

# Interim report for Swedbank

## January - March 2008

Stockholm, April 24, 2008

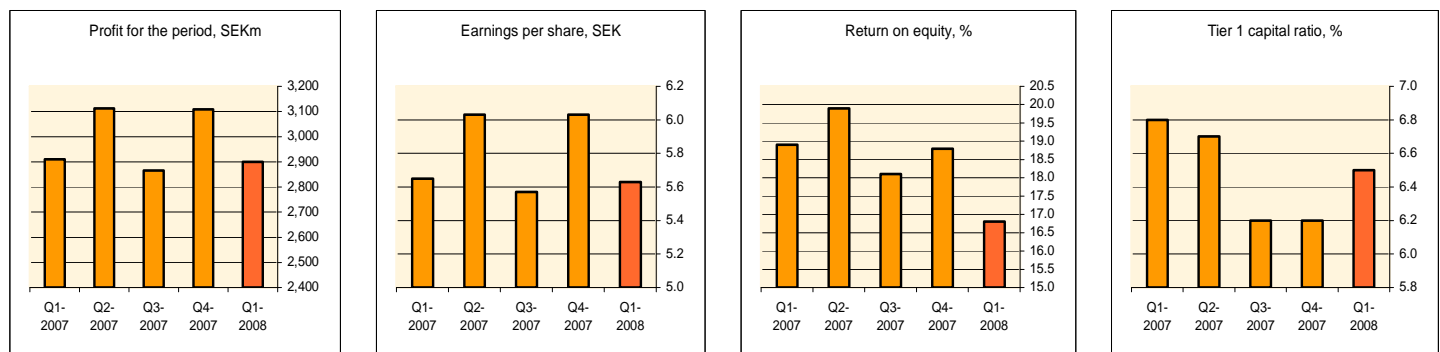


### Profit for first quarter 2008 in line with first quarter 2007

- Profit for the period amounted to SEK 2,900m (2,910)
- Earnings per share amounted to SEK 5.63 (5.65)
- The return on equity decreased to 16.8 percent (18.9)
- The cost/income ratio was 0.53 (0.51)
- Net interest income increased by 16 percent to SEK 5,241m (4,501)
- Loan losses amounted to SEK 288m (49), corresponding to a loan loss ratio of 0.10 percent (0.02)
- The tier 1 capital ratio was 8.2 percent (8.5 on December 31, 2007) according to the new rules and 6.5 percent (6.2) according to the transition rules.

### Profit for first quarter 2008 decreased by 7 percent compared with fourth quarter 2007

- Profit for the period decreased by 7 percent to SEK 2,900m (3,108)
- Earnings per share decreased to SEK 5.63 (6.03)
- The return on equity was 16.8 percent (18.8)
- The cost/income ratio was 0.53 (0.51)
- Income decreased by 5 percent and expenses by 2 percent
- Loan losses amounted to SEK 288m (238), corresponding to a loan loss ratio of 0.10 percent (0.09).



### Comment by the CEO

The first quarter of 2008 gave us reason to be positive but included challenges as well. On the positive side, Swedbank's core business with households and corporations continued growing strongly in all markets. We are also pleased to see that the gradual slowdown in the Baltic countries has continued at the pace we had expected.

Among the challenges were the international credit markets, where the price of risk continued to rise. Developments have to some extent affected the valuation of the bank's assets and, as a result, its earnings. The relatively small changes in Swedbank's case are unrealized, and when markets normalize this should have a correspondingly positive impact. A slowdown in merger and acquisition activity in Sweden and Norway during the first quarter resulted in lower commission income. However, the prospects of higher activity in the remainder of the year are considered positive.

## Financial summary for the Group

SEKm	Q1 2008	Q4 2007	%	Q1 2007	%	Full-year 2007
Net interest income	5,241	5,259	0	4,501	16	19,157
Net commission income	2,180	2,536	-14	2,289	-5	9,880
Net gains and losses on financial items at fair value	75	386	-81	530	-86	1,691
Other income	950	693	37	473		2,196
<b>Total income</b>	<b>8,446</b>	<b>8,874</b>	<b>-5</b>	<b>7,793</b>	<b>8</b>	<b>32,924</b>
Staff costs	2,579	2,633	-2	2,322	11	9,792
Other expenses	1,861	1,893	-2	1,615	15	6,927
<b>Total expenses</b>	<b>4,440</b>	<b>4,526</b>	<b>-2</b>	<b>3,937</b>	<b>13</b>	<b>16,719</b>
<b>Profit before loan losses</b>	<b>4,006</b>	<b>4,348</b>	<b>-8</b>	<b>3,856</b>	<b>4</b>	<b>16,205</b>
Loan losses, net	288	238	21	49		619
<b>Operating profit</b>	<b>3,718</b>	<b>4,110</b>	<b>-10</b>	<b>3,807</b>	<b>-2</b>	<b>15,586</b>
Tax expense	805	950	-15	851	-5	3,450
Profit for the period	2,913	3,160	-8	2,956	-1	12,136
<b>Profit for the period attributable to the shareholders of Swedbank AB</b>	<b>2,900</b>	<b>3,108</b>	<b>-7</b>	<b>2,910</b>	<b>0</b>	<b>11,996</b>

Key ratios	Q1 2008	Q4 2007		Q1 2007		Full-year 2007
Return on equity, %	16.8	18.8		18.9		18.9
Earnings per share, SEK <sup>1)</sup>	5.63	6.03		5.65		23.28
C/I ratio before loan losses	0.53	0.51		0.51		0.51
Equity per share, SEK <sup>1)</sup>	136.43	131.96		122.84		131.96
Tier 1 capital ratio, % excluding complement	8.2	8.5		8.0		8.5
Capital adequacy ratio, % excluding complement	11.7	12.7		11.8		12.7
Total capital quotient	1.47	1.59		1.47		1.59
Tier 1 capital ratio, % including complement	6.5	6.2		6.8		6.2
Capital adequacy ratio, % including complement	9.3	9.3		10.0		9.3
Loan loss ratio, net, %	0.10	0.09		0.02		0.07
Share of impaired loans, %	0.16	0.13		0.07		0.13
Total provision ratio for impaired loans, %	104	120		199		120

1) The number of shares is specified on page 36.

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

Balance sheet data SEKbn	Mar 31 2008	Dec 31 2007	%	Mar 31 2007	%
Loans to the public	1,170	1,135	3	1,013	16
Deposits and borrowings from the public	458	458	0	416	10
Shareholders' equity	70	68	3	63	12
Total assets	1,696	1,608	5	1,483	14
Risk weighted assets, old rules	912	892	2	774	18
Risk weighted assets, new rules	629	600	5	601	5
Risk weighted assets, transition rules	795	822	-3	713	12

## Group profit trend, Q1 2008 vs. Q4 2007

### Lower income and profit

- Profit for the period decreased by 7 percent to SEK 2,900m (3,108)
- Earnings per share decreased to SEK 5.63 (6.03)
- The return on equity amounted to SEK 16.8 percent (18.8)
- Operating profit decreased by 10 percent to SEK 3,718m (4,110)
- Income decreased by 5 percent to SEK 8,446m (8,874)
- Net interest income was largely unchanged at SEK 5,241m (5,259)
- Net commission income decreased to SEK 2,180m (2,536)
- Net gains and losses on financial items at fair value decreased to SEK 75m (386)
- Expenses decreased by 2 percent to SEK 4,440m (4,526)
- The cost/income ratio was 0.53 (0.51)
- Loan losses increased to SEK 288m (238)
- The effective tax rate decreased to 22 percent (23).

### Lower income

**Income** decreased by 5 percent to SEK 8,446m (8,874). Excluding the capital gain from branch sales of SEK 440m, income decreased by 10 percent.

**Net interest income** was largely unchanged at SEK 5,241m (5,259). Net interest income from the lending portfolio decreased by SEK 12m due to continued margin pressure and higher funding costs. Net interest income from deposits increased marginally by SEK 11m. Net interest income from other operations decreased by SEK 17m.

**Net commission income** decreased by 14 percent to SEK 2,180m (2,536). Falling stock prices reduced assets under management, which in turn negatively affected asset management and unit-linked insurance commissions. At the same time income from corporate finance decreased significantly. Brokerage commissions also decreased.

**Net gains and losses on financial items at fair value** decreased to SEK 75m (386). The credit crunch in the financial markets meant further negative changes of SEK 187m (40) in fair value of Swedbank Markets' credit bond portfolio. The change in the value of lending, funding and derivatives in Swedbank Mortgage amounted to SEK -22m (66) during the quarter. The change in the value of Group Treasury's derivatives tied to intra-group financing amounted to SEK -253m (20).

**Net insurance** decreased to SEK 107m (279). Income in the fourth quarter 2007 was affected by withdrawals from certain technical reserves for loan insurance.

The **share of the profit or loss of associates** increased to SEK 116m (70) mainly due to higher profit in EnterCard.

**Other income** increased to SEK 727m (344) due to a capital gain of SEK 440m from the sale of branches to two savings banks in western and southern Sweden.

### Lower expenses

Group **expenses** decreased by 2 percent to SEK 4,440m (4,526).

**Staff costs** decreased to SEK 2,579m (2,633). Profit-based staff costs decreased by SEK 254m. Pension costs increased by SEK 44m due to higher recognized actuarial losses and a higher salary increase assumption in the calculation of the cost of the Group's Swedish defined benefit pension plan.

**Other general administrative expenses** decreased to SEK 1,861m (1,893). Expenses are generally seasonally higher in the fourth quarter.

### Loan losses

**Loan losses** amounted to a net of SEK 288m (238). 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 3,718m (4,110) and the **tax expense** was SEK 805m (950), entailing an effective tax rate of 22 percent (23). The lower tax rate in the first quarter 2008 was due to tax recoveries from previous years.

## Group profit trend, Q1 2008 vs. Q1 2007

### Increased net interest income but negative changes in fair value

- Profit for the period amounted to SEK 2,900m (2,910)
- Earnings per share amounted to SEK 5.63 (5.65)
- The return on equity amounted to 16.8 percent (18.9)
- Operating profit decreased by 2 percent to SEK 3,718m (3,807)
- Income increased by 8 percent to SEK 8,446m (7,793)
- Net interest income increased by 16 percent to SEK 5,241m (4,501)
- Net commission income decreased by 5 percent to SEK 2,180m (2,289)
- Net gains and losses on financial items at fair value decreased to SEK 75m (530)
- Expenses increased by 13 percent to SEK 4,440m (3,937)
- The cost/income ratio was 0.53 (0.51)
- Loan losses increased to SEK 288m (49)
- The effective tax rate was unchanged at 22 percent (22).

### Income increased

**Income** increased by 8 percent to SEK 8,446m (7,793). Excluding branch sales, income increased by 3 percent.

**Net interest income** increased by 16 percent to SEK 5,241m (4,501). Net interest income from the lending portfolio increased by SEK 310m despite continued

margin pressure and higher funding costs. Net interest income from deposits increased by SEK 530m through volume increases and improved interest margins. Net interest income from other operations decreased by SEK 100m.

**Net commission income** decreased by 5 percent to SEK 2,180m (2,289) 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** decreased to SEK 75m (530) due to the continued credit crunch in the financial markets. The result was negatively affected by the change in fair value of SEK 187m (0) of Swedbank Markets' credit bond portfolio. The change in the value of lending, funding and derivatives in Swedbank Mortgage amounted to SEK -22m (90) during the quarter. The change in the value of Group Treasury's derivatives tied to intra-group financing amounted to SEK -253m (28).

**Net insurance** increased to SEK 107m (79) mainly through growth in the Baltics.

The **share of the profit or loss of associates** was largely unchanged at SEK 116m (119).

**Other income** increased to SEK 727m (275) due to a capital gain of SEK 440m from the sale of branches to two savings banks in western and southern Sweden.

## Expenses increased

**Expenses** increased by SEK 503m or 13 percent to SEK 4,440m (3,937). Of the increase, SEK 150m is attributable to the acquired Ukrainian banking operations. Swedbank Robur's transactions with Folksam and KP Pension & Försäkring also contributed to the expense increase.

**Staff costs** increased by SEK 257m or 11 percent to SEK 2,579m (2,322). The Ukrainian acquisition, Folksam agreement and increase in employees and salaries in the rapidly growing operations outside Sweden were the main reasons, although contractual salary increases and rising pension costs in Sweden also contributed. Profit-based staff costs decreased by SEK 122m.

**Other general administrative expenses** increased by 15 percent to SEK 1,861m (1,615) mainly due to expansion outside Sweden. Premises, IT, armored transports and security were among the areas where expenses increased.

## Loan losses

**Loan losses** amounted to a net of SEK 288m (49), corresponding to a loan loss ratio of 0.10 percent (0.02).

## Unchanged tax rate

Profit before tax amounted to SEK 3,718m (3,807) and the **tax expense** was SEK 805m (851), entailing an effective tax rate of 22 percent (22).

## Interest rate risk

An increase in all market interest rates of one percentage point as of March 31, 2008 would have reduced the value of the Group's assets and liabilities, including derivatives, by SEK 1,793m (1,961). This calculation includes the portion of the bank's deposits that have been assigned a

duration of between 2 and 3 years. The decrease in the value of positions in Swedish kronor would have been SEK 1,395m (1,549). Positions in foreign currencies would have decreased in value by SEK 398m (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 196m (296) as of March 31, 2008.

Comparative figures refer to December 31, 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 first quarter 2008. Turbulence from the U.S. subprime crisis negatively affected earnings in the quarter, even though Swedbank directly or indirectly had no significant exposure to this market.

Current economic conditions in the Baltics have affected general sentiment towards the region; however, there has been no major impact on the bank's 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 according to 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 in 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 work well. Swedbank works actively to retain and enhance its well-diversified funding base. As of April 21 Swedbank Mortgage converted 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 a AAA rating from Standard and Poor's and 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 further broadening of the investor base.

## New capital adequacy rules – Basel 2

As of February 1, 2007 new rules apply in Sweden for 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 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 11.8 percent as of March 31, 2008 with full effect of the new rules (12.7 as of December 31, 2007), of which the tier 1 capital ratio was 8.2 percent (8.5). The capital adequacy quotient was 1.48 (1.59). The tier 1 capital ratio includes profit for the period after deducting the proposed dividend.

Taking into account the transition rules, the tier 1 capital ratio was 6.5 percent (6.2), the capital adequacy ratio was 9.3 percent (9.3) and the capital adequacy quotient was 1.16 (1.16).

A specification of capital adequacy and a summary of the new rules are provided on page 25.

## Lending

The Group's lending to the public, excluding repurchase agreements (repos), increased during the quarter by SEK 28bn or 3 percent to SEK 1,131bn (1,103) on March 31. The lending increase in the Baltics was only SEK 5bn during the quarter, against SEK 16bn in the same quarter a year earlier. In Sweden the increase in corporate lending remained at a high level. A specification of lending is provided on page 31.

The share of impaired loans was 0.16 percent (0.13) as of March 31.

## Savings and investments

Customers' total savings and investments in Swedbank increased by SEK 7bn or 1 percent to SEK 1,115bn (1,108) during the quarter. Customers' investment assets fell in value due to declining stock prices. Swedbank Robur's discretionary asset management added SEK 47bn during the first quarter as a result of Folksam's merger with KP Pension & Försäkring.

Customers' deposits, excluding repurchase agreements (repos), have increased marginally since the beginning of the year to SEK 452bn (450).

A specification of savings and investments is provided on page 31.

## Other events

### **Branch sales to savings banks**

On January 1, 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 Tyinge Sparbank). At year-end business volumes 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

Martgage and Swedbank Finans and investments in Swedbank Robur's mutual funds and Swedbank's index-linked bonds will remain part of Swedbank also after the transaction. The sale price was SEK 440m.

## **Swedbank Robur acquired Folksam Fond AB**

On January 2, 2008 Swedbank Robur acquired all the shares in Folksam Fond AB. The acquisition was settled in cash. The following acquisition analysis was prepared on the acquisition date. It is preliminary.

Recognised in the Group at the time of acquisition, SEKm	2 Jan 2008
Assets	58
Liabilities	15
<b>The subsidiary's net asset</b>	<b>43</b>
Intangible fixed asset, fund management assignment	583
Related deferred tax	-163
<b>Total</b>	<b>463</b>
<b>Cost, cash</b>	<b>463</b>

## **Swedbank Robur named Nordic region's best fund manager**

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

## **Swedbank completes acquisition of corporate finance business in Russia**

During the quarter Swedbank AB completed the previously announced acquisition of ZAO OKO Capital Vostok from Pohjola Bank of Finland. The acquisition cost of SEK 5m was allocated to goodwill. The company, which will change its name to ZAO Swedbank Markets, is active in investment banking with its main focus on financial advice for Nordic and Russian companies in connection with acquisitions and divestments of companies and businesses in Russia. The company has seven employees.

## **Annual General Meeting and dividend**

Swedbank's Annual General Meeting 2008 will be held in Stockholm on April 25.

Swedbank's Nomination Committee has recommended Helle Kruse Nielsen as a new member of Swedbank's Board. The Nomination Committee recommends the reelection of Chairman Carl Eric Stålberg and Board members Gail Buyske, Simon F.D Ellis, Ulrika Francke, Berith Hägglund-Marcus, Göran Johnsson and Anders Nyblom. Caroline Sundewall has declined reelection.

The Board of Directors proposes that the Annual General Meeting approve a cash dividend of SEK 9.00 per share (8.25), corresponding to SEK 4,638m and a payout ratio of 39 percent. The proposed record date for the 2007 dividend is April 30, 2008. The last day for trading in the bank's share with the right to the dividend

is April 25, 2008. If the Annual General Meeting resolves to adopt the Board's recommendation, the cash dividend is expected to be paid by VPC (the Swedish Central Securities Depository) on May 6, 2008.

## **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 April 1, 2007).

The accounting principles 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**

Mar, 2008	S&P		Moody's			Fitch	
	Short	Long	Short	Long	BFSR *	Short	Long
Swedbank	A-1	A+	P-1	Aa1	B	F1	A+
Swedbank Mortgage	A-1		P-1	Aa1		F1+	AA-
Hansabank			P-1	Aa2	C+	F1	A

\* Bank Financial Strength Ratings

## **Swedbank's share**

SWED A	Mar 31 2008	Mar 31 2007
Share price, SEK	166.50	244.50
No. of shares in issue	515,373,412	515,373,412
Market capitalization, SEKm	85,810	126,009

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

## **Events after March 31, 2008**

### **Swedbank Babs changes name**

On April 1 Swedbank Babs AB changed its name to Swedbank Card Services AB. The name change is a result of the ongoing efforts to establish operations in markets outside Sweden. For Swedbank's customers the name change does not entail any other changes, and in Sweden the strong Swedbank Babs brand will still be used. The market name outside Sweden will be Swedbank Card Services.

## Business area report

Q1 2008 SEKm	Swedish Banking	Baltic Banking	International Banking	Swedbank Markets	Asset Management and Insurance	Shared Services and Group Staffs	Eliminations	Group
Net interest income	2,982	1,461	369	289	25	115	0	5,241
Net commission income	1,025	458	54	227	416	0	0	2,180
Net gains and losses on financial items at fair value	16	78	22	244	-15	-270	0	75
Share of the profit or loss of associates	90	2		0		24		116
Other income	584	129	4	10	39	769	-701	834
<b>Total income</b>	<b>4,697</b>	<b>2,128</b>	<b>449</b>	<b>770</b>	<b>465</b>	<b>638</b>	<b>-701</b>	<b>8,446</b>
Staff costs	1,021	439	145	203	101	402	0	2,311
Profit-based staff costs	78	83	12	55	9	31		268
IT expenses	209	69	20	64	57	170	-218	371
Other expenses	919	258	104	131	79	275	-483	1,283
Depreciation/amortization	28	74	28	3	7	67	0	207
<b>Total expenses</b>	<b>2,255</b>	<b>923</b>	<b>309</b>	<b>456</b>	<b>253</b>	<b>945</b>	<b>-701</b>	<b>4,440</b>
<b>Profit before loan losses</b>	<b>2,442</b>	<b>1,205</b>	<b>140</b>	<b>314</b>	<b>212</b>	<b>-307</b>		<b>4,006</b>
Loan losses, net	95	173	26	0		-6		288
<b>Operating profit</b>	<b>2,347</b>	<b>1,032</b>	<b>114</b>	<b>314</b>	<b>212</b>	<b>-301</b>		<b>3,718</b>
Tax expense	656	91	28	88	53	-111		805
Profit for the period	1,691	941	86	226	159	-190		2,913
<b>Profit for the period attributable to:</b>								
<b>Shareholders of Swedbank AB</b>	<b>1,688</b>	<b>941</b>	<b>86</b>	<b>216</b>	<b>159</b>	<b>-190</b>		<b>2,900</b>
Minority interest	3			10				13
Return on allocated equity, %	23.3	17.2	5.0	23.7	29.4	neg.		16.8
C/I ratio before loan losses	0.48	0.43	0.69	0.59	0.54	1.48		0.53
Full-time employees	6,133	9,206	3,966	772	341	1,658		22,076

### Business area accounting policies

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

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 internal 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 several 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 445 branches organized in 36 operating areas in four regions. Cooperation with the savings and partly owned banks adds another 259 branches. The branch network is complemented by 168 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 6,100 full-time employees, around 4,800 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	Q1 2008	Q4 2007	Q3 2007	Q2 2007	Q1 2007
Net interest income	2,982	2,927	2,926	2,905	2,943
Net commission income	1,025	1,183	1,130	1,115	1,076
Net gains and losses on financial items at fair value	16	116	1	86	132
Share of the profit or loss of associates	90	52	118	69	92
Other income	584	277	173	224	133
<b>Total income</b>	<b>4,697</b>	<b>4,555</b>	<b>4,348</b>	<b>4,399</b>	<b>4,376</b>
Staff costs	1,021	995	995	1,003	961
Profit-based staff costs	78	101	98	81	62
IT expenses	209	242	197	235	218
Other expenses	919	927	893	990	918
Depreciation/amortization	28	14	25	21	24
<b>Total expenses</b>	<b>2,255</b>	<b>2,279</b>	<b>2,208</b>	<b>2,330</b>	<b>2,183</b>
<b>Profit before loan losses</b>	<b>2,442</b>	<b>2,276</b>	<b>2,140</b>	<b>2,069</b>	<b>2,193</b>
Loan losses, net	95	122	3	13	-67
<b>Operating profit</b>	<b>2,347</b>	<b>2,154</b>	<b>2,137</b>	<b>2,056</b>	<b>2,260</b>
Tax expense	656	606	598	576	633
Profit for the period	1,691	1,548	1,539	1,480	1,627
<b>Profit for the period attributable to:</b>					
<b>Shareholders of Swedbank AB</b>	<b>1,688</b>	<b>1,545</b>	<b>1,536</b>	<b>1,477</b>	<b>1,624</b>
Minority interest	3	3	3	3	3
Allocated equity	28,918	28,110	26,792	26,257	25,473
Return on allocated equity, %	23.3	22.0	22.9	22.5	25.5
<b>Income items</b>					
Income from external customers	4,286	4,101	3,894	3,902	3,905
Income from transactions with other segments	411	454	454	497	471
<b>Business volumes, SEK billion</b>					
Lending	888	867	832	806	781
Deposits	316	317	300	285	275
Mutual funds & insurance	222	251	263	270	264
Other investment volume	27	25	23	22	22
Investments in associates	2	2	2	2	2
Risk-weighted volume, old rules	643	623	601	575	556
Total assets	1,040	972	910	895	925
Total liabilities	1,010	943	883	869	900
Full-time employees	6,133	6,236	6,190	6,226	6,272



## **Economic slowdown in Sweden**

The economic growth rate in Sweden continued to slow, in line with the rest of the world. Growth in Sweden is still higher than the OECD average, however. For 2007 GDP growth was 2.6 percent, against 4.1 percent in the previous year. Inflation currently tops 3 percent, exceeding the Riksbank's target of 2 percent.

The Riksbank raised the repo rate by 25 basis points to 4.25 percent on February 20. The average rate was 4.11 percent during the quarter, against 3.11 percent during the first quarter 2007 and 3.91 percent for the fourth quarter 2007.

The Stockholm stock exchange's OMXSPI index decreased by slightly over 11 percent during the first quarter.

Prices of condominiums and single-family homes basically stood still during the period, according to Mäklarstatistik. Over the last 12-month period the price of single-family homes and condominiums has risen by 7 and 4 percent, respectively.

## **Financial market volatility**

Turbulence in the global financial markets continued during the first quarter. Rates in the Swedish interbank market (Stibor) remained at historically high levels in relation to Swedish treasury bill rates. Because of the higher interbank rates, Swedbank raised the rates on its variable-rate lending products on two other occasions during the quarter in addition to when the Riksbank raised the repo rate.

Swedbank Mortgage has during the first quarter increased its liquidity, which has had a negative impact on net interest income. Significant valuation effects also impacted Swedbank Mortgage during the quarter, since the market quotes that serve as a basis for the valuation of its funding, derivatives and lending remained volatile.

## **Service leader**

Weekend banking hours introduced early in the year has affected four full-service branches in Sweden's three largest cities and are part of the strategy to be a service leader. Around 60 large branches already stay open until 6 pm Monday to Friday.

A mutual fund programme launched at the beginning of the year entails a new approach that makes it easier for bank employees to sell a simplified range of funds. The programme began in mid-January with a campaign called "Wake up your money."

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, including limits on the amount of cash kept by the branches, have been taken to thwart and prevent future robberies. Considering the welfare of its employees, the banking industry, as well as retailers and armored transport companies, have a common interest in reducing the use of cash in society.

## **Swedbank again named most popular banking employer in Sweden**

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

## **Branch sales**

On 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 Hässleholms to Sparbanken 1826 (formerly Kristianstads Sparbank and Tyringe Sparbank). As of year-end business volumes in 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 sold 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 19bn in the first quarter 2007. Total lending volumes amounted to SEK 888bn at the end of the quarter, an increase of 14 percent in one year.

Mortgage lending to private customers increased by SEK 9bn during the quarter, compared with SEK 10bn during the first quarter 2007. In one year mortgage lending to private customers has increased by 12 percent to SEK 436bn.

Bank lending to corporate customers increased by SEK 10bn during the quarter, compared with SEK 6bn during the first quarter 2007. In one year bank lending to corporate customers has increased by 27 percent to SEK 230bn.

## **Savings and investment volumes**

Savings and investment volumes, excluding holdings in customers' brokerage accounts, decreased by SEK 28bn during the quarter, compared with a volume increase of SEK 20bn in the first quarter 2007. Total savings and investment volumes amounted to SEK 565bn at the end of the quarter, an increase of 1 percent in one year.

Of the change in volume during the first quarter, mutual fund and insurance volumes accounted for SEK -29bn (SEK 9bn first quarter 2007), deposits for SEK -1bn (7) and index-linked bonds for SEK 2bn (3). Of the decrease in mutual fund and insurance volumes, lower market values accounted for SEK 26bn. Fund withdrawals through Swedish Banking exceeded contributions by SEK 3bn (1) during the quarter.

## **Increased payment volumes**

Swedbank had 3.5 million (3.4) bank cards in circulation at the end of the quarter. During the quarter the number of card purchases increased by 17 percent and the number of card transactions cleared rose 20 percent compared with the same quarter last year.

## **Market shares**

The market share for household mortgage lending was 30 percent (30). The market share for outstanding corporate lending was 22 percent (22) and for total household lending 26 percent (26).

The market share for outstanding household deposits was unchanged at 26 percent (26). For

corporate customers, the market share for outstanding deposits was 16 percent (16). The market share for net mutual fund sales was negative (neg.), while the market share for outstanding fund assets was 25 percent (26). The market share for listed equity-linked bonds was 24 percent (26).

#### **Profit trend Q1 2008 vs. Q4 2007**

Profit for the period increased by SEK 143m or 9 percent to SEK 1,688m. The return on equity improved to 23.3 percent (22.0). The cost/income ratio was 0.48 (0.50).

Income increased by SEK 142m or 3 percent to SEK 4,697m.

Net interest income increased to SEK 2,982m (2,927). Further increases in deposit and lending volumes raised net interest income by SEK 79m. Higher money market rates, and thus internal rates on the calculation of interest margins on variable-rate lending and deposits, negatively affected the lending margin and positively affected the deposit margin. The lending margin decreased by 5 bp to 0.74 percent, which reduced net interest income by SEK 116m. In terms of deposits, the interest margin improved by 15 bp to 1.51 percent, which positively affected net interest income by SEK 110m. Other effects were SEK 18m lower than the previous quarter.

Net commission income decreased by SEK 158m or 13 percent to SEK 1,025m mainly due to lower income from fund and insurance operations as well as securities transactions.

Net gains and losses on financial items at fair value decreased by SEK 100m to SEK 16m mainly because lending, funding and the derivatives were marked to fair value in Swedbank Mortgage.

The share of profit or loss of associates increased by SEK 38m to SEK 90m due to higher profit from EnterCard.

Other income increased by SEK 307m to SEK 584m, of which SEK 440m due to branch sales. The fourth quarter also included income from Swedbank Insurance related to a surplus from the loan protection product.

Expenses decreased by SEK 24m to SEK 2,255m.

Staff costs excluding profit-based compensation increased by SEK 26m to SEK 1,021m. Profit-based compensation decreased by SEK 23m to SEK 78m.

Other expenses decreased by SEK 27m or 2 percent to SEK 1,156m. The decrease was due to seasonally high costs during the fourth quarter.

Loan losses amounted to a net of SEK 95m (122).

The number of full-time positions decreased by 103 to 6,133, of which branch sales accounted for a decrease of 52 employees.

#### **Profit trend Q1 2008 vs. Q1 2007**

Profit for the period increased by SEK 64m or 4 percent to SEK 1,688m. The return on equity was 23.3 percent (25.5). The cost/income ratio was 0.48 (0.50).

Income increased by SEK 321m or 7 percent to SEK 4,697m.

Net interest income increased by SEK 39m to SEK 2,982m. Further increases in deposit and lending volumes raised net interest income by SEK 356m. Higher money market rates, and thus internal rates on the calculation of interest margins on variable-rate lending and deposits, negatively affected the lending margin and positively affected the deposit margin. The lending margin decreased by 19 bp to 0.74 percent,

which reduced net interest income by SEK 403m. In terms of deposits, the interest margin improved by 26 bp to 1.51 percent, which positively affected net interest income by SEK 194m. Other effects were SEK 108m lower.

Net commission income decreased by SEK 51m or 5 percent to SEK 1,025m mainly due to lower income from fund and insurance operations.

Net gains and losses on financial items at fair value decreased by SEK 116m to SEK 16m.

The share of profit or loss of associates decreased by SEK 2m.

Other income increased by SEK 451m, of which SEK 440m due to branch sales.

Expenses increased by SEK 72m or 3 percent to SEK 2,255m.

Staff costs excluding profit-based compensation increased by SEK 60m or 6 percent partly due to contractual salary increases, increased pension costs and accrual effects. Profit-based compensation increased by SEK 16m.

Other expenses decreased by SEK 4m.

Loan losses amounted to a net of SEK 95m (-67).

The number of full-time positions decreased by 139 to 6,133, of which branch sales accounted for a decrease of 52 employees.

## Baltic Banking

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

Baltic Banking Operations is defined as the subsidiary Group Hansabank, excluding the operations in Russia. An adjustment is also made for slightly lower equity 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 otherwise indicated.

The effects of Swedbank's ownership of Hansabank are reported in Baltic Banking Investments 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.

## Baltic Banking Operations

### Profit trend

SEKm	Q1 2008	Q4 2007	Q3 2007	Q2 2007	Q1 2007
Net interest income	1,575	1,588	1,487	1,377	1,215
Net commission income	458	477	475	478	424
Net gains and losses on financial items at fair value	78	163	213	235	205
Share of the profit or loss of associates	2	3	2	1	1
Other income	129	141	111	107	70
<b>Total income</b>	<b>2,242</b>	<b>2,372</b>	<b>2,288</b>	<b>2,198</b>	<b>1,915</b>
Staff costs	439	427	348	364	336
Profit-based staff costs	83	160	163	131	115
IT expenses	69	81	70	77	64
Other expenses	258	343	236	233	211
Depreciation/amortization	50	51	47	46	43
<b>Total expenses</b>	<b>899</b>	<b>1,062</b>	<b>864</b>	<b>851</b>	<b>769</b>
<b>Profit before loan losses</b>	<b>1,343</b>	<b>1,310</b>	<b>1,424</b>	<b>1,347</b>	<b>1,146</b>
Loan losses, net	173	116	153	74	107
<b>Operating profit</b>	<b>1,170</b>	<b>1,194</b>	<b>1,271</b>	<b>1,273</b>	<b>1,039</b>
Tax expense	107	124	121	121	89
<b>Profit for the period</b>	<b>1,063</b>	<b>1,070</b>	<b>1,150</b>	<b>1,152</b>	<b>950</b>
Allocated equity	14,633	15,045	14,665	13,612	12,142
Return on allocated equity, %	29.1	28.4	31.4	33.9	31.3
<b>Income items</b>					
Income from external customers	2,242	2,372	2,288	2,198	1,915
<b>Business volumes, SEK billion</b>					
Lending	182	177	164	153	143
Deposits	102	102	92	92	89
Mutual funds & insurance	17	19	18	17	15
Risk-weighted volume, old rules	173	175	159	154	138
Total assets	231	233	210	202	183
Total liabilities	216	218	197	188	171
Full-time employees	9,206	9,203	9,112	9,156	8,610

### Weaker economic conditions in Baltic region

Clear indications of an economic slowdown can now be seen in the rapidly growing Baltic economies.

GDP growth in Latvia and Lithuania remained high in the fourth quarter 2007 at 8.0 percent, while growth in Estonia slowed to 4.8 percent. The decrease in GDP growth is set to continue throughout 2008 in all three Baltic countries.

Inflation figures for March remained high at 11.3 percent in Lithuania, 10.9 percent in Estonia and 16.8 percent in Latvia.

A further decrease in lending growth was evident partly as a result of inflation-fighting measures. A decline in real estate prices was also evident.

The consensus is that economic development will remain positive in the Baltics, but with slightly lower growth.

Interest rates fell in the first quarter 2008 compared with the fourth quarter 2007. The 90-day Euribor rate averaged 4.48 percent in the first quarter, compared with 4.72 percent in the fourth quarter 2007 and 3.82 percent in the first quarter 2007. In Latvia, domestic interest rates rose substantially in the first quarter 2007 in connection with devaluation rumours, and the 90-day Rigibor rate then averaged 5.21 percent. During the fourth quarter 2007 the average was 11.72 percent before falling in the first quarter 2008 to 7.70 percent.

## Business volumes

Lending increased by SEK 5bn during the first quarter to SEK 182bn. In the latest 12 month period the increase was 27 percent. The rate of increase measured in euro has gradually decreased from 55 percent on an annual basis a year ago. The rate is expected to continue to decrease.

In one year lending has increased by 22 percent in Estonia to SEK 73bn, by 26 percent in Latvia to SEK 57bn and by 38 percent in Lithuania to SEK 52bn. Lending to private customers has increased in one year by 30 percent to SEK 78bn, while corporate lending has increased by 26 percent to SEK 104bn.

In one year deposits increased by 15 percent to SEK 102bn. In Estonia, deposits have increased in one year by 18 percent to SEK 46bn, in Latvia by 9 percent to SEK 23bn and in Lithuania by 16 percent to SEK 33bn.

A total of 3.4 million cards were in circulation, the same level as at the beginning of the year.

## Market shares

The market share for outstanding bank lending was 44 percent (46) in Estonia, 27 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 28 percent (30) in Lithuania.

The market share for outstanding deposits was 55 percent (53) in Estonia, 18 percent (20) in Latvia and 31 percent (29) in Lithuania.

## Profit trend Q1 2008 vs. Q4 2007

Profit for the period amounted to SEK 1,063m (1,070). The return on equity was 29.1 percent (28.4). The cost/income ratio was 0.40 (0.45).

Income decreased by SEK 130m or 5 percent to SEK 2,242m (2,372) mainly due to lower net gains and losses on financial items at fair value.

Net interest income decreased by SEK 13m or nearly 1 percent to SEK 1,575m. Further increases in deposit and lending volumes raised net interest income by SEK 91m. The lending margin increased by 1 bp to 2.29 percent, which increased net interest income by SEK 3m. Higher funding costs that could not be fully passed on to lending customers explained the relatively low margin change. In terms of deposits, the interest margin decreased by 58 bp to 2.29 percent, which reduced net interest income by SEK 148m. Substantially lower local money market rates, combined with higher price competition for deposits, explains the margin pressure particularly in Latvia and Lithuania. Other effects increased net interest income by SEK 41m.

Net commission income decreased by SEK 19m or 4 percent to SEK 458m (477) primarily due to lower income from stock market-related operations.

Net gains and losses on financial items at fair value decreased by SEK 85m to SEK 78m primarily due to lower income from stock trading and a negative change in fair value of the life insurance portfolio.

Expenses decreased on a seasonal basis by SEK 163m or 15 percent to SEK 899m mainly due to lower profit-based staff costs, marketing expenses and consulting expenses.

The number of full-time positions increased by 3 to 9,206, including an increase of 76 in Latvia but decreases of 61 in Lithuania and 12 in Estonia.

Loan losses amounted to SEK 173m (116). The quality of the credit portfolio remained high. The loan loss ratio increased to 0.39 percent (0.28).

## Profit trend Q1 2008 vs. Q1 2007

Profit for the period increased by SEK 113m or 12 percent to SEK 1,063m (950). The return on equity was 29.1 percent (31.3). The cost/income ratio was 0.40 (0.40).

Income increased by SEK 327m or 17 percent to SEK 2,242m (1,915) mainly through higher net interest income.

Net interest income increased by SEK 360m or 30 percent to SEK 1,575m. Further increases in deposit and lending volumes raised net interest income by SEK 313m. The lending margin increased by 2 bp to 2.29 percent, which raised net interest income by SEK 8m. Higher funding costs that could not be fully passed on to lending customers explained the relatively low margin change. In terms of deposits, the interest margin improved by 34 bp to 2.29 percent mainly owing to higher money market rates, which increased net interest income by SEK 85m. Other effects decreased net interest income by SEK 46m.

Net commission income increased by SEK 34m or 8 percent to SEK 458m mainly due to increased card and payment commissions. Brokerage and lending commissions also increased.

Net gains and losses on financial items at fair value decreased by SEK 127m to SEK 78m among others due to lower income from stock trading and a negative change in fair value of the life insurance portfolio.

Other income increased by SEK 60m to SEK 131m mainly due to higher insurance sales.

Expenses increased by SEK 130m or 17 percent to SEK 899m.

Staff costs excluding profit-based compensation increased by 31 percent to SEK 439m due to increases in the number of employees and wages. Profit-based compensation decreased by SEK 32m or 28 percent to SEK 83m.

Other expenses increased by SEK 59m or 19 percent mainly due to higher business volumes.

The number of full-time positions increased by 596 to 9,206, of which by 170 in Estonia, 266 in Latvia and 160 in Lithuania.

Loan losses amounted to SEK 173m, an increase of 66m. The loan loss ratio was 0.39 percent (0.34).

## Estonia

Estonia is the dominant unit in Baltic Banking with approximately half the business area's profit. Estonia accounts for 40 percent (42) of lending and 45 percent (44) of deposits in the business area.

Euromoney named Hansabank Bank of the Year in 2007.

Priit Perens was appointed head of Estonian Banking. He was previously head of corporate banking in Estonia.

Profit for the period increased by SEK 30m from the fourth quarter 2007, but decreased by SEK 17m compared with the first quarter 2007 to SEK 497m. The return on equity for the first quarter was 34.1 percent (39.8) and the cost/income ratio was 0.37 (0.36).

## Latvia

Latvia is the second largest unit in Baltic Banking, accounting for 31 percent (32) of lending and 23 percent (24) of deposits.

For the third 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 16m from the fourth quarter 2007 and increased by SEK 81m from the first quarter 2007 to SEK 313m. The return on equity for the first quarter was 28.9 percent (27.9) and the cost/income ratio was 0.38 (0.41).

### Lithuania

Lithuania accounts for 29 percent (26) of lending and 32 percent (33) of deposits in the business area.

Profit for the period decreased by SEK 55m from the fourth quarter 2007, but increased by SEK 53m from the first quarter 2007 to SEK 259m. The return on equity

for the quarter was 23.2 percent (30.7) and the cost/income ratio was 0.47 (0.47).

### Exchange rate effects

The local currencies in Estonia, Latvia and Lithuania are pegged to the euro. The Swedish krona declined against the euro by 1 percent in the first quarter 2008.

The exchange rate effect of the translation to SEK positively affected profit for the period by SEK 30m or 2.8 percent compared with the first quarter 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.

## Baltic Banking, Operations and Investment

### Profit trend

SEKm	Q1 2008	Q4 2007	Q3 2007	Q2 2007	Q1 2007
Net interest income	1,461	1,473	1,382	1,282	1,111
Net commission income	458	477	475	478	424
Net gains and losses on financial items at fair value	78	163	213	235	205
Share of the profit or loss of associates	2	3	2	1	1
Other income	129	141	111	107	70
<b>Total income</b>	<b>2,128</b>	<b>2,257</b>	<b>2,183</b>	<b>2,103</b>	<b>1,811</b>
Staff costs	439	427	348	364	336
Profit-based staff costs	83	160	163	131	115
IT expenses	69	81	70	77	64
Other expenses	258	343	236	233	211
Depreciation/amortization	74	74	71	69	68
<b>Total expenses</b>	<b>923</b>	<b>1,085</b>	<b>888</b>	<b>874</b>	<b>794</b>
<b>Profit before loan losses</b>	<b>1,205</b>	<b>1,172</b>	<b>1,295</b>	<b>1,229</b>	<b>1,017</b>
Loan losses, net	173	116	153	74	107
<b>Operating profit</b>	<b>1,032</b>	<b>1,056</b>	<b>1,142</b>	<b>1,155</b>	<b>910</b>
Tax expense	91	106	108	111	79
<b>Profit for the period</b>	<b>941</b>	<b>950</b>	<b>1,034</b>	<b>1,044</b>	<b>831</b>
Allocated equity	21,907	22,312	21,936	20,885	19,423
Return on allocated equity, %	17.2	17.0	18.9	20.0	17.1
<b>Income items</b>					
Income from external customers	2,128	2,257	2,183	2,103	1,811
<b>Business volumes, SEK billion</b>					
Lending	183	178	165	154	144
Deposits	102	102	92	92	89
Mutual funds & insurance	17	19	18	17	15
Risk-weighted volume, old rules	174	176	160	155	139
Total assets	244	246	223	214	196
Total liabilities	222	224	202	193	177
Full-time employees	9,206	9,203	9,112	9,156	8,610

## 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 according to the same principles as in Baltic Banking, i.e., 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	Q1 2008	Q4 2007	Q3 2007	Q2 2007	Q1 2007
Net interest income	369	347	335	162	142
Net commission income	54	55	58	40	43
Net gains and losses on financial items at fair value	22	29	39	6	7
Other income	4	8	7	1	0
<b>Total income</b>	<b>449</b>	<b>439</b>	<b>439</b>	<b>209</b>	<b>192</b>
Staff costs	145	121	125	54	47
Profit-based staff costs	12	34	9	10	5
IT expenses	20	21	13	10	10
Other expenses	104	66	103	36	42
Depreciation/amortization	28	30	29	3	3
<b>Total expenses</b>	<b>309</b>	<b>272</b>	<b>279</b>	<b>113</b>	<b>107</b>
<b>Profit before loan losses</b>	<b>140</b>	<b>167</b>	<b>160</b>	<b>96</b>	<b>85</b>
Loan losses, net	26	69	75	13	13
<b>Operating profit</b>	<b>114</b>	<b>98</b>	<b>85</b>	<b>83</b>	<b>72</b>
Tax expense	28	7	21	26	16
<b>Profit for the period</b>	<b>86</b>	<b>91</b>	<b>64</b>	<b>57</b>	<b>56</b>
Allocated equity	6,837	6,206	5,876	1,756	1,698
Return on allocated equity, %	5.0	5.9	4.4	13.0	13.2
<b>Income items</b>					
Income from external customers	448	436	437	209	191
Income from transactions with other segments	1	3	2	0	1
<b>Business volumes, SEK billion</b>					
Lending	40	34	28	19	16
Deposits	10	13	11	6	5
Mutual funds & insurance	2	2	2	3	3
Risk-weighted volume, old rules	42	38	31	22	20
Total assets	51	47	40	24	23
Total liabilities	44	41	34	23	21
Full-time employees	3,966	3,952	3,747	419	365

## Ukrainian Banking

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 bank changed its name to Swedbank in late 2007. The new Swedbank brand will be launched during the second quarter. The expansion and reorganization of the branch network, creation of an attractive corporate offering, employee recruitment and training, and improvements to the computer systems were priorities during the quarter.

A process is under way to more closely integrate the subsidiary CJSC Swedbank Invest, which primarily targets large companies and high net worth individuals, with OJSC Swedbank. Integration work is also taking

place within the framework of the Swedbank Group, where experience and competence from Sweden and the Baltics are being provided to the Ukrainian operations.

Profit for the period amounted to SEK 102m for Ukrainian Banking Operations. Profit for the fourth quarter 2007 amounted to SEK 72m. The return on equity for the period was 24.6 percent and the cost/income ratio was 0.49.

The local currency in Ukraine is pegged to the U.S. dollar. The Swedish krona rose in value against the dollar by 7 percent during the first quarter 2008. The exchange rate effects from the currency translation therefore reduced profit for the period by SEK 6m or 5 percent compared with the fourth quarter 2007.

Lending amounted to SEK 11bn. Measured in local currency, lending has increased by 108 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 8 percent in the last 12 months.

As of March 31 there were 3,417 full-time employees. The number of branches was unchanged since the beginning of the year at 191, although 7 old branches were closed and 7 new ones were opened during the first quarter.

The number of Swedbank bank cards in circulation increased during the quarter by 9 percent to nearly 340,000.

### Russian Banking

The Russian operations comprise three branches - in Moscow, St. Petersburg and Kaliningrad - as well as leasing services. The Russian bank changed its name in 2007 from OAO Hansabank to OAO Swedbank.

A decision has been made to transfer ownership of the bank OAO Swedbank and the leasing company OOO Hansa Leasing from Hansabank in Estonia to Swedbank in Sweden. The transfers will be made at market value when the necessary approval is received from Russian authorities.

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

During the first quarter 9 new ATMs were added in Russia. Swedbank's Swedish customers can withdraw cash with no fees.

Profit for the first quarter amounted to SEK 19m, against SEK 64m for the fourth quarter 2007 and SEK 45m for the first quarter 2007. During the fourth quarter 2007, however, SEK 60m of VAT was refunded, which reduced costs for this period.

Lending amounted to SEK 10bn, an increase of 38 percent in one year.

The return on equity for the period was 7.5 percent (23.4) and the cost/income ratio was 0.65 (0.43). The number of full-time positions increased to 409 (264).

### 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.

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 18bn at the end of the first quarter, an increase of SEK 9bn in one year. The increase was mainly in Norway, but also Finnish lending has grown considerably. The number of full-time positions was 74, an increase of 37 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 2.9bn at the end of the quarter (3.3). The number of full-time positions was 59 (57).

### Other operations

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

### Profit trend Q1 2008 vs. Q4 2007

Profit for the period decreased slightly from SEK 91 to SEK 86m. The return on equity was 5.0 percent (5.9). The cost/income ratio was 0.69 (0.62).

Ukrainian Banking Operations accounted for SEK 102m (72) of the profit. Russian Banking accounted for SEK 19m (64). Ukrainian Banking Investment negatively affected profit by SEK -39m (-37).

Income increased to SEK 449m (439). Ukrainian Banking Operations contributed income of SEK 280m (286). For Russian Banking income was unchanged at SEK 125m (124). Ukrainian Banking Investment negatively affected income by SEK -40m (-40).

Expenses increased by SEK 37m or 14 percent to SEK 309m (272). Expenses for Ukrainian Banking Operations decreased to 137m (149). In Russian Banking expenses increased by SEK 55m to SEK 81m (26) due to SEK 60m in refunded VAT in the fourth quarter 2007. Expenses for amortization in the consolidated accounts of surplus values in Ukrainian Banking Investment amounted to SEK 13m (14).

Loan losses decreased by SEK 43m to SEK 26m (69). In Ukrainian Banking Operations loan losses decreased from SEK 42 to SEK 7m, while losses in Russian Banking decreased from SEK 29m to SEK 19m.

### Profit trend Q1 2008 vs. Q1 2007

Profit for the period increased by SEK 30m to SEK 86m (56). The return on equity was 5.0 percent (13.2). The cost/income ratio was 0.69 (0.56).

Income increased by SEK 257m to SEK 449m. Ukrainian Banking Operations, which was not included in the Group in the first quarter 2007, contributed income of SEK 280m. For Russian Banking income increased marginally to SEK 125m (120). Ukrainian Banking Investment negatively affected income by SEK -40m.

Expenses increased by SEK 202m to SEK 309m (107). In Ukrainian Banking Operations, which was not previously included in the Group, expenses amounted to SEK 137m. In Russian Banking expenses increased by SEK 30m to SEK 81m (51). Expenses for amortization in the consolidated accounts of surplus values in Ukrainian Banking Investment amounted to SEK 13m.

Loan losses increased from SEK 13 to SEK 26m.

## 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	Q1 2008	Q4 2007	Q3 2007	Q2 2007	Q1 2007
Net interest income	289	504	145	295	399
Net commission income	227	423	273	381	364
Net gains and losses on financial items at fair value	244	138	170	188	233
Share of the profit or loss of associates	0	-4	2	-1	5
Other income	10	16	8	8	10
<b>Total income</b>	<b>770</b>	<b>1,077</b>	<b>598</b>	<b>871</b>	<b>1,011</b>
Staff costs	203	192	181	157	167
Profit-based staff costs	55	159	44	161	178
IT expenses	64	61	56	61	61
Other expenses	131	144	131	118	108
Depreciation/amortization	3	4	4	2	3
<b>Total expenses</b>	<b>456</b>	<b>560</b>	<b>416</b>	<b>499</b>	<b>517</b>
<b>Profit before loan losses</b>	<b>314</b>	<b>517</b>	<b>182</b>	<b>372</b>	<b>494</b>
Loan losses, net	0	-8	5	3	0
<b>Operating profit</b>	<b>314</b>	<b>525</b>	<b>177</b>	<b>369</b>	<b>494</b>
Tax expense	88	136	49	104	138
Profit for the period	226	389	128	265	356
<b>Profit for the period attributable to:</b>					
<b>Shareholders of Swedbank AB</b>	<b>216</b>	<b>340</b>	<b>121</b>	<b>236</b>	<b>313</b>
Minority interest	10	49	7	29	43
Allocated equity	3,641	4,235	4,205	4,301	3,935
Return on allocated equity, %	23.7	32.1	11.5	21.9	31.8
<b>Income items</b>					
Income from external customers	704	1,011	522	798	934
Income from transactions with other segments	66	66	76	73	77
<b>Business volumes, SEK billion</b>					
Lending	20	24	18	21	20
Deposits	24	18	27	28	30
Mutual funds & insurance	1	1	2	2	1
Other investment volume	33	30	29	27	25
Risk-weighted volume, old rules	48	50	51	48	54
Total assets	543	446	448	378	400
Total liabilities	540	442	444	374	396
Full-time employees	772	752	718	712	691

## Market conditions

Equity, fixed income and currency trading was overshadowed in the beginning of 2008 by continued concerns about the subprime mortgage crisis in the U.S. The Stockholm stock exchange fell by slightly over 11 percent during the first quarter, and investors demanded a higher risk premium because of the threat of a slowing global economy and potential recession in the U.S. The Federal Reserve and ECB both facilitated repo

transactions in order to improve liquidity in the interbank market. Although Swedish mortgage bonds were also affected during the period, the Swedish bond and currency markets remained relatively stable.

## Business volumes

Market shares for Swedbank Markets' operating areas remained stable or improved during the first 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.

Turnover in the Swedish currency market remained fairly stable during the quarter. Swedbank, which offers a broad range of services to effectively minimize currency risks, was able to strengthen its market share in currency trading. As of March 31, 2008, 44 percent of customers' spot and futures trades were made electronically, a slight increase since the beginning of the year.

The credit market remained under pressure from negative news. Prices for bonds with high ratings also declined. Swedbank Markets maintained a market share of 26 percent for new issues in the credit market.

In fixed income trading the focus remained on mortgage bonds. The margin between Swedish swaps and mortgage bonds was record high due to expensive liquidity and considerable risk aversion in the market. The Swedish market makers system, where Swedbank is a significant player for all products, continues to work well despite external disruptions. Swedbank's market share of the turnover in mortgage bonds was 18 percent during the first quarter, an increase from 14 percent in the previous quarter.

Profit for the first quarter was negatively affected by the change in the fair value of the credit bond portfolio by SEK 187m in the wake of the credit crunch.

In addition to responsibility for institutional equity trading, Swedbank Markets' **equity operations** play an important role in providing business support to Swedbank's branch network.

Swedbank's market shares have remained stable. Its share of trading on the Stockholm stock exchange was 4.3 percent during the first quarter.

The number of customers using the basic internet brokerage facility increased by 12 percent. The share of online equity trades during the first quarter was 55 percent, against 60 percent in the previous quarter.

**Structured products** mainly consist of various forms of equity linked bonds called SPAX. Sales during the first quarter were weaker than expected, decreasing by 30 percent to SEK 3.1bn, against SEK 4.4bn in the first quarter 2007. Although negative market sentiment led to lower sales, its market share remained steady and Swedbank was again the largest issuer in the Swedish market with a market share of 21 percent during the quarter. Swedbank was also the leader in terms of outstanding volume with a market share of 24 percent.

**Project and Corporate Finance** offers qualified advice to businesses in the debt and equity markets. Financial results for the first quarter 2008 were lower year-on-year due to fewer transactions in both corporate finance and acquisition financing. The acquisition of a small corporate finance unit in Russia was completed and the company was integrated into operations during the quarter.

**Group transaction services** consist of custody, global payment and trade finance operations. Custody had further success during the first quarter by adding new business. Trade Finance had a slower 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. First Securities had a weaker start to the year, particularly as regards corporate finance operations, due to the cautious corporate finance market in Norway. Fixed income trading, which was also affected by market concerns, posted a weak profit trend at the start of the year.

#### **Profit trend Q1 2008 vs. Q4 2007**

Profit for the period decreased by SEK 124m or 36 percent to SEK 216m. The return on equity was 23.7 percent (32.1) and the cost/income ratio was 0.59 (0.52). The largest profit decrease was in Fixed income and currency trading, as well as in First Securities in Norway.

Income decreased by SEK 307m or 29 percent to SEK 770m, of which income in First Securities decreased by SEK 193m or 55 percent. In Fixed income and currency trading the change in fair value of the credit bond portfolio accounted for a large part of the negative trend, reducing profit by SEK 187m, compared with a reduction of SEK 40m in the fourth quarter 2007.

Expenses decreased by SEK 104m or 19 percent to SEK 456m, mainly due to lower profit-based staff costs.

#### **Profit trend Q1 2008 vs. Q1 2007**

Profit for the period decreased by SEK 97m or 31 percent to SEK 216m. The return on equity was 23.7 percent (31.8) and the cost/income ratio was 0.59 (0.51).

Income decreased by SEK 241m or 24 percent to SEK 770m. Income in First Securities decreased by SEK 172m or 52 percent. The change in the fair value of the credit bond portfolio reduced profit by SEK 187m (0).

Expenses decreased by SEK 61m or 12 percent, mainly due to lower profit-based staff costs, and amounted to SEK 456m (517).

## 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	Q1 2008	Q4 2007	Q3 2007	Q2 2007	Q1 2007
Net interest income	25	21	19	24	19
Net commission income	416	415	543	511	399
Net gains and losses on financial items at fair value	-15	-1	1	1	1
Other income	39	70	55	50	55
<b>Total income</b>	<b>465</b>	<b>505</b>	<b>618</b>	<b>586</b>	<b>474</b>
Staff costs	101	92	97	87	70
Profit-based staff costs	9	46	12	15	6
IT expenses	57	37	36	43	32
Other expenses	79	54	89	94	74
Depreciation/amortization	7	1	2	0	1
<b>Total expenses</b>	<b>253</b>	<b>230</b>	<b>236</b>	<b>239</b>	<b>183</b>
<b>Profit before loan losses</b>	<b>212</b>	<b>275</b>	<b>382</b>	<b>347</b>	<b>291</b>
<b>Operating profit</b>	<b>212</b>	<b>275</b>	<b>382</b>	<b>347</b>	<b>291</b>
Tax expense	53	69	94	88	69
<b>Profit for the period</b>	<b>159</b>	<b>206</b>	<b>288</b>	<b>259</b>	<b>222</b>
Allocated equity	2,166	1,703	1,707	1,703	1,735
Return on allocated equity, %	29.4	48.4	67.5	60.8	51.2
<b>Income items</b>					
Income from external customers	931	1,011	1,150	1,139	1,005
Income from transactions with other segments	-466	-506	-532	-553	-531
<b>Business volumes, SEK billion</b>					
Mutual funds & insurance	385	401	415	429	415
Other investment volume	224	205	202	212	22
Risk-weighted volume, old rules	0	0	0	0	1
Total assets	70	75	78	80	77
Total liabilities	68	74	76	78	75
Full-time employees	341	332	327	327	275

### Fund savings, volumes and flows

Contributions to Swedbank Robur's own mutual funds and those it markets amounted to SEK 21.5bn (28.5) during the first quarter, while withdrawals amounted to SEK 25.9bn (30.3). Thus, the net outflow from Swedbank Robur's own and brokered funds was SEK 4.4bn, against SEK 1.8bn during the same period in the previous year. Of net flow, SEK 0.6bn (0.3) was from premium pension savings and SEK 0.3bn (1.0) from unit-linked insurance in Swedbank Insurance.

Swedbank Robur's funds assets under management amounted to SEK 385bn as of March 31, 2008, including SEK 28bn from Folksam Fond (SEK 401bn on December 31 excluding Folksam Fond). The change is due to a decrease in the value of fund assets of SEK 39.6bn mainly from falling stock prices during the year. The institutional asset management operations managed SEK 264bn (246), of which SEK 40bn (41) was invested in Swedbank Robur funds.

SEKbn	Mar 31 2008	Dec 31 2007	Mar 31 2007
<b>Funds assets under management</b>	385	401	415
<i>of which:</i>			
<i>Swedish equities, %</i>	32.1	30.0	34.0
<i>foreign equities, %</i>	32.9	38.5	37.7
<i>interest-bearing securities, %</i>	35.0	31.5	28.3
Number of customers (thousands)	2,759	2,778	2,784
<b>Unit-linked insurance</b>			
Assets under management	61.5	68.7	69.2
<i>of which in Swedbank Robur's funds</i>	59.7	66.9	67.9
Number of policies (thousands)	913	896	847
<b>Discretionary asset management</b>			
Assets under management	264	246	61
<i>of which in Swedbank Robur's funds</i>	40	41	39

### **Unit-linked insurance**

Sales (premiums paid) of unit-linked insurance in the first quarter 2008 amounted to SEK 2.8bn (3.3). Swedbank Insurance's assets under management amounted to SEK 61.5bn (68.7) on March 31. Swedbank Insurance had 913,000 (847,000) policies as of March 31, in addition to around 1 million group life insurance policies.

### **Market shares**

Swedbank Robur's share of net contributions in the Swedish mutual fund market was negative (neg.) during the first quarter 2008. Its market share for assets under management in the fund market was 25 percent (26) on December 31, 2007.

The market share for new unit linked insurance policies was 10 percent (11) as of December 31, 2007.

In private pension savings Swedbank Insurance was one of the largest players in the Swedish market in 2007 with a market share of 12.5 percent (14). In the corporate pension market its share was 4.5 percent (5).

### **Fund management results**

The return on Swedbank Robur's funds was negative during the period with the exception of its fixed income funds. This was due to the downturn in the stock market.

Morningstar's average rating on Swedbank Robur's funds as of March 31 was 3.42 (3.42). Swedbank Robur is ranked first in Morningstar's comparison of fund management companies.

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

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

### **Other important events**

During the period three 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; and the Asia Index Fund, which invests in Asian equities.

Swedbank Robur was named Fund Manager of the Year by the business daily Dagens Industri and by 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 made by the Swedish Quality Index.

### **Profit trend Q1 2008 vs. Q4 2007**

Profit for the period decreased by SEK 47m or 23 percent to SEK 159m. The cost/income ratio was 0.54 (0.46). Income decreased by SEK 40m mainly due to a negative income trend in the life insurance operations. Expenses increased by SEK 23m due to IT investments and the integration with KP Pension & Försäkring.

### **Profit trend Q1 2008 vs. Q1 2007**

Profit for the period decreased by 28 percent to SEK 159m (222). The cost/income ratio was 0.54 (0.39). While the income level was largely unchanged, expenses increased by SEK 38 percent or SEK 70m due to the agreement with Folksam in the previous year, increased IT costs and the integration with KP Pension & Försäkring.

## 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	Q1 2008	Q4 2007	Q3 2007	Q2 2007	Q1 2007
Net interest income	115	-5	-3	-83	-105
Net commission income	0	-17	24	27	-17
Net gains and losses on financial items at fair value	-270	-31	-228	69	-56
Share of the profit or loss of associates	24	19	18	26	21
Other income	769	784	731	755	820
<b>Total income</b>	<b>638</b>	<b>750</b>	<b>542</b>	<b>794</b>	<b>663</b>
Staff costs	402	312	339	353	357
Profit-based staff costs	31	22	11	11	24
IT expenses	170	213	170	172	197
Other expenses	275	193	221	204	247
Depreciation/amortization	67	69	61	65	62
<b>Total expenses</b>	<b>945</b>	<b>809</b>	<b>802</b>	<b>805</b>	<b>887</b>
<b>Profit before loan losses</b>	<b>-307</b>	<b>-59</b>	<b>-260</b>	<b>-11</b>	<b>-224</b>
Loan losses, net	-6	-61	-6	-1	-4
<b>Operating profit</b>	<b>-301</b>	<b>2</b>	<b>-254</b>	<b>-10</b>	<b>-220</b>
Tax expense	-111	26	-77	-49	-84
<b>Profit for the period</b>	<b>-190</b>	<b>-24</b>	<b>-177</b>	<b>39</b>	<b>-136</b>
Allocated equity	5,766	4,293	3,197	6,953	9,377
Return on allocated equity, %	neg.	neg.	neg.	2.2	neg.
<b>Income items</b>					
Income from external customers	155	185	-41	281	168
Income from transactions with other segments	483	565	583	513	495
<b>Business volumes, SEK billion</b>					
Risk-weighted volume, old rules	5	5	5	4	4
Total assets	243	246	242	244	266
Total liabilities	237	240	238	236	255
Full-time employees	1,658	1,673	1,656	1,670	1,668

### 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 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.

The purchasing process previously introduced in Sweden has been implemented in the Baltics 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 is being done in cooperation with all business areas. A number of shared projects are also being conducted with the Baltic 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 quarter included the integration and oversight of the growing international Group as well as issues related to liquidity, funding and capital requirements.

### Profit trend Q1 2008 vs. Q4 2007

Profit for the period amounted to SEK -190m (-24). The decrease in profit was mainly due to lower income from Group Treasury including the internal bank and the reversal of loss provisions in the fourth quarter.

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 decreased by SEK 112m or 15 percent to SEK 638m (750). Income from Group Treasury including the internal bank decreased by SEK 108m, of which SEK 273m was due to derivatives marked to market in intra-group lending.

Expenses increased by SEK 136m or 17 percent to SEK 945m (809). Pension costs increased staff costs by SEK 44m. A higher allocation to the Kopparmyntet profit-sharing fund in 2007 than the amount allocated in the annual accounts contributed SEK 24m in increased profit-based compensation.

Reversals of collective loan loss reserves for individually valued receivables amounted to SEK 6m (61).

**Profit trend Q1 2008 vs. Q1 2007**

Profit for the period amounted to SEK -190m (-136).

Income decreased by SEK 25m or 4 percent to SEK 638m (663). Income from Group Treasury including the internal bank decreased by SEK 5m, of which SEK 281m was due to derivatives marked to market in intra-

group lending. Net interest income, primarily in the internal bank, improved substantially.

Holdings in the Norwegian savings banks, which are now divested, decreased in value by SEK 11m in the previous year.

Expenses increased by SEK 58m or 7 percent to SEK 945m (887), of which SEK 28m was due to increased pension costs and SEK 24m to a higher final allocation to Kopparmyntet.

## Eliminations

SEKm	Q1 2008	Q4 2007	Q3 2007	Q2 2007	Q1 2007
Net interest income	0	-8	2	6	-8
Net commission income	0	0	0	0	0
Net gains and losses on financial items at fair value	0	-28	0	-6	8
Other income	-701	-673	-699	-736	-734
<b>Total income</b>	<b>-701</b>	<b>-709</b>	<b>-697</b>	<b>-736</b>	<b>-734</b>
Staff costs	0	-28	-10	-2	-6
IT expenses	-218	-230	-201	-236	-242
Other expenses	-483	-451	-486	-498	-486
Depreciation/amortization	0	0	0	0	0
<b>Total expenses</b>	<b>-701</b>	<b>-709</b>	<b>-697</b>	<b>-736</b>	<b>-734</b>
<b>Income items</b>					
Income from external customers	-206	-127	-114	-206	-221
Income from transactions with other segments	-495	-582	-583	-530	-513
<b>Business volumes, SEK billion</b>					
Mutual funds & insurance	-224	-253	-265	-273	-266
Other investment volume	-26	-24	-22	-21	-20
Total assets	-495	-424	-364	-340	-404
Total liabilities	-495	-424	-364	-340	-404

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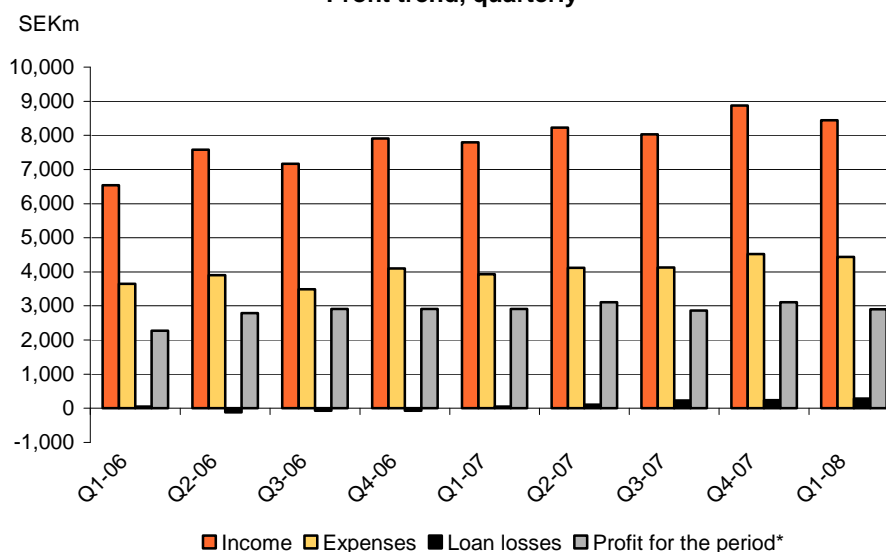
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## Income statement, Group

SEKm	Q1 2008	Q4 2007	%	Q1 2007	%	Full-year 2007
<i>Interest income</i>	19,473	19,146	2	14,751	32	67,087
<i>Interest expenses</i>	-14,232	-13,887	2	-10,250	39	-47,930
<b>Net interest income</b>	<b>5,241</b>	<b>5,259</b>	<b>0</b>	<b>4,501</b>	<b>16</b>	<b>19,157</b>
<i>Commission income</i>	2,998	3,398	-12	2,998	0	12,939
<i>Commission expenses</i>	-818	-862	-5	-709	15	-3,059
<b>Net commission income (Note 1)</b>	<b>2,180</b>	<b>2,536</b>	<b>-14</b>	<b>2,289</b>	<b>-5</b>	<b>9,880</b>
Net gains and losses on financial items at fair value (Note 2)	75	386	-81	530	-86	1,691
<i>Insurance premiums</i>	297	367	-19	369	-20	1,711
<i>Insurance provisions</i>	-190	-88	-290	-34	-1,163	
<b>Net insurance</b>	<b>107</b>	<b>279</b>	<b>-62</b>	<b>79</b>	<b>35</b>	<b>548</b>
Share of the profit or loss of associates	116	70	66	119	-3	424
Other income	727	344	275		1,224	
<b>Total income</b>	<b>8,446</b>	<b>8,874</b>	<b>-5</b>	<b>7,793</b>	<b>8</b>	<b>32,924</b>
Staff costs	2,311	2,111	9	1,932	20	8,134
Profit-based staff costs	268	522	-49	390	-31	1,658
Other general administrative expenses	1,654	1,701	-3	1,454	14	6,222
<b>Total general administrative expenses</b>	<b>4,233</b>	<b>4,334</b>	<b>-2</b>	<b>3,776</b>	<b>12</b>	<b>16,014</b>
Depreciation/amortization and impairments of tangible and intangible fixed assets	207	192	8	161	29	705
<b>Total expenses</b>	<b>4,440</b>	<b>4,526</b>	<b>-2</b>	<b>3,937</b>	<b>13</b>	<b>16,719</b>
<b>Profit before loan losses</b>	<b>4,006</b>	<b>4,348</b>	<b>-8</b>	<b>3,856</b>	<b>4</b>	<b>16,205</b>
Loan losses, net (Note 3)	288	238	21	49		619
<b>Operating profit</b>	<b>3,718</b>	<b>4,110</b>	<b>-10</b>	<b>3,807</b>	<b>-2</b>	<b>15,586</b>
Tax expense	805	950	-15	851	-5	3,450
Profit for the period	2,913	3,160	-8	2,956	-1	12,136
<b>Profit for the period attributable to:</b>						
<b>Shareholders of Swedbank AB</b>	<b>2,900</b>	<b>3,108</b>	<b>-7</b>	<b>2,910</b>	<b>0</b>	<b>11,996</b>
Minority interest	13	52	-75	46	-72	140
Earnings per share, SEK	5.63	6.03		5.65		23.28

See page 36 for number of shares.

### Profit trend, quarterly



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



## Quarterly income statement

Group SEKm	Q1 2008	Q4 2007	Q3 2007	Q2 2007	Q1 2007	Q4 2006	Q3 2006	Q2 2006
Net interest income	5,241	5,259	4,806	4,591	4,501	4,303	4,139	4,029
Net commission income	2,180	2,536	2,503	2,552	2,289	2,309	2,109	2,353
Net gains and losses on financial items at fair value	75	386	196	579	530	908	513	786
Net insurance	107	279	99	91	79	80	67	100
Share of the profit or loss of associates	116	70	140	95	119	-26	53	58
Other income	727	344	287	318	275	338	283	252
<b>Total income</b>	<b>8,446</b>	<b>8,874</b>	<b>8,031</b>	<b>8,226</b>	<b>7,793</b>	<b>7,912</b>	<b>7,164</b>	<b>7,578</b>
Staff costs	2,311	2,111	2,075	2,016	1,932	1,878	1,772	1,791
Profit-based staff costs	268	522	337	409	390	302	301	412
Other general administrative expenses	1,654	1,701	1,528	1,539	1,454	1,724	1,262	1,543
<b>Total general administrative expenses</b>	<b>4,233</b>	<b>4,334</b>	<b>3,940</b>	<b>3,964</b>	<b>3,776</b>	<b>3,904</b>	<b>3,335</b>	<b>3,746</b>
Depreciation/amortization and impairments of tangible and intangible fixed assets	207	192	192	160	161	193	155	156
<b>Total expenses</b>	<b>4,440</b>	<b>4,526</b>	<b>4,132</b>	<b>4,124</b>	<b>3,937</b>	<b>4,097</b>	<b>3,490</b>	<b>3,902</b>
<b>Profit before loan losses</b>	<b>4,006</b>	<b>4,348</b>	<b>3,899</b>	<b>4,102</b>	<b>3,856</b>	<b>3,815</b>	<b>3,674</b>	<b>3,676</b>
Loan losses, net	288	238	230	102	49	-72	-67	-116
<b>Operating profit</b>	<b>3,718</b>	<b>4,110</b>	<b>3,669</b>	<b>4,000</b>	<b>3,807</b>	<b>3,887</b>	<b>3,741</b>	<b>3,792</b>
Tax expense	805	950	793	856	851	928	806	938
Profit for the period	2,913	3,160	2,876	3,144	2,956	2,959	2,935	2,854
<b>Profit for the period attributable to:</b>								
<b>Shareholders of Swedbank AB</b>	<b>2,900</b>	<b>3,108</b>	<b>2,866</b>	<b>3,112</b>	<b>2,910</b>	<b>2,913</b>	<b>2,911</b>	<b>2,786</b>
Minority interest	13	52	10	32	46	46	24	68
Earnings per share, SEK	5.63	6.03	5.57	6.03	5.65	5.65	5.65	5.40

See page 36 for number of shares.

## Capital adequacy

### New capital adequacy rules ("Basel 2")

On February 1, 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 state that the minimum capital requirement in 2007 may 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 will be lowered 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 in the following page Swedbank's capital adequacy as of March 31 is shown according to the new rules, with comparable and historical figures according to older rules.

Swedbank financial companies Group SEKm	According to older rules			
	Mar 31 2008	Mar 31 2008	Dec 31 2007	Mar 31 2007
Primary capital	51,324	52,092	50,920	48,100
Supplementary capital	24,326	25,383	27,458	24,721
Less shares, etc.	-1,921	-2,166	-1,922	-1,869
<b>Capital base</b>	<b>73,729</b>	<b>75,309</b>	<b>76,456</b>	<b>70,952</b>
<b>Risk-weighted assets</b>	<b>629,084</b>	<b>912,049</b>	<b>600,238</b>	<b>601,463</b>
Capital requirement for credit risks, standard method	17,320	70,924	19,364	14,298
Capital requirement for credit risks, IRB	27,728		24,737	29,684
Capital requirement for settlement risks	12	12	7	2
Capital requirement for market risks	1,379	2,028	1,242	1,464
<i>whereof risks in the trading book outside VaR</i>	976	1,627	891	1,236
<i>whereof currency risks outside VaR</i>	7	7	0	0
<i>whereof risks where VaR models are applied</i>	395	395	351	228
Capital requirement for operational risks	3,888		2,669	2,669
<b>Capital requirement</b>	<b>50,327</b>	<b>72,964</b>	<b>48,019</b>	<b>48,117</b>
Complement during transition period	13,285		17,770	8,885
<b>Capital requirement including complement</b>	<b>63,612</b>		<b>65,789</b>	<b>57,002</b>
Tier 1 capital ratio, % excluding complement	8.2	5.7	8.5	8.0
Capital adequacy ratio, % excluding complement	11.7	8.3	12.7	11.8
Capital quotient	1.47	1.03	1.59	1.47
Tier 1 capital ratio, % including complement	6.5		6.2	6.8
Capital adequacy ratio, % including complement	9.3		9.3	10.0
Capital quotient	1.16		1.16	1.24

As of March 31, 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

As indicated in the table above, tier 1 capital and the capital base are lower when calculated according to the new capital adequacy rules. This is primarily because of a deduction from the capital base for the amount by which the expected loss exceeds the provisions in the accounts for the part of the portfolio calculated according to IRB. Half of this deduction is in tier 1 capital and the other half is in tier 2 capital.

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

As indicated in the table above, the capital requirement for the part of the portfolio now calculated according to IRB decreased by 48 percent, from SEK 53,604m to SEK 27,728m. The principal decrease is in the household 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 Mar 31, 2008 SEKm	Exposure after credit risk protection	Average risk weight	Capital requirement
<b>Total credit risks, IRB</b>	<b>1,287,284</b>	<b>27%</b>	<b>27,728</b>
whereof institutional exposures	282,905	10%	2,309
whereof corporate exposures	315,296	72%	18,082
whereof retail exposures	665,130	10%	5,421
whereof equity exposures	0	0%	0
whereof other non credit-obligation asset exposures	23,952	100%	1,916

### 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 with 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, share price risks in the Hansabank Group, market risks in First Securities' trading book and currency exposures outside Swedbank AB and the Hansabank Group. 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	Q1 2008	Q4 2007	%	Q1 2007	%	Full-year 2007
<i>Interest income</i>	11,297	11,185	1	8,314	36	38,449
<i>Interest expenses</i>	-9,126	-9,107	0	-6,390	43	-30,866
<b>Net interest income</b>	<b>2,171</b>	<b>2,078</b>	<b>4</b>	<b>1,924</b>	<b>13</b>	<b>7,583</b>
Dividends received	147	4,736	-97	253	-42	5,400
<i>Commission income</i>	1,372	1,417	-3	1,392	-1	5,651
<i>Commission expenses</i>	-273	-205	33	-247	11	-733
<b>Net commission income (Note 1)</b>	<b>1,099</b>	<b>1,212</b>	<b>-9</b>	<b>1,145</b>	<b>-4</b>	<b>4,918</b>
Net gains and losses on financial items at fair value (Note 2)	-7	145		113		363
Other income	732	309		270		1,195
<b>Total income</b>	<b>4,142</b>	<b>8,480</b>	<b>-51</b>	<b>3,705</b>	<b>12</b>	<b>19,459</b>
General administrative expenses						
- Staff costs	1,658	1,613	3	1,548	7	6,361
- Other expenses	1,072	1,068	0	994	8	4,074
<b>Total general administrative expenses</b>	<b>2,730</b>	<b>2,681</b>	<b>2</b>	<b>2,542</b>	<b>7</b>	<b>10,435</b>
Depreciation/amortization and impairments of tangible and intangible fixed assets	67	68	-1	64	5	267
Amortization of goodwill	31	31	0	30	3	123
<b>Total expenses</b>	<b>2,828</b>	<b>2,780</b>	<b>2</b>	<b>2,636</b>	<b>7</b>	<b>10,825</b>
<b>Profit before loan losses</b>	<b>1,314</b>	<b>5,700</b>	<b>-77</b>	<b>1,069</b>	<b>23</b>	<b>8,634</b>
Loan losses, net (Note 3)	98	59	66	-42		79
Impairment of financial fixed assets	0	7		0		7
<b>Operating profit</b>	<b>1,216</b>	<b>5,634</b>	<b>-78</b>	<b>1,111</b>	<b>9</b>	<b>8,548</b>
Appropriations	0	-1,935		0		-1,935
Tax expense	283	1,060	-73	263	8	1,746
<b>Profit for the period</b>	<b>933</b>	<b>2,639</b>	<b>-65</b>	<b>848</b>	<b>10</b>	<b>4,867</b>

## Balance sheet

SEKm	Group			Parent company		
	Mar 31 2008	Dec 31 2007	Mar 31 2007	Mar 31 2008	Dec 31 2007	Mar 31 2007
<b>Assets</b>						
Loans to credit institutions	205,032	174,014	181,871	431,969	386,240	365,982
Loans to the public	1,170,039	1,135,287	1,012,859	382,882	362,213	311,326
Interest-bearing securities	121,245	115,492	125,025	168,023	134,452	129,601
Shares and participating interests	67,322	77,618	80,602	46,781	47,765	45,609
- for which customers bear the investment risk	61,762	69,324	69,437			
Derivatives	49,694	36,984	27,526	50,185	33,227	22,124
Other assets	82,428	68,589	54,878	33,215	33,664	19,459
<b>Total assets</b>	<b>1,695,760</b>	<b>1,607,984</b>	<b>1,482,761</b>	<b>1,113,055</b>	<b>997,561</b>	<b>894,101</b>
<b>Liabilities and equity</b>						
Amounts owed to credit institutions	202,806	163,785	153,426	289,796	230,802	233,748
Deposits and borrowings from the public	458,272	458,375	415,572	352,499	348,557	327,067
Debt securities in issue, etc	669,700	673,116	632,432	230,674	229,381	177,294
Financial liabilities for which customers bear the investment risk	62,199	69,819	69,757			
Derivatives	61,802	36,267	27,153	57,603	34,392	23,619
Other liabilities and provisions	134,099	98,563	86,318	104,946	75,355	59,992
Subordinated liabilities	36,373	39,736	34,603	34,504	36,975	32,000
Untaxed reserves				5,164	5,164	3,226
Equity	70,509	68,323	63,500	37,869	36,935	37,155
- <i>Minority</i>	196	315	192			
- <i>Shareholders</i>	70,313	68,008	63,308	37,869	36,935	37,155
<b>Total liabilities and equity</b>	<b>1,695,760</b>	<b>1,607,984</b>	<b>1,482,761</b>	<b>1,113,055</b>	<b>997,561</b>	<b>894,101</b>
Assets pledged for own liabilities				93,338	81,214	109,091
Other assets pledged				36,872	32,083	16,867
Contingent liabilities				28,649	25,346	28,722
Commitments				151,442	149,084	112,988

## Cash flow statement

SEKm	Group			Parent company		
	Q1 2008	Q1 2007	Full-year 2007	Q1 2008	Q1 2007	Full-year 2007
<b>Cash and cash equivalents at beginning of period *)</b>	<b>100,763</b>	<b>83,032</b>	<b>83,032</b>	<b>109,826</b>	<b>76,779</b>	<b>76,779</b>
Operating activities	-8,477	-21,370	-75,085	-14,363	28,244	-30,328
Investing activities	-2,168	-406	-6,203	-2,188	-164	-6,880
Financing activities	-8,554	51,902	97,626	-3,275	12,378	70,253
<b>Cash flow for the period</b>	<b>-19,199</b>	<b>30,126</b>	<b>16,338</b>	<b>-19,826</b>	<b>40,458</b>	<b>33,045</b>
Exchange rate differences on cash and cash equivalents	-269	678	1,099			
Cash and cash equivalents in acquired entities		5	294			2
<b>Cash and cash equivalents at end of period *)</b>	<b>81,295</b>	<b>113,841</b>	<b>100,763</b>	<b>90,000</b>	<b>117,237</b>	<b>109,826</b>
*) 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	5,538	2,718	8,086	5,538	2,718	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 11bn (46)
Redeemed (bought)	SEK -68bn (-22)

## Statement of changes in equity, Group

SEKm	Minority interest	Shareholders' equity			Total equity
		Capital contributions	Other equity	Total	
<b>Opening balance January 1, 2007</b>	<b>303</b>	<b>14,891</b>	<b>45,083</b>	<b>59,974</b>	<b>60,277</b>
Translation difference of subsidiaries and associates	11		798	798	809
Hedging of net investments in foreign operations:					
-Gains/losses recognised directly in equity			-485	-485	-485
-Related deferred tax			136	136	136
Cash flow hedges:					
-Gains/losses recognised directly in equity			-28	-28	-28
-Related deferred tax			3	3	3
<b>Net income for the period recognized</b>					
<b>directly in equity</b>	<b>11</b>		<b>424</b>	<b>424</b>	<b>435</b>
Profit for the period reported via income statement	46		2,910	2,910	2,956
<b>Total profit for the period</b>	<b>57</b>		<b>3,334</b>	<b>3,334</b>	<b>3,391</b>
Dividend	-168				-168
<b>Closing balance March 31, 2007</b>	<b>192</b>	<b>14,891</b>	<b>48,417</b>	<b>63,308</b>	<b>63,500</b>
<b>Opening balance January 1, 2007</b>	<b>303</b>	<b>14,891</b>	<b>45,083</b>	<b>59,974</b>	<b>60,277</b>
Translation difference of subsidiaries and associates	16		860	860	876
Hedging of net investments in foreign operations:					
-Gains/losses recognised directly in equity			-716	-716	-716
-Related deferred tax			211	211	211
Cash flow hedges:					
-Gains/losses recognised 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
<b>Net income for the period recognized</b>					
<b>directly in equity</b>	<b>16</b>		<b>290</b>	<b>290</b>	<b>306</b>
Profit for the period reported via income statement	140		11,996	11,996	12,136
<b>Total profit for the period</b>	<b>156</b>		<b>12,286</b>	<b>12,286</b>	<b>12,442</b>
New share issue	18				18
Dividend	-172		-4,252	-4,252	-4,424
Minority interest in newly started business	10				10
<b>Closing balance December 31, 2007</b>	<b>315</b>	<b>14,891</b>	<b>53,117</b>	<b>68,008</b>	<b>68,323</b>
<b>Opening balance January 1, 2008</b>	<b>315</b>	<b>14,891</b>	<b>53,117</b>	<b>68,008</b>	<b>68,323</b>
Translation difference of subsidiaries and associates	-4		-735	-735	-739
Hedging of net investments in foreign operation:					
-Gains/losses recognised directly in equity			177	177	177
-Related deferred tax			-50	-50	-50
Cash flow hedges:					
-Gains/losses recognised directly in equity			-1	-1	-1
-Transferred to Income statement, Net interest income			14	14	14
<b>Net income for the period recognized</b>					
<b>directly in equity</b>	<b>-4</b>		<b>-595</b>	<b>-595</b>	<b>-599</b>
Profit for the period reported via income statement	13		2,900	2,900	2,913
<b>Total profit for the period</b>	<b>9</b>		<b>2,305</b>	<b>2,305</b>	<b>2,314</b>
Dividend	-128				-128
<b>Closing balance March 31, 2008</b>	<b>196</b>	<b>14,891</b>	<b>55,422</b>	<b>70,313</b>	<b>70,509</b>

## Statement of changes in equity, parent company

SEKm	Restricted equity	Non-restricted equity	Total equity
<b>Opening balance January 1, 2007</b>	<b>17,312</b>	<b>19,003</b>	<b>36,315</b>
Cash flow hedges:			
-Gains/losses recognised directly in equity		-11	-11
-Related deferred tax		3	3
<b>Net income for the period recognized directly in equity</b>		<b>-8</b>	<b>-8</b>
Profit for the period		848	848
<b>Total profit for the period</b>		<b>840</b>	<b>840</b>
Dividend			
<b>Closing balance March 31, 2007</b>	<b>17,312</b>	<b>19,843</b>	<b>37,155</b>
<b>Opening balance January 1, 2007</b>	<b>17,312</b>	<b>19,003</b>	<b>36,315</b>
Cash flow hedges:			
-Gains/losses recognised 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
<b>Net income for the period recognized directly in equity</b>		<b>5</b>	<b>5</b>
Profit for the period		4,867	4,867
<b>Total profit for the period</b>		<b>4,872</b>	<b>4,872</b>
Dividend		-4,252	-4,252
<b>Closing balance December 31, 2007</b>	<b>17,312</b>	<b>19,623</b>	<b>36,935</b>
<b>Opening balance January 1, 2008</b>	<b>17,312</b>	<b>19,623</b>	<b>36,935</b>
Profit for the period		933	933
<b>Total profit for the period</b>		<b>933</b>	<b>933</b>
<b>Closing balance March 31, 2008</b>	<b>17,312</b>	<b>20,556</b>	<b>37,868</b>

## Lending, Group

SEKbn	Mar 31 2008	Dec 31 2007	%	Mar 31 2007	%
Private customers	570.0	559.5	2	497.4	15
<i>of which Swedbank Mortgage AB</i>	435.7	426.4	2	389.5	12
Real estate management	227.4	217.9	4	195.7	16
Retail, hotels, restaurants	43.4	42.5	2	36.7	18
Construction	17.9	16.3	10	13.8	30
Manufacturing	39.7	37.1	7	31.8	25
Transportation	20.1	21.8	-8	18.0	12
Forestry and agriculture	51.3	49.9	3	46.5	10
Other service businesses *		51.2		38.5	
Other business lending	141.0	90.0	57	68.0	
Municipalities	20.3	16.8	21	15.1	34
<b>Total lending to the public, excl. repos</b>	<b>1,131.1</b>	<b>1,103.0</b>	<b>3</b>	<b>961.5</b>	<b>18</b>
<i>of which Baltic Banking Operations</i>	182.3	177.1	4 **	149.5	27 **
Credit institutions incl. Nat'l Debt Office	95.1	83.4	14	90.3	5
Repurchase agreements (repos)	148.9	122.9	21	142.9	4
<b>Total lending</b>	<b>1,375.1</b>	<b>1,309.3</b>	<b>5</b>	<b>1,194.7</b>	<b>15</b>

\* As of Jan 1 2008 the sector has been dissolved

\*\* Changes reported excl. foreign exchange effects

## Savings and investments, Group

SEKbn	Mar 31 2008	Dec 31 2007	%	Mar 31 2007	%
<b>Deposits from the public</b>					
Households	271.4	274.3	-1	234.4	16
Other deposits from the public	180.8	175.2	3	163.7	10
<b>Total deposits from the public</b>	<b>452.2</b>	<b>449.5</b>	<b>1</b>	<b>398.1</b>	<b>14</b>
<i>of which Baltic Banking Operations</i>	102.1	102.2	1 *	89.7	15 *
Discretionary asset management **	224.1	204.7	9	22.5	
Fund assets under management	402.7	421.3	-4	432.2	-7
Unit-linked insurance	61.5	68.6	-10	69.2	-11
Of which unit-linked insurance in own companies	-59.7	-66.9	-11	-67.9	-12
Retail bonds, interest-bearing	1.1	1.1	0	1.1	0
Retail bonds, equity linked	32.8	30.1	9	25.4	29
<b>Total savings and investments</b>	<b>1,114.7</b>	<b>1,108.4</b>	<b>1</b>	<b>880.6</b>	<b>27</b>

\* Changes reported excl. foreign exchange effects

\*\* Excluding investments in Swedbank Robur's funds

## Notes

### Note 1. Net commission income

<b>Group SEKm</b>	<b>Q1 2008</b>	<b>Q4 2007</b>	<b>Q1 2007</b>	<b>Full-year 2007</b>
<b>Commission income</b>				
Payment processing	1,259	1,216	1,033	4,612
Lending	136	162	148	671
Brokerage	218	290	289	1,064
Asset management	950	995	972	4,226
Other securities	28	47	24	104
Other	407	688	532	2,262
<b>Total</b>	<b>2,998</b>	<b>3,398</b>	<b>2,998</b>	<b>12,939</b>
<b>Commission expenses</b>				
Payment processing	-466	-416	-370	-1,592
Securities	-72	-74	-70	-290
Other	-280	-372	-269	-1,177
<b>Total</b>	<b>-818</b>	<b>-862</b>	<b>-709</b>	<b>-3,059</b>
<b>Total net commission income</b>	<b>2,180</b>	<b>2,536</b>	<b>2,289</b>	<b>9,880</b>
<b>Parent company SEKm</b>	<b>Q1 2008</b>	<b>Q4 2007</b>	<b>Q1 2007</b>	<b>Full-year 2007</b>
<b>Commission income</b>				
Payment processing	554	460	451	1,876
Lending	62	84	80	361
Brokerage	89	115	126	445
Asset management	398	435	452	1,815
Other securities	26	46	23	97
Other	243	277	260	1,057
<b>Total</b>	<b>1,372</b>	<b>1,417</b>	<b>1,392</b>	<b>5,651</b>
<b>Commission expenses</b>				
Payment processing	-153	-95	-121	-403
Securities	-95	-47	-44	-174
Other	-25	-63	-82	-156
<b>Total</b>	<b>-273</b>	<b>-205</b>	<b>-247</b>	<b>-733</b>
<b>Total net commission income</b>	<b>1,099</b>	<b>1,212</b>	<b>1,145</b>	<b>4,918</b>



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

<b>Group SEKm</b>	<b>Q1 2008</b>	<b>Q4 2007</b>	<b>Q1 2007</b>	<b>Full-year 2007</b>
<b>Trading, derivatives and fair value option</b>				
Shares/participating interests	-48	116	225	875
- of which change in value	-58	114	193	518
- of which dividend	10	2	32	357
Interest-bearing instruments	-264	-179	-50	-540
- of which change in value of open interest-bearing position, Swedbank Mortgage	-22	66	90	71
- of which other change in value	-242	-245	-140	-611
Other financial instruments	73	62	-51	60
- of which change in value	73	62	-51	60
<b>Total</b>	<b>-239</b>	<b>-1</b>	<b>124</b>	<b>395</b>
<b>Interest income compensation, claims valued at cost</b>				
	<b>3</b>	<b>1</b>	<b>6</b>	<b>15</b>
<b>Changes in exchange rates</b>	<b>311</b>	<b>386</b>	<b>400</b>	<b>1,281</b>
<b>Total net gains and losses on financial items at fair value</b>	<b>75</b>	<b>386</b>	<b>530</b>	<b>1,691</b>
<b>Parent company SEKm</b>	<b>Q1 2008</b>	<b>Q4 2007</b>	<b>Q1 2007</b>	<b>Full-year 2007</b>
<b>Trading, derivatives and fair value option</b>				
Shares/participating interests	101	190	85	423
- of which change in value	101	190	85	423
Interest-bearing instruments	-244	-265	-143	-652
- of which other change in value	-244	-265	-143	-652
<b>Total</b>	<b>-143</b>	<b>-75</b>	<b>-58</b>	<b>-229</b>
<b>Changes in exchange rates</b>	<b>136</b>	<b>220</b>	<b>171</b>	<b>592</b>
<b>Total net gains and losses on financial items at fair value</b>	<b>-7</b>	<b>145</b>	<b>113</b>	<b>363</b>

### Note 3. Loan losses, net

Group SEKm	Q1 2008	Q4 2007	Q1 2007	Full-year 2007
<i>Loans assessed individually</i>				
The period's write-off for established loan losses	98	370	58	575
Reversal of previous provisions for anticipated loan losses reported in the period's accounts as established losses	-50	-104	-39	-236
The period's provisions for anticipated loan losses	246	187	106	453
Recoveries from previous years' established loan losses	-17	-85	-23	-178
Recovered provisions no longer necessary for anticipated loan losses	-67	-13	-61	-126
<b>Net expense for the period</b>	<b>210</b>	<b>355</b>	<b>41</b>	<b>488</b>
<i>Collective provisions for loans assessed individually</i>				
<b>Allocations/withdrawals from collective provisions</b>	<b>37</b>	<b>-176</b>	<b>-7</b>	<b>-39</b>
<i>Collectively valued homogeneous groups of loans with limited value and similar credit risk</i>				
The period's write-off for established loan losses	28	28	16	85
Recoveries from previous years' established loan losses	-6	-5	-7	-23
Allocations to/withdrawals from loan loss reserve	34	25	13	73
<b>The period's net expense for collectively valued homogenous claims</b>	<b>56</b>	<b>48</b>	<b>22</b>	<b>135</b>
<i>Contingent liabilities</i>				
<b>The period's net expense for discharged guarantees and other contingent liabilities</b>	<b>-15</b>	<b>11</b>	<b>-7</b>	<b>35</b>
<b>The period's net loan loss expense</b>	<b>288</b>	<b>238</b>	<b>49</b>	<b>619</b>
Parent company SEKm	Q1 2008	Q4 2007	Q1 2007	Full-year 2007
<i>Loans assessed individually</i>				
The period's write-off for established loan losses	70	252	41	399
Reversal of previous provisions for anticipated loan losses reported in the period's accounts as established losses	-29	-42	-30	-140
The period's provisions for anticipated loan losses	91	104	24	193
Recoveries from previous years' established loan losses	-4	-69	-5	-96
Recovered provisions no longer necessary for anticipated loan losses	-29	-8	-35	-72
<b>Net expense for the period</b>	<b>99</b>	<b>237</b>	<b>-5</b>	<b>284</b>
<i>Collective provisions for loans assessed individually</i>				
<b>Allocations/withdrawals from collective provisions</b>	<b>-26</b>	<b>-200</b>	<b>-50</b>	<b>-299</b>
<i>Collectively valued homogeneous groups of loans with limited value and similar credit risk</i>				
The period's write-off for established loan losses	10	15	8	45
Recoveries from previous years' established loan losses	0	0	0	0
Allocations to/withdrawals from loan loss reserve	12	2	5	17
<b>The period's net expense for collectively valued homogenous claims</b>	<b>22</b>	<b>17</b>	<b>13</b>	<b>62</b>
<i>Contingent liabilities</i>				
<b>The period's net expense for discharged guarantees and other contingent liabilities</b>	<b>3</b>	<b>5</b>	<b>0</b>	<b>32</b>
<b>The period's net loan loss expense</b>	<b>98</b>	<b>59</b>	<b>-42</b>	<b>79</b>

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

SEKm	Group			Parent company		
	Mar 31 2008	Dec 31 2007	Mar 31 2007	Mar 31 2008	Dec 31 2007	Mar 31 2007
Book value (before recognized provisions)	1,378,896	1,312,992	1,197,962	816,321	749,880	678,945
Specific provisions for individually assessed claims	-1,278	-1,145	-696	-440	-407	-380
Provisions for collectively valued homogeneous groups of claims with limited value and similar credit risk	-209	-187	-134	-95	-84	-72
Collective provisions for individually assessed claims	-2,338	-2,359	-2,402	-910	-936	-1,185
<b>Total provisions</b>	<b>-3,825</b>	<b>-3,691</b>	<b>-3,232</b>	<b>-1,445</b>	<b>-1,427</b>	<b>-1,637</b>
<b>Book value</b>	<b>1,375,071</b>	<b>1,309,301</b>	<b>1,194,730</b>	<b>814,876</b>	<b>748,453</b>	<b>677,308</b>
Book value of impaired loans	2,197	1,740	791	273	303	263
<b>Property taken over to protect claims:</b>						
- Buildings and land	0	0	0	0	0	0
- Shares and participating interests	101	28	50	94	21	46
- Other	2	2	2	0	0	0
<b>Total</b>	<b>103</b>	<b>30</b>	<b>52</b>	<b>94</b>	<b>21</b>	<b>46</b>
Impaired loans as % of total lending	0.16	0.13	0.07	0.03	0.04	0.04
Total provision ratio for impaired loans, % *	104	120	199	179	180	229
Provision ratio for individually identified impaired loans, %	40	43	51	66	62	63

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

## Credit risks

Group Sector/branch Mar 31, 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	570,848	285	377	209	569,977	640
Real estate management	227,860	177	267		227,416	611
Retail, hotels, restaurants	44,018	184	404		43,430	118
Construction	18,061	77	92		17,892	103
Manufacturing	40,247	147	375		39,725	215
Transportation	20,160	13	95		20,052	85
Forestry and agriculture	51,433	55	76		51,302	148
Other corporate lending	141,993	328	652		141,013	289
Municipalities, excl. municipal corporates	20,266				20,266	
<b>Lending</b>	<b>1,134,886</b>	<b>1,266</b>	<b>2,338</b>	<b>209</b>	<b>1,131,073</b>	<b>2,209</b>
Credit institutions incl. Nat'l Debt Office	95,066	12			95,054	-12
Repurchase agreements - credit institutions incl. Nat'l Debt Office	113,146				113,146	
Repurchase agreements - public	35,798				35,798	
<b>Total lending to credit institutions and the public</b>	<b>1,378,896</b>	<b>1,278</b>	<b>2,338</b>	<b>209</b>	<b>1,375,071</b>	<b>2,197</b>

## 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.	
	Mar 31 2008	Mar 31 2007	Mar 31 2008	Mar 31 2007	Mar 31 2008	Mar 31 2007
Derivatives with positive book values	21,440	14,978	24,885	8,298	5,436	5,047
Derivatives with negative book values	22,402	16,362	37,629	6,288	3,838	5,300
Nominal amount	9,700,935	6,372,659	1,213,871	915,187	84,802	64,052

Derivatives with a value of SEK 2,067m (797) have, as a consequence of netting agreements, been recognized net in the balance sheet.

## Number of shares in issue

Number of shares in issue	Q1 2008	Q4 2007	Q1 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	Mar 31 2008	Dec 31 2007	Mar 31 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	Mar 31 2008	Dec 31 2007	Mar 31 2007
Swedish Banking	6,133	6,236	6,272
Baltic Banking	9,206	9,203	8,610
<i>Estonia</i>	3,234	3,246	3,064
<i>Latvia</i>	2,653	2,577	2,387
<i>Lithuania</i>	3,319	3,380	3,159
International Banking	3,966	3,952	365
<i>Ukraine</i>	3,417	3,433	0
<i>Russia</i>	409	386	264
<i>Nordic branches and Luxemburg</i>	133	122	92
<i>Other</i>	7	11	9
Swedbank Markets	772	752	691
Asset Management and Insurance	341	332	275
Shared Services & Group Staffs	1,658	1,673	1,668
<b>Total</b>	<b>22,076</b>	<b>22,148</b>	<b>17,881</b>

## **Signatures of the Board of Directors and the President**

The Board of Directors and the President certify that the interim report for the first quarter of 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, April 23, 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

Anders Nyblom  
Board Member

Caroline Sundewall  
Board Member

Gith Bengtsson  
Board Member  
Employee Representative

Monica Hellström  
Board Member  
Employee Representative

Jan Lidén  
President

## **Review report**

### **Introduction**

We have reviewed the interim report for Swedbank AB (publ) for the period January 1 to March 31, 2008. The Board of Directors and the CEO are responsible for the preparation and presentation of this interim financial information 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 financial information 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, April 23, 2008

Deloitte AB  
Jan Palmqvist  
Authorized Public Accountant

## **Publication of financial information**

The Group's financial reports can be found on <http://www.swedbank.se/ir> or [www.swedbank.com](http://www.swedbank.com).

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

Interim report for the second quarter on July 17

Interim report for the third quarter on October 23

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

## **Annual General Meeting 2008**

The Annual General Meeting will be held in Stockholm on April 25, 2008.

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