

FINANCIAL HIGHLIGHTS 2008

INTERIM FINANCIAL RESULTS OF HANSABANK GROUP Q4 2008

FINANCIAL HIGHLIGHTS FOR CONTINUED OPERATIONS*

(EUR in millionsx)	Q4 2008	Q3 2008	QoQ %	Q4 2007	YoY %	2008	2007	YTD %
For the period (EUR in millions)								
Net profit	35	107	-67%	112	-69%	391	471	-17%
Estonia	27	52	-48%	47	-43%	180	225	-20%
Latvia	-12	24	-149%	34	-134%	76	134	-43%
Lithuania	23	30	-21%	32	-28%	109	112	-3%
At the end of period (EUR in millions)								
Loans**	20,228	20,686	-2%	19,060	6%			
Estonia	8,008	8,246	-3%	7,533	6%			
Latvia	6,481	6,600	-2%	5,977	8%			
Lithuania	5,739	5,839	-2%	5,367	7%			
Deposits	9,827	10,787	-9%	10,868	-10%			
Estonia	4,476	4,883	-8%	4,720	-5%			
Latvia	2,188	2,323	-6%	2,445	-11%			
Lithuania	3,164	3,580	-12%	3,633	-13%			
Ratios (%)								
Return on shareholders' equity	6.2%	19.6%		24.4%		18.6%	28.7%	
Estonia***	17.2%	32.2%		28.2%		28.5%	36.9%	
Latvia***	-9.4%	19.7%		29.0%		15.8%	31.9%	
Lithuania***	19.8%	24.5%		32.6%		22.7%	32.7%	
Cost-income ratio	40.7%	37.7%		44.0%		37.9%	40.3%	
Estonia	39.4%	36.3%		42.5%		38.3%	37.6%	
Latvia	36.0%	40.1%		41.3%		39.0%	38.8%	
Lithuania	45.0%	38.3%		47.4%		44.1%	45.1%	
Net loan losses	2.10%	0.90%		0.56%		0.98%	0.40%	
Estonia	1.50%	0.76%		0.67%		0.77%	0.39%	
Latvia	4.01%	1.08%		0.78%		1.61%	0.56%	
Lithuania	0.82%	0.91%		0.13%		0.58%	0.23%	
Number of employees****	8,327	8,791	-5%	9,203	-10%			
Number of bank branches	278	275	1%	296	-6%			
Total customers, million	5.46	5.38	1%	5.22	4%			

* Country results do not sum to total group results as eliminations and group units are excluded. All numbers for continued operations.

** Gross loans to customers (excluding repos)

*** Return on allocated equity – equity capital is allocated to the business units based on 8.4% capital adequacy in the Baltic countries. At the Group level, ROE is calculated based on actual equity.

**** Full time equivalent of employees

CHANGES IN REPORTING PRINCIPLES

These interim condensed financial statements are prepared in accordance with IAS 34 Interim financial reporting. The accounting policies used in the preparation of the interim condensed financial statements are consistent with those used in the annual financial statements for the period ended 31 December 2007. These condensed financial statements should be read in conjunction with the annual financial statements for the year ended 31 December 2007.

There have been a few changes to reporting principles from the beginning of 2008.

In Q408, certain accounts were reclassified from net interest income to trading income based on Swedbank Group policies. Total annual impact of reclassification is shown in Q408. The impact of prior periods' adjustment was insignificant on Hansabank Group level, but on individual country level effect differs.

ALLOCATION AND COST OF EQUITY

Hansabank Group is using the following Tier I capitalization and cost of equity levels.

	2007		2008	
	Baltic units	Russia	Baltic units	Russia
Cost of equity	10%	11%	12%	12%
Tier I capital*	8%	11%	8.4%	11%

* % of business unit's risk-weighted assets

BASIS OF PREPARATION

Hansabank Group refers to consolidated financial statements of AS Hansabank and its subsidiaries. On 15 September 2008 the name change process started during which Hansabank's name will change to Swedbank. Legal name of the bank will change in spring 2009. In Swedbank Group interim reporting, Hansabank Group is reported as Swedbank Baltic Banking Operations. Russian entities' results are shown under International Banking business unit.

Hansabank Group results include OAO Swedbank and Hansa Leasing Ltd until 30 April 2008. After this date, these operations are reported in accordance with IFRS 5 as "Discontinued operations".

Current financial analysis is presented for continued operations (without OAO Swedbank and Hansa Leasing Ltd). All historical ratios have been recalculated for continued operations.

The financial effect of the one-off events of Q208 (bonus reserve reversal and two disposals) is recorded on Hansabank Group level and not allocated to country business units.

OPERATING RESULTS, Q408

HIGHLIGHTS OF CONTINUED OPERATIONS

- Loans decreased by 2% QoQ and increased 6% YoY
- Deposits decreased by 9% QoQ and 10% YoY
- Net profit was EUR 35m, -69% YoY.
- Return on equity 6.2%
- Income EUR 236m, -9% YoY
- Expenses EUR 96m, decrease of 16% YoY.
- Cost-income ratio was 40.7%

Fourth quarter events on the global financial markets provided additional evidence that major economies are heading towards a recession. Business environment has deteriorated faster and at larger scale both in the Baltics as well as in the international markets. Negative changes in the economy have impacted Hansabank Group financial results and lower fourth quarter net profit impacted the annual performance. Net profit of EUR 391m was achieved in 2008, a 17% decrease from 2007. Our focus has been and will continue in ensuring asset quality and looking for further internal efficiencies. The bank's cost-income ratio was 37.9% in 2008, which is considerably better than our medium-term target of 42%. Net loan losses have gradually increased throughout the year and the decline in portfolio quality accelerated in the fourth quarter. Net loan losses were 98bp in 2008.

Going forward, we expect a continued slow-down in business volumes during the coming quarters which will put pressure on revenue growth. As such, our short-term focus remains on improving productivity and efficiency as well as asset quality.

ECONOMY AND BANKING MARKET

The global economy is heading towards a recession. However, it is not yet clear how deep it will be and how long it will last, as it is not clear whether the coordinated action of global economic powers will have a lasting effect on markets or not. In addition, the consequences of the recent troubles are unknown. Expectations continue to worsen and people are adjusting their actions for a gloomier future.

The Baltic economies were heading towards recession without the recent troubles in the global financial market, and the worsened economic situation and outlook in the financial world have made the perspective significantly gloomier, as all three countries are subject to global economic developments. According to preliminary data, annual GDP growth was negative in Q4 2008 in Lithuania at -1.5% and -10.5% in Latvia. The fall in retail sales reflects a swift decrease in domestic demand, especially private consumption. The number of businesses that are forced to cut wages and lay off employees is increasing, thus raising cautiousness of consumers and limiting current spending. This, however, will force sellers to lower prices in order to keep up activity in the sector, leading to a swift decrease in inflation that will later turn to deflation. Decrease in both inflation and current account deficit was evident in all three Baltic countries in the fourth quarter.

Hansabank Markets expects a significant economic decline due to falling domestic and external demand in 2009, and even the year 2010 will not bring positive growth, albeit the year-end growth rates may turn positive. Negative processes in the economy mean that prices of goods, services, labour and assets will continue to fall, and annual deflation a very possible scenario in 2009-10. The global economic situation will make it extremely difficult to increase exports, but weak domestic demand and shrinking external financing will mean a fall in the amounts of imports, which will end up with a significant improvement in foreign balances. The governments' opportunities to help their economies are narrow and hence they have concentrated mostly on stabilising the situation and then, if possible, helping businesses. Social tensions are increasing, and if political problems are not solved or get worse, the situation in the economies might turn extremely bad. An open dialogue between the public, the corporate sector and authorities is a must as this could ease tensions and bring up good ideas for change and improvement.

Latvia has started official talks with the European Commission and the IMF about funding to stabilise the economy. The loss in revenues due to the weaker demand, as well as the increased spending due to the takeover of Parex Bank, the second largest bank in the country, may cause the budget deficit to

increase. The analysts expect that Latvia's economy will continue to shrink during 2009, and possibly also in 2010. At the same time internal and external imbalances will gradually improve. In the meantime, the economy needs support to maintain stability.

COMPANY NEWS

In September 2008, the name change process started and Hansabank in Estonia, Hansabanka in Latvia and Hansabankas in Lithuania will be changed to Swedbank. Full migration to the new brand in the Baltics will take about one year and is expected to be completed by autumn 2009. First, the brand will change – meaning that in the coming months bank's name will change in the internet, signs on bank's offices will be changed and products will be advertised under the name of Swedbank. Legal name of the bank will change in spring 2009.

Hansabank Group Board has decided to reorganize life insurance business in the Baltics by consolidating existing life insurance subsidiaries into one legal entity. Swedbank is the life insurance market leader both in Lithuania (through UAB "Hansa gyvybės draudimas") and Estonia (through "Hansa Elukindlustuse"). The new set-up will enable the bank to provide best in class life insurance services on all three Baltic markets through improved knowledge sharing and faster product development. It will also allow the bank to improve its operational efficiency.

SIGNIFICANT EVENTS IN Q2 2008 THAT AFFECT YEAR-TO-DATE OPERATING RESULTS

DISPOSAL OF OAO SWEDBANK, HANSA LEASING LTD AND AS PANKADE KAARDIKESKUS

A decision was made in the third quarter of 2007 to transfer ownership of the bank OAO Swedbank and the leasing company Hansa Leasing Ltd from Hansabank in Estonia to Swedbank in Sweden. On 12 May 2008, AS Hansapank and AS Hansa Capital entered into an agreement with Swedbank AB for the sale of the above entities.

The transfers were made at market value and the sale resulted in a loss of EUR 2.8m. Total loss on the sale can be divided into two components: gain on the sale of equity investment (EUR 1.7m) is classified under Other income (discontinued operations) and loss on the adjustment of unrealized foreign exchange differences (EUR 4.5m) under Trading income (continued operations).

In Estonia, Hansapank, SEB Pank and Sampo Pank as the owners of the Banks' Card Centre (Pankade Kaardikeskus (PKK), located in Estonia) signed an agreement to sell the PKK to Northern Europe Transaction Services (NETS), the Scandinavian

mediator of bank card transactions. Capital gain on the sale of the shares in associated company was EUR 7m (Other income).

REVERSAL OF BONUS RESERVE

Performance based remuneration provisions in Hansabank are accrued as a percentage of annual Economic Value Added (EVA). Substantial increase of EVA over the recent years has resulted in larger reserves than forecasted. The accumulated reserves were reduced by about EUR 19.7m during Q2 2008; as a result performance based staff costs in Hansabank decreased with the same amount. The model for future provisions has been adjusted.

The financial effect of the bonus reserve reversal and two disposals is recorded at the Hansabank group level and not allocated to country business units.

INCOME

Total income was EUR 236m in the fourth quarter of 2008 with an annual decline of 9%. Fourth quarter result was EUR 23m lower than in Q308. Global financial crises that intensified in September, has impacted third and fourth quarter income – especially trading income and cost of funding.

Annual growth was largest in other income 42% in the fourth quarter. Net interest income declined 2% and net fee income 5% YoY. Fourth quarter trading income declined 98% YoY due to the continuing turbulence on financial markets.

NET INTEREST INCOME

Net interest income decreased 2% YoY to EUR 170m in Q408. On the business unit level the

annual net interest income growth rates were as follows: Estonia 0%, Latvia -2% and Lithuania -1%. Decrease is a combination of change in funding mix, rising funding margins and decrease in loan portfolio.

During 2008 and especially in Q408 the funding structure shifted from less expensive demand deposits to more expensive foreign funding and time deposits. In addition, core net interest income declined in Q408 given a sharp decline in Euribor. Euribor has started a rapid decrease (ca 2.4pp during Q408) and is expected to decrease further so net interest income will be under pressure from increased deposit costs and lower lending yield also in the coming quarters.

INTEREST INCOME, NET

(in millions of euros)	Q4 2008*	Q3 2008	QoQ %	Q4 2007	YoY %	2008	2007	YTD %
Continuing operations								
Interest income								
Loans	305.3	301.1	1%	265.7	15%	1,164.5	892.6	30%
Bank deposits and loans	5.3	6.3	-16%	7.1	-25%	25.9	23.0	13%
Correspondent accounts	13.5	17.5	-23%	15.5	-13%	66.7	56.8	17%
Securities portfolio	10.9	9.7	12%	9.1	20%	42.5	31.3	36%
Leasing	58.9	60.0	-2%	55.4	6%	234.0	190.6	23%
Factoring	9.9	9.7	2%	8.5	16%	37.4	29.4	27%
Derivatives, hedging	23.5	16.3	44%	17.8	32%	73.3	53.9	36%
Total interest income	427.3	420.6	2%	379.1	13%	1,644.3	1,277.6	29%
Interest expenses								
Deposits	79.6	82.0	-3%	64.6	23%	324.3	224.5	44%
Demand deposits	17.2	20.0	-14%	21.6	-20%	79.2	81.6	-3%
Time deposits	57.8	56.8	2%	33.5	73%	215.7	107.2	101%
Deposit Guarantee Fund	4.6	5.2	-12%	9.5	-52%	29.4	35.7	-18%
Bank deposits and loans	146.2	129.3	13%	114.5	28%	517.1	344.0	50%
Securities	12.0	12.3	-2%	10.2	18%	45.4	37.4	21%
Derivatives, hedging	19.3	16.0	21%	15.6	24%	66.9	44.9	49%
Total interest expense	257.1	239.6	7%	204.9	25%	953.7	650.8	47%
Interest income from continuing operations, net	170.2	181.0	-6%	174.2	-2%	690.6	626.8	10%
Net interest margin %	2.67%	2.82%		2.90%		2.73%	2.89%	
Discontinuing operations								
Interest income from discontinued operations, net	-	-	-	9.5	-	15.0	35.9	-58%
Interest income, net	170.2	181.0	-6%	183.7	-7%	705.6	662.7	6%

* In Q408, certain accounts were reclassified from net interest income to trading income based on Swedbank Group policies. Total annual impact of reclassification is shown in Q408. The impact of prior periods' adjustment was insignificant on Hansabank Group level, but on individual country level results differ.

Group's loan portfolio decreased EUR 458m during fourth quarter. Annual growth was 6% and loan portfolio was EUR 20.2bn as of 31 December 2008. Loan portfolio growth has lowered to single digit levels in all three countries: 8% in Latvia, 7% in Lithuania and 6% in Estonia. Mortgage lending increased by 8% and corporate lending declined 2% YoY in 2008. Largest portfolio decrease was in asset base finance -4% YoY. Stricter lending conditions have lead to slight market share decrease in Estonia (45%, -1pp), Latvia (26% -1pp) and Lithuania (24%, -2pp) during 2008.

Market turbulence caused a decrease in the bank's deposits during September-October. The situation stabilised in November. In Latvia and Lithuania total market deposits declined during the fourth quarter, while in Estonia our market share decrease is mostly related to redistribution of market. Hansabank continues as the clear leader in deposits with Baltic market share reaching 29%. During the turbulence market share declined 2pp. By country deposit market shares were 49% (53% at the end of 2007) in Estonia, 28% (30%) in Lithuania and 16% (17%) in Latvia at the end of 2008.

Lending margin declined 5bp to 1.88% in Baltics with minor single digit reductions in Estonia and Lithuania. In annual comparison there is a 24bp decline in loan margin. Deposit margins rose in all three countries during Q408 due to higher local interest rates.

MARGIN OF LOANS* AND DEPOSITS

	Q4 2008	Q3 2008	Q4 2007
Loans			
Estonia	2.08%	2.16%	2.22%
Latvia	1.91%	1.89%	2.31%
Lithuania	1.56%	1.64%	1.77%
Deposits			
Estonia	2.84%	2.35%	2.06%
Latvia	4.27%	2.07%	3.86%
Lithuania	2.84%	2.36%	3.21%

* Historical lending margins of Estonia have been changed because of change in principle

Deposit margin=(FTP-interest expense)/average deposits
 Loan margin=(interest income-FTP)/average loans

NET FEE INCOME

Net fees and commissions totaled EUR 49m in Q408 with 5% annual decline. In quarterly comparison, net fee income decreased EUR 3m. The three major groups within the fee income are: payment-related fees, investment & trading related fees and lending-related fees, which form 69%, 14% and 10% of the total fee income in Q408, respectively. All other fees account for 8% of the total fee income.

Payment-related fees include income from bank cards, transfers and cash services. Fee income from these services increased 6% YoY with growth slowing down in the fourth quarter due to contracting domestic demand. The income from bank cards increased by 7% YoY to EUR 27m while

transfers increased by a more modest 3% to EUR 12m. The number of cards issued (both debit and credit) increased 8% YoY.

Investment & trading related fees include fees from brokerage & investment services together with custody. Fee income from these areas decreased by 43% YoY. This fee income group has suffered because of decreasing trading activity and reduced success fees. Total assets gathered amounted to EUR 2bn at the end of Q408.

Lending-related fees include primarily factoring and consumer financing fees and minor fee income also from lending and leasing. Lending-related fees decreased by 21% YoY as a result of lower new lending volume.

FEES AND COMMISSIONS, NET

(in millions of euros)	Q4 2008	Q3 2008	QoQ %	Q4 2007	YoY %	2008	2007	YTD %
Continuing operations								
Fee and commission income								
<i>Payment related fees</i>	44.9	45.5	-1%	42.2	6%	44.9	42.2	6%
Transfers	12.1	11.9	2%	11.7	3%	46.8	45.1	4%
Cash services	3.6	3.2	13%	3.4	6%	12.7	14.0	-9%
Bank cards	26.7	28.0	-5%	25.0	7%	105.8	91.8	15%
Other e-channels	2.5	2.4	4%	2.1	19%	9.4	7.9	19%
<i>Investment and trading related fees</i>	8.9	10.8	-18%	15.7	-43%	8.9	15.7	-43%
Custody	6.0	7.6	-21%	9.8	-39%	30.0	33.2	-10%
Brokerage and investment services	2.9	3.2	-9%	5.9	-51%	13.1	21.8	-40%
<i>Lending related fees</i>	6.2	7.4	-16%	7.8	-21%	6.2	7.8	-21%
Loan management and guarantees	4.5	5.2	-13%	5.3	-15%	20.9	22.1	-5%
Leasing and factoring	1.7	2.2	-23%	2.5	-32%	8.3	8.7	-5%
<i>Other</i>	5.2	5.5	-5%	4.2	24%	5.2	4.2	24%
Insurance brokerage	1.1	1.2	-8%	1.8	-39%	4.5	6.6	-32%
Other	4.1	4.3	-5%	2.4	71%	16.8	18.2	-8%
Total fee and commission income	65.2	69.2	-6%	69.9	-7%	268.3	269.4	0%
Fee and commission expense								
Settlements	1.8	1.5	20%	1.4	29%	6.1	6.8	-10%
Loan management and guarantees	0.2	0.2	0%	0.5	-60%	2.6	2.5	4%
Card services	8.5	9.3	-9%	8.3	2%	34.3	30.6	12%
Securities transaction fees	1.0	1.7	-41%	2.2	-55%	6.3	9.3	-32%
Encashment and cash services	2.7	2.6	4%	3.0	-10%	10.2	9.7	5%
Other	2.3	2.1	10%	3.1	-26%	8.7	9.1	-4%
Total fee and commission expense	16.5	17.4	-5%	18.5	-11%	68.2	68.0	0%
Fees and commissions from continuing operations, net	48.7	51.8	-6%	51.4	-5%	200.1	201.4	-1%
Discontinuing operations								
Fees and commissions from discontinued operations, net	-	-	-	0.5	-	0.9	2.0	-55%
Fees and commissions, net	48.7	51.8	-6%	51.9%	-6%	201.0	203.4	-1%

TRADING INCOME

Trading income decreased to EUR 0.4m in Q408. Annual decline of trading income was 98% as turmoil in financial markets has led to fair value revaluations of the holdings (primarily from our life-insurance portfolio). Decrease in trading income was larger in Estonian and Lithuanian units and was mainly related to our life-insurance portfolio revaluations.

INSURANCE AND OTHER INCOME

Other income grew by 42% YoY. Insurance income posed lower result in 2008 and annual decline was 17% in Q408. Our Property and Casualty Insurance market share in Estonia has grown from 10% in December 2007 to 17% in the fourth quarter of 2008.

EXPENSES

Operating expenses decreased by 16% YoY to EUR 96m. Compared to third quarter, expenses decreased EUR 2m. On a country level, Estonian expense decline was 15% YoY, Latvian 22% and Lithuanian 9% YoY.

In the short term, expense growth has been addressed and controlled through heightened attention on employee growth and optimizing branch network to adjust to lower volume growth. Longer term focus is on setting up cross-border operating model and creating business processes for more mature markets. Several initiatives have been launched to support this - such as operational excellence, pan-Baltic product development, customer value management. The creation of Business Development unit allows taking better advantage of synergies between the three Baltic countries. These initiatives require initial investment in current period while the effect on financials becomes evident only in the future.

Group's personnel expenses decreased by 28% YoY in Q408. Salary and tax expense did not change while performance pay reserve allocation decreased 107% YoY. The number of employees (FTE) declined by 10% over the past year in Baltics amounting to 8,327 employees at the end of December 2008. Employee breakdown is as follows: 2,950 in Estonia, 2,342 in Latvia and 3,034 in Lithuania. During the fourth quarter the number of employees decreased by 464. The decline in employee numbers is a combination of both natural employee turnover and a reduction of workforce in lower business volume environment. Redundancy related expenses were EUR 1.6m in Q408.

By the end of 2008, there were 278 branches in the Baltics. Total number has decreased over by 18 during the year reflecting slowdown in volume growth and branch network strategy to move from smaller branches to larger and universal full service branches.

PERSONNEL EXPENSES

(in millions of euros)	Q4 2008	Q3 2008	QoQ %	Q4 2007	YoY %	2008	2007	YTD %
Continuing operations								
Salaries and compensations	34.4	30.7	12%	34.4	0%	137.5	118.1	16%
Performance pay reserve	-1.1	9.2	-112%	15.2	-107%	6.6	60.3	-89%
Social insurance charges	9.6	9.7	-1%	9.2	4%	39.0	33.6	16%
Training	1.3	1.3	0%	2.4	-46%	5.8	7.3	-21%
Total personnel expenses from continued operations	44.2	50.9	-13%	61.2	-28%	188.9	219.3	-14%
Discontinuing operations								
Total personnel expenses from discontinued operations	-	-	-	3.5	-	5.8	12.9	-55%
Total personnel expenses	44.2	50.9	-13%	64.7	-32%	194.7	232.2	-16%
Continued operations								
Number of employees, end of period	8,327	8,791	-5%	9,203	-10%	8,327	9,203	-10%
Number of employees, average of the period	8,532	9,061	-6%	9,185	-7%	8,989	8,969	0%

Administrative expenses increased by 7% YoY. Annual growth in administrative costs is related to the bank's investments in organization. Professional service expenses have increased due to several larger strategic projects mentioned in the previous paragraph. High inflation has also pushed up

expenses related to office space such as rent, electricity, heating, etc. Administrative expenses growth rate has gradually diminished during 2008 and the trend is expected to continue given the completion of some strategic projects and the effect of implemented efficiency measures.

ADMINISTRATIVE EXPENSES

(in millions of euros)	Q4 2008	Q3 2008	QoQ %	Q4 2007	YoY %	2008	2007	YTD %
Continuing operations								
Office expenses	11.1	9.7	14%	8.6	29%	38.4	29.9	28%
Transportation, car lease	0.9	1.0	-10%	0.7	29%	3.6	2.6	38%
Supplies	1.6	2.1	-24%	2.0	-20%	6.7	7.2	-7%
Communications	2.4	1.9	26%	2.2	9%	7.8	7.0	11%
Professional services	5.0	4.7	6%	6.3	-21%	19.2	15.2	26%
Insurance	0.4	0.4	0%	0.5	-20%	1.7	1.6	6%
Security	1.4	1.5	-7%	1.1	27%	5.2	4.4	18%
Other	0.1	-	-	0.1	0%	0.3	0.3	0%
Total administrative expenses from continued operations	22.9	21.3	8%	21.5	7%	82.9	68.2	22%
Discontinuing operations								
Total administrative expenses from discontinued operations	-	-	-	2.5	-	3.0	6.9	-57%
Total administrative expenses	22.9	21.3	8%	24.0	-5%	85.9	75.1	14%

Other expenses declined 20% YoY in the fourth quarter. The seasonal increase of marketing and sponsorship expenses was lower than a year before. In quarterly comparison, the growth is to a

large extent driven by brand and name change related expenses.

OTHER EXPENSES

(in millions of euros)	Q4 2008	Q3 2008	QoQ %	Q4 2007	YoY %	2008	2007	YTD %
Continuing operations								
Business trips	1.0	0.7	43%	1.0	0%	3.7	3.5	6%
Marketing	5.9	3.9	51%	6.7	-12%	17.3	16.7	4%
Representation	2.0	1.8	11%	2.5	-20%	6.7	6.8	-1%
Other	4.3	4.1	5%	6.3	-32%	18.9	20.7	-9%
Total other expenses from continued operations	13.2	10.5	26%	16.5	-20%	46.6	47.7	-2%
Discontinuing operations								
Total other expenses from discontinued operations	-	-	-	-4.8	-	1.3	-2.5	-152%
Total other expenses	13.2	10.5	26%	11.7	13%	47.9	45.2	6%

ASSET QUALITY

Risk outlook has worsened towards the end of the year, particularly in the 4th quarter. Towards the end of the year, views on the economic outlook of the Baltic economies as well as our key trading partners turned significantly darker than just 3-6 months ago. This has manifested itself in a further drop in

consumer confidence and spending as well as corporate investment activity. As a result, developments in asset quality have also been faster than originally anticipated. Loans overdue more than 60 days increased by 112bp during Q408 to 2.84 % of 12-month old loan portfolio. The largest increase was in our Latvian corporate portfolio,

although smaller increases were evident also in Latvian retail and both Estonian portfolios.

Given the deteriorating environment, the bank has increased its provisioning levels in Q4 - net loan losses amounted to 100m in the fourth quarter, forming 2.10bp of the loan portfolio, up from 0.9% in Q3. Net loan losses for 2008 were 98bp.

In response to the worsening market conditions the review of the lending portfolio has been intensified. Strengthened organization responsible for financial restructuring and recovery has been put in place. Ensuring continued high quality in the credit portfolio while finding workable solutions together with customers who incur payment problems remains the highest priority.

ALLOWANCE FOR CREDIT LOSSES*

(in millions of euros)	Group	Estonia	Latvia	Lithuania	Russia
Balance, as of 31.12.07	156.3	57.9	42.8	43.0	12.6
Write-offs	-6.7	-2.2	-2.5	-2.0	-
Loan losses	44.0	14.9	15.3	13.8	-
Effect of exchange rate changes	0.4	-	0.4	-	-
Reclassification	-2.4	-	-	-2.4	-
Balance, as of 30.09.08	217.5	88.2	71.3	57.3	0.7
Write-offs	-10.9	-4.2	-4.6	-2.1	-
Loan losses	101.6	30.1	59.3	12.6	-0.4
Effect of exchange rate changes	0.6	-	0.6	-	-
Provisions for assets for sale	-2.9	-	-	-2.9	-
Balance, as of 31.12.08	305.9	114.1	126.6	64.9	0.3

*The distribution of loans is based on the origin of customer.

LOANS OVERDUE

(in millions of euros)	Group	Estonia	Latvia	Lithuania	Russia
Total loans overdue, 31.12.07	1,649.8	417.9	560.5	669.4	2.0
Up to 30 days	1,286.6	399.6	354.6	532.4	-
31 to 60 days	227.1	68.1	93.0	66.0	-
Over 60 days	307.3	120.7	131.8	54.8	-
Total loans overdue, 30.09.08	1,821.0	588.4	579.4	653.2	-
Up to 30 days	1,814.7	394.1	603.9	816.7	-
31 to 60 days	458.0	118.1	232.5	107.4	-
Over 60 days	535.9	204.8	208.5	122.6	-
Total loans overdue, 31.12.08	2,808.6	717.0	1,044.9	1,046.7	-
Loan portfolio as at the end of period*	20,227.6	8,007.5	6,480.6	5,739.5	
Average loan portfolio*	20,539.8	8,150.5	6,570.8	5,818.5	
Net loan losses**	2.10%	1.50%	4.01%	0.82%	
Allowance for credit losses / loan portfolio*	1.51%	1.42%	1.95%	1.13%	
Over 60 days / loan portfolio***	2.84%	2.72%	3.49%	2.28%	

Overdue amount includes total outstanding principal amount and interest payable for the overdue loan. No limitations have been set regarding the amount, days overdue, etc.

* Excluded loans to consolidated companies and the distribution of loans is based on the origin of customer, loans do not include repos

** net loan losses equals to (provisions+write-offs – recoveries) / portfolio at the beginning of the year

*** Over 60 days / Loan portfolio ratio is calculated based on one year old portfolio volume

ESTONIA

(in millions of euros)	Q4 2008	Q3 2008	QoQ %	Q4 2007	YoY %	2008	2007 YTD %	
Total income	92	105	-12%	99	-8%	390	397	-2%
Operating expenses	36	38	-5%	42	-15%	150	150	0%
Operating profit before provisions	56	67	-17%	57	-3%	241	248	-3%
Net profit	27	52	-48%	47	-43%	180	225	-20%
EVA*	8	33	-74%	30	-72%	104	164	-36%
Return on allocated equity**	17.2%	32.2%		28.2%		28.5%	36.9%	
Cost-income ratio	39.4%	36.3%		42.5%		38.3%	37.6%	
Net loan losses***	1.50%	0.76%		0.67%		0.77%	0.39%	
Net interest margin	2.49%	2.76%		2.64%		2.55%	2.72%	
Loans****	8,008	8,246	-3%	7,533	6%	8,008	7,533	6%
Deposits	4,476	4,883	-8%	4,720	-5%	4,476	4,720	-5%
Allocated equity**	611	647	-6%	667	-8%	611	667	-8%
Assets	10,516	10,466	0%	10,337	2%	10,516	10,337	2%
Number of employees (full-time equivalent)	2,950	3,082	-4%	3,246	-9%	2,950	3,246	-9%

* Cost of equity used for EVA calculation was 10% in 2007 and 12% in 2008

** based on 8% capital adequacy for 2007 and 8.4% for 2008

*** net loan losses equals to (provisions+write-offs – recoveries) / beginning of the year loan portfolio

**** Gross loans to customers (excluding repos)

Estonian business unit net profit was significantly impacted by global financial turmoil – pressure on margins, fair value adjustments, increasing loan losses and market redistribution of clients' deposits have caused fourth quarter net profit to decrease to EUR 27m (-43% YoY). Return on equity was 17%. Despite the worsening economic conditions, Estonia has been able to maintain its efficiency and cost income ratio was 39% in Q4.

INCOME

Total quarterly income was EUR 92m in Q408, a decrease of 8% over the year.

Net interest income decreased by EUR 8m in Q408 to EUR 66m. Net interest margin decreased from 2.76% to 2.49%. Smaller loan portfolio, declining Euribor, higher cost of funding and change in funding mix all contributed to the decline.

The annual loan portfolio growth rate was 6% at the end of Q408. Loan portfolio decreased by EUR 238m during the quarter to EUR 8.0bn. Corporate portfolio declined EUR 120m, mortgages EUR -40m, ABF EUR -78m and consumer finance EUR -1m during the quarter. Deposit portfolio decreased by EUR 408m to EUR 4.5Bn, with YoY decline of 5%.

Net fee income declined to EUR 20m in Q408 (EUR -2m QoQ). Asset Management, custody and other securities' related fees have declined the most during the year given weaker financial markets. In Q4 decrease in card and cash related fee income can be observed as a result of economic slowdown.

Estonia incurred a loss of EUR 4m from trading income in Q4. Main contributors to the loss were fair value adjustments in the life insurance investment portfolio and losses on the trading portfolio.

EXPENSES

Operating expenses decreased by 15% YoY and were EUR 36m in Q4. Expenses decreased by EUR 2m compared to Q3. Personnel expenses declined by EUR 2m, because of lower allocations to performance pay reserve. Number of employees decreased by 132 in Q408 (including IT and group level employees working in Estonia). Annual employee decline was 9%. Other expenses increased because of higher data network expenses.

ASSET QUALITY

Net loan losses increased from EUR 14m to EUR 28m in Q408. Net loan losses to beginning of the year portfolio formed 1.5% in Q408, up from 0.8% in Q3. Loans overdue more than 60 days to 12-month old loan portfolio were 2.72% - up 104bp from Q3.

COUNTRY-BASED BALANCE SHEETS – ESTONIA

(in millions of euros, unaudited)	31.12.08	30.09.08	30.06.08	31.03.08	31.12.07
Assets					
Cash, dues from central bank and other banks	1,908.6	1,731.9	1,945.9	1,874.0	2,070.7
Securities	172.5	220.6	241.3	244.1	354.2
Loans	8,345.3	8,413.2	8,439.3	8,167.5	7,738.9
- Allowances for credit losses	-114.3	-88.9	-76.2	-66.6	-58.0
Net loans	8,231.0	8,324.3	8,363.1	8,100.9	7,680.9
Other assets	203.9	189.1	223.3	202.5	231.1
Total assets	10,516.0	10,465.9	10,773.6	10,421.5	10,336.9
Liabilities					
Deposits	4,475.5	4,883.1	4,998.0	4,880.9	4,719.6
Demand deposits	2,236.6	2,739.0	2,938.4	2,925.1	2,967.1
Time deposits	2,238.9	2,144.1	2,059.6	1,955.8	1,752.5
External funding	4,569.2	4,087.4	4,340.4	4,450.5	4,495.1
Other liabilities and internal funding adjustment	860.1	848.6	791.3	454.8	454.8
Allocated equity	611.2	646.8	643.9	635.3	667.4
Total liabilities and equity	10,516.0	10,465.9	10,773.6	10,421.5	10,336.9

COUNTRY-BASED INCOME STATEMENTS – ESTONIA

(in millions of euros, unaudited)	Q4 2008	Q3 2008	Q2 2008	Q1 2008	Q4 2007
Interest income	175.0	179.6	171.2	166.8	157.7
Interest expense	-108.9	-105.3	-106.9	-101.4	-91.6
Interest income, net	66.1	74.3	64.3	65.4	66.1
Fee and commission income	26.9	29.7	30.0	30.3	31.9
Fee and commission expense	-6.7	-7.5	-7.5	-7.2	-7.9
Fees and commissions, net	20.2	22.2	22.5	23.1	24.0
Net result from financial operations	-4.1	-1.0	4.0	-1.4	2.0
Net income from insurance activities	5.5	5.7	5.3	4.9	5.0
Other income	4.0	3.3	3.2	2.6	2.3
Total income	91.7	104.5	99.3	94.6	99.4
Operating expenses					
Personnel expenses	13.7	15.3	16.2	16.8	17.5
Data network expenses	8.2	7.5	7.9	7.3	8.5
Administrative expenses	7.6	8.1	7.0	6.1	6.8
Other expenses	3.9	3.8	4.7	3.6	5.5
Depreciation	0.8	0.9	0.8	0.8	0.8
Group overhead adjustment	1.9	2.3	3.0	1.3	3.2
Total operating expenses	36.1	37.9	39.6	35.9	42.3
Operating profit before provisions	55.6	66.6	59.7	58.7	57.1
Losses on loans and guarantees	-29.3	-14.8	-11.8	-7.8	-10.8
Recovered loans	0.8	0.5	0.9	0.7	0.7
Income from associated companies	-	-	-	0.2	0.2
Profit before income tax	27.1	52.3	48.8	51.8	47.2
Income tax	-	-	-	-	-
Profit after income tax	27.1	52.3	48.8	51.8	47.2
Minority interest	-	-	-	-	-
Net profit	27.1	52.3	48.8	51.8	47.2

LATVIA

(in millions of euros)	Q4 2008	Q3 2008	QoQ %	Q4 2007	YoY %	2008	2007 YTD	YTD %
Total income	75	75	0%	83	-11%	307	298	3%
Operating expenses	27	30	-11%	34	-22%	119	116	3%
Operating profit before provisions	48	45	6%	49	-2%	187	182	3%
Net profit	-12	24	-149%	34	-134%	76	134	-43%
EVA*	-26	9	-385%	22	-219%	18	91	-80%
Return on allocated equity**	-9.4%	19.7%		29.0%		15.8%	31.9%	
Cost-income ratio	36.0%	40.1%		41.3%		39.0%	38.8%	
Net loan losses***	4.01%	1.08%		0.78%		1.61%	0.56%	
Net interest margin	3.03%	2.72%		3.38%		2.92%	3.25%	
Loans****	6,481	6,600	-2%	5,977	8%	6,481	5,977	8%
Deposits	2,188	2,323	-6%	2,445	-11%	2,188	2,445	-11%
Allocated equity**	481	489	-2%	474	2%	481	474	2%
Assets	7,763	7,615	2%	7,261	7%	7,763	7,261	7%
Number of employees (full-time equivalent)	2,342	2,570	-9%	2,577	-9%	2,342	2,577	-9%

* Cost of equity used for EVA calculation was 10% in 2007 and 12% in 2008

** based on 8% capital adequacy for 2007 and 8.4% for 2008

*** net loan losses equals to (provisions+write-offs – recoveries) / beginning of the year loan portfolio

**** Gross loans to customers (excluding repos)

In the fourth quarter, Latvian business unit increased significantly its provisioning rate in light of deteriorating of economic conditions. Although continued investments into efficiency and reduction of employee numbers helped achieve a solid cost income ratio of 36%, quarterly net income was negative EUR 12m.

INCOME

Total income of the Latvian business unit decreased by 11% YoY to EUR 75m with no quarterly change.

Net interest income increased by EUR 7m in Q4. In the fourth quarter, some accounts were reclassified from net interest income to trading income based on Swedbank Group policies. The entire annual adjustment was made in Q408. This adjustment increased Latvian net interest income and decreased trading income by 9m. Net interest margin increased from 2.72% to 3.03%.

Loan portfolio declined by EUR 120m in Q4 and grew 8% YoY. Decline was largest in asset based finance EUR -80m, corporate lending EUR -38m followed by mortgages EUR -6m and consumer finance EUR -5m. Deposits decreased by EUR 136m in Q408 (-11% YoY).

Net fee income decreased EUR 1.5m from Q3 to EUR 14m. Decline is evident in all sub-items. Trading income decreased by EUR 6m from third quarter as a result of fair value adjustments and reclassification of accounts.

EXPENSES

Latvian unit's operating expenses decreased EUR 3m from Q3, with YoY decline of 22%. Personnel expenses decreased by 42% YoY and also from Q3 (EUR -4m) as a result of lower bonus expenses. Number of employees (incl Group and IT) decreased by 228 during Q4 and decreased 9% on an annual comparison. During fourth quarter Latvian business unit decided to reduce the number of employees given slowdown in business environment. Redundancy related expenses were EUR 0.4m in Q408. Data network expenses decreased while administrative and other expenses increased during the quarter.

ASSET QUALITY

Net loan losses increased to EUR 60m in Q408. Higher provisions for residential development and private mortgages portfolio were main contributors to loan loss figure. Net loan losses formed 4.0% of the beginning of the year portfolio in Q408, up from 1.08% in Q3. Loans overdue more than 60 days formed 3.49% of the 12-month old loan portfolio - up 118bp from Q3.

COUNTRY-BASED BALANCE SHEETS – LATVIA

(in millions of euros, unaudited)	31.12.08	30.09.08	30.06.08	31.03.08	31.12.07
Assets					
Cash, dues from central bank and other banks	911.3	673.4	833.5	849.8	980.9
Securities	346.4	265.4	257.9	241.9	224.9
Loans	6,483.1	6,615.5	6,379.3	6,167.8	5,984.1
- Allowances for credit losses	-126.5	-71.2	-58.0	-49.1	-42.8
Net loans	6,356.6	6,544.3	6,321.3	6,118.7	5,941.3
Other assets	148.4	131.7	127.4	115.8	114.1
Total assets	7,762.7	7,614.8	7,540.1	7,326.2	7,261.2
Liabilities					
Deposits	2,187.6	2,323.3	2,479.4	2,429.8	2,445.1
Demand deposits	1,185.2	1,275.6	1,454.7	1,501.4	1,644.7
Time deposits	1,002.4	1,047.7	1,024.7	928.4	800.4
External funding	4,592.3	4,307.3	4,095.3	3,971.5	3,870.0
Other liabilities and internal funding adjustment	501.5	494.8	498.9	448.1	472.3
Allocated equity	481.3	489.4	466.5	476.8	473.8
Total liabilities and equity	7,762.7	7,614.8	7,540.1	7,326.2	7,261.2

COUNTRY-BASED INCOME STATEMENTS – LATVIA

(in millions of euros, unaudited)	Q4 2008	Q3 2008	Q2 2008	Q1 2008	Q4 2007
Interest income	139.9	125.7	122.4	121.5	123.2
Interest expense	-81.1	-73.7	-68.5	-67.0	-63.3
Interest income, net	58.8	52.0	53.9	54.5	59.9
Fee and commission income	19.6	20.8	20.1	18.5	20.9
Fee and commission expense	-5.8	-5.5	-5.2	-4.8	-6.2
Fees and commissions, net	13.8	15.3	14.9	13.7	14.7
Net result from financial operations	-0.3	5.8	9.0	8.0	7.5
Net income from insurance activities	-	-	-	-	-
Other income	2.2	1.7	1.7	1.8	1.3
Total income	74.5	74.8	79.5	78.0	83.4
Operating expenses					
Personnel expenses	8.3	11.9	13.8	14.4	14.3
Data network expenses	5.3	6.3	6.2	6.1	6.1
Administrative expenses	6.5	5.8	5.9	4.5	6.0
Other expenses	4.5	3.5	4.9	2.8	5.4
Depreciation	1.0	1.0	1.0	1.0	1.0
Group overhead adjustment	1.1	1.4	1.6	0.6	1.6
Total operating expenses	26.7	29.9	33.4	29.4	34.4
Operating profit before provisions	47.8	44.9	46.1	48.6	49.0
Losses on loans and guarantees	-61.2	-16.5	-11.4	-8.6	-9.3
Recovered loans	0.9	0.3	0.4	0.5	0.5
Income from associated companies	-	-	-	-	-
Profit before income tax	-12.5	28.7	35.1	40.5	40.2
Income tax	1.0	-5.0	-7.0	-5.0	-6.3
Profit after income tax	-11.5	23.7	28.1	35.5	33.9
Minority interest	-	-	-	-	-
Net profit	-11.5	23.7	28.1	35.5	33.9

LITHUANIA

(in millions of euros)	Q4 2008	Q3 2008	QoQ %	Q4 2007	YoY %	2008	2007 YTD %	
Total income	74	78	-6%	76	-4%	294	265	11%
Operating expenses	33	30	10%	36	-9%	130	119	9%
Operating profit before provisions	41	48	-16%	40	1%	164	146	13%
Net profit	23	30	-21%	32	-28%	109	112	-3%
EVA*	9	15	-37%	22	-58%	52	77	-33%
Return on allocated equity**	19.8%	24.5%		32.6%		22.7%	32.7%	
Cost-income ratio	45.0%	38.3%		47.4%		44.1%	45.1%	
Net loan losses***	0.82%	0.91%		0.13%		0.58%	0.23%	
Net interest margin	2.59%	2.94%		2.86%		2.79%	2.80%	
Loans****	5,739	5,839	-2%	5,367	7%	5,739	5,367	7%
Deposits	3,164	3,580	-12%	3,633	-13%	3,164	3,633	-13%
Allocated equity**	453	484	-6%	407	11%	453	407	11%
Assets	7,400	7,565	-2%	7,278	2%	7,400	7,278	2%
Number of employees (full-time equivalent)	3,034	3,139	-3%	3,380	-10%	3,034	3,380	-10%

* Cost of equity used for EVA calculation was 10% in 2007 and 12% in 2008

** based on 8% capital adequacy for 2007 and 8.4% for 2008

*** net loan losses equals to (provisions+write-offs – recoveries) / beginning of the year loan portfolio

**** Gross loans to customers (excluding repos)

Lithuanian business unit net profit was EUR 23m and ROE 20% in Q408. Global turbulence related fair value adjustments strained revenue and together with seasonally high operating expenses the cost-income ratio reached 45%. Net loan losses moderated in the fourth quarter and loan loss ratio improved by 9bp, however, given the economic outlook, we expect the trend to reverse again in Q109.

INCOME

Total income decreased by 4% YoY and was EUR 74m in Q408. Quarterly decrease was EUR 4m.

Net interest income decreased by EUR 7m QoQ, -1% YoY. Net interest margin decreased 35bp during Q4 to 2.59%.

Lithuanian business unit's loan portfolio increased by 7% YoY and declined by EUR 100m in Q408. Decline was largest in asset based finance EUR -56m, corporate lending EUR -26m followed by mortgages EUR -8m and consumer finance EUR -6m. Deposits decreased by EUR 416m in Q4, -13% YoY.

Net fees and commissions were unchanged from Q304 and increased by 17% YoY. Trading income increased in quarterly comparison by EUR 2m with annual decline of 33%.

EXPENSES

Operating expenses increased EUR 3m QoQ; annual decline was 9% in Q4. In annual comparison personnel expenses declined 13%, IT expenses by 5% and administrative expenses by 8%. Number of employees declined by 105 in Q408, annual decline was 10%.

ASSET QUALITY

Net loan losses were EUR 11m in Q408, a decrease of EUR 1m from Q308. Loan losses related to corporate real estate and leasing portfolio contribute the most. Net loan losses formed 0.8% of the beginning of the year portfolio in Q408 - a decrease of 9bp from Q3. Loans overdue more than 60 days formed 2.38% of the 12-month old loan portfolio - up 41bp from Q3.

COUNTRY-BASED BALANCE SHEETS – LITHUANIA

(in millions of euros, unaudited)	31.12.08	30.09.08	30.06.08	31.03.08	31.12.07
Assets					
Cash, dues from central bank and other banks	716.1	672.7	564.3	597.4	835.6
Securities	792.2	912.5	989.1	908.2	923.4
Loans	5,740.3	5,841.9	5,754.1	5,551.1	5,374.4
- Allowances for credit losses	-64.9	-57.3	-47.9	-45.2	-43.0
Net loans	5,675.4	5,784.6	5,706.2	5,505.9	5,331.4
Other assets	216.0	195.4	178.1	175.4	187.8
Total assets	7,399.7	7,565.2	7,437.7	7,186.9	7,278.2
Liabilities					
Deposits	3,164.0	3,580.3	3,557.8	3,568.2	3,633.1
Demand deposits	1,669.1	2,107.5	2,136.0	2,137.4	2,373.9
Time deposits	1,494.9	1,472.8	1,421.8	1,430.8	1,259.2
External funding	3,056.9	2,815.9	2,690.8	2,499.0	2,593.5
Other liabilities and internal funding adjustment	725.8	685.0	714.7	634.2	645.1
Allocated equity	453.0	484.0	474.4	485.5	406.5
Total liabilities and equity	7,399.7	7,565.2	7,437.7	7,186.9	7,278.2

COUNTRY-BASED INCOME STATEMENTS – LITHUANIA

(in millions of euros, unaudited)	Q4 2008	Q3 2008	Q2 2008	Q1 2008	Q4 2007
Interest income	114.8	116.1	108.7	106.3	97.4
Interest expense	-66.2	-60.4	-57.5	-56.3	-48.2
Interest income, net	48.6	55.7	51.2	50.0	49.2
Fee and commission income	19.5	19.4	20.1	16.8	17.9
Fee and commission expense	-4.6	-4.8	-6.2	-4.7	-5.2
Fees and commissions, net	14.9	14.6	13.9	12.1	12.7
Net result from financial operations	5.3	3.6	4.6	1.8	7.9
Net income from insurance activities	1.9	1.3	2.0	3.1	3.9
Other income	2.8	2.7	2.1	1.4	2.7
Total income	73.5	77.9	73.8	68.4	76.4
Operating expenses					
Personnel expenses	15.7	13.7	18.0	17.5	18.0
Data network expenses	6.3	7.1	6.9	6.3	6.6
Administrative expenses	5.6	4.9	5.2	4.8	6.1
Other expenses	3.9	2.0	2.0	2.6	3.6
Depreciation	0.6	0.7	0.7	0.7	0.6
Group overhead adjustment	0.9	1.5	1.7	0.3	1.3
Total operating expenses	33.0	29.9	34.5	32.2	36.2
Operating profit before provisions	40.5	48.0	39.3	36.2	40.2
Losses on loans and guarantees	-12.0	-13.2	-4.5	-3.7	-1.5
Recovered loans	0.9	0.9	0.4	0.4	0.3
Income from associated companies	-	-	-	-	-
Profit before income tax	29.4	35.7	35.2	32.9	39.0
Income tax	-6.0	-6.2	-6.2	-5.9	-6.6
Profit after income tax	23.4	29.5	29.0	27.0	32.4
Minority interest	-	-	-	-	-
Net profit	23.4	29.5	29.0	27.0	32.4

CONSOLIDATED BALANCE SHEETS

(in millions of euros, unaudited)	31.12.08	30.09.08	30.06.08	31.03.08	31.12.07
Assets					
Cash	288.5	222.8	215.4	230.1	280.8
Due from Central Bank	1,468.0	1,224.3	1,334.8	1,533.2	1,270.8
Due from other financial institutions	1,351.9	1,323.1	1,477.6	1,456.7	2,236.3
Trading securities	165.1	153.4	150.6	150.1	212.2
Financial assets designated at fair value through P/L	1,014.2	1,109.6	1,196.9	1,115.5	1,142.2
Held-to-maturity securities	126.1	128.9	125.5	122.1	133.0
Investments in associates	0.4	0.4	0.4	3.9	3.7
Available for sale securities	0.1	0.1	8.6	0.1	0.1
Loans	20,568.7	20,870.6	20,667.3	20,970.4	20,169.4
- Allowances for credit losses	-305.7	-217.4	-182.1	-174.0	-156.3
Net loans	20,263.0	20,653.2	20,485.2	20,796.4	20,013.1
Tangible assets	153.8	144.9	142.1	142.0	134.2
Intangible assets	32.6	31.9	32.5	29.4	29.6
Prepayments and accrued interest	248.0	251.3	244.8	260.8	282.5
Other assets	123.1	83.8	96.8	69.4	87.7
Total assets	25,234.8	25,327.7	25,511.2	25,909.7	25,826.2
Liabilities					
Due to Central Bank and government	1.5	22.2	27.3	2.0	2.4
Due to other financial institutions	10,864.6	9,951.9	9,788.1	10,574.3	10,506.3
Deposits	9,827.1	10,786.7	11,034.5	10,917.2	10,913.3
Demand deposits	5,090.9	6,122.1	6,528.4	6,598.9	7,097.2
Time deposits	4,736.2	4,664.6	4,506.1	4,318.3	3,816.1
Debt securities issued	894.3	896.4	1,012.7	897.5	872.0
Accrued liabilities	361.5	381.4	378.0	403.3	425.1
Other reserves	308.6	345.2	373.0	379.7	412.9
Deferred tax liability	2.9	2.6	2.8	2.8	2.7
Other liabilities	212.3	216.8	271.6	200.9	287.7
Total liabilities	22,472.8	22,603.2	22,888.0	23,377.7	23,422.4
Subordinated Loan	500.0	500.0	500.0	538.0	520.5
Equity attributable to equity holders of parent					
Common stock	202.8	202.8	202.8	202.8	202.8
Share premium	32.2	32.2	32.2	32.2	32.2
Reserves	64.4	64.4	64.1	55.8	55.7
Other restricted equity	-	-	-	-	-
Revaluation reserve	-34.8	-34.1	-26.3	-20.1	-15.2
Cash-flow hedge reserve	-2.5	-5.7	-7.7	-5.5	-6.9
Retained earnings	1,999.9	1,964.9	1,858.1	1,728.8	1,614.7
Total equity attributable to equity holders of parent	2,262.0	2,224.4	2,123.2	1,994.0	1,883.3
Minority interest	-	-	-	-	-
Total shareholders' equity	2,262.0	2,224.5	2,123.2	1,994.0	1,883.3
Total liabilities and shareholders' equity	25,234.8	25,327.7	25,511.2	25,909.7	25,826.2

CONSOLIDATED INCOME STATEMENTS

(in millions of euros, unaudited)	Q4 2008	Q3 2008	Q2 2008	Q1 2008	Q4 2007
Continuing operations					
Interest income	427.3	420.6	402.1	394.3	379.1
Interest expense	-257.1	-239.6	-232.8	-224.2	-204.9
Interest income, net	170.2	181.0	169.3	170.1	174.2
Fee and commission income	65.2	69.2	69.3	64.5	70.0
Fee and commission expense	-16.5	-17.4	-18.3	-15.9	-18.5
Fees and commissions, net	48.7	51.8	51.0	48.6	51.5
Net result from financial operations	0.4	11.3	17.2	8.4	17.3
Net income from insurance activities	7.4	7.0	7.3	8.0	8.9
Other income	9.1	7.7	13.9	5.7	6.4
Total income	235.8	258.8	258.7	240.8	258.3
Operating expenses					
Personnel expenses	44.2	50.9	36.7	57.0	61.3
Data network expenses	9.6	9.0	9.1	7.6	8.9
Administrative expenses	22.9	21.3	20.9	17.8	21.6
Other expenses	13.2	10.5	12.7	10.2	16.5
Depreciation	6.1	5.9	5.6	5.3	5.4
Total operating expenses	96.0	97.6	85.0	97.9	113.7
Operating profit before provisions	139.8	161.2	173.7	142.9	144.6
Losses on loans and guarantees	-102.5	-44.5	-27.6	-20.0	-21.7
Recovered loans	2.6	1.7	1.7	1.6	1.7
Share of profit of associates	-	-	-	0.2	0.2
Profit before income tax	39.9	118.4	147.8	124.7	124.8
Income tax	-5.0	-11.2	-13.2	-10.9	-12.9
Profit for the period from continued operations	34.9	107.2	134.6	113.8	111.9
Discontinuing operations					
Total profit for the period from discontinued operations	-	-	2.9	0.4	6.5
Total profit for the period	34.9	107.2	137.5	114.2	118.4
Attributable to:					
Equity holders of the parent	34.9	107.2	137.5	114.2	118.4
Minority interest	-	-	-	-	-

CONSOLIDATED CASH FLOW STATEMENTS

(in millions of euros, unaudited)	31.12.08	30.09.08	30.06.08	31.03.08	31.12.07
Profit before income tax	436.4	396.5	278.2	126.7	535.7
Adjustments to profit before income tax					
Loan losses	160.9	84.2	50.8	21.8	51.8
Interest income	-1,677.8	-1,250.5	-829.8	-419.5	-1,353.2
Interest expense	972.2	715.1	475.5	238.5	690.5
Depreciation and amortization	23.1	17.1	11.1	5.5	20.6
Profit from sales of tangible assets	-1.7	-1.6	-0.3	-	-1.2
Book value of tangible assets written-off	1.0	0.5	0.4	-	-
Total adjustments to operating profit	-522.3	-435.2	-292.3	-153.7	-591.5
Changes in operating assets and liabilities					
Net change in prepayments	39.3	34.5	37.5	21.8	-15.6
Net change in accrued liabilities	-110.0	-88.3	-73.4	-50.4	21.4
Net change in deposits placed with other financial institutions	386.5	618.3	610.4	592.8	-476.4
Net change in financial assets held for trading	93.4	58.8	61.6	62.1	-141.6
Net change in loans to financial institutions	301.5	114.1	209.2	255.5	-87.0
Net change in compulsory reserve to Central Bank	-436.9	-513.9	5.6	-18.1	-65.2
Net change in loans	-399.3	-701.2	-497.9	-801.0	-5,279.1
Net change in other assets	-37.3	2.0	-11.1	19.0	-24.0
Net change in short-term liabilities due to other banks	244.1	21.1	-118.5	-178.5	610.8
Net change in demand deposits	-2,006.3	-975.1	-568.8	-498.3	360.7
Net change in time deposits	920.1	848.5	698.5	502.2	1,222.3
Net change in other liabilities	-84.2	-83.5	-27.5	-72.6	142.3
Total adjustments to operating assets and liabilities	-1,089.1	-664.7	325.6	-165.5	-3,731.4
Interest received	1,673.1	1,247.2	830.1	419.5	1,326.0
Interest paid	-927.6	-670.5	-449.3	-209.9	-628.9
Income tax paid	-58.1	-36.0	-23.9	-10.2	-38.7
Net cash used in operating activities	-487.6	-162.7	668.4	6.9	-3,128.8
Cash from investing activities					
Net change in securities held for investment	10.2	7.4	2.3	10.7	-11.7
Acquisition of tangible assets	-56.6	-37.2	-25.9	-16.5	-45.3
Sale of tangible assets	17.5	12.5	8.0	3.6	7.5
Acquisition of intangible assets	-7.4	-5.8	-5.6	-0.1	-2.4
Sale of intangible assets	1.6	1.6	1.5	-	-
Net cash provided by/used in investing activities	-34.7	-21.5	-19.7	-2.3	-51.9
Cash from financing activities					
Credit lines of Central Bank and government received	25.1	25.1	25.1	-	-
Credit lines of Central Bank and government paid	-26.0	-5.3	-0.2	-0.5	-2.8
Long-term loans received from other financial institutions	2,398.9	1,122.1	570.0	246.4	4,945.6
Long-term loans paid back to other financial institutions	-2,284.7	-1,697.7	-1,178.2	-	-1,495.9
Issue of debt securities	31.1	37.0	144.5	27.3	-152.9
Dividends paid	-	-	-	-	-5.0
Cash-flow hedge reserve	4.4	1.2	-	-	-
Net change in subordinated liabilities	-20.5	-20.5	-20.5	17.5	220.5
Net cash provided by financing activities	128.3	-538.1	-459.3	290.7	3,509.5
Effect of the change in exchange rate from foreign subsidiaries	-19.6	-19.0	-12.0	-3.5	5.8
Net increase in cash and cash equivalents	-413.6	-741.3	177.4	291.8	334.6
Cash and cash equivalents at the beginning of the year	2,806.5	2,806.5	2,806.5	2,806.5	2,471.9
Cash and cash equivalents at the end of the period	2,392.9	2,065.2	2,983.9	3,098.3	2,806.5

CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY

(in millions of euros, unaudited)	31.12.08	30.09.08	30.06.08	31.03.08	31.12.07
Equity attributable to equity holders of parent					
Share capital					
Balance at the beginning of the year	202,8	202,8	202,8	202,8	202,8
Balance at the end of the period	202,8	202,8	202,8	202,8	202,8
Share premium					
Balance at the beginning of the year	32,2	32,2	32,2	32,2	32,2
Balance at the end of the period	32,2	32,2	32,2	32,2	32,2
Reserves-general banking reserve					
Balance at the beginning of the year	21,8	21,8	21,8	21,8	21,8
Balance at the end of the period	21,8	21,8	21,8	21,8	21,8
Reserves-statutory reserve					
Balance at the beginning of the year	33,9	33,9	33,9	33,9	27,9
Appropriations to statutory reserve	8,7	8,7	8,4	0,1	6,0
Balance at the end of the period	42,6	42,6	42,3	34,0	33,9
Other reserves - stock dividends of subsidiaries					
Balance at the beginning of the year	-	-	-	-	6,4
Change in other reserves	-	-	-	-	-6,4
Balance at the end of the period	-	-	-	-	-
Revaluation reserves					
Balance at the beginning of the year	-15,2	-15,2	-15,2	-15,2	-16,1
Net change in revaluation reserves	-19,6	-19,0	-11,1	-4,9	0,9
Balance at the end of the period	-34,8	-34,2	-26,3	-20,1	-15,2
Cash-flow hedge (effective portion)					
Balance at the beginning of the year	-6,9	-6,9	-6,9	-6,9	-
Net change in cash-flow hedge reserve	4,3	1,2	-0,8	1,4	-6,9
Balance at the end of the period	-2,6	-5,7	-7,7	-5,5	-6,9
Retained earnings					
Balance at the beginning of the year	1,614,7	1 614,7	1 614,7	1 614,7	1 135,7
Net profit	393,9	358,9	251,8	114,2	483,5
Appropriations to reserves	-8,7	-8,7	-8,4	-0,1	-4,9
Dividends paid	-	-	-	-	-6,0
Reclassification	-	-	-	-	6,4
Balance at the end of the period	1,999,9	1 964,9	1 858,1	1 728,8	1 614,7
Total equity attributable to equity holders of parent	2,261,9	2 224,4	2 123,2	1 994,0	1 883,3
Minority interests					
Balance at the beginning of the year	-	-	-	-	-
Acquisition of subsidiaries	-	-	-	-	-
Minority share of net profit of subsidiaries	-	-	-	-	-
Balance at the end of the period	-	-	-	-	-
Total equity	2,261,9	2 224,4	2 123,2	1 994,0	1 883,3

RATINGS

MOODY'S INVESTORS SERVICE

	10.10.08	27.06.08	24.02.07	31.05.06	14.11.05	12.12.02	29.07.02	29.01.02	02.05.00
Long-term local currency deposit	A1	A1	A1	A1	A1	A1	Baa1	Baa1	Baa1
Global Local Currency Deposit	A1	Aa3	Aa2						
Short-term deposit	Prime 1	Prime 1	Prime 1	Prime 1	Prime 1	Prime 1	Prime 2	Prime 2	Prime 2
Financial strength	C-	C	C+	C+	C+	C	C	C-	C-
Senior-debt	A1	Aa3	Aa2	Aa3	A1	A1	A2	A2	

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HANSABANK'S FINANCIAL CALENDAR FOR 2009:

Q4 2008	February 12, 2009
Q1 2009	23 April 2009
Q2 2009	17 July 2009
Q3 2009	21 October 2009