Third quarter 2009

compared with second quarter 2009

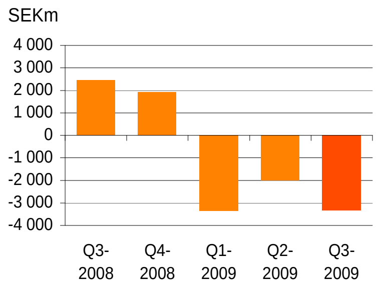
- The result for the period was SEK -3 337m (-2 012)
- Earnings per share were SEK -3.57 (-2.16)
- The return on equity was negative (negative)
- The cost/income ratio was 0.56 (0.48)
- Net interest income decreased by 4 per cent to SEK 5 017m (5 243)
- Profit before impairments and provisions excluding non-recurring items decreased by 10 per cent to SEK 3 593m (3 997)
- Net impairment losses on loans amounted to SEK 6 121m (6 672). Provisions for loan losses amounted to SEK 5 338m (6 138). Net write-offs amounted to SEK 783 m (534). The loan loss ratio was 1.95 per cent (2.10)
- The Tier 1 capital ratio increased to 11.4 per cent according to the new rules (11.1 per cent on 31 December 2008) and 8.8 per cent (8.4) according to transition rules. The core Tier 1 capital ratio was 9.9 per cent (9.7) according to the new rules and 7.7 per cent (7.4) according to the transition rules. On a pro forma basis including the rights issue, the core Tier 1 capital ratio was 12.3 per cent according to the new rules and 9.5 per cent with the transition rules.

January-September 2009

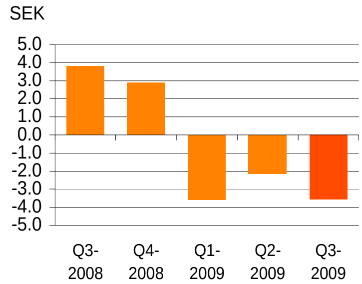
compared with January – September 2008

- The result for the period was SEK -8 707m (8 972)
- Earnings per share were SEK -9.32 (13.85)
- The return on equity was negative (17.0 per cent)
- The cost/income ratio was 0.51 (0.50)
- Net interest income increased by 1 per cent to SEK 16 063m (15 960)
- Profit before impairments and provisions excluding non-recurring items increased by 7 per cent to SEK 12 875m (12 027)
- Net impairment losses on loans amounted to SEK 19 638m (1 523). Provisions for loan losses amounted to SEK 18 028m (1 230). Net write-offs amounted to SEK 1 610m (293)
- Impairment of intangible assets affected profit by SEK 1 305m (0)

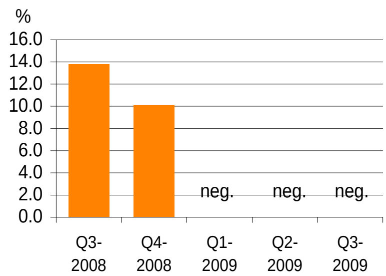
Result for the period



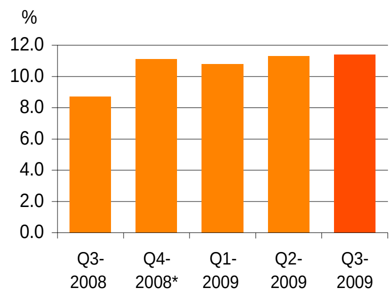
Earnings per share



Return on equity



Tier 1 capital ratio



* Including total subscribed capital.

CEO Comment

In mid-August Swedbank announced a rights issue of SEK 15.1bn. Interest among current shareholders and the market in general has been significant. The support for our bank is encouraging. With this new issue, we ensure our position as a well capitalised bank. The additional capital gives us the financial resources to create business opportunities during an economic rebound and to continue to offer competitive terms even if conditions worsen.

The financial markets continued to stabilise during the third quarter and investors' risk appetite has generally increased. However, the recession and financial crisis are far from over. Central banks around the world continue to provide the financial system with liquidity, and there are as yet no indications as to when and how they plan to wind down their stimulus measures.

Swedbank continued during the quarter to concentrate on its short-term priorities: asset quality, earnings capacity, liquidity and funding and capitalisation. It is gratifying that with the financial strength and operating platform we have in place today we can look at the big picture and begin working to achieve our long-term position.

Asset quality: Signs of stability
We see signs in Baltic Banking that credit quality is no longer weakening at the same rate as before. The level of new impaired loans was somewhat lower during the third quarter than in the second quarter. Our forecast that new impaired loans will be lower during the second half of 2009 than the first half remains unchanged.

The Financial Reconstruction and Restructuring units (FR&R) are now working at full strength. During the third quarter we established Ektornet AB. The company will manage and resell repossessed collateral, primarily real estate, in order to protect as much value as possible for our shareholders.

In Sweden, we adopted a more conservative approach to new mortgage lending during the quarter, after low interest rates spurred price increases that could lead to higher repayment risk once interest rates rise. As a result, our share of new sales has decreased.

Earnings capacity: Capacity adjustments and risk-adjusted pricing progress according to plan
Swedbank continues to make capital adjustments and is following the plan described in connection with the second-quarter interim report.

Risk adjustments of credit pricing continue according to plan. The changes have a faster impact on large corporations than smaller businesses, and faster in Sweden than in the Baltic countries. However, we expect margins in the Baltic countries eventually to increase more than in Sweden.

Liquidity and funding: Good liquidity and improved terms for long-term financing
An important objective of the rights issue is to gradually leave the guarantee programme. The reaction from the funding market thus far has been positive. In September Swedbank issued a covered bond on the international credit market on competitive terms. During the quarter we raised a total of SEK 50bn in long-term funding without a state guarantee and the average maturity of our capital market funding has been further extended.

Liquidity has been maintained at a high level, since we expect it to take more time until funding markets normalise. Today we have cash flows that will generate positive liquidity for more than 24 months.

Capitalisation: Successful rights issue is demonstration of our shareholders' support
Our focus on capital efficiency continued during the quarter. During the first nine months of the year risk-weighted assets decreased by a total of SEK 90bn, which has improved our Tier 1 capital ratio since year-end, despite earnings at the same time being charged with impairment losses on loans of SEK 20bn. The SEK 15bn in capital raised through the rights issue gives us solid capitalisation even in a very negative macro scenario.

Our focus on capital efficiency continues. Credits that do not meet our requirements on risk-adjusted returns are being repriced or divested, giving us the leeway to meet any increase in credit demand in Sweden. The large part of further reductions in risk-adjusted assets is expected to come mainly from lower lending volumes in the Baltic countries and Eastern Europe. Lending to the Baltic countries has decreased thus far this year by SEK 41bn or 19 per cent.

With our financial strength and operating platform in place, we can now look at the big picture and begin working to achieve our long-term goal to be the bank with whom the majority of households, businesses and institutions in Sweden, Estonia, Latvia and Lithuania prefer to do business.

Creating a shared culture and structure in every part of the bank is a long-term effort that will take three to five years to implement and will require investments in infrastructure and personnel. I am convinced we will get there thanks to our committed employees, unique customer base and strong market position.

In September Swedbank was named Business Bank of the Year 2009 by the magazine Affärsvärlden, in its Financial Barometer survey. Since our aim is to offer customers the best selection of financial services on the market at the best price, it is gratifying that these were the areas where customers gave us the highest ratings.

Michael Wolf
President and Chief Excecutive Officer

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Financial summary

Income statement SEKm	Q3 2009	Q2 2009	%	Q3 2008	%	Jan-Sep 2009	Jan-Sep 2008	%
Net interest income	5 017	5 243	-4	5 424	-8	16 063	15 960	1
Net commissions	2 208	1 970	12	2 265	-3	5 552	6 819	-19
Net gains and losses on financial items at fair value	87	710	-88	-109		2 508	1 107	
Other income	830	1 311	-37	658	26	2 677	2 231	20
Total income	**8 142**	**9 234**	**-12**	**8 238**	**-1**	**26 800**	**26 117**	**3**
Staff costs	2 448	2 282	7	2 458	0	7 271	7 490	-3
Other expenses	2 078	2 121	-2	1 855	12	6 277	5 693	10
Total expenses	**4 526**	**4 403**	**3**	**4 313**	**5**	**13 548**	**13 183**	**3**
Profit before impairments and provisions	**3 616**	**4 831**	**-25**	**3 925**	**-8**	**13 252**	**12 934**	**2**
Impairment of intangible assets						1 305		
Impairment of tangible assets	77	8				97		
Impairment losses on loans and other credit risk provisions	6 121	6 672	-8	812		19 638	1 523	
Operating profit	**-2 582**	**-1 849**	**40**	**3 113**		**-7 788**	**11 411**	
Tax expense	734	145		640	15	866	2 380	-64
Profit for the period	-3 316	-1 994	66	2 473		-8 654	9 031	
Profit for the period attributable to the shareholders of Swedbank AB	**-3 337**	**-2 012**	**66**	**2 468**		**-8 707**	**8 972**	

Key ratios and data per share	Q3 2009	Q2 2009	Q3 2008	Jan-Sep 2009	Jan-Sep 2008
Return on equity, %	neg.	neg.	13.8	neg.	17.0
Earnings per share, SEK [1]	-3.57	-2.16	3.81	-9.32	13.85
Cost/income ratio	0.56	0.48	0.52	0.51	0.50
Equity per share, SEK [1]	99.15	104.71	141.68	99.15	141.68
Equity per share, SEK, pro-forma [1] [2]	78.65	104.71	141.68	78.65	141.68
Capital quotient, transition rules	1.52	1.57	1.23	1.52	1.23
Core Tier 1 capital ratio, %, transition rules	7.7	8.0	5.8	7.7	5.8
Tier 1 capital ratio, %, transition rules	8.8	9.2	6.8	8.8	6.8
Capital adequacy ratio, %, transition rules	12.1	12.6	9.9	12.1	9.9
Capital quotient excluding complement	1.96	1.93	1.57	1.96	1.57
Core Tier 1 capital ratio, %, excluding complement	9.9	9.8	7.4	9.9	7.4
Tier 1 capital ratio, %, excluding complement	11.4	11.3	8.7	11.4	8.7
Capital adequacy ratio, %, excluding complement	15.7	15.4	12.5	15.7	12.5
Capital quotient excluding complement, pro-forma[2]	2.26	1.93	1.57	2.26	1.57
Core Tier 1 capital ratio, %, excluding complement, pro-forma[2]	12.3	9.8	7.4	12.3	7.4
Tier 1 capital ratio, %, excluding complement, pro-forma[2]	13.8	11.3	8.7	13.8	8.7
Capital adequacy ratio, %, excluding complement, pro-forma[2]	18.1	15.4	12.5	18.1	12.5
Loan loss ratio, %[3]	1.95	2.10	0.27	2.07	0.18
Share of impaired loans, gross, %	2.53	2.09	0.47	2.53	0.47
Total provision ratio for impaired loans, %	63	63	73	63	73

[1] The number of shares is specified on page 38.
[2] Including all effects of the rights issue.
[3] Impairment losses on loans and other risk provisions in relation to the lending opening balance (excluding repurchase agreements, credit institutions and Swedish Nat'l Debt Office) as well as loan guarantees.

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

Balance sheet data SEKbn	30 Sep 2009	31 Dec 2008	%	30 Sep 2008	%
Loans to the public	1 245	1 287	-3	1 255	-1
Deposits and borrowings from the public	477	508	-6	507	-6
Shareholders' equity	77	86	-11	73	5
Total assets	1 815	1 812	0	1 696	7
Risk weighted assets, excluding complement	607	697	-13	667	-9
Risk weighted assets, transition rules	785	916	-14	847	-7
Risk weighted assets, older rules	1 004	1 051	-5	979	3

Overview

The global economic crisis continued to affect operations during the period. During the second quarter GDP fell on an annual basis by 6.0 per cent in Sweden, 16 per cent in Estonia, 19 per cent in Latvia, 20 per cent in Lithuania, 18 per cent in Ukraine and 11 per cent in Russia. This dramatic development has created problems for a growing number of the bank's loan customers in repaying their interest and principal. The negative trend has been most evident in Latvia and Ukraine. At the same time demand for financial services, especially credit, has dropped substantially.

After three quarters of large, rapid global interest rate cuts, short-term rates continued to decrease during the third quarter. At the same time prices on the world's stock exchanges, not least the Stockholm stock exchange, rose sharply during the quarter. Exchange rates continued to fluctuate significantly. The SEK rose against the EUR by 6 per cent and against the USD by 10 per cent during the quarter. The UAH weakened by 6 per cent against the USD and by 15 per cent against the SEK. The RUB rose by 4 per cent against the USD and weakened by 6 per cent against the SEK. The third quarter is traditionally a slower season for the financial markets due to the summer vacation period.

Swedbank's business areas have been modified as of the third quarter. Swedish Banking now includes Swedbank Luxembourg, which was transferred from International Banking, as well as Swedbank Försäkring and individual pension savings, which were transferred from Asset Management and Insurance. A treasury portfolio was transferred from Swedish Banking to Group Treasury within Shared Services and Group Staffs. In Baltic Banking, trading and capital market operations were transferred to Swedbank Markets and its IT operations were coordinated with the Swedish IT operations in Group IT, which is part of Shared Services and Group Staffs. Comparative figures have been restated for all business areas.

Third quarter 2009

Swedbank reported a loss for the third quarter of SEK 3.3bn, compared with a loss of SEK 2.0bn for the second quarter.

Non-recurring items affected profit before tax by SEK 23m, compared with SEK 834m in the previous quarter and SEK 139m in the same quarter of 2008. The non-recurring item during the quarter was a capital gain of SEK23m on branch sales to savings banks. Non-recurring items in the second quarter consisted of capital gains of SEK 374m on branch sales to savings banks, SEK 322m from Visa Sweden (share of associated company profit) within Swedish Banking, refunded fund management fees of SEK -60m within Asset Management and Insurance, and a bonus reserve reversal of SEK 198m in Baltic Banking. The third quarter 2008 included SEK 95m from the sale of SPS Reinsurance within Shared Services and Group Staffs, SEK 83m from a VAT recovery in the Russian leasing operations within International Banking, and SEK 39m for amortisation of the Hansabank trademark in Baltic Banking.

The third quarter was charged with a fee to the Swedish stabilisation fund of SEK 195m, of which SEK 130m relates to the first half-year, but due to a late draft law is first being reported in this quarter. The fee is divided by business area as follows: Swedish Banking SEK 109m, Baltic Banking SEK 11m, International Banking SEK 6m, Swedbank Markets SEK 43m and Shared Services and Group Staffs SEK 26m.

Reclassifications of losses on repossessed leasing assets, which were previously reported net in other income but as of the third quarter have been transferred to impairments, raised other income by SEK 142m.

Profit before impairments and write-offs as well as non-recurring items decreased by SEK 404m from the previous quarter. Besides the stability fee, the decrease was mainly due to lower earnings in Swedbank Markets and the Ukrainian operations within International Banking.

Profit before impairments, write downs and non-recurring items by business area SEKm	**Q3 2009**	**Q2 2009**	**Q3 2008**
Swedish Banking	2 101	2 162	1 994
Baltic Banking	931	1 032	1 313
Ukraine	*-114*	*196*	*76*
Russia	*91*	*106*	*92*
Other	*66*	*42*	*-4*
International Banking	43	344	164
Swedbank Markets	482	913	174
Asset Management	153	117	138
Shared Services and Group Staffs	-117	-571	3
Total	**3 593**	**3 997**	**3 786**

Income excluding non-recurring items and exchange rate effects decreased by SEK 366m or 4 per cent from the previous quarter. Besides the stability fee, the decrease was mainly due to lower income from treasury, trading and capital market products.

Income analysis Group SEKm	**Q3 2009**	**Q2 2009**	**Q3 2008**
Lending	3 251	3 317	3 235
Deposits	1 116	1 250	1 762
Treasury, trading and capital market products	1 299	1 711	646
Asset management	946	863	933
Payments and cards	890	815	899
Insurance	160	175	105
Associates	183	141	138
Other income	469	326	425
Stability fee	-195		
Non-recurring items	23	636	95
Total income	**8 142**	**9 234**	**8 238**

Low interest rates, higher local money markets rates in the Baltic countries relative to the Euribor, lower net lending volumes and the fee to the Swedish stabilisation fund of SEK 195m contributed to a decrease in net interest income of SEK 226m or 4 per cent from the previous quarter. The trend towards higher lending margins continued in Swedish Banking, while lower lending margins continued in Baltic Banking, where it takes a long time to pass on higher funding costs to customers and where impaired loans are increasing. The internal funds transfer price model in Swedish

Banking was changed during the quarter, particularly regarding floating-rate mortgages, which meant lower posted lending margins. At the same time, all things being equal, Swedbank Mortgage's funding net interest income improved at the same rate. If a constant internal funds transfer price model had been used over time, lending margins would have continued to improve at Swedbank Mortgage.

Net commission income increased by SEK 178m or 9 per cent from the previous quarter excluding the effect of the refunded fund management fees. The main reason was higher fund management and insurance commissions due to an increase in assets under management after a rise in equity prices.

Net gains and losses on financial items at fair value decreased by SEK 623m or 88 per cent from the previous quarter. Net gains and losses in Swedish Banking decreased by SEK 306m mainly due to valuation effects in Swedbank Mortgage. Net gains and losses in Ukrainian Banking decreased by SEK 243m due to a short USD position when the UAH depreciated against the USD. The negative currency result in Ukraine was partly offset by a positive exchange rate difference on the recalculation of the equity in the Ukrainian company. This positive effect amounted to SEK 182m and is reported only in total earnings. Net gains and losses in Swedbank Markets were at a high level, but were still significantly lower than in the previous quarter.

Adjusted for a reversal of provisions for profit-based compensation in Baltic Banking of SEK 198m during the second quarter, expenses were SEK 75m or 2 per cent lower than in the previous quarter, of which SEK 69m was due to exchange rate effects. Write-offs of system development costs in Baltic Banking affected third quarter expenses by SEK 46m. Expenses for repossessed properties affected third quarter expenses by SEK 37m.

Impairment of fixed assets, primarily repossessed properties, amounted to SEK 77m (8).

Net impairment losses on loans amounted to SEK 6.1bn (6.7 in previous quarter), of which SEK 3.3bn related to Baltic Banking and SEK 2.3bn to Ukrainian Banking. The loan loss level was 1.95 per cent (2.10) for the Group. In Baltic Banking, the loan loss level was 6.94 per cent (7.60) and in Ukrainian Banking 76.43 per cent (49.44). Of the net impairment losses on loans, SEK 5.3bn was provisions and SEK 0.8bn net write-offs.

Despite the pre-tax loss, the Group's tax expense amounted to SEK 734m, an increase of SEK 588m against the previous quarter. The increase was mostly due to lower provisions for deferred tax assets in the loss-making Ukrainian and Baltic operations. The Swedish operations reported a taxable profit. To date this year, this tax expense has been just over SEK 600m per quarter. In Ukraine, the reported losses are not expected to be utilised for tax purposes. As of 30 June deferred tax assets in Ukraine amounted to SEK 180m in the balance sheet. This item has now been dissolved, which affected the reported quarterly tax expense. In Ukraine, accrued interest income on impaired loans is taxed on an ongoing basis, despite not being included in reported profit. Moreover, provisions for impairment losses exceeding 10 per cent of the credit portfolio are not tax deductible. This level was reached at the end of the second quarter, which is why provisions for impairment losses made in the third quarter did not decrease taxable earnings. In Estonia, corporate earnings are not taxed as long as there is no dividend paid from earnings. No deferred tax assets are thus reported on the losses in Estonia. In Latvia and Lithuania, losses are normally tax deductible. However, deferred tax assets are reported as anticipated future profit in the short to medium term. In the third quarter, a more conservative view of the possibility of utilising the deficit, particularly in the leasing company in Lithuania, entailed lower provisions for deferred tax assets. The Group will continue to have a relatively high tax burden mainly due to losses and profit in legal entities which cannot be consolidated for tax purposes.

January-September 2009

Profit

The loss for the first nine months of the year amounted to SEK 8.7bn, compared with a profit of SEK 9.0bn in the previous year.

Non-recurring items affected profit before tax by SEK 377m, compared with SEK 907m in the previous year. Non-recurring items in 2009 include capital gains of SEK 397m on branch sales, Visa revenue of SEK 322m in Swedish Banking, refunded fund management fees of SEK 540m in Asset Management, and SEK 198m for a dissolved bonus reserve in Baltic Banking. Non-recurring items in 2008 included capital gains of SEK 440m on branch sales, MasterCard revenue of SEK 101m in Swedish Banking, a capital gain of SEK 66m on PKK, SEK 185m for a dissolved bonus reserve in Baltic Banking, SEK 63m for amortisation of the value of the Hansabank trademark in Baltic Banking, SEK 83m in recovered VAT in the Russian leasing operations in International Banking, and a capital gain of SEK 95m on the sale of SPS Reinsurance in Shared Services and Group Staffs.

Profit before impairments and provisions as well as non-recurring items increased by SEK 848m from the previous year despite the stabilisation fee, mainly due to a record profit for Swedbank Markets, while Group Treasury within Shared Services and Group Staffs reported lower earnings.

Profit before impairments, write downs and non-recurring items by business area SEKm	**Jan-Sep 2009**	**Jan-Sep 2008**
Swedish Banking	6 467	6 349
Baltic Banking	3 164	3 674
Ukraine	*296*	*329*
Russia	*328*	*212*
Other	*144*	*104*
International Banking	768	645
Swedbank Markets	2 989	864
Asset Management	309	496
Shared Services and Group Staffs	-822	-1
Total	**12 875**	**12 027**

Excluding non-recurring items and exchange rate differences on the translation of subsidiary income to Swedish kronor, the increase in income was 3 per cent, or SEK 653m.

Higher income from treasury, trading, capital market products and lending offset lower income from deposits and asset management. Deposit income was adversely affected by margin pressure, primarily for current accounts, where it was not possible to reduce the interest paid to customers as quickly as the fall in short-term money market rates. Asset management income was adversely affected by lower average asset volumes during the period.

Income analysis Group SEKm	Jan-Sep 2009	Jan-Sep 2008
Lending	10 126	9 326
Deposits	3 768	5 192
Treasury, trading and capital market products	5 747	3 509
Asset management	2 568	2 967
Payments and cards	2 538	2 531
Insurance	465	313
Associates	421	376
Other income	1 183	1 201
Stability fee	-195	
Non-recurring items	179	702
Total income	**26 800**	**26 117**

Net interest income increased by 1 per cent. Higher lending margins and increased volumes in the Swedish operations, as well as strong earnings from trading and treasury operations, including the effect of low-interest deposit account hedging, were positive contributors. Lower money market rates have generally hurt net interest income on deposits, mainly as regards current accounts. Net lending interest in Baltic Banking decreased due to lower volumes and increasing impaired loans. In addition, the Swedish stabilisation fee amounted to SEK 195m.

Net commission income fell by 11 per cent excluding Swedbank Robur's non-recurring cost to refund fund management fees. The decrease was mainly due to lower income from fund and unit-linked insurance savings resulting from lower stock prices. Swedbank Robur's income was charged with SEK 540m in compensation to customers for fund management fees charged since 2004 that were not in compliance with the rules set out for two funds. Payment commissions increased slightly, while corporate finance commissions decreased by 42 per cent.

Net gains and losses on financial items at fair value increased by SEK 1.4bn, including SEK 2.3bn in Swedbank Markets and SEK 0.3bn in Baltic Banking, while net gains decreased by SEK 0.1bn in Swedish Banking, SEK 0.3bn in International Banking and SEK 0.8bn in Group Treasury, Shared Services and Group Staffs. In the same period last year Swedbank reported a positive change in value of SEK 163m in Group Treasury for derivatives now reported as a cash flow hedge. Due to the ineffectiveness of the hedge, profit for the year was reduced by SEK -112m. Market conditions for Swedbank Markets' interest and currency trading were favourable, especially during the first half year, with clearly defined trends and high volatility, which resulted in improved customer margins and good earnings from position-taking. In the corresponding period last year a change in value of SEK 101m was reported on Swedish Banking's shareholding in MasterCard.

Net gains and losses on financial items at fair value have historically shown considerable volatility on a quarterly basis in Swedbank Mortgage within Swedish Banking, since a large part of its lending and funding is marked to fair value. The impact on income arises partly in connection with large maturing bonds, due to differences in maturity dates between the bonds and lending. These differences are affected by customers' prepayments and bond repurchases. These effects, which are reported as net gains and losses on financial items at fair value, have a reciprocal effect on net interest income. Moreover, differences in interest rate levels with regard to swaps and bonds affect earnings through the valuation of lending and its funding. As of the second quarter hedge accounting is applied to a portion of newly issued bonds, which reduces the volatility of these valuations.

Excluding non-recurring items and exchange rate translation differences of subsidiary costs to Swedish kronor, Group expenses were SEK 219m higher. Banco Fonder AB, which is consolidated as of the first quarter, affected costs by SEK 55m, including the amortisation of intangible assets attributable to the acquisition. Expenses decreased in Baltic Banking, excluding non-recurring items and exchange rate effects of SEK 491m. In Swedbank Markets, expenses increased by SEK 405m, of which slightly over half relates to staff costs, primarily increased profit-based compensation. The rest of the increase relates mainly to IT expenses and management of the Lehman commitment.

Expenses in the Group increased by approximately SEK 200m due to improved credit risk analysis and expanded capacity to manage problem loans, primarily in the Baltic countries and Ukraine. Expenses for premises increased by SEK 112m, excluding exchange rate effects, of which SEK 78m is in International Banking. Excluding exchange rate effects, IT expenses increased by SEK 111m, of which SEK 46m relates to the write-off of system development expenses in Baltic Banking. Expenses for repossessed properties have increased by SEK 37m.

Fewer employees and lower profit-based staff costs reduced expenses. Of the decrease in the number of full-time employees by 1 718, Baltic Banking accounted for 1 382. Wage increases amounted to 2 per cent in Sweden, while wages decreased in Estonia, Latvia, Lithuania and Ukraine. Costs for personnel reductions amounted to slightly over SEK 44m and primarily related to Baltic Banking.

The deteriorating economic outlook in Ukraine necessitated the write-down during the first quarter of remaining intangible assets, primarily goodwill, of SEK 1.3bn attributable to the Ukrainian investment. The write-down does not affect capital adequacy or cash flow.

Impairment losses on tangible assets, primarily repossessed property, amounted to SEK 97m (0).

Net impairment losses on loans increased by SEK 18.1bn to SEK 19.6bn (1.5), of which SEK 10.7bn related to Baltic Banking and SEK 6.1bn to Ukrainian Banking. Of the reported impairment losses on loans, SEK 18.0bn was net provisions. Individual provisions, net, amounted to SEK 11.2bn (0.9). Collective provisions amounted to SEK 6.8bn (0.3). Net write-offs amounted to SEK 1.6bn (0.3). The loan loss ratio increased to 2.07 per cent (0.18).

Despite the pre-tax loss, the Group's tax expense amounted to SEK 866m. The Swedish operations reported a taxable profit. At the same time the reported losses in Ukraine are not expected to be utilised for tax purposes. In Lithuania, reported losses by the leasing and life insurance companies are not expected to be utilised for tax purposes. In Estonia, no deferred tax assets were reported on losses. Goodwill impairment is not tax deductible.

Credit and asset quality

Lending to the public excluding repurchase agreements (repos) decreased during the first nine months by SEK 39bn or 3 per cent. Excluding exchange rate and market valuation effects, the decrease was SEK 22bn or 2 per cent. Lending amounted to SEK 1 212bn as of 30 September.

Long-term mortgage financing in Sweden through Swedbank Mortgage increased by SEK 43bn or 7 per cent during the nine-month period, of which the increase in the market valuation of the outstanding loan portfolio accounted for SEK 0bn and new lending accounted for a net of SEK 43bn. Swedbank Mortgage's loan portfolio of SEK 667bn represented 55 per cent of the Group's total lending. This portfolio has historically had very low impairment losses. Swedbank Mortgage's average loan-to-value ratio was approximately 45 per cent. Only 0.1 per cent of the portfolio had a loan-to-value ratio of over 85 per cent.

Lending to real estate management companies accounted for SEK 253bn, of which SEK 203bn was in Sweden. The outstanding loan portfolio to real estate management companies in Sweden includes low-risk groups as determined by Swedbank: condominium associations accounted for SEK 86bn, state and municipally owned real estate companies for SEK 14bn and real estate management companies for SEK 25bn.

Net lending to the public in the Baltic countries declined by 13 per cent during the first nine months, while lending in Ukraine declined by 45 per cent excluding exchange rate effects. Lending in the Baltic countries, Russia and Ukraine accounted for 15 per cent (17 per cent as of 31 December 2008), 1 per cent (1) and 1 per cent (1) of the Group's lending to the public, respectively.

The exposure to private equity firms amounted to SEK 14bn (15 as of 31 December 2008), of which 45 per cent related to the healthcare sector. The exposure to shipping amounted to SEK 18bn (20). During the quarter no provisions were allocated for these portfolios.

The portfolio of interest-bearing securities amounted to SEK 191bn on 30 September. The portfolio, consisting of around 75 per cent Swedish securities, has a low risk profile with an emphasis on covered bonds and government securities. Liquidity portfolios in Group Treasury and the Baltic countries amounted to approximately SEK 35bn, while Swedbank Market's trading book accounted for the remaining holdings. As of 30 September, 95 per cent of the portfolio was valued at quoted prices and 5 per cent using valuation models based on observable market data.

Total credit risk exposure, including derivatives, interest-bearing securities, guarantees and other commitments, amounted to SEK 1 703bn, a decrease of SEK 19bn or 1 per cent since the start of the year. The decrease mainly related to the Baltic countries and Ukraine.

During the third quarter impaired loans, gross, increased by SEK 6bn, including exchange rate effects of SEK -3bn. The increase was especially high in Ukraine, Latvia and Lithuania due to the severe economic downturn. The rate of increase in Estonia showed signs of levelling off. In Sweden, impaired loans decreased.

During the first nine months impaired loans increased by SEK 25bn including exchange rate effects of SEK –3bn. Impaired loans are expected to further increase in the fourth quarter, though at a slightly slower rate during the second half of the year than in the first. The large part of the increase is expected to be in the corporate portfolio. Impaired loans will also rise in the household portfolio owing to higher unemployment. During the third quarter impaired loans increased by SEK 4bn in the corporate portfolio and SEK 2bn in the household portfolio. Previously the increase in impaired loans was mainly due to a higher volume of loans with unpaid interest or principal. After reviews of the credit portfolios, the share of loans considered to be impaired due to individual assessments is now increasing.

Impaired loans, gross by business area SEKm	**30 Sep 2009**	**30 Jun 2009**	**30 Sep 2008**
Swedish Banking	2 286	2 553	1 347
Estonia	*5 288*	*4 802*	*1 501*
Latvia	*13 279*	*11 917*	*1 860*
Lithuania	*6 960*	*5 081*	*674*
Baltic Banking	25 527	21 800	4 035
Ukraine	*6 591*	*4 304*	*754*
Russia	*660*	*627*	*187*
Other	*289*	*84*	*15*
International Banking	7 540	5 015	956
Swedbank Markets	417	289	200
Shared Services and Group Staffs	0	0	0
Total	**35 770**	**29 657**	**6 538**

Impaired loans in Baltic Banking include SEK 6bn to households and SEK 20bn to businesses. The share of impaired loans, gross, was 6.7 per cent for households and 19.2 per cent for businesses. The increase in impaired loans in Baltic Banking was mainly in the real estate management and transportation sectors, although other sectors contributed as well. The increase in Ukraine was mainly in the manufacturing sector.

On 30 September 2009 the bank's total exposure to US real estate companies originating from the collateralised Lehman Brothers exposure was USD 1 415m (1 438 as of 30 June). As of 30 September 2009 twelve of the 50 borrowers had problems repaying their loans. This includes those who cannot afford to pay the interest, loans that have fallen due and/or borrowers with other difficulties, including ongoing reconstructions. A legal process is under way in five of the cases. During the last quarter one loan was repaid in its entirety. In addition, the bank took over a property that served as collateral for a loan. An updated analysis of the potential loss from the loans to US real estate companies has not necessitated any additional provisions due to the estimated value of the collateral.

The Group's total provisions were SEK 23bn on 30 September, of which SEK 16bn was individual provisions for identified impaired loans and SEK 7bn was collective provisions.

The Group's provision ratio was 63 per cent as of 30 September (60 per cent on 31 December 2008). The provision ratio was 99 (79) per cent in Swedish Banking, 51 (52) in Baltic Banking, 92 (58) in Ukraine and 79 (100) in Russia.

The provision ratio and the distribution between individual and collective provisions are affected by the rapid increase in impaired loans and uncertainty in the real economy, and thus the value of the bank's collateral. When the inflow of new impaired loans slows and the portfolios and collateral are more closely analysed, the collective provisions are expected to be transferred to individual provisions. Over the business cycle the average loss ratio for defaults is expected to be 30-50 per cent.

Swedbank is working with customers who are having difficulties servicing their debt in order to find beneficial solutions for both parties. All of Swedbank's Financial Reconstruction and Recovery (FR&R) teams continued to strengthen their internal and external expertise during the third quarter. In Baltic Banking, 167 specialists are employed in a special unit that manages actual and potential problem credits. Specialists are also being hired to manage repossessed properties. In Ukraine, 61 people are employed in a similar unit. As of the 30 September, 70 per cent of the customers in the Baltic countries and most customers in Ukraine who are considered problem cases have been reviewed and payment plans have been established. Whenever financially feasible, Swedbank avoids repossessing collateral, but in a large share of cases the bank will be forced to repossess the pledged properties.

The laws governing the repossession of collateral in the Baltic countries are similar to those in other EU member states. The practical work involved in repossessing collateral has been executed satisfactorily in all the Baltic countries. However, the system is now beginning to show its limitations from a resource perspective. Swedbank is trying to cooperate with authorities to improve the situation. The legal process to repossess collateral in Ukraine is cumbersome, even though Swedbank has made progress.

To manage the Group's repossessed assets, Swedbank has established Ektornet AB and a subsidiary. The purpose of Ektornet is to maximise long-term recovery value, minimise the costs of ownership, and provide opportunities for further development and value creation. Swedbank's goal over time is to obtain as much value as possible for its repossessed assets, and it will therefore retain them through the downswing in the business cycle in cases where it is considered advantageous.

Ektornet operates as an independent unit within Swedbank. The repossessed assets are managed through independent resources with specialised expertise. Guidelines have been adopted so that management of the assets is uniform between countries and asset classes.

On 12 October 2009 Oskar Lundeberg started his new position as CEO of Ektornet, which is expected to be fully operational by year-end.

The operations work closely with Swedbank's existing FR&R team. It is anticipated that asset transfers will continue until 2012, at which point properties with an aggregate value of SEK 5-15bn, rough estimate, are expected to be owned. A significant share of the property holdings are likely to be in the Baltic countries.

As of 30 September Swedbank had repossessed collateral worth SEK 592m, of which Sweden accounted for SEK 193m, Estonia for SEK 138m, Latvia for SEK 133m, Lithuania for SEK 2m and the US for SEK 126m. Repossessed assets consist mainly of real estate and equities. Repossessed collateral is expected to increase primarily in the Baltic countries. Repossessed leasing assets in Baltic Banking amounted to SEK 959m, of which SEK 531m relates to vehicles and SEK 391m to properties.

The stock of repossessed cars within Baltic Banking decreased in the third quarter following strong demand. The stock of commercial vehicles also decreased, albeit at a lower pace. The number of properties repossessed and taken over increased, and this segment is expected to increase the most.

Impairment losses on loans amounted to SEK 20bn during the first nine months of 2009, consisting largely of provisions of SEK 18bn. Net write-offs have increased slightly, but remain at a low level. Write-offs are expected to rise going forward due to the severity of the economic crisis.

Impairment losses on loans and other credit risk provisions by business area Jan-Sep 2009 SEKm	**Individual***	**Collective**	**Total**
Swedish Banking	774	425	1 199
Estonia	*1 545*	*489*	*2 034*
Latvia	*4 316*	*1 978*	*6 294*
Lithuania	*1 825*	*1 380*	*3 205*
Baltic Banking	7 686	3 847	11 533
Ukraine	*3 775*	*2 436*	*6 211*
Russia	*249*	*84*	*333*
Other	*294*	*0*	*294*
International Banking	4 318	2 520	6 838
Swedbank Markets	51	4	55
Shared Services and Group Staffs	17	-4	13
Total	**12 846**	**6 792**	**19 638**

* Including write-offs, net

Funding and liquidity

On 30 September the Group's liquid assets exceeded SEK 230bn, of which SEK 50bn relates to the available pool of covered bonds. Compared with the start of the year, liquid assets increased by more than SEK 100bn. Swedbank carefully monitors liquidity in relation to contracted cash flows going forward and as of 30 September had a sufficient buffer to meet its contracted cash flows for more than 24 months.

The rights issue announced on 17 August has improved Swedbank's access to market funding. During the third quarter the bank borrowed approximately SEK 51bn in nominal value with maturities of over one year, of which SEK 1bn was backed by the state guarantee. This compares with approximately SEK 12bn in maturing debt. Swedbank is working continuously to repurchase outstanding covered bonds with maturities of less than one year, and during the quarter repurchased about SEK 20bn of the SEK-denominated bond maturing in June 2010.

The total outstanding volume of funding with short maturities outside the state guarantee (excluding interbank deposits) increased by SEK 32bn in nominal value during the third quarter to SEK 99bn.

The state guarantee will be extended for an additional 6 months until 30 April 2010. Swedbank intends to apply to extend its participation. The bank currently has no plans to raise significant volumes of new funding under the guarantee going forward. Of the outstanding financing of SEK 277bn backed by the state guarantee, SEK 179bn has a maturity of over 12 months.

Total outstanding repo financing from central banks decreased by SEK 41bn in nominal value during the third quarter to SEK 165bn as of 30 September.

Change in long-term bonds in issue **Nominal figures** **Jan-Sep 2009** **SEKbn**	**Total**
Bonds in issue[1, 2]	241
Of which with state guarantee	129
Expired bonds	68
Repurchased bonds	82
Remaining maturities during 2009	10

[1] Excluding issues tied to equity linked bonds

[2] Including Euro denominated issue (EUR 1,25bn) in the end of September 2009

During the first nine months Swedbank issued SEK 241bn in long-term funding, compared with expiring funding and buy-backs of SEK 143bn. As a result, the average maturity of the bank's market financing has increased to 20 months, from 14 months at the start of the year.

During the next twelve months approximately SEK 100bn in long-term funding will mature and another SEK 5.5bn in subordinated loans will mature or potentially be repurchased or prepaid. The bank plans to refinance this expiring funding primarily in the covered bond market.

Capital and capital adequacy

In addition to the loss of SEK 8.7bn in the income statement, Swedbank's equity was affected negatively by SEK 0.9bn mainly from exchange rate differences on the translation of foreign operations. As of 30 September shareholders' equity amounted to SEK 76.6bn.

Swedbank's financial companies group, where, pursuant to capital adequacy rules, insurance companies are not consolidated and certain associated companies are consolidated in accordance with the purchase method, Tier 1 capital decreased by SEK 4.9bn compared with 31 December 2008 to SEK 69.3bn. Tier 1 capital in the financial companies group was bolstered by a share dividend of SEK 970m from the insurance company Swedbank Försäkring to Swedbank Robur at the same time that the insurance company received a shareholders' contribution of SEK 625m.

Swedbank's rights issue, which was finalised on 15 October, contributed proceeds of SEK 14.6bn after issue costs. The rights issue was oversubscribed by 88 per cent. Of the total number of ordinary shares available, 98.4 per cent was subscribed using subscription rights.

The Tier 1 capital ratio according to the new rules, ignoring the transition rules, increased to 11.4 per cent as of 30 September compared with 11.1 per cent on 31 December. The Tier 1 capital ratio was 9.9 per cent (9.7). The capital adequacy ratio was 15.7 per cent (15.2). After the rights issue the pro forma core Tier 1 capital ratio is 12.3 per cent. According to the transition rules, the core Tier 1 capital ratio was 8.8 per cent and pro-forma 10.7 per cent. The capital adequacy ratio was 12.1 per cent and 14.0 per cent pro forma.

Hybrid capital accounted for 13 per cent of Tier 1 capital, compared with a maximum permissible limit of 30 per cent.

Risk-weighted assets decreased by SEK 90bn or 13 per cent since 31 December to SEK 607bn. Of the decrease of SEK 44bn since 30 June, SEK 18bn was due to exchange rate effects, SEK 22bn to lower volume, including risk migration, and SEK 6bn to improved administrative routines for classifying and codification, whilst risk-weighted assets for market risk rose by SEK 2bn mainly due to increased exchange rate risks. According to the transition rules, risk-weighted assets decreased by SEK 131bn or 14 per cent from the beginning of the year to SEK 785bn, of which SEK 98bn was due to the floor being lowered from 90 per cent to 80 per cent of risk-weighted assets according to the old rules. An increased focus on risk-adjusted return on capital (RAROC) and specific targets for risk-weighted assets in internal controls, coupled with lower credit demand, contributed to the decrease.

Swedbank's Swedish finance company reports according to the internal ratings based (IRB) approach as of 30 June, due to which risk-weighted volume decreased by SEK 9bn.

The average risk weighting for retail and corporate exposures remain stable in the Swedish and Nordic operations. Swedbank's internal risk classification models use through-the-cycle risk adjusted estimates: probability of default (PD), loss given default (LGD) and exposure at default (EAD).

For further details on capital adequacy, see note 15.

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 quarter.

VaR by risk category 30 Sep 2009 SEKm	Max	Min	Average	30 Sep 2009	31 Dec 2008
Interest risk	151	96	120	142	123
Currency rate risk	13	2	8	7	6
Stock price risk	34	11	21	33	15
Diversification			-30	-42	-18
Total	**148**	**95**	**119**	**140**	**126**

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

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

An increase in all market interest rates of one percentage point as of 30 September 2009 would have reduced the value of the Group's assets and liabilities, including derivatives, by SEK 650m (1 811). 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 187m (810). Positions in foreign currency would have decreased in value by SEK 463m (1 001). With an interest rate increase of one percentage point, the Group's net gains and losses on financial items at fair value would have increased by SEK 144m (310) as of 30 September 2009. Comparative figures refer to 31 December 2008.

Operational risks

The operational risk level in the Group remained higher than normal during the third quarter due to the turbulence in the financial markets. One specific risk is the reputation risk that can arise during periods of extensive media coverage. Due to the increased risk level, monitoring of the Group's business areas and reporting by those business areas to the Group's central risk control function have been expanded.

Risks and uncertainties

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

Swedbank has subsidiaries with operations in countries with currencies other than Swedish kronor. Moreover, in Estonia, Latvia, Lithuania, Russia and Ukraine, a significant share of lending is in euros or US dollars. In the event of a devaluation of the domestic currency in any of these countries, three main factors would affect the Group's income statement and balance sheet. First, a gain on financial items at fair value would generally arise due to the impact of changes in exchange rates on the assets and liabilities of the subsidiary. Normally, this would produce an exchange rate gain, since the company has larger assets than liabilities in foreign currencies (euro or dollar). Secondly, a negative translation effect would arise on the parent company's net investment in the subsidiary, since the subsidiary's equity would be less when expressed in Swedish kronor. This negative exchange rate effect would not be reported in the consolidated income statement but would be recognised in other comprehensive income. Thirdly, it would become more difficult for domestic customers to pay the interest and principal on their loans in foreign currencies, which would become higher in the local currency. This would eventually lead to higher impairment losses in the subsidiary.

Impairment of intangible assets in the Baltic investment remains a possibility. Outstanding Group goodwill totalled SEK 12.4bn. In addition, there were surplus values in the lending portfolio of SEK 0.7bn as well as a client base valued at SEK 0.4bn. Future prospects are difficult to determine, which makes the evaluation of the intangible assets problematic. In connection with the preparation of its quarterly accounts, Swedbank conducted a new assessment. Based on the assumption that the Baltic operations will be profitable with a significantly lower asset base and risk-weighted assets following the financial crisis, no impairments have been identified.

The effects of changes in the marketplace on Swedbank's operations are described in more detail in the business area sections. In addition to what is stated in this interim report, a detailed description of risk factors is provided in the prospectus for Swedbank's rights issue from September 2009. The Group's risks and risk control are also described in detail in Swedbank's annual report and in the annual disclosure on risk management and capital adequacy according to the Basel 2 rules, available on www.swedbank.com.

Other events

Shareholders attending the Extraordinary General Meeting on 15 September resolved to approve the Board of Directors' proposal of a rights issue of SEK 15.1bn, where one new ordinary share may be subscribed for SEK 39 for every two old shares. The subscription period was 22 September – 6 October.

The Nominating Committee has been adopted for Swedbank's Annual General Meeting, which will be held in Berwaldhallen, Stockholm on Friday, 26 March 2010. The following persons are the members of the Nominating Committee:

- Hans Sterte, representing Skandia
- Lars Idermark, representing Folksam, and Chair of the Nominating Committee
- Lennart Anderberg, representing the savings banks
- Tommy Hjalmarsson, representing the savings banks foundations
- Carl Eric Stålberg, Chair of the Board of Directors of Swedbank AB

Swedbank was named Business Bank of the Year in Sweden in the business magazine Affärsvärlden's Financial Barometer survey. The Financial Barometer is based on responses from Sweden's largest companies to questions concerning electronic services, quality of advice, price, service, selection and customer satisfaction.

The influential publication Global Finance has named Swedbank the "Best bank" in Lithuania and Estonia.

Swedbank sold four branches to Sparbanken Nord, three branches to Sparbanken Dalsland, two branches to Sparbanken Rekarne, one branch to Tidaholms Sparbank and one branch to Sparbanken 1826. These sales generated capital gains of SEK 397m. The capital gains are taxable.

Swedbank and Sparbanken Syd signed a new cooperation agreement whereby Sparbanken Syd will continue to offer Swedbank's products and services until 30 April 2010. The agreement also includes an IT cooperation. The previous cooperation between Swedbank and Sparbanken Syd was terminated by Swedbank in June 2008, as the parties disagreed on the contents of the agreement.

Swedbank Robur AB acquired Banco Fonder AB and its assets in the form of customer agreements from Alfred Berg. The acquisition, which comprises asset management agreements worth around SEK 7bn, was finalised on 20 January 2009. Banco Fonder has around 128 000 customers and 26 mutual funds. The difference between the purchase price and acquired net assets in the company was allocated to intangible assets. Together with assets and liabilities, the intangible assets amounted to SEK 301m.

Together with other Swedish banks, Swedbank sold its shareholding in Privatgirot AB to Banc Tec, which became the new owner as of 23 June. The capital gain amounted to SEK 2m.

The Visa Sweden Association, which is cooperatively owned by Sweden's Visa card issuers, owns one share in Visa Europe in addition to its Visa licence. In connection with a restructuring of the global Visa organisation and Visa Inc's IPO in the US in 2008, Visa Europe received cash and shares in Visa Inc, which Visa Europe in turn distributed to its shareholders. Based on Visa Sweden's audited annual accounts, Swedbank has now included its ownership interest in the branding association in the consolidated income statement. Swedbank's stake in the association is 39 per cent, which corresponded to a profit of SEK 322m.

Michael Wolf became President and CEO on 1 March. Erkki Raasuke, formerly Head of Baltic Banking, was appointed Group Chief Financial Officer. Göran Bronner, formerly Chief Investment Officer at the Swedish asset management firm Tanglin, was appointed Chief Risk Officer. Håkan Berg, formerly Head of Internal Audit, was appointed Head of Baltic Banking. Stefan Carlsson, previously the CEO of Banque Öhman S.A. in Luxembourg, was appointed Head of Swedbank Markets. Thomas Backteman was appointed Senior Vice President, Corporate Affairs. Mikael Inglander, formerly Group Chief Financial Officer was appointed Head of Swedbank Change Program. Marie Hallander Larsson, previously head of HR at Posten, was appointed Head of Human Resources for the Swedbank Group. Helena Nelson, formerly the general counsel for Skandia, was appointed Head of Group Compliance. Birgitte Bonnesen, previously the Head of Global Financial Institutions, was appointed Head of Internal Audit. Jonas Erikson, formerly Head of Strategic Analysis and Mergers & Acquisitions at Swedbank, was appointed Head of Group Treasury.

A new management structure has been introduced with a Group Executive Committee and a Senior Management.

Swedbank's Annual General Meeting 2009 was held in Stockholm on 24 April. The AGM elected four new Board members: Anders Igel, Pia Rudengren, Anders Sundström and Karl-Henrik Sundström. Ulrika Francke, Berith Hägglund-Marcus, Helle Kruse Nielsen and Carl Eric Stålberg were re-elected to the Board, with Carl Eric Stålberg as Chair of the Board. The dividend approved for shareholders was SEK 0.00 per share (9.00), in accordance with the Board's proposal.

Rating

On 18 August Standard & Poor's Ratings Services affirmed Swedbank's long-term rating of A and short-term rating of A-1. The ratings incorporate external support. The outlook remains negative, mainly due to the uncertain economic situation in the Baltic countries.

On 8 September Moody's downgraded Swedbank's rating by one notch from A1 to A2 with a continued negative outlook and incorporating support from the Swedish state. The primary reason cited was the risk of future credit losses primarily in the Baltic states, though also in Sweden. The short-term rating of P-1 was left unchanged. As a result, the wholly owned subsidiary Swedbank Mortgage's rating was also downgraded to the same level as the parent company. However, Swedbank Mortgage was placed on a watch list for a possible future downgrade.

On 30 September Fitch withdrew its rating for the entire Swedbank Group, in line with Swedbank's decision to only use two ratings agencies until further notice.

Events after 30 September 2009

Following an agreement with the Estonian financial supervisory authorities, Swedbank in Estonia, is going to compensate customers who invested in one of Swedbank's funds (Private Debt Fund) because the regulations on the management of conflicts of interest were unclear. The compensation cost will be reported in the fourth quarter and is estimated at around SEK 100m.

On 17 September Swedbank announced its intention to call outstanding subordinated debt instruments which are subject to issuer call in 2010, conditional on the approval of the Swedish FSA. At the same time it was announced that the bank had received the FSA's approval to buy back ten of its Tier 2 debt instruments up to SEK 3bn. The aim is primarily to inject liquidity into the market. During October, twelve investors have taken the opportunity to sell their debt back, which has to date reduced the volume of outstanding loans by about SEK 2.6bn. These repurchases will be recognised in the fourth quarter.

Swedish Banking

- Continued solid earnings
- Limited impairment losses on loans and lower capital utilisation
- New organisational structure

Income statement

SEKm	Q3 2009	Q2 2009	%	Q3 2008	%	Jan-Sep 2009	Jan-Sep 2008	%
Net interest income	3 061	3 076	0	2 970	3	9 223	9 041	2
Net commissions	1 128	1 045	8	1 135	-1	3 171	3 419	-7
Net gains and losses on financial items at fair value	-233	73		-121	93	-61	80	
Share of profit or loss of associates	182	462	-61	122	49	741	309	
Other income	253	623	-59	173	46	1 087	991	10
Total income	**4 391**	**5 279**	**-17**	**4 279**	**3**	**14 161**	**13 840**	**2**
Staff costs	1 014	1 002	1	989	3	3 034	3 028	0
Profit-based staff costs	57	26		63	-10	106	183	-42
Other expenses	1 161	1 358	-15	1 208	-4	3 729	3 655	2
Depreciation/amortisation	35	35	0	25	40	106	84	26
Total expenses	**2 267**	**2 421**	**-6**	**2 285**	**-1**	**6 975**	**6 950**	**0**
Profit before impairments and provisions	**2 124**	**2 858**	**-26**	**1 994**	**7**	**7 186**	**6 890**	**4**
Impairment losses on loans and other credit risk provisions	115	549	-79	127	-9	1 199	307	
Operating profit	**2 009**	**2 309**	**-13**	**1 867**	**8**	**5 987**	**6 583**	**-9**
Tax expense	589	507	16	509	16	1 535	1 737	-12
Profit for the period	1 420	1 802	-21	1 358	5	4 452	4 846	-8
Profit for the period attributable to the shareholders of Swedbank AB	**1 418**	**1 801**	**-21**	**1 354**	**5**	**4 446**	**4 836**	**-8**
Non-controlling interests	2	1	100	4	-50	6	10	-40
Return on allocated equity, %	21.9	26.9		18.0		21.8	21.8	
Loan loss ratio, %	0.05	0.23		0.06		0.17	0.05	
Total provision ratio for impaired loans, %	99	95		108		99	108	
Share of impaired loans, gross, %	0.23	0.26		0.14		0.23	0.14	
Cost/income ratio	0.52	0.46		0.53		0.49	0.50	
Full-time employees	5 935	5 970	-1	6 239	-5	5 935	6 239	-5

As of the third quarter Swedish Banking includes Swedbank Försäkring and individual pension savings (formerly Asset Management) and Swedbank Luxembourg (formerly International Banking).
Reporting of the equity portfolio has been transferred to Group Treasury within Shared Services and Group Staffs. Group Credit and Group HR, which were previously reported as part of Shared Services and Group Staffs, are now included directly in Swedish Banking. Comparative figures have been restated.

Development January - September
Economic conditions in Sweden remained weak but with a few bright spots. GDP rose by 0.2 per cent during the second quarter 2009 compared with the first quarter, the first increase since early 2008. The number of bankruptcies also slowed. However, unemployment continues to rise. In 2010 growth is expected to remain slightly positive, but high unemployment could impact the bank's earnings.

Efforts to limit the recession's effect on Swedbank's income statement and balance sheet continue. Reviews of major exposures and commitments with high levels of capital utilisation and low returns helped to reduce risk-weighted assets by SEK 11bn during the third quarter. Intensified customer contacts, together with stricter application of the credit policy and continuous monitoring of customers with late payments, will also help to limit loan losses going forward. All exposures to large companies are being reviewed. The bank is working actively with high-risk commitments.

As part of the bank's strategy to shift responsibility and authority closer to the customer, the number of regions was increased from four to six during the quarter. Regional managers have been given a clearer mandate and are now members of Swedbank's Senior Management. The next step in the process will be taken in the fourth quarter, when the branches will be organised into a number of strong units with a clearly defined role in the local market.

To create better growth prospects in the life and pension market and provide a better offering for customers, Swedbank Försäkring is being brought closer to the retail operations by transferring the company from Swedbank Robur to Swedish Banking. At the same time Swedbank Luxembourg was transferred from International Banking to Swedish Banking.

Following the sale of another branch in July, the savings banks acquired eleven branches during the year. The capital gain on these sales amounts to SEK 397m.

Higher net interest income and lower expenses led to an increase in profit for the period before impairment losses on loans of 4 per cent compared with the previous year. Profit includes non-recurring items in the form of branch sales and income from Swedbank's holding in the VISA branding association during the period, totalling SEK 719m. The previous year included non-recurring items of SEK 541m for the sale of branches and shares in MasterCard.

Net interest income increased by 2 per cent year-on-year. Lower deposit margins resulting from lower interest rates and a migration to fixed-rate accounts were offset by positive hedging effects from low interest deposit accounts. On the corporate side, work continues to create risk-adjusted pricing, which requires the re-pricing of a portion of the loan portfolio. As a result, lending margins increased. Higher margins, coupled with increased volumes, led to a positive trend in net interest income in mortgage lending as well. Slightly over 55 per cent of Swedbank Mortgage's fixed-rate lending expires within two years.

Deposits from corporates and households increased by 2 per cent and 1 per cent, respectively, during the third quarter. Despite the transfer of approximately SEK 4bn to the savings banks in connection with branch sales, the bank's share of the household market was only marginally affected and amounted to 23 per cent. The share of deposits from corporates increased in an otherwise declining market.

The market's total lending to households, especially in the mortgage market, has grown by 6 per cent during the year. As a market leader, Swedbank, to avoid contributing to overheated lending, has tightened its credit applications and terms. At the same time advisory support for customers has been further improved. The market share for new lending to households was 19 per cent during the period June to August, compared with the bank's share of total lending of 28 per cent. Since the beginning of the year Swedbank has increased its lending by 5 per cent.

Lending to the corporate sector has fallen by 2 per cent since the beginning of the year. The market share was unchanged at 19 per cent.

New lending is currently focused on priority customer segments. This includes households and small and medium-sized businesses that do all their banking with Swedbank.

Earnings have gradually improved for savings and pension products, but as a whole fell below the same period last year due to a decrease in assets under management. Premium income in Swedbank Försäkring rose during the period for all products, amounting to SEK 13.8bn, compared with SEK 9.2bn in the same period last year. Higher sales of endowment insurance (+73%) and contractual pensions (+32%) were the main reason for the increase.

As a result of higher stock prices during the period and higher compensation for fund sales, net commission income increased during the third quarter and is closing in on last year's levels. Sales developed well during the quarter. Compared with the previous year, net fund contributions developed positively, with slightly over SEK 15bn sold through the retail operations. Swedbank has been very successful in winning customers who have transferred their SAF/LO and ITP pension entitlements. In 2009 Swedbank has received the most pension insurance transfers. Payment services, which contribute to stable net commission income, are less affected by the recession than other areas. During the year the bank's international payment services were strengthened, and a number of additional development activities are planned in the payments area. Sales of property insurance more than doubled from the previous year.

Fewer employees and continued cost controls produced a lower cost level than in the previous year. As part of the effort to limit cost increases, continuous efficiency improvements are being made. The loan process and invoice management have been simplified, for example.

Impairment losses on loans remained low during the third quarter. It is still too early to determine the long-term trend. For the first time in 2009 impaired loans (gross) decreased. Receivables are diversified geographically and by sector. The share of impaired loans was 0.23 per cent on 30 September 2009.

In September Swedbank was named Business Bank of the Year for 2009 by the business magazine Affärsvärlden's Financial Barometer survey.

Swedish Banking is Swedbank's dominant business area, responsible for all Swedish customers except financial institutions. The bank's services are sold through Swedbank's own branch office network, the Telephone Bank and the Internet Bank and through the cooperating savings banks´ distribution network. The business area also includes the subsidiary in Luxembourg.

Baltic Banking

- Capacity adjustments produced a cost/income ratio of 0.41
- The Baltic unit for problem loans (BFR&R) is now operational
- Slower increase in impaired loans

Baltic Banking Operations

Income statement

SEKm	Q3 2009	Q2 2009	%	Q3 2008	%	Jan-Sep 2009	Jan-Sep 2008	%
Net interest income	955	1 149	-17	1 660	-42	3 523	4 745	-26
Net commissions	460	426	8	468	-2	1 320	1 347	-2
Net gains and losses on financial items at fair value	201	241	-17	81		625	323	93
Share of profit or loss of associates	1	0		0		1	2	-50
Other income	260	92		180	44	522	562	-7
Total income	**1 877**	**1 908**	**-2**	**2 389**	**-21**	**5 991**	**6 979**	**-14**
Staff costs	324	354	-8	340	-5	1 092	1 106	-1
Profit-based staff costs	0	-198		68		-198	8	
Other expenses	531	422	26	512	4	1 439	1 459	-1
Depreciation/amortisation	30	33	-9	24	25	96	72	33
Total expenses	**885**	**611**	**45**	**944**	**-6**	**2 429**	**2 645**	**-8**
Profit before impairments and provisions	**992**	**1 297**	**-24**	**1 445**	**-31**	**3 562**	**4 334**	**-18**
Impairment of tangible assets	51					51		
Impairment losses on loans and other credit risk provisions	3 331	3 961	-16	405		11 533	823	
Operating profit	**-2 390**	**-2 664**	**-10**	**1 040**		**-8 022**	**3 511**	
Tax expense	-159	-542	-71	106		-966	303	
Profit for the period	-2 231	-2 122	5	934		-7 056	3 208	
Profit for the period attributable to the shareholders of Swedbank AB	**-2 231**	**-2 122**	**5**	**934**		**-7 056**	**3 208**	
Return on allocated equity, %	neg.	neg.		25.2		neg.	29.3	
Loan loss ratio, %	6.94	7.60		0.85		7.01	0.62	
Total provision ratio for impaired loans, %	51	51		58		51	58	
Share of impaired loans, gross, %	13.30	10.41		1.86		13.30	1.86	
Cost/income ratio	0.47	0.32		0.40		0.41	0.38	
Full-time employees	6 519	6 993	-7	7 901	-17	6 519	7 901	-17

As of the third quarter trading and capital market operations in the Baltic countries have been transferred to Swedbank Markets and the IT department has been transferred to Shared Services and Group Staffs. Comparative figures have been restated.

Development January - September
The recession in the Baltic countries has been severe with a significant decline in GDP. However, the first signs of macroeconomic stabilisation have appeared, mainly in Estonia. All three Baltic countries reported current account surpluses for the first time since 2000 and certain industrial sectors have begun to show signs of recovery. Weak domestic demand and falling nominal wages have pushed inflation rates down in the region. In September the annual growth rate in the consumer price index (CPI) was -1.6 per cent in Estonia, 0.5 per cent in Latvia and 2.7 per cent in Lithuania.

Due to impairment losses on loans of SEK 11.5bn (0.8), Baltic Banking reported a loss of SEK 7.1bn, against a profit of SEK 3.2bn in the same period last year. Of the impairment losses on loans, SEK 6.3bn was related to Latvia.

Profit before impairments and provisions decreased by 28 per cent measured in local currency from the same period last year. Income fell by 24 per cent for the period measured in local currency, mainly due to lower net interest income.

Euribor rates continued to fall during the third quarter with the 6-month rate reaching 1 per cent. As the bank has more Euribor-linked assets (mainly lending) than liabilities (deposits and other financing), this affects net interest income adversely. Net interest income was also negatively affected by the increasing spread between local and euro interest rates. The bank has a short open position in local currency (Estonian kroon and Lithuanian lit), because of which the funding cost has not declined at the same rate as interest income.

Risk-adjusted re-pricing of loans continued during the quarter. During the nine-month period the bank re-priced 7 per cent of mortgage loans to better reflect risk and actual funding costs. The average margin increase was approximately 100bp. In total, 27 per cent of the corporate portfolio has been re-priced. New lending margins have also increased and exceed the existing portfolio margin by 150-200bp. The positive effect is small, however, due to lower lending volume.

Lending volume has decreased by 13 per cent measured in local currency from the beginning of the year, with similar trends in all three Baltic countries. The decrease is the result of a combination of higher provisions and reduced new lending, where higher provisions accounted for 5 per cent of the decrease and reduced new lending for 8 per cent. As a result, portfolios with the highest amortisation rates – leasing, factoring and consumer finance - decreased the fastest.

Calculated in local currency, deposits remained stable in Estonia and Lithuania while decreasing by 12 per cent in Latvia from the beginning of the year. Special campaigns to increase deposits and an active dialogue with customers have helped the bank to maintain its market share.

As a result of stable deposit volumes and reduced lending, the loan-to-deposit ratio improved from 204 per cent at year-end to 182 per cent as of 30 September 2009.

Net commission income fell by 13 per cent in local currencies, driven by the low level of activity in the financial markets, the decrease in new lending and lower domestic demand. Pricing guidelines have been reviewed, resulting in changes in the prices of many fee-based products. Net gains and losses on financial items at fair value increased by 71 per cent measured in local currency compared with the same period in 2008.

Expenses decreased by 19 per cent in local currency. The bank has taken comprehensive measures to adapt operations to slower economic activity. Detailed action plans with specific targets to increase operational efficiency, maximise procurement efficiency and limit benefits have been implemented in all three countries.

The number of employees was reduced by about 1 000 or 13 per cent during the first nine months, and the number of branches was reduced by 15 per cent. As a result, the C/I ratio was maintained at 0.41.

The rate of increase in impaired loans slowed during the third quarter. Impaired loans, gross, increased to SEK 26bn (SEK 7bn on 31 December 2008). The increase relates mainly to the real estate sector and to private individuals in all three countries. The share of impaired loans, gross, was 6.42 per cent in Estonia, 19.74 per cent in Latvia and 12.33 per cent in Lithuania. The Baltic unit for problem loans (BFR&R), which was established in May to focus on customers and projects that require special attention during the recession, is now fully operational with a staff of 167. Specially designed tools, systems and processes, as well as training for this unit, have been developed and implemented.

The BFR&R unit is evaluating individual exposures and devising restructuring solutions together with the customer or, if no other solution is possible, ensuring that the necessary recovery action is taken to recoup the best possible value. The BFR&R portfolio is evenly divided between the Baltic countries, and over 50 per cent of exposures are in the commercial real estate segment.

On conversion to Swedish kronor, profit before impairments and provisions improved by approximately SEK 426m compared with the previous year as a result of a weaker Swedish krona against the Baltic currencies, which are pegged to the euro.

Baltic Banking, Operations and Investment

Income statement

SEKm	Q3 2009	Q2 2009	%	Q3 2008	%	Jan-Sep 2009	Jan-Sep 2008	%
Net interest income	914	1 104	-17	1 549	-41	3 386	4 405	-23
Net commissions	460	426	8	468	-2	1 320	1 347	-2
Net gains and losses on financial items at fair value	201	241	-17	81		625	323	93
Share of profit or loss of associates	1	0		0		1	2	-50
Other income	260	92		180	44	522	562	-7
Total income	**1 836**	**1 863**	**-1**	**2 278**	**-19**	**5 854**	**6 639**	**-12**
Staff costs	324	354	-8	340	-5	1 092	1 106	-1
Profit-based staff costs	0	-198		68		-198	8	
Other expenses	531	422	26	512	4	1 439	1 459	-1
Depreciation/amortisation	50	55	-9	84	-40	159	204	-22
Total expenses	**905**	**633**	**43**	**1 004**	**-10**	**2 492**	**2 777**	**-10**
Profit before impairments and provisions	**931**	**1 230**	**-24**	**1 274**	**-27**	**3 362**	**3 862**	**-13**
Impairment of tangible assets	51					51		
Impairment losses on loans and other credit risk provisions	3 331	3 961	-16	405		11 533	823	
Operating profit	**-2 451**	**-2 731**	**-10**	**869**		**-8 222**	**3 039**	
Tax expense	-159	-541	-71	87		-965	250	
Profit for the period	-2 292	-2 190	5	782		-7 257	2 789	
Profit for the period attributable to the shareholders of Swedbank AB	**-2 292**	**-2 190**	**5**	**782**		**-7 257**	**2 789**	
Return on allocated equity, %	neg.	neg.		14.2		neg.	17.0	
Loan loss ratio, %	6.94	7.60		0.85		7.01	0.62	
Total provision ratio for impaired loans, %	51	51		58		51	58	
Share of impaired loans, gross, %	13.30	10.41		1.86		13.30	1.86	
Cost/income ratio	0.49	0.34		0.44		0.43	0.42	
Full-time employees	6 519	6 993	-7	7 901	-17	6 519	7 901	-17

Baltic Banking consists of Baltic Banking Operations and Investment. Baltic Banking has business operations in Estonia, Latvia and Lithuania. Comments on Baltic Banking in this report refer to business operations, unless otherwise indicated. In Baltic Banking Investment, the effects of Swedbank's ownership in Swedbank AS is 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.

International Banking

- Further impairment losses in Ukraine
- The unit for problem loans (FR&R) in Ukraine now employs a staff of 61
- Russia continues to perform better than the market as a whole

Income statement

SEKm	Q3 2009	Q2 2009	%	Q3 2008	%	Jan-Sep 2009	Jan-Sep 2008	%
Net interest income	522	627	-17	510	2	1 846	1 377	34
Net commissions	68	66	3	66	3	202	204	-1
Net gains and losses on financial items at fair value	-198	20		-37		-161	96	
Other income	6	7	-14	1		18	36	-50
Total income	**398**	**720**	**-45**	**540**	**-26**	**1 905**	**1 713**	**11**
Staff costs	158	164	-4	169	-7	492	462	6
Profit-based staff costs	-8	3		29		19	80	-76
Other expenses	183	189	-3	63		555	356	56
Depreciation/amortisation	22	20	10	32	-31	71	87	-18
Total expenses	**355**	**376**	**-6**	**293**	**21**	**1 137**	**985**	**15**
Profit before impairments and provisions	**43**	**344**	**-88**	**247**	**-83**	**768**	**728**	**5**
Impairment of intangible assets						1 300		
Impairment of tangible assets	26	8				46		
Impairment losses on loans and other credit risk provisions	2 667	2 148	24	111		6 838	230	
Operating profit	**-2 650**	**-1 812**	**46**	**136**		**-7 416**	**498**	
Tax expense	176	69		64		-184	150	
Profit for the period	-2 826	-1 881	50	72		-7 232	348	
Profit for the period attributable to the shareholders of Swedbank AB	**-2 826**	**-1 880**	**50**	**72**		**-7 230**	**348**	
Non-controlling interests		-1				-2		
Return on allocated equity, %	neg.	neg.		2.6		neg.	5.5	
Loan loss ratio, %	15.93	11.60		0.79		12.05	0.81	
Total provision ratio for impaired loans, %	91	97		78		91	78	
Share of impaired loans, gross, %	12.14	4.81		1.19		12.14	1.19	
Cost/income ratio	0.89	0.52		0.54		0.60	0.58	
Full-time employees	4 260	4 452	-4	4 304	-1	4 260	4 304	-1

Private Banking operations in Luxemburg were transferred as of 1 July 2009 from International Banking to Swedish Banking. Comparative figures have been restated.

Development January - September
The loss for the period amounted to SEK 7.2bn, compared with a year-earlier profit of SEK 0.3bn, and was primarily affected by impairment losses on loans in Ukraine, though also by impairment losses on intangible assets of SEK 1.3bn attributable to the Ukrainian investment. The loss was also affected negatively by the depreciation of the Ukrainian currency (UAH) against the US dollar (USD), since the bank is forced by local regulations to maintain a short dollar position. Net interest income for the period was 34 per cent higher year-on-year, but is trending lower due to shrinking lending volumes in all markets and an increase in impaired loans in Ukraine.

Ukrainian Banking
The Ukrainian economy is still in a difficult situation. When comparing the first eight months of this year with the same period last year, industrial production declined by 30 per cent, the construction industry shrunk by 54 per cent and the export and import of goods fell by 49 and 54 per cent, respectively. In August consumer prices fell by 0.2 per cent. Since the beginning of the year they have risen 8.2 per cent. The banking sector has been hard hit by the recession. Total assets continued to decrease by 5.5 per cent since the beginning of the year.

In all, 14 Ukrainian banks are operating under temporary administration, 12 banks are in the process of liquidation and 3 banks have received government support. Due to the current situation, the central bank, the National Bank of Ukraine (NBU), has issued a temporary exemption from its regulatory ratios to banks that are unable to meet them due to provisions for impairment losses on loans.

Swedbank's operations in Ukraine have been affected by the economic downturn. New lending has practically ceased. The loan portfolio, gross, has decreased by 8 per cent in local currency since the start of the year. Coupled with an increasing share of impaired loans, this has had a negative impact on the net interest income.

The depreciation in the value of the Ukrainian currency of 61 per cent relative to the dollar in the last year has impacted the ability of borrowers to meet their commitments, since 76 per cent of loans in Ukrainian Banking is in foreign currency. As of 30 September the share of impaired loans had increased to 43 per cent, compared with 5 per cent at the start of the year. The provision ratio for impaired loans was 92 per cent.

The unit for problem loans (FR&R) in Ukraine, which now employs a staff of 61, handles loan restructurings or takes legal action in cases where borrowers do not meet their obligations. The latter is necessary to protect the value of collateral and to ensure that loss provisions on the capital amount and the accrued interest are tax deductible. In total, 50 exposures in Ukraine have been transferred to the FR&R unit.

Total deposits in the banking system have decreased by 11 per cent since the beginning of the year. Deposits among Swedbank's corporate customers have decreased by 51 per cent; the corresponding decrease among private customers was 5 per cent.

Depreciation of the UAH against the USD caused financial items at fair value to report a net loss of SEK 219m since the beginning of the year, and SEK 233m during the third quarter. The loss was incurred due to a regulatory change by the NBU that limits open foreign currency positions. Since mid-June 2009 the NBU does not allow provisions for loan losses to be taken into account when calculating the size of the open foreign currency position. As a result, Swedbank's foreign currency position was short as of 30 September and amounted to USD 683m.

The number of full-time employees has been reduced by 10 per cent since the beginning of the year to 3 498 as of 30 September. The current number of branches is 218. To further adapt operations to the current economic situation, the number of employees and branches will be reduced by at least 30 per cent between 30 June 2009 and 30 June 2010.

Impairment losses on tangible assets, partly on repossessed property and partly on the bank's own properties, amounted to SEK 39m (0).Impairment losses on loans amounted to SEK 6.2bn (0.1).

The loss for the period amounted to SEK 6.0bn. In spite of this, the tax expense amounted to SEK 98m. Reported losses are not expected to be utilised for tax purposes. As of 30 June deferred tax assets in Ukraine amounted to SEK 180m, but this item has now been reversed. In most cases, accrued interest on impaired loans is treated as taxable income in Ukraine, despite not being included in the reported result. Provisions for impairment losses exceeding 10 per cent of the credit portfolio are not tax deductible.

The process of merging the two Ukrainian banks continued according to plan and will be completed during the fourth quarter. Swedbank AB will provide a capital injection to restore the Ukrainian bank's equity. This is expected to be completed by year-end.

Russian Banking

The Russian economy began to emerge from the recession during the third quarter. Unemployment has fallen since May and industrial production increased in May-July, but fell in August. The Russian rouble (RUB) continued to rise in value. Inflation has slowed to 8.1 per cent since the start of the year. The Russian government has revised its economic forecast. GDP is now expected to decline by 8.5 per cent, industrial production by 12.5 per cent and investment by 21.4 per cent in 2009. Inflation is estimated at 12 per cent. Foreign currency reserves presumably will remain at the current level. The forecast for 2010 has been revised as well, with GDP expected to increase by 1 per cent.

Swedbank's lending has decreased by 11 per cent in local currency since the beginning of the year. Swedbank has succeeded in attracting deposits from private customers, while deposits from businesses have decreased by 10 per cent. The loan-to-deposit ratio has improved during the year and was 550 per cent at the end of September.

Net interest income has increased by 80 per cent in local currency from the previous year. The share of impaired loans, gross, was 5.31 per cent. Although it does not expect a significant decline in the credit quality of its loan portfolio during the remainder of the year, Swedbank is carefully monitoring all exposures on its watch list. To adapt operations to a lower business volume, the goal is to reduce the number of employees by 15 per cent during June 2009 and June 2010. During the third quarter alone, 64 employees, or 10 per cent, were laid off.

Net profit for the period amounted to SEK 6m (168). The previous year included SEK 83m in recovered VAT.

Nordic branches

Lending volume decreased by SEK 5bn compared with the start of the year. Total lending was SEK 17bn in Norway, SEK 6bn in Finland and SEK 3bn in Denmark as of 30 September. The loan portfolio consists in large part of lending to the real estate, energy, shipping and offshore sectors. A large part of lending in Norway is tied to Swedbank Markets' fixed income trading operations.

During the third quarter a provision of SEK 124m was allocated for the Norwegian real estate segment. A new Head of Nordic operations was appointed during the third quarter. Work was started to further improve service for home market customers with operations in Denmark, Finland and Norway.

Global Financial Institutions

Provisions of SEK 67m for two letters of credit issued to a Ukrainian counterparty remain unchanged from the first quarter. Two additional provisions totalling SEK 100m for transactions with Kazakhstan and Ukraine were arranged during the third quarter.

International Banking comprises all international business units that are not defined as home markets and independent strategic business areas. These include the banking operations in Ukraine and Russia, the branches in Denmark, Finland, Norway, the US and China, and the representative offices in Japan, Ukraine and Spain. Moreover, International Banking is responsible for the Swedbank Group's overall relations with banks and financial institutions. A management unit with staff functions is also included in the business area.

The effects of the investment in JSC Swedbank in Ukraine at Group level are reported as a separate business distinct from Ukrainian Banking Operations. Ukrainian Banking Investment is included in the business area.

Comments on Ukrainian Banking and Russian Banking in this report refer to business operations, unless otherwise indicated.

Swedbank Markets

- Record profit
- Consolidation of Swedbank Markets' Baltic operations
- Good earnings in fixed income and currency trading
- Continued positive profit trend in equity operations

Income statement

SEKm	Q3 2009	Q2 2009	%	Q3 2008	%	Jan-Sep 2009	Jan-Sep 2008	%
Net interest income	560	408	37	450	24	1 702	1 153	48
Net commissions	240	205	17	308	-22	578	880	-34
Net gains and losses on financial items at fair value	268	890	-70	-184		2 481	219	
Share of profit or loss of associates		0						
Other income	26	13	100	20	30	58	37	57
Total income	**1 094**	**1 516**	**-28**	**594**	**84**	**4 819**	**2 289**	
Staff costs	228	209	9	201	13	661	581	14
Profit-based staff costs	148	150	-1	33		442	279	58
Other expenses	230	238	-3	183	26	709	555	28
Depreciation/amortisation	6	6	0	3	100	18	10	80
Total expenses	**612**	**603**	**1**	**420**	**46**	**1 830**	**1 425**	**28**
Profit before impairments and provisions	**482**	**913**	**-47**	**174**		**2 989**	**864**	
Impairment of intangible assets						5		
Impairment losses on loans and other credit risk provisions		5		169		55	169	-67
Operating profit	**482**	**908**	**-47**	**5**		**2 929**	**695**	
Tax expense	116	236	-51	-2		744	184	
Profit for the period	366	672	-46	7		2 185	511	
Profit for the period attributable to the shareholders of Swedbank AB	**347**	**654**	**-47**	**6**		**2 136**	**462**	
Non-controlling interests	19	18	6	1		49	49	0
Return on allocated equity, %	26.9	49.2		0.7		56.3	18.5	
Loan loss ratio, %	0.00	0.07		3.86		0.24	1.10	
Total provision ratio for impaired loans, %	91	132		100		91	100	
Share of impaired loans, gross, %	0.27	0.28		0.15		0.27	0.15	
Cost/income ratio	0.56	0.40		0.71		0.38	0.62	
Full-time employees	884	876	1	855	3	884	855	3

As of the third quarter Swedbank Markets' operating profit includes trading and capital market operations in the Baltic countries. Comparative figures have been restated.

Development January - September
Risk willingness in the financial markets increased during the third quarter. This was buttressed by corporate earnings, which, though still weak, in many cases were better than expected. Moreover, macroeconomic data indicated that the economic downturn had eased. The effects on the financial markets include increased liquidity, lower credit spreads, stronger Swedish and Norwegian currencies, and a repositioning from the fixed income market to the stock market.

For Swedbank Markets, the period was characterised by continued positive earnings, with the third quarter exceeding previous corresponding periods. The earnings rate slowed during the third quarter compared with previous quarters, however, mainly due to a seasonally related slowdown in activity. Profit for the period amounted to SEK 2 136m (462), of which SEK 142m (90) related to Baltic operations. The third quarter was charged with the fee to the Swedish stabilisation fund. The fee, which has been divided among the business areas, amounts to SEK 43m for Swedbank Markets.

Strong profit in fixed income and currency trading owing to favourable market conditions with high volatility marked the period. The continued success of Swedbank Markets' risk management and analysis, as well as favourable credit spreads contributed positively, as did the earnings generated in customer trading. During the third quarter the focus shifted from fixed income and currency trading to equities, which led to lower revenue. The prospects that earnings in fixed income and currency trading will remain strong during the remainder of the year are considered good, however expectations of higher long-term interest rates could adversely impact the earnings rate.

The recovery in global equity markets continued during the third quarter, creating a foundation for earnings growth in equity operations. The market share on the Stockholm stock exchange was 5.6 per cent in the period (4.1) and 6.5 per cent for the month of September.

Sales of structured products continued to increase during the third quarter and now surpass the level for the same period last year. Swedbank ranks second in the market with a share of 22.9 per cent in terms of outstanding volume. During the third quarter a Cross Markets fund was introduced; a large share of its capital is invested in bonds and a smaller percentage in other assets with higher risk and the potential for higher returns. The fund is the first of its kind in Sweden.

Corporate Finance's income remains lower than in the same period last year. Revenue for executed and settled transactions rose during the third quarter compared with the previous quarter amid signs of improving market conditions.

Lending operations are reporting strong profit with higher interest margins and strong net commission income during the year. The capital market maintained a high level of activity, and Swedbank retained its share of the Swedish and Norwegian markets.

Profit for First Securities was in line with the same period of 2008. Market conditions gradually improved, leading to greater activity and increased earnings opportunities.

Expenses increased by SEK 405m during the period year-on-year. Provisions for variable compensation increased by SEK 163m. Other increases were for staff costs, system operations, IT development and management of repossessed loans and collateral for the Lehman Brothers receivable.

The exposure to the secured lending assumed from Lehman Brothers in September 2008 amounted to USD 1 415m as of 30 September 2009 (1 438 as of 30 June 2009). No further provisions are anticipated for these loans. During the third quarter Swedbank took over collateral for one of the loans in the form of a property. The collateral has been placed with Ektornet AB, a subsidiary of Swedbank AB that is managing the Group's repossessed collateral during the current recession.

During the third quarter risk-weighted assets attributable to Markets decreased by SEK 4bn compared with 30 June and totalled SEK 41bn as of 30 September. This was mainly because market risks decreased by about SEK 2bn and the credit risk in shipping operations decreased by about SEK 1bn.

Of the period's provisions for anticipated impairment losses on loans, SEK 41m relates to shipping operations. No further provisions for impairment losses on loans were made during the third quarter.

Swedbank Markets comprises capital market products and services and various types of project and corporate finance. In addition to operations in Sweden, Estonia, Latvia and Lithuania, the business area includes the subsidiaries First Securities in Norway and Swedbank First Securities LLC in New York. Fixed income trading is conducted by the New York branch and through the Oslo branch in cooperation with First Securities. The business area also includes the subsidiary ZAO Swedbank Markets in Russia.

Asset Management

- Inflow to equity funds
- Market share for total assets in the Swedish fund market of 28 per cent

Income statement

SEKm	Q3 2009	Q2 2009	%	Q3 2008	%	Jan-Sep 2009	Jan-Sep 2008	%
Net interest income	-7	-11	36	-5	-40	-34	-12	
Net commissions	312	228	37	289	8	281	971	-71
Net gains and losses on financial items at fair value	14	13	8	-18		32	-11	
Other income	50	67	-25	61	-18	176	193	-9
Total income	**369**	**297**	**24**	**327**	**13**	**455**	**1 141**	**-60**
Staff costs	96	100	-4	81	19	290	264	10
Profit-based staff costs	8	10	-20	12	-33	26	25	4
Other expenses	99	116	-15	88	13	332	332	0
Depreciation/amortisation	13	14	-7	8	63	38	24	58
Total expenses	**216**	**240**	**-10**	**189**	**14**	**686**	**645**	**6**
Profit before impairments and provisions	**153**	**57**		**138**	**11**	**-231**	**496**	
Operating profit	**153**	**57**		**138**	**11**	**-231**	**496**	
Tax expense	36	13		37	-3	-63	141	
Profit for the period	117	44		101	16	-168	355	
Profit for the period attributable to the shareholders of Swedbank AB	**117**	**44**		**101**	**16**	**-168**	**355**	
Return on allocated equity, %	21.1	7.8		22.2		neg.	26.0	
Cost/income ratio	0.59	0.81		0.58		1.51	0.57	
Full-time employees	285	295	-3	257	11	285	257	11

The insurance operations of Swedbank Försäkring and operations in individual pension savings are reported as of the third quarter under Swedish Banking. Comparative figures have been restated. Expenses for a large part of the insurance operations are included in Asset Management's figures, since these operations have been outsourced to Swedbank Robur. Cost-based compensation for these services to the insurance company is included in Other income.

Development January - September
After seeing stock prices fall at the start of the year, the financial markets have stabilised and stocks have risen. Earnings have gradually improved, but as a whole remain below the same period last year due to lower average assets under management.

The mutual fund market has grown substantially during the year with net contributions to equity and mixed funds and net withdrawals from fixed interest funds as a result of customers' growing risk appetite. During the first nine months the Swedish mutual fund market reported a net inflow of SEK 69.7bn, compared with an outflow of SEK 31.1bn in the same period last year.

Swedbank Robur reported a net inflow of SEK 10.3bn to its funds during the period, compared with a net outflow of SEK 7.5bn last year. Swedbank Robur's market share was 15 per cent.

Swedbank Robur acquired Banco Fonder AB during the period. The acquisition comprises asset management agreements valued at approximately SEK 7bn. Banco Fonder has around 128 000 customers and 26 different funds. The integration of Banco Fonder is under way and is expected to be completed by year-end. Swedbank Robur's market share of total assets under management in the Swedish fund market was 28 per cent (30 June 2009), including Banco Fonder.

Banco Fonder, which is consolidated as of 21 January, affected expenses during the period by SEK 55m, including amortisation of intangible assets attributable to the acquisition.

A new fund, Swedbank Robur Corporate Bond Fund, was launched during the period.

In institutional asset management, the net inflow from new and existing customers totalled SEK 33.7bn during the period.

Most of the customers who were charged incorrect fees for the Russia and mixed funds have now been reimbursed. Compensation expenses amounted to SEK 540m, gross, which was charged against profit during the first and second quarters. An analysis of internal control has been undertaken. As a result, new managers have been recruited to the Compliance and Risk Control units. No non-recurring expenses were charged against profit during the third quarter.

During the period Lipper named Swedbank Robur the best fund manager in the Nordic region for the third consecutive year.

During the fourth quarter, subject to approval from the authorities, Swedbank Robur will acquire the Swedbank Group's fund management companies in Estonia, Latvia and Lithuania, thereby merging the Group's asset management units into a single organisation.

Assets under management SEKbn	**30 Sep 2009**	**31 Dec 2008**	**%**	**30 Sep 2008**	**%**
Funds assets under management					
Assets under management	*403*	*326*	*24*	*350*	*15*
of which:					
Swedish equities, %	*31.1*	*25.4*	*23*	*26.8*	*16*
foreign equities, %	*34.7*	*33.0*	*5*	*36.6*	*-5*
interest-bearing securities, %	*34.2*	*41.7*	*-18*	*36.7*	*-7*
Discretionary asset management					
Assets under management	343	314	9	313	10
of which in Swedbank Robur's funds	*121*	*95*	*27*	*93*	*30*

Asset Management comprises the Swedbank Robur Group and its operations in fund management, institutional and discretionary asset management.

Shared Services and Group Staffs

Income statement

SEKm	Q3 2009	Q2 2009	%	Q3 2008	%	Jan-Sep 2009	Jan-Sep 2008	%
Net interest income	-31	-10		-50	-38	-60	-15	
Net gains and losses on financial items at fair value	35	-481		169	-79	-409	411	
Share of profit or loss of associates		1		16		1	65	-98
Other income	961	1 028	-7	1 044	-8	2 972	2 940	1
Total income	**965**	**538**	**79**	**1 179**	**-18**	**2 504**	**3 401**	**-26**
Staff costs	421	460	-8	445	-5	1 296	1 363	-5
Profit-based staff costs	2	2	0	30	-93	11	113	-90
Other expenses	564	551	2	499	13	1 724	1 537	12
Depreciation/amortisation	95	96	-1	107	-11	295	294	0
Total expenses	**1 082**	**1 109**	**-2**	**1 081**	**0**	**3 326**	**3 307**	**1**
Profit before impairments and provisions	**-117**	**-571**	**-80**	**98**		**-822**	**94**	
Impairment losses on loans and other credit risk provisions	8	9	-11	0		13	-6	
Operating profit	**-125**	**-580**	**-78**	**98**		**-835**	**100**	
Tax expense	-24	-139	-83	-55	-56	-201	-82	
Profit for the period	-101	-441	-77	153		-634	182	
Profit for the period attributable to the shareholders of Swedbank AB	**-101**	**-441**	**-77**	**153**		**-634**	**182**	
Full-time employees	2 389	2 400	0	2 434	-2	2 389	2 434	-2

As of the third quarter IT operations in the Baltic countries are reported under Shared Services and Group Staffs. Comparative figures have been restated.

The business area includes IT, support functions, Group Executive Management and Group Staffs, including Group Treasury, and the Group's own insurance company, Sparia.

Eliminations

Income statement

SEKm	Q3 2009	Q2 2009	%	Q3 2008	%	Jan-Sep 2009	Jan-Sep 2008	%
Net interest income	-2	49					11	
Net commissions		0		-1			-2	
Net gains and losses on financial items at fair value		-46		1		1	-11	
Other income	-909	-982	-7	-959	-5	-2 899	-2 904	0
Total income	**-911**	**-979**	**-7**	**-959**	**-5**	**-2 898**	**-2 906**	**0**
Staff costs		0		-2			-2	
Profit-based staff costs		0						
Other expenses	-911	-979	-7	-957	-5	-2 898	-2 904	0
Total expenses	**-911**	**-979**	**-7**	**-959**	**-5**	**-2 898**	**-2 906**	**0**

Income statement

Group SEKm	Q3 2009	Q2 2009	%	Q3 2008	%	Jan-Sep 2009	Jan-Sep 2008	%
Interest income	*13 115*	*13 911*	*-6*	*19 906*	*-34*	*44 108*	*58 674*	*-25*
Interest expenses	*-8 098*	*-8 668*	*-7*	*-14 482*	*-44*	*-28 045*	*-42 714*	*-34*
Net interest income	**5 017**	**5 243**	**-4**	**5 424**	**-8**	**16 063**	**15 960**	**1**
Commission income	*3 085*	*2 892*	*7*	*3 088*	*0*	*8 219*	*9 317*	*-12*
Commission expenses	*-877*	*-922*	*-5*	*-823*	*7*	*-2 667*	*-2 498*	*7*
Net commissions (note 3)	**2 208**	**1 970**	**12**	**2 265**	**-3**	**5 552**	**6 819**	**-19**
Net gains and losses on financial items at fair value (note 4)	87	710	-88	-109		2 508	1 107	
Insurance premiums	*391*	*433*	*-10*	*366*	*7*	*1 208*	*1 164*	*4*
Insurance provisions	*-231*	*-258*	*-10*	*-261*	*-11*	*-743*	*-851*	*-13*
Net insurance	**160**	**175**	**-9**	**105**	**52**	**465**	**313**	**49**
Share of profit or loss of associates	183	463	-60	138	33	743	376	98
Other income	487	673	-28	415	17	1 469	1 542	-5
Total income	**8 142**	**9 234**	**-12**	**8 238**	**-1**	**26 800**	**26 117**	**3**
Staff costs	2 448	2 282	7	2 458	0	7 271	7 490	-3
Other expenses	1 857	1 895	-2	1 596	16	5 590	4 990	12
Depreciation/amortisation	221	226	-2	259	-15	687	703	-2
Total expenses	**4 526**	**4 403**	**3**	**4 313**	**5**	**13 548**	**13 183**	**3**
Profit before impairments and provisions	**3 616**	**4 831**	**-25**	**3 925**	**-8**	**13 252**	**12 934**	**2**
Impairment of intangible assets (note 5)						1 305		
Impairment of tangible assets	77	8				97		
Impairment losses on loans and other credit risk provisions (note 6)	6 121	6 672	-8	812		19 638	1 523	
Operating profit	**-2 582**	**-1 849**	**40**	**3 113**		**-7 788**	**11 411**	
Tax expense	734	145		640	15	866	2 380	-64
Profit for the period	-3 316	-1 994	66	2 473		-8 654	9 031	
Profit for the period attributable to the shareholders of Swedbank AB	**-3 337**	**-2 012**	**66**	**2 468**		**-8 707**	**8 972**	
Non-controlling interests	21	18	17	5		53	59	-10

Earnings per share

Group SEK	Q3 2009	Q2 2009	Q3 2008	Jan-Sep 2009	Jan-Sep 2008
Earnings per share before and after dilution	-3.57	-2.16	3.81	-9.32	13.85

See page 38 for number of shares.

Statement of comprehensive income

Group SEKm	Q3 2009	Q2 2009	%	Q3 2008	%	Jan-Sep 2009	Jan-Sep 2008	%
Profit for the period reported via income statement	**-3 316**	**-1 994**	**66**	**2 473**		**-8 654**	**9 031**	
Exchange differences, foreign operations	-2 006	-123		1 258		-2 059	1 433	
Hedging of net investments in foreign operations:								
-Gains/losses arising during the period	1 283	176		-714		1 468	-782	
Cash flow hedges:								
-Gains/losses arising during the period	-120	-8		-233	-48	-643	-269	
-Reclassification adjustments to income statement, net interest income	202	212	-5	-39		618	-11	
-Reclassification adjustments to income statement, net gains and losses on financial items at fair value	31	81	-62			112		
Share of other comprehensive income of associates	16	-29		3		29	2	
Income tax relating to components of other comprehensive income	-367	-111		281		-391	300	
Other comprehensive income for the period, net of tax	**-961**	**198**		**556**		**-866**	**673**	
Total comprehensive income for the period	**-4 277**	**-1 796**		**3 029**		**-9 520**	**9 704**	
Total comprehensive income attributable to the shareholders of Swedbank AB	**-4 298**	**-1 812**		**3 026**		**-9 582**	**9 649**	
Non-controlling interests	21	16	31	3		62	55	13

Income statement, quarterly

Group SEKm	Q3 2009	Q2 2009	Q1 2009	Q4 2008	Q3 2008	Q2 2008	Q1 2008	Q4 2007
Net interest income	5 017	5 243	5 803	5 742	5 424	5 295	5 241	5 259
Net commissions	2 208	1 970	1 374	2 011	2 265	2 374	2 180	2 536
Net gains and losses on financial items at fair value	87	710	1 711	1 244	-109	1 141	75	386
Net insurance	160	175	130	139	105	101	107	279
Share of profit or loss of associates	183	463	97	136	138	122	116	70
Other income	487	673	309	1 074	415	400	727	344
Total income	**8 142**	**9 234**	**9 424**	**10 346**	**8 238**	**9 433**	**8 446**	**8 874**
Staff costs	2 448	2 282	2 541	2 602	2 458	2 453	2 579	2 633
Other expenses	1 857	1 895	1 838	2 004	1 596	1 740	1 654	1 701
Depreciation/amortisation	221	226	240	269	259	237	207	192
Total expenses	**4 526**	**4 403**	**4 619**	**4 875**	**4 313**	**4 430**	**4 440**	**4 526**
Profit before impairments and provisions	**3 616**	**4 831**	**4 805**	**5 471**	**3 925**	**5 003**	**4 006**	**4 348**
Impairment of intangible assets			1 305	1 403				
Impairment of tangible assets	77	8	12	27				
Impairment losses on loans and other credit risk provisions	6 121	6 672	6 845	1 633	812	423	288	238
Operating profit	**-2 582**	**-1 849**	**-3 357**	**2 408**	**3 113**	**4 580**	**3 718**	**4 110**
Tax expense	734	145	-13	500	640	935	805	950
Profit for the period	-3 316	-1 994	-3 344	1 908	2 473	3 645	2 913	3 160
Profit for the period attributable to the shareholders of Swedbank AB	**-3 337**	**-2 012**	**-3 358**	**1 915**	**2 468**	**3 604**	**2 900**	**3 108**
Non-controlling interests	21	18	14	-7	5	41	13	52

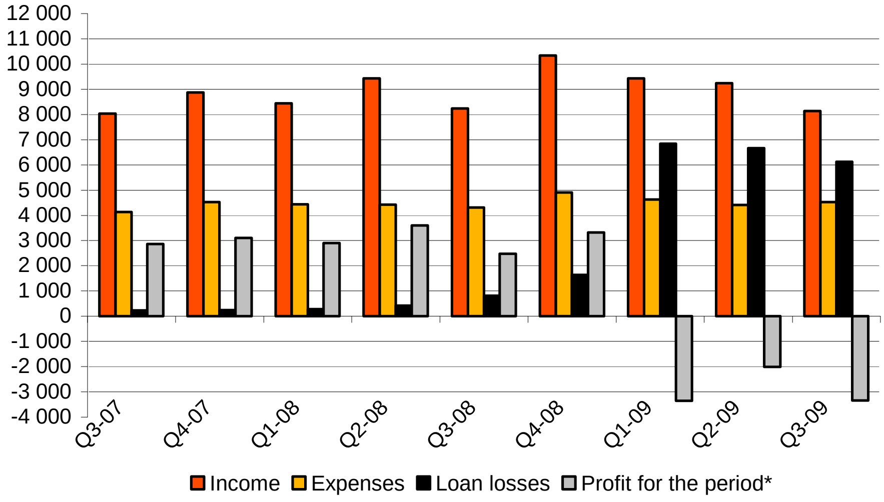
Earnings per share, quarterly

Group SEK	Q3 2009	Q2 2009	Q1 2009	Q4 2008	Q3 2008	Q2 2008	Q1 2008	Q4 2007
Earnings per share before and after dilution	-3.57	-2.16	-3.59	2.90	3.81	5.56	4.48	4.80

See page 38 for number of shares.

Profit trend, quarterly

SEKm



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

Balance sheet

Group SEKm	30 Sep 2009	31 Dec 2008	%	30 Sep 2008	%
Assets					
Loans to credit institutions (note 9)	148 354	128 536	15	117 973	26
Loans to the public (note 9)	1 244 800	1 287 424	-3	1 254 879	-1
Interest-bearing securities	190 701	133 694	43	100 213	90
Shares and participating interests	81 152	60 182	35	64 324	26
- for which customers bear the investment risk	*72 170*	*51 638*	*40*	*57 669*	25
Derivatives (note 11)	82 860	128 055	-35	75 601	10
Other assets	66 936	73 799	-9	83 329	-20
Total assets	**1 814 803**	**1 811 690**	**0**	**1 696 319**	**7**
Liabilities and equity					
Amounts owed to credit institutions (note 10)	303 627	316 730	-4	208 328	46
Deposits and borrowings from the public (note 10)	476 819	508 456	-6	506 741	-6
Debt securities in issue, etc	674 926	593 365	14	635 135	6
Financial liabilities for which customers bear the investment risk	73 716	52 074	42	58 187	27
Derivatives (note 11)	87 305	116 720	-25	55 996	56
Other liabilities and provisions	81 183	93 128	-13	118 035	-31
Subordinated liabilities	40 327	44 755	-10	40 642	-1
Equity	76 900	86 462	-11	73 255	5
- Non-controlling interests	*252*	*232*	*9*	*238*	6
- Equity attributable to shareholders of Swedbank AB	*76 648*	*86 230*	*-11*	*73 017*	5
Total liabilities and equity	**1 814 803**	**1 811 690**	**0**	**1 696 319**	**7**

Statement of changes in equity

Group SEKm	Shareholders' equity								Non-controlling interests	Total equity
	Share capital	Other contributed equity	Non registered shares	Exchange differences,subsidiaries and associates	Hedging of net investments in foreign operations	Cash flow hedges	Retained earnings	Total		
Opening balance 1 January, 2008	**10 823**	**4 068**		**520**	**-365**	**-65**	**53 027**	**68 008**	**315**	**68 323**
Dividends							-4 639	-4 639	-133	-4 772
Total comprehensive income for the period				1 438	-563	-199	8 972	9 648	56	9 704
Closing balance 30 September, 2008	**10 823**	**4 068**		**1 958**	**-928**	**-264**	**57 360**	**73 017**	**238**	**73 255**
Opening balance 1 January, 2008	**10 823**	**4 068**		**520**	**-365**	**-65**	**53 027**	**68 008**	**315**	**68 323**
Dividends							-4 639	-4 639	-133	-4 772
New share issue	4 095	5 265	3 010					12 370		12 370
Expenses in connection with new share issue		-394						-394		-394
Non-controlling interests acquired during the year									6	6
Total comprehensive income for the period				3 431	-2 540	-893	10 887	10 885	44	10 929
Closing balance 31 December, 2008	**14 918**	**8 939**	**3 010**	**3 951**	**-2 905**	**-958**	**59 275**	**86 230**	**232**	**86 462**
Opening balance 1 January, 2009	**14 918**	**8 939**	**3 010**	**3 951**	**-2 905**	**-958**	**59 275**	**86 230**	**232**	**86 462**
Dividends									-45	-45
Registration of shares	1 316	1 694	-3 010					0		0
Shareholders' contribution									3	3
Total comprehensive income for the period				-2 027	1 093	59	-8 707	-9 582	62	-9 520
Closing balance 30 September, 2009	**16 234**	**10 633**	**0**	**1 924**	**-1 812**	**-899**	**50 568**	**76 648**	**252**	**76 900**

Cash flow statement

Group SEKm	Jan-Sep 2009	Jan-Sep 2008	Full-year 2008
Cash flow from operating activities	16 926	-64 235	46 953
Cash flow from investing activities	-1 217	-224	372
Cash flow from financing activities	92 396	-23 922	-94 292
Cash flow for the period	**108 105**	**-88 381**	**-46 967**
Cash and cash equivalents at beginning of period	57 707	100 763	100 763
Cash flow for the period	108 105	-88 381	-46 967
Exchange differences on cash and cash equivalents	-1 384	823	3 911
Cash and cash equivalents at end of period	**164 428**	**13 205**	**57 707**

Note 1 Accounting policies

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

As previously, the Parent Company has prepared its accounts in accordance with the Annual Accounts Act for Credit Institutions and Securities Companies, the directives of the Financial Supervisory Authority and recommendation RFR 2.2 of the Financial Reporting Council. The accounting principles applied in the interim report are the same as those applied in the preparation of the Annual Report for 2008, with the exception of accounting principles related to the new standard below and the revised standard below.

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

Swedbank's business area reporting under IAS 14 was based on the Group's organisation and internal reporting, and hence only minor differences were identified in conjunction with the transition to IFRS 8. The differences consisted of new information requirements per business area and in the fact that the business area referred to in IFRS as Other business segments correspond to the International Banking business area.

The implementation of this standard has had no impact on the reported result or financial position of the Group.

IAS 1 (revised) Presentation of Financial Statements
The revised standard entails, amongst other things, a more inclusive Income Statement referred to as a Statement of Comprehensive Income. This includes, in addition to the traditional Income statement, the profit/loss items previously reported directly in equity (not transactions with the equity holders), such as translation differences in conjunction with the currency translation of foreign operations' results. Companies may however choose to present either a Statement of Comprehensive Income, with sub-totals, or in the form of a traditional Income Statement followed by a presentation of the profit/loss items previously reported directly in equity (other comprehensive income). Swedbank has chosen the latter alternative of a traditional Income Statement and a separate presentation entitled "Other Comprehensive Income".

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

The revised standard has had no impact on the reported earnings or financial position of the Group.

Note 2 Business area reporting

Jan-Sep 2009 SEKm	Swedish Banking	Baltic Banking	International Banking	Swedbank Markets	Asset Management	Shared Services and Group Staffs	Eliminations	Group
Net interest income	9 223	3 386	1 846	1 702	-34	-60		16 063
Net commissions	3 171	1 320	202	578	281			5 552
Net gains and losses on financial items at fair value	-61	625	-161	2 481	32	-409	1	2 508
Share of profit or loss of associates	741	1				1		743
Other income	1 087	522	18	58	176	2 972	-2 899	1 934
Total income	**14 161**	**5 854**	**1 905**	**4 819**	**455**	**2 504**	**-2 898**	**26 800**
Staff costs	3 034	1 092	492	661	290	1 296		6 865
Profit-based staff costs	106	-198	19	442	26	11		406
Other expenses	3 729	1 439	555	709	332	1 724	-2 898	5 590
Depreciation/amortisation	106	159	71	18	38	295		687
Total expenses	**6 975**	**2 492**	**1 137**	**1 830**	**686**	**3 326**	**-2 898**	**13 548**
Profit before impairments and provisions	**7 186**	**3 362**	**768**	**2 989**	**-231**	**-822**		**13 252**
Impairment of intangible assets			1 300	5				1 305
Impairment of tangible assets		51	46					97
Impairment losses on loans and other credit risk provisions	1 199	11 533	6 838	55		13		19 638
Operating profit	**5 987**	**-8 222**	**-7 416**	**2 929**	**-231**	**-835**		**-7 788**
Tax expense	1 535	-965	-184	744	-63	-201		866
Profit for the period	4 452	-7 257	-7 232	2 185	-168	-634		-8 654
Profit for the period attributable to the shareholders of Swedbank AB	**4 446**	**-7 257**	**-7 230**	**2 136**	**-168**	**-634**		**-8 707**
Non-controlling interests	6		-2	49				53
Return on allocated equity, %	21.8	neg.	neg.	56.3	neg.	neg.		neg.
Loan loss ratio, %	0.17	7.01	12.05	0.24				2.07
Total provision ratio for impaired loans, %	99	51	91	91				63
Share of impaired loans, gross, %	0.23	13.30	12.14	0.27				2.53
Cost/income ratio	0.49	0.43	0.60	0.38	1.51	1.33		0.51
Full-time employees	5 935	6 519	4 260	884	285	2 389		20 272

Business area accounting policies

The business area reporting is based on Swedbank's accounting policies, organisation and management accounts. Market-based transfer prices are applied between business areas, 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 business area based on capital adequacy rules and estimated capital requirements. The new Basel 2 rules are used. Return on equity for the business areas is based on operating profit less estimated tax and non-controlling interests in relation to average allocated equity.

Note 3 Net commissions

Group SEKm	Q3 2009	Q2 2009	%	Q3 2008	%	Jan-Sep 2009	Jan-Sep 2008	%
Commission income								
Payment processing	1 400	1 363	3	1 384	1	4 052	3 948	3
Lending	142	153	-7	194	-27	425	529	-20
Brokerage	152	151	1	171	-11	437	590	-26
Asset management	884	738	20	864	2	1 834	2 759	-34
Other securities	96	26		53	81	172	101	70
Other	411	461	-11	422	-3	1 299	1 390	-7
Total	**3 085**	**2 892**	**7**	**3 088**	**0**	**8 219**	**9 317**	**-12**
Commission expenses								
Payment processing	-510	-548	-7	-485	5	-1 514	-1 417	7
Securities	-76	-59	29	-112	-32	-285	-372	-23
Other	-291	-315	-8	-226	29	-868	-709	22
Total	**-877**	**-922**	**-5**	**-823**	**7**	**-2 667**	**-2 498**	**7**
Total net commissions	**2 208**	**1 970**	**12**	**2 265**	**-3**	**5 552**	**6 819**	**-19**

Note 4 Net gains and losses on financial items at fair value

Group SEKm	Q3 2009	Q2 2009	%	Q3 2008	%	Jan-Sep 2009	Jan-Sep 2008	%
Trading, derivatives and fair value option								
Shares/participating interests	213	451	-53	-113		805	77	
- of which change in value	*196*	*309*	*-37*	*-117*		*636*	*43*	
- of which dividend	*17*	*142*	*-88*	*4*		*169*	*34*	
Interest-bearing instruments	-426	133		-206		925	-150	
- of which change in value of open interest-bearing position, Swedbank Mortgage	*-323*	*6*		*-172*	*88*	*-291*	*-165*	*76*
- of which other change in value	*-103*	*127*		*-34*		*1 216*	*15*	
Other financial instruments	18	-104		-1		41	103	-60
Total	**-195**	**480**		**-320**	**-39**	**1 771**	**30**	
Hedge accounting ineffectivness								
Cash flow hedge	-31	-81	-62			-112		
Net investments in foreign operations		30		-110		3	-45	
Fair value hedge	-1	12		30		4	54	-93
Total	**-32**	**-39**	**-18**	**-80**	**-60**	**-105**	**9**	
Interest income compensation, claims valued at amortised cost	**52**	**39**	**33**	**2**		**119**	**7**	
Changes in exchange rates	**262**	**230**	**14**	**289**	**-9**	**723**	**1 061**	**-32**
Total net gains and losses on financial items at fair value	**87**	**710**	**-88**	**-109**		**2 508**	**1 107**	

Note 5 Impairment of intangible assets

Goodwill and other intangible assets are tested for impairment when there are indications that the recoverable amount is lower than the 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.

Due to the significant downturn in the Ukrainian economy during the first quarter, a new impairment test was performed with regard to the investment in Ukrainian Banking Operations.

The impairment test resulted in the write-off of the remaining intangible assets, mainly goodwill, of SEK 1.3bn.

The Baltic economy has deteriorated significantly in 2009. A new impairment test was performed as of 30 September based on updated financial plans for 2009 and the following two years as well as an updated discount rate. The discount rate of 12 per cent includes a risk premium of 6 percentage points. The same assumptions were otherwise used as per 31 December 2008. No impairments were identified as per 30 June.

Note 6 Impairment losses on loans and other credit risk provisions

Group SEKm	Q3 2009	Q2 2009	%	Q3 2008	%	Jan-Sep 2009	Jan-Sep 2008	%
Provisions:								
Collective provisions, net	101	2 520	-96	231	-56	6 792	299	
Individual provisions	5 174	3 729	39	555		11 453	1 109	
Reversal of individual provisions no longer required	6	-117		-72		-289	-169	71
Provisions for contingent liabilities, net	57	6		2		72	-9	
Provisions, net	**5 338**	**6 138**	**-13**	**716**		**18 028**	**1 230**	
Write-offs:								
Write-offs, total	958	642	49	155		1 985	641	
Reversal of individual provisions utilised for write-offs	-145	-62		-34		-273	-265	3
Write-offs not previously provided for	**813**	**580**	**40**	**121**		**1 712**	**376**	
Recovered from previous write-offs	-30	-46	-35	-24	25	-102	-83	23
Write-offs, net	**783**	**534**	**47**	**97**		**1 610**	**293**	
Impairment losses on loans and other credit risk provisions	**6 121**	**6 672**	**-8**	**813**		**19 638**	**1 523**	

Note 7 Credit risks

Group SEKm	30 Sep 2009	31 Dec 2008	%	30 Sep 2008	%
Provisions					
Provisions for individually assessed loans	15 582	3 181		2 158	
Provisions for collectively assessed loans	6 922	3 193		2 583	
Total	**22 504**	**6 374**		**4 741**	
Impaired loans					
Gross	35 770	10 578		6 538	
Provisions for individually assessed loans	15 582	3 181		2 158	
Carrying amount	**20 188**	**7 397**		**4 380**	
Share of impaired loans, gross, %	2.53	0.74		0.47	
Share of impaired loans, net, %	1.45	0.52		0.32	
Total provision ratio for impaired loans, % *	63	60		73	
Provision ratio for individually identified impaired loans, %	44	30		33	
Loans past due more than 60 days, which are not impaired	1 614	666		579	

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

Group Sector/Industry 30 Sep, 2009 SEKm	Carrying amount before provisions	Provisions for individually assessed loans	Provisions for collectively assessed loans	Carrying amount of loans after provisions	Carrying amount of impaired loans
Private customers	646 819	2 873	1 567	642 379	5 713
Real estate management	258 288	4 812	508	252 968	6 406
Retail, hotels, restaurants	40 884	1 708	560	38 616	1 702
Construction	17 258	1 575	363	15 320	1 040
Manufacturing	45 478	1 922	837	42 719	1 693
Transportation	22 047	741	218	21 088	1 177
Forestry and agriculture	57 786	236	108	57 442	538
Other corporate lending	137 662	1 454	2 757	133 451	1 919
Municipalities, excl. municipal companies	7 595			7 595	
Lending	**1 233 817**	**15 321**	**6 918**	**1 211 578**	**20 188**
Credit institutions incl. Swedish Nat'l Debt Office	95 453	178		95 275	0
Repurchase agreements - credit institutions incl. Swedish Nat'l Debt Office	63 898			63 898	
Repurchase agreements - public	22 408		4	22 404	
Total lending to credit institutions and the public	**1 415 576**	**15 499**	**6 922**	**1 393 155**	**20 188**

Note 8 Property taken over to protect claims and cancelled leasing agreements

Group SEKm	30 Sep 2009	31 Dec 2008	%	30 Sep 2008	%
- Buildings and land	402	2		0	
- Shares and participating interests	188	190	-1	92	
- Other property taken over	2	2	0	2	0
Total property taken over to protect claims	**592**	**194**		**94**	
- Cancelled leasing agreements	996	381		143	
Total	**1 588**	**575**		**237**	

Note 9 Loans

Group SEKbn	30 Sep 2009	31 Dec 2008	%	30 Sep 2008	%
Private customers	642	628	2	598	7
of which Swedbank Mortgage AB	*504*	*472*	*7*	*451*	*12*
Real estate management	253	264	-4	260	-3
Retail, hotels, restaurants	39	50	-22	46	-15
Construction	15	19	-21	19	-21
Manufacturing	43	54	-20	50	-14
Transportation	21	28	-25	24	-13
Forestry and agriculture	57	56	2	53	8
Other corporate lending	134	143	-6	146	-8
Municipalities, excluding municipal companies	8	9	-11	22	-64
Total lending to the public, excluding repos	**1 212**	**1 251**	**-3**	**1 218**	**0**
of which Baltic Banking Operations	*177*	*218*	*-13* *	*200*	*-15* *
Credit institutions including the Swedish Nat'l Debt Office	95	92	3	60	58
Repurchase agreements (Repos)	86	73	18	95	-9
of which to the public	*22*	*14*	*57*	*30*	*-27*
of which to credit institutions including the Swedish Nat'l Debt Office	*64*	*59*	*8*	*65*	*-2*
Total loans	**1 393**	**1 416**	**-2**	**1 373**	**1**

* Changes reported excluding foreign exchange effects.

Note 10 Savings and investments

Group SEKbn	30 Sep 2009	31 Dec 2008	%	30 Sep 2008	%
Deposits from the public					
Household deposits	277	278	0	280	-1
Other deposits from the public	194	199	-3	177	10
Total deposits from the public, excluding repos	**471**	**477**	**-1**	**457**	**3**
of which Baltic Banking Operations	*97*	*108*	*-3* *	*106*	*-12* *
Credit institutions including the Swedish Nat'l Debt Office	276	318	-13	202	37
Repurchase agreements (Repos)	33	30	10	56	-41
Total deposits	**780**	**825**	**-5**	**715**	**9**
Discretionary asset management **	222	219	1	220	1
Funds assets under management	422	343	23	368	15
Unit-linked insurance	74	52	42	58	28
Of which unit-linked insurance in own companies	-68	-50	36	-56	21
Retail bonds, interest-bearing	3	3	0	3	0
Retail bonds, equity linked	29	30	-3	32	-9
Total savings and investments	**1 462**	**1 422**	**3**	**1 340**	**9**

* Changes reported excluding foreign exchange translation differencies.
** Excluding investments in Swedbank Robur's funds.

Note 11 Derivatives

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

	Interest related		Currency related		Equity related, etc.		Total	
Group SEKm	**30 Sep 2009**	**31 Dec 2008**	**30 Sep 2009**	**31 Dec 2008**	**30 Sep 2009**	**31 Dec 2008**	**30 Sep 2009**	**31 Dec 2008**
Derivatives with positive carrying amount	66 017	83 876	18 057	49 481	3 484	4 215	87 558	137 571
Derivatives with negative carrying amount	61 118	79 026	29 570	46 152	1 315	1 058	92 003	126 236
Nominal amount	8 265 909	8 733 108	996 630	963 477	176 095	81 372	9 438 634	9 777 957

Derivatives with a value of SEK 4 698m (4 472) have, as a consequence of netting agreements, been recorded net in the balance sheet.

Note 12 Turnover of own debt instruments

The Swedbank Group issues and repurchases its own debt instruments. This turnover is part of the bank's securities operations and a component in the financing of its operations. The turnover of interest-bearing securities, bonds and commercial paper during 2009 was as follows (comparative figures relates to Jan-Sep 2008):

Issued (sold) SEK 236bn (182)
Redeemed (bought) SEK -165bn (-220)

Note 13 Financial instruments carried at fair value

Group 30 Sep 2009 SEKbn	Quoted market price	Valuation models based on observable market data	Total
Assets			
Treasury bills and other bills eligible for refinancing with central banks, etc.	115		115
Loans to credit institutions	0	60	60
Loans to the public		567	567
Bonds and other interest-bearing securities	60	10	70
Shares and participating interests	6	0	6
Fund assets for which customers bear the investment risk	72		72
Derivatives	0	83	83
Total	**253**	**720**	**973**
Liabilities			
Amounts owed to credit institutions		25	25
Deposits and borrowings from the public		35	35
Debt securities in issue, etc.	148	395	543
Financial liabilities for which customers bear the investment risk		74	74
Derivatives	0	87	87
Total	**148**	**616**	**764**

Note 14 Assets pledged for own liabilities, contingent liabilities and commitments

Group SEKm	30 Sep 2009	31 Dec 2008	%	30 Sep 2008	%
Assets pledged for own liabilities	784 317	696 938	13	212 912	
- Loans pledged for securities in issue	*604 909*	*567 363*	*7*	*513 514*	18
- Fund units pledged for policyholders	*74 235*	*52 904*	*40*	*58 093*	28
- Other assets pledged for own liabilities	*105 173*	*76 671*	*37*	*-358 695*	
Contingent liabilities	36 286	43 860	-17	40 742	-11
- Loan guarantees	*13 642*	*16 825*	*-19*	*14 857*	-8
- Other guarantees	*20 019*	*22 864*	*-12*	*22 084*	-9
- Accepted and endorsed notes	*211*	*234*	*-10*	*285*	-26
- Letters of credit granted but not utilised	*1 979*	*3 138*	*-37*	*2 813*	-30
- Other contingent liabilities	*435*	*799*	*-46*	*703*	-38
Commitments	175 208	199 643	-12	201 050	-13
- Loans granted but not paid	*121 715*	*131 361*	*-7*	*135 228*	-10
- Overdraft facilities granted but not utilised	*53 493*	*68 282*	*-22*	*65 822*	-19

Note 15 Capital adequacy

Swedbank financial companies Group SEKm	30 Sep 2009	31 Dec 2008	% or pp	30 Sep 2008	% or pp
Shareholders' equity according to the Group's balance sheet	76 648	86 230	-11	73 017	5
On the closing day non-paid capital		-3 010			
Anticipated dividend				-3 479	
Deconsolidation of insurance companies	-939	-1 540	39	-1 838	49
Associated companies consolidated according to purchase method	1 541	1 735	-11	1 743	-12
Shareholders' equity financial companies Group	**77 250**	**83 415**	**-7**	**69 443**	**11**
Goodwill	-14 519	-16 515	12	-17 907	19
Deferred tax assets				-35	
Intangible assets	-2 401	-2 188	-10	-2 204	-9
Net provisions for reported IRB credit exposures	-730	-1 197	39	-1 341	46
Cash flow hedges	912	959	-5	1 192	-23
Shareholdings deducted from Tier 1 capital	-26	-28	7	-26	0
Shares in insurance companies	-313				
Total core Tier 1 capital	**60 173**	**64 446**	**-7**	**49 122**	**22**
Tier 1 capital contribution with step up	8 621	9 174	-6	8 134	6
Tier 1 capital contribution without step up	535	535	0	536	0
Total Tier 1 capital	**69 329**	**74 155**	**-7**	**57 792**	**20**
Part of Tier 1 capital contribution, not included in Tier 1				218	
Undated subordinated loans	4 239	4 843	-12	4 040	5
Fixed-term subordinated loans	25 839	28 241	-9	27 021	-4
Deduction remaining duration	-1 242	-1 085	-14	-2 148	42
Net provisions for reported IRB credit exposures	-730	-1 197	39	-1 341	46
Shareholdings deducted from Tier 2 capital	-26	-28	7	-26	0
Shares in insurance companies	-313				
Total Tier 2 capital	**27 767**	**30 774**	**-10**	**27 764**	**0**
Shares in insurance companies	-1 964	-1 986	1	-1 951	-1
Total capital base	**95 132**	**102 943**	**-8**	**83 605**	**14**
Risk-weighted assets	**607 457**	**696 505**	**-13**	**666 612**	**-9**
Capital requirement for credit risks, standardised approach	3 727	20 528	-82	19 293	-81
Capital requirement for credit risks, IRB	38 370	*28 908*	33	*28 541*	34
Capital requirement for settlement risks	1	1	32	7	-86
Capital requirement for market risks	2 255	2 396	-6	1 600	41
of which risks in the trading book outside VaR	*508*	*1 015*	*-50*	*800*	*-37*
of which currency risks outside VaR	*1 397*	*591*		*9*	
of which risks where VaR models are applied	*350*	*790*	*-56*	*791*	*-56*
Capital requirement for operational risks	4 244	3 888	9	3 888	9
Capital requirement	**48 597**	**55 720**	**-13**	**53 329**	**-9**
Complement during transition period	14 169	17 569	-19	14 463	-2
Capital requirement including complement	**62 766**	**73 289**	**-14**	**67 792**	**-7**
Capital quotient excluding complement [1)]	1.96	1.90	0.06	1.57	0.39
Core Tier 1 capital ratio, %, excluding complement [1)]	9.9	9.7	0.2	7.4	2.5
Tier 1 capital ratio, %, excluding complement [1)]	11.4	11.1	0.3	8.7	2.7
Total capital adequacy ratio, %, excluding complement [1)]	15.7	15.2	0.4	12.5	3.1
Capital quotient, transition rules [1)]	1.52	1.45	0.07	1.23	0.28
Core Tier 1 capital ratio, %, transition rules [1)]	7.7	7.4	0.3	5.8	1.9
Tier 1 capital ratio, %, transition rules [1)]	8.8	8.4	0.4	6.8	2.0
Total capital adequacy ratio, %, transition rules [1)]	12.1	11.6	0.6	9.9	2.3

[1)] Including total subscribed capital 2008-12-31. SEK 3bn was subscribed but not paid capital at the end of 2008.
Excluding this capital the capital quotient was 1.85 (1.40 according to transition rules)
The core Tier 1 capital ratio was 9.3 (7.0)
The Tier 1 capital ratio was 10.6 (8.1)
The capital adequacy ratio was 14.8 (11.2)

The Internal Ratings-Based Approach (IRB) is being successively rolled out in the Swedbank financial companies Group. As per the second quarter of 2009 the method is applied to the Swedish business operations, 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. Swedbank Finans has received authorisation from the Financial Supervisory Authority to use the IRB approach as of the second quarter of 2009. The IRK approach is also applied to the majority of exposure classes within Baltic Banking.

As of 30 September 2009 Swedbank financial companies Group included the Swedbank Group, the EnterCard Group, Sparbanken Rekarne AB, Färs och Frosta Sparbank AB, Swedbank Sjuhärad AB, Bergslagens Sparbank AB, Vimmerby Sparbank AB and Bankernas Depå AB. The Group's insurance companies are not included under the capital adequacy rules for financial companies groups.

Swedbank financial companies Group Credit risks, IRB SEKm	Exposure after credit risk protection 30 Sep 2009	31 Dec 2008	%	Average risk weighting, % 30 Sep 2009	31 Dec 2008	Capital requirement 30 Sep 2009	31 Dec 2008	%
Institutional exposures	78 784	64 049	23	24	26	1 494	1 339	12
Corporate exposures	449 268	348 142	29	79	73	28 371	20 257	40
Retail exposures	830 834	695 841	19	11	10	7 556	5 402	40
Securitisation	6 799	7 762	-12	12	12	64	73	-12
Other non credit-obligation asset exposures	39 167	53 761	-27	28	43	885	1 837	-52
Total credit risks, IRB	**1 404 852**	**1 169 555**	**20**	**34**	**31**	**38 370**	**28 908**	**33**

Capital base

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

As a part of the work doing the capital structure more efficient, Swedbank Försäkring has given a share dividend to Swedbank Robur of SEK 970m. At the same time, the insurance company received a shareholders' contribution of SEK 625m. The contribution to the insurance company is deducted to 50 per cent from the Tier 1 capital and to 50 per cent from the Tier 2 capital.

Capital requirement for credit risks according to the standardised approach

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

Capital requirements for credit risks according to IRB

The capital adequacy requirement for the portion of the portfolio calculated according to IRB has increased by 33 per cent since the start of the year. The change is primarily due to the transition to the IRB method from the standardised method in Baltic Banking and in Swedbank Finance, as a result of which a corresponding decrease in the requirement arose. The average risk weighting in the additional IRB portfolios is significantly higher than for the previously reported Swedish IRB portfolios. For the Baltic portfolios, the average risk weighting was 68 per cent. For Swedbank Finans' portfolios the average risk weighting was 58 per cent and 28 per cent for other portfolios. For the Baltic retail exposures, the average risk weighting was 31 per cent, for Swedbank Finans' portfolios 19 per cent and 9 per cent for other portfolios.

Market risks

Under current regulations, capital adequacy for market risks can be based either on a standardised approach or on an internal Value at Risk model, which requires the approval of the Swedish FSA. In 2004, the parent company received permission from the Swedish FSA to use 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 capital adequacy requirement reporting has been conducted in accordance with this approach since the beginning of 2005. In 2006 the approval was extended to include Baltic Banking, Swedbank AS, for general interest rate risks in the trading book and currency risks throughout the operations. This approval was amended at the end of 2008 after a decision by the Swedish FSA, such that currency risks outside the trading book, i.e. in the rest of the operations, are excluded from the internal VaR model. The capital requirement for currency risks elsewhere in the operations is instead calculated using the standardised approach prescribed in the capital adequacy regulations. The change in the approach used was primarily made in order to exclude strategic currency risks for which a VaR model is an inappropriate calculation method – an approach that now also coincides with the Group's internal view and handling of these risks. The amendment has resulted in a reduced capital requirement for market risks than under the old model. The capital requirement for other market risks thus refers to specific interest rate risks in Swedbank AB and Swedbank AS, to share price risks in Swedbank AS, and to market risks in other companies. Counterparty risks in the trading book are reported as credit risks in accordance with the new regulations.

Operational risk

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

Transitional rules

The new capital adequacy rules are being introduced gradually. According to the transitional rules, the capital adequacy requirement in 2009 may amount to 80 per cent of the requirement according to the older rules. In 2008 the corresponding figure was 90 per cent and in 2007 it was 95 per cent. According to current regulations, the transitional rules will be replaced by the end of 2009, but the EU is preparing a proposal whereby the transition will be extended through 2011.

Note 16 Number of employees

Group Number of employees	30 Sep 2009	31 Dec 2008	%	30 Sep 2008	%
Swedish Banking	5 935	6 136	-3	6 239	-5
Baltic Banking	6 519	7 502	-13	7 901	-17
Estonia	*2 221*	*2 454*	*-9*	*2 553*	*-13*
Latvia	*1 860*	*2 185*	*-15*	*2 403*	*-23*
Lithuania	*2 438*	*2 863*	*-15*	*2 945*	*-17*
International Banking	4 260	4 689	-9	4 304	-1
Ukraine	*3 498*	*3 870*	*-10*	*3 548*	*-1*
Russia	*575*	*631*	*-9*	*576*	*0*
Nordic branches	*82*	*89*	*-8*	*88*	*-7*
Other	*105*	*99*	*6*	*92*	*14*
Swedbank Markets	884	864	2	855	3
Sweden	*507*	*505*	*0*	*487*	*4*
Norway	*227*	*212*	*7*	*220*	*3*
The Baltic countries	*135*	*128*	*5*	*133*	*2*
Other	*15*	*19*	*-21*	*15*	*0*
Asset Management	285	261	9	257	11
Shared Services & Group Staffs	2 389	2 396	0	2 434	-2
Sweden	*1 732*	*1 698*	*2*	*1 675*	*3*
The Baltic countries	*657*	*698*	*-6*	*759*	*-13*
Total	**20 272**	**21 848**	**-7**	**21 990**	**-8**

Note 17 Swedbank's share

SWED A and SWED PREF	30 Sep 2009	31 Dec 2008	%	30 Sep 2008	%
SWED A					
Share price, SEK	66.50	44.40	50	87.75	-24
No. of ordinary shares in issue	553 423 524	515 373 412	7	515 373 412	7
Market capitalisation, SEKm	36 803	22 883	61	45 224	-19
SWED PREF					
Share price, SEK	65.75	44.40	48		
No. of subscribed preference shares in issue	219 636 594	194 985 456	13		
Market capitalisation, SEKm	14 441	8 657	67		
Total market capitalisation, SEKm	**51 244**	**31 540**	**62**	**45 224**	**13**

Swedbank's share, ticker symbol SWED A, is listed on the OMX Nordic Exchange.
The preference share has the ticker symbol SWED PREF and is traded in the Large cap segment.

Average number of shares in issue	Q3 2009	Q2 2009	Q3 2008	Jan-sep 2009	Jan-Sep 2008
Average number of shares in issue before and after dilution	934 117 009	934 117 009	647 614 668	934 117 009	647 614 668

The rights issue was finalised after 30 September 2009, but before publication of the interim report.
The average number of shares outstanding has therefore been adjusted for the rights issue's bonus issue element of 21% for all periods. The average number of shares aoutstanding in 2008 has also been adjusted for the rights issue in that year. The average number of shares outstanding after the rights issue is 1 159 590 177, of which 219 636 594 are preference shares and 939 953 583 are ordinary shares.

Number of shares in issue on the closing day	30 Sep 2009	31 Dec 2008	30 Sep 2008
Ordinary shares	553 423 524	515 373 412	515 373 412
Subscribed and paid preference shares	219 636 594	194 985 456	
Subscribed but not paid preference shares	0	62 701 250	
Total number of shares in issue on the closing day	**773 060 118**	**773 060 118**	**515 373 412**

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.

Note 18 Ratings

Sep 2009	Swedbank		Swedbank Mortgage		Covered bonds	Swedbank AS	
Standard & Poor's							
Short	A-1	N	A-1	N			
Long	A	N			AAA		
Moody's							
Short	P-1	N	P-1	N*		P-3	N
Long	A2	N	A2	N*	Aaa	Baa3	N
Financial strength (BFSR)	D+	N				D-	N

* On credit watch for possible downgrade since 8 September 2009.

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

BFSR = Bank financial strength rating

For more information about ratings, see page 12.

Note 19 Exchange rates

	30 Sep 2009	31 Dec 2008	30 Sep 2008
SEK/EUR, average rate	10.686	9.627	9.440
SEK/EUR, closing day rate	10.225	10.935	9.782
SEK/EEK, average rate	0.683	0.615	0.603
SEK/EEK, closing day rate	0.654	0.699	0.625
SEK/UAH, average rate	0.976	1.255	1.275
SEK/UAH, closing day rate	0.848	1.006	1.359
SEK/RUB, average rate	0.241	0.264	0.258
SEK/RUB, closing day rate	0.233	0.263	0.270
SEK/USD, average rate	7.798	6.572	6.185
SEK/USD, closing day rate	7.003	7.720	6.898
UAH/USD, closing day rate	8.260	7.800	5.070
RUB/USD, closing day rate	30.064	30.525	25.632

As of 2009 the 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 **SEKm**	**Q3** **2009**	**Q2** **2009**	**%**	**Q3** **2008**	**%**	**Jan-Sep** **2009**	**Jan-Sep** **2008**	**%**
Interest income	*7 112*	*7 556*	*-6*	*12 085*	*-41*	*24 855*	*34 120*	*-27*
Interest expenses	*-4 805*	*-5 313*	*-10*	*-9 950*	*-52*	*-17 510*	*-27 717*	*-37*
Net interest income	**2 307**	**2 243**	**3**	**2 135**	**8**	**7 345**	**6 403**	**15**
Dividends received	15	236	-94	-2		261	227	15
Commission income	*1 399*	*1 342*	*4*	*1 410*	*-1*	*4 032*	*4 152*	*-3*
Commission expenses	*-378*	*-422*	*-10*	*-293*	*29*	*-1 194*	*-884*	*35*
Net commissions	**1 021**	**920**	**11**	**1 117**	**-9**	**2 838**	**3 268**	**-13**
Net gains and losses on financial items at fair value	61	-370		5		985	772	28
Other income	335	724	-54	290	16	1 341	1 320	2
Total income	**3 739**	**3 753**	**0**	**3 545**	**5**	**12 770**	**11 990**	**7**
Staff costs	1 664	1 655	1	1 576	6	4 950	4 862	2
Other expenses	1 094	1 210	-10	1 016	8	3 483	3 192	9
Depreciation/amortisation	90	92	-2	101	-11	274	298	-8
Total expenses	**2 848**	**2 957**	**-4**	**2 693**	**6**	**8 707**	**8 352**	**4**
Profit before impairments and provisions	**891**	**796**	**12**	**852**	**5**	**4 063**	**3 638**	**12**
Impairment of financial fixed assets	0	2 710				4 092		
Impairment losses on loans and other credit risk provisions	348	557	-38	299	16	1 547	493	
Operating profit	**543**	**-2 471**		**553**	**-2**	**-1 576**	**3 145**	
Appropriations	2					2		
Tax expense	160	47		129	24	551	759	-27
Profit for the period	**385**	**-2 518**		**424**	**-9**	**-2 125**	**2 386**	

Balance sheet

Parent company **SEKm**	**30 Sep** **2009**	**31 Dec** **2008**	**%**	**30 Sep** **2008**	**%**
Assets					
Loans to credit institutions	600 557	522 327	15	359 241	67
Loans to the public	365 677	397 515	-8	430 620	-15
Interest-bearing securities	291 338	261 666	11	236 483	23
Shares and participating interests	43 340	48 777	-11	49 467	-12
Derivatives	90 679	133 982	-32	75 737	20
Other assets	30 343	37 553	-19	34 962	-13
Total assets	**1 421 934**	**1 401 820**	**1**	**1 186 510**	**20**
Liabilities and equity					
Amounts owed to credit institutions	428 158	425 284	1	301 296	42
Deposits and borrowings from the public	373 687	393 079	-5	394 591	-5
Debt securities in issue, etc	374 452	278 051	35	244 791	53
Derivatives	96 640	136 639	-29	65 655	47
Other liabilities and provisions	61 555	79 011	-22	100 585	-39
Subordinated liabilities	39 442	42 677	-8	39 955	-1
Untaxed reserves	5 852	5 855	0	5 164	13
Equity	42 148	41 224	2	34 473	22
Total liabilities and equity	**1 421 934**	**1 401 820**	**1**	**1 186 510**	**20**
Assets pledged for own liabilities	267 309	304 160	-12	98 451	
Other assets pledged	2 944	3 350	-12	38 893	-92
Contingent liabilities	30 867	36 862	-16	33 533	-8
Commitments	141 486	157 325	-10	162 037	-13

Statement of changes in equity

Parent company SEKm	Restricted equity	Non-restricted equity	Total equity
Opening balance 1 January 2008	**17 312**	**19 623**	**36 935**
Cash flow hedges:			
-Gains/losses recognised directly in equity		-249	-249
-Reclassification adjustments to income statement, net interest income		-40	-40
-Related deferred tax		81	81
Group contributions paid		-1	-1
Net income for the period recognised directly in equity		**-209**	**-209**
Profit for the period		2 386	2 386
Total net income for the period		**2 177**	**2 177**
Dividend		-4 639	-4 639
Closing balance 30 September 2008	**17 312**	**17 161**	**34 473**
Opening balance 1 January 2008	**17 312**	**19 623**	**36 935**
Cash flow hedges:			
-Gains/losses recognised directly in equity		-1 365	-1 365
-Reclassification adjustments to income statement, net interest income		103	103
-Related deferred tax		332	332
Group contributions paid		-589	-589
Related tax on group contributions paid		165	165
Net income for the period recognised directly in equity		**-1 354**	**-1 354**
Profit for the period		1 316	1 316
Total net income for the period		**-38**	**-38**
Dividend		-4 639	-4 639
New share issue	4 095	5 265	9 360
Expenses in connection with new share issue		-394	-394
Closing balance 31 December 2008	**21 407**	**19 817**	**41 224**
Opening balance 1 January 2009	**21 407**	**19 817**	**41 224**
Cash flow hedges:			
-Gains/losses recognised directly in equity		-644	-644
-Reclassification adjustments to income statement, net interest income		591	591
-Reclassification adjustments to income statement, net gains and losses on financial items at fair value		112	112
-Related deferred tax		-16	-16
Group contributions paid		-4	-4
Net income for the period recognised directly in equity		**39**	**39**
Profit for the period		-2 125	-2 125
Total net income for the period		**-2 086**	**-2 086**
New share issue	1 316	1 694	3 010
Closing balance 30 September 2009	**22 723**	**19 425**	**42 148**

Cash flow statement

Parent company SEKm	Jan-Sep 2009	Jan-Sep 2008	Full-year 2008
Cash flow from operating activities	20 863	13 373	78 912
Cash flow from investing activities	13 374	-3 990	-61 895
Cash flow from financing activities	99 267	32 445	60 275
Cash flow for the period	**133 504**	**41 828**	**77 292**
Cash and cash equivalents at beginning of period	187 118	109 826	109 826
Cash flow for the period	133 504	41 828	77 292
Cash and cash equivalents at end of period	**320 622**	**151 654**	**187 118**

Capital adequacy

Parent company SEKm	30 Sep 2009	31 Dec 2008	% or pp	30 Sep 2008	% or pp
Core Tier 1 capital	45 011	43 870	3	32 142	40
Tier 1 capital contribution	8 480	8 277	2	5 673	49
Total Tier 1 capital	**53 491**	**52 147**	**3**	**37 815**	**41**
Tier 2 capital	29 009	31 882	-9	25 597	13
Settlements, equities, etc.	-555	-555	0	-555	0
Total capital base	**81 945**	**83 474**	**-2**	**62 857**	**30**
Risk-weighted assets	**462 208**	**539 724**	**-14**	**489 206**	**-6**
Capital requirement	**36 977**	**43 178**	**-14**	**39 137**	**-6**
Capital requirement including complement	**36 977**	**43 178**	**-14**	**39 137**	**-6**
Capital quotient*	2.22	1.93	0.28	1.61	0.61
Core Tier 1 capital ratio, %*	9.7	8.1	1.6	6.6	3.2
Tier 1 capital ratio, %*	11.6	9.7	1.9	7.7	3.8
Total capital adequacy ratio, %*	17.7	15.5	2.3	12.8	4.9

* Key ratios refers to both transition rules and excluding complement.

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 2009 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, 19 October 2009

Carl Eric Stålberg
Chair

Anders Sundström
Deputy Chair

Ulrika Francke
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

Monica Hellström
Board Member
Employee Representative

Kristina Janson
Board Member
Employee Representative

Michael Wolf
President

Review report

Introduction
We have reviewed the interim report for Swedbank AB (publ) for the period January to September 2009. The Board of Directors and the President are responsible for the preparation and presentation of this interim report in accordance with the Annual Accounts Act for Credit Institutions and Securities Companies and IAS 34. Our responsibility is to express a conclusion on this interim report based on our review.

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

Conclusion
Based on our review, nothing has come to our attention that causes us to believe that the interim report for Swedbank AB (publ) is not, in all material aspects, in accordance with the Annual Accounts Act for Credit Institutions and Securities Companies and IAS 34.

Stockholm, 19 October 2009

Deloitte AB

Jan Palmqvist
Authorised Public Accountant

Publication of financial information

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

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

Year-end report for 2009 on 9 February 2010
Interim report for the first quarter on 27 April 2010
Interim report for the second quarter on 15 July 2010
Interim report for the third quarter on 21 October 2010

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