



Interim Report
Swedbank Baltic Banking¹
Q1 2009

Financial highlights for continued operations²

	Q1 2009	Q1 2008	%	Q4 2008	%
Profit for the period, EURm²⁾	- 89	114	n.a	35	n.a
Estonia	- 19	52	n.a	27	n.a
Latvia	- 191	36	n.a	- 12	1 560
Lithuania	- 48	27	n.a	23	n.a
Lending, EURm³⁾	19 118	20 488	- 7	19 922	- 4
Estonia	7 638	7 806	- 2	7 893	- 3
Latvia	6 050	6 110	- 1	6 354	- 5
Lithuania	5 429	5 501	- 1	5 675	- 4
Deposits, EURm	9 760	10 919	- 11	9 829	- 1
Estonia	4 440	4 872	- 9	4 477	- 1
Latvia	2 125	2 430	- 13	2 188	- 3
Lithuania	3 195	3 569	- 10	3 165	1
Return on equity, %⁴⁾	neg	23.6		6.2	
Estonia	neg	32.7		17.2	
Latvia	neg	30.0		neg	
Lithuania	neg	22.3		19.8	
C/I ratio	0.40	0.41		0.41	
Estonia	0.39	0.38		0.39	
Latvia	0.41	0.38		0.36	
Lithuania	0.40	0.47		0.45	
Loan loss ratio (legal), %⁵⁾	4.17	0.39		1.91	
Loan loss ratio with Swedbank Group level provision, %	7.50	0.39		1.91	
Estonia	3.31	0.38		1.32	
Latvia	14.13	0.53		3.70	
Lithuania	6.00	0.25		0.77	
Full-time employees ⁶⁾	8 075	9 206	- 12	8 327	- 3
Number of bank branches	272	287	- 5	278	- 2
Total customers, million	5.3	5.3		5.2	2

¹⁾ The consolidated financial statements of Swedbank AS (Estonia) comprise Swedbank AS and its subsidiaries (together referred to as "Swedbank Baltic Banking" or "Baltic Banking") and Baltic Banking interest in associates.

²⁾ Country results do not sum to total group results as eliminations and group units are excluded. All income statement numbers for continued operations, Baltic Banking balance sheet for Q108 includes Russian operations. Country results include swedbank Group level provision.

³⁾ Net loans to the public (excluding repos). Does not include Swedbank Group level collective provision.

⁴⁾ Return on equity – equity capital is allocated to the business units based on 10 per cent equity/risk-weighted assets in the Baltic countries for 2009, in 2008 the respective ratio was 8.4 per cent. At the Baltic Banking level, ROE is calculated based on actual equity.

⁵⁾ Loan loss ratio = Impairment losses on loans and other credit risk provisions / (beginning of the period net loan portfolio + guarantees)

⁶⁾ Full time equivalent of employees

Basis of Preparation

Swedbank AS (Estonia) is a fully-owned subsidiary of Swedbank AB. Swedbank AB, the parent company of Swedbank Group, publishes interim reports for Swedbank Group.

The Interim report for the first quarter 2009 is not audited.

Discontinued operations

On 12 May 2008, AS Hansapank and AS Hansa Capital entered into an agreement with Swedbank AB for the sale of 85 per cent of the shares of OOO Swedbank and 100 per cent of the shares of Hansa Leasing Ltd. In 2008, the financial results of the sold entities have been consolidated for the period of January to April (incl). From 30 April 2008, these operations are reported in accordance with IFRS 5, "Discontinued operations".

Development during the period

Highlights

- Substantial increase in provisions
- Intensified measures to protect asset quality
- Income under pressure from falling Euribor interest rate and decreasing lending volumes
- Maintained cost income ratio of 0.40 due to timely adjustments in operations affected by reduced demand

Baltic economies are facing their first recession since regaining independence. Due to the deteriorating macroeconomic environment Swedbank Baltic Banking result was a loss of EUR 89m in the first quarter of 2009. Main contributor to the loss was a significant increase in impairment losses to EUR 212m in Q109. Given the uncertain macro economic outlook and the lack of visibility on the level of potential future losses Swedbank Group took pre-emptive action by making a collective provision for Baltic Banking in the amount of EUR 170m. This amount is on Group level and not included in Baltic Banking legal results.

On the positive side the bank maintained its operating efficiency despite the more difficult conditions as cost-income ratio was 0.40. Number of employees has decreased by 12 per cent during the past year, while the number of branches has reduced by 5 per cent.

Economy and banking market

The first quarter was characterized by continued worsening economic conditions in all three Baltic countries. An increasing number of bankruptcies across the region together with rising unemployment have led to increased impairment losses. The development is evident in all client segments and economic sectors. The main share still comes from the real estate development sector. Real estate prices continued to decline in all three countries with prices falling to 2005 levels during the quarter in Tallinn, just like in Riga at the end of 2008.

As the Baltic economies are very open, changes in the external environment have strong impact on their growth outlook. Based on current trends majority of economic experts do not expect growth in the world and hence also in Baltics to resume before 2010.

Company news

Brand change

On March 17, 2009 AS Hansapank changed its business name; the new operating name is Swedbank AS. This move is the last phase in the brand changing process initiated last autumn. In Latvia the bank's new name is Swedbank AS and in Lithuania "Swedbank" AB.

For Swedbank's clients the business name change will not bring any additional obligations – all rights and obligations resulting from previous contracts will remain the same.

Changes in management

There were a number of changes in the Swedbank Group Executive Management in the first quarter with direct impact on Baltic Banking. Erkki Raasuke, formerly Head of

Baltic Banking, was appointed Group Chief Financial Officer and Håkan Berg, formerly Head of Internal Audit, has been appointed Head of Baltic Banking.

IRB approval

Swedish financial supervisory authority (Finansinspektionen) granted Swedbank permission to use the internal ratings-based (IRB) approach in the calculation of risk-weighted assets in Baltic Banking.

The IRB approach is applied to around 90 per cent of total Baltic Banking risk exposure. The risk-weighted assets for the remaining part — consisting mainly of exposures to sovereigns and other public sector entities as well as non-profit organizations — are calculated in accordance with standardised approach.

The IRB approach is a credit risk assessment approach under the Capital Requirement directive (Basel 2), according to which banks are allowed to calculate capital requirements for credit risk based on own risk estimates. The approach is more risk sensitive and derives more accurate estimates of capital requirement than the standardised approach.

Decision to grant permission to Baltic Banking business unit was made jointly with the Baltic financial supervisory authorities after a comprehensive review process.

Nominations

Swedbank in Estonia and in Lithuania were named as the best banks in developing markets by the international business and financial markets magazine Global Finance.

Income

Total income was EUR 209m in the first quarter of 2009 with an annual decline of 13 per cent. First quarter income was EUR 26m lower than in Q408, mainly hurt by falling net interest income.

Net interest income decreased 24 per cent compared to the same period last year to EUR 130m in Q109. On the business unit level the annual net interest income growth rates were as follows: Estonia -25 per cent, Latvia -28 per cent and Lithuania -9 per cent. Baltic Banking has more assets than liabilities related to Euribor, which continued to put pressure on net interest income during the quarter as the fall in Euribor was faster than in domestic interest rates. Decreasing lending volumes and an increase of loans overdue further hit net interest income. The decline in net interest income was lowest in Lithuania, which has the highest share of loans nominated in local currency.

Net commission income fell by 15 per cent to EUR 41m in Q109 compared to the same period last year driven primarily by the negative trends in global and domestic financial markets and contracting domestic demand.

Net gains and losses on items at fair value recovered from previous quarters and totalled EUR 26m in Q109.

Volumes

The economic downturn has increased business risks and reduced investment activity substantially. As a result, demand for new lending has decreased and the volume of lending reduced by 4 per cent during the quarter. Annual reduction was 2 per cent when excluding from March 2008 data the Russian operations that were transferred to Swedbank International Banking business unit in mid-2008. The trends were similar in all three Baltic countries. The reduction in lending growth was most evident in the rapidly amortising leasing and factoring portfolio. Lending market share is unchanged in all three countries since December 2008.

Baltic Banking deposit volume remained stable during the first quarter, decreasing by 1%. The intensified competition for deposits continued during the quarter and was most evident for large corporate deposits where many banks used aggressive deposit pricing strategies. Despite this, Baltic Banking deposit market share remained stable at 48 per cent in Estonia, 16 per cent in Latvia, 29 per cent in Lithuania as of 31 March 2008.

Lending margin declined 27bp to 1.61 per cent in Baltics with 37bp reduction in Estonia, 30bp reduction in Latvia and 10bp reduction in Lithuania. The reduction is driven by two main drivers – an increase in funding cost as well as the growing share on non-performing loans.

Expenses

Operating expenses decreased by 15 per cent compared to the same period last year to EUR 83m in Q109. Compared to fourth quarter, expenses decreased EUR 13m. On a country level, Estonian expense decline was 13 per cent, Latvian 10 per cent and Lithuanian 18 per cent compared to the same period last year.

Staff costs were reduced primarily thanks to performance pay flexibility as well as to a 12 per cent reduction in the number of employees. Also, several new cost cutting measures were introduced such as limiting procurement and fringe benefits. As a result, the bank maintained a very strong cost-income ratio of 0.40 in Q109.

It is expected that business volumes will continue to decrease along with the rest of the economy in the coming quarters. As a result, the bank will continue to reduce capacity where needed in order to maintain operational efficiency.

Asset quality

Trends similar to the previous quarters continued in Q109. Loans in arrears increased in all countries. There was a considerable jump in loans overdue more than 60 days in Latvia, from 3.2 per cent in December 2008 to 9.2 per cent in March 2009. Economic slowdown has been the steepest in Latvia and this is also visible in Baltic Banking country portfolios.

Total impairment losses on loans were EUR 212m during the first quarter, driven by an increase in the number of clients with difficulties with loan servicing. In addition to individually identified loan provision, the Swedbank Group took pre-emptive action by making a collective provision for future impairment losses in the amount of EUR 170m given the uncertain macro economic outlook and the lack of visibility on the level of potential future losses. This reserve is formed on Swedbank Group level.

Loan loss ratio formed 4.17 per cent of the loan portfolio, up from 1.91 per cent in Q408. Loan loss ratio with the collective provision was 7.50 per cent of loan portfolio. The default rate and losses increased in all segments of the economy.

Taking into consideration previous experience from similar economic downturns in other countries, Swedbank has decided to strengthen its FRR activity (Financial Restructuring and Recovery) with a separate unit that works with customers and projects that require special supervision during the regional recession. The unit will work in all three countries and be managed at pan-Baltic level. An estimated 200 persons will work in BFRR including experienced experts who have dealt with similar special situations in several other banks such as in Sweden, Germany and the UK. The unit will be operational before the end of the first half of 2009.

Estonia

EURm	Q1	Q1	%	Q4	%
	2009	2008		2008	
Total income	79.8	94.8	- 16	91.7	- 13
Total expenses	- 31.1	- 35.9	- 13	- 36.1	- 14
Profit before impairments and provisions	48.7	58.9	- 17	55.6	- 12
Impairment losses on loans and other credit risk provisions	- 67.5	- 7.1	851	- 28.5	137
Profit for the period	- 18.8	51.8	n.a	27.1	n.a
Return on allocated equity*, %	neg	32.7		17.2	
C/I ratio	0.39	0.38		0.39	
Loan loss ratio**, %	3.31	0.38		1.32	
Net interest margin, %	1.92	2.53		2.49	
Lending	7 638.2	7 806.2	- 2	7 893.3	- 3
Deposits	4 440.4	4 872.3	- 9	4 476.7	- 1
Full-time employees	2 870	3 234	- 11	2 950	- 3

* Based on 8.4 per cent equity/RWA in 2008 and 10 per cent in 2009

** Loan loss ratio = Impairment losses on loans and other credit risk provisions / (beginning of the period lending portfolio + guarantees)

Swedbank Estonia incurred a loss of EUR 19m during Q109. A more rapid increase in loan arrears was seen in March and this affected the results of the first quarter. The impairment losses totalled EUR 67.5m in the quarter. The bank has taken several actions to adapt to smaller business volumes and reduced revenue base.

Income

Total quarterly income was EUR 80m in the quarter, a decrease of 16 per cent over the year.

Net interest income decreased by EUR 17m in the quarter to EUR 49m. Net interest margin decreased from 2.49 per cent to 1.92 per cent. Smaller loan portfolio, declining Euribor, higher cost of funding and increase in overdue loans all contributed to the decline.

Lending portfolio declined 2 per cent in annual comparison; quarterly decline was 3 per cent. All core portfolios declined during the quarter: corporate portfolio EUR 51m, mortgages EUR 34m, ABF EUR 88m and consumer finance EUR 18m. Deposit portfolio decreased by EUR 36m in Q109, with decline of 9 per cent from 31 March 2008.

Net commission income declined to EUR 18m in the quarter (EUR -2m from 31 December 2008). Asset Management, custody and other securities' related fees have declined the most given weaker financial markets. A

decrease in card and cash related fee income can be observed as a result of economic slowdown.

Net gains and losses on items at fair value recovered from previous quarters and were EUR 5.6m in the quarter.

Expenses

Operating expenses decreased by 13 per cent compared to the same period last year and were EUR 31m in the quarter. Expenses decreased by EUR 5m compared to last quarter. Number of employees decreased by 80 in the quarter (including IT and group level employees working in Estonia). Annual employee decline was 11 per cent. Other expenses decreased mainly due to lower marketing and professional services expenses.

Asset quality

Impairment losses on loans and other credit risk provisions increased from EUR 29m in Q408 to EUR 68m in the quarter. Loan loss ratio formed 3.31 per cent of loan portfolio in Q109, up from 1.32 per cent in Q4. Loans overdue more than 60 days to loan portfolio were 4.1 per cent - up from 2.6 per cent in the last quarter.

Latvia

EURm	Q1	Q1		Q4	
	2009	2008	%	2008	%
Total income	64.9	78.0	- 17	74.5	- 13
Total expenses	- 26.4	- 29.4	- 10	- 26.7	- 1
Profit before impairments and provisions	38.5	48.6	- 21	47.8	- 19
Impairment losses on loans and other credit risk provisions	- 229.0	- 8.1	2 727	- 60.3	280
Profit for the period	- 190.9	35.5	n.a	- 11.5	1 560
Return on allocated equity*, %	neg	30.0		neg	
C/I ratio	0.41	0.38		0.36	
Loan loss ratio**, %	14.13	0.53		3.70	
Net interest margin, %	2.11	3.02		3.03	
Lending	6 050.4	6 109.5	- 1	6 354.1	- 5
Deposits	2 125.1	2 429.7	- 13	2 187.6	- 3
Full-time employees	2 276	2 653	- 14	2 342	- 3

* Based on 8.4 per cent equity/RWA in 2008 and 10 per cent in 2009

** Loan loss ratio = Impairment losses on loans and other credit risk provisions / (beginning of the period lending portfolio + guarantees)

Economic adjustment is the steepest in Latvia of the three Baltic countries. In preparation of continuing economic recession, provisions for impaired loans in the amount of EUR 91m were created. In addition, the bank took pre-emptive action by making a collective provision for future potential impairment losses in the amount of EUR 138m. This reserve is formed on Swedbank Group level. As a result, Swedbank in Latvia result was a loss of EUR 191m in the first quarter of 2009.

In its core business lines, Latvian business unit continues to work efficiently as shown by the first quarter cost-income ratio of 0.41. In order to adjust to lower business volumes and reduced revenue base the bank has gradually streamlined its organization and distribution network.

Income

Total income of the Latvian business unit decreased by 17 per cent compared to the same period last year to EUR 65m. Quarterly decrease was EUR 10m.

Net interest income decreased by EUR 20m in Q109, -28 per cent compared to the same period last year. Main impact came from falling Euribor, lower volumes and increase in overdue loans. Net interest margin decreased from 3.03 per cent to 2.11 per cent.

Lending portfolio declined by 5 per cent during the quarter and 1 per cent from 31 March 2008. Decline was largest in asset based finance EUR 95m, corporate lending EUR 84m followed by mortgages EUR 35m and consumer finance EUR 11m. Deposits decreased by EUR 62m in Q109 (-13 per cent from 31 March 2008).

Net commission income decreased EUR 2m from 31 December 2008 to EUR 12m. Decline is evident in all sub-items. Net gains and losses on items at fair value

increased to EUR 13m during the quarter. The result was slightly above normal levels as the bank earned realised income from maturing bonds that had been valued down in previous quarters through fair value adjustments.

Expenses

Latvian unit's operating expenses were unchanged from Q4, with decline of 10 per cent compared to the same period last year. Staff costs declined the most while other expenses have been slower to adjust. Number of employees decreased by 66 during the quarter, annual decrease is 14 per cent.

Asset quality

Impairment losses on loans increased to EUR 91m during the quarter; including collective provision the total amount was EUR 229m. Loan loss ratio (incl collective provision) formed 14.1 per cent of loan portfolio in the quarter. Loans overdue more than 60 days increased significantly during the quarter and were 9.2 per cent of the loan portfolio, up from 3.2 per cent in last quarter.

Lithuania

EURm	Q1	Q1		Q4	
	2009	2008	%	2008	%
Total income	67.0	68.4	- 2	73.5	- 9
Total expenses	- 26.5	- 32.2	- 18	- 33.0	- 20
Profit before impairments and provisions	40.5	36.2	12	40.5	0
Impairment losses on loans and other credit risk provisions	- 86.0	- 3.3	2 506	- 11.1	675
Profit for the period	- 47.5	27.0	n.a	23.4	n.a
Return on allocated equity*, %	neg	22.3		19.8	
C/I ratio	0.40	0.47		0.45	
Loan loss ratio**, %	6.00	0.25		0.77	
Net interest margin, %	2.54	2.80		2.59	
Lending	5 429.3	5 501.1	- 1	5 674.5	- 4
Deposits	3 194.7	3 569.0	- 10	3 164.6	1
Full-time employees	2 929	3 319	- 12	3 034	- 3

* Based on 8.4 per cent equity/RWA in 2008 and 10 per cent in 2009

** Loan loss ratio = Impairment losses on loans and other credit risk provisions / (beginning of the period lending portfolio + guarantees)

Swedbank in Lithuania result was a loss of EUR 48m in the quarter. The result also includes a collective provision formed on Swedbank Group level in the amount of EUR 32m. Similarly to the other two countries, financial performance was affected the most by asset quality developments. On the positive side, consistent improvement of operational efficiency, downsizing the employee headcount, and optimising other expenditures have helped to achieve a very good cost-income ratio of 0.40.

Income

Total income decreased by 2 per cent compared to the same period last year and was EUR 67m in the quarter. Quarterly decrease was EUR 7m.

Net interest income decreased by EUR 3m in the quarter, - 9 per cent compared to the same period last year. Net interest margin decreased 5bp during the quarter to 2.54 per cent. The decrease was the smallest of the three countries because the Lithuanian unit has the highest share of local currency loans, which are not sensitive to movements in Euribor.

Lithuanian business unit's lending portfolio decreased by 1 per cent from 31 March 2008 and by 4 per cent from 31 December 2008. Decline was largest in asset based finance EUR 148m, corporate lending EUR 21m followed by mortgages EUR 19m and consumer finance EUR 18m. Deposits increased by EUR 30m in the quarter, but decreased 10 per cent from 31 March 2008.

Net commission income decreased EUR 3m from last quarter and 2 per cent compared to the same period last year. Net gains and losses on items at fair value increased in quarterly comparison by EUR 1m to EUR 6m.

Expenses

Operating expenses decreased EUR 6m in the quarter; annual decline was 18 per cent compared to the same period last year. Largest decline was in personnel expenses. Number of employees declined by 105 in the quarter, annual decline was 12 per cent.

Asset quality

Impairment losses on loans increased to EUR 54m in the quarter; including the collective provision to EUR 86m. Loan loss ratio formed 6.0 per cent of lending portfolio in the quarter. Loans overdue more than 60 days to loan portfolio were 3.9 per cent - up from 2.1 per cent on 31 December 2008.

Income statement

Swedbank Baltic Banking EURm	Q1 2009	Q1 2008	%	Q4 2008	%
CONTINUING OPERATIONS					
<i>Interest income</i>	352.3	394.3	- 11	427.3	- 18
<i>Interest expenses</i>	- 222.3	- 224.2	- 1	- 257.1	- 14
Net interest income	130.0	170.1	- 24	170.2	- 24
<i>Commission income</i>	56.4	64.5	- 13	65.2	- 13
<i>Commission expenses</i>	- 14.9	- 15.9	- 6	- 16.5	- 10
Net commissions	41.5	48.6	- 15	48.7	- 15
Net gains and losses on financial items at fair value	26.0	8.4	210	0.4	6 400
Net insurance	6.6	8.0	- 18	7.4	- 11
Share of profit or loss of associates		0.2	n.a		n.a
Other income	5.4	5.7	- 5	9.1	- 41
Total income	209.5	241.0	- 13	235.8	- 11
Staff costs	- 43.3	- 49.2	- 12	- 46.0	- 6
Profit-based staff costs		- 10.0	n.a	1.1	n.a
Other expenses	- 33.8	- 33.4	1	- 45.0	- 25
Depreciation/amortisation	- 6.2	- 5.3	17	- 6.1	2
Total expenses	- 83.3	- 97.9	- 15	- 96.0	- 13
Profit before impairments and provisions	126.2	143.1	- 12	139.8	- 10
Impairment losses on loans and other credit risk provisions*	- 212.5	- 18.4	1 055	- 99.9	113
Operating profit	- 86.3	124.7	n.a	39.9	n.a
Tax expense	- 2.4	- 10.9	- 78	- 5.0	- 52
Profit for the period from continuing operations	- 88.7	113.8	n.a	34.9	n.a
DISCONTINUED OPERATIONS					
Profit for the period from discontinued operations		0.4	n.a		n.a
Profit for the period	- 88.7	114.2	n.a	34.9	n.a

* Does not include Swedbank Group level collective provision

Other comprehensive income

Swedbank Baltic Banking EURm	Q1 2009	Q1 2008	%
Profit for the period reported via income statement	- 88.7	114.2	n.a
Exchange differences on translating foreign operations	- 2.8	- 4.9	- 43
Cash flow hedges:			
- Gains/losses arising during the period	2.5	1.5	67
Other comprehensive income for the period, net of tax	- 0.3	- 3.4	- 91
Total comprehensive income for the period	- 89.0	110.8	n.a

Balance sheet

Swedbank Baltic Banking EURm	31 Mar 2009	31 Dec 2008	%
Assets			
Loans to credit institutions	1 485.5	1 351.9	10
Loans to the public*	19 491.8	20 263.0	- 4
Interest-bearing securities	1 046.7	1 069.0	- 2
Shares and participating interests	149.5	156.2	- 4
- for which customers bear the investment risk	101.9	103.8	- 2
Derivatives	89.4	80.7	11
Other assets	2 046.8	2 314.0	- 12
Total assets	24 309.7	25 234.8	- 4
Liabilities and equity			
Amounts owed to credit institutions	10 252.4	10 864.6	- 6
Deposits and borrowings from the public	9 760.2	9 828.6	- 1
Debt securities in issue, etc	820.4	873.8	- 6
Financial liabilities for which customers bear the investment risk	101.9	104.2	- 2
Derivatives	46.0	20.5	124
Other liabilities and provisions	655.8	781.1	- 16
Subordinated liabilities	500.0	500.0	
Equity	2 173.0	2 262.0	- 4
Total liabilities and equity	24 309.7	25 234.8	- 4

* Additional information about loans to public is provided in Note 3

Does not include Swedbank Group level collective provision

Statement of changes in equity

Swedbank Baltic Banking EURm	Shareholders' equity						
	Share capital	Other contributed equity	Reserves	Translation of foreign operations	Cash flow hedges	Retained earnings	Total
Opening balance 1 January, 2008	202.8	32.2	55.7	- 15.2	- 6.9	1 614.7	1 883.3
Appropriations to reserves			0.1			- 0.1	
Total comprehensive income for the period				- 4.9	1.5	114.2	110.8
Closing balance 31 March, 2008	202.8	32.2	55.8	- 20.1	- 5.4	1 728.8	1 994.1
Opening balance 1 January, 2008	202.8	32.2	55.7	- 15.2	- 6.9	1 614.7	1 883.3
Appropriations to reserves			8.7			- 8.7	
Total comprehensive income for the period				- 19.6	4.4	393.9	378.7
Closing balance 31 December, 2008	202.8	32.2	64.4	- 34.8	- 2.5	1 999.9	2 262.0
Opening balance 1 January, 2009	202.8	32.2	64.4	- 34.8	- 2.5	1 999.9	2 262.0
Appropriations to reserves			14.8			- 14.8	
Total comprehensive income for the period				- 2.8	2.5	- 88.7	- 89.0
Closing balance 31 March, 2009	202.8	32.2	79.2	- 37.6		1 896.4	2 173.0

Cash flow statement

Swedbank Baltic Banking EURm	Jan-Mar 2009	Jan-Mar 2008	Full-year 2008
Cash and cash equivalents at beginning of period	2 393.0	2 806.5	2 806.5
Operating activities	900.3	6.9	-1 539.2
Investing activities	- 11.4	- 2.4	48.9
Financing activities	- 688.6	292.2	1 096.4
Cash flow for the period	200.3	296.7	- 393.9
Exchange differences on cash and cash equivalents	- 2.8	- 4.9	- 19.6
Cash and cash equivalents at end of period	2 590.5	3 098.3	2 393.0

Note 1 Accounting policies

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 2008, with the exception of accounting principles related to the new standard below and the revised standard below.

These condensed financial statements should be read in conjunction with the annual financial statements for the year ended 31 December 2008.

IFRS 8 Operating Segments

The Swedbank Baltic Banking has adopted IFRS 8 Operating Segments to its segment reporting, as of 1 January 2009. Under the standard previously applied, IAS 14 Segment Reporting, two sets of segments (geographical and business) was identified using a model based on risks and rewards. Under IFRS 8, the segment information is presented from the perspective of the company management and business segments are identified on the basis of the internal reporting to the company's chief operating decision maker. Swedbank Baltic Banking has identified its CEO as the chief operating decision maker, and the internal reporting used by the CEO to monitor operations and take decisions on the allocation of resources forms the basis for the segment information presented.

Swedbank Baltic Banking's segment reporting under IAS 14 was based on the organisation and internal reporting,

and hence only minor differences were identified in conjunction with the transition to IFRS 8. The implementation of this standard has had no impact on the reported result or financial position of Swedbank Baltic Banking.

IAS 1 (revised) Presentation of Financial Statements

The revised standard entails, amongst other things, a more inclusive Income Statement referred to as a Statement of Comprehensive Income. This includes, in addition to the traditional Income statement, the profit/loss items previously reported under shareholders' equity (not transactions with the owners), such as currency effects in conjunction with the conversion of foreign operations' results. Entities may, however, choose to present either a Statement of Comprehensive Income, with sub-totals, or in the form of a traditional Income Statement followed by a presentation of the profit/loss items previously reported under shareholders' equity (other comprehensive income). Swedbank Baltic Banking has chosen the latter alternative of a traditional Income Statement and a separate presentation entitled "Other Comprehensive Income".

Amendments to IAS 1 also offer the opportunity to use new designations for the financial reports – an opportunity not taken by Swedbank Baltic Banking.

However, the revised standard has had no impact on the reported result or financial position of Swedbank Baltic Banking

Note 2 Capital Adequacy

New capital adequacy rules ("Basel 2")

On January 1, 2007 Estonia introduced new capital adequacy rules, Basel 2. The rules are based on the so-called Basel Accord and are being introduced throughout the EU according to the provisions of the EU's Banking Directive and Capital Requirements Directive.

In 2008, Swedbank Baltic Banking used standardized method for credit, market and operational risks in all group companies. As of first quarter 2009, IRB method is used to calculate capital requirement for credit risk. Information on the capital base and capital requirements is provided for the most significant subsidiaries within the Swedbank Baltic Banking: Swedbank AS (Estonia), Swedbank AS (Latvia), "Swedbank" AB (Lithuania) on solo bases.

Swedbank Baltic Banking companies included in capital adequacy calculation

As of 31 March 2009 the Swedbank Baltic Banking companies included in capital adequacy calculation were as follows:

Parent company and major subsidiaries	Subsidiaries	Companies NOT included in the CAD calculation *
Swedbank AS (Estonia)	Swedbank Investeerimisfondid AS Swedbank Support OÜ AS Hansa Capital Swedbank Liising AS AS Hansa Leasing Russia Swedbank Autopargi Juhtimise AS	Swedbank Elukindlustus AS Swedbank Varakindlustus AS Balti Kindlustusmaakleri OÜ (under liquidation)
Swedbank AS (Latvia)	Swedbank Lizings SIA Swedbank Īpašumi SIA Swedbank Autoparku Vadība SIA SIA Hansa Apdrošinašanas Brokeris Swedbank Ieguldījumu Pārvaldes Sabiedrība AS Swedbank Atklātais Pensiju Fonds AS	
"Swedbank" AB (Lithuania)	„Swedbank lizingas” UAB „Swedbank investicijų valdymas” UAB „Swedbank autoparko valdymas” UAB „Swedbank valda” UAB „Swedbank draudimo brokeris” UADBB	„Swedbank gyvybės draudimas” UAB

* The Swedbank Baltic Banking insurance companies are not included according to the Basel 2 capital adequacy rules.

Capital base

The capital base serves as a buffer against the losses that can arise from risks to which Swedbank Baltic Banking is exposed. Bank's ability to sustain large losses is also to a large extent dependent on the strength of the income statement but also on more qualitative factors such as risk management capabilities and internal governance and control.

Capital requirement for credit risks

Credit risk refers to the risk that a counterpart is incapable of meeting its obligations and pledged assets do not cover the claims. Credit risk includes concentration risk that includes large individual exposures as well as significant exposures to groups of counterparts whose likelihood of default is driven by common underlying factors, such as the economy, sector, geography, instrument type or other. Credit risk forms the largest part of the total outstanding risk for Swedbank Baltic Banking and is inherent in almost all regular credit products such as loans, leasing, credit cards, guarantees and derivatives.

Market risks

Exposure to market risks arises from positions that are affected by changes in market risk factors: interest rates, foreign exchange rates and equity prices (or other relevant risk factors such as implicit volatility for options).

For capital requirement calculation purposes, the standardized approach has been implemented under Basel 2 capital adequacy rules.

Operational risk

Operational risk stands for any undesirable impact to business objectives, including direct or indirect financial loss or loss of confidence, occurring in day-to-day business operation, resulting from errors or omissions in internal procedures or systems, or due to human errors or fraud, or from external events.

For defining capital requirement to cover unexpected losses from operational risk, Swedbank Baltic Banking has implemented the standardized approach under Basel 2 capital adequacy rules. The required methods have been implemented, such as loss database, risk self-assessment and business contingency planning.

Capital base

EURm	Basel II	Basel II
	IRB	Standardised
	31 Mar, 2009	31 Dec, 2008
Primary capital (Tier 1)		
Share capital	202.8	202.8
Share premium	32.2	32.2
Reserves	77.7	62.9
Retained earnings from previous periods	1 950.0	1 570.9
Retained earnings (loss) from current period	- 95.7	393.9
Foreign currency translation reserve	- 37.6	- 34.8
Cash flow hedges (effective portion)		- 2.5
Less: Intangible assets	- 18.9	- 19.6
Total Tier 1	2 110.5	2 205.8
Supplementary capital (Tier 2)		
Subordinated debt	500.0	500.0
Supplementary capital (Tier 2)	500.0	500.0
Own funds, total	2 610.5	2 705.8
Deductions from own funds	268.2	30.6
Own funds, net	2 342.3	2 675.2

Capital ratios

	Basel II IRB	Basel II Standardised
%	31 Mar, 2009	31 Dec, 2008
Tier 1 capital ratio, %*	11.96	11.82
Tier 2 capital ratio, %**	2.22	2.62
Total capital adequacy ratio	14.18	14.44

* Tier 1 capital divided by total risk-weighted on and off balance sheet items

** Tier 2 capital divided by total risk-weighted on and off balance sheet items

Capital requirements Swedbank Baltic Banking

EURm	Basel II IRB	Basel II Standardised
	31 Mar, 2009	31 Dec, 2008
Capital requirement for credit risks, standardized approach		
Central governments and central banks	3.2	2.4
Regional and local governments	5.8	6.3
Institutions administered by state authorities, non-profit institutions and associations	17.6	19.6
Credit institutions and investment firms	4.6	24.0
Companies	16.0	844.1
Retail exposures	1.0	206.4
Exposures secured by real property		516.8
Past due claims	0.2	30.3
Shares of investment funds	1.1	1.2
Other assets	42.7	69.0
Capital requirement for credit risks, internal ratings based approach		
Credit institutions and investment firms	22.0	
Other companies	1 115.8	
Other items	6.8	
Retail exposures	292.9	
Total capital requirement for credit risk	1 529.7	1 720.1
Capital requirement for market risks		
Foreign exchange risk capital requirement	11.3	22.9
Capital requirement for interest rate risk	12.8	12.3
Equity position capital requirement	0.7	0.3
Capital requirements for options		0.1
Total capital requirement for market risk	24.8	35.6
Capital requirement for operational risks		
Operational risk standardized approach	97.5	97.5
Total capital requirement for operational risk	97.5	97.5
Total capital requirement	1 652.0	1 853.2
Transitional minimum of own funds	1 573.6	
Total capital requirement for adequacy calculation	1 652.0	1 853.2

Capital requirements, significant subsidiaries (solo)

EURm	Swedbank AS (Estonia)	Swedbank AS (Latvia)	"Swedbank" AB (Lithuania)
	31 Mar, 2009		
Capital requirement for credit risks, standardized approach			
Central governments and central banks	1.2	1.4	0.2
Regional and local governments	3.8	1.2	
Institutions administered by state authorities, non-profit institutions and associations	15.1	0.0	0.8
Credit institutions and investment firms	135.8	0.2	0.9
Companies	51.0	45.6	20.7
Past due claims	0.1	0.1	
Other assets	3.0	4.7	4.5
Capital requirement for credit risks, internal ratings based approach			
Credit institutions and investment firms	5.8	9.6	4.8
Other companies	353.1	258.4	173.3
Retail exposures	82.7	80.3	56.0
Total capital requirement for credit risk	651.6	401.6	261.3
Capital requirement for market risks			
Foreign exchange risk capital requirement	30.0	2.0	11.3
Capital requirement for interest rate risk	1.3	5.0	12.0
Equity position capital requirement	0.5		0.0
Total capital requirement for market risk	31.8	7.0	23.3
Capital requirement for operational risks			
Operational risk standardized approach	33.7	30.3	29.1
Total capital requirement for operational risk	33.7	30.3	29.1
Total capital requirement	717.1	438.8	313.8
Transitional minimum of own funds	694.3	357.9	262.4
Total capital requirement for adequacy calculation	717.1	438.8	313.8

Note 3 Gross loan portfolio by sectors

EURm	31 Mar 2009	%	31 Dec 2008	%
Individuals	8 568,9	43,7	8 746,6	43,2
Student Loans	194,1	1,0	194,1	1,0
Wholesale and retailing	1 576,2	8,0	1 721,3	8,5
Industry	1 598,3	8,2	1 687,4	8,3
Real estate management and other business services	3 192,5	16,3	3 092,2	15,3
Transport and communications	983,1	5,0	1 017,6	5,0
Energy	239,0	1,2	302,2	1,5
Municipalities and government	173,6	0,9	144,9	0,7
Agriculture and forestry	460,5	2,3	484,0	2,4
Construction	450,6	2,3	536,1	2,7
Hotels and restaurants	341,9	1,7	343,0	1,7
Finance and insurance	108,8	0,6	108,2	0,5
Other business services	1 425,8	7,3	1 557,8	7,7
Other	293,2	1,5	292,2	1,5
Gross loan by sectors	19 606,5	100	20 227,6	100
Provisions	488,6		305,7	
Lending	19 117,9		19 921,9	
Repurchase agreements (Repos)	373,9		341,0	
Loans to the public	19 491,8		20 262,9	

General information

Company name	Swedbank AS
Address	Liivalaia 8, Tallinn 15040, Estonia
Registered in	Republic of Estonia
Registry code	10060701 (Estonian Commercial Register)
Phone	+372 6310 310
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Internet homepage	www.swedbank.ee
Audit company	AS Deloitte Audit Eesti
Report balance sheet date	31 March 2009
Reporting period	1 January 2009 – 31 March 2009
Report currency	Euro (EUR), millions