

# Interim Report January – September

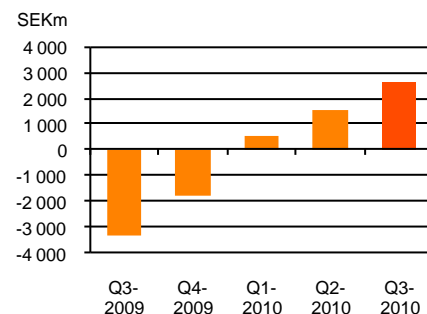
Stockholm 21 October 2010

## Third quarter 2010

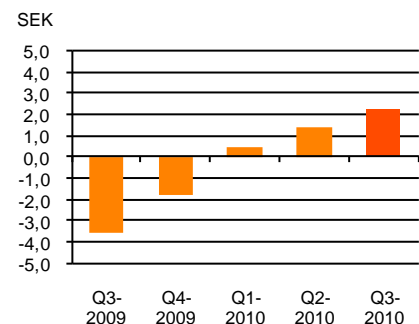
compared with the second quarter 2010

- The Q3 result was SEK 2 591m (1 567)
- Earnings per share were SEK 2.23 (1.36)
- The return on equity was 11.3 per cent (7.0)
- The cost/income ratio was 0.55 (0.57)
- Net interest income increased by 5 per cent to SEK 3 980m (3 799)
- Profit before impairments excluding non-recurring items increased by 2 per cent to SEK 3 409m (3 333)
- Net credit impairments decreased by 88 per cent to SEK 120m (963). Provisions for loan losses amounted to SEK -84m (846). Net write-offs amounted to SEK 204m (117). The credit impairment ratio was 0.03 per cent (0.28)
- The Tier 1 capital ratio according to Basel 2 increased to 14.7 per cent (13.5 per cent on 31 December 2009). According to transition rules, the Tier 1 capital ratio increased to 10.8 per cent (10.4). The core Tier 1 capital ratio was 13.4 per cent (12.0) according to Basel 2 and 9.8 per cent (9.2) according to transition rules.

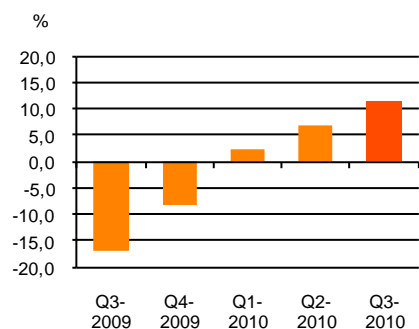
Profit for the period



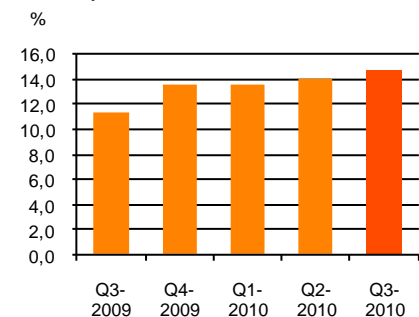
Earnings per share



Return on equity



Tier 1 capital ratio



## January-September 2010

compared with January-September 2009

- The result for the period was SEK 4 694m (-8 707)
- Earnings per share were SEK 4.05 (-9.32)
- The return on equity was 6.9 per cent (-14.1)
- The cost/income ratio was 0.57 (0.51)
- Net interest income decreased by 27 per cent to SEK 11 802m (16 063)
- Profit before impairments excluding non-recurring items decreased by 22 per cent to SEK 10 018m (12 875)
- Net credit impairments amounted to SEK 3 293m (19 638). Provisions for loan losses amounted to SEK 2 543m (18 028). Net write-offs amounted to SEK 750m (1 610). The credit impairment ratio was 0.32 per cent (1.85).

## CEO Comment

Swedbank's positive trend continued to improve during the third quarter. Our profits were SEK 2.6bn against SEK 1.6bn in Q2 and SEK 0.5bn in Q1. For the first time in six quarters, net interest income increased. Factors that had recently put pressure on net interest income have now begun to have a positive effect. Market interest rates in Sweden in particular have begun to rise, lending margins have strengthened slightly and the cost for local funding in the Baltic countries has decreased. As expected, credit impairments continued to fall during the quarter, mainly as a result of low losses in Baltic Banking. In Q3, the Group credit impairment ratio was a mere 0.03 per cent. The share of impaired loans fell in the Baltic countries and the Group as a whole.

We continued working to decrease risk levels, not least resulting in a continued strong funding position. During the third quarter we raised around SEK 40bn in long-term funding. At the same time SEK 54bn in the form of repos with the Riksbank was replaced with other funding. During the last 12 months Swedbank has raised nearly SEK 300bn in long-term funding. We have been able to do so while at the same time continuously strengthening our relative funding costs compared with other Nordic banks.

Business activity with our customers was good during the quarter. We are pleased to see that more and more private customers in Sweden are becoming Key customers of ours. Key customers have access to specially designed products and services with a guaranteed service level. During the third quarter Swedbank gained 73 000 Key customers. Market shares for new mortgage sales in Sweden continued to rise during the quarter; in August our market share for new sales was 22 per cent. Customers are increasingly choosing the safer option of fixed interest rate mortgages. In September, 60 per cent of all renegotiated and new loans had a fixed term of 1 year or more. The trend towards lower lending volumes to corporate customers in Sweden has been broken, and during the quarter volumes were stable. In the Baltic

countries, credit demand remains low. Corporates and private persons prioritise amortising their loans.

In September we reached a new in-principle framework agreement with the savings banks. The agreement encompasses continued cooperation regarding, among other things, the IT platform, mortgage loans and fund sales. The agreement has been adapted to the changes in business conditions that have arisen as a result of the financial crisis. Individual agreements will be signed with the savings banks during the fourth quarter and take effect on 1 July 2011.

During the quarter we began working actively to establish Swedbank's new brand platform among employees. The aim is to create a values-driven and more customer-focused organisation. The brand platform includes our purpose "We will promote a sound and sustainable financial situation for the many households and businesses" and our values "Open, Simple, and Caring".

Our strong position among private persons and small and medium sized enterprises was confirmed during the period, and surveys have shown increased customer satisfaction, albeit from a low level. Efforts to improve our service offering are continuing. Another priority going forward is to increase effectiveness in every part of the organisation. Provided that the macro economy continues to develop in line with expectations, profit is expected to continue to improve.



Michael Wolf  
President and Chief Executive Officer

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More detailed information can be found in Swedbank's fact book, [www.swedbank.com/ir](http://www.swedbank.com/ir), under Financial information and publications.

## Financial summary

| Income statement<br>SEKm   | Q3<br>2010   | Q2<br>2010   | %         | Q3<br>2009    | %         | Jan-Sep<br>2010 | Jan-Sep<br>2009 | %          |
|--|--------------|--------------|-----------|---------------|-----------|-----------------|-----------------|------------|
| Net interest income  | 3 980        | 3 799        | 5         | 5 017         | -21       | 11 802          | 16 063          | -27        |
| Net commissions  | 2 310        | 2 395        | -4        | 2 208         | 5         | 6 987           | 5 552           | 26         |
| Net gains and losses on financial items at fair value                        | 574          | 822          | -30       | 87            |           | 2 043           | 2 508           | -19        |
| Other income   | 783          | 756          | 4         | 830           | -6        | 2 254           | 2 677           | -16        |
| <b>Total income</b>  | <b>7 647</b> | <b>7 772</b> | <b>-2</b> | <b>8 142</b>  | <b>-6</b> | <b>23 086</b>   | <b>26 800</b>   | <b>-14</b> |
| Staff costs  | 2 280        | 2 423        | -6        | 2 448         | -7        | 7 078           | 7 271           | -3         |
| Other expenses   | 1 958        | 2 000        | -2        | 2 078         | -6        | 5 974           | 6 277           | -5         |
| <b>Total expenses</b>  | <b>4 238</b> | <b>4 423</b> | <b>-4</b> | <b>4 526</b>  | <b>-6</b> | <b>13 052</b>   | <b>13 548</b>   | <b>-4</b>  |
| <b>Profit before impairments</b>   | <b>3 409</b> | <b>3 349</b> | <b>2</b>  | <b>3 616</b>  | <b>-6</b> | <b>10 034</b>   | <b>13 252</b>   | <b>-24</b> |
| Impairment of intangible assets  | 23           |              |           |               |           | 37              | 1 305           | -97        |
| Impairment of tangible assets  | 30           | 128          | -77       | 77            | -61       | 194             | 97              | 100        |
| Credit impairments   | 120          | 963          | -88       | 6 121         | -98       | 3 293           | 19 638          | -83        |
| <b>Operating profit</b>  | <b>3 236</b> | <b>2 258</b> | <b>43</b> | <b>-2 582</b> |           | <b>6 510</b>    | <b>-7 788</b>   |            |
| Tax expense  | 638          | 672          | -5        | 734           | -13       | 1 779           | 866             |            |
| Profit for the period  | 2 598        | 1 586        | 64        | -3 316        |           | 4 731           | -8 654          |            |
| <b>Profit for the period attributable to the shareholders of Swedbank AB</b> | <b>2 591</b> | <b>1 567</b> | <b>65</b> | <b>-3 337</b> |           | <b>4 694</b>    | <b>-8 707</b>   |            |

| Key ratios and data per share                  | Q3<br>2010 | Q2<br>2010 |  | Q3<br>2009 |  | Jan-Sep<br>2010 | Jan-Sep<br>2009 |
|--|------------|------------|--|------------|--|-----------------|-----------------|
| Return on equity, %                            | 11.3       | 7.0        |  | -16.9      |  | 6.9             | -14.1           |
| Earnings per share, SEK <sup>1)</sup>          | 2.23       | 1.36       |  | -3.57      |  | 4.05            | -9.32           |
| Cost/income ratio                              | 0.55       | 0.57       |  | 0.56       |  | 0.57            | 0.51            |
| Equity per share, SEK <sup>1)</sup>            | 80.07      | 78.48      |  | 99.15      |  | 80.07           | 99.15           |
| Capital quotient, transition rules             | 1.66       | 1.68       |  | 1.52       |  | 1.66            | 1.52            |
| Core Tier 1 capital ratio, %, transition rules | 9.8        | 9.5        |  | 7.7        |  | 9.8             | 7.7             |
| Tier 1 capital ratio, %, transition rules      | 10.8       | 10.5       |  | 8.8        |  | 10.8            | 8.8             |
| Capital adequacy ratio, %, transition rules    | 13.3       | 13.4       |  | 12.1       |  | 13.3            | 12.1            |
| Capital quotient, Basel 2                      | 2.26       | 2.23       |  | 1.96       |  | 2.26            | 1.96            |
| Core Tier 1 capital ratio, %, Basel 2          | 13.4       | 12.7       |  | 9.9        |  | 13.4            | 9.9             |
| Tier 1 capital ratio, %, Basel 2               | 14.7       | 14.0       |  | 11.4       |  | 14.7            | 11.4            |
| Capital adequacy ratio, %, Basel 2             | 18.1       | 17.9       |  | 15.7       |  | 18.1            | 15.7            |
| Credit impairment ratio, %                     | 0.03       | 0.28       |  | 1.75       |  | 0.32            | 1.85            |
| Share of impaired loans, gross, %              | 2.67       | 2.90       |  | 2.53       |  | 2.67            | 2.53            |
| Total provision ratio for impaired loans, %    | 64         | 64         |  | 63         |  | 64              | 63              |

<sup>1)</sup> The number of shares is specified on page 53.

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

| Balance sheet data<br>SEKbn             | 30 Sep<br>2010 | 31 Dec<br>2009 | %  | 30 Sep<br>2009 | %  |
|---|----------------|----------------|----|----------------|----|
| Loans to the public                     | 1 214          | 1 291          | -6 | 1 245          | -2 |
| Deposits and borrowings from the public | 524            | 504            | 4  | 477            | 10 |
| Shareholders' equity                    | 93             | 90             | 4  | 77             | 21 |
| Total assets                            | 1 846          | 1 795          | 3  | 1 815          | 2  |
| Risk weighted assets, Basel 2           | 560            | 603            | -7 | 607            | -8 |
| Risk weighted assets, transition rules  | 764            | 784            | -3 | 785            | -3 |
| Risk weighted assets, Basel 1           | 957            | 990            | -3 | 1 004          | -5 |

## Overview

### Market

The global economy has strengthened more than expected, because of which growth projections for 2010 have been revised upward both in Sweden and the Baltic countries. This has led to an acceleration of export growth for Swedish and Baltic companies, but investment plans remain constrained. The economic recovery rests on shaky ground, however, with the risk of weaker growth in coming quarters as the inventory build-up is worked off at the same time that several European countries implement public spending cuts.

According to the latest available data, Sweden's GDP grew by 5.2 per cent during the second quarter compared with the same period last year. In Estonia, GDP grew by 3.1 per cent, while Latvia's GDP fell by 2.1 per cent and Lithuania's GDP increased by 1.3 per cent.

The Swedish Riksbank raised the repo rate by 25bp on 1 July and by another 25bp on 2 September, to 0.75 per cent. The key Stibor 3-month rate, which a year ago was around 0.50 per cent, rose by 49bp during the quarter to 1.28 per cent on 30 September. The Euribor 6-month rate rose by 10bp during the quarter to 1.15 per cent on 30 September. Due to economic difficulties in the eurozone, the ECB has delayed any hike in its benchmark interest rate.

The Swedish krona rose by 4 per cent against the euro during the third quarter and by 10 per cent in one year. In relation to the dollar, the krona rose by 13 per cent during the quarter and by 4 per cent in one year.

The Stockholm stock exchange (OMXSPI) rose by 9 per cent during the third quarter. The Tallinn stock exchange (OMXT) gained 16 per cent, while the Riga stock exchange (OMXR) rose by 14 per cent and the Vilnius stock exchange (OMXV) by 18 per cent.

### Important events during the quarter

The Baltic Banking business area reported a quarterly profit for the first time since the fourth quarter of 2008. Significantly lower impairment losses were the main reason. Profit before impairments increased for the second consecutive quarter.

The trend with falling net interest income was broken largely thanks to rising short-term interest rates in Sweden, but also because of lower domestic interest rates in the Baltic countries as well as slightly higher Euribor rates.

Impaired loans, gross, decreased by SEK 4.1bn from the previous quarter.

With the approval of the Board of Directors, a new variable remuneration system was introduced for the Swedish part of the Group. For further information, see page 12, Other events.

## Third quarter 2010

Quarterly profit attributable to the shareholders increased by 65 per cent from the previous quarter to SEK 2 591m. The main reason for the improvement was

lower credit impairments. The return on equity was 11.3 per cent (7.0). The cost/income ratio was 0.55 (0.57).

Profit before impairments excluding non-recurring items increased by 2 per cent to SEK 3 409m mainly due to improved net interest income and seasonably lower costs.

The Retail and Baltic Banking business areas continued to report higher profit before impairments, while Large Corporates & Institutions generated lower profit, as the third quarter seasonally generates lower activity and trading income.

| Profit before impairments excluding non-recurring items by business area |              |              |              |
|--|--------------|--------------|--------------|
| SEKm   | Q3 2010      | Q2 2010      | Q3 2009      |
| Retail   | 1 858        | 1 698        | 1 925        |
| Large Corporates & Institutions  | 672          | 794          | 952          |
| Baltic Banking   | 934          | 794          | 796          |
| Russia & Ukraine   | -55          | -47          | -38          |
| Asset Management   | 179          | 177          | 182          |
| Ektornet   | -34          | -46          |              |
| Shared Services & Group Staffs   | -145         | -70          | -315         |
| <b>Total excl FX effects</b>   | <b>3 409</b> | <b>3 300</b> | <b>3 502</b> |
| FX effects   |              | 33           | 91           |
| <b>Total</b>   | <b>3 409</b> | <b>3 333</b> | <b>3 593</b> |

| Non-recurring items by business area (BA) |        |          |           |           |
|---|--------|----------|-----------|-----------|
| SEKm                                      | BA     | Q3 2010  | Q2 2010   | Q3 2009   |
| <b>Income</b>                             |        |          |           |           |
| Branch sales                              | RETAIL |          | 3         | 23        |
| MasterCard                                | BB     |          | 13        |           |
| <b>Total income</b>                       |        | <b>0</b> | <b>16</b> | <b>23</b> |
| <b>Expenses</b>                           |        |          |           |           |
| <b>Total expenses</b>                     |        | <b>0</b> | <b>0</b>  | <b>0</b>  |
| <b>Impairments</b>                        |        |          |           |           |
| <b>Total impairments</b>                  |        | <b>0</b> | <b>0</b>  | <b>0</b>  |
| <b>Tax</b>                                |        |          |           |           |
| Branch sales                              | RETAIL |          | 1         | 6         |
| MasterCard                                | BB     |          | 2         |           |
| <b>Total tax</b>                          |        | <b>0</b> | <b>3</b>  | <b>6</b>  |
| <b>Profit for the period</b>              |        | <b>0</b> | <b>13</b> | <b>17</b> |

Income excluding non-recurring items amounted to SEK 7 647m, a decrease of 1 per cent from the previous quarter. The decrease was mainly due to lower net gains and losses on financial items at fair value.



| Income analysis                               |              |              |              |
|---|--------------|--------------|--------------|
| Group   | Q3           | Q2           | Q3           |
| SEKm  | 2010         | 2010         | 2009         |
| Lending and deposits                          | 3 943        | 3 806        | 4 237        |
| Treasury, trading and capital market products | 974          | 1 291        | 1 305        |
| Asset management                              | 981          | 990          | 872          |
| Payments and cards                            | 864          | 822          | 860          |
| Insurance                                     | 258          | 236          | 222          |
| Associates                                    | 191          | 159          | 184          |
| Other income                                  | 497          | 455          | 478          |
| Stability fee                                 | -61          | -58          | -195         |
| Non-recurring items                           |              | 16           | 23           |
| <b>Total excl FX effects</b>                  | <b>7 647</b> | <b>7 717</b> | <b>7 986</b> |
| FX effects                                    |              | 55           | 156          |
| <b>Total</b>                                  | <b>7 647</b> | <b>7 772</b> | <b>8 142</b> |

Net interest income increased by SEK 181m or 5 per cent. Higher short-term interest rates and the adjustments in terms they necessitated, primarily in Sweden, contributed to the increase, as did a positive mismatch between funding and lending (nose and tail effects). Lower costs for deposits in local currencies in the Baltic countries as well as slightly higher Euribor rates in the Baltic countries contributed positively.

Net commission income decreased by 4 per cent from the previous quarter. This was mainly due to lower income from brokerage and corporate finance.

Net gains and losses on financial items at fair value decreased by 30 per cent. SEK 95m of the decrease was in Group Treasury within Shared Services & Group Staffs and was tied to the market valuation of the funding operations. Basis spreads on EUR-to-SEK swaps continued to widen during the quarter, which contributed positively to the result, though less than in the previous quarter. Repurchased subordinated loans had a positive effect on earnings of SEK 122m. Baltic Banking reported a decrease of SEK 54m in net gains and losses largely due to the market valuation of the holdings of the Private Debt Fund, which is being liquidated. Currency fluctuations reduced net gains and losses in Ukraine by SEK 50m.

Expenses decreased by 4 per cent from the previous quarter. On a seasonal basis expenses are slightly lower in the third quarter. The main part of the decrease was in Large Corporates & Institutions, mainly reflecting the new share-related remuneration programme. The introduction of a new variable remuneration system, where 40-60 per cent of the amount is invested in shares and not paid out for three years, means that the share-related portion, according to current accounting rules, must be accrued until the time it is paid. As a result, staff costs in the Group decreased by approximately SEK 60m during the quarter. Expenses for problem loans and repossessed collateral in FR&R as well as Ektornet amounted to SEK 185m (174). The number of full-time positions decreased during the quarter by 40, of which 4 in Baltic Banking, 12 in Ukraine, 29 in Russia and 35 in Retail. At the same time, the number of employees rose by 23 in Large Corporates & Institutions and by 8 in Asset Management. Other increases were in Ektornet and Shared Services & Group Staffs.

| Expense analysis                |              |              |              |
|---------------------------------|--------------|--------------|--------------|
| Group                           | Q3           | Q2           | Q3           |
| SEKm                            | 2010         | 2010         | 2009         |
| <b>FR&amp;R and Ektornet</b>    | <b>185</b>   | <b>174</b>   | <b>111</b>   |
| Retail                          | 2 177        | 2 290        | 2 162        |
| Large Corporates & Institutions | 674          | 759          | 760          |
| Baltic Banking                  | 572          | 612          | 780          |
| Russia & Ukraine                | 181          | 212          | 262          |
| Asset Management                | 209          | 212          | 182          |
| Other and eliminations          | 240          | 142          | 201          |
| <b>Current franchise</b>        | <b>4 053</b> | <b>4 227</b> | <b>4 349</b> |
| <b>Total excl FX effects</b>    | <b>4 238</b> | <b>4 401</b> | <b>4 459</b> |
| FX effects                      |              | 22           | 67           |
| <b>Total</b>                    | <b>4 238</b> | <b>4 423</b> | <b>4 526</b> |

Net credit impairments fell to SEK 120m (963), of which SEK 327m (1 096) related to Baltic Banking. Russia & Ukraine reported net recoveries of SEK 158m (recoveries of SEK 139m). Retail and Large Corporates & Institutions also reported net recoveries. The credit impairment ratio fell to 0.03 per cent (0.28).

The tax expense amounted to SEK 638m, corresponding to an effective tax rate of 20 per cent. The low effective tax rate is mainly because Estonia, Russia and Ukraine post profits without a tax expense. Regarding Estonia, income tax is payable only if there is a dividend to shareholders, and since the parent company does not plan any dividend from its Estonian subsidiary, no tax expense is posted. The profits in Russia and Ukraine can be offset against existing loss carry forwards, on which no deferred tax assets have previously been claimed.

Other comprehensive income after tax amounted to SEK -774m (98) in the quarter and was affected mainly by exchange rate differences on the translation of foreign operations and cash flow hedges.

## January-September 2010

### Result

Swedbank reported a profit of SEK 4 694m for the first nine months of the year, compared with a loss of SEK 8 707m in the previous year. Significantly lower credit impairments were the main reason why the loss was turned into a profit. The return on equity was 6.9 per cent (-14.1). The cost/income ratio was 0.57 (0.51).

Profit before impairments excluding non-recurring items decreased by 22 per cent to SEK 10 018m. Among the business areas, Asset Management reported higher profit, due to a larger volume of assets under management. Shared Services & Group Staffs reported an improved result from Group Treasury, partly due to valuation effects from basis spreads and repurchased subordinated loans. When arranged in euro, capital market funding is usually swapped into SEK. These swaps are marked to market. Historically the volatility in the swap cost has been low. In 2010 costs increased significantly, which at the same time produced a positive valuation effect. The largest profit decrease was in Large Corporates & Institutions, where the trading operation had its best year ever in 2009 due to very favourable trading conditions during the first half-year.

| <b>Profit before impairments<br/>excluding non-recurring items<br/>by business area</b> |                         |                         |  |
|---|-------------------------|-------------------------|--|
| <b>SEKm</b>   | <b>Jan-Sep<br/>2010</b> | <b>Jan-Sep<br/>2009</b> |  |
| Retail  | 5 218                   | 5 755                   |  |
| Large Corporates & Institutions   | 2 364                   | 4 373                   |  |
| Baltic Banking  | 2 508                   | 2 780                   |  |
| Russia & Ukraine  | -75                     | 452                     |  |
| Asset Management  | 564                     | 398                     |  |
| Ektornet  | -117                    |                         |  |
| Shared Services &<br>Group Staffs   | -444                    | -1 242                  |  |
| <b>Total excl FX effects</b>  | <b>10 018</b>           | <b>12 516</b>           |  |
| FX effects  |                         | 359                     |  |
| <b>Total</b>  | <b>10 018</b>           | <b>12 875</b>           |  |

| <b>Non-recurring items<br/>by business area (BA)</b> |           |                         |                         |
|--|-----------|-------------------------|-------------------------|
| <b>SEKm</b>  | <b>BA</b> | <b>Jan-Sep<br/>2010</b> | <b>Jan-Sep<br/>2009</b> |
| <b>Income</b>  |           |                         |                         |
| Branch sales   | RETAIL    | 3                       | 397                     |
| VISA Sweden  | RETAIL    |                         | 322                     |
| Repayment fund<br>management fees                    | AM        |                         | -540                    |
| MasterCard   | BB        | 13                      |                         |
| <b>Total income</b>                                  |           | <b>16</b>               | <b>179</b>              |
| <b>Expenses</b>                                      |           |                         |                         |
| Dissolved bonus reserve                              | BB        |                         | -198                    |
| <b>Total expenses</b>                                |           | <b>0</b>                | <b>-198</b>             |
| <b>Impairments</b>                                   |           |                         |                         |
| Impairment of goodwill                               | LC&I      |                         | 5                       |
| Impairment of goodwill                               | R&U       | 14                      | 1 300                   |
| <b>Total impairments</b>                             |           | <b>14</b>               | <b>1 305</b>            |
| <b>Tax</b>   |           |                         |                         |
| Branch sales   | RETAIL    | 1                       | 105                     |
| Repayment fund<br>management fees                    | AM        |                         | -150                    |
| Dissolved bonus reserve                              | BB        |                         | 28                      |
| MasterCard   | BB        | 2                       |                         |
| <b>Total tax</b>                                     |           | <b>3</b>                | <b>-17</b>              |
| <b>Profit for the period</b>                         |           | <b>-1</b>               | <b>-911</b>             |

Income excluding non-recurring items amounted to SEK 23 070m, a decrease of 13 per cent. Fluctuations in exchange rates, primarily the rise in the Swedish krona against the euro and the Baltic currencies reduced reported income by SEK 359m.

Net interest income decreased by SEK 4 261m or 27 per cent, mainly due to lower net lending volumes, higher costs for wholesale funding and liquidity reserves and lower market interest rates. Net interest income was also adversely affected by lower return on the investment portfolio used to hedge interest rates of low-yielding deposit accounts and equity, a mismatch between funding and lending (nose and tail effects) and less favourable trading conditions.

Lending<sup>1</sup> decreased by SEK 63bn or 5 per cent in one year. Volumes fell in the Baltic countries, Russia and Ukraine. In Sweden and the other Nordic countries, corporate lending decreased, while mortgage lending to

<sup>1</sup> Lending to the public excluding the Swedish National Debt Office and repos

private customers rose. This shift resulted in lower net interest income, since interest margins are lower in Sweden than in the other countries and lower on mortgages than on corporate lending.

| <b>Income analysis</b>                           |                         |                         |  |
|--|-------------------------|-------------------------|--|
| <b>Group<br/>SEKm</b>                            | <b>Jan-Sep<br/>2010</b> | <b>Jan-Sep<br/>2009</b> |  |
| Lending and deposits                             | 11 765                  | 13 648                  |  |
| Treasury, trading and capital<br>market products | 3 389                   | 5 755                   |  |
| Asset management                                 | 2 956                   | 2 321                   |  |
| Payments and cards                               | 2 473                   | 2 444                   |  |
| Insurance  | 697                     | 658                     |  |
| Associates                                       | 496                     | 421                     |  |
| Other income                                     | 1 470                   | 945                     |  |
| Stability fee                                    | -176                    | -195                    |  |
| Non-recurring items                              | 16                      | 179                     |  |
| <b>Total excl FX effects</b>                     | <b>23 086</b>           | <b>26 175</b>           |  |
| FX effects                                       |                         | 625                     |  |
| <b>Total</b>                                     | <b>23 086</b>           | <b>26 800</b>           |  |

Net commission income increased by 15 per cent excluding the non-recurring expense for refunded fund management fees in Asset Management last year. Asset management commissions increased by 26 per cent due to an equity-related appreciation in assets under management.

Net gains and losses on financial items at fair value decreased by 19 per cent. The result from trading operations in Large Corporates & Institutions was very high in 2009 due to market conditions. Within Group Treasury (Shared Services & Group Staffs) the market valuation of funding operations positively affected net gains and losses on financial items at fair value as partly mentioned earlier. The impact on earnings of these changes in value will be small over time, although there could be considerable volatility between quarters.

Expenses excluding dissolved bonus reserves in Baltic Banking last year and excluding exchange rate effects decreased by 3 per cent. Expenses for problem loans and repossessed collateral in FR&R as well as Ektornet amounted to SEK 526m (268). Expenses in Baltic Banking excluding FR&R decreased by SEK 509m or 22 per cent in local currency. In Russia & Ukraine, expenses excluding FR&R fell by SEK 240m or 28 per cent in local currency.

| <b>Expense analysis</b>            |                         |                         |  |
|------------------------------------|-------------------------|-------------------------|--|
| <b>Group<br/>SEKm</b>              | <b>Jan-Sep<br/>2010</b> | <b>Jan-Sep<br/>2009</b> |  |
| <b>Dissolved bonus reserve</b>     |                         | <b>-198</b>             |  |
| <b>FR&amp;R and Ektornet</b>       | <b>526</b>              | <b>268</b>              |  |
| Retail                             | 6 703                   | 6 662                   |  |
| Large Corporates &<br>Institutions | 2 166                   | 2 261                   |  |
| Baltic Banking                     | 1 843                   | 2 352                   |  |
| Russia & Ukraine                   | 620                     | 860                     |  |
| Asset Management                   | 618                     | 569                     |  |
| Other and eliminations             | 577                     | 508                     |  |
| <b>Current franchise</b>           | <b>12 526</b>           | <b>13 212</b>           |  |
| <b>Total excl FX effects</b>       | <b>13 052</b>           | <b>13 282</b>           |  |
| FX effects                         |                         | 266                     |  |
| <b>Total</b>                       | <b>13 052</b>           | <b>13 548</b>           |  |

In one year the number of full-time employees was reduced by 2 783, of which 2 059 were in Russia & Ukraine, 699 in Baltic Banking and 268 in Retail. At the same time, the number of employees rose by 141 in Ektornet, by 61 in Large Corporates & Institutions, by 25 in Shared Services & Group Staffs and by 16 in Asset Management. Since the beginning of the year the number of full-time employees has been reduced by 1 788.

Impairment of intangible assets attributable to Russian Banking operations amounted to SEK 14m during the first quarter and SEK 23m for a subsidiary of the Baltic group during the third quarter. In the previous year impairment losses of SEK 1 300m were attributable to Ukrainian Banking and SEK 5m to Russian investment banking.

Impairment of tangible assets, mostly consisting of repossessed leased heavy goods vehicles, amounted to SEK 194m (97) during the period.

Net credit impairments fell to SEK 3 293m (19 638), of which Baltic Banking accounted for SEK 3 526m (11 533). Of the reported credit impairments, SEK 2 543m was related to net provisions, of which individual provisions for impaired loans amounted to SEK 3 973m and portfolio provisions for loans individually deemed not to be impaired were SEK -1 430m. Net write-offs amounted to SEK 750m. The credit impairment ratio decreased to 0.32 per cent (1.85).

The tax expense amounted to SEK 1 779m, corresponding to an effective tax rate of 27 per cent.

### Credit and asset quality

In 2009 Swedbank focused on lowering the Group's risks, primarily by reducing lending outside Sweden i.e. in the Baltic countries, Ukraine and Russia. Risk reduction continued during the first nine months of 2010, but more selectively. Lending<sup>1</sup> in the Baltic countries, Ukraine and Russia decreased from 209 per cent to 162 per cent of equity during the nine-month period.

| Loans by business area<br>30 Sep 2010<br>SEKm | Loans<br>gross   | Total<br>Pro-<br>visions | Loans<br>net     |
|---|------------------|--------------------------|------------------|
| Retail  | 843 665          | 1 582                    | 842 083          |
| Large Corporates &<br>Institutions            | 427 365          | 1 038                    | 426 327          |
| <i>Estonia</i>                                | 63 300           | 3 218                    | 60 082           |
| <i>Latvia</i>                                 | 47 061           | 7 596                    | 39 465           |
| <i>Lithuania</i>                              | 41 721           | 4 346                    | 37 375           |
| <i>Investment</i>                             | 430              |                          | 430              |
| Baltic Banking                                | 152 512          | 15 160                   | 137 352          |
| <i>Russia</i>                                 | 9 041            | 1 255                    | 7 786            |
| <i>Ukraine</i>                                | 12 739           | 5 639                    | 7 100            |
| Russia & Ukraine                              | 21 780           | 6 894                    | 14 886           |
| <b>Total</b>                                  | <b>1 445 322</b> | <b>24 674</b>            | <b>1 420 648</b> |

Lending decreased by 19 per cent in the Baltic countries, by 24 per cent in Ukraine and by 32 per cent in Russia. Excluding exchange rate effects, lending decreased by 10 per cent in the Baltic countries, by 20 per cent in Ukraine and by 27 per cent in Russia. Corporate lending in Sweden also fell during the period.

<sup>1</sup> Lending to the public excluding the Swedish National Debt Office and repos

The rate of decline slowed in the latter part of the nine-month period. Lending continued to grow in segments with lower risk, especially mortgage lending to private customers in Sweden. Total lending rose by SEK 17bn in Swedbank Mortgage.

The majority (78 per cent) of the Group's lending is real estate related. This lending is highly secured with real estate collateral in Sweden.

| Loans<br>by sector/industry<br>SEKm                          | 30 Sep<br>2010   | 31 Dec<br>2009   |
|--|------------------|------------------|
| Private customers  | 650 651          | 644 846          |
| Agriculture, forestry, fishing                               | 58 556           | 57 825           |
| Manufacturing  | 29 518           | 34 062           |
| Public sector and utilities                                  | 15 532           | 15 792           |
| Construction   | 13 516           | 13 642           |
| Retail   | 23 845           | 28 265           |
| Transportation   | 13 273           | 15 988           |
| Shipping   | 15 734           | 13 407           |
| Hotels and restaurants                                       | 7 034            | 7 552            |
| Information and<br>communications                            | 1 360            | 1 845            |
| Finance and insurance  | 16 451           | 9 936            |
| Property management  | 155 232          | 166 380          |
| Housing cooperatives   | 66 509           | 70 890           |
| Professional services  | 33 993           | 37 977           |
| Other corporate lending                                      | 47 664           | 73 791           |
| Credit institutions  | 137 701          | 71 670           |
| Swedish National Debt<br>Office and repurchase<br>agreements | 134 079          | 118 930          |
| <b>Total</b>   | <b>1 420 648</b> | <b>1 382 798</b> |

Lending by Swedbank Mortgage amounted to SEK 688bn on 30 September and the average loan to value ratio was 46 per cent, calculated by loan level.

The mandatory stress tests Swedbank underwent during the nine-month period indicated very good financial resilience to drastically worsened economic conditions. In Swedbank's internal capital evaluation (ICAAP) completed during the second quarter, its core Tier 1 capital ratio exceeded regulatory requirements by a significant margin. The Committee of European Banking Supervisors' (CEBS) stress tests of European banks during the third quarter came up with a similar result for Swedbank, as it did for other major Swedish banks. In addition, Swedbank conducted a number of internal stress tests during the nine-month period. On the real estate side, the Swedish mortgage portfolio and commercial property portfolio were tested and the result showed low credit impairments.

On 30 September 2010 the uncollateralised portion of the mortgage portfolio amounted to SEK 9.7bn, i.e., the share of the loans exceeding current market value (SEK 11.0bn on 31 December 2009). During the second half of 2009 residential real estate markets stabilised in major Baltic cities, and the trend since then has remained stable or positive, especially in Estonia. As a consequence the average loan-to-value ratio in the Baltic countries has begun to fall.

Loans past due by more than 60 days have continued to stabilise during the year. Slight increases were noted during the second quarter, however, mainly attributable to a number of large customers in Ukraine, Estonia and



Lithuania, the majority of whom had already been identified by the bank and were classified as impaired. In the third quarter, loans due by more than 60 days decreased in the three Baltic countries, Ukraine and Russia. Mortgage loans to private customers within Baltic Banking loans past due more than 60 days continue to rise on the back of high unemployment.

| <b>Impaired loans, gross by business area</b> | <b>30 Sep 2010</b> | <b>31 Dec 2009</b> | <b>30 Sep 2009</b> |
|---|--------------------|--------------------|--------------------|
| Retail  | 1 813              | 2 061              | 2 246              |
| Large Corporates & Institutions               | 1 123              | 1 082              | 745                |
| <i>Estonia</i>                                | 5 134              | 5 465              | 5 288              |
| <i>Latvia</i>                                 | 12 907             | 13 401             | 13 279             |
| <i>Lithuania</i>                              | 6 971              | 7 705              | 6 960              |
| Baltic Banking                                | 25 012             | 26 571             | 25 527             |
| <i>Russia</i>                                 | 2 152              | 2 238              | 660                |
| <i>Ukraine</i>                                | 8 531              | 8 180              | 6 592              |
| Russia & Ukraine                              | 10 683             | 10 418             | 7 252              |
| <b>Total</b>                                  | <b>38 631</b>      | <b>40 132</b>      | <b>35 770</b>      |

In Baltic Banking impaired loans decreased by 6 per cent during the first nine months of the year. This was partly due to a slowing inflow of new impaired loans during the period and partly to the fact that a few large commitments are no longer impaired. At the same time write-offs and exchange rate effects helped to reduce impaired loans. Excluding currency effects, impaired loans grew by 6 per cent in Estonia, by 8 per cent in Latvia and by 2 per cent in Lithuania in the nine-month period. In the third quarter, impaired loans decreased in the three Baltic countries, in local currency as well as in SEK.

During the period impaired loans in Russia increased by 4 per cent in local currency, while in Ukraine they increased by 10 per cent in local currency, mainly related to a few exposures to large companies.

New individual provisions in the Baltic countries are mainly attributable to corporate credits from known distressed customers as well as to an increased share of impaired loans related to private customers. In Russia, some recoveries were made during the nine-month period. Provisions were marginally affected. A few large recoveries were made among corporate exposures in Ukraine as well as smaller recoveries at the portfolio level during the period.

| <b>Credit impairments by business area</b> | <b>Jan-Sep 2010</b> | <b>Jan-Sep 2009</b> |
|--|---------------------|---------------------|
| Retail                                     | 132                 | 920                 |
| Large Corporates & Institutions            | -62                 | 627                 |
| <i>Estonia</i>                             | 944                 | 2 034               |
| <i>Latvia</i>                              | 1 776               | 6 294               |
| <i>Lithuania</i>                           | 806                 | 3 205               |
| Baltic Banking                             | 3 526               | 11 533              |
| <i>Russia</i>                              | -127                | 333                 |
| <i>Ukraine</i>                             | -211                | 6 212               |
| Russia & Ukraine                           | -338                | 6 545               |
| Shared Services & Group Staffs             | 35                  | 13                  |
| <b>Total</b>                               | <b>3 293</b>        | <b>19 638</b>       |

Individual provisions for impaired loans increased marginally during the nine-month period. At the same time portfolio provisions decreased. The portfolio provisions are related to the portion of the portfolio that does not contain impaired loans. The decrease in portfolio provisions is partly related to the composition of the loan portfolio, with a smaller volume to corporate customers in Sweden and lower volumes to customers in the Baltic countries, Russia and Ukraine, and partly to the change in the internal ratings of individual commitments among corporate customers. Internal ratings improved in Sweden through a positive rating migration among Swedbank's corporate customers during the latter part of the nine-month period, at the same time as the rating migrations in the Baltic countries stabilised. Of the total provisions, 85 per cent was at the individual level as of 30 September 2010, compared with 80 per cent as of 31 December 2009.

| <b>Credit impairments Group</b>                      | <b>Jan-Sep 2010</b> | <b>Jan-Sep 2009</b> |
|--|---------------------|---------------------|
| Provisions   | 3 567               | 18 317              |
| <i>of which individual provisions, gross</i>         | 4 997               | 11 525              |
| <i>of which portfolio provisions, net</i>            | -1 430              | 6 792               |
| Reversal of individual provisions no longer required | -1 024              | -289                |
| <b>Provisions, net</b>                               | <b>2 543</b>        | <b>18 028</b>       |
| Write-offs, gross                                    | 2 099               | 1 985               |
| Utilisation of previous provisions                   | -970                | -273                |
| Recovered from previous write-offs                   | -379                | -102                |
| <b>Write-offs, net</b>                               | <b>750</b>          | <b>1 610</b>        |
| <b>Total</b>   | <b>3 293</b>        | <b>19 638</b>       |

Restructured loans refer to loans whose terms have changed as a result of deterioration in the customer's anticipated and/or actual ability to pay interest and/or principal. For the bank, the restructuring process is an important tool. As of 30 September 2010 the Group's restructured loans totalled SEK 30.7bn, the majority of which relates to Baltic Banking (82 per cent) and Ukraine (13 per cent). Of Swedbank's restructured loans, those classified as impaired amounted to SEK 16bn, while those classified as non-impaired totalled SEK 14.7bn.

Swedbank continues to work actively with customers facing financial difficulties. The Financial Reconstruction and Recovery (FR&R) organisations continue to develop and implement restructuring plans.

Repossessioned assets increased during the first nine months of 2010. During the third quarter there was a slight increase compared with the second quarter, mainly related to residential properties. As of 30 September 2010 the largest part of repossessioned assets was in the Baltic countries. Swedbank's capacity and ability to manage repossessions gradually increased in Russia and Ukraine during the nine-month period. Whenever financially feasible, Swedbank avoids repossessioning collateral and tries to reach a voluntary agreement with the customer. If an agreement cannot be reached, foreclosure proceedings are launched.

| Properties taken over and cancelled leasing agreements by business area<br>SEKm | 30 Sep<br>2010 | 31 Dec<br>2009 | 30 Sep<br>2009 |
|---|----------------|----------------|----------------|
| Retail  | 12             | 189            | 138            |
| Large Corporates & Institutions   | 102            | 102            | 182            |
| <i>Estonia</i>  | 45             | 38             | 215            |
| <i>Latvia</i>   | 125            | 183            | 298            |
| <i>Lithuania</i>  | 314            | 679            | 718            |
| Baltic Banking  | 484            | 900            | 1 231          |
| <i>Russia</i>   | 4              | 22             | 37             |
| <i>Ukraine</i>  | 92             | 11             |                |
| Russia & Ukraine  | 96             | 33             | 37             |
| Ektornet  | 1 237          | 517            |                |
| <b>Total</b>  | <b>1 931</b>   | <b>1 741</b>   | <b>1 588</b>   |

The laws governing foreclosure sales in the Baltic countries are similar to those in other EU member states. However, the entire process takes longer time in the Baltic countries than in Sweden, for example. The process is even more difficult in Ukraine and Russia. During the nine-month period Ektornet took over assets worth SEK 827m. For more information on Ektornet, see page 23.

### Funding and liquidity

During the first nine months of the year Swedbank issued a total of SEK 190bn in long-term debt instruments, of which SEK 40bn in the third quarter. Of the quarter's issues, the majority relates to covered bonds, including SEK 31bn issued in the Swedish market.

The average maturity of all capital market funding, including central bank repos and interbank deposits, has been extended from about 22 months as of 31 December 2009 to 28 months on 30 September 2010. The average maturity of covered bonds was 38 months. The average maturity of long-term funding issued during the third quarter was 46 months.

As of 30 September Swedbank had SEK 476bn in outstanding long-term funding outside the state guarantee, of which SEK 267bn was issued in the last 12 months.

In September 2010 the bank repurchased SEK 2.2bn in outstanding subordinated Tier 2 loans out of the total limit of SEK 9bn granted by the Swedish financial supervisory authority. The loans were repurchased at market rates which generated a capital gain of SEK 122m. The Swedish financial supervisory authority's approval for the repurchases ends on 31 October 2010.

In October 2010 subordinated loans with a nominal value of SEK 1bn will be repaid once the bank is entitled to prepay them.

The total volume of repos with central banks was further reduced during the third quarter by SEK 54bn to SEK 35bn.

| Changes in outstanding borrowing under the programme<br>Jan-Sep 2010<br>SEKbn | Changes since<br>31 Dec 2009 |
|---|------------------------------|
| State guaranteed commercial papers  | -61                          |
| Other commercial papers   | 30                           |
| Covered bond loans  | 71                           |
| State guaranteed bond loans   | -16                          |
| Senior non-covered bond loans   | 3                            |
| Structured bonds (SPAX)   | -9                           |
| Central bank repos  | -81                          |

| Remaining maturity in 2010<br>SEKbn                          | Nominal<br>value |
|--|------------------|
| Long-term borrowing  | 42               |
| <i>of which under state guarantee programme</i>              | 8                |
| Maturity and possible early redemption of subordinated loans | 1                |

| Average remaining term                    | Number of<br>months |
|---|---------------------|
| Total market financing                    | 28                  |
| Covered bond loans                        | 38                  |
| Borrowing under state guarantee programme | 19                  |

| Borrowing - state guarantee prog.<br>Maturity composition per year | SEK billion |
|--|-------------|
| 2010 <sup>1</sup>  | 8           |
| 2011   | 80          |
| 2012   | 39          |
| 2013   | 11          |
| 2014   | 27          |
| <b>Total</b>   | <b>165</b>  |

<sup>1</sup> as of 30 September 2010

### Capital and capital adequacy

As of 30 September equity amounted to SEK 92 851m, an increase of SEK 3 181m from the beginning of the year.

In Swedbank's financial companies group, where insurance companies are not consolidated and certain associated companies are consolidated in accordance with the purchase method, core Tier 1 capital increased by SEK 2 479m during the year to SEK 74 950m.

The Tier 1 capital ratio according to Basel 2 increased to 14.7 per cent as of 30 September (13.5 per cent on 31 December 2009) and the core Tier 1 capital ratio improved to 13.4 per cent (12.0). The capital adequacy ratio was 18.1 per cent (17.5). According to the transition rules, the core Tier 1 capital ratio was 9.8 per cent (9.2), the Tier 1 capital ratio was 10.8 per cent (10.4) and the capital adequacy ratio was 13.3 per cent (13.5).

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

Risk-weighted assets decreased by SEK 43bn or 7 per cent since the beginning of the year to SEK 560bn. Risk-weighted assets for market risks rose by 4 per cent or SEK 1bn, mainly due to increased strategic exchange rate risks. Risk-weighted assets for operational risks increased by 8 per cent or SEK 4bn, due to an increase

in average operating revenue in the last three calendar years in the Swedish and Baltic operations, primarily in household and large customer banking. Risk-weighted assets for credit risks decreased by 9 per cent or SEK 49bn, of which SEK 20bn relates to corporate exposures in the Swedish operations and SEK 18bn to corporate exposures in the Baltic operations. Lower exposure volumes, migration between risk classes and new defaults contributed to the decrease. Of the total change in risk-weighted volumes, SEK -19bn is due to exchange rate effects.

| Risk-weighted assets by business area<br>SEKbn | 30 Sep 2010 | 31 Dec 2009 | 30 Sep 2009 |
|--|-------------|-------------|-------------|
| Retail   | 212         | 225         | 224         |
| Large Corporates & Institutions                | 177         | 184         | 183         |
| Estonia  | 59          | 64          | 65          |
| Latvia   | 42          | 51          | 52          |
| Lithuania                                      | 34          | 42          | 45          |
| Investment                                     | 8           | 8           | 7           |
| Baltic Banking                                 | 143         | 165         | 169         |
| Russia   | 8           | 10          | 13          |
| Ukraine  | 10          | 11          | 13          |
| Investment                                     | 2           | 2           | 0           |
| Russia & Ukraine                               | 20          | 23          | 26          |
| Asset Management                               | 3           | 2           | 2           |
| Ektornet                                       | 2           | 1           |             |
| Shared Services & Group Staffs                 | 3           | 3           | 3           |
| <b>Total risk-weighted assets</b>              | <b>560</b>  | <b>603</b>  | <b>607</b>  |

The average risk weighting for all of the financial companies group's credit risks according to the IRB approach decreased to 31.5 per cent, against 33.6 per cent at the beginning of the year. The risk weightings declined primarily in the Swedish operations. The risk weightings in the Baltic operations were stable at 70.2 per cent as of 30 September.

Swedbank's internal risk classification models use through-the-cycle risk adjusted estimates for probability of default (PD) and downturn adjusted loss given default (LGD), taking into account economic stress.

#### New Basel rules on capital and the effects on Swedbank

During the third quarter, the proposed Basel 3 capital regulation has been clarified further. Due to increased capital requirements for trading book and counterparty risks, a 2 per cent increase of Swedbank Group's total RWAs is expected under Basel 3, compared to full Basel 2. Changes in the core Tier 1 capital calculation, primarily related to minority interests, investments in the common shares of unconsolidated financial institutions and deferred tax assets, correspondingly decrease the Group's core Tier 1 capital by less than 1 per cent. The estimated negative impact on Swedbank Group's core Tier 1 ratio is around 35bp. Swedbank does not at present regard the proposed leverage ratio as a de-facto restriction to its capital planning.

For further details on capital adequacy, see note 24.

#### Market risk

Swedbank measures market risks – those of a structural nature and those that arise in trading operations – with a Value-at-Risk (VaR) model. For a given portfolio, VaR

expresses a loss level that statistically is exceeded by a specific probability during a specific time horizon. Swedbank uses a 99 per cent probability and a time horizon of one day. This means that the potential loss for the portfolio statistically will exceed the VaR amount one day out of 100.

The table below shows Swedbank's VaR\*) performance during the year. Comparable figures in brackets relate to January-September 2009.

| VaR by risk category<br>SEKm | Jan-Sep 2010     |                |                 | 30 Sep 2010 | 31 Dec 2009 |
|------------------------------|------------------|----------------|-----------------|-------------|-------------|
|                              | Max              | Min            | Average         |             |             |
| Interest risk                | 127 (151)        | 50 (96)        | 74 (120)        | 110         | 120         |
| Currency rate risk           | 19 (13)          | 2 (2)          | 8 (8)           | 6           | 7           |
| Stock price risk             | 8 (34)           | 2 (11)         | 5 (21)          | 6           | 8           |
| Diversification              |                  |                | -12 (-30)       | -14         | -14         |
| <b>Total</b>                 | <b>126 (148)</b> | <b>52 (95)</b> | <b>75 (119)</b> | <b>108</b>  | <b>121</b>  |

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

For individual risk types, VaR is supplemented with risk measurements and limits based on sensitivity to changes in various market prices. Risk-taking is also monitored with stress tests.

An increase in all market interest rates of one percentage point as of 30 September 2010 would have reduced the value of the Group's assets and liabilities, including derivatives, by SEK 667m (-226). This calculation includes the portion of the bank's deposits assigned a duration of between two and three years. The decrease in the value of positions in Swedish kronor would have been SEK 165m (+167). Positions in foreign currency would have decreased in value by SEK 502m (-393).

With an interest rate increase of one percentage point, the Group's net gains and losses on financial items at fair value would have decreased by SEK 122m (-173) as of 30 September 2010. Comparative figures refer to 31 December 2009.

#### Operational risks

The operational risk level in the Group remained higher than normal during the third quarter of 2010. The main reasons were the severity of the recession in several east European countries and a number of major reorganisations underway in the Group. To normalise the risk level, the bank is focused on managing specific risks, and the Group's central risk control function carefully monitors the Group to ensure that risks are reduced.

#### Other events

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

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

Swedbank sold its shareholding in Bergslagens Sparbank to the majority owner, Sparbanksstiftelsen Bergslagen. As a result, Bergslagens Sparbank is now wholly owned by Sparbanksstiftelsen Bergslagen.

Mikael Björknert, previously employed at SEB, was appointed Head of Group Business Support and member of Group Executive Committee.

Swedbank's Board of Directors resolved on extensive changes to the bank's performance based remuneration programme for 2010. The programme is the first of its kind in the Swedish banking market to convert a portion of variable cash remuneration to restricted shares. The Board's resolution that a portion of the variable remuneration will be deferred and paid in the form of shares is subject to the approval of the 2011 Annual General Meeting.

Swedbank's performance and share based remuneration programme for 2010 divides variable remuneration into two parts, cash remuneration and deferred remuneration in the form of shares. The programme implies no increase in the total amount of variable remuneration to what was applicable previously. The cash portion of variable remuneration is paid out in the year following a full year of service. The deferred portion of variable remuneration has a vesting period of three years. For individuals who qualify as risk-takers according to the Swedish financial supervisory authority's definition, 60 percent is deferred, while for others who qualify for variable remuneration 40 percent is deferred. The programme's performance targets are based on the Group's performance after tax, profit adjusted for capital costs and risks in each business area and risk-adjusted results on an individual and/or team level as well as a number of behavioural variables tied to the Swedbank Group's values. The programme includes around 6 400 employees primarily in the Swedish part of the Group.

Swedbank and the savings banks have, together with Danske Bank, Handelsbanken, Nordea and SEB,

decided to establish a company responsible for a common infrastructure for the ATM operations in Sweden. The company will also take over the actual ownership of the banks' ATMs.

Swedbank's Annual General Meeting will be held on Friday, 25 March 2011 at Cirkus in Stockholm. The Nomination Committee comprises the following members:

Lennart Anderberg, appointed by the owner-group Föreningen Sparbanksintressenter and Chair of the Nomination Committee; Christer Gardell, appointed by the owner-group Cevian; Lars Idermark, Chair of the Board of Directors of Swedbank AB; Anders Sundström, appointed by the owner-group Folksam; Rose Marie Westman, appointed by Alecta Pensionsförsäkring, mutually.

The Nomination Committee will make proposals to the 2011 AGM regarding the election of Chair of the AGM, Chair of the Board and other board members. It will also make proposals regarding remuneration to the board members as well as to the auditor and submit a proposal for the principles for selecting a Nomination Committee for the 2012 AGM.

## Ratings

On 16 August Standard & Poor's affirmed its AAA rating on Swedbank Mortgage's covered bond programme with a stable outlook. At the same time the covered bonds were removed from Standard & Poor's watch list.

(See note 28 for a complete rating table.)

## Events after 30 September 2010

On 6 October the ratings agency Fitch restored its monitoring of Swedbank AB at the bank's request. Fitch assigned Swedbank a long-term rating of A and a short-term rating of F1 with a stable outlook.

At the bank's request Moody's removed its rating on the bank's subsidiaries in Russia and Ukraine on 12 October.

## Retail

- Stable income trend
- Continued low credit impairments
- Better defined customer offerings with service commitments

### Income statement

| SEKm   | Q3<br>2010   | Q2<br>2010   | %         | Q3<br>2009   | %         | Jan-Sep<br>2010 | Jan-Sep<br>2009 | %          |
|--|--------------|--------------|-----------|--------------|-----------|-----------------|-----------------|------------|
| Net interest income  | 2 432        | 2 330        | 4         | 2 609        | -7        | 7 126           | 8 351           | -15        |
| Net commissions  | 1 131        | 1 188        | -5        | 1 044        | 8         | 3 415           | 2 885           | 18         |
| Net gains and losses on financial items at fair value                        | 35           | 40           | -13       | 40           | -13       | 107             | 112             | -4         |
| Share of profit or loss of associates  | 192          | 159          | 21        | 182          | 5         | 497             | 741             | -33        |
| Other income   | 258          | 288          | -10       | 249          | 4         | 820             | 1 091           | -25        |
| <b>Total income</b>  | <b>4 048</b> | <b>4 005</b> | <b>1</b>  | <b>4 124</b> | <b>-2</b> | <b>11 965</b>   | <b>13 180</b>   | <b>-9</b>  |
| Staff costs  | 1 014        | 997          | 2         | 1 021        | -1        | 3 042           | 3 056           | 0          |
| Variable staff costs   | -21          | 27           |           | 54           |           | 27              | 99              | -73        |
| Other expenses   | 1 147        | 1 235        | -7        | 1 076        | 7         | 3 538           | 3 458           | 2          |
| Depreciation/amortisation  | 50           | 45           | 11        | 25           | 100       | 137             | 93              | 47         |
| <b>Total expenses</b>  | <b>2 190</b> | <b>2 304</b> | <b>-5</b> | <b>2 176</b> | <b>1</b>  | <b>6 744</b>    | <b>6 706</b>    | <b>1</b>   |
| <b>Profit before impairments</b>   | <b>1 858</b> | <b>1 701</b> | <b>9</b>  | <b>1 948</b> | <b>-5</b> | <b>5 221</b>    | <b>6 474</b>    | <b>-19</b> |
| Credit impairments   | -4           | 78           |           | 116          |           | 132             | 920             | -86        |
| <b>Operating profit</b>  | <b>1 862</b> | <b>1 623</b> | <b>15</b> | <b>1 832</b> | <b>2</b>  | <b>5 089</b>    | <b>5 554</b>    | <b>-8</b>  |
| Tax expense  | 493          | 498          | -1        | 530          | -7        | 1 404           | 1 386           | 1          |
| Profit for the period  | 1 369        | 1 125        | 22        | 1 302        | 5         | 3 685           | 4 168           | -12        |
| <b>Profit for the period attributable to the shareholders of Swedbank AB</b> | <b>1 365</b> | <b>1 123</b> | <b>22</b> | <b>1 299</b> | <b>5</b>  | <b>3 678</b>    | <b>4 161</b>    | <b>-12</b> |
| Non-controlling interests  | 4            | 2            | 100       | 3            | 33        | 7               | 7               | 0          |
| Return on allocated equity, %  | 25.7         | 21.0         |           | 27.0         |           | 22.9            | 28.3            |            |
| Credit impairment ratio, %   | 0.00         | 0.04         |           | 0.06         |           | 0.02            | 0.15            |            |
| Total provision ratio for impaired loans, %                                  | 87           | 88           |           | 98           |           | 87              | 98              |            |
| Share of impaired loans, gross, %  | 0.21         | 0.22         |           | 0.27         |           | 0.21            | 0.27            |            |
| Cost/income ratio  | 0.54         | 0.58         |           | 0.53         |           | 0.56            | 0.51            |            |
| Full-time employees  | 5 689        | 5 724        | -1        | 5 957        | -4        | 5 689           | 5 957           | -4         |

### Development January - September

The Swedish economy has improved significantly in the last quarter, though from a low level. GDP grew by 5.2 per cent during the second quarter compared with the same period last year. Employment rose at the same time that open unemployment slowly began to fall. A higher level of activity has been followed by rising short-term interest rates in connection with the Riksbank's two benchmark rate hikes in the last three-month period, from 0.25 per cent to 0.75 per cent. This affected the bank's results positively during the third quarter.

Profit before impairments was 19 per cent lower than the same period last year, mainly due to lower interest rates, but also to higher funding costs and a decline in corporate lending.

Net interest income for the third quarter 2010 improved compared with the second quarter, mainly due to rising market interest rates, which raised deposit margins during the period. Lending margins also rose. At the same time the return on the investment portfolio used to hedge interest rates on current accounts decreased.

Total deposits increased by 5 per cent since the beginning of the year and by 3 per cent during the third

quarter. Corporate and household customers both contributed to volume growth, and market shares remained stable (17 and 24 per cent, respectively).

Lending volume to private customers increased by slightly over 3 per cent during the period. Swedbank's share of total lending to households (including mortgages) was 26 per cent (27). The bank's restrictive credit policy already complies with the new rules with a maximum 85 per cent loan-to-value ratio and with housing as collateral. This is now evident in Swedbank's increasing share of net growth. The share, which was low at the beginning of the year, gradually rose during the three-month period June - August to 22 per cent as of 31 August. Given Swedbank's market position and distribution capacity, this trend should continue.

Since the beginning of the year the volume in the corporate portfolio declined by 1 per cent. During the third quarter lending volumes levelled off and were unchanged between the second and third quarters. The bank's market share was also unchanged since the second quarter at 18 per cent (19 per cent at the beginning of the year).



The loan-to-deposit ratio decreased to 256 (265 at the beginning of the year), mainly due to increased savings-related deposits.

Net commission income was 18 per cent higher than the same period last year. Higher stock prices and better defined customer offerings, which resulted in strong product sales, contributed to the increase. Customers who signed up for one of Swedbank's latest offers have utilised the bank's products and services more than before.

The strong sales trend in insurance operations continued during the third quarter, mainly in the areas of endowment insurance and collective agreement occupational pensions. Swedbank Insurance is now the second largest company in the industry in Sweden, measured in terms of premium income.

Expenses were in line with the same period last year and 5 per cent lower than the previous quarter, mainly due to lower expenses for IT development. The number of employees was reduced by 268 during the period. The cost/income ratio was 0.56 (0.51).

In September Swedbank and the savings banks decided together with Danske Bank, Handelsbanken, Nordea and SEB to establish a company responsible for a common infrastructure for their ATM operations in

Sweden. This improves cost efficiency while maintaining service for Swedbank's customers.

The review of the branch structure continued during the quarter, resulting in the consolidation of another six branches into larger units. In September an agreement in principle was signed by the board of directors of the Savings Banks Association and Swedbank, which will result in separate agreements with individual savings banks and will replace the previous cooperation agreement between Swedbank and the savings banks which expires in March 2012.

Credit quality remained good during the period in both the private and corporate markets. Credit impairments remained low, decreasing against the previous year. The share of impaired loans was 0.21 per cent and the credit impairment ratio was 0.02 per cent.

In the annual Universum Swedish Student Survey, Swedbank ranked fifth among prospective employers. Among companies in the financial industry, Swedbank was first.

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

## Large Corporates & Institutions

- Lower earnings in fixed income and currency trading during the third quarter
- Stable results from large corporate deposits and lending during the third quarter
- High level of activity and good earnings in structured financing and syndicated loans

### Income statement

| SEKm   | Q3<br>2010   | Q2<br>2010   | %          | Q3<br>2009   | %          | Jan-Sep<br>2010 | Jan-Sep<br>2009 | %          |
|--|--------------|--------------|------------|--------------|------------|-----------------|-----------------|------------|
| Net interest income  | 711          | 824          | -14        | 1 030        | -31        | 2 318           | 3 105           | -25        |
| Net commissions  | 387          | 408          | -5         | 371          | 4          | 1 184           | 1 010           | 17         |
| Net gains and losses on financial items at fair value                        | 260          | 309          | -16        | 289          | -10        | 1 010           | 2 521           | -60        |
| Other income   | 4            | 34           | -88        | 43           | -91        | 55              | 83              | -34        |
| <b>Total income</b>  | <b>1 362</b> | <b>1 575</b> | <b>-14</b> | <b>1 733</b> | <b>-21</b> | <b>4 567</b>    | <b>6 719</b>    | <b>-32</b> |
| Staff costs  | 317          | 282          | 12         | 291          | 9          | 903             | 845             | 7          |
| Variable staff costs   |              | 116          |            | 150          |            | 185             | 449             | -59        |
| Other expenses   | 355          | 370          | -4         | 326          | 9          | 1 077           | 999             | 8          |
| Depreciation/amortisation  | 18           | 12           | 50         | 8            |            | 38              | 23              | 65         |
| <b>Total expenses</b>  | <b>690</b>   | <b>780</b>   | <b>-12</b> | <b>775</b>   | <b>-11</b> | <b>2 203</b>    | <b>2 316</b>    | <b>-5</b>  |
| <b>Profit before impairments</b>   | <b>672</b>   | <b>795</b>   | <b>-15</b> | <b>958</b>   | <b>-30</b> | <b>2 364</b>    | <b>4 403</b>    | <b>-46</b> |
| Impairment of intangible assets  |              |              |            |              |            |                 | 5               |            |
| Credit impairments   | -54          | -94          | -43        | 222          |            | -62             | 627             |            |
| <b>Operating profit</b>  | <b>726</b>   | <b>889</b>   | <b>-18</b> | <b>736</b>   | <b>-1</b>  | <b>2 426</b>    | <b>3 771</b>    | <b>-36</b> |
| Tax expense  | 184          | 227          | -19        | 194          | -5         | 597             | 999             | -40        |
| Profit for the period  | 542          | 662          | -18        | 542          | 0          | 1 829           | 2 772           | -34        |
| <b>Profit for the period attributable to the shareholders of Swedbank AB</b> | <b>539</b>   | <b>645</b>   | <b>-16</b> | <b>524</b>   | <b>3</b>   | <b>1 799</b>    | <b>2 724</b>    | <b>-34</b> |
| Non-controlling interests  | 3            | 17           | -82        | 18           | -83        | 30              | 48              | -38        |
| Return on allocated equity, %  | 12.4         | 14.6         |            | 13.5         |            | 13.6            | 21.9            |            |
| Credit impairment ratio, %   | -0.05        | -0.10        |            | 0.26         |            | -0.02           | 0.24            |            |
| Total provision ratio for impaired loans, %                                  | 92           | 101          |            | 100          |            | 92              | 100             |            |
| Share of impaired loans, gross, %  | 0.26         | 0.26         |            | 0.21         |            | 0.26            | 0.21            |            |
| Cost/income ratio  | 0.51         | 0.50         |            | 0.45         |            | 0.48            | 0.34            |            |
| Full-time employees  | 1 199        | 1 176        | 2          | 1 138        | 5          | 1 199           | 1 138           | 5          |

#### Development January - September

The third quarter began with renewed concerns in the financial markets due to the increased uncertainty about the strength of the global economic recovery. As a result, long-term bond rates fell substantially in August. The equity and credit markets also reacted negatively, but to a lesser extent, partly due to generally strong earnings reports for the second quarter. In September stronger economic indicators eased concerns about a new global recession, leading to rising equity prices and an upswing in long-term interest rates.

Profit for the period amounted to SEK 1 799m (2 724). Income fell by 32 per cent from the same period of 2009.

Net interest income decreased by 25 per cent compared with the same period of 2009. The portion of net interest income related to corporate loans decreased, mainly due to lower lending volumes. The third quarter was stable compared with the previous quarter concerning corporate loans. Higher margins relative to Stibor compensated for lower volumes.

The portion of net interest income related to trading and capital market products decreased compared with the same period last year.

Lending<sup>1</sup> decreased by SEK 4bn during the quarter, which means that the portfolio declined in total by SEK 18bn since the beginning of the year. Deposits decreased by SEK 15bn during the quarter.

Net commissions increased during the period. Activity in the area of financing solutions remained high, which contributed positively, although increased international competition put greater pressure on margins. During the third quarter net commissions decreased, mainly due to lower corporate finance income.

Net gains and losses on financial items at fair value decreased during the period. During the third quarter the result was affected by weak fixed income and currency markets trading as well as weak liquidity in the equity market. Last year's trading and capital market income was generated under exceptionally favourable market conditions with falling interest rates and greatly reduced credit spreads. This contributed to a major increase especially in net gains and losses on financial items at fair value, but also in net interest income.

Total expenses excluding provisions for profit based compensation increased by SEK 151m compared with the previous year. Variable staff costs decreased by SEK 264m, partly due to a lower result and partly to the

<sup>1</sup> Lending to the public excluding the Swedish National Debt Office and repos

new share-related remuneration programme whose cost will be deferred for a longer term compared to previous remuneration programmes.

Net recoveries of SEK 62m were reported, compared with impairment losses of SEK 627m in the previous year. The share of impaired loans, gross, was 0.26 per cent (0.21).

Risk-weighted assets attributable to the business area decreased by approximately SEK 7bn from the beginning of the year to SEK 177bn on 30 September.

### Operations

Lending to large corporates has decreased during the last six quarters as Swedbank has focused its attention on risk-adjusted returns. Exposures where the desired returns could not be achieved have been eliminated when possible. Lending continued to decrease in the third quarter compared with the previous quarter. The appreciation of the Swedish krona, particularly against the US dollar and euro, affected volumes negatively. Activities targeting both current and new customers will increase in coming quarters. Continuing measures to strengthen sector-oriented advice will create a more professional customer offering.

Credit demand in the large corporates segment was stable compared with the previous quarter. Swedbank's margins continued to increase slightly against Stibor, despite a market trend toward lower lending margins. This was because a number of customers decided to refinance their current loans in advance, which contributed positively to margins and compensated for the declining volumes.

Fixed income and currency operations were launched in Finland in the third quarter to further improve service for companies and institutions and strengthen the Nordic/Baltic product and customer offering.

Earnings in equity operations increased slightly compared with the previous quarter, but were hampered by continued weak liquidity in the equity market. Liquidity improved slightly at the end of the quarter, however. The market share on the Stockholm stock exchange was 4.5 per cent for the period (5.6) and 4.7 per cent for September (6.5).

The market for syndicated loans and structured financing generated good growth during the period and Swedbank was able to increase its earnings and market shares. A good mix of financing was generated from several industrial sectors. Competition between the Nordic banks increased, placing pressure on fees and credit margins.

During the third quarter Swedbank participated as one of two financiers in arranging significant acquisition financing for Investor AB's acquisition of the health care provider Aleris.

First Securities profit for the period was lower than previous year and amounted to SEK 30m (49), primarily due to lower earnings in the fixed income area. In the areas of advisory services and corporate finance, activity was high, with expectations of a number of new assignments in the coming quarters.

**Large Corporates & Institutions** is responsible for large corporates, financial institutions and banks as well as for trading and capital market products. Operations are carried out by the parent bank in Sweden, branches in Norway, Denmark, Finland, the US and China, and the partly owned subsidiaries First Securities in Norway and Swedbank First Securities LLC in New York, in addition to the trading and capital market operations in subsidiary banks in Estonia, Latvia and Lithuania.

## Baltic Banking

- Improved net interest income during the third quarter
- Lower credit impairments
- Loan portfolio decline is slowing

### Income statement

| SEKm   | Q3<br>2010   | Q2<br>2010   | %         | Q3<br>2009    | %          | Jan-Sep<br>2010 | Jan-Sep<br>2009 | %          |
|--|--------------|--------------|-----------|---------------|------------|-----------------|-----------------|------------|
| Net interest income  | 918          | 873          | 5         | 912           | 1          | 2 602           | 3 381           | -23        |
| Net commissions  | 386          | 388          | -1        | 418           | -8         | 1 150           | 1 214           | -5         |
| Net gains and losses on financial items at fair value                        | 48           | 102          | -53       | 196           | -76        | 222             | 616             | -64        |
| Share of profit or loss of associates  | -1           | 1            |           | 1             |            | 0               | 1               |            |
| Other income   | 209          | 153          | 37        | 268           | -22        | 580             | 530             | 9          |
| <b>Total income</b>  | <b>1 560</b> | <b>1 517</b> | <b>3</b>  | <b>1 795</b>  | <b>-13</b> | <b>4 554</b>    | <b>5 742</b>    | <b>-21</b> |
| Staff costs  | 244          | 266          | -8        | 322           | -24        | 806             | 1 080           | -25        |
| Variable staff costs   | 0            | 0            |           | 0             |            | -13             | -198            | -93        |
| Other expenses   | 341          | 368          | -7        | 521           | -35        | 1 108           | 1 418           | -22        |
| Depreciation/amortisation  | 41           | 44           | -7        | 50            | -18        | 132             | 159             | -17        |
| <b>Total expenses</b>  | <b>626</b>   | <b>678</b>   | <b>-8</b> | <b>893</b>    | <b>-30</b> | <b>2 033</b>    | <b>2 459</b>    | <b>-17</b> |
| <b>Profit before impairments</b>   | <b>934</b>   | <b>839</b>   | <b>11</b> | <b>902</b>    | <b>4</b>   | <b>2 521</b>    | <b>3 283</b>    | <b>-23</b> |
| Impairment of intangible assets  | 23           |              |           |               |            | 23              |                 |            |
| Impairment of tangible assets  | 39           | 118          | -67       | 51            | -24        | 188             | 51              |            |
| Credit impairments   | 327          | 1 096        | -70       | 3 331         | -90        | 3 526           | 11 533          | -69        |
| <b>Operating profit</b>  | <b>545</b>   | <b>-375</b>  |           | <b>-2 480</b> |            | <b>-1 216</b>   | <b>-8 301</b>   | <b>-85</b> |
| Tax expense  | 14           | -67          |           | -159          |            | -217            | -970            | -78        |
| Profit for the period  | 531          | -308         |           | -2 321        |            | -999            | -7 331          | -86        |
| <b>Profit for the period attributable to the shareholders of Swedbank AB</b> | <b>531</b>   | <b>-308</b>  |           | <b>-2 321</b> |            | <b>-999</b>     | <b>-7 331</b>   | <b>-86</b> |
| Return on allocated equity, %  | 5.9          | -3.3         |           | -31.1         |            | -3.6            | -31.5           |            |
| Credit impairment ratio, %   | 0.90         | 2.83         |           | 6.66          |            | 2.88            | 6.65            |            |
| Total provision ratio for impaired loans, %                                  | 61           | 59           |           | 51            |            | 61              | 51              |            |
| Share of impaired loans, gross, %  | 16.40        | 16.81        |           | 13.26         |            | 16.40           | 13.26           |            |
| Cost/income ratio  | 0.40         | 0.45         |           | 0.50          |            | 0.45            | 0.43            |            |
| Full-time employees  | 5 797        | 5 801        | 0         | 6 496         | -11        | 5 797           | 6 496           | -11        |

### Development January - September

Stronger export growth is the most important driver for the Baltic countries, while domestic demand remains weak due to high unemployment and weak income growth. Household spending has stabilised, but even those unaffected by the downturn remain careful regarding spending. Household deposits are increasing, mainly in Lithuania. In Estonia, GDP rose by 3.1 per cent on an annualized basis during the second quarter, compared with 1.3 per cent in Lithuania. In Latvia, on the other hand, the economy continued to shrink, by 2.1 per cent during the corresponding period, although this is considerably less than in previous quarters.

Robust Estonian public finances and its accession to the EMU in 2011 resulted in the ratings agency Fitch raising the credit worthiness of the Estonian economy. The stabilisation of the Latvian economy and major spending cuts in the public sector have improved Latvia's prospects of a higher credit rating, from negative to stable.

Baltic Banking reported a loss of SEK 999m for the period, compared with a loss of SEK 7 331m in the same period a year ago. During the third quarter, Baltic Banking reported a profit of 531m, mainly due to lower credit impairments. Estonia and Lithuania contributed to

the profit while Latvia reported a loss as the decline in credit impairments was slower.

Profit before impairments and provisions decreased by 15 per cent in local currency compared with the same period last year. Income fell by 12 per cent in local currency, mainly due to lower net interest income.

Net interest income fell by 14 per cent in local currency from the same period last year but rose by 8 per cent in the third quarter against the second quarter of 2010. The positive impact of falling local interest rates can be seen in all three countries, with the largest impact in Estonia, where euro expectations pushed deposit rates significantly lower. As a result, Estonian net interest income grew by 2 per cent in local currency compared with the same period last year. The positive effect of lower interest rates was mostly captured by the end of the third quarter as the majority of higher interest rate time deposits had matured by then. Lower funding costs, declining impaired loans and increasing Euribor rates positively affected net interest income.

Lending volume to the public decreased by 10 per cent in local currency compared with the beginning of the year. Despite an increase in sales activity during 2010, the general deleveraging trend in the three Baltic

countries continues. Swedbank's market share in lending remained flat during the quarter.

Deposits were unchanged in local currency from the beginning of the year and Swedbank's market share declined by 0.4 percentage points. The market share decline was due to a strong competition in the market for both private and corporate deposits. The loan-to-deposit ratio was 149 per cent (182).

Net commission income improved by 5 per cent in local currency compared with the same period a year ago. Payment services commissions increased the most. Latvian price revisions of 2009 resulted in commission income increasing by 5 per cent in local currency compared with the same period last year.

Net gains and losses on financial items at fair value fell by 60 per cent year-on-year. This is mainly due to unrealised decline in fair value of interest bearing securities.

Expenses declined by 9 per cent in local currency compared with the same period last year. In 2009, accrued bonus reserves of SEK 198m were reversed. Excluding the reversal, expenses declined by 15 per cent in local currency. Third quarter expenses are usually lower due to seasonal effects. The number of full-time employees declined by 308 during the nine month period, or by 5 per cent. The staff level is considered sufficient in the current economic environment and during the third quarter, the number of employees was stable. Other expenses declined mainly due to lower marketing and sponsorship activities. The cost/income ratio was 0.45 (0.43).

Credit impairments were SEK 4bn, a decrease of 66 per cent in local currency against the same period last year. Impaired loans, gross, were SEK 25bn on 30 September 2010 (SEK 27bn on 31 December 2009).

Impaired loans decreased during the third quarter, mostly due to write-offs and collateral sales in the non-performing part of the corporate portfolio. For the private portfolio, the recovery is expected to be delayed. Impaired loans private, in terms of inflow and outflow are highly dependent on unemployment levels. To support real estate market development and to avoid selling assets in distressed markets, Ektornet expects a sizeable real estate repossessions.

In September, Swedbank introduced new mortgage loan pricing – Mortgage Base Rate (MBR). Historically, mortgage price included a base rate and a customer margin that reflects only the specific client risk factor. MBR includes a new component in the pricing that reflects external risks. In September, 56 per cent of new mortgage loans were MBR based in Lithuania, 10 per cent in Estonia and 12 per cent in Latvia.

Similar to many other countries within EU, the competition authorities in Latvia are in discussion with the banks regarding multilateral interchange fees on cards and whether these are violating antitrust laws. As a consequence of this Swedbank has initiated discussions with its counterparties with the aim to move to bilateral agreements.

Swedbank merged a number of leasing subsidiaries in Estonia. Goodwill amounting to SEK 23m was written off during the merger in respect of discontinued business in Russia.

**Baltic Banking** consists of Baltic Banking Operations and Investment. Baltic Banking has business operations in Estonia, Latvia and Lithuania. The bank's services are sold through Swedbank's own branch network, the Telephone Bank and the Internet Bank. In Baltic Banking Investment, the effects of Swedbank's ownership in Swedbank AS are reported, inter alia, as financing costs, Group goodwill and Group amortisation on surplus values in the lending and deposit portfolios identified at the time of acquisition in 2005.



## Russia & Ukraine

- Small net recoveries
- Lower net interest income during the period due to decreased lending volumes

### Income statement

| SEKm   | Q3<br>2010 | Q2<br>2010 | %          | Q3<br>2009    | %          | Jan-Sep<br>2010 | Jan-Sep<br>2009 | %          |
|--|------------|------------|------------|---------------|------------|-----------------|-----------------|------------|
| Net interest income  | 146        | 122        | 20         | 400           | -64        | 479             | 1 482           | -68        |
| Net commissions  | 19         | 28         | -32        | 27            | -30        | 61              | 77              | -21        |
| Net gains and losses on financial items at fair value                        | -25        | 23         |            | -216          | -88        | 25              | -193            |            |
| Other income   | 7          | 8          | -13        | 3             |            | 20              | 11              | 82         |
| <b>Total income</b>  | <b>147</b> | <b>181</b> | <b>-19</b> | <b>214</b>    | <b>-31</b> | <b>585</b>      | <b>1 377</b>    | <b>-58</b> |
| Staff costs  | 80         | 104        | -23        | 120           | -33        | 296             | 381             | -22        |
| Variable staff costs   |            |            |            | -8            |            |                 | 18              |            |
| Other expenses   | 105        | 108        | -3         | 143           | -27        | 315             | 440             | -28        |
| Depreciation/amortisation  | 17         | 16         | 6          | 19            | -11        | 49              | 65              | -25        |
| <b>Total expenses</b>  | <b>202</b> | <b>228</b> | <b>-11</b> | <b>274</b>    | <b>-26</b> | <b>660</b>      | <b>904</b>      | <b>-27</b> |
| <b>Profit before impairments</b>   | <b>-55</b> | <b>-47</b> | <b>17</b>  | <b>-60</b>    | <b>-8</b>  | <b>-75</b>      | <b>473</b>      |            |
| Impairment of intangible assets  |            |            |            |               |            | 14              | 1 300           | -99        |
| Impairment of tangible assets  | -11        | 10         |            | 26            |            | 4               | 46              | -91        |
| Credit impairments   | -158       | -139       | 14         | 2 443         |            | -338            | 6 545           |            |
| <b>Operating profit</b>  | <b>114</b> | <b>82</b>  | <b>39</b>  | <b>-2 529</b> |            | <b>245</b>      | <b>-7 418</b>   |            |
| Tax expense  | -24        | -28        | -14        | 208           |            | -32             | -185            | -83        |
| Profit for the period  | 138        | 110        | 25         | -2 737        |            | 277             | -7 233          |            |
| <b>Profit for the period attributable to the shareholders of Swedbank AB</b> | <b>138</b> | <b>110</b> | <b>25</b>  | <b>-2 737</b> |            | <b>277</b>      | <b>-7 231</b>   |            |
| Non-controlling interests  |            |            |            |               |            |                 | -2              |            |
| Return on allocated equity, %  | 14.9       | 10.1       |            | -345.4        |            | 9.6             | -255.9          |            |
| Credit impairment ratio, %   | -3.27      | -2.91      |            | 33.80         |            | -2.28           | 24.28           |            |
| Total provision ratio for impaired loans, %                                  | 65         | 66         |            | 91            |            | 65              | 91              |            |
| Share of impaired loans, gross, %  | 49.05      | 44.98      |            | 24.06         |            | 49.05           | 24.06           |            |
| Cost/income ratio  | 1.37       | 1.26       |            | 1.28          |            | 1.13            | 0.66            |            |
| Full-time employees  | 2 043      | 2 085      | -2         | 4 102         | -50        | 2 043           | 4 102           | -50        |

### Development January - September

The profit for the period amounted to SEK 277m, compared with a loss of SEK 7 231m for the same period the previous year. The improvement was primarily due to the stabilisation of the credit quality and cost cutting in both Ukraine and Russia. Net interest income for the period was 68 per cent lower than the previous year as a result of loan portfolio amortizations, impaired loans and limited new lending. To adjust to lower business volumes, expenses were reduced by 27 per cent compared with the same period last year. A number of successful restructurings resulted in decreased portfolio provisions and individual provisions which gave net recoveries of SEK 338m.

### Ukrainian Banking

The recovery in Ukraine continued in the third quarter as the economy benefited from increasing global commodity demand. In July and August industrial production rose by 10.4 per cent on average and unemployment fell to below 8 per cent, after having previously exceeded 9 per cent at the beginning of the year. The recovery is also evident in the banking sector, where corporate lending volumes are rising.

Profit before impairments in Ukrainian Banking decreased by 72 per cent compared with the same period last year. Net interest income dropped 64 per cent year-on-year due to credit impairments in end 2009, limited new lending and amortisations in the loan

portfolio. The loan portfolio decreased by 16 per cent in local currency since the beginning of the year. Going forward, net interest income is expected to continue downwards as the loan portfolio shrinks. Total costs decreased by SEK 128m during the period. The Cost/income ratio was 0.78 (0.59). Work to improve the quality of processes and enhance their effectiveness continues.

Credit quality gradually stabilised during the period. In local currency, the volume of impaired loans increased by 10 percent. Net recoveries of SEK 211m were due to lower portfolio provisions resulting from a smaller loan portfolio and a number of successful restructurings. The provision ratio for impaired loans was 66 per cent (92).

The loan-to-deposit ratio deteriorated from 310 per cent from the beginning of the year to 314 per cent due to a shift away from fixed term deposits in local currency (hryvnia) and a decrease in corporate deposits. The profit for the period amounted to SEK 286m (-7 128m).

There are ongoing negotiations with the National Bank of Ukraine regarding a prolonging of their temporary exemption from their regulatory ratios.

### Russian Banking

Domestic demand continues to support the Russian recovery. Lower unemployment and rising incomes are contributing to increased consumer spending. The

unemployment rate as of end August was 6.9 per cent, compared with 8.4 per cent at the beginning of the year. The growth rate in industry has slowed, particularly in the oil industry and the agricultural sector, which has been hard hit since last summer's large fires.

Net interest income in the Russian operations was 74 per cent lower year-on-year and is expected to decline further as the loan portfolio shrinks. The loan portfolio declined 31 per cent in local currency since the beginning of the year. The increase in impaired loans in local currency during the period was 4 per cent since January and was mainly due to the appreciation of the US dollar against the rouble. The provision ratio for impaired loans remained stable at 58 per cent (79).

Total expenses declined by 18 per cent compared with the same period last year. Costs are expected to decline further in the coming quarters as a result of the customer strategy shift to Swedbank's home markets. The number of full-time employees was 393 at the end of the period compared with 567 at the end of last year.

The loan-to-deposit ratio improved from 233 per cent from the beginning of the year to 250 per cent due to shrinking loan portfolio and growth in corporate deposits. The profit for the period amounted to SEK 34m (6) due to net recoveries of SEK 127m

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

## Asset Management

- A volatile market caused major turbulence in fund flows
- Third-party distribution and institutional sales are reporting positive net flows

### Income statement

| SEKm   | Q3<br>2010 | Q2<br>2010 | %         | Q3<br>2009 | %         | Jan-Sep<br>2010 | Jan-Sep<br>2009 | %        |
|--|------------|------------|-----------|------------|-----------|-----------------|-----------------|----------|
| Net interest income  | -5         | -3         | 67        | -5         | 0         | -15             | -16             | -6       |
| Net commissions  | 393        | 386        | 2         | 350        | 12        | 1 177           | 388             |          |
| Net gains and losses on financial items at fair value                        | -5         | 1          |           | 18         |           | 7               | 40              | -83      |
| Other income   | 5          | 5          | 0         | 3          | 67        | 13              | 20              | -35      |
| <b>Total income</b>  | <b>388</b> | <b>389</b> | <b>0</b>  | <b>366</b> | <b>6</b>  | <b>1 182</b>    | <b>432</b>      |          |
| Staff costs  | 91         | 99         | -8        | 80         | 14        | 290             | 245             | 18       |
| Variable staff costs   | 30         | 1          |           | 8          |           | 31              | 26              | 19       |
| Other expenses   | 76         | 100        | -24       | 82         | -7        | 260             | 262             | -1       |
| Depreciation/amortisation  | 12         | 12         | 0         | 13         | -8        | 37              | 38              | -3       |
| <b>Total expenses</b>  | <b>209</b> | <b>212</b> | <b>-1</b> | <b>183</b> | <b>14</b> | <b>618</b>      | <b>571</b>      | <b>8</b> |
| <b>Profit before impairments</b>   | <b>179</b> | <b>177</b> | <b>1</b>  | <b>183</b> | <b>-2</b> | <b>564</b>      | <b>-139</b>     |          |
| <b>Operating profit</b>  | <b>179</b> | <b>177</b> | <b>1</b>  | <b>183</b> | <b>-2</b> | <b>564</b>      | <b>-139</b>     |          |
| Tax expense  | 42         | 38         | 11        | 35         | 20        | 130             | -56             |          |
| Profit for the period  | 137        | 139        | -1        | 148        | -7        | 434             | -83             |          |
| <b>Profit for the period attributable to the shareholders of Swedbank AB</b> | <b>137</b> | <b>139</b> | <b>-1</b> | <b>148</b> | <b>-7</b> | <b>434</b>      | <b>-83</b>      |          |
| Return on allocated equity, %  | 25.4       | 25.5       |           | 37.8       |           | 26.8            | -7.2            |          |
| Cost/income ratio  | 0.54       | 0.54       |           | 0.50       |           | 0.52            | 1.32            |          |
| Full-time employees  | 297        | 289        | 3         | 281        | 6         | 297             | 281             | 6        |

#### Development January - September

The financial markets were volatile during the third quarter. This caused significant volatility in the fund market with flows varying greatly between months. The flows have largely coincided with the up- and downswings in the stockmarket, with rising inflows for mutual funds during bullish periods and rising inflows for fixed income funds during bearish periods. Inflows to mutual funds mainly wound up in funds with a slightly higher risk profile, while inflows to fixed income funds were fairly evenly divided between long-term and short-term fixed-income funds.

Net savings in the Swedish fund market amounted to SEK 54bn during the nine-month period, or SEK 15bn lower year-on-year. The total net outflow from Swedbank Robur's funds was SEK 105m. The outflow was primarily from outflows from mutual funds while the inflow mainly to mixed funds and long-term fixed income funds. The goal is to increase volume growth among distributors in the Nordic market and broaden the distribution base in selected European markets. Swedbank Robur's market share of total assets under management in Sweden was 24 per cent (28).

Profit for the period amounted to SEK 434m. Income rose by 22 per cent excluding refunded management

fees of SEK 540m resulting from incorrect charges in the previous year. The increase in income was due to higher assets under management, largely due to favourable market conditions. Income from discretionary management excluding Swedbank Robur's funds amounted to SEK 92.5m during the period (43.4). In 2009 SEK 20m was reserved for possible fees from the Swedish financial supervisory authority for violating flagging rules. The fee decided was less than SEK 1m, due to which the difference, SEK 19m, affected net commissions positively during the period. 6 per cent of operating income was attributable to operations in the three Baltic countries.

Expenses increased by 8 per cent compared with the same period last year. This was due to the additional resources allocated to compliance, risk management and control. A new model for performance-based salaries entered into force on 1 July 2010, because of which provisions for variable remuneration were made during the quarter. Increased investments in IT development, primarily in administration, will mean somewhat higher expenses going forward.

Thomas Eriksson took over as CEO of Robur AB on 2 August 2010.

| <b>Assets under management<br/>SEKbn</b>              | <b>30 Sep<br/>2010</b> | <b>31 Dec<br/>2009</b> | <b>%</b> | <b>30 Sep<br/>2009</b> | <b>%</b>  |
|---|------------------------|------------------------|----------|------------------------|-----------|
| <b>Fund assets under management</b>                   |                        |                        |          |                        |           |
| Assets under management                               | 464                    | 448                    | 4        | 421                    | 10        |
| <i>of which:</i>                                      |                        |                        |          |                        |           |
| <i>Swedish equities, %</i>                            | 33.9                   | 32.0                   | 6        | 31.1                   | 9         |
| <i>foreign equities, %</i>                            | 32.9                   | 35.4                   | -7       | 34.7                   | -5        |
| <i>interest-bearing securities, %</i>                 | 33.2                   | 32.6                   | 2        | 34.2                   | -3        |
| <b>Discretionary asset management</b>                 |                        |                        |          |                        |           |
| Assets under management, excl. Swedbank Robur's funds | 243                    | 222                    | 9        | 224                    | 9         |
| <b>Total assets under management</b>                  | <b>707</b>             | <b>670</b>             | <b>6</b> | <b>644</b>             | <b>10</b> |

**Asset Management** comprises the Swedbank Robur Group and its operations in fund management, institutional and discretionary asset management. Asset Management is represented in Swedbank's four home markets.

## Ektornet

- The value of repossessed properties amounted to SEK 1 237m
- Properties repossessed during the third quarter were valued at SEK 297m

### Income statement

| SEKm   | Q3<br>2010 | Q2<br>2010 | %          | Q3<br>2009 | % | Jan-Sep<br>2010 | Jan-Sep<br>2009 | % |
|--|------------|------------|------------|------------|---|-----------------|-----------------|---|
| Net interest income  | -6         | -2         |            |            |   | -13             |                 |   |
| Net gains and losses on financial items at fair value                        | 9          |            |            |            |   | 13              |                 |   |
| Other income   | 36         | 28         | 29         |            |   | 78              |                 |   |
| <b>Total income</b>  | <b>39</b>  | <b>26</b>  | <b>50</b>  | <b>0</b>   |   | <b>78</b>       | <b>0</b>        |   |
| Staff costs  | 21         | 28         | -25        |            |   | 54              |                 |   |
| Other expenses   | 40         | 40         | 0          |            |   | 124             |                 |   |
| Depreciation/amortisation  | 12         | 4          |            |            |   | 17              |                 |   |
| <b>Total expenses</b>  | <b>73</b>  | <b>72</b>  | <b>1</b>   | <b>0</b>   |   | <b>195</b>      | <b>0</b>        |   |
| <b>Profit before impairments</b>   | <b>-34</b> | <b>-46</b> | <b>-26</b> | <b>0</b>   |   | <b>-117</b>     | <b>0</b>        |   |
| Impairment of tangible assets  | 2          |            |            |            |   | 2               |                 |   |
| <b>Operating profit</b>  | <b>-36</b> | <b>-46</b> | <b>-22</b> | <b>0</b>   |   | <b>-119</b>     | <b>0</b>        |   |
| Tax expense  | -3         | -6         | -50        |            |   | -9              |                 |   |
| Profit for the period  | -33        | -40        | -18        |            |   | -110            |                 |   |
| <b>Profit for the period attributable to the shareholders of Swedbank AB</b> | <b>-33</b> | <b>-40</b> | <b>-18</b> | <b>0</b>   |   | <b>-110</b>     | <b>0</b>        |   |
| Full-time employees  | 141        | 123        | 15         |            |   | 141             |                 |   |

#### Development January - September

As of 30 September Ektornet managed properties valued at SEK 1 237m (after currency translation and depreciation), compared with SEK 517m at the beginning of the year. During the third quarter properties worth SEK 297m were repossessed. Of the total property value, the Nordic region accounted for SEK 438m, Estonia for SEK 347m, Latvia for SEK 227m, Lithuania for SEK 104m and the US for SEK 121m. In addition, properties valued at SEK 593m have been acquired but not yet repossessed, mainly in Latvia. Due to market conditions and a time-consuming compulsory auction process in some countries, repossessions are expected to continue until 2013. It had previously been announced that Ektornet was expected to repossess assets worth SEK 4bn by year-end 2010, but it is doubtful that this volume will be reached this year.

Ektornet has initially focused on repossessions, but as the portfolio of repossessed properties grows, an organisation is being created to develop and manage the holdings while enhancing their value. In addition to the appraisal made in connection with repossessions, Ektornet also plans to make annual appraisals of its properties. This does not include properties acquired during the year, whose initial appraisal still presumably applies, provided that nothing significant has happened that may have affected their value. Since Ektornet reports its properties at cost rather than fair value, only

its impairment losses are reported, while any appreciation in value will only be mentioned in this text.

During the period through 30 September properties consisting mainly of small and atypical assets were sold for SEK 48m, with a breakeven result. In September the property in the US was put up for sale. Sales activities will gradually increase.

The value of repossessed assets is estimated at SEK 5-10bn by 2013 (previously 2012). The Baltic countries account for an estimated 75 per cent of repossessed properties, the majority of which are expected to be owner-occupied apartments or projects which will not generate any income until they are sold. In 2010 and 2011 the Baltic countries will therefore be Ektornet's highest priority, since the value of these properties will have a significant impact on results. The Nordic and US holdings currently consist primarily of a few high-value commercial properties. Ektornet is planning on further repossessions in the Nordic countries, the US and Ukraine and, in the longer term, in Russia as well.

Since a large share of the portfolio consists of non-income-generating assets, cash flow is expected to be negative in the next few years to come. Operating losses of about SEK 200-300m are projected in 2010 and 2011. Operating results will depend to a large extent, however, on foreclosures and property sales.

*Ektornet is an independent subsidiary of Swedbank AB. Its aim is to manage and develop the Group's repossessed assets in order to minimise losses and if possible recover value in the long term. The majority of the collateral consists of real estate, mainly in the Baltic countries but also in the Nordic region, the US and Ukraine.*



## Shared Services & Group Staffs

### Income statement

| SEKm   | Q3<br>2010   | Q2<br>2010   | %          | Q3<br>2009   | %          | Jan-Sep<br>2010 | Jan-Sep<br>2009 | %          |
|--|--------------|--------------|------------|--------------|------------|-----------------|-----------------|------------|
| Net interest income  | -210         | -330         | -36        | 73           |            | -686            | -240            |            |
| Net commissions  | -5           | -1           |            | -7           | -29        | 1               | -21             |            |
| Net gains and losses on financial items at fair value                        | 252          | 347          | -27        | -240         |            | 659             | -589            |            |
| Share of profit or loss of associates  |              |              |            |              |            |                 | 1               |            |
| Other income   | 926          | 947          | -2         | 931          | -1         | 2 850           | 2 892           | -1         |
| <b>Total income</b>  | <b>963</b>   | <b>963</b>   | <b>0</b>   | <b>757</b>   | <b>27</b>  | <b>2 824</b>    | <b>2 043</b>    | <b>38</b>  |
| Staff costs  | 494          | 506          | -2         | 407          | 21         | 1 448           | 1 258           | 15         |
| Variable staff costs   | 10           | -3           |            | 3            |            | 9               | 12              | -25        |
| Other expenses   | 517          | 444          | 16         | 556          | -7         | 1 557           | 1 706           | -9         |
| Depreciation/amortisation  | 87           | 86           | 1          | 106          | -18        | 254             | 309             | -18        |
| <b>Total expenses</b>  | <b>1 108</b> | <b>1 033</b> | <b>7</b>   | <b>1 072</b> | <b>3</b>   | <b>3 268</b>    | <b>3 285</b>    | <b>-1</b>  |
| <b>Profit before impairments</b>   | <b>-145</b>  | <b>-70</b>   |            | <b>-315</b>  | <b>-54</b> | <b>-444</b>     | <b>-1 242</b>   | <b>-64</b> |
| Credit impairments   | 9            | 22           | -59        | 9            | 0          | 35              | 13              |            |
| <b>Operating profit</b>  | <b>-154</b>  | <b>-92</b>   | <b>67</b>  | <b>-324</b>  | <b>-52</b> | <b>-479</b>     | <b>-1 255</b>   | <b>-62</b> |
| Tax expense  | -68          | 10           |            | -74          | -8         | -94             | -308            | -69        |
| Profit for the period  | -86          | -102         | -16        | -250         | -66        | -385            | -947            | -59        |
| <b>Profit for the period attributable to the shareholders of Swedbank AB</b> | <b>-86</b>   | <b>-102</b>  | <b>-16</b> | <b>-250</b>  | <b>-66</b> | <b>-385</b>     | <b>-947</b>     | <b>-59</b> |
| Full-time employees  | 2 323        | 2 331        | 0          | 2 298        | 1          | 2 323           | 2 298           | 1          |

*Shared Services & Group Staffs* includes IT, support functions, Group Executive Committee and Group Staffs, including Group Treasury, and the Group's own insurance company, Sparia.

## Eliminations

### Income statement

| SEKm  | Q3<br>2010  | Q2<br>2010  | %         | Q3<br>2009  | %        | Jan-Sep<br>2010 | Jan-Sep<br>2009 | %         |
|---|-------------|-------------|-----------|-------------|----------|-----------------|-----------------|-----------|
| Net interest income                                   | -6          | -15         | -60       | -2          |          | -9              |                 |           |
| Net commissions                                       | -1          | -2          | -50       | 5           |          | -1              | -1              | 0         |
| Net gains and losses on financial items at fair value |             |             |           |             |          |                 | 1               |           |
| Other income  | -853        | -867        | -2        | -850        | 0        | -2 659          | -2 693          | -1        |
| <b>Total income</b>                                   | <b>-860</b> | <b>-884</b> | <b>-3</b> | <b>-847</b> | <b>2</b> | <b>-2 669</b>   | <b>-2 693</b>   | <b>-1</b> |
| Staff costs   |             |             |           |             |          |                 |                 |           |
| Variable staff costs                                  |             |             |           |             |          |                 |                 |           |
| Other expenses  | -860        | -884        | -3        | -847        | 2        | -2 669          | -2 693          | -1        |
| <b>Total expenses</b>                                 | <b>-860</b> | <b>-884</b> | <b>-3</b> | <b>-847</b> | <b>2</b> | <b>-2 669</b>   | <b>-2 693</b>   | <b>-1</b> |

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More detailed information can be found in Swedbank's fact book, [www.swedbank/se/ir](http://www.swedbank/se/ir), under Financial information and publications.

## Income statement, condensed

| Group<br>SEKm  | Q3<br>2010   | Q2<br>2010   | %         | Q3<br>2009    | %          | Jan-Sep<br>2010 | Jan-Sep<br>2009 | %          |
|--|--------------|--------------|-----------|---------------|------------|-----------------|-----------------|------------|
| Interest income  | 11 245       | 10 729       | 5         | 13 115        | -14        | 33 924          | 44 108          | -23        |
| Interest expenses  | -7 265       | -6 930       | 5         | -8 098        | -10        | -22 122         | -28 045         | -21        |
| <b>Net interest income (note 5)</b>  | <b>3 980</b> | <b>3 799</b> | <b>5</b>  | <b>5 017</b>  | <b>-21</b> | <b>11 802</b>   | <b>16 063</b>   | <b>-27</b> |
| Commission income  | 3 189        | 3 297        | -3        | 3 085         | 3          | 9 622           | 8 219           | 17         |
| Commission expenses  | -879         | -902         | -3        | -877          | 0          | -2 635          | -2 667          | -1         |
| <b>Net commissions (note 6)</b>  | <b>2 310</b> | <b>2 395</b> | <b>-4</b> | <b>2 208</b>  | <b>5</b>   | <b>6 987</b>    | <b>5 552</b>    | <b>26</b>  |
| Net gains and losses on financial items at fair value (note 7)               | 574          | 822          | -30       | 87            |            | 2 043           | 2 508           | -19        |
| Insurance premiums   | 357          | 389          | -8        | 391           | -9         | 1 161           | 1 208           | -4         |
| Insurance provisions   | -185         | -216         | -14       | -231          | -20        | -696            | -743            | -6         |
| <b>Net insurance</b>   | <b>172</b>   | <b>173</b>   | <b>-1</b> | <b>160</b>    | <b>8</b>   | <b>465</b>      | <b>465</b>      | <b>0</b>   |
| Share of profit or loss of associates  | 191          | 160          | 19        | 183           | 4          | 497             | 743             | -33        |
| Other income   | 420          | 423          | -1        | 487           | -14        | 1 292           | 1 469           | -12        |
| <b>Total income</b>  | <b>7 647</b> | <b>7 772</b> | <b>-2</b> | <b>8 142</b>  | <b>-6</b>  | <b>23 086</b>   | <b>26 800</b>   | <b>-14</b> |
| Staff costs (note 8)   | 2 280        | 2 423        | -6        | 2 448         | -7         | 7 078           | 7 271           | -3         |
| Other expenses (note 10)   | 1 721        | 1 781        | -3        | 1 857         | -7         | 5 310           | 5 590           | -5         |
| Depreciation/amortisation  | 237          | 219          | 8         | 221           | 7          | 664             | 687             | -3         |
| <b>Total expenses</b>  | <b>4 238</b> | <b>4 423</b> | <b>-4</b> | <b>4 526</b>  | <b>-6</b>  | <b>13 052</b>   | <b>13 548</b>   | <b>-4</b>  |
| <b>Profit before impairments</b>   | <b>3 409</b> | <b>3 349</b> | <b>2</b>  | <b>3 616</b>  | <b>-6</b>  | <b>10 034</b>   | <b>13 252</b>   | <b>-24</b> |
| Impairment of intangible assets (note 18)                                    | 23           |              |           |               |            | 37              | 1 305           | -97        |
| Impairment of tangible assets  | 30           | 128          | -77       | 77            | -61        | 194             | 97              | 100        |
| Credit impairments (note 11)   | 120          | 963          | -88       | 6 121         | -98        | 3 293           | 19 638          | -83        |
| <b>Operating profit</b>  | <b>3 236</b> | <b>2 258</b> | <b>43</b> | <b>-2 582</b> |            | <b>6 510</b>    | <b>-7 788</b>   |            |
| Tax expense (note 12)  | 638          | 672          | -5        | 734           | -13        | 1 779           | 866             |            |
| Profit for the period  | 2 598        | 1 586        | 64        | -3 316        |            | 4 731           | -8 654          |            |
| <b>Profit for the period attributable to the shareholders of Swedbank AB</b> | <b>2 591</b> | <b>1 567</b> | <b>65</b> | <b>-3 337</b> |            | <b>4 694</b>    | <b>-8 707</b>   |            |
| Non-controlling interests  | 7            | 19           | -63       | 21            | -67        | 37              | 53              | -30        |
| Earnings per share before and after dilution, SEK                            | 2.23         | 1.36         |           | -3.57         |            | 4.05            | -9.32           |            |
| Equity per share, SEK  | 80.07        | 78.48        |           | 99.15         |            | 80.07           | 99.15           |            |
| Return on equity, %  | 11.3         | 7.0          |           | -16.9         |            | 6.9             | -14.1           |            |
| Credit impairment ratio, %   | 0.03         | 0.28         |           | 1.75          |            | 0.32            | 1.85            |            |

See page 53 for number of shares.

## Statement of comprehensive income, condensed

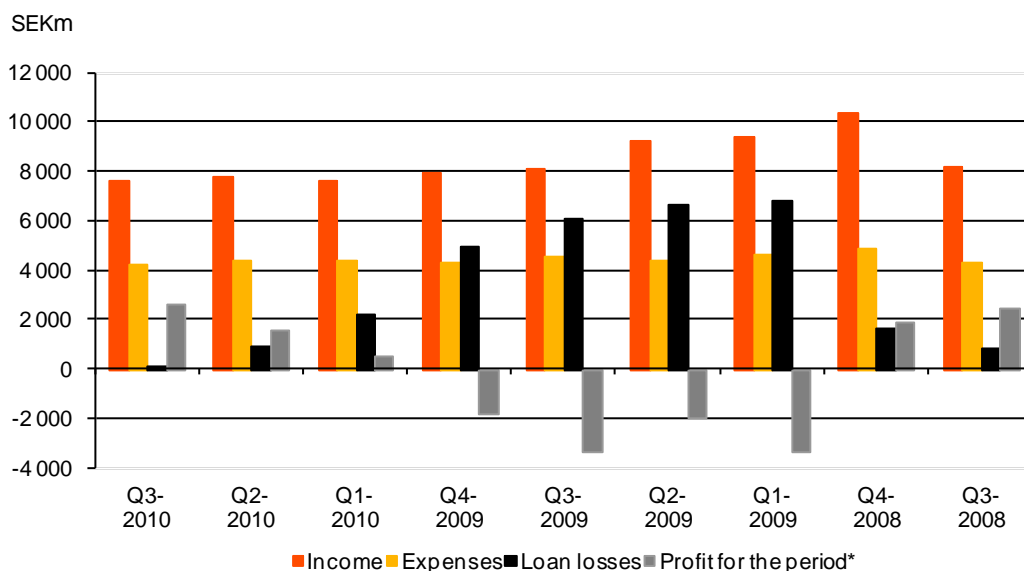
| Group<br>SEKm   | Q3<br>2010   | Q2<br>2010   | %         | Q3<br>2009    | %          | Jan-Sep<br>2010 | Jan-Sep<br>2009 | %         |
|---|--------------|--------------|-----------|---------------|------------|-----------------|-----------------|-----------|
| <b>Profit for the period reported via income statement</b>  | <b>2 598</b> | <b>1 586</b> | <b>64</b> | <b>-3 316</b> |            | <b>4 731</b>    | <b>-8 654</b>   |           |
| Exchange differences, foreign operations  | -1 441       | -595         |           | -2 006        | -28        | -3 669          | -2 059          | 78        |
| Hedging of net investments in foreign operations:   |              |              |           |               |            |                 |                 |           |
| Gains/losses arising during the period  | 687          | 399          | 72        | 1 283         | -46        | 2 103           | 1 468           | 43        |
| Cash flow hedges:   |              |              |           |               |            |                 |                 |           |
| Gains/losses arising during the period  | 44           | 337          | -87       | -120          |            | 220             | -643            |           |
| Reclassification adjustments to income statement, net interest income                                   | 209          | 214          | -2        | 202           | 3          | 612             | 618             | -1        |
| Reclassification adjustments to income statement, net gains and losses on financial items at fair value |              |              |           | 31            |            |                 | 112             |           |
| Share of other comprehensive income of associates   | -25          | -7           |           | 16            |            | -38             | 29              |           |
| Income tax relating to components of other comprehensive income   | -248         | -250         | -1        | -367          | -32        | -773            | -391            | 98        |
| <b>Other comprehensive income for the period, net of tax</b>  | <b>-774</b>  | <b>98</b>    |           | <b>-961</b>   | <b>-19</b> | <b>-1 545</b>   | <b>-866</b>     | <b>78</b> |
| <b>Total comprehensive income for the period</b>  | <b>1 824</b> | <b>1 684</b> | <b>8</b>  | <b>-4 277</b> |            | <b>3 186</b>    | <b>-9 520</b>   |           |
| <b>Total comprehensive income attributable to the shareholders of Swedbank AB</b>                       | <b>1 823</b> | <b>1 667</b> | <b>9</b>  | <b>-4 298</b> |            | <b>3 160</b>    | <b>-9 582</b>   |           |
| Non-controlling interests   | 1            | 17           | -94       | 21            | -95        | 26              | 62              | -58       |

## Income statement, quarterly

| Group<br>SEKm  | Q3<br>2010   | Q2<br>2010   | Q1<br>2010   | Q4<br>2009    | Q3<br>2009    | Q2<br>2009    | Q1<br>2009    | Q4<br>2008    |
|--|--------------|--------------|--------------|---------------|---------------|---------------|---------------|---------------|
| Net interest income  | 3 980        | 3 799        | 4 023        | 4 702         | 5 017         | 5 243         | 5 803         | 5 742         |
| Net commissions  | 2 310        | 2 395        | 2 282        | 2 273         | 2 208         | 1 970         | 1 374         | 2 011         |
| Net gains and losses on financial items at fair value                        | 574          | 822          | 647          | 262           | 87            | 710           | 1 711         | 1 244         |
| Net insurance  | 172          | 173          | 120          | 182           | 160           | 175           | 130           | 139           |
| Share of profit or loss of associates  | 191          | 160          | 146          | 123           | 183           | 463           | 97            | 136           |
| Other income   | 420          | 423          | 449          | 440           | 487           | 673           | 309           | 1 074         |
| <b>Total income</b>  | <b>7 647</b> | <b>7 772</b> | <b>7 667</b> | <b>7 982</b>  | <b>8 142</b>  | <b>9 234</b>  | <b>9 424</b>  | <b>10 346</b> |
| Staff costs  | 2 280        | 2 423        | 2 375        | 1 930         | 2 448         | 2 282         | 2 541         | 2 602         |
| Other expenses   | 1 721        | 1 781        | 1 808        | 2 168         | 1 857         | 1 895         | 1 838         | 2 004         |
| Depreciation/amortisation  | 237          | 219          | 208          | 202           | 221           | 226           | 240           | 269           |
| <b>Total expenses</b>  | <b>4 238</b> | <b>4 423</b> | <b>4 391</b> | <b>4 300</b>  | <b>4 526</b>  | <b>4 403</b>  | <b>4 619</b>  | <b>4 875</b>  |
| <b>Profit before impairments</b>   | <b>3 409</b> | <b>3 349</b> | <b>3 276</b> | <b>3 682</b>  | <b>3 616</b>  | <b>4 831</b>  | <b>4 805</b>  | <b>5 471</b>  |
| Impairment of intangible assets  | 23           |              | 14           |               |               |               | 1 305         | 1 403         |
| Impairment of tangible assets  | 30           | 128          | 36           | 352           | 77            | 8             | 12            | 27            |
| Credit impairments   | 120          | 963          | 2 210        | 5 003         | 6 121         | 6 672         | 6 845         | 1 633         |
| <b>Operating profit</b>  | <b>3 236</b> | <b>2 258</b> | <b>1 016</b> | <b>-1 673</b> | <b>-2 582</b> | <b>-1 849</b> | <b>-3 357</b> | <b>2 408</b>  |
| Tax expense  | 638          | 672          | 469          | 115           | 734           | 145           | -13           | 500           |
| Profit for the period  | 2 598        | 1 586        | 547          | -1 788        | -3 316        | -1 994        | -3 344        | 1 908         |
| <b>Profit for the period attributable to the shareholders of Swedbank AB</b> | <b>2 591</b> | <b>1 567</b> | <b>536</b>   | <b>-1 804</b> | <b>-3 337</b> | <b>-2 012</b> | <b>-3 358</b> | <b>1 915</b>  |
| Non-controlling interests  | 7            | 19           | 11           | 16            | 21            | 18            | 14            | -7            |
| Earnings per share before and after dilution, SEK                            | 2.23         | 1.36         | 0.46         | -1.83         | -3.57         | -2.16         | -3.59         | 2.90          |
| Equity per share, SEK  | 80.07        | 78.48        | 77.04        | 77.33         | 99.15         | 104.71        | 107.05        | 121.39        |
| Return on equity, %  | 11.3         | 7.0          | 2.4          | -8.3          | -16.9         | -9.9          | -15.6         | 10.1          |
| Credit impairment ratio, %   | 0.03         | 0.28         | 0.64         | 1.44          | 1.75          | 1.87          | 1.93          | 0.48          |

See page 53 for number of shares.

### Profit trend, quarterly



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

## Balance sheet, condensed

| Group<br>SEKm  | 30 Sep<br>2010   | 31 Dec<br>2009   | %        | 30 Sep<br>2009   | %        |
|--|------------------|------------------|----------|------------------|----------|
| <b>Assets</b>  |                  |                  |          |                  |          |
| Cash and balance with central banks                                | 17 925           | 37 879           | -53      | 25 412           | -29      |
| Loans to credit institutions (note 13)                             | 206 346          | 92 131           |          | 148 354          | 39       |
| Loans to the public (note 13)                                      | 1 214 302        | 1 290 667        | -6       | 1 244 800        | -2       |
| Interest-bearing securities (note 17)                              | 167 582          | 170 615          | -2       | 190 701          | -12      |
| Fund units for which customers bear the investment risk            | 88 685           | 78 194           | 13       | 72 170           | 23       |
| Shares and participating interests                                 | 9 420            | 9 505            | -1       | 6 397            | 47       |
| Investments in associates  | 2 596            | 2 740            | -5       | 2 585            | 0        |
| Derivatives (note 21)  | 92 276           | 72 969           | 26       | 82 860           | 11       |
| Intangible fixed assets (note 18)                                  | 16 058           | 17 555           | -9       | 17 532           | -8       |
| Tangible assets  | 4 189            | 3 815            | 10       | 3 605            | 16       |
| Current tax assets   | 1 454            | 881              | 65       | 1 759            | -17      |
| Deferred tax assets  | 1 281            | 1 209            | 6        | 927              | 38       |
| Other assets   | 17 308           | 9 806            | 77       | 10 437           | 66       |
| Prepaid expenses and accrued income                                | 6 510            | 6 721            | -3       | 7 264            | -10      |
| <b>Total assets</b>  | <b>1 845 932</b> | <b>1 794 687</b> | <b>3</b> | <b>1 814 803</b> | <b>2</b> |
| <b>Liabilities and equity</b>                                      |                  |                  |          |                  |          |
| Amounts owed to credit institutions (note 19)                      | 175 741          | 231 687          | -24      | 303 627          | -42      |
| Deposits and borrowings from the public (note 19)                  | 523 683          | 504 424          | 4        | 476 819          | 10       |
| Debt securities in issue, etc (note 20)                            | 720 687          | 703 258          | 2        | 674 926          | 7        |
| Financial liabilities for which customers bear the investment risk | 94 941           | 80 132           | 18       | 73 716           | 29       |
| Derivatives (note 21)  | 92 074           | 72 172           | 28       | 87 305           | 5        |
| Current tax liabilities  | 717              | 1 495            | -52      | 948              | -24      |
| Deferred tax liabilities   | 1 566            | 720              |          | 2 222            | -30      |
| Sold, not held, securities   | 66 029           | 40 411           | 63       | 37 354           | 77       |
| Other liabilities  | 26 798           | 11 819           |          | 19 732           | 36       |
| Accrued expenses and prepaid income                                | 17 617           | 14 400           | 22       | 14 865           | 19       |
| Provisions   | 4 210            | 6 212            | -32      | 6 062            | -31      |
| Subordinated liabilities   | 28 757           | 37 983           | -24      | 40 327           | -29      |
| Equity   | 93 112           | 89 974           | 3        | 76 900           | 21       |
| - Non-controlling interests  | 261              | 304              | -14      | 252              | 4        |
| - Equity attributable to shareholders of Swedbank AB               | 92 851           | 89 670           | 4        | 76 648           | 21       |
| <b>Total liabilities and equity</b>                                | <b>1 845 932</b> | <b>1 794 687</b> | <b>3</b> | <b>1 814 803</b> | <b>2</b> |

## Statement of changes in equity, condensed

| Group<br>SEKm                                    | Shareholders'<br>equity |                                      |                               |  |   | Non-controlling<br>interests |                      | Total<br>equity |            |               |
|--|-------------------------|--------------------------------------|-------------------------------|--|---|------------------------------|----------------------|-----------------|------------|---------------|
|  | Share<br>capital        | Other<br>contri-<br>buted<br>equity* | Non regi-<br>stered<br>shares | Exchange<br>differences,<br>subsidiaries<br>and associates | Hedging of net<br>investments in<br>foreign<br>operations | Cash<br>flow<br>hedges       | Retained<br>earnings | Total           |            |               |
| <b>Opening balance 1 January 2009</b>            | <b>14 918</b>           | <b>8 939</b>                         | <b>3 010</b>                  | <b>3 951</b>   | <b>-2 905</b>   | <b>-958</b>                  | <b>59 275</b>        | <b>86 230</b>   | <b>232</b> | <b>86 462</b> |
| Dividends  |                         |                                      |                               |  |   |                              |                      |                 | -45        | -45           |
| Registration of shares                           | 1 316                   | 1 694                                | -3 010                        |  |   |                              |                      |                 |            |               |
| Contribution                                     |                         |                                      |                               |  |   |                              |                      |                 | 3          | 3             |
| Total comprehensive income for the period        |                         |                                      |                               | -2 027   | 1 093   | 59                           | -8 707               | -9 582          | 62         | -9 520        |
| <b>Closing balance 30 September 2009</b>         | <b>16 234</b>           | <b>10 633</b>                        |                               | <b>1 924</b>   | <b>-1 812</b>   | <b>-899</b>                  | <b>50 568</b>        | <b>76 648</b>   | <b>252</b> | <b>76 900</b> |
| <b>Opening balance 1 January 2009</b>            | <b>14 918</b>           | <b>8 939</b>                         | <b>3 010</b>                  | <b>3 951</b>   | <b>-2 905</b>   | <b>-958</b>                  | <b>59 275</b>        | <b>86 230</b>   | <b>232</b> | <b>86 462</b> |
| Dividends  |                         |                                      |                               |  |   |                              |                      |                 | -45        | -45           |
| Registration of shares                           | 1 316                   | 1 694                                | -3 010                        |  |   |                              |                      |                 |            |               |
| New share issue                                  | 8 117                   | 6 957                                |                               |  |   |                              |                      | 15 074          | 39         | 15 113        |
| Expenses in connection with new share issue      |                         | -438                                 |                               |  |   |                              |                      | -438            |            | -438          |
| Contribution                                     |                         |                                      |                               |  |   |                              |                      |                 | 3          | 3             |
| Associates' acquisition of shares in Swedbank AB |                         |                                      |                               |  |   |                              | -58                  | -58             |            | -58           |
| Business disposal                                |                         |                                      |                               |  |   |                              |                      |                 | -6         | -6            |
| Total comprehensive income for the period        |                         |                                      |                               | -1 808   | 978   | 203                          | -10 511              | -11 138         | 81         | -11 057       |
| <b>Closing balance 31 December 2009</b>          | <b>24 351</b>           | <b>17 152</b>                        |                               | <b>2 143</b>   | <b>-1 927</b>   | <b>-755</b>                  | <b>48 706</b>        | <b>89 670</b>   | <b>304</b> | <b>89 974</b> |
| <b>Opening balance 1 January 2010</b>            | <b>24 351</b>           | <b>17 152</b>                        |                               | <b>2 143</b>   | <b>-1 927</b>   | <b>-755</b>                  | <b>48 706</b>        | <b>89 670</b>   | <b>304</b> | <b>89 974</b> |
| Dividends  |                         |                                      |                               |  |   |                              |                      |                 | -75        | -75           |
| Share based payments to employees                |                         |                                      |                               |  |   |                              | 21                   | 21              |            | 21            |
| Associates' disposal of shares in Swedbank AB    |                         |                                      |                               |  |   |                              | 50                   | 50              |            | 50            |
| Associates' acquisition of shares in Swedbank AB |                         |                                      |                               |  |   |                              | -50                  | -50             |            | -50           |
| Business combinations                            |                         |                                      |                               |  |   |                              |                      |                 | 6          | 6             |
| Total comprehensive income for the period        |                         |                                      |                               | -3 701   | 1 550   | 617                          | 4 694                | 3 160           | 26         | 3 186         |
| <b>Closing balance 30 September 2010</b>         | <b>24 351</b>           | <b>17 152</b>                        |                               | <b>-1 558</b>  | <b>-377</b>   | <b>-138</b>                  | <b>53 421</b>        | <b>92 851</b>   | <b>261</b> | <b>93 112</b> |

\*Other contributed equity consists mainly of share premiums.

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

## Cash flow statement, condensed

| Group<br>SEKm                                     | Jan-Sep<br>2010 | Full-year<br>2009 | Jan-Sep<br>2009 |
|---|-----------------|-------------------|-----------------|
| Cash flow from operating activities               | 13 824          | -61 828           | 16 926          |
| Cash flow from investing activities               | 1 580           | -718              | -1 217          |
| Cash flow from financing activities               | 22 117          | 137 407           | 92 396          |
| <b>Cash flow for the period</b>                   | <b>37 521</b>   | <b>74 861</b>     | <b>108 105</b>  |
| Cash and cash equivalents at beginning of period  | 131 498         | 57 707            | 57 707          |
| Cash flow for the period                          | 37 521          | 74 861            | 108 105         |
| Exchange differences on cash and cash equivalents | -3 504          | -1 070            | -1 384          |
| <b>Cash and cash equivalents at end of period</b> | <b>165 515</b>  | <b>131 498</b>    | <b>164 428</b>  |

## Note 1 Accounting policies

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

As previously, the Parent Company has prepared its accounts in accordance with the Annual Accounts Act for Credit Institutions and Securities Companies, the directives of Finansinspektionen, the Swedish financial supervisory authority, and recommendation RFR 2 of the Financial Reporting Council.

Several new and revised IFRS standards and interpretations by IFRIC have not had a material effect

on the financial position, results or disclosures of the Group or the Parent Company.

Swedbank introduced a new performance based remuneration programme during the third quarter. The new remuneration programme contains a part implying that employees grants shares issued by Swedbank AB. The group therefore applies IFRS 2 – *Share based payments* as from the third quarter. According to IFRS 2, the total value of received shares is to be expensed over the vesting period. The vesting period is the period that the employee has to remain in service in Swedbank



in order to receive these shares. To receive shares in remuneration programme 2010 an employment condition should exist at the time of allocation in 2014. At the transition to the share based payment, a difference occurs against the earlier cash based programme, which was expensed over current year. The difference between the old and the new programme is recognised in profit and loss during the third quarter.

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

The operating segments have been changed in 2010 to coincide with the organisational changes implemented

## Note 2 Critical accounting estimates

The Group uses various estimates and assumptions about the future to determine the value of certain assets and liabilities. The most important assumptions in terms of amount are made with regard to provisions for loan losses and impairment testing of goodwill.

### Provisions for loan losses

For loans that have been identified as impaired as well as portfolios of loans with similar credit terms affected by a loss event, assumptions are made as to when in the future the cash flows will be received as well as their size. Provisions for loan losses are made for the difference between the present value of these projected cash flows and the claims' carrying amount. Decisions are therefore based on various estimates and management's judgments about current market conditions. Portfolio provisions are based on loss estimates made in accordance with capital adequacy rules.

In 2010 economic conditions stabilised in the Baltic countries, as well as in Ukraine. The Group's provisions in the Baltic operations decreased from SEK 15 276m to SEK 15 160m. Provisions in the Ukrainian operations decreased from SEK 6 390m to SEK 5 639m. The changes were based on the losses that management

## Note 3 Changes in the Group structure

### Internal structural changes

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

in Swedbank's business area organisation. Comparative figures have been restated. The largest corporate customers have been moved from Retail to the new business area Large Corporates & Institutions. At the same time the finance department within Swedbank Mortgage has been moved to Group Treasury within Shared Services and Group Staffs. In addition to the large corporate customers from Retail, Large Corporates & Institutions includes the international branch offices from the old business areas International Banking and Swedbank Markets. The new business area Russia & Ukraine includes the operations in those countries.

judged as most likely against the backdrop of the current economic outlook within the range of reasonable assumptions.

### Impairment testing of goodwill

When goodwill is tested for impairment, future cash flows are estimated for the cash-generating unit that the goodwill refers to and has been allocated to. As far as possible, the assumptions that are used, or part of those assumptions, are based on outside sources. Nevertheless, the calculation largely depends on management's own assumptions. The assumptions are made based on indefinite ownership of the asset. The Group's goodwill amounted to SEK 13 944m as of 30 September, of which SEK 11 066m relates to the investment in the Baltic operations. By 2001, 60 per cent of the Baltic operations had been acquired. In 2005 the remaining 40 per cent was acquired. SEK 9 958m of the goodwill arose in connection with the acquisition of the remaining non-controlling interest, which at the time corresponded to 40 per cent of the operations' total value. Since the economies in the Baltic countries have stabilised, no indications have been identified signifying a new test compared with the one made as of year-end 2009.

Within the Swedbank AS Group, several smaller finance companies have been merged into Swedbank Liising AS.

## Note 4 Business segments (business areas)

| Jan-Sep<br>2010<br>SEKm  | Large Corporates & Baltic |                |                |                  |              | Asset Management | Ektornet      | Shared Services & Group Staffs | Eliminations     | Group |
|--|---------------------------|----------------|----------------|------------------|--------------|------------------|---------------|--------------------------------|------------------|-------|
|  | Retail                    | Institutions   | Banking        | Russia & Ukraine |              |                  |               |                                |                  |       |
| Net interest income  | 7 126                     | 2 318          | 2 602          | 479              | -15          | -13              | -686          | -9                             | 11 802           |       |
| Net commissions  | 3 415                     | 1 184          | 1 150          | 61               | 1 177        |                  | 1             | -1                             | 6 987            |       |
| Net gains and losses on financial items at fair value                        | 107                       | 1 010          | 222            | 25               | 7            | 13               | 659           |                                | 2 043            |       |
| Share of profit or loss of associates  | 497                       |                |                |                  |              |                  |               |                                | 497              |       |
| Other income   | 820                       | 55             | 580            | 20               | 13           | 78               | 2 850         | -2 659                         | 1 757            |       |
| <b>Total income</b>  | <b>11 965</b>             | <b>4 567</b>   | <b>4 554</b>   | <b>585</b>       | <b>1 182</b> | <b>78</b>        | <b>2 824</b>  | <b>-2 669</b>                  | <b>23 086</b>    |       |
| Staff costs  | 3 042                     | 903            | 806            | 296              | 290          | 54               | 1 448         |                                | 6 839            |       |
| Variable staff costs   | 27                        | 185            | -13            |                  | 31           |                  | 9             |                                | 239              |       |
| Other expenses   | 3 538                     | 1 077          | 1 108          | 315              | 260          | 124              | 1 557         | -2 669                         | 5 310            |       |
| Depreciation/amortisation  | 137                       | 38             | 132            | 49               | 37           | 17               | 254           |                                | 664              |       |
| <b>Total expenses</b>  | <b>6 744</b>              | <b>2 203</b>   | <b>2 033</b>   | <b>660</b>       | <b>618</b>   | <b>195</b>       | <b>3 268</b>  | <b>-2 669</b>                  | <b>13 052</b>    |       |
| <b>Profit before impairments</b>   | <b>5 221</b>              | <b>2 364</b>   | <b>2 521</b>   | <b>-75</b>       | <b>564</b>   | <b>-117</b>      | <b>-444</b>   |                                | <b>10 034</b>    |       |
| Impairment of intangible assets  |                           |                | 23             | 14               |              |                  |               |                                | 37               |       |
| Impairment of tangible assets  |                           |                | 188            | 4                |              | 2                |               |                                | 194              |       |
| Credit impairments   | 132                       | -62            | 3 526          | -338             |              |                  | 35            |                                | 3 293            |       |
| <b>Operating profit</b>  | <b>5 089</b>              | <b>2 426</b>   | <b>-1 216</b>  | <b>245</b>       | <b>564</b>   | <b>-119</b>      | <b>-479</b>   |                                | <b>6 510</b>     |       |
| Tax expense  | 1 404                     | 597            | -217           | -32              | 130          | -9               | -94           |                                | 1 779            |       |
| Profit for the period  | 3 685                     | 1 829          | -999           | 277              | 434          | -110             | -385          |                                | 4 731            |       |
| <b>Profit for the period attributable to the shareholders of Swedbank AB</b> | <b>3 678</b>              | <b>1 799</b>   | <b>-999</b>    | <b>277</b>       | <b>434</b>   | <b>-110</b>      | <b>-385</b>   |                                | <b>4 694</b>     |       |
| Non-controlling interests  | 7                         | 30             |                |                  |              |                  |               |                                | 37               |       |
| Loans  | 842 083                   | 426 327        | 137 352        | 14 886           |              |                  |               |                                | 1 420 648        |       |
| Investments in associates  | 1 440                     |                | 3              | 1                |              |                  | 1 152         |                                | 2 596            |       |
| Other assets   | 102 035                   | 208 404        | 45 079         | 3 224            | 1 761        | 1 991            | 60 194        |                                | 422 688          |       |
| <b>Total assets*</b>   | <b>945 558</b>            | <b>634 731</b> | <b>182 434</b> | <b>18 111</b>    | <b>1 761</b> | <b>1 991</b>     | <b>61 346</b> |                                | <b>1 845 932</b> |       |
| Deposits   | 329 122                   | 98 018         | 91 326         | 5 217            |              |                  |               |                                | 523 683          |       |
| Other liabilities  | 595 365                   | 519 216        | 55 844         | 9 290            | -393         | 962              | 49 114        |                                | 1 229 398        |       |
| <b>Total liabilities*</b>  | <b>924 487</b>            | <b>617 234</b> | <b>147 170</b> | <b>14 507</b>    | <b>-393</b>  | <b>962</b>       | <b>49 114</b> |                                | <b>1 753 081</b> |       |
| Allocated equity   | 21 071                    | 17 497         | 35 264         | 3 604            | 2 154        | 1 029            | 12 232        |                                | 92 851           |       |
| <b>Total liabilities and equity</b>  | <b>945 558</b>            | <b>634 731</b> | <b>182 434</b> | <b>18 111</b>    | <b>1 761</b> | <b>1 991</b>     | <b>61 346</b> |                                | <b>1 845 932</b> |       |
| <b>Impaired loans, gross</b>   | <b>1 813</b>              | <b>1 123</b>   | <b>25 012</b>  | <b>10 683</b>    |              |                  |               |                                | <b>38 631</b>    |       |
| <b>Risk-weighted assets</b>  | <b>211 155</b>            | <b>177 247</b> | <b>142 777</b> | <b>20 062</b>    | <b>3 242</b> | <b>2 098</b>     | <b>3 128</b>  |                                | <b>559 709</b>   |       |
| Return on allocated equity, %  | 22.9                      | 13.6           | -3.6           | 9.6              | 26.8         | -20.5            | -6.4          |                                | 6.9              |       |
| Loans/deposits   | 256                       | 236            | 149            | 260              |              |                  |               |                                | 233              |       |
| Credit impairment ratio, %   | 0.02                      | -0.02          | 2.88           | -2.28            |              |                  |               |                                | 0.32             |       |
| Total provision ratio for impaired loans, %                                  | 87                        | 92             | 61             | 65               |              |                  |               |                                | 64               |       |
| Share of impaired loans, gross, %  | 0.21                      | 0.26           | 16.40          | 49.05            |              |                  |               |                                | 2.67             |       |
| Cost/income ratio  | 0.56                      | 0.48           | 0.45           | 1.13             | 0.52         | 2.50             | 1.16          |                                | 0.57             |       |
| Full-time employees  | 5 689                     | 1 199          | 5 797          | 2 043            | 297          | 141              | 2 323         |                                | 17 489           |       |

\* Excluding intra-Group transactions

| Jan-Sep<br>2009<br>SEKm  | Large Corporates & Baltic |                |                |                  |  | Asset Management | Ektornet | Shared Services & Group Staffs |               | Eliminations | Group            |
|--|---------------------------|----------------|----------------|------------------|--|------------------|----------|--------------------------------|---------------|--------------|------------------|
|  | Retail                    | Institutions   | Banking        | Russia & Ukraine |  |                  |          |                                |               |              |                  |
| Net interest income  | 8 351                     | 3 105          | 3 381          | 1 482            |  | -16              |          | -240                           |               |              | 16 063           |
| Net commissions  | 2 885                     | 1 010          | 1 214          | 77               |  | 388              |          | -21                            | -1            |              | 5 552            |
| Net gains and losses on financial items at fair value                        | 112                       | 2 521          | 616            | -193             |  | 40               |          | -589                           | 1             |              | 2 508            |
| Share of profit or loss of associates  | 741                       |                | 1              |                  |  |                  |          | 1                              |               |              | 743              |
| Other income   | 1 091                     | 83             | 530            | 11               |  | 20               |          | 2 892                          | -2 693        |              | 1 934            |
| <b>Total income</b>  | <b>13 180</b>             | <b>6 719</b>   | <b>5 742</b>   | <b>1 377</b>     |  | <b>432</b>       |          | <b>2 043</b>                   | <b>-2 693</b> |              | <b>26 800</b>    |
| Staff costs  | 3 056                     | 845            | 1 080          | 381              |  | 245              |          | 1 258                          |               |              | 6 865            |
| Variable staff costs   | 99                        | 449            | -198           | 18               |  | 26               |          | 12                             |               |              | 406              |
| Other expenses   | 3 458                     | 999            | 1 418          | 440              |  | 262              |          | 1 706                          | -2 693        |              | 5 590            |
| Depreciation/amortisation  | 93                        | 23             | 159            | 65               |  | 38               |          | 309                            |               |              | 687              |
| <b>Total expenses</b>  | <b>6 706</b>              | <b>2 316</b>   | <b>2 459</b>   | <b>904</b>       |  | <b>571</b>       |          | <b>3 285</b>                   | <b>-2 693</b> |              | <b>13 548</b>    |
| <b>Profit before impairments</b>   | <b>6 474</b>              | <b>4 403</b>   | <b>3 283</b>   | <b>473</b>       |  | <b>-139</b>      |          | <b>-1 242</b>                  |               |              | <b>13 252</b>    |
| Impairment of intangible assets  |                           | 5              |                | 1 300            |  |                  |          |                                |               |              | 1 305            |
| Impairment of tangible assets  |                           |                | 51             | 46               |  |                  |          |                                |               |              | 97               |
| Credit impairments   | 920                       | 627            | 11 533         | 6 545            |  |                  |          | 13                             |               |              | 19 638           |
| <b>Operating profit</b>  | <b>5 554</b>              | <b>3 771</b>   | <b>-8 301</b>  | <b>-7 418</b>    |  | <b>-139</b>      |          | <b>-1 255</b>                  |               |              | <b>-7 788</b>    |
| Tax expense  | 1 386                     | 999            | -970           | -185             |  | -56              |          | -308                           |               |              | 866              |
| Profit for the period  | 4 168                     | 2 772          | -7 331         | -7 233           |  | -83              |          | -947                           |               |              | -8 654           |
| <b>Profit for the period attributable to the shareholders of Swedbank AB</b> | <b>4 161</b>              | <b>2 724</b>   | <b>-7 331</b>  | <b>-7 231</b>    |  | <b>-83</b>       |          | <b>-947</b>                    |               |              | <b>-8 707</b>    |
| Non-controlling interests  | 7                         | 48             |                | -2               |  |                  |          |                                |               |              | 53               |
| Loans  | 830 452                   | 359 737        | 179 400        | 23 565           |  |                  |          |                                |               |              | 1 393 154        |
| Investments in associates  | 1 314                     |                | 4              | 1                |  |                  |          | 1 266                          |               |              | 2 585            |
| Other assets   | 84 038                    | 128 649        | 49 289         | 2 747            |  | 1 930            |          | 152 285                        |               |              | 419 064          |
| <b>Total assets*</b>   | <b>915 804</b>            | <b>488 386</b> | <b>228 693</b> | <b>26 313</b>    |  | <b>1 930</b>     |          | <b>153 551</b>                 |               |              | <b>1 814 803</b> |
| Deposits   | 300 596                   | 73 918         | 97 300         | 5 005            |  |                  |          |                                |               |              | 476 819          |
| Other liabilities  | 596 627                   | 399 451        | 102 400        | 18 252           |  | 386              |          | 144 094                        |               |              | 1 261 336        |
| <b>Total liabilities*</b>  | <b>897 223</b>            | <b>473 369</b> | <b>199 700</b> | <b>23 257</b>    |  | <b>386</b>       |          | <b>144 094</b>                 |               |              | <b>1 738 155</b> |
| Allocated equity   | 18 581                    | 15 017         | 28 993         | 3 056            |  | 1 544            |          | 9 457                          |               |              | 76 648           |
| <b>Total liabilities and equity</b>  | <b>915 804</b>            | <b>488 386</b> | <b>228 693</b> | <b>26 313</b>    |  | <b>1 930</b>     |          | <b>153 551</b>                 |               |              | <b>1 814 803</b> |
| <b>Impaired loans, gross</b>   | <b>2 246</b>              | <b>745</b>     | <b>25 527</b>  | <b>7 252</b>     |  |                  |          |                                |               |              | <b>35 770</b>    |
| <b>Risk-weighted assets</b>  | <b>224 653</b>            | <b>183 100</b> | <b>169 242</b> | <b>25 557</b>    |  | <b>2 231</b>     |          | <b>2 542</b>                   |               |              | <b>607 457</b>   |
| Return on allocated equity, %  | 28.3                      | 21.9           | -31.5          | -255.9           |  | -7.2             |          | -12.9                          |               |              | -14.1            |
| Loans/deposits   | 275                       | 275            | 184            | 400              |  |                  |          |                                |               |              | 257              |
| Credit impairment ratio, %   | 0.15                      | 0.24           | 6.65           | 24.28            |  |                  |          |                                |               |              | 1.85             |
| Total provision ratio for impaired loans, %                                  | 98                        | 100            | 51             | 91               |  |                  |          |                                |               |              | 63               |
| Share of impaired loans, gross, %  | 0.27                      | 0.21           | 13.26          | 24.06            |  |                  |          |                                |               |              | 2.53             |
| Cost/income ratio  | 0.51                      | 0.34           | 0.43           | 0.66             |  | 1.32             |          | 1.61                           |               |              | 0.51             |
| Full-time employees  | 5 957                     | 1 138          | 6 496          | 4 102            |  | 281              |          | 2 298                          |               |              | 20 272           |

\* Excluding intra-Group transactions

## Business area accounting policies

The operating segment report is based on Swedbank's accounting policies, organisation and management accounts. Market-based transfer prices are applied between operating segments, while all expenses for IT, other shared services and Group staffs are transfer priced at full cost. Executive management expenses are not distributed. Cross-border transfer pricing is applied according to OECD transfer pricing guidelines.

The Group's equity attributable to shareholders is allocated to each operating segment based on capital adequacy rules and estimated capital requirements.

Return on equity for the operating segments is based on operating profit less estimated tax and non-controlling interests in relation to average allocated equity.

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

Large Corporates & Institutions is responsible for large corporates, financial institutions and banks as well as for trading and capital market products. Operations are carried out by the parent bank in Sweden, branches in Norway, Denmark, Finland, the US and China, and the partly owned subsidiaries First Securities in Norway and Swedbank First Securities LLC in New York, in addition to the trading and capital market operations in subsidiary banks in Estonia, Latvia and Lithuania.

Baltic Banking consists of Baltic Banking Operations and Investment. Baltic Banking has business operations in Estonia, Latvia and Lithuania. The bank's services are sold through Swedbank's own branch network, the Telephone Bank and the Internet Bank. In Baltic Banking Investment, the effects of Swedbank's ownership in Swedbank AS are reported, inter alia, as financing costs, Group goodwill and Group amortisation on surplus values in the lending and deposit portfolios identified at the time of acquisition in 2005.

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

Asset Management comprises the Swedbank Robur Group and its operations in fund management, institutional and discretionary asset management. Asset Management is represented in Swedbank's four home markets.

Ektornet is an independent subsidiary of Swedbank AB. Its aim is to manage and develop the Group's repossessed assets in order to minimise losses and if possible recover value in the long term. The majority of the collateral consists of real estate, mainly in the Baltic countries but also in the Nordic region, the US and Ukraine.

Shared Services & Group Staffs includes IT, support functions, Group Executive Committee and Group Staffs, including Group Treasury, and the Group's own insurance company, Sparia.

## Note 4, cont. Geographical breakdown

| Jan-Sep<br>2010<br>SEKm  | Sweden           | Estonia       | Latvia        | Lithuania     | Ukraine       | Russia       | Other          | Total            |
|--|------------------|---------------|---------------|---------------|---------------|--------------|----------------|------------------|
| Net interest income  | 8 101            | 1 128         | 805           | 722           | 317           | 202          | 527            | 11 802           |
| Net commissions  | 5 131            | 540           | 372           | 375           | 33            | 11           | 525            | 6 987            |
| Net gains and losses on financial items at fair value                        | 1 562            | 111           | 182           | 78            | 13            | 18           | 79             | 2 043            |
| Share of profit or loss of associates  | 279              |               |               |               |               |              | 218            | 497              |
| Other income   | 1 083            | 44            | 227           | 318           | 16            | 4            | 65             | 1 757            |
| <b>Total income</b>  | <b>16 156</b>    | <b>1 823</b>  | <b>1 586</b>  | <b>1 493</b>  | <b>379</b>    | <b>235</b>   | <b>1 414</b>   | <b>23 086</b>    |
| Staff costs  | 5 192            | 420           | 248           | 305           | 140           | 133          | 401            | 6 839            |
| Variable staff costs   | 173              | -5            | -3            | -4            |               |              | 78             | 239              |
| Other expenses   | 3 869            | 90            | 444           | 447           | 132           | 125          | 203            | 5 310            |
| Depreciation/amortisation  | 361              | 133           | 46            | 41            | 28            | 20           | 35             | 664              |
| <b>Total expenses</b>  | <b>9 595</b>     | <b>638</b>    | <b>735</b>    | <b>789</b>    | <b>300</b>    | <b>278</b>   | <b>717</b>     | <b>13 052</b>    |
| <b>Profit before impairments</b>   | <b>6 561</b>     | <b>1 185</b>  | <b>851</b>    | <b>704</b>    | <b>79</b>     | <b>-43</b>   | <b>697</b>     | <b>10 034</b>    |
| Impairment of intangible assets  |                  | 23            |               |               |               | 14           |                | 37               |
| Impairment of tangible assets  | 2                | 1             | 25            | 162           | 6             | -2           |                | 194              |
| Credit impairments   | 38               | 944           | 1 777         | 806           | -211          | -62          | 1              | 3 293            |
| <b>Operating profit</b>  | <b>6 521</b>     | <b>217</b>    | <b>-951</b>   | <b>-264</b>   | <b>284</b>    | <b>7</b>     | <b>696</b>     | <b>6 510</b>     |
| Tax expense  | 1 720            | -1            | -137          | -53           | 3             | 4            | 243            | 1 779            |
| Profit for the period  | 4 801            | 218           | -814          | -211          | 281           | 3            | 453            | 4 731            |
| <b>Profit for the period attributable to the shareholders of Swedbank AB</b> | <b>4 795</b>     | <b>218</b>    | <b>-814</b>   | <b>-211</b>   | <b>281</b>    | <b>3</b>     | <b>422</b>     | <b>4 694</b>     |
| Non-controlling interests  | 6                |               |               |               |               |              | 31             | 37               |
| Loans  | 1 190 098        | 60 507        | 39 477        | 37 393        | 7 105         | 7 560        | 78 508         | 1 420 648        |
| Investments in associates  | 1 821            | 3             |               |               | 1             |              | 771            | 2 596            |
| Other assets   | 336 313          | 26 315        | 8 978         | 11 895        | 1 964         | 1 268        | 35 955         | 422 688          |
| <b>Total assets*</b>   | <b>1 528 232</b> | <b>86 825</b> | <b>48 455</b> | <b>49 288</b> | <b>9 070</b>  | <b>8 828</b> | <b>115 234</b> | <b>1 845 932</b> |
| Deposits   | 418 363          | 42 636        | 19 498        | 32 099        | 2 172         | 2 655        | 6 260          | 523 683          |
| Other liabilities  | 1 058 018        | 31 960        | 15 041        | 7 061         | 4 729         | 4 731        | 107 858        | 1 229 398        |
| <b>Total liabilities*</b>  | <b>1 476 381</b> | <b>74 596</b> | <b>34 539</b> | <b>39 160</b> | <b>6 901</b>  | <b>7 386</b> | <b>114 118</b> | <b>1 753 081</b> |
| Allocated equity   | 51 851           | 12 229        | 13 916        | 10 128        | 2 169         | 1 442        | 1 116          | 92 851           |
| <b>Total liabilities and equity</b>  | <b>1 528 232</b> | <b>86 825</b> | <b>48 455</b> | <b>49 288</b> | <b>9 070</b>  | <b>8 828</b> | <b>115 234</b> | <b>1 845 932</b> |
| <b>Impaired loans, gross</b>   | <b>2 681</b>     | <b>5 134</b>  | <b>12 907</b> | <b>6 971</b>  | <b>8 531</b>  | <b>2 152</b> | <b>255</b>     | <b>38 631</b>    |
| <b>Risk-weighted assets</b>  | <b>367 482</b>   | <b>63 365</b> | <b>46 139</b> | <b>37 152</b> | <b>10 568</b> | <b>9 515</b> | <b>25 488</b>  | <b>559 709</b>   |
| Return on allocated equity, %  | 13.7             | 2.3           | -7.5          | -2.7          | 16.8          | 0.3          | 21.3           | 6.9              |
| Cost/income ratio  | 0.59             | 0.35          | 0.46          | 0.53          | 0.79          | 1.19         | 0.51           | 0.57             |
| Full-time employees  | 8 318            | 2 572         | 1 726         | 2 325         | 1 644         | 396          | 508            | 17 489           |

The geographical distribution is not comparable to the business area reporting.

\* Excluding intra-Group transactions

## Note 4, cont. Product areas

| Jan-Sep<br>2010<br>SEKm  | Financing    | Savings &<br>Investments | Payments<br>& Cards | Trading &<br>Capital<br>Market | Other       | Total         |
|--|--------------|--------------------------|---------------------|--------------------------------|-------------|---------------|
| Net interest income  | 8 474        | 1 405                    | 2 714               | 918                            | -1 709      | 11 802        |
| Net commissions  | 191          | 3 188                    | 2 497               | 720                            | 391         | 6 987         |
| Net gains and losses on financial items at fair value                        |              | 19                       | 42                  | 1 369                          | 613         | 2 043         |
| Share of profit or loss of associates  | 355          |                          | 26                  |                                | 116         | 497           |
| Other income   | 391          | 487                      | 466                 | 15                             | 398         | 1 757         |
| <b>Total income</b>  | <b>9 411</b> | <b>5 099</b>             | <b>5 745</b>        | <b>3 022</b>                   | <b>-191</b> | <b>23 086</b> |
| <b>Total expenses</b>  | <b>3 734</b> | <b>3 045</b>             | <b>3 472</b>        | <b>2 066</b>                   | <b>735</b>  | <b>13 052</b> |
| <b>Profit before impairments</b>   | <b>5 677</b> | <b>2 054</b>             | <b>2 273</b>        | <b>956</b>                     | <b>-926</b> | <b>10 034</b> |
| Impairment of intangible assets  |              |                          |                     |                                | 37          | 37            |
| Impairment of tangible assets  | 177          |                          |                     |                                | 17          | 194           |
| Credit impairments   | 3 290        |                          | 7                   |                                | -4          | 3 293         |
| <b>Operating profit</b>  | <b>2 210</b> | <b>2 054</b>             | <b>2 266</b>        | <b>956</b>                     | <b>-976</b> | <b>6 510</b>  |
| Tax expense  | 834          | 511                      | 466                 | 143                            | -175        | 1 779         |
| Profit for the period  | 1 376        | 1 543                    | 1 800               | 813                            | -801        | 4 731         |
| <b>Profit for the period attributable to the shareholders of Swedbank AB</b> | <b>1 376</b> | <b>1 540</b>             | <b>1 800</b>        | <b>788</b>                     | <b>-810</b> | <b>4 694</b>  |
| Non-controlling interests  |              | 3                        |                     | 25                             | 9           | 37            |
| Loans  | 1 148 930    |                          | 370                 | 271 348                        |             | 1 420 648     |
| Deposits   |              | 283 628                  | 208 395             | 31 660                         |             | 523 683       |
| Mutual funds   |              | 469 089                  |                     |                                |             | 469 089       |
| Retail bonds and index-linked linked bonds                                   |              |                          |                     | 27 490                         |             | 27 490        |
| Discretionary asset management   |              | 241 778                  |                     |                                |             | 241 778       |
| Allocated equity   | 48 375       | 3 429                    | 6 785               | 5 986                          | 28 276      | 92 851        |
| Return on allocated equity, %  | 3.8          | 63.0                     | 40.6                | 17.6                           | -3.9        | 6.9           |
| Cost/income ratio  | 0.40         | 0.60                     | 0.60                | 0.68                           | -3.85       | 0.57          |

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

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

### (1) Financing:

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

### (2) Savings & Investments

- savings accounts
- mutual funds
- insurance savings
- pension savings
- other life insurance products
- institutional asset management
- other savings and investment products

### (3) Payments & Cards

- current accounts (incl. cash management)
- cash handling
- domestic payments
- international payments
- document payments
- debit cards
- card transaction processing
- other payment products

### (4) Trading & Capital Market Products

- equity trading
- structured products
- corporate finance
- custody services
- fixed income trading
- foreign currency trading
- other capital market products

### (5) Other

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

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

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



## Note 5 Net interest income

| Group<br>SEKm  | Q3<br>2010       | Q2<br>2010       | %         | Q3<br>2009       | %          | Jan-Sep<br>2010  | Jan-Sep<br>2009  | %          |
|--|------------------|------------------|-----------|------------------|------------|------------------|------------------|------------|
| <b>Interest income</b>                                       |                  |                  |           |                  |            |                  |                  |            |
| Loans to credit institutions                                 | 201              | 221              | -9        | 100              |            | 610              | 523              | 17         |
| Loans to the public  | 9 315            | 8 778            | 6         | 10 653           | -13        | 27 146           | 37 214           | -27        |
| Interest-bearing securities                                  | 259              | 315              | -18       | 544              | -52        | 922              | 1 849            | -50        |
| Derivatives  | 1 393            | 1 381            | 1         | 1 773            | -21        | 5 077            | 4 409            | 15         |
| Other  | 77               | 34               |           | 45               | 71         | 169              | 113              | 50         |
| <b>Total interest income</b>                                 | <b>11 245</b>    | <b>10 729</b>    | <b>5</b>  | <b>13 115</b>    | <b>-14</b> | <b>33 924</b>    | <b>44 108</b>    | <b>-23</b> |
| <b>Interest expenses</b>                                     |                  |                  |           |                  |            |                  |                  |            |
| Amounts owed to credit institutions                          | -311             | -375             | -17       | -361             | -14        | -975             | -2 849           | -66        |
| Deposits and borrowings from the public                      | -989             | -934             | 6         | -1 259           | -21        | -3 033           | -5 146           | -41        |
| <i>of which deposit guarantee fees</i>                       | <i>-121</i>      | <i>-101</i>      | <i>20</i> | <i>-106</i>      | <i>14</i>  | <i>-327</i>      | <i>-311</i>      | <i>5</i>   |
| Debt securities in issue                                     | -5 572           | -5 286           | 5         | -5 392           | 3          | -16 302          | -16 471          | -1         |
| <i>of which commissions for funding with state guarantee</i> | <i>-384</i>      | <i>-400</i>      | <i>-4</i> | <i>-534</i>      | <i>-28</i> | <i>-1 221</i>    | <i>-1 297</i>    | <i>-6</i>  |
| Subordinated liabilities                                     | -344             | -330             | 4         | -444             | -23        | -1 079           | -1 534           | -30        |
| Derivatives  | 25               | 69               | -64       | -435             |            | -509             | -1 813           | -72        |
| Other  | -74              | -74              | 0         | -207             | -64        | -224             | -232             | -3         |
| <i>of which stability fee</i>                                | <i>-61</i>       | <i>-58</i>       | <i>5</i>  | <i>-195</i>      | <i>-69</i> | <i>-176</i>      | <i>-195</i>      | <i>-10</i> |
| <b>Total interest expenses</b>                               | <b>-7 265</b>    | <b>-6 930</b>    | <b>5</b>  | <b>-8 098</b>    | <b>-10</b> | <b>-22 122</b>   | <b>-28 045</b>   | <b>-21</b> |
| <b>Net interest income</b>                                   | <b>3 980</b>     | <b>3 799</b>     | <b>5</b>  | <b>5 017</b>     | <b>-21</b> | <b>11 802</b>    | <b>16 063</b>    | <b>-27</b> |
| <b>Average balances</b>                                      |                  |                  |           |                  |            |                  |                  |            |
| Loans to credit institutions                                 | 210 670          | 192 185          | 10        | 123 768          | 70         | 177 158          | 141 619          | 25         |
| Loans to the public  | 1 221 549        | 1 224 639        | 0         | 1 254 765        | -3         | 1 230 665        | 1 274 876        | -3         |
| Interest-bearing securities                                  | 104 921          | 161 419          | -35       | 140 007          | -25        | 142 033          | 121 852          | 17         |
| <b>Interest-bearing assets</b>                               | <b>1 537 140</b> | <b>1 578 243</b> | <b>-3</b> | <b>1 518 540</b> | <b>1</b>   | <b>1 549 856</b> | <b>1 538 347</b> | <b>1</b>   |
| Derivatives  | 89 853           | 86 288           | 4         | 87 871           | 2          | 83 499           | 110 711          | -25        |
| Other assets   | 159 401          | 160 212          | -1        | 174 166          | -8         | 161 420          | 135 905          | 19         |
| <b>Total assets</b>  | <b>1 786 394</b> | <b>1 824 743</b> | <b>-2</b> | <b>1 780 577</b> | <b>0</b>   | <b>1 794 775</b> | <b>1 784 963</b> | <b>1</b>   |
| Amounts owed to credit institutions                          | 201 726          | 258 362          | -22       | 288 335          | -30        | 230 266          | 324 896          | -29        |
| Deposits and borrowings from the public                      | 519 282          | 518 905          | 0         | 470 804          | 10         | 516 556          | 481 414          | 7          |
| Debt securities in issue                                     | 721 134          | 711 193          | 1         | 663 828          | 9          | 712 597          | 641 150          | 11         |
| Subordinated liabilities                                     | 31 555           | 32 956           | -4        | 41 256           | -24        | 33 784           | 44 151           | -23        |
| <b>Interest-bearing liabilities</b>                          | <b>1 473 697</b> | <b>1 521 416</b> | <b>-3</b> | <b>1 464 223</b> | <b>1</b>   | <b>1 493 203</b> | <b>1 491 611</b> | <b>0</b>   |
| Derivatives  | 82 869           | 78 286           | 6         | 90 033           | -8         | 78 206           | 103 189          | -24        |
| Other liabilities  | 137 883          | 134 995          | 2         | 147 565          | -7         | 132 766          | 107 926          | 23         |
| <b>Total liabilities</b>                                     | <b>1 694 449</b> | <b>1 734 697</b> | <b>-2</b> | <b>1 701 821</b> | <b>0</b>   | <b>1 704 175</b> | <b>1 702 726</b> | <b>0</b>   |
| <b>Equity</b>  | <b>91 945</b>    | <b>90 046</b>    | <b>2</b>  | <b>78 756</b>    | <b>17</b>  | <b>90 600</b>    | <b>82 237</b>    | <b>10</b>  |
| <b>Total liabilities and equity</b>                          | <b>1 786 394</b> | <b>1 824 743</b> | <b>-2</b> | <b>1 780 577</b> | <b>0</b>   | <b>1 794 775</b> | <b>1 784 963</b> | <b>1</b>   |
| <b>Average interest rates, %</b>                             |                  |                  |           |                  |            |                  |                  |            |
| Loans to credit institutions                                 | 0.38             | 0.46             |           | 0.32             |            | 0.46             | 0.49             |            |
| Loans to the public  | 3.05             | 2.87             |           | 3.40             |            | 2.94             | 3.89             |            |
| Interest-bearing securities                                  | 0.99             | 0.78             |           | 1.55             |            | 0.87             | 2.02             |            |
| <b>Interest-bearing assets</b>                               | <b>2.54</b>      | <b>2.36</b>      |           | <b>2.98</b>      |            | <b>2.47</b>      | <b>3.43</b>      |            |
| <b>Total assets</b>  | <b>2.52</b>      | <b>2.35</b>      |           | <b>2.95</b>      |            | <b>2.52</b>      | <b>3.29</b>      |            |
| Amounts owed to credit institutions                          | 0.62             | 0.58             |           | 0.50             |            | 0.56             | 1.17             |            |
| Deposits and borrowings from the public                      | 0.76             | 0.72             |           | 1.07             |            | 0.78             | 1.43             |            |
| Debt securities in issue                                     | 3.09             | 2.97             |           | 3.25             |            | 3.05             | 3.43             |            |
| Subordinated liabilities                                     | 4.36             | 4.01             |           | 4.30             |            | 4.26             | 4.63             |            |
| <b>Interest-bearing liabilities</b>                          | <b>1.96</b>      | <b>1.82</b>      |           | <b>2.04</b>      |            | <b>1.91</b>      | <b>2.32</b>      |            |
| <b>Total liabilities</b>                                     | <b>1.72</b>      | <b>1.60</b>      |           | <b>1.90</b>      |            | <b>1.73</b>      | <b>2.20</b>      |            |
| <b>Total liabilities and equity</b>                          | <b>1.63</b>      | <b>1.52</b>      |           | <b>1.82</b>      |            | <b>1.64</b>      | <b>2.09</b>      |            |
| <b>Net interest margin</b>                                   | <b>0.89</b>      | <b>0.83</b>      |           | <b>1.13</b>      |            | <b>0.88</b>      | <b>1.20</b>      |            |

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

## Note 6 Net commissions

| Group<br>SEKm                    | Q3<br>2010   | Q2<br>2010   | %         | Q3<br>2009   | %        | Jan-Sep<br>2010 | Jan-Sep<br>2009 | %         |
|----------------------------------|--------------|--------------|-----------|--------------|----------|-----------------|-----------------|-----------|
| <b>Commission income</b>         |              |              |           |              |          |                 |                 |           |
| Payment processing               | 1 425        | 1 377        | 3         | 1 400        | 2        | 4 114           | 4 052           | 2         |
| Asset management                 | 990          | 1 020        | -3        | 884          | 12       | 3 013           | 1 834           | 64        |
| Life insurance                   | 117          | 120          | -3        | 104          | 13       | 351             | 280             | 25        |
| Brokerage                        | 95           | 161          | -41       | 152          | -38      | 425             | 437             | -3        |
| Other securities                 | 31           | 61           | -49       | 37           | -16      | 130             | 113             | 15        |
| Corporate finance                | 57           | 111          | -49       | 52           | 10       | 229             | 126             | 82        |
| Lending                          | 153          | 153          | 0         | 142          | 8        | 440             | 425             | 4         |
| Guarantee                        | 49           | 52           | -6        | 73           | -33      | 166             | 214             | -22       |
| Deposits                         | 17           | 17           | 0         | 17           | 0        | 59              | 59              | 0         |
| Real estate brokerage            | 44           | 47           | -6        | 38           | 16       | 124             | 108             | 15        |
| Non-life insurance               | 10           | 9            | 11        | 7            | 43       | 36              | 25              | 44        |
| Other commission income          | 201          | 169          | 19        | 179          | 12       | 535             | 546             | -2        |
| <b>Total commission income</b>   | <b>3 189</b> | <b>3 297</b> | <b>-3</b> | <b>3 085</b> | <b>3</b> | <b>9 622</b>    | <b>8 219</b>    | <b>17</b> |
| <b>Commission expenses</b>       |              |              |           |              |          |                 |                 |           |
| Payment processing               | -561         | -547         | 3         | -510         | 10       | -1 641          | -1 514          | 8         |
| Asset management                 | -9           | -29          | -69       | -8           | 13       | -57             | -35             | 63        |
| Life insurance                   | -41          | -66          | -38       | -48          | -15      | -155            | -120            | 29        |
| Brokerage                        | -2           | -2           | 0         | -6           | -67      | -6              | -19             | -68       |
| Other securities                 | -53          | -63          | -16       | -62          | -15      | -176            | -231            | -24       |
| Lending and guarantees           | -28          | -5           |           | -26          | 8        | -63             | -76             | -17       |
| Other commission expenses        | -185         | -190         | -3        | -217         | -15      | -537            | -672            | -20       |
| <b>Total commission expenses</b> | <b>-879</b>  | <b>-902</b>  | <b>-3</b> | <b>-877</b>  | <b>0</b> | <b>-2 635</b>   | <b>-2 667</b>   | <b>-1</b> |
| <b>Total net commissions</b>     | <b>2 310</b> | <b>2 395</b> | <b>-4</b> | <b>2 208</b> | <b>5</b> | <b>6 987</b>    | <b>5 552</b>    | <b>26</b> |

Commission income from asset management includes SEK 480m in the first quarter 2009 and SEK 60m in the second quarter 2009 paid as compensation to Swedish customers because asset management fees charged since 2004 were not in compliance with the provisions of two of Swedbank Robur's funds (Russia Fund and Mixed Fund).

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

| Group<br>SEKm  | Q3<br>2010 | Q2<br>2010 | %          | Q3<br>2009  | %          | Jan-Sep<br>2010 | Jan-Sep<br>2009 | %          |
|--|------------|------------|------------|-------------|------------|-----------------|-----------------|------------|
| <b>Valuation category, fair value through profit or loss</b>                     |            |            |            |             |            |                 |                 |            |
| Shares and related derivatives   | -16        | 337        |            | 212         |            | 731             | 805             | -9         |
| <i>of which dividend</i>   | 5          | 148        | -97        | 17          | -71        | 193             | 169             | 14         |
| Interest-bearing securities and related derivatives                              | -3 341     | -2 263     | 48         | -6 317      | -47        | -11 038         | -9 339          | 18         |
| Loans  | -1 270     | -288       |            | 825         |            | -1 877          | 731             |            |
| Financial liabilities  | 4 786      | 2 610      | 83         | 5 067       | -6         | 13 017          | 9 533           | 37         |
| Other financial instruments  | -16        | -1         |            | 18          |            | -32             | 41              |            |
| <b>Total fair value through profit or loss</b>                                   | <b>143</b> | <b>395</b> | <b>-64</b> | <b>-195</b> |            | <b>801</b>      | <b>1 771</b>    | <b>-55</b> |
| <b>Hedge accounting</b>  |            |            |            |             |            |                 |                 |            |
| Inefficiency in hedge accounting at fair value                                   | -7         | 39         |            | -1          |            | -4              | 4               |            |
| <i>of which hedging instrument</i>   | 813        | 2 104      | -61        | -108        |            | 4 295           | -291            |            |
| <i>of which hedged item</i>  | -820       | -2 065     | -60        | 107         |            | -4 299          | 295             |            |
| Ineffective part in cash flow hedge  |            |            |            | -31         |            |                 | -112            |            |
| Ineffective part in hedging of net investments in foreign operations             |            |            |            |             |            |                 | 3               |            |
| <b>Total hedge accounting</b>  | <b>-7</b>  | <b>39</b>  |            | <b>-32</b>  | <b>-78</b> | <b>-4</b>       | <b>-105</b>     | <b>-96</b> |
| <b>Loans valued at amortised cost</b>  | <b>28</b>  | <b>30</b>  | <b>-7</b>  | <b>52</b>   | <b>-46</b> | <b>87</b>       | <b>119</b>      | <b>-27</b> |
| <b>Financial liabilities valued at amortised cost</b>                            | <b>122</b> |            |            |             |            | <b>122</b>      |                 |            |
| <b>Change in exchange rates</b>  | <b>288</b> | <b>358</b> | <b>-20</b> | <b>262</b>  | <b>10</b>  | <b>1 037</b>    | <b>723</b>      | <b>43</b>  |
| <b>Total net gains and losses on financial items at fair value</b>               | <b>574</b> | <b>822</b> | <b>-30</b> | <b>87</b>   |            | <b>2 043</b>    | <b>2 508</b>    | <b>-19</b> |
| <b>Distribution by business purpose</b>  |            |            |            |             |            |                 |                 |            |
| Financial instruments for trading related business                               | 525        | 742        | -29        | 370         | 42         | 1 897           | 2 773           | -32        |
| Financial instruments which are intended to be held to contractual maturity      | 49         | 80         | -39        | -283        |            | 146             | -265            |            |
| <i>of which change in the value of open interest position, Swedbank Mortgage</i> | -85        | -5         |            | -327        | -74        | -80             | -299            | -73        |
| <b>Total</b>   | <b>574</b> | <b>822</b> | <b>-30</b> | <b>87</b>   |            | <b>2 043</b>    | <b>2 508</b>    | <b>-19</b> |

In September 2010 the bank repurchased SEK 2.2bn in outstanding subordinated, Tier 2, bond loans. The debts were reported as subordinated liabilities in the condensed Balance sheet. The repurchases were made at market rates which generated a capital gain of SEK 122m.

## Note 8 Staff costs

| Group<br>SEKm                        | Q3<br>2010   | Q2<br>2010   | %         | Q3<br>2009   | %         | Jan-Sep<br>2010 | Jan-Sep<br>2009 | %         |
|--------------------------------------|--------------|--------------|-----------|--------------|-----------|-----------------|-----------------|-----------|
| Salaries and other remuneration      | 1 492        | 1 600        | -7        | 1 631        | -9        | 4 637           | 4 821           | -4        |
| Pension costs                        | 298          | 267          | 12        | 261          | 14        | 822             | 767             | 7         |
| Social insurance charges             | 430          | 469          | -8        | 486          | -12       | 1 388           | 1 430           | -3        |
| Training costs                       | 15           | 23           | -35       | 19           | -21       | 55              | 72              | -24       |
| Other staff costs                    | 45           | 64           | -30       | 51           | -12       | 176             | 181             | -3        |
| <b>Total staff costs</b>             | <b>2 280</b> | <b>2 423</b> | <b>-6</b> | <b>2 448</b> | <b>-7</b> | <b>7 078</b>    | <b>7 271</b>    | <b>-3</b> |
| <i>of which variable staff costs</i> | 19           | 141          | -87       | 207          | -91       | 239             | 604             | -60       |
| <i>of which redundancy costs</i>     | 16           | 73           | -78       | 19           | -15       | 130             | 45              |           |

## Note 9 Number of full-time employees

| Group                           | 30 Sep<br>2010 | 31 Dec<br>2009 | %         | 30 Sep<br>2009 | %          |
|---------------------------------|----------------|----------------|-----------|----------------|------------|
| <b>Number of employees</b>      |                |                |           |                |            |
| Retail                          | 5 689          | 5 894          | -3        | 5 957          | -4         |
| Large Corporates & Institutions | 1 199          | 1 147          | 5         | 1 138          | 5          |
| <i>Sweden</i>                   | 688            | 661            | 4         | 654            | 5          |
| <i>Norway</i>                   | 270            | 262            | 3         | 269            | 0          |
| <i>Baltic countries</i>         | 135            | 142            | -5        | 135            | 0          |
| <i>Other branch offices</i>     | 84             | 67             | 25        | 65             | 29         |
| <i>Other</i>                    | 22             | 15             | 47        | 15             | 47         |
| Baltic Banking                  | 5 797          | 6 105          | -5        | 6 496          | -11        |
| <i>Estonia</i>                  | 2 084          | 2 109          | -1        | 2 211          | -6         |
| <i>Latvia</i>                   | 1 566          | 1 684          | -7        | 1 856          | -16        |
| <i>Lithuania</i>                | 2 147          | 2 312          | -7        | 2 429          | -12        |
| Russia & Ukraine                | 2 043          | 3 472          | -41       | 4 102          | -50        |
| <i>Russia</i>                   | 393            | 567            | -31       | 575            | -32        |
| <i>Ukraine</i>                  | 1 640          | 2 880          | -43       | 3 498          | -53        |
| <i>Other</i>                    | 10             | 25             | -60       | 29             | -66        |
| Asset Management                | 297            | 291            | 2         | 281            | 6          |
| <i>Sweden</i>                   | 274            | 269            | 2         | 258            | 6          |
| <i>Baltic countries</i>         | 23             | 22             | 5         | 23             | 0          |
| Ektornet                        | 141            | 39             |           |                |            |
| Shared Services & Group Staffs  | 2 323          | 2 329          | 0         | 2 298          | 1          |
| <i>Sweden</i>                   | 1 699          | 1 677          | 1         | 1 641          | 4          |
| <i>Baltic countries</i>         | 624            | 652            | -4        | 657            | -5         |
| <b>Total</b>                    | <b>17 489</b>  | <b>19 277</b>  | <b>-9</b> | <b>20 272</b>  | <b>-14</b> |

## Note 10 Other expenses

| Group                                  | Q3<br>2010   | Q2<br>2010   | %         | Q3<br>2009   | %         | Jan-Sep<br>2010 | Jan-Sep<br>2009 | %         |
|--|--------------|--------------|-----------|--------------|-----------|-----------------|-----------------|-----------|
| <b>SEKm</b>                            |              |              |           |              |           |                 |                 |           |
| Premises and rents                     | 317          | 347          | -9        | 364          | -13       | 1 025           | 1 164           | -12       |
| IT expenses                            | 372          | 410          | -9        | 445          | -16       | 1 177           | 1 329           | -11       |
| Telecommunications and postage         | 70           | 63           | 11        | 81           | -14       | 208             | 247             | -16       |
| Advertising, PR and marketing          | 67           | 88           | -24       | 82           | -18       | 229             | 296             | -23       |
| Consultants and purchased services     | 397          | 435          | -9        | 392          | 1         | 1 243           | 1 118           | 11        |
| Security transport and alarm systems   | 134          | 73           | 84        | 110          | 22        | 315             | 360             | -13       |
| Supplies                               | 65           | 51           | 27        | 61           | 7         | 182             | 182             | 0         |
| Travel                                 | 41           | 60           | -32       | 39           | 5         | 151             | 152             | -1        |
| Entertainment                          | 16           | 20           | -20       | 20           | -20       | 59              | 69              | -14       |
| Repair/maintenance of office equipment | 49           | 44           | 11        | 45           | 9         | 144             | 134             | 7         |
| Other expenses                         | 193          | 190          | 2         | 218          | -11       | 577             | 539             | 7         |
| <b>Total other expenses</b>            | <b>1 721</b> | <b>1 781</b> | <b>-3</b> | <b>1 857</b> | <b>-7</b> | <b>5 310</b>    | <b>5 590</b>    | <b>-5</b> |

Consulting and other services related to the management of problem loans and repossessed collateral amounted to SEK 61m in the third quarter 2010, SEK 53m in the second quarter 2010 and SEK 68m in the third quarter 2009. Expenses for properties taken over and included in Other expenses amounted to SEK 34m in the third quarter 2010, SEK 59m in the second quarter 2010 and SEK 36m in the third quarter 2009.

Consulting and other services related to the management of problem loans and repossessed collateral amounted to SEK 198m in the period January-September 2010 and SEK 142m in January-September 2009. Expenses for properties taken over are included in Other expenses amounted to SEK 121m in January-September 2010 and SEK 36m in January-September 2009.

## Note 11 Credit impairments

| Group<br>SEKm  | Q3<br>2010  | Q2<br>2010   | %          | Q3<br>2009   | %          | Jan-Sep<br>2010 | Jan-Sep<br>2009 | %          |
|--|-------------|--------------|------------|--------------|------------|-----------------|-----------------|------------|
| <b>Provision for loans that individually are assessed as impaired</b>                |             |              |            |              |            |                 |                 |            |
| Provisions   | 775         | 1 158        | -33        | 5 117        | -85        | 3 234           | 11 179          | -71        |
| Reversal of previous provisions  | -196        | -289         | -32        | 6            |            | -1 024          | -289            |            |
| Provision for homogenous groups of impaired loans, net                               | -189        | 451          |            | 57           |            | 1 626           | 274             |            |
| <b>Total</b>   | <b>390</b>  | <b>1 320</b> | <b>-70</b> | <b>5 180</b> | <b>-92</b> | <b>3 836</b>    | <b>11 164</b>   | <b>-66</b> |
| <b>Portfolio provisions for loans that individually are not assessed as impaired</b> | <b>-498</b> | <b>-581</b>  | <b>-14</b> | <b>101</b>   |            | <b>-1 430</b>   | <b>6 792</b>    |            |
| <b>Write-offs</b>  |             |              |            |              |            |                 |                 |            |
| Established losses   | 650         | 642          | 1          | 958          | -32        | 2 099           | 1 985           | 6          |
| Utilisation of previous provisions   | -367        | -345         | 6          | -145         |            | -970            | -273            |            |
| Recoveries   | -79         | -180         | -56        | -30          |            | -379            | -102            |            |
| <b>Total</b>   | <b>204</b>  | <b>117</b>   | <b>74</b>  | <b>783</b>   | <b>-74</b> | <b>750</b>      | <b>1 610</b>    | <b>-53</b> |
| <b>Credit impairments for contingent liabilities and other credit risk exposures</b> | <b>24</b>   | <b>107</b>   | <b>-78</b> | <b>57</b>    | <b>-58</b> | <b>137</b>      | <b>72</b>       | <b>90</b>  |
| <b>Credit impairments</b>  | <b>120</b>  | <b>963</b>   | <b>-88</b> | <b>6 121</b> | <b>-98</b> | <b>3 293</b>    | <b>19 638</b>   | <b>-83</b> |
| Credit impairment ratio, %   | 0.03        | 0.28         |            | 1.75         |            | 0.32            | 1.85            |            |

## Note 12 Tax

| Group<br>SEKm                 | Q3<br>2010 | Q2<br>2010 | %         | Q3<br>2009 | %          | Jan-Sep<br>2010 | Jan-Sep<br>2009 | %   |
|-------------------------------|------------|------------|-----------|------------|------------|-----------------|-----------------|-----|
| Tax related to previous years | -1         | 49         |           | 71         |            | 94              | -26             |     |
| Current tax                   | 610        | 635        | -4        | 615        | -1         | 1 878           | 2 100           | -11 |
| Deferred tax                  | 29         | -12        |           | 48         | -40        | -193            | -1 208          |     |
| <b>Total tax</b>              | <b>638</b> | <b>672</b> | <b>-5</b> | <b>734</b> | <b>-13</b> | <b>1 779</b>    | <b>866</b>      |     |
| Sweden                        | 534        | 708        | -25       | 648        | -18        | 1 720           | 1 871           | -8  |
| Estonia                       | -3         | 0          |           | -1         |            | -1              | 5               |     |
| Latvia                        | -7         | -27        |           | -201       |            | -137            | -770            |     |
| Lithuania                     | 29         | -33        |           | 50         | -43        | -53             | -184            |     |
| Russia                        | 2          | -23        |           | -28        |            | 4               | -20             |     |
| Ukraine                       | 2          | 0          |           | 248        | -99        | 3               | -127            |     |
| Other                         | 82         | 47         | 74        | 18         |            | 243             | 91              |     |
| <b>Total tax</b>              | <b>638</b> | <b>672</b> | <b>-5</b> | <b>734</b> | <b>-13</b> | <b>1 779</b>    | <b>866</b>      |     |

## Note 13 Loans

| Group<br>SEKm   | 30 Sep<br>2010   | 31 Dec<br>2009   | %         |
|---|------------------|------------------|-----------|
| <b>Loans to credit institutions</b>   |                  |                  |           |
| Banks   | 130 384          | 70 227           | 86        |
| Repurchase agreements, banks  | 68 645           | 19 984           |           |
| Other credit institutions   | 7 317            | 1 443            |           |
| Repurchase agreements, other credit institutions  |                  | 477              |           |
| <b>Loans to credit institutions</b>   | <b>206 346</b>   | <b>92 131</b>    |           |
| <b>Loans to the public</b>  |                  |                  |           |
| Private customers   | 650 651          | 644 846          | 1         |
| <i>Private mortgage</i>   | 603 872          | 593 277          | 2         |
| <i>Private other</i>  | 46 779           | 51 569           | -9        |
| Corporate customers   | 498 217          | 547 352          | -9        |
| <i>Agriculture, forestry, fishing</i>   | 58 556           | 57 825           | 1         |
| <i>Manufacturing</i>  | 29 518           | 34 062           | -13       |
| <i>Public sector and utilities</i>  | 15 532           | 15 792           | -2        |
| <i>Construction</i>   | 13 516           | 13 642           | -1        |
| <i>Retail</i>   | 23 845           | 28 265           | -16       |
| <i>Transportation</i>   | 13 273           | 15 988           | -17       |
| <i>Shipping</i>   | 15 734           | 13 407           | 17        |
| <i>Hotels and restaurants</i>   | 7 034            | 7 552            | -7        |
| <i>Information and communications</i>   | 1 360            | 1 845            | -26       |
| <i>Finance and insurance</i>  | 16 451           | 9 936            | 66        |
| <i>Property management</i>  | 155 232          | 166 380          | -7        |
| <i>Housing cooperatives</i>   | 66 509           | 70 890           | -6        |
| <i>Professional services</i>  | 33 993           | 37 977           | -10       |
| <i>Other corporate lending</i>  | 47 664           | 73 791           | -35       |
| <b>Loans to the public excluding the Swedish National Debt Office and repurchase agreements</b> | <b>1 148 868</b> | <b>1 192 198</b> | <b>-4</b> |
| Swedish National Debt Office  | 2                | 60 001           | -100      |
| Repurchase agreements, Swedish National Debt Office   | 27 239           | 19 235           | 42        |
| Repurchase agreements, public   | 38 193           | 19 233           | 99        |
| <b>Loans to the public</b>  | <b>1 214 302</b> | <b>1 290 667</b> | <b>-6</b> |
| <b>Loans to the public and credit institutions</b>  | <b>1 420 648</b> | <b>1 382 798</b> | <b>3</b>  |



| Group<br>Sector/industry<br>30 Sep 2010<br>SEKm   | Carrying amount<br>before<br>provisions | Provisions for<br>loans that<br>individually are<br>assessed as<br>impaired | Portfolio<br>provisions | Carrying amount<br>of loans<br>after<br>provisions | Carrying amount<br>of impaired<br>loans | Impaired<br>loans<br>gross | Past due loans<br>more than<br>60 days<br>that are not<br>impaired |
|---|---|---|-------------------------|--|---|----------------------------|--|
| <b>Loans to credit institutions</b>   |   |   |                         |  |   |                            |  |
| Banks   | 130 490                                 | 106   |                         | 130 384  | -1                                      | 105                        |  |
| Repurchase agreements, banks  | 68 645                                  |   |                         | 68 645   |   |                            |  |
| Other credit institutions   | 7 317                                   |   |                         | 7 317  |   |                            |  |
| Repurchase agreements, other credit institutions  |   |   |                         |  |   |                            |  |
| <b>Loans to credit institutions</b>   | <b>206 452</b>                          | <b>106</b>  |                         | <b>206 346</b>                                     | <b>-1</b>                               | <b>105</b>                 |  |
| <b>Loans to the public</b>  |   |   |                         |  |   |                            |  |
| Private customers   | 655 223                                 | 4 022   | 550                     | 650 652  | 6 144                                   | 10 166                     |  |
| <i>Private mortgage</i>   | 606 513                                 | 2 402   | 239                     | 603 872  | 4 285                                   | 6 686                      |  |
| <i>Private other</i>  | 48 710                                  | 1 620   | 311                     | 46 779   | 1 859                                   | 3 480                      |  |
| Corporate customers   | 518 213                                 | 16 940  | 3 056                   | 498 217  | 11 420                                  | 28 360                     | 1 556  |
| <i>Agriculture, forestry, fishing</i>   | 59 023                                  | 375   | 92                      | 58 556   | 406                                     | 781                        | 6  |
| <i>Manufacturing</i>  | 33 389                                  | 3 355   | 516                     | 29 518   | 2 131                                   | 5 486                      | 149  |
| <i>Public sector and utilities</i>  | 15 612                                  | 35  | 45                      | 15 532   | 30                                      | 65                         | 6  |
| <i>Construction</i>   | 15 362                                  | 1 675   | 171                     | 13 516   | 944                                     | 2 619                      | 28   |
| <i>Retail</i>   | 26 316                                  | 2 157   | 314                     | 23 845   | 1 230                                   | 3 387                      | 584  |
| <i>Transportation</i>   | 14 038                                  | 603   | 162                     | 13 273   | 674                                     | 1 277                      | 305  |
| <i>Shipping</i>   | 15 825                                  | 33  | 58                      | 15 734   | 13                                      | 46                         |  |
| <i>Hotels and restaurants</i>   | 7 470                                   | 336   | 100                     | 7 034  | 337                                     | 673                        | 6  |
| <i>Information and communications</i>   | 1 416                                   | 28  | 28                      | 1 360  | 33                                      | 61                         |  |
| <i>Finance and insurance</i>  | 16 555                                  | 53  | 51                      | 16 451   | 31                                      | 84                         |  |
| <i>Property management</i>  | 162 376                                 | 6 233   | 911                     | 155 232  | 3 921                                   | 10 155                     | 123  |
| <i>Housing cooperatives</i>   | 66 592                                  | 21  | 62                      | 66 509   | 18                                      | 39                         |  |
| <i>Professional services</i>  | 34 869                                  | 576   | 300                     | 33 993   | 464                                     | 1 040                      | 343  |
| <i>Other corporate lending</i>  | 49 370                                  | 1 460   | 246                     | 47 664   | 1 188                                   | 2 647                      | 6  |
| <b>Loans to the public excluding the Swedish<br/>National Debt Office and repurchase agreements</b> | <b>1 173 436</b>                        | <b>20 962</b>   | <b>3 606</b>            | <b>1 148 868</b>                                   | <b>17 564</b>                           | <b>38 526</b>              | <b>1 556</b>   |
| Swedish National Debt Office  | 2                                       |   |                         | 2  |   |                            |  |
| Repurchase agreements, Swedish National Debt<br>Office  | 27 239                                  |   |                         | 27 239   |   |                            |  |
| Repurchase agreements, public   | 38 193                                  |   |                         | 38 193   |   |                            |  |
| <b>Loans to the public</b>  | <b>1 238 870</b>                        | <b>20 962</b>   | <b>3 606</b>            | <b>1 214 302</b>                                   | <b>17 564</b>                           | <b>38 526</b>              | <b>1 556</b>   |
| <b>Loans to the public and credit institutions</b>  | <b>1 445 322</b>                        | <b>21 068</b>   | <b>3 606</b>            | <b>1 420 648</b>                                   | <b>17 563</b>                           | <b>38 631</b>              | <b>1 556</b>   |

| Group<br>Sector/industry<br>31 Dec 2009<br>SEKm   | Carrying amount<br>before<br>provisions | Provisions for<br>loans that<br>individually are<br>assessed as<br>impaired | Portfolio<br>provisions | Carrying amount<br>of loans<br>after<br>provisions | Carrying amount<br>of impaired<br>loans | Impaired<br>loans<br>gross | Past due loans<br>more than<br>60 days<br>that are not<br>impaired |
|---|---|---|-------------------------|--|---|----------------------------|--|
| <b>Loans to credit institutions</b>   |   |   |                         |  |   |                            |  |
| Banks   | 70 408                                  | 181   |                         | 70 227   |   | 181                        |  |
| Repurchase agreements, banks  | 19 984                                  |   |                         | 19 984   |   |                            |  |
| Other credit institutions   | 1 443                                   |   |                         | 1 443  |   |                            |  |
| Repurchase agreements, other credit institutions  | 477                                     |   |                         | 477  |   |                            |  |
| <b>Loans to credit institutions</b>   | <b>92 312</b>                           | <b>181</b>  |                         | <b>92 131</b>                                      |   | <b>181</b>                 |  |
| <b>Loans to the public</b>  |   |   |                         |  |   |                            |  |
| Private customers   | 649 315                                 | 3 688   | 781                     | 644 846  | 5 897                                   | 9 585                      | 281  |
| <i>Private mortgage</i>   | 595 649                                 | 1 924   | 448                     | 593 277  | 3 943                                   | 5 867                      |  |
| <i>Private other</i>  | 53 666                                  | 1 764   | 333                     | 51 569   | 1 954                                   | 3 718                      |  |
| Corporate customers   | 568 715                                 | 17 013  | 4 350                   | 547 352  | 13 353                                  | 30 366                     | 580  |
| <i>Agriculture, forestry, fishing</i>   | 58 274                                  | 338   | 111                     | 57 825   | 452                                     | 790                        | 56   |
| <i>Manufacturing</i>  | 38 031                                  | 2 817   | 1 152                   | 34 062   | 2 094                                   | 4 911                      | 34   |
| <i>Public sector and utilities</i>  | 15 872                                  | 52  | 28                      | 15 792   | 20                                      | 72                         |  |
| <i>Construction</i>   | 15 777                                  | 1 903   | 232                     | 13 642   | 1 069                                   | 2 972                      | 10   |
| <i>Retail</i>   | 30 943                                  | 2 057   | 621                     | 28 265   | 1 288                                   | 3 345                      | 67   |
| <i>Transportation</i>   | 16 954                                  | 713   | 253                     | 15 988   | 765                                     | 1 478                      | 1  |
| <i>Shipping</i>   | 13 454                                  | 36  | 11                      | 13 407   | 1                                       | 37                         |  |
| <i>Hotels and restaurants</i>   | 7 996                                   | 318   | 126                     | 7 552  | 361                                     | 679                        |  |
| <i>Information and communications</i>   | 1 881                                   | 26  | 10                      | 1 845  | 34                                      | 60                         |  |
| <i>Finance and insurance</i>  | 10 047                                  | 72  | 39                      | 9 936  | 36                                      | 108                        |  |
| <i>Property management</i>  | 173 756                                 | 6 481   | 895                     | 166 380  | 5 726                                   | 12 207                     | 205  |
| <i>Housing cooperatives</i>   | 70 913                                  | 23  |                         | 70 890   | 18                                      | 41                         |  |
| <i>Professional services</i>  | 38 811                                  | 638   | 196                     | 37 977   | 170                                     | 808                        |  |
| <i>Other corporate lending</i>  | 76 006                                  | 1 539   | 676                     | 73 791   | 1 319                                   | 2 858                      | 207  |
| <b>Loans to the public excluding the Swedish<br/>National Debt Office and repurchase agreements</b> | <b>1 218 030</b>                        | <b>20 701</b>   | <b>5 131</b>            | <b>1 192 198</b>                                   | <b>19 250</b>                           | <b>39 951</b>              | <b>861</b>   |
| Swedish National Debt Office  | 60 001                                  |   |                         | 60 001   |   |                            |  |
| Repurchase agreements, Swedish National Debt<br>Office  | 19 235                                  |   |                         | 19 235   |   |                            |  |
| Repurchase agreements, public   | 19 237                                  |   | 4                       | 19 233   |   |                            |  |
| <b>Loans to the public</b>  | <b>1 316 503</b>                        | <b>20 701</b>   | <b>5 135</b>            | <b>1 290 667</b>                                   | <b>19 250</b>                           | <b>39 951</b>              | <b>861</b>   |
| <b>Loans to the public and credit institutions</b>  | <b>1 408 815</b>                        | <b>20 882</b>   | <b>5 135</b>            | <b>1 382 798</b>                                   | <b>19 250</b>                           | <b>40 132</b>              | <b>861</b>   |

## Note 14 Impaired loans etc.

| Group<br>SEKm   | 30 Sep<br>2010 | 31 dec<br>2009 | %          | 30 Sep<br>2009 | %          |
|---|----------------|----------------|------------|----------------|------------|
| Impaired loans, gross   | 38 631         | 40 132         | -4         | 35 770         | 8          |
| Provisions for individually assessed impaired loans                           | 16 627         | 17 653         | -6         | 14 733         | 13         |
| Provision for homogenous groups of impaired loans                             | 4 441          | 3 229          | 38         | 849            |            |
| <b>Impaired loans, net</b>  | <b>17 563</b>  | <b>19 250</b>  | <b>-9</b>  | <b>20 188</b>  | <b>-13</b> |
| Portfolio provisions for loans that individually are not assessed as impaired | 3 606          | 5 135          | -30        | 6 922          | -48        |
| Share of impaired loans, gross, %   | 2.67           | 2.85           |            | 2.53           |            |
| Share of impaired loans, net, %   | 1.24           | 1.39           |            | 1.45           |            |
| Provision ratio for impaired loans, %   | 55             | 52             |            | 44             |            |
| Total provision ratio for impaired loans, % *                                 | 64             | 65             |            | 63             |            |
| <b>Past due loans that are not impaired</b>                                   | <b>5 958</b>   | <b>10 426</b>  | <b>-43</b> | <b>9 551</b>   | <b>-38</b> |
| <i>of which past due 5-30 days</i>  | 3 635          | 5 874          | -38        | 5 394          | -33        |
| <i>of which past due 31-60 days</i>   | 1 470          | 3 691          | -60        | 3 185          | -54        |
| <i>of which past due 61 days or more</i>                                      | 853            | 861            | -1         | 972            | -12        |

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

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

| Group<br>SEKm   | 30 Sep<br>2010 | 31 dec<br>2009 | %         | 30 Sep<br>2009 | %         |
|---|----------------|----------------|-----------|----------------|-----------|
| Buildings and land  | 1 380          | 663            |           | 402            |           |
| Shares and participating interests  | 103            | 207            | -50       | 188            | -45       |
| Other property taken over   | 13             | 1              |           | 2              |           |
| <b>Total property taken over to protect claims</b>                                  | <b>1 496</b>   | <b>871</b>     | <b>72</b> | <b>592</b>     |           |
| Cancelled leasing agreements  | 435            | 870            | -50       | 996            | -56       |
| <b>Total property taken over to protect claims and cancelled leasing agreements</b> | <b>1 931</b>   | <b>1 741</b>   | <b>11</b> | <b>1 588</b>   | <b>22</b> |
| <i>of which buildings and land acquired by Ektornet</i>                             | 1 237          | 517            |           |                |           |

## Note 16 Credit exposures

| Group<br>SEKm  | 30 Sep<br>2010   | 31 dec<br>2009   | %        | 30 Sep<br>2009   | %        |
|--|------------------|------------------|----------|------------------|----------|
| Loans to the public  | 1 214 302        | 1 290 667        | -6       | 1 244 800        | -2       |
| <i>of which repos</i>  | 65 432           | 38 468           | 70       | n.a.             |          |
| <i>of which Swedish National Debt Office excluding repos</i> | 2                | 60 001           | -100     | n.a.             |          |
| Loans to credit institutions                                 | 206 346          | 92 131           |          | 148 354          | 39       |
| <i>of which repos</i>  | 68 645           | 20 461           |          | n.a.             |          |
| Overdraft facilities granted but not utilised                | 58 454           | 55 932           | 5        | 53 493           | 9        |
| Loans granted but not paid                                   | 115 680          | 126 190          | -8       | 121 715          | -5       |
| Loan guarantees  | 8 128            | 12 457           | -35      | 13 642           | -40      |
| Guarantees, other  | 17 913           | 16 504           | 9        | 20 019           | -11      |
| Accepted and endorsed notes                                  | 143              | 227              | -37      | 211              | -32      |
| Derivatives  | 92 276           | 72 969           | 26       | 82 860           | 11       |
| Treasury bills and other eligible bills                      | 90 342           | 88 724           | 2        | 115 466          | -22      |
| Bonds and other interest-bearing securities                  | 77 240           | 81 891           | -6       | 75 235           | 3        |
| Other commitments  | 1 967            | 2 254            | -13      | 2 678            | -27      |
| <b>Total</b>   | <b>1 882 791</b> | <b>1 839 946</b> | <b>2</b> | <b>1 878 473</b> | <b>0</b> |

## Note 17 Interest-bearing securities

| Group<br>SEKm  | 30 Sep<br>2010 | 31 dec<br>2009 | %          | 30 Sep<br>2009 | %          |
|--|----------------|----------------|------------|----------------|------------|
| <b>Valuation category, fair value through profit or loss</b>                           |                |                |            |                |            |
| Swedish treasury bills and other bills eligible for refinancing with central banks     | 74 201         | 72 920         | 2          | 101 460        | -27        |
| Non-Swedish treasury bills and other bills eligible for refinancing with central banks | 14 851         | 14 643         | 1          | 12 845         | 16         |
| Swedish mortgage institutions  | 45 151         | 48 315         | -7         | 35 518         | 27         |
| Swedish financial institutions   | 7 908          | 7 494          | 6          | 8 960          | -12        |
| Swedish non-financial companies  | 4 811          | 6 823          | -29        | 10 007         | -52        |
| Non-Swedish financial institutions   | 11 114         | 9 372          | 19         | 11 332         | -2         |
| Non-Swedish non-financial companies  | 2 372          | 2 239          | 6          | 1 220          | 94         |
| <b>Total</b>   | <b>160 408</b> | <b>161 806</b> | <b>-1</b>  | <b>181 342</b> | <b>-12</b> |
| <b>Valuation category, held to maturity</b>  |                |                |            |                |            |
| Non-Swedish treasury bills and other bills eligible for refinancing with central banks | 1 290          | 1 161          | 11         | 1 161          | 11         |
| Non-Swedish mortgage institutions  | 4 711          | 6 371          | -26        | 6 234          | -24        |
| Non-Swedish financial institutions   | 884            | 1 224          | -28        | 1 638          | -46        |
| Non-Swedish non-financial companies  | 289            | 53             |            | 326            | -11        |
| <b>Total</b>   | <b>7 174</b>   | <b>8 809</b>   | <b>-19</b> | <b>9 359</b>   | <b>-23</b> |
| <b>Total interest-bearing securities</b>   | <b>167 582</b> | <b>170 615</b> | <b>-2</b>  | <b>190 701</b> | <b>-12</b> |

## Note 18 Intangible assets

| Group<br>SEKm                      | 30 Sep<br>2010 | 31 dec<br>2009 | %         | 30 Sep<br>2009 | %         |
|------------------------------------|----------------|----------------|-----------|----------------|-----------|
| <b>With indefinite useful life</b> |                |                |           |                |           |
| Goodwill                           | 13 944         | 15 368         | -9        | 15 293         | -9        |
| <b>Total</b>                       | <b>13 944</b>  | <b>15 368</b>  | <b>-9</b> | <b>15 293</b>  | <b>-9</b> |
| <b>With finite useful life</b>     |                |                |           |                |           |
| Customer base                      | 1 140          | 1 276          | -11       | 1 306          | -13       |
| Other                              | 974            | 911            | 7         | 933            | 4         |
| <b>Total</b>                       | <b>2 114</b>   | <b>2 187</b>   | <b>-3</b> | <b>2 239</b>   | <b>-6</b> |
| <b>Total intangible assets</b>     | <b>16 058</b>  | <b>17 555</b>  | <b>-9</b> | <b>17 532</b>  | <b>-8</b> |

|   | Jan-Sep<br>2010 | Full-year<br>2009 | Jan-Sep<br>2009 |
|---|-----------------|-------------------|-----------------|
| <b>Goodwill</b>                                 |                 |                   |                 |
| <b>Cost</b>                                     |                 |                   |                 |
| Opening balance                                 | 17 962          | 18 711            | 18 711          |
| Additions through business combinations         | 12              |                   |                 |
| Disposals                                       |                 | -2                |                 |
| Translation differences                         | -1 399          | -747              | -824            |
| <b>Closing balance</b>                          | <b>16 575</b>   | <b>17 962</b>     | <b>17 887</b>   |
| <b>Accumulated amortisation and impairments</b> |                 |                   |                 |
| Opening balance                                 | -2 594          | -1 403            | -1 403          |
| Impairments                                     | -37             | -1 191            | -1 191          |
| <b>Closing balance</b>                          | <b>-2 631</b>   | <b>-2 594</b>     | <b>-2 594</b>   |
| <b>Carrying amount</b>                          | <b>13 944</b>   | <b>15 368</b>     | <b>15 293</b>   |

## Impairment testing of intangible assets

Goodwill and other intangible assets are tested for impairment annually or when there are indications that the recoverable amount of the assets is lower than their carrying amount. The recoverable amount is the higher of fair value less costs to sell and value in use. Swedbank calculates value in use by estimating an asset's future cash flows and calculates these at present value with a discount rate. Estimated cash flows and discount rates are derived from external sources whenever possible and appropriate, but must in large part be determined based on management's own assumptions. Management also determines whether there is any need for a new test during the year.

There have been no indications so far in 2010 that signify the need for new impairment testing, more than the impairments listed below.

With exception of the recognised impairments in the first quarter 2010, of SEK 14m in the Russian operations and of SEK 23m in the third quarter related to intangible assets in the Baltic leasing operations, it is the management's opinion that there is no further need for impairment of recognised goodwill or other intangible assets as of 30 September 2010.

## Note 19 Savings and investments

| Group<br>SEKm  | 30 Sep<br>2010   | 31 dec<br>2009   | %          | 30 Sep<br>2009   | %          |
|--|------------------|------------------|------------|------------------|------------|
| <b>Amounts owed to credit institutions</b>   |                  |                  |            |                  |            |
| Central banks  | 34 589           | 116 199          | -70        | 165 034          | -79        |
| Banks  | 110 201          | 92 860           | 19         | 92 807           | 19         |
| Other credit institutions  | 5 921            | 4 383            | 35         | 2 478            |            |
| Repurchase agreements, banks   | 18 377           | 16 910           | 9          | 42 788           | -57        |
| Repurchase agreements, other credit institutions   | 6 653            | 1 335            |            | 520              |            |
| <b>Amounts owed to credit institutions</b>   | <b>175 741</b>   | <b>231 687</b>   | <b>-24</b> | <b>303 627</b>   | <b>-42</b> |
| <b>Deposits from the public in SEK</b>   |                  |                  |            |                  |            |
| Private  | 240 139          | 226 140          | 6          | 224 877          | 7          |
| Corporate  | 138 708          | 142 997          | -3         | 125 440          | 11         |
| <b>Total</b>   | <b>378 847</b>   | <b>369 137</b>   | <b>3</b>   | <b>350 317</b>   | <b>8</b>   |
| <b>Deposits from the public in foreign currency</b>  |                  |                  |            |                  |            |
| Private  | 54 426           | 58 526           | -7         | 51 947           | 5          |
| Corporate  | 58 750           | 69 073           | -15        | 68 143           | -14        |
| <b>Total</b>   | <b>113 176</b>   | <b>127 599</b>   | <b>-11</b> | <b>120 090</b>   | <b>-6</b>  |
| <b>Deposits from the public excluding the Swedish National Debt Office and repurchase agreements</b> |                  |                  |            |                  |            |
|  | <b>492 023</b>   | <b>496 736</b>   | <b>-1</b>  | <b>470 407</b>   | <b>5</b>   |
| Swedish National Debt Office   | 8                | 7                | 14         | 8                | 0          |
| Repurchase agreements, Swedish National Debt Office  | 7 675            | 4 956            | 55         | 1 725            |            |
| Repurchase agreements, public  | 23 977           | 2 725            |            | 4 679            |            |
| <b>Deposits and borrowings from the public</b>   | <b>523 683</b>   | <b>504 424</b>   | <b>4</b>   | <b>476 819</b>   | <b>10</b>  |
| Discretionary asset management *   | 241 778          | 222 222          | 9          | 220 217          | 10         |
| Funds assets under management  | 469 089          | 450 420          | 4          | 421 721          | 11         |
| Unit-linked insurance  | 93 026           | 80 261           | 16         | 73 829           | 26         |
| Of which unit-linked insurance in own companies  | -80 348          | -72 363          | 11         | -67 704          | 19         |
| Retail bonds, interest-bearing   | 1 440            | 2 616            | -45        | 2 606            | -45        |
| Retail bonds, equity-linked bonds  | 26 050           | 27 755           | -6         | 28 801           | -10        |
| <b>Total savings and investments</b>   | <b>1 450 459</b> | <b>1 447 022</b> | <b>0</b>   | <b>1 459 917</b> | <b>-1</b>  |

\* Excluding investments in Swedbank Robur's funds.

## Note 20 Debt securities in issue

| Group<br>SEKm                          | 30 Sep<br>2010 | 31 dec<br>2009 | %        | 30 Sep<br>2009 | %        |
|--|----------------|----------------|----------|----------------|----------|
| Commercial papers with state guarantee |                | 60 689         |          | 97 143         |          |
| Other commercial papers                | 79 736         | 49 884         | 60       | 47 537         | 68       |
| Covered bond loans                     | 411 983        | 341 372        | 21       | 268 617        | 53       |
| Bond loans with state guarantee        | 165 261        | 181 587        | -9       | 180 431        | -8       |
| Other interest-bearing bond loans      | 35 494         | 32 721         | 8        | 45 650         | -22      |
| Structured products                    | 28 213         | 37 004         | -24      | 35 548         | -21      |
| <b>Total debt securities in issue</b>  | <b>720 687</b> | <b>703 257</b> | <b>2</b> | <b>674 926</b> | <b>7</b> |

| Turnover during the period                    | Jan-Sep<br>2010 | Full-year<br>2009 | Jan-Sep<br>2009 |
|---|-----------------|-------------------|-----------------|
| <b>Commercial papers with state guarantee</b> |                 |                   |                 |
| Opening balance                               | 60 688          | 79 472            | 79 472          |
| Issued  |                 | 140 406           | 145 705         |
| Repurchased                                   |                 |                   |                 |
| Repaid  | -60 567         | -160 574          | -120 919        |
| Change in market value                        | -131            | 156               | -515            |
| Changes in exchange rates                     | 10              | 1 229             | -6 600          |
| Closing balance                               |                 | 60 689            | 97 143          |
| <b>Other commercial papers</b>                |                 |                   |                 |
| Opening balance                               | 49 884          | 60 458            | 60 458          |
| Issued  | 212 854         | 215 133           | 132 816         |
| Repurchased                                   |                 |                   |                 |
| Repaid  | -175 531        | -226 466          | -143 966        |
| Change in market value                        | -222            | 23                | 135             |
| Changes in exchange rates                     | -7 249          | 736               | -1 906          |
| Closing balance                               | 79 736          | 49 884            | 47 537          |
| <b>Covered bond loans</b>                     |                 |                   |                 |
| Opening balance                               | 341 372         | 271 236           | 271 236         |
| Issued  | 164 212         | 169 962           | 134 793         |
| Repurchased                                   | -37 637         | -80 348           | -62 143         |
| Repaid  | -30 725         | -19 275           | -70 039         |
| Change in market value                        | -25 239         | -203              | -5 254          |
| Changes in exchange rates                     |                 |                   | 24              |
| Closing balance                               | 411 983         | 341 372           | 268 617         |
| <b>Bond loans with state guarantee</b>        |                 |                   |                 |
| Opening balance                               | 181 587         | 60 295            | 60 295          |
| Issued  |                 | 131 301           | 130 352         |
| Repurchased                                   |                 |                   |                 |
| Repaid  | -5 696          | -921              |                 |
| Change in market value                        | 732             | 1 004             | 790             |
| Changes in exchange rates                     | -11 362         | -10 092           | -11 006         |
| Closing balance                               | 165 261         | 181 587           | 180 431         |
| <b>Other interest-bearing bond loans</b>      |                 |                   |                 |
| Opening balance                               | 32 721          | 86 530            | 86 530          |
| Issued  | 23 354          | 3 622             | 6 447           |
| Repurchased                                   | -24             |                   | -1 222          |
| Repaid  | -17 888         | -56 169           | -44 676         |
| Change in market value                        | 474             | -580              | -517            |
| Changes in exchange rates                     | -3 143          | -682              | -912            |
| Closing balance                               | 35 494          | 32 721            | 45 650          |
| <b>Structured products</b>                    |                 |                   |                 |
| Opening balance                               | 37 004          | 35 374            | 35 374          |
| Issued  | 2 811           | 14 637            | 30 782          |
| Repurchased                                   | -5              | -10 522           | -16             |
| Repaid  | -9 738          | -2 431            | -35 231         |
| Change in market value                        | -1 855          | -4                | 4 645           |
| Changes in exchange rates                     | -4              | -50               | -6              |
| Closing balance                               | 28 213          | 37 004            | 35 548          |

## Note 21 Derivatives

The Group trades derivatives in the normal course of business and to hedge certain positions with regard to the value of equities, interest rates and currencies.

| Group<br>SEKm                                 | Interest rate related |                | Currency related |                | Equity related |                | Total          |                |
|---|-----------------------|----------------|------------------|----------------|----------------|----------------|----------------|----------------|
|   | 30 Sep<br>2010        | 31 Dec<br>2009 | 30 Sep<br>2010   | 31 Dec<br>2009 | 30 Sep<br>2010 | 31 Dec<br>2009 | 30 Sep<br>2010 | 31 Dec<br>2009 |
| <b>Positive derivatives, hedge accounting</b> |                       |                |                  |                |                |                |                |                |
| Swaps, fair value hedge                       | 7 323                 | 2 455          | 71               | 62             |                |                | 7 393          | 2 517          |
| <b>Total</b>                                  | <b>7 323</b>          | <b>2 455</b>   | <b>71</b>        | <b>62</b>      |                |                | <b>7 393</b>   | <b>2 517</b>   |
| <b>Other positive derivatives</b>             |                       |                |                  |                |                |                |                |                |
| Options                                       | 1 424                 | 1 039          | 623              | 275            | 2 789          | 3 274          | 4 836          | 4 588          |
| Forward contracts                             | 3 924                 | 6 261          | 20 910           | 9 108          | 3              | 4              | 24 837         | 15 373         |
| Swaps   | 47 096                | 49 107         | 9 938            | 4 747          | 962            |                | 57 996         | 53 854         |
| Other   |                       |                | 10               | 3              | 43             | 12             | 53             | 15             |
| <b>Total</b>                                  | <b>52 444</b>         | <b>56 407</b>  | <b>31 481</b>    | <b>14 133</b>  | <b>3 797</b>   | <b>3 290</b>   | <b>87 722</b>  | <b>73 830</b>  |
| Nominal amount                                | 4 890 026             | 4 567 839      | 540 911          | 439 806        | 59 007         | 92 654         | 5 489 944      | 5 100 299      |
| <b>Negative derivatives, hedge accounting</b> |                       |                |                  |                |                |                |                |                |
| Swaps, fair value hedge                       | 207                   | 185            |                  |                |                |                | 207            | 185            |
| Swaps, cash flow hedge                        | 417                   | 798            | 3 136            |                |                |                | 3 553          | 798            |
| <b>Total</b>                                  | <b>624</b>            | <b>983</b>     | <b>3 136</b>     |                |                |                | <b>3 760</b>   | <b>983</b>     |
| <b>Other negative derivatives</b>             |                       |                |                  |                |                |                |                |                |
| Options                                       | 1 223                 | 776            | 605              | 398            | 1 622          | 1 597          | 3 450          | 2 771          |
| Forward contracts                             | 4 199                 | 5 946          | 25 715           | 13 240         | 6              | 12             | 29 920         | 19 198         |
| Swaps   | 48 269                | 47 336         | 8 824            | 5 248          | 640            |                | 57 733         | 52 584         |
| Other   |                       |                | 9                | 3              | 40             | 11             | 49             | 14             |
| <b>Total</b>                                  | <b>53 691</b>         | <b>54 058</b>  | <b>35 153</b>    | <b>18 889</b>  | <b>2 308</b>   | <b>1 620</b>   | <b>91 152</b>  | <b>74 567</b>  |
| Nominal amount                                | 4 532 930             | 3 995 925      | 723 881          | 608 278        | 53 414         | 78 501         | 5 310 225      | 4 682 704      |

Derivatives with a value of SEK 2 839m (3 378) have been recognized net in the balance sheet, as these are settled on net basis with clearing houses or are covered by other netting agreements that are acceptable for accounting purposes.



## Note 22 Financial instruments carried at fair value

| Group<br>30 Sep 2010<br>SEKm   | Instruments with<br>quoted market<br>prices in active<br>markets<br>(Level 1) | Valuation<br>techniques<br>using<br>observable<br>market data<br>(Level 2) | Valuation<br>techniques<br>using non-<br>observable<br>market data<br>(Level 3) | Total          |
|--|---|--|---|----------------|
| <b>Determination of fair value from quoted market prices or valuation techniques</b> |   |  |   |                |
| <b>Assets</b>  |   |  |   |                |
| Treasury bills and other bills eligible for refinancing with central banks           | 89 052  |  |   | 89 052         |
| Loans to credit institutions   | 152   | 68 353   |   | 68 505         |
| Loans to the public  | 16  | 503 472  |   | 503 488        |
| Bonds and other interest-bearing securities  | 40 126  | 30 548   | 682   | 71 356         |
| Fund units for which customers bear the investment risk                              | 88 685  |  |   | 88 685         |
| Shares and participating interests   | 8 841   | 52   | 151   | 9 044          |
| Derivatives  | 2 882   | 89 394   |   | 92 276         |
| <b>Total</b>   | <b>229 754</b>  | <b>691 819</b>   | <b>833</b>  | <b>922 406</b> |
| <b>Liabilities</b>   |   |  |   |                |
| Amounts owed to credit institutions  |   | 25 045   |   | 25 045         |
| Deposits and borrowings from the public  |   | 31 783   |   | 31 783         |
| Debt securities in issue, etc  | 72 198  | 217 739  | 128 420   | 418 357        |
| Financial liabilities for which customers bear the investment risk                   |   | 94 941   |   | 94 941         |
| Derivatives  | 3 455   | 88 602   | 17  | 92 074         |
| <b>Total</b>   | <b>75 653</b>   | <b>458 110</b>   | <b>128 437</b>  | <b>662 200</b> |

The table above contains financial instruments measured at fair value as of 30 September 2010 distributed by valuation level. Level 1 contains financial instruments where fair value is determined on the basis of quoted market prices on an active market. Level 2 contains financial instruments where fair value is determined on the basis of valuation models based on observable market data. Level 3 contains financial instruments where fair value is determined on the basis of valuation models based primarily on observable market data, but in this case also using internal estimates. Level 3 principally contains corporate bonds on the asset side and securities in issue on the liabilities side. For corporate bonds where there is no observable quoted price for the current credit spread, a reasonable assumption is used, such as a comparison with similar counterparties where there is an observable quoted price. Securities issued under the state guarantee programme contained terms that were unique to each issue and included the guarantee fee to the state. The valuation of these issues has been based on observable market data in the form of observable interbank rates, which have been adjusted for the difference between the interbank rate and the issue terms prevalent at the time of issuance.

| Financial instruments at fair value based<br>on Level 3<br>SEKm                  | 30 Sep 2010 |                |
|--|-------------|----------------|
|  | Assets      | Liabilities    |
| <b>Opening balance</b>   | <b>670</b>  | <b>142 373</b> |
| Purchases for the year   | 22          |                |
| Issued   |             |                |
| Transferred to Level 3   |             |                |
| Sales/maturities during the year   |             | -5 306         |
| Transferred from Level 3   | -49         | -62            |
| Received dividend from associates  | 144         |                |
| Gain or loss*  | 46          | -8 568         |
| <i>of which in profit or loss</i>  | 46          | -8 568         |
| <i>of which in other comprehensive income</i>                                    |             |                |
| <b>Closing balance</b>   | <b>833</b>  | <b>128 437</b> |
| Total result recognised in Net gains and losses on financial items at fair value | 46          | -8 568         |
| <i>of which financial instruments held on closing day</i>                        | 46          | -8 568         |

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

| Group<br>30 Sep 2009<br>SEKm   | Instruments with<br>quoted market<br>prices in active<br>markets<br>(Level 1) | Valuation<br>techniques<br>using<br>observable<br>market data<br>(Level 2) | Valuation<br>techniques<br>using non-<br>observable<br>market data<br>(Level 3) | Total          |
|--|---|--|---|----------------|
| <b>Determination of fair value from quoted market prices or valuation techniques</b> |   |  |   |                |
| <b>Assets</b>  |   |  |   |                |
| Treasury bills and other bills eligible for refinancing with central banks           | 115 421   | 15   |   | 115 436        |
| Loans to credit institutions   | 358   | 59 683   |   | 60 041         |
| Loans to the public  | 21  | 567 141  |   | 567 162        |
| Bonds and other interest-bearing securities  | 59 507  | 8 766  | 705   | 68 978         |
| Fund units for which customers bear the investment risk                              | 72 170  |  |   | 72 170         |
| Shares and participating interests   | 6 077   | 82   |   | 6 159          |
| Derivatives  | 196   | 82 664   |   | 82 860         |
| <b>Total</b>   | <b>253 750</b>  | <b>718 351</b>   | <b>705</b>  | <b>972 806</b> |
| <b>Liabilities</b>   |   |  |   |                |
| Amounts owed to credit institutions  |   | 24 965   |   | 24 965         |
| Deposits and borrowings from the public  |   | 35 060   |   | 35 060         |
| Debt securities in issue, etc  | 147 890   | 215 026  | 180 431   | 543 347        |
| Financial liabilities for which customers bear the investment risk                   |   | 73 716   |   | 73 716         |
| Derivatives  | 308   | 86 997   |   | 87 305         |
| <b>Total</b>   | <b>148 198</b>  | <b>435 764</b>   | <b>180 431</b>  | <b>764 393</b> |

| Financial instruments at fair value based<br>on Level 3<br>SEKm                  | 30 Sep 2009 |                |
|--|-------------|----------------|
|  | Assets      | Liabilities    |
| <b>Opening balance</b>   | <b>664</b>  | <b>61 522</b>  |
| Purchases for the year   | 48          |                |
| Issued   |             | 130 352        |
| Transferred to Level 3   |             |                |
| Sales/maturities during the year   |             |                |
| Transferred from Level 3   |             |                |
| Received dividend from associates  |             |                |
| Gain or loss   | -7          | -11 443        |
| <i>of which in profit or loss</i>  | -7          | -11 443        |
| <i>of which in other comprehensive income</i>                                    |             |                |
| <b>Closing balance</b>   | <b>705</b>  | <b>180 431</b> |
| Total result recognised in Net gains and losses on financial items at fair value | -7          | -11 443        |
| <i>of which financial instruments held on closing day</i>                        | -7          | -11 443        |

## Note 23 Pledged collateral, contingent liabilities and commitments

| Group<br>SEKm   | 30 Sep<br>2010 | 31 Dec<br>2009 | %   | 30 Sep<br>2009 | %   |
|---|----------------|----------------|-----|----------------|-----|
| Pledged collateral  | 824 245        | 749 456        | 10  | 784 317        | 5   |
| <i>of which loan receivables</i>                              | 628 745        | 610 456        | 3   | 604 909        | 4   |
| <i>of which fund units pledged for policyholders</i>          | 87 460         | 80 647         | 8   | 74 235         | 18  |
| <i>of which other assets pledged</i>                          | 108 040        | 58 353         | 85  | 105 173        | 3   |
| Contingent liabilities  | 28 151         | 31 415         | -10 | 36 286         | -22 |
| <i>of which loan guarantees</i>                               | 8 128          | 12 457         | -35 | 13 642         | -40 |
| <i>of which other guarantees</i>                              | 17 913         | 16 504         | 9   | 20 019         | -11 |
| <i>of which accepted and endorsed notes</i>                   | 143            | 227            | -37 | 211            | -32 |
| <i>of which letters of credit granted but not utilised</i>    | 1 510          | 1 878          | -20 | 1 979          | -24 |
| <i>of which other contingent liabilities</i>                  | 457            | 349            | 31  | 435            | 5   |
| Commitments   | 174 134        | 182 122        | -4  | 175 208        | -1  |
| <i>of which loans granted but not paid</i>                    | 115 680        | 126 190        | -8  | 121 715        | -5  |
| <i>of which overdraft facilities granted but not utilised</i> | 58 454         | 55 932         | 5   | 53 493         | 9   |

## Note 24 Capital adequacy

| Swedbank financial companies Group<br>SEKm                     | 30 Sep<br>2010 | 31 Dec<br>2009 | % or<br>pp | 30 Sep<br>2009 | % or<br>pp |
|--|----------------|----------------|------------|----------------|------------|
| Shareholders' equity according to the Group's balance sheet    | 92 851         | 89 670         | 4          | 76 648         | 21         |
| Non-controlling interests                                      | 261            | 304            | -14        | 252            | 4          |
| Anticipated dividend   | -1 889         |                |            |                |            |
| Deconsolidation of insurance companies                         | -1 260         | -1 130         | -12        | -939           | -34        |
| Associated companies consolidated according to purchase method | 1 254          | 1 659          | -24        | 1 289          | -3         |
| <b>Shareholders' equity financial companies Group</b>          | <b>91 217</b>  | <b>90 503</b>  | <b>1</b>   | <b>77 250</b>  | <b>18</b>  |
| Change in the value of own credit rating                       | -35            |                |            |                |            |
| Goodwill   | -13 173        | -14 594        | 10         | -14 519        | 9          |
| Deferred tax assets  | -1 270         | -1 206         | 5          |                |            |
| Intangible assets  | -1 812         | -2 352         | 23         | -2 401         | 25         |
| Net provisions for reported IRB credit exposures               | -78            | -309           | 75         | -730           | 89         |
| Cash flow hedges   | 138            | 769            | -82        | 912            | -85        |
| Shareholdings deducted from Tier 1 capital                     | -37            | -27            | -37        | -26            | -42        |
| Shares in insurance companies                                  |                | -313           |            | -313           |            |
| <b>Total core Tier 1 capital</b>                               | <b>74 950</b>  | <b>72 471</b>  | <b>3</b>   | <b>60 173</b>  | <b>25</b>  |
| Tier 1 capital contribution with step up                       | 6 688          | 8 683          | -23        | 8 621          | -22        |
| Tier 1 capital contribution without step up                    | 535            | 535            | 0          | 535            | 0          |
| <b>Total Tier 1 capital</b>                                    | <b>82 173</b>  | <b>81 689</b>  | <b>1</b>   | <b>69 329</b>  | <b>19</b>  |
| Undated subordinated loans                                     | 3 455          | 4 273          | -19        | 4 239          | -18        |
| Fixed-term subordinated loans                                  | 18 479         | 23 687         | -22        | 25 839         | -28        |
| Deduction for remaining duration                               |                | -1 249         |            | -1 242         |            |
| Net provisions for reported IRB credit exposures               | -78            | -309           | 75         | -730           | 89         |
| Shareholdings deducted from Tier 2 capital                     | -37            | -27            | -37        | -26            | -42        |
| Shares in insurance companies                                  |                | -313           |            | -313           |            |
| <b>Total Tier 2 capital</b>                                    | <b>21 819</b>  | <b>26 062</b>  | <b>-16</b> | <b>27 767</b>  | <b>-21</b> |
| Shares in insurance companies                                  | -2 657         | -1 966         | -35        | -1 964         | -35        |
| <b>Total capital base</b>                                      | <b>101 335</b> | <b>105 785</b> | <b>-4</b>  | <b>95 132</b>  | <b>7</b>   |
| <b>Risk-weighted assets</b>                                    | <b>559 709</b> | <b>603 431</b> | <b>-7</b>  | <b>607 457</b> | <b>-8</b>  |
| Capital requirement for credit risks, standardised approach    | 2 946          | 3 454          | -15        | 3 727          | -21        |
| Capital requirement for credit risks, IRB                      | 34 578         | 37 997         | -9         | 38 370         | -10        |
| Capital requirement for settlement risks                       | 15             | 0              |            | 1              |            |
| Capital requirement for market risks                           | 2 673          | 2 579          | 4          | 2 255          | 19         |
| <i>of which risks in the trading book outside VaR</i>          | <i>841</i>     | <i>784</i>     | <i>7</i>   | <i>508</i>     | <i>66</i>  |
| <i>of which currency risks outside VaR</i>                     | <i>1 517</i>   | <i>1 468</i>   | <i>3</i>   | <i>1 397</i>   | <i>9</i>   |
| <i>of which risks where VaR models are applied</i>             | <i>315</i>     | <i>327</i>     | <i>-4</i>  | <i>350</i>     | <i>-10</i> |
| Capital requirement for operational risks                      | 4 565          | 4 244          | 8          | 4 244          | 8          |
| <b>Capital requirement</b>                                     | <b>44 777</b>  | <b>48 274</b>  | <b>-7</b>  | <b>48 597</b>  | <b>-8</b>  |
| Complement during transition period                            | 16 317         | 14 483         | 13         | 14 169         | 15         |
| <b>Capital requirement including complement</b>                | <b>61 094</b>  | <b>62 757</b>  | <b>-3</b>  | <b>62 766</b>  | <b>-3</b>  |
| Capital quotient, Basel 2                                      | 2.26           | 2.19           | 0.07       | 1.96           | 0.31       |
| Core Tier 1 capital ratio, %, Basel 2                          | 13.4           | 12.0           | 1.4        | 9.9            | 3.5        |
| Tier 1 capital ratio, %, Basel 2                               | 14.7           | 13.5           | 1.1        | 11.4           | 3.3        |
| Total capital adequacy ratio, %, Basel 2                       | 18.1           | 17.5           | 0.6        | 15.7           | 2.4        |
| Capital quotient, transition rules                             | 1.66           | 1.69           | -0.03      | 1.52           | 0.14       |
| Core Tier 1 capital ratio, %, transition rules                 | 9.8            | 9.2            | 0.6        | 7.7            | 2.1        |
| Tier 1 capital ratio, %, transition rules                      | 10.8           | 10.4           | 0.3        | 8.8            | 1.9        |
| Total capital adequacy ratio, %, transition rules              | 13.3           | 13.5           | -0.2       | 12.1           | 1.1        |

The Internal Ratings-Based Approach (IRB) is applied to the Swedish parts of Swedbank financial companies Group, including the branch offices in New York and Oslo, but excluding EnterCard and certain exposure classes such as the Swedish state and Swedish municipalities, where the method is considered less suitable. The IRB approach is also applied to the majority of exposure classes in the Baltic countries.

As of 30 September 2010 the Swedbank financial companies group included the Swedbank Group, the EnterCard Group, Sparbanken Rekarne AB, Färs och Frosta Sparbank AB, Swedbank Sjuhärads AB, Vimmerby Sparbank AB, Bankernas Depå AB and Finansiell ID-teknik. The insurance companies are included in the Group but not in financial companies groups under the capital adequacy rules.

| Swedbank financial companies Group<br>Credit risks, IRB<br>SEKm | Exposure<br>after credit<br>risk protection |                  |           | Average<br>risk weighting, % |                | Capital<br>requirement |                |           |
|---|---|------------------|-----------|------------------------------|----------------|------------------------|----------------|-----------|
|   | 30 Sep<br>2010                              | 31 Dec<br>2009   | %         | 30 Sep<br>2010               | 31 Dec<br>2009 | 30 Sep<br>2010         | 31 Dec<br>2009 | %         |
|   | Institutional exposures                     | 104 317          | 79 011    | 32                           | 19             | 29                     | 1 603          | 1 834     |
| <i>of which repurchase agreements</i>                           | 3 707                                       | 1 327            |           | 7                            | 7              | 20                     | 7              |           |
| <i>of which other lending</i>                                   | 100 610                                     | 77 684           | 30        | 20                           | 29             | 1 583                  | 1 827          | -13       |
| Corporate exposures   | 406 325                                     | 447 224          | -9        | 76                           | 77             | 24 534                 | 27 582         | -11       |
| <i>of which repurchase agreements</i>                           | 1 952                                       | 1 657            | 18        | 18                           | 3              | 28                     | 4              |           |
| <i>of which other lending</i>                                   | 404 373                                     | 445 567          | -9        | 76                           | 77             | 24 506                 | 27 577         | -11       |
| Retail exposures  | 841 104                                     | 833 222          | 1         | 11                           | 11             | 7 327                  | 7 407          | -1        |
| <i>of which repurchase agreements</i>                           | 21  | 6                |           | 66                           | 22             | 1                      | 0              |           |
| <i>of which mortgage lending</i>                                | 755 009                                     | 740 507          | 2         | 7                            | 8              | 4 483                  | 4 613          | -3        |
| <i>of which other lending</i>                                   | 86 074                                      | 92 709           | -7        | 41                           | 38             | 2 843                  | 2 794          | 2         |
| Securitisation  | 4 994                                       | 6 753            | -26       | 12                           | 12             | 47                     | 64             | -27       |
| Exposures without counterparties                                | 14 887                                      | 15 165           | -2        | 90                           | 92             | 1 067                  | 1 110          | -4        |
| <b>Total credit risks, IRB</b>                                  | <b>1 371 627</b>                            | <b>1 381 375</b> | <b>-1</b> | <b>32</b>                    | <b>34</b>      | <b>34 578</b>          | <b>37 997</b>  | <b>-9</b> |

## Capital base

A deduction was made from the capital base for the difference between expected losses and provisions in the accounts for the part of the portfolio calculated according to IRB. These expected losses are estimated in accordance with legislative and regulatory requirements and using information drawn from Swedbank's internal risk classification system. The calculations are based on the prudence concept, so that risks are overestimated rather than underestimated. Finansinspektionen's interpretation of legislation and regulations has, furthermore, built additional safety margins into the risk classification system. As a result, expected losses calculated in accordance with the new capital adequacy rules exceed Swedbank's best estimate of loss levels and required provisions.

## Capital requirements for credit risks according to the standardised approach

Associated companies with the exception of the partly owned banks, a few minor subsidiaries and the subsidiaries in Russia and Ukraine use the standardised approach to calculate credit risks.

## Capital requirements for credit risks according to IRB

The capital adequacy requirement for the portion of the portfolio calculated according to IRB has decreased by 9 per cent since the start of the year. For the Baltic portfolios, the average risk weighting was 70 per cent. For Swedbank Finans' portfolios the average risk weighting was 52 per cent and 26 per cent for other portfolios. For the Baltic retail exposures, the average risk weighting was 39 per cent, for Swedbank Finans' portfolios 17 per cent and 8 per cent for other portfolios.

## Market risks

Under current regulations, capital adequacy for market risks can be based either on a standardised approach or on an internal Value at Risk model, which requires the approval of Finansinspektionen. The parent company has received permission and uses its own internal VaR model for general interest-rate risks, general and specific share-price risks in the trading book, and currency risks throughout its operations.

The approval also comprises Baltic operations, Swedbank AS, for general interest rate risks in the trading book and currency risks throughout operations. Exchange rate risks outside the trading book i.e. in other operations are excluded in the internal VaR model and estimated according to the standardised approach, as per the Group's internal approach to managing these strategic exchange-rate risks. The capital requirement for other market risks thus refers to specific interest-rate risk in Swedbank AB and Swedbank AS, share-price risk in Swedbank AS and market risks in other companies. Counterparty risks in the trading book are included in credit risk. The capital requirement for other market risks thus refers to specific interest rate risks in Swedbank AB and Swedbank AS, share price risks in Swedbank AS and market risks in other companies.

## Operational risk

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

## Transition rules

The transition rules, which state that the capital requirement may not fall below 80 per cent of the requirement according to the Basel 1 rules, have been extended until the end of 2011.

## Note 25 Risks and uncertainties

Swedbank's earnings are affected by changes in the marketplace over which it has no control, including macroeconomic changes and changes in interest rates, stock prices and exchange rates.

Swedbank has subsidiaries with operations in countries with currencies other than Swedish kronor. Moreover, in Estonia, Latvia, Lithuania, Russia and Ukraine, a significant share of lending is in euros or US dollars. In the event of a devaluation of the domestic currency in any of these countries, three main factors would affect the Group's income statement and balance sheet. First, a gain on financial items at fair value would generally arise due to the impact of changes in exchange rates on the assets and liabilities of the subsidiary. Normally, this would produce an exchange rate gain, since the company has larger assets than liabilities in foreign currencies (euro or dollar). Secondly, a negative translation effect would arise on the Parent

Company's net investment in the subsidiary, since the subsidiary's equity would be less when expressed in Swedish kronor. This negative exchange rate effect would not be reported in the consolidated income statement but in Other comprehensive income. Thirdly, it would become more difficult for domestic customers to pay the interest and principal on their loans in foreign currencies, which would become higher in the local currency. This would eventually lead to higher impairment losses in the subsidiary.

In addition to what is stated in this interim report, a detailed description of risk factors is provided in the September 2009 prospectus. The Group's risks and risk control are also described in detail in Swedbank's 2009 annual report and in the annual disclosure on risk management and capital adequacy according to the Basel 2 rules, available on [www.swedbank.com](http://www.swedbank.com).

## Note 26 Related-party transactions

During the period normal business transactions were executed between companies in the Group, including other related companies, such as associates. Significant associates are the partly owned Savings Banks. Färs & Frosta Sparbank AB acquired 3 720 000 shares in Swedbank AB, partly in connection with the two rights issues. The Group's share of these shares has reduced equity in the consolidated statements by SEK 58m.

Other significant relations are with Swedbank's pension foundations and Sparinstitutens Pensionskassa SPK, which secure employees' post-employment benefits. These related parties use Swedbank for traditional banking services.

## Note 27 Swedbank's share

| SWED A and SWED PRAF                                   | 30 Sep<br>2010 | 31 Dec<br>2009 | %         | 30 Sep<br>2009 | %  |
|--|----------------|----------------|-----------|----------------|----|
| <b>SWED A</b>  |                |                |           |                |    |
| Share price, SEK                                       | 93.45          | 71.00          | 32        | 66.50          | 41 |
| Number of outstanding ordinary shares                  | 952 323 439    | 939 953 583    | 1         | 553 423 524    | 72 |
| Market capitalisation, SEKm                            | 88 995         | 66 737         | 33        | 36 803         |    |
| <b>SWED PRAF</b>                                       |                |                |           |                |    |
| Share price, SEK                                       | 95.85          | 70.50          | 36        | 65.75          | 46 |
| Number of subscribed and outstanding preference shares | 207 266 738    | 219 636 594    | -6        | 219 636 594    | -6 |
| Market capitalisation, SEKm                            | 19 867         | 15 484         | 28        | 14 441         | 38 |
| <b>Total market capitalisation, SEKm</b>               | <b>108 862</b> | <b>82 221</b>  | <b>32</b> | <b>51 244</b>  |    |

Swedbank's share, ticker symbol SWED A and the preference share, ticker symbol SWED PRAF, are listed on the OMX Nordic Exchange and traded in the Large cap segment.

| Average number of outstanding shares before and after dilution | Q3<br>2010    | Q2<br>2010    | Q1<br>2010    | Q4<br>2009  | Q3<br>2009  | Q2<br>2009  | Q1<br>2009  | Q4<br>2008  |
|--|---------------|---------------|---------------|-------------|-------------|-------------|-------------|-------------|
| Average number of outstanding shares before and after dilution | 1 158 474 177 | 1 158 474 177 | 1 158 474 177 | 986 470 586 | 933 774 426 | 933 968 804 | 934 117 009 | 659 356 567 |

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

| Number of outstanding shares on the closing day  | 30 Sep<br>2010       | 31 Dec<br>2009       | 30 Sep<br>2009     |
|--|----------------------|----------------------|--------------------|
| Average number of outstanding shares before and after dilution, from the beginning of the year | 1 158 474 177        | 986 470 586          | 933 774 426        |
| Ordinary shares  | 952 323 439          | 939 953 583          | 553 423 524        |
| Subscribed and paid preference shares  | 207 266 738          | 219 636 594          | 219 636 594        |
| Associates' acquisition of shares  | -1 116 000           | -1 116 000           | -600 000           |
| <b>Total number of outstanding shares on the closing day</b>                                   | <b>1 158 474 177</b> | <b>1 158 474 177</b> | <b>772 460 118</b> |

In February and August of each year, starting in August 2009, holders of preference shares may request to convert their preference shares to ordinary shares. The request must pertain to the shareholder's entire holding. If the shareholder previously has not requested a conversion, all their outstanding preference shares will be converted to ordinary shares in the month immediately after the month in which the Annual General Meeting is held in 2013. Preference shares carry the same voting rights as ordinary shares. During the year 12 362 751 preference shares were converted to ordinary shares.

## Note 28 Ratings

| Sep 2010                     | Swedbank |         | Swedbank Mortgage |         | Covered bonds |         |
|------------------------------|----------|---------|-------------------|---------|---------------|---------|
|                              | Rating   | Outlook | Rating            | Outlook | Rating        | Outlook |
| <b>Standard &amp; Poor's</b> |          |         |                   |         |               |         |
| Short                        | A-1      | Stable  | A-1               | Stable  |               |         |
| Long                         | A        | Stable  | A                 | Stable  | AAA           | Stable  |
| <b>Moody's</b>               |          |         |                   |         |               |         |
| Short                        | P-1      | Stable  | P-1               | Stable  |               |         |
| Long                         | A2       | Stable  | A2                | Stable  | Aaa           | n.a.*   |
| Financial strength (BFSR)    | D+       |         |                   |         |               |         |
| <b>Fitch</b>                 |          |         |                   |         |               |         |
| Short                        | F1       | Stable  |                   |         |               |         |
| Long                         | A        | Stable  |                   |         |               |         |

Fitch became Swedbank's third rating agency as of 6 October 2010.

\* Based on Moody's covered bond methodology – no outlook is used

For more information about ratings, see page 12.

## Note 29 Exchange rates

|                           | 30 Sep<br>2010 | 31 Dec<br>2009 | 30 Sep<br>2009 |
|---------------------------|----------------|----------------|----------------|
| SEK/EUR, average rate     | 9.668          | 10.615         | 10.686         |
| SEK/EUR, closing day rate | 9.152          | 10.283         | 10.225         |
| SEK/EEK, average rate     | 0.618          | 0.678          | 0.683          |
| SEK/EEK, closing day rate | 0.585          | 0.657          | 0.654          |
| SEK/UAH, average rate     | 0.916          | 0.953          | 0.976          |
| SEK/UAH, closing day rate | 0.846          | 0.893          | 0.848          |
| SEK/RUB, average rate     | 0.241          | 0.241          | 0.241          |
| SEK/RUB, closing day rate | 0.219          | 0.237          | 0.233          |
| SEK/USD, average rate     | 7.300          | 7.627          | 7.798          |
| SEK/USD, closing day rate | 6.710          | 7.191          | 7.003          |
| UAH/USD, closing day rate | 7.933          | 8.050          | 8.260          |
| RUB/USD, closing day rate | 30.586         | 30.305         | 30.064         |

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



# Swedbank AB

## Income statement

| Parent company<br>SEKm                                | Q3<br>2010   | Q2<br>2010   | %         | Q3<br>2009   | %          | Jan-Sep<br>2010 | Jan-Sep<br>2009 | %          |
|---|--------------|--------------|-----------|--------------|------------|-----------------|-----------------|------------|
| <i>Interest income</i>                                | 6 499        | 5 452        | 19        | 7 112        | -9         | 18 164          | 24 855          | -27        |
| <i>Interest expenses</i>                              | -4 752       | -3 805       | 25        | -4 805       | -1         | -12 915         | -17 510         | -26        |
| <b>Net interest income</b>                            | <b>1 747</b> | <b>1 647</b> | <b>6</b>  | <b>2 307</b> | <b>-24</b> | <b>5 249</b>    | <b>7 345</b>    | <b>-29</b> |
| Dividends received                                    | 18           | 180          | -90       | 15           | 20         | 2 790           | 261             |            |
| <i>Commission income</i>                              | 1 453        | 1 546        | -6        | 1 399        | 4          | 4 482           | 4 032           | 11         |
| <i>Commission expenses</i>                            | -322         | -324         | -1        | -378         | -15        | -970            | -1 194          | -19        |
| <b>Net commissions</b>                                | <b>1 131</b> | <b>1 222</b> | <b>-7</b> | <b>1 021</b> | <b>11</b>  | <b>3 512</b>    | <b>2 838</b>    | <b>24</b>  |
| Net gains and losses on financial items at fair value | 371          | 184          |           | 61           |            | 826             | 985             | -16        |
| Other income  | 308          | 360          | -14       | 335          | -8         | 956             | 1 341           | -29        |
| <b>Total income</b>                                   | <b>3 575</b> | <b>3 593</b> | <b>-1</b> | <b>3 739</b> | <b>-4</b>  | <b>13 333</b>   | <b>12 770</b>   | <b>4</b>   |
| Staff costs   | 1 580        | 1 695        | -7        | 1 664        | -5         | 4 946           | 4 950           | 0          |
| Other expenses  | 1 158        | 1 153        | 0         | 1 094        | 6          | 3 444           | 3 483           | -1         |
| Depreciation/amortisation                             | 89           | 83           | 7         | 90           | -1         | 255             | 274             | -7         |
| <b>Total expenses</b>                                 | <b>2 827</b> | <b>2 931</b> | <b>-4</b> | <b>2 848</b> | <b>-1</b>  | <b>8 645</b>    | <b>8 707</b>    | <b>-1</b>  |
| <b>Profit before impairments</b>                      | <b>748</b>   | <b>662</b>   | <b>13</b> | <b>891</b>   | <b>-16</b> | <b>4 688</b>    | <b>4 063</b>    | <b>15</b>  |
| Impairment of financial fixed assets                  | -133         | -255         | -48       |              |            | 29              | 4 092           | -99        |
| Impairment of tangible assets                         |              |              |           |              |            |                 |                 |            |
| Credit impairments                                    | -50          | -2           |           | 348          |            | -193            | 1 547           |            |
| <b>Operating profit</b>                               | <b>931</b>   | <b>919</b>   | <b>1</b>  | <b>543</b>   | <b>71</b>  | <b>4 852</b>    | <b>-1 576</b>   |            |
| Appropriations  |              |              |           | 2            |            |                 | 2               |            |
| Tax expense   | 172          | 196          | -12       | 160          | 8          | 621             | 551             | 13         |
| <b>Profit for the period</b>                          | <b>759</b>   | <b>723</b>   | <b>5</b>  | <b>385</b>   | <b>97</b>  | <b>4 231</b>    | <b>-2 125</b>   |            |

## Statement of comprehensive income

| Parent company<br>SEKm   | Q3<br>2010 | Q2<br>2010 | %          | Q3<br>2009 | %         | Jan-Sep<br>2010 | Jan-Sep<br>2009 | %   |
|--|------------|------------|------------|------------|-----------|-----------------|-----------------|-----|
| <b>Profit for the period reported via income statement</b>   | <b>759</b> | <b>723</b> | <b>5</b>   | <b>385</b> | <b>97</b> | <b>4 231</b>    | <b>-2 125</b>   |     |
| Cash flow hedges:  |            |            |            |            |           |                 |                 |     |
| -Gains/losses arising during the period  | -73        | 107        |            | -121       | -40       | -127            | -644            | -80 |
| -Reclassification adjustments to income statement, net interest income                                   | 209        | 214        | -2         | 202        | 3         | 612             | 591             | 4   |
| -Reclassification adjustments to income statement, net gains and losses on financial items at fair value |            |            |            | 31         |           |                 | 112             |     |
| Group contributions paid   | -2         | -1         | 100        | 0          |           | -3              | -2              | 50  |
| Income tax relating to components of other comprehensive income  | -35        | -85        | -59        | -30        | 17        | -127            | -16             |     |
| <b>Other comprehensive income for the period, net of tax</b>   | <b>99</b>  | <b>235</b> | <b>-58</b> | <b>82</b>  | <b>21</b> | <b>355</b>      | <b>41</b>       |     |
| <b>Total comprehensive income for the period</b>   | <b>858</b> | <b>958</b> | <b>-10</b> | <b>467</b> | <b>84</b> | <b>4 586</b>    | <b>-2 084</b>   |     |

## Balance sheet

| Parent company<br>SEKm                  | 30 Sep<br>2010   | 31 Dec<br>2009   | %         | 30 Sep<br>2009   | %          |
|---|------------------|------------------|-----------|------------------|------------|
| <b>Assets</b>                           |                  |                  |           |                  |            |
| Loans to credit institutions            | 504 171          | 464 458          | 9         | 600 557          | -16        |
| Loans to the public                     | 355 110          | 413 350          | -14       | 365 677          | -3         |
| Interest-bearing securities             | 199 976          | 262 851          | -24       | 291 338          | -31        |
| Shares and participating interests      | 51 048           | 50 990           | 0         | 43 340           | 18         |
| Derivatives                             | 108 556          | 80 438           | 35        | 90 679           | 20         |
| Other assets                            | 25 191           | 38 770           | -35       | 30 343           | -17        |
| <b>Total assets</b>                     | <b>1 244 052</b> | <b>1 310 857</b> | <b>-5</b> | <b>1 421 934</b> | <b>-13</b> |
| <b>Liabilities and equity</b>           |                  |                  |           |                  |            |
| Amounts owed to credit institutions     | 223 739          | 339 875          | -34       | 428 158          | -48        |
| Deposits and borrowings from the public | 425 755          | 394 054          | 8         | 373 687          | 14         |
| Debt securities in issue, etc           | 300 487          | 340 929          | -12       | 374 452          | -20        |
| Derivatives                             | 104 079          | 82 460           | 26        | 96 640           | 8          |
| Other liabilities and provisions        | 97 225           | 57 354           | 70        | 61 555           | 58         |
| Subordinated liabilities                | 29 130           | 37 151           | -22       | 39 442           | -26        |
| Untaxed reserves                        | 815              | 816              | 0         | 5 852            | -86        |
| Equity                                  | 62 822           | 58 218           | 8         | 42 148           | 49         |
| <b>Total liabilities and equity</b>     | <b>1 244 052</b> | <b>1 310 857</b> | <b>-5</b> | <b>1 421 934</b> | <b>-13</b> |
| Pledged collateral                      | 143 932          | 192 303          | -25       | 267 309          | -46        |
| Other assets pledged                    | 1 404            | 1 922            | -27       | 2 944            | -52        |
| Contingent liabilities                  | 460 227          | 408 045          | 13        | 30 867           |            |
| Commitments                             | 148 082          | 151 526          | -2        | 141 486          | 5          |

## Statement of changes in equity

| Parent company<br>SEKm                      | Share capital | Share premium<br>reserve | Statutory<br>reserve | Cash flow<br>hedges | Retained<br>earnings | Total         |
|---|---------------|--------------------------|----------------------|---------------------|----------------------|---------------|
| <b>Opening balance 1 January 2009</b>       | <b>14 918</b> | <b>4 871</b>             | <b>6 489</b>         | <b>-930</b>         | <b>15 876</b>        | <b>41 224</b> |
| New share issue                             | 3 010         |                          |                      |                     |                      | 3 010         |
| Total comprehensive income for the period   |               |                          |                      | 43                  | -2 129               | -2 086        |
| <b>Closing balance 30 September 2009</b>    | <b>17 928</b> | <b>4 871</b>             | <b>6 489</b>         | <b>-887</b>         | <b>13 747</b>        | <b>42 148</b> |
| <b>Opening balance 1 January 2009</b>       | <b>14 918</b> | <b>4 871</b>             | <b>6 489</b>         | <b>-930</b>         | <b>15 876</b>        | <b>41 224</b> |
| New share issue                             | 9 433         | 8 650                    |                      |                     |                      | 18 083        |
| Expenses in connection with new share issue |               | -438                     |                      |                     |                      | -438          |
| Total comprehensive income for the period   |               |                          |                      | 187                 | -838                 | -651          |
| <b>Closing balance 31 December 2009</b>     | <b>24 351</b> | <b>13 083</b>            | <b>6 489</b>         | <b>-743</b>         | <b>15 038</b>        | <b>58 218</b> |
| <b>Opening balance 1 January 2010</b>       | <b>24 351</b> | <b>13 083</b>            | <b>6 489</b>         | <b>-743</b>         | <b>15 038</b>        | <b>58 218</b> |
| Share based payments to employees           |               |                          |                      |                     | 18                   | 18            |
| Total comprehensive income for the period   |               |                          |                      | 357                 | 4 229                | 4 586         |
| <b>Closing balance 30 September 2010</b>    | <b>24 351</b> | <b>13 083</b>            | <b>6 489</b>         | <b>-386</b>         | <b>19 285</b>        | <b>62 822</b> |

## Cash flow statement

| Parent company<br>SEKm                            | Jan-Sep<br>2010 | Full-year<br>2009 | Jan-Sep<br>2009 |
|---|-----------------|-------------------|-----------------|
| Cash flow from operating activities               | -74 907         | 4 741             | 20 863          |
| Cash flow from investing activities               | 45 801          | 821               | 13 374          |
| Cash flow from financing activities               | -46 808         | 79 230            | 99 267          |
| <b>Cash flow for the period</b>                   | <b>-75 914</b>  | <b>84 792</b>     | <b>133 504</b>  |
| Cash and cash equivalents at beginning of period  | 271 910         | 187 118           | 187 118         |
| Cash flow for the period                          | -75 914         | 84 792            | 133 504         |
| <b>Cash and cash equivalents at end of period</b> | <b>195 996</b>  | <b>271 910</b>    | <b>320 622</b>  |

## Capital adequacy

| Parent company<br>SEKm                          | 30 Sep<br>2010 | 31 Dec<br>2009 | % or<br>pp | 30 Sep<br>2009 | % or<br>pp |
|---|----------------|----------------|------------|----------------|------------|
| Core Tier 1 capital                             | 59 699         | 57 377         | 4          | 45 011         | 33         |
| Tier 1 capital contribution                     | 7 223          | 9 218          | -22        | 8 480          | -15        |
| <b>Total Tier 1 capital</b>                     | <b>66 922</b>  | <b>66 595</b>  | <b>0</b>   | <b>53 491</b>  | <b>25</b>  |
| Tier 2 capital                                  | 20 890         | 25 952         | -20        | 29 009         | -28        |
| Settlements, equities, etc.                     | -2 651         | -555           |            | -555           |            |
| <b>Total capital base</b>                       | <b>85 161</b>  | <b>91 992</b>  | <b>-7</b>  | <b>81 945</b>  | <b>4</b>   |
| <b>Risk-weighted assets</b>                     | <b>422 295</b> | <b>465 046</b> | <b>-9</b>  | <b>462 208</b> | <b>-9</b>  |
| <b>Capital requirement</b>                      | <b>33 784</b>  | <b>37 204</b>  | <b>-9</b>  | <b>36 977</b>  | <b>-9</b>  |
| <b>Capital requirement including complement</b> | <b>33 784</b>  | <b>37 204</b>  | <b>-9</b>  | <b>36 977</b>  | <b>-9</b>  |
| Capital quotient*                               | 2.52           | 2.47           | 0.05       | 2.22           | 0.30       |
| Core Tier 1 capital ratio, %*                   | 14.1           | 12.3           | 1.8        | 9.7            | 4.4        |
| Tier 1 capital ratio, %*                        | 15.8           | 14.3           | 1.5        | 11.6           | 4.3        |
| Total capital adequacy ratio, %*                | 20.2           | 19.8           | 0.4        | 17.7           | 2.4        |

\* Key ratios refer to both transition rules and Basel 2.

## Signatures of the Board of Directors and the President

The Board of Directors and the President certify that the interim report for the third quarter 2010 provides a fair and accurate overview of the operations, financial position and results of the Parent company and the Group and describes the significant risks and uncertainties faced by the Parent company and the companies in the Group.

Stockholm, 20 October 2010

Lars Idermark  
Chair

Anders Sundström  
Deputy Chair

Ulrika Francke  
Board Member

Göran Hedman  
Board Member

Berith Hägglund-Marcus  
Board Member

Anders Igel  
Board Member

Helle Kruse Nielsen  
Board Member

Pia Rudengren  
Board Member

Karl-Henrik Sundström  
Board Member

Siv Svensson  
Board Member

Kristina Janson  
Board Member  
Employee Representative

Jimmy Johnsson  
Board Member  
Employee Representative

Michael Wolf  
President

## Review report

### Introduction

We have reviewed the interim report for Swedbank AB (publ) for the period 1 January to 30 September 2010. The Board of Directors and the President are responsible for the preparation and presentation of this interim report in accordance with IAS 34 and the Annual Accounts Act for Credit Institutions and Securities Companies. Our responsibility is to express a conclusion on this interim report based on our review.

### Scope of review

We conducted our review in accordance with the Standard on Review Engagements SÖG 2410 Review of Interim Financial Information performed by the company's auditors. A review consists of making inquiries, primarily with persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Standards on Auditing in Sweden RS and other generally accepted auditing practices. The procedures performed in a review do not enable us to obtain a level of assurance that would make us aware of all significant matters that might be identified in an audit. Therefore, the conclusion expressed based on a review does not give the same level of assurance as a conclusion expressed based on an audit.

### Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the interim report for the Group is not, in all material aspects, in accordance with IAS 34 and the Annual Accounts Act for Credit Institutions and Securities Companies and as regards the parent company in accordance the Annual Accounts Act for Credit Institutions and Securities Companies.

Stockholm, 20 October 2010

Deloitte AB

Svante Forsberg  
Authorised Public Accountant

## Publication of financial information

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

Swedbank will publish financial results on the following dates in 2011:

Year end report for 2010 on 8 February 2011  
Interim report for the first quarter on 28 April 2011  
Interim report for the second quarter on 21 July 2011  
Interim report for the third quarter on 25 October 2011

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