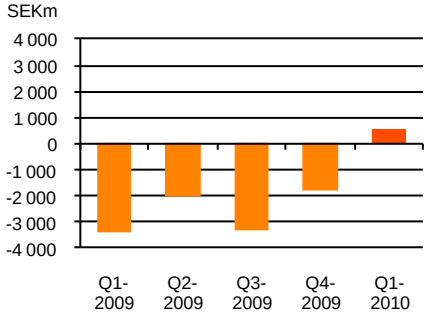
## First quarter 2010

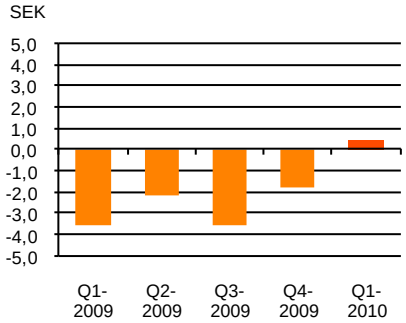
compared with first quarter 2009

- The result for the period was SEK 536m (-3 358)
- Earnings per share were SEK 0.46 (-3.59)
- The return on equity was 2.4 per cent (-15.6)
- The cost/income ratio was 0.57 (0.49)
- Net interest income decreased by 31 per cent to SEK 4 023m (5 803)
- Profit before impairments excluding non-recurring items decreased by 38 per cent to SEK 3 276m (5 285)
- Net credit impairments amounted to SEK 2 210m (6 845). Provisions for loan losses amounted to SEK 1 781m (6 552). Net write-offs amounted to SEK 429m (293). The credit impairment ratio was 0.64 per cent (1.93)
- The Tier 1 capital ratio according to Basel 2 remained unchanged and was 13.5 per cent (13.5 per cent on 31 December 2009). According to transition rules, it decreased to 10.3 per cent (10.4). The core Tier 1 capital ratio was 12.3 per cent (12.0) according to Basel 2 and 9.4 per cent (9.2) according to transition rules.

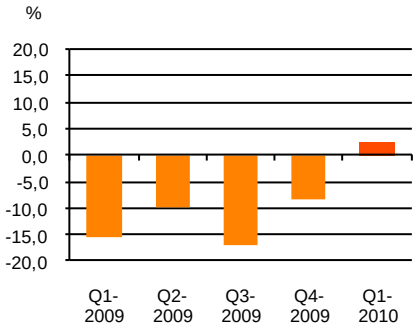
**Profit for the period**



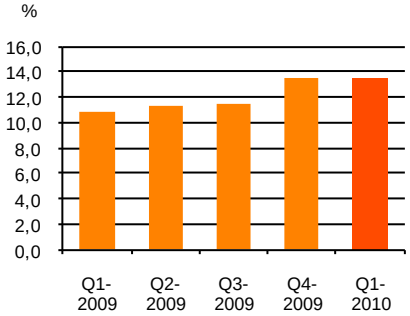

**Earnings per share**




**Return on equity**




**Tier 1 capital ratio**



# CEO Comment

We have posted a profit for the first time since the end of 2008. We can now clearly see the effect of the work we began a year ago. A lower risk level in the bank and a stronger organisation for problem loans, together with improved macroeconomic conditions, led to a significant decline in credit impairments during the first quarter. We will continue working to reduce the risk level in the bank in order to maintain our long-term competitiveness.

In Sweden, credit quality remained good and we can note that the credit culture is strong. In the Baltic countries, impaired loans and loans that are overdue more than 60 days have stopped rising. At the same time the real estate market has shown signs of recovery, especially residential properties in Estonia. In Russia and Ukraine, the inflow of new impaired loans has been low and there were minor recoveries during the quarter.

The likelihood that Estonia will join the eurozone in January 2011 has increased. During the first quarter representatives of the European Commission and Estonia issued cautiously positive statements about membership, at the same time as it is likely that Estonia fulfilled the Maastricht criteria in 2009. Membership will reduce the perceived credit risk in Estonia, at the same time as interest in new direct investments would grow. Estonia accounts for more than 35 per cent of Swedbank's lending in eastern Europe. Thanks to the growing confidence in all three Baltic countries, local interest rates have fallen recently and the difference relative to the Euribor rate has dropped substantially.

The main goal of the rights issue during the autumn of 2009 was to be able to finance the bank on its own merits. Since the issue, Swedbank's access to the international funding markets has improved significantly. We have secured approximately SEK 200bn in long-term funding outside the guarantee programme since August, including approximately SEK 100bn during the first quarter of the year. Swedbank therefore decided in April to leave the Swedish guarantee programme. Long-term funding has been used partly to replace maturing funding, partly to replace previous short-term funding and partly to increase liquidity reserves. This has significantly reduced liquidity risks and strengthened the bank ahead of future banking regulations. However, the changed funding structure affects net interest income negatively.

Net interest income is under pressure from lower lending volumes in the Baltic countries, Russia, Ukraine and to companies in Sweden. During the quarter temporary and seasonal effects also adversely affected the net interest income, for example the position taking in securities trading, mismatch effects between funding and lending in Swedbank Mortgage, and the number of banking days. Net interest income will remain a challenge in the near future. Economic activity, competition and market interest rates will be the deciding factors for the turnround.

To create a more efficient bank in the long term, we implemented a number of organisational changes in the last year. The creation of the new business area Group Business Support, responsible for the development, operation and management of the bank's products, is the last major part of the reorganisation. We now have a straightforward organisation with a clear delegation of responsibility and authority. With time, it will increase efficiency and sales. The new organisation also makes the monitoring of the business areas easier, since their operations are now more homogenous. For example, we will be able to better follow the risk-adjusted return in Large Corporates & Institutions.

We have increasing confidence in a continuous profit improvement, provided that the global macro economy develops according to current expectations without any significant deviations, especially in Latvia and Ukraine.

Michael Wolf
President and Chief Executive Officer

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# Financial summary

| Income statement SEKm | Q1 2010 | Q4 2009 | % | Q1 2009 | % |
|---|---|---|---|---|---|
| Net interest income | 4 023 | 4 702 | -14 | 5 803 | -31 |
| Net commissions | 2 282 | 2 273 | 0 | 1 374 | 66 |
| Net gains and losses on financial items at fair value | 647 | 262 | | 1 711 | -62 |
| Other income | 715 | 745 | -4 | 536 | 33 |
| **Total income** | **7 667** | **7 982** | **-4** | **9 424** | **-19** |
| Staff costs | 2 375 | 1 930 | 23 | 2 541 | -7 |
| Other expenses | 2 016 | 2 370 | -15 | 2 078 | -3 |
| **Total expenses** | **4 391** | **4 300** | **2** | **4 619** | **-5** |
| **Profit before impairments** | **3 276** | **3 682** | **-11** | **4 805** | **-32** |
| Impairment of intangible assets | 14 | | | 1 305 | -99 |
| Impairment of tangible assets | 36 | 352 | -90 | 12 | |
| Credit impairments | 2 210 | 5 003 | -56 | 6 845 | -68 |
| **Operating profit** | **1 016** | **-1 673** | | **-3 357** | |
| Tax expense | 469 | 115 | | -13 | |
| Profit for the period | 547 | -1 788 | | -3 344 | |
| **Profit for the period attributable to the shareholders of Swedbank AB** | **536** | **-1 804** | | **-3 358** | |

| Key ratios and data per share | Q1 2010 | Q4 2009 | Q1 2009 |
|---|---|---|---|
| Return on equity, % | 2.4 | -8.3 | -15.6 |
| Earnings per share, SEK [1)] | 0.46 | -1.83 | -3.59 |
| Cost/income ratio | 0.57 | 0.54 | 0.49 |
| Equity per share, SEK [1)] | 77.04 | 77.33 | 107.05 |
| Capital quotient, transition rules | 1.68 | 1.69 | 1.61 |
| Core Tier 1 capital ratio, %, transition rules | 9.4 | 9.2 | 8.0 |
| Tier 1 capital ratio, %, transition rules | 10.3 | 10.4 | 9.3 |
| Capital adequacy ratio, %, transition rules | 13.4 | 13.5 | 12.9 |
| Capital quotient, Basel 2 | 2.19 | 2.19 | 1.88 |
| Core Tier 1 capital ratio, %, Basel 2 | 12.3 | 12.0 | 9.4 |
| Tier 1 capital ratio, %, Basel 2 | 13.5 | 13.5 | 10.8 |
| Capital adequacy ratio, %, Basel 2 | 17.5 | 17.5 | 15.0 |
| Credit impairment ratio, % | 0.64 | 1.44 | 1.93 |
| Share of impaired loans, gross, % | 2.89 | 2.85 | 0.98 |
| Total provision ratio for impaired loans, % | 66 | 65 | 64 |

[1)] The number of shares is specified on page 51

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

| Balance sheet data SEKbn | 31 Mar 2010 | 31 Dec 2009 | % | 31 Mar 2009 | % |
|---|---|---|---|---|---|
| Loans to the public | 1 214 | 1 291 | -6 | 1 282 | -5 |
| Deposits and borrowings from the public | 511 | 504 | 1 | 472 | 8 |
| Shareholders' equity | 89 | 90 | 0 | 83 | 8 |
| Total assets | 1 890 | 1 795 | 5 | 1 831 | 3 |
| Risk weighted assets, Basel 2 | 596 | 603 | -1 | 694 | -14 |
| Risk weighted assets, transition rules | 777 | 784 | -1 | 811 | -4 |
| Risk weighted assets, Basel 1 | 977 | 990 | -1 | 1 051 | -7 |

# Overview

At the same time that a number of new regulations are being prepared to prevent future financial crises, the global economy has gradually begun to recover following the recent crisis. The recovery is evident in all of Swedbank's home markets.

Interest rates in Sweden and the eurozone remained at historically low levels during the first quarter. In the Baltic countries, local interest rates fell, primarily against the backdrop of Estonia's likely EMU accession in 2011. The Swedish krona appreciated by 5 per cent against the euro since the beginning of the year and by 11 per cent compared with 31 March 2009. Equity markets continued to perform strongly, with the Stockholm stock exchange gaining 8 per cent, the Tallinn stock exchange 41 per cent, the Riga stock exchange 15 per cent and the Vilnius stock exchange 20 per cent.

Swedbank's business areas were changed during the first quarter. Retail was formed by transferring the largest corporate customers from the former Swedish Banking to a new business area, Large Corporates & Institutions. At the same time the finance department in Swedbank Mortgage was transferred to Group Treasury within Shared Services and Group Staffs. In addition to large corporates from Swedish Banking, the new Large Corporates & Institutions business area includes the international branches from the former International Banking and the former business area Swedbank Markets. The new business area Russia & Ukraine includes the operations in these countries. Historical comparative figures have been restated for the business areas in question.

# January-March 2010

## Result

Swedbank reported a profit for the first quarter of SEK 536m, compared with a loss of SEK 1 804m for the previous quarter and a loss of SEK 3 358m in the same quarter of 2009. The main reason for the return to a profit was significantly lower credit impairments. The return on equity was 2.4 per cent. The cost/income ratio was 0.57.

Profit before impairments excluding non-recurring items amounted to SEK 3 276m, a decrease of 1 per cent from the previous quarter and 38 per cent from the same quarter of 2009. Among the business areas, the largest profit decline was in Russia & Ukraine, where business volumes continued to fall. Compared with a year ago the largest profit decline was in Large Corporates & Institutions, where Swedbank Markets in 2009 had its best quarter ever due to highly favourable trading conditions early that year.

| Profit before impairments excluding non-recurring items by business area SEKm | Q1 2010 | Q4 2009 | Q1 2009 |
|---|---|---|---|
| Retail | 1 662 | 1 690 | 1 952 |
| Large Corporates & Institutions | 897 | 696 | 2 032 |
| Baltic Banking | 748 | 711 | 1 100 |
| Russia & Ukraine | 27 | 160 | 294 |
| Asset Management | 208 | 136 | 69 |
| Ektornet | -37 | -26 | |
| Shared Services & Group Staffs | -229 | -73 | -273 |
| Dissolved bonus reserve | | 412 | |
| **Total excl FX effects** | **3 276** | **3 706** | **5 173** |
| FX effects | | 31 | 112 |
| **Total** | **3 276** | **3 737** | **5 285** |

| Non-recurring items by business area SEKm | BA | Q1 2010 | Q4 2009 | Q1 2009 |
|---|---|---|---|---|
| **Income** | | | | |
| Estonian stock exchange | BB | | 15 | |
| EADR | R&U | | -6 | |
| Compensation Private Debt Fund | AM | | -88 | |
| Repayment fund management fees | AM | | | -480 |
| Aktia | SS&GS | | 24 | |
| **Total income** | | **0** | **-55** | **-480** |
| **Expenses** | | | | |
| Dissolved bonus reserve | RETAIL | | -89 | |
| Dissolved bonus reserve | LC&I | | -295 | |
| Dissolved bonus reserve | AM | | -26 | |
| Dissolved bonus reserve | SS&GS | | -2 | |
| **Total expenses** | | **0** | **-412** | **0** |
| **Impairments** | | | | |
| Impairment of goodwill | LC&I | | | 5 |
| Impairment of goodwill | R&U | 14 | | 1 300 |
| **Total impairments** | | **14** | **0** | **1 305** |
| **Tax** | | | | |
| Repayment fund management fees | AM | | | -134 |
| Dissolved bonus reserve | RETAIL | | 23 | |
| Dissolved bonus reserve | LC&I | | 78 | |
| Dissolved bonus reserve | AM | | 7 | |
| Dissolved bonus reserve | SS&GS | | 1 | |
| **Total tax** | | **0** | **108** | **-134** |
| **Profit for the period** | | **-14** | **249** | **-1 651** |

Income excluding non-recurring items amounted to SEK 7 667m, a decrease of 5 per cent from the previous quarter and 24 per cent from the same quarter of 2009. Compared with the previous quarter, income decreased primarily in lending operations. This trend was even more accentuated than in the previous year, although income in treasury, trading and capital market products decreased most of all from the record level in 2009. On an annual basis, deposit income was affected by declining margins, primarily for current accounts, where it was not possible to reduce the interest paid to customers as much as short-term money market rates, which are now at historically low levels. Income from asset management posted the biggest improvement,

mainly due to a very strong appreciation in equity-related assets under management. Fluctuations in exchange rates, primarily the rise in the krona against the euro and the Baltic currencies, reduced reported income by SEK 52m compared with the previous quarter and by SEK 218m compared with the same quarter of 2009.

| Income analysis<br>Group<br>SEKm | Q1<br>2010 | Q4<br>2009 | Q1<br>2009 |
|---|---|---|---|
| Lending | 2 725 | 2 966 | 3 491 |
| Deposits | 1 201 | 1 078 | 1 340 |
| Treasury, trading and capital market products | 1 112 | 1 273 | 2 723 |
| Asset management | 1 003 | 968 | 688 |
| Payments and cards | 779 | 841 | 807 |
| Insurance | 195 | 258 | 197 |
| Associates | 146 | 123 | 97 |
| Other income | 563 | 508 | 343 |
| Stability fee | -57 | -29 | |
| Non-recurring items | | -55 | -480 |
| **Total excl FX effects** | **7 667** | **7 930** | **9 206** |
| FX effects | | 52 | 218 |
| **Total** | **7 667** | **7 982** | **9 424** |

Net interest income amounted to SEK 4 023m, a decrease of 14 per cent from the previous quarter and 31 per cent from the same quarter of 2009. The decrease was mainly because the size of the loan portfolio has shrunk, the product mix has changed and funding costs have increased. In addition, lower market interest rates affect net interest income negatively, since the Group's interest-bearing assets are larger than its interest-bearing liabilities.

Lending to the public excluding repos, the Swedish National Debt Office and impairments where interest has not been accrued has decreased by SEK 91bn or 7 per cent in one year. Volumes fell in the Baltic countries, Russia and Ukraine. In Sweden and the Nordic countries, corporate lending has decreased, while mortgage lending to private customers has risen. This shift has resulted in lower interest income and lower average interest margins, since the margins are lower in Sweden than in the other countries and lower on mortgages than on corporate lending.

Net interest income was also affected by a number of temporary and seasonal effects. The mismatch between funding and lending within Swedbank Mortgage (nose and tail effects) reduced the net interest income by SEK 208m against the previous quarter. Large Corporates & Institutions' trading strategy led to a lower share of earnings being posted as net interest income and a higher share as net gains and losses on financial items. In addition, the contribution of net interest income and equity hedging decreased by SEK 37m against the previous quarter.

Portions of the maturing short-term funding have been replaced by long-term funding to reduce liquidity risk. The long-term funding is more expensive, which affects net interest income negatively. The long-term funding that matured and was replaced by new long-term funding had a lower interest rate relative to reference rates (mainly Stibor and Euribor) compared with the new funding, which created pressure. Moreover, larger liquidity reserves were built up and affected net interest income negatively.

Net interest income was positively affected structurally during the period as a result of the substantial decline in short-term market interest rates that began during the second half of 2008 and was accentuated and concluded during the first half of 2009.

Efforts to price-adjust the loan portfolio to better reflect actual risk and funding costs continued throughout the year and are still ongoing.

The negative trend with falling net interest income will be broken when short-term interest rates rise and when the loan portfolio again begins to grow. Another positive factor is that the interest rate differential between domestic Baltic rates and Euribor rates is shrinking, because of which the financing cost for strategic currency positions in Estonian kroon and Lithuanian litas is decreasing.

Net commission income amounted to SEK 2 282m, a decrease of 3 per cent from the previous quarter and an increase of 23 per cent from the same quarter of 2009 excluding the non-recurring expense for refunded fund management fees in Asset Management. Income from asset management increased on both an annual and quarterly basis due to an appreciation in equity-related assets under management.

Net gains and losses on financial items at fair value amounted to SEK 647m, an increase of 147 per cent from the previous quarter and a decrease of 62 per cent from the same quarter of 2009.

Expenses amounted to SEK 4 391m, an increase of 2 per cent from the previous quarter and a decrease of 5 per cent from the same quarter of 2009. Expenses are seasonably higher in the fourth quarter than in the first quarter. Dissolved bonus reserves amounted to SEK 412m in the fourth quarter. Expenses for problem loans and repossessed collateral in FR&R as well as Ektornet amounted to SEK 187m in the first quarter, compared with SEK 22m in the previous year. Expenses in Baltic Banking, excluding FR&R, decreased by SEK 241m or 28 per cent in local currency. In Russia & Ukraine expenses excluding FR&R decreased by SEK 77m or 26 per cent in local currency.

| Expense analysis<br>Group<br>SEKm | Q1<br>2010 | Q4<br>2009 | Q1<br>2009 |
|---|---|---|---|
| **Dissolved bonus reserve** | | **-412** | |
| **FR&R and Ektornet** | **187** | **178** | **22** |
| Retail | 2 250 | 2 414 | 2 202 |
| Large Corporates & | 728 | 683 | 775 |
| Baltic Banking | 631 | 776 | 872 |
| Russia & Ukraine | 224 | 303 | 301 |
| Asset Management | 197 | 211 | 189 |
| Other and eliminations | 174 | 127 | 153 |
| **Current franchise** | **4 204** | **4 513** | **4 491** |
| **Total excl FX effects** | **4 391** | **4 279** | **4 513** |
| FX effects | | 21 | 106 |
| **Total** | **4 391** | **4 300** | **4 619** |

In one year the number of full-time positions was reduced by 3 093, of which 1 342 were in Baltic Banking and 1 582 in Ukraine. Since the beginning of the year 1 014 full-time positions have been eliminated.

Impairment of fixed assets attributable to Russian Banking operations amounted to SEK 14m. In the previous year SEK 1 300m in impairment losses was attributable to Ukrainian Banking and SEK 5m to Russian investment banking.

Impairment of fixed assets, primarily management properties that previously served as collateral for loans, amounted to SEK 36m, compared with SEK 352m in the previous quarter and SEK 12m in the same quarter of 2009.

Net credit impairments fell to SEK 2 210m, compared with SEK 5 003m in the previous quarter and SEK 6 845m in the same quarter of 2009. Of the quarterly credit impairments, SEK 2 103m related to Baltic Banking. Of the reported credit impairments, SEK 1 781m represented net provisions, of which individual provisions for impaired loans amounted to SEK 2 132m and portfolio provisions for non-impaired loans were SEK 351m. Net write-offs amounted to SEK 429m. The credit impairment ratio fell to 0.64 per cent, the lowest level since the fourth quarter of 2008.

The tax expense amounted to SEK 469m, corresponding to an effective tax rate of 46 per cent. Of the tax expense, SEK 679m was current tax paid and SEK 210m was deferred tax assets.

In addition, the tax expense within other comprehensive income amounted to SEK 275m. Since the Swedish krona rose in value against the euro and currencies pegged against the euro during the quarter, negative translation differences arose through the translation of the net assets in the Baltic countries. A large part of the currency exposure is hedged with funding in euro, for which positive exchange rate differences arose. Since the exchange rate differences on the funding are taxable, a deferred tax expense of SEK 275m arose. Translation differences, on the other hand, are not taxed.

Under unchanged conditions, the Group will continue to have a high effective tax rate, since the losses and profits are generated in legal units that cannot be consolidated for taxation purposes.

## Credit and asset quality

In 2009 Swedbank focused on reducing risks within the Group. First and foremost, the strategy was to reduce the share of the Group's net lending outside Sweden i.e. in the Baltic countries, Ukraine and Russia. The risk reduction continued during the first quarter of 2010, but in a more selective way. Lending, excluding the Swedish National Debt Office and repos, to the Baltic countries, Ukraine and Russia decreased from 209 per cent to 191 per cent of equity during the first quarter.

| Loans by business area<br>31 mar 2010<br>SEKm | Loans gross | Total Pro-visions | Loans net |
|---|---|---|---|
| Retail | 832 327 | 1 635 | 830 693 |
| Large Corporates & Institutions | 361 679 | 1 215 | 360 463 |
| *Estonia* | *72 072* | *3 399* | *68 674* |
| *Latvia* | *53 945* | *7 803* | *46 141* |
| *Lithuania* | *45 946* | *4 752* | *41 194* |
| *Investment* | *527* | *0* | *527* |
| Baltic Banking | 172 490 | 15 954 | 156 536 |
| *Russia* | *12 007* | *1 496* | *10 512* |
| *Ukraine* | *14 858* | *6 273* | *8 583* |
| Russia & Ukraine | 26 865 | 7 769 | 19 095 |
| **Total** | **1 393 361** | **26 573** | **1 366 787** |

The total credit risk exposure amounted to SEK 1 925bn as of 31 March 2010, an increase of SEK 85bn or 5 per cent since the beginning of the year. Investments in Swedish treasury bills eligible for refinancing with central banks increased by SEK 100bn to SEK 173bn, while lending to the public excluding repos and the Swedish National Debt Office decreased by SEK 24bn or 2 percent to SEK 1 168bn.

During the quarter the loan portfolio continued to decrease in the Baltic countries, Russia and Ukraine. The same applied to corporate lending in Sweden. At the same time lending continued to increase in segments with lower risk e.g., private customers in Sweden where it rose by SEK 5bn in Swedbank Mortgage. Of total loans, lending to private customers accounted for 47 per cent, corporate customers for 38 per cent and credit institutions for 8 per cent of the portfolio. The remaining 7 per cent consisted of lending to the National Debt Office and repos.

In the first quarter, lending excluding lending to credit institutions and repos, decreased by 9 per cent in the Baltic countries, by 7 per cent in Ukraine and by 5 per cent in Russia. Excluding exchange rate effects, lending decreased by 4 per cent in the Baltic countries, by 8 per cent in Ukraine and by 8 per cent in Russia.

| Loans by sector/industry SEKm | 31 Mar 2010 | 31 Dec 2009 |
|---|---|---|
| Private customers | 644 285 | 644 846 |
| Agriculture, forestry, fishing | 57 658 | 57 825 |
| Manufacturing | 34 260 | 34 062 |
| Public sector and utilities | 15 803 | 15 792 |
| Construction | 13 551 | 13 642 |
| Retail | 26 353 | 28 265 |
| Transportation | 14 889 | 15 988 |
| Shipping | 12 802 | 13 407 |
| Hotels and restaurants | 7 435 | 7 552 |
| Information and communication | 1 557 | 1 845 |
| Finance and insurance | 17 400 | 9 936 |
| Property management | 160 491 | 166 380 |
| Housing cooperatives | 68 510 | 70 890 |
| Professional services | 35 373 | 37 977 |
| Other corporate lending | 57 614 | 73 791 |
| Credit institutions | 104 900 | 71 670 |
| Swedish National Debt Office and repurchase agreements | 93 906 | 118 930 |
| **Total** | **1 366 787** | **1 382 798** |

The majority (77 per cent) of the Group's exposure from lending, excluding the Swedish National Debt Office and repos, is related to real estate lending. This is highly collateralised and the majority is directly related to high quality real estate assets in Sweden.

Since May 2009 stricter policies regarding mortgage lending were applied throughout Swedbank's Swedish Banking operations. For example, households must be able to handle a significantly higher interest rate level than at present. Furthermore, loans with a loan to value (LTV) ratio exceeding a specific level must be amortised. More than half of Swedbank Mortgage's customers amortise their first mortgages. The repayment rating score for customers who were granted a mortgage was slightly higher on average in 2009 than between 2004 and 2008, a trend which continued in the first quarter of 2010.

Lending by Swedbank Mortgage amounted to SEK 676bn on 31 March and the average loan to value ratio was 45 per cent, calculated at loan levels. Only 0.1 per cent of the volume had a LTV greater than 85 per cent. Stress tests indicate that the portfolio has a high resilience to adverse economic conditions.

Collateral for private mortgages in the Baltic countries is of lower quality than in Sweden. As of 31 March 2010, SEK 11.3bn of the portfolio was uncollateralised i.e., the share of the loans that exceeds current market value. This was due to the substantial fall in real estate prices that began in 2007. In Riga, real estate prices have fallen by about 70 per cent from their peak. The willingness to make interest payments and amortisations on these loans is high amongst Swedbank's customers. Residential real estate markets in the major Baltic cities stabilised in the second half of 2009 with a positive trend reported of late, especially in Estonia. Transaction volumes increased from low levels.

Loans past due 60 days continued to stabilise in the first quarter of 2010. However, the trend was not homogenous across all lending segments. Among the segments showing improvement were large and medium-sized corporates within Baltic Banking. Mortgage loans to private customers that are past due 60 days continued to grow on the back of high unemployment. Loans that are past due 60 days increased somewhat in Russia and Ukraine, mainly due to a few large corporate exposures.

The share of impaired loans was 0.2 per cent in Sweden, 8 per cent in Estonia, 25 per cent in Latvia, 17 per cent in Lithuania, 57 per cent in Ukraine and 20 per cent in Russia. In Sweden, impaired loans have decreased slightly and remain low.

| Impaired loans, gross by business area SEKm | 31 Mar 2010 | 31 Dec 2009 | 31 Mar 2009 |
|---|---|---|---|
| Retail | 1 625 | 2 061 | 2 245 |
| Large Corporates & Institutions | 1 150 | 1 082 | 395 |
| *Estonia* | *5 473* | *5 465* | *3 702* |
| *Latvia* | *13 371* | *13 401* | *7 889* |
| *Lithuania* | *7 896* | *7 705* | *3 031* |
| Baltic Banking | 26 740 | 26 571 | 14 622 |
| *Russia* | *2 381* | *2 238* | *286* |
| *Ukraine* | *8 432* | *8 180* | *2 373* |
| Russia & Ukraine | 10 813 | 10 418 | 2 659 |
| **Total** | **40 328** | **40 132** | **19 921** |

In the first quarter the level of impaired loans in Baltic Banking grew by 0.6 per cent. Excluding currency effects, impaired loans grew by 6 per cent in Estonia, by 5 per cent in Latvia and by 8 per cent in Lithuania.

Impaired loan levels remained almost unchanged in Ukraine and Russia compared with end-December 2009.

New provisions in the Baltic countries mainly relate to internal corporate credit downgrades and an increased share of impaired loans in the private segment. In Russia, provisions were marginally affected by bankruptcies in the property and retail sectors as well as by a small increase in impaired loans. In Ukraine, an adequate level of provisions was assured following reviews of the corporate portfolio and historical data. Minor recoupments were made in the portfolio during the quarter.

| Credit impairments by business area SEKm | Q1 2010 | Q4 2009 | Q1 2009 |
|---|---|---|---|
| Retail | 58 | -75 | 572 |
| Large Corporates & Institutions | 86 | 499 | 80 |
| *Estonia* | *593* | *526* | *744* |
| *Latvia* | *954* | *594* | *2 542* |
| *Lithuania* | *556* | *2 150* | *955* |
| *Investment* | | *85* | |
| Baltic Banking | 2 103 | 3 355 | 4 241 |
| *Russia* | *-15* | *993* | *84* |
| *Ukraine* | *-26* | *244* | *1 872* |
| Russia & Ukraine | -41 | 1 237 | 1 956 |
| Shared Services & Group Staffs | 4 | -13 | -4 |
| **Total** | **2 210** | **5 003** | **6 845** |

Individual provisions for impaired loans in the first quarter rose as knowledge of the loan portfolio increased and underlying collateral valuations were updated. At the same time the change in portfolio provisions was limited. Of the total provisions as of 31 March 2010, 82 per cent was at the individual level, compared with 80 per cent as of 31 December 2009.

| Credit impairments<br>Group<br>SEKm | Q1<br>2010 | Q4<br>2009 | Q1<br>2009 |
|---|---|---|---|
| Provisions | 2 319 | 3 780 | 6 730 |
| *of which individual provisions, gross* | *2 670* | *5 820* | *2 559* |
| *of which portfolio provisions, net* | *-351* | *-2 040* | *4 171* |
| Reversal of individual provisions no longer required | -538 | -14 | -178 |
| **Provisions, net** | **1 781** | **3 766** | **6 552** |
| Write-offs, gross | 807 | 1 546 | 385 |
| Utilisation of previous provisions | -258 | -196 | -65 |
| Recovered from previous write-offs | -120 | -113 | -27 |
| **Write-offs, net** | **429** | **1 237** | **293** |
| **Total** | **2 210** | **5 003** | **6 845** |

Restructured loans refer to loans where the terms of the contract have changed as a result of a deterioration in the customer's anticipated and/or observed ability to pay interest and/or principal. For the bank, the restructuring process is an important tool to help customers perform on their loans. As of 31 March 2010 restructured loans totaled SEK 34.5bn. The large part of which related to Baltic Banking.

Swedbank continues working actively with customers facing financial difficulties. The Financial Reconstruction and Recovery (FR&R) teams develop and implement proposals for restructuring in order to find beneficial solutions for both parties. Swedbank has FR&R teams fully operational in Sweden, Estonia, Latvia, Lithuania, Ukraine and Russia. To coordinate and facilitate FR&R efforts throughout the Group, a global FR&R unit was established during the quarter with a new management. The purpose of the new organisation is to improve resource utilisation, develop routines and create opportunities to build long-term competence in the area.

During the first quarter of 2010 repossessed assets increased. These assets mainly consist of properties, vehicles and shares. During 2009 as well as the first quarter of 2010 the Baltic countries accounted for the largest part of the repossessed assets. In Estonia, the bank did not buy any properties in the market in the first quarter due to favourable demand in the market. In the first quarter, the Group's capacity and ability to manage repossessions increased gradually in Russia and Ukraine. Whenever financially feasible Swedbank avoids repossessing collateral, but in many cases the bank is forced to repossess the pledged properties. If an agreement cannot be reached with the customer, properties are generally sold on the open market.

| Properties taken over and cancelled leasing agreements by business area<br>SEKm | 31 Mar<br>2010 | 31 Dec<br>2009 | 31 Mar<br>2009 |
|---|---|---|---|
| Retail | 191 | 189 | 13 |
| Large Corporates & Institutions | 102 | 102 | 182 |
| *Estonia* | *60* | *38* | |
| *Latvia* | *152* | *183* | |
| *Lithuania* | *586* | *679* | *2* |
| Baltic Banking | 798 | 900 | 2 |
| *Russia* | *22* | *22* | |
| *Ukraine* | *8* | *11* | |
| Russia & Ukraine | 30 | 33 | |
| Ektornet | 784 | 517 | |
| **Total** | **1 905** | **1 741** | **197** |

The laws governing foreclosure sales in the Baltic countries are similar to those in other EU member states. However, the entire process takes longer in the Baltic countries than in Sweden, for example. The process is even more difficult in Ukraine and Russia. During the first quarter SEK 289m was transferred to Ektornet. More information about Ektornet can be found on page 22.

## Funding and liquidity

As of 31 March Swedbank had a sufficient buffer to meet its cash flows for more than 24 months. Liquidity continued to improve during the first quarter due to the continued extension of the bank's market financing.

The total volume of repos with central banks decreased during the first quarter by SEK 8bn to SEK 108bn.

During the first quarter of 2010 Swedbank issued SEK 100bn in long-term financing. Four public issues were implemented totalling SEK 37bn, in addition to private placements and issues in the Swedish covered bond market totalling SEK 63bn. The bank has now financed approximately 70 per cent of all long-term funding that matures in 2010.

Funding secured during the quarter was in line with Swedbank's strategy to replace state-guaranteed funding as it matures. By continuing to build up liquidity, the bank will be well-prepared for future regulatory changes and possible repurchases of the remaining state-guaranteed debt. The build-up of further surplus liquidity had a negative effect on net interest income in the bank during the first quarter.

In April, Swedbank's Board of Directors resolved to leave the state guarantee programme. The current agreement expires on 30 April 2010.

Since August 2009 no funding has been raised with the help of the state guarantee. The commercial paper issued under the guarantee will be completely repaid in June 2010, at which point SEK 171bn of long-term funding will remain under the guarantee. The maturities of the long-term state-guaranteed funding are indicated in the table below.

| Changes in outstanding borrowing under the programme Q1 2010 SEKbn | Changes since 31 Dec 2009 |
|---|---|
| State guaranteed commercial papers | -33 |
| Other commercial papers | -6 |
| Covered bonds | 48 |
| State guaranteed covered bonds | -6 |
| Senior non-covered bonds | 19 |
| Structured bonds (SPAX) | -3 |
| Central bank - repos | -8 |

| Remaining maturity in 2010 SEKbn | Nominal value |
|---|---|
| Long-term borrowing | 110 |
| *of which under state guarantee programme* | *12* |
| Maturity and possible early redemption of subordinated loans | 3 |

| Average remaining term | Number of months |
|---|---|
| Total market financing | 24 |
| Covered bonds | 37 |
| Long-term borrowing under state guarantee programme [1] | 24 |

[1] Original term >12 months

| Borrowing - state guarantee prog. Maturity composition per year | Nominal SEK billion |
|---|---|
| 2010 [1] | 40 |
| 2011 | 82 |
| 2012 | 41 |
| 2013 | 12 |
| 2014 | 27 |
| **Total** | **202** |

[1] as of 31 March 2010

Long-term state-guaranteed funding has been raised at an average cost of 77 basis points (bp) over Stibor. This is in addition to guarantee fees of 83bp.

Of the nominal SEK 459bn in long-term funding outside the state guarantee that Swedbank had outstanding after the first quarter, SEK 318bn had been raised since 1 January 2008 at an average cost of approximately 63bp. The majority of the remaining SEK 141bn is financed by the bank's fixed-rate lending within Swedbank Mortgage, and thus does not have any adverse effect on the bank's financing costs.

During the rest of the year a nominal value of SEK 110bn in long-term funding will mature. In addition, another SEK 2.8bn in subordinated loans will mature or potentially be prepaid.

On 16 December 2009 the Basel Committee presented a proposal on new rules for banks regarding capital, liquidity and funding. As proposed, the new rules would be introduced not later than 31 December 2012. The proposal has now been circulated for comment among banks and various authorities. Swedbank is carefully monitoring this process.

## Capital and capital adequacy

As of 31 March equity amounted to SEK 89 340m, a decrease of SEK 330m from the beginning of the year. The decrease was due to negative other comprehensive income of SEK 866m, mainly from exchange rate translation differences regarding foreign operations.

In Swedbank's financial companies group, where insurance companies are not consolidated and certain associated companies are consolidated in accordance with the purchase method, Tier 1 capital increased by SEK 850m during the year to SEK 73 321m.

The Tier 1 capital ratio according to Basel 2 was unchanged at 13.5 per cent as of 31 March (13.5 per cent on 31 December 2009). The core Tier 1 capital ratio improved to 12.3 per cent (12.0). The capital adequacy ratio was 17.5 per cent (17.5). According to the transition rules, the core Tier 1 capital ratio was 9.4 per cent (9.2), the Tier 1 capital ratio was 10.3 per cent (10.4) and the capital adequacy ratio was 13.4 per cent (13.5).

Hybrid capital accounted for 9 per cent of Tier 1 capital.

Risk-weighted assets decreased by SEK 8bn or 1 per cent since the beginning of the year to SEK 596bn. Of the decrease, SEK 9bn was due to exchange rate effects. Risk-weighted assets for market risks rose by 5 per cent or SEK 2bn, mainly due to increased strategic exchange rate risks. Risk-weighted assets for operational risks increased by 8 per cent or SEK 4bn. Risk-weighted assets for credit risks decreased by 3 per cent or SEK 13bn.

| Risk-weighted assets by business area SEKbn | 31 Mar 2010 | 31 Dec 2009 | 31 Mar 2009 |
|---|---|---|---|
| Retail | 221 | 225 | 246 |
| Large Corporates & Institutions | 185 | 184 | 217 |
| *Estonia* | *64* | *64* | *68* |
| *Latvia* | *49* | *51* | *62* |
| *Lithuania* | *38* | *42* | *57* |
| *Investment* | *9* | *8* | *4* |
| Baltic Banking | 160 | 165 | 191 |
| *Russia* | *11* | *11* | *16* |
| *Ukraine* | *10* | *11* | *17* |
| *Investment* | *2* | *1* | *2* |
| Russia & Ukraine | 23 | 23 | 35 |
| Asset Management | 3 | 2 | 2 |
| Ektornet | 1 | 1 | |
| Shared Services & Group Staffs | 3 | 3 | 3 |
| **Total risk-weighted assets** | **596** | **603** | **694** |

The average risk weighting for household and corporate exposures remained stable in the Swedish and Nordic operations. Swedbank's internal risk classification models use through-the-cycle risk adjusted estimates for probability of default (PD) and downturn adjusted loss given default (LGD).

For further details on capital adequacy, see note 24.

## 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 SEKm | Max | Min | Average | 31 Mar 2010 | 31 Dec 2009 |
|---|---|---|---|---|---|
| Interest risk | 127 | 66 | 90 | 66 | 120 |
| Currency rate risk | 19 | 2 | 7 | 9 | 7 |
| Stock price risk | 7 | 2 | 5 | 6 | 8 |
| Diversification | | | -11 | -12 | -14 |
| **Total** | **126** | **69** | **91** | **69** | **121** |

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

For individual risk types, VaR is supplemented with risk measures 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 31 March 2010 would have reduced the value of the Group's assets and liabilities, including derivatives, by SEK 382m (- 226). 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 10m (+167). Positions in foreign currency would have decreased in value by SEK 392m (-393).

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 249m (-173) as of 31 March 2010. Comparative figures refer to 31 December 2009.

## Operational risks

The operational risk level in the Group remained higher than normal during the first quarter of 2010. One reason was the continued fragility of the financial markets. Another was because of the operational risks that arose as a result of the major reorganisations underway in the Group. Due to the increased risk level, monitoring of the Group's business areas and reporting by those business areas to the Group's central risk control function have been expanded.

## Other events

Swedbank's Annual General Meeting on 26 March elected Lars Idermark, Siv Svensson and Göran Hedman as new members of the Board of Directors. Board members Ulrika Francke, Berith Hägglund-Marcus, Anders Igel, Helle Kruse Nielsen, Pia Rudengren, Anders Sundström and Karl-Henrik Sundström were re-elected. Lars Idermark was elected as the new Chair, succeeding Carl Eric Stålberg, who had been Chair since 2002.

The Annual General Meeting approved the Board's recommendation not to pay a dividend for 2009 on either A shares or preference shares.

## Ratings

On 23 February Standard & Poor's Ratings Services affirmed Swedbank's long-term rating of A and short-term rating of A-1. The ratings incorporate Swedish state support. The state support in the rating has been reduced, however, as the outlook changed from negative to stable mainly due to reduced uncertainty about the Baltic economies.

During the first quarter Moody's left Swedbank's ratings unchanged at A2 long-term, P-1 short-term and D+ for financial strength after incorporating continued Swedish state support and a negative outlook.

## Events after 31 March 2010

In April, Swedbank's Board of Directors resolved to leave the state guarantee programme. The current agreement expires on 30 April 2010.

Swedbank has appointed Catrin Fransson as new head of Swedish banking (Retail). Catrin Fransson currently holds the position as head of Customer Offerings & Products as well as CEO of Swedbank Mortgage. She will take up her new position May 1, 2010.

Swedbank is undergoing another organisational change with the formation of a new business area, Group Business Support. The unit will be responsible for the bank´s products and production. The new organisation will be implemented successively during autumn 2010. The bank has appointed Mikael Björknert as head of Group Business Support.

# Retail

- Low credit impairments
- More customer-oriented organisational structure
- Focus on savings and insurance

## Income statement

| SEKm | Q1 2010 | Q4 2009 | % | Q1 2009 | % |
|---|---|---|---|---|---|
| Net interest income | 2 364 | 2 527 | -6 | 2 914 | -19 |
| Net commissions | 1 096 | 1 128 | -3 | 884 | 24 |
| Net gains and losses on financial items at fair value | 32 | 45 | -29 | 43 | -26 |
| Share of profit or loss of associates | 146 | 123 | 19 | 97 | 51 |
| Other income | 274 | 281 | -2 | 216 | 27 |
| **Total income** | **3 912** | **4 104** | **-5** | **4 154** | **-6** |
| Staff costs | 1 031 | 1 024 | 1 | 1 026 | 0 |
| Variable staff costs | 21 | -89 | | 21 | 0 |
| Other expenses | 1 156 | 1 357 | -15 | 1 121 | 3 |
| Depreciation/amortisation | 42 | 33 | 27 | 34 | 24 |
| **Total expenses** | **2 250** | **2 325** | **-3** | **2 202** | **2** |
| **Profit before impairments** | **1 662** | **1 779** | **-7** | **1 952** | **-15** |
| Impairment of tangible assets | | 2 | | | |
| Credit impairments | 58 | -75 | | 572 | -90 |
| **Operating profit** | **1 604** | **1 852** | **-13** | **1 380** | **16** |
| Tax expense | 413 | 481 | -14 | 349 | 18 |
| Profit for the period | 1 191 | 1 371 | -13 | 1 031 | 16 |
| **Profit for the period attributable to the shareholders of Swedbank AB** | **1 190** | **1 370** | **-13** | **1 029** | **16** |
| Non-controlling interests | 1 | 1 | 0 | 2 | -50 |
| Return on allocated equity, % | 22.0 | 29.9 | | 20.3 | |
| Credit impairment ratio, % | 0.03 | -0.04 | | 0.28 | |
| Total provision ratio for impaired loans, % | 101 | 82 | | 90 | |
| Share of impaired loans, gross, % | 0.20 | 0.25 | | 0.28 | |
| Cost/income ratio | 0.58 | 0.57 | | 0.53 | |
| Full-time employees | 5 833 | 5 894 | -1 | 6 070 | -4 |

*As of 2010 responsibility for large corporates has been transferred to the new business area Large Corporates & Institutions, in connection with which the Retail business area has been formed. Comparative figures have been restated.*

**Development January-March**

The number of positive economic signals increased early in 2010. The labour market gradually improved and the number of bankruptcies was lower during the first quarter than at the same point in the previous year. The recovery in both the Swedish and global economy rests on shaky ground, however.

Measures to minimise risks and limit future credit impairments continue. During the quarter a new system support was introduced to provide early signals of risk changes for individual companies and improve credit evaluations at the branch level.

Since the end of 2009 the bank's retail network is organised in a number of so-called strong units, which is part of the strategy to shift responsibility and authority closer to the customer. This will help to increase its local presence and the number of activities in each market. For example, many branches are involved in Swedbank's Youth Jobs project to help young people enter the Swedish labour market. The new organisation also contributes to efficiency gains in the form of shorter decision-making channels and closer contact with customers.

"Better Business," an offering of basic products and services for small businesses, including a service guarantee, has been well received by customers. Enrolment has been strong since its launch in late 2009. Swedbank's iPhone app has also become very popular in a short time.

Profit before impairments was 15 per cent lower than the previous year, mainly due to lower net interest income. Net interest income decreased by 19 per cent from the previous year. Low interest rates adversely affected deposit margins. Net interest income from lending operations has been adversely affected by both higher funding costs and a shift toward a lower share of corporate credit and a larger share of residential mortgages.

Total deposits from businesses and households fell by 1 per cent during the quarter. The decrease was largely related to deposits in current accounts, while deposits on savings accounts increased.

Deposits from businesses fell by 4 per cent during the period. In a shrinking overall market (as of February), the market share rose by slightly over 1 percentage point since the beginning of the year to 17 per cent. Deposits from households increased slightly during the quarter and the bank's position in the household market was further strengthened. The market share passed 24 per cent after the share of net growth during the first two months surpassed 50 per cent.

Swedbank's share of total lending (bank and mortgage) to households was unchanged at 27 per cent. During the first two months of 2010 the share was 16 per cent, compared with 13 per cent in the fourth quarter 2009. Corporate lending continued to decline in 2010. Despite lower volumes, the bank's market share was unchanged at 19 per cent.

Net commission income rose by 24 per cent, mainly thanks to higher stock-market-related income following gains in equities. Higher sales in life and pension insurance as well as payment services also contributed positively. New product areas such as premium pension fund (PPM) administration services and property insurance also posted strong sales increases.

Insurance operations continued to perform strongly, mainly as a result of higher sales of endowment insurance and collective agreement occupational pensions.

Expenses were in line with the previous year. Wage cost increases were compensated by a lower number of full-time positions. During the period a new credit process was implemented to increase efficiency. The cost/income ratio was 0.58.

Credit impairments remained low. The share of impaired loans was 0.20 per cent (0.28). They are spread geographically and by sector.

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

# Large Corporates & Institutions

- Increased deposits
- Implementation of new business area Large Corporates & Institutions

## Income statement

| SEKm | Q1 2010 | Q4 2009 | % | Q1 2009 | % |
|---|---|---|---|---|---|
| Net interest income | 783 | 930 | -16 | 1 190 | -34 |
| Net commissions | 389 | 405 | -4 | 296 | 31 |
| Net gains and losses on financial items at fair value | 441 | 55 | | 1 332 | -67 |
| Other income | 17 | 18 | -6 | 22 | -23 |
| **Total income** | **1 630** | **1 408** | **16** | **2 840** | **-43** |
| Staff costs | 304 | 287 | 6 | 286 | 6 |
| Variable staff costs | 69 | -252 | | 146 | -53 |
| Other expenses | 352 | 368 | -4 | 339 | 4 |
| Depreciation/amortisation | 8 | 10 | -20 | 8 | 0 |
| **Total expenses** | **733** | **413** | **77** | **779** | **-6** |
| **Profit before impairments** | **897** | **995** | **-10** | **2 061** | **-56** |
| Impairment of intangible assets | | | | 5 | |
| Impairment of tangible assets | | 6 | | | |
| Credit impairments | 86 | 499 | -83 | 80 | 8 |
| **Operating profit** | **811** | **490** | **66** | **1 976** | **-59** |
| Tax expense | 186 | 138 | 35 | 517 | -64 |
| Profit for the period | 625 | 352 | 78 | 1 459 | -57 |
| **Profit for the period attributable to the shareholders of Swedbank AB** | **615** | **337** | **82** | **1 446** | **-57** |
| Non-controlling interests | 10 | 15 | -33 | 13 | -23 |
| Return on allocated equity, % | 13.8 | 8.9 | | 37.2 | |
| Credit impairment ratio, % | 0.09 | 0.55 | | 0.09 | |
| Total provision ratio for impaired loans, % | 106 | 108 | | 144 | |
| Share of impaired loans, gross, % | 0.32 | 0.30 | | 0.11 | |
| Cost/income ratio | 0.45 | 0.29 | | 0.27 | |
| Full-time employees | 1 158 | 1 147 | 1 | 1 124 | 3 |

*Changes have been made in the business area (see below) and comparative figures have been restated.*

The Large Corporates & Institutions business area has been created to strengthen Swedbank's offering for these customer groups and capitalise on business opportunities. Changes to create a more customer-oriented organisation are under way. The new business area includes the former Swedbank Markets, large corporates from the former Swedish Banking, as well as the international branches from the former International Banking.

**Development January - March**
The global economic recovery continued during the first quarter. The year began, however, with credit concerns mainly due to difficulties in the eurozone in agreeing on a support package to help Greece resolve its budget deficit. Although an agreement was not reached until the end of the quarter, most financial markets recovered fairly quickly. While several leading equity markets reached new peaks, the fixed income market saw the interest rate differential between government bonds from countries with weaker public finances and those from countries with stronger public finances increase or remain at relatively high levels. Demand for corporate bonds remained strong, however.

The US 10-year swap rate traded for the first time below the corresponding government interest rate, creating a negative swap spread. Concerns about Greece's budget deficit substantially weakened the euro against the US dollar and it fell to its lowest level since 2009. The Swedish krona benefitted on the other hand, probably due to Sweden's relatively strong public finances, a strong stock market and growing expectations that the Riksbank will begin raising interest rates earlier than the ECB and the Fed.

In **fixed income and currency trading**, 2010 started with uncertainty about future market conditions. Customer activity, especially in fixed income trading, remained sluggish in anticipation of interest rate hikes from central banks. Under the circumstances, earnings were good, though significantly lower than in the same period of 2009. One third of revenue was generated from customer trading and two thirds from proprietary trading. During the first quarter measures were introduced to improve service for corporate and institutional customers. The aim is to pave the way for full-service solutions tailored to customer needs. The goal is to significantly increase the number of customers that use Swedbank as their primary banking partner.

Operations in **Large corporates** were marked during the first quarter by a further reallocation of the credit portfolio and reduction in risk-weighted assets. By remaining aggressive in the savings market, Swedbank increased its volumes despite a shrinking market. Of the business area's total profit for the period of SEK 615m, SEK 204m related to Large corporates.

The equity market continued to perform strongly during the first quarter of the year, gaining about 8 per cent. **Equity operations** continued to generate good results, with the large part of revenues coming from proprietary trading. The market share on the Stockholm stock exchange was 4.8 per cent for the period (5.1) and 5.4 per cent for March (4.2). During the period an equity- and research team was created in Finland that has been active since February.

**First Securities'** result for the first quarter was slightly lower than expected, mainly due to weak income from fixed income and currency trading. Restructurings and new hires in late 2009 and early 2010 are expected to lead to higher market shares and profitability in the company's core operations and growth areas.

Income decreased by 43 per cent against the previous year. However, in the first quarter of 2009, the trading operations posted the highest income ever due to very favourable market conditions.

Expenses decreased by a total of SEK 46m during the period compared with the same period of 2009. Provisions for variable pay decreased by SEK 77m. Expense increases related to staff and consulting costs.

Portfolio provisions of SEK 72m were allocated during the first quarter within Large Corporates. The period also included established credit impairments of SEK 14m for fixed-income trading instruments.

The return on equity was 13.8 per cent (37.2).

Risk-weighted assets related to the business area rose marginally by around SEK 1bn compared to the fourth quarter of 2009, totalling SEK 185bn as of 31 March.

***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 partly owned subsidiaries First Securities in Norway and Swedbank First Securities LLC in New York, in addition to the trading and capital market operations in subsidiaries in Estonia, Latvia and Lithuania.*

# Baltic Banking

- Reduced pressure on net interest income.
- Further decline in lending
- Slower increase in impaired loans

## Income statement

| SEKm | Q1 2010 | Q4 2009 | % | Q1 2009 | % |
|---|---|---|---|---|---|
| Net interest income | 811 | 855 | -5 | 1 367 | -41 |
| Net commissions | 376 | 441 | -15 | 405 | -7 |
| Net gains and losses on financial items at fair value | 72 | 103 | -30 | 183 | -61 |
| Share of profit or loss of associates | | 0 | | 0 | |
| Other income | 218 | 232 | -6 | 170 | 28 |
| **Total income** | **1 477** | **1 631** | **-9** | **2 125** | **-30** |
| Staff costs | 296 | 330 | -10 | 409 | -28 |
| Variable staff costs | -13 | 0 | | 0 | |
| Other expenses | 399 | 497 | -20 | 484 | -18 |
| Depreciation/amortisation | 47 | 49 | -4 | 54 | -13 |
| **Total expenses** | **729** | **876** | **-17** | **947** | **-23** |
| **Profit before impairments** | **748** | **755** | **-1** | **1 178** | **-37** |
| Impairment of tangible assets | 31 | 171 | -82 | | |
| Credit impairments | 2 103 | 3 355 | -37 | 4 241 | -50 |
| **Operating profit** | **-1 386** | **-2 771** | **-50** | **-3 063** | **-55** |
| Tax expense | -164 | -350 | -53 | -267 | -39 |
| Profit for the period | -1 222 | -2 421 | -50 | -2 796 | -56 |
| **Profit for the period attributable to the shareholders of Swedbank AB** | **-1 222** | **-2 421** | **-50** | **-2 796** | **-56** |
| Return on allocated equity, % | -12.3 | -33.2 | | -33.3 | |
| Credit impairment ratio, % | 5.07 | 7.48 | | 7.33 | |
| Total provision ratio for impaired loans, % | 60 | 57 | | 51 | |
| Share of impaired loans, gross, % | 15.50 | 14.23 | | 6.40 | |
| Cost/income ratio | 0.49 | 0.54 | | 0.45 | |
| Full-time employees | 5 898 | 6 105 | -3 | 7 240 | -19 |

**Development January - March**
Moody's Investors Service raised its credit rating outlook for Estonia, Latvia and Lithuania from negative to stable as the economies recover faster than anticipated. Rating agencies Standard and Poor's and Fitch Ratings also raised their outlook for Estonia, Latvia and Lithuania to stable from negative in the past two months on recovery signs and government steps to curb budget deficits.

Estonia has its sights set on euro adoption in 2011, which is expected to spur investments into the economy. Recent statistics show that most likely, the Maastricht criteria have been fulfilled. In April the European Commission and the European Central Bank will express their opinion on Estonia's euro readiness. In the event of a positive assessment, a final decision should be reached in July.

In Latvia, exports started to recover, but challenges remain. Insufficient structural reforms in both the public and private sectors raise the risk of post-recession stagnation. To make further improvements in competitiveness and ensure sustainable growth, lasting structural productivity gains are necessary.

In Lithuania, a weak labour market undermined domestic demand and the decommissioning of Ignalina nuclear power plant exerted further pressure on households and companies. Considerable uncertainties remain regarding public finance developments.

Baltic Banking reported a loss of SEK 1 222m, compared with a loss of SEK 2 796m a year ago. Lower credit impairments were the main driver behind the improved performance.

Profit before impairments decreased by 30 per cent in local currencies against the same period in the previous year due to lower business activity. Income fell by 24 per cent in local currencies, mainly due to lower net interest income.

Net interest income declined 35 per cent in local currencies from the same period the previous year, but the rate of decline slowed compared with the fourth quarter 2009. The impact of the Euribor decline was by large absorbed during 2009 and impaired loans levelled off. A positive impact from falling local interest rates can be seen especially in Estonian performance, where euro expectations pushed deposit rates down notably. The positive effect is expected to be fully captured in the second quarter, by which time the majority of higher interest rate time deposits would have matured. The risk-adjusted re-pricing of the loan portfolio continued in the first quarter. A large part of the corporate portfolio has now been re-priced. The pace of re-pricings has also slowed in the mortgage portfolio as fewer customers have to renegotiate the terms of their loans.

Lending volume decreased by 17 per cent in local currencies during the past twelve months. The decrease is the result of a combination of higher provisions and reduced new lending combined with existing loan amortisation. Lending market share declined by 0.2 percentage points during the first two months of 2010, mainly due to a decline in the leasing portfolio.

Deposits increased by 2 per cent in local currencies from the same period in the previous year. Total deposit volumes in the Baltic market grew during the first two months of 2010 and Swedbank's market share increased by 0.3 percentage points. As a result of increasing deposit volumes and reduced lending, the loan-to-deposit ratio improved to 159 per cent during the quarter.

Net commission income improved in local currencies compared with the first quarter of 2009. The improvement was mainly due to increased commission income from payment services. Net gains and losses on financial items at fair value decreased by 57 per cent measured in local currencies as the result for the first quarter of 2009 was very strong.

Expenses decreased by 16 per cent in local currencies compared with the same period last year. The number of employees was reduced by 207 during the quarter or 19 per cent from the same period last year, and the number of branches was reduced by 18 per cent. The economic downturn and increase in problem loans gave rise to expenses related to loan restructurings and recoveries. These expenses are considered cyclical and will diminish as the economy recovers. The cost/income ratio was 0.49.

Credit impairments were SEK 2 103m during the period, a decrease of 45 per cent in local currencies from the same period a year ago.

Impaired loans, gross, were SEK 26.7bn on 31 March 2010 (SEK 26.6bn on 31 December 2009). The share of impaired loans was highest in Latvia and lowest in Estonia. Differences between corporate and private portfolios are noticeable. The corporate portfolio of impaired loans is expected to peak during the first or second quarter because collateral realisation now exceeds the expected inflow of impaired loans. Regarding the private portfolio, the positive effect of the recovery is expected to be delayed, since the inflow of impaired loans is highly dependent on the situation in the labour market. In the corporate segment, the highest share of impaired loans was in the real estate and construction sectors. Monthly credit impairments remained volatile due to recovery decisions related to a number of large customers. The Baltic unit for problem loans (BFR&R) is actively managing the non-performing part of the portfolio. Ektornet launched its operations in all three Baltic countries in late 2009. Although a relatively small volume of properties has been repossessed at this point, preparations have been made for a significant asset intake in 2010.

Converted to Swedish kronor, profit before impairments and provisions decreased by SEK 78m compared with the previous year as a result of a stronger Swedish krona against the Baltic currencies, which are pegged to the euro.

***Baltic Banking*** *consists of Baltic Banking Operations and Investment. 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. In Baltic Banking Investment, the effects of Swedbank's ownership in Swedbank AS are reported, inter alia, as financing costs, Group goodwill and Group amortisation on surplus values in the lending and deposit portfolios identified at the time of acquisition in 2005.*

# Russia & Ukraine

- Credit quality in Ukrainian Banking stabilising
- Lower net interest income in Russian Banking
- Strategic refocus on home market customers in Russian Banking

## Income statement

| SEKm | Q1 2010 | Q4 2009 | % | Q1 2009 | % |
|---|---|---|---|---|---|
| Net interest income | 211 | 284 | -26 | 582 | -64 |
| Net commissions | 14 | 24 | -42 | 25 | -44 |
| Net gains and losses on financial items at fair value | 27 | 149 | -82 | 10 | |
| Other income | 5 | 3 | 67 | 4 | 25 |
| **Total income** | **257** | **460** | **-44** | **621** | **-59** |
| Staff costs | 112 | 130 | -14 | 131 | -15 |
| Variable staff costs | | -18 | | 23 | |
| Other expenses | 102 | 178 | -43 | 140 | -27 |
| Depreciation/amortisation | 16 | 18 | -11 | 27 | -41 |
| **Total expenses** | **230** | **308** | **-25** | **321** | **-28** |
| **Profit before impairments** | **27** | **152** | **-82** | **300** | **-91** |
| Impairment of intangible assets | 14 | | | 1 300 | -99 |
| Impairment of tangible assets | 5 | 173 | -97 | 12 | -58 |
| Credit impairments | -41 | 1 237 | | 1 956 | |
| **Operating profit** | **49** | **-1 258** | | **-2 968** | |
| Tax expense | 20 | -66 | | -432 | |
| Profit for the period | 29 | -1 192 | | -2 536 | |
| **Profit for the period attributable to the shareholders of Swedbank AB** | **29** | **-1 192** | | **-2 535** | |
| Non-controlling interests | | | | -1 | |
| Return on allocated equity, % | 2.7 | -168.1 | | -194.9 | |
| Credit impairment ratio, % | -0.83 | 21.00 | | 21.77 | |
| Total provision ratio for impaired loans, % | 72 | 76 | | 101 | |
| Share of impaired loans, gross, % | 40.25 | 37.69 | | 7.25 | |
| Cost/income ratio | 0.89 | 0.67 | | 0.52 | |
| Full-time employees | 2 658 | 3 472 | -23 | 4 338 | -39 |

**Development January - March**
Profit for the period amounted to SEK 29m, compared with a loss of SEK 2 535m in the previous year. The improvement was primarily due to the stabilisation of credit quality in both Russia and Ukraine. Net interest income for the period was 64 per cent lower year-on-year mainly due to a lower lending volume.

**Ukrainian Banking**
The Ukrainian economy is expected to benefit from the long-awaited political stability resulting from the election of the new president and approval of the new government. The first signs of recovery are already visible. During the first two months of 2010 industrial output increased by 9.2 per cent compared with the same period in 2009 at the same time that the annual inflation rate was around 11 per cent. The UAH to USD exchange rate was relatively stable. However, total assets of the banking sector further declined by 1.7 per cent during the first two months of 2010.

Swedbank's operations in Ukraine are stabilising. Although new lending has yet to accelerate, net interest income was buoyed by several successful restructurings in the FR&R portfolio. The loan portfolio, gross, has decreased by 4 per cent in local currency since the start of the year. The share of impaired loans stabilised, increasing by 57 per cent from 53 per cent at the beginning of the year.

Structural improvements in the loan portfolio resulted in net recoveries of SEK 26m. The provision ratio for impaired loans was 74 per cent.

The loan-to-deposit ratio in local currencies deteriorated from 321 per cent at year-end to 350 per cent. This was the result of the active re-pricing of deposit rates to reduce interest expense and the concentration on corporate deposits.

The cost-cutting programme initiated in 2009 continued to show results. Total expenses decreased by SEK 25m, and at the end of the period the cost/income ratio was 0.73 per cent. The number of full-time employees has been reduced by 28 per cent since year-end 2009 and 35 branches have been closed. The number of branches as of 31 March was 121. The number of employees and branches will be further reduced in 2010.

Profit for the period amounted to SEK 60m.

**Russian Banking**
The Russian economy continued to emerge from the recession driven by increased global demand for oil and metals. During the first quarter manufacturing production rose by 4.5 per cent compared with the same period of 2009. Inflation was 7.2 per cent in February. The real estate market showed clear signs of recovery. In January-February the number of transactions in Moscow increased by 72 per cent year-on-year. Prices have risen in the last five months. At the same time there were also negative signs. Unemployment remained at a high level of 8.6 per cent and banking assets decreased by 1.2 per cent in spite of a Bank of Russia policy aimed at lower interest rates and increased lending activity.

The deleveraging process and increase in impaired loans in the last quarter of 2009 led to a sizeable drop in net interest income in Russia (63 per cent lower year-on-year). Swedbank's lending in Russia has declined by 9 per cent in local currency since the beginning of the year. The increase in impaired loans during the period was modest (6 per cent) and the provision ratio for impaired loans was 63 per cent.

The decision to change the business focus of Russian Banking to support home market customers will mean a further reduction in the loan portfolio and changes in the organisation to meet demand in the new, more focused customer segment.

The net loss for the period amounted to SEK15m.

*The **Russia & Ukraine** business area comprises the banking operations of Swedbank Group in Russia and Ukraine. A management unit with staff functions is also included in the business area.*

# Asset Management

- Improved earnings
- Increased sales through third-party distributors
- Market share for total assets in Swedish fund market of 25 per cent

## Income statement

| SEKm | Q1 2010 | Q4 2009 | % | Q1 2009 | % |
|---|---|---|---|---|---|
| Net interest income | -7 | -7 | 0 | -6 | 17 |
| Net commissions | 398 | 267 | 49 | -227 | |
| Net gains and losses on financial items at fair value | 11 | 2 | | 5 | |
| Other income | 3 | -4 | | 6 | -50 |
| **Total income** | **405** | **258** | **57** | **-222** | |
| Staff costs | 100 | 95 | 5 | 80 | 25 |
| Variable staff costs | | -26 | | 8 | |
| Other expenses | 84 | 106 | -21 | 90 | -7 |
| Depreciation/amortisation | 13 | 10 | 30 | 11 | 18 |
| **Total expenses** | **197** | **185** | **6** | **189** | **4** |
| **Profit before impairments** | **208** | **73** | | **-411** | |
| **Operating profit** | **208** | **73** | | **-411** | |
| Tax expense | 50 | 40 | 25 | -108 | |
| Profit for the period | 158 | 33 | | -303 | |
| **Profit for the period attributable to the shareholders of Swedbank AB** | **158** | **33** | | **-303** | |
| Return on allocated equity, % | 29.2 | 8.6 | | -81.2 | |
| Cost/income ratio | 0.49 | 0.72 | | -0.85 | |
| Full-time employees | 284 | 291 | -2 | 297 | -4 |

**Development January-March**
Net contributions in the Swedish mutual fund market amounted to SEK 25bn, double the same period in 2009. The total net inflow to Swedbank Robur's funds amounted to SEK 1.2bn, or a market share of 4.9 per cent. The entire inflow is attributable to third-party distributors. The goal is to increase volume growth among distributors in the Nordic market and broaden the distribution base in selected European markets during the year. Swedbank Robur's share of total assets under management was 25 per cent (28).

Profit for the period amounted to SEK 158m. Income rose by 57 per cent excluding refunded management fees of SEK 480m due to incorrect charges in the previous year. The increase in income was primarily due to higher assets under management. Seven per cent of operating profit was attributable to the three Baltic countries.

Expenses increased by 4 per cent, partly as a result of recruitments in risk management and compliance. No provisions were allocated to profit-based staff costs in 2010. Increased investments in IT development, primarily in administration, will result in slightly higher expenses going forward. Cost controls have been strengthened primarily in HR and IT.

| Assets under management SEKbn | 31 Mar 2010 | 31 Dec 2009 | % | 31 Mar 2009 | % |
|---|---|---|---|---|---|
| **Fund assets under management** | | | | | |
| Assets under management | *463* | *448* | *3* | *333* | *39* |
| *of which:* | | | | | |
| *Swedish equities, %* | *30.7* | *32.0* | *-4* | *26.9* | *14* |
| *foreign equities, %* | *35.9* | *35.4* | *2* | *30.7* | *17* |
| *interest-bearing securities, %* | *33.4* | *32.6* | *2* | *42.4* | *-21* |
| **Discretionary asset management** | | | | | |
| Assets under management | 289 | 278 | 4 | 284 | 2 |
| *of which in Swedbank Robur's funds* | *58* | *56* | *4* | *45* | *29* |
| **Total assets under management** | **694** | **670** | **4** | **572** | **21** |

***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.*

# Ektornet

- Fully operational in the Nordic region, Baltic countries and the US. Preparations for takeovers in Ukraine
- Ektornet managed repossessed properties valued at SEK 784m

## Income statement

| SEKm | Q1 2010 | Q4 2009 | % | Q1 2009 | % |
|---|---|---|---|---|---|
| Net interest income | -5 | -1 | | | |
| Net gains and losses on financial items at fair value | 4 | 2 | 100 | | |
| Other income | 14 | | | | |
| **Total income** | **13** | **1** | | **0** | |
| Staff costs | 5 | 2 | | | |
| Other expenses | 44 | 25 | 76 | | |
| Depreciation/amortisation | 1 | | | | |
| **Total expenses** | **50** | **27** | **85** | **0** | |
| **Profit before impairments** | **-37** | **-26** | **42** | **0** | |
| Impairment of intangible assets | | 0 | | | |
| **Operating profit** | **-37** | **-26** | **42** | **0** | |
| Tax expense | | -6 | | | |
| Profit for the period | -37 | -20 | 85 | | |
| **Profit for the period attributable to the shareholders of Swedbank AB** | **-37** | **-20** | **85** | **0** | |
| Full-time employees | 103 | 39 | | | |

**Development January-March**
During the first quarter 2010 properties were taken over with a value of SEK 267m. After currency translation and continuous depreciation, Ektornet managed properties valued at SEK 784m as of 31 March, compared with SEK 517m at the beginning of the year. Of this amount, the Nordic region accounted for SEK 409m, Estonia for SEK 178m, Latvia for SEK 60m, Lithuania for SEK 7m and the US for SEK 130m. In the Baltic countries, a large part of the holding consists of owner-occupied apartments or projects, which do not generate any income before they are sold. Given the market's development and slow collateral takeover process in a number of countries, repossessions are expected to continue until 2013. Due in part to slightly more positive macroeconomic growth than expected, the projected value of repossessed assets up to 2012 has been revised downward to SEK 5-10bn. Three quarters of this is expected to be in the Baltic countries. By year-end 2010 assets with a value of SEK 4bn are expected to be taken over.

**Activities in 2010**
Ektornet's work will initially focus on repossessing assets. Its real estate investments in the Baltic countries are estimated at 60 per cent of Ektornet's total property holdings at year-end. The market's development, especially with regard to apartment projects, will have a significant impact on earnings going forward. The Baltic countries therefore have the highest priority in 2010 and 2011. Ektornet is also planning for further repossessions and development activities in the Nordic region and the US, as well as in Ukraine. In the long term properties may be taken over in Russia as well. Repossessed properties are independently appraised taking into account the properties' development potential from a five-year perspective. Ektornet drafts a business plan for each property category and geographical area and evaluates their long-term development potential from the perspective of the entire property portfolio. Ektornet's property portfolio spans several markets, each with their legal structure, tax laws and recoupment possibilities. This makes it more difficult to assess the property portfolio's long-term value.

As its portfolio of repossessed properties grows, Ektornet will build up an organisation to develop and manage the holdings using value enhancing measures. The goal is to add value to the holdings through marketing, renting and property development. This will make it possible to sell the property or property portfolio at a higher value when the market becomes more liquid. It is uncertain, however, how quickly the various markets will recover. Sales of large property portfolios are currently expected to increase in 2013. Since a large share of the portfolio consists of non-income-generating assets, primarily owner-occupied apartments and projects, cash flow is expected to be negative in the years to come. Today an operating loss of about SEK 200-300m is expected respectively in 2010 and in 2011. The operating result depends to a large extent on repossessions and any property sales, however.

***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. Real estate will account for most of the collateral, mainly in the Baltic countries but also in the Nordic region, the US and Ukraine.*

# Shared Services & Group Staffs

## Income statement

| SEKm | Q1 2010 | Q4 2009 | % | Q1 2009 | % |
|---|---|---|---|---|---|
| Net interest income | -146 | 123 | | -196 | -26 |
| Net commissions | 7 | 7 | 0 | -6 | |
| Net gains and losses on financial items at fair value | 60 | -94 | | 90 | -33 |
| Other income | 977 | 1 030 | -5 | 956 | 2 |
| **Total income** | **898** | **1 066** | **-16** | **844** | **6** |
| Staff costs | 448 | 462 | -3 | 403 | 11 |
| Variable staff costs | 2 | -4 | | 8 | -75 |
| Other expenses | 596 | 572 | 4 | 602 | -1 |
| Depreciation/amortisation | 81 | 82 | -1 | 106 | -24 |
| **Total expenses** | **1 127** | **1 112** | **1** | **1 119** | **1** |
| **Profit before impairments** | **-229** | **-46** | | **-275** | **-17** |
| Credit impairments | 4 | -13 | | -4 | |
| **Operating profit** | **-233** | **-33** | | **-271** | **-14** |
| Tax expense | -36 | -122 | -70 | -72 | -50 |
| Profit for the period | -197 | 89 | | -199 | -1 |
| **Profit for the period attributable to the shareholders of Swedbank AB** | **-197** | **89** | | **-199** | **-1** |
| Full-time employees | 2 329 | 2 329 | 0 | 2 287 | 2 |

***Shared Services & Group Staffs*** *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 | Q1 2010 | Q4 2009 | % | Q1 2009 | % |
|---|---|---|---|---|---|
| Net interest income | 12 | -9 | | -48 | |
| Net commissions | 2 | 1 | 100 | -3 | |
| Net gains and losses on financial items at fair value | | | | 48 | |
| Other income | -939 | -938 | 0 | -935 | 0 |
| **Total income** | **-925** | **-946** | **-2** | **-938** | **-1** |
| Staff costs | | -11 | | 0 | |
| Variable staff costs | | 0 | | 0 | |
| Other expenses | -925 | -935 | -1 | -938 | -1 |
| **Total expenses** | **-925** | **-946** | **-2** | **-938** | **-1** |

# Financial information


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## Income statement

| Group<br>SEKm | Q1<br>2010 | Q4<br>2009 | % | Q1<br>2009 | % |
|---|---|---|---|---|---|
| *Interest income* | *11 924* | *12 291* | *-3* | *17 082* | *-30* |
| *Interest expenses* | *-7 901* | *-7 589* | *4* | *-11 279* | *-30* |
| **Net interest income (note 5)** | **4 023** | **4 702** | **-14** | **5 803** | **-31** |
| *Commission income* | *3 162* | *3 178* | *-1* | *2 242* | *41* |
| *Commission expenses* | *-880* | *-905* | *-3* | *-868* | *1* |
| **Net commissions (note 6)** | **2 282** | **2 273** | **0** | **1 374** | **66** |
| Net gains and losses on financial items at fair value (note 7) | 647 | 262 | | 1 711 | -62 |
| *Insurance premiums* | *415* | *409* | *1* | *384* | *8* |
| *Insurance provisions* | *-295* | *-227* | *30* | *-254* | *16* |
| **Net insurance** | **120** | **182** | **-34** | **130** | **-8** |
| Share of profit or loss of associates | 146 | 123 | 19 | 97 | 51 |
| Other income | 449 | 440 | 2 | 309 | 45 |
| **Total income** | **7 667** | **7 982** | **-4** | **9 424** | **-19** |
| Staff costs (note 8) | 2 375 | 1 930 | 23 | 2 541 | -7 |
| Other expenses (note 10) | 1 808 | 2 168 | -17 | 1 838 | -2 |
| Depreciation/amortisation | 208 | 202 | 3 | 240 | -13 |
| **Total expenses** | **4 391** | **4 300** | **2** | **4 619** | **-5** |
| **Profit before impairments** | **3 276** | **3 682** | **-11** | **4 805** | **-32** |
| Impairment of intangible assets (note 18) | 14 | | | 1 305 | -99 |
| Impairment of tangible assets | 36 | 352 | -90 | 12 | |
| Credit impairments (note 11) | 2 210 | 5 003 | -56 | 6 845 | -68 |
| **Operating profit** | **1 016** | **-1 673** | | **-3 357** | |
| Tax expense (note 12) | 469 | 115 | | -13 | |
| Profit for the period | 547 | -1 788 | | -3 344 | |
| **Profit for the period attributable to the shareholders of Swedbank AB** | **536** | **-1 804** | | **-3 358** | |
| Non-controlling interests | 11 | 16 | -31 | 14 | -21 |

## Earnings per share

| Group<br>SEK | Q1<br>2010 | Q4<br>2009 | Q1<br>2009 |
|---|---|---|---|
| Earnings per share before and after dilution | 0.46 | -1.83 | -3.59 |

See page 52 for number of shares.

## Statement of comprehensive income

| Group<br>SEKm | Q1<br>2010 | Q4<br>2009 | % | Q1<br>2009 | % |
|---|---|---|---|---|---|
| **Profit for the period reported via income statement** | **547** | **-1 788** | | **-3 344** | |
| Exchange differences, foreign operations | -1 633 | 207 | | 70 | |
| Hedging of net investments in foreign operations: | | | | | |
| Gains/losses arising during the period | 1 017 | -156 | | 9 | |
| Cash flow hedges: | | | | | |
| Gains/losses arising during the period | -161 | 69 | | -515 | -69 |
| Reclassification adjustments to income statement, net interest income | 189 | 199 | -5 | 204 | -7 |
| Reclassification adjustments to income statement, net gains and losses on financial items at fair value | | -75 | | | |
| Share of other comprehensive income of associates | -6 | 13 | | 42 | |
| Income tax relating to components of other comprehensive income | -275 | -6 | | 87 | |
| **Other comprehensive income for the period, net of tax** | **-869** | **251** | | **-103** | |
| **Total comprehensive income for the period** | **-322** | **-1 537** | **-79** | **-3 447** | **-91** |
| **Total comprehensive income attributable to the shareholders of Swedbank AB** | **-330** | **-1 556** | **-79** | **-3 472** | **-90** |
| Non-controlling interests | 8 | 19 | -58 | 25 | -68 |

## Income statement, quarterly

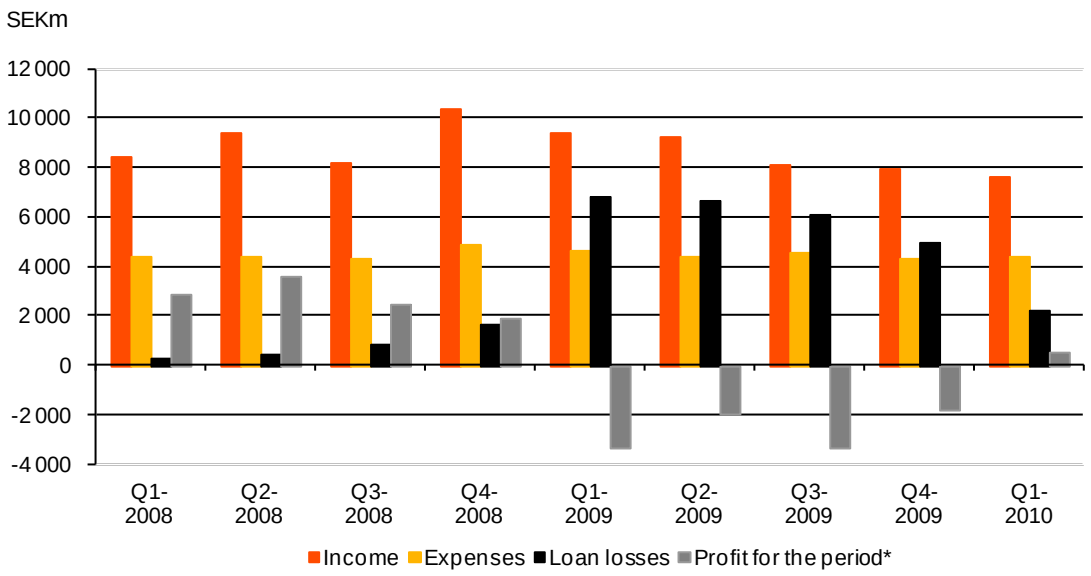
| Group<br>SEKm | Q1<br>2010 | Q4<br>2009 | Q3<br>2009 | Q2<br>2009 | Q1<br>2009 | Q4<br>2008 | Q3<br>2008 | Q2<br>2008 |
|---|---|---|---|---|---|---|---|---|
| Net interest income | 4 023 | 4 702 | 5 017 | 5 243 | 5 803 | 5 742 | 5 424 | 5 295 |
| Net commissions | 2 282 | 2 273 | 2 208 | 1 970 | 1 374 | 2 011 | 2 265 | 2 374 |
| Net gains and losses on financial items at fair value | 647 | 262 | 87 | 710 | 1 711 | 1 244 | -109 | 1 141 |
| Net insurance | 120 | 182 | 160 | 175 | 130 | 139 | 105 | 101 |
| Share of profit or loss of associates | 146 | 123 | 183 | 463 | 97 | 136 | 138 | 122 |
| Other income | 449 | 440 | 487 | 673 | 309 | 1 074 | 415 | 400 |
| **Total income** | **7 667** | **7 982** | **8 142** | **9 234** | **9 424** | **10 346** | **8 238** | **9 433** |
| Staff costs | 2 375 | 1 930 | 2 448 | 2 282 | 2 541 | 2 602 | 2 458 | 2 453 |
| Other expenses | 1 808 | 2 168 | 1 857 | 1 895 | 1 838 | 2 004 | 1 596 | 1 740 |
| Depreciation/amortisation | 208 | 202 | 221 | 226 | 240 | 269 | 259 | 237 |
| **Total expenses** | **4 391** | **4 300** | **4 526** | **4 403** | **4 619** | **4 875** | **4 313** | **4 430** |
| **Profit before impairments** | **3 276** | **3 682** | **3 616** | **4 831** | **4 805** | **5 471** | **3 925** | **5 003** |
| Impairment of intangible assets | 14 | | | | 1 305 | 1 403 | | |
| Impairment of tangible assets | 36 | 352 | 77 | 8 | 12 | 27 | | |
| Credit impairments | 2 210 | 5 003 | 6 121 | 6 672 | 6 845 | 1 633 | 812 | 423 |
| **Operating profit** | **1 016** | **-1 673** | **-2 582** | **-1 849** | **-3 357** | **2 408** | **3 113** | **4 580** |
| Tax expense | 469 | 115 | 734 | 145 | -13 | 500 | 640 | 935 |
| Profit for the period | 547 | -1 788 | -3 316 | -1 994 | -3 344 | 1 908 | 2 473 | 3 645 |
| **Profit for the period attributable to the shareholders of Swedbank AB** | **536** | **-1 804** | **-3 337** | **-2 012** | **-3 358** | **1 915** | **2 468** | **3 604** |
| Non-controlling interests | 11 | 16 | 21 | 18 | 14 | -7 | 5 | 41 |

## Earnings per share, quarterly

| Group<br>SEK | Q1<br>2010 | Q4<br>2009 | Q3<br>2009 | Q2<br>2009 | Q1<br>2009 | Q4<br>2008 | Q3<br>2008 | Q2<br>2008 |
|---|---|---|---|---|---|---|---|---|
| Earnings per share before and after dilution | 0.46 | -1.83 | -3.57 | -2.16 | -3.59 | 2.90 | 3.81 | 5.56 |

See page 52 for number of shares.

**Profit trend, quarterly**




* Refers to profit for the period attributable to shareholders in Swedbank AB.

# Balance sheet

| Group<br>SEKm | 31 Mar<br>2010 | 31 Dec<br>2009 | % | 31 Mar<br>2009 | % |
|---|---|---|---|---|---|
| **Assets** | | | | | |
| Cash and balances w ith central banks | 31 621 | 37 879 | -17 | 20 120 | 57 |
| Loans to credit institutions (note 13) | 152 780 | 92 131 | 66 | 141 996 | 8 |
| Loans to the public (note 13) | 1 214 007 | 1 290 667 | -6 | 1 282 258 | -5 |
| Interest-bearing securities (note 17) | 275 266 | 170 615 | 61 | 169 813 | 62 |
| Fund shares for w hich customers bear the investmenst risk | 85 023 | 78 194 | 9 | 52 551 | 62 |
| Shares and participating interests | 11 350 | 9 505 | 19 | 4 834 | |
| Investments in associates | 2 662 | 2 740 | -3 | 2 099 | 27 |
| Derivatives (note 21) | 76 524 | 72 969 | 5 | 111 752 | -32 |
| Intangible fixed assets (note 18) | 16 902 | 17 555 | -4 | 18 602 | -9 |
| Tangible assets | 3 937 | 3 815 | 3 | 3 438 | 15 |
| Current tax assets | 1 135 | 881 | 29 | 2 385 | -52 |
| Deferred tax assets | 1 302 | 1 209 | 8 | 675 | 93 |
| Other assets | 10 237 | 9 806 | 4 | 15 571 | -34 |
| Prepaid expenses and accrued income | 7 308 | 6 721 | 9 | 4 702 | 55 |
| **Total assets** | **1 890 054** | **1 794 687** | **5** | **1 830 796** | **3** |
| **Liabilities and equity** | | | | | |
| Amounts ow ed to credit institutions (note 19) | 259 782 | 231 687 | 12 | 358 812 | -28 |
| Deposits and borrow ings from the public (note 19) | 511 142 | 504 424 | 1 | 471 833 | 8 |
| Debt securities in issue, etc (note 20) | 723 596 | 703 258 | 3 | 610 256 | 19 |
| Financial liabilities for w hich customers bear the investment risk | 90 186 | 80 132 | 13 | 53 126 | 70 |
| Derivatives (note 21) | 73 364 | 72 172 | 2 | 103 409 | -29 |
| Current tax liabilities | 750 | 1 495 | -50 | 1 549 | -52 |
| Deferred tax liabilities | 972 | 720 | 35 | 1 623 | -40 |
| Sold, not held, securities | 62 929 | 40 411 | 56 | 38 175 | 65 |
| Other liabilities | 21 038 | 11 819 | 78 | 43 550 | -52 |
| Accrued expenses and prepaid income | 18 432 | 14 400 | 28 | 13 786 | 34 |
| Provisions | 4 361 | 6 212 | -30 | 5 788 | -25 |
| Subordinated liabilities | 33 922 | 37 983 | -11 | 45 874 | -26 |
| Equity | 89 580 | 89 974 | 0 | 83 015 | 8 |
| *- Non-controlling interests* | *240* | *304* | *-21* | *257* | *-7* |
| *- Equity attributable to shareholders of Swedbank AB* | *89 340* | *89 670* | *0* | *82 758* | *8* |
| **Total liabilities and equity** | **1 890 054** | **1 794 687** | **5** | **1 830 796** | **3** |

## Statement of changes in equity

| Group SEKm | Shareholders' equity | | | | | | | | Non-controlling interests | Total equity |
|---|---|---|---|---|---|---|---|---|---|---|
| | Share capital | Other contributed equity* | Non registered shares | Exchange differences, subsidiaries and associates | Hedging of net investments in foreign operations | Cash flow hedges | Retained earnings | Total | | |
| **Opening balance 1 January 2009** | **14 918** | **8 939** | **3 010** | **3 951** | **-2 905** | **-958** | **59 275** | **86 230** | **232** | **86 462** |
| Registration of shares | 1 316 | 1 694 | -3 010 | | | | | | | |
| Total comprehensive income for the period | | | | 101 | 7 | -222 | -3 358 | -3 472 | 25 | -3 447 |
| **Closing balance 31 March 2009** | **16 234** | **10 633** | | **4 052** | **-2 898** | **-1 180** | **55 917** | **82 758** | **257** | **83 015** |
| | | | | | | | | | | |
| **Opening balance 1 January 2009** | **14 918** | **8 939** | **3 010** | **3 951** | **-2 905** | **-958** | **59 275** | **86 230** | **232** | **86 462** |
| Dividends | | | | | | | | | -45 | -45 |
| Registration of shares | 1 316 | 1 694 | -3 010 | | | | | | | |
| New share issue | 8 117 | 6 957 | | | | | | 15 074 | 39 | 15 113 |
| Expenses in connection with new share issue | | -438 | | | | | | -438 | | -438 |
| Contribution | | | | | | | | | 3 | 3 |
| Associates' acquiring of shares in Swedbank | | | | | | | -58 | -58 | | -58 |
| Business disposal | | | | | | | | | -6 | -6 |
| Total comprehensive income for the period | | | | -1 808 | 978 | 203 | -10 511 | -11 138 | 81 | -11 057 |
| **Closing balance 31 December 2009** | **24 351** | **17 152** | | **2 143** | **-1 927** | **-755** | **48 706** | **89 670** | **304** | **89 974** |
| | | | | | | | | | | |
| **Opening balance 1 January 2010** | **24 351** | **17 152** | | **2 143** | **-1 927** | **-755** | **48 706** | **89 670** | **304** | **89 974** |
| Dividends | | | | | | | | | -72 | -72 |
| Total comprehensive income for the period | | | | -1 637 | 750 | 21 | 536 | -330 | 8 | -322 |
| **Closing balance 31 March 2010** | **24 351** | **17 152** | | **506** | **-1 177** | **-734** | **49 242** | **89 340** | **240** | **89 580** |

*Other contributed equity consists mainly of share premiums.

Expenses in connection with new share issue includes a positive tax effect of SEK 156m in 2009.

## Cash flow statement

| Group SEKm | Jan-Mar 2010 | Full-year 2009 | Jan-Mar 2009 |
|---|---|---|---|
| Cash flow from operating activities | 110 952 | -61 828 | -44 050 |
| Cash flow from investing activities | 1 061 | -718 | -397 |
| Cash flow from financing activities | 24 329 | 137 407 | 50 074 |
| **Cash flow for the period** | **136 342** | **74 861** | **5 627** |
| Cash and cash equivalents at beginning of period | 131 498 | 57 707 | 57 707 |
| Cash flow for the period | 136 342 | 74 861 | 5 627 |
| Exchange differences on cash and cash equivalents | -2 125 | -1 070 | 96 |
| **Cash and cash equivalents at end of period** | **265 715** | **131 498** | **63 430** |

## Note 1 Accounting policies

The interim report has been prepared in accordance with IAS 34.

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 Financial Supervisory Authority and recommendation RFR 2 of the Financial Reporting Council.

Several new and revised IFRS and interpretations by IFRIC have not had any effect on the financial position, results or disclosures of the Group or the Parent Company.

The accounting principles applied in the interim report are the same as those applied in the preparation of the Annual Report for 2009.

The operating segments were changed during the first quarter to coincide with the organisational changes implemented in Swedbank's business area organisation. Comparative figures have been restated.

# Note 2 Critical accounting estimates

The Group uses various estimates and judgments 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 loan losses and impairment testing of goodwill.

### Provisions for loan losses

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 loan losses 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 2010 economic conditions stabilised in the Baltic countries, as well as in Ukraine. The Group's provisions in the Baltic operations increased, however, at a significantly slower rate during the year, from SEK 15 276m to SEK 15 954m. Provisions in the Ukrainian operations decreased from SEK 6 390m to SEK 6 273m. The increases 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 is largely dependent on management's own assumptions. The assumptions are made based on indefinite ownership of the asset. The Group's goodwill amounted to SEK 14 690m as of 31 March, of which SEK 11 780m relates to the investment in the Baltic operations. In 2001, 60 per cent of the Baltic operations had been acquired. In 2005 the remaining 40 per cent was acquired. SEK 10 600m 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. Since the economies in the Baltic countries have stabilised, there has been no reason for a new test compared with the one made as of year-end 2009. The assumptions that have been made are indicated in note 18 Intangible assets.

# Note 3 Changes in the Group structure

### Internal structural changes

Swedbank AB acquired Swedbank Försäkring AB from Swedbank Robur AB in January 2010.

# Note 4 Business segments (business areas)

| Jan-Mar 2010 SEKm | Retail | Large Corporates & Institutions | Baltic Banking | Russia & Ukraine | Asset Management | Ektornet | Shared Services & Group Staffs | Eliminations | Group |
|---|---|---|---|---|---|---|---|---|---|
| Net interest income | 2 364 | 783 | 811 | 211 | -7 | -5 | -146 | 12 | 4 023 |
| Net commissions | 1096 | 389 | 376 | 14 | 398 | | 7 | | 2 282 |
| Net gains and losses on financial items at fair value | 32 | 441 | 72 | 27 | 11 | 4 | 60 | | 647 |
| Share of profit or loss of associates | 146 | | | | | | | | 146 |
| Other income | 274 | 17 | 218 | 5 | 3 | 14 | 977 | -939 | 569 |
| **Total income** | **3 912** | **1 630** | **1 477** | **257** | **405** | **13** | **898** | **-925** | **7 667** |
| Staff costs | 1031 | 304 | 296 | 112 | 100 | 5 | 448 | | 2 296 |
| Variable staff costs | 21 | 69 | -13 | | | | 2 | | 79 |
| Other expenses | 1156 | 352 | 399 | 102 | 84 | 44 | 596 | -925 | 1808 |
| Depreciation/amortisation | 42 | 8 | 47 | 16 | 13 | 1 | 81 | | 208 |
| **Total expenses** | **2 250** | **733** | **729** | **230** | **197** | **50** | **1 127** | **-925** | **4 391** |
| **Profit before impairments** | **1 662** | **897** | **748** | **27** | **208** | **-37** | **-229** | | **3 276** |
| Impairment of intangible assets | | | | 14 | | | | | 14 |
| Impairment of tangible assets | | | 31 | 5 | | | | | 36 |
| Credit impairments | 58 | 86 | 2 103 | -41 | | | 4 | | 2 210 |
| **Operating profit** | **1 604** | **811** | **-1 386** | **49** | **208** | **-37** | **-233** | | **1 016** |
| Tax expense | 413 | 186 | -164 | 20 | 50 | | -36 | | 469 |
| Profit for the period | 1191 | 625 | -1222 | 29 | 158 | -37 | -197 | | 547 |
| **Profit for the period attributable to the shareholders of Swedbank AB** | **1 190** | **615** | **-1 222** | **29** | **158** | **-37** | **-197** | | **536** |
| Non-controlling interests | 1 | 10 | | | | | | | 11 |
| Loans | 830 693 | 360 463 | 156 536 | 19 095 | | | | | 1366 787 |
| Investments in associates | 2 656 | | 5 | 1 | | | | | 2 662 |
| Other assets | 97 954 | 328 258 | 48 894 | 4 635 | 1917 | 1003 | 37 945 | | 520 605 |
| **Total assets*** | **931 302** | **688 721** | **205 435** | **23 731** | **1 917** | **1 003** | **37 945** | | **1 890 054** |
| Deposits | 308 795 | 99 433 | 96 601 | 6 312 | | | | | 511 142 |
| Other liabilities | 601004 | 571 198 | 69 681 | 13 013 | -270 | 297 | 34 649 | | 1289 572 |
| **Total liabilities*** | **909 799** | **670 631** | **166 282** | **19 325** | **-270** | **297** | **34 649** | | **1 800 714** |
| Allocated equity | 21503 | 18 089 | 39 153 | 4 406 | 2 186 | 706 | 3 295 | | 89 340 |
| **Total liabilities and equity** | **931 302** | **688 721** | **205 435** | **23 731** | **1 917** | **1 003** | **37 945** | | **1 890 054** |
| **Impaired loans, gross** | **1 625** | **1 150** | **26 740** | **10 813** | | | | | **40 328** |
| **Risk-weighted assets** | **220 424** | **184 668** | **160 447** | **23 140** | **3 415** | **954** | **2 653** | | **595 701** |
| Return on allocated equity, % | 22.0 | 13.8 | -12.3 | 2.7 | 29.2 | -25.1 | | | 2.4 |
| Loans/deposits | 269 | 200 | 159 | 271 | | | | | 235 |
| Credit impairment ratio, % | 0.03 | 0.09 | 5.07 | -0.83 | | | | | 0.64 |
| Total provision ratio for impaired loans, % | 101 | 106 | 60 | 72 | | | | | 66 |
| Share of impaired loans, gross, % | 0.20 | 0.32 | 15.50 | 40.25 | | | | | 2.89 |
| Cost/income ratio | 0.58 | 0.45 | 0.49 | 0.89 | 0.49 | 3.85 | | | 0.57 |
| Full-time employees | 5 833 | 1 158 | 5 898 | 2 658 | 284 | 103 | 2 329 | | 18 263 |

* Excluding intra-Group transactions

# Note 4 Geographical breakdown

| Jan-Mar 2010 SEKm | Sweden | Estonia | Latvia | Lithuania | Ukraine | Russia | Other | Total |
|---|---|---|---|---|---|---|---|---|
| Net interest income | 2 820 | 347 | 256 | 236 | 123 | 87 | 154 | 4 023 |
| Net commissions | 1676 | 188 | 115 | 126 | 10 | 4 | 163 | 2 282 |
| Net gains and losses on financial items at fair value | 446 | 56 | 54 | 25 | 7 | 20 | 39 | 647 |
| Share of profit or loss of associates | 74 | | | | | | 72 | 146 |
| Other income | 342 | 2 | 91 | 116 | 5 | | 13 | 569 |
| **Total income** | **5 358** | **593** | **516** | **503** | **145** | **111** | **441** | **7 667** |
| Staff costs | 1718 | 152 | 90 | 112 | 51 | 52 | 121 | 2 296 |
| Variable staff costs | 79 | -5 | -3 | -4 | | | 12 | 79 |
| Other expenses | 1280 | 8 | 183 | 156 | 46 | 44 | 91 | 1808 |
| Depreciation/amortisation | 107 | 47 | 16 | 14 | 9 | 7 | 8 | 208 |
| **Total expenses** | **3 184** | **202** | **286** | **278** | **106** | **103** | **232** | **4 391** |
| **Profit before impairments** | **2 174** | **391** | **230** | **225** | **39** | **8** | **209** | **3 276** |
| Impairment of intangible assets | | | | | | 14 | | 14 |
| Impairment of tangible assets | | | 9 | 22 | 5 | | | 36 |
| Credit impairments | 147 | 593 | 954 | 557 | -26 | -15 | | 2 210 |
| **Operating profit** | **2 027** | **-202** | **-733** | **-354** | **60** | **9** | **209** | **1 016** |
| Tax expense | 522 | 1 | -102 | -49 | 1 | 25 | 71 | 469 |
| Profit for the period | 1505 | -203 | -631 | -305 | 59 | -16 | 138 | 547 |
| **Profit for the period attributable to the shareholders of Swedbank AB** | **1503** | **-203** | **-631** | **-305** | **59** | **-16** | **129** | **536** |
| Non-controlling interests | 2 | | | | | | 9 | 11 |
| Loans | 1123 866 | 69 281 | 45 645 | 41734 | 8 624 | 12 661 | 64 976 | 1366 787 |
| Investments in associates | 2 620 | 5 | | | 1 | | 36 | 2 662 |
| Other assets | 470 573 | 3 873 | 9 203 | 13 890 | 524 | 505 | 22 037 | 520 605 |
| **Total assets** | **1597 059** | **73 159** | **54 848** | **55 624** | **9 149** | **13 166** | **87 049** | **1890 054** |
| Deposits | 396 573 | 46 084 | 19 873 | 33 538 | 2 411 | 3 901 | 8 762 | 511 142 |
| Other liabilities | 1158 121 | 13 642 | 19 589 | 11001 | 4 219 | 7 376 | 75 624 | 1289 572 |
| **Total liabilities** | **1554 694** | **59 726** | **39 462** | **44 539** | **6 630** | **11 277** | **84 386** | **1800 714** |
| Allocated equity | 42 365 | 13 433 | 15 386 | 11085 | 2 519 | 1889 | 2 663 | 89 340 |
| **Total liabilities and equity** | **1597 059** | **73 159** | **54 848** | **55 624** | **9 149** | **13 166** | **87 049** | **1890 054** |
| **Impaired loans, gross** | **2 399** | **5 473** | **13 371** | **7 896** | **8 432** | **2 381** | **376** | **40 328** |
| **Risk-weighted assets** | **381 912** | **69 029** | **52 547** | **41 811** | **11 608** | **11 544** | **27 250** | **595 701** |
| Return on allocated equity, % | 14.0 | -6.2 | -16.2 | -10.8 | 9.9 | -3.2 | 19.5 | 2.4 |
| Cost/income ratio | 0.59 | 0.34 | 0.55 | 0.55 | 0.73 | 0.92 | 0.53 | 0.57 |
| Full-time employees | 8 428 | 2 567 | 1810 | 2 358 | 2 077 | 567 | 456 | 18 263 |

# Note 4 Product areas

| Jan-Mar 2010 SEKm | Lending | Savings & Investments | Payments & Cards | Trading & Capital Market | Other | Total |
|---|---|---|---|---|---|---|
| Net interest income | 2 680 | 444 | 1100 | 390 | -591 | 4 023 |
| Net commissions | 54 | 1064 | 785 | 260 | 119 | 2 282 |
| Net gains and losses on financial items at fair value | | 21 | 7 | 504 | 115 | 647 |
| Share of profit or loss of associates | 110 | | 12 | | 24 | 146 |
| Other income | 162 | 130 | 147 | 1 | 129 | 569 |
| **Total income** | **3 006** | **1659** | **2 051** | **1155** | **-204** | **7 667** |
| **Total expenses** | **1292** | **1039** | **1142** | **718** | **200** | **4 391** |
| **Profit before impairments** | **1714** | **620** | **909** | **437** | **-404** | **3 276** |
| Impairment of intangible assets | | | | | 14 | 14 |
| Impairment of tangible assets | 31 | | | | 5 | 36 |
| Credit impairments | 2 191 | | | 16 | 3 | 2 210 |
| **Operating profit** | **-508** | **620** | **909** | **421** | **-426** | **1016** |
| Tax expense | 141 | 125 | 207 | 76 | -80 | 469 |
| Profit for the period | -649 | 495 | 702 | 345 | -346 | 547 |
| **Profit for the period attributable to the shareholders of Swedbank AB** | **-651** | **497** | **702** | **332** | **-344** | **536** |
| Non-controlling interests | 2 | -2 | | 13 | -2 | 11 |
| Loans | 1168 009 | | 350 | 198 428 | | 1366 787 |
| Deposits | | 286 368 | 206 856 | 17 918 | | 511142 |
| Mutual funds | | 467 734 | | | | 467 734 |
| Retail bonds, interest-bearing and equity linked bonds | | | | 28 704 | | 28 704 |
| Discretionary asset management | | 231458 | | | | 231458 |
| Allocated equity | 50 132 | 3 247 | 5 969 | 5 342 | 24 650 | 89 340 |
| Return on allocated equity, % | -5.1 | 65.4 | 46.3 | 24.6 | -5.6 | 2.4 |
| Cost/income ratio | 0.43 | 0.63 | 0.56 | 0.62 | -190 | 0.57 |

# 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 shared services and Group staffs are transfer priced at full cost. 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.

In the geographical distribution, intangible assets, primarily goodwill, attributable to business combinations have been allocated to the country in which the operations were acquired.

In the product area report, profit and volumes have been distributed among five principal product areas.

(1) Financing:
- private residential lending
- consumer finance
- credit cards (including EnterCard)
- corporate lending
- leasing
- credit guarantees
- other financing products

(2) Savings & Investments
- savings accounts
- mutual funds
- insurance savings
- pension savings
- other life insurance products
- discretionary asset management
- other savings and investment products

(3) Payments & Cards
- current accounts (incl. cash management)
- cash handling
- domestic payments
- international payments
- document payments
- debit cards
- card acquiring
- other payment products

(4) Trading & Capital Market Products
- equity trading
- structured products
- corporate finance
- custody services
- fixed income trading
- foreign currency trading
- other capital market products

(5) Other

- real estate brokerage
- real estate management
- non-life insurance
- legal services
- safe deposit boxes
- administrative services
- treasury operations
- share of the profit or loss of associates
- capital gains
- goodwill
- other.

Non-recurring items are generally included in Other despite the fact that these items could be distributed to the product areas.

Impairment of tangible assets is reported within Financing when the impairment refers to repossessed collateral. Impairment of the Group's own properties is included in Other.

# Note 5 Net interest income

| Group<br>SEKm | Q1<br>2010 | Q4<br>2009 | % | Q1<br>2009 | % |
|---|---|---|---|---|---|
| **Interest income** | | | | | |
| Loans to credit institutions | 162 | 161 | 1 | 336 | -52 |
| Loans to the public | 9 053 | 9 729 | -7 | 14 655 | -38 |
| Interest-bearing securities | 348 | 598 | -42 | 702 | -50 |
| Derivatives | 2 303 | 1 758 | 31 | 1 354 | 70 |
| Other | 58 | 45 | 29 | 35 | 66 |
| **Total interest income** | **11 924** | **12 291** | **-3** | **17 082** | **-30** |
| **Interest expenses** | | | | | |
| Amounts owed to credit institutions | -263 | -358 | -27 | -1 739 | -85 |
| Deposits and borrowings from the public | -1 110 | -1 195 | -7 | -2 346 | -53 |
| *of which deposits guarantee fees* | *-105* | *-106* | *-1* | *-104* | *1* |
| Debt securities in issue | -5 444 | -5 285 | 3 | -6 478 | -16 |
| *of which commissions for funding with state guarantee* | *-437* | *-505* | *-13* | *-298* | *47* |
| Subordinated liabilities | -405 | -436 | -7 | -559 | -28 |
| Derivatives | -603 | -281 | | -154 | |
| Other | -76 | -34 | | -3 | |
| *of which stability fee* | *-57* | *-29* | *97* | *0* | |
| **Total interest expenses** | **-7 901** | **-7 589** | **4** | **-11 279** | **-30** |
| **Net interest income** | **4 023** | **4 702** | **-14** | **5 803** | **-31** |
| **Average balances** | | | | | |
| Loans to credit institutions | 129 443 | 135 056 | -4 | 139 648 | -7 |
| Loans to the public | 1 243 618 | 1 253 901 | -1 | 1 297 596 | -4 |
| Interest-bearing securities | 173 054 | 144 151 | 20 | 116 583 | 48 |
| **Interest-bearing assets** | **1 546 115** | **1 533 108** | **1** | **1 553 827** | **0** |
| Derivatives | 74 037 | 79 940 | -7 | 138 297 | -46 |
| Other assets | 165 926 | 198 461 | -16 | 136 835 | 21 |
| **Total assets** | **1 786 078** | **1 811 509** | **-1** | **1 828 959** | **-2** |
| Amounts owed to credit institutions | 238 971 | 263 734 | -9 | 354 101 | -33 |
| Deposits and borrowings from the public | 515 787 | 491 406 | 5 | 496 878 | 4 |
| Debt securities in issue | 707 691 | 689 588 | 3 | 616 360 | 15 |
| Subordinated liabilities | 36 588 | 38 639 | -5 | 46 754 | -22 |
| **Interest-bearing liabilities** | **1 499 037** | **1 483 367** | **1** | **1 514 093** | **-1** |
| Derivatives | 71 938 | 80 868 | -11 | 119 465 | -40 |
| Other liabilities | 125 508 | 160 144 | -22 | 109 105 | 15 |
| **Total liabilities** | **1 696 483** | **1 724 379** | **-2** | **1 742 663** | **-3** |
| **Equity** | **89 595** | **87 130** | **3** | **86 296** | **4** |
| **Total liabilities and equity** | **1 786 078** | **1 811 509** | **-1** | **1 828 959** | **-2** |
| **Average interest rates, %** | | | | | |
| Loans to credit institutions | 0.50 | 0.48 | | 0.96 | |
| Loans to the public | 2.91 | 3.10 | | 4.52 | |
| Interest-bearing securities | 0.80 | 1.66 | | 2.41 | |
| **Interest-bearing assets** | **2.47** | **2.74** | | **4.04** | |
| **Total assets** | **2.67** | **2.71** | | **3.74** | |
| Amounts owed to credit institutions | 0.44 | 0.54 | | 1.96 | |
| Deposits and borrowings from the public | 0.86 | 0.97 | | 1.89 | |
| Debt securities in issue | 3.08 | 3.07 | | 4.20 | |
| Subordinated liabilities | 4.43 | 4.51 | | 4.78 | |
| **Interest-bearing liabilities** | **1.93** | **1.96** | | **2.94** | |
| **Total liabilities** | **1.86** | **1.76** | | **2.59** | |
| **Total liabilities and equity** | **1.77** | **1.68** | | **2.47** | |
| **Net interest margin** | **0.90** | **1.04** | | **1.27** | |

Interest-bearing securities are reported net in this note less sold, not held, securities.
Interest income on impaired loans is not accrued.

# Note 6 Net commissions

| Group<br>SEKm | Q1<br>2010 | Q4<br>2009 | % | Q1<br>2009 | % |
|---|---|---|---|---|---|
| **Commission income** | | | | | |
| Payment processing | 1 312 | 1 422 | -8 | 1 289 | 2 |
| Asset management | 1 003 | 880 | 14 | 212 | |
| Life insurance | 114 | 110 | 4 | 84 | 36 |
| Brokerage | 185 | 215 | -14 | 134 | 38 |
| Other securities | 38 | 30 | 27 | 50 | -24 |
| Corporate finance | 61 | 95 | -36 | 19 | |
| Lending | 134 | 138 | -3 | 130 | 3 |
| Guarantee | 72 | 64 | 13 | 72 | 0 |
| Deposits | 25 | 11 | | 19 | 32 |
| Real estate brokerage | 33 | 38 | -13 | 27 | 22 |
| Non-life insurance | 17 | 7 | | 11 | 55 |
| Other commission income | 168 | 168 | 0 | 195 | -14 |
| **Total commission income** | **3 162** | **3 178** | **-1** | **2 242** | **41** |
| **Commission expenses** | | | | | |
| Payment processing | -533 | -572 | -7 | -456 | 17 |
| Asset management | -48 | -42 | 14 | -11 | |
| Life insurance | -39 | -40 | -3 | -33 | 18 |
| Brokerage | -2 | -5 | -60 | -6 | -67 |
| Other securities | -57 | -40 | 43 | -133 | -57 |
| Lending and guarantees | -30 | -17 | 76 | -22 | 36 |
| Other commission expenses | -171 | -189 | -10 | -207 | -17 |
| **Total commission expenses** | **-880** | **-905** | **-3** | **-868** | **1** |
| **Total net commissions** | **2 282** | **2 273** | **0** | **1 374** | **66** |

Commission income from asset management in the first quarter 2009 includes SEK 480m in compensation to Swedish customers because asset management fees charged since 2004 were not in compliance with the provisions of two of Swedbank Robur's funds (Russia Fund and Mixed Fund). Moreover, commission income from asset management includes SEK 88m in the fourth quarter 2009 for compensation to Estonian customers for the Private Debt Fund, due to unclear rules on conflicts of interest.

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

| Group<br>SEKm | Q1<br>2010 | Q4<br>2009 | % | Q1<br>2009 | % |
|---|---|---|---|---|---|
| **Valuation category, fair value through profit or loss** | | | | | |
| Shares and related derivatives | 410 | 406 | 1 | 140 | |
| *of which dividend* | *40* | *33* | 21 | *10* | |
| Interest-bearing securities and related derivatives | -5 434 | -383 | | -1 165 | |
| Loans | -319 | -686 | -53 | 1 434 | |
| Financial liabilities | 5 621 | 513 | | 950 | |
| Other financial instruments | -15 | -27 | -44 | 127 | |
| **Total fair value through profit or loss** | **263** | **-177** | | **1 486** | -82 |
| **Hedge accounting** | | | | | |
| Hedge accounting to fair value | -36 | -9 | | -6 | |
| *of which hedging instrument* | 1 378 | -49 | | 234 | |
| *of which hedged item* | -1 414 | 40 | | -240 | |
| Ineffective portion in cash flow hedge | | 75 | | | |
| Ineffective portion in hedging of net investments in foreign operations | | | | -28 | |
| **Total hedge accounting** | **-36** | **66** | | **-34** | **-6** |
| **Loans valued at amortised cost** | **29** | **42** | **-31** | **28** | **4** |
| **Financial liabilities valued at amortised cost** | | **71** | | | |
| **Change in exchange rates** | **391** | **260** | **50** | **231** | **69** |
| **Total net gains and losses on financial items at fair value** | **647** | **262** | | **1 711** | **-62** |
| **Distribution by business purpose** | | | | | |
| **Financial instruments for trading related business** | **630** | **115** | | **1 691** | **-63** |
| *of which share related* | *410* | *396* | *4* | *140* | |
| *of which interest related* | *-157* | *-514* | *-69* | *1 193* | |
| *of which exchange rate related* | *392* | *260* | *51* | *231* | *70* |
| *of which other* | *-15* | *-27* | *-44* | *127* | |
| **Financial instruments which are intended to be held to contractual maturity** | **17** | **147** | **-88** | **20** | **-15** |
| *of which change in the value of open interest position, Swedbank Mortgage* | *10* | *6* | *67* | *26* | *-62* |
| **Total** | **647** | **262** | | **1 711** | **-62** |

## Note 8 Staff costs

| Group<br>SEKm | Q1<br>2010 | Q4<br>2009 | % | Q1<br>2009 | % |
|---|---|---|---|---|---|
| Salaries and other remunerations | 1 545 | 1 240 | 25 | 1 705 | -9 |
| Pension costs | 257 | 213 | 21 | 259 | -1 |
| Social insurance charges | 489 | 397 | 23 | 484 | 1 |
| Allocation to profit-sharing fund | | | | | |
| Training costs | 17 | 28 | -39 | 26 | -35 |
| Other staff costs | 67 | 52 | 29 | 67 | 0 |
| **Total staff costs** | **2 375** | **1 930** | **23** | **2 541** | **-7** |
| *of which variable staff costs* | *79* | *-389* | | *206* | *-62* |
| *of which redundancy costs* | *41* | *52* | *-21* | *9* | |

## Note 9 Number of full-time employees

| Group<br>Number of employees | 31 Mar 2010 | 31 Dec 2009 | % | 31 Mar 2009 | % |
|---|---|---|---|---|---|
| Retail | 5 833 | 5 894 | -1 | 6 070 | -4 |
| Large Corporates & Institutions | 1 158 | 1 147 | 1 | 1 124 | 3 |
| *Sweden* | *664* | *661* | *0* | *649* | *2* |
| *Norway* | *262* | *262* | *0* | *267* | *-2* |
| *The Baltic countries* | *140* | *142* | *-1* | *127* | *10* |
| *Other branches* | *78* | *67* | *16* | *64* | *22* |
| *Other* | *14* | *15* | *-7* | *17* | *-18* |
| Baltic Banking | 5 898 | 6 105 | -3 | 7 240 | -19 |
| *Estonia* | *2 061* | *2 109* | *-2* | *2 367* | *-13* |
| *Latvia* | *1 648* | *1 684* | *-2* | *2 113* | *-22* |
| *Lithuania* | *2 189* | *2 312* | *-5* | *2 760* | *-21* |
| Russia & Ukraine | 2 658 | 3 472 | -23 | 4 338 | -39 |
| *Russia* | *564* | *567* | *-1* | *644* | *-12* |
| *Ukraine* | *2 077* | *2 880* | *-28* | *3 659* | *-43* |
| *Other* | *17* | *25* | *-32* | *35* | *-51* |
| Asset Management | 284 | 291 | -2 | 297 | -4 |
| *Sweden* | *263* | *269* | *-2* | 261 | 1 |
| *The Baltic countries* | *21* | *22* | *-5* | 36 | -42 |
| Ektornet | 103 | 39 | | | |
| Shared Services & Group Staffs | 2 329 | 2 329 | 0 | 2 287 | 2 |
| *Sweden* | *1 689* | *1 677* | *1* | *1 614* | *5* |
| *The Baltic countries* | *640* | *652* | *-2* | *673* | *-5* |
| **Total** | **18 263** | **19 277** | **-5** | **21 356** | **-14** |

## Note 10 Other expenses

| Group<br>SEKm | Q1 2010 | Q4 2009 | % | Q1 2009 | % |
|---|---|---|---|---|---|
| Premises and rents | 361 | 408 | -12 | 407 | -11 |
| IT expenses | 396 | 489 | -19 | 436 | -9 |
| Telecommunications and postage | 75 | 73 | 3 | 87 | -14 |
| Advertising, PR and marketing | 74 | 136 | -46 | 85 | -13 |
| Consultants and purchased services | 411 | 536 | -23 | 319 | 29 |
| Security transports and alarm systems | 108 | 120 | -10 | 133 | -19 |
| Supplies | 66 | 76 | -13 | 60 | 10 |
| Travelling | 50 | 66 | -24 | 54 | -7 |
| Entertainment | 23 | 35 | -34 | 39 | -41 |
| Repair/maintenance of office equipment | 51 | 52 | -2 | 44 | 16 |
| Other expenses | 193 | 177 | 9 | 174 | 11 |
| **Total other expenses** | **1 808** | **2 168** | **-17** | **1 838** | **-2** |

Consulting and other services related to the management of problem loans and repossessed collateral are included in the amounts of SEK 59m in the first quarter 2010, SEK 99m in the fourth quarter 2009 and SEK 2m in the first quarter 2009. Expenses for properties taken over are included in other expenses in the amounts of SEK 28m in the first quarter 2010, SEK 30m in the fourth quarter 2009 and SEK 0m in the first quarter 2009.

## Note 11 Credit impairments

| Group<br>SEKm | Q1<br>2010 | Q4<br>2009 | % | Q1<br>2009 | % |
|---|---|---|---|---|---|
| **Provision for individually assessed impaired loans** | | | | | |
| Provisions | 1 300 | 3 326 | -61 | 2 423 | -46 |
| Reversal of previous provisions | -538 | -14 | | -178 | |
| Provision for homogenous groups of impaired loans, net | 1 364 | 2 380 | -43 | 126 | |
| **Total** | **2 126** | **5 692** | **-63** | **2 371** | **-10** |
| **Portfolio provisions for loans that are not impaired** | **-351** | **-2 040** | **-83** | **4 171** | |
| **Write-offs** | | | | | |
| Established losses | 807 | 1 546 | -48 | 385 | |
| Utilisation of previous provisions | -258 | -196 | 32 | -65 | |
| Recoveries | -120 | -113 | 6 | -27 | |
| **Total** | **429** | **1 237** | **-65** | **293** | **46** |
| **Credit impairments for contingent liabilities and other credit risk exposures** | **6** | **114** | **-95** | **10** | **-40** |
| **Credit impairments** | **2 210** | **5 003** | **-56** | **6 845** | **-68** |
| Credit impairment ratio, % | 0.64 | 1.44 | | 1.93 | |

## Note 12 Tax

| Group<br>SEKm | Q1<br>2010 | Q4<br>2009 | % | Q1<br>2009 | % |
|---|---|---|---|---|---|
| Tax related to previous years | 46 | 13 | | -128 | |
| Current tax | 633 | 1 901 | -67 | 842 | -25 |
| Deferred tax | -210 | -1 799 | -88 | -727 | -71 |
| **Total tax** | **469** | **115** | | **-13** | |
| Sweden | 522 | 530 | -2 | 629 | -17 |
| Estonia | 1 | -1 | | | |
| Latvia | -102 | -63 | 62 | -204 | -50 |
| Lithuania | -49 | -270 | -82 | -49 | 0 |
| Russia | 25 | 9 | | 10 | |
| Ukraine | 1 | -51 | | -439 | |
| Other | 71 | -39 | | 40 | 78 |
| **Total tax** | **469** | **115** | | **-13** | |

During the fourth quarter 2009 SEK 5 024m was utilised from the Parent Company's tax allocation reserve, which reduced deferred tax by SEK 1 321m at the same time that current tax increased by the same amount.

# Note 13 Loans

| Group<br>SEKm | 31 Mar<br>2010 | 31 Dec<br>2009 | % |
|---|---|---|---|
| Private customers | 644 285 | 644 846 | 0 |
| *Private mortgage* | *594 360* | *593 277* | *0* |
| *Private other* | *49 925* | *51 569* | *-3* |
| Corporate customers | 523 696 | 547 352 | -4 |
| *Agriculture, forestry, fishing* | *57 658* | *57 825* | *0* |
| *Manufacturing* | *34 260* | *34 062* | *1* |
| *Public sector and utilities* | *15 803* | *15 792* | *0* |
| *Construction* | *13 551* | *13 642* | *-1* |
| *Retail* | *26 353* | *28 265* | *-7* |
| *Transportation* | *14 889* | *15 988* | *-7* |
| *Shipping* | *12 802* | *13 407* | *-5* |
| *Hotels and restaurants* | *7 435* | *7 552* | *-2* |
| *Information and communication* | *1 557* | *1 845* | *-16* |
| *Finance and insurance* | *17 400* | *9 936* | *75* |
| *Property management* | *160 491* | *166 380* | *-4* |
| *Housing cooperatives* | *68 510* | *70 890* | *-3* |
| *Professional services* | *35 373* | *37 977* | *-7* |
| *Other corporate lending* | *57 614* | *73 791* | *-22* |
| **Lending to the public excluding the Swedish National Debt Office and repurchase agreements** | **1 167 981** | **1 192 198** | **-2** |
| Banks | 104 467 | 70 227 | 49 |
| Swedish National Debt Office | 1 | 60 001 | -100 |
| Other credit institutions | 433 | 1 443 | -70 |
| Repurchase agreements, public | 25 249 | 19 233 | 31 |
| Repurchase agreements, banks | 47 200 | 19 984 | |
| Repurchase agreements, Swedish National Debt Office | 20 776 | 19 234 | 8 |
| Repurchase agreements, other credit institutions | 680 | 478 | 42 |
| **Loans to the public and credit institutions** | **1 366 787** | **1 382 798** | **-1** |

| Group<br>Sector/Industry<br>31 Mar 2010<br>SEKm | Carrying amount before provisions | Provisions for individually assessed impaired loans | Portfolio provisions | Carrying amount of loans after provisions | Carrying amount of impaired loans | Impaired loans gross | Past due loans more than 60 days that are not impaired |
|---|---|---|---|---|---|---|---|
| Private customers | 649 020 | 4 020 | 715 | 644 285 | 6 194 | 10 213 | 0 |
| *Private mortgage* | *596 914* | *2 152* | *402* | *594 360* | *4 265* | *6 417* | *0* |
| *Private other* | *52 106* | *1868* | *313* | *49 925* | *1929* | *3 796* | *0* |
| Corporate customers | 545 359 | 17 694 | 3 970 | 523 696 | 12 049 | 29 744 | 688 |
| *Agriculture, forestry, fishing* | *58 097* | *341* | *98* | *57 658* | *418* | *759* | *53* |
| *Manufacturing* | *38 321* | *3 268* | *793* | *34 260* | *2 020* | *5 288* | *111* |
| *Public sector and utilities* | *15 902* | *52* | *47* | *15 803* | *46* | *98* | *16* |
| *Construction* | *15 692* | *1980* | *161* | *13 551* | *1017* | *2 997* | *21* |
| *Retail* | *28 971* | *2 118* | *500* | *26 353* | *1177* | *3 295* | *297* |
| *Transportation* | *15 886* | *769* | *228* | *14 889* | *631* | *1399* | *41* |
| *Shipping* | *12 859* | *36* | *21* | *12 802* | *0* | *36* | *0* |
| *Hotels and restaurants* | *7 865* | *332* | *98* | *7 435* | *329* | *661* | *66* |
| *Information and communication* | *1609* | *28* | *24* | *1557* | *35* | *63* | *0* |
| *Finance and insurance* | *17 551* | *59* | *92* | *17 400* | *41* | *99* | *0* |
| *Property management* | *168 147* | *6 590* | *1066* | *160 491* | *4 857* | *11447* | *68* |
| *Housing cooperatives* | *68 592* | *11* | *71* | *68 510* | *17* | *28* | *0* |
| *Professional services* | *36 348* | *629* | *346* | *35 373* | *415* | *1045* | *8* |
| *Other corporate lending* | *59 519* | *1481* | *425* | *57 614* | *1046* | *2 529* | *7* |
| Loans to the public excluding the Swedish Nat'l Debt Office and repurchase agreements | 1194 379 | 21714 | 4 685 | 1167 981 | 18 243 | 39 957 | 688 |
| Loans to credit institutions and Swedish Nat'l Debt Office excluding repurchase agreements | 105 077 | 175 | 0 | 104 901 | 196 | 371 | 0 |
| Repurchase agreements, credit institutions | 47 880 | | | 47 880 | | | |
| Repurchase agreements, public | 46 025 | | | 46 025 | | | |
| **Loans to the public and credit institutions** | **1393 361** | **21889** | **4 685** | **1366 787** | **18 439** | **40 328** | **688** |

| Group<br>Sector/Industry<br>31 Dec 2009<br>SEKm | Carrying amount before provisions | Provisions for individually assessed impaired loans | Portfolio provisions | Carrying amount of loans after provisions | Carrying amount of impaired loans | Impaired loans gross | Past due loans more than 60 days that are not impaired |
|---|---|---|---|---|---|---|---|
| Private customers | 649 315 | 3 689 | 780 | 644 846 | 5 896 | 9 585 | 281 |
| *Private mortgage* | *595 649* | *1925* | *447* | *593 277* | *3 942* | *5 867* | |
| *Private other* | *53 666* | *1764* | *333* | *51569* | *1954* | *3 718* | |
| Corporate customers | 568 715 | 17 012 | 4 351 | 547 352 | 13 354 | 30 366 | 580 |
| *Agriculture, forestry, fishing* | *58 274* | *338* | *111* | *57 825* | *453* | *790* | *56* |
| *Manufacturing* | *38 031* | *2 817* | *1152* | *34 062* | *2 094* | *4 911* | *34* |
| *Public sector and utilities* | *15 872* | *52* | *28* | *15 792* | *20* | *72* | *0* |
| *Construction* | *15 777* | *1903* | *232* | *13 642* | *1069* | *2 972* | *10* |
| *Retail* | *30 943* | *2 057* | *621* | *28 265* | *1288* | *3 345* | *67* |
| *Transportation* | *16 954* | *713* | *253* | *15 988* | *765* | *1478* | *1* |
| *Shipping* | *13 454* | *36* | *11* | *13 407* | *1* | *37* | *0* |
| *Hotels and restaurants* | *7 996* | *318* | *126* | *7 552* | *361* | *679* | *0* |
| *Information and communication* | *1881* | *26* | *9* | *1845* | *34* | *60* | *0* |
| *Finance and insurance* | *10 047* | *72* | *39* | *9 936* | *36* | *108* | *0* |
| *Property management* | *173 756* | *6 481* | *895* | *166 380* | *5 726* | *12 207* | *205* |
| *Housing cooperatives* | *70 913* | *23* | *0* | *70 890* | *18* | *41* | *0* |
| *Professional services* | *38 811* | *638* | *196* | *37 977* | *170* | *808* | *0* |
| *Other corporate lending* | *76 006* | *1538* | *678* | *73 791* | *1319* | *2 858* | *207* |
| Loans to the public excluding the Swedish Nat'l Debt Office and repurchase agreements | 1218 030 | 20 701 | 5 131 | 1192 198 | 19 250 | 39 951 | 861 |
| Loans to credit institutions and Swedish Nat'l Debt Office excluding repurchase agreements | 131852 | 181 | 0 | 131671 | 0 | 181 | 0 |
| Repurchase agreements, public | 20 462 | | 0 | 20 462 | | | |
| Repurchase agreements, credit institutions | 38 471 | | 4 | 38 467 | | | |
| **Loans to the public and credit institutions** | **1 408 815** | **20 882** | **5 135** | **1 382 798** | **19 250** | **40 132** | **861** |

# Note 14 Impaired loans etc.

| Group<br>SEKm | 31 Mar 2010 | 31 dec 2009 | % | 31 Mar 2009 | % |
|---|---|---|---|---|---|
| Impaired loans, gross | 40 328 | 40 132 | 0 | 19 921 | |
| Provisions for individually assessed impaired loans | 17 419 | 17 653 | -1 | 5 510 | |
| Provision for homogenous groups of impaired loans | 4 470 | 3 229 | 38 | 422 | |
| **Impaired loans, net** | **18 439** | **19 250** | **-4** | **13 989** | **32** |
| Portfolio provisions for loans that are not impaired | 4 685 | 5 135 | -9 | 6 835 | -31 |
| Share of impaired loans, gross, % | 2.89 | 2.85 | | 1.39 | |
| Share of impaired loans, net, % | 1.35 | 1.39 | | 0.98 | |
| Provision ratio for impaired loans, % | 54 | 52 | | 30 | |
| Total provision ratio for impaired loans, % * | 66 | 65 | | 64 | |
| **Past due loans that are not impaired** | **9 797** | **10 426** | **-6** | **10 094** | **-3** |
| *of which past due 5-30 days* | *6 904* | *5 874* | *18* | *4 737* | *46* |
| *of which past due 31-60 days* | *2 205* | *3 691* | *-40* | *3 885* | *-43* |
| *of which past due more than 60 days* | *688* | *861* | *-20* | *1 472* | *-53* |

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

# Note 15 Property taken over to protect claims and cancelled leasing agreements

| Group<br>SEKm | 31 Mar 2010 | 31 Dec 2009 | % | 31 Mar 2009 | % |
|---|---|---|---|---|---|
| Buildings and land | 922 | 663 | 39 | 6 | |
| Shares and participating interests | 208 | 207 | 0 | 189 | 10 |
| Other property taken over | 5 | 1 | | 2 | |
| **Total property taken over to protect claims** | **1 135** | **871** | **30** | **197** | |
| Cancelled leasing agreements | 770 | 870 | -11 | | |
| **Total** | **1 905** | **1 741** | **9** | **197** | |

Buildings and land acquired by Ektornet amounted to SEK 784m as of 31 March 2010.

## Note 16 Credit exposures

| Group<br>SEKm | 31 Mar<br>2010 | 31 Dec<br>2009 | % | 31 Mar<br>2009 | % |
|---|---|---|---|---|---|
| Loans to the public | 1 214 007 | 1 290 666 | -6 | 1 282 259 | -5 |
| *of which repos* | *46 025* | *38 467* | *20* | *28 000* | *64* |
| *of which Swedish National Debt Office excluding repos* | *1* | *60 001* | *-100* | *1* | *0* |
| Loans to credit institutions | 152 780 | 92 132 | 66 | 141 996 | 8 |
| *of which repos* | *47 880* | *20 462* | | *29 000* | *65* |
| Overdraft facilities granted but not utilised | 68 936 | 55 932 | 23 | 65 266 | 6 |
| Loans granted but not paid | 106 251 | 126 190 | -16 | 134 877 | -21 |
| Loan guarantees | 12 086 | 12 457 | -3 | 14 378 | -16 |
| Guarantees, other | 17 098 | 16 504 | 4 | 22 354 | -24 |
| Accepted and endorsed notes | 151 | 227 | -33 | 253 | -40 |
| Derivatives | 76 524 | 72 969 | 5 | 111 752 | -32 |
| Treasury bills and other eligible bills | 187 523 | 88 724 | | 74 356 | |
| Bonds and other interest-bearing securities | 87 743 | 81 891 | 7 | 95 457 | -8 |
| Other commitments | 1 978 | 2 254 | -12 | 1 106 | 79 |
| **Total** | **1 925 077** | **1 839 946** | **5** | **1 944 054** | **-1** |

## Note 17 Interest-bearing securities

| Group<br>SEKm | 31 Mar<br>2010 | 31 Dec<br>2009 | % | 31 Mar<br>2009 | % |
|---|---|---|---|---|---|
| **Valuation category, fair value through profit or loss** | | | | | |
| Swedish treasury bills and other bills eligible for refinancing with central banks | 172 527 | 72 920 | | 61 508 | |
| Non-Swedish treasury bills and other bills eligible for refinancing with central banks | 13 702 | 14 643 | -6 | 11 486 | 19 |
| Swedish mortgage institutions | 53 245 | 48 315 | 10 | 37 404 | 42 |
| Swedish financial institutions | 8 041 | 7 494 | 7 | 17 175 | -53 |
| Swedish non-financial companies | 8 064 | 6 823 | 18 | 10 980 | -27 |
| Non-Swedish financial institutions | 8 806 | 9 372 | -6 | 10 190 | -14 |
| Non-Swedish non-financial companies | 3 088 | 2 239 | 38 | 8 992 | -66 |
| **Total** | **267 473** | **161 806** | **65** | **157 735** | **70** |
| **Valuation category, held to maturity** | | | | | |
| Non-Swedish treasury bills and other bills eligible for refinancing with central banks | 1 294 | 1 161 | 11 | 1 362 | -5 |
| Non-Swedish mortgage institutions | 5 238 | 6 371 | -18 | 7 150 | -27 |
| Non-Swedish financial institutions | 950 | 1 224 | -22 | 3 481 | -73 |
| Non-Swedish non-financial companies | 311 | 53 | | 85 | |
| **Total** | **7 793** | **8 809** | **-12** | **12 078** | **-35** |
| **Total interest-bearing securities** | **275 266** | **170 615** | **61** | **169 813** | **62** |

# Note 18 Intangible assets

| Group<br>SEKm | 31 Mar<br>2010 | 31 Dec<br>2009 | % | 31 Mar<br>2009 | % |
|---|---|---|---|---|---|
| **With indefinite useful life** | | | | | |
| Goodwill | 14 690 | 15 368 | -4 | 16 181 | -9 |
| **Total** | **14 690** | **15 368** | **-4** | **16 181** | **-9** |
| **With finite useful life** | | | | | |
| Customer base | 1 221 | 1 276 | -4 | 1 407 | -13 |
| Other | 991 | 911 | 9 | 1 014 | -2 |
| **Total** | **2 212** | **2 187** | **1** | **2 421** | **-9** |
| **Total intangible assets** | **16 902** | **17 555** | **-4** | **18 602** | **-9** |

| Goodwill | Jan-Mar<br>2010 | Jan-Dec<br>2009 | Jan-Mar<br>2009 |
|---|---|---|---|
| **Cost** | | | |
| **Opening balance** | **17 962** | **18 711** | **18 711** |
| Disposals | | -2 | |
| Translation differences | -664 | -747 | 64 |
| **Closing balance** | **17 298** | **17 962** | **18 775** |
| **Accumulated amortisation and impairments** | | | |
| **Opening balance** | **-2 594** | **-1 403** | **-1 403** |
| Impairments | -14 | -1 191 | -1 191 |
| **Closing balance** | **-2 608** | **-2 594** | **-2 594** |
| **Carrying amount** | **14 690** | **15 368** | **16 181** |

# 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 higher 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 factor. Estimated cash flows and discount factors are derived from external sources whenever possible, but must be determined in large part based on management's own assumptions. Management also determines whether there is any need for a new test during the year.

In 2009 there was great uncertainty regarding the Baltic economies, due to which the goodwill Swedbank recognised for the operations in these countries was tested continuously. Impairment testing as of year-end 2009 was based on management's financial plan for the operations in the following three years and subsequently on model-based assumptions about growth and profitability. For the years 2013-2042 it was assumed that risk-weighted assets would grow by 7 per cent per year, after which the annual growth rate was estimated at 4 per cent, corresponding to the assumed nominal GDP growth rate in all three Baltic countries.

Earnings in relation to risk-weighted assets from 2017 were assumed to be in line with the average for the years 2004-2008. The earnings level in the years 2013-2016 has been presumed to be slightly higher, since the years after a recession historically produce slightly higher profit margins.

For the first 10 years' estimated cash flows, the discount factor has been set at 12 per cent for Estonia and 13 per cent for Latvia and Lithuania, which reflects different specific country risk premiums. Specific country risk premiums are then expected to correlate, resulting in a discount factor of 12 per cent.

There have been no indications thus far in 2010 that signify the need for new testing.

Consequently, management's opinion is that there is no need for impairment of recognised goodwill or other tangible assets as of 31 March, aside from a goodwill write-off of SEK 14m in the Russian operations.

| Assumptions for significant goodwill assets 31 Dec 2009 | | | | | |
|---|---|---|---|---|---|
| Cash-generating unit, Bank unit | Goodwill carrying amount, SEKm | Assumption of yearly growth year 4-34, % | Assumption of yearly growth year >34, % | Discount factor for estimated cash flows year <10, % | Discount factor for estimated cash flows year >10, % |
| Estonia | 4 399 | 7.0 | 4.0 | 12.0 | 12.0 |
| Latvia | 4 407 | 7.0 | 4.0 | 13.4 | 12.0 |
| Lithuania | 3 818 | 7.0 | 4.0 | 12.8 | 12.0 |
| Sweden* | 2 198 | 4.0 | 4.0 | 10.1 | 10.1 |

| | | | Sensitivity analysis, Change in recovery value | |
|---|---|---|---|---|
| | Net asset including goodwill, carrying amount, SEKm | Recoverable amount, SEKm | Decrease in assumption of yearly growth by 1 percentage point | Increase in discount factor by 1 percentage point |
| Estonia | 10 042 | 12 945 | -699 | -1 191 |
| Latvia | 12 248 | 13 583 | -826 | -1 357 |
| Lithuania | 9 560 | 12 098 | -703 | -1 165 |
| Sweden* | 26 597 | 34 554 | -801 | -3 381 |

* The cash-generating unit is part of the segment Retail.

# Note 19 Savings and investments

| Group SEKm | 31 Mar 2010 | 31 Dec 2009 | % | 31 Mar 2009 | % |
|---|---|---|---|---|---|
| **Deposits from the public in SEK** | | | | | |
| Private | 225 756 | 226 140 | 0 | 222 829 | 1 |
| Corporate | 145 292 | 142 997 | 2 | 116 278 | 25 |
| **Total** | **371 048** | **369 137** | **1** | **339 107** | **9** |
| **Deposits from the public in foreign currency** | | | | | |
| Private | 56 581 | 58 526 | -3 | 56 975 | -1 |
| Corporate | 68 229 | 69 073 | -1 | 69 190 | -1 |
| **Total** | **124 810** | **127 599** | **-2** | **126 165** | **-1** |
| **Total deposits from the public excluding the Swedish National Debt Office and repurchase agreements** | **495 858** | **496 736** | **0** | **465 272** | **7** |
| Banks | 79 705 | 92 860 | -14 | 151 652 | -47 |
| Central banks | 107 702 | 116 199 | -7 | 198 131 | -46 |
| Swedish National Debt Office | 19 | 7 | | 11 | 73 |
| Other credit institutions | 40 754 | 4 383 | | 2 469 | |
| Repurchase agreements, public | 10 925 | 2 725 | | 6 550 | *67* |
| Repurchase agreements, banks | 26 821 | 16 910 | 59 | 6 553 | |
| Repurchase agreements, Swedish National Debt Office | 4 340 | 4 956 | -12 | 0 | |
| Repurchase agreements, other credit institutions | 4 800 | 1 335 | | 7 | |
| **Total deposits etc from the public and credit institutions** | **770 924** | **736 111** | **5** | **830 645** | **-7** |
| Discretionary asset management * | 231 458 | 222 222 | 4 | 239 077 | -3 |
| Funds assets under management | 467 734 | 450 420 | 4 | 350 997 | 33 |
| Unit-linked insurance | 88 022 | 80 261 | 10 | 53 290 | 65 |
| Of which unit-linked insurance in own companies | -77 397 | -72 363 | 7 | -50 607 | 53 |
| Retail bonds, interest-bearing | 1 408 | 2 616 | -46 | 2 636 | -47 |
| Retail bonds, equity linked | 27 296 | 27 755 | -2 | 29 690 | -8 |
| **Total savings and investments** | **1 509 445** | **1 447 022** | **4** | **1 455 728** | **4** |

* Excluding investments in Swedbank Robur's funds.

# Note 20 Debt securities in issue

| Group<br>SEKm | 31 Mar<br>2010 | 31 Dec<br>2009 | % | 31 Mar<br>2009 | % |
|---|---|---|---|---|---|
| Certificates with state guarantee | 27 716 | 60 689 | -54 | 95 898 | -71 |
| Other certificates | 44 004 | 49 884 | -12 | 37 623 | 17 |
| Covered bonds | 389 404 | 341 372 | 14 | 243 026 | 60 |
| Bonds with state guarantee | 175 994 | 181 587 | -3 | 128 419 | 37 |
| Other interest-bearing bond loans | 52 182 | 32 721 | 59 | 69 598 | -25 |
| Structured products | 34 296 | 37 004 | -7 | 35 692 | -4 |
| **Total debt securities in issue** | **723 596** | **703 257** | **3** | **610 256** | **19** |

| Turnover during the year | Jan-Mar<br>2010 | Jan-Dec<br>2009 | Jan-Mar<br>2009 |
|---|---|---|---|
| **Certificates with state guarantee** | | | |
| Opening balance | 60 688 | 79 472 | 79 472 |
| Issued | | 140 406 | 54 481 |
| Repurchased | | | |
| Repaid | -32 894 | -160 574 | -38 848 |
| Change in market values | -121 | 156 | -139 |
| Changes in exchange rates | 43 | 1 229 | 932 |
| Closing balance | 27 716 | 60 689 | 95 898 |
| **Other certificates** | | | |
| Opening balance | 49 884 | 60 458 | 60 458 |
| Issued | 32 557 | 215 133 | 34 830 |
| Repurchased | | | |
| Repaid | -38 427 | -226 466 | -58 630 |
| Change in market values | 333 | 23 | 290 |
| Changes in exchange rates | -343 | 736 | 675 |
| Closing balance | 44 004 | 49 884 | 37 623 |
| **Covered bonds** | | | |
| Opening balance | 341 372 | 271 236 | 271 236 |
| Issued | 79 891 | 169 962 | 34 085 |
| Repurchased | -28 318 | -80 348 | -50 254 |
| Repaid | -1 276 | -19 275 | -10 447 |
| Reclassified to covered bonds | | | |
| Change in market values | -2 265 | -203 | -1 559 |
| Changes in exchange rates | | | -35 |
| Closing balance | 389 404 | 341 372 | 243 026 |
| **Bonds with state guarantee** | | | |
| Opening balance | 181 587 | 60 295 | 60 295 |
| Issued | | 131 301 | 66 486 |
| Repurchased | | | |
| Repaid | -2 364 | -921 | |
| Change in market values | 403 | 1 004 | 1 088 |
| Changes in exchange rates | -3 632 | -10 092 | 550 |
| Closing balance | 175 994 | 181 587 | 128 419 |
| **Other interest-bearing bond loans** | | | |
| Opening balance | 32 721 | 86 530 | 86 530 |
| Issued | 21 023 | 3 622 | -365 |
| Repurchased | -8 | | |
| Repaid | -192 | -56 169 | -18 903 |
| Reclassified to covered bonds | | | |
| Change in market values | -225 | -580 | -159 |
| Changes in exchange rates | -1 137 | -682 | 2 495 |
| Closing balance | 52 182 | 32 721 | 69 598 |
| **Strucured products** | | | |
| Opening balance | 37 004 | 35 374 | 35 374 |
| Issued | 1 949 | 14 637 | 2 393 |
| Repurchased | -2 886 | -10 522 | -1 844 |
| Repaid | -554 | -2 431 | -329 |
| Reclassified to covered bonds | | | |
| Change in market values | -1 217 | -4 | 97 |
| Changes in exchange rates | | -50 | 1 |
| Closing balance | 34 296 | 37 004 | 35 692 |

# Note 21 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.

| | Interest rate related | | Currency related | | Equity related | | Total | |
|---|---|---|---|---|---|---|---|---|
| **Group SEKm** | **31 Mar 2010** | **31 Dec 2009** | **31 Mar 2010** | **31 Dec 2009** | **31 Mar 2010** | **31 Dec 2009** | **31 Mar 2010** | **31 Dec 2009** |
| **Positive derivatives, hedge accounting** | | | | | | | | |
| Swaps, fair value hedge | 4 371 | 2 455 | 41 | 62 | | | 4 412 | 2 517 |
| **Total** | **4 371** | **2 455** | **41** | **62** | | | **4 412** | **2 517** |
| **Other positive derivatives** | | | | | | | | |
| Options | 1 028 | 1 039 | 235 | 275 | 3 224 | 3 274 | 4 487 | 4 588 |
| Forward contracts | 5 669 | 6 261 | 6 197 | 9 108 | 3 | 4 | 11 869 | 15 373 |
| Swaps | 52 310 | 49 107 | 6 910 | 4 747 | | | 59 220 | 53 854 |
| Other | | 0 | | 3 | 12 | 12 | 12 | 15 |
| **Total** | **59 007** | **56 407** | **13 342** | **14 133** | **3 239** | **3 290** | **75 588** | **73 830** |
| Nominal amount | 4 673 946 | 4 567 839 | 530 778 | 439 806 | 59 168 | 92 654 | 5 263 892 | 5 100 299 |
| **Negative derivatives, hedge accounting** | | | | | | | | |
| Swaps, fair value hedge | 269 | 185 | | | | | 269 | 185 |
| Swaps, cash flow hedge | 793 | 798 | | | | | 793 | 798 |
| **Total** | **1 062** | **983** | | | | | **1 062** | **983** |
| **Other negative derivatives** | | | | | | | | |
| Options | 763 | 776 | 337 | 398 | 1 356 | 1 597 | 2 456 | 2 771 |
| Forward contracts | 5 940 | 5 946 | 9 518 | 13 240 | 18 | 12 | 15 476 | 19 198 |
| Swaps | 51 303 | 47 336 | 6 530 | 5 248 | | | 57 833 | 52 584 |
| Other | 0 | | 0 | 3 | 13 | 11 | 13 | 14 |
| **Total** | **58 006** | **54 058** | **16 385** | **18 889** | **1 387** | **1 620** | **75 778** | **74 567** |
| Nominal amount | 4 397 031 | 3 995 925 | 559 628 | 608 278 | 63 144 | 78 501 | 5 019 803 | 4 682 704 |

Derivatives with a value of SEK 3 476m (3 378) have, as a consequence of netting agreements, been recorded net in the balance sheet.

# Note 22 Financial instruments carried at fair value

| Group<br>31 Mar 2010<br>SEKm | Instruments with quoted market prices in active markets (Level 1) | Valuation technique using observable data (Level 2) | Valuation technique using non-observable 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 | 186 229 | | | 186 229 |
| Loans to credit institutions | 970 | 47 724 | | 48 694 |
| Loans to the public | 1 687 | 511 799 | | 513 486 |
| Bonds and other interest-bearing secutities | 48 055 | 32 525 | 664 | 81 244 |
| Fund shares for which customers bear the investment risk | 85 023 | | | 85 023 |
| Shares and participating interests | 11 172 | | 144 | 11 316 |
| Derivatives | 3 503 | 73 014 | 7 | 76 524 |
| **Total** | **336 639** | **665 062** | **815** | **1 002 516** |
| **Liabilities** | | | | |
| Amounts owed to credit institutions | | 31 756 | | 31 756 |
| Deposits and borrowings from the public | | 15 283 | | 15 283 |
| Debt securities in issue, etc | 96 332 | 168 963 | 137 139 | 402 434 |
| Subordinated liabilities | | 20 279 | | 20 279 |
| Financial liabilities for which customers bear the investment risk | | 90 186 | | 90 186 |
| Derivatives | 4 102 | 69 231 | 31 | 73 364 |
| **Total** | **100 434** | **395 698** | **137 170** | **633 302** |

The table above indicates financial instruments measured at fair value as of 31 March 2010 distributed 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 inputs. 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 on the asset side and securities in issue on the liabilities side. 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 price. Securities issued under the state guarantee programme contained terms that were unique to each issue and included the guarantee fee to the state. The valuation of these issues has been based on observable market inputs in the form of observable interbank rates, which have been adjusted for the difference between the interbank rate and the issue terms that existed at the time of issuance.

| Financial instruments at fair value based on Level 3<br>SEKm | 31 Mar 2010<br>Assets | <br>Liabilities |
|---|---|---|
| **Opening balance** | **670** | **142 373** |
| Purchases for the year | | |
| Issued | | |
| Transferred to Level 3 | | |
| Sales/maturities during the year | | -2 364 |
| Transferred to Level 3 | | |
| Received dividend from associates | 144 | |
| Gain or loss | 1 | -2 839 |
| *of which in profit or loss* | *1* | *-2 839* |
| *of which in other comprehensive income* | | |
| **Closing balance** | **815** | **137 170** |
| Total result recognised in Net gains and losses on financial items at fair value | 1 | -2 839 |
| *of which financial instruments held on closing day* | *1* | *-2 839* |

* The change in fair value of bonds issued under the state guarantee program, which primarily relates to changes in exchange rates. The change in fair value is reported in note 7 Net gains and losses on financial instruments at fair value together with the corresponding negative change value for derivatives that hedge these issues against currency and interest-rate risk.

# Note 23 Assets pledged for own liabilities, contingent liabilities and commitments

| Group<br>SEKm | 31 Mar<br>2010 | 31 Dec<br>2009 | % | 31 Mar<br>2009 | % |
|---|---|---|---|---|---|
| Assets pledged for own liabilities | 811 212 | 748 863 | 8 | 697 554 | 16 |
| *of which loans pledged for securities in issue* | *615 352* | *610 456* | *1* | *581 849* | 6 |
| *of which fund units pledged for policyholders* | *88 771* | *80 647* | *10* | *53 624* | 66 |
| *of which other assets pledged for own liabilities* | *107 089* | *57 760* | *85* | *62 081* | 72 |
| Contingent liabilities | 31 312 | 31 415 | 0 | 40 089 | -22 |
| *of which loan guarantees* | *12 086* | *12 457* | *-3* | *14 378* | -16 |
| *of which other guarantees* | *17 098* | *16 504* | *4* | *22 354* | -24 |
| *of which accepted and endorsed notes* | *151* | *227* | *-33* | *253* | -40 |
| *of which letters of credit granted but not utilised* | *1 555* | *1 878* | *-17* | *2 528* | -38 |
| *of which other contingent liabilities* | *422* | *349* | *21* | *576* | -27 |
| Commitments | 175 187 | 182 122 | -4 | 200 143 | -12 |
| *of which loans granted but not paid* | *106 251* | *126 190* | *-16* | *134 877* | -21 |
| *of which overdraft facilities granted but not utilised* | *68 936* | *55 932* | *23* | *65 266* | 6 |

# Note 24 Capital adequacy

| Swedbank financial companies Group<br>SEKm | 31 Mar<br>2010 | 31 Dec<br>2009 | % or<br>pp | 31 Mar<br>2009 | % or<br>pp |
|---|---|---|---|---|---|
| Shareholders' equity according to the Group's balance sheet | 89 340 | 89 670 | 0 | 82 758 | 8 |
| Non-controlling interests | 240 | 304 | -21 | 257 | -7 |
| Deconsolidation of insurance companies | -966 | -1 130 | 15 | -1 662 | 42 |
| Associated companies consolidated according to purchase method | 1 362 | 1 659 | -18 | 1 486 | -8 |
| **Shareholders' equity financial companies Group** | **89 976** | **90 503** | **-1** | **82 839** | **9** |
| Change in the value of own credit rating | -45 | | | | |
| Goodwill | -13 927 | -14 594 | 5 | -15 391 | 10 |
| Deferred tax assets | -541 | -1 206 | -55 | 0 | |
| Intangible assets | -2 292 | -2 352 | 3 | -2 348 | 2 |
| Net provisions for reported IRB credit exposures | -191 | -309 | 38 | -1 185 | 84 |
| Cash flow hedges | 733 | 769 | -5 | 1 180 | -38 |
| Shareholdings deducted from Tier 1 capital | -29 | -27 | -7 | -28 | -4 |
| Shares in insurance companies | -363 | -313 | 16 | | |
| **Total core Tier 1 capital** | **73 321** | **72 471** | **1** | **65 067** | **13** |
| Tier 1 capital contribution with step up | 6 511 | 8 683 | -25 | 9 408 | -31 |
| Tier 1 capital contribution without step up | 535 | 535 | 0 | 536 | 0 |
| **Total Tier 1 capital** | **80 367** | **81 689** | **-2** | **75 011** | **7** |
| Undated subordinated loans | 4 267 | 4 273 | 0 | 4 939 | -14 |
| Fixed-term subordinated loans | 22 379 | 23 687 | -6 | 28 934 | -23 |
| Deduction remaining duration | 0 | -1 249 | 0 | -1 338 | 0 |
| Net provisions for reported IRB credit exposures | -191 | -309 | 38 | -1 185 | 84 |
| Shareholdings deducted from Tier 2 capital | -29 | -27 | -7 | -28 | -4 |
| Shares in insurance companies | -363 | -313 | 16 | | |
| **Total Tier 2 capital** | **26 063** | **26 062** | **0** | **31 322** | **-17** |
| Shares in insurance companies | -1 950 | -1 966 | 1 | -1 986 | 2 |
| **Total capital base** | **104 480** | **105 785** | **-1** | **104 347** | **0** |
| **Risk-weighted assets** | **595 701** | **603 431** | **-1** | **694 392** | **-14** |
| Capital requirement for credit risks, standardised approach | 3 199 | 3 454 | -7 | 7 494 | -57 |
| Capital requirement for credit risks, IRB | 37 175 | *37 997* | -2 | *41 665* | -11 |
| Capital requirement for settlement risks | 0 | 0 | | 0 | |
| Capital requirement for market risks | 2 717 | 2 579 | 5 | 2 148 | 26 |
| *of which risks in the trading book outside VaR* | *745* | *784* | *-5* | *664* | *12* |
| *of which currency risks outside VaR* | *1 643* | *1 468* | *12* | *707* | |
| *of which risks where VaR models are applied* | *329* | *327* | *1* | *776* | *-58* |
| Capital requirement for operational risks | 4 565 | 4 244 | 8 | 4 244 | 8 |
| **Capital requirement** | **47 656** | **48 274** | **-1** | **55 551** | **-14** |
| Complement during transition period | 14 520 | 14 483 | 0 | 9 320 | 56 |
| **Capital requirement including complement** | **62 176** | **62 757** | **-1** | **64 871** | **-4** |
| Capital quotient, Basel 2 | 2.19 | 2.19 | 0.00 | 1.88 | 0.31 |
| Core Tier 1 capital ratio, %, Basel 2 | 12.3 | 12.0 | 0.3 | 9.4 | 2.9 |
| Tier 1 capital ratio, %, Basel 2 | 13.5 | 13.5 | 0.0 | 10.8 | 2.7 |
| Total capital adequacy ratio, %, Basel 2 | 17.5 | 17.5 | 0.0 | 15.0 | 2.5 |
| Capital quotient, transition rules | 1.68 | 1.69 | -0.01 | 1.61 | 0.07 |
| Core Tier 1 capital ratio, %, transition rules | 9.4 | 9.2 | 0.2 | 8.0 | 1.4 |
| Tier 1 capital ratio, %, transition rules | 10.3 | 10.4 | -0.1 | 9.3 | 1.1 |
| Total capital adequacy ratio, %, transition rules | 13.4 | 13.5 | 0.0 | 12.9 | 0.6 |

The Internal Ratings-Based Approach (IRB) is applied to the 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 IRK approach is also applied to the majority of exposure classes in the Baltic countries.

As of 31 March 2010 the Swedbank financial companies group included the Swedbank Group, the EnterCard Group, Sparbanken Rekarne AB, Färs och Frosta Sparbank AB, Swedbank Sjuhärad AB, Bergslagens Sparbank AB, Vimmerby Sparbank AB and Bankernas Depå AB. The Group's insurance companies are not included under the capital adequacy rules for financial companies groups.

| Swedbank financial companies Group<br>Credit risks, IRB<br>SEKm | Exposure after credit risk protection<br>31 Mar 2010 | <br>31 Dec 2009 | % | Average risk weighting, %<br>31 Dec 2009 | <br>31 Dec 2008 | Capital requirement<br>31 Dec 2009 | <br>31 Dec 2008 | % |
|---|---|---|---|---|---|---|---|---|
| Institutional exposures | 92 262 | 79 011 | 17 | 21 | 29 | 1 520 | 1 834 | -17 |
| *of which repurchase agreements* | *3 215* | *1 327* | | *7* | *7* | *19* | *7* | |
| *of which other lending* | *89 047* | *77 684* | *15* | *21* | *29* | *1 501* | *1 827* | *-18* |
| Corporate exposures | 431 064 | 447 224 | -4 | 78 | 77 | 26 729 | 27 582 | -3 |
| *of which repurchase agreements* | *2 559* | *1 657* | *54* | *10* | *3* | *20* | *4* | |
| *of which other lending* | *428 505* | *445 567* | *-4* | *78* | *77* | *26 709* | *27 577* | *-3* |
| Retail exposures | 829 877 | 833 222 | 0 | 12 | 11 | 7 693 | 7 407 | 4 |
| *of which repurchase agreements* | *4* | *6* | *-37* | *54* | *22* | *0* | *0* | |
| *of which mortgage lending* | *740 744* | *740 507* | *0* | *8* | *8* | *4 628* | *4 613* | *0* |
| *of which other lending* | *89 129* | *92 709* | *-4* | *43* | *38* | *3 065* | *2 794* | *10* |
| Securitisation | 5 552 | 6 753 | -18 | 12 | 12 | 52 | 64 | -19 |
| Other non credit-obligation asset exposures | 49 589 | 48 380 | 2 | 30 | 29 | 1 181 | 1 110 | 6 |
| **Total credit risks, IRB** | **1 408 345** | **1 414 590** | **0** | **33** | **34** | **37 175** | **37 997** | **-2** |

## 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 FSA'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 requirement 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 has decreased by 2 per cent since the start of the year. For the Baltic portfolios, the average risk weighting was 70 per cent. For Swedbank Finans' portfolios the average risk weighting was 57 per cent and 27 per cent for other portfolios. For the Baltic retail exposures, the average risk weighting was 40 per cent, for Swedbank Finans' portfolios 19 per cent and 8 per cent for other portfolios.

## 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 FSA. The Parent Company has received permission 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 the 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. The capital requirement for other market risks thus refers to specific interest rate risks in Swedbank AB and Swedbank AS, to share price risks in Swedbank AS, and to market risks in other companies.

## Operational risk

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

## Transition rules

The transition rules, which state that the capital adequacy 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.

## Note 25 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 Estonia, Latvia, Lithuania, Russia and Ukraine, a significant share of lending is in 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 the consolidated income statement but would be recognised in other comprehensive income. 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 year-end report, a detailed description of risk factors is provided in the prospectus for Swedbank's rights issue from September 2009. The Group's risks and risk control are also described in detail in Swedbank's annual report for 2009 and in the annual disclosure on risk management and capital adequacy according to the Basel 2 rules, available on www.swedbank.com.

## Note 26 Related-party transactions

During the period normal business transactions were executed between companies in the Group, including associates, other related companies, and foundations which secure compensation to former employees and top management (key persons). Significant associates include partly owned savings banks, Swedbank's pension foundations and Sparinstitutens Pensionskassa SPK. They use Swedbank for the usual banking services.

The associated company Färs & Frosta Sparbank has acquired 3 720 000 shares in Swedbank, partly in connection with the two rights issues. The Group's share of these shares has reduced equity in the consolidated statements by SEK 58m.

# Note 27 Swedbank's share

| SWED A and SWED PREF | 31 Mar 2010 | 31 Dec 2009 | % | 31 Mar 2009 | % |
|---|---|---|---|---|---|
| **SWED A** | | | | | |
| Share price, SEK | 74.10 | 71.00 | 4 | 27.50 | |
| Number of ordinary shares in issue | 952 316 334 | 939 953 583 | 1 | 515 373 412 | 85 |
| Market capitalisation, SEKm | 70 567 | 66 737 | 6 | 14 173 | |
| **SWED PREF** | | | | | |
| Share price, SEK | 70.75 | 70.50 | 0 | 27.50 | |
| Number of subscribed preference shares in issue | 207 273 843 | 219 636 594 | -6 | 257 686 706 | -20 |
| Market capitalisation, SEKm | 14 665 | 15 484 | -5 | 7 086 | |
| **Total market capitalisation, SEKm** | **85 231** | **82 221** | **4** | **21 259** | |

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.

| Average number of shares in issue | Q1 2010 | Q4 2009 | Q1 2009 |
|---|---|---|---|
| Average number of shares in issue before and after dilution | 1 158 474 177 | 986 470 586 | 934 117 009 |

A rights issue was finalised on 26 November 2009. The average number of shares outstanding has therefore been adjusted for the rights issue's bonus issue element of 21% for all periods. The average number of shares aoutstanding in 2008 has also been adjusted for the rights issue in 2008. The average number of shares outstanding after the rights issue is 1 159 590 177, of which 219 636 594 are preference shares and 939 953 583 are ordinary shares. After deduction of the Group's share of associates' holdings in Swedbank shares the number of outstanding shares is 1 158 474 177.

| Number of shares in issue on the closing day | 31 Mar 2010 | 31 Dec 2009 | 31 Mar 2009 |
|---|---|---|---|
| Ordinary shares | 952 316 334 | 939 953 583 | 515 373 412 |
| Subscribed and paid preference shares | 207 273 843 | 219 636 594 | 257 686 706 |
| Associates' acquisition of shares | -1 116 000 | -1 116 000 | |
| **Total number of shares in issue on the closing day** | **1 158 474 177** | **1 158 474 177** | **773 060 118** |

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 12 362 751 preference shares were converted to ordinary shares.

# Note 28 Ratings

| Mar 2010 | Swedbank | | Swedbank Mortgage | | Covered bonds | Swedbank AS | |
|---|---|---|---|---|---|---|---|
| **Standard & Poor's** | | | | | | | |
| Short | A-1 | S | A-1 | S | | | |
| Long | A | S | | | AAA* | | |
| **Moody's** | | | | | | | |
| Short | P-1 | N | P-1 | N | | P-3 | N |
| Long | A2 | N | A2 | N | Aaa | Baa3 | N |
| Financial strength (BFSR) | D+ | | | | | D- | |

* On credit watch since 16 December 2009 due to revised rating criterion.

P=positive outlook, S=stable outlook, N=negative outlook

BFSR = Bank financial strength rating

For more information about ratings, see page 11.

# Note 29 Exchange rates

| | 31 Mar 2010 | 31 Dec 2009 | 31 Mar 2009 |
|---|---|---|---|
| SEK/EUR, average rate | 9.989 | 10.615 | 10.968 |
| SEK/EUR, closing day rate | 9.745 | 10.283 | 10.945 |
| SEK/EEK, average rate | 0.638 | 0.678 | 0.701 |
| SEK/EEK, closing day rate | 0.623 | 0.657 | 0.700 |
| SEK/UAH, average rate | 0.900 | 0.953 | 1.037 |
| SEK/UAH, closing day rate | 0.904 | 0.893 | 1.022 |
| SEK/RUB, average rate | 0.241 | 0.241 | 0.247 |
| SEK/RUB, closing day rate | 0.245 | 0.237 | 0.243 |
| SEK/USD, average rate | 7.222 | 7.627 | 8.302 |
| SEK/USD, closing day rate | 7.206 | 7.191 | 8.225 |
| UAH/USD, closing day rate | 7.970 | 8.050 | 8.000 |
| RUB/USD, closing day rate | 29.440 | 30.305 | 33.954 |

As of 2009 the continuous average rate is calculated as the average of the previous month's closing day rate and the actual month's closing day rate for each month in the period.

# Swedbank AB

## Income statement

| Parent company<br>SEKm | Q1<br>2010 | Q4<br>2009 | % | Q1<br>2009 | % |
|---|---|---|---|---|---|
| *Interest income* | *6 213* | *6 643* | *-6* | *10 187* | *-39* |
| *Interest expenses* | *-4 358* | *-4 426* | *-2* | *-7 392* | *-41* |
| **Net interest income** | **1 855** | **2 217** | **-16** | **2 795** | **-34** |
| Dividends received | 2 592 | 1 232 | | 10 | |
| *Commission income* | *1 483* | *1 490* | *0* | *1 291* | *15* |
| *Commission expenses* | *-324* | *-368* | *-12* | *-394* | *-18* |
| **Net commissions** | **1 159** | **1 122** | **3** | **897** | **29** |
| Net gains and losses on financial items at fair value | 271 | -398 | | 1 294 | -79 |
| Other income | 288 | 368 | -22 | 282 | 2 |
| **Total income** | **6 165** | **4 541** | **36** | **5 278** | **17** |
| Staff costs | 1 671 | 1 186 | 41 | 1 631 | 2 |
| Other expenses | 1 133 | 1 397 | -19 | 1 179 | -4 |
| Depreciation/amortisation | 83 | 85 | -2 | 92 | -10 |
| **Total expenses** | **2 887** | **2 668** | **8** | **2 902** | **-1** |
| **Profit before impairments** | **3 278** | **1 873** | **75** | **2 376** | **38** |
| Impairment of financial fixed assets | 417 | 3 022 | -86 | 1 382 | -70 |
| Impairment of tangible assets | | 2 | | | |
| Credit impairments | -141 | 989 | | 642 | |
| **Operating profit** | **3 002** | **-2 140** | | **352** | |
| Appropriations | | 5 037 | | | |
| Tax expense | 253 | 1 604 | -84 | 344 | -26 |
| **Profit for the period** | **2 749** | **1 293** | | **8** | |

## Statement of comprehensive income

| Parent company<br>SEKm | Q1<br>2010 | Q4<br>2009 | % | Q1<br>2009 | % |
|---|---|---|---|---|---|
| **Profit for the period reported via income statement** | **2 749** | **1 293** | | **8** | |
| Cash flow hedges: | | | | | |
| -Gains/losses arising during the period | -161 | 71 | | -516 | -69 |
| -Reclassification adjustments to income statement, net interest income | 189 | 199 | -5 | 177 | 7 |
| -Reclassification adjustments to income statement, net gains and losses on financial items at fair value | | -75 | | | |
| Group contributions paid | | -7 | | | |
| Income tax relating to components of other comprehensive income | -7 | -48 | -85 | 89 | |
| **Other comprehensive income for the period, net of tax** | **21** | **140** | **-85** | **-250** | |
| **Total comprehensive income for the period** | **2 770** | **1 433** | **93** | **-242** | |
| **Total comprehensive income attributable to the shareholders of Swedbank AB** | **2 770** | **1 433** | **93** | **-242** | |

# Balance sheet

| Parent company<br>SEKm | 31 Mar<br>2010 | 31 Dec<br>2009 | % | 31 Mar<br>2009 | % |
|---|---|---|---|---|---|
| **Assets** | | | | | |
| Loans to credit institutions | 527 339 | 464 458 | 14 | 623 804 | -15 |
| Loans to the public | 347 334 | 413 350 | -16 | 387 011 | -10 |
| Interest-bearing securities | 332 065 | 262 851 | 26 | 278 247 | 19 |
| Shares and participating interests | 53 469 | 50 990 | 5 | 45 534 | 17 |
| Derivatives | 88 263 | 80 438 | 10 | 119 585 | -26 |
| Other assets | 31 875 | 38 770 | -18 | 28 311 | 13 |
| **Total assets** | **1 380 345** | **1 310 857** | **5** | **1 482 492** | **-7** |
| **Liabilities and equity** | | | | | |
| Amounts owed to credit institutions | 388 170 | 339 875 | 14 | 512 872 | -24 |
| Deposits and borrowings from the public | 405 845 | 394 054 | 3 | 360 240 | 13 |
| Debt securities in issue, etc | 319 770 | 340 929 | -6 | 307 421 | 4 |
| Derivatives | 85 201 | 82 460 | 3 | 123 509 | -31 |
| Other liabilities and provisions | 85 890 | 57 354 | 50 | 84 777 | 1 |
| Subordinated liabilities | 33 666 | 37 151 | -9 | 43 826 | -23 |
| Untaxed reserves | 815 | 816 | 0 | 5 855 | -86 |
| Equity | 60 988 | 58 218 | 5 | 43 992 | 39 |
| **Total liabilities and equity** | **1 380 345** | **1 310 857** | **5** | **1 482 492** | **-7** |
| Assets pledged for own liabilities | 202 305 | 192 303 | 5 | 252 636 | -20 |
| Other assets pledged | 2 646 | 1 922 | 38 | 2 783 | -5 |
| Contingent liabilities | 448 397 | 408 045 | 10 | 33 420 | |
| Commitments | 144 552 | 151 526 | -5 | 159 965 | -10 |

# Statement of changes in equity

| Parent company<br>SEKm | Share capital | Share premium reserve | Statutory reserve | Cash flow hedges | Retained earnings | Total |
|---|---|---|---|---|---|---|
| **Opening balance 1 January 2009** | **14 918** | **4 871** | **6 489** | **-930** | **15 876** | **41 224** |
| New share issue | 1 316 | 1 694 | | | | 3 010 |
| Total comprehensive income for the period | | | | -250 | 8 | -242 |
| **Closing balance 31 March 2009** | **16 234** | **6 565** | **6 489** | **-1 180** | **15 884** | **43 992** |
| **Opening balance 1 January 2009** | **14 918** | **4 871** | **6 489** | **-930** | **15 876** | **41 224** |
| New share issue | 9 433 | 8 650 | | | | 18 083 |
| Expenses in connection with new share issue | | -438 | | | | -438 |
| Total comprehensive income for the period | | | | 187 | -838 | -651 |
| **Closing balance 31 December 2009** | **24 351** | **13 083** | **6 489** | **-743** | **15 038** | **58 218** |
| **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 31 March 2010** | **24 351** | **13 083** | **6 489** | **-722** | **17 787** | **60 988** |

# Cash flow statement

| Parent company<br>SEKm | Jan-Mar<br>2010 | Full-year<br>2009 | Jan-Mar<br>2009 |
|---|---|---|---|
| Cash flow from operating activities | 57 904 | 4 741 | -28 931 |
| Cash flow from investing activities | 23 253 | 821 | 10 145 |
| Cash flow from financing activities | -23 775 | 79 230 | 31 495 |
| **Cash flow for the period** | **57 382** | **84 792** | **12 709** |
| Cash and cash equivalents at beginning of period | 271 910 | 187 118 | 187 118 |
| Cash flow for the period | 57 382 | 84 792 | 12 709 |
| **Cash and cash equivalents at end of period** | **329 292** | **271 910** | **199 827** |

# Capital adequacy

| Parent company<br>SEKm | 31 Mar<br>2010 | 31 Dec<br>2009 | % or<br>pp | 31 Mar<br>2009 | % or<br>pp |
|---|---|---|---|---|---|
| Core Tier 1 capital | 59 531 | 57 377 | 4 | 46 956 | 27 |
| Tier 1 capital contribution | 7 046 | 9 218 | -24 | 8 823 | -20 |
| **Total Tier 1 capital** | **66 577** | **66 595** | **0** | **55 779** | **19** |
| Tier 2 capital | 25 236 | 25 952 | -3 | 32 904 | -23 |
| Settlements, equities, etc. | -1 652 | -555 | | -555 | |
| **Total capital base** | **90 161** | **91 992** | **-2** | **88 128** | **2** |
| **Risk-weighted assets** | **442 494** | **465 046** | **-5** | **510 791** | **-13** |
| **Capital requirement** | **35 400** | **37 204** | **-5** | **40 863** | **-13** |
| **Capital requirement including complement** | **35 400** | **37 204** | **-5** | **40 863** | **-13** |
| | | | | | |
| Capital quotient* | 2.55 | 2.47 | 0.07 | 2.16 | 0.39 |
| Core Tier 1 capital ratio, %* | 13.5 | 12.3 | 1.1 | 9.2 | 4.3 |
| Tier 1 capital ratio, %* | 15.0 | 14.3 | 0.7 | 10.9 | 4.1 |
| Total capital adequacy ratio, %* | 20.4 | 19.8 | 0.6 | 17.3 | 3.1 |

* Key ratios refers 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 the first quarter 2010 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, 26 April 2010

Lars Idermark
Chair

Anders Sundström
Deputy Chair

Ulrika Francke
Board Member

Göran Hedman
Board Member

Berith Hägglund-Marcus
Board Member

Anders Igel
Board Member

Helle Kruse Nielsen
Board Member

Pia Rudengren
Board Member

Karl-Henrik Sundström
Board Member

Siv Svensson
Board Member

Kristina Janson
Board Member
Employee Representative

Jimmy Johnsson
Board Member
Employee Representative

Michael Wolf
President

# Review report

**Introduction**

We have reviewed the interim report for Swedbank AB (publ) for the first quarter 2010. 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 of 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 Standards on Auditing in Sweden RS 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, 26 April 2010

Deloitte AB

Svante Forsberg
Authorised Public Accountant

## Publication of financial information

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

Swedbank will publish financial results on the following dates in 2010:

Interim report for the second quarter on 22 July 2010
Interim report for the third quarter on 21 October 2010

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