

Interim report for Swedbank

January - June 2008

Stockholm, 16 July 2008

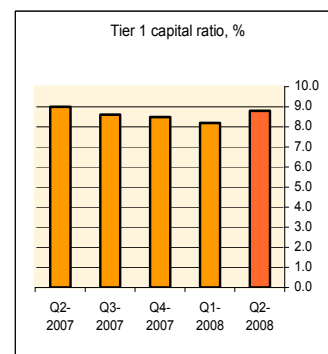
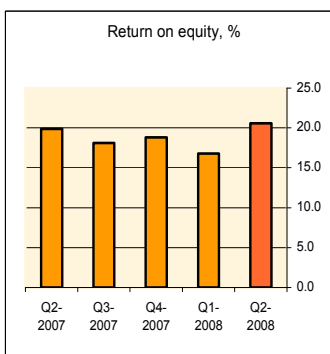
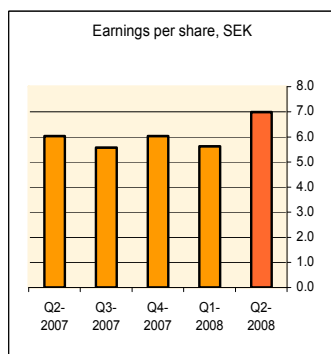
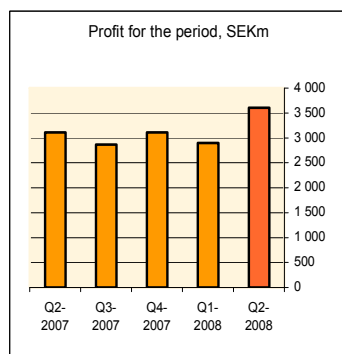


Profit for the period rose by 8 percent compared with the first half year 2007

- Profit for the period amounted to SEK 6 504m (6 022)
- Earnings per share increased to SEK 12.62 (11.68)
- Return on equity was 18.7 percent (19.5)
- The cost/income ratio was 0.50 (0.50)
- Net interest income increased by 16 percent to SEK 10 536m (9 092)
- Loan losses amounted to SEK 711m (151), corresponding to a loan loss ratio of 0.12 percent (0.03)
- The tier 1 capital ratio was 8.8 percent according to the new rules (8.5 percent on 31 December 2007) and 6.7 percent (6.2) according to the transition rules.

Higher income in second quarter compared with first quarter 2008

- Profit for the period increased by 24 percent to SEK 3 604m (2 900)
- Earnings per share increased to SEK 6.99 (5.63)
- Return on equity increased to 20.6 percent (16.8)
- The cost/income ratio was 0.47 (0.53)
- Income increased by 12 percent
- Loan losses amounted to SEK 423m (288), corresponding to a loan loss ratio of 0.14 percent (0.10).



CEO comment

Swedbank's stable earning capacity led to solid results in all business areas for the first half of 2008. The profit of SEK 6.5bn for the first six months is our highest ever. In light of current market conditions, Swedbank's stable earning capacity is a huge asset.

The Board of Directors has approved a new capital adequacy objective: that the tier 1 capital ratio shall be 8.5-9.0 percent when Basel 2 is fully implemented. Given its risk profile, Swedbank is considered well capitalized.

Funding operations continued to perform well in the second quarter. The conversion to covered bonds on 21 April has resulted in better relative funding terms at the same time as liquidity has improved.

The Baltic region's macroeconomic development was weaker than expected during the second quarter, partly as an effect of economic uncertainty in the rest of Europe. While this will affect Baltic Banking's development, the business area is expected to maintain a robust earning capacity and net profit. Credit quality remains high in both the Baltic region and Sweden.

Financial summary for the group

SEKm	Q2 2008	Q1 2008	%	Q2 2007	%	Jan-Jun 2008	Jan-Jun 2007	%	Full-year 2007
Net interest income	5 295	5 241	1	4 591	15	10 536	9 092	16	19 157
Net commission income	2 374	2 180	9	2 552	-7	4 554	4 841	-6	9 880
Net gains and losses on financial items at fair value	1 141	75		579	97	1 216	1 109	10	1 691
Other income	623	950	-34	504	24	1 573	977	61	2 196
Total income	9 433	8 446	12	8 226	15	17 879	16 019	12	32 924
Staff costs	2 453	2 579	-5	2 425	1	5 032	4 747	6	9 792
Other expenses	1 977	1 861	6	1 699	16	3 838	3 314	16	6 927
Total expenses	4 430	4 440	0	4 124	7	8 870	8 061	10	16 719
Profit before loan losses	5 003	4 006	25	4 102	22	9 009	7 958	13	16 205
Loan losses, net	423	288	47	102		711	151		619
Operating profit	4 580	3 718	23	4 000	15	8 298	7 807	6	15 586
Tax expense	935	805	16	856	9	1 740	1 707	2	3 450
Profit for the period	3 645	2 913	25	3 144	16	6 558	6 100	8	12 136
Profit for the period attributable to the shareholders of Swedbank AB	3 604	2 900	24	3 112	16	6 504	6 022	8	11 996

Key ratios	Q2 2008	Q1 2008	Q2 2007	Jan-Jun 2008	Jan-Jun 2007	Full-year 2007
Return on equity, %	20.6	16.8	19.9	18.7	19.5	18.9
Earnings per share, SEK ¹⁾	6.99	5.63	6.03	12.62	11.68	23.28
C/I ratio before loan losses	0.47	0.53	0.50	0.50	0.50	0.51
Equity per share, SEK ¹⁾	135.81	136.43	120.23	135.81	120.23	131.96
Capital quotient	1.58	1.47	1.68	1.58	1.68	1.59
Tier 1 capital ratio, % excluding complement	8.8	8.2	9.0	8.8	9.0	8.5
Capital adequacy ratio, % excluding complement	12.6	11.7	13.4	12.6	13.4	12.7
Tier 1 capital ratio, % including complement	6.7	6.5	6.7	6.7	6.7	6.2
Capital adequacy ratio, % including complement	9.7	9.3	10.0	9.7	10.0	9.3
Loan loss ratio, net, %	0.14	0.10	0.04	0.12	0.03	0.07
Share of impaired loans, %	0.20	0.16	0.08	0.20	0.08	0.13
Total provision ratio for impaired loans, %	91	104	185	91	185	120

1) The number of shares is specified on page 41.

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

Balance sheet data SEKbn	Jun 30 2008	Dec 31 2007	%	Jun 30 2007	%
Loans to the public	1 205	1 135	6	1 033	17
Deposits and borrowings from the public	478	458	4	426	12
Shareholders' equity	70	68	3	62	13
Total assets	1 671	1 608	4	1 495	12
Risk weighted assets, old rules	939	892	5	804	17
Risk weighted assets, new rules	630	600	5	553	14
Risk weighted assets, transition rules	819	822	0	744	10

Group profit trend, Q2 2008 vs. Q1 2008

Higher income and profit

- Profit for the period increased by 24 percent to SEK 3 604m (2 900)
- Earnings per share increased to SEK 6.99 (5.63)
- Return on equity increased to 20.6 percent (16.8)
- Operating profit increased by 23 percent to SEK 4 580m (3 718)
- Income increased by 12 percent to SEK 9 433m (8 446)
- Net interest income increased by 1 percent to SEK 5 295m (5 241)
- Net commission income increased by 9 percent to SEK 2 374m (2 180)
- Net gains and losses on financial items at fair value increased to SEK 1 141m (75)
- Expenses decreased slightly to SEK 4 430m (4 440)
- The cost/income ratio improved to 0.47 (0.53)
- Loan losses increased to SEK 423m (288)
- The effective tax rate decreased to 20 percent (22).

Higher income

Income increased by 12 percent to SEK 9 433m (8 446). Excluding capital gains in the second quarter on the sale of shares in MasterCard of SEK 101m, and Hansabank's partly owned card company Pankade Kaardikeskus (PKK) of SEK 66m, and gains in the first quarter on branch sales of SEK 440m, income increased by 16 percent.

Net interest income increased by 1 percent to SEK 5 295m (5 241). Net interest income from the lending portfolio increased marginally by SEK 16m. Net interest income from deposits decreased by SEK 76m due to lower interest margins. Other operations increased by SEK 114m.

Net commission income increased by 9 percent to SEK 2 374m (2 180) mainly due to an increase in income from corporate finance of SEK 158m. Lending commissions increased by SEK 63m, while payment commissions rose by SEK 46m. Falling stock prices led to slightly lower asset management commissions and brokerage revenue.

Net gains and losses on financial items at fair value increased to SEK 1 141m (75). The change in the value of derivatives tied to funding for euro lending in the Baltic region was SEK 419m (-253) mainly due to rising euro interest rates. To decrease the accounting volatility in these transactions, cash flow hedges will be applied beginning next quarter, and unrealized changes in value will be taken up directly in equity rather than the income statement. The change in the market value of Swedbank Market's credit bond portfolio was SEK 0m (-187). Quarterly results also include a capital gain of SEK 101m on the sale of shares in MasterCard and a positive exchange rate effect of SEK 61m. The exchange rate effect is attributable to the reported liability for the assessed supplemental purchase price in dollars for Swedbank Ukraine, whose functional currency is the Ukrainian hryvnia. The Swedish krona strengthened against the dollar relatively more than the hryvnia.

Net insurance was largely unchanged at SEK 101m (107).

The **share of the profit or loss of associates** increased to SEK 122m (116).

Other income decreased to SEK 400m (727). The first quarter was affected by a capital gain of SEK 440m on branch sales to two savings banks in western and southern Sweden. The second quarter includes a capital gain of SEK 66m on the sale of Hansabank's partly owned card processing company, Pankade Kaardikeskus (PKK), and reversed tax on lease assets in Russia of SEK 19m.

Unchanged expenses

Group **expenses** decreased slightly to SEK 4 430m (4 440).

Staff costs decreased to SEK 2 453m (2 579). Profit-based staff costs decreased by SEK 83m mainly because the reserve for profit-based compensation in the Baltic Banking business area has been revised by SEK 185m due to lower provision requirements.

The remaining decrease arose in Swedish Banking due to a lower number of employees and the accrual effects of salary increases.

Other expenses increased to SEK 1 977m (1 861) in part through higher expenses for change processes and cash transports. Amortization of the value of the Hansabank brand is included in the amount of SEK 24m.

Loan losses

Loan losses amounted to a net of SEK 423m (288), corresponding to a loan loss ratio of 0.14 percent (0.10). The increase was primarily in the Baltic region and Ukraine. Credit quality in the Group remained high. A specification of loan losses and loan receivables can be found in notes 3 and 4.

Tax rate

Profit before tax amounted to SEK 4 580m (3 718) and the **tax expense** was SEK 935m (805), corresponding to an effective tax rate of 20 percent (22). The lower tax rate was due to a larger share of tax-exempt income.

Group profit trend, Q2 2008 vs. Q2 2007

Higher income and profit

- Profit for the period increased by 16 percent to SEK 3 604m (3 112)
- Earnings per share increased to SEK 6.99 (6.03)
- Return on equity increased to 20.6 percent (19.9)
- Operating profit increased by 15 percent to SEK 4 580m (4 000)
- Income increased by 15 percent to SEK 9 433m (8 226)
- Net interest income increased by 15 percent to 5 295m (4 591)
- Net commission income decreased by 7 percent to SEK 2 374m (2 552)
- Net gains and losses on financial items at fair value increased to SEK 1 141m (579)
- Expenses increased by 7 percent to SEK 4 430m (4 124)

- The cost/income ratio improved to 0.47 (0.50)
- Loan losses increased to SEK 423m (102)
- The effective tax rate was slightly lower at 20 percent (21).

Income increased

Income increased by 15 percent to SEK 9 433m (8 226). Excluding capital gains (MasterCard and PKK in 2008, CEK AB in 2007, SEK 40m), income rose by 13 percent.

Net interest income increased by 15 percent to SEK 5 295m (4 591). Net interest income from the lending portfolio increased by SEK 262m despite continued margin pressure and higher funding costs. Net interest income from deposits rose by SEK 204m through volume increase. Other operations increased by SEK 238m.

Net commission income decreased by 7 percent to SEK 2 374m (2 552) mainly through lower income from stock market-related operations such as asset management and brokerage services.

Net gains and losses on financial items at fair value increased to SEK 1 141m (579). The change in the value of derivatives tied to funding for euro lending in the Baltic region was SEK 419m (78) mainly due to rising euro interest rates. To decrease the accounting volatility in these transactions, cash flow hedges will be applied beginning next quarter, and unrealized changes in value will be taken up directly in equity rather than the income statement. Profit for the year includes a capital gain of SEK 101m on the sale of shares in MasterCard and a positive exchange rate effect of SEK 61m. The exchange rate effect is attributable to the reported liability for the assessed supplemental purchase price in dollars for Swedbank Ukraine, whose functional currency is the Ukrainian hryvnia. The Swedish krona strengthened against the dollar relatively more than the hryvnia.

Net insurance increased to SEK 101m (91).

The **share of the profit or loss of associates** increased to SEK 122m (95) mainly due to higher profit in EnterCard.

Other income increased to SEK 400m (318) mainly through a capital gain of SEK 66m on the sale of Hansabank's partly owned card processing company, Pankade Kaardikeskus (PKK), and reversed tax on lease assets of SEK 19m. The previous year included a capital gain of SEK 40m on the sale of CEK AB.

Expenses increased

Expenses increased by SEK 306m or 7 percent to SEK 4 430m (4 124). Of the increase, SEK 197m was attributable to the acquired Ukrainian banking operations and SEK 24m to the amortization of the value of the Hansabank brand.

Staff costs increased by SEK 28m or 1 percent to SEK 2 453m (2 425). Profit-based staff costs decreased by SEK 224m. The reserve for profit-based compensation in the Baltic Banking business area has been revised by SEK 185m due to lower provision requirements.

The Ukrainian acquisition and higher pension costs in the Swedish operations, as well as contractual salary increases, contributed to higher staff costs.

Other expenses increased by 16 percent to SEK 1 977m (1 699) mainly due to expansion and change processes outside Sweden.

Loan losses

Loan losses amounted to a net of SEK 423m (102), corresponding to a loan loss ratio of 0.14 percent (0.04).

Tax rate

Profit before tax amounted to SEK 4 580m (4 000) and the **tax expense** was SEK 935m (856), corresponding to an effective tax rate of 20 percent (21).

Group profit trend, first half year 2008 vs. first half year 2007

Higher income and profit

- Profit for the period increased by 8 percent to SEK 6 504m (6 022)
- Earnings per share increased to SEK 12.62 (11.68)
- Return on equity was 18.7 percent (19.5)
- Operating profit increased by 6 percent to SEK 8 298m (7 807)
- Income increased by 12 percent to SEK 17 879m (16 019)
- Net interest income increased by 16 percent to SEK 10 536m (9 092)
- Net commission income decreased by 6 percent to SEK 4 554m (4 841)
- Net gains and losses on financial items at fair value increased by 10 percent to SEK 1 216m (1 109)
- Expenses increased by 10 percent to SEK 8 870m (8 061)
- The cost/income ratio was 0.50 (0.50)
- Loan losses increased to SEK 711m (151)
- The effective tax rate was slightly lower at 21 percent (22).

Income increased

Income increased by 12 percent to SEK 17 879m (16 019). Excluding capital gains (MasterCard and PKK in 2008, CEK AB in 2007) and income from branch sales, income rose by 8 percent.

Net interest income increased by 16 percent to SEK 10 536m (9 092). Net interest income from deposits increased by SEK 688m through volume increases and improved interest margins. Net interest income from the lending portfolio rose by SEK 617m despite continued margin pressure and higher funding costs. Net interest income from other operations increased by SEK 139m.

Net commission income decreased by 6 percent to SEK 4 554m (4 841) mainly due to lower income from stock market-related operations, i.e., asset management, unit-linked insurance, brokerage commissions and corporate finance.

Net gains and losses on financial items at fair value increased to SEK 1 216m (1 109). The change in the value of derivatives tied to funding for euro lending in the Baltic region was SEK 165m (89) mainly due to rising euro interest rates. To decrease the accounting volatility in these transactions, cash flow hedges will be applied beginning next quarter, and unrealized changes in value will be taken up directly in equity rather than the income statement.

The change in the market value of Swedbank Market's credit bond portfolio decreased by SEK 187m (0).

Profit for the first six months of 2008 also includes a capital gain of SEK 101m on the sale of shares in MasterCard and a positive exchange rate effect of SEK 61m. The exchange rate effect is attributable to the reported liability for the assessed supplemental purchase price in dollars for Swedbank Ukraine, whose functional currency is the Ukrainian hryvnia. The Swedish krona strengthened against the dollar relatively more than the hryvnia.

Net insurance increased to SEK 208m (170). The increase was primarily in the Baltic region.

The **share of the profit or loss of associates** increased to SEK 238m (214) mainly due to higher profit in EnterCard.

Other income increased to SEK 1 127m (593) through a capital gain of SEK 440m on branch sales to two savings banks in western and southern Sweden as well as a capital gain of SEK 66m on the sale of Hansabank's partly owned card processing company, Pankade Kaardikeskus.

Expenses increased

Expenses increased by SEK 809m or 10 percent to SEK 8 870m (8 061). Of the increase, SEK 347m was attributable to the acquired Ukrainian banking operations and SEK 24m to the amortization of the value of the Hansabank brand.

Staff costs increased by SEK 285m or 6 percent to SEK 5 032m (4 747). Profit-based staff costs decreased by SEK 346m. The reserve for profit-based compensation in the Baltic Banking business area has been revised by SEK 185m due to lower provision requirements.

The Ukrainian acquisition and higher pension costs in the Swedish operations, as well as contractual salary increases, contributed to the higher staff costs.

Other expenses increased by 16 percent to SEK 3 838 (3 314) mainly due to expansion and change processes outside Sweden, as well as expenses for cash transports and security in Sweden.

Loan losses

Loan losses amounted to a net of SEK 711m (151), corresponding to a loan loss ratio of 0.12 percent (0.03).

Tax rate

Profit before tax amounted to SEK 8 298m (7 807) and the **tax expense** was SEK 1 740m (1 707), corresponding to an effective tax rate of 21 percent (22).

Interest rate risk

An increase in all market interest rates of one percentage point as of 30 June 2008 would have reduced the value of the Group's assets and liabilities, including derivatives, by SEK 1 760m (1 961). This calculation includes the portion of the bank's deposits assigned a duration of between 2 and 3 years. The decrease in the value of positions in Swedish kronor would have been SEK 1 606m (1 549). Positions in foreign currencies would have decreased in value by SEK 154m (412).

An interest rate increase of one percentage point would have reduced the Group's net gain and losses on items at fair value by SEK 113m (296) as of 30 June 2008.

Comparative figures refer to 31 December 2007.

Risks and uncertainties

Swedbank's earnings are affected by movements in global financial and business markets, including changes in interest rates, stock prices and exchange rates. However, Swedbank maintains a low-risk profile through a well-diversified credit portfolio and low financial and operational risks.

The credit crunch in the global financial market continued to impact the second quarter. Turbulence from the U.S. subprime crisis has negatively affected earnings even though Swedbank directly or indirectly has no significant exposure to this market. In addition, signs of overheating in the Baltic economies have raised concerns among investors and other stakeholders, which have also impacted Swedbank while not having a significant adverse effect on profit for the period. The effects of changes in the marketplace on Swedbank's operations are described in more detail in the business area report below.

In addition to what is stated in this interim report, a detailed description of the Group's risks and risk control is provided in the annual report for 2007 and in Swedbank's first annual disclosure on risk management and capital adequacy under the new Basel 2 rules. No significant changes have taken place with regard to the distribution of risks compared with what is stated in the annual report or the risk report.

Liquidity, funding and covered bonds

Against the backdrop of continued concerns in the global financial market, investors generally are demanding a higher risk premium because of the threat of a slowing global economy and potential recession in the U.S. Short- and long-term funding costs for banks and other credit institutions have therefore increased. The Swedish capital market, which is the primary source of financing for Swedbank, was relatively stable and liquid during the period.

Despite the global volatility, Swedbank maintained good access to liquidity. All its funding programmes, both domestic and international, are active and functioning well. Swedbank works actively to retain and enhance its well-diversified funding base. As of 21 April, Swedbank Mortgage moved to covered bonds as its primary form of funding. The transition took place through a conversion of outstanding long-term bonds to covered bonds with an AAA rating from Standard and Poor's and an Aaa rating from Moody's. After the conversion, Swedbank Mortgage began issuing covered bonds with the same ratings. The transition gives Swedbank access to even more categories of investors and a broader available investor base.

New capital adequacy rules – Basel 2

As of 1 February 2007, new rules apply in Sweden to capital adequacy and exposures, Basel 2. According to the new rules, the capital requirement will be more closely linked to the institution's risk profile. In addition to the capital requirement for credit risks and market risks, a capital requirement has been introduced for operational risks. Due to the scope of these changes, they are being implemented gradually over a three-year period through 2009. For Swedbank the capital requirement is gradually decreasing, since the new capital adequacy rules better reflect the low risk in the

credit portfolio. The full effect of the lower capital requirement will not be achieved until 2010.

As of 2008, all companies in the financial companies Group report according to the new Basel 2 rules. The companies that reported strictly according to the old Basel 1 rules in 2007 are now reporting according to the standard method in the new rules. These companies include the bank's subsidiaries in the Baltics, Russia and Ukraine as well as Swedbank Finans.

The capital adequacy ratio, which is calculated for the financial companies Group, was 12.6 percent as of 30 June 2008 with full effect of the new rules (12.7 as of 31 December 2007), of which the tier 1 capital ratio was 8.8 percent (8.5). The capital adequacy quotient was 1.58 (1.59). Tier 1 capital includes profit for the period after deducting the estimated dividend.

Taking into account the transitional rules, the tier 1 capital ratio was 6.7 percent (6.2), the capital adequacy ratio was 9.7 percent (9.3) and the capital adequacy quotient was 1.21 (1.16).

A specification of capital adequacy and a summary of the new rules are provided on page 30.

Balance sheet

Swedbank's total assets amounted to SEK 1 671bn as per 30 June, a decrease of SEK 25bn or 1 percent from the previous quarter and an increase of SEK 63bn or 4 percent since the beginning of the year. The decrease during the quarter mainly relates to the holding of interest-bearing securities and loans to credit institutions. The increase since the beginning of the year relates to loans to the public.

The long-term liquidity reserve amounted to approximately SEK 95bn, of which approximately SEK 20bn is in the Swedish liquidity portfolio and approximately SEK 10bn in the Baltic liquidity portfolio. The figure also includes the parent bank's holding of covered bonds issued by Swedbank Mortgage of approximately SEK 65bn, however, the holding is eliminated in the consolidated balance sheet. In addition to the active liquidity reserve, there are mandated cash reserves of nearly SEK 14bn in the Baltic region, Russia and Ukraine.

The loan/deposits ratio was 251 percent, against 245 percent at the beginning of the year. The loan/deposits ratio excluding lending in Swedbank Mortgage was 128 percent (121).

Subordinated liabilities amounted to SEK 40bn, an increase of SEK 3bn from the previous quarter and in line with the beginning of the year. During the quarter, SEK 1.4bn in hybrid capital and SEK 3.8bn in dated subordinated loans were issued.

Equity amounted to SEK 70bn, in line with the previous quarter and SEK 2bn higher than the beginning of the year.

A specification of the balance sheet is provided on page 33. A specification of changes in equity is provided on page 34.

Lending

The Group's lending to the public, excluding repurchase agreements (repos), increased during the quarter by SEK 38bn or 3 percent to SEK 1 169bn (1 131) on 30 June. The increase was SEK 28bn in the previous quarter and SEK 38bn in the same quarter a year earlier. The lending increase in the Baltic region was SEK 8bn during the quarter, against SEK 10bn in the same quarter of the previous year. A specification of lending is provided on page 36.

The share of impaired loans was 0.20 percent (0.16) at the end of the quarter. Of the increase in gross impaired loans of SEK 1.3 bn since the beginning of the year, Baltic Banking accounted for SEK 1.2bn. The increase in the Baltics is primarily among private customers as well as real estate management companies in Estonia and Latvia.

Savings and investments

Customers' total savings and investments in Swedbank increased by SEK 1bn to SEK 1 116bn (1 115) during the quarter. Since the beginning of the year, customers' total savings and investments have increased by SEK 7bn. Customers' investment assets have fallen in value due to declining stock prices.

Customers' deposits, excluding repurchase agreements (repos), have increased by SEK 17bn or 4 percent since the beginning of the year to SEK 466bn (450).

A specification of savings and investments is provided on page 36.

Other events

Branch sales to savings banks

On 1 January 2008, Swedbank transferred its operations in Lerum to Sparbanken Alingsås. On the same date Swedbank's seven branches in the municipalities of Osby and Hässleholm were transferred to Sparbanken 1826 (formerly Kristianstads Sparbank and Tyringe Sparbank). At year-end, business volume in the transferred branches amounted to SEK 12.9bn, of which bank lending accounted for SEK 1.4bn and deposits for SEK 3.6bn. Business volumes related to lending in Swedbank Mortgage and Swedbank Finans and investments in Swedbank Robur's mutual funds and Swedbank's index-linked bonds remain with Swedbank after the transaction. The sales price was SEK 440m.

Swedbank Robur acquired Folksam Fond AB

On 2 January 2008, Swedbank Robur acquired all the shares in Folksam Fond AB. The acquisition was settled in cash for SEK 463m. The difference between the acquisition value and the subsidiary's net assets of SEK 43m was allocated to intangible assets, fund management services, SEK 583m, and deferred tax liabilities, SEK 163m.

Swedbank Robur named best fund manager in Nordic region

For the second consecutive year, Swedbank Robur has been named the best fund manager in the Nordic region by the international analyst firm Lipper. Swedbank Robur received a total of eight awards, two for the best fund company and six for individual funds. Earlier in the year, Swedbank Robur was also named Sweden's Fund Manager of the Year for 2007 by investment research firm Morningstar and business daily Dagens Industri for its strong fund performance during 2007.

Acquisition of ZAO OKO Capital Vostok

During the first quarter, Swedbank AB completed the acquisition of ZAO OKO Capital Vostok from Finland's Pohjola Bank. The acquisition cost was SEK 5m, which

was allocated to goodwill. The company, which will change its name to ZAO Swedbank Markets, is active in investment banking with a focus on financial advice for Nordic and Russian companies in connection with acquisitions and divestitures of businesses in Russia. The company has seven employees.

Ownership of Swedbank's Russian operations transferred from AS Hansabank to Swedbank AB

On 12 May, ownership of the Russian operations of OAO Swedbank and Hansa Leasing Ltd was transferred from AS Hansabank to Swedbank AB.

Swedbank brand to be launched in Baltic countries

In autumn 2008, Hansabank in the Baltic region will change its name to Swedbank. This means that the useful life is finite and the asset is subject to amortization.

Swedbank AB sells its shares in NCSD

Swedbank AB has agreed to sell its holding in NCSD Holding AB to Euroclear Group. This sale will result in a preliminary capital gain of around SEK 650m. NCSD's operations affected Swedbank's earnings negatively by SEK 13m in 2006 and positively by SEK 82m in 2007.

The capital gain will be reported in the third quarter.

Annual General Meeting and dividend

Swedbank's Annual General Meeting (AGM) 2008 was held in Stockholm on 25 April.

The AGM elected one new member to the Board of Directors, Helle Kruse Nielsen. Current board members Gail Buyske, Simon F.D. Ellis, Ulrika Francke, Berith Hägglund-Marcus, Göran Johnsson, Anders Nyblom and Carl Eric Stålberg were re-elected. Carl Eric Stålberg was also elected as Chair.

The dividend to the shareholders of SEK 9 per share (8.25) was approved in accordance with the Board's proposal. The dividend was paid through VPC (the Swedish Central Securities Depository) on 6 May 2008.

The Board and the President were discharged from liability for the year 2007.

The AGM also resolved, in accordance with the Board's proposal, to allow the bank, until the next AGM, to acquire up to 1 percent of the bank's shares to facilitate its securities operations. Moreover, it was resolved to authorize the Board, on one or more occasions until the next AGM, to decide to acquire up to 5 percent of all the shares in the bank in addition to the acquisitions by the securities operations. Purchases may only be through the OMX Nordic Exchange Stockholm at a price between the highest buying and lowest selling rate at the time of acquisition.

The AGM decided on the guidelines for the Nomination Committee. The bank will announce the names of the members of the committee not later than six months before the next AGM. The AGM also decided on compensation guidelines for senior executives.

Accounting policies

The year-end report has been prepared in accordance with IAS 34.

As previously, the parent company prepares its accounts according to the Annual Accounts Act for Credit Institutions and Securities Companies, the directives of the

Financial Supervisory Authority and recommendation RR 32:06 of the Swedish Financial Accounting Standards Council (replaced by the Financial Reporting Council as of 1 April 2007).

The accounting policies applied in the interim report are the same as those applied in the preparation of the annual report for 2007. In the parent company, however, calculated pension costs and pension settlements are no longer reported. As a result, the cost of self-managed pension assets is fully reported as a staff cost. Comparative figures have been restated.

Rating

Jun, 2008	S&P		Moody's			Fitch	
	Short	Long	Short	Long	BFSR *	Short	Long
Swedbank	A-1	A+	P-1	Aa2	B-	F1	A+
Swedbank Mortgage	A-1		P-1	Aa2		F1+	AA-
Hansabank			P-1	Aa3	C	F1	A

* Bank Financial Strength Ratings

During the quarter Moody's lowered the long-term ratings for Swedbank and Swedbank Mortgage from Aa1 to Aa2, as well as the rating for Hansabank from Aa2 to Aa3. BFSR lowered the rating for Swedbank from B to B- and the rating for Hansabank from C+ to C.

Swedbank's share

SWED A	Jun 30 2008	Dec 31 2007
Share price, SEK	116.50	183.00
No. of shares in issue	515 373 412	515 373 412
Market capitalization, SEKm	60 041	94 313

Swedbank's share, ticker symbol SWED A, is listed on the OMX Nordic Exchange.

Events after 30 June 2008

Changes in Group Executive Management and organisation

Group Executive Management has decided to coordinate international banking operations by transferring certain international operations from Swedbank Markets to International Banking. After this change, International Banking will consist of the operations in Ukraine and Russia, the branches in the Nordic countries, the U.S. and China, a number of representative offices, financial institutions and related product areas, the subsidiary in Luxembourg and certain staff functions.

Annika Wijkström, who currently heads Swedbank Markets, is taking over responsibility for the International Banking business area, succeeding Anders EK, who is retiring. Magnus Gagner Geeber, currently Head of Project & Corporate Finance at Swedbank Markets, has been appointed the new Head of Swedbank Markets and will become a new member of Group Executive Management.

The changes take effect on 1 July 2008.

Revised capital adequacy objective

Swedbank's Board of Directors has approved a new objective for the tier 1 capital ratio. According to the new objective, which is based on the full effect of the new capital adequacy rules, the tier 1 capital ratio shall be in the range of 8.5-9.0 percent.

The previous objective, which was based on the transitional capital adequacy rules, was a tier 1 capital ratio of around 6.5 percent.

Business area report

Jan-Jun 2008 SEKm	Swedish Banking	Baltic Banking	International Banking	Swedbank Markets	Asset Management and Insurance	Shared Services and Group Staffs	Eliminations	Group
Net interest income	5 953	2 877	810	765	52	67	12	10 536
Net commission income	2 082	936	109	579	848	0	0	4 554
Net gains and losses on financial items at fair value	195	283	127	371	10	242	-12	1 216
Share of the profit or loss of associates	187	2		0		49		238
Other income	733	329	31	21	82	1 596	-1 457	1 335
Total income	9 150	4 427	1 077	1 736	992	1 954	-1 457	17 879
Staff costs	1 997	890	292	397	194	809	0	4 579
Profit-based staff costs	119	-25	42	251	14	52		453
IT expenses	439	153	29	120	93	436	-503	767
Other expenses	1 883	573	238	266	142	479	-954	2 627
Depreciation/amortization	56	175	57	7	16	133	0	444
Total expenses	4 494	1 766	658	1 041	459	1 909	-1 457	8 870
Profit before loan losses	4 656	2 661	419	695	533	45		9 009
Loan losses, net	180	418	119	0		-6		711
Operating profit	4 476	2 243	300	695	533	51		8 298
Tax expense	1 181	176	67	196	130	-10		1 740
Profit for the period	3 295	2 067	233	499	403	61		6 558
Profit for the period attributable to:								
Shareholders of Swedbank AB	3 289	2 067	233	451	403	61		6 504
Minority interest	6			48				54
Return on allocated equity, %	22.7	18.9	6.5	23.5	37.1	2.1		18.7
C/I ratio before loan losses	0.49	0.40	0.61	0.60	0.46	0.98		0.50
Full-time employees	6 054	9 242	4 107	789	346	1 677		22 215

Business area accounting policies

The business area report is based on Swedbank's accounting policies, organization and management accounting.

Market-based compensation is applied between business areas, while all expenses for IT, other shared services and Group staffs are transferred at full cost-based transfer prices to the business areas. Executive management expenses are not distributed. Cross-border transfer pricing is applied according to OECD transfer pricing guidelines.

The Group's equity allocated to shareholders is distributed to each business area based on capital adequacy rules and estimated capital requirements. The new Basel 2 rules are principally used. Since all companies will report according to Basel 2 as of 2008, this entails a few minor changes.

Return on equity for the business areas is based on operating profit less estimated tax and minority interests in relation to average allocated equity.

Swedish Banking

Swedish Banking is Swedbank's dominant business area, comprising a network of 436 branches organized in 36 operating areas in four regions. The cooperation with the savings and partly owned banks adds another 259 branches. The branch network is complemented by 169 in-store banking locations, while the agreement with ICA Banken allows customers to withdraw cash at 1 400 ICA supermarkets. The local bank branches, special corporate units or private banking units within the regions have responsibility for all Swedish customers, with the exception of financial institutions. Of the business area's 6 050 full-time employees, around 4 700 are located in the four regions.

The business area also comprises the Telephone Bank and Internet Bank as well as the subsidiaries

Swedbank Mortgage, Swedbank Finans and Swedbank Card Services (previously Swedbank Babs), whose products are sold through Swedbank and the cooperating savings banks' distribution network. The subsidiaries Swedbank Fastighetsbyrå (real estate brokerage), Swedbank Juristbyrå (legal services) and Swedbank Företagsförmedling (company sales) operate according to franchise concepts.

The Customer and Product Offerings unit produces and coordinates offerings for various customer groups and is responsible for the development and launch of new products based on customer needs.

Swedish Banking also includes the jointly owned card company EnterCard, with operations in Sweden, Norway and Denmark.

Profit trend

SEKm	Jan-Jun 2008	Jan-Jun 2007	%	Q2 2008	Q1 2008	Q4 2007	Q3 2007	Q2 2007
Net interest income	5 953	5 848	2	2 971	2 982	2 927	2 926	2 905
Net commission income	2 082	2 191	-5	1 057	1 025	1 183	1 130	1 115
Net gains and losses on financial items at fair value	195	218	-11	179	16	116	1	86
Share of the profit or loss of associates	187	161	16	97	90	52	118	69
Other income	733	357		149	584	277	173	224
Total income	9 150	8 775	4	4 453	4 697	4 555	4 348	4 399
Staff costs	1 997	1 964	2	976	1 021	995	995	1 003
Profit-based staff costs	119	143	-17	41	78	101	98	81
IT expenses	439	453	-3	230	209	242	197	235
Other expenses	1 883	1 908	-1	964	919	927	893	990
Depreciation/amortization	56	45	24	28	28	14	25	21
Total expenses	4 494	4 513	0	2 239	2 255	2 279	2 208	2 330
Profit before loan losses	4 656	4 262	9	2 214	2 442	2 276	2 140	2 069
Loan losses, net	180	-54		85	95	122	3	13
Operating profit	4 476	4 316	4	2 129	2 347	2 154	2 137	2 056
Tax expense	1 181	1 209	-2	525	656	606	598	576
Profit for the period	3 295	3 107	6	1 604	1 691	1 548	1 539	1 480
Profit for the period attributable to:								
Shareholders of Swedbank AB	3 289	3 101	6	1 601	1 688	1 545	1 536	1 477
Minority interest	6	6		3	3	3	3	3
Allocated equity	28 921	25 865	12	28 924	28 918	28 110	26 792	26 257
Return on allocated equity, %	22.7	24.0		22.1	23.3	22.0	22.9	22.5
Income items								
Income from external customers	8 367	7 807	7	4 081	4 286	4 101	3 894	3 902
Income from transactions with other segments	783	968	-19	372	411	454	454	497
Business volumes, SEK billion								
Lending	909	806	13	909	888	867	832	806
Deposits	327	285	15	327	316	317	300	285
Mutual funds & insurance	218	270	-19	218	222	251	263	270
Other investment volume	26	22	18	26	27	25	23	22
Investments in associates	2	2		2	2	2	2	2
Risk-weighted assets, old rules	656	575	14	656	643	623	601	575
Total assets	1 057	895	18	1 057	1040	972	910	895
Total liabilities	1 028	869	18	1 028	1010	943	883	869
Full-time employees	6 054	6 226	-3	6 054	6 133	6 236	6 190	6 226

Dark clouds over Swedish economy

Sweden's economic growth rate has continued to slow in line with the rest of the world. For the first quarter 2008, calendar-adjusted GDP growth was 2.2 percent, against 3.3 percent a year earlier. The slower activity is primarily the result of weaker domestic demand – consumption and investments. The previously robust Swedish labour market is also showing signs of a slowdown. With the number of new job openings dropping at the same time that layoffs are on the rise, there is a growing risk of higher unemployment in the next half year. High energy and food prices contributed to a rise in inflation to 4.3 percent in June, exceeding the Riksbank's target of 2 percent.

The Riksbank did not change the repo rate during the quarter. As a result, the rate averaged 4.25 percent, compared with 3.26 percent in the second quarter of 2007 and 4.11 percent in the first quarter of 2008. The Riksbank's decision on 2 July to raise the repo rate by 25 bp to 4.50 percent despite weaker growth prospects could be followed by more rate hikes unless inflation slows.

The Stockholm Stock Exchange's OMXSPI index decreased by nearly 11 percent during the second quarter and since the beginning of the year has fallen by slightly over 20 percent. Prices of single-family homes in Sweden have essentially remained unchanged during the most recent three-month period, according to Statistics Sweden's single-family home barometer. However, on an annual basis, real estate prices have risen by 6 percent.

Financial market volatility

Turbulence in the global financial markets continued during the second quarter. Rates in the Swedish interbank market (Stibor) have remained at historically high levels in relation to Swedish treasury bill rates. Because of the higher interbank rates, Swedbank has raised the rates on its variable-rate loan products on three other occasions in addition to when the Riksbank raised the repo rate. Long-term interest rates climbed substantially at the end of the period, which led to several increases in fixed mortgage rates.

During the first half year, Swedbank Mortgage has maintained higher liquidity than before, which has affected net interest income negatively through higher cash costs.

Service leader

Weekend banking hours were introduced earlier in the year at three full-service branches in Sweden's three largest cities as part of a strategy of service leadership. Around 60 large branches already offer late hours Monday to Friday.

A mutual fund programme launched at the beginning of the year makes it easier for bank employees to sell a basic range of funds. The programme started in mid-January with an attention-getting campaign called "Wake up your money." PPM Förvaltning, a new service launched in May, manages premium pension fund investments for customers based on the level of risk they select.

During the first two months after restrictions were lifted on transferring pension savings, Swedbank had six times more customers who chose to transfer their pensions to the bank than from the bank. In Private Banking, extensive product and concept development is under way to increase volumes and market shares. Marketing to large companies is strengthened through

further investments organizationally and in terms of resources.

Robberies

In the last half year, Swedbank suffered a large number of robberies. A variety of measures have been taken to prevent future robberies, including limits on the amount of cash kept by the branches and changes in pricing to encourage more card use and less use of cash. To protect the welfare of its employees, the banking industry, retailers and armoured transport companies share a common interest in reducing the use of cash in society.

Swedbank again named most popular employer

For the second consecutive year, Swedbank was the most popular bank to work for in Sweden. In this year's Company Barometer, presented by Universum Communication, Swedbank was the fourth most popular employer in Sweden among business students.

In a reputational survey by Nordic Brand Academy, Swedbank was named the best company in banking and financial services. In the insurance company Folksam's annual survey of large Swedish companies, Swedbank was ranked as being the most gender-equal.

Branches sold

On 1 January 1, 2008, Swedbank transferred its operations in Lerum to Sparbanken Alingsås. On the same date, it also transferred seven branches in the municipalities of Osby and Hässleholm to Sparbanken 1826 (formerly Kristianstads Sparbank and Tyringe Sparbank). As of year-end, business volumes for the transferred branches amounted to SEK 12.9bn, of which bank lending accounted for SEK 1.4bn and deposits for SEK 3.6bn. The branches have 52 employees. The sale price was SEK 440m.

Higher lending volumes

Lending increased by SEK 21bn during the quarter, compared with a lending increase of SEK 21bn in the previous quarter and SEK 25bn in the same quarter of the previous year. Total lending volume amounted to SEK 909bn at the end of the quarter, an increase of 13 percent in one year.

Mortgage lending to private customers increased by SEK 6bn during the quarter, compared with SEK 9bn during the previous quarter and SEK 11bn in the same quarter of the previous year. In one year, mortgage lending to private customers has increased by 10 percent to SEK 442bn.

Bank lending to corporate customers increased by SEK 11bn during the quarter, compared with SEK 10bn during the previous quarter and SEK 8bn in the same quarter of the previous year. In one year, bank lending to corporate customers has increased by 28 percent to SEK 241bn.

Savings and investment volumes

Savings and investment volumes, excluding holdings in customers' brokerage accounts, decreased by SEK 6bn during the quarter, compared with a decrease by SEK 28bn during the previous quarter and with a volume increase of SEK 20bn in the same quarter of the previous year. Total savings and investment volumes amounted to SEK 571bn at the end of the quarter, a decrease of 1 percent in one year.

Of the change in volume during the quarter, mutual fund and insurance volumes accounted for SEK -4bn

(SEK 6bn in the second quarter of 2007), deposits for SEK 11bn (10) and index-linked bonds for SEK -1bn (0). The decrease in mutual fund and insurance volumes is mainly due to lower market values, SEK 4bn. Fund withdrawals through Swedish Banking were SEK 1bn (1) higher than contributions during the quarter.

Increased payment volumes

Swedbank had 3.6 million (3.4) bank cards in circulation as of 30 June. During the first half year, the number of card purchases increased by 15 percent and the number of card transactions cleared rose 20 percent compared with the same quarter last year.

Market shares

The market share for outstanding lending to private customers was 26 percent (26, previous year) and for outstanding lending to corporate customers 22 percent (21). The market share for outstanding residential mortgage lending was 29 percent (30).

The market share for outstanding deposits from private customers was unchanged at 26 percent (26), while the share for corporate deposits increased to 16 percent (15). The market share for net sales of mutual funds was negative (neg.), while the share for outstanding fund investments was 27 percent (26). The share for the outstanding balance of listed equity-linked bonds was 23 percent (23).

Profit trend Q2 2008 vs. Q1 2008

Profit for the period decreased by SEK 87m or 5 percent to SEK 1 601m. Excluding capital gains from the sales of shares in MasterCard during the second quarter and branch sales during the first quarter, income rose by SEK 129m or 9 percent. The return on equity was 22.1 percent (23.3). The cost/income ratio was 0.50 (0.48).

Excluding capital gains, income increased by SEK 95m or 2 percent.

Net interest income decreased marginally to SEK 2 971m (2 982). Further increases in deposit and lending volumes raised net interest income by SEK 88m. The lending margin was unchanged at 0.77 percent. For deposits, the interest margin decreased by 5 bp to 1.39 percent, negatively affecting net interest income by SEK 44m. Other effects were SEK 55m lower than the previous quarter.

Net commission income increased by SEK 32m or 3 percent to SEK 1 057m mainly due to higher income from Swedbank Markets. Commissions from lending, guarantees and deposits also rose.

Net gains and losses on financial items at fair value increased by SEK 163m to SEK 179m, of which SEK 101m was due to the capital gain on shares in MasterCard and SEK 51m was higher valuation effects on Swedbank Mortgage's lending, funding and derivatives marked to fair value.

The share of profit or loss of associates increased by SEK 7m to SEK 97m partly due to higher profit from EnterCard.

Other income decreased by SEK 435m to SEK 149m, of which SEK 440m is due to branch sales in the first quarter.

Expenses decreased by SEK 16m to SEK 2 239m.

Staff costs, excluding profit-based compensation, decreased by SEK 45m to SEK 976m due to a lower number of employees and the accrual effects of salary increases. Profit-based compensation decreased by SEK 37m to SEK 41m partly due to lower

disbursements to the bonus programme for branch employees than allocated in 2007 and to the lower number of employees.

Other expenses increased by SEK 66m or 6 percent to SEK 1 222m. The increase was primarily due to higher IT development expenses and higher expenses for cash transports and cash handling.

Loan losses amounted to a net of SEK 85m (95).

The number of full-time positions decreased by 79 to 6 054.

Profit trend Q2 2008 vs. Q2 2007

Profit for the period increased by SEK 124m or 8 percent to SEK 1 601m. The return on equity was 22.1 percent (22.5). The cost/income ratio was 0.50 (0.53).

Income increased by SEK 54m or 1 percent to SEK 4 453m.

Net interest income increased by SEK 66m to SEK 2 971m. Further increases in deposit and lending volumes raised net interest income by SEK 367m. The lending margin decreased by 11 bp to 0.77 percent, which negatively affected net interest income by SEK 244m. For deposits, the interest margin improved by 10 bp to 1.39 percent, positively affecting net interest income by SEK 79m. Other effects were SEK 136m lower.

Net commission income decreased by SEK 58m or 5 percent to SEK 1 057m mainly due to lower income from fund and insurance operations.

Net gains and losses on financial items at fair value increased by SEK 93m to SEK 179m, of which the capital gain on shares in MasterCard accounted for SEK 101m.

The share of profit or loss of associates increased by SEK 28m mainly due to higher profit from EnterCard.

Other income decreased by SEK 75m, of which SEK 40m is due to the sale of CEK AB in 2007.

Expenses decreased by SEK 91m or 4 percent to SEK 2 239m.

Staff costs, excluding profit-based compensation, decreased by SEK 27m or 3 percent partly due to a lower number of employees. Profit-based compensation decreased by SEK 40m due to lower provisions to the incentive programme for branch employees.

Other expenses decreased by SEK 24m.

Loan losses amounted to a net of SEK 85m (13).

The number of full-time positions decreased by 172 to 6 054.

Profit trend first half year 2008 vs. first half year 2007

Profit for the period increased by SEK 188m or 6 percent to SEK 3 289m. Excluding capital gains from branch sales and the sale of shares in MasterCard and CEK AB, income decreased by SEK 189m or 6 percent to SEK 2 872m. The return on equity was 22.7 percent (24.0). The cost/income ratio was 0.49 (0.51).

Income increased by SEK 375m or 4 percent to SEK 9 150m. Excluding nonrecurring items, income decreased by SEK 125m or 1 percent. The lower income is tied to declining stock prices.

Net interest income increased by SEK 105m to SEK 5 953m. Further increases in deposit and lending volumes raised net interest income by SEK 738m. The lending margin decreased by 13 bp to 0.77 percent, negatively affecting net interest income by SEK 605m. For deposits, the interest margin improved by 15 bp to

1.42 percent, positively affecting net interest income by SEK 227m. Other effects were SEK 255m lower.

Net commission income decreased by SEK 109m or 5 percent to SEK 2 082m mainly due to lower income from fund and insurance operations.

Net gains and losses on financial items at fair value decreased by SEK 23m to SEK 195m. The capital gain on the sale of the shares in MasterCard did not fully offset the lower valuation effects in Swedbank Mortgage.

The share of profit or loss of associates increased by SEK 26m due to higher profit from EnterCard.

Other income increased by SEK 376m, of which SEK 440m is due to branch transfers in 2008 and SEK 40m to a capital gain on CEK AB in 2007.

Expenses decreased by SEK 19m to SEK 4 494m.

Staff costs, excluding profit-based compensation, increased by SEK 33m or 2 percent. Profit-based compensation decreased by SEK 24m due to lower provisions to the incentive programme for branch employees.

Other expenses decreased by SEK 28m.

Loan losses amounted to a net of SEK 180m (-54).

The number of full-time positions decreased by 172 to 6 054. Of the decrease, 52 were the result of branch transfers.

Baltic Banking

Baltic Banking consists of Baltic Banking Operations and Investment, respectively.

Baltic Banking Operations is defined as the subsidiary group Hansabank, adjusted so that slightly lower equity is allocated to this business on the basis of the estimated need for risk capital compared with the de facto equity in the subsidiary group. Baltic Banking has business operations in Estonia, Latvia and Lithuania.

Comments on Baltic Banking in this report refer to the business operations, unless indicated otherwise.

The effects of Swedbank's ownership of Hansabank are reported in Baltic Banking Investment in the form of financing costs, Group goodwill and amortization of the surplus values in the lending and deposit portfolios identified at the time of the acquisition in 2005.

In autumn 2008, Hansabank will change its name to Swedbank in the Baltic region. The full brand migration will take about one year.

Baltic Banking Operations

Profit trend

SEKm	Jan-Jun 2008	Jan-Jun 2007	%	Q2 2008	Q1 2008	Q4 2007	Q3 2007	Q2 2007
Net interest income	3 106	2 592	20	1 531	1 575	1 588	1 487	1 377
Net commission income	936	902	4	478	458	477	475	478
Net gains and losses on financial items at fair value	283	440	-36	205	78	163	213	235
Share of the profit or loss of associates	2	2		0	2	3	2	1
Other income	329	177	86	200	129	141	111	107
Total income	4 656	4 113	13	2 414	2 242	2 372	2 288	2 198
Staff costs	890	700	27	451	439	427	348	364
Profit-based staff costs	-25	246		-108	83	160	163	131
IT expenses	153	141	9	84	69	81	70	77
Other expenses	573	444	29	315	258	343	236	233
Depreciation/amortization	103	89	16	53	50	51	47	46
Total expenses	1 694	1 620	5	795	899	1 062	864	851
Profit before loan losses	2 962	2 493	19	1 619	1 343	1 310	1 424	1 347
Loan losses, net	418	181		245	173	116	153	74
Operating profit	2 544	2 312	10	1 374	1 170	1 194	1 271	1 273
Tax expense	210	210	0	103	107	124	121	121
Profit for the period	2 334	2 102	11	1 271	1 063	1 070	1 150	1 152
Allocated equity	14 618	12 877	14	14 603	14 633	15 045	14 665	13 612
Return on allocated equity, %	31.9	32.6		34.8	29.1	28.4	31.4	33.9
Income items								
Income from external customers	4 656	4 113	13	2 414	2 242	2 372	2 288	2 198
Business volumes, SEK billion								
Lending	190	153	21 *	190	182	177	164	153
Deposits	105	92	11 *	105	102	102	92	92
Mutual funds & insurance	18	17	6	18	17	19	18	17
Risk-weighted assets, old rules	180	154	17	180	173	175	159	154
Total assets	241	202	19	241	231	233	210	202
Total liabilities	226	188	20	226	216	218	197	188
Full-time employees	9 242	9 156	1	9 242	9 206	9 203	9 112	9 156

* Changes reported excl. foreign exchange effects

Continued deterioration in the Baltic economies

Economic conditions have been worsening for some time in the fast-growing Baltic economies, particularly Latvia and Estonia. The slowdown accelerated during the last quarter. The economic slowdown is largely the result of recent years' rapid growth in domestic demand. The flagging global economy in the past year has further reinforced this downward trend.

GDP growth in Lithuania remained high in the first quarter 2008 at 7.0 percent, while growth in Latvia slowed to 3.3 percent and in Estonia to 0.1 percent. GDP growth is expected to continue to slow in all three Baltic countries.

Inflation figures for June were 12.5 percent in Lithuania, 11.4 percent in Estonia and 17.7 percent in Latvia.

During the first half year, the Estonia stock index fell by 21 percent, Latvia's by 13 percent and the Lithuania stock index by 17 percent.

Real estate prices have continued to decline.

Euro rates rose during the second quarter. The 90-day Euribor rate averaged 4.86 percent, compared with 4.48 percent in the first quarter 2008 and 4.07 percent in the second quarter 2007. Domestic interest rates fell. During the second quarter, the 90-day Rigibor rate was 5.95 percent, compared with 7.70 percent in the previous quarter and 9.16 percent in the same quarter of the previous year.

Major challenges

Declining economic conditions in the Baltics pose challenges for Swedbank as the region's largest bank. Ensuring continued high quality in the credit portfolio while finding workable solutions together with customers who incur payment problems remains the highest priority.

Lower credit demand means the sales organization will have to adapt to lower volumes. This, coupled with current efforts to increase efficiency in sales and back office processes, will necessitate a reduction in the number of employees. Efficiency improvements will also be made in the retail network. The number of branches was reduced by 6 in the second quarter. Smaller branches were replaced by larger full service branches. The number of regular employees decreased by 185 in the second quarter.

To take better advantage of synergies between the three Baltic countries, a reorganization has been launched that includes a shared, streamlined organization for product development and customer offerings.

Initiatives are under way to further integrate the Baltic operations with other parts of the Group.

The process of changing the Hansabank brand to Swedbank has successfully begun.

As of 2009, the IRB internal risk classification method will be fully implemented. At present, IRB is being tested along with the new capital adequacy rules' standard method.

Swedbank enters this period of weaker economic conditions in a very strong position. This position, together with the region's positive long-term growth, will afford continuing attractive opportunities moving forward.

Business volumes

Lending increased by SEK 8bn during the second quarter to SEK 190bn, compared with SEK 5bn in the previous quarter and SEK 10bn in the same quarter of the previous year. In the latest 12 months, the increase was 21 percent. The rate of increase measured in euro has gradually decreased from 49 percent a year ago. The rate is expected to continue to decrease.

In one year, lending has increased by 19 percent in Estonia to SEK 76bn, by 17 percent in Latvia to SEK 60bn and by 29 percent in Lithuania to SEK 54bn. Lending to private customers has increased in one year by 22 percent to SEK 83bn, while corporate lending has increased by 21 percent to SEK 107bn.

In one year, deposits have increased by 11 percent to SEK 105bn. In Estonia, deposits have increased in one year by 14 percent to SEK 48bn, in Latvia by 6 percent to SEK 23bn and in Lithuania by 12 percent to SEK 34bn.

The number of cards in circulation has increased since the beginning of the year and amounts to closely 3.5 million.

Market shares

The market share for outstanding corporate lending was 44 percent (45, previous year) in Estonia, 26 percent (29) in Latvia and 25 percent (25) in Lithuania. The market share for outstanding lending to private customers was 49 percent (50) in Estonia, 27 percent (27) in Latvia and 27 percent (30) in Lithuania.

The market share for outstanding deposits was 55 percent (54) in Estonia, 17 percent (19) in Latvia and 30 percent (30) in Lithuania.

Profit trend Q2 2008 vs. Q1 2008

Profit for the period amounted to SEK 1 272m (1 063). The return on equity was 34.8 percent (29.1) and the cost/income ratio was 0.33 (0.40).

Income increased by SEK 172m or 8 percent to SEK 2 414m (2 242) mainly due to higher net gains and losses on financial items at fair value and a capital gain of SEK 66m.

Net interest income decreased by SEK 44m or nearly 3 percent to SEK 1 531m. Further increases in deposit and lending volumes raised net interest income by SEK 47m. The lending margin decreased by 19 bp to 2.10 percent, which reduced net interest income by SEK 92m. Higher funding costs that could not be fully passed on to lending customers explain the margin change. In terms of deposits, the interest margin decreased by 29 bp to 2.00 percent, reducing net interest income by SEK 76m. Falling local money market rates, combined with higher price competition for deposits, explain the margin pressure particularly in Latvia. Other effects increased net interest income by SEK 77m.

Net commission income increased by SEK 20m or 4 percent to SEK 478m (458) primarily due to higher payment commissions, while stock-market-related income continued to decline.

Net gains and losses on financial items at fair value increased by SEK 127m to SEK 205m, a more normal level. The previous quarter was affected by weak income from stock trading and a negative change in the fair value of assets in insurance operations.

Other income increased by SEK 71m or 55 percent to SEK 200m mainly due to a capital gain on the sale of shares in Pankade Kaardikeskus (PKK), the Estonian card processor owned together with SEB and Sampo. The buyer was Northern Europe Transaction Services (NETS).

Expenses decreased by SEK 104m or by 12 percent to SEK 795m. Excluding a reversal of SEK 185m in provisions for profit-based staff costs owing to lower provision requirements, expenses increased by SEK 81m or 9 percent. Marketing expenses and expenses for current organizational changes raised expenses.

The number of full-time positions increased by 36 to 9 242, including increases of 112 in Estonia and 6 in Latvia and a decrease of 82 in Lithuania. The increase is due to temporary trainees/vacation replacements.

Loan losses amounted to SEK 245m (173). The loan loss ratio increased to 0.54 percent (0.39). The share of impaired loans increased to 0.91 percent (0.69). The increase was mainly due to private customers and real estate management companies in Latvia and Estonia.

Profit trend Q2 2008 vs. Q2 2007

Profit for the period increased by SEK 120m or 10 percent to SEK 1 272m (1 152). The return on equity was 34.8 percent (33.9) and the cost/income ratio was 0.33 (0.39).

Income increased by SEK 216m or 10 percent to SEK 2 414m (2 198) mainly due to higher net interest income and capital gains.

Net interest income increased by SEK 154m or 11 percent to SEK 1 531m. Further increases in deposit and lending volumes raised net interest income by SEK

292m. The lending margin decreased by 22 bp to 2.10 percent, reducing net interest income by SEK 108m. Higher funding costs that could not be fully passed on to lending customers explain the margin change. In terms of deposits, the interest margin decreased by 48 bp to 2.00 percent, reducing net interest income by SEK 127m. Falling local money market rates, combined with higher price competition for deposits, explain the margin pressure particularly in Latvia. Other effects increased net interest income by SEK 97m.

Net commission income was unchanged.

Net gains and losses on financial items at fair value decreased by SEK 30m to SEK 205m partly due to slower customer activity and a negative change in the fair value of assets in insurance operations.

Other income increased by SEK 93m to SEK 200m mainly due to a gain of SEK 66m on the sale of shares in the partly owned card processor PKK.

Expenses decreased by SEK 56m or 7 percent to SEK 795m. Excluding a reversal in the profit-sharing reserve, expenses increased by SEK 129m or 15 percent.

Staff costs, excluding profit-based compensation, increased by 24 percent to SEK 451m due to increases in the number of employees and wages. Profit-based compensation decreased by SEK 239m mainly due to a decrease of SEK 185m in reserves owing to lower provision requirements.

Other expenses increased by SEK 96m or 27 percent mainly due to higher expenses for premises and expenses for organizational changes.

The number of full-time positions increased by 86 to 9 242, including increases of 8 in Estonia and 145 in Latvia and a decrease of 67 in Lithuania.

Loan losses amounted to SEK 245m, an increase of SEK 171m. The loan loss ratio was 0.54 percent (0.21). The share of impaired loans increased to 0.91 percent (0.27). The increase was mainly due to private customers and real estate management companies in Latvia and Estonia.

Profit trend first half year 2008 vs. first half year 2007

Profit for the period increased by SEK 233m or 11 percent to SEK 2 335m (2 102). The return on equity was 31.9 percent (32.6) and the cost/income ratio was 0.36 (0.39).

Income increased by SEK 543m or 13 percent to SEK 4 656m (4 113) mainly due to higher net interest income.

Net interest income increased by SEK 514m or 20 percent to SEK 3 106m. Further increases in deposit and lending volumes raised net interest income by SEK 610m. The lending margin decreased by 11 bp to 2.19 percent, reducing net interest income by SEK 144m. Higher funding costs that could not be fully passed on to lending customers explain the margin change. In terms of deposits, the interest margin decreased by 8 bp to 2.14 percent, reducing net interest income by SEK 66m. Falling local money market rates, combined with higher price competition for deposits, explain the margin pressure particularly in Latvia. Other effects increased net interest income by SEK 114m.

Net commission income increased by SEK 34m to SEK 936 mainly due to higher payment and card commissions.

Net gains and losses on financial items at fair value decreased by SEK 157m to SEK 283m partly due to slower customer activity, poorer results in equity

trading and a negative change in the fair value of assets in insurance operations.

Other income increased by SEK 152m to SEK 329m mainly due to a gain of SEK 66m on the sale of the partly owned card processor PKK. Net insurance income increased by SEK 57m.

Expenses increased by SEK 74m or 5 percent to SEK 1 694m.

Staff costs, excluding profit-based compensation, increased by 27 percent to SEK 890m due to increases in the number of employees and wages. Profit-based compensation decreased by SEK 271m mainly due to a decrease of SEK 185m in reserves owing to lower provision requirements.

Other expenses increased by SEK 155m or 23 percent mainly due to higher expenses for premises, IT expenses and expenses for organizational changes.

The number of full-time positions increased by 86 to 9 242, including increases of 8 in Estonia and 145 in Latvia and a decrease of 67 in Lithuania.

During the last year, 16 small branches (9 in Estonia, 2 in Latvia and 5 in Lithuania) have been closed to optimize the branch network. The number of branches in the Baltic region is 284.

Loan losses amounted to SEK 418m, an increase of SEK 237m. The loan loss ratio was 0.47 percent (0.29).

Estonia

Estonia is the dominant unit in Baltic Banking with approximately half the business area's profit. Estonia accounts for 40 percent (41) of lending and 46 percent (45) of deposits in the business area.

Hansabank was named Bank of the Year by the respected periodical Euromoney in 2007. The Estonian association of non-profit organizations named Hansabank the Company of the Year.

Non-life insurance has become a popular new product. During the first half year, a market share of 10 percent was achieved.

Profit for the period increased by SEK 21m from the first quarter thanks to the capital gain from PKK, but decreased by SEK 45m compared with the second quarter in 2007 to SEK 518m. The return on equity for the second quarter was 35.5 percent (34.1) and the cost/income ratio was 0.38 (0.37). The share of impaired loans was 0.97 percent (0.82).

Latvia

Latvia is the second largest unit in Baltic Banking, accounting for 32 percent (32) of lending and 22 percent (24) of deposits.

For the fourth consecutive year, Hansabank was named the most respected company in Latvia and the country's strongest brand. Also, the influential periodical The Banker named Hansabank Bank of the Year in Latvia in 2007.

Profit for the period decreased by SEK 69m from the first quarter and by SEK 108m from the second quarter 2007 to SEK 244m. Income remained at a stable level, but both expenses and loan losses increased. The return on equity for the second quarter was 22.7 percent (28.9) and the cost/income ratio was 0.44 (0.38). The share of impaired loans was 1.20 percent (0.82).

Lithuania

Lithuania accounts for 28 percent (27) of lending and 32 percent (32) of deposits in the business area.

Antas Danys has been named the new head of Lithuanian banking operations, replacing Giedrius Dusevičius, who becomes head of the new Business Development unit within Baltic Banking.

Profit for the period increased by SEK 5m from the first quarter and by SEK 4m from the second quarter 2007 to SEK 264m. The return on equity was 23.6 percent (23.2) and the cost/income ratio was 0.47 (0.47). The share of impaired loans was 0.48 percent (0.33).

against the euro by 1 percent during the second quarter 2008.

The exchange rate effect of the translation to SEK positively affected profit for the period by SEK 47m or 2.0 percent compared with the first half year 2007.

Popular employer

According to TNS Global's latest survey, Hansabank ranked as the most popular employer, regardless of industry, in both Estonia and Latvia.

Exchange rate effects

The local currencies in Estonia, Latvia and Lithuania are pegged to the euro. The Swedish krona rose in value

Baltic Banking, Operations and Investment

Profit trend

SEKm	Jan-Jun	Jan-Jun	%	Q2	Q1	Q4	Q3	Q2
	2008	2007		2008	2008	2007	2007	2007
Net interest income	2 877	2 393	20	1 416	1 461	1 473	1 382	1 282
Net commission income	936	902	4	478	458	477	475	478
Net gains and losses on financial items at fair value	283	440	-36	205	78	163	213	235
Share of the profit or loss of associates	2	2		0	2	3	2	1
Other income	329	177	86	200	129	141	111	107
Total income	4 427	3 914	13	2 299	2 128	2 257	2 183	2 103
Staff costs	890	700	27	451	439	427	348	364
Profit-based staff costs	-25	246		-108	83	160	163	131
IT expenses	153	141	9	84	69	81	70	77
Other expenses	573	444	29	315	258	343	236	233
Depreciation/amortization	175	137	28	101	74	74	71	69
Total expenses	1 766	1 668	6	843	923	1 085	888	874
Profit before loan losses	2 661	2 246	18	1 456	1 205	1 172	1 295	1 229
Loan losses, net	418	181		245	173	116	153	74
Operating profit	2 243	2 065	9	1 211	1 032	1 056	1 142	1 155
Tax expense	176	190	-7	85	91	106	108	111
Profit for the period	2 067	1 875	10	1 126	941	950	1 034	1 044
Allocated equity	21 890	20 154	9	21 873	21 907	22 312	21 936	20 885
Return on allocated equity, %	18.9	18.6		20.6	17.2	17.0	18.9	20.0
Income items								
Income from external customers	4 427	3 914	13	2 299	2 128	2 257	2 183	2 103
Business volumes, SEK billion								
Lending	191	154	21 *	191	183	178	165	154
Deposits	105	92	11 *	105	102	102	92	92
Mutual funds & insurance	18	17	6	18	17	19	18	17
Risk-weighted assets, old rules	181	155	17	181	174	176	160	155
Total assets	254	214	19	254	244	246	223	214
Total liabilities	232	193	20	232	222	224	202	193
Full-time employees	9 242	9 156	1	9 242	9 206	9 203	9 112	9 156

* Changes reported excl. foreign exchange effects

International Banking

International Banking comprises Swedbank's growing international operations outside its home markets of Sweden, Estonia, Latvia and Lithuania. The objective is for at least Ukraine and Russia to develop into the Group's geographical home markets.

In addition to operations in Ukraine and Russia, the business area consists of operations in Luxembourg, Finland, Denmark and Norway as well as the representative offices in Japan and Ukraine.

Their main purpose is to support Swedbank's operations in its geographical home markets.

The effects of the investment in OJSC Swedbank in Ukraine at Group level in the form of goodwill, amortization of identified surplus values in connection with the acquisition and financing costs for the acquisition are reported as a separate business distinct from Ukrainian Banking Operations. Ukrainian Banking Investment is included in the business area.

A management function with responsibility for strategic issues is also included in the business area.

Profit trend

SEKm	Jan-Jun 2008	Jan-Jun 2007	%	Q2 2008	Q1 2008	Q4 2007	Q3 2007	Q2 2007
Net interest income	810	304		441	369	347	335	162
Net commission income	109	83	31	55	54	55	58	40
Net gains and losses on financial items at fair value	127	13		105	22	29	39	6
Other income	31	1		27	4	8	7	1
Total income	1 077	401		628	449	439	439	209
Staff costs	292	101		147	145	121	125	54
Profit-based staff costs	42	15		30	12	34	9	10
IT expenses	29	20	45	9	20	21	13	10
Other expenses	238	78		134	104	66	103	36
Depreciation/amortization	57	6		29	28	30	29	3
Total expenses	658	220		349	309	272	279	113
Profit before loan losses	419	181		279	140	167	160	96
Loan losses, net	119	26		93	26	69	75	13
Operating profit	300	155	94	186	114	98	85	83
Tax expense	67	42	60	39	28	7	21	26
Profit for the period	233	113		147	86	91	64	57
Allocated equity	7 180	1 727		7 523	6 837	6 206	5 876	1 756
Return on allocated equity, %	6.5	13.1		7.8	5.0	5.9	4.4	13.0
Income items								
Income from external customers	1 073	400		625	448	436	437	209
Income from transactions with other segments	4	1		3	1	3	2	0
Business volumes, SEK billion								
Lending	49	19		49	40	34	28	19
Deposits	10	6	67	10	10	13	11	6
Mutual funds & insurance	1	3	-67	1	2	2	2	3
Risk-weighted assets, old rules	51	22		51	42	38	31	22
Total assets	61	24		61	51	47	40	24
Total liabilities	55	23		55	44	41	34	23
Full-time employees	4 107	419		4 107	3 966	3 952	3 747	419

Ukrainian Banking

The Ukrainian economy is distinguished by both high GDP growth and high inflation. For the first five months of the year, GDP growth was 6.4 percent and inflation was 14.6 percent. On 22 May, the Ukrainian central bank for the first time in three years lowered the fixed exchange rate between the hryvnia and the dollar from 5.05 to 4.85.

OJSC Swedbank and its subsidiary CJSC Swedbank Invest were acquired in July 2007. The Ukrainian banking market is rapidly growing, and Swedbank's aim is to be among the country's leading banks.

The legal entities in Ukraine changed their name to Swedbank in late 2007. The launch of the Swedbank brand has begun. During the second quarter, the priorities were the expansion and reorganization of the

branch network, the creation of an attractive corporate offering, employee recruitment and training, and improvements to the computer systems.

The process to integrate CJSC Swedbank Invest, which primarily targets large companies and high net worth individuals, with the retail bank OJSC Swedbank continues. Integration work is also taking place within the framework of the Swedbank Group, and experience and competence from Sweden and the Baltics are being provided to the Ukrainian operations.

Profit for the period amounted to SEK 52m for Ukrainian Banking Operations. Profit for the first quarter 2008 amounted to SEK 102m. Large reversals of loan loss reserves during the first quarter explain the large difference in profit between quarters. The return on equity for the first half year was 15.7 percent and the cost/income ratio was 0.52.

The Swedish krona declined by 11 percent in value against the hryvnia during the quarter. The exchange rate effects from the currency translation therefore increased profit for the period by SEK 1m or 0.5 percent compared with the first quarter.

Lending amounted to SEK 15bn as of 30 June. Measured in local currency, lending has increased by 98 percent in the last 12 months.

The market share for total bank lending was 2 percent.

Deposits amounted to SEK 5bn. Measured in local currency, deposits have increased by 10 percent in the last 12 months.

As of 30 June, there were 3 481 full-time employees. The number of branches was 190, essentially unchanged since the beginning of the year. In connection with the expansion and reorganization of the branch network, 8 old, inefficient branches were closed and 7 new ones were opened during the first half year.

The number of bank cards in circulation increased during the quarter by 9 percent to nearly 370 000.

Russian Banking

The Russian economy and banking market continue to grow at a rapid rate. GDP growth was 8.4 percent during the first five months of the year. Inflation in the first half year was 8.7 percent.

Swedbank's operations in Russia comprise three branches in Moscow, St. Petersburg and Kaliningrad as well as leasing services.

In mid-May, ownership of the bank OAO Swedbank and leasing company OOO Hansa Leasing were transferred from Hansabank in Estonia to Swedbank in Sweden. The transfers were made at market value.

Raimo Valo has been appointed the new head of Swedbank Russia with the task of expanding Russian operations. Previously Glitnir's managing director in Russia, he has more than 20 years of broad-based experience in the banking and financial sector.

Profit for the second quarter amounted to SEK 43m, compared with SEK 19m for the first quarter and SEK 28m for the second quarter 2007. Profit for the period includes reversed tax on lease assets among other income of SEK 19m.

Lending amounted to SEK 10bn, an increase of 23 percent in one year.

The return on equity for the first half year was 11.8 percent (17.7) and the cost/income ratio was 0.57 (0.50). The number of full-time positions increased to 474 (305).

Nordic branches

Swedbank's branch in Norway was established in 1998. Money and capital market operations as well as business with financial institutions are part of Swedbank Markets. The branch has historically served Swedish corporate customers with operations in Norway as well as a select number of Norwegian corporate customers. The customer base and credit portfolio have increased substantially in the last two years. Since the end of 2007, greater attention is also being paid to the retail market, which is being cultivated together with EnterCard and First Securities.

Swedbank's branch in Denmark was established in spring 2005. In autumn 2006, a second branch was opened. The branches target both retail and corporate customers. Swedbank's market share among Öresund commuters is estimated at 30 percent. Swedbank Denmark entered into an alliance with FDB, Denmark's

largest consumer cooperative, to provide ethical banking solutions to FDB's 1.6 million members. Sales to customers began at the end of the second quarter.

Swedbank's branch in Finland was founded in autumn 2005. Its focus is on Swedish corporate customers with operations in Finland, Finnish corporate customers with business in the Baltics and Russia, and a select number of other Finnish corporate customers.

Lending by the Nordic branches amounted to SEK 24bn at the end of the second quarter, an increase of SEK 13bn in one year. The largest increase was in Norway, although lending by other branches has grown considerably. The number of full-time positions was 81, an increase of 33 in one year. Norway and Denmark have the most employees and have grown the most.

Luxembourg

Swedbank's private banking operations in Luxembourg have been affected by the situation in the financial markets, which has made clients more cautious. Assets under management amounted to SEK 2.5bn at the end of the quarter (4.2). The number of full-time positions was 62 (57).

Other operations

A representative office is being established in Poland pending approval from government authorities.

Profit trend Q2 2008 vs. Q1 2008

Profit for the period increased by SEK 61m or 71 percent to SEK 147m. The return on equity was 7.8 percent (5.0). The cost/income ratio was 0.56 (0.69).

Ukrainian Banking Operations accounted for SEK 52m (102) of the profit. Russian Banking accounted for SEK 43m (19). Ukrainian Banking Investment positively affected profit by SEK 24m (-39). Other international operations reported a quarterly profit of SEK 28m (4).

Income increased by SEK 179m or 40 percent to SEK 628m (449). Income for Ukrainian Banking Operations increased by SEK 59m or 21 percent to SEK 339m (280) due to higher business volumes. For Russian Banking, income increased by SEK 32m or 26 percent to SEK 157m (125) mainly due to reversed tax on lease assets. Income for Ukrainian Banking Investment increased by SEK 61m to SEK 21m (-40) due to the decrease in kronor of the liability for the supplemental purchase price in dollars, due to the strengthening of the krona against the dollar. Income from other international operations increased by SEK 27m or 32 percent to SEK 111m (84) due to higher business volumes.

Expenses increased by SEK 40m or 13 percent to 349m (309). Expenses in Ukrainian Banking Operations increased by SEK 48m or 35 percent to SEK 185m (137) mainly due to change processes and an expansion of operations. In Russian Banking, expenses were unchanged at SEK 81m (81). Expenses for amortization in the consolidated accounts of surplus values in Ukrainian Banking Investment amounted to SEK 12m (13). Expenses for other international operations decreased by SEK 7m or 9 percent to SEK 71m mainly due to lower IT development expenses.

Loan losses increased by SEK 67m to SEK 93m (26). In Ukrainian Banking Operations, loan losses increased by SEK 72m to SEK 79m (7). During the first quarter, provisions for corporate credits were reversed. During the second quarter, provisions for consumer credits in particular increased. Loan losses in Russian Banking decreased by SEK 5m to SEK 14m.

Profit trend Q2 2008 vs. Q2 2007

Profit for the period increased by SEK 90m to SEK 147m (57). The return on equity was 7.8 percent (13.0). The cost/income ratio was 0.56 (0.54).

Income increased by SEK 419m to SEK 628m (209). Ukrainian Banking Operations, which were not part of the Group in the second quarter 2007, contributed income of SEK 339m. For Russian Banking, income increased by SEK 25m or 19 percent to SEK 157m (132) essentially due to reversed tax on lease assets. Income for Ukrainian Banking Investment was SEK 21m, of which SEK 61m was due to the decrease in kronor of the liability for the supplemental purchase price in dollars, due to the strengthening of the krona against the dollar. Income from other international operations increased by SEK 34m or 44 percent to SEK 111m (77) due to higher business volumes.

Expenses increased by SEK 236m to SEK 349m (113). In Ukrainian Banking Operations, which previously were not part of the Group, expenses amounted to SEK 185m. In Russian Banking, expenses increased by SEK 6m to SEK 81m (75). Expenses for amortization in the consolidated accounts of surplus values in Ukrainian Banking Investment amounted to SEK 12m. Expenses for other international operations increased by SEK 33m to SEK 71m (38).

Loan losses increased by SEK 80m to SEK 93m (13) mainly due to the acquired Ukrainian operations.

Profit trend first half year 2008 vs. first half year 2007

Profit for the period increased by SEK 120m to SEK 233m (113). The return on equity was 6.5 percent (13.1). The cost/income ratio was 0.61 (0.55).

Income increased by SEK 676m to SEK 1 077m (401). Ukrainian Banking Operations, which were not part of the Group in the first half year 2007, contributed income of SEK 619m. For Russian Banking, income increased by SEK 30m or 12 percent to SEK 282m (252). Ukrainian Banking Investment negatively affected income by SEK 19m. Income from other international operations increased by SEK 46m or 31 percent to SEK 195m (149) due to higher business volumes.

Expenses increased by SEK 438m to SEK 658m (220). In Ukrainian Banking Operations, which previously were not part of the Group, expenses amounted to SEK 322m. In Russian Banking, expenses increased by SEK 36m or 29 percent to SEK 162m (126). Expenses for amortization in the consolidated accounts of surplus values in Ukrainian Banking Investment amounted to SEK 25m. Expenses for other international operations increased by SEK 55m to SEK 149m (94).

Loan losses increased by SEK 93m to SEK 119m (26) mainly due to the acquired Ukrainian operations.

Swedbank Markets

Swedbank Markets comprises capital market products and various types of project and corporate finance. It also has responsibility for financial institutions. In addition to operations in Sweden, the business area includes the subsidiaries First Securities in Norway and Swedbank First Securities LLC in New York, part of the operations of the Norwegian branch and the branches in New York and Shanghai. Project and Corporate Finance also has operations in Tallinn, Riga, Vilnius and Moscow.

Swedbank Markets offers trading in securities and derivatives in the equity, fixed income and currency markets as well as financing solutions and professional analysis and advice. The research unit issues ongoing research reports on some 150 Nordic companies. For individual investors, Swedbank Markets offers equity trading and other investment services such as equity linked bonds. The sale of these products is done through the Group's Swedish branch network, through savings banks and through the Internet Bank and Telephone Bank.

Profit trend

SEKm	Jan-jun 2008	Jan-Jun 2007	%	Q2 2008	Q1 2008	Q4 2007	Q3 2007	Q2 2007
Net interest income	765	694	10	476	289	504	145	295
Net commission income	579	745	-22	352	227	423	273	381
Net gains and losses on financial items at fair value	371	421	-12	127	244	138	170	188
Share of the profit or loss of associates	0	4		0	0	-4	2	-1
Other income	21	18	17	11	10	16	8	8
Total income	1 736	1 882	-8	966	770	1 077	598	871
Staff costs	397	324	23	194	203	192	181	157
Profit-based staff costs	251	339	-26	196	55	159	44	161
IT expenses	120	122	-2	56	64	61	56	61
Other expenses	266	226	18	135	131	144	131	118
Depreciation/amortization	7	5	40	4	3	4	4	2
Total expenses	1 041	1 016	2	585	456	560	416	499
Profit before loan losses	695	866	-20	381	314	517	182	372
Loan losses, net		3		0	0	-8	5	3
Operating profit	695	863	-19	381	314	525	177	369
Tax expense	196	242	-19	108	88	136	49	104
Profit for the period	499	621	-20	273	226	389	128	265
Profit for the period attributable to:								
Shareholders of Swedbank AB	451	549	-18	235	216	340	121	236
Minority interest	48	72	-33	38	10	49	7	29
Allocated equity	3 837	4 118	-7	4 033	3 641	4 235	4 205	4 301
Return on allocated equity, %	23.5	26.7		23.3	23.7	32.1	11.5	21.9
Income items								
Income from external customers	1 609	1 732	-7	905	704	1 011	522	798
Income from transactions with other segments	127	150	-15	61	66	66	76	73
Business volumes, SEK billion								
Lending	20	21	-5	20	20	24	18	21
Deposits	24	28	-14	24	24	18	27	28
Mutual funds & insurance	1	2	-50	1	1	1	2	2
Other investment volume	33	27	22	33	33	30	29	27
Risk-weighted assets, old rules	44	48	-8	44	48	50	51	48
Total assets	519	378	37	519	543	446	448	378
Total liabilities	515	374	38	515	540	442	444	374
Full-time employees	789	712	11	789	772	752	718	712

Market conditions

The second quarter was again affected by high volatility in equity, fixed income and currency trading. The combination of concerns about rising inflation and a rapidly slowing economy, together with continued tightness in the credit market, has made conditions unusually difficult to predict. Expectations with regard to interest rate decisions by central banks have also fluctuated greatly, as evidenced by the rate trend during the second quarter.

After an initial downturn in the Swedish stock market that caused great uncertainty and risk aversion, the market temporarily regained confidence before again falling substantially at the end of June. The risk premium again rose beyond normal levels. The main reason is that the market revised its high earnings expectations for 2008. Another factor was renewed concern about stagflation.

Business volumes

Market shares for Swedbank Markets' operating areas remained stable during the second quarter.

Fixed income and currency trading, Swedbank Markets' largest product area, is responsible for all customer-related fixed income and foreign exchange transactions in Sweden. Products range from simple investment solutions to structured investment or financing solutions in foreign currencies designed for specific customer needs.

Currency trading continued to develop well during the second quarter. Expanded trading in emerging markets has resulted in new business relationships and trading in new currencies.

The credit market was slightly more stable during the second quarter than in the first. Swedbank Markets has maintained its position as the leading issuer in the Swedish primary market with a market share of just above 27 percent. The rescue of the U.S. investment bank Bear Stearns in mid-March was a turning point for the market. At the end of the period, however, the market again became more pessimistic, and uncertainty about the future is appreciable.

In fixed income trading, market conditions have periodically been difficult. A lack of liquidity at times and unexpected interest rate movements have led to higher volatility. The fixed income and currency analysis significantly increased activity during the period. This has been achieved through more written production as well as more customer visits and a frequent presence in the media. Higher ratings in a market survey by Prospera are clear proof of the success of the analysis.

Despite the difficult conditions, the profit trend has remained good. Quarterly profit was higher than both the previous quarter and the same quarter of the previous year.

In addition to responsibility for institutional equity trading, Swedbank Markets' **equity operations** play an important role as a supplier to Swedbank's branch network.

Swedbank's market shares have remained stable. Its share of trading on the Stockholm Stock Exchange was 4.2 percent during the first half year.

The number of customers using the basic Internet brokerage facility increased by 8 percent during the first quarter.

Structured products mainly consist of various forms of equity linked bonds called SPAX. Sales during the second quarter were weaker than expected at SEK 2.8bn, a decrease of slightly over 10 percent compared with the previous quarter and slightly over 30 percent compared with the same quarter of the previous year. Although negative market sentiment has led to lower sales, market shares have been retained. Swedbank was the market leader with a market share of 23 percent, in terms of outstanding volume.

Project and Corporate Finance offers qualified advice to businesses in the debt and equity markets. Financial results for the second quarter were at a higher level than the previous quarter and same quarter of the previous year. The biggest improvements are in Corporate and Marine Finance.

Business activity remains at a high level and the number of transactions under mandate is stable.

Group transaction services consist of custody, global payment and trade finance operations. For Custody, the second quarter remained successful with a steady stream of new business. Trade Finance has had a more modest start to the year than in 2007 partly due to risk aversion in the market.

First Securities is one of Norway's leading brokerages active in equity, fixed income and currency trading and corporate finance. After a weak first quarter, a good result was delivered during the second quarter in a risky market. All operating areas delivered better results than the first quarter. The biggest improvements were in corporate finance and fixed income trading.

Profit trend Q2 2008 vs. Q1 2008

Profit for the period increased by SEK 19m or 9 percent to SEK 235m. The return on equity was 23.3 percent (23.7) and the cost/income ratio was 0.61 (0.59). The largest profit increase was in Project and Corporate Finance as well as in First Securities of Norway.

Income increased by SEK 196m or 25 percent to SEK 966m, of which income in First Securities increased by SEK 154m or 98 percent. In fixed income and currency trading, the fair market valuation of the credit bond portfolio accounted for the large part of the positive trend, with an impact on earnings of SEK 0m, compared with SEK -187m.

Expenses increased by SEK 129m or 28 percent to SEK 585m mainly due to higher profit-based staff costs.

Profit trend Q2 2008 vs. Q2 2007

Profit for the period decreased by SEK 1m or to SEK 235m. The return on equity was 23.3 percent (21.9) and the cost/income ratio was 0.61 (0.57).

Income increased by SEK 95m or 11 percent to SEK 966m, of which First Securities increased by SEK 77m or 33 percent.

Expenses increased by SEK 86m or 17 percent to SEK 585m, of which profit-based compensation increased by SEK 35m.

Profit trend first half year 2008 vs. first half year 2007

Profit for the period decreased by SEK 98m or 18 percent to SEK 451m. The return on equity was 23.5 percent (26.7) and the cost/income ratio was 0.60 (0.54).

Income decreased by SEK 146m or 8 percent to SEK 1 736m, of which First Securities decreased by SEK 96m or 17 percent. The first half year 2008 was affected by a revaluation of SEK -187m of the credit bond portfolio in the wake of the first quarter's credit crunch.

Expenses increased by SEK 25m or 2 percent to SEK 1 041m.

Asset Management and Insurance

Asset Management and Insurance comprises the Swedbank Robur Group and its operations in fund

management, institutional and discretionary asset management, insurance and individual pension savings.

Profit trend

SEKm	Jan-Jun 2008	Jan-Jun 2007	%	Q2 2008	Q1 2008	Q4 2007	Q3 2007	Q2 2007
Net interest income	52	43	21	27	25	21	19	24
Net commission income	848	910	-7	432	416	415	543	511
Net gains and losses on financial items at fair value	10	2		25	-15	-1	1	1
Other income	82	105	-22	43	39	70	55	50
Total income	992	1 060	-6	527	465	505	618	586
Staff costs	194	157	24	93	101	92	97	87
Profit-based staff costs	14	21	-33	5	9	46	12	15
IT expenses	93	75	24	36	57	37	36	43
Other expenses	142	168	-15	63	79	54	89	94
Depreciation/amortization	16	1		9	7	1	2	0
Total expenses	459	422	9	206	253	230	236	239
Profit before loan losses	533	638	-16	321	212	275	382	347
Operating profit	533	638	-16	321	212	275	382	347
Tax expense	130	157	-17	77	53	69	94	88
Profit for the period	403	481	-16	244	159	206	288	259
Allocated equity	2 174	1 719	26	2 182	2 166	1 703	1 707	1 703
Return on allocated equity, %	37.1	56.0		44.7	29.4	48.4	67.5	60.8
Income items								
Income from external customers	1 884	2 144	-12	953	931	1 011	1 150	1 139
Income from transactions with other segments	-892	-1 084	-18	-426	-466	-506	-532	-553
Business volumes, SEK billion								
Mutual funds & insurance	374	429	-13	374	385	401	415	429
Other investment volume	220	212	4	220	224	205	202	212
Risk-weighted assets, old rules	1	0		1	0	0	0	0
Total assets	71	80	-11	71	70	75	78	80
Total liabilities	68	78	-13	68	68	74	76	78
Full-time employees	346	327	6	346	341	332	327	327

Fund savings, volumes and flows

Contributions to Swedbank Robur's own mutual funds and those it markets amounted to SEK 41.0bn (52.4) during the first half year, while withdrawals amounted to SEK 48.1bn (55.3). Thus, the net outflow from Swedbank Robur's own and brokered funds was SEK 7.1bn, against SEK 2.9bn during the same period in the previous year. Of net flow, SEK -0.2bn (0.5) was from premium pension savings and SEK 2.4bn (2.3) from unit-linked insurance in Swedbank Insurance.

On 2 January 2008, Swedbank Robur acquired Folksam Fond, a fund management company with 19 funds and assets of SEK 28bn.

Swedbank Robur's funds assets under management amounted to SEK 374bn as of 30 June 2008 including Folksam Fond, while funds assets under management on 31 December 2007 amounted to SEK 401bn excluding Folksam Fond.

The change is due to a decrease in the values of fund assets of SEK 47.9bn mainly from falling stock prices during the year.

SEKbn	Jun 30 2008	Dec 31 2007	Jun 30 2007
Funds assets under management	374	401	429
<i>of which:</i>			
<i>Swedish equities, %</i>	29.3	30.0	34.5
<i>foreign equities, %</i>	37.9	38.5	38.3
<i>interest-bearing securities, %</i>	32.8	31.5	27.2
Number of customers (thousands)	2 771	2 778	2 758
Unit-linked insurance			
Assets under management	62.7	68.7	73.3
<i>of which in Swedbank Robur's funds</i>	60.5	66.9	71.8
Number of policies (thousands)	955	896	881
Discretionary asset management			
Assets under management	253	246	253
<i>of which in Swedbank Robur's funds</i>	33	41	41

Unit-linked insurance

Sales (premiums paid) of unit-linked insurance in the first half year 2008 amounted to SEK 6.8bn (6.2). Swedbank Insurance's assets under management amounted to SEK 62.7bn (68.7) on 30 June. Swedbank Insurance had 955 000 (881 000) policies as of 30 June, in addition to around 1 million group life insurance policies.

Institutional asset management

In institutional asset management, SEK 253bn (246) in assets are under management, including SEK 33bn in Swedbank Robur's funds (41).

As a result of Folksam's merger with KP Pension & Försäkring on 1 January 2008, Swedbank Robur's assets increased by SEK 47bn.

Market shares

Swedbank Robur's share of net contributions in the Swedish mutual fund market was negative (neg.) during the first half year 2008. Its market share for assets under management in the fund market was 27 percent (26, previous year) on 31 March 2008. The increase in market share is explained by the acquisition of Folksam Fond.

The market share for new unit linked insurance policies was 10 percent (11) as of 31 March 2008.

In private pension savings, Swedbank Insurance was one of the largest players in the Swedish market during the first quarter of 2008 with a market share for premium payments of 9.7 percent (12.7). In the corporate pension market, its share was 3.0 percent (4.5).

Fund management results

With the exception of the Commodities Fund and most fixed income funds, the return on Swedbank Robur's funds was negative during the period due to the downturn in the stock market.

Morningstar's average rating on Swedbank Robur's funds as of 30 June was 3.45 (3.42 as of 31 December 2007). Swedbank Robur ranks at the top in a comparison of fund management companies.

Other important events

During the period, four new funds were launched: Access Trygg, a fund of funds that primarily invests in fixed income funds; Global Performa, a global equity fund that charges a fee only if the fund generates a positive return; the Asia Index Fund, which invests in Asian equities; and Global Macro Hedge, a Luxembourg-registered absolute-return hedge fund.

Swedbank Robur was named Fund Manager of the Year by the business daily Dagens Industri and Morningstar. For the second consecutive year, Lipper named Swedbank Robur the best fund management company in the Nordic region. Swedbank Insurance ranked number one among insurance companies with the most satisfied life insurance and pension customers. The ranking was by the Swedish Quality Index.

Profit trend Q2 2008 vs. Q1 2008

Profit for the period increased by SEK 85m or 53 percent to SEK 244m. The cost/income ratio was 0.39 (0.54).

Income increased by SEK 62m or 13 percent to SEK 527m due to slightly better net commission income and net gains and losses on financial items at fair value.

Expenses decreased by SEK 47m mainly due to lower IT development expenses.

Profit trend Q2 2008 vs. Q2 2007

Profit for the period decreased by SEK 15m or 6 percent. The cost/income ratio was 0.39 (0.41).

Income decreased by SEK 59m or 10 percent mainly due to lower net commission income resulting from lower fund volumes.

Expenses decreased by SEK 33m or 14 percent mainly because the previous year was charged with integration expenses for the Folksam acquisition and because IT development expenses are lower.

Profit trend first half year 2008 vs. first half year 2007

Profit for the period decreased by SEK 78m or 16 percent. The cost/income ratio was 0.46 (0.40).

Income decreased by SEK 68m or 6 percent to 992m mainly due to lower net commission income resulting from lower fund volumes.

Expenses increased by SEK 37m or 9 percent to SEK 459m mainly due to higher expenses resulting from the Folksam acquisition and higher IT development expenses.

Shared Services and Group Staffs

The business area includes the Shared Service units, comprising IT and other service functions, Group

Executive Management and Group Staffs, including Group Treasury, and the Group's own insurance company, Sparia.

Profit trend

SEKm	Jan-Jun 2008	Jan-Jun 2007	%	Q2 2008	Q1 2008	Q4 2007	Q3 2007	Q2 2007
Net interest income	67	-188		-48	115	-5	-3	-83
Net commission income	0	10		0	0	-17	24	27
Net gains and losses on financial items at fair value	242	13		512	-270	-31	-228	69
Share of the profit or loss of associates	49	47	4	25	24	19	18	26
Other income	1 596	1 575	1	790	806	784	731	755
Total income	1 954	1 457	34	1 279	675	750	542	794
Staff costs	809	710	14	407	402	312	339	353
Profit-based staff costs	52	35	49	21	31	22	11	11
IT expenses	436	369	18	229	207	213	170	172
Other expenses	479	451	6	204	275	193	221	204
Depreciation/amortization	133	127	5	66	67	69	61	65
Total expenses	1 909	1 692	13	927	982	809	802	805
Profit before loan losses	45	-235		352	-307	-59	-260	-11
Loan losses, net	-6	-5	-20	0	-6	-61	-6	-1
Operating profit	51	-230		352	-301	2	-254	-10
Tax expense	-10	-133	92	101	-111	26	-77	-49
Profit for the period	61	-97		251	-190	-24	-177	39
Allocated equity	5 696	8 165	-30	5 626	5 766	4 293	3 197	6 953
Return on allocated equity, %	2.1	neg.		17.8	neg.	neg.	neg.	2.2
Income items								
Income from external customers	499	19		557	-58	28	-120	110
Income from transactions with other segments	1 455	1 438	1	722	733	722	662	684
Business volumes, SEK billion								
Risk-weighted assets, old rules	6	4	50	6	5	5	5	4
Total assets	253	244	4	253	243	246	242	244
Total liabilities	247	236	5	247	237	240	238	236
Full-time employees	1 677	1 670	0	1 677	1 658	1 673	1 656	1 670

Shared Services

Shared Services comprises slightly over 1 300 full-time positions and is responsible for IT, back office for the Swedish retail operations and other shared support functions in Sweden.

According to international benchmarking by the polling company Compass, Swedbank's IT operations are among the most cost-effective in the industry. Despite further substantial increases in transaction volumes, particularly for the Internet bank and in the card area, Swedbank's IT costs for Swedish operations have essentially remained unchanged for several years.

During the second quarter, Swedbank signed a cooperation agreement with Logica to open a Group Development Centre (GDC) in Bangalore, India. This gives Swedbank further opportunities to reduce IT development expenses.

The purchasing process previously introduced in Sweden has been implemented in the Baltics, Russia and Ukraine. Swedbank therefore uses uniform routines and coordinates all Group purchases.

Shared Services continues to improve the efficiency of the bank's processes using structured methodologies. The work has accelerated in 2008 and is being done in cooperation with all business areas. A number of shared projects are also being conducted with the Baltic and

Ukrainian operations in the areas of IT operations, management and development in order to further enhance efficiency.

Group staffs

The main duties of Group Staffs during the first half year included the integration and oversight of the growing international Group as well as issues related to liquidity, funding and capital requirements.

Profit trend Q2 2008 vs. Q1 2008

Profit for the period amounted to SEK 251m (-190). The profit improvement was primarily attributable to higher income from Group Treasury.

A large part of the business area's income is from services sold internally by Shared Services and Group staffs to other operating areas, primarily Swedish Banking.

Income increased by SEK 604m or 89 percent to SEK 1 279m (675). Income from Group Treasury including the internal bank increased by SEK 573m, of which SEK 674m was due to derivatives marked to market in intra-group lending.

Expenses decreased by SEK 55m or 6 percent to SEK 927m (982).

Profit trend Q2 2008 vs. Q2 2007

Profit for the period amounted to SEK 251m (39).

Income increased by SEK 485m or 61 percent to SEK 1 279m (794). Income from Group Treasury including the internal bank increased by SEK 467m, of which SEK 341m was due to derivatives marked to market in intra-group lending.

Expenses increased by SEK 122m or 15 percent to 927m (805), of which SEK 29m was due to increased pensions costs and SEK 25m to an increase in other staff costs. IT expenses rose partly due to international expansion and integration.

Profit trend first half year 2008 vs. first half year 2007

Profit for the period amounted to SEK 61m (-97).

Income increased by SEK 497m or 34 percent to SEK 1 954m (1 457). Income from Group Treasury including the internal bank increased by SEK 462m, of which SEK 77m was due to derivatives marked to market in intra-group lending.

Expenses increased by SEK 217m or 13 percent to SEK 1 909m (1 692), of which SEK 58m was due to increased pensions costs and SEK 24m to a higher allocation to the Kopparmyntet profit-sharing fund in 2007 than the amount allocated in the annual accounts. Contractual salary increases also contributed to the higher expenses. IT expenses rose partly due to international expansion and integration.

Eliminations

SEKm	Jan-Jun 2008	Jan-Jun 2007	%	Q2 2008	Q1 2008	Q4 2007	Q3 2007	Q2 2007
Net interest income	12	-2		12	0	-8	2	6
Net commission income	0	0		0	0	0	0	0
Net gains and losses on financial items at fair value	-12	2		-12	0	-28	0	-6
Other income	-1 457	-1 470	1	-719	-738	-673	-699	-736
Total income	-1 457	-1 470	1	-719	-738	-709	-697	-736
Staff costs	0	-8		0	0	-28	-10	-2
IT expenses	-503	-478	-5	-248	-255	-230	-201	-236
Other expenses	-954	-984	3	-471	-483	-451	-486	-498
Depreciation/amortization	0	0		0	0	0	0	0
Total expenses	-1 457	-1 470	1	-719	-738	-709	-697	-736
Business volumes, SEK billion								
Mutual funds & insurance	-219	-273	-20	-219	-224	-253	-265	-273
Other investment volume	-25	-21	19	-25	-26	-24	-22	-21
Total assets	-544	-340	60	-544	-495	-424	-364	-340
Total liabilities	-544	-340	60	-544	-495	-424	-364	-340

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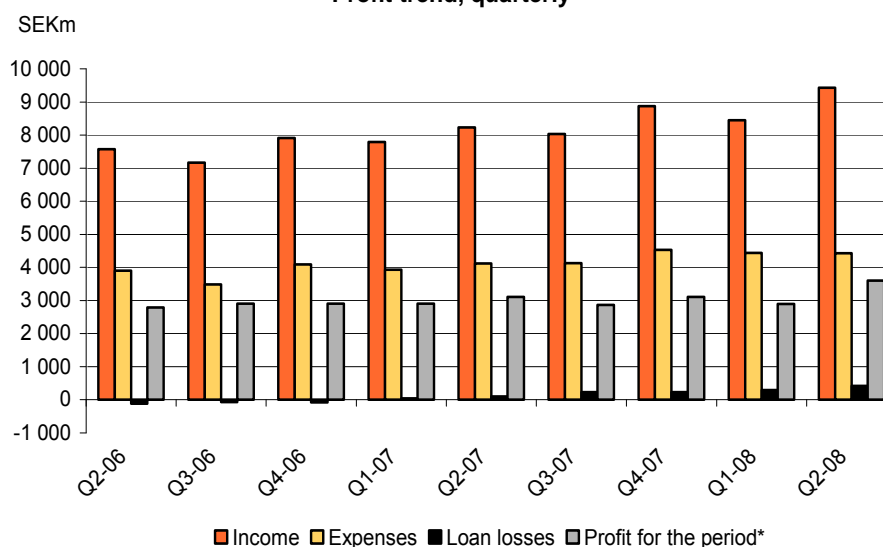
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Income statement, Group

SEKm	Q2 2008	Q1 2008	%	Q2 2007	%	Jan-Jun 2008	Jan-Jun 2007	%	Full-year 2007
<i>Interest income</i>	19 295	19 473	-1	15 971	21	38 768	30 722	26	67 087
<i>Interest expenses</i>	-14 000	-14 232	-2	-11 380	23	-28 232	-21 630	31	-47 930
Net interest income	5 295	5 241	1	4 591	15	10 536	9 092	16	19 157
<i>Commission income</i>	3 231	2 998	8	3 305	-2	6 229	6 303	-1	12 939
<i>Commission expenses</i>	-857	-818	5	-753	14	-1 675	-1 462	15	-3 059
Net commission income (Note 1)	2 374	2 180	9	2 552	-7	4 554	4 841	-6	9 880
Net gains and losses on financial items at fair value (Note 2)	1 141	75		579	97	1 216	1 109	10	1 691
<i>Insurance premiums</i>	501	297	69	538	-7	798	907	-12	1 711
<i>Insurance provisions</i>	-400	-190		-447	-11	-590	-737	-20	-1 163
Net insurance	101	107	-6	91	11	208	170	22	548
Share of the profit or loss of associates	122	116	5	95	28	238	214	11	424
Other income	400	727	-45	318	26	1 127	593	90	1 224
Total income	9 433	8 446	12	8 226	15	17 879	16 019	12	32 924
Staff costs	2 268	2 311	-2	2 016	13	4 579	3 948	16	8 134
Profit-based staff costs	185	268	-31	409	-55	453	799	-43	1 658
Other general administrative expenses	1 740	1 654	5	1 539	13	3 394	2 993	13	6 222
Total general administrative expenses	4 193	4 233	-1	3 964	6	8 426	7 740	9	16 014
Depreciation/amortization and impairments of tangible and intangible fixed assets	237	207	14	160	48	444	321	38	705
Total expenses	4 430	4 440	0	4 124	7	8 870	8 061	10	16 719
Profit before loan losses	5 003	4 006	25	4 102	22	9 009	7 958	13	16 205
Loan losses, net (Note 3)	423	288	47	102		711	151		619
Operating profit	4 580	3 718	23	4 000	15	8 298	7 807	6	15 586
Tax expense	935	805	16	856	9	1 740	1 707	2	3 450
Profit for the period	3 645	2 913	25	3 144	16	6 558	6 100	8	12 136
Profit for the period attributable to:									
Shareholders of Swedbank AB	3 604	2 900	24	3 112	16	6 504	6 022	8	11 996
Minority interest	41	13		32	28	54	78	-31	140
Earnings per share before and after dilution, SEK	6.99	5.63		6.03		12.62	11.68		23.28

See page 41 for number of shares.

Profit trend, quarterly



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

Quarterly income statement

Group SEKm	Q2 2008	Q1 2008	Q4 2007	Q3 2007	Q2 2007	Q1 2007	Q4 2006	Q3 2006
Net interest income	5 295	5 241	5 259	4 806	4 591	4 501	4 303	4 139
Net commission income	2 374	2 180	2 536	2 503	2 552	2 289	2 309	2 109
Net gains and losses on financial items at fair value	1 141	75	386	196	579	530	908	513
Net insurance	101	107	279	99	91	79	80	67
Share of the profit or loss of associates	122	116	70	140	95	119	-26	53
Other income	400	727	344	287	318	275	338	283
Total income	9 433	8 446	8 874	8 031	8 226	7 793	7 912	7 164
Staff costs	2 268	2 311	2 111	2 075	2 016	1 932	1 878	1 772
Profit-based staff costs	185	268	522	337	409	390	302	301
Other general administrative expenses	1 740	1 654	1 701	1 528	1 539	1 454	1 724	1 262
Total general administrative expenses	4 193	4 233	4 334	3 940	3 964	3 776	3 904	3 335
Depreciation/amortization and impairments of tangible and intangible fixed assets	237	207	192	192	160	161	193	155
Total expenses	4 430	4 440	4 526	4 132	4 124	3 937	4 097	3 490
Profit before loan losses	5 003	4 006	4 348	3 899	4 102	3 856	3 815	3 674
Loan losses, net	423	288	238	230	102	49	-72	-67
Operating profit	4 580	3 718	4 110	3 669	4 000	3 807	3 887	3 741
Tax expense	935	805	950	793	856	851	928	806
Profit for the period	3 645	2 913	3 160	2 876	3 144	2 956	2 959	2 935
Profit for the period attributable to:								
Shareholders of Swedbank AB	3 604	2 900	3 108	2 866	3 112	2 910	2 913	2 911
Minority interest	41	13	52	10	32	46	46	24
Earnings per share before and after dilution, SEK	6.99	5.63	6.03	5.57	6.03	5.65	5.65	5.65

See page 41 for number of shares.

Capital adequacy

New capital adequacy rules ("Basel 2")

On 1 February 2007, Sweden introduced new capital adequacy rules, Basel 2. The rules are based on the so-called Basel Accord and are being introduced throughout the EU according to the provisions of the EU's Banking Directive and Capital Requirements Directive. According to the new rules, the capital requirement will be more closely linked to the institute's risk profile. One of the changes is that the minimum capital adequacy requirement for credit risks may now be based on Swedbank's internal risk measurement according to the Internal Ratings-Based Approach ("IRB"), contingent on the permission of the Financial Supervisory Authority. Another important change is that a capital adequacy requirement for operational risks has been added to the existing capital adequacy requirement for credit risks and market risks.

The transition to rules that are based to a greater extent on internal risk measurement entails substantial changes in the minimum capital requirement for the majority of institutions. As a result, capital floors apply during a three-year period through 2009. According to these floor rules, any reduction in the capital requirement is limited by the new rules during the transition period. The rules stated that the minimum capital requirement in 2007 could not fall below 95 percent of the capital requirement calculated according to the older rules, with the exception of certain adjustments. In 2008, the floor is reduced to 90 percent and in 2009 to 80 percent of the capital requirement calculated according to the older rules.

The capital requirement according to the new rules is increased by an add-on corresponding to the minimum capital requirement in the transition rules.

Swedbank has obtained permission from the Swedish FSA to apply IRB

The method will be rolled out in the Swedbank financial companies Group during a three-year period. As of 2007, the method is applied in the Swedish business, including the branch offices in New York and Oslo, with the exception of Swedbank Finans, EnterCard and certain exposure classes such as the Swedish state and Swedish municipalities, where the method is considered less suitable. In the table on the following page, Swedbank's capital adequacy as of 30 June is shown according to the new rules, with comparable and historical figures according to older rules.

Swedbank financial companies Group SEKm	Capital requirement according to older rules			
	Jun 30 2008	Jun 30 2008	Dec 31 2007	Jun 30 2007
Primary capital	55 276		50 920	49 535
Supplementary capital	26 076		27 458	26 656
Less shares, etc.	-1 923		-1 922	-1 867
Capital base	79 429		76 456	74 324
Risk-weighted assets	629 965	938 749	600 238	552 800
Capital requirement for credit risks, standard method	17 956	73 220	19 364	16 137
Capital requirement for credit risks, IRB	27 319		24 737	24 277
Capital requirement for settlement risks	10	10	7	12
Capital requirement for market risks	1 224	1 870	1 242	1 129
<i>of which risks in the trading book outside VaR</i>	702	1 349	891	885
<i>of which currency risks outside VaR</i>	1	1	0	1
<i>of which risks where VaR models are applied</i>	520	520	351	243
Capital requirement for operational risks	3 888		2 669	2 669
Capital requirement	50 397	75 100	48 019	44 224
Complement during transition period	15 119		17 770	15 307
Capital requirement including complement	65 516		65 789	59 531
Capital quotient	1.58		1.59	1.68
Tier 1 capital ratio, % excluding complement	8.8		8.5	9.0
Capital adequacy ratio, % excluding complement	12.6		12.7	13.4
Capital quotient	1.21		1.16	1.25
Tier 1 capital ratio, % including complement	6.7		6.2	6.7
Capital adequacy ratio, % including complement	9.7		9.3	10.0

As of 30 June 2008, the Swedbank financial companies Group included the Swedbank Group, EnterCard Group, Eskilstuna Rekarne Sparbank 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 according to the capital adequacy rules for financial companies Groups.

Capital base

The difference by which expected losses exceed the provisions in the accounts for the part of the portfolio calculated according to IRB is deducted from the capital base.

These expected losses are estimated according to current laws and regulations and with information from Swedbank's internal risk classification system. Swedbank's calculations are characterized by caution, so that risks are overestimated rather than underestimated. In addition, the Swedish FSA's instructions have built additional safety margins into the risk classification system. As a result, expected losses according to the new capital adequacy rules exceed the bank's best estimate of loss levels and required provisions.

Capital requirement for credit risks according to standard method

As of 2008, all companies in the financial companies group report according to the new Basel 2 rules. The companies that reported strictly according to the old Basel 1 rules in 2007 are now reporting according to the standard method in the new rules. These companies include the subsidiaries in the Baltics, Russia and Ukraine as well as the Swedish finance company.

Capital requirements for credit risks according to IRB

The capital requirement for the part of the portfolio now calculated according to the IRB approach decreased by 51 percent, from SEK 55 264m to SEK 27 319m. The principal decrease occurs in the retail portfolio, where the capital requirement generally decreases. In the corporate portfolio, the effect is mixed. The capital requirement increases significantly for certain credits at the same time it decreases significantly for others. At portfolio level, the capital requirement also decreases in the corporate segment, albeit less than in the household segment.

Credit risks, IRB Jun 30, 2008 SEKm	Exposure after credit risk protection	Average risk weight	Capital requirement
Total credit risks, IRB	1 113 338	31%	27 319
<i>of which institutional exposures</i>	113 449	25%	2 264
<i>of which corporate exposures</i>	304 749	76%	18 435
<i>of which retail exposures</i>	680 957	10%	5 484
<i>of which equity exposures</i>	0	0%	0
<i>of which other non credit-obligation asset exposures</i>	14 182	100%	1 135

Market risks

Swedbank has obtained permission from the Swedish FSA to calculate the capital requirement for general interest rate risk in the trading book of Swedbank AB and the Hansabank Group using its own Value at Risk model. The permission also covers general and specific share price risks in Swedbank AB as well as currency risks in Swedbank AB and the Hansabank Group.

The capital requirement for other market risks therefore relates to specific interest rate risks in Swedbank AB and the Hansabank Group, share price risks in the Hansabank Group and market risks in other companies. Counterparty risks in the trading book were previously reported as market risks, but are now reported as credit risks according to the new capital adequacy rules.

Operational risk

Swedbank has chosen the standardized method to calculate operational risk. According to the Swedish FSA, Swedbank meets the qualitative requirements to apply this method.

Income statement, Parent Company

SEKm	Q2 2008	Q1 2008	%	Q2 2007	%	Jan-Jun 2008	Jan-Jun 2007	%	Full-year 2007
<i>Interest income</i>	10 738	11 297	-5	9 243	16	22 035	17 557	26	38 449
<i>Interest expenses</i>	-8 641	-9 126	-5	-7 393	17	-17 767	-13 783	29	-30 866
Net interest income	2 097	2 171	-3	1 850	13	4 268	3 774	13	7 583
Dividends received	83	147	-44	426	-81	230	679	-66	5 400
<i>Commission income</i>	1 370	1 372	0	1 414	-3	2 742	2 806	-2	5 651
<i>Commission expenses</i>	-318	-273	16	-159	100	-591	-406	46	-733
Net commission income (Note 1)	1 052	1 099	-4	1 255	-16	2 151	2 400	-10	4 918
Net gains and losses on financial items at fair value (Note 2)	773	-7		40		766	153		363
Other income	298	732	-59	340	-12	1 030	610	69	1 195
Total income	4 303	4 142	4	3 911	10	8 445	7 616	11	19 459
General administrative expenses									
- Staff costs	1 628	1 658	-2	1 610	1	3 286	3 158	4	6 361
- Other expenses	1 057	1 072	-1	1 016	4	2 129	2 010	6	4 074
Total general administrative expenses	2 685	2 730	-2	2 626	2	5 415	5 168	5	10 435
Depreciation/amortization and impairments of tangible and intangible fixed assets	130	67	94	65	100	197	129	53	267
Amortization of goodwill	16	31	-48	29	-45	47	59	-20	123
Total expenses	2 831	2 828	0	2 720	4	5 659	5 356	6	10 825
Profit before loan losses	1 472	1 314	12	1 191	24	2 786	2 260	23	8 634
Loan losses, net (Note 3)	96	98	-2	45		194	3		79
Impairment of financial fixed assets	0	0		0		0	0		7
Operating profit	1 376	1 216	13	1 146	20	2 592	2 257	15	8 548
Appropriations	0	0		0		0	0		-1 935
Tax expense	347	283	23	225	54	630	488	29	1 746
Profit for the period	1 029	933	10	921	12	1 962	1 769	11	4 867

Balance sheet

SEKm	Group			Parent company		
	Jun 30 2008	Dec 31 2007	Jun 30 2007	Jun 30 2008	Dec 31 2007	Jun 30 2007
Assets						
Loans to credit institutions	188 633	174 014	183 046	399 363	386 240	364 981
Loans to the public	1 204 888	1 135 287	1 032 661	401 248	362 213	318 318
Interest-bearing securities	92 234	115 492	104 971	192 646	134 452	108 764
Shares and participating interests	68 724	77 618	83 052	47 728	47 765	43 480
- for which customers bear the investment risk	62 942	69 324	73 714			
Derivatives	51 374	36 984	32 601	54 666	33 227	29 592
Other assets	65 075	68 589	58 595	28 773	33 664	18 905
Total assets	1 670 928	1 607 984	1 494 926	1 124 424	997 561	884 040
Liabilities and equity						
Amounts owed to credit institutions	154 628	163 785	130 985	231 402	230 802	179 005
Deposits and borrowings from the public	477 682	458 375	426 425	367 255	348 557	332 762
Debt securities in issue, etc	679 839	673 116	631 852	276 016	229 381	191 960
Financial liabilities for which customers bear the investment risk	63 524	69 819	74 135			
Derivatives	50 665	36 267	35 047	55 080	34 392	30 632
Other liabilities and provisions	134 659	98 563	97 692	116 134	75 355	78 621
Subordinated liabilities	39 705	39 736	36 595	39 115	36 975	34 092
Untaxed reserves				5 164	5 164	3 226
Equity	70 226	68 323	62 195	34 258	36 935	33 742
- <i>Minority</i>	234	315	232			
- <i>Shareholders</i>	69 992	68 008	61 963	34 258	36 935	33 742
Total liabilities and equity	1 670 928	1 607 984	1 494 926	1 124 424	997 561	884 040
Assets pledged for own liabilities				79 466	81 214	67 166
Other assets pledged				31 392	32 083	10 385
Contingent liabilities				31 086	25 346	28 764
Commitments				166 333	149 084	135 592

Cash flow statement

SEKm	Group			Parent company		
	Jan-Jun 2008	Jan-Jun 2007	Full-year 2007	Jan-Jun 2008	Jan-Jun 2007	Full-year 2007
Cash and cash equivalents at beginning of period *)	100 763	83 032	83 032	109 826	76 779	76 779
Operating activities	-13 353	-47 322	-75 085	-10 418	-13 685	-30 328
Investing activities	-1 846	-250	-6 203	-67 781	27	-6 880
Financing activities	1 408	53 980	97 626	43 613	29 591	70 253
Cash flow for the period	-13 791	6 408	16 338	-34 586	15 933	33 045
Exchange rate differences on cash and cash equivalents	53	531	1 099			
Cash and cash equivalents in acquired entities		5	294			2
Cash and cash equivalents at end of period *)	87 025	89 976	100 763	75 240	92 712	109 826
*) of which, securities pledged for OMX						
- at beginning of period	8 086	4 384	4 384	8 086	4 384	4 384
- at end of period	5 727	4 084	8 086	5 727	4 084	8 086

Turnover of own debt instruments

The Swedbank Group issues and repurchases its own debt instruments. This turnover is intended for the bank's securities operations and as a component in financing its operations. The turnover of interest-bearing securities, bonds and commercial paper during the period was as follows:

Issued (sold)	SEK 20bn (118)
Redeemed (bought)	SEK -139bn (-113)

Statement of changes in equity, Group

SEKm	Minority interest	Shareholders' equity			Total equity
		Capital contributions	Other equity	Total	
Opening balance January 1, 2007	303	14 891	45 083	59 974	60 277
Translation difference of subsidiaries and associates	13		656	656	669
Hedging of net investments in foreign operations:					
-Gains/losses recognized directly in equity			-379	-379	-379
-Related deferred tax			105	105	105
Cash flow hedges:					
-Gains/losses recognized directly in equity			-198	-198	-198
-Related deferred tax			35	35	35
Net income for the period recognized directly in equity	13		219	219	232
Profit for the period reported via income statement	78		6 022	6 022	6 100
Total profit for the period	91		6 241	6 241	6 332
Dividend	-172		-4 252	-4 252	-4 424
Minority interest in newly started business	10				10
Closing balance June 30, 2007	232	14 891	47 072	61 963	62 195
Opening balance January 1, 2007	303	14 891	45 083	59 974	60 277
Translation difference of subsidiaries and associates	16		860	860	876
Hedging of net investments in foreign operations:					
-Gains/losses recognized directly in equity			-716	-716	-716
-Related deferred tax			211	211	211
Cash flow hedges:					
-Gains/losses recognized directly in equity			-40	-40	-40
-Related deferred tax			44	44	44
-Transferred to initial carrying amount of hedged item			157	157	157
-Related deferred tax			-44	-44	-44
-Transferred to Income statement, Net interest income			-182	-182	-182
Net income for the period recognized directly in equity	16		290	290	306
Profit for the period reported via income statement	140		11 996	11 996	12 136
Total profit for the period	156		12 286	12 286	12 442
New share issue	18				18
Dividend	-172		-4 252	-4 252	-4 424
Minority interest in newly started business	10				10
Closing balance December 31, 2007	315	14 891	53 117	68 008	68 323
Opening balance January 1, 2008	315	14 891	53 117	68 008	68 323
Translation difference of subsidiaries and associates	-2		176	176	174
Hedging of net investments in foreign operation:					
-Gains/losses recognized directly in equity			-68	-68	-68
-Related deferred tax			19	19	19
Cash flow hedges:					
-Gains/losses recognized directly in equity			-36	-36	-36
-Transferred to Income statement, Net interest income			28	28	28
Net income for the period recognized directly in equity	-2		119	119	117
Profit for the period reported via income statement	54		6 504	6 504	6 558
Total profit for the period	52		6 623	6 623	6 675
Dividend	-133		-4 639	-4 639	-4 772
Closing balance June 30, 2008	234	14 891	55 101	69 992	70 226

Statement of changes in equity, Parent Company

SEKm	Restricted equity	Non-restricted equity	Total equity
Opening balance January 1, 2007	17 312	19 003	36 315
Cash flow hedges:			
-Gains/losses recognized directly in equity		-125	-125
-Related deferred tax		35	35
Net income for the period recognized directly in equity		-90	-90
Profit for the period		1 769	1 769
Total profit for the period		1 679	1 679
Dividend		-4 252	-4 252
Closing balance June 30, 2007	17 312	16 430	33 742
Opening balance January 1, 2007	17 312	19 003	36 315
Cash flow hedges:			
-Gains/losses recognized directly in equity		-157	-157
-Related deferred tax		44	44
-Transferred to initial carrying amount of hedged item		157	157
-Related deferred tax		-44	-44
Merger result, Söderhamns Sparbank AB		11	11
Group contributions paid		-8	-8
Related tax		2	2
Net income for the period recognized directly in equity		5	5
Profit for the period		4 867	4 867
Total profit for the period		4 872	4 872
Dividend		-4 252	-4 252
Closing balance December 31, 2007	17 312	19 623	36 935
Opening balance January 1, 2008	17 312	19 623	36 935
Profit for the period		1 962	1 962
Total profit for the period		1 962	1 962
Dividend		-4 639	-4 639
Closing balance June 30, 2008	17 312	16 946	34 258

Lending, Group

SEKbn	Jun 30 2008	Dec 31 2007	%	Jun 30 2007	%
Private customers	583.3	559.5	4	517.2	13
<i>of which Swedbank Mortgage AB</i>	442.3	426.4	4	401.3	10
Real estate management	244.0	217.9	12	200.8	22
Retail, hotels, restaurants	44.8	42.5	5	37.2	20
Construction	17.9	16.3	10	14.2	26
Manufacturing	43.7	37.1	18	33.2	32
Transportation	22.7	21.8	4	18.9	20
Forestry and agriculture	52.2	49.9	5	47.4	10
Other service businesses *		51.2		41.2	
Other business lending	137.9	90.0	53	74.3	86
Municipalities	22.9	16.8	36	15.4	49
Total lending to the public, excl. repos	1 169.4	1 103.0	6	999.8	17
<i>of which Baltic Banking Operations</i>	190.0	177.1	7 **	153.2	21 **
Credit institutions	77.6	83.4	-7	72.1	8
The Swedish National Debt Office	0.0	0.0		0.0	
Repurchase agreements (Repos)	146.5	122.9	19	143.8	2
<i>of which to the public</i>	35.5	32.3	10	32.8	8
<i>of which to credit institutions</i>	111.0	90.6	23	111.0	
Total lending	1 393.5	1 309.3	6	1 215.7	15

* As of Jan 1 2008 the sector has been dissolved

** Changes reported excl. foreign exchange effects

Savings and investments, Group

SEKbn	Jun 30 2008	Dec 31 2007	%	Jun 30 2007	%
Deposits from the public					
Households	282.6	274.3	3	250.4	13
Other deposits from the public	183.8	175.2	5	161.0	14
Total deposits from the public	466.4	449.5	4	411.4	13
<i>of which Baltic Banking Operations</i>	104.6	102.2	1 *	92.0	11 *
Discretionary asset management **	219.9	204.7	7	211.8	4
Fund assets under management	393.2	421.3	-7	448.3	-12
Unit-linked insurance	62.7	68.6	-9	73.3	-14
Of which unit-linked insurance in own companies	-60.5	-66.9	-10	-71.8	-16
Retail bonds, interest-bearing	1.1	1.1		1.1	
Retail bonds, equity linked	32.9	30.1	9	26.7	23
Total savings and investments	1 115.7	1 108.4	1	1 100.8	1

* Changes reported excl. foreign exchange effects

** Excluding investments in Swedbank Robur's funds

Notes

Note 1. Net commission income

Group SEKm	Q2 2008	Q1 2008	Q2 2007	Jan-Jun 2008	Jan-Jun 2007	Full-year 2007
Commission income						
Payment processing	1 305	1 259	1 143	2 564	2 176	4 612
Lending	199	136	178	335	326	671
Brokerage	201	218	242	419	531	1 064
Asset management	945	950	1 126	1 895	2 098	4 226
Other securities	20	28	15	48	39	104
Other	561	407	601	968	1 133	2 262
Total	3 231	2 998	3 305	6 229	6 303	12 939
Commission expenses						
Payment processing	-466	-466	-400	-932	-770	-1 592
Securities	-143	-117	-102	-260	-209	-446
Other	-248	-235	-251	-483	-483	-1 021
Total	-857	-818	-753	-1 675	-1 462	-3 059
Total net commission income	2 374	2 180	2 552	4 554	4 841	9 880
Parent company SEKm	Q2 2008	Q1 2008	Q2 2007	Jan-Jun 2008	Jan-Jun 2007	Full-year 2007
Commission income						
Payment processing	535	554	474	1 089	925	1 876
Lending	104	62	86	166	166	361
Brokerage	87	89	103	176	229	445
Asset management	366	398	475	764	927	1 815
Other securities	18	26	12	44	35	97
Other	260	243	264	503	524	1 057
Total	1 370	1 372	1 414	2 742	2 806	5 651
Commission expenses						
Payment processing	-142	-153	-106	-295	-227	-403
Securities	-151	-95	-42	-246	-86	-174
Other	-25	-25	-11	-50	-93	-156
Total	-318	-273	-159	-591	-406	-733
Total net commission income	1 052	1 099	1 255	2 151	2 400	4 918

Note 2. Net gains and losses on financial items at fair value

Group SEKm	Q2 2008	Q1 2008	Q2 2007	Jan-Jun 2008	Jan-Jun 2007	Full-year 2007
Trading, derivatives and fair value option						
Shares/participating interests	238	-48	345	190	570	875
- of which change in value	218	-58	20	160	213	518
- of which dividend	20	10	325	30	357	357
Interest-bearing instruments	409	-264	-68	145	-118	-540
- of which change in value of open interest-bearing position, Swedbank Mortgage	29	-22	44	7	134	71
- of which other change in value	380	-242	-112	138	-252	-611
Other financial instruments	31	73	-36	104	-87	60
- of which change in value	31	73	-36	104	-87	60
Total	678	-239	241	439	365	395
Interest income compensation, claims valued at cost						
	2	3	5	5	11	15
Changes in exchange rates	461	311	333	772	733	1 281
Total net gains and losses on financial items at fair value	1 141	75	579	1 216	1 109	1 691
Parent company SEKm	Q2 2008	Q1 2008	Q2 2007	Jan-Jun 2008	Jan-Jun 2007	Full-year 2007
Trading, derivatives and fair value option						
Shares/participating interests	224	101	-57	325	28	423
- of which change in value	224	101	-57	325	28	423
Interest-bearing instruments	327	-244	-128	83	-271	-652
- of which other change in value	327	-244	-128	83	-271	-652
Total	551	-143	-185	408	-243	-229
Changes in exchange rates	223	136	225	359	396	592
Total net gains and losses on financial items at fair value	774	-7	40	767	153	363

Note 3. Loan losses, net

Group SEKm	Q2 2008	Q1 2008	Q2 2007	Jan-Jun 2008	Jan-Jun 2007	Full-year 2007
<i>Loans assessed individually</i>						
The period's write-off for established loan losses	320	98	102	418	160	575
Reversal of previous provisions for anticipated loan losses reported in the period's accounts as established losses	-181	-50	-72	-231	-111	-236
The period's provisions for anticipated loan losses	251	246	44	497	150	453
Recoveries from previous years' established loan losses	-28	-17	-55	-45	-78	-178
Recovered provisions no longer necessary for anticipated loan losses	-30	-67	-31	-97	-92	-126
Net expense for the period	332	210	-12	542	29	488
<i>Collective provisions for loans assessed individually</i>						
Allocations/withdrawals from collective provisions	31	37	71	68	64	-39
<i>Collectively valued homogeneous groups of loans with limited value and similar credit risk</i>						
The period's write-off for established loan losses	40	28	21	68	37	85
Recoveries from previous years' established loan losses	-8	-6	-7	-14	-14	-23
Allocations to/withdrawals from loan loss reserve	24	34	18	58	31	73
The period's net expense for collectively valued homogenous claims	56	56	32	112	54	135
<i>Contingent liabilities</i>						
The period's net expense for discharged guarantees and other contingent liabilities	4	-15	11	-11	4	35
The period's net loan loss expense	423	288	102	711	151	619

Parent company SEKm	Q2 2008	Q1 2008	Q2 2007	Jan-Jun 2008	Jan-Jun 2007	Full-year 2007
<i>Loans assessed individually</i>						
The period's write-off for established loan losses	284	70	85	354	126	399
Reversal of previous provisions for anticipated loan losses reported in the period's accounts as established losses	-160	-29	-60	-189	-90	-140
The period's provisions for anticipated loan losses	-5	91	16	86	40	193
Recoveries from previous years' established loan losses	-13	-4	-17	-17	-22	-96
Recovered provisions no longer necessary for anticipated loan losses	-11	-29	-19	-40	-54	-72
Net expense for the period	95	99	5	194	0	284
<i>Collective provisions for loans assessed individually</i>						
Allocations/withdrawals from collective provisions	-3	-26	15	-29	-35	-299
<i>Collectively valued homogeneous groups of loans with limited value and similar credit risk</i>						
The period's write-off for established loan losses	17	10	11	27	19	45
Recoveries from previous years' established loan losses	0	0	0	0	0	0
Allocations to/withdrawals from loan loss reserve	1	12	6	13	11	17
The period's net expense for collectively valued homogenous claims	18	22	17	40	30	62
<i>Contingent liabilities</i>						
The period's net expense for discharged guarantees and other contingent liabilities	-14	3	8	-11	8	32
The period's net loan loss expense	96	98	45	194	3	79

Note 4. Loans to credit institutions and loans to the public

SEKm	Group			Parent company		
	Jun 30 2008	Dec 31 2007	Jun 30 2007	Jun 30 2008	Dec 31 2007	Jun 30 2007
Book value (before recognized provisions)	1 397 506	1 312 992	1 218 961	801 879	749 880	684 895
Specific provisions for individually assessed claims	-1 358	-1 145	-637	-263	-407	-318
Provisions for collectively valued homogeneous groups of claims with limited value and similar credit risk	-221	-187	-148	-97	-84	-78
Collective provisions for individually assessed claims	-2 406	-2 359	-2 469	-907	-936	-1 200
Total provisions	-3 985	-3 691	-3 254	-1 267	-1 427	-1 596
Book value	1 393 521	1 309 301	1 215 707	800 612	748 453	683 299
Book value of impaired loans	2 809	1 740	971	238	303	314
Property taken over to protect claims:						
- Buildings and land	0	0	0	0	0	0
- Shares and participating interests	95	28	45	90	21	41
- Other	2	2	2	0	0	0
Total	97	30	47	90	21	41
Share of impaired loans, %	0.20	0.13	0.08	0.03	0.04	0.05
Total provision ratio for impaired loans, % *	91	120	185	212	180	224
Provision ratio for individually identified impaired loans, %	36	43	45	60	62	56

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

Credit risks

Group Sector/branch Jun 30, 2008 SEKm	Book value before provisions	Specific provisions for individually assessed claims	Collective provisions for individually assessed claims	Provisions for collectively assessed homogeneous groups	Book value of loans after provisions	Book value of impaired loans
Private individuals	584 303	348	380	221	583 354	812
Real estate management	244 460	243	218		243 999	698
Retail, hotels, restaurants	45 321	175	373		44 773	165
Construction	18 113	90	105		17 918	148
Manufacturing	44 297	193	391		43 713	308
Transportation	22 797	22	111		22 664	96
Forestry and agriculture	52 319	60	86		52 173	112
Other corporate lending	138 857	215	742		137 900	482
Municipalities, excl. municipal corporates	22 921				22 921	
Lending	1 173 388	1 346	2 406	221	1 169 415	2 821
Credit institutions incl. Nat'l Debt Office	77 637	12			77 625	-12
Repurchase agreements - credit institutions incl. Nat'l Debt Office	126 320				126 320	
Repurchase agreements - public	20 161				20 161	
Total lending to credit institutions and the public	1 397 506	1 358	2 406	221	1 393 521	2 809

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.

Group SEKm	Interest related		Currency related		Equity related, etc.	
	Jun 30 2008	Jun 30 2007	Jun 30 2008	Jun 30 2007	Jun 30 2008	Jun 30 2007
Derivatives with positive book values	36 408	22 394	14 240	7 769	5 198	5 585
Derivatives with negative book values	37 057	23 366	14 786	9 461	3 294	5 367
Nominal amount	9 616 120	7 163 137	1 156 511	973 448	90 812	71 376

Derivatives with a value of SEK 4 472m (3 147) have, as a consequence of netting agreements, been recognized net in the balance sheet.

Number of shares in issue

Number of shares in issue	Q2 2008	Q1 2008	Q2 2007	Full-year 2007
Average number of shares outstanding before and after dilution	515 373 412	515 373 412	515 373 412	515 373 412
Number of shares outstanding before and after dilution	515 373 412	515 373 412	515 373 412	515 373 412

Number of shares in issue	Jun 30 2008	Mar 31 2008	Jun 30 2007
Average number of shares outstanding before and after dilution	515 373 412	515 373 412	515 373 412
Number of shares outstanding before and after dilution	515 373 412	515 373 412	515 373 412

Number of employees

Number of full-time employees	Jun 30 2008	Dec 31 2007	Jun 30 2007
Swedish Banking	6 054	6 236	6 226
Baltic Banking	9 242	9 203	9 156
<i>Estonia</i>	3 346	3 246	3 338
<i>Latvia</i>	2 659	2 577	2 514
<i>Lithuania</i>	3 237	3 380	3 304
International Banking	4 107	3 952	419
<i>Ukraine</i>	3 481	3 433	0
<i>Russia</i>	474	386	305
<i>Nordic branches and Luxembourg</i>	143	122	105
<i>Other</i>	9	11	9
Swedbank Markets	789	752	712
Asset Management and Insurance	346	332	327
Shared Services & Group Staffs	1 677	1 673	1 670
Total	22 215	22 148	18 510

Signatures of the Board of Directors and the President

The Board of Directors and the President certify that the interim report for the period 1 January to 30 June 2008 provides a fair and accurate overview of the operations, financial position and results of the Parent Company and the Group, and that it describes the significant risks and uncertainties faced by the Parent Company and the companies in the Group.

Stockholm, 16 July 2008

Carl Eric Stålberg
Chair

Ulrika Francke
Deputy Chair

Gail Buyske
Board Member

Simon Ellis
Board Member

Berit Hägglund-Marcus
Board Member

Göran Johnsson
Board Member

Helle Kruse Nielsen
Board Member

Anders Nyblom
Board Member

Monica Hellström
Board Member
Employee Representative

Kristina Janson
Board Member
Employee Representative

Jan Lidén
President

Review report

Introduction

We have reviewed the interim report for Swedbank AB (publ) for the period 1 January to 30 June 2008. The Board of Directors and the CEO are responsible for the preparation and presentation of this interim report in accordance with the Annual Accounts Act for Credit Institutions and Securities Companies and IAS 34. 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 Independent Auditor of the Entity. 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 Swedbank AB (publ) is not, in all material aspects, in accordance with the Annual Accounts Act for Credit Institutions and Securities Companies and IAS 34.

Stockholm, 16 July 2008

Deloitte AB
Jan Palmqvist
Authorized Public Accountant

Publication of financial information

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

Swedbank will publish financial results on the following dates in 2008:

Interim report for the third quarter on 23 October.

The year-end report for 2008 is scheduled to be published on 12 February 2009.

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