
| Non-controlling interests | 135 | 138 | -2 | 260 | -48 |
| Anticipated dividend | -3 652 | -2 995 | 22 | -812 | |
| Deconsolidation of insurance companies | -1 579 | -1 395 | 13 | -1 128 | -40 |
| Associated companies consolidated according to purchase method | 1 500 | 1 332 | 13 | 1 255 | 20 |
| Unrealised value changes in financial liabilities due to changes in own creditworthiness | -2 | -10 | -80 | -49 | -96 |
| Cash flow hedges | 116 | 44 | | 167 | -31 |
| Goodwill | -13 375 | -12 966 | 3 | -13 638 | 2 |
| Deferred tax assets | -1 016 | -1 213 | -16 | -1 337 | -24 |
| Intangible assets | -1 788 | -1 794 | 0 | -1 899 | 6 |
| Net provisions for reported IRB credit exposures | -754 | -534 | 41 | -113 | |
| Shares deducted from Tier 1 capital | -45 | -34 | 32 | -31 | -45 |
| **Total core Tier 1 capital** | **75 463** | **75 470** | **0** | **73 682** | **2** |
| Tier 1 capital contributions | 6 776 | 6 915 | -2 | 7 489 | -10 |
| of which undated Tier 1 instruments that must be converted in a critical situation. | 0 | | | | |
| of which Undated Tier 1 instruments without incentives to redeem. | 536 | 535 | 0 | 535 | 0 |
| of which Fixed-term Tier instruments or undated Tier 1 instruments with incentives to redeem. | 6 240 | 6 380 | -2 | 6 954 | -10 |
| **Total Tier 1 capital** | **82 239** | **82 385** | **0** | **81 171** | **1** |
| Undated subordinated loans | 1 481 | 2 458 | -40 | 4 537 | -67 |
| Fixed-term subordinated loans | 12 846 | 18 313 | -30 | 20 626 | -38 |
| Net provisions for reported IRB credit exposures | -754 | -534 | 41 | -113 | |
| Shares deducted from Tier 2 capital | -45 | -34 | 32 | -31 | -45 |
| **Total Tier 2 capital** | **13 528** | **20 203** | **-33** | **25 019** | **-46** |
| Deduction of shares in insurance companies | -2 907 | -2 901 | 0 | -2 668 | -9 |
| **Total capital base** | **92 860** | **99 687** | **-7** | **103 522** | **-10** |
| **Risk-weighted assets** | **509 326** | **541 327** | **-6** | **579 391** | **-12** |
| Capital requirement for credit risks, standardised approach | 2 549 | 2 723 | -6 | 3 541 | -28 |
| Capital requirement for credit risks, IRB | 32 126 | 33 678 | -5 | 35 548 | -10 |
| Capital requirement for settlement risks | 2 | 0 | | 1 | 100 |
| Capital requirement for market risks | 1 711 | 2 340 | -27 | 2 696 | -37 |
| of which risks in the trading book outside VaR | 620 | 638 | -3 | 812 | -24 |
| of which currency risks outside VaR | 796 | 1 443 | -45 | 1 550 | -49 |
| of which risks where VaR models are applied | 295 | 259 | 14 | 334 | -12 |
| Capital requirement for operational risks | 4 359 | 4 565 | -5 | 4 565 | -5 |
| **Capital requirement** | **40 747** | **43 306** | **-6** | **46 351** | **-12** |
| Complement during transition period | 18 843 | 16 729 | 13 | 15 422 | 22 |
| **Capital requirement including complement** | **59 590** | **60 035** | **-1** | **61 773** | **-4** |
| Capital quotient, Basel 2 | 2.28 | 2.30 | -0.02 | 2.23 | 0.05 |
| Core Tier 1 capital ratio, %, Basel 2 | 14.8 | 13.9 | 0.9 | 12.7 | 2.1 |
| Tier 1 capital ratio, %, Basel 2 | 16.1 | 15.2 | 0.9 | 14.0 | 2.1 |
| Total capital adequacy ratio, %, Basel 2 | 18.2 | 18.4 | -0.2 | 17.9 | 0.4 |
| Capital quotient, transition rules | 1.56 | 1.66 | -0.10 | 1.68 | -0.12 |
| Core Tier 1 capital ratio, %, transition rules | 10.1 | 10.1 | 0.1 | 9.5 | 0.6 |
| Tier 1 capital ratio, %, transition rules | 11.0 | 11.0 | 0.1 | 10.5 | 0.5 |
| Total capital adequacy ratio, %, transition rules | 12.5 | 13.3 | -0.8 | 13.4 | -0.9 |

The Internal Ratings-Based Approach (IRB) is applied to the Swedish parts of Swedbank financial companies group, including the branch offices in New York and Oslo, but excluding EnterCard and certain exposure classes such as the Swedish state and Swedish municipalities, where the method is considered less suitable. The IRB approach is also applied to the majority of exposure classes in the Baltic countries.

As of 30 June 2011 the Swedbank financial companies group included the Swedbank Group, the EnterCard Group, Sparbanken Rekarne AB, Färs och Frosta Sparbank AB, Swedbank Sjuhärad AB, Vimmerby Sparbank AB, Bankernas Depå AB and Bankernas automatbolag AB. The insurance companies are included in the Group but not in financial companies groups under the capital adequacy rules.

| Swedbank financial companies group Credit risks, IRB SEKm | Exposure after credit risk protection 30 Jun 2011 | 31 Dec 2010 | % | Average risk weighting, % 30 Jun 2011 | 31 Dec 2010 | Capital requirement 30 Jun 2011 | 31 Dec 2010 | % |
|---|---|---|---|---|---|---|---|---|
| Institutional exposures | 133 282 | 146 519 | -9 | 12 | 14 | 1 306 | 1 630 | -20 |
| of which repurchase agreements | 3 805 | 2 228 | 71 | 6 | 9 | 19 | 16 | 19 |
| of which other lending | 129 477 | 144 291 | -10 | 12 | 14 | 1 287 | 1 614 | -20 |
| Corporate exposures | 399 020 | 397 770 | 0 | 71 | 75 | 22 509 | 23 800 | -5 |
| of which repurchase agreements | 435 | 673 | -35 | 17 | 7 | 6 | 4 | 50 |
| of which other lending | 398 585 | 397 097 | 0 | 71 | 75 | 22 503 | 23 796 | -5 |
| Retail exposures | 852 670 | 845 823 | 1 | 10 | 10 | 7 100 | 7 059 | 1 |
| of which repurchase agreements | 7 | 15 | -53 | 0 | 59 | 0 | 1 | |
| of which mortgage lending | 771 955 | 762 666 | 1 | 7 | 7 | 4 446 | 4 359 | 2 |
| of which other lending | 80 708 | 83 142 | -3 | 41 | 41 | 2 654 | 2 699 | -2 |
| Securitisation | 3 259 | 3 535 | -8 | 12 | 12 | 30 | 33 | -9 |
| Exposures without counterparties | 16 515 | 16 080 | 3 | 89 | 90 | 1 181 | 1 156 | 2 |
| **Total credit risks, IRB** | **1 404 746** | **1 409 727** | **0** | **29** | **30** | **32 126** | **33 678** | **-5** |

## Capital base

A deduction was made from the capital base for the difference between expected losses and provisions in the accounts for the part of the portfolio calculated according to IRB. These expected losses are estimated in accordance with legislative and regulatory requirements and using information drawn from Swedbank's internal risk classification system. The calculations are based on the prudence concept, so that risks are overestimated rather than underestimated. The Swedish Financial Supervisory Authority's interpretation of legislation and regulations has, furthermore, built additional safety margins into the risk classification system. As a result, expected losses calculated in accordance with the new capital adequacy rules exceed Swedbank's best estimate of loss levels and required provisions.

## Capital requirements for credit risks according to the standardised approach

Associated companies with the exception of the partly owned banks, a few minor subsidiaries and the subsidiaries in Russia and Ukraine use the standardised approach to calculate credit risks.

## Capital requirements for credit risks according to IRB

The capital adequacy requirement for the portion of the portfolio calculated according to IRB decreased by 5 per cent since the start of the year. The average risk-weighting for retail exposures was 10 per cent, of which 39 per cent in the Baltic portfolios and 8 per cent for other portfolios. The risk weighting for corporate exposures was 70 per cent, of which 101 per cent in the Baltic portfolios and 65 per cent for other portfolios. For institutional exposures, the average risk-weighting was 20 per cent in the Baltic portfolios and 12 per cent for other portfolios, in total 12 per cent.

## Market risks

Under current regulations, capital adequacy for market risks can be based either on a standardised approach or on an internal Value at Risk model, which requires the approval of the Swedish Financial Supervisory Authority.

The parent company has received such approval and uses its own internal VaR model for general interest rate risks, general and specific share price risks in the trading book, and currency risks throughout its operations.

The approval also comprises Baltic operations, Swedbank AS, for general interest rate risks in the trading book and currency risks throughout operations. Exchange rate risks outside the trading book i.e. in other operations are excluded in the internal VaR model and estimated according to the standardised approach, as per the Group's internal approach to managing these strategic exchange-rate risks. The capital requirement for other market risks thus refers to specific interest-rate risk in Swedbank AB and Swedbank AS, share-price risk in Swedbank AS and market risks in other companies. Counterparty risks in the trading book are included in credit risk.

## Operational risk

Swedbank calculates operational risk using the standardised approach. The Swedish Financial Supervisory Authority has stated that Swedbank meets the qualitative requirements to apply this method.

## Transition rules

The transition rules, which state that the capital requirement may not fall below 80 per cent of the requirement according to the Basel 1 rules, have been extended until the end of 2011, but are expected to be extended further.

## Note 22 Risks and uncertainties

Swedbank's earnings are affected by changes in the marketplace over which it has no control, including macroeconomic changes and changes in interest rates, stock prices and exchange rates.

Swedbank has subsidiaries with operations in countries with currencies other than Swedish kronor. Moreover, in Latvia, Lithuania, Russia and Ukraine, a significant share of lending is in foreign currencies euros or US dollars. In the event of a devaluation of the domestic currency in any of these countries, three main factors would affect the Group's income statement and balance sheet. First, a gain on financial items at fair value would generally arise due to the impact of changes in exchange rates on the assets and liabilities of the subsidiary. Normally, this would produce an exchange rate gain, since the company has larger assets than liabilities in foreign currencies (euro or dollar). Secondly, a negative translation effect would arise on the parent company's net investment in the subsidiary, since the subsidiary's equity would be less when expressed in Swedish kronor. This negative exchange rate effect would not be reported in other comprehensive income, but in the consolidated income statement. Thirdly, it would become more difficult for domestic customers to pay the interest and principal on their loans in foreign currencies, which would become higher in the local currency. This would eventually lead to higher impairment losses in the subsidiary.

In addition to what is stated in this interim report, detailed descriptions are provided in Swedbank's annual report for 2010 and in the annual disclosure on risk management and capital adequacy according to the Basel 2 rules, available on www.swedbank.com.

## Note 23 Related-party transactions

During the period normal business transactions were executed between companies in the Group, including other related companies such as associates. Significant associates are the partly owned savings banks. Färs & Frosta Sparbank AB holds 3 833 000 shares in Swedbank AB. The Group's share of these shares has reduced equity in the consolidated statements by SEK 62m.

Other significant relations are with Swedbank's pension funds and Sparinstitutens Pensionskassa SPK, which safeguard employees' post-employment benefits. These related parties use Swedbank for customary banking services.

## Note 24 Swedbank's share

| | 30 Jun 2011 | 31 Dec 2010 | % | 30 Jun 2010 | % |
|---|---|---|---|---|---|
| **SWED A** | | | | | |
| Share price, SEK | 106.30 | 93.80 | 13 | 72.55 | 47 |
| Number of outstanding ordinary shares | 922 018 080 | 951 723 439 | -3 | 952 016 334 | -3 |
| **Market capitalisation, SEKm** | **98 011** | **89 272** | **10** | **69 069** | **42** |
| **SWED PREF** | | | | | |
| Share price, SEK | 105.80 | 95.90 | 10 | 73.05 | 45 |
| Number of outstanding preference shares | 204 668 968 | 206 750 738 | -1 | 206 457 843 | -1 |
| **Market capitalisation, SEKm** | **21 654** | **19 827** | **9** | **15 082** | **44** |
| **SWED C** | | | | | |
| Share price, SEK | | | | | |
| Number of outstanding preference shares | 0 | | | | |
| **Market capitalisation, SEKm** | **0** | **0** | | **0** | |
| **Total market capitalisation, SEKm** | **119 665** | **109 099** | **10** | **84 151** | **42** |

Repurchased shares have been taken into consideration when calculating the market capitalisation.

Swedbank's share, ticker symbol SWED A and the preference share, ticker symbol SWED PREF, are listed on the OMX Nordic Exchange and traded in the Large cap segment.

The Annual General Meeting approved the Board's recommendation to pay a dividend for the financial year 2010 of SEK 4.80 per preference share, in total SEK 995m, and SEK 2.10 per ordinary share, in total SEK 2 000m. The total amount of SEK 2 995m (0) was reported as a liability as of 31 March 2011 and reduced the Group's retained earnings. The dividend was paid out to the shareholders on 4 April 2011.

| Number of outstanding shares | 30 Jun 2011 | 31 Dec 2010 | 30 Jun 2010 |
|---|---|---|---|
| **Issued shares** | | | |
| SWED A | 952 325 992 | 952 323 439 | 952 316 334 |
| SWED PREF | 207 264 185 | 207 266 738 | 207 273 843 |
| SWED C | 1 500 000 | | |
| **Repurchased shares** | | | |
| SWED A | -29 707 912 | | |
| SWED PREF | -2 045 317 | | |
| SWED C | -1 500 000 | | |
| Associates' holding of shares | -1 149 900 | -1 116 000 | -1 116 000 |
| **Number of outstanding shares on the closing day** | **1 126 687 048** | **1 158 474 177** | **1 158 474 177** |

In February and August of each year, starting in August 2009, holders of preference shares may request to convert their preference shares to ordinary shares. The request must pertain to the shareholder's entire holding. If the shareholder previously has not requested a conversion, all their outstanding preference shares will be converted to ordinary shares in the month immediately after the month in which the Annual General Meeting is held in 2013. Preference shares carry the same voting rights as ordinary shares. During the year 2 553 preference shares have been converted to ordinary shares.

| Earnings per share | Q2 2011 | Q1 2011 | Q2 2010 | 30 Jun 2011 | 30 Jun 2010 |
|---|---|---|---|---|---|
| **Average number of outstanding shares** | | | | | |
| Average number of outstanding shares before dilution | 1 144 082 842 | 1 158 474 177 | 1 158 474 177 | 1 151 238 754 | 1 158 474 177 |
| Weighted average number of shares for dilutive potential ordinary shares resulting from share-based compensation programme | 924 941 | | | 451 489 | |
| Average number of outstanding shares after dilution | 1 145 007 783 | 1 158 494 478 | 1 158 474 177 | 1 151 690 244 | 1 158 474 177 |
| **Profit, SEKm** | | | | | |
| Profit for the period attributable to shareholders of Swedbank | 3 452 | 3 852 | 1 567 | 7 304 | 2 103 |
| Preference dividends on non-cumulative preference shares declared in respect of the period | | 995 | | 995 | |
| Earnings for the purpose of calculating earnings per share | 3 452 | 2 857 | 1 567 | 6 309 | 2 103 |
| **Earnings per share, SEK** | | | | | |
| Earnings per share before dilution | 3.02 | 2.47 | 1.36 | 5.48 | 1.82 |
| Earnings per share after dilution | 3.01 | 2.47 | 1.36 | 5.48 | 1.82 |

# Swedbank AB

## Income statement, condensed

| Parent company SEKm | Q2 2011 | Q1 2011 | % | Q2 2010 | % | Jan-Jun 2011 | Jan-Jun 2010 | % |
|---|---|---|---|---|---|---|---|---|
| Interest income | 6 460 | 6 137 | 5 | 4 128 | 56 | 12 597 | 8 487 | 48 |
| Interest expenses | -4 000 | -3 906 | 2 | -2 481 | 61 | -7 906 | -4 985 | 59 |
| **Net interest income** | **2 460** | **2 231** | **10** | **1 647** | **49** | **4 691** | **3 502** | **34** |
| Dividends received* | 2 388 | 16 | | 180 | | 2 404 | 2 772 | -13 |
| Commission income | 1 402 | 1 554 | -10 | 1 546 | -9 | 2 956 | 3 029 | -2 |
| Commission expenses | -400 | -307 | 30 | -324 | 23 | -707 | -648 | 9 |
| **Net commissions** | **1 002** | **1 247** | **-20** | **1 222** | **-18** | **2 249** | **2 381** | **-6** |
| Net gains and losses on financial items at fair value | 45 | 1 013 | -96 | 184 | -76 | 1 058 | 455 | |
| Other income | 332 | 1 007 | -67 | 360 | -8 | 1 339 | 648 | |
| **Total income** | **6 227** | **5 514** | **13** | **3 593** | **73** | **11 741** | **9 758** | **20** |
| Staff costs | 1 687 | 1 679 | 0 | 1 695 | 0 | 3 366 | 3 366 | 0 |
| Other expenses | 1 171 | 1 116 | 5 | 1 153 | 2 | 2 287 | 2 286 | 0 |
| Depreciation/amortisation | 81 | 80 | 1 | 83 | -2 | 161 | 166 | -3 |
| **Total expenses** | **2 939** | **2 875** | **2** | **2 931** | **0** | **5 814** | **5 818** | **0** |
| **Profit before impairments** | **3 288** | **2 639** | **25** | **662** | | **5 927** | **3 940** | **50** |
| Impairment of financial fixed assets | | -223 | | -255 | | -223 | 162 | |
| Credit impairments | -61 | -121 | -50 | -2 | | -182 | -143 | 27 |
| **Operating profit** | **3 349** | **2 983** | **12** | **919** | | **6 332** | **3 921** | **61** |
| Appropriations | | | | | | | | |
| Tax expense | 311 | 896 | -65 | 196 | 59 | 1 207 | 449 | |
| **Profit for the period** | **3 038** | **2 087** | **46** | **723** | | **5 125** | **3 472** | **48** |

* During the quarter the Estonian subsidiary Swedbank AS approved a one-off distribution to the parent company of profits originally attributable to the operations in Latvia and Lithuania, and which were taxed there. Such a distribution is not liable to any further taxation.

| Previous reporting of interest Parent company SEKm | Q2 2010 | Jan-Jun 2010 |
|---|---|---|
| Interest income | 5 452 | 11 665 |
| Interest expenses | -3 805 | -8 163 |
| **Net interest income** | **1 647** | **3 502** |

See note 1, Accounting policies, for more information.

## Statement of comprehensive income, condensed

| Parent company SEKm | Q2 2011 | Q1 2011 | % | Q2 2010 | % | Jan-Jun 2011 | Jan-Jun 2010 | % |
|---|---|---|---|---|---|---|---|---|
| **Profit for the period reported via income statement** | **3 038** | **2 087** | **46** | **723** | | **5 125** | **3 472** | **48** |
| Cash flow hedges: | | | | | | | | |
| Gains/losses arising during the period | -39 | 35 | | 107 | | -4 | -54 | 93 |
| Reclassification adjustments to income statement, net interest income | 88 | 101 | -13 | 214 | -59 | 189 | 403 | -53 |
| Group contributions paid | | | | -1 | | | -1 | |
| Income tax relating to components of other comprehensive income | -12 | -36 | 67 | -85 | 86 | -48 | -92 | 48 |
| **Other comprehensive income for the period, net of tax** | **37** | **100** | **-63** | **235** | **-84** | **137** | **256** | **-46** |
| **Total comprehensive income for the period** | **3 075** | **2 187** | **41** | **958** | | **5 262** | **3 728** | **41** |

# Balance sheet, condensed

| Parent company<br>SEKm | 30 Jun<br>2011 | 31 Dec<br>2010 | % | 30 Jun<br>2010 | % |
|---|---|---|---|---|---|
| **Assets** | | | | | |
| Loans to credit institutions | 480 322 | 478 941 | 0 | 535 655 | -10 |
| Loans to the public | 311 276 | 324 662 | -4 | 375 022 | -17 |
| Interest-bearing securities | 146 243 | 156 196 | -6 | 260 296 | -44 |
| Shares and participating interests | 52 186 | 55 307 | -6 | 51 745 | 1 |
| Derivatives | 73 041 | 80 325 | -9 | 103 956 | -30 |
| Other assets | 21 143 | 23 073 | -8 | 17 059 | 24 |
| **Total assets** | **1 084 211** | **1 118 504** | **-3** | **1 343 733** | **-19** |
| **Liabilities and equity** | | | | | |
| Amounts owed to credit institutions | 183 423 | 190 710 | -4 | 325 188 | -44 |
| Deposits and borrowings from the public | 431 769 | 437 870 | -1 | 423 375 | 2 |
| Debt securities in issue | 267 397 | 273 819 | -2 | 296 651 | -10 |
| Derivatives | 66 812 | 72 639 | -8 | 90 862 | -26 |
| Other liabilities and provisions | 48 324 | 49 241 | -2 | 112 270 | -57 |
| Subordinated liabilities | 21 076 | 27 661 | -24 | 32 625 | -35 |
| Untaxed reserves | 805 | 805 | 0 | 815 | -1 |
| Equity | 64 605 | 65 759 | -2 | 61 947 | 4 |
| **Total liabilities and equity** | **1 084 211** | **1 118 504** | **-3** | **1 343 733** | **-19** |
| Pledged collateral | 61 789 | 78 346 | -21 | 171 800 | -64 |
| Other assets pledged | 1 911 | 2 589 | -26 | 2 247 | -15 |
| Contingent liabilities | 528 570 | 457 321 | 16 | 451 438 | 17 |
| Commitments | 163 125 | 147 217 | 11 | 149 008 | 9 |

# Statement of changes in equity, condensed

**Parent company**
**SEKm**

| | Share capital | Share premium reserve | Statutory reserve | Cash flow hedges | Retained earnings | Total |
|---|---|---|---|---|---|---|
| **Opening balance 1 January 2010** | **24 351** | **13 083** | **6 489** | **-743** | **15 038** | **58 218** |
| Total comprehensive income for the period | | | | 21 | 2 749 | 2 770 |
| **Closing balance 30 June 2010** | **24 351** | **13 083** | **6 489** | **-722** | **17 787** | **60 988** |
| **Opening balance 1 January 2010** | **24 351** | **13 083** | **6 489** | **-743** | **15 038** | **58 218** |
| Share based payments to employees | | | | | 32 | 32 |
| Total comprehensive income for the period | | | | 437 | 7 072 | 7 509 |
| **Closing balance 31 December 2010** | **24 351** | **13 083** | **6 489** | **-306** | **22 142** | **65 759** |
| **Opening balance 1 January 2011** | **24 351** | **13 083** | **6 489** | **-306** | **22 142** | **65 759** |
| Dividend | | | | | -2 995 | -2 995 |
| New share issue | 32 | | | | | 32 |
| Reversal of VAT costs incurred on rights issue 2009 | | 35 | | | | 35 |
| Repurchased shares | | | | | -3 580 | -3 580 |
| Share based payments to employees | | | | | 92 | 92 |
| Total comprehensive income for the period | | | | 137 | 5 125 | 5 262 |
| **Closing balance 30 June 2011** | **24 383** | **13 118** | **6 489** | **-169** | **20 784** | **64 605** |

In connection to the rights issue in 2009 an assessment was made on the VAT Swedbank AB would have to pay on the transaction costs. This assessment has been changed in the second quarter 2011 based on a new tax case ruling. The VAT provision decreased by SEK 35m. The amount includes increased income tax SEK 12m.

## Cash flow statement, condensed

| Parent company<br>SEKm | Jan-Jun 2011 | Full-year 2010 | Jan-Jun 2010 |
|---|---|---|---|
| Cash flow from operating activities | 2 712 | 10 707 | -9 000 |
| Cash flow from investing activities | 13 021 | 49 011 | 41 065 |
| Cash flow from financing activities | -16 773 | -74 254 | -47 592 |
| **Cash flow for the period** | **-1 040** | **-14 536** | **-15 527** |
| Cash and cash equivalents at beginning of period | 4 702 | 19 238 | 19 238 |
| Cash flow for the period | -1 040 | -14 536 | -15 527 |
| **Cash and cash equivalents at end of period** | **3 662** | **4 702** | **3 711** |

## Capital adequacy

| Parent company<br>SEKm | 30 Jun 2011 | 31 Dec 2010 | % or pp | 30 Jun 2010 | % or pp |
|---|---|---|---|---|---|
| Core Tier 1 capital | 59 803 | 61 471 | -3 | 59 984 | 0 |
| Tier 1 capital contribution | 6 776 | 6 915 | -2 | 7 489 | -10 |
| **Total Tier 1 capital** | **66 579** | **68 386** | **-3** | **67 473** | **-1** |
| Tier 2 capital | 13 406 | 19 685 | -32 | 24 174 | -45 |
| Settlements, equities, etc. | -2 902 | -2 901 | 0 | -2 651 | 9 |
| **Total capital base** | **77 083** | **85 170** | **-9** | **88 996** | **-13** |
| **Risk-weighted assets** | **377 207** | **409 740** | **-8** | **428 603** | **-12** |
| **Capital requirement** | **30 177** | **32 779** | **-8** | **34 288** | **-12** |
| **Capital requirement including complement** | **30 177** | **32 779** | **-8** | **34 288** | **-12** |
| Capital quotient* | 2.55 | 2.60 | -0.04 | 2.60 | -0.04 |
| Core Tier 1 capital ratio, %* | 15.9 | 15.0 | 0.9 | 14.0 | 1.9 |
| Tier 1 capital ratio, %* | 17.7 | 16.7 | 1.0 | 15.7 | 1.9 |
| Total capital adequacy ratio, %* | 20.4 | 20.8 | -0.4 | 20.8 | -0.3 |

* Key ratios refer to both transition rules and Basel 2.

# Signatures of the Board of Directors and the President

The Board of Directors and the President certify that the interim report for January-June 2011 provides a fair and accurate overview of the operations, financial position and results of the parent company and the Group and describes the significant risks and uncertainties faced by the parent company and the companies in the Group.

Stockholm, 20 July 2011

| | |
|---|---|
| Lars Idermark<br>Chair | Anders Sundström<br>Deputy Chair |

| | | |
|---|---|---|
| Olav Fjell<br>Board Member | Ulrika Francke<br>Board Member | Göran Hedman<br>Board Member |
| Anders Igel<br>Board Member | Helle Kruse Nielsen<br>Board Member | Pia Rudengren<br>Board Member |
| Karl-Henrik Sundström<br>Board Member | Siv Svensson<br>Board Member | Kristina Janson<br>Board Member<br>Employee Representative |
| Camilla Linder<br>Deputy Board Member<br>Employee Representative | Michael Wolf<br>President | |

# Review report

**Introduction**

We have reviewed the interim report for Swedbank AB (publ) for the period 1 January to 30 June 2011. The Board of Directors and the President are responsible for the preparation and presentation of this interim report in accordance with IAS 34 and the Annual Accounts Act for Credit Institutions and Securities Companies. Our responsibility is to express a conclusion on this interim report based on our review.

**Scope of review**

We conducted our review in accordance with the Standard on Review Engagements SÖG 2410 Review of Interim Financial Information performed by the company's auditors. A review consists of making inquiries, primarily with persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with ISA and other generally accepted auditing practices. The procedures performed in a review do not enable us to obtain a level of assurance that would make us aware of all significant matters that might be identified in an audit. Therefore, the conclusion expressed based on a review does not give the same level of assurance as a conclusion expressed based on an audit.

**Conclusion**

Based on our review, nothing has come to our attention that causes us to believe that the interim report for the Group is not, in all material aspects, in accordance with IAS 34 and the Annual Accounts Act for Credit Institutions and Securities Companies and as regards the parent company in accordance the Annual Accounts Act for Credit Institutions and Securities Companies.

Stockholm, 20 July 2011

Deloitte AB

Svante Forsberg
Authorised Public Accountant

# Publication of financial information

The Group's financial reports can be found on www.swedbank.com/ir or www.swedbank.com

Swedbank will publish financial results on the following dates in 2011:

Interim report for the third quarter on 25 October 2011

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Information on Swedbank's strategy, values and shares is also available on www.swedbank.com


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